

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 FOR THE YEAR ENDED 31 DECEMBER 2022

Strong revenue growth enabled headline earnings growth of 20% to R14bn, an increase in ROE to 14% and a CET1 ratio of 14%

In 2022 the South African (SA) economy faced multiple global and domestic challenges, including the war in Ukraine, lockdowns in China, slower global growth, lower commodity prices, destructive floods in KwaZulu-Natal, persistent power outages that accelerated into the last quarter of 2022, as well as 325-bps-higher interest rates and inflation that peaked at 7,8% in July. Despite this difficult and uncertain environment, the economy was resilient and is forecast to have expanded by 2,3% in 2022.

Against this challenging macroeconomic backdrop, Nedbank Group's 2022 financial performance was strong, as headline earnings (HE) grew by 20% to R14bn and return on equity (ROE) increased to 14,0% (2021: 12,5%), but still remains below both the 2019 level of 15% and our estimated cost of equity (COE) of 14,9%. The HE increase was supported by double-digit revenue growth, a slightly higher credit loss ratio (CLR) at 89 bps (2021: 83 bps) and a well-managed expense base. All our business clusters reported pleasing earnings growth and higher ROEs. A strong balance sheet and excess levels of capital enabled the group to declare a record-high final dividend of 866 cents per share as well as announce a R5bn capital optimisation initiative to be executed through both a share repurchase and an odd-lot offer.

We have made excellent progress on our strategic value drivers of growth, productivity, and risk and capital management. Growth trends across net interest income (+12%), non-interest revenue (+10%) and gross banking advances (+7%) increased when compared with those reported during our 2022 interim results. Levels of productivity improved, evident in our cost-to-income ratio declining to 56,5% (2021: 57,8%) and the 15% increase in pre-provisioning operating profit. Capital and liquidity ratios increased to multi-year highs, with a common equity tier 1 (CET1) ratio of 14,0% (Dec 2021: 12,8%), an average fourth-quarter liquidity coverage ratio (LCR) of 161% (Dec 2021: 128%) and a net stable funding ratio (NSFR) of 119% (Dec 2021: 116%). The group's total ECL coverage increased to 3,37% (2021: 3,32%) and remained well above pre-Covid-19 levels of 2,26%.

Our strategy to build a modern, modular and agile technology platform (Managed Evolution or ME) has reached 91% completion of the IT build, enabling continued double-digit growth in digital metrics, client satisfaction scores at the top-end of the South African banking peer group, higher levels of cross-sell, main-banked client gains, market share gains in household deposits as well as improved efficiencies evidenced by cumulative operating model (TOM 2.0) cost savings of R1,5bn. We also continued to create positive impacts through R123bn of exposures that support sustainable-development finance, aligned to the United Nations Sustainable Development Goals (UN SDGs), and retained our top-tier rankings on environmental, social and governance (ESG) scores, including MSCI upgrading Nedbank's ESG rating to AAA (now within the top 5% of global

banks) and maintaining our Level 1 BBBEE status under the amended FSC codes for the fifth year in a row.

Looking forward, we currently expect the economic environment in SA to remain challenging, particularly given the high levels of electricity shortages that we expect to continue. The Nedbank Group Economic Unit forecasts SA's gross domestic product (GDP) to increase by only 0,7% in 2023; interest rates to increase by a further 50 bps from December 2022 levels, taking the repo rate to 7,5% and the prime lending rate to 11,0% by the end of the year; and for inflation to reduce from 2022 levels and average 5,5% in 2023.

The network infrastructure provided largely by state-owned monopolies and needed to enable higher levels of GDP growth and sustainable job creation in SA, has been deteriorating over many years, including, in particular, the crises being experienced in the areas of electricity supply and distribution, transport and logistics, and water infrastructure. In addition, municipal service delivery is poor and levels of crime and corruption are unacceptably high. Progress on structural reforms to address these matters has been far too slow and the will of the political and public sector to make meaningful changes is uneven and actual delivery is poor. This cannot continue and more urgent and decisive leadership and action are required. Nedbank remains committed to working with all like-minded South Africans to accelerate delivery of structural reforms in these key areas.

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

Given our strong 2022 performance, we have set ourselves revised medium-term (2025) and long-term targets*. In 2025 we aim to achieve an ROE of 17% (around COE plus 2%) and a cost-to-income ratio of 52%. Over the longer term we aim to improve these to above 18% (around COE plus 3%) and below 50% respectively. Achieving these targets should be value-creating for shareholders.

Thank you to our dedicated employees for their commitment and hard work in difficult conditions - I appreciate the value they strive to deliver to our clients at every touchpoint. We thank our more than seven million retail and wholesale clients for choosing to bank with Nedbank every single day, and we appreciate the support of the investment community, regulators and our other stakeholders. As Nedbank, we will continue to play our role in society as we fulfil our purpose of using our financial expertise to do good.

Mike Brown
Chief Executive

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

FINANCIAL HIGHLIGHTS

- Headline earnings R14 049m, up 20% (2021: R11 689m)
- Revenue R63 578m, up 11% (2021: R57 527m)
- Credit loss ratio 89 bps (2021: 83 bps)
- Expenses R36 425m, up 8% (2021: R33 639m)

- Cost-to-income ratio 56,5% (2021: 57,8%)
- Diluted headline earnings per share 2 806 cents, up 19% (2021: 2 362 cents)
- Headline earnings per share 2 886 cents, up 20% (2021: 2 410 cents)
- Basic earnings per share 2 932 cents, up 27% (2021: 2 317 cents)
- Final dividend per share 866 cents, up 14% (2021: 758 cents)
- Full year dividend per share 1 649 cents, 38% up on the prior year (2021: 1 191 cents)
- Net asset value per share 21 533 cents, up 5% (2021: 20 493 cents)
- Common-equity tier 1 ratio 14,0% (2021: 12,8%)
- Announcement of a R5bn capital optimisation initiative.

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 Tuesday, 7 March 2023, using the following JSE link:

<https://senspdf.jse.co.za/documents/2023/jse/isse/ned/ye2022.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.

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 2022. 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/2022.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 866 cents per ordinary share has been declared, payable to shareholders for the six months ended 31 December 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 173,2 cents per ordinary share, resulting in a net dividend of 692,8 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, 11 April 2023

Shares commence trading (ex dividend)	Wednesday, 12 April 2023
Record date (date shareholders recorded in books)	Friday, 14 April 2023
Payment date	Monday, 17 April 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 April 2023, and Friday, 14 April 2023, 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, 17 April 2023.

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

7 March 2023

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, Dr MA Matooane, MC Nkuhlu** (Chief Operating Officer), M Nyati, S Subramoney.

* Lead Independent Director ** Executive

Registered office

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nedbankgroup.co.za

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, Braamfontein, Johannesburg, 2001, SA.
PO Box 4844, Marshalltown, 2000, SA.

Transfer secretaries in Namibia

Transfer Secretaries (Proprietary) Limited, Robert Mugabe Avenue No 4, Windhoek, Namibia.

PO Box 2401, Windhoek, Namibia.