NEDBANK GROUP

BE THE DIFFERENCE THAT IMPACTS OUR WORLD.

UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

see money differently

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Strong performance in H1 2021

Operating conditions in the first half of 2021 were better than we expected at the start of the year. This was evident in upward revisions to GDP growth, vaccine rollouts gathering pace and positive developments on key reforms in SA. A 53-year low in interest rates supported robust demand for retail credit, while transactional activity increased off a low base and benefited from ongoing strong digital growth. Against this progress, demand for corporate loans remained muted and excess cash was used to repay debt, particularly in the commodity sector. The third wave of Covid-19 infections in SA led to the government imposing stricter adjusted level 4 lockdowns towards the end of June. More recently, civil unrest in parts of Gauteng and KwaZulu-Natal is expected to negatively impact economic growth, with damage to physical assets, temporary interruptions of supply chains and many people left without an income. Law and order and the protection of citizens and their assets are foundations for democracy, investment and economic activity, and it is important that steps are urgently put in place to prevent any recurrence and that those responsible are held accountable. It has been encouraging to see images of a united SA replace images of unrest and violence. Thousands of South Africans joined clean-up efforts, distributed food to communities in need, and generally spread a message of positivity and togetherness. Nedbank has joined these efforts and has positioned our support in a manner that will maximise the value we can provide to the country, in line with our purpose: to use our financial expertise to do good.

The Nedbank Group's financial performance in the first half of 2021 reflects a strong financial recovery off a low base, and key resilience metrics have all strengthened to above pre-crisis levels. Capital and liquidity ratios increased as reflected in our tier 1 capital ratio of 13,6% (Dec 2020: 12,1%), CET1 ratio of 12,2% (Dec 2020: 10,9%), average second-quarter LCR of 131% (Dec 2020: 126%) and NSFR of 114% (Dec 2020: 113%). Overall impairment coverage improved to multi-year highs of 3,41% (Dec 2020: 3,25%) and we increased our judgemental Covid-19 and macroeconomic overlays to R4,5bn (Dec 2020: R3,9bn).

We remain well prepared to manage risks associated with the impact of the third wave of Covid-19 infections, which appears to have passed its peak, the effect of the higher-than-expected lockdown restrictions during the third wave of infections and helping our clients deal with the residual impact of recent civil unrest in parts of SA.

Nedbank Group's HE in H1 2021 increased by 148% on H1 2020 to R5,3bn, but remains 24% below H1 2019 levels. HE growth benefited from significantly lower impairments, higher net interest margin and disciplined expense management. Underlying NIR was strong, due mainly to higher levels of client activity and strong insurance income, but this growth was negatively impacted by a high H1 2020 trading revenue base and an unwind of the prior-year fair-value gains. Key drivers of shareholder value creation also showed positive trends, with net asset value per share up 8% yoy, the group's ROE increasing to 11,7% (H1 2020: 4,8%) and our resumption of dividend payments, declaring an interim dividend of 433 cents per share.

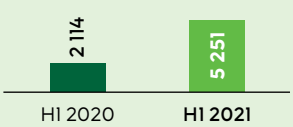
Forecasting remains difficult in a volatile environment, but after lifting 2021 GDP forecasts to 5,0%, we currently expect the country's GDP to increase by 4,2% in 2021, taking into account the estimated 0,4% impact of recent civil unrest in addition to the 0,4% impact from the move to adjusted level 4 lockdown. Given progress on our strategy and the group's financial performance in H1 2021, our current guidance on financial performance for the full-year 2021 is to grow HEPS and EPS by more than 20%. Our medium-term targets* remain unchanged, as we aim to exceed our 2019 diluted HEPS level of 2 565 cents, achieve an ROE greater than the 2019 ROE level of 15%, reduce our cost-to-income ratio to below 54%, and rank number one on the NPS among South African banks by end 2023.

We thank all our committed Nedbank employees for remaining resilient during an extraordinarily difficult time, and for continuing to follow the Covid-19 health protocols while diligently supporting our clients and the economy throughout the Covid-19 crisis as well as the recent unrest in KwaZulu-Natal and parts of Gauteng. We extend our deepest condolences to the families, friends and communities of employees and clients who have lost their loved ones during this time.

Mike Brown
Chief Executive

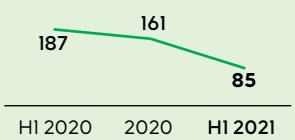
HEADLINE EARNINGS

▲148%



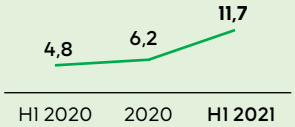
CLR

85 bps



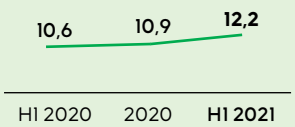
ROE

11,7%



CET1 RATIO

12,2%



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

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Nedbank Group Interim Results
for the six months ended 30 June 2021

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NOTES:

OVERVIEW

Strong performance in H1 2021, helped by a more supportive economic environment

Mike Brown
Chief Executive

- Key resilience metrics above pre-crisis levels
- HE +148% to R5,3bn, driven by a significant improvement in impairments
- Good strategic progress

2

NOTES:

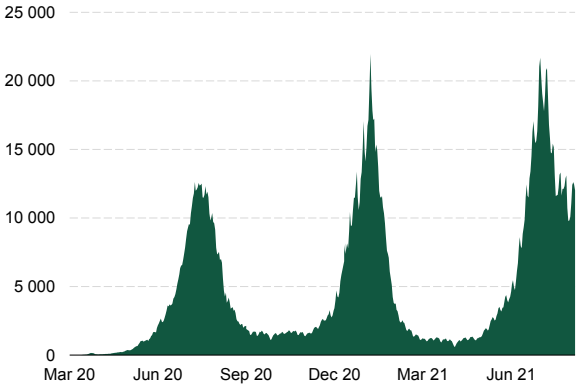
Overview

- **A more supportive environment in H1 2021**
  - GDP growth improving off a low base (2020: -7,0% decline | 2021 forecast: 4,2% growth)
  - More severe third wave of Covid-19 infections, but lockdown levels more supportive
  - Muted demand for corporate credit & excess cash being used to repay debt
  - Robust demand for retail credit as clients benefit from lower interest rates
  - Recovery of transactional activity off a low base – ongoing strong growth in digital
  - Civil unrest in July 2021 likely to reduce 2021 GDP growth by 0,4% & introduction of adjusted lockdown level 4 by a further 0,4%; previous forecast 5,0% reduced to 4,2%
- **Key resilience metrics above pre-crisis levels & solid financial recovery off a low base**
  - CET1 (12,2%), LCR (131%) & NSFR (114%) all above pre-crisis (2019) levels
  - Total coverage (3,41%) at multi-year high & central overlays increased to R4,5bn (Dec 20: R3,9bn)
  - HE growth of 148% to R5,3bn, driven by significantly lower impairments, widening NIM & expense discipline
  - Dividend payments resumed
- **Good ongoing strategic progress**
  - Market share gains in key product areas, ongoing main-banked client growth, productivity improvement & excellent risk & capital management

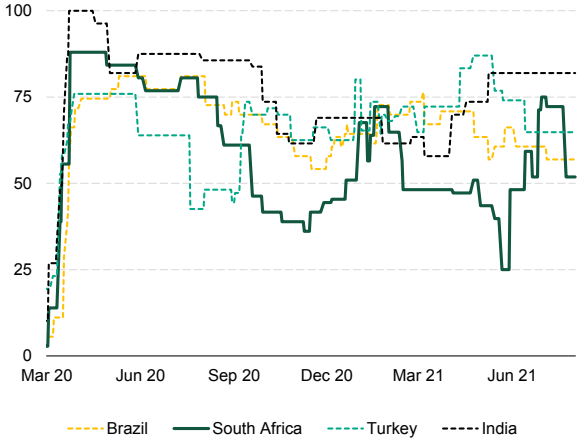
NOTES:

Operating environment – SA heading towards the end of a third wave of Covid-19 infections, with lockdown levels less stringent than in the first wave

SA positive Covid-19 cases
(7-day average)



Stringency index[1]



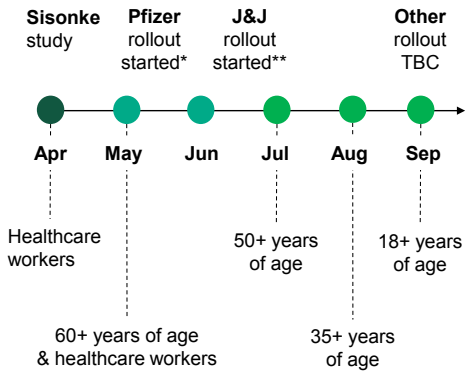
1 Oxford University

NOTES:

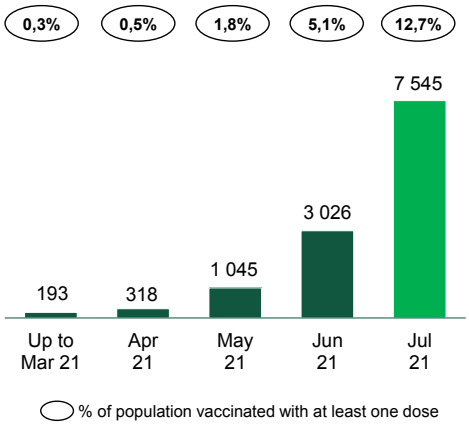
Operating environment – vaccine rollout gathering pace

BOOKLET SLIDE

SA vaccination plan



Vaccine rollout
('000 doses administered)

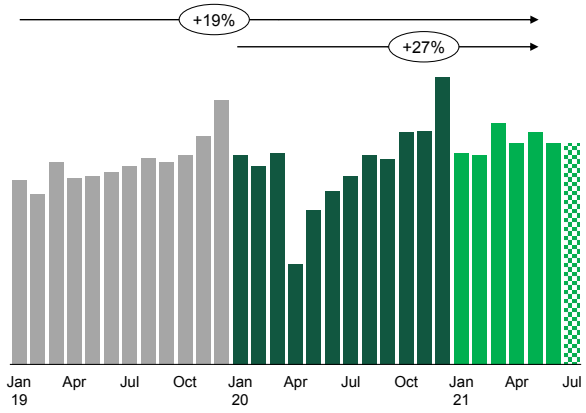


** SA Vaccination plan: Pfizer: 38m by end-2021 (2 doses required) & ** J&J :31m by end-2021 (1 dose required) | 7,4% of population fully vaccinated at 31 July 2021.*

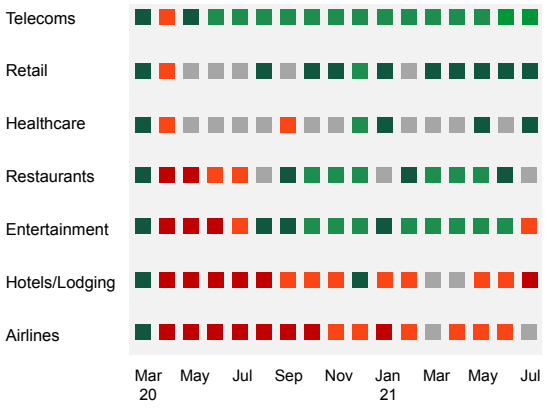
NOTES:

Operating environment – high-frequency data from client transactional turnover[1] shows an improvement in operating conditions in H2 2020 & into H1 2021

Total monthly industry POS turnover
(Rbn, growth for 6M yoy %)



Key sectors
(indexed to March 2020)

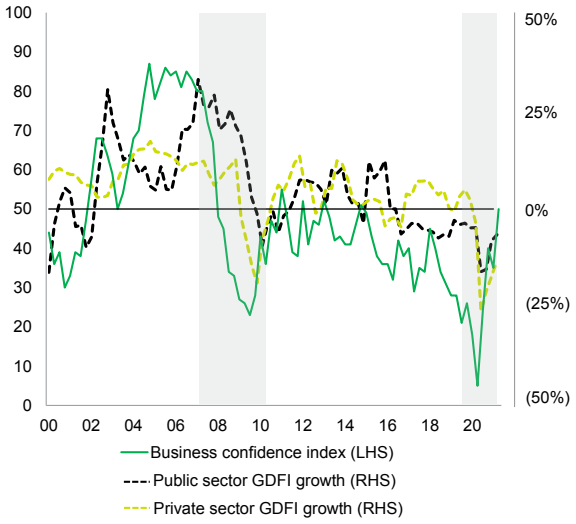


[1] *Based on Nedbank POS & card-related digital payment data (client turnover).*

NOTES:

Operating environment – low levels of fixed investment by public & private sector, & recent unrest will increase country risk premium

Business confidence[1] vs fixed investment



- **Q2 21 business confidence recovered to 50 points** (neutral position) but new corporate loan demand still muted
- **Positive developments on key SA reforms**
  - Increased private energy generation capacity to 100 MW
  - Sale of majority stake in SAA
- **Renewable energy**
  - Nedbank participating in 4 projects in the emergency renewable energy round
  - Round 5 REIPPP in progress – likely to close Q1/Q2 2022
- **Recent civil unrest & looting will have negative impact on country risk & investor confidence**

[1] *SA Bureau of Economic Research.*

NOTES:

Operating environment – households benefiting from 300 bps lower interest rates

Debt as % of income (LHS)

Debt service costs as % of income (RHS)



- **Households have de-levered since the GFC**
  - Peak of 88% to current level of 75%
- **Interest rates 300 bps lower in 2020 supporting:**
  - Demand for prime-linked credit (home loans, vehicle finance, etc) – evident in solid RBB loan growth
  - Easier for households, businesses & corporates to service their debt – evident in lower CLRs
- **Households were net savers in 2020 & the trend continued into Q1 21** – ratio of savings to disposable income, up to 0,7% (-0,4% at end-2019)

NOTES:

SA civil unrest & looting (second week July 2021) – physical impact limited to KwaZulu-Natal & parts of Gauteng, but long-term impact on the country is concerning

Impact on Nedbank

- Primary focus on safety of our employees & clients
  - More than 3 400 employees affected – no injuries or casualties reported
- BCP from Covid-19 response & hybrid working practices beneficial
- At the height of the crisis (isolated to KwaZulu-Natal & parts of Gauteng):
  - 226 branches (52%) & 60 Boxer outlets (55%) closed (55 vandalised in total). End-July: 29 branches & 23 Boxer stores damaged/closed.
  - Trading hours amended to allow employees sufficient time to travel home safely
  - 325 ATMs (8%) vandalised
  - Contact centre remained open 24/7 & digital channels beneficial
- Supported employees (counselling, food parcels – 106 tons of food & goods distributed, etc)

Implications

- Macroeconomic impact
  - Estimated 0,4% negative impact on 2021 GDP growth
  - Reconstruction activity likely to offset potential lower levels of investment in the short term
- Nedbank & our clients
  - Own infrastructure – covered by Sasria
  - Impact on clients
    - Vast majority of clients covered by Sasria
    - CIB – 166 clients impacted, but no significant support requested yet. All impacted CPF clients have Sasria cover
    - RBB – 300 BB & > 2 800 RRB clients impacted, most covered by insurance
    - Retail – HL & VAF loan application volumes down in KZN in July
    - Transactional impact not material based on initial high-frequency data

NOTES:

Progress on our strategy to 2023



NOTES:

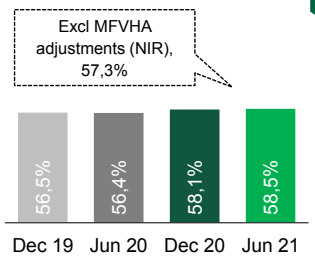
Growth & productivity – solid progress to date

Growth

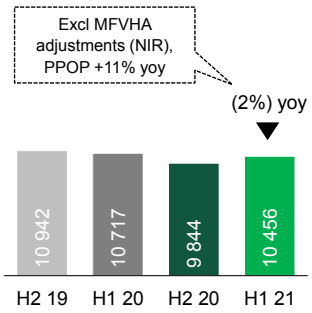
	Share	Change yoy
BA900 market share[1] (%)		
Home loans	**14,3%**	▼
Vehicle finance	**36,6%**	▲
Personal loans	**11,6%**	▲
Card issuing	**12,5%**	▲
Household overdrafts	**8,6%**	▲
CPF	**38,1%**	▼
Core corporate loans	**20,5%**	▼
Household deposits	**15,2%**	▼
Client gains & AUM		
CIB new-client gains in H1 21		**+18**
Retail main-banked client growth		**+2%**
NAR client gains		**+14%**
AUM growth		**+9%**

Productivity

Cost-to-income ratio (%)



PPOP (Rm)



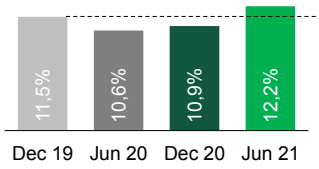
[1] *At May 2021.*

NOTES:

Risk & capital management – balance sheet metrics remained resilient, improved further in H1 2021 & now above 2019 levels

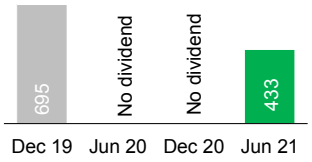
Capital

CET1 ratio (%) ✓



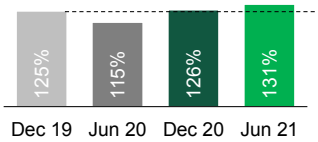
Dividends

Dividends/share (cents) ✓

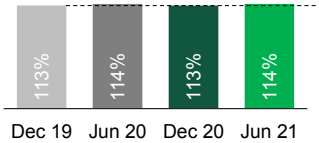


Liquidity

LCR (%) ✓

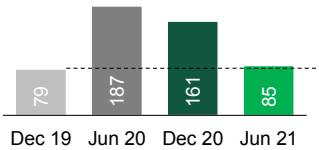


NSFR (%) ✓

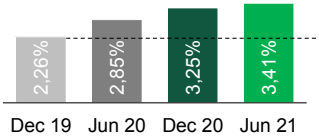


Credit

CLR (%) ✓



Total coverage (%) ✓



NOTES:

Good progress on our technology strategy – supported by accelerated digital sales & transactional activity & underpinned by high levels of system availability

Managed Evolution – 81% complete (H1 20: 74%)

- **84** core systems (H1 20: 106)
- **Individual onboarding in place & juristic making good progress** (99% in BB & 88% in CIB in June 21)
- **6 of our top 10 products/client journeys digitised** + various additional products (incl investments)
- **Digital sales: 54%** of total sales (H1 20: 53%)
- **Digitally active clients: 61%** of total main-banked clients (H1 20: 55%)
- **Growth in digital transactions: +33%** (volume) & **27%** (value) yoy
- **High levels of system uptime: 99,5%** (H1 20: 99,7%)

Digital leadership externally acknowledged

- Most Innovative Digital Bank[1], Best Digital Bank[2], Best Mobile & Internet Banking[3,4], Best Bank for APIs[1,2], Best Technology Transformation[1], Best Innovation in Retail Banking[5]





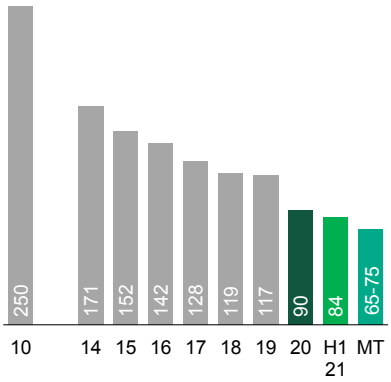
Source: [1] WorldEco. [2] Global Banking & Finance Awards. [3] Global Business Outlook. [4] International Business Magazine. [5] International Banker.

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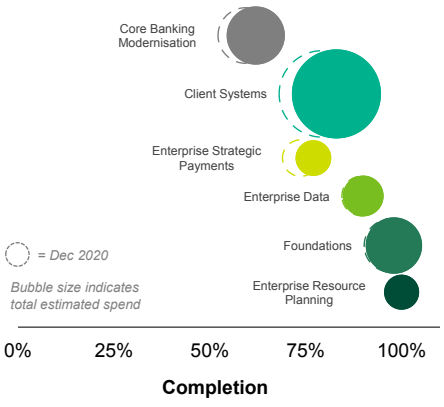
Our Managed Evolution technology strategy is materially complete & delivering benefits as per plan

BOOKLET SLIDE

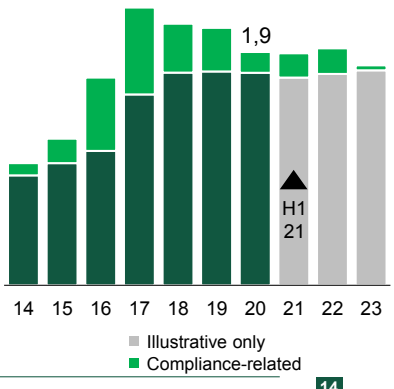
Core systems (#)
Rationalise, standardise & simplify



Managed Evolution programme
~81% complete, R9,5bn by June 2021
(R12,2bn including new technologies)



IT software development spend (Rbn)
Annual cashflow continues to decline

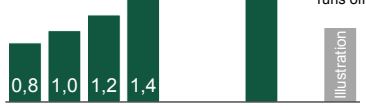


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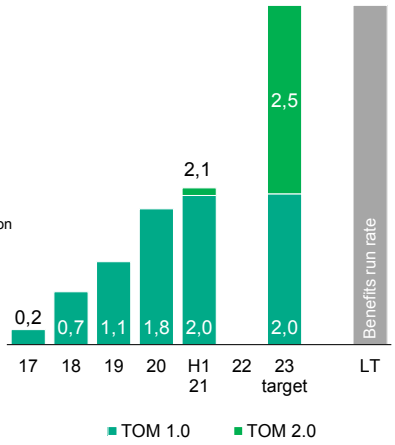
The benefits from our technology investments & digitisation are being unlocked through TOM 1.0 & TOM 2.0

BOOKLET SLIDE

Amortisation charge (Rbn)



Cumulative TOM 1.0 & TOM 2.0 benefits (Rbn)



Other benefits

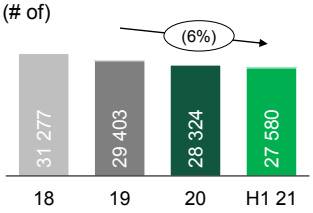
TOM 2.0
Optimising the shape of our infrastructure (branch & CRE), a more-client-centred RBB structure (incl back-office optimisation) & groupwide shared-services optimisation

TOM 1.0
Modernised technology platform (ME), optimised digital innovation capabilities (DFL) & implementation of end-to-end digital client onboarding, & digital products & services.

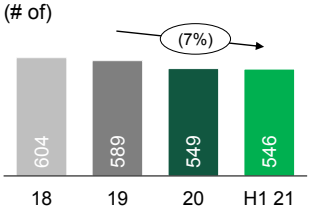
NOTES:

TOM 1.0 & TOM 2.0 outcomes – evident in optimisation of operations to enable lower expense growth over time & meet our 2023 cost-to-income ratio target of 54%

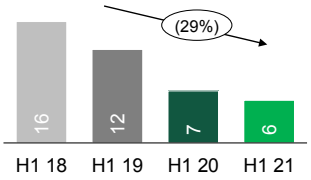
Group employees (# of)



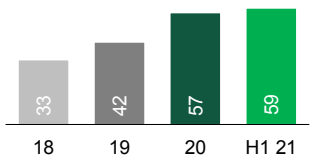
SA outlets/branches (# of)



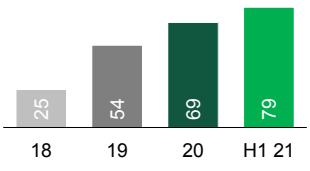
Teller activity (# m)[2]



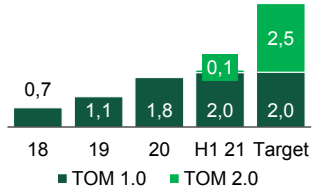
Branch floor space saved ('000 m²)[1]



Corporate real estate floor space saved ('000 m²)



Cumulative TOM 1.0 & TOM 2.0 benefits (Rbn)



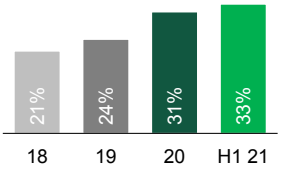
[1] *Represents the total branch floor space we saved since 2014, equating to approximately 25% of our branch floor space in 2014 when we started the journey.* | [2] *Refers to the volume of interactions with tellers.*

NOTES:

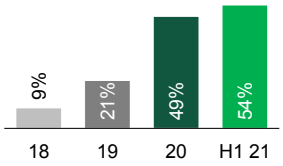
Accelerated digital uptake & usage – driven by world-class delivery, enablement & innovation, as well as client behavioural shifts during Covid-19

BOOKLET SLIDE

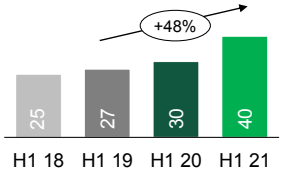
Digitally active clients
(% of total clients)



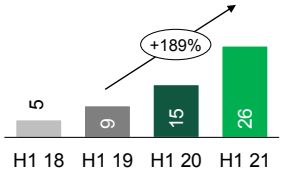
Digital sales[2]
(% of total sales)



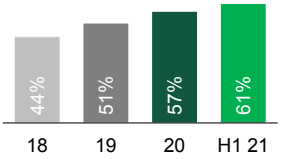
Digital transaction volumes
(# m)



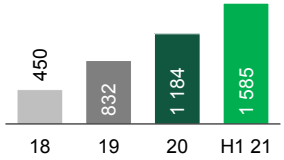
App transaction volumes
(# m)



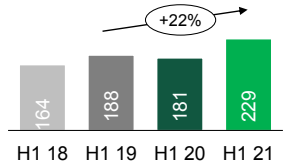
Digitally active clients
(% of main-banked[1] clients)



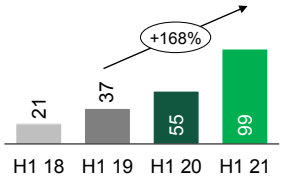
Money app active users
(# 000)



Digital transaction values
(Rbn)



App transaction values
(Rbn)



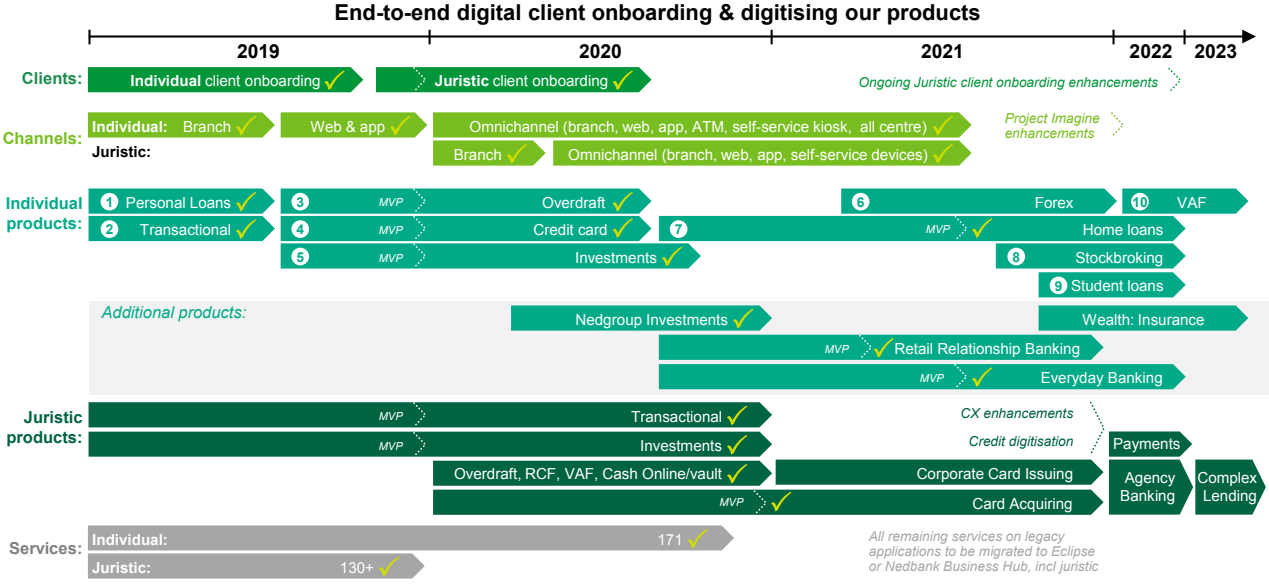
[1] Digitally active main-banked clients. | [2] Including MobiMoney.

NOTES:

Our digital journeys, enabled by Eclipse & Nedbank Business Hub, have expanded to include additional products outside of the Top 10

BOOKLET SLIDE

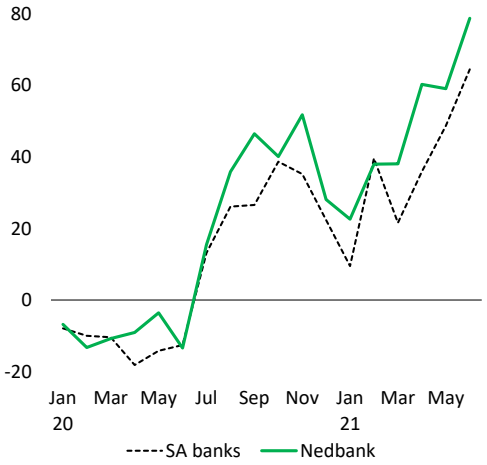
End-to-end digital client onboarding & digitising our products



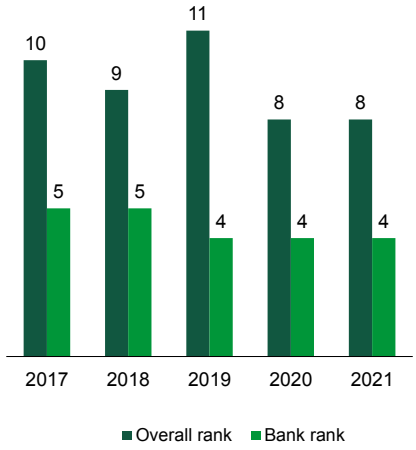
NOTES:

Improving client satisfaction levels supported Nedbank's ranking at the top-end of sentiment scores, while we also maintained our position as a top-10 SA brand

Brand sentiment[1]



Nedbank's brand rank in SA[2]



R15bn
brand value

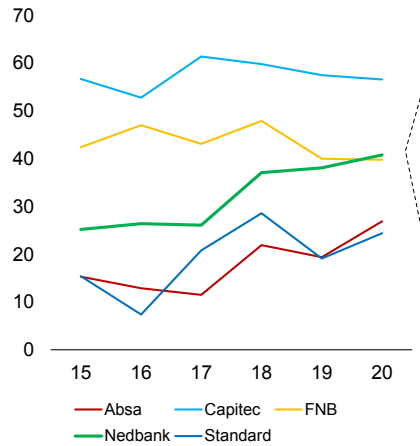
[1] January 2020 to June 2020: Brandseye & July 2020 to June 2021: Salesforce Social Studio. | [2] BrandFinance.

NOTES:

Client satisfaction metrics continue on an upward trajectory, enabled by segment, product & channel ratings

BOOKLET SLIDE

Net Promoter Score[1]



Nedbank NPS rank[2]	Business	Channel	Product
#1	BB		PL HL Loyalty & rewards
#2	Consumer Private SME	ATMs App USSD	Credit card Investments MFC Funeral cover
#3			Contact centre Online banking Transactional
#4		Branch	
#5			

[1] Annual Consulta survey (released March 2021).
[2] Among top 5 SA retail banks.

NOTES:

External recognition received across all business clusters in H1 21 – enabled by business excellence, innovation & ESG leadership

BOOKLET SLIDE

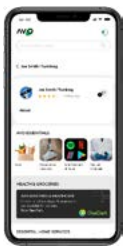
The Banker **2021 Deal of the Year Africa:** High Yield & Leveraged Finance (Peregrine's LBO & Delisting)	The Banker **2021 Deal of the Year Africa:** Infrastructure & Project Finance: Mozambique LNG 1 $15,4bn financing	GLOBAL FINANCE **2021 Global Finance Investment Bank Awards:** Best Debt Bank: Africa	GLOBAL FINANCE **2021 Global Finance Investment Bank Awards:** Best Investment Bank: South Africa	WorldEco **Most Innovative Digital Bank:** 2021 Nedbank	WorldEco **Best bank for API initiatives:** 2021 Nedbank	WorldEco **Best Technology Transformation:** 2021 Nedbank	Global Business Outlook **Best Digital Bank in South Africa:** 2021 Nedbank
Finance review **Best Corporate Bank** South Africa | 2021 Nedbank CIB	Finance review **Best Investment Bank** South Africa | 2021 Nedbank CIB	Finance review **Best Forex Bank** Southern Africa 2021 Nedbank CIB	Finance review **Debt Deal of the Year** South Africa | 2021 Old Mutual DMTN Programme	Finance review **Best Digital Bank** | South Africa | 2021 Nedbank	Finance review **Best Open Banking APIs** South Africa | 2021: Nedbank	INTERNATIONAL BUSINESS MAGAZINE **Best Mobile Banking** **Best Internet Banking** South Africa | 2021 Nedbank RBB	INTERNATIONAL BUSINESS MAGAZINE **Best Mobile Banking** **Best Internet Banking** South Africa | 2021 Nedbank NAR
AFRICAN BANKER AWARDS 2021 **2021 nominee:** Infrastructure Deal of the Year	INTERNATIONAL BANKER **Best Innovation in Retail Banking** 2021 Nedbank RBB	GLOBAL BUSINESS Review Magazine **Best Retail Bank & Best CSR Bank** South Africa 2021	CITY OF LONDON WEALTH MANAGEMENT AWARDS **Best Private Bank** 2021 Nedbank Private Wealth (7th year in a row)	Finance review **Best Bank for Sustainable Development** South Africa | 2021 Nedbank	EUROMONEY **Best Bank for Sustainable Development** Africa | 2021 Nedbank	AFRICAN BANKER AWARDS 2021 **2021 nominee:** Sustainable Bank of the Year Agriculture: Deal of the Year	OLIVER TOP EMPOWERMENT AWARDS **Top Empowered Business of the Year** 2021 Nedbank

Business-related Technology/innovation-related ESG-related

NOTES:

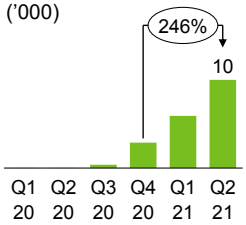
Ongoing disruptive market activities – Avo & APIs gaining good traction

- Avo continues to attract new clients and merchants
- Ytd value of transactions already greater than FY 2020

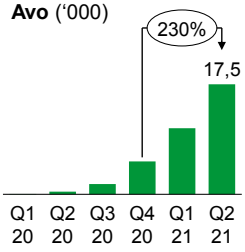


- API_Marketplace showing green shoots with positive momentum
- 29 third-party providers currently live or with finalised commercial agreements in the process of going live

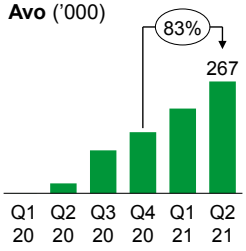
Personal-loan disbursals on API_Marketplace ('000)



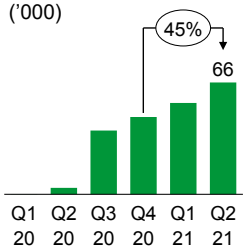
Merchants & partners on Avo ('000)



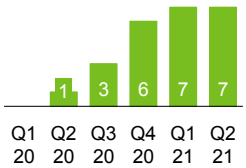
Registered clients on Avo ('000)



Product orders on Avo ('000)

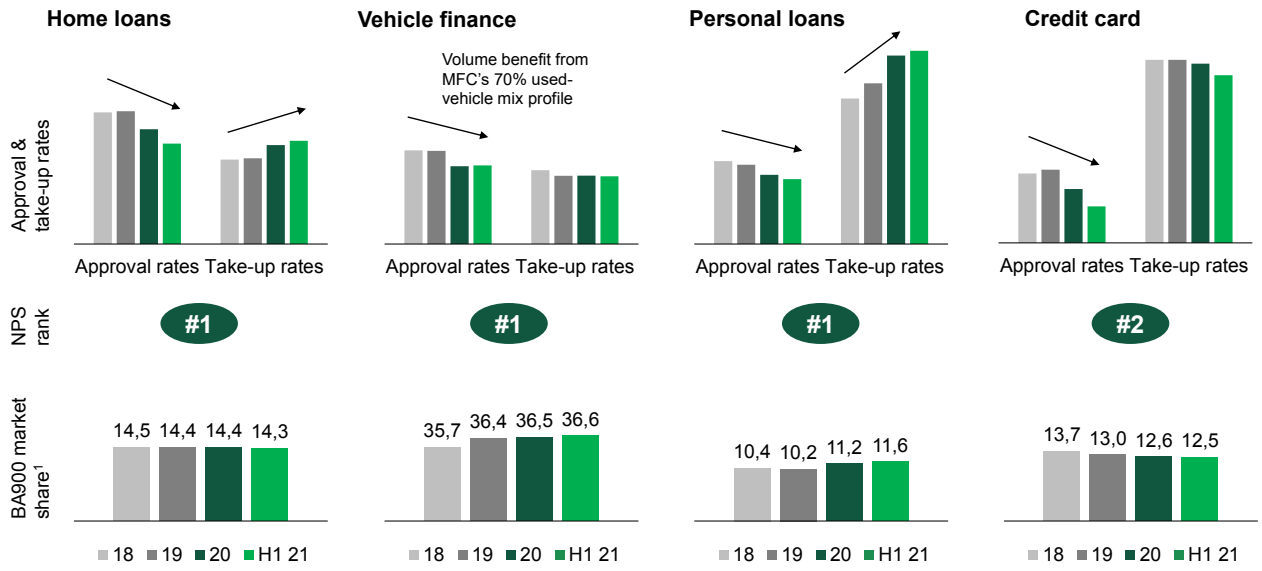


API products used (#)



NOTES:

Strategic Portfolio Tilt 2.0 – retail credit growth supported by our digital channels, notwithstanding more stringent approval rates



[1] *H1 2021 market share from BA900s as at May 2021. Vehicle finance share for households*

NOTES:

Strategic Portfolio Tilt 2.0 – main-banked clients up 2%, retail digitally active clients continue to show good growth yoy, while cross-sell on new sales continues to increase

BOOKLET SLIDE

Retail client base breakdown (# million)

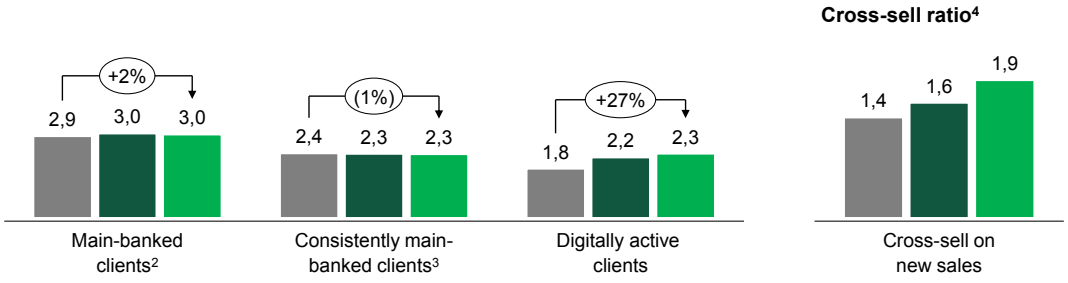
H1 20 FY 20 H1 21

% growth on H1 20

Consulta[1] main-banked market share

Change 2020 vs 2019 & rank

Capitec	+4,0%	#1
Nedbank	+0,0%	#5
Standard Bank	(0,6%)	#4
Absa	(1,3%)	#3
FNB	(2,1%)	#2
Other banks	+0,0%	



[1] *Consulta survey 2020* | [3] *Definition of main-banked [updated rule]: clients who achieved a minimum deposit OR number of quality transactions on average per month over three months.* | [3] *Main-banked for each of the past 12 months.* | [4] *Prior periods have been restated to reflect a ytd view as opposed to the previous reporting, which was based on a point in time – the ytd view is a more accurate reflection of the full performance for the period.* | *All periods represent updated segmentation.*

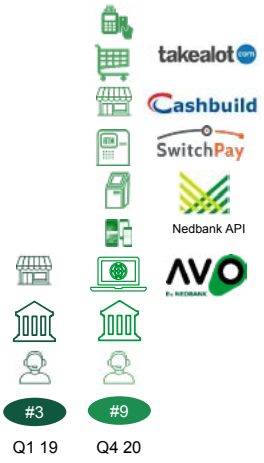
NOTES:

Strategic Portfolio Tilt 2.0 – Personal Loans example

BOOKLET SLIDE

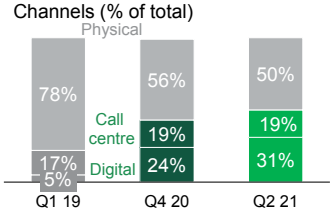
Personal Loans – our first fully digitised client journey/product now delivering tangible benefits

Channels

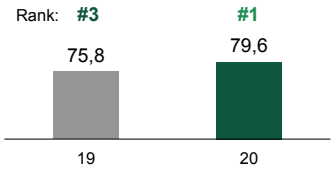


Digital sales

Channels (% of total)

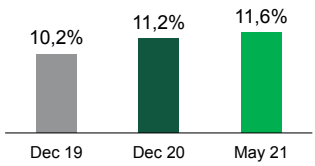


Client satisfaction score (SAcsi)

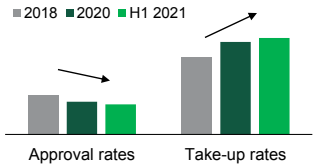


Credit

Personal Loans market share (%)



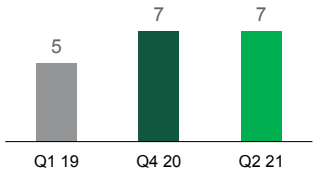
Loan approval and take-up rates (%)



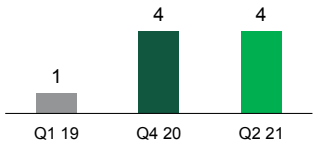
Cross-sell

PL paid into a Nedbank Tx account

Existing Nedbank clients (out of 10)

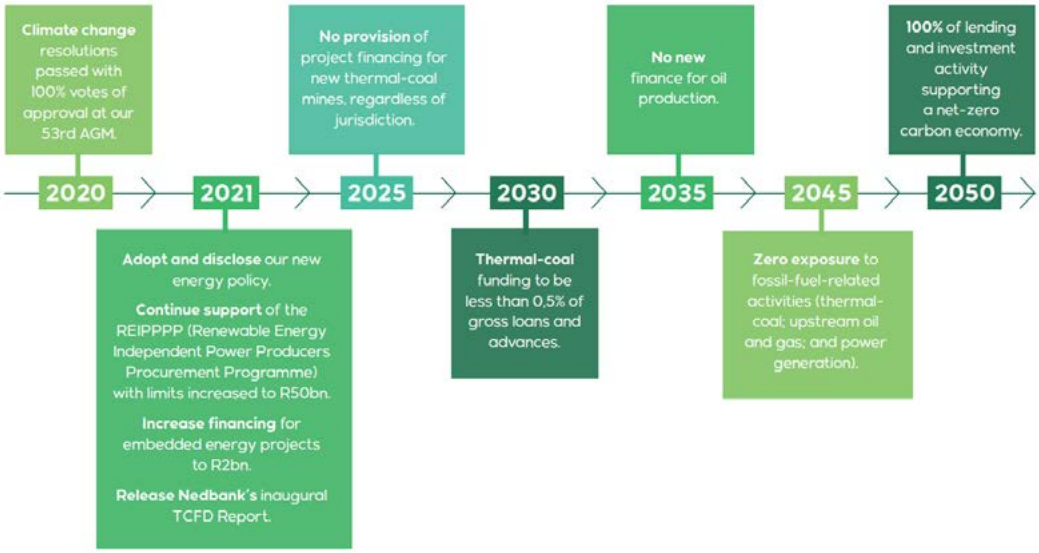


New to Nedbank clients (out of 10)



NOTES:

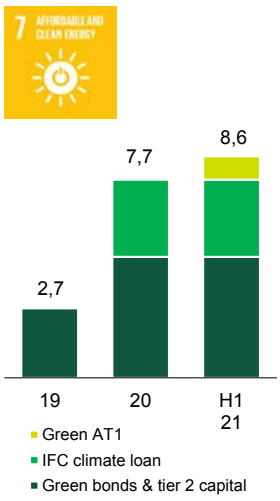
Creating positive impacts – in H1 2021 we released our energy policy which commits Nedbank to zero exposure to fossil-fuel-related activities by 2045



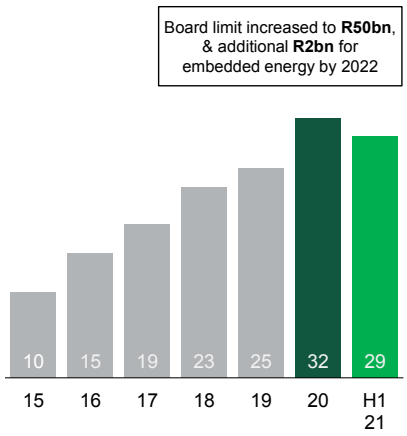
NOTES:

Creating positive impacts – delivering on our purpose & leading in SDG-related funding & finance contributing to top-tier ESG ratings

Sustainable funding[1] (Rbn)



Renewable energy (REIPPPP) financing (exposures, Rbn)



ESG ratings

- MSCI ESG – **AA** rating
- FTSE Russell – **Top 6%** of all banks
- SUSTAINALYTICS – **20th** out of 417 diversified banks
- ISS – **Top 20%** of all global banks

[1] *On 29July 2021, Nedbank raised a further R125m via a Green Housing Bond.*

NOTES:

Creating positive impacts – delivering on our purpose to use our financial expertise to do good

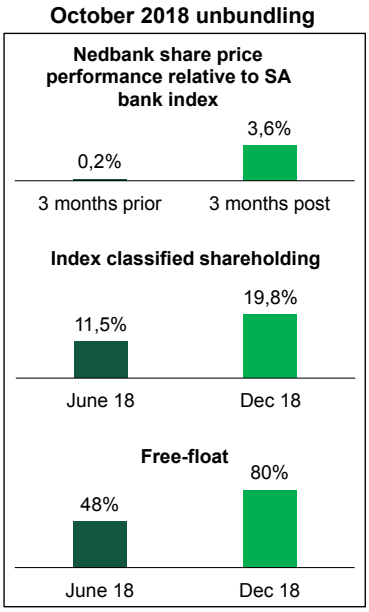
3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	6 CLEAN WATER AND SANITATION	8 DECENT WORK AND ECONOMIC GROWTH
106 tons of food & supplies to employees, families & communities impacted by recent riots	**R50m CSI spend** in H1 21, with **65% allocated to education**	Own operational total **water consumption down by 11%** yoy	Continued support of the **Youth Employment Service,** with more than **1 900 job opportunities** to unemployed youth
10 REDUCED INEQUALITIES	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Maintained **level 1 BBBEE** status & announced **2021 Top Empowered Business of the Year**[1]	**#PayIn30** – **94%** of suppliers paid in 30 days (up from 92% in 2020)	**R5bn funding** for the construction of buildings that conform to **green building standards** in H1 2021	**Independent directors** up to **71%** (67%)[3] **AIC**[2] **directors** up to **64%** (60%)[3]

[1] *Oliver Top Empowerment Awards.* | [2] *African, Indian & Coloured population.* | [3] *Comparative as at our AGM in May 2021 .*

NOTES:

Old Mutual unbundling

- **OM to unbundle 12,2% of its share in Nedbank & retain 7,2%**
  - No impact on strategy, day-to-day management or operations of Nedbank, our employees or clients
  - Existing commercial relationship underpinned by arms-length agreements
  - Increased free float of Nedbank shares from current 80% to 93% (enhanced liquidity & more favourable position in relevant indices)
- **Key dates**
  - OM announced unbundling: 23 June 2021
  - Proposed date of unbundling: 8 November 2021



NOTES:

Strong HE recovery driven by significantly lower impairments, widening NIM & expense discipline

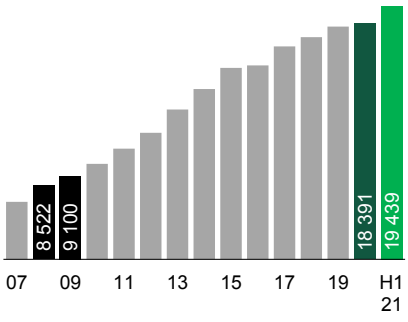
Mike Davis
Chief Financial Officer

FINANCIAL OVERVIEW

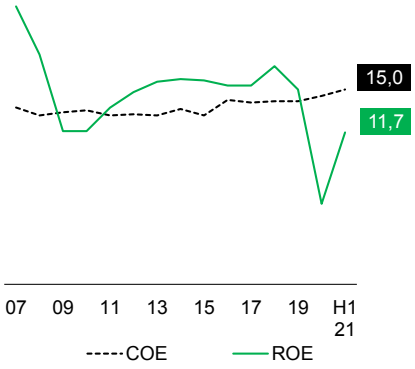
NOTES:

Key drivers of shareholder value creation – strong NAV growth, ROE recovering & resumed dividend payments

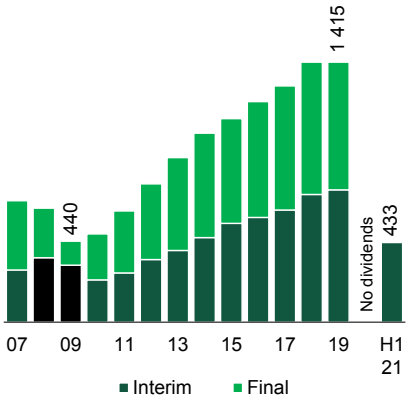
NAV per share (cents)



ROE & cost of equity (%)



Dividend per share (cents)



Strong NAV recovery +8% yoy | **ROE improved to double digits** | **Resumed interim dividend**

NOTES:

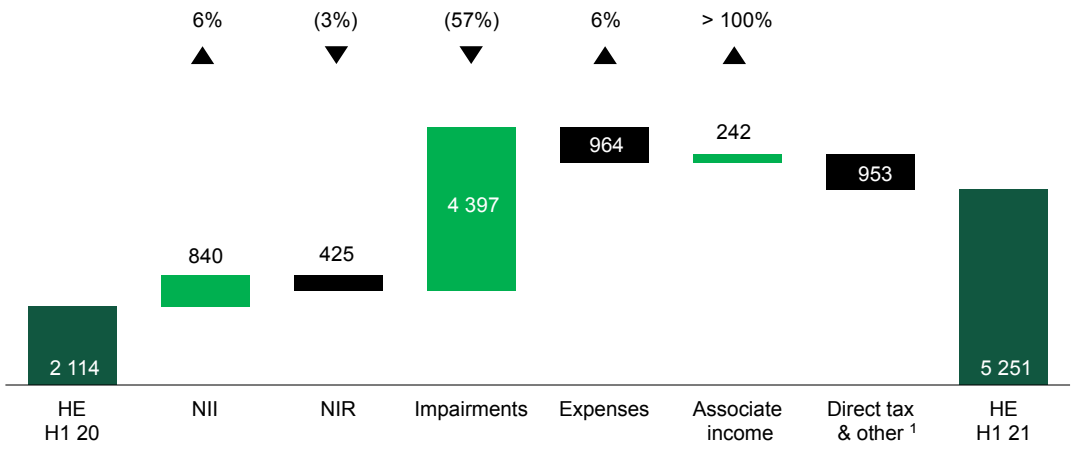
Strong capital & liquidity position, supported by improved profitability & conservative levels of impairments

			H1 2021	H1 2020
Profitability	Headline earnings (Rm)	148%	**5 251**	2 114
	DHEPS (cents)	146%	**1 067**	434
	Basic EPS (cents)	300%	**1 081**	270
	ROE (%)		**11,7%**	4,8%
Advances & deposits	Gross banking advances (Rbn)	(7%)	**781**	838
	Deposits (Rbn)	(1%)	**936**	944
	NIM (bps)		**368**	333
Asset quality	Credit loss ratio (bps)		**85**	187
	Total coverage (%)		**3,41%**	2,85%
Liquidity	Liquidity coverage ratio (%)		**131%**	115%
	NSFR (%)		**114%**	114%
Capital	CET1 ratio (%)		**12,2%**	10,6%
	Risk-weighted assets (Rbn)	(5%)	**647**	678

NOTES:

Headline earnings up by 148% – driven by a significant decrease in impairments

Headline earnings (Rm)

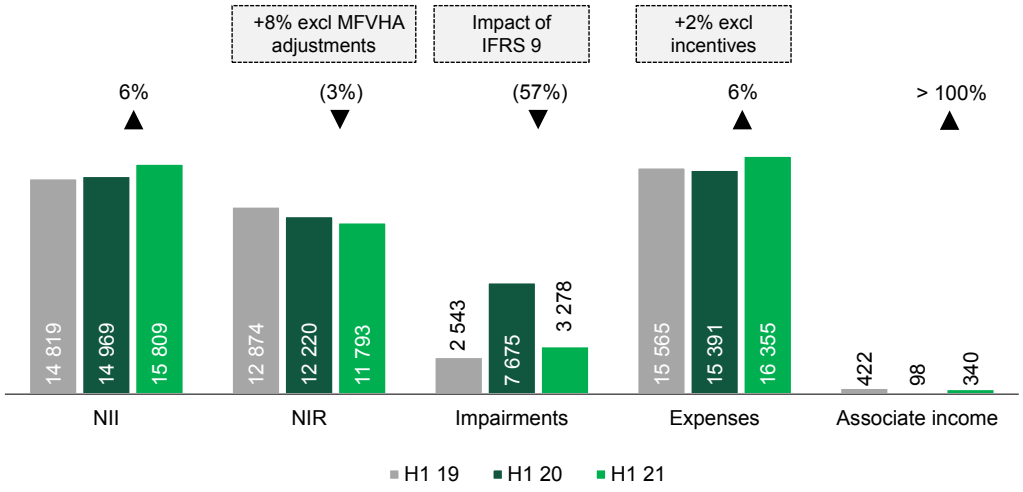


[1] *Other includes Indirect tax, net monetary loss, and minority & preference shareholders.*

NOTES:

Headline earnings drivers – solid NII growth, significantly lower impairments & strong associate income recovery, NIR (excl MFVHA adjustments) up strongly

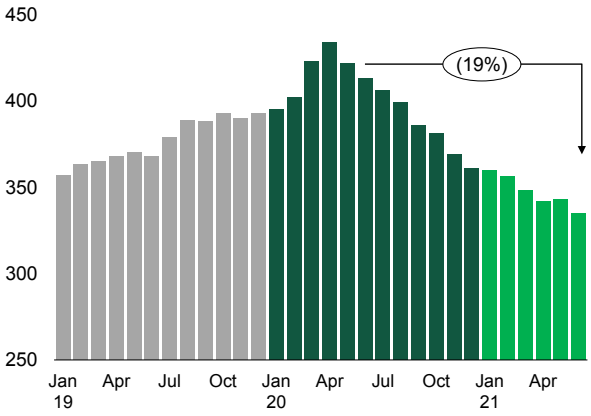
Key earnings drivers (pre-tax, Rm)



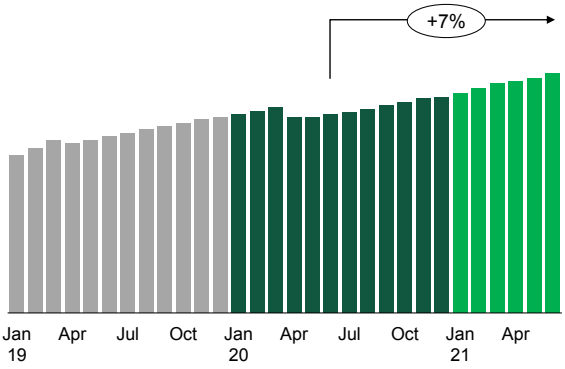
NOTES:

Gross loans & advances down 7% yoy – momentum in RBB continued, while RWA optimisation, client repayments & weak corporate confidence impacted CIB

CIB gross banking advances[1] (Rbn)



RBB gross banking advances (Rbn)



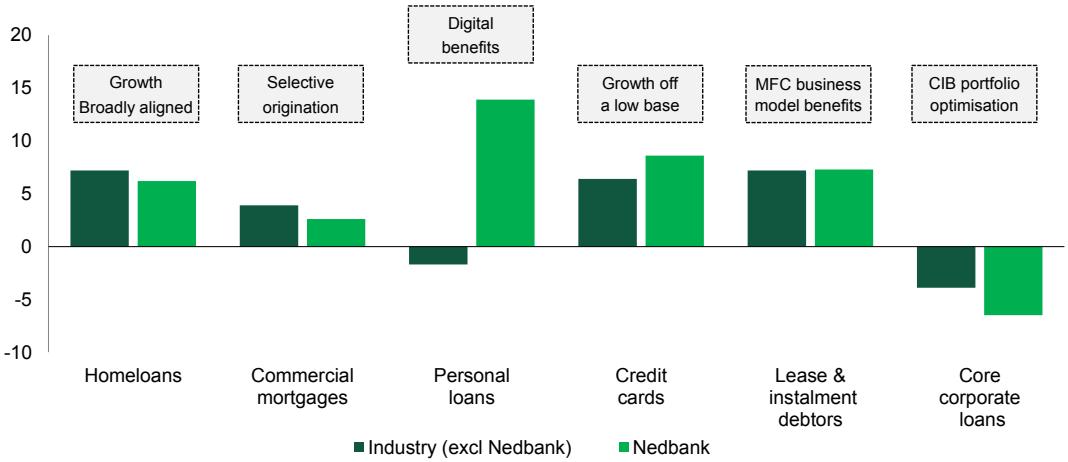
[1] *Loans & advances restated to include listed corporate bonds to align with industry practice.*

NOTES:

Gross loans & advances growth in line with SPT 2.0 & broadly aligned with industry trends

BOOKLET SLIDE

BA 900 gross loans & advances: Nedbank vs SA banks (excl Nedbank)[1] (% growth yoy)

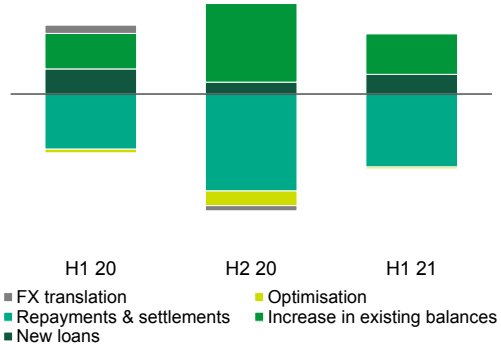


[1] *SARB BA 900 disclosures: May 2021 vs May 2020.*

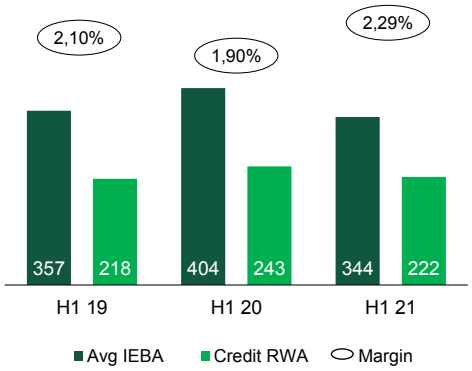
NOTES:

CIB banking advances – growth impacted by client repayments & portfolio optimisation evident in higher NIM & lower RWA

Six-monthly CIB advances movements (Rbn)



Average IEBA, RWA (Rbn) & **NIM** (%)



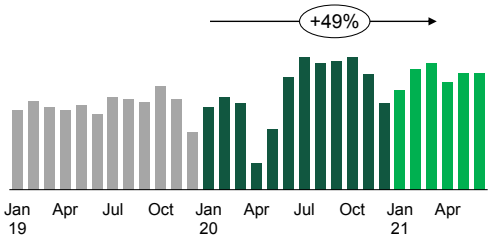
- **Level of repayments remain high** & driven by reduced liquidity needs & clients being in a cash-flush cycle
- **Demand for new loans muted**, but improving slightly from H2 20 levels

- **Conscious focus on optimising returns** – resulting in higher NIM & reduction in RWA
- **Advances pipeline** remains resilient going into H2

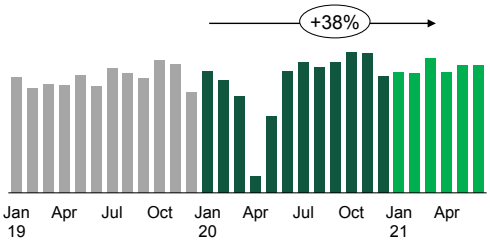
NOTES:

Retail loan application volumes – initial impact of strict lockdowns in 2020 but strong recovery on the back of 300 bps lower interest rates & benefits from our enhanced digital channels

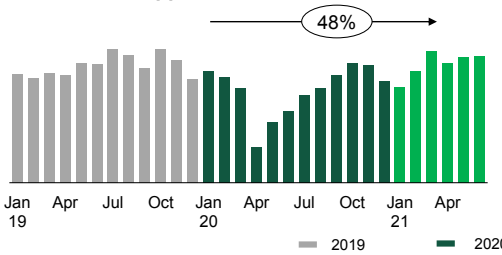
Home loan applications



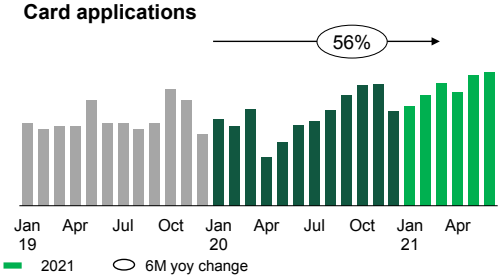
Vehicle finance applications



Personal-loan applications



Card applications

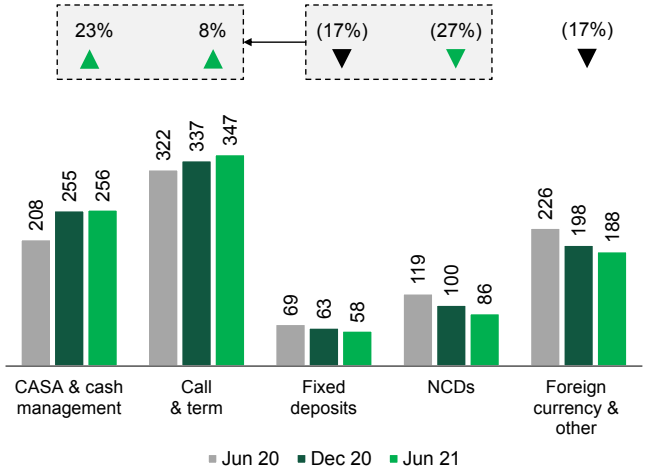


2019 2020 2021 6M yoy change

NOTES:

Deposits down 1% yoy – demand for term deposits replaced by increased demand for short-term deposits

Deposits (Rbn, % change yoy)

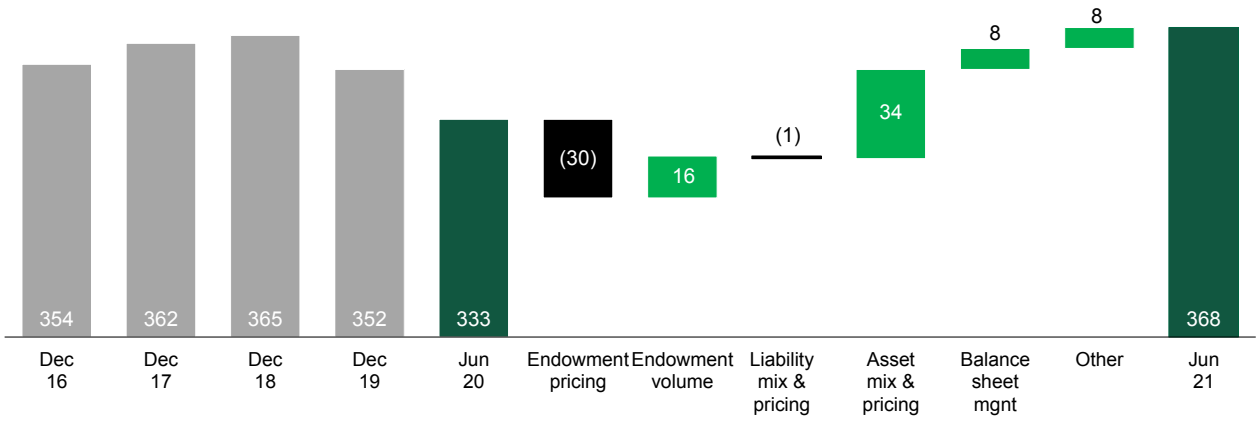


- **Increased appetite to place money in the shorter end in order to ensure access to liquidity**
  - CASA & cash management ▲
  - Call & term ▲
  - Fixed deposits ▼
  - NCDs ▼
- **Loan-to-deposit ratio strengthened to 87%** (Dec 2020: 88%)

NOTES:

NII up 6% – higher NIM driven by levels of capital (endowment), asset mix changes, improved asset pricing & HQLA optimisation

Net interest margin (bps)



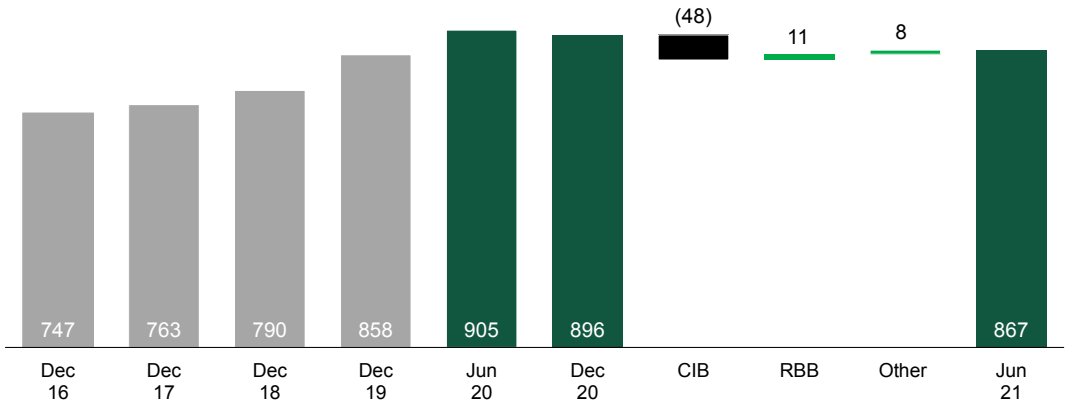
NII sensitivity for 1% change in interest rates R1,5bn

NOTES:

AIEBA down 4% yoy – lower CIB banking advances growth

BOOKLET SLIDE

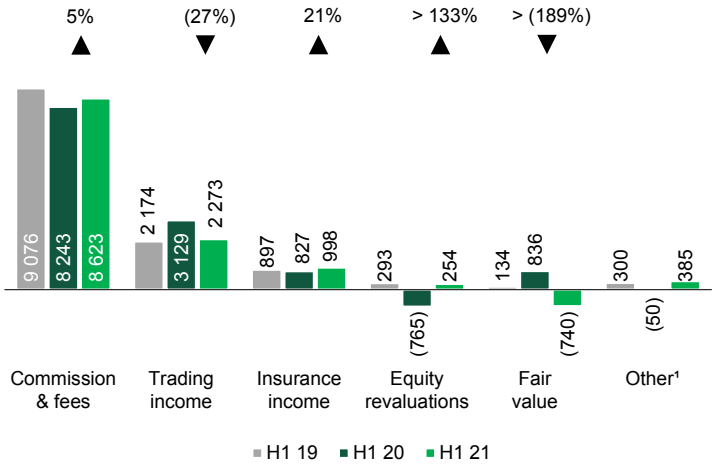
Average interest-earning banking assets (Rbn)



NOTES:

NIR down 3% (excl MFVHA +8%) – recovery in fee & commission income, insurance & equity revaluations, offset by impact of high H1 2020 trading base & fair-value unwind

NIR (Rm)



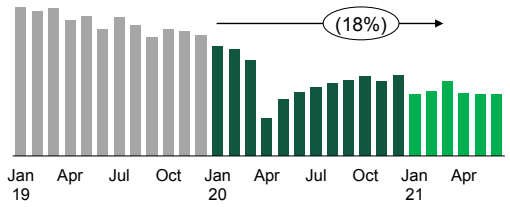
- **Commission & fees** – recovery evident in increasing client transactional activity, yoy main-banked client gains & cross-sell
- **Trading** – solid performance (ahead of H1 19) but growth impacted by high H1 20 base
- **Insurance** – enhanced ALM strategy & improved investment performance, partially offset by increase in life claims
- **Equity revaluations** – non-recurrence of negative revaluations from 2020
- **Fair value** – unwind of the H1 20 gains as a result of the group's macro fair-value hedge accounting solution

¹ Represents sundry income & investment income.

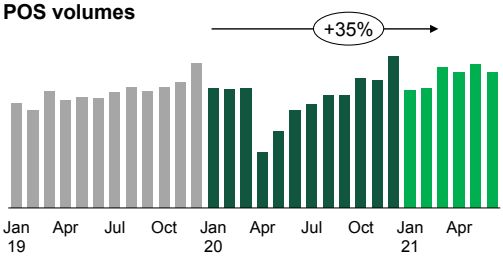
NOTES:

RBB – digital & POS volumes well above 2019 & 2020 levels, highlighting ongoing shift towards digital & enabled by Covid-19-related behavioural changes

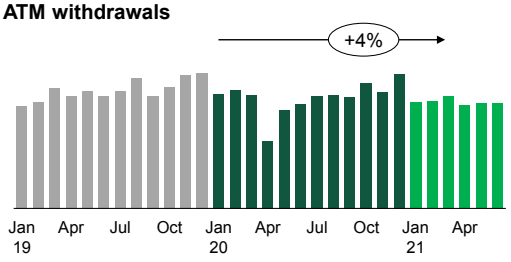
Branch teller transactions[1]



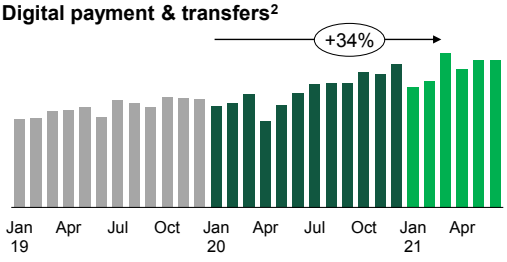
POS volumes



ATM withdrawals



Digital payment & transfers[2]



2019 | 2020 | 2021 | 6M yoy change

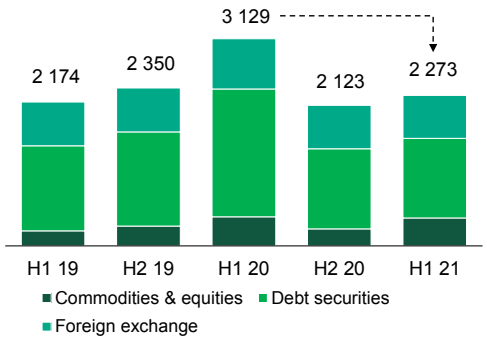
[1] Teller transactions include any cash related transactions performed over the counter (e.g. deposits, withdrawals, transfers etc) | [2] App & web payment volumes combined.

NOTES:

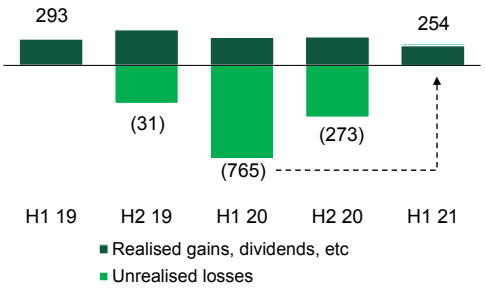
Trading income & equity revaluations – growth impact of H1 2020 base, normalising to 2019 levels

BOOKLET SLIDE

Trading income (Rm)



Equity revaluations (Rm)



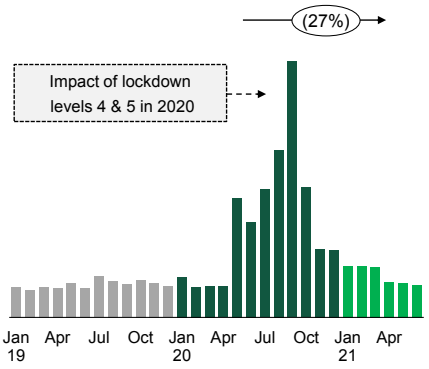
- **Equities** – flat performance off a high base, with good outcomes in periods of volatility
- **Debt securities & FX** – lower due to high base & once-off income earned in H1 20

- **IB** – normalisation of equity revaluations driven by improved investee company profitability resulting in increased valuations
- **CPF** – declines in 2020 driven by negative equity revaluations, impairment of mezzanine loans & overlays created for further potential devaluation

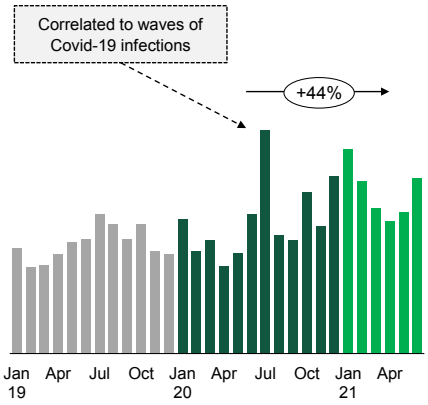
NOTES:

Insurance – retrenchment/loss-of-income claims trending lower towards 2019 levels, while funeral claims remain elevated

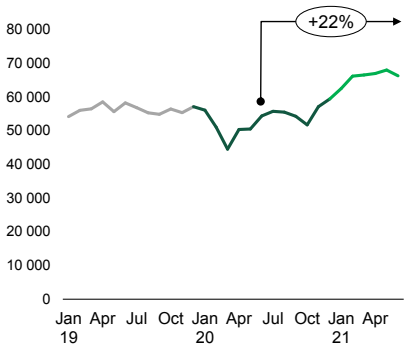
Retrenchment/Loss-of-income claims (volumes)



Funeral claims (volumes)



JSE all share index (points)

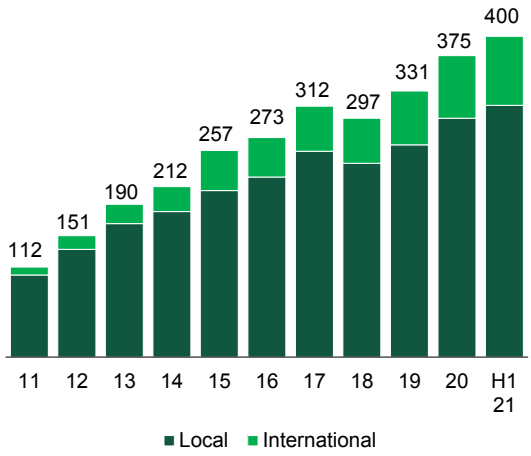


2019 2020 2021 6M yoy change

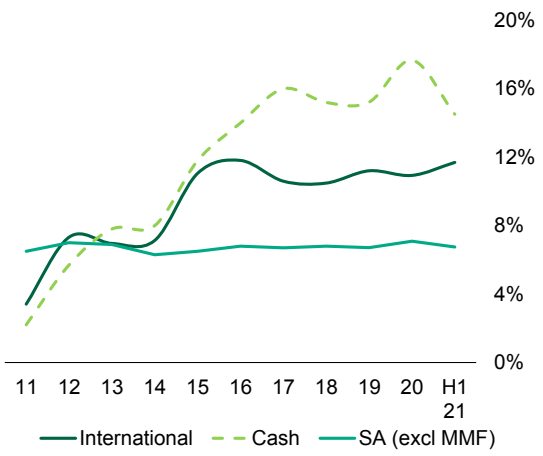
NOTES:

Asset Management – strong growth in AUM

Assets under management (Rbn)



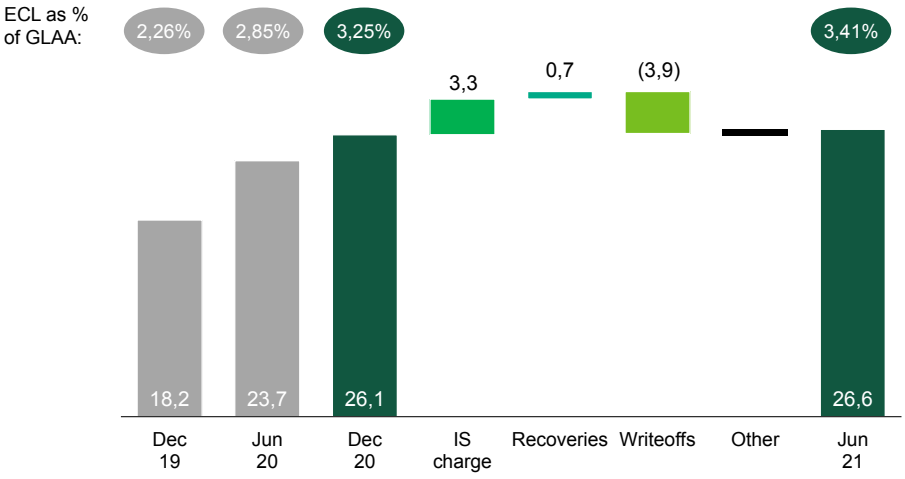
Market share (%)



NOTES:

Balance sheet ECL strengthened to R26,6bn – driven by R3,3bn impairment charge & R650m recoveries, while writeoffs at R3,9bn remain conservative

Balance sheet ECL (Rbn)



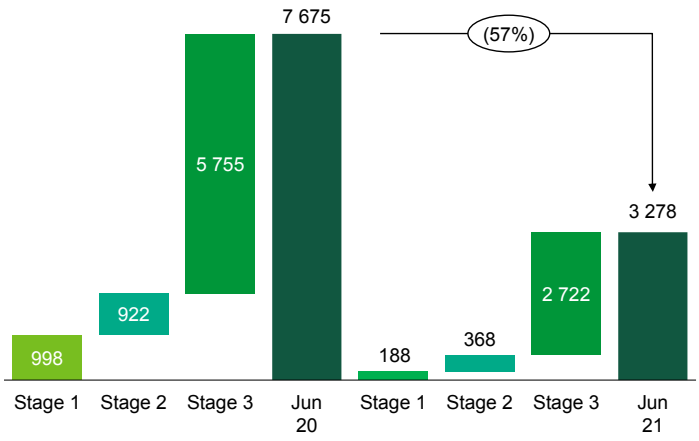
Writeoffs & post-writeoff recoveries (Rbn)



NOTES:

Impairment charge down 57%

Impairment charge (Rm)



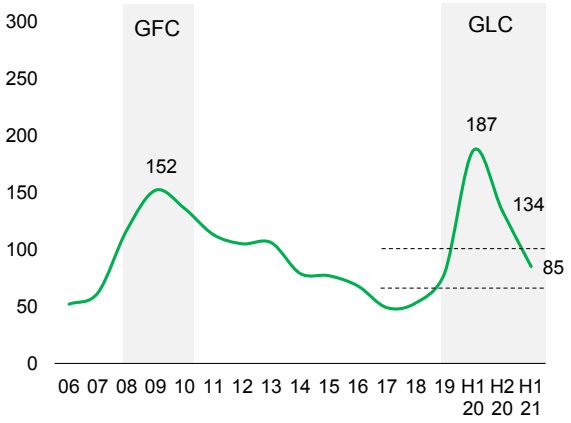
Key drivers

- **Gross loans & advances down 7%** yoy
- **Significantly better collections experience** – benefits from 300 bps interest rate cuts in 2020 & improved risk profile
- **Macroeconomic benefits coming through in models** – mainly as GDP growth improved from the 2020 decline & forecasts improved
- **D3 loans reduced to R9bn** (Jun 20: R119bn) – remaining loans in CIB to mature in H2
- **D7 loans reduced to R9bn** (Dec 20: R13bn) – restructured loans cured
- **Level of judgemental & macroeconomic overlays remain conservative** – increased to R4,5bn (Dec 20: R3,9bn)

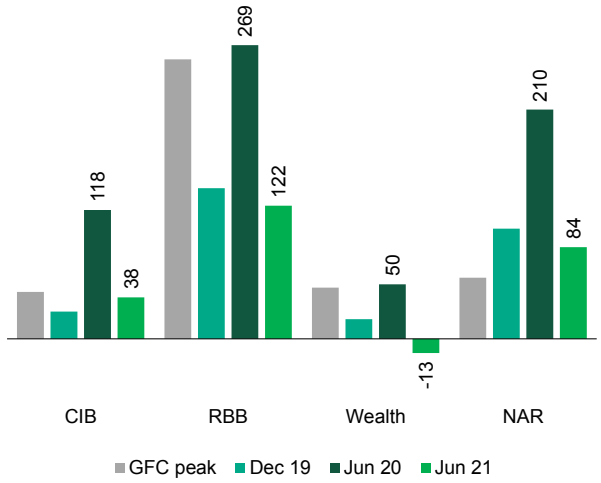
NOTES:

Credit loss ratio reduced to within our TTC range of 60 to 100 bps – impact of IFRS accounting evident in H1 20 vs H1 21

Group CLR (bps)



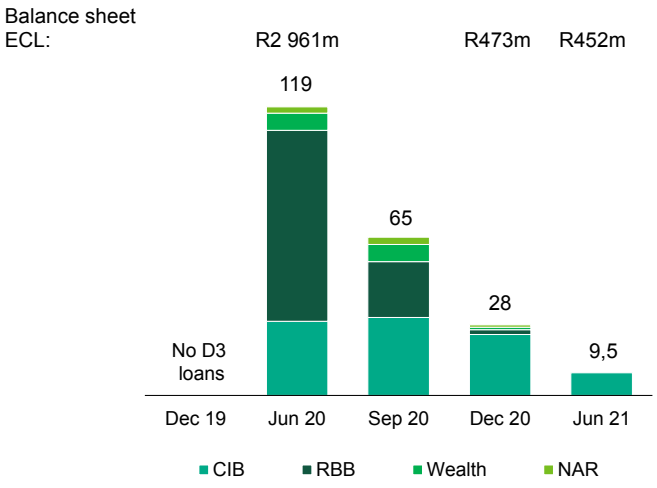
Cluster CLR (bps)



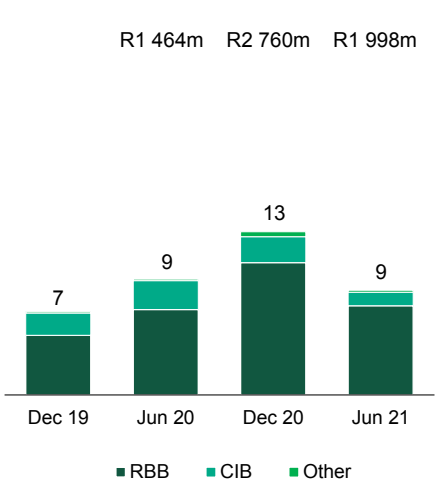
NOTES:

Credit risk – D3 (payment relief) loans & D7 (restructured) loans reduced significantly

D3/2020 relief provided (Rbn)



D7/2015 provided (Rbn)



NOTES:

Covid-19 & macro-related adjustments/overlays increased to R4,5bn – remains conservative in an uncertain environment

	Covid-19 & macro-related adjustments/overlays	Dec 2020		Jun 2021
Other	▪ **Central provision** (emerging risk not yet in models/data/macroeconomic forecasts)	R750m	R250m	R1 000m
	▪ **NAR & Nedbank Wealth** overlays	R168m	(R29m)	R139m
CIB	▪ **IB & TS macroeconomic impact**		R82m	R82m
	▪ **IB & TS overlays** – D3/D7 migration risk in post-forbearance period	R386m	R339m	R725m
	▪ **CPF overlays**	R440m	R294m	R734m
RBB	▪ **Interest rate benefit neutralisation overlay** (MFC, the rest of Retail adjusted in the models from H2 20)	R370m	R11m	R381m
	▪ **Covid-19-related adjustments**			
	– **Overlays on Retail loans** to cater for short-term residual risk (reduction driven by RBB D3 loans declining to zero)	R334m	(R202m)	R132m
	– **BB overlays**	R416m	(R84m)	R332m
	– Longer-term impact using stressed **forward-looking information** (FLI)	R1 027m	(R20m)	R1 007m
		R3 891m	R641m	**R4 532m**

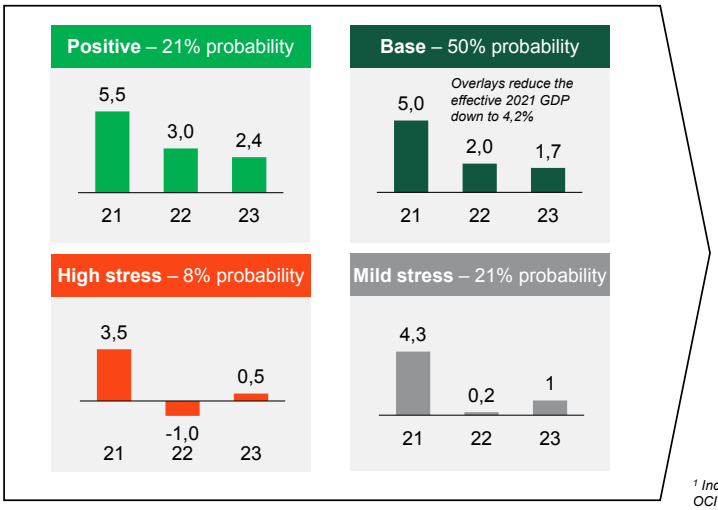
NOTES:

Expected credit loss – probability-weighted ECL at R26,6bn, with mild-stress scenario indicating extent of downside risk to recent events

BOOKLET SLIDE

ECL modelling for H1 21

GDP growth assumptions (as at June 2021)



Scenarios

Probability-weighted ECL[1]
R26,6bn

100% probability of **Base case** ECL
R26,3bn

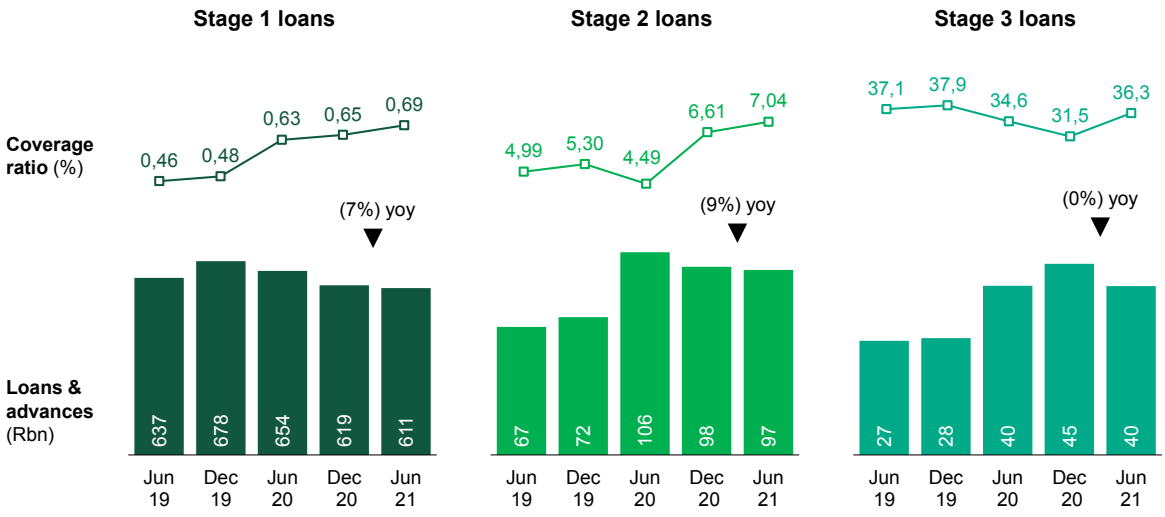
100% probability of **mild-stress** scenario
+R48m to
R26,7m

100% probability of **high-stress** scenario
+R0,4bn to
R27,1bn

[1] *Includes ECL on loans & advances at amortised cost & FV OCI & R1bn relating to the central provision.*

NOTES:

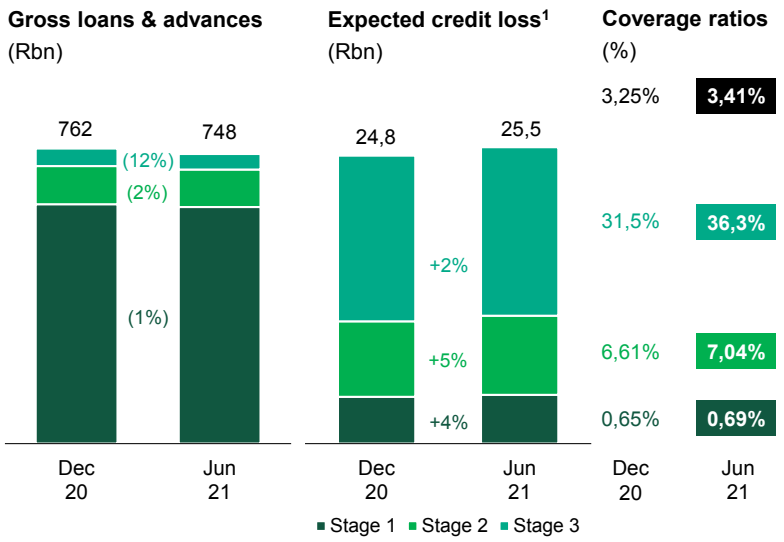
Credit risk – reduction in loans & advances across stages 1, 2 & 3 and increases in coverage ratios



NOTES:

Credit risk – increase in total coverage ratio to 3,41%

BOOKLET SLIDE



- **Stage 3 coverage** – increase driven by D7 loans curing & CIB stage 3 clients with low coverage migrating to the performing book
- **Stage 2 coverage** – increase driven by additional R250m central provision & CIB overlays, as well as migration of specific watchlist clients (with high coverage)
- **Stage 1 coverage** – marginal increase driven by stage movement

[1] *Excludes fair-value & off-balance sheet items.*

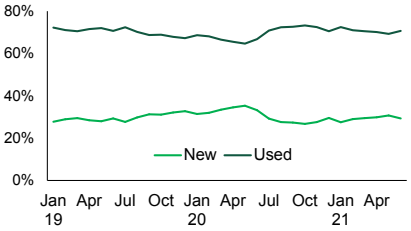
NOTES:

RBB metrics highlight the good quality of the book

BOOKLET SLIDE

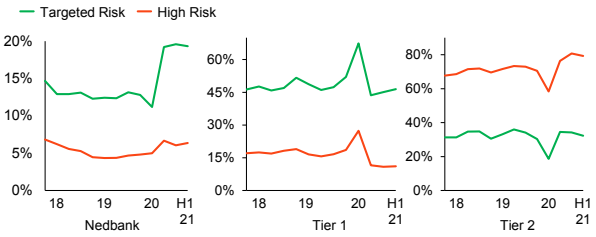
Vehicle finance

New vs used vehicle distribution (%)



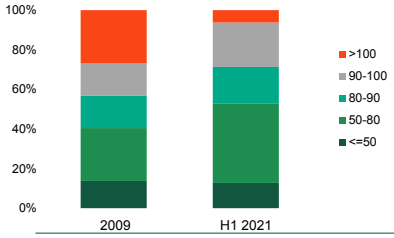
Personal loans

Market share of disbursed business (%)[1]

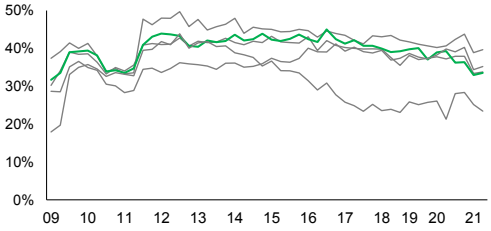


Home loans

LTV Distribution 2009 vs H1 2021 (%)



HL new business - Low-risk clients proportion[2] (%)

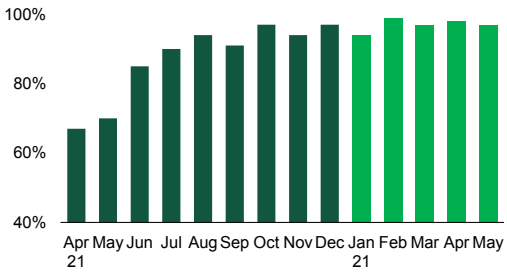


[1] Source: Experian. Tier 1 refers to traditional 4 banks excluding Nedbank, while Tier 2 refers to remaining material providers of unsecured personal loans. | [2] Source: Lightstone.

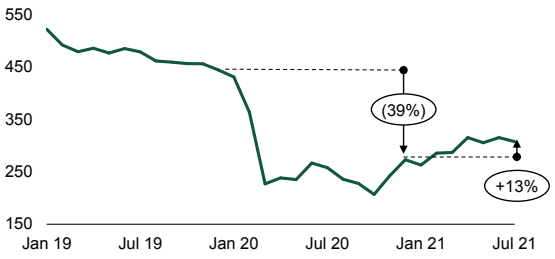
NOTES:

Commercial property finance – the commercial property sector performing better than expected

Listed fund rental collections (% rent received)



SAPY index



- **Liquidity remains better than expected** across the sector – largely due to better-than-expected rental collections, as evidenced by listed funds collection data
- **Increases in vacancies evident but remain manageable** (increase of between 1,0% and 3,0%)
- **Sasria cover in place for all properties damaged during unrest** with both business interruption & damage cover. We do not expect any material adverse impact to our portfolio

- **Some recovery in share prices** as performance of the sector has generally been better than expected
- **Reduced shareholder distributions** have strengthened balance sheets & improved liquidity (good for bondholders/financiers)
- **Interest cover ratios (ICR) in the listed sector remain robust** – ICR covenant generally 2x; majority of funds remain above covenant levels
- **Clients benefiting from the 300 bps interest rate reductions & low-interest-rate environment**

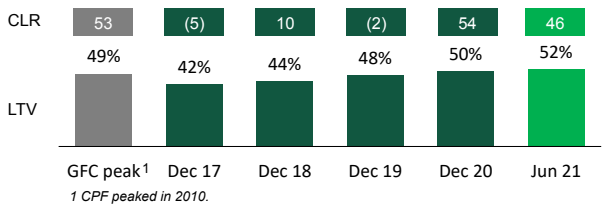
NOTES:

Commercial property finance – a high-quality, well-diversified & collateralised portfolio, with additional overlays for the risk of potential future stresses

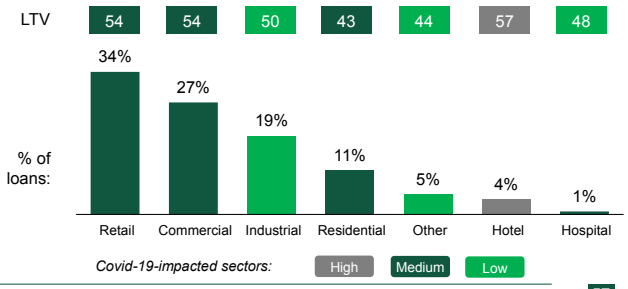
What gives us comfort?

- **High-quality, well-diversified & collateralised portfolio**
- **Low LTVs going into the crisis**
  - Average LTV increased to 52%
  - LTVs remain low, with adequate collateralisation (significantly reduces the risk of potential losses)
- **Revalued > 5 200 properties in past 12 months** (covering 79% of our exposure by value)
  - Revaluations in line with market trends (5,6% decrease in valuations)
- **Increased overlays to R734m** (Dec 2020: R440m) to buffer against further deterioration in valuations & credit migration
- **Low levels of arrears**
  – 0 to 90 days: R11m (H1 20: R48m)

Credit loss ratio (bps) & **Loan-to-value** (%)



1 CPF peaked in 2010.

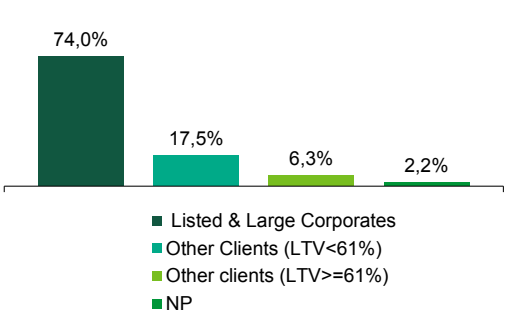


NOTES:

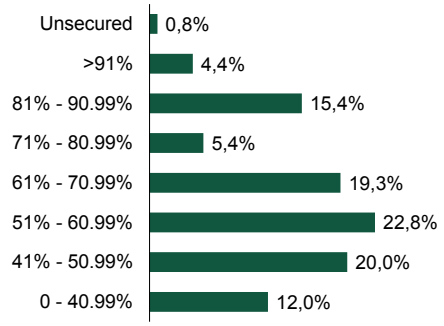
Commercial property finance – commercial property sector

BOOKLET SLIDE

Commercial exposure by client type (%)



Loan-to-value on commercial sector (%)



- **Vacancy levels much lower than market levels** [Nedbank: 7,6%, Market*: 15%] – indicating better quality portfolio in general
- **Listed & large clients represent bulk of exposure** – low gearing & well-diversified portfolio
- **Other clients (LTV<61%) can absorb significant increase in vacancies & reduction in rentals** while still meeting debt obligations
- **Majority of exposure in higher LTV buckets to listed funds & large corporates**
- While the office market will remain under pressure, the **quality of the collateral pool & composition of our portfolio reduces our risk**

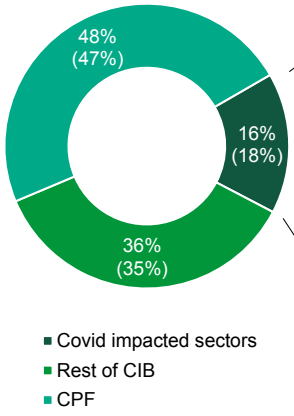
** Based on SAPOA Q2 2021*

NOTES:

Credit risk – CIB Covid-19 high-risk exposures

BOOKLET SLIDE

CIB Covid-19-impacted sectors (Rbn)



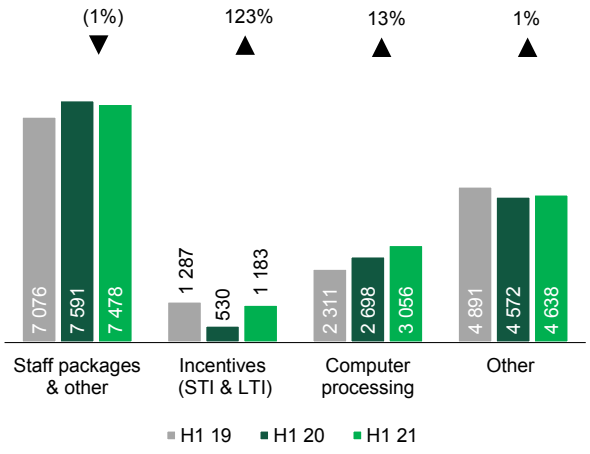
Covid-19-impacted sectors (excl CPF)	% of CIB exposure	D3 % of sector exp	D7 & NP % of sector exp
SOEs/Municipalities – defaulted exposures being restructured, with 33% government-guaranteed	6% (7%)	0% (0%)	5% (5%)
Construction* – Stressed sector pre-Covid-19 with reduction in high-risk & defaulted exposure in 2020	3% (3%)	0% (13%)	1% (6%)
Aviation – 27% of exposure guaranteed & remaining exposure secured at 75% average LTV	1% (1%)	16% (29%)	42% (27%)
Retail – limited high-end fashion exposure, with portfolio concentrated in large listed entities	1% (2%)	7% (5%)	1% (1%)
Automotive & Transport – Portfolio tilted towards listed entities & OEMs	2% (1%)	3% (0%)	0% (0%)
Hospitality – exposure to largest hotel & casino groups with substantial asset/equity base	2% (2%)	55% (95%)	0% (0%)
Manufacturing – ongoing improvement	1% (1%)	0% (25%)	0% (0%)

** Construction includes Steel & Cement | (x%) denotes position at 31 December 2020*

NOTES:

Expenses up 6% – reflecting good cost management, with focus on efficiencies & benefits from digitisation. Excluding incentives, expenses up 2%

Expenses (Rm)

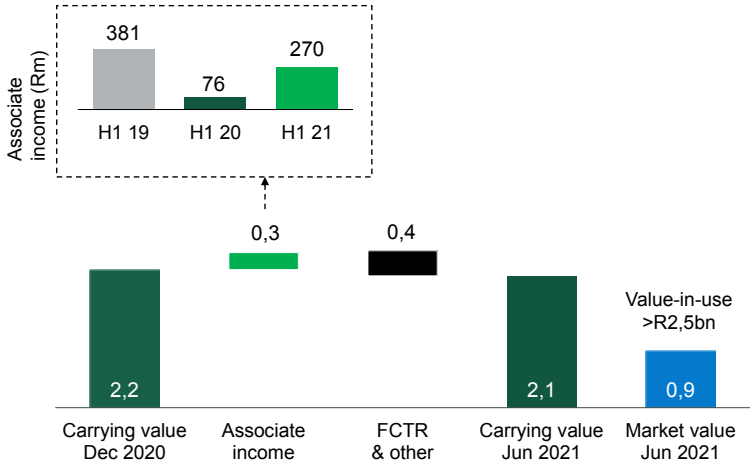


- **Staff costs**
  - ASR +3,5%
  - 4% yoy decline in headcount (mainly through natural attrition)
  - Incentives up 123% (down 59% in H1 20) – aligned with improved profitability metrics
- **Computer processing** – amortisation growth rate slowing as ME journey matures (H1 21: +21%, H1 20: +23%, H1 19: +28%)
- **Other costs** – up 1% (includes travel, communication, marketing, etc)
- **TOM 2.0** – R106m savings in H1 21 (R2,5bn target by end-2023)

NOTES:

Associate income from ETI up 255% – good strategic & financial progress provide for future upside

Carrying value drivers (Rbn)



[1] *ETI accounted for one quarter in arrear.*

ETI Investment

- **Leading West & Central Africa franchise:** top 3 in 13 of 16 countries
- **Strong performance** in core West & Central Africa regions, reflected by the solid rebound in earnings & attractive ROEs[1]: 21%, 27% & 19%
- **NPLs continue to decline**
- Market leading franchise driving **strong deposit growth**
- **Material improvement in its capital position –** total CAR[1] up to 14,7%
- **Ecobank Nigeria** remains a drag on overall ETI performance (ROE: 3%)

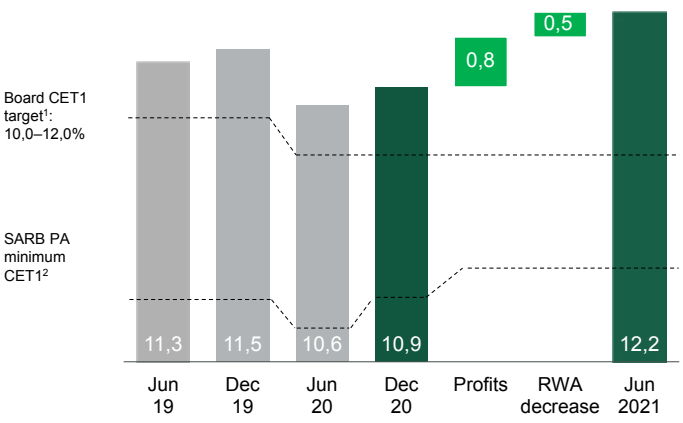
[1] *June 2021 results: ROE in UEMOA – 20,5%; AWA – 27,0%; CESA – 19,4%; Nigeria – 2,5%*

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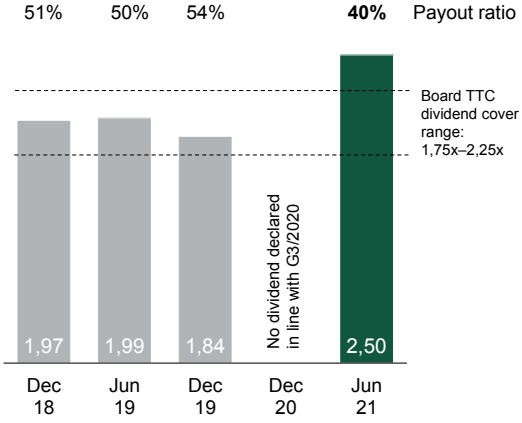
NOTES:

Capital – CET1 ratio above pre-Covid levels & above the top-end of our board-approved target range of 10% to 12%, dividend payments resumed

CET1 ratio (%)



Dividend cover (times)



[1] *During 2020 Nedbank's internal board-approved target ranges were adjusted to reflect the lower new regulatory minimum requirements, in line with the PA Directive 2/2020.* | [2] *Excluding idiosyncratic buffers & including the D-SIB capital requirement of 100 bps, in line with PA Directive 5/2021 (from 50 bps in Dec 2020).*

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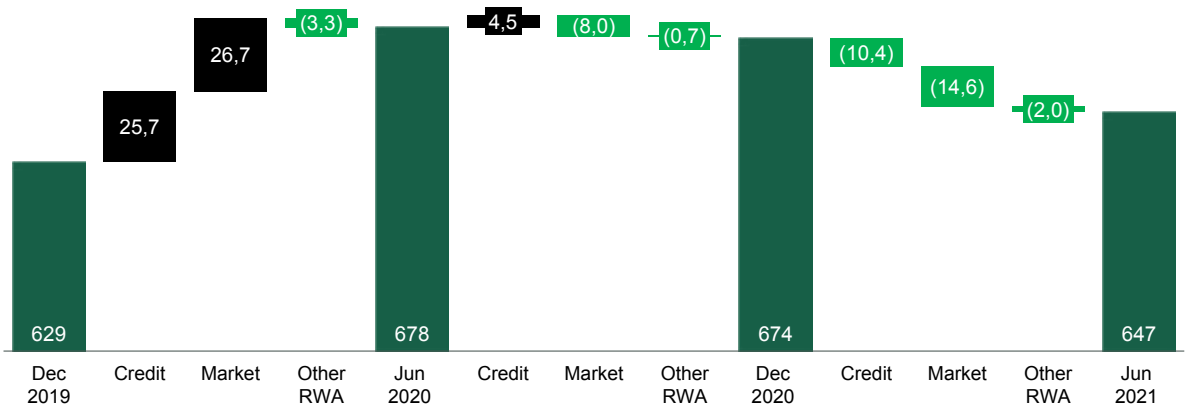
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NOTES:

Risk-weighted assets – credit RWA optimisation beneficial, along with normalisation of market RWA as volatility moved through the models

BOOKLET SLIDE

Risk-weighted assets (Rbn)

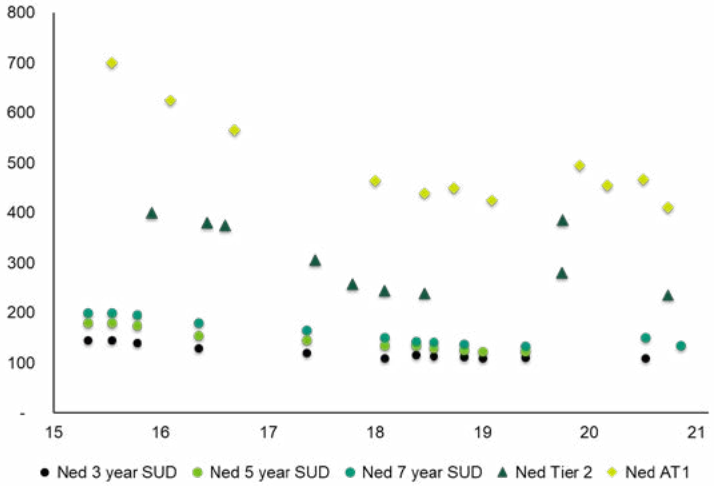


NOTES:

Pricing of funding – reduced over time & within industry ranges

BOOKLET SLIDE

Nedbank pricing vs SA banking peers (bps above JIBAR)



SA banks pricing over the past 24 months

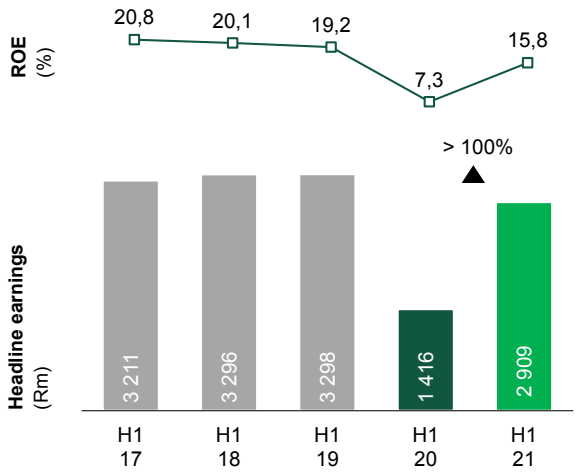
- **AT1**
  - Peers: 423 to 485 (Ned: 410 to 495)
- **Tier 2 debt**
  - Peers: 210 to 375 (Ned: 235 to 385)
- **Senior unsecured**
  - Peers[1]: 3 year: 110 to 112 (Ned: 110 to 112)
  - Peers[2]: 5 year: 124 to 126 (Ned: 123 to 126)
  - Peers: 7 year: 134 to 145 (Ned: 133 to 150)

Excluding a single 3-year[1] issuance at 77 bps & a single 5-year[2] issuance at 100 bps due to low & dislocated NCD curve at the time.

NOTES:

CIB financial performance – solid HE driven by lower impairments & NIR normalisation

Financial performance

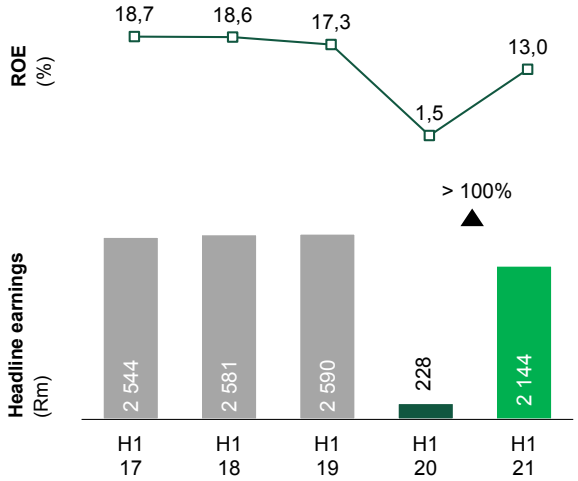


- **NII up 2%**
  - NIM increased by 39 bps – benefitting from higher prime/cost-of-funding spread & optimisation of portfolio
  - Lower loans & advances – impacts from client repayments & muted corporate demand
- **Impairments down 72%**
  - Improvement in macroeconomic factors, decline in loans & advances, reduction in stage 3 charge – partially offset by an increase in judgemental overlays
  - CLR at 38 bps within TTC target range
- **NIR up 8%**
  - Trading revenue solid, but down yoy given the high H1 20 base
  - Equity revaluations up off a low H1 20 base
- **Expense growth of 10%** driven by higher incentive costs & increased strategic spend
- **Allocated capital down 5%** – lower credit & market RWA

NOTES:

RBB financial performance – solid progress in building the franchise

Financial performance

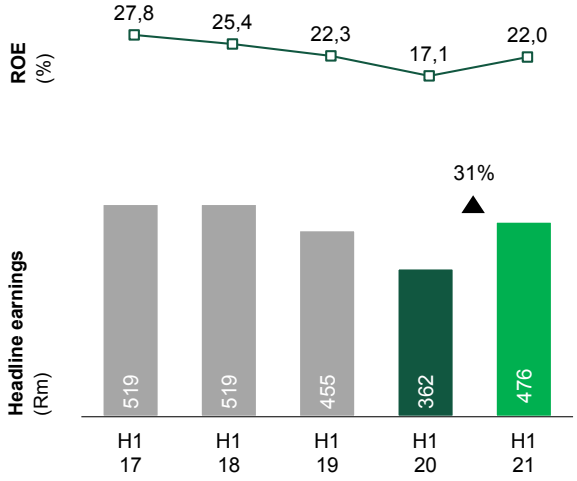


- **NII up 6%**
  - Advances growth momentum across all products
  - NIM increased by 12 bps
- **Impairments down by 53%**
  - Better collections experience, reduction in D3 & D7 loans & overlay releases
  - CLR at 122 bps below TTC target range
- **NIR up by 7%**
  - Strong recovery seen in client transaction activity
  - Full recovery remains impacted by Covid-19 restrictions
- **Expense growth of 7%** driven by higher incentive costs, offset by ongoing cost optimisation

NOTES:

Wealth financial performance – strong HE supported by Insurance ALM strategy, strong AUM, improved markets & credit impairment recoveries, offset by the impact of record-low interest rates

Financial performance

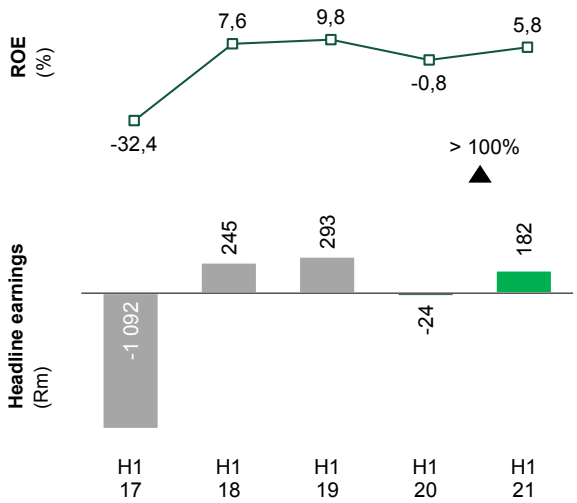


- **Strong ROE above cost of equity**
- **Insurance HE up 91%**
  - – Strong growth from implementation of enhanced ALM strategy & improved investment performance, offset by increase in life claims
- **Asset Management HE up 5%**
  - – AUM increased by 9% yoy due to positive netflows of R9bn & strong market rebound
- **Wealth Management HE down 39%**
  - – Impacted by record-low interest rates, particularly offshore
  - – Impairments benefitted from a large recovery

NOTES:

NAR financial performance – turnaround in performance largely driven by ETI

Financial performance



- **SADC HE slightly negative**
  - – HE (after central costs) of R11m loss when compared with R4m in H1 2020
  - – NII decreased by 2% on the back of muted growth in the lending book & lower NIM
  - – NIR declined by 14% due to lower client transactional activity & lower forex gains than in the prior year
  - – Underperformance was offset by lower impairments & net monetary loss
- **ETI HE up > 100%**
  - – HE of R193m (from R28m loss in H1 2020), driven by strong recovery across three core regions (UEMOA, AWA & CESA)
  - – Although profitable, Ecobank Nigeria's performance remains suboptimal

NOTES:

OUTLOOK

On track towards **meeting our 2023 targets**

Mike Brown
Chief Executive

- Resilience phase delivered – all key metrics above 2019 levels & at the top-end of targets
- Environment remains risky, volatile & uncertain

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NOTES:

Nedbank economic forecasts – updated forecasts include 0,4% estimated negative 2021 GDP impact from recent civil unrest & 0,4% from move to adjusted level 4 lockdown

	Forecast: Feb 2021					Forecast: July 2021			
	20	21	22	23	24	21	22	23	24
SA GDP growth	(7,0%)	3,4%	2,2%	1,8%	1,5%	4,2%	2,0%	1,6%	0,7%
YE prime interest rate	7,0%	7,0%	7,5%	7,5%	7,5%	7,0%	8,0%	8,0%	8,5%
Inflation (CPI)	3,3%	4,2%	4,6%	4,3%	4,2%	4,4%	4,5%	4,4%	4,4%
Industry credit growth	1,2%	4,5%	5,7%	5,1%	5,2%	2,7%	4,5%	4,3%	4,7%
Rand/US$ (year-end)	14,6	15,3	15,9	16,9	18,1	15,0	15,3	16,0	16,6
SA fiscal deficit % of GPD[1]	(6,4%)	(14,2%)	(10,6%)	(9,8%)	(9,7%)	(13,8%)	(10,4%)	(9,5%)	(9,1%)
SA govt debt % of GDP[1]	63,3%	81,5%	84,9%	89,7%	94,1%	79,1%	84,1%	88,3%	92,8%

Source: Nedbank Group Economic Unit. | [1] Year ending March.

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NOTES:

Revised 2021 full-year financial guidance based on H1 2021 financial performance, strategic progress & emerging risks

	H1 21	Initial 2021 guidance		Revised 2021 guidance	Key risks
NII growth	+6%	0% to 3%	▲	Above mid-single-digit growth (5% to 7%)	▪ Weak recovery in CIB advances growth & negative impact of recent social unrest on retail momentum ▪ NIM expected to decline slightly from H1 2021 levels (interest rates flat for 2021)
CLR	85 bps	110 to 130 bps	▼	Around top-end of TTC target range (80 to 110 bps)	▪ Maintaining conservatism into H2 2021, but risks from further macroeconomic deterioration, further civil unrest or large unexpected corporate defaults
NIR growth	(3%)	5% to 9%	▼	Below mid single-digit growth (2% to 5%)	▪ Client transactional volumes fail to improve further in H2, material increase in insurance claims & significant slowdown in trading income
Expense growth	+6%	7% to 9%	▼	Above mid-single-digit growth (6% to 8%)	▪ Financial outperformance leading to a higher incentive charge
Capital (CET1 ratio)	12,2%	10% to 12%	▲	Around top-end of range	
Liquidity (LCR & NSFR ratios)	LCR: 131% NSFR: 114%	Above regulatory minima		Above regulatory minima	
DHEPS growth	146%	Increase > 20%		Increase > 20%	
Dividend	433 cents	Final (H2) dividend within our target range of 1,75x to 2,25x			

NOTES:

Meeting our medium-term targets supporting shareholder value creation

	Diluted HEPS (cents)	Return on equity (%)	Cost-to-income ratio (%)	Net Promoter Score (NPS)
	Greater than the 2019 level by 2023 (2019: 2 565 cents)	**Greater than the 2019 level by 2023** (2019: 15,0%)	**Less than 54% by 2023** (2019: 56,5%)	**#1 SA bank by 2023** (2019: #3, 2020: #2)
Management's assessment of current progress:	Supported by the **CLR** getting back & remaining in the TTC range of 60 to 100 bps & meeting our **cost-to-income** target & delivering on **SPT 2.0** & **TOM 2.0** (targetting cumulative R2,5bn benefits over 3 years)	**CET1 ratio** to remain within the board-approved TTC target range of 10% to 12% & well above regulatory levels & **dividend payments resumed** in 2021	Focus on **areas that create value** (SPT 2.0), ongoing investment in the franchise, **efficient execution** & cost optimisation (TOM 2.0) & **digital leadership**	**Market-leading client solutions**, **disruptive market activities** & **creating positive impact** (caring for employees, clients, society & the environment)
	HE growing faster than expected	Faster-than-expected HE recovery could dilute ROE	Remains a stretch	Remains a stretch

NOTES:

Conclusion – key resilience metrics very strong & other metrics on track towards meeting our 2023 targets

Resilience – completed

- CET1 ratio: **12,2%**
- LCR: **131%**
- NSFR: **114%**
- Coverage ratio: **3,41%**
- Covid-19 & macroeconomic-related overlays: **R4,5bn**
- Dividend payments resumed

Reimagine

- **Digital innovation** continues
- **Client satisfaction metrics** improve further
- **TOM 2.0** – target unlocking R2,5bn in benefits
- **SPT 2.0** – leverage balance sheet to grow clients, transactional income & deposits
- **Creating positive impacts** – using our financial expertise to do good

- **2021 outlook**
  - DHEPS growth: **> 20%**
  - H2 dividend: **within our target range**
- **Medium-term targets** (by 2023)
  - DHEPS: **> 2019 levels**
  - ROE: **> 2019 levels**
  - C:I: **< 54%**
  - NPS: **#1**

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:

2021 INTERIM RESULTS COMMENTARY

2021 Interim results commentary



BANKING AND ECONOMIC ENVIRONMENT IN THE FIRST HALF OF 2021

Global economic conditions improved in the second half of 2020 and this continued into the first half of 2021. While the Covid-19 pandemic persists, the rapid rollout of vaccines in most advanced and some developing countries helped reduce severe illness and hospitalisation, and this allowed many countries to reopen their economies with a greater degree of permanency. This, coupled with aggressive fiscal and monetary stimulus, lifted economic activity and boosted confidence. However, the global recovery remains uneven, with many advanced countries racing towards higher ground, notably the US, while others, mostly emerging and developing countries, continue to be constrained by some form of lockdown and limited fiscal space, battling a mutating virus with limited access to vaccines. The unsynchronised nature of the global recovery is also contributing to rising inflationary pressures. While demand in advanced countries surged, global supply struggled to keep pace as many raw materials and other intermediate goods are sourced from or processed in countries where lockdown restrictions still constrain output. As a result, rising inflation has contributed to mounting speculation around how long the current accommodative monetary policies in the US and other G7 nations will remain in place. Major central banks still expect the rise in inflation to be temporary and the US Federal Reserve has changed its forward guidance, signalling two interest rates hikes in 2023, and suggesting that the central bank will start to taper its large bond purchases in early 2022. These developments resulted in greater volatility in global financial markets towards the end of June, dampening risk appetite among international investors and disrupting capital flows to developing countries.

Economic performance among emerging and developing countries differed significantly, depending on the prevalence of Covid-19 and its variants, the stringency of lockdowns, vaccine access and distribution capacity, and country-specific structural imbalances mostly centred around the surge in public debt in 2020. Despite these challenges, economic growth has returned to most countries off 2020's low base. The momentum has come from rising exports, underpinned by the robust demand from China and advanced countries, amplified by surging commodity prices. Sub-Saharan Africa also benefited from these trends. The sharp rise in global oil prices, which have increased by more than 50% since the start of this year, has provided much-needed relief to Africa's oil producers, notably Nigeria and Angola. Elsewhere, robust metal prices, including copper, platinum and gold, are also helping to facilitate recoveries in economic activity, foreign exchange earnings and tax revenues. However, the aviation, tourism, hospitality and leisure industries are still stuck in deep recession across the continent. Conditions in these contact-intensive industries are unlikely to improve until the pandemic is defeated the world over and the bulk of Africa's adult population has been vaccinated.

The South African economy also bounced back faster than most forecasters expected from the depths caused by the strict lockdown in 2020. The recovery continued in the first quarter of 2021, despite tighter containment measures in response to the second wave of Covid-19 infections from late December 2020 to the end of January 2021. Real GDP in the first quarter grew by an annualised 4,6% qoq, after rebounding by 67,3% and 5,8% in the third and fourth quarters of 2020, respectively. Better and more-targeted lockdown restrictions, aimed at limiting human contact while maximising economic output, helped to contain the impact of the second wave, allowing the economy to regain momentum relatively quickly once the wave ebbed. Like most emerging countries, the resurgence in global demand and the upswing in commodity prices also lifted the local economy. Exports outpaced imports, resulting in a current account surplus of 4,9% of GDP in the first quarter. Continued growth in consumer spending added further momentum, with support from government spending. In sharp contrast, fixed investment relapsed in the first quarter, dragged down by lower capital outlays by the private sector, which declined by 8,9% qoq. While government and public corporations increased capital expenditure by 14,2% and 10,3% respectively, these were insufficient to offset the impact of the decline in private sector outlays, which makes up the bulk of total fixed investment in SA.

Household finances improved further in early 2021. Labour market conditions remained highly depressed, but employment drifted higher, although not nearly enough to dent unemployment or absorb all new entrants. The unemployment rate increased to a record high of 32,6% in the first quarter, while the league of discouraged workers swelled to an unprecedented 3,1m people. Remarkably, personal disposable income nonetheless returned to pre-pandemic levels due to the normalisation in working hours, the quick rebound in employees' compensation, and sharply lower inflation. Most South Africans managed their finances well throughout the pandemic, rebuilding savings and limiting borrowing. Debt burdens eased to 75,3% of income, while savings rose to 0,7% of income. These trends were visible in the banking industry, with growth in household deposits outpacing that of household loans. Encouragingly, household demand for credit gradually improved, boosted by low interest rates and stronger income growth, rising to 5,6% yoy in June, from 3,2% at the end of 2020. The strongest growth was recorded in mortgages and vehicle finance, with personal loans and credit cards also increasing more strongly in April and May.

Fixed-investment activity remained depressed, hurt by uncertain growth prospects, ample spare capacity, frequent power outages and continued policy uncertainties. Companies focused on restoring profitability and strengthening balance sheets, with very strong cash generation among commodity producers in particular. Consequently, the slump in corporate credit demand intensified in early 2021. Loans to companies declined by 5,2% yoy in June, after growth had slowed to 3,8% by the end of 2020 from 5,7% at the end of 2019.

Inflation drifted higher off a low base, with CPI rising to 5,2% in May 2021, which is widely expected to be the peak in this cycle, before declining to 4,9% in June 2021. The upward pressure came from higher imported inflation, led by the sharp rise in global oil and food prices. Although the risks to the inflation outlook have tilted somewhat to the upside, the outlook remains benign, contained by a relatively resilient rand, robust domestic agricultural production and the considerable slack still evident in the economic system. Within this context, the Reserve Bank's Monetary Policy Committee kept its accommodative stance in place, leaving the repo rate at a low 3,5%. Monetary policy has played a pivotal role in stabilising the economy and supporting the recovery.

After a volatile and difficult year for the South African banking sector in 2020, the first half of 2021 saw client activity rebounding and market volatility returning to more normalised levels, although

corporate dealflow across various sectors remained muted. Impairments declined significantly as a result of the improving operating environment for clients, including the impact of 300 bps lower interest rates and due to the normalisation of forward-looking IFRS 9 portfolio impairments. The banking sector continues to demonstrate strong levels of resilience, remaining well capitalised, liquid and profitable.

IMPACT OF RECENT RIOTS AND CIVIL UNREST IN SA

The civil unrest that emerged in KwaZulu-Natal and parts of Gauteng during July 2021 has had a devastating impact on the people of SA. Our primary focus during this time was to ensure the safety of our employees and clients. More than 3 400 employees were affected during the height of the riots, and we are grateful to report that there have been no related injuries or casualties. Given the psychological and physical impact, as a responsible corporate citizen we increased our focus on providing counselling services to traumatised employees and families, and Nedbankers came together to source and deliver more than 106 tonnes of food parcels to our colleagues, their families and communities in the affected areas. Our business continuity planning processes, which have matured since the Covid-19 pandemic, hybrid work practices and shifts toward digital work and banking practices have been beneficial in ensuring continued operations and client service.

From a Nedbank perspective, during the first week of unrest, 226 branches (52% of total branches) and 60 Boxer stores (55% of stores) were closed, and in total 55 (10% of total branches and stores) of these were vandalised. Trading hours were amended to allow employees sufficient time to travel home safely. In addition, 325 ATMs (8% of total ATMs) were vandalised. Our contact centre remained open 24/7 and we encouraged clients to make use of our world-class digital channels. At the end of July, 29 branches and 23 Boxer stores remain closed. All damages to Nedbank premises and equipment are fully recoverable under Sasria (government's unrest insurance cover) with zero excess, while cash losses are estimated at R32m.

The impact of the unrest on our clients has been experienced on various fronts. Confirmations to date indicate that the vast majority of our clients, including all those in commercial property finance, are covered by Sasria insurance as well as through business interruption cover. Sasria has maintained that it is adequately capitalised to fund up to R10bn in claims from its own balance sheet and has sufficient catastrophe reinsurance in place. In addition, National Treasury has also confirmed its support for Sasria, should there be shortfalls.

The implications of the riots for SA and our clients will continue to emerge in the second half of the year. Initial estimates are that GDP growth in SA for 2021 is likely to be negatively impacted by 0,4%, and this is taken into account in the Nedbank Group Economic Unit's (NGEU) latest GDP forecast of 4,2%. The impact will manifest mainly in Q3 2021, but NGEU expects a strong rebound in Q4 2021. In July 2021 we have seen signs of lower levels of demand for home loans and vehicle finance as some estate agencies and motor dealerships were closed, and consumers became more cautious. Transactional activity also slowed in the affected regions, but appears to have held up well in the rest of SA. From an SME and wholesale client perspective, in the short term we are supporting affected clients with financing to rebuild their businesses and providing payment relief on a client-by-client basis. These developments are a stark reminder of the importance of structural reform to deliver higher levels of sustainable economic growth to address the challenges of poverty, unemployment and inequality.

Nedbank calls on government to ensure those who are responsible are held accountable, to ensure the rule of law is enforced and to do everything they can to ensure this does not happen again. Law and order and the protection of citizens' assets is the foundation of any democracy and any successful economy. It has been encouraging to see images of a united SA replace images of unrest and violence. Thousands of South Africans joined clean-up efforts, distributed food to communities in need, and generally spread a message of positivity and togetherness. Nedbank has joined these efforts and has positioned its support in a manner that will maximise the value we can provide to the country, in line with our purpose: to use our financial expertise to do good.

STRATEGIC PROGRESS

Our 'Reimagine' strategy, finalised as part of business planning in 2020, gives us a clear view on where we want to focus as a purpose-led organisation and what we need to do to meet our 2023 targets of achieving DHEPS greater than the 2019 level (2 565 cents), an ROE greater than the 2019 level (15,0%), a cost-to-income ratio lower than 54% (2019: 56,5%) and the number one ranking in net promoter score (2019: 3), having improved to number two among all South African banks in 2020 in the Consulta survey. Our strategy seeks to create value through targeted market share growth and increased levels of productivity, while maintaining world-class risk and capital management metrics. To grow we are entrenching and building on our strengths, while investing in areas that are critical to win. We are focusing on growing our share of transactional relationships and related deposits across all our businesses, and ensuring we deliver market-leading client experiences that will help us to attract new clients and a deepened share of wallet among existing clients. To boost our productivity and improve operational efficiency, we are building on and accelerating existing efforts in optimising distribution as well as streamlining our middle-office, back-office and support functions in a more digital world, by leveraging the technology platforms we have put in place. Our world-class risk management capabilities will ensure that we balance risk/reward trade-offs and, in particular, that we outperform on credit – this is our largest risk and in a Covid-19 world the largest driver of change in earnings in banking.

Our strategy is delivered through five value unlocks that include: delivering innovative market-leading client solutions, ongoing disruptive market activities (underpinned by digital leadership), focusing on areas that create value (strategic portfolio tilt, known as SPT 2.0), driving efficient execution (including target operating model enhancements, known as TOM 2.0) and creating positive impacts. The following progress was made in the six months to 30 June 2021:

- **Delivering innovative, market-leading client solutions**
  - **Managed evolution (ME):** Our ME technology transformation programme has reached 81% completion with most foundational IT programmes either complete or nearing completion. The rationalisation, standardisation and simplification of our core banking systems is enabling reduced infrastructure, support and maintenance costs, less complexity and increased agility in adopting new innovations.
  - **Digital client onboarding, sales and servicing (Eclipse and Nedbank Business Hub):** Our simplified digital client onboarding platform for individual and juristic (business) clients continues to mature and expand, enabling clients to open FICA-compliant accounts remotely through our employee-assisted and self-service channels, by providing a seamless omni-channel experience. The processing of product sales to individuals via Eclipse now includes our top six retail products after the implementation of home loans (minimal viable product). Other products already on the Eclipse platform include transactional products, personal loans, card issuing, investments and overdrafts. We have also delivered key Wealth products such as unit trusts and retirement annuities. In H2 2021 we are planning to include foreign exchange products onto the Eclipse platform (our seventh top 10 product). The remaining products, including vehicle finance, student loans and the balance of the home loans proposition, will be delivered from 2022. The rollout of student loans and selective Nedbank Insurance products, including funeral and

simple life, are to be migrated onto the Eclipse platform during 2022. Juristic client onboarding in RBB and CIB started their rollout of the Nedbank Business Hub, leveraging our new digital tokenless security in late 2020 and this gained momentum in H1 2021. In the next six months we plan to expedite this migration as well as the convergence of juristic channels. From a digital servicing perspective, by the end of 2020 we expanded digital self-service options for clients, that were previously available in branches or through staff-assisted channels only to 171 and we are now looking to expand these and other relevant services to our juristic clients.

- **Apps:** The Money app, which makes banking more convenient for our retail clients, continues to be rated highly on the Apple and Google app stores, with an average client rating of 4,3 (out of five). It is actively used by 1,6 million clients, up by 63% yoy (H1 2020: 973 000). Transaction volumes on the Money app increased by 72% yoy and transaction values increased by 80% when compared to H1 2020. New features introduced during the period include quote and fulfil functionality for funeral cover, simple life, car insurance and homeowners' cover (HOC), as well as claims functionality for HOC and funeral policies. The functionality to make payments to cellphones and new investments has been enhanced and clients are now able to request real-time credit limit increases via the app. Revenue from value-added services increased 65% to R212m. The Nedbank Private Wealth app, which offers integrated local and international-banking capabilities, has been downloaded nearly 53 000 times and has an average rating of 4,5 on the Apple and Google app stores. The Nedbank Money App (Africa) has proven to be the channel of choice across our NAR subsidiaries owing to the convenience, wide functionality base and user experience. The total number of enrolments at the end of June for the CMA countries was 51 600 users, with the total number of app users across NAR being 70 300, including Mozambique and Zimbabwe. The app volumes grew by 15% yoy, while airtime or data and electricity purchases grew yoy by 32% and 13% respectively.
- **New innovations:** During the period, in addition to the various app enhancements, we launched various new innovations. RBB and Nedbank Private Wealth launched Apple Pay, which allows clients to make cashless, contactless payments using an Apple device. Since its launch in March 2021, we have seen excellent uptake in client usage and payments continue to grow on a monthly basis. This mobile payment capability follows our scan-to-pay capability as well as Samsung, Garmin and Fitbit Pay solutions launched in prior periods. In addition, we launched Money Message, an innovative solution that allows clients to make or receive payments through WhatsApp, which is the dominant messaging platform in SA. It also enables businesses to accept payments and complements Nedbank's tap-on-phone solution, a payments solution that enables businesses to accept payments by simply using an Android smartphone for contactless card payments. In NAR, we continued to release new features and enhancements on the Money App (Africa) and Nedbank Online Banking, including Pay Me requests and self-enrolment. As part of building Nedbank Private Wealth in Namibia, we extended our stockbroking services and international wealth offerings to clients.
- **Digital outcomes:** Our digital initiatives helped us to increase the number of digitally active retail clients in SA by 27% yoy to 2,35m (H1 2020: 1,85m). This now represents 33% of total clients (H1 2020: 25%) and 61% of main-banked clients (H1 2020: 55%). Retail digital transaction volumes in SA increased by 33% and transaction values by 27%. Digitally active clients across the NAR business grew by 62% as we continued to roll out new services and now make up 47% of the active retail base.
- **Creating great client experiences:** The outcome of our digital innovations is evident in higher levels of client satisfaction, as illustrated in Nedbank being rated the second-best bank on NPS in 2020. In the first half of 2021 we have seen a continuation of this trend through brand sentiment rankings; where Nedbank was consistently ranked as the number one or two bank on social media brand sentiment as measured by Salesforce Social Studio. Independent external recognition, as reflected in the number and quality of international awards for business excellence, digital leadership and ESG, increased in the six months when compared with prior years.

- **Ongoing disruptive market activities**
  - **Avo app:** During 2020, in response to the crisis, which created challenges for many clients in accessing 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 having them delivered to their home, with payment via the Avo digital wallet. Since its launch in app stores on 19 June 2020, Avo has signed up more than 265 000 customers, along with over 17 500 businesses registering and offering their products and services on this e-commerce platform. Product orders continue to grow exponentially, up 45% in Q2 2021 when compared to Q4 2020, which is seasonally a strong period for retail sales.
  - **APIs:** After having been the first bank in Africa to launch an API platform that is aligned with the Open Banking Standard, we made good progress in allowing approved partners to leverage the bank's financial capabilities, by integrating into our standard, secure and scalable APIs. The number of active APIs used increased from one (end of H1 2020) to seven. An example of successful implementation includes the enablement of personal-loans disbursals, which increased by 246% from Q4 2020 to Q2 2021, supporting our market share increase in this product.
  - **Karri app:** The Karri payments app made a strong recovery as schools reopened in 2021. Notwithstanding the big impact of Covid-19 on traditional event and sport tour collections (the main driver of usage and value of collections pre-Covid-19), we managed to increase active users back to pre-Covid-19 levels by adding new functionality and increasing the value offered to schools, enabling the highest active usage from March to May 2021. Karri now has well over 800 organisations that are using the app, with the number of active schools increasing by 60% yoy. The Karri app is now more relevant than ever with a database of well over one million potential users and one of the highest app store ratings (4,5). As schools return to normality, we are expecting a return to exponential growth.

- **Focusing on areas that create value (SPT 2.0)**
  - We have increased our focus on areas that create value, particularly through strategic portfolio tilt (SPT 2.0) that is a groupwide strategy that is focused on right-sizing certain advances market shares, growing our transactional banking franchise and cross-selling into transactional deposits through integrated client value propositions.
  - Over the past 12 months we increased market share in key advances categories, including personal loans (11,6% market share), household overdrafts (8,6% market share) and card issuing (12,5% market share). We also increased our share in vehicle finance (36,6% market share), where we are leveraging our market-leading position and unique business model that is skewed to financing used and lower-value vehicles. These gains were supported by increased levels of client take-up rates, enabled by digital channels, notwithstanding tightening of credit criteria. In home loans our market share at 14,3% declined marginally. In wholesale lending we were selective in granting loans as we continued to manage risk and focus on increasing NIMs, resulting in a decline in market share (commercial mortgages 38,1% market share and core corporate loan market share 20,5%).
  - Main-banked clients in retail grew by 2% to 3,0 million and cross-sell on new sales was 1,9 (compared with 1,4 in 2020).

CIB gained 18 new primary clients in the period. In NAR total clients increased by 14% to 369 000, of which 190 000 are main-banked clients.

» Our focus on household deposit market share continues, with management actions implemented in May 2021, which are expected to support household deposit market share (May 2021: 15,2%) gains in the second half of 2021.

- **Driving efficient execution (TOM 2.0)**
  - » **Unlocking benefits through technology:** Technology developments not only enhance client experiences and enable new revenue streams, but also provide opportunities for improving efficiency by bringing new digital offerings to the market more quickly, lowering the cost to serve and optimising the overall cost base through the reduction in physical infrastructure and ancillary costs. Cumulative savings of R1,8bn to the end of 2020 from our initial target operating model programme (TOM 1.0) run-rated into the first half of 2021, realising savings of R2,0bn. In H1 2021 we launched TOM 2.0, which is aimed at optimising the shape of our branch infrastructure in the context of an increasingly digital world, shifting our RBB structure so that it is more client-centred and optimising our shared-services functions across the group. In the first six months of 2021 we recorded savings of R106m, on our way to a target to unlock cumulative revenue uplift and costs savings of R2,5bn by the end of 2023 (of which approximately 90% relates to cost savings). The business case of our technology investments, including ME, evident in the value unlocks through TOM 1.0 and TOM 2.0, remains intact as the group's annual amortisation charge (R1,4bn in 2020) is below the cumulative benefit of these initiatives. In addition, annual IT cashflow spend has started to decline, after having peaked in 2017. In support of this we have recorded a reduction of our core systems from 250 to 84 since the inception of the ME programme (a reduction of six since December 2020), and we are on track to reach our target of 60 to 75 core systems.
  - » **Digital benefits and branch optimisation:** The digitisation of services in RBB, along with the impact of the lockdowns, has enabled us to increase digital service volumes by 187% and reduce branch teller volumes by 42% yoy. To date, branch floor space has decreased by almost 59 000 m^2 and by around 13 000 m^2 yoy (June 2020: 46 000 m^2, Dec 2020: 57 000 m^2), while employee points of presence declined by 26 yoy to 546 (including three since Dec 2020). Over the past 12 months our total group headcount declined by 1 117.
  - » **Real estate optimisation:** Through our strategy of consolidating and standardising corporate real estate, our number of campus sites (offices) has decreased from 31 to 26 over the past three and half years, with a longer-term target of 19. Since 2016 we have saved over 79 000 m^2 and we saved over 10 000 m^2 in H1 2021 alone. In the next few years, we will continue to optimise the portfolio by enhancing workstation use 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 optimal work mix is expected to settle around 60% at Nedbank premises and 40% as a mix of hybrid and permanent work-from-home models.
  - » **RBB reorganisation and shared-services optimisation:** In 2020 we started the implementation of project Phoenix, which aims to shift our RBB structure from being 'product-led, supported by client and channel views' to being 'client-segment-led, supported by product and channel views'. We have concluded phase one during H1 2021 moving from product-focused expert knowledge to centres of excellence (CoEs) with product insights present across the value chain. We also concluded the restructure of the cluster and divisional executive roles, and in H2 2021 we will finalise the next tiers in line with the competencies required to deliver on the outcomes of the value chain accountabilities. The client-centred technology investments we have made enable digital client onboarding and enhanced cross-sell of additional products through simplified processes – these investments have assisted us in consolidating middle- and backoffices within the cluster.

- **Creating positive impacts**
  - » Understanding that banks play a central role in driving the sustainable socioeconomic development of our continent, Nedbank deliberately uses its financial expertise to do good for its stakeholders. This strategic imperative is demonstrated through our recently released Energy Policy which seeks to guide the transition away from fossil fuels, while accelerating efforts to finance non-fossil energy solutions needed to support socioeconomic development and build resilience to climate change. The Energy Policy will ensure that Nedbank has zero exposure to fossil-fuel-related activities (thermal coal, upstream oil and gas, and power generation) by 2045, with 100% of lending and investment activity supporting a net-zero carbon economy by 2050, while accelerating funding to key sectors such as renewable and embedded energy. To achieve this will require a significant amount of investment in innovation by the bank and this was further evidenced with the launch of Africa's first green AT1 instrument this year. A total of R910m was raised through this issuance, with the equivalent notional amount of funding to be directed to supporting the financing of new green infrastructure projects in SA.
  - » While delivering on our purpose is not done to win awards, it is pleasing to have our efforts in this regard externally recognised, and we accept these awards of validation that we are on the right track while acknowledging there is always much more to be done. Recent awards include Nedbank being recognised as Africa's Best Bank for Sustainable Finance 2021 by Euromoney and Best Bank for Sustainable Development South Africa 2021 by Global Banking and Finance. Euromoney noted: 'At a time when sustainability issues are rising in importance for all South African banks, Nedbank has led the way in terms of its commitment to environment, social and governance goals.'

REVIEW OF H1 2021 RESULTS

Nedbank Group delivered a strong financial performance for the six months to 30 June 2021, reflecting a material reduction in the impairment charge and robust NII growth when compared to the six months to 30 June 2020 ('the prior period'). This was partially offset by a decline in NIR as a result of the expected unwind of a significant proportion of the group's prior-year fair-value gains and the impact of a high-trading revenue base. As a result, headline earnings (HE) increased by 148% to R5 251m (H1 2020: R2 114m), but remains 24% below H1 2029 levels of R6 870m.

HEPS and basic EPS increased by 147% to 1 084 cents and by 300% to 1 081 cents respectively, in line with the updated trading statement released on 4 August 2021. In this trading statement we noted that HEPS and basic EPS were expected to increase by between 145% and 150%, and 297% and 302%, respectively. DHEPS increased by 146% to 1 067 cents.

As a result of the group's improved financial performance, return on equity (ROE) for the period increased to 11,7%, well above the prior period of 4,8%, but remains below H1 2019 of 16,8%. Return on assets increased from 0,36% to 0,88%, while return on RWA increased from 0,66% to 1,60%, further assisted by an RWA decline of 5% yoy. NAV per share of 19 439 cents increased strongly by 8%, compared with 18 075 cents in H1 2020.

The group's balance sheet remained resilient and its strong capital and liquidity positions improved further. CET1 and tier 1 capital ratios of 12,2% and 13,6% respectively improved on the prior period and are now above the pre-Covid 19 levels of 11,5% and 12,8%

respectively (December 2019). These ratios are also well above the SARB minimum requirements. The average Liquidity Coverage Ratio (LCR) for the second quarter of 131% was well above the regulatory minimum level of 80% under the PA's Directive1/2020 (revised in 2020 from 100%) and a Net Stable Funding Ratio (NSFR) of 114% was well above the 100% regulatory minimum. On the back of strong earnings growth and capital and liquidity positions, the group resumed dividend payments with the declaration of an interim dividend of 433 cents at 2,50 times cover (payout ratio of 40%), slightly above the group's board-approved dividend target range of 1,75 times to 2,25 times given risks still prevalent in the environment.

CLUSTER FINANCIAL PERFORMANCE

Nedbank Group's HE increase of 148% to R5 251m was supported by strong growth in HE across all business clusters. Our ROE of 11,7% improved from the prior year but remains below our estimated cost of equity (COE) of 15,0%.

	Change (%)	HE (Rm)		ROE (%)	
		Jun 2021	Jun 2020	Jun 2021	Jun 2020
CIB	**>100**	**2 909**	1 416	**15,8**	7,3
RBB	**>100**	**2 144**	228	**13,0**	1,5
Wealth	**31**	**476**	362	**22,0**	17,1
NAR	**> 100**	**182**	(24)	**5,8**	(0,8)
Centre	**> (100)**	**(460)**	132		
Group	**148**	**5 251**	2 114	**11,7**	4,8

HE in CIB increased by 105% to R2,9bn, and the cluster delivered an ROE of 15,8%, above the group's cost of equity. HE was primarily driven by a 72% decrease in impairments as reflected in the CLR declining to 38 bps (H1 2020: 118 bps). NII increased by 2%, despite average interest-earning banking assets (AIEBA) decreasing by 15% to R344bn. Actual gross banking advances decreased by 19% to R335bn due to muted corporate demand for new loans and early settlements with clients using excess liquidity to repay committed facilities, notably in the mining and resources sector. Actual trading advances grew by 56% due to an increase in foreign repos, as a result of excess USD cash, which was driven by early repayments of foreign assets, and a strategy to place in the repo market vs interbank market, as well as an increase in local repos held as part of our liquidity optimisation strategy. NIR increased by 8%, benefiting from a normalisation of equity revaluations, partially offset by a lower trading performance given a high base in H1 2020. Expenses increased by 10%, as a result of higher variable incentive costs and increased strategic costs, resulting in a cost-to-income ratio of 42,9%.

HE in RBB increased by 841% to R2,1bn and ROE increased to 13,0%. The main drivers for this performance were significantly lower impairment charges, driven by an improving macroeconomic outlook, the benefit from lower interest rates, which are helping drive excellent collection outcomes, the proactive tightening of credit criteria ahead of the Covid-19 pandemic, as well as better-than-expected performance of Directive 7/2015 (restructured) loans exiting their six-month monitoring period. The RBB CLR decreased to 122 bps from 240 bps in FY 2020 and from an H1 2020 peak of 269 bps, and it is also below the cluster's TTC target range of 130 bps to 180 bps. NII increased by 6%, driven by solid average advances growth, continuing its momentum from 2020, benefiting from both client demand for secured loans as a result of the 300 bps cuts in interest rates in H1 2020 as well as increased unsecured lending volumes originated through the group's digital channels, notwithstanding lower loan approval rates across some products. NIR increased by 7% as client-related transactional activity improved, evident in increased levels of spend, cash withdrawals and purchase of value-added services. An increase in expenses of 7% was driven by a higher incentive charge and computer processing costs, partially offset by good management of discretionary spend and ongoing optimisation of operations.

HE in Nedbank Wealth increased by 31% to R476m, driven by strong NIR growth and impairment recoveries, and partially offset by lower NII due to interest rate reductions. ROE, of 22,0%, improved when compared to the prior period and remains attractive, well-above the group's cost of equity. Asset Management reported a solid performance, that benefited from positive net inflows, resulting in a 9% growth in AUM to R400bn. Wealth Management (SA) reported an increase in earnings, benefitting from a large recovery from a previously impaired account, while Wealth Management (International) was negatively impacted by record-low global interest rates. Insurance results were favourably impacted by the implementation of an enhanced asset and liability matching strategy and improved investment returns, offset by higher death and funeral claims in the life portfolio.

HE in Nedbank Africa Regions increased to R182m from a loss of R24m in the prior year, with its ROE improving to 5,8%. The performance reflects the impact of significantly lower impairments (CLR down to 84 bps from 210 bps) and strong recovery in associate income from ETI with related HE increasing to R193m (H1 20: R28m loss). This was offset by a decline in NIR as a result of lower transactional activity and lower forex gains than in the prior year.

The performance in the Centre reflects a R250 (pretax) increase in the group central provision to R1bn, as well as fair-value losses relating to the unwind of prior-period profits from the group's fair-value hedge accounting solution.

FINANCIAL PERFORMANCE

Net interest income

NII growth accelerated from 2020 (0,3% decline), increasing by 6% to R15 809m. AIEBA declined by 4% to R867bn, driven primarily by a reduction in CIB loans and advances as clients used excess liquidity to repay committed facilities and muted demand for new wholesale credit.

NIM increased by 32 bps to 3,68% from 3,36% in FY 2020, and by 35 bps from the 3,33% reported in H1 2020. This increase was driven by higher levels of capital (endowment benefit), improved asset pricing and asset mix changes, improved liability mix and active balance sheet management, including HQLA optimisation. The increase was partially offset by the run-rate impact of the interest rate cuts in 2020 (endowment), as well as liability pricing pressure in a highly competitive household deposits market.

Impairments charge on loans and advances

The group's impairment charge decreased by 57% to R3 278m. The key drivers of the decline include a 7% yoy reduction in gross loans and advances, the benefits of an improved macroeconomic environment (coming through in IFRS 9 models as South African GDP growth in 2021 improved from the -7% decline in 2020), better-than-expected collection outcomes, a reduction in Directive 3/2020 loans, and a reduction in stage 3 loans as some clients cured and Directive 7/2015 (restructured) loans declined. This was partially offset by an increase in Covid-19 and macro-related judgemental overlays as we maintain a conservative outlook in an uncertain environment. The group's credit loss ratio (CLR) decreased from 187 bps in H1 2020 to 85 bps in H1 2021, an outcome that is now back within the group's TTC target range of 60 bps to 100 bps and well below the full-year 2021 guidance range of between 110 bps and 130 bps, which was provided in March 2021. This guidance has been revised downwards towards the top end of the group's TTC target range for the full year 2021.

The support of clients in good standing and impacted by the Covid-19-related events, provided through Directive

3/2020 payment relief, declined from a peak of R121bn in July 2020 to R28bn in December 2020 to R9,5bn in June 2021, now representing only 1,2% of total gross loans and advances (the majority remaining in CIB, primarily in the hospitality, retail and aviation sectors). The decision not to extend Directive 3/2020 loans, from October 2020, resulted in an impairment charge in H1 2021 based on actual payment behaviour. Restructured (Directive 7/2015) loans declined from R13bn at December 2020 to R9bn as clients cured and exited their monitoring period, leading to these loans moving from stage 3 to stage 1.

CLR (%)	Average banking advances (%)	Jun 2021	Jun 2020	Dec 2020	TTC target ranges
CIB	**43**	**0,38**	1,18	0,82	0,15–0,45
RBB	**50**	**1,22**	2,69	2,40	1,30–1,80
Wealth	**4**	**(0,13)**	0,50	0,64	0,20–0,40
NAR	**3**	**0,84**	2,10	1,85	0,75–1,00
Group	**100**	**0,85**	1,87	1,61	0,60–1,00

In CIB impairments decreased by more than 100% to R659m and its CLR, at 38 bps, is well below the 118 bps reported in H1 2020 and back within its TTC target range of 15 bps to 45 bps. The reduction in impairments was driven by the improvement in the latest macroeconomic factors in forward-looking macro-models against the prior year, a decline in exposures as loans and advances declined and a lower level of stage 3 impairment charge as exposures returned to performing buckets and stage 3 loans declined. The decrease was partially offset by an increase in judgemental overlays. The commercial property portfolio continues to perform in line with expectations and reported a CLR of 46 bps. Stage 3 loans in CIB declined by 14% from December 2020 and impairments raised for specific counters remain adequate (most notably those operating in the aviation and business services sectors, as well as selected SOEs). In RBB impairments decreased by 53% to R2 292m reflecting the key drivers as described above, and its CLR, at 122 bps, is slightly below the TTC target range of 130 bps to 180 bps. Normalising for once-off items of Directive 7/2015 accounts curing, as well as overlay releases as performance improved, would result in a normalised CLR in the middle of the RBB TTC target range. Nedbank Wealth reported a CLR of -13 bps due to a recovery achieved in a single large client in H1 2021. NAR reported a decline in impairments of 59% to R96m, and CLR of 84 bps, at the lower end of its TTC target range of 75 bps to 100 bps, driven by improved collections and subdued growth in the loan book.

The group increased Covid-19 and macro-related judgemental overlays by R641m to R4,5bn (Dec 2020: R3,9bn), mostly within the CIB cluster to provide against migration risk in its higher-risk sector exposures and the Directive 3/2020 portfolio. The group's central provision was increased by R250m to R1bn to account for risks not yet reflected in the data and impairment models, including the adjusted level-four lock down as a result of the third wave of Covid-19 infections.

The group's balance sheet ECL increased from R26,1bn (Dec 2020) to R26,6bn, reflecting prudent credit risk management. This increase was driven by the R3,3bn impairment charge and post-writeoff recoveries increasing to R650m (Jun 2020: R483m), despite higher levels of writeoffs at R3,9bn (Jun 2020: R3,1bn). As a result, overall coverage increased from 2,85% of total loans and advances at June 2020 and 3,25% at December 2020 to 3,41% at June 2021. The stage 1 coverage ratio increased to 0,69% (Jun 2020: 0,63%, Dec 2020: 0,65%). Stage 2 coverage increased to 7,04% (Jun 2020: 4,49%, Dec 2020: 6,61%), primarily as a result of some watchlist clients in CIB curing and moving to stage 1, as well as an increase in CIB overlays and the group's central provision. In line with guidance from the Basel Committee, Nedbank does not use the low-risk exemption available under IFRS 9 and if we did, Stage 2 coverage would have increased by more than 100 bps. The stage 3 coverage ratio increased to 36,3% (Jun 2020: 34,6%, Dec 2020: 31,5%), as a result of a decrease in Directive 7/2015 loans in both RBB and CIB (so-called performing restructures or technical cures), which attract a lower coverage than non-Directive 7/2015 restructures and the decline in stage 3 loans post successful implementation of restructures and sales of distressed debt.

Non-interest revenue

NIR decreased by 3% to R11 793m, primarily driven by the expected unwind of a significant proportion of the group's fair-value gains recorded in 2020 and the impact of a high trading revenue base in the prior period. Client-related transactional activity improved, equity revaluations normalised and insurance income increased. NIR, excluding macro fair-value hedge accounting adjustments, delivered positive growth of 8%.

- Commission and fee income increased by 5% to R8 623m, driven by improving transactional activity as evident in increased levels of client spend, cash withdrawals and purchase of value-added services, as well as improved levels of cross-sell. The number of retail main-banked clients, at 3,0 million, grew by 2% yoy as client-related transacting activity improved. In CIB client activity remained subdued, although the cluster recorded 18 primary client wins that will support growth into the future.
- Insurance income increased by 21% to R998m, benefiting from the implementation of a more appropriate asset and liability matching strategy, increased investment performance due to the rallying of markets and an improved non-life claims experience. This was partially offset by higher funeral and death claims in the life portfolio. Loss-of-income claims have declined from a high in September 2020, and while claims were above pre-Covid levels in the first quarter of 2021, they have declined to 2019 levels in June 2021.
- Trading income remained robust but decreased by 27% to R2 273m given the H1 2020 high base, as a result of the volatile market conditions in the prior period.
- Equity revaluations of R254m (H1 2020: R765m loss) were driven by improved investee company profitability, resulting in increased valuations.
- Fair-value adjustments including those from the group's fair-value hedge-accounting solution decreased to a loss of R740m, as profits from the prior period unwound slightly faster than we expected due to rate movements (H1 2020: R836m gain). While there has been an accounting mismatch between the gains recognised in H1 2020 and the losses recognised in H1 2021, the hedge continues to be highly effective with a life-to-date effectiveness of 101%.

Expenses

The increase in expenses of 6% to R16 355m reflects a cost base that continues to be well managed in response to the challenging environment and ongoing optimisation benefits, with higher variable-pay incentives off a low base driving most of the increase. Excluding incentive costs, expenses increased by 2%.

- Staff-related costs increased by 7% following:
  - » An average 2021 annual salary increases of 3,5% and a reduction in employee numbers of 744 since 31 December 2020 (1 117 since June 2020), largely through natural attrition; and
  - » A 108% increase in STIs and a 191% increase in LTIs, driven by the impact of the group's improved financial performance on variable incentives.
- Computer-processing costs increased by 13% to R3 056m (growth of 17% in H1 2020), reflecting the increase in the amortisation charge of 21% (growth of 23% in H1 2020), as well as investment in digital solutions. As our Managed Evolution technology strategy reaches material completion, the growth

rates in computer-processing costs and amortisation are slowing from prior periods.

- Marketing costs increased by 12% to R671m off a low H1 2020 base.
- Other cost lines reflect the good management of discretionary spend during the crisis. Savings were recorded across occupation and accommodation, communication and travel, as well as from lower fees and insurance.

The group's increase in expenses of 6% was higher than the increase in revenue and associate income of 2%, resulting in a negative JAWS ratio of 4% and the cost-to-income ratio increasing to 58,5% (June 2020: 56,4%). Excluding macro fair-value adjustments (accounting mismatch), the JAWS ratio was positive in H1 2021.

Hyperinflation accounting in Zimbabwe

Given the further depreciation of the Zimbabwean dollar, the R40m monetary loss was lower yoy (H1 2020: R47m loss), which had a net effect on HE of R19m (H1 2020: R28m).

Earnings from associates

Associate income of R270m, relating to the group's 21% shareholding in ETI for the period ended 30 June 2021, has been recognised (up 255% when compared to R76m in H1 2020). This includes accounting for our share of ETI's Q4 2020 and Q1 2021 earnings (in line with our policy of accounting for our share of ETI's attributable earnings a quarter in arrear). The total effect of ETI on the group's HE was a profit of R193m (H1 2020: R28m loss), including the R123m impact of funding costs.

In the first six months of 2021, ETI reported attributable earnings growth of 18% to US$108m and an ROE increase to 14,5% (H1 2020: 12,0%). The performance was supported by solid growth in their core West and Central Africa regions, while ROEs were all above 19%. Ecobank Nigeria, however, remains a drag on the overall ETI performance and we continue to work alongside other shareholders to address the issues. Non-performing loans continued to decline, while market-leading in-country franchises drove strong growth in deposits. The group's capital position strengthened further, reflected in a total CAR of 14,7% (H1 2020: 11,5%).

STATEMENT OF FINANCIAL POSITION

Banking loans and advances

Gross banking loans and advances decreased by 4% (ytd annualised) to R781bn (down by 7% yoy), driven primarily by a reduction in CIB banking advances. The group's loans and advances were restated during FY 2020 reporting to include listed corporate bonds, in line with industry practice. The restatement related to Nedbank Group and CIB only.

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

Rm	Change (%)	Jun 2021	Jun 2020[2]	Dec 2020[2]
CIB	**(19)**	**334 722**	413 438	361 280
RBB	**7**	**389 297**	364 911	375 385
Wealth	**(3)**	**31 358**	32 242	31 567
NAR	**(2)**	**23 113**	23 490	24 186
Centre[1]	**(52)**	**2 012**	4 218	4 438
Group	**(7)**	**780 502**	838 299	796 856

[1] *Includes macro fair-value hedge-accounted portfolios and disclosure reallocations.*
[2] *The group reclassified listed corporate bonds of R22bn in Dec 2020 and R30bn in June 2020 from 'Government and other securities' to 'Loans and advances' to align with peer disclosure and so that they better reflect the group's management of these assets.*

CIB gross banking loans and advances declined by 19% yoy to R335bn (down by 15% ytd annualised), as a result of clients using excess liquidity to repay committed facilities and muted corporate demand. Current demand for new wholesale loans remains low, with the timing of drawdowns uncertain, although recent developments are encouraging, including the increase in private renewable energy generation capacity to 100 MW.

RBB gross loans and advances increased by 7% yoy to R389bn (8% ytd annualised). Gross loans and advances growth in RBB continued its momentum from 2020, benefiting from both client demand for secured loans as a result of the 300 bps cuts in interest rates in H1 2020, as well as an increase in unsecured lending volumes originated through the group's expanded digital channels, notwithstanding lower loan approval rates due to tighter credit criteria. BB loans and advances increased by 2% yoy as new-loan payouts increased as activity levels gained momentum from the second quarter of 2021. Residential mortgage loans grew by 7% yoy, broadly in line with the industry. MFC (vehicle finance) loans increased by 7% yoy as we continue to benefit from our business model that is more geared towards lower-value and second-hand vehicles, and as clients buy down in a difficult economic environment. Unsecured lending grew by 14% yoy as a result of the shift to digital, which continues to gain momentum and is driving increased take-up rates of approved loans. Card advances increased by 6% yoy after a decline in 2020 as the American Express franchise is more exposed to lower levels of commercial and leisure and travel spend.

Deposits

Deposits declined by 1% yoy to R936bn (down 4% ytd annualised), with total funding-related liabilities decreasing by 1% to R1,0 trillion, while the loan-to-deposit ratio was stable at 87,1% (June 2020: 87,3%).

Within the clusters, CIB grew deposits by 3% yoy and RBB by 4% yoy. Deposits in Wealth declined by 4% yoy and Nedbank Africa Regions remained broadly flat.

Current and savings accounts (CASA), along with cash management deposits, increased by 23% yoy, driven by increased short-term operational cash requirements by businesses impacted by Covid-19, and as retail clients opted to hold more short-term operational deposits given the impact of Covid-19 on the economy. Individually, current accounts increased by 12%, cash management accounts increased by 47% and savings accounts increased by 6%. Call and term deposits increased by 8% and fixed deposits decreased by 17% as retail clients opted to keep their cash short or in notice deposits due to the uncertain economic environment. Fixed deposits were subject to increased competition in the domestic market, where some banks were pricing retail fixed deposits well above the wholesale cash curve. NCDs decreased by 27% as institutional clients opted to invest in higher-yielding government bonds and treasury bills. Foreign funding, although small in relative terms for Nedbank, decreased by 28%, facilitated by the prepayment of foreign currency lending facilities.

Funding and liquidity

The group achieved a quarterly average long-term funding ratio of 27,9%, which is above the industry average of around 22% in an environment of increased financial market volatility as a result of the Covid-19 pandemic.

The group's June 2021 quarter average LCR of 130,5% (Dec 2020: 125,7%) exceeded the minimum regulatory requirement, with the group maintaining appropriate operational buffers designed to absorb seasonal, cyclical and systemic volatility observed in the LCR.

Nedbank Group LCR	Jun 2021	Jun 2020	Dec 2020
HQLA (Rm)	**204 244**	187 012	206 943
Net cash outflows (Rm)	**156 484**	163 273	164 583
Liquidity coverage ratio (%)[3]	**130,5**	114,5	125,7
Regulatory minimum (%)	**80,0**	80,0	80,0

[3] *Average for the quarter.*

More 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 decreased by 1% to a June 2021 quarterly average of R204bn, in line with the decreased quarterly arithmetic average net cash outflows driven by an increased demand for longer-dated deposits. Nedbank's proactive management of its HQLA liquidity buffers, and close monitoring of its net cash outflows, resulted in an increase in the LCR. The HQLA portfolio, together with Nedbank's portfolio of other sources of quick liquidity, equated to total available sources of quick liquidity of R254bn, representing 21% of total assets.

Nedbank exceeded the minimum NSFR regulatory requirement of 100% effective from 1 January 2018 and reported a June 2021 ratio of 113,6% (Dec 2020: 112,8%). The structural liquidity position of the group has strengthened from December 2020 as a result of a well-managed balance sheet.

Capital

The group remains strongly capitalised, with ratios significantly above the minimum regulatory requirements, with a CET1 ratio of 12,2% (Dec 2020: 10,9%) and a tier 1 ratio of 13,6% (Dec 2020: 12,1%). The CET1 ratio was driven by strong organic earnings growth in the first half of 2021 and lower ytd RWA, including the benefits of deliberate optimisation initiatives.

The tier 1 ratio was impacted positively by the issuance of additional tier 1 instruments amounting to R2,4bn (including an industry-first R910m green AT1 instrument), offset by redemptions of R1,5bn and the further grandfathering of old-style preference shares (R531m) from January 2021 in line with the Basel III transitional arrangements. The total CAR was further enhanced by the issuance of Basel III qualifying tier 2 instruments of R2,5bn, in line with group's capital plan.

Basel III capital ratios (%)	Jun 2021	Dec 2020	Jun 2020	Internal target range	Regulatory minimum[4]
CET1	**12,2**	10,9	10,6	10,0–12,0	8,0
Tier 1	**13,6**	12,1	11,7	> 11,25	9,5
Total CAR	**16,8**	14,9	14,3	> 13,0	11,5

(Ratios include unappropriated profits.)

[4] *PA minimum requirements are disclosed, excluding bank-specific Pillar 2b capital requirements. On 20 May 2021, the PA published Directive 5/2021, which confirmed the recalibration of the D-SIB capital requirement effective in May 2021. Directive 5/2021 increases the CET1 requirement from 50 bps to 100 bps, the tier 1 requirement from 75 bps to 100 bps and there is no change to the total CAR requirement.*

USING OUR FINANCIAL EXPERTISE TO DO GOOD

Nedbank continues to play an important role in society and in the economy, and we remain committed to delivering on our purpose of using our financial expertise to do good and to contribute to the well-being and growth of the societies in which we operate by delivering value to our staff, clients, shareholders, regulators and society.

Staff

- Despite the difficult operating environment, employee engagement levels remained high and our workforce sentiment NPS is rated at 19, which denotes a predominantly positive sentiment about working at Nedbank. On 27 January 2021, our Human-centred Leadership Framework was launched and was received positively by all employees.
- We have not retrenched any employees as a result of Covid-19 and have paid our 27 580 employees' salaries and benefits of R8,7bn. Our Agility Centre successfully redeployed 75 employees into alternative roles within Nedbank, while 48 employees were regrettably retrenched as a result of changes in operational requirements.
- We concluded annual salary increases of 4,0% for our bargaining-unit employees, with non-bargaining-unit employees receiving increases of no more than 3,0% and the blended average employee salaries increasing by 3,5%.
- Our Nedbank Group executives, other senior management and board members received increases of 3,0% in their guaranteed pay for 2021, following zero increases in 2020 given the Covid-19 developments.
- We maintained our focus on the physical, mental and financial well-being of our employees through various interventions. We are saddened by the loss of 37 of our employees who succumbed to Covid-19 in H1 2021. No Nedbank employees were injured during the recent unrest in KwaZulu-Natal and Gauteng. A total of 5 000 donated food parcels were delivered to our employees and communities in impacted areas. Two days' social responsibility leave have been given to all Nedbank employees who volunteered in initiatives that will make an impact in communities.
- In H1 2021 training spend amounted to R649m (H1 2020: R918m). The highest score in our employee survey refers to our learning culture, with 84% of employees believing that they are always able to learn something new at work. The employee uptake of digital learning increased significantly, with 105 000 digital learning courses completed in H1 2021. This was enabled by the launch of our Digital Learning Platform which supported 13 185 learners. We conducted 4 386 virtual classrooms sessions when compared to 4 535 in 2020.
- We enabled more than 16 500 employees to work from home (more than 75% of campus-based employees) as BCPs continue to be invoked on the back of Covid-19-related lockdown levels and more recently the civil unrest that broke out across the country.
- Nedbank is implementing a 'hybrid workforce' approach after Covid-19. We believe that adopting a more permanent approach to hybrid working will serve Nedbank's workforce well while positioning us optimally to remain competitive. This means we will have a portion of our workforce who will remain working from a Nedbank office or branch, a portion who will work remotely and another portion that will follow a blended approach. We plan to accommodate a split of onsite/offsite employees, which will see approximately 60% of all the office employees working at the various Nedbank campus sites on any given day.
- We continued to focus on transformation as a key imperative to ensure that Nedbank remains relevant in a transforming society. ACI representation at board level improved to 64% (2020: 60%), at executive level it was maintained at 46% and among our total employees it is more than 79% (2020: 78%). Pleasingly, we have recorded improvements in ACI employee representation at senior and middle management levels. Female representation at board level improved to 21% (2020: 20%), at executive level it remained at 46% and among total employees it was 61% (2020: 61%).
- We were formally recognised for our efforts towards transformation and diversity and won Top Empowered Business of the Year award at the 2021 Oliver Top Empowerment Awards.

Clients

- Delivering market-leading client experiences remains a key priority and we are pleased to report that on the back of the 2020 Consulta survey, where we achieved second position among the five largest South African banks, in both client satisfaction (SA-csi score of 81%) and NPS (score of 41%), positive sentiment continued into the first six months of 2021, evident in being consistently ranked the number one or two bank on social-media net brand sentiment, measured by Salesforce Social Studio.
- Nedbank's brand ranking among South African companies, which increased from 11th in 2019 to eighth in 2020, remained at eighth in 2021 in Brand Finance's Most Valuable Brands in SA report. Brand Finance estimate Nedbank's brand value at around R15bn. In the first half of 2021, we rebranded Banco Único to Nedbank Mozambique.
- We safeguarded R936bn of deposits at competitive rates.
- We supported clients by advancing R96bn (H1 2020: R104bn) in new loans to enable them to finance their homes, vehicles and education, as well as grow their businesses, and to help them manage through a difficult period in H1 2021.
- The payment relief (payment holidays) we provided to clients under the PA's Directive 3/2020 to more than 400 000 clients on R121bn of loans in 2020 supported many clients through the Covid-19 crisis. Of the original relief provided only R9,5bn remains active in CIB and is expected to mature by the end of the year.
- Our clients' access to banking improved, and as the Covid-19 lockdowns accelerated clients shifting to digital channels, digitally active retail users increased by 27% to 2,3 million. Our end-to-end digital onboarding, sales and servicing capabilities as part of our ME technology journey supported the increase in digital sales as a percentage of total sales in RBB increasing to 54% (from 53% in H1 2020). Excluding MobiMoney, digital sales increased to 34% (from 26% in H1 2020).
- In support of clients impacted by the recent riots and civil unrest in KwaZulu-Natal and parts of Gauteng, all available platforms are used to inform clients of branch closures, reduced operating hours and the nearest operational branches across all regions. We have ongoing engagements with clients to ascertain the extent of the damage and levels of insurance cover in place. Initial indications are that most of the damages to our clients' assets will be covered by Sasria. Client requests for relief are being managed on a case-by-case basis following business-as-usual processes (including staging and ECL treatment), according to existing credit policy.
- In recognition of the value-add to our clients and our leadership position in key industries, segments and products, Nedbank won various awards, including Best Bank for Sustainable Finance in Africa and Best Digital Bank Africa (for Avo and API_ Marketplace) at the 2021 Euromoney Awards, Best Mobile and Internet Banking at the International Business Magazine Awards, and Best Digital Bank at the Global Business Outlook Awards. Nedbank's awards at the prestigious 2021 Global Banking & Finance Awards included Best Digital Bank and Best Open Banking APIs (SA) in recognition of the progress we made and our leadership in digital banking.

Shareholders

- After a difficult 2020, the Nedbank share price significantly outperformed the South African bank index during the first six months of 2021, increasing by 32% when compared to the South African bank index increasing by 11%. This strong performance was underpinned by the group's improved financial performance, good strategic progress and enhanced disclosures to address key issues investors raised in 2020. The group's strong capital and liquidity position at 30 June 2021 supported the declaration of an interim dividend for 2021 of 433 cents per share.
- We successfully hosted our second virtual AGM in 2021. On the back of a remuneration implementation vote of 65,9%, being below the required 75%, we reached out to engage with shareholders. Given the high level of our ongoing shareholder engagements, only one shareholder requested a meeting after the AGM and the meeting was constructive. Nedbank continues to value feedback from our shareholders to enhance our disclosures and ESG practices, including those from our annual board roadshow. In acknowledgement of Nedbank's leadership and progress made on ESG-related disclosures, Nedbank was announced the winner of Best Sustainability Reporting in Financials (Banking) and the overall winner, as well as Best Climate-Related Reporting, in ESG Investing's 2021 ESG Reporting Awards.
- We ensured transparent, relevant and timeous reporting; enhanced our disclosures to shareholders; and participated in numerous virtual investor engagements in H1 2021, which were accompanied by high levels of investor attendance. Foreign equity shareholding levels increased to 28,2% (December 2020: 24,1%)
- On 23 June 2021 Old Mutual Limited (Old Mutual) announced the proposed unbundling of 62 131 692 Nedbank Group shares (comprising 12,2% of the issued ordinary share capital of Nedbank Group) to Old Mutual shareholders by way of a distribution in specie, subject to regulatory approval, to be effected on 8 November 2021. The unbundling does not impact the strategy, day-to-day management or operations of Nedbank, our employees or clients and we continue to be an independent entity. Any existing commercial relationships with Old Mutual will continue to be underpinned by arm's-length commercial agreements. The Old Mutual unbundling will result in a number of benefits to Nedbank and our stakeholders, including, among others, an increased free-float of Nedbank Group shares, with the effect of increased liquidity along with a more favourable position in relevant indices. Net of the unbundling, Old Mutual will hold 7,2% of the issued ordinary share capital of Nedbank Group.

Regulators

- We continued to work closely with the government, regulators and BASA to ensure the safety and soundness of the South African banking system.
- Key developments included the following:
  - » SARB changed its liquidity management strategy to help with the orderly transmission of liquidity through the financial system. Through Directive 1/2020 the regulatory minimum for the LCR was reduced from 100% to 80%. This currently remains effective for 2021 as per Circular 1/2021.
  - » The PA issued Directive 3/2020, amending the requirements specified in Directive 7/2015 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. This remains effective for 2021 as per Circular 1/2021.
  - » The PA issued Directive 2/2020, 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 can now use their capital conservation buffers, including the additional loss absorbency requirements that were built up by D-SIBs. This remains effective for 2021 as per Circular 1/2021.
  - » The PA issued Directive 5/2021, which directs banks to matters related to the prescribed minimum-required capital ratios as well as the application of various components of the said capital requirements such as the systemic risk capital requirement (Pillar 2A), the domestic systemically important bank (D-SIB) capital requirement, the countercyclical buffer range and the capital conservation buffer range. This in effect seeks to reinstate the Pillar 2A capital requirement back to the pre-Covid-19 levels of 50 bps, 75 bps and 100 bps for CET1, tier

1 and total capital, respectively. The Pillar 2A reinstatement will be effective from 1 January 2022.

- We continued to strengthen our capital position, with a tier 1 capital ratio of 13,6% and CET1 ratio of 12,2%.
- We maintained a strong liquidity position, with an average LCR of 131% in the second quarter of 2021 and an NSFR of 114% at 30 June 2021. Both ratios improved on the levels achieved at December 2020.
- We hold investments of over R166bn in government and public sector bonds as part of our HQLA requirements.
- We made cash taxation payments across the group of R5,5bn, up 17% (H1 2020: 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 in enabling a thriving society, create long-term value and maintain trust to ensure the ongoing 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. Key highlights include the following:

Quality education (SDG 4)

- Since January 2016 we have provided approximately 4 776 students with student loans to the value of R263m, a total of R31m of which was disbursed to support 476 students in H1 2021. We have provided R5,3bn in funding for the development of additional student accommodation over 41 820 student beds since 2015, including R1,9m and 41 beds in H1 2021.
- Every year our sponsorship of the Thuthuka Education Upliftment Fund supports 45 students who are pursuing an academic qualification towards becoming chartered accountants in SA, and we have funded the qualification of 56 black chartered accountants.
- Our CSI spend totalled R50m in H1 2021 and included over R32m allocated to skills development and education.
- Nedbank partnered with Manati Alternate Student Funding (Manati) to provide a R10m facility to create approximately 800 new tertiary education loans for the students in the 'missing middle' – those who do not qualify for state funding (the National Student Financial Aid Scheme) but are also unable to obtain a traditional student loan.

Clean water and sanitation (SDG 6)

- We financed a R20m innovative deal, supporting water sector experts as they innovate to meet the needs of the mining sector in terms of wastewater treatment plants.
- We decreased our own total water consumption by a further 11% (off a base that was already 25% lower in 2020), because of ongoing water restriction measures, floorspace consolidation and reduced levels of employees at our campus sites due to the lockdown.

Affordable and clean energy (SDG 7)

- We have achieved many firsts in this space, and our pioneering green AT1 R910m issuance highlights the scope and breadth of opportunity that the sustainability agenda holds for Africa.
- In the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) we have arranged 42 transactions in renewable-energy projects to date, underwriting a total of R36bn and paying out R29bn.
- The lifting of the licensing floor for energy projects in the private sector (embedded generation) from 1 MW to 100 MW is a positive development that will enable many of our clients to reduce their carbon footprint, while ensuring energy certainty. Nedbank is well positioned to transact in this sector, with our current embedded generation book having exposure of R387m at June 2021 with a target of R2bn by end-2022.

Decent work and economic growth (SDG 8)

- Nedbank's Small Business Services continued to promote our newly launched Startup Bundle for new small businesses offering zero monthly maintenance fees for the first six months, access to a dedicated banker and beyond-banking support. New merchant features were landed to support cashless trading on smartphones (tap on phone) and on WhatsApp (Money Message).
- We provided R6,4m to support initiatives, helping to clean up and repair damage caused to communities and infrastructure due to civil unrest, and, in addition, made a R7,5m donation to the Humanitarian Crisis Relief Fund under the Solidarity Fund. We supported staff, their families and communities in KwaZulu-Natal with 106 tons and 5 000 food parcels and supplies during the recent civil unrest. In addition, we contributed R1m assistance to informal traders, helping them to rebuild their businesses and unlock economic activities, while investing into the township economy to support micro entrepreneurs with R2m additional funding.
- We partnered with the 67CEOs Foundation, Gift of the Givers and UNICEF, providing both rand value support and on-the-ground assistance to rebuild small and micro businesses, as well as to expedite humanitarian relief.
- In 2021 we reactivated our commitment to the Youth Employment Service (YES), through which corporate SA aims to provide internship opportunities for more than one million South Africans. From our 2019 participation we have onboarded 239 YES participants into permanent Nedbank jobs and another 1 390 at Nedbank partners. We have placed more than 1 900 previously unemployed youth internally and through sponsored placements, and we continue to encourage other South African corporates to follow our example.

Reduced inequalities (SDG 10)

- A total of 403 new Nedbank Stokvel Accounts were opened in H1 2021, with an average of 6 421 active lives insured through its innovative burial cover solution. With 60% new Stokvel Accounts converted from the USSD channel following the restrictions on movement and gatherings, the pandemic has prompted stokvel members to adopt digital payment methods.
- We maintained level 1 BBBEE status and were acknowledged at the Oliver Top Empowerment Awards as 2021's Top Empowered Business of the Year. The award is given to the organisation that best demonstrates excellence in all spheres of the general criteria and the seven pillars of empowerment.
- In our own operations 75% of our procurement spend was used to support South African businesses. In an effort to support the cashflow needs of small businesses as part of our commitment to the #PayIn30 Campaign, 94% (2020: 92%) of the total amount paid to 1 426 qualifying SMEs was paid within 30 days of our receiving their invoices.

Sustainable cities and communities (SDG 11)

- We disbursed R79m towards the development of affordable housing for lower-income households, bringing the total invested in the sector to R4,8bn over the past five years.
- We provided funding of around R5bn for the construction of buildings that conform to green building standards in H1 2021, bringing the amount of funding provided to this important sector to over R16bn to date.

Strengthen the means of implementation and revitalise the global partnership for sustainable development (SDG 17)

- Nedgroup Investments has made significant progress in its journey towards becoming leaders in Responsible Investing. The business continues to focus on awareness and education among employees, clients and partner fund managers. In H1 2021 we hosted two Responsible Investment Summits, focusing on ESG investing and diversity and inclusion, and these were attended by over 1 600 people.

Economic outlook

Global growth prospects have improved on a combination of the rapid rollout of vaccines and continued policy stimulus. The International Monetary Fund (IMF) has revised its global growth estimates up to 6,0% and 4,4% for 2021 and 2022, respectively. Advanced countries are forecast to record growth of 5,1% and 3,6% in 2021 and 2022, led by a resurgent US economy. Fiscal policies in the US and other advanced countries are shifting towards rebuilding and expanding infrastructure while accelerating the transition to clean energy to mitigate climate change. The focus on infrastructure could boost the demand for commodities in the years ahead, supporting growth in commodity-exporting countries. The IMF expects emerging and developing economies to grow by 6,7% in 2021 and a further 5,0% in 2022. The momentum is likely to come from strong growth in China and a rebound in India. Sub-Saharan Africa's prospects have also improved, in line with the stronger outlook for commodities. The region is forecast to grow by 3,4% in 2021, accelerating to around 4,0% in 2022 and 2023. However, downside risks remain considerable. The Covid-19 virus continues to circulate and mutate among the world's population. The threat of renewed lockdown continues to undermine confidence and disrupt production, particularly in developing countries. The recovery's uneven nature aggravates supply shortages and transport bottlenecks, driving up input costs and stoking inflation in developed and developing countries. Rising inflationary pressures have already forced some emerging markets to raise interest rates. Inflation will probably compel the US Federal Reserve to normalise monetary policy sooner than envisaged last year. These developments are likely to translate into greater financial market volatility in the second half of this year. Emerging markets will be the hardest hit by any changes in US monetary policy. This could dampen risk appetite, disrupt capital inflows, trigger currency weakness, and ultimately create debt service problems for some countries. This potential negative spiral can be avoided by a more synchronised global recovery, which is possible only once the bulk of the world's population has been vaccinated.

SA's economic recovery remains threatened by new waves of Covid-19 infections, and more recently and unexpectedly by the violent unrest and looting that impacted KwaZulu-Natal and parts of Gauteng in July 2021. The third wave of Covid-19 infections, which is dominated by the Delta variant first identified in India, started to form strongly in SA in June. In response, the government tightened containment measures, ultimately moving the country to a much lighter version of alert level 4 on 28 June, before it reduced to a lower, adjusted level 3 four weeks later. While the tighter restrictions are expected to hurt alcohol producers and all contract-intensive industries, the destruction caused by the social unrest will add further downward pressure, resulting in weak sales and production outcomes particularly in the third quarter. The unrest and the looting will translate into lost sales due to business closures, depleted inventories and supply bottlenecks. Unlike under the national level 5 lockdown, the falloff in sales in affected areas will be partially offset by increased sales in unaffected areas. The hit to confidence and the temporary loss of household income due to business closures will hurt consumer spending. Some businesses, especially small enterprises, will not recover. The looting of stocks will result in a sharp decline in inventories in the third quarter, while the destruction of warehouses and disruptions to transport and logistical networks could also complicate the restocking process. However, given that the ports and key roads were opened relatively quickly, these bottlenecks are likely to fade. Economic activity will pick up once calm is restored, with improvements amplified by the rebuilding of inventories, the restoration of physical infrastructure and increased government spending in affected areas. Law and order and the protection of assets are the foundation for investment and economic growth, and it will be vital for government to provide suitable explanations as to what happened, why it happened and assurances that this will not be allowed to happen again. The stricter lockdown and the destructive social unrest are likely to disrupt, but not wholly derail, the recovery. Global conditions will continue to drive export growth, bolstering mining, and to a lesser extent manufacturing. While confidence is fragile, consumer spending is likely to remain resilient, buoyed by firmer household incomes and low interest rates. Despite severe budget constraints, government will support the economy as much as possible. Fixed-investment activity may receive a temporary lift from the reconstruction efforts in the areas affected by the riots, but the overall impact will be negligible and the longer-term impact will be negative, undermining business confidence, raising risk premiums and lifting hurdle rates for new investment. On balance, real GDP is forecast to grow by 4,2% in 2021, with the tighter level 4 Covid restrictions and the recent unrest each shaving about 0,4 percentage points off our previous GDP growth estimate of 5,0%. Thereafter the recovery is expected to continue, albeit at a slower pace, posting growth of 2,0%, 1,6% and 0,7% in 2022, 2023 and 2024, respectively. Accelerated structural reforms remain the key to unlocking faster economic growth over the medium-to-longer term. There have been some encouraging developments on this front, including the concession made to allow 100 MW of embedded generation and evidence of greater resolve to eradicate corruption.

Inflation is forecast to recede during the rest of this year, kept in check by a steady rand and the slack in the economy. Upside risks have, however, increased, emanating from the rise in global oil and other commodity prices and the hikes in local electricity tariffs. Headline inflation is forecast to average 4,3% in 2021. The MPC is expected to keep interest rates flat for the remainder of the year. Underlying financial conditions are likely to remain accommodative and therefore supportive of the gradual recovery in credit demand. Loans to households will drive credit growth, but corporate credit demand is forecast to improve only in the second half of the year.

Conditions in the banking industry will remain challenging. Underlying confidence will be hurt by the presence of the virus and recurring lockdowns until vaccines have been rolled out to the bulk of the population. The unintended consequences of last year's economic shutdown will also continue to reverberate through the economy and society at large, often manifesting in unpredictable ways. The surge in unemployment and poverty caused by a long period of weak economic growth and amplified by the pandemic and lockdowns have contributed to the violent and destructive protests that erupted in parts of the country in July. Sadly, the destruction to infrastructure and businesses will trigger more job losses, aggravating extreme poverty and social tensions even further and the cost of damage to property will largely be borne by taxpayers through Sasria, the state monopoly for riot insurance. Within this fluid context, downside risks to the economic outlook remain significant. These uncertainties will also weigh on the credit decisions of households and companies. The recovery in credit demand is, therefore, expected to be slow. Growth in loans and advances is forecast to edge up off a low base to around 2,2% yoy by the end of 2021, only moderately firmer than the 1,2% recorded at the end of 2020. The growth is likely to come from improvements in household credit demand, buoyed by low interest rates. In contrast, corporate credit demand is expected to remain subdued as companies focus on restoring profits, trimming costs and strengthening balance sheets. A more meaningful recovery is only expected from 2022 onwards.

Prospects

Our guidance on financial performance for the full year 2021, in a global and domestic macroeconomic environment with high forecast risk and uncertainty, is currently as follows:

- **NII** growth to be above mid-single digits (between 5% and 7%, revised up from 0% to 3%). Loan growth is expected to recover slightly in H2 2021 and the group's NIM to decline slightly from the H1 2021 level of 3,68%.
- **CLR** to be around the top end of our TTC target range of 60 bps to 100 bps (between 80 bps to 110 bps, revised down from 110 bps to 130 bps).
- **NIR** growth to be below mid-single digits (between 2% and 5%, revised down from an increase of between 5% and 9%, but up on the H1 2021 decline of 3%) as transactional activity continues to recover and strategic initiatives including cross-sell and new revenue streams contribute to growth, and as equity revaluations improve off a low 2020 base. Trading income is expected to decline given the high 2020 base. We have enhanced our macro fair-value hedge methodologies and as a result the levels of accounting mismatch should reduce going forward.
- **Expenses** growth to be above mid-single digits (between 6% and 8%, revised down from 7% to 9%), reflecting the impact of improved levels of profitability on variable incentives and the return of some discretionary spend.
- **Liquidity** metrics, including the LCR and NSFR ratios, to remain well above PA minimum requirements.
- **CET1 capital** ratio to remain around the top end of the board-approved target range of 10% to 12%.
- **Dividend** (2021 interim) payment resumed at 2,50 times cover, supported by the group's robust balance sheet and strong earnings growth off a low base. The group's final (H2 2021) dividend is expected to be declared at a dividend cover within the board-approved target range of 1,75 times to 2,25 times.

As part of 2020 year-end reporting we revised and set new medium- and long-term targets that we believe are appropriate to drive value creation in the current economic environment. These, together with our 2021 guidance for these, are as follows:

Metric	H1 2021 performance[5]	Full-year 2021 outlook	Medium-term Target	Long-term target
ROE	**11,7%**	Improve on 2020 (ROE: 6,2%)	Greater than 2019 levels (15%) by 2023	> 18%
Growth in DHEPS	**146%**	Growth greater than 20%	Greater than 2019 levels (2 565 cents) by 2023	≥ consumer price index + GDP growth + 5%
CLR	**85 bps**	Between 80 bps and 110 bps	Between 60 bps and 100 bps of average banking advances	
Cost-to-income ratio (including associate income)	**58,5%**	Increases slightly on 2020 (58,1%)	Below 54% by 2023	≤ 50%
CET1 capital adequacy ratio (Basel III)	**12,2%**	Around the top end of target range	10,0–12,0%[6]	
Dividend cover	**2,50 times**	Final (H2) dividend within our target range of 1,75–2,25 times	1,75–2,25 times	

[5] *The COE is currently forecast at around 15% in 2021 to 2023.*
[6] *This target will be reconsidered in light of the reintroduction of Pillar 2A in 2022 in accordance with PA Directive 5/2021.*

Shareholders are advised that all guidance is based on organic earnings and our latest macroeconomic outlook and has not been reviewed or reported on by the group's joint auditors.

Trading statement

Full-year HEPS and basic EPS are expected to increase by more than 20% (HEPS greater than 1 351,2 cents and basic EPS greater than 860,4 cents) when compared with those in the 12-month period ended 31 December 2020 (HEPS: 1 126 cents, basic EPS: 717 cents). A further trading statement will be issued to provide more specific guidance when there is reasonable certainty about the extent of the increases and the relevant HEPS and basic EPS ranges.

Shareholders are advised that the information in this trading statement has not been reviewed or reported on by the group's joint auditors.

Board and leadership changes during the period

Iain Williamson stepped down as a non-executive director of Nedbank Limited and Nedbank Group Limited with effect from the close of the companies' AGMs on 26 May and 28 May 2021 respectively. Iain's appointment was in terms of the relationship agreement previously concluded between Old Mutual Limited (OML) and Nedbank Group, which provided for OML to nominate one director to the boards of Nedbank Group and Nedbank Limited for as long as OML's shareholding was equal to or greater than 15% in Nedbank Group. Following the announcement by OML on 23 June 2021 that it would exit the majority of its shareholding in Nedbank Group through an unbundling (12,2%) to OML shareholders, subject to the requisite regulatory approvals, this provision will no longer apply post the unbundling.

As disclosed in the SENS released on 22 January 2021, Vassi Naidoo was granted medical leave of absence and in line with our board continuity programme, Mpho Makwana stepped in seamlessly as Acting Chairperson. Vassi was making good progress in his recovery and had started attending board meetings in June, but in July his recovery suffered an unexpected setback necessitating an extension of his medical leave of absence. The Board continues to review this situation and Mpho Makwana remains as Acting Chairperson.

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 joint auditors.

Interim dividend declaration

Notice is hereby given that an interim dividend of 433 cents per ordinary share has been declared, payable to shareholders for the six months ended 30 June 2021. The dividend has been declared out of income reserves.

The dividend will be subject to a dividend withholding tax rate of 20% (applicable in SA) or 86,6 cents per ordinary share, resulting in a net dividend of 346,4 cents per ordinary share, unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

Nedbank Group's tax reference number is 9375/082/71/7 and the number of ordinary shares in issue at the date of declaration is 508 870 678.

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

Event	Date
Last day to trade (cum dividend)	Tuesday, 14 September 2021
Shares commence trading (ex dividend)	Wednesday, 15 September 2021
Record date (date shareholders recorded in books)	Friday, 17 September 2021
Payment date	Monday, 20 September 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 15 September 2021, and Friday, 17 September 2021, both days inclusive.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. The acceptance/collection of cheques has ceased, effective from 31 December 2020. In the absence of specific mandates, the dividend will be withheld until such time that shareholders provide their banking information. Holders of dematerialised shares will have their accounts credited at their participant or broker on Monday, 20 September 2021.

The above dates are subject to change. Any changes will be published on SENS and in the press.

For and on behalf of the board

Mpho Makwana
Acting Chairperson

Mike Brown
Chief Executive

11 August 2021

Directors

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

** Lead Independent Director ** Executive*

FINANCIAL RESULTS

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Financial highlights

for the period ended

		Yoy % change	Jun 2021	Jun 2020	Dec 2020
Statistics					
Number of shares listed	m	1	508,9	502,1	502,1
Number of shares in issue, excluding shares held by group entities	m		485,4	483,9	483,9
Weighted-average number of shares	m		484,6	482,5	483,2
Diluted weighted-average number of shares	m	1	491,9	487,3	488,7
Headline earnings	Rm	148	5 251	2 114	5 440
Profit attributable to ordinary shareholders	Rm	303	5 239	1 301	3 467
Total comprehensive income	Rm	58	5 641	3 561	5 345
Preprovisioning operating profit	Rm	(2)	10 456	10 717	20 561
Economic loss	Rm	71	(1 143)	(3 990)	(6 580)
Headline earnings per share	cents	147	1 084	438	1 126
Diluted headline earnings per share	cents	146	1 067	434	1 113
Basic earnings per share	cents	300	1 081	270	717
Diluted basic earnings per share	cents	299	1 065	267	709
Ordinary dividends declared per share	cents		433	–	–
Interim			433		
Final					
Ordinary dividends paid per share	cents		N/A	695	695
Dividend cover	times		2,50	N/A	N/A
Total assets administered by the group	Rm		1 588 234	1 588 951	1 602 683
Total assets	Rm	(3)	1 188 005	1 222 053	1 228 137
Assets under management	Rm	9	400 229	366 898	374 546
Life insurance embedded value	Rm	23	3 902	3 175	3 606
Life insurance value of new business	Rm	32	153	116	283
Net asset value per share	cents	8	19 439	18 075	18 391
Tangible net asset value per share	cents	9	16 591	15 244	15 549
Closing share price	cents	68	17 087	10 155	12 948
Price/earnings ratio	historical		7,8	11,5	11,5
Price-to-book ratio	historical	47	0,9	0,6	0,7
Market capitalisation	Rbn	71	87,0	51,0	65,0
Number of employees (permanent staff)		(3)	27 561	28 559	28 271
Number of employees (permanent and temporary staff)		(4)	27 580	28 697	28 324
Key ratios (%)					
ROE			11,7	4,8	6,2
Return on tangible equity			13,9	5,7	7,4
ROA			0,88	0,36	0,45
Return on RWA			1,60	0,66	0,82
NII to average interest-earning banking assets			3,68	3,33	3,36
NIR to total income			42,7	44,9	44,5
NIR to total operating expenses			72,1	79,4	76,0
CLR – banking advances			0,85	1,87	1,61
Cost-to-income ratio			58,5	56,4	58,1
Gross operating income growth less expense growth rate (JAWS ratio)			(3,9)	(1,8)	(2,7)
Effective taxation rate			24,9	25,9	23,7
Group capital adequacy ratios (including unappropriated profits):					
– CET1			12,2	10,6	10,9
– Tier 1			13,6	11,7	12,1
– Total			16,8	14,3	14,9

Consolidated statement of comprehensive income

for the period ended

Rm	Note	Yoy % change	Jun 2021	Jun 2020	Dec 2020
Interest and similar income		(18)	32 231	39 105	72 300
Interest expense and similar charges		(32)	16 422	24 136	42 219
Net interest income	1	6	15 809	14 969	30 081
Impairments charge on financial instruments	2	(57)	3 278	7 675	13 127
Income from lending activities		72	12 531	7 294	16 954
Non-interest revenue	3	(3)	11 793	12 220	24 140
Operating income		25	24 324	19 514	41 094
Total operating expenses	4	6	16 355	15 391	31 772
Zimbabwe hyperinflation		(15)	40	47	205
Indirect taxation		(11)	526	592	1 148
Profit from operations before non-trading and capital items		>100	7 403	3 484	7 969
Non-trading and capital items	5	100	(3)	(833)	(1 562)
Profit from operations		>100	7 400	2 651	6 407
Share of gains/(losses) of associate companies	10	>100	327	98	(76)
Profit from operations before direct taxation		>100	7 727	2 749	6 331
Total direct taxation	6	>100	1 923	908	1 877
Direct taxation			1 927	928	1 994
Taxation on non-trading and capital items			(4)	(20)	(117)
Profit for the period		>100	5 804	1 841	4 454
Other comprehensive (losses)/income (OCI) net of taxation		>(100)	(163)	1 720	891
Items that may subsequently be reclassified to profit or loss					
Exchange differences on translating foreign operations			(79)	2 043	672
Share of OCI of investments accounted for using the equity method			(302)	(598)	(189)
Debt investments at FVOCI – net change in fair value			(2)	(109)	119
Items that may not subsequently be reclassified to profit or loss					
Share of OCI of investments accounted for using the equity method			(25)	352	395
Remeasurements on long-term employee benefit assets			252	36	(80)
Property revaluations			(7)	(4)	(26)
Total comprehensive income for the period		58	5 641	3 561	5 345
Profit attributable to:					
– Ordinary shareholders		>100	5 239	1 301	3 467
– Non-controlling interest – ordinary shareholders		(19)	38	47	55
– Non-controlling interest – holders of preference shares	7	(30)	95	135	251
– Non-controlling interest – holders of participating preference shares	7	>100	63	(50)	(58)
– Non-controlling interest – holders of additional tier 1 capital instruments		(10)	369	408	739
Profit for the period		>100	5 804	1 841	4 454
Total comprehensive income attributable to:					
– Ordinary shareholders		71	5 055	2 960	4 358
– Non-controlling interest – ordinary shareholders		(45)	59	108	55
– Non-controlling interest – holders of preference shares	7	(30)	95	135	251
– Non-controlling interest – holders of participating preference shares	7	>100	63	(50)	(58)
– Non-controlling interest – holders of additional tier 1 capital instruments		(10)	369	408	739
Total comprehensive income for the period		58	5 641	3 561	5 345
Headline earnings reconciliation					
Profit attributable to equity holders of the parent		303	5 239	1 301	3 467
Less: Non-headline earnings items		>100	1	(813)	(1 445)
Non-trading and capital items			(3)	(833)	(1 562)
Taxation on non-trading and capital items			4	20	117
Share of associate (ETI) impairment of goodwill			(13)		(528)
Headline earnings		148	5 251	2 114	5 440

Consolidated statement of financial position

at

Rm	Note	Yoy % change	Jun 2021	Jun 2020 (Restated)	Dec 2020
Assets					
Cash and cash equivalents		**(5)**	**15 103**	15 968	14 891
Other short-term securities		**(17)**	**55 326**	66 741	52 605
Derivative financial instruments		**(39)**	**46 649**	76 799	80 325
Government securities[1]		**26**	**137 609**	109 147	130 468
Other dated securities[1]		**(56)**	**1 260**	2 895	1 753
Loans and advances to clients[1]	8	**(8)**	**723 727**	785 955	731 214
Trading loans and advances	8	**56**	**60 002**	38 542	71 251
Loans and advances to banks	8	**6**	**31 250**	29 550	40 838
Other assets		**>100**	**32 901**	12 948	16 802
Current taxation assets		**(71)**	**204**	711	164
Investment securities	9	**3**	**25 893**	25 230	26 425
Non-current assets held for sale		**(23)**	**69**	90	69
Investments in associate companies	10	**(11)**	**3 071**	3 456	3 322
Deferred taxation assets		**(9)**	**363**	400	657
Investment property		**(63)**	**21**	56	
Property and equipment		**(8)**	**10 918**	11 834	11 334
Long-term employee benefit assets		**13**	**6 360**	5 623	5 777
Mandatory reserve deposits with central banks		**5**	**23 459**	22 412	26 491
Intangible assets	11	**1**	**13 820**	13 696	13 751
Total assets		**(3)**	**1 188 005**	1 222 053	1 228 137
Equity and liabilities					
Ordinary share capital			**485**	484	484
Ordinary share premium		**1**	**18 726**	18 582	18 583
Reserves		**10**	**75 144**	68 448	69 925
Total equity attributable to equity holders of the parent		**8**	**94 355**	87 514	88 992
Non-controlling interest attributable to ordinary shareholders		**8**	**525**	484	466
Holders of preference shares			**3 222**	3 222	3 222
Holders of participating preference shares			**5**	(50)	(58)
Holders of additional tier 1 capital instruments		**28**	**8 769**	6 850	7 822
Total equity		**9**	**106 876**	98 020	100 444
Derivative financial instruments		**(41)**	**37 282**	63 288	65 130
Amounts owed to depositors	12	**(1)**	**935 723**	944 011	953 715
Provisions and other liabilities		**(12)**	**25 276**	28 811	23 704
Current taxation liabilities		**(7)**	**167**	179	590
Deferred taxation liabilities		**(43)**	**487**	857	390
Long-term employee benefit liabilities		**8**	**2 615**	2 420	2 604
Investment contract liabilities		**(8)**	**19 597**	21 370	20 868
Insurance contract liabilities		**(6)**	**809**	863	922
Long-term debt instruments		**(5)**	**59 173**	62 234	59 770
Total liabilities		**(4)**	**1 081 129**	1 124 033	1 127 693
Total equity and liabilities		**(3)**	**1 188 005**	1 222 053	1 228 137

[1] *As disclosed at 31 December 2020, the group reviewed the presentation of corporate bonds during 2020. As a result of the review, the group reclassified listed corporate bonds from 'Government and other securities' to 'Loans and advances'. June 2020 comparative information has been restated accordingly.*

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 2020	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						
Dividends paid to shareholders						
Total comprehensive income for the period				1 298	(4)	
Profit attributable to ordinary shareholders and non-controlling interest						
Exchange differences on translating foreign operations				1 982		
Movement in fair-value reserve						
Property revaluations					(4)	
Remeasurements on long-term employee benefit assets						
Share of OCI of investments accounted for using the equity method				(684)		
Transfer (from)/to 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	
Shares issued in terms of employee incentive schemes			(1)			
Additional tier 1 capital instruments issued						
Shares (acquired)/no longer held by group entities and BEE schemes	6 797		2			
Preference share dividend paid						
Additional tier 1 capital instruments interest paid						
Dividends paid to shareholders						
Total comprehensive income for the period				(1 152)	(22)	
Profit attributable to ordinary shareholders and non-controlling interest						
Exchange differences on translating foreign operations				(1 310)		
Movement in fair-value reserve						
Property revaluations					(22)	
Remeasurements on long-term employee benefit assets						
Share of OCI of investments accounted for using the equity method				158		
Transfer (from)/to reserves					(18)	
Share-based payment reserve movements						
Transactions with non-controlling interest				10	(15)	
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 – ordinary shareholders	Non-controlling interest – equity attributable to preference shares	Non-controlling interest – holders of participating preference shares	Non-controlling interest – 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	135	(50)	408	3 561
				1 301	1 301	47	135	(50)	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	3 222	(50)	6 850	98 020
	(1)			2	–					–
					–				972	972
					2					2
					–		(116)			(116)
					–				(331)	(331)
				(6)	(6)	(25)				(31)
	–	–	479	2 093	1 398	(53)	116	(8)	331	1 784
				2 166	2 166	8	116	(8)	331	2 613
					(1 310)	(61)				(1 371)
			228		228					228
					(22)					(22)
				(116)	(116)					(116)
			251	43	452					452
	(17)	214	(89)	(90)	–					–
	195				195					195
		(56)			(61)	60				(1)
				(50)	(50)					(50)

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 2020	**483 892 767**	**484**	**18 583**	**(1 995)**	**1 757**	
Shares issued in terms of employee incentive schemes	**6 816 182**	**7**	**892**			
Additional tier 1 capital instruments issued						
Additional tier 1 capital instruments redeemed						
Shares (acquired)/no longer held by group entities and BEE schemes	**(5 336 756)**	**(6)**	**(749)**			
Preference share dividend paid[3]						
Additional tier 1 capital instruments interest paid						
Dividends paid to shareholders						
Total comprehensive income for the period				**(234)**	**(7)**	
Profit attributable to ordinary shareholders and non-controlling interest[4]						
Exchange differences on translating foreign operations[5]				**(100)**		
Movement in fair-value reserve						
Property revaluations					**(7)**	
Remeasurements on long-term employee benefit assets						
Share of OCI of investments accounted for using the equity method				**(134)**		
Transfer (from)/to reserves					**(1)**	
Share-based payment reserve movements						
Other movements						
Balance at 30 June 2021	**485 372 193**	**485**	**18 726**	**(2 229)**	**1 749**	

[1] *Represents other non-distributable revaluation surpluses on capital items and non-distributable reserves transferred from other distributable reserves, to comply with various banking regulations.*

[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 R106m less preference dividend earned in respect of preference shares, held by group entities, of R11m.*

[4] *The R63m gains attributable to holders of participating preferences shares relate to economic gains allocated to participating preference shareholders in accordance with an operating-profit-share preference share agreement.*

[5] *Exchange differences of R234m disclosed in the statement of other comprehensive income includes R69m for the conversion of our investment in ETI from USD to ZAR. The R234m increase in the FCTR includes R134m relating to the conversion of our investment in ETI and a R31m 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 – ordinary shareholders	Non-controlling interest – equity attributable to preference shares	Non-controlling interest – holders of participating preference shares	Non-controlling interest – holders of additional tier 1 capital instruments	Total shareholders' equity
	1 032	**290**	**961**	**67 880**	**88 992**	**466**	**3 222**	**(58)**	**7 822**	**100 444**
	(107)			**(36)**	**756**					**756**
					–				**2 447**	**2 447**
					–				**(1 500)**	**(1 500)**
					(755)					**(755)**
					–		**(95)**			**(95)**
					–				**(369)**	**(369)**
				(4)	**(4)**					**(4)**
	–	**–**	**(170)**	**5 466**	**5 055**	**59**	**95**	**63**	**369**	**5 641**
				5 239	**5 239**	**38**	**95**	**63**	**369**	**5 804**
					(100)	**21**				**(79)**
			(2)		**(2)**					**(2)**
					(7)					**(7)**
				252	**252**					**252**
			(168)	**(25)**	**(327)**					**(327)**
	(332)	**73**		**260**	**–**					**–**
	323				**323**					**323**
				(12)	**(12)**					**(12)**
	916	**363**	**791**	**73 554**	**94 355**	**525**	**3 222**	**5**	**8 769**	**106 876**

Return-on-equity drivers

for the period ended

Rm	Jun 2021	Jun 2020	Dec 2020
NII	**15 809**	14 969	30 081
Impairments charge on financial instruments	**(3 278)**	(7 675)	(13 127)
NIR	**11 793**	12 220	24 140
Income from normal operations	**24 324**	19 514	41 094
Total operating expenses	**(16 355)**	(15 391)	(31 772)
Zimbabwe hyperinflation	**(40)**	(47)	(205)
Share of gains of associate companies	**340**	98	452
Net profit before taxation	**8 269**	4 174	9 569
Indirect taxation	**(526)**	(592)	(1 148)
Direct taxation	**(1 927)**	(928)	(1 994)
Net profit after taxation	**5 816**	2 654	6 427
Non-controlling interest	**(565)**	(540)	(987)
Headline earnings	**5 251**	2 114	5 440
Daily average interest-earning banking assets	**866 588**	904 765	895 880
Daily average total assets	**1 197 145**	1 194 883	1 209 835
Daily average shareholders' funds	**90 675**	88 579	88 021
Daily average shareholders' funds, excluding goodwill	**85 922**	83 453	82 897

Note: Averages calculated on a 365-day (2020: 366-day) basis.

	Jun 2021	Jun 2020	Dec 2020
NII/average interest-earning banking assets	**3,68%**	3,33%	3,36%
	less	less	less
Impairments/average interest-earning banking assets	**0,76%**	1,71%	1,47%
	add	add	add
NIR/average interest-earning banking assets	**2,74%**	2,72%	2,69%
	5,66%	4,34%	4,58%
	less	less	less
Total expenses/average interest-earning banking assets	**3,81%**	3,42%	3,55%
	less	less	less
Zimbabwe hyperinflation/average interest-earning banking assets	**0,01%**	0,01%	0,02%
	add	add	add
Associate income/average interest-earning banking assets	**0,08%**	0,02%	0,05%
	1,92%	0,93%	1,06%
	multiply	multiply	multiply
100% – effective direct and indirect taxation rate	**0,70**	0,64	0,67
	multiply	multiply	multiply
100% – income attributable to minorities	**0,90**	0,80	0,85
Headline earnings/average interest-earning banking assets	**1,22%**	0,48%	0,60%
	multiply	multiply	multiply
Interest-earning banking assets/daily average total assets	**72,4%**	75,7%	74,0%
	=	=	=
Return on total assets	**0,88%**	0,36%	0,45%
	multiply	multiply	multiply
Leverage	**13,20%**	13,49	13,74
	=	=	=
ROE	**11,7%**	4,8%	6,2%

Notes

SEGMENTAL ANALYSIS

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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 an annual **turnover of over R750m.**



> 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, transactional banking and deposit-taking.

NEDBANK CIB

OUR AREAS OF STRENGTH AND DIFFERENTIATION

- Market leader with strong expertise in commercial property, corporate advances, advisory and renewable-energy financing.
- Market-leading trading franchise with excellent trading capabilities across all asset classes.
- Leading industry expertise in public sector, mining and resources, infrastructure and telecoms.
- Integrated model, delivering high levels of client service and better coverage.
- Ability to attract and retain high-quality intellectual capital.
- Efficient franchise.

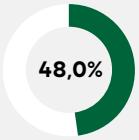
KEY METRICS

ADVANCES
R391bn

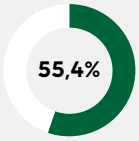
HE
R2 909m

ROE
15,8%

ADVANCES



HE CONTRIBUTION



NEDBANK RETAIL AND BUSINESS BANKING

OUR CLIENTS

Individual clients and **businesses**.



Approximately 3 million retail main-banked clients.
> 310 000 small and medium enterprises (typically businesses with an annual turnover of less than R30m).
> 14 255 business-banking client groups with an annual turnover of between R30m and R750m.

OUR PRODUCTS AND SERVICES

Full range of 'Banking and Beyond' services, including transactional banking, card and payment solutions, lending solutions, deposit-taking services, 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 strong position held in the business banking market 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, MobiMoney, Avo, MoneyTracker, the USSD-based Stokvel Account, Home-buying Toolkit, Karri school payments app, tap on phone, SimplyBiz, Apple Pay, Money Message and API_Marketplace.
- A leader in small-business services as perceived by the market for two years running.
- Highly competitive relationship banking offering for our affluent (Professional Banking) and small-business clients.
- Digitally enabled, reimagined distribution network with five different store types, including retailer partnerships and flexible workforce.

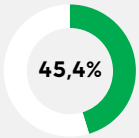
KEY METRICS

ADVANCES
R370bn

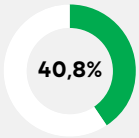
HE
R2 144m

ROE
13,0%

ADVANCES



HE CONTRIBUTION



NEDBANK WEALTH

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



> 18 400 high-net-worth clients locally and internationally (SA, 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
- Leverages existing distribution channels and platforms to sell short-term, credit life and other insurance products to Nedbank's 7,6 million clients.

Nedbank Private Wealth
- Holistic and integrated high-net-worth offering.
- Launched a seamless service to enable clients to transfer money from their South African accounts to their Nedbank Private Wealth International Focus Accounts via the Nedbank Private Wealth app.
- Nedbank Private Wealth (International) won Best Private Bank for the seventh year in a row at the 2021 City of London Wealth Management Awards.

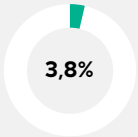
Asset Management
- Top fund managers identified through Nedgroup Investments' Best of Breed™ investment approach.
- Nedgroup Investments is committed to responsible investing through continuous engagement with partner fund managers to assess their progress on agreed ESG focus areas and to gain a deeper appreciation of the real-life impact of our investments.
- Nedgroup Investments launched the MyRetirement solution – an innovative, low-cost, post-retirement solution.

ADVANCES
R31bn

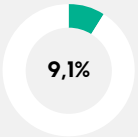
HE
R476m

ROE
22,0%

ADVANCES



HE CONTRIBUTION



NEDBANK AFRICA REGIONS

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



> 369 000 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 | Ecobank

SADC (own, manage and control banks)
- Presence in five SADC countries – well positioned for growth on the back of a standardised model, customised for market context.
- Ongoing technology investments to ensure digital leadership, and competitive and locally relevant CVPs.
- Winner of the 2021 International Business Magazine Awards for Best Internet Banking Africa and Best Mobile Banking Africa.
- Aiming for #1 in client service in every market that we are operating in (#1 in NPS scores in Namibia and Mozambique).

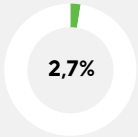
Central and West Africa (ETI alliance – 21,2% shareholding)
- Ecobank-Nedbank alliance is the widest banking network on the African continent, covering 39 countries.
- Aiming to increase dealflow by leveraging ETI's local presence and knowledge and Nedbank's structuring expertise.
- ETI has a very strong West and Central Africa franchise: it is in the top three in 13 of 16 countries in the region.

ADVANCES
R22bn

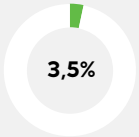
HE
R182m

ROE
5,8%

ADVANCES



HE CONTRIBUTION



Operational segmental reporting

for the period ended

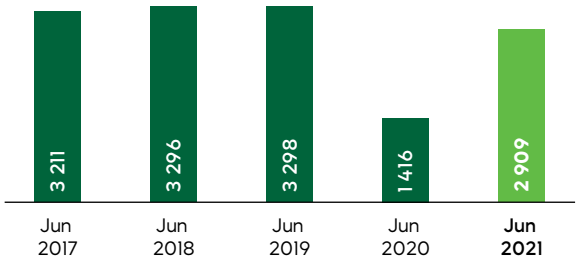
Rm	Nedbank Group			Corporate and Investment Banking		
	Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
Summary of consolidated statement of financial position (Rm)						
Assets						
Cash and cash equivalents	**38 562**	38 380	41 382	**927**	3 326	997
Other short-term securities	**55 326**	66 741	52 605	**26 789**	34 334	24 403
Derivative financial instruments	**46 649**	76 799	80 325	**46 596**	76 679	80 264
Government and other securities	**138 869**	112 042	132 221	**57 150**	45 139	54 232
Loans and advances	**814 979**	854 047	843 303	**390 822**	447 970	428 992
Other assets	**93 620**	74 044	78 301	**33 957**	15 013	18 460
Intergroup assets	**–**	–	–			
Total assets	**1 188 005**	1 222 053	1 228 137	**556 241**	622 461	607 348
Equity and liabilities						
Total equity	**106 876**	98 020	100 444	**37 103**	38 918	38 691
Average allocated capital	**96 532**	88 755	90 115	**37 103**	38 918	38 691
Non-controlling interest	**12 520**	10 506	11 451			
Other equity[1]	**(2 176)**	(1 241)	(1 122)			
Derivative financial instruments	**37 282**	63 288	65 130	**37 275**	63 231	65 079
Amounts owed to depositors	**935 723**	944 011	953 715	**414 288**	401 534	423 046
Provisions and other liabilities	**48 951**	54 500	49 078	**11 335**	13 891	10 095
Long-term debt instruments	**59 173**	62 234	59 770	**415**	639	543
Intergroup liabilities	**–**	–	–	**55 825**	104 248	69 894
Total equity and liabilities	**1 188 005**	1 222 053	1 228 137	**556 241**	622 461	607 348
Summary of consolidated statement of comprehensive income (Rm)						
NII	**15 809**	14 969	30 081	**3 907**	3 825	7 339
Impairments charge on financial instruments	**3 278**	7 675	13 127	**659**	2 380	3 245
Income from lending activities	**12 531**	7 294	16 954	**3 248**	1 445	4 094
NIR	**11 793**	12 220	24 140	**3 949**	3 661	7 229
Operating income	**24 324**	19 514	41 094	**7 197**	5 106	11 323
Total operating expenses	**16 355**	15 391	31 772	**3 396**	3 081	6 432
Zimbabwe hyperinflation	**40**	47	205			
Indirect taxation	**526**	592	1 148	**94**	77	159
Profit/(Loss) from operations	**7 403**	3 484	7 969	**3 707**	1 948	4 732
Share of gains of associate companies[2]	**340**	98	452	**57**	35	115
Profit before direct taxation	**7 743**	3 582	8 421	**3 764**	1 983	4 847
Direct taxation	**1 927**	928	1 994	**855**	567	1 211
Profit after taxation	**5 816**	2 654	6 427	**2 909**	1 416	3 636
Profit attributable to:						
– Non-controlling interest – ordinary shareholders	**38**	47	55			
– Holders of preference shares	**158**	85	193			
– Holders of additional tier 1 capital instruments	**369**	408	739			
Headline earnings/(losses)	**5 251**	2 114	5 440	**2 909**	1 416	3 636
Selected ratios						
Average interest-earning banking assets (Rm)	**866 588**	904 765	895 880	**344 214**	403 893	392 089
Average risk-weighted assets (Rbn)	**660 281**	647 310	665 119	**321 427**	334 722	340 490
ROA (%)	**0,88**	0,36	0,45	**1,01**	0,48	0,60
RORWA (%)	**1,60**	0,66	0,82	**1,83**	0,85	1,07
ROE (%)	**11,7**	4,8	6,2	**15,8**	7,3	9,4
Interest margin (%)[3]	**3,68**	3,33	3,36	**2,29**	1,90	1,87
NIR to total income (%)	**42,7**	44,9	44,5	**50,3**	48,9	49,6
NIR to total operating expenses (%)	**72,1**	79,4	76,0	**116,3**	118,8	112,4
CLR – banking advances (%)	**0,85**	1,87	1,61	**0,38**	1,18	0,82
Cost-to-income ratio (%)	**58,5**	56,4	58,1	**42,9**	41,0	43,8
Effective taxation rate (%)	**24,9**	25,9	23,7	**22,7**	28,6	25,0
Contribution to group EP/(loss) (Rm)	**(1 859)**	(3 990)	(6 580)	**150**	(1 430)	(1 974)
Number of employees (permanent staff)	**27 561**	28 559	28 271	**2 404**	2 534	2 470

[1] *Other equity includes the variance between average allocated capital, which is computed using the average-equity month-end balances and actual equity.*
[2] *On an IFRS basis Nedbank Africa Regions earned associate income of R270m (June 2020: R76m) as IFRS requires associate income to be presented net of our share of ETI's goodwill impairment of R13m (June 2020: Rnil). Our share of ETI's goodwill impairment is excluded from HE.*
[3] *Cluster margins include internal assets.*

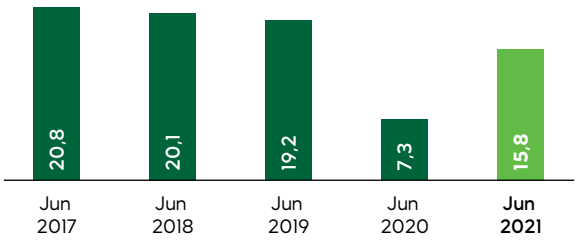
	Retail and Business Banking			Wealth			Nedbank Africa Regions			Centre		
	Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
	5 726	5 144	6 468	**2 980**	2 477	1 981	**7 446**	6 529	6 813	**21 483**	20 904	25 123
				25 434	25 014	25 105	**3 676**	4 595	3 639	**(573)**	2 798	(542)
				17	10	2	**16**	84	33	**20**	26	26
				270			**1 430**	703	827	**80 019**	66 200	77 162
	370 131	347 791	356 272	**30 948**	31 932	31 133	**22 067**	22 550	23 233	**1 011**	3 804	3 673
	11 359	11 111	11 917	**22 017**	21 426	22 023	**3 937**	4 034	3 811	**22 350**	22 460	22 090
	13 026	19 887	15 941				**2 085**	2 441	2 733	**(15 111)**	(22 328)	(18 674)
	400 242	383 933	390 598	**81 666**	80 859	80 244	**40 657**	40 936	41 089	**109 199**	93 864	108 858
	33 215	29 956	29 573	**4 363**	4 245	4 327	**6 326**	6 510	6 471	**25 869**	18 391	21 382
	33 215	29 956	29 573	**4 363**	4 245	4 327	**6 326**	6 510	6 471	**15 525**	9 126	11 053
										12 520	10 506	11 451
										(2 176)	(1 241)	(1 122)
				4	6	12	**3**	51	39			
	360 240	345 956	354 243	**43 721**	45 343	43 945	**33 134**	33 104	33 294	**84 340**	118 074	99 187
	5 246	6 480	5 242	**23 974**	26 537	25 527	**876**	954	967	**7 520**	6 638	7 247
	1 541	1 541	1 540				**318**	317	318	**56 899**	59 737	57 369
				9 604	4 728	6 433				**(65 429)**	(108 976)	(76 327)
	400 242	383 933	390 598	**81 666**	80 859	80 244	**40 657**	40 936	41 089	**109 199**	93 864	108 858
	10 053	9 478	19 692	**416**	489	897	**676**	672	1 274	**757**	505	879
	2 292	4 836	8 746	**(21)**	82	208	**96**	236	437	**252**	141	491
	7 761	4 642	10 946	**437**	407	689	**580**	436	837	**505**	364	388
	6 112	5 717	11 830	**1 862**	1 614	3 303	**599**	697	1 454	**(729)**	531	324
	13 873	10 359	22 776	**2 299**	2 021	3 992	**1 179**	1 133	2 291	**(224)**	895	712
	10 584	9 880	20 161	**1 633**	1 526	3 061	**1 167**	1 071	2 325	**(425)**	(167)	(207)
							40	47	205			
	227	229	488	**45**	46	91	**35**	26	64	**125**	214	346
	3 062	250	2 127	**621**	449	840	**(63)**	(11)	(303)	**76**	848	573
							283	63	337			
	3 062	250	2 127	**621**	449	840	**220**	52	34	**76**	848	573
	855	72	590	**145**	87	178	**2**	29	(30)	**70**	173	45
	2 207	178	1 537	**476**	362	662	**218**	23	64	**6**	675	528
							36	47	52	**2**		3
	63	(50)	(58)							**95**	135	251
										369	408	739
	2 144	228	1 595	**476**	362	662	**182**	(24)	12	**(460)**	132	(465)
	374 988	359 992	364 417	**60 154**	59 037	59 590	**34 114**	32 669	33 126	**53 118**	49 174	46 658
	225 444	204 930	211 606	**27 576**	28 350	29 060	**46 126**	43 572	44 636	**39 708**	35 736	39 327
	1,10	0,12	0,42	**1,17**	0,90	0,81	**0,89**	(0,12)	0,03			
	1,92	0,22	0,75	**3,48**	2,57	2,28	**0,80**	(0,11)	0,03			
	13,0	1,5	5,4	**22,0**	17,1	15,3	**5,8**	(0,8)	0,2			
	5,41	5,29	5,40	**1,39**	1,67	1,51	**4,00**	4,14	3,85			
	37,8	37,6	37,5	**81,7**	76,7	78,6	**47,0**	50,9	53,3			
	57,7	57,9	58,7	**114,0**	105,8	107,9	**51,3**	65,1	62,5			
	1,22	2,69	2,40	**(0,13)**	0,50	0,64	**0,84**	2,10	1,85			
	65,5	65,0	64,0	**71,7**	72,6	72,9	**74,9**	74,8	75,9			
	27,9	28,8	27,7	**23,3**	19,4	21,2	**0,9**	55,8	(88,2)			
	(327)	(1 963)	(2 693)	**152**	51	35	**(289)**	(500)	(929)	**(1 545)**	(148)	(1 019)
	16 825	17 413	17 267	**2 060**	2 115	2 115	**2 343**	2 332	2 352	**3 929**	4 165	4 067

Nedbank Corporate and Investment Banking

HEADLINE EARNINGS
(Rm)



RETURN ON EQUITY
(%)



FINANCIAL PERFORMANCE

HE in CIB increased by 105% to R2 909m and ROE went up to 15,8%, coming off a low base due to the economic environment created by the Covid-19 pandemic and hard lockdown in the prior period. Impairments decreased by 72% due largely to the improvement of the latest macroeconomic factors in the forward-looking macro model against the prior year, a decline in exposures as loans and advances declined and a lower level of stage 3 impairment charge as exposures returned to performing buckets and stage 3 loans declined. GOI, including associate income, increased by 5% to R7 913m, largely as a result of NIR increasing by 8%, specifically in equity revaluations. Allocated capital declined by 5%, driven by reduced balance sheet growth stemming from optimisation efforts, early repayments and settlements.

NII increased by 2% to R3 907m due mainly to NIM increasing by 39 bps, partly offset by AIEBA decreasing by 15% to R344bn and average banking advances decreasing by 15% to R346bn due to muted corporate demand for new loans and early settlements with clients using excess liquidity to repay committed facilities, notably in the mining and resources sector. Average deposits increased by 2% to R411bn, arising from a strategic focus on growing deposits through the formation of a specialised working capital sales team. Clients in a cash-flush position are retaining their operational deposits with us. NIM increased by 39 bps to 2,29%, due largely to the benefits from a higher prime-cost-of-funds spread and the optimisation of low-yielding assets during H2 2020.

Impairments decreased to R659m (H1 2020: R2,4bn), as the latest macroeconomic factors in the forward-looking macro models improved against the prior year and lower exposures have been offset by an increase in judgemental impairment overlays. The CLR decreased to 0,38%, which is below management's expectations at the start of the period but within the cluster TTC target range of 0,15% to 0,45%. The total impairment coverage ratio increased from 1,07% in December 2020 to 1,28% in June 2021, driven by increased macroeconomic overlays related to Covid-19 and additional stage 3 impairments. Stage 3 advances decreased from R10,9bn (3,0% of banking advances) to R9,4bn (2,8% of banking advances), as exposures restructured in 2020 started to perform against the renewed facility terms. The increased stage 3 impairments relate

FINANCIAL HIGHLIGHTS

		Corporate and Investment Banking			Property Finance			Corporate and Investment Banking, excluding Property Finance		
	Yoy % change	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
Headline earnings (Rm)	**>100**	**2 909**	1 416	3 636	**438**	(8)	250	**2 471**	1 424	3 386
NII (Rm)	**2**	**3 907**	3 825	7 339	**1308**	986	2 111	**2 599**	2 839	5 228
Impairments charge (Rm)	**(72)**	**659**	2 380	3 245	**382**	517	911	**277**	1 863	2 334
NIR (Rm)	**8**	**3 949**	3 661	7 229	**229**	(36)	146	**3 720**	3 697	7 083
Gross operating income (Rm)	**5**	**7 913**	7 521	14 683	**1 537**	950	2 258	**6 376**	6 571	12 425
Operating expenses (Rm)	**10**	**3 396**	3 081	6 432	**555**	441	956	**2 841**	2 640	5 476
ROE (%)		**15,8**	7,3	9,4	**9,5**	(0,2)	2,7			
ROA (%)		**1,01**	0,48	0,60	**0,44**	(0,01)	0,12			
CLR – banking advances (%)		**0,38**	1,18	0,82	**0,46**	0,63	0,54			
NIR to total operating expenses		**116,3**	118,8	112,4	**41,3**	(8,1)	15,3			
Cost-to-income ratio (%)		**42,9**	41,0	43,8	**36,1**	46,4	42,4			
Interest margin (%)		**2,29**	1,90	1,87	**1,37**	1,01	1,07			
Total assets (Rm)	**(11)**	**556 241**	622 461	607 348	**170 935**	173 471	174 587	**385 306**	448 990	432 761
Average total assets (Rm)	**(3)**	**579 263**	597 802	608 288	**172 173**	171 085	172 680	**407 090**	426 717	435 608
Total advances (Rm)	**(13)**	**390 822**	447 970	428 992	**165 099**	167 632	168 832	**225 723**	280 338	260 160
Average total advances (Rm)	**(6)**	**416 792**	445 017	446 176	**166 006**	165 291	166 942	**250 786**	279 726	279 234
Total deposits (Rm)	**3**	**414 288**	401 534	423 046	**230**	391	341	**414 058**	401 143	422 705
Average total deposits (Rm)	**2**	**411 323**	402 621	407 418	**327**	361	357	**410 995**	402 260	407 061
Average allocated capital (Rm)	**(5)**	**37 103**	38 918	38 691	**9 330**	9 559	9 222	**27 773**	29 359	29 469

mostly to existing non-performing loans, with the specific coverage ratio increasing to 19,1%. A total of R9,5bn in D3 restructures (2,8% of banking advances) was still outstanding at the end of the period, with exposures mainly in the hospitality, retail, manufacturing and construction sectors. Our focus on high-risk sectors such as construction, aviation and hospitality remains top of mind, but at this stage, we have raised adequate impairments, supplemented by Covid-19 related overlays.

NIR increased by 8% to R3 949m mainly due to positive revaluations in 2021 when compared with negative revaluations in the prior period. Fee and commission income increased by 1% to R1 395m with improved transactional activity coupled with continued gains made in primary-banked wins. This was partly offset by lower trading income, down by 28% from a high base and once-off income included in the prior year. The NIR-to-expense ratio decreased to 116% (H1 2020: 119%).

Expenses increased by 10% yoy as variable incentive costs were higher and increased spend on strategic costs, resulting in our cost-to-income ratio increasing from 40,9% in the prior year to 42,9%.

STRATEGIC PROGRESS

The Covid-19 pandemic has led to changes in the macroeconomic and fiscal environment impacting the financial sector's operating environment in an already fast-changing reality. Our efforts towards reworking our strategy in 2020 are enabling the business to adapt to this increased volatility and dynamism. In line with international trends, we are continuing our focus on optimising the CIB portfolio to enable the business to achieve its ROE and HE targets, and over the longer term the SDG targets we have set for ourselves.

We have strengthened our relationships through partnering with clients to assist them through the crisis. Our efforts to put clients at the centre of what we do have been recognised in our winning the Global Banking and Finance Review Awards for Best Investment Bank and Best Forex Bank. We also received the Global Custodian Magazine Award for Best Custodian Bank. As we aim to be a trusted client advisor and serve our clients across the full spectrum of their financial needs, we will consistently drive cross-selling to deliver high-quality earnings.

Technology has become integral to how we run our business. Our recent digital investments such as the Nedbank Business Hub and Secure Business Evolution alongside our other recognised products and solutions ensure that we continue to deliver a seamless, end-to-end warm digital client experience. The Nedbank Business Hub is a single secure digital interface that enables CIB and RBB business clients to apply for, maintain and transact on their accounts in a self-service manner. In the next six months we plan to continue the platform rollout, which will enable further product applications such as current accounts and overdrafts, short-term investments, credit cards and transacting channels such as NetBank Business, Nedtreasury and Cash Vault.

Looking forward

To build a better SA requires a shared vision on inclusive growth, structured transformation, job creation, equitable healthcare and education. The impact of the social disruption is likely to linger in the medium-term. As a result CIB will continue to use its financial expertise to promote inclusive growth in the fight against economic inequality. Covid-19 has amplified the many social inequalities in our country, and to play our role, we are driving our efforts as we reach out and contribute to help rebuild SA. It is vital that we all work towards a better future to build back stronger together.

Growth prospects for SA are expected to improve slightly into H2 2021 when compared to the prior period but will remain sluggish as a result of extended Covid-19 waves and low business confidence. Sectors showing encouraging activity include energy, where the recent developments to increase private renewable energy generation capacity are welcome, as well as telecommunications and infrastructure. Our pipeline remains resilient going into H2 as we continue to focus on improving returns, cross-selling and diversifying our revenue pools.

Our contribution to sustainable growth in our country remains a key focus and we will look for opportunities to support the government's Economic Reconstruction and Recovery Plan, with a focus on infrastructure and using our strong sector expertise and market leadership in renewable energy. We will continue to apply our expertise and co-create with clients as we vigorously pursue emerging opportunities within this rapidly broadening market.

The pandemic has hastened the shift to digital platforms and has transformed the way we interact with our clients. In this fast-changing and highly competitive sector, Nedbank CIB understands the need for having technology as a core capability of product delivery and innovation, which is why our focus on digital innovation and technology is core to our investments. Through our investment in technology, we aim to empower our clients with full access to our franchise, created by a single channel providing superior service and deepening client relationships. This is in line with our client strategy to be a trusted client advisor and serve our clients across all their financial needs.

To position us for the future, we will continue our 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.

FINANCIAL HIGHLIGHTS

	Property Finance			Investment Banking			Markets			Working capital and Transactional Services		
	Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
Gross operating income (Rm)	**1 537**	950	2 258	**2 011**	1 379	3 460	**2 759**	3 466	5 682	**1 606**	1 726	3 283
Average total advances (Rm)	**166 006**	165 291	166 942	**155 975**	211 024	198 942	**77 395**	44 123	58 455	**17 416**	24 579	21 837

We continue to explore sustainable finance solutions for our clients to help them adapt to the risks and opportunities within a green economy and broader global environment that is increasingly focused on sustainability. We are proud to have been recognised as the Best Bank for Sustainable Finance in Africa by Euromoney. Growing our renewable-energy business is key to maintaining our leading position in the market, and the recent liberalisation of the energy market offers exciting opportunities for Nedbank CIB to grow. We are a holder of many firsts in this space, and our pioneering green AT1 R910m issuance executed recently serves as yet another reminder of the scope and breadth of opportunity that the sustainability agenda holds for Africa.

SEGMENTAL PERFORMANCE

Property Finance

Conditions in the property sector are likely to remain challenging for the foreseeable future. However, the sector has been more resilient than initially expected. Liquidity has remained good and as a result, the initial impact on property values has been lower than expected. Although property values are expected to decline in the medium term, we have been impressed with the resilience of our client base and their ability to service debt. While we believe it is difficult to establish property values accurately in the current environment given the ongoing waves of Covid-19 and the consequential lockdowns, we expect the trend to be downwards over an extended period. We will continue working with clients to understand the themes that are evolving and any permanent changes in the underlying asset classes as they emerge.

Gross operating income increased by 62%, driven mainly by an increase in NIR in excess of 100%, as a result of negative revaluations in the prior year, coupled with NII increasing by 33% due to an increased margin and a higher average advances balance. Average banking advances increased by R1,7bn to R168bn, driven by commercial mortgage growth and drawdown of deals closed in 2020. Our impairment experience has been better than expected to date, with the CLR improving to 0,46% (2020: 0,63%), but is likely to remain at elevated levels over the remainder of the year. 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, as well as in respect of downside risk on property values.

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 reduce potential losses significantly.

Investment Banking

The period under review for Investment Banking was characterised by greater stability across all its portfolios, although certain sectors like aviation, hospitality and tourism remain under pressure. There was a marked turnaround in the performance of the private equity portfolio and good resilience in the commodities, energy, agriculture and telecoms businesses. We continue to work closely with our clients during the continued waves of Covid-19 to ensure that they have access to sufficient liquidity to navigate the uncertain conditions they face. Cross-selling into the broader CIB offering remains a core focus. There has been a continued investment in people, particularly in the advisory franchise.

Investment Banking gross operating income increased by 46%, driven by NIR increasing over 100% mainly due to negative revaluations in the prior period. Average banking advances, including corporate bonds, decreased by 26% as a result of clients using excess liquidity to repay committed facilities and a conscious focus on portfolio optimisation and enhancement of returns across the portfolio. This resulted in NII decreasing by 12%. The lower impairment charge was partly driven by the improvement in the latest macroeconomic factors applied to the model when compared to the prior period, a decline in exposures as loans and advances declined and a lower level of stage 3 impairment charge as exposures returned to performing buckets and stage 3 loans declined. Fees and commissions decreased by 9% due to reduced client activity, with equity revaluations increasing in excess of 100%.

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

Trading conditions have remained challenging throughout the year due to high volatility, which was driven by renewed global inflationary expectations. This volatility was accompanied by poor liquidity, making monetisation more challenging. Initial forecasts accounted for the expected drop-off in trading income after a very high 2020, driven by once-off items and outsized performance in the last three months of H1 2020.

The business was, however, able to execute far better outcomes than projected. GOI decreased 20% and trading income decreased by 28% for the comparable period. There was a strong performance from equities trading, ending flat yoy, with particularly good outcomes in volatility trading. Debt securities were the biggest laggard, dropping by 38% as the xVA benefit in H1 2020 was non-repeatable, with foreign exchange dropping by 16%, predominantly due to base effects. Trading conditions have deteriorated, particularly in the middle of the year, with an expectation of some recovery post the US and European summers, when we expect liquidity to improve.

Transactional Services

The transactional business has placed strategic focus on growing the short-term lending, trade finance and asset-based finance businesses through the formation of a specialised working capital sales team to facilitate additional deposit and transactional growth. The team continues to assist clients in managing their daily liquidity, including through value-added solutions such as supply chain and trade finance. We maintain our prudence with respect to the overall credit environment with impairments increasing in certain sectors.

Gross operating income decreased by 7% due to a decline in NII from R1 023m in 2020 to R884m, decreasing by 14%. This was due to pricing pressure in deposits coupled with average banking advances decreasing by 32%. The overdraft book declined due to clients being in a cash-flush cycle. However, our asset-led strategy is proving successful and creating cohesiveness with clients as these same clients are retaining their operational deposits with us. The average amount owed to depositors increased by 19% from R204bn in H1 2020 to R244bn in H1 2021.

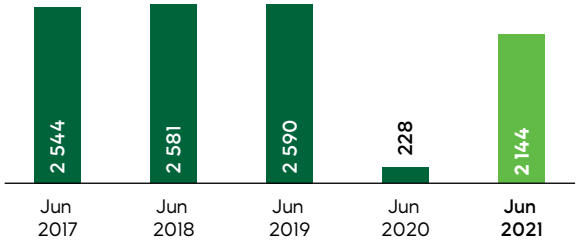
Transactional and working capital NIR increased by 4%. We recorded 18 new primary-banked client wins in the past six months and continue to see the accretive value as a result of our strategic focus on increasing our primary-banked client base. We have a strong pipeline that will further grow our transactional revenue for the remainder of the year.

Transactional Services continues to deliver on significant innovation in our product areas as well as retaining focus on the client experience, API initiatives and targeted solutions in specific sectors. The business is playing a significant role in payment modernisation within the industry and with regulators.

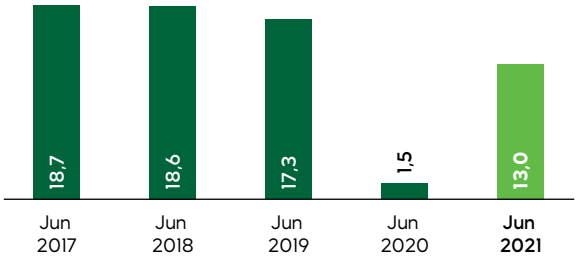
Favourable	Unfavourable
• Improvement in NIM driven by higher prime-cost-of-funds spread. • Pre-provisioning operating profit up yoy. • Achievement of 18 primary client wins in H1. • Significant decline in impairments. • RWA and economic capital being down owing to lower advances. • ROE having increased to above cost of equity, driven by higher HE.	• Trading income down off a high base and due to once-off items in the prior year. • Increase in expenses, driven by higher incentive costs resulting in slightly higher cost-to-income ratio.

Nedbank Retail and Business Banking

HEADLINE EARNINGS
(Rm)



RETURN ON EQUITY
(%)



FINANCIAL PERFORMANCE

RBB's financial performance has shown a good recovery from the impact of the Covid-19 pandemic and associated lockdown measures, with HE for the six months ended June 2021 increasing by more than 100% to R2 144m.

Allocated capital increased off the back of balance sheet growth, but given the much higher earnings, ROE increased significantly to 13,0% from 1,5% in June 2020.

The main drivers of the HE growth were a 53% lower impairment charge and 6% higher revenues, while expenses increased by 7% on the back of higher incentive charges related to strong performance, compared to the prior year. The increase in revenues offset by higher incentive charges has resulted in PPOP increasing by 3%.

Besides the stronger financial performance, RBB also showed positive traction on a number of key non-financial metrics, including a 27% increase in digitally active clients, growth in main-banked clients in the economic-profit-rich middle and affluent segments, market share gains in small-business and business banking, improved Net Promoter Scores, maintaining second position in the South African Customer Satisfaction Index (SAcsi) and showing positive trends in cross-sell. We received the Global Business Outlook (GBO) Award for Best Digital Bank in South Africa 2021; the Global Business Review Magazine Award 2021 for Best Retail Bank in South Africa 2021; and the International Banker Award for Best Innovation in Retail Banking 2021.

NII increased by 6% to R10 053m, driven by a 5% increase in average interest-earning assets and a widening in the interest margin from 5,29% to 5,41%. The lending book margin increased by 54 bps, with pricing increasing by 15 bps and the prime-cost-of-funds differential widening by 39 bps. Deposit margins declined, with term and demand pricing increasing by 9 bps, due mainly to stronger competition in the market. The endowment on equity and liabilities had a 51 bps negative impact.

Average annualised banking advances increased by 7% to R359bn, continuing the momentum from 2020, benefiting from both client demand for secured loans as a result of the 300 bps cuts in interest rates in H1 2020, as well as increased unsecured lending volumes originated through the group's digital channels, notwithstanding lower loan approval rates across some products. Overall new-loan payouts increased by R18,4bn to R57,2bn when compared to H1 2020.

Average annualised deposits increased by 5% to R352bn. Our market share of household deposits declined to 15% at May 2021, largely due to proactive pricing decisions to ensure an appropriate balance between margin and volume. This was driven mainly by reduced market share in demand and term deposits (down from 18,5% to 17,7%), as aggressive rate behaviour from competitors increased. As from 1 May 2021, RBB introduced a new pricing strategy to price more competitively on investment products and address the market share declines.

Defaulted advances decreased by 13% to R27,4bn from R31,3bn in December 2020, reducing the defaulted book to 7,0% from 8,3% in December 2020. Balance sheet impairments decreased to 4,92% of total advances (December 2020: 5,09%) and coverage on the performing 'stage 1' book remained relatively flat at 0,98% (December 2020: 0,99%). The CLR of 122 bps decreased from the peak of 269 bps in June 2020. The decrease in impairments was due to lower consumer stress driven by a strengthening macroeconomic environment. When both the once-off items of the Directive 7/2015 accounts cured and R295m of Covid-19-related overlay releases are normalised, the CLR falls into the middle of the target range of 130 bps to 180 bps.

NIR increased by 7% to R6 112m, driven by an increase in transactional revenue off slowly improving client activity, including increased levels of client spend, cash withdrawals and purchase of value-added services. The recovery of card-acquiring revenue, which was impacted negatively by Covid-19-related lockdowns last year, has boosted NIR, although in certain travel and entertainment sectors turnover remains well below 2019 levels.

Expenses increased by 7% to R10 854m, driven primarily by higher incentive charges as RBB financial performance improved, partially offset by additional cost-saving initiatives of R214m. Headcount decreased by 488 to 16 891 from December 2020, proactively achieved mostly through natural attrition as we continue to leverage our investment in digital and Managed Evolution technology investments. In 2017 we launched our cost optimisation programme through the Business Transformation Office and by the end of 2020 we had achieved R1,4bn in cumulative savings, driven mainly by our branch optimisation programme and robotic process automation (RPA), combined with continued digital transformation initiatives. Our cost-to-income ratio increased slightly to 65,5% (H1 2020: 65,0%) due to higher spend in 2021 due to higher incentive charges.

Strategic progress

Clients –The number of main-banked clients was up 2% to 2,98 million at June 2021. This was a good outcome considering that main-banked clients had fallen to 2,93 million in June 2020 as the Covid-19 lockdown led to lower levels of client acquisition and client transacting frequency. Lower client transacting frequency impacts Nedbank's main-banked count, as Nedbank's 'main-banked' definition assumes regular transactional behaviour. This increase in main-banked activity has been one of the reasons for the NIR recovery. Cross-sell to new clients continues to go from strength to strength, as does the digitisation of our base. We have launched several new high-demand and NIR-rich products to support our value proposition, and to support growth in NIR into the future.

Highlights from the 2020 Consulta SAcsi survey include Nedbank's Greenbacks programme being ranked number one in NPS. Our transactional banking was ranked first in client satisfaction, Personal Loans achieved #1 position in both client satisfaction and NPS, and Home Loans now holds the top position in all measured client experience (CX) constructs.

In addition to annual external surveys, we measure CX performance in near real-time across more than 60 touchpoints, channels and products. To date in 2021, more than 100 000 client responses have been received. All client-facing employees receive feedback on their individual NPS scores, which are included as part of their performance management process. The RBB service excellence programme is one of the main client-driven culture learning and development engagements and is well under way.

RBB continued on its market conduct journey into 2021. The Client Experience Division was established, and its mission is to make every interaction a positive outcome for our clients. Client Conduct is a business function within that division with the objective to embed fair client outcomes in the design and delivery of the improved and enhanced client experience. This includes development of guidelines and practices for consistent and improved fair client outcomes across all processes and client touchpoints, and to also identify conduct issues through a set of conduct metrics, advise on the remediation of the issues and guide the prioritisation of that remediation.

Digital innovation – The acceleration of our digital journey continued into H1 2021, with core capabilities built to make clients' lives easier and more convenient, with enhanced security to counter cybercrime, improved onboarding journeys, transactional capability, increased access to services through API_Marketplace and our growing beyond banking offerings in Avo.

From an onboarding perspective, clients can now apply for homeowner's insurance and claim directly through the bank's digital platforms, Retail Relationship Banking clients can now apply for an overdraft, and informal traders can join the bank and obtain a paycode through a simple USSD process. Clients can also join the bank through our self-service kiosk devices, with a card issued immediately. Buying journeys and offerings were also improved, with a new array of unit trusts, additional choice of over 230 airtime and data products, an improved experience for claiming free basic electricity for qualifying clients, and an enhanced gaming and software product catalogue. A host of user-friendly features was introduced, including the ability to redeem Greenbacks into a savings or investment account or to donate them to a charity, enhanced statements, and more seamless loan-offering processes. Significant transacting capabilities like the ability to get cash at an ATM by scanning a QR code (a first in SA) and the launch of Apple Pay have proved to be valuable and convenient features as the various Covid-19 lockdown conditions prevailed. An exciting set of new features is planned for launch in H2 2021 that will bring about a new payment functionality, a personal-financial-management capability and an enhanced self-service experience through online chats.

Nedbank also established key strategic relationships that will consume products through API_ Marketplace, further extending the digital distribution capability beyond Nedbank-owned channels. Notably, Gumtree has partnered with MFC to use the asset vehicle finance (AVF) APIs to better connect buyers and sellers on Gumtree Auto. Global small-business cloud accounting platform Xero has collaborated with Nedbank to provide SME clients with access to their financial data through a fully digital, API-enabled bank feed. API_Marketplace in 2021 continues to enhance the platform, utilising cloud infrastructure, expanding the support and product capability, and further laying the foundation for the scaling of the existing products (personal loans, vehicle asset finance, wallet, rewards, payments, open data). In addition to the aforementioned products API_ Marketplace launched the value-added services (VAS) API in March 2021 with a select group of third parties for the initial commercialisation. VAS API provides a single integration point for approximately 360 prepaid and voucher products, with new ones added to the product catalogue as they become available. Digital sales and servicing have benefited from the commercialisation and product focus applied to API_Marketplace in 2021, contributing to alternate revenue streams for Nedbank.

All the above activities resulted in digitally active clients increasing by 27% to 2,35 million, with 1,58 million clients using the Nedbank Money app (up 65% yoy). The growth is driven by the wide array of additional account opening, self-service and beyond-banking digital propositions, which have been designed to ensure exceptional client experiences.

Digital sales grew strongly by 53% yoy, with the digital contribution to total retail sales increasing from 21% in 2019 to 54% in H1 2021. The digital contribution for core product sales increased from an average of 12% in 2019 to 34% in H1 2021. The new nedbank.co.za platform delivered the client journeys for personal loans, credit cards and transactional accounts, which are showing a marked improvement in the generation of sales leads. Digital payment volumes continued to grow, up by 34% yoy, with Money app payments increasing by 72% yoy.

Physical distribution – Our physical footprint reflects both the increased drive towards client self-service and a diverse South African consumer base that still requires face-to-face assistance. In response to shifts in client behaviour and preferences that were fast-tracked by Covid-19, we continued to optimise our branch footprint. Since December 2019 we have closed 51 points of presence and opened four new branches and four in-retailer outlets. This reduction has not affected our coverage of the bankable population in SA, which remains around 85%. To date we achieved actual floor space reduction of 59 377 m^2 at 30 June 2021.

We expanded our ATM footprint by a further 18 devices, and during this period cash dispensed through branches and ATMs increased by 3%. Altogether, 88% of client cash deposits at branches are now being processed through cash-accepting ATM devices. We continued to improve the experience of clients at our devices through the rollout of our new ATM front end, which enabled first-in-market functions such as app-initiated withdrawals using QR codes, meaning that clients will not have to insert cards into our ATMs when drawing cash. We have also landed the ability to pay all Nedbank accounts and beneficiaries at cash-deposit-taking devices and are looking at enabling real-time cash deposits.

Significant progress has been made in enhancing functionality across self-service and online channels, providing our clients with enhanced convenience. In the past six months we simplified the password reset function for Online Banking and added great functions such as the ability to change card PINs in-app. Our network of 412 self-service kiosks in our branches allows clients to complete self-service actions at their own convenience, such as changing their ATM limit, maintaining their profile, issuing statements, and blocking and replacing personalised cards for PAYU and Savvy Plus accounts. The long-term aim is to offer this across all accounts and for all clients, making the card process much faster as we continue to offer convenient options for clients. Clients can also pick up cards 24/7 without having to go into a branch. They can do this from our 92 lockers or have their cards delivered to them. The kiosks will also offer the ability to open PAYU accounts seamlessly; these are being piloted in four Boxer outlets and we are looking to expand this into other third parties.

FINANCIAL HIGHLIGHTS

for the period ended

SEGMENTAL VIEW

		Total Retail and Business Banking			Business Banking		
	Yoy % change	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
Headline earnings (Rm)	**>100**	**2 144**	228	1 595	**532**	218	803
NII (Rm)	**6**	**10 053**	9 478	19 692	**1 833**	1 817	3 784
Impairments charge (Rm)	**(53)**	**2 292**	4 836	8 746	**35**	581	853
NIR (Rm)	**7**	**6 112**	5 717	11 830	**885**	828	1 777
Operating expenses (Rm)	**7**	**10 584**	9 880	20 161	**1 927**	1 748	3 561
ROE (%)		**13,0**	1,5	5,4	**14,3**	6,2	11,4
ROA (%)		**1,10**	0,12	0,42	**0,71**	0,30	0,55
CLR – banking advances (%)		**1,22**	2,69	2,40	**0,09**	1,50	1,10
NIR to total operating expenses (%)		**57,7**	57,9	58,7	**45,9**	47,4	49,9
Cost-to-income ratio (%)		**65,5**	65,0	64,0	**70,9**	66,1	64,0
Interest margin (%)[2]		**5,41**	5,29	5,40	**2,46**	2,53	2,60
Total advances (Rm)[3]	**6**	**370 131**	347 791	356 272	**78 950**	77 264	74 860
Average total advances (Rm)[3]	**4**	**358 958**	346 502	347 598	**75 071**	76 440	75 668
Total deposits (Rm)[3]	**4**	**360 240**	345 956	354 243	**148 264**	138 399	143 442
Average total deposits (Rm)[3]	**4**	**351 609**	338 335	343 724	**144 080**	137 793	139 408
Average allocated capital (Rm)	**11**	**33 215**	29 956	29 573	**7 482**	7 034	7 023

[1] *Other includes income, impairments and costs relating to Channel, Card Acquiring, Central and Shared Services.*
[2] *Consumer Banking interest earning assets have been restated to reflect a net funding position vs the previous product-focussed reporting, which resulted in a restatement of the margin.*
[3] *Consumer Banking assets and deposits have been restated to reflect a more accurate position in relation to the previous product-focussed reporting.*

We also identified the need to change our distribution approach in the township economy and piloted two new concepts in the Easy Access branch in Marshalltown and a taxi rank acquisition model in Randburg. We have since expanded this model to one more site in Kaalfontein and at a taxi rank in Mthatha. Further expansion of this model is driven by a more in-community mobile operating model leveraging a growing partnership base. We are currently in market with seven mobile sales force teams in townships such as Umlazi, Thembisa and Kathorus. We recognise that recent unrest has impacted this strategy, but we still believe that there are a lot of untapped opportunities for growth in the long term and as we support communities and clients to rebuild.

Ecosystems – Our collaboration with communities in the township economy to co-create simple, inclusive, accessible solutions has gathered momentum, with the first proof of concept (POC) in Kathorus resulting in encouraging green shoots. The POC is testing an integrated Nedbank approach on how to best leverage, identify and develop bespoke and disruptive CVPs. A differentiated sales and service distribution model and contextually relevant marketing are also key in this market. Some of the innovations we are driving within the township economy are for microenterprises – especially informal traders – given their needs for simple, easy-to-use and cost-effective solutions. Traders have an option of choosing between four different types of digital payments options: MobiMoney through Paycode; QR payments through MasterPass; tap on phone, which enables businesses to accept payments by simply using an Android smartphone; and the recently launched Money Message, an innovative solution that allows clients to make or receive payments through WhatsApp. Through these solutions we have unlocked ecosystem-based solutions between traders, their suppliers and consumers. We have also taken to market solutions such as short-term lending, with the best interest rates in the market and simple insurance products.

Avo by Nedbank, the super app, continues to scale significantly, having turned one year old in June 2021. With more than 250 000 consumers and over 18 000 businesses signed up on Avo, the app continues to play a key part in consumers' lives and helps them find a solution to their everyday needs and wants conveniently, with great optionality, at great value and with predictable delivery. Avo has created and scaled exciting consumer and business propositions in the home and payments ecosystem, which include offering a wide variety of goods and services such as tech, furniture, gaming and home appliances; on-demand delivery of groceries, takeaways and liquor; and SA's first digital mall experience. Avo supports and enables businesses across SA – especially small and micro businesses that struggle with the high cost of e-commerce – to go online without any significant expense, to market their goods and services to our large and ever-growing consumer base and to collect payment safely and securely. Further, the insights generated through our powerful AI capabilities support businesses in their growth strategies. Avo has been the first super app to market and we intend on being the first to scale by remaining fresh and relevant to the markets we serve. Avo will shortly enter the business-to-business, healthcare and motor vehicle ecosystems, attracting corporate partners to the platform to generate mutual value.

Business Banking has successfully implemented a unique 'transformation funding' solution in the franchise sector for well-known fuel and retail concepts. Reputable brands have already been onboarded, and this funding model is being extended to other prominent brands within these sectors. To date we bank 94% of the Pick n Pay 'market stores', with just less than half of these being funded under this structure. We are also seeing evidence of positive traction gained within the fuel sector, having funded and banked 12 new-to-Nedbank fuel sites in H1 2021.

	Consumer Banking			Relationship Banking			Other[1]		
	Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
	1 179	(255)	161	**368**	331	815	**65**	(66)	(184)
	7 013	6 421	13 257	**1 167**	1 250	2 635	**40**	(10)	16
	2 179	4 000	7 480	**57**	222	379	**21**	33	34
	3 597	3 465	7 070	**758**	712	1 475	**872**	712	1 508
	6 652	6 261	12 601	**1 350**	1 273	2 587	**655**	598	1 412
	11,6	(2,8)	0,9	**21,4**	21,6	26,3			
	1,01	(0,23)	0,07	**0,83**	0,75	0,90			
	1,87	3,56	3,32	**0,23**	0,98	0,82			
	54,1	55,4	56,1	**56,2**	55,9	57,0			
	62,7	63,3	62,0	**70,1**	64,9	63,0			
	6,01	5,74	5,86	**2,65**	2,82	2,91			
	241 134	224 593	233 656	**49 199**	45 261	46 938	**848**	673	818
	235 012	223 867	225 428	**47 994**	45 181	45 585	**881**	1 014	917
	122 999	123 800	124 635	**88 700**	83 499	85 750	**277**	258	416
	121 638	119 402	121 763	**85 463**	80 809	82 197	**428**	331	356
	20 549	18 630	18 160	**3 462**	3 087	3 092	**1 722**	1 205	1 298

NEDBANK RETAIL AND BUSINESS BANKING SEGMENTAL REVIEW

Business Banking

Business Banking provides relationship-based banking services to mid-sized corporates and agricultural, franchising and public sector entities with an annual turnover of between R30m and R750m.

Business Banking generated HE of R532m, up more than 100% yoy, and achieved an ROE of 14,3%, benefiting from lower impairments. PPOP, which declined by 12% off the back of lower endowment earnings, masks the solid growth in the business, albeit off a low base in 2020 from hard-lockdown restrictions.

While gross average advances declined by 1%, new-loan payouts gained momentum, growing by 2% to R12,3bn yoy. Business Banking remains a strong generator of funding, with R79,1bn in net surplus funds generated, supported by an increase of 5% in average deposits and, in particular, strong growth in transactional deposits.

Given the robust Covid-19-related overlays that were raised in the prior year, the CLR was contained at 9 bps as deterioration in the credit portfolio could to a large extent be covered by the overlays. Given the continuing risk in high-stress sectors such as hotels, tourism, franchising and other downstream sectors, as well as the impact of the civil unrest on Business Banking clients, we have maintained the overlays related to Covid-19 and forward-looking information at R422m and consider ourselves adequately provided at 3% of gross advances.

In what has proven to be a tough economic environment, our continued effort to identify client attrition risk and to support targeted client acquisition, cross-sell and retention efforts using advanced analytics, as well as consistency in client engagements, has resulted in improvements in client satisfaction and improved client loyalty ratings, according to customer satisfaction surveys conducted by Consulta. An NPS score of just less than 45% was achieved in the first half of the year, representing an increase of 1% over 2020. Active client groups of 14 255 have remained relatively static yoy.

Business Banking has provided assistance of R670m to qualifying businesses via the SME loan guarantee scheme, including R25m in H1 2021. 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.

Our digital journey continues to make pleasing strides, underpinned by our juristic onboarding initiatives, such as the initiation of the first phase of the Nedbank Business Hub (NBH), which aims to enhance client experience, reduce attrition and increase cross-sell by providing a single point of entry through which clients can do self-service, apply for products, or transact. The employee version was rolled out last year and has been well received, with increasing adoption and suggestions for further enhancements. This year, the focus has been on client migration by introducing clients to the new capabilities provided by the NBH. At the end of June, 2 329 users had been migrated to the NBH, comprising 1 170 clients with 65 General Authorising Extract of Minutes forms, which allow businesses to nominate authorised persons to procure banking and financial products and services.

Retail Relationship Banking

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

PRODUCT VIEWS, EXCLUDING BUSINESS BANKING

	Home loans		VAF		Unsecured lending		Transactional		Card and payments		Forex and investments	
	Jun 2021	Jun 2020	**Jun 2021**	Jun 2020	**Jun 2021**	Jun 2020	**Jun 2021**	Jun 2020	**Jun 2021**	Jun 2020	**Jun 2021**	Jun 2020
NII (Rm)	**1 435**	1 171	**2 494**	2 084	**1 935**	1 756	**845**	1 200	**756**	703	**728**	792
Consumer Banking and other	**1 089**	861	**2 434**	2 039	**1 905**	1 730	**350**	557	**756**	703	**491**	532
Relationship Banking	**346**	310	**60**	45	**30**	26	**495**	643			**237**	260
Impairments charge on financial instruments (Rm)	**26**	584	**660**	1 561	**1 058**	1 264	**39**	28	**474**	818		
Consumer Banking and other	**14**	407	**636**	1 544	**1 036**	1 235	**40**	28	**474**	818		
Relationship Banking	**12**	177	**24**	17	**22**	29	**(1)**					
NIR (Rm)	**138**	127	**362**	345	**348**	343	**2 450**	2 349	**1 838**	1 627	**94**	93
Consumer Banking and other	**107**	104	**356**	339	**332**	325	**1 798**	1 729	**1 826**	1 617	**53**	58
Relationship Banking	**31**	23	**6**	6	**16**	18	**652**	620	**12**	10	**41**	35
Operating expenses (Rm)	**834**	757	**823**	748	**900**	814	**3 577**	3 476	**1 782**	1 703	**748**	715
Consumer Banking and other	**570**	544	**777**	716	**869**	787	**2 751**	2 671	**1 774**	1 697	**574**	526
Relationship Banking	**264**	213	**46**	32	**31**	27	**826**	805	**8**	6	**174**	189
Headline earnings (Rm)	**507**	(38)	**917**	128	**231**	11	**(241)**	25	**250**	(152)	**51**	119
Consumer Banking and other	**434**	3	**920**	127	**236**	20	**(473)**	(305)	**247**	(155)	**(24)**	43
Relationship Banking	**73**	(41)	**(3)**	1	**(5)**	(9)	**232**	330	**3**	3	**75**	76
ROE (%)	**18,1**	(1,5)	**21,5**	3,3	**13,6**	0,7	**(16,8)**	2,0	**14,5**	(10,7)	**15,7**	37,3
CLR – banking advances (%)	**0,04**	0,89	**1,14**	2,84	**8,47**	10,68	**40,91**	27,81	**5,66**	9,96		
Cost-to-income ratio (%)	**53,0**	58,3	**28,8**	30,8	**39,4**	38,8	**108,6**	97,9	**68,7**	73,1	**91,0**	80,8
Interest margin (%)	**2,04**	1,75	**3,90**	3,47	**15,03**	14,94	**3,07**	5,05	**8,31**	7,90	**0,97**	1,05
Average total advances (Rm)	**136 848**	129 644	**110 853**	105 976	**22 995**	20 740	**106**	130	**13 948**	14 168	**3**	2

The table does not include BB HE of R532m (June 2020: R218m) and other unallocated costs of -R103m (June 2020: -R84m) relating to Channel, Clients and Shared Services. Therefore, the table does not cross-cast.

Notwithstanding the protracted economic recovery to pre-Covid-19 levels, RRB delivered R368m in HE (increased by 11% yoy off a low base) at a respectable ROE of 21,4%. This affirms both the resilience of the underlying client segments (albeit with small-business clients under more strain than affluent clients) and the quality of the business itself.

HE growth was driven by lower impairments, main-banked client gains and greater asset payouts off a low base, partially offset by the reduction in endowment earnings, as a result of significantly lower interest rates and the impact of the Covid-19 restrictions on NIR. The CLR decreased from 98 bps to 23 bps, which included the reversal of certain overlays, but also highlighted the quality of the book and effectiveness of the risk practices. Average advances growth of 6% was driven by record home loan and good vehicle sales, while average deposits increased by 6%, resulting in a net funding contribution to the group of R41,9bn.

Professional Banking: From a strategic perspective, the Professional Banking value proposition remains a well-priced, high-value offering in the very competitive private-banking category. Main-banked client numbers in the affluent segment increased by 10% yoy, leading to a 1% improvement in Nedbank's market share to 15%.

Small business: Nedbank also remains well positioned in the small-business segment, with urban market share increasing by 1% to 24%, as a result of positive perceptions regarding our ability to understand and serve the needs of this important sector. According to the 2021 Small Business Tracker (a Nedbank-commissioned survey that has been running for 13 years and is conducted by independent research company KPI Research), small-business owners continue to rank Nedbank as the market leader in the provision of banking services to this market for the second year running.

The SimplyBiz Beyond Banking portal has grown to over 23 000 registered users and continues to offer much-needed guidance and support to small-business owners, with initiatives like the Shifting Gears programme, alternative funding options (such as the Back-a-Business crowdfunding partnership), the hosting of webinars and practical tools on a variety of key topics. SA's first fully digital banking feed integration with Xero Accounting saw Nedbank provide thousands of businesses with a fully automated and secure direct bank feed, saving them much-needed effort and time. Our Business Goals competition is in the process of awarding 50 businesses R1m in cash, coaching and advertising in appreciation of those looking to achieve their next business goal.

The many enhancements made to Online Banking and the Money app since the start of the year are expected to improve client satisfaction for both segments significantly. These include the ability to receive and make international payments and to manage wealth products (stockbroking, unit trusts and retirement annuities); the launch of MoneyTracker, an integrated financial management tool; and the ability for clients to book appointments with their banker.

Despite the short-term impact of the recent civil unrest, which is too early to size, and the muted economic outlook, there are still many opportunities in both subsegments to pursue. The recently landed digital onboarding capabilities for both professional clients and small businesses with more than one director or shareholder is expected to boost acquisition volumes, the newly launched MyCover comprehensive personal-lines insurance provides us with a competitive in-house offering to the affluent client base, and the tokenless solution for NetBank Business users will enhance client experiences at the upper end of small business.

Consumer Banking

Consumer Banking predominantly serves individuals earning less than R750 000 per year, in three subsegments – middle market, entry-level banking and youth. A small share of our business comes from serving a few non-individual client types, such as stokvels, clubs, societies and informal traders.

Consumer Banking generated HE of R1,2bn at an RoE of 11,6%, compared to the H1 2020 HE loss of R0,3bn and ROE of -2,8%. This improved performance was driven largely by a material improvement in impairments, with CLR improving to 1,9% (H1 2020: 3,6%). This was enabled by improved loan repayment behaviour in our client base, a more benign macroeconomic outlook and the release of R204m in Covid-19-related overlays in H1 2021.

Strong NII growth of 9% yoy further supported HE growth. The strong NII growth was enabled by robust advances growth of 5% yoy, and a marked improvement in the net interest margin. We are pleased that advances growth was fastest in the economic-profit-rich personal-loans business, at 9% yoy.

Deposit growth was muted at 2% yoy. Within this, we recorded a pleasing 15% yoy growth in transactional deposits, offset by a reduction of 2% yoy in notice and term deposits. Transactional deposits growth was supported by a 2% yoy growth in main-banked clients to 2,98 million. This growth was skewed towards the higher-economic-profit segments of the middle market (up 5% yoy to 0,97 million main-banked clients), while entry-level banking grew main-banked clients at a more modest 1% yoy to 1,28 million. Youth main-banked clients fell by 6% to 0,42 million, as migration of youth clients to other segments when they turned 27 was larger than the net acquisition of new main-banked youth clients.

In Consumer Banking, we enhanced Nedbank's client value proposition with the launch of several exciting products in H1 2021. We launched a simple life insurance product called MyCover Life, offering clients cover up to R2m, with minimal, simple underwriting questions. We launched MyCover Funeral, with extremely competitive price points for Nedbank main-banked clients. In addition, we launched a Gold Credit Card with a monthly fee of R40 per month, which matches the lowest-cost credit card in the market. These products are seeing extremely encouraging sales performance in the first few months since their launch and will support growth in NIR going forward.

We have materially improved enablement of cross-sell in our Eclipse onboarding platform with the launch of Everyday Banking. Everyday Banking makes it materially easier for clients to know if they qualify for an overdraft facility or a credit card as they apply for a transactional product. The early indications are that this enhancement is improving our cross-sell at onboarding. Everyday Banking is another enablement to our Coreplus programme, which has seen our cross-sell ratio in respect of new clients, in terms of number of products per client, grow 35% yoy to 1,9 on average during H1 2021, compared with 1,4 on average during H1 2020.

Looking forward

We anticipate a continued rebound in H2 2021, but full financial recovery is realistically expected only during 2023. The current shift to digital by businesses and consumers, including the sustained adoption of remote working and learning practices, is expected to continue to drive digital adoption. To support our clients, 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; leading client experiences; an efficient operating model; new growth vectors; and equipping our employees to lead and manage change. We expect continued momentum in advances, with the H1 recovery in the CLR continuing in H2 2021, albeit without the once-off benefits of provision releases. We will continue to diversify NIR-generating products given the significant impact of the Covid-19 lockdown while still focusing on expenses optimisation.

Our focus for the balance of 2021 will be on expanding and fully commercialising existing offerings such as Avo, the new Greenbacks programme and township economy solutions, while also launching new innovations, including MoneyTracker – Nedbank's integrated personal financial management tool; international payment features on Online Banking and the Money app; and the business hub portal to enable self-service for larger businesses.

We are currently reimagining 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.

We continue to focus on the development of a targeted sector approach and congruent service model setup aimed at focusing the delivery of a unique proposition to the lucrative mid-corporate segment, within Business Banking, as well as evolving our proposition to support sustainability through the provision of differentiated mechanisms to finance our clients' clean-energy investments. Our plans include the development of a bespoke industry-based proposition offered to the manufacturing sector, as well as introducing a shariah investment solution for Islamic banking.

Future distribution investments are aimed at ensuring an optimal client channel footprint balancing growth aspirations with the shift to more convenient channels by clients. We will provide more self-service device options, grow partnerships through which we distribute our products and services and invest in in-community mobile sales forces and Easy Access branches to unlock key growth vectors. At the same time, we will drive a reformat strategy that will be aimed at right-sizing our infrastructure in line with shifts in client demand and equipping branches with more self-service capabilities to provide clients with more convenient alternatives. We anticipate a marginal reduction in our branch footprint, where relevant. 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 employee-assisted time required to onboard new clients and by facilitating better cross-selling and client experiences.

NEDBANK RETAIL AND BUSINESS BANKING PRODUCT REVIEW

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, PAYU (consumers and small businesses) and savings pockets.

The business continues to improve onboarding and servicing capabilities across physical and digital channels. The first half of 2021 was characterised by a strong recovery in transaction volumes as the economy rebounded from the pandemic and severe lockdown restrictions implemented in 2020 to curb the spread of the virus. This has also led to an accelerated adoption of self-service and digital channels. There was a notable shift in behaviour away from the branch to ATMs and digital channels for cash withdrawals and deposits. Payments for goods and services resulted in increased usage of EFTs, instant payments, which grew by 35% yoy, and payments to a mobile number, which grew by 91% yoy. The purchasing of value-added services such as airtime, electricity and Lotto also increased, demonstrating the value and convenience of the availability of these services. The launch of our voucher capability, which allows clients to purchase vouchers for retailers such as Google Play, Makro, Pick n Pay and Spotify, has seen volume growth of over 800% yoy. Savings pockets opened during H1 have grown by 34%. Key servicing capabilities introduced have seen significant growth yoy, including salary switching letters by 301%, debit order switching letters by 226% and card activation by 291%.

As we continue on our digital journey, all our transactional products are now enabled for straight-through processing on the Money app and Online Banking. This supports the delivery of delightful client experiences that enable convenient and seamless account activation. The client experience has been further enhanced with card delivery to lockers, home or office, thereby ensuring our clients can bank safely. We endeavour to ensure clients get access to relevant product offerings with up-to-date features and benefits and continue to migrate clients to these enhanced products in a frictionless manner.

We continue to deliver client-centred innovations with MobiMoney. Our targeted acquisition strategies have been focused on key industries and client subsegments, enabling wallets for previously underserviced individuals. We have opened over 1,3 million wallets to date and this innovative and market-leading solution has zero monthly maintenance fees, allows free deposits up to R4 000 per month, and gives clients the ability to pay bills, buy airtime and electricity, and withdraw and deposit money at retailers. Payment options have been increased through the enablement of Masterpass and a unique feature called Paycode, which enables informal traders with a MobiMoney wallet to receive payments from customers, and for traders to be able to pay for goods from wholesalers and other retailers.

Card and Payments

Card and Payments provides card issuing, card acceptance and payment products and solutions across all client segments, extending beyond RBB into Nedbank Private Wealth. It is also responsible for the bank's commercial card offerings. These offerings include key innovations such as tap on phone, scan to pay, Market Edge, GAP Access and the recently launched Apple Pay and Money Message.

As the economy emerges from the severe pandemic restrictions implemented in 2020, we have seen domestic spend recover to 2019 levels. This recovery was different across economic sectors, with travel, entertainment, restaurants and hospitality lagging the recovery due to ongoing restrictions. However, other sectors, including supermarkets, retail, healthcare and telecommunications, are experiencing significant growth in volumes. Spend in Card Issuing grew by 18% in H1 2021, with Card Acquiring volume growth at 31% for the same period. This joint growth was driven by the economic recovery, seasonality, increased client acquisition and limit increases for Card Issuing.

Consumers and merchants are vested in minimising the risk of exposure to Covid-19 through person-to-person contact or shared surfaces. The pandemic has prompted surges in online shopping and the use of contactless payment technologies. It has also fuelled the popularity of recent shopping innovations, including app-based shopping, curbside pick-up and QR-code-based ordering and purchasing. There was a significant increase in the use of our digital payment methods, with growth of 11% in e-commerce volumes, over 700% growth in contactless payments and 25% growth in QR payments. These trends will continue to accelerate and become the new normal in transacting behaviour.

Our Card and Payments innovation agenda was dominated by digitally enabled, simple, secure and cost-effective payments. Nedbank is a leader in mobile payments and during 2021 enabled clients to use the much-anticipated Apple Pay. This mobile payment capability was created in addition to the existing 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. Nedbank also launched Money Message during 2021, an innovative solution that allows clients to make or receive payments through WhatsApp, which is the dominant messaging platform in SA.

Card and Payments digitised its client onboarding and servicing capabilities by going live on the Eclipse platform in the consumer card segment, enabling our frontline channels and client self-service area to digitally onboard clients, assess their credit, open accounts and issue cards covered under Consumer Banking as Everyday Banking. Similarly, in the commercial card environment, Nedbank has launched a juristic servicing and onboarding platform aimed at enabling digital statements, real-time transaction listings and balances, as well as offering other unique commercial card services to a range of small-business, business banking and corporate clients.

Forex and investment products

We aim 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.

In the investment business, we continue to expand our digital investment capabilities with a number of new features landed in 2021, including the ability to onboard clients online. In addition, clients are now able to switch investments in-app and online, enabling them to take immediate advantage of more attractive interest rates on offer, plus redeem Greenbacks into a notice deposit or MyPockets, into which we have seen over 9 000 redemptions to date. Planned initiatives include the enabling of switching between differing investment categories and terms, and the onboarding of clients on-app.

Digitally enabled new investments and withdrawal notices now contribute 70% and 83% of total volumes respectively. According to the 2020 SAcsi report on notice and saving deposits, client-perceived value, client satisfaction and client loyalty increased by 1%, 2% and 3% respectively.

In response to term deposit market share decreasing to 16,3%, more competitive pricing was introduced in May 2021 for certain term deposits categories, which has resulted in a 54% increase in daily gross inflows.

The forex business continues to create and improve segment CVPs enabling clients to transact, trade and invest across a number of foreign currencies, further supporting their financial goals.

Unsecured Lending

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

Personal Loans period-end advances are up 13% on 2020. One of the tangible benefits of digitisation of Personal Loans is the increased loan disbursal rate. This has driven the increase in market share to 11,6%, from 10,3% in the prior year. New-business market share in targeted lower-risk segments increased to 19%, compared with 13% in prior year. Furthermore, we have seen a marked improvement in NPS scores.

Credit risk management and collections remain the key priority in this ongoing challenging environment. Proactive credit policy management and rigorous collection strategies have resulted in improved book performance. Early risk indicators have returned to pre-Covid-19 levels and are in line with risk appetite and expectations.

Personal-loans sales volumes increased by 53%, with the shift to digital continuing to gain momentum and now contributing to 31% of total sales. Transactional cross-sell after the sale of a personal loan to non-Nedbank clients has increased to 34% and remains a key lever in growing our main-banked base.

Applying for an overdraft has been enabled on a new technology stack via the Eclipse-enhanced onboarding experience and introduced into the Money app. These technology and product enhancements have led to a 4,6 times increase in monthly limit increases and new limits from June 2020.

Our fully digital personal-loans API solution launched in July 2020 enables both Nedbank and non-Nedbank clients to take out personal loans or pay for goods and services with just a few clicks in less than 10 minutes. We have enabled this on Avo by including other third-party online retailers. This initiative continues to scale and is 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 provides secured-lending products to the consumer, professional and SME segments, with the relationship segments RRB and Business Banking providing these products to their segments directly.

The South African property market has shown strong growth during the first half of the 2021, driven predominantly by the low-interest-rate environment and increasing growth in residential-property prices (according to Lightstone), which was 4,9% at June 2021. Nedbank's new business granted increased by 64%, with application volumes exceeding the pre-Covid-19 levels by 54%. Despite the strong growth in new business granted, residential market share declined to 14,3%, mainly in the affluent and business banking segments. HE recovered strongly to R507m at an ROE of 18,1%, driven mainly by the reduction in the CLR ratio to 4 bps. The core CLR, excluding once-off impairment releases, is within the target range.

To ensure sustained value, Home Loans seeks continually to improve client experience, launch new CVPs, strengthen existing business relationships and seek ways to support our clients. Highlights include the following:

- Our digital channel is being enhanced continuously and now contributes to 20% of total new business.
- Significant focus will be given to home loans clients and business partners, with one of the key focus areas being a significant improvement in the turnaround time on credit decisions and speed to market.
- One of the exciting and first-in-industry innovations that landed in June 2021 is our Instant Bond Indicator for the mortgage origination channel. This innovative tool provides prompt feedback to our mortgage origination business partners and clients in terms of the applicant's credit risk profile and affordability.
- As part of our commitment to sustainable development goals, a green residential mortgage CVP is planned for H2 2021.

MFC

MFC provides secured-lending products to the consumer, relationship and business banking segments. RRB and Business Banking vehicle finance is booked directly to their respective segments, leveraging off the MFC product line infrastructure for several administrative processes.

The South African vehicle finance market, according to the National Association of Automobile Manufacturers of South Africa, has shown a reassuring recovery, with new-vehicle sales volumes growing at 40% in H1 2021, albeit still 11,7% lower than 2019 levels. Lower interest rates have provided more affordable financing, while new- and used-vehicle price inflation of 8,8% and 3,7% respectively (according to TransUnion) has been a barrier to many purchase decisions.

MFC's sales volume and value grew by 36% and 46% respectively, resulting in new-business market share increasing to 31,1% (TransUnion, April 2021) and overall vehicle finance balances increasing by 7% yoy. New-vehicle finance deal sizes have increased to an average of R329 000, while used-vehicle deal sizes increased to R241 000. MFC's used-to-new-vehicle finance ratio of 71:29 reflects a yoy shift of 4% (2020: 67:33).

To ensure the safety of our clients, a fully integrated digital origination and finance payout process has been implemented. Going forward, we will continue leveraging our digital channels and platforms, including working with our dealer partners to grow their reach and efficacy while providing a superior client experience to clients searching for a vehicle that suits their needs. Our intention is to maintain market share while cross-selling transactional and insurance products.

RETAIL AND BUSINESS BANKING: KEY BUSINESS STATISTICS

		Jun 2021	Jun 2020	Dec 2020
Business Banking				
New client acquisitions – groups		**175**	113	278
Cross-sell product holding[1]		**92 687**	79 024	84 644
Home Loans				
Number of applications received	thousands	**105**	71	182
Average loan-to-value percentage of new business registered	%	**94**	93	93
Average balance-to-original-value percentage of portfolio	%	**78**	77	78
Proportion of new business written through own channels	%	**56**	52	52
Proportion of book written since 2009	%	**84**	80	83
Owned-properties book	Rm	**34**	31	32
MFC				
Number of applications received	thousands	**899**	657	1 601
Percentage of used vehicles financed	%	**71,2**	67,7	70,4
Personal Loans				
Number of applications received	thousands	**699**	471	1 088
Average loan size	R000s	**60,7**	57,6	61,4
Average term	months	**44,0**	43,2	44,2
Retail deposits				
Total value of deposits taken in	rand billions	**31**	37	73
Total value of deposit withdrawals	rand billions	**35**	37	78
Number of clients at period-end[2]				
Retail main-banked clients[3a]	thousands	**2 983**	2 933	3 017
Consistently main-banked clients[3a,b]	thousands	**2 333**	2 023	2 343
Business Banking groups		**14 255**	14 286	14 583
Small Business Services segment	thousands	**310**	303	307
Home Loans	thousands	**295**	294	295
MFC	thousands	**575**	570	574
Personal Loans	thousands	**435**	436	433
Card issuing	thousands	**1 088**	1 055	1 067
Investment products	thousands	**1 461**	1 511	1 462
Distribution				
Number of Business Banking locations		**59**	58	58
Number of retail outlets		**546**	572	549
Number of new-image branches[4]		**365**	372	364
Number of ATMs		**4 242**	4 194	4 224
Number of ATMs with cash-accepting capabilities[5]		**1 249**	1 246	1 244
Digitally active retail clients[2]	thousands	**2 350**	1 847	2 221
POS devices	thousands	**103**	100	102

[1] *Cross-sell product holding definition updated to include the full client portfolio per the latest Client Segmentation rules applied in BB, previously certain of the lower-end client segments were excluded from the cross-sell ruleset. The equivalent value for June 2020 is 92 158 and for December 2020 is 99 964.*
[2] *For all periods number of clients are based on updated segmentation, digital transaction enhancements, eg inclusion of MobiMoney, USSD transactions and main-banked stabilisation assumptions applicable to all client segments except BB.*
[3a] *Main-banked definition updated to include clients that achieved a minimum deposit OR number of quality transactions on average per month over three months.*
[3b] *Clients who met our transactional activity criteria for each of the past 12 months.*
[4] *Included in the number of retail outlets – shown separately for additional disclosure.*
[5] *Cash-accepting devices and Interactive teller machines included in total number of ATMs.*

Favourable	Unfavourable
• Good financial recovery from the impact of Covid-19. • Accelerated digital uptake and usage. • Avo by Nedbank, the super app, continuing to scale significantly. • Launch of Money Message, which enables clients to make or receive payments through WhatsApp. • Partnership with Apple to launch Apple Pay to clients. • Introduction of a distribution approach in the township economy and piloting of two new concepts. • Numerous awards having been received during the year.	• Earnings still being impacted by the Covid-19 national lockdown as activity in all sectors has not returned fully. • Earnings recovery remaining impacted by lockdown restrictions, particularly in foreign-travel-related earnings. • Aggressive competitor pricing driving lower household deposit market share. • The cost-to-income and ROE ratios requiring improvement.

Notes

Retail and Business Banking – advances and impairments

BALANCE SHEET AVERAGE ADVANCES AND IMPAIRMENTS

	Daily gross average advances Rm			Stage 1 %			Stage 2 %		
	Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
Home loans	**138 919**	131 276	132 437	**83,8**	83,1	82,8	**10,7**	9,5	10,4
VAF	**116 830**	110 682	111 965	**82,8**	77,8	80,3	**11,2**	14,6	11,5
Personal loans	**25 194**	22 506	23 177	**65,8**	69,6	67,2	**14,1**	12,4	14,2
Card	**16 826**	16 497	16 414	**79,9**	80,0	76,8	**6,0**	5,7	9,4
Other loans	**3 273**	2 513	2 754	**82,2**	81,0	83,3	**6,3**	7,7	6,4
Total Retail	**301 042**	283 474	286 747	**81,7**	79,7	80,2	**10,9**	11,5	11,1
Business Banking	**77 006**	77 880	77 361	**75,9**	81,2	75,0	**18,7**	13,1	18,2
Total RBB	**378 048**	361 354	364 108	**80,5**	80,0	79,1	**12,5**	11,9	12,5

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

BALANCE SHEET IMPAIRMENT AS A PERCENTAGE OF BOOK

	% of total			Stage 1 %			Stage 2 %		
	Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
Home loans	**1,91**	1,96	2,02	**0,21**	0,20	0,23	**5,16**	4,36	5,07
VAF	**4,92**	4,79	5,29	**1,14**	0,93	1,16	**11,14**	7,49	11,47
Personal loans	**20,80**	19,21	20,04	**4,53**	3,94	4,27	**23,14**	24,78	24,51
Card	**16,65**	16,35	17,57	**5,01**	5,11	4,36	**51,29**	49,50	49,58
Other loans	**12,01**	12,57	11,17	**1,68**	1,32	1,66	**27,75**	27,69	27,51
Total Retail	**5,56**	5,34	5,73	**1,14**	1,02	1,10	**11,04**	9,04	11,94
Business Banking	**2,48**	2,35	2,61	**0,34**	0,48	0,54	**4,43**	2,76	3,68
Total RBB	**4,92**	4,69	5,09	**0,98**	0,90	0,99	**8,99**	7,54	9,48

BALANCE SHEET ACTUAL ADVANCES

	Total advances Rm			Stage 1 Rm			Stage 2 Rm		
	Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
Home loans	**141 543**	131 368	136 703	**118 585**	109 172	113 190	**15 086**	12 487	14 268
VAF	**121 410**	113 516	118 103	**100 522**	88 315	94 781	**13 612**	16 540	13 552
Personal loans	**25 661**	22 610	24 274	**16 882**	15 737	16 307	**3 625**	2 801	3 440
Card	**16 685**	15 761	16 474	**13 324**	12 611	12 658	**1 004**	899	1 545
Other loans	**3 038**	2 530	2 963	**2 498**	2 050	2 468	**191**	195	189
Total Retail	**308 337**	285 785	298 517	**251 811**	227 885	239 404	**33 518**	32 922	32 994
Business Banking	**80 960**	79 126	76 868	**61 447**	64 222	57 659	**15 111**	10 382	13 988
Total RBB	**389 297**	364 911	375 385	**313 258**	292 107	297 063	**48 629**	43 304	46 982

	Stage 3 %			% of total advances			Credit loss ratio[1]		
	Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
	5,5	7,4	6,8	**36,4**	36,0	36,4	**0,04**	0,89	0,64
	6,0	7,6	8,3	**31,2**	31,1	31,5	**1,14**	2,84	2,69
	20,1	18,0	18,6	**6,6**	6,2	6,5	**8,35**	10,96	10,62
	14,1	14,3	13,8	**4,3**	4,3	4,4	**5,68**	9,97	8,97
	11,5	11,3	10,3	**0,8**	0,7	0,8	**3,33**	5,32	3,78
	7,4	8,7	8,7	**79,2**	78,3	79,5	**1,51**	3,02	2,75
	5,4	5,7	6,8	**20,8**	21,7	20,5	**0,09**	1,50	1,10
	7,0	8,1	8,3	**100,0**	100,0	100,0	**1,22**	2,69	2,40

	Performing stage 3 %			Non-performing stage 3 %			Total stage 3 %		
	Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
	9,49	9,17	10,78	**26,42**	22,46	24,18	**21,25**	18,75	19,31
	19,39	21,97	21,72	**67,46**	67,57	71,80	**45,52**	39,05	36,84
	59,71	61,64	56,99	**74,45**	76,95	76,73	**72,45**	74,39	73,43
	27,17	14,79	34,64	**71,15**	70,22	76,47	**67,71**	66,06	69,40
	22,22	66,67	50,00	**78,82**	83,51	79,11	**77,36**	83,16	77,78
	20,28	21,01	21,31	**56,39**	50,45	54,84	**46,01**	39,86	40,28
				25,71	28,02	22,66	**25,71**	28,02	22,66
	20,28	21,01	21,31	**49,89**	45,50	46,44	**42,75**	38,04	37,35

	Performing stage 3 Rm			Non-performing stage 3 Rm			Total stage 3 Rm		
	Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
	2 402	2 714	3 359	**5 470**	6 995	5 886	**7 872**	9 709	9 245
	3 321	5 417	6 820	**3 955**	3 244	2 950	**7 276**	8 661	9 770
	700	683	758	**4 454**	3 389	3 769	**5 154**	4 072	4 527
	184	169	384	**2 173**	2 082	1 887	**2 357**	2 251	2 271
	9	6	14	**340**	279	292	**349**	285	306
	6 616	8 989	11 335	**16 392**	15 989	14 784	**23 008**	24 978	26 119
				4 402	4 522	5 221	**4 402**	4 522	5 221
	6 616	8 989	11 335	**20 794**	20 511	20 005	**27 410**	29 500	31 340

BALANCE SHEET ACTUAL IMPAIRMENTS

	Total impairments Rm			Stage 1 Rm			Stage 2 Rm		
	Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
Home loans	**2 702**	2 581	2 766	**251**	217	257	**778**	544	724
VAF	**5 974**	5 439	6 250	**1 145**	818	1 097	**1 517**	1 239	1 554
Personal loans	**5 337**	4 343	4 864	**764**	620	697	**839**	694	843
Card	**2 778**	2 577	2 894	**667**	645	552	**515**	445	766
Other loans	**365**	318	331	**42**	27	41	**53**	54	52
Total Retail	**17 156**	15 258	17 105	**2 869**	2 327	2 644	**3 702**	2 976	3 939
Business Banking	**2 010**	1 862	2 008	**208**	308	310	**670**	287	515
Total RBB	**19 166**	17 120	19 113	**3 077**	2 635	2 954	**4 372**	3 263	4 454

INCOME STATEMENT IMPAIRMENTS

	Income statement impairments charge[1,2] Rm			Stage 1 Rm			Stage 2 Rm		
	Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
Home loans	**26**	584	842	**(9)**	(26)	14	**60**	(4)	179
VAF	**659**	1 560	3 014	**69**	58	375	**(33)**	(72)	212
Personal loans	**1 044**	1 226	2 460	**67**	15	92	**16**	227	358
Card	**474**	818	1 473	**115**	46	(56)	**(251)**	131	455
Other loans	**54**	67	104	**1**	1	16	**2**	2	1
Total Retail	**2 257**	4 255	7 893	**243**	94	441	**(206)**	284	1 205
Business Banking	**35**	581	853	**(106)**	85	87	**135**	110	366
Total RBB	**2 292**	4 836	8 746	**137**	179	528	**(71)**	394	1 571

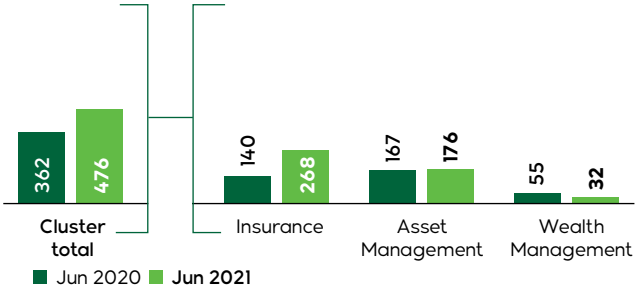
[1] *Impairments charge and resultant CLR include charges housed centrally in RBB.*
[2] *The income statement charge includes the charge associated with unutilised balances.*

	Performing stage 3 impairments Rm			Non-performing stage 3 impairments Rm			Total stage 3 impairments Rm		
	Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
	228	249	362	**1 445**	1 571	1 423	**1 673**	1 820	1 785
	644	1 190	1 481	**2 668**	2 192	2 118	**3 312**	3 382	3 599
	418	421	432	**3 316**	2 608	2 892	**3 734**	3 029	3 324
	50	25	133	**1 546**	1 462	1 443	**1 596**	1 487	1 576
	2	4	7	**268**	233	231	**270**	237	238
	1 342	1 889	2 415	**9 243**	8 066	8 107	**10 585**	9 955	10 522
				1 132	1 267	1 183	**1 132**	1 267	1 183
	1 342	1 889	2 415	**10 375**	9 333	9 290	**11 717**	11 222	11 705

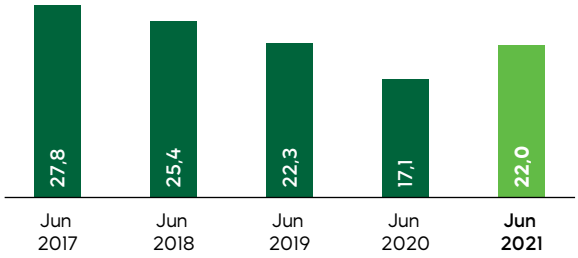
	Stage 3 Rm			Interest on impaired advances Rm			Postwriteoff recoveries Rm		
	Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
	40	671	776	**(39)**	(36)	(82)	**(26)**	(21)	(45)
	913	1 768	2 917	**3**	(13)	(42)	**(293)**	(181)	(448)
	1 490	1 425	2 927	**(389)**	(318)	(653)	**(140)**	(123)	(264)
	802	803	1 411	**(25)**	(38)	(58)	**(167)**	(124)	(279)
	73	88	133	**(14)**	(13)	(25)	**(8)**	(11)	(21)
	3 318	4 755	8 164	**(464)**	(418)	(860)	**(634)**	(460)	(1 057)
	20	394	415	**(8)**		5	**(6)**	(8)	(20)
	3 338	5 149	8 579	**(472)**	(418)	(855)	**(640)**	(468)	(1 077)

Nedbank Wealth

HEADLINE EARNINGS
(Rm)



RETURN ON EQUITY
(%)



FINANCIAL HIGHLIGHTS

for the period ended

	Yoy % change	Jun 2021	Jun 2020	Dec 2020
Headline earnings (Rm)	**31**	**476**	362	662
NII (Rm)	**(15)**	**416**	489	897
Impairments charge (Rm)	**>(100)**	**(21)**	82	208
NIR (Rm)	**15**	**1 862**	1 614	3 303
Operating expenses (Rm)	**7**	**1 633**	1 526	3 061
ROE (%)		**22,0**	17,1	15,3
ROA (%)		**1,17**	0,90	0,81
CLR – banking advances (%)		**(0,13)**	0,50	0,64
NIR to total operating expenses		**114,0**	105,8	107,9
Cost-to-income ratio (%)		**71,7**	72,6	72,9
Interest margin (%)		**1,39**	1,67	1,51
Assets under management (Rm)	**9**	**400 229**	366 898	374 546
Life assurance embedded value (Rm)	**23**	**3 902**	3 175	3 606
Life assurance value of new business (Rm)	**32**	**153**	116	283
Total assets (Rm)	**1**	**81 666**	80 859	80 244
Average total assets (Rm)	**2**	**81 826**	80 559	81 428
Total advances (Rm)	**(3)**	**30 948**	31 932	31 133
Average total advances (Rm)	**(4)**	**31 239**	32 486	32 134
Total deposits (Rm)	**(4)**	**43 721**	45 343	43 945
Average total deposits (Rm)	**(2)**	**44 271**	45 044	45 170
Average allocated capital (Rm)	**3**	**4 363**	4 245	4 327

FINANCIAL PERFORMANCE

Nedbank Wealth showed good signs of recovery from the impact of Covid-19 in the prior period, delivering growth in HE of 31% to R476m, with an ROE of 22,0%, above the group's cost of equity. Asset Management reported solid overall performance on the back of positive net flows and a strong market rebound. Wealth Management (SA) reported a significant recovery in earnings as a result of credit impairment recoveries, while the impact of record-low USD and GBP interest rates continued to impact Wealth Management (International) earnings negatively. Insurance results were favourably impacted by improved investment returns and the implementation of an enhanced asset and liability matching strategy, offset by significantly higher death claims in the life portfolio.

NII decreased by 15% to R416m due to record-low interest rates locally and internationally, resulting in NIM contracting to 1,40% from 1,66% in the prior period.

The CLR improved to a negative 13 bps, reflecting a net release in impairments due to the recovery of a large single client locally and IFRS 9 model releases in the international business, on the back of an improved economic outlook.

NIR increased by 15% to R1 862m due to a pleasing performance in Insurance as a result of improved investment returns and the implementation of an enhanced asset and liability matching strategy, partially offset by an increase in death claims. Asset Management further contributed to the strong growth in NIR with positive net flows both locally and internationally and a rebound in markets.

Expenses increased by 7% off a low base in the prior period. The cost-to-income ratio decreased to 71,7% (H1 2020: 72,6%), due primarily to strong growth in NIR.

STRATEGIC PROGRESS

Nedbank Wealth remains committed to providing innovative, market-leading client value propositions through investment in world-class technology, a multitalented workforce and sustainable business practices.

Asset Management experienced solid growth in AUM with good traction in the key multi-asset, cash, global and passive ranges. According to Q1 2021 Asisa statistics, Nedgroup Investments ranked fifth largest in total AUM and third largest in net flows locally, and increased international market share to 12%. The business continues to make significant strides in digital automation, with 75% of transactions now automated and numerous manual forms removed. The second edition of the Nedgroup Investments Responsible Investments Research Report, which assesses local and global asset managers on their ESG efforts, is in progress and has been completed by 46 managers, up from 18 in the prior year. Nedgroup Investments now offers the MyRetirement Solution to RBB clients. This solution combines a robo-advisor and human advisor from Nedbank Financial Planning and guides retirees on their retirement income needs.

Wealth Management (SA) continued to optimise its business structure and operations to enhance client experiences through improved segment-specific client value propositions, a single distribution channel and digitisation of key processes. In line with current trends, the business has experienced an increase in digital activity on the Nedbank Private Wealth app, with 53% more interactions year-on-year. The app, which offers integrated local and international-banking capabilities, has been downloaded nearly 53 000 times and has an average rating of 4,5 on the Apple and Google app stores. Wealth Management (SA) has made good progress in collaborating with Nedbank Group partners to increase cross-sell opportunities and continues to work closely with Nedbank Private Wealth (International) to enhance the integrated high-net-worth client experience and increase flows. According to the Intellidex Top Private Banks & Wealth Managers 2021 survey, Nedbank Private Wealth was ahead of peers in the quality of service and advice provided to clients.

Looking forward

Despite a promising economic rebound in H1 2021, recent violent protest action in SA, coupled with a devastating third wave of infections and tighter lockdown restrictions, is likely to impact performance in the remainder of the year. We expect Asset Management to continue to experience positive net flows and good growth in AUM. The reintroduction of stricter lockdown levels in Q3 2021 is expected to result in higher credit impairments in Wealth Management (SA) in the latter half of the year. Wealth Management (International) earnings will be further impacted by the continued zero-interest-rate environment, resulting in a decline in NII and NIM when compared with the prior year. The volume of loss-of-income and death claims in Insurance will depend on the impact of current and possible future Covid-19 waves, as well as the national vaccination programme. While there is a strong focus on cost control in Wealth, we expect an increase in expenses, off a low base in the prior year, due to investment in strategic growth initiatives.

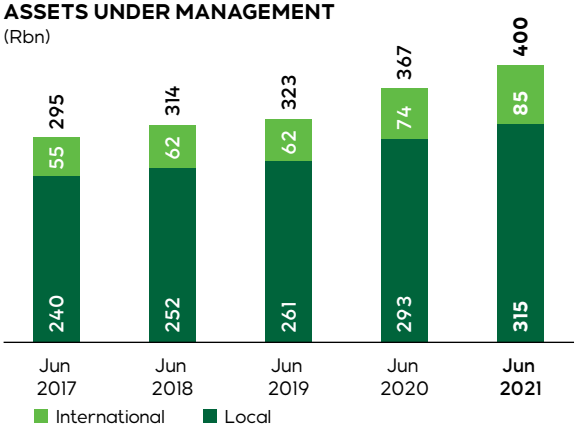
Asset Management remains committed to delivering long-term investment performance, making it simple, easy and secure to do business, as well as taking further steps in the journey towards becoming a leader in responsible investing. Nedgroup Investments will continue to integrate with the Nedbank Money app and online digital channels.

Wealth Management (SA) will focus efforts on entrenching market presence as an advice-led business that fulfils clients' needs by delivering simplified solutions and commercialising digital tools. Collaboration with Nedbank Group will be paramount to increasing client penetration and providing a full spectrum of services for high-net-worth clients.

Wealth Management (International) will focus on new-client growth and digital adoption while continuing to build on its strategy of moving from an affluent-banking-led business to a high-net-worth advice-led business. Wealth Management (International) remains committed to collaborating with the local business to provide an integrated, holistic high-net-worth client experience.

Insurance will focus on enhancing client experiences, improving data capabilities, expanding its mobile and digital offering and collaborating within the group to penetrate the Nedbank client base, while helping clients navigate life's uncertainties.

ASSETS UNDER MANAGEMENT
(Rbn)



Wealth Management (International) has made good progress with digital innovation and adoption and has deployed eKYC technology and digital signature solutions to improve client experience. Nedbank Private Wealth won Best Private Bank at the 2021 City of London Wealth Management Awards for the seventh year in a row. The business was also named a finalist in the Innovation and Total Wealth Planning categories in the 2021 Private Asset Management (PAM) Awards. In 2020 Nedbank Private Wealth achieved an NPS of 43%, in line with the prior year and higher than the industry benchmark of 38%.

In line with its strategy to expand its product offering, Nedbank Insurance recently launched two products: MyCover, a personal-lines solution, and MyCover Life, a semi-underwritten life solution. MyCover is currently sold through risk consultants and will be made available on digital platforms in H2 2021. MyCover Life is currently sold via digital channels, Nedbank call centres and select Nedbank branches. Despite minimal marketing to date, both products have had good traction, which the business aims to improve through digital and in-branch campaigns in collaboration with Nedbank Group partners.

SEGMENTAL PERFORMANCE

Wealth Management

The wealth management industry continues to be impacted by record-low interest rates both locally and internationally, higher impairments as a result of business interruption due to Covid-19, as well as cautious investor sentiment. Overall, Wealth Management's HE declined by 39% to R32m, driven mainly by a reduction in NII due to the low-interest-rate environment, partially offset by credit impairment releases and an increase in NIR.

Wealth Management (SA) benefited from credit impairment releases due to the recovery of a large single client. In addition, the business experienced good growth in advances, an increase in banking and investment management fees, as well as higher new-business volumes in financial planning. This was offset by lower brokerage income and continued delays in the winding up of estates due to the impact of Covid-19 on the Master's Office.

Wealth Management (International) earnings were impacted by record-low USD and GBP interest rates, resulting in lower NII. Lending and deposit balances have remained steady when compared with the prior period. The business has experienced good growth in AUM and AUA due to strong inflows and a focus on client retention, resulting in solid growth rates as markets have rallied. NIR increased due to strong growth in AUM and AUA, partially offset by lower foreign exchange fees, off a high base in the prior year.

Asset Management

The asset management industry continues to experience pressure on fees as a result of the shift to cash and lower-margin asset classes. Notwithstanding this, AUM increased by 9% to R400bn, supported by positive net flows of R9bn, particularly in lower-risk cash and fixed-income funds. Nedgroup Investments delivered strong HE of R176m, up by 5% due to a solid overall performance, strict expense control and growth in market share.

Insurance

The life insurance industry has been impacted severely by Covid-19-related death, retrenchment and loss-of-income claims. Nedbank Insurance experienced an increase in HE of 91% to R268m, due primarily to the implementation of an enhanced asset and liability matching strategy in 2021 to minimise the impact of future interest rate moves on earnings. The business also benefited from increased investment performance due to improved markets offset by non-life claims returning to more normal levels after they were lowered during H1 2020 because of the hard lockdown. The life portfolio has been impacted negatively by an increase in death claims due to Covid-19, as well as reserves being raised for the third wave.

Life EV of R3 902m benefitted from increased profits as a result of value creation through the writing of new business and no dividends having been declared in the past 12 months. VNB increased by 32% to R153m due to a substantial increase in new-business volumes off a low base in the prior period, which was impacted significantly by level 5 lockdown restrictions. Non-life gross written premiums remained flat at R584m as sales volumes were impacted by the constrained economic environment.

ASSETS UNDER MANAGEMENT

Rm	Jun 2021	Jun 2020	Dec 2020
Fair value of funds under management – by type			
Unit trusts	**337 103**	305 515	314 539
Third party	**990**	776	957
Private clients	**62 136**	60 607	59 050
	400 229	366 898	374 546
Fair value of funds under management – by geography			
SA	**314 877**	293 214	296 971
Rest of the world	**85 352**	73 684	77 575
	400 229	366 898	374 546

Rm	Unit trusts	Third party	Private clients	Total
Reconciliation of movement in funds under management – by type				
Opening balance at 31 December 2020	**314 539**	**957**	**59 050**	**374 546**
Inflows	**338 594**	**13**	**3 281**	**341 888**
Outflows	**(328 657)**	**(20)**	**(4 056)**	**(332 733)**
Mark-to-market value adjustment	**14 777**	**58**	**3 993**	**18 828**
Foreign currency translation differences	**(2 150)**	**(18)**	**(132)**	**(2 300)**
Closing balance – 30 June 2021	**337 103**	**990**	**62 136**	**400 229**

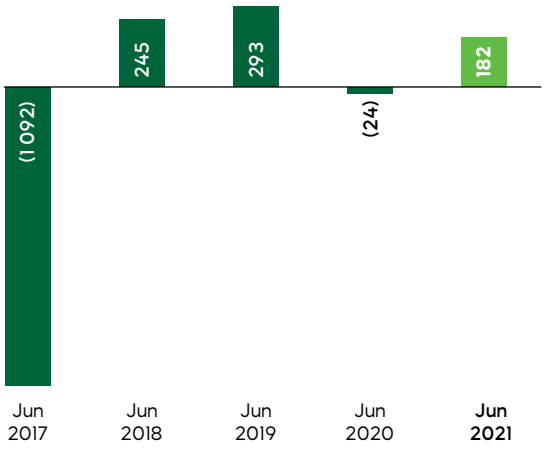
Rm	SA	Rest of the world	Total
Reconciliation of movement in funds under management – by geography			
Opening balance at 31 December 2020	**296 971**	**77 575**	**374 546**
Inflows	**334 185**	**7 703**	**341 888**
Outflows	**(327 608)**	**(5 125)**	**(332 733)**
Mark-to-market value adjustment	**11 329**	**7 499**	**18 828**
Foreign currency translation differences		**(2 300)**	**(2 300)**
Closing balance – 30 June 2021	**314 877**	**85 352**	**400 229**

Favourable	Unfavourable
• Strong growth in AUM. • Credit impairment recoveries. • Improved investment returns. • Asset and liability matching strategy.	• Significantly higher death and funeral claims. • Record-low USD and GBP interest rates impacting NII.

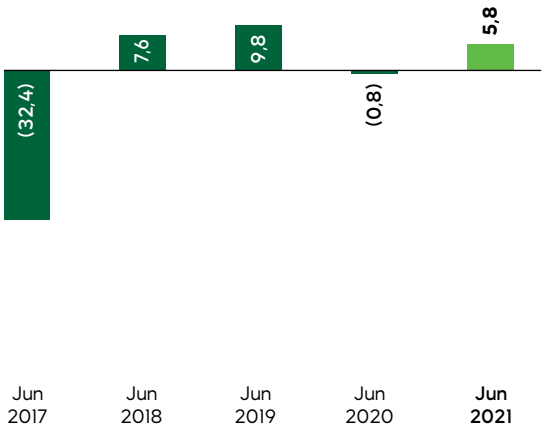
Notes

Nedbank Africa Regions

HEADLINE EARNINGS
(Rm)



RETURN ON EQUITY
(%)



FINANCIAL PERFORMANCE

The HE of the NAR business increased to R182m from a loss of R24m in H1 2020, resulting in ROE of 5,8%. These numbers reflect an underperformance in the SADC subsidiaries and an improvement in ETI's performance (West and Central Africa regions).

Our SADC subsidiaries generated a headline loss of R11,4m and ROE of -0,4% in H1 2020. The loss was driven mainly by lower NIR due to subdued economic activity, and continued hyperinflation in Zimbabwe. This was offset by significantly lower impairments.

Average gross banking advances grew by 1% to R23,3bn yoy, while average deposits grew by 6% to R33,9bn. NII increased marginally by 1% to R676m, while NIM is slightly down yoy, at 4,00% (H1 2020: 4,14%), but up when compared with the 3,85% at December 2020. Yoy, NIM was impacted by a decline in interest rates and muted growth in the lending book. Since December 2020, we have seen an improvement in NIM driven by improved pricing, asset growth (interest-earning assets) and lower funding costs.

NIR declined by 14% to R599m due to lower forex gains and subdued transactional activities in a depressed macroeconomic environment. Many of the countries where we have a presence had lockdowns in both Q1 and Q2 of this year, resulting in lower economic activity.

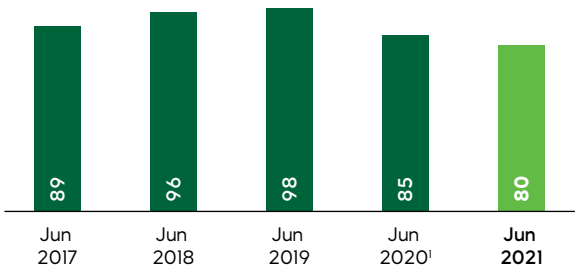
Impairments declined by 60% to R96m from R236m in the prior year as economic conditions stabilised, with the CLR improving to

FINANCIAL HIGHLIGHTS

		Nedbank Africa Regions			SADC			ETI		
	Yoy % change	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
Headline earnings (Rm)	**>100**	**182**	(24)	12	**(11)**	4	(141)	**193**	(28)	153
NII (Rm)	**1**	**676**	672	1 274	**799**	817	1 549	**(123)**	(145)	(275)
Impairments charge (Rm)	**(59)**	**96**	236	437	**96**	236	437			
NIR (Rm)	**(14)**	**599**	697	1 454	**599**	697	1 454			
Operating expenses (Rm)	**9**	**1 167**	1 071	2 325	**1 167**	1 071	2 325			
Associate income[1]	**>100**	**270**	76	(178)				**270**	76	(178)
ROE (%)[2]		**5,8**	(0,8)	0,2	**(0,4)**	(0,2)	(2,6)	**51,6**	(4,8)	14,0
ROA (%)		**0,89**	(0,12)	0,03	**(0,07)**	0,03	(0,42)	**5,62**	(0,77)	2,09
Return on cost of ETI investment (%)		**9,1**	2,4	5,6				**9,1**	2,4	5,6
CLR (%)		**0,84**	2,10	1,85	**0,84**	2,10	1,85			
NIR to total operating expenses		**51,3**	65,1	62,5	**51,3**	65,1	62,5			
Cost-to-income ratio (%)		**74,9**	74,8	75,9	**83,5**	71,4	77,8			
Interest margin (%)		**4,00**	4,14	3,85	**5,49**	5,81	5,42			
Total assets (Rm)	**(1)**	**40 657**	40 936	41 089	**38 602**	38 584	38 909	**2 055**	2 352	2 180
Average total assets (Rm)	**(2)**	**38 461**	39 113	38 739	**36 312**	36 120	36 004	**2 149**	2 993	2 735
Total advances (Rm)	**(2)**	**22 067**	22 550	23 233	**22 067**	22 550	23 233			
Average total advances (Rm)	**1**	**22 266**	22 124	22 409	**22 266**	22 124	22 409			
Total deposits (Rm)		**33 134**	33 104	33 294	**33 134**	33 104	33 294			
Average total deposits (Rm)	**6**	**33 852**	32 004	32 470	**33 852**	32 004	32 470			
Average allocated capital (Rm)	**(3)**	**6 326**	6 510	6 471	**5 572**	5 314	5 366	**754**	1 196	1 105

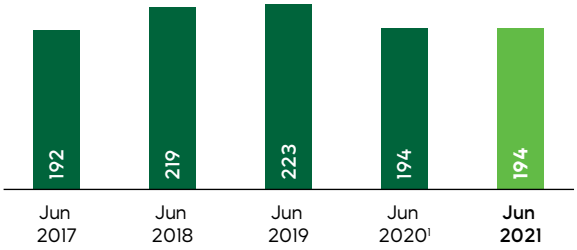
[1] *Associate income on an IFRS basis is R270m (June 2020: R76m) as IFRS requires associate income to be presented net of our share of ETI's goodwill impairment of R13m (June 2020: Rnil). Our share of ETI's goodwill impairment is excluded from HE.*
[2] *June 2021 ROE on subsidiary in-country statutory capital is 2,2% (Namibia 7,6%; eSwatini 15,6%; Lesotho 1,8%; Nedbank Mozambique -1,95%).*

BRANCHES



[1] *Malawi disposed of in H12020.*

ATMS



[1] *Malawi disposed of in H12020.*

84 bps from 210 bps in H1 2020. Impairment charges were low owing to the improved macroeconomic forecasts and good recoveries. To date, 2 177 accounts have been restructured across the NAR portfolios with a total exposure of R4,1bn (17,7% of the total NAR book). Covid-19 relief granted in 2021 has been limited (R202m) and focused around extensions granted in Namibia (tourism industry) and Nedbank Mozambique. However, according to Mozambican regulations, no further Covid-19 relief can be granted from 30 June 2021. Barring Nedbank Mozambique, all Covid-19 debt relief provided by the other subsidiaries has matured. Overall, of the loans that have matured, 9% are in arrears.

Expenses increased by 9% to R1 167m as inflationary pressures in Zimbabwe persisted. With Zimbabwe excluded, expenses decreased by 2%, underpinned by the good management of overall costs, including lower fees and insurance as well as occupation and accommodation costs. The business's cost-to-income ratio increased marginally to 74,9% from 74,8% in the prior period.

Headcount increased marginally to 2 343 (2020: 2 332) as we worked to manage costs, but at the same time filling key vacancies.

Given the further depreciation of the Zimbabwean dollar against USD, a R40m monetary loss was recorded (H1 2020: R47m loss).

Associate income of R270m, relating to the group's 21% shareholding in ETI, has been recognised (up by 255% when compared with R76m in H1 2020), driven by a strong recovery across three core regions. HE from ETI improved to R193m from a loss of R28m in H1 2020, with a funding costs impact of R123m included. The strong rebound in the earnings from ETI was slightly impacted by the appreciation of the rand against the dollar during H1 2021.

STRATEGIC PROGRESS

Our strategy on the continent remains to own, manage and control banking operations in the SADC and East Africa, and to give our clients access to a banking network in West and Central Africa through our strategic investment in the pan-African banking group ETI, which has subsidiaries in 33 African countries. As part of the Ecobank–Nedbank Alliance, Nedbank Group offers clients access to the widest banking network in Africa, with a presence in 39 countries on the continent. Nedbank's strategy is to achieve scale in the current markets where we operate, while exploring opportunities to expand in large, fast-growing markets on the continent, when opportunities arise.

As part of portfolio optimisation, we have made good progress in integrating the Mozambican business into the group so that we can leverage our enterprise capabilities to unlock value from the investment. Having increased our stake in the business to 87,5% in H1 2020, in June 2021 we rebranded Banco Único to Nedbank Mozambique. Operating as Nedbank in Mozambique serves as a catalyst to address opportunities in growth sectors.

We are making progress in reconfiguring the Zimbabwe business as we continue to reshape the balance sheet to reduce the impact of monetary loss due to hyperinflation. As a result of efforts in reshaping its balance sheet, we have reported an improvement in the net monetary loss in H1 2021 (R40m) vs H1 2020 (R47m). The business is being refocused to be more digital and automated, with a special focus on wholesale and transactional banking, trade finance and cash management.

We continue to reimagine our businesses for the post-Covid-19 normal and are ensuring that they get a fair share of economic profit pools. Part of this includes accelerating the digitisation and automation of our business to be more competitive and building our transactional franchise across the region. Our digitally active clients across the NAR business grew by 62% as we continued to roll out new services and they now make up 47% of the active retail base. App volumes have grown by 15% yoy, while airtime or data and electricity purchases grew by 32% and 13% respectively. External recognition of the progress we are making in this space includes the following awards:

- Best Internet Banking Africa and Best Mobile Banking Africa for 2021, awarded by International Business Magazine.
- Best Digital Bank in Lesotho for 2021, awarded by the Global Banking & Finance Review (Nedbank Lesotho).

Nedbank's bold aspiration is to be #1-rated in client experiences in most markets in which we operate. To deliver improved client experiences across the NAR business, we rolled out the Service Excellence programme to all employees in H1 2021. We continue to make improvements across many key client metrics; during H1 2020 the Namibia and Mozambique businesses achieved the highest NPS in their respective markets, while the Zimbabwe business achieved the highest net sentiment in the country.

In ETI our focus remains to increase the value of our investment. We are working through our representation on the board to ensure continued growth of the business for sustainable long-term value, including addressing the persistent challenges in Ecobank Nigeria to unlock shareholder value. Through our investment we are continuing to work on the commercialisation of collaboration initiatives and increasing business flows. The collaboration between ETI and Nedbank continues, and we are working on growing treasury activities.

Looking forward

The slow pace of vaccinations on the subcontinent points to the pandemic and its macroeconomic effects remaining a burden for longer than in other regions. The supply of vaccines is limited to the Covax Facility. However, the production of vaccines in SA and donations by the large industrialised nations will boost the immunisation process in 2022. The pace of economic recovery is lagging other areas, but the global economic climate remains supportive. International trade continues to expand, and commodity prices are high. Although logistical constraints related to power shortages and troubles in SA still inhibit a faster recovery rate, ongoing macroeconomic reforms will boost southern Africa's growth potential. On the security front, calm has returned to SA, with the unrest in eSwatini being something that may need to continue monitoring for its impact on the economy in the country. In Mozambique, the latest reports indicate that the army, with the help of forces from other SADC countries, is reclaiming control of the restive Cabo Delgado province. A speedy stabilisation of the situation will facilitate the resumption of construction operations at the liquefied natural gas fields. Overall, the recovery momentum on the subcontinent and in southern Africa will improve going into 2022. According to the IMF, the economy of sub-Saharan Africa is expected to grow by 3,4% in 2021, supported by improved exports and commodity prices, after having contracted by 2% in 2020. The challenge remains boosting and rebuilding economies while simultaneously dealing with repeated viral outbreaks as they arise.

We expect the NAR business to continue to improve performance in H2 2021. From a SADC perspective, we expect yoy improvements in revenue (NIR and NII) and lower impairments, while continuing to manage expenses. From an ETI perspective, the recovery is expected to continue, especially from its market-leading West and Central African franchises. The group's Q2 2021 results show the momentum reported in Q1 continued, with attributable profit after tax growing to US$54m in the quarter, up from US$52m in Q1. The Nigerian business is, however, expected to remain a drag on overall group performance, given the challenging operating environment and legacy risk-related issues.

Our focus areas for 2021 remain the following:

- Continuing the digitisation and automation of our business to be more competitive and building our transactional franchise through focusing on cross-cluster collaboration and cross-sell initiatives.
- Leveraging our investment in Mozambique and the rebranding of the business to Nedbank by addressing opportunities, including in the energy, agriculture, and agro-processing sectors.
- Completing the reconfiguration of the Zimbabwe business.
- Transforming our business model for overall efficiency, while driving overall growth to achieve scale.
- Increasing the value of our investment in ETI through supporting the board and management agenda, with a specific focus on resolving the challenges facing the Nigerian franchise.

Nedbank is committed to long-term and profitable growth in our NAR 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 NAR business to grow its overall contribution to group earnings in the medium to long term.

SEGMENTAL PERFORMANCE

SADC subsidiary performance

SADC subsidiaries generated a headline loss of R11,4m and ROE of -0,4% in H1 2020, driven by lower NIR due to a slowdown in transactional activity and lower forex gains, lower NII and higher costs on account of Zimbabwean inflationary pressures, which were offset by significantly lower impairments.

NIR in SADC declined by 14% to R599m, with NII declining by 2% to R799m (2020: R817m). NII is marginally lower on account of muted growth in the lending book, coupled with lower margins. If we excluded Zimbabwe, NII would have declined by 6%. Overall, operating income is up by 2% to R1,3bn. NIR in Zimbabwe declined by 20%, while it declined by 11% in the other subsidiaries.

Clients – The overall number of clients grew by 14% in H1 2021 to 369 000. This growth was driven through our workplace banking offerings and the Zimbabwe business where we leveraged our bulk opening services for the small-business tobacco farmer accounts.

Distribution – We are transforming our business model for overall efficiency while driving growth to achieve scale. In line with this we have been reviewing our branch distribution to ensure an efficient, optimally staffed, fit-for-purpose distribution model that exists in each subsidiary. We reduced our branches by 5% to 80 and kept the number of ATMs at 194. As we focus on becoming a more digital business, new investments into our physical presence are limited to high-growth micro markets and the minimum presence that regulation requires. We have grown the number of point-of-sale devices by 4% to 9,248, resulting in an increase in card-acquiring turnover of 5% to R6,2bn (2020: R5,9bn) and NIR is up 18%.

ETI (West and Central Africa)

ETI's financial recovery continued, resulting in an increase in Nedbank HE of >100% from the prior-year HE loss of R28m, to R193m. Associate income from ETI was R270m, up by 255% on the prior year. ETI's financial recovery gained momentum over the period, with attributable earnings growing from US$36m in Q4 2020 to US$52m in Q1 2021. ETI's H1 2021 results reflect this momentum, which continued into Q2 2021, with attributable profit growing to $54m during the quarter, resulting in H1 2021 of US$106m, up by 19% from H1 2020.

The performance for the six months ending 31 March 2021 (ETI results are reported in Nedbank results a quarter in arrear) was driven by the following:

- Strong financial performance and solid returns registered in the anglophone and francophone West Africa regions, reflecting the quality of the franchise. (Ecobank is a market leader in six countries and among the top three in 16 countries where it does business.)
- Resilient financial performance in the Central, Eastern and Southern Africa (CESA) region, adversely impacted by hyperinflation in Zimbabwe.
- Continued stabilisation of the Nigerian business, although it remains a drag on the group's performance due to persistently elevated NPLs and a high cost-to-income ratio. The cost-to-income ratio was 78% at the end of Q1 2021 and stands at 82% for H1 2021.

Ecobank's strengths include experience, clients, technology, digital platforms and geographic footprint. Its focus is on growing the business and it wants to remain at the forefront of trade, payments, remittances and financial inclusion by continually leveraging technology and appropriate partnerships. To improve its operational and financial performance, it has restructured its businesses in Nigeria and the CESA regions, implementing a suite of efficiency initiatives, including closing physical branches and reducing headcount. It has also focused on the quality of the legacy credit portfolio and improving the health of its credit portfolio, specifically Nigeria.

ETI is focusing on delivering returns above the cost of equity. The group has been focusing on improving business performance by regions. Focus has been on entrenching the leadership positions in the West African Monetary and Economic Union and Anglophone West Africa, which is reflected in the strong financial performance across both regions. CESA's ROE has improved following restructuring exercises and the region's performance is expected to continue to improve, notwithstanding the impact of hyperinflation in Zimbabwe and South Sudan. Although still profitable, Nigeria's performance remains suboptimal and a drag on the group's overall financial performance and returns. ETI has achieved a material improvement in capital position – total CAR was up, at 14,7% (June 2021).

Favourable	Unfavourable
• Strong liquidity and capital positions across subsidiaries. • Excellent growth in number of clients, especially digitally active clients. • Strong returns from ETI's West and Central African regions. • Leading brand sentiment score in Zimbabwe with improvements in other subsidiaries. • Leading NPS scores in Namibia and Mozambique. • Significant mprovement in associate income from ETI. • Improvement in impairments. Well managed expenses.	• Earnings continuing to be impacted by ongoing Covid-19 lockdowns due to increasing infections. • Difficult macro- and socioeconomic environment continuing to impact performance. • Key productive sectors affected negatively by Covid-19 lockdowns. • Zimbabwe affected by hyperinflation, resulting in a monetary loss, albeit improving. • SADC subsidiaries negatively impacted by Covid-19 and sociopolitical issues. • Weak but improving return on equity.

Geographical segmental reporting
for the period ended

Rm	Nedbank Group		
	Jun 2021	Jun 2020	Dec 2020
Summary of consolidated statement of financial position			
Assets			
Cash and cash equivalents	**38 562**	38 380	41 382
Other short-term securities	**55 326**	66 741	52 605
Derivative financial instruments	**46 649**	76 799	80 325
Government and other securities	**138 869**	112 042	132 221
Loans and advances	**814 979**	854 047	843 303
Other assets	**93 620**	74 044	78 301
Intergroup assets	**–**	–	–
Total assets	**1 188 005**	1 222 053	1 228 137
Equity and liabilities			
Total equity	**106 876**	98 020	100 444
Derivative financial instruments	**37 282**	63 288	65 130
Amounts owed to depositors	**935 723**	944 011	953 715
Provisions and other liabilities	**48 951**	54 500	49 078
Long-term debt instruments	**59 173**	62 234	59 770
Intergroup liabilities	**–**	–	–
Total equity and liabilities	**1 188 005**	1 222 053	1 228 137
Summary of consolidated statement of comprehensive income			
NII	**15 809**	14 969	30 081
Impairments charge on financial instruments	**3 278**	7 675	13 127
Income from lending activities	**12 531**	7 294	16 954
NIR	**11 793**	12 220	24 140
Operating income	**24 324**	19 514	41 094
Total operating expenses	**16 355**	15 391	31 772
Zimbabwe hyperinflation	**40**	47	205
Indirect taxation	**526**	592	1 148
Profit/(Loss) from operations	**7 403**	3 484	7 969
Share of income of associate companies	**340**	98	452
Profit before direct taxation	**7 743**	3 582	8 421
Direct taxation	**1 927**	928	1 994
Profit after taxation	**5 816**	2 654	6 427
Profit attributable to non-controlling interest	**565**	540	987
Headline earnings/(losses)	**5 251**	2 114	5 440

[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 R32,6bn (June 2020: R46,1bn; December 2020: R34,0bn).*

	South Africa[1]			Nedbank Africa Regions[2]			Rest of the world		
	Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
	28 926	29 947	32 642	**7 446**	6 529	6 813	**2 190**	1 904	1 927
	31 024	40 517	27 702	**3 676**	4 595	3 639	**20 626**	21 629	21 264
	46 532	76 524	80 173	**16**	84	33	**101**	191	119
	137 433	110 293	131 277	**1 430**	703	827	**6**	1 046	117
	753 041	772 239	777 395	**22 067**	22 550	23 233	**39 871**	59 258	42 675
	83 805	64 231	68 589	**3 937**	4 034	3 811	**5 878**	5 779	5 901
	(2 085)	(2 441)	(2 733)	**2 085**	2 441	2 733			
	1 078 676	1 091 310	1 115 045	**40 657**	40 936	41 089	**68 672**	89 807	72 003
	88 118	78 882	81 974	**6 326**	6 510	6 471	**12 432**	12 628	11 999
	37 222	63 141	65 004	**3**	51	39	**57**	96	87
	844 315	831 520	854 767	**33 134**	33 104	33 294	**58 274**	79 387	65 654
	46 932	52 557	46 924	**876**	954	967	**1 143**	989	1 187
	58 855	61 917	59 452	**318**	317	318			
	3 234	3 293	6 924				**(3 234)**	(3 293)	(6 924)
	1 078 676	1 091 310	1 115 045	**40 657**	40 936	41 089	**68 672**	89 807	72 003
	14 772	13 637	27 703	**676**	672	1 274	**361**	660	1 104
	3 299	6 869	11 815	**96**	236	437	**(117)**	570	875
	11 473	6 768	15 888	**580**	436	837	**478**	90	229
	10 628	11 006	21 559	**599**	697	1 454	**566**	517	1 127
	22 101	17 774	37 447	**1 179**	1 133	2 291	**1 044**	607	1 356
	14 717	13 864	28 576	**1 167**	1 071	2 325	**471**	456	871
				40	47	205			
	482	556	1 065	**35**	26	64	**9**	10	19
	6 902	3 354	7 806	**(63)**	(11)	(303)	**564**	141	466
	57	35	115	**283**	63	337			
	6 959	3 389	7 921	**220**	52	34	**564**	141	466
	1 849	899	1 986	**2**	29	(30)	**76**		38
	5 110	2 490	5 935	**218**	23	64	**488**	141	428
	529	493	935	**36**	47	52			
	4 581	1 997	5 000	**182**	(24)	12	**488**	141	428

INCOME STATEMENT ANALYSIS

99 Net margin analysis

102 Impairments

110 Non-interest revenue

112 Expenses

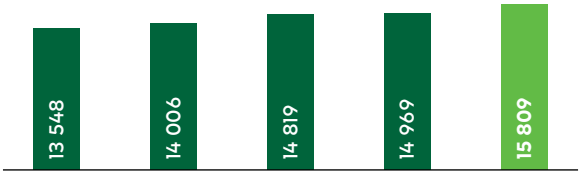
114 Headline earnings reconciliation

114 Taxation charge

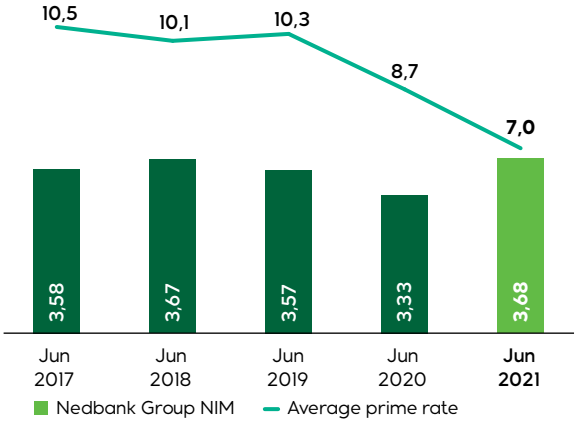
115 Preference shares

1 Net margin analysis

NET INTEREST INCOME
(Rm)

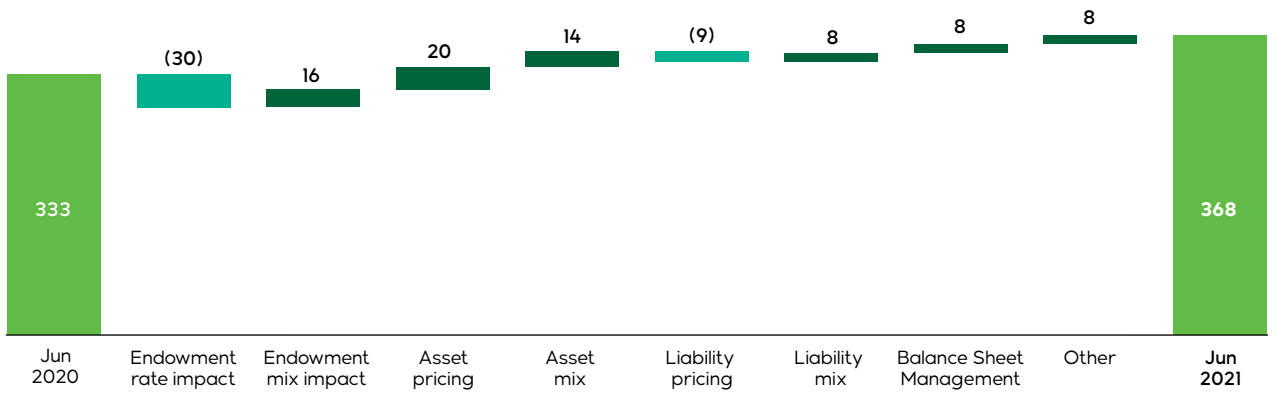


INTEREST MARGIN TRENDS VERSUS PRIME RATE
(%)



	Jun 2021		Jun 2020		Dec 2020	
Nedbank Group	**Bps**	**Rm**	Bps	Rm	Bps	Rm
Closing average interest-earning banking assets (year-to-date average)		**866 588**		904 765		895 880
Opening NIM/NII	**333**	**14 969**	357	14 819	352	30 167
Growth in banking assets		**(670)**		1 260		1 333
Endowment	**(14)**	**(601)**	(18)	(783)	(24)	(2 128)
Capital, net of working capital	**(6)**	**(266)**	(5)	(213)	(9)	(812)
Deposits	**(8)**	**(335)**	(13)	(570)	(15)	(1 316)
Asset margin pricing and mix	**34**	**1 455**	(2)	(95)	14	1 237
Impact due to pricing	**20**	**857**	(1)	(44)	15	1 357
Impact due to mix change	**14**	**598**	(1)	(51)	(1)	(120)
Liability margin pricing and mix	**(1)**	**(36)**	(6)	(286)	(9)	(788)
Deposits pricing and mix	**(2)**	**(66)**	(6)	(296)	(9)	(742)
Impact due to pricing	**(9)**	**(369)**	(6)	(297)	(10)	(851)
Impact due to mix change	**7**	**303**		1	1	109
Impact of changes in the funding profile	**1**	**30**	–	10	–	(46)
Impact due to pricing		**7**		15		(28)
Impact due to mix change	**1**	**23**		(5)		(18)
Balance Sheet Management	**8**	**350**	5	227	7	610
Other	**8**	**342**	(3)	(173)	(4)	(350)
Closing NIM/NII for the period	**368**	**15 809**	333	14 969	336	30 081

NET INTEREST MARGIN (JUNE 2020 TO JUNE 2021)
(Bps)



NET INTEREST INCOME

Favourable	Unfavourable
• Endowment mix benefit driven by strong growth in CASA deposits and higher levels of capital due to increased earnings and no ordinary dividends paid. • Improved asset pricing due to strategic management actions executed in 2020. • Positive asset mix changes as higher-yielding Retail advances grew faster than lower-yielding CIB advances. • Liability mix benefits as a result of stronger growth in higher-margin deposits relative to wholesale funding. • Balance Sheet Management optimisation strategies having been executed in the banking book. • Stronger growth in Nedbank Africa Regions, base rate and other effects.	• Negative endowment rate impact as a result of the full-run rate impact of the 2020 interest rate cuts. • Liability pricing pressure in a highly competitive market.

NII SENSITIVITY ANALYSIS

- At June 2021 the NII sensitivity of the group's banking book for a 100 bps parallel reduction in interest rates, measured over 12 months, was 1,56% 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 468m before tax, should interest rates decrease by 100 bps 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 and Nedbank Zimbabwe is measured at a 3,0% 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 100 bps.
- 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.
- Nedbank Limited's economic value of equity (EVE) for a 100 bps decline in interest rates remains at a low level of 0,11% (-R82m) of ordinary shareholders' equity, which is below the board's approved risk limit of 1,25%.

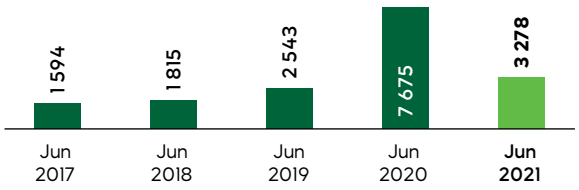
Average banking statement of financial position and related interest

	Jun 2021			Jun 2020			Dec 2020		
	Average balance	Margin statement interest[1]		Average balance	Margin statement interest[1]		Average balance	Margin statement interest[1]	
Rm	**Assets**	**Received**	**%**	Assets	Received	%	Assets	Received	%
Average prime rate			**7,00**			8,67			7,85
Assets									
Listed corporate bonds[2]	**21 416**	**612**	**5,76**	29 971	1 164	7,81	28 138	1 912	6,80
Home loans (including properties in possession)	**171 269**	**5 522**	**6,50**	164 575	6 666	8,15	165 603	12 234	7,39
Commercial mortgages	**187 945**	**6 187**	**6,64**	183 495	7 520	8,24	186 240	13 834	7,43
Instalment debtors	**132 393**	**5 960**	**9,08**	126 693	6 631	10,53	128 006	12 559	9,81
Credit card balances	**17 169**	**1 074**	**12,61**	16 829	1 192	14,24	16 752	2 256	13,47
Overdrafts	**21 274**	**772**	**7,32**	24 416	1 108	9,13	23 554	1 933	8,21
Term loans and other[3]	**198 122**	**5 613**	**5,71**	247 686	8 653	7,03	236 647	15 147	6,40
Personal loans	**27 829**	**2 702**	**19,58**	25 374	2 635	20,88	25 963	5 330	20,53
Gross banking loans and advances	**777 417**	**28 442**	**7,38**	819 039	35 569	8,73	810 903	65 205	8,04
Impairment of loans and advances	**(24 890)**			(18 701)			(21 268)		
Government and other securities[2]	**74 893**	**3 311**	**8,92**	61 472	2 614	8,55	64 884	5 623	8,67
Short-term funds and securities	**39 168**	**478**	**2,46**	42 955	922	4,32	41 361	1 472	3,56
Interest-earning banking assets	**866 588**	**32 231**	**7,50**	904 765	39 105	8,69	895 880	72 300	8,07
Other[4]	**184 219**			116 219			141 385		
Total assets	**1 050 807**	**32 231**	**6,19**	1 020 984	39 105	7,70	1 037 265	72 300	6,97
	Liabilities	**Paid**	**%**	Liabilities	Paid	%	Liabilities	Paid	%
Equity and liabilities									
Deposit and loan accounts	**504 559**	**9 172**	**3,67**	471 380	13 107	5,59	483 084	22 943	4,75
Current and savings accounts	**136 615**	**253**	**0,37**	120 537	395	0,66	127 150	663	0,52
Negotiable certificates of deposit	**99 472**	**2 325**	**4,71**	115 221	4 173	7,28	114 620	7 212	6,29
Other interest-bearing liabilities	**102 096**	**2 706**	**5,34**	106 275	3 876	7,33	104 982	6 683	6,37
Long-term debt instruments	**58 609**	**1 966**	**6,76**	60 309	2 585	8,62	61 035	4 718	7,73
Interest-bearing banking liabilities	**901 351**	**16 422**	**3,67**	873 722	24 136	5,56	890 871	42 219	4,74
Other[5]	**149 456**			147 262			146 394		
Total shareholders' equity and liabilities	**1 050 807**	**16 422**	**3,15**	1 020 984	24 136	4,75	1 037 265	42 219	4,07
Interest margin on average interest-earning banking assets	**866 588**	**15 809**	**3,68**	904 765	14 969	3,33	895 880	30 081	3,36

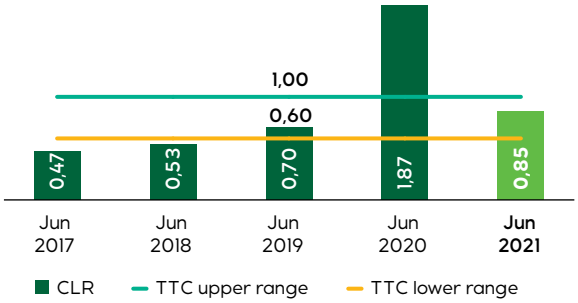
1 *Yields are before incorporating the impact of hedging derivatives.*
2 *As disclosed at 31 December 2020, the group reviewed the presentation of corporate bonds during 2020. As a result of the review, the group reclassified listed corporate bonds from 'Government and other securities' to 'Loans and advances'. Comparative information has been restated accordingly.*
3 *Includes term loans, preference shares, factoring debtors, foreign lending, loans to banks and other lending-related instruments.*
4 *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.*
5 *Includes derivative financial instruments, investment contract liabilities, other liabilities, equity and elimination entries.*

2 Impairments

NEDBANK GROUP IMPAIRMENTS CHARGE
(Rm)



NEDBANK GROUP CREDIT LOSS RATIO TRENDS
(%)



COVID-19 RESTRUCTURED CREDIT EXPOSURES IN LINE WITH\ DIRECTIVE 3/2020 AND DIRECTIVE 7/2015

June 2021 Nedbank cluster/business unit	Restructured credit exposure transactions						GLAA, excluding trading book	Directive 3/2020 restructures as a % of cluster/ business unit GLAA
	Directive 3/2020 restructures			Directive 7/2015 restructures				
	Total number	Exposure (Rm)	Impairments (Rm)	Total number	Exposure (Rm)	Impairments (Rm)	Exposure (Rm)	%
Corporate and Investment Banking	**26**	**9 458**	**448**	**16**	**1 081**	**339**	**334 722**	**2,83**
CIB, excl Property Finance	**9**	**4 206**	**400**	**5**	**800**	**292**	**167 695**	**2,51**
Property Finance	**17**	**5 252**	**48**	**11**	**281**	**47**	**167 027**	**3,14**
Retail and Business Banking	**–**	**–**	**–**	**35 699**	**7 096**	**1 492**	**389 297**	**0,00**
Business Banking				**163**	**359**	**56**	**80 960**	**0,00**
Retail				**35 536**	**6 737**	**1 436**	**308 337**	**0,00**
Wealth	**2**	**16**	*	**42**	**327**	**70**	**31 358**	**0,05**
Nedbank Africa Regions	**3**	**17**	**4**	**147**	**243**	**97**	**23 113**	**0,07**
Centre							**2 012**	
Group	**31**	**9 491**	**452**	**35 904**	**8 747**	**1 998**	**780 502**	**1,22**

** Represents amounts less than Rlm.*

Favourable	Unfavourable
• The group's impairment charge having decreased to R3,3bn (June 2020: R7,7bn). • The CLR having decreased to 85 bps (June 2020: 187 bps), returning to within the target range of 60–100 bps. • Better-than-expected collection outcomes, a reduction in Directive 3/2020 loans, and a reduction in stage 3 loans as some clients cured and Directive 7/2015 (restructured) loans decreased.	• The Covid-19 and macro-related judgemental overlays having increased by R641m to R4,5bn (December 2020: R3,9bn) as the environment remains uncertain. • The central provision having increased by R250m to R1bn to account for the deterioration and economic uncertainty not yet reflected in the data and impairment models, including the adjusted level 4 lockdown as a result of the third wave of Covid-19 infections.

December 2020 Nedbank cluster/business unit	Restructured credit exposure transactions						GLAA, excluding trading book	Directive 3/2020 restructures as a % of cluster/ business unit GLAA
	Directive 3/2020 restructures			Directive 7/2015 restructures				
	Total number	Exposure (Rm)	Impairments (Rm)	Total number	Exposure (Rm)	Impairments (Rm)	Exposure (Rm)	%
Corporate and Investment Banking	53	25 355	281	24	2 061	516	361 280	7,02
CIB, excluding Property Finance	19	18 160	250	6	1 792	433	190 891	9,51
Property Finance	34	7 195	31	18	269	83	170 389	4,22
Retail and Business Banking	15 241	2 051	189	59 073	10 540	2 196	375 385	0,55
Business Banking	61	179	4	257	448	51	76 868	0,23
Retail	15 180	1 872	185	58 816	10 092	2 145	298 517	0,63
Wealth	1	4		73	249	14	31 567	0,01
Nedbank Africa Regions	138	333	3	143	144	34	24 186	1,38
Centre							4 438	
Group	15 433	27 743	473	59 313	12 994	2 760	796 856	3,48

June 2020 Nedbank cluster/business unit	Restructured credit exposure transactions						GLAA, excluding trading book [1,2]	Directive 3/2020 restructures as a % of cluster/ business unit GLAA
	Directive 3/2020 restructures			Directive 7/2015 restructures[3]				
	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	413 438	7,37
CIB, excluding Property Finance	29	21 772	529	7	2 046	409	259 436	8,39
Property Finance	28	8 706	49	16	448	174	154 002	5,65
Retail and Business Banking	376 700	78 438	2 341	49 960	9 473	1 559	364 911	21,50
Business Banking	6 739	8 272	105	144	422	25	79 126	10,45
Retail	369 961	70 166	2 236	49 816	9 051	1 534	285 785	24,55
Wealth	1 247	7 107	14	36	250	39	32 242	22,04
Nedbank Africa Regions	1 211	2 591	28	109	155	50	23 490	11,03
Centre							4 218	
Group	379 215	118 614	2 961	50 128	12 372	2 231	838 299	14,15

[1] *As disclosed at 31 December 2020, the group reviewed the presentation of corporate bonds during 2020. As a result of the review, the group reclassified listed corporate bonds from 'Government and other securities' to 'Loans and advances'. June 2020 comparative information has been restated accordingly.*

[2] *With respect to June 2020, the macro fair-value hedge accounting adjustments have been reclassified from CIB to Centre to align with the group's segmental balance, which reflects these balances in the Balance Sheet Management division.*

[3] *The Directive 7/2015 restructures were restated for June 2020, to include Covid-19 Directive 7/2015 and business-as-usual Directive 7/2015 restructures.*

NEDBANK GROUP INCOME STATEMENT IMPAIRMENT CHARGE AND CREDIT LOSS RATIO

June 2021	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm
Corporate and Investment Banking (CIB)	**44**	**176**	**557**
CIB, excluding Property Finance	**(138)**	**105**	**428**
Property Finance	**182**	**71**	**129**
Retail and Business Banking (RBB)	**142**	**(53)**	**2 242**
Business Banking	**(102)**	**155**	**22**
Retail	**244**	**(208)**	**2 220**
Wealth	**4**	**(14)**	**(11)**
Nedbank Africa Regions	**27**	**7**	**68**
Centre		**250**	
Nedbank Group	**217**	**366**	**2 856**

December 2020 (Rm)	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm
Corporate and Investment Banking (CIB)	271	435	1 941
CIB, excluding Property Finance	137	136	1 463
Property Finance	134	299	478
Retail and Business Banking (RBB)	519	1 533	6 619
Business Banking	10	366	415
Retail	509	1 167	6 204
Wealth	22	31	155
Nedbank Africa Regions	101	54	267
Centre		500	(1)
Nedbank Group	913	2 553	8 981

June 2020 (Rm)	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm
Corporate and Investment Banking (CIB)	640	328	1 088
CIB, excluding Property Finance[1]	552	273	714
Property Finance	88	55	374
Retail and Business Banking (RBB)	165	387	4 257
Business Banking	84	108	380
Retail	81	279	3 877
Wealth	12	(1)	71
Nedbank Africa Regions	55	10	171
Centre	(2)	150	–
Nedbank Group[1]	870	874	5 587

[1] *As disclosed at 31 December 2020, the group reviewed the presentation of corporate bonds during 2020. As a result of the review, the group reclassified listed corporate bonds from 'Government and other securities' to 'Loans and advances'. This reduced the group CLR for June 2020 by 7 bps.*

	Non-LAA and FVOCI	Off-balance-sheet	Impairment charge, net of recoveries	Mix of average banking advances	CLR	Target CLR range
	Rm	Rm	Rm	%	%	%
	18	**(136)**	**659**	**44,2**	**0,38**	**0,15–0,45**
	18	**(136)**	**277**	**22,7**	**0,31**	**0,20–0,50**
			382	**21,5**	**0,46**	**0,15–0,35**
	–	**(39)**	**2 292**	**48,4**	**1,22**	**1,30–1,80**
		(40)	**35**	**9,9**	**0,09**	**0,50–0,70**
		1	**2 257**	**38,5**	**1,51**	**1,60–2,40**
			(21)	**4,1**	**(0,13)**	**0,20–0,40**
	(2)	**(4)**	**96**	**3,0**	**0,84**	**0,75–1,00**
	2		**252**	**0,3**		
	18	**(179)**	**3 278**	**100,0**	**0,85**	**0,60–1,00**

	Non-LAA and FVOCI	Off-balance-sheet	Impairment charge, net of recoveries	Mix of average banking advances	CLR	Target CLR range
	Rm	Rm	Rm	%	%	%
	293	305	3 245	48,4	0,82	0,15–0,45
	293	305	2 334	29,6	1,03	0,20–0,50
			911	18,8	0,54	0,15–0,35
	–	75	8 746	44,7	2,40	1,30–1,80
		62	853	9,5	1,10	0,50–0,70
		13	7 893	35,2	2,75	1,60–2,40
			208	4,0	0,64	0,20–0,40
	6	9	437	2,9	1,85	0,75–1,00
	(8)		491	0,0		
	291	389	13 127	100,0	1,61	0,60–1,00

	Non-LAA and FVOCI	Off-balance-sheet	Impairment charge, net of recoveries	Mix of average banking advances	CLR	Target CLR range
	Rm	Rm	Rm	%	%	%
	236	88	2 380	47,4	1,18	0,15–0,45
	236	88	1 863	28,2	1,56	0,20–0,50
			517	19,2	0,63	0,15–0,35
	–	27	4 836	45,4	2,69	1,30–1,80
		9	581	9,8	1,50	0,50–0,70
		18	4 255	35,6	3,02	1,60–2,40
			82	4,1	0,50	0,20–0,40
			236	2,9	2,10	0,75–1,00
	(12)	5	141	0,2		
	224	120	7 675	100,0	1,87	0,60–1,00

IMPAIRMENTS CHARGE OF FINANCIAL INSTRUMENTS

June 2021	Nedbank Group	Corporate and Investment Banking	Retail and Business Banking	Wealth	Nedbank Africa Regions	Centre
Balance at the beginning of the year	**26 077**	**4 638**	**19 257**	**434**	**983**	**765**
Stage 1 ECL allowance	**4 237**	**935**	**3 015**	**46**	**241**	
Stage 2 ECL allowance	**6 772**	**1 306**	**4 504**	**56**	**158**	**748**
Stage 3 ECL allowance	**15 068**	**2 397**	**11 738**	**332**	**584**	**17**
Statement of comprehensive income charge net of recoveries	**3 278**	**659**	**2 292**	**(21)**	**96**	**252**
Stage 1 ECL allowance	**217**	**44**	**142**	**4**	**27**	
Stage 2 ECL allowance	**366**	**176**	**(53)**	**(14)**	**7**	**250**
Stage 3 ECL allowance	**2 856**	**557**	**2 242**	**(11)**	**68**	
Off-balance-sheet allowance	**(179)**	**(136)**	**(39)**		**(4)**	
Non-loans and advances	**–**				**(2)**	**2**
FVOCI loan impairment charge	**18**	**18**				
Adjusted for:	**(2 706)**	**(392)**	**(2 278)**	**(3)**	**(17)**	**(16)**
Recoveries	**650**	**1**	**640**		**9**	
Interest in suspense	**583**	**102**	**472**		**9**	
Amounts written off	**(3 915)**	**(438)**	**(3 479)**		**2**	
Foreign exchange and other transfers	**(24)**	**(57)**	**89**	**(3)**	**(39)**	**(14)**
Non-loans and advances	**–**				**2**	**(2)**
ECL allowance – closing balance	**26 649**	**4 905**	**19 271**	**410**	**1 062**	**1 001**
Stage 1	**4 378**	**958**	**3 133**	**44**	**243**	
Stage 2	**7 076**	**1 484**	**4 404**	**48**	**139**	**1 001**
Stage 3	**15 195**	**2 463**	**11 734**	**318**	**680**	
Split by measurement category	**26 649**	**4 905**	**19 271**	**410**	**1 062**	**1 001**
Loans and advances	**25 525**	**3 902**	**19 166**	**410**	**1 046**	**1 001**
Loans and advances in FVOCI	**646**	**646**				
Off-balance-sheet allowance	**478**	**357**	**105**		**16**	

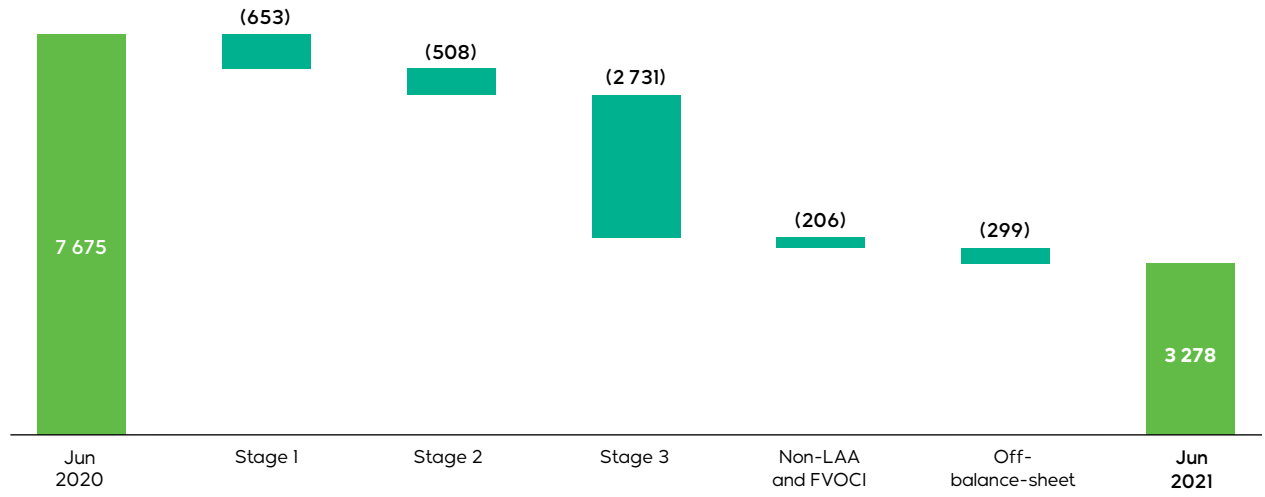
December 2020	Nedbank Group	Corporate and Investment Banking	Retail and Business Banking	Wealth	Nedbank Africa Regions	Centre
Balance at the beginning of the year	18 152	2 745	14 144	229	771	263
Stage 1 ECL allowance	3 428	658	2 507	24	240	(1)
Stage 2 ECL allowance	3 931	767	2 819	25	72	248
Stage 3 ECL allowance	10 793	1 320	8 818	180	459	16
Statement of comprehensive income charge net of recoveries	13 127	3 245	8 746	208	437	491
Stage 1 ECL allowance	913	271	519	22	101	
Stage 2 ECL allowance	2 553	435	1 533	31	54	500
Stage 3 ECL allowance	8 981	1 941	6 619	155	267	(1)
Off-balance-sheet allowance	389	305	75		9	
Non-loans and advances	(2)				6	(8)
FVOCI loan impairment charge	293	293				
Adjusted for:	(5 202)	(1 352)	(3 633)	(3)	(225)	11
Recoveries	1 165	6	1 077		82	
Interest in suspense	1 059	74	855		130	
Amounts written off	(7 419)	(1 378)	(5 979)	(3)	(59)	
Foreign exchange and other transfers	(9)	(54)	414		(372)	3
Non-loans and advances	2				(6)	8
ECL allowance – closing balance	26 077	4 638	19 257	434	983	765
Stage 1	4 237	935	3 015	46	241	
Stage 2	6 772	1 306	4 504	56	158	748
Stage 3	15 068	2 397	11 738	332	584	17
Split by measurement category	26 077	4 638	19 257	434	983	765
Loans and advances	24 804	3 539	19 113	434	953	765
Loans and advances in FVOCI	609	609				
Off-balance-sheet allowance	664	490	144		30	

June 2020	Nedbank Group[1, 2]	Corporate and Investment Banking[1, 2]	Retail and Business Banking	Wealth	Nedbank Africa Regions	Centre
Balance at the beginning of the year	18 152	2 745	14 144	229	771	263
Stage 1 ECL allowance	3 428	658	2 507	24	240	(1)
Stage 2 ECL allowance	3 931	767	2 819	25	72	248
Stage 3 ECL allowance	10 793	1 320	8 818	180	459	16
Statement of comprehensive income charge net of recoveries	7 675	2 380	4 836	82	236	141
Stage 1 ECL allowance	870	640	165	12	55	(2)
Stage 2 ECL allowance	874	328	387	(1)	10	150
Stage 3 ECL allowance	5 587	1 088	4 257	71	171	
Off-balance-sheet allowance	120	88	27			5
Non-loans and advances	(12)					(12)
FVOCI loan impairment charge	236	236				
Adjusted for:	(2 072)	(273)	(1 765)	(1)	(43)	10
Recoveries	483	5	468		10	
Interest in suspense	403	(45)	418		30	
Amounts written off	(3 130)	(337)	(2 758)	(2)	(33)	
Foreign exchange and other transfers	160	104	107	1	(53)	1
Non-loans and advances	12				3	9
ECL allowance – closing balance	23 755	4 852	17 215	310	964	414
Stage 1	4 331	1 355	2 702	35	239	
Stage 2	5 005	1 166	3 281	25	134	399
Stage 3	14 419	2 331	11 232	250	591	15
Split by measurement category	23 755	4 852	17 215	310	964	414
Loans and advances	22 794	4 010	17 120	310	940	414
Loans and advances in FVOCI	573	573				
Off-balance-sheet allowance	388	269	95		24	

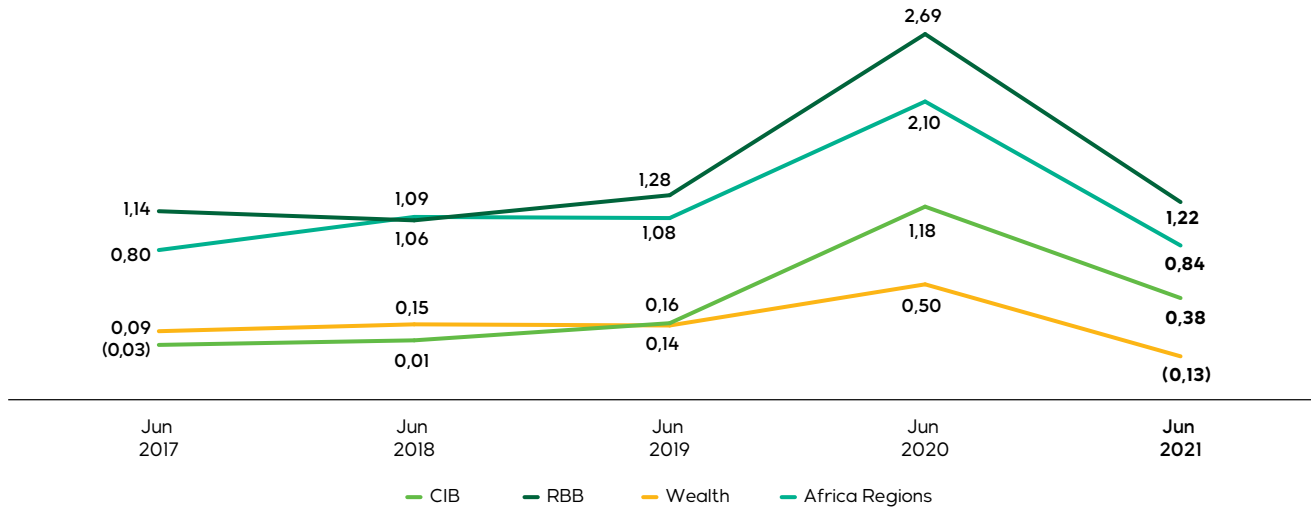
[1] *As disclosed at 31 December 2020, the group reviewed the presentation of corporate bonds during 2020. As a result of the review, the group reclassified listed corporate bonds from 'Government and other securities' to 'Loans and advances'. June 2020 comparative information has been restated accordingly.*

[2] *With respect to June 2020, the macro fair-value hedge accounting adjustments have been reclassified from CIB to Centre to align with the group's segmental balance, which reflects these balances in the Balance Sheet Management division.*

NEDBANK GROUP IMPAIRMENT DRIVERS
(Rm)

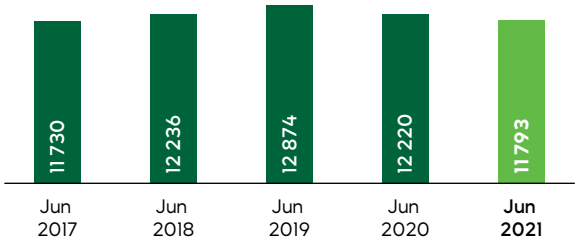


NEDBANK GROUP CREDIT LOSS RATIO PER CLUSTER
(%)

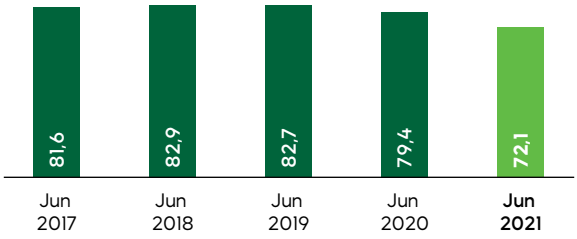


3 Non-interest revenue

NON-INTEREST REVENUE
(Rm)



NON-INTEREST REVENUE TO TOTAL OPERATING EXPENSES
(%)



Rm	Yoy % change	Nedbank Group			Corporate and Investment Banking		
		Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
Commission and fees income	**5**	**8 623**	8 243	17 137	**1 395**	1 385	2 907
Administration fees	**4**	**678**	653	1 327	**20**	29	57
Card income	**16**	**1 714**	1 478	3 178	**9**	8	17
Cash-handling fees	**9**	**517**	474	1 017	**100**	95	202
Exchange commission	**(10)**	**282**	314	707	**91**	103	200
Guarantees income	**(4)**	**137**	142	311	**102**	96	229
Insurance commission	**(9)**	**229**	251	406			
Other commission	**5**	**1 996**	1 897	3 910	**735**	705	1 420
Other fees	**2**	**934**	916	1 989	**310**	319	724
Service charges	**1**	**2 136**	2 118	4 292	**28**	30	58
Insurance income	**21**	**998**	827	1 622			
Fair-value adjustments	**>(100)**	**(740)**	836	352	**(129)**	16	(357)
Fair-value adjustments	**>(100)**	**(143)**	64	(338)	**(131)**	11	(373)
Hedge-accounted portfolios	**>(100)**	**(597)**	772	690	**2**	5	16
Trading income	**(27)**	**2 273**	3 129	5 252	**2 204**	3 056	5 094
Commodities	**(62)**	**10**	26	53	**10**	26	53
Debt securities	**(38)**	**1 204**	1 933	3 142	**1 204**	1 933	3 142
Equities		**411**	412	642	**411**	412	642
Foreign exchange	**(15)**	**648**	758	1 415	**579**	685	1 257
Equity revaluation gains/(losses)	**>100**	**254**	(765)	(1 038)	**289**	(686)	(861)
Realised gains, dividends, interest and other income	**(29)**	**233**	326	659	**268**	405	818
Unrealised gains/(losses)[1]	**>100**	**21**	(1 091)	(1 697)	**21**	(1 091)	(1 679)
Investment income	**68**	**104**	62	212	**91**	52	154
Sundry income/(expenses)[2]	**>100**	**281**	(112)	603	**99**	(162)	292
Total non-interest revenue	**(3)**	**11 793**	12 220	24 140	**3 949**	3 661	7 229

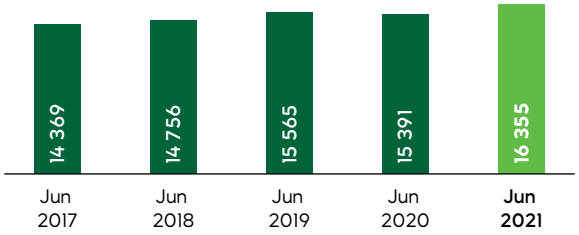
[1] *Unrealised losses relate to equity investments in associates and joint ventures, which are estimated and converted to realised or dividends once earned.*
[2] *Sundry income comprises mainly security dealings, rental income, fair-value movements on non-trading investments and forex gains and losses.*

Favourable	Unfavourable
• Commission and fee growth having recovered off the low H1 2020 base, driven by increased levels of client transactional activity. • Insurance having benefitted from the implementation of an enhanced asset and liability matching strategy. • Unrealised private equity losses in H1 2020 not being repeated.	• Solid trading performance, with growth impacted by a high H1 2020 base. • Unwinding of the group's fair-value hedge accounting solution, as expected.

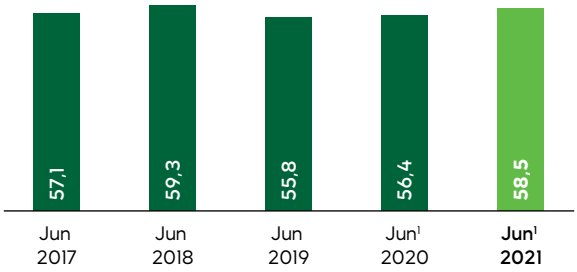
	Retail and Business Banking			Wealth			Nedbank Africa Regions			Centre		
	Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
	5 776	5 422	11 268	**1 076**	1 045	2 099	**434**	411	839	**(58)**	(20)	24
	257	262	525	**362**	325	664	**33**	30	67	**6**	7	14
	1 654	1 426	3 065				**50**	44	95	**1**		1
	401	365	785	**1**	1	1	**15**	14	29		(1)	
	107	104	216	**58**	65	120	**55**	38	96	**(29)**	4	75
	21	30	51				**14**	16	31			
	131	164	245	**96**	84	156	**2**	3	5			
	1 222	1 114	2 386	**(78)**	(36)	(110)	**109**	106	201	**8**	8	13
	49	45	98	**611**	583	1 221	**8**	8	25	**(44)**	(39)	(79)
	1 934	1 912	3 897	**26**	23	47	**148**	152	290		1	
	201	217	329	**768**	586	1 250	**40**	37	70	**(11)**	(13)	(27)
	12	15	29	**–**	–	–	**(13)**	2	8	**(610)**	803	672
							(13)	2	8	**1**	51	27
	12	15	29							**(611)**	752	645
	51	32	74	**–**	–	–	**18**	41	84	**–**	–	–
	51	32	74				**18**	41	84			
	–	–	(19)	**–**	–	–	**–**	–	(15)	**(35)**	(79)	(143)
			(19)						(15)	**(35)**	(79)	(144) 1
	15	(9)	12	**3**	3	4		13	13	**(5)**	3	29
	57	40	137	**15**	(20)	(50)	**120**	193	455	**(10)**	(163)	(231)
	6 112	5 717	11 830	**1 862**	1 614	3 303	**599**	697	1 454	**(729)**	531	324

4 Expenses

TOTAL OPERATING EXPENSES
(Rm)



COST-TO-INCOME RATIO
(%)



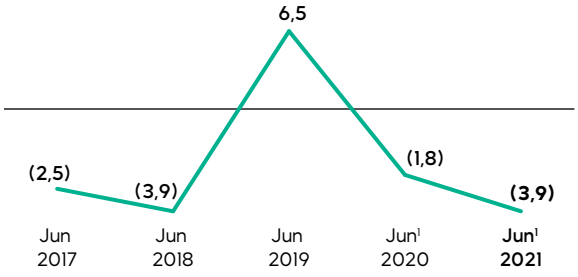
[1] *Excluding hedge-accounted portfolios the group's cost-to-income ratio would be 57,3% (June 2020: 58,0%).*

Rm	Yoy % change	Nedbank Group Jun 2021	Nedbank Group Jun 2020	Nedbank Group Dec 2020	Corporate and Investment Banking Jun 2021	Corporate and Investment Banking Jun 2020	Corporate and Investment Banking Dec 2020
Staff costs	7	8 661	8 121	16 829	1 488	1 274	2 721
Salaries and wages	2	7 693	7 522	15 171			
Total incentives	>100	1 183	530	1 741			
Short-term incentives	>100	901	433	1 455			
Long-term incentives	>100	282	97	286			
Other staff costs	>(100)	(215)	69	(83)			
Computer processing	13	3 056	2 698	5 830	248	256	501
Depreciation of computer equipment	(8)	348	377	760			
Depreciation of right-of-use assets: computer equipment	(9)	41	45	88			
Amortisation of intangible assets	21	803	664	1 436			
Operating lease charges for computer processing	(7)	112	120	224			
Other computer processing expenses	17	1 752	1 492	3 322			
Fees and insurances	(1)	2 037	2 055	4 094	352	326	664
Occupation and accommodation[1,2]	(6)	1 086	1 152	2 304	110	113	233
Marketing and public relations	12	671	597	1 077	14	23	43
Communication and travel	(4)	354	368	717	132	148	287
Other operating expenses[3]	23	490	400	921	28	35	58
Activity-justified transfer pricing		–	–	–	1 024	906	1 925
Total operating expenses	6	16 355	15 391	31 772	3 396	3 081	6 432

Analysis of total IT-related function spend included in total expenses	Yoy % change	Jun 2021	Jun 2020	Dec 2020
IT staff-related costs within Group Technology	7	1 125	1 053	2 094
Depreciation and amortisation of computer equipment, software and intangibles	10	1 192	1 086	2 284
Other IT costs (including licensing, development, maintenance and processing charges)[4]	15	1 881	1 637	3 613
Total IT-related functional spend	11	4 198	3 776	7 991

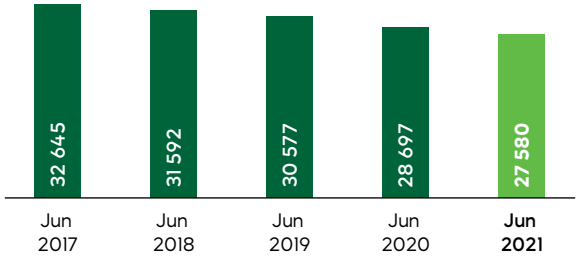
[1] *Includes the depreciation of right-of-use assets of R430m (June 2020: R474m; December 2020: R915m).*
[2] *Includes a building depreciation charge of R194m (June 2020: R215m; December 2020: R422m).*
[3] *Includes a furniture depreciation charge of R164m (June 2020: R177m; December 2020: R352m), consumables and sundry expenses.*
[4] *Includes consulting and professional fees (that are embedded in fees and insurance), communication and travel, and other IT-related spend (embedded in computer processing).*

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



[1] *Excluding hedge-accounted portfolios the group's JAWS ratio would be 1,3% (June 2020: -4,3%).*

TOTAL EMPLOYEES
(Permanent staff)



	Retail and Business Banking			Wealth			Nedbank Africa Regions			Centre		
	Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
	3 958	3 611	7 486	**838**	812	1 608	**520**	499	1 084	**1 857**	1 925	3 930
	1 251	1 088	2 267	**224**	177	365	**190**	104	379	**1 143**	1 073	2 318
	1 264	1 250	2 494	**117**	104	207	**103**	190	260	**201**	185	469
	932	948	1 933	**79**	74	156	**88**	92	179	**(123)**	(75)	(197)
	356	291	562	**26**	34	54	**23**	19	42	**252**	230	376
	163	161	317	**13**	18	27	**32**	27	64	**14**	14	22
	267	216	462	**20**	13	45	**56**	(2)	18	**119**	138	338
	2 393	2 315	4 640	**316**	294	599	**155**	142	299	**(3 888)**	(3 657)	(7 463)
	10 584	9 880	20 161	**1 633**	1 526	3 061	**1 167**	1 071	2 325	**(425)**	(167)	(207)

Favourable	Unfavourable
• Employee numbers having decreased by 1 117 yoy, largely through natural attrition. • Good management of discretionary spend during the crisis having contributed to savings being recorded across travel, communication and training. • Optimisation initiatives having delivered cost savings, including cumulative run-rate savings from TOM 1.0 of R1,9bn and initial savings from TOM 2,0 of R106m.	• Increase in incentive costs as a result of the group's improved financial performance. • Increase in computer-processing costs, driven by an increase in the amortisation charge of 21%. • Increase in levels of marketing spend off a low base.

5 Headline earnings reconciliation

Rm	Yoy % change	Jun 2021 Gross	Jun 2021 Net of taxation	Jun 2020 Gross	Jun 2020 Net of taxation	Dec 2020 Gross	Dec 2020 Net of taxation
Profit attributable to ordinary shareholders	**303**		**5 239**		1 301		3 467
Non-trading and capital items	**>(100)**	**3**	**(1)**	833	813	1 562	1 445
IAS 16 – (profit)/loss on disposal of property and equipment		**(6)**	**(8)**	16	11	89	72
IAS 36 – impairment of associates: ETI				750	750	750	750
IAS 36 – impairment of goodwill						345	345
IAS 36 – impairment of property and equipment		**3**	**2**				
IAS 36 – impairment of intangible assets		**5**	**4**	53	38	207	149
IAS 40 – loss on revaluation of investment properties				14	14	2	2
IFRS 5 – impairment of non-current assets held for sale						17	17
IFRS 16 – impairment of right-of-use assets		**1**	**1**			152	110
Share of gains of associate companies							
IAS 36 share of associate (ETI) impairment of goodwill		**13**	**13**			528	528
Headline earnings	**148**		**5 251**		2 114		5 440

6 Taxation charge

	Jun 2021	Jun 2020	Dec 2020
Direct taxation	**1 927**	928	1 994
Taxation rate reconciliation (excluding non-trading and capital items) (%)			
Standard rate of South African normal taxation	**28,0**	28,0	28,0
Reduction of taxation rate:			
Non-taxable income	**(2,1)**	(2,2)	(3,1)
Capital items	**(0,4)**	2,9	0,4
Foreign income and section 9D attribution	**(0,2)**	(0,5)	(1,1)
Share of gains of associate companies	**(1,2)**	(0,9)	(1,5)
Non-deductible expenses[1]	**0,3**	1,0	1,7
Prior-year adjustments	**0,5**	(2,4)	(0,7)
Total taxation on income as percentage of profit before taxation	**24,9**	25,9	23,7
Effective tax rate, excluding ETI associate income/(loss)[2]	**25,8**	26,7	24,7

[1] *Non-deductible expenses include the net monetary loss in relation to Nedbank Zimbabwe and the tax relief associated with tier 1 capital.*

[2] *The relative impact on the effective taxation rate (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 – final (dividend no 34) declared for 2019 – paid April 2020	358 277 491	42,11186	150,9
Nedbank – interim (dividend no 35) declared for 2020 – paid September 2020	358 277 491	35,94033	128,8
Total of dividends declared			279,7
Less: Dividends declared in respect of shares held by group entities			(29,1)
Dividends declared to holders of preference shares			250,6
Nedbank (MFC) – participating preference shares[1]			(58,0)
			192,6
2021			
Nedbank – final (dividend number 36) declared for 2020 – paid April 2021	**358 277 491**	**29,45696**	**105,5**
Total of dividends declared			**105,5**
Less: Dividends declared in respect of shares held by group entities			**(11,0)**
Dividends declared to holders of preference shares			**94,5**
Nedbank (MFC) – participating preference shares[1]			**63,2**
			157,7
Nedbank – interim (dividend no 37) declared for 2021 – payable September 2021	358 277 491	28,92693	103,6
			103,6

[1] *Share in economic profit/(loss) calculated semiannually.*

Notes

STATEMENT OF FINANCIAL POSITION ANALYSIS

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8 Loans and advances

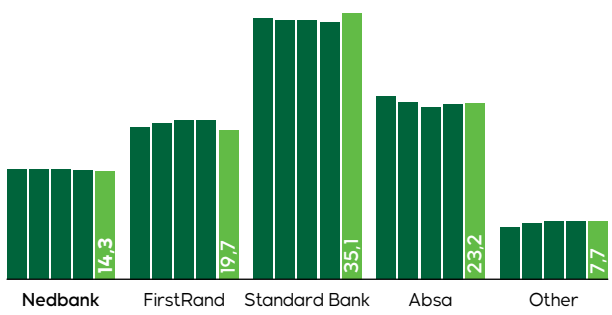
LOANS AND ADVANCES SEGMENTAL BREAKDOWN

Rm	Nedbank Group				Corporate and Investment Banking			
	Yoy % change	Jun 2021	Jun 2020	Dec 2020	Jun 2021	Jun 2020	Dec 2020	
Home loans	**5**	**173 522**	164 669	168 900	**23**	16	33	
Commercial mortgages		**188 558**	187 633	190 583	**151 657**	152 483	155 016	
Properties in possession	**(3)**	**162**	167	149				
Credit cards	**6**	**16 971**	16 021	16 721				
Overdrafts	**(25)**	**24 702**	32 993	23 593	**3 176**	10 072	4 008	
Personal loans	**11**	**28 386**	25 549	26 916				
Term and other loans	**(26)**	**151 631**	205 371	175 489	**129 893**	185 354	153 534	
Overnight loans	**(36)**	**11 628**	18 081	10 175	**10 368**	16 865	8 681	
Foreign client lending	**(20)**	**4 267**	5 312	5 580	**2 064**	3 479	3 146	
Instalment debtors	**6**	**138 465**	130 852	135 269	**2 729**	2 959	2 877	
Preference shares and debentures	**(1)**	**12 006**	12 102	12 274	**11 773**	11 809	11 973	
Factoring accounts	**15**	**5 532**	4 824	5 130				
Listed corporate bonds[2]	**(24)**	**22 988**	30 273	21 910	**22 988**	30 273	21 910	
Fair-value hedge-accounted portfolios	**(62)**	**1 678**	4 452	4 163	**51**	128	102	
Trade, other bills and bankers' acceptances		**6**	–	4				
Loans and advances before impairments	**(7)**	**780 502**	838 299	796 856	**334 722**	413 438	361 280	
Impairment of advances	**12**	**(25 525)**	(22 794)	(24 804)	**(3 902)**	(4 010)	(3 539)	
Total banking loans and advances	**(7)**	**754 977**	815 505	772 052	**330 820**	409 428	357 741	
Comprises:								
– Loans and advances to clients	**(8)**	**723 727**	785 955	731 214	**303 647**	384 938	323 233	
– Loans and advances to banks	**6**	**31 250**	29 550	40 838	**27 173**	24 490	34 508	
Total loans and advances after impairments	**(7)**	**754 977**	815 505	772 052	**330 820**	409 428	357 741	
Trading loans and advances	**56**	**60 002**	38 542	71 251	**60 002**	38 542	71 251	

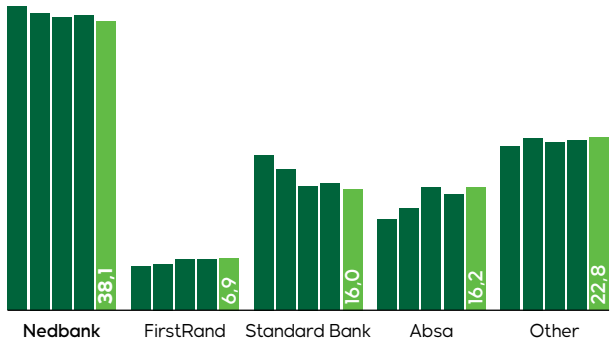
[1] *Centre includes the group's centrally managed macro fair-value hedge accounting adjustment and a central impairment provision.*
[2] *As disclosed at 31 December 2020, the group reviewed the presentation of corporate bonds during 2020. As a result of the review, the group reclassified listed corporate bonds from 'Government and other securities' to 'Loans and advances'. June 2020 comparative information has been restated accordingly.*

Market share according to BA900

HOME LOANS (JUN 2017 – MAY 2021)
(%)

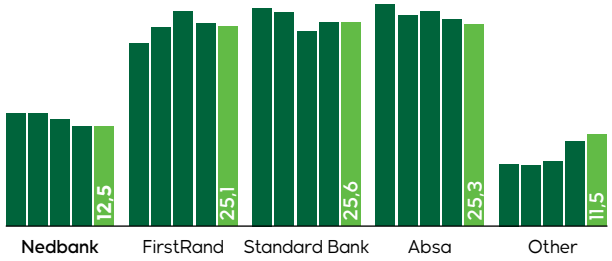


COMMERCIAL MORTGAGE LOANS (JUN 2017 – MAY 2021)
(%)

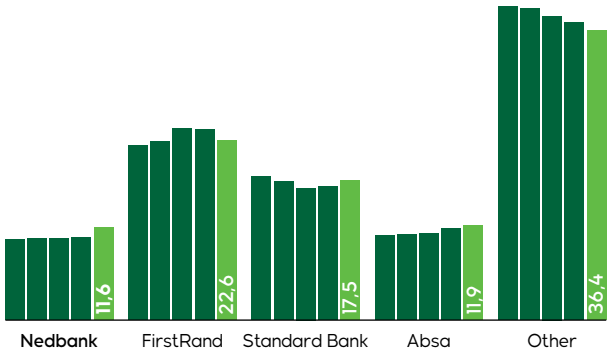


	Retail and Business Banking			Wealth			Nedbank Africa Regions			Centre[1]		
	Jun 2021	Jun 2020	Dec 2020	Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	Jun 2021	Jun 2020	Dec 2020
	149 151	139 494	144 512	**17 056**	18 190	17 135	**7 292**	7 087	7 220		(118)	
	26 351	24 688	24 879	**8 524**	8 934	9 014	**1 909**	1 475	1 550	**117**	53	124
	50	50	50	**13**	11	13	**99**	106	86			
	16 831	15 889	16 584				**140**	132	137			
	17 846	19 150	16 089	**156**	172	188	**3 524**	3 599	3 308			
	26 393	23 285	24 954				**1 993**	2 119	1 962		145	
	11 852	10 178	11 562	**5 391**	4 723	5 003	**4 234**	5 250	5 146	**261**	(134)	244
	1 051	1 133	909				**209**	83	585			
	302	330	206				**1 901**	1 503	2 228			
	133 886	125 751	130 423	**37**	58	46	**1 806**	2 136	1 914	**7**	(52)	9
	52	139	133	**181**	154	168						
	5 532	4 824	5 084						46			
										1 627	4 324	4 061
							6		4			
	389 297	364 911	375 385	**31 358**	32 242	31 567	**23 113**	23 490	24 186	**2 012**	4 218	4 438
	(19 166)	(17 120)	(19 113)	**(410)**	(310)	(434)	**(1 046)**	(940)	(953)	**(1 001)**	(414)	(765)
	370 131	347 791	356 272	**30 948**	31 932	31 133	**22 067**	22 550	23 233	**1 011**	3 804	3 673
	370 131	347 776	356 269	**29 193**	28 484	28 027	**19 745**	20 953	20 012	**1 011**	3 804	3 673
		15	3	**1 755**	3 448	3 106	**2 322**	1 597	3 221			
	370 131	347 791	356 272	**30 948**	31 932	31 133	**22 067**	22 550	23 233	**1 011**	3 804	3 673

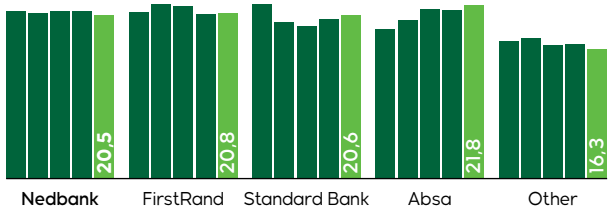
CREDIT CARDS (JUN 2017 – MAY 2021)
(%)



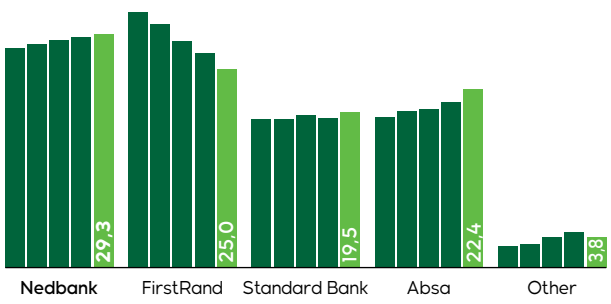
PERSONAL LOANS (JUN 2017 – MAY 2021)
(%)



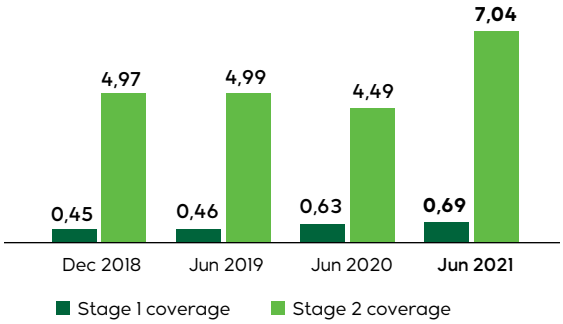
CORE CORPORATE LOANS (JUN 2017 – MAY 2021)
(%)



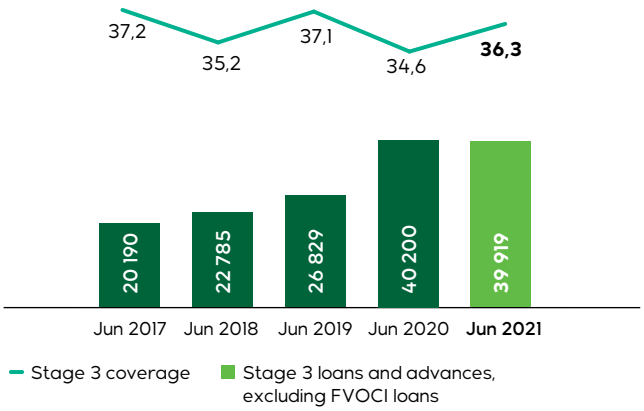
INSTALMENT SALES AND LEASES (JUN 2017 – MAY 2021)
(%)



STAGE 1 AND STAGE 2 COVERAGE
(%)



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

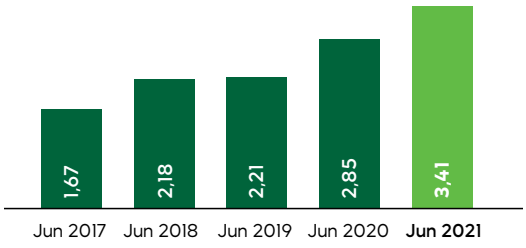


SUMMARY OF LOANS AND ADVANCES AND COVERAGE RATIOS

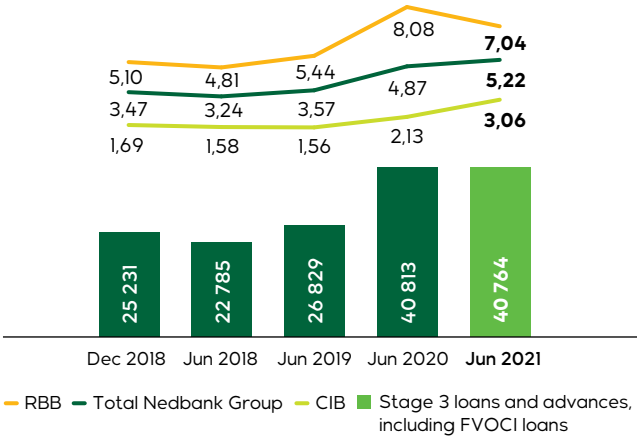
GLAA, ECL and coverage ratios, by cluster, by stage

	Stage 1			Stage 2		
June 2021	GLAA Rm	ECL Rm	Coverage %	GLAA Rm	ECL Rm	Coverage %
Corporate and Investment Banking (CIB)	**251 064**	**853**	**0,34**	**44 621**	**1 257**	**2,82**
CIB, excluding Property Finance	**107 905**	**364**	**0,34**	**29 004**	**577**	**1,99**
Property Finance	**143 159**	**489**	**0,34**	**15 617**	**680**	**4,35**
Retail and Business Banking (RBB)	**313 258**	**3 077**	**0,98**	**48 629**	**4 372**	**8,99**
Business Banking	**61 447**	**208**	**0,34**	**15 111**	**670**	**4,43**
Retail	**251 811**	**2 869**	**1,14**	**33 518**	**3 702**	**11,04**
Wealth	**27 124**	**44**	**0,16**	**1 886**	**48**	**2,55**
Nedbank Africa Regions	**19 680**	**227**	**1,15**	**1 653**	**139**	**8,41**
Centre	**363**				**1 001**	
Gross loans and advances/ECL held at amortised cost	**611 489**	**4 201**	**0,69**	**96 789**	**6 817**	**7,04**
GLAA/ECL for assets held at FVOCI	**15 055**	**44**		**3 783**	**118**	
Trading GLAA held at FVTPL	**60 002**					
Banking book GLAA held at FVTPL	**10 944**					
GLAA for fair-value hedge-accounted portfolios	**1 678**					
Off-balance-sheet ECL		**133**			**141**	
Total GLAA/ ECL	**699 168**	**4 378**		**100 572**	**7 076**	

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	GLAA excluding trading book	Stage 3 GLAA as a % of GLAA excluding trading book
Rm	Rm	%	Rm	Rm	%	Rm	%
9 396	1 792	19,07	305 081	3 902	1,28	334 722	3,06
5 840	1 033	17,69	142 749	1 974	1,38	167 695	3,99
3 556	759	21,34	162 332	1 928	1,19	167 027	2,13
27 410	11 717	42,75	389 297	19 166	4,92	389 297	7,04
4 402	1 132	25,71	80 960	2 010	2,48	80 960	5,44
23 008	10 585	46,01	308 337	17 156	5,56	308 337	7,46
1 333	318	23,86	30 343	410	1,35	31 358	4,25
1 780	680	38,20	23 113	1 046	4,53	23 113	7,70
			363	1 001		2 012	
39 919	14 507	36,34	748 197	25 525	3,41	780 502	5,22
845	484		19 683	646			
			60 002			60 002	
			10 944				
			1 678				
	204			478			
40 764	15 195		840 504	26 649		840 504	

Favourable	Unfavourable
• Gross loans and advances growth in RBB having continued its momentum from 2020, benefiting from the 300 bps total cut in interest rates in 2020. • An increase in unsecured lending volumes originated through the group's expanded digital channels. • Continuing to benefit from our MFC business model that is more geared towards lower-value and second-hand vehicles as clients buy down in a difficult economic environment.	• CIB gross banking loans and advances having declined as a result of clients using excess liquidity to repay committed facilities. • Current demand for new wholesale loans remaining low, with the timing of drawdowns uncertain, although recent developments are encouraging, including the increase in private renewable-energy-generation capacity.

December 2020	Stage 1 GLAA Rm	Stage 1 ECL Rm	Stage 1 Coverage %	Stage 2 GLAA Rm	Stage 2 ECL Rm	Stage 2 Coverage %
Corporate and Investment Banking (CIB)	272 163	812	0,30	48 642	1 093	2,25
CIB, excluding Property Finance	120 921	504	0,42	32 918	485	1,47
Property Finance	151 242	308	0,20	15 724	608	3,87
Retail and Business Banking (RBB)	297 063	2 954	0,99	46 982	4 454	9,48
Business Banking	57 659	310	0,54	13 988	515	3,68
Retail	239 404	2 644	1,10	32 994	3 939	11,94
Wealth	28 511	46	0,16	735	56	7,62
Nedbank Africa Regions	20 489	217	1,06	2 072	152	7,34
Centre	383				748	
Gross loans and advances/ECL held at amortised cost	618 609	4 029	0,65	98 431	6 503	6,61
GLAA/ECL for assets held at FVOCI	12 501	54		4 599	71	
Trading GLAA held at FVTPL	71 251					
Banking book GLAA held at FVTPL	11 599					
GLAA for fair-value hedge-accounted portfolios	4 163					
Off-balance-sheet ECL		154			198	
Total GLAA/ECL	718 123	4 237		103 030	6 772	

June 2020	Stage 1 GLAA Rm	Stage 1 ECL Rm	Stage 1 Coverage %	Stage 2 GLAA Rm	Stage 2 ECL Rm	Stage 2 Coverage %
Corporate and Investment Banking (CIB)	312 911	1 218	0,39	59 814	945	1,58
CIB, excluding Property Finance[1,2]	181 425	958	0,53	45 509	581	1,28
Property Finance	131 486	260	0,20	14 305	364	2,55
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	29 821	35	0,12	395	25	6,33
Nedbank Africa Regions	19 425	221	1,14	2 553	128	5,01
Centre[2]	(66)			(26)	399	
Gross loans and advances/ECL held at amortised cost	654 198	4 109	0,63	106 040	4 760	4,49
GLAA/ECL for assets held at FVOCI	15 661	61		5 102	132	
Trading GLAA held at FVTPL	38 542					
Banking book GLAA held at FVTPL	12 033					
GLAA for fair-value hedge-accounted portfolios	4 452					
Off-balance-sheet ECL		161			113	
Total GLAA/ECL	724 886	4 331		111 142	5 005	

[1] *As disclosed at 31 December 2020, the group reviewed the presentation of corporate bonds during 2020. As a result of the review, the group reclassified listed corporate bonds from 'Government and other securities' to 'Loans and advances'. June 2020 comparative information has been restated accordingly.*

[2] *With respect to June 2020, the macro fair-value hedge accounting adjustments have been reclassified from CIB to Centre to align with the group's segmental balance, which reflects these balances in the Balance Sheet Management division.*

	Stage 3			TOTAL				
	GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA, excluding trading book	Stage 3 GLAA as a % of total GLAA
	Rm	Rm	%	Rm	Rm	%	Rm	%
	10 964	1 634	14,90	331 769	3 539	1,07	361 280	3,51
	7 643	993	12,99	161 482	1 982	1,23	190 891	4,90
	3 321	641	19,30	170 287	1 557	0,91	170 389	1,95
	31 340	11 705	37,35	375 385	19 113	5,09	375 385	8,35
	5 221	1 183	22,66	76 868	2 008	2,61	76 868	6,79
	26 119	10 522	40,28	298 517	17 105	5,73	298 517	8,75
	1 320	332	25,15	30 566	434	1,42	31 567	4,18
	1 625	584	35,94	24 186	953	3,94	24 186	6,72
	(6)	17		377	765		4 438	
	45 243	14 272	31,55	762 283	24 804	3,25	796 856	5,89
	1 711	484		18 811	609			
				71 251			71 251	
				11 599				
				4 163				
		312			664			
	46 954	15 068		868 107	26 077		868 107	

	Stage 3			TOTAL				
	GLAA	ECL	Coverage	GLAA	ECL	Coverage	GLAA, excluding trading book	Stage 3 GLAA as a % of total GLAA
	Rm	Rm	%	Rm	Rm	%	Rm	%
	8 199	1 847	22,53	380 924	4 010	1,05	413 438	2,13
	4 849	1 265	26,09	231 783	2 804	1,21	245 806	2,22
	3 350	582	17,37	149 141	1 206	0,81	167 632	2,00
	29 500	11 222	38,04	364 911	17 120	4,69	364 911	8,08
	4 522	1 267	28,02	79 126	1 862	2,35	79 126	5,71
	24 978	9 955	39,86	285 785	15 258	5,34	285 785	8,74
	1 003	250	24,93	31 219	310	0,99	32 242	3,11
	1 512	591	39,09	23 490	940	4,00	23 490	6,44
	(14)	15		(106)	414		4 218	
	40 200	13 925	34,64	800 438	22 794	2,85	838 299	4,87
	613	380		21 376	573			
				38 542			38 542	
				12 033				
				4 452				
		114			388			
	40 813	14 419		876 841	23 755		876 841	

GLAA, ECL AND COVERAGE, BY PRODUCT

June 2021	Stage 1 GLAA Rm	Stage 1 ECL Rm	Stage 1 Coverage %	Stage 2 GLAA Rm	Stage 2 ECL Rm	Stage 2 Coverage %
Residential mortgages	**145 270**	**345**	**0,24**	**16 942**	**846**	**4,99**
Commercial mortgages	**158 667**	**528**	**0,33**	**19 515**	**786**	**4,03**
Instalment debtors	**113 985**	**1 207**	**1,06**	**16 655**	**1 617**	**9,71**
Credit cards and overdrafts	**23 396**	**900**	**3,85**	**6 842**	**926**	**13,53**
Term loans	**98 467**	**1 121**	**1,14**	**22 599**	**1 269**	**5,62**
Other client loans	**64 161**	**150**	**0,23**	**14 209**	**1 384**	**9,74**
Other including credit and zero balances	**7 543**	**(50)**		**27**	**(11)**	
GLAA/ECL held at amortised cost	**611 489**	**4 201**	**0,69**	**96 789**	**6 817**	**7,04**

December 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	140 249	350	0,25	15 988	801	5,01
Commercial mortgages	161 287	376	0,23	18 367	694	3,78
Instalment debtors	108 290	1 159	1,07	16 511	1 625	9,84
Credit cards and overdrafts	21 031	834	3,97	7 581	1 094	14,43
Term loans	115 254	1 136	0,99	26 597	1 313	4,94
Other client loans	64 978	223	0,34	13 365	988	7,39
Other including credit and zero balances	7 519	(49)		22	(12)	
GLAA/ECL held at amortised cost	618 608	4 029	0,65	98 431	6 503	6,61

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	862	2,28	7 161	699	9,76
Term loans	143 016	1 419	0,99	30 598	1 116	3,65
Other client loans	67 481	367	0,54	18 015	648	3,60
Other including credit and zero balances	6 161	(56)		20	(9)	
GLAA/ECL held at amortised cost[1]	654 198	4 109	0,63	106 040	4 760	4,49

[1] *As disclosed at 31 December 2020, the group reviewed the presentation of corporate bonds during 2020. As a result of the review, the group reclassified listed corporate bonds from 'Government and other securities' to 'Loans and advances'. June 2020 comparative information has been restated accordingly.*

	Stage 3			TOTAL		
	GLAA	ECL	Coverage	GLAA	ECL	Coverage
	Rm	Rm	%	Rm	Rm	%
	10 289	**2 251**	**21,88**	**172 501**	**3 442**	**2,00**
	5 505	**1 041**	**18,91**	**183 687**	**2 355**	**1,28**
	7 825	**3 545**	**45,30**	**138 465**	**6 369**	**4,60**
	3 590	**2 476**	**68,97**	**33 828**	**4 302**	**12,72**
	10 043	**4 617**	**45,97**	**131 109**	**7 007**	**5,34**
	2 206	**578**	**26,20**	**80 576**	**2 112**	**2,62**
	461	**(1)**		**8 031**	**(62)**	
	39 919	**14 507**	**36,34**	**748 197**	**25 525**	**3,41**

	Stage 3			TOTAL		
	GLAA	ECL	Coverage	GLAA	ECL	Coverage
	Rm	Rm	%	Rm	Rm	%
	11 656	2 318	19,89	167 893	3 469	2,07
	5 644	999	17,70	185 298	2 069	1,12
	10 468	3 876	37,03	135 269	6 660	4,92
	4 277	2 476	57,89	32 889	4 404	13,39
	10 847	4 331	39,93	152 698	6 780	4,44
	2 293	272	11,86	80 636	1 483	1,84
	58			7 599	(61)	
	45 243	14 272	31,55	762 282	24 804	3,25

	Stage 3			TOTAL		
	GLAA	ECL	Coverage	GLAA	ECL	Coverage
	Rm	Rm	%	Rm	Rm	%
	11 781	2 335	19,82	164 669	3 237	1,97
	5 189	992	19,12	180 736	1 771	0,98
	9 292	3 580	38,53	130 852	5 722	4,37
	4 062	2 359	58,07	49 014	3 920	8,00
	7 829	4 171	53,28	181 443	6 706	3,70
	1 995	489	24,51	87 491	1 504	1,72
	52	(1)		6 233	(66)	
	40 200	13 925	34,64	800 438	22 794	2,85

Economic Scenarios

Scenario	Probability weighting (%)	31 June 2021 Total ECL allowance	Difference to weighted scenarios	Percentage difference to weighted scenarios (%)	Economic measures	Economic forecast (%) 2021	2022	2023
Base case	**50**	**26 340**	**(309)**	**(1,2)**	**GDP[1]**	**5,0[1]**	**2,0**	**1,7**
					Prime	**7,0**	**7,4**	**8,0**
					HPI	**4,4**	**4,3**	**3,9**
Mild stress	**21**	**26 697**	**48**	**0,2**	**GDP**	**4,3**	**0,2**	**1,0**
					Prime	**7,1**	**7,5**	**8,5**
					HPI	**4,2**	**3,8**	**3,4**
Positive outcome	**21**	**25 977**	**(672)**	**(2,5)**	**GDP**	**5,5**	**3,0**	**2,4**
					Prime	**7,0**	**6,8**	**6,8**
					HPI	**4,8**	**5,0**	**4,7**
High stress	**8**	**27 070**	**421**	**1,6**	**GDP**	**3,5**	**(1,0)**	**0,5**
					Prime	**7,2**	**7,7**	**8,8**
					HPI	**4,0**	**3,4**	**2,9**
Weighted scenarios	**100**	**26 649**						

[1] *Overlays reduce the effective 2021 GDP down to 4,2%.*

Scenario	Probability weighting (%)	31 December 2020 Total ECL allowance	Difference to weighted scenarios	Percentages difference to weighted scenarios (%)	Economic measures	Economic forecast (%) 2021	2022	2023
Base case	50	25 949	(128)	(0,5)	**GDP**	3,0	2,2	1,5
					Prime	7,0	7,4	7,5
					HPI	2,1	2,3	3,5
Mild stress	21	26 466	389	1,5	**GDP**	2,8	1,7	1,2
					Prime	7,3	8,0	8,0
					HPI	1,8	2,1	3,1
Positive outcome	21	25 613	(464)	(1,8)	**GDP**	3,9	2,4	1,6
					Prime	7,0	7,0	7,0
					HPI	3,6	4,1	4,8
High stress	8	27 034	957	3,7	**GDP**	2,1	1,7	0,9
					Prime	7,4	8,5	8,5
					HPI	1,5	1,9	2,7
Weighted scenarios	**100**	**26 077**						

Climate-related disclosure

	Rm			% of GLAA	
	June 2021	Dec 2020	Ytd change	**June 2021**	Dec 2020
Thermal coal[1]					
Limit[2]	**5 697**	5 707	(10)	**0,7**	0,7
Drawn exposure	**1 455**	3 600	(2 145)	**0,2**	0,4
Upstream oil[3]					
Limit[2]	**15 532**	15 900	(368)	**1,8**	1,8
Drawn exposure	**8 331**	10 900	(2 569)	**1,0**	1,3
Upstream gas[3]					
Limit[2]	**1 625**	4 600	(2 975)	**0,2**	0,5
Drawn exposure	**1 211**	1 800	(589)	**0,1**	0,2
Non-renewable-power-generation exposure					
Limit[2]	**9 550**	11 480	(1 930)	**1,1**	1,3
Drawn exposure	**7 582**	10 240	(2 658)	**0,9**	1,2
Renewable Energy Independent Power Producer Programme[4]					
Limit[2]	**35 967**	36 200	(233)	**4,3**	4,2
Drawn exposure	**29 379**	31 500	(2 121)	**3,5**	3,6
Embedded-energy generation projects[5]					
Limit[2]	**419**	365	54	**0,0**	0,0
Drawn exposure	**387**	246	141	**0,0**	0,0
African renewable-energy projects					
Limit[2]	**609**	657	(48)	**0,1**	0,1
Drawn exposure	**469**	550	(81)	**0,1**	0,1
Total renewable energy					
Limit[2]	**36 995**	37 222	(227)	**4,4**	4,3
Drawn exposure	**30 235**	32 296	(2 061)	**3,6**	3,7

[1] *Excludes derivative products and environmental guarantees.*
[2] *Limits include all committed facilities approved to the clients in the respective portfolios.*
[3] *Includes all limits and exposures including all products and derivatives.*
[4] *Board-approved limit of R50bn.*
[5] *Board-approved limit of R2bn.*

GROSS ADVANCES AND ECL MOVEMENT

Reconciliation of loss allowance relating to financial assets measured at amortised cost and FVOCI because of 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.

	Stage 1		
Loans and advances (Rm)	**GLAA**	**ECL**	**Amortised cost**
Net balance at 31 December 2020	**611 089**	**4 183**	**606 906**
New loans and advances originated	**96 312**	**1 243**	**95 069**
Loans and advances written off			**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements[1]	**(80 338)**	**1 865**	**(82 203)**
Transfers to stage 1	**27 948**	**713**	**27 235**
Transfers to stage 2	**(43 252)**	**(1 769)**	**(41 483)**
Transfers to stage 3	**(7 624)**	**(1 992)**	**(5 632)**
Foreign exchange and other movements	**(189)**	**91**	**(280)**
Net balances	**603 946**	**4 334**	**599 612**
Total credit and zero balances	**7 543**		**7 543**
Balance at 30 June 2021	**611 489**	**4 334**	**607 155**
GLAA for assets held at FVOCI	**15 055**		**15 055**
GLAA for assets held at FVTPL	**70 946**		**70 946**
GLAA for fair-value hedge-accounted portfolios	**1 678**		**1 678**
Off-balance-sheet ECL		**(133)**	**133**
Loans and advances at 30 June 2021	**699 168**	**4 201**	**694 967**

	Stage 1		
CIB, excluding Property Finance (Rm)	**GLAA**	**ECL**	**Amortised cost**
Net balance at 31 December 2020	**120 921**	**573**	**120 348**
New loans and advances originated	**23 429**	**40**	**23 389**
Loans and advances written off			**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(22 871)**	**(50)**	**(22 821)**
Transfers to stage 1	**8 489**	**314**	**8 175**
Transfers to stage 2	**(20 513)**	**(175)**	**(20 338)**
Transfers to stage 3	**(1 607)**	**(275)**	**(1 332)**
Foreign exchange and other movements	**57**	**(2)**	**59**
Net balances	**107 905**	**425**	**107 480**
GLAA for assets held at FVOCI	**15 055**		**15 055**
GLAA for assets held at FVTPL	**65 214**		**65 214**
GLAA for fair-value hedge-accounted portfolios	**51**		**51**
Off-balance-sheet ECL		**(61)**	**61**
Loans and advances at 30 June 2021	**188 225**	**364**	**187 861**

	Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
	98 409	6 701	91 708	45 185	14 584	30 601	754 683	25 468	729 215
			–			–	96 312	1 243	95 069
			–	(3 915)	(3 915)	–	(3 915)	(3 915)	–
	(20 160)	553	(20 713)	(6 711)	676	(7 387)	(107 209)	3 094	(110 303)
	(23 315)	(493)	(22 822)	(4 633)	(220)	(4 413)	–	–	–
	49 929	2 303	47 626	(6 677)	(534)	(6 143)	–	–	–
	(8 147)	(2 141)	(6 006)	15 771	4 133	11 638	–	–	–
	46	35	11	438	(13)	451	295	113	182
	96 762	6 958	89 804	39 458	14 711	24 747	740 166	26 003	714 163
	27		27	461		461	8 031		8 031
	96 789	6 958	89 831	39 919	14 711	25 208	748 197	26 003	722 194
	3 783		3 783	845		845	19 683	–	19 683
			–			–	70 946	–	70 946
			–			–	1 678	–	1 678
		(141)	141		(204)	204	–	(478)	478
	100 572	6 817	93 755	40 764	14 507	26 257	840 504	25 525	814 979

	Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
	32 918	627	32 291	7 643	1 272	6 371	161 482	2 472	159 010
			–			–	23 429	40	23 389
			–	(428)	(428)	–	(428)	(428)	–
	(16 411)	77	(16 488)	(2 406)	231	(2 637)	(41 688)	258	(41 946)
	(8 455)	(227)	(8 228)	(34)	(87)	53	–	–	–
	22 563	216	22 347	(2 050)	(41)	(2 009)	–	–	–
	(1 535)	(5)	(1 530)	3 142	280	2 862	–	–	–
	(76)	(2)	(74)	(27)	(7)	(20)	(46)	(11)	(35)
	29 004	686	28 318	5 840	1 220	4 620	142 749	2 331	140 418
	3 783		3 783	845		845	19 683	–	19 683
			–			–	65 214	–	65 214
			–			–	51	–	51
		(109)	109		(187)	187	–	(357)	357
	32 787	577	32 210	6 685	1 033	5 652	227 697	1 974	225 723

Property Finance (Rm)	Stage 1		
	GLAA	ECL	Amortised cost
Net balance at 31 December 2020	**151 242**	**308**	**150 934**
New loans and advances originated	**21 301**	**57**	**21 244**
Loans and advances written off			**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(28 963)**	**117**	**(29 080)**
Transfers to stage 1	**1 734**	**12**	**1 722**
Transfers to stage 2	**(1 988)**	**(4)**	**(1 984)**
Transfers to stage 3	**(165)**	**(1)**	**(164)**
Foreign exchange and other movements	**(2)**		**(2)**
Net balances	**143 159**	**489**	**142 670**
GLAA for assets held at FVTPL	**4 695**		**4 695**
Loans and advances at 30 June 2021	**147 854**	**489**	**147 365**

Business Banking (Rm)	Stage 1		
	GLAA	ECL	Amortised cost
Net balance at 31 December 2020	**57 659**	**310**	**57 349**
New loans and advances originated	**12 275**	**120**	**12 155**
Loans and advances written off			**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(6 453)**	**(237)**	**(6 216)**
Transfers to stage 1	**3 861**	**124**	**3 737**
Transfers to stage 2	**(5 314)**	**(71)**	**(5 243)**
Transfers to stage 3	**(581)**	**(31)**	**(550)**
Balance at 30 June 2021	**61 447**	**215**	**61 232**
Off-balance-sheet ECL		**(7)**	**7**
Loans and advances at 30 June 2021	**61 447**	**208**	**61 239**

Retail – Home Loans (Rm)	Stage 1		
	GLAA	ECL	Amortised cost
Net balance at 31 December 2020	**113 027**	**257**	**112 770**
New loans and advances originated	**4 211**	**18**	**4 193**
Loans and advances written off			**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**1 852**	**206**	**1 646**
Transfers to stage 1	**4 028**	**15**	**4 013**
Transfers to stage 2	**(3 958)**	**(163)**	**(3 795)**
Transfers to stage 3	**(746)**	**(81)**	**(665)**
Net balances	**118 414**	**252**	**118 162**
Total credit and zero balances	**171**	**(1)**	**172**
Balance at 30 June 2021	**118 585**	**251**	**118 334**

	Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
	15 724	608	15 116	3 321	641	2 680	170 287	1 557	168 730
			–			–	21 301	57	21 244
			–	(10)	(10)	–	(10)	(10)	–
	(36)	79	(115)	(245)	128	(373)	(29 244)	324	(29 568)
	(1 685)	(8)	(1 677)	(49)	(4)	(45)	–	–	–
	1 996	4	1 992	(8)		(8)	–	–	–
	(382)	(3)	(379)	547	4	543	–	–	–
			–			–	(2)	–	(2)
	15 617	680	14 937	3 556	759	2 797	162 332	1 928	160 404
			–			–	4 695	–	4 695
	15 617	680	14 937	3 556	759	2 797	167 027	1 928	165 099

	Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
	13 988	515	13 473	5 221	1 183	4 038	76 868	2 008	74 860
			–			–	12 275	120	12 155
			–	(87)	(87)	–	(87)	(87)	–
	(956)	39	(995)	(687)	209	(896)	(8 096)	11	(8 107)
	(3 705)	(100)	(3 605)	(156)	(24)	(132)	–	–	–
	6 265	253	6 012	(951)	(182)	(769)	–	–	–
	(481)	(18)	(463)	1 062	49	1 013	–	–	–
	15 111	689	14 422	4 402	1 148	3 254	80 960	2 052	78 908
		(19)	19		(16)	16	–	(42)	42
	15 111	670	14 441	4 402	1 132	3 270	80 960	2 010	78 950

	Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
	14 264	724	13 540	9 236	1 785	7 451	136 527	2 766	133 761
			–			–	4 211	18	4 193
			–	(136)	(136)	–	(136)	(136)	–
	(402)	(1)	(401)	(697)	(150)	(547)	753	55	698
	(3 320)	(10)	(3 310)	(708)	(5)	(703)	–	–	–
	5 983	263	5 720	(2 025)	(100)	(1 925)	–	–	–
	(1 445)	(198)	(1 247)	2 191	279	1 912	–	–	–
	15 080	778	14 302	7 861	1 673	6 188	141 355	2 703	138 652
	6		6	11		11	188	(1)	189
	15 086	778	14 308	7 872	1 673	6 199	141 543	2 702	138 841

Retail – Instalment debtors (Rm)	Stage 1		
	GLAA	ECL	Amortised cost
Net balance at 31 December 2020	**94 781**	**1 097**	**93 684**
New loans and advances originated	**22 388**	**286**	**22 102**
Loans and advances written off			**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(14 581)**	**676**	**(15 257)**
Transfers to stage 1	**6 813**	**155**	**6 658**
Transfers to stage 2	**(6 181)**	**(569)**	**(5 612)**
Transfers to stage 3	**(2 698)**	**(500)**	**(2 198)**
Balance at 30 June 2021	**100 522**	**1 145**	**99 377**

Retail – Card, term and other (Rm)	Stage 1		
	GLAA	ECL	Amortised cost
Net balance at 31 December 2020	**24 077**	**1 290**	**22 787**
New loans and advances originated	**8 394**	**589**	**7 805**
Loans and advances written off			**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(4 306)**	**1 308**	**(5 614)**
Transfers to stage 1	**1 248**	**93**	**1 155**
Transfers to stage 2	**(2 561)**	**(728)**	**(1 833)**
Transfers to stage 3	**(1 520)**	**(1 031)**	**(489)**
Net balances	**25 332**	**1 521**	**23 811**
Total credit and zero balances	**7 372**	**(48)**	**7 420**
Balance at 30 June 2021	**32 704**	**1 473**	**31 231**

	Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
	13 552	1 554	11 998	9 770	3 599	6 171	118 103	6 250	111 853
			–			–	22 388	286	22 102
			–	(1 319)	(1 319)	–	(1 319)	(1 319)	–
	(1 196)	(131)	(1 065)	(1 985)	212	(2 197)	(17 762)	757	(18 519)
	(4 048)	(78)	(3 970)	(2 765)	(77)	(2 688)	–	–	–
	7 341	685	6 656	(1 160)	(116)	(1 044)	–	–	–
	(2 037)	(513)	(1 524)	4 735	1 013	3 722	–	–	–
	13 612	1 517	12 095	7 276	3 312	3 964	121 410	5 974	115 436

	Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
	5 156	1 661	3 495	7 056	5 138	1 918	36 289	8 089	28 200
			–			–	8 394	589	7 805
			–	(1 937)	(1 937)	–	(1 937)	(1 937)	–
	(450)	353	(803)	(448)	140	(588)	(5 204)	1 801	(7 005)
	(959)	(71)	(888)	(289)	(22)	(267)	–	–	–
	2 988	819	2 169	(427)	(91)	(336)	–	–	–
	(1 936)	(1 342)	(594)	3 456	2 373	1 083	–	–	–
	4 799	1 420	3 379	7 411	5 601	1 810	37 542	8 542	29 000
	21	(13)	34	449	(1)	450	7 842	(62)	7 904
	4 820	1 407	3 413	7 860	5 600	2 260	45 384	8 480	36 904

Wealth (Rm)	Stage 1 GLAA	Stage 1 ECL	Stage 1 Amortised cost	
Net balance at 31 December 2020	**28 511**	**46**	**28 465**	
New loans and advances originated	**2 363**	**93**	**2 270**	
Loans and advances written off			**–**	
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(2 072)**	**(65)**	**(2 007)**	
Transfers to stage 1	**950**	**4**	**946**	
Transfers to stage 2	**(2 348)**	**(31)**	**(2 317)**	
Transfers to stage 3	**(124)**	**(3)**	**(121)**	
Foreign exchange and other movements	**(156)**		**(156)**	
Net balances	**27 124**	**44**	**27 080**	
GLAA for assets held at FVTPL	**1 015**		**1 015**	
Loans and advances at 30 June 2021	**28 139**	**44**	**28 095**	

Nedbank Africa Regions (Rm)	Stage 1 GLAA	Stage 1 ECL	Stage 1 Amortised cost	
Net balance at 31 December 2020	**20 489**	**241**	**20 248**	
New loans and advances originated	**1 891**	**40**	**1 851**	
Loans and advances written off			**–**	
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(2 948)**	**(29)**	**(2 919)**	
Transfers to stage 1	**825**	**(4)**	**829**	
Transfers to stage 2	**(389)**	**(28)**	**(361)**	
Transfers to stage 3	**(183)**	**(70)**	**(113)**	
Foreign exchange and other movements	**(5)**	**93**	**(98)**	
Net balances	**19 680**	**243**	**19 437**	
Off-balance-sheet ECL		**(16)**	**16**	
Loans and advances at 30 June 2021	**19 680**	**227**	**19 453**	

	Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
	735	56	679	1 320	332	988	30 566	434	30 132
			–			–	2 363	93	2 270
			–			–	–	–	–
	(205)	(8)	(197)	(148)	(44)	(104)	(2 425)	(117)	(2 308)
	(813)	(3)	(810)	(137)	(1)	(136)	–	–	–
	2 391	34	2 357	(43)	(3)	(40)	–	–	–
	(219)	(31)	(188)	343	34	309	–	–	–
	(3)		(3)	(2)		(2)	(161)	–	(161)
	1 886	48	1 838	1 333	318	1 015	30 343	410	29 933
			–			–	1 015	–	1 015
	1 886	48	1 838	1 333	318	1 015	31 358	410	30 948

	Stage 2			Stage 3			Total		
	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost	GLAA	ECL	Amortised cost
	2 072	158	1 914	1 625	584	1 041	24 186	983	23 203
			–			–	1 891	40	1 851
			–	2	2	–	2	2	–
	(504)	(58)	(446)	(102)	(33)	(69)	(3 554)	(120)	(3 434)
	(330)	4	(334)	(495)		(495)	–	–	–
	402	29	373	(13)	(1)	(12)	–	–	–
	(112)	(31)	(81)	295	101	194	–	–	–
	125	37	88	467	27	440	587	157	430
	1 653	139	1 514	1 779	680	1 099	23 112	1 062	22 050
			–	1		1	1	(16)	17
	1 653	139	1 514	1 780	680	1 100	23 113	1 046	22 067

9 Investment securities

Rm	Jun 2021	Jun 2020	Dec 2020
Equity investments	**6 838**	7 015	7 380
Associates – Property Partners	**1 786**	1 897	1 842
Associates – Investment Banking	**1 251**	1 029	1 128
Unlisted investments – Property Partners	**1 400**	1 372	1 339
Unlisted investments – Investment Banking	**2 401**	2 717	3 071
Listed investments	**21**	556	136
Unlisted investments	**3 100**	2 712	3 150
Taquanta Asset Managers portfolio	**500**	475	470
Strate Limited	**143**	143	143
Other	**2 457**	2 094	2 537
Total listed and unlisted investments	**9 959**	10 283	10 666
Listed policyholder investments at market value	**13 146**	12 424	13 129
Unlisted policyholder investments at directors' valuation	**2 804**	2 532	2 641
Net policyholder liabilities	**(16)**	(9)	(11)
Total policyholder investments	**15 934**	14 947	15 759
Total investment securities	**25 893**	25 230	26 425

EQUITY RISK IN THE BANKING BOOK

		Jun 2021	Jun 2020	Dec 2020
Total equity portfolio	Rm	**13 030**	13 739	13 988
Accounted for at fair value	Rm	**9 959**	10 283	10 666
Equity-accounted, including investment in ETI	Rm	**3 071**	3 456	3 322
Percentage of total assets	%	**1,1**	1,1	1,1
Percentage of group minimum economic-capital requirement	%	**5,4**	4,8	4,8

- Equity risk in the banking book is primarily assumed in CIB, which actively makes investments with clearly defined strategies.
- Additional investments are undertaken as a result of operational requirements or strategic decisions, or as part of debt restructuring.
- The equity portfolio that is held at fair value declined by R324m, largely due to disposals and repayment of facilities. Additional property overlays were raised for possible downside risk to property investments. These were offset by new and follow-on investments.
- The value of the portfolio that is equity-accounted decreased by R385m to R3 071m (June 2020: R3 456m). This was largely due to a R297m decline in the ETI carrying value.
- The 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 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
Associates									
Listed									
ETI[2]	**270**	76	(178)	**2 055**	2 352	2 180	**38**	557	(7)
Unlisted									
Equity investments: Tracker Technology Holdings Proprietary Limited	**27**	24	56	**456**	573	570	**1 514**	852	774
Other equity investments	**20**	14	37	**160**	139	156			
Other strategic investments	**10**	(16)	9	**400**	392	416			
Total	**327**	98	(76)	**3 071**	3 456	3 322	**1 552**	1 409	767

[1] *Includes on-balance-sheet and off-balance-sheet exposure.*
[2] *ETI is a pan-African bank and its shares are listed on the stock exchanges of Nigeria, Ghana and the Ivory Coast.*

The percentage holding in ETI at 30 June 2021 was 21,2% (31 December 2020: 21,2%).

ACCOUNTING RECOGNITION OF ETI

Rm	**Jun 2021**	Jun 2020	Dec 2020
Opening carrying value	**3 930**	3 674	3 674
Share of gains/(losses) of associate comapny[1,2]	**270**	76	(178)
Share of OCI[1,2]	**(326)**	(246)	207
Foreign currency translation[3]	**(69)**	598	227
Closing carrying value pre-impairment provision	**3 805**	4 102	3 930
Impairment provision	**(1 750)**	(1 750)	(1 750)
Closing carrying value	**2 055**	2 352	2 180

[1] *Applicable period: 1 October 2020 – 31 March 2021.*
[2] *Applicable average exchange rate: 1 January 2021 – 30 June 2021.*
[3] *Applicable period: 1 January 2021 – 30 June 2021, ie the cumulative difference at each quarter of the earnings and other comprehensive income converted at an average USD/ZAR rate when compared with the related US dollar balances converted at the quarter-end spot rate. The USD/ZAR exchange rate appreciated from R14,70 on 31 December 2020 to R14,27 on 30 June 2021.*

The market value of the group's investment in ETI, based on its quoted share price, was R0,9bn on 30 June 2021 and R1,0bn on 6 August 2021.

11 Intangible assets

Rm	Jun 2021	Jun 2020	Dec 2020
Computer software and capitalised development costs	**9 050**	8 532	8 981
Goodwill	**4 749**	5 129	4 747
Client relationships, contractual rights and other	**21**	35	23
	13 820	13 696	13 751

COMPUTER SOFTWARE AND CAPITALISED DEVELOPMENT COSTS – CARRYING AMOUNT

Rm	Amortisation periods	Jun 2021	Jun 2020	Dec 2020
Computer software	2–10 years	**7 590**	6 596	7 352
Core product and client systems		**1 816**	1 653	1 724
Support systems		**2 411**	2 353	2 438
Digital systems		**2 636**	1 991	2 492
Payment systems		**727**	599	698
Development costs not yet commissioned	none	**1 460**	1 936	1 629
Core product and client systems		**438**	543	523
Support systems		**310**	382	343
Digital systems		**606**	874	578
Payment systems		**106**	137	185
		9 050	8 532	8 981
Computer software				
Opening balance		**7 352**	6 502	6 502
Additions		**138**	186	475
Commissioned during period		**894**	596	1 949
Foreign exchange and other moves		**9**	8	18
Amortisation charge for the period		**(803)**	(664)	(1 436)
Impairments			(32)	(156)
Closing balance		**7 590**	6 596	7 352
Development costs not yet commissioned				
Opening balance		**1 629**	1 752	1 752
Additions		**730**	798	1 877
Commissioned during period		**(894)**	(596)	(1 949)
Impairments		**(5)**	(18)	(51)
Closing balance		**1 460**	1 936	1 629

Notes

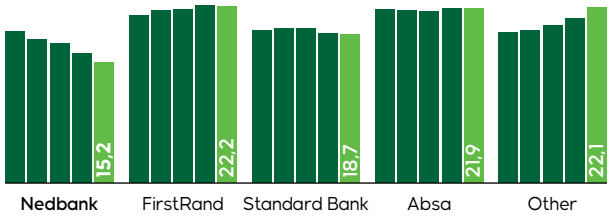
12 Amounts owed to depositors

SEGMENTAL BREAKDOWN

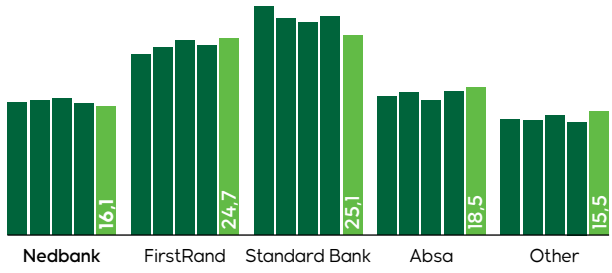
Rm	Yoy % change	Nedbank Group			Corporate and Investment Banking		
		Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
Current accounts	**12**	**99 300**	88 966	98 886	**7 155**	7 865	8 105
Savings accounts	**6**	**45 077**	42 467	44 233			
Other deposits and loan accounts	**4**	**670 242**	645 596	675 363	**380 605**	354 805	389 077
Call and term deposits	**8**	**346 862**	321 830	337 197	**127 765**	108 548	123 311
Fixed deposits	**(16)**	**58 004**	69 454	63 429	**14 395**	16 301	16 404
Cash management deposits	**47**	**111 910**	76 318	111 832	**99 586**	64 154	97 678
Other deposits	**(14)**	**153 466**	177 994	162 905	**138 859**	165 802	151 684
Foreign currency liabilities	**(28)**	**20 664**	28 635	21 146	**12 999**	21 518	13 597
Negotiable certificates of deposit	**(27)**	**86 397**	118 814	100 405			
Macro fair-value hedge accounting adjustment	**(76)**	**514**	2 187	1 415			
Deposits received under repurchase agreements	**(22)**	**13 529**	17 346	12 267	**13 529**	17 346	12 267
Total amounts owed to depositors	**(1)**	**935 723**	944 011	953 715	**414 288**	401 534	423 046
Comprises:							
– Amounts owed to clients	**2**	**899 275**	879 320	905 081	**381 547**	341 475	378 581
– Amounts owed to banks	**(44)**	**36 448**	64 691	48 634	**32 741**	60 059	44 465
Total amounts owed to depositors	**(1)**	**935 723**	944 011	953 715	**414 288**	401 534	423 046

Market share according to BA900

HOUSEHOLD DEPOSITS[1] (JUN 2017 – MAY 2021)
(%)



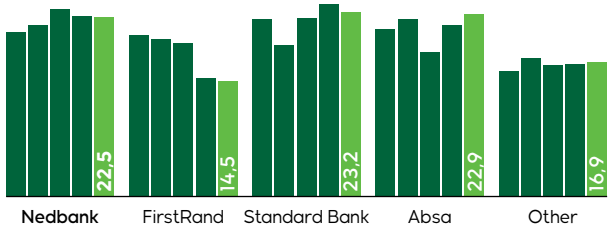
NON-FINANCIAL CORPORATE DEPOSITS[2] (JUN 2017 – MAY 2021)
(%)



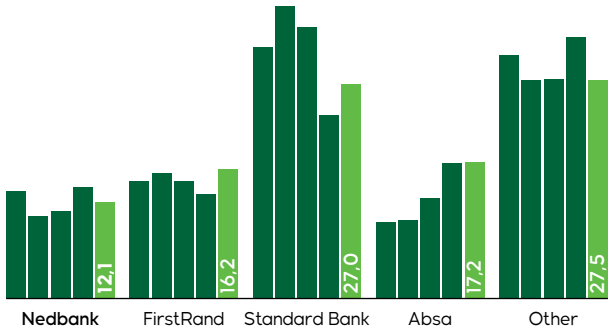
[1] *Includes households according to the BA900 return.*
[2] *Includes private non-financial corporate sector deposits, unincorporated businesses as well as non-profit and charities according to the BA900 return.*

	Retail and Business Banking			Wealth			Nedbank Africa Regions			Centre		
	Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
	79 948	70 772	79 768	**2 105**	1 846	1 874	**9 999**	8 407	9 052	**93**	76	87
	13 033	11 920	12 300	**31 195**	29 715	31 083	**849**	832	850			
	259 757	256 806	255 150	**10 308**	13 768	10 957	**18 202**	19 980	18 947	**1 370**	237	1 232
	198 935	190 588	192 121	**9 064**	11 112	9 311	**11 095**	11 579	12 451	**3**	3	3
	40 392	48 637	43 562	**578**	657	614	**2 647**	3 860	2 857	**(8)**	(1)	(8)
	10 319	9 800	11 748	**317**	384	424	**1 595**	1 890	1 893	**93**	90	89
	10 111	7 781	7 719	**349**	1 615	608	**2 865**	2 651	1 746	**1 282**	145	1 148
	7 502	6 458	7 025	**113**	14	31	**50**	645	493			
							4 034	3 240	3 952	**82 363**	115 574	96 453
										514	2 187	1 415
	360 240	345 956	354 243	**43 721**	45 343	43 945	**33 134**	33 104	33 294	**84 340**	118 074	99 187
	359 357	345 181	353 315	**43 721**	45 343	43 945	**31 910**	31 632	32 240	**82 740**	115 689	97 000
	883	775	928				**1 224**	1 472	1 054	**1 600**	2 385	2 187
	360 240	345 956	354 243	**43 721**	45 343	43 945	**33 134**	33 104	33 294	**84 340**	118 074	99 187

WHOLESALE DEPOSITS[3] (JUN 2017 – MAY 2021)
(%)



FOREIGN CURRENCY LIABILITIES[4] (JUN 2017 – MAY 2021)
(%)



[3] *Includes insurers, pension funds, private financial corporate-sector deposits, collateralised borrowings and repurchase deposits according to the BA900 return.*
[4] *Includes foreign currency deposits and foreign currency funding according to the BA900 return.*

Liquidity risk and funding

SUMMARY OF NEDBANK GROUP LIQUIDITY RISK AND FUNDING PROFILE

		Jun 2021	Jun 2020	Dec 2020
Total sources of quick liquidity	Rm	**254 132**	235 663	254 400
Total HQLA	Rm	**204 244**	187 012	206 943
Other sources of quick liquidity	Rm	**49 888**	48 651	47 457
Total sources of quick liquidity (as a percentage of total assets)	%	**21,4**	19,3	20,7
Long-term funding ratio (three-month average)	%	**27,9**	30,4	25,4
Senior unsecured debt, including green bonds	Rm	**38 669**	44 015	41 649
Green bonds	Rm	**2 629**	2 633	2 628
Total capital market issuance (excluding additional tier 1 capital)	Rm	**59 173**	62 234	59 770
Reliance on NCDs (as a percentage of total deposits)	%	**9,2**	12,6	10,5
Reliance on foreign currency deposits (as a percentage of total deposits)	%	**2,2**	3,0	2,2
Loan-to-deposit ratio	%	**87,1**	87,3	88,4
Basel III liquidity ratios				
LCR[1]	%	**130,5**	114,5	125,7
Minimum regulatory LCR requirement[2]	%	**80,0**	80,0	80,0
NSFR[3]	%	**113,6**	114,0	112,8
Minimum regulatory NSFR requirement	%	**100**	100	100

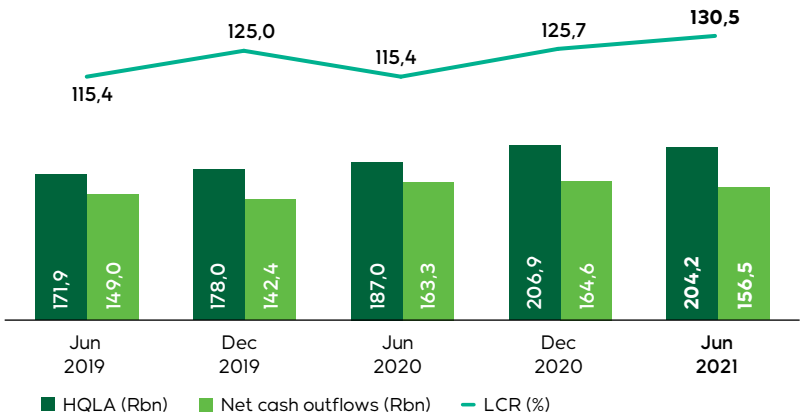
[1] *Only banking and/or deposit-taking entities are included in the group LCR and the group ratio represents an aggregation of the relevant individual net cash outflows (NCOF) and the individual HQLA portfolios across all banking and/or deposit-taking entities, where surplus HQLA holdings in excess of the minimum requirement of 100% have been excluded from the aggregated HQLA number in the case of all non-South African banking entities. The above figures reflect the simple average of daily observations over the quarter ending June 2021 for Nedbank Limited and the simple average of the month-end values at 30 April 2021, 31 May 2021 and 30 June 2021 for all non-South African banking entities.*

[2] *The PA issued Directive 1/2020 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.This currently remains effective for 2021, in line with Circular 1/2021.*

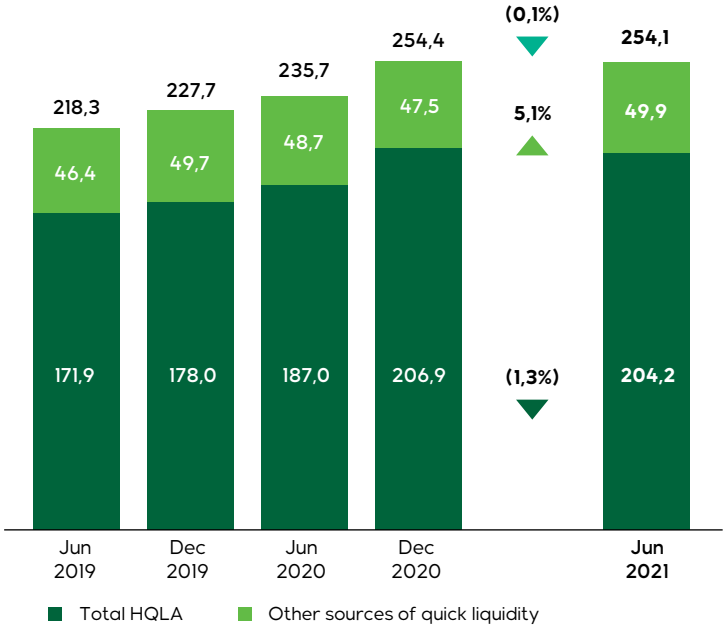
[3] *Only banking and/or deposit-taking entities are included in the group NSFR and the group data represents a consolidation of the relevant individual assets, liabilities and off-balance-sheet items.*

- 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 liquidity buffers designed to absorb seasonal, cyclical and systemic volatility observed in the LCR. On 31 March 2020 the PA issued Directive 1/2020 reducing the minimum LCR requirement from 100% to 80%, with effect from 1 April 2020. The reduction in the LCR minimum regulatory requirement was in direct response to financial market volatility brought on by the Covid-19 pandemic and the resulting lockdown. This currrently remains effective for 2021 in line with Circular 1 of 2021.
  - » The LCR, calculated using the simple average of daily observations over the quarter ending June 2021 for Nedbank Limited, and the simple average of the month-end values at 30 April 2021, 31 May 2021 and 30 June 2021 for all non-South African banking entities, was 130,5%.
    - – Nedbank's portfolio of LCR-compliant HQLA (mainly comprising government bonds and treasury bills) decreased slightly to a quarterly average of R204,2bn, down from December 2020, when the portfolio amounted to R206,9bn.
    - – The ytd increase in the LCR is primarily attributable to a decrease in the quarterly arithmetic average net cash outflows driven by increased demand for longer-term deposits.
    - – Nedbank will continue to manage the HQLA portfolio, taking into account balance sheet growth, while maintaining appropriately sized surplus liquid-asset buffers based on cyclical, seasonal and systemic market conditions.
    - – 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 R254,1bn at June 2021 and representing 21,4% of total assets.

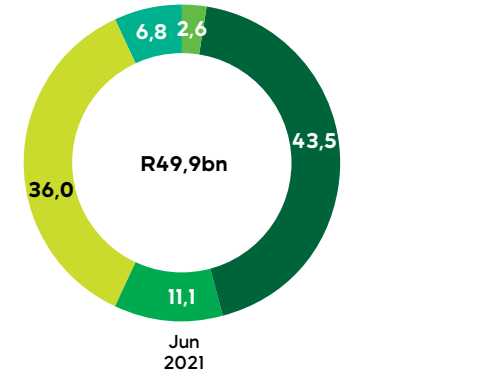
NEDBANK GROUP LCR EXCEEDS MINIMUM REGULATORY REQUIREMENTS



TOTAL SOURCES OF QUICK LIQUIDITY
(Rbn)

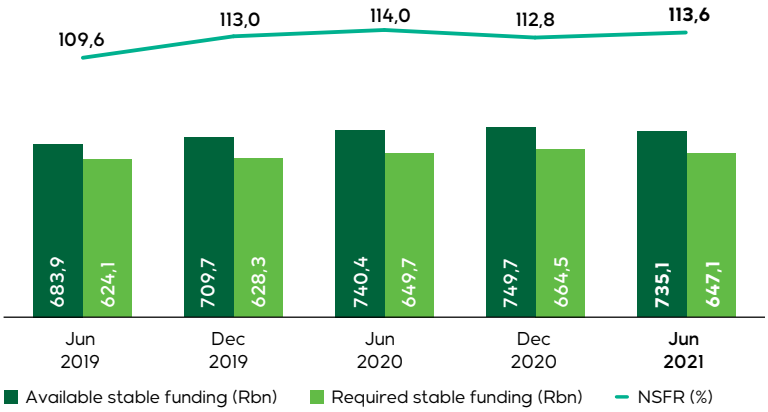


OTHER SOURCES OF QUICK LIQUIDITY CONTRIBUTION
(%)



– Nedbank exceeded the minimum NSFR regulatory requirement of 100%, effective from 1 January 2018, with a June 2021 ratio of 113,6% (Dec 2020: 112,8%). The marginal increase in the NSFR during H1 2021 is largely attributable to a proportional increase of long-term funding within the term-deposits funding sources. 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

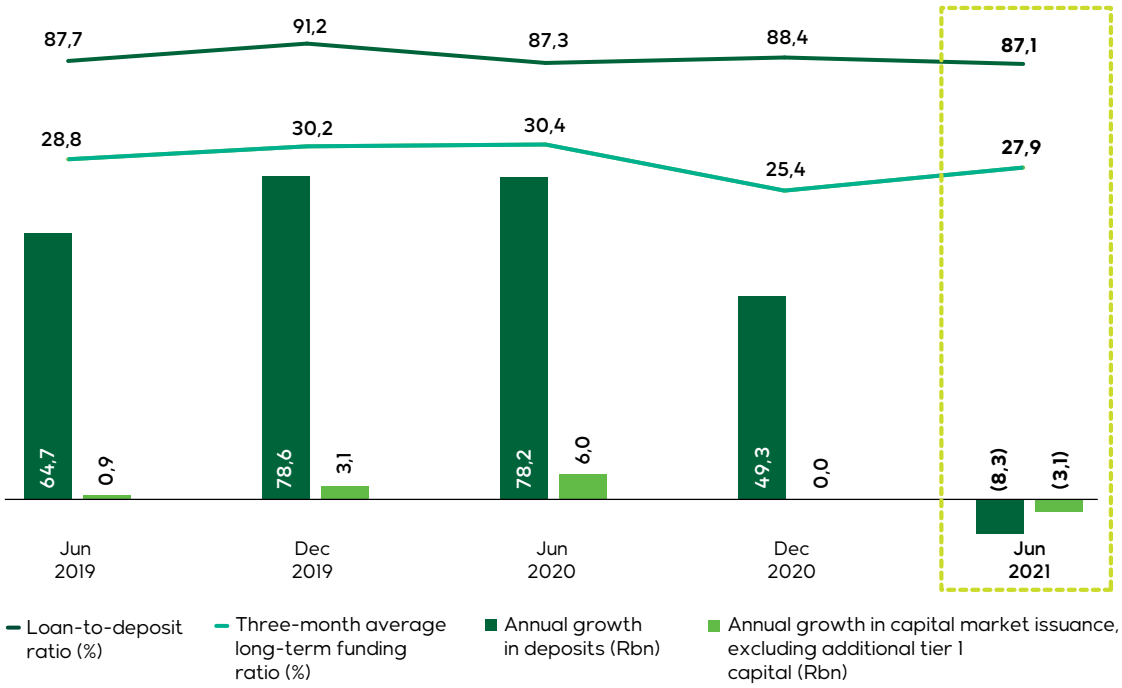


» A strong funding profile has been maintained in the first half of 2021, with Nedbank recording a three-month average long-term funding ratio of 27,9% in the second quarter of the year. The focus on proactively managing Nedbank's long-term funding profile contributed to a strong balance sheet position and sound liquidity risk metrics. Nedbank has continued to run a long-term funding profile that is more prudent when compared to the industry average of 22,4%.

- Nedbank successfully issued R2,2bn in senior unsecured debt, while R5,2bn matured during the ytd June 2021.
- Nedbank issued tier 2 capital instruments of R2,5bn during the first half of the year, in line with the group's capital plan.

» While foreign currency funding reliance remains small, at 2,2% 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



EXCHANGE RATES

	Average				Closing			
	Yoy % change	**Jun 2021**	Jun 2020	Dec 2020	Yoy % change	**Jun 2021**	Jun 2020	Dec 2020
UK pound to rand	(6)	**20,18**	21,45	19,99	(8)	**19,72**	21,46	20,07
US dollar to rand	(15)	**14,55**	17,14	14,87	(18)	**14,27**	17,36	14,70
US dollar to naira	13	**405,65**	360,54	381,21	14	**410,25**	360,75	381,20
Rand to naira	33	**27,89**	21,03	26,64	38	**28,74**	20,78	25,94

Equity analysis

ANALYSIS OF CHANGES IN NET ASSET VALUE

	Yoy % change	Jun 2021	Jun 2020	Dec 2020
Balance at the beginning of the period		**100 444**	98 449	98 449
Additional shareholder value	**71**	**5 055**	2 960	4 358
Profit attributable to equity holders of the parent		**5 239**	1 301	3 467
Currency translation movements		**(234)**	1 298	146
Exchange differences on translating foreign operations – foreign subsidiaries[1]		**(31)**	1 384	445
Exchange differences on translating foreign operations – ETI[1]		**(69)**	598	227
Share of other comprehensive income of investments accounted for using the equity method – ETI[2]		**(134)**	(684)	(526)
Fair-value adjustments		**(170)**	(23)	456
Fair-value adjustments on debt instruments		**(2)**	(109)	119
Share of other comprehensive income of investments accounted for using the equity method[2]		**(168)**	86	337
Defined-benefit fund adjustment		**252**	36	(80)
Share of other comprehensive income of investments accounted for using the equity method (included in other distributable reserves)		**(25)**	352	395
Property revaluations		**(7)**	(4)	(26)
Transactions with ordinary shareholders	**>100**	**320**	(3 348)	(2 952)
Dividends paid		**(4)**	(3 445)	(3 451)
Equity-settled share-based payments		**324**	97	292
Other transactions				207
Transaction with non-controlling shareholders	**>100**	**122**	(80)	(372)
Additional tier 1 capital instruments		**947**		972
Other movements	**>(100)**	**(12)**	39	(11)
Balance at the end of the period	**9**	**106 876**	98 020	100 444

[1] *Exchange differences on translating foreign operations as shown in the statement of comprehensive income of R79m (June 2020: R2 043m; December 2020: R672m).*

[2] *Share of other comprehensive income of investments accounted for using the equity method as shown in the statement of comprehensive income of R302m (June 2020: R598m; December 2020: R189m).*

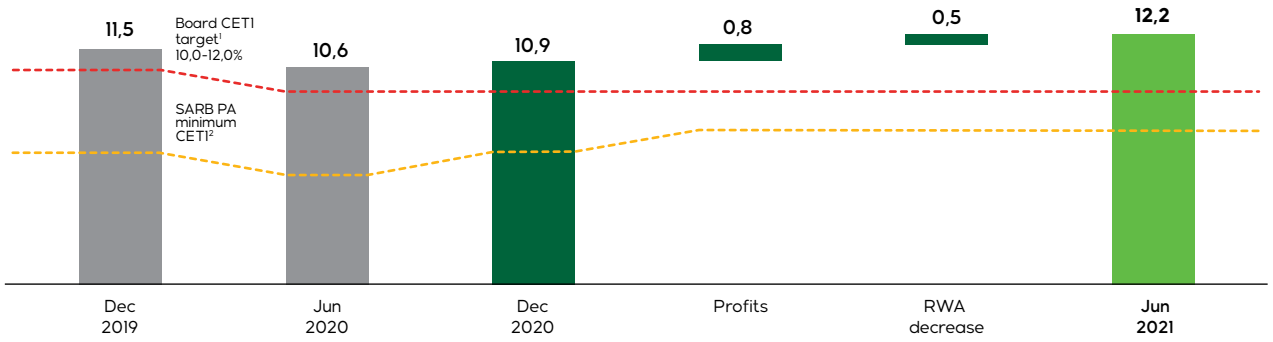
MOVEMENTS IN GROUP FOREIGN CURRENCY TRANSLATION RESERVE

	Yoy % change	Jun 2021	Jun 2020	Dec 2020
Balance at the beginning of the period		**(1 995)**	(2 244)	(2 244)
Foreign currency translation reserve (FCTR)	**>(100)**	**(234)**	1 391	249
ETI		**(203)**	(86)	(299)
Nedbank Mozambique		**86**	44	(116)
Other subsidiaries		**(117)**	1 433	664
Balance at the end of the period	**>100**	**(2 229)**	(853)	(1 995)

The movements in group FCTR table has been revised from prior periods to provide more granular information. Comparative information has been reclassified accordingly.

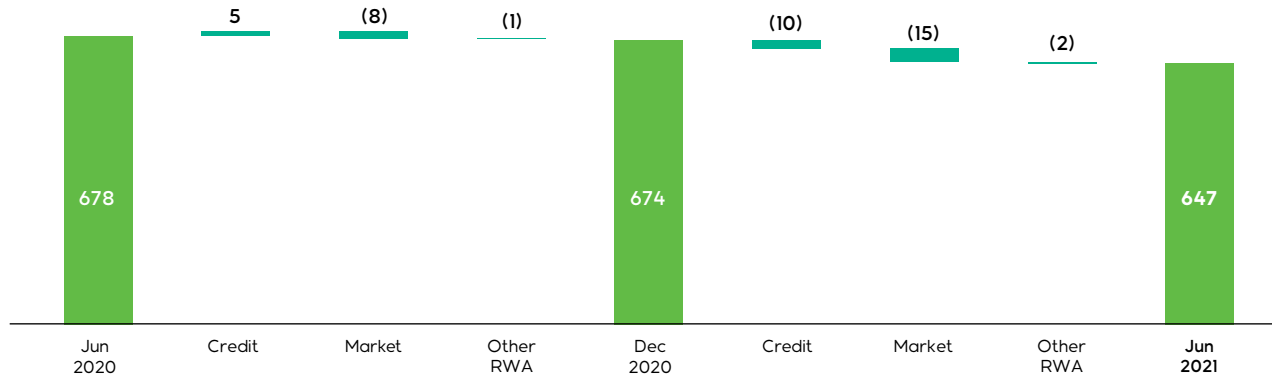
Capital management
Regulatory capital adequacy and leverage

CET1 CAPITAL RATIO
(%)



[1] *During 2020 Nedbank's internal board-approved target ranges were adjusted to reflect the lower new regulatory minimum requirements according to the PA Directive 2/2020. In line with Directive 5/2021 which results in the re-instatement of the Pillar 2A capital requirements, effective from 1 January 2022, the board targets will be recalibrated up to a range of 11% to 12%.*
[2] *Excluding idiosyncratic buffers and including the recalibrated D-SIB capital requirement of 100 bps, in line with PA Directive 5/2021 (from 50 bps in Dec 2020).*

RISK-WEIGHTED ASSETS
(Rbn)



Nedbank Group has strengthened its capital adequacy position significantly above regulatory minimum on the back of strong organic earnings generation in the first half of 2021 and lower ytd RWA.

Nedbank Group manages its capital levels based on the board-approved risk appetite, taking cognisance of rating agency and shareholder expectations, in line with regulatory requirements. The group further seeks to ensure that its capital structure uses 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 performs extensive and comprehensive stress testing to ensure 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.

During H1 2021, the PA published Guidance Note 3/2021, which encourages boards of banks to be prudent when making decisions relating to distributions of dividends on ordinary shares and the payment of cash bonuses to executive officers and material-risk-takers in 2021. Within the context of this guidance, Nedbank has stated its intention to resume paying dividends following the release of the 2021 interim results.

Furthermore, the PA published Directive 5/2021 during May 2021, which confirmed the recalibration of the D-SIB capital requirement to 100 bps at a CET1 level. In line with Directive 5/2021 Nedbank Group has adjusted the CET1 D-SIB requirement from 50 bps to 100 bps.

		PA minimum[1]	Internal targets[2]	Jun 2021	Jun 2020	Dec 2020
Nedbank Group						
Including unappropriated profits						
Total CAR	%		**> 13,0**	**16,8**	14,3	14,9
Total tier 1	%		**> 11,25**	**13,6**	11,7	12,1
CET1	%		**10,0–12,0**	**12,2**	10,6	10,9
Surplus tier 1 capital	Rm			**26 248**	21 804	19 462
Dividend cover	times		**1,75–2,25**	**2,50**	N/A	N/A
Cost of equity	%			**15,0**	14,6	14,5
Excluding unappropriated profits						
Total CAR	%	**11,5**		**16,0**	14,3	14,8
Total tier 1	%	**9,5**		**12,8**	11,7	12,1
CET1	%	**8,0**		**11,4**	10,6	10,8
Leverage	times	**<25**	**<20**	**15,2**	15,8	15,4
Nedbank Limited						
Including unappropriated profits						
Total CAR	%		**> 13,0**	**17,3**	14,5	15,3
Total tier 1	%		**> 11,25**	**13,4**	11,4	12,0
CET1	%		**10,0–12,0**	**11,6**	9,9	10,4
Surplus tier 1 capital	Rm			**20 455**	15 733	15 219
Excluding unappropriated profits						
Total CAR	%	**11,5**		**16,4**	14,5	15,0
Total tier 1	%	**9,5**		**12,5**	11,4	11,8
CET1	%	**8,0**		**10,7**	9,9	10,1

[1] *PA minimum excludes the idiosyncratic buffer and includes the recalibrated D-SIB capital requirement in line with PA Directive 5/2021, with the Pillar 2A currently at nil, but increasing by 50 bps, 75 bps and 100 bps at a CET1, tier 1 and total level when it is reinstated from 1 January 2022, in line with Directive 5/2021.*

[2] *Taking into account Directive 5/2021 the internal targets will be increased effective from 1 January 2022 as follows: Total CAR > 14,5%, tier 1 > 12,0%, CET1 11% to 12%.*

NEDBANK GROUP OVERVIEW OF RISK-WEIGHTED ASSETS

	Jun 2021		Jun 2020	Dec 2020
	RWA	MRC[1]	RWA	RWA
Credit risk (excluding counterparty credit risk)	**428 363**	**49 263**	436 819	436 948
Standardised Approach (TSA)	**37 796**	**4 347**	37 024	36 951
Supervisory Slotting Approach	**7 083**	**815**	8 616	7 287
Advanced Internal Ratings-based Approach (AIRB)	**383 484**	**44 101**	391 179	392 710
Counterparty credit risk	**15 630**	**1 797**	14 522	16 613
Standardised Approach (SA-CCR)[2]	**15 630**	**1 797**	14 522	16 613
Credit valuation adjustment	**21 412**	**2 462**	19 959	22 279
Equity risk[3]	**38 154**	**4 388**	38 923	42 291
Equity positions under Simple Risk-weight Approach	**32 809**	**3 773**	38 923	42 291
Equity investments in funds – Look-through Approach	**2 653**	**305**		
Equity investments in funds – Fall-back Approach	**2 692**	**310**		
Securitisation exposures in banking book	**441**	**51**	468	445
Internal Ratings-based Approach	**91**	**11**	100	91
External Ratings-based Approach, including Internal Assessment Approach	**350**	**40**	368	354
Market risk	**26 351**	**3 030**	48 946	40 916
Standardised Approach	**2 503**	**288**	1 495	3 024
Internal Model Approach (IMA)	**23 848**	**2 742**	47 451	37 892
Operational risk	**74 392**	**8 555**	75 054	73 665
Standardised Approach	**7 163**	**824**	7 234	7 318
Advanced Measurement Approach (AMA)	**64 935**	**7 467**	63 539	63 973
Floor adjustment	**2 294**	**264**	4 281	2 374
Amounts below the thresholds for deduction (subject to 250% risk weighting)	**16 600**	**1 909**	14 971	13 989
Other assets (100% risk weighting)	**25 690**	**2 954**	28 215	26 542
Total	**647 033**	**74 409**	677 877	673 688

[1] *Total minimum required capital (MRC) is measured at 11,5% and excludes bank-specific Pillar 2b add-on.*
[2] *The Standardised Approach for measuring Counterparty Credit Risk (SA-CCR) was applied from 1 January 2021, to calculate counterparty credit risk exposure (in line with Guidance Note 7/2020), while the current exposure method (CEM) was applied in prior periods.*
[3] *In line with Guidance Note 7/2020, Nedbank implemented the Capital Requirements for Equity Investments in Funds (CREIF) Framework. The RWA for the investments in funds was previously measured using the simplified risk weight approach.*

- The group's total RWA/total assets density improved marginally from 54,9% in December 2020 to 54,5% ytd, driven by a decrease of 4,0% in RWA relative to a decrease in total assets of 3,3% ytd.
- The decrease in total RWA is attributable mainly to the following:
  - » Credit risk RWA decreased due to lower banking book advances, particularly in the CIB portfolio together with deliberate optimisation strategies.
  - » Counterparty credit risk RWA was impacted by the implementation of the new Standardised Approach for the counterparty credit risk (SA-CCR) methodology with effect from 1 January 2021. The increase due to the implementation of SA-CCR was offset by a significant change in the profile of the counterparty credit risk portfolio.
  - » Trading-market risk RWA decreased due the calibration of the bank's historical VaR model and the roll off of Covid-19 extreme market movements observed during H1 2020.
  - » Equity risk RWA decreased as a result of the implementation of the Capital Requirements for Equity Investments in Funds (CREIF) Framework and a reduction in equity exposures.

NEDBANK LIMITED OVERVIEW OF RISK-WEIGHTED ASSETS

	Jun 2021		Jun 2020	Dec 2020
	RWA	MRC[1]	RWA	RWA
Credit risk (excluding counterparty credit risk)	**356 529**	**41 001**	357 293	364 557
Standardised Approach (TSA)	**160**	**19**	130	134
Supervisory Slotting Approach	**6 306**	**725**	7 448	6 375
Advanced Internal Ratings-based Approach (AIRB)	**350 063**	**40 257**	349 715	358 048
Counterparty credit risk	**14 932**	**1 717**	14 245	14 898
Standardised Approach (SA-CCR)[2]	**14 932**	**1 717**	14 245	14 898
Credit valuation adjustment	**20 788**	**2 391**	18 922	21 620
Equity risk[3]	**20 699**	**2 380**	24 554	25 841
Equity positions under Simple Risk-weight Approach	**19 149**	**2 202**	24 554	25 841
Equity investments in funds – Look-through Approach	**1 159**	**133**		
Equity investments in funds – Fall-back Approach	**391**	**45**		
Securitisation exposures in banking book	**441**	**51**	468	445
Internal Ratings-based Approach	**91**	**11**	100	91
External Ratings-based Approach, including Internal Assessment Approach	**350**	**40**	368	354
Market risk	**25 124**	**2 889**	47 469	39 322
Standardised Approach	**1 433**	**165**	249	1 624
Internal Model Approach (IMA)	**23 691**	**2 724**	47 220	37 698
Operational risk	**62 359**	**7 171**	63 505	61 818
Standardised Approach				1
Advanced Measurement Approach (AMA)	**60 521**	**6 960**	59 985	59 848
Floor adjustment	**1 838**	**211**	3 520	1 969
Amounts below the thresholds for deduction (subject to 250% risk weighting)	**5 750**	**661**	1 686	1 633
Other assets (100% risk weighting)	**19 482**	**2 241**	22 226	20 514
Total	**526 104**	**60 502**	550 368	550 648

[1] *Total MRC is measured at 11,5% and excludes the bank-specific Pillar 2b add-on.*
[2] *The SA-CCR was applied from 1 January 2021 to calculate counterparty credit risk exposure (in line with Guidance Note 7/2020), while the CEM was applied in prior periods.*
[3] *In line with Guidance Note 7/2020, Nedbank implemented the Capital Requirements for Equity Investments in Funds (CREIF) Framework. The RWA for the investments in funds was previously measured using the simplified risk weight approach.*

SUMMARY OF REGULATORY QUALIFYING CAPITAL AND RESERVES[1]

Rm	Nedbank Group			Nedbank Limited		
	Jun 2021	Jun 2020	Dec 2020	**Jun 2021**	Jun 2020	Dec 2020
Including unappropriated profits						
Total tier 1 capital	**87 716**	79 424	81 779	**70 435**	62 514	66 154
CET1	**78 624**	71 996	73 455	**61 135**	54 601	57 269
Share capital and premium	**19 211**	19 066	19 067	**20 111**	19 671	20 111
Reserves	**75 144**	68 448	69 925	**53 706**	48 177	49 771
Minority interest: Ordinary shareholders	**521**	504	463			
Deductions	**(16 252)**	(16 022)	(16 000)	**(12 682)**	(13 247)	(12 613)
Additional tier 1 capital	**9 092**	7 428	8 324	**9 300**	7 913	8 885
Preference share capital and premium	**531**	1 063	1 063	**531**	1 063	1 063
Perpetual subordinated debt instruments	**8 769**	6 850	7 822	**8 769**	6 850	7 822
Regulatory adjustments	**(208)**	(485)	(561)			
Tier 2 capital	**21 000**	17 280	18 574	**20 461**	17 026	18 014
Subordinated debt instruments	**18 104**	15 585	15 604	**18 104**	15 585	15 604
Excess of eligible provisions over downturn expected losses	**2 565**	1 794	2 626	**2 355**	1 439	2 408
General allowance for credit impairment	**378**	358	391	**2**	2	2
Regulatory adjustments	**(47)**	(457)	(47)			
Total capital	**108 716**	96 704	100 353	**90 896**	79 540	84 168
Excluding unappropriated profits						
Tier 1 capital	**82 546**	79 424	81 380	**65 659**	62 514	64 769
CET1 capital	**73 454**	71 996	73 056	**56 359**	54 601	55 884
Total capital	**103 546**	96 704	99 954	**86 120**	79 540	82 783

[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.*

- The group's tier 1 capital position was positively impacted by the issuance of new-style additional tier 1 instruments of R2,4bn in the first half of 2021, offset by redemptions of R1,5bn and the further grandfathering of R531m of preference shares in January 2021 in line with the Basel III transitional arrangements.
- The group's total capital was further impacted by the issuance of Basel III qualifying tier 2 capital instruments of R2,5bn 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.
- The group's gearing remains below the Regulatory Leverage Ratio Framework requirement of less than 25 times, at 15,2 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 2021			Jun 2020		Dec 2020	
	Total capital requirement (host country) %	RWA Rm	Total capital ratio %	RWA Rm	Total capital ratio %	RWA Rm	Total capital ratio %
Africa Regions							
Nedbank Mozambique	**12,0**	**3 742**	**19,1**	4 623	12,3	3 697	17,4
Nedbank Namibia Limited	**10,0**	**13 608**	**14,0**	14 268	14,9	14 419	13,1
Nedbank (Swaziland) Limited	**8,0**	**5 382**	**16,4**	5 524	15,2	5 549	14,8
Nedbank (Lesotho) Limited	**8,0**	**2 032**	**29,3**	2 880	19,6	2 033	28,1
Nedbank Zimbabwe Limited	**12,0**	**1 557**	**21,8**	996	20,8	1 184	21,1
Isle of Man							
Nedbank Private Wealth (IOM) Limited	**13,0**	**8 748**	**17,7**	10 421	15,7	8 986	16,2

Economic capital adequacy

NEDBANK GROUP ECONOMIC CAPITAL REQUIREMENT

	Jun 2021		Jun 2020		Dec 2020	
	Rm	Mix %	Rm	Mix %	Rm	Mix %
Credit risk	**47 148**	**67**	47 176	70	45 101	69
Market risk	**7 163**	**10**	6 164	9	5 852	9
Business risk	**7 984**	**11**	6 562	10	6 601	10
Operational risk	**4 609**	**7**	3 999	6	4 020	6
Insurance risk	**506**	**< 1**	465	< 1	505	< 1
Other assets risk	**3 375**	**5**	2 686	4	3 301	5
Minimum economic capital requirement	**70 785**	**100**	67 052	100	65 380	100
Add: Stress-tested capital buffer (10%)	**7 079**		6 705		6 538	
Total economic capital requirement	**77 864**		73 757		71 918	
AFR	**114 393**	**100**	101 080	100	105 111	100
Tier A capital	**87 036**	**76**	77 629	77	80 669	77
Tier B capital	**27 357**	**24**	23 451	23	24 442	23
Total surplus AFR	**36 529**		27 323		33 193	
AFR: Total economic capital requirement (%)	**147**		137		146	

- Nedbank Group's minimum economic capital requirement increased by R5,4bn in the first half of the year, primarily driven by the following:
  - The annual model parameter updates, resulted in a increase of R1,4bn and R589m in business risk economic capital and operational-risk economic capital, respectively.
  - An increase of R1,3bn in Market risk economic capital, which was mainly driven by Trading risk as a result of the temporary adjustment of the VaR limit, in order to accommodate the high market volatility induced by Covid-19.
  - A R2bn increase in credit risk economic capital driven primarily by growth in the RBB portfolio.
- Nedbank Group's AFR increased by R9,3bn for the first half of the year mainly as a result of the following:
  - A R6,4bn increase in tier A capital, which was mainly driven by growth in organic earnings over the period.
  - A R2,9bn increase in tier B capital following the issuance of R2,4bn new-style additional tier 1 capital and R2,5bn of new-style tier 2 capital instruments, which was offset by the grandfathering of old-style preference shares of R531m and the redemption of new-style additional tier 1 capital instruments of R1,5bn, in line with the group's capital plan.

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IBC Company details

Earnings per share and weighted-average shares

Earnings per share	Basic	Diluted basic	Headline	Diluted headline
June 2021				
Earnings for the period	**5 239**	**5 239**	**5 251**	**5 251**
Weighted-average number of ordinary shares	**484 631 140**	**491 921 409**	**484 631 140**	**491 921 409**
Earnings per share (cents)	**1 081**	**1 065**	**1 084**	**1 067**
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
December 2020				
Earnings for the year	3 467	3 467	5 440	5 440
Weighted-average number of ordinary shares	483 208 526	488 738 145	483 208 526	488 738 145
Earnings per share (cents)	717	709	1 126	1 113

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 2021		Jun 2020	Dec 2020
Number of weighted-average dilutive potential ordinary shares (000)	Potential shares[1]	Weighted-average dilutive shares	Weighted-average dilutive shares	Weighted-average dilutive shares
Traditional schemes	**17 447**	**5 600**	3 105	3 840
Nedbank Group Restricted-share Scheme (2005)	**14 878**	**4 359**	2 219	2 846
Nedbank Group Matched-share Scheme	**2 569**	**1 241**	886	994
Total BEE schemes	**1 723**	**1 690**	1 690	1 690
BEE schemes – SA	**1 690**	**1 690**	1 690	1 690
Community	**1 690**	**1 690**	1 690	1 690
BEE schemes – Namibia	**33**			
Total	**19 170**	**7 290**	4 795	5 530

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

Nedbank Group employee incentive schemes

for the period ended

Nedbank Group employee incentive schemes	Jun 2021	Jun 2020	Dec 2020
Summary by scheme			
Nedbank Group Restricted-share Scheme (2005)	**16 567 091**	11 431 533	11 054 244
Nedbank Group Matched-share Scheme (2005)	**3 477 909**	3 471 594	3 302 997
Instruments outstanding at the end of the period	**20 045 000**	14 903 127	14 357 241
Analysis			
Performance-based – restricted shares	**9 485 384**	6 580 058	6 319 602
Non-performance-based – restricted shares	**7 081 707**	4 851 475	4 734 642
Performance-based – matched shares (CBSS[1])	**1 203 564**	2 372 964	2 216 960
Non-performance-based – matched shares (VBSS[2])	**2 274 345**	1 098 630	1 086 037
Instruments outstanding at the end of the period	**20 045 000**	14 903 127	14 357 241
Movements			
Instruments outstanding at the beginning of the period	**14 357 241**	11 303 275	11 303 275
Granted	**9 189 914**	7 293 875	7 298 988
Accelerated	**(8 719)**		(2 675)
Exercised	**(3 078 160)**	(3 499 854)	(3 584 901)
Surrendered	**(415 276)**	(194 169)	(657 446)
Instruments outstanding at the end of the period	**20 045 000**	14 903 127	14 357 241

[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 2021 and the resulting dilutive effect:

Instrument expiry date	Number of shares	
17 August 2021	**96 037**	P
18 August 2021	**79 395**	
15 March 2022	**1 745 280**	P
16 March 2022	**1 269 427**	
16 August 2022	**53 484**	P
17 August 2022	**53 467**	
20 March 2023	**2 923 539**	P
21 March 2023	**2 098 145**	
26 March 2024	**4 667 044**	P
27 March 2024	**3 581 273**	
Restricted shares not exercised at 30 June 2021	**16 567 091**	
Unallocated shares	**268 034**	
Treasury shares	**16 835 125**	
Shares exercised and forfeited during the period	**1 482 247**	
Shares not expected to vest	**(3 439 333)**	
Total potential shares	**14 878 039**	
Weighted-average dilutive shares applicable for the period	**4 359 463**	

[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.*

Matched shares

Instrument expiry date	Number of shares
1 April 2022	**837 527**
1 April 2023	**1 817 706**
1 April 2024	**822 676**
Matched shares outstanding not exercised at 30 June 2021	**3 477 909**
Shares exercised and forfeited during the period	**572 667**
Shares not expected to vest	**(1 482 041)**
Total potential shares	**2 568 535**
Weighted-average dilutive shares applicable for the period	**1 241 158**

- 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 2021 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.

Long-term debt instruments

Instrument code	Jun 2021	Jun 2020	Dec 2020
Subordinated debt	**18 501**	16 000	15 994
Callable notes (rand-denominated)	**16 170**	13 683	13 665
Callabe notes and long-term debenture (Namibian dollar-denominated)	**319**	317	317
Green bonds (rand-denominated)	**2 012**	2 000	2 012
Securitised liabilities – callable notes (rand-denominated)	**1 956**	2 180	2 084
Senior unsecured debt – senior unsecured notes (rand-denominated)	**36 040**	41 382	39 021
Unsecured debentures (rand-denominated)	**47**	39	43
Senior unsecured green bonds (rand-denominated)	**2 629**	2 633	2 628
Total long-term debt instruments in issue	**59 173**	62 234	59 770

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 2021	Jun 2020	Dec 2020
Subordinated				
Callable notes (rand-denominated)				
NEDT1A	3-month JIBAR + 7,00% per annum		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**	1 829	1 829
NGT105	3-month JIBAR + 4,25% per annum	**1 000**	1 000	1 000
NGT106	3-month JIBAR + 4,95% per annum	**500**		500
NGT107	3-month JIBAR + 4,55% per annum	**472**		472
NGT108	3-month JIBAR + 4,67% per annum	**1 537**		
NGT109 - Green AT1	3-month JIBAR + 4,10% per annum	**910**		
Total non-controlling interest attributable to additional tier 1 capital instruments		**8 769**	6 850	7 822

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.

External credit ratings

	Standard & Poor's		Moody's Investors Service	
	Nedbank Limited	Sovereign rating SA	Nedbank Limited	Sovereign rating SA
	Jul 2020	Nov 2020	Nov 2020	Nov 2020
Outlook				
Foreign currency deposit ratings				
Long-term	**BB-**	**BB-**	**Ba2**	**Ba2**
Short-term	**B**	**B**	**Not Prime**	**Not Prime**
Local currency deposit ratings				
Long-term	**BB**	**BB**	**Ba2**	**Ba2**
Short-term	**B**	**B**	**Not Prime**	**N/A**
National scale rating				
Long-term deposits	**zaAA**	**zaAAA**	**Aa1/NP**	
Short-term deposits	**zaA-1+**	**zaA-1+**	**P-1.za**	

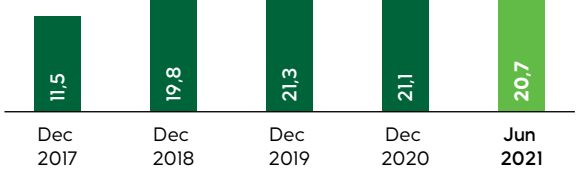
Shareholders' analysis

Register date: 25 June 2021
Authorised share capital: 600 000 000 shares
Issued share capital: 508 870 678 shares

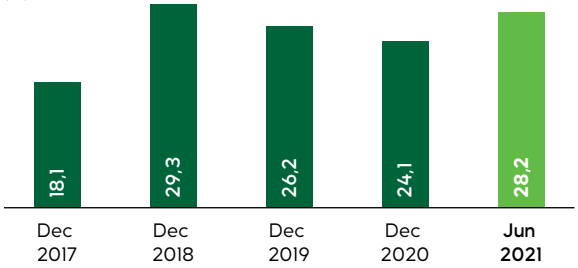
	Number of shares	Jun 2021 % holding	Jun 2020 % holding	Dec 2020 % holding
Major shareholders/managers				
Old Mutual Life Assurance Company (SA) Limited and associates (includes funds managed on behalf of other beneficial owners)[1]	107 895 141	**21,20**	21,52	21,96
Nedbank Group treasury shares	23 498 485	**4,62**	3,62	3,62
BEE trusts	6 615 848	**1,30**	1,32	1,32
Eyethu scheme – Nedbank SA	6 466 786	**1,27**	1,29	1,29
Omufima scheme – Nedbank Namibia	149 062	**0,03**	0,03	0,03
Nedbank Group (2005) Restricted- and Matched-share Schemes	16 835 125	**3,31**	2,29	2,29
Nedbank Namibia Limited	47 512	**0,01**	0,01	0,01
Public Investment Corporation (SA)	52 359 027	**10,29**	10,67	10,39
Allan Gray Investment Council (SA)	45 677 624	**8,98**	10,16	8,95
Coronation Fund Managers (SA)	36 346 333	**7,14**	7,75	8,58
BlackRock Incorporated (international)	20 028 507	**3,94**	3,84	4,17
Lazard Asset Management (international)	18 533 437	**3,64**	1,62	2,79
GIC Asset Management Proprietary Limited (international)	14 572 965	**2,86**	2,10	1,69
Sanlam Investment Management Proprietary Limited (SA)	13 247 139	**2,60**	2,58	2,16
Schroders Public Limited Company (international)	10 933 408	**2,15**	0,00	0,01
Dimensional Fund Advisors (USA, UK and AU)	6 524 708	**1,28**	1,85	1,52
Major beneficial shareholders				
Old Mutual Life Assurance Company (SA) Limited and associates (SA)[1]	103 563 096	**20,35**	21,12	21,47
Government Employees Pension Fund (SA)	56 198 599	**11,04**	10,83	11,36
Allan Gray Balanced Fund (ZA)	30 143 822	**5,92**	6,09	5,74
Geographical distribution of shareholders				
Domestic	365 580 134	**71,85**	74,51	75,91
SA	332 642 655	**65,37**	71,41	71,70
Namibia	12 861 642	**2,53**	1,63	3,06
Unclassified	20 075 837	**3,95**	1,47	1,15
Foreign	143 290 544	**28,15**	25,49	24,09
USA	73 629 837	**14,47**	12,36	12,67
Asia	25 253 848	**4,96**	4,41	3,56
Europe	18 949 607	**3,72**	4,35	3,51
UK and Ireland	12 615 200	**2,48**	2,59	2,47
Other countries	12 842 052	**2,52**	1,78	1,88
Total shares listed	508 870 678	**100,00**	100,00	100,00
Less: Treasury shares held	23 498 485			
Net shares reported	485 372 193			

[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. On 23 June 2021 Old Mutual announced the proposed unbundling of 62 131 692 Nedbank Group shares (comprising 12,2% of the issued ordinary share capital of Nedbank Group) to Old Mutual shareholders by way of a distribution in specie on 8 November 2021. The above shareholding is inclusive of funds held on behalf of other beneficial owners. 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.*

INDEX CLASSIFIED SHAREHOLDING
(%)



FOREIGN SHAREHOLDING
(%)



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 2021
AIRB Approach	**405 165**	**167 145**	**387 386**	**22 434**	**–**	**75 314**	**890 299**
Corporate	158 308	51 747	17 277	115		153	175 853
Specialised lending – HVCRE[4]	5 383	5 383		52			5 435
Specialised lending – IPRE[5]	103 971	103 932	1 746	5 546		993	112 256
Specialised lending – project finance	44 344					38	44 382
SME – corporate	8 062	5 915	33 628	1 929		2	43 621
Public sector entities	13 564		76	30		83	13 753
Local governments and municipalities	9 663		1 202			405	11 270
Sovereign	5 532		3	112		73 636	79 283
Banks	56 164		3	2 899			59 066
Retail mortgage			140 152	9 956			150 108
Retail revolving credit			17 128	69			17 197
Retail – other			142 691	132			142 823
SME – retail	6		33 303	1 594		4	34 907
Securitisation exposure	168	168	177				345
TSA[6]	**–**	**–**	**174**	**24 378**	**44 339**	**–**	**68 891**
Corporate					10 640		10 640
SME – corporate			174	750			924
Public sector entities					377		377
Local government and municipalities					24		24
Sovereign				10 140	8 341		18 481
Banks				5 130	9 164		14 294
Retail mortgage				6 605	7 485		14 090
Retail revolving credit					640		640
Retail – other				634	3 858		4 492
SME – retail				1 119	3 810		4 929
PiPs	**–**	**–**	**50**	**13**	**99**	**–**	**162**
Non-regulated entities	**15 926**		**112**				**16 038**
Total Basel III balance sheet exposure[7] [8]	**421 091**	**167 145**	**387 722**	**46 825**	**44 438**	**75 314**	**975 390**
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[9]							

[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-South African banking entities in Africa are covered by TSA.*
[7] *Balance sheet credit exposure includes on-balance-sheet, repurchase and resale agreements and derivative exposure.*
[8] *The decreases in credit exposure for the bank, corporate and public sector entity asset classes are attributable mainly to the implementation of the new standardised approach for the measurement of counterparty credit risk (SA-CCR). Previously total credit exposure included a gross exposure measure including potential future exposure (PFE) for OTC derivative exposure, the new measurement takes into account counterparty netting and collateralisation.*
[9] *Excess impairments compared to downturn expected loss for IRB exposures total R3 090m at 30 June 2021. However, in line with the Bank's Act Regulations the total amount that may be included in tier 2 unimpaired reserve funds is limited to 0,6% of total IRB risk-weighted assets, which amounts to R2 565m at 30 June 2021.*

	Mix (%)	Change (%)	Risk weighting[1]	Downturn expected loss (dEL)[2]	BEEL[3]	Nedbank Group June 2020	Downturn expected loss (dEL)[2]	BEEL[3]
	91,28	**(6,64)**	**40,29**	**8 281**	**13 630**	953 653	7 345	13 257
	18,03	**(26,33)**	**50,77**	**1 653**	**413**	238 697	1 483	1 031
	0,56	**(20,37)**	**107,29**	**67**	**147**	6 826	87	150
	11.50	**(0,28)**	**29,03**	**233**	**629**	112 568	187	443
	4,55	**(11,83)**	**50,88**	**133**	**74**	50 339	196	64
	4,47	**(13,43)**	**48,43**	**230**	**522**	38 457	262	540
	1,41	**(22,90)**	**41,03**	**35**	**392**	17 838	29	66
	1,16	**(2,44)**	**34.20**	**14**		11 552	14	16
	8.13	**(0,88)**	**12,62**	**30**	**20**	79 987	21	6
	6,06	**(20,31)**	**50,31**	**73**		74 123	74	71
	15,39	**7,55**	**26.00**	**786**	**1 871**	139 572	679	1 993
	1,76	**4,09**	**62,18**	**798**	**1 659**	16 521	758	1 592
	14,64	**7,32**	**50,72**	**3 701**	**6 988**	133 075	3 066	6 362
	3,58	**3,45**	**42,16**	**528**	**915**	33 746	489	923
	0,04	**(1,99)**	**127,63**			352		
	7,06	**2,73**	**55,79**			67 057		
	1,09	**(1,19)**	**96,48**			10 768		
	0,09	**(49,84)**	**97,48**			1 842		
	0,04	**(41,28)**	**87.40**			642		
	0,00	**(20,00)**	**95.89**			30		
	1,89	**(14,63)**	**51,59**			16 122		
	1,47	**(13,82)**	**36,96**			12 558		
	1,44	**(3,21)**	**39,02**			14 558		
	0,07	**(13,63)**	**38,72**			741		
	0,46	**(15,96)**	**74,26**			5 345		
	0,51	**10,74**	**68,94**			4 451		
	0,02	**(2,99)**				167		
	1,64	**(17,42)**				19 421		
	100,00	**(6,24)**		**8 281**	**13 630**	1 040 298	7 345	13 257
					21 911			20 602
					8 281			7 345
					13 630			13 257
					(25 001)			(22 396)
					(3 090)			(1 794)

Nedbank Limited consolidated statement of comprehensive income

for the period ended

Rm	Yoy % change	Jun 2021	Jun 2020	Dec 2020
Interest and similar income	(17)	30 652	37 086	68 654
Interest expense and similar charges	(32)	15 969	23 407	41 146
Net interest income	7	14 683	13 679	27 508
Impairments charge on financial instruments	(59)	3 047	7 382	12 425
Income from lending activities	85	11 636	6 297	15 083
Non-interest revenue	(8)	8 913	9 682	19 026
Operating income	29	20 549	15 979	34 109
Total operating expenses	6	14 243	13 412	27 705
Indirect taxation	(13)	458	529	1 017
Profit from operations before non-trading and capital items	>100	5 848	2 038	5 387
Non-trading and capital items	98	(1)	(53)	(417)
Profit from operations	>100	5 847	1 985	4 970
Share of gains of associate companies	17	41	35	115
Profit before direct taxation	>100	5 888	2 020	5 085
Total direct taxation	>100	1 502	445	1 164
Direct taxation		1 506	464	1 283
Taxation on non-trading and capital items		(4)	(19)	(119)
Profit for the period	>100	4 386	1 575	3 921
Other comprehensive income (OCI) net of taxation	(62)	151	398	256
Items that may subsequently be reclassified to profit or loss				
Exchange differences on translating foreign operations		(62)	413	199
Debt investments at FVOCI – net change in fair value		(44)	(51)	96
Items that may not subsequently be reclassified to profit or loss				
Property revaluations				(40)
Remeasurements on long-term employee benefit assets		257	36	1
Total comprehensive income for the period	>100	4 537	1 973	4 177
Profit attributable to:				
– Ordinary and preference shareholders	>100	4 384	1 575	3 919
– Non-controlling interest – ordinary shareholders		2		2
Profit for the period	>100	4 386	1 575	3 921
Total comprehensive income attributable to:				
– Ordinary and preference shareholders	>100	4 535	1 973	4 175
– Non-controlling interest – ordinary shareholders		2		2
Total comprehensive income for the period	>100	4 537	1 973	4 177
Headline earnings reconciliation				
Profit attributable to ordinary shareholders	174	4 321	1 575	3 977
Less: Non-headline earnings items	>100	3	(34)	(298)
Non-trading and capital items		(1)	(53)	(417)
Taxation on non-trading and capital items		4	19	119
Headline earnings attributable to ordinary and preference shareholders	168	4 318	1 609	4 275

Nedbank Limited consolidated statement of financial position

at

Rm	Yoy % change	Jun 2021	Jun 2020 (Restated)[1]	Dec 2020
Assets				
Cash and cash equivalents	**(25)**	**6 663**	8 828	8 115
Other short-term securities	**(25)**	**29 934**	40 118	27 082
Derivative financial instruments	**(40)**	**46 196**	76 474	79 933
Government securities[1]	**25**	**135 974**	108 574	129 710
Other dated securities[1]	**(57)**	**1 180**	2 764	1 670
Loans and advances to clients[1]	**(6)**	**724 833**	773 490	729 807
Trading loans and advances	**56**	**60 002**	38 542	71 251
Loans and advances to banks	**(10)**	**26 625**	29 550	34 510
Other assets	**35**	**13 466**	9 973	10 407
Current taxation assets	**(81)**	**110**	581	75
Investment securities	**(11)**	**7 424**	8 381	8 269
Non-current assets held for sale	**(23)**	**69**	90	69
Investments in associate companies	**(17)**	**911**	1 103	1 037
Deferred taxation assets	**43**	**57**	40	346
Investment property	**(100)**		56	
Property and equipment	**(10)**	**9 197**	10 227	9 661
Long-term employee benefit assets	**14**	**6 292**	5 500	5 709
Mandatory reserve deposits with central banks	**4**	**21 481**	20 602	24 482
Intangible assets	**5**	**10 284**	9 758	10 225
Total assets	**(4)**	**1 100 698**	1 144 651	1 152 358
Total equity and liabilities				
Ordinary share capital		**28**	28	28
Ordinary share premium	**2**	**20 073**	19 632	20 073
Reserves	**10**	**56 941**	51 563	53 512
Total equity attributable to equity holders of the parent	**8**	**77 042**	71 223	73 613
Preference share capital and premium		**3 561**	3 561	3 561
Holders of participating preference shares	**(29)**	**5**	7	(58)
Holders of additional tier 1 capital instruments	**28**	**8 769**	6 850	7 822
Non-controlling interest attributable to ordinary shareholders	**44**	**13**	9	11
Total equity	**9**	**89 390**	81 650	84 949
Derivative financial instruments	**(42)**	**36 844**	63 003	64 649
Amounts owed to depositors	**(3)**	**897 501**	924 099	929 761
Provisions and other liabilities	**34**	**17 287**	12 939	12 359
Current taxation liabilities	**65**	**38**	23	516
Deferred taxation liabilities	**(54)**	**259**	559	155
Long-term employee benefit liabilities	**5**	**2 392**	2 273	2 366
Long-term debt instruments	**(5)**	**56 987**	60 105	57 603
Total liabilities	**(5)**	**1 011 308**	1 063 001	1 067 409
Total equity and liabilities	**(4)**	**1 100 698**	1 144 651	1 152 358

[1] *As disclosed at 31 December 2020, the group reviewed the presentation of corporate bonds during 2020. As a result of the review, the group reclassified listed corporate bonds from 'Government and other securities' to 'Loans and advances'. June 2020 comparative information has been restated accordingly.*

Nedbank Limited consolidated financial highlights

for the period ended

Rm	Jun 2021	Jun 2020	Dec 2020
ROE (%)	**11,8**	4,7	6,0
ROA (%)	**0,81**	0,32	0,39
NII to average interest-earning banking assets (%)	**3,73**	3,31	3,35
CLR – banking advances (%)	**0,80**	1,97	1,61
Cost-to-income ratio	**60,3**	57,3	59,4

Definitions

12-month expected credit loss (ECL) This expected credit loss 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.

Basic earnings per share (cents) Attributable income divided by the weighted-average number of ordinary shares.

Central counterparty (CCP) A clearing house that interposes itself between counterparties for contracts traded in one or more financial markets, becoming the buyer to every seller and the seller to every buyer, thereby ensuring the future performance of open contracts.

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) Income statement impairment 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 their 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 for a specific advance. For all other portfolios, except specialised lending, it is client- or borrower-centred, meaning that should any transaction with 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 (PA) 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 liquidity coverage ratio (LCR) requirement temporarily to 80%, effective from 1 April 2020.

Directive 2 of 2020 A directive from the PA 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 PA that implemented measures to ensure that various types of 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, small and medium enterprises (SMEs) and corporate loans, including all specialist asset classes such as commercial property.

Directive 7 of 2015 A directive from the PA 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 forecasted 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 to conserve capital, in light of the negative economic impact of the Covid-19 pandemic and the temporary regulatory-capital relief provided.

Guidance Note 3 of 2021 A guidance note from the South African Reserve Bank that recommends banks be prudent and consider the adequacy of their current and forecasted capital and profitability levels, internal capital targets and risk appetite as well as current and potential future risks posed by the ongoing pandemic when making distributions of dividends on ordinary shares and the payment of cash bonuses to executive officers and material risk takers. Guidance Note 3 of 2021 replaces Guidance Note 4 of 2020.

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 impairment charge on loans and advances.

Price/earnings ratio (historical) Closing share price divided by the headline earnings multiplied by total days in the year divided by total days in the period.

Price-to-book ratio (historical) Closing share price divided by the net asset value per share.

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 assets (ROA) (%) Net contribution (headline earnings) divided by the average daily assets multiplied by the total days in the year divided by the total days in the period.

Return on equity (ROE) (%) Headline earnings as a percentage of daily average ordinary shareholders' equity.

Return on cost of ETI investment (%) Headline earnings from the group's ETI investment pre-funding costs divided by the group's original cost of investment (R6 265m).

Return on tangible equity (%) Headline earnings as a percentage of daily average ordinary shareholders' equity, less intangible assets.

Return on risk-weighted assets (RWA) (%) Headline earnings as a percentage of monthly average risk-weighted assets (RWA).

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 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 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

ACI African, Coloured and Indian
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
CCP central counterparty
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
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 great financial crisis
GLAA gross loans and advances
GLC great lockdown crisis
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 Limited 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 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)

Company details

NEDBANK GROUP LIMITED

Incorporated in the Republic of SA
Registration number 1966/010630/06

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TRANSFER SECRETARIES IN SA

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19 Ameshoff Street, Braamfontein, Johannesburg, 2001, SA.

PO Box 4844, Marshalltown, 2000, SA.

NAMIBIA

Transfer Secretaries (Pty) 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

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This announcement is available on the group's website at nedbankgroup.co.za, together with the following additional information:

- Financial results presentation to investors.
- Link to a webcast of the presentation to investors.

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 Corporate and Investment Banking, a division of Nedbank Limited

Sponsor in Namibia

Old Mutual Investment Services (Namibia) (Proprietary) Limited

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