NEDBANK GROUP

RESILIENCE. TRANSITION. REIMAGINE.

PROVISIONAL AUDITED RESULTS

FOR THE YEAR ENDED 31 DECEMBER

2020

see money differently

IN A VERY DIFFICULT OPERATING ENVIRONMENT, NEDBANK GROUP REMAINED RESILIENT, MADE GOOD STRATEGIC PROGRESS AND DELIVERED AN IMPROVED FINANCIAL PERFORMANCE IN THE SECOND HALF OF THE YEAR.

The year 2020 was unprecedented as the Covid-19 pandemic and subsequent lockdowns led to a rapid slowdown in global economic growth. In SA the pandemic and resultant domestic lockdowns had a severe impact on economic activity as the country's GDP declined by 7,0%, the largest fall in this metric since World War II. Businesses and individuals came under severe pressure and transactional volumes fell significantly in Q2 2020 before recovering somewhat in the second half of the year. In response to the economic crisis the SARB cut interest rates by 300 bps, which proved beneficial to clients' cashflow as instalments on floating-rate loans declined, but this also resulted in lower endowment income for Nedbank. On the back of these economic pressures, job losses increased and many clients' current and future ability to repay debt declined, resulting in higher levels of impairment charges, now determined under more-forward-looking IFRS 9 models. Despite these challenges, the SA banking sector and Nedbank demonstrated strong levels of resilience and was able to support clients while remaining well capitalised, liquid and profitable, albeit at levels lower than in the prior year.

Nedbank's primary focus has been on the health and safety of our stakeholders, including employees and clients, as well as on helping our clients in good standing to navigate the financial challenges that arose in their business and personal finances. At the peak of the crisis we supported our clients with cashflow relief on more than R120bn of loans. We are pleased that our clients reduced this level of support to R28bn by the end of the year as economic conditions improved. We pivoted our strategy to focus on resilience and maintaining a well-capitalised and liquid balance sheet. Capital and liquidity ratios remained strong and most finished the year at higher levels than those reported in June, reflected in our tier 1 capital ratio of 12,1% (June 2020: 11,7%), CET1 ratio of 10,9% (June 2020: 10,6%), average fourth-quarter LCR of 126% (June 2020: 114,5%) and NSFR of 113% (June 2020: 114%) – all well above regulatory minima. Overall impairment coverage also increased from 2,26% in 2019 to 3,25% at year-end. We remain on high alert for the risks associated with new rounds of infections and variants and continue to monitor the effect that new lockdown restrictions may have on our clients and the economy as a whole.

The impact of the very difficult operating environment was evident in Nedbank Group's HE for the year ended 31 December 2020, as it declined by 56,5% to R5,4bn, compared to a decline of 69,2% in H1 2020. Nedbank remained solidly profitable and, despite the challenges of forecasting in such a complex environment, performed in line with the guidance we provided to the market, supported by an improved financial performance in H2 2020. HE for the year was affected by higher impairments and lower revenues, mainly due to lower levels of client activity and the impact of lower interest rates on endowment income. Expenses were well managed and declined by 1,3% from the prior period. Our ROE of 6,2% was lower than in the year before but improved from the 4,8% reported in H1. Improving the ROE from these levels back to above our cost of equity is a key focus of management. Despite our strong capital and liquidity position at 31 December, having considered the spirit of Prudential Authority Guidance Notes 4/2020 and 3/2021 and noting growth opportunities and our responsibility to support clients and the economy, alongside the current uncertainty about the progression of the virus, possible future waves, and the vaccine rollout and its effectiveness, the group has decided not to declare a final dividend for 2020. Based on our current forecasts the group expects to resume dividend payments when reporting interim results in 2021.

We made excellent progress on our goal of delivering market-leading client experiences, as is evident in improved client satisfaction rankings. In the 2020 Consulta survey Nedbank increased its position to number two in the Net Promoter Score (NPS) among the five large SA banks, and maintained the second-highest-rated position in the SAcsi survey on customer satisfaction. During the lockdown our digital capabilities were vital as we launched various innovations such as Avo (our super app). We also introduced more retail digital onboarding (Eclipse) capabilities to new products such as investments, cards and overdrafts, and started the rollout of juristic client onboarding. This resulted in retail digital sales increasing to 49% of all sales (2019: 21%) and digitally active clients increasing by 25% to 2,2m. Our digital successes were underpinned by our Managed Evolution (ME) technology strategy, which is materially complete for all the foundation projects and overall 78% complete (2019: 70%). Our Target Operating Model 1.0 (TOM 1.0) optimisation programme recorded additional savings of R675m in 2020, translating to cumulative savings of R1,8bn to end-2020.

The group's long-term sustainability journey continues. Our focus remains on the delivery of the United Nations SDGs and we look forward to publishing our first TCFD report as part of our integrated reporting suite in April 2021.

The Nedbank franchise is well positioned for growth, as reflected in our 'Reimagine' strategy, which includes delivering market-leading client solutions, unlocking value through our Strategic Portfolio Tilt 2.0 and Target Operating Model 2.0 (TOM 2.0) initiatives, and leading sustainably as we deliver on our purpose of using our financial expertise to do good for all our stakeholders.

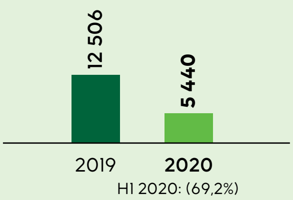
Forecasting remains difficult in a volatile health and economic environment, but we currently expect the country's GDP to increase by 3,4% in 2021. Given the economic forecasts from the Nedbank Group Economic Unit, our strategic drivers and particularly our expectation of an ongoing improvement in the credit loss ratio, our current guidance on financial performance for the half-year 2021 is to grow HEPS and EPS by more than 20%, as referred to in our trading statement.

We have revised our medium-term targets* so that they reflect the current environment, and by 2023 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 SA banks.

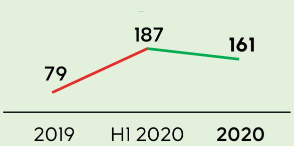
We thank all our committed Nedbank employees for remaining resilient during an extraordinarily difficult time, and for continuing to follow the Covid-19 health protocols while diligently supporting our clients and the economy throughout this crisis. We extend our deepest condolences to the families, friends and communities of employees and clients who have succumbed to Covid-19 and related illnesses.

Mike Brown
Chief Executive

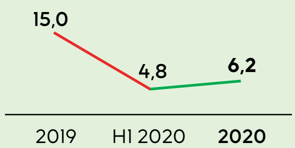
HEADLINE EARNINGS
(56,5%)



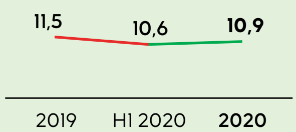
CLR
161 bps



ROE
6,2%



CET1 RATIO
10,9%



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

2020 RESULTS COMMENTARY

BANKING AND ECONOMIC ENVIRONMENT

In 2020 the onset of the Covid-19 pandemic brought global economic activity to a near standstill as many countries imposed tight restrictions to curb the spread of the virus – a period aptly named the Great Lockdown Crisis (GLC). This tipped the world economy into a deep recession. The International Monetary Fund (IMF) projects a contraction of 3,5% in global GDP for 2020, which would have been far worse had it not been for the unprecedented global monetary and fiscal policy response. While many advanced countries continued to battle new waves of Covid-19 infections in the final quarter, resulting in tighter lockdown restrictions and softer economic activity, confidence nonetheless improved, boosted by the rapid development and production of effective vaccines. Equity markets rallied, with the US markets closing at record highs. The surge in risk appetite late in 2020 also boosted demand for emerging-market assets, which supported capital inflows, driving some recovery in emerging-market equities, bonds and currencies.

The pandemic hit most emerging and developing countries particularly hard, aggravating deeply entrenched structural imbalances and adding to already high public debt burdens. The pandemic-induced recession had a material impact on tax revenues, and most governments increased health and other pandemic-related spending aggressively, resulting in large budget deficits and sharply higher public debt burdens. Economic activity in China rebounded strongly from the second quarter onwards as the country managed to contain the virus while rolling out a large fiscal stimulus package amplified by substantial liquidity injections and looser monetary policies. The Chinese economy expanded by 2,3% in 2020, making it the only country in the world to post growth in 2020, albeit its slowest rate of growth since 1976. The stronger-than-expected recovery in China, together with infrastructure investment programmes in many countries supported demand for and prices of commodities, providing some relief to many commodity-exporting emerging economies in the second half of the year, particularly in Latin America and sub-Saharan Africa. While Covid-19 infection rates have not been as high in sub-Saharan Africa as in many other regions, the collapse in global oil prices in the second quarter, restrictions on international trade and tourism, as well as strict lockdown measures in many African countries have caused substantial economic and fiscal damage. The IMF projects that the region's GDP shrunk by 2,6% in 2020.

In SA economic conditions also improved in the second half of the year, but the recovery was too muted to erase the damage done under the strict lockdown imposed in the second quarter. The economy shrunk by 7,0% in 2020. This followed several years of economic stagnation caused by widespread corruption, repeated power outages, the slow pace of structural reforms, widening fiscal deficits and mounting public debt. Against this already bleak background, the negative impact of the pandemic and lockdown on SA's growth prospects and debt level resulted in both Moody's and Fitch downgrading the country's sovereign credit ratings in April. With all three major global rating agencies now considering SA's sovereign debt as subinvestment grade, foreign capital inflows dried up, debt and equity markets experienced extreme volatility, and the rand depreciated sharply. The South African Reserve Bank acted quickly to adopt extraordinary measures to stabilise markets. These measures included increasing liquidity provision to the banking sector through the repo mechanism, limited purchases of government debt in the secondary market and cutting policy rates by a dramatic 300 basis points, taking the prime rate to a 55-year low. These measures were successful in supporting market liquidity and restoring stability. The government also responded with a R500bn fiscal relief package consisting of extensions to social grants, UIF payments, a loan guarantee scheme and tax deferrals. As a result of this environment, government's finances deteriorated even further. National Treasury expects the budget deficit to have hit 14% of GDP in 2020, up from an already problematic 6,4% in 2019. Government projects its gross debt burden to peak at 88,9% in 2025/26, with debt service costs anticipated to remain the fastest-growing expenditure item in the budget over the years to come, increasingly crowding out other urgent spending priorities. While this outcome is better than what was expected in the MTBS, the weak fiscal metrics will continue to undermine domestic growth prospects and further deterioration in the country's ratings remains a risk. This will weigh on confidence, raise hurdle rates for new private sector investments and increasingly crowd out the private sector from the capital markets.

Consumer finances and spending also improved in the second half of 2020. Data on high-frequency industry turnover from our point-of-sale (POS) devices and digital channels highlighted surprising resilience, with sales picking up noticeably from August, after sharp declines in April and May were registered. Industries that held up well during the year include telecommunications, healthcare and grocery retail and wholesale stores. Airlines, entertainment, hotels and restaurants were affected most adversely, with sales still well below 2019 levels. The recovery in fixed-investment activity has been much less compelling, even though the rebound in global trade, led by China, supported relatively robust recoveries in the mining and manufacturing sector. Fixed-investment activity is set to contract by a historic 18,2% in 2020.

Inflation ended 2020 at a subdued 3,1%, kept in check by lower global oil prices, modest increases in local food prices and weak domestic demand.

The year 2020 was a volatile and difficult year for the South African banking sector as it navigated the various lockdown levels, resulting in lower client activity and significantly higher credit risk. Increased market volatility boosted trading activities, which to some degree offset a slowdown in corporate dealflow across various sectors. Impairments rose significantly as a result of the difficult operating environment for our clients and due to the frontloading of forward-looking IFRS 9 portfolio impairments. Despite these challenges, the banking sector demonstrated strong levels of resilience and was able to support clients while remaining well capitalised, liquid and profitable, albeit at levels lower than in the prior year.

While South African sovereign finances entered the GLC in a much worse economic shape than they did the Global Financial Crisis (GFC), the banking system entered this crisis in a stronger position, with higher levels of capital and surplus liquidity (largely as a result of Basel III). Overall credit growth in the recent pre-GLC period (5% to 7%) has been slower than it was in the pre-GFC period (more than 20%). Impairments during the GLC are higher when compared with GFC impairment levels, in part due to the frontloading of impairments under forward-looking IFRS 9 macro-factor models (faster impairment recognition), which is materially different from the previous IAS 39 accounting requirements (slower impairment recognition) for incurred losses used during the GFC. While the GFC was a financial crisis, triggered by credit overextension (particularly in US residential mortgage loans) and high levels of gearing, rippling through global financial markets and translating into an economic recession, this is a health crisis that has morphed into an economic crisis as a result of the lockdown and poses significant social challenges such as higher levels of inequality and unemployment.

Group strategy

The impact of the Covid-19 pandemic has resulted in a tilt in our strategic focus since the lockdown started at the end of March 2020. Initially, our focus was on 'Resilience', as we managed the group through the most restrictive phases of the lockdown and the extreme volatility experienced in financial markets. Our focus on 'Transition' continued thereafter as the strict lockdown at levels four and five eased and we reintegrated our full suite of financial services. As part of business planning in the latter part of the year our focus shifted to 'Reimagine', as we strategised to emerge stronger in a post-Covid-19 world and set revised medium-term targets for 2023.

Resilience (Manage the crisis) – Our key focus throughout the pandemic has been on ensuring the health, safety and wellbeing of our stakeholders, including our employees and clients. We invoked business continuity plans (BCPs) and enabled remote working across the enterprise as we continued to deliver essential banking services. Additionally, we focused on ensuring our IT systems were stable and available, reviewed stress-testing scenarios and modelling of potential economic outcomes, educated clients and employees regarding digital solutions and capabilities available to them, provided debt relief to support qualifying clients, launched new digital solutions such as Avo (our repurposed platform solution for essential services) and enabled clients to transact through digital channels. From a financial perspective, our focus was on managing liquidity, capital, market, operational and credit risk, and at the same time managing discretionary costs, with less focus on profitability other than as an initial buffer against capital.

Transition (Enable recovery) – From Q3 our focus shifted from managing the crisis to dealing with its implications and the reintegration of the business in a phased manner (in line with revisions to government lockdown levels). Our focus was on mitigating downside risk, providing ongoing support to clients, managing costs and continuing to deliver world-class client experiences while remaining alert to new waves of infections and market volatility. This held us in good stead as the second wave emerged in December 2020. Pleasingly, the focus on managing credit risk and discretionary costs, together with a macroeconomic recovery from the low Q2 2020 base, supported a stronger second-half financial performance.

Reimagine (Strategise for value creation in a new environment) – The environment for our employees, clients and other stakeholders, as well as the world of financial services and banking, is likely to be materially different after the Covid-19 pandemic. As part of our business planning in H2 2020 we identified opportunities to create new revenue streams, enhance operations and optimise the structure of our businesses. Key value unlocks for the future include delivering market-leading client solutions, growing in value-creating areas (including in line with the Strategic Portfolio Tilt 2.0 as we leverage our balance sheet to grow transactional revenue and deposits while increasing cross-sell), continuing our disruptive market activities (underpinned by digital leadership), driving efficient execution (including in line with the Target Operating Model 2.0, through which we are optimising our branch infrastructure in the context of an increasingly digital world, shifting our RBB structure to be more client-centred, as well as optimising shared services across the group), and leading sustainably (caring for our employees, clients, society and the environment). These value unlocks support our revised medium-term targets, and by 2023 we aim to have achieved DHEPS greater than the 2019 level (2 565 cents), ROE greater than the 2019 levels (ROE 2019: 15,0%), a cost-to-income ratio lower than 54% (2019: 56,5%) and the number one ranking in the NPS (2019: 3), having improved to number two among all South African banks in 2020 in the recently released Consulta survey.

Leveraging our strategic foundations

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

- **Delivering innovative, market-leading client solutions**
  - **Eclipse:** Our simplified digital client onboarding platform for individual clients continued to gather pace, enabling clients to open FICA-compliant accounts remotely through our employee-assisted and self-service channels. All new individual client applications, transactional products and personal-loan sales are now processed through Eclipse. In the period we also expanded digital product sales to include investments, cards and overdrafts. During the year a decision was made to pivot delivery of Everyday Banking solutions on Eclipse ahead of secured-lending products as we respond to a changing environment. The roll-out of home loans, vehicle finance, stockbroking, forex and student loans should be completed in 2021. Juristic client onboarding in RBB was rolled out, with 99% of all juristic onboarding done in December 2020 via Eclipse in RBB, while the CIB roll-out is progressing well.
  - **Apps:** The Money app, which makes banking more convenient for our retail clients, is now actively used by 1,2m clients, up by 42% from 2019. It continues to be rated highly on the Apple and Google app stores, with an average client rating of 4,4 (out of five). Transaction volumes on the app increased by 70% and transaction values increased by 53% when compared to 2019. The Nedbank Private Wealth app, which offers integrated local and international-banking capabilities, has been downloaded nearly 24 000 times and has an average rating of 4,5 on the Apple and Google app stores.
  - **Avo:** 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 have them delivered to their home, with payment via the Nedbank digital wallet. Since its launch in app stores on 19 June 2020 Avo has signed up more than 145 000 customers, along with over 5 000 businesses registering and offering their products and services on this e-commerce platform.
  - **Tap on phone:** We launched SA's first tap-on-phone functionality, enabling all merchants and business owners to convert their cellphones into payment acceptance devices to meet the needs of clients who are increasingly looking for contactless ways to pay. This tap-on-phone functionality is a first for Africa, and Nedbank is currently the only bank to offer this capability.
  - **Loyalty and rewards:** Our enhanced loyalty and rewards solution (a money management programme offering incentives for better money management and opportunities for doing good for society, as well as enabling clients to earn rewards) continued to gain traction. To date we have signed up more than one million Greenbacks members on the new platform and have so far acquired over 300 000 new members since launching the new programme in September 2019, an increase of 28%.
  - These initiatives helped us to increase the number of digitally active clients by 25% to 2,2m.
- **Operational efficiencies and optimisation**
  - Cost discipline during the period increased as we actively managed discretionary spend and leveraged existing initiatives to optimise our cost base. These included the reduction of our core systems from 250 to 90 since the inception of the

ME programme (a reduction of 27 since December 2019), and we are on track to reach our target of 60 to 75 core systems. The rationalisation, standardisation and simplification of our core banking operating systems led to reduced infrastructure, support and maintenance costs, less complexity and increased agility in adopting new innovations. Overall, investments in various foundational IT programmes are either complete or nearing completion, and we expect annual IT cashflow spend to remain flat or decline from here, after having peaked in 2019. Our ME programme has now reached 78% completion.

- During 2020 additional self-service options, which were previously available in branches or through employee-assisted channels only, were released on our digital channels, taking the total digital self-service functions to 171 (compared with 114 in 2019). This digitisation of services in RBB, along with the impact of the lockdown, has enabled us to increase digital service volumes by 187% and reduce branch teller volumes by 42%. To date, branch floor space has decreased by almost 57 000 m^2 (decreased by around 15 000 m^2 in 2020) and employee points of presence declined by 40 in 2020 to 549. Over the past 12 months we reduced total group headcount by 1 079, mainly through natural attrition.
- 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 two years, with a longer-term target of 19. Since 2016 we have saved almost 69 000 m^2 and saved around 15 000 m^2 in 2020. In the next few years we will continue to optimise the portfolio by enhancing workstation use to more than 100% (from the current 94%) by enabling flexible office constructs to support more dynamic ways of work, as well as leveraging successful work-from-home experiences as a result of Covid-19, while creating further value and cost reduction opportunities.
- Our TOM 1.0 initiatives recorded additional savings of R675m in 2020, translating to cumulative savings of R1,8bn to end 2020, which is ahead of our R1,2bn target by December 2020 as disclosed in the corporate performance targets in our long-term incentive scheme. We have started implementing TOM 2.0, which looks at the shape of our branch infrastructure in the context of an increasingly digital world, a shift in our RBB structure so that it is more client-centred, as well as shared-services optimisation across the group. We anticipate cumulative revenue uplift and costs savings relating to TOM 2.0 of R2,5bn in the next three years (of which approximately 90% relate to cost savings). Cumulative TOM 1.0 savings of R1,8bn (R675m in 2020) exceeded the incremental increase of computer-processing costs, adjusted for inflation, of R1,1bn over three years (R291m incremental amortisation and depreciation charges in 2020) and we expect similar benefits from TOM 2.0.

REVIEW OF RESULTS

Nedbank Group's financial performance for the year ended 31 December 2020 reflects the difficult operating environment, largely as a result of the impact of the Covid-19 pandemic and strict lockdowns in Q2 2020. HE declined by 56,5% to R5,4bn. While HE in H1 2020 declined by 69,2% and was primarily impacted by a significant increase in impairments (largely related to IFRS 9 forward-looking macro models and Covid-19-related judgemental overlays), H2 2020 earnings showed an improvement when compared to H1 as levels of additional impairments in the six months declined, non-interest-revenue (NIR) declined less than expected and the group's net interest margin (NIM) improved, in part due to better asset pricing. Expenses remained well managed. The underlying financial performance for all key metrics was in line with the guidance we provided at our interim results and during our market announcements in H2 2020.

HEPS and EPS declined by 56,8% to 1 126 cents and by 71,3% to 718 cents respectively, in line with the updated trading statement released on 5 March 2021, which highlighted a decline of between 55% and 60% in HEPS and between 69% and 74% in EPS respectively. When compared with HEPS, the larger decline in EPS can be attributed primarily to the R750m impairment of the group's investment in Ecobank Transnational Incorporated (ETI) as disclosed in our H1 2020 results, accounting for our share of ETI's impairment of their own goodwill, as announced in their 9M 2020 results released in November 2020, and an impairment relating to Nedbank's own goodwill on the SA Wealth businesses. DHEPS declined by 56,6% to 1 113 cents.

ROE and ROA declined to 6,2% and 0,45% respectively but improved from 4,8% and 0,36% in H1 2020. Return on RWA decreased from 2,02% to 0,82% as headline earnings declined and RWA grew by 7,2%. NAV per share of 18 391 cents increased by 1,0%, compared to 18 204 cents in December 2019.

Throughout the crisis the group maintained strong capital and liquidity positions. Our IFRS 9 fully phased-in CET1 and tier 1 capital ratios of 10,9% and 12,1% increased from H1 2020 levels and remained well above our board targets of 10,0% to 12,0% and greater than 11,25% respectively, and well above the SARB minimum requirements of 7,5% and 9,25% respectively (excluding idiosyncratic buffers). For Q4 an average LCR of 126% was above the H1 level of 115% and well above the adjusted regulatory minimum level of 80% under the PA's Directive 1/2020 (D1) (revised from 100% on 1 April 2020). An NSFR of 113% was in line with that in H1 and well above the 100% regulatory minimum. Despite our strong capital and liquidity position at 31 December, having considered the spirit of Guidance Notes 4/2020 and 3/2021 and noting growth opportunities and our responsibility to support clients and the economy, alongside the current uncertainty about the progression of the virus, possible future waves, and the vaccine rollout and its effectiveness, the group has decided not to declare a final dividend for 2020. Based on our current forecasts the group expects to resume dividend payments when reporting interim results in 2021.

CLUSTER FINANCIAL PERFORMANCE

Nedbank Group's HE declined by 56,5% to R5 440m and our ROE of 6,2% was below our cost of equity of 14,5%. The decline in HE was less than the 69,2% recorded in H1 2020 and consequently ROE improved from the 4,8% reported at half year. Year on year ROEs were lower across all our frontline clusters as HE declined and capital levels increased in the difficult Covid-19 operating environment.

	Change (%)	HE (Rm)		ROE (%)	
		2020	2019	2020	2019
CIB	(41,0)	**3 636**	6 167	**9,4**	17,7
RBB	(69,9)	**1 595**	5 293	**5,4**	17,3
Wealth	(36,5)	**662**	1 042	**15,3**	24,8
NAR	(97,4)	**12**	457	**0,2**	7,7
Centre	(2,8)	**(465)**	(453)		
Group	(56,5)	**5 440**	12 506	**6,2**	15,0

HE in CIB declined by 41,0% (H1 2020: -57,1%) to R3,6bn, and the cluster delivered an ROE of 9,4% (H1 2020: 7,3%). HE was primarily impacted by an increase in impairments as reflected in the CLR, increasing to 82 bps (H1 2020: 118 bps) from 25 bps in the prior year. NII declined by -0,7%, with average interest-earning banking assets (AIEBA) increasing by 5,4% to R392bn. Actual gross banking advances decreased by 8,1% to R361bn due to early repayments from clients as well as active portfolio management as we focused on capital optimisation. Trading advances grew by 118% as clients repaid foreign currency banking loans and advances early, resulting in excess liquidity being placed in the repo market. Improved client asset pricing was offset by the impact of the significant decline in interest rates on endowment income. NIR declined by 11,6%, impacted by negative equity revaluations, partially offset by a strong trading performance across all asset classes given increased market volatility and client demand. Expenses decreased by 2,6%, driven by good cost containment, resulting in a cost-to-income ratio of 43,8%.

HE in RBB declined by 69,9% to R1,6bn and ROE declined to 5,4% (H1 2020: 1,5%). The HE decline of 49,4% in H2 was less than the 91,2% reduction seen in H1. The main drivers for this performance were higher impairment charges, including R2,2bn of Covid-19-related adjustments, as well as lower NIR as a result of lower levels of client transactional activity. The CLR increased to 240 bps from 138 bps in the prior year and is above the cluster's TTC target range of 130 bps to 180 bps, but below the H1 2020 peak level of 269 bps. Revenue growth was impacted by slow advances growth, although improving in the second half of the year, and NIM pressure from the impact of lower interest rates on endowment income. NIR decreased as client-related transactional activity slowed during the lockdown, particularly in the travel and leisure sectors, where we have a leading market share via the Amex franchise. A reduction in expenses was supported by the management of discretionary spend and ongoing optimisation of processes and operations, including a reduction in permanent headcount in RBB of 290 largely through natural attrition.

HE in Nedbank Wealth decreased by 36,5% (H1 2020: 20,5%) to R662m, with an ROE of 15,3% (H1 2020: 17,1%) remaining above the group's cost of equity. Wealth Management experienced a decline in earnings impacted by a reduction in SA and global interest rates, as well as significantly higher impairments locally. This was partly offset by a very good performance in Asset Management, which benefited from positive netflows, resulting in a 13,1% growth in AUM to R375bn. Insurance results were impacted by higher claims in the life portfolio, the negative effect of reduced interest rates on actuarial reserves and lower investment returns on shareholder funds.

HE in Nedbank Africa Regions declined by 97,4% to R12m, with an ROE of 0,2%. The performance of the cluster reflects the impact of Covid-19 on the SADC operations evident in higher impairments (CLR up to 185 bps from 101 bps) and lower revenues, as well as accounting for the continued impact of hyperinflation in Zimbabwe. HE benefited from R153m relating to our investment in ETI, inclusive of our share of a 2018 ETI restatement reported in their 2019 results and now included in Nedbank's 2020 results.

The performance in the Centre reflects a R500m (pretax) increase in the central impairment (to R750m) and the base effect in 2019 of the final postretirement medical aid (PRMA) credit amounting to R255m (after tax). This was offset by fair-value gains as a result of the group's fair-value hedge accounting solution that partially unwound in H2 2020.

FINANCIAL PERFORMANCE

Net interest income

NII decreased by 0,3% to R30 081m, an outcome that was at the top end of our full-year 2020 guidance range of between 0% and a decline of 5%. The decline reflects AIEBA growth of 4,4% and a lower NIM. The AIEBA growth was driven by muted advances growth and higher levels of HQLA in the banking book. AIEBA growth slowed from the 8,2% recorded in H1 2020.

NIM decreased by 16 bps to 3,36% from 3,52% in 2019, an improvement from the 3,33% recorded in June 2020. Cumulative interest rate cuts of 300 bps had a negative impact on endowment income, decreasing NIM by 24 bps. Liability pricing and the narrowing of the prime–JIBAR spread reduced NIM by a further 10 bps and 4 bps respectively, while strategic management actions in 2020 resulted in asset pricing increasing NIM by 15 bps and HQLA optimisation contributing to an increase of 7 bps.

Impairments charge on loans and advances

Impairments increased significantly, driven by the impact of Covid-19 on consumers and businesses and the difficult SA macroeconomic environment. The group's impairment charge increased by 114% to R13 127m, including R3,9bn of Covid-19-related overlays and judgemental estimates. The group's CLR increased from 79 bps in 2019 to 161 bps in 2020, an outcome that was just below the mid-point of our full-year 2020 guidance range of between 150 bps and 185 bps. During the period loans and advances were restated to include listed corporate bonds to ensure alignment with industry practice, and this reduced the group CLR by 3 bps and 6 bps in 2019 and 2020 respectively (this restatement applied to CIB only and consequently the group).

To support clients in good standing, the group provided D3/2020 payment relief on a total of more than R120bn of client loans across the portfolio, representing 15% of total loans and advances. At 31 December 2020, this had declined to R28bn as payment holidays matured and clients resumed payment plans. RBB D3 loans declined from a peak of R80bn to R2bn at the end of December, with 88% of clients who had any form of payment relief having resumed payment, 9% having missed payments and 3% having payment relief either extended or having not yet matured. The remaining outstanding D3/2020 loans include R25bn for clients in CIB and the majority of these are expected to mature in H1 2021.

Impairments in CIB increased by more than 100% to R3 245m and its CLR, at 82 bps, is above its TTC target range of 15 bps to 45 bps, but below the 118 bps in H1 2020. This compares with the 43 bps peak during the GFC. Stage 1 and 2 impairments increased as a result of Covid-19-related overlays, amounting to R826m. These overlays were driven by a bottom-up industry review, where the current macroeconomic forecasts and models do not yet sufficiently capture the impact of Covid-19 for certain vulnerable sectors in the CIB portfolio that are impacted by Covid-19. Stage 3 impairments increased, this relating to specific counters (most notably those operating in the aviation, business services and selected SOE sectors).

In RBB impairments increased by 81% to R8 746m and its CLR, at 240 bps, increased to above the top end of its TTC target range of 130 bps to 180 bps as a result of R1,8bn judgemental Covid-19 adjustments and increased levels of consumer stress. RBB's CLR compares with the 269 bps reported in H1 2020 and 256 bps during the GFC.

During the year the group's central provision was increased by R500m to R750m to account for emerging risks not yet reflected in the data, impairment models or macroeconomic forecasts.

CLR (%)	Average banking advances (%)	2020	2019[1]	TTC target ranges
CIB	**48,4**	**0,82**	0,25	0,15–0,45
RBB	**44,7**	**2,40**	1,38	1,30–1,80
Wealth	**4,0**	**0,64**	0,18	0,20–0,40
NAR	**2,9**	**1,85**	1,01	0,75–1,00
Group	**100,0**	**1,61**	0,79	0,60–1,00

[1] *CLR for 2019 restated due to reclassification of listed corporate bonds into loans and advances.*

Overall coverage increased from 2,26% of total loans and advances at December 2019 to 3,25% at December 2020 due to clients moving into different stages of impairment and additional overlays raised for Covid-19-related risks. The stage 1 coverage ratio increased to 0,65% (December 2019: 0,48%), driven by Covid-19-related overlays. The stage 2 coverage ratio increased to 6,61% (December 2019: 5,30%), primarily as a result of the increased levels of Covid-19-related overlays, our classification of the majority of D3 loans as stage 2 and an increase in watch list clients. In line with guidance from the Basel Committee, Nedbank does not use the low-risk exemption available under IFRS 9. The stage 3 coverage ratio decreased to 31,5% (December 2019: 37,9%) given the mix impact of CIB stage 3 loans increasing faster than that of RBB stage 3 loans, an increase in the number of stage 3 clients in CIB with high levels of collateral, and an increase in D7 restructures in Retail (so-called performing restructures or technical cures), which attract a lower coverage than non-D7 restructures.

Non-interest revenue

NIR decreased by 7,1% to R24 140m, an outcome at the top end of the full-year 2020 guidance range of a decline of between 7% and 11%. The decline was primarily driven by lower levels of client-related transactional activity, lower equity valuations and lower insurance income.

- Commission and fee income declined by 8,6% (H1 2020: declined by 9,2%) to R17 138m. Transactional activity declined significantly in H1, impacted by the lockdown, but had improved by the end of H2 2020 to above pre-crisis levels. Digital, POS and ATM volumes increased to above March levels in the second half of the year, although branch volumes remained lower. The number of retail main-banked clients, at 2,94m, was flat on 2019, but improved by 11% from H1 2020 levels as transactional activity returned. Fee concessions in April and May decreased NIR by R104m. CIB was also impacted negatively by subdued client activity but recorded 37 primary client wins that will support growth into the future.
- Insurance income declined by 11,7% (H1 2020: declined by 7,8%) to R1 622m due to higher credit life loss-of-income claims and funeral claims as a result of Covid-19, as well as the adverse impact of reduced interest rates on actuarial reserves and the effect of lower JSE market performance on shareholder funds, despite some improvement in Q4. Credit life loss-of-income claims peaked in September and while volumes had decreased by December, they remain above normalised levels. This was partially offset by an improved non-life claims experience.
- Trading income increased by 16,1% (H1 2020: 43,8%) to R5 252m given increased market volatility and higher client activity.
- Private-equity income declined to a loss of R1 039m (H1 2020: R765m loss), primarily due to downward revaluations of unrealised investments as the subdued macroeconomic environment impacted the profitability of investee counters and listed market prices declined, although the levels of adverse impact declined in H2.
- Fair-value gains from the group's fair-value hedge-accounting solution increased more than 100% to R352m and, as expected, partially unwound in H2 2020 (H1 2020: R836m).

Expenses

The decline in expenses of 1,3% to R31 772m was in line with our full-year 2020 guidance range of a decline of between 1% and 4%, reflecting the close management of our discretionary spend, a decline in incentives and continuing optimisation initiatives offset by increased levels of Covid-19-related spend.

- Staff-related costs decreased by 2,8% following:
  - » average 2020 annual salary increases of 4,7% and a reduction in employee numbers of 1 079 since 31 December 2019, largely through natural attrition and including the impact of the sale of Nedbank Malawi (171 employees) in Q1 2020 (total of 3,7% reduction in headcount yoy); and
  - » a 27% decrease in STIs impacted by the group's financial performance (2019 decrease of 25%) and a 50% decrease in LTIs (2019 decrease of 22%) as expected vesting ratios have declined due to underperformance against corporate performance targets set in a pre-Covid-19 environment.
  - » This decline was partially offset by the base effect of the PRMA pretax credit of R354m in 2019 and a R121m increase in the leave expense provision as employees took less leave during lockdown.
- Computer-processing costs increased by 19,5% to R5 830m, driven by the increase in the amortisation charge of 23,0%, as well as investment in digital solutions and cash and self-service devices. The incremental savings under TOM 1.0 of R675m have more than offset the increase in amortisation and depreciation charges of R291m.
- Other cost lines reflect the management of discretionary spend during the crisis. Savings were recorded across travel, communication, marketing and training. We also unlocked cumulative benefits of R1,8bn (December 2019: R1,1bn) from process enhancements and implementing TOM 1.0, mainly in RBB.
- Covid-19-related spend of R81m includes the provision of personal protective equipment, additional spend to comply with health and safety regulations, and international consulting support relating to impairment model development and provisioning. Increasing demand on technology as a result of Covid-19, such as that arising from working from home, has not had a material impact on our cost base.

The group's decrease in expenses of 1,3% was less than the decrease in revenue and associate income of 4,0%, resulting in a negative JAWS ratio of 2,7% and the cost-to-income ratio increasing to 58,1% (December 2019: 56,5%).

Hyperinflation accounting in Zimbabwe

In the second half of 2019 the group adopted hyperinflation accounting in Zimbabwe. Given the further depreciation of the Zimbabwean dollar, a R205m monetary loss was recorded (2019: R296m loss), which had a net effect on HE of R89m (2019: R142m).

Earnings from associates

A loss from associates of R76m, relating primarily to the group's 21% shareholding in ETI for the period ended 31 December 2020, has been recognised. This includes accounting for our share of ETI's earnings from Q4 2019 to Q3 2020 (in line with our policy of accounting for our share of ETI's attributable earnings a quarter in arrear), as well as Nedbank's share (R236m) of the US$79,5m restatement of ETI's 2018 income statement for interest accruals on oil market exposures that had to be reversed in terms of Central Bank of Nigeria regulations, as well as Nedbank's share of ETI's impairment on goodwill of US$159m, relating to ETI's acquisition of Oceanic Bank in Nigeria. Nedbank's share of ETI's goodwill impairment decreased Nedbank's profit for the year by R528m with no impact on HE.

Due to the prolonged decline of the market value of Nedbank's investment in ETI below its carrying value, Nedbank reviewed its impairment provision at 30 June 2020. While various scenarios supported a value-in-use calculation above the carrying value of our investment, more weight was given to downside scenarios and an impairment of R750m was raised. Our position was reassessed at 31 December 2020 and no change in impairment was required.

Total comprehensive income

Total comprehensive income attributable to ordinary shareholders declined by 60,4% during the year to R4 358m, driven by the 56,5% decline in HE to R5 440m as well as the R750m impairment of the group's investment in ETI, accounting for our share of ETI's impairment of their own goodwill (R528m) and an impairment relating to Nedbank's own goodwill on the SA Wealth businesses (R345m). The decline was partially offset by other comprehensive income that increased by more than 100% to R891m, primarily as a result of foreign currency translation gains in the period as the rand weakened against most currencies.

STATEMENT OF FINANCIAL POSITION

Capital

The group remains capitalised at levels well within board targets, well above the minimum regulatory requirements and well above the levels during the GFC, with a tier 1 ratio of 12,1% (H1 2020: 11,7%) and a CET1 ratio of 10,9% (H1 2020: 10,6%). The CET1 ratio was achieved after absorbing the final 2019 ordinary-dividend distribution of R3,5bn, the impairment of the group's investment and goodwill in ETI, further investment in software development as part of the ME programme, and an increase in credit RWA, driven by credit migration and the effect of volatility in market risk RWA.

The tier 1 CAR was impacted by the further grandfathering of old-style preference shares (R531m) in January 2020 in line with the Basel III transitional arrangements, as well as the issuance of additional tier 1 instruments of R972m. The total CAR included the redemption of R2,3bn tier 2 capital and the issuance of new-style tier 2 capital of R4,1bn, in line with the group's capital plan.

Basel III capital ratios (%)	2020	2019	Internal target range	Regulatory minimum[2]
CET1	**10,9**	11,5	10,0–12,0	**7,5**
Tier 1	**12,1**	12,8	> 11,25	**9,25**
Total CAR	**14,9**	15,0	> 13,0	**11,5**

(Ratios include unappropriated profits.)

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

Funding and liquidity

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

The group achieved a quarterly average long-term funding ratio of 25,4%, which compared favourably with the industry average of 22,0% in an environment of increased financial market volatility as a result of the Covid-19 pandemic.

The group's December 2020 average LCR of 125,7% (H1 2020: 114,5%) exceeded the minimum regulatory requirement, with the group maintaining appropriate operational buffers designed to absorb seasonal, cyclical and systemic volatility observed in the LCR. On 31 March 2020 the PA issued Directive 1/2020, reducing the minimum LCR requirement from 100% to 80% with effect from 1 April 2020.

Nedbank Group LCR	2020	2019
HQLA (Rm)	**206 943**	177 985
Net cash outflows (Rm)	**164 583**	142 421
Liquidity coverage ratio (%)[3]	**125,7**	125,0
Regulatory minimum (%)	**80,0**	100,0

[3] *Average for the quarter.*

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

Nedbank's portfolio of LCR-compliant HQLA increased by 16,3% to a December 2020 quarterly average of R207bn in support of the higher quarterly arithmetic average in the LCR net cash outflows driven by increased financial market volatility introduced by the Covid-19 pandemic. Nedbank proactively managed its HQLA liquidity buffers, resulting in a marginal yoy 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 R254,4bn, representing 20,7% of total assets.

Nedbank exceeded the minimum NSFR regulatory requirement of 100% effective from 1 January 2018 and reported a December 2020 ratio of 112,8% (December 2019: 113,0%). The structural liquidity position of the group remained relatively the same yoy as a result of well-managed balance sheet growth.

Banking loans and advances

Gross banking loans and advances decreased by 1,6% yoy to R797bn, driven primarily by a reduction in CIB banking advances in the second half of the year. The group's loans and advances were restated 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 (%)	2020	2019[5]
CIB	**(8,1)**	**361 280**	393 088
RBB	**3,3**	**375 385**	363 471
Wealth	**1,9**	**31 567**	30 970
NAR	**7,8**	**24 186**	22 427
Centre[4]	**>100**	**4 438**	(307)
Group	**(1,6)**	**796 856**	809 649

[4] *Includes macro fair-value hedge-accounted portfolios and disclosure reallocations.*
[5] *The group reclassified listed corporate bonds of R22bn (2019: R28bn) from government and other securities to loans and advances to be aligned with peer disclosure and so that they better reflect the group's management of these assets.*

CIB gross banking loans and advances declined by 8,1% yoy to R361bn. Increased levels of client drawdowns during the crisis in H1 was offset by early repayments, active sell-downs, selective participation and portfolio optimisation, predominantly in H2 2020.

RBB gross loans and advances increased by 3,3% yoy to R375bn. After a negative impact as a result of the closure of the deeds office and motor dealerships in April 2020, payouts increased in H2 2020 as clients who were in good financial standing took advantage of the 300 bps decline in interest rates. BB advances declined by 2,7% as new-loan payouts remained muted, given the lower business activity levels, and were not sufficient to replace the book rundown. MFC (vehicle finance) loans increased by 4,6% due to a combination of increases in average payout per deal, as well as a slowdown in rundown. Unsecured lending grew by 10,3% as a result of product and process enhancements, mostly through digital and call centre channels, driving increased take-up rates of approved loans. Card advances decreased by 2,0%, challenged by the impact of Covid-19 and clients' reduced ability to spend during the period. Residential mortgage loans grew by 4,8%, slightly ahead of the industry.

Deposits

Deposits grew by 5,5% to R954bn, with total funding-related liabilities increasing by 5,1% to R1 014bn, while the loan-to-deposit ratio was 88% (2019: 91%).

Within the clusters CIB grew deposits by 11,4%, RBB by 4,5%, Wealth by 9,7% and Africa Regions by 10,2% while the Centre declined by 14,2%.

Current and savings accounts (CASA), along with cash management deposits, increased by 31,1%, driven by increased short-term operational cash requirements by businesses impacted by Covid-19, while retail clients opted to hold more short-term operational deposits given the impact of Covid-19 on the economy. Individually, current accounts increased by 14,7%, cash management accounts increased by 47,6% and savings accounts increased by 35,7% (including foreign exchange translation gains in Nedbank Wealth). Call and term deposits increased by 3,5% and fixed deposits decreased by 5,0% 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 above the wholesale cash curve. NCDs decreased by 15,6% as institutional clients opted to invest in higher-yielding government bonds and treasury bills, while other deposits increased by 11,8% as a result of increased institutional and financial corporate demand for term deposits. The demand for other deposits was also linked to client appetite for increased deposit duration in an environment of slow growth and lower interest rates and contributed positively to managing Nedbank's contractual longer-term funding ratio. Foreign funding, although small in relative terms for Nedbank, decreased by 17,8%, facilitated by the prepayment of foreign currency lending facilities.

USING OUR FINANCIAL EXPERTISE TO DO GOOD

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

Staff

- Despite the difficult operating environment in 2020, employee engagement levels remained high. Our employee insights survey highlighted that 85% of the participating employees are proud to work for Nedbank and our employee NPS increased from seven in 2019 to 17 in 2020.
- We have not retrenched any employees as a result of Covid-19 and have paid our 28 324 employees' salaries and benefits of R16,8bn. Our Agility Centre successfully redeployed 234 employees into alternative roles within Nedbank, while 18 employees were regrettably retrenched as result of changes in operational requirements.
- Before the crisis emerged in 2020, we concluded annual salary increases with our bargaining-unit employees at 6,3%, with non-bargaining-unit employees receiving increases of no more than 4,0% and the blended average employee salaries increasing by 4,7%.
- Our Nedbank Group executives, other senior management and boardmembers received no increases in their guaranteed pay for 2020.
- In 2020 we increased our focus on the physical, mental and financial wellbeing of our employees through various interventions. We are saddened by the loss of nine of our employees who succumbed to Covid-19 in 2020.
- Although a portion of our employees qualified, we did not apply for any benefit from any of the Unemployment Insurance Fund TERS subsidies.
- Paid special leave was introduced for employees who were unable to perform their duties and did not fall into the essential-services category and for those in self-quarantine who were unable to perform their duties remotely.
- In 2020 training spend amounted to R924m (2019: R760m) and a skills development score of 15,99 was achieved (2019: 15,67) on the BBBEE scorecard.
- We enabled more than 16 500 employees to work from home (more than 75% of campus-based employees) as BCPs were activated seamlessly with the ongoing support of our technology teams.
- The employee uptake of digital learning increased significantly, with 45 565 online LinkedIn Learning courses completed in 2020, which reflects growth of over 183% on the previous year. The Udemy learning platform has 511 users, with an increase in adoption rate from 62% in 2019 to 71% in 2020.
- Despite the crisis, we continued to focus on transformation as a key imperative to ensuring Nedbank remains relevant in a transforming society. Black representation at board level is 60%, at executive level it is 46% and among our total employees it is more than 78%. Female representation at board level is 20%, at executive level it is 46% and among total employees it is 61%.
- We were formally recognised for our efforts towards transformation and diversity and for being an employer of choice during 2020: We placed second in the 'Reporting JSE-listed boards' category; won the 'Employer of choice: Large organisations' category at the Topco Media Future of HR Awards; placed third in the category 'Employer of choice: Commercial and Retail Banking' at the SA Graduate Employers Association (SAGEA) Employer Awards; and won the Oliver Top Empowerment Award for our 2019 participation in the Youth Employment Service (YES) programme.

Clients

- Delivering market-leading client experiences remains a key priority and we are pleased to report that in the 2020 Consulta survey, we achieved second position among the five largest SA banks, and recorded the largest increase over the past five years in both client satisfaction (SAcsi score of 81%) and NPS (score of 41%). Our focus on client satisfaction during the crisis enabled us to be ranked consistently number one or two on social-media net sentiment by BrandsEye. Nedbank was also announced winner of both the Most Helpful Bank in Africa during Covid-19 and Most Helpful Bank in SA during Covid-19 categories by the Asian Banker as part of their BankQuality™ consumer survey.
- We safeguarded R954bn of deposits at competitive rates.
- We supported clients by advancing R210bn (2019: R208bn) 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 2020.
- Under the PA's Directive 3/2020 we supported more than 400 000 clients who were in good standing at 29 February 2020 with payment relief (payment holidays) on more than R120bn of loans.
- We provided an online portal for clients to access various debt relief programmes by leveraging the onboarding capabilities that we have built, and we digitised debt relief application processes on our digital channels.
- Clients who have a Nedbank Personal Loan and have lost their income were able to claim against credit life protection, which covers up to 12 months of debt payments (amounting to more than R150m paid in 2020).
- We implemented our end-to-end digital onboarding, sales and servicing capabilities as part of our ME technology journey, which have proven to be beneficial in this time, with digital sales in RBB increasing to 49% (from 21% in 2019). Excluding MobiMoney, digital sales increased to 26% (from 12% in 2019). Our clients' access to banking improved, as digitally active retail users increased by 25% to 2,2m.
- Nedbank won various awards at the prestigious Global Banking & Finance Awards in recognition of the progress we made and our leadership in digital banking. The awards included Best Banking Technology Implementation in SA (Managed Evolution), Most Innovative Digital Branch Design in SA, Most Innovative Retail Banking App in SA (Nedbank Money app) for the second year in a row, Best Retail Bank in SA and CIO of the Year in South Africa. At the 2021 Global Finance World's Best Investment Bank Awards, Nedbank CIB won the Best Debt Bank: Africa category and was the overall country winner in the Best Investment Bank: SA category.
- Nedbank's brand ranking among SA companies increased from 11 in 2019 to eight in 2020, and Nedbank's brand was one of only two banking brands to improve value yoy in the 2020 annual review by Brand Finance of the most valuable brands in SA.

Shareholders

- Banks are highly integrated in the economies in which they operate and, as a result of the Covid-19 pandemic and sharp reductions in GDP, bank share prices across the world declined. Similarly, SA bank share prices declined in 2020 as reflected in the JSE SA bank index closing down 22% yoy. While we are disappointed that the Nedbank share price declined by 40% in 2020, we continue to focus on delivering on our strategy and actions alongside enhanced disclosure to address key issues investors may have. Pleasingly, in an environment of heightened forecast risk, we achieved the 2020 guidance we provided in H2 2020 and continue to focus on the drivers of value creation, as evident in our revised 2023 financial targets.
- Despite our strong capital and liquidity position at 31 December, having considered the spirit of Guidance Notes 4/2020 and 3/2021 and noting growth opportunities and our responsibility to support clients and the economy, alongside the current uncertainty about the progression of the virus, possible future waves, and the vaccine rollout and its effectiveness, the group

has decided not to declare a final dividend for 2020. Based on our current forecasts the group expects to resume dividend payments when reporting interim results in 2021.

- We successfully hosted our first virtual AGM in 2020 and recorded good voting outcomes. We became the first company in SA to proactively table two climate-change-related resolutions, which shareholders unanimously supported as both received 100% votes of approval. Our inaugural TCFD report will be published in April 2021.
- We ensured transparent, relevant and timeous reporting; enhanced our disclosures to shareholders; and hosted numerous virtual investor engagements in 2020, which were accompanied by a significant increase in investor attendance.
- Nedbank achieved first place with honours at the 2020 EY Excellence in Integrated Reporting Awards – the only SA company to be named overall winner for three years in a row. This achievement was followed by a top 40 merit award at the 2020 Chartered Governance Institute of Southern Africa/JSE Integrated Reporting Awards.

Regulators

- We worked closely with the government, regulators and the Banking Association SA to mitigate the risks of Covid-19 and the associated lockdowns on the economy and to ensure the safety and soundness of the SA 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%.
  - » 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.
  - » 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.
  - » A block exemption was issued by the Department of Trade, Industry and Competition allowing banks to collectively formulate the SME loan guarantee scheme with National Treasury and SARB and to engage and agree on client relief measures, for example helping Sassa beneficiaries and announcing payment holidays during the pandemic.
- We maintained a strong capital position, with a tier 1 capital ratio of 12,1% and CET1 ratio of 10,9%.
- We ended the year in a strong liquidity position, with an average LCR of 126% in Q4 of 2020 and an NSFR of 113% at December 2020. Both ratios improved on the levels achieved at June 2020.
- We hold investments of over R159bn in government and public sector bonds as part of our HQLA requirements.
- We made cash taxation payments across the group of R8,7bn (2019: R11,5bn) 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. We continued to make progress in driving groupwide adoption, awareness and delivery of the SDGs to bring our purpose to life. Key highlights include the following:

Good health and wellbeing (SDG 3)

- We donated over R16m towards Covid-19 relief efforts: R5m was provided to The South African Red Cross Society and R2m to Doctors Without Borders.
- We actively engaged in numerous health and economic interventions through the Banking Association South Africa, Business Leadership SA and Business Unity SA (including Business4SA).

Quality education (SDG 4)

- Over the past five years Nedbank has provided approximately 4 300 students with student loans to the value of R232m. A total of R38m of this was disbursed to 617 students in 2020.
- 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 R103m in 2020 and included over R46m allocated to skills development and education.
- We provided further funding for the development of student accommodation of R691m, creating an additional 785 beds in 2020.

Clean water and sanitation (SDG 6)

- We continued to work with key water players to address issues with services, including providing advisory services and funding for significant water projects such as those of the Trans-Caledon Tunnel Authority (TCTA) and Rand Water.
- We decreased our own total water consumption by 25% as a result 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)

- Nedbank launched a R2,0bn SDG-linked tier 2 capital instrument (SDG green bond), which is the first of its kind in SA, listed on the Green Bonds segment of the JSE and created in partnership with the African Development Bank. Proceeds will be used to fund solar and wind renewable-energy projects. The inaugural Nedbank Green Renewable Energy Bond won numerous awards in 2020: Energy Deal of the Year at the African Banker Awards 2020 and the Impact Initiative of the Year at the Environmental Finance Impact Awards 2020. During the year Nedbank also became the first SA sustainable bond issuer to be invited to join the Nasdaq Sustainable Bond Network as a contributing member.
- We continued our focus on embedded generation through our partnerships with leading developers in embedded generation, such as the Sola Group and Energy Partners, who can provide our clients with trusted energy solutions.
- In December 2020 Nedbank partnered with the International Finance Corporation (IFC) in raising $200m of climate-linked loan financing. This funding is being directed towards a combination of solar, wind and biomass projects and is aimed at supporting the construction of new projects under future rounds of SA's REIPPP.

Decent work and economic growth (SDG 8)

- We developed new digital solutions to facilitate greater banking access and lower banking costs for our clients, including a USSD-based application process for onboarding informal traders, enabling them to accept payments digitally at no cost to them and limiting handling of cash for their safety during the pandemic.
- We launched the Nedbank Small Business Services Startup Bundle, which is a bank account for new small businesses offering zero monthly maintenance fees for the first six months.
- We facilitated the distribution of R300m of loans to small businesses as one of the banks administering the South African

Future Trust, at no cost to the fund, while we also waived fees for all loans approved under the scheme. We also created a partnership with SA's largest crowd funder, ThundaFund, which continues to help small businesses raise emergency operational funds from their supporters. Under the SARB SME loan guarantee scheme we paid out R1,4bn in loans.

- We enabled our employees and clients to contribute R160m to the Solidarity Fund through the Money app, Online Banking and the Nedbank website.

Reduced inequalities (SDG 10)

- In 2020 a total of 16,9m people were reached through radio, TV, digital platforms and social media as we digitised our financial literacy and education initiatives during the Covid-19 lockdown.
- We waived ATM withdrawal charges for Sassa clients and Saswitch fees for all clients during levels four and five of the Covid-19 lockdown.
- We partnered with the Department of Small Business and Development to help spaza shops and general dealers access support during the Covid-19 crisis. Through our branches and numerous Boxer stores with a Nedbank presence we issued more than 5 000 procurement cards to spaza shop owners preloaded with R3 500, allowing purchases at selected wholesalers.
- We added the Nedbank Insurance Funeral Plan onto five Nedbank digital platforms – the Money app, Online Banking, USSD, API Marketplace and Avo – to give our clients online access and enable financial inclusion.
- We have retained a level one BBBEE contributor status for the third consecutive year in financial year 2020 under the Amended FSC.
- In our own operations 79% of our procurement spend was used to support local SA business. In an effort to support the cashflow needs of small businesses as part of our commitment to the #PayIn30 Campaign, 92% of the total amount paid to 1 747 qualifying SMEs was paid within 30 days of our receiving their invoices.

Sustainable cities and communities (SDG 11)

- We disbursed R1 527m towards the development of affordable housing for lower-income households, bringing our five-year investment in this key sector to R5,7bn.
- We provided funding of over R2,2bn for the construction of buildings that conform to green building standards in 2020, bringing the amount of funding provided to this important sector to over R12bn to date.

Economic outlook

The outlook for the global economy has improved with the development and rollout of Covid-19 vaccines. Most economies are expected to return to growth in 2021, underpinning a rebound in merchandise trade, although activity in some services sectors will remain subdued. The risks to the global outlook remain to the downside, with much depending on the efficacy of the vaccines in containing the pandemic. The large advanced and developing economies are expected to continue to lead the global upturn, with China recording the fastest growth. The return to pre-Covid-19 global output levels is unlikely in the foreseeable future due to the destruction of some production capacity. Stimulatory measures on the monetary and fiscal fronts will also be key determinants of the pace of rebound across different economies. The IMF forecasts global GDP to rise by 5,5% in 2021 as vaccines contain the spread of the virus and allow governments around the world to ease lockdowns and encourage a return to normal economic activity. The world economy is further expected to benefit from the large government stimulus programmes announced by a few advanced economies, notably the US and Japan. In mid-January 2021 the markets welcomed the inauguration of newly elected US president Joe Biden, with expectations that the US would once again play a coordinating role on a global scale and that the US$1,9 trillion US stimulus programme would help support the global economy. In sub-Saharan Africa most countries are likely to emerge from the crisis with large budget deficits. However, the new African Continental Free-trade Area (AfCFTA) will serve as a framework for the region's economic recovery and a World Bank report estimates regional income could receive a US$450bn boost. In the short term the IMF expects a muted recovery in sub-Saharan Africa, with growth forecast to rebound by 3,2% in 2021.

SA's economic outlook has improved since 2020 but remains uncertain. Consequently, forecast risk remains high given the continuously evolving environment particularly the risk of a third wave of the virus. It is essential that government follows the path to deficit reduction set out in the national budget to avoid any further sovereign risk rating downgrades and the resultant negative feedback loops. Given government's limited resources, the focus should be on implementing much-needed growth-enhancing structural reforms, particularly ensuring a more stable energy supply, stabilising SOEs and the release of spectrum. Ultimately, the pace of the domestic economic recovery will depend on how quickly SA can achieve herd immunity as the phased Covid-19 vaccine rollout races against new and more contagious variants of the virus. The outlook for the SA economy is nevertheless more promising, with the recovery supported by firmer consumer spending, the rebuilding of domestic inventories and stronger commodity prices and export growth, particularly during the second half of the year. The Nedbank Economic Unit forecasts GDP growth of 3,4% for 2021, which is a material improvement from the 7,0% contraction in 2020, but real GDP is expected to return to 2019 levels only in the latter part of 2023.

Inflation is set to increase in 2021, edging higher off a low base on an uptick in fuel, food and electricity prices. These upside pressures will be contained by subdued domestic demand and a stronger rand. Headline inflation is forecast to average around 4,1% in 2021. We believe that the SARB has provided appropriate monetary stimulus since the pandemic began last year, and therefore we expect interest rates to remain flat throughout 2021.

The SA banking system weathered a very difficult and uncertain operating environment in 2020 and emerged with resilient capital and liquidity positions. Significant economic support is expected from low interest rates and the likely normalisation of activity once the global vaccination drive has gathered some critical mass and starts to contain the spread of the virus. However, it will take longer to repair the damage inflicted to household incomes and company profits. These realities will contain the speed of recovery to a modest pace over the next 12 months. The outlook for overall credit demand in the industry, although improving from 2020 levels, is expected to remain weak, reflecting the difficult economic conditions faced by households and companies. Industry-level credit growth is expected to improve gradually during the year to end at around 4,5%.

Prospects

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

- **NII** growth to be between 0% and 3%. Loan growth should recover and NIM is expected to contract slightly on the back of the run rate of the full impact of interest rate cuts on endowment, partially offset by improved asset pricing.
- **CLR** to be between 110 bps and 130 bps, above our TTC target range of 60 bps to 100 bps but showing an improvement from the 161 bps reported in 2020.
- **NIR** to increase by between 5% and 9% as transactional activity recovers off a low base and strategic initiatives such as cross-sell and new revenue streams contribute to growth, as insurance claims decline but remain elevated, and as negative private-equity realisations and revaluations create a low 2020 base. Trading income growth will likely be more muted off the high 2020 base.
- **Expenses** growth to be between 7% and 9%, reflecting the impact of improved levels of profitability on incentives, expected new additional costs such as Deposit Insurance and Twin Peaks, the return of some discretionary spend such as marketing, Nedbank's support of YES, as well as our current expectation of other activities returning to normality.

- **Liquidity** metrics, including the LCR and NSFR ratios, to remain well above PA minimum requirements.
- **CET1 capital** ratio to remain within the board-approved target range of 10% to 12%.
- **Dividend** payment to resume when reporting interim results in 2021, an expectation supported by the group's robust balance sheet and earnings growth off a low base.

In line with our 'Reimagined' strategy we have 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, are as follows:

Metric	2020 performance[6]	Full-year 2021 outlook	Medium-term target	Long-term target
ROE	**6,2%**	Improve on 2020	Greater than 2019 levels (15%) by 2023	> 18%
Growth in DHEPS	**(56,6%)**	Growth greater than 20%	Greater than 2019 levels (2 565 cents) by 2023	≥ consumer price index + GDP growth + 5%
CLR	**161 bps**	Between 110 bps to 130 bps	Between 60 bps and 100 bps of average banking advances	
Cost-to-income ratio (including associate income)	**58,1%**	Increases	Below 54% by 2023	≤ 50%
CET1 capital adequacy ratio (Basel III)	**10,9%**	Within target range	10,0–12,0%[7]	
Dividend cover	**No dividend paid**	1,75–2,25 times	1,75–2,25 times	

[6] *The COE is currently forecast at around 14,4% in 2021 to 2023.*
[7] *This target will be reconsidered in light of the proposed reintroduction of Pillar 2A in 2022 as per the proposed directive published by the PA in Feb 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 for the six months ending 30 June 2021

HEPS and basic EPS for the six months ending 30 June 2021 are expected to increase by more than 20% (HEPS greater than 525,6 cents and basic EPS greater than 324 cents) when compared with those in the six-month period ended 30 June 2020 (HEPS: 438 cents, basic EPS: 270 cents). A further trading statement will be issued to provide more specific guidance when there is reasonable certainty about the extent of the increase 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

Peter Moyo tendered his resignation as a non-executive director of Nedbank Group Limited and Nedbank Limited with effect from 19 March 2020. Joel Netshitenzhe retired as an independent non-executive director with effect from the close of Nedbank Group's AGM on 22 May 2020. Iain Williamson was appointed as a non-executive director with effect from 1 June 2020, in line with the relationship agreement between Old Mutual Limited (OML) and Nedbank Group, which provides for OML to nominate one director to the boards of Nedbank Group and Nedbank Limited for as long as OML's shareholding in Nedbank Group is equal to or greater than 15%. On 22 January 2021 our Group Chairman, Vassi Naidoo, took a leave of absence to focus on treatment he is receiving for a medical condition that is unrelated to Covid-19. In terms of Nedbank Group's Board Continuity Programme, Mpho Makwana (Lead Independent Director of the group) assumed the role as acting Chairman until Vassi's return.

Raisibe Morathi resigned as the Chief Financial Officer (CFO) and executive director on the Nedbank Group Limited and Nedbank Limited boards with effect from 30 September 2020. In accordance with Nedbank Group's executive succession plan and after a process overseen by a panel of non-executive directors, Mike Davis, formerly Group Executive of Balance Sheet Management and an existing member of the Group Executive Committee, was appointed as the group's CFO and to the group's boards on 1 October 2020.

Brian Kennedy, Group Managing Executive for Nedbank CIB, reached the mandatory retirement age of 60 and retired on 31 March 2020 and Anél Bosman was appointed as Group Managing Executive for Nedbank CIB and as a member of the Group Executive Committee with effect from 1 April 2020. Given Nedbank's ongoing focus on growth in the rest of Africa, Dr Terence Sibiya, Managing Executive for Nedbank Africa Regions, was appointed as a member of the Group Executive Committee with effect from 1 April 2020.

Forward-looking statements

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

For and on behalf of the board

Mpho Makwana
Acting Chairman

Mike Brown
Chief Executive

17 March 2021

Directors

V Naidoo (Chairman), PM Makwana** (Acting Chairman), 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, IG Williamson.

** Executive ** Lead Independent Director*

BASIS OF PREPARATION#

Nedbank Group Limited is a company domiciled in SA.
The summary consolidated financial statements of the group at and for the year ended 31 December 2020 comprise the company and its subsidiaries (group) and the group's interests in associates and joint arrangements.

The summary consolidated financial statements comprise the summary consolidated statement of the group's financial position at 31 December 2020, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cashflows for the year ended 31 December 2020 and selected explanatory notes, which are indicated by the symbol#.
The summary consolidated financial statements and the full set of consolidated financial statements have been prepared under the supervision of Mike Davis CA(SA), the Group Chief Financial Officer.

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act, 71 of 2008, applicable to summary financial statements. In terms of the Listings Requirements, provisional reports have to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and also, as a minimum, to contain the information required by IAS 34: Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which the summary consolidated financial statements were derived, are in terms of IFRS and are consistent with those used for the previous annual financial statements.

EVENTS AFTER THE REPORTING PERIOD#

On 24 February 2021, the Minister of Finance announced a change in corporate income tax rates from 28% to 27%, applicable to companies. This change is effective for companies with years of assessment commencing on or after 1 April 2022. Deferred tax balances are reflected at 28% as the rate that was substantively enacted at 31 December 2020. The estimated impact of the rate change is a R16,8m decrease in deferred tax assets and a R40,6m increase in direct taxation. The directors are not aware of any further events (as defined in IAS 10: Events after the Reporting Period) after the reporting date of 31 December 2020 and the date on which these annual consolidated and separate financial statements were authorised.

AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – INDEPENDENT AUDITORS' OPINION

The summary consolidated financial statements for the year ended 31 December 2020 have been audited by Ernst & Young Inc. and Deloitte & Touche, who expressed an unmodified opinion thereon. The auditors also expressed an unmodified opinion on the annual consolidated financial statements from which these summary consolidated financial statements were derived. The audit report issued also includes communication of key audit matters.

Copies of the auditors' report on the summary consolidated financial statements and of the auditors' report on the annual consolidated financial statements are available for inspection at the company's registered office, together with the financial statements identified in the respective auditors' reports.

The auditors' report does not necessarily report on all of the information contained in this results announcement. Shareholders are therefore advised that, to obtain a full understanding of the nature of the auditors' engagement, they should obtain a copy of the auditors' report, together with the accompanying consolidated financial statements.

FINANCIAL HIGHLIGHTS

at

	Change (%)		31 December 2020 (Unaudited)	31 December 2019 (Unaudited)
Statistics				
Number of shares listed#		m	**502,1**	497,1
Number of shares in issue, excluding shares held by group entities#		m	**483,9**	481,2
Weighted-average number of shares#		m	**483,2**	480,0
Diluted weighted-average number of shares#		m	**488,7**	487,5
Preprovisioning operating profit#	(8,9)	Rm	**20 561**	22 577
Economic (loss)/ profit#	>(100)	Rm	**(6 580)**	1 412
Headline earnings per share#	(56,8)	cents	**1 126**	2 605
Diluted headline earnings per share#	(56,6)	cents	**1 113**	2 565
Ordinary dividends declared per share#		cents	**–**	1 415
Interim#		cents		720
Final#		cents		695
Ordinary dividends paid per share#	(51,7)	cents	**695**	1 440
Dividend cover#		times	**N/A**	1,84
Net asset value per share#	1,0	cents	**18 391**	18 204
Tangible net asset value per share#	0,8	cents	**15 549**	15 426
Closing share price#	(39,6)	cents	**12 948**	21 430
Price/earnings ratio#		historical	**11,5**	8,2
Price-to-book ratio#		historical	**0,7**	1,2
Market capitalisation#	(39,0)	Rbn	**65,0**	106,5
Number of employees (permanent staff)#	(3,2)		**28 271**	29 213
Number of employees (permanent and temporary staff)#	(3,7)		**28 324**	29 403
Key ratios (%)				
ROE#			**6,2**	15,0
ROE, excluding goodwill#			**6,6**	16,0
Return on tangible equity#			**7,4**	17,8
ROA#			**0,45**	1,13
Return on average RWA#			**0,82**	2,02
NII to average interest-earning banking assets#			**3,36**	3,52
CLR – banking advances#			**1,61**	0,79
Gross operating income growth rate less expense growth rate (JAWS ratio)			**(2,7)**	1,3
NIR to total operating expenses#			**76,0**	80,8
NIR to total income#			**44,5**	46,3
Cost-to-income ratio#			**58,1**	56,5
Effective taxation rate#			**23,7**	22,8
Group capital adequacy ratios (including unappropriated profits):				
– CET 1			**10,9**	11,5
– Tier 1			**12,1**	12,8
– Total			**14,9**	15,0
Statement of financial position statistics (Rm)				
Total equity attributable to ordinary equity holders#	1,6		**88 992**	87 597
Total equity#	2,0		**100 444**	98 449
Amounts owed to depositors#	5,5		**953 715**	904 382
Loans and advances#	2,2		**843 303**	824 786
Gross#	3,1		**868 107**	842 327
Impairment of loans and advances#	(41,4)		**(24 804)**	(17 541)
Total assets administered by the group#	8,7		**1 602 683**	1 474 485
Total assets#	7,4		**1 228 137**	1 143 349
Assets under management#	13,1		**374 546**	331 136
Life insurance embedded value#	13,1		**3 606**	3 188
Life insurance value of new business#	(32,8)		**283**	421

AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Nedbank Group Limited Reg No 1966/010630/06.
Prepared under the supervision of the Nedbank Group CFO, Mike Davis BCom (Hons), DipAcc, CA(SA), AMP (Insead).
A copy of the Nedbank Group Limited audited consolidated annual financial statements can be obtained by contacting Nedbank Group Investor Relations at NedGroupIR@nedbank.co.za.

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED

	Change (%)	31 December 2020 (Audited) Rm	31 December 2019 (Audited) Rm
Interest and similar income	(13,6)	**72 300**	83 680
Interest expense and similar charges	(21,1)	**42 219**	53 513
Net interest income	(0,3)	**30 081**	30 167
Impairments charge on financial instruments	>100	**13 127**	6 129
Income from lending activities	(29,5)	**16 954**	24 038
Non-interest revenue	(7,1)	**24 140**	25 997
Operating income	(17,9)	**41 094**	50 035
Total operating expenses	(1,3)	**31 772**	32 179
Zimbabwe hyperinflation	(30,7)	**205**	296
Indirect taxation	4,7	**1 148**	1 096
Profit from operations before non-trading and capital items	(51,6)	**7 969**	16 464
Non-trading and capital items	>(100)	**(1 562)**	(651)
Profit from operations	(59,5)	**6 407**	15 813
Share of (losses)/gains of associate companies	>(100)	**(76)**	793
Profit before direct taxation	(61,9)	**6 331**	16 606
Total direct taxation	(50,6)	**1 877**	3 796
Direct taxation		**1 994**	3 942
Taxation on non-trading and capital items		**(117)**	(146)
Profit for the year	(65,2)	**4 454**	12 810
Other comprehensive income/(losses) (OCI) net of taxation	>100	**891**	(1 075)
Items that may subsequently be reclassified to profit or loss			
Exchange differences on translating foreign operations		**672**	(159)
Share of OCI of investments accounted for using the equity method		**(189)**	(1 025)
Debt investments at fair value through OCI (FVOCI) – net change in fair value		**119**	(232)
Items that may not subsequently be reclassified to profit or loss			
(Losses)/Gains on property revaluations		**(26)**	186
Remeasurements on long-term employee benefit assets		**(80)**	300
Share of OCI of investments accounted for using the equity method		**395**	(145)
Total comprehensive income for the year	(54,5)	**5 345**	11 735
Profit attributable to:			
– Ordinary shareholders	(71,1)	**3 467**	12 001
– Holders of preference shares	(19,8)	**251**	313
– Holders of participating preference shares		**(58)**	
– Holders of additional tier 1 capital instruments	54,6	**739**	478
– Non-controlling interest – ordinary shareholders	>100	**55**	18
Profit for the year	(65,2)	**4 454**	12 810
Total comprehensive income attributable to:			
– Ordinary shareholders	(60,4)	**4 358**	11 017
– Holders of preference shares	(19,8)	**251**	313
– Holders of participating preference shares		**(58)**	
– Holders of additional tier 1 capital instruments	54,6	**739**	478
– Non-controlling interest – ordinary shareholders	>100	**55**	(73)
Total comprehensive income for the year	(54,5)	**5 345**	11 735
Basic earnings per share (cents)	(71,3)	**717**	2 500
Diluted earnings per share (cents)	(71,2)	**709**	2 462

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at

	Change (%)	31 December 2020 (Audited) Rm	31 December 2019 (Restated) (Audited) Rm	1 January 2019 (Restated) (Audited) Rm
Assets				
Cash and cash equivalents	5,2	**14 891**	14 149	13 162
Other short-term securities	(18,4)	**52 605**	64 451	79 362
Derivative financial instruments	>100	**80 325**	35 243	22 692
Government and other securities[1]	31,5	**132 221**	100 557	74 155
Loans and advances[1]	2,2	**843 303**	824 786	758 941
Other assets	9,2	**16 802**	15 393	19 836
Current taxation assets	(41,6)	**164**	281	186
Investment securities	(8,8)	**26 425**	28 961	22 404
Non-current assets held for sale	(90,6)	**69**	735	305
Investments in associate companies and joint arrangements	(15,2)	**3 322**	3 917	4 041
Deferred taxation assets	68,9	**657**	389	254
Investment property	(100)		56	
Property and equipment	(5,4)	**11 334**	11 977	9 371
Long-term employee benefit assets	3,1	**5 777**	5 602	4 966
Mandatory reserve deposits with central banks	12,8	**26 491**	23 486	21 629
Intangible assets	2,9	**13 751**	13 366	12 608
Total assets	7,4	**1 228 137**	1 143 349	1 043 912
Equity and liabilities				
Ordinary share capital	0,6	**484**	481	477
Ordinary share premium	2,7	**18 583**	18 096	17 315
Reserves	1,3	**69 925**	69 020	65 986
Total equity attributable to ordinary equity holders	1,6	**88 992**	87 597	83 778
Holders of preference shares		**3 222**	3 222	3 222
Holders of participating preference shares		**(58)**		
Holders of additional tier 1 capital instruments	14,2	**7 822**	6 850	3 397
Non-controlling interest attributable to ordinary shareholders	(40,3)	**466**	780	874
Total equity	2,0	**100 444**	98 449	91 271
Derivative financial instruments	>100	**65 130**	27 991	20 003
Amounts owed to depositors	5,5	**953 715**	904 382	825 804
Provisions and other liabilities	1,7	**23 704**	23 297	25 602
Current taxation liabilities	>100	**590**	161	363
Non-current liabilities held for sale	(100)		598	
Deferred taxation liabilities	(58,5)	**390**	939	669
Long-term employee benefit liabilities	2,8	**2 604**	2 533	2 749
Investment contract liabilities	(15,1)	**20 868**	24 571	20 035
Insurance contract liabilities	29,0	**922**	715	1 829
Long-term debt instruments	0,1	**59 770**	59 713	55 587
Total liabilities	7,9	**1 127 693**	1 044 900	952 641
Total equity and liabilities	7,4	**1 228 137**	1 143 349	1 043 912

[1] *During the year, the group reviewed its presentation of listed corporate bonds. As a result of this review, the group's listed corporate bonds previously included in 'Government and other securities' have been reclassified to 'Loans and advances' in order to better reflect the group's credit risk management practices and associated business model. To provide comparability the prior-year balances have been restated accordingly. The reclassification had no impact on the group's statement of comprehensive income, statement of changes in equity and statement of cashflows. .*

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Total equity attributable to ordinary equity holders Rm	Holders of preference shares Rm	Holders of participating preference shares Rm	Holders of additional tier 1 capital instruments Rm	Non-controlling interest attributable to ordinary shareholders Rm	Total equity Rm
Audited balance at 1 January 2019	83 127	3 222		3 397	867	90 613
Additional tier 1 capital instruments issued				3 500		3 500
Shares (acquired)/no longer held by group entities and BEE trusts	(44)					(44)
Dividend to shareholders	(7 112)				(14)	(7 126)
Preference share dividend		(313)				(313)
Additional tier 1 capital instruments interest paid				(525)		(525)
Total comprehensive income for the year	11 017	313		478	(73)	11 735
Share-based payment reserve movement	591					591
Other movements	18					18
Audited balance at 31 December 2019	**87 597**	**3 222**	**–**	**6 850**	**780**	**98 449**
Additional tier 1 capital instruments issued				**972**		**972**
Shares issued in terms of long-term incentive scheme	**296**					**296**
Shares (acquired)/no longer held by group entities and BEE trusts	**(294)**					**(294)**
Dividend to shareholders	**(3 451)**				**(49)**	**(3 500)**
Preference share dividend		**(251)**				**(251)**
Additional tier 1 capital instruments interest paid				**(739)**		**(739)**
Total comprehensive income for the year	**4 358**	**251**	**(58)**	**739**	**55**	**5 345**
Share-based payment reserve movement	**292**					**292**
Transactions with non-controlling interest	**205**				**(320)**	**(115)**
Other movements	**(11)**					**(11)**
Audited balance at 31 December 2020	**88 992**	**3 222**	**(58)**	**7 822**	**466**	**100 444**

SUMMARY CONSOLIDATED STATEMENT OF CASHFLOWS

for the year ended

	31 December 2020 (Audited) Rm	31 December 2019 (Restated) (Audited) Rm
Cash generated by operations[2]	**22 513**	26 613
Change in funds for operating activities[2]	**(5 999)**	(7 109)
Net cash from operating activities before taxation	**16 514**	19 504
Taxation paid	**(3 182)**	(4 726)
Cashflows from operating activities	**13 332**	14 778
Cashflows utilised by investing activities	**(4 817)**	(11 362)
Cashflows utilised by financing activities	**(4 787)**	(630)
Effects of exchange rate changes on opening cash and cash equivalents	**19**	58
Net increase in cash and cash equivalents	**3 747**	2 844
Cash and cash equivalents at the beginning of the year[1]	**37 635**	34 791
Cash and cash equivalents at the end of the year[1]	**41 382**	37 635

[1] *Including mandatory reserve deposits with central banks.*

[2] *During the year, management corrected the group's cashflow from operating activities disclosure to exclude non- cash items (ie accrued interest income, accrued interest expense, unrealised fair-value adjustments, share-based payment expense and employee benefit accruals) from the presentation of cash received from clients and cash paid to clients, employees and suppliers which were previously erroneously included in the consolidated statement of cashflows. As a result, the comparative information has been restated.*

NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020#

SUMMARY CONSOLIDATED SEGMENTAL REPORTING

for the year ended

	31 December 2020 (Audited) Rm	31 December 2019 (Audited) Rm	31 December 2020 (Audited) Rm	31 December 2019 (Audited) Rm	31 December 2020 (Audited) Rm	31 December 2019 (Audited) Rm	31 December 2020 (Audited) Rm	31 December 2019 (Audited) Rm	31 December 2020 (Audited) Rm	31 December 2019 (Audited) Rm
	Total assets		Total liabilities		Revenue[1]		Profit before direct taxation[2]		Headline earnings/(losses)	
Nedbank Corporate and Investment Banking	**607 348**	543 726	**568 657**	508 841	**14 568**	15 565	**4 847**	7 984	**3 636**	6 167
Nedbank Retail and Business Banking	**390 598**	377 751	**361 025**	347 178	**31 522**	33 149	**2 127**	7 394	**1 595**	5 293
Nedbank Wealth	**80 244**	77 433	**75 917**	73 229	**4 200**	4 584	**840**	1 301	**662**	1 042
Nedbank Africa Regions	**41 089**	38 385	**34 618**	32 442	**2 728**	2 767	**34**	425	**12**	457
Centre	**108 858**	106 054	**87 476**	83 210	**1 203**	99	**573**	153	**(465)**	(453)
Total	**1 228 137**	1 143 349	**1 127 693**	1 044 900	**54 221**	56 164	**8 421**	17 257	**5 440**	12 506

[1] *Revenue is calculated as NII plus NIR.*
[2] *Presented on an HE basis and therefore excludes the impact of non-headline earnings items.*

REVENUE

for the year ended

	31 December 2020 (Audited) Rm	31 December 2019 (Audited) Rm
Interest and similar income	**72 300**	83 680
Home loans (including properties in possession)	**12 234**	15 073
Commercial mortgages	**13 834**	16 369
Instalment debtors	**12 559**	14 277
Credit cards	**2 256**	2 581
Overdrafts	**1 933**	2 373
Term and other loans	**15 147**	18 358
Personal loans	**5 330**	5 151
Government and other securities	**7 535**	7 162
Short-term funds and securities	**1 472**	2 336
Interest expense and similar charges	**(42 219)**	(53 513)
Deposit and loan accounts	**(22 943)**	(30 628)
Current and savings accounts	**(663)**	(1 074)
Negotiable certificates of deposit	**(7 212)**	(8 283)
Other interest-bearing liabilities	**(9 101)**	(11 626)
Long-term debt instruments	**(4 718)**	(5 338)
Interest expense related to fair-value activities	**2 418**	3 436
Net interest income	**30 081**	30 167
Non-interest revenue	**24 140**	25 997
Net commission and fee income	**17 137**	18 739
Net insurance income	**1 622**	1 837
Fair-value adjustments	**352**	60
Net trading income	**5 252**	4 524
Private-equity income	**(1 038)**	262
Investment income	**212**	198
Net sundry income	**603**	377
Revenue	**54 221**	56 164

HEADLINE EARNINGS RECONCILIATION

for the year ended

	Change (%)	31 December 2020 (Audited) Rm Gross	31 December 2020 (Audited) Rm Net of taxation	31 December 2019 (Audited) Rm Gross	31 December 2019 (Audited) Rm Net of taxation
Profit attributable to ordinary equity holders	(71,1)		**3 467**		12 001
Non-trading and capital items	>100	**1 562**	**1 445**	651	505
IAS 16 loss on disposal of property and equipment		**89**	**72**	18	13
IAS 36 impairment of associate: ETI[1]		**750**	**750**		
IAS 36 impairment of goodwill[2]		**345**	**345**	117	117
IAS 36 impairment of property and equipment				148	107
IAS 36 impairment of intangible assets		**207**	**149**	289	198
IAS 40 loss/(profit) on revaluation of investment properties		**2**	**2**	(2)	(2)
IFRS 5 impairment of non-current assets held for sale		**17**	**17**	48	48
IFRS 16 impairment of right-of-use assets		**152**	**110**	33	24
Share of (losses)/gains of associate companies					
IAS 36 share of associate (ETI) impairment of goodwill		**528**	**528**		
	(56,5)		**5 440**		12 506

[1] *As at 30 June 2020 management impaired its investment in ETI by R0,75bn. Management performed an impairment test as at 31 December 2020. Based on the results of the recoverable amount calculation, management determined that the impairment provision of R0,75bn was appropriate in June 2020, therefore no additional impairment was recognised as at 31 December 2020.*

[2] *The group's annual impairment test indicated that the goodwill relating to a cash-generating unit in Nedbank Wealth was impaired as a result of the negative macroeconomic environment. This resulted in an impairment of goodwill totalling R345m (2019: R117m).*

CONTINGENT LIABILITIES AND COMMITMENTS

CONTINGENT LIABILITIES AND UNDRAWN FACILITIES

at

	31 December 2020 (Audited) Rm	31 December 2019 (Audited) Rm
Guarantees on behalf of clients	**29 770**	25 018
Letters of credit and discounting transactions	**8 024**	7 148
Irrevocable unutilised facilities and other	**152 308**	148 099
	190 102	180 265

The group, in the ordinary course of business, enters into transactions that expose it to tax, legal and business risks. Provisions are made for known liabilities that are expected to materialise. Possible obligations and known liabilities where no reliable estimate can be made or it is considered improbable that an outflow would result, are reported as contingent liabilities. This is in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

There are a number of legal or potential claims against Nedbank Group Limited and its subsidiary companies, the outcomes of which cannot currently be foreseen. None of these matters are material in nature.

COMMITMENTS

Capital expenditure approved by directors

at

	31 December 2020 (Audited) Rm	31 December 2019 (Audited) Rm
Contracted but not provided for[1]	**502**	238
	502	238

[1] *During the year, the group reviewed the authorised capital expenditure presentation. As a result of this review, the presentation has been enhanced to reflect only the capital expenditure that has been contracted but not provided for. In addition, during the review it was identified that certain contracts were incorrectly disclosed as contracted. The prior-year balance has been restated from R615m to R238m.*

Funds to meet capital expenditure commitments will be provided from group resources. In addition, capital expenditure is incurred in the normal course of business throughout the year.

INVESTMENTS IN ASSOCIATE COMPANIES

at

	31 December 2020 (Audited) Rm	31 December 2019 (Audited) Rm
Listed associates[1]	**2 180**	2 674
Unlisted associates	**1 142**	1 243
	3 322	3 917

[1] *The group's investment in ETI is recorded under listed associates.*

Listed associates: ETI		
Carrying value	**2 180**	2 674
Fair value of investment	**1 167**	1 311

CASHFLOW INFORMATION

for the year ended

	31 December 2020 (Audited) Rm	31 December 2019 (Audited) Rm
Acquisition of property and equipment, computer software and development costs and investment property	**(4 313)**	(4 691)
Issue of additional tier 1 capital instruments	**972**	3 500
Issue of long-term debt instruments	**7 189**	12 895
Redemption of long-term debt instruments	**(7 039)**	(8 749)
Capital repayments of lease liabilities	**(981)**	(947)
Dividends to ordinary shareholders	**(3 500)**	(7 126)
Preference share dividends paid	**(251)**	(313)
Additional tier 1 capital instruments interest paid	**(739)**	(478)

HISTORICAL VALUE AT RISK (99%, ONE-DAY) BY RISK TYPE

Value at risk (VaR) is the potential loss in pretax profit due to adverse market movements over a defined holding period with a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognising offsetting positions and correlations between products and markets. It facilitates the consistent measurement of risk across all markets and products, and risk measures can be aggregated to arrive at a single risk number. The 99% one-day VaR number used by the group reflects, at a 99% confidence level, that the daily loss will not exceed the reported VaR and therefore that the daily losses exceeding the VaR figure are likely to occur, on average, once in every 100 business days.

The group uses one year of historical data to estimate VaR. Some of the considerations that are taken into account when reviewing the VaR numbers are the following:

- The assumed one-day holding period will not fully capture the market risk of positions that cannot be liquidated or offset with hedges within one day.
- The historical VaR assumes that the past is a good representation of the future, which may not always be the case.
- The 99% confidence level does not indicate the potential loss beyond this interval.
- If a product or listing is new in the market, limited historical data would be available. In such cases, a proxy is chosen to act as an estimate for the historical rates of the relevant risk factor. Depending on the amount of (limited) historical rates available, regression analysis is used on the chosen proxy to refine the link between the proxy and the actual rates.

Additional risk measures are used to monitor the individual trading desks, including performance triggers, approved trading products, concentration of exposures, maximum tenor limits and market liquidity constraints.

All market risk models are subject to periodic independent validation in terms of the Group Market Risk Management Framework. A formal review of all existing valuation models is conducted at least annually. Should the review process indicate that models need to be updated, a formal independent review will take place. All new risk models developed are validated independently prior to implementation.

The group's current trading activities are focused on liquid markets, which are in line with the current regulatory liquidity horizon assumption of a 10-day holding period (Basel III).

Since mid-March 2020 the group has observed significant increases in VaR estimates as a result of the extreme market volatility caused by the Covid-19 pandemic. This has resulted in an increase in the VaR measure by an order or two to three times the pre-Covid measure, without any material change to the underlying trading positions.

	31 December 2020 (Audited)				31 December 2019 (Audited)			
Rm	Average	Minimum	Maximum	Year-end	Average	Minimum	Maximum	Year-end
Foreign exchange	6,8	1,4	18,6	9,2	4,3	0,9	11,6	2,6
Interest rate	69,5	32,0	128,2	90,2	34,7	20,1	45,8	35,4
Equity	8,3	3,3	27,2	10,7	3,9	1,0	13,4	4,6
Credit	16,0	4,7	42,3	16,6	7,7	4,0	9,7	4,7
Commodity	0,2		3,6	0,1	0,1	<0,1	0,7	0,1
Diversification	(44,7)			(87,1)	(15,8)			(16,0)
Total VaR exposure	56,1	29,4	128,3	39,7	34,9	14.6	49,2	31,4

LOSS ALLOWANCE

The following tables presents a reconciliation from the opening balance to the closing balance of the loss allowance, and indicates how significant changes in the gross carrying amount of financial instruments contributed to changes in the loss allowance:

Loans and advances	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2019	626 726	2 854	623 872	69 109	3 488	65 621	25 182	9 362	15 820	721 017	15 704	705 313
New financial assets originated or purchased	232 798	2 505	230 293			–			–	232 798	2 505	230 293
Financial assets written off			–			–	(5 452)	(3 183)	(2 269)	(5 452)	(3 183)	(2 269)
Repayments net of readvances, capitalised interest, fees and ECL remeasurements[1]	(64 219)	3 524	(67 743)	(4 882)	1 069	(5 951)	(4 262)	(557)	(3 705)	(73 363)	4 036	(77 399)
Final repayments	(90 436)	(554)	(89 882)	(12 109)	(183)	(11 926)	(1 935)	(496)	(1 439)	(104 480)	(1 233)	(103 247)
Transfers to 12-month ECL	23 244	747	22 497	(21 235)	(587)	(20 648)	(2 009)	(160)	(1 849)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(45 644)	(2 309)	(43 335)	49 858	2 612	47 246	(4 214)	(303)	(3 911)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(11 992)	(3 399)	(8 593)	(8 285)	(2 507)	(5 778)	20 277	5 906	14 371	–	–	–
Foreign exchange movements	790	(6)	796	(385)	1	(386)	18	(12)	30	423	(17)	440
Audited net balance at 31 December 2019	671 267	3 362	667 905	72 071	3 893	68 178	27 605	10 557	17 048	770 943	17 812	753 131

Loans and advances

Rm	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/originated) (stage 3)					
	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
New financial assets originated or purchased	209 531	2 234	207 297			–			–	209 531	2 234	207 297
Financial assets written off			–			–	(7 419)	(7 419)	–	(7 419)	(7 419)	–
Repayments net of readvances, capitalised interest, fees and ECL remeasurements[1]	(64 418)	5 507	(69 925)	(10 368)	4 050	(14 418)	(3 258)	4 623	(7 881)	(78 044)	14 180	(92 224)
Final repayments	(123 748)	(815)	(122 933)	(19 422)	(295)	(19 127)	(1 811)	(552)	(1 259)	(144 981)	(1 662)	(143 319)
Transfers to 12-month ECL	38 912	840	38 072	(36 211)	(690)	(35 521)	(2 701)	(150)	(2 551)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(103 931)	(2 749)	(101 182)	106 033	2 782	103 251	(2 102)	(33)	(2 069)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(20 520)	(4 294)	(16 226)	(14 179)	(3 115)	(11 064)	34 699	7 409	27 290	–	–	–
Foreign exchange movements	3 996	98	3 898	485	76	409	172	149	23	4 653	323	4 330
Net balances	611 089	4 183	606 906	98 409	6 701	91 708	45 185	14 584	30 601	754 683	25 468	729 215
Total credit and zero balances[2]	7 519	(49)	7 568	22	(12)	34	58	–	58	7 599	(61)	7 660
Audited balance at 31 December 2020	**618 608**	**4 134**	**614 474**	**98 431**	**6 689**	**91 742**	**45 243**	**14 584**	**30 659**	**762 282**	**25 407**	**736 875**
Loans and advances at FVTPL												82 850
Loans at FVOCI[3]												18 811
Off-balance sheet impairment allowance												664
Fair-value hedge-accounted portfolios												4 164
ECL credit and other balances												(61)
Audited loans and advances at 31 December 2020	**618 608**	**4 134**	**614 474**	**98 431**	**6 689**	**91 742**	**45 243**	**14 584**	**30 659**	**762 282**	**25 407**	**843 303**

[1] *Repayments net of readvances, capitalised interest, fees and ECL remeasurements throughout this note includes credit risk changes as a result of SICR, changes in credit risk that did not result in a transfer between stages, changes in model inputs and model input assumptions, and changes due to drawdowns of undrawn commitments.*
[2] *Total credit and zero balances throughout this note refer to the balances that are liabilities payable at 31 December and the related loss allowance arising from credit risk exposure on these facilities.*
[3] *Loans and advances at FVOCI was previously included in the loans and advances at amortised cost presentation table. The 2019 balances have been restated to separately disclose FVOCI loans and advances.*

Home loans	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2019	133 061	235	132 826	15 574	616	14 958	6 965	1 432	5 533	155 600	2 283	153 317
New financial assets originated or purchased	11 709	62	11 647			–			–	11 709	62	11 647
Financial assets written off			–			–	(243)	(179)	(64)	(243)	(179)	(64)
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	4 683	483	4 200	(55)	(21)	(34)	(587)	(110)	(477)	4 041	352	3 689
Final repayments	(8 756)	(15)	(8 741)	(936)	(30)	(906)	(398)	(94)	(304)	(10 090)	(139)	(9 951)
Transfers to 12-month ECL	5 614	6	5 608	(5 085)	(16)	(5 069)	(529)	10	(539)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(5 473)	(205)	(5 268)	6 675	274	6 401	(1 202)	(69)	(1 133)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(1 828)	(293)	(1 535)	(1 992)	(288)	(1 704)	3 820	581	3 239	–	–	–
Foreign exchange movements	387	15	372		4	(4)			–	387	19	368
Audited net balance at 31 December 2019	139 397	288	139 109	14 181	539	13 642	7 826	1 571	6 255	161 404	2 398	159 006
New financial assets originated or purchased	**10 171**	**39**	**10 132**			**–**			**–**	**10 171**	**39**	**10 132**
Financial assets written off			**–**			**–**	**(228)**	**(228)**	**–**	**(228)**	**(228)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**5 998**	**526**	**5 472**	**(20)**	**552**	**(572)**	**(471)**	**171**	**(642)**	**5 507**	**1 249**	**4 258**
Final repayments	**(8 373)**	**(2)**	**(8 371)**	**(601)**	**(19)**	**(582)**	**(476)**	**(83)**	**(393)**	**(9 450)**	**(104)**	**(9 346)**
Transfers to 12-month ECL	**5 321**	**23**	**5 298**	**(4 765)**	**(17)**	**(4 748)**	**(556)**	**(6)**	**(550)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(9 733)**	**(215)**	**(9 518)**	**10 725**	**272**	**10 453**	**(992)**	**(57)**	**(935)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(2 979)**	**(346)**	**(2 633)**	**(3 539)**	**(537)**	**(3 002)**	**6 518**	**883**	**5 635**	**–**	**–**	**–**
Foreign exchange movements	**447**	**37**	**410**	**7**	**11**	**(4)**	**35**	**67**	**(32)**	**489**	**115**	**374**
Net balances	**140 249**	**350**	**139 899**	**15 988**	**801**	**15 187**	**11 656**	**2 318**	**9 338**	**167 893**	**3 469**	**164 424**
Total credit and zero balances[3]	**163**	**(1)**	**164**	**4**		**4**	**9**		**9**	**176**	**(1)**	**177**
Audited balance at 31 December 2020	**140 412**	**349**	**140 063**	**15 992**	**801**	**15 191**	**11 665**	**2 318**	**9 347**	**168 069**	**3 468**	**164 601**

Commercial mortgages	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2019	141 215	299	140 916	19 856	238	19 618	2 957	436	2 521	164 028	973	163 055
New financial assets originated or purchased	46 282	174	46 108			–			–	46 282	174	46 108
Financial assets written off						–	(13)	(12)	(1)	(13)	(12)	(1)
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(1 466)	(63)	(1 403)	2 993	84	2 909	234	92	142	1 761	113	1 648
Final repayments	(28 923)	(58)	(28 865)	(6 160)	(31)	(6 129)	(578)	(80)	(498)	(35 661)	(169)	(35 492)
Transfers to 12-month ECL	7 582	59	7 523	(6 991)	(54)	(6 937)	(591)	(5)	(586)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(7 535)	(37)	(7 498)	9 248	152	9 096	(1 713)	(115)	(1 598)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(1 456)	(140)	(1 316)	(734)	(48)	(686)	2 190	188	2 002	–	–	–
Foreign exchange movements	(898)	(16)	(882)	501	(3)	504	2		2	(395)	(19)	(376)
Audited net balance at 31 December 2019	154 801	218	154 583	18 713	338	18 375	2 488	504	1 984	176 002	1 060	174 942
New financial assets originated or purchased	**49 148**	**156**	**48 992**			**–**			**–**	**49 148**	**156**	**48 992**
Financial assets written off			**–**			**–**	**(33)**	**(33)**	**–**	**(33)**	**(33)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(7 386)**	**62**	**(7 448)**	**(1 402)**	**678**	**(2 080)**	**(339)**	**315**	**(654)**	**(9 127)**	**1 055**	**(10 182)**
Final repayments	**(28 917)**	**(55)**	**(28 862)**	**(1 769)**	**(76)**	**(1 693)**	**(155)**	**(51)**	**(104)**	**(30 841)**	**(182)**	**(30 659)**
Transfers to 12-month ECL	**8 005**	**117**	**7 888**	**(7 801)**	**(103)**	**(7 698)**	**(204)**	**(14)**	**(190)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(13 229)**	**(72)**	**(13 157)**	**13 277**	**80**	**13 197**	**(48)**	**(8)**	**(40)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(1 253)**	**(51)**	**(1 202)**	**(2 680)**	**(226)**	**(2 454)**	**3 933**	**277**	**3 656**	**–**	**–**	**–**
Foreign exchange movements	**118**	**1**	**117**	**29**	**3**	**26**	**2**	**9**	**(7)**	**149**	**13**	**136**
Audited balance at 31 December 2020	**161 287**	**376**	**160 911**	**18 367**	**694**	**17 673**	**5 644**	**999**	**4 645**	**185 298**	**2 069**	**183 229**

Credit cards and overdrafts	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2019	25 380	616	24 764	4 874	686	4 188	3 027	2 051	976	33 281	3 353	29 928
New financial assets originated or purchased	7 746	303	7 443			–			–	7 746	303	7 443
Financial assets written off			–			–	(1 632)	(918)	(714)	(1 632)	(918)	(714)
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	9 404	1 070	8 334	1 034	56	978	(44)	(229)	185	10 394	897	9 497
Final repayments	(8 726)	(129)	(8 597)	(3 019)	(47)	(2 972)	(434)	(161)	(273)	(12 179)	(337)	(11 842)
Transfers to 12-month ECL	2 187	120	2 067	(2 085)	(97)	(1 988)	(102)	(23)	(79)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(5 294)	(336)	(4 958)	5 331	347	4 984	(37)	(11)	(26)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(1 459)	(785)	(674)	(855)	(423)	(432)	2 314	1 208	1 106	–	–	–
Foreign exchange movements	(22)	2	(24)	(71)	2	(73)	(11)	(4)	(7)	(104)	–	(104)
Audited net balance at 31 December 2019	29 216	861	28 355	5 209	524	4 685	3 081	1 913	1 168	37 506	3 298	34 208
New financial assets originated or purchased	**8 562**	**262**	**8 300**			**–**			**–**	**8 562**	**262**	**8 300**
Financial assets written off			**–**			**–**	**(1 431)**	**(1 431)**	**–**	**(1 431)**	**(1 431)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**7 591**	**1 310**	**6 281**	**1 823**	**230**	**1 593**	**(234)**	**896**	**(1 130)**	**9 180**	**2 436**	**6 744**
Final repayments	**(16 595)**	**(100)**	**(16 495)**	**(4 795)**	**(46)**	**(4 749)**	**(244)**	**(92)**	**(152)**	**(21 634)**	**(238)**	**(21 396)**
Transfers to 12-month ECL	**3 422**	**105**	**3 317**	**(2 902)**	**(82)**	**(2 820)**	**(520)**	**(23)**	**(497)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(8 972)**	**(704)**	**(8 268)**	**9 023**	**725**	**8 298**	**(51)**	**(21)**	**(30)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(2 572)**	**(924)**	**(1 648)**	**(1 102)**	**(302)**	**(800)**	**3 674**	**1 226**	**2 448**	**–**	**–**	**–**
Foreign exchange movements	**379**	**24**	**355**	**325**	**45**	**280**	**2**	**8**	**(6)**	**706**	**77**	**629**
Net balances	**21 031**	**834**	**20 197**	**7 581**	**1 094**	**6 487**	**4 277**	**2 476**	**1 801**	**32 889**	**4 404**	**28 485**
Total credit and zero balances	**7 356**	**(48)**	**7 404**	**18**	**(12)**	**30**	**49**		**49**	**7 423**	**(60)**	**7 483**
Audited balance at 31 December 2020	**28 387**	**786**	**27 601**	**7 599**	**1 082**	**6 517**	**4 326**	**2 476**	**1 850**	**40 312**	**4 344**	**35 968**

Term loans

Rm	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/originated) (stage 3)					
	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2019	144 736	777	143 959	10 692	577	10 115	6 534	2 637	3 897	161 962	3 991	157 971
New financial assets originated or purchased	83 621	965	82 656			–			–	83 621	965	82 656
Financial assets written off			–			–	(1 625)	(1 218)	(407)	(1 625)	(1 218)	(407)
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(42 471)	1 410	(43 881)	(4 580)	510	(5 090)	(1 176)	(88)	(1 088)	(48 227)	1 832	(50 059)
Final repayments	(20 416)	(292)	(20 124)	(768)	(60)	(708)	(279)	(131)	(148)	(21 463)	(483)	(20 980)
Transfers to 12-month ECL	2 426	53	2 373	(2 006)	(9)	(1 997)	(420)	(44)	(376)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(8 367)	(633)	(7 734)	8 675	673	8 002	(308)	(40)	(268)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(2 555)	(1 338)	(1 217)	(1 541)	(992)	(549)	4 096	2 330	1 766	–	–	–
Foreign exchange movements	105	(1)	106	(242)	–	(242)	(42)	(9)	(33)	(179)	(10)	(169)
Audited net balance at 31 December 2019	157 079	941	156 138	10 230	699	9 531	6 780	3 437	3 343	174 089	5 077	169 012
New financial assets originated or purchased	**43 930**	**1 001**	**42 929**			**–**			**–**	**43 930**	**1 001**	**42 929**
Financial assets written off			**–**			**–**	**(3 555)**	**(3 555)**	**–**	**(3 555)**	**(3 555)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(40 299)**	**2 220**	**(42 519)**	**(25)**	**886**	**(911)**	**150**	**1 475**	**(1 325)**	**(40 174)**	**4 581**	**(44 755)**
Final repayments	**(19 982)**	**(311)**	**(19 671)**	**(4 423)**	**(43)**	**(4 380)**	**(471)**	**(222)**	**(249)**	**(24 876)**	**(576)**	**(24 300)**
Transfers to 12-month ECL	**5 814**	**111**	**5 703**	**(5 796)**	**(110)**	**(5 686)**	**(18)**	**(1)**	**(17)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(27 637)**	**(937)**	**(26 700)**	**28 153**	**830**	**27 323**	**(516)**	**107**	**(623)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(6 532)**	**(1 920)**	**(4 612)**	**(1 789)**	**(978)**	**(811)**	**8 321**	**2 898**	**5 423**	**–**	**–**	**–**
Foreign exchange movements	**2 881**	**31**	**2 850**	**247**	**29**	**218**	**156**	**192**	**(36)**	**3 284**	**252**	**3 032**
Audited balance at 31 December 2020	**115 254**	**1 136**	**114 118**	**26 597**	**1 313**	**25 284**	**10 847**	**4 331**	**6 516**	**152 698**	**6 780**	**145 918**

Instalment debtors

Rm	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/originated) (stage 3)					
	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2019	99 599	654	98 945	16 437	1 110	15 327	4 967	2 534	2 433	121 003	4 298	116 705
New financial assets originated or purchased	51 707	586	51 121			–			–	51 707	586	51 121
Financial assets written off			–			–	(1 917)	(839)	(1 078)	(1 917)	(839)	(1 078)
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(34 299)	1 092	(35 391)	(3 865)	105	(3 970)	(2 551)	(414)	(2 137)	(40 715)	783	(41 498)
Transfers to 12-month ECL	2 992	50	2 942	(2 772)	(45)	(2 727)	(220)	(5)	(215)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(10 566)	(833)	(9 733)	11 365	892	10 473	(799)	(59)	(740)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(4 007)	(748)	(3 259)	(3 122)	(741)	(2 381)	7 129	1 489	5 640	–	–	–
Foreign exchange movements	(10)		(10)			–	(1)	–	(1)	(11)	–	(11)
Audited net balance at 31 December 2019	105 416	801	104 615	18 043	1 321	16 722	6 608	2 706	3 902	130 067	4 828	125 239
New financial assets originated or purchased	**45 026**	**525**	**44 501**			**–**			**–**	**45 026**	**525**	**44 501**
Financial assets written off			**–**			**–**	**(2 152)**	**(2 152)**	**–**	**(2 152)**	**(2 152)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(15 638)**	**1 347**	**(16 985)**	**(2 802)**	**847**	**(3 649)**	**(2 366)**	**1 429**	**(3 795)**	**(20 806)**	**3 623**	**(24 429)**
Final repayments	**(15 434)**	**(100)**	**(15 334)**	**(1 218)**	**(57)**	**(1 161)**	**(225)**	**(24)**	**(201)**	**(16 877)**	**(181)**	**(16 696)**
Transfers to 12-month ECL	**8 806**	**151**	**8 655**	**(7 617)**	**(119)**	**(7 498)**	**(1 189)**	**(32)**	**(1 157)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(14 219)**	**(603)**	**(13 616)**	**14 709**	**655**	**14 054**	**(490)**	**(52)**	**(438)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(5 646)**	**(973)**	**(4 673)**	**(4 609)**	**(1 028)**	**(3 581)**	**10 255**	**2 001**	**8 254**	**–**	**–**	**–**
Foreign exchange movements	**(21)**	**11**	**(32)**	**5**	**6**	**(1)**	**27**	**–**	**27**	**11**	**17**	**(6)**
Audited balance at 31 December 2020	**108 290**	**1 159**	**107 131**	**16 511**	**1 625**	**14 886**	**10 468**	**3 876**	**6 592**	**135 269**	**6 660**	**128 609**

Preference shares and debentures	Not credit-impaired						Credit-impaired			Total		
	Subject to 12-month ECL (stage 1)			Subject to lifetime ECL (stage 2)			Subject to lifetime ECL (excluding purchased/originated) (stage 3)					
Rm	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost	Gross carrying amount	Allowance for ECL	Amortised cost
Audited net balance at 1 January 2019	14 658	67	14 591	142	2	140	354	62	292	15 154	131	15 023
New financial assets originated or purchased	2 373	17	2 356			–			–	2 373	17	2 356
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(4 578)	(14)	(4 564)	(205)	(2)	(203)	(165)	(33)	(132)	(4 948)	(49)	(4 899)
Transfers to 12-month ECL	71		71	(71)		(71)			–	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(217)	(9)	(208)	209	4	205	8	5	3	–	–	–
Transfers to lifetime ECL (credit-impaired)			–			–			–	–	–	–
Audited net balance at 31 December 2019	12 307	61	12 246	75	4	71	197	34	163	12 579	99	12 480
New financial assets originated or purchased	**4 387**	**23**	**4 364**			**–**			**–**	**4 387**	**23**	**4 364**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(4 783)**	**6**	**(4 789)**	**(10)**	**(2)**	**(8)**	**4**	**33**	**(29)**	**(4 789)**	**37**	**(4 826)**
Final repayments	**(71)**		**(71)**			**–**			**–**	**(71)**	**–**	**(71)**
Transfers to 12-month ECL	**75**	**2**	**73**	**(75)**	**(2)**	**(73)**			**–**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(865)**	**(14)**	**(851)**	**865**	**14**	**851**			**–**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)			**–**			**–**			**–**	**–**	**–**	**–**
Audited balance at 31 December 2020	**11 050**	**78**	**10 972**	**855**	**14**	**841**	**201**	**67**	**134**	**12 106**	**159**	**11 947**

Specialised and other loans to clients[4]	**Not credit-impaired**						**Credit-impaired**			**Total**		
	Subject to 12-month ECL (stage 1)			**Subject to lifetime ECL (stage 2)**			**Subject to lifetime ECL (excluding purchased/originated) (stage 3)**					
Rm	**Gross carrying amount**	**Allowance for ECL**	**Amortised cost**	**Gross carrying amount**	**Allowance for ECL**	**Amortised cost**	**Gross carrying amount**	**Allowance for ECL**	**Amortised cost**	**Gross carrying amount**	**Allowance for ECL**	**Amortised cost**
Audited net balance at 1 January 2019	68 077	146	67 931	1 534	211	1 323	378	149	229	69 989	506	69 483
New financial assets originated or purchased	29 360	231	29 129			–			–	29 360	231	29 129
Financial assets written off			–			–	(22)	(17)	(5)	(22)	(17)	(5)
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	4 508	(289)	4 797	(204)	325	(529)	27	189	(162)	4 331	225	4 106
Final repayments	(23 615)	(60)	(23 555)	(1 226)	(15)	(1 211)	(246)	(30)	(216)	(25 087)	(105)	(24 982)
Transfers to 12-month ECL	2 372	351	2 021	(2 225)	(307)	(1 918)	(147)	(44)	(103)	–	–	–
Transfers to lifetime ECL (not credit-impaired)	(8 192)	(193)	(7 999)	8 355	204	8 151	(163)	(11)	(152)	–	–	–
Transfers to lifetime ECL (credit-impaired)	(687)	(55)	(632)	(41)	(13)	(28)	728	68	660	–	–	–
Foreign exchange movements	1 228	(4)	1 232	(573)	(4)	(569)	70	–	70	725	(8)	733
Audited net balance at 31 December 2019	73 051	127	72 924	5 620	401	5 219	625	304	321	79 296	832	78 464
New financial assets originated or purchased	**48 307**	**188**	**48 119**			**–**			**–**	**48 307**	**188**	**48 119**
Financial assets written off			**–**			**–**	**(20)**	**(20)**	**–**	**(20)**	**(20)**	**–**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**(9 901)**	**(4)**	**(9 897)**	**(7 932)**	**623**	**(8 555)**	**(2)**	**90**	**(92)**	**(17 835)**	**709**	**(18 544)**
Final repayments	**(34 376)**	**(65)**	**(34 311)**	**(6 616)**	**(42)**	**(6 574)**	**(240)**	**(52)**	**(188)**	**(41 232)**	**(159)**	**(41 073)**
Transfers to 12-month ECL	**7 469**	**116**	**7 353**	**(7 255)**	**(107)**	**(7 148)**	**(214)**	**(9)**	**(205)**	**–**	**–**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(29 276)**	**(131)**	**(29 145)**	**29 281**	**133**	**29 148**	**(5)**	**(2)**	**(3)**	**–**	**–**	**–**
Transfers to lifetime ECL (credit-impaired)	**(1 538)**	**(79)**	**(1 459)**	**(460)**	**(17)**	**(443)**	**1 998**	**96**	**1 902**	**–**	**–**	**–**
Foreign exchange movements	**192**	**(5)**	**197**	**(128)**	**(20)**	**(108)**	**(50)**	**(127)**	**77**	**14**	**(152)**	**166**
Audited balance at 31 December 2020	**53 928**	**147**	**53 781**	**12 510**	**971**	**11 539**	**2 092**	**280**	**1 812**	**68 530**	**1 398**	**67 132**

[4] *Specialised and other loans to clients include properties in possession, overnight loans, factoring accounts, trade, other bills and bankers' acceptances and other loans.*

Financial guarantees and loan commitments	Not credit-impaired		Credit-impaired	Total
	Subject to 12-month ECL (stage 1)	Subject to lifetime ECL (stage 2)	Subject to lifetime ECL (excluding purchased/ originated) (stage 3)	
Rm	Allowance for ECL	Allowance for ECL	Allowance for ECL	Allowance for ECL
Audited net balance at 1 January 2019	60	48	61	169
New financial assets originated or purchased	167			167
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	(165)	12	36	(117)
Transfers to 12-month ECL	108	(59)	(49)	–
Transfers to lifetime ECL (not credit-impaired)	(63)	66	(3)	–
Transfers to lifetime ECL (credit-impaired)	(40)	(2)	42	–
Foreign exchange movements	(2)	2	1	1
Audited net balance at 31 December 2019	65	67	88	220
New financial assets originated or purchased	**40**			**40**
Repayments net of readvances, capitalised interest, fees and ECL remeasurements	**40**	**236**	**214**	**490**
Final repayments	**(182)**	**(12)**	**(28)**	**(222)**
Transfers to 12-month ECL	**215**	**(150)**	**(65)**	**–**
Transfers to lifetime ECL (not credit-impaired)	**(73)**	**73**		**–**
Transfers to lifetime ECL (credit-impaired)	**(1)**	**(27)**	**28**	**–**
Foreign exchange movements	**(1)**	**2**		**1**
Audited balance at 31 December 2020	**103**	**189**	**237**	**529**

ECONOMIC SCENARIOS

FORWARD-LOOKING INFORMATION INCORPORATED IN THE ECL MODELS

To account for forward-looking information (FLI) the ECL input parameters [PD, loss-given default (LGD) and exposure at default (EAD)] are typically linked to macroeconomic drivers such as the prime rate, gross domestic product (GDP) growth, household debt-to-income, consumer price inflation and credit growth. Overlays are raised where the modelling inadequately captures the risks within the portfolio.

The incorporation of FLI into the ECL allows for a range of macroeconomic outcomes to capture non-linearities. The parameter inputs used to estimate the ECL are modelled on four macroeconomic scenarios: base (expected), positive, mild stress and high stress. Scenarios are provided by the Nedbank Group Economic Unit and incorporate historical trends, statistical models and expert judgement. The macroeconomic scenarios are updated quarterly, with the option of an out-of-cycle update based on significant macroeconomic events. There is a robust internal governance process to review and approve the forecasted macroeconomic factors, which include approval by a board subcommittee.

The ECL under each macroeconomic scenario is the sum of the discounted products of the PD, LGD and EAD for that specific scenario. The ECL is calculated to reflect an unbiased and probability-weighted amount, with the scenario weights estimated based on the likelihood of occurrence. The ECL is discounted from the point of default using the most applicable interest rate, or a reasonable estimate thereof, to arrive at the ECL at reporting date.

The forecasted ranges for macroeconomic variables are shown below by using the annual average forecast over the three-year period per scenario.

		31 December 2020 (Audited)						
	Probability weighting (%)	Total ECL allowance	Difference to weighted scenarios			Economic forecast (%)		
Scenario		Rm	Rm	Percentage difference to weighted scenarios	Economic measures	2021	2022	2023
Base case	50	25 949	(128)	(0,49)	GDP Prime HPI	3,04 7,00 2,10	2,22 7,38 2,30	1,52 7,50 3,50
Mild stress	21	26 466	389	1,49	GDP Prime HPI	2,84 7,25 1,81	1,65 8,00 2,12	1,15 8,00 3,08
Positive outcome	21	25 613	(464)	(1,78)	GDP Prime HPI	3,85 7,00 3,60	2,44 7,00 4,10	1,57 7,00 4,80
High stress	8	27 034	957	3,67	GDP Prime HPI	2,14 7,42 1,51	1,68 8,46 1,94	0,92 8,50 2,66
Weighted scenarios	100%	26 077						

Scenario	Probability weighting (%)	Total ECL allowance Rm	Difference to weighted scenarios Rm	Percentage difference to weighted scenarios	Economic measures	Economic forecast (%) 2020	2021	2022
	31 December 2019 (Audited)							
Base case	50	18 073	(79)	(0,44)	**GDP**	1,09	1,32	1,49
					Prime	10,00	10,00	10,00
					HPI	1,69	5,00	5,56
Mild stress	21	18 657	505	2,78	**GDP**	0,59	0,66	1,23
					Prime	10,46	10,42	10,25
					HPI	0,34	1,69	5,00
Positive outcome	21	17 352	(800)	(4,41)	**GDP**	1,69	1,97	2,14
					Prime	9,58	9,50	9,50
					HPI	7,93	9,38	10,00
High stress	8	19 362	1 210	6,67	**GDP**	0,02	(0,06)	1,07
					Prime	10,83	11,00	10,83
					HPI	0,00	1,74	4,27
Weighted scenarios	100%	18 152						

CREDIT RISK EXPOSURE

The following tables disclose the distribution of loan-to-value (LTV) ratios of credit-impaired financial assets:

LOANS AND ADVANCES

Rm LTV distribution	Home loans	Commercial mortgages	Properties in possession	Credit cards and overdrafts	Term loans[1]	Overnight loans	Specialised and other loans to clients[1]	Leases and instalment debtors	Preference shares and debentures	Factoring accounts
31 December 2020 (Audited)										
Lower than 50%	**1 934**	**637**		**590**	**1 416**		**214**	**332**		
50% to 75%	**2 410**	**338**			**3**		**2**	**609**	**201**	
75% to 100%	**4 184**	**2 417**	**23**	**323**	**2 058**		**108**	**1 647**		**164**
Higher than 100%	**3 137**	**2 252**	**40**	**3 413**	**9 081**	**292**	**1 200**	**7 880**		**49**
Total	**11 665**	**5 644**	**63**	**4 326**	**12 558**	**292**	**1 524**	**10 468**	**201**	**213**

Rm LTV distribution	Home loans	Commercial mortgages	Properties in possession	Credit cards and overdrafts	Term loans[1]	Overnight loans	Specialised and other loans to clients[1]	Leases and instalment debtors	Preference shares and debentures	Factoring accounts
31 December 2019 (Audited)										
Lower than 50%	1 112	352		392	621		38	204	9	5
50% to 75%	1 633	215		14	82		22	370		11
75% to 100%	2 991	976	20	163	392		60	1 129		7
Higher than 100%	2 099	945	35	2 550	6 133	171	173	4 905	188	25
Total	7 835	2 488	55	3 119	7 228	171	293	6 608	197	48

[1] *Term loans and other loans were previously presented in one product line, namely 'personal, term and other loans'. In the current financial year 'personal, term and other loans' has been split into 'term loans' and 'specialised and other loans to clients' due to the different nature and size of these accounts.*

FAIR-VALUE HIERARCHY

FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

The fair value of a financial instrument is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is an assumption that an entity is a going concern without any intention or need to liquidate, to curtail materially the scale of its operations, or to undertake a transaction on adverse terms. Fair value is not, therefore, the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distressed sale.

The existence of published price quotations in an active market is the most reliable evidence of fair value and, where they exist, they are used to measure the financial asset or financial liability. A market is considered to be active if transactions occur with sufficient volumes and frequencies to provide pricing information on an ongoing basis. These quoted prices would generally be classified as level 1 in terms of the fair-value hierarchy.

Where a quoted price does not represent fair value at the measurement date or where the market for a financial instrument is not active, the group establishes fair value by using valuation techniques. These valuation techniques include reference to the current fair value of another instrument that is substantially the same in nature, reference to the value of the assets of underlying business, earnings multiples, a discounted-cashflow analysis and various option pricing models. Valuation techniques applied by the group would generally be classified as level 2 or level 3 in terms of the fair-value hierarchy. The determination of whether an instrument is classified as level 2 or level 3 is dependent on the significance of observable inputs versus unobservable inputs in relation to the fair value of the instrument. Inputs typically used in valuation techniques include discount rates, appropriate swap rates, volatility, servicing costs, equity prices, commodity prices, counterparty credit risk and the group's own credit on financial liabilities.

The group has an established control framework to measure fair value, which includes formalised review protocols for the independent review and validation of fair values separate from those of the business unit entering into the transaction. The valuation methodologies, techniques and inputs applied to the fair-value measurement of the financial instruments have been applied in a manner consistent with that of the previous financial year.

FAIR-VALUE HIERARCHY

The financial instruments recognised at fair value have been categorised into the three input levels of the IFRS fair-value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2: Valuation techniques based (directly or indirectly) on market-observable inputs. Various factors influence the availability of observable inputs. These factors may vary from product to product and change over time. Factors include the depth of activity in the relevant market, the type of product, whether the product is new and not widely traded in the market, the maturity of market modelling and the nature of the transaction (bespoke or generic).

Level 3: Valuation techniques based on significant inputs that are not observable. To the extent that a valuation is based on inputs that are not market-observable the determination of the fair value can be more subjective, depending on the significance of the unobservable inputs to the overall valuation. Unobservable inputs are determined on the basis of the best information available and may include reference to similar instruments, similar maturities, appropriate proxies or other analytical techniques.

All fair values disclosed below are recurring in nature.

FINANCIAL ASSETS

	Total financial assets		Total financial assets recognised at amortised cost		Total financial assets classified as level 1		Total financial assets classified as level 2		Total financial assets classified as level 3	
	31 Dec 2020 (Audited) Rm	31 Dec 2019 (Audited) Rm	**31 Dec 2020 (Audited) Rm**	31 Dec 2019 (Audited) Rm	**31 Dec 2020 (Audited) Rm**	31 Dec 2019 (Audited) Rm	**31 Dec 2020 (Audited) Rm**	31 Dec 2019 (Audited) Rm	**31 Dec 2020 (Audited) Rm**	31 Dec 2019 (Audited) Rm
Cash and cash equivalents	**41 382**	37 635	**41 382**	37 635						
Other short-term securities[2]	**52 605**	64 451	**1 377**	11 492			**51 228**	52 959		
Derivative financial instruments	**80 325**	35 243			**19**	61	**80 306**	35 182		
Government and other securities[1,2]	**132 221**	100 557	**77 546**	64 537	**46 941**	32 599	**7 734**	3 421		
Loans and advances[1,2]	**843 303**	824 786	**741 642**	761 202	**168**	186	**101 493**	63 398		
Other assets	**15 473**	14 089	**10 272**	10 457	**5 201**	3 632				
Investment securities	**26 392**	28 933			**136**	691	**18 588**	20 213	**7 668**	8 029
	1 191 701	1 105 694	**872 219**	885 323	**52 465**	37 169	**259 349**	175 173	**7 668**	8 029

[1] *During the year, the group reviewed its presentation of listed corporate bonds. As a result of this review, the group's listed corporate bonds previously included in 'Government and other securities' have been reclassified to 'Loans and advances' to reflect better the group's credit risk management practices as listed corporate bonds are originated through the same business process as loans and advances. To provide comparability the prior-period balances have been restated accordingly. The reclassification had no impact on the group's statement of comprehensive income, statement of changes in equity and statement of cashflows.*

[2] *Certain categories of loans and advances were reclassified between FVOCI, FVTPL and amortised cost in 2019. The measurement basis of these instruments has however not changed.*

FINANCIAL LIABILITIES

	Total financial liabilities		Total financial liabilities recognised at amortised cost		Total financial liabilities classified as level 1		Total financial liabilities classified as level 2		Total financial liabilities classified as level 3	
	31 Dec 2020 (Audited) Rm	31 Dec 2019 (Audited) Rm	**31 Dec 2020 (Audited) Rm**	31 Dec 2019 (Audited) Rm	**31 Dec 2020 (Audited) Rm**	31 Dec 2019 (Audited) Rm	**31 Dec 2020 (Audited) Rm**	31 Dec 2019 (Audited) Rm	**31 Dec 2020 (Audited) Rm**	31 Dec 2019 (Audited) Rm
Derivative financial instruments	**65 130**	27 991			**64**	16	**65 066**	27 975		
Amounts owed to depositors	**953 715**	904 382	**921 054**	871 700			**32 661**	32 682		
Provisions and other liabilities	**9 080**	9 798	**2 752**	5 277	**6 328**	3 950				571
Investment contract liabilities	**20 868**	24 571					**20 868**	24 571		
Long-term debt instruments	**59 770**	59 713	**59 770**	59 713						
	1 108 563	1 026 455	**983 576**	936 690	**6 392**	3 966	**118 595**	85 228	**–**	571

LEVEL 3 RECONCILIATION

31 December 2020 (Audited)	Opening balance at 1 January Rm	Losses in non-interest revenue in profit for the year Rm	Losses relating to investments in equity instruments at FVOCI and debt instruments at FVOCI in OCI for the year Rm	Purchases and issues Rm	Sales and settlements Rm	Transfers to level 1 Rm	Closing balance at 31 December Rm
FINANCIAL ASSETS							
Investment securities	**8 029**	**(1 268)**	**(98)**	**2 046**	**(924)**	**(117)**	**7 668**
	8 029	**(1 268)**	**(98)**	**2 046**	**(924)**	**(117)**	**7 668**
FINANCIAL LIABILITIES							
Provisions and other liabilities	**571**				**(571)**		**–**
	571	**–**	**–**	**–**	**(571)**		**–**

31 December 2019 (Audited)	Opening balance at 1 January Rm	(Losses)/Gains in non-interest revenue in profit for the year Rm	Gains relating to investments in equity instruments at FVOCI and debt instruments at FVOCI in OCI for the year Rm	Purchases and issues Rm	Sales and settlements Rm	Closing balance at 31 December Rm
FINANCIAL ASSETS						
Investment securities	6 456	(21)	9	4 775	(3 190)	8 029
	6 456	(21)	9	4 775	(3 190)	8 029
FINANCIAL LIABILITIES						
Provisions and other liabilities	431	140				571
	431	140	–	–	–	571

EFFECT OF CHANGES IN SIGNIFICANT UNOBSERVABLE ASSUMPTIONS – LEVEL 3 INSTRUMENTS

The fair value of financial instruments is, in certain circumstances, measured using valuation techniques that include assumptions that are not market-observable. Where these scenarios apply, the group performs stress testing on the fair value of the relevant instruments. When performing the stress testing, appropriate levels for the unobservable-input parameters are chosen so that they are consistent with prevailing market evidence and in line with the group's approach to valuation control. The following information is intended to illustrate the potential impact of the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable-input parameters and which are classified as level 3 in the fair-value hierarchy. However, the disclosure is neither predictive nor indicative of future movements in fair value.

The group has developed a risk appetite tool to estimate downside income volatility to determine the effects of changes in significant unobservable assumptions on level 3 instruments. For risk appetite purposes, downside income volatility is estimated using a methodology that follows value-at-risk principles.

31 December 2020 (Audited)	Valuation technique	Significant unobservable input	Variance in fair value (%)	Value per statement of financial position Rm	Favourable change in fair value Rm	Unfavourable change in fair value Rm
FINANCIAL ASSETS						
Investment securities	Discounted cashflows, adjusted net asset value, earnings multiples, third-party valuations and dividend yields	Valuation multiples, correlations, volatilities and credit spreads	Between (16) and 19	**7 668**	**1 467**	**(1 189)**
Total financial assets classified as level 3				**7 668**	**1 467**	**(1 189)**

There are no provisions and other liabilities classified as level 3 at 31 December 2020, hence no effect of changes in significant unobservable assumptions has been presented for this financial statement line.

31 December 2019 (Audited)	Valuation technique	Significant unobservable input	Variance in fair value (%)	Value per statement of financial position Rm	Favourable change in fair value Rm	Unfavourable change in fair value Rm
FINANCIAL ASSETS						
Investment securities	Discounted cashflows, adjusted net asset value, earnings multiples, third-party valuations and dividend yields	Valuation multiples, correlations, volatilities and credit spreads	Between (17) and 21	8 029	1 688	(1 336)
Total financial assets classified as level 3				8 029	1 688	(1 336)
FINANCIAL LIABILITIES						
Provisions and other liabilities	Discounted cashflow, earnings multiples	Discount rates, forecasts	Between (10) and 10	(571)	57	(57)

UNREALISED LOSSES

The unrealised losses arising on instruments classified as level 3 include the following:

	31 December 2020 (Audited) Rm	31 December 2019 (Audited) Rm
Private-equity losses	**(1 268)**	(21)

SUMMARY OF PRINCIPAL VALUATION TECHNIQUES – LEVEL 2 INSTRUMENTS (AUDITED)

The following table sets out the group's principal valuation techniques used in determining the fair value of financial assets and financial liabilities classified as level 2 in the fair-value hierarchy:

Assets	Valuation technique	Key inputs
Other short-term securities	Discounted-cashflow model	Discount rates
Derivative financial instruments	Discounted-cashflow model	Discount rates
	Black-Scholes model	Risk-free rates and volatilities
	Multiple valuation techniques	Valuation multiples
Government and other securities	Discounted-cashflow model	Discount rates
Loans and advances	Discounted-cashflow model	Interest rate curves
Investment securities	Discounted-cashflow model	Money market rates and interest rates
	Adjusted net asset value	Underlying price of market-traded instruments
	Dividend yield method	Dividend growth rates
Liabilities		
Derivative financial instruments	Discounted-cashflow model	Discount rates
	Black-Scholes model	Risk-free rates and volatilities
	Multiple valuation techniques	Valuation multiples
Amounts owed to depositors	Discounted-cashflow model	Discount rates
Provisions and other liabilities	Discounted-cashflow model	Discount rates
Investment contract liabilities	Adjusted net asset value	Underlying price of market-traded instruments
Long-term debt instruments	Discounted-cashflow model	Discount rates

TRANSFERS BETWEEN LEVELS OF THE FAIR-VALUE HIERARCHY (AUDITED)

In terms of the group's policy, transfers of financial instruments between levels of the fair-value hierarchy are deemed to have occurred at the end of the year.

ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE FOR WHICH FAIR VALUE IS DISCLOSED

Certain financial instruments of the group are not carried at fair value and are measured at amortised cost. The calculation of the fair value of the financial instruments incorporates the group's best estimate of the value at which the financial assets could be exchanged, or financial liabilities transferred, between market participants at the measurement date. The group's estimate of what fair value is does not necessarily represent what it would be able to sell the asset for or transfer the respective financial liability for in an involuntary liquidation or distressed sale.

The fair values of these respective financial instruments at the reporting dates detailed below are estimated only for the purpose of IFRS disclosure:

Rm	Carrying value	Fair value	Level 1	Level 2	Level 3
31 December 2020 (Audited)					
Financial assets	**820 565**	**821 691**	**74 207**	**22 254**	**725 230**
Other short-term securities	**1 377**	**1 377**		**1 377**	
Government and other securities	**77 546**	**74 605**	**74 207**		**398**
Loans and advances	**741 642**	**745 709**		**20 877**	**724 832**
Financial liabilities	**59 770**	**63 808**	**36 040**	**27 768**	**–**
Long-term debt instruments	**59 770**	**63 808**	**36 040**	**27 768**	

Rm	Carrying value	Fair value	Level 1	Level 2	Level 3
31 December 2019 (Audited)					
Financial assets	837 231	813 140	63 219	39 437	710 484
Other short-term securities[2]	11 492	11 484		11 484	
Government and other securities[1,2]	64 537	63 524	63 219		305
Loans and advances[1]	761 202	738 132		27 953	710 179
Financial liabilities	59 713	62 216	37 957	24 259	–
Long-term debt instruments	59 713	62 216	37 957	24 259	

[1] *During the year, the group reviewed its presentation of listed corporate bonds. As a result of this review, the group's listed corporate bonds previously included in 'Government and other securities' have been reclassified to 'Loans and advances' in order to reflect the group's credit risk management practices and associated business better. To provide comparability the prior-year balances have been restated accordingly. The reclassification had no impact on the group's statement of comprehensive income, statement of changes in equity and statement of cashflows.*

[2] *It was identified that certain other short-term securities and government and other securities were incorrectly disclosed as FVTPL. The correct classification for these loans and advances is amortised cost. An amount of R1,9bn previously incorrectly disclosed as FVTPL or loss is now disclosed correctly as amortised cost at 31 December 2019. The other short-term securities and government and other securities were correctly measured at amortised cost and there is no impact on profit or loss.*

There have been no significant changes in the methodology used to estimate the fair value of the above instruments during the year.

LOANS AND ADVANCES

Loans and advances that are not recognised at fair value principally comprise variable-rate financial assets. The interest rates on these variable-rate financial assets are adjusted when the applicable benchmark interest rate changes.

Loans and advances are not actively traded in most markets and it is therefore not possible to determine the fair value of these loans and advances using observable market prices and market inputs. Due to the unique characteristics of the loans and advances portfolio and the fact that there have been no recent transactions involving the disposal of such loans and advances, there is no basis to determine a price that could be negotiated between market participants in an orderly transaction. The group is not currently in the position of a forced sale of such underlying loans and advances and it would therefore be inappropriate to value the loans and advances on a forced-sale basis.

For specifically impaired loans and advances the carrying value, as determined after consideration of the group's IFRS 9 expected credit losses, is considered the best estimate of fair value.

The group has developed a methodology and model to determine the fair value of the gross exposures for the performing loans and advances measured at amortised cost, resulting in these assets' fair value being 0.55% higher (2019: 3.1% lower) than carrying value. This model incorporates the use of average interest rates and projected monthly cashflows per product type. Future cashflows are discounted using interest rates at which similar loans would be granted to borrowers with similar credit ratings and maturities. Methodologies and models are updated on a continuous basis for changes in assumptions, forecasts and modelling techniques. Future forecasts of the group's PDs and LGDs for the periods 2021 to 2023 (2019: for periods 2020 to 2022) are based on the latest available internal data and are applied to the projected cashflows of the first three years. Thereafter PDs and LGDs are gradually reverted to their long-run averages and are applied to the remaining projected cashflows. Inputs into the model include various assumptions used in the pricing of loans and advances. The determination of such inputs is highly subjective and therefore any change to one or more of the assumptions (e.g. interest rates, future forecasts of PDs or LGDs, or macroeconomic conditions) may result in a significant change in the determination of the fair value. Reasonable bounds for the fair value are estimated to be between 0.50% lower and 1.60% higher than the carrying value.

GOVERNMENT AND OTHER SECURITIES

The fair value of government and other securities is determined using available market prices (level 1) or discounted-cashflow analysis (level 3), where an instrument is not quoted or the market is considered to be inactive.

OTHER SHORT-TERM SECURITIES

The fair value of other short-term securities is determined using a discounted-cashflow analysis (level 2).

LONG-TERM DEBT INSTRUMENTS

The fair value of long-term debt instruments is determined using available market prices (level 1) or discounted-cashflow analysis (level 2), where an instrument is not quoted or the market is considered to be inactive.

AMOUNTS OWED TO DEPOSITORS

The amounts owed to depositors principally comprise variable-rate liabilities and hedge-accounted fixed-rate liabilities. The carrying value of the amounts owed to depositors approximates fair value because the instruments reprice to current market rates at frequent intervals. In addition, a significant portion of the balance is callable or short term in nature.

CASH AND CASH EQUIVALENTS, OTHER ASSETS, MANDATORY DEPOSITS WITH CENTRAL BANKS AND PROVISIONS AND OTHER LIABILITIES

The carrying values of cash and cash equivalents, other assets, mandatory deposits with central banks and provisions and other liabilities are considered a reasonable approximation of their respective fair values, as they are either short term in nature or are repriced to current market rates at frequent intervals.

ADDITIONAL INFORMATION (UNAUDITED)

LIQUIDITY COVERAGE RATIO

Rm	Total unweighted value[1] (average)	Total weighted value[2] (average)
Total high-quality liquid assets		**206 943**
Cash outflows		
Retail deposits and deposits from small-business clients	**219 854**	**21 780**
Stable deposits	**4 116**	**206**
Less stable deposits	**215 738**	**21 574**
Unsecured wholesale funding	**356 760**	**171 154**
Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks	**181 587**	**45 397**
Non-operational deposits (all counterparties)	**174 306**	**124 890**
Unsecured debt	**867**	**867**
Secured wholesale funding	**11 978**	**4**
Additional requirements	**150 368**	**22 488**
Outflows related to derivative exposures and other collateral requirements	**4 205**	**4 205**
Credit and liquidity facilities	**146 163**	**18 283**
Other contingent funding obligations	**183 205**	**8 688**
Total cash outflows	**922 165**	**224 113**
Cash inflows		
Secured lending (eg reverse repurchase agreements)	**3 559**	**3 557**
Inflows from fully performing exposures	**79 377**	**65 722**
Other cash inflows	**6 881**	**6 881**
Total cash inflows	**89 817**	**76 160**

	Total adjusted value
Total HQLA	**206 943**
Total net cash outflows[3]	**164 583**
Liquidity coverage ratio (%)	**125,7%**

[1] *Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).*
[2] *Weighted values are calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).*
[3] *Note that total cash outflows less total cash inflows may not be equal to total net cash outflows to the extent that regulatory caps have been applied to cash inflows as specified by the regulations.*

The figures above reflect a simple average of daily observations over the quarter ending December 2020 for Nedbank Limited and the simple average of the month-end values at 31 October 2020, 30 November 2020 and 31 December 2020 for all non-SA banking entities, based on regulatory submissions to SARB. This section on the liquidity coverage ratio has not been audited or reviewed by the group's auditors.

NET STABLE FUNDING RATIO

Rm	Unweighted value by residual maturity				Weighted value
	No maturity	Six months or less	Between six months and one year	More than one year	
Available stable funding (ASF)					
Capital	89 812	–	–	13 716	103 528
Regulatory capital	85 992			12 920	98 912
Other capital instruments	3 820			796	4 616
Retail deposits and deposits from small-business clients	74 701	186 490	11 479	15 619	261 216
Stable deposits		3 833			3 642
Less stable deposits	74 701	182 657	11 479	15 619	257 574
Wholesale funding	126 986	397 383	75 088	130 942	382 390
Operational deposits	123 422	76 266			99 844
Other wholesale funding	3 564	321 117	75 088	130 942	282 546
Other liabilities	11 372	14 689	745	20 448	2 557
Net stable funding ratio (NSFR) derivative liabilities				18 264	
All other liabilities and equity not included in the above categories	11 372	14 689	745	2 184	2 557
Total ASF					**749 691**
Required stable funding					
Total NSFR high-quality liquid assets (HQLA)					16 989
Performing loans and securities	–	207 909	70 758	560 989	554 173
Performing loans to financial institutions secured by level 1 HQLA		29 050			2 905
Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions		71 354	4 036	19 820	32 542
Performing loans to non-financial corporate clients, loans to retail and small-business clients and loans to sovereigns, central banks and public sector enterprises, of which		96 325	62 458	393 120	410 942
with a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk				13 009	8 456
Performing residential mortgages, of which		3 589	4 047	142 203	98 911
with a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		3 589	4 047	128 901	87 604
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities		7 591	217	5 846	8 873
Other assets	30 670	229	–	86 070	82 048
Assets posted as an initial margin for derivative contracts and contributions to default funds of central counterparties		22			18
NSFR derivative assets				42 956	24 692
NSFR derivative liabilities before deduction of variation margin posted				18 273	1 827
All other assets not included in the above categories	30 670	207		24 841	55 511
Off-balance-sheet items				314 733	11 253
Total required stable funding					**664 463**
NSFR (%)					**112,8%**

The figures above reflect the quarter ending December 2020 , based on regulatory submissions to SARB, where applicable. This section on the net stable funding ratio has not been audited or reviewed by the group's auditors.

DEFINITIONS

12-month 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.

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 and 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 forecast macroeconomic conditions in determining a significant increase in credit risk (SICR) and ECL.

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

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

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.

Profit attributable to equity holders of the parent (Rm) Profit for the period less non-controlling interests pertaining to ordinary shareholders, preference shareholders and additional tier 1 capital instrument noteholders.

Profit for the period (Rm) Income statement profit attributable to ordinary shareholders of the parent, before non-controlling interests.

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

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

Return on 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

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
D1/2020 or D1 Directive 1 of 2020 issued by the Prudential Authority
D2/2020 or D2 Directive 2 of 2020 issued by the Prudential Authority
D3/2020 or D3 Directive 3 of 2020 issued by the Prudential Authority
D7/2015 or D7 Directive 7 of 2015 issued by the Prudential Authority
DHEPS diluted headline earnings per share
D-SIB domestic systemically important bank
ECL expected credit loss
EE employment equity
ELB entry-level banking
EP economic profit
EPS earnings per share
ESG environmental, social and governance
EV embedded value
ETI Ecobank Transnational Incorporated
FCTR foreign currency translation reserve
FSC Financial Sector Code
FSCA Financial Sector Conduct Authority
FVOCI fair value through other comprehensive income
FVTPL Fair value through profit or loss
GDP gross domestic product
GFC great financial crisis
GLAA gross loans and advances
GLC great lockdown crisis
G4/2020 Guidance Note 4 of 2020 issued by the Prudential Authority
G3/2021 Guidance Note 3 of 2021 issued by the Prudential Authority
GOI gross operating income
group Nedbank Group Limited
HE headline earnings
HEPS headline earnings per share
HQLA high-quality liquid asset(s)
IAS International Accounting Standard(s)
ICAAP Internal Capital Adequacy Assessment Process
IFRS International Financial Reporting Standard(s)
ILAAP Internal Liquidity Adequacy Assessment Process
IMF International Monetary Fund
JIBAR Johannesburg Interbank Agreed Rate
JSE JSE Limited
LAA loans and advances
LAP liquid-asset portfolio
LCR liquidity coverage ratio
LIBOR London Interbank Offered Rate
LTI long-term incentive
m million
M&A mergers and acquisitions
MFC Motor Finance Corporation (vehicle finance lending division of Nedbank)
MRC minimum required capital
MZN Mozambican metical
N/A not applicable
NAFEX The Nigerian Autonomous Foreign Exchange Rate Fixing Methodology
NAR Nedbank Africa Regions
NCA National Credit Act, 34 of 2005
NCD negotiable certificate of deposit
NCOF net cash outflows
NGN Nigerian naira
NII net interest income
NIM net interest margin
NIR non-interest revenue
NPL non-performing loan(s)
NPS Net Promoter Score
NSFR net stable funding ratio
nWoW New Ways of Work
OCI other comprehensive income
OM Old Mutual
PA Prudential Authority
PAT profit after tax
PayU Pay-as-you-use account
Plc public listed company
PPOP preprovisioning operating profit
PRMA postretirement medical aid
R rand
RBB Retail and Business Banking
Rbn South African rands expressed in billions
REITs real estate investment trusts
Rm South African rands expressed in millions
ROA return on assets
ROE return on equity
RORWA return on risk-weighted assets
RPA robotic process automation
RRB Retail Relationship Banking
RTGS real-time gross settlement
RWA risk-weighted assets
SA South Africa
SAcsi The South African Customer Satisfaction Index
SADC Southern African Development Community
SAICA South African Institute of Chartered Accountants
SARB South African Reserve Bank
SDGs Sustainable Development Goals
SICR Significant increase in credit risk
SME small to medium 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)

NEDBANKGROUP.CO.ZA