

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 2021 AND TRADING STATEMENT

### **Strong performance in H1 2021**

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

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

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

Nedbank Group's HE in H1 2021 increased by 148% on H1 2020 to R5,3bn, but remains 24% below H1 2019 levels. HE growth benefited from significantly lower impairments, higher net interest margin and disciplined expense management. Underlying NIR was strong, due mainly to higher levels of client activity and strong insurance income, but this growth was negatively impacted by a high H1 2020 trading revenue base and an unwind of the prior-

year fair-value gains. Key drivers of shareholder value creation also showed positive trends, with net asset value per share up 8% yoy, the group's ROE increasing to 11,7% (H1 2020: 4,8%) and our resumption of dividend payments, declaring an interim dividend of 433 cents per share.

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

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

Mike Brown  
Chief Executive

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

#### FINANCIAL HIGHLIGHTS

- Headline earnings R5 251m, up 148% (June 2020: R2 114m)
- Revenue R27 602m, up 2% (June 2020: R27 189m)
- Credit loss ratio 85bps (June 2020: 187 bps)
- Total operating expenses R16 355m, up 6% (June 2020: R15 391m)
- Cost-to-income ratio 58,5% (June 2020: 56,4%)
- Diluted headline earnings per share 1 067 cents, up 146% (June 2020: 434 cents)
- Headline earnings per share 1 084 cents, up 147% (June 2020: 438 cents)
- Basic earnings per share 1 081 cents, up 300% (June 2020: 270 cents)
- Interim dividend declared of 433 cents per share (June 2020: no interim dividend declared)
- Net asset value per share 19 439 cents, up 8% (June 2020: 18 075 cents)
- Common-equity tier 1 ratio 12,2% (June 2020: 10,6%)

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, 11 August 2021, using the following JSE link:

<https://senspdf.jse.co.za/documents/2021/jse/isse/NED/ie2021.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/2021.html>

The full announcement is available for inspection at Nedbank Group's registered office on weekdays from 09:00 to 16:00, and copies thereof may be requested free of charge from Nedbank Investor Relations at NedgroupIR@Nedbank.co.za.

#### INTERIM DIVIDEND DECLARATION

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

The dividend will be subject to a dividend withholding tax rate of 20% (applicable in SA) or 86,6 cents per ordinary share, resulting in a net dividend of 346,4 cents per ordinary share, unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate in terms of an applicable double-tax agreement. Nedbank Group's tax reference number is 9375/082/71/7 and the number of ordinary shares in issue at the date of declaration is 508 870 678.

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

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

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

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

#### TRADING STATEMENT

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

For and on behalf of the board

Mpho Makwana  
Acting Chairperson

Mike Brown  
Chief Executive

11 August 2021

Directors

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

\* Lead Independent Director \*\* Executive

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nedbankgroup.co.za

Sponsors in SA

Nedbank Corporate and Investment Banking, a division of Nedbank Limited  
Merrill Lynch South Africa (Pty) Limited, t/a BofA Securities

Sponsor in Namibia

Old Mutual Investment Services (Namibia) (Proprietary) Limited

Group Company Secretary: J Katzin

Transfer secretaries in SA

JSE Investor Services (Pty) Limited, 19 Ameshoff Street, Braamfontein,  
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PO Box 4844, Marshalltown, 2000, SA.

Transfer secretaries in Namibia

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