

# A year of achievement across a broad front

In 2018 Nedbank Group seamlessly concluded the process of managed separation from Old Mutual and delivered a resilient financial performance, boosted by the ongoing turnaround in our share of associate income from ETI. Headline earnings increased 14,5% to R13,5bn and ROE (excluding goodwill) improved from 16,4% to 17,9%. Revenue growth accelerated in the second half of the year and, as expected, impairments increased gradually, reflecting excellent risk management and a high-quality book. We maintained a strong balance sheet, as evident in our IFRS 9 fully phased-in CET1 ratio of 11,7% (which includes the 34 bps impact from the odd-lot offer completed in December 2018), our strong liquidity profile and the total dividend per share increasing by 10,1%. Total assets exceeded R1 trillion for the first time.

We made excellent progress on a number of client satisfaction measures as we continued to focus on delivery of market-leading client value propositions supported by our investments in technology, digital platforms and our people. This was evident in the Nedbank Money app™ receiving the highest client satisfaction ratings among SA banking apps on iOS devices, our Nedbank Private Wealth app being rated second best globally by Cutter Associates International Research, and our Net Promoter Score improving the most among SA banks in 2018. Our progress

in 2018 enabled us to grow our market share of main-banked clients across all our business clusters, underpinning solid NIR growth. Our strategic enablers, including ongoing technology investments through our managed evolution programme, our people, our culture and our brand, continue to create a more client-focused, agile, competitive and digital Nedbank. The innovations we plan to launch during 2019 are expected to result in another step change in client experiences, enabling ongoing revenue growth and efficiencies over time.

Our focus on sustainable transformation has resulted in Nedbank achieving level 1 BBBEE contributor status under the new Amended Financial Sector Code, having been at level 2 for the past 10 years.

From the low base in the SA economy in 2018 we anticipate a slow improvement in business and consumer confidence, and economic and credit growth in the year ahead. These assumptions, along with ongoing delivery on our strategy, support our current guidance for growth in diluted headline earnings per share for 2019 to be at or above nominal GDP growth.

**Mike Brown**  
Chief Executive

5 March 2019

# Nedbank Group Limited Annual Results

## for the year ended 31 December 2018



**NEDBANK GROUP**

## ENSURING AND PROTECTING VALUE THROUGH GOOD GOVERNANCE

Implemented King IV™ Code of Corporate Practice and Conduct

**Board independence 69%** – protecting the interests of all stakeholders

Board diversity – **63% black** and **25% female**

**Passed all resolutions at our 51st annual general meeting** in 2018, with more than 90% votes in favour

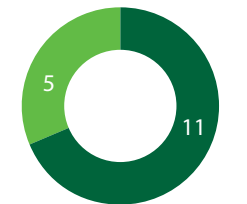
Engaged with shareholders during our fifth annual governance roadshow – received **strong support for Nedbank's progress on ESG matters**

**Board demographics**



White male  
ACI female  
ACI male  
Non-SA

**Board independence**



Independent directors  
Non-independent directors

## DELIVERING ON OUR STRATEGY ...

### Strategic focus areas

Delivering innovative market-leading client experiences

### Progress in 2018

Exciting innovations externally acknowledged

Private Wealth app – **rated second globally** by Cutter Associates International Research

**Nedbank Money app™** – iOS ratings above those of SA peers

**Karri app for schools** – used by more than 200 schools

**Stokvel Account** > 1 600 groups and 48 000 members

Growing our transactional banking franchise faster than the market

Retail main-banked clients up **6,9% to 3,0 million**

**Share of retail main-banked clients up to 13,1%** – Consulta survey (target 15% by 2020)

**30 CIB transactional client gains**

**Business Banking market share increased to 22%** (19% in 2017)

Being operationally excellent in all we do

To date have **saved 32 971 m² of floor space** (target > 45 000 m² by 2020)

Have **reduced core systems to 136** since 2010 (target < 60 by 2020)

Achieved cumulative **cost savings** from target operating model of **R680m**

Managing scarce resources to optimise economic outcomes

**Total assets exceed R1 trillion** for the first time

**NIM widened to 365 bps** (2017: 362 bps)

Quality book and selective origination contributed to **CLR of 53 bps** (below TTC target of 60 to 100 bps)

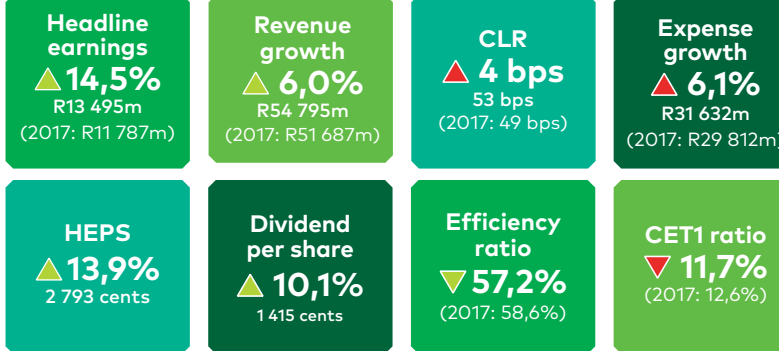
Providing our clients with access to the best financial services network in Africa

**RoA SADC subsidiaries: clients grew 5% to 352 921** and **HE increased 98%**

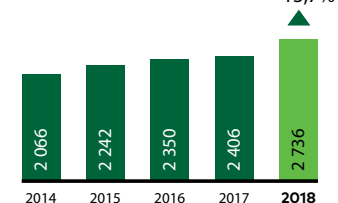
Launched a **cross-border remittance solution** in partnership with ETI

**ETI returning to profitability** – seven quarters of profitability to 30 Sept 2018

## FINANCIAL HIGHLIGHTS

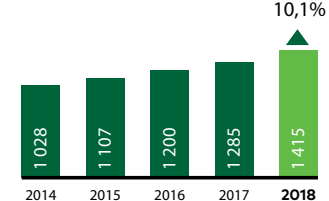


**Diluted headline earnings per share (cents)**

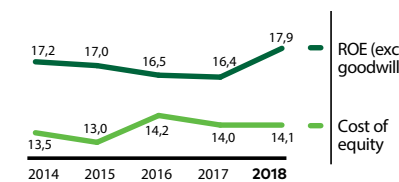


Earnings per share up 14,5% to 2 768 cents

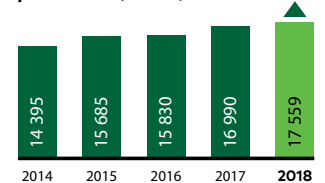
**Dividend per share (cents)**



**Return on equity (excl goodwill) and cost of equity (%)**



**Net asset value per share (cents)**



## ... TO CREATE SUSTAINABLE VALUE FOR ALL STAKEHOLDERS

### STAFF

Paid **R17,5bn** in salaries and benefits  
More than 1 500 employees adopted **new Ways of Work** practices  
Staff transformation: **> 78,5% black representation**  
Spent **R468m** on training

### CLIENTS

Client satisfaction levels (NPS) – highest yoy **increase of 11%** among SA banks  
Paid out **R181bn** in new loans  
More **digitally focused outlets (60%)**

### SHAREHOLDERS

Share price up **7,3%** – highest in peer group  
Successful completion of **managed separation** and **subsequent odd-lot offer**  
• Foreign shareholding increased from **18% to 29%**  
• Free float increased from **45% to 80%**

### REGULATORS

Basel III-compliant – **CET1 at 11,7%** after IFRS, FCTR and odd-lot impacts  
One of SA's largest tax contributors – **R10,3bn** in direct, indirect and other taxes  
**Successful IFRS implementation** – 21 bps impact on CET1 (fully phased in)

### SOCIETY

Active participant in **CEO Initiative** – including 2019 participation in YES  
**Level 1 BBBEE contributor** under the Amended Financial Sector Code  
**Contribution to SDGs** – including R23bn of renewable-energy payouts to date  
Africa's only **carbon-neutral bank**

see money differently



These results and additional information are available at [nedbankgroup.co.za](http://nedbankgroup.co.za).

### For further information

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 published on the Securities Exchange News Service (SENS) on Tuesday, 5 March 2019, and also available on our website at [nedbankgroup.co.za](http://nedbankgroup.co.za). Copies of the full announcement may be requested by contacting Nedbank Group Investor Relations by email at [NedgroupIR@Nedbank.co.za](mailto:NedgroupIR@Nedbank.co.za) and are available for inspection at Nedbank Group's registered office at no charge on weekdays from 09:00 to 16:00.

### Registered office

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PO Box 1144, Johannesburg, 2000

### Company Secretary Sponsors in SA Sponsor in Namibia

J Katzin  
Merrill Lynch SA Proprietary Limited, Nedbank CIB  
Old Mutual Investment Services (Namibia) (Proprietary) Limited

### Reg No JSE share code ISIN NSX share code

1966/010630/06  
NED  
ZAE000004875  
NBK

### Abbreviations

CET1 common equity tier 1  
CIB Corporate and Investment Banking  
CLR credit loss ratio  
ESG environmental, social and governance  
ETI Ecobank Transnational Incorporated  
FCTR Foreign currency translation reserve  
HEPS headline earnings per share  
IFRS International Financial Reporting Standards  
NIM net interest margin  
ROE return on equity  
SDGs sustainable development goals through the cycle  
TTC Youth Employment Service  
YES Youth Employment Service