

NEDBANK GROUP LIMITED
(Incorporated in the Republic of South Africa)
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('Nedbank Group' or 'the group')

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 AND CASH DIVIDEND DECLARATION

Headline earnings increase of 10% driven by strong revenue growth partially offset by increases in retail impairments

In the first half of 2023 the operating environment in South Africa (SA) was much more challenging than we had initially forecast. In addition to a weak global economy and lower commodity prices, domestic economic activity continued to be negatively impacted by very high levels of load-shedding, logistical constraints, higher-than-expected levels of inflation and as a result higher-than-expected rises in interest rates. The slow progress made in improving outcomes on key issues of energy security, transport and logistics, and crime and corruption, coupled with the potentially severe economic consequences of the United States reaction to South Africa's alleged compromising of its non-aligned stance in relation to the Russia-Ukraine conflict, has added further to SA's country risk premium, increasing bond yields and resulting in a deterioration in the value of the rand against foreign currencies.

In this difficult external context, Nedbank Group produced a solid financial performance in the first half of 2023, as headline earnings (HE) grew by 10% to R7,3bn and return on equity (ROE) increased to 14,2% (H1 2022: 13,6%), reflecting the diversification benefits of our portfolio of businesses, with higher levels of growth in the Nedbank Africa Regions (NAR) and Nedbank Wealth. The increase in HE was underpinned by strong revenue growth, including associate income, of 14% and good expense management, enabling preprovisioning operating profit (PPOP) growth of 22%. This was partially offset by a 57% increase in the impairment charge as a result of the impact of higher interest rates, higher levels of inflation and record levels of load-shedding on our clients, particularly in the retail Consumer Banking segment.

The group's balance sheet metrics all remained very strong, enabling the declaration of an interim dividend of 871 cents per share, up by 11%, at a payout ratio of 57%. The R5bn capital optimisation initiative announced in March 2023 was materially completed, with the share repurchase programme and odd-lot offer, executed at attractive levels, enhancing both ROE and growth on a per-share basis.

We continued to make good progress on our strategic value drivers of growth, productivity and risk and capital management. Growth trends across average interest-earning banking assets (AIEBA) (+9%), net interest income (NII) (+18%), non-interest revenue (NIR) (+7% or +10% on a like-for-like basis) and associate income (+53%) remained robust. Levels of productivity improved, evident in our cost-to-income ratio declining to 52,9% from 56,1% in the first half of 2022. Capital and liquidity ratios remained high, with a common equity tier 1 (CET1) ratio of 13,3%, an average second-quarter liquidity coverage ratio (LCR) of 143% and a net stable funding ratio (NSFR) of 119%, all well above board targets and regulatory minimums. The group's total expected credit loss (ECL) coverage increased to an all-time

high of 3,67% (Dec 2022: 3,37%) as we remain conservatively provided in a difficult macroeconomic environment.

Our build-out of a modern, modular and agile technology platform (Managed Evolution or ME) has reached 93% completion, supporting the launch of three new transactional products off our new core banking system, continued double-digit growth in all digital-related metrics, client satisfaction scores remaining at the top-end of the South African banking peer group, higher levels of cross-sell, main-banked client gains across all segments, market share gains in key product categories as well as improved efficiencies. We also continued to create positive impacts through R134bn of exposures that support sustainable-development finance (SDF) as aligned with the United Nations Sustainable Development Goals (UN SDGs); maintained high levels of employee engagement and satisfaction, supported clients during difficult times; retained our top-tier rankings on environmental, social and governance (ESG) scores; and maintained our level 1 broad-based black economic empowerment (BBBEE) status under the Amended FSC for the fifth year in a row. In July we signed a pledge along with 115 of SA's leading corporations to work with government to play our part in helping to address the economic challenges facing South Africa with the aim of achieving higher levels of sustainable and inclusive economic growth.

Looking forward, we currently expect the economic environment in SA to remain very challenging, particularly given the high levels of electricity shortages and increased levels of pressure on consumers' disposable income. The Nedbank Group Economic Unit currently forecasts SA's gross domestic product (GDP) to increase by only 0,3% in 2023 and interest rates to remain at elevated levels, with the repo rate at 8,25% and the prime lending rate at 11,75% for the remainder of the year.

The solid financial performance in H1 2023 supports our ambition to achieve our published 2023 targets* of an ROE greater than the 2019 ROE level of 15% and a cost-to-income ratio of below 54%, but the deteriorating macroeconomic environment has made these and our medium-term targets* to 2025 more difficult to achieve. Pleasingly, in 2022 we had already achieved our 2023 target of exceeding the group's 2019 diluted headline earnings per share (DHEPS) of 2 565 and we aim to maintain our current #1 ranking on Net Promoter Score (NPS) among South African banks.

Thank you to our dedicated employees for their passion, commitment and discipline in the difficult environment - I appreciate the value they strive to deliver to our clients at every touchpoint and their hard work in executing our strategy. I believe that we have the right strategy, leadership and people to navigate these difficult economic conditions and to identify and capitalise on the opportunities that may arise.

I thank our more than seven million retail and wholesale clients for choosing to bank with Nedbank, and we appreciate the ongoing support of the investment community, regulators and our other stakeholders. As Nedbank, we will continue to play a constructive and positive role in society as we fulfil our purpose of using our financial expertise to do good for the benefit of all our stakeholders.

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 of R7 329m, up by 10% (June 2022: R6 665m)
- Revenue of R33 691m, up by 13% (June 2022: R29 732m)
- Credit loss ratio of 121 bps (June 2022: 85 bps)
- Total operating expenses of R18 229m, up by 7% (June 2022: R16 958m)
- Cost-to-income ratio of 52,9% (June 2022: 56,1%)
- Diluted headline earnings per share of 1 477 cents, up by 11% (June 2022: 1 335 cents)
- Headline earnings per share of 1 525 cents, up by 11% (June 2022: 1 370 cents)
- Basic earnings per share of 1 524 cents, up by 8% (June 2022: 1 412 cents)
- Interim dividend declared of 871 cents per share (June 2022: 783 cents)
- Net asset value per share of 22 548 cents, up by 8% (June 2022: 20 964 cents)
- Common-equity tier 1 ratio of 13,3% (June 2022: 13,5%)

This short-form announcement is the responsibility of the directors.

Any investment decision should be based on consideration of the full unaudited condensed consolidated interim financial results for the six months ended 30 June 2023 as this announcement does not contain full or complete details, and is available at:

<https://senspdf.jse.co.za/documents/2023/jse/isse/NED/ie2023.pdf>

and on our website at:

<https://www.nedbank.co.za/content/nedbank/desktop/gt/en/investor-relations/information-hub/financial-results/2023.html>

INTERIM DIVIDEND DECLARATION

Notice is hereby given that an interim dividend of 871 cents per ordinary share has been declared, payable to shareholders for the six months ended 30 June 2023. 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 174,2 cents per ordinary share, resulting in a net dividend of 696,8 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 488 594 065.

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

Event	Date
Last day to trade (<i>cum</i> dividend)	Tuesday, 5 September 2023
Shares commence trading (<i>ex</i> dividend)	Wednesday, 6 September 2023
Record date (date shareholders recorded in books)	Friday, 8 September 2023
Payment date	Monday, 11 September 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 6 September 2023, and Friday, 8 September 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 and collection of cheques have ceased, effective from 31 December 2022. 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, 11 September 2023.

For and on behalf of the board

Daniel Mminele
Chairperson

Mike Brown
Chief Executive

8 August 2023

Directors

D Mminele (Chairperson), MWT Brown** (Chief Executive), HR Brody*, BA Dames, MH Davis** (Chief Financial Officer), NP Dongwana, EM Kruger, P Langeni, RAG Leith, L Makalima, MC Nkuhlu** (Chief Operating Officer), M Nyati, S Subramoney.

* Lead Independent Director ** Executive

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Sponsors in SA

Merrill Lynch South Africa (Pty) 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

Group Company Secretary: J Katzin

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