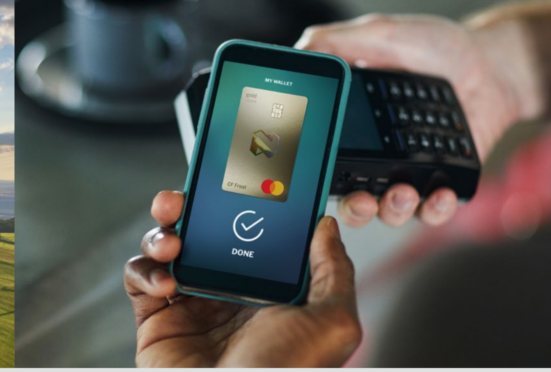


Nedbank Group Limited
Annual results
for the year ended 31 December 2023

NEDBANK GROUP

Headline earnings	DHEPS	HEPS	Basic EPS	Dividend per share (total)	ROE	Revenue	CLR	CET1 ratio	NAV per share
R15 650m	3 199 cents	3 312 cents	3 239 cents	1 893 cents	▲ 15,1%	R69 179m	▲ 109 bps	▼ 13,5%	23 192 cents
▲ 11%	▲ 14%	▲ 15%	▲ 10%			▲ 11%			▲ 8%
(2022: R14 061m)	(2022: 2 809 cents)	(2022: 2 888 cents)	(2022: 2 934 cents)	(2022: 1 649 cents)	(2022: 14,1%)	(2022: R62 448m)	(2022: 89 bps)	(2022: 14,0%)	(2022: 21 533 cents)

All 2023 targets met – a strong foundation from which we shift focus to deliver on 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 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 is a decrease 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-19 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 by 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, by 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, which 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 decline. The forecast is for the South African prime lending rate 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
5 March 2024

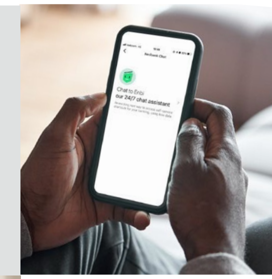
** These targets are not profit forecasts and have not been reviewed or reported on by the group's joint auditors.*

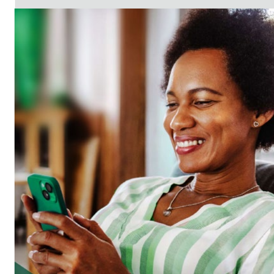
Strategy and ESG highlights

NPS ▲ **#1 SA bank** (2019: #3)

Employee NPS **second highest** since inception (employee survey)

Retail main-banked clients ▲ **9%** to 3,5 million





Money app users ▲ **16%** to 2,3 million

Avo clients ▲ **26%** to 2,5 million

MSCI ESG rating maintained at **AAA** (top 5% of global banks)

R145bn sustainable development finance (16% of gross loans and advances)

Published 2030 financed emission glidepaths for thermal-coal, oil & gas, and power generation

Level 1 BBBEE for 6 consecutive years

82% AIC representation (from 78% in 2019)

>2 800 unemployed youth (YES) recruited (almost 10 000 since 2019)

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.Nedbank Group Ltd Reg No 1966/010630/06. Nedbank Ltd. Licensed financial services and registered credit provider (NCRCP16).

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Registered office	Nedbank 135 Rivonia Campus, 135 Rivonia Road, Sandown, Sandton, 2196 PO Box 1144, Johannesburg, 2000
Company Secretary	J Katzin
Sponsors in SA	Merrill Lynch SA Proprietary Limited, Nedbank Corporate and Investment Banking, a division of Nedbank Limited
Sponsor in Namibia	Old Mutual Investment Services (Namibia) Proprietary Limited
Reg no	1966/010630/06
JSE share code	NED
ISIN	ZAE000004875
NSX share code	NBK
JSE Alpha code	NEDI

Abbreviations

AIEBA	average interest-earning banking assets
BBBEE	broad-based black economic empowerment
bps	basis points
CET1	common-equity tier 1
CLR	credit loss ratio
DHEPS	diluted headline earnings per share
ECL	expected credit loss
EPS	earnings per share
ESG	environmental, social and governance
GDP	gross domestic product
HE	headline earnings
HEPS	headline earnings per share
LCR	liquidity coverage ratio
ME	Managed Evolution
NAR	Nedbank Africa Regions
NAV	net asset value
NII	net interest income
NIR	non-interest revenue
NPS	Net Promoter Score
NSFR	net stable funding ratio
PPOP	preprovisioning operating profit
ROE	return on equity
SA	South Africa
SDGs	Sustainable Development Goals
TOM	target operating model
TTC	through the cycle
UN	United Nations
VWAP	volume-weighted average price
YES	Youth Employment Service
yoy	year on year

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