NEDBANK GROUP

CREATING VALUE BY USING OUR FINANCIAL EXPERTISE TO DO GOOD.

UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

see money differently

CONTENTS

1 MESSAGE FROM OUR CHIEF EXECUTIVE

2 RESULTS PRESENTATION

46 2020 INTERIM RESULTS COMMENTARY

58 FINANCIAL RESULTS

59 Financial highlights
60 Consolidated statement of comprehensive income
61 Consolidated statement of financial position
62 Consolidated statement of changes in equity
66 Return-on-equity drivers

67 SEGMENTAL ANALYSIS

68 Our organisational structure, products and services
70 Operational segmental reporting
72 Nedbank Corporate and Investment Banking
75 Nedbank Retail and Business Banking
92 Nedbank Wealth
95 Nedbank Africa Regions
100 Geographical segmental reporting

102 INCOME STATEMENT ANALYSIS

103 Net margin analysis
107 Impairments
112 Non-interest revenue
114 Expenses
116 Non-trading and capital items
116 Taxation charge
116 Preference shares

117 STATEMENT OF FINANCIAL POSITION ANALYSIS

118 Loans and advances
132 Investment securities
133 Investments in associate companies
134 Intangible assets
136 Amounts owed to depositors
139 Liquidity risk and funding
142 Equity analysis
143 Capital management

149 SUPPLEMENTARY INFORMATION

150 Earnings per share and weighted-average shares
151 Nedbank Group employee incentive schemes
152 Long-term debt instruments
152 Additional tier 1 capital instruments
153 Shareholders' analysis
154 Basel III balance sheet credit exposure by business cluster and asset class
156 Nedbank Limited consolidated statement of comprehensive income
157 Nedbank Limited consolidated statement of financial position
157 Nedbank Limited consolidated financial highlights
158 Definitions
161 Abbreviations and acronyms
IBC Company details

IN A PERIOD OF UNPRECEDENTED HEALTH, ECONOMIC AND SOCIAL CHALLENGES THAT HAVE IMPACTED OUR STAFF AND OUR CLIENTS, NEDBANK GROUP REMAINED PROFITABLE AND OPEN FOR BUSINESS, WITH CAPITAL AND LIQUIDITY RATIOS WITHIN BOARD-APPROVED TARGETS AND WELL ABOVE ALL PRUDENTIAL REQUIREMENTS.

The Covid-19 pandemic has had a material impact on individuals, families, businesses, societies and countries in what is becoming known as the Great Lockdown Crisis (GLC). Unfortunately, as a result of consistently weak economic growth and an unsustainable fiscal position, the SA economy entered this crisis in a more challenging position than it did entering the Global Financial Crisis (GFC). The impact of the pandemic and the GLC has resulted in a revision of our 2020 SA GDP growth forecast to a contraction of 7,0%, with the second quarter expected to be most impacted and the Q2 GDP in SA forecast expected to decrease by more than 40%. By contrast, SA banks are in a more resilient position than they were during the GFC, with loan growth going into the GLC being more prudent, impairment coverage ratios being higher, funding tenor being longer and capital levels being stronger than they were during the GFC.

At Nedbank our primary focus since the crisis started has been on resilience: ensuring the health and safety of our staff and clients; invoking business continuity plans; ensuring IT systems stability; supporting our clients in managing their finances through this very difficult period; and managing liquidity, credit risk, capital and discretionary costs closely. We have provided payment relief to our qualifying clients in good standing on R119bn of loans under PA D3/2020, reduced various fees, and launched digital innovations to assist our clients during the lockdown, including the Avo app and Tap on Phone payments functionality. Throughout the crisis we have maintained a strong balance sheet, evident in a tier 1 capital ratio of 11,7% and CET1 ratio of 10,6% at 30 June 2020, as well as a strong liquidity profile. Both ratios are above board-approved minimum targets and well above all regulatory requirements. The Covid-19 health crisis morphed quickly into an economic crisis and is currently escalating to become a social crisis due to, among other things, increases in already unacceptable levels of unemployment. As Nedbank, we are committed to making a difference in this difficult environment and deliver on our purpose to use our financial expertise to do good for our clients and society.

Nedbank Group's HE in the six months to 30 June 2020 declined by 69% to R2,1bn, impacted by a significant increase in the impairment charge, including a provision build from forward-looking IFRS-9 macro-model adjustments and judgemental overlays for anticipated Covid-19-related impacts and expected job losses, in total amounting to R2,9bn. In addition, H1 was impacted by the effect of lower interest rates on endowment income (NII) and a decrease in NIR as a result of lower client transactional activity in Q2 2020 and negative revaluations to unrealised private-equity investments driven by lower listed market prices and increases in cost of equity. Expenses were well managed and declined on the prior period.

Forecasting in the current environment is complex and estimates are subject to a much higher level of forecast risk than usual, but we are hopeful that the worst impacts of Covid-19 and the GLC are behind us and that impairments in the second half will be lower than in the first half and client activity will continue to increase off a low base. Our focus in the second half of 2020 will remain on resilience as we reintegrate business functions in a phased manner, including delivering market-leading client experiences and innovative digital solutions, supporting our clients, and optimising on costs, while managing credit risks and maintaining resilient capital and liquidity ratios and remaining on high alert for subsequent waves of infection.

We thank our 29 000 dedicated staffmembers who have been observing the Covid-19 health protocols and supporting our clients and the economy during this difficult period. We also extend our deepest condolences to the families and friends of the five Nedbank staffmembers who have passed away as a result of Covid-19 and related illnesses.

Mike Brown
Chief Executive

OVERVIEW

HEADLINE EARNINGS
▼ (69,2%)
R2 114m

DHEPS
▼ (69,2%)
434 cents

ROE
▼ 4,8%
(June 2019: 16,8%)

No interim dividend in line with Prudential Authority G4/2020

REVENUE GROWTH
▼ (1,8%)
(incl associate income: -2,9%)

CLR
▲ 194 bps
(June 2019: 70 BPS)

EXPENSES GROWTH
▼ (1,1%)
to R15,4bn

COST-TO-INCOME RATIO
▲ 56,4%
(June 2019: 55,4%)

NAV PER SHARE
▲ 1,6%
to 18 075 cents

CET1 RATIO
▼ 10,6%
(June 2019: 11,3%)

Prudential Authority D3/2020 relief
R119bn
of client loans

LCR
▼ 114,5%
above 80% requirement
(June 2019: 115,4%)

Nedbank Group Interim results
for the six months ended 30 June 2020

see money differently

NOTES:

OVERVIEW

Primary focus in H1 2020 has been on resilience:

- health & safety of our staff
- supporting our clients
- maintaining a strong balance sheet
- communication

Mike Brown
Chief Executive

NOTES:

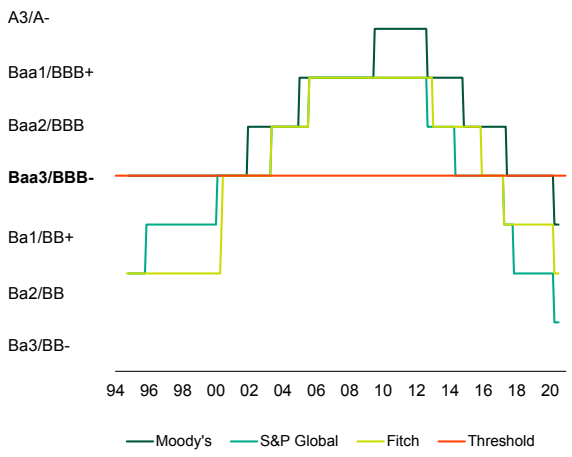
Overview

- **A very difficult environment for clients & banks** – compared to the GFC the SA economy is in a worse position, but SA banks in a stronger position
- **Primary focus on health & safety of staff & clients; & supporting our clients** – including health & safety measures, new digital innovations & supporting clients with D3 restructures on R119bn loans
- **Maintained strong balance sheet metrics**
  - LCR 115% | NSFR 114% | CET1 10.6% & Tier 1 CAR 11.7%
  - Total coverage up to 2.95% (2.31% at Dec 19)
- **HE down 69% to R2.1bn reflecting the impact of a significant increase in impairments & a slowdown in client activity impacting revenue growth under lockdown**
  - ECL charge increased 202% to R7.7bn, resulting in an annualised CLR of 194 bps (inclusive of R2.9bn provision build from judgemental overlays & the impact from IFRS 9 macro forward-looking assumptions)
  - Interest rate cuts of 275 bps up to 30 June 2020 (adverse endowment impact), transactional volumes down since lockdown started & negative revaluations of private equity to reflect listed market
  - Expenses very well managed: -1%
- **Tilted our strategy:** Resilience, Transition & Re-imagine – leveraging technology investments

NOTES:

SA entered the Covid-19 crisis on the back of an already challenging macroeconomic environment

Foreign currency ratings: SA



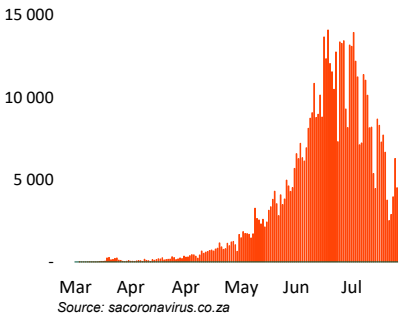
- **SA economic downswing** the longest since records began in 1945 – urgent structural reform required to boost investment & economic growth
- **Ongoing financial & operational challenges at Eskom**
- **Unsustainable fiscal position** without material increase in economic growth
- **Sovereign credit ratings** now all firmly below investment grade
- **Ongoing policy uncertainty negatively impacting confidence** (EWC, SARB, NHI, SWF, Mining Charter, prescribed assets, etc)
- **Ongoing corruption & political infighting**
- **Elevated government cost structures & red tape**

NOTES:

Evolution of Covid-19 pandemic – a health crisis turned into an economic crisis & escalating into a social crisis

Health crisis …

SA confirmed daily positive cases
(#)

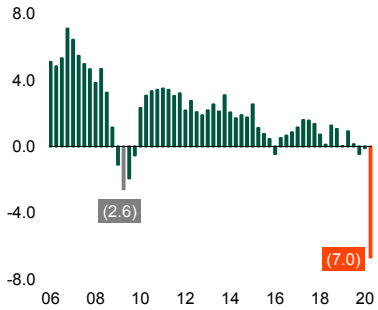


Source: sacoronavirus.co.za

- SA deaths: 2% of confirmed cases – at the lower end of global countries
- SADC countries' infections low & lagging SA

… economic crisis …

SA GDP yoy
(%)

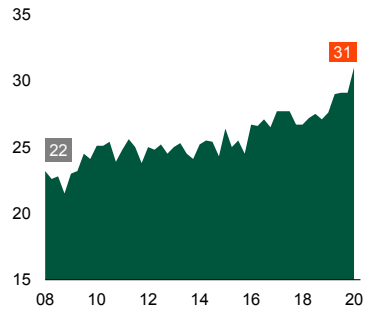


Source: Nedbank Group Economic Unit

- SA Q2 GDP likely to be down > 40%
- Nedbank forecasts informed by underlying recovery from client/industry data

… escalating social crisis

SA unemployment
(%)



Source: Nedbank Group Economic Unit

- SA unemployment forecast to peak in Q2 at c35% (1.6m job losses), ending 2020 at 31%

NOTES:

The Covid-19 pandemic has led to the Great Lockdown Crisis (GLC) – expected to have a longer, more widespread & deeper impact than the GFC

	GFC (Financial)	**GLC** (Covid-19 pandemic)
Cause	US mortgage credit crisis	Viral pandemic
Probability	1-in-15-year event	1-in-100-year event
Source	Originated in US	Global spread of virus + lockdown creating supply & demand shocks
Major sectors impacted	Financial markets/housing	Broad impact across sectors/economies
Time horizon	2 years	Uncertain – V, U, L or W shape
SA fiscal response	Countercyclical fiscal response	R500bn national stimulus package
SA monetary response	Initial interest rate hikes in 2008 (followed by c500 bps cuts)	300 bps cuts in interest rates to date (off a lower base)
Regulatory response	Capital & liquidity increases (Basel III)	Relaxation of liquidity & capital requirements (directives & guidance notes) & SARB bond-buying programme

NOTES:

SA economy in a more challenging position but SA banks in a much stronger position when compared to the GFC

SA economy (going into the crisis[1])	GFC	GLC
Debt to GDP ratio	26%	61%
Budget deficit	0.2%	(6.3%)
Unemployment rate	22%	29%
Prime interest rate	15%	10%
CPI (inflation)	13%	4%
Consumer confidence	-4%	-9%
Business confidence	33%	26%

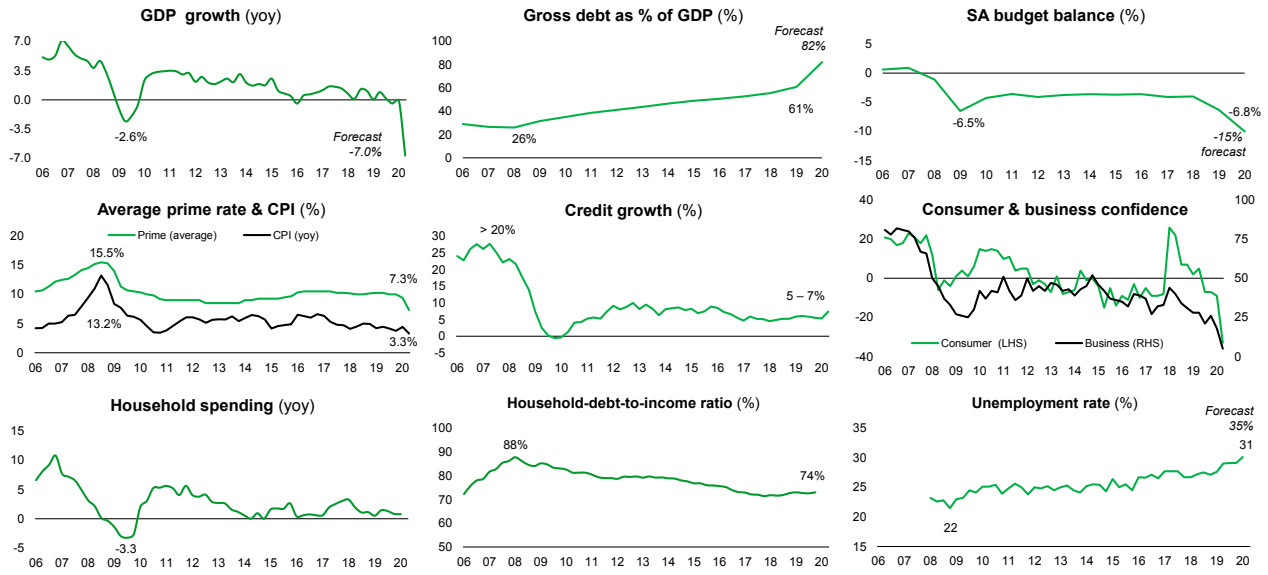
SA banks	GFC	GLC
Role of global banks	Cause	Part of solution
SA industry credit growth[2]	> 20%	5 to 7%
SA regulatory intervention	Limited	Positive
SA bank capital & liquidity	Solid (no issues)	Stronger (no issues)
Provision accounting	IAS 39 (incurred losses)[3]	IFRS 9 (forward-looking)[4]
Digital adoption/usage	Low	Higher

1 As at Dec 2008 vs Dec 2019. | 2 Prior 3 years. | 3 Slower impairment recognition. | 4 Faster impairment recognition.

NOTES:

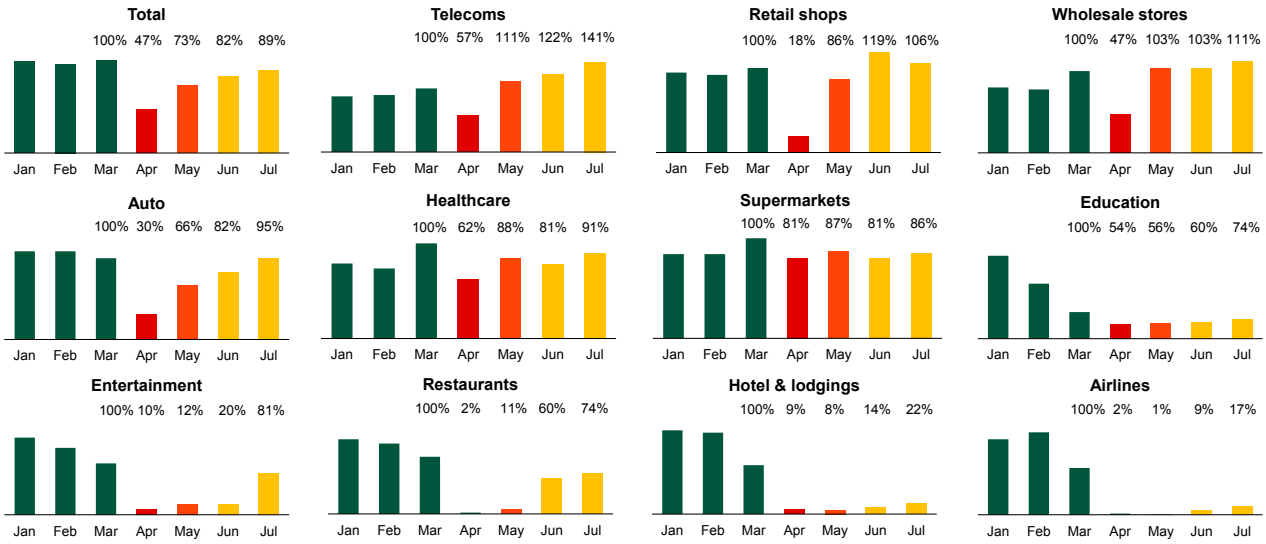
SA economy is in a significantly more challenging position entering the GLC when compared to the GFC

BOOKLET SLIDE



NOTES:

Client turnover data from our POS devices & digital channels highlights the impact & recovery rate through the lockdown levels for various industries in SA



1 Based on Nedbank POS & digital payment data (client turnover). | Numbers above the graphs show rand turnover volumes as percentage of March.

NOTES:

Nedbank's response to the Covid-19 pandemic
Resilience, transition & re-imagine

Primary focus on the health & safety of our staff, continuing to serve our clients as banking is an essential service & supporting clients as they manage their finances through this difficult period

Resilience
Manage the crisis

Increased focus on the following:

- Managing liquidity, capital, market & credit risk
- Operational resilience/ IT stability/ ongoing digital rollout
- Scenario modelling & stress testing
- Managing discretionary costs
- Enhanced communication with staff, clients & investors

Transition
Enable recovery

Reintegrate staff & business functions in a phased manner (in line with government lockdown levels).

- Mitigating downside risk
- Supporting our clients
- Managing costs
- Delivering best in class client experiences

Re-imagine
Strategise for a new normal

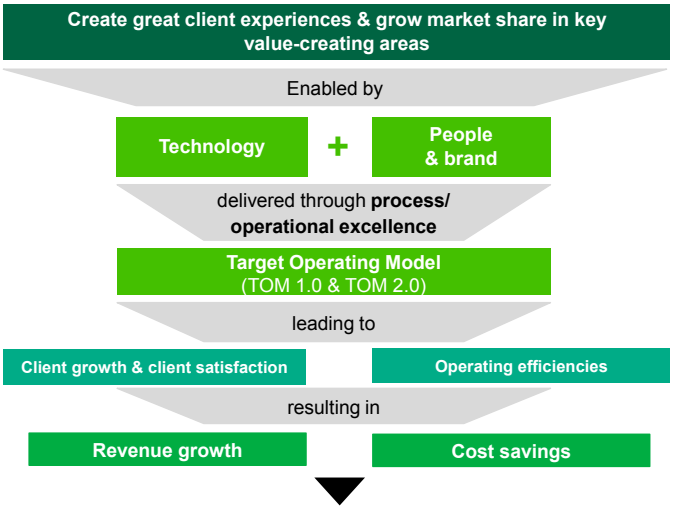
A rebased growth strategy that delivers competitive advantage.

- Digital leadership & market-leading client experiences
- Strategic Portfolio Tilt 2.0
- Target Operating Model 2.0
- Explore new growth vectors

Q2/ Q3 2020 → Q3/ Q4 2020 → Q4 & 2021 onwards

NOTES:

Nedbank's strategy spine – ongoing delivery on key strategic drivers



1 We will update investors on our medium- to long-term targets once we have more clarity.

NOTES:

Nedbank's response to the Covid-19 pandemic
Our technology progress continues & digital capabilities have been beneficial

Managed Evolution – **74**% complete

- **106** core systems (H1 19: 112)
- **Individual onboarding in place & juristic rollout in progress**
- **5 products digitised** (H1 19: 2 | 2020 target: top 10)
- **Digital sales: 53%** (of total sales, H1 19: 18%)
- **Digitally active clients: 25%** (of total clients, H1 19: 23%)
- **168** of services digitised (H1 19: 86 | 2020 target: 170)
- **Excellent system uptime: 99.7%** (2019: 99.1%)

Digital leadership externally acknowledged[1]

- Best SA Banking App, Best Banking Technology Implementation, Most Innovative Digital Branch Design







1 Source: Global Banking & Finance Awards

NOTES:

Nedbank's response to the Covid-19 pandemic

Innovative digital client solutions assisted our clients during the lockdown

Avo super app



E-commerce platform

Healthcare services, online shopping & fulfilment, & digital home entertainment services

Spaza shop support



Covid-19 grant for spaza shops

Prefunded cards allowing purchase at selected wholesalers & onboarded through branch & Boxer stores

Startup Bundle



Zero fees in first 6 months

SME account for new business owners + access to a dedicated relationship banker & beyond banking support via SimplyBiz

Tap on Phone



Enabling contactless payments

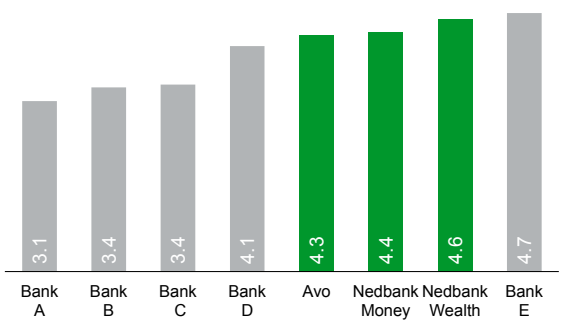
First for Africa, contactless payment capability

Allows merchants to use their smartphones to accept payments

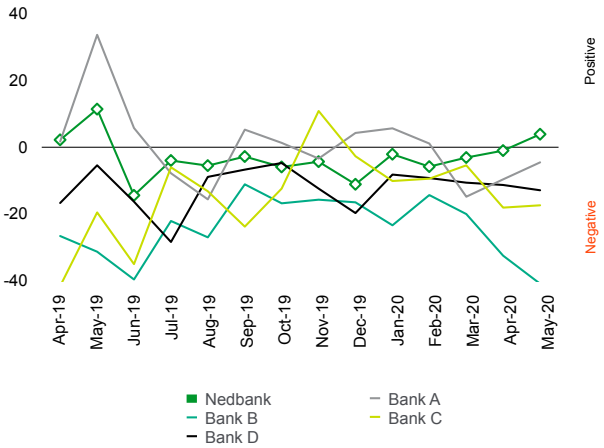
NOTES:

App & client sentiment rankings in H1 2020 evident of our strategy to deliver market-leading client experiences

Apple & Google Play Store app ratings[1] (stars / 5)



Net social media sentiment scores (%)



1 Average of Apple & Google Play Store client ratings

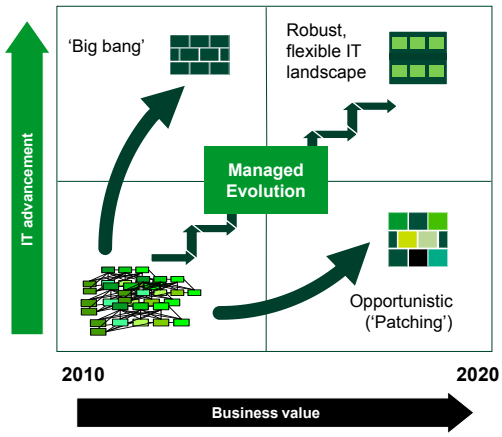
Source: BrandsEye

NOTES:

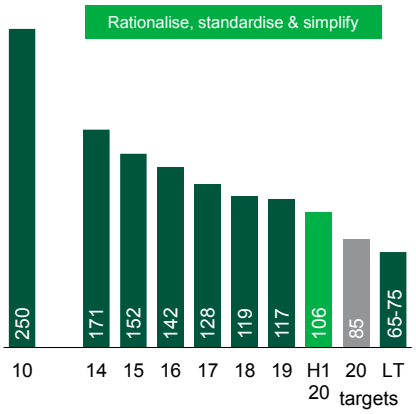
Managed Evolution strategy is enabling core banking system rationalisation, standardisation & simplification

BOOKLET SLIDE

Managed Evolution approach



Core systems[1] (#)



2020 outcomes

Digitise | **Delight** | **Disrupt**

- 24/7, real-time systems
- Agile, flexible multilayered architecture
- Digitally fit & analytically strong organisation
- Platforms that are innovative & responsive to change
- Omnichannel client onboarding & servicing

1 Historical numbers have been adjusted to align with the current definition of core to banking systems. The previously stated target of 60 by the end of 2020 has been revised upward due to our strategy to modernise, rather than rationalise some systems & includes new systems such as Flexcube in our Africa Regions cluster.

NOTES:

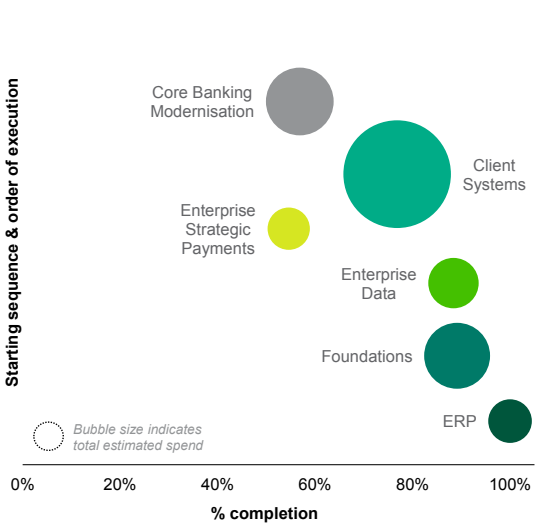
The Managed Evolution programme is ~74% complete[1]

BOOKLET SLIDE

Spend

ERP	R0.6bn
Foundations	R1.4bn
Data	R0.8bn
Strategic payments	R0.6bn
Client systems	R3.8bn
Core banking modernisation	R1.5bn
New technologies	R1.7bn
Total	**R10.4bn**

IT investment profile



2020 outcomes

Foundations – mostly complete, ongoing investment in cybersecurity

Data – advance machine learning, RPA, artificial intelligence, single data store

Client systems – complete 7/8 individual product journeys.

New technologies – platforms & ecosystems

2020+ outcomes

Strategic payments – full-service hub

Core banking modernisation – modernisation of generic transactional product, lending & deposit systems, decommission legacy middleware

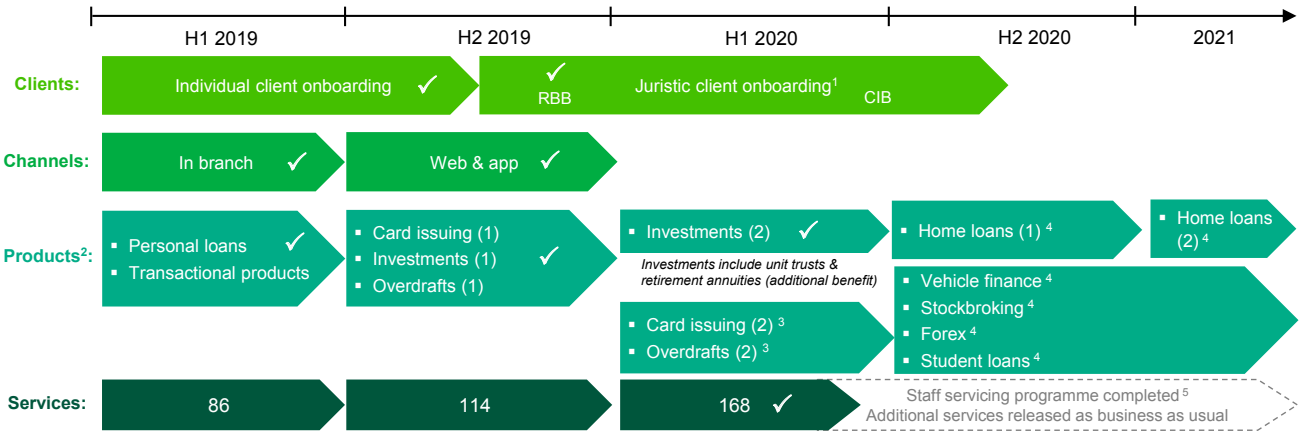
1 As reported, ME programme was ~70% complete at December 2019. Materially complete by 2020 is ~80%, including Foundations at ~95%

NOTES:

Eclipse progress – simplified end-to-end digital client onboarding for individuals & juristic clients

BOOKLET SLIDE

End-to-end digital client onboarding, digitising our top 10 products & more than 180 services by end-2020



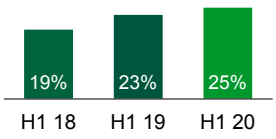
1) Juristic client onboarding went live on 11 July 2020.
2) The number (1) refers to first minimal viable product launch on the new platform; (2) refers to additional enhancements.
3) Card & overdraft rollout completed by end-July 2020.
4) Delivery timelines remain under review given dependencies on other core Managed Evolution programmes.
5) 186 services initially targeted for digitisation, reduced to 170 after rationalisation & additional scope. 60 services delivered in Digital Servicing Releases. 108 services subsequently released under the Staff Servicing Programme. The remaining investments services, delayed due to third-party dependencies, will be deployed to Eclipse as business as usual.

NOTES:

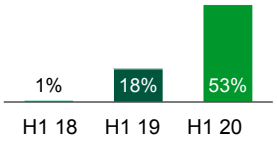
Accelerated digitisation of technology & operations supportive given the impact of the lockdown on physical channels

BOOKLET SLIDE

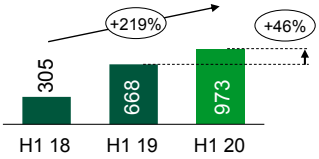
Digitally active clients
(% of total clients)



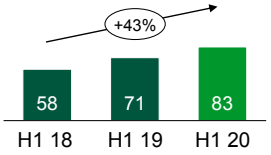
Digital sales
(# 000)



Money app active users
(# 000)



Self-service cash deposit volumes (%)



- **The importance of digital solutions has increased** during lockdown
- **Increase also driven by further enhancements across digital solutions** including Eclipse, apps, website & API such as:
  - Covid-19 debt relief applications
  - Avo app
  - New-to-franchise personal loans
  - voucher purchases
  - investment products
  - insurance quotes

NOTES:

Nedbank's response to the Covid-19 pandemic
Staff, clients & society

Staff

- Primary focus on the **health & safety of our staff** – social distancing, sanitation & health practices, emotional wellbeing, etc
- **Activated BCPs**[1] – tailored for various lockdown phases
- > 77% of SA campus staff enabled to **work from home**
- **68% of branches remain open**, 149 temporarily closed
- **Increased capacity** of staff & clients to work & bank remotely
- Reviewing aspects of our **remuneration & retention strategy**

Clients

- Enabled & educated our clients to increasingly bank through our **mobile & web capabilities**
- **Support for clients** – eg payment holidays (on R119bn loans), reduced card repayment fees, claim from credit life insurance cover, applying for readvances & drawdowns on existing facilities, etc
- **Support spaza shops & general dealers** – procurement cards, discounted prices for preapproved goods, etc
- **> 900 communications** sent to clients
- SARB R100bn **SME Loan Guarantee Scheme: R1.2bn** approved

Society

- Enabled staff & clients to **contribute to Solidarity Fund** through our apps, web & internet banking – **R143m**
- One of four banks to **administer the R1bn SA Future Trust** (R300m paid)
- **Donated > R14m to Covid-19 relief efforts** including the Red Cross
- **Numerous health & economic interventions** through BASA, BLSA & BUSA/ Business4SA
- **Cash taxation paid** incl direct, indirect & other taxes: **R4.5bn**
- **Early payment of 925 SME suppliers** during lockdown (> R60m in value)









1 Business Continuity Planning

NOTES:

Nedbank's response to the Covid-19 pandemic
Regulators

	Regulatory responses	Nedbank June 2020
Liquidity	▪ Liquidity measures – transmission of liquidity through the system ▪ D1/2020 – minimum LCR from 100% to 80%	LCR **115%**
Credit	▪ D3/2020 – provide temporary relief for qualifying loans (distressed Covid-19 related restructures) ▪ G3/2020 – ensure impairments are appropriately conservative but do not result in excessive procyclicality	D3 restructures **R119bn**
Capital	▪ D2/2020 – temporary capital relief (removal of Pillar 2A, banks can use Capital Conservation Buffer) ▪ Nedbank well above regulatory minimums	CET1 ratio **10.6%**
Dividends	▪ G4/2020 – suspension of future dividends & cash bonus payments to certain individuals	No interim dividend declared[1]

SA banks working closely with PA & SARB to ensure safety & soundness of the system

1 And no cash bonuses to certain individuals.

NOTES:

A responsible corporate citizen & focus on ESG

BOOKLET SLIDE

Delivering on our purpose
of using our financial expertise to do good

- Maintained **>50% of SED spend** on education
- Staff **Female 62%** **Black[1] 79%**
- Launched a **R2bn SDG Green bond** in H1 2020
- **78% procurement spend** – support SA business
- Processed **early payments to 925 SMMEs** during lockdown
- Donated **> R14m to Covid-19 relief** efforts

- **Dow Jones Sustainability Index** – included for 15th year
- **Africa's first carbon-neutral financial organisation** – since 2010 (& balanced our water consumption since 2015)
- **Climate change resolutions** – first SA company to proactively raise climate change resolutions & pass with 100% votes of approval at May 2020 AGM
- **Only SA company awarded overall winner at all three major reporting awards in 2019** – IAS (SA), EY Integrated Reporting & JSE Chartered Secretaries Integrated Reporting - awards

MSCI ESG **AA** rating

FTSE Russell **Top 6%** of all banks

SUSTAINALYTICS **15th** out of 361 banks of similar size

ISS **Top 20%** of all global banks

1 Defined as African, Indian & Coloured population.

NOTES:

FINANCIAL OVERVIEW

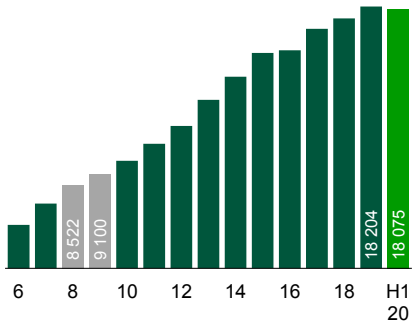
Impact of the Covid-19 pandemic evident in significantly higher impairments

Raisibe Morathi
CFO

NOTES:

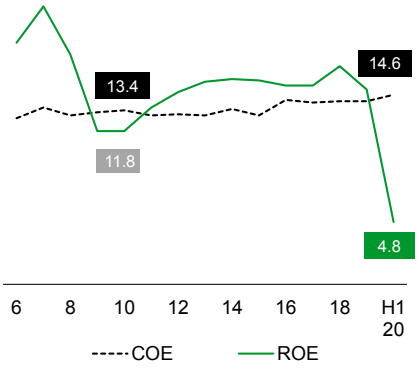
A difficult period evident in the key drivers of shareholder value creation

NAV per share (cents)



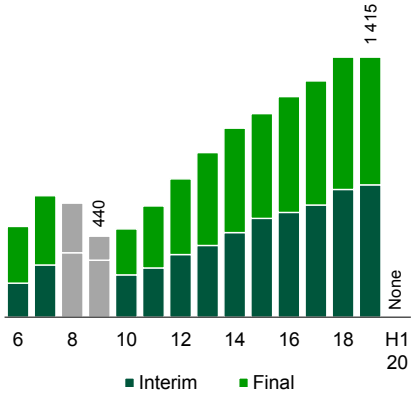
Positive but slower NAV growth yoy

ROE & cost of equity (%)



ROE below COE

Dividend per share (cents)



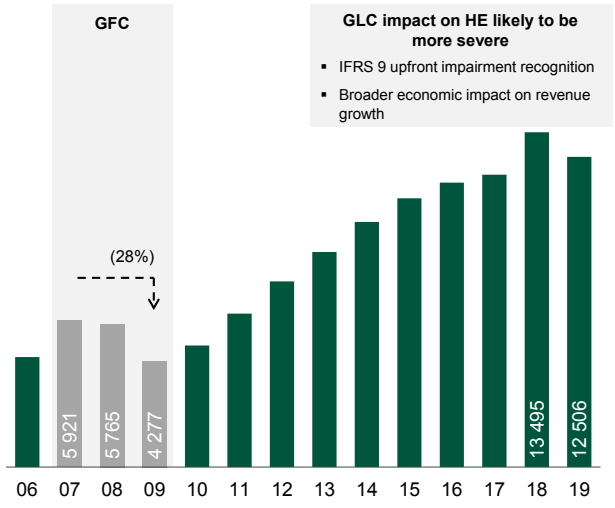
No interim dividend declared (G4/2020)

NOTES:

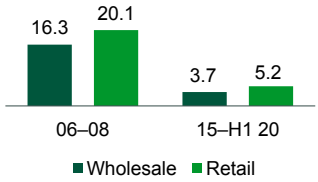
Nedbank enters the GLC in a stronger position compared to the GFC – slower loan growth, higher coverage, longer funding profile, higher liquidity buffers & stronger levels of capital

BOOKLET SLIDE

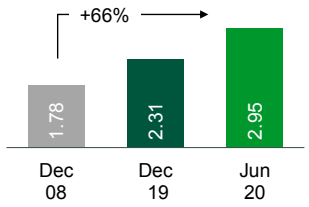
Headline earnings (Rm)



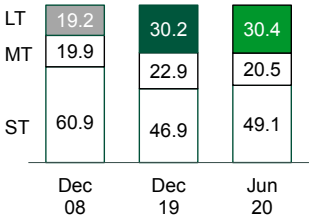
Loan growth (CAGR %)



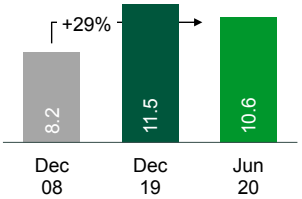
Total coverage (%)



Funding tenor (%)



CET1 ratio (%)



NOTES:

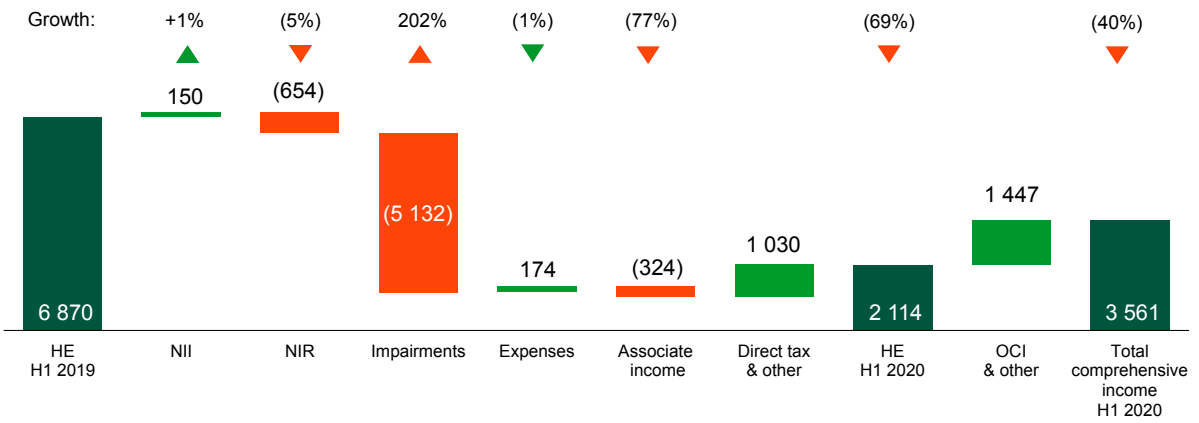
Maintained strong liquidity & capital positions notwithstanding the impact of increased impairments on profitability metrics

			H1 2020	H1 2019
Profitability	Headline earnings (Rm)	(69%)	**2 114**	6 870
	Total comprehensive income (Rm)	(40%)	**3 561**	5 978
	DHEPS (cents)	(69%)	**434**	1 411
	Basic EPS (cents)	(81%)	**270**	1 419
	ROE (%)		**4.8%**	16.8%
Advances & deposits	Gross banking advances (Rbn)	+7%	**808**	753
	Deposits (Rbn)	+9%	**944**	866
Asset quality	Credit loss ratio (bps)		**194**	70
	Total coverage (%)		**2.95%**	2.21%
Liquidity	Long-term funding ratio (%)		**30%**	29%
	Liquidity coverage ratio (%)		**115%**	115%
Capital	CET1 ratio (%)		**10.6%**	11.3%
	Risk-weighted assets (Rbn)	+10%	**678**	619

NOTES:

Headline earnings & total comprehensive income – decline driven by significant increase in impairments

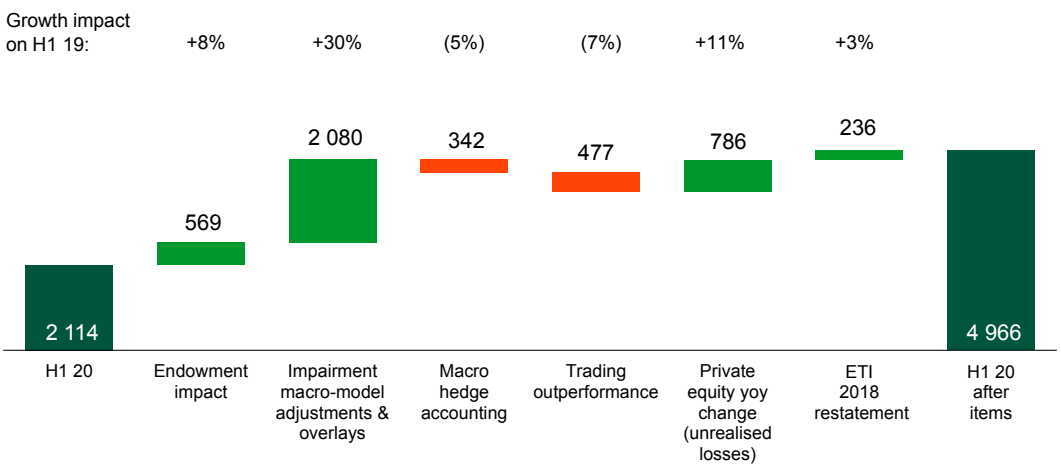
Headline earnings/Total comprehensive income (Rm)



NOTES:

Quality of earnings

Headline earnings (Rm)

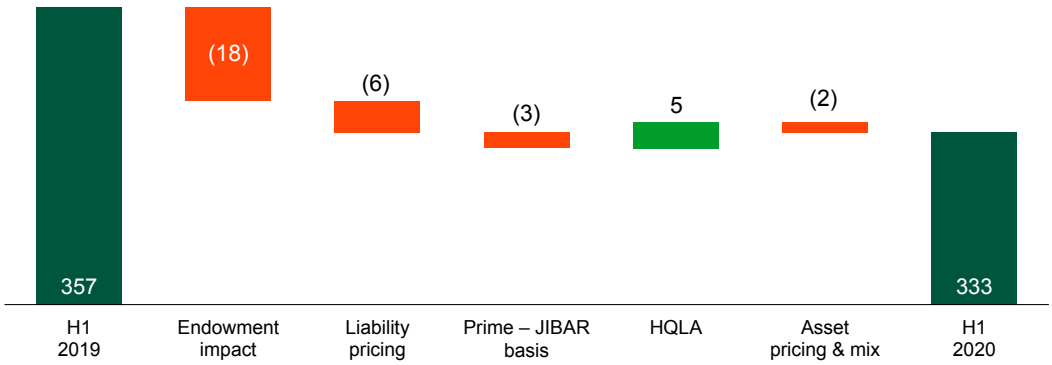


Note: Impairments: R2 889m model adjustments & judgemental overlays

NOTES:

Net interest income +1% – strong AIEBA growth but a decrease in NIM as lower interest rates reduce endowment income

Net interest margin (bps)



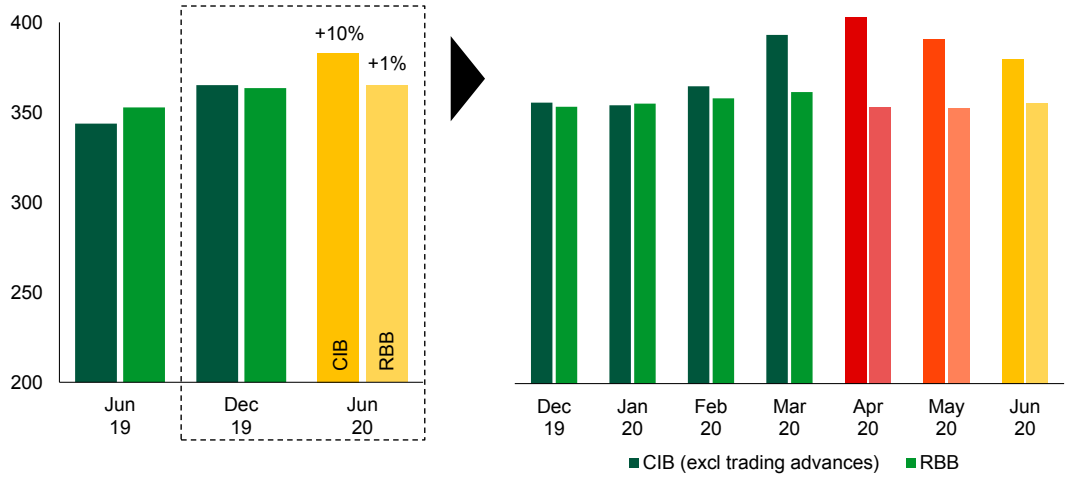
Average interest-earning banking assets: +8.2%;
NII sensitivity for 1% change in interest rates R1.3bn

NOTES:

Gross advances +7% ytd annualised

RBB slowdown during lockdown & recovering off a low base, while CIB increased as a result of drawdowns on unutilised facilities

CIB & RBB gross banking advances (Rbn)



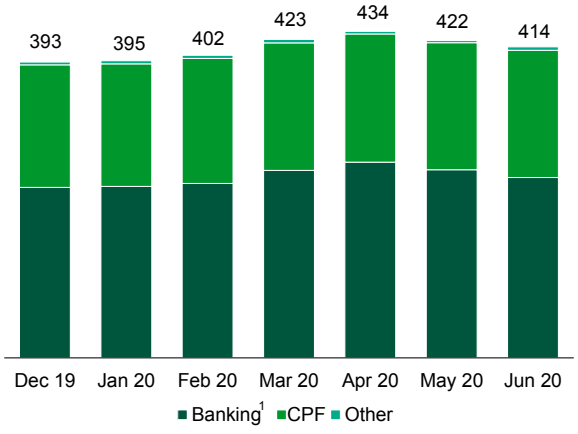
Note: CIB is darker shades & RBB lighter shades. Red (stage 5) to yellow (stage 3) reflects the various stages of lockdown.

Indicators: Prior to lockdown Level 5 Level 4 Level 3

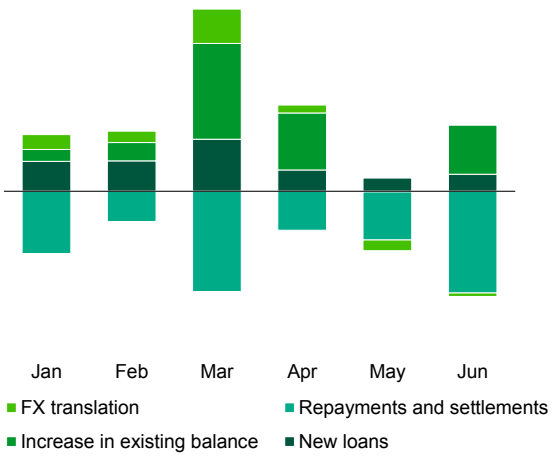
NOTES:

CIB banking advances – impact of client access to committed facilities & currency movements

Gross banking advances, incl corporate bonds (Rbn)



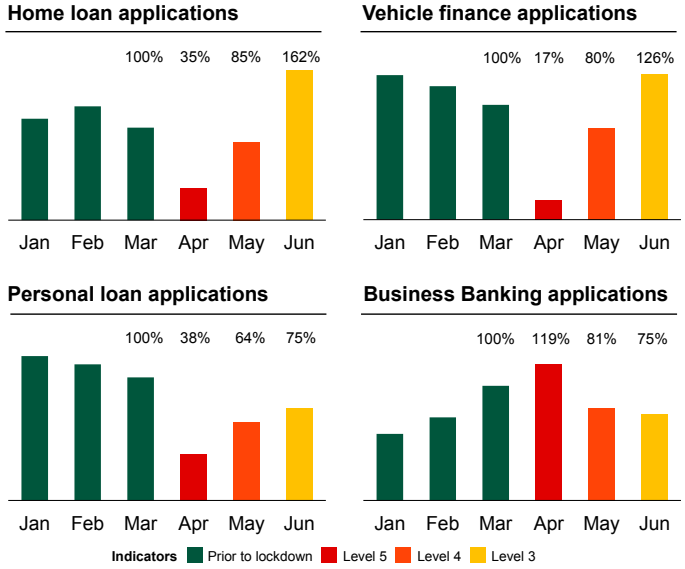
Monthly advances movements (Rbn)



1 Banking defined as investment banking & working capital combined.

NOTES:

RBB loan application volumes impacted by the national lockdown – pressure initially in HL & MFC



- **Demand for loans in April & May** affected by the lockdown & consequential restrictions
- **Recently increased HL & MFC applications** driven by pent-up demand, reduced interest rates & reduced asset prices, eg switch to used vehicles (HL approval rates marginally up to 52% & MFC down 4% to 32%)
- **PL impacted by both reduced demand & physical branch closures**, however pickup in digital sales at 28% (from 6% in H1 19). PL approvals down 4% to 27%
- **BB increase in March to May due to the applications for Covid-19 restructures** & other forms of support

Numbers above the graphs show applications as percentage of March.

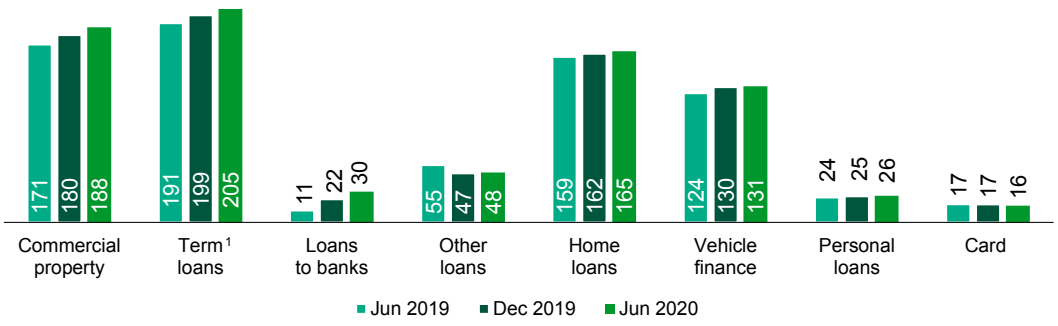
NOTES:

Gross banking advances +7% ytd annualised

BOOKLET SLIDE

Gross banking advances (Rbn)

	Wholesale				Retail			
Yoy growth	+10%	+7%	>100%	(13%)	+4%	+6%	+8%	(8%)
Ytd annualised growth	+9%	+6%	+69%	+4%	+3%	+1%	+6%	(13%)

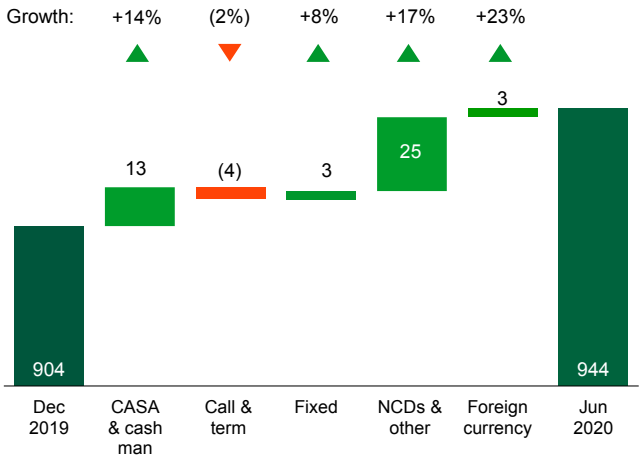


1 Term loans include a reclassification of some investment banking loans from other loans.

NOTES:

Deposits +9% ytd annualised – clients remained liquid during the lockdown given uncertainties

Deposits (Rbn)

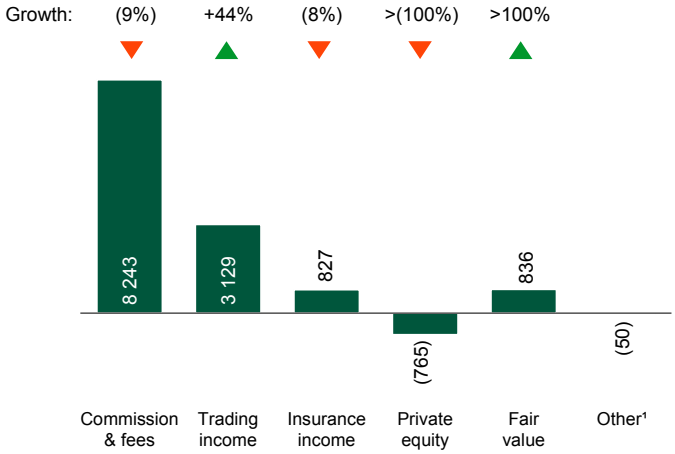


- **CASA & cash management** – increase in short-term operational cash requirements to support businesses impacted by Covid-19
- **Call, term & fixed deposits** – client shifts towards short-term operational deposits
- **NCDs & other term deposits** – increased institutional & corporate demand for term deposits, following the interest rate cuts, after the initial financial market shock in March/April
- **Loan-to-deposit ratio improved to 87%** (Dec 19: 88%)

NOTES:

NIR growth down 5% – client transactional activity slowed materially & private equity impacted by lower valuations, partially offset by strong trading income

NIR (Rm)



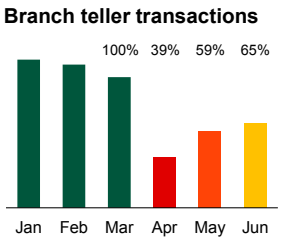
Key drivers

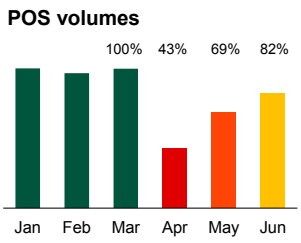
- **Commission & fees**
  - Subdued client transactional activity, particularly during the lockdown in April
  - Fee concessions & increased use of digital channels
- **Trading** – strong performance driven by volatile markets & includes some once-off transactions
- **Insurance** – impacted by increased actuarial reserves & higher retrenchment/loss of income claims
- **Private equity** – reflective of impact of negative revaluations
- **Fair value** – gains as a result of the group's fair-value hedge accounting solution

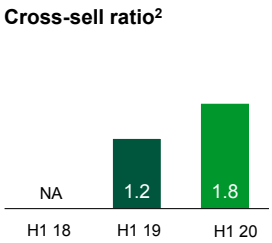
1 Represents sundry income & investment income.

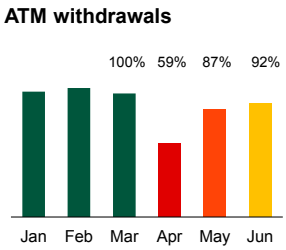
NOTES:

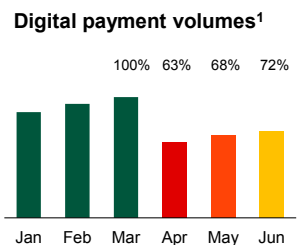
RBB – transactional impact from lockdown, partially offset increased levels of cross-sell

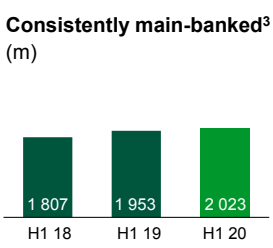












Indicators: Prior to lockdown | Level 5 | Level 4 | Level 3

- **Branch teller transactions impacted by the temporary closure** of 149 branches
- **POS volumes reduced significantly from April** with recovery in May & June in sectors that have resumed trading activities
- **ATM withdrawals settling at slightly lower levels** than pre-lockdown levels
- **Digital payment volumes up strongly ahead of lockdown**
- Core Plus & Eclipse driving **higher cross-sell on new business**
- **Consistently main-banked clients +3.6%**

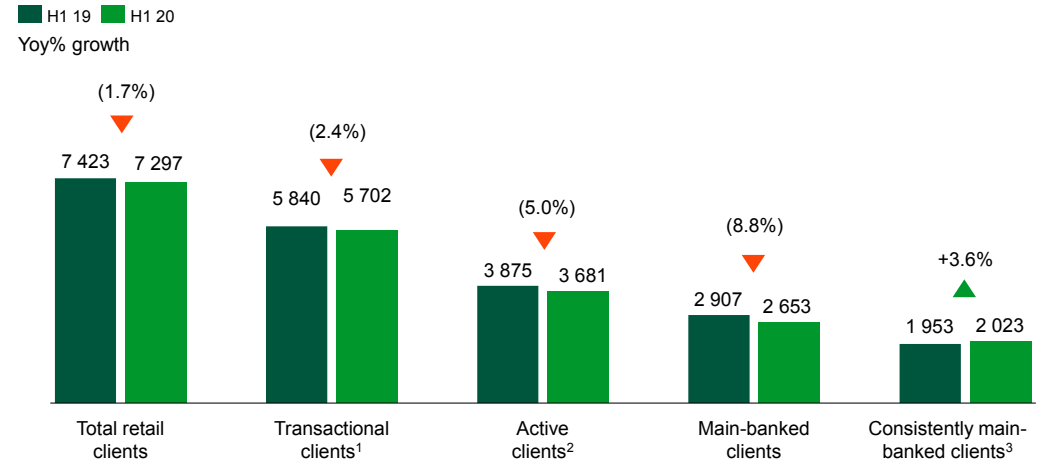
1 App & web payment volumes combined. | 2. Cross-sell on new sales. | 3. Main-banked for each of the last 12 months.

NOTES:

Nedbank Retail & Business Banking
Good growth in consistently main-banked clients

BOOKLET SLIDE

Retail client base breakdown (#000)



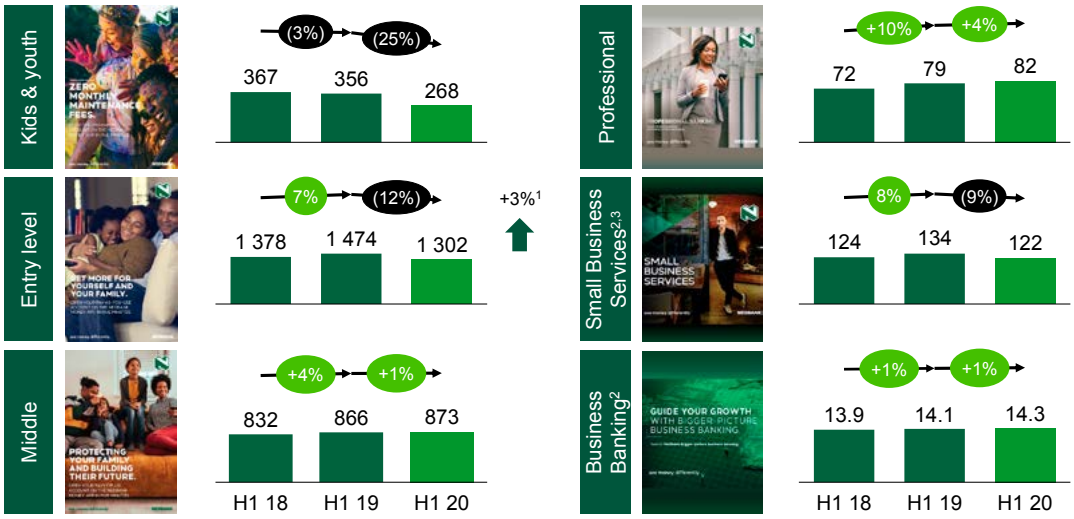
1 Clients with a transactional product. | 2 Active clients within the last 6 months. | 3 Main-banked for each of the past 12 months.
Definition of main-banked clients: Youth & ELB ≥ 3 debits, 1 credit | Middle market ≥ 6 debits, 1 credit | Professionals ≥ 12 debits, 1 credit | SBS ≥ 25 debits | All over 3-month period.

NOTES:

Main-banked clients – ELB, youth & SME segments impacted by slowdown in transactional activity from lockdown

BOOKLET SLIDE

Main-banked, # 000

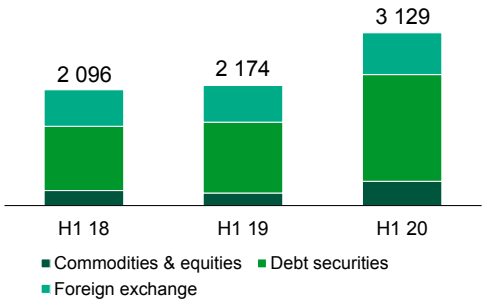


1 Mass: Emerging (clients earning R60K to 100K) has grown by 3.3%. | 2 Client groups with gross operating income contributions in excess of R500 pm. | 3 Numbers adjusted for client move from BB to RRB; 2020 negatively impacted by main-banked rule requiring (avg of 25 debits over 3 months) disqualifying businesses not operational during lock-down. Total client growth positive.

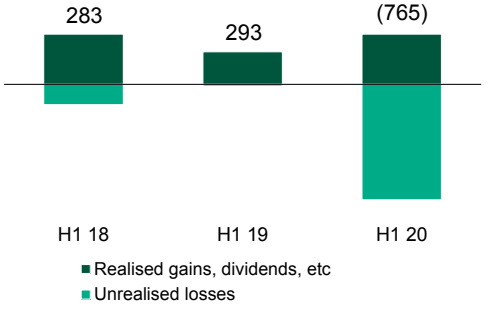
NOTES:

Trading income – benefited from volatile market conditions
Private equity – impacted by negative revaluations

Trading income (Rm)



Private-equity income (Rm)



Investment over last few years in market-leading capabilities supported good outcomes:

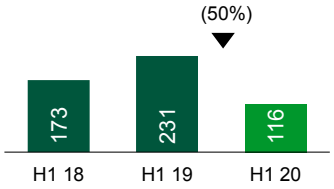
- **Equities + >100%:** increased volatility & good client activity.
- **Debt securities +51%:** strong results in fixed income & hedging activity.
- **FX +15%:** uptick in Fx derivatives client flow.

- **IB** – negative equity revaluations impacted by weakened client profitability, lower listed market prices & increases in the cost of equity.
- **CPF** – declines driven by equity valuation overlays created to reflect the expected reductions in valuations over time.

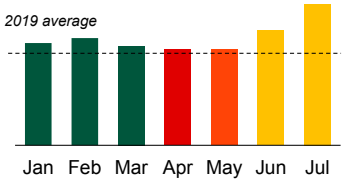
NOTES:

Insurance – lower interest rates impacting actuarial reserves, lower sales volumes & higher retrenchment/loss of income claims

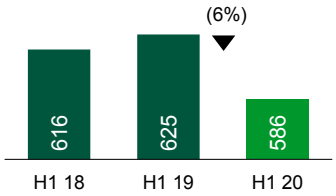
Life value of new business (Rm)



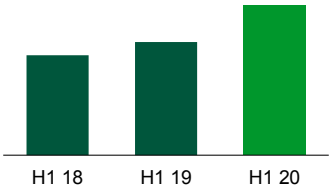
Retrenchment/Loss of income claims (Rm)



Non-life GW premiums (Rm)



Actuarial reserves (Rm)



Life

- Lower interest rates negatively impacted actuarial reserves
- Decrease in VNB due to lower sales volumes across all products

Non-life

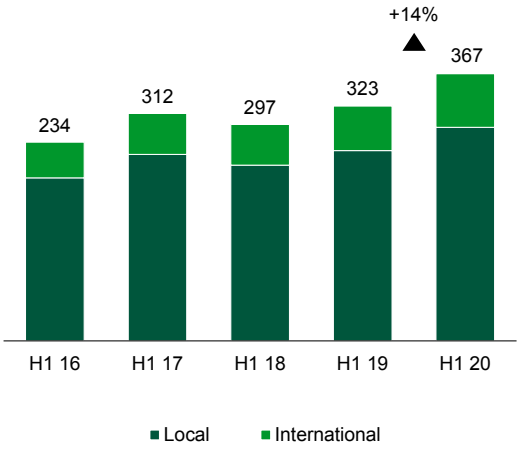
- Better-than-expected claims experience in general, but higher retrenchment/loss of income claims
- Lower sales volumes due to Covid-19
- Very strong solvency ratios

Indicators Prior to lockdown Level 5 Level 4 Level 3

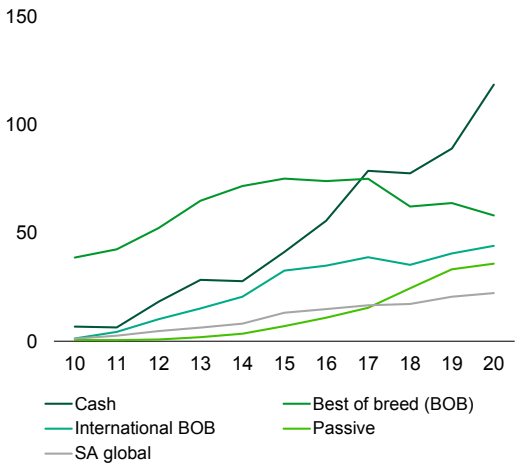
NOTES:

Asset Management – strong net inflows & higher performance fees, offset by investor shift to passive & fixed-income/cash asset classes

Assets under management (Rbn)



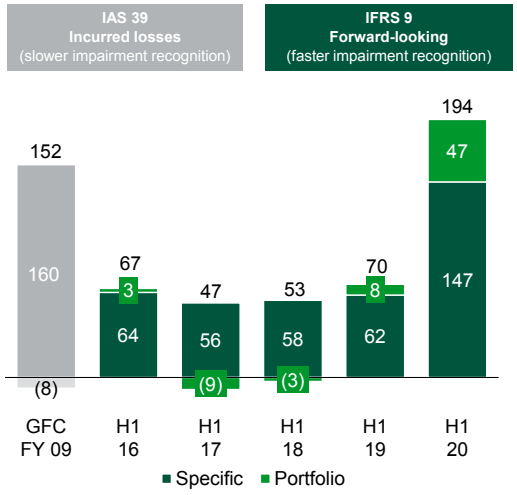
Unitised asset under management (Rbn)



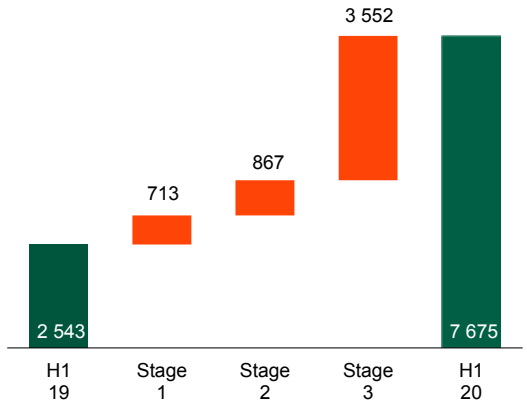
NOTES:

Impairments up 202% – increase across all stages

Group CLR (bps)



Impairment charge (Rm)

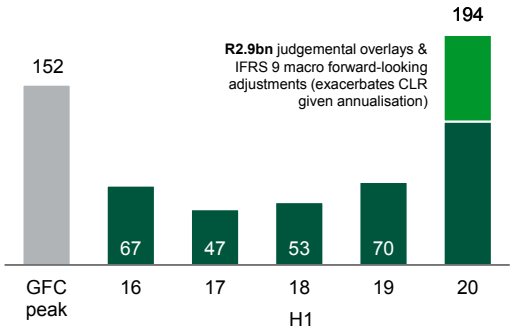


Note: Stage 1 includes off balance sheet movements.

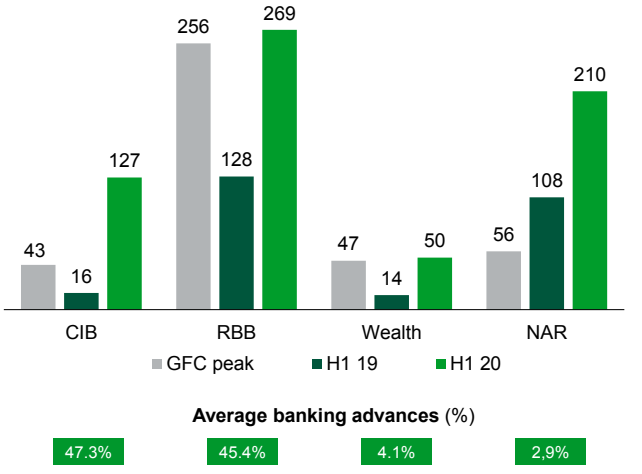
NOTES:

Credit loss ratio up to 194 bps – impacted by additional R2.9bn judgemental overlays & macro forward-looking adjustments in anticipation of future defaults & impact of annualisation

Group CLR (bps)



Cluster CLR (bps)



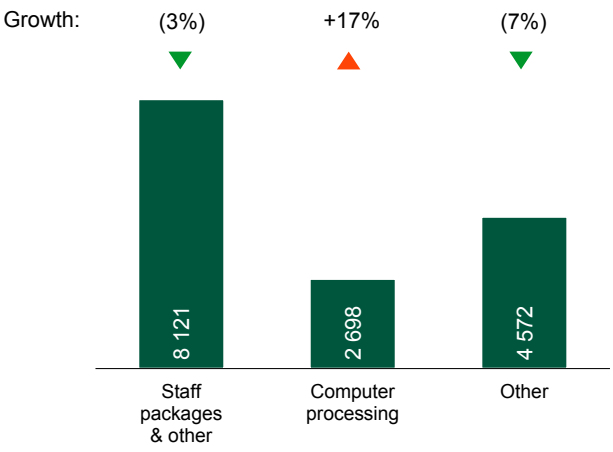
Average banking advances (%)

CLR excluding annualisation of the R2 889m overlays & model adjustments: 157 bps

NOTES:

Expenses down 1% – good cost management in response to slowing revenue growth & benefits from digitisation

Expenses (Rm)



Key drivers

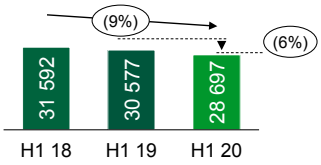
- **Staff costs:**
  - ASR +4.7% offset by 6.1% decline in headcount (natural attrition)
  - Incentives down 59%
  - Other: higher leave costs (R121m) & PRMA benefit in 2019 base (R354m)
- **Computer processing** – incl software amortisation +23% (H1 19: +28%)
- **Other costs** – down 7% (includes marketing, communication, travel, etc)
- **Covid-19-related costs** – R40m (includes PPE, healthcare costs & consulting)
- **TOM 1.0** – additional R353m in H1 (R1.5bn cumulative benefits to date).

NOTES:

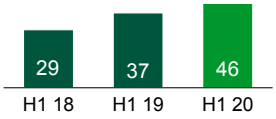
Optimisation of processes & operations continue

BOOKLET SLIDE

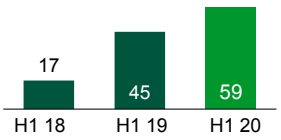
Total group employees (#)



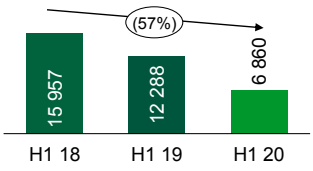
Branch floor space saved ('000 m²)[1]



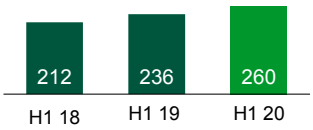
Corporate real estate savings ('000 m²)



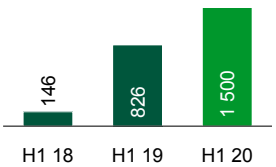
Teller activity (# 000)[2]



Branches permanently closed (cumulative #)[3]



Cumulative TOM 1.0 benefits (Rm)



1 Represents the total branch floor space we saved since 2014 with a target of > 49 000m² equating to approximately 25% of our branch floor space in 2014 when we started the journey. | 2 Refers to the volumes of interactions. | 3 Closures since Dec 2014.

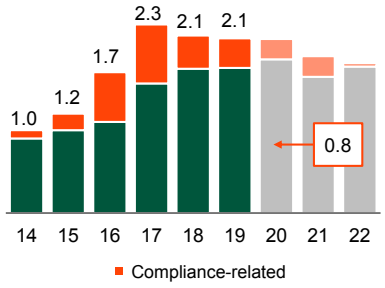
NOTES:

IT spend reducing from 2020

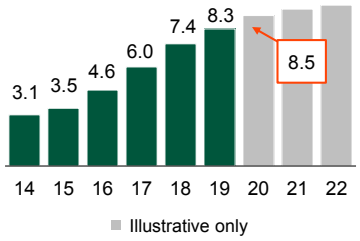
BOOKLET SLIDE

IT software development spend (Rbn)

Regulatory projects almost complete & development cost on new technologies decreasing



Capitalised IT costs (Rbn)



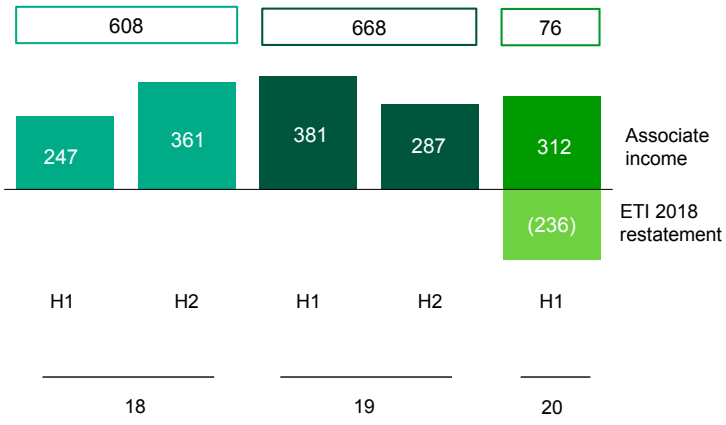
Amortisation charge (Rbn)



NOTES:

ETI associate income – ETI recovery impacted by difficult Nigerian environment & accounting for our share of ETI's 2018 restatement

Associate income from ETI[1] (Rm)



ETI H1 2020 results

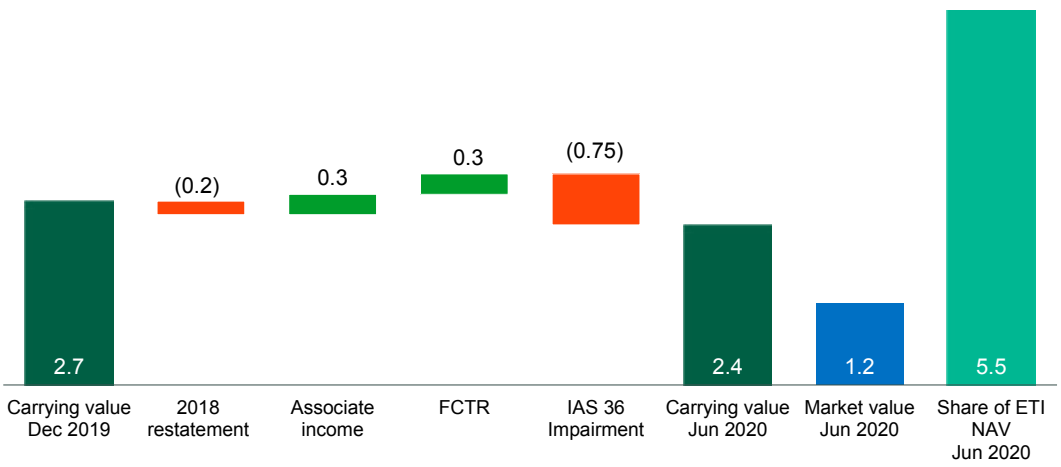
- PAT – 22% (+3% in constant currency)
- Nigerian operations
  - Challenging economic & regulatory environment
  - NPLs remain elevated
  - Slightly improved profit & ROE: 4.0%
- Robust performance in other ETI geographies
  - ROEs > 19%
- Capital & liquidity remain adequate

1 ETI accounted for one quarter in arrear.

NOTES:

ETI carrying value – R750m impairment given uncertain environment

Carrying value drivers vs market value (Rbn)

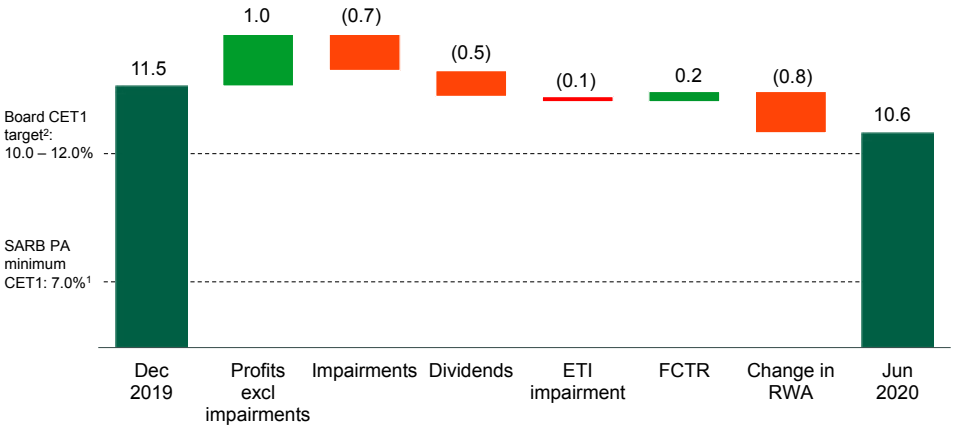


Value-in-use now cR2.4bn

NOTES:

Capital – CET1 well above regulatory minimum & GFC levels. In H1 impacted on the supply side by dividend & lower profits & on the demand side by higher RWAs

CET1 ratio (%)



- **Tier 1 CAR 11.7%**
- **Total CAR 14.3%** – Tier 2 issuance of R2.0bn in H1
- **Excess CET1** over regulatory minimum: R25bn

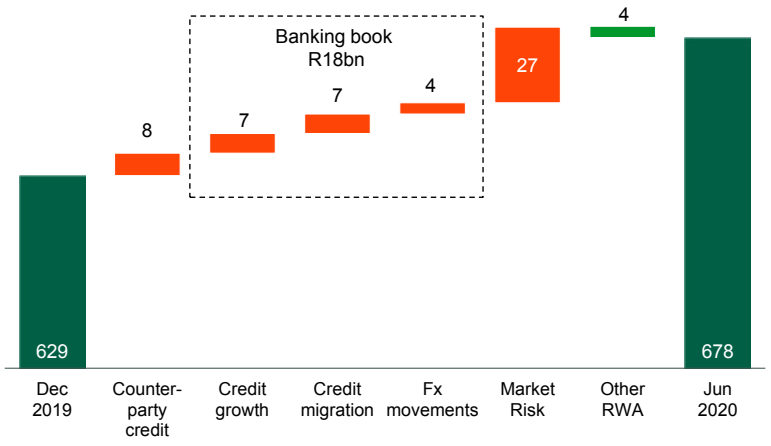
1 Excluding D-SIB & idiosyncratic buffers. | 2. Nedbank's internal board-approved target ranges have been revised to align with industry benchmarks & align with the lower new regulatory minimum requirements as per the PA Directive 2/2020.

NOTES:

Capital – Risk-weighted assets +8%, driven by increase in credit & market RWA

BOOKLET SLIDE

RWA (Rbn)

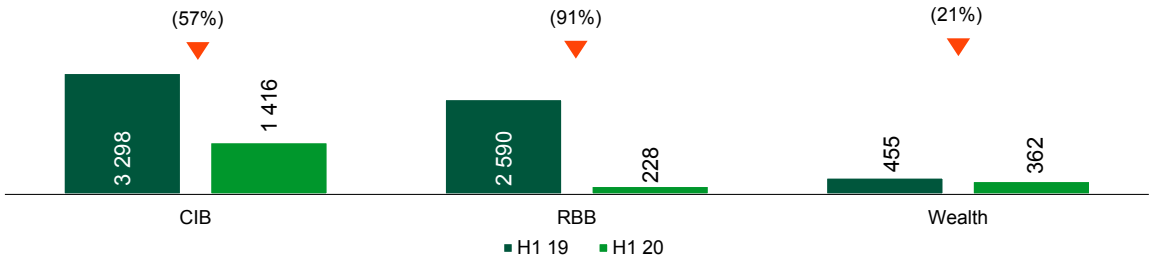


- **Credit RWA** – driven by:
  - increased drawdowns on unutilised facilities
  - weaker ZAR
  - lockdown regulations
- **Market risk**
  - extreme market volatility from Covid-19 crisis

NOTES:

Headline earnings – decline across all clusters

Headline earnings (Rm)



- Strong advances growth
- NIM – impact of lower interest rates, but improved asset pricing
- Impairments +780% – macro-model adjustments & overlays
- Strong trading performance offset by downward private-equity revaluations

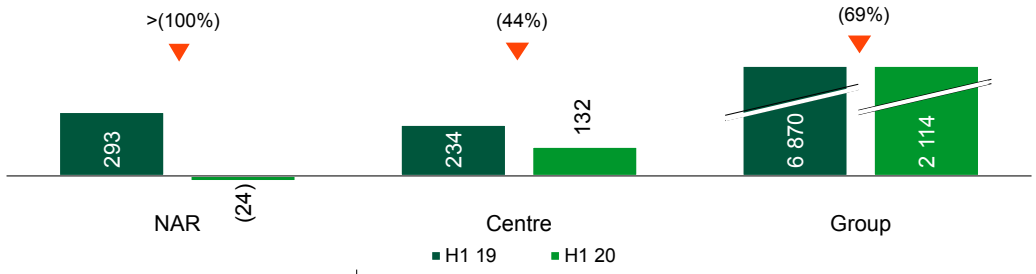
- Muted advances growth
- NIM – impact of lower interest rates & Prime-JIBAR squeeze
- Impairments +122% – additional overlays & increased defaults
- Lower transactional volumes
- Ongoing benefits of cost optimisation

- Weak market performance affecting shareholders' fund
- Lower insurance revenue
- Substantial decline in interest rates impacting wealth management
- Increased impairments >100%
- Strong asset management performance

NOTES:

Headline earnings – decline across all clusters

Headline earnings (Rm)



- ETI 2018 restatement (HE: R236m)
- SADC HE -86% driven by increased impairments & lower revenue

- PRMA in the H1 2019 base (HE: R255m)
- Central provision increase
- Fair-value gains

NOTES:

MANAGING RISK

Successfully managed risks in H1 2020 – special focus on operational, market, liquidity, credit & capital risks

Trevor Adams
Chief Risk Officer

NOTES:

Nedbank's response to the Covid-19 pandemic

Supplementary governance structure set up as a foundation for success

BOARD
(Every 4 weeks | Initially every 2 weeks)

EXCO
(Twice weekly | Initially daily)

Market Crisis & Covid-19 Exco
(Every two weeks | Initially every week)

Cluster Excos
(Weekly | Initially daily)

Pandemic Steercom
(3x per week | Initially daily)

Covid-19 Credit Committee
(Weekly)

Liquidity Risk Committee
(Ad hoc. | Initially twice weekly)

Plus regular calls between:

- Chairman, CE & Exco members
- GRCMC/GCC Chairman & CRO
- GAC Chairman, CFO & CIA

No compromises to governance during lockdown, enabled by IT

NOTES:

Successful risk management through the crisis/lockdown

Enterprisewide Risk Management Framework proved resilient & robust, while internal controls remained sound & effective

	Key risk category	Inherent risk	Residual risk	Outcome
BCP & heightened focus on staff, operations & technology	Operational risk			Business continuity intact Risks well managed with no material issues
	IT & cyberrisks			
Active liquidity & market risk management	Liquidity risk			Risks are business-as-usual post the March/April crisis/ extreme volatile period
	Market risks			
Supporting clients & working with regulators	Credit risk			Risks/Bad debts take longer to emerge (accounting upfront) Nedbank asset quality is sound & balance sheet is strong
	Capital risk			

Risk indicators
High
Medium
Low

Dec 19 Mar 20 Jun 20 Dec 19 Mar 20 Jun 20

NOTES:

BCP, Operational, IT & Cyber risks
No material issues – business-as-(un)usual

Business Continuity Plan (BCP)

- Early activation of Pandemic Steerco in Feb 2020
- Activation of groupwide BCPs since mid-March
- Early adoption of social distancing measures & hygiene protocols. Reorganisation of branches & campus sites to align with regulations
- > 77% staff (excluding branch staff) continue to work from home
- ~5% of total staff tested Covid-19 positive (87% recovery rate; five deaths). Active infections around ~1% & declining

Operational risk

- No material operational risk issues or losses
- Financial crime positive trends – external gross fraud losses decreased 21% yoy & internal gross losses decreased 79% yoy

IT risk

- Excellent system stability – no severity 1 incidents & uptime above 2019 levels
- Supported risk governance & staff to work remotely

Cyber risk

- Nedbank external security rating (BitSight) at an advanced level & the highest rating among local peers
- Cyberresilience remained intact with no breaches to own cyberdefences despite greater digital adoption & work-from-home practices

NOTES:

Credit Risk – Nedbank's approach to managing credit risk in an unprecedented 1-in-100-year event: Covid-19 Credit Programme

- **Reviewed & adjusted (where appropriate) Nedbank's credit models**
  - For the unprecedented macroeconomic impacts & to take account of the regulatory relief measures (guidance to avoid excessive procyclicality)
  - Support from global consulting firm
  - Credit policies revised & board-approved
- **Nedbank's approach – not 'all about the models'**
  - Detailed (bottom-up) client reviews in both CIB & BB, as well as sector/industry analysis
  - Deep dives (CPF, BB & CIB high-stress sectors)
  - Granular analysis at product level in Retail
  - Detailed analysis of macrofactors/scenarios (eg forecast of job losses)
  - Scenario & stress-testing (including the valuation of security).
- **Abnormal extent of 'expert judgement' & interpretation** (eg IFRS 9, D3 regulatory relief, D7)
- **Comprehensive governance, independent validation & combined assurance** (three lines of defence)

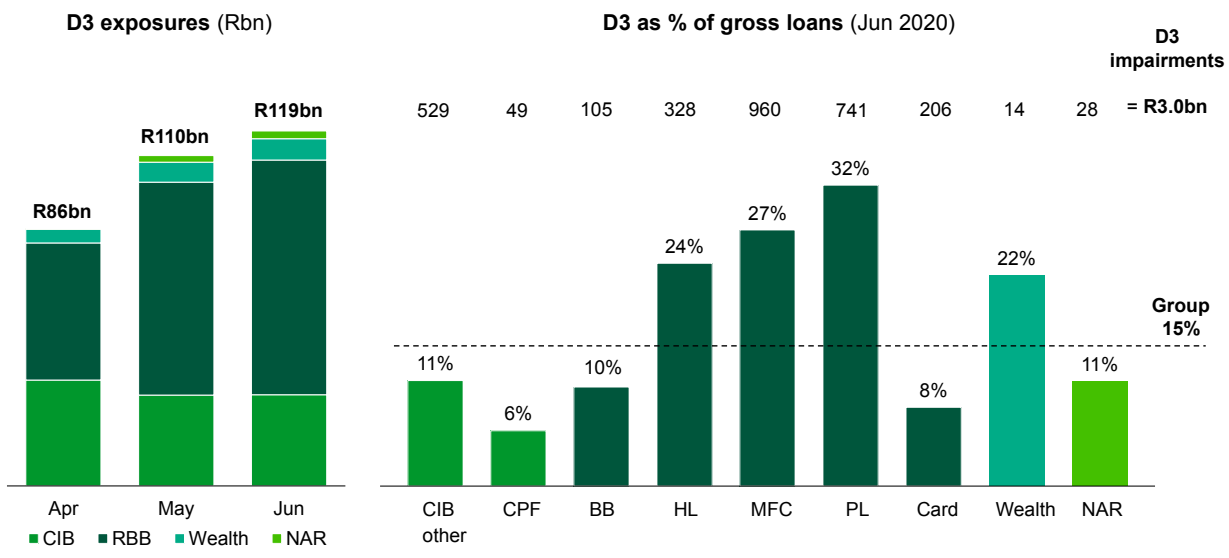
NOTES:

Credit Risk – Nedbank's approach to managing credit risk in an unprecedented 1-in-100-year event: **Accounting for credit risk**

- **Economic state of the nation**
  - Abnormal levels of uncertainty
  - Some facts will only play out later (eg unemployment rates/job losses, which industries/companies ultimately survive/fail, how D3 qualifying clients behave once payment holiday ends)
  - Forecast risk/error accordingly remains high
- **Two fundamental authorities not completely aligned**
  - **IFRS 9:** forward-looking expected credit loss (ECL) ('upfront/front-load' macroeconomic impact)
  - **PA Directive 3/2020 (D3) & G3/2020 (G3):** avoid excessive procyclicality (excessive 'upfronting') & so undue volatility in ECL
- **A 'balance' is required** – Nedbank's general principles of conservatism & prudence applied, but not excessively procyclical
- **Based on current approved macroeconomic scenarios & factors (assumptions)**

NOTES:

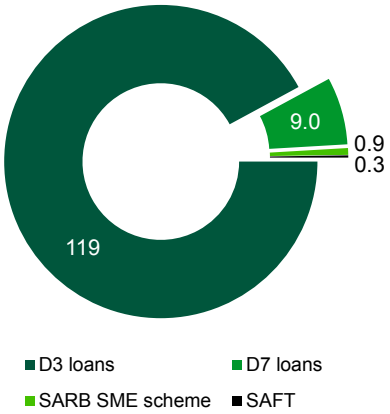
SARB Directive 3 loans: R119bn (15%) – pace of relief slowed into June



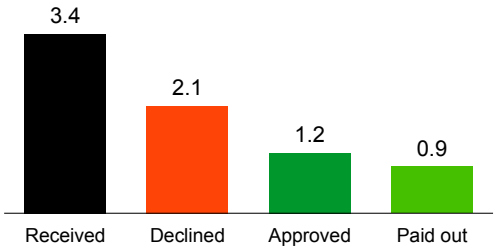
NOTES:

Relief to clients – extensive relief to clients by providing access to existing credit facilities, D3 & D7 restructures, SARB R100bn SME loan scheme & SAFT

Relief to clients[1] (Rbn)



SARB SME loan scheme[1] (Rbn)



Primary reasons for declines (SME loan scheme)

- Not in good standing at 29 Feb 2020
- Future debt service capacity questionable
- Loans requested more than R300m limit
- Client needs not aligned to the scheme criteria

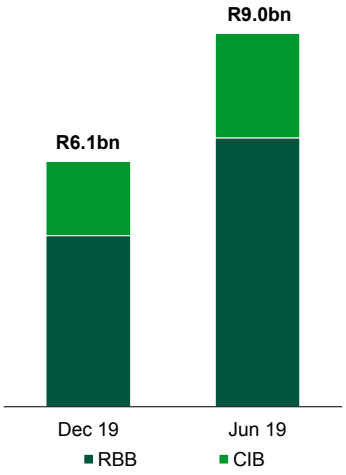
Scheme subsequently amended by SARB

1 SARB SME loan scheme as at 21 Aug 2020. | R0.1bn loans still being assessed.

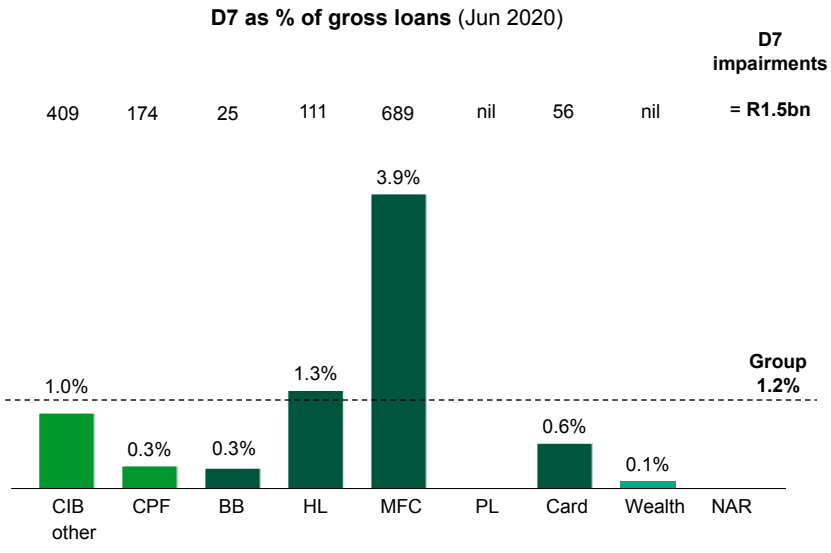
NOTES:

SARB Directive 7 loans: R9.0bn (1.2%)

D7 exposures (Rbn)



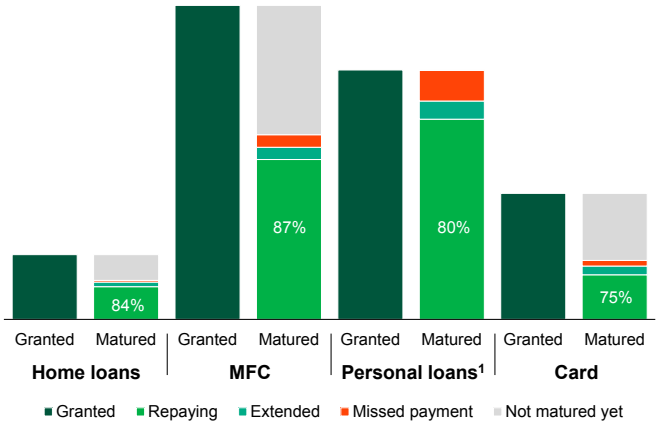
D7 as % of gross loans (Jun 2020)



NOTES:

Payment success & insights

Current status of Retail D3 payment holidays (#, July 2020)



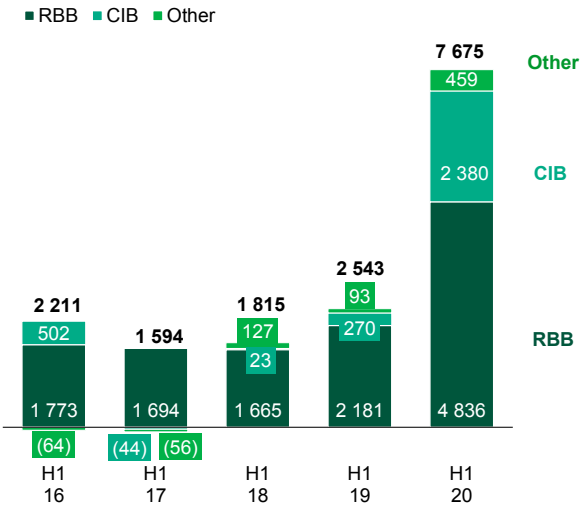
- **Non-D3 loan repayments significantly better than expected** to date across all products – on average well above 90% & slightly better than pre-Covid 19 levels
- **D3 loan performance**
  - 75% to 87% resumed payment across 4 major products
  - Average c10% of payment holidays extended
  - Average c10% of clients missed payments

1 PL granted holidays on monthly basis & after each missed payment a discussion is had with a client to extend under D3 or move into normal collections process. Therefore no "not matured yet" category

NOTES:

Impairment charge +202% – driven by IFRS 9 forward-looking macro-adjustments, Covid-19-related overlays & increased stage 3 impairments

Impairment charge (Rm)



Other
- **Central provision increase of R150m to R400m** to account for risks that have been incurred but have not yet emerged, eg job losses & distress beyond the D3 relief period
- **NAR & Nedbank Wealth** overlays of **R44m & R49m**

CIB
- **Macroeconomic upfront adjustment: +R1 012m**
- **CPF R200m overlay** for Retail & Hospitality & other sectors
- **Stage 3 advances +76% ytd** as watchlist clients increased

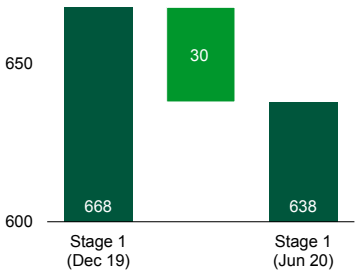
RBB
- **R1.9bn Covid-19-related adjustments**
  - **R1 120m overlay for job losses on D3 loans**
  - **R500m lower interest rates benefit** (reversed the R500m in macro-economic models & retained in impairments)
  - **R314m overlay in BB**
- **Stage 3 advances +40% ytd given client pressures**

Note: R2.9bn macromodel adjustments & overlays: RBB R1.9bn minus R500m model releases + CIB R1.2bn + NAR & Nedbank Wealth R93m + Central provision R150m

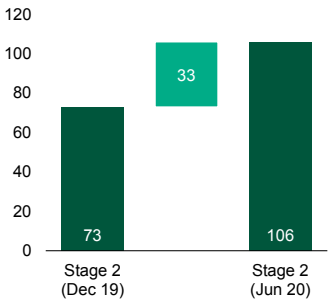
NOTES:

IFRS 9 stage movements – large increases in stages 2 & 3
Gross loans & advances (Rbn)

Stage 1 loans & advances[1] (Rbn)



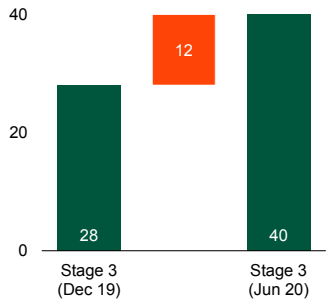
Stage 2 loans & advances[1] (Rbn)



Key drivers of increase

- D3 loans considered SICR (significant Increase in credit risk)
- CIB client migrations

Stage 3 loans & advances[1] (Rbn)



Key drivers of increase

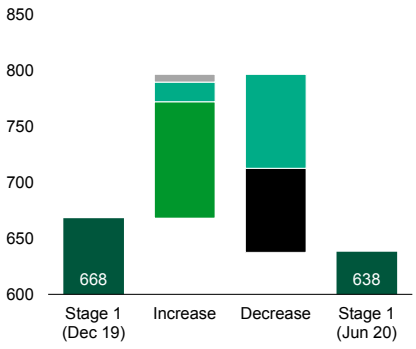
- Non-qualifying D3 loan treated as D7 loans
- Ageing/Deterioration of book
  - CIB +76% ytd
  - RBB +40% ytd

Note: Loans & advances include Fair-value OCI loans & off balance sheet amounts. Refer to page 126 & 127 of the results booklet.

NOTES:

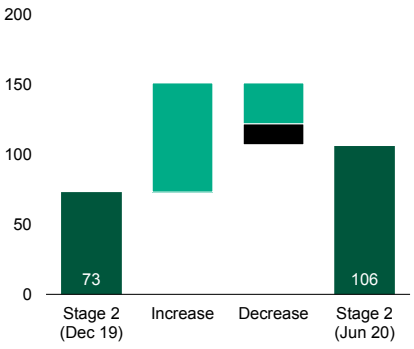
IFRS 9 stage movements – large increases in stage 2 & 3
Gross loans & advances (Rbn)

BOOKLET SLIDE



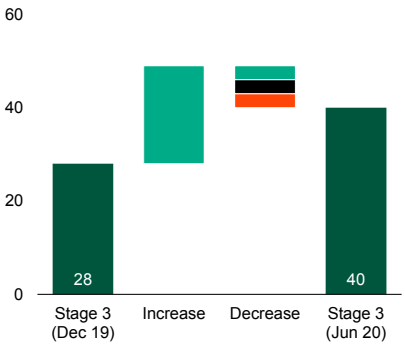
Increases
- R104bn new advances
- R18bn transferred from stage 2 & 3
- R7bn Fx & other changes

Decreases
- R75bn repayments
- R76bn transferred to stage 2
- R8bn transferred to stage 3



Increases
- R78bn transferred from stage 1 & 3

Decreases
- R15bn repayments
- R17bn transferred to stage 1
- R13bn transferred to stage 3



Increases
- R21bn transferred from stage 1 & 2

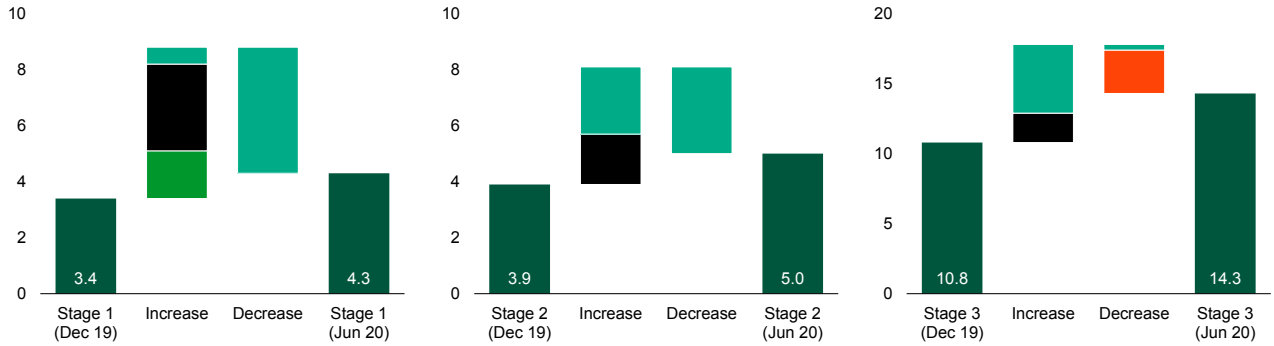
Decreases
- R3bn writeoffs
- R3bn repayments
- R3bn transferred to stage 1 & 2

New advances Repayments Transfers Currency & other Writeoffs

NOTES:

IFRS 9 stage movements – increases across all stages
ECL (Rbn)

BOOKLET SLIDE



Increases
- R1.7bn new advances
- R0.6bn transferred from stage 2 & 3
- R3.1bn ECL remeasurements

Decreases
- R2.2bn transferred to stage 2
- R2.3bn transferred to stage 3

Increases
- R2.3bn transferred from stage 1 & 3
- R1.8bn ECL remeasurements

Decreases
- R0.4bn transferred to stage 1
- R2.6bn transferred to stage 3

Increases
- R4.9bn transferred from stage 1 & 2
- R2.1bn ECL remeasurements

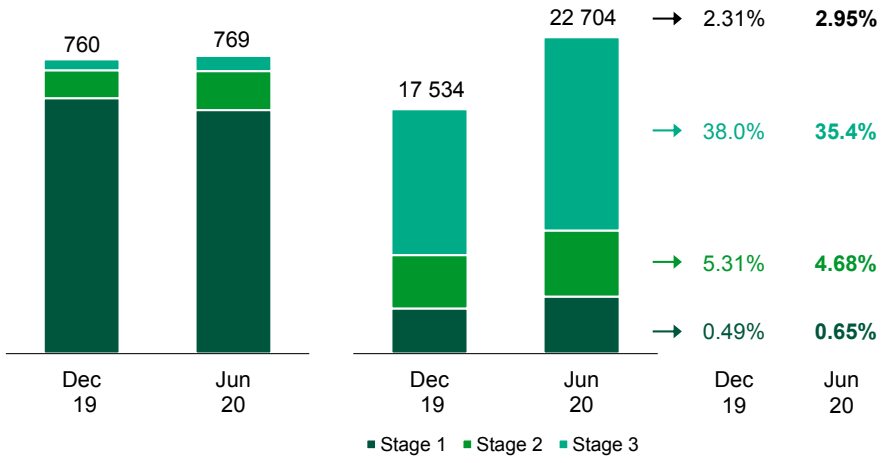
Decreases
- R3.1bn writeoffs
- R0.4bn transferred to stage 1 & 2

New advances | Repayments | Transfers | Currency & other | Writeoffs

NOTES:

Coverage – significant increase in overall coverage ratio to 2.95%

Gross loans & advances[1] (Rbn) **Expected credit loss** (Rm) **Coverage ratios** (%)



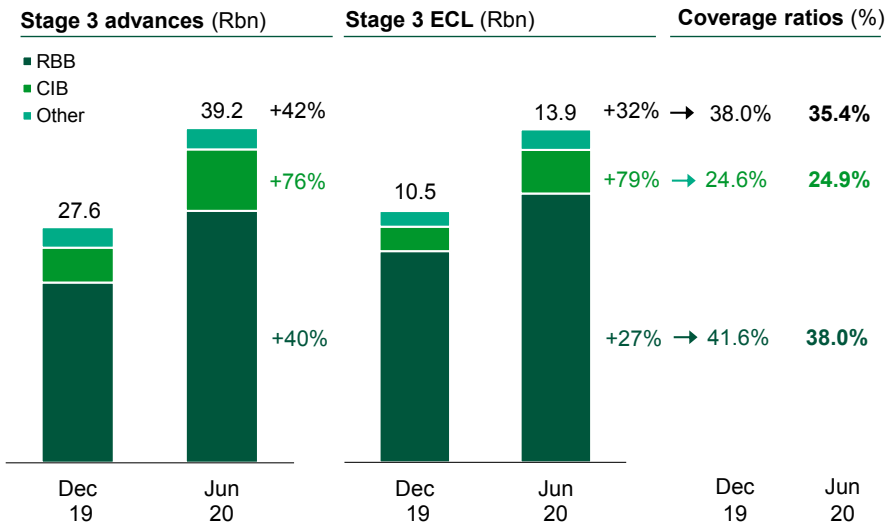
- **Stage 3 coverage** – reflects change in mix between CIB & RBB, as well as impact of D7 loans that attract lower coverage
- **Stage 2 coverage** – mix changes, good management of large CIB clients & extensions of facilities for distressed clients
- **Stage 1 coverage** – increase driven by additional IFRS-9 macro-economic model adjustments & overlays raised

1 Excludes fair-value & off-balance-sheet items.

NOTES:

Stage 3 advances, ECL & coverage – impact of mix change

BOOKLET SLIDE

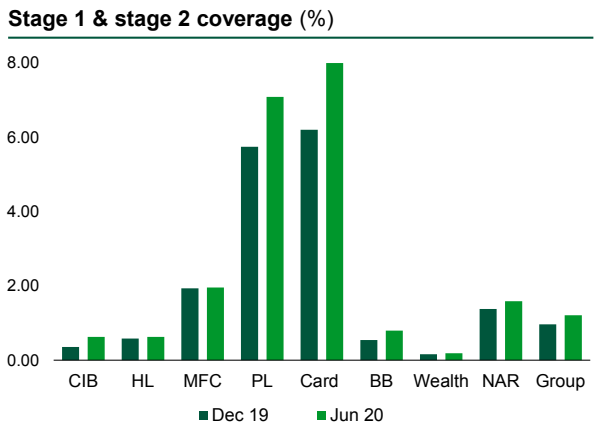


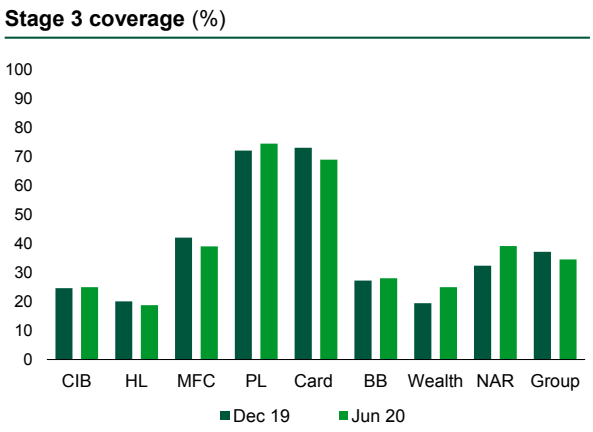
- **Group coverage impacted by mix change**
  - Higher CIB growth at lower coverage vs RBB
- **CIB coverage stable**
  - Client-by-client ECL calculation incl collateral (top 10 clients 67% of CIB stage 3 loans)
  - Stresses most evident in aviation, business services & selected SOEs
- **RBB coverage reduced**
  - New D3 stage 3 advances attract lower coverage vs non-D3 loans
  - Increased levels of D7 loans attract lower coverage

NOTES:

Coverage – significant increase in stage 1 & 2 coverage across all clusters & products, with mix change impacting stage 3 coverage

BOOKLET SLIDE



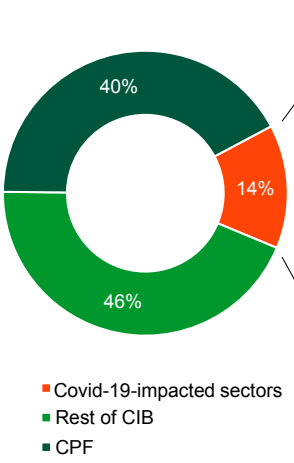


- **Stage 1 & 2 (portfolio) coverage ratios increased** across the board
- **More impairments raised for D3 clients** that remain in stage 1 & 2
- **Home loans & MFC slightly lower due to increased D7 restructures** (which attracts a lower coverage)
- **CIB coverage based on specific client profile & collateral**

NOTES:

Deep dive – CIB Covid-19 high-risk exposures

CIB Covid-19-impacted sectors (excl CPF) (Rbn)



Covid-19-impacted sectors (excl CPF**)	% of CIB exposure	D3 % of sector exp	D7 & NP % of sector exp
▪ **SOEs** – defaulted exposures restructured with 33% government-guaranteed	3%	0%	12%
▪ **Construction*** – stressed sector pre-Covid-19 with efforts to reduce high-risk & defaulted exposure	3%	54%	3%
▪ **Aviation** – 50% of exposure guaranteed & remaining exposure secured at 83% average LTV	2%	18%	9%
▪ **Retail** – limited high-end fashion exposure with portfolio concentrated to large listed entities	2%	6%	0%
▪ **Automotive & Transport** – portfolio tilted towards listed entities & OEMs	2%	7%	0%
▪ **Hospitality** – exposure to largest hotel & casino groups with substantial asset/equity base	1%	97%	0%
▪ **Manufacturing** – significantly impacted by lockdown with improvement expected from level 2 lockdown	1%	25%	0%

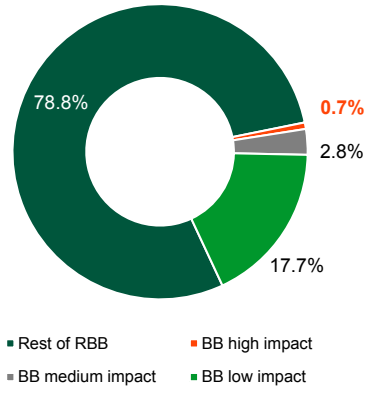
** Construction includes Steel & Cement*
*** CPF to be covered on following slides*

NOTES:

Deep dive – Business Banking Covid-19 high-risk exposures

BOOKLET SLIDE

BB Covid-19-impacted sectors (Rbn)



Covid-19 industry risk classification is linked to the risk of transmission industry classification (Dept of Trade)

Covid-19-impacted sectors	% of BB exposure	D3 % of sector exp	D7 & NP % of sector exp
▪ **Petroleum refineries**	1.0%	1.4%	2.8%
▪ **Hotels, restaurants, takeaways & tourism**	2.0%	6.7%	5.0%
▪ **Aviation**	0.1%	0.2%	0.2%
▪ **Recreation**	0.1%	0.1%	2.5%

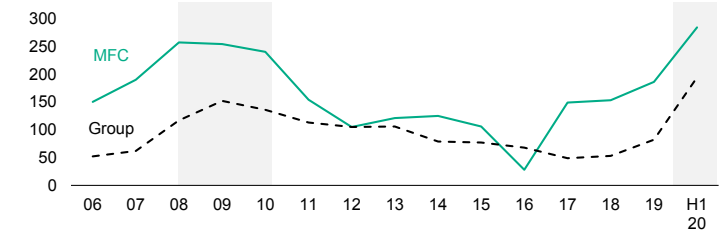
- The **focus of most businesses** at present is on protecting employees, understanding the risks to their business & managing the supply chain disruptions
- **Clients contacted individually** to understand their specific circumstances.
- **R15bn in financial assistance** – mostly to low- & medium- risk clients
- The portfolio remains **well secured & dynamically monitored** to proactively identify emerging risk
- **D7 portfolio only contributed R0.2bn** of R88bn BB loans

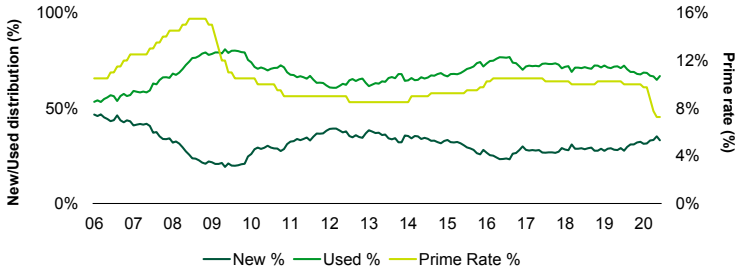
NOTES:

Deep dive – MFC

BOOKLET SLIDE

CLR (bps)



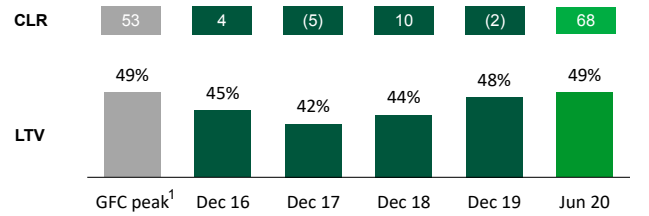


- **MFC strength in the lower-value used-car market** (long-run track record of countercyclical resistance)
- **Pressure on asset values expected, but used-car stock makes it a buyers' market** (as new car prices come under pressure)
- **R537m additional impairments** in the form of overlays
- **Credit tightening** commenced throughout 2019
- **Market share gains in BA 900 not a true reflection** due to strong presence of non-bank financiers (MFC-held market share)

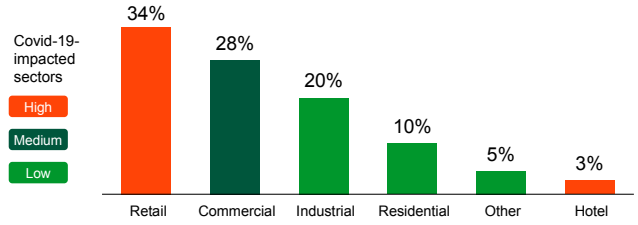
NOTES:

Deep dive – Commercial Property Finance

CLR (bps), **LTVs** (%)



Diversification by sector (% of advances)



- **Strong client base supported by an experienced team**
- **Well-diversified portfolio & highly collaterised**
- **Low gearing** – adequate collateralisation significantly reduces potential losses
- **Primary lending operation supplemented by private-equity arm**
- **R106m overlay retained** for current valuations to account for uncertainty
- **Stage 2 & 3 clients' security valued on a regular basis**

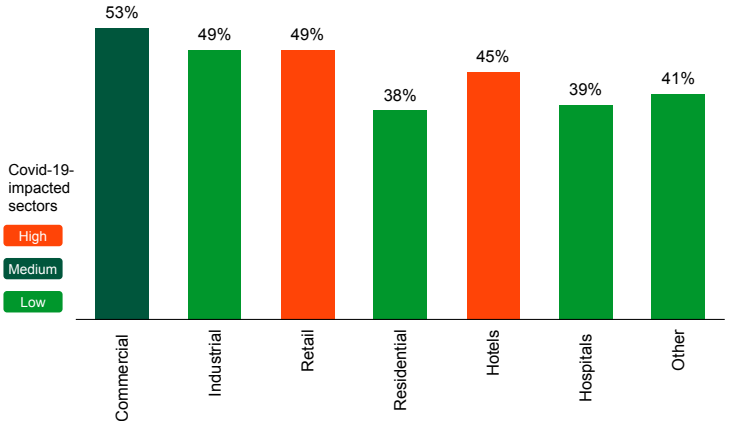
Covid-19 impacted sectors as per industry stress | Sector diversification done on more granular basis than prior disclosures. | 1 CPF peaked in 2010.

NOTES:

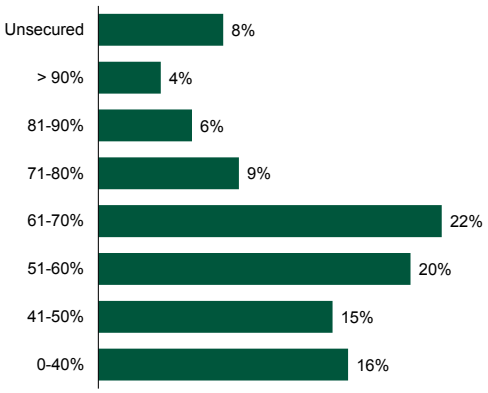
Deep dive – Commercial Property Finance

BOOKLET SLIDE

Average LTV by sector (%)



% of exposure by LTV bucket range (%)



NOTES:

Deep dive – Commercial Property Finance

BOOKLET SLIDE

Valuations methodology

- **Internal team of 22 qualified valuers**
- **Establish our own collateral valuations & base our lending decisions off these**
- **Listed funds**
  - Use their independent valuations as a base but make our own assessments & adjustments to reflect Nedbank view of market values
  - Generally our valuations are below company valuations – range of up to 10% lower
- **Unlisted environment**
  - Perform our own valuations on each property we take as collateral
- **Frequency of valuations**
  - Valuation performed on a regular basis for stage 1 loans
  - Stage 2 & 3 valuations performed 6 monthly or more regularly if required
  - Stage 3 valuations performed on both a market & forced sale basis
- Stage 2 & 3 valuations are generally significantly more conservative than client values – in some instances more than 20% lower

NOTES:

Commercial property sector performing better than expected

What gives us comfort

- **Low LTVs going into the crisis (48%)** – adequate collateralisation significantly reduces potential losses
- Liquidity was the initial concern, **but listed client rental collections better than expected**
  - April: 67%
  - May: 72%
  - June: 84%
  - July: 88%
- **Clients benefiting from the interest rate reductions & lower gearing**
- **Reduced shareholder distributions** good for bondholders
- **Levels of arrears** (0 to 90 days): R74m.

Key risks we are focusing on

- **R200m additional overlay** – for industry stresses in the hospitality, retail & other sectors
- **R106m overlay retained** – to buffer against **changes in valuations** for Stage 1 & Stage 2 clients
- **Supported clients: R8.7bn** loans classified as D3 restructures (5.6% of loans)
- Property values will come under pressure over the next 24 months. **Nedbank valuations below company valuations**
- **Various stress-test applied to the portfolio**:
  - Valuation stress for Stage 1 & 2 clients: cap rates increase of 150 bps & income decline of 20%
  - PD migration stress: negative PD migration of 2 bands
  - Hospitality & Retail: negative PD migration of 3 bands & 10% reduction in value
- **Overlays & impairments adequate** for the potential high-risk sector & valuation impacts estimated through the various stress-tests

NOTES:

Commercial property sector insights

BOOKLET SLIDE

Office space – oversupplied

- Office vacancies increased to 12.3%, up 70 bps on the previous quarter
- Rentals remain under pressure with negative reversions common
- The permanent impact of Covid-19 will take time to filter into vacancy rates as tenants assess their operating models & space requirements
- Development activity expressed as a percentage of existing space is 1.1%, which is an all-time low. Pre-let rates were at 73%, indicating limited speculative development

Retail sector – largely oversupplied in metros

- Retail vacancies at the end of March was 4.8%, above the long-term average of 2.9%. This is expected to increase as the more permanent impact of Covid-19 is felt on the underlying tenant base
- Rentals remain under pressure with negative reversions common - this trend is expected to continue. Rental collections during the initial lockdown period were, however, better than expected
- Convenience retail has outperformed larger retail centres & this trend is expected to continue
- Retail will remain under pressure due to difficult economic conditions impacting consumers & retailers

Industrial sector – resilient

- Industrial vacancy rate is 5% across the board (last reported December 2019), below its long-term average of 5.6%
- Rental growth remained flat at 4.1%
- The full impact of Covid-19 will need to be assessed over time, but industrial space entered this period with better supply demand dynamics than some of the other segments

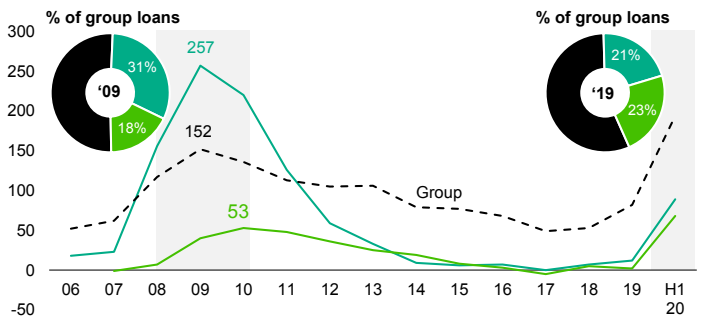
Residential – cautious

- Strong demand for residential product in lower price brackets – purchase price below R1m & monthly rental under R8 500
- Affordable rental stock market buoyant in the current market
- Developers remain cautious given the current economic environment, despite lower interest rates

NOTES:

Home loans vs commercial property – LTV differential makes CPF a more secured asset class through a crisis. Both portfolios in much stronger position than the GFC

CLR (bps)



	CPF	HL
Book growth '06 to '09 (CAGR)	+20%	+14%
Change in market share '06 to '09	+0.5%	+0.4%
LTVs '09	49%	85%
Defaulted loans % of '09 book	4.9%	12.3%

	CPF	HL
Book growth '16 to '19 (CAGR)	+6%	+4%
Change in market share '16 to '19	(2.1%)	flat
LTVs '19	48%	77%
Defaulted loans % of '19 book	1.7%	4.6%

- **Nedbank total property exposure: 44%** – significantly less than during the GFC: 49%
- **Conservative & high-quality loan growth** going into the GLC crisis (selective origination since GFC)
  - HL & CPF growth well below GFC levels
  - HL & CPF growth at or below industry (selective origination)
  - LTVs low & indicative of significant security
  - High-volatility CRE book 4% (vs 12% during the GFC – biggest driver of impairments)
  - Risk-adjusted performance management (Basel II/III & EP) into GLC vs non-risk-adjusted (Basel I/ IAS 39 in GFC)
- **Defaulted books significantly lower** going into the GLC

CPF Home Loans Rest of Group

NOTES:

MANAGING RISK *(CONTINUED)*

Successfully managed risks in H1 2020 – special focus on operational, market, liquidity, credit & capital risks

Mike Davis
Group Executive: BSM & CFO designate[1]

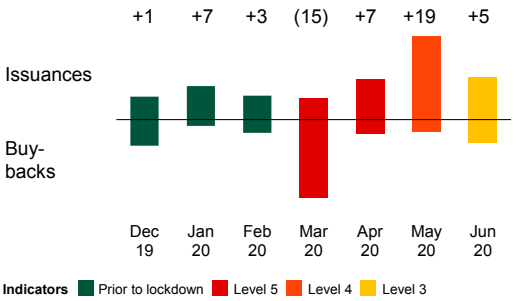
1 CFO Designate from 25 August 2020 & CFO effective 1 October 2020.

NOTES:

Liquidity risk – LCR & NSFR remained well above regulatory minimum requirements, assisted by SARB industry interventions & internal management actions

	Dec '19	Mar '20	Jun '20
LCR	125%	110%	115%
NSFR	113%	110%	114%
LTF	30.2%	29.3%	30.4%

NCD issuances & buybacks (Rbn)



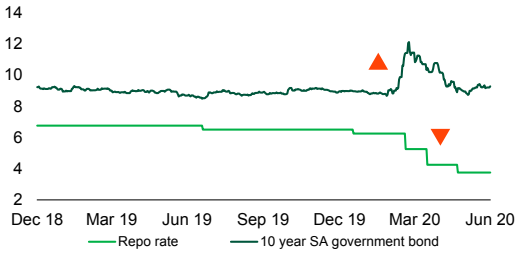
- **D1/2020** – reduced the minimum **LCR** requirement from 100% to 80% with effect from 01 April 2020
- **LCR: 115%**
  - well above the minimum regulatory requirement
  - maintained appropriate operational buffers designed to absorb seasonal, cyclical & systemic volatility
  - NCD buybacks increased over the level 4 & 5 lockdown period as holders of these instruments needed to remain liquid, but has since returned to normality
- **NSFR: 114%** – well above 100% regulatory requirement

LTF = Long-term funding ratio. | LCR = Liquidity coverage ratio (3-month average). | NSFR = Net stable funding ratio.

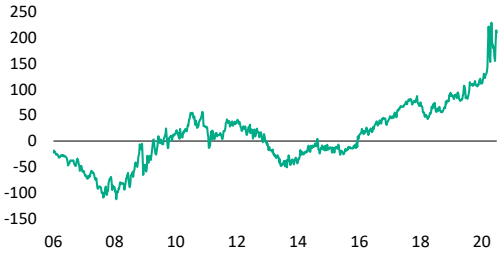
NOTES:

Market risks – impact of spreads, bond yields & interest rates on banks

Repo rate vs 10-year SA government bond



Spread between gov bond & 10-year swap curves



Interest Rate Risk in Banking Book (IRRBB) – rates at short end of the yield curve (repo rate) have reduced significantly (275 bps rate cuts in H1 2020)

- Economic value of equity (EVE) remains at a low level as a result of risk management strategies (-R139m for a 100 bps decline in interest rates)
- Remained well within NII & EVE primary board limits
- Adversely impacted endowment income, without historical natural hedge against lower impairments

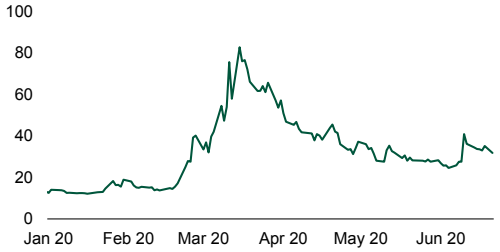
Bond yields – rates at long end of the curve have increased steeply (Jun 20 vs Jun 19/Dec 19)

- Bank valuations have been impacted negatively by the increase in cost of capital (SA government bond indicative of risk-free rate)
- Private-equity valuations have similarly been affected negatively, conservative but no 'fire-sale' approach adopted
- Unprecedented levels of market price volatility beneficial for trading performance

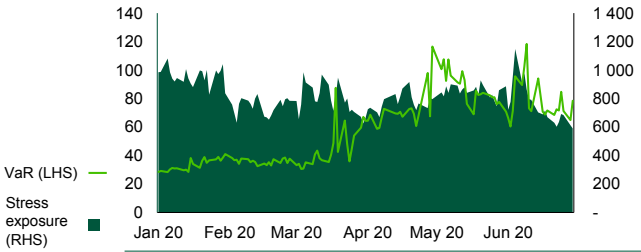
NOTES:

Market risks – Trading market risk well-managed leading to outperformance in H1

Chicago Board Options Exchange Market Volatility Index



VaR & stress exposure (Rm)



Market characteristics

- Period of unprecedented market volatility & dislocations (eg bond/swap curves)
- Widespread asset sales at levels not justified by fundamentals
- Provided traders with the opportunity to deliver a strong performance in H1

Trading market risk well-managed & governed

- Volatility (only) caused market risk & capital measures to increase
- No commensurate increase in risk-taking
- Within board-approved risk appetite & tolerance levels – temporary increase
- Positive Funding Valuation Adjustment (FVA) – significant value captured through hedging during March 2020

NOTES:

Stress-testing & scenario analysis – adequate levels of capital in a more stressed scenario

		Base case U-shaped recession followed by stagnation			Adverse scenario Deep & long U-shaped recession		
Macro drivers[1]	**19**	**20**	**21**	**22**	**20**	**21**	**22**
SA GDP growth	0.2%	(7.0%)	2.2%	1.7%	(12.0%)	(3.6%)	3.5%
YE prime interest rate	10.0%	7.0%	7.0%	7.0%	7.0%	7.0%	6.3%
Inflation (CPI)	4.1%	3.3%	4.2%	4.1%	3.6%	4.2%	3.8%
Credit growth	5.4%	2.5%	5.7%	6.4%	(1.3%)	2.0%	3.8%

Stress-testing indicators (2020 to 2022)

CET1 capital adequacy ratio	> 10%	Well above SARB minimum
CLR peak	150 bps to 185 bps	< 220 bps

1 Nedbank forecasts & scenarios updated: July 2020 (Nedbank Group Economic Unit).

NOTES:

OUTLOOK

Environment remains challenging & uncertain
& forecast risk remains high

Mike Brown
Chief Executive

NOTES:

Significant deterioration in macroeconomic environment, expected to improve in 2021 off a low base

	January 2020				July 2020			
	19	20	21	22	19	20	21	22
SA GDP growth	0.2%	0.7%	1.1%	1.3%	0.2%	(7.0%)	2.2%	1.7%
YE prime interest rate	10.0%	9.8%	9.8%	9.8%	10.0%	7.0%	7.0%	7.0%
Inflation (CPI)	4.1%	4.3%	4.3%	4.9%	4.1%	3.3%	4.2%	4.1%
Industry credit growth	5.4%	6.3%	7.0%	7.2%	5.4%	2.5%	5.7%	6.4%
Unemployment rate	29.1%	ND	ND	ND	29.1%	31.0%	30.5%	29.0%

Forecasts by Nedbank Group Economic Unit (January vs July 2020).

NOTES:

2020 financial guidance[1] based on current macroeconomic forecasts, but forecast risk remains high

	H1 2020 Performance	2020 guidance range[1]	Analyst forecast ranges[2]	Key risks/opportunities
NII growth	+1%	-5% to 0%	-6% to -3%	▪ Significant in/decrease in retail &/or wholesale loan growth ▪ Significant change in prime interest rate (Current Dec 2020 forecast: 7.00%)
CLR	194 bps	150 bps to 185 bps	144 bps to 200 bps	▪ Deterioration in macro forecasts, performance of the D3 loans & job losses (expect 3-10% job losses across various products) ▪ Large corporate default(s)
NIR growth	(5%)	-7% to -11%	-4% to +2%	▪ Client transactional volume recovery as a result of various lockdown levels, trading & private-equity volatility & changes in macro fair value hedges
Expense growth	(1%)	-4% to -1%	-3% to +3%	▪ Incentives driven by the group's financial performance
Capital (CET1 ratio)	10.6%	> 10%	ND	▪ RWA migration ▪ Extent of earnings decline
Liquidity (LCR & NSFR ratios)	LCR: 115% NSFR: 114%	> 100%	ND	▪ Recurrence of financial market volatility, offset by SARB interventions
DHEPS	(69%)	HEPS & EPS decline more than 20%		
Dividends	No dividend declared	SARB PA G4/2020 applies	No dividend forecast	▪ Board will take guidance from SARB PA G4/2020

1 Based on current economic forecasts. | 2 Based on sell-side forecasts from 1 May 2020 (7 number of analysts) up to 21 Aug 2020.

NOTES:

Thoughts on the outlook for 2020 & beyond

Environment to remain challenging & uncertain – forecast risk high

H1 2020

- Period of unprecedented **health, economic & social challenges**
- **Impacted our staff & our clients**
- **Nedbank Group** remained
  - **profitable** (HE R2.1bn);
  - **open for business;**
  - **with capital & liquidity metrics within board-approved targets** & well above all prudential requirements.

Ongoing focus on resilience

- **Primary focus on health & safety of our staff** – remain alert for second wave
- **Supporting our clients** – manage restructures as payment holidays end
- **Focus on collections**
- **Maintain strong balance sheet metrics** well above regulatory minima
- **Work with Regulators** on maintaining safety & soundness of the system

Tilting our strategy: Re-imagine

- Delivering **great client experiences**
- **Leveraging our technology** investments & digital leadership – new revenue streams & cost efficiencies
- **Strategic Portfolio Tilt 2.0** – leveraging our balance sheet to grow transactional business
- **TOM 2.0** (physical distribution, RBB client-centric structure & shared services optimisation) – expected to deliver greater benefits than TOM 1.0

Delivering on our purpose of using our financial expertise to do good for all our stakeholders has never been more important

NOTES:

Thank you

see money differently

NOTES:

Disclaimer

Nedbank Group has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this document, including all information that may be defined as 'forward-looking statements' within the meaning of United States securities legislation.

Forward-looking statements may be identified by words such as ‘believe’, 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'.

Forward-looking statements are not statements of fact, but statements by the management of Nedbank Group based on its current estimates, projections, expectations, beliefs and assumptions regarding the group's future performance.

No assurance can be given that forward-looking statements are correct and undue reliance should not be placed on such statements.

The risks and uncertainties inherent in the forward-looking statements contained in this document include, but are not limited to: changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; domestic and international business and market conditions such as exchange rate and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational, social, economic and political risks; and the effects of both current and future litigation.

Nedbank Group does not undertake to update any forward-looking statements contained in this document and does not assume responsibility for any loss or damage arising as a result of the reliance by any party thereon, including, but not limited to, loss of earnings or profits, or consequential loss or damage.

NOTES:

2020 INTERIM RESULTS COMMENTARY

2020 INTERIM RESULTS COMMENTARY



BANKING AND ECONOMIC ENVIRONMENT

Global economic conditions in the first quarter of 2020 were relatively weak as a result of the growth slowdown in China, but the global economy was severely impacted in the second quarter from the effects of the Covid-19 pandemic, aptly called the Global Lockdown Crisis (GLC). The GLC started out as a health crisis and quickly became an economic crisis, triggering a dominant risk-off environment and significantly higher levels of volatility across global financial markets. From the start of this crisis, the level of government stimulus has been unprecedented and global monetary policies have become more accommodative, with steep interest rate cuts from the first quarter through to the second quarter of 2020. Policy makers and central banks remained cautious even as lockdown restrictions have been eased or lifted from around mid-May in most developed countries. With the easing of lockdown restrictions in some geographies, global-activity indicators are starting to improve but most are still well below precrisis levels and much uncertainty still remains amid the resurgence of second-round infections. While a global recession in 2020 is a certainty, rising tensions between the US and China around trade, technology and investment could further deepen this recession.

The Covid-19-induced crisis has also inflicted considerable strain on emerging markets as global investors opt for safe-haven assets until the spread of the virus is contained and some of the extreme lockdown measures are lifted. Better-than-expected growth in China over the second quarter of 2020 was encouraging, but reflected mainly a rebound from a low base in the first quarter, as the economy was reopened after the strict lockdown. For much of sub-Saharan Africa, the number of Covid-19 cases has so far remained very low, but infections are still rising. In the region the immediate priority remains to protect lives, to strengthen local health systems, to contain the outbreak and to provide Covid-19-related fiscal support. The sub-Saharan Africa economy is expected to contract by 3,2% in 2020, reflecting not only the disruptions caused by the pandemic, but also other country-specific political and structural factors.

In SA recessionary conditions deepened in the first quarter of 2020, fuelled by power outages, the slow pace of structural reforms, a fiscal position that is unsustainable without a material increase in economic growth, as well as shrinking global activity due to the Covid-19 pandemic, which in turn prompted a strict economic lockdown at the end of March. The rapid escalation of the Covid-19 pandemic was followed by the Moody's and Fitch downgrades of the SA sovereign credit ratings, which combined to place unprecedented pressure on the local economy in the second quarter. The SA government responded by announcing a R500bn fiscal relief package. While the 2020 Supplementary Budget set out a roadmap to stabilise government debt and reprioritise expenditure, it also revealed the dramatic extent of the deterioration in government's finances, with the consolidated budget deficit set to rise to about 15% of GDP. The ongoing government support of many struggling state-owned enterprises (SOEs) and lack of growth enhancing reform have led to increased scepticism about the country's ability to execute on its debt consolidation plan. The poor fiscal outlook is likely to continue to hurt the global risk appetite for investing in SA assets.

Prior to the lockdown, disposable income had declined, with consumer spending over the first quarter held up by increased borrowing, albeit at a slower pace. As a result, the ratio of household debt to disposable income rose slightly to 73,7% from 73,0%, compared with a peak of 87,8% during the GFC. The lockdown placed significant pressure on households' already fragile finances and consumer spending is expected to contract sharply in the second quarter. Industry turnover data from our point-of-sale (POS) devices and digital channels highlight a large decline in overall sales activity in April and subsequent recovery in May, June and July. Compared to that for March, overall industry turnover data from our POS devices and digital channels for April, May, June and July was 47%, 73%, 82% and 89% respectively. Industries that held up well include telecommunications, grocery retail and wholesale stores, while airlines, entertainment, hotels and restaurants were most adversely affected.

Inflation surprised on the downside, decelerating to 2,1% in May 2020, contained mainly by weak domestic demand and lower oil prices, which largely outweighed the impact of the weaker rand. Inflation has likely troughed and is forecast to drift higher during the second half of the year. The upward trend is likely to remain muted, with inflation forecast to average 3,3% this year. In response to the Covid-19-induced crisis, subdued inflation outcomes and the muted inflation outlook, SARB's Monetary Policy Committee cut interest rates by a cumulative 300 bps from January up to July 2020.

In the first half of 2020, the SA banking sector operated under an increasingly challenging environment. Retail transactional activity was heavily impacted by the lockdown restrictions. While transactional activities are recovering, with the gradual easing of lockdown restriction, volumes, in general, remain below precrisis levels. Trading activities benefited from increased market volatility and showed strong increases. Corporate deal-flow across various sectors slowed down. Credit risks increased significantly, primarily impacted by the frontloading of forward-looking IFRS 9 portfolio impairments, based on a deteriorating macroeconomic outlook as well as increased levels of default and declining security values.

SA entered the GLC in a much more difficult economic position than it did the GFC. However, when compared to its position during the GFC, the banking system is in a stronger position, as reflected in higher levels of capital and surplus liquidity (largely as a result of Basel III). Overall credit growth in the recent pre-GLC period (5% to 7%) has been slower than pre-GFC (more than 20%). Impairments during the GLC are likely to be higher when compared with GFC impairment levels, due to the frontloading of impairments under forward-looking IFRS 9 macro-factor models (faster impairment recognition), which is materially different from the previous IAS 39 accounting (slower impairment recognition) for incurred losses used during the GFC. While the GFC was a financial crisis, triggered by credit

overextension (particularly in residential mortgage loans) and high levels of gearing, rippling through the financial markets and translating into an economic recession, this is a health crisis, which has morphed into an economic crisis.

REVIEW OF RESULTS

Nedbank Group's financial performance in the first half of 2020 reflects the impact of the Covid-19 pandemic and resultant lockdown from the end of March 2020 as HE declined by 69,2% to R2,1bn. The decline was driven by a significant increase in impairments, including R2,9bn related to IFRS-9 macro-model adjustments and judgemental overlays for estimated Covid-19-related impacts and expected future job losses. In addition, HE reflects the negative impact of lower interest rates on endowment income, as well as a slowdown in retail lending and transactional activity, particularly during Q2 2020, as well as negative revaluations to unrealised private-equity investments driven by lower listed market prices and increases in the cost of equity. Expenses were very well managed and declined on the prior period. Preprovisioning operating profit declined by 7,9%, largely reflecting the negative impacts on NIR. HEPS and EPS declined by 69,5% to 438 cents and by 81,0% to 270 cents respectively, in line with the trading statement released on 20 August 2020, which highlighted a decline of between 67% and 72% and between 79% and 84% respectively. The larger decline in EPS when compared with HEPS can be primarily attributed to a R750m impairment, in terms of IAS 36, of the group's investment in Ecobank Transnational Incorporated (ETI). DHEPS declined by 69,2% to 434 cents.

ROE was lower than in December 2019 at 4,8% and ROA decreased by 77 bps to 0,36%, reflecting the combined impact of lower earnings and higher capital. Return on RWA decreased from 2,02% to 0,66%.

NAV per share of 18 075 cents increased by 1,6% yoy as other comprehensive income of R1 659m increased by more than 100%, reflecting significant FCTR gains.

The group maintained strong capital and liquidity positions. Our IFRS 9 fully phased-in CET1 and tier 1 capital ratios of 10,6% and 11,7% respectively remained above our revised minimum board targets of 10,0% to 12,0% and greater than 11,25% respectively, and well above the SARB minimum requirements of 7,0% and 8,5% respectively (excluding D-SIB and idiosyncratic buffers). An average LCR for the second quarter of 114,5% was well above the adjusted regulatory minimum level of 80% under the PA's DI/2020 (revised from 100%) and an NSFR of 114% was well above the 100% regulatory minimum. Notwithstanding this, in line with the PA's G4/2020, the board deemed it appropriate not to declare an interim ordinary dividend for Nedbank Group for the period ended 30 June 2020.

Group strategic focus

The impact of the Covid-19 pandemic has resulted in a tilt in our strategic focus since the lockdown started towards the end of March 2020. Initially, our focus was on 'Resilience', as we managed the group through the most restrictive phases of the lockdown and the extreme volatility in financial markets. Our current focus on 'Transition' continues as the lockdown levels ease and we reintegrate our full suite of financial services, and our focus in H2 2020 and beyond is to 'Re-imagine' as we strategise for emerging stronger in a post-Covid-19 world.

Resilience (Manage the crisis) – The focus throughout the period of the pandemic has been on ensuring the health, safety and wellbeing of our staff. In level 4 and 5 of lockdown we invoked business continuity plans (BCPs) and enabled remote working across the enterprise as we continued to deliver essential banking services. Additionally, we focused on ensuring our IT systems were stable and available, undertaking stress-testing scenarios and modelling potential economic outcomes, educating clients and staff regarding digital solutions and capabilities available to them, providing debt relief to qualifying clients, launching new digital solutions such as Avo (a repurposed platform solution for essential services) and enabling clients to transact through digital channels. From a financial perspective, our focus was on managing liquidity, capital, market and credit risk, and at the same time managing discretionary costs with less focus on profitability other than as an initial buffer against capital.

Transition (Enable recovery) – The phase we are currently in entails moving from managing the crisis to dealing with the implications thereof and reintegration of the business in a phased manner (in line with government lockdown levels). The focus is mitigating downside risk, providing ongoing support to clients, managing costs and continuing to deliver world-class client experiences while remaining alert for any second wave of infections and market volatility.

Re-imagine (Strategise for a new normal) – Looking forward, the environment for our staff, clients and other stakeholders, as well as the world of financial services and banking, is likely to be materially different after the Covid-19 pandemic. We will seek to identify opportunities to create new streams of revenue, enhance operations and optimise the structure of our businesses. Key components of this strategy will include digital leadership and market-leading client experiences, Target Operating Model 2.0 (TOM 2.0, including optimising our branch infrastructure in the context of an increasingly digital world, a shift in our RBB structure to be more client-centred, as well as shared-services optimisation across the group), Strategic Portfolio Tilt 2.0 (including leveraging our balance sheet to grow transactional revenue) and exploring new growth vectors.

Leveraging our strategic foundations

Delivering the Nedbank strategy over the past few years has positioned us well in building foundational enterprise capabilities that have been beneficial during the Covid-19 pandemic. During the first six months of 2020, our focus on delivering market-leading client experiences was evident in the rollout of various new digital innovations and enhanced client satisfaction ratings. In particular, our technology investments [with our Managed Evolution (ME) IT strategy and Digital Fast Lane (DFL) as key components] have provided an enhanced digital platform to enable delivery of new digital products and services and faster product development, as well as operating efficiencies as we pivot our strategy in the current environment.

- **Delivering innovative, market-leading client experiences**
  - **Eclipse:** Our simplified digital client onboarding platform for individual clients continued to gather pace, allowing clients to open FICA-compliant accounts remotely through our staff-assisted and self-service channels. All new individual client applications, transactional products and personal-loan sales are now processed through Eclipse. During the period we expanded digital product sales to include personal loans, investments, and transactional and savings accounts, with overdrafts and card to be piloted over the coming few months. Juristic client onboarding in RBB was rolled out in the fourth quarter of 2019 and more than 90% of all juristic onboarding in RBB is being completed end-to-end on Eclipse, with progress in June at 96%. Juristic client onboarding in CIB is currently in rollout that started in July.
  - **Apps:** The Money app, which makes banking more convenient for our retail clients, has been downloaded 5,5 million times (including multiple devices), with more than 900 000 clients using it actively. The Nedbank Private Wealth app, which offers integrated local and international banking capabilities, has been downloaded 20 779 times.

- **Avo:** In response to the crisis creating challenges for many clients to access essential services such as healthcare and home repair services, we launched our market-leading digital innovation Avo, which is a one-stop super app enabling clients to buy essential products and services online and have them delivered to their home. Since its launch in app stores on 19 June 2020, Avo has signed up more than 45 000 customers, along with over 750 businesses registering and offering their products and services on this e-commerce platform.
- **Tap on Phone:** We launched SA's first tap-on-phone functionality, allowing all merchants and business owners to convert their cellphones into payment acceptance devices in order to meet the needs of customers who are increasingly looking for contactless ways to pay. This tap-on-phone functionality is a first for Africa, and Nedbank is currently the only bank to offer this capability.
- **Loyalty and rewards:** Our enhanced loyalty and rewards solution – a money management programme offering triple benefits (incentives for better money management and doing good for society and towards clients earning rewards) continued to gain traction. To date we have 800 000 Greenbacks members on the new platform and have so far acquired 172 000 new members in 2020.
- In Nedbank Africa Regions we launched a money transfer service (SendMoney) and a new personal online banking solution in Lesotho, Namibia and eSwatini. With SendMoney, clients using the Nedbank Money App (Africa), Online Banking and mobile banking can send cash to any local cellphone or account number.

- **Being operationally excellent in all we do**
  - Cost discipline during the period increased as we actively managed discretionary spend and leveraged existing initiatives to optimise our cost base. These included the reduction of our core systems from 250 to 106 since the inception of the Managed Evolution (ME) programme (11 since December 2019), and we are on track to reaching our target of fewer than 85 core systems by 2020. The rationalisation, standardisation and simplification of core banking operating systems leads to reductions in infrastructure, support and maintenance costs, and complexity, as well as and increased agility in adopting new innovations. Overall, investments in various foundational IT programmes are either complete or nearing completion and we expect IT cashflow spend to decline from 2021 onwards.
  - During H1 2020 additional self-service options for functions that were available previously only in branches or through staffed channels were released on our digital channels, taking the total digital functions to 168 (compared with 86 in H1 2019). This digitisation of services in RBB, along with the impact of the lockdowns, has enabled us to reduce branch teller volumes by 44%. Branch floor space decreased by almost 46 000 m^2 to date, and we plan to achieve more than 49 000 m^2 of optimisation by 2020 (equating to approximately 25% of our branch floor space in 2014 when we started the journey). Over the past 12 months we reduced total group headcount by 1 880 (mainly through natural attrition) and optimised our staffed points of presence by closing 24 points of presence.
  - Through our strategy of consolidating and standardising corporate real estate, our number of campus sites (offices) decreased from 31 to 26 over the past two years, with a longer-term target of 23. Since 2016 we have saved 59 000 m^2 (over and above the almost 46 000 m^2 saved in our branches). In the next few years we will continue to optimise the portfolio by enhancing workstation utilisation to greater than 100% (from the current 90%) by enabling flexible office constructs to support more dynamic ways of work as well as leveraging successful work-from-home experiences as a result of Covid-19, while creating further value and cost-reduction opportunities.
  - Our TOM 1.0 recorded savings of R353m in H1 2020 and cumulative savings of R1,5bn to date, which is ahead of our R1,2bn target by December 2020 as disclosed in the corporate performance targets in our long-term incentive scheme. As we progress our ME journey, we are finalising TOM 2.0, which will look at the shape of our branch infrastructure in the context of an increasingly digital world, a shift in our RBB structure to be more client-centred, as well as shared-services optimisation across the group. We anticipate targets for TOM 2.0 will be communicated to the market in early 2021 and savings and benefits to be significantly higher than TOM 1.0.
- **Strategic progress in Nedbank Africa Regions**
  - In Central and West Africa, where we have an alliance with ETI, we continue to work closely with the ETI board and other strategic shareholders to address ETI's challenges in the Nigerian business. Our focus on unlocking value from our strategic partnership continues, with more than 120 Nedbank wholesale clients banking with ETI, and we continue to work closely to leverage ETI's extensive local presence on the continent to increase the commercialisation of collaboration initiatives and business flows.
  - In SADC, where we currently own, manage and control five banks, the disposal of our 100% shareholding in Nedbank Malawi was finalised in H1 2020. On the back of a challenging macroeconomic environment in Zimbabwe we made progress on the restructure of Nedbank Zimbabwe and this will be completed in H2 2020. The increase of our shareholding in Banco Único (Mozambique) from 50% plus one share to 87,5% was finalised in H1 2020.

USING OUR FINANCIAL EXPERTISE TO DO GOOD

Nedbank continues to play an important role in society and in the economy, and this role has been elevated during the Covid-19 crisis. We remain committed to delivering on our purpose of using our financial expertise to do good and to contribute to the wellbeing and growth of the societies in which we operate by delivering value to our staff, clients, shareholders, regulators and society.

Staff

- We have not retrenched any staff as a result of Covid-19 and have paid our 28 697 staffmembers salaries and benefits of R8,1bn. Despite some staff qualifying, we have not claimed against any of the Unemployment Insurance Fund TERS subsidies.
  - Before the crisis emerged, we concluded annual salary increases with our bargaining-unit staff at 6,3% with non-bargaining-unit staff receiving increases of no more than 4,0% and the blended average staff salaries increasing by 4,7%.
- Our Nedbank Group executives, other senior management and boardmembers received nil increases in their guaranteed pay for 2020.
- We enhanced staff-related wellbeing services in light of Covid-19 and increased our focus on social distancing, sanitation and health practices, including the provision of personal protective equipment for our staffmembers.
- We significantly amplified our communication and established a dedicated Covid-19 portal to provide related news, updated policies, health guidelines, frequently asked questions and other related information.

- Our staffmembers completed online Covid-19 training and 86% acknowledged and signed the Nedbank Covid-19 pledge, which entails setting an example for fellow Nedbankers, our families, clients and communities in preventing the spread of Covid-19.
- We enabled more than 16 500 staffmembers to work from home (77% of campus-based staff) as BCPs were seamlessly activated with the ongoing support of our technology teams.
- We accommodated 619 staffmembers not falling into the essential-services category and unable to fulfil their daily functions from home with the provision of paid special leave.
- We grew online training exponentially and made LinkedIn licences available for staff to upskill themselves, with 22 085 online courses and over 37 000 hours of LinkedIn Learning courses completed to date.
- Notwithstanding the crisis, we continued to focus on transformation as a key imperative to ensuring Nedbank remains relevant in a transforming society. Black representation at board level is 67%, at executive level it is 50% and for our total staff it is just more than 79%. Female representation at board level is 27%, at executive level is 50% and for total staff is 62%.

Clients

- We safeguarded R944bn of deposits at competitive rates.
- We supported clients by advancing R104bn in new loans to enable them to finance their homes, vehicles and education, as well as to grow their businesses.
- Under the PA's D3/2020 we supported more than 375 000 clients who were in good standing at 29 February 2020, with payment relief (payment holidays) on R119bn of loans.
- We provided an online portal for clients to access various debt relief programmes by leveraging the onboarding capabilities that we have built and we digitised debt relief application processes on our digital channels.
- We reduced card minimum monthly repayment rates for clients from 5% to 2,5% and this benefit has been in place since level 5 of lockdown.
- Clients who have a Nedbank Personal Loan and who have lost their income can claim against credit life protection, which covers up to 12 months of debt payments (amounting to R74m paid in H1 2020).
- We implemented our end-to-end digital onboarding, sales and servicing capabilities as part of our ME technology journey, which have proven to be beneficial in this time, with digital sales increasing to 53% (from 18% in H1 2019).
- Our clients' access to banking improved, as digitally active retail users increased by 8% to 1,85 million.
- Nedbank won various awards at the prestigious Global Banking and Finance Awards for Excellence 2020 in recognition of the progress we made and its leadership in digital banking. The awards included Best Banking Technology Implementation in South Africa (Managed Evolution), Most Innovative Digital Branch Design in South Africa, Most Innovative Retail Banking App (Nedbank Money app) in South Africa for the second year in a row, Best Retail Bank in South Africa and CIO of the Year in South Africa.
- Our focus on client satisfaction during the crisis enabled Nedbank to be ranked number one or two on social-media net sentiment by BrandsEye, and Nedbank has held the number one position for three months of the lockdown.
- Nedbank's brand ranking among SA companies increased from 11th in 2019 to eighth in 2020 and it was only one of two banking brands to improve yoy in the 2020 annual review by Brand Finance of the most valuable brands in SA.

Shareholders

- Globally, bank share prices have been impacted by the advent of the Covid-19 pandemic and similarly bank share prices in SA declined. We are disappointed that the Nedbank share price declined 53% in the period to June 2020 (compared with the SA bank index decline of 41%) and are focused on ensuring we can return our financial performance to pre-Covid-19 levels as soon as possible.
- We paid the final 2019 dividend to the value of R3,4bn in April 2020.
- We successfully hosted our first virtual AGM in 2020 and recorded good voting outcomes.
- Nedbank became the first company in SA to proactively table two climate-change-related resolutions, which shareholders unanimously supported as both received 100% votes of approval.
- We ensured transparent, relevant and timeous reporting and disclosure to shareholders as we proactively leveraged our virtual platforms during the lockdown in support of social-distancing measures.
- We hosted numerous virtual investor engagements in the first six months of 2020, which were accompanied by a significant increase in investor attendance and participation.

Regulators

- We worked closely with the government, regulators and the Banking Association SA in an effort to mitigate the risks of Covid-19 and the associated lockdowns on the economy and the safety and soundness of the SA banking system.

  Key developments included:

  - SARB changing its liquidity management strategy to assist with the orderly transmission of liquidity through the financial system. Through D1/2020 the regulatory minimum for the LCR was reduced from 100% to 80%.
  - The PA issuing D3/2020, amending the requirements specified in D7/2015 to provide temporary relief to banks for qualifying clients whose loans were up to date at 29 February 2020 when dealing with any Covid-19-related distressed restructures.
  - The PA issued D2/2020, which allows for the temporary removal of the systemic risk buffer, or Pillar 2A capital requirement, which was reduced from 1% in total CAR to zero. Banks are allowed to use their capital conservation buffers, including the additional loss absorbency requirements that were built up by D-SIBs. In the event that the capital conservation buffer must be utilised, banks must individually consult the PA.
  - A block exemption was issued by the Department of Trade, Industry and Competition allowing the banks to collectively formulate the SME loan guarantee scheme with National Treasury and SARB and to engage and agree on client relief measures, such as assisting Sassa beneficiaries and announcing payment holidays during the pandemic.

- We achieved a strong capital position, with a tier 1 capital ratio of 11,7% and CET1 ratio of 10,6%.
- We achieved a strong liquidity position, with an average LCR of 114,5% in the second quarter of 2020 and an NSFR of 114% at 30 June 2020.
- We hold investments of over R125bn in government and public sector bonds as part of our HQLA requirements.
- We made cash taxation payments across the group of R4,7bn relating to direct, indirect and employee taxes, as well as other taxation.

Society

- Our long-term sustainability and success are contingent on the degree to which we deliver value to society. Through the considered development and delivery of products and services that satisfy societal needs and through our own operations, we aim to play our part to enable a thriving society, create long-term value and maintain trust to ensure the success of our brand. This is particularly important in the current context of SA as well as the broader African continent.
- We have adopted the United Nations SDGs as a framework for measuring delivery on our purpose, and this has proven very important during this time. We continued to make progress in driving groupwide adoption, awareness and delivery of the SDGs in order to bring our purpose to life. Key highlights include the following:

Good health and wellbeing (SDG 3)

- We donated R14m towards Covid-19 relief efforts: R5m provided to The South African Red Cross Society and R2m to Doctors Without Borders.
- We actively engaged in numerous health and economic interventions through the Banking Association SA, Business Leadership SA and Business Unity SA (including Business4SA).

Quality education (SDG 4)

- We provided student loans to the value of R30m to 476 students in the first six months of 2020.
- Our sponsorship of the Thuthuka Education Upliftment Fund annually supports 45 students who are pursuing an academic qualification towards becoming chartered accountants in SA, and we have funded the qualification of 55 black chartered accountants.
- Our CSI spend totalled R64m in the first half of 2020 and included R28m allocated to basic and tertiary education.

Clean water and sanitation (SDG 6)

- We continued to work with key water players to address issues with services, including providing advisory services and funding for significant water projects, such as Nafasi Water.
- We decreased our own total water consumption by 1,6% as a result of strict water restriction measures, floorspace consolidation and reduced levels of staff at our campus sites.

Affordable and clean energy (SDG 7)

- Nedbank launched a R2,0bn SDG-linked, tier 2 capital instrument (SDG green bond), which is the first of its kind in SA, listed on the Green Bonds segment of the JSE and created in partnership with the African Development Bank. Proceeds will be used to fund solar and wind renewable-energy projects.
- To date we have arranged 42 renewable-energy projects in SA's Renewable Energy Independent Power Producer Procurement programme, paying out R29bn as part of a R40bn commitment that has recently been increased by the board to R50bn as we await bids to open for the fifth round of projects.
- We concluded financing transactions worth over R700m with leading developers in the embedded-generation space as well as our commercial and agriculture clients.

Decent work and economic growth (SDG 8)

- We developed new digital solutions to facilitate greater banking access and lower banking costs for our clients, including a USSD-based application process for onboarding informal traders allowing them to accept payments digitally at no cost to them and limiting handling of cash for their safety during the pandemic.
- We launched the Nedbank Small Business Services Startup Bundle, which is a bank account for new small businesses offering zero monthly maintenance fees for the first six months.
- We facilitated the distribution of R297m of loans to small businesses as one of the banks administering the South African Future Trust scheme, at no cost to the fund, while we also waived our normal fees for all loans approved under the scheme.
- We enabled our staff and clients to contribute R143m to the Solidarity Fund through the Money app, Online Banking and the Nedbank website.

Reduced inequalities (SDG 10)

- We waived ATM withdrawal charges for Sassa clients and Saswitch fees for all clients during levels 4 and 5 of the Covid-19 lockdown.
- Nedbank partnered with the Department of Small Business and Development to assist spaza shops and general dealers to access support during the Covid-19 crisis, with 2 066 spaza shop owners assisted to date, including the supply of prefunded procurement cards allowing purchases at selected wholesalers and onboarding through our Nedbank branches and Boxer stores.
- We added the Nedbank Insurance Funeral Plan onto five Nedbank digital platforms, including the Money app, Online Banking, USSD, API_Marketplace and Avo, to provide online access to our clients and enable financial inclusion.
- In our own operations 78% of our procurement spend was used to support local SA business and we processed early payments due to 925 SMME suppliers during the Covid-19 lockdown to support and improve their cashflows.

Sustainable cities and communities (SDG 11)

- We disbursed R409m towards the development of affordable housing for lower-income households, bringing our five-year investment in this key sector to R4,6bn.
- We provided funding of R263m for the construction of buildings that conform to green building standards, bringing to over R10bn the amount of funding provided to this important sector to date.
- We provided further funding for the development of student accommodation of R472m, creating 4 772 beds.

Responsible consumption and production (SDG 12)

- We donated R1m to SA's largest food redistribution charity, FoodForward SA, to help commercial farmers scale up and provide critical food provisions to the most vulnerable groups across the country that are urgently needed during the Covid-19 crisis.

CLUSTER FINANCIAL PERFORMANCE

Nedbank Group's HE declined by 69,2% to R2 114m and our ROE of 4,8% was below our estimated cost of equity of 14,6% for the first time since the GFC. ROEs were lower across all our frontline clusters as HE declined given the difficult macroeconomic environment and added impact of the Covid-19 crisis.

	Change (%)	HE (Rm)		ROE (%)	
		Jun 2020	Jun 2019	**Jun 2020**	Jun 2019
CIB	(57,1)	**1 416**	3 298	7,3	19,2
RBB	(91,2)	**228**	2 590	1,5	17,3
Wealth	(20,5)	**362**	455	17,1	22,3
NAR	> (100)	**(24)**	293	(0,8)	9,8
Centre	(43,6)	**132**	234		
Group	(69,2)	**2 114**	6 870	4,8	16,8

CIB HE declined by 57,1% to R1,4bn, while the division delivered an ROE of 7,3%. HE were primarily impacted by an increase in the CLR to 127 bps from 16 bps in the prior year, as IFRS 9 macro-model adjustments and overlays of R1,2bn were raised and stage 3 impairments increased as a number of watchlist clients came under pressure. NII growth of 2,1% was underpinned by strong growth in average banking advances as clients drew down on committed facilities to manage their businesses through the crisis. NIR declined by 11,9%, impacted by client activity and negative private-equity revaluations, notwithstanding strong trading income growth given increased market volatility. JAWS remained resilient at -0,2%.

HE in RBB declined by 91,2% to R228m and ROE declined to 1,5%. The lower HE were mainly due to higher impairment charges, including R1,9bn of Covid-19-related overlays (R500m of this offsetting macro-model adjustments). The CLR increased to 269 bps and is above the cluster's TTC target range of 130 bps to 180 bps. Revenue growth was impacted by muted advances growth, especially in April and May, and NIM pressure from lower interest rates, while NIR decreased as client-related transactional activity slowed during the lockdown. A reduction in expenses was supported by the management of discretionary spend and ongoing optimisation of processes and operations, including headcount reductions of 1 228, largely through natural attrition.

Nedbank Wealth HE were down by 20,5% to R362m, with an ROE of 17,1%. Wealth Management experienced a decline in earnings due to a reduction in global interest rates and as impairments increased locally. Asset Management delivered robust growth, benefiting from higher performance fees and 13,7% growth in AUM to R367bn. Insurance was negatively impacted by the lower interest rates on actuarial reserves, the effect of poor JSE market performance on shareholder funds and an increase in retrenchment claims. This was offset by an improved non-life claims experience relative to the prior year.

As of January 2020 the Rest of Africa business rebranded and changed its name to Nedbank Africa Regions. Africa Regions' HE decreased by 108% to a loss of R24m and ROE declined to -0,8%, due mainly to the impact of Covid-19 on the SADC operations, with higher impairments (up by 94%) and the continued impact of hyperinflation accounting in Zimbabwe. A headline loss of R28m from our investment in ETI was recorded, inclusive of our share of a 2018 ETI restatement reported in their 2019 results and now included in Nedbank's H1 2020 results. Excluding the restatement, HE from ETI declined by 22% to R208m, reflecting a challenging operating environment in Nigeria before the advent of the Covid-19 pandemic.

The performance in the Centre reflects a R150m (pretax) increase in the central impairment and the base effect in 2019 of the final postretirement medical-aid (PRMA) credit amounting to R255m (after tax). This was offset by fair-value gains as a result of the group's fair-value hedge accounting solution that will partially unwind in H2 2020.

FINANCIAL PERFORMANCE

Net interest income

NII increased 1,0% to R14 969m, supported by strong AIEBA growth of 8,2%. The AIEBA growth was driven by solid growth in CIB advances and higher levels of HQLA held in the banking book.

NIM decreased by 24 bps to 3,33% from 3,57% in June 2019. A negative endowment impact due to 275 bps of rate cuts to June decreased NIM by 18 bps. Liability pricing and the narrowing of the prime-JIBAR spread reduced NIM by a further 6 bps and 3 bps respectively, while HQLA optimisation contributed a 5 bps increase.

Impairments charge on loans and advances

Impairments increased significantly, driven by the impact of Covid-19 on consumers and businesses, and the deteriorating SA macroeconomic environment. The group's impairment charge increased 202% to R7 675m and the CLR was up from 70 bps to 194 bps and as a result moved to above the group's TTC target range of 60 bps to 100 bps. The increase was driven by a R2,9bn charge for Covid-19-related judgemental overlays and IFRS 9 forward-looking macro-model adjustments, as well as the 42% increase in stage 3 advances as clients increasingly came under pressure. The impact of the overlays in H1 2020 was accentuated given the annualisation of the CLR ratio in the first half of the year and is therefore not yet comparable to the full-year GFC CLR peak of 152 bps.

During the period, the group provided D3/2020 payment relief on R119bn of client loans across the portfolio, representing 15% of total loans and advances. The support included R30,5bn for clients in CIB, R78,4bn in RBB, R7,1bn in Wealth and R2,6bn in Africa Regions. R3,0bn of impairments were held against these loans, as they remained mainly in stage 1 or stage 2 of the IFRS 9 models.

Impairments in CIB increased by more than 100% to R2 380m and its CLR, at 127 bps, is above its TTC target range of 15 bps to 45 bps and compares with the 43 bps peak during the GFC. Stage 1 and 2 impairments increased as a result of IFRS 9 macro-model adjustments and overlays amounting to R1,2bn, as well as stage 3 impairments relating to specific counters (most notably those operating in the aviation, business services and selected SOE sectors).

RBB's impairments increased by 122% yoy to R4 836m and its CLR, at 269 bps, increased to above the top end of its TTC target range of 130 bps to 180 bps as a result of R1,9bn judgemental overlays and increased levels of consumer stress resulting in stage 3 impairments increasing 155% yoy to R4,3bn. RBB's CLR compares with 256 bps during the GFC.

The group's central provision was increased by R150m to R400m to account for any additional impairment required due to uncertainty pertaining to, among other things, unemployment rates (job losses), client behaviour and distress beyond the D3 relief period and as other emerging risks, which are not yet reflected in the data, impairment models or macroeconomic forecasts.

CLR (%)	Average banking advances (%)	Jun 2020	Jun 2019	Dec 2019	TTC target ranges
CIB	**47,3**	**1,27**	0,16	0,26	0,15–0,45
RBB	**45,4**	**2,69**	1,28	1,38	1,30–1,80
Wealth	**4,1**	**0,50**	0,14	0,18	0,20–0,40
NAR	**2,9**	**2,10**	1,08	1,01	0,75–1,00
Group	**100,0**	**1,94**	0,70	0,82	0,60–1,00

Overall coverage increased from 2,21% at June 2019 and 2,31% at December 2019 to 2,95% at June 2020 as a result of clients' moving into worse risk buckets and overlays being raised to cater for Covid-19-related risk that is currently not reflected in the ECL models. The stage 1 coverage ratio increased to 0,65% (June 2019: 0,46%), while the stage 2 coverage ratio decreased to 4,68% (June 2019: 4,99%). Stage 3 coverage ratio decreased slightly to 35,4% (June 2019: 37,1%) given the mix impact of CIB increasing faster than that the increase of RBB, some highly secured Property Finance counters moving into stage 3 and the increase in D3 and D7 restructures in Retail, which attract a lower coverage than non-D7 restructures.

Non-interest revenue

NIR decreased by 5,1% to R12 220m, primarily driven by lower levels of client-related transactional activity and lower private-equity revaluations.

- Commission and fee income declined by 9,2% to R8 243m. Transactional activity declined significantly in April, but improved in May and June, although still below the levels achieved prior to lockdown. Main-banked clients declined by 8,8%, particularly in the youth (-25%), entry level (-12%) and SME (-9%) client segments, reflecting lower transactional activity (our measure of main-banked clients) as a result of the lockdown. In the more profitable middle and professional client segments, main-banked client growth was 1% and 4% respectively. Consistently main-banked clients, however, increased by 3,6% (defined as clients who met our transactional activity criteria for each of the past 12 months). Fee concessions in the months of April and May reduced NIR by R104m and has since been reinstated. Commission and fee income in CIB fell by 7,9%, adversely impacted by subdued client activity.
- Insurance income declined by 7,8% to R827m due to the impacts of higher actuarial reserves and the effect of poor JSE market performance on shareholder funds. This was offset by an improved non-life claims experience relative to the prior year due to the absence of catastrophic weather-related events. While retrenchment claims increased by 25% to R74m, these had a relatively small impact on NIR.
- Trading income increased strongly by 43,8% to R3 129m given increased market volatility and higher client volumes in the first half of the year but is expected to slow in the second half of the year on the back of reduced volatility.
- Private-equity income declined to a loss of R765m, primarily due to downward revaluations of unrealised investments as the subdued macroeconomic environment impacted the profitability of investee counters, listed market prices declined and cost of equity increased.
- Fair-value gains from the group's fair-value hedge accounting solution increased more than 100% to R836m and will partially unwind in H2 2020.

Expenses

In response to slower revenue growth, expenses declined by 1,1% to R15 391m as discretionary spend was well managed, incentives declined and optimisation initiatives continued, despite increased levels of Covid-19-related spend.

- Staff-related costs decreased by 2,9% following:
  - » average annual salary increases of 4,7% and a reduction in staff numbers of 1 880 since June 2019 (706 since December 2019) largely through natural attrition and including the impact of the sale of Nedbank Malawi (171 staff) in Q1 2020 (total 6,1% reduction in headcount yoy);
  - » a 53% decrease in STIs impacted by the group's financial performance and a 73% decrease in LTIs as expected vesting ratios have decreased due to underperformance against corporate performance targets; and
  - » the decline was partially offset by the base effect of the PRMA pretax credit of R354m in H1 2019 and a R121m increase in the leave expense as locked-down staffmembers took less leave.
- Computer-processing costs increased by 16,7% to R2 698m, driven by the increase in the amortisation charge of 22,8%, which slowed from the prior-year growth of 28,2%.
- Other cost lines were well managed and reflect the management of discretionary spend during the crisis. Savings were recorded across travel, communication, marketing and training. In addition, we unlocked cumulative benefits of R1 500m (H1 2019: R826m) from process enhancements and implementing our Target Operating Model (TOM 1.0), mainly in RBB.
- Covid-19-related spend of R40m includes the provision of personal protective equipment, additional spend to comply with health and safety regulations, and international consulting support relating to impairment model development and provisioning. Increasing demand on technology as a result on Covid-19, such as that arising from working from home, has not had a material impact on our cost base.

The group's decline in expenses of 1,1% was less than the decline in revenue and associate income of 2,9%, resulting in a negative JAWS ratio of 1,8% and the cost-to-income ratio increasing to 56,4% (June 2019: 55,4%).

Hyperinflation accounting in Zimbabwe

In the second half of 2019 the Nedbank Group adopted hyperinflation accounting in Zimbabwe. Given the further depreciation of the Zimbabwean dollar, a R47m net monetary loss was recorded (H1 2019: nil, 2019: R142m loss). The net monetary loss is lower than in H2 2019, as the Zimbabwean dollar depreciated in line with the underlying CPI inflation, whereas in H2 2019 the Zimbabwean dollar depreciated more slowly than the underlying CPI inflation.

Earnings from associates

Associate income of R76m, relating to the Nedbank Group's 21% shareholding in ETI for the period ended 30 June 2020, has been recognised. This includes accounting for our share of ETI's Q4 2019 and Q1 2020 earnings (in line with our policy of accounting for our share of ETI's attributable earnings a quarter in arrear), as well as Nedbank's share of the US$79,5m restatement of ETI's 2018 income statement for interest accruals on oil market exposures that had to be reversed in terms of Central Bank of Nigeria regulations as disclosed by ETI in its 2019 results announcement on 24 March 2020. The impact of the restatement was a R236m reduction in Nedbank's associate income in H1 2020. Excluding accounting for this ETI restatement, associate income relating to ETI was R312m (H1 2019: R381m). The total effect of ETI on the group's HE was a loss of R28m (H1 2019: R264m profit), including R104m of funding costs.

Due to the prolonged decline of ETI's listed share price below its carrying value, Nedbank reviewed its impairment provision at 30 June 2020. While various scenarios supported a value-in-use calculation above the carrying value of our investment, in the current environment more weight was given to downside scenarios and an additional impairment of R750m was raised. Our position will be reassessed again at 31 December 2020 year-end.

Accounting for associate income and the impairment of our investment in ETI, together with Nedbank's share of ETI's other comprehensive income and movements in Nedbank's FCTR, resulted in the carrying value of the group's strategic investment in ETI decreasing from R2,7bn at 31 December 2019 to R2,4bn at 30 June 2020. ETI's listed share price on the Nigerian Stock Exchange decreased 23,9% during the first half of 2020 (broadly in line with the Nigerian Banks Index), which resulted in the market value of the group's investment in ETI decreasing to R1,2bn at 30 June 2020.

Total comprehensive income

Other comprehensive income increased by more than 100% to R1 720m primarily as a result of R1 444m foreign currency translation gains in the period as the rand weakened against most currencies. This gain partially offset the 69,2% decline in HE, resulting in total comprehensive income declining by 40,4% to R3 561m.

STATEMENT OF FINANCIAL POSITION

Capital

The group remains adequately capitalised, at levels significantly above the minimum regulatory requirements and well above the levels during the GFC, with a tier 1 ratio of 11,7% and a CET1 ratio of 10,6%. The CET1 ratio was achieved after absorbing the final 2019 ordinary-dividend distribution of R3,4bn, an impairment of the group's investment in ETI (R750m), further investment in software development as part of the ME programme and an increase in RWA driven by credit growth, credit migration in some CIB portfolios and the effect of significant volatility in market risk RWA.

The tier 1 CAR was impacted by the further grandfathering of old-style preference shares (R531m) in January 2020 in line with the Basel III transitional arrangements. The total CAR included the redemption of R225m tier 2 capital instrument (NED18) and the issuance of new-style tier 2 capital of R2,0bn on 30 June 2020, in line with the group's capital plan. On 1 July 2020 we redeemed R2 031m tier 2 capital instruments (NED19 and NED20) and issued further new-style tier 2 capital of R2 050m.

Basel III capital ratios (%)	Jun 2020	Dec 2019	Jun 2019	Internal target range	Regulatory minimum[1]
CET1	**10,6**	11,5	11,3	10,0–12,0	7,0
Tier 1	**11,7**	12,8	12,3	> 11,25	8,5
Total CAR	**14,3**	15,0	14,6	> 13,0	10,5

(Ratios calculated with full IFRS 9 phase-in and include unappropriated profits. Nedbank's internal board-approved target ranges have been revised so they are aligned with industry benchmarks and align with the lower new regulatory minimum requirements flowing from D2/2020.)

[1] *PA minimum requirements are disclosed excluding bank-specific Pillar 2b and D-SIB capital requirements. The PA issued D2/2020 in April 2020, which provided capital relief to banks in light of the Covid-19 pandemic and temporarily relaxed the Pillar 2A to nil, resulting in regulatory minimum requirements decreasing CET1 by 50 bps, tier 1 by 75 bps and total CAR by 100 bps.*

Funding and liquidity

Maintaining a strong liquidity position remains a priority for the group during the crisis.

The group's three-month average long-term funding ratio was 30,4% for the second quarter, supported by the group's successful capital market issuances.

The group's June 2020 average LCR of 114,5% exceeded the minimum regulatory requirement, with the group maintaining appropriate operational buffers designed to absorb seasonal, cyclical and systemic volatility observed in the LCR. On 31 March 2020 the PA issued D1/2020 reducing the minimum LCR requirement from 100% to 80%, with effect from 1 April 2020.

Nedbank Group LCR	Jun 2020	Jun 2019	Dec 2019
HQLA (Rm)	**187 012**	171 909	177 985
Net cash outflows (Rm)	**163 273**	148 985	142 421
Liquidity coverage ratio (%)[2]	**114,5**	115,4	125,0
Regulatory minimum (%)	**80,0**	100,0	100,0

[2] *Average for the quarter.*

Further details on the LCR are available in the 'Additional information' section of the condensed consolidated interim financial results.

Nedbank's portfolio of LCR-compliant HQLA increased by 5,1% to a June 2020 quarterly average of R187,0bn. The increase in HQLA is primarily attributable to an increase in the modelled quarterly average net cash outflows driven by the Covid-19 pandemic where corporates increased holdings of short-term deposits. In response to the higher-quarterly arithmetic average in net cash outflows, Nedbank proactively increased HQLA liquidity buffers. The HQLA portfolio, together with Nedbank's portfolio of other sources of quick liquidity, equated to total available sources of quick liquidity of R235,7bn, representing 19,3% of total assets.

Nedbank exceeded the minimum NSFR regulatory requirement of 100% effective from 1 January 2018 and reported a June 2020 ratio of 114%, compared with the June 2019 ratio of 109,6%.

Banking loans and advances

Gross banking loans and advances increased by 6,8% (ytd annualised) to R808bn (7,4% yoy), driven primarily by an increase in CIB banking advances growth as clients drew on committed facilities during the lockdown.

Gross banking loans and advances growth by cluster was as follows:

Rm	Ytd annualised growth (%)	Jun 2020	Jun 2019	Dec 2019
CIB	9,9	**383 165**	343 786	365 128
RBB	0,8	**364 911**	352 724	363 471
Wealth	8,3	**32 242**	31 528	30 970
NAR	9,5	**23 490**	23 272	22 427
Centre[3]	> 100	**4 218**	1 251	(307)
Group	6,8	**808 026**	752 561	781 689

[3] *Macro fair-value hedge-accounted portfolios and disclosure reallocations.*

CIB gross banking loans and advances grew by 9,9% (ytd annualised) to R383bn, driven by increased levels of client drawdowns, particularly during March and April 2020, foreign currency impacts and new-loan payouts. Commercial Property Finance loans and advances increased by 8,1% to R155bn, as CIB supported clients with drawdowns on existing facilities.

RBB gross loans and advances grew by 0,8% (ytd annualised) to R365bn, impacted by the closure of the deeds office and motor dealerships in April 2020. Applications volumes in April declined to 30%, 17% and 38% for home loans, MFC (vehicle finance) and personal loans respectively as a percentage of March levels. In June 2020 this improved to 133%, 126% and 75% respectively. BB grew advances by 0,4% (the core growth of 6,6% is exclusive of the client migrations to RRB) due to an increase in new-loan payouts, client drawdowns of existing facilities as well as new-client acquisitions. MFC advances increased by 1,1% due to a combination of increases in average payout per deal as well as a slowdown in rundown/attrition. Unsecured Lending grew by 5,0% as a result of product and process enhancements, mostly through digital channels, driving increased takeup.

Card advances decreased by 12,9%, challenged by the impact of Covid-19 and clients' reduced ability to spend during the period. Consumer segment residential-mortgage loans grew broadly in line with the industry.

Deposits

Deposits grew by 8,8% (ytd annualised) to R944bn (9,0% yoy), with total funding-related liabilities increasing by 8,8% to R1 006bn, while the loan-to-deposit ratio improved to 87,3%.

CIB grew deposits by 11,6%, RBB by 4,2%, Wealth by 26,5%, Africa Regions by 19,2% and the Centre by 4,4%. The strong growth in Wealth deposits can be attributed to the translation effect of foreign currency deposits being impacted by the weaker rand.

From a group perspective, current and savings accounts (CASA), along with cash management deposits, increased by 13,7%, driven by increased short-term operational cash requirements by businesses impacted by Covid-19. In contrast, call and term deposits decreased by 2,4% and fixed deposits increased by only 8,2%, due to the beforementioned shift towards short-term operational deposits. NCDs and other deposits grew by 17,0% as a result of increased institutional and financial corporate demand for term deposits following the interest rate cuts and the steepness of the yield curve. The demand for other deposits was also linked to client appetite for increased deposit duration in an environment of slow growth and lower interest rates and contributed positively to managing Nedbank's contractual longer-term funding ratio. Foreign funding, although small in relative terms for Nedbank, increased by 22,7% given the depreciation of the rand.

Economic outlook

The global economic outlook remains weak, clouded by the uncertainty surrounding the spread of Covid-19. Global developments in the third quarter are showing some recovery in the northern hemisphere, whereas infection rates are still peaking in the southern hemisphere and therefore an uneven and moderate global recovery is expected during the second half of 2020 and into 2021. On the upside global financial markets have rebounded strongly from the selloff in March, supported by hopes that the pandemic will be defeated through either effective treatments or a vaccine and that the world economy will make some recovery. However, the trajectory beyond the third quarter is generally expected to be slow. The outlook remains uncertain, undermined by the threat of a second wave of Covid-19 infections; the escalation in geopolitical tensions between the US and China; and the likely significant indirect effects of the lockdown on global trade, company earnings and employment levels the world over. The IMF has revised its projected world GDP contraction to 4,9% from the 3,0% anticipated in April, while the World Bank expects a deeper recession of a 5,2% contraction in global output. The outlook for developing economies is considerably worse than initially expected, as global restrictions on the movement of people and goods, as well as domestic containment measures, have reduced economic activity at a steep rate. Growth in sub-Saharan Africa has been revised down by the IMF to a contraction of 3,2%, double the 1,6% decline anticipated in April.

The outlook for the SA economy remains weak. Household finances are forecast to remain under pressure in the second half of the year. Unemployment is expected to rise sharply over the next two quarters and is unlikely to recover quickly. Some improvement is expected later in the year, which, coupled with record low interest rates, is forecast to provide some support to consumers, reducing debt service costs and freeing up disposable income for discretionary spending. However, the recovery is expected to be weak and too late to prevent a sharp contraction in real GDP over the year as a whole. We currently forecast a contraction of around 7,0% in 2020, followed by a modest growth of around 2,5% in 2021.

Inflation bottomed in May and is forecast to drift higher during the remainder of 2020, primarily on the back of higher fuel prices, annual increases of administered prices and a fragile rand vulnerable to abrupt changes in foreign investor sentiment, with the rand remaining volatile given mounting fiscal risks. Inflation is expected to end the year at around 3,2% and average only 3,3% in calendar 2020. Interest rates are probably close to the trough in this cycle and are forecast to remain steady at current levels for an extended period. In the very short term the risk to the interest rate outlook resides on the downside, with the possibility of a further 25 bps cut in September or November.

Despite the difficult and uncertain operating environment as the Covid-19 crisis is still unfolding, the SA banking system remains sound, liquid and well capitalised. Significantly lower interest rates and the easing in prudential requirements should translate into some credit growth. Nonetheless, underlying conditions are unsupportive. Household credit demand will be undermined by job losses, declining incomes and weak confidence. Corporate credit demand will decline in line with the drop in earnings and remain contained by weak levels of confidence, unreliable electricity supply and expectations of a slow recovery.

Prospects

Our guidance on financial performance for the full year 2020, in a global and domestic macroeconomic environment with significantly increased forecast risk, is currently as follows:

- **NII** growth to be between 0% and a decline of 5% compared with the +1% growth in H1 2020 as loan growth for the full year is expected to remain positive, but slow from H1 levels, and the NIM is expected to contract further on the back of the run rate of the full impact of interest rate cuts on endowment. Our current forecast is for interest rates to remain flat for the remainder of the year. The key risks include a significant decline in retail and/or wholesale loan growth as consumer and business confidence levels remain depressed. Key risks for the NIM include the impact of a significant change in interest rates given our R1,3bn NII sensitivity for a 100 bps change in interest rates over a 12-month period and/or a material change in advances mix.
- **CLR** to be between 150 bps and 185 bps, above our TTC target range of 60 bps to 100 bps, but below the H1 2020 level of 194 bps given the annualisation impact of the IFRS 9 macro-factor adjustments and judgemental overlays in H1 2020. Key risks for the CLR falling outside this range include a better- or worse-than-expected macroeconomic environment, a better- or worse-than-expected performance of the D3 restructured loans (including the extent of job losses) and/or a significant unsecured corporate default/s.
- **NIR** to decline by between 7% and 11% compared with the -5% in H1 2020 as transactional activity remains depressed as a result of the lockdown. Key risks for NIR growth to performing outside this range include the impact of any changes in future lockdown levels on transactional activity, movements in macro fair-value hedge portfolios, further material revaluations of the private-equity portfolio and possible benefits from volatility in trading income (our expectation is for trading income to slow considerably in H2).
- **Expenses** growth to be between a decline of 1% and a decline of 4%, compared with the -1% growth in H1 2020. While our expense forecast is less volatile and less dependent on external factors, the group's financial performance would impact incentives (STI and LTI).

- **Liquidity** metrics, including the LCR and NSFR ratios, to remain well above PA minimum requirements.
- **Dividends** – In line with the G4/2020 the board will continue to monitor regulatory developments and the group's liquidity and solvency position, as well as earnings growth prospects, but it is unlikely to declare any ordinary dividends for so long as G4/2020 is in place.

Trading Statement

Full-year HEPS and EPS are expected to decline by more than 20% when compared to the 12-month period ended 31 December 2019 (HEPS: 2 605 cents, EPS: 2 500 cents). A further trading statement will be issued to provide specific guidance once there is reasonable certainty regarding the extent of the decline and the relevant HEPS and EPS ranges. As noted in the Nedbank Group SENS announcement on 14 April 2020, given the uncertain environment, we have withdrawn our 2020 financial guidance and at the same time noted that our medium- and long-term targets are under review. We are in the process of developing and finalising our business plans for the next three to five years and expect to update investors on the group's revised targets as part of the 2020 full-year results announcement around March 2021.

Shareholders are advised that these forecasts are based on organic earnings and our latest macroeconomic outlook and have not been reviewed or reported on by the group's auditors.

Board and leadership changes during the period

Peter Moyo tendered his resignation as a non-executive director of Nedbank Group Limited and Nedbank Limited with effect from 19 March 2020. Joel Netshitenzhe retired as an independent non-executive director with effect from the close of Nedbank Group's AGM on 22 May 2020. Iain Williamson was appointed as a non-executive director with effect from 1 June 2020. Iain's appointment is in terms of the relationship agreement previously concluded between Old Mutual Limited (OML) and Nedbank Group and published on 20 April 2018 on the Nedbank Group website (nedbankgroup.co.za), which provides for OML to nominate one director to the boards of Nedbank Group and Nedbank Limited for as long as OML's shareholding is equal to or greater than 15% in Nedbank Group.

Brian Kennedy, Group Managing Executive: Nedbank CIB, reached the mandatory retirement age of 60 and retired on 31 March 2020 after more than 24 years at Nedbank. Following an extensive internal and external process, Anél Bosman was appointed to succeed Brian as the Group Managing Executive: Nedbank CIB and as a member of the Group Executive Committee with effect from 1 April 2020. Given Nedbank's ongoing focus on growth in the rest of Africa, Dr Terence Sibiya, Managing Executive: Nedbank Africa Regions, was appointed as a member of the Group Executive Committee with effect from 1 April 2020.

On 25 August 2020 Raisibe Morathi resigned as the Chief Financial Officer (CFO) and executive director on the Nedbank Group and Nedbank Boards, with effect from 30 September 2020. She will remain employed by Nedbank until the end of October to ensure an orderly handover. In accordance with Nedbank Group's executive succession plan and after a process overseen by a panel of non-executive directors, Mike Davis, currently Group Executive: Balance Sheet Management and an existing member of Group Exco, has been appointed as CFO-designate with immediate effect, and as the Group's CFO and to the Group's Boards on 1 October 2020.

Forward-looking statements

This announcement is the responsibility of the directors and contains certain forward-looking statements with respect to the financial condition and results of operations of Nedbank Group and its group companies that, by their nature, involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include global, national and regional health; political and economic conditions; sovereign credit ratings; levels of securities markets; interest rates; credit or other risks of lending and investment activities; as well as competitive, regulatory and legal factors. By consequence, the financial information on which all forward-looking statements is based has not been reviewed or reported on by the group's auditors.

Interim dividend

Notice is hereby given that no interim dividend has been declared. This is in line with G4/2020 released by the PA on 6 April 2020, notwithstanding the group's strong liquidity and capital positions. The board will give due consideration to this guidance note in future dividend cycles.

For and on behalf of the board

Vassi Naidoo
Chairman

Mike Brown
Chief Executive

26 August 2020

Directors

V Naidoo (Chairman), MWT Brown* (Chief Executive), HR Brody, BA Dames, NP Dongwana, EM Kruger, RAG Leith, L Makalima, PM Makwana**, Prof T Marwala, Dr MA Matooane, RK Morathi* (Chief Financial Officer), MC Nkuhlu* (Chief Operating Officer), S Subramoney, IG Williamson.

** Executive** Lead Independent Director*

NOTES

FINANCIAL RESULTS

59 Financial highlights

60 Consolidated statement of comprehensive income

61 Consolidated statement of financial position

62 Consolidated statement of changes in equity

66 Return-on-equity drivers

FINANCIAL HIGHLIGHTS

for the period ended

		Change (%)	Jun 2020	Jun 2019	Dec 2019
Statistics					
Number of shares listed	m	1,0	**502,1**	497,1	497,1
Number of shares in issue, excluding shares held by group entities	m	0,6	**483,9**	481,2	481,2
Weighted-average number of shares	m	0,8	**482,5**	478,7	480,0
Diluted weighted-average number of shares	m	0,1	**487,3**	487,0	487,5
Headline earnings	Rm	(69,2)	**2 114**	6 870	12 506
Profit attributable to equity holders of the parent	Rm	(80,9)	**1 301**	6 794	12 001
Total comprehensive income	Rm	(40,4)	**3 561**	5 978	11 735
Preprovisioning operating profit	Rm	(7,9)	**10 717**	11 635	22 577
Economic profit	Rm	>(100)	**(3 990)**	1 412	1 412
Headline earnings per share	cents	(69,5)	**438**	1 435	2 605
Diluted headline earnings per share	cents	(69,2)	**434**	1 411	2 565
Basic earnings per share	cents	(81,0)	**270**	1 419	2 500
Diluted basic earnings per share	cents	(80,9)	**267**	1 395	2 462
Ordinary dividends declared per share	cents	(100)	**–**	720	1 415
Interim		(100)	**–**	720	720
Final					695
Ordinary dividends paid per share	cents	(3,5)	**695**	720	1 440
Dividend cover	times		**N/A**	1,99	1,84
Total assets administered by the group	Rm	11,6	**1 588 951**	1 424 361	1 474 485
Total assets	Rm	10,9	**1 222 053**	1 101 595	1 143 349
Assets under management	Rm	13,7	**366 898**	322 766	331 136
Life insurance embedded value	Rm	(5,1)	**3 175**	3 347	3 188
Life insurance value of new business	Rm	(49,8)	**116**	231	421
Net asset value per share	cents	1,6	**18 075**	17 794	18 204
Tangible net asset value per share	cents	1,2	**15 244**	15 068	15 426
Closing share price	cents	(59,9)	**10 155**	25 320	21 430
Price/earnings ratio	historical		**11,5**	8,7	8,2
Price-to-book ratio	historical		**0,6**	1,4	1,2
Market capitalisation	Rbn	(59,5)	**51,0**	125,9	106,5
Number of employees (permanent staff)		(5,9)	**28 559**	30 335	29 213
Number of employees (permanent and temporary staff)		(6,1)	**28 697**	30 577	29 403
Key ratios (%)					
ROE			**4,8**	16,8	15,0
ROE (excluding goodwill)			**5,1**	17,9	16,0
Return on tangible equity			**5,7**	19,9	17,8
ROA			**0,36**	1,30	1,13
Return on RWA			**0,66**	2,29	2,02
NII to average interest-earning banking assets			**3,33**	3,57	3,52
NIR to total income			**44,9**	46,5	46,3
NIR to total operating expenses			**79,4**	82,7	80,8
CLR – banking advances			**1,94**	0,70	0,82
Cost-to-income ratio			**56,4**	55,4	56,5
Gross operating income growth less expense growth rate (JAWS ratio)			**(1,8)**	0,8	1,3
Effective taxation rate			**25,9**	23,4	22,8
Group capital adequacy ratios (including unappropriated profits):					
– CET1			**10,6**	11,3	11,5
– Tier 1			**11,7**	12,3	12,8
– Total			**14,3**	14,6	15,0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended

Rm	Note	% change	Jun 2020	Jun 2019	Dec 2019
Interest and similar income		(4,9)	**39 105**	41 136	83 680
Interest expense and similar charges		(8,3)	**24 136**	26 317	53 513
Net interest income	1	1,0	**14 969**	14 819	30 167
Impairments charge on financial instruments	2	>100	**7 675**	2 543	6 129
Income from lending activities		(40,6)	**7 294**	12 276	24 038
Non-interest revenue	3	(5,1)	**12 220**	12 874	25 997
Operating income		(22,4)	**19 514**	25 150	50 035
Total operating expenses	4	(1,1)	**15 391**	15 565	32 179
Zimbabwe hyperinflation			**47**		296
Indirect taxation		14,1	**592**	519	1 096
Profit from operations before non-trading and capital items		(61,6)	**3 484**	9 066	16 464
Non-trading and capital items	5	<100	**(833)**	(106)	(651)
Profit from operations		(70,4)	**2 651**	8 960	15 813
Share of income of associate companies	10	(76,8)	**98**	422	793
Profit from operations before direct taxation		(70,7)	**2 749**	9 382	16 606
Total direct taxation	6	(58,6)	**908**	2 192	3 796
Direct taxation			**928**	2 222	3 942
Taxation on non-trading and capital items			**(20)**	(30)	(146)
Profit for the period		(74,4)	**1 841**	7 190	12 810
Other comprehensive income/(losses) (OCI) net of taxation		>100	**1 720**	(1 212)	(1 075)
Items that may subsequently be reclassified to profit or loss					
Exchange differences on translating foreign operations			**2 043**	(326)	(159)
Share of OCI of investments accounted for using the equity method			**(598)**	(687)	(1 025)
Debt investments at FVOCI – net change in fair value			**(109)**	(300)	(232)
Items that may not subsequently be reclassified to profit or loss					
Share of OCI of investments accounted for using the equity method			**352**	(14)	(145)
Remeasurements on long-term employee benefit assets			**36**	22	300
(Losses)/Gains on property revaluations			**(4)**	93	186
Total comprehensive income for the period		(40,4)	**3 561**	5 978	11 735
Profit attributable to:					
– Equity holders of the parent		(80,9)	**1 301**	6 794	12 001
– Non-controlling interest – ordinary shareholders		(6,0)	**47**	50	18
– Holders of preference shares	7	(50,3)	**85**	171	313
– Holders of additional tier 1 capital instruments		>100	**408**	175	478
Profit for the period		(74,4)	**1 841**	7 190	12 810
Total comprehensive income attributable to:					
– Equity holders of the parent		(47,8)	**2 960**	5 674	11 017
– Non-controlling interest – ordinary shareholders		>100	**108**	(42)	(73)
– Holders of preference shares	7	(50,3)	**85**	171	313
– Holders of additional tier 1 capital instruments		>100	**408**	175	478
Total comprehensive income for the period		(40,4)	**3 561**	5 978	11 735
Headline earnings reconciliation					
Profit attributable to equity holders of the parent		(80,9)	**1 301**	6 794	12 001
Less: Non-headline earnings items		<100	**(813)**	(76)	(505)
Non-trading and capital items			**(833)**	(106)	(651)
Taxation on non-trading and capital items			**20**	30	146
Headline earnings		(69,2)	**2 114**	6 870	12 506

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at

Rm	Note	Jun 2020	Jun 2019	Dec 2019
Assets				
Cash and cash equivalents		**15 968**	12 896	14 149
Other short-term securities		**66 741**	70 369	64 451
Derivative financial instruments		**76 799**	33 841	35 243
Government securities		**109 057**	98 416	97 286
Other dated securities		**33 168**	27 756	31 224
Loans and advances to clients	8	**755 772**	725 065	741 906
Trading loans and advances	8	**38 542**	22 802	32 678
Loans and advances to banks	8	**29 550**	11 223	22 249
Other assets		**12 948**	16 294	15 393
Current taxation assets		**711**	185	281
Investment securities	9	**25 230**	25 773	28 961
Non-current assets held for sale		**90**	132	735
Investments in associate companies	10	**3 456**	3 814	3 917
Deferred taxation assets		**400**	378	389
Investment property		**56**		56
Property and equipment		**11 834**	11 977	11 977
Long-term employee benefit assets		**5 623**	5 054	5 602
Mandatory reserve deposits with central banks		**22 412**	22 500	23 486
Intangible assets	11	**13 696**	13 120	13 366
Total assets		**1 222 053**	1 101 595	1 143 349
Equity and liabilities				
Ordinary share capital		**484**	482	481
Ordinary share premium		**18 582**	18 116	18 096
Reserves		**68 448**	67 029	69 020
Total equity attributable to equity holders of the parent		**87 514**	85 627	87 597
Non-controlling interest attributable to ordinary shareholders		**484**	825	780
Holders of preference shares		**3 172**	3 222	3 222
Holders of additional tier 1 capital instruments		**6 850**	4 963	6 850
Total equity		**98 020**	94 637	98 449
Derivative financial instruments		**63 288**	30 470	27 991
Amounts owed to depositors	12	**944 011**	865 815	904 382
Provisions and other liabilities		**28 811**	27 928	23 297
Current taxation liabilities		**179**	330	161
Non-current liabilities held for sale				598
Deferred taxation liabilities		**857**	753	939
Long-term employee benefit liabilities		**2 420**	2 384	2 533
Investment contract liabilities		**21 370**	21 742	24 571
Insurance contract liabilities		**863**	1 255	715
Long-term debt instruments		**62 234**	56 281	59 713
Total liabilities		**1 124 033**	1 006 958	1 044 900
Total equity and liabilities		**1 222 053**	1 101 595	1 143 349

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Rm	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Foreign currency translation reserve	Property reserve revaluation	
Balance at 1 January 2019	477 128 735	477	17 315	(1 389)	1 725	
Shares issued in terms of employee incentive schemes	3 870 882	4	825			
Additional tier 1 capital instruments issued						
Shares (acquired)/no longer held by group entities and BEE schemes	195 697	1	(24)			
Preference share dividend paid						
Dividends paid to shareholders						
Total comprehensive income for the period				(564)	93	
Profit attributable to equity holders of the parent and non-controlling interest						
Exchange differences on translating foreign operations[4]				(234)		
Movement in fair-value reserve						
Gains on property revaluations					93	
Remeasurements on long-term employee benefit assets						
Share of comprehensive income of investments accounted for using equity method				(330)		
Transfer to/(from) reserves					(90)	
Share-based payment reserve movements						
Additional tier 1 capital instruments interest paid						
Other movements						
Balance at 30 June 2019	481 195 314	482	18 116	(1 953)	1 728	
Shares issued in terms of employee incentive schemes	299 908					
Additional tier 1 capital instruments issued						
Shares (acquired)/no longer held by group entities and BEE schemes	(320 843)	(1)	(20)			
Preference share dividend paid						
Dividends paid to shareholders						
Total comprehensive income for the period				(291)	93	
Profit attributable to equity holders of the parent and non-controlling interest						
Exchange differences on translating foreign operations[4]				166		
Movement in fair-value reserve						
Gains on property revaluations					93	
Remeasurements on long-term employee benefit assets						
Share of comprehensive income of investments accounted for using equity method				(457)		
Transfer to/(from) reserves					18	
Share-based payment reserve movements						
Additional tier 1 capital instruments interest paid						
Other movements						

	Share-based payment reserve	Other non-distributable reserves[1]	Fair-value reserves	Other distributable reserves[2]	Total equity attributable to equity holders of the parent	Non-controlling interest attributable to ordinary shareholders	Equity attributable to preference shareholders	Holders of additional tier 1 capital instruments	Total shareholders' equity
	1 507	(80)	1 064	62 508	83 127	867	3 222	3 397	90 613
	(632)			(197)	–				–
					–			1 613	1 613
				(1)	(24)				(24)
					–		(171)		(171)
				(3 541)	(3 541)				(3 541)
	–	–	(657)	6 802	5 674	(42)	171	175	5 978
				6 794	6 794	50	171	175	7 190
					(234)	(92)			(326)
			(300)		(300)				(300)
					93				93
				22	22				22
			(357)	(14)	(701)				(701)
	58	12		20	–				–
	375				375				375
					–			(222)	(222)
				16	16				16
	1 308	(68)	407	65 607	85 627	825	3 222	4 963	94 637
					–				–
				1	1			1 887	1 888
					(21)				(21)
					–		(142)		(142)
				(3 571)	(3 571)	(14)			(3 585)
–	–	–	187	5 354	5 343	(31)	142	303	5 757
				5 207	5 207	(32)	142	303	5 620
					166	1			167
			68		68				68
					93				93
				278	278				278
			119	(131)	(469)				(469)
	(12)	13		(19)	–				–
	216				216				216
					–			(303)	(303)
				2	2				2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(continued)

Rm	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Foreign currency translation reserve	Property reserve revaluation	
Balance at 31 December 2019	**481 174 379**	**481**	**18 096**	**(2 244)**	**1 839**	
Shares issued in terms of employee incentive schemes	**5 000 960**	**5**	**780**			
Shares (acquired)/no longer held by group entities and BEE schemes	**(2 289 369)**	**(2)**	**(294)**			
Preference share dividend paid[3]						
Dividends paid to shareholders						
Total comprehensive income for the period				**1 298**	**(4)**	
Profit attributable to equity holders of the parent and non-controlling interest						
Exchange differences on translating foreign operations[4]				**1 982**		
Movement in fair-value reserve						
Gains on property revaluations					**(4)**	
Remeasurements on long-term employee benefit assets						
Share of comprehensive income of investments accounted for using equity method				**(684)**		
Transfer to/(from) reserves					**(23)**	
Share-based payment reserve movements						
Settlement of put option				**75**		
Acquisition of additional shares in subsidiary				**18**		
Other movements						
Balance at 30 June 2020	**483 885 970**	**484**	**18 582**	**(853)**	**1 812**	

[1] *Represents other non-distributable revaluation surplus on capital items and non-distributable reserves transferred from other distributable reserves, to comply with various banking regulations, of R35m (31 December 2019: R168m). This balance is offset by the difference between the at-acquisition fair value (net basis) and gross value of the Banco Único put option of R222m (31 December 2019: 223m).*

[2] *Represents the accumulated profits after distributions to shareholders and appropriations of retained earnings to other non-distributable reserves.*

[3] *Preference share dividends include total dividends paid of R150,9m less preference dividend earned in respect of preference shares, held by group entities, of R15,7m.*

[4] *Exchange differences of R2 043m disclosed in the statement of other comprehensive income includes R598m for the conversion of our investment in ETI from USD to ZAR. The R1 982m increase in the FCTR includes R598m relating to the conversion of our investment in ETI and a R1 383m increase related to foreign subsidiaries.*

	Share-based payment reserve	Other non-distributable reserves[1]	Fair-value reserves	Other distributable reserves[2]	Total equity attributable to equity holders of the parent	Non-controlling interest attributable to ordinary shareholders	Equity attributable to preference shareholders	Holders of additional tier 1 capital instruments	Total shareholders' equity
	1 512	**(55)**	**594**	**67 374**	**87 597**	**780**	**3 222**	**6 850**	**98 449**
	(434)			**(55)**	**296**				**296**
					(296)				**(296)**
					–		**(135)**	**(408)**	**(543)**
				(3 445)	**(3 445)**	**(24)**			**(3 469)**
	–	**–**	**(23)**	**1 689**	**2 960**	**108**	**85**	**408**	**3 561**
				1 301	**1 301**	**47**	**85**	**408**	**1 841**
					1 982	**61**			**2 043**
			(109)		**(109)**				**(109)**
					(4)				**(4)**
				36	**36**				**36**
			86	**352**	**(246)**				**(246)**
	(320)	**187**		**156**	**–**				**–**
	97				**97**				**97**
				232	**307**	**(307)**			**–**
				(59)	**(41)**	**(73)**			**(114)**
				39	**39**				**39**
	855	**132**	**571**	**65 931**	**87 514**	**484**	**3 172**	**6 850**	**98 020**

RETURN-ON-EQUITY DRIVERS

for the period ended

Rm	Jun 2020	Jun 2019	Dec 2019
NII	**14 969**	14 819	30 167
Impairment of financial instruments	**(7 675)**	(2 543)	(6 129)
NIR	**12 220**	12 874	25 997
Income from normal operations	**19 514**	25 150	50 035
Total operating expenses	**(15 391)**	(15 565)	(32 179)
Zimbabwe hyperinflation	**(47)**		(296)
Share of profits of associate companies	**98**	422	793
Net profit before taxation	**4 174**	10 007	18 353
Indirect taxation	**(592)**	(519)	(1 096)
Direct taxation	**(928)**	(2 222)	(3 942)
Net profit after taxation	**2 654**	7 266	13 315
Non-controlling interest	**(540)**	(396)	(809)
Headline earnings	**2 114**	6 870	12 506
Daily average interest-earning banking assets	**904 765**	836 193	857 981
Daily average total assets	**1 194 883**	1 066 511	1 104 160
Daily average shareholders' funds	**88 579**	82 702	83 579
Daily average shareholders' funds, excluding goodwill	**83 453**	77 527	78 402

Note: Averages calculated on a 365-day basis.

	Jun 2020	Jun 2019	Dec 2019
NII/average interest-earning banking assets	**3,33%**	3,57%	3,52%
	less	less	less
Impairments/average interest-earning banking assets	**1,71%**	0,70%	0,71%
	add	add	add
NIR/average interest-earning banking assets	**2,72%**	2,87%	3,03%
	4,34%	5,97%	5,84%
	less	less	less
Total expenses/average interest-earning banking assets	**3,42%**	3,75%	3,75%
	add	add	add
Associate income/average interest-earning banking assets	**0,02%**	0,10%	0,09%
	0,93%	2,32%	2,15%
	multiply	multiply	multiply
100% – effective direct and indirect taxation rate	**0,64**	0,73	0,73
	multiply	multiply	multiply
100% – income attributable to minorities	**0,80**	0,95	0,94
Headline earnings	**0,48%**	1,61%	1,48%
	multiply	multiply	multiply
Interest-earning banking assets/daily average total assets	**75,7%**	78,4%	77,7%
	=	=	=
Return on total assets	**0,36%**	1,30%	1,13%
	multiply	multiply	multiply
Leverage	**13,49**	12,87	13,21
	=	=	=
ROE	**4,8%**	16,8%	15,0%

SEGMENTAL ANALYSIS

68 Our organisational structure, products and services

70 Operational segmental reporting

72 Nedbank Corporate and Investment Banking

75 Nedbank Retail and Business Banking

92 Nedbank Wealth

95 Nedbank Africa Regions

100 Geographical segmental reporting

OUR ORGANISATIONAL STRUCTURE, PRODUCTS AND SERVICES

We deliver our products and services through **four main business clusters**.

NEDBANK CORPORATE AND INVESTMENT BANKING

OUR CLIENTS

Corporates, institutions and parastatals with a **turnover of over R750m per annum**.



> 600 **large corporate clients.**

OUR PRODUCTS AND SERVICES

Full suite of wholesale banking solutions, including investment banking and corporate lending, global markets and treasury, commercial-property finance, deposit-taking, and transactional banking.

NEDBANK CIB

OUR AREAS OF STRENGTH AND DIFFERENTIATION

- Strong franchise.
- Market leader with strong expertise in commercial property, corporate advances, advisory and renewable-energy financing.
- Leading industry expertise in public sector, mining and resources, infrastructure and telecoms.
- Solid advances pipeline (growth opportunities when business confidence improves).
- Integrated model delivering improved client service and better coverage/deeper client penetration.
- Ability to attract and retain high-quality intellectual capital.
- Efficient franchise.

KEY METRICS

ADVANCES
R418bn

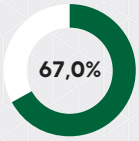
HE
R1 416m

ROE
7,3%

ADVANCES



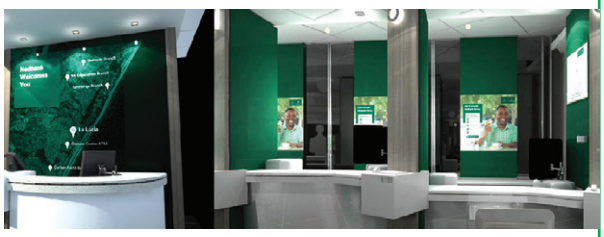
HE CONTRIBUTION



NEDBANK RETAIL AND BUSINESS BANKING

OUR CLIENTS

Individual clients and **businesses**.



> 7,3 million clients, including:

- > **295 000 small and medium enterprises** (typically businesses with an annual turnover of less than R30m, including informal traders like spaza shops)
- > **14 300 business-banking client groups with a annual turnover of between R30m and R750m per annum** (client groups with turnover of < R30m previously managed under Business Banking were migrated to small and medium enterprises).
  Of the total clients, **2,65 million are retail main-banked.**

OUR PRODUCTS AND SERVICES

Full range of services on Banking and Beyond, including transactional banking, card and payment solutions, lending solutions, deposit-taking, risk management, investment products, card-acquiring services for businesses, ecosystems and platforms-based solutions.

NEDBANK

MFC A division of NEDBANK

OUR AREAS OF STRENGTH AND DIFFERENTIATION

- A leader in business banking, underpinned by an accountable, empowered, decentralised business service model.
- End-to-end digital onboarding capability for transactional and lending products across various channels.
- Differentiated and disruptive CVPs across our different client segments, including Unlocked.Me, HeyNed, MobiMoney, Avo, USSD-based Stokvel Account, Home-buying Toolkit, Karri school payments app, Tap on Phone, SimplyBiz and API_ Marketplace.
- Highly competitive relationship banking offering for our affluent (Professional Banking) and small-business clients.
- Received the International Banker award for Best Innovation in Retail Banking SA for the second year in a row and the Global Banking & Finance Review awards for Best Retail Bank, Most Innovative Digital Branch Design and Most Innovative Retail Banking App.
- Improvement in NPS and social-media sentiment.
- Behaviour-based Greenbacks loyalty and rewards programme.
- Proud of my Town community transformation initiative.

KEY METRICS

ADVANCES
R348bn

HE
R288m

ROE
1,5%

ADVANCES

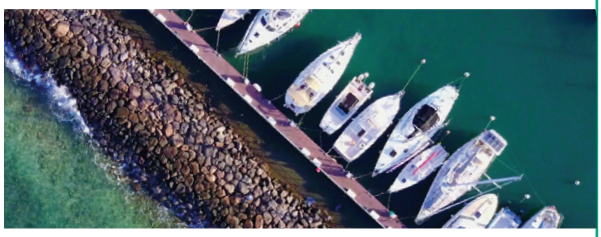


HE CONTRIBUTION



NEDBANK WEALTH

High-net-worth individuals, as well as **other retail**, **business** and **corporate clients**.



> 18 300 high-net-worth clients locally and internationally (UK, Guernsey, Jersey, Isle of Man and the UAE).

Wide range of financial services, including high-net-worth banking and wealth management solutions, as well as asset management and insurance offerings.

NEDBANK PRIVATE WEALTH SINCE 1934 · NEDGROUP INVESTMENTS · NEDBANK INSURANCE

Nedbank Insurance

- Nedbank Insurance Funeral Plan (NIFP) included on five additional Nedbank digital platforms (Money app, Online Banking, USSD, API_Market Place and Avo).
- Nedbank Insurance continues to drive acquisition through direct, social-media & in-branch initiatives.

Nedbank Private Wealth

- Locally, launched a seamless service to allow clients to transfer funds from the SA account to their Nedbank Private Wealth International Focus Account via the Nedbank Private Wealth app.
- Internationally, Best Private Bank in the UK for the sixth year in a row at the City of London Wealth Management Awards.

Asset Management

- Nedgroup Investments launched the MyRetirement solution – an innovative, low-cost, postretirement solution.
- Nedgroup Investments' products were integrated into Nedbank digital properties (Eclipse, Money app and Online Banking).

ADVANCES
R32bn

HE
R362m

ROE
17,1%

ADVANCES

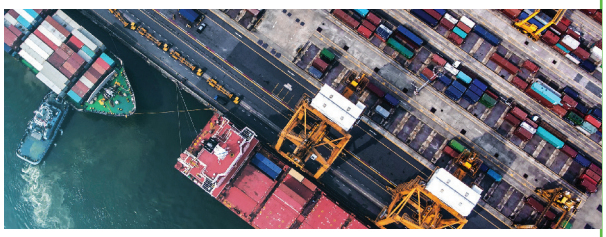


HE CONTRIBUTION



NEDBANK AFRICA REGIONS

Retail, small and medium enterprises, and business and corporate clients across the countries we operate in.



> 323 830 clients.

Full range of banking services, including transactional, lending, deposit-taking services and card products, as well as selected wealth management offerings.

Bancassurance offering in selected markets.

NEDBANK · UNICO · Ecobank

SADC (own, manage and control banks)

- Presence in five SADC countries – well positioned for growth on the back of a standardised model nuanced for market context.
- Technology investments to enhance CVPs and achieve scale (winner of Best Digital Bank Award in Mozambique).
- Winner of the Fastest-growing Bank award in Mozambique (Banco Unico) at the Global Banking & Finance Awards.

Central and West Africa (ETI alliance – 21,2% shareholding)

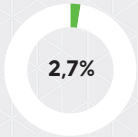
- The Ecobank–Nedbank Alliance: footprint across 36 countries, the largest in Africa.
- Aiming to increase dealflow by leveraging ETI's local presence and knowledge and Nedbank's structuring expertise.

ADVANCES
R23bn

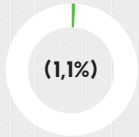
HE
(R24m)

ROE
(0,8%)

ADVANCES



HE CONTRIBUTION



OPERATIONAL SEGMENTAL REPORTING

for the period ended

Rm	Nedbank Group			Corporate and Investment Banking		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
Consolidated statement of financial position (Rm)						
Assets						
Cash and cash equivalents	**38 380**	35 396	37 635	**3 326**	1 278	1 798
Other short-term securities	**66 741**	70 369	64 451	**34 334**	52 654	30 773
Derivative financial instruments	**76 799**	33 841	35 243	**76 679**	33 802	35 174
Government and other securities	**142 225**	126 172	128 510	**75 322**	63 889	63 270
Loans and advances	**823 864**	759 090	796 833	**417 787**	364 711	395 589
Other assets	**74 044**	76 727	80 677	**15 013**	16 843	17 122
Intergroup assets	**–**	–	–			
Total assets	**1 222 053**	1 101 595	1 143 349	**622 461**	533 177	543 726
Equity and liabilities						
Total equity	**98 020**	94 637	98 449	**38 918**	34 688	34 885
Average allocated capital	**88 755**	84 098	85 111	**38 918**	34 688	34 885
Non-controlling interest	**10 506**	9 010	10 852			
Other equity[1]	**(1 241)**	1 529	2 486			
Derivative financial instruments	**63 288**	30 470	27 991	**63 231**	30 439	27 973
Amounts owed to depositors	**944 011**	865 815	904 382	**401 534**	372 590	379 656
Provisions and other liabilities	**54 500**	54 392	52 814	**13 891**	11 655	8 426
Long-term debt instruments	**62 234**	56 281	59 713	**639**	835	705
Intergroup liabilities	**–**	–	–	**104 248**	82 970	92 081
Total equity and liabilities	**1 222 053**	1 101 595	1 143 349	**622 461**	533 177	543 726
Consolidated statement of comprehensive income (Rm)						
NII	**14 969**	14 819	30 167	**3 825**	3 747	7 390
Impairments charge on financial instruments	**7 675**	2 543	6 129	**2 380**	270	917
Income from lending activities	**7 294**	12 276	24 038	**1 445**	3 477	6 473
NIR	**12 220**	12 874	25 997	**3 661**	4 154	8 175
Operating income	**19 514**	25 150	50 035	**5 106**	7 631	14 648
Total operating expenses	**15 391**	15 565	32 179	**3 081**	3 247	6 604
Zimbabwe hyperinflation	**47**		296			
Indirect taxation	**592**	519	1 096	**77**	95	181
Profit/(Loss) from operations	**3 484**	9 066	16 464	**1 948**	4 289	7 863
Share of income of associate companies	**98**	422	793	**35**	41	121
Profit before direct taxation	**3 582**	9 488	17 257	**1 983**	4 330	7 984
Direct taxation	**928**	2 222	3 942	**567**	1 030	1 836
Profit after taxation	**2 654**	7 266	13 315	**1 416**	3 300	6 148
Profit attributable to:						
– Non-controlling interest – ordinary shareholders	**47**	50	18		2	(19)
– Holders of preference shares	**85**	171	313			
– Holders of additional tier 1 capital instruments	**408**	175	478			
Headline earnings	**2 114**	6 870	12 506	**1 416**	3 298	6 167
Selected ratios						
Average interest-earning banking assets (Rm)	**904 765**	836 193	857 981	**403 893**	359 734	371 862
Average risk-weighted assets (Rbn)	**647 310**	604 897	620 113	**334 722**	291 581	302 360
ROA (%)	**0,36**	1,30	1,13	**0,48**	1,29	1,15
RORWA (%)	**0,66**	2,29	2,02	**0,85**	2,28	2,04
ROE (%)	**4,8**	16,8	15,0	**7,3**	19,2	17,7
Interest margin (%)[2]	**3,33**	3,57	3,52	**1,90**	2,10	1,99
NIR to total income (%)	**44,9**	46,5	46,3	**48,9**	52,6	52,5
NIR to total operating expenses (%)	**79,4**	82,7	80,8	**118,8**	127,9	123,8
CLR – banking advances (%)	**1,94**	0,70	0,82	**1,27**	0,16	0,26
Cost-to-income ratio (%)	**56,4**	55,4	56,5	**41,0**	40,9	42,1
Effective taxation rate (%)	**25,9**	23,4	22,8	**28,6**	23,8	23,0
Contribution to group EP/(loss) (Rm)	**(3 990)**	1 412	1 412	**(1 430)**	856	1 234
Number of employees (permanent staff)	**28 559**	30 335	29 213	**2 534**	2 637	2 553

[1] *Other equity includes the variance between average allocated capital, which is computed using the average-equity month-end balances and actual equity.*
[2] *Cluster margins include internal assets.*

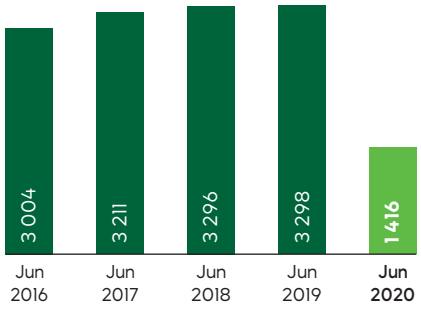
	Retail and Business Banking			Wealth			Nedbank Africa Regions			Centre		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
	5 144	5 623	6 168	**2 477**	2 219	1 746	**6 529**	5 033	6 341	**20 904**	21 243	21 582
				25 014	19 343	20 701	**4 595**	4 373	4 083	**2 798**	(6 001)	8 894
				10	4	7	**84**	18	38	**26**	17	24
							703	869	848	**66 200**	61 414	64 392
	347 791	339 416	349 396	**31 932**	31 330	30 741	**22 550**	22 497	21 678	**3 804**	1 136	(571)
	11 111	11 297	10 610	**21 426**	21 254	24 238	**4 034**	4 666	4 898	**22 460**	22 667	23 809
	19 887	9 654	11 577				**2 441**	921	499	**(22 328)**	(10 575)	(12 076)
	383 933	365 990	377 751	**80 859**	74 150	77 433	**40 936**	38 377	38 385	**93 864**	89 901	106 054
	29 956	30 145	30 573	**4 245**	4 114	4 204	**6 510**	6 029	5 943	**18 391**	19 661	22 844
	29 956	30 145	30 573	**4 245**	4 114	4 204	**6 510**	6 029	5 943	**9 126**	9 122	9 506
										10 506	9 010	10 852
										(1 241)	1 529	2 486
				6	13	6	**51**	19	11		(1)	1
	345 956	327 976	338 901	**45 343**	41 174	40 060	**33 104**	30 560	30 223	**118 074**	93 515	115 542
	6 480	6 870	5 829	**26 537**	26 307	29 703	**954**	1 453	1 891	**6 638**	8 107	6 965
	1 541	999	2 448				**317**	316	317	**59 737**	54 131	56 243
				4 728	2 542	3 460				**(108 976)**	(85 512)	(95 541)
	383 933	365 990	377 751	**80 859**	74 150	77 433	**40 936**	38 377	38 385	**93 864**	89 901	106 054
	9 478	9 657	19 831	**489**	564	1 148	**672**	779	1 547	**505**	72	251
	4 836	2 180	4 823	**82**	21	57	**236**	122	233	**141**	(50)	99
	4 642	7 477	15 008	**407**	543	1 091	**436**	657	1 314	**364**	122	152
	5 717	6 518	13 318	**1 614**	1 660	3 436	**697**	481	1 220	**531**	61	(152)
	10 359	13 995	28 326	**2 021**	2 203	4 527	**1 133**	1 138	2 534	**895**	183	–
	9 880	10 071	20 384	**1 526**	1 593	3 113	**1 071**	1 148	2 427	**(167)**	(494)	(349)
							47		296			
	229	275	548	**46**	55	113	**26**	32	58	**214**	62	196
	250	3 649	7 394	**449**	555	1 301	**(11)**	(42)	(247)	**848**	615	153
							63	381	672			
	250	3 649	7 394	**449**	555	1 301	**52**	339	425	**848**	615	153
	72	1 023	2 059	**87**	100	259	**29**	(2)	(64)	**173**	71	(148)
	178	2 626	5 335	**362**	455	1 042	**23**	341	489	**675**	544	301
							47	48	32	**–**		5
	(50)	36	42							**135**	135	271
										408	175	478
	228	2 590	5 293	**362**	455	1 042	**(24)**	293	457	**132**	234	(453)
	359 992	342 516	349 599	**59 037**	51 613	52 968	**32 669**	30 157	30 848	**49 174**	52 173	52 704
	204 930	198 492	203 383	**28 350**	26 316	26 468	**43 572**	49 487	48 938	**35 736**	39 021	38 964
	0,12	1,45	1,44	**0,90**	1,27	1,40	**(0,12)**	1,56	1,19			
	0,22	2,63	2,60	**2,57**	3,49	3,94	**(0,11)**	1,19	0,93			
	1,5	17,3	17,3	**17,1**	22,3	24,8	**(0,8)**	9,8	7,7			
	5,29	5,69	5,67	**1,67**	2,20	2,17	**4,14**	5,21	5,01			
	37,6	40,3	40,2	**76,7**	74,6	75,0	**50,9**	38,2	44,1			
	57,9	64,7	65,3	**105,8**	104,2	110,4	**65,1**	41,9	50,3			
	2,69	1,28	1,38	**0,50**	0,14	0,18	**2,10**	1,08	1,01			
	65,0	62,3	61,5	**72,6**	71,6	67,9	**74,8**	70,0	70,6			
	28,8	28,0	27,8	**19,4**	18,0	19,9	**55,8**		(15,0)			
	(1 963)	467	967	**51**	166	447	**(500)**	(131)	(384)	**(148)**	54	(852)
	17 413	18 626	17 607	**2 115**	2 130	2 207	**2 332**	2 639	2 581	**4 165**	4 303	4 265

NEDBANK CORPORATE AND INVESTMENT BANKING

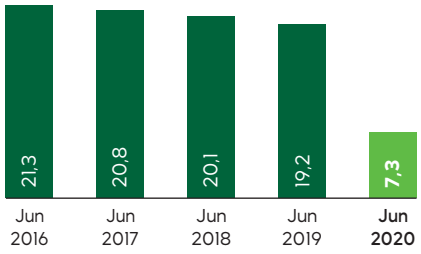
CIB's results were impacted by the Covid-19 pandemic, with HE decreasing by 57,1% to R1 416m and ROE down to 7,3%. GOI was under pressure and declined by 5,2% to R7 487m, due largely to decreased endowment, negative equity revaluations and declining fee- and commission-earning opportunities. Capital grew by 12,2% due to rating migrations, robust advances growth and an increase in market risk capital.

NII increased by 2,1% to R3 825m, with AIEBA increasing by 12,3% to R404bn and average banking advances increasing by 12,1% to R376bn, as clients drew down on liquidity facilities during the crisis. Average deposits increased by 13,0% to R403bn as a result of delayed client capital investment and their increased need for liquidity. NIM decreased by 20 bps to 1,9% due largely to the reduction in endowment. Asset margins have increased as appropriate risk reward pricing was implemented. However, the reduction in endowment and cost of deposits resulted in margin compression.

HEADLINE EARNINGS
(Rm)



RETURN ON EQUITY
(%)



FINANCIAL HIGHLIGHTS

	Corporate and Investment Banking			Property Finance			Corporate and Investment Banking, excluding Property Finance		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
Headline earnings (Rm)	**1 416**	3 298	6 167	**(8)**	820	1 654	**1 424**	2 478	4 513
NII (Rm)	**3 825**	3 747	7 390	**986**	1 029	2 106	**2 839**	2 718	5 284
Impairments charge (Rm)	**2 380**	270	917	**517**	(55)	(32)	**1 863**	325	949
NIR (Rm)	**3 661**	4 154	8 175	**(36)**	562	1 207	**3 697**	3 592	6 968
Gross operating income (Rm)	**7 486**	7 901	15 686	**950**	1 591	3 313	**6 536**	6 310	12 373
Operating expenses (Rm)	**3 081**	3 247	6 604	**441**	520	1 051	**2 640**	2 727	5 553
ROE (%)	**7,3**	19,2	17,7	**(0,2)**	17,9	16,7			
ROA (%)	**0,48**	1,29	1,15	**(0,01)**	0,88	0,85			
CLR – banking advances (%)	**1,27**	0,16	0,26	**0,68**	(0,08)	(0,02)			
NIR to total operating expenses	**118,8**	127,9	123,8	**(8,1)**	108,0	114,8			
Cost-to-income ratio (%)	**41,0**	40,9	42,1	**46,4**	32,7	31,7			
Interest margin (%)	**1,90**	2,10	1,99	**1,01**	1,13	1,12			
Total assets (Rm)	**622 461**	533 177	543 726	**173 471**	159 425	167 975	**448 990**	373 752	375 751
Average total assets (Rm)	**597 802**	516 544	538 064	**171 085**	155 412	159 412	**426 717**	361 132	378 652
Total advances (Rm)	**417 787**	364 711	395 589	**154 002**	142 765	148 473	**263 785**	221 946	247 116
Average total advances (Rm)	**415 069**	367 484	381 215	**151 655**	139 337	142 432	**263 414**	228 147	238 783
Total deposits (Rm)	**401 534**	372 590	379 656	**391**	917	268	**401 143**	371 673	379 388
Average total deposits (Rm)	**402 621**	356 300	367 804	**361**	900	503	**402 260**	355 400	367 301
Average allocated capital (Rm)	**38 918**	34 688	34 885	**9 559**	9 261	9 921	**29 359**	25 427	24 964

FINANCIAL HIGHLIGHTS

	Property Finance		
	Jun 2020	Jun 2019	Dec 2019
Gross operating income (Rm)	**950**	1 591	3 313
Average total advances (Rm)	**151 655**	139 337	142 432

Impairments increased to R2,4bn (2019: R270m) to account for the expected deterioration in the credit environment and stress in certain industries. Forward-looking macro-model overlays were applied in addition to impairment overlays for the property sectors, together totalling R1,2bn, where we expect lagging risk migration over the next 12 to 24 months. The CLR increased to 1,27%, which is higher than the GFC peak of 0,43%. The total impairment coverage ratio increased from 0,65% in December 2019 to 1,12%, driven by stage 1 and stage 2 portfolio impairments. Stage 3 advances increased from R4,1bn to R7,2bn (2,0% of banking advances), as the environment resulted in several watchlist clients migrating to non-performing or requiring distressed restructures. The increased stage 3 impairments relate mostly to growth in the non-performing loans. The specific coverage ratio marginally increased to 24,9% due to the level of collateralisation for certain new defaulted deals. A total of R30,5bn in D3 restructures (8,7% of GLAA held at amortised cost) was implemented during the second quarter, with exposures mainly in the hospitality, mining and construction sectors.

NIR decreased by 11,9% to R3 661m due to negative equity revaluations in private-equity income as the profitability of certain counters were impacted over this period. Fee and commission income declined by 7,9% to R1 385m as a result of the lockdown impacting new transaction volumes, despite continued primary-client wins. The headwinds were offset by a good performance in trading income, which grew by 44,8%. The NIR-to-expense ratio decreased to 118,8% (2019: 127,9%).

Cost containment resulted in expenses decreasing by 5,1% from the prior year. Our cost-to-income ratio of 41,0% remains at the lower end of the published industry average.

Property Finance

Conditions in the property sector are likely to remain challenging for the foreseeable future. Our areas of focus during this time have been on the immediate liquidity pressures caused by the lockdown as well as the longer-term impact expected on property values. We have worked extensively with clients during this period to provide short-term liquidity relief where they experienced cashflow pressures. Although property values will decline in the medium term, we have been impressed with the resilience of most of our portfolio and clients' ability to service debt. While we believe it is difficult to establish property values in the current environment accurately, we expect the trend to be downwards over an extended period. We will continue to work with clients to try and understand the themes that are evolving and are likely to impact values permanently. Gross operating income decreased by 40,3%, driven mainly by NIR declining more than 100% as a result of equity revaluations and reduced fee and commission income. Actual banking advances, including bonds, increased by 9,4% to R169bn, however NII decreased by 4,2% as a result of the higher-than-expected interest rate cuts, impacting endowment earnings. The CLR increased to 0,68% (2019: -0,08%). Additional overlays were applied specifically on exposures in the retail and hospitality sectors, where we expect negative risk migration over the next 12 to 24 months.

Importantly in this environment, our portfolio contains good-quality collateralised assets and is well diversified. This is underpinned by a strong client base and supported by an experienced property team. We expect adequate collateralisation to be a significant buffer against potential losses.

Investment Banking

Investment Banking was impacted by higher impairment charges and negative revaluations on equity exposures, which resulted in gross operating income decreasing by 29,0%. Actual banking advances, including corporate bonds, increased by 14,3% due to increased drawdowns and new-client wins, which resulted in NII increasing by 14,9%. The higher impairment charge was driven by the negative macroeconomic forecasts that capture the expected risk deterioration. Defaulted exposures increased due to clients experiencing pressure, particularly in the aircraft, commodity trading, business services and state-owned enterprise sectors. Fees and commissions decreased by 8,5% due to reduced client activity. NIR was, however, significantly impacted by negative equity revaluations in the private- equity portfolio, which experienced a reduction in the overall portfolio valuation similar to that experienced across the JSE. Investment Banking has leading industry expertise in mining and resources, infrastructure, oil and gas, telecoms and energy. The current advances pipeline is focusing on optimising return on risk-weighted assets and cross-selling into the broader CIB client offering.

Markets

Markets was well positioned for volatility, with trading income growing at 44,8% off a strong base - reflecting good performances across all asset classes. Gross operating income grew at 31,5% and NIR increased by 38,8% to R3 021m. Equities trading increased by 103,5%, driven by strong risk management, increased levels of volatility and good client activity. Strong market-making results in fixed income as well as hedging activity in xVA led to an overall increase of debt securities revenue. Foreign exchange performance was up 14,5%, largely driven by good outcomes in FX derivatives hedging where Nedbank's newly positioned offering and team were able to take advantage of the increased client activity levels during the lockdown period. Trading activity was buoyant over March and April, with noticeable slowdowns in May and June.

Working Capital and Transactional Services

Gross operating income decreased by 3,1% due to the decline in NII from R1 065m in 2019 to R1 023m. This was due to pricing pressure in deposits, despite the growth in average deposits of 7,5%. Transactional revenue was up by 2,0%, driven by primary-banked client wins over the last year, with 19 new client wins in 2020. The income from these new wins will be realised during the latter half of 2020 once our specialist migration team has onboarded these new clients. The transactional business has placed strategic focus on growing the short-term lending, trade finance and asset-based finance books through the formation of a specialised working capital sales team to facilitate additional deposit and transactional growth. The overall credit environment

	Investment Banking			Markets			Working capital and transactional services		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
	1 341	1 889	3 649	**3 466**	2 637	5 106	**1 728**	1 784	3 618
	194 714	167 840	174 179	**44 123**	35 784	38 724	**24 578**	24 523	25 880

remains difficult, with impairments increasing in certain sectors and a slowdown in global trade activity. Transactional Services continues to deliver on significant innovation in our product areas, as well as retaining focus on efficiencies, robotics and API initiatives and solutions together with selected clients. The business is playing a significant role with respect to payment modernisation with industry and regulators.

Looking forward

To build a better SA requires a shared vision on inclusive growth, structured transformation, job creation and education. CIB will continue using its financial expertise to promote inclusive growth in the fight against economic inequality.

The Covid-19 pandemic and the subsequent measures implemented to contain the spread of the virus have caused further damage to an economy that was already in technical recession. Although some recovery is expected for the rest of 2020 off the extremely low base, the slowdown in fixed investment is likely to remain for the rest of the year. We expect advances growth to mirror this trend but will continue to focus on optimising risk return, cross-sell and opportunities to diversify our revenue pools.

We are intensifying our efforts to assist clients, to protect businesses and save jobs, by providing highly focused client service and assistance where they need it. Emphasis will be on providing proactive risk management and focus on resolutions in stressed sectors. We continue to focus on providing innovative, value-adding solutions, coupled with deep relationships to ensure that CIB remains a relevant player in the market.

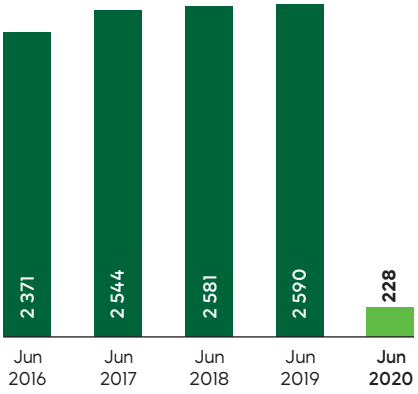
CIB acknowledges the importance of climate change and we are well positioned to use our financial expertise to play a part in achieving a sustainable future for the country. Following on from 2019, when we concluded the first issuance of a green renewable bond in SA, we raised R2bn through a first-of-its-kind SDG-linked bond instrument listed on the green segment of the JSE in 2020.

To position us for the future, we will focus on digital technologies and internal optimisation, to transform and improve our juristic client experiences. Developing new ways of working and leadership capability, as well as attracting, upskilling and retaining top talent, are significant levers in growing our businesses.

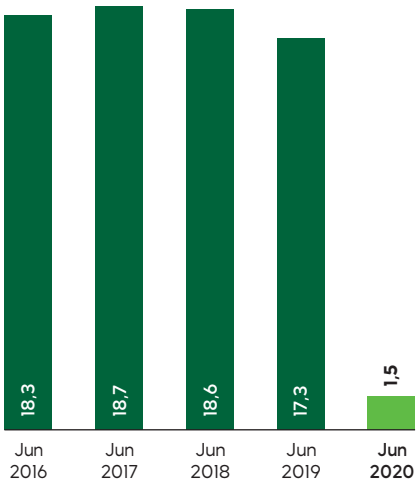
Favourable	Unfavourable
• Strong performance in trading income increasing by 44,8%. • 12,1% advances growth due to increased client drawdowns. • Expenses reduced as a result of cost containment. • Provided R30bn of D3 restructures to clients across all sectors. • Achieved 19 primary client wins.	• Impairments increased as the credit environment deteriorated. • Worsening economic environment led to negative revaluations in private-equity income and lower client activity. • Reduced endowment income from interest rate reductions.

NEDBANK RETAIL AND BUSINESS BANKING

HEADLINE EARNINGS
(Rm)



RETURN ON EQUITY
(%)



OVERVIEW

RBB's HE have been severely impacted by the effects of the Covid-19 national lockdown and declined by 91,2% to R228m due to lower revenue and a considerably higher impairment charge, including R1,9bn of Covid-19-related overlays and macro-model adjustments. NII, although underpinned by reasonable growth in advances and deposits, decreased as a result of higher funding costs and lower endowment income given the 275 bps decline in interest rates. Lower NIR was driven mainly by a reduction in client transactional activities and lower acquiring revenue, particularly in the travel and leisure sectors. The decrease in earnings has resulted in PPOP decreasing by 11%. Impairments increased as clients who do not qualify for Covid-19 D3 relief rolled into default, and we proactively raised additional provisions for clients who have qualified and applied for D3 relief and may be impacted by future job losses. We have also raised additional sector-specific impairments in Business Banking, given that certain sectors of the economy have been impacted severely by the pandemic. RBB continued to reduce expenses growth, particularly focusing on discretionary spend. This is in addition to our ongoing channel and operating model expense optimisation initiatives. Economic capital remained flat and, coupled with the much lower earnings, resulted in an ROE of 1,5%.

KEY DRIVERS OF THE H1 2020 FINANCIAL PERFORMANCE

NII decreased by 1,9% to R9 478m, driven mainly by lower endowment earnings and higher cost of funds (Prime-JIBAR squeeze), with moderate growth in average advances.

Average total banking advances increased by 5,2% to R346,5bn, driven primarily by growth in personal loans and vehicle finance. Retail lending growth slowed significantly in April and May as demand for new home loans and vehicle finance stalled and card balances reduced, affected by the lockdown and consequential restrictions. Overdrafts increased as we supported our SME and Business Banking clients. Overall new-loan payouts decreased by R10,7bn to R38,8bn, when compared to H1 2019.

Average deposits increased by 5,1% to R338,3bn. Our market share of household deposits declined to 16,3% at June 2020, due to proactive pricing decisions to ensure an appropriate balance between margin and volume.

Defaulted advances increased by 39% to R29,5bn from R21,1bn in December 2019, increasing the defaulted book to 8,1% of the advances portfolio, up from 5,8% in December 2019.

Balance sheet impairments rose to 4,69% of total advances (H1 2019: 3,77%) and coverage on the performing book increased to 0,90% from 0,76%.

The CLR of 2,69% increased from 1,28% in the previous period. We have seen an increase in impairments due to higher consumer stress driven by a worsening macroeconomic environment as a result of the Covid-19 lockdown. Covid-19-related impairments of R1,9bn include job-loss-related overlays (R1,1bn) to account for the likelihood that clients would experience distress beyond the relief period; a macro-factor model overlay neutralising credit impairment releases due to interest rate reductions (R0,5bn) and sector-specific Covid-19-related impairments in Business Banking of R0,3bn.

NIR decreased by 12,3% to R5 717m, primarily as a result of a reduction in transactional income and lower revenue from Card Issuing (combined reduction of 10,4% yoy offset by average product price increases of 3,25% from 1 January 2020). The NIR decrease was driven by Covid-19 lockdown impacts evident in falling spend in Card, lower sales across products, unfavourable client behaviour (eg. increased transacting within bundles/shift to self-service channels) and fee waivers.

Expenses decreased by 1,9% to R9 880m driven by reduced incentives, cost savings of R710m through ongoing, active cost management and a reduction in discretionary spend during the Covid-19 lockdown, with total headcount decreasing by 1 228 to 17 452 since June 2019, mainly achieved through natural attrition.

We have made significant progress in enhancing operational efficiencies, unlocking cost savings and improving client experience during this time by leveraging technologies such as robotics, AI, machine learning and data analytics.

FINANCIAL HIGHLIGHTS

for the period ended

SEGMENTAL VIEW

	Total Retail and Business Banking[1]			Business Banking			Consumer Banking			Relationship Banking		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
NII (Rm)	**9 478**	9 657	19 831	**1 817**	2 092	4 129	**6 421**	6 455	13 238	**1 250**	1 157	2 556
Impairments charge (Rm)	**4 836**	2 180	4 823	**580**	143	382	**4 000**	1 916	4 238	**222**	63	131
NIR (Rm)	**5 717**	6 518	13 318	**828**	954	1 934	**3 465**	3 888	7 852	**712**	680	1 465
Operating expenses (Rm)	**9 880**	10 071	20 384	**1 748**	1 946	3 724	**6 261**	6 361	12 726	**1 273**	1 215	2 536
Headline earnings (Rm)	**228**	2 590	5 293	**218**	677	1 383	**(255)**	1 379	2 789	**331**	397	969
ROE (%)	**1,5**	17,3	17,3	**6,2**	18,8	19,0	**(2,8)**	14,5	14,4	**21,6**	29,1	32,5
ROA (%)	**0,12**	1,45	1,44	**0,30**	0,92	0,94	**(0,23)**	1,23	1,28	**0,75**	1,06	1,20
CLR – banking advances (%)	**2,69**	1,28	1,38	**1,50**	0,38	0,50	**3,56**	1,71	1,95	**0,98**	0,33	0,32
NIR to total operating expenses (%)	**57,9**	64,7	65,3	**47,4**	49,0	51,9	**55,4**	61,1	61,7	**55,9**	56,0	57,8
Cost-to-income ratio (%)	**65,0**	62,3	61,5	**66,1**	63,9	61,4	**63,3**	61,5	60,3	**64,9**	66,2	63,1
Interest margin (%)	**5,29**	5,69	5,67	**2,53**	2,87	2,83	**3,51**	3,72	3,72	**2,82**	3,10	3,17
Total advances (Rm)	**347 791**	339 416	349 396	**77 263**	79 990	77 658	**227 463**	221 136	225 689	**45 261**	39 071	44 779
Average total advances (Rm)	**346 502**	329 449	335 101	**76 440**	75 607	75 459	**226 094**	216 572	217 198	**45 181**	38 217	41 041
Total deposits (Rm)	**345 956**	327 976	338 901	**138 399**	138 209	139 603	**123 028**	117 250	118 872	**83 499**	69 857	80 627
Average total deposits (Rm)	**338 335**	321 874	328 272	**137 793**	140 774	139 301	**118 478**	112 469	116 022	**80 809**	67 109	72 548
Average allocated capital (Rm)	**29 956**	30 145	30 573	**7 034**	7 269	7 292	**18 630**	19 247	19 412	**3 087**	2 754	2 980

[1] *Total includes income, impairments and costs relating to Channel, Card Acquiring and Shared Services, which are not reflected separately.*

DIRECT RESPONSE TO LOCKDOWN

The Covid-19 pandemic has introduced heightened anxiety, requiring a stronger-than-ever focus on our clients. We have prioritised the safety of our clients and staff in our operations, together with offering appropriate financial assistance to clients who have been impacted by the lockdown. Payment holidays (full or partial) were granted to over 376 700 qualifying clients (17,2% of total credit active clients) (R78bn exposure) who applied for this dispensation since late March 2020.

Reduced spending levels during the lockdown have led to fewer clients meeting our main-banked definition and resulted in lower NIR.

We focused on the safety of our staff and clients and maintained strict protocols to minimise infections at all bank premises. This unfortunately reduced availability and resulted in longer waiting times at branches and call centres, particularly during levels 5 and 4 of the lockdown. We have, however, continued to assist clients, despite these physical constraints. We re-enforced measures that allow vulnerable clients, including the elderly and disabled, together with healthcare workers, to be fast-tracked at our branches. In addition, we promoted digital self-service alternatives to allow clients to bank safely and collectively. All these measures have resulted in improved client experiences, as measured in our internal touchpoint NPS. Good results were already reflected in the 2019 Consulta SA consumer satisfaction index (SAcsi) and more recently the BrandsEye social media sentiment analysis. The NPS score achieved in Business Banking for May is the highest we have achieved so far, and can be seen as a result of heightened and proactive client engagements that occurred in the preceding months in an effort to provide clients with financial assistance, and to also guide them on a range of electronic services that could be used during the lockdown.

1. Nedbank's response to Covid-19 helped maintain good client experience scores in the first half of 2020, as evidenced in our internal touchpoint NPS results:
   - Branch turnaround times for opening accounts improved by 25% since December 2019, enabled by the rollout of our new digitised branch onboarding platform for transactional accounts and personal loans (Eclipse).
   - Contact service NPS also improved by 13 points since December 2019, partly enabled by Eclipse and enhanced service by our staff, evidenced through a recently launched capability to track individual-level NPS scoring.
   - Complaints NPS improved by over 20 points, driven by focused client experience interventions.
   - Branch service NPS decreased in the past two months as a result of longer waiting times, due to fewer branches being open and time-consuming Covid-19 protocols.
2. BrandsEye placed Nedbank number one among the top five retail banks on social media net sentiment for the months of April to May 2020, due largely to our positive response to Covid-19. This was influenced by our corporate social responsibility initiatives, debt-relief assistance offered to clients and our pivoted marketing interventions, which educated clients on how our products and services could provide added benefits and convenience during lockdown.

Staff motivation and encouragement are key during these tough times in order to deliver on our business imperatives. We have provided the business and employees with tools to help navigate the required regulations/guidelines to reduce the spread of the virus and cope with current constraints. Wellness initiatives are in place to assist employees with stress and anxiety.

EXECUTION OF OUR STRATEGIC FOCUS AREAS

During the first half of 2020 we continued to deliver delightful client experiences through solving real client problems and pain points by integrating banking seamlessly into their daily lives.

Client numbers – Total client numbers reduced to 7,3 million, driven by lower transactional client numbers as transactional sales fell by 28%, impacted by the lockdown period from April to June. Approximately 295 000 SME clients, including informal traders, and 14 300 Business Banking client groups are included in this total. Main-banked clients reduced to 2,7 million as the Covid-19 lockdown led to lower levels of client acquisition, particularly in the branch channel, coupled with lower transacting frequency as a result of clients' reduction or loss of income. The latter impacted the main-bank count, as our definition assumes regular transactional behaviour. The majority of the decline in main-banked clients since June 2019 is concentrated in ELB (down by 12%) and the youth segment (down by 25%). A few client segments saw positive gains in main-banked, namely the middle (up by 1%) and professional segments (up by 4%). Consistently main-banked clients (defined as clients who met our transactional activity criteria for each of the past 12 months), however, showed growth of 4% yoy to just over 2,0 million clients.

Digital innovation – Amid Covid-19 uncertainty we launched the 'Together. Nedbank' digital portal with the view to bring timely, accurate and helpful information to our clients. The content proved to be relevant, with strong search engine performance. Debt relief forms were digitised across nedbank.co.za, Online Banking, the Money app and USSD, providing clients with multiple digital platforms to engage for assistance and helping to relieve volume pressures on the Nedbank Contact Centre (NCC). Functionality was developed on our digital channels to allow clients to view updated branch closures, operating hours and queueing times online and to also donate their Greenbacks to the Solidarity Fund.

Significant progress was made in accelerating our digital transformation journey with core capabilities built to make it easier for our clients to engage with us. Clients can now take up new personal loans, end-to-end, directly on the Money app and by using API_Marketplace. New value-adding services (VAS) vouchers were launched, which became more relevant during lockdown and satisfied the need for home entertainment. In a first for Africa, we launched Tap on Phone, which is a contactless payment capability that allows merchants to use their smartphones to accept card payments. Clients can now also access Nedbank Unit Trusts online and submit Nedbank Insurance funeral claims via our digital platforms. A host of user-friendly features were introduced, including the ability to release inward international payments quickly and easily, share proof of payments for once-off payments and download both current account and credit card statements online. Clients can also apply for a Professional One or Young Professional One account on the Nedbank Money app, and single-owned businesses can apply for the six-month-zero-fee business PAYU transactional account through the Nedbank website.

The highlight of H1 2020 was the launch of Nedbank's platform play: Avo, a super app, bringing customers and businesses together. The app accurately matches customers' lifestyle needs to product and service offerings through powerful AI, safe and secure payments, and bank-grade security. The offering was pivoted to increase relevance during the lockdown after initially positioned in the home ecosystem space. Avo provides multiple

PRODUCT VIEWS, EXCLUDING BUSINESS BANKING

	Home loans		VAF		Unsecured lending		Transactional		Card and payments		Forex and investments	
	Jun 2020	Jun 2019	**Jun 2020**	Jun 2019	**Jun 2020**	Jun 2019	**Jun 2020**	Jun 2019	**Jun 2020**	Jun 2019	**Jun 2020**	Jun 2019
NII (Rm)	**1 171**	1 145	**2 084**	2 096	**1 756**	1 677	**1 200**	1 242	**703**	721	**792**	719
Consumer Banking and other	**861**	848	**2 039**	2 047	**1 730**	1 660	**557**	610	**703**	721	**532**	540
Relationship Banking	**310**	297	**45**	49	**26**	17	**643**	632			**260**	179
NIR (Rm)	**127**	139	**345**	341	**343**	346	**2 349**	2 536	**1 627**	2 080	**93**	116
Consumer Banking and other	**104**	103	**339**	337	**325**	331	**1 729**	1 956	**1 617**	2 069	**58**	82
Relationship Banking	**23**	36	**6**	4	**18**	15	**620**	580	**10**	11	**35**	34
Impairments charge on financial instruments (Rm)	**584**	38	**1 561**	853	**1 264**	582	**28**	21	**818**	507		
Consumer Banking and other	**407**	(6)	**1 544**	846	**1 235**	570	**28**	21	**818**	507		
Relationship Banking	**177**	44	**17**	7	**29**	12						
Operating expenses (Rm)	**757**	769	**748**	718	**814**	834	**3 476**	3 520	**1 703**	1 712	**715**	741
Consumer Banking and other	**544**	551	**716**	683	**787**	814	**2 671**	2 726	**1 697**	1 705	**526**	601
Relationship Banking	**213**	218	**32**	35	**27**	20	**805**	794	**6**	7	**189**	140
Headline earnings (Rm)	**(38)**	336	**128**	545	**11**	434	**25**	160	**(152)**	404	**119**	66
Consumer Banking and other	**3**	285	**127**	537	**20**	434	**(305)**	(141)	**(155)**	401	**43**	13
Relationship Banking	**(41)**	51	**1**	8	**(9)**		**330**	301	**3**	3	**76**	53
ROE (%)	**(1,5)**	14,5	**3,3**	14,9	**0,7**	23,7	**2,0**	10,8	**(10,7)**	25,0	**37,3**	19,4
CLR – banking advances (%)	**0,89**	0,06	**2,84**	1,67	**10,68**	5,23	**27,81**	23,00	**9,96**	6,04		
Cost-to-income ratio (%)	**58,3**	59,9	**30,8**	29,5	**38,8**	41,2	**97,9**	93,2	**73,1**	61,1	**80,8**	88,7
Interest margin (%)	**1,75**	1,81	**3,47**	3,76	**14,94**	15,23	**5,05**	5,94	**7,90**	7,81	**1,05**	1,04
Average total advances (Rm)	**129 644**	121 399	**105 976**	99 117	**20 740**	18 922	**130**	117	**14 168**	14 483	**2**	3

Does not include unallocated costs relating to Channel, Clients, and Shared Services, therefore the table does not crosscast.

solutions to help South Africans find products and services in a highly convenient way, with delivery to their homes. These products and services range from great deals on homeware, appliances and technology, to purchasing groceries from an ever-increasing number of retailers. It has a single checkout and delivery process and helps users to find a verified service provider easily to tend to a need or emergency at home. Avo leverages bank-grade security to provide for safe and secure payments between customers and merchants, and equally creates opportunities for businesses to access a new and expanding digital marketplace and to accelerate their online business plans. The Avo beta phase was released to Nedbank clients via the Money app on 15 May 2020 and released to the broader public, including non-Nedbank clients, via Apple and Google Play stores on the 19 June 2020. Since its launch, Avo has achieved 100% month-on-month growth. It currently has more than 45 000 customers, with over 750 businesses registered and seamlessly offering their products and services on this e-commerce platform.

Digitally active clients increased by 16% to 1,85 million, with 961 000 clients using the Money app (up 44% yoy). The Money app enables new clients to open transactional accounts without having to physically submit documents or visit a branch; now even more relevant under Covid-19. In addition, existing Money app users can easily open investment accounts to meet their investment needs. Using advanced analytics and AI, clients on the Money app are presented with customised offers for personal loans, overdrafts and credit cards, based on individual assessments. Clients can now also switch salary and debit orders to their Nedbank accounts, and open accounts for their children quickly and easily. Our online banking platform has many digitised client services that empower our clients to bank using their personal devices, including the capability to download stamped bank statements and tax certificates. Through our client-centred design process, we have landed the ability to open savings pockets and create savings goals. Clients can now chat directly to a banker using Live Chat, request overdraft or credit card limit increases and manage their Greenbacks effortlessly, as well as redeem points to invest in unit trusts, purchase foreign exchange or donate to the Solidarity Fund via the Money app.

Nedbank has also received the following recognition at the 2020 Global Banking and Finance Awards: Most Innovative Retail Banking App (Nedbank Money app) in South Africa for the second year in a row, and Best Digital Branch in South Africa. Nedbank was also voted Most Innovative Retail Bank in South Africa at the International Banker Awards for the second year in a row.

Physical distribution – In response to shifts in client behaviour and preferences, we continued to optimise our branch footprint. Since December 2019 we closed 17 points of presence and have not opened new branches or in-retailer outlets, and this reduction has not affected our coverage of the bankable population in SA. To date we achieved actual floor space reduction of 45 961 m^2 at 30 June 2020, representing a total reduction in branch floor space of 25% of branch space occupied in 2014. In response to the continued increase in transaction volumes through our self-service channels we have revised our targeted reduction in branch space to more than 49 000 m^2 by the end of 2020. As at 30 June 2020, 68% of our branches were open, with 20 branches temporarily closed and temporarily repurposed as call centres.

We expanded our ATM footprint with a further 14 cash-accepting devices during the first half of 2020, and during this period decreased cash dispensed by 7%. Altogether, 83% of client cash deposits at branches are now being processed through cash-accepting ATM devices – an increase from 32% in 2016. Significant progress has been made in enhancing functionality across self-service and online channels, providing our clients with enhanced convenience. Our network of 430 self-service kiosks, within our branches, enable our clients to perform a range of self-service transactions, including ATM limit changes and overseas travel notifications. We have also launched functionality that allows clients to open simple transactional accounts seamlessly using the self-service kiosk. A further addition to our 24/7 zone in select branches, are lockers through which clients can collect their new or renewed cards and other bank documents. The locker solution extends Beyond Banking and provides clients with a convenient collection point for items ordered on e-commerce sites such as Takealot, Avo or our Unlocked.Me platform. We plan to roll out more of these to branches nationally and to selected Engen garages. We are pleased with our progress in making it easier and more convenient for clients to access our services.

Our physical footprint reflects both the increased drive towards client self-service and a diverse SA consumer base that still requires face-to-face assistance. Our contact centre is available to clients 24 hours a day. Client experience and security have been improved through the deployment of voice biometrics as well as a new online live chat capability, enabling clients to access services and advice through text-based interaction with our agents. Non-voice contact centre interaction now represents 27% of all interactions following the deployment of multimedia access across our contact centre.

Value propositions – We continue to commercialise several disruptive CVPs across our segments, including those covered under digital innovations. For the kids and teens segment (up to the age of 16), we've collaborated with The Walt Disney Company Africa on the Disney series *Ducktales* and in the creation of a unique financial literacy series called *Penny Power*. *Penny Power* provides a simple way to educate children on money management through a series of episodes that lead Penny to open a Nedbank4Me Account while learning to save money, bank safely and give back to her community. The response to *Penny Power* has been encouraging, with enhanced sales on our digital channels particularly pleasing.

In the ELB segment, we have expanded our Proud of my Town programme to 10 townships in SA. Through this programme, Nedbank contributes a share of card spend from clients in those communities towards community projects involving entrepreneurship, early-childhood development and food security. These efforts were extremely well received by these communities, and Nedbank's main-banked client growth and transactional sales growth have been better in those areas than in the rest of the country, demonstrating the power of the programme.

We also partnered with the Department of Small Business Development to provide payment solutions for the Spaza Shop Support Scheme and worked through our branches and selected Boxer stores with Nedbank presence to facilitate applications for the scheme. The programme was launched in April 2020 and within three months we facilitated close to 8 000 applications, with almost 1 700 procurement cards issued by the end of June to spaza shops, preloaded with R3 500. We have also continued with the differentiated funding structure partnership with Pick n Pay, which facilitates the opening of new Pick n Pay market and bottle

stores and/or the conversion/revamping of existing spaza shops or general dealers in townships to Pick n Pay-branded franchise operations. To date we have facilitated this funding structure to 34 spaza shops.

To drive cashless payments in the informal trading sector, we have enabled MobiMoney wallets to accept Masterpass payments and also developed a pay code. This unique SMS short code is issued to informal traders and enables them to accept payments through a MobiMoney wallet. These key capabilities provide clients with a simple, convenient and cost-effective way to receive funds, make deposits and withdrawals, and use value-added and payment services within the wallet.

The Karri payments app continued to grow exponentially during the first quarter of 2020 (ahead of school closures as a result of the Covid-19 lockdown), with active users, transaction value and number of transactions up by 96%, 82% and 98% yoy respectively. The app continues to be one of the highest-rated apps and is now used in over 600 of the top schools in SA. The Karri app is now more relevant than ever, and the team expanded the functionality during lockdown to assist schools with the administration of Covid-19 screening. It is now also being used by religious and non-profit organisations to administer donations in times of social distancing.

Treating clients fairly and market conduct – Delivering fair client outcomes has never been more important, than has been highlighted during the Covid-19 lockdown. The focus since March has been on providing debt relief measures and communicating these measures effectively, on informing clients about the opening and closing of branches, and on educating clients on how to bank safely by using alternative self-service banking channels. We remain on our market conduct journey for the rest of the year and into 2021, as we seek to implement best practices for improved client experience and fair client outcomes.

Loyalty and rewards – Having successfully launched the new Greenbacks programme in September 2019, the first six months of 2020 saw good growth and a number of new developments, despite the challenges presented by Covid-19. The new Greenbacks is not just a rewards programme but a money management programme that prompts, incentivises and rewards good money behaviours. The planned evolution of the programme is designed to assist and support our clients, even more so now given the financial hardships faced by many consumers.

We have successfully launched the Card Swiper package (credit card) as well as the Money Manager package (transactional products) with more packages to be launched during 2020. This includes the Responsible Borrower package (lending products), which was brought forward, as well as the planned Structured Saver package (savings and investments).

Membership has already grown to 800 000 with monthly enrolments growing rapidly, and of this base 55% are now main-banked. With the focus on digital delivery, the programme has launched multiple redemption options via the Money app and Online Banking. In addition to giving clients the option to redeem points against card fees, bank charges, unit trusts or supporting an Affinity of their choice, they can now also donate to the Solidarity Fund (with more than R70 000 already donated in March and April). Clients can also redeem their points for airtime, data and electricity using the USSD functionality, allowing a broader base of the population to now benefit from this capability.

Looking forward

We anticipate a significant economic slowdown as a result of the Covid-19 pandemic, resulting in higher unemployment, with a rebound expected only from 2021. The current shift to digital by businesses and consumers, including the sustained adoption of remote working and learning practices, is expected to continue. To support our clients in the envisaged 'new normal' we remain committed to delivering on our client-centred growth strategy and boldly executing our plans to deliver delightful client experiences through digital transformation using the five strategic levers of Digital First, First in Digital; Disruptive CVPs; Data-led Sales and Service Excellence; Loyalty and Rewards; and Data Analytics and Insights.

Our focus remains on accelerating financial inclusivity of our banking propositions, to meet evolving client needs by commercialising existing CVPs and developing new disruptive CVPs, delivering competitively priced products, actively reducing transacting costs for our clients through digital banking services, and tapping into platform-based propositions to offer Beyond Banking solutions. The focus for the second half of the year will be on commercialising disruptive innovations such as Avo, Tap on Phone, the Small Business Services Startup Bundle, which contains a pay-as-you-use account that offers zero monthly account fees for the first six months, and fast-tracking the rollout of additional Greenbacks money management features and other innovative Beyond Banking solutions.

We will continue with our enterprise juristic client onboarding platform for small and large businesses, accompanied by digitised product journeys and services to drive greater straight-through processing enabled by robotic process automation (RPA), data management, AI and machine-learning capabilities.

We are currently re-imagining the strategic focus areas of our business to leverage the strong capabilities built over the years, especially our digital capabilities, to expand our offerings to new markets, to create new disruptive products and solutions and to develop new revenue-generating opportunities, including township economies, black industrialists, strategic partnerships, integrated payment capabilities, and platform and API_Marketplace-based solutions.

Future distribution investments are aimed at ensuring an optimal client channel footprint. This will provide more self-service device options for clients, a marginally reduced branch footprint, as well as a reformatted strategy aimed at unlocking more space efficiencies and equipping branches with self-service capabilities to provide convenient alternatives for our clients. There is also a focus on quality-client acquisition. We aim to achieve this through deepening the relationship with our clients by improving the client experience and ensuring we have value-adding, cost-effective products that will drive improvement in our key NPS. We have launched our new staffed interface for account opening and servicing, which will further enhance growth in our transactional banking franchise by reducing the amount of staff-assisted time required to onboard new clients and by facilitating better cross-selling and client experiences.

Continued focus will also be on enhancing remote-working capabilities and equipping our staff to deliver delightful client experiences. This will be done by continued rollout of

our People Promise and the Service Excellence programme, providing staff with data insights and toolkits, and leveraging digital learning platforms. There has been and will continue to be a focus on building data analytics, RPA, digital marketing, client-centred design and commercial partnership capabilities as strategic assets for our business.

Credit policy was tightened in April by reducing risk appetite on high-risk clients and implementing sector-specific tightening. Though under pressure, our HE should continue to be supported by various cost efficiency strategies, including the reduction of the cost to acquire and serve clients through our convenient and functionally rich mobile and digital channels.

NEDBANK RETAIL AND BUSINESS BANKING SEGMENTAL REVIEW

Business transfers

Following an in-depth review of industry practices and internal capabilities, the annual turnover threshold for Business Banking clients was lifted from R10m to R30m, with effect from 1 July 2019, motivated by a need for Business Banking to create capacity to focus on larger SMEs, coupled with a business model in Retail Relationship Banking that is well geared to serve small businesses with lower complexity.

As a result, about 17 000 clients with a turnover of R10m to R30m were transferred from Business Banking to Retail Relationship Banking. This saw the following movements for the prior period and impacts comparative information:

- R3,9bn in advances
- R7,2bn in deposits
- R78m in HE for six months
- 7 297 client groups (equivalent to 17 000 client records)

Business Banking

Business Banking provides relationship-based banking services to mid-sized corporates, agricultural, franchising and public sector entities with an annual turnover of less than R750m but more than R30m. This minimum limit was lifted from R10m with effect from 1 July 2019 and clients falling below this threshold have been migrated to Retail Relationship Banking. Comments below reflect the core Business Banking yoy performance adjusted for the client migration.

Business Banking generated HE of R218m despite the impact of Covid-19 on an already sluggish economy that has seen deteriorating levels of business confidence, with business owners taking a more cautionary approach to key investment decisions. While GOI declined by 6,6% yoy, judicious cost management has resulted in a decrease in expenses of 5,0%.

Average advances increased by 6,6%, driven by new-loan payouts of R12,1bn, including strong growth in overdrafts of 14%, as we supported our clients with funding during the crisis. Average deposits increased by 3,1%, impacted by competitor pressures in the market given the low-interest-rate environment. Business Banking remains a strong generator of funding, with R69,3bn in net surplus funds generated.

The CLR of 150 bps increased by 110 bps, as we raised Covid-19-related overlays of R314m. The increase in impairments reflects the potential deterioration in the credit portfolio due to Covid-19 credit risk across all the key sectors, including our estimation of downstream impacts. Given the continuing risk in high-stress sectors such as hotels, tourism and franchising among others, although we consider ourselves to be adequately provided, there is further downside risk across these sectors and related downstream sectors due to the uncertainty around the extent and duration over which lockdown restrictions will prevail.

Enhanced analytics to identify client attrition risk and to support targeted client acquisition, cross-sell, as well as retention efforts and increased client engagements during the crisis, have resulted in significant improvements in client satisfaction and improved client loyalty ratings in the second quarter. These have collectively contributed to a yoy increase in the number of active client groups to 14 300 despite an extremely tough economic environment.

As a responsible bank that sees money differently, proactive support measures were introduced for our clients during this very challenging period through various financial assistance mechanisms, and loan restructures to around 4 400 clients totalling over R12bn. In addition to proactive funding assistance and loan restructures, Business Banking has also provided assistance in excess of R400m to qualifying businesses via the SME Loan Guarantee Scheme. Business Banking has also been instrumental in actively driving awareness of our new innovative market trading platform Avo to assist merchants in their effort to sustain business and trade through the various Covid-19 alert levels.

Despite limited marketing presence, the latest Brand Performance Report results indicate an increase in awareness levels of 8% for Business Banking from 71% in January to 79% in May, with consideration levels also increasing and reaching a high of 50% during the second quarter. Client loyalty reached new highs of a pleasing 94% in April and May, the highest we have seen following the proactive client engagements initiated by our frontline teams during this crisis.

Business Banking is well positioned to support the growth of SA and our people by enabling business growth through the delivery of key initiatives to the business sector that will add to the future sustainability of SA. We will also continue to focus on delivering delightful client experiences through the consistent performance of our core banking propositions. To do so we will continue to leverage our capability in developing digital advances, which includes providing machine-learning tools to our frontline client service teams. A further focus will be developing propositions that will unlock new markets and new revenue streams, including high-end disruption through the delivery of ecosystem-led CVPs that are enabled by digital innovation.

Retail Relationship Banking

Retail Relationship Banking (RRB) provides relationship-based banking services to affluent individuals and their households (salaried and self-employed), to non-resident clients and embassies, and to SMEs with a turnover of less than R30m and their business owners.

The relationship banking CVP is designed for clients seeking a personalised, flexible and proactive approach, and caters for the more complex financial needs typically associated with the above-mentioned client segments.

Despite the stressed Covid-19 macroeconomic environment and all-time low interest rates, RRB delivered R331m in HE at an ROE of 21,6%. This demonstrates both the resilience of the underlying client segments (albeit with small-business clients taking more strain than affluent clients) and the quality of the RRB business itself, which remains a significant contributor to the overall performance of the cluster.

After rebasing 2019 for the client moves between BB and RRB, HE declined by 30%, of which almost half is attributable to a reduction in endowment earnings, given lower interest rates. Average advances growth was muted at 7,5% as payouts reduced, which is a direct impact of the Covid-19 lockdown. Average liabilities growth of 8,8% improved on the previous year, with the business increasing the net funding contribution to the cluster and group to R40,8bn. NIR reduction was contained at 5%, as positive growth in the affluent segment compensated for lockdown-related reductions in the small-business space. The RRB CLR has increased from 33 bps to 98 bps and reflects a stressed scenario beyond the TTC range of 40 to 80 bps. Impairments include an overlay of R50m, based on the best estimate at a point when actual defaults are still masked by the D3 dispensation of R397m in impairment relief for payment holidays provided to roughly 15 000 clients with exposure amounting to R12,8bn. In addition to proactive funding assistance and loan restructures, Retail Relationship Banking has provided assistance in excess of R335m to qualifying businesses via the SME Loan Guarantee Scheme, which is ongoing, and R300m via the SA Future Trust. Collections are lagging given the slow opening of the judiciary system and lockdown regulations impacting the various business sectors remain unpredictable.

From a strategic perspective, the Professional Banking proposition for the affluent segment provides excellent value for money and access to exclusive benefits for clients. The introduction of Professional One, a single-facility bundle, provides the option of a simpler product combination that pays interest on positive balances and includes up to 40 days' interest-free credit. RRB managed to maintain its market share in this highly contested segment and is making good progress in building a client base for the future, as indicated by strong client growth and gains in market share in the under- 30s bracket, which is compensating for the generally low switching rates in the established-professional segment.

Nedbank remains well positioned in the small-business segment, with urban market share increasing to 23% as a result of positive perceptions regarding our ability to understand and serve the needs of this important sector. Based on the 2020 Small Business Tracker (a Nedbank commissioned survey, 12 years running, conducted by independent research company, KPI Research), small-business owners now rank Nedbank as the market leader in the provision of banking services to this market. We continue to invest in both our banking offering and support services, including the newly launched Startup Bundle, offering six months of free banking, online business registration through direct integration with the CIPC (including the issuing of BEE certificates) and providing support through our Simplybiz.co.za platform, which has grown to 15 000 registered members. BackaBusiness, a collaboration between SimplyBiz and SA's largest crowdfunding platform (a fairly new funding concept in SA), saw 58 small businesses raise more than R500 000 in lockdown relief from 480 funders in the first eight weeks.

In addition to navigating the existing operational and people challenges and closely managing credit risk and collections, the business remains focused on new sales. Another key focus for the next six to 12 months is to complete the digital capabilities spanning onboarding, credit applications, day-to-day servicing and banking that are specific to the RRB segment.

Consumer Banking

Consumer Banking serves approximately 6,9 million clients in three primary subsegments, namely youth, ELB and the middle market. These consist mostly of individuals earning less than R750 000 a year, but also include some non-individual clients, primarily stokvels, clubs and societies.

Balance sheet growth remained stable, with advances growth of 4,4% yoy and liabilities growth of 5,3%. There were some particularly pleasing underlying trends, such as transactional liabilities up by 9,5%, with good growth seen across all consumer segments, strong advances growth of 9,4% in ELB and 12,0% in the emerging middle-market, demonstrating that we are a bank for all.

In spite of stable advances growth, Consumer Banking HE growth was impacted severely by Covid-19, leading to a headline loss of R255m. Impairments were the largest driver, being R1,5bn higher than in H1 2019. Revenue growth was also challenged, with NII falling by 0,5% (R24m lower than in H1 2019) impacted by lower endowment income, as interest rates fell by 275 bps in H1 2020. Furthermore, NIR growth reduced by 10,9% (R305m lower than in H1 2019), impacted by lower spend in Card and Transactional as a result of the Covid-19 lockdown, waivers on Saswitch and Sassa ATM withdrawal fees were made to support clients during Covid-19.

Below the challenged financial performance in the first half of this year is a business that is showing positive fundamentals to support growth going forward. Firstly, client experience has continued to shift positively as reflected in NPS scores that improved by over 20 percentage points in two important journeys – branch onboarding and complaints improved by over 10 percentage points in contact centre servicing. Nedbank has also maintained the number one position in social media net sentiment for two of the six months of 2020, due largely to the robust and empathetic support given to clients with loan repayments during lockdown.

Secondly, our digital onboarding journey has seen a large increase in the share of our sales performed digitally, whether on the Money app or on nedbank.co.za. The digitisation of our branch onboarding journeys through our frontend platform, Eclipse, has been a material contributor to the improved branch onboarding client experience referenced above. It offers benefits such as shorter onboarding times for clients, quicker disbursal of loans, for example, same-day disbursal for personal loans, for clients. It also supports efficiencies by being paperless and straight-through.

Thirdly, we have now rolled out to all branches a client-centred, opportunity-based cross-sell strategy (Core Plus) to close the gap in cross-sell between us and our competitors. The strategy is focused on clients' core banking needs, and consists of four pillars, namely everyday banking, lending, savings and protection. The strategy is having dramatic impacts with the cross-sell ratio for new clients, rising to 1,82 products per client, from 1,21 a year ago. We have also seen a doubling of the share of clients digitally activated at onboarding, and a trebling of the share of clients joining Nedbank with two or more products.

Transactional Banking

Transactional Banking provides fully inclusive access to banking by offering affordable and meaningful banking to clients across all income levels, enabling financial inclusion and effective money management through key innovations such as MobiMoney, Unlocked.Me and savings pockets.

As part of our digital journey and providing delightful client experiences, we launched a simplified onboarding process that enables straight-through processing on most of the transactional products on the Money app and Online Banking. Additional services added to the app, such as MyPocket and salary and debit order switching, have offered convenience and improved client experience. These digital solutions, as well as offerings such as Unlocked.Me and MobiMoney, continued to contribute towards growth in revenue and the number of consistently main-banked clients. These digital solutions and platforms also place Nedbank in a strong position to compete with new entrants and existing players in the market.

The transactional-banking client base continues to modify its behaviour with increased usage of in-bundle value offerings as well as digital and self-service channels for servicing and payments. Covid-19 has amplified these behaviour changes as clients look for ways to avoid using physical channels.

Card and Payments

Card and Payments provides card-issuing, acceptance and payment products and solutions across all client segments extending beyond Retail into Nedbank Private Wealth. It is also responsible for the bank's commercial card offerings. Card and Payments offerings include key innovations such as Tap on Phone, scan to pay, Market Edge and GAP Access.

The Covid-19 pandemic has had a profound impact on clients and economic activity. Many clients and businesses have seen their income negatively impacted, thereby reducing their ability to spend or repay their credit facilities. To assist clients during this period we provided several measures of relief including payment holidays, fee waivers, free door-to-door delivery for all cards, the extension of card expiry dates and the reduction of minimum card repayments to our cardholders. We also provided payment solutions enabling clients to make contributions to the Solidarity Fund.

NIR experienced negative growth of 21%, with issuing and acquiring volumes down. This was driven by the restrictions during the various levels of lockdown, with the impact to certain sectors of the economy more severe than others, in particular travel, entertainment, restaurant and hospitality. There was an increase in adoption and usage of our digital payment methods, with growth of 62% in e-commerce volumes, 93% in contactless payments and 37% in QR payments.

Our digital and payments innovation agenda continues to be accelerated along with client-centred value propositions. Nedbank is a leader in mobile payments through its scan-to-pay capability, Masterpass acceptance, Samsung, Garmin and Fitbit Pay solutions, as well as market leading e-commerce solutions across a broad network of merchants. Nedbank is also the first in Africa to launch Tap on Phone, a payments solution that enables businesses to accept payments by simply using an Android smartphone for contactless card payments.

Forex and investment products

Our purpose is to create investment and forex value propositions that are centred on evolving client experiences by steadily improving digital channels enabling a lower cost-to-serve model.

Digital volumes of investments in the consumer segment have improved to 62% of new accounts opened (H1 2019: 36%) and 70% of notices of withdrawals (H1 2019: 53%) done digitally. During the first half of 2020, we expanded the investment capabilities on the Money app and Online Banking to include Nedgroup Investments unit trusts and tax-free savings products.

In the consumer segment we experienced a 10% yoy reduction in the first quarter with regard to account-opening volumes (11% value reduction) and a 14% yoy reduction in the second quarter (32% value reduction). Nedbank's market share of household investments (demand and term) contracted from 18,5% to 17,7% in June 2020. We will continue to improve client experiences and processes while increasing client awareness through innovative campaigns and sales activities, promoting a savings culture.

The Forex business aims to create new and improved trade and cross-border payment value propositions across all RBB segments. These include travel cards, foreign banknotes, remittances and foreign currency accounts among the business-related services that enable clients to import and export with well-managed risks.

We observed material reductions resulting from travel restrictions largely eliminating travel card and foreign banknotes volumes from late March. Import and export values have also been under pressure and we have seen heightened competitive margins pressure.

We have digitised the international incoming payments capability on the Money app and Online Banking and continue to focus on digitising various other services, including outward international payments, saving for travel and transferring funds between rand, foreign currency and Travel Card accounts.

Unsecured Lending

Unsecured Lending serves all segments of Consumer Banking with personal loans, overdrafts and student loans.

The personal-loans portfolio of R23,3bn represents the majority (97%) of Unsecured Lending's total advances.

Unsecured Lending HE were negatively impacted by a 117% increase in impairments due to Covid-19, resulting in a CLR increase from 5,4% to 10,7%. The increase in impairments reflects actual stress realised after the initial lockdown at the end of March, as well as an additional R357m raised relating to those clients requesting payment holiday assistance. In total, approximately one-third of the portfolio requested assistance due to either personal or household income stress. Currently, around 16% of this portfolio is still evidencing reduced income of more than 20% compared to pre-Covid-19 levels, of which 8% is deemed potentially permanent and therefore provided for.

Nedbank's selective origination strategy implemented after 2012 has resulted in a far-superior-quality portfolio, which has grown at approximately 10% over the past three years. While the relative half-year 2020 CLR deterioration is similar to the 2012/2013 stressed period, the impact would have been far higher had Covid-19 been preceded by a more aggressive risk appetite.

Credit Risk management and collections remain the key priority in this environment. Credit policy was tightened in April by reducing risk appetite on high-risk clients and sector-specific tightening was implemented. In addition, collections headcount has been increased to manage increased volumes.

Personal Loans average advances increased 9,3%, while period-end advances were up by 8,9%. Rand value disbursed came under pressure in April after the lockdown had been implemented, declining by 45% of pre-Covid-19 levels before recovering to -15% in June. Digital and call centre channels are now 20% up on pre-Covid-19 levels. New business market share in targeted lower-risk segments, when normalised for Covid-19 relief peer anomalies, remains fairly stable at 13%.

At June all new business is being written on a new technology stack via Eclipse or the Nedbank Money app. The shift to digital continues to gain momentum, as evidenced by the 20% increase in value disbursed from direct channels (call centres and digital solutions) in June 2020 from pre-Covid-19 levels. Due to the lockdown, more than 50% of personal loans were originated through direct channels, compared with 35% in Q1 2020.
A consumer overdraft solution was introduced in the Money app in Q4 2019, with the app becoming the biggest channel for new Nedbank overdrafts – three to four times greater than the branch channel. Consumer overdraft volumes are up 121% yoy (187% pre-Covid-19) driven by the Money app, with in-app limit increases for existing clients expected to drive further growth. Increased offers, including a short-term loan solution for Money app and other digital channel users, will continue to provide material benefits from both a selective growth and expense perspective into 2020 and beyond. The number of personal loans paid into a Nedbank transactional account continues to track at elevated levels of 75%, from less than 70% before the scaling of Eclipse. We have launched our fully digital personal loans API solution, which enables both Nedbank and non-Nedbank clients to take out personal loans or pay for goods and services with just a few clicks in under 10 minutes. These initiatives are expected to provide further impetus to digital growth and enhance the market share trajectory for both Personal Loans and Transactional Banking via cross-sell.

Home Loans

Home Loans make homeownership dreams a reality by providing secured-lending products to the consumer, professional and SME segments, with the relationship segments RRB and BB providing these products to their segments directly, leveraging off the home loans product line infrastructure for several of the administrative processes.

HE declined by 111%, largely due to higher expected credit losses, mainly as a result of the Covid-19 pandemic and the related significant disruptions to economic activity. This has impacted our clients' ability to meet their debt obligations. The overall impairment coverage on the book has increased to 1,96% resulting in a CLR of 89 bps, with the main drivers being:

- an increase in the stage 3 monitoring (D7) book from R1,2bn to R2,7bn, due to debt relief granted to clients whose income has been permanently impacted by Covid-19;
- an increase in the stage 3 defaulted book from R4,4bn to R7bn, due to account ageing as a result of delays and closures of courts during the lockdown; and
- the raising of additional provisions of R183m for anticipated future job losses.

As a result of the above, the stage 3 ratio has increased to 7,4% at a coverage of 18,8%.

During 2006 and 2007, Nedbank Home Loans embarked on a strategy to grow market share by engaging external originators and competing aggressively in the market. This strategy was closely followed in 2008 by a steep rise in interest rates of close to 500 bps, leaving many clients unable to meet their instalment obligations, and as a result, property prices declined drastically. Unprecedented levels of bad debts ensued across the industry, with Nedbank impacted by recently acquired clients with loans to value (LTVs) greater than 100%, who had little time to pay down capital and were both unable to meet instalments and unable to settle debt through disposal. Home Loans responded to this crisis in the ensuing 10 years by doing the following:

- Investing in collections capacity in the restructures and Nedbank-assisted Sales (NAS) areas. This is now the preferred choice for distressed clients with 87% opting for this solution this year.
- Enhancing credit quality and pricing of new business. The underwriting criteria for new business have changed significantly since mid-2008, with differentiated LTV criteria being the most material (LTV <= 100%).
- Making material changes to underwriting, valuation criteria and the fraud verification processes.

Record-breaking application volumes were experienced in June, with pent-up demand, reduced interest rates and lower house price inflation contributing to a significant influx of new home loan applications. Home Loans continues to invest in innovative CVPs, improve our digital offering, manage expenses in response to the more challenging environment, and serve and support our clients.

MFC

The effects of the Covid-19 lockdown have seen a significant decrease in MFC's HE to R127m. The impact resulted in lower revenue combined with a significant increase in impairments.

The low-interest cycle resulted in lower endowment earnings as well as product margin squeeze, while the increase in impairments was primarily the result of providing for D3 loans.

The motor industry, like many major businesses in SA, saw a total shutdown of vehicle sales in the months of April and May. Sales volumes have started to revert to pre-Covid-19 levels since June, albeit slowly. An emerging trend in the motor vehicle industry is the 'search' for more economical, used vehicles by consumers.

MFC's core business is providing vehicle finance to the consumer segment through motor dealerships. Used-car finance averages 67% of the total loan book, which adds an economic buffer when new-car sales are under sustained pressure.

MFC continues to work with car buyers and car sellers, and Nedbank's Avo platform to develop a safe place to transact digitally. This will be a key focus of the second half - to virtualise showrooms and make the supportive vehicle finance conduit seamless on a smartphone.

Favourable	Unfavourable
• Debt relief support offered to qualifying clients across all products, approved in excess of 376k client loan requests. • Launched Avo by Nedbank – the new super app where customers can shop for deals and groceries, find reliable home service providers and make secured payments. • Launched Tap on Phone contactless payment capability. • Full rollout of Eclipse for individuals; since June all new applications have been processed on Eclipse. • Launched client onboarding for juristics; more than 80% of total juristic applications completed on Eclipse. • Best Innovation in Retail Banking SA from *International Banker* for the second year in a row, and Best Retail Bank, Most Innovative Digital Branch Design and Most Innovative Retail Banking App from *Global Banking & Finance* magazine. • Quality origination across all asset classes at appropriate risk-based pricing, driving asset mix benefit and selective market share gains. • Strong lending franchise to drive cross-sell investment into platform solutions.	• Earnings severely impacted by the Covid-19 national lockdown. • Worsening macro-environment driving increase in impairments. • Economic uncertainty influencing borrowing activity. • Aggressive competitor pricing driving lower household deposit market share. • Loss of main-banked market share because of slowdown in client transacting activity. • Severe impact on face-to-face acquisition – branch and in-retailer acuisition 70% lower due to lockdown – workforce temporarily grounded. • Transactional volumes down particularly due to industries impacted by the Covid-19 lockdown. • Higher insurance claims and contact centre volumes. • Bond registrations backlogs. • Cost-to-income ratio and ROE ratio requires improvement.

RETAIL AND BUSINESS BANKING: KEY BUSINESS STATISTICS

		Jun 2020	Jun 2019	Dec 2019
Business Banking				
New client acquisitions – groups[1]		**113**	710	1 087
Cross-sell product holding[2]		**79 024**	103 369	83 380
Home Loans				
Number of applications received	thousands	**71**	76	157
Average loan-to-value percentage of new business registered	%	**93**	90	93
Average balance-to-original-value percentage of portfolio	%	**77**	77	77
Proportion of new business written through own channels	%	**52**	58	67
Proportion of book written since 2009	%	**80**	77	79
Owned-properties book	Rm	**31**	29	28
MFC				
Number of applications received	thousands	**657**	796	1 664
Percentage of used vehicles financed	%	**67,7**	71,7	70,6
Personal Loans				
Number of applications received	thousands	**471**	659	1 380
Average loan size	R000s	**57,6**	52,6	52,8
Average term	months	**43,2**	40,8	41,8
Retail deposits				
Total value of deposits taken in	rand billions	**37**	40	81
Total value of deposit withdrawals	rand billions	**37**	39	80
Number of clients at period-end				
Retail main-banked clients[3]	thousands	**2 653**	2 907	2 945
Consistently main-banked clients[4]	thousands	2 023	1 953	2 045
Total Retail clients	thousands	**7 297**	7 423	7 523
Business Banking groups[5]		**14 286**	21 512	14 709
Small Business Services segment[6]	thousands	**295**	275	296
Home Loans	thousands	**293**	295	295
MFC	thousands	**599**	594	603
Personal Loans	thousands	**437**	452	453
Card issuing	thousands	**1 056**	1 026	1 048
Investment products	thousands	**1 511**	1 594	1 501
Transactional products	thousands	**5 702**	5 840	5 946
Distribution				
Number of Business Banking locations		**58**	69	63
Number of retail outlets		**572**	592	589
Number of new-image branches[7]		**372**	366	379
Number of ATMs		**4 194**	4 030	4 180
Number of ATMs with cash-accepting capabilities[8]		**1 246**	1 109	1 232
Digitally enabled retail clients	thousands	**6 521**	6 059	6 185
Digitally active retail clients	thousands	**1 851**	1 717	1 777
POS devices	thousands	**100**	99	101

[1] *Following the client migration from BB to RRB, the new client acquisition measurement was amended to include a minimum GOI threshold.*
[2] *Impacted by the client migration between BB and RRB on 1 July 2019.*
[3] *2019 retail main-banked client definition has been revised to include MobiMoney and Card.*
[4] *Clients who met our transactional activity criteria for each of the past 12 months*
[5] *A total of 7 297 client groups migrated to RRB on the 1 July 2019.*
[6] *Approximately 17 000 CISs migrated from BB on the 1 July 2019.*
[7] *Included in the number of retail outlets – shown separately for additional disclosure.*
[8] *Cash-accepting devices and Interactive teller Machines included in total number of ATMs.*

RETAIL AND BUSINESS BANKING – ADVANCES AND IMPAIRMENTS

BALANCE SHEET AVERAGE ADVANCES AND IMPAIRMENTS

	Daily gross average advances Rm			Stage 1 %			Stage 2 %		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
Home loans	**131 276**	123 129	126 054	**83,1**	85,1	85,0	**9,5**	10,3	10,4
VAF	**110 682**	103 227	105 384	**77,8**	80,7	79,5	**14,6**	14,5	15,1
Personal loans	**22 506**	20 627	21 143	**69,6**	71,9	71,3	**12,4**	12,2	11,9
Card	**16 497**	16 946	17 022	**80,0**	84,6	85,2	**5,7**	4,6	4,3
Other loans	**2 513**	1 889	2 150	**81,0**	74,5	79,6	**7,7**	10,6	9,5
Total Retail	**283 474**	265 818	271 753	**79,7**	82,3	81,7	**11,5**	11,8	12,0
Business Banking	**77 880**	76 760	76 659	**81,2**	89,2	87,7	**13,1**	7,1	8,0
Total RBB	**361 354**	342 578	348 412	**80,0**	83,9	83,0	**11,9**	10,7	11,1

[1] *Impairments charge and resultant CLR include charges housed centrally within RBB.*

BALANCE SHEET IMPAIRMENT AS A PERCENTAGE OF BOOK

	% of total			Stage 1 %			Stage 2 %		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
Home loans	**1,96**	1,50	1,47	**0,20**	0,16	0,20	**4,36**	3,99	3,72
VAF	**4,79**	3,89	4,09	**0,93**	0,75	0,85	**7,49**	6,42	7,67
Personal loans	**19,21**	16,23	16,83	**3,94**	3,46	3,85	**24,78**	15,38	17,07
Card	**16,35**	14,07	13,18	**5,11**	4,49	4,27	**49,50**	45,49	44,22
Other loans	**12,57**	16,62	12,59	**1,32**	2,15	1,48	**27,69**	26,79	24,41
Total Retail	**5,34**	4,45	4,48	**1,02**	0,90	0,96	**9,04**	7,22	7,69
Business Banking	**2,35**	1,51	1,68	**0,48**	0,30	0,33	**2,76**	2,80	2,84
Total RBB	**4,69**	3,77	3,87	**0,90**	0,76	0,81	**7,54**	6,54	6,94

BALANCE SHEET ACTUAL ADVANCES

	Total advances Rm			Stage 1 Rm			Stage 2 Rm		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
Home loans	**131 368**	124 549	130 455	**109 172**	105 996	110 930	**12 487**	12 890	13 578
VAF	**113 516**	107 580	112 956	**88 315**	86 843	89 814	**16 540**	15 617	17 027
Personal loans	**22 610**	20 792	22 010	**15 737**	14 949	15 699	**2 801**	2 530	2 618
Card	**15 761**	17 001	16 817	**12 611**	14 378	14 332	**899**	787	720
Other loans	**2 530**	1 588	2 245	**2 050**	1 183	1 787	**195**	168	213
Total Retail	**285 785**	271 510	284 483	**227 885**	223 349	232 562	**32 922**	31 992	34 156
Business Banking	**79 126**	81 214	78 988	**64 222**	72 412	69 277	**10 382**	5 788	6 315
Total RBB	**364 911**	352 724	363 471	**292 107**	295 761	301 839	**43 304**	37 780	40 471

	Stage 3 %			% of total advances			Credit loss ratio[1]		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
	7,4	4,5	4,6	**36,0**	35,3	35,9	**0,89**	0,09	0,14
	7,6	4,8	5,4	**31,1**	30,5	31,1	**2,84**	1,68	1,82
	18,0	15,9	16,8	**6,2**	5,9	6,1	**10,96**	5,62	6,39
	14,3	10,8	10,5	**4,3**	4,8	4,6	**9,97**	6,05	5,42
	11,3	14,9	10,9	**0,7**	0,5	0,6	**5,32**	3,84	3,27
	8,7	6,0	6,2	**78,3**	77,0	78,3	**3,02**	1,55	1,63
	5,7	3,7	4,3	**21,7**	23,0	21,7	**1,50**	0,38	0,50
	8,1	5,4	5,8	**100,0**	100,0	100,0	**2,69**	1,28	1,38

	Performing stage 3 %			Non-performing stage 3 %			Total stage 3 %		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
	9,17	15,14	15,65	**22,46**	22,46	21,30	**18,75**	20,85	20,03
	21,97	22,95	22,42	**67,57**	75,16	65,85	**39,05**	49,39	41,78
	61,64	52,46	54,85	**76,95**	79,09	75,61	**74,39**	74,52	71,85
	14,79	14,17	14,08	**70,22**	80,22	77,45	**66,06**	75,65	72,81
	66,67	50,00	57,32	**83,51**	83,56	84,52	**83,16**	81,86	83,57
	21,01	24,35	24,59	**50,45**	57,06	53,38	**39,86**	48,01	44,40
				28,02	27,97	27,24	**28,02**	27,97	27,24
	21,01	24,35	24,59	**45,50**	51,10	47,70	**38,04**	44,86	41,65

	Performing stage 3 Rm			Non-performing stage 3 Rm			Total stage 3 Rm		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
	2 714	1 242	1 340	**6 995**	4 421	4 607	**9 709**	5 663	5 947
	5 417	2 527	3 390	**3 244**	2 593	2 725	**8 661**	5 120	6 115
	683	568	674	**3 389**	2 745	3 019	**4 072**	3 313	3 693
	169	127	129	**2 082**	1 709	1 636	**2 251**	1 836	1 765
	6	12	9	**279**	225	236	**285**	237	245
	8 989	4 476	5 542	**15 989**	11 693	12 223	**24 978**	16 169	17 765
				4 522	3 014	3 396	**4 522**	3 014	3 396
	8 989	4 476	5 542	**20 511**	14 707	15 619	**29 500**	19 183	21 161

BALANCE SHEET ACTUAL IMPAIRMENTS

	Total impairments Rm			Stage 1 Rm			Stage 2 Rm		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
Home loans	**2 581**	1 868	1 921	**217**	173	225	**544**	514	505
VAF	**5 439**	4 184	4 620	**818**	652	761	**1 239**	1 003	1 305
Personal loans	**4 343**	3 375	3 705	**620**	517	605	**694**	389	447
Card	**2 577**	2 392	2 216	**645**	645	612	**445**	358	319
Other loans	**318**	264	283	**27**	25	26	**54**	45	52
Total Retail	**15 258**	12 083	12 745	**2 327**	2 012	2 229	**2 976**	2 309	2 628
Business Banking	**1 862**	1 225	1 330	**308**	220	226	**287**	162	179
Total RBB	**17 120**	13 308	14 075	**2 635**	2 232	2 455	**3 263**	2 471	2 807

INCOME STATEMENT IMPAIRMENTS

	Income statement impairments charge[1,2] Rm			Stage 1 Rm			Stage 2 Rm		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
Home loans	**584**	57	178	**(26)**	5	64	**(4)**	(54)	(59)
VAF	**1 560**	862	1 919	**58**	46	154	**(72)**	(64)	251
Personal loans	**1 226**	575	1 351	**15**	(36)	52	**227**	25	76
Card	**818**	508	923	**46**	243	205	**131**	(139)	(178)
Other loans	**67**	36	70	**1**	1	3	**2**	(6)	1
Total Retail	**4 255**	2 038	4 441	**94**	259	478	**284**	(238)	91
Business Banking	**581**	143	382	**85**	(2)	13	**110**	(16)	3
Total RBB	**4 836**	2 180	4 823	**179**	257	491	**394**	(254)	94

[1] *Impairments charge and resultant CLR include charges housed centrally within RBB.*
[2] *The income statement charge includes the charge associated with unutilised balances.*

	Performing stage 3 impairments Rm			Non-performing stage 3 impairments Rm			Total stage 3 impairments Rm		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
	249	188	210	**1 571**	993	981	**1 820**	1 181	1 191
	1 190	580	760	**2 192**	1 949	1 794	**3 382**	2 529	2 554
	421	298	370	**2 608**	2 171	2 283	**3 029**	2 469	2 653
	25	18	18	**1 462**	1 371	1 267	**1 487**	1 389	1 285
	4	6	5	**233**	188	200	**237**	194	205
	1 889	1 090	1 363	**8 066**	6 672	6 525	**9 955**	7 762	7 888
				1 267	843	925	**1 267**	843	925
	1 889	1 090	1 363	**9 333**	7 515	7 450	**11 222**	8 605	8 813

	Stage 3 Rm			Interest on impaired advances Rm			Postwriteoff recoveries Rm		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
	671	169	294	**(36)**	(37)	(71)	**(21)**	(26)	(50)
	1 768	1 077	1 963	**(13)**	12	14	**(181)**	(209)	(463)
	1 425	1 011	2 095	**(318)**	(259)	(549)	**(123)**	(166)	(323)
	803	548	1 200	**(38)**	(9)	(21)	**(124)**	(135)	(283)
	88	67	121	**(13)**	(11)	(23)	**(11)**	(15)	(32)
	4 755	2 872	5 673	**(418)**	(304)	(650)	**(460)**	(551)	(1 151)
	394	170	400		4	11	**(8)**	(13)	(45)
	5 149	3 042	6 073	**(418)**	(300)	(639)	**(468)**	(565)	(1 196)

RETAIL AND BUSINESS BANKING – RESTRUCTURED ADVANCES AND IMPAIRMENTS

BALANCE SHEET ACTUAL ADVANCES

	Total advances Rm				Restructured loans Rm			
	Total advances	Stage 1	Stage 2	Stage 3	**D3 total advances**	D3 stage 1	D3 stage 2	D3 stage 3
Home loans	**131 368**	109 172	12 487	9 709	**30 902**	27 315	3 194	393
VAF	**113 516**	88 315	16 540	8 661	**30 675**	24 792	5 311	572
Personal loans	**22 610**	15 737	2 801	4 072	**7 179**	5 919	1 239	21
Card	**15 761**	12 611	899	2 251	**1 309**	1 108	184	17
Other loans	**2 530**	2 050	195	285	**101**	101		
Total Retail	**285 785**	227 885	32 922	24 978	**70 166**	59 235	9 928	1 003
Business Banking	**79 126**	64 222	10 382	4 522	**8 272**	7 105	1 104	63
Total RBB	**364 911**	292 107	43 304	29 500	**78 438**	66 340	11 032	1 066

BALANCE SHEET ACTUAL IMPAIRMENTS

	Total impairments	Stage 1	Stage 2	Stage 3	**D3 Total impairments**	D3 stage 1	D3 stage 2	D3 stage 3
Home loans	**2 581**	217	544	1 820	**328**	53	216	59
VAF	**5 439**	818	1 239	3 382	**960**	267	566	127
Personal loans	**4 343**	620	694	3 029	**741**	276	455	10
Card	**2 577**	645	445	1 487	**206**	95	108	3
Other loans	**318**	27	54	237	**1**	1		
Total Retail	**15 258**	2 327	2 976	9 955	**2 236**	692	1 345	199
Business Banking	**1 862**	308	287	1 267	**105**	70	25	10
Total RBB	**17 120**	2 635	3 263	11 222	**2 341**	762	1 370	209

BALANCE SHEET IMPAIRMENT AS A PERCENTAGE OF BOOK

	% of total	Stage 1 %	Stage 2 %	Stage 3 %	**% D3 of total**	D3 stage 1 %	D3 stage 2 %	D3 stage 3 %
Home loans	**1,96**	0,20	4,36	18,75	**1,06**	0,19	6,76	15,01
VAF	**4,79**	0,93	7,49	39,05	**3,13**	1,08	10,66	22,20
Personal loans	**19,21**	3,94	24,78	74,39	**10,32**	4,66	36,72	47,62
Card	**16,35**	5,11	49,50	66,06	**15,74**	8,57	58,70	17,65
Other loans	**12,57**	1,32	27,69	83,16	**0,99**	0,99		
Total Retail	**5,34**	1,02	9,04	39,86	**3,19**	1,17	13,55	19,84
Business Banking	**2,35**	0,48	2,76	28,02	**1,27**	0,99	2,26	15,87
Total RBB	**4,69**	0,90	7,54	38,04	**2,98**	1,15	12,42	19,61

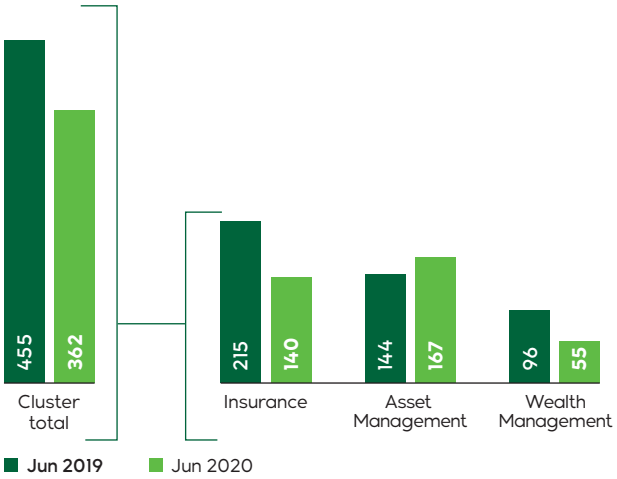
	Non-restructured loans Rm			
	Non-D3 total advances	Non-D3 stage 1	Non-D3 stage 2	Non-D3 stage 3
	100 466	81 857	9 293	9 316
	82 841	63 523	11 229	8 089
	15 431	9 818	1 562	4 051
	14 452	11 503	715	2 234
	2 429	1 949	195	285
	215 619	168 650	22 994	23 975
	70 854	57 117	9 278	4 459
	286 473	225 767	32 272	28 434

	Non-D3 total impairments	Non-D3 stage 1	Non-D3 stage 2	Non-D3 stage 3
	2 253	164	328	1 761
	4 479	551	673	3 255
	3 602	344	239	3 019
	2 371	550	337	1 484
	317	26	54	237
	13 022	1 635	1 631	9 756
	1 757	238	263	1 256
	14 779	1 873	1 894	11 012

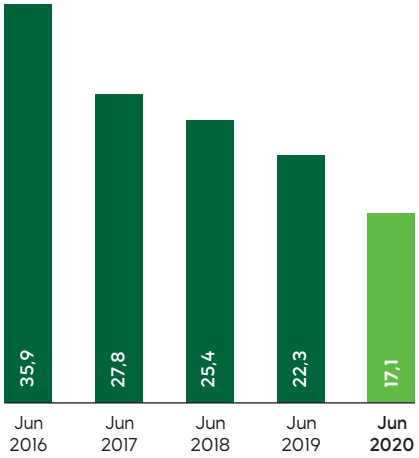
	% Non- D3 of total	Non-D3 stage 1 %	Non-D3 stage 2 %	Non-D3 stage 3 %
	2,24	0,20	3,53	18,90
	5,41	0,87	5,99	40,24
	23,34	3,50	15,30	74,52
	16,41	4,78	47,13	66,43
	13,05	1,33	27,69	83,16
	6,04	0,97	7,09	40,69
	2,48	0,42	2,83	28,17
	5,16	0,83	5,87	38,73

NEDBANK WEALTH

HEADLINE EARNINGS
(Rm)



RETURN ON EQUITY
(%)



FINANCIAL HIGHLIGHTS

for the period ended

	Jun 2020	Jun 2019	Dec 2019
NII (Rm)	**489**	564	1 148
Impairments charge (Rm)	**82**	21	57
NIR (Rm)	**1 614**	1 660	3 436
Operating expenses (Rm)	**1 526**	1 593	3 113
Headline earnings (Rm)	**362**	455	1 042
ROE (%)	**17,1**	22,3	24,8
ROA (%)	**0,90**	1,27	1,40
CLR – banking advances (%)	**0,50**	0,14	0,18
NIR to total operating expenses	**105,8**	104,2	110,4
Cost-to-income ratio (%)	**72,6**	71,6	67,9
Interest margin (%)	**1,67**	2,20	2,17
Assets under management (Rm)	**366 898**	322 766	331 136
Life assurance embedded value (Rm)	**3 175**	3 347	3 188
Life assurance value of new business (Rm)	**116**	231	421
Total assets (Rm)	**80 859**	74 150	77 433
Average total assets (Rm)	**80 559**	72 182	74 302
Total advances (Rm)	**31 932**	31 330	30 741
Average total advances (Rm)	**32 486**	30 824	31 141
Total deposits (Rm)	**45 343**	41 174	40 060
Average total deposits (Rm)	**45 044**	40 567	41 072
Average allocated capital (Rm)	**4 245**	4 114	4 204

Despite a challenging environment fuelled by the Covid-19 pandemic, Nedbank Wealth's HE remained resilient at R362m, down by 20,5% with a strong ROE of 17,1%. Our local and international Wealth Management businesses experienced a decline in earnings, mainly due to global interest rate cuts to support economies in response to the pandemic. Locally, Wealth Management earnings were further impacted by a substantial increase in credit impairments as a result of the unprecedented macroeconomic environment and anticipated Covid-19-related risks. Asset Management attracted positive net flows and delivered strong growth in AUM of 13,7% to R367bn. Earnings benefited from higher performance fees, primarily due to the performance of the Nedgroup Investments' Stable Fund. Insurance results were impacted by the negative effect of reduced interest rates on actuarial reserves and poor JSE market performance on shareholder funds. This was offset by a better non-life claims experience relative to the prior year.

NII decreased by 13,4% to R489m due to a reduction in interest rates both locally and internationally, resulting in a decrease in NIM to 1,66%. The CLR increased to 0,50%, due to a significant increase in credit impairments as a result of the unprecedented macroeconomic environment and anticipated Covid-19-related risks. This compares to a CLR peak of 0,78% during the GFC. D3 payment relief of R7,8bn was provided to clients in good standing to assist them through liquidity challenges. Payment relief applications were received from clients mainly in high-risk sectors such as hospitality and retail.

NIR remained steady at R1 614m, down by 2,8% as a result of the impact of reduced interest rates on actuarial reserves and negative market movements impacting shareholder funds in Insurance. NIR was impacted negatively further by lower planner productivity on commission earned due to lockdown restrictions and reduced portfolio management fees in the local Wealth Management business. This was partially offset by high client activity on the back of volatile markets, resulting in a growth in brokerage income locally and an increase in foreign exchange income internationally, as well as higher performance fees in Asset Management.

The NIR-to-expenses ratio increased to 105,8%, with expenses declining by 4,2% as costs continue to be well managed.
The efficiency ratio increased marginally to 72,6% due to lower NII.

Wealth Management

Wealth Management's HE declined 42,9% to R55m, primarily driven by the impact of Covid-19 on the local business, resulting in a significant increase in credit impairments.

Locally, Covid-19 lockdown restrictions negatively impacted banking revenue, reduced productivity in financial planning and delayed the winding up of estates. In addition, clients continued to de-risk portfolios to lower-risk products. This was partially offset by strong growth in brokerage fees.

Internationally, earnings were impacted by reduced USD and GBP interest rates, resulting in lower banking revenue while lending activity was affected by strong competition from UK-ring-fenced banks. Despite the recent decline in global stock markets, the business showed good growth in AUM. The growth in AUM is attributed to continued focus on the strategy to move from an affluent banking-led business to a high-net-worth advice-led business. Nedbank Private Wealth was recognised as the Best Private Bank in the UK for the sixth consecutive year at the 2020 City of London Wealth Management Awards. Digital continues to enable improved client experiences, with clients now able to transfer funds between their SA and Nedbank Private Wealth International Focus accounts seamlessly via the Nedbank Private Wealth app.

Asset Management

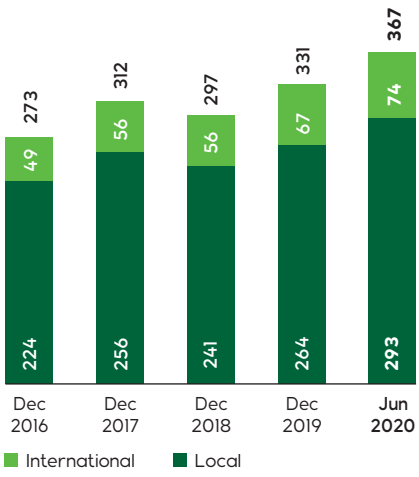
Asset Management's HE increased by 16% to R167m due to higher performance fees, primarily from the Nedgroup Investments Stable Fund. Despite the impact of Covid-19 tilting the mix of investments toward lower-risk products such as cash, fixed income and passive funds on increased risk aversion, Nedgroup Investments achieved positive AUM growth of 13,7% to R367bn, largely driven by positive net inflows of R25bn. At the 2020 Raging Bull Awards, Nedgroup Investments was recognised as the Top Offshore Manager for the fifth consecutive year and won the Best Global Equity Fund at the 2020 Morningstar Awards. As part of our ongoing digital journey, Nedgroup Investments was integrated into Nedbank digital products (Eclipse, Money app and Online Banking) recently and we have seen good initial traction, particularly in the Nedbank Money app.

Insurance

Insurance HE declined by 35,1% to R140m due to the impact of reduced interest rates on actuarial reserves and the effect of poor JSE equity market performance on shareholder funds. This was offset by a better non-life claims experience relative to prior year, due to the absence of catastrophic weather-related events. Nedbank Insurance provided clients, who have a Nedbank unsecured loan, the opportunity to apply for debt relief and claim for credit life protection, underwritten by the life business.

Life EV decreased by 5,2% to R3 175m as a result of lower VNB due to reduced sales volumes, partially offset by reduced acquisition costs. VNB decreased by 49,9% to R116m due to a reduction in sales volumes across all products, partially offset by higher average premiums. Non-life gross written premiums decreased by 6,2% to R586m as a result of lower sales.
We continued to leverage our digital capabilities by including the Nedbank Insurance Funeral Plan (NIFP) to five additional Nedbank digital platforms (Money app, Online Banking, USSD, API Market Place and Avo). To date, we have seen an exponential growth in the number of monthly funeral sales.

ASSETS UNDER MANAGEMENT
(Rbn)



Looking forward

We anticipate continued global economic headwinds due to the impact of the Covid-19 pandemic on individuals, businesses and economies. Clients are expected to continue to exercise caution amid Covid-19 uncertainty, which may impact general business volumes while increased unemployment and a loss of income could result in higher retrenchment claims and credit impairments. Negative investor sentiment is likely to contribute toward clients de-risking their portfolios further to lower-risk products, while ongoing competition from UK-ring-fenced banks could further impact lending growth internationally.

Nedbank Wealth will strive to meet the needs of our clients by providing world-class service, as well as support through our Covid-19 relief measures while ensuring a healthy and safe working environment for our people. Given the pressure on traditional income lines, the business remains committed to managing growth in expenses through strict cost-control measures.

The local Wealth Management business will focus efforts on creating internal efficiencies, reviewing operating models, commercialising existing digital assets and collaborating with Nedbank Private Wealth International and the Nedbank Retail and Business Banking. Our international business will continue to build on its strategy of moving from an affluent-banking-led business to a high-net-worth advice-led business.

Asset Management is committed to delivering long-term fund performance and leveraging the best-of-breed track record while acting in the best interest of clients. As one of its competitive advantages, the business will continue to leverage the Group's distribution, brand and infrastructure to raise awareness and increase penetration of our products and services, eg the MyRetirement solution of Nedgroup Investments.

Insurance will focus on further improving data and digital capabilities, such as the integration of Homeowner's Cover on the Nedbank Money app, penetrating the Nedbank client base, expanding its product line and 'being reliably there' for clients during these unprecedented times.

ASSETS UNDER MANAGEMENT

Rm	Jun 2020	Jun 2019	Dec 2019
Fair value of funds under management – by type			
Unit trusts	**305 515**	263 488	273 243
Third party	**776**	911	946
Private clients	**60 607**	58 367	56 947
	366 898	322 766	331 136
Fair value of funds under management – by geography			
SA	**293 214**	261 192	264 448
Rest of the world	**73 684**	61 574	66 688
	366 898	322 766	331 136

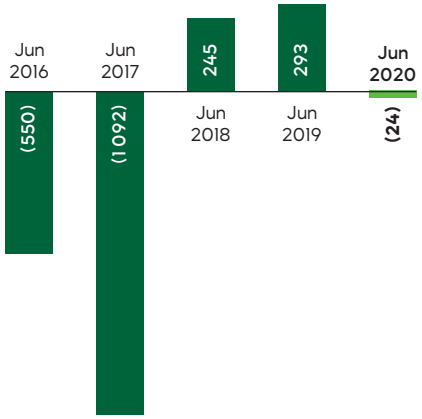
Rm	Unit trusts	Third party	Private clients	Total
Reconciliation of movement in funds under management – by type				
Opening balance at 31 December 2019	**273 243**	**946**	**56 947**	**331 136**
Inflows	**293 231**	**9**	**8 863**	**302 103**
Outflows	**(267 645)**	**(253)**	**(8 450)**	**(276 348)**
Mark-to-market value adjustment	**(6 517)**	**(63)**	**2 374**	**(4 206)**
Foreign currency translation differences	**13 203**	**137**	**873**	**14 213**
Closing balance – 30 June 2020	**305 515**	**776**	**60 607**	**366 898**

Rm	SA	Rest of the world	Total
Reconciliation of movement in funds under management – by geography			
Opening balance at 31 December 2019	**264 449**	**66 688**	**331 137**
Inflows	**293 982**	**8 121**	**302 103**
Outflows	**(266 427)**	**(9 921)**	**(276 348)**
Mark-to-market value adjustment	**1 210**	**(5 417)**	**(4 207)**
Foreign currency translation differences		**14 213**	**14 213**
Closing balance – 30 June 2020	**293 214**	**73 684**	**366 898**

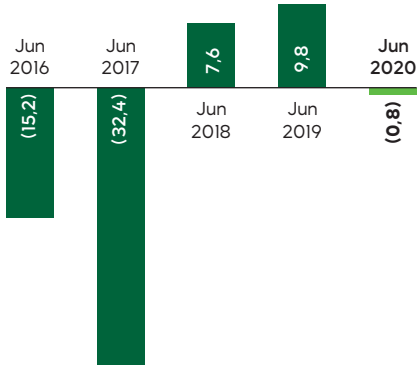
Favourable	Unfavourable
• Good AUM growth despite a decline in global stock markets.	• Significant decline in local and international interest rates.
• Positive netflows in Asset Management.	• Substantial growth in credit impairments.
• Lower non-life claims ratio.	• Poor market conditions.
• Focused cost containment initiatives.	• Continued shift towards lower-risk products.
• Increase in digital activity.	• Significant decrease in new-business volumes in Insurance.

NEDBANK AFRICA REGIONS

HEADLINE EARNINGS
(Rm)



RETURN ON EQUITY
(%)



The economic outlook for sub-Saharan Africa in 2020 has worsened and the ongoing Covid-19 pandemic is likely to trigger the Sub-Saharan Africa's first recession in 25 years. GDP growth is expected to contract by 3,2%, reflecting the impact of the pandemic. Although the health impact of Covid-19 on Africa has been relatively mild to date, the socioeconomic wellbeing of many Africans has been impacted negatively. Especially vulnerable are tourism-dependent and resource-intensive economies.

All the countries in which Nedbank operates have implemented various measures to curb the spread of the virus, which include:

- lockdowns and/or partial lockdowns by implementing either states of emergency and/or states of disaster (lagging SA as the spread of the pandemic emerged later); and
- strict social distancing at workplaces (including branches) as well as the implementation of health and safety protocols, such as wearing masks.

As we emerge from the Covid-19 pandemic, we expect growth in the regions where we operate to be faster than that of SA and to provide opportunities for diversifying earnings and returns over the longer term.

Our strategy remains to own, manage and control banking operations in the SADC and East Africa, and to provide our clients with access to a banking network in West and Central Africa through our strategic investment in and alliance with the pan-African banking group ETI, which operates in 36 African countries.

FINANCIAL HIGHLIGHTS

	Nedbank Africa Regions			SADC			ETI		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
NII (Rm)	**672**	779	1 547	**817**	941	1 868	**(145)**	(162)	(321)
Impairments charge (Rm)	**236**	122	233	**236**	122	233			
NIR (Rm)	**697**	481	1 220	**697**	481	1 220			
Operating expenses (Rm)	**1 071**	1 148	2 427	**1 071**	1 148	2 427			
Associate income	**63**	381	672	**(13)**		4	**76**	381	668
Headline earnings (Rm)	**(24)**	293	457	**4**	29	20	**(28)**	264	437
ROE (%)[1]	**(0,8)**	9,8	7,7	**(0,2)**	1,1	0,4	**(4,8)**		52,0
ROA (%)	**(0,12)**	1,56	1,19	**0,03**	0,19	0,06	**(0,77)**	7,52	6,20
Return on cost of ETI investment (%)	**2,4**	12,3	10,7				**2,4**	12,3	10,7
CLR (%)	**2,10**	1,08	1,01	**2,10**	1,08	1,01			
NIR to total operating expenses	**65,1**	41,9	50,3	**65,1**	41,9	50,3			
Cost-to-income ratio (%)	**74,8**	70,0	70,6	**71,4**	80,7	78,5			
Interest margin (%)	**4,14**	5,21	5,01	**5,81**	7,28	7,00			
Total assets (Rm)	**40 936**	38 377	38 385	**38 584**	35 512	35 711	**2 352**	2 865	2 674
Average total assets (Rm)	**39 113**	37 210	37 641	**36 120**	34 187	34 738	**2 993**	3 023	2 903
Total advances (Rm)	**22 550**	22 497	21 678	**22 550**	22 497	21 678			
Average total advances (Rm)	**22 124**	21 591	21 959	**22 124**	21 591	21 959			
Total deposits (Rm)	**33 104**	30 560	30 223	**33 104**	30 560	30 223			
Average total deposits (Rm)	**32 004**	29 976	30 780	**32 004**	29 976	30 780			
Average allocated capital (Rm)	**6 510**	6 029	5 943	**5 314**	5 145	5 094	**1 196**	884	849

[1] *HI 2020 ROE on subsidiary in-country statutory capital is 2,6% (Namibia 4,2%; eSwatini 2,6%; Lesotho 5,5%; Banco Único 11,8%).*

SADC SUBSIDIARIES

Regulatory interventions in response to the Covid-19 pandemic across the countries in which we operate have been similar to the SA PA's, including:

- reducing liquid asset requirements and reserve requirements;
- implementing conditions enabling banks to help with credit repayment holidays or restructures for clients affected by the Covid-19 pandemic;
- directing banks not to declare and pay dividends (for example Lesotho);
- encouraging or leaning heavily on banks to reduce pricing for using digital channels and merchant fees;
- reducing interest rates significantly;
- declaring that only essential bank workers could work during lockdown, with shortened work hours and social distancing (for example Lesotho and Zimbabwe);
- requiring staff to work in rotation and restricting the number of staff working on premises; and
- delaying the implementation of key rules and regulations, for example Basel 2.5 in Lesotho.

The NAR subsidiaries have proven resilient and are positioned for growth after the pandemic. While HE in SADC declined by 86% to R4m, balance sheet metrics remained strong, as evidenced by the following:

- Capital levels remain adequate across all subsidiaries and all above minimum requirements.
- All subsidiaries continue to report strong liquidity.
- Through collaboration with our regulators and respective governments, we were able to support our clients with payment holidays and debt restructures to the value of R2,7bn.
- Key business drivers have continued to improve (client growth, growth in digital usage, etc).
- Nedbank's brand sentiment improved across most subsidiaries during H1 2020.
- Three out of four ETI regions continue to be profitable and are growing.

As part of portfolio optimisation, we have completed our exit from Malawi, while increasing our stake in Banco Único to 87,5% as we look to increase our share of the expected economic growth in Mozambique.

The number of clients in our businesses has grown by 4%. In line with transforming our business for a digital age, we have increased our digitally enabled accounts by 15**%,** our digitally active accounts by 54%, increased app payment and transfer volumes by 99% and 57% respectively, and increased value-adding services (electricity, airtime, instant payments) volume and value by 131% and 84% respectively.

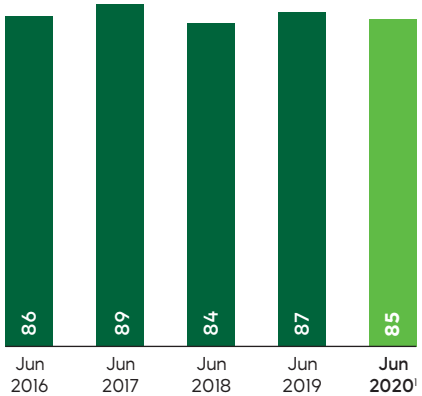
As part of continuing to invest in our businesses and giving our clients improved offers and better experiences, we have rolled out the following initiatives:

- Nedbank SendMoney , which was launched in Lesotho, Namibia and eSwatini in June 2020. With the new SendMoney service, clients using the Nedbank Money App (Africa), Online Banking and mobile banking (USSD), can send cash to any local cellphone or account number.
- The new Online Banking platform, which was launched for individuals in Lesotho, Namibia and eSwatini in July 2020.
- Improved offerings on the award-winning Nedbank Money App (Africa) for clients in Lesotho, Namibia and eSwatini.
- A new online and offsite account application process, including offsite activation in Zimbabwe, was launched.
- The introduction of health insurance for Banco Único clients to allow them access to a private network of health providers in Mozambique, SA, Portugal and India.

All these new products and services have so far been well received in their respective markets.

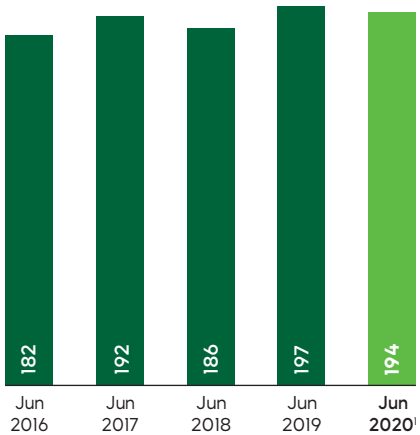
Headcount decreased by 5% to 2 452, the number of branches decreased to 85 and our ATM footprint decreased by 1,5%

BRANCHES



[1] *Malawi disposed of in H1 2020.*

ATMS



[1] *Malawi disposed of in H1 2020.*

to 194. Our branch and ATM footprint in our markets is much lower than that of our key competitors and new investments are limited to high-growth micromarkets and the minimum required presence by regulation. We have grown the number of point-of-sale (POS) devices by 16% to 8,915, resulting in an increase of merchant turnover of 43% to R10,8 bn.

ETI (WEST AND CENTRAL AFRICA)

Adjusting for the impact of a prior-year adjustment, ETI's financial recovery continued, albeit with slower earnings growth. The performance for the six months covering Q4 2019 and Q1 2020 was driven by the following:

- Strong earnings growth and good returns registered in the Anglophone and Francophone West Africa regions, reflecting the quality of the franchise.
- The continued recovery in the financial performance in the Central, Eastern and Southern Africa (CESA) region.
- Nigeria's performance continues to remain challenging due to persistently elevated NPLs, adverse regulatory intervention and ongoing economic headwinds, including a lower oil price. In March 2020 ETI announced the restatement of 2018 earnings in Nigeria, of which our share was R236m. This reversal has had a negative impact on associate income.

The collaboration between ETI and Nedbank continued during the half-year, with more than 120 Nedbank wholesale clients doing their transactional banking with ETI at the end of June 2020. More than 245 accounts have been opened at Ecobank businesses across the continent. We have also continued to grow treasury activities.

FINANCIAL HIGHLIGHTS

Given the difficult macroeconomic environment, exacerbated by the effects of the Covid-19 pandemic, the HE of the Nedbank Africa Regions business declined by 108% to a loss of R24m and ROE of -0,8%. The performance reflects higher impairments and lower revenues in our SADC businesses, as well as accounting for Nedbank's share of ETI's restatement of 2018 earnings in Nigeria, totalling R236m.

HE in our SADC subsidiaries declined by 86% to R4m. The loss was driven by lower revenues, higher impairments due to Covid-19 and a R47m net monetary loss as inflationary pressure persists in Zimbabwe. Revenues were impacted by lower NIR due to lower exchange income and slower growth in advances, coupled with the decline in interest rates, especially across common monetary area countries. In addition, impairments increased by 94% due to migration of retail accounts to stage 2 and 3 and advances.

Average gross advances and average deposits are up from the prior year by 2,6% and 6,8% respectively.

Policy uncertainty, political instability, increased government expenditure and a lack of foreign direct investments are continuing to damage the Zimbabwean economy, contributing to hyperinflationary conditions. According to the National Statistics Agency, Zimbabwe's annual inflation surged to 786% in May 2020, with monthly CPI standing at nearly 1,100%: Zimbabwe officially adopted hyperinflationary accounting with effect from 1 July 2019.

The CLR increased to 210 bps due to a significant increase in impairments from R122m to R236m, breaching the upper limit of our CLR target of 100 bps due to clients experiencing increased stress. Altogether, 11% of the loan book has been restructured, with the sector exposure broadly aligned to key economic drivers. Impairments will be affected by the shape of the expected medium-term recovery in our markets.

The SADC businesses will be able to withstand impairments through the cycle as we have a strong balance sheet across the subsidiaries and a robust risk management system.

Expenses have been well managed and have decreased by 4,2% to R1 099m, underpinned by the management of overall costs including headcount growth, reduced travel and other non-essential costs.

ETI's financial performance was affected primarily by a slump in commodity prices in Nigeria and Covid-19 impacts, resulting in a decline in HE of more than 111% from the prior year, to a HE loss of R28m. The results were further affected by a reversal on interest accrued in Nigeria: excluding the restatement, HE would have fallen by 22%, to R208m. Associate income from ETI was at R312m, down 18% on the prior year.

Favourable	Unfavourable
• Strong liquidity and capital positions across all subsidiaries. • Good cost management and operational efficiency even through Covid-19 crisis. • New digital offerings and growth in POS and digital usage driving underlying transactional growth and turnover. • Improvement in brand sentiment across most subsidiaries even through the pandemic.	• Credit loss ratios negatively impacted due to Covid-19 lockdowns and difficult economic environment. • Nedbank Zimbabwe business continuing to be affected by hyperinflation and political instability resulting in a monetary loss. • Decline in associate income from ETI, due to the challenging macroeconomic environment, in particular for ETI in Nigeria. Associate income includes restatement of ETI's 2018 earnings negatively impacting Nedbank H1 2020 results. • R750m impairment raised for ETI.

Due to the prolonged decline of ETI's listed share price below its carrying value, Nedbank reviewed its impairment provision at 30 June 2020. While various scenarios supported a VIU calculation above the carrying value of our investment, in the current environment more weight was given to downside scenarios and an additional impairment of R750m was raised. Our position will be reassessed again at 31 December 2020 year-end.

Looking forward

We expect Covid-19 to continue to impact African economies negatively for the remainder of 2020 and until a vaccine or therapy is found and widely distributed. Growth in the sub-Saharan Africa is projected to recover to 3,4% in 2021, subject to the continual easing of restrictions and, importantly, if the region avoids the same epidemic dynamics as elsewhere.

Earnings in the SADC for 2020 will continue to be under pressure due to the impact of Covid-19 on the economy. The recovery in NAR SADC markets is expected to be over the medium term. We are continuing to adapt our businesses to the new post-Covid-19 normal and will ensure that they are more efficient and well-run operations poised to getting their fair share of market profit pools. Our focus is on:

- accelerating digitisation and automation of our business so we are more competitive and can build our transactional franchise;
- continuing our focus on credit risk management and a stronger control environment;
- completing the reconfiguration of the Zimbabwe business, including the shape of the balance sheet and business operations; and
- leveraging our increased investment in Mozambique to address opportunities, including in the energy, agriculture and processing sectors.

In ETI, our focus is on increasing the value of our investment in light of the decision at half-year to impair the investment by R750m. With this in mind, we are working through our representation on the board to ensure continued business stability in the short term and to find ways to create sustainable long-term value. Through the Ecobank-Nedbank alliance, we are continuing to work on the commercialisation of collaboration initiatives and increasing business flows.

Nedbank is still committed to long-term and profitable growth in our Africa Regions business and seeks to leverage these growth opportunities. Our ambition is to give our clients access to the best financial services network in Africa and we will deploy capital to optimise returns for the group. Despite a challenging macroeconomic environment, we expect the Africa Regions business in the medium to long term to grow its overall contribution to group earnings.

NOTES

GEOGRAPHICAL SEGMENTAL REPORTING

for the period ended

Rm	Nedbank Group		
	Jun 2020	Jun 2019	Dec 2019
Consolidated statement of financial position			
Assets			
Cash and cash equivalents	**38 380**	35 396	37 635
Other short-term securities	**66 741**	70 369	64 451
Derivative financial instruments	**76 799**	33 841	35 243
Government and other securities	**142 225**	126 172	128 510
Loans and advances	**823 864**	759 090	796 833
Other assets	**74 044**	76 727	80 677
Intergroup assets	**–**	–	–
Total assets	**1 222 053**	1 101 595	1 143 349
Equity and liabilities			
Total equity	**98 020**	94 637	98 449
Derivative financial instruments	**63 288**	30 470	27 991
Amounts owed to depositors	**944 011**	865 815	904 382
Provisions and other liabilities	**54 500**	54 392	52 814
Long-term debt instruments	**62 234**	56 281	59 713
Intergroup liabilities	**–**	–	–
Total liabilities	**1 222 053**	1 101 595	1 143 349
Consolidated statement of comprehensive income			
NII	**14 969**	14 819	30 167
Impairments charge on financial instruments	**7 675**	2 543	6 129
Income from lending activities	**7 294**	12 276	24 038
NIR	**12 220**	12 874	25 997
Operating income	**19 514**	25 150	50 035
Total operating expenses	**15 391**	15 565	32 179
Zimbabwe hyperinflation	**47**		296
Indirect taxation	**592**	519	1 096
Profit from operations	**3 484**	9 066	16 464
Share of income/(losses) of associate companies	**98**	422	793
Profit before direct taxation	**3 582**	9 488	17 257
Direct taxation	**928**	2 222	3 942
Profit after taxation	**2 654**	7 266	13 315
Profit attributable to non-controlling interest	**540**	396	809
Headline earnings	**2 114**	6 870	12 506

[1] *Includes all group eliminations.*

[2] *The Nedbank Africa Regions geographical segmental income statement and balance sheet consist of the SADC banking subsidiaries and the investment in ETI. These statements do not include transactions concluded with clients resident in the rest of Africa by other group entities within CIB, or transactional banking revenues. For example, CIB has a credit exposure to clients resident in the Africa regions of R46,1bn (June 2019: 18,6bn; December 2019: R35,1bn).*

	South Africa[1]			Nedbank Africa Regions[2]			Rest of the world		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
	29 947	28 676	29 655	**6 529**	5 033	6 341	**1 904**	1 687	1 639
	40 519	49 491	42 562	**4 593**	4 373	4 083	**21 629**	16 505	17 806
	76 524	33 663	35 075	**84**	18	38	**191**	160	130
	140 476	123 790	126 171	**703**	869	848	**1 046**	1 513	1 491
	742 054	691 478	722 532	**22 552**	22 497	21 678	**59 258**	45 115	52 623
	64 233	66 976	70 739	**4 032**	4 666	4 898	**5 779**	5 085	5 040
	(2 441)	(921)	(499)	**2 441**	921	499			
	1 091 312	993 153	1 026 235	**40 934**	38 377	38 385	**89 807**	70 065	78 729
	78 882	78 552	81 926	**6 510**	6 029	5 943	**12 628**	10 056	10 580
	63 143	30 359	27 913	**49**	19	11	**96**	92	67
	831 520	786 988	812 008	**33 104**	30 560	30 223	**79 387**	48 267	62 151
	52 557	51 884	49 922	**954**	1 453	1 891	**989**	1 055	1 001
	61 917	55 965	59 396	**317**	316	317			
	3 293	(10 595)	(4 930)				**(3 293)**	10 595	4 930
	1 091 312	993 153	1 026 235	**40 934**	38 377	38 385	**89 807**	70 065	78 729
	13 637	13 498	27 548	**672**	779	1 547	**660**	542	1 072
	6 868	2 421	5 824	**237**	122	233	**570**		72
	6 769	11 077	21 724	**435**	657	1 314	**90**	542	1 000
	11 006	11 878	23 598	**697**	481	1 220	**517**	515	1 179
	17 775	22 955	45 322	**1 132**	1 138	2 534	**607**	1 057	2 179
	13 864	14 014	28 940	**1 071**	1 148	2 427	**456**	403	812
				47		296			
	555	479	1 014	**27**	32	58	**10**	8	24
	3 356	8 462	15 368	**(13)**	(42)	(247)	**141**	646	1 343
	35	41	121	**63**	381	672			
	3 391	8 503	15 489	**50**	339	425	**141**	646	1 343
	899	2 177	3 885	**29**	(2)	(64)		47	121
	2 492	6 326	11 604	**21**	341	489	**141**	599	1 222
	493	348	777	**47**	48	32			
	1 999	5 978	10 827	**(26)**	293	457	**141**	599	1 222

INCOME STATEMENT ANALYSIS

103 Net margin analysis

107 Impairments

112 Non-interest revenue

114 Expenses

116 Non-trading and capital items

116 Taxation charge

116 Preference shares

1 NET MARGIN ANALYSIS

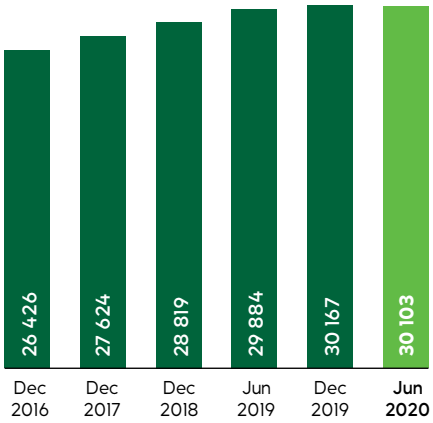
Nedbank Group	Jun 2020[1] Bps	Jun 2020[1] Rm	Jun 2019[1] Bps	Jun 2019[1] Rm	Dec 2019 Bps	Dec 2019 Rm
Closing average interest-earning banking assets (year-to-date average)		**904 765**		836 193		857 981
Opening NIM/NII	**357**	**29 884**	367	28 244	365	28 819
Growth in banking assets		**2 451**		2 448		2 465
Endowment	**(18)**	**(1 574)**	(2)	(192)	(3)	(268)
Capital, net of working capital	**(5)**	**(428)**	(3)	(244)	(3)	(226)
Deposits	**(13)**	**(1 146)**	1	52		(42)
Asset margin pricing and mix	**(2)**	**(192)**	(5)	(372)	(4)	(357)
Impact due to pricing	**(1)**	**(89)**	(8)	(673)	(6)	(555)
Impact due to mix change	**(1)**	**(103)**	3	301	2	198
Liability margin pricing and mix	**(6)**	**(575)**	3	229		31
Deposits pricing and mix	**(6)**	**(596)**	3	235		62
Impact due to pricing	**(6)**	**(598)**	4	333	1	123
Impact due to mix change		**2**	(1)	(98)	(1)	(61)
Enhancing funding profile		**21**		(6)		(31)
Prime–JIBAR basis	**(3)**	**(321)**	1	72	1	77
HQLA	**5**	**457**	(2)	(161)	(2)	(204)
IFRS 16: Leases[2]			(4)	(290)	(4)	(293)
Other		**(27)**	(1)	(94)	(1)	(103)
Closing NIM/NII for the period	**333**	**30 103**	357	29 884	352	30 167

[1] *NII for the six months is annualised.*
[2] *No impact in 2020.*

NET INTEREST MARGIN (JUNE 2019 TO JUNE 2020)
(Bps)

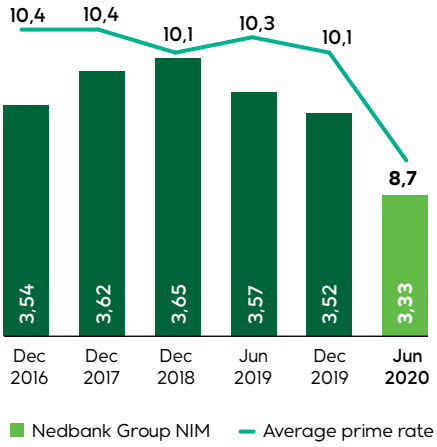


NET INTEREST INCOME[1]
(Rm)



[1] *June annualised.*

INTEREST MARGIN TRENDS VERSUS PRIME RATE
(%)



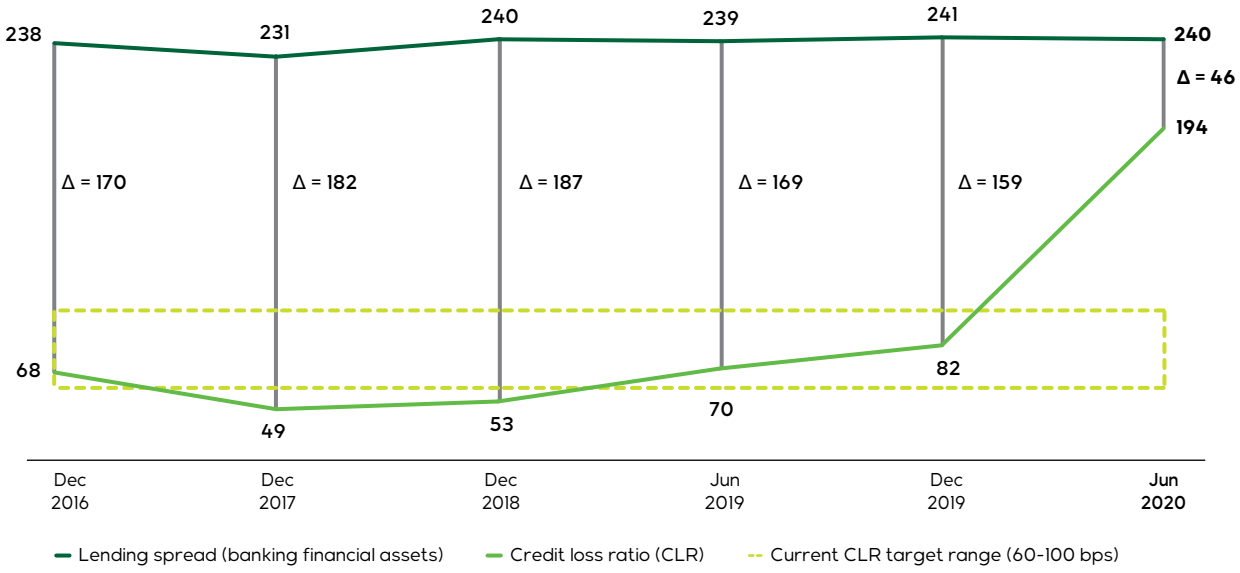
NET INTEREST INCOME

Favourable	Unfavourable
• Lower relative levels of low-yielding HQLA held in the banking book. • Yield optimisation strategies on banking book HQLA portfolios.	• Negative endowment due to lower interest rates, following interest rate cuts of 25 bps in January 2020, 100 bps in March and April 2020 respectively and a further 50 bps in May 2020, partially offset by higher capital levels. • Asset pricing narrowed marginally due to competitive pricing in specific wholesale and retail advances portfolios. • Negative asset mix changes due to stronger growth in CIB lower-margin advances, compared with slower growth in RBB higher-margin advances. • Negative movement in liability margin due to an increase in competitive pricing of term deposits, while concurrently liquidity premiums have declined on the short-term call and cash management deposits, in line with movements in market pricing. • A squeeze in prime-JIBAR basis spread as prime-linked assets repriced immediately for changes in the repo rate, while term funding post-hedging, repriced over three months.

NII SENSITIVITY ANALYSIS

- At June 2020 the NII sensitivity of the group's banking book for a 1% parallel reduction in interest rates, measured over 12 months, was 1,46% of total group ordinary shareholders' equity, which is below the board's approved risk limit of < 2,25%.
- This exposes the group to a decrease in NII of approximately R1 281m before tax, should interest rates decrease by 1% across the yield curve, measured over a 12-month period. Nedbank London branch and Wealth International NII sensitivities are, however, measured at a 0,5% instantaneous decrease in interest rates.
- The group's NII sensitivity exhibits very little convexity and will therefore also result in an increase in pretax NII of approximately similar amounts, should interest rates increase by 1%.
- The group's NII sensitivity is actively managed through on- and off-balance-sheet interest rate risk management strategies for the group's expected interest rate view and impairment sensitivity over the cycle.
- Economic value of equity (EVE) remains at a low level as a result of risk management strategies (-R139m for a 100 bps decline in interest rates), which is below the board's approved risk limit.

LENDING SPREAD VERSUS CREDIT LOSS RATIO (INCLUDING TARGET RANGE) OF NEDBANK GROUP
(Bps)



- The group's lending spread remained stable.
- The group's CLR increased by 124 bps yoy to 194 bps as at 30 June 2020, breaching the upper-end of the target range of 100 bps. The CLR was materially impacted by the forward-looking provisioning requirement of IFRS 9, through adjustments to the macroeconomic forecasts and heightened risk due to the Covid-19 pandemic.

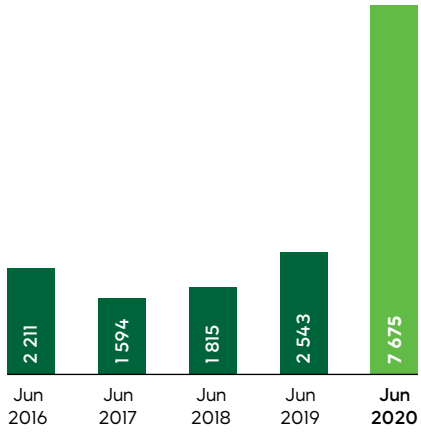
Rm	Jun 2020 Average balance Assets	Jun 2020 Margin statement interest[1] Received	Jun 2020 %	Jun 2019 Average balance Assets	Jun 2019 Margin statement interest[1] Received	Jun 2019 %	Dec 2019 Average balance Assets	Dec 2019 Margin statement interest[1] Received	Dec 2019 %
Average prime rate			**8,67**			10,25			10,14
Assets									
Loans and advances									
Home loans (including properties in possession)	**164 575**	**6 666**	**8,15**	157 884	7 479	9,55	159 406	15 073	9,46
Commercial mortgages	**183 495**	**7 520**	**8,24**	165 390	8 026	9,79	170 087	16 369	9,62
Instalment debtors	**126 693**	**6 631**	**10,53**	119 086	7 008	11,87	121 231	14 277	11,78
Credit card balances	**16 829**	**1 192**	**14,24**	17 272	1 280	14,95	17 378	2 581	14,85
Overdrafts	**24 416**	**1 108**	**9,13**	22 300	1 162	10,51	22 954	2 373	10,34
Term loans and other[2]	**247 686**	**8 653**	**7,03**	222 310	9 086	8,24	229 811	18 358	7,99
Personal loans	**25 374**	**2 635**	**20,88**	23 342	2 503	21,62	23 907	5 151	21,55
Impairment of loans and advances	**(18 701)**			(15 963)			(16 297)		
Government and public sector securities	**91 443**	**3 778**	**8,31**	77 910	3 297	8,53	84 501	7 162	8,48
Short-term funds and trading securities	**42 955**	**922**	**4,32**	46 662	1 295	5,60	45 003	2 336	5,19
Interest-earning banking assets	**904 765**	**39 105**	**8,69**	836 193	41 136	9,92	857 981	83 680	9,75
Revaluation of FVTPL-designated assets	**5 832**			1 858					
Other[3]	**110 387**			101 688			106 974		
Total assets	**1 020 984**	**39 105**	**7,70**	939 739	41 136	8,83	964 955	83 680	8,67

	Liabilities	Paid	%	Liabilities	Paid	%	Liabilities	Paid	%
Equity and liabilities									
Deposit and loan accounts	**471 380**	**13 107**	**5,59**	450 243	15 155	6,79	456 578	30 628	6,71
Current and savings accounts	**120 537**	**395**	**0,66**	108 663	529	0,98	111 379	1 074	0,96
Negotiable certificates of deposit	**115 221**	**4 173**	**7,28**	109 220	4 333	8,00	117 088	9 259	7,91
Other interest-bearing liabilities[1]	**106 275**	**3 876**	**7,33**	79 005	3 659	9,34	85 887	7 214	8,40
Long-term debt instruments	**60 309**	**2 585**	**8,62**	56 512	2 641	9,42	57 306	5 338	9,31
Interest-bearing banking liabilities	**873 722**	**24 136**	**5,56**	803 643	26 317	6,60	828 238	53 513	6,46
Revaluation of FVTPL-designated liabilities	**5 832**			1 858					
Other[4]	**45 310**			45 922			136 717		
Ordinary and minority shareholders' equity	**96 120**			88 316					
Total shareholders' equity and liabilities	**1 020 984**	**24 136**	**4,75**	939 739	26 317	5,65	964 955	53 513	5,55
Interest margin on average interest-earning banking assets	**904 765**	**14 969**	**3,33**	836 193	14 819	3,57	857 981	30 167	3,52

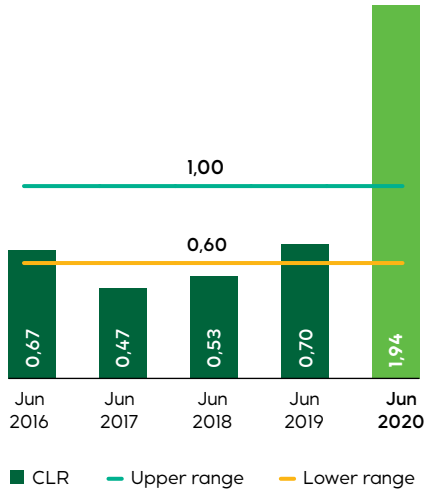
[1] *Yields are before incorporating the impact of hedging derivatives.*
[2] *Includes term loans, preference shares, factoring debtors, foreign lending, loans to banks and other lending-related instruments.*
[3] *Includes cash and banknotes, derivative financial instruments, insurance assets, associates and investments, property and equipment, mandatory reserve deposits with central banks, intangible assets and other assets.*
[4] *Includes derivative financial instruments, investment contract liabilities, other liabilities and elimination entries.*

2 IMPAIRMENTS

NEDBANK GROUP IMPAIRMENTS CHARGE
(R m)



NEDBANK GROUP CREDIT LOSS RATIO TRENDS
(%)



COVID-19 RESTRUCTURED CREDIT EXPOSURES PER D3/2020 AND D7/2015

Nedbank cluster/business unit	Restructured credit exposure transactions						GLAA held at amortised cost (Stage 1, 2 and 3)	D3 restructures as % of cluster/ business unit GLAA
	D3 restructures			D7 restructures				
	Total number	Exposure (Rm)	Impairments (Rm)	Total number	Exposure (Rm)	Impairments (Rm)	Exposure (Rm)	%
Corporate and Investment Banking	**57**	**30 478**	**578**	**23**	**2 494**	**583**	**349 001**	**8,73**
CIB excl Property Finance	**29**	**21 772**	**529**	**7**	**2 046**	**409**	**199 860**	**10,89**
Property Finance	**28**	**8 706**	**49**	**16**	**448**	**174**	**149 141**	**5,84**
Retail and Business Banking	**376 700**	**78 438**	**2 341**	**30 680**	**6 415**	**881**	**364 911**	**21,50**
Business Banking	**6 739**	**8 272**	**105**	**144**	**216**	**25**	**79 126**	**10,45**
Retail	**369 961**	**70 166**	**2 236**	**30 536**	**6 199**	**856**	**285 785**	**24,55**
Wealth	**1 247**	**7 107**	**14**	**11**	**43**	**0,1**	**32 088**	**22,15**
Nedbank Africa Regions	**1 211**	**2 591**	**28**				**23 490**	**11,03**
Centre							**(106)**	**–**
Group	**379 215**	**118 614**	**2 961**	**30 714**	**8 952**	**1 464**	**769 384**	**15,42**

Favourable	Unfavourable
• CIB enhanced key credit risk models to incorporate the volatility created under Covid-19 in the credit risk environment. Sector specific overlays were also incorporated in the impairment charge for H1. • RBB raised overlays, including overlays for anticipated job losses, while RBB Model enhancements are considered for H2 2020.	• The adverse macroeconomic environment, which is exacerbated by Covid-19, continued to place pressure on corporates and consumers. • As a result, impairments increased significantly (202% yoy), which includes forward-looking IFRS 9 macro-model adjustments and judgemental overlays for anticipated Covid-19-related impacts. • CLR of 194 bps was above the CLR TTC target range of 100 bps.

NEDBANK GROUP INCOME STATEMENT IMPAIRMENT CHARGE AND CREDIT LOSS RATIO

June 2020	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm
Corporate and Investment Banking (CIB)	**657**	**376**	**1 256**
CIB excluding Property Finance	**572**	**321**	**882**
Property Finance	**85**	**55**	**374**
Retail and Business Banking (RBB)	**165**	**387**	**4 257**
Business Banking	**83**	**108**	**380**
Retail[1]	**82**	**279**	**3 877**
Wealth	**12**	**(1)**	**71**
Africa Regions	**54**	**10**	**171**
Centre	**(1)**	**150**	
Nedbank Group	**887**	**922**	**5 755**

[1] *For further disaggregation refer to the RBB segmental report on page 86 to 89.*

December 2019 (Rm)	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm
Corporate and Investment Banking (CIB)	(1)	254	616
CIB excluding Property Finance	30	179	693
Property Finance	(31)	75	(77)
Retail and Business Banking (RBB)	476	102	4 241
Business Banking	13	7	369
Retail[1]	463	95	3 872
Wealth	(1)	4	54
Africa Regions	71	23	129
Centre		99	
Nedbank Group	545	482	5 040

June 2019 (Rm)	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm
Corporate and Investment Banking (CIB)	(106)	394	(7)
CIB excluding Property Finance	(75)	339	72
Property Finance	(31)	55	(79)
Retail and Business Banking (RBB)	236	(251)	2 179
Business Banking	(2)	(16)	161
Retail[1]	238	(235)	2 018
Wealth	(2)	2	21
Africa Regions	44	6	67
Centre		(50)	
Nedbank Group	172	101	2 260

Non-LAA	Off-balance-sheet	Impairment charge, net of recoveries (excl Non-LAA)[2]	Mix of average banking advances	CLR	TARGET
Rm	Rm	Rm	%	%	%
3	**88**	**2 380**	**47,3**	**1,27**	**0,15 – 0,45**
3	**88**	**1 866**	**28,2**	**1,67**	**0,20 - 0,50**
		514	**19,2**	**0,68**	**0,15 – 0,35**
	27	**4 836**	**45,4**	**2,69**	**1,30 – 1,80**
	9	**580**	**9,8**	**1,50**	**0,50 – 0,70**
	18	**4 256**	**35,6**	**3,02**	**1,60 – 2,40**
		82	**4,1**	**0,50**	**0,20 – 0,40**
	5	**240**	**2,9**	**2,10**	**0,75 – 1,00**
(12)		**137**			
(9)	**120**	**7 675**	**100,0**	**1,94**	**0,60 – 1,00**

Non-LAA	Off-balance-sheet	Impairment charge, net of recoveries	Mix of average banking advances	CLR	TARGET
Rm	Rm	Rm	%	%	%
2	46	917	46,3	0,26	0,15 – 0,45
1	46	949	27,2	0,45	
1		(32)	19,1	(0,02)	0,15 – 0,35
	4	4 823	46,5	1,38	1,30 – 1,80
	(8)	381	10,2	0,50	0,50 – 0,70
	12	4 442	36,3	1,63	1,60 – 2,40
		57	4,2	0,18	0,20 – 0,40
4	6	233	3,0	1,01	0,75 – 1,00
		99			
6	56	6 129	100,0	0,82	0,60 – 1,00

Non-LAA	Off-balance-sheet	Impairment charge, net of recoveries	Mix of average banking advances	CLR	TARGET
Rm	Rm	Rm	%	%	%
	(11)	270	45,9	0,16	0,15 – 0,45
	(11)	325	26,8	0,33	
		(55)	19,1	(0,08)	
	16	2 180	46,8	1,28	1,30 – 1,80
		143	10,5	0,38	
	16	2 037	36,3	1,55	
		21	4,2	0,14	0,20 – 0,40
2	3	122	3,3	1,08	0,75 – 1,00
		(50)			
2	8	2 543	100,0	0,70	0,60 – 1,00

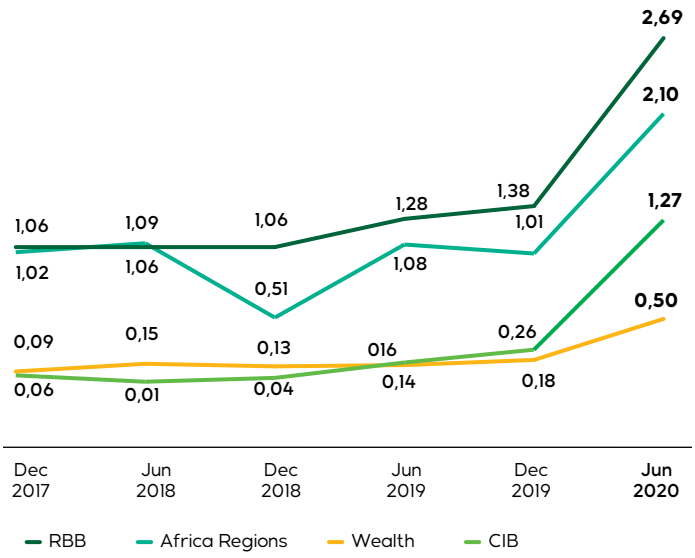
IMPAIRMENT CHARGE OF FINANCIAL INSTRUMENTS

June 2020	Nedbank Group	Corporate and Investment Banking	Retail and Business Banking	Wealth	Nedbank Africa Regions	Centre
ECL allowance – opening balance	**18 179**	**2 746**	**14 144**	**229**	**780**	**280**
Stage 1	**3 455**	**659**	**2 507**	**24**	**249**	**16**
Stage 2	**3 932**	**768**	**2 819**	**25**	**72**	**248**
Stage 3	**10 792**	**1 319**	**8 818**	**180**	**459**	**16**
Statement of comprehensive income charge net of recoveries	**7 675**	**2 380**	**4 836**	**82**	**240**	**137**
Stage 1	**887**	**657**	**165**	**12**	**54**	**(1)**
Stage 2	**922**	**376**	**387**	**(1)**	**10**	**150**
Stage 3	**5 755**	**1 256**	**4 257**	**71**	**171**	
Non-loans and advances	**(9)**	**3**				**(12)**
Off-balance-sheet allowance	**120**	**88**	**27**		**5**	
Adjusted for:	**(2 160)**	**(348)**	**(1 765)**	**(1)**	**(50)**	**4**
Recoveries	**483**	**5**	**468**		**11**	**(1)**
Interest in suspense	**403**		**418**			**(15)**
Amounts written off	**(3 131)**	**(338)**	**(2 758)**	**(2)**	**(33)**	
Foreign exchange and other transfers	**85**	**(15)**	**107**	**1**	**(28)**	**20**
ECL allowance – closing balance	**23 694**	**4 778**	**17 215**	**310**	**970**	**421**
Stage 1	**4 345**	**1 356**	**2 702**	**35**	**245**	**7**
Stage 2	**4 987**	**1 148**	**3 281**	**25**	**134**	**399**
Stage 3	**14 362**	**2 274**	**11 232**	**250**	**591**	**15**
Split by measurement category	**23 694**	**4 778**	**17 215**	**310**	**970**	**421**
Loans and advances	**22 704**	**3 920**	**17 120**	**310**	**940**	**414**
Loans and advances in FVOCI	**573**	**573**				
Non-loans and advances	**29**	**16**			**6**	**7**
Off-balance-sheet allowance	**388**	**269**	**95**		**24**	

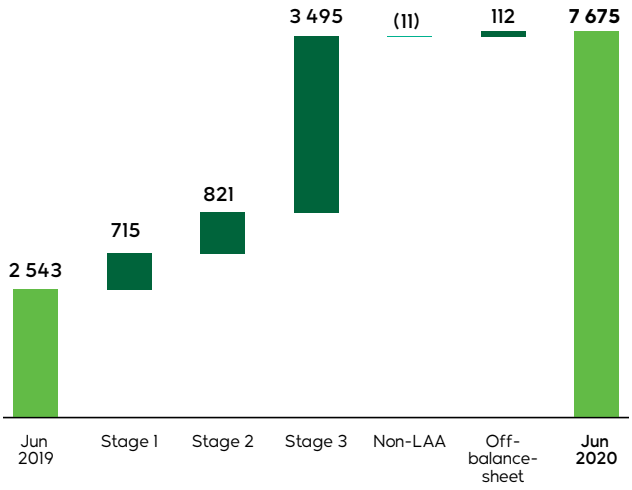
December 2019	Nedbank Group	Corporate and Investment Banking	Retail and Business Banking	Wealth	Nedbank Africa Regions	Centre
ECL allowance – opening balance	15 845	1 866	12 796	187	816	180
Stage 1	2 889	601	2 042	25	220	1
Stage 2	3 587	548	2 791	22	78	148
Stage 3	9 369	717	7 963	140	518	31
Statement of comprehensive income charge net of recoveries	6 129	917	4 823	57	233	99
Stage 1	545	(1)	476	(1)	71	
Stage 2	482	254	102	4	23	99
Stage 3	5 040	616	4 241	54	129	
Non-loans and advances	6	2			4	
Off-balance-sheet allowance	56	46	4		6	
Adjusted for:	(3 795)	(37)	(3 475)	(15)	(269)	1
Recoveries	1 247	20	1 196		31	
Interest in suspense	723	83	640			
Amounts written off/Other transfers	(5 765)	(140)	(5 311)	(15)	(300)	1
ECL allowance – closing balance	18 179	2 746	14 144	229	780	280
Stage 1	3 455	659	2 507	24	249	16
Stage 2	3 932	768	2 819	25	72	248
Stage 3	10 792	1 319	8 818	180	459	16
Split by measurement category	18 179	2 746	14 144	229	780	280
Loans and advances	17 534	2 217	14 075	229	749	264
Loans and advances in FVOCI	340	340				
Non-loans and advances	34	8			9	17
Off-balance-sheet allowance	271	181	69		22	(1)

June 2019	Nedbank Group	Corporate and Investment Banking	Retail and Business Banking	Wealth	Nedbank Africa Regions	Centre
ECL allowance – opening balance	15 845	1 866	12 796	187	816	180
Stage 1	2 889	601	2 042	25	220	1
Stage 2	3 587	548	2 791	22	78	148
Stage 3	9 369	717	7 963	140	518	31
Statement of comprehensive income charge net of recoveries	2 543	270	2 180	21	122	(50)
Stage 1	172	(106)	236	(2)	44	
Stage 2	101	394	(251)	2	6	(50)
Stage 3	2 260	(7)	2 179	21	67	
Non-loans and advances	2				2	
Off-balance-sheet allowance	8	(11)	16		3	
Adjusted for:	(1 710)	38	(1 587)	(10)	(151)	–
Recoveries	600	16	563		21	
Interest in suspense	328	28	300			
Amounts written off/Other transfers	(2 638)	(6)	(2 450)	(10)	(172)	
ECL allowance – closing balance	16 678	2 174	13 389	198	787	130
Stage 1	3 086	568	2 291	22	204	1
Stage 2	3 580	892	2 487	23	80	98
Stage 3	10 012	714	8 611	153	503	31
Split by measurement category	16 678	2 174	13 389	198	787	130
Loans and advances	16 273	1 877	13 308	198	775	115
Loans and advances in FVOCI	168	168				
Non-loans and advances	27	6			5	16
Off-balance-sheet allowance	210	123	81		7	(1)

CREDIT LOSS RATIO PER CLUSTER

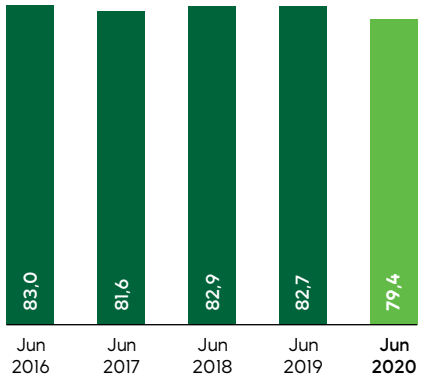


IMPAIRMENT CHARGE

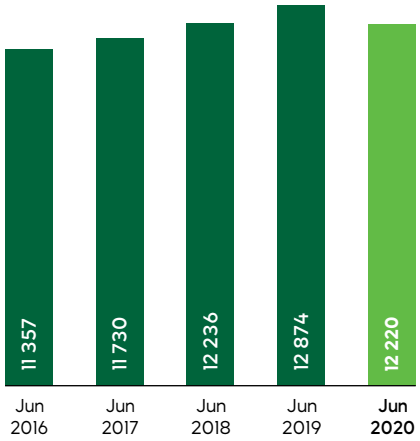


3 NON-INTEREST REVENUE

NON-INTEREST REVENUE TO TOTAL OPERATING EXPENSES
(%)



NON-INTEREST REVENUE
(R m)



Rm	Nedbank Group			Corporate and Investment Banking		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
Commission and fees income	**8 243**	9 076	18 739	**1 385**	1 503	3 256
Administration fees	**653**	600	1 252	**29**	23	53
Card income	**1 478**	1 813	3 743	**8**		
Cash-handling fees	**474**	562	1 136	**95**	108	222
Exchange commission	**314**	296	652	**103**	94	198
Guarantees income	**142**	142	267	**96**	102	185
Insurance commission	**251**	243	516			
Other commission	**1 897**	2 073	4 391	**705**	676	1 508
Other fees	**916**	1 086	2 239	**319**	472	1 034
Service charges	**2 118**	2 261	4 543	**30**	28	56
Insurance income	**827**	897	1 837			
Fair-value adjustments	**836**	134	60	**16**	35	(13)
Fair-value adjustments	**64**	54	(49)	**11**	30	(23)
Hedge-accounted portfolios	**772**	80	109	**5**	5	10
Trading income	**3 129**	2 174	4 524	**3 056**	2 110	4 390
Commodities	**26**	25	99	**26**	25	99
Debt securities	**1 933**	1 284	2 708	**1 933**	1 284	2 708
Equities	**412**	202	426	**412**	202	426
Foreign exchange	**758**	663	1 291	**685**	599	1 157
Private-equity income	**(765)**	293	262	**(686)**	295	267
Realised gains, dividends, interest and other income	**326**	308	723	**405**	308	727
Unrealised losses[1]	**(1 091)**	(15)	(461)	**(1 091)**	(13)	(460)
Investment income	**62**	36	198	**52**	30	174
Sundry income[2]	**(112)**	264	377	**(162)**	181	101
Total non-interest revenue	**12 220**	12 874	25 997	**3 661**	4 154	8 175

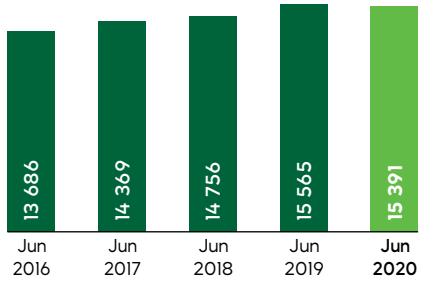
[1] *Unrealised losses relate to equity investments in associates and joint ventures, which are estimated and converted to realised or dividends once earned.*
[2] *Sundry income mainly comprises security dealings, rental income, fair-value movements on non-trading investments and forex gains and losses.*

Favourable	Unfavourable
• Trading income increased strongly given increased market volatility and higher client volumes. • Gains from the group's fair-value hedge accounting solution.	• Transactional activity declined significantly in April, but improved in May and June, although still below the levels achieved prior to lockdowns. • Insurance impacted by increased actuarial reserves and higher retrenchment/loss of income claims. • Negative revaluations to unrealised private equity investments driven by lower listed market prices and increases in the cost of equity.

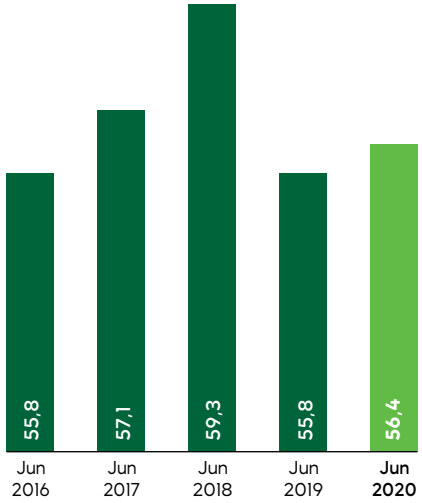
	Retail and Business Banking			Wealth			Nedbank Africa Regions			Centre		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
	5 422	6 197	12 622	**1 045**	984	2 045	**411**	389	872	**(20)**	3	(56)
	262	255	522	**325**	281	588	**30**	34	70	**7**	7	19
	1 426	1 771	3 652				**44**	40	90		2	1
	365	438	880	**1**	1	3	**14**	15	31	**(1)**		
	104	123	259	**65**	41	88	**38**	36	102	**4**	2	5
	30	22	44				**16**	18	38			
	164	147	309	**84**	92	200	**3**	4	7			
	1 114	1 323	2 715	**(36)**	(28)	(65)	**106**	92	213	**8**	10	20
	45	47	96	**583**	576	1 188	**8**	9	22	**(39)**	(18)	(101)
	1 912	2 071	4 145	**23**	21	43	**152**	141	299	**1**		
	217	239	460	**586**	641	1 352	**37**	35	70	**(13)**	(18)	(45)
	15	13	41	**–**	–	–	**2**	4	4	**803**	82	28
							2	4	4	**51**	20	(30)
	15	13	41							**752**	62	58
	32	33	73	**–**	–	–	**41**	31	61	**–**	–	–
	32	33	73				**41**	31	61			
	–	–	–	**–**	(2)	(1)	**–**	–	–	**(79)**	–	(4)
					(2)	(1)				**(79)**		(4)
	(9)	1	13	**3**	2	4	**13**	1	1	**3**	2	6
	40	35	109	**(20)**	35	36	**193**	21	212	**(163)**	(8)	(81)
	5 717	6 518	13 318	**1 614**	1 660	3 436	**697**	481	1 220	**531**	61	(152)

4 EXPENSES

TOTAL OPERATING EXPENSES
(Rm)



EFFICIENCY RATIO
(%)

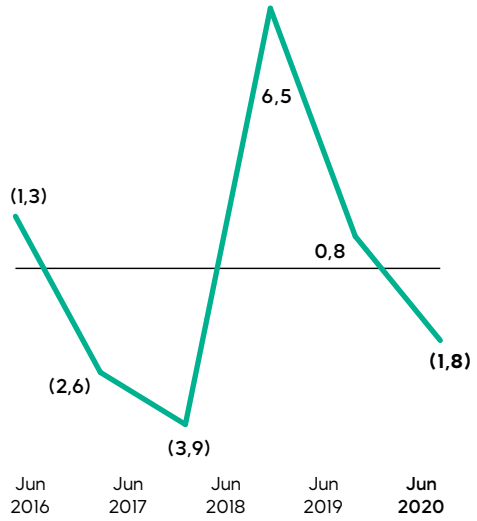


Rm	Nedbank Group			Corporate and Investment Banking		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
Staff costs	**8 121**	8 363	17 322	**1 274**	1 392	2 783
Salaries and wages	**7 522**	7 550	15 089			
Total incentives	**530**	1 287	2 550			
Short-term incentives	**433**	926	1 980			
Long-term incentives	**97**	361	570			
Other staff costs	**69**	(474)	(317)			
Computer processing	**2 698**	2 311	4 878	**256**	239	503
Depreciation of computer equipment	**377**	390	746			
Depreciation of right-of-use assets: computer equipment	**45**		79			
Amortisation of intangible assets	**664**	541	1 167			
Operating lease charges for computer processing	**120**	98	217			
Other computer processing expenses	**1 492**	1 282	2 669			
Fees and insurances	**2 055**	2 045	4 152	**326**	294	667
Occupation and accommodation[1,2]	**1 152**	1 091	2 274	**113**	124	231
Marketing and public relations	**597**	747	1 455	**23**	43	89
Communication and travel	**368**	417	845	**148**	155	304
Other operating expenses[3]	**400**	591	1 253	**35**	37	55
Activity-justified transfer pricing	**–**	–	–	**906**	963	1 972
Total operating expenses	**15 391**	15 565	32 179	**3 081**	3 247	6 604

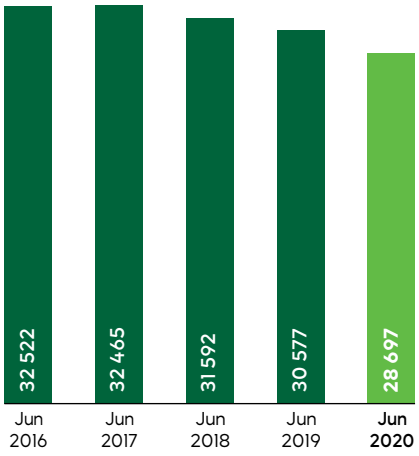
Analysis of total IT-related function spend included in total expenses	**Jun 2020**	Jun 2019	Dec 2019
IT staff-related costs within Group Technology	**1 053**	1 098	2 110
Depreciation and amortisation of computer equipment, software and intangibles	**1 086**	963	1 993
Other IT costs (including licensing, development, maintenance and processing charges)[4]	**1 637**	1 433	2 923
Total IT-related functional spend	**3 776**	3 494	7 026

[1] *Includes the depreciation of right-of-use assets of R474m (December 2019: R813m).*
[2] *Includes a building depreciation charge of R215m (June 2019: R223m; December 2019: R451m).*
[3] *Includes a furniture depreciation charge of R177m (June 2019: R174m; December 2019: R358m), consumables and sundry expenses.*
[4] *Includes consulting and professional fees (included in fees and insurances), communication and travel expenses and other IT-related spend (included in computer processing).*

GROSS OPERATING INCOME GROWTH RATE LESS EXPENSE GROWTH RATE (JAWS RATIO)
(%)



TOTAL EMPLOYEES
(permanent and temporary staff)



	Retail and Business Banking			Wealth			Nedbank Africa Regions			Centre		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
	3 611	3 903	7 940	**812**	811	1 608	**499**	488	1 068	**1 925**	1 769	3 923
	1 088	791	1 771	**177**	170	321	**104**	69	83	**1 073**	1 042	2 200
	1 250	1 227	2 509	**104**	107	210	**190**	177	437	**185**	240	329
	948	977	1 954	**74**	74	149	**92**	85	180	**(75)**	(169)	(240)
	291	347	677	**34**	53	89	**19**	28	60	**230**	276	540
	161	158	327	**18**	26	52	**27**	26	68	**14**	52	94
	216	261	555	**13**	34	69	**(2)**	102	188	**138**	157	386
	2 315	2 407	4 651	**294**	318	615	**142**	173	343	**(3 657)**	(3 861)	(7 581)
	9 880	10 071	20 384	**1 526**	1 593	3 113	**1 071**	1 148	2 427	**(167)**	(494)	(349)

Favourable

- Staff numbers reduced by 1 880 since June 2019 (706 since Dec 2019) largely through natural attrition.
- STIs impacted by the group's financial performance and decrease in LTIs as expected vesting ratios have reduced due to underperformance against corporate performance targets.
- Good management of discretionary spend during the crisis – savings were recorded across travel, communication, marketing and training.
- Optimisation initiatives delivering cost savings, including cumulative run-rate savings from our target operating model of R1 500m.

Unfavourable

- Computer-processing costs increased, driven by an increase in the amortisation charge of 22,8%, offset by target operating model savings.
- Base effect of the PRMA pretax credit of R354m in H1 2019, offset by target operating savings.
- R121m increase in the leave expense as locked-down staff members took less leave.
- Covid-19-related spend of R40m, includes the provision of personal protective equipment, additional spend to comply with health and safety regulations and international consulting support relating to impairment model development and provisioning.

5 NON-TRADING AND CAPITAL ITEMS

Rm	Jun 2020 Gross	Jun 2020 Net of taxation	Jun 2019 Gross	Jun 2019 Net of taxation	Dec 2019 Gross	Dec 2019 Net of taxation
Profit attributable to equity holders of the parent		**1 301**		6 794		12 001
Non-trading and capital items	**833**	**813**	106	76	651	505
IAS 16 – loss on disposal of property and equipment	**16**	**11**	7	5	18	13
IAS 36 – impairment of associates, goodwill and property and equipment	**750**	**750**			265	224
IFRS 5 – impairment of non-current assets held for sale	**14**	**14**			48	48
IFRS 16 – impairment of right-of-use assets			33	24	33	24
IAS 36 – impairment of intangible assets	**53**	**38**	66	47	289	198
IAS 40 – profit on revaluation of investment properties					(2)	(2)
Headline earnings		**2 114**		6 870		12 506

6 TAXATION CHARGE

	Jun 2020	Jun 2019	Dec 2019
Direct taxation	**928**	2 222	3 942
Taxation rate reconciliation (excluding non-trading and capital items) (%)			
Standard rate of SA normal taxation	**28,0**	28,0	28,0
Reduction of taxation rate:			
Non-taxable income	**(2,8)**	(1,1)	(1,8)
Capital items	**0,5**		(0,2)
Foreign income and section 9D attribution	**(0,5)**	(1,2)	(1,0)
Share of profits of associate companies	**(0,9)**	(1,2)	(1,3)
Additional tier 1 taxation on interest paid	**(3,2)**	(0,6)	(0,8)
Non-deductible expenses[1]	**4,3**	(0,5)	(0,4)
Zimbabwe hyperinflation	**0,4**		0,3
Total taxation on income as percentage of profit before taxation	**25,9**	23,4	22,8
Effective tax rate, excluding ETI associate income/(loss)[2]	**26,5**	24,5	24,0

[1] *Non-deductible expenses include impact of share-based payments due to forfeitures and lower allocation prices, as well as non-recognition of income losses provided for.*

[2] *The relative impact on the ETR in June 2020 is due to the decrease in the profit before tax, mainly affected by an increase in credit impairments, which in itself has no impact on the ETR.*

7 PREFERENCE SHARES

Profit attributable to preference shareholders	Number of shares	Cents per share	Amount Rm
2020			
Nedbank – Interim (dividend no 35) declared for 2020 – payable September 2020	**358 277 491**	**35,94033**	**128,8**
2019			
Nedbank – Final (dividend no 32) declared for 2018 – paid March 2019	358 277 491	42,23172	151,3
Nedbank – Interim (dividend no 33) declared for 2019 – paid September 2019	358 277 491	42,35729	151,8
Total of dividends declared			303,1
MFC – Participating preference shares[1]			41,7
Less: Dividends declared in respect of shares held by group entities			(31,6)
			313,2
2020			
Nedbank – Final (dividend number 34) declared for 2019 – paid April 2020	**358 277 491**	**42,11186**	**150,9**
Total of dividends declared			**150,9**
Less: Economic loss attributable to the MFC participating preference shareholders[1]			**(49,9)**
Less: Dividends declared in respect of shares held by group entities			**(15,7)**
			85,3

[1] *Share in economic profit/(loss) calculated semi-annually.*

STATEMENT OF FINANCIAL POSITION ANALYSIS

118 Loans and advances

132 Investment securities

133 Investments in associate companies

134 Intangible assets

136 Amounts owed to depositors

139 Liquidity risk and funding

142 Equity analysis

143 Capital management

8 LOANS AND ADVANCES

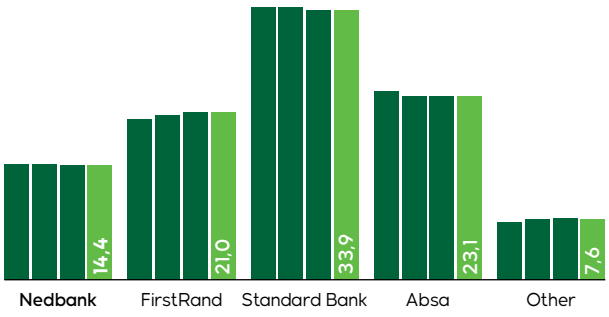
LOANS AND ADVANCES SEGMENTAL BREAKDOWN

Rm	Nedbank Group			Corporate and Investment Banking		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
Home loans	**164 669**	159 164	162 238	**16**	11	10
Commercial mortgages	**187 633**	170 743	179 801	**152 483**	138 030	145 602
Properties in possession	**167**	168	150		(1)	
Credit cards	**16 021**	17 350	17 089			
Overdrafts	**32 993**	26 388	26 747	**10 072**	4 407	5 557
Personal loans	**25 549**	23 723	24 829			
Term and other loans	**205 371**	191 497	199 040	**185 354**	171 029	180 446
Overnight loans	**18 081**	14 001	14 945	**16 865**	12 068	13 078
Foreign client lending	**5 312**	4 513	6 508	**3 479**	3 384	5 166
Instalment debtors	**130 852**	124 065	130 067	**2 959**	2 392	2 795
Preference shares and debentures	**12 102**	12 746	12 766	**11 809**	12 435	12 440
Factoring accounts	**4 824**	5 763	6 563			
Macro fair-value hedge-accounted portfolios	**4 452**	2 436	941	**128**	31	34
Other loans and advances	**–**	4	5			
Loans and advances before impairments	**808 026**	752 561	781 689	**383 165**	343 786	365 128
Impairment of advances	**(22 704)**	(16 273)	(17 534)	**(3 920)**	(1 877)	(2 217)
Total banking loans and advances	**785 322**	736 288	764 155	**379 245**	341 909	362 911
Comprises:						
– Loans and advances to clients	**755 772**	725 065	741 906	**354 755**	334 829	344 366
– Loans and advances to banks	**29 550**	11 223	22 249	**24 490**	7 080	18 545
Total loans and advances after impairments	**785 322**	736 288	764 155	**379 245**	341 909	362 911
Trading loans and advances	**38 542**	22 802	32 678	**38 542**	22 802	32 678

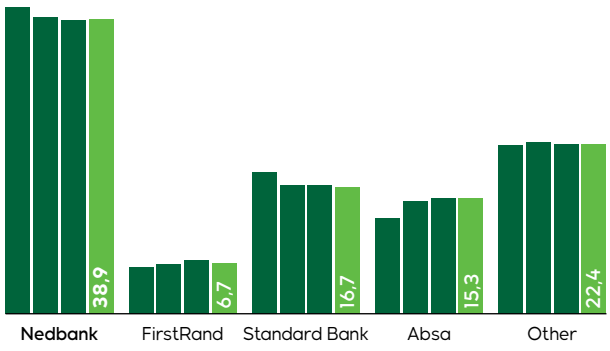
[1] *Centre includes the group's centrally managed macro fair-value hedge accounting adjustment, intercluster adjustments relating to deferred revenue recognised in LAA, a central impairment provision and an impairment on other assets.*

Market share according to PA BA900

HOME LOANS (DEC 2017 – JUN 2020)
(%)

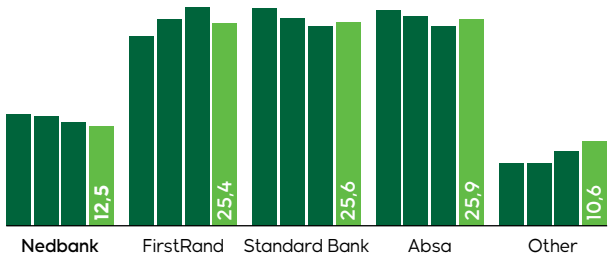


COMMERCIAL MORTGAGE LOANS (DEC 2017 – JUN 2020)
(%)

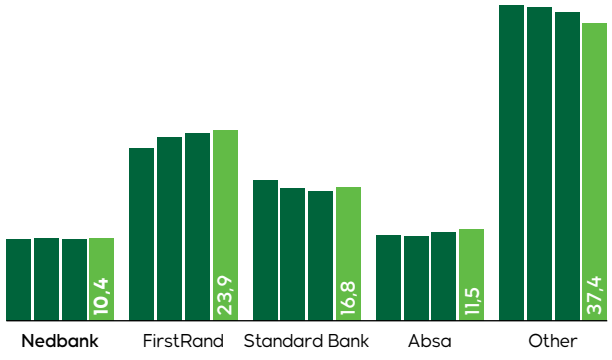


	Retail and Business Banking			Wealth			Nedbank Africa Regions			Centre[1]		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
	139 494	136 039	138 811	**18 190**	16 800	16 988	**7 087**	6 816	6 941	**(118)**	(502)	(512)
	24 688	22 387	23 668	**8 934**	8 719	8 814	**1 475**	1 588	1 721	**53**	19	(4)
	50	54	44	**11**	11	11	**106**	104	95			
	15 889	17 231	16 958				**132**	119	131			
	19 150	18 127	17 871	**172**	143	171	**3 599**	3 711	3 148			
	23 285	21 527	22 663				**2 119**	2 196	2 166	**145**		
	10 178	10 502	10 028	**4 723**	5 617	4 738	**5 250**	4 613	4 087	**(134)**	(264)	(259)
	1 133	1 301	1 270				**83**	632	597			
	330	233	170				**1 503**	896	1 172			
	125 751	119 420	125 285	**58**	67	62	**2 136**	2 593	2 364	**(52)**	(407)	(439)
	139	140	140	**154**	171	186						
	4 824	5 763	6 563									
								4	5	**4 324**	2 405	907
	364 911	352 724	363 471	**32 242**	31 528	30 970	**23 490**	23 272	22 427	**4 218**	1 251	(307)
	(17 120)	(13 308)	(14 075)	**(310)**	(198)	(229)	**(940)**	(775)	(749)	**(414)**	(115)	(264)
	347 791	339 416	349 396	**31 932**	31 330	30 741	**22 550**	22 497	21 678	**3 804**	1 136	(571)
	347 776	339 392	349 394	**28 484**	28 065	28 393	**20 953**	21 644	20 324	**3 804**	1 135	(571)
	15	24	2	**3 448**	3 265	2 348	**1 597**	853	1 354		1	
	347 791	339 416	349 396	**31 932**	31 330	30 741	**22 550**	22 497	21 678	**3 804**	1 136	(571)

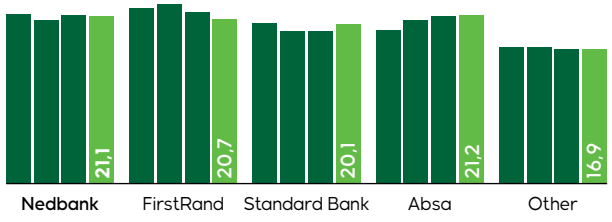
CREDIT CARDS (DEC 2017 – JUN 2020)
(%)



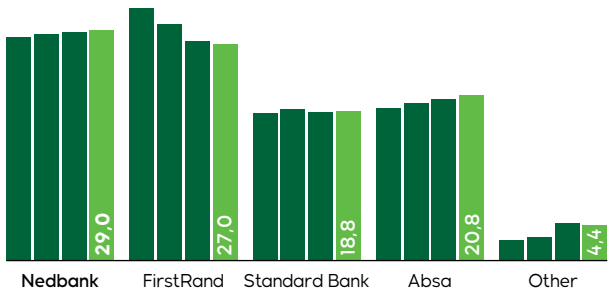
PERSONAL LOANS (DEC 2017 – JUN 2020)
(%)



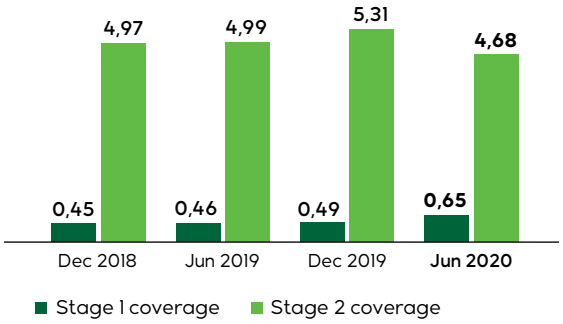
CORE CORPORATE LOANS (DEC 2017 – JUN 2020)
(%)



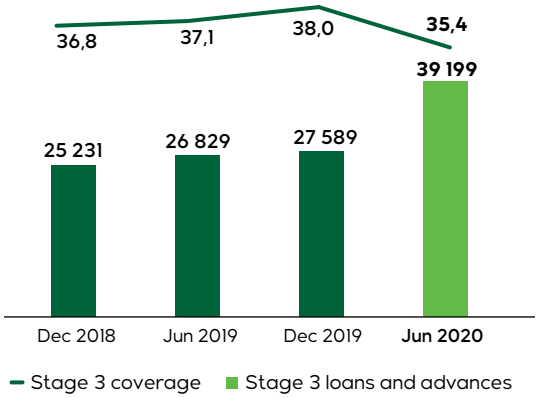
INSTALMENT SALES AND LEASES (DEC 2017 – JUN 2020)
(%)



STAGE 1 AND STAGE 2 COVERAGE
(%)



STAGE 3 ADVANCES AND COVERAGE RATIO
(Rm) (%)



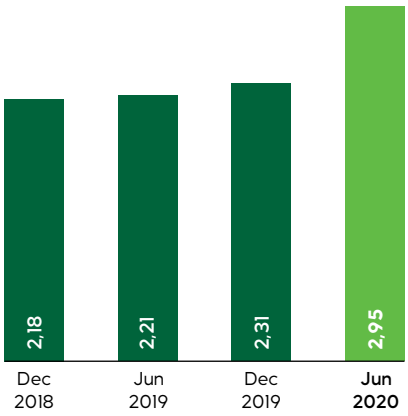
SUMMARY OF LOANS AND ADVANCES AND COVERAGE RATIOS

GLAA, ECL and coverage ratios, by cluster, by stage

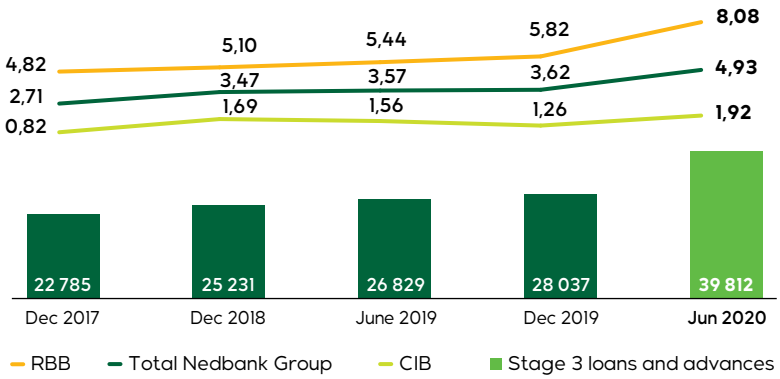
	Stage 1			Stage 2			
June 2020	GLAA Rm	ECL Rm	Coverage %	GLAA Rm	ECL Rm	Coverage %	
Corporate and Investment Banking (CIB)	**286 697**	**1 203**	**0,42**	**55 106**	**928**	**1,68**	
CIB excluding Property Finance	**155 211**	**943**	**0,61**	**40 801**	**564**	**1,38**	
Property Finance	**131 486**	**260**	**0,20**	**14 305**	**364**	**2,54**	
Retail and Business Banking (RBB)	**292 107**	**2 635**	**0,90**	**43 304**	**3 263**	**7,54**	
Business Banking	**64 222**	**308**	**0,48**	**10 382**	**287**	**2,76**	
Retail	**227 885**	**2 327**	**1,02**	**32 922**	**2 976**	**9,04**	
Wealth	**30 690**	**35**	**0,11**	**395**	**25**	**6,33**	
Africa Regions	**19 425**	**221**	**1,14**	**2 553**	**128**	**5,01**	
Centre	**(66)**			**(26)**	**398**		
Gross loans and advances/ECL held at amortised cost	**628 853**	**4 094**	**0,65**	**101 332**	**4 742**	**4,68**	
GLAA/ECL for assets held at FVOCI	**15 753**	**61**		**4 982**	**132**		
GLAA held at FVTPL[1]	**51 384**						
GLAA for fair-value hedge-accounted portfolios	**4 452**						
ECL held for non-LAA		**29**					
Off-balance-sheet ECL		**161**			**113**		
Total GLAA/ ECL	**700 442**	**4 345**		**106 314**	**4 987**		

[1] *The GLAA held at FVTPL includes R38 542m held in the trading book and R12 842m held in the banking book. Total banking book GLAA is R808 026m.*

NEDBANK GROUP COVERAGE
(%)



STAGE 3 ADVANCES AS A PERCENTAGE OF GROSS BANKING LOANS AND ADVANCES
(Rm)



	Stage 3			TOTAL				
	GLAA	ECL	Coverage	GLAA	ECL	Coverage	On-B/S GLAA (including FVOCI)	Stage 3 GLAA as % of total GLAA
	Rm	Rm	%	Rm	Rm	%	Rm	%
	7 198	1 789	24,9	349 001	3 920	1,12	374 801	1,92
	3 848	1 207	31,4	199 860	2 714	1,36	221 208	1,74
	3 350	582	17,4	149 141	1 206	0,81	149 141	2,25
	29 500	11 222	38,0	364 911	17 120	4,69	364 911	8,08
	4 522	1 267	28,0	79 126	1 862	2,35	79 126	5,71
	24 978	9 955	39,9	285 785	15 258	5,34	285 785	8,74
	1 003	250	24,9	32 088	310	0,97	32 088	3,13
	1 512	591	39,1	23 490	940	4,00	23 490	6,44
	(14)	16		(106)	414		(106)	
	39 199	13 868	35,4	769 384	22 704	2,95	795 184	4,93
	613	380		21 348	573			
				51 384				
				4 452				
					29			
		114			388			
	39 812	14 362		846 568	23 694			

Favourable	Unfavourable
• Banking GLAA increased by R32,2bn (8,28% annualised) to R813,9bn, due to increased drawdowns on facilities by corporate clients during H1 2020 to manage their liquidity. • The coverage ratio increased to 2,95% (Dec 2019: 2,31%), as the bank provided for the change in the economic environment.	• The impact of the poor macroeconomic environment and negative growth, which is exacerbated by Covid-19, resulted in a R11,8bn increase in the stage 3 GLAA, also increasing ECL and RWA. • All instalment products in Retail and Property Finance showed a continued stage deterioration, despite the implementation of payment relief programmes.

December 2019	Stage 1			Stage 2		
	GLAA	ECL	Coverage	GLAA	ECL	Coverage
	Rm	Rm	%	Rm	Rm	%
Corporate and Investment Banking (CIB)	309 039	539	0,17	30 010	675	2,25
CIB excluding Property Finance	183 602	365	0,20	13 136	366	2,79
Property Finance	125 437	174	0,14	16 874	309	1,83
Retail and Business Banking (RBB)	302 019	2 455	0,81	40 291	2 807	6,97
Business Banking	69 457	228	0,33	6 135	182	2,97
Retail	232 562	2 227	0,96	34 156	2 625	7,69
Wealth	29 589	24	0,08	452	25	5,53
Africa Regions	19 700	221	1,12	1 305	69	5,29
Centre	(310)				248	
Gross loans and advances/ECL held at amortised cost	660 037	3 239	0,49	72 058	3 824	5,31
GLAA/ECL for assets held at FVOCI	14 848	67		577	38	
GLAA held at FVTPL	37 897					
GLAA for fair-value hedge-accounted portfolios	907					
other balances	6					
ECL held for non-LAA		34				
Off-balance-sheet ECL		115			70	
Total GLAA/ ECL	713 695	3 455		72 635	3 932	

June 2019	Stage 1			Stage 2		
	GLAA	ECL	Coverage	GLAA	ECL	Coverage
	Rm	Rm	%	Rm	Rm	%
Corporate and Investment Banking (CIB)	291 110	490	0,17	28 420	702	2,47
CIB excluding Property Finance	173 251	312	0,18	9 097	443	4,87
Property Finance	117 859	178	0,15	19 323	259	1,34
Retail and Business Banking (RBB)	295 762	2 233	0,76	37 780	2 470	6,54
Business Banking	72 413	221	0,31	5 788	161	2,78
Retail	223 349	2 012	0,90	31 992	2 309	7,22
Wealth	30 567	22	0,07	128	23	17,97
Africa Regions	20 691	194	0,94	1 134	76	6,70
Centre	(1 154)	1			98	
Gross loans and advances/ECL held at amortised cost	636 976	2 940	0,46	67 462	3 369	4,99
GLAA/ECL for assets held at FVOCI	12 970	9		1 854	141	
GLAA held at FVTPL	26 867					
GLAA for fair-value hedge-accounted portfolios	2 405					
ECL held for non-LAA		27				
Off-balance-sheet ECL		112			70	
Total GLAA/ ECL	679 218	3 088		69 316	3 580	

	Stage 3			TOTAL				
	GLAA	ECL	Coverage	GLAA	ECL	Coverage	On-B/S GLAA (including FVOCI)	Stage 3 GLAA as % of total GLAA
	Rm	Rm	%	Rm	Rm	%	Rm	%
	4 074	1 003	24,6	343 123	2 217	0,65	358 996	1,26
	2 914	788	27,0	199 652	1 519	0,76	215 525	1,56
	1 160	215	18,5	143 471	698	0,49	143 471	0,81
	21 161	8 813	41,6	363 471	14 075	3,87	363 471	5,82
	3 396	925	27,2	78 988	1 335	1,69	78 988	4,30
	17 765	7 888	44,4	284 483	12 740	4,48	284 483	6,24
	929	180	19,4	30 970	229	0,74	30 783	3,02
	1 422	459	32,3	22 427	749	3,34	22 427	6,34
	3	16		(307)	264		(308)	
	27 589	10 471	38,0	759 684	17 534	2,31	775 557	3,62
	448	235		15 873	340			
				37 897				
				907				
				6				
					34			
		86			271			
	28 037	10 792		814 367	18 179			

	Stage 3			TOTAL				
	GLAA	ECL	Coverage	GLAA	ECL	Coverage	On-B/S GLAA (including FVOCI)	Stage 3 GLAA as % of total GLAA
	Rm	Rm	%	Rm	Rm	%	Rm	%
	5 367	685	12,8	324 897	1 877	0,57	342 126	1,56
	3 259	473	14,5	185 607	1 228	0,65	202 836	0,95
	2 108	212	10,1	139 290	649	0,47	139 290	1,51
	19 182	8 605	44,8	352 724	13 308	3,77	352 724	5,44
	3 014	843	27,9	81 215	1 225	1,51	81 215	3,71
	16 168	7 762	48,0	271 509	12 083	4,45	271 509	5,95
	833	153	18,3	31 528	198	0,63	31 528	2,64
	1 447	505	34,9	23 272	775	3,33	23 272	6,22
		16		(1 154)	115		(1 154)	
	26 829	9 964	37,1	731 267	16 273	2,21	748 496	3,57
		18		14 824	168			
				26 867				
				2 405				
					27			
		30			212			
	26 829	10 012		775 363	16 680			

GLAA, ECL AND COVERAGE, BY PRODUCT

June 2020	Stage 1 GLAA Rm	Stage 1 ECL Rm	Stage 1 Coverage %	Stage 2 GLAA Rm	Stage 2 ECL Rm	Stage 2 Coverage %
Residential mortgages	**139 066**	**295**	**0,21**	**13 822**	**607**	**4,39**
Commercial mortgages	**157 735**	**347**	**0,22**	**17 812**	**432**	**2,43**
Instalment debtors	**102 948**	**875**	**0,85**	**18 612**	**1 267**	**6,81**
Credit cards and overdrafts	**37 791**	**863**	**2,28**	**7 161**	**699**	**9,75**
Term loans[1]	**143 016**	**1 419**	**0,98**	**30 598**	**1 116**	**3,65**
Other client loans	**42 758**	**153**	**0,36**	**3 864**	**481**	**12,45**
Other	**5 539**	**143**		**9 463**	**141**	
GLAA/ECL held at amortised cost	**628 853**	**4 094**	**0,65**	**101 332**	**4 742**	**4,68**

[1] *FVOCI is deducted from 'term loans'.*

December 2019	Stage 1 GLAA Rm	Stage 1 ECL Rm	Stage 1 Coverage %	Stage 2 GLAA Rm	Stage 2 ECL Rm	Stage 2 Coverage %
Residential mortgages	140 062	287	0,21	14 181	538	3,79
Commercial mortgages	152 930	219	0,14	18 701	336	1,80
Instalment debtors	105 416	802	0,76	18 043	1 321	7,32
Credit cards and overdrafts	29 216	860	2,95	5 209	524	10,06
Term loans[1]	159 083	939	0,59	10 216	701	6,86
Other client loans	36 454	97	0,27	1 940	284	14,64
Other[1]	36 876	35		3 768	120	
GLAA/ECL held at amortised cost	660 037	3 239	0,49	72 058	3 824	5,31

[1] *FVOCI is deducted from 'term loans' (previously deducted from 'other').*

June 2019	Stage 1 GLAA Rm	Stage 1 ECL Rm	Stage 1 Coverage %	Stage 2 GLAA Rm	Stage 2 ECL Rm	Stage 2 Coverage %
Residential mortgages	137 790	226	0,16	13 720	556	4,05
Commercial mortgages	143 125	244	0,17	20 216	289	1,43
Instalment debtors	102 949	686	0,67	16 302	1 022	6,27
Credit cards and overdrafts	29 793	883	2,97	4 895	539	11,01
Term loans[1]	154 336	803	0,52	8 122	623	7,67
Other client loans	34 625	95	0,27	651	129	19,82
Other[1]	40 828	3		3 556	211	
GLAA/ECL held at amortised cost	643 446	2 940	0,46	67 462	3 369	4,99

[1] *FVOCI is deducted from 'term loans' (previously deducted from 'other').*

	Stage 3			TOTAL		
	GLAA	**ECL**	**Coverage**	**GLAA**	**ECL**	**Coverage**
	Rm	**Rm**	**%**	**Rm**	**Rm**	**%**
	11 781	**2 335**	**19,8**	**164 669**	**3 237**	**1,97**
	5 189	**992**	**19,1**	**180 736**	**1 771**	**0,98**
	9 292	**3 580**	**38,5**	**130 852**	**5 722**	**4,37**
	4 062	**2 359**	**58,1**	**49 014**	**3 920**	**8,00**
	7 829	**4 171**	**53,3**	**181 443**	**6 706**	**3,70**
	442	**284**	**64,3**	**47 064**	**918**	**1,95**
	604	**147**		**15 606**	**430**	
	39 199	**13 868**	**35,4**	**769 384**	**22 704**	**2,95**

	Stage 3			TOTAL		
	GLAA	ECL	Coverage	GLAA	ECL	Coverage
	Rm	Rm	%	Rm	Rm	%
	7 826	1 573	20,1	162 069	2 398	1,48
	2 488	505	20,3	174 119	1 060	0,61
	6 607	2 704	40,9	130 066	4 827	3,71
	3 081	1 912	62,0	37 506	3 296	8,79
	6 779	3 436	50,7	176 078	5 076	2,88
	293	270	92,2	38 687	651	1,68
	515	71		41 159	226	
	27 589	10 471	38,0	759 684	17 534	2,31

	Stage 3			TOTAL		
	GLAA	ECL	Coverage	GLAA	ECL	Coverage
	Rm	Rm	%	Rm	Rm	%
	7 443	1 505	20,2	158 953	2 287	1,44
	3 157	433	13,7	166 498	966	0,58
	5 644	2 704	47,9	124 895	4 412	3,53
	3 149	2 010	63,8	37 837	3 432	9,07
	6 556	2 876	43,9	169 014	4 302	2,55
	279	323	115,8	35 555	547	1,54
	601	113		44 985	327	
	26 829	9 964	37,1	737 737	16 273	2,21

ECONOMIC SCENARIOS

Scenario	June 2020				
	Probability weighting (%)		Economic forecast (%)		
		Economic measures	2020	2021	2022
Base case	**50**	GDP	**(7,0)**	**2,2**	**1,7**
		Prime	**7,25**	**7,25**	**7,50**
		HPI	**1,5**	**0,7**	**2,0**
Mild stress	**21**	GDP	**(8,5)**	**1,2**	**1,6**
		Prime	**7,25**	**7,50**	**8,50**
		HPI	**0,4**	**(3,6)**	**1,5**
Positive outcome	**21**	GDP	**(3,6)**	**2,5**	**2,9**
		Prime	**7,25**	**6,50**	**6,25**
		HPI	**2,5**	**4,4**	**5,7**
High stress	**8**	GDP	**(11,0)**	**(2,0)**	**1,3**
		Prime	**7,25**	**8,00**	**9,00**
		HPI	**(0,1)**	**(5,7)**	**1,3**

The expected credit loss figure under each scenario includes stage 1 and 2 (portfolio) impairments, stage 3 (specific) impairments, off-balance-sheet impairments, impairments on instruments held at fair value through other comprehensive income and impairments on non-loans and advances.

The R1,1bn job losses overlay was flexed and applied across the four economic scenarios for a representative outlook in the case of a severe economic downturn.

Prime – The forecast for prime is at 30 June 2020 and does not include the subsequent reduction made to the prime rate in July 2020.

GDP – Calculated as the yoy percentage change in GDP.

HPI – Calculated as the yoy percentage change in the HPI forecast at 30 June 2020.

GROSS ADVANCES AND ECL MOVEMENT

Reconciliation of loss allowance relating to financial assets measured at amortised cost and FVOCI because changes in the associated ECL is recognised in impairment charges. The reconciliation excludes loans measured at FVTPL and fair-value hedge-accounted portfolios because changes in fair values are recognised in NIR.

Loans and advances (Rm)	Stage 1		
	GLAA	ECL	Amortised cost
Net balance at 31 December 2019	**668 030**	**3 421**	**664 609**
New loans and advances originated	**103 532**	**1 731**	**101 801**
Loans and advances written-off			**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements[1]	**(75 499)**	**3 038**	**(78 537)**
Transfers to stage 1	**17 559**	**570**	**16 989**
Transfers to stage 2	**(75 570)**	**(2 197)**	**(73 373)**
Transfers to stage 3	**(8 390)**	**(2 257)**	**(6 133)**
Foreign exchange and other movements	**8 783**	**11**	**8 772**
Net balances	**638 445**	**4 317**	**634 128**
Total credit and zero balances	**6 161**	**(56)**	**6 217**
Balance at 30 June 2020	**644 606**	**4 261**	**640 345**
GLAA held at FVTPL	**51 384**		**51 384**
ECL for assets held at FVOCI		**(61)**	**61**
Off-balance-sheet ECL		**(106)**	**106**
GLAA for fair-value hedge-accounted portfolios	**4 452**		**4 452**
Loans and advances at 30 June 2020	**700 442**	**4 094**	**696 348**

[1] *Includes credit risk changes as a result of significant increases in credit risk, changes in credit risk that did not result in a transfer between stages, changes in model inputs and assumptions and changes due to drawdowns of undrawn commitments.*

	Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
	72 618	3 935	68 683	28 048	10 789	17 259	768 696	18 145	750 551
			–			–	103 532	1 731	101 801
			–	(3 131)	(3 131)	–	(3 131)	(3 131)	–
	(15 186)	1 760	(16 946)	(3 034)	2 092	(5 126)	(93 719)	6 890	(100 609)
	(16 647)	(420)	(16 227)	(912)	(150)	(762)	–	–	–
	77 863	2 386	75 477	(2 293)	(189)	(2 104)	–	–	–
	(12 499)	(2 675)	(9 824)	20 889	4 932	15 957	–	–	–
	145		145	193	19	174	9 121	30	9 091
	106 294	4 986	101 308	39 760	14 362	25 398	784 499	23 665	760 834
	20	(9)	29	52	(1)	53	6 233	(66)	6 299
	106 314	4 977	101 337	39 812	14 361	25 451	790 732	23 599	767 133
			–			–	51 384	–	51 384
		(132)	132		(380)	380	–	(573)	573
		(103)	103		(113)	113	–	(322)	322
			–			–	4 452	–	4 452
	106 314	4 742	101 572	39 812	13 868	25 944	846 568	22 704	823 864

CIB, excluding Property Finance (Rm)	Stage 1 GLAA	Stage 1 ECL	Stage 1 Amortised cost	
Net balance at 31 December 2019	**200 263**	**479**	**199 784**	
New loans and advances originated	**43 736**	**903**	**42 833**	
Loans and advances written-off			**–**	
Repayments net of readvances, capitalised interest, fees and ECL remeasurements[1]	**(37 668)**	**221**	**(37 889)**	
Transfers to stage 1	**5 711**	**260**	**5 451**	
Transfers to stage 2	**(48 057)**	**(453)**	**(47 604)**	
Transfers to stage 3	**(996)**	**(339)**	**(657)**	
Foreign exchange and other movements	**8 103**	**9**	**8 094**	
Balance at 30 June 2020	**171 092**	**1 080**	**170 012**	
GLAA held at FVTPL			**–**	
GLAA/ECL for assets held at FVOCI	**(15 753)**	**(61)**	**(15 692)**	
Off-balance-sheet ECL		**(76)**	**76**	
GLAA for fair-value hedge-accounted portfolios	**(128)**		**(128)**	
Loans and advances at 30 June 2020	**155 211**	**943**	**154 268**	

[1] *Includes credit risk changes as a result of significant increases in credit risk, changes in credit risk that did not result in a transfer between stages, changes in model inputs and assumptions and changes due to drawdowns of undrawn commitments.*

Property Finance (Rm)	Stage 1 GLAA	Stage 1 ECL	Stage 1 Amortised cost	
Net balance at 31 December 2019	**124 816**	**174**	**124 642**	
New loans and advances originated	**21 763**	**21**	**21 742**	
Loans and advances written-off			**–**	
Repayments net of readvances, capitalised interest, fees and ECL remeasurements[1]	**(12 388)**	**36**	**(12 424)**	
Transfers to stage 1	**3 081**	**51**	**3 030**	
Transfers to stage 2	**(5 667)**	**(21)**	**(5 646)**	
Transfers to stage 3	**(119)**	**(1)**	**(118)**	
Foreign exchange and other movements			**–**	
Balance at 30 June 2020	**131 486**	**260**	**131 226**	

[1] *Includes credit risk changes as a result of significant increases in credit risk, changes in credit risk that did not result in a transfer between stages, changes in model inputs and assumptions and changes due to drawdowns of undrawn commitments.*

Business Banking (Rm)	Stage 1 GLAA	Stage 1 ECL	Stage 1 Amortised cost	
Net balance at 31 December 2019	**69 354**	**233**	**69 121**	
New loans and advances originated	**8 427**	**107**	**8 320**	
Loans and advances written-off			**–**	
Repayments net of readvances, capitalised interest, fees and ECL remeasurements[1]	**(6 519)**	**25**	**(6 544)**	
Transfers to stage 1	**1 191**	**51**	**1 140**	
Transfers to stage 2	**(6 984)**	**(54)**	**(6 930)**	
Transfers to stage 3	**(1 247)**	**(43)**	**(1 204)**	
Balance at 30 June 2020	**64 222**	**319**	**63 903**	
Off-balance-sheet ECL		**(11)**	**11**	
Loans and advances at 30 June 2020	**64 222**	**308**	**63 914**	

[1] *Includes credit risk changes as a result of significant increases in credit risk, changes in credit risk that did not result in a transfer between stages, changes in model inputs and assumptions and changes due to drawdowns of undrawn commitments.*

Retail – Home Loans (Rm)	Stage 1 GLAA	Stage 1 ECL	Stage 1 Amortised cost	
Net balance at 31 December 2019	**108 758**	**226**	**108 532**	
New loans and advances originated	**1 850**	**7**	**1 843**	
Loans and advances written-off			**–**	
Repayments net of readvances, capitalised interest, fees and ECL remeasurements[1]	**(407)**	**353**	**(760)**	
Transfers to stage 1	**2 648**	**6**	**2 642**	
Transfers to stage 2	**(4 140)**	**(229)**	**(3 911)**	
Transfers to stage 3	**(1 608)**	**(145)**	**(1 463)**	
Net balances	**107 101**	**218**	**106 883**	
Total credit and zero balances	**158**	**(1)**	**159**	
Balance at 30 June 2020	**107 259**	**217**	**107 042**	

[1] *Includes credit risk changes as a result of significant increases in credit risk, changes in credit risk that did not result in a transfer between stages, changes in model inputs and assumptions and changes due to drawdowns of undrawn commitments.*

	Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
	12 991	463	12 528	3 366	1 104	2 262	216 620	2 046	214 574
			–			–	43 736	903	42 833
			–	(326)	(326)	–	(326)	(326)	–
	(8 706)	263	(8 969)	(704)	440	(1 144)	(47 078)	924	(48 002)
	(5 520)	(212)	(5 308)	(191)	(48)	(143)	–	–	–
	48 057	453	47 604			–	–	–	–
	(1 209)	(183)	(1 026)	2 205	522	1 683	–	–	–
	170		170	111		111	8 384	9	8 375
	45 783	784	44 999	4 461	1 692	2 769	221 336	3 556	217 780
			–			–	–	–	–
	(4 982)	(132)	(4 850)	(613)	(380)	(233)	(21 348)	(573)	(20 775)
		(88)	88		(105)	105	–	(269)	269
			–			–	(128)	–	(128)
	40 801	564	40 237	3 848	1 207	2 641	199 860	2 714	197 146

	Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
	17 498	309	17 189	1 160	215	945	143 474	698	142 776
			–			–	21 763	21	21 742
			–	(12)	(12)	–	(12)	(12)	–
	(3 636)	225	(3 861)	(60)	238	(298)	(16 084)	499	(16 583)
	(3 081)	(51)	(3 030)			–	–	–	–
	5 675	21	5 654	(8)		(8)	–	–	–
	(2 151)	(140)	(2 011)	2 270	141	2 129	–	–	–
			–			–	–	–	–
	14 305	364	13 941	3 350	582	2 768	149 141	1 206	147 935

	Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
	6 238	184	6 054	3 397	929	2 468	78 989	1 346	77 643
			–			–	8 427	107	8 320
			–	(48)	(48)	–	(48)	(48)	–
	(1 117)	99	(1 216)	(606)	363	(969)	(8 242)	487	(8 729)
	(1 107)	(30)	(1 077)	(84)	(21)	(63)	–	–	–
	7 081	71	7 010	(97)	(17)	(80)	–	–	–
	(713)	(27)	(686)	1 960	70	1 890	–	–	–
	10 382	297	10 085	4 522	1 276	3 246	79 126	1 892	77 234
		(10)	10		(9)	9	–	(30)	30
	10 382	287	10 095	4 522	1 267	3 255	79 126	1 862	77 264

	Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
	13 483	505	12 978	5 880	1 184	4 696	128 121	1 915	126 206
			–			–	1 850	7	1 843
			–	(68)	(68)	–	(68)	(68)	–
	(264)	123	(387)	(134)	242	(376)	(805)	718	(1 523)
	(2 420)	(5)	(2 415)	(228)	(1)	(227)	–	–	–
	4 796	260	4 536	(656)	(31)	(625)	–	–	–
	(3 219)	(339)	(2 880)	4 827	484	4 343	–	–	–
	12 376	544	11 832	9 621	1 810	7 811	129 098	2 572	126 526
	5		5	9		9	172	(1)	173
	12 381	544	11 837	9 630	1 810	7 820	129 270	2 571	126 699

Retail – Instalment Debtors (Rm)	Stage 1 GLAA	Stage 1 ECL	Stage 1 Amortised cost	
Net balance at 31 December 2019	**89 815**	**761**	**89 054**	
New loans and advances originated	**15 438**	**209**	**15 229**	
Loans and advances written-off			**–**	
Repayments net of readvances, capitalised interest, fees and ECL remeasurements[1]	**(11 490)**	**661**	**(12 151)**	
Transfers to stage 1	**3 698**	**88**	**3 610**	
Transfers to stage 2	**(6 615)**	**(383)**	**(6 232)**	
Transfers to stage 3	**(2 531)**	**(517)**	**(2 014)**	
Balance at 30 June 2020	**88 315**	**819**	**87 496**	

[1] *Includes credit risk changes as a result of significant increases in credit risk, changes in credit risk that did not result in a transfer between stages, changes in model inputs and assumptions and changes due to drawdowns of undrawn commitments.*

Retail – Card, term and other (Rm)	Stage 1 GLAA	Stage 1 ECL	Stage 1 Amortised cost	
Net balance at 31 December 2019	**27 553**	**1 286**	**26 267**	
New loans and advances originated	**5 319**	**379**	**4 940**	
Loans and advances written-off			**–**	
Repayments net of readvances, capitalised interest, fees and ECL remeasurements[1]	**(3 897)**	**1 536**	**(5 433)**	
Transfers to stage 1	**708**	**113**	**595**	
Transfers to stage 2	**(2 422)**	**(962)**	**(1 460)**	
Transfers to stage 3	**(1 544)**	**(1 006)**	**(538)**	
Net balances	**25 717**	**1 346**	**24 371**	
Total credit and zero balances	**6 594**	**(55)**	**6 649**	
Balance at 30 June 2020	**32 311**	**1 291**	**31 020**	

[1] *Includes credit risk changes as a result of significant increases in credit risk, changes in credit risk that did not result in a transfer between stages, changes in model inputs and assumptions and changes due to drawdowns of undrawn commitments.*

Wealth (Rm)	Stage 1 GLAA	Stage 1 ECL	Stage 1 Amortised cost	
Net balance at 31 December 2019	**28 972**	**24**	**28 948**	
New loans and advances originated	**3 513**	**15**	**3 498**	
Loans and advances written-off			**–**	
Repayments net of readvances, capitalised interest, fees and ECL remeasurements[1]	**(2 332)**	**69**	**(2 401)**	
Transfers to stage 1	**383**	**1**	**382**	
Transfers to stage 2	**(451)**	**(7)**	**(444)**	
Transfers to stage 3	**(206)**	**(68)**	**(138)**	
Foreign exchange and other movements	**1 391**	**1**	**1 390**	
Net balances	**31 270**	**35**	**31 235**	
Total credit and zero balances	**(580)**		**(580)**	
Balance at 30 June 2020	**30 690**	**35**	**30 655**	

[1] *Includes credit risk changes as a result of significant increases in credit risk, changes in credit risk that did not result in a transfer between stages, changes in model inputs and assumptions and changes due to drawdowns of undrawn commitments.*

NAR (Rm)	Stage 1 GLAA	Stage 1 ECL	Stage 1 Amortised cost	
Net balance at 31 December 2019	**19 695**	**240**	**19 455**	
New loans and advances originated	**3 485**	**91**	**3 394**	
Loans and advances written-off			**–**	
Repayments net of readvances, capitalised interest, fees and ECL remeasurements[1]	**(1 826)**	**134**	**(1 960)**	
Transfers to stage 1	**139**	**(2)**	**141**	
Transfers to stage 2	**(1 260)**	**(88)**	**(1 172)**	
Transfers to stage 3	**(153)**	**(136)**	**(17)**	
Foreign exchange and other movements	**(655)**		**(655)**	
Balance at 30 June 2020	**19 425**	**239**	**19 186**	
Off-balance-sheet ECL		**(18)**	**18**	
Loans and advances at 30 June 2020	**19 425**	**221**	**19 204**	

[1] *Includes credit risk changes as a result of significant increases in credit risk, changes in credit risk that did not result in a transfer between stages, changes in model inputs and assumptions and changes due to drawdowns of undrawn commitments.*

	Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
	17 027	1 305	15 722	6 115	2 554	3 561	112 957	4 620	108 337
			–			–	15 438	209	15 229
			–	(917)	(917)	–	(917)	(917)	–
	(1 394)	435	(1 829)	(1 077)	431	(1 508)	(13 961)	1 527	(15 488)
	(3 414)	(80)	(3 334)	(284)	(8)	(276)	–	–	–
	7 854	475	7 379	(1 239)	(92)	(1 147)	–	–	–
	(3 532)	(896)	(2 636)	6 063	1 413	4 650	–	–	–
	16 541	1 239	15 302	8 661	3 381	5 280	113 517	5 439	108 078

	Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
	3 629	821	2 808	5 722	4 150	1 572	36 904	6 257	30 647
			–			–	5 319	379	4 940
			–	(1 725)	(1 725)	–	(1 725)	(1 725)	–
	(288)	445	(733)	33	421	(388)	(4 152)	2 402	(6 554)
	(642)	(42)	(600)	(66)	(71)	5	–	–	–
	2 740	1 024	1 716	(318)	(62)	(256)	–	–	–
	(1 454)	(1 046)	(408)	2 998	2 052	946	–	–	–
	3 985	1 202	2 783	6 644	4 765	1 879	36 346	7 313	29 033
	15	(9)	24	43	(1)	44	6 652	(65)	6 717
	4 000	1 193	2 807	6 687	4 764	1 923	42 998	7 248	35 750

	Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
	452	26	426	929	179	750	30 353	229	30 124
			–			–	3 513	15	3 498
			–	(2)	(2)	–	(2)	(2)	–
	(64)	5	(69)	(222)	(9)	(213)	(2 618)	65	(2 683)
	(336)	(1)	(335)	(47)		(47)	–	–	–
	455	6	449	(4)	1	(5)	–	–	–
	(119)	(11)	(108)	325	79	246	–	–	–
	7		7	24	2	22	1 422	3	1 419
	395	25	370	1 003	250	753	32 668	310	32 358
			–			–	(580)	–	(580)
	395	25	370	1 003	250	753	32 088	310	31 778

	Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
	1 305	72	1 233	1 485	459	1 026	22 485	771	21 714
			–			–	3 485	91	3 394
			–	(33)	(33)	–	(33)	(33)	–
	276	19	257	(269)	(35)	(234)	(1 819)	118	(1 937)
	(127)	2	(129)	(12)		(12)	–	–	–
	1 232	75	1 157	28	13	15	–	–	–
	(102)	(34)	(68)	255	170	85	–	–	–
	(31)		(31)	58	17	41	(628)	17	(645)
	2 553	134	2 419	1 512	591	921	23 490	964	22 526
		(6)	6			–	–	(24)	24
	2 553	128	2 425	1 512	591	921	23 490	940	22 550

9 INVESTMENT SECURITIES

Rm	Jun 2020	Jun 2019	Dec 2019
Private-equity investments	**7 015**	7 759	7 315
Private-equity associates – Property Partners[1]	**1 897**	1 633	1 885
Private-equity associates – Investment Banking[1]	**1 029**	1 131	898
Private-equity (unlisted) – Property Partners[1]	**1 372**	1 599	1 559
Private-equity (unlisted) – Investment Banking[1]	**2 717**	3 396	2 973
Listed investments	**556**	218	896
Unlisted investments	**2 712**	2 755	2 758
Taquanta Asset Managers portfolio	**475**	471	468
Strate Limited	**143**	143	143
Other	**2 094**	2 141	2 147
Total listed and unlisted investments	**10 283**	10 732	10 969
Listed policyholder investments at market value	**12 424**	11 197	13 253
Unlisted policyholder investments at directors' valuation	**2 532**	3 857	4 750
Net policyholder liabilities	**(9)**	(13)	(11)
Total policyholder investments	**14 947**	15 041	17 992
Total investment securities	**25 230**	25 773	28 961

[1] *These private-equity investments are classified as FVTPL financial instruments.*

EQUITY RISK IN THE BANKING BOOK

		Jun 2020	Jun 2019	Dec 2019
Total equity portfolio	Rm	**13 739**	14 546	14 886
Disclosed at fair value	Rm	**10 283**	10 732	10 969
Equity-accounted, including investment in ETI	Rm	**3 456**	3 814	3 917
Percentage of total assets	%	**1,1**	1,3	1,3
Percentage of group minimum economic-capital requirement	%	**4,8**	4,6	4,8

- Equity risk in the banking book is primarily assumed in CIB's private-equity business, which actively makes investments with clearly defined strategies. Additional investments are undertaken as a result of operational requirements, strategic decisions or as part of debt restructuring.
- The equity portfolio that is held at fair value declined by R686m, largely due to negative revaluation adjustments as a result of the impact of the Covid-19 pandemic on equity investment businesses and the difficult economic conditions.
- The value of the portfolio that is equity-accounted decreased to R3 456m (December 2019: R3 917m) as some investments (R153m) were transferred from equity-accounted to be held at fair value. In addition, the ETI strategic investment value declined by R322m since December 2019, mainly due to a R750m impairment, offset by the increase in FCTR.
- The ETI strategic investment is accounted for under the equity method of accounting and is therefore not carried at fair value.
- The Nedbank Board sets the overall risk appetite and strategy of the group for equity risk, and business develops portfolio objectives and investment strategies for its investment activities. These address the types of investment, expected business returns, desired holding periods, diversification parameters and other elements of sound investment management oversight.

10 INVESTMENTS IN ASSOCIATE COMPANIES

Name of company and nature of business	Equity-accounted earnings Rm			Carrying amount Rm			Net exposure to associates[1] Rm		
	Jun 2020	Jun 2019[3]	Dec 2019[3]	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
Associates									
Listed									
ETI[2]	**76**	381	668	**2 352**	2 865	2 674	**557**	219	856
Unlisted									
Private equity: Tracker Technology Holdings Proprietary Limited	**24**	29	49	**573**	529	549		962	
Private equity: Other investments	**14**	2	33	**139**	44	285			
Other strategic investments	**(16)**	10	43	**392**	376	409		63	
Total	**98**	422	793	**3 456**	3 814	3 917	**557**	1 244	856

[1] *Includes on-balance-sheet and off-balance-sheet exposure.*
[2] *Ecobank Transnational Incorporated is a pan-African bank and its shares are listed on the stock exchanges of Nigeria, Ghana and the Ivory Coast.*
[3] *Equity-accounted earnings included a R25m profit in December 2019 related to SBV Services Proprietary Limited.*

The percentage holding in ETI at June 2020 was 21,2% (December 2019: 21,2%). The net exposure movement is due to loan repayment and the reduction of off-balance-sheet exposure.

ACCOUNTING RECOGNITION OF ETI

Rm	**Jun 2020**	Jun 2019	Dec 2019
Opening carrying value	**3 674**	4 245	4 245
Share of associate earnings[1,2]	**76**	381	668
Share of other comprehensive losses[1,2]	**(246)**	(701)	(1 169)
Foreign currency translation[3]	**598**	(60)	(70)
Closing carrying value	**4 102**	3 865	3 674
Impairment provision	**(1 750)**	(1 000)	(1 000)
Closing carrying value	**2 352**	2 865	2 674

[1] *Applicable period: 1 October 2019 – 31 March 2020 and our share of ETI's 2018 restatement.*
[2] *Applicable average exchange rate: 1 January 2020 – 30 June 2020.*
[3] *Applicable period: 1 January 2020 – 30 June 2020, ie the cumulative difference at each quarter of the earnings and other comprehensive income converted at an average USD/ZAR rate compared with the related US dollar balances converted at the quarter-end spot rate. The USD/ZAR exchange rate depreciated from R14,01 on 31 December 2019 to R17,36 on 30 June 2020.*

The market value of the group's investment in ETI, based on its quoted share price, was R1,2bn on 30 June 2020 and R0,9bn on 20 August 2020. The ETI share trades in low volumes, given its low free float, while also being listed in an illiquid market. The difference between market value and carrying value is significant and prolonged, which has represented evidence of an impairment indicator at 30 June 2020.

Where an impairment indicator exists, IAS 36 requires that an impairment test is computed, which compares the higher of the fair value less costs of disposal (fair value) or its VIU and the carrying value of the investment. The computation of the VIU in accordance with IFRS is subject to significant judgement as it is, among other things, based on economic estimates, macro assumptions and the discounting of future cashflow estimates. As a result, management has computed the VIU based on a number of scenarios. While various scenarios supported a value-in-use calculation above the carrying value of our investment, in the current environment more weight was given to downside scenarios and an additional impairment of R750m was raised. This has reduced the carrying value of the group's investment to R2,4bn at 30 June 2020. Our position will be reassessed again at 31 December 2020 year-end.

11 INTANGIBLE ASSETS

Rm	Jun 2020	Jun 2019	Dec 2019
Computer software and capitalised development costs	**8 532**	7 811	8 254
Goodwill	**5 129**	5 164	5 057
Client relationships, contractual rights and other	**35**	145	55
	13 696	13 120	13 366

COMPUTER SOFTWARE AND CAPITALISED DEVELOPMENT COSTS – CARRYING AMOUNT

Rm	Amortisation periods	Jun 2020	Jun 2019	Dec 2019
Computer software	2–10 years	**6 596**	5 685	6 502
Core product and client systems		**1 653**	1 524	1 689
Support systems		**2 353**	2 148	2 435
Digital systems		**1 991**	1 359	1 721
Payment systems		**599**	654	657
Development costs not yet commissioned	none	**1 936**	2 126	1 752
Core product and client systems		**543**	653	447
Support systems		**382**	660	326
Digital systems		**874**	757	869
Payment systems		**137**	56	110
		8 532	7 811	8 254
Computer software				
Opening balance		**6 502**	5 310	5 310
Additions		**186**	176	378
Commissioned during period		**596**	750	2 082
Foreign exchange and other moves		**8**	(4)	(2)
Amortisation charge for the period		**(664)**	(541)	(1 167)
Impairments		**(32)**	(6)	(99)
Closing balance		**6 596**	5 685	6 502
Development costs not yet commissioned				
Opening balance		**1 752**	1 941	1 941
Additions		**798**	995	2 025
Commissioned during period		**(596)**	(750)	(2 082)
Impairments		**(18)**	(60)	(132)
Closing balance		**1 936**	2 126	1 752

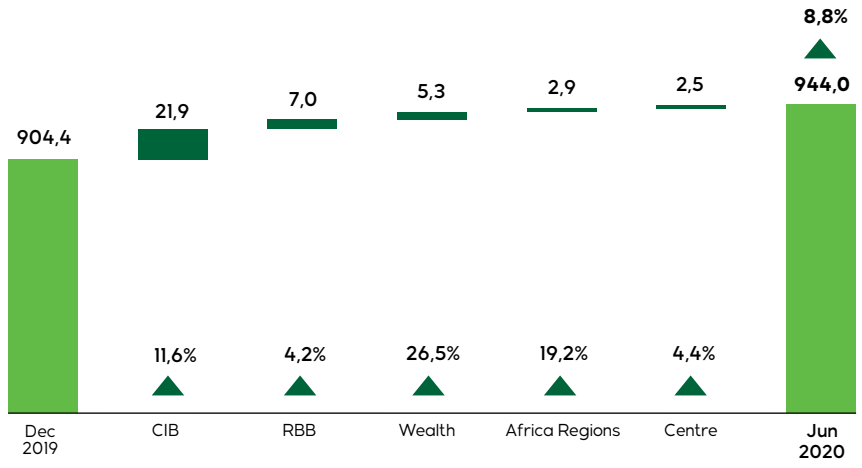
NOTES

12 AMOUNTS OWED TO DEPOSITORS

SEGMENTAL BREAKDOWN

Rm	Nedbank Group			Corporate and Investment Banking		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
Current accounts	**88 966**	82 465	86 199	**7 865**	5 690	6 628
Savings accounts	**42 467**	32 746	32 586		1	1
Other deposits and loan accounts	**645 596**	596 429	614 909	**354 805**	316 952	328 434
Call and term deposits	**321 830**	307 084	325 730	**108 548**	104 323	114 658
Fixed deposits	**69 454**	64 167	66 735	**16 301**	9 598	13 680
Cash management deposits	**76 318**	80 888	75 748	**64 154**	69 740	61 782
Other deposits	**177 994**	144 290	146 696	**165 802**	133 291	138 314
Foreign currency liabilities	**28 635**	25 889	25 734	**21 518**	19 628	19 244
Negotiable certificates of deposit	**118 814**	97 186	118 984			
Macro fair-value hedge accounting adjustment	**2 187**	392	326			
Deposits received under repurchase agreements	**17 346**	30 708	25 644	**17 346**	30 319	25 349
Total amounts owed to depositors	**944 011**	865 815	904 382	**401 534**	372 590	379 656
Comprises:						
– Amounts owed to clients	**879 320**	783 318	846 625	**341 475**	296 319	324 888
– Amounts owed to banks	**64 691**	82 497	57 757	**60 059**	76 271	54 768
Total amounts owed to depositors	**944 011**	865 815	904 382	**401 534**	372 590	379 656

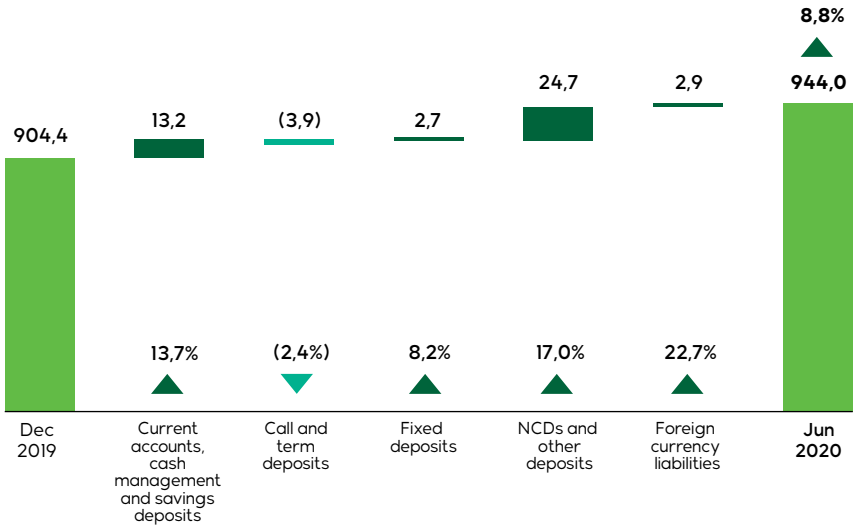
DEPOSITS BY CLUSTER
(Rbn)



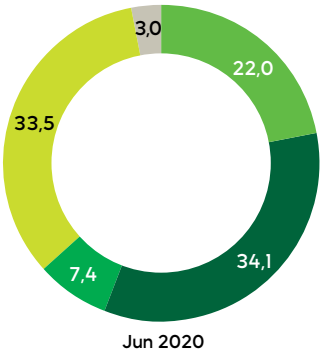
- Deposits grew by 8,8% (ytd annualised) to R944,0bn, with total funding-related liabilities increasing by 8,8% to R1 006bn.
  - » With 93,8% of all funding-related liabilities emanating from client deposits, Nedbank's loan-to-deposit ratio was 87,3%.
  - » All client-facing clusters grew faster than nominal GDP growth. The strong growth in Wealth deposits can be attributed to the translation effect of foreign currency deposits being impacted by the weaker rand.

	Retail and Business Banking			Wealth			Nedbank Africa Regions			Centre		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
	70 772	67 425	69 996	**1 846**	1 921	1 838	**8 407**	7 310	7 645	**76**	119	92
	11 920	10 628	10 661	**29 715**	21 183	21 130	**832**	934	794			
	256 806	244 389	252 231	**13 768**	18 061	17 070	**19 980**	17 188	17 335	**237**	(161)	(161)
	190 588	178 482	187 061	**11 112**	12 935	12 964	**11 579**	11 341	11 044	**3**	3	3
	48 637	51 427	49 079	**657**	726	677	**3 860**	2 417	3 299	**(1)**	(1)	
	9 800	8 172	10 979	**384**	1 616	1 384	**1 890**	1 281	1 524	**90**	79	79
	7 781	6 308	5 112	**1 615**	2 784	2 045	**2 651**	2 149	1 468	**145**	(242)	(243)
	6 458	5 534	6 013	**14**	9	22	**645**	718	455			
							3 240	4 021	3 699	**115 574**	93 165	115 285
										2 187	392	326
								389	295			
	345 956	327 976	338 901	**45 343**	41 174	40 060	**33 104**	30 560	30 223	**118 074**	93 515	115 542
	345 181	325 612	339 359	**45 343**	41 151	40 054	**31 632**	29 551	28 827	**115 689**	90 685	113 497
	775	2 364	(458)		23	6	**1 472**	1 009	1 396	**2 385**	2 830	2 045
	345 956	327 976	338 901	**45 343**	41 174	40 060	**33 104**	30 560	30 223	**118 074**	93 515	115 542

DEPOSITS BY PRODUCT
(Rbn)



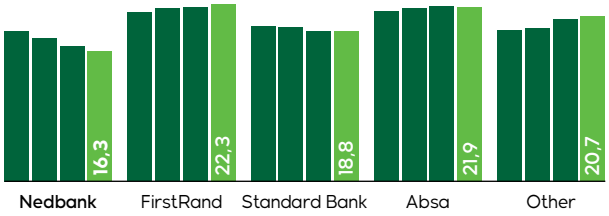
CONTRIBUTION
(%)



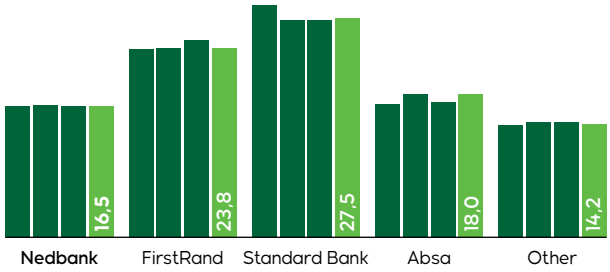
- Transactional deposits grew by 13,7%, while non-transactional investment deposits increased by 11,9%. RBB transactional deposits increased by 1,9% while non-transactional term investment deposits grew by 4,8%. CIB transactional deposits increased by 10,6% while non-transactional investment deposits grew by 18,1%. Slow economic growth and the search for higher yields in a weak economic environment were the primary drivers for commercial non-transactional investment deposits growing proportionally faster than shorter-term working capital or transactional deposits.
- Call and term deposits decreased by 2,4%, while NCDs and other deposits grew by 17,0%, driven by a small decrease in NCD funding of 0,3%, with clients preferring other more structured deposits, which grew by 45,4%. The demand for other deposits was also linked to client appetite for increased deposit duration in an environment of slow growth and lower interest rates.
- Foreign currency liabilities, which represent only 3,0% of Nedbank's total deposits, increased by 22,7% linked to the effects of a weaker rand. It should be noted that foreign currency liabilities are matched against foreign currency assets, resulting in an insignificant foreign currency mismatch when expressed as a percentage of the total balance sheet.
- During the six months to June 2020 Nedbank has maintained a strong balance sheet position as observed through the funding profile, liquidity buffers and key liquidity risk metrics. Nedbank's three-month average long-term funding ratio was 30,4%.
- Nedbank Group remains committed to growing its retail and commercial deposits, while managing the funding profile.

Market share according to PA BA900

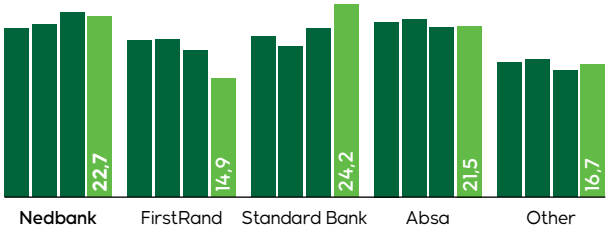
HOUSEHOLD DEPOSITS[1] (DEC 2017 – JUN 2020)
(%)



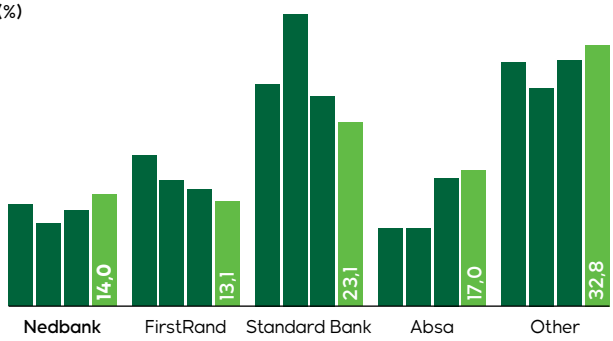
NON-FINANCIAL CORPORATE DEPOSITS[2] (DEC 2017 – JUN 2020)
(%)



WHOLESALE DEPOSITS[3] (DEC 2017 – JUN 2020)
(%)



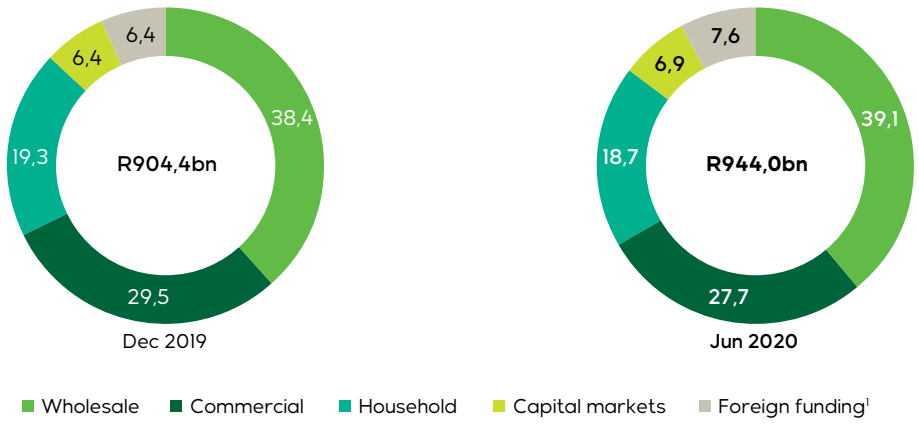
FOREIGN CURRENCY LIABILITIES[4] (DEC 2017 – JUN 2020)
(%)



[1] *Includes households according to the PA's BA900 return.*
[2] *Includes private non-financial corporate sector deposits, unincorporated businesses and non-profit and charities according to the PA's BA900 return.*
[3] *Includes insurers, pension funds, private financial corporate sector deposits, collateralised borrowings and repurchase deposits according to the PA's BA900 return.*
[4] *Includes foreign currency deposits and foreign currency funding according to the PA's BA900 return.*

- In the six months to June 2020 Nedbank's funding mix tilted towards increased funding contributions from wholesale deposits, capital markets and foreign funding. These funding sources contributed to a stronger contractual-funding profile, where Nedbank's quarterly average long-term funding ratio of 30,4% compared favourably with the industry average of 25,7% in an environment of increased financial market volatility as a result of the Covid-19 pandemic.
- While short-term retail and commercial deposits decreased in proportion to the higher contributions from wholesale deposits, capital markets and foreign funding, with the associated benefits of duration, Nedbank remains focused on growing retail and commercial deposits, with a focus on providing competitive and innovative transactional and investment products, as well as an ongoing emphasis on meeting client needs through product, pricing, innovation and digital client experiences.

NEDBANK GROUP'S DEPOSIT MIX
(%)



[1] *Foreign funding comprises of deposits denominated in foreign currency, foreign currency funding and the foreign sector.*

LIQUIDITY RISK AND FUNDING

SUMMARY OF NEDBANK GROUP LIQUIDITY RISK AND FUNDING PROFILE

		Jun 2020	Jun 2019	Dec 2019
Total sources of quick liquidity	Rm	**235 663**	218 331	227 713
Total HQLA	Rm	**187 012**	171 909	177 985
Other sources of quick liquidity	Rm	**48 651**	46 422	49 728
Total sources of quick liquidity (as a percentage of total assets)	%	**19,3**	19,8	19,9
Long-term funding ratio (three-month average)	%	**30,4**	28,8	30,2
Senior unsecured debt, including green bonds	Rm	**44 015**	39 877	42 295
Green bonds	Rm	**2 633**	1 685	2 644
Total capital market issuance (excluding additional tier 1 capital)	Rm	**62 234**	56 281	59 713
Reliance on NCD (as a percentage of total deposits)	%	**12,6**	11,2	13,2
Reliance on foreign currency deposits (as a percentage of total deposits)	%	**3,0**	3,0	2,8
Loan-to-deposit ratio	%	**87,3**	87,7	88,1
Basel III liquidity ratios				
LCR[1]	%	**114,5**	115,4	125,0
Minimum regulatory LCR requirement[2]	%	**80,0**	100,0	100,0
NSFR[3]	%	**114,0**	109,6	113,0
Minimum regulatory NSFR requirement	%	**100,0**	100,0	100,0

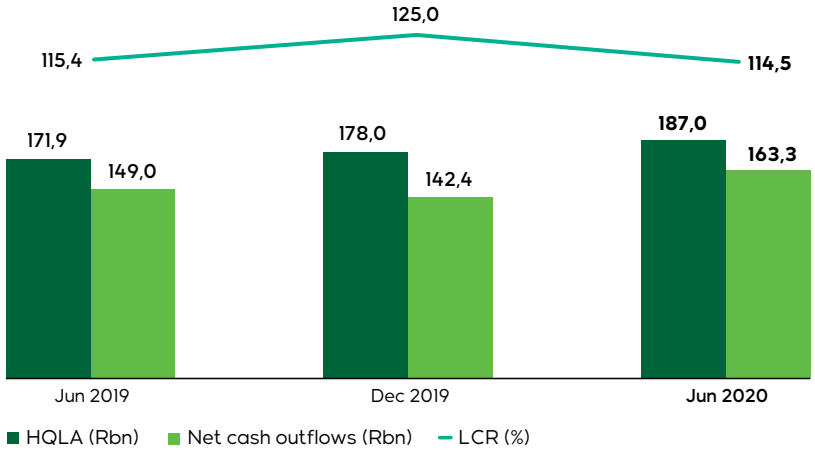
[1] *Only banking and/or deposit-taking entities are included in the group LCR and the group ratio represents an aggregation of the relevant individual net cash outflows (NCOF) and the individual HQLA portfolios across all banking and/or deposit-taking entities, where surplus HQLA holdings in excess of the minimum requirement of 100% have been excluded from the aggregated HQLA number in the case of all non-SA banking entities. The above figures reflect the simple average of daily observations over the quarter ending June 2020 for Nedbank Limited and the simple average of the month-end values at 30 April 2020, 31 May 2020 and 30 June 2020 for all non-SA banking entities.*

[2] *The PA issued D1/2020 on 31 March 2020 reducing the minimum LCR requirement from 100% to 80% with effect from 1 April 2020. The revised minimum LCR requirement will remain in force until such time as financial markets normalise.*

[3] *Only banking and/or deposit-taking entities are included in the group NSFR and the group data represents a consolidation of the relevant individual assets, liabilities and off-balance-sheet items.*

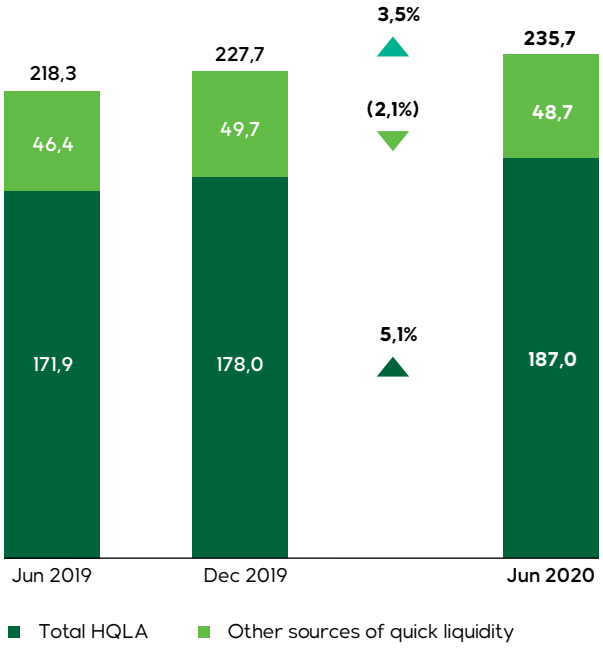
- Nedbank Group remains well funded, with a strong liquidity position, underpinned by a significant quantum of long-term funding, an appropriately sized surplus liquid-asset buffer, a strong loan-to-deposit ratio that is consistently below 100% and a low reliance on interbank and foreign currency funding.
- The group's LCR exceeded the minimum regulatory requirement, with the group maintaining appropriate operational buffers designed to absorb seasonal, cyclical and the systemic volatility observed in the LCR during the first half of 2020. On 31 March 2020 the PA issued D1/2020 reducing the minimum LCR requirement from 100% to 80%, with effect from 1 April 2020. The reduction in the LCR minimum requirement was in direct response to financial market volatility brought on by the Covid-19 pandemic, and the resulting lockdown, which caused financial and non-financial corporates to tilt towards increased holdings of short-term deposits during March 2020 and April 2020, when financial market volatility was at its highest.
  - » The LCR, calculated using the simple average of daily observations over the quarter ending June 2020 for Nedbank Limited, and the simple average of the month-end values at 30 April 2020, 31 May 2020 and 30 June 2020 for all non-SA banking entities, was 114,5%.
    - – Nedbank's portfolio of LCR-compliant HQLA increased to a quarterly average of R187,0bn, up from December 2019, when the portfolio amounted to R178,0bn.
    - – The decrease in the LCR is primarily attributable to an increase in the quarterly average net cash outflows driven by the Covid-19 pandemic, where corporates increased holdings of short-term deposits during March 2020 and April 2020 at the peak of financial market volatility. However, during May 2020 and June 2020 there was increased appetite for term deposits as financial market volatility subsided, resulting in a higher quarter-end long-term funding ratio. In response to the higher quarterly arithmetic average in net cash outflows, Nedbank responded by proactively increasing the HQLA liquidity buffers.
    - – Nedbank will continue to manage the HQLA portfolio, taking into account balance sheet growth, while maintaining appropriately sized surplus liquid-asset buffers based on systemic market conditions.

NEDBANK GROUP LCR EXCEEDS MINIMUM REGULATORY REQUIREMENTS

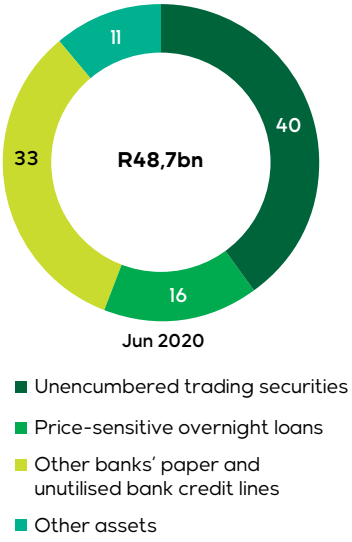


» In addition to the HQLA portfolio maintained for LCR purposes, Nedbank also identifies other sources of quick liquidity, which can be accessed in times of stress. Nedbank Group has significant sources of quick liquidity, as is evident in the combined portfolio of HQLA and other sources of quick liquidity, collectively amounting to R235,7bn at June 2020 and representing 19,3% of total assets.

TOTAL SOURCES OF QUICK LIQUIDITY
(Rbn)

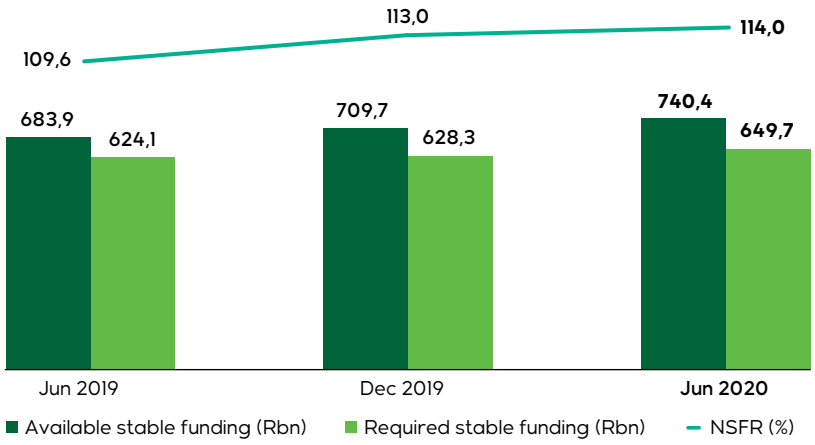


OTHER SOURCES OF QUICK LIQUIDITY CONTRIBUTION
(%)



- Nedbank exceeded the minimum NSFR regulatory requirement of 100%, effective from 1 January 2018, with a June 2020 ratio of 114,0%. The marginal increase in the NSFR during H1 2020 is largely attributable to business-as-usual mix changes across both assets and liabilities. The key focus in terms of the NSFR is to achieve ongoing compliance in the context of balance sheet optimisation.

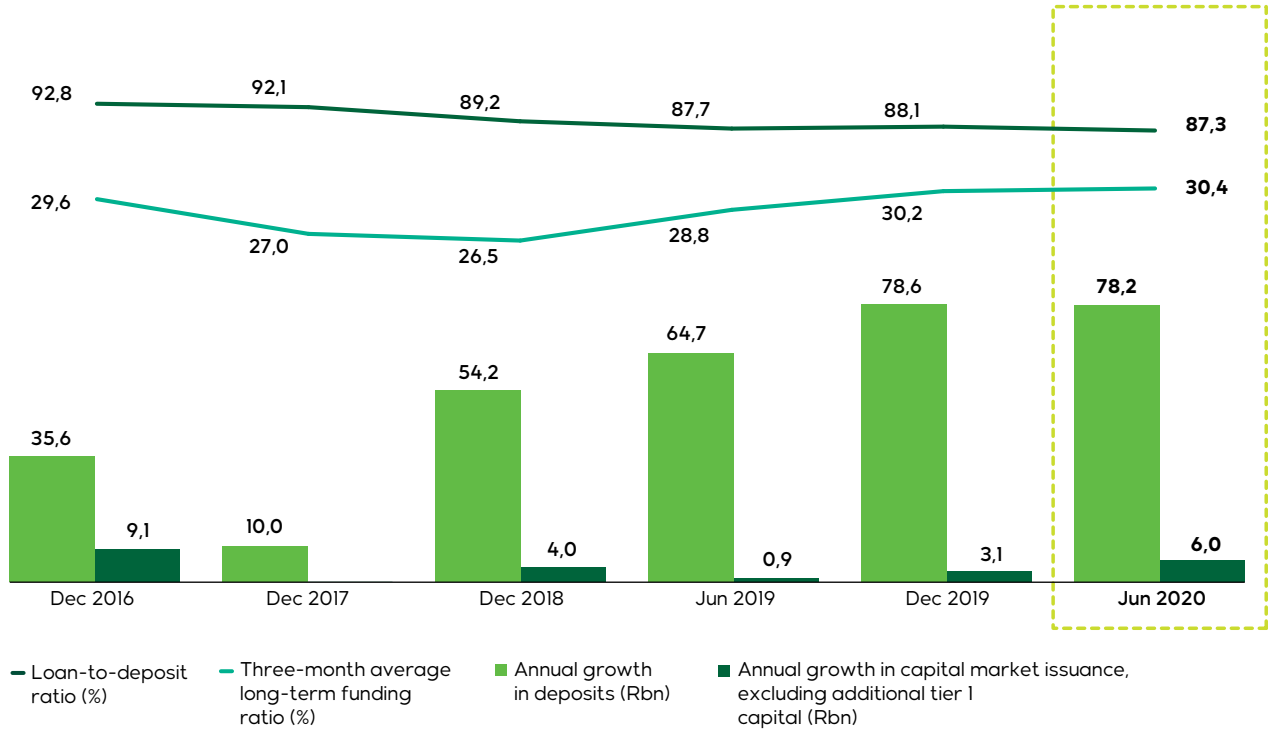
NEDBANK GROUP NSFR EXCEEDS MINIMUM REGULATORY REQUIREMENTS



» A strong funding profile has been maintained in the first half of 2020, with Nedbank recording a three-month average long-term funding ratio of 30,4% in the second quarter of the year. The focus on proactively managing Nedbank's long-term funding profile contributed to a strong balance sheet position and sound liquidity risk metrics. Nedbank has continued to run a more prudent long-term funding profile when compared with the industry average of 25,7%.
  – Nedbank successfully issued R3,1bn in senior unsecured debt, while R1,4bn matured during the year to date June 2020.
  – Nedbank issued tier 2 capital instruments of R2,0bn and redeemed R225m during the first half of the year, in line with the group's capital plan.

» While foreign currency funding reliance remains small, at 3,0% of total deposits, Nedbank continues to focus on growing this funding source in support of funding base diversification, where the proceeds can be applied to meet funding requirements for foreign advances growth at attractive interest rates.

NEDBANK GROUP FUNDING AND LIQUIDITY PROFILE, UNDERPINNED BY STRONG LIQUIDITY RISK METRICS



EQUITY ANALYSIS

ANALYSIS OF CHANGES IN NET ASSET VALUE

	Change (%)	Jun 2020	Jun 2019	Dec 2019
Balance at the beginning of the period		**98 449**	90 613	90 613
Additional shareholder value	(47,8)	**2 960**	5 674	11 017
Profit attributable to equity holders of the parent		**1 301**	6 794	12 001
Currency translation movements		**1 298**	(564)	(855)
Exchange differences on translating foreign operations – foreign subsidiaries[1]		**1 384**	(174)	2
Exchange differences on translating foreign operations – ETI[1]		**598**	(60)	(70)
Share of other comprehensive income of investments accounted for using the equity method – ETI[2]		**(684)**	(330)	(787)
Fair-value adjustments		**(23)**	(657)	(470)
Fair-value adjustments on debt instruments		**(109)**	(300)	(232)
Share of other comprehensive income of investments accounted for using the equity method[2]		**86**	(357)	(238)
Defined-benefit fund adjustment		**36**	22	300
Share of other comprehensive income of investments accounted for using the equity method (included in other distributable reserves)		**352**	(14)	(145)
Property reserve valuation		**(4)**	93	186
Transactions with ordinary shareholders	5,0	**(3 348)**	(3 190)	(6 565)
Dividends paid		**(3 445)**	(3 541)	(7 112)
Equity-settled share-based payments		**97**	(257)	591
Net repurchase of share capital and premium and capitalisation of reserves			608	(44)
Transaction with non-controlling shareholders	(10,1)	**(80)**	(89)	(134)
Exchange differences on translating foreign operations[1]		**61**	(92)	(91)
Other transaction with non-controlling shareholders[3]		**(141)**	3	(43)
Additional tier 1 capital instruments			1 613	3 500
Other movements		**39**	16	18
Balance at the end of the period	3,6	**98 020**	94 637	98 449

[1] *Exchange differences on translating foreign operations as shown in the statement of comprehensive income of R2 043m (June 2019: R326m; December 2019: R159m).*

[2] *Share of other comprehensive income of investments accounted for using the equity method as shown in the statement of comprehensive income of R598m (June 2019: R687m; December 2019: R1 025m).*

[3] *Represents non-controlling interest's share of profits and other comprehensive income less dividends paid and the net change in equity related to the acquisition of additional shares in subsidiary.*

MOVEMENTS IN GROUP FOREIGN CURRENCY TRANSLATION RESERVE

	Change (%)	Jun 2020	Jun 2019	Dec 2019
Balance at the beginning of the period		**(2 244)**	(1 389)	(1 389)
Foreign currency translation reserve (FCTR)	>(100)	**1 298**	(564)	(855)
Exchange differences on translating foreign operations – foreign subsidiaries		**1 384**	(174)	2
Exchange differences on translating foreign operations – ETI		**598**	(60)	(70)
Share of other comprehensive income of investments accounted for using the equity method – ETI		**(684)**	(330)	(787)
FCTR on acquisition of additional share in subsidiary		**93**		
Balance at the end of the period	(56,3)	**(853)**	(1 953)	(2 244)

EXCHANGE RATES

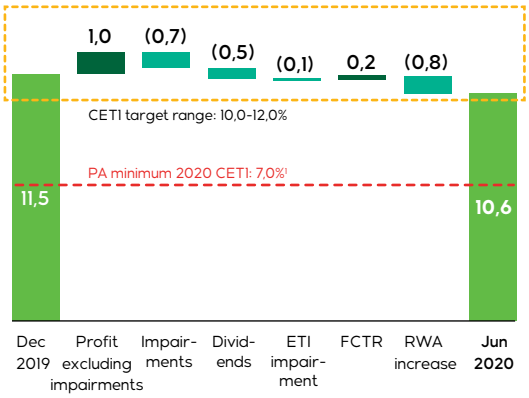
	Average				Closing			
	Change (%)	Jun 2020	Jun 2019	Dec 2019	Change (%)	Jun 2020	Jun 2019	Dec 2019
UK pound to rand	16,2	**21,45**	18,46	18,43	19,6	**21,46**	17,95	18,43
US dollar to rand	17,7	**17,14**	14,56	14,44	23,1	**17,36**	14,10	14,01
US dollar to naira	17,7	**360,54**	306,45	361,64	17,7	**360,75**	306,40	364,47
Rand to naira	(0,1)	**21,03**	21,05	25,05	(4,3)	**20,78**	21,72	26,05
US dollar to Zimbabwe dollar[1]		**n/a**	4,34	n/a		**n/a**	7,25	16,77
Zimbabwe dollar to rand[1]		**n/a**	3,23	n/a		**n/a**	1,94	0,84

[1] *In terms of hyperinflation accounting, the inflation-indexed income statement is translated at the year-end closing spot exchange rate.*

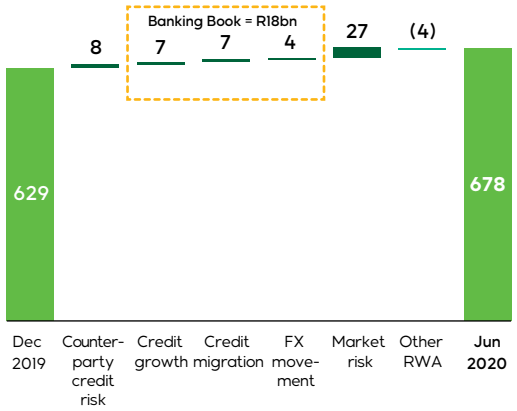
CAPITAL MANAGEMENT

REGULATORY CAPITAL ADEQUACY AND LEVERAGE

CET1 CAPITAL RATIO
(%)



RISK-WEIGHTED ASSETS
(Rbn)



[1] *Excluding D-SIB and idiosyncratic buffers and with the Pillar 2A revised to nil.*

Nedbank Group maintained a robust capital adequacy position, with the capital ratios absorbing the payment of the 2019 final ordinary dividend of R3,4bn, a further impairment of the group's investment in ETI, increased investment in software development as part of the ME programme and an increase in RWA, driven by balance sheet growth and credit migration in some CIB portfolios, as well as the effect of significant market volatility resulting in higher market RWA. Capital ratios were supported by capital optimisation across the balance sheet.

Following the Covid-19 pandemic, the capital ratios were impacted by balance sheet growth, lower earnings, adverse backbook migration, illiquid markets and market dislocations. In response to the pandemic, the PA issued D2/2020 and D3/2020 in support of the banking industry, providing temporary capital relief. D2/2020 provides temporary capital relief through the temporary relaxation of the Pillar 2A capital requirements to nil, thereby reducing the minimum requirements for the CET1, tier 1 and total capital ratios by 50 bps, 75 bps and 100 bps, respectively. The directives were supported by G4/2020 from the PA encouraging banks to retain capital and not pay dividends for the 2020 year, with the exception of dividends that have already been declared by the time the guidance was issued. Notwithstanding the group's strong liquidity and capital positions, in line with G4/2020, the board deemed it appropriate not to declare an interim ordinary dividend for Nedbank Group for the period ended 30 June 2020. The board will give due consideration to this guidance note in future dividend cycles.

Nedbank manages capital levels within the board-approved risk appetite, expectations of the rating agencies, the requirements of the regulators and the returns expected by shareholders. Nedbank further seeks to ensure that its capital structure makes use of the full range of capital instruments and capital management activities available to optimise the financial efficiency and loss absorption capacity of its capital base.

Nedbank continues to perform extensive and comprehensive stress-testing in order to conclude that the group remains well capitalised relative to its business activities, the board's strategic plans, risk appetite, risk profile and the external environment in which the group operates.

		PA minimum[1]	Internal targets	Jun 2020	Jun 2019	Dec 2019
Nedbank Group						
Including unappropriated profits						
Total CAR	%		**> 13,00**	**14,3**	14,6	15,0
Total tier 1	%		**> 11,25**	**11,7**	12,3	12,8
CET1	%		**10,00–12,00**	**10,6**	11,3	11,5
Surplus tier 1 capital	Rm			**21 804**	18 919	22 245
Leverage	times	**< 25**	**< 20**	**15,8**	14,9	15,0
Dividend cover	times		**1,75–2,25**	**N/A**	1,99	1,84
Cost of equity	%			**14,6**	14,2	14,1
Excluding unappropriated profits						
Total CAR	%	**10,50**		**14,3**	14,2	14,8
Total tier 1	%	**8,50**		**11,7**	11,9	12,6
CET1	%	**7,00**		**10,6**	10,9	11,4
Nedbank Limited						
Including unappropriated profits						
Total CAR	%		**> 13,00**	**14,5**	15,3	15,5
Total tier 1	%		**> 11,25**	**11,4**	12,4	12,8
CET1	%		**10,00–12,00**	**9,9**	11,1	11,2
Surplus tier 1 capital	Rm			**15 733**	15 430	18 202
Excluding unappropriated profits						
Total	%	**10,50**		**14,5**	15,1	15,1
Total tier 1	%	**8,50**		**11,4**	12,3	12,4
CET1	%	**7,00**		**9,9**	10,9	10,8

[1] *PA minimum requirements are disclosed excluding bank-specific Pillar 2b and D-SIB capital requirements. The PA issued D2/2020 in April 2020 providing capital relief to banks in light of the Covid-19 pandemic, temporarily relaxing the Pillar 2A capital requirement to nil, resulting in regulatory minimum requirements decreasing CET1 by 50 bps, tier 1 by 75 bps and total CAR by 100 bps.*

NEDBANK GROUP OVERVIEW OF RISK-WEIGHTED ASSETS

	Jun 2020		Jun 2019	Dec 2019
	RWA	MRC[1]	RWA	RWA
Credit risk	**436 819**	**45 866**	409 626	419 286
Standardised approach (TSA)	**37 024**	**3 887**	36 319	35 052
Supervisory slotting approach	**8 616**	**905**	9 223	10 234
Advanced internal ratings-based approach	**391 179**	**41 074**	364 084	374 000
Counterparty credit risk	**14 522**	**1 525**	7 798	9 713
Current-exposure method	**14 522**	**1 525**	7 798	9 713
Credit valuation adjustment	**19 959**	**2 096**	13 901	16 476
Equity positions under simple risk weight approach	**38 923**	**4 087**	46 087	41 021
Securitisation exposures in banking book	**468**	**49**	454	589
Internal ratings-based approach	**100**	**10**	272	285
External ratings-based approach, including internal assessment approach	**368**	**39**	182	304
Market risk	**48 946**	**5 139**	24 592	22 199
Standardised approach	**1 495**	**157**	5 658	1 487
Internal model approach	**47 451**	**4 982**	18 934	20 712
Operational risk	**75 054**	**7 881**	73 569	74 139
Standardised approach	**7 234**	**760**	6 827	7 208
Advanced measurement approach (AMA)	**63 539**	**6 672**	63 051	63 539
Floor adjustment	**4 281**	**449**	3 691	3 392
Amounts below the thresholds for deduction (subject to 250% risk weighting)	**14 971**	**1 572**	14 992	15 228
Other assets (100% risk weighting)	**28 215**	**2 962**	27 589	30 074
Total	**677 877**	**71 177**	618 608	628 725

[1] *Total MRC is measured at 10,5%, in line with the transitional requirements, and excludes bank-specific Pillar 2b, and D-SIB capital requirements*

- Total RWA increased by 15,7% ytd annualised. The key drivers were:
  - » Credit RWA increased by R17,5bn, largely due to increased drawdowns on unutilised facilities, a weaker ZAR impacting USD-denominated facilities in the CIB portfolio and lower growth in the RBB portfolio as a result of the impact of the lockdown regulations resulting from the Covid-19 pandemic. The growth in credit RWA was offset by R25,4bn in optimisation initiatives, predominantly due to model refinements and other smaller initiatives.
  - » Counterparty credit risk and credit valuation adjustment RWA increased by R4,8bn and R3,5bn respectively, due to an increase in the fair-value of certain hedge contracts, driven by a weakening ZAR against major currencies and increased deal volumes.
  - » Equity RWA decreased by R2,1bn, mainly driven by fair-value revaluations of existing equity exposures.
  - » Trading market RWA increased by R26,7bn, primarily due to extreme market movements observed during March and April 2020 in financial markets and the inclusion into Nedbank's value at risk (VaR) based capitalisation models.
  - » Operational RWA increased by R915m, mainly driven by an increase in the risk exposure (three-year-average GOI) of approximately 1,2% from December 2019, which resulted in an increase in TSA capital.
- RWA density increased marginally to 55,5% from 55,0% (RWA/total assets), which compares favourably with local and international peers.

NEDBANK LIMITED OVERVIEW OF RISK-WEIGHTED ASSETS[1]

	Jun 2020		Jun 2019	Dec 2019
	RWA	MRC[2]	RWA	RWA
Credit risk	**357 293**	**37 516**	339 839	348 376
Standardised approach (TSA)	**130**	**14**	145	133
Supervisory slotting approach	**7 448**	**782**	9 223	9 290
Advanced internal ratings-based approach	**349 715**	**36 720**	330 471	338 953
Counterparty credit risk	**14 245**	**1 496**	7 499	9 456
Current-exposure method	**14 245**	**1 496**	7 499	9 456
Credit valuation adjustment	**18 922**	**1 987**	13 132	15 668
Equity positions under simple risk weight approach	**24 554**	**2 578**	25 411	26 534
Securitisation exposures in banking book	**468**	**49**	454	589
Internal ratings-based approach	**100**	**10**	272	285
External ratings-based approach, including internal assessment approach	**368**	**39**	182	304
Market risk	**47 469**	**4 984**	19 273	20 971
Standardised approach	**249**	**26**	662	699
Internal model approach	**47 220**	**4 958**	18 611	20 272
Operational risk	**63 505**	**6 668**	61 909	62 795
Standardised approach			3	1
Advanced measurement approach (AMA)	**59 985**	**6 298**	59 550	60 059
Floor adjustment	**3 520**	**370**	2 356	2 735
Amounts below the thresholds for deduction (subject to 250% risk weighting)	**1 686**	**177**	1 761	1 633
Other assets (100% risk weighting)	**22 226**	**2 334**	22 084	24 867
Total	**550 368**	**57 789**	491 362	510 889

[1] *Nedbank Limited refers to the SA reporting entity in terms of regulation 38 (BA700) of the regulations relating to banks, issued in terms of the Banks Act (Act No 94 of 1990).*

[2] *Total MRC is measured at 10,5%, in line with the transitional requirements, and excludes bank-specific Pillar 2b, and D-SIB capital requirements.*

SUMMARY OF REGULATORY QUALIFYING CAPITAL AND RESERVES[1]

Rm	Nedbank Group			Nedbank Limited		
	Jun 2020	Jun 2019	Dec 2019	**Jun 2020**	Jun 2019	Dec 2019
Including unappropriated profits						
Total tier 1 capital	**79 424**	76 140	80 401	**62 514**	60 881	65 459
CET1	**71 996**	70 098	72 506	**54 601**	54 324	57 015
Share capital and premium	**19 066**	18 598	18 577	**19 671**	19 221	19 221
Reserves	**68 448**	66 540	68 534	**48 177**	47 641	50 521
Minority interest: Ordinary shareholders	**504**	770	848			
Deductions	**(16 022)**	(15 810)	(15 453)	**(13 247)**	(12 538)	(12 727)
Additional tier 1 capital	**7 428**	6 042	7 895	**7 913**	6 557	8 444
Preference share capital and premium	**1 063**	1 594	1 594	**1 063**	1 594	1 594
Perpetual subordinated debt instruments	**6 850**	4 963	6 850	**6 850**	4 963	6 850
Regulatory adjustments	**(485)**	(515)	(549)			
Tier 2 capital	**17 280**	14 042	13 840	**17 026**	14 112	13 812
Subordinated debt instruments	**15 585**	14 110	13 810	**15 585**	14 110	13 810
Excess of downturn expected loss over eligible provisions	**1 794**			**1 439**		
General allowance for credit impairment	**358**	276	300	**2**	2	2
Regulatory adjustments	**(457)**	(344)	(270)			
Total capital	**96 704**	90 182	94 241	**79 540**	74 993	79 271
Excluding unappropriated profits						
Tier 1 capital	**79 424**	73 707	79 315	**62 514**	60 202	63 532
CET1 capital	**71 996**	67 665	71 420	**54 601**	53 646	55 088
Total capital	**96 704**	87 749	93 155	**79 540**	74 314	77 344

[1] *For comprehensive 'composition of capital' and 'capital instruments main features' disclosure please refer to https://www.nedbank.co.za/content/nedbank/desktop/gt/en/investor-relations/information-hub/capital-and-risk-management-reports.html*

- Nedbank Group remains well capitalised with CET1 capital absorbing the 2019 final ordinary dividend of R3,4bn, a further impairment of the group's investment in ETI and increased investment in software development as part of the ME programme. The CET1 capital was supported by an appropriate dividend policy and capital optimisation across the balance sheet.
- The group's tier 1 capital was impacted by the further grandfathering of preference shares in January 2020, in line with the Basel III transitional arrangements.
- The group's total capital was further impacted by the redemption of new-style tier 2 capital instruments of R225m (NED18) and the issuance of new-style tier 2 capital instruments of R2,0bn during the first half of 2020, in line with the group's capital plan.
  - » The focus remains on issuing fully loss-absorbent capital, with Basel III fully compliant capital making up 99% of the group's total capital structure, having issued R21,3bn of new-style tier 2 capital and R6,9bn of new-style additional tier 1 capital since the implementation of Basel III in 2013.
- Nedbank Group's gearing (including unappropriated profits) remains below the Regulatory Leverage Ratio Framework requirement of less than 25 times at 15,8 times.

REGULATED BANKING SUBSIDIARIES

Nedbank Group banking subsidiaries are well capitalised for the environments in which they operate, with CARs well in excess of respective host regulators' minimum requirements.

	Jun 2020			Jun 2019		Dec 2019	
	Total capital requirement (host country) %	RWA Rm	Total capital ratio %	RWA Rm	Total capital ratio %	RWA Rm	Total capital ratio %
Africa Regions							
Banco Único	**11,0**	**4 623**	**12,3**	4 235	13,9	3 863	16,7
Nedbank Namibia Limited	**11,0**	**14 268**	**14,9**	13 270	14,8	13 047	15,0
Nedbank (Swaziland) Limited	**8,0**	**5 524**	**15,2**	4 913	17,0	4 966	17,3
Nedbank (Lesotho) Limited	**8,0**	**2 880**	**19,6**	2 019	27,4	2 051	26,4
Nedbank (Zimbabwe) Limited	**12,0**	**996**	**20,8**	1 231	14,4	1 042	21,3
Isle of Man							
Nedbank Private Wealth (IOM) Limited	**11,0**	**10 421**	**15,7**	7 729	15,5	7 627	15,7

ECONOMIC CAPITAL ADEQUACY

NEDBANK GROUP ECONOMIC CAPITAL REQUIREMENT

	Jun 2020		Jun 2019		Dec 2019	
	Rm	Mix %	Rm	Mix %	Rm	Mix %
Credit risk	**47 176**	**70**	40 173	63	43 847	64
Market risk	**6 164**	**9**	7 742	12	8 088	12
Business risk	**6 562**	**10**	7 966	13	7 960	12
Operational risk	**3 999**	**6**	4 448	7	4 770	7
Insurance risk	**465**	**< 1**	435	1	472	< 1
Other assets risk	**2 686**	**4**	2 705	4	3 166	5
Minimum economic capital requirement	**67 052**	**100**	63 469	100	68 303	100
Add: Stress-tested capital buffer (10%)	**6 705**		6 347		6 830	
Total economic capital requirement	**73 757**		69 816		75 133	
AFR	**101 080**	**100**	93 191	100	97 184	100
Tier A capital	**77 629**	**77**	72 571	78	74 977	77
Tier B capital	**23 451**	**23**	20 620	22	22 207	23
Total surplus AFR	**27 323**		23 375		22 051	
AFR:total economic capital requirement (%)	**137**		133		129	

- Nedbank Group's minimum economic capital requirement decreased by R1,3bn during the first half of the year, primarily due to the following:
  - A decrease of R1,9bn, R1,4bn and R771m in market risk economic capital, business risk economic capital and operational risk economic capital respectively, which were driven mainly by annual model parameter updates.
  - The decrease was offset by a R3,3bn increase in credit risk economic capital, largely due to increased drawdowns on unutilised facilities, a weaker ZAR impacting USD-denominated facilities in the CIB portfolio and lower growth in the RBB portfolio as a result of the impact of the lockdown regulations resulting from the Covid-19 pandemic.
- Nedbank Group's AFR increased by R3,9bn in the first half of 2020, mainly as a result of the following:
  - A R1,2bn increase in tier B AFR following the issuance of new-style tier 2 capital instruments of R2,0bn, which was offset by the grandfathering of old-style preference shares of R531m and the redemption of new-style tier 2 capital instruments of R225m, in line with the group's capital plan.
  - The increase was offset by financial reserves decreasing by R86m due to lower earnings, favourable FCTR movements and the payment of the 2019 final ordinary dividend.

EXTERNAL CREDIT RATINGS

	Standard & Poor's		Moody's Investors Service	
	Nedbank Limited	Sovereign rating SA	Nedbank Limited	Sovereign rating SA
	May 2020	Apr 2020	Mar 2020	Mar 2020
Outlook	**Stable**	**Stable**	**Negative**	**Negative**
Foreign currency deposit ratings				
Long-term	**BB-**	**BB-**	**Ba1**	**Ba1**
Short-term	**B**	**B**	**Not prime**	**Not prime**
Local currency deposit ratings				
Long-term	**BB**	**BB**	**Ba1**	**Ba1**
Short-term	**B**	**B**	**Not prime**	**N/A**
National scale rating				
Long-term deposits	**zaAA**	**zaAAA**	**Aa1.za**	
Short-term deposits	**zaA-1+**	**zaA-1+**	**P-1.za**	

SA's sovereign credit rating was downgraded to subinvestment grade by Moody's Investors Service and Standard & Poor's in March 2020 and April 2020 respectively.

Nedbank Limited ratings are capped by the foreign currency sovereign ratings on SA. Rating agencies do not rate South African banks above the foreign currency sovereign ratings because of the direct and indirect impact of sovereign stress on the banks.

SUPPLEMENTARY INFORMATION

150 Earnings per share and weighted-average shares

151 Nedbank Group employee incentive schemes

152 Long-term debt instruments

152 Additional tier 1 capital instruments

153 Shareholders' analysis

154 Basel III balance sheet credit exposure by business cluster and asset class

156 Nedbank Limited consolidated statement of comprehensive income

157 Nedbank Limited consolidated statement of financial position

157 Nedbank Limited consolidated financial highlights

158 Definitions

161 Abbreviations and acronyms

IBC Company details

EARNINGS PER SHARE AND WEIGHTED-AVERAGE SHARES

Earnings per share	Basic	Diluted basic	Headline	Diluted headline
June 2020				
Earnings for the period	**1 301**	**1 301**	**2 114**	**2 114**
Weighted-average number of ordinary shares	**482 533 134**	**487 328 660**	**482 533 134**	**487 328 660**
Earnings per share (cents)	**270**	**267**	**438**	**434**
June 2019				
Earnings for the period	6 793	6 793	6 870	6 870
Weighted-average number of ordinary shares	478 714 592	486 992 378	478 714 592	486 992 378
Earnings per share (cents)	1 419	1 395	1 435	1 411
December 2019				
Earnings for the year	12 001	12 001	12 506	12 506
Weighted-average number of ordinary shares	479 960 027	487 478 442	479 960 027	487 478 442
Earnings per share (cents)	2 500	2 462	2 605	2 565

Basic earnings and headline earnings per share are calculated by dividing the relevant earnings amount by the weighted-average number of shares in issue.

Fully diluted basic earnings and fully diluted headline earnings per share are calculated by dividing the relevant earnings amount by the weighted-average number of shares in issue after taking the dilutive impact of potential ordinary shares to be issued into account.

	Jun 2020		Jun 2019	Dec 2019
	Potential shares[1]	**Weighted-average dilutive shares**	Weighted-average dilutive shares	Weighted-average dilutive shares
Traditional schemes	**9 684**	**3 105**	6 549	5 808
Nedbank Group Restricted-share Scheme (2005)	**7 228**	**2 219**	5 047	4 200
Nedbank Group Matched-share Scheme	**2 456**	**886**	1 502	1 608
Total BEE schemes	**1 723**	**1 690**	1 729	1 711
BEE schemes – SA	**1 690**	**1 690**	1 717	1 703
Community	**1 690**	**1 690**	1 690	1 690
Black executives			26	12
Black management			1	1
BEE schemes – Namibia	**33**		12	8
Total	**11 407**	**4 795**	8 278	7 519

[1] *Potential shares are the total number of shares arising from historic grants, schemes or awards available for distribution.*

Matched shares

Instrument expiry date	Number of shares
1 April 2021	**613 293**
1 April 2022	**905 981**
1 April 2023	**1 952 320**
Matched shares outstanding not exercised at 30 June 2020	**3 471 594**
Shares exercised and forfeited during the period	**720 180**
Shares not expected to vest	**(1 735 797)**
Total potential shares	**2 455 977**
Weighted-average dilutive shares applicable for the period	**886 483**

– The obligation to deliver the matched shares issued under the Voluntary and Compulsory Bonus Share Schemes is subject to time and other performance criteria.

– This obligation exists over 30 June 2019 and therefore has a dilutive effect.

– Matched shares are not issued and are therefore not recognised as treasury shares. However, until they are issued, there remains a potential dilutive effect.

NEDBANK GROUP EMPLOYEE INCENTIVE SCHEMES

for the period ended

Nedbank Group employee incentive schemes	Jun 2020	Jun 2019	Dec 2019
Summary by scheme			
Nedbank Group Restricted-share Scheme (2005)	**11 431 533**	9 161 730	9 067 832
Nedbank Group Matched-share Scheme (2005)	**3 471 594**	2 327 056	2 235 442
Instruments outstanding at the end of the period	**14 903 127**	11 488 786	11 303 274
Analysis			
Performance-based – restricted shares	**6 580 058**	5 146 525	5 094 706
Non-performance-based – restricted shares	**4 851 475**	4 015 205	3 973 126
Performance-based – matched shares (CBSS[1])	**2 372 964**	1 623 703	1 544 042
Non-performance-based – matched shares (VBSS[2])	**1 098 630**	703 353	691 400
Instruments outstanding at the end of the period	**14 903 127**	11 488 786	11 303 274
Movements			
Instruments outstanding at the beginning of the period	**11 303 275**	11 548 674	11 548 674
Granted	**7 293 875**	4 287 920	4 421 294
Exercised	**(3 499 854)**	(4 193 184)	(4 265 176)
Surrendered	**(194 169)**	(154 624)	(401 518)
Instruments outstanding at the end of the period	**14 903 127**	11 488 786	11 303 274

[1] *Compulsory Bonus Share Scheme.*
[2] *Voluntary Bonus Share Scheme.*

Nedbank Group (2005) Restricted- and Matched-share Schemes
Restricted shares[3]

Details of instruments granted and not exercised at 30 June 2019 and the resulting dilutive effect:

Instrument expiry date	Number of shares	
11 March 2020	**42 791**	P
12 March 2020	**38 063**	
16 March 2021	**1 425 198**	P
15 March 2021	**1 152 972**	
17 August 2021	**100 101**	P
18 August 2021	**83 457**	
15 March 2022	**1 855 799**	P
16 March 2022	**1 329 054**	
16 August 2022	**55 806**	P
17 August 2022	**55 787**	
20 March 2023	**3 100 363**	
21 March 2023	**2 192 142**	
Restricted shares not exercised at 30 June 2020	**11 431 533**	
Unallocated shares	**72 013**	
Treasury shares	**11 503 546**	
Shares exercised and forfeited during the period	**2 136 140**	
Shares not expected to vest	**(6 411 556)**	
Total potential shares	**7 228 130**	
Weighted-average dilutive shares applicable for the period	**2 219 395**	

[3] *Restricted shares are issued at a market price for no consideration to participants, and are held by the schemes until the expiry date (subject to achievement of performance conditions). Participants have full rights and receive dividends.*
P *Performance-based instruments.*

LONG-TERM DEBT INSTRUMENTS

Instrument code	Jun 2020	Jun 2019	Dec 2019
Subordinated debt	**16 000**	14 537	14 229
Callable notes (rand-denominated)	**13 683**	14 221	13 912
Long-term debenture (Namibian dollar-denominated)	**317**	316	317
Green bonds (rand-denominated)	**2 000**		
Securitised liabilities – callable notes (rand-denominated)	**2 180**	1 834	3 152
Senior unsecured debt – senior unsecured notes (rand-denominated)[1]	**41 382**	38 192	39 651
Unsecured debentures (rand-denominated)	**39**	33	37
Senior unsecured green bonds (rand-denominated)	**2 633**	1 685	2 644
Total long-term debt instruments in issue	**62 234**	56 281	59 713

Further information can be accessed on our group website:
https://www.nedbank.co.za/content/nedbank/desktop/gt/en/investor-relations/information-hub/capital-and-risk-management-reports.html
https://www.nedbank.co.za/content/nedbank/desktop/gt/en/investor-relations/debt-investor/debt-investors-programme.html

ADDITIONAL TIER 1 CAPITAL INSTRUMENTS

The group issued new-style (Basel III-compliant) additional tier 1 capital instruments as follows:

Instrument code	Instrument terms	Jun 2020	Jun 2019	Dec 2019
Subordinated Callable notes (rand-denominated)				
NEDT1A	3-month JIBAR + 7,00% per annum	**1 500**	1 500	1 500
NEDT1B	3-month JIBAR + 6,25% per annum	**500**	500	500
NGLT1A	3-month JIBAR + 5,65% per annum	**600**	600	600
NGLT1B	3-month JIBAR + 4,64% per annum	**750**	750	750
NGT103	3-month JIBAR + 4,40% per annum	**671**	671	671
NGT104	3-month JIBAR + 4,50% per annum	**1 829**	942	1 829
NGT105	3-month JIBAR + 4,25% per annum	**1 000**		1 000
Total non-controlling interest attributable to additional tier 1 capital instruments		**6 850**	4 963	6 850

The additional tier 1 notes represent perpetual, subordinated instruments, with no redemption date. The instruments are redeemable subject to regulatory approval at the sole discretion of the issuer from the applicable call date and following a regulatory event or following a tax event. The payment of interest is at the discretion of the issuer and interest payments are non-cumulative. In addition, if certain conditions are reached, the regulator may prohibit Nedbank from making interest payments. Accordingly, the instruments are classified as equity instruments and disclosed as part of the non-controlling interest.

SHAREHOLDERS' ANALYSIS

Register date: 26 June 2020
Authorised share capital: 600 000 000 shares
Issued share capital: 502 054 496 shares

	Number of shares	Jun 2020 % holding	Jun 2019 % holding	Dec 2019 % holding
Major shareholders/managers				
Old Mutual Life Assurance Company (SA) Limited and associates (includes funds managed on behalf of other beneficial owners)[1]	108 022 349	**21,52**	24,48	24,12
Nedbank Group treasury shares	18 168 526	**3,62**	3,19	3,19
BEE trusts	6 617 468	**1,32**	1,31	1,33
Eyethu scheme – Nedbank SA	6 466 786	**1,29**	1,28	1,30
Omufima scheme – Nedbank Namibia	150 682	**0,03**	0,03	0,03
Nedbank Group (2005) Restricted- and Matched-share Schemes	11 503 546	**2,29**	1,87	1,85
Nedbank Namibia Limited	47 512	**0,01**	0,01	0,01
Public Investment Corporation (SA)	53 556 004	**10,67**	10,42	10,76
Allan Gray Investment Council (SA)	50 986 588	**10,16**	3,61	5,44
Coronation Fund Managers (SA)	38 906 233	**7,75**	6,56	7,53
BlackRock Incorporated (international)	19 266 471	**3,84**	3,82	3,59
The Vanguard Group Incorporated (international)	13 759 284	**2,74**	3,09	3,00
Sanlam Investment Management Proprietary Limited (SA)	12 953 090	**2,58**	1,95	2,36
GIC Asset Management Proprietary Limited (international)	10 527 454	**2,10**	2,57	2,10
Dimensional Fund Advisors (USA, UK and AU)	9 310 232	**1,85**	1,96	2,13
State Street Global Advisor Ltd	8 637 376	**1,72**	1,53	1,45
Major beneficial shareholders				
Old Mutual Life Assurance Company (SA) Limited and associates (SA)[1]	106 011 768	**21,12**	22,40	24,09
Government Employees Pension Fund (SA)	54 358 868	**10,83**	10,79	10,88
Allan Gray Balanced Fund (ZA)	18 211 277	**3,63**	1,21	1,81
Geographical distribution of shareholders				
Domestic	374 123 415	**74,51**	71,51	73,79
SA	358 554 526	**71,41**	68,57	70,65
Namibia	8 182 452	**1,63**	1,36	1,83
Unclassified	7 386 437	**1,47**	1,58	1,31
Foreign	127 931 081	**25,49**	28,49	26,21
USA	62 053 699	**12,36**	14,61	13,26
Asia	22 131 458	**4,41**	5,06	4,49
Europe	21 824 845	**4,35**	4,58	4,46
UK and Ireland	13 001 612	**2,59**	2,52	2,05
Other countries	8 919 467	**1,78**	1,71	1,95
Total shares listed	502 054 496	**100,00**	100,00	100,00
Less: Treasury shares held	18 168 526			
Net shares reported	483 885 970			

[1] *Old Mutual Limited retains a strategic minority shareholding of 19,9% in Nedbank Group, held through its shareholder funds, under the terms of the relationship agreement. The above shareholding is inclusive of funds held on behalf of other beneficial owners and increased after the Old Mutual Managed Separation had been completed as a result of the subsequent odd-lot offer. The relationship agreement with Old Mutual Limited is available at https://www.nedbank.co.za/content/dam/nedbank/site-assets/AboutUs/About%20Nedbank%20Group/Old%20Mutual/Nedbank%20Old%20Mutual%20Limited%20Relationship%20Agreement%202018.pdf*

BASEL III BALANCE SHEET CREDIT EXPOSURE BY BUSINESS CLUSTER AND ASSET CLASS

Rm	Nedbank CIB	Property Finance	Nedbank Retail and Business Banking	Nedbank Wealth	Nedbank Africa Regions	Centre	Nedbank Group 2020
AIRB Approach	**506 996**	**168 256**	**361 593**	**20 232**	**–**	**64 832**	**953 653**
Corporate	221 100	53 869	17 592	3		2	238 697
Specialised lending – HVCRE[4]	6 765	6 765		61			6 826
Specialised lending – IPRE[5]	105 102	102 445	1 490	5 976			112 568
Specialised lending – project finance	50 339						50 339
SME – corporate	5 883	4 975	30 615	1 959			38 457
Public sector entities	17 721		117				17 838
Local governments and municipalities	10 615		937				11 552
Sovereign	15 143		14			64 830	79 987
Banks	74 121	34	2				74 123
Securities firms							
Retail mortgage			129 427	10 145			139 572
Retail revolving credit			16 447	74			16 521
Retail – other			132 886	189			133 075
SME – retail	39		31 882	1 825			33 746
Securitisation exposure	168	168	184				352
TSA[6]	**–**	**–**	**161**	**23 132**	**43 764**	**–**	**67 057**
Corporate					10 768		10 768
SME – corporate			161	1 681			1 842
Public sector entities					642		642
Local government and municipalities					30		30
Sovereign				9 093	7 029		16 122
Banks				4 189	8 369		12 558
Retail mortgage				7 289	7 269		14 558
Retail revolving credit					741		741
Retail – other				880	4 465		5 345
SME – retail					4 451		4 451
PiPs			**50**	**11**	**106**		**167**
Non-regulated entities	**19 055**		**366**				**19 421**
Total Basel III balance sheet exposure[7]	**526 051**	**168 256**	**362 170**	**43 375**	**43 870**	**64 832**	**1 040 298**
dEL (AIRB Approach)							
Expected loss performing book							
BEEL on defaulted advances							
IFRS impairment on AIRB loans and advances							
Excess of downturn expected loss over eligible provisions							

[1] *Risk weighting is shown as a percentage of exposure at default (EAD) for the AIRB Approach and as a percentage of total credit extended for The Standardised Approach (TSA).*
[2] *dEL is in relation to performing loans and advances.*
[3] *Best estimate of expected loss (BEEL) is in relation to defaulted loans and advances.*
[4] *High-volatility commercial real estate.*
[5] *Income-producing real estate.*
[6] *A portion of the legacy Imperial Bank book in Nedbank RBB, Nedbank Private Wealth (UK) and the non-SA banking entities in Africa are covered by TSA.*
[7] *Balance sheet credit exposure includes on-balance-sheet, repurchase and resale agreements and derivative exposure.*

	Mix (%)	Change (%)	Risk weighting[1]	Downturn expected loss (dEL)[2]	BEEL[3]	Nedbank Group June 2019	Downturn expected loss (dEL)[2]	BEEL[3]
	91,67	**14,85**	**41,20**	**7 345**	**13 257**	830 338	7 019	9 444
	22,95	**22,28**	**49,56**	**1 483**	**1 031**	194 727	1 113	579
	0,66	**(1,03)**	**109,86**	**87**	**150**	6 897	112	122
	10,82	**9,04**	**28,28**	**187**	**443**	103 235	227	93
	4,84	**17,27**	**67,75**	**196**	**64**	42 924	164	
	3,69	**5,76**	**51,59**	**262**	**540**	36 364	229	259
	1,71	**(2,69)**	**48,93**	**29**	**66**	18 331	102	
	1,11	**(5,24)**	**30,87**	**14**	**16**	12 191	5	
	7,69	**(2,23)**	**11,89**	**21**	**6**	81 809	26	
	7,13	**240,73**	**40,44**	**74**	**71**	21 754	71	
	13,42	**2,97**	**25,07**	**679**	**1 993**	135 547	625	1 324
	1,59	**(0,27)**	**63,30**	**758**	**1 592**	16 565	847	1 454
	12,79	**8,14**	**48,46**	**3 066**	**6 362**	123 062	2 997	4 847
	3,24	**(7,45)**	**41,88**	**489**	**923**	36 462	502	766
	0,03	**(25,11)**	**133,18**			470		
	6,45	**13,59**	**56,84**			59 035		
	1,04	**7,58**	**85,89**			10 009		
	0,18	**16,51**	**90,12**			1 581		
	0,06	**(9,07)**	**67,39**			706		
	0,01	**3,45**	**94,17**			29		
	1,55	**34,35**	**53,99**			12 000		
	1,21	**22,64**	**45,13**			10 240		
	1,40	**13,95**	**39,75**			12 776		
	0,07	**15,06**	**40,09**			644		
	0,51	**(9,41)**	**73,43**			5 900		
	0,43	**(13,57)**	**59,94**			5 150		
	0,01	**(0,34)**				168		
	1,87	**(10,64)**				21 734		
	100,00	**14,16**		**7 345**	**13 257**	911 275	7 019	9 444
					20 602			16 463
					7 345			7 019
					13 257			9 444
					(22 396)			(16 050)
					(1 794)			414

NEDBANK LIMITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended

Rm	Change %	Jun 2020	Jun 2019	Dec 2019
Interest and similar income	(5,0)	**37 086**	39 057	79 240
Interest expense and similar charges	(8,8)	**23 407**	25 661	51 888
Net interest income	2,1	**13 679**	13 396	27 352
Impairments charge on loans and advances	>100	**7 382**	2 479	5 953
Income from lending activities	(42,3)	**6 297**	10 917	21 399
Non-interest revenue	(7,4)	**9 682**	10 452	20 905
Operating income	(25,2)	**15 979**	21 369	42 304
Total operating expenses	(0,5)	**13 412**	13 483	27 891
Indirect taxation	16,3	**529**	455	961
Profit from operations before non-trading and capital items	(72,6)	**2 038**	7 431	13 452
Non-trading and capital items	(50,9)	**(53)**	(108)	(424)
Profit from operations	(72,9)	**1 985**	7 323	13 028
Share of income of associate companies	(14,6)	**35**	41	121
Profit before direct taxation	(72,6)	**2 020**	7 364	13 149
Total direct taxation	(74,5)	**445**	1 745	3 076
Direct taxation		**464**	1 775	3 205
Taxation on non-trading and capital items		**(19)**	(30)	(129)
Profit for the period	(72,0)	**1 575**	5 619	10 073
Other comprehensive profits/(losses) net of taxation	>100	**398**	(202)	144
Items that may subsequently be reclassified in profit or loss				
Exchange differences on translating foreign operations		**413**	30	(37)
Debt investments at FVOCI – net change in fair value		**(51)**	(320)	(294)
Items that may not subsequently be reclassified in profit or loss				
Remeasurements on long-term employee benefit assets		**36**	(5)	330
Gains on property revaluations			93	145
Total comprehensive income for the period	(63,6)	**1 973**	5 417	10 217
Profit attributable to:				
– Ordinary and preference shareholders	(72,0)	**1 575**	5 616	10 087
– Non-controlling interest – ordinary shareholders	(100)		3	(14)
Profit for the period	(72,0)	**1 575**	5 619	10 073
Total comprehensive income attributable to:				
– Ordinary and preference shareholders	(63,6)	**1 973**	5 415	10 231
– Non-controlling interest – ordinary shareholders	(100)		2	(14)
Total comprehensive income for the period	(63,6)	**1 973**	5 417	10 217
Headline earnings reconciliation				
Profit attributable to ordinary and preference equity holders	(72,0)	**1 575**	5 616	10 087
Less: Non-headline earnings items net of taxation		**(34)**	(78)	(295)
Non-trading and capital items		**(53)**	(108)	(424)
Taxation on non-trading and capital items		**19**	30	129
Headline earnings attributable to ordinary and preference shareholders	(71,7)	**1 609**	5 694	10 382

NEDBANK LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at

Rm	Jun 2020	Jun 2019	Dec 2019
Assets			
Cash and cash equivalents	**8 828**	7 490	8 199
Other short-term securities	**40 118**	48 967	42 395
Derivative financial instruments	**76 474**	33 622	34 923
Government securities	**108 484**	97 622	96 536
Other dated securities	**33 037**	27 657	31 126
Loans and advances to clients	**743 307**	713 167	735 886
Trading loans and advances	**38 542**	22 802	32 678
Loans and advances to banks	**29 550**	11 207	18 546
Other assets	**9 973**	12 168	10 544
Current taxation assets	**581**	70	213
Investment securities	**8 381**	8 822	9 007
Non-current assets held for sale	**90**	132	90
Investments in associate companies	**1 103**	939	1 229
Deferred taxation assets	**40**	28	42
Investment property	**56**		56
Property and equipment	**10 227**	10 331	10 403
Long-term employee benefit assets	**5 500**	4 852	5 505
Mandatory reserve deposits with central banks	**20 602**	20 759	21 424
Intangible assets	**9 758**	9 087	9 508
Total assets	**1 144 651**	1 029 722	1 068 310
Total equity and liabilities			
Ordinary share capital	**28**	28	28
Ordinary share premium	**19 632**	19 182	19 182
Reserves	**51 563**	50 663	53 582
Total equity attributable to equity holders of the parent	**71 223**	69 873	72 792
Preference share capital and premium	**3 561**	3 561	3 561
Additional tier 1 capital instruments	**6 850**	4 963	6 850
Non-controlling interest attributable to ordinary shareholders	**9**	25	9
Non-controlling interest attributable to preference shareholders	**7**	561	7
Total equity	**81 650**	78 983	83 219
Derivative financial instruments	**63 003**	30 302	27 621
Amounts owed to depositors	**924 099**	848 196	881 297
Provisions and other liabilities	**12 939**	13 277	13 473
Current taxation liabilities	**23**	173	42
Deferred taxation liabilities	**559**	380	645
Long-term employee benefit liabilities	**2 273**	2 285	2 401
Long-term debt instruments	**60 105**	56 126	59 612
Total liabilities	**1 063 001**	950 739	985 091
Total equity and liabilities	**1 144 651**	1 029 722	1 068 310

NEDBANK LIMITED CONSOLIDATED FINANCIAL HIGHLIGHTS

for the period ended

Rm	Jun 2020	Jun 2019	Dec 2019
ROE (%)	**4,7**	16,9	15,1
ROA (%)	**0,32**	1,20	1,04
NII to average interest-earning banking assets (%)	**3,31**	3,50	3,45
CLR – banking advances (%)	**1,97**	0,73	0,83
Cost-to-income ratio	**57,3**	56,4	57,7

DEFINITIONS

12-month ECL This ECL represents an ECL that results from default events on financial instruments occurring within the 12 months after the reporting date (or a shorter period if the expected life of the financial instrument is less than 12 months, weighted by the probability of the defaults occurring.

Assets under administration (AUA) (Rm) Market value of assets held in custody on behalf of clients.

Assets under management (AUM) (Rm) Market value of assets managed on behalf of clients.

Common-equity tier 1 (CET1) capital adequacy ratio (%) CET1 regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.

Cost-to-income ratio (%) Total operating expenses as a percentage of total income, being net interest income, non-interest revenue and share of profits or losses from associates and joint arrangements.

Coverage (%) On-balance-sheet ECLs divided by on-balance-sheet gross banking loans and advances. Coverage excludes ECLs on off-balance-sheet amounts, ECL and gross banking loans and advances on the fair value through other comprehensive income (FVOCI) portfolio and loans and advances measured at fair value through profit or loss (FVTPL).

Credit loss ratio (CLR) – (% or bps) ECL charge on banking loans and advances as a percentage of daily average gross banking loans and advances. Includes the ECL recognised in respect of the off-balance-sheet portion of loans and advances.

Default In line with the Basel III definition, default occurs in respect of a client in the following instances:

- When the bank considers that the client is unlikely to pay its credit obligations to the bank in full without the bank having recourse to actions such as realising security (if held).
- When the client is past due for more than 90 days on any material credit obligation to the bank. Overdrafts will be considered as being past due if the client has breached an advised limit or has been advised of a limit smaller than the current outstanding amount.
- In terms of Nedbank's Group Credit Policy, when the client is placed under business rescue in accordance with the Companies Act, 71 of 2008, and when the client requests a restructure of their facilities as a result of financial distress, except where debtor substitution is allowable in terms of the regulations.

At a minimum a default is deemed to have occurred where a material obligation is past due for more than 90 days or a client has exceeded an advised limit for more than 90 days. A stage 3 impairment is raised against such a credit exposure due to a significant perceived decline in the credit quality.

For retail portfolios this is product-centred, and a default would therefore be to a specific advance. For all other portfolios, except specialised lending, it is client- or borrower-centred, meaning that should any transaction to a legal-entity borrower default, all transactions with that legal-entity borrower would be treated as having defaulted.

To avoid short-term volatility, Nedbank employs a six-month curing definition where subsequent defaults will be an extension of the initial default.

Diluted headline earnings per share (DHEPS) (cents) Headline earnings divided by the weighted-average number of ordinary shares, adjusted for potential dilutive ordinary shares.

Directive 1 of 2020 A directive from the Prudential Authority that provides temporary measures to aid compliance with the liquidity coverage ratio during the Covid-19 pandemic stress period. The PA has deemed it appropriate to amend the minimum LCR requirement temporarily to 80% effective from 1 April 2020.

Directive 2 of 2020 A directive from the Prudential Authority provides temporary capital relief to alleviate risks posed by the Covid-19 pandemic. The PA has implemented measures to reduce the specified minimum requirement of capital and reserve funds to be maintained by banks, in order to provide temporary capital relief to enable banks to counter economic risks to the financial system as a whole and to individual banks. These measures are intended to provide relief to banks in response to the Covid-19 pandemic, thereby enabling banks to continue providing credit to the real economy during this period of financial stress.

Directive 3 of 2020 A directive from the Prudential Authority that implemented measures to ensure that various relief to qualifying borrowers that were up to date at 29 February 2020, such as payment holidays, do not result in unintended consequences such as inappropriate higher capital requirements. The PA has provided temporary relief for qualifying loans from portions of Directive 7/2015 dealing with distressed restructures. Importantly, this relief covers retail, SME and corporate loans, including all specialist asset classes such as commercial property.

Directive 7 of 2015 A directive from the Prudential Authority that provides clarity on how banks should identify restructured credit exposures and how these exposures should be treated for purposes of the definition of default.

Dividend cover (times) Headline earnings per share divided by dividend per share.

Economic profit (EP) (Rm) Headline earnings less the cost of equity (total equity attributable to equity holders of the parent, less goodwill, multiplied by the group's cost-of-equity percentage).

Effective taxation rate (%) Direct taxation as a percentage of profit before direct taxation, excluding non-trading and capital items.

Earnings per share (EPS) (cents) Earnings attributable to ordinary shareholders, divided by the weighted-average number of ordinary shares in issue.

Forward-looking economic expectations The impact of forecast macroeconomic conditions in determining a significant increase in credit risk (SICR) and ECL.

Gross operating income growth rate less expenses growth rate (JAWS ratio) (%) Measure of the extent to which the total income growth rate exceeds the total operating expenses growth rate.

Guidance Note 4 of 2020 A guidance note from the South African Reserve Bank that recommends that banks no longer make dividend distributions on ordinary shares in order to conserve capital, in light of the negative economic impact of the Covid-19 pandemic and the temporary regulatory-capital relief provided.

Headline earnings (Rm) The profit attributable to equity holders of the parent, excluding specific separately identifiable remeasurements, net of related tax and non-controlling interests.

Headline earnings per share (HEPS) (cents) Headline earnings divided by the weighted-average number of ordinary shares in issue.

Lifetime ECL The ECL of default events between the reporting date and the end of the lifetime of the financial asset, weighted by the probability of the defaults occurring.

Life insurance embedded value (Rm) The embedded value (EV) of the covered business is the discounted value of the projected future after-tax shareholder earnings arising from covered business in force at the valuation date, plus the adjusted net worth.

Life insurance value of new business (Rm) A measure of the value added to a company as a result of writing new business. Value of new business (VNB) is calculated as the discounted value, at the valuation date, of projected after-tax shareholder profit from covered new business that commenced during the reporting period, net of frictional costs and the cost of non-hedgeable risk associated with writing new business, using economic assumptions at the start of the reporting period.

Net asset value (NAV) (Rm) Total equity attributable to equity holders of the parent.

Net asset value (NAV) per share (cents) NAV divided by the number of shares in issue, excluding shares held by group entities at the end of the period.

Net interest income (NII) to average interest-earning banking assets (AIEBA) (%) NII as a percentage of daily average total assets, excluding trading assets. Also called net interest margin (NIM).

Net monetary gain/(loss) (Rm) Represents the gain or loss in purchasing power of the net monetary position (monetary assets less monetary liabilities) of an entity operating in a hyperinflation environment.

Non-interest revenue (NIR) to total income (%) NIR as a percentage of operating income, excluding the impairments charge on loans and advances.

Number of shares listed (number) Number of ordinary shares in issue, as listed on the JSE.

Off-balance-sheet exposure Undrawn loan commitments, guarantees and similar arrangements that expose the group to credit risk.

Ordinary dividends declared per share (cents) Total dividends to ordinary shareholders declared in respect of the current period.

Performing stage 3 loans and advances (Rm) Loans that are up to date (not in default) but are classified as defaulted due to regulatory requirements, ie Directive 7 of 2015 or the curing definition.

Preprovisioning operating profit (PPOP) (Rm) Headline earnings plus direct taxation plus an impairments charge on loans and advances.

Profit attributable to equity holders of the parent (Rm) Profit for the period less non-controlling interests pertaining to ordinary shareholders, preference shareholders and additional tier 1 capital instrument noteholders.

Profit for the period (Rm) Income statement profit attributable to ordinary shareholders of the parent, before non-controlling interests.

Return on equity (ROE) (%) Headline earnings as a percentage of daily average ordinary shareholders' equity.

Return on equity (ROE) (excluding goodwill) (%) Headline earnings as a percentage of daily average ordinary shareholders' equity less goodwill.

Return on tangible equity (%) Headline earnings as a percentage of daily average ordinary shareholders' equity less intangible assets.

Risk-weighted assets (RWA) (Rm) On-balance-sheet and off-balance-sheet exposures after applying prescribed risk weightings according to the relative risk of the counterparty.

SME loan guarantee scheme An initiative by National Treasury and the South African Reserve Bank, in partnership with participating commercial banks, aimed at giving financial support to small and medium enterprises (SMEs) affected by the lockdown.

Stage 1 Financial assets for which the credit risk (risk of default) at the reporting date has not significantly increased since initial recognition.

Stage 2 Financial assets for which the credit risk (risk of default) at the reporting date has significantly increased since initial recognition.

Stage 3 Any advance or group of loans and advances that has triggered the Basel III-definition of default criteria, in line with the SA banking regulations. At a minimum a default is deemed to have occurred where a material obligation is past due for more than 90 days or a client has exceeded an advised limit for more than 90 days. A stage 3 impairment is raised against such a credit exposure due to a significant perceived decline in the credit quality.

Stage 3 ECL (Rm) ECL for banking loans and advances that have been classified as stage 3 advances.

Tangible net asset value (Rm) Equity attributable to equity holders of the parent, excluding intangible assets.

Tangible net asset value per share (cents) Tangible net asset value (NAV) divided by the number of shares in issue, excluding shares held by group entities at the end of the period.

Tier 1 capital adequacy ratio (CAR) (%) Tier 1 regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.

Total capital adequacy ratio (CAR) (%) Total regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.

Value in use (VIU) (Rm) The present value of the future cashflows expected to be derived from an asset or cash-generating unit.

Weighted-average number of shares (number) The weighted-average number of ordinary shares in issue during the period listed on the JSE.

Year-to-date annualised or ytd annualised The growth rate for the six-month period to 30 June annualised by 366 days divided by 182 days.

ABBREVIATIONS AND ACRONYMS

AFR available financial resources
AGM annual general meeting
AI artificial intelligence
AIEBA average interest-earning banking assets
AIRB Advanced Internal Ratings-based
AMA Advanced Measurement Approach
AML anti-money-laundering
API application programming interface
AUA assets under administration
AUM assets under management
BBBEE broad-based black economic empowerment
BEE black economic empowerment
bn billion
bps basis point(s)
CAGR compound annual growth rate
CAR capital adequacy ratio
CET1 common-equity tier 1
CIB Corporate and Investment Banking
CIPC Companies and Intellectual Property Commission
CLR credit loss ratio
COE cost of equity
CPI consumer price index
CPF commercial-property finance
CSI corporate social investment
CVP client value proposition
D1/2020 or D1 Directive 1 of 2020 issued by the Prudential Authority
D2/2020 or D2 Directive 2 of 2020 issued by the Prudential Authority
D3/2020 or D3 Directive 3 of 2020 issued by the Prudential Authority
D7/2015 or D7 Directive 7 of 2015 issued by the Prudential Authority
DHEPS diluted headline earnings per share
D-SIB domestic systemically important bank
ECL expected credit loss
EE employment equity
ELB entry-level banking
EP economic profit
EPS earnings per share
ESG environmental, social and governance
EV embedded value
ETI Ecobank Transnational Incorporated
FCTR foreign currency translation reserve
FSC Financial Sector Code
FSCA Financial Sector Conduct Authority
FVOCI Fair value through other comprehensive income
FVTPL Fair value through profit or loss
GDP gross domestic product
GFC global financial crisis
GLAA gross loans and advances
GLC Global Lockdown Crisis
G4/2020 Guidance Note 4 of 2020 issued by the Prudential Authority
GOI gross operating income
group Nedbank Group Limited
HE headline earnings
HEPS headline earnings per share
HQLA high-quality liquid asset(s)
IAS International Accounting Standard(s)
ICAAP Internal Capital Adequacy Assessment Process
IFRS International Financial Reporting Standard(s)
ILAAP Internal Liquidity Adequacy Assessment Process
IMF International Monetary Fund
JIBAR Johannesburg Interbank Agreed Rate
JSE JSE Limited
LAA loans and advances
LAP liquid-asset portfolio
LCR liquidity coverage ratio
LIBOR London Interbank Offered Rate
LTI long-term incentive
m million
M&A mergers and acquisitions
MFC Motor Finance Corporation (vehicle finance lending division of Nedbank)
MRC minimum required capital
MZN Mozambican metical
N/A not applicable
NAFEX The Nigerian Autonomous Foreign Exchange Rate Fixing Methodology
NAR Nedbank Africa Regions
NCA National Credit Act, 34 of 2005
NCD negotiable certificate of deposit
NCOF net cash outflows
NGN Nigerian naira
NII net interest income
NIM net interest margin
NIR non-interest revenue
NPL non-performing loan(s)
NPS Net Promoter Score
NSFR net stable funding ratio
nWoW New Ways of Work
OCI other comprehensive income
OM Old Mutual
PA Prudential Authority
PAT profit after tax
PayU Pay-as-you-use account
Plc public listed company
PPOP preprovisioning operating profit
PRMA postretirement medical aid
R rand
RBB Retail and Business Banking
Rbn South African rands expressed in billions
REITs real estate investment trusts
Rm South African rands expressed in millions
ROA return on assets
ROE return on equity
RORWA return on risk-weighted assets
RPA robotic process automation
RRB Retail Relationship Banking
RTGS real-time gross settlement
RWA risk-weighted assets
SA South Africa
SAcsi The South African Customer Satisfaction Index
SADC Southern African Development Community
SAICA South African Institute of Chartered Accountants
SARB South African Reserve Bank
SDGs Sustainable Development Goals
SICR Significant increase in credit risk
SME small to medium-sized enterprise
STI short-term incentive
TSA The Standardised Approach
TTC through the cycle
UK United Kingdom
USA United States of America
USD United States dollar (currency code)
USSD unstructured supplementary service data
VAF vehicle and asset finance
VaR value at risk
VIU value in use
VNB value of new business
YES Youth Employment Service
yoy year on year
ytd year to date
ZAR South African rand (currency code)

NOTES

COMPANY DETAILS

NEDBANK GROUP LIMITED
Incorporated in the Republic of SA
Registration number 1966/010630/06

REGISTERED OFFICE
Nedbank Group Limited, Nedbank 135 Rivonia Campus,
135 Rivonia Road, Sandown, Sandton, 2196
PO Box 1144, Johannesburg, 2000

TRANSFER SECRETARIES IN SA
Link Market Services South Africa Proprietary Limited,
19 Ameshoff Street, Braamfontein, Johannesburg, 2001, SA.

PO Box 4844, Marshalltown, 2000, SA.

NAMIBIA
Transfer Secretaries (Proprietary) Limited
Robert Mugabe Avenue No 4, Windhoek, Namibia
PO Box 2401, Windhoek, Namibia

INSTRUMENT CODES
Nedbank Group ordinary shares

JSE share code:	NED
NSX share code:	NBK
ISIN:	ZAE000004875
JSE alpha code:	NEDI
ADR code:	NDBKY
ADR CUSIP:	63975K104

Nedbank Limited non-redeemable non-cumulative preference shares

JSE share code:	NBKP
ISIN:	ZAE000043667
JSE alpha code:	BINBK

FOR MORE INFORMATION CONTACT
Investor Relations
Email: NedGroupIR@nedbank.co.za

Raisibe Morathi
Chief Financial Officer
Tel: +27 (0)11 295 9693

Alfred Visagie
Executive Head, Investor Relations
Tel: +27 (0)11 295 6249
Email: alfredv@nedbank.co.za

This announcement is available on the group's website at nedbankgroup.co.za, together with the following additional information:

- Financial results presentation to analysts.
- Link to a webcast of the presentation to analysts.

For further information please contact Nedbank Group Investor Relations at NedGroupIR@nedbank.co.za.

Company Secretary: J Katzin
Sponsors in SA: Merrill Lynch SA Proprietary Limited
Nedbank CIB

Sponsor in Namibia:
Old Mutual Investment Services (Namibia) (Proprietary) Limited

DISCLAIMER
Nedbank Group has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this document, including all information that may be defined as 'forward-looking statements' within the meaning of United States securities legislation.

Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'.

Forward-looking statements are not statements of fact, but statements by the management of Nedbank Group based on its current estimates, projections, expectations, beliefs and assumptions regarding the group's future performance.

No assurance can be given that forward-looking statements will be correct and undue reliance should not be placed on such statements.

The risks and uncertainties inherent in the forward-looking statements contained in this document include, but are not limited to: changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; domestic and international business and market conditions such as exchange rate and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational, social, economic and political risks; and the effects of both current and future litigation.

Nedbank Group does not undertake to update any forward-looking statements contained in this document and does not assume responsibility for any loss or damage arising as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits, or consequential loss or damage.

nedbankgroup.co.za