

NEDBANK GROUP LIMITED
(Incorporated in the Republic of South Africa)
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JSE share code: NED
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('Nedbank Group' or 'the group')

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

A 26% increase in headline earnings per share and a robust balance sheet enabled an 81% increase in the interim dividend per share

The South African economy held up relatively well as global economic conditions deteriorated significantly in the first half of 2022. Russia's invasion of Ukraine, the hard lockdowns in China and supply chain constraints resulted in a surge in global inflationary pressures, particularly in energy and food prices, and faster-than-expected monetary policy tightening. These conditions dampened global demand and triggered fears of recession in both advanced and developing countries.

Early in the year South Africa's (SA's) economy continued to gather momentum off the back of favourable terms of trade, resulting in strong seasonally adjusted gross domestic product (GDP) growth of 1,9% quarter on quarter (qoq) in Q1 2022. However, the second quarter was considerably more challenging as local economic activity was disrupted by the floods in KwaZulu-Natal, severe load-shedding, weaker global demand, escalating domestic inflation and the faster-than-expected rise in interest rates. We currently expect SA real GDP to contract by 1,2% qoq in Q2 2022. Electricity supply is a binding constraint on economic growth and job creation and urgent implementation of the Energy Action Plan is needed.

Nedbank Group's financial performance in the first half of 2022 reflects an excellent performance across all key metrics in a complex and difficult external environment. We delivered strong revenue growth of 11%, a credit loss ratio (CLR) that was flat year on year (yoy) at 85bps and good cost management. As a result, headline earnings (HE) increased by 27% to R6,7bn. The group's return on equity (ROE) increased to 13,6% (June 2021: 11,7%), and all our business clusters generated ROEs above the group's cost of equity (COE). The group ROE was diluted by an average of R11bn of surplus tier 1 capital held at the centre as we remain appropriately conservative in an uncertain external environment. We retain surplus capital primarily for higher levels of future growth and dividend payments. Capital and liquidity ratios continued to strengthen as reflected in our common equity tier 1 (CET1) ratio of 13,5% (Dec 2021: 12,8%), tier 1 capital ratio of 15,1% (Dec 2021: 14,3%), average second-quarter liquidity coverage ratio (LCR) of 144% (Dec 2021: 128%) and net stable funding ratio (NSFR) of 120% (Dec 2021: 116%). These capital and liquidity outcomes support a strong interim dividend of 783 cents per share, which is up 81% and is now at levels above the 2019 pre-Covid-19 interim dividend.

During the past six months we continued to make good progress on our strategic value drivers of growth, productivity, and risk and capital management. Growth trends across net interest income (NII) (+9%), non-interest revenue (NIR) (+13%) and gross advances (+7%) improved from the Covid-19 pandemic lows, supported by main-banked client gains across our business clusters and strong growth in digital activity. Levels of productivity improved, evident in our cost-to-income ratio declining to

56,2% (from 58,5% in H1 2021) and a 17% increase in preprovisioning operating profit (PPOP). Key risk and capital management metrics remain robust, all having improved to above 2019 levels.

Our Managed Evolution (ME) technology strategy has reached 89% completion of the IT build, enabling continued double-digit growth in digital metrics. Client satisfaction scores are around the top end of the SA banking peer group, levels of cross-sell are increasing and cumulative TOM 2.0 cost savings of R1,2bn are ahead of target. Lastly, as we continue to create positive impacts, we remain committed to our market-leading Energy Policy as evidenced in renewable-energy lending exposures of R28bn, strong lending pipelines related to the Sustainable Development Goals (SDGs) and retaining our top-tier environmental, social and governance (ESG) ratings.

Looking forward, we currently expect SA's GDP to increase by 1,8% in 2022; interest rates to increase by a further 75 bps, taking the repo rate to 6,25%; and the prime lending rate to 9,75% by the end of the year. Inflation is expected to peak in Q3 at around 7,8% and average 6,8% for 2022. A continuation of the good strategic and operational delivery, as evidenced in H1 2022, should support strong earnings growth for the full-year 2022 and a yoy increase in ROE. We remain on track to meet our medium-term targets* by exceeding our 2019 diluted headline earnings per share (DHEPS) level of 2 565 cents by the end of 2022 (a year earlier than planned) and achieving an ROE greater than the 2019 ROE level of 15%, a cost-to-income ratio of below 54% and the #1 ranking on Net Promoter Score (NPS) among South African banks by the end of 2023.

We thank all our employees for their commitment to delivering value to our clients and the economies in which we operate in line with our purpose of using our financial expertise to do good. As we continue to reintegrate increasing numbers of employees into the office in a phased manner, we look forward to reinforcing our strong Nedbank culture and reconnecting safely as one 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 R6 663m, up 27% (June 2021: R5 251m)
- Revenue R30 525m, up 11% (June 2021: R27 602m)
- Credit loss ratio 85bps (June 2021: 85 bps)
- Total operating expenses R17 451m, up 7% (June 2021: R16 355m)
- Cost-to-income ratio 56,2% (June 2021: 58,5%)
- Diluted headline earnings per share 1 335 cents, up 25% (June 2021: 1 067 cents)
- Headline earnings per share 1 370 cents, up 26% (June 2021: 1 084 cents)
- Basic earnings per share 1 412 cents, up 31% (June 2021: 1 081 cents)
- Interim dividend declared of 783 cents per share (June 2021: 433 cents)
- Net asset value per share 20 964 cents, up 8% (June 2021: 19 439 cents)
- Common-equity tier 1 ratio 13,5% (June 2021: 12,2%)

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, 10 August 2022 using the following JSE link:

<https://senspdf.jse.co.za/documents/2022/jse/isse/NED/ie2022.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/2022.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.

INTERIM DIVIDEND DECLARATION

Notice is hereby given that an interim dividend of 783 cents per ordinary share has been declared, payable to shareholders for the six months ended 30 June 2022. The dividend has been declared out of income reserves.

The dividend will be subject to a dividend withholding tax rate of 20% (applicable in SA) or 156,6 cents per ordinary share, resulting in a net dividend of 626,4 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 511 500 790.

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

Event	Date
Last day to trade (cum dividend)	Tuesday, 30 August 2022
Shares commence trading (ex dividend)	Wednesday, 31 August 2022
Record date (date shareholders recorded in books)	Friday, 2 September 2022
Payment date	Monday, 5 September 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 31 August 2022, and Friday, 2 September 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 or collection of cheques has ceased, effective from 31 December 2021. In the absence of specific mandates, the dividend will be withheld until shareholders provide their banking information. Holders of dematerialised shares will have their accounts credited at their participant or broker on Monday, 5 September 2022.

For and on behalf of the board

Mpho Makwana
Chairperson

Mike Brown
Chief Executive

10 August 2022

Directors

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

* Lead Independent Director ** Executive

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nedbankgroup.co.za

Sponsors in SA

Nedbank Corporate and Investment Banking, a division of Nedbank Limited
Merrill Lynch South Africa (Pty) Limited, t/a BofA Securities

Sponsor in Namibia

Old Mutual Investment Services (Namibia) (Proprietary) Limited

Group Company Secretary: J Katzin

Transfer secretaries in SA

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PO Box 4844, Marshalltown, 2000, SA.

Transfer secretaries in Namibia

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