Using our financial expertise **to do good**

Integrated Report

for the year ended 31 December 2022

NEDBANK GROUP

Our reporting universe

nedbankgroup.co.za

Integrated Report

The 2022 Nedbank Group Integrated Report provides a holistic yet concise read of how the group creates and protects value while minimising the risk of value erosion over the short, medium and long term, in line with the International Integrated Reporting Framework. This report is intended to address the information requirements of long-term investors (our equity shareholders, bondholders, debt providers and prospective investors).

As part of our financial, risk management, and ESG reporting, this comprehensive 2022 integrated report supplemented by our various online publications, available on our website at nedbankgroup.co.za, including reports and disclosures relevant for other key stakeholders, such as our employees, clients, regulators and society.

Financial and risk management reporting

- **2022 Results Booklet and presentation**
- **2022 Nedbank Group Annual Financial Statements**
- **2022 Pillar 3 Risk and Capital Management Report**

What you can find in these reports:

Our financial and risk management reporting provides information relating to the group's financial position and performance. They are of interest primarily to Nedbank's equity and debt investors, credit rating agencies, depositors, regulators and various other stakeholders. The information disclosed can be used to assess the group's financial performance and strength, and includes risk and regulatory disclosures.

Key regulatory and reporting frameworks:

- International Financial Reporting Standards (IFRS)
- Companies Act
- Banks Act
- South African Reserve Bank (SARB) regulations
- Basel Committee on Banking Supervision guidance
- JSE Listings Requirements

Climate reporting

ESG

- **2022 Climate Report**
- Nedbank Energy Policy*
- Nedbank Climate Change Position Statement*

What you can find in these reports:

Our climate reporting includes information relating to the group's climate-related activities, policies, governance, strategy, carbon emissions and targets. It is primarily of interest to investors, non-governmental organisations (NGOs) and the group's environmental, social and governance (ESG) ratings agencies, as well as key stakeholders such as corporate clients and members of society who associate with values-aligned companies. The information disclosed can be used to assess the group's progress in managing its positive and negative impacts in addressing climate change.

Key regulatory and reporting frameworks:

- Task Force on Climate-related Financial Disclosures (TCFD)
- Basel Committee on Banking Supervision (BCBS) Principles for the effective management and supervision of climate-related financial risks (June 2022)

Societal reporting

ESG

- **Sustainable-development finance**
- **Human capital, diversity and inclusion**
- **Human rights and community development**
- **Client responsibility**
- **Financial inclusion**
- **Transformation**

Broad-based black economic empowerment (BBBEE) certificate*

Global Reporting Initiative (GRI) Standards*

What you can find in these reports:

Our societal reporting includes information relating to how the group uses its financial expertise to do good by creating positive economic, societal and environmental impacts, including those aligned with the United Nations Sustainable Development Goals (SDGs). They are of interest primarily to investors, existing and prospective employees, regulators, NGOs, existing and prospective clients, ESG rating agencies and members of society. The information disclosed demonstrates the group's progress in fulfilling its purpose.

Key regulatory and reporting frameworks:

- Global Reporting Initiative Standards
- King Report and Code on Corporate Governance for South Africa (King IV)**
- United Nations Global Compact
- Application of the Amended Financial Sector Code (FSC) and the BBBEE Act)

The JSE Sustainability and Environmental Disclosures as well as the draft International Sustainability Standards Board Sustainability-related Financial Disclosures are also considered.

Governance reporting

ESG

- **Governance**
- **Ethics**
- **Financial crime,** (including AML, CFT, CPF and sanctions, fraud, and cybercrime)
- **Remuneration**
- **Tax**
- **Stakeholder engagement**

Key policies*

Boardmember and group executive profiles*

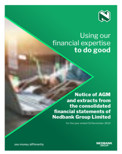
What you can find in these reports:

Our governance disclosures include information relating to board matters, ethics, financial crime, tax and remuneration. They are of interest primarily to investors, ESG rating agencies, clients, employees, regulators, suppliers and members of society. The information disclosed demonstrates how the group does business according to sound governance practices, and the highest standards of ethics, integrity, transparency and accountability.

Key regulatory and reporting frameworks:

- King IV
- Companies Act
- Banks Act
- SARB directives and circulars
- JSE Listings Requirements
- JSE Debt Listings Requirements
- Other applicable laws, regulations and best practice principles
- Global Reporting Initiative Standards

Shareholder information



- **Notice of 56th annual general meeting (AGM)**
- **Form of proxy**
- Shareholding profile*

What you can find in these reports:

The notice of AGM and form of proxy provide valuable information to shareholders who want to participate in the group's 56th AGM.

* *Available separately at nedbankgroup.co.za.*

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Navigating our value creation journey

2 About our integrated report

Our integrated report is structured into four sections to enable our stakeholders to make an informed assessment of our ongoing ability to create and protect value while minimising the risk of value erosion. Our various supplementary reports, shown on the previous page and available at nedbankgroup.co.za, provide more in-depth information on environmental, social and governance (ESG) matters and the value created for our stakeholders.

1 Navigating our value creation journey
2 About our 2022 Integrated Report

4 Nedbank Group at a glance

Overview of the group, our businesses, market position, differentiators, business model, the needs and expectations of our stakeholders, and how our purpose, vision, strategy and values position us for long-term value creation.

5 Overview of Nedbank Group
6 What differentiates Nedbank?
7 Nedbank Group in context
9 Our organisational structure, products and services
10 Our business model
13 Our stakeholders – their needs and expectations
15 Our purpose, vision, values and strategy
16 Delivering value by fulfilling our purpose

Our capitals

- Financial
- Intellectual
- Manufactured
- Human
- Natural
- Social and relationship

We are one of Africa's largest banks, differentiated by our commitment to fulfilling our purpose of using our financial expertise to do good.

17 Ensuring value creation through good governance

Overview of how good governance and strong leadership support the creation and protection of value while minimising the risk of value erosion.

18 Reflections from our Chairperson
21 Governance at Nedbank
22 Key board focus areas in 2022
26 Key board discussions and approvals in 2022
27 Our board of directors
29 Our board structure and mandates
33 Other key areas of board responsibility and oversight
35 Board and committee evaluations

Our guiding principles and considerations

- King IV™
- Top 10 risks
- ESG

A strong, diverse and independent board ensures that value is created and protected while value erosion is minimised.

36 Creating value in a sustainable manner through our strategy

Overview of the context in which we operate, including our material matters, how we manage risks, our strategic responses and the trade-offs we make to ensure ongoing value creation.

37 Reflections from our Chief Executive
40 Our Group Executive Committee
41 Our operating environment
52 Managing risk strategically
56 Our strategy
69 Our Human Capital Strategy
71 Making strategic trade-offs and assessing the impact on our capitals
73 Strategic value unlocks – key performance indicators

Our strategic value unlocks

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

In a difficult operating environment we are delivering on our strategy and are on track to meet our 2023 targets. As a result, we have set revised medium- (2025) and long-term targets to drive ongoing value creation.

75 Delivering, measuring and rewarding value creation

Assessment of value creation, protection and erosion for stakeholders in 2022 and how remuneration outcomes correlate with our performance.

76 Reflections from our Chief Financial Officer
82 Value for stakeholders
92 Stakeholder value creation – key performance indicators
94 Rewarding for value creation – remuneration outcomes

Our stakeholders

- Clients
- Employees
- Regulators
- Society
- Shareholders

Strong revenue growth supported headline earnings of R14bn, up by 20%, higher ROE at 14% and a strong CET1 ratio of 14%.

103 Supplementary information

Abbreviations and acronyms, independent assurance and company details.

104 Independent Assurance Practitioner's Limited Assurance Report on Selected Key Performance Indicators
106 Abbreviations and acronyms
107 Reporting criteria
108 Company details

About our 2022 Integrated Report

Our 2022 Integrated Report is the outcome of a groupwide reporting process that is governed by the board, led by the Group Executive Committee (Group Exco), assured through our Coordinated Assurance Model and delivered through groupwide collaboration. Integrated thinking enables us to create and preserve value as we fulfil our purpose to use our financial expertise to do good for individuals, families, businesses and society.

1 Our purpose

Vision

Fulfilling our purpose

Values

Board, Group Exco, employees

2 Integrated thinking

Risks

Determining our material matters

Opportunities

Board, Group Exco

Short-, medium- and long-term outlook

Developing our strategy

Financial and non-financial targets

Board, Group Exco

Board and board committees

Delivering on our strategy

Group Exco, Group Exco committees and employees

Board, Group Exco, employees

3 Integrated reporting process

Integrated Reporting Framework

Compiling our report

Reporting standards and guidance

Board, Group Exco, integrated reporting team

Coordinated Assurance Model

Validating the integrity of the report

Board and Group Exco reviews

Board, Group Exco, internal audit, external auditors

Group Exco sign-off

Approving the integrated report

Board approval

Board, Group Exco

How we think about value creation, preservation and erosion

Value creation, preservation and erosion are the result of how we apply and leverage our capitals as part of our strategy formulation and execution, and is evident in how these capitals change over time, the trade-offs we make, our financial and non-financial performance and the outputs and outcomes for all stakeholders. Value-creation and preservation objectives are embedded in our purpose (page 15), described as part of our business model on pages 10 to 12, and are integrated into the way we think and make decisions. In our report we use the icons below to denote value creation, preservation and erosion:

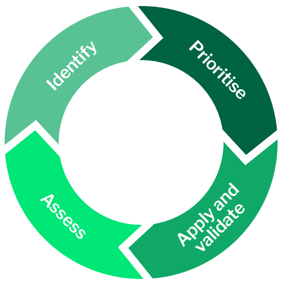
- Value creation
- Value preservation
- Value erosion

How we consider materiality and material matters

We apply the principle of materiality in assessing what information should be included in our integrated report. This report focuses particularly on those issues, opportunities and risks that impact materially on our six capitals and our ability to be a sustainable business that consistently creates, protects and minimises the erosion of value for all stakeholders over the medium to long term.

Identifying our material matters is a groupwide responsibility and requires input from our businesses, an assessment of the risks and opportunities in our operating environment, and input and feedback from our various stakeholders. Our material matters, as described on pages 41 to 51, influence our group's strategy and inform the evolution of our business model, as well as our short- (one year), medium- (two to three years) and long-term (five years or more) targets.

Our Group Exco and the Nedbank Group Board continuously deliberate on these material matters during their meetings and the group's strategy process before approving them as part of the annual business planning process.



Identify issues that have the potential to impact the sustainability of our earnings capital and return, and create, preserve or erode value for our stakeholders.

Prioritise those with the greatest relevance in our operating context as material matters.

Apply and validate the material matters to inform our strategy, six capitals and targets.

Assess continually to ensure our strategy remains relevant.

The process we follow to complete the Nedbank Integrated Report

The 2022 Integrated Report was prepared from Group Exco and board discussions, minutes, business plans, decisions and approvals (reflecting the group's integrated thinking) as well as internal and external reporting information requirements of the Integrated Reporting Framework.

A cross-functional team, led by the Group Chief Financial Officer (CFO) and representing various clusters and subject matter experts across the group, produces the content that appears in the integrated report. Group Exco and boardmembers contribute to the content and are involved in the various approval processes, which are supported by the oversight provided by independent assurance providers. The board provides final approval of the report, while the Group Integrated Report Approval Committee (which has delegated authority from the board) provides final sign-off for publication.

The reporting frameworks we adhere to

Our integrated reporting is guided by the principles and requirements of the Integrated Reporting Framework, IFRS and King IV, and is in line with the 'core' option of the GRI Standards. As a South African bank and a company listed on the JSE, we align with the JSE Listings Requirements, the South African Companies Act, 71 of 2008, and the Banks Act, 94 of 1990. We have also considered the disclosure recommendations of the TCFD, as well as emerging frameworks from the ISSB and the JSE's Sustainability and Climate Disclosure Guidance.

How we ensure the integrity of our report

The board ensures the integrity of the integrated report through our integrated reporting process as well as the various approvals and sign-offs by Group Exco and the board, and relies on our Coordinated Assurance Model, overseen by the Group Audit Committee, that assesses and assures various aspects of our business operations and reporting. These assurances are provided by management and the board through rigorous internal reporting governed by the group's enterprisewide risk management framework (ERMF), internal audit and independent external sources and service providers.

About our 2022 Integrated Report continued

4 Our 2022 Integrated Report

Reporting period*
Our integrated report, which is produced and published annually, covers the period from 1 January to 31 December 2022. Any material events after this date and up to the board approval date of 18 April 2023 have also been included and cover matters such as board and executive leadership changes, macroeconomic updates and post-balance sheet events.

Operating businesses*
We report on the primary activities of the group, our business clusters, key support areas, and subsidiaries in our African and international operations.

Financial and non-financial reporting*
Our integrated report extends beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders and external entities, which have a significant influence on our ability to create value sustainably while minimising value erosion.

Strategy and targets
We provide insight into the group's strategy, as well as financial and non-financial targets for the short (one year), medium (two to three years) and long term (five years or more). Throughout our report we reference 2019 metrics, where relevant, being the period before the Covid-19 crisis, to illustrate the progress we have made towards meeting the 2023 targets that we have set as part of our 2020 year-end reporting.

Coordinated assurance
Our Coordinated Assurance Model integrates and aligns risk, audit and compliance functions and assurance activities. This enables an effective internal control environment across the group with assurance focused on critical risk exposures supporting the integrity of information used in internal decision-making and reporting to external stakeholders.

Our 2022 Annual Financial Statements were assured by our joint external auditors, Ernst & Young Inc (EY) and Deloitte & Touche (Deloitte). Limited assurance on selected sustainability information was provided by Deloitte, and Mosela Rating Agency provided limited assurance on our application of the Amended FSC and the group's BBBEE status. We have indicated the level of assurance provided on pages 67, 73, 74, 92 and 93 and included the Independent Assurance Providers' Limited Assurance Report on Selected Sustainability Information on page 104.

Governance, risk management and ESG reporting
We have integrated our governance and risk management principles, practices and outcomes throughout our integrated report. Specific board committee reports are incorporated into the relevant sections given the integrated nature of governance, with more detail provided in our 2022 Governance Report that is available online.

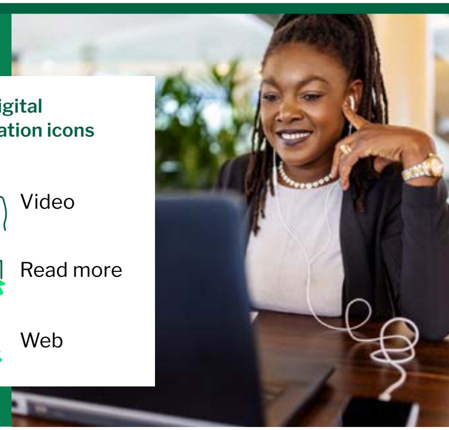
We report on our purpose-led sustainable-development finance activities and how they align with SDGs as well as key ESG matters, which are embedded in our strategy to create positive impacts and unlock strategic value.

Embracing digital reporting
Nedbank is a market leader in digital innovation and in this report you can read about the progress we have made and the benefits to our clients, employees and other stakeholders. The 2022 Integrated Report has similarly been designed for an enhanced digital experience and ease of use as our stakeholders increasingly engage with information in a more digital manner. This is the second year we have embraced this format, and stakeholders' feedback based on the 2021 report has been very supportive.

The landscape layout supports readability on computer screens and tablets, while the digital navigation capability in the report will assist you, the reader, to navigate easily between different sections or topics in the report using the navigation icons at the top of the page or pop-ups wherever you hover with your cursor. In addition, we have also included links to videos that provide additional insight and bring our integrated report to life.

Our digital navigation icons

- Video
- Read more
- Web



Forward-looking statements
This report contains certain forward-looking statements about Nedbank Group's financial position, results, strategy, operations and businesses. These statements and forecasts involve risk and uncertainty, as they relate to events and depend on circumstances that occur in the future. There are various factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Consequently, all forward-looking statements have not been reviewed or reported on by the group's joint auditors.

Forward-looking statements made by Nedbank Group on 7 March 2023 at the time of releasing its 2022 results were informed by the group's business plans and economic forecasts in February 2023.

Approval by the board
The board acknowledges its responsibility of ensuring the integrity of this integrated report. In the board's opinion this report addresses all the issues that are material to the group's ability to create value and fairly presents the integrated performance of Nedbank Group. The board is confident that the report was prepared in accordance with the Integrated Reporting Framework. This report was approved by the board of directors of Nedbank Group on 18 April 2023.

Mpho Makwana (Chairperson)
Hubert Brody (Lead Independent Director)
Mike Brown (Chief Executive)
Brian Dames
Mike Davis (Chief Financial Officer)
Neo Dongwana
Errol Kruger
Phumzile Langeni
Rob Leith
Linda Makalima
Dr Mantsika Matooane
Mfundo Nkuhlu (Chief Operating Officer)
Mteto Nyati
Stanley Subramoney

Our reporting boundary includes our reporting period, operating businesses, and financial and non-financial reporting as discussed above, as well as our material matters, including risks, opportunities and outcomes to Nedbank Group, which emanate from our stakeholders and other entities as described from page 41.

We are one of Africa's largest banks, differentiated by our commitment to fulfilling our purpose of using our financial expertise to do good.

Nedbank Group at a glance

Overview of the group, our businesses, market position, differentiators, business model, the needs and expectations of our stakeholders, and how our purpose, vision, strategy and values position us for long-term value creation.

Overview of Nedbank Group

Nedbank's history traces back to the early 19th century with the establishment of the Cape of Good Hope Bank in 1831. Following successive branding and structural changes, from De Nederlandsche Bank voor Zuid-Afrika to the Netherlands Bank of South Africa, to Nedcor Group in the 1980s, Nedbank Group was formed in 2003. Nedbank Group is incorporated in the Republic of South Africa and its ordinary shares have been listed on JSE Limited since 1969.

Today, Nedbank Group is one of the largest financial services groups in Africa, offering wholesale and retail banking, as well as insurance, asset management and wealth management services and solutions to more than seven million clients. In SA Nedbank has a strong franchise, which contributes 90% of the group's R1,3tn in assets and 86% of the group's R14bn headline earnings (HE).

Outside SA we operate in five countries in the Southern African Development Community (SADC) through subsidiaries and banks in Lesotho, Mozambique, Namibia, Eswatini and Zimbabwe. In central and west Africa we have a strategic alliance with Ecobank Transnational Incorporated (ETI) and we have a representative office in Kenya. Outside Africa we have a presence in key global financial centres to provide international financial services to Africa-based multinational and high-net-worth clients in the Isle of Man, Jersey and London, and we have a representative office in Dubai.

Deposits

R1 040bn

(Rbn)	
2022	**1 040**
2021	968
2020	954
2019	904

Client savings entrusted to us

Gross banking advances

R863bn

(Rbn)	
2022	**863**
2021	807
2020	797
2019	810

The credit we have provided to clients

Assets under management

R393bn

(Rbn)	
2022	**393**
2021	424
2020	375
2019	331

The funds we manage for clients

Headline earnings

R14,0bn

up by 20%

(Rbn)	
2022	**14,0**
2021	11,7
2020	5,4
2019	12,5

The profits we make for shareholders

Return on equity

14,0%

(%)	
2022	**14,0**
2021	12,5
2020	6,2
2019	15,0

The return on the capital that share-holders have invested into Nedbank

Common equity tier 1 capital ratio

14,0%

(%)	
2022	**14,0**
2021	12,8
2020	10,9
2019	11,5

The strength of our balance sheet

Market capitalisation

R109bn

up by 22%

(Rbn)	
2022	**109**
2021	89
2020	65
2019	107

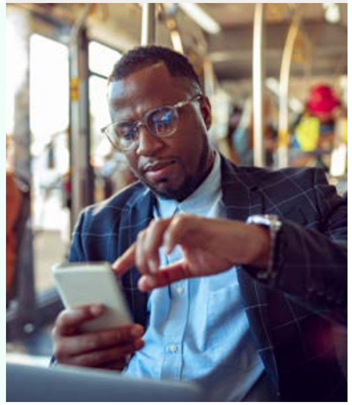
The value of Nedbank Group as a company listed on the JSE

Permanent employees

25 924

(Number)	
2022	**25 924**
2021	26 861
2020	28 271
2019	29 213

Our human capital



What differentiates Nedbank?

While financial services, in general, have become increasingly commoditised, Nedbank Group has many characteristics that set it apart from its universal banking and financial services peers in SA. These include the following:

A strong, experienced and diversified board and leadership team ESG

- **72%** independent non-executive directors

Page 27

- **Nedbank Board ranked #1** among all financial companies in emerging Europe, the Middle East and Africa (EMEA)*.

One of SA's most **experienced financial services management** teams

- **Well regarded** by the investment community
- **> 230** years' combined experience

Page 40

Leadership positions

in renewable-energy finance, corporate and commercial-property lending, small-business services, retail vehicle finance, card acquiring, digital client value propositions and asset management.

Page 9

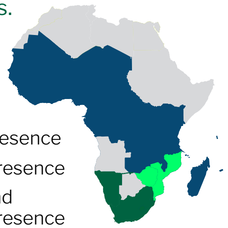
Strong franchises – a

strong Corporate and Investment Banking (CIB), a very competitive Retail and Business Banking (RBB), a high-return Wealth business and a scalable Nedbank Africa Regions (NAR) business position us well for future growth.

Page 9

Access to the largest banking network in Africa

through our own operations in the SADC region and our strategic alliance with ETI in 39 countries.



- Ecobank presence
- Nedbank presence
- Ecobank and Nedbank presence

A purpose-led business

focused on delivering positive societal and environmental impact, aligned with the UN SDGs and supported by good governance and ESG leadership. We have a proud track record of doing business in a manner that contributes positively to society. ESG

- **AAA** MSCI ESG rating – top 5% of global banks
- Track record of **leadership in climate-related matters**
- **Carbon-neutral** operations since 2010
- **R123bn** in purpose-led sustainable-development finance that is SDG-aligned
- **Level 1 BBBEE contributor** since 2018

Page 45 to 46 and 88 to 91.

World-class modern technology platform

and market-leading digital innovations.

Pages 58 to 60

Client NPS **ranked #1** among South African banks. ESG

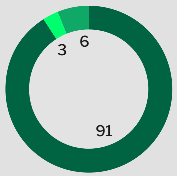
Page 58

Unique corporate culture

and high levels of employee satisfaction. ESG

A group that is well positioned for SA recovery and growth on the African continent.

Assets by geographical area
(%)



- SA
- Africa (excluding SA)
- International

Positively positioned in the current rising-interest-rate cycle –

Net interest income sensitivity for 1% change in interest rates: R1,6bn.

Page 78

Strong balance sheet to

protect against downside risks – key ratios well above pre-Covid-19 levels (CET1 14%, LCR 161%, NSFR 119%).

Page 79

Sound risk management track record – ECL coverage

at 3,37%, well above pre-Covid-19 levels of 2,26%.

Pages 77 to 79 ESG

Attractive valuation metrics (price-to-book ratio:

1,0 times at 31 December 2022) and value unlock potential by delivering on our new medium- and long-term targets.

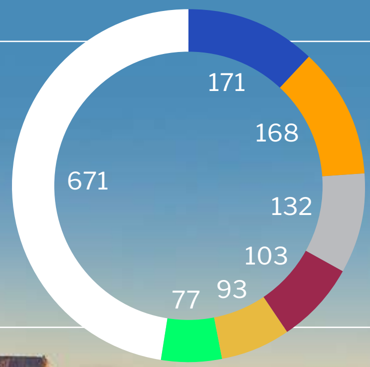
Page 56

*2022 Institutional Investor's Emerging EMEA Investor Relations survey (best company board).

Nedbank Group in context

Banks on the African continent collectively represent around 1% of global bank capital, generate high returns on capital and provide growth opportunities as their economies grow, banking penetration increases, and client needs become more sophisticated.

The top 50 banks in Africa have assets of more than US$1,4tn. In this context SA has five banks in the top 10 rankings in Africa, with Nedbank ranking as the fifth-largest bank as measured by capital and sixth-largest bank by assets.



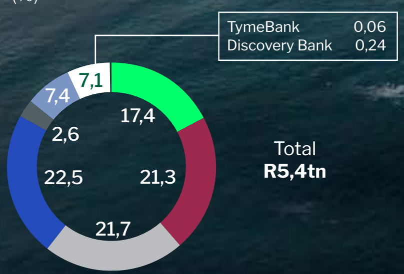
Largest banks in Africa by assets
(US$bn, 2021)

- Standard Bank
- National Bank of Egypt
- FirstRand
- Absa Group
- Banque Misr
- Nedbank Group
- Balance of top 50 banks

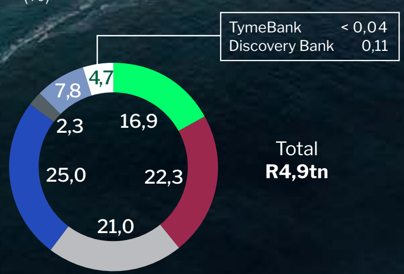
Source: The Banker Magazine October 2022

The South African banking sector has approximately R4,9tn in advances, of which Nedbank has a 16,9% share. We also have a 17,4% share of the R5,4tn South African deposit market, an important indicator of franchise strength. With assets under management (AUM) of R393bn, Nedbank is the sixth-largest unit trust manager in SA, with a South African market share of 7% and an international market share of 12%[1].

South African deposit market share
(%)



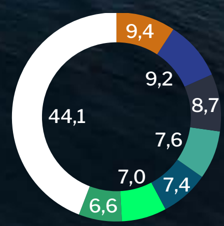
South African advances market share
(%)



Nedbank | Absa | FirstRand | Standard Bank | Capitec | Investec | Other banks

Source: SARB BA900 at 31 December 2022

South African AUM market share
(%)

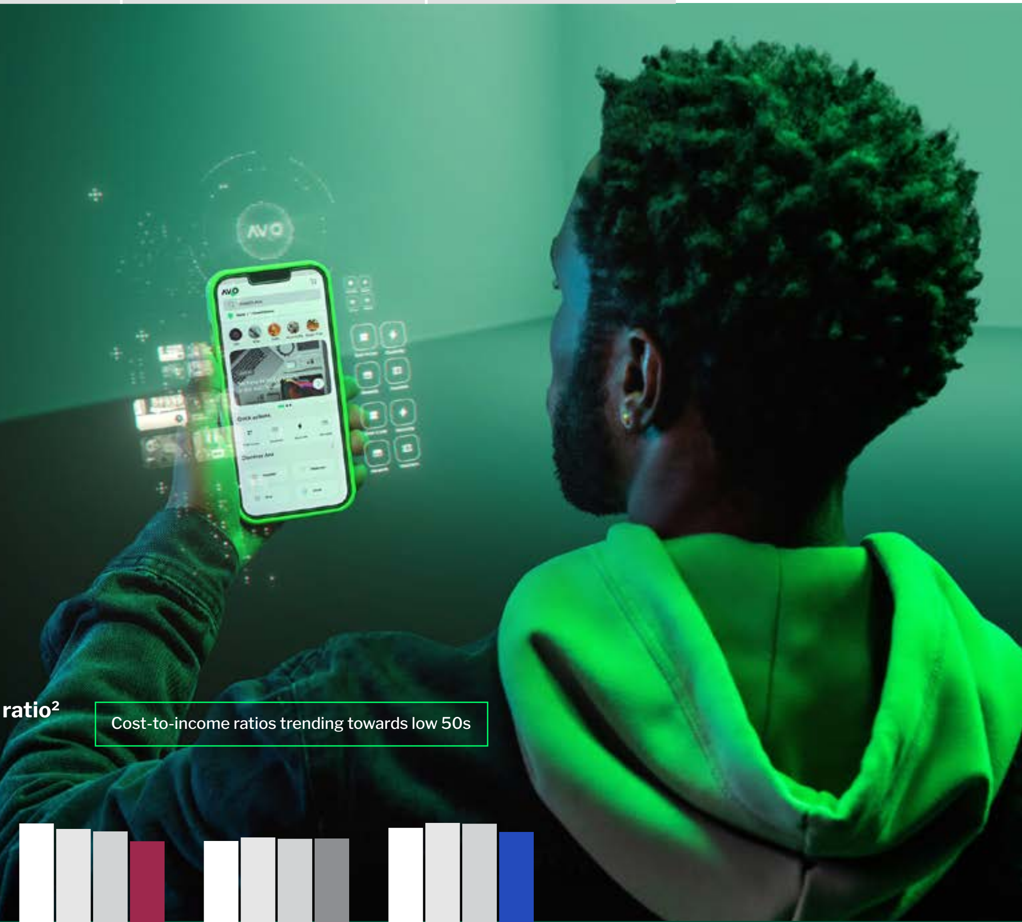


Ninety One | Allan Gray | Stanlib | Coronation | Boutique Collective investments | Nedgroup | Old Mutual | Other

Source: Association for Savings and Investment South Africa (ASISA) Q4 2022

[1] *Market share of Financial Sector Conduct Authority (FSCA)-approved foreign collective investment schemes (offshore assets).*

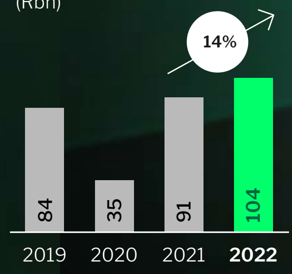
Nedbank Group in context continued



The large South African banks are very well capitalised and liquid, with most profitability metrics now above pre-Covid-19 levels.

In 2022 SA bank earnings grew strongly and, as a result, return on equity (ROE) metrics continued to recover, although, in most cases, remaining below pre-Covid-19 levels as a result of higher levels of capital, evident in higher capital adequacy ratios. Revenue growth was strong, driven by both net interest income and non-interest revenue. As a result, cost-to-income ratios are trending lower as revenue growth recovers and South African banks optimise their cost bases in a more digital world. Credit loss ratios were all within or below the various banks' respective through-the-cycle (TTC) target ranges, trending up in some areas as clients are coming under increasing pressure.

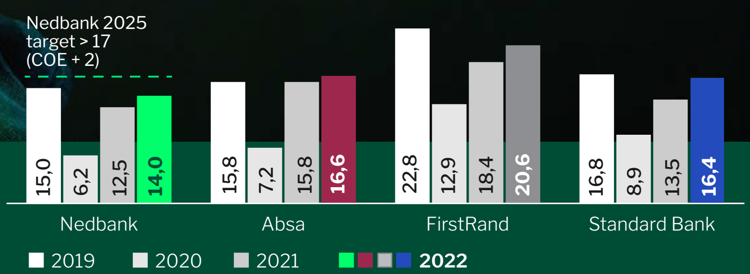
Profit before income tax – South African banks
(Rbn)



Source: SARB BA 120 at 31 December 2022

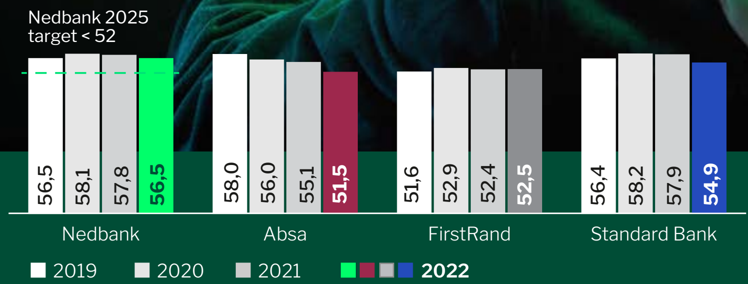
Return on equity[1]
(%)

ROEs, in most cases, not yet back to pre-Covid-19 levels



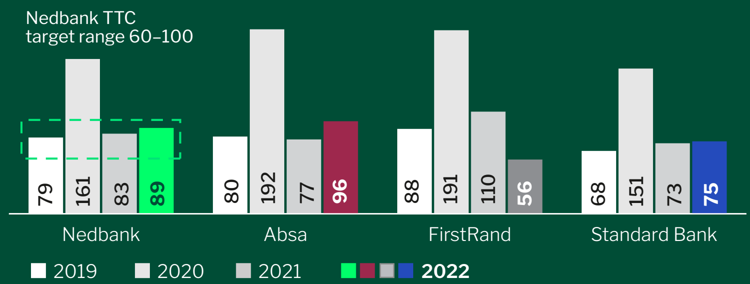
Cost-to-income ratio[2]
(%)

Cost-to-income ratios trending towards low 50s



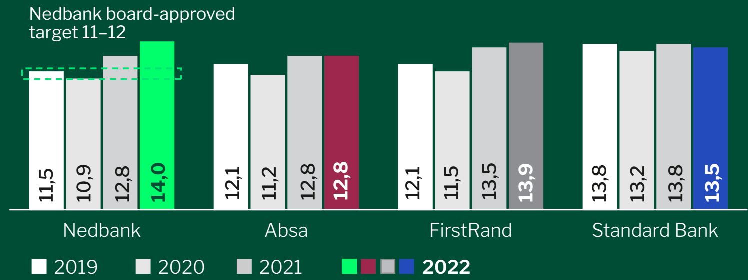
Credit loss ratio
(Bps)

CLRs declined steeply from the Covid-19 peaks



Common equity tier 1 ratio
(%)

Significantly stronger capital levels



[1] *Nedbank reports ROE on a headline earnings basis. Absa Group and FirstRand report ROE on a normalised basis.*

[2] *Nedbank and FirstRand include associate income in the calculation of the cost-to-income ratio, while Absa and Standard Bank exclude associate income. Nedbank's cost-to-income ratio, excluding associate income, is 57,3%.*

Sources: Nedbank, Absa, Standard Bank December 2022 annual results. FirstRand June 2022 annual results

Our organisational structure, products and services

Cluster	Areas of strength and differentiation	Outputs

Nedbank Corporate and Investment Banking

Corporates, institutions and parastatals with an annual turnover of over R750m.

Areas of strength and differentiation

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

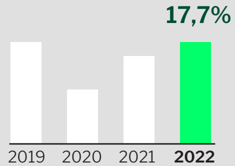
Outputs

- Investment banking.
- Global markets and treasury.
- Commercial-property finance.
- Deposit-taking.
- Transactional banking.

NEDBANK CIB

Contribution to group

- Advances: 48,2% – R425bn (2021: R399bn; 2020: R429bn; 2019: R424bn)
- HE contribution: 45,5% – R6 399m (2021:R5 605m; 2020: R3 636m; 2019: R6 167m)
- ROE:



Nedbank Retail and Business Banking

Individual clients and businesses.

Areas of strength and differentiation

- Leader in business banking with end-to-end digital onboarding capability for transactional and lending products across various channels.
- #1 bank in client satisfaction metrics.
- Differentiated and disruptive client value propositions (CVPs) across different client segments.
- Leader in card-acquiring and vehicle finance.

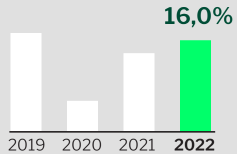
Outputs

- Transactional banking.
- Card and payment solutions.
- Lending and deposit-taking.
- Investment products.

MFC A division of NEDBANK
NEDBANK

Contribution to group

- Advances: 46,3% – R408bn (2021: R381bn; 2020: R356bn; 2019: R349bn)
- HE contribution: 36,3% – R5 097m (2021: R4 532m; 2020: R1 595m; 2019: R5 293m)
- ROE:



Nedbank Wealth

Individual (high-net-worth), business and corporate clients.

Areas of strength and differentiation

- Leverages existing distribution channels and platforms to sell short-term, credit life and other insurance products to Nedbank's 7,0 million clients.
- Top fund managers identified through the Best of Breed investment approach.
- An award-winning, integrated and holistic advice-led, high-net-worth offering for local and international clients.

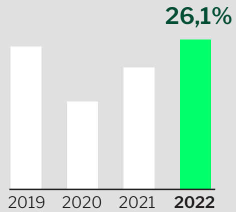
Outputs

- High-net-worth banking.
- Wealth management.
- Asset management.
- Insurance.

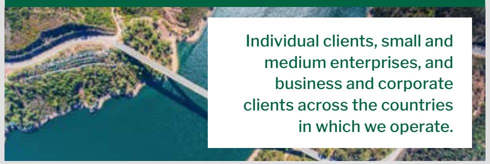
NEDBANK PRIVATE WEALTH SINCE 1834
NEDGROUP INVESTMENTS
NEDBANK INSURANCE

Contribution to group

- Advances: 3,3% – R29bn (2021: R30bn; 2020: R31bn; 2019: R31bn)
- HE contribution: 8,1% – R1 131m (2021: R962m; 2020: R662m; 2019: R1 042m)
- ROE:



Nedbank Africa Regions



Individual clients, small and medium enterprises, and business and corporate clients across the countries in which we operate.

Areas of strength and differentiation

- Presence and positioned for growth in five SADC countries with technology investments to enhance CVPs and achieve scale.
- Access to the largest banking network in Africa through our ETI strategic alliance.

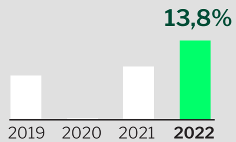
Outputs

- Transactional banking.
- Lending, deposit-taking and card products.
- Wealth management.

NEDBANK
Ecobank

Contribution to group

- Advances: 2,5% – R22bn (2021: R21bn; 2020: R23bn; 2019: R22bn)
- HE contribution: 6,9% – R975m (2021: R594m; 2020: R12m; 2019: R457m)
- ROE:



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

Our business model

The availability and quality of our six capital inputs ... **enable us to deliver on our strategy ...**

The availability and quality of our six capital inputs ...		Our material matters	Our top 10 risks affecting availability of capitals
Financial capital Our capital base and diversified sources of deposits and funding from investors and clients are used to support our clients, including extending credit, facilitating payments and transactions, and rewarding shareholders for the capital invested.	• **Deposits: R1 040bn** (2021: R968bn). • **Gross banking loans and advances: R863bn** (2021: R807bn). • **Shareholders' equity: R116bn** (2021: R110bn). • **R12bn capital surplus** above the top end of our 11% to 12% CET1 target range.	**The integration of banks in the economy**	1 Business; 2 Credit; 5 Strategic execution; 10 Capital
Intellectual capital Our intangible assets, including brand, reputation and franchise value, research and development capabilities, innovation capacity, knowledge and expertise, as well as strategic partnerships help us grow our business.	• **World-class IT systems** (independently benchmarked). • **Marketing spend: R1,6bn** (2021: R1,3bn). • **Market leadership and differentiation across various products and segments** (as described on page 48).	**Failing to meet human development needs while overshooting ecological limits**	1 Business; 2 Credit; 3 Cyberrisk; 4 People; 5 Strategic execution; 6 Organisational resiliency; 7 Operational; 9 Reputational and conduct; 10 Capital
Human capital Our culture, employees, collective knowledge, skills, and experience enable innovative and competitive solutions for our clients and create value for all stakeholders.	• **A workforce of 25 924 employees** (2021: 27 303). • **Salary and benefits paid: R19,9bn** (2021: R18,0bn). • **Training and skills development spend: R0,94bn** (2021: R1,1bn). • **A differentiated culture** that is client- and people-centred, innovative and competitive, as well as strong in compliance and governance.	**Disruptive technologies and digital adoption**	4 People; 5 Strategic execution; 6 Organisational resiliency; 7 Operational; 8 Climate
Manufactured capital Our business structure and operational processes, including our fixed assets such as property and equipment, as well as our digital assets, including digital products and information technology (IT) systems provide the framework and mechanics of how we do business and create value.	• **Core IT systems: 69** (2021: 78) that are modernised as part of our technology journey. • **Technology platform investment** since 2010: **R15bn** (2021: R13bn). • **Physical presence: Outlets: 545** (covering more than 85% of the population in SA), **ATMs: 4 334** and **point-of-sale devices: 106 000** (2021: 538, 4 261 and 105 000 respectively). • **Market-leading digital products, services and CVPs.**	**Increased competition and threat of new entrants**	3 Cyberrisk; 6 Organisational resiliency; 7 Operational
Social and relationship capital Stakeholder relationships, including the communities in which we operate, are central to the environment in which we operate, and we recognise the role that we need to play in building a thriving society as well as a strong financial ecosystem.	• **Total clients: 7,0 million** (2021: 7,2 million) of which 3,2 million are main-banked (2021: 3,0 million) and 68% are digitally active (2021: 64%). • **R123bn purpose-led sustainable-development financing** aligned with the UN SDGs. • **Responsible ESG practices.** • **Good relationships** with our stakeholders.	**The world of work**	1 Business; 8 Climate; 9 Reputational and conduct
Natural capital The direct use and impact we have on natural resources through our own operations, including energy, water and climate, and our influence through our business activities.	• **Market-leading energy policy.** • A mature **Social and Environmental Management System** that evaluates the impact of our lending to clients. • Strong track record and market-leading capabilities in **renewable-energy** financing and funding and our own operations. » 85% of our own buildings are **Green Star-rated.** » Used **101 699 MWh electricity** (down by 10%) and 144 955 kℓ water (down by 7%).	**Demands on governance, regulation and risk management**	6 Organisational resiliency; 7 Operational; 8 Climate

Pages 41 to 51

Pages 52 to 55

Our business model continued

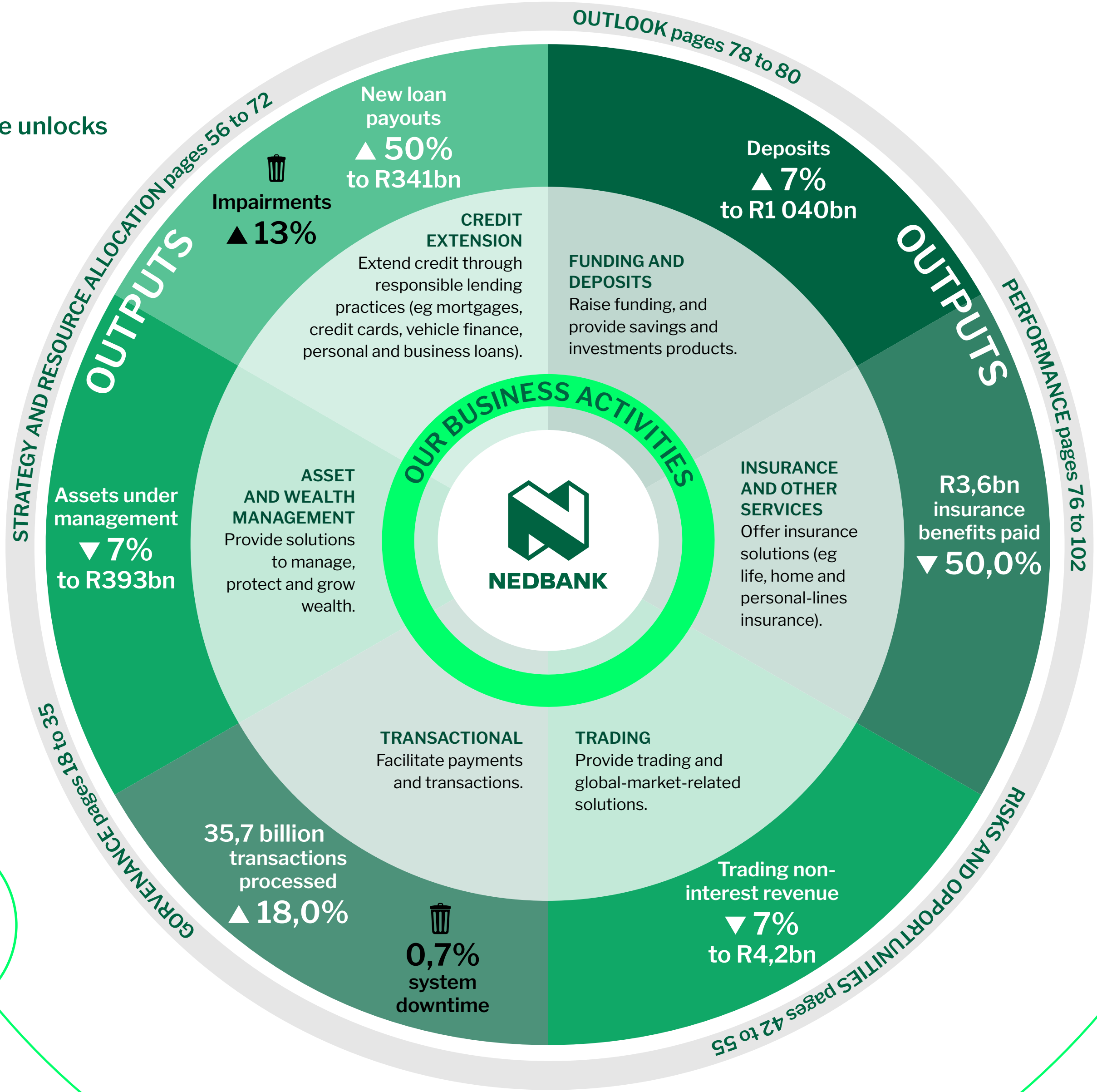
by enabling business activities ... that produce purpose-led products, services ...

Our purpose: To use our financial expertise to do good for individuals, families, businesses and society.

Our strategic value unlocks

Pages 56 to 68

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



Our business model continued

and outcomes ... **for long-term value for our stakeholders.**

Financial capital

- Net asset value per share (NAV) up by 5%
- Strong balance sheet (CET1 ratio: 14,0%)
- Headline earnings of R14,0bn, up by 20%
- R5bn share repurchase programme announced
- Share price up by 32% yoy
- ROE up to 14,0%, but still below COE

Intellectual capital

- Market-leading end-to-end digital onboarding and ecosystem solution
- IT modernisation programme (Managed Evolution): 91% complete
- Scarce skills retained in areas such as data analytics, IT, risk management and advisory solutions
- Brand value increased to R15,1bn (2021: R12,0bn) while brand rank in SA declined to ninth (2021: eighth)

Human capital

- Percentage salary increase for unionised employees greater than management
- Diversity metrics improved
- Youth Employment Service (YES) participation provided 1 835 new first-time job opportunities
- Employee NPS up by three points to 22
- Employee attrition up from 9,3% to 10,6% (but still below the industry benchmark)
- 63 employees regrettably retrenched

Manufactured capital

- Digital product sales at 53% of total sales (2021: 32%)
- Digitally active clients up by 13% to 2,6 million (2021: 2,3 million)
- Avo clients up 1,9 times to 2 million
- Branch and head office floor space reduced by a combined 45 000 m² yoy
- Uptime of application systems stable at 99,3% (2021: 99,3%)
- New Imagine digital-oriented branches 200 (37% of total branches)

Social and relationship capital

- Client NPS #1 SA bank (2021: #2 bank)
- Retail main-banked clients increased by 6% to 3,24 million (2021: 3,05 million)
- 25 new primary client wins in CIB
- R11,5bn direct and indirect tax contributions (2021: R11,2bn)
- R127m socioeconomic investment (2021: R121m)
- R123bn sustainable-development finance provided
- Level 1 BBBEE contributor status maintained
- MSCI ESG rating increased to AAA
- Received < R25m in notable fines or administrative actions (2021: < R6m)
- Number of client complaints up by 6%

Natural capital

- Raised R16bn of sustainable-development funding since 2019 (2021: R10bn)
- Enabled the financing of more than 3 500 MW renewable energy to date
- Carbon-neutral operations and effectively net-zero operational water usage
- 0,1% loan exposure to thermal-coal clients (with a policy in place to reduce financing) (2021: 0,1%) LA1

	Employees	Clients	Shareholders	Regulators	Society
Financial capital	value created	value preserved	value created	value preserved	value preserved
Intellectual capital	value created	value created	value preserved	value preserved	value preserved
Human capital	value created	value preserved	value preserved	value preserved	value created
Manufactured capital	value preserved	value created	value preserved	value preserved	value preserved
Social and relationship capital	value created	value preserved	value preserved	value created	value created
Natural capital	value preserved	value created	value preserved	value preserved	value created

Value creation | Value preservation | Value erosion

LA1 External limited assurance on selected sustainability information - refer to page 104 and 105 for the independent assurance practitioner's limited assurance report on selected key performance indicators.

Our stakeholders – their needs and expectations

As a financial services provider we are deeply connected to the environment in which we operate and the societies we serve. Our ability to create and protect value is dependent on our relationships, our activities and the contributions we make to our stakeholders. By providing for their needs, meeting their expectations, and managing relevant risks, we create and protect value for our stakeholders and for Nedbank, while looking to minimise value erosion.

2019 | 2020 | 2021 | 2022

Employees

Quality of relationship:

Falling short | Performing | Excelling

The quality of our relationship with our employees was assessed in 2022 by taking into account, among other things, an improved employee NPS score of 22, ongoing investment in human capital development and training, the successful implementation of hybrid work practices, a 4,6% average salary increase and a 23% increase in incentives (short-term and long-term incentives) and solid progress on transformation metrics, while attrition increased slightly to 10,6% and 63 employees were regrettably retrenched.

Their needs and expectations

- A safe and healthy work environment, supported by flexible work practices.
- Fair remuneration, effective performance management and recognition.
- Challenging work, with opportunities to make a difference.
- Career development and advancement opportunities.
- An empowering and enabling environment that embraces diversity and inclusivity.

Relevant material matters

- World of work
- Disruptive technologies
- Environmental constraints
- The economy

Capitals impacted

- Intellectual
- Human
- Social and relationship

Risks impacted

- 4 People
- 5 Strategic execution
- 7 Operational
- 8 Climate

Read more about how value was created for employees on page 83 and the progress made against employee metrics on page 92.

2019 | 2020 | 2021 | 2022

Clients

Quality of relationship:

Falling short | Performing | Excelling

The quality of our relationship with our clients was assessed in 2022 by taking into account, among other things, higher levels of client satisfaction levels, with our NPS now #1 among South African banks, and market-leading innovations that have made a difference in our clients' lives, evident in an increase across all digital metrics and main-banked client gains.

Their needs and expectations

- Innovative banking and financial solutions and services, as described in our business model on **page 10**.
- A partner to invest in or finance activities that support the Just Transition to a net-zero economy.
- Safe and convenient access (channel of choice), increasingly through digital channels.
- Excellence in client service.
- Value-for-money banking that is competitive and transparent in pricing.
- Responsible banking services and solutions, and a trusted financial partner.
- Access to finance and provision of financial education and support.

Relevant material matters

- The economy
- Disruptive technologies
- Increased competition
- Environmental constraints

Capitals impacted

- Intellectual
- Manufactured
- Social and relationship
- Natural

Risks impacted

- 1 Business
- 2 Credit
- 3 Cyberrisk
- 8 Climate

Read more about how value was created for clients on page 84 and the progress made against client metrics on page 92.

Our stakeholders – their needs and expectations continued

2019 2020 2021 2022

Shareholders

*Quality of relationship:**

Falling short Performing Excelling

The quality of our relationship with the investment community was assessed in 2022 by taking into account, among other things, the benefits to shareholders as a result of an improving financial performance and a strong balance sheet, share price outperformance versus the South African Bank Index, attractive dividend payments, independent reporting and financial communication awards, and top-tier investor relations and ESG ratings.

Their needs and expectations

- Share price appreciation and an attractive dividend stream.
- Sustainable growth in earnings, NAV and financial returns, with ROE increasing year on year.
- Attractive and sustainable growth strategy.
- Strong balance sheet to protect against downside risk.
- Strong and experienced management.
- Transparent reporting and disclosure.
- Sound ESG practices, measured through shareholder feedback, AGM outcomes and ESG ratings.

Relevant material matters

- The economy
- Demands on governance
- Increased competition
- Environmental constraints
- Disruptive technologies
- World of work

Capitals impacted

Financial

Intellectual

Social and relationship

Natural

Risks impacted

1 2 3 4 5 6 7 8 9 10

All risks

Read more about how value was created for shareholders on page 85 and 86 and the progress made against shareholder metrics on page 93.

2019 2020 2021 2022

Regulators

Quality of relationship:

Falling short Performing Excelling

The quality of the relationship with our regulators was assessed in 2022 taking into account, among other things, our contribution to new regulatory developments, alignment with regulatory requirements (and metrics and ratios that were well above the minimum) and remedial action where required, including fines paid.

Their needs and expectations

- Compliance with all legal and regulatory requirements (meeting minimum regulatory requirements).
- Being a responsible taxpayer in the countries in which we do business.
- Active participation and contribution to industry and regulatory working groups.

Relevant material matters

- The economy
- Demands on governance
- Disruptive technologies

Capitals impacted

Financial

Intellectual

Social and relationship

Risks impacted

2 Credit

3 Cyberrisk

7 Operational

8 Climate

10 Capital

Read more about how value was created for regulators on page 87 and the progress against regulatory metrics on page 93.

2019 2020 2021 2022

Society

Quality of relationship:

Falling short Performing Excelling

During 2022 we maintained strong relationships with the communities that we serve and key civil society organisations. The quality of our relationships is informed by, among other things, our contributions towards a thriving society and healthy environment.

Their needs and expectations

- Providing access to expert financial advice, products and solutions that help create positive impacts for individuals and their families, businesses and communities.
- Financing of sustainable development aligned with the SDGs, thereby promoting socioeconomic transformation through enabling economic inclusion, job creation and poverty alleviation.
- Partnering on common social and environmental issues.
- Using our resources to promote social and environmental issues as well as other common agendas to build a thriving society.
- Limiting our own impact on the environment.
- Advancing purpose-led transformation that transcend the requirements of the BBBEE legislation.

Relevant material matters

- The economy
- Environmental constraints
- World of work
- Disruptive technologies
- Demands on governance

Capitals impacted

Intellectual

Human

Social and relationship

Natural

Risks impacted

1 Business

8 Climate

Read more about how value was created for society on page 88 and the progress made against societal metrics on page 93.

** The quality of the relationship with our shareholders is assessed based on the value we created, preserved or eroded, including our performance against specific key performance indicators shown on pages 73 and 74.*

Our purpose, vision, values and strategy

The overarching reason we exist

Our purpose

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

What we want our future to look like

Our vision

To be the most admired financial services provider in Africa by our employees, clients, shareholders, regulators and society

How we want to affect our clients

Our brand promise

see money differently

The principles that guide us

Our values

Integrity | Respect | Accountability

People-centred | Client-driven

Our Sustainable Development Framework

We have prioritised nine of the 17 SDGs where we believe we have the greatest ability to deliver a meaningful impact through our core business and set a purpose-led ambition of providing sustainable-development finance support to clients who contribute 20% to our gross loans and advances by 2025, enabled by more than R150bn in new financing.

Our approach to purpose fulfilment

These SDGs guide our climate change response.

Our strategy and targets

Strategic growth drivers

Growth | Productivity | Risk and capital management

Strategic value unlocks

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

Short-term targets (2023)

Diluted headline earnings per share	Return on equity	Cost-to-income ratio	Net Promoter Score
> 2 565 cents (2019 levels)	> 15% (2019 levels)	< 54%	#1 SA bank (from #3 in 2019)

Medium-term targets (2025)

Diluted headline earnings per share	Return on equity	Cost-to-income ratio	Net Promoter Score
> GDP + CPI + 5% (CAGR)	> 17% (around COE + 2%)	< 52%	#1 SA bank

Long-term targets

Diluted headline earnings per share	Return on equity	Cost-to-income ratio	Net Promoter Score
> GDP + CPI + 5% (CAGR through the cycle)	> 18% (around COE + 3%)	< 50%	#1 SA bank

Delivering value by fulfilling our purpose

Our success depends on the degree to which we deliver value to society. Therefore, it is important to understand our role in society and how society can be different and better because Nedbank is a part of it. Banks play a crucial role in facilitating economic activity and enabling sustainable growth and development by moving capital from where it is to where it is required. A deep understanding of one's purpose guides strategy and decision-making in this regard and should result in an optimal balance between long-term value creation and short-term outcomes.

Nedbank Group

A strong and profitable business enables continued investment in our employees and operations, which in turn creates value for our clients, shareholders and society at large. Trust is core to our relationships and creating and preserving value.

Employees

Our employees are key to making Nedbank a great place to bank and work. Motivated and skilled employees, together with efficient, innovative and value-creating solutions, services and operations, offer value to our clients. Employees, as part of society, contribute materially to the communities in which they live and work.

Value is created and preserved through ...

- employment opportunities in the countries in which we operate;
- rewarding employees for the value they add;
- embracing flexible work practices;
- encouraging our employees to embrace technological changes, further their careers and improve our services and products; and
- contributing to the transformation towards a more inclusive society through employment equity and gender equality.

Clients

Our clients are our largest source of deposits, which enable us to fund lending activities. Gaining more clients and deepening existing relationships result in greater revenue growth, while responsible banking practices and world-class risk management mitigate value erosion.

Value is created and preserved through ...

- safeguarding deposits, investments and wealth, while growing returns;
- providing credit in a responsible manner that enables wealth creation, sustainable development and job creation aligned with the SDGs and the drive to transition to a net-zero economy by 2050;
- facilitating transactions that are the backbone of economic value exchange;
- enabling financial inclusion by offering unbanked clients access to affordable products;
- providing financial education and advice; and
- developing innovative solutions that meet our clients' specific needs.

Shareholders

The financial capital that we source from our equity and debt investors and our retained earnings enable business continuity and growth.

Value is created and preserved through ...

- increasing NAV, returns, dividends and share price;
- maintaining a strong balance sheet to protect against downside risk;
- investing in and growing our client franchises and our people sustainably;
- following good ESG practices that ensure a sustainable business for the long term; and
- operating within our risk appetite.

Government

The tax that we pay and investments that we make in government and public sector bonds are important for the economic and social development of the countries in which we operate.

Value is created and preserved through ...

- contributing meaningfully to government budgets through our own corporate taxes and employees paying personal taxes;
- investing in government and public sector bonds as required by prudential regulation, thereby partially supporting the funding needs of government; and
- participating in public-private partnerships to leverage the strengths of corporate SA to address the country's Just Transition, including investment needed in energy and infrastructure.

Regulators

Regulation reduces systemic risk and promotes the healthy functioning of an economy in which all stakeholders prosper. Good governance and compliance support client and investor confidence in Nedbank. We have a responsibility to comply fully with the regulations of the countries in which we operate.

Value is created and preserved through ...

- embracing responsible banking practices and regulatory compliance, which enable a safe and stable banking system and a thriving society; and
- working closely with regulators during times of crisis.

Society

We embrace our role in society as an active contributor to building a thriving society and can do this only with engaged communities that have the same values.

Value is created and preserved through ...

- transforming economies, the environment and society positively through our lending and investment activities, aligned with the SDGs;
- playing a meaningful role in the broader society as a procurer and consumer of goods and services; and
- making a difference through our partnerships and corporate social investment (CSI) activities.

A strong, diverse and independent board ensures that value is created and protected while value erosion is minimised.

Ensuring value creation through good governance

Overview of how good governance and strong leadership support the creation and protection of value while minimising the erosion of value.

Reflections from our Chairperson

'In 2022 the board heightened its focus on board and executive succession, guiding the group through a difficult and volatile macroeconomic environment, making progress on the group's strategy and setting new ambitious targets, addressing reputational matters as well as a heightened focus on ESG matters.'

Mpho Makwana, Chairperson

The World Economic Forum uses the term 'polycrisis' to describe the scale of the problems the world is currently facing. The term loosely refers to the cascading and connected crises we have found ourselves in following the Covid-19 pandemic.

The South African economy was again battered by a succession of shocks throughout 2022 – some as a result of global challenges but many being self-inflicted. The year started with Russia's invasion of Ukraine, driving global oil, food, and other commodity prices to new heights and mounting inflationary pressures in most countries.

Locally, inflation also increased, driven by rising fuel and food prices. In response, the South African Reserve Bank (SARB) raised interest rates by a hefty 325 bps throughout 2022. Higher inflation eroded real purchasing power and rising interest rates pushed debt service costs up. This squeeze on household income, coupled with the devastation left by floods in KwaZulu-Natal and the persistent rolling blackouts, weighed on consumer confidence throughout the year. Furthermore, industry also lost momentum, hurt by softer global demand, falling commodity prices, and increased load-shedding.

In sub-Saharan Africa the positive momentum from 2021 generally continued in 2022. Metal exporters benefited from steady earnings, while the rebound in global tourism boosted foreign exchange earnings in countries with large travel markets. Governments grappling with high external debt levels and foreign liquidity shortages continued to rely on multilateral agencies for external liquidity support. Ghana became the second country, after Zambia, to default on its Eurobond coupon payments, and it is now also seeking a bailout package with the International Monetary Fund and a debt restructuring deal with its foreign creditors.

As we look ahead, South Africa (SA) is bracing itself for another difficult year. The pressure on household demand is likely to intensify, weighing on company earnings and the willingness to expand operations. The worsening electricity crisis poses the greatest threat to the economy. The rise in levels of load-shedding experienced during the first part of 2023 continues to jeopardise business confidence, investment, and growth, while worsening the living conditions of most South Africans. The private sector is committed to assisting government through various industry bodies with expertise. Nedbank welcomes the establishment of the National Energy Crisis Committee, and will continue to focus on finding solutions and innovative ways to help its clients and stakeholders through this storm.

2023 is likely to be another difficult year

Reflections from our Chairperson continued

Only rapid and meaningful structural economic reforms will bring faster economic growth and job creation in the years ahead. While the government has committed to sound reforms, implementation has been much slower than expected.

The recent greylisting of SA by the Financial Action Task Force is a setback for the country and an 'own goal', as it will cause reputational damage to the South African economy and hamper investment and international financial transactions. The priority now is to ensure that SA is removed from the greylist as soon as possible. Although no recommendations were aimed directly at the banking or financial sector, Nedbank is committed to supporting government and other stakeholders in efforts to reverse the greylisting.

Urgency is also needed in fighting crime and corruption, improving the efficiency of the country's rail and port operations, and reducing red tape. Action on these fronts will significantly improve the quality of life for all South Africans.

Urgency needed on many fronts

I am hopeful that business is now more than ever committed to working with all stakeholders as we navigate our way through uncertain times. I am also resolute that the complexity of our problems does not mean they are insurmountable. In his book Commanding Hope author Thomas Homer-Dixon emphasises that we do not understand the complex systems – the social, economic, ideological and ecological systems in which we are embedded – well enough to know that the situation is hopeless. He argues that 'a reinvigorated idea of hope' is an essential driver of bringing about the change we want to see.

Doing good for South Africa

Many years ago, at one of our annual board leadership sessions, we reflected on this hope and the future of SA. We have challenged ourselves to look at what makes Nedbank good for SA and seek ways to do that every year. In line with the operating environment and the board priorities that we identified and communicated in our 2021 Integrated Report, the following areas received heightened focus in 2022: board and executive succession; guiding the group through a difficult and volatile macroeconomic environment; making progress on the group's strategy and setting new ambitious targets; addressing reputational matters; and, of course, a heightened focus on environmental, social and governance (ESG) matters.

Fulfilling our purpose of using our financial expertise to do good is best demonstrated through our ongoing delivery against the United Nations Sustainable Development Goals (UN SDGs) , our continued focus on leading in ESG matters, and our commitment to sustainable-development finance (SDF) as we tilt our portfolio to areas that create positive impacts. I am proud that at 31 December 2022 we had exposures of R123bn (2021: R108bn) that support SDF, representing 14% of the group's gross loans and advances (GLAA). It is our ambition to have increased our SDF-related exposures to around 20% of the group's total GLAA by the end of 2025.

Ambition of 20% of SDF-related exposures by 2025

Over the past few years we have also made several investments and commitments aimed at mitigating climate risk and driving a positive transition that creates jobs and business opportunities. We need real change in a short space of time to transform and decarbonise our energy sector, transportation sector, food systems, and built environments. There are exciting opportunities within all these sectors, and we want to be the bank that supports our clients through the Just Transition. We have already taken the lead in capital mobilisation and the funding of green projects, guided by our Energy Policy, which we released in April 2021, making Nedbank the first bank in Africa to release an energy policy.

This year we published the financed emissions of our fossil fuel portfolio, with our fossil fuel and power generation glidepaths to 2050 to be disclosed next year.

Nedbank once again achieved a level 1 broad-based black economic empowerment (BBBEE) contributor status under the Amended Financial Sector Code. It is the fifth year in a row that we have been able to meet the highest rating on the BBBEE scorecard, and it speaks volumes about how we put our purpose into practice.

Level 1 BBBEE for five years in a row

Digital when you want it, human when you need it

We understand that banking in the future will be a hybrid of traditional and digital banking, where we foresee a more significant shift to and adoption of digital banking by our clients over time. Our ambition is to become a more client-focused, digital, competitive, and agile bank that is 'digital when you want it to be and provides a human touch when you need it'.

Over the past five years we have been investing in information technology (IT) to completely refresh the Nedbank IT stack, and we have now achieved 91% of this complex and challenging task. We plan to continue investing to further enhance our digital platforms and remain at the leading edge of the rapidly changing digital landscape. Encouragingly, we can see that our investments are bearing fruit, and the success of our digital transformation is evidenced by the strong growth in the use of our digital platforms.

A world-class technology platform

The world of work continues to evolve as many businesses constantly reimagine business models and people practices following the pandemic. As part of our commitment to building the nation and being an employer of choice, we continue to invest in skills for the future and contribute to skills that preserve the employability of our people.

Maturing compliance environment

In 2022 SARB imposed administrative sanctions, a fine of R20m, on Nedbank as a result of a limited number of anti-money-laundering compliance and reporting deficiencies identified more than three years ago. All compliance deficiencies that we self-reported or agreed with have been remediated, and all required transactions were reported to the Financial Intelligence Centre (FIC), with no evidence of actual money laundering or financing of terrorism. Importantly, the group's current compliance and risk management environment, including reporting obligations, has matured extensively when compared with the initial implementation of the FIC Act in 2019.

Appreciation

Michelle Obama has mused about her learnings during her family's time in the White House. 'We learnt about gratitude and humility. So many people had a hand in our success.' This resonates with me as I reflect on the 26 000 Nedbank employees who continue to serve our clients and go above and beyond to ensure the organisation's success.

Thank you to my fellow boardmembers for their support. During 2022 we also welcomed Mteto Nyati and Phumzile Langeni to the board as independent non-executive directors in anticipation of the retirement of Mantsika Matooane who has reached her nine-year term. Prof Tshilidzi Marwala stepped down as an independent non-executive director at the end of February 2023 to take up the role of Rector of the UN University in Tokyo. In line with our succession planning processes, Daniel Mminele will assume the position of Chairperson-designate on 1 May and of Chairperson on 2 June 2023 at the annual general meeting. I wish him all the best, as Nedbank will undoubtedly benefit from his extensive banking and financial services experience.

Thank you to our Chief Executive, Mike Brown, for his authentic leadership. You continue to lead with integrity and passion. Thank you to our shareholders for the sometimes robust debates and for always challenging us to make Nedbank better.

It has been an enormous honour and privilege to serve as Chairperson of Nedbank since December 2021. As I look back on a decade of serving as a director of the organisation, I feel an enormous sense of pride at our collective achievements and am grateful to have worked alongside such exceptional people. There are too many people to thank and not enough time or space to do so. I am grateful for every hand that contributed to make this time a success.

The wise ones that came before us proclaimed centuries ago that 'the wind does not break a tree that bends', and it is my wish that Nedbank remains that tree that bends, continuously adapting to change and the ever-changing strategic environment. I hand over the baton to my successor, Daniel Mminele, and the board, executive colleagues and Nedbank employees with full confidence that the Power of #N is secure in the hands of great leaders who will make Nedbank future-proof.

Mpho Makwana
Chairperson

Appointment of Chairperson-designate

Daniel has significant banking and financial services experience. He is the outgoing Chair of Alexander Forbes Group Holdings Limited and Alexander Forbes Investments Limited (having tendered his resignation with effect from 30 April 2023), a former Chief Executive of Absa Group and Absa Bank Limited, and served two five-year terms as Deputy Governor of the South African Reserve Bank (SARB) where his responsibilities during his second term included Financial Markets, International Economic Relations and Policy, as well as the Human and Operations Cluster. His committee memberships included the Governors' Executive Committee, the Monetary Policy Committee, Financial Stability Committee, Risk Management Committee and the Prudential Committee. Before joining SARB in September 1999, he worked for African Merchant Bank and Commerzbank in South Africa, and WestLB in the UK and Germany for 12 years.

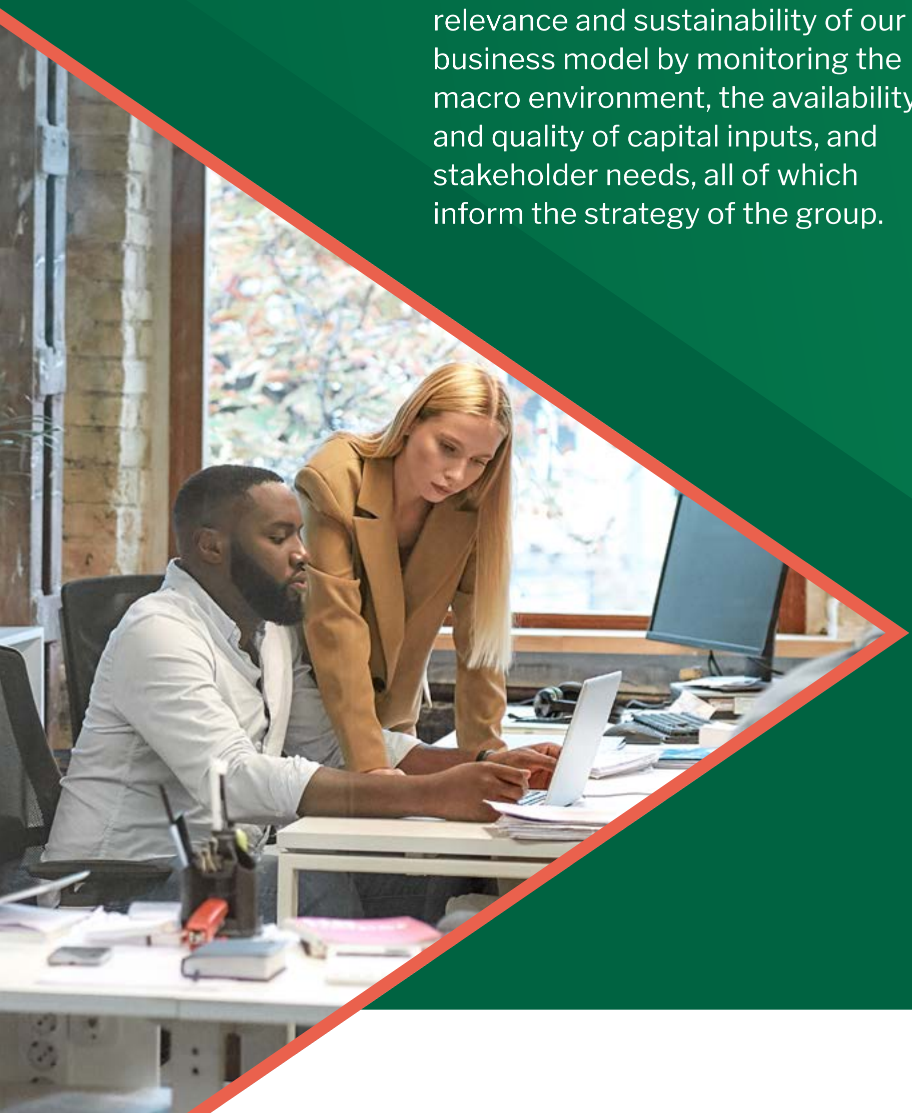
Daniel also served for the most part of 2022 as Head: Presidential Climate Finance Task Team where he led and coordinated the work to give effect to the Just Energy Transition Partnership, as well as the development of the Just Energy Transition Investment Plan, which was launched in November 2022.

'What drew me to Nedbank is that it is a bank with strong values and a purpose-driven approach.'

Daniel Mminele
Chairperson-designate

Governance at Nedbank

The board strives to optimise value by fulfilling our purpose of using our financial expertise to do good and through our strategy we ensure relevance and sustainability of our business model by monitoring the macro environment, the availability and quality of capital inputs, and stakeholder needs, all of which inform the strategy of the group.

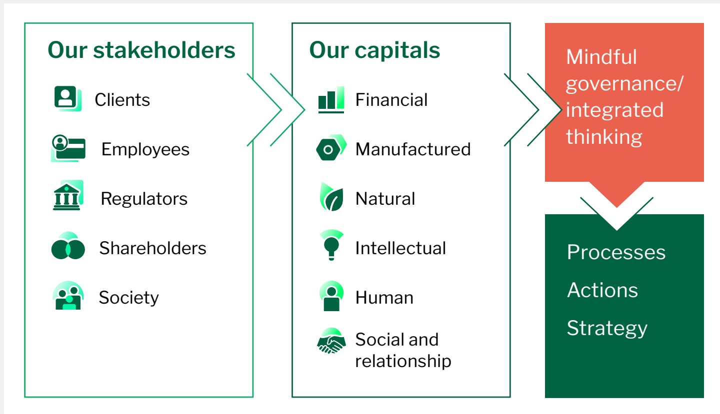


Board governance philosophy

Nedbank is committed to the highest standards of governance, ethics and integrity, which are essential for sustained value creation and safeguarding the interests of all our stakeholders. We believe that good governance contributes to living our values through enhanced accountability, strong risk and performance management, transparency as well as ethical and effective leadership.

We embrace world-class banking practices and robust institutional governance and risk frameworks to ensure that our banking services are secure and stable. To ensure that we act in the best interest of all our stakeholders, we review these practices and frameworks on an ongoing basis, being mindful of the dynamic landscape in which we operate, which is influenced by, among other factors, health and economic changes, cultural shifts in the workplace, digital trends such as artificial intelligence, geopolitics, enhanced data safety and security requirements as well as climate change risks. We are also mindful that banks are expected to adapt to regulatory changes quickly, which means we have to entrench good governance practices while retaining the flexibility to respond proactively to the fast-changing regulatory environment. However, governance within the Nedbank Group entails far more than legislative compliance and best-practice principles.

The board's governance oversight is guided by its commitment to its responsibilities and governance objectives, achieved through the application of the principles and practices as articulated in King IV.



We provide detailed disclosure on our governance objectives and the application status of the King IV principles in our Governance Review, which is available online at nedbankgroup.co.za as part of our 2022 Governance Report.

Key board focus areas in 2022

In line with external developments in the operating environment and the board priorities that we identified and communicated in our 2021 integrated report, the following areas received heightened focus in 2022.

The following areas received heightened focus in 2022:

1 Board and executive succession

2 Guiding the group through a difficult and volatile macroeconomic environment

3 Strategy and targets

4 Heightened focus on ESG

5 Reputational matters

1 Board and executive succession

Succession planning for boardmembers is one of the most important responsibilities of the board as a whole, assisted by the Group Directors' Affairs Committee (DAC). The DAC continuously monitors the split between executive, non-executive and independent directors as well as the skills, experience and tenure of boardmembers as shown on page 28. One of the focus areas of the DAC is to ensure that, when directors are reaching tenure and retirement age, board continuity is ensured through active succession planning that considers any changes to the skills needed on the board in terms of the group's strategic focus areas.

In this context, Mpho Makwana was appointed as Non-executive Chairperson of the board on 2 December 2021 after the passing of Vassi Naidoo in 2021. Although Mpho had been on the Nedbank Group Board for more than nine years, the board believed that continuity during that time was paramount. Mpho will step down as Chairperson of the Nedbank Group Board at the close of the 56th AGM on 2 June 2023. In February 2023 we announced that Daniel Mminele will join the board as an independent non-executive director from 1 May 2023 and will take over the role as Chairperson after the upcoming AGM. During 2022 Phumzile Langeni and Mteto Nyati were appointed as independent non-executive directors in anticipation of some of the retirements in 2023. Prof Tshilidzi Marwala stepped down as an independent non-executive director at the end of February 2023 to take up the role as next Rector of the United Nations University, headquartered in Tokyo. Board changes are discussed in more detail on page 39.

At Group Executive Committee (Group Exco) level, the group's Chief Compliance Officer, Anna Isaac, resigned in April 2022 to take up a role at a bank in the UAE. Anna was replaced by Daleen du Toit, who was appointed as the Group Chief Compliance Officer and to the Group Exco with effect from 1 May 2022. In line with the group's retirement policy the group's Chief Risk Officer, Trevor Adams, and Chief Information Officer, Fred Swanepoel, will be succeeded by Dave Crewe-Brown (effective from 1 April 2023) and Ray Naicker (effective from 1 July 2023) respectively. These appointments of experienced and skilled leaders such as Daleen, Dave and Ray are evidence of Nedbank's deep and high-quality pipeline of internal talent and our effective succession planning processes that will allow for seamless handovers in these important roles. These changes are discussed in more detail on page 39.

2 Guiding the group through a difficult and volatile macroeconomic environment

Oversight and risk management in a difficult and volatile macroeconomic environment were key priorities for the board in 2022, with enhanced focus on the group's top five risks:

Business risk – Oversight at board level and of various board subcommittees of the impact of volatility and material changes in both the global and local environments, particularly the implications of the war in Ukraine, higher levels of inflation, higher South African interest rates, severe load-shedding and electricity shortages in SA, heightened levels of competition, climate change impacts and risks such as the Financial Action Task Force (FATF) greylisting of SA. Notwithstanding these, the group reported a strong set of financial results as discussed on page 77 and remains on track to meet its 2023 targets.

Strategic-execution risk – Oversight at the level of the board, GITCO, DAC and GTSEC of the significant change and execution risk relating to the group's technology strategy (Managed Evolution), changing the targeted operating model [Target Operating Model 2.0 (TOM 2.0)] and the introduction of changing work practices, to name a few.

Credit risk – Oversight by GCC of watchlist clients and a few corporates in CIB that went into business rescue, the group's exposure to commercial-property finance, unsecured lending trends and the risks emanating from the difficult external environment. At the end of 2022 the group's credit loss ratio (CLR) at 89 bps remained within its target range of 60 bps to 100 bps, and in line with the guidance provided to investors during the year.

Cyberrisk – Oversight by GITCO and GRCMC of the increasing threat of cyberattacks and the increased levels of digitisation across the business as well as the adoption of digital products and services as discussed on pages 58 to 62.

People risk – Oversight by GTSEC and Group Remco of risks relating to skills shortages, emigration, employee well-being, the introduction of new work practices, and succession planning.

The focus for 2023 and beyond will remain on these top five risks, although some have shifted in priority as shown in the table below.

Read more about our top 10 risks on pages 52 to 55.

Our top five risks

2022	2023	Change
1 Business	1 Business	No change
2 Strategic execution	2 Credit	Up
3 Credit	3 Cyberrisk	Up
4 Cyberrisk	4 People	Up
5 People	5 Strategic execution	Down

Key board focus areas in 2022 continued

3 Strategy and targets

Strategic discussions at board and relevant subcommittee meetings remained key on the agenda, with the annual board and Group Exco strategy session held in June 2022. The board debated and provided input into the strategy before approving the group's three-year business plan (2023 to 2025) in November 2022. This included the group's material matters, financial and non-financial targets, relevant risk appetites and decisions around resource allocation involving the group's various capitals.

The group's strategy – which incorporates the value drivers of growth, productivity and risk and capital management – drives value creation as we seek to deliver on our short-, medium- and long-term targets. The targets linked to these value drivers are aimed at increasing diluted headline earnings per share (DHEPS) in a sustainable manner, increasing return on equity (ROE), reducing the cost-to-income ratio and leading the market in client Net Promoter Score (NPS) ratings as shown on page 58.

Value creation is enabled by five strategic unlocks: delivering market-leading client solutions; engaging in disruptive market activities; focusing on areas that create value [Strategic Portfolio Tilt (SPT 2.0)]; driving efficient execution (TOM 2.0); and creating positive impacts – all underpinned by the group's Managed Evolution technology strategy. Read more about our strategy and these value unlocks on pages 56 to 68.

In 2022 the board specifically focused on the following:

- Execution of the group's **technology strategy** and the landscape beyond the completion of the Management Evolution IT programme by the end of 2024, while we continue to lead in digital innovations, including data and Beyond Banking activities.
- **Enhancing client experiences** as an enabler to **gaining profitable market share** in targeted assets (without an unexpected increase in credit risk) and transactional deposits, including improving cross-sell.
- Achieving **enterprise agility** through TOM 2.0 and unlocking cost optimisation opportunities.
- Ensuring the group's **purpose** comes to life through sustainable-development finance solutions that meet client needs and drive revenue growth, while building positive societal impacts and ensuring that Nedbank remains a leader in ESG practices and ratings.
- Setting **new medium- (2025) and long-term financial targets** on the back of the good progress made towards meeting the group's 2023 targets, as shown on page 56.
- Signing off the group's capital, liquidity and funding plans, as well as IT, marketing, compliance, risk management and human capital plans. Key approvals included the adequacy of credit impairments, resource allocation to technology initiatives and ongoing digital innovations (R1,6bn annual IT cashflow spend), ongoing expansion into Beyond Banking activities such as Avo and the optimisation of various capitals under our TOM 2.0 initiative such as optimising the group's real estate (branches and own offices – manufactured capital) and employees (human capital) in a more digital world.

4 Heightened focus on ESG

ESG

Banks play a central role in driving sustainable socioeconomic development for the benefit of all stakeholders. The board acknowledges that we, alongside our stakeholders, operate in a nested, interdependent system. This means that for our business to succeed, we need a thriving economy, a well-functioning society and a healthy environment. We also recognise that sustainability issues such as climate change, inequality and social justice are playing an increasingly material role in shaping this system.

In this context Nedbank continually engages with shareholders on strategy, sustainability and ESG matters. This enables our board to exercise constructive influence, as and when appropriate, receive valuable feedback and protect the interests of our minority shareholders, while retaining top-tier ESG ratings.

Key ESG ratings

MSCI	Sustainalytics	S&P Global	FTSE Russell
AAA	**17,2**	**67**	**3,9**
Top 5% of global banks	Top 8% of diversified banks	Top-rated South African bank	Top 26% of global banks

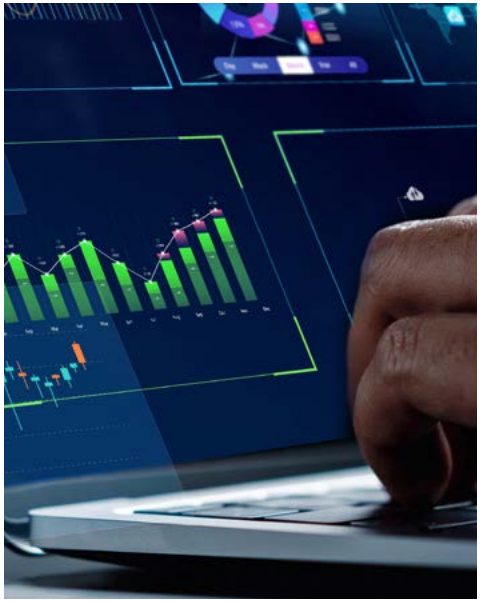
Our ninth annual ESG shareholder roadshow, which reached almost 50% of our shareholder base (based on the number of shares owned), was hosted virtually by Mpho Makwana (Chairperson), Hubert Brody (Lead Independent Director and Chairperson of the Group Remco) and Stanley Subramoney (Independent Director and Chairperson of the GAC) in Q2 2022. The following key topics were discussed, with a focus on succession planning, the increasing impact of climate change and the important role that banks play in moving towards a net-zero economy, as well as remuneration. Dividend and capital considerations, mandatory audit firm rotation (MAFR), diversity and transformation, cyberrisk and reputational issues were also discussed.

- **Succession planning at board and Group Exco levels** – The robustness of succession planning at Nedbank was discussed in anticipation of the planned retirement of some boardmembers and group executive members as mentioned before. Shareholders noted that the group's succession processes were historically well executed. A growing concern is the retention of employees, particularly those in leadership positions and those in key areas such as technology, brought about by emigration and a shortage of skills in SA. These matters were high on the agenda for the DAC and GTSEC.
- **Climate change** – Climate change has ratcheted up in importance for investors over the past two years and has now become a top-three topic during our ESG roadshows. While Nedbank remains highly regarded for its leadership in climate change and sustainable-development finance, asset managers are increasing their focus on this topic and there is a growing need for more engagement, a deeper understanding of strategic actions towards net

Key board focus areas in 2022 continued

zero and new disclosure requirements such as scope 3 financed carbon emissions, which require a sophisticated understanding of one's clients and the data systems to track this. Here, the GCRC is playing a strong oversight role.

- **Remuneration** – Shareholders sought clarity on remuneration policy changes that were implemented in 2022, including the return to 100% of long-term incentives once again being linked to corporate performance targets for group executives and the first-time inclusion of ESG metrics. These policy changes were very well received, along with the downward discretionary adjustment of short-term incentives by the Group Remco.
- **Dividends and capital** – Shareholders noted that Nedbank's capital levels appear very strong, with our CET1 ratio now around the top end of the South African peer group. Should credit growth remain moderate, the board will continue to consider dividend payouts around the lower end of the group's dividend range of 1,75 to 2,25 times cover and/or potential capital optimisation initiatives.
- **Mandatory audit firm rotation (MAFR)** – Nedbank's early adoption and staggered approach to implementing MAFR for its joint auditors was well received. In November 2022, after a thorough selection process led by the GAC, we announced that KPMG will succeed Deloitte, effective from 2024, resulting in a sensible five-year rolling audit firm rotation cycle into the future.
- **Reputational matters** – Nedbank's ESG roadshow followed the finalisation of the Zondo Commission's reports on state capture. While no findings were made against Nedbank in the Zondo Commission reports, it was recommended that some transactions involving Nedbank where Regiments acted as a financial advisor to Acsa and Transnet be subject to further investigation. Nedbank continues to cooperate with various further enquiries and investigations that are underway in respect of these transactions, these engagements may result in Nedbank entering into negotiations or, failing which, becoming involved in litigation and associated regulatory proceedings, with various parties. Given that there is no evidence of any wrongdoing, collusion, or corruption on the part of Nedbank, we will strongly defend any litigation against us.
- **Transformation** – Shareholders continue to look for progress on Nedbank's diversity metrics and in particular African management representation at senior management levels and female representation at board level. Nedbank continues to make steady progress on both these metrics.
- **Cyberrisks** – There is an ongoing interest in the topic of cyberresilience and general appreciation of the group's new disclosures on the topic, included the Governance Report.



Voting outcomes at the group's 55th AGM
and important resolutions for the 56th AGM

All the resolutions at the 55th AGM (2022) were passed. Noteworthy resolutions outcomes include the following:

Key resolutions at 55th AGM (2022)	2022 votes in favour
Ordinary resolution 2.1 and 2.2	
• Reappointment of Deloitte	72%
• Reappointment of EY	99%
Advisory endorsement (on a non-binding basis) of the following:	
• Nedbank Group Remuneration Policy	72%
• Nedbank Group Remuneration Implementation Report	73%

Key resolutions at 56th AGM (2023)
Ordinary resolution 3.1, 3.2 and 3.3
Shareholders will be asked to approve Deloitte and EY as Nedbank's auditors for 2023. Nedbank is committed to MAFR, as evident in the appointment of KPMG in Q4 2022, effective for the 2024 year-end audit.
Advisory endorsement (on a non-binding basis) of the following:
Our Remuneration Policy remains a focus and we continue to engage proactively with our shareholders to obtain their feedback and address issues raised. From 2023 all the long-term incentives will be subject to corporate or individual performance.
Ordinary resolution 1.2
Appointment of Daniel Mminele as Chairperson.

Key board focus areas in 2022 continued

5 Reputational matters

At Nedbank we strive to build trusted and integrous relationships with our internal and external stakeholders and continue to have zero tolerance for corruption. We expect all our stakeholders – including our clients, service providers and employees – to conduct themselves ethically and with integrity.

In this context the following reputational matters were top of mind for the board in 2022:

- **Zondo Commission's reports on state capture.** While no findings were made against Nedbank, it was recommended that some transactions involving Nedbank where Regiments acted as a financial advisor to ACSA and Transnet be subject to further investigation. These transactions, as well as transactions concluded by Nedbank with third parties where Regiments played an financial advisory role, have already been the subject of internal and external legal and forensic reviews and, as previously reported, Nedbank's Board and management took comfort that there is no evidence of any wrongdoing, collusion or corruption by Nedbank or our employees.

  Nedbank continues to cooperate with various further enquiries and investigations that are underway in respect of these transactions, these engagements may result in Nedbank entering into negotiations or, failing which, becoming involved in litigation and associated regulatory proceedings, with various parties. Given that there is no evidence of any wrongdoing, collusion, or corruption on the part of Nedbank, we will strongly defend any litigation against us.
- **High-profile account closures**. In 2022 media reports highlighted a few high-profile cases where clients' accounts had been closed. Decisions to terminate banking relationships with clients are neither arbitrary nor discriminatory and are taken extremely seriously, as clients are the essence of our business. Such decisions are taken only after a rigorous assessment and an internal independent governance process with reference to all the relevant information and facts have been followed, including a comprehensive due-diligence process overseen by the board. Nedbank is bound by client confidentiality and therefore does not disclose clients matters in our external disclosures.
- **Risk of SA's greylisting.** The FATF Mutual Evaluation Report identified significant weaknesses in parts of SA's systems relating to anti-money-laundering (AML), combating the financing of terrorism (CFT) and countering the financing of proliferation of weapons of mass destruction (CPF). The South African government was given until October 2022 to demonstrate that it had a credible plan to address the deficiencies. In February 2023 FATF placed SA on its greylist as the country is deemed to pose a high money-laundering and terrorist-financing risk given weaknesses in part of the country's AML, CFT and CPF systems. On the positive side, FAFT informed the South African government that it recognised the significant and positive progress made by the country in addressing the 67 recommended actions or deficiencies. Eight areas of strategic deficiencies relating to the effective implementation of SA's AML and CFT laws required further and sustained progress. In response, the South African National Treasury noted the following:

> 'No items on the action plan that relate directly to the preventive measures in respect of the financial sector. This reflects the significant progress in the application of a risk-based approach to the supervision of banks and insurers. Treasury therefore expects that the increased monitoring will have limited impact on financial stability and costs of doing business with South Africa.'
>
> **South African National Treasury**

- **SARB AML-related administrative sanctions**. In August 2022 SARB imposed administrative sanctions on Nedbank as a result of a limited number of AML compliance and reporting deficiencies identified more than three years ago. A fine of R20m was paid. All compliance deficiencies have been remediated and all required transactions were reported to the Financial Intelligence Centre, with no evidence of money laundering or financing of terrorism found. Importantly, the group's current compliance and risk management environment, including reporting obligations, has matured extensively when considering the initial implementation (in 2019) of the Financial Intelligence Centre Amendment Act, 1 of 2017.

Focus areas of the board in 2023

- Board and executive succession
- Delivery of the group's strategy and progress towards its 2023, medium- and long-term targets
- Managing the group through an uncertain environment
- Climate change and ensuring a Just Transition
- Reputational matters

Key board discussions and approvals in 2022

Board succession planning, the group's Managed Evolution technology programme, strategic portfolio tilt, Target Operating Model, people risk, reputational-risk matters and mandatory audit firm rotation were key discussions items in board meetings during 2022.

Other regular agenda items included detailed feedback to the full board from the chairpersons of board committees on key deliberations of those committees, comprehensive presentations by the Chief Executive on front-of-mind items, which incorporated, among other things, financial performance updates and forecasts, discussions on the macroeconomic, sociopolitical and competitor environmental landscape, value creation, strategic progress and the status of key strategic actions, key risk and reputational matters, key people matters and progress on significant programmes underway in the organisation, as well as presentations by the Chief Financial Officer on our financial results and forecasts at regular intervals. Important discussions and approvals by our board included the following:

Jan/Feb

- **Annual board kick-off**, which covered topics such as the global economy, the outlook for emerging markets, and SA's recovery prospects; the Indlulamithi SA scenarios 2030; recovery and learnings through the pandemic; SA's resolution regime and approach to resolution planning; and 10 lessons from the bank for the future.
- **Discussed** the results of the 2021 independent board and committee evaluations.

Mar/Apr

- **Approved** the 2021 annual financial results and final ordinary dividend declaration.
- **Approved** the 2021 Integrated Report and our suite of ESG-related reports.
- **Approved** the 2021 Pillar 3 Report.
- **Approved** the group's 2022–2024 forecasts, updated after the 2021 year-end.
- **Considered and agreed** on the directors to be put forward for re-election at the AGM.
- **Considered** reputational-risk matters.
- **Approved** Nedbank Group's listing on A2X.
- **Approved** the annual remuneration review of the Chief Executive and Group Exco and approved the Remuneration Policy.

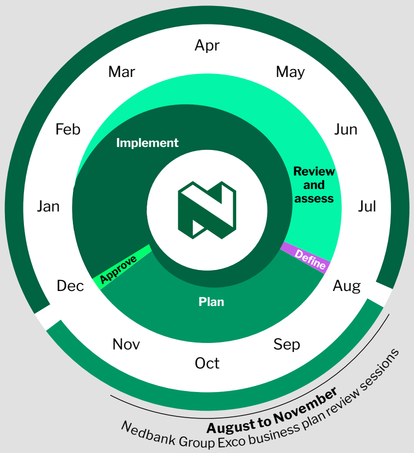
May/Jun

- **Considered** the impact of the Russia–Ukraine conflict on Nedbank's business.
- **Attended** the annual strategy planning session.
- **Held** the group's ninth annual ESG roadshow with shareholders and provided feedback to the board.
- **Held** the group's third virtual AGM (virtual and in-person options in 2023).

Jul/Aug

- **Approved** the group's 2023–2025 strategic planning framework.
- **Approved** the group's 2022 interim results.
- **Approved** the 2022 Internal Capital Adequacy Assessment Process (ICAAP) Report and Internal Liquidity Adequacy Assessment Process (ILAAP) Report.

Strategic and business planning



Sep/Oct

- **Held** the annual meeting with the Prudential Authority (PA) and the FSCA to discuss the group's medium- and long-term strategy. A presentation was also done on board and executive succession planning.
- **Signed** the annual board ethics statement.
- **Received** annual AML, CFT, CPF and sanctions training.
- **Appointed** KPMG, subject to shareholder approval, to become the group's new joint auditor in 2024 in line with MAFR.

Nov/Dec

- **Interrogated** and approved the Nedbank Group business plan for 2023–2025, as well as new medium- and long-term targets and material matters.

Director training during the year

During 2022 the directors received comprehensive updates and training on various topics which included: risk training (including on anti-money-laundering; combating the financing of terrorism; sanctions; market risk regulations; and cyberrisk); the future of banking; Covid-19 recovery and learnings; world markets; resolution planning; hyper automation; the metaverse; executive remuneration; governance trends; the JSE Listings Requirements; IFRS 17 transition and insurance contracts; social and ethics updates; the UN Framework Convention on Climate Change; and the Presidential Climate Finance Task Team on climate change initiatives and green hydrogen.

Our board of directors

E Election at 56th AGM | RE Re-election at 56th AGM

Non-executive director and Chairperson

Mpho Makwana 52
Chairperson: Nedbank Group and Nedbank Limited
Years on board: 11

Independent non-executive directors

Hubert Brody 58
Lead Independent Director
Chairperson: DAC, Group Remco
Years on board: 5

Brian Dames 57
Chairperson: GCRC
Years on board: 8

Neo Dongwana 50
Years on board: 5

Errol Kruger 65
Chairperson: GRCMC, GCC
Years on board: 6

Phumzile Langeni 48
Years on board: 1

Rob Leith 60
Years on board: 6

Linda Makalima 54
Chairperson: GTSEC
Years on board: 5

Dr Mantsika Matooane 47
Chairperson: GITCO
Years on board: 8

Mteto Nyati 58
Chairperson-designate: GITCO
Years on board: < 1

Stanley Subramoney 64
Chairperson: GAC
Years on board: 7

Executive directors

Mike Brown 56
CE
Years on board: 18

Mfundo Nkuhlu 56
COO
Years on board: 8

Mike Davis 51
CFO
Years on board: 2

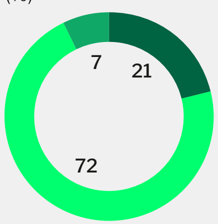
Independence – protecting the interests of all shareholders

ESG

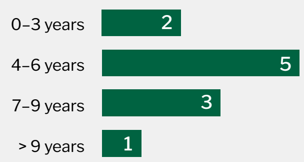
The majority of Nedbank's boardmembers are independent non-executive directors, which complies with King IV and global best-practice governance.

The size of the Nedbank Board, at 14 members, is influenced by the demands of a large and complex banking industry. The size gives the board adequate membership for its nine board committees, of which four are statutory, while adequate levels of independence are maintained.

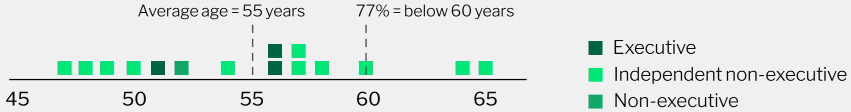
Executive and non-executive directors
(%)



Non-executive directors: Tenure



Executive and non-executive directors: Age
(Years)



Daniel Mminele 58
Chairperson-designate

Effective 1 May 2023
Chairperson from
2 June 2023

Nedbank policy:

- Non-executive directors must retire at the first AGM that follows their reaching the age of 70 or after nine years of being on the board as a non-executive, unless agreed otherwise by the board.
- Non-executive directors are given no fixed term of appointment, and all directors are subject to retirement by rotation in terms of the company's memorandum of incorporation (MOI). An executive director is required to retire from the board at the age of 60, unless otherwise agreed by the board.
- Executive directors are subject to six-month notice periods. This excludes the Chief Executive, who is subject to a 12-month notice period. Executive directors are discouraged from holding significant directorships outside the group.
- In terms of our MOI, one-third of all boardmembers retire at each AGM but may make themselves available for re-election.

Board representation at 31 March 2023.

Our board of directors continued

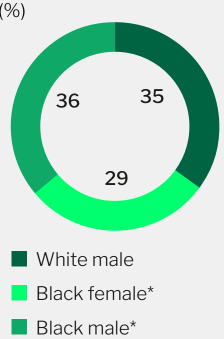
Diversity–
being relevant in a transforming society ESG

Board diversity, equity and inclusion is important to remaining relevant and sustainable in a fast-transforming society, while companies that embrace diversity (including gender, race and ethnicity) tend to achieve better financial performance and are more sustainable.

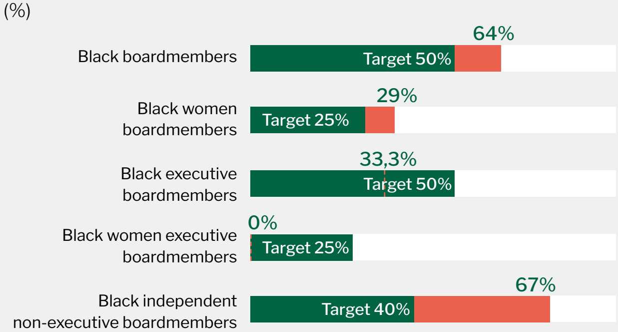
Nedbank is committed to promoting diversity at board level and believes that diversity is a driver of board effectiveness and that the make-up of Nedbank boards must be appropriately representative. This benefits all stakeholders as it promotes diversity of thought in board decisions. We strive for a diverse and transformed board that closely reflects the demographics of SA. Our board includes members from the four main racial groups in SA (African, White, Coloured and Indian) as well as from diverse ethnic and cultural backgrounds, including those speaking Sepedi, isiZulu, Afrikaans, Sesotho, Setswana, isiXhosa, xiTsonga, TshiVenda, isiNdebele, siSwati and English.

Our gender diversity improved from 20% in 2021 to 29% in 2022. Although our diversity target for black women boardmembers aligns with the Amended FSC, we are mindful that gender diversity requires more than compliance. Therefore, we are continuously revisiting our targets and succession planning to be closer to internationally recommended practices and gender benchmarks set out by some ESG ratings agencies. Accordingly, gender diversity remains a key priority in the board's succession plans.

Board demographics
(%)



Promotion of diversity at board level
(%)



For more information on our board diversity, refer to our Governance Review available online at nedgroup.co.za as part of our 2022 Governance Report.

Nedbank policy: Maintain boardmembership that represents the demographics of SA.

*African, Coloured and Indian population.

Knowledge, skills and experience –
a diversified board that adds value to all aspects of the Nedbank Group ESG

Banks and financial services companies need a broad range of skills to ensure and create value in the interest of all stakeholders. The board determines the required composition of skills in response to the rapidly changing environment and shifts in Nedbank's own long-term strategy. Having the appropriate mix of skills and experience ensures that the board, as a collective, is well equipped to guide and drive the bank's strategy into the future and thereby create value.

Over the past six years we have expanded and strengthened our board skills and experience, specifically in retail and investment banking; other financial services such as insurance; large corporates; accounting and auditing; corporate governance; human resources; marketing; strategic planning; macroeconomic and public policy; mining, resources and infrastructure; climate change; IT innovation, digital and cyberresilience; and doing business in emerging economies.

The board's succession looks to increase expertise in areas such as legal, retail banking, complex accounting, digital solutions and technology, climate risk, large corporates, human resources, and marketing, while replacing the skills that will be lost with the resignation of Prof Tshilidzi Marwala and the upcoming retirements of Mpho Makwana and Dr Mantsika Matooane. The board has agreed to extend the tenure of Brian Dames for an initial period of one year, given the need for continuity on the GCRC while the search for additional directors with climate risk expertise is underway. The appointments of Phumzile Langeni, Mteto Nyati and Daniel Mminele in 2022 and 2023 strengthen the board's skillset in the following areas: banking and financial services, mining, energy and resources, large corporates, macroeconomic and public policy, information and communication technology (ICT), digital solutions and technology, strategy and climate change. Please refer to the Governance Report for information on board committee changes.

Board skills and experience
(Number of boardmembers with experience)

* Key ESG experience
** Key risk management experience

Our board structure and mandates

The board of directors provides leadership and strategic guidance to safeguard stakeholder value creation within a framework of prudent and effective controls. This makes it possible to assess and manage risk to ensure long-term sustainable development and growth. The board has ultimate accountability and responsibility for the performance and affairs of the company and ensures that the group adheres to high standards of ethical behaviour.

Board meeting attendance 98%

Total number of board and board committee meetings **68** (2021: 69)

% chairperson's attendance

Interdependencies of committees

The board committees assist the board in the discharge of its duties and responsibilities. Each board committee has formal written terms of reference that are reviewed annually and delegated effectively in respect of certain of the board's responsibilities. These terms of reference are available at nedbankgroup.co.za. The board monitors these responsibilities to ensure effective coverage of and control over the operations of the group.

Detailed reports from the chairpersons of the board and board committees are available in the group's 2022 Governance Report and can be accessed at nedbankgroup.co.za.

Interdependency of board committees

The Nedbank Group Board has nine formal board committees. Board committees report in detail on key discussions and activities at each Nedbank Group Board meeting, and the minutes of board committee meetings are also subsequently made available to all boardmembers. The GITCO and GCC also report to the GAC on the adequacy and effectiveness of the group's information system controls and the adequacy of the group's impairments respectively. The chairpersons of GRCMC and Group Remco also meet separately to consider remuneration risks, and there is a formal process between the Group Remco and GTSEC in respect of the consideration of the ethics of remuneration.

Nedbank Group and Nedbank Limited Board

Mpho Makwana
(Successor: Daniel Mminele, Chairperson-designate)

Nedbank Group and Nedbank Limited
12 meetings (of which 4 were ad hoc and/or short notice) 100%

Group Audit Committee (GAC)*
Stanley Subramoney Chairperson
10 meetings (of which 4 were ad hoc and/or short notice) 100%

Group Credit Committee (GCC)**
Errol Kruger Chairperson
7 meetings (of which 1 was a Large Exposure Approval Committee meeting) 100%

Group Information Technology Committee (GITCO)
Dr Mantsika Matooane Chairperson
(Successor: Mteto Nyati)
4 meetings 100%

Group Remuneration Committee (Group Remco)
Hubert Brody Chairperson
6 meetings 100%

Group Risk and Capital Management Committee (GRCMC)
Errol Kruger Chairperson
6 meetings 100%

Group Transformation, Social and Ethics Committee (GTSEC)
Linda Makalima Chairperson
3 meetings 100%

Group Directors' Affairs Committee (DAC)
Hubert Brody Chairperson
8 meetings (of which 4 were ad hoc and/or short notice) 100%

Group Climate Resilience Committee (GCRC)
Brian Dames Chairperson
5 meetings (of which 1 were ad hoc and/or short notice) 100%

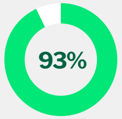
* *In terms of the Companies Act, the GAC members are appointed by shareholders. However, the Banks Act views the GAC as a board committee subject to SARB oversight.*
** *Reviews and exercises an approval and monitoring function in respect of large exposures via the Large Exposure Approval Committee.*

Our board structure and mandates continued

Group Audit Committee (GAC)*

- Assists the board in its evaluation of the integrity of our financial statements through evaluation of the adequacy and efficiency of our internal control systems, internal financial controls and accounting policies that are relied upon for financial and corporate reporting processes.
- Responsible for the appointment, compensation and oversight of the external auditors for the group including managing interactions with the GAC and assesses their independence and effectiveness.
- Facilitates and promotes communication between the board, executive management, the external auditors and the Chief Internal Auditor.
- Recommends the annual financial statement to board for approval.

Overall attendance by committee members



% of committee members who are independent

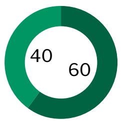
Financial

Intellectual

Social and relationship

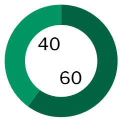
Natural

Race
(%)



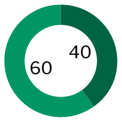
Black
White

Gender
(%)



Male
Female

Age
(%)



Average
57 years

30–50
Over 50

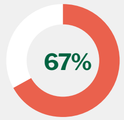
* *In terms of the Companies Act, the GAC members are appointed by shareholders. However, the Banks Act views the GAC as a board committee subject to SARB oversight.*

Group Credit Committee (GCC)

- Assists the board in fulfilling its credit risk oversight responsibilities, particularly with regard to the evaluation of credit mandates and governance, policies and credit risk.
- Confirms the adequacy of credit impairments.
- Acts as the designated committee appointed by the board to monitor, challenge and ultimately approve all material aspects of the group's credit rating and risk estimation systems and processes. The PA requires that the GCC is chaired by a non-executive director.
- Reviews and exercises an approval and monitoring function in respect of large exposures via the Large Exposures Approval Committee.

Overall attendance by committee members

% of committee members who are independent

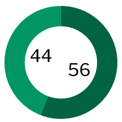


Financial

Social and relationship

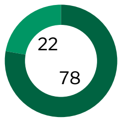
Natural

Race
(%)



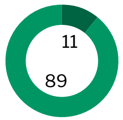
Black
White

Gender
(%)



Male
Female

Age
(%)



Average
57 years

30–50
Over 50

Group Information Technology Committee (GITCO)

- Oversees the execution of the board's approved IT and digital strategy.
- Performs, reviews and monitors enterprise IT matters to ensure that appropriate frameworks, procedures, structures and governance are in place for the consolidation, monitoring, management and reporting of IT risks and exposures on a group basis (eg cyberthreats and other regulatory risks).
- Ensures alignment and implementation of a well-coordinated, efficient, effective and properly resourced IT strategy, which enables the organisation to remain highly competitive.
- Assumes ultimate accountability for the effectiveness of all governance functions pertaining to the group's technology capability, as required by the Banks Act and in support of the requirements of the GAC.

Overall attendance by committee members

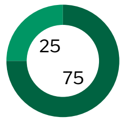
% of committee members who are independent

Intellectual

Manufactured

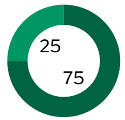
Social and relationship

Race
(%)



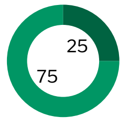
Black
White

Gender
(%)



Male
Female

Age
(%)



Average
56 years

30–50
Over 50

Our board structure and mandates continued

Group Remuneration Committee (Group Remco)

Enables the board to achieve its responsibilities in relation to the group's Remuneration Policy, processes and procedures, and specifically enables the group to do the following:

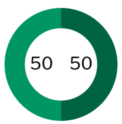
- Meet the requirements of section 64C of the Banks Act.
- Operate remuneration structures that are aligned with best market practice.
- Conform with the latest thinking regarding good corporate governance on executive remuneration.
- Align the behaviour of executives with the strategic objectives of the group.
- Recommends CEO and Group Exco remuneration to the board for approval.

Overall attendance by committee members

% of committee members who are independent

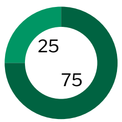
- Financial
- Social and relationship

Race (%)



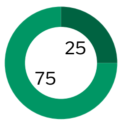
- Black
- White

Gender (%)



- Male
- Female

Age (%)



Average **58 years**

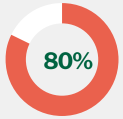
- 30–50
- Over 50

Group Risk and Capital Management Committee (GRCMC)

- Ensures the identification, assessment, control, management, reporting and remediation of risks across a wide range of the organisation's ERMF.
- Sets and owns Nedbank's risk strategy and monitors conformance with risk management policies, procedures, regulatory and internal limits and exposures, as well as processes and practices. The monitoring of the group's key issues control log (KICL) is paramount to the GRCMC's oversight role.

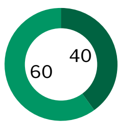
Overall attendance by committee members

% of committee members who are independent



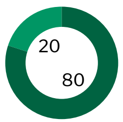
- Financial
- Intellectual
- Human
- Social and relationship
- Natural

Race (%)



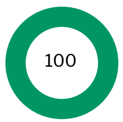
- Black
- White

Gender (%)



- Male
- Female

Age (%)



Average **58 years**

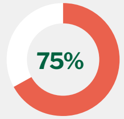
- 30–50
- Over 50

Group Transformation, Social and Ethics Committee (GTSEC)

- Advises on, oversees and monitors Nedbank Group's activities with regard to social and economic development, ethics, transformation, sustainability, corporate citizenship, the environment, health, public safety, stakeholder relationship, labour, and employment matters.
- Applies the recommended practices and regulations as outlined in King IV and the Companies Act in executing its mandate.

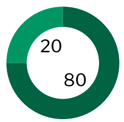
Overall attendance by committee members

% of committee members who are independent



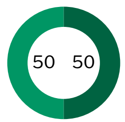
- Intellectual
- Human
- Social and relationship
- Natural

Race (%)



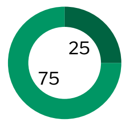
- Black
- White

Gender (%)



- Male
- Female

Age (%)



Average **56 years**

- 30–50
- Over 50

Our board structure and mandates continued

Group Directors' Affairs Committee (DAC)

- Considers, monitors and reports to the board on reputational risk and compliance risk, the application of King IV and the corporate governance provisions of the Banks Act.
- Acts as the Nominations Committee for the board.

Overall attendance by committee members

98%

% of committee members who are independent

86%

Intellectual

Social and relationship

Natural

Race (%)

29
71

Black
White

Gender (%)

29
71

Male
Female

Age (%)

14
86

30–50
Over 50

Average **57 years**

Group Climate Resilience Committee (GCRC)

Enables the board to achieve its responsibility in relation to the group's:

- identification, assessment, control, management, reporting and remediation of all categories of the climate-related risks and opportunities; and
- adherence to internal risk management policies, procedures, processes and practices.

Overall attendance by committee members

95%

% of committee members who are independent

75%

Financial

Social and relationship

Natural

Race (%)

100

Black
White

Gender (%)

33
67

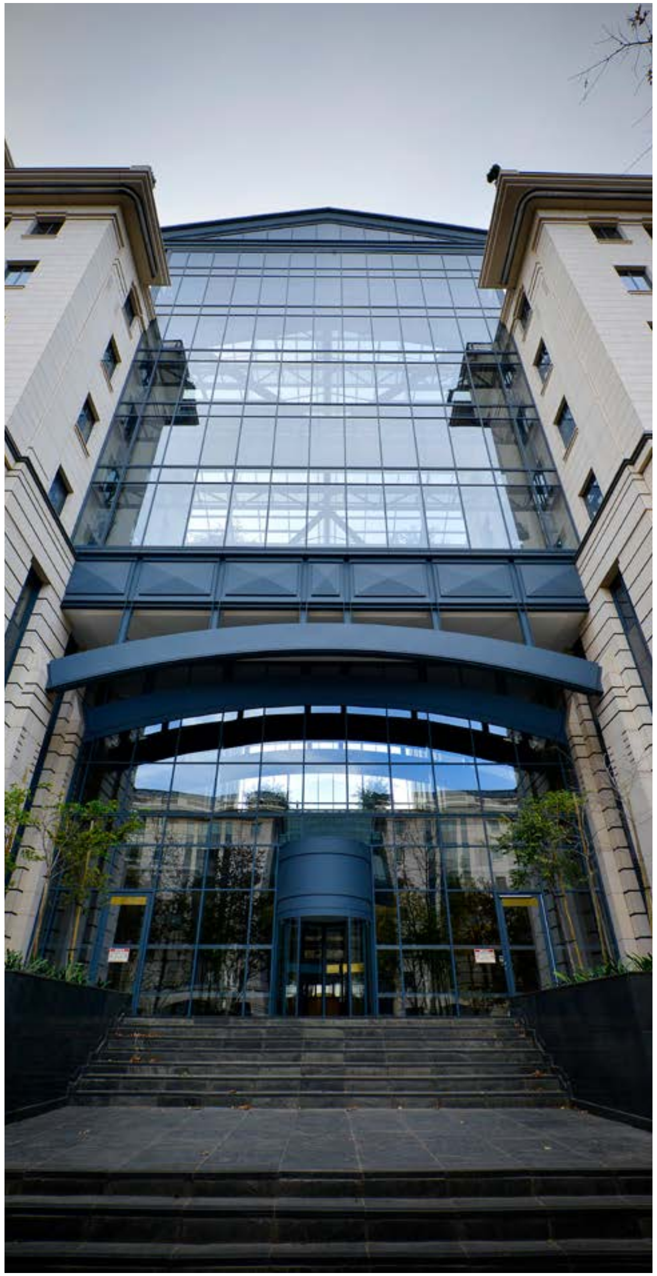
Male
Female

Age (%)

100

30–50
Over 50

Average **54 years**



Other key areas of board responsibility and oversight

Compliance

Nedbank is under a statutory duty in terms of the Companies Act, the Banks Act, King IV and the JSE Listings Requirements to comply with regulation and to monitor and assess regulatory developments proactively to determine their applicability and impact on the group.

This proactive approach to regulatory developments demonstrates Nedbank's commitment to implementing appropriate controls to ensure compliance with the ever-expanding regulatory landscape, thereby gaining stakeholder confidence, trust and satisfaction, and ensuring that actions are taken to mitigate exposure to ESG, financial and other regulatory risks. Regulatory developments and the state of compliance are reported on and monitored by the DAC, being one of the board committees established in terms of the Banks Act.

CASE in point SARB administrative sanctions

Background

In August 2022 SARB imposed administrative sanctions on Nedbank to the value of R35m as a result of a limited number of AML compliance and reporting deficiencies. SARB's compliance inspection was conducted over three years ago in May/June 2019, only two months after fundamental amendments to the FIC Act came into effect. SARB found no evidence of any actual money-laundering or financing-of-terrorism activities.

Our response

Lengthy delays by government in promulgation of the Amended FIC Act and related regulations impacted on our ability to timeously finalise system requirements and integrate with other related system developments underway, such as our Eclipse onboarding platform. Most compliance gaps were self-identified by Nedbank and disclosed to SARB upfront – an example would be certain gaps in cash-threshold reporting amounting to 75% of the financial penalty paid. All compliance deficiencies have been remediated and all required transactions were reported to the FIC, with no evidence of money laundering or financing of terrorism. A financial penalty of R20m was paid in the first half of 2022 (R15m was conditionally suspended). The group's current compliance and risk management environment, including reporting obligations, has matured extensively compared with the initial implementation of the Amended FIC Act in 2019.

Ethics and human rights ESG

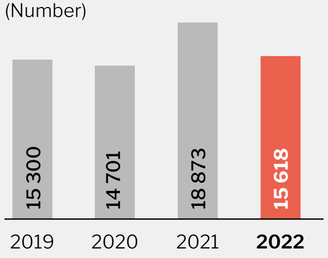
As a purpose-led and values-driven organisation, we are committed to doing business responsibly and ethically, which includes upholding human rights through our own activities and the activities of those with whom we do business.

The Nedbank Board sets the tone at the top and leads the group ethically, effectively and responsibly within acceptable risk parameters. We have implemented comprehensive governance structures that, among other things, give effect to the responsibilities of the board in relation to ethics and human rights. This responsibility is delegated to executive management, which uses various tools and processes to embed a culture that drives ethics and human rights across the organisation. These include, but are not limited to, the annual board ethics statement, ad hoc declarations, various ethics and human rights codes, policies, statements and frameworks, the 'personal integrity management' checks during recruitment, biannual declarations by group, cluster and subsidiary executives on corporate governance and internal processes, ongoing client and supplier due diligence, employee and supplier training and awareness-raising activities, various internal and external (anonymous) channels for reporting unethical behaviour, and mechanisms to review and manage client and supplier relationships when necessary.

Key actions and initiatives undertaken in 2022 included, but were not limited to, the following:

- Implemented our ethics management plan, which was developed by considering the outcomes of ethics risk assessments, employee Pulse survey results, key ethics indicators and global trends.
- Developed a new procedure for the reporting, management and resolution of harassment complaints.
- Launched a new Employee Conduct Tool – an in-house system developed for all employee outside-business-interest, conflict-of-interest and gift declarations. It provides for enhanced risk management as well as tracking and reporting capabilities.
- Enhanced our monitoring and reporting capabilities using a combination of data and behavioural analytics, which enables us to implement interventions that are effective and relevant.
- Provided ethics and human rights training to 5 786 employees (2021: 5 416).
- Provided ethics, human rights and governance-related training to 97 suppliers.
- Dismissed employees based on disciplinary matters relating to dishonesty and unethical conduct: 52 (2021: 67).

Suspicious transactions reported to the FIC
(Number)



In 2022 we conducted our second Human Rights Assessment to assist in identifying adverse human rights impacts as well as human-rights-related risks and opportunities across the group.

Nedbank performed fairly well when benchmarked against other entities within the financial industry, and we have identified some areas of focus, including training and awareness, greater integration of human rights commitments into our internal strategies, policies and processes, enhancements of both client and supplier due-diligence processes and enhancements of our monitoring and reporting on human rights.

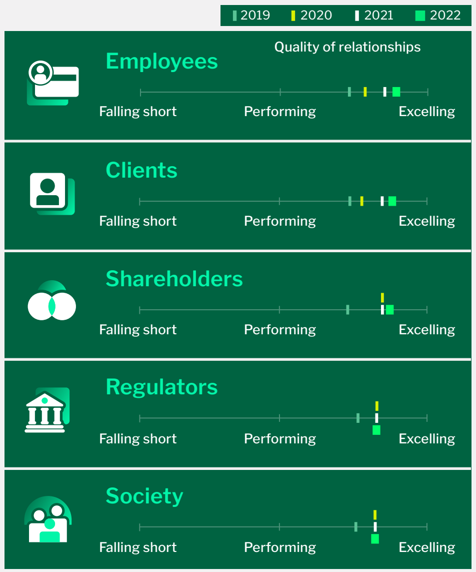
More details on our approach to human rights and ethics are disclosed in our supplementary 2022 Governance Report and 2022 Society Report available at nedbankgroup.co.za.

Other key areas of board responsibility and oversight continued

Relationship with our stakeholders ESG

The group's relationship with its stakeholders is continuously monitored by the board. From time to time directors also engage directly with employees, clients, regulators, shareholders and other stakeholders. In addition to oversight at the board, employee and societal matters are dealt with at the GTSEC, reputational matters across all stakeholders at the DAC, and regulatory matters at the GRCMC and the GAC.

The quality of Nedbank's stakeholder relationships remains high, evident in further improvement in levels of employee and client satisfaction, improved financial performance and share price performance, working effectively with regulators and making a difference in the societies in which we operate.



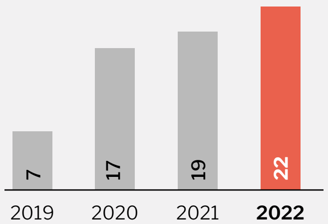
Read more about value creation for stakeholders on pages 82 to 91.

Our values and culture ESG

The example set by the board and management and the values and behaviours embraced by all employees in the organisation support good governance.

The board has regular conversations about the group's culture and values, particularly in the context of our strategy, the new ways of work and the digital transformation of financial services. Our top leadership is driving and enabling the required leadership mindsets and capabilities required to manage and thrive in an agile, digital, fast-paced, client-centred and competitive environment. Our People Promise, as shown on page 70, is fully endorsed by the board. Recent culture shifts are positive, as is evident in outcomes of leadership in digital innovation, being resilient and agile, and ongoing improved levels of client satisfaction scores.

'Great place to work' employee NPS
(Ranking)



Fair and responsible remuneration ESG

The board strives to ensure that remuneration is fair and transparent, promoting positive outcomes aligned with the legitimate expectations of all stakeholders, while being mindful of the wealth gap in SA. The remuneration of executives and employees is linked to sustainable value creation objectives in line with the group's strategy and is based on clear performance targets that have adequate stretch and market benchmarking.

- In 2022 management received increases of around 4,0% on average, and bargaining-unit employees 5,2% on average. In 2023 management received increases of between 5% and 6%, and bargaining-unit employees 7% on average. The group's minimum guaranteed package was increased by 11% to R210 000. The continued focus on increases for lower-earning employees being higher than management-level employees, as well as a detailed analysis on diversity metrics, enabled the Group Remco to satisfy itself that the equal-pay-for-work-of-equal-value analysis shows no systemic unfair pay differentials based on either race or gender.
- After the short-term incentive (STI) pool decreased by 23% and 30% in 2019 and 2020 respectively, it increased by 70% in 2021 and 19% in 2022, reflecting the group's improved financial performance as discussed on pages 96 and 98.
- In 2022 none of the long-term incentives (LTIs) to Group Exco members awarded in 2019 vested as a result of corporate performance targets being set prior to the onset of Covid-19.
- In addition to the inclusion of ESG considerations in individual executive performance goal commitment contracts, 2023 will be the second year in which the group includes key environmental and social deliverables in the performance conditions of the group's LTIs, with a further refinement of the underlying metrics.
- The board was disappointed with the 72% and 73% votes of support for the group's remuneration policy and implementation report respectively at the May 2022 AGM, being below the 75% threshold required by the JSE. While there was appreciation and support for the changes that the Group Remco implemented at the group's ninth ESG roadshow, the unfavourable outcome can be attributed to a single large shareholder vote. We proactively reached out to understand the key issues and concluded that they relate primarily to the issuance of a portion of the long-term incentives to employees, based on time-based vesting.

Minimum 2023 guaranteed package up by	Bargaining-unit employee salaries up by	Management salaries up by	Short-term incentives up by
11%	**7%** on average in 2023	**5–6%** on average in 2023	**19%** in 2022

Board and committee evaluations

Evaluations of the Nedbank Group Board and board committees alternate annually between independent evaluations and internal evaluations. The 2021 independent evaluation was undertaken by The Board Practice with the overall feedback being that Nedbank Group has a professional board that functions well. The board is satisfied that the outcomes and lessons learnt from the 2021 independent evaluation were adequately applied by the board in 2022.

In 2022 Group Secretariat administered internal evaluations of the Nedbank Group Board and its board committees. The overall feedback from the board evaluation is that Nedbank Group has an efficient and effective board, with boardmembers being satisfied with its performance. Key observations from the evaluations include the following:

- The board is sufficiently focused on Nedbank's **purpose and strategy**, including its long-term future in a disruptive world. The board holds management to account for the implementation of Nedbank's purpose and strategy and is able to challenge management.
- The **board composition** maintains a good balance between experience, continuity and new perspectives. There is an adequate balance between executive, non-executive and independent non-executive directors.
- Although boardmembers are generally satisfied with **diversity representation** (including race and gender) on the board, diversity should continue to be a focus area for the board and board committees.
- The board is satisfied with **succession planning**. This will continue to be a key focus area of the board.
- The board is satisfied that **appropriate management succession plans** are in place and that there is a strong leadership pool and opportunities to develop and train future leaders.
- The **Chairperson** provides effective leadership to the board and sets the tone for its performance. He ensures the integrity of the board's processes and has a good understanding of shareholder and stakeholder expectations and concerns.
- The board has a **strong and healthy relationship with the Chief Executive**, underpinned by trust, respect, confidence and congeniality.
- The **board's relationship with management** is described as a positive and healthy arm's length relationship with robust engagement that allows for effective challenge, oversight and accountability. The board is satisfied that management appropriately apprises the board of material developments and that the board's decisions are efficiently implemented by management.
- Each board committee is efficient and effective, with boardmembers being satisfied with each board committee's overall performance.

For more information on the results of the board and board committee evaluations, refer to our Governance Review available online at nedbankgroup.co.za as part of the 2022 Governance Report.

Board oversight – ensuring and protecting value

Group Directors' Affairs Committee (DAC)

'Our goal is to set the gold standard when it comes to corporate governance, compliance, and reputational and strategic-execution risk by using the expertise of our highly skilled employees and continuously striving to enhance our processes in step with developments in the external environment.'

Hubert Brody, Chairperson

Ensuring and protecting value in 2022

- Ensured that the group was led in a manner that protected its reputation while building investor confidence.
- Managed board continuity and considered top-of-mind matters and shareholders' input.
- Enhanced board effectiveness.
- Oversaw compliance activities, including regulatory and advocacy endeavours, engagements with regulators and enhancements to the Reputational-risk Management Framework and Reputational-risk Policy.
- Supported the augmentation of compliance skills and technology.
- Approved the Compliance Risk Management Policy, framework and coverage plan.
- Monitored AML, CFT and sanctions compliance levels, inspection outcomes, and strategy execution.
- Tracked market conduct compliance levels and ensured the fair treatment of clients.
- Considered feedback on privacy and occupational health and safety (OHS) matters.
- Advised on the management of material reputational-risk matters, the strategic risk framework, and delivery risks.

Focus for 2023 and beyond

- Managing board succession and oversight of executive management succession planning.
- Monitoring strategy execution.
- Overseeing corporate governance structures and practices.
- Ensuring an independent, adequately resourced compliance function and tracking the completion of the compliance coverage plan and compliance risk levels.
- Supporting the compliance function so that it can be entrepreneurial and agile within legal and supervisory confines.
- Maintaining oversight of AML, CFT and sanctions compliance levels, inspection outcomes, and regulator interactions.
- Continuing to oversee privacy and OHS matters.
- Retaining focus on fair treatment of clients.
- Monitoring regulatory developments, including AML, market conduct, ESG, crypto- and open finance.
- Continuing to receive updates on reputational-risk matters.

Stakeholders

Clients
Regulators
Employees
Shareholders

Top 10 risks

1 Business
4 People
5 Strategic execution
7 Operational
8 Climate

A comprehensive DAC Report is available online in our 2022 Governance Report on our group website at nedbankgroup.co.za.

In a difficult operating environment we are delivering on our strategy and are on track to meet our 2023 targets. As a result, we have set revised medium- (2025) and long-term targets to drive ongoing value creation.

Creating value in a sustainable manner through our strategy

Overview of the context in which we operate, including our material matters, how we manage risks, our strategic response and the trade-offs we make to ensure ongoing value creation.

Reflections from our Chief Executive

> 'In a difficult operating environment we are delivering on our strategy and are on track to meet our 2023 targets. As a result, we have set revised medium- (2025) and long-term targets to drive ongoing value creation.'
>
> **Mike Brown**, Chief Executive

The external operating environment in 2022 remained very challenging for us and our clients, both globally and more so here in South Africa (SA), as is evident in weak gross domestic product (GDP) growth, severe electricity shortages, higher interest rates, higher levels of inflation and the muted performance of equity and bond markets.

2022 – a record year on many fronts

Against this challenging macroeconomic backdrop, Nedbank Group's 2022 financial performance was strong, as headline earnings (HE) grew by 20% to R14bn and return on equity (ROE) increased to 14,0%, but remains below both the 2019 level of 15% and our estimated cost of equity (COE) of 14,9%, and further increasing ROE is a key focus of the management team. The headline earnings increase was supported by double-digit revenue growth, a slightly higher credit loss ratio at 89 bps and a well-managed expense base.

A fortress balance sheet, with key performance indicators at multi-year highs and excess levels of capital, enabled the group to increase the 2022 dividend to a record level of 1 649 cents per share, up by 38%, and announce a R5bn capital optimisation initiative to be executed through both a share repurchase programme and an odd-lot offer.

HE up by 20% to	ROE up to	CET1 at
R14bn	**14%**	**14%**

Good progress on our strategy

We have made good progress on our strategic value drivers of growth, productivity and risk and capital management.

- Growth trends across net interest income, non-interest revenue and gross banking advances increased strongly as compared with prior years – you can read more about this in the review by our Chief Financial Officer on page 76. This was supported by main-banked client gains across all our clusters, improved levels of cross-sell, increased transactional activity, and double-digit growth in digital activity.
- Enhanced levels of productivity, evident in our cost-to-income ratio improving to 56,5%, the 15% increase in preprovisioning operating profit, and positive movements in key operational metrics such as ongoing headcount and floor space reduction. While we have made good progress, going forward we are committed to even further improving our cost-to-income ratio, we are not satisfied with this and still expect the ratio to decline going forward.
- All our key balance sheet metrics improved, with the group's common-equity tier 1 (CET1) ratio up to 14,0% (2021: 12,8%), a liquidity coverage ratio of 161% (2021: 128%) and total expected credit losses coverage of 3,37% (2021: 3,32%). These metrics put Nedbank in a strong growth position as well as being well prepared for any potential deterioration in the macroeconomic environment.

Reflections from our Chief Executive continued

From a strategic value unlock perspective, our delivery remains on track. We continued to see the benefits of digitisation delivered through substantial completion of what is known as our Managed Evolution information technology (IT) build programme to deliver a modern, modular and agile IT stack that is driving continued improvements in client experience, main-banked clients and transactional-deposits gains, as well as improved efficiencies.

For me, highlights in 2022 include the following:

- **Managed Evolution IT build –** This is now 91% complete, with the final components to be delivered over the next 12 to 18 months. This means the risks relating to an IT programme of this nature are largely behind us and we are increasingly generating benefits in both cost savings and revenues.
- **Digital metrics –** Client transactional values and volumes continued to grow at double-digit levels, and 53% of all retail sales are now done digitally, up from 12% in 2019. We also achieved the key milestones of reaching two million active Money app users and two million Avo super app clients.
- **Client satisfaction metrics –** We ranked #1 among South African banks on the Net Promoter Score (NPS) in the Kantar NPS survey (up from #2 in 2021 in the Consulta survey, which was not done in 2022) and we aim to maintain this ranking.
- **Lending and deposit market shares –** We had a mixed performance, with gains seen in household deposits and retail overdrafts and slight declines in personal loans due to the deliberate tightening of credit criteria, while we were selective in our areas of strength, being vehicle finance and commercial-property finance.
- **Operating-model benefits –** At the end of 2022 we had realised R1,5bn in cumulative benefits under our Target Operating Model (TOM) 2.0 programme and remain on track to reach the target of R2,5bn by the end of 2023.

Creating value for all our stakeholders

We also continued to play a key role in the countries in which we operate by delivering value to our stakeholders in line with our purpose to use our financial expertise to do good.

- Employee satisfaction, measured through our 'great place to work' NPS survey, increased to 22 – a multi-year high, supported by continued investment in employee development, retention and wellness as we seek to be an employer of choice at a time when there are material skills shortages and the fight for talent has escalated in certain areas of our business. We are also proud of our leading position in the Youth Employment Service (YES) programme to help address youth unemployment, having provided more than 7 000 first-time job opportunities to the unemployed as SA's largest bank participant in the programme.
- In addition to the great outcomes on client satisfaction metrics and digital innovations that I have already mentioned, we also created value for our clients by providing more than R340bn in new loans and safeguarding over R1tn in deposits while offering competitive interests rates.
- The declaration of a record dividend and two years of share price appreciation ahead of the banks index have created value for our shareholders.
- From a regulatory perspective we continue to work with the Prudential Authority (PA) and the South African Reserve Bank (SARB) to keep the financial system healthy and, through structures such as the Banking Association South Africa, we engage constructively on industry matters. A disappointment for me was the SARB anti-money-laundering sanctions that we received after lengthy delays in promulgation of the Amended Financial Intelligence Centre (FIC) Act, 38 of 2001, and related regulations impacted our ability to timeously finalise system requirements. The majority of the compliance gaps were self-identified by Nedbank and disclosed upfront, and SARB found no evidence of any actual money laundering or financing of terrorist activities.
- As a purpose-led business our focus remains on making a sustainable impact in the societies in which we operate and fulfilling our purpose of using our financial expertise to do good. The following highlights stood out for me in 2022:
  - » We continued to fulfil our purpose and create positive impacts through R123bn of exposures that support sustainable-development finance, aligned with the United Nations Sustainable Development Goals. This equated to around 14% of our gross banking loans and advances in 2022, and in 2023 we have gone a step further by setting an ambition to increase this support to around 20%, which will be delivered through providing more than R150bn in new financing by 2025.
  - » We firmly believe that SA's path to net zero is, over time, also our path to energy security, and Nedbank, as a leader in renewable-energy finance, is well positioned to contribute strongly to this national imperative. I believe that our focus on leading in renewable energy provides a significant and multi-year advances growth opportunity for Nedbank.
  - » We maintained our level 1 broad-based black economic empowerment (BBBEE) status under the Amended Financial Sector Code for the fifth year in a row.
  - » We retained our top-tier rankings on environmental, social and governance (ESG) scores, including MSCI upgrading Nedbank's ESG rating to AAA, and we are now within the top 5% of global banks.

R123bn
in sustainable-development finance

MSCI
AAA
ESG rating

The environment is set to remain challenging

Currently, we expect the economic environment in SA to remain challenging, particularly given the high levels of electricity shortages that we expect to continue. The Nedbank Group Economic Unit forecasts SA's GDP to increase by only 0,4% in 2023 and to remain muted at between 1% and 2% thereafter; interest rates to increase by a further 75 bps from December 2022 levels, taking the repo rate to 7,75% and the prime lending rate to 11,25% by the end of the year before they decrease in 2024; and for inflation to decrease from 2022 levels and average 5,5% in 2023.

While SA's economic potential remains compelling, the country is fast reaching a tipping point in a number of areas as our failing state-owned monopolies – in particular those responsible for electricity generation and transmission, transport and logistics, water, and crime prevention and prosecution – remain binding constraints on much-needed investment and, as a result, higher levels of economic growth and job creation. This requires urgent and decisive action by government, labour, civil society and business. Nedbank remains committed to working with all like-minded South Africans to accelerate delivery of the structural reforms in these key areas that are necessary to achieve higher levels of economic growth and job creation, and that underpin long-term fiscal sustainability.

Our focus on value creation will continue in the context of the difficult macroeconomic environment, climate change, new disruptive technologies and digital adoption, increased competition and regulatory burdens, as well as a changing world of work. These issues, known as our material matters, have the greatest likelihood of affecting our ability to create sustained value for us and our stakeholders, representing both opportunities and risks.

Matters relating to the Zondo Commission

While no findings were made against Nedbank in the Zondo Commission reports, it was recommended that some transactions involving Nedbank where Regiments acted as a financial advisor to Acsa and Transnet be subject to further investigation.

These transactions, as well as transactions concluded by Nedbank with third parties where Regiments played a financial advisory role, have already been the subject of internal and external legal and forensic reviews and, as previously reported, Nedbank's Board and management took comfort that there is no evidence of any wrongdoing, collusion or corruption by Nedbank or our employees. If these transactions were tainted by corruption on the part of Regiments, clients or their employees, Nedbank was unaware of this at the time of the transactions and acted as a reasonable banker based on the knowledge we had at the time. Our fees and returns were market related and all legal documentation and authorisations for the transactions are in place.

Nedbank continues to cooperate with various further enquiries and investigations that are underway in respect of these transactions. These engagements may result in Nedbank entering into negotiations or, failing which, becoming involved in litigation and associated regulatory proceedings, with various parties. Given that there is no evidence of any wrongdoing, collusion, or corruption on the part of Nedbank or our employees, we will strongly defend any litigation against us.

New targets for the medium and long term

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

NPS
#1 bank

Given our strong 2022 performance, we have set ourselves revised medium-term (2025) and long-term targets. We aim to achieve an ROE of 17% (around COE plus 2%) and a cost-to-income ratio of 52% both in 2025. Over the longer term we aim to improve these to above 18% (around COE plus 3%) and below 50% respectively. Achieving these targets should be value-creating for shareholders – you can read more about this on page 56.

17%
ROE target for 2025

Leadership changes

I look forward to working closely with our Chairperson-designate, Daniel Mminele, who will join us as an independent non-executive director from May 2023 and as the Chairperson from June 2023. We are pleased to have attracted someone of Daniel's undoubted experience to the role of Nedbank Chairperson. My sincere appreciation to Mpho Makwana, our outgoing Chairperson, for his leadership and guidance over the years, particularly for his taking over the Chairpersonship during a difficult period after our previous Chairperson Vassi Naidoo passed away.

Trevor Adams, our Chief Risk Officer, retired at the end of March 2023 and has been succeeded by Dave Crewe-Brown, while Fred Swanepoel, our Chief Information Officer (CIO), will retire in June 2023 and will be replaced by Ray Naicker. These appointments evidence good succession planning and bench strength.

I would like to express our gratitude to Trevor and Fred, who have played an instrumental part in the success of Nedbank. Under Trevor's leadership, the group has implemented world-class risk practices and today our balance sheet metrics are the strongest they have ever been. As CIO, Fred has led the group's Managed Evolution IT build programme on time, scope and budget to reposition our technology capability into a simplified, agile and client-centred IT architecture that is a vital underpinning of ongoing competitiveness.

Appreciation

Thank you to the board for its continued support during another difficult year. A special word of appreciation to my Group Executive Committee Team, who delivered exceptional results and value to our stakeholders.

Thank you to our dedicated employees for their commitment and hard work in difficult conditions – I appreciate the value you strive to deliver to our clients at every touchpoint. We thank our more than seven million retail and wholesale clients for choosing to bank with Nedbank every single day, and we appreciate the support of the investment community, regulators and our other stakeholders.

As Nedbank, we will continue to play our role in society as we fulfil our purpose of using our financial expertise to do good.

Mike Brown
Chief Executive

Mike Brown's presentation at the group's 2022 financial results.

Our Group Executive Committee

The Nedbank Group Exco is a diverse and experienced management team that comprises the Chief Executive (CE), Chief Operating Officer (COO), Chief Financial Officer (CFO) and 10 other members of top management. Seamless succession planning enabled the appointment of three experienced group executive members with overlapping handover periods, including Chief Compliance Officer, Chief Risk Officer and Chief Information Officer.

Executive directors

Frontline MEs

Shared-services Group Executive

Mike Brown 56
CE
Group Exco member since: 17 June 2004
29 years' service at Nedbank

Mfundo Nkuhlu 56
COO
Group Exco member since: 1 December 2008
18 years' service at Nedbank

Mike Davis 51
CFO
Group Exco member since: 1 January 2015
26 years' service at Nedbank

Anél Bosman 56
Group Managing Executive: CIB
Group Exco member since: 1 April 2020
21 years' service at Nedbank

Ciko Thomas 54
Group Managing Executive: RBB
Group Exco member since: 18 January 2010
12 years' service at Nedbank

Iolanda Ruggiero 52
Group Managing Executive: Wealth
Group Exco member since: 1 May 2015
20 years' service at Nedbank

Dr Terence Sibiya 53
Group Managing Executive: NAR
Group Exco member since: 1 April 2020
11 years' service at Nedbank

Trevor Adams 60
Chief Risk Officer
Group Exco member since: 5 August 2009
26 years' service at Nedbank

Dave Crewe-Brown 55
Designate Chief Risk Officer
Group Exco member from: 1 April 2023
27 years' service at Nedbank

Deb Fuller 50
Group Executive: Group HR
Group Exco member since: 25 June 2018
4 years' service at Nedbank

Daleen du Toit 58
Group Chief Compliance Officer
Group Exco member since: 1 May 2022
8 years' service at Nedbank

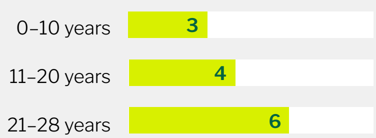
Priya Naidoo 49
Group Executive: Strategy
Group Exco member since: 1 January 2015
21 years' service at Nedbank

Khensani Nobanda 44
Group Executive: Group Marketing and Corporate Affairs
Group Exco member since: 15 May 2018
5 years' service at Nedbank

Fred Swanepoel 59
Chief Information Officer
Group Exco member since: 1 November 2008
26 years' service at Nedbank

Ray Naicker 46
Designate Chief Information Officer
Group Exco member from: 1 July 2023
18 years' service at Nedbank

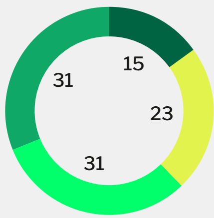
Group Exco tenure at Nedbank
(Number of Group Exco members)



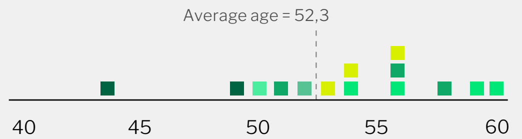
Nedbank policy: Group Exco members retire on reaching the age of 60. More than 230 years of combined service.

Group Exco representation at 31 March 2023.

Group Exco demographics
(%)



Group Exco age[1]
(Years)



[1] *Age at 31 March 2022.*

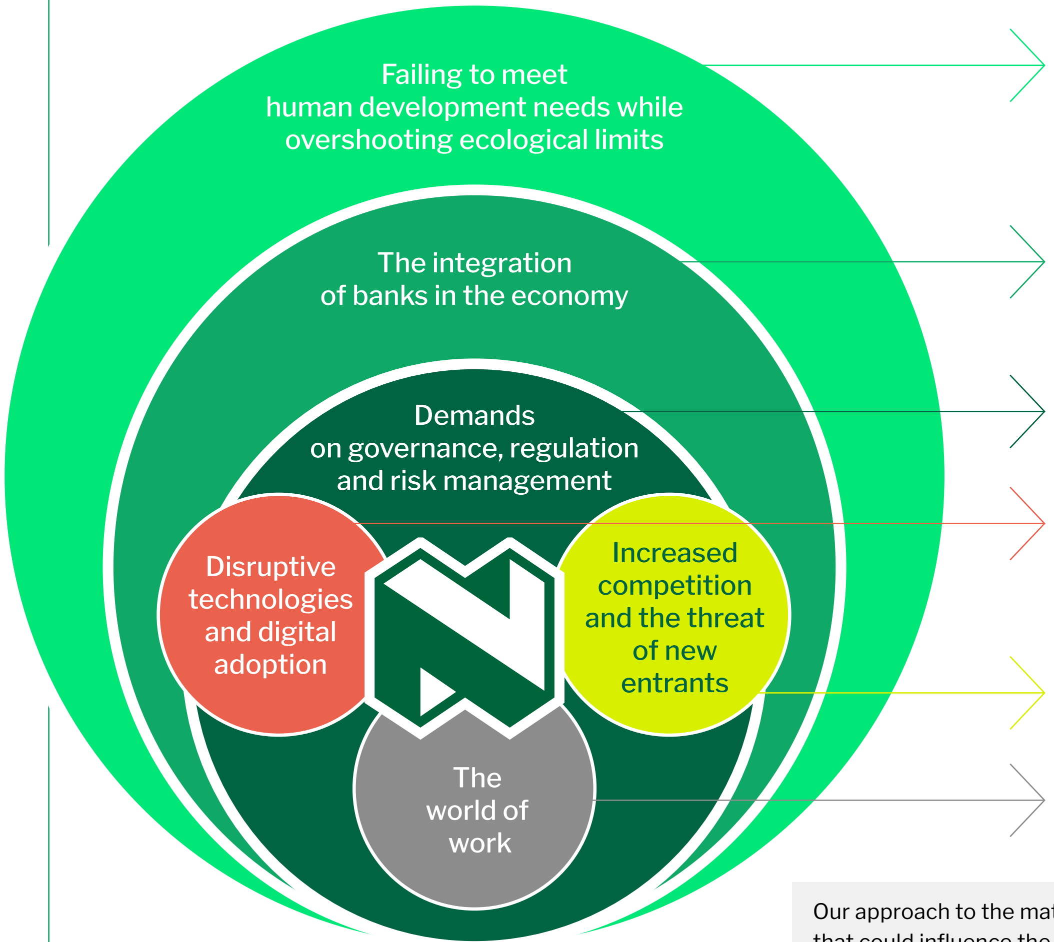
Group Exco changes:
Anna Isaac, the group's Chief Compliance Officer, resigned in April 2022 to take up a role at a bank in the UAE and was replaced by Daleen du Toit, who has 22 years' compliance risk management experience in the banking and financial services industry.

After reaching the group's mandatory retirement age of 60 in January 2023, Trevor Adams, the group's CRO, retired. Dave Crewe-Brown was appointed as CRO and to Group Exco with effect from 1 April 2023. Dave was the Chief Finance and Operating Officer for RBB and has significant industrywide experience in finance, operations, credit, capital management and regulatory reporting.

Fred Swanepoel will retire as CIO at the end of June 2023, when he also reaches the mandatory retirement age of 60 years. Ray Naicker will be appointed as CIO and to Group Exco with effect from 1 July 2023. He is currently the group's Chief Digital Officer and has more than 20 years' banking experience.

Our operating environment

The operating environment for Nedbank and our stakeholders continues to remain volatile, uncertain, complex and ambiguous, with the Covid-19 crisis being replaced by a world of ongoing crises – a so-called polycrisis. In this context we refined our material matters as part of our 2023 to 2025 business planning, and they reflect the issues that have the greatest likelihood of affecting our ability to create sustained value for us and our stakeholders.



Climate change: The increasing impact of climate change (evident in droughts, extreme weather events, biodiversity impacts, etc), the need for a Just Transition, the risk of investing in stranded assets, risks and opportunities relating to energy shortages in SA, and addressing inequalities.

The economy: Global and local economic, social and political developments impacting on SA and the African continent, including economic growth, higher inflation and interest rates, along with SA-specific opportunities and threats.

Regulation, governance and risk management: An ongoing demand on financial services companies, with a focus on anti-money-laundering, Basel III and various other developments.

Disruptive technologies and digital adoption: The impact of new emerging technologies such as blockchain and AI, as well as increased levels of digital adoption and behavioural changes of clients and employees.

Increased competition: Competition from incumbents and new entrants, with a focus on transactional fees, the small-and-medium enterprise (SME) market, payment integrators and renewable energy.

The world of work: The impact of evolving skills requirements, skills shortages, emigration, new ways of work, and diversity, equity and inclusion.

Our top 10 risks

1. Business
2. Credit
3. Cyberrisk
4. People
5. Strategic execution
6. Organisational resiliency
7. Operational
8. Climate
9. Reputational and conduct
10. Capital

Mfundo Nkuhlu (COO) discusses progress on the group's strategic value unlocks.

Our approach to the material matters follows the principle of materiality, which is essential in assessing the information that could influence the group's strategy, the decisions and trade-offs around the six capitals as discussed on page 71, the evolution of our business model, and the development of our short-, medium- and long-term targets as discussed on page 15.

The integration of banks into the economy

Material matter 1

An uncertain, continuously changing and difficult macroeconomic environment can have a material impact on the prospects of financial services companies and their stakeholders. By providing credit, safeguarding deposits, managing and optimising investments, and facilitating transactions, we are highly integrated into the economies where we operate. In addition, our retail, SME and corporate clients and various other stakeholders such as employees, shareholders and regulators are active participants in the economy.

The macroeconomic environment

In 2022 the South African economy proved relatively resilient in the face of multiple global and domestic challenges, including the war in Ukraine, lockdowns in China, slower global growth, lower commodity prices, the destructive floods in KwaZulu-Natal in early April, persistent power outages that accelerated into Q4, as well as pressure on household income from the surge in inflation and 325 bps higher interest rates. Despite this difficult and uncertain environment, the South African economy expanded by 2,0%. The higher interest rates were beneficial to banks (endowment income), while credit growth and client transactional activity continued to rebound post Covid-19. The inflationary pressures and impact of higher interest rate hikes are, however, starting to become evident in higher credit loss metrics in products linked to variable interest rates and clients in the lower segments of the markets that are impacted by cost-of-living pressures.

Recent SARB analysis on the impact of load-shedding suggests that the economy has partially adapted to stages 1 and 2 load-shedding, which costs about R1m per working day in lost gross value added (GVA), but the costs to the economy in lost production escalate exponentially to about R408m per day at stage 4, and up to R899m per day at stage 6. As a result, our expectations for GDP growth in 2023 have been revised downward from 0,7% (February 2023 forecast utilised for guidance) to 0,4% (forecast revised in March 2023).

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

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

Our outlook for the short and medium term and various scenarios are shown on the next page, highlighting the challenges that our clients face, including a consistently weak economic environment, plagued by high levels of electricity outages and inflation, as well as higher levels of interest rates.

Decisive action is required by government, labour, civil society and business

While SA's economic potential remains compelling and we have seen some progress on structural reforms such as the 5G spectrum auction and some renewable-energy developments, the country is fast reaching a tipping point in a number of areas as our failing state-owned monopolies, and in particular those responsible for electricity generation and transmission, transport and logistics, water, and crime prevention and prosecution, remain binding constraints on much-needed investment and, as a result, higher levels of economic growth and job creation.

The ranking by the World Economic Forum of the top five risks in SA is a stark reminder of the global view on SA and the extent of the crisis we face. Corporate SA has the skills, resources and capabilities to address many of these issues, but the will of the political and public sectors to make meaningful change remains uneven, and actual delivery is poor. As a result, progress on structural reform is far too slow.

This requires urgent and decisive action by government, labour, civil society and business to accelerate delivery of the structural reforms in these key areas that are necessary to achieve higher levels of economic growth and job creation as well as underpin long-term fiscal sustainability.

Electricity production
▼ **16%**
(since 2012)
Stats SA

Rail passengers transported
▼ **97%**
(since 2012)
Passenger Rail Agency of South Africa annual reports 11/12 and 21/22

SA on FATF greylist
There is a need for further and sustained progress in eight areas of strategic deficiency
FATF

Unemployment rate
33%
(up from 25% in 2012)
Stats SA

Goods moved by rail
▼ **30%**
(since 2012)
Stats SA

Serious crimes
▲ **54%** murder
▲ **16%** robbery
(since 2012)
South African Police Service official crime statistics

37%
of total municipal water supply lost due to poor infrastructure
Business Live

WEF 2023 top five SA risks:
- State collapse
- Debt crisis
- Collapse of service and public infrastructure
- Cost-of-living crisis
- Employment and livelihood crisis

Notwithstanding these challenges, SA's potential as a long-term investment destination remains compelling. SA has abundant natural resources being a top 10 producer of many scarce minerals. We are a very attractive tourist destination, with tourist numbers picking up sharply. Our financial markets are sophisticated and among the best and most liquid for emerging-market countries, while our banking sector is very well regulated, profitable and strong, as evidenced in how well we navigated the global financial crisis and the Covid-19 pandemic. Lastly, our corporate sector is generally well managed and resilient, with strong balance sheets and low levels of debt, while SA is still a key gateway into the rest of Africa, providing both economic connections into the continent and being a large trade partner with the benefits of the African Continental Free Trade Agreement likely to emerge over time.

The integration of banks into the economy continued

Scenarios over the short and medium term

Operating successfully in a volatile and uncertain environment requires us to regularly consider and adjust to various macroeconomic scenarios. Our base case scenario (completed in February 2023) represents the independent views of the Nedbank Group Economic Unit (NGEU), the underlying assumptions used in our business planning (2023 to 2025), our short-, medium- and long-term financial targets (shown on pages 56 and 80 respectively), our stress testing outcomes and our communication to the investment community.

2022 was a year in which macroeconomic assumptions and conditions changed materially as the months progressed. To illustrate this, the graphs show our NGEU's forecasts in February 2022 compared with its forecast in February 2023. SA GDP growth, although volatile on the back of unexpected events during 2022, has recovered slightly faster than expected, and while interest rates and inflation increased significantly more than most economists predicted, credit growth was higher. As we embark on the road to recovery, we show three scenarios that illustrate a better-than-expected potential outcome ('positive scenario') and two downside scenarios ('high stress' and 'stagflation stress'). Using these scenarios, along with others, as part of regular stress testing, we can conclude that Nedbank's capital levels are expected to remain sound, even in a severely adverse environment.

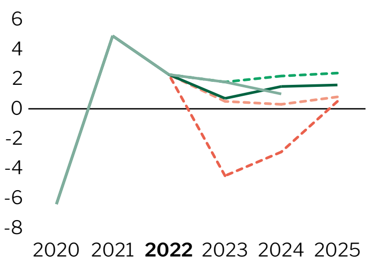
Base case – a slow climb up a steep hill

The global economic environment is expected to deteriorate further in 2023 as a slowdown in advanced countries is likely to intensify as the higher inflation and interest rates and reduced wealth effects hurt household incomes and spending, while the war in Ukraine, uncertain energy supplies, higher production costs, and sluggish global growth prospects erode company profits and subdue fixed investment. South African economic conditions are likely to deteriorate, hurt by a sharp escalation in rolling blackouts. The rise in inflation and higher interest rates will continue to weigh on household incomes and contain consumer spending. While fixed investment will be supported by renewable-energy projects, the upside will be limited by regular power outages and weaker domestic and global growth prospects, along with easing commodity prices, slow progress with structural reforms and persistent policy uncertainties that will continue to hurt investor sentiment. Interest rates are expected to peak in 2023 around 11% and inflation will drift lower over the next few years.

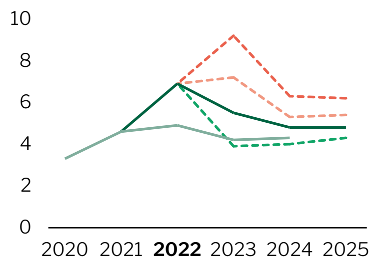
Positive scenario – jogging up the hill

Geopolitical tensions simmer, but pragmatism prevails. Global growth slows, followed by a strong rebound in 2024 as inflation recedes much faster than expected while risk appetite returns as investors sense the end of the rate hiking cycle, supporting capital inflows into emerging markets. In SA the monetary policy cycle turns and rates start declining, while inflation drops significantly. Structural reforms gain moderate traction but load-shedding continues with a lesser frequency and intensity as actions start to benefit. GDP slows into 2023 but picks up again from 2024. Fixed investment accelerates as the energy crisis gradually eases.

SA GDP growth



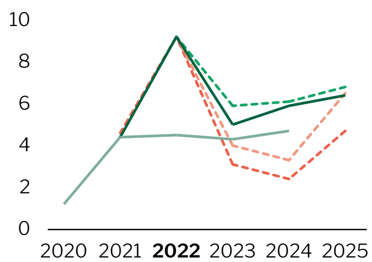
SA average inflation



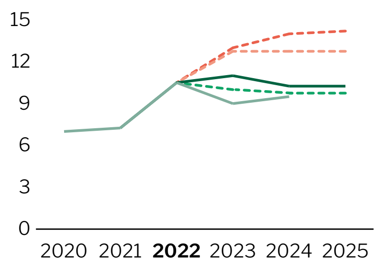
Base case (February 2022) | Base case (February 2023)[1] | Positive | High stress | Stagflation scenario

[1] *Latest forecast 0,4%.*

SA industry credit growth



SA year-end prime interest rate



High-stress scenario – crawling

Geopolitical tensions intensify and the world economy enters a recession in 2023, followed by a weak recovery in 2024. Global inflation remains high, only peaking in 2023 as supply chains are constrained and monetary policy is tightened further with the US Fed moving its rates to over 5%. In SA the SARB Monetary Policy Committee remains hawkish as global rates rise, and inflation remains sticky above 7%. Structural reforms stall and severe load-shedding continues in 2023, with only some improvement from 2024. Political uncertainty increases ahead of the 2024 elections. GDP shrinks in 2023 and growth remains muted thereafter. Consumer spending weakens and fixed investment slows as the pipeline of new investment reduces amid mounting uncertainties, poor policy choices and weak global conditions.

Stagflation-stress scenario – the roads collapse

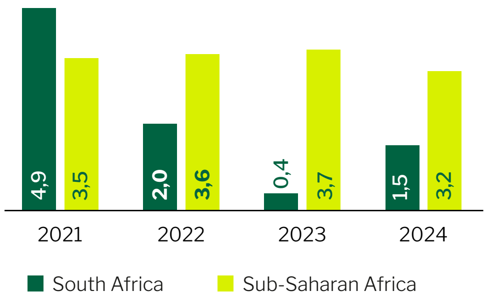
Risk events either cause or aggravate a serious global supply shock, creating conditions conducive to the development of stagflation. The Ukraine war morphs into a prolonged war that leads to global polarisation, dividing the world between pro- and anti-Russian nations. Global investors turn risk-off, resulting in significant financial market volatility, encouraging flight to safe-haven assets. International competitiveness erodes, leading to trade, investment and currency wars. The conflict threatens global oil supplies and drives oil prices much higher, while keeping food prices elevated. For SA these external shocks give rise to significant cost-push inflation, countered by tighter monetary policy (higher interest rates), while GDP contracts, starting a period of prolonged recession.

Growth opportunities in the rest of Africa

The economic recovery in sub-Saharan Africa (SSA) continues but will not be immune to the impact of global developments. The region's economy is projected to expand by 3,7% in 2023 and by 3,2% in 2024 from 3,6% in 2022. While Africa accounts for just 2% of global trade, and only 17% of African exports are intra-continental compared with 59% for Asia and 68% for Europe, the potential for transformation across Africa is significant. The African Continental free-trade area (AfCFTA), which came into operation on 1 January 2022, will create the largest free-trade area globally measured by the number of countries participating, connecting 1,3 billion people across 55 countries with a combined GDP of about US$3,4tn. The agreement aims to reduce trade costs and enable African economies to boost trade among them and integrate the continent further into global supply chains. Eliminating tariffs on 90% of goods and services will create a single market.

Countries such as Mozambique provide significant upside potential given gas finds in the region, while risks remain in countries such as Ghana and Nigeria, where Nedbank does not have a direct presence.

SA vs SSA GDP growth 2021 to 2024
(%)



Sources: World Bank, Statistics South Africa, forecasts from 2021, Nedbank forecasts for SA

The impact on our business model

An uncertain environment typically leads to greater levels of conservatism and the need for stronger balance sheets (financial capital) to buffer against unexpected risk. To reduce the impact of the macroeconomic environment on our business, we continue to focus on strategic delivery (self-help) – accelerating delivery of digital innovations (intellectual capital) and driving greater levels of digital sales and service to improve client satisfaction levels (social capital) through market-leading client solutions, exploring new revenue streams beyond banking (ecosystems and disruptive CVPs), focusing on the areas that create value (SPT 2.0) and extracting operating efficiencies (TOM 2.0). Playing our part in making a difference in the economies where we operate heightens our focus on sustainable-development finance and, in particular, renewable-energy solutions (social and natural capitals). Digital adoption increases further and flexible work practices (human capital) are becoming more entrenched. Expansion into Africa remains a longer-term opportunity, but we are increasingly looking to leverage our capabilities (human, intellectual and manufactured capital) in SA to improve the performance of our SADC operations.

Our opportunities

- An improvement in socio- and macroeconomic conditions (under both 'base case' and 'positive' scenarios) supports banks, and Nedbank is well placed to benefit as a result of our market-leading expertise and capabilities in our wholesale banking franchises and, in particular, infrastructure, renewable energy and water, as well as agriculture.
- Better-than-expected macroeconomic conditions as described in our 'positive' scenario could provide more certainty in reaching our financial targets, as shown on pages 78 and 79.
- Providing sustainable-development finance as discussed on page 66 and supporting SA's infrastructure needs (particularly renewable energy), provides a significant and multi-year advances growth opportunity.
- Support for our South African clients who expand into faster-growing markets in Africa, leveraging SA's position as the gateway to Africa and using the unique expertise in CIB and that of our partner, Ecobank Transnational Incorporated (ETI). On the back of ongoing investment, our Nedbank Africa Regions (NAR) business will continue to strengthen its positioning in SADC markets and participate in the growth opportunities in countries such as Mozambique.

Our key risks

- For banks, an ongoing uncertain economic environment would have a negative impact on earnings growth under 'high-stress' and 'stagflation-stress' scenarios.
- Key risks include slower advances growth, lower transactional volumes that could impact revenue growth, higher bad debt and higher-than-expected expenses growth from inflationary pressures and weaker exchange rates.
- Managing business, liquidity, credit and capital risk could become a focus area although all our balance sheet metrics are in a very strong position to weather these risks.
- Managing the risk of higher stages of load-shedding and risk, albeit low, of grid failure.

Failing to meet human development needs while overshooting ecological limits

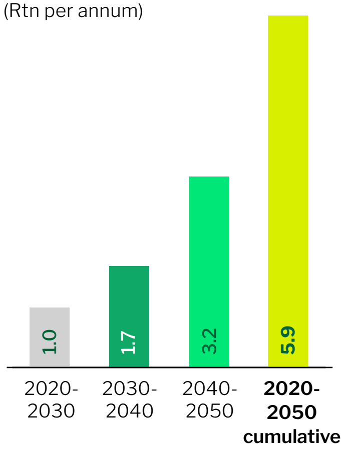
Material matter 2

While the immediate health impacts of the Covid-19 pandemic may have diminished, extreme weather events across the globe as well as the war in Ukraine and increased geopolitical instability continue to hamper efforts to meaningfully address poverty and inequality levels as well as the climate and biodiversity emergency. Given our focus on the African continent, our geographic positioning makes us, and our clients, particularly vulnerable to the negative impacts of climate change.

A Just Transition presents many opportunities to achieve social objectives and provides a sustainable engine for economic growth for the African continent. The required shift from extractive economies to regenerative economies will be a net generator of decent jobs that can contribute significantly to poverty eradication and social inclusion. Without a Just Transition, there is a significant risk that a low-carbon, environmentally sustainable economy will not be achieved, and this is essential to the well-being of future generations.

The run-up to the Climate Change Conference 27 (COP27), saw SA and other African countries table their revised Nationally Determined Contributions (NDCs) to the United Nations Framework Convention on Climate Change (UNFCCC). These greater levels of ambition are required to position the continent as an attractive investment destination and increase the chances of accessing green economic stimulus and funding packages.

Capital expenditure estimate to 2050
(Rtn per annum)



Source: World Business Council for Sustainable Development

SA's transition to net zero

As a significant carbon emitter, SA finds itself at the forefront of the Just Transition commitment having leveraged a degree of climate finance from the international community. The scale and depth of the transition envisaged offers large commercially viable investment opportunities over an extended period of time. SA is in the early stages of a move from a high-carbon economy to a net-zero economy by 2050 and, according to the work undertaken by the Boston Consulting Group and the National Business Initiative as part of the Climate Pathways and a Just Transition for South Africa project, the opportunities in the South African power sector alone are projected to be more than R500bn by 2030, while Eskom estimates this to be closer to R1,2tn.

The importance of the finance sector in supporting and driving a Just Transition has been steadily increasing, given that capital allocation decisions from the sector determine the shape of future economies. Fulfilling this role responsibly will see the sector working with climate-sensitive sectors to transition to less carbon-intensive practices while speeding up the transition to a sustainable economy through vehicles such as green bonds and sustainability-linked bonds. Such approaches include radical acceleration in sustainable-finance activity, deliberate and ordered divestment from fossil fuels, more aggressive decisions aligned with responsible investment and transparent disclosure and reporting aligned with TCFD and, more recently, understanding the requirements of Taskforce on Nature-related Financial Disclosures (TNFD) focused on biodiversity impacts. Recognising this imperative, many financial services institutions have committed to net-zero journeys and pledge to deliver much-needed funding for not only climate mitigation and adaptation solutions, but also sustainable-development imperatives as a whole.

Failing to meet human development needs while overshooting ecological limits continued

The annual investment gap into SDGs is estimated by the World Business Council for Sustainable Development at US$1,1tn for the African continent, creating a potential 85 million jobs. Assisted by PwC, Nedbank undertook an SDG opportunity sizing exercise for the South African market to help steer our strategy, guide our resourcing requirements and inform our level of ambition with regard to sustainable-development finance. The opportunities to create positive social and environmental impacts are vast, and a subset of these opportunities is described below.

US$1,1tn SDG-related opportunities for the African continent, creating 85 million jobs

4 QUALITY EDUCATION

R36bn
needed per annum to fund 300 000 tertiary students in SA

6 CLEAN WATER AND SANITATION

R900bn
needed for SA water supply and storage infrastructure by 2030

8 DECENT WORK AND ECONOMIC GROWTH

R500bn
SMME funding gap in SA

7 AFFORDABLE AND CLEAN ENERGY

R4tn
needed by 2050 to transition from coal to green energy

R1,2tn
investment needed by 2030 to meet SA's energy demand

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

SA's National Development Plan goals require an extra
R1,6tn
in public spending on infrastructure by 2030

11 SUSTAINABLE CITIES AND COMMUNITIES

R28bn
shortfall in funding for SA's affordable housing

R1,5tn
needed to fund universal internet access in Africa

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

> R7bn
for sustainable agriculture

> R1bn
annually for the waste sector reference in SA

Source: World Business Council for Sustainable Development, Eskom, BusinessTech, Bloomberg, The World Bank, Pietermaritzburg Economic Justice & Dignity Group, News24, Boston Consulting Group, McKinsey, Econ3x3 forum, National Treasury, Mail & Guardian, UN Women, PwC analysis and calculations, GreenCape Market Intelligence

The impact on our business model

The majority of Nedbank's business is generated on the African continent, and our geographic positioning makes us and our clients particularly vulnerable to the negative impacts of climate change. The most tangible impact of this in 2022 was evident in the drought in the Eastern Cape and the floods in KwaZulu-Natal, followed by a state of disaster that was implemented in seven of our 11 provinces due to extreme rainfall in early 2023. The damage to homes, businesses, supply chains and infrastructure amounted to billions of rands. To help the mitigation and adaption needs of our clients, we are increasingly allocating financial capital and selectively tilting our financing decisions to align to the SDGs. In the long term we are committed to all our lending contributing to a net-zero economy by 2050, with our exit from all fossil fuels by 2045. In the short and medium term we are developing glidepaths to see this orderly transition happen, while being very cognisant of the social impacts of our decisions. We are completing our fossil fuel glidepaths and will be disclosing them along with our energy glidepaths in our 2023 reports. Our Climate Change Position Statement and Energy Policy set the principles that we have adopted to do this and are the first step in us decarbonising our business. Refer to nedbankgroup.co.za for more details.

Our opportunities

- We have positioned supporting the SDGs through sustainable-development finance at the heart of our purpose and strategy, using this to create an enduring competitive advantage. Our ambition is to provide support of more than R150bn in new sustainable-development finance by 2025.
- As we continue to build insights and capabilities, we will be able to manage climate-change-related risks proactively and develop new solutions to assist our clients to prepare for the future.
- A Just Transition will be a net generator of decent jobs that can contribute significantly to poverty eradication and social inclusion as well as to economic growth.

Our key risks

- The impacts of climate change include more natural disasters and increased costs to rebuild (or retrofit) infrastructure where required; increased energy costs, water shortages and quality issues; and increased food prices and shortages.
- Extreme weather events impact clients and ultimately insurers due to higher claims.
- The imperative to protect essential ecosystem services provided by our environment, amid growing social and political pressure, leads to certain industries becoming less viable, resulting in potential job losses.

Disruptive technologies and digital adoption

Material matter 3

The ongoing global technology revolution and widespread adoption of digital technologies have transformed the way people interact with financial services, including how they access banking services, make payments, invest, and manage their money. In many ways it has accelerated the adoption of digital products, services and channels, leading to new revenue channels, increased productivity, and cost savings. At the same time, technology continues to impact organisational structures and business models, skill requirements, internal processes and capabilities, as well as remote work practices.

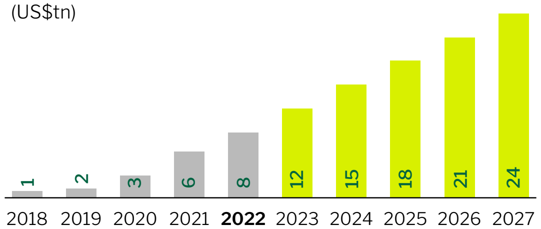
Embracing new technology and digital developments

Over the past few years financial services companies have increasingly started to embrace and leverage mobile technology, fintech partnerships, cloud computing, big data, advanced analytics, machine learning, blockchain technology, AI, robotics and biometrics in the optimisation of legacy IT infrastructure in the pursuit of new revenue channels and opportunities. Banks (which have both the scale and position of trust with clients) are partnering with fintechs (and broader market participants) to enable faster delivery of new innovations. In addition, various trends have accelerated how businesses operate, how clients and stakeholders interact with technology and how work-from-home enablement played out. Virtual video conferencing – the use of online platforms such as Zoom and MS Teams – have now become the norm, while digital workplace tools are supporting employees through collaboration with many of these now the basic standard.

Cyberrisk

However, along with the benefits, the adoption of digital solutions has also introduced new risks, especially in terms of cyberrisks. The rise of high-profile cyberattacks, aimed at accessing, changing, or destroying sensitive information, extorting money, or disrupting normal business processes, has underscored the need for financial institutions to enhance their cybersecurity measures. Globally, the cost of cybercrime is forecast to grow from around US$8tn to US$24tn by 2027. Banks, among other institutions, have become attractive targets for cyberattacks (industry fraud claims in SA were up by 21% yoy) because of their key role in payment and settlement systems, the volume of sensitive client information they hold and the potentially adverse impact of interfering with the smooth functioning of banking services. As such, Nedbank continues to invest in cutting-edge technologies and capabilities that prioritise the security of our clients' data and systems without adding needless friction to client experiences. As companies embrace new technologies, they also recognise the importance of investing in the right skills and knowledge necessary to navigate the changing landscape. At Nedbank we are committed to fostering a culture of innovation and continuous learning to ensure that we remain at the forefront of digital transformation.

Estimated cost of cybercrime worldwide
(US$tn)



Source: Statista Technology Market Outlook, November 2022

The impact on our business model

The way we conduct business is undergoing a fundamental shift due to digital transformation, from client onboarding and servicing to product sales. We are moving towards more cost-effective and efficient digital solutions (intellectual capital) that offer enhanced levels of client satisfaction (social capital), replacing traditional, paper-intensive, and employee-dependent channels (manufactured capital). Internally, we have enabled more than 75% of our campus-based employees to work remotely (human capital) and many of our new work practices have continued post Covid-19. Read more about this on pages 49 and 50.

A few examples of how our financial capital will be impacted include:

- Net interest income – digital channels allow Nedbank to acquire loans through new channels such as our API_Marketplace, which enables externalising of services to third parties (resulting in a greater share of high-quality business written).
- Non-interest revenue – enhanced ability to cross-sell, offering clients additional value-added services and providing services at a lower cost (digital transactions come at a lower fee).
- Expenses – lower cost to serve and acquire clients, although higher costs in the short term as legacy systems are maintained until switched off.

Our opportunities

- New and enhanced digital processes, digital adoption, and disruptive technologies enable enhanced client experiences (social capital) through personalised and seamless interactions across various channels. For instance, chatbots and virtual assistants can provide 24/7 client service, and mobile apps can enable clients to perform transactions and access financial services on the go.
- Client gains, enhanced cross-sell capabilities and the ability to sell value-added services and increase transactional volumes and revenues.
- The expanding and scaling of our beyond-banking client propositions by leveraging the established foundations and learnings from our existing ecosystem plays, such as Avo and the API_Marketplace.
- The enhancement of productivity and improvement of operational efficiencies through digitised processes (lower cost to serve) and the reduction of redundant costs, such as floor space and administrative jobs.

Our key risks

- Cybersecurity and data privacy are major concerns in the digital age, and since 2016 cyberrisk has been identified as a top risk, gaining importance over time given the pace of digitisation of our products and services. The rise of generative AI deepens this risk as fraudsters are able to create increasingly sophisticated cyberattacks more easily. In 2023 cyberrisk ranks as a top 3 risk for the group.
- Technology skills are increasingly in high demand, particularly in SA given the impact of emigration, heightened competition and general skills shortages for these kinds of jobs. In response, we leverage flexible work practices (outside of SA), consultants and established skills development.

Increased competition and the threat of new entrants

Material matter 4

Large, strong competitors and the entry of new entrants, fintechs and big-tech disruptors in the financial sector have ensured that competition remains fierce. These disruptors have been more active in the retail banking space and the risk of greater competition in the SME segment has increased. The large South African banks have all responded, and competition for deposits, good quality assets and transactional banking continues to remain elevated, along with a focus on delivering better client experiences and keeping bank fee increases well below inflation.

A very competitive CIB market

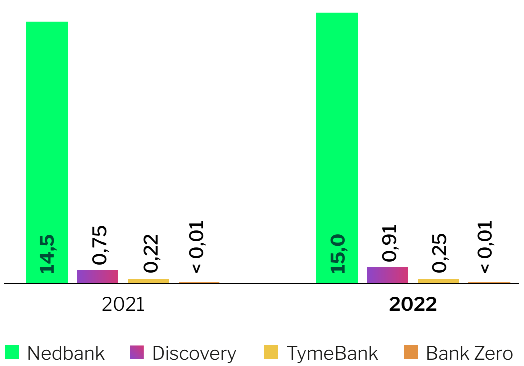
While the wholesale banking market in SA has always been competitive given the mix of strong local banks with large balance sheets and foreign banks with international distribution capabilities, the fight for quality assets has intensified as seen in pricing pressure on margins and fees, particularly in areas such as renewable energy. In this context Nedbank has a very strong CIB business that continues to be one of SA's top corporate and investment banks and leads in infrastructure and renewable-energy finance.

Increasing competition in retail banking

Competition among the large retail banks in SA remains fierce, and new entrants in the South African banking system over the past few years are adding more pressure, including Discovery Bank, TymeBank and Bank Zero. In addition, insurers and telecommunication providers are expanding into attractive banking profit pools, with the primary focus on transactional services and deposits. While the number of clients gained has been impressive, it has not yet translated into real balance sheet growth, as shown in the adjacent graphs. The key impact to date has been on banking fees, which has seen incumbent banks' annual fee increases being kept well below inflation for the past few years.

Many fintech players have found it hard to scale and, therefore, rather partnered with traditional banks. The threat of big-tech disruptors such as Google, Amazon, Facebook, Apple, Microsoft, Alibaba and Tencent that have the financial muscle as well as the ability to scale, still presents a greater threat to traditional banks. However, regulators have become concerned around their potential dominance, and new laws, regulations and oversight are being implemented.

BA900 household deposit market share
(%)



The impact on our business model

Our expansion beyond banking into areas such as ecosystems is a fundamental departure from the traditional banking model and is emerging as an attractive additional channel for selling existing Nedbank products. Although new, it builds on the strong foundations that are already in place, including technology and payments infrastructures, Nedbank's client base and intellectual capital and innovations. In addition, we are refining our operating model in our RBB business to better service our clients' needs and have made some key changes in the business banking segment through more granular client segmentation, rebranding Business Banking to Commercial Banking and enhancing value propositions in the SME market.

The next battleground: SME banking

Competition in the SME segment is increasing from new entrants and incumbent players bolstering their digital capabilities and entering partnerships that support growth. The strategic intent for Nedbank is to retain our position as a market leader in this segment. Read more about this on **page 84**.

Traditional and non-traditional banks have been increasing corporate actions to compete in new segments, as previously seen by Capitec acquiring Mercantile Bank, and the more recent acquisition of Grindrod Bank and Retail Capital by African Bank and TymeBank respectively, to enter the business banking market. Old Mutual has also followed suit by acquiring a minority stake (option to increase) in Preference Capital, a specialist provider of funding solutions to the SME market. While Nedbank has a strong position through both its Retail Relationship Banking (RRB) and Commercial Banking units, the threat appears more focused on the lower end of the market, which represents only part of the RRB business.

Our opportunities

- Continued focus on innovation in a client-centred manner as competition challenges us to respond through new innovative solutions and market-leading client experiences.
- Investment in expansion opportunities for the commercialisation of data, adjacent markets and beyond-banking solutions such as Avo and API_Marketplace have accelerated. Read more about this on **page 61**.

Our key risks

- A loss of market share of certain deposit categories and pressure on revenue pools, brought about by lower bank fees, are key risks should our client value propositions not remain competitive. We are responding to these risks through our growth strategies (as shown on pages 56 to 68) and executing our cost optimisation initiatives through TOM 2.0, as discussed in more detail on **page 65**.

The world of work

Material matter 5

The world of work continues to evolve, impacted by an increasing battle for attracting and retaining skills and exacerbated by trends of 'great resignation', emigration, semigration and flexible, hybrid work requirements, as well as the impending changes to the South African employment equity legislation. This requires an ongoing focus on and evolution of human capital practices over the next few years.

The macro context continues to evolve and shape the world of work

Large social imbalances, income inequality, poverty and high South African unemployment at 37%

Cost-of-living crisis due to the **difficult macroeconomic environment**

New and increasing skills requirements in areas such as technology and sustainability

Disparity in **gender and race representation**

Underperforming South African education system limits supply of future skills

New employment equity legislation empowers the Department of Labour to set new transformation targets

Consumer and workforce expectations continue to drive the rate of **digital transformation**

Race relations at risk due to social and economic imbalances

Increased competition for **scarce talent and pressure from emigration**

Skills that did not exist 10 years ago

(demand for the role: 2018 to 2022)

Data science	+ 32%
Data engineering	+ 516%
Cloud engineering	+ 1 071%
DevOps engineering	+ 104%
Digital marketing	+ 31%
E-commerce manager	+ 86%
Renewable-energy specialists	+ 550%
Wellness consultants	+ 1 350%
Customer success specialists	+ 332%

Source: Businesstech.co.za (These 10 jobs have seen massive hiring activity in SA.) Also includes Salesforce developers +182% not shown above.

Numerous workforce and workplace trends shape the human capital agenda

The fundamental shift in how people have been working post the Covid-19 pandemic, a heightened focus on physical and mental well-being, and ongoing uncertainty and instability continue to influence the human capital agenda of organisations.

Key trends shaping the human capital agenda

The impact on our business model
As more of our clients transact with us through digital channels, the nature of our work and roles continue to evolve. We have adopted a hybrid work model and continue to review our employee and organisational practices to support the world of work and enhance engagement and productivity. Additionally, we are looking at new ways, such as external partnerships, to address the challenges around shortages in key areas such as technology.

Our opportunities

Nedbank embraces the challenges of the world of work and has made progress with the following opportunities:

- The launch of a digital learning platform and learning offerings to grow and mobilise talent internally, while ensuring a steady supply of scarce and critical skills when needed.
- Expanding our well-being value proposition to cater for employee needs more holistically and improving support experiences.
- A refreshed leadership development approach to empower leaders to lead a more virtual, dispersed workforce with new leadership capabilities.
- Repurposing our real estate towards the workplace of the future, together with a world-class digital workplace experience, and offering flexible working options for where and when work is performed.

Our key risks

- The demand for scarce and critical skills continues to escalate as digital transformation and ESG continue to transform talent and skills required for the future.
- Developments around the 'post-pandemic' workplace are slowly emerging, but practices will evolve to guide our investment decisions while improving employee experiences, irrespective of where and when work is performed.
- The pace of change in the workplace, coupled with social and economic distress in our society, impacts employee well-being and safety. This poses a risk to employee engagement and productivity. Read more on how we supported our employees during these challenging times on page 83.

Demands on governance, regulation and risk management

Material matter 6

With the Covid-19 pandemic behind us, the focus is shifting to regulatory matters aligned with the new normal, including digital transformation and cybersecurity, climate change and ESG, payments, diversity and inclusion, and financial-sector-related regulation.

The following developments are closely monitored as a key impact on Nedbank and our stakeholders:

Digital transformation and technological innovation

The Fourth Industrial Revolution continues to drive an increase in automation and AI compliance as businesses proceed to look for faster, more efficient and less resource-heavy processes. These developments attract oversight from various regulators and are considered in legal frameworks. The South African government is expected to maintain its focus on the National Data and Cloud Policy, which has the resultant effect of increased attention to data security, cyberrisk and cybersecurity.

Diversity, equity and inclusion

A growing number of laws and requirements are being enacted to support greater diversity, equity and inclusion in the workplace. The regulatory scrutiny and demands from, in particular the FSCA, has increased.

Environmental, social and governance

An increase in regulatory requirements relating to ESG, most notably reporting obligations, is placing pressure on regulatory reporting processes, data and infrastructure. Financial institutions are expected to report on social and environmental risks through effective, consistent, and comparable sustainability and climate-related disclosures to demonstrate leadership in addressing social and environmental challenges.

Several international guidance documents were released in 2022, with a focus on implementation and alignment of ESG, thereby strengthening disclosure requirements and capabilities across the industries. SA has leveraged international guidance to align local efforts.

Consumer protection

Open finance and consent are currently being explored with emphasis on consumer education and protection, and there is an increased focus by the FSCA on conduct risk reporting to ensure good client outcomes as reflected by the release of the draft cross-sectoral conduct of business reporting in 2022.

Increased enforcement and scrutiny by regulators

Regulatory scrutiny via supervision, investigations and enforcements is increasing. Supervisory engagements and findings are focused on regulations and effective compliance dates, which require financial institutions to proactively manage regulation as it arises.

Payments

Increased focus on faster, more accessible and cost-effective payment mechanisms, both domestically and internationally, calls for the modernisation of payments. This has the resultant effect of increased competition and regulation of broader participation (other than banks) in the National Payment System, as well as initiatives such as the launch of the instant payment capability: PayShap.

Financial crime

The South African government and its authorities are focused on addressing the deficiencies that were identified in the 2021 Mutual Evaluation Report issued by the FATF and the subsequent greylisting outcomes. Part of the remedial efforts included the amending of six laws, among other things, the Financial Intelligence Centre Act, the Protection of Constitutional Democracy Against Terrorism and Related Activities Act, the Companies Act, the Financial Sector Regulation Act, being key to the effectiveness of SA's AML and CFT measures.

Basel III reforms

In September 2022 the Prudential Authority (PA) published a proposed directive with amendments to the regulations relating to banks, addressing key matters regarding the Basel III post-crisis reforms; revisions to the standardised and the internal ratings-based approaches for credit risk; the new standardised approach for operational risk; and refinements to the definition of the leverage ratio exposure measure and revised output floors that place a limit on the regulatory capital benefits that a bank, using internal models, can derive relative to the standardised approaches. The PA has endeavoured to understand the potential impact, costs and benefits of the proposed amendments to the regulations.

Resolution regime

The Financial Sector Laws Amendment Bill (FSLAB) was promulgated on 28 January 2022, giving rise to the Financial Sector Laws Amendment Act 23 of 2021 (FSLAA) and establishing the following:

- A key element in conducting a credible open-bank resolution strategy includes the power of statutory bail-in, where creditors and shareholders will absorb losses of the failing institution. For this purpose, SARB introduced first-loss-after-capital (Flac) instruments, which are non-regulatory, bail-inable debt instruments that will contribute to a designated institution's total loss-absorbing capacity. SARB is expected to publish a draft prudential standard following industry consultation and engagement on the initial discussion paper. Depending on the outcome of the final Flac calibration methodology and Nedbank's associated minimum Flac requirement to be determined by SARB, it is anticipated that there would be additional cost implications as the bank issues new Flac instruments and replaces maturing senior unsecured debt instruments. Nedbank, together with the industry, continues to engage and collaborate with SARB regarding the practicalities of implementing SA's resolution framework. The next step is for the Minister of Finance to publish the FSLAA commencement schedule, which will provide further guidance on the operationalisation of the resolution framework.
- The Corporation for Deposit Insurance (CODI), as a separate entity within SARB, has been mandated to manage a deposit insurance scheme in SA, designed to protect depositors' funds and enhance financial stability. The CODI's secondary legislation is expected to specify the limit of cover for CODI protection and the calculation of banks' covered deposits, which is the basis for the levy and premium calculations.

Managing risk strategically

The business environment we operate in has seen significant changes, with increased levels of uncertainty, and as a result, the risk landscape has been profoundly impacted and radically expanded by the state of the world. While 2022 has been a complex and challenging year, both in the global and local macro context as we referred to on page 43, we foresee many of these challenges to continue into the short and medium term.

An unprecedented risk landscape is not just about minimising the abnormal 'downside risk' – it is as much about, if not more, optimising 'upside risk' and the opportunities that arise. At Nedbank we monitor the external environment and respond appropriately to both the risks and opportunities it presents. In our quest to create and protect value for all our stakeholders, we responsibly allocate our capitals to opportunities that will yield sustainable risk-adjusted growth and returns.

The business of banking remains fundamentally about the management of risk, and we always strive to be world-class, with a strong risk culture, sound governance and a robust enterprisewide risk management framework.

The overall status, outcomes and effectiveness of our risk management have remained favourable and duly stress-tested by the various ongoing crises and shock events. To illustrate this, we can look at our risks from an inherent and residual perspective. Inherent risk is the 'gross risk' and a gauge of the temperature prior to any actions by management. It considers the external environment and internal risk factors and allows subjective judgement. Residual risk is the 'net risk' and outcomes remaining after we have implemented risk management (mitigation and controls). Our residual risk outcomes at the end of 2022, as seen in the figure, were favourable even though our external business environment was challenging and volatile.

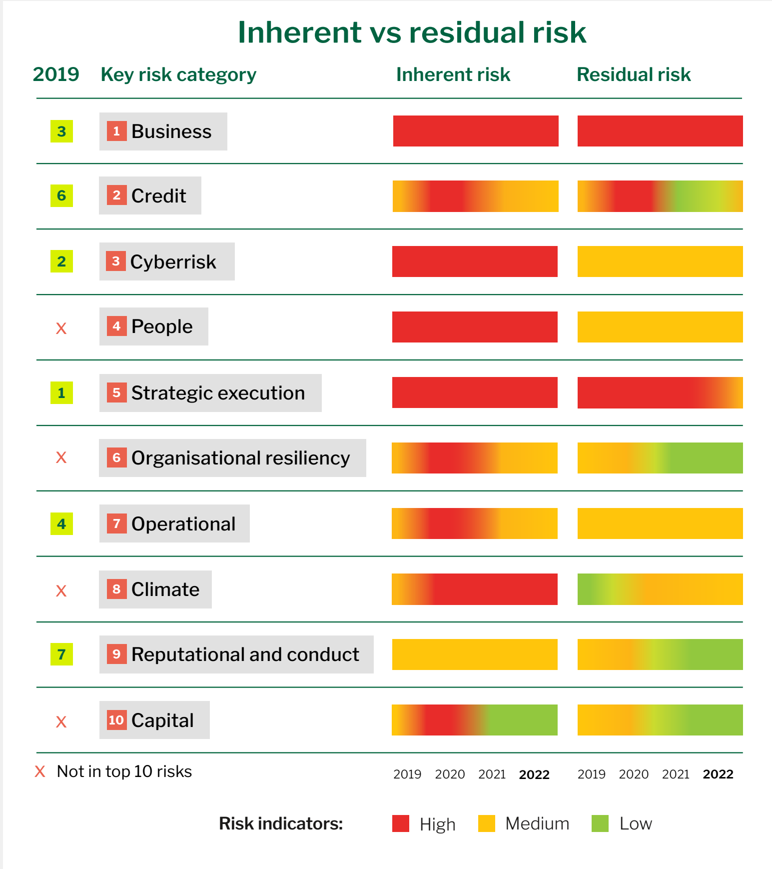
Our top 10 risks

Our top 10 risks for 2023 are selected as 'top-of-mind' risks, while we consider six core objectives to remain at the forefront of best practice:

1. Managing risk as a **threat** to ensure responsible growth and sustainability.
2. Managing risk as **volatility** during highly uncertain times.
3. Managing risk as an **opportunity** to take advantage of opportunities presented by upside risk to create or enable value for all our stakeholders.
4. Managing risk as **velocity** to manoeuvre the speed of change in an agile and safe manner without degrading value already created.
5. Managing risk as a **predictor** using predictive and advanced analytics.
6. Managing risk as **organisational resiliency** to ensure sustainability.

Our extensive risk landscape can further be categorised into these five risk types:

- Major traditional risks.
- Major new emerged or emerging risks.
- Emerging technologies, digital transformation, and data risks.
- Strategic-execution risk.
- Risk innovation and transformation.



In addition to the major traditional risks that are associated with banking such as credit, liquidity and capital risks, various new emerging risks have and continue to grow in importance and evolve. These include those whose impacts have not yet significantly materialised such as cyber-, conduct, climate, ESG and reputational risk. We do, however, remain vigilant of their potential impacts and constantly scan global and local environments for root causes that could potentially impact value creation.

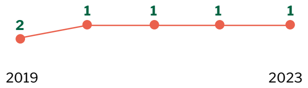
Our top risks changed and evolved during the year as a result of internal and external factors.

Managing risk strategically continued

Five-year trend graph
X Not in top 10 risks

Top 10 risks

1 Business



It is essential to maintain an awareness of emerging risk factors in both local and global markets that can impact how business is conducted, while political instability can additionally cause heightened levels of uncertainty with deep social and economic impacts.

Global economic activity is slowing due to geopolitical risks, high inflation and tighter financing conditions.

Continuous power outages (Eskom, the state-owned monopoly) in SA are affecting business with geosocial impacts.

Link to the six capitals:

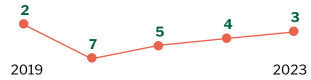
Financial Intellectual Social and relationship

Risk category: Traditional

Our response

- Updated South African country risk scenarios in our business plans and scenario analysis.
- Updated our risk appetite framework to ensure it remains fit for purpose in the operating environment.
- Embedded our organisational-resilience plan.

3 Cyberrisk



Cyberrisk remains a top five global risk, requiring ongoing focus considering its relevance to our digital strategy.

Cyberresilience is a foundational requirement to support the Nedbank business in achieving its objectives in a continuously changing cyberthreat landscape.

Our cyberrisk management remains mature, and we continued our journey towards enhanced cyberresilience.

Link to the six capitals:

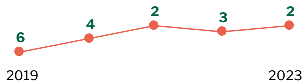
Intellectual Manufactured

Risk category: Emerging

Our response

- Ensure the resilience of our critical systems, platforms and infrastructures against disruptive cyberattacks.
- Operate in an optimally risk-controlled environment to protect our critical, confidential and clients' data.
- Focus on third parties and suppliers and data-loss prevention to identify key vulnerabilities and build cost-effective and efficient data-protection strategies.

2 Credit



Credit risk management remains a core competency of any bank. We remain vigilant in identifying possible vulnerabilities that may arise due to the effects of a difficult economic environment.

Credit governance and processes across the bank remained efficiently and effectively managed. The group's CLR of 89 bps has increased but remains within the through-the-cycle (TTC) risk appetite target range of 60 bps to 100 bps.

Nedbank's wholesale businesses experienced an improvement in credit demand, while retail continued its growth momentum, primarily from increased demand for secured products.

Link to the six capitals:

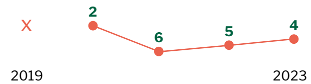
Intellectual Financial

Risk category: Traditional

Our response

- Implemented and sustained our credit growth framework.
- Evolved our management information for enhanced monitoring, analysis and reporting.
- Ensured that credit risk is priced appropriately through values-based management principles and risk-based pricing.

4 People



People risk remains elevated and exacerbated by internal operating model changes as well as the external socioeconomic challenges, resource constraints and competition for in-demand scarce skills.

Our People Promise covers every aspect of the employee life cycle and includes diversity, equity and inclusion. Employee well-being still remains a focus area of our Human Capital Strategy.

Link to the six capitals:

Intellectual Human

Risk category: Traditional

Our response

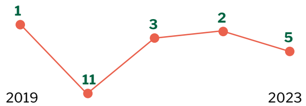
- Having succession plans in place and developing our people to their full potential to ensure they are future fit.
- Continuously embracing diversity, equity and inclusion in our operating environments.
- Ensuring fair and non-discriminatory practices and enabling our people to look after their wellness.

Managing risk strategically continued

Top 10 risks

Five-year trend graph
X Not in top 10 risks

5 Strategic execution



Successfully and safely navigating organisational change requires that delivery risk, associated with ensuring that the strategic objectives are pursued in a sustainable manner that preserves or enhances organisational value.

The risk management focus on the emerging and expanding impacts of the amount of organisational change across the group continues to be broadened to allow Nedbank to respond fully, safely and appropriately to changes.

Link to the six capitals:

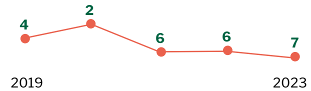
Financial   Intellectual   Human

Risk category: Strategic execution

Our response

- Create business value and realise the Managed Evolution strategic vision.
- Ensure that our operating model reflects both best practice and accelerated digitisation of our business.
- Assess risk appetite to support the strategic portfolio tilt (SPT 2.0) objectives as a focus area for value creation.

7 Operational



Necessary actions are being driven by various committees across the bank to manage the operational risk impact on people, processes, technology and external events.

A hybrid work model approach has been implemented across the organisation for a 60/40 split of employees being reintegrated back into the offices and employees working from home on a rotational basis, ensuring that operations remain resilient.

Link to the six capitals:

Intellectual   Human   Manufactured   Natural

Risk category: Traditional

Our response

- Enhance the governance of our payments and settlements risk management framework.
- Effectively manage and reduce the number of overdue audit issues as a percentage of open issues.
- Continue to build a strong risk culture across the group while monitoring risk appetite at respective governance processes.

6 Organisational-resilience

Operational resilience measures have resulted in solutions and plans being implemented against the anticipated events such as water crises, load-shedding, electricity blackouts, etc. Power outages or load-shedding in SA is expected to continue well into 2023.

Link to the six capitals:

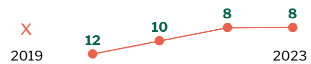
Intellectual   Human   Manufactured   Natural

Risk category: Emerging

Our response

- Evolve and align with global developments to deliver critical operations through disruption.
- Embed our organisational-resilience plan through cross-functional team effort and collaboration.
- Embed a resilience model that prioritises maintaining operational effectiveness.

8 Climate



Climate risk continues to be top of mind for the board and Group Exco.

Climate-related disaster events are expected to increase in frequency across the world. While the KwaZulu-Natal floods had disastrous consequences on many livelihoods, the ultimate credit, operational and insurance risks impacts on Nedbank was negligible.

There is, however, rising concern across the insurance industry, both locally and internationally, that weather catastrophes will impact the sustainability of insurance businesses.

As a purpose-led organisation, we are acutely aware of our central role, alongside that of other financial industry companies and government, in driving sustainable socioeconomic development for the benefit of all stakeholders.

Link to the six capitals:

Social and relationship   Natural

Risk category: Emerging

Our response

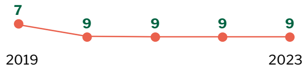
- Embed the Climate Risk Management Framework across the group.
- Continue with our glidepath(s) project that will, as a first phase, consider our trajectory regarding fossil fuels and power generation.
- Evolve the climate risk appetite setting.
- Continuously monitor our Climate Risk Plan through the various governance structures to ensure delivery of deliverables.
- Continue to develop and offer sustainable products and services to our clients to assist them with climate transition risks.

Managing risk strategically continued

Top 10 risks

Five-year trend graph
X Not in top 10 risks

9 Reputational and conduct



Nedbank's reputational risk is largely driven by public controversies and is informed by public perception.

We have zero tolerance for corruption, and we expect all our stakeholders, including our clients, service providers and employees, to conduct themselves ethically and with integrity.

The conduct risk control environment remained stable, with ongoing oversight on open issues within the clusters. No material concerns relating to the internal control environment exist.

Link to the six capitals:

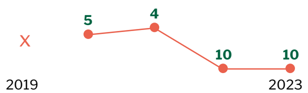
Intellectual   Social and relationship

Risk category: Emerging

Our response

- Reputational risk is managed through our proactive reputational risk management strategy and strong governance.
- Continuously analyse and monitor the impact of the unprecedented levels of change on conduct and culture.

10 Capital



Our balance sheet remains very strong, supported by capital and liquidity ratios that are at all-time highs and ECL coverage ratios well above pre-Covid-19 levels as shown on page 77.

Resilience has become a defining characteristic of sustainability and success for banks locally and globally. Nedbank has demonstrated strong financial and operational resilience.

Link to the six capitals:

Financial   Intellectual

Risk category: Traditional

Our response

- Ongoing enhancements, including stress and scenario testing and risk-weighted assets (RWA) forecasting and optimisation.
- A sophisticated and evolving internal capital adequacy assessment process.
- An agile capital issuance and dividend plan.
- Considering the use of surplus capital, including a R5bn share repurchase programme.

Board oversight – ensuring and protecting value

Group Credit Committee (GCC)

'Credit risk management and governance across Nedbank remained excellent, especially in view of the ongoing, extremely challenging and disappointing SA and SADC macroeconomic, structural and political environments. The GCC continued to provide independent oversight and guidance, ensuring a sound, good-quality credit portfolio, which remained adequately and conservatively impaired.'

Errol Kruger, Chairperson

Ensuring and protecting value in 2022

- Approved the adequacy of impairments biannually to ensure that the expected credit loss (ECL) held against gross loans and advances (GLAA) was appropriately conservative.
- Oversaw deep dives into, among other things, personal-loan and commercial-banking portfolios, as well as credit concentration risk to ensure that the risk was well managed and aligned with risk appetite.
- Oversaw the introduction of the Credit Growth Framework (CGF), to inform the strategic decisions for credit portfolio growth.
- Monitored the identification and management of distressed portfolios and individual watch list client management.
- Monitored the performance of credit portfolio against strategic portfolio tilt (SPT) 2.0 targets.

Focus for 2023 and beyond

- Monitor the performance of the credit portfolio against SPT 2.0 initiatives for 2023–2025 in line with the group business plan and the implementation of the recommendations of the CGF on the credit portfolio.
- Monitor and consider the impact of the implementation of Basel III reforms on the credit portfolio.
- Monitor the implementation of solutions to automate, digitise and advance credit processes and analytics emanating from the Target Operating Model 2.0 credit risk initiatives.

Stakeholders

Clients   Regulators
Employees   Shareholders

Top 10 risks

1 Business
2 Credit
8 Climate

A comprehensive GCC Report is available online in our 2022 Governance Report on our group website at nedbankgroup.co.za.

Our strategy

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

2023 targets

At the start of 2021 we were one of the first South African banks to set new medium-term post-Covid-19 targets, including targets for diluted headline earnings per share (DHEPS), return on equity (ROE), cost-to-income ratio and Net Promoter Score (NPS). This was done in an environment of uncertainty and variability but something we needed to do in order to know what success looks like and to inform our shareholders of the value creation potential if we deliver on these targets.

In 2022 we reported DHEPS of 2 806 cents, which was greater than our 2023 DHEPS target of 2 565 cents, being the DHEPS level achieved in 2019, and achieved a #1 ranking in the Kantar NPS survey (2019: #3). Both these targets were achieved a year earlier than initially planned. We also continued to make solid progress towards the remaining 2023 financial targets of a ROE greater than the 2019 level (15,0%) and a cost-to-income ratio lower than 54% (2019: 56,5%) by the end of 2023.

Short-term targets (2023)

Diluted headline earnings per share	Return on equity	Cost-to-income ratio	Net Promoter Score
> 2 565 cents (2019 levels)	> 15% (2019 levels)	< 54%	#1 SA bank (from #3 in 2020)

New medium- and long-term targets

As part of our 2023 to 2025 business planning, we have set new medium-term targets (to 2025) and long-term targets to support our focus on ongoing value creation for shareholders. By the end of 2025 we aim to have grown DHEPS by more than a compound annual growth rate (CAGR) of GDP growth + CPI + 5% from the 2022 base, achieve an ROE of more than 17% (around COE plus 2%), a cost-to-income ratio below 52% and retain our #1 position in NPS. These targets are based on our macroeconomic assumptions that were set in February 2023 as shown on page 43 and ongoing delivery on our strategic value unlocks as key enablers.

Medium-term targets (2025)

Diluted headline earnings per share	Return on equity	Cost-to-income ratio	Net Promoter Score
> GDP + CPI + 5% (CAGR)	> 17% (around COE + 2%)	< 52%	#1 SA bank

Long-term targets

Diluted headline earnings per share	Return on equity	Cost-to-income ratio	Net Promoter Score
> GDP + CPI + 5% (CAGR through the cycle)	> 18% (around COE + 3%)	< 50%	#1 SA bank

Strategic growth drivers

Growth | Productivity | Risk and capital management

Strategic value unlocks

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

Strategic value unlocks

Our strategy is delivered through five strategic value unlocks that include delivering innovative market-leading client solutions, ongoing disruptive market activities (underpinned by digital leadership), focusing on areas that create value SPT 2.0, driving efficient execution (including TOM 2.0), and creating positive impacts, all of which will see us fulfilling on our purpose of using our financial expertise to do good. These are discussed in more detail on the following pages.

Strategic growth drivers

Through our strategy we seek to meet these targets and create value by growing revenue faster than expenses by increasing levels of productivity, both strongly enabled by technology, while maintaining world-class risk and capital management metrics.

Growth – to grow we are entrenching and building on our strengths while investing in areas that are critical to win. Looking forward, revenue is expected to grow ahead of expenses, driven by higher levels of endowment income (from higher average interest rates) and solid advances growth (including participating in renewable-energy and infrastructure opportunities in CIB and maintaining momentum in RBB), while NIR growth is expected to remain robust, driven by continued main-banked client gains and higher levels of cross-sell, a more favourable trading environment and ongoing strong associate income growth from our investment in ETI.

Productivity – to boost our productivity and improve operational efficiency, we are building on and accelerating existing efforts in optimising our operating model in a more digital world by leveraging the technology platforms we have put in place. In this context, we will continue to optimise our real estate floor space (both offices and branches) and see a further reduction in headcount.

Risk and capital management – our world-class risk management capabilities will ensure that we balance risk and reward trade-offs. The group's credit loss ratio is currently expected to remain within the TTC target range of 60 bps to 100 bps. Capital levels will remain strong, with dividends likely to be paid at the lower end of the group's cover policy (1,75 times to 2,25 times), subject to board approval and our R5bn capital optimisation initiative concluded over the next 12 months.

Managed Evolution technology journey

Through our technology strategy, Managed Evolution (manufactured and intellectual capital), we aim to become a more client-focused, digital, competitive and agile bank. This technology strategy, which encompasses the modernisation of our core banking environment, is providing an enhanced digital platform to enable delivery of our digital products and services and faster product development. We have studied many banks across the world and concluded that our Managed Evolution approach, as opposed to a big-bang or opportunistic patching, is the most cost-effective and efficient approach to core systems replacement.

Our technology transformation programme is focused on building a modern, modular and digital IT stack. At the end of 2022 we reached 91% build completion, and the programme is aiming for full finalisation by the end of 2024, with the refactoring and modernisation of our core banking systems as one of the final components. In the coming years we will be moving our Nedbank Africa Regions subsidiaries onto the modernised SA technology stack to enable them with the latest innovations and digital servicing, and enable our systems to have multi-country and multi-currency functionality.

Given the significant progress over the past few years, our intangible software assets on the balance sheet ended 2022 at R8,3bn, having peaked in 2021 at R8,9bn, in line with reducing levels of IT cash flow spend that peaked in 2017 at around R2,3bn and is expected to remain around the R1,6bn level going forward (2022: R1,3bn).

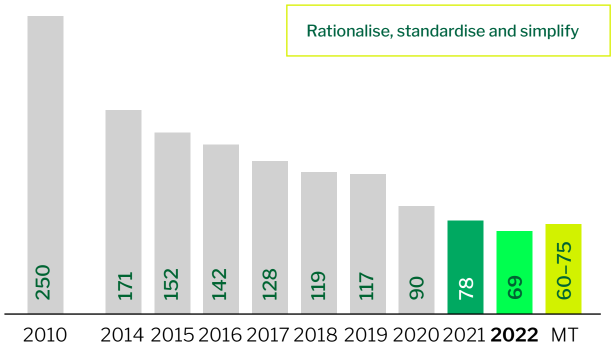
The rationalisation, standardisation and simplification of our core banking systems have resulted in a reduction from 250 large systems down to 69 (now within our target range of 60 to 75), enabling reduced infrastructure, support and maintenance costs, less complexity, increased agility in adopting new innovations, and higher levels of systems stability at the top-end of the industry (2022: 99,3% system uptime). The benefits of Managed Evolution are evident in the digital progress we have made, as well as the realisation of benefits through our TOM 2.0 and other expense optimisation programmes.

CASE in point

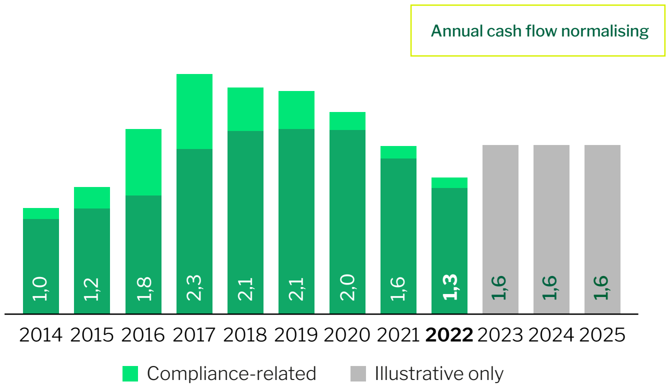
Benchmarking against world-class best practice

In 2021 our Managed Evolution programme was benchmarked by two global consulting firms against a globally recognised peer group of 14 local and international banks, and their findings concluded that our technology strategy has delivered value on an ongoing basis and that Nedbank is one of a few enterprises in the benchmarking peer group that has achieved revenue uplift from its IT transformation programme, although cost optimisation was slower than leading global peers, given Nedbank's approach of using natural attrition to optimise costs. The assessment supported our focus of creating distinctive client experiences in support of digital penetration and sustainable client retention through increased cross-sell.

Core systems
(Number)



IT software development spend
(Rbn)



System downtime and IT changes
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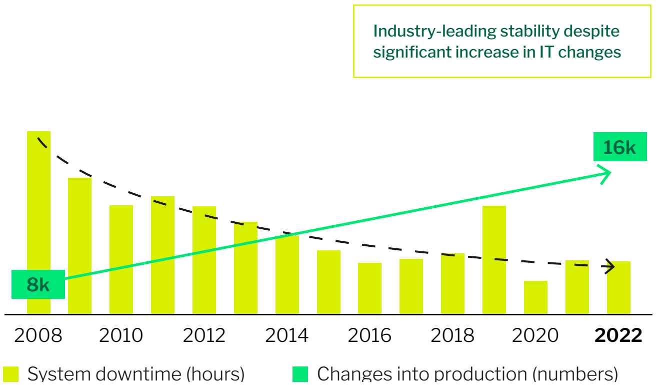


Delivering market-leading client solutions

A key differentiator in a highly competitive market such as financial services remains the ability to provide outstanding client experiences. Those companies that respond best to the digital challenge in a client-centred manner by delivering market-leading client solutions will continue to improve client satisfaction levels (delight), see strong digital shifts from its clients (digitise) and, as a result, should gain a disproportionate share of client revenues and achieve higher levels of client retention.

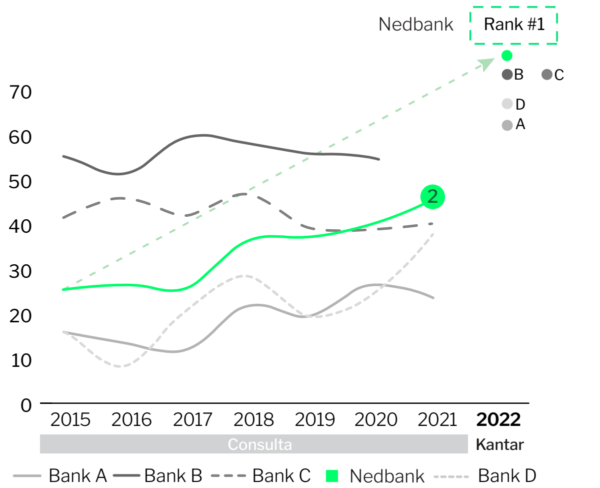
Delight – create great client experiences

Our aspiration is to be Africa's #1 digital financial services provider by achieving a #1 position among South African banks in client NPS (client satisfaction), thereby enhancing our social capital.

- **Retail and Business Banking:** The outcome of our digital innovations is evident in the higher levels of client satisfaction in our retail business, which is clear from the progress we have made over the past few years in NPS rankings. In 2019 we ranked third among South African banks and by 2021 we improved to ranking the second-best large bank in the Consulta NPS survey. In 2022 Consulta did not conduct its industrywide NPS and SA-sci surveys, and we contracted Kantor, a credible and independent research company, to complete a similar, statistically valid NPS survey among South African consumers. Pleasingly, based on this research, Nedbank ranked #1 in NPS among South African banks, reaching our 2023 target a year earlier than expected. Direct client feedback across our digital channels also recorded high levels of client satisfaction, with a digital NPS score of 76 LA1. This highlights the higher relative client satisfaction levels associated with digital experiences. Additionally, in the 2022 Ask Africa Orange Index, Nedbank ranked as the #1 large universal bank in SA and #3 overall. To support great client experiences in the commercial-banking market, Nedbank Business Banking was strategically repositioned as Nedbank Commercial Banking to better represent the comprehensive range of services and products it offers to medium-, large- and mid-corporate-sized businesses. We also rebranded our Professional Banking offering to Private Clients. Related to this, Nedbank was recognised as Best Private Bank for Digital Customer Service in Africa at the 2022 Professional Wealth Management Wealth Tech Awards.
- **Corporate and Investment Banking:** In CIB we are positioned as a leading South African corporate and investment bank, attracting both new clients and employees from other banks on the back of strong value creation for our clients in both sustainable and green finance and through our digital offerings. The following awards, won in 2022, highlight CIB's leadership and excellence in the South African corporate and investment banking market: Best Investment Bank – SA and Best M&A Bank – Africa at the 2022 Global Finance Investment Bank Awards, as well as Deal of the Year-Africa-Loans (Tanzania) The Banker Deals of the Year 2022 Awards.
- **Nedbank Wealth** continues to be differentiated across asset and wealth management and increasingly through recent innovations in Nedbank Insurance. Nedbank Private Wealth (International) has won Best Boutique Private Bank for the fourth consecutive year and Best Private Bank – Overall Service at the 2022 WealthBriefing Middle East and North Africa (MENA) Awards. In the 2022 Intellidex/Investor Monthly, Nedbank Private Bank SA won the Archetype Award for Internationally Wealthy Family and at the 2022 City of London Wealth Management Awards, Nedbank Private Wealth International won Best Private Bank in the UK for the eighth consecutive year. Nedbank Insurance won first place in Excellence in Running Operations in the Insurance category at the 2022 International ActiveOps Awards.
- **In Nedbank Africa Regions** we were recognised for Excellence in Mobile Banking at the 2022 Finnovex Southern Africa Awards. At the 2022 Global Banking & Finance Awards, Nedbank Lesotho won Most Innovative Retail Banking App in Lesotho and Best Bank for Digital Banking Services.
- **Nedbank brand:** In 2022 Nedbank was ranked the ninth most valuable brand among the top 50 South African companies and fourth most valuable bank, with the value of the Nedbank brand estimated by Brand Finance to be around R15bn, similar to 2021. During 2022 we have seen our brand sentiment rankings consistently being ranked as the #1 bank on social-media brand sentiment as measured by Salesforce Social Studio.

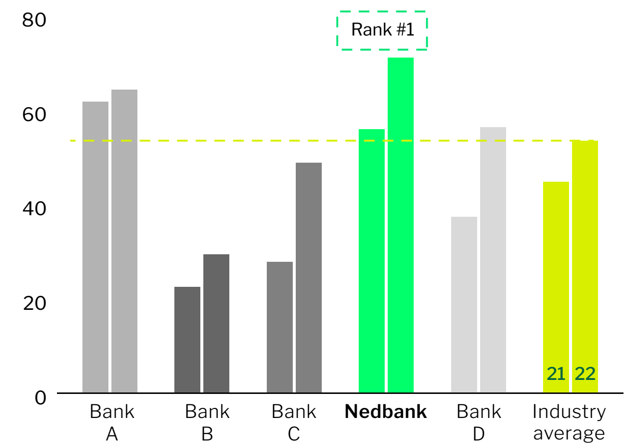
LA1 External limited assurance on selected sustainability information - refer to pages 104 and 105 for the independent assurance practitioner's limited assurance report on selected key performance indicators.

2015 to 2022 Net Promoter Score[1]



[1] *Annual Consulta survey 2015 to 2021 (no survey was done in 2022). As a result, Kantar was contracted by Nedbank to conduct an independent NPS survey in 2022 using the same methodology (it is likely that a greater response rate from face-to-face interviews drove up absolute NPS scores across all banks).*

Social-media net sentiment[2]



[2] *Salesforce Social Studio (2021 and 2022).*

Delivering market-leading client solutions continued

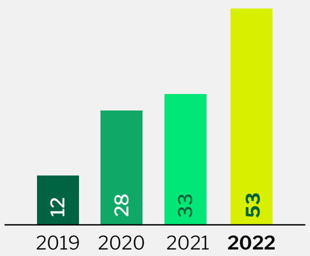
Digitise – our products, services and delivery channels

Our aspiration is to achieve 75% of our new sales through digital channels and assist 70% of our clients to be digitally active by digitising our products and services (enhancing our intellectual and manufactured capitals). These aspirations are informed by global benchmarks, derived from financial services providers that are regarded as leaders in digital transformation, such as Development Bank of Singapore and ING.

- **Digital client onboarding, sales and servicing** (Eclipse for retail clients and Nedbank Business Hub (NBH) for business clients): Our simplified digital client-onboarding platforms for individual and juristic (business) clients continue to mature and expand, enabling clients to open FICA-compliant accounts remotely through our employee-assisted and self-service digital channels. These provide a seamless omnichannel experience and include our apps, online banking, kiosks, contact centres and in-branch channels.
  - **Eclipse –** the processing of product sales to individuals via Eclipse includes six of our top retail products, being transactional products, personal loans, card issuing, home loans, investments and overdrafts, as well as more than 170 services. In 2022 MyCover Funeral plans, foreign exchange and student loans were enabled on the Eclipse platform.
  - **Nedbank Business Hub –** the juristic client onboarding in RBB and CIB started with the roll-out of the NBH, leveraging our new digital tokenless security and enabling a step change in client experience for businesses. The hub is a convenient platform for clients from which they have a single view of their relevant digital offerings, and can transact and apply for products (transacting, lending and borrowing) or services. From a digital-servicing perspective, an additional 100+ juristic services are planned to be digitised by the end of 2023. In recognition of the progress made, the hub was recently recognised at the 2022 Digital Banker Middle East and Africa (MEA) Innovation Awards, winning the Outstanding Digital Transformation by a Transaction/Wholesale Bank in Covid-19 Award for outstanding digital transformation.

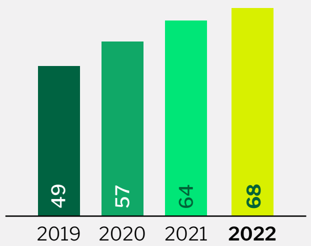
Digital sales – Digital sales in our retail banking business increased to 53% of all sales (from 12% in 2019), with a target of more than 75% in the medium to long term.

Digital sales
(% of new sales)



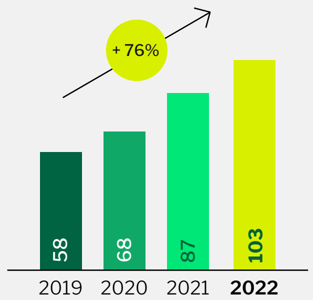
Digitally active clients – Our clients' access to banking improved, as digitally active clients increased by 13% to 2,6 million, equating to 68% of retail main-banked clients (from 49% in 2019, with a medium-term target of more than 70%). The percentage of total clients still lags at 39%, indicating a significant upside as clients become more comfortable with digital solutions.

Digitally active main-banked clients
(%)



Digital transactional volumes – Retail digital transaction volumes in SA increased by 18% (by 76% since 2019) and transaction values were up by 16% (up by 40% since 2019).

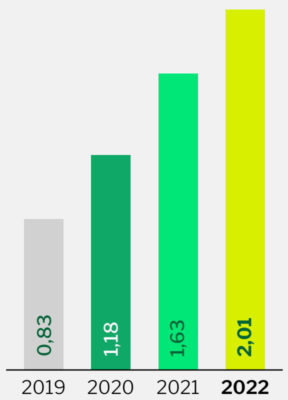
Digital transaction volumes
(Million)



Delivering market-leading client solutions continued

Apps: Nedbank Money app clients reached the key milestone of two million active clients, up by 23%. Transaction volumes on the Money app increased by 35% (up by 253% since 2019) and transaction values increased by 27% (up by 233% since 2019). The Nedbank Money app (Africa) has proven to be the channel of choice across our Nedbank Africa Regions subsidiaries owing to the convenience, wide functionality and great user experiences. The total number of app users at the end of 2022 for Nedbank Africa Regions exceeded 108 000, up by 29%. In support, Nedbank was recognised for Excellence in Mobile Banking at the Finnovex Southern Africa Awards 2022. The Nedbank Private Wealth app, which offers integrated local and international banking capabilities, recorded a 9% increase in transaction volumes. Our apps remain highly rated on the Apple and Google app stores, with lifetime store client ratings for the Nedbank Money, Nedbank Private Wealth and Nedbank Money (Africa) apps achieving scores of 4,1, 4,7 and 3,5 (out of five) respectively.

Active Money app users
(Million)



Digital when you want it, human when you need it

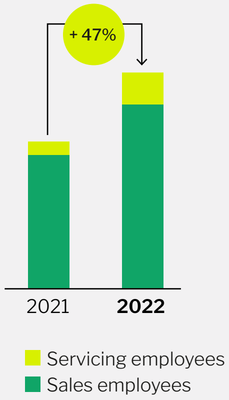
Nedbank is truly 'digital when you want it and human when you need it', offering our clients cutting-edge, fast, safe and convenient digital banking to meet their needs but also offering a human touch for clients with more complex queries when they need it. At December 2022 we had 210 points of presence in the Imagine format with the plan to convert all our points of presence by December 2025. The new RBB branch design focuses on convenience and digital self-service banking, and introduces features like an appointment booking system through the banking app suite. Clients can use the Nedbank Money app or Nedbank Online Banking to book a date and time with a branch consultant without having to wait in a queue to get face-to-face financial guidance or assistance. In-branch, clients are presented with three distinct service zones, offering self-services, employee-assisted services or expert advice. Our continued focus on sales productivity as well as our 'everyone sells' strategy have resulted in in-branch sales and service productivity improving by 47%, with servicing employees now contributing 17% of overall sales, up from 4% in the prior year.

In our private client businesses a dedicated relationship banker is accountable for our clients' banking experience and is trained to handle even the most complex requests while appreciating their personal circumstances.

As we continue to digitise our interface with CIB banking clients, we remain aware of the need for the 'human touch' in certain interactions. We want to service our clients in the most efficient, effective and empathetic way.

Our 'digital first with human support' approach means that relationship managers can guide clients through complex deals and services to make sure that their financial needs are being met. Clients now also have the choice of using digital self-service tools to find what they need on their own. This is what we call 'warm digital'.

Branch employees sales
(Sales/role/day)



Creating a presence in the metaverse

In 2022 Nedbank collaborated with Africarare to become the first African financial services company to secure a village in Ubuntuland (metaverse). Nedbank joins banks such as DBS, JP Morgan and HSBC which have entered the metaverse globally. At Nedbank we want to remain at the forefront of the next wave of digital business models.

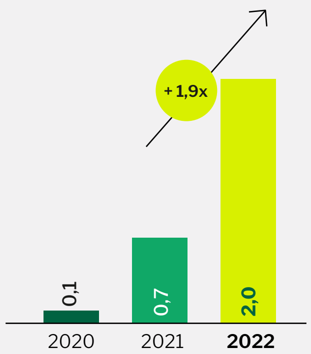
Ongoing disruptive market activities

Banks are increasingly looking for revenue growth opportunities beyond banking or finding value-adding solutions to accompany existing solutions. Over the past few years we have introduced Beyond Banking initiatives such as Avo, our super app, APIs, and value-added services on our digital channels (eg buying electricity, data, airtime and lottery tickets). The Karri app and various other digital solutions and platforms create delightful client experiences.

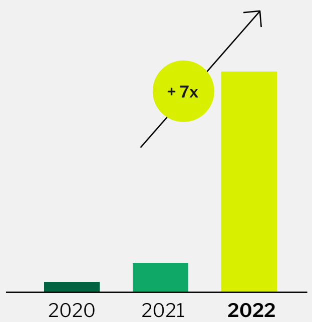
Our disruptive market activities place us in a strong position to compete with new entrants and existing banks in the market. We continue to invest in data- and platform-related activities as we continually evolve our business model to underpin future growth.

- **Avo super app:** Avo, which enables clients to buy essential products and services online and have them delivered to their home with seamless secure payments, has since its launch in app stores in June 2020, signed up more than two million users, up by 1,9 times yoy, with active users up by almost five times. To enable delivery, Avo now has access to over 12 000 drivers on its delivery fleet nationwide as product orders continued to grow sevenfold. At the end of 2022 more than 20 000 businesses (up by 15%) were registered to offer their products and services on this e-commerce platform. Avo Auto, a virtual vehicle mall that was launched in 2021, now hosts over 200 MFC-accredited dealers, with more than 8 000 vehicles available on the platform. During the year we launched Avo B2B Marketplace, making it easier for business buyers and sellers to connect, anywhere, anytime, on a secure platform. Avo also continued to increase its number of partners to drive scale with our newest partnerships with Apple, Dell and Uber Direct, highlighting the increasing appeal of Avo as a destination marketplace to assist global brands and manufacturers in realising their growth aspirations. The launch of Avo in our first Nedbank Africa Regions subsidiary is being planned for 2023. In recognition of the progress we have made, Nedbank won the Excellence in Innovation Banking App South Africa (Nedbank Avo) Award at the Global Banking and Finance Awards 2022.

Registered Avo clients
(Million)



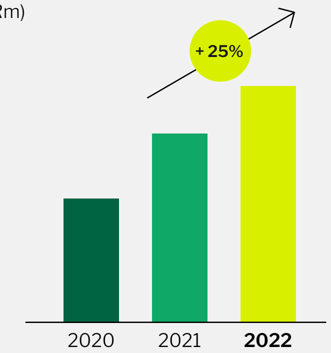
Avo gross merchandise value
(Rm)[1]



[1] *Excluding internal spend, 2022 vs 2021 is + 5x.*

- **APIs:** After being the first bank in Africa to launch an API platform (API_Marketplace), we made good progress in scaling the platform and driving our open-banking strategy. The number of third parties active on API_Marketplace continued to grow and increased to 56 (2021: 45, 2020: 17). In 2022 we completed the development of our first API product that is made available outside of SA in the common monetary area countries (Namibia, Lesotho and Eswatini). At the Asian Banker Financial Technology Innovation Awards 2022, Nedbank was recognised for Best API and Open Banking Implementation.
- **Value-added services:** Revenue from value-added services, that is non-banking products offered through our digital channels, grew by 25% (up by 129% since 2019) across prepaid data, voucher and electricity purchases, as well as LOTTO and Send-iMali.

Value-added services revenue
((Rm)



- **Karri app:** The Karri app, developed by Karri in partnership with Nedbank, is an integrated message-based payment, collection and reconciliation app for solving a niche problem experienced by schools. The app enables parents to make school-related payments within seconds while it also alleviates the need for parents and children to carry cash and schools from the burden of receiving and administering cash payments. The Karri app is one of the most popular apps in SA and is used by over 1 000 schools, with a database of parents and children in excess of 1,5 million. Karri has seen exponential growth in 2022, setting all-time records across all key value drivers. Active monthly users were up by 40%, payment values by 122% and the number of payments by 90%. The Karri partnership is well positioned to broaden the value to schools, parents and children across SA.

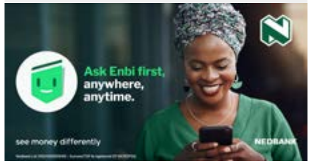
1 000 schools

1,5 million learners

Ongoing disruptive market activities continued

- **Data and AI:** The use of artificial intelligence in financial services has matured significantly in the past few years. Through the harnessing of data and aligning it with new processes, new agile ways of working and new technologies, Nedbank has successfully adopted a data-driven and analytical approach to managing risk, being client-centred and better understanding and optimising its processes. Some examples include the following:
  - » Several machine learning (ML)-based fraud-related detection solutions successfully reduced fraud experienced by clients and Nedbank. However, the online fraud landscape is perpetually changing as the digital ecosystem evolves and introduces new attack vectors. In response to this we are continuously exploring enhanced solutions with advanced detection patterns for anomalies pertaining to fraud.
  - » In Nedbank Private Wealth our ML models produce various data-driven flags that provide relationship managers and specialists with prompts to facilitate proactive client engagement and cross-sell. We are currently improving this solution to introduce additional operational efficiencies and provide automated insights and recommendations to clients directly on the app to further promote client self-service by using digital platforms.
  - » We have deployed an AI recruitment assistant (AIRA), which uses natural language processing to compare candidate CVs with relative job descriptions. The AIRA allocates lower scores to unsuitable CVs, which enables Nedbank's recruiting teams to focus effectively on the best CVs. This accelerates the recruiting process while also mitigating historical hiring bias.
  - » Our AI-driven chatbot, Enbi, was launched to meet client expectations for immediate and excellent personal assistance, and now answers over 120 000 client queries per month.

Chat with Enbi on the Money app or Online Banking.



- **Blockchain:** We have been exploring the opportunities of distributed ledger technologies (DLT), including blockchain, and have been an active participant in industry initiatives such as SARB's project Khoka 2 (issuing, clearing and settlement of debentures on a blockchain DLT platform), where we played a leading role, as well as the BASA stablecoin forum (unlocking financial innovation opportunities presented by stablecoins). We are also playing a key consultative role with South African regulatory bodies in understanding crypto-assets, which ultimately led to the declaration of crypto-assets as a financial product in the Financial Advisory and Intermediary Services Act in 2022, as well as the update to the Financial Intelligence Centre Act, which now lists entities facilitating various crypto-asset services as accountable institutions. We continue to explore the opportunities and risks in this space with dedicated forums and working groups.

Board oversight – ensuring and protecting value

Group Information Technology Committee (GITCO)

'Nedbank continues to deliver technology transformation, digital innovations, differentiating operating-model enhancements and business value that supports sustainable growth and returns. GITCO maintains oversight of the execution and effectiveness of the group's IT strategy to ensure a positive impact on Nedbank Group stakeholders.'

Dr Mantsika Matooane, Chairperson

Ensuring and protecting value in 2022

- Monitored and ensured the adequacy, effectiveness and efficiency of Nedbank's information systems from a risk and strategic-alignment perspective.
- Oversaw the progress of Nedbank's Managed Evolution (ME) and other key IT programmes and assessed the value created (realised to date and planned).
- Monitored critical resourcing matters, including succession planning and IT talent management, specifically across scarce and critical skills.
- Ensured that system health and the integrity of critical systems were well managed.
- Monitored the technology enablement of key group strategies.
- Reviewed and recommended to the board for approval the group's technology strategy.
- Received training on hyperautomation and the metaverse.

Focus for 2023 and beyond

- Oversee the completion of ME, with specific focus on core banking modernisation, and monitor the achievement of business case outcomes.
- Monitor emerging cyber- and technology trends (threats and opportunities).
- Ensure that operational and strategic technology-related risks remain well managed.
- Oversee the scaling of Nedbank's 'beyond banking' and platform and ecosystem strategies.
- Monitor Nedbank's cloud migration and data capabilities, including with regard to related ESG initiatives.
- Ensure that Nedbank's operating model and investment case are sustainably supported by technology.

Stakeholders

Clients
Regulators
Employees
Shareholders

Top 10 risks

3 Cyberrisk
7 Operational
5 Strategic execution
9 Reputational and conduct

A comprehensive GITCO Report is available online in our 2022 Governance Report on our group website at nedbankgroup.co.za.

Focusing on areas that create value

We continue to focus on areas that create value, particularly through our SPT 2.0 strategy, which is a groupwide initiative focused on growing profitable market share in selected areas through integrated client-led asset and liability client value propositions (CVPs), leveraging the point of origination to increase the levels of cross-sell with a keen focus on growing the transactional-banking relationship and main-banked market share.

Progress in 2022 has been slower than envisaged through this journey, and creating sustainable and profitable market share gains is not linear as each product has its own individual flight path for market share growth, linked to 10 separately identified factors of internal readiness and levels of profitability, as well as external market influences such as competitive practices at peers, client behaviours and needs, and the macroeconomic environment.

Lending and deposit-taking market shares

- **Market share gains:** Over the past 12 months, as reported in December 2022 SARB BA900 returns, we increased market share in retail overdrafts (from 9,9% to 12,9%), household transactional deposits (from 13,5% to 13,9%) and household non-transactional deposits (from 16,8% to 17,2%), noting a market share gain of 1% in H2 2022 – the former by bringing a new competitive overdraft product to market and the latter as a result of our strategic focus on and actions relating to this key deposit category. The home loans market remains competitive and strategic actions to address a historic market share decline have proven to be successful, as market share remained broadly stable at 14,1%, improving by 0,1% in the second half of the year.
- **Selective growth:** Given the increasing risks in the environment, we have slowed growth in some key products areas by, among other things, tightening credit criteria, which resulted in market shares declining slightly in personal loans (from 12,0% to 11,6%) and vehicle finance (from 36,3% to 35,4%). In wholesale lending we remained selective in granting loans, resulting in a decline in term-loan market share (from 16,8% to 15,6%), although we grew advances significantly stronger in H2 2022. In commercial mortgages we remained selective in origination and reduced our market share (from 37,2% to 36,8%).

Our outlook for the medium to long term is to grow our market share in areas where we are below our group market share of around 17%, being home loans, personal loans, card and retail overdrafts, as well as in retail and commercial deposits. This increase is not likely to be linear as we remain cognisant of the challenging macroeconomic environment that could lead to higher credit losses.

In businesses where we have leading market shares such as commercial-property finance and vehicle finance, we look to support our clients but grow selectively, while in corporate lending we aim to grow strongly on the back of infrastructure and renewable-energy finance.

BA900 market share	December 2019	December 2020	December 2021	June 2022	December 2022	MT[2] tilt
Core corporate loans[1]	21,2	20,9	19,8	19,1	**18,5**	↑
Commercial-property finance	38,7	38,5	37,2	37,6	**36,8**	–
Home loans	14,4	14,4	14,2	14,0	**14,1**	↑
Vehicle finance	36,4	36,5	36,9	35,9	**35,4**	–
Personal loans	10,2	11,2	12,2	11,9	**11,6**	↑
Card	13,0	12,6	12,0	11,5	**11,2**	↑
Retail overdrafts	7,2	8,0	9,9	11,1	**12,9**	↑
Retail transactional deposits	16,0	15,0	13,5	13,7	**13,9**	↑
Retail non-transactional deposits	18,8	17,3	16,8	16,3	**17,2**	↑
Commercial transactional deposits, excluding tax and loans	12,8	12,8	12,8	12,1	**12,0**	↑

[1] *CIB preference shares reported in Nedbank Group, not Nedbank Limited and therefore not included in the BA900 returns as the industry does, resulting in an understatement of our core corporate loans market share (including preference shares: December 2022: 18,9%; June 2022: 19,7%).*
[2] *Medium-term.*

CASE in point

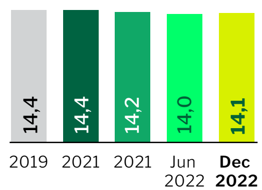
Strategic actions to grow market share

Market share growth is not always linear as it can be impacted by multiple internal and external factors. Internally we have assessed our capabilities around 10 readiness factors and subsequently developed plans and actions to enhance our competitiveness and ability to grow when the external environment is favourable. The 10 readiness factors include: product features, sales productivity, credit policy and practices, price and value complexity, client onboarding, operational effectiveness, distribution capability, client service and experience, systems, technology and digital capabilities, as well as marketing.

The benefits of this approach can be illustrated in our home loan portfolio, where new market share improved in H2 2022 to 14,1% (H1 2022: 14,0%), resulting in a 0,1% market share increase since July 2022 after implementing the numerous changes that were informed by our readiness factors, some of which are highlighted below:

- **Distribution capability** – Investing in rebuilding relationships with the mortgage originators, thereby improving the share of industry applications seen from this channel.
- **Credit policy and practices** – A CVP developed to allow a 105% loan-to-value ratio to target first-time home buyers (50% of market) and enabled home loans to self-employed clients.
- **Client service and experience** – Introduction of a new fraud model to allow verification upfront and remove 'subject-to' conditions from offers.
- **Operational effectiveness** – Alignment of processing across segments and channels in an effort to achieve consistent client experience and turnaround times as well as operational efficiencies.

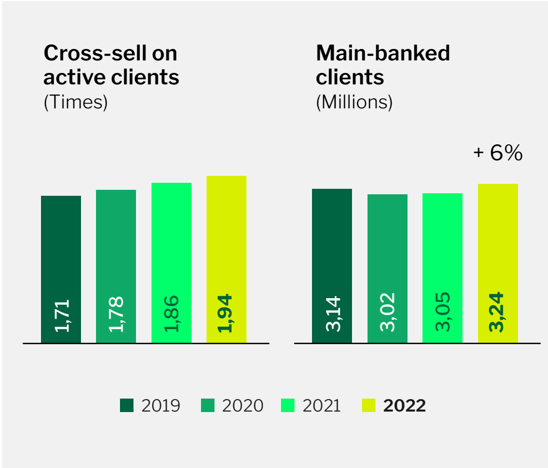
Nedbank Home Loans new loan market share
(%)



Focusing on areas that create value continued

Main-banked client growth

- Main-banked clients in retail grew by 6% to 3,24 million and cross-sell on new sales was 1,94 (compared with 1,86 in 2021 and 1,71 in 2019). Our market share in the 2022 Consulta survey at 11,5%, which continues to improve, but remains too low, and we aim to increase this to above 15% in the medium to long term. Through digital solutions we have been able to increase our cross-sell ratio from 1,71 in 2019 to 1,94, and we aim to increase this to well above 2 as we get more clients to do more of their business with us.
- CIB gained 25 new primary clients in the period, in line with our target of 25 per annum.
- In Nedbank Africa Regions total clients increased by 6% to 361 000 LA1, of which around 162 000 are main-banked clients.



How does the higher levels of electricity outages (load-shedding) impact Nedbank?

The increase in levels of load-shedding had a limited impact on Nedbank's own operations, but have a material negative impact on many of our clients.

- **Nedbank's own operations –** Generator run-time in our own operations, including offices and branches, increased by over 200% and diesel-related expenses were up by just over 100% to R59m in 2022. Load-shedding had no material impact on our ATMs, branches and point-of-sale devices as we leveraged our wide coverage of sustainable backup power solutions. While our physical points of presence remained largely unaffected, our call centres and digital channels have seen an increase in use. We also experienced little impact in our processing operations as our businesses have been working around load-shedding schedules and employees who work from home have been going to the office as a contingency, when needed.
- **Impact on our clients –** Load-shedding has increasingly become a catalyst for renewable- and embedded-energy investments to support both SA's Just Energy transition and individuals and companies reducing their exposure to Eskom. This is creating a strong runway for bank advances growth in this sector while, from an SME perspective, load-shedding is making it increasingly difficult to start a business. From a credit quality perspective we have not yet seen a material impact on our impairments or CLR in 2022. However, we are becoming concerned as risks take time to emerge and the impacts on business intensify the longer the outages persist.

Board oversight – ensuring and protecting value

Group Credit Committee (GCC)

'Credit risk management and governance across Nedbank remained excellent, especially in view of the ongoing, extremely challenging and disappointing SA and SADC macroeconomic, structural and political environments. The GCC continued to provide independent oversight and guidance, ensuring a sound, good-quality credit portfolio, which remained adequately and conservatively impaired.'

Errol Kruger, Chairperson

Ensuring and protecting value in 2022

- Approved the adequacy of impairments biannually to ensure that the expected credit loss (ECL) held against gross loans and advances (GLAA) was appropriately conservative.
- Oversaw deep dives into, among other things, personal-loan and commercial-banking portfolios, as well as credit concentration risk to ensure that the risk was well managed and aligned with risk appetite.
- Oversaw the introduction of the Credit Growth Framework (CGF), to inform the strategic decisions for credit portfolio growth.
- Monitored the identification and management of distressed portfolios and individual watch list client management.
- Monitored the performance of credit portfolio against strategic portfolio tilt (SPT) 2.0 targets.

Focus for 2023 and beyond

- Monitor the performance of the credit portfolio against SPT 2.0 initiatives for 2023–2025 in line with the group business plan and the implementation of the recommendations of the CGF on the credit portfolio.
- Monitor and consider the impact of the implementation of Basel III reforms on the credit portfolio.
- Monitor the implementation of solutions to automate, digitise and advance credit processes and analytics emanating from the Target Operating Model 2.0 credit risk initiatives.

Stakeholders

Clients
Regulators
Employees
Shareholders

Top 10 risks

1 Business
2 Credit
8 Climate

A comprehensive GCC Report is available online in our 2022 Governance Report on our group website at nedbankgroup.co.za.

LA1 External limited assurance on selected sustainability information - refer to pages 104 and 105 for the independent assurance practitioner's limited assurance report on selected key performance indicators.

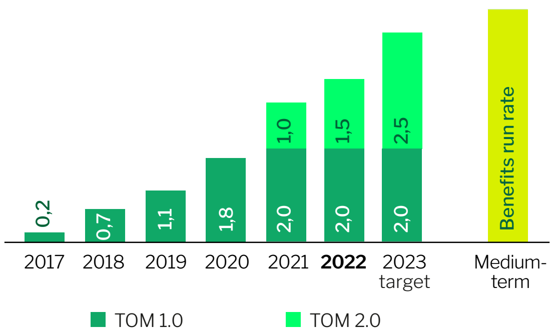
Driving efficient execution

Technological developments not only enhance client experiences and enable new streams of revenue growth, but also provide opportunities for improving efficiency by bringing new digital offerings to the market more quickly, lowering the cost to serve and optimising the overall cost base through the reduction of branch sizes and ancillary costs. Central to us achieving our 2023 cost-to-income-ratio target of less than 54%, medium-term target of less than 52% and long-term target of less than 50%, is optimising the efficiency of our operations.

Our Target Operating Model 2.0 (TOM 2.0) programme, which was launched in 2021, is aimed at optimising the shape of our infrastructure (branches and corporate real estate), shifting our RBB organisational structure so that it is more client-centred and optimising our shared-services functions across the group as a direct result of the digital benefits from Managed Evolution. In 2022 we recorded benefits of R0,6bn, bringing the cumulative number to R1,5bn, putting us on our way to unlocking benefits of R2,5bn by the end of 2023.

During the year we expanded the scope beyond cost optimisation initiatives to also optimise our operating model across the group in areas such as risk management, data and payments, as well as commercialising and enhancing delivery on our purpose.

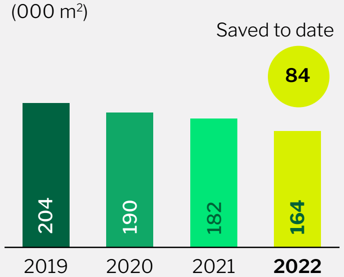
Cumulative Target Operating Model benefit
(Rbn)



Shift to digital payments – optimise physical channels

Less space for inefficiency, more space for digitally enabled relationship building and sales – looking to reduce our distribution network by a further 18%.

Branch floor space
(000 m²)



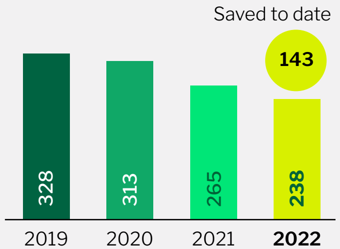
Client-centred model enabling fast decision-making

A leaner, more client-centred and effective structure in the RBB Cluster to drive better ways of work.

Hybrid working practice – shrink own physical property

Less space to manage, with more opportunity to build our ability to collaborate, unlocking more than 200 000 m² of floor space savings by 2025.

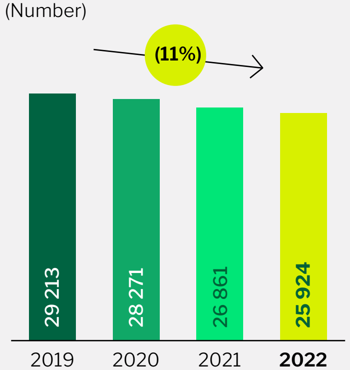
Corporate real estate floor space
(000 m²)



Effective central functions

Efficient and effective centralised functions that are agile in their ways of work, from smarter spending and return in marketing, to digitisation of processes and integrated controls in risk, to a digital workforce experience and a fit-for-purpose talent and people advisory in HR.

Permanent employees
(Number)



Creating positive impacts

We acknowledge that we, alongside our stakeholders, operate in a nested, interdependent system. This means that for our business to succeed, we need a thriving economy, a well-functioning society and a healthy environment. We also recognise that sustainability issues such as climate change, inequality and social justice are playing an increasingly material role in shaping this system.

Through our capital allocation decisions, banks play a central role in determining the shape of society and the supporting economy over the long term. Banks also set the pace and scale of the required transition and can drive sustainable socioeconomic development for the benefit of all stakeholders. Our purpose guides our strategy, behaviours and actions towards the delivery of long-term system value for us and our stakeholders. Together, the United Nations (UN) Sustainable Development Goals (SDGs) (as forward-looking strategic levers) and ESG (as a backward-looking measure) keep us on track to fulfil our purpose.

Fulfilling our purpose of using our financial expertise to do good is best demonstrated through our sustainable-development finance (SDF) commitments as we deliberately tilt our portfolio to areas that create positive impacts and alignment to the SDGs.

Sustainable-development finance

In 2022 we again saw large growth in the area of sustainable-development finance, with demand outstripping supply. By way of example, The Climate Bonds Initiative estimates that almost US$900bn of debt was issued in 2022 through a mix of green, sustainability, social-sustainability-linked and transition bonds. While this growth may be slightly more muted in developing nations that are coming off a lower base, there was still a marked increase in activity, and this was evidenced in what Nedbank was able to initiate during the year.

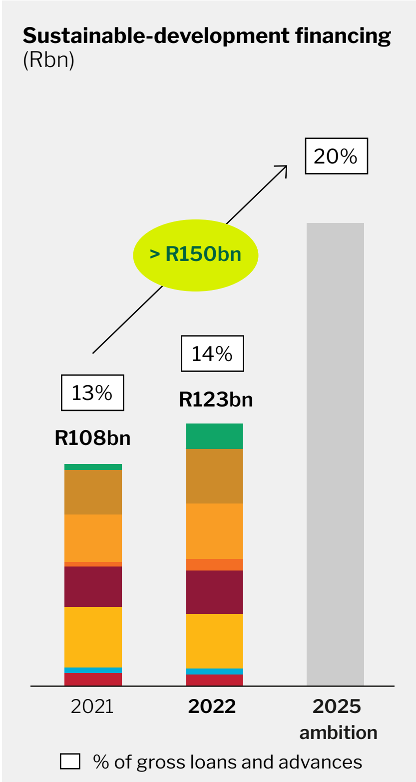
Our focus on sustainable-development finance* sees us using more of our investment and lending to juristic entities as well as to individuals to deliberately deliver positive social and environmental outcomes across a wide range of sectors. We undertake this through three primary focus areas, namely sustainable finance, financing the transition, and financial inclusion through our products and services.

Through our sustainable-development finance commitments, we aim to model what is required of finance institutions to help address the world's ESG challenges. While we recognise the equal importance of all 17 of the SDGs, we have prioritised nine of them where we believe we have the greatest ability to deliver meaningful impact through innovation in our banking products as well as our lending and investment practices.

Creating positive impacts

At 31 December 2022 we had exposures of R123bn (2021: R108bn) that support sustainable-development finance, representing 14% of the group's gross loans and advances. By the end of 2025 it is our ambition to increase our finance exposures related to sustainable development to around 20% of the group's total gross loans and advances. This will be underpinned by more than R150bn in support of new sustainable-development finance that is aligned with the SDGs (from our starting base in 2021). Strategic progress in 2022 included the following:

- **Responsible consumption and production** – **R26bn** in financing support to farmers.
- **Renewable energy** – We reported **R27bn** in renewable-energy exposures at the end of 2022, with a strong pipeline in place over the next few years, including 1 GW of private generation, more than R10bn in Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) projects (emergency round, as well as rounds 5 and 6) and private rooftop solar financing that is expected to increase by 10 to 15 times over the coming years off a low base.
- **Clean water and sanitation** – We provided over **R500m** in financing towards clean-water provision in 2022, and in our own business we have been a net-zero operational water user since 2018 through the support of the WWF-SA Water Balance Programme, which removes alien trees in key water source areas.



- **Sustainable financing for clients in CIB** – **R12bn** of financing in support of multiple SDGs.
- **Decent work and economic growth** – **R21bn** in lending to small business and their owners, as well as banking solutions to more than 300 000 SMEs.
- **Quality education** – We provided **R238m** of combined financing to student loans and student accommodation in 2022, bringing the total of student loans supported to more than 3 600 over the past five years and student beds financed to more than 43 000 since 2015.

* *We are cognisant that there are many competing approaches to and sometimes contradictory definitions of sustainable-development finance and its subcategories. For the purposes of this report we use the terms broadly to disclose our investment and lending activities that create positive societal and environmental outcomes in support of a just transition and aligned with the SDGs. We will adapt our reporting and disclosures as guidelines mature.*

Reducing our carbon impact

Our journey to zero exposure to fossil-fuel-related activities by 2045 continues to evolve, with the following strategic progress made in 2022:

- **Our own operations –** Our own scope 1, 2 and 3 greenhouse gas emissions reduced by a further 5% in 2022 to 128 149 LA1 tCO_2e, with a target reduction of more than 40% by 2025 (from the 2019 base). In 2022, 1,5% of our energy use was from renewable-energy sources – we aim to increase this to more than 30% by the end of 2025.
- **Exiting fossil fuels –** In line with our commitment to have zero fossil fuel exposure by 2045, we are developing glidepaths that will inform our rate of exit from the coal, oil and gas sectors as required by climate science. We are completing these glidepaths using 2022 as the baseline and with the first interim target set for 2030. We will use these glidepaths internally during 2023, with public disclosure as part of our 2023 year-end reporting. In addition to the fossil fuel glidepaths, we plan on disclosing our energy generation glidepath as well as the roll-out plan for disclosing further glidepaths in climate-sensitive sectors.

LA1 External limited assurance on selected sustainability information - refer to pages 104 and 105 for the independent assurance practitioner's limited assurance report on selected key performance indicators.

Mike Brown (Nedbank Group, CE) interview at Davos

Our journey to zero exposure to fossil-fuel-related activities by 2045

2020 – **Climate change resolutions passed** with 100% votes of approval at our 53rd AGM.

2021 – Adopted and disclosed our market-leading **Energy Policy** and inaugural **TCFD Report.**

2022 – Disclose financed emissions of our CIB fossil-fuels portfolio.

2023 – Pilot our fossil-fuels and power generation glidepaths internally during 2023.

2024 – Disclose net-zero aligned **glidepath for upstream fossil-fuels and power generation in our 2023 Climate Report.**

2025
- **No provision** of project financing for **new thermal-coal mines**.
- Reduce Nedbank's own operations' carbon emission by > 40% (from 2019 levels).
- Generate > 30% of Nedbank's own energy needs from renewable sources.

2030 – **Thermal-coal funding** to be < 0,5% of GLAA.

2035 – **No new finance** for oil production.

2045 – **Zero exposure** to fossil-fuel-related activities.

2050 – **100% of lending and investing** supporting a net-zero carbon economy.

ESG highlights

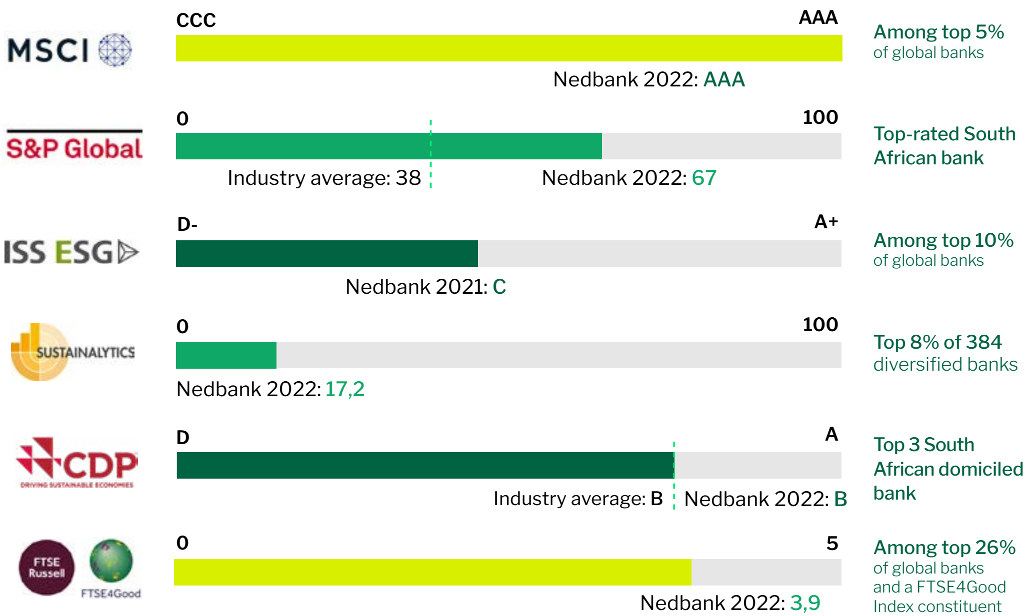
Our efforts in sustainability and ESG matters were externally recognised, including through Nedbank winning the Best Corporate ESG Strategy South Africa Award at the prestigious Global Banking and Finance Awards 2022 and being named a winner in Sustainability Reporting in Financials (Banking) and runner-up of Best Climate-Related Reporting in ESG Investing's 2022 ESG Reporting Awards.

Over and above the financing solutions provided, the following key ESG-related highlights were reported in 2022:

- **Maintained our level 1 BBBEE status** for the past five years.
- **Provided 1 835 first-time job opportunities** for unemployed youth through the YES programme (more than 7 000 since 2019).
- **Improved DEI metrics** as evident in an increase in black and female employees.
- **Achieved employee satisfaction** at multi-year highs.
- **Increased access to banking** for the unbanked through innovative digital banking solutions.

Creating positive impacts continued

Independent ESG ratings[1] – Nedbank is highly rated among its global peer group



[1] *Ratings are as at 31 March 2023.*

We retained our top-tier ESG ratings, with the highlight being our MSCI rating improving from AA to AAA (now within the top 5% of global banks); Sustainalytics – low-risk score of 17,2 (top 8% of 384 diversified banks); ISS – C rating (within the top 10% of global banks); FTSE Russell – 3,9 rating out of 5 (top 26% of global banks and a FTSE4Good Index constituent); S&P Global – score of 67 out of 100 (a top-tier South African bank); and CDP – Nedbank is rated as a top-3 domiciled bank.

Board oversight – ensuring and protecting value

Group Climate Resilience Committee (GCRC)

'The GCRC continues to focus on ensuring that Nedbank bolsters its climate resilience. Impacts of climate change are increasingly more apparent locally and globally. We are reminded of the importance of the Just Transition, cognisant of the most vulnerable in our society and ensuring that we deliver on our net-zero commitments.'

Brian Dames, Chairperson

Ensuring and protecting value in 2022

- The Nedbank 2021 Task Force on Climate-related Financial Disclosures (TCFD) Report was published on 22 April 2022.
- The GCRC provided oversight of and guidance on the development of the Nedbank fossil fuel and energy generation portfolios' decarbonisation glidepaths.
- Provided continuous oversight of the group's compliance with the climate risk appetite.
- Provided oversight of climate risk data requirements to be considered through the Climate Data and Systems initiatives.
- Oversaw the development by management of a minimum viable residential portfolio physical risk assessment.
- Conducted an analysis of the impact of the April 2022 KwaZulu-Natal floods on our clients and stress testing on climate transition risk scenarios.
- Facilitated training sessions for the board on green hydrogen and the Equator Principles.
- Conducted benchmarking analysis on our 2020 and 2021 TCFD Reports.
- Incorporated climate opportunities in the three-year group business plan.

Focus for 2023 and beyond

- Continue monitoring the operationalisation of the CRMF.
- Continue to engage with clients to assist with their net-zero commitments.
- Focus on the execution of the Climate Data and Systems Working Group initiatives.
- Keep a key focus on the development and scaling of the group's decarbonisation glidepaths.
- Keep a key focus on the development of Nedbank's standardised approach to quantifying the GHG emissions from our operational, investment and lending activities.
- Continue engagement and collaboration with internal and external stakeholders.
- Ensure the continuous improvement of Nedbank's implementation of the TCFD recommendations.
- Continuously review and expand the climate risk appetite.
- Ensure a smooth transition from current to the new GCRC chairperson and members as three of the members will be stepping down from the Nedbank Board during 2023.

Stakeholders

Clients
Society
Employees
Shareholders
Regulators

Top 10 risks

1 Business
8 Climate
2 Credit
10 Capital
5 Strategic execution

A comprehensive GCRC Report is available online in our 2022 Governance Report on our group website at nedbankgroup.co.za.

Our Human Capital Strategy

Our Human Capital Strategy leverages the world of work and is a key enabler of the group's strategy. At its core is our people vision of positioning Nedbank as an employer of choice that develops, attracts, and retains critical talent and skills.

A fit-for-purpose Target Operating Model, organisation design and workforce composition

Digital transformation that is supported by a changed operating model, organisation design and workforce composition with the aim to drive efficiency, agility and competitiveness.

Human-centred leadership and a culture that unlocks value for our clients

A culture shift that enables the evolving Nedbank operating model, leveraging human-centred leadership and inspiring our workforce. Our People Promise guides our employee experiences and is measured through regular Pulse surveys.

A transformed and skilled workforce

A highly skilled, diverse and transformed workforce, representative of society, is key to remaining competitive. We continue to focus on reskilling our workforce for a new reality and creating a sense of belonging for all.

A high-performing and healthy workforce

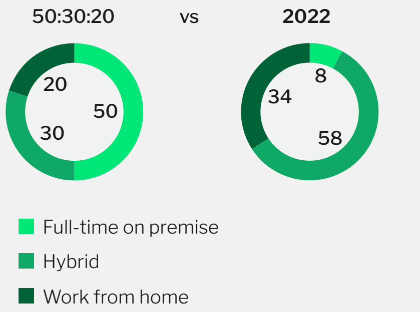
The performance of our workforce can be sustained only through a focus on their holistic well-being and a range of competitive benefits that offers greater choice.

Key human capital allocations and developments in 2022

Nedbank has adapted its work model to facilitate agility and efficiency.

Our optimal workplace distribution mix for campus employees is expected to settle at around 50% at Nedbank premises on any given day, 30% hybrid and 20% working from home or remotely.

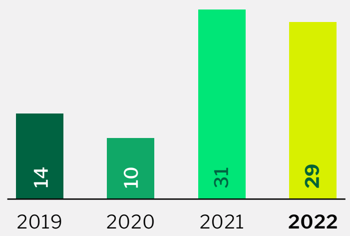
Targeted workforce distribution model
(%)



Our human-centred leadership approach, introduced in 2021, is the outcome of a collaborative exercise with our leaders and resulted in a future-fit leadership framework.

One example of its initial success is increasing levels of pride that employees have in our banking products and services, seen in our Pulse survey NPS scores.

Employee 'great place to bank' NPS
(%)

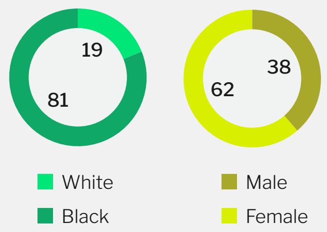


Transformation initiatives such as LGBTQIA+, and our women's and disability forums are adding value to employees through various channels and activities.

In addition, we spent R939m on learning and development in 2022.

We continue to make progress on our diversity profile and this supported the achievement of our level 1 BBBEE status.

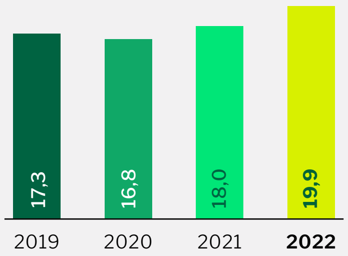
Transformation (diversity)
(%)



We continue to offer employees attractive salaries and benefits, including, on average, a 4,6% increase in salaries in 2022 and 6% in 2023. The minimum wage in 2023 has been agreed at R210 000, up by 11% yoy.

Our bankwide virtual campaigns on mental well-being saw more than 4 000 employees booking sessions on topics such as mental, physical and financial well-being.

Employee salaries and benefits
(Rbn)



Read more about how we created and protected value for our employees on page 83, as well as in our human capital, diversity and inclusion chapter within our 2022 Society Report available at nedbankgroup.co.za.

Our Human Capital Strategy continued

Our People Promise shapes how we want Nedbankers to experience working at Nedbank and strengthens what differentiates Nedbank's employee value proposition from those of our competitors.

Purpose-led

Our purpose is clear: to use our financial expertise to do good.

This is what drives us to be the difference that impacts our world every day. Integrity, good ethics and values-based behaviour are our way of life. We act with purpose in every step, spreading the Nedbank magic to bring about positive change, because managing money with purpose makes a real difference in people's lives and in our world.

Service excellence

We are one team and we deliver world-class service with purpose.

Our clients are our everything. Together, we show up for them in big and small ways, rewarding the trust they have placed in us. The extra mile? It is the new standard, because going the distance makes the difference.

High performance

It's in our nature to look at the world differently. Our purpose fuels us to make an impact and this drives us to perform better, work smarter and reach higher.

This strong results orientation is supported by our developmental approach to performance management. When we are good at what we do, our clients see money differently and live better lives as a result. That is the impact we are after.

Growth and development

Growth comes from striving to be a better version of ourselves each day.

We never stop developing ourselves, bringing our potential to life by making the most of every learning opportunity and facing challenges with courage. With our finger on the pulse and our eyes on tomorrow, we seize every opportunity to make an impact, with an unshakeable shared passion.

Diversity and inclusion

We strive to create a culture of inclusion and belonging.

Celebrating diversity, we welcome everyone and anyone who shares our passion for our purpose. We treat each colleague, stakeholder and client with care, respect and integrity – because that is who we are. When things go wrong, we communicate openly to learn from mistakes, reminding ourselves to be the difference that impacts our world.

What our 2022 employee Pulse survey told us ... (% of employees that strongly agree)

Purpose-led

I feel proud to tell people that I work at Nedbank.
85%

In my team we have conversations that challenge current thinking to foster growth.
74%

Service excellence

In my team we deliver service excellence for clients.
91%

People in my business area willingly collaborate with colleagues from other areas in the best interests of the client.
81%

High performance

I have a clear understanding of what is expected of me to fulfil my role.
89%

My business area cares about my overall well-being.
70%

Growth and development

Nedbank provides an environment where I am always able to learn something new.
84%

My manager has had a meaningful discussion with me about my personal growth and development in the past six months.
73%

Diversity and inclusion

In my business area we value diverse backgrounds, talents and perspectives.
77%

At work, I am treated with respect.
80%

I feel like a valued member of my team.
77%

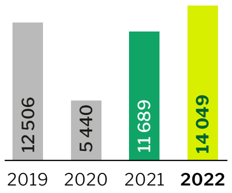
Making strategic trade-offs and assessing the impact on our capitals

To ensure we are well positioned for the future, we continuously make strategic trade-offs. As part of our integrated thinking, the board and group executive assess the availability and quality of capital inputs, balance the short, medium and long term and take appropriate decisions to create value. We highlight four of the key trade-offs that we made and the rationale behind our decisions.

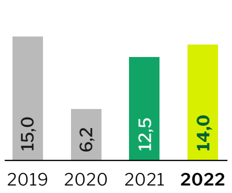
The trade-off between growth, profitability and balance sheet strength

While our focus at the height of the Covid-19 pandemic was on managing liquidity, capital, market, operational and credit risk, with less focus on profitability other than as an initial buffer against capital erosion (trade-off between long-term sustainability versus short-term profitability), this position has changed materially over the past three years. In 2022 headline earnings increased to above 2019 levels and ROE improved to 14,0%, although still below the 2019 level of 15% given higher levels of capital. Our capital and liquidity metrics are now at record levels, appropriately so in a difficult environment, but enabling us to pay dividends at the lower end of our dividend cover range and announce a R5bn share repurchase programme that will be DHEPS and ROE accretive.

Headline earnings
(Rbn)



Return on equity
(%)



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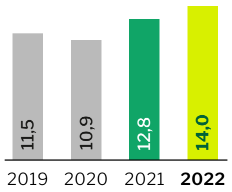
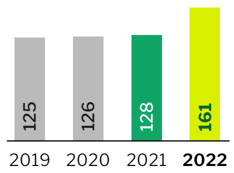
CET1 ratio
(%)



Liquidity coverage ratio
(%)



Capital outcomes in 2022

Financial capital ▲

Key business model shift

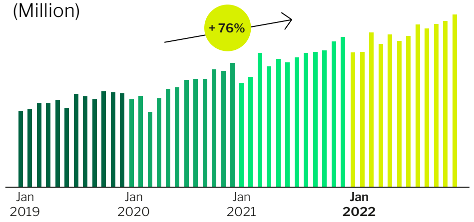
Our strategy supports delivery of our short-, medium- and long-term targets over the next few years. We have a strong balance sheet to support growth and at the same time protect us against any unexpected downside risks, but structurally excess capital is being returned to shareholders, which, in turn, will support ROE.

The trade-off of digital versus traditional banking

As the digital adoption of financial products and services (manufactured capital) continues to increase, there is a shift from traditional channels and processes that involve employees (human capital) towards more digital products, services and processes (manufactured and intellectual capital). Through automation and increased client adoption of digital solutions that drive enhanced client experiences (social and relationship capital), the need for direct human interaction is reduced.

A reduction in the number of employees and employee-dependent activities (such as in-branch services) and outlets (predominantly the size thereof) results in cost savings. These cost savings are partially offset by the impact of ongoing IT investments (financial capital), investment in skills appropriate to compete in a more digital world, and increasing fee pressure as clients migrated to more affordable digital solutions.

Digital payment and transfers[1]
(Million)



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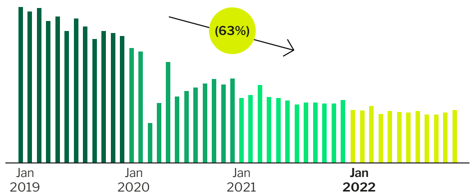
Branch teller transactions[2]
(000)



[1] *Total volumes across all digital channels.*
[2] *Teller transactions include any cash-related transaction performed over the counter (eg deposits, withdrawals and transfers).*

Capital outcomes in 2022

Human and manufactured capital ▼

Manufactured, intellectual, social, and financial capital ▲

Key business model shift

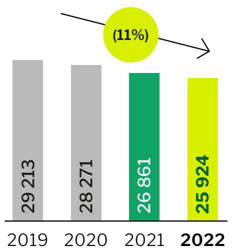
Client activity is shifting from physical products, services and outlets to digital products, services and channels, requiring us to allocate our resources towards the areas of digital growth. Importantly, in our new Imagine branches, employees are being reskilled from service consultants to part-time sales agents. As a result, the value of sales per employee has increased by 47% over the past year as shown on page 60.

Making strategic trade-offs and assessing the impact on our capitals continued

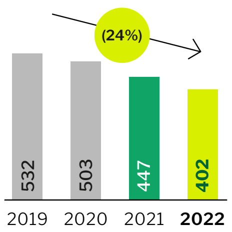
Trade-offs as we transition towards the workforce of the future

The digital shift being experienced has resulted in the number of employees (human capital) required for traditional and administrative roles reducing as we digitise and automate processes. However, by embracing digital innovation (manufactured and intellectual capital) and investing in the skills required (human and intellectual capital) to compete in a more digital world, cost pressures have escalated. In addition, working-from-home practices, underpinned by appropriate IT support to make this happen, as well as operating model changes evident in new branch formats and an ongoing reduction in our own commercial real estate have accelerated. All of these factors have contributed to an overall reduction of 24% in both corporate real estate and our branch footprint since 2019.

Permanent employees
(Number)



Total floor space
(000 m²)



Key business model shift
Within the context of the world of work, we seek to develop innovative people practices, driving engagement and productivity, as many of our employees are enabled to work remotely and remain competitive in remuneration given the scarcity of key skills. While overall employee numbers have declined, given annual inflation increases and mix changes, the group's salaries and wages have not, although corporate real estate has seen some savings.

Capital outcomes in 2022

Human capital and manufactured capital ▼

Human, manufactured, financial, and intellectual capital ▲

Portfolio tilt in line with our purpose and aligned with the SDGs

In the context of scarce capital and liquidity (financial capital), there is an ongoing and conscious trade-off between business and product opportunities that are highly capital- and liquidity-consuming with lower economic profit, and those that are less consumptive and more economic-profit generative.

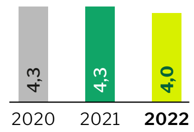
However, we are tilting our portfolio to areas that create positive impact. For example, we are supporting the diversification of SA's electricity supply (natural capital) and the SDGs (natural and societal capital) and reducing our impact on the environment (natural capital). This will be financially beneficial (financial capital) for all our stakeholders (social capital) over the long term.

Key business model shift
Tilting our lending and financing activities to align with our purpose and the SDGs, thereby making a tangible difference to the environment and society.

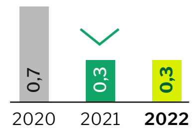
Capital outcomes in 2022

Financial, social, and natural capital ▲

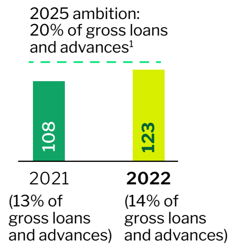
Total renewable-energy limits
(% of gross loans and advances)



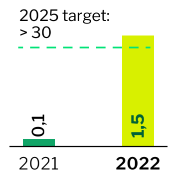
Thermal-coal limits
(% of gross loans and advances)



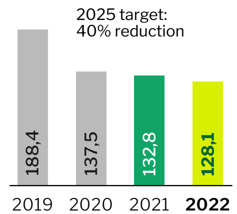
SDG-aligned sustainable-development financing
(Rbn)



Green energy procured
(% of electricity consumption)



Our own GHG emissions
(000 tCo_2e)



[1] *Representing more than R150bn in new SDF finance that is aligned with the SDGs.*

Strategic value unlocks – key performance indicators

Value unlocks	Value drivers	Link to executive remuneration	Yoy change	2022	2021	2020	2019	Benchmark	Target 2022	Outlook 2023	Outlook Medium term	Outlook Long term	Assurance
Delivering market-leading client solutions													
Digitally active clients (% of total active clients)	Growth/ Productivity	GCC	▲	**39**	35	30	24	N/A	Increase	Increase	Increase	> 70	[MO] [LA1]
Digital sales (% of total sales)	Growth/ Productivity	GCC	▲	**51**	33	28	12	> 35	Increase	Increase	Increase	> 75	[MO] [LA1]
Managed Evolution completion (%)	Growth/ Productivity	GCC	▲	**91**	85	78	70	N/A	Materially complete	Materially complete	Complete	–	[MO]
Ongoing disruptive market activities													
Brand value ranking in SA (banking)	Growth	GCC	–	**4**	4	4	4	N/A	Improve	Improve	Top-2 bank brand	Top-2 bank brand	[IN – Brand finance]
Consumer NPS ranking	Growth/ Productivity	CPT	▲	**1**	2	2	3	N/A	Improve	#1 SA bank	#1 SA bank	#1 SA bank	[IN - Kantar; 2021-2019: Consulta]
Avo super app – clients (million)	Growth	GCC	▲	**2,0**	0,68	0,15	Launched 2020	First bank to launch a super app	> 1 million	Increase	Increase	Increase	[MO]
Focusing on areas that create value (SPT 2.0)													
Main-banked retail clients (million)	Growth	CPT	▲	**3,2**	3,1	2.9	3,0	N/A	Increase	Increase	> 4	> 4	[MO] [LA1]
Main-banked retail market share (%)	Growth	GCC	▼	**11,5**	12,4	11,2	11,2	15,2 peer average	Increase	Increase	> 14	> 15	[MO] [IN - Consulta]
Retail cross-sell for new sales (times)	Growth	GCC	▲	**1,94**	1,86	1,78	1,71	> 3,0	Increase				[MO]
Household transactional deposit market share (%)	Growth	CPT	▲	**13,9**	13,5	15,0	16,0	21,3 peer average	Increase	Increase	Increase	> 18	[IN – SARB BA900]
Commercial transactional deposits market share, excluding tax and loans and wholesale FX (%)	Growth	CPT	▼	**12,0**	12,8	12,8	12,8	25,0 peer average	Increase	Increase	Increase	> 18	[IN – SARB BA900]
CET1 (%)	Risk and capital management	GCC	▲	**14,0**	12,8	10,9	11,5	All peers above 12	Above board target	Above board target range	Above board target	11–12	[FS]
CLR (bps)	Risk and capital management	GCC	▲	**89**	83	161	79	85	80–100	80–100	60–100	60–100	[FS]
CIB NIR-to-advances ratio (%)	Growth	GCC	–	**2,0**	2,0	1,7	2,1	N/A	> 2,0	> 2,0	> 2,0	> 2,0	[MO]
CIB primary client wins (number)	Growth	GCC	▼	**25**	35	37	32	N/A	> 25	> 25	> 25	Increase	[MO] [LA1]

Assurance indicators

LA External limited assurance on selected sustainability information [LA1] and the application of the Amended FSC and the group's BBBEE status [LA2]. Related opinions are available at nedbankgroup.co.za.

MO Management and board oversight through rigorous internal reporting governed by the group's ERMF.

IN Information sourced from external sources, eg independent surveys.

OV Independent oversight by regulatory bodies, including SARB, FSCA and various financial-sector ombudsman offices.

FS Financial information extracted from the 2022 Nedbank Group Limited Audited Annual Financial Statements.

Strategic value unlocks – key performance indicators continued

Value unlocks	Value drivers	Link to executive remuneration	Yoy change	2022	2021	2020	2019	Benchmark	Target 2022	Outlook 2023	Outlook Medium term	Outlook Long term	Assurance
Driving efficient execution (TOM 2.0)													
Branch floor space (000 m²)		GCC	▼	**164**	182	190	204	N/A	Reduce	Reduce	Reduce	Optimise	[MO]
Corporate real estate floor space (000 m²)		GCC	▼	**238**	265	313	328	N/A	Reduce	Reduce	< 200	Optimise	[MO]
Cost-to-income ratio (%)	Productivity	GCC	▼	**56,5**	57,7	58,1	56,6	55,4	Improve	< 54	< 52	≤ 50	[MO] [FS]
TOM 2.0 benefits (Rbn)		GCC	▲	**1,5**	0,98	Launched in 2021		N/A	Increase	2,5	Run-rate benefits	Run-rate benefits	[MO]
Core IT system optimisation (# of systems)		GCC	▼	**69**	78	90	117	N/A	65–75	Complete	Complete	Complete	[MO]
ROE (%)	Growth/ Productivity/ Risk and capital management	CPT	▲	**14,0**	12,5	6,2	15,0	> COE	Increase	> 15	> 17	> 18	[MO] [FS]
Creating positive impacts													
Renewable-energy lending (Rbn) – exposure		GCC	▼	**27,3**	29,6	32,3	26,1	Nedbank: #1 bank	Increase	Increase	Increase strongly for medium and long term		[MO] [FS]
Renewable-energy lending (Rbn) – limits	Growth	GCC	▲	**37,2**	36,5	37,2	36,7		Increase	Increase			[MO] [FS]
Sustainable-development financing (Rbn, % of loans)		CPT	▲	**123 (14%)**	108 (13%)	Not disclosed			Increase	Increase	20% of gross loans	Increase well beyond 20%	[MO] [FS]
Thermal-coal funding (% of total advances)	Risk and capital management	GCC	–	**0,3**	0,3	0,7	0,7	N/A	< 1		< 0,5	< 0,5	[MO] [FS] [LA1]
BBBEE contributor status (level)	Growth	GCC	–	**1**	1	1	1	Level 1	Level 1		Level 1 – subject to any FSC amendments		[MO] [OV]

Assurance indicators

LA External limited assurance on selected sustainability information [LA1] and the application of the Amended FSC and the group's BBBEE status [LA2]. Related opinions are available at nedbankgroup.co.za.

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FS Financial information extracted from the 2022 Nedbank Group Limited Audited Annual Financial Statements.

Strong revenue growth supported headline earnings of R14bn, up by 20%, higher ROE at 14% and a strong CET1 ratio of 14%.

Delivering, measuring and rewarding value creation

Assessment of value creation, protection and erosion for stakeholders in 2022 and how remuneration outcomes correlate with our performance.

Reflections from our Chief Financial Officer

> Strong revenue growth supported headline earnings growth of 20%, which delivered a higher ROE of 14% and a strong CET1 ratio of 14%. Importantly, we created value for all our stakeholders (employees, clients, shareholders, regulators and society) in 2022.

Mike Davis, Chief Financial Officer

A difficult operating environment but good strategic delivery enabled a strong financial performance in 2022

The strong financial performance of the group needs to be considered in the context of both the difficult operating environment and the progress made in delivering our strategy.

While we benefited from rising interest rates as a result of endowment income, the balance of the macroeconomic drivers have created headwinds for us and our clients, including slow economic growth, higher levels of inflation, weak levels of business confidence, severe electricity constraints, muted markets, and a depreciating rand, all while competition remained fierce. These are covered in more detail in our material matters from **page 41**.

Delivering on our strategy on the other hand has been supportive of our financial performance, driving both revenue growth and cost optimisation, and the benefits will continue into 2023 and beyond. These are discussed in more detail from **page 56**.

Operating environment

SA GDP growth	X	Global and local markets	X
SA inflation	X	Currency impacts	X
SA prime interest rate	✓ X	Regulation	—
Business confidence	X	Competition	X
Electricity constraints	X		

Strategic delivery

Technology / Digital	✓
Efficient execution	✓
Market share gains	—
Cross-sell and main-banked client gains	✓
Creating positive impacts	✓

✓ Positive X Negative — No material impact in 2022

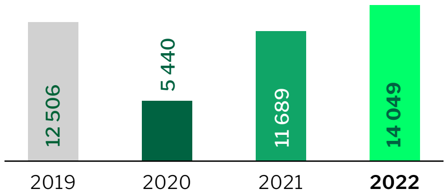
Strong financial performance

Headline earnings increased by 20% to R14,0bn and is now 12% above 2019's pre-crisis level of R12,5bn.

- Pre-provisioning operating profit growth was 15%, driven primarily by the following:
  - Net interest income that increased by 12%, driven by growth in average interest-earning banking assets (AIEBA) and a 20 bps increase in the net interest margin.
  - Non-interest revenue and income that increased by 10% driven by a strong insurance performance, solid fee and commission growth and equity revaluations, as well as the previously communicated base effects of fair-value losses from macro fair-value hedge accounting recorded in the 2021 base that did not recur.
  - Associate income of R879m, largely relating to the group's 21,2% shareholding in ETI for the period that has been recognised (up by more than 10% when compared with R799m in 2021).
  - Expenses that grew by 8% due to higher variable-pay incentives, which are aligned with the improved profitability metrics, higher marketing and travel costs, and ongoing investment in technology. This was offset by ongoing cost savings from TOM 2.0.
- The 13% increase in the impairment charge, with the CLR up to 89 bps, was driven by 7% growth in gross banking loans and advances, higher impairments in the home loans and vehicle finance portfolios in RBB, and a small number of corporate clients that migrated to stage 3 loans, partially offset by overlay releases previously held for anticipated defaults.

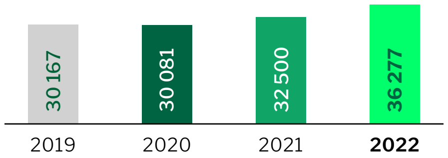
Headline earnings
(Rbn)

The profits we generate.



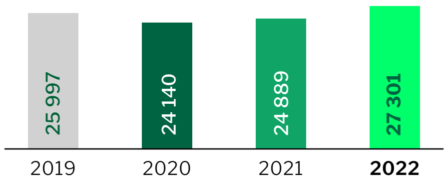
Net interest income
(Rbn)

The difference between interest paid to depositors and interest received from borrowers.



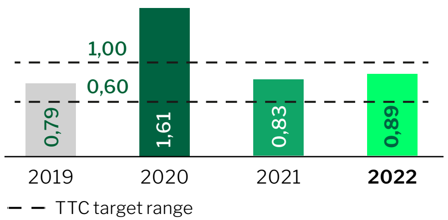
Non-interest revenue
(Rbn)

The revenue from providing financial services, trading, insurance, etc.



Credit loss ratio
(Bps)

The bad debt charge on the loans we provided.



Balance sheet metrics at all-time highs

During 2022 our balance sheet strengthened further, while we closed the resilience phase of our strategic response to the Covid-19 pandemic.

- CET1 and tier 1 capital ratios of 14,0% and 15,5% improved on 2021 and are now also well above the pre-Covid-19 levels of 11,5% and 12,8% respectively. These ratios are also well above the SARB minimum requirements and the group's board-approved target ranges. This enabled us to announce a R5bn share repurchase programme over the next 12 months.
- The average liquidity coverage ratio (LCR) for Q4 2022 of 161% was well above the regulatory minimum level of 100% and the net stable funding ratio (NSFR) of 119% was also well above the 100% regulatory minimum.
- The expected credit loss (ECL) coverage ended 2022 at a multi-year high of 3,37%, highlighting robust levels of provisioning.

Key drivers of shareholder value creation were positive

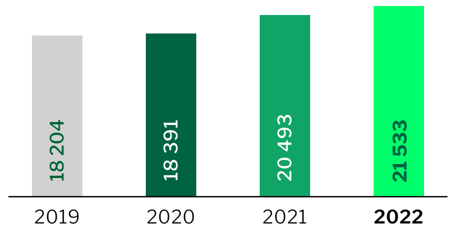
I was particularly pleased with the progress we made on the key drivers of shareholder value creation, which included the following:

- NAV per share increased by 5% to 21 533 cents.
- ROE increased to 14,0%, above the 12,5% in 2021, although it is still below the 2019 level of 15,0%.
- The total dividend for the year increased by 38% to 1 649 cents – a record level in the history of Nedbank Group.

Further progress on these in 2023 and beyond should support relative share price outperformance.

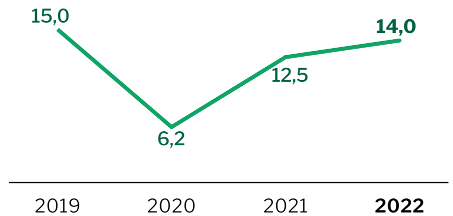
Net asset value per share
(Cents)

The book value of Nedbank.



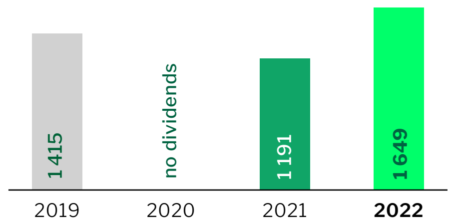
Return on equity
(%)

The returns on shareholders' capital.



Dividends
(Cents)

The dividends paid to shareholders.



Reflections from our Chief Financial Officer continued

Headline earnings

Rm	Change %	2022	2021 (Restated)[1]	2020 (Restated)[1]
Net interest income	12	**36 277**	32 500	30 081
Non-interest revenue and income	10	**27 301**	24 889	23 935
Share of gains/(losses) of associate companies	10	**879**	799	452
Total income	11	**64 457**	58 188	54 468
Impairments charge on financial instruments	13	**(7 381)**	(6 534)	(13 127)
Net income	10	**57 076**	51 654	41 341
Total operating expenses	(8)	**(36 425)**	(33 639)	(31 772)
Indirect taxation	(7)	**(1 152)**	(1 073)	(1 148)
Headline profit before direct taxation	15	**19 499**	16 942	8 421
Direct taxation	(5)	**(4 307)**	(4 104)	(1 994)
Non-controlling interest	1	**(1 143)**	(1 149)	(987)
Headline earnings	20	**14 049**	11 689	5 440
Diluted headline earnings per share (cents)	19	**2 806**	2 362	1 113
Dividend declared per share (cents)	38	**1 649**	1 191	N/A
Dividend cover (times)		**1,75**	2 02	N/A

[1] *During the year management elected to change the presentation of the 'net monetary loss' line item of R138m that was previously disclosed separately on the face of the SOCI and disclose it as part of non-interest revenue and income (NIR) under the 'Net sundry income' line item on the face of the SOCI. The change will allow the impact of the foreign exchange currency gains or losses on the nostro net cash balances relating to Nedbank Zimbabwe, which are translated to the Zimbabwean dollar and the 'net monetary loss' line item to be presented together within NIR. This change is a reclassification in terms of IAS 1: Presentation of Financial Statements (IAS 1), as it changes the presentation of the SOCI. To provide comparability, the prior-year balances have been restated accordingly. The reclassification had no impact on the group's statement of financial position, statement of changes in equity and statement of cash flows.*

2023 outlook (at 7 March 2023)

Net interest income

Key drivers: NII increased by 12% to R36 277m, driven by 6% growth in average interest-earning banking assets to R922bn and an increase in the group's NIM. The increase in AIEBA was driven by growth of 7% in average RBB banking loans and advances and 8% growth in average CIB banking loans and advances. NIM increased by 20 bps to 3,93%, driven by a positive endowment rate impact due to higher interest rates, and improved liability pricing and mix changes. We remain positively positioned for a rise in interest rates, gaining an additional R1,6bn NII (pre-tax) for each 100 bps increase in interest rates over 12 months.

NII growth to be around mid-teens.

This growth will be driven by solid advances growth and ongoing NIM expansion as a result of the run-rate of interest rate increases in 2022 and further interest rate increases in 2023.

Impairments charge on loans and advances

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

CLR to be in the top half of our TTC target range of 60 bps and 100 bps, that is 80 bps to 100 bps.

Non-interest revenue and income

Key drivers: NIR increased by 10% to R27 301m, driven by a strong insurance performance, solid commission and fee growth and equity revaluations, as well as the previously communicated base effects of fair-value losses from macro fair-value hedge accounting recorded in H1 2021 that did not recur. This strong performance was partially offset by the continued impact of unfavourable domestic market conditions on trading income and asset management income and the delay in the closure of renewable-energy deals and related NIR to 2023.

NIR growth to be around mid-single digits.

This growth will be driven by ongoing main-banked client gains and cross-sell as well as the expected closure of some renewable-energy deals in 2023. Offset by a muted trading environment and a generally higher 2022 base to grow off in other areas such as private equity and fair value.

Total operating expenses

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

Expenses growth to be around mid-to-upper single digits.

The guidance reflects average 2023 annual salary increases of around 6%, ongoing cost optimisation focus, new regulatory costs, and the impact of higher levels of inflation and currency depreciation on IT costs.

Dividends

Key drivers: A very strong capital and liquidity position at 31 December 2022 supported the declaration of a final dividend for 2022 of 866 cents per share, and a total dividend of 1 649 cents per share, an increase of 38% on 2021.

Dividend payments at the lower end of the 1,75 to 2,25 times target range, subject to board approval.

Reflections from our Chief Financial Officer continued

Financial position

Rm	Change %	2022	2021 (Restated)[1,2]	2020 (Restated)[1]
Cash and securities	(2,9)	**285 875**	294 300	306 533
Loans and advances	6,1	**882 165**	831 735	843 303
Other assets	(4,4)	**84 931**	88 882	74 911
Total assets	3,1	**1 252 971**	1 214 917	1 224 747
Total equity attributable to ordinary equity holders	5,4	**104 928**	99 513	88 992
Non-controlling interest	9,7	**10 968**	9 998	11 452
Amounts owed to depositors	7,4	**1 039 622**	967 929	950 325
Provisions and other liabilities	(42,6)	**45 550**	79 318	114 208
Long-term debt instruments	(10,8)	**51 903**	58 159	59 770
	3,1	**1 252 971**	1 214 917	1 224 747
Assets under management	(7,4)	**393 064**	424 329	374 546
Key ratios (%)				
Return on equity		**14,0**	12,5	6,2
Return on assets		**1,14**	0,98	0,45
NIM		**3,93**	3,73	3,36
CLR		**0,89**	0,83	1,61
Cost-to-income ratio		**56,5**	57,8	58,1
CET1 ratio		**14,0**	12,8	10,9

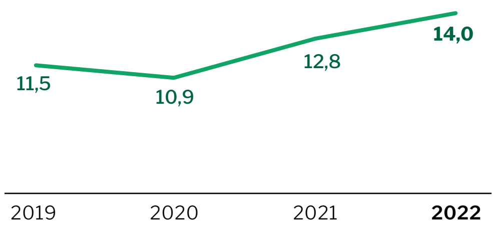
	2023 outlook (at 7 March 2023)
Loans and advances **Key drivers:** Gross banking loans and advances increased by 7% to R863bn, driven by ongoing growth momentum in RBB banking loans and advances and a strong recovery in CIB banking loans and advances in H2 2022.	*Loan growth should be similar to 2022 (around 7%), supported by our SPT 2.0 strategy, ongoing momentum in RBB lending and a strong pipeline in CIB.*
Amounts owed to depositors **Key drivers:** Deposits increased by 7% to over R1tn for the first time, with total funding-related liabilities increasing by 8% to R1,1tn and the group's loan-to-deposit ratio decreasing to 85% (December 2021: 86%).	*In line with our SPT 2.0 strategy we expect deposit growth to remain ahead of loan growth as we strive to achieve market share gains in household and commercial transactional deposits.*
CET1 ratio **Key drivers:** The group remains strongly capitalised, with capital ratios significantly above the minimum regulatory requirements and board-approved target ranges, shown in a CET1 ratio of 14,0% (December 2021: 12,8%). The increase in the CET1 ratio was driven by strong organic earnings generation and a marginal reduction in risk-weighted assets (RWA).	*Our CET1 capital ratio is expected to remain above the top end of the board-approved target range of 11% to 12%.*

[1] *During 2022 the group identified a one-day delay in the sweep on the cash management deposit account and the debtor funding account. The delay resulted in the unswept balances being included incorrectly under cash management deposits (liability) and debtors (asset), and the affected line items were therefore overstated. The sweep eliminates the cash management deposit account and the debtor funding account. As a result, the comparative assets and liabilities have been restated by R3 866m and the opening 1 January 2021 assets and liabilities restated by R3 390m respectively.*

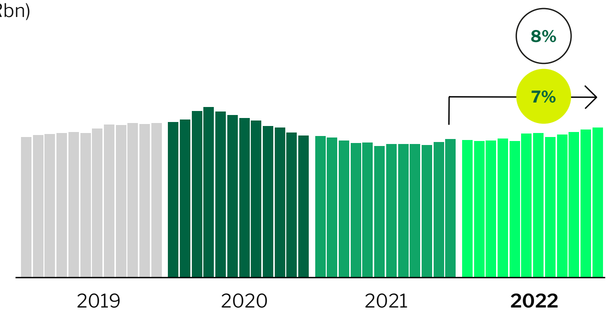
[2] *During 2022 the group reviewed its presentation of long-term employee benefits (LTEB) in the statement of financial position (SOFP). As a result of the review, it was identified that the LTEB qualifying insurance policies were incorrectly presented on a gross basis in the SOFP. In terms of IAS 19 qualifying insurance policies were required to be accounted for as plan assets (on a net basis) in the 2021 SOFP. As a result, the comparative LTEB assets and liabilities have decreased by R2 271m.*

CET1 capital ratio
(%)

An indication of the strength of our balance sheet based on our own capital.

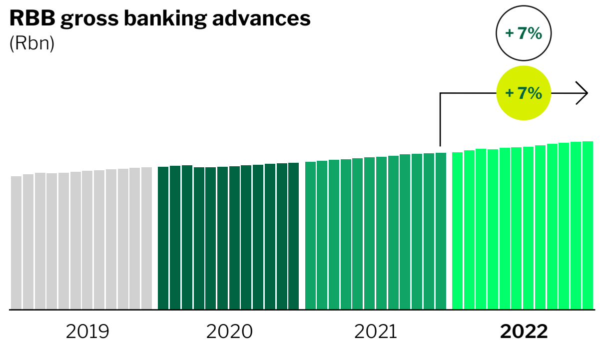


CIB gross banking advances
(Rbn)



Average yoy growth (12-month 2022 on 12-month 2021)

RBB gross banking advances
(Rbn)



Actual yoy growth (December 2022 on December 2021)

Financial outlook over the short, medium and long term

2023

Our targets that we set for end-2023 relating to DHEPS being above 2 565 cents (achieved in 2022), ROE above 15% and a cost-to-income ratio below 54% remain unchanged. Following good momentum and a strong 2022 financial performance we remain focused on delivering the remainder of these 2023 targets.

Medium term

By the end of 2025 we aim to have grown DHEPS by more than a compound annual growth rate (CAGR) of GDP growth + CPI + 5% from the 2022 base, achieve an ROE of more than 17% (around COE plus 2%) and a cost-to-income ratio below 52%.

Long term (5+ years)

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

How do we get there?

These short-, medium- and long-term targets are based on the macroeconomic assumptions we have set in February 2023 as shown on **page 56**, and ongoing delivery on our strategic initiatives as key enablers as discussed on **pages 56 to 68**. To achieve these targets revenue is expected to grow ahead of expenses, driven by higher levels of endowment income (higher average interest rates) and solid advances growth (including participating in renewable-energy, infrastructure, and sustainable-development finance opportunities in CIB and maintaining momentum in RBB, supported by gains in line with our SPT 2.0 strategy), while NIR growth is expected to remain robust, driven by main-banked client gains and cross-sell, a more favourable trading environment and ongoing strong associate income growth from our investment in ETI. Expense optimisation remains top of mind, while IT amortisation growth is expected to slow further as our ME technology investment completes by the end of 2024. The group's CLR is expected to remain within the TTC target range of 60 bps to 100 bps, but has downside risk. Capital levels, including the group's R5bn capital optimisation programme, are expected to remain strong, with dividends likely to be paid at the lower end of the group's cover policy (1,75 times to 2,25 times), subject to board approval. Shareholders are advised that all guidance is based on organic earnings and our latest macroeconomic outlook, and has not been reviewed or reported on by the group's joint auditors.

Future accounting developments

IFRS 17: *Insurance Contracts* replaces IFRS 4: *Insurance Contracts* and is effective for annual periods beginning on or after 1 January 2023. Management have provided training and updates to the Group Audit Committee (GAC) during the July and October GAC meetings.

The Nedbank IFRS 17 implementation steering committee (committee) is chaired by the Nedbank Wealth CFO and includes internal and external stakeholders.

The IFRS 17 implementation steering committee reviewed the current draft impacts, considered the input from the actuarial teams, external consultants and external auditors and determined an appropriate range of impacts on reserves to be an increase of between 0% and + 0,5% (post tax).

Mandatory audit firm rotation and audit partner independence

The Mandatory Audit Firm Rotation (MAFR) rules of the Independent Regulatory Board for Auditors, effective from 1 April 2023, require that if a firm has served as an appointed auditor for 10 or more consecutive financial years before the financial year commencing on or after 1 April 2023, the audit firm may not accept reappointment as auditor. In anticipation of this change, in 2019, Ernst & Young was appointed as a new joint external auditor of Nedbank and Nedbank Group alongside Deloitte as Nedbank became one of the first banks to adopt MAFR.

While some shareholders adopt MAFR principles in their proxy voting early, we continue to reiterate our commitment to implementing MAFR fully, although limited by regulatory requirements and the complexity and practicality of changing both auditors within a short period. In the fourth quarter of 2022 KPMG was appointed as one of the joint external auditors of Nedbank and Nedbank Group for the financial year ending 31 December 2024, following a comprehensive tender process. Deloitte & Touche will rotate off the companies' audits on conclusion of its external audit responsibilities for the year ending 31 December 2023, expected to be at the conclusion of the relevant AGM. KPMG will provide its services alongside Ernst & Young, who has been nominated to remain the joint external auditor of the companies, subject to shareholder approval at the AGMs.

CE and CFO internal financial control responsibility

Nedbank continues to maintain a strong risk culture and has implemented adequate and effective internal financial controls to confirm the integrity and reliability of the financial statements. These internal financial controls safeguard, verify and maintain accountability of our assets, are based on established policies and procedures and are implemented by trained and skilled employees whose duties are duly segregated. As a consequence, Mike Brown (CE) and I (Mike Davis as CFO) were able to make the attestation required by the JSE.

Appreciation

My sincere appreciation to my colleagues on the board and the group executive team for your support and ongoing counsel during another challenging year. Thank you to the dedicated and hard-working finance, risk, balance sheet management and strategy teams across the group who finalised our 2022 reporting, ensuring that we maintain our high standards and professionalism, which is evident in the various reporting awards that Nedbank received in 2022.

I also thank all our shareholders and the broader investment community, both locally and internationally, for your continued investment and interest in Nedbank Group. I look forward to further engagements in 2023.

Mike Davis
Chief Financial Officer

Our Chief Financial Officer, Mike Davis, discusses the group's financial performance at the 2022 results presentation.

Board oversight – ensuring and protecting value

Group Audit Committee (GAC)

'In this environment the GAC continues to focus on enhancing the integrity of financial and corporate reporting processes, through several ad hoc audit committee meetings to review and assess latest financial results and to conclude the external audit tender process. Thank you to Neo Dongwana for her leadership of the tender process and the Nedbank teams that assisted the GAC to successfully execute this tender.'

Stanley Subramoney, Chairperson

Ensuring and protecting value in 2022

- Considered the Tender Evaluation Committee's proposal and recommended the appointment of KPMG as the group's next joint auditor, subject to shareholder and regulatory approval. The appointment will be presented to shareholders at the 2023 AGM.
- The GAC considered the control deficiencies identified via the group's three lines of defence, as well as the appropriateness of management's response including remediation, reliance on compensating controls and additional review procedures.
- Approved the external auditors' 2022 annual plan and related scope of work, confirming suitable reliance on GIA and the appropriateness of key audit risks identified.
- Reviewed the findings and recommendations of the external auditors and confirmed that there were no material unresolved findings.
- Ensured that Group Internal Audit performs an independent assurance function and monitored the effectiveness of the Group Internal Audit function in terms of its scope, execution of its plan, coverage, independence, skills, staffing, overall performance and position within the organisation.

Focus for 2023 and beyond

- Continue to focus on ensuring that the group's financial systems, processes and internal financial controls are operating effectively.
- Ensure a smooth transition and onboarding of the new joint external auditor, KPMG, through the appointment of KPMG in a 'shadow capacity' for the 2023 financial year.
- Ensure, through the College of Audit Committee Chairs, that there is meaningful engagement between the GAC chair and the chairs of subsidiary audit committees.
- Monitor audit firm rotation at a subsidiary level.
- Continue to receive feedback from the IFRS 17 implementation steering committee, including the external audit of the transition adjustments.

Stakeholders

Shareholders

Regulators

Top 10 risks

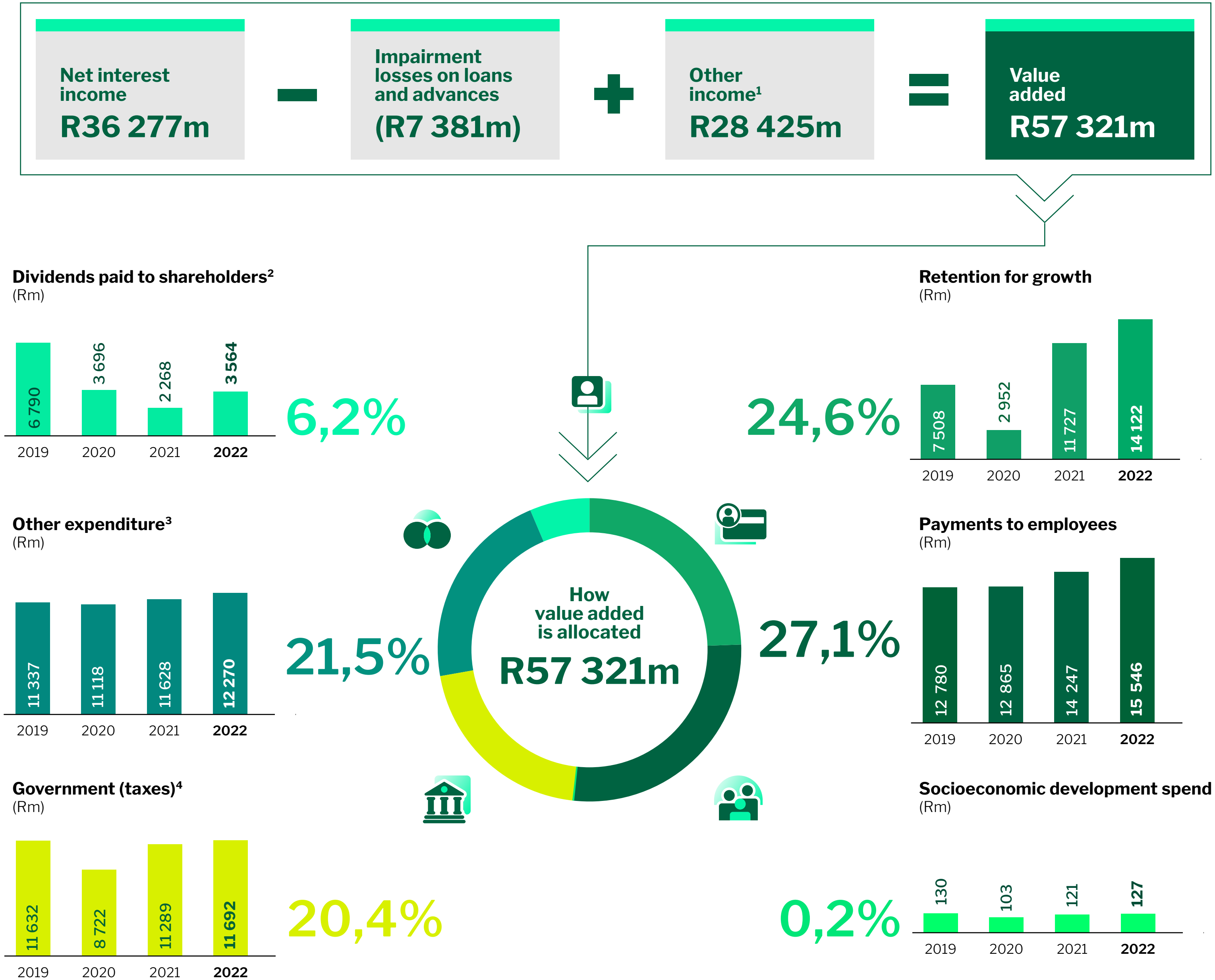
1 Business
7 Operational
2 Credit
10 Capital
4 People

A comprehensive GAC Report is available online in our 2022 Governance Report on our group website at nedbankgroup.co.za.

Value for stakeholders

Nedbank plays an important role in society and in the economy, as we remain committed to delivering on our purpose of using our financial expertise to do good and to contribute to the well-being and growth of the societies in which we operate by creating value for our employees, clients, shareholders, regulators and society.

Our strong financial performance in 2022, enabled us to create value for employees (eg remuneration to employees), clients (eg investments in the Nedbank franchise to enhance client experiences), shareholders (eg dividends), regulators (eg tax) and society (eg socioeconomic spend) and retaining profits to support future growth. The value we added increased all categories as shown the graphs.



[1] Includes non-interest income, impairments charge on non-financial instruments and sundry gains or losses items, and share of profits of associate companies.

[2] Value is allocated to shareholders in respect of cash dividends (does not include the underlying value of capitalisation shares awarded) and income attributable to non-controlling shareholders.

[3] Includes expenses relating to computer processing, communication and travel, occupation and accommodation, marketing and public relations and fees and insurances.

[4] Includes direct and indirect tax, payroll tax, dividends withholding tax and other taxes.

Read more about how we created and protected value for our employees on page 83, as well as in our human capital, diversity and inclusion chapter within our 2022 Society Report available at nedbankgroup.co.za.

Read more about how we created and protected value for our society on page 90, as well as in our community development chapter within our 2022 Society Report available at nedbankgroup.co.za.

Read more about how we created and protected value for our regulators on page 87, as well as in our tax chapter within our 2022 Governance Report available at nedbankgroup.co.za.

Value for stakeholders continued

2019 2020 2021 2022

Employees – Investing in our employees

Quality of relationship:

Falling short Performing Excelling

Value creation, preservation and erosion in 2022

Value creation Value preservation Value erosion

- Employee engagement levels remained high and our 'great place to work' NPS improved to 22 (from 19 in 2021) – the highest levels since inception of our Pulse surveys.
- We paid our employees' salaries and benefits of R19,9bn (2021: R18,0bn) and we concluded annual salary increases with our bargaining-unit employees at 5,2%, ahead of non-bargaining-unit employees' increases of 4,0%.
- We finalised our hybrid work model where a portion of our workforce will continue to work on-site while others will alternate between working on-site and remotely. Although a large part of our workforce is digitally enabled to work remotely, employees are encouraged to return to the office to collaborate and engage. During 2022, 58% of our employees worked from home (excluding branch employees) as many of our clusters commenced with workplace reintegration in a phased manner. Workplace reintegration allows us to reinforce our strong Nedbank culture by returning to face-to-face engagements that create not only leadership visibility, but also an opportunity to build relationships and reinforce our culture that helps us perform better as one Nedbank.
- We continued to focus on diversity, equity and inclusion (DEI) as a key imperative to ensure that Nedbank remains relevant in a transforming society. Nedbank remains strongly representative of a diverse talent pool, with 81% of total employees (2021: 80%) being black (African, Coloured and Indian) and female representation at 62% (2021: 61%).
- In 2022 we were formally recognised for our efforts towards transformation and diversity and won two awards at the 21st Top Empowerment Awards, namely the Top Empowered Company: Youth Employment Service (YES) Initiative Award and the Top Empowered Company: Enterprise and Supplier Development Award.
- We enabled all employees to join either the Bonitas Medical Fund, Bestmed Medical Scheme, or Discovery Health Medical Scheme, giving employees a choice and further enhancing our value proposition. This is a significant enhancement from the previous compulsory membership requirement of the Nedbank Medical Aid Scheme.
- Training spend remained high at R939m (2021: R1,1bn), supporting digital learning and the flourishing of a learning culture.
- We maintained our focus on the physical, mental and financial well-being of our employees through various interventions, including the introduction of an initiative called FLOW Time Wednesday (no internal meetings and non-essential meetings between 13:00 and 17:00). This gives our workforce dedicated time to become fully immersed in other work activities, whether it is a specific task, research or attending an online learning session. The aim, aside from providing dedicated weekly time to focus without interruption, is to aid productivity and allow space for deep work, innovation and problem-solving.
- The well-being of our workforce remains a high priority. To aid our employees in KwaZulu-Natal who were adversely impacted by the floods in April and May 2022, approximately 3 800 employees were supported with water, food and accommodation where necessary.
- Our Agility Centre successfully redeployed 235 employees into alternative roles within Nedbank, while 63 employees have regrettably been retrenched as a result of necessary operational changes. A key focus has been on timeous reskilling and upskilling to enable employees to transition into future internal roles. Employees are also supported with 'outskilling' support to empower them with relevant market-related skills should outplacement or external redeployment be necessary.
- Employee attrition increased to 10,6% from 9,3% in 2021, which includes total employees reduced by 3% or 937, remained below the industry benchmark of 11% to 13%. Given the increasing fight for talent, the impact of emigration, and as our operating model evolves in a digital world, we expect to see further headcount reductions over the next few years.

CASE in point

Our hybrid workforce model – supporting agile, distributed new ways of working

At Nedbank, we support an agile, distributed, and empowered workforce and believe that work is more than place and time – it's about purpose. Being purpose-led means we make decisions that best serve the needs of our employees, clients, society, and the environment.

As we emerged post Covid-19, we communicated a shift to a hybrid workforce model – a significant move and the first among South African banks. When considering ideal work patterns, we recognise that one size does not fit all. We aim to create the best combination of where and when to work for the benefit of our clients and Nedbank. We consider the purpose and nature of the work, what is optimal to support our clients, the needs and preferences of individuals, teams, and business areas, and the enablement of our people to work in ways that optimise productivity, well-being and engagement.

Our hybrid workforce model strengthens our People Promise (employee value proposition) by providing our employees with choice and flexibility to work from anywhere and when they want, should the purpose of work fit business requirements. We provide employees who opt for remote working with the required equipment and access to Nedbank shared spaces and facilities for work on-site on demand.

In line with our purpose to do good for employees and all our stakeholders, this approach drives cost savings (eg commuting), as well carbon footprint reduction. As the world around us continues to change, and the world of work with it, we remain open to learning and adapting our ways of work.

2019 2020 2021 2022

Clients – Delivering market-leading client experiences

Quality of relationship:

Falling short | Performing | Excelling

Value creation, preservation and erosion in 2022

Value creation | Value preservation | Value erosion

- (Value creation) We supported clients by advancing R341bn (2021: R228bn) in new loans to enable them to finance their homes, vehicles, education, as well as grow their businesses.
- (Value creation) Client satisfaction has improved to market-leading levels:
  - Ranked #1 South African bank on client satisfaction (NPS), from #2 in 2021.
  - Apple App Store and Google Play Store ratings for our apps remain high.
  - Our focus on actively responding to client issues enabled Nedbank to rank #1 bank on social-media net brand sentiment, measured by Salesforce Social Studio (up from #2 in 2021).
- (Value creation) Our clients' access to banking improved as clients continue to shift to digital channels. Digitally active retail users increased by 13% to 2,6 million (up by 45% since 2019). Our end-to-end digital onboarding, sales and servicing capabilities, as part of our Managed Evolution technology journey, supported the increase in digital sales as a percentage of total sales in RBB to 53% (from 12% in 2019).
- (Value creation) In our asset management business, six Nedbank funds were finalists for Raging Bull awards with two funds winning in their categories. In addition, four Nedbank funds were finalists for Morningstar awards with two winners.
- (Value preservation) In support of clients impacted by the recent floods in KwaZulu-Natal, all available platforms were used to inform clients of branch closures and the nearest operational branches in the affected areas. Our Nedbank teams across the country pulled together to handle temporary branch and workforce capacity constraints to handle large client volumes and maintain client relationships.
- (Value preservation) We safeguarded R1tn of deposits at competitive rates.
- (Value preservation) Nedbank's brand ranking among South African companies, which improved from 11th in 2019 to eighth in 2021, declined to ninth position in 2022 in the Brand Finance's Most Valuable Brands in SA report as one specific retailer improved their performance post Covid-19. Brand Finance estimates Nedbank's brand value to have increased slightly to R15bn.
- (Value erosion) Our asset management business, Nedgroup Investments, saw a decrease in client assets under management of 7% to R393bn, given market weakness.
- (Value erosion) We received 87 239 complaints in 2022 (2021: 82 255), representing only 1% of our total client base. 91% of the complaints were resolved within service-level agreement timelines, and only 1,7% of these were escalated to the Ombudsman.

CASE in point: Showcasing our new Imagine branches

In 2022 we showcased our new-format township mega branches to the investment community through visits to the Wynberg and Khayelitsha outlets. These visits included presentations and live digital demonstrations as experienced by our clients, bringing to life our value proposition of 'Digital when you want it. Human when you need it'.

'Digital when you want it. Human when you need it.'

CASE in point: Maintaining a strong position in the SME market

Multiple competitors have announced their intent to offer banking, merchant and lending services, with a primary focus on entry-level, less formalised businesses that are deemed to be underserved. At the same time, the small-business sector is plagued with uncertain macro conditions and energy constraints, resulting in tough trading conditions, low business confidence and stagnant growth.

Despite these challenges, Nedbank has for a long time enjoyed a positive perception and is seen as a leader in the provision of services to small businesses, as well as achieving first position in NPS. Current battlegrounds include the provision of easy onboarding into card acquiring for smaller merchants and informal traders, along with the ability to provide cash advances off the back of merchant turnover to support growth. Based on Nedbank's impressive share of the formal acquiring market and a competitive Pocket POS price point, Nedbank is well positioned to defend its position with an enhanced, highly competitive card acceptance solution that will land in 2023.

2023 will see the journey evolve to enhancing digital capabilities, including enabling of an automated digital lending approach to SMEs off the back of existing or alternative data sources. Further opportunities exist in expanding reach and growing share into non-urban and main-market geographies. Nedbank's approach to banking small businesses, combining digital services to support everyday activities and a dedicated banker, will see Nedbank positioned to defend against new entrants and chip away market share from existing incumbents.

Value for stakeholders continued

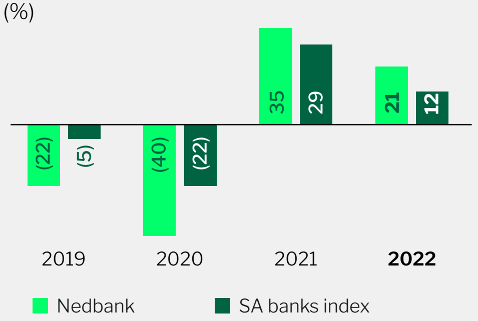
2019 | 2020 | 2021 | 2022

Shareholders – Delivering consistently to our shareholders

Value creation, preservation and erosion in 2022

- The group's strong financial performance, operational delivery and good strategic progress supported a 21% increase in the Nedbank share price in 2022, outperforming the South African banks index, which increased by 12% and the JSE All-share Index, which declined by 1%.
- On 1 April 2022 Nedbank Group ordinary shares started trading on A2X Markets (A2X) via a secondary listing. The secondary listing on A2X complements our existing listings on the Johannesburg Stock Exchange (JSE) and the Namibian Stock Exchange (NSX) by giving our investors the opportunity to source additional liquidity and save money when they transact, thereby benefiting Nedbank shareholders. Since the listing, the Nedbank share has been a regular top-10 traded equity on the exchange.

Share price performance
(%)



- All key financial drivers of shareholder value creation improved. Headline earnings increased by 20% to R14bn, the group's ROE improved to 14,0% (but is still below our COE of around 15%) and our total 2022 dividend increased by 38% on the prior year. In addition, net asset value per share increased by 5%. As we move closer to meeting our 2023 financial targets, we have set new medium- and long-term targets that will underpin shareholder value creation when achieved (see page 56).
- To enable the group to grow into the future and protect against downside risk, we reported very strong capital and liquidity positions at 31 December 2022 as discussed on page 71, and announced a R5bn share repurchase programme.
- We ensured transparent, relevant and timeous reporting as evidenced in various reporting awards and positive shareholder feedback. In 2022 Nedbank's investor relations activities were rated top two in financial services in the 2022 Global Institutional Investor Emerging EMEA survey and top two in the inaugural 2022 Intellidex Investor Relations rankings among South African listed companies.
- In acknowledgement of Nedbank's leadership and progress made on ESG-related disclosures, MSCI recently upgraded Nedbank's ESG rating to AAA (top 5% of global banks).
- We were disappointed in the remuneration voting outcomes in 2022, especially as we addressed key issues from the prior year. Given the high level of ongoing shareholder engagements on ESG and remuneration matters, we received no shareholder meeting requests, but reached out to shareholders that had voted against Nedbank's resolutions.

For more information, refer to our Remuneration Report available online at nedbankgroup.co.za.

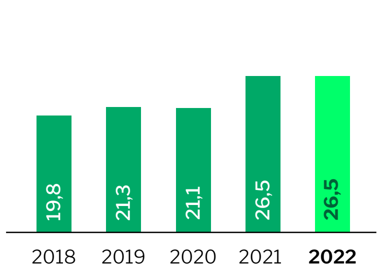
Value creation | Value preservation | Value erosion

Key shareholding changes

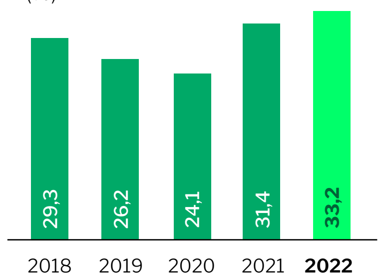
The group's shareholding profile reflects a large, diversified group of long-term oriented shareholders, a growing foreign shareholder base and an ongoing increase in index-classified shareholdings.

Major shareholders/managers	% holding 2022	% holding 2021	% holding 2020
Public Investment Corporation (SA)	**13,6**	13,7	10,4
Allan Gray Investment Council (SA)	**9,8**	10,6	9,0
GIC Asset Management (Pty) Ltd (international)	**5,6**	3,0	1,7
Nedbank Group treasury shares	**4,7**	4,6	3,6
Coronation Fund Managers (SA)	**4,6**	7,0	8,6
BlackRock Incorporated (international)	**4,0**	4,6	4,2
Ninety One (SA)	**3,9**	2,9	0,3
The Vanguard Group Inc (international)	**3,3**	3,1	2,5
Lazard Asset Management (international)	**2,9**	3,2	2,8
Old Mutual (SA)	**2,6**	5,2	22,0
Sanlam Investment Management (SA)	**2,4**	3,1	2,2
Index-classified shareholders	**26,5**	26,5	21,1
International shareholders	**33,2**	31,4	24,1

Index-classified shareholding (December)
(%)



Foreign shareholding (December)
(%)



Source: JP Morgan Cazenove and Vaco Ownership

Shareholders – Delivering consistently to our shareholders continued

Key issues we engaged on with the investment community

We proactively communicate our financial performance, strategy and progress on ESG matters to shareholders through an active and highly rated investor relations programme. Our management meets regularly with the investment community while our board, through our Chairperson, Lead Independent Director and other boardmembers, engage on ESG-related matters. The following were the key topics discussed during our more than 240 virtual and in-person engagements in 2022:

Main topics of discussion	
Financial targets beyond 2023	The strong financial performance of Nedbank Group over the past two years, as well as improvements in consensus forecasts towards Nedbank's 2023 DHEPS, ROE and cost-to-income targets, have prompted investor discussions around Nedbank's cost-to-income and ROE targets post 2023. While we historically had longer-term targets in place, these were not dated. As part of our 2022 financial results announcement in March 2023, we published our new medium-term (2025) and long-term targets that will drive shareholder value creation. These are discussed in more detail on page 56.
Capital considerations given a surplus capital position and strong CET1 ratio	After some investor discussions during the Covid-19 pandemic, discussions over the past 18 months turned to if, how and when Nedbank will return excess capital to shareholders. We noted that our primary focus remained on supporting our clients and growing the business, looking for potential acquisitions and paying dividends at the lower end of the board-approved target range of 1,75 times to 2,25 times cover. At the end of 2022 our capital ratios reached all-time highs, with a CET1 ratio of 14,0%, and we reported average excess capital of R11,8bn. On the back of this, in March 2023, we announced a capital optimisation programme through a share repurchase of up to R5bn over a 12-month period.
Digital progress, disruptive activities and the group's technology strategy	The focus on technology readiness and digital adoption increased in 2022, as evident in double-digit increases in digital metrics as shown on page 38, driving improved client satisfaction levels, revenue growth and cost optimisation. We continued to enhance our disclosures on digital metrics in our results presentations and shared our view on 'Winning in Disruptive Environment' at the 25th UBS Annual Financial Services conference, where our presentation was voted one of the best among banks. This presentation is available on our website at nedbankgroup.co.za.
Stressed exposures in our CIB business	While many investors were concerned about some companies that have gone into business rescue in 2022, it was pleasing to report that our CIB credit loss ratio (CLR) declined to 22 bps, which was at the lower end its TTC range and included adequate provisioning for these stressed counters. Our market-leading commercial-property franchise continues to perform well with a CLR of 28 bps and average loan-to-value across the portfolio of 53%. Vacancies in Property Finance's Corporate Real Estate portfolio are only 7% compared to market vacancies at 16%.
Increased competition in the SME market	Increased levels of competition remain an ongoing topic of interest as new entrants gain traction in the roll-out of products and gaining clients, but increasingly the focus is shifting towards the SME segment in anticipation of new entrants launching their offerings. We have very strong SME and commercial-banking franchises and believe that we are well positioned to compete effectively. Read more about this on page 84.
ESG and climate change disclosures	We concluded our ninth annual ESG board roadshow with the key topics highlighted on page 23. We also participated on ESG-focused panels, including at the Goldman Sachs CEMEA conference in London. Management also engaged with various shareholders on climate-change-related topics where valuable insights were gained as input into our scope 3 carbon emissions disclosures relating to fossil-fuel-related exposures. We discuss this in more detail in our 2022 Climate Report. In recognition of these efforts, we retained top rankings on most of the major ESG ratings (see page 23), was named Global Winner of Best Sustainability Reporting in Financials (Banking) and runner-up of Best Climate-related Reporting in ESG Investing's 2022 ESG Reporting Awards.
Reputational matters	During the year management engaged with shareholders on reputational matters such as the Zondo Commission's reports, the potential FATF greylisting of SA and the SARB administrative sanctions that were imposed on Nedbank relating to an historic AML assessment in 2019. These are discussed in more detail on page 25.
Township mega branch showcase site visits	We concluded five 'township mega branch showcase' site visits with the investment community at our Wynberg and Khayelitsha branches. It was clear that the perceptions around Nedbank's integrated channel capabilities, strategy and progress improved significantly. See a link to a video on page 84.

Value for stakeholders continued

2019 2020 2021 2022

Regulators – Ensuring sustainable banking with our regulators

Quality of relationship:

Falling short | Performing | Excelling

Value creation, preservation and erosion in 2022

Value creation | Value preservation | Value erosion

In 2022 Nedbank demonstrated resilience and agility though proactive engagements to assess and mitigate regulatory risk. Through a formalised Regulatory Affairs process, regulatory developments are analysed to determine the applicability to and impact on the business. This process ensures that Nedbank proactively addresses any impact and effectively participates in the regulatory consultation processes, either through industry associations or directly with government, regulators and policymakers.

- (Value creation) We continued to work closely with the government, regulators and BASA to ensure the safety and soundness of the South African banking system. Key developments in 2022 and beyond include the following:
  - The successful migration from a cash-deficit (money market shortage) monetary policy transmission mechanism to a cash-surplus (floor) system.
  - Basel III reforms: The PA has endeavoured to understand the potential impact, costs and benefits of the proposed amendments to the regulations and Nedbank continues to contribute where required.
  - FSLAB bill: Nedbank, together with the industry, continues to engage and collaborate with SARB regarding the practicalities of implementing SA's resolution framework.
  - Deposit insurance, designed to protect depositors' funds of less than R100 000, and enhance financial stability, to be implemented in 2024, with an estimated initial impact on Nedbank of R220m for a covered deposit base of R100bn.
  - FATF greylisting of SA highlighted that there have been no adverse findings or items that directly relate to the financial sector and banks, reflecting the significant progress made over the past few years on anti-money-laundering (AML) and combating the financing of terrorism (CFT) measures and systems.
- (Value creation) We paid R11,5bn in direct, indirect and employee taxes to support the governments and societies in which we operate. This represents an increase of 3% on 2021 (SARS).
- (Value preservation) We hold investments of over R181bn in government and public sector bonds as part of our HQLA requirements.
- (Value preservation) We achieved a very strong capital position, with a group tier 1 capital ratio of 15,5% and a CET1 ratio of 14,0% respectively, well above SARB regulatory minima and above our board-approved targets of greater than 12% and 11% to 12% respectively. Our forecast capital ratios are projected to operate well above regulatory minima and above our board-approved targets, including the execution of our R5bn share buy-back progress (SARB).
- (Value preservation) We continue to maintain a strong liquidity position, with Nedbank Group achieving an LCR of 161% in December 2022 (above the minimum regulatory LCR requirement of 100%). The structural liquidity position of Nedbank remains resilient, with Nedbank Group attaining an NSFR of 119% (SARB) and exceeding the minimum regulatory requirement of 100%.
- (Value preservation) We retained our level 1 BBBEE contributor status for the fifth year in a row (FSC).
- (Value erosion) We received fines or administrative sanctions to the value of less than R25m (2020: < R6m). These related to historic AML assessments as discussed on page 20 (SARB).

CASE in point – Nedbank liquidity stress simulation

On 14 April 2022, SARB PA issued Directive 4 of 2021, which requires D-SIBs and non-D-SIBS to conduct an externally facilitated liquidity stress simulation at least every four years. In July 2022 Nedbank performed its fourth liquidity stress simulation, which was externally facilitated by PwC.

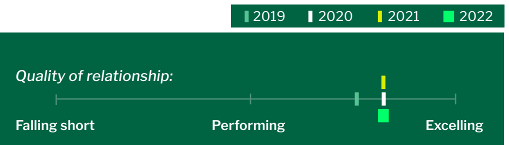
The simulation included active participation of the Nedbank Group Board and Group Exco, as well as key role players such as Nedbank Treasury, Balance Sheet Management, business cluster, Group Technology, Investor Relations, communications, and social-media teams, while regulatory attendance included the PA, SARB and FSCA.

The overall purpose of the liquidity stress simulation was for Nedbank to demonstrate sound and robust liquidity risk management frameworks, processes and procedures, with the focus on the solvency of the bank, as well as collective behaviours in response to short-term liquidity stress conditions by testing the adequacy of Nedbank's Liquidity Risk Management Policy, the funding strategy, the Liquidity Risk Contingency Plan (LRCP) as well as the Recovery Plan (RP).

The overall feedback from the participants, including SARB PA, PwC and members of the board and Group Exco, was positive as expressed in the final PwC report with no material areas for improvement identified.

Value for stakeholders continued

Society – Delivering impactful, purpose-led value



Value creation, preservation and erosion in 2022

Our focus on sustainable-development finance* sees us using more of our investment and lending to juristic entities as well as to individuals to deliberately deliver positive social and environmental outcomes across a wide range of sectors. We undertake this through three primary focus areas, namely sustainable finance, financing the transition, and financial inclusion through our products and services.

Through our sustainable-development finance commitments, we aim to model what is required of finance institutions to help address the world's ESG challenges. While we recognise the equal importance of all 17 of the SDGs, we have prioritised nine of them where we believe we have the greatest ability to deliver meaningful impact through innovation in our banking products as well as our lending and investment practices.

Our sustainable-finance transactions in 2022 focused on driving reductions in greenhouse gas emissions, improving the use of renewable energy, promoting good water stewardship, increasing investment in SMMEs, and enhancing gender diversity. Our unique approach to sustainable finance has been recognised in our industry, and we have garnered numerous awards for our diverse and pioneering solutions across funding vehicles.

Nedbank Sustainable Development Framework

These SDGs guide our climate change response.

* *We are cognisant that there are many competing approaches to and sometimes contradictory definitions of sustainable-development finance and its subcategories. For the purposes of this report we use the terms broadly to disclose our investment and lending activities that create positive societal and environmental outcomes, support a just transition and are aligned with the SDGs. We will adapt our reporting and disclosures as guidelines mature.*

SDG 4

- We provided over 3 670 student loans worth R243m over the past five years, with R80m disbursed in 2022 to support 934 students.
- We partnered with a student funding organisation to provide a unique financing solution for 'missing middle' tertiary students who do not qualify for funding from the National Student Financial Aid Scheme (NSFAS) or traditional student loans from banks.
- We provided approximately R6bn for the provision of student housing, resulting in over 42 925 beds delivered since 2015, with R158m in funding and 168 beds delivered in 2022. We also refinanced R1,9bn of our existing investment.

SDG 6

- We completed funding transactions worth R514m in the water sector in 2022 and have a R4,5bn pipeline.
- We work with various entities in the water sector, providing financial support and advice to help facilitate their expansion and the protection of SA's water supply and infrastructure.
- We enjoy longstanding relationships with many of SA's most prominent and successful water entities.
- Our commercial bank offers a clean-water and sanitation financing solution for medium to large clients to expand public access to safe drinking water and sanitation. In 2022, R234m in funding was provided.
- In our own operations we have been a net-zero operational water user since 2018. In 2022 total water consumption across all our campus sites decreased by 7%.
- Over the past five years we have invested more than R120m in 53 water and conservation projects through the WWF Nedbank Green Trust. Altogether, 14 of those projects (R34m) focused on water.

Leveraging sustainable finance to maximise shared impact

Nedbank and the Old Mutual group concluded a R3,1bn syndicated sustainability-linked loan facility, which aligns with Old Mutual's sustainability strategy and ambitions and supports key environmental and societal concerns. This loan follows a R500m sustainability-linked loan concluded for Old Mutual Properties earlier in 2022.

The sustainability-linked loan includes key performance indicators and sustainability performance targets focused on reducing carbon emissions and increasing investment in small, medium and microenterprises (SMMEs) within and outside of Old Mutual's ecosystems. The SMME targets support socioeconomic development and transformation through entrepreneurial support and customised business funding. The greenhouse gas emissions targets align with Old Mutual's decarbonisation strategy and its commitment to contributing to climate change mitigation and adaptation.

The successful conclusion of the loan demonstrates Nedbank's expertise in sector-focused finance, syndication and sustainable finance, and aligns with the SDGs.

Value for stakeholders continued

SDG 7

- We have taken several actions to support decarbonisation, including the development of a comprehensive energy policy that guides the transition of our business and clients away from fossil fuels and towards non-fossil-energy solutions.
- We spent time understanding our fossil fuel exposures and disclosed the financed emissions of our fossil fuel portfolio for the first time in our 2022 TCFD Report. To achieve our goal of reducing fossil fuel exposure to zero by 2045, we are developing science-based glidepaths that consider the carbon intensities of our coal, oil, and gas books.
- We are a top funder of renewable energy in SA and participate in the REIPPPP. We were awarded three of the five projects in round 6. The December 2022 announcement confirmed only 1000 MW (of total 9 666 MW bids) will be awarded due to grid capacity constraints. We have funded 3 517 MW across 42 projects, making us a leading funder of the REIPPPP.
- Our private power generation business amounted to over R1,2bn in 2022.
- We improved our renewable-energy financing offering for medium-sized enterprises and completed 40 transactions worth R220m in 2022.
- We offer various solutions to make solar installations more accessible to small businesses and individuals.

SDG 8

- We consider financial inclusion a top priority and offer innovative and accessible financial products, services, and digital solutions to meet the needs of our clients.
- Our dedicated teams ensure our offerings are easy to understand and access.
- In 2022 we supported 305 000 small-business clients and provided funding of R4,2bn to SMEs.

SDG 9

- We invest in infrastructure projects to support sustainable development and economic growth, including mass transit, renewable energy, water treatment, and affordable housing. Some examples include the following:
  - » We partnered with two other commercial banks to provide EUR90m for the development of Terminal Industriel Polyvalent de San Pedro in Côte d'Ivoire – an economic gateway for Côte d'Ivoire and neighbouring countries.
  - » Nedbank Namibia provided loan funding of N$350m to finance the sealing of approximately 120 km of low-trafficked roads across Namibia, which is crucial for the mobility and livelihoods of rural populations.
  - » The Netcare Alberton Hospital was made possible through a funding partnership with Nedbank. The state-of-the-art healthcare facility has 427 beds, approximately 135 of which are dedicated to critical care.

SDG 10

- Recognising that reducing inequalities is imperative for the creation of a well-performing society, we develop innovative financial products and services that fuel sustainable economic growth and reduce social inequalities.
- We offer access to financial services through a well-considered branch and ATM network as well as leading digital solutions and financial wellness and financial literacy.
- We also support all efforts to address inequality by contributing to and endorsing policies that govern our sector and the way we and our banking peers operate.

SDG 11

- We approved R1,9bn in sustainable-development finance loans in 2022, resulting in over 11 868 affordable- and social housing units.
- We provided R3,5bn in home loans to over 5 500 clients in the affordable-housing market.
- We are a founding shareholder in the Divercity Urban Property Fund, which owns and manages 6 700 affordable-housing units with a plan to grow to 10 000 in the next three years.
- We invest in environmentally friendly and sustainable buildings that reduce negative impacts on the environment. Currently, we have a R25bn exposure to green-certified properties and those containing sustainable features.

SDG 12

- We remain committed to supporting recycling companies in SA, which help reduce waste and create job opportunities for waste pickers and sellers.
- We offer a sustainable-agriculture funding programme to help farmers tackle challenges such as water conservation and storage, improve soil health, and use advanced irrigation techniques.
- Our shade netting finance offering is available to medium to large clients in the horticulture sector, and deals totalling R43m were completed in 2022.
- We also entered into a cooperation agreement with SA PALS and partnered with Agrico and Forster Irrigation to provide alternative financing options and solutions for new-technology irrigation equipment and solar PV facilities to enhance the capacity of farmers.
- We partner with a number of organisations to support small-scale farming initiatives aimed at training, equipping and enabling small farmers to commercialise their farming activities.

SDG 15

- We embrace our responsibility to protect natural resources and we partner with like-minded organisations to fund biodiversity protection and sustainable practices.
- We work with our clients to measure and value biodiversity dependencies and impacts, develop action plans, and disclose risks and performance.
- Our long-standing partnership with WWF supports environmental, climate and biodiversity imperatives. In 2022 we strengthened the partnership by joining the WWF-endorsed Alliance for Climate Action.

Supporting township-based property entrepreneurs

Nedbank Property Finance facilitated a R125m fund for uMaStandi (Pty) Ltd, a property financing company that provides commercial mortgage finance, training, mentorship and guidance to property entrepreneurs in SA's township areas. The funding will primarily support township-based entrepreneurs in developing profitable, sustainable and legal residential rental businesses. The funding aligns with Nedbank's purpose to use its financial expertise to do good and its commitment to contributing towards SDGs 8 and 11. The additional funding raised will allow uMaStandi to expand their reach and fund R1bn in new developments.

Value for stakeholders continued

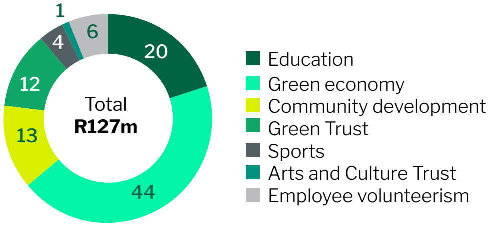
Making an impact through corporate social investment

The Nedbank Foundation is Nedbank's primary CSI vehicle. Its strategy is to support interventions that have a positive, transformational and systemic impact on the South African economy, centred around green-economy activities in areas such as renewable energy, water, waste and recycling, and agriculture.

In 2022 the total value of CSI support and investment delivered across our group was

R127m

Total corporate social investment
(%)



Reducing our environmental impact

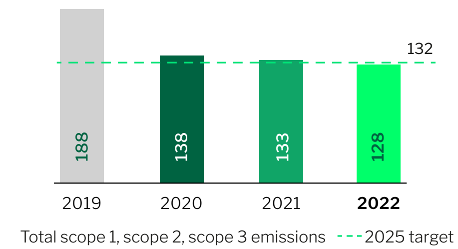
Resource usage reduction targets

We continue to set reduction targets to limit the impact of our operations on the environment in the areas of carbon emissions, water usage, paper usage, waste and recycling not reflected above.

We invested R5,9m in the purchase of carbon credits

In absolute terms our overall reported GHG emissions decreased by 3,5% from 132 847 tCO_2e in 2021 to 128 149 tCO_2e in 2022. Year on year, the carbon emissions per FTE also decreased slightly, by 0,06 tCO_2e/FTE, to 4,65 tCO_2e (2021: 4,71 tCO_2e), and emissions per square metre of office space also remained stable at 0,22 tCO_2e per square metre. We also invested R5,9m (2021: R9,6m) in the purchase of carbon credits and related instruments to meet our operational carbon-neutral commitment. A total of 134 000 tCO_2e was retired for the 2022 period (2021: 135 000 tCO_2e).

Our own carbon footprint
(Total kilotonnes CO_2e from our own operations)



Resource consumption includes water consumption of 144 955 kℓ LA1 *(2021: 156 261 kℓ*); 142 tonnes* LA1 *(2021: 95 tonnes) of waste sent to landfill and 338 tonnes* LA1 *(2021: 313 tonnes) of waste recycled.*

* *In 2022, we changed the reporting boundary for water consumption to exclude water consumed by third-party tenants at our campus sites, whereas previously we disclosed total water consumption for our campus sites, including water consumed by third-party tenants. Third-party tenants consumed a negligible quantity of water during 2021.*

Responsible finance

Key risk categories actively managed by Nedbank include ESG and climate change risk. Our primary exposure to such risks results from our lending and investment activities. We actively manage these risks using the Nedbank Social and Environmental Management System (SEMS) and by ensuring that we are aligned with industry best practice and environmental, social and human rights benchmarks. We also take a partnership approach to all sensitive investments, working closely with our clients and relevant authorities to maximise benefits and minimise the negative impacts of these activities. In 2022 the most significant application of the SEMS within our specific business units was as follows:

- In our Investment Banking and Client Coverage divisions all new applications and credit risk reviews of high-risk transactions were included in the SEMS assessment process and assured externally. A total of 610 deals (2021: 703 deals) were assessed in CIB (excluding Property Finance), and 1 345 deals (2021: 1 223 deals) were assessed in Property Finance.
- In our Commercial Banking operations, we identified and defined industries with high environment and social impact and in 2022 a total of 1 174 clients (2021: 930 clients) involved in these industries were assessed.
- The SEMS process is also used in Nedbank's Retail and Wealth clusters. In our Wealth business, most of our social- and environmental-risk exposure results from clients' acquisition of industrial and commercial properties that could present asbestos or land contamination concerns. The total number of clients assessed in 2022 was 129 (2021: 188). Due to the number of clients in Retail, a risk-based approach is taken. This requires clients to disclose any negative environmental or social impact that their activities might have. Any disclosures are then assessed through the SEMS process and, if necessary, mitigating actions are taken.

For more information, refer to our 2023 Climate Report that is available online at nedbankgroup.co.za.

LA1 External limited assurance on selected sustainability information - refer to pages 104 and 105 for the independent assurance practitioner's limited assurance report on selected key performance indicators.

Our approach to responsible investment

As a global investment business with more than R393bn in assets under management, and the sixth-largest asset manager in SA, Nedgroup Investments aligns fully with the spirit and principles of responsible investment and makes every effort to continuously improve delivery against globally accepted responsible investment standards. In 2022 the Nedbank Wealth Cluster, under which the Nedgroup Investments business falls, became a signatory to the United Nations-supported Principles for Responsible Investment (UN PRI).

Nedgroup Investments partners with select specialist fund managers to deliver consistent long-term outperformance for its clients. While the approach to ESG integration is at the discretion of each subinvestment manager, we require appointed management firms to demonstrate application of ESG principles into their investments and management decisions. Our 2022 responsible-investment survey is one of the key ways in which we measure their inclusion of ESG considerations across the investment process. The latest results reveal that the majority of the 30 investment managers involved in the survey have incorporated ESG factors into their analysis, evaluation and risk management, with over 60% also incorporating ESG into their portfolio construction and reporting and more than 70% having signed up to the UN PRI. The risks and opportunities related to human rights, climate and biodiversity were focus assessment areas of the survey.

Nedgroup Investments is active in voting on company resolutions of the businesses in which we are invested. This drives the importance of ESG considerations across the underlying companies that make up our portfolios and is key to achieving more positive impact. ESG factors are assessed across our range of investment products, with 100% of our assets subject to positive and negative environmental or social screening.

CASE in point: Fulfilling our purpose by driving growth in the Township Economy

Nedbank is playing an increasing role in SA's townships by taking a holistic approach in how we participate in communities as money experts who do good. Our approach is anchored on three areas; collaborations with communities to implement interventions that unlock growth; secondly partnerships with strategic players in townships; and thirdly co-creating solutions and transformed distribution model that encourages financial inclusion through socially relevant physical points of presence balancing digital and high human touch.

Nedbank is driving growth in the Township Economy

Board oversight – ensuring and protecting value

Group Transformation, Social and Ethics Committee (GTSEC)

'Nedbank's purpose "to use our financial expertise to do good for individuals, families, business and society" inextricably aligns with the ESG agenda. Its purpose-led, values-driven approach gives it longevity and will be utilised to drive growth that will assist Nedbank's positive contribution to society.'

Linda Makalima, Chairperson

Ensuring and protecting value in 2022

- Oversaw measurement against the Amended FSC for the industry. We maintained our level 1 BBBEE contributor status for the fifth consecutive year.
- Monitored progress towards the fulfilment of our purpose as guided by our Sustainable Development Framework.
- Received reports on our market conduct and culture, and on financial inclusion and transformation activities underway.
- Oversaw the continued implementation of our ethics management plan.
- Oversaw the well-being agenda to preserve the health and well-being of those employees, including consideration for our clients and communities, impacted by the floods in KZN in July 2022.
- Oversaw the progress towards a progressive culture that focuses on diversity, equity and inclusion.

Focus for 2023 and beyond

- Monitor our overall progress in achieving our BBBEE status, including any impacts that may emanate from the pending FSC industry realignment process.
- Oversee the YES initiative.
- Monitor people risk.
- Monitor the enablement of sustainable-development finance through our purpose.
- Oversee implementation of our ethics and human rights management plans.
- Monitor talent practices, including the retention of underrepresented (specifically African) talent at middle- and senior-management levels.
- Oversee our progress in respect of transformation (employment equity and skills development).

Stakeholders

Clients, Regulators, Employees, Shareholders, Society

Top 10 risks

4 People, 8 Climate, 5 Strategic execution, 9 Reputational and conduct, 7 Operational

A comprehensive GTSEC Report is available online in our 2022 Governance Report on our group website at nedbankgroup.co.za.

Stakeholder value creation – key performance indicators

Value unlocks	Value drivers	Link to executive remuneration	Yoy change	2022	2021	2020	2019	Benchmark	Outlook	Assurance
Employees										
Salaries and benefits (Rbn)	Remuneration and benefits to employees		▲	**19,9**	18,0	16,8	17,3	N/A	Maintain competitive remuneration	[MO] [FS]
Annual salary increase – unionised employees (%)	Salary increases for bargaining-unit employees		▲	**5,2**	4,0	6,3	6,3	N/A	Above the increase for management	[MO]
Training spend (Rbn)	Investment in employee development		▼	**0,94**	1,1	0,92	0,76	N/A	Continue to invest in employees	[LA2]
Attrition (%)	Ability to retain and rotate skills	GCC	▲	**10,6**	9,3	7,1	10,8	11	Maintain	[MO] [LA1]
'Great place to work' NPS	Employee engagement drives higher levels of productivity	CPT	▲	**22**	19	17	7	N/A	Maintain above 20	[IN – Compass survey]
Diversity, equity and inclusion (employment equity) – black employees (%)	The transformation of the Nedbank employee profile is broadly in line with demographics in society	GCC and CPT	▲	**80,8**	79,9	78,9	78,5	Not publicly available for all peers	Continue driving diversity, equity and inclusion	[LA2]
Diversity, equity and inclusion (employment equity) – female employees (%)	Progressing gender diversity	GCC and CPT	▲	**61,8**	61,4	61,2	61,8			[LA2]
Clients										
Loan payouts (Rbn)	New loan payouts to clients		▲	**341**	228	210	208	N/A	Continue to extend credit	[MO]
System availability (%)	System uptime to enable uninterrupted financial processing	GCC	–	**99,3**	99,3	99,6	99,1	N/A	> 99,1	[LA1]
Average annual price increase	Value-for-money banking		–	**Below inflation**	Below inflation	At inflation	At inflation	N/A	Below inflationary increases	[MO]
Unit trust market share in SA	Investment performance for clients	GCC	▼	**Sixth**	Fourth	Fourth	Fifth	#1: Investec	#1: in the industry	[MO]
Investment performance in asset management business	Investment performance for clients	GCC	▲	**Two category winners**	None	One category winner	One category winner	Overall winner: PSG Asset Management	Rating among top three	[IN – Raging Bull awards]
Nedbank Money app average rating (out of five)	Delivering market-leading client experiences	GCC	▼	**4,1**	4,4	4,4	4,4	Top tier app rating	Maintain top rating	[IN – iOS and Android app stores]
Nedbank Private Wealth app average rating (out of five)		GCC	▲	**4,7**	4,6	4,5	4,6			[IN – iOS and Android app stores]
Net Promoter Score	Overall satisfaction with our products and services	GCC	▲	**#1**	#2	#2	#3	#2: SA bank	Continue strong performance in client satisfaction	[IN - Kantar; 2021-2019: Consulta]
Client complaints received (000)	Quality of service experience through effective complaints handling	GCC	▲	**87,2**	82,3	79,1	72,5	Not publicly available	Committed to providing world-class service	[MO]
Banking Ombudsman cases in favour of Nedbank (%)		GCC	▲	**73,0**	70,9	65,9	72,3	77,5% industry average		[LA1] [IN – Ombudsman]

Assurance indicators

LA External limited assurance on selected sustainability information [LA1] and the application of the Amended FSC and the group's BBBEE status [LA2]. Related opinions are available at nedbankgroup.co.za.

MO Management and board oversight through rigorous internal reporting governed by the group's ERMF.

IN Information sourced from external sources, eg independent surveys.

OV Independent oversight by regulatory bodies, including SARB, FSCA and various financial-sector ombudsman offices.

FS Financial information extracted from the 2022 Nedbank Group Limited Audited Annual Financial Statements.

Stakeholder value creation – key performance indicators continued

Value unlocks	Value drivers	Link to executive remuneration	Yoy change	2022	2021	2020	2019	Benchmark	Outlook	Assurance
Shareholders										
Share price performance (%)	Share price appreciation		▲	**21**	35	(40)	(22)	12 (SA Banks index)	Performance above peers	[IN – JSE]
Full-year dividend per share (cents)	Dividends for shareholders		▲	**1 649**	1 191	N/A	1 415	N/A	Grow strongly	[MO] [FS]
Full-year dividend per share cover (times)	Dividends for shareholders		▼	**1,75**	2,02	N/A	1,84	N/A	At the low end of board range	[MO] [FS]
Price-to-book ratio	Valuation indicator of the Nedbank share		▲	**1,0**	0,9	0,7	1,2	1,4 peer average	#2 SA bank	[IN – JSE]
MSCI ESG rating	ESG rating of most influential ratings agency	GCC	▲	**AAA**	AA	AA	AA	Top 34% of global banks	Maintain ESG leader rating	[IN – MSCI]
Regulators										
CET1 ratio – Basel III (%)	Strength of capital position	GCC	▲	**14,0**	12,8	10,9	11,5	13,4 peer average	Above board range of 11–12	[MO] [OV]
LCR ratio – Basel III (%)	Strength of liquidity position	GCC	▲	**161**	128,1	125,7	125	PA min: 100 for 2020 and 2021	> SARB minimum of 100	[MO] [OV]
NSFR ratio – Basel III (%)	Strength of stable funding	GCC	▲	**119**	116,1	112,8	113	PA min: 100 for 2020 and 2021		[MO] [OV]
Notable regulatory fines or penalties paid (Rm)	Indicator of adherence to regulatory requirements	GCC	▲	**24,9**	< 6	< 7	< 18	N/A	Zero, although risk of fines has increased	[MO] [OV]
Taxes – direct, indirect and employees (Rbn)	Contribution to the fiscus	GCC	▲	**11,5**	11,2	8,7	11,6	N/A	Responsible taxpayer	[OV]
Society										
Consumer finance education – participants (000)	Value through education		▲	**88,6**	13,3	34,0	175,5	N/A	Maximum alignment of impact with strategy	[MO] [LA2]
Total socioeconomic spend (Rm)	Contribution to society		▲	**127**	121	103	130	Top 3: Trialogue CSI Handbook	Spend > R100m	[MO] [LA2]
Local procurement spend (% of total)	Supporting local suppliers	GCC	—	**> 75**	> 75	> 75	> 75	According to Amended FSC	> 75	[MO] [LA2]
Carbon footprint offset to neutral (tCO_2e)	The impact of our business on the environment and society	GCC	▼	**128 149**	132 847	137 540	188 443	Nedbank market leader	Maintain carbon-neutrality	[LA1]
SEMS deals reviewed	The impact of our business on the environment and society		▼	**610**	703	764	526	Leader in disclosure	Enhance SEMS integration	[MO] [LA1]
Finance assessed under the Equator Principles (US$m)	The impact of our business on the environment and society		▲	**168 (four deals)**	60 (one deal)	45 (two deals)	75 (one deal)	Leader in disclosure	Enhance Equator Principles integration	[MO] [LA1]
Carbon footprint per full-time-equivalent employee (tCO_2e)	The impact of our business on the environment	GCC	▼	**4,65**	4,71	4,71	6,09	Leader in performance on the Carbon Disclosure Project	Continue to reduce our impact through reduction targets	[MO]

Assurance indicators

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MO Management and board oversight through rigorous internal reporting governed by the group's ERMF.

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FS Financial information extracted from the 2022 Nedbank Group Limited Audited Annual Financial Statements.

Rewarding for value creation – remuneration outcomes

Nedbank Group's 2022 financial performance was strong, as headline earnings (HE) grew by 20% to R14bn and return on equity (ROE) increased to 14,0% (2021: 12,5%) but still remained below both the 2019 levels of 15% and our estimated cost of equity (COE) of 14,9%.

Strong 2022 group performance, with HE up
20%

2023 LTI awards now 100% performance-oriented for all employee levels

Nedbank share price increased by
21%
in 2022, ahead of the South African Bank Index increase of 12%

Shares required for 2023 LTI issuance will be acquired in the market. Previously, shares were issued

The increase in HE was supported by double-digit revenue growth, a slightly higher credit loss ratio (CLR) of 89 bps (2021: 83 bps) and well-managed expenses. All our business clusters reported pleasing earnings growth and a higher ROE. A strong balance sheet and excess levels of capital enabled the group to declare a record-high final dividend of 866 cents per share as well as announce a R5bn capital optimisation initiative to be executed through both a share repurchase and an odd-lot offer.

We have made solid progress on our strategic value drivers of growth, productivity, and risk and capital management.

We continue to focus on areas that create value, particularly through our Strategic Portfolio Tilt 2.0 (SPT 2.0) initiative, which is a groupwide strategy focused on growing profitable market share in selected areas. A number of SPT 2.0 targets have, however, not been achieved and outcomes in this respect have been mixed.

Our strategy to build a modern, modular and agile technology platform (Managed Evolution or ME) has reached 91% completion of the IT build, enabling continued double-digit growth in digital metrics, client satisfaction scores at the top end of the South African banking peer group, higher levels of cross-sell, main-banked client gains, market share gains in household deposits as well as improved efficiencies evidenced by cumulative operating model (TOM 2.0) cost savings of R1,5bn.

We continued to create positive impacts through R123bn of exposures that support sustainable-development finance, aligned with the United Nations Sustainable Development Goals (UN SDGs), and retained our top-tier rankings on environmental, social and governance (ESG) scores, including with MSCI upgrading Nedbank's ESG rating to AAA (now within the top 5% of global banks) and maintaining our level 1 broad-based black economic empowerment (BBBEE) status under the Amended Financial Sector Code (FSC) for the fifth year in a row.

In 2022 we paid our 25 924 employees' salaries and benefits of R19,9bn and concluded annual salary increases of 5,2% for our bargaining-unit employees, with non-bargaining-unit employees receiving increases of 4,0%. The blended average employee salary increase was 4,6% in 2022.

Guaranteed-package (GP) increases for 2023

5–6% for **Group Exco** and **non-bargaining-unit** employees (2022: 4%)

7% **bargaining-unit** employees (2022: 5,2%)

Long-term incentive (LTI) vesting

0% of the 2020 awards will vest in 2023 for **Group Exco members**

40% of the 2020 awards will vest for **Cluster Exco members**

50% of the 2020 awards will vest for **other participants**

Short-term incentive (STI) pool

19% to R2,9bn

Shareholder engagement on remuneration

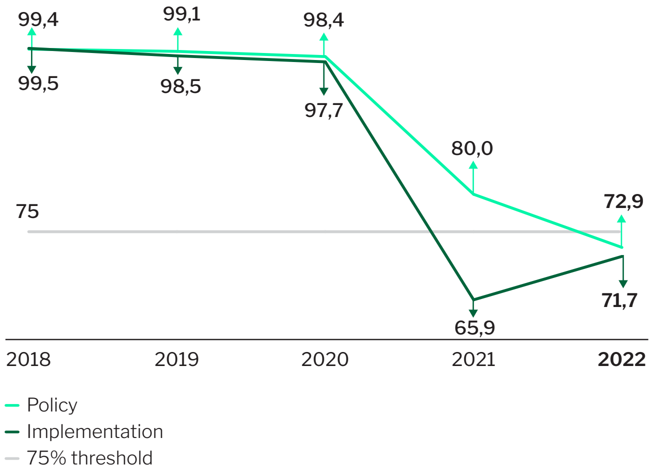
We held various engagements to clarify shareholder preferences on our Remuneration Policy and Implementation Report. The remuneration voting results in 2021 and 2022 can be attributed primarily to non-support from one large shareholder relating to all our LTI awards not being 100% performance-based and subject to the achievement of corporate performance targets (CPTs). This is discussed further below:

Shareholder feedback	Group Remco response
The Group Executive Committee's (Group Exco's) LTI awards made in 2021 in respect of the 2020 financial year reverted to a 20% time-based portion alongside an 80% performance-based portion. Some shareholders support only LTI awards that are 100% performance-based.	The 20% time-based portion of the 2021 LTI award was intended to partially address the materially increased retention risk resulting from the significant loss of value in the in-flight LTI awards in the face of extreme Covid-19 volatility. This was a temporary measure. The 2018, 2019 and 2020 LTI awards for Group Exco members vested at only 15%, 18% and 0% respectively due primarily to the impact of Covid-19 on the ability to meet CPTs set prior to its onset. Bank employees have continued to be targeted by telcos, fintechs and others, and several of Nedbank's peers had made retrospective adjustments to CPTs that Nedbank did not believe appropriate. The 2022 and 2023 LTI and Matched-share Scheme (MSS) awards have reverted to 100% CPTs for Group Exco members.
Cluster exco members' LTI awards made in 2022 in respect of the 2021 financial year contained 25% time-based awards alongside a 75% performance-based portion. Some shareholders support only LTI awards that are 100% performance-based.	In 2022 the Group Remco increased the percentage of LTI and MSS awards to cluster exco members that are subject to CPTs from 60% to 75%. For the 2023 LTI and MSS awards, the Group Remco has increased this from 75% to 100% now being subject to CPTs.
LTI awards at levels below cluster exco level made in 2022 in respect of the 2021 financial year contained 50% time-based awards alongside a 50% performance-based portion. Some shareholders support only LTI awards that are 100% performance-based.	The 2023 awards below cluster exco level will be 100% performance-based: 50% subject to the participant maintaining a minimum acceptable individual performance standard over the vesting period, and 50% subject to CPTs. LTI awards are made on a highly selective basis to a limited number of employees, approximately 1 700, who have been carefully identified as critical to retain for the longer-term delivery of our strategy. Our long-term incentives have a proven track record of reducing attrition rates, and therefore retaining critical talent. Employees below cluster exco have less direct line-of-sight influence on the setting of the group's strategic objectives but are nevertheless critical to the delivery of this strategy. The Group Remco believes a balance of 50% CPTs and 50% individual performance is appropriate to ensure employees at this level are held accountable through a robust performance management process that aligns with our strategic objectives.

The Group Remco believes the shareholder concerns have been addressed comprehensively and appropriately.

Voting history on remuneration

Shareholder votes in favour of proposed remuneration
(%)



Remuneration outcomes

Guaranteed package

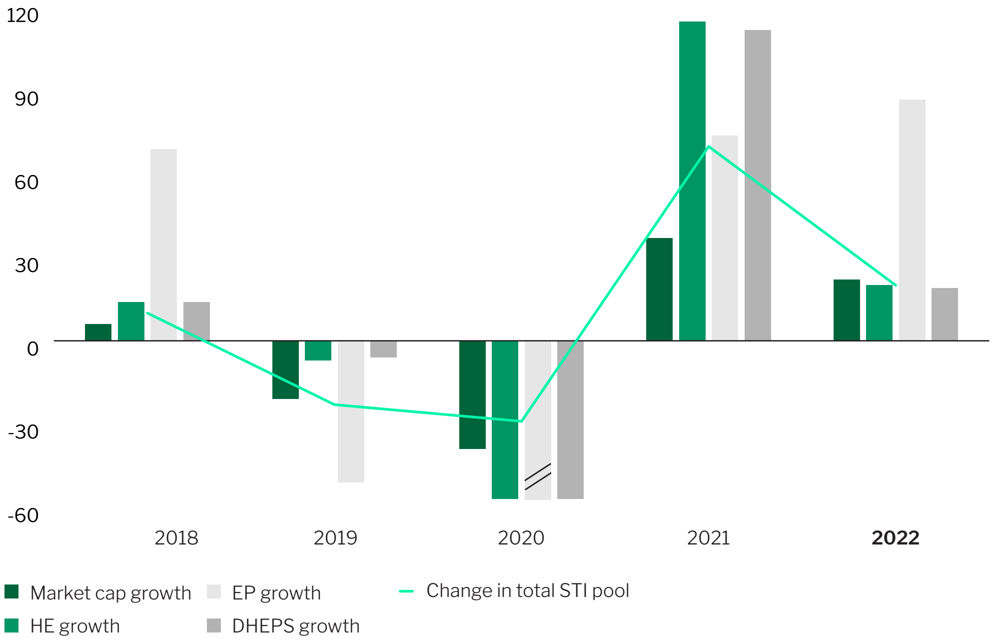
The overall budget for GP increases for Group Exco, cluster exco and non-bargaining-unit employees was limited to a range of 5–6% in the 2023 (2022: 4%) annual pay review. Increases of 7% (2022: 5,2%) for employees in the bargaining-unit level, with effect from April 2023, were agreed with our employee union, the South African Society of Bank Officials (the finance union) (Sasbo).

Short-term incentives

The final STI pool of R2 900m is 19% above the 2021 pool of R2 427m, against an increase in HE of 20,2% and an improvement in economic profit (EP) of 87%. The scheme was driven by actual EP and HE performance versus targets that are agreed annually by the Group Remco. The 2022 STI pool represents 13% of HE (pre-bonus and pre-tax), the same level as 2021. The Group Remco is satisfied that the STI is well aligned with the group's increase in HE and improvement in EP (see graphic below).

Annual % change in HE, DHEPS, market capitalisation, and EP vs % change in STI pool

(%)



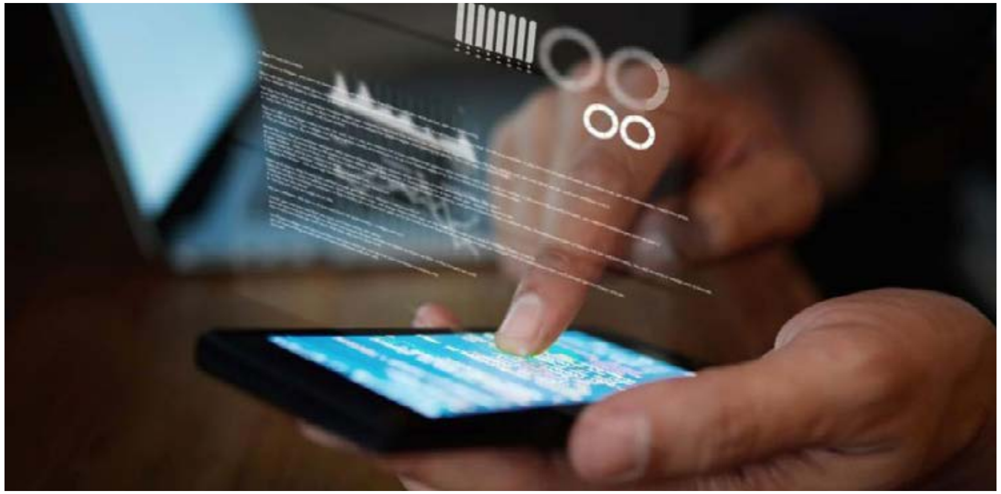
Long-term incentives

Changes to the 2023 awards

CPTs for the 2023 awards have been updated. The three financial performance measures of ROE, diluted headline earnings per share (DHEPS), and efficiency ratio (cost to income) have been retained as they align with our revised board-approved medium-term targets to 2025. The non-financial CPTs have also been retained but with more granular detail: the environmental and social targets prioritise our Energy Policy commitments, sustainable-development-financing (SDF) targets, employee and client Net Promoter Score (NPS) rankings and our competitive BBBEE status. The Group Remco also retained the strategic SPT 2.0 CPT that will drive faster revenue growth through selected market share gains, this being a key area of focus.

Awards to the Group Exco and cluster excos will be 100% subject to the achievement of these CPTs. For cluster exco participants this is an increase from 75%. Awards to other participants will also be 100% performance-based, with 50% subject to these CPTs and the balance contingent on the participant maintaining a minimum acceptable individual performance standard and ongoing employment over the vesting period.

Delivery on these CPTs will support Nedbank's continued focus on value creation for shareholders in line with our 2025 targets by delivering sustainable earnings growth (DHEPS growth of nominal GDP + 5%), a continued increase in ROE (to greater than 17%) and a lower cost-to-income ratio (less than 52%).



Rewarding for value creation – remuneration outcomes continued

Performance conditions and weightings for awards made in 2023

	Group Exco and cluster excos %	All other %
ROE	30	15
DHEPS growth	30	15
Efficiency ratio	20	10
Environmental and social	10	5
Strategic	10	5
Total	100	50
% of award linked to group business performance and continued employment	100	50
% of award linked to individual performance and continued employment	0	50[1]
Total	100	100

[1] *Vesting of this portion is subject to a minimum acceptable individual performance standard and ongoing employment over the vesting period.*

Vesting ratios and targets for awards made in 2023

ROE, DHEPS and efficiency ratio	Minimum vesting 0%	Target vesting 100%	Maximum vesting 200%
ROE[1]	15%	17%	18,5%
DHEPS CAGR growth[2]	CPI + GDP + 1%	CPI + GDP + 5%	CPI + GDP + 8%
Efficiency ratio (2025)[3]	54%	52%	50%

Straight-line vesting applies between the points in the above table.

[1] *Measured in final year of vesting in 2025. The Group Remco retains discretion to amend the vesting outcome either down or up should actual COE be materially above or below the currently forecast COE.*

[2] *DHEPS growth is measured as the CAGR over the three-year vesting period 2023 to 2025 (2022 as base year).*

[3] *Efficiency ratio, including associate income, is measured as the ratio in the final year of vesting, namely 2025.*

Environmental, social and strategic	Minimum vesting 0%	Target vesting 60%	Maximum vesting 100%
Environmental, social and strategic	Rating = 0 (no progress)	Rating = 3	Rating = 5 (substantial progress)

Straight-line vesting applies between the points in the above table.

Environmental, social and strategic CPTs are measured as a qualitative evaluation by the Group Remco of 'substantial progress made' on the board-approved metrics with input from relevant board committees, on a scale of 0 to 5 (with 3 at 60% vesting). For the maximum vesting in 2025 of 100% to be achieved, after having received feedback from the respective board committees, the Group Remco would need to be satisfied that the group has made substantial progress over the three-year period ending 2025 in the following areas:

Environmental and social commitment

Environmental

- Achieve progress on our Energy Policy commitments: Renewable-energy finance (SDG 7) and Energy Policy-related timelines and targets, including fossil-fuel-related glidepaths to be communicated in 2024.
- Meet SDF ambitions*: By the end of 2025, it is our ambition to have increased SDF exposures to around 20% of the group's total gross loans and advances (2022: 14,3%), representing more than R150bn in new SDF finance that is aligned with the SDGs.

Social

- Maintain an employee 'great place to work' NPS of an average of at least 20 over the period (in the face of ongoing optimisation).
- Maintain a strong client NPS.
- Maintain level 1 BBBEE status over the vesting period based on current FSC targets.

* *Also relevant to social commitment.*

Strategic commitment

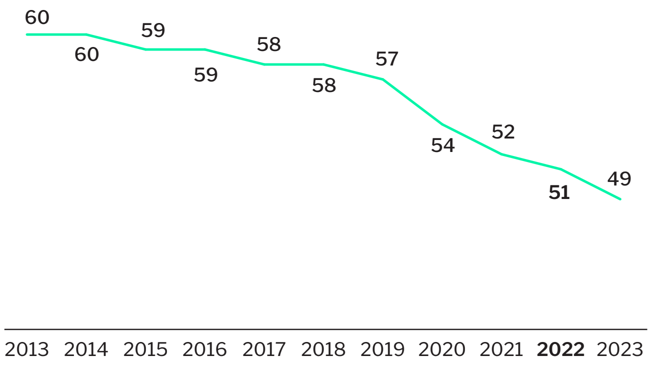
Strategic portfolio tilt

- Achieve selected market share gains in retail secured and unsecured lending, within appropriate risk appetite.
- Achieve market share gains in retail and commercial transactional deposits.
- Achieve market share gains in main-banked clients.

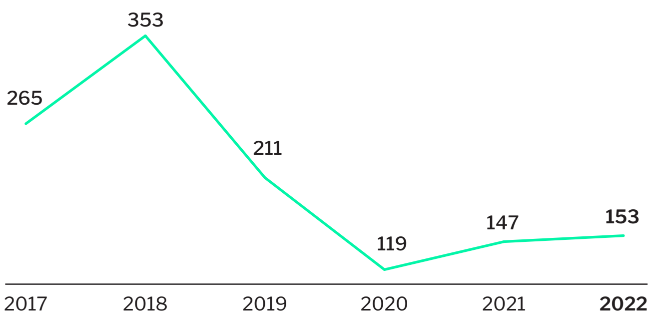
Rewarding for value creation – remuneration outcomes continued

- **STI pool methodology review**: In a separate workshop, the Group Remco reviewed best-practice STI pool build-up methodologies in the financial sector, both locally and globally. Following this review, adjustments were made to improve STI pool linkages to clearly identified non-financial commitments that are included in the goal commitment contracts (GCCs) of the executive directors (EDs) and prescribed officers (POs). Furthermore, the impact of EP variance (performance against target) on the final STI pool has been upweighted.
- **Protecting shareholders:** The board approved the purchase of shares in the market at prevailing share prices for the 2023 LTI issuance. This is a departure from previous practice of issuing shares and will be reviewed each year.
- ***Malus* and clawback guidelines:** The Group Remco approved operating guidelines to support any *malus* and clawback decision as provided for in the group's remuneration policy, the Phantom Share Plan Rules and the 2005 Share Scheme Rules.
- **Ethical remuneration and pay ratios:** Fair and responsible pay is a cornerstone of good corporate citizenship and, in this regard, 'pay ratios' or 'wage gaps' continue to gain currency as a measure of fairness. The Group Remco reviews detailed pay gap analysis at its November meeting each year, looking at both vertical pay gaps and horizontal parity (equal pay for work of equal value). The Group Remco also worked closely with the Group Transformation, Social and Ethics Committee (GTSEC) on the oversight of remuneration differentials. Both committees were satisfied with the results of the work done, which revealed no material concerns. Specifically:
  - the findings of the actuarial models show that there is little to no discernible bias in pay differentials based on race or gender; and
  - the vertical pay gap analysis (top vs bottom) has trended down, as shown in the two graphs alongside, which use previously published remuneration data.

CE GP vs bank minimum GP
(Multiple)



CE single-figure remuneration vs bank minimum remuneration
(Multiple)



The Group Remco is mindful of the numerous methodologies available to indicate a sense of 'pay fairness' and yet at the same time of the need to ensure that the remuneration of executive management is fair and responsible in the context of overall employee remuneration. Single-figure remuneration has become a standard disclosure item in SA, and uses actual remuneration adjusted for actual vesting (ie performance against the CPTs), and not face values. However, in the context of pay gap analysis it may not be an ideal measure because of inconsistent valuation and disclosure methodologies of LTIs. Currently, there is no commonly accepted standard in SA for calculating these ratios and, as a result, disclosure of these ratios can lead to inaccurate or uninformed comparisons.

A further measure of 'pay fairness' is to consider the absolute level of pay at the lower levels. The 2023 STI spend for the bargaining-unit increased from 7,8% of GP in 2022 to 9% of GP in 2023. This, combined with the 10,5% increase in the annual minimum GP from R190 000 to R210 000, makes a material difference to the financial well-being of employees most vulnerable to the high cost of living experienced in 2022, with inflation peaking at 7,8% in July 2022. R210 000 per annum is comfortably above the current South African legislated minimum wage of R25,42 per hour, which translates to just above R50 000 per annum.

Executive directors and prescribed-officers outcomes

Value creation | Value preservation | Value erosion

Board oversight – ensuring and protecting value

Group Remuneration Committee (Group Remco)

'The Group Remco believes the shift to 100% performance-based long-term incentive awards will have the desired effects of motivating the achievement of our medium-term targets, retaining critical talent, and aligning interests with shareholders. None of the 2020 LTI awards to Group Exco members will vest in 2023 (40% for cluster exco and 50% for other participants).'

Hubert Brody, Chairperson

Ensuring and protecting value in 2022

- Updated CPTs for the 2023 LTI awards to align with our revised board-approved medium-term targets to 2025.
- Held various shareholder engagements to inform remuneration changes.
- Reviewed best-practice STI pool build-up methodologies in the financial sector, both locally and globally.
- Approved the purchase of shares in the open market for the 2023 LTI issuance.
- Approved operating guidelines to support any *malus* and *clawback* decision.
- Benchmark remuneration data were reviewed for maintenance of competitive remuneration.
- Reviewed detailed pay-gap analysis (equal pay for work of equal value).
- Reviewed employee benefits to ensure they are competitive and prudently managed.
- Reviewed the remuneration outcomes of the risk, compliance, audit and finance (RCAF) employees to ensure sufficient independence.
- Risk remuneration reports were approved in collaboration with the GRCMC.

Focus for 2023 and beyond

- Maintaining continued dialogue with shareholders to ensure the relevance and appropriateness of remuneration.
- Ensuring the Remuneration Policy and resultant outcomes support our strategic objectives.
- Reviewing the group's STI pool build-up methodology, ensuring it remains fit for purpose.
- Reviewing the competitiveness of the group's LTI pool, the LTI CPTs, weightings and vesting ranges.
- Ensuring that the requirements of the charter continue to be fulfilled.
- Ensuring remuneration outcomes are fair and responsible.
- Staying abreast of remuneration best practices.

Stakeholders

Employees | Shareholders | Regulators | Society

Top 10 risks

1 Business | 7 Operational | 4 People | 8 Climate | 5 Strategic execution

A comprehensive Group Remco Report is available online in our 2022 Governance Report on our group website at nedbankgroup.co.za.

Mike Brown Chief Executive

Financial performance

- Achieved strong revenue growth: HE growth of 20% to a record high R14bn, an increase in ROE to 14%, and CET1 ratio of 14%.
- Achieved strong balance sheet, with key capital, liquidity and balance sheet provisioning metrics at all-time highs, and declared a record total 2022 dividend that represents an increase of 38%.
- Announced a R5bn capital optimisation programme to be executed via a share buy-back and odd-lot offer.

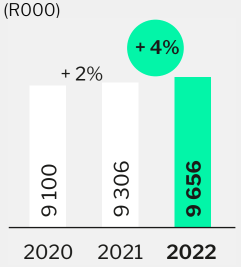
Strategy

- Delivered great client satisfaction rating outcomes (#1 South African bank on NPS).
- Increased retail main-banked clients by 6% to 3,24 million, and achieved 25 primary transactional account wins in CIB.
- Accelerated digital uptake, including reaching two million Money app users and two million Avo users.
- Recorded market share gains in household deposits and selected retail advances categories.
- Realised R1,5bn in TOM 2.0 benefits and are on track to unlock R2,5bn in value by end-2023.
- Achieved 91% completion of our Managed Evolution IT build, enabling enhanced client satisfaction, and new revenue and cost optimisation opportunities.
- Made good strategic and financial progress on the Ecobank Transnational Incorporated (ETI) turnaround.
- Mixed SPT 2.0 performance as market share gains in retail overdrafts and deposits were offset by slight losses in other areas.
- Achieved a Nedbank brand ranking of #9 in SA.

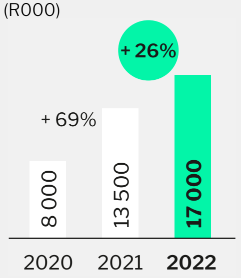
ESG delivery

- Increased 'great place to work' employee NPS from 19 to 22 – the highest level since inception of the survey.
- Provided first-time job opportunities to 1 835 participants in the Youth Employment Service (YES) programme.
- Continued to drive Nedbank's overall leadership in climate-change-related matters and are recognised as a leading renewable-energy and embedded-generation financier in SA.
- Improved the MSCI ESG rating for Nedbank from AA to AAA (top 5% of global banks).
- Reduced headcount by 937, mostly through natural attrition, and limited retrenchments to only 63 employees.
- Achieved female employee representation, as a percentage of total employees, of 62% and African, Coloured and Indian (ACI) employee representation of at more than 81%.
- Maintained a level 1 BBBEE score in transformation under the Amended FSC codes for five years in a row.
- Nedbank reported an improvement across all ACI (black) management levels, but fell short of the internal targets for African middle management.
- Worked with government, the banking industry, business and labour through participation and leadership in key industry bodies.
- Ensured sound cybersecurity.
- Managed ongoing reputational issues well.
- Ensured seamless succession planning in key roles.
- Incurred AML-related SARB administrative sanctions of R35m of which R15m was conditionally suspended, largely for self-reported matters that have since been fully remediated.

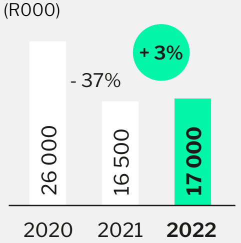
Guaranteed remuneration
(R000)



Total STI
(R000)



Total LTI at face value
(R000)



Executive directors and prescribed-officers outcomes continued

Value creation | Value preservation | Value erosion

Mfundo Nkuhlu Chief Operating Officer

Financial performance

- Increased HE by 20%, improved ROE to 14% and achieved a CET1 ratio to 14%.
- Managed expenses well across all shared-services clusters.
- Delivered a strong recovery in associate income from ETI of R779m and HE of R610m, partially offset by the estimated impact of Ghanaian sovereign debt restructures.

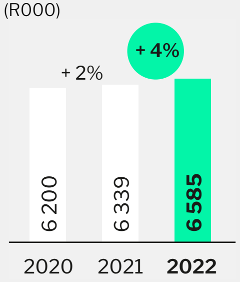
Strategy

- Achieved 91% completion of our Managed Evolution IT build, enabling enhanced client satisfaction, and new revenue and cost optimisation opportunities.
- Realised R1,5bn in TOM 2.0 benefits and are on track to unlock R2,5bn in value by end-2023.
- Ensured good strategic and financial progress on the ETI turnaround. As an ETI boardmember, ensured improvement in ETI's profitability, risk, liquidity and capital levels.
- Managed the COO function well and continued to deliver improvements in operational excellence and collaboration.
- Achieved Nedbank brand ranking of #9 in SA.

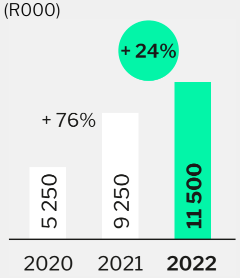
ESG delivery

- Increased 'great place to work' employee NPS from 19 to 22 – the highest level since inception of the survey.
- Provided first-time job opportunities to 1 835 participants in the YES programme.
- Maintained a level 1 BBBEE score in transformation under the Amended FSC codes for five years in a row.
- Achieved female employee representation of 62% of total employees and ACI employee representation of more than 81%.
- Maintained IT systems uptime at world-class levels of 99,3% and sound cybersecurity.
- Raised the purpose, sustainability and ESG agenda across the organisation.
- Managed succession planning well in key roles.
- Continued participation and leadership on Banking Association South Africa (BASA) forums and proactive industry and regulatory engagements.

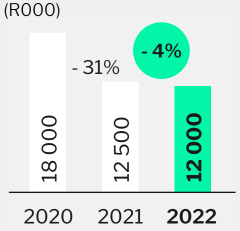
Guaranteed remuneration
(R000)



Total STI
(R000)



Total LTI at face value
(R000)



Mike Davis Chief Financial Officer

Financial performance

- Achieved strong revenue growth: HE growth of 20% to a record-high R14bn, an increase in ROE to 14% and CET1 ratio of 14%.
- Managed expenses well across all shared-services clusters.
- Increased capital and liquidity metrics to record-high levels and declared a record total dividend for 2022 that represented an increase of 38%.

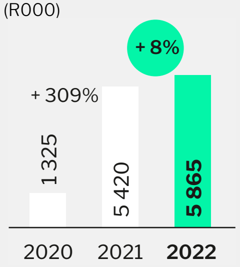
Strategy

- Enhanced communication to investors and achieved top-tier investor relations rankings.
- Ensured good cost management in Group Finance, unlocking efficiencies and benefits from digitisation, headcount optimisation, improved office space and procurement.
- Executed liquidity risk and capital management strategies optimally.
- Implemented a solution to eliminate macro fair-value hedge accounting volatility.
- Set new financial medium-term and long-term targets as part of business planning to support ongoing value creation for shareholders.
- Enabled the group's R5bn capital optimisation programme.
- Managed taxation risk well.
- Continued to drive an optimal capital structure, including the raising of AT1 and tier 2 capital at competitive pricing.

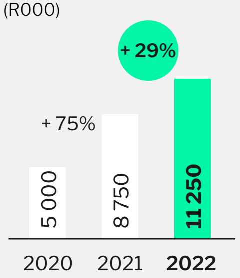
ESG delivery

- Ensured the achievement of sustainability efficiencies through a reduction in high-pollution electricity consumption and water and commenced the sourcing of green power from independent power producers.
- Ensured, as part of our commitment to the #PayIn30 campaign, that 91% of small and medium enterprises (SMEs) were paid within 30 days of our receiving their invoices.
- Managed the process of mandatory audit firm rotation (MAFR) and announced appointment of KPMG to provide services alongside EY from January 2024.
- Received multiple prestigious industry awards in recognition of Nedbank's high standards of financial reporting.
- Maintained robust and efficient tax compliance and incurred no penalties or interest charges.
- Obtained good AGM outcomes (excluding remuneration votes) and maintained ESG ratings in the top tier of both local and global peers.
- Maintained good relationships with key stakeholders through regular and proactive engagements.

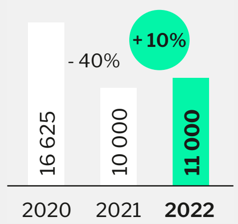
Guaranteed remuneration
(R000)



Total STI
(R000)



Total LTI at face value
(R000)



Executive directors and prescribed-officers outcomes continued

Value creation | Value preservation | Value erosion

Anél Bosman Managing Executive: Nedbank Corporate and Investment Banking

Financial performance

- Increased HE in CIB by 14% and delivered an ROE of 17,7% above the group's cost of equity.
- Managed credit risk well with CLR at 22 bps, within its TTC range of 15 bps to 45 bps.
- Achieved higher banking advances growth of 8%.
- Maintained optimal capital levels through portfolio optimisation.
- Experienced a decline in trading income as debt and interest rate markets were impacted by unfavourable conditions.
- Saw increase in stage 3 loans, largely as a result of three listed clients entering business rescue.

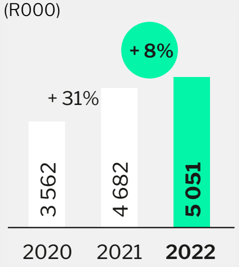
Strategy

- Gained 25 primary clients while facing increased competition and maintained a healthy lending pipeline.
- Completed migration of clients onto juristic onboarding as part of the Nedbank Business Hub.
- Continued to deliver a market-leading efficiency ratio for CIB of 44,6%.
- Made steady progress in improving our Africa business model, achieving good growth of the African book and recruitment outcomes and continuing collaboration with Nedbank Africa Regions (NAR) and ETI.
- Made capital allocation decisions with data-driven portfolio and conducted sector and client analysis with a deal origination committee in place as part of portfolio optimisation.
- Managed reputational and credit risk well with a focus on clients filing for business rescue in the property and agricultural sectors.

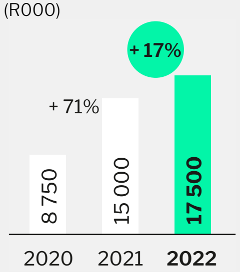
ESG delivery

- Facilitated sustainable-finance credit facilities for clients to the value of R11,7bn, up by > 100% year on year (yoy).
- Recorded R27bn in renewable-energy finance drawn exposures and maintained our status as lead arranger on independent power producer projects. Recognised as a leading private power generation financier, with R735m in exposures and a strong pipeline in place.
- Became the first South African bank to introduce a key performance indicator (KPI)-measured sustainability-linked syndicated loan – value of US$350m and oversubscribed.
- Focused on accelerating CIB's digital change agenda while building a culture of diversity, equity and inclusion.
- Received multiple prestigious industry awards in recognition of CIB's expertise and purpose-led approach.
- Maintained a strong governance and control environment.

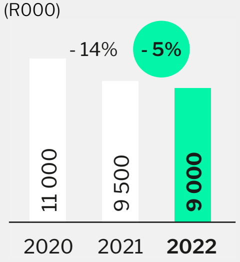
Guaranteed remuneration
(R000)



Total STI
(R000)



Total LTI at face value
(R000)



Ciko Thomas Managing Executive: Nedbank Retail and Business Banking

Financial performance

- Increased HE in Retail and Business Banking (RBB) by 13% and ROE to 16,0%, above group's cost of equity.
- Achieved strong revenue growth of 11% and expenses growth below inflation, resulting in a reduction in cost-to-income ratio.
- Impairments up by 28% and CLR to within the upper half of the RBB TTC target range of 120 bps to 175 bps, this reflecting the impact of macro deterioration and higher interest rates as well as weaker collections outcomes in December 2022.

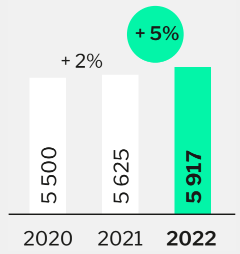
Strategy

- Increased retail main-banked clients by 6% to 3,24 million across all segments and the cross-sell ratio to 1,94.
- Accelerated digital uptake, including reaching two million Money app users and two million Avo users.
- Remained focused on growth vectors and opportunities, with the Avo ecosystem play continuing to scale as RBB signed up more than two million users, up 1,9 times.
- Realised market share gains in household deposits and selected retail advances categories such as overdrafts and home loans in the second half of 2022.
- Contributed a large part of the group's R1,5bn in TOM 2.0 cumulative savings benefits supported by strategic initiatives such as Project Imagine and Project Phoenix, resulting in improved efficiencies and operational metrics.
- Ensured good progress made in juristic onboarding as part of the Nedbank Business Hub roll-out to our Commercial Banking clients.

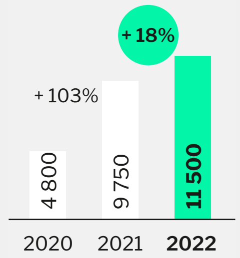
ESG delivery

- Increased 'great place to work' employee NPS from 19 to 22 – the highest level since inception of the survey.
- Increased support to more than 300 000 SMEs with loan exposures of R21bn (up by 6%).
- Enabled and educated our clients to increasingly bank through our mobile and web capabilities.
- Partnered with Hohm Energy to finance and install solar power solutions in SA for homeowners.
- Leveraged partnerships to co-create solutions with clients in 12 township markets and provided business workshops to more than 7 000 entrepreneurs.
- Oversaw since 2019 more than 13 400 employees completing Service Excellence Programme training to drive a client-centred culture.
- Provided extensive interventions to support employees affected by the RBB optimisation.

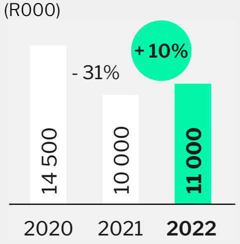
Guaranteed remuneration
(R000)



Total STI
(R000)



Total LTI at face value
(R000)



Executive directors and prescribed-officers outcomes continued

Value creation | Value preservation | Value erosion

Iolanda Ruggiero Managing Executive: Nedbank Wealth

Financial performance

- Increased HE by 18% and improved ROE to 26,1%, well above the group's cost of equity.
- Increased revenue by 6% and managed risk well with CLR at -20 bps, below the cluster's through-the-cycle (TTC) target range of 20 bps to 40 bps.

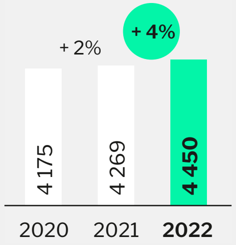
Strategy

- Reported strong digital growth across all Wealth businesses – with increases in usage, interaction, volume and value, and a high Nedbank Private Wealth app rating of 4,7.
- Achieved good sales growth in the suite of Nedbank Insurance solutions such as MyCover personal lines, MyCover Life and MyCover Funeral due to channel expansion and increased awareness.
- Made good progress in digital innovation in Wealth Management (International) by enhancing mobile and online banking and client onboarding and introducing eKYC technology.
- Concluded the sale of the International Trust business, shifting the company's focus to core business activities.
- Experienced reduced death claims in the insurance life portfolio, offset by lower investment returns and an increase in non-life claims due to the KwaZulu-Natal floods.
- Continued to optimise the Wealth Management (SA) business structure and operations to enhance client experiences through improved segment-specific client value propositions, a single distribution channel and digitisation of key processes.
- Reported a 7% decline in AUM driven by negative market performance and net outflows, particularly in the cash portfolio. However, reported good inflows into the low core and global funds. In SA and Internationally, ranked sixth and third largest in total assets under management (AUM) with 7% and 12% market shares respectively.

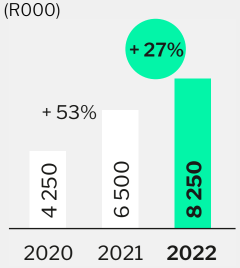
ESG delivery

- Hosted investment summit on risks to biodiversity with various subject matter experts and business leaders and released third responsible-investment research survey among asset managers to provide insight into ESG adoption and practices.
- Approved as signatories to the United Nations Principles for Responsible Investment (UN PRI).
- Received various awards recognising Nedbank Private Wealth: Best Boutique Private Bank – Overall Client Service for the fourth consecutive year at the Wealth MENA Awards, and Total Wealth Planning – High Net Worth at the Private Asset Managers Awards.
- Made good progress and concluded various risk and compliance initiatives that are aligned with a changing environment.

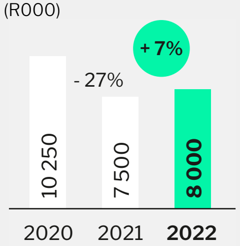
Guaranteed remuneration
(R000)



Total STI
(R000)



Total LTI at face value
(R000)



Dr Terence Sibiya Managing Executive: Nedbank African Regions

Financial performance

- Increased NAR HE by 64% and improved ROE to 13,8%, although COE is still below the group's cost of equity.
- Improved performance of Southern African Development Community (SADC) operations, with HE up by more than 100% to R365m.
- Reported solid HE from ETI, up by 17% and return on initial investment static at around 12,4%.
- Monitored and provisioned for the impact of ETI's Ghana domestic bond exposures and foreign currency translation reserves (FCTR) adjustments, while Zimbabwe continued to be impacted by hyperinflation and currency volatility.

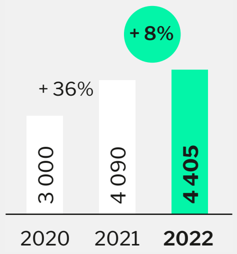
Strategy

- Accelerated digitisation and digital usage uptake, achieving an increase of 18% in digitally active clients, 29% in app users and 17% in value-added services volumes.
- Increased the total number of SADC clients by 7% to 360 000, of which 162 000 are main-banked clients.
- Achieved market leader status in brand sentiment scores in Lesotho and Mozambique, and leading NPS scores in Eswatini and Mozambique.
- Enabled clients to apply for insurance products and fixed deposits via the app and web, and implemented payment APIs in Lesotho and Eswatini.
- Made good progress in Nedbank Mozambique, leveraging the group's capabilities through collaboration efforts with CIB, with increased focus on multinational corporates.
- Made good strategic and financial progress on ETI turnaround.
- Received multiple prestigious industry awards in digital banking space in Lesotho and Mozambique.
- While good progress has been made, continued focus is required on improving the risk environment in our NAR subsidiaries.

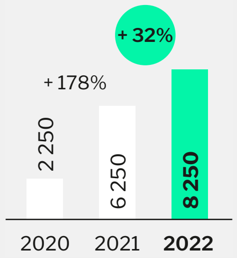
ESG delivery

- Completed various embedded-energy generation deals in Namibia, Eswatini and Lesotho.
- Continued to support housing development projects in Namibia and received a six-star Green Star rating for the Nedbank Namibia head office.
- Provided funding to support Zimbabwean farmers with the installation of solar PV facilities to enable sustainable farming activities.
- Participated in key water deals in Lesotho.
- Provided financing for infrastructure projects such as mass transit, roads and rail in Namibia and through partnerships in Côte d'Ivoire.
- Ensured effectiveness governance and compliance, although still some improvement is required in the control environment.

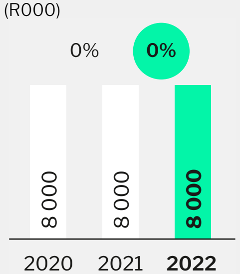
Guaranteed remuneration
(R000)



Total STI
(R000)



Total LTI at face value
(R000)



Supplementary information

Abbreviations and acronyms, independent assurance and company details.

Independent Assurance Practitioner's Limited Assurance Report on Selected Key Performance Indicators

To the directors of Nedbank Group Limited

Report on selected key performance indicators

We have undertaken a limited assurance engagement on selected key performance indicators (KPIs), as described below, and presented in the Integrated Report 2022 of Nedbank Group Limited ("Nedbank") for the year ended 31 December 2022 (the Report). This engagement was conducted by a multidisciplinary team including environmental, social and assurance specialists with relevant experience in sustainability reporting.

Subject matter

We have been engaged to provide a limited assurance conclusion in our report on the following selected KPIs, marked with an LA1 on the relevant pages in the Report. The selected KPIs described below have been prepared in accordance with Nedbank 's criteria for reporting and the Global Reporting Initiative (GRI) Standards ("reporting criteria"). The reporting criteria is disclosed on page 107 of the Report.

Category	Selected sustainability information	Coverage/Reporting boundary
Environmental	Number of Equator Principle Deals that had their first draw down within the financial year	CIB (Investment Banking and Client Coverage)
	All CIB credit risk reviews and new applications included the screening of high risk clients and EP relevant deals via the Social and Environmental Management System (SEMS)	Nedbank CIB (Investment Banking and Client Coverage)
	Total carbon footprint (tCO_2e)	Scope 1: Campus buildings and Nedbank Limited (South African operations) Scope 2: Campus buildings; non-Campus buildings and non-South African bank offices and/or outlets Scope 3: Nedbank Limited (South African operations)
	Thermal coal funding	Nedbank Group
	Oil and gas funding	Nedbank Group
	Non-renewable power funding	Nedbank Group
	Renewable-energy funding	Nedbank Group
	Total water consumed (kℓ)	Nedbank Campus buildings
	Waste sent to landfill (tonnes)	Nedbank Campus buildings
	Waste recycled (tonnes)	Nedbank Campus buildings
Economic: Clients and banking	Net Promoter Score (NPS)	Client promotion of Nedbank for Retail and Business Banking, Wealth and CIB
	Number of main-banked clients	Retail
	Primary client wins	CIB
	Percentage of digitally active retail clients	Retail and Business Banking
	Digital sales (% of total sales)	Retail and Business Banking
	Nedbank Africa Regions number of clients	Rest of Africa
	Banking Ombudsman cases in favour of Nedbank	Nedbank Group
IT	System availability uptime score	Nedbank Group
Human resources	Employee attrition rate	South African Nedbank employee turnover percentage

Independent Assurance Practitioner's Limited Assurance Report on Selected Key Performance Indicators continued

Directors' responsibility

The directors are responsible for the selection, preparation and presentation of the selected KPIs in accordance with Nedbank's reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error. The directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected KPIs and for ensuring that those criteria are publicly available to the Report users.

Inherent limitations

The greenhouse gas (GHG) emission quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors* issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. 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*).

Deloitte applies the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and, in respect of greenhouse gas emissions, in accordance with the International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board. These standards requires that we plan and perform our engagement to obtain limited assurance about whether the selected KPIs are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability in the circumstances of Nedbank's use of its reporting criteria as the basis of preparation for the selected KPIs, assessing the risks of material misstatement of the selected KPIs whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected KPIs. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, we:

- Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process, and information systems relevant to the sustainability reporting process for the selected KPIs;
- Inspected documentation that supports processes, systems, and controls in place to corroborate the statements of management and senior executives in our interviews;
- Assessed the systems and processes to generate, collate, aggregate, validate and monitor the source data used to prepare the selected KPIs for disclosure in the Report;
- Inspected supporting documentation on a sample basis and perform analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
- Evaluated the reasonableness and appropriateness of significant estimates and judgements made by the directors in the preparation of the selected sustainability information; and
- Evaluated whether the KPIs presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at Nedbank.

The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Nedbank's selected KPIs have been prepared, in all material respects, in accordance with the reporting criteria.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, and subject to the inherent limitations outlined elsewhere in this report, nothing has come to our attention that causes us to believe that the selected KPIs as set out in the Subject Matter paragraph above for the year ended 31 December 2022 are not prepared, in all material respects, in accordance with the reporting criteria.

Other matters

The maintenance and integrity of the Nedbank website is the responsibility of Nedbank's management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on Nedbank's website.

Restriction of liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected KPIs to the directors of Nedbank in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Nedbank, for our work, for this report, or for the conclusion we have reached.

Deloitte & Touche

Deloitte & Touche
Registered Auditors

Per Jyoti Vallabh
Chartered Accountant (SA)
Registered Auditor
Partner

18 April 2023

5 Magwa Crescent
Waterfall City, Waterfall
Private Bag x6, Gallo Manor, 2052
South Africa

Abbreviations and acronyms

ACI African, Coloured and Indian
AGM annual general meeting
AI artificial intelligence
AIEBA average interest-earning banking assets
AIRB Advanced Internal Ratings-based
AML anti-money-laundering
API application programme interface
AUM assets under management
BBBEE broad-based black economic empowerment
BEE black economic empowerment
bn billion
bps basis point(s)
CAGR compound annual growth rate
CET1 common equity tier 1
CIB Corporate and Investment Banking
CLR credit loss ratio
COE cost of equity
CPI consumer price index
CPT corporate performance targets
CRMF Climate Risk Management Framework
CSI corporate social investment
CVP client value proposition
DHEPS diluted headline earnings per share
ED executive director
EE employment equity
ELB entry-level banking
ESG environmental, social and governance
ETI Ecobank Transnational Incorporated
FATF Financial Action Task Force
FIC Financial Intelligence Centre
FSC Financial Sector Code
FSCA Financial Sector Conduct Authority
FVOCI Fair value through other comprehensive income
FVTPL Fair value through profit or loss
GDP gross domestic product
GLAA gross loans and advances
group Nedbank Group Limited
GVA gross value added
HE headline earnings
HEPS headline earnings per share
HQLA high-quality liquid asset(s)
IAS International Accounting Standard(s)
ICAAP Internal Capital Adequacy Assessment Process
ICT information and communication technology
IFRS International Financial Reporting Standard(s)
ILAAP Internal Liquidity Adequacy Assessment Process
JSE JSE Limited
LCR liquidity coverage ratio
LTI long-term incentive
m million
MAFR mandatory audit firm rotation
ME Managed Evolution
MFC Motor Finance Corporation (vehicle finance lending division of Nedbank)
MW megawatt
NAR Nedbank Africa Regions
NII net interest income
NIM net interest margin
NIR non-interest revenue
NPS Net Promoter Score
NSFR net stable funding ratio
PA Prudential Authority
PAYU Pay-as-you-use Account
PO prescribed officer
R rand
RBB Retail and Business Banking
Rbn South African rands expressed in billions
REIPPPP Renewable Energy Independent Power Producer Procurement Programme
Rm South African rands expressed in millions
ROA return on total assets
ROE return on equity
RRB Retail Relationship Banking
RWA risk-weighted assets
SA South Africa
SA-csi The South African Customer Satisfaction Index
SADC Southern African Development Community
SAICA South African Institute of Chartered Accountants
SARB South African Reserve Bank
SDF sustainable-development finance
SDGs Sustainable Development Goals
SEMS Social and environmental management system
SME Small and medium-sized enterprises
SMME Small, medium and macroenterprises
SPT strategic portfolio tilt
SSA sub-Sahara Africa
STI short-term incentive
TCFD Task Force on Climate-related Financial Disclosures
TOM Target Operating Model
TTC through the cycle
UK United Kingdom
US United States
YES Youth Employment Service
yoy year on year
ZAR South African rand (currency code)

Reporting criteria

Banking Ombudsman cases in favour of Nedbank	The number of cases found in favour of Nedbank compared to the total number of cases submitted to the Banking Ombudsman, which were assessed as being within the Banking Ombudsman's jurisdiction.
Digital sales (% of total sales)	Sales concluded through digital channels expressed as a percentage of new sales.
Employee attrition rate	The number of permanent employees leaving the employment of Nedbank compared to the total number of permanent employees.
Finance assessed under the Equator Principles	Number of Equator Principle deals within Nedbank Corporate and Investment Banking's Investment Banking and Coverage business units that had their first drawdown within the financial year.
Nedbank Africa Regions number of clients	The total number of clients within the subsidiaries forming part of the Nedbank Africa Regions Cluster.
Net Promoter Score (NPS)	The percentage of promoters less the percentage of detractors.
Non-renewable power funding	The ratio of non-renewable power funding, as defined in our Energy Policy, compared to Nedbank Group's total gross loans and advances.
Number of main-banked clients	Number of clients who achieved a minimum deposit or a number of quality transactions on average per month over three months.
Oil and gas funding	The ratio of oil and gas funding, as defined in our Energy Policy, compared to Nedbank Group's total gross loans and advances.
Percentage of digitally active retail clients	The number of retail clients who has utilised a digital channel over the past 90 days compared to the number of total retail clients.
Primary client wins	Clients within the Corporate and Investment Banking Cluster who move their primary banking to Nedbank during the year under review.
Renewable-energy funding	The ratio of renewable-energy funding, as defined in our Energy Policy, compared to Nedbank Group's total gross loans and advances.
SEMS deals reviewed	All Nedbank Corporate and Investment Banking's Investment Banking and Coverage business units credit risk reviews and applications included the screening of high-risk clients and Equator Principles relevant deals via the Social and Environmental Management System (SEMS).
System availability uptime score	Total number of hours systems were available compared to the total number of hours systems could have been available for.
Thermal-coal funding	The ratio of thermal-coal funding, as defined in our Energy Policy, compared to Nedbank Group's total gross loans and advances.
Total carbon footprint (tCO_2e)	Total of the scope 1, 2 and 3 emissions: Scope 1 emissions arising from campus buildings and Nedbank Limited's South African operations. Scope 2 emissions arising from campus buildings, non-campus buildings and non-South African bank offices and outlets. Scope 3 emissions arising from Nedbank Limited's South African operations.
Total water consumed	The total water consumed, measured in kilolitres, at Nedbank's campus buildings, excluding water consumed by third-party tenants at our campus sites.
Waste recycled	The total waste, measured in tonnes, from Nedbank's campus buildings sent for recycling.
Waste sent to landfill	The total waste, measured in tonnes, from Nedbank's campus buildings sent to landfill.

Additional climate-related disclosures

	Rm			% of gross loans and advances		
	2022	2021	Change	**2022**	2021	
Upstream oil						
Limit	**19 592**	13 559	6 033	**2,2**	1,6	LA1
Drawn exposure	**11 081**	9 110	1 971	**1,2**	1,1	LA1
Upstream gas						
Limit	**1 698**	468	1 230	**0,2**	0,1	LA1
Drawn exposure	**1 380**	424	956	**0,2**	< 0,1	LA1
Non-renewable-power-generation exposure						
Limit	**9 964**	10 741	(777)	**1,1**	1,3	LA1
Drawn exposure	**5 375**	6 557	(1 182)	**0,6**	0,8	LA1
Total renewable energy						
Limit	**37 160**	36 474	686	**4,0**	4,3	LA1
Drawn exposure	**27 253**	29 596	(2 343)	**2,9**	3,5	LA1

LA1 External limited assurance on selected sustainability information - refer to pages 104 and 105 for the independent assurance practitioner's limited assurance report on selected key performance indicators.

Company details

Nedbank Group Limited

Incorporated in the Republic of SA
Registration number 1966/010630/06

Registered office

Nedbank Group Limited, Nedbank 135 Rivonia Campus,
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Transfer secretaries in SA

JSE Investor Services Proprietary Limited,
One Exchange Square, Gwen Lane, Sandown, Sandton, 2196
(from 13 March 2023)

PO Box 4844, Marshalltown, 2000, SA

Namibia

Transfer Secretaries Proprietary Limited
Robert Mugabe Avenue No 4, Windhoek, Namibia
PO Box 2401, Windhoek, Namibia

Instrument codes

Nedbank Group ordinary shares

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

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Company Secretary:	J Katzin
Sponsors in SA:	Merrill Lynch SA Proprietary Limited t/a BofA Securities Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Sponsor in Namibia

Old Mutual Investment Services (Namibia) (Proprietary) Limited

Disclaimer

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

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

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

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

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

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

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