

NEDBANK GROUP LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1966/010630/06

JSE share code: NED

NSX share code: NBK

A2X share code: NED

ISIN: ZAE000004875

JSE alpha code: NEDI

('Nedbank Group' or 'the group')

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023 AND CASH DIVIDEND DECLARATION

All 2023 targets met – a strong foundation from which we shift focus to deliver our medium-term targets

In 2023 the operating environment for South African banks was more challenging than initially forecast. In addition to a weaker global economy, domestic economic activity was impacted by record levels of load-shedding (electricity shortages), logistical constraints, higher-than-expected levels of inflation and, as a result, higher-than-expected increases in interest rates. Collectively these conditions have put increasing pressure on consumers' finances and led to reductions in business confidence and investment in most sectors other than energy. Progress, albeit slow, is being made in the partnership between government and business to help address the key issues of energy security, transport and logistics, and crime and corruption that are collectively resulting in very low levels of economic growth in South Africa (SA) and a weakening fiscal position.

Despite this difficult and volatile operating environment, Nedbank Group produced a strong financial performance in 2023. Headline earnings (HE) grew by 11% to R15,7bn, underpinned by strong revenue and associate income growth of 12% and prudent expense management that enabled preprovisioning operating profit (PPOP) growth of 15%. This growth was partially offset by a 30% increase in the impairment charge, which reduced from the 57% increase reported in H1 2023. As a result, the group's credit loss ratio (CLR) improved from 121 bps (H1 2023) to 109 bps for the full year. The diversification benefit across our portfolio of businesses was evident in very strong growth in HE from Nedbank Africa Regions, albeit off a low base, alongside solid performances in both HE and return on equity (ROE) from Nedbank Corporate and Investment Banking, Nedbank Retail and Business Banking and Nedbank Wealth. The group's balance sheet metrics all remained strong, enabling the declaration of a final dividend of 1 022 cents per share, up by 18%, at a payout ratio of 57%. The R5bn capital optimisation initiative announced in March 2023 was completed successfully, through a share repurchase programme and odd-lot offer executed at attractive levels, enhancing both ROE and earnings growth on a per-share basis.

A highlight of the year was achieving all the group's post-Covid targets for 2023 announced in March 2021. Two of these targets were already achieved in 2022 – being exceeding the 2019 diluted headline earnings per share (DHEPS) of 2 565 cents and ranking #1 on Net promoter Score (NPS). In 2023 we further increased DHEPS to 3 199 cents, up 14% yoy, and we maintained our #1 NPS ranking among South African banks. Pleasingly, at the end of 2023, we also met the remaining 2 targets, being reporting an ROE of 15,1% ahead of the target level of 15,0% and a cost-to-income ratio of 53,9%, which is lower than our target of 54,0%.

These targets were achieved as a result of ongoing progress on delivery of our strategy, with a focus on growth, productivity, as well as risk and capital management. Growth trends across average interest-earning banking assets (AIEBA) (+7%), net interest income (NII) (+14%), non-interest revenue (NIR) (+6%) and associate income (+64%) remained robust. Levels of productivity improved, evident in our cost-to-income ratio declining to 53,9% from 55,8% in 2022. Capital and liquidity ratios remained strong, with a common equity tier 1 (CET1) ratio of 13,5%, an average fourth-quarter liquidity coverage ratio (LCR) of 135% and a net stable funding ratio (NSFR) of 117%, all well-above board targets and regulatory minimums. The group's total expected credit loss (ECL)

coverage increased to an annual high of 3,62% (Dec 2022: 3,37%) and we remain conservatively provided in a difficult macroeconomic environment.

Our world-class technology platform, delivered through our Managed Evolution (ME) programme that has reached 95% completion, supported 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; and improved efficiencies. We continued to create positive impacts through R145bn of exposures that support sustainable development finance (SDF) aligned with the United Nations (UN) Sustainable Development Goals (SDGs); maintained high levels of employee 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 Financial Sector Code (FSC) for the sixth year in a row.

Looking forward, although geopolitical uncertainties increase forecast risk, we currently expect the economic environment in SA to remain challenging but improve off a low 2023 base. The Nedbank Group Economic Unit forecasts SA's gross domestic product (GDP) to increase by 1% in 2024 and inflation to continue to reduce. The forecast for the South African prime lending rate is to decline by a cumulative 75 bps in the second half of 2024 to end the year at 11,0% and private sector credit growth to be muted at around 5%.

While we were pleased to have achieved all our 2023 targets while operating in a more difficult economic environment, we aspire to deliver ongoing improvements in ROE to increase shareholder value. Our strong financial performance in 2023, together with the progress made in executing on our strategy and underlying momentum in the business, gives us confidence in delivering on our medium-term targets* and, in particular, our aim to increase our ROE to 17% by 2025 and above 18% in the long term.

As I reach the final stretch of my 14 years as Chief Executive of Nedbank Group, I look back with pride on our achievements and the challenges we have overcome together. When I retire at the annual general meeting in May 2024 and hand over to Jason Quinn, I know I leave behind a better Nedbank than what I was entrusted with, and that Jason and the Nedbank team will inherit strong foundations from which to build an even better future for all our stakeholders.

Thank you to all the Nedbankers who have been part of this journey and to our more than 7,3 million retail and wholesale clients for choosing to bank with Nedbank. We also appreciate the ongoing support of the investment community, regulators, and our other stakeholders. As Nedbank, we 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 R15 650m, up by 11% (2022: R14 061m)
- Revenue of R69 179m, up by 11% (2022: R62 448m)
- Credit loss ratio of 109 bps (2022: 89 bps)
- Expenses of R38 059 m, up by 8% (2022: R35 329m)
- Cost-to-income ratio of 53,9% (2022: 55,8%)
- Diluted headline earnings per share of 3 199 cents, up by 14% (2022: 2 809 cents)
- Headline earnings per share of 3 312 cents, up by 15% (2022: 2 888 cents)

- Basic earnings per share of 3 239 cents, up by 10% (2022: 2 934 cents)
- Final dividend per share of 1 022 cents, up by 18% (2022: 866 cents)
- Full year dividend per share of 1 893 cents, 15% up on the prior year (2022: 1 649 cents)
- Net asset value per share of 23 192 cents, up by 8% (2022: 21 533 cents)
- Common-equity tier 1 ratio of 13,5% (2022: 14,0%)

The information contained in this short-form announcement is based on the audited annual financial statements (AFS) for the year ended 31 December 2023 but is itself not audited. This short-form announcement is the responsibility of the directors. It is only a summary of the information contained in the AFS and does not contain full or complete details. Any investment decision should be based on the AFS, which can be accessed from Tuesday, 5 March 2024, on the JSE cloudlink at:

<https://senspdf.jse.co.za/documents/2024/jse/isse/ned/ye2023.pdf>

Alternatively, the AFS are available on our website at:

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

Copies thereof may be requested free of charge from Nedbank Investor Relations at nedgroupir@nedbank.co.za.

The joint auditors, Deloitte & Touche and Ernst & Young Inc, have issued an unmodified report (including key audit matters) to the shareholders of Nedbank Group, which forms part of the AFS.

FINAL DIVIDEND DECLARATION

Notice is hereby given that a final dividend of 1 022 cents per ordinary share has been declared, payable to shareholders for the year ended 31 December 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 204,4 cents per ordinary share, resulting in a net dividend of 817,6 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-taxation 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 was 488 105 724.

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

	2024
Last day to trade (cum dividend)	Tuesday, 9 April
Shares commence trading (ex dividend)	Wednesday, 10 April
Record date (date shareholders recorded in shareholders' register)	Friday, 12 April
Payment date	Monday, 15 April

Share certificates may not be dematerialised or rematerialised between Wednesday, 10 April 2024, and Friday, 12 April 2024, both days inclusive.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. 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, 15 April 2024.

For and on behalf of the board

Daniel Mminele
Chairperson

Mike Brown
Chief Executive

5 March 2024

Directors

AD 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), TM Nombembe, 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 SA Proprietary Limited t/a BofA Securities

Sponsor in Namibia

Old Mutual Investment Services (Namibia) (Proprietary) Limited

Company Secretary: J Katzin

Transfer secretaries in SA

JSE Investor Services Proprietary Limited, One Exchange Square, Gwen Lane, Sandown, Sandton, 2196
PO Box 4844, Johannesburg, 2000

Transfer secretaries in Namibia

Transfer Secretaries (Proprietary) Limited, 4 Robert Mugabe Avenue, Windhoek, Namibia
PO Box 2401, Windhoek, Namibia