

NEDBANK GROUP LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 1966/010630/06
JSE share code: NED
NSX share code: NBK
ISIN: ZAE000004875
JSE alpha code: NEDI
('Nedbank Group' or 'the group')

RESULTS AND FINAL DIVIDEND DECLARATION FOR THE YEAR ENDED 31 DECEMBER 2021

Strong performance enabled by a more supportive environment, ongoing strategic delivery and a good operational performance.

The operating environment in 2021 was more supportive for Nedbank and our clients. The South African economy performed better than we expected at the start of the year, resulting in upward revisions of gross domestic product (GDP) growth to 4,9%. Off the low base in 2020, the rebound in economic growth was underpinned by higher commodity prices, lower levels of lockdown restrictions and some positive developments on key reforms in SA. The low-interest-rate environment supported demand for retail credit and transactional activity increased as lockdown levels eased. Demand for corporate credit remained muted, particularly in the first half of the year as excess cash was used to repay debt, and investment activity remained low. Encouragingly, demand for corporate credit saw a recovery in the second half. In the third quarter, the negative impacts of a prolonged third wave of Covid-19 infections, tighter lockdown restrictions, the July civil unrest in parts of the country and frequent power outages weighed heavily on economic activity. Trading conditions improved in the last quarter of 2021, supported by more lenient lockdown restrictions despite the onset of the fourth Covid-19 wave (Omicron variant).

The Nedbank Group's financial performance for 2021 reflects a strong rebound off a low 2020 base. Headline earnings (HE) in 2021 increased by 115% to R11,7bn, but remains 7% below 2019 levels. HE growth was driven by significantly lower impairments, a higher net interest margin, recovery in NIR growth, disciplined expense management and a stronger financial performance from our associate investment in ETI. Preprovisioning operating profit increased by 9% and JAWS was positive at 0,8%. The key drivers of shareholder value creation were also positive, with net asset value per share increasing by 11%, the group's ROE improving to 12,5% (2020: 6,2%) and a full-year dividend of 1 191 cents per share at 2,02 times cover.

Key balance sheet metrics have all strengthened to above pre-Covid-crisis levels. Capital and liquidity ratios increased as reflected in our tier 1 capital ratio of 14,3% (December 2020: 12,1%), common equity tier 1 (CET1) ratio of 12,8% (December 2020: 10,9%), average fourth-quarter liquidity coverage ratio (LCR) of 128% (December 2020: 126%) and net stable funding ratio (NSFR) of 116% (December 2020: 113%). Overall impairment coverage increased to multi-year highs of 3,32% (December 2020: 3,25%) and our credit loss ratio (CLR) declined to 83 bps (December 2020: 161 bps) and is now back within our board-approved through-the-cycle (TTC) target range of 60-100 bps.

The strong financial performance was supported by ongoing strategic delivery. Our Managed Evolution (ME) technology journey to create a modern, modular and digital IT stack is at 85% completion. The benefits of this are evident in most of our digital metrics showing double-digit growth, as well as target operating model (TOM 2.0) benefits of R967m being realised, as we move forward towards our target of R2,5bn by the end of 2023. In the 2021 Consulta survey Nedbank achieved the #2 ranking among the five largest

South African banks on client satisfaction metrics, with our Net Promoter Score (NPS) increasing further to 47. Progress on our strategic portfolio tilt strategy (SPT 2.0) was evident in market share gains in key product areas and main-banked clients, as well as improved levels of cross-sell. Nedbank recorded the largest retail main-banked market share gain among the large South African banks, while Corporate and Investment Banking (CIB) gained 35 new primary clients. We continued to create positive impacts by delivering against the United Nations Sustainable Development Goals (SDG)s and increasing our focus on environmental, social and governance (ESG) matters. In 2021 we released our Energy Policy and inaugural Taskforce on Climate-related Financial Disclosures (TCFD) report and successfully concluded Africa's first green AT1 instrument, while maintaining ESG ratings at the top-end of the local and international peer group.

After a strong rebound in South African GDP in 2021, we currently forecast the country's GDP to increase by a more modest 1,7% in 2022. Good strategic and operational delivery should support delivery of a solid financial performance for the full-year 2022, underpinned by revenue growth and an ongoing cost focus. We are on track to meet our medium-term targets* set for the end of 2023. Pleasingly, we now expect to meet the diluted headline earnings per share (DHEPS) target (greater than 2 565 cents per share) in 2022, a year ahead of our previous expectation. We continue to focus on achieving a return on equity (ROE) greater than the 2019 ROE level of 15%, reducing our cost-to-income ratio to below 54%, and ranking #1 on the NPS among South African banks, all by the end of 2023.

The past two years have been unprecedented and extraordinarily difficult for our clients and employees. Thank you to all our Nedbank employees for remaining resilient throughout the Covid-19 crisis, continuing to follow the Covid-19 health protocols and diligently supporting our clients and the economy with unrelenting commitment. We extend our heartfelt condolences to the families, friends and communities of employees and clients who have lost their loved ones during this time.

Our Chairperson, Vassi Naidoo passed away during 2021 after a long and brave battle with cancer. He led our board with integrity and passionately loved the Nedbank brand and all that we stand for. We will be forever grateful for his contribution to Nedbank.

Mike Brown
Chief Executive

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

FINANCIAL HIGHLIGHTS

- Headline earnings R11 689m, up 114,9% (2020: 5 440m)
- Revenue R57 527m, up 6,1% (2020: R54 221m)
- Credit loss ratio 83 bps (2020: 161 bps)
- Expenses R33 639m, up 5,9% (2020: R31 772)
- Cost-to-income ratio 57,7% (2020: 58,1%)
- Diluted headline earnings per share 2 362 cents, up 112,2% (2020: 1 113 cents)
- Headline earnings per share 2 410 cents, up 114,0% (2020: 1 126 cents)
- Basic earnings per share 2 317 cents, up 223,2% (2020: 717 cents)
- Final dividend per share 758 cents, up greater than 100,0% (2020: 0 cents)

- Full year dividend per share 1 191 cents, up greater than 100,0% (2020: 0 cents)
- Net asset value per share 20 493 cents, up 11,4% (2020: 18 391 cents)
- Common-equity tier 1 ratio 12,8% (2020: 10,9%)

This short-form announcement is the responsibility of the directors. It is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decision should be based on the full announcement, which can be accessed from Wednesday, 9 March 2022, using the following JSE link:
<https://senspdf.jse.co.za/documents/2022/jse/isse/ned/ye2021.pdf>

Alternatively, the full announcement is available on our website at
<https://www.nedbank.co.za/content/nedbank/desktop/gt/en/investor-relations/information-hub/financial-results/2021.html>

The full announcement is available for inspection at Nedbank Group's registered office on weekdays from 09:00 to 16:00, and copies thereof may be requested free of charge from Nedbank Investor Relations at NedgroupIR@Nedbank.co.za.

The auditors' unmodified report (including key audit matters) to the shareholders of Nedbank Group, is contained in our annual financial statements for the year-ended 31 December 2021. The annual financial statements can be accessed using the following link to our annual financial statements at
<https://www.nedbank.co.za/content/nedbank/desktop/gt/en/investor-relations/information-hub/financial-results/2021.html>

This announcement itself is not audited and therefore the audit report does not cover this announcement.

FINAL DIVIDEND DECLARATION

Notice is hereby given that a final dividend of 758 cents per ordinary share has been declared, payable to shareholders for the six months ended 31 December 2021. The dividend has been declared out of income reserves.

The dividend will be subject to a dividend withholding tax rate of 20% (applicable in SA) or 151,6 cents per ordinary share, resulting in a net dividend of 606,4 cents per ordinary share, unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

Nedbank Group's tax reference number is 9375/082/71/7 and the number of ordinary shares in issue at the date of declaration is 508 870 678.

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

Event	Date
Last day to trade (cum dividend)	Tuesday, 05 April 2022
Shares commence trading (ex dividend)	Wednesday, 06 April 2022
Record date (date shareholders recorded in books)	Friday, 08 April 2022
Payment date	Monday, 11 April 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 06 April 2022, and Friday, 08 April 2022, both days inclusive.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. The acceptance/collection of cheques has ceased, effective from 31 December 2020. In the absence of specific mandates, the dividend will be withheld until such time that shareholders provide their banking information. Holders of dematerialised shares will have their accounts credited at their participant or broker on Monday, 11 April 2022. The above dates are subject to change. Any changes will be published on the JSE SENS and in the press.

Shareholders are advised that any forecast information contained in this short form announcement has not been reviewed or reported on by the group's joint auditors.

For and on behalf of the board

Mpho Makwana
Chairperson

Mike Brown
Chief Executive

9 March 2022

Directors

PM Makwana (Chairperson), MWT Brown*** (Chief Executive), HR Brody**, BA Dames, MH Davis*** (Chief Financial Officer), NP Dongwana, EM Kruger, RAG Leith, L Makalima, Prof T Marwala, Dr MA Matooane, MC Nkuhlu*** (Chief Operating Officer), S Subramoney.

** Lead Independent Director *** Executive

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Sponsors in SA

Merrill Lynch SA Proprietary Limited t/a BofA Securities
Nedbank Corporate and Investment Banking, a division of Nedbank Limited
Sponsor in Namibia
Old Mutual Investment Services (Namibia) (Proprietary) Limited

Company Secretary: J Katzin

Transfer secretaries in SA

JSE Investor Services Proprietary Limited, 19 Ameshoff Street,
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PO Box 4844, Marshalltown, 2000, SA.

Transfer secretaries in Namibia

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