NEDBANK GROUP

Nedbank Group Limited

Unaudited condensed consolidated interim financial results

for the 6 months ended 30 June 2024

see money differently

Contents

Strong financial performance in a difficult macroeconomic environment ... 3
Basis of preparation ... 3
Events after the reporting period ... 3
Financial highlights ... 4
Condensed consolidated statement of comprehensive income ... 5
Condensed consolidated statement of financial position ... 6
Condensed consolidated statement of changes in equity ... 7
Condensed consolidated statement of cash flows ... 9
Notes to the unaudited condensed consolidated interim financial results ... 10
1 Business combination and acquisition ... 10
2 Revenue ... 11
3 Condensed consolidated segmental reporting ... 12
4 Headline earnings reconciliation ... 14
5 Investment in associate companies and joint arrangements ... 14
6 Market risk in the trading book ... 14
7 Loss allowance ... 15
8 Economic scenarios ... 23
9 Credit risk exposure ... 24
10 Fair-value hierarchy ... 25
11 Assets and liabilities not measured at fair value for which fair value is disclosed ... 30
Additional information ... 31
A Liquidity coverage ratio ... 31
B Net stable funding ratio ... 32

Strong financial performance in a difficult macroeconomic environment

The operating environment during the first 6 months of 2024 was challenging and economic activity remained weak, impacted by geopolitical uncertainty, high interest rates, persistent inflation and general uncertainty ahead of the national elections in South Africa (SA). Household finances remained under pressure as real incomes contracted and job prospects remained muted. Corporate activity was also weak on the back of the uncertain political and economic environment. The financial implications of these difficult macroeconomic outcomes were evident in continued elevated levels of consumer strain and slow lending and transactional revenue growth across both wholesale and retail clients. A peaceful and fair election outcome and the swift formation of a government of national unity (GNU) spurred cautious optimism in financial markets resulting in lower bond yields, stronger equity markets and a stronger rand. Spreads on credit default swaps improved markedly, trending towards levels seen when the country's sovereign credit ratings were at investment grade.

Against this backdrop, Nedbank Group produced a relatively strong financial performance. Headline earnings (HE) increased by 8% yoy to R7,9bn, underpinned by good non-interest revenue growth, a lower impairment charge and tight cost control. The group's return on equity (ROE) improved to 15,0% from 14,2% in the prior period. Diluted headline earnings per share (HEPS) increased by 12%, benefitting from the R5bn capital optimisation programme. Balance sheet metrics all remained very strong, enabling the declaration of an interim dividend of 971 cents per share, up by 11,5%, at a payout ratio of 57%.

Our world-class technology platform, delivered through the Managed Evolution (ME) programme, has now reached 95% completion. This has supported ongoing strong growth in digital-related metrics; client satisfaction scores at the top end of the South African banking peer group; good main-banked client growth; higher levels of cross-sell; market share gains in areas that create most value, including retail deposits, home loans, vehicle finance and overdrafts; and efficiency gains as we delivered on our Target Operating Model (TOM) 2.0 target of R2,5bn. We have also continued to create wider positive impacts through R154bn of funding that supports sustainable development finance, aligned with the United Nations Sustainable Development Goals. In particular we are proud of growing renewable energy finance by 20% ytd; retaining our top-tier rankings on environmental, social and governance (ESG) scores; and maintaining our level 1 broad-based black economic empowerment status for the sixth year in a row.

We remain cautiously optimistic around the potential benefits associated with SA's GNU and expect better macroeconomic conditions in the second half of 2024 and into the medium-to-long term. We forecast SA's gross domestic product to increase by 0,9% in 2024, inflation to continue to decline and the South African prime lending rate to decline by a cumulative 50 bps in 2024 to end the year at 11,25%. On the back of an improving operating environment, we continue to aspire to deliver ongoing improvements in ROE to increase shareholder value. Our strong financial performance in H1 2024, together with the progress made in executing on our strategy and better economic prospects, give us confidence in making progress towards our medium-term targets* and, in particular, our aim to increase our ROE to 17% by 2025 and above 18% in the long term.

The seamless transition from Mike Brown to myself was well planned and executed. I am aligned with the board and the leadership teams, which has enabled us to continue running our business very smoothly. Improving performance is a key priority and I have adopted Nedbank's medium-term performance targets as my own. I am extremely comfortable with the strong foundations that Nedbank has built, including capital and liquidity levels and an improving financial performance, as well as the group's strong and vibrant culture, its focus on transformation (diversity, equity and inclusion), leading ESG credentials and significant investments in technology. We will continue to build on these strong foundations as we evolve and continuously refresh our strategy in response to an everchanging operating environment.

I extend my gratitude to all Nedbankers who have made me feel welcome as part of the organisation and contributed to our successes in the first half of the year. Thank you to our 7,5 million retail and wholesale clients who have entrusted Nedbank with serving their financial needs. My appreciation also goes out to the investment community, regulators and other stakeholders for their continued support. Nedbank remains strongly committed to making a meaningful and positive impact in society, using our financial expertise to do good for all stakeholders.

Jason Quinn
Chief Executive

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

Basis of preparation#

Nedbank Group Limited is a company domiciled in SA. The unaudited condensed consolidated interim financial results of the group at and for the six months ended 30 June 2024 comprise the company and its subsidiaries (the group) and the group's interests in associates and joint arrangements.

The condensed consolidated interim financial statements comprise the condensed consolidated statement of financial position at 30 June 2024, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, and the condensed consolidated statement of cash flows for the six months ended 30 June 2024 as well as selected explanatory notes, which are indicated with the symbol#.

These condensed consolidated interim financial statements have been prepared under the supervision of Mike Davis, BCom (Hons), DipAcc, CA(SA), AMP (Insead), the Chief Financial Officer (CFO). These condensed consolidated interim financial statements have been prepared in accordance with IAS 34: Interim Financial Reporting, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the financial pronouncements issued by the Financial Reporting Standards Council, and the provisions of the Companies Act, 71 of 2008, as required in terms of the JSE Listings Requirements. The accounting policies applied in the preparation of these condensed consolidated interim financial statements are in terms of IFRS and consistent with those used for the previous annual financial statements.

Events after the reporting period#

The directors are not aware of any material events that have occurred between the reporting date and 5 August 2024, which is the date of approval of the condensed consolidated interim financial results.

Notes

Financial highlights

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	Unit	yoy % change	30 June 2024 (unaudited) Rm	30 June 2023 (unaudited) Rm	31 December 2023 (audited) Rm
Statistics					
Number of shares listed	m	(1)	**488,0**	491,3	488,1
Number of shares in issue, excluding shares held by group entities	m		**467,0**	465,0	464,6
Weighted-average number of shares	m	(3)	**465,6**	480,5	472,5
Diluted weighted-average number of shares	m	(3)	**479,4**	496,0	489,2
Headline earnings	Rm	8	**7 911**	7 329	15 650
Profit attributable to ordinary shareholders	Rm	8	**7 914**	7 321	15 305
Total comprehensive income	Rm	(26)	**7 050**	9 585	17 338
Preprovisioning operating profit	Rm	(1)	**14 693**	14 896	29 739
Economic profit/(loss)	Rm	>100	**282**	(10)	970
Headline earnings per share	cents	11	**1 699**	1 525	3 312
Diluted headline earnings per share	cents	12	**1 650**	1 477	3 199
Basic earnings per share	cents	12	**1 700**	1 524	3 239
Diluted basic earnings per share	cents	12	**1 651**	1 476	3 128
Ordinary dividends declared per share	cents	11	**971**	871	1 893
Interim	cents	11	**971**	871	871
Final	cents				1 022
Ordinary dividends paid per share	cents	18	**1 022**	866	1 737
Dividend cover	times		**1,75**	1,75	1,75
Total assets administered by the group	Rm	4	**1 818 165**	1 747 820	1 759 875
Total assets	Rm	4	**1 354 810**	1 306 747	1 311 408
Assets under management	Rm	5	**463 355**	441 073	448 467
Net life insurance contractual service margin	Rm	(5)	**998**	1 049	1 071
Nedbank Wealth life insurance value of new business	Rm	(36)	**152**	238	372
Net asset value per share	cents	2	**23 097**	22 548	23 192
Tangible net asset value per share	cents	3	**20 540**	19 880	20 614
Closing share price	cents	12	**25 641**	22 858	21 623
Price or earnings ratio	historical		**75,0**	74,3	65,3
Price-to-book ratio	historical		**11,1**	10,1	9,3
Market capitalisation	Rbn	11	**125,1**	112,3	105,5
Number of employees (permanent employees)			**25 883**	25 900	25 477
Number of employees (permanent and temporary employees)			**26 368**	26 464	25 984

	Unit	yoy % change	30 June 2024 (unaudited) Rm	30 June 2023 (unaudited) Rm	31 December 2023 (audited) Rm
Key ratios (%)					
ROE			**15,0**	14,2	15,1
Return on tangible equity			**16,9**	16,2	17,2
ROA			**1,20**	1,14	1,21
Return on average RWA			**2,28**	2,20	2,31
NII to average interest-earning banking assets			**4,13**	4,18	4,21
NIR to total income[1]			**40,2**	38,9	39,2
NIR to total operating expenses			**72,7**	73,5	72,8
CLR – banking advances			**1,04**	1,21	1,09
Cost-to-income ratio			**55,3**	52,9	53,9
Gross operating income growth rate less expense growth rate (JAWS ratio)			**(4,8)**	6,5	3,8
Effective taxation rate			**19,7**	21,7	20,5
Group capital adequacy ratios (including unappropriated profits):					
– CET 1			**13,3**	13,3	135,0
– Tier 1			**14,7**	14,9	150,0
– Total			**16,6**	17,1	169,0

[1] Comparatives for 2023 have been restated to include our share of gains of associate companies in the denominator of the ratio.

Unaudited condensed consolidated financial statements for the period ended 30 June 2024

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

Condensed consolidated statement of comprehensive income

for the period ended

	yoy % change	30 June 2024 (unaudited) Rm	30 June 2023 (unaudited) Rm	31 December 2023 (audited) Rm
Interest and similar income	10	**61 322**	55 876	116 915
Interest expense and similar charges	14	**40 538**	35 582	75 445
Interest expense related to all activities		**41 073**	36 318	76 932
Less interest expense related to fair-value activities		**(535)**	(736)	(1 487)
Net interest income	2	**20 784**	20 294	41 470
Non-interest revenue and income	7	**14 375**	13 397	27 709
Net commission and fee income		**9 985**	9 245	19 346
Commission and fee revenue		**12 973**	12 218	25 296
Commission and fee expense		**(2 988)**	(2 973)	(5 950)
Net insurance income		**764**	842	1 446
Fair-value adjustments		**424**	239	577
Trading income		**2 371**	2 084	4 299
Equity investment income		**317**	278	764
Investment income		**81**	69	142
Net sundry income		**433**	640	1135
Share of gains of associate companies	(24)	**598**	782	1 449
Total income	4	**35 757**	34 473	70 628
Impairments charge on financial instruments	(12)	**4 662**	5 313	9 605
Net income	7	**31 095**	29 160	61 023
Total operating expenses	8	**19 775**	18 229	38 059
Indirect taxation	(8)	**520**	566	1 129
Impairments charge on non-financial instruments and other (gains)/losses	>100	**23**	10	403
Profit before direct taxation	4	**10 777**	10 355	21 432
Direct taxation	(6)	**2 114**	2 252	4 432

	yoy % change	30 June 2024 (unaudited) Rm	30 June 2023 (unaudited) Rm	31 December 2023 (audited) Rm
Profit for the period	7	**8 663**	8 103	17 000
Other comprehensive (losses)/income (OCI) net of taxation	>(100)	**(1 613)**	1 482	338
Items that may subsequently be reclassified to profit or loss				
Exchange differences on translating foreign operations		**(456)**	1 424	1 492
Share of OCI of investments accounted for using the equity method		**(1 199)**	(231)	(1 556)
Debt investments at fair value through OCI (FVOCI) – net change in fair value		**69**	130	242
Cash flow hedge losses		**(12)**	(125)	(190)
Items that may not subsequently be reclassified to profit or loss				
Property revaluations		**(95)**	60	53
Remeasurements on long-term employee benefit assets		**39**	220	191
Share of OCI of investments accounted for using the equity method		**22**	25	75
Equity instruments at FVOCI – net change in fair value		**19**	(21)	31
Total comprehensive income for the period	(26)	**7 050**	9 585	17 338
Profit attributable to:				
– Ordinary shareholders	8	**7 914**	7 321	15 305
– Holders of participating preference shares	(17)	**50**	60	166
– Holders of additional tier 1 capital instruments	10	**636**	580	1 286
– Non-controlling interest – ordinary shareholders	(56)	**63**	142	243
Profit for the period	7	**8 663**	8 103	17 000
Total comprehensive income attributable to:				
– Ordinary shareholders	(28)	**6 370**	8 866	15 651
– Holders of participating preference shares	(17)	**50**	60	166
– Holders of additional tier 1 capital instruments	10	**636**	580	1 286
– Non-controlling interest – ordinary shareholders	>(100)	**(6)**	79	235
Total comprehensive income for the period	(26)	**7 050**	9 585	17 338
Basic earnings per share (cents)	12	**1 700**	1 524	3 239
Diluted earnings per share (cents)	12	**1 651**	1 476	3 128

Condensed consolidated statement of financial position

at

	yoy % change	30 June 2024 (unaudited) Rm	30 June 2023 (unaudited) Rm	31 December 2023 (audited) Rm
Assets				
Cash and cash equivalents	1	**45 247**	44 640	52 082
Other short-term securities	(1)	**82 450**	82 995	87 769
Derivative financial instruments	7	**16 009**	14 952	13 812
Government and other securities	14	**173 698**	152 128	170 717
Loans and advances	1	**924 116**	913 300	891 619
Other assets	29	**51 451**	39 784	35 575
Current taxation assets	73	**940**	542	156
Insurance contracts assets	44	**347**	241	378
Investment securities		**26 198**	26 232	27 287
Non-current assets held for sale	>100	**493**	206	493
Investments in associate companies and joint arrangements	(37)	**1 892**	3 016	2 489
Deferred taxation assets	(14)	**508**	592	921
Investment property	31	**285**	217	371
Property and equipment	30	**14 083**	10 863	10 913
Long-term employee benefit assets	11	**5 149**	4 631	4 849
Intangible assets	(4)	**11 944**	12 408	11 977
Total assets	4	**1 354 810**	1 306 747	1 311 408
Equity and liabilities				
Ordinary share capital		**467**	465	465
Ordinary share premium		**14 385**	14 441	14 332
Reserves	3	**93 018**	89 944	92 952
Total equity attributable to equity holders	3	**107 870**	104 850	107 749
Holders of participating preference shares	(17)	**50**	60	106
Holders of additional tier 1 capital instruments	(13)	**9 798**	11 219	10 469
Non-controlling interest attributable to ordinary shareholders	12	**831**	742	887
Total equity	1	**118 549**	116 871	119 211
Derivative financial instruments	(7)	**13 679**	14 749	14 141
Amounts owed to depositors	3	**1 119 539**	1 086 241	1 087 645
Provisions and other liabilities	97	**39 321**	19 962	22 715
Current taxation liabilities	(9)	**236**	259	313
Deferred taxation liabilities	50	**805**	535	507
Long-term employee benefit liabilities	>100	**45**	10	43
Investment contract liabilities		**16 917**	16 885	17 512
Insurance contract liabilities	1	**1 376**	1 365	1 544
Long-term debt instruments	(11)	**44 343**	49 870	47 777
Total liabilities	4	**1 236 261**	1 189 876	1 192 197
Total equity and liabilities	4	**1 354 810**	1 306 747	1 311 408

Notes

Condensed consolidated statement of changes in equity

Rm	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Foreign currency translation reserve	Property reserve revaluation	Share-based payment reserve	Other non-distributable reserves	Fair-value reserves	Other distributable reserves	Total equity attributable to ordinary shareholders	Non-controlling interest attributable to ordinary shareholders	Holders of participating preference shares	Holders of additional tier 1 capital instruments	Total equity
Audited balance at 1 January 2023	487 251 715	487	19 208	(2 916)	1 611	1 730	276	452	84 128	104 976	698	51	10 219	115 944
Share movements in terms of long-term incentive and BEE scheme	694 140	1	139			(407)			(154)	(421)				(421)
Share buyback	(22 906 725)	(23)	(4 906)							(4 929)				(4 929)
Additional tier 1 capital instruments issued										–			1 000	1 000
Preference share dividend paid										–		(51)		(51)
Additional tier 1 capital instruments interest paid										–			(580)	(580)
Dividends paid to shareholders									(4 352)	(4 352)	(35)			(4 387)
Total comprehensive income for the period				1 156	45	–	–	224	7 441	8 866	79	60	580	9 585
Profit attributable to equity holders of the parent and non-controlling interest									7 321	7 321	142	60	580	8 103
Exchange differences on translating foreign operations				1 504						1 504	(80)			1 424
Cash flow hedge losses									(125)	(125)				(125)
Movement in fair-value reserve								107		107	2			109
Property revaluations					45					45	15			60
Remeasurements on long-term employee benefit assets									220	220				220
Share of comprehensive income of investments accounted for using equity method				(348)				117	25	(206)				(206)
Transfer (from)/to reserves					(22)	177	42	(13)	(184)	–				–
Value of employee services (net of deferred tax)						717				717				717
Other movements									(7)	(7)				(7)
Balance at 30 June 2023	465 039 130	465	14 441	(1 760)	1 634	2 217	318	663	86 872	104 850	742	60	11 219	116 871
Share movements in terms of long-term incentive and BEE scheme	15 209		6			(4)				2				2
Share buyback	(488 341)		(115)							(115)				(115)
Additional tier 1 capital instruments redeemed										–			(750)	(750)
Preference share dividend paid										–		(60)		(60)
Additional tier 1 capital instruments interest paid										–			(706)	(706)
Dividends paid to shareholders									(4 217)	(4 217)	(11)			(4 228)
Total comprehensive (losses)/income for the period				(1 219)	(18)	–	–	79	7 943	6 785	156	106	706	7 753
Profit attributable to equity holders of the parent and non-controlling interest									7 984	7 984	101	106	706	8 897
Exchange differences on translating foreign operations				11						11	57			68
Cash flow hedge losses									(65)	(65)				(65)
Movement in fair-value reserve								174		174	(10)			164
Property revaluations					(18)					(18)	11			(7)
Remeasurements on long-term employee benefit assets									(26)	(26)	(3)			(29)
Share of comprehensive income of investments accounted for using equity method				(1 230)				(95)	50	(1 275)				(1 275)
Transfer (from)/to reserves					(32)	4	19		9	–				–
Value of employee services (net of deferred tax)						437				437				437
Other movements									7	7				7

Condensed statement of changed in equity (continued)

Rm	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Foreign currency translation reserve	Property reserve revaluation	Share-based payment reserve	Other non-distributable reserves	Fair-value reserves	Other distributable reserves	Total equity attributable to ordinary shareholders	Non-controlling interest attributable to ordinary shareholders	Holders of participating preference shares	Holders of additional tier 1 capital instruments	Total equity
Audited balance at 31 December 2023	**464 565 998**	**465**	**14 332**	**(2 979)**	**1 584**	**2 654**	**337**	**742**	**90 614**	**107 749**	**887**	**106**	**10 469**	**119 211**
Share movements in terms of long-term incentive and BEE scheme	**2 542 500**	**2**	**72**			**(1 295)**			**(360)**	**(1 581)**				**(1 581)**
Share buyback	**(85 024)**		**(19)**							**(19)**				**(19)**
Additional tier 1 capital instruments redeemed										**–**			**(671)**	**(671)**
Preference share dividend paid										**–**		**(106)**		**(106)**
Additional tier 1 capital instruments interest paid										**–**			**(636)**	**(636)**
Dividends paid to shareholders									**(4 977)**	**(4 977)**	**(50)**			**(5 027)**
Total comprehensive (losses)/income for the period				**(1 582)**	**(71)**	**–**	**–**	**60**	**7 963**	**6 370**	**(6)**	**50**	**636**	**7 050**
Profit attributable to equity holders of the parent and non-controlling interest									**7 914**	**7 914**	**63**	**50**	**636**	**8 663**
Exchange differences on translating foreign operations				**(411)**						**(411)**	**(45)**			**(456)**
Cash flow hedge losses									**(12)**	**(12)**				**(12)**
Movement in fair-value reserve								**88**		**88**				**88**
Property revaluations					**(71)**					**(71)**	**(24)**			**(95)**
Remeasurements on long-term employee benefit assets									**39**	**39**				**39**
Share of comprehensive income of investments accounted for using equity method				**(1 171)**				**(28)**	**22**	**(1 177)**				**(1 177)**
Transfer (from)/to reserves					**(17)**	**70**	**81**		**(134)**	**–**				**–**
Value of employee services (net of deferred tax)						**333**				**333**				**333**
Other movements									**(5)**	**(5)**				**(5)**
Unaudited balance at 30 June 2024	**467 023 474**	**467**	**14 385**	**(4 561)**	**1 496**	**1 762**	**418**	**802**	**93 101**	**107 870**	**831**	**50**	**9 798**	**118 549**

Condensed consolidated statement of cash flows

for the period ended

	30 June 2024 (unaudited) Rm	30 June 2023 (unaudited) Rm	31 December 2023 (audited) Rm
Profit before direct taxation	**10 777**	10 355	21 432
Adjusted for:	**(15 307)**	(14 210)	(26 177)
Non-cash items and indirect taxation	**5 673**	6 174	15 502
Dividends received	**(196)**	(90)	(209)
Interest and similar income	**(61 322)**	(55 876)	(116 915)
Interest expense and similar charges	**40 538**	35 582	75 445
Interest received	**60 795**	54 899	115 044
Interest paid	**(42 030)**	(35 078)	(71 171)
Dividends received on investments	**196**	90	209
Change in funds for operating activities	**(6 070)**	(1 967)	(4 066)
Increase in operating assets	**(51 744)**	(59 215)	(59 294)
Increase in operating liabilities	**45 674**	57 248	55 228
Net cash from operating activities before taxation	**8 361**	14 089	35 271
Taxation paid	**(3 382)**	(3 163)	(5 627)
Cash flows from operating activities	**4 979**	10 926	29 644
Cash flows used by investing activities	**(1 421)**	(871)	(3 589)
Acquisition of property and equipment, computer software and development costs and investment property	**(1 756)**	(1 085)	(3 872)
Disposal of property and equipment, computer software and development costs and investment property	**17**		69
Disposal of investment banking assets		59	
Acquisition of subsidiary companies (note 1)	**(993)**		
Acquisition of investment securities	**(1 196)**	(1 124)	(2 278)
Disposal of investment securities	**2 507**	1 279	2 492
Cash flows used by financing activities	**(10 365)**	(11 480)	(19 896)
Share buyback	**(19)**	(4 929)	(5 044)
Issue of additional tier 1 capital instruments		1000	1 000
Redemption of additional tier 1 capital instruments	**(671)**		(750)
Issue of long-term debt instruments	**4 333**	2 768	4 842
Redemption of long-term debt instruments	**(7 794)**	(4 863)	(9 075)
Capital repayments of lease liabilities	**(445)**	(438)	(857)
Dividends paid to ordinary shareholders	**(5 027)**	(4 387)	(8 615)
Preference share dividends paid	**(106)**	(51)	(111)
Additional tier 1 capital instruments interest paid	**(636)**	(580)	(1 286)
Effects of exchange rate changes on opening cash and cash equivalents	**(28)**	447	305
Net (decrease)/increase in cash and cash equivalents	**(6 835)**	(978)	6 464
Cash and cash equivalents at the beginning of the year	**52 082**	45 618	45 618
Cash and cash equivalents at the end of the year	**45 247**	44 640	52 082

Notes

Notes to the unaudited condensed consolidated interim financial results

for the 6 months ended 30 June 2024#

1 Business combination and acquisition

Acquisition of Eqstra Investment Holdings Proprietary Limited

On 13 June 2024 the group acquired 100% effective interest in Eqstra Investment Holdings Proprietary Limited (Eqstra) for R1,1bn, when all suspensive conditions to the purchase agreement were met. Eqstra is a leading integrated fleet management solutions provider with its primary offering focused on providing comprehensive fleet management services and related products to businesses mainly in SA and in selected other southern African geographies including Namibia, Eswatini and Botswana. The acquisition of Eqstra by the group will enhance and complement the group's existing fleet management business and provide an integrated approach to fleet management.

The group accounted for this investment as a subsidiary and for practicability elected to consolidate the investment from 1 June 2024.

The net assets recognised in the 30 June 2024 condensed consolidated financial statements are based on a provisional assessment of their fair value while the group finalises the independent valuation, which is expected to be completed by 31 December 2024. The table below summarises the provisional fair values of identifiable assets and liabilities recognised on the acquisition date.

Assets acquired and liabilities assumed

The provisional fair values of the identifiable assets and liabilities of Eqstra at the date of acquisition were as follows:

Rm	2024 Fair value recognised
Total assets[1]	**3 470**
Total liabilities[2]	**2 328**
Total net identifiable assets	**1 142**
Total consideration transferred	**1 142**

[1] *This comprises mainly leasing assets of R3,1bn included in property and equipment.*
[2] *This comprises mainly long term interest bearing debt of R1,8bn included in the long-term debt instruments.*

The net cash flow at the date of acquisition was as follows:

Rm	Cash flow
Net cash acquired with the subsidiary	**99**
Cash paid	**(1 092)**
Net cash flow	**(993)**

Contingent consideration

As part of the purchase agreement with the previous owner of Eqstra, a contingent consideration has been agreed. There will be an additional cash payment to the previous owner of between R45m and R55m. At the acquisition date, the fair value of the contingent consideration is estimated at R50m. The R50m value was determined based on the subscription agreement with the previous shareholder, considering the total net identifiable assets at the time of concluding the purchase agreement. The value of the additional cash payment will be determined based on the audited net asset value (NAV) of Eqstra. This audit is expected to be finalised during the second half of 2024.

The group did not recognise any goodwill or gain on bargain purchase resulting from the acquisition of Eqstra.

Since the acquisition dates of the above business combination, revenue of R113m and profit or loss of R3m have been included in the group's condensed consolidated statement of comprehensive income. The impact on revenue and profit or loss from the above transactions, had the acquisition taken place on 1 January 2024, would have been R726m and R54m respectively.

The provisional fair value and gross amount of the trade receivables amount to R178m and it is expected that the full contractual amounts can be collected.

Intercompany loan

In addition to the acquisition of Eqstra, Nedbank Limited has advanced funds of R1,9bn to the Eqstra group as part of the agreed acquisition process. The loan agreement between Nedbank Limited and Eqstra is to enable Eqstra to settle its third-party debt. The loan bears interest on an arm's-length basis and is repayable based on fixed and determinable terms and therefore is classified as a debt instrument in terms of IFRS 9: Financial instruments.

Notes

2 Revenue

for the period ended

	30 June 2024 (unaudited) Rm	30 June 2023 (unaudited) Rm	31 December 2023 (audited) Rm
Interest and similar income	**61 322**	55 876	116 915
Listed corporate bonds	**1 456**	1 120	2 293
Home loans (including properties in possession)	**11 009**	9 857	20 789
Commercial mortgages	**10 629**	9 882	20 748
Instalment debtors	**10 404**	9 064	19 087
Credit cards	**1 367**	1 317	2 692
Overdrafts	**1 455**	1 419	2 916
Term and other loans	**16 108**	15 093	31 198
Personal loans	**2 704**	2 885	5 780
Government and other securities	**4 279**	3 824	7 835
Short-term funds and securities	**1 911**	1 415	3 577
Interest expense and similar charges	**40 538**	35 582	75 445
Interest expense on amortised cost instruments	**41 073**	36 318	76 932
Deposit and loan accounts	**24 541**	21 798	46 134
Current and savings accounts	**1 293**	1 133	2 507
Negotiable certificates of deposit	**5 546**	5 168	10 624
Other interest-bearing liabilities	**7 380**	5 813	12 776
Long-term debt instruments	**2 313**	2 406	4 891
Interest expense related to fair-value activities	**(535)**	(736)	(1 487)
Net interest income	**20 784**	20 294	41 470

	30 June 2024 (unaudited) Rm	30 June 2023 (unaudited) Rm	31 December 2023 (audited) Rm
Net interest income	**20 784**	20 294	41 470
Non-interest revenue	**14 375**	13 397	27 709
Net commission and fee income	**9 985**	9 245	19 346
Net insurance income	**764**	842	1 446
Fair-value adjustments	**424**	239	577
Trading income	**2 371**	2 084	4 299
Equity investment income	**317**	278	764
Investment income	**81**	69	142
Sundry income	**433**	640	1 135
Revenue	**35 159**	33 691	69 179

Notes

3 Condensed consolidated segmental reporting

Statement of financial position (Rm)
at

	Total			Nedbank Corporate and Investment Banking			Nedbank Retail and Business Banking			Nedbank Wealth			Nedbank Africa Regions			Centre[1]		
	30 Jun 2024 (unaudited)	30 Jun 2023 (unaudited)	31 Dec 2023 (audited)	30 Jun 2024 (unaudited)	30 Jun 2023 (unaudited)	31 Dec 2023 (audited)	30 Jun 2024 (unaudited)	30 Jun 2023 (unaudited)	31 Dec 2023 (audited)	30 Jun 2024 (unaudited)	30 Jun 2023 (unaudited)	31 Dec 2023 (audited)	30 Jun 2024 (unaudited)	30 Jun 2023 (unaudited)	31 Dec 2023 (audited)	30 Jun 2024 (unaudited)	30 Jun 2023 (unaudited)	31 Dec 2023 (audited)
Assets																		
Cash and cash equivalents	**45 247**	44 640	52 082	**1 135**	338	1 513	**4 170**	4 243	5 331	**1 358**	1 761	895	**9 978**	8 590	10 583	**28 606**	29 708	33 760
Other short-term securities	**82 450**	82 995	87 769	**47 548**	49 401	54 628				**26 160**	29 596	29 295	**6 046**	4 949	4 831	**2 696**	(951)	(985)
Derivative financial instruments	**16 009**	14 952	13 812	**15 975**	14 918	13 777				**12**	4	17	**21**	14	4	**1**	16	14
Government and other securities	**173 698**	152 128	170 717	**80 677**	72 352	81 417				**214**	209	213	**2 699**	2 359	1 979	**90 108**	77 208	87 108
Loans and advances	**924 116**	913 300	891 619	**433 811**	440 839	413 056	**440 289**	421 098	429 244	**28 866**	32 308	28 711	**21 280**	20 912	20 909	**(130)**	(1 857)	(301)
Other assets	**113 290**	98 732	95 409	**44 391**	43 423	38 789	**16 006**	9 426	10 320	**22 093**	21 829	22 478	**2 813**	3 950	3 663	**27 987**	20 104	20 159
Intergroup assets	**–**	–	–				**31 518**	28 619	33 210				**5 675**	3 497	3 937	**(37 193)**	(32 116)	(37 147)
Total assets	**1 354 810**	1 306 747	1 311 408	**623 537**	621 271	603 180	**491 983**	463 386	478 105	**78 703**	85 707	81 609	**48 512**	44 271	45 906	**112 075**	92 112	102 608
Equity and liabilities																		
Total equity	**118 549**	116 871	119 211	**35 770**	36 186	35 957	**36 858**	34 153	34 690	**4 492**	4 542	4 520	**8 021**	7 814	7 492	**33 408**	34 176	36 552
Derivative financial instruments	**13 679**	14 749	14 141	**13 655**	14 725	14 100				**3**	1	31	**21**	23	10			
Amounts owed to depositors	**1 119 539**	1 086 241	1 087 645	**472 446**	458 181	441 500	**444 645**	422 026	436 283	**47 511**	50 875	48 212	**38 611**	34 855	36 846	**116 326**	120 304	124 804
Provisions and other liabilities	**58 700**	39 016	42 634	**14 994**	5 159	5 831	**9 239**	5 965	5 891	**20 502**	20 513	21 125	**1 429**	1 151	1 129	**12 536**	6 228	8 658
Long-term debt instruments	**44 343**	49 870	47 777				**1 241**	1 242	1 241				**430**	428	429	**42 672**	48 200	46 107
Intergroup liabilities	**–**	–	–	**86 672**	107 020	105 792				**6 195**	9 776	7 721				**(92 867)**	(116 796)	(113 513)
Total equity and liabilities	**1 354 810**	1 306 747	1 311 408	**623 537**	621 271	603 180	**491 983**	463 386	478 105	**78 703**	85 707	81 609	**48 512**	44 271	45 906	**112 075**	92 112	102 608

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

3 Condensed consolidated segmental reporting (continued)

Statement of comprehensive income (Rm)

for the period ended

	Total			Nedbank Corporate and Investment Banking			Nedbank Retail and Business Banking			Nedbank Wealth			Nedbank Africa Regions			Centre[1]		
	30 Jun 2024 (unaudited)	30 Jun 2023 (unaudited)	31 Dec 2023 (audited)	**30 Jun 2024** (unaudited)	30 Jun 2023 (unaudited)	31 Dec 2023 (audited)	**30 Jun 2024** (unaudited)	30 Jun 2023 (unaudited)	31 Dec 2023 (audited)	**30 Jun 2024** (unaudited)	30 Jun 2023 (unaudited)	31 Dec 2023 (audited)	**30 Jun 2024** (unaudited)	30 Jun 2023 (unaudited)	31 Dec 2023 (audited)	**30 Jun 2024** (unaudited)	30 Jun 2023 (unaudited)	31 Dec 2023 (audited)
Net interest income	**20 784**	20 294	41 470	**4 570**	4 593	9 386	**13 236**	12 838	26 413	**883**	857	1 749	**1 169**	1 084	2 226	**926**	922	1 696
Non-interest revenue and income	**14 375**	13 397	27 709	**4 722**	3 994	8 678	**7 271**	6 883	14 306	**1 521**	1 556	2 924	**896**	1 029	1 857	**(35)**	(65)	(56)
Net commission and fees revenue	**9 985**	9 245	19 346	**1 654**	1 426	3 144	**6 681**	6 432	13 258	**1 058**	1 014	2 070	**637**	420	972	**(45)**	(47)	(98)
Net trading income	**2 371**	2 084	4 299	**2 236**	1 955	4 032	**77**	74	143				**58**	59	128		(4)	(4)
Other income	**2 019**	2 068	4 064	**832**	613	1 502	**513**	377	905	**463**	542	854	**201**	550	757	**10**	(14)	46
Share of gains of associate companies	**578**	782	1 443	**48**	33	63							**509**	749	1 380	**21**		
Total income	**35 737**	34 473	70 622	**9 340**	8 620	18 127	**20 507**	19 721	40 719	**2 404**	2 413	4 673	**2 574**	2 862	5 463	**912**	857	1 640
Impairments charge on financial instruments	**4 662**	5 313	9 605	**376**	321	939	**4 135**	4 843	8 520	**24**	5	37	**104**	136	253	**23**	8	(144)
Net income	**31 075**	29 160	61 017	**8 964**	8 299	17 188	**16 372**	14 878	32 199	**2 380**	2 408	4 636	**2 470**	2 726	5 210	**889**	849	1 784
Total operating expenses	**19 775**	18 229	38 059	**4 309**	3 885	8 196	**12 249**	11 503	23 678	**1 624**	1 547	3 111	**1 595**	1 367	2 928	**(2)**	(73)	146
Staff costs	**10 997**	10 144	21 140	**2 056**	1 802	3 932	**4 380**	4 210	8 572	**866**	793	1 671	**742**	620	1 320	**2 953**	2 719	5 645
Other operating expenses	**8 778**	8 085	16 919	**2 253**	2 083	4 264	**7 869**	7 293	15 106	**758**	754	1 440	**853**	747	1 608	**(2 955)**	(2 792)	(5 499)
Indirect taxation	**520**	566	1 129	**139**	122	259	**389**	329	747	**35**	42	64	**41**	46	56	**(84)**	27	3
Profit before direct taxation[2]	**10 780**	10 365	21 829	**4 516**	4 292	8 733	**3 734**	3 046	7 774	**721**	819	1 461	**834**	1 313	2 226	**975**	895	1 635
Direct taxation	**2 120**	2 254	4 484	**815**	1 020	1 934	**1 010**	825	2 042	**166**	141	251	**43**	39	97	**86**	229	160
Profit after taxation[2]	**8 660**	8 111	17 345	**3 701**	3 272	6 799	**2 724**	2 221	5 732	**555**	678	1 210	**791**	1 274	2 129	**889**	666	1 475
Profit attributable to non-controlling interest:																		
– Ordinary shareholders	**63**	142	243		(1)								**66**	142	238	**(3)**	1	5
– Preference shareholders	**50**	60	166				**50**	60	166									
– Additional tier 1 capital instrument noteholders	**636**	580	1 286													**636**	580	1 286
Headline earnings	**7 911**	7 329	15 650	**3 701**	3 273	6 799	**2 674**	2 161	5 566	**555**	678	1 210	**725**	1 132	1 891	**256**	85	184
Selected ratios																		
Non-interest revenue to total income (%)[3]	**40,2**	38,9	39,2	**50,6**	46,3	47,9	**35,5**	34,9	35,1	**63,3**	64,5	62,6	**34,8**	36,0	34,0			
Non-interest revenue to total operating expenses (%)	**72,7**	73,5	72,8	**109,6**	102,8	105,9	**59,4**	59,8	60,4	**93,7**	100,6	94,0	**56,2**	75,3	63,4			
Cost-to-income ratio (%)[4]	**55,3**	52,9	53,9	**46,1**	45,1	45,2	**59,7**	58,3	58,1	**67,6**	64,1	66,6	**62,0**	47,8	53,6			
Effective taxation rate (%)	**19,7**	21,7	20,5	**18,0**	23,8	22,1	**27,0**	27,1	26,3	**23,0**	17,2	17,2	**5,2**	3,0	4,4			
Revenue (Rm)[5]	**35 159**	33 691	69 179	**9 292**	8 587	18 064	**20 507**	19 721	40 719	**2 404**	2 413	4 673	**2 065**	2 113	4 083	**891**	857	1 640

[1] Centre includes consolidation and other adjustments.
[2] These items are presented on a headline earnings basis and therefore exclude the impact of the impairments charge on non-financial instruments and other gains and losses excluded from headline earnings in accordance with SAICA Headline Earnings Circular 01/2023, and tax thereon.
[3] Comparatives for 2023 have been restated to include our share of gains of associate companies in the denominator of the ratio.
[4] Total operating expenses as a percentage of total income.
[5] Revenue is calculated as net interest income plus non-interest revenue.

4 Headline earnings reconciliation

for the period ended

	yoy % change	30 June 2024 (unaudited) Rm Gross	30 June 2024 (unaudited) Rm Net	30 June 2023 (unaudited) Rm Gross	30 June 2023 (unaudited) Rm Net	31 December 2023 (audited) Rm Gross	31 December 2023 (audited) Rm Net
Profit attributable to ordinary shareholders	8		**7 914**		7 321		15 305
Impairments charge on non-financial instruments and other (gains)/losses	>100	**23**	**17**	10	8	403	351
IAS 16 – loss/(profit) on disposal of property and equipment		**2**	**2**	(1)	(1)	66	42
IAS 36 – impairment of property and equipment				8	7	34	29
IAS 36 – impairment of goodwill						298	298
IAS 36 – impairment of intangible assets		**21**	**15**	3	2	85	62
IAS 40 – profit on revaluation of investment properties						(81)	(81)
IFRS 16 – impairment of right-of-use assets						1	1
Share of associate (ETI) impairments charge on non-financial instruments and other (gains)/losses		**(20)**	**(20)**			(6)	(6)
Headline earnings	8		**7 911**		7 329		15 650

5 Investment in associate companies and joint arrangements

at

	30 June 2024 (unaudited) Rm	30 June 2023 (unaudited) Rm	31 December 2023 (audited) Rm
Listed equity-accounted associates[1]	**606**	1 792	1 248
Unlisted equity-accounted associates and joint arrangements	**1 286**	1 224	1 241
Investment in associate companies and joint arrangements	**1 892**	3 016	2 489

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

	30 June 2024 (unaudited) Rm	30 June 2023 (unaudited) Rm	31 December 2023 (audited) Rm
Listed associates: ETI			
Carrying value	**606**	1 792	1 248
Fair value of investment[1]	**1 351**	1 983	1 500

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

6 Market risk in the trading book

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

Management of trading market risk

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

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

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

Historical value at risk (99%, 1-day) by risk type

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

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

- The assumed 1-day holding period will not fully capture the market risk of positions that cannot be liquidated or offset with hedges within 1 day.
- The historical VaR assumes that the past is a good indication of the future, which may not always be the case.
- The 99% confidence level does not indicate the potential loss beyond this interval.
- If a product or listing is new in the market, limited historical data would be available. In such cases a proxy is chosen to act as an estimate for the historical rates of the relevant risk factor. Depending on the amount of (limited) historical rates available, regression analysis is used on the chosen proxy to refine the link between the proxy and the actual rates.

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

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

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

	30 June 2024 (unaudited) Rm				31 December 2023 (audited) Rm			
	Average	Minimum	Maximum	Year-end	Average	Minimum	Maximum	Year-end
Foreign exchange	**5,2**	**0,8**	**11,2**	**1,4**	6,3	2,4	17,0	6,0
Interest rate	**62,0**	**33,3**	**88,8**	**38,4**	73,1	52,8	99,1	85,8
Equity	**3,4**	**1,3**	**16,1**	**2,4**	7,7	1,6	27,5	2,2
Credit	**12,6**	**8,9**	**15,4**	**11,1**	7,1	3,7	15,1	14,6
Commodity	**0,5**	**0,2**	**0,6**	**0,5**	0,3		0,7	0,6
Diversification	**(24,9)**			**(16,7)**	(27,8)			(30,4)
Total VaR exposure	**58,8**	**33,0**	**89,2**	**37,1**	66,7	51,0	93,9	78,8

7 Loss allowance

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

Loans and advances	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2023	669 795	4 197	665 598	77 647	5 522	72 125	51 640	17 827	33 813	799 082	27 546	771 536
New financial assets originated or purchased	331 612	3 542	328 070			–			–	331 612	3 542	328 070
Financial assets written off			–			–	(10 215)	(10 215)	–	(10 215)	(10 215)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements[1]	(157 358)	5 953	(163 311)	(11 832)	1 027	(12 859)	(7 437)	3 488	(10 925)	(176 627)	10 468	(187 095)
Final repayments	(123 797)	(771)	(123 026)	(4 864)	(356)	(4 508)	(3 041)	(665)	(2 376)	(131 702)	(1 792)	(129 910)
Transfers to 12-month ECL	29 812	651	29 161	(27 436)	(452)	(26 984)	(2 376)	(199)	(2 177)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(51 326)	(3 222)	(48 104)	56 625	3 635	52 990	(5 299)	(413)	(4 886)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(20 953)	(5 791)	(15 162)	(13 576)	(4 104)	(9 472)	34 529	9 895	24 634	–	–	–
Foreign exchange movements	(3 458)	57	(3 515)	463	1	462	343	249	94	(2 652)	307	(2 959)
Audited Net balance at 31 December 2023	674 327	4 616	669 711	77 027	5 273	71 754	58 144	19 967	38 177	809 498	29 856	779 642
New financial assets originated or purchased	**159 723**	**1 576**	**158 147**			**–**			**–**	**159 723**	**1 576**	**158 147**
Financial assets written off			**–**			**–**	**(5 340)**	**(5 340)**	**–**	**(5 340)**	**(5 340)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements[1]	**(18 812)**	**3 224**	**(22 036)**	**(2 970)**	**830**	**(3 800)**	**(4 847)**	**1 212**	**(6 059)**	**(26 629)**	**5 266**	**(31 895)**
Final repayments	**(96 056)**	**(469)**	**(95 587)**	**(2 865)**	**(198)**	**(2 667)**	**(7 789)**	**(1 010)**	**(6 779)**	**(106 710)**	**(1 677)**	**(105 033)**
Transfers to 12-month ECL	**19 074**	**433**	**18 641**	**(17 667)**	**(344)**	**(17 323)**	**(1 407)**	**(89)**	**(1 318)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(25 927)**	**(2 194)**	**(23 733)**	**32 240**	**2 690**	**29 550**	**(6 313)**	**(496)**	**(5 817)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(8 146)**	**(2 267)**	**(5 879)**	**(10 736)**	**(3 150)**	**(7 586)**	**18 882**	**5 417**	**13 465**	**–**	**–**	**–**
Foreign exchange movements	**834**	**7**	**827**	**331**	**28**	**303**	**50**	**46**	**4**	**1 215**	**81**	**1 134**
Net balances	**705 017**	**4 926**	**700 091**	**75 360**	**5 129**	**70 231**	**51 380**	**19 707**	**31 673**	**831 757**	**29 762**	**801 995**
Total credit and zero balances[2]	**7 932**	**(58)**	**7 990**	**47**	**(10)**	**57**	**36**	**(2)**	**38**	**8 015**	**(70)**	**8 085**
Unaudited balance at 30 June 2024	**712 949**	**4 868**	**708 081**	**75 407**	**5 119**	**70 288**	**51 416**	**19 705**	**31 711**	**839 772**	**29 692**	**810 080**
Loans and advances at FVTPL												**52 970**
Loans at FVOCI												**61 104**
Off-balance-sheet impairment allowance												**292**
Fair-value hedge-accounted portfolios												**(260)**
ECL credit and other balances												**(70)**
Unaudited loans and advances at 30 June 2024	**712 949**	**4 868**	**708 081**	**75 407**	**5 119**	**70 288**	**51 416**	**19 705**	**31 711**	**839 772**	**29 692**	**924 116**

[1] Repayments net of readvances, capitalised interest, fees and ECL remeasurements throughout this note include credit risk changes as a result of SICR, changes in credit risk that did not result in a transfer between stages, changes in model inputs and model input assumptions, and changes due to drawdowns of undrawn commitments.
[2] Total credit and zero balances throughout this note refer to the balances that are liabilities payable at 30 June 2024 and the related loss allowance arising from credit risk exposure on these facilities.

Home loans

Rm	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchase or originated) (stage 3)					
	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2023	158 725	336	158 389	18 404	655	17 749	10 760	2 417	8 343	187 889	3 408	184 481
New financial assets originated or purchased	28 003	229	27 774			–			–	28 003	229	27 774
Financial assets written off			–			–	(411)	(411)	–	(411)	(411)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(6 262)	929	(7 191)	(231)	369	(600)	(723)	224	(947)	(7 216)	1 522	(8 738)
Final repayments	(9 314)	(16)	(9 298)	(736)	(24)	(712)	(516)	(113)	(403)	(10 566)	(153)	(10 413)
Transfers to 12-month ECL	5 894	21	5 873	(5 246)	(14)	(5 232)	(648)	(7)	(641)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(14 199)	(434)	(13 765)	15 793	492	15 301	(1 594)	(58)	(1 536)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(4 162)	(720)	(3 442)	(4 025)	(735)	(3 290)	8 187	1 455	6 732	–	–	–
Foreign exchange movements	669	23	646	16	3	13	59	73	(14)	744	99	645
Audited net balance at 31 December 2023	159 354	368	158 986	23 975	746	23 229	15 114	3 580	11 534	198 443	4 694	193 749
New financial assets originated or purchased	**13 652**	**98**	**13 554**			**–**			**–**	**13 652**	**98**	**13 554**
Financial assets written off			**–**			**–**	**(232)**	**(232)**	**–**	**(232)**	**(232)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(3 189)**	**418**	**(3 607)**	**(422)**	**312**	**(734)**	**(280)**	**45**	**(325)**	**(3 891)**	**775**	**(4 666)**
Final repayments	**(4 525)**	**(9)**	**(4 516)**	**(509)**	**(15)**	**(494)**	**(320)**	**(74)**	**(246)**	**(5 354)**	**(98)**	**(5 256)**
Transfers to 12-month ECL	**5 074**	**27**	**5 047**	**(4 615)**	**(20)**	**(4 595)**	**(459)**	**(7)**	**(452)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(8 039)**	**(307)**	**(7 732)**	**10 587**	**404**	**10 183**	**(2 548)**	**(97)**	**(2 451)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(1 439)**	**(232)**	**(1 207)**	**(3 484)**	**(595)**	**(2 889)**	**4 923**	**827**	**4 096**	**–**	**–**	**–**
Foreign exchange movements	**(116)**	**15**	**(131)**		**11**	**(11)**	**10**	**12**	**(2)**	**(106)**	**38**	**(144)**
Net balances	**160 772**	**378**	**160 394**	**25 532**	**843**	**24 689**	**16 208**	**4 054**	**12 154**	**202 512**	**5 275**	**197 237**
Total credit and zero balances	**167**	**(1)**	**168**	**5**	**(1)**	**6**	**7**	**(1)**	**8**	**179**	**(3)**	**182**
Unaudited balance at 30 June 2024	**160 939**	**377**	**160 562**	**25 537**	**842**	**24 695**	**16 215**	**4 053**	**12 162**	**202 691**	**5 272**	**197 419**

Commercial mortgages

Rm	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased or originated) (stage 3)					
	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2023	168 438	140	168 298	11 376	151	11 225	14 024	2 360	11 664	193 838	2 651	191 187
New financial assets originated or purchased	67 857	183	67 674			–			–	67 857	183	67 674
Financial assets written off			–			–	(1 589)	(1 589)	–	(1 589)	(1 589)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(9 862)	(39)	(9 823)	(2 205)	15	(2 220)	243	1 274	(1 031)	(11 824)	1 250	(13 074)
Final repayments	(47 828)	(24)	(47 804)	(839)	(15)	(824)	(404)	(47)	(357)	(49 071)	(86)	(48 985)
Transfers to 12-month ECL	5 187	52	5 135	(4 542)	(29)	(4 513)	(645)	(23)	(622)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(8 892)	(40)	(8 852)	9 038	62	8 976	(146)	(22)	(124)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(1 293)	(72)	(1 221)	(1 444)	(28)	(1 416)	2 737	100	2 637	–	–	–
Foreign exchange movements	199	1	198	20	(1)	21	22	25	(3)	241	25	216
Audited net balance at 31 December 2023	173 806	201	173 605	11 404	155	11 249	14 242	2 078	12 164	199 452	2 434	197 018
New financial assets originated or purchased	**24 121**	**99**	**24 022**			**–**			**–**	**24 121**	**99**	**24 022**
Financial assets written off			**–**			**–**	**(115)**	**(115)**	**–**	**(115)**	**(115)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(4 698)**	**(64)**	**(4 634)**	**117**	**(20)**	**137**	**(2 276)**	**126**	**(2 402)**	**(6 857)**	**42**	**(6 899)**
Final repayments	**(11 761)**	**(10)**	**(11 751)**	**(207)**	**(13)**	**(194)**	**(5 449)**	**(507)**	**(4 942)**	**(17 417)**	**(530)**	**(16 887)**
Transfers to 12-month ECL	**3 902**	**64**	**3 838**	**(3 599)**	**(34)**	**(3 565)**	**(303)**	**(30)**	**(273)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(2 964)**	**(15)**	**(2 949)**	**3 692**	**68**	**3 624**	**(728)**	**(53)**	**(675)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(653)**	**(60)**	**(593)**	**(883)**	**(18)**	**(865)**	**1 536**	**78**	**1 458**	**–**	**–**	**–**
Foreign exchange movements	**(12)**		**(12)**	**325**	**2**	**323**	**33**	**11**	**22**	**346**	**13**	**333**
Net balances	**181 741**	**215**	**181 526**	**10 849**	**140**	**10 709**	**6 940**	**1 588**	**5 352**	**199 530**	**1 943**	**197 587**
Total credit and zero balances			**–**			**–**			**–**	**–**	**–**	**–**
Unaudited balance at 30 June 2024	**181 741**	**215**	**181 526**	**10 849**	**140**	**10 709**	**6 940**	**1 588**	**5 352**	**199 530**	**1 943**	**197 587**

Credit cards and overdrafts

Rm	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased or originated) (stage 3)					
	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balances at 1 January 2023	25 369	910	24 459	5 804	597	5 207	4 373	2 760	1 613	35 546	4 267	31 279
New financial assets originated or purchased	7 213	200	7 013			–			–	7 213	200	7 013
Financial assets written off			–			–	(1 869)	(1 869)	–	(1 869)	(1 869)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	1	1 542	(1 541)	(1 287)	151	(1 438)	(266)	513	(779)	(1 552)	2 206	(3 758)
Final repayments	(2 702)	(35)	(2 667)	(865)	(53)	(812)	(324)	(145)	(179)	(3 891)	(233)	(3 658)
Transfers to 12-month ECL	1 671	92	1 579	(1 509)	(45)	(1 464)	(162)	(47)	(115)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(3 523)	(641)	(2 882)	3 742	695	3 047	(219)	(54)	(165)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(2 172)	(1 169)	(1 003)	(1 336)	(501)	(835)	3 508	1 670	1 838	–	–	–
Foreign exchange movements	(487)	3	(490)	328	2	326	51	62	(11)	(108)	67	(175)
Audited net balance at 31 December 2023	25 370	902	24 468	4 877	846	4 031	5 092	2 890	2 202	35 339	4 638	30 701
New financial assets originated or purchased	**3 913**	**83**	**3 830**			**–**			**–**	**3 913**	**83**	**3 830**
Financial assets written off			**–**			**–**	**(759)**	**(759)**	**–**	**(759)**	**(759)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**3 075**	**716**	**2 359**	**89**	**70**	**19**	**(199)**	**261**	**(460)**	**2 965**	**1 047**	**1 918**
Final repayments	**(1 343)**	**(21)**	**(1 322)**	**(284)**	**(29)**	**(255)**	**(261)**	**(83)**	**(178)**	**(1 888)**	**(133)**	**(1 755)**
Transfers to 12-month ECL	**1 495**	**78**	**1 417**	**(1 399)**	**(67)**	**(1 332)**	**(96)**	**(11)**	**(85)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(2 629)**	**(469)**	**(2 160)**	**2 753**	**504**	**2 249**	**(124)**	**(35)**	**(89)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(719)**	**(360)**	**(359)**	**(975)**	**(493)**	**(482)**	**1 694**	**853**	**841**	**–**	**–**	**–**
Foreign exchange movements	**(305)**	**(4)**	**(301)**	**(2)**	**7**	**(9)**	**21**	**8**	**13**	**(286)**	**11**	**(297)**
Net balances	**28 857**	**925**	**27 932**	**5 059**	**838**	**4 221**	**5 368**	**3 124**	**2 244**	**39 284**	**4 887**	**34 397**
Total credit and zero balances	**7 765**	**(57)**	**7 822**	**42**	**(9)**	**51**	**29**	**(1)**	**30**	**7 836**	**(67)**	**7 903**
Unaudited balance at 30 June 2023	**36 622**	**868**	**35 754**	**5 101**	**829**	**4 272**	**5 397**	**3 123**	**2 274**	**47 120**	**4 820**	**42 300**

Term loans

Rm	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased or originated) (stage 3)					
	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2023	109 486	1 164	108 322	15 787	1 328	14 459	11 661	6 176	5 485	136 934	8 668	128 266
New financial assets originated or purchased	122 015	1 648	120 367			–			–	122 015	1 648	120 367
Financial assets written off			–			–	(3 591)	(3 591)	–	(3 591)	(3 591)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(94 017)	1 699	(95 716)	(4 375)	567	(4 942)	(3 291)	611	(3 902)	(101 683)	2 877	(104 560)
Final repayments	(24 060)	(352)	(23 708)	(484)	(90)	(394)	(260)	(145)	(115)	(24 804)	(587)	(24 217)
Transfers to 12-month ECL	5 490	179	5 311	(5 186)	(78)	(5 108)	(304)	(101)	(203)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(9 315)	(833)	(8 482)	10 906	890	10 016	(1 591)	(57)	(1 534)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(7 690)	(2 373)	(5 317)	(2 268)	(1 361)	(907)	9 958	3 734	6 224	–	–	–
Foreign exchange movements	2 886	26	2 860	97	(4)	101	162	41	121	3 145	63	3 082
Audited net balance at 31 December 2023	104 795	1 158	103 637	14 477	1 252	13 225	12 744	6 668	6 076	132 016	9 078	122 938
New financial assets originated or purchased	**67 510**	**565**	**66 945**			**–**			**–**	**67 510**	**565**	**66 945**
Financial assets written off			**–**			**–**	**(2 713)**	**(2 713)**	**–**	**(2 713)**	**(2 713)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(2 936)**	**829**	**(3 765)**	**(472)**	**376**	**(848)**	**(380)**	**639**	**(1 019)**	**(3 788)**	**1 844**	**(5 632)**
Final repayments	**(55 489)**	**(232)**	**(55 257)**	**(1 143)**	**(53)**	**(1 090)**	**(1 329)**	**(235)**	**(1 094)**	**(57 961)**	**(520)**	**(57 441)**
Transfers to 12-month ECL	**3 662**	**88**	**3 574**	**(3 641)**	**(84)**	**(3 557)**	**(21)**	**(4)**	**(17)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(3 712)**	**(484)**	**(3 228)**	**4 171**	**553**	**3 618**	**(459)**	**(69)**	**(390)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(1 869)**	**(768)**	**(1 101)**	**(1 994)**	**(969)**	**(1 025)**	**3 863**	**1 737**	**2 126**	**–**	**–**	**–**
Foreign exchange movements	**(1 201)**	**(3)**	**(1 198)**		**3**	**(3)**	**(16)**	**2**	**(18)**	**(1 217)**	**2**	**(1 219)**
Net balances	**110 760**	**1 153**	**109 607**	**11 398**	**1 078**	**10 320**	**11 689**	**6 025**	**5 664**	**133 847**	**8 256**	**125 591**
Total credit and zero balances			**–**			**–**			**–**	**–**	**–**	**–**
Unaudited balance at 30 June 2024	**110 760**	**1 153**	**109 607**	**11 398**	**1 078**	**10 320**	**11 689**	**6 025**	**5 664**	**133 847**	**8 256**	**125 591**

Instalment debtors

Rm	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased or originated) (stage 3)					
	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2023	121 720	1 348	120 372	22 096	2 264	19 832	7 766	3 395	4 371	151 582	7 007	144 575
New financial assets originated or purchased	62 816	969	61 847			–			–	62 816	969	61 847
Financial assets written off			–			–	(2 655)	(2 655)	–	(2 655)	(2 655)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(22 007)	1 890	(23 897)	(2 611)	47	(2 658)	(2 907)	758	(3 665)	(27 525)	2 695	(30 220)
Final repayments	(17 985)	(172)	(17 813)	(1 453)	(115)	(1 338)	(325)	(88)	(237)	(19 763)	(375)	(19 388)
Transfers to 12-month ECL	9 194	209	8 985	(8 752)	(195)	(8 557)	(442)	(14)	(428)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(12 739)	(1 174)	(11 565)	14 472	1 362	13 110	(1 733)	(188)	(1 545)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(5 102)	(1 379)	(3 723)	(3 757)	(1 412)	(2 345)	8 859	2 791	6 068	–	–	–
Foreign exchange movements	7	1	6	2		2	12	16	(4)	21	17	4
Audited net balance at 31 December 2023	135 904	1 692	134 212	19 997	1 951	18 046	8 575	4 015	4 560	164 476	7 658	156 818
New financial assets originated or purchased	**32 393**	**470**	**31 923**			**–**			**–**	**32 393**	**470**	**31 923**
Financial assets written off			**–**			**–**	**(1 491)**	**(1 491)**	**–**	**(1 491)**	**(1 491)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(11 492)**	**1 334**	**(12 826)**	**(1 915)**	**92**	**(2 007)**	**(1 698)**	**189**	**(1 887)**	**(15 105)**	**1 615**	**(16 720)**
Final repayments	**(8 560)**	**(86)**	**(8 474)**	**(422)**	**(36)**	**(386)**	**(161)**	**(37)**	**(124)**	**(9 143)**	**(159)**	**(8 984)**
Transfers to 12-month ECL	**4 511**	**127**	**4 384**	**(4 012)**	**(109)**	**(3 903)**	**(499)**	**(18)**	**(481)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(7 877)**	**(902)**	**(6 975)**	**9 850**	**1 092**	**8 758**	**(1 973)**	**(190)**	**(1 783)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(3 186)**	**(774)**	**(2 412)**	**(3 299)**	**(1 068)**	**(2 231)**	**6 485**	**1 842**	**4 643**	**–**	**–**	**–**
Foreign exchange movements	**(101)**	**2**	**(103)**	**3**	**3**		**1**	**7**	**(6)**	**(97)**	**12**	**(109)**
Unaudited balance at 30 June 2024	**141 592**	**1 863**	**139 729**	**20 202**	**1 925**	**18 277**	**9 239**	**4 317**	**4 922**	**171 033**	**8 105**	**162 928**

Specialised and other loans to clients[1]

Rm	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased or originated) (stage 3)					
	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2023	75 235	141	75 094	4 090	431	3 659	2 737	552	2 185	82 062	1 124	80 938
New financial assets originated or purchased	41 323	114	41 209			–			–	41 323	114	41 209
Financial assets written off			–			–	(100)	(100)	–	(100)	(100)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(24 466)	(26)	(24 440)	(1 033)	(119)	(914)	(174)	190	(364)	(25 673)	45	(25 718)
Final repayments	(21 908)	(41)	(21 867)	(487)	5	(492)	(1 212)	(108)	(1 104)	(23 607)	(144)	(23 463)
Transfers to 12-month ECL	2 376	36	2 340	(2 201)	(36)	(2 165)	(175)	–	(175)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(2 414)	(37)	(2 377)	2 430	40	2 390	(16)	(3)	(13)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(534)	(23)	(511)	(746)	(62)	(684)	1 280	85	1 195	–	–	–
Foreign exchange movements	(6 732)	1	(6 733)		(1)	1	37	32	5	(6 695)	32	(6 727)
Audited net balance at 31 December 2023	62 880	165	62 715	2 053	258	1 795	2 377	648	1 729	67 310	1 071	66 239
New financial assets originated or purchased	**16 721**	**114**	**16 607**			**–**			**–**	**16 721**	**114**	**16 607**
Financial assets written off			**–**			**–**	**(30)**	**(30)**	**–**	**(30)**	**(30)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**2 712**	**6**	**2 706**	**(367)**	**(12)**	**(355)**	**(14)**	**(43)**	**29**	**2 331**	**(49)**	**2 380**
Final repayments	**(14 378)**	**(45)**	**(14 333)**	**(56)**	**(3)**	**(53)**	**(269)**	**(44)**	**(225)**	**(14 703)**	**(92)**	**(14 611)**
Transfers to 12-month ECL	**430**	**28**	**402**	**(401)**	**(9)**	**(392)**	**(29)**	**(19)**	**(10)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(706)**	**(5)**	**(701)**	**1 187**	**55**	**1 132**	**(481)**	**(50)**	**(431)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(280)**	**(46)**	**(234)**	**(101)**	**(6)**	**(95)**	**381**	**52**	**329**	**–**	**–**	**–**
Foreign exchange movements	**2 016**	**(3)**	**2 019**	**5**	**3**	**2**	**1**	**6**	**(5)**	**2 022**	**6**	**2 016**
Unaudited balance at 30 June 2024	**69 395**	**214**	**69 181**	**2 320**	**286**	**2 034**	**1 936**	**520**	**1 416**	**73 651**	**1 020**	**72 631**

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

Preference shares and debentures

Rm	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased or originated) (stage 3)					
	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2023	10 822	61	10 761	90	24	66	319	59	260	11 231	144	11 087
New financial assets originated or purchased	2 385	3	2 382			–			–	2 385	3	2 382
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(745)	33	(778)	(90)	(24)	(66)	(319)	(59)	(260)	(1 154)	(50)	(1 104)
Transfers to 12-month ECL		(1)	1			–			–	–	(1)	1
Transfers to lifetime ECL (credit-impaired)	(244)	(44)	(200)	244	44	200			–	–	–	–
Audited net balance at 31 December 2023	12 218	52	12 166	244	44	200	–	–	–	12 462	96	12 366
New financial assets originated or purchased	**1 413**	**7**	**1 406**			**–**			**–**	**1 413**	**7**	**1 406**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(2 284)**		**(2 284)**			**–**			**–**	**(2 284)**	**–**	**(2 284)**
Final repayments			**–**	**(244)**	**(44)**	**(200)**			**–**	**(244)**	**(44)**	**(200)**
Foreign exchange movements	**553**		**553**			**–**			**–**	**553**	**–**	**553**
Unaudited balance at 30 June 2024	**11 900**	**59**	**11 841**	**–**	**–**	**–**	**–**	**–**	**–**	**11 900**	**59**	**11 841**

Financial guarantees and loan commitments

Rm	Not credit-impaired		Credit-impaired	Total
	Subject to 12-month ECL	Subject to lifetime ECL	Subject to lifetime ECL (excluding purchased or originated)	
	Allowance for ECL	Allowance for ECL	Allowance for ECL	Allowance for ECL
Audited net balance at 1 January 2023	97	72	108	277
New financial assets originated or purchased	196			196
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(75)	21	(23)	(77)
Final repayments	(130)	(64)	(19)	(213)
Transfers to 12-month ECL	62	(55)	(7)	–
Transfers to lifetime ECL (not credit-impaired)	(19)	50	(31)	–
Transfers to lifetime ECL (credit-impaired)	(55)	(5)	60	–
Foreign exchange movements	2	2		4
Audited net balance at 31 December 2023	78	21	88	187
New financial assets originated or purchased	**140**			**140**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(15)**	**12**	**(5)**	**(8)**
Final repayments	**(66)**	**(5)**	**(30)**	**(101)**
Transfers to 12-month ECL	**21**	**(21)**		**–**
Transfers to lifetime ECL (not credit-impaired)	**(12)**	**14**	**(2)**	**–**
Transfers to lifetime ECL (credit-impaired)	**(27)**	**(1)**	**28**	**–**
Foreign exchange movements		**(1)**		**(1)**
Net balances	**119**	**19**	**79**	**217**
Total credit and zero balances				**–**
Unaudited balance at 30 June 2024	**119**	**19**	**79**	**217**

8 Economic scenarios

Forward-looking information incorporated in the ECL models

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

The incorporation of FLI into the ECL allows for a range of macroeconomic outcomes to capture non-linearities. The parameter inputs used to estimate the ECL are modelled on 4 macroeconomic scenarios: base (expected), positive, mild stress and high stress. Scenarios are provided by the Nedbank Group Economic Unit and incorporate historical trends, statistical models and expert judgement. The macroeconomic scenarios are updated quarterly, with the option of an out-of-cycle update based on significant macroeconomic events. There is a robust internal governance process to review and approve the forecasted macroeconomic factors, including approval by a board subcommittee.

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

The forecasted ranges for macroeconomic variables are shown below by using the annual average forecast over the 3-year period per scenario.

	30 June 2024 (unaudited)							
						Economic forecast[1] (%)		
Scenario	Probability weighting (%)	Total ECL allowance	Difference to weighted scenario	Percentage difference to weighted scenarios	Economic measures	2025	2026	2027
Base case	50	30 184	(41)	(0,15%)	GDP	1,38	1,51	1,79
					Prime	10,75	10,50	10,50
					HPI	3,03	3,49	4,22
Mild stress	21	30 378	153	0,51%	GDP	0,69	0,96	1,13
					Prime	11,75	11,00	11,00
					HPI	2,29	2,84	3,45
Positive outcome	21	30 025	(200)	(0,66%)	GDP	1,92	2,03	2,31
					Prime	10,25	9,75	9,00
					HPI	3,91	4,70	5,63
High stress	8	30 606	381	1,26%	GDP	0,23	0,66	0,64
					Prime	12,50	11,75	11,50
					HPI	1,55	2,18	2,67
Weighted scenarios	100	30 225						

[1] *Forecast at 30 June 2024.*

	31 December 2023 (audited)							
						Economic forecast[1] (%)		
Scenario	Probability weighting (%)	Total ECL allowance	Difference to weighted scenario	Percentage difference to weighted scenarios (%)	Economic measures	2024	2025	2026
Base case	50	30 330	(56)	(0.19%)	GDP	1,07	1,60	1,39
					Prime	10,75	10,25	10,25
					HPI	3,15	3,45	4,19
Mild stress	21	30 611	225	0.74%	GDP	0,08	1,26	1,06
					Prime	11,50	10,75	10,50
					HPI	2,46	2,64	3,33
Positive outcome	21	30 100	(286)	(0.94%)	GDP	2,08	1,93	1,87
					Prime	10,50	10,00	9,75
					HPI	4,01	4,63	5,40
High stress	8	30 898	512	1.68%	GDP	(0,75)	0,95	0,84
					Prime	12,25	11,50	11,00
					HPI	1,76	1,81	2,44
Weighted scenarios	100	30 386						

[1] *Forecast at 31 December 2023.*

9 Credit risk exposure

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

LTV distribution Rm	Home loans	Commercial mortgages	Properties in possession	Credit cards and overdrafts	Term loans	Overnight loans	Specialised and other loans to clients	Instalment debtors	Factoring accounts
30 June 2024 (unaudited)									
Lower than 50%	**1 701**	**642**	**14**	**228**	**4 112**		**512**	**145**	
50% to 75%	**2 532**	**1 170**		**12**	**3**		**79**	**374**	
75% to 100%	**6 290**	**3 368**	**16**	**1 007**	**410**		**432**	**1 074**	**122**
Higher than 100%	**5 692**	**1 760**	**49**	**4 150**	**8 167**	**307**	**361**	**7 646**	**43**
Total	**16 215**	**6 940**	**79**	**5 397**	**12 692**	**307**	**1 384**	**9 239**	**165**

LTV distribution Rm	Home loans	Commercial mortgages	Properties in possession	Credit cards and overdrafts	Term loans	Overnight loans	Specialised and other loans to clients	Instalment debtors	Factoring accounts
31 December 2023 (audited)									
Lower than 50%	1 662	671	15	214	3 077		535	150	
50% to 75%	2 627	1 447		8			14	387	
75% to 100%	6 069	4 254	64	1 144	1 674		928	1 171	78
Higher than 100%	4 763	7 870		3 756	9 408	322	377	6 867	44
Total	15 121	14 242	79	5 122	14 159	322	1 854	8 575	122

10 Fair-value hierarchy

Financial instruments carried at fair value

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

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

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

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

Fair-value hierarchy

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.
Level 2 – Valuation techniques based (directly or indirectly) on market-observable inputs. Various factors influence the availability of observable inputs. These factors may vary from product to product and change over time. Factors include the depth of activity in the relevant market, the type of product, whether the product is new and not widely traded in the market, the maturity of market modelling, and whether the transaction is bespoke or generic.
Level 3 – Valuation techniques based on significant inputs that are not observable. To the extent that a valuation is based on inputs that are not market-observable, the determination of the fair value can be more subjective, depending on the significance of the unobservable inputs to the overall valuation. Unobservable inputs are determined on the basis of the best information available and may include reference to similar instruments, similar maturities, appropriate proxies or other analytical techniques.

All fair values disclosed below are recurring in nature.

Financial assets

				At FVTPL						At FVOCI					
				Mandatorily at fair value			Designated			Debt instruments			Equity instruments		
Rm	Total financial assets	Total financial assets recognised at amortised cost	Total financial assets recognised at fair value	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
30 June 2024 (unaudited)	**1 317 181**	**974 283**	**342 898**	**125 633**	**116 725**	**6 898**	**–**	**9 933**	**28**	**–**	**82 911**	**–**	**7**	**470**	**293**
Cash and cash equivalents	**45 247**	**45 247**	**–**												
Other short-term securities	**82 450**	**5 799**	**76 651**	**12 573**	**41 651**			**734**			**21 693**				
Derivative financial instruments	**16 009**		**16 009**	**2**	**15 983**	**24**									
Government and other securities	**173 698**	**92 174**	**81 524**	**77 929**	**2 939**	**23**		**633**							
Loans and advances	**924 116**	**810 042**	**114 074**	**301**	**44 103**			**8 566**			**61 104**				
Other assets	**49 463**	**21 021**	**28 442**	**28 442**											
Investment securities	**26 198**		**26 198**	**6 386**	**12 049**	**6 851**			**28**		**114**		**7**	**470**	**293**

				At FVTPL						At FVOCI					
				Mandatorily at fair value			Designated			Debt instruments			Equity instruments		
Rm	Total financial assets	Total financial assets recognised at amortised cost	Total financial assets recognised at fair value	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
31 December 2023 (audited)	1 277 231	938 964	338 267	122 304	115 894	7 524	–	9 401	20	–	82 311	–	7	505	301
Cash and cash equivalents	52 082	52 082	–												
Other short-term securities	87 769	1 387	86 382	12 806	47 744			696			25 136				
Derivative financial instruments	13 812		13 812	69	13 723	20									
Government and other securities	170 717	88 548	82 169	78 286	3 320	24		539							
Loans and advances	891 619	787 654	103 965	287	38 420			8 166			57 092				
Other assets	33 945	9 293	24 652	24 652											
Investment securities	27 287		27 287	6 204	12 687	7 480			20		83		7	505	301

Reconciliation to statement of financial position

	30 June 2024 (unaudited) Rm	31 December 2023 (audited) Rm
Total financial assets	**1 317 181**	1 277 231
Total non-financial assets	**37 629**	34 177
Total assets	**1 354 810**	1 311 408

Financial liabilities

All fair values disclosed below are recurring in nature.

Rm	Total financial liabilities	Total financial liabilities recognised at amortised cost	Total financial liabilities recognised at fair value	At FVTPL: Mandatory at fair value: Level 1	Mandatory at fair value: Level 2	Mandatory at fair value: Level 3	Designated: Level 1	Designated: Level 2	Designated: Level 3
30 June 2024 (unaudited)	**1 222 761**	**1 130 657**	**92 104**	**11 162**	**62 166**	**1 859**	**–**	**16 917**	**–**
Derivative financial instruments	**13 680**		**13 680**	**162**	**13 518**				
Amounts owed to depositors	**1 119 539**	**1 069 032**	**50 507**		**48 648**	**1 859**			
Provisions and other liabilities	**28 282**	**17 282**	**11 000**	**11 000**					
Investment contract liabilities	**16 917**		**16 917**					**16 917**	
Long-term debt instruments	**44 343**	**44 343**	**–**						

Rm	Total financial liabilities	Total financial liabilities recognised at amortised cost	Total financial liabilities recognised at fair value	At FVTPL: Mandatory at fair value: Level 1	Mandatory at fair value: Level 2	Mandatory at fair value: Level 3	Designated: Level 1	Designated: Level 2	Designated: Level 3
31 December 2023 (audited)	1 178 069	1 098 064	80 005	2 705	59 788	–	–	17 512	–
Derivative financial instruments	14 141		14 141	29	14 112				
Amounts owed to depositors	1 087 645	1 041 969	45 676		45 676				
Provisions and other liabilities	10 994	8 318	2 676	2 676					
Investment contract liabilities	17 512		17 512					17 512	
Long-term debt instruments	47 777	47 777	–						

Reconciliation to statement of financial position

	30 June 2024 (unaudited) Rm	31 December 2023 (audited) Rm
Total financial liabilities	**1 222 761**	1 178 069
Total equity and non-financial liabilities	**132 049**	133 339
Total equity and liabilities	**1 354 810**	1 311 408

Level 3 reconciliation

30 June 2024 (unaudited)	Opening balance at 1 January Rm	Gains in non-interest revenue in profit for the year Rm	Losses relating to investments in equity instruments at FVOCI and debt instruments at FVOCI in OCI for the year Rm	Purchases Rm	Issues Rm	Sales Rm	Settlements Rm	Transfers from level 2[1] Rm	Closing balance at 30 June Rm
At FVTPL	**7 544**	**564**	**–**	**348**	**–**	**(957)**	**(600)**	**27**	**6 926**
Derivative financial instruments assets	**20**	**4**							**24**
Government and other securities	**24**	**1**					**(2)**		**23**
Investment securities	**7 500**	**559**		**348**		**(957)**	**(598)**	**27**	**6 879**
At FVOCI – Equity instruments	**301**	**9 103**	**–**	**–**	**–**	**–**	**(9 111)**	**–**	**293**
Investment securities	**301**	**9 103**					**(9 111)**		**293**
Total financial assets classified as level 3	**7 845**	**9 667**	**–**	**348**	**–**	**(957)**	**(9 711)**	**27**	**7 219**

[1] *The inputs used in the fair value measurement became unobservable during the year which resulted in the transfer from level 2 to level 3.*

31 December 2023 (audited)	Opening balance at 1 January Rm	Gains in non-interest revenue in profit for the year Rm	Losses relating to investments in equity instruments at FVOCI and debt instruments at FVOCI in OCI for the year Rm	Purchases Rm	Issues Rm	Sales Rm	Settlements Rm	Transfers from level 2 Rm	Closing balance at 31 December Rm
At FVTPL	6 866	816	–	722	656	(558)	(958)	–	7 544
Derivative financial instruments assets		20							20
Government and other securities	35	3					(14)		24
Investment securities	6 831	793		722	656	(558)	(944)		7 500
At FVOCI – Equity instruments	326	–	(25)	–	–	–	–	–	301
Investment securities	326		(25)						301
Total financial assets classified as level 3	7 192	816	(25)	722	656	(558)	(958)	–	7 845

30 June 2024 (unaudited)	Opening balance at 1 January Rm	Losses in non-interest revenue in profit for the year Rm	Losses relating to investments in equity instruments at FVOCI and debt instruments at FVOCI in OCI for the year Rm	Purchases Rm	Issues Rm	Sales Rm	Settlements Rm	Transfers from level 2 Rm	Closing balance at 30 June Rm
At FVTPL	**–**	**(36)**	**–**	**–**	**1 895**	**–**	**–**	**–**	**1 859**
Amounts owed to depositors		**(36)**			**1 895**				**1 859**
Total financial liabilities classified as level 3	**–**	**(36)**	**–**	**–**	**1 895**	**–**	**–**	**–**	**1 859**

Effect of changes in significant unobservable assumptions

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

Disclosures are made for level 3 fair-value instruments, which have unobservable inputs that significantly impact the fair value based on reasonably possible changes. These fair-value instruments have been disaggregated into their relevant industries.

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

Financial assets

30 June 2024 (unaudited)

Industry	Valuation technique	Significant unobservable inputs	Range of actual significant unobservable inputs applied	Reasonable possible percentage change in significant unobservable inputs %	Impact of the change in unobservable inputs on fair value Rm
Telecommunications and technology	**Earnings before interest, taxation, depreciation and amortisation (EBITDA)**	**EBITDA (Rm)**	**R203m**	**(5)**	**(69)**
		EBITDA multiple	**7 times**	**(5)**	**(69)**
	Net asset value	**Net asset value (Rm)**	**R349m**	**65**	**9**
		Net asset value growth (Rm)	**R443m**	**(23)**	**(5)**
Health technology	**Revenue/ EBITDA**	**Forecasted revenue (Rm)**	**R1 216m**	**Between (10) and 10**	**Between (4) and 3**
		Revenue multiple	**2 times**	**Between (25) and 25**	**Between (4) and 9**
		EBITDA multiple	**12 times**	**Between (17) and 17**	**Between (5) and 5**
Speciality chemicals	**EBITDA**	**EBITDA (Rm)**	**R69m**	**(19)**	**(22)**
		EBITDA multiple	**4 times**	**(16)**	**(18)**
Transportation	**Net asset value**	**Marketability/ liquidity discount (%)**	**47%**	**(10)**	**10**

31 December 2023 (audited)

Industry	Valuation technique	Significant unobservable inputs	Range of actual significant unobservable inputs applied	Reasonable possible percentage change in significant unobservable inputs %	Impact of the change in unobservable inputs on fair value Rm
Retail, consumer products and services, and fast-moving consumer goods	Earnings before interest, taxation, depreciation and amortisation (EBITDA)	EBITDA (Rm)	R389m	(13)	(98)
Telecommunications and technology	Net asset value	Net asset value (Rm)	R690m	(53)	(14)
		Marketability/liquidity discount	25%	(10)	4
Health technology	Revenue/EBITDA multiple	EBITDA multiple	15 times	Between (14) and 14	Between (4) and 4
Speciality chemicals	EBITDA	EBITDA (Rm)	R78m	(17)	(25)
		EBITDA multiple	4 times	(13)	(19)
Technology	Forecasted revenue	Forecasted revenue	R189m	(10)	(14)
	Revenue multiple	Revenue multiple	3 times	(17)	(14)
	Forecasted EBITDA	Forecasted EBITDA	R50m	(10)	(14)
	EBITDA multiple	EBITDA multiple	14 times	(14)	(14)
Transportation	Net asset value	Marketability/liquidity discount	46%	(7)	10

Financial liabilities

30 June 2024 (unaudited)

Financial liabilities are classified as level 3 due to unobservable inputs that are sensitive to changes in the long-term secured non-ZAR funding spreads. However, the reasonably possible changes in the unobservable inputs do not have a significant impact on the fair value.

31 December 2023 (audited)

There are no financial liabilities classified as level 3 at 31 December 2023. Hence no effect of changes in significant unobservable assumptions has been presented.

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

Unrealised gains

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

	30 June 2024 (unaudited) Rm	31 December 2023 (audited) Rm
Equity revaluation gains	**9 667**	816

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

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

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

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

There were no transfers between level 1 and level 2 of the fair-value hierarchy during the first half of 2024. In terms of the group's policy, transfers of financial instruments between levels of the fair-value hierarchy are deemed to have occurred at the end of the reporting period.

Notes

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

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

Rm	Carrying value	Fair value	Level 1	Level 2	Level 3
30 June 2024 (unaudited)					
Financial assets	**908 015**	**899 992**	**88 142**	**22 324**	**789 526**
Other short-term securities	**5 799**	**5 799**		**5 799**	
Government and other securities	**92 174**	**90 208**	**88 142**		**2 066**
Loans and advances	**810 042**	**803 985**		**16 525**	**787 460**
Financial liabilities	**44 343**	**45 202**	**16 658**	**28 544**	**–**
Long-term debt instruments	**44 343**	**45 202**	**16 658**	**28 544**	

Rm	Carrying value	Fair value	Level 1	Level 2	Level 3
31 December 2023 (audited)					
Financial assets	877 589	874 297	85 437	16 104	772 756
Other short-term securities	1 387	1 387		1 387	
Government and other securities	88 548	86 874	85 437		1 437
Loans and advances	787 654	786 036		14 717	771 319
Financial liabilities	47 777	48 720	26 481	22 239	–
Long-term debt instruments	47 777	48 720	26 481	22 239	

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

Loans and advances

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

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

The group has determined the fair value of the gross exposures for loans and advances measured at amortised cost, which resulted in the fair value of these assets being 0,75% lower (December 2023: 0,21% lower) than the carrying value.

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

The group has developed a methodology and model to determine the fair value of the gross exposures for the performing loans and advances measured at amortised cost. This model incorporates the use of average interest rates and projected monthly cash flows per product type. Future cash flows are discounted using interest rates at which similar loans would be granted to borrowers with similar credit ratings and maturities. Methodologies and models are updated on a continuous basis for changes in assumptions, forecasts and modelling techniques. Future forecasts of the group's PDs and LGDs for the periods 2025 to 2027 (December 2023: for periods 2024 to 2026) are based on the latest available internal data and applied to the projected cash flows of the first 3 years. Thereafter, PDs and LGDs are gradually reverted to their long-run averages and applied to the remaining projected cash flows. Inputs into the model include various assumptions used in the pricing of loans and advances.

The determination of such inputs is highly subjective and, therefore, any change to one or more of the assumptions (eg interest rates, future forecasts of PDs or LGDs, or macroeconomic conditions) may result in a significant change in the determination of the fair value. Reasonable bounds for the fair value are estimated to be between 0,25% higher (December 2023: 0,79% higher) and 1,75% lower (December 2023: 1,21% lower) than the carrying value.

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

Government and other securities

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

Other short-term securities

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

Long-term debt instruments

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

Amounts owed to depositors

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

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

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

Additional information

A Liquidity coverage ratio

Rm	Total unweighted value[1] (average)	Total weighted value[2] (average)
Total high-quality liquid assets		**246 144**
Cash outflows		
Retail deposits and deposits from small-business clients	**335 821**	**25 747**
Stable deposits		
Less stable deposits	**335 821**	**25 747**
Unsecured wholesale funding	**362 962**	**170 938**
Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks	**183 923**	**45 452**
Non-operational deposits (all counterparties)	**178 902**	**125 349**
Unsecured debt	**137**	**137**
Secured wholesale funding	**14 747**	
Additional requirements	**181 994**	**30 538**
Outflows related to derivative exposures and other collateral requirements	**2 505**	**2 505**
Credit and liquidity facilities	**179 489**	**28 033**
Other contingent funding obligations	**221 972**	**10 526**
Total cash outflows	**1 117 496**	**237 749**
Cash inflows		
Secured lending (eg reverse repurchase agreements)	**15 615**	**949**
Inflows from fully performing exposures	**53 085**	**41 585**
Other cash inflows	**3 386**	**1 986**
Total cash inflows	**72 086**	**44 520**

	Total adjusted value
Total HQLA	**246 144**
Total net cash outflows	**193 229**
Liquidity coverage ratio (%)	**127,4**

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

The figures above reflect a simple average of daily observations over the quarter ending June 2024 for Nedbank Limited and the simple average of the month-end values at 30 April 2024, 31 May 2024 and 30 June 2024 for all non-SA banking entities, based on regulatory submissions to SARB. This section on the liquidity coverage ratio has not been audited or reviewed by the group's auditors.

Notes

Additional information (continued)

B Net stable funding ratio

Rm	Unweighted value by residual maturity: No maturity	6 months or less	Between 6 months and 1 year	More than 1 year	Weighted value
Available stable funding (ASF)					
Capital	94 153	–	–	21 787	115 940
Regulatory capital	93 686			21 526	115 212
Other capital instruments	467			261	728
Retail deposits and deposits from small-business clients	76 075	223 989	14 183	27 228	314 204
Stable deposits	5 902	72 067	5 089		78 905
Less stable deposits	70 173	151 922	9 094	27 228	235 299
Wholesale funding	109 696	435 420	175 441	127 110	406 256
Operational deposits	99 153	100 121			99 637
Other wholesale funding	10 543	335 299	175 441	127 110	306 619
Other liabilities	22 934	957	447	22 263	5 089
Net stable funding ratio (NSFR) derivative liabilities				17 398	
All other liabilities and equity not included in the above categories	22 934	957	447	4 865	5 089
Total ASF					841 489
Required stable funding (RSF)					
Total NSFR high-quality liquid assets (HQLA)					21 597
Performing loans and securities	–	242 579	69 152	649 670	633 945
Performing loans to financial institutions secured by level 1 HQLA		15 888			1 589
Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions		103 945	7 859	24 992	44 514
Performing loans to non-financial corporate clients, loans to retail and small-business clients and loans to sovereigns, central banks and public sector enterprises, of which		112 520	56 713	436 810	452 808
with a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk				15 481	10 063
Performing residential mortgages, of which		3 180	2 995	180 341	124 320
with a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		3 180	2 995	160 287	107 274
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities		7 046	1 585	7 527	10 714
Other assets	34 404	1 144	–	67 968	69 315
NSFR derivative assets				19 049	1 651
NSFR derivative liabilities before deduction of variation margin posted				17 398	1 740
All other assets not included in the above categories	34 404	1 144		31 521	65 924
Off-balance-sheet items				426 321	15 662
Total RSF					740 519
NSFR (%)					113,6%

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