

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)

Unaudited Condensed Consolidated Interim Financial Results for the 6 onths ended 30 June 2024 and Cash Dividend Declaration

FINANCIAL HIGHLIGHTS

- Headline earnings of R7 911m, up by 8% (June 2023: R7 329m)
- Revenue of R35 159m, up by 4% (June 2023: R33 691m)
- Credit loss ratio of 104 bps (June 2023: 121 bps)
- Total operating expenses of R19 775m, up by 8% (June 2023: R18 229m)
- Cost-to-income ratio of 55,3% (June 2023: 52,9%)
- Diluted headline earnings per share of 1 650 cents, up by 12% (June 2023: 1 477 cents)
- Headline earnings per share of 1 699 cents, up by 11% (June 2023: 1 525 cents)
- Basic earnings per share of 1 700 cents, up by 12% (June 2023: 1 524 cents)
- Interim dividend declared of 971 cents per share (June 2023: 871 cents)
- Net asset value per share of 23 097 cents, up by 2% (June 2023: 22 548 cents)
- Common-equity tier 1 ratio of 13,3% (June 2023: 13,3%)

Strong financial performance in a difficult macroeconomic environment

The operating environment during the first 6 months of 2024 was challenging and economic activity remained weak, impacted by geopolitical uncertainty, high interest rates, persistent inflation and general uncertainty ahead of the national elections in South Africa (SA). Household finances remained under pressure as real incomes contracted and job prospects remained muted. Corporate activity was also weak on the back of the uncertain political and economic environment. The financial implications of these difficult macroeconomic outcomes were evident in continued elevated levels of consumer strain and slow lending and transactional revenue growth across both wholesale and retail clients. A peaceful and fair election outcome and the swift formation of a government of national unity (GNU) spurred cautious optimism in financial markets resulting in lower bond yields, stronger equity markets and a stronger rand. Spreads on credit default swaps improved markedly, trending towards levels seen when the country's sovereign credit ratings were at investment grade.

Against this backdrop, Nedbank Group produced a relatively strong financial performance. Headline earnings (HE) increased by 8% yoy to R7,9bn, underpinned by good non-interest revenue growth, a lower impairment charge and tight cost control. The group's return on equity (ROE) improved to 15,0% from 14,2% in the prior period. Diluted headline earnings per share (HEPS) increased by 12%, benefitting from the R5bn capital optimisation programme. Balance sheet metrics all remained very strong, enabling the declaration of an interim dividend of 971 cents per share, up by 11,5%, at a payout ratio of 57%.

Our world-class technology platform, delivered through the Managed Evolution (ME) programme, has now reached 95% completion. This has supported ongoing strong growth in digital-related metrics; client satisfaction scores at the top end of the South African banking peer group; good main-banked client growth; higher levels of cross-sell; market share gains in areas that create most value, including retail deposits, home loans, vehicle finance and overdrafts; and efficiency gains as we delivered on our Target Operating Model (TOM) 2.0 target of R2,5bn. We have also continued to create wider positive impacts through R154bn of funding that supports sustainable development finance, aligned with the United Nations Sustainable Development Goals. In particular we are proud of growing renewable energy finance by 20% ytd; retaining our top-tier rankings on environmental, social and governance (ESG) scores; and maintaining our level 1 broad-based black economic empowerment status for the sixth year in a row.

We remain cautiously optimistic around the potential benefits associated with SA's GNU and expect better macroeconomic conditions in the second half of 2024 and into the medium-to-long term. We forecast SA's gross domestic product to increase by 0,9% in 2024, inflation to continue to decline and the South African prime lending rate to decline by a cumulative 50 bps in 2024 to end the year at 11,25%. On the back of an improving operating environment, we continue to aspire to deliver ongoing improvements in ROE to increase shareholder value. Our strong financial performance in H1 2024, together with the progress made in executing on our strategy and better economic prospects, give us confidence in making progress towards our medium-term targets* and, in particular, our aim to increase our ROE to 17% by 2025 and above 18% in the long term.

The seamless transition from Mike Brown to myself was well planned and executed. I am aligned with the board and the leadership teams, which has enabled us to continue running our business very smoothly. Improving performance is a key priority and I have adopted Nedbank's medium-term performance targets as my own. I am extremely comfortable with the strong foundations that Nedbank has built, including capital and liquidity levels and an improving financial performance, as well as the group's strong and vibrant culture, its focus on transformation (diversity, equity and inclusion), leading ESG credentials and significant investments in technology. We will continue to build on these strong foundations as we evolve and continuously refresh our strategy in response to an everchanging operating environment.

I extend my gratitude to all Nedbankers who have made me feel welcome as part of the organisation and contributed to our successes in the first half of the year. Thank you to our 7,5 million retail and wholesale clients who have entrusted Nedbank with serving their financial needs. My appreciation also goes out to the investment community, regulators and other stakeholders for their continued support. Nedbank remains strongly committed to making a meaningful and positive impact in society, using our financial expertise to do good for all stakeholders.

Jason Quinn
Chief Executive

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

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

Investment decisions should be based on consideration of the full unaudited condensed consolidated interim financial results for the 6 months ended 30 June 2024, as this announcement does not contain full or complete details.

The complete interim financial results are available on the JSE cloudlink at <https://senspdf.jse.co.za/documents/2024/jse/isse/NED/ie2024.pdf> and on our website at <https://www.nedbank.co.za/content/nedbank/desktop/gt/en/investor-relations/information-hub/financial-results/2024.html>

INTERIM DIVIDEND DECLARATION

Notice is given that an interim dividend of 971 cents per ordinary share has been declared, payable to shareholders for the 6 months ended 30 June 2024. The dividend has been declared from income reserves.

The dividend will be subject to a dividend withholding tax rate of 20% (applicable in SA) or 194,2 cents per ordinary share, resulting in a net dividend of 776,8 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-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 488 020 500.

In line 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, 3 September 2024
Shares commence trading (<i>ex</i> dividend)	Wednesday, 4 September 2024
Record date (date shareholders recorded in books)	Friday, 6 September 2024
Payment date	Monday, 9 September 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 4 September 2024, and Friday, 6 September 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, 9 September 2024.

For and on behalf of the board

Daniel Mminele
Chairperson

Jason Quinn
Chief Executive

6 August 2024

Directors

AD Mminele (Chairperson), JP Quinn** (Chief Executive), HR Brody*, BA Dames, MH Davis** (Chief Financial Officer), NP Dongwana, MA Hermanus, 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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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

Transfer secretaries in SA

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Transfer secretaries in Namibia

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