

NEDBANK GROUP LIMITED  
(Incorporated in the Republic of South Africa)  
Registration number: 1966/010630/06  
JSE share code: NED  
NSX share code: NBK  
ISIN: ZAE000004875  
JSE alpha code: NEDI  
(Nedbank Group' or 'the group)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 AND TRADING STATEMENT

**In a period of unprecedented health, economic and social challenges that have impacted our staff and our clients, Nedbank Group remained profitable and open for business, with capital and liquidity ratios within board-approved targets and well above all prudential requirements.**

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

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

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

cost of equity. Expenses were well managed and declined on the prior period.

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

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

Mike Brown

#### FINANCIAL HIGHLIGHTS

- Headline earnings R2 114m, down by 69,2% (June 2019: R6 870m)
- Revenue R27 189m, down by 1,8% (June 2019: R27 693m)
- Credit loss ratio 194 bps (June 2019: 70 bps)
- Expenses R15 391m, down by 1,1% (June 2019: R15 565m)
- Cost-to-income ratio 56,4% (June 2019: 55,4%)
- Diluted headline earnings per share 434 cents, down by 69,2% (June 2019: 1 411 cents)
- Headline earnings per share 438 cents, down by 69,5% (June 2019: 1 435 cents)
- Basic earnings per share 270 cents, down by 81,0% (June 2019: 1 419 cents)
- No interim dividend declared, down by 100% (June 2019: 720 cents)
- Net asset value per share 18 075 cents, up by 1,6% (June 2019: 17 794 cents)
- Common-equity tier 1 ratio 10,6% (June 2019: 11,3%)

This short-form announcement is the responsibility of the directors. It is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decision should be based on the full announcement, which can be accessed from Wednesday, 26 August 2020, using the following JSE link:

<https://senspdf.jse.co.za/documents/2020/jse/isse/ned/ie2020.pdf>

Alternatively, the full announcement is available on our website at <https://www.nedbank.co.za/content/nedbank/desktop/gt/en/investor-relations/information-hub/financial-results/2020.html>

The full announcement is available for inspection at Nedbank Group's registered office on weekdays from 09:00 to 16:00 by appointment only in accordance with Covid-19 restrictions, and copies thereof may be requested free of charge from Nedbank Investor Relations at [NedgroupIR@Nedbank.co.za](mailto:NedgroupIR@Nedbank.co.za).

INTERIM DIVIDEND

As advised in the SENS announcement released on 20 August 2020, notice is hereby given that no interim dividend has been declared. This is in line with G4/2020 released by the PA on 6 April 2020, notwithstanding the group's strong liquidity and capital positions. The board will give due consideration to this guidance note in future dividend cycles.

#### TRADING STATEMENT

Full-year headline earnings per share ('HEPS') and earnings per share ('EPS') for the 12-month period ending 31 December 2020 are expected to decline by more than 20% when compared to the 12-month period ended 31 December 2019 (HEPS: 2 605 cents, EPS: 2 500 cents).

A further trading statement will be issued to provide specific guidance once there is reasonable certainty regarding the extent of the decline and the relevant HEPS and EPS ranges.

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

For and on behalf of the board

Vassi Naidoo  
Chairman

Mike Brown  
Chief Executive

26 August 2020

#### Directors

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

\* Executive \*\* Lead independent director

#### Registered office

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nedbankgroup.co.za

#### Sponsors in SA

Merrill Lynch SA Proprietary Limited, Nedbank CIB

#### Sponsor in Namibia

Old Mutual Investment Services (Namibia) (Proprietary) Limited

Company Secretary: J Katzin

#### Transfer secretaries in SA

Link Market Services South Africa Proprietary Limited, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, SA.  
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#### Transfer secretaries in Namibia

Transfer Secretaries (Proprietary) Limited, Robert Mugabe Avenue No 4, Windhoek, Namibia.

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