



Creating **value** by using  
our **financial expertise**  
to do **good**



## Annual Results

for the year ended 31 December 2018

March 2019 Roadshow

see money differently

**NEDBANK**  
GROUP



# Diversified & growing franchises

## Corporate & Investment Banking

Banking solutions to corporates, institutions & parastatals with turnover of > R750m per annum.

## Retail & Business Banking

Banking solutions to individual retail clients, as well as businesses with a turnover of < R750m per annum.

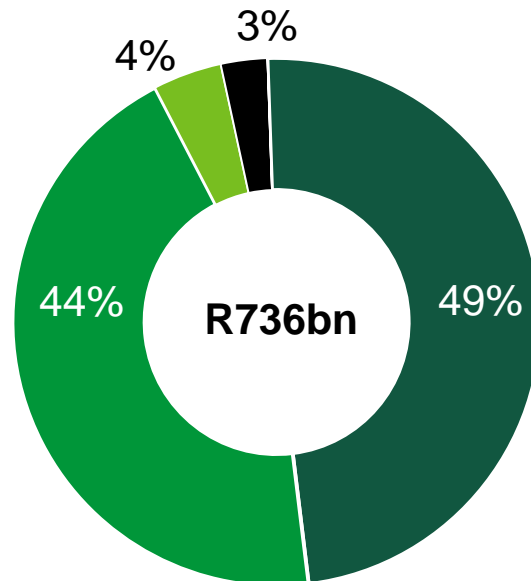
## Wealth

Integrated insurance, asset & wealth management solutions for a wide spectrum of clients, including entry-level to high-net-worth individuals, corporates & businesses

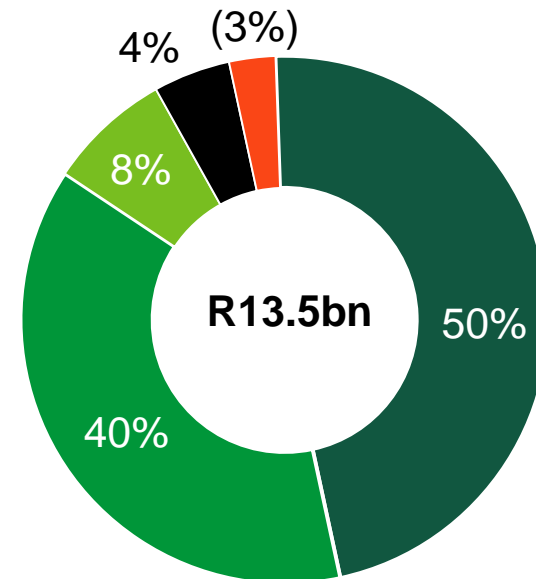
## Rest of Africa

Banking solutions to retail, small & medium enterprises (SMEs), business & corporate clients across the 6 countries we operate in.

Advances



earnings



■ CIB   ■ RBB   ■ Wealth   ■ Rest of Africa   ■ Centre



# Stronger economic growth dependent on structural reforms, policy certainty, improved levels of confidence, investment & job creation



**Government, business, labour & civil society working together to create a more prosperous SA for all her people ...  
... underpinned by improved skills & educational outcomes**



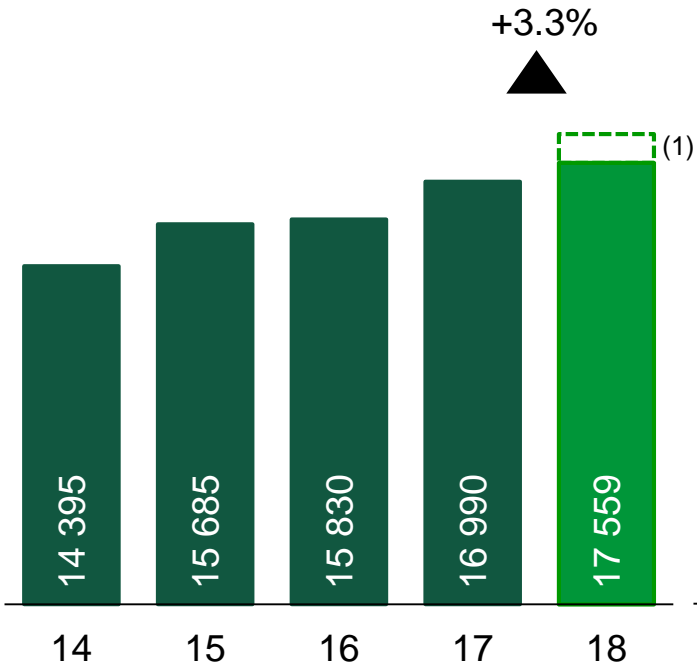
# Macro economic forecasts under Ramaphobia, Ramaphoria & Ramareality

	Ramaphobia (High stress)				Ramaphoria (Positive)				Ramareality (Base case)			
	18	19	20	21	18	19	20	21	18	19	20	21
<b>SA GDP growth</b>	0.8%	0.3%	0.0%	0.8%	0.8%	2.2%	2.6%	2.5%	0.8%	1.3%	1.8%	2.0%
<b>Ave prime interest rate</b>	10.1%	10.8%	11.1%	11.2%	10.1%	9.8%	9.7%	9.8%	10.1%	10.3%	10.7%	10.7%
<b>Inflation (CPI)</b>	4.7%	5.9%	6.3%	5.9%	4.7%	3.5%	3.8%	4.3%	4.7%	4.6%	5.2%	5.3%
<b>Credit growth</b>	5.2%	4.1%	(0.2%)	3.4%	5.2%	9.8%	10.7%	10.6%	5.2%	5.9%	7.2%	8.2%



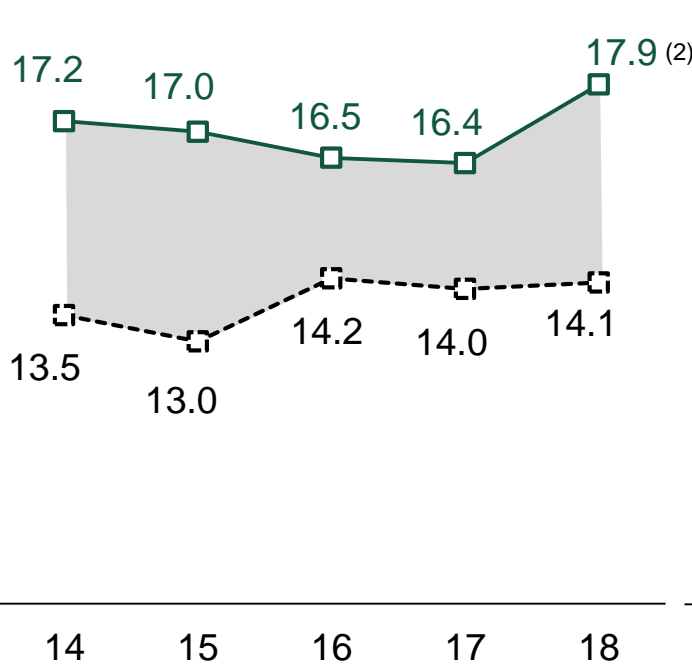
# Delivering value to shareholders

### NAV per share<sup>1</sup> (cents)



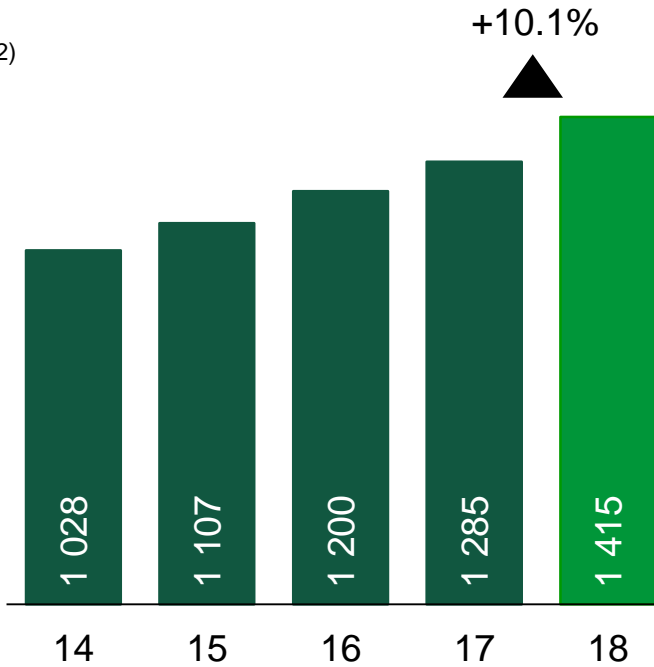
CAGR: 5.1%

### ROE & cost of equity (%)



---□--- COE    —□— ROE (excl GW)

### Dividend per share (cents)



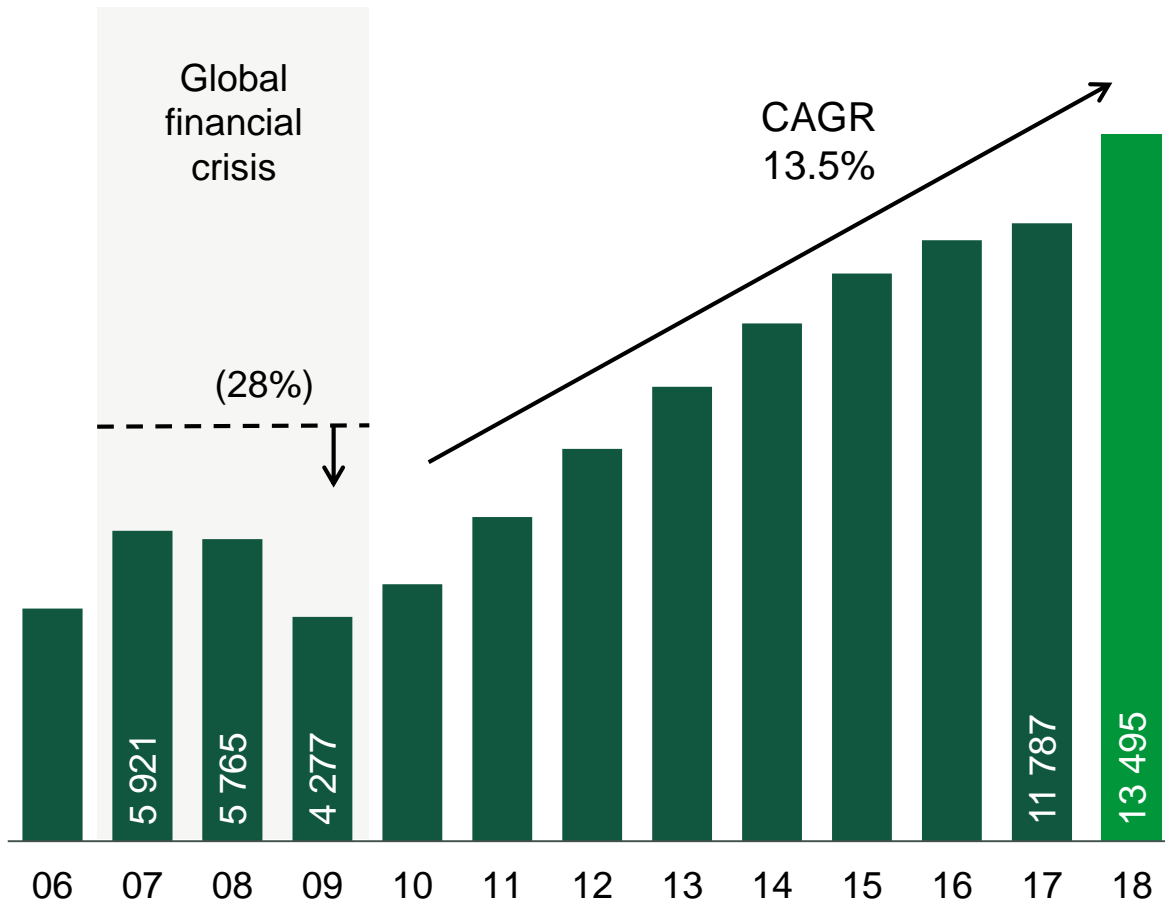
CAGR: +8.3%

1 NAV per share in 2018 excluding IFRS day 1 impact, odd-lot offer, ETI changing to the NAFEX exchange rate & Zimbabwe currency devaluation: 18 555 cents +9.2% yoy & CAGR +6.6%. | 2 Pro forma ROE (excl GW) including the impact of the odd-lot offer if implemented on 1 January 2018: 18.2%.



# Nedbank Group in a strong position

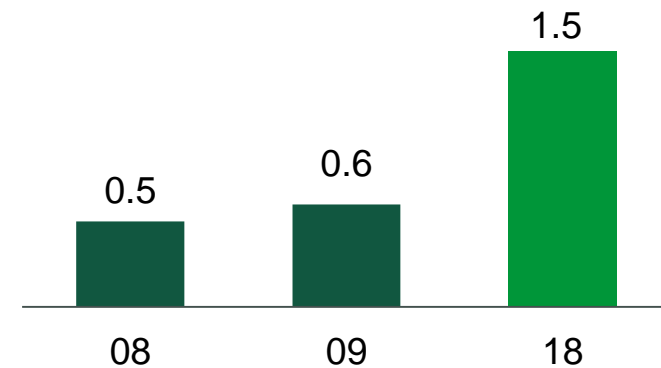
## Headline earnings (Rm)



## Loan growth (CAGR %)



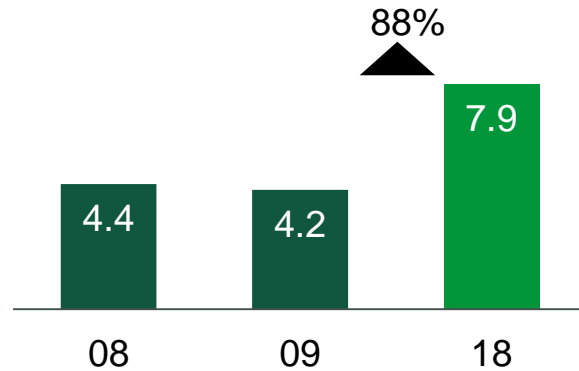
## NII sensitivity for 1% change in interest rates (Rbn)



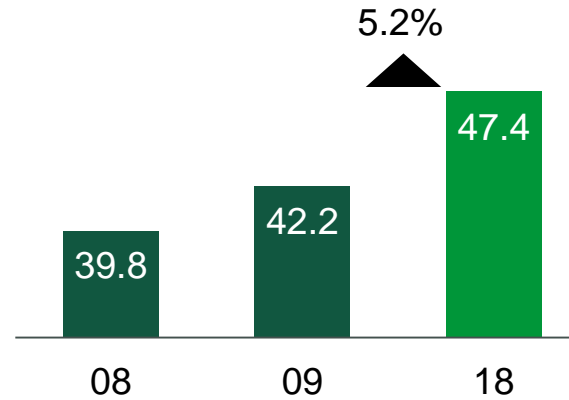


# Nedbank Group in a strong position

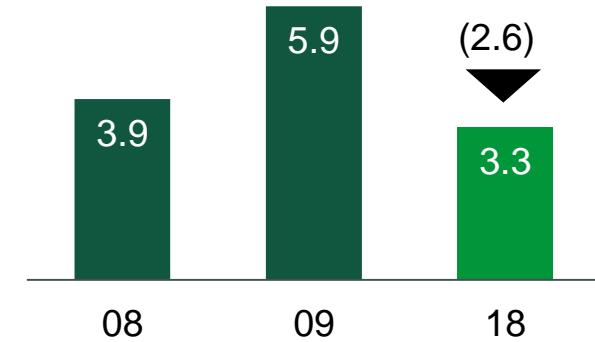
Number of clients (m)



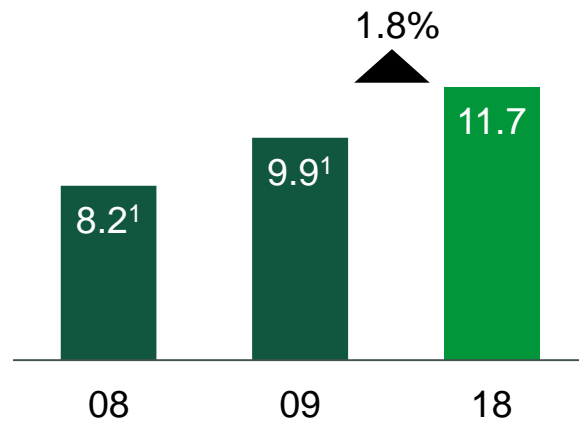
NIR income contribution (%)



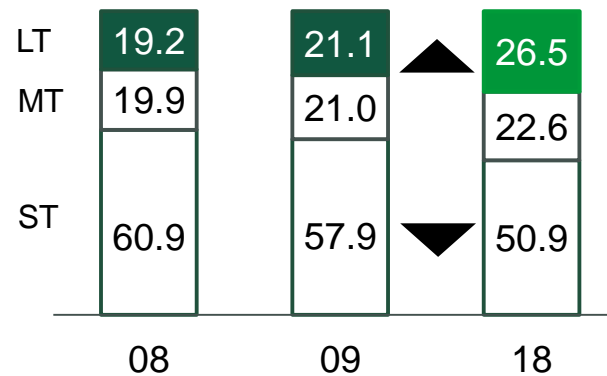
Defaulted advances (%)



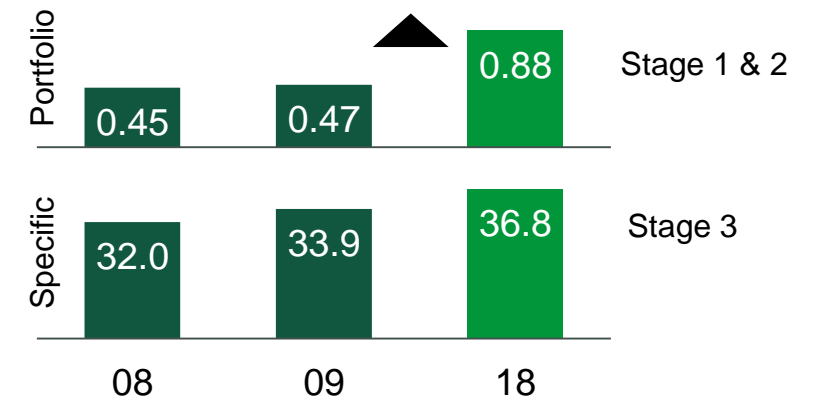
CET1 ratio (%)



Funding tenor (%)



Coverage (%)



<sup>1</sup> Core equity tier 1.

# IFRS 9 & 15 changes impacted the shape of the income statement



Rm	2018	2017	% change	Suspended interest (IFRS 9)	New-business strain (IFRS 9)	Initiation fees (IFRS 9)	Loyalty schemes (IFRS 15)	Adjusted 2018	% change
NII	28 819	27 624	4.3	414		(283)		28 950	4.8
Impairments	3 688	3 304	11.6	414	(322)			3 779	14.4
NIR	25 976	24 063	7.9			274	308	26 557	10.4
Expenses	31 632	29 812	6.1				259	31 891	7.0
HE	13 495	11 787	14.5	0	232	(6)	35	13 756	16.7
HE RBB	5 379	5 302	1.5	0	232	(6)	35	5 640	6.4
ROE (excl GW)	17.9%	16.4%						17.5% <sup>1</sup>	
NIM	3.65%	3.62%						3.65%	
CLR	0.53%	0.49%						0.54%	
Efficiency ratio	57.2%	58.6%						57.5%	

**Suspended interest** on the non-recoverable portion of the specific defaulted book is no longer recognised as NII, for which impairments were previously raised (RBB: R374m & CIB: R40m)

**New-business strain** – impact of higher levels of portfolio provisions raised on new loans under IFRS vs IAS 39 (RBB)

**Initiation fees** previously recognised as NIR now amortised to NII through the effective interest rate method (RBB)

**Loyalty schemes** – costs of the reward programme were previously recognised as an expense & now recognised as a reduction in NIR (RBB)

<sup>1</sup> Includes day one R3.2bn adjustment.

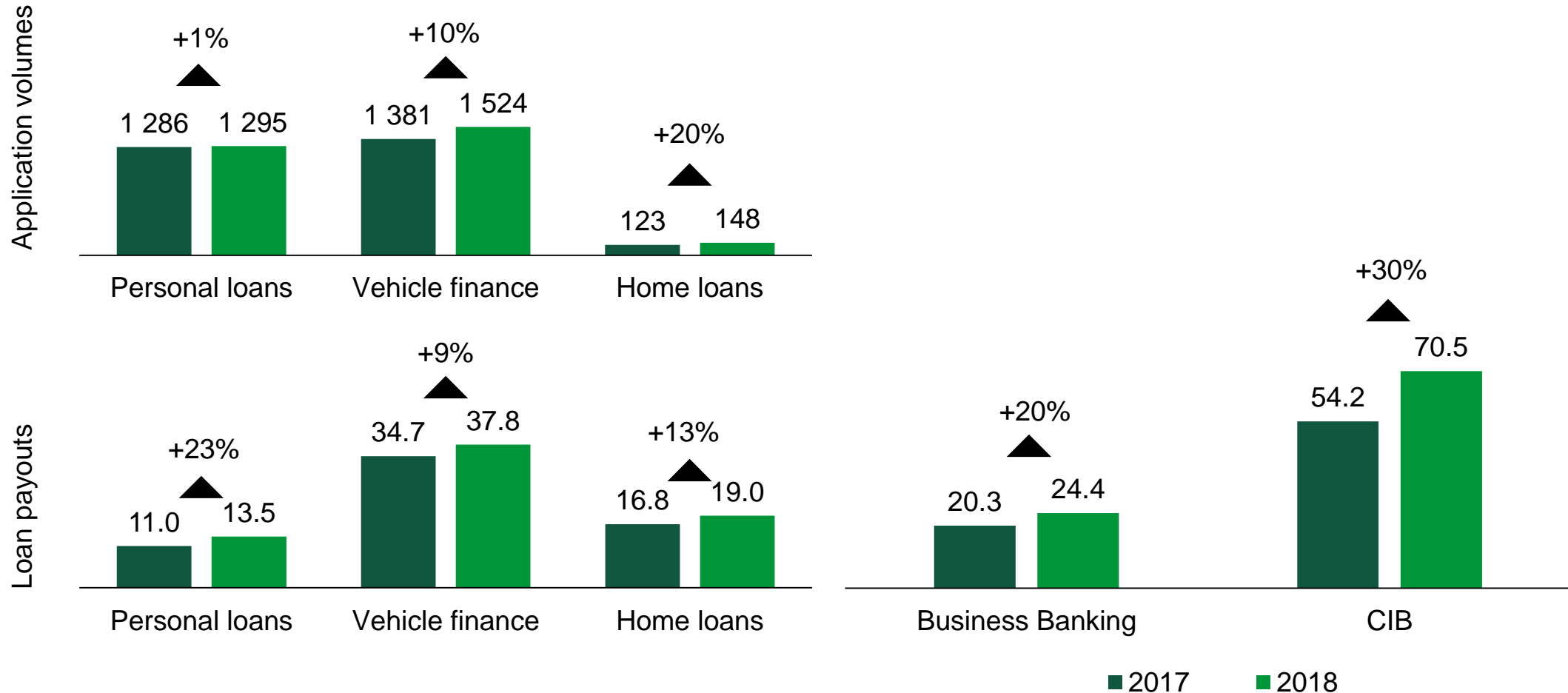




# Strong increases across new loan payouts & application volumes

**Retail loan payouts (Rbn)  
& credit application volumes (000)**

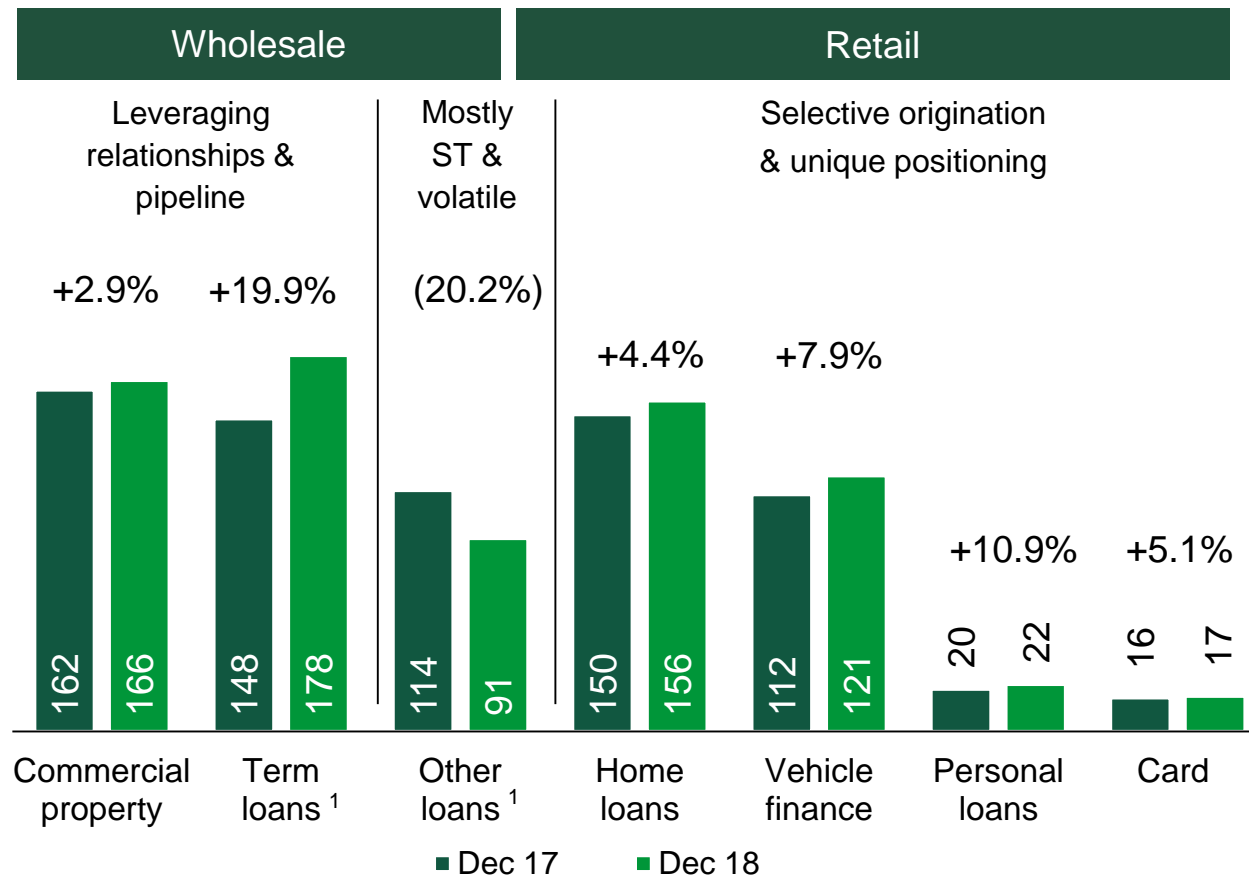
**Wholesale loan payouts (Rbn)**





# Gross advances +4.1%

## Gross advances (Rbn)



## BA900 market share<sup>2</sup> (%)

	Share	Yoy trend
Commercial property	39.1	(1.4) ▼
Core corporate <sup>3</sup>	20.6	(0.4) ▼
Home loans	14.5	0.0 ►
Vehicle finance <sup>4</sup>	28.5	+0.4 ▲
Personal loans	10.4	+0.1 ▲
Card	13.7	(0.3) ▼

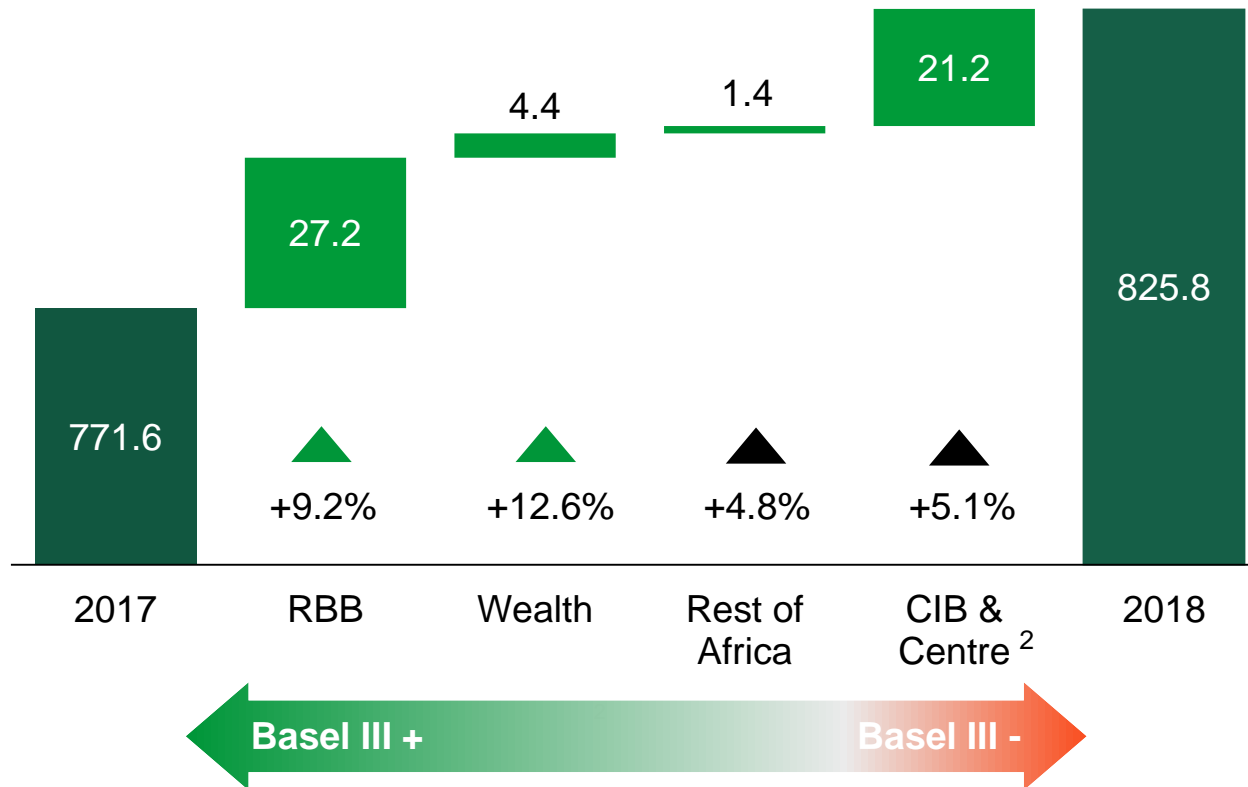
<sup>1</sup> Term loans include a re-classification of some investment banking loans from other loans. | <sup>2</sup> BA900 at December 2018 (compared with December 2017).

<sup>3</sup> Core corporate loans exclude volatile short-term lending. | <sup>4</sup> Vehicle finance per BA900 comprises total lease & Instalment sales.



# Deposits +7.0% yoy – focus remains on Basel III-friendly deposits.

## Deposits (Rbn)



## BA900 market share<sup>1</sup>

	Share	Yoy trend
Wholesale	21.5%	+0.3 ▲
Corporate (non-financial)	16.9%	+0.4 ▲
Household	18.0%	(0.9) ▼
Foreign currency	10.4%	(2.4) ▼

**Loan-to-deposit ratio: 89%** (Dec 17: 92%)

**LCR: 109%** (min reg: 100%)

**NSFR: 114%** (min reg: 100%)

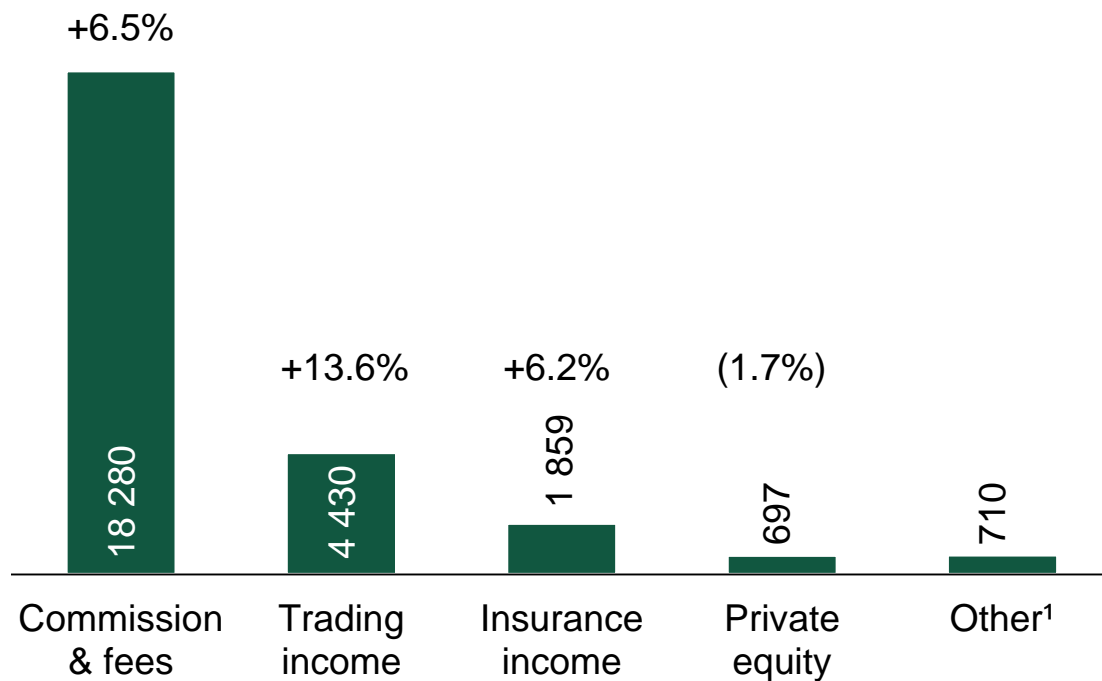
<sup>1</sup> BA900 at December 2018 (compared with December 2017).

<sup>2</sup> Nedbank shifted away from more expensive structured-note issuances towards lower-cost NCD funding which is housed in the Centre.

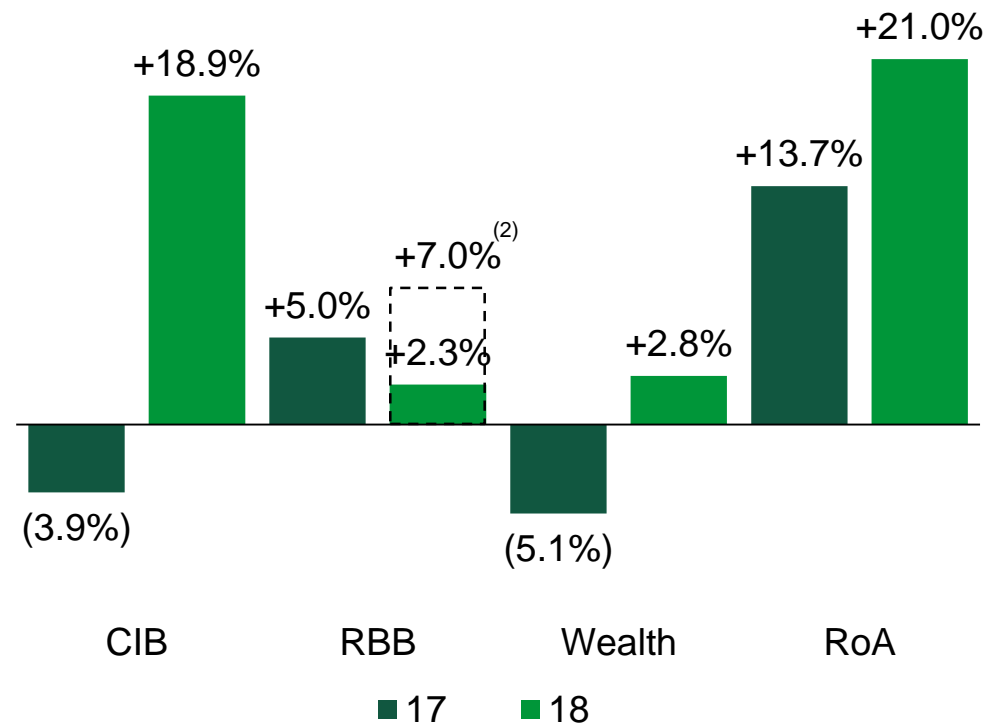


# Non-interest revenue +7.9% – resilient underlying performance, offset by IFRS impact (NIR growth 10.4% on a like-for-like basis)

### NIR (Rm)



### NIR growth per cluster (%)



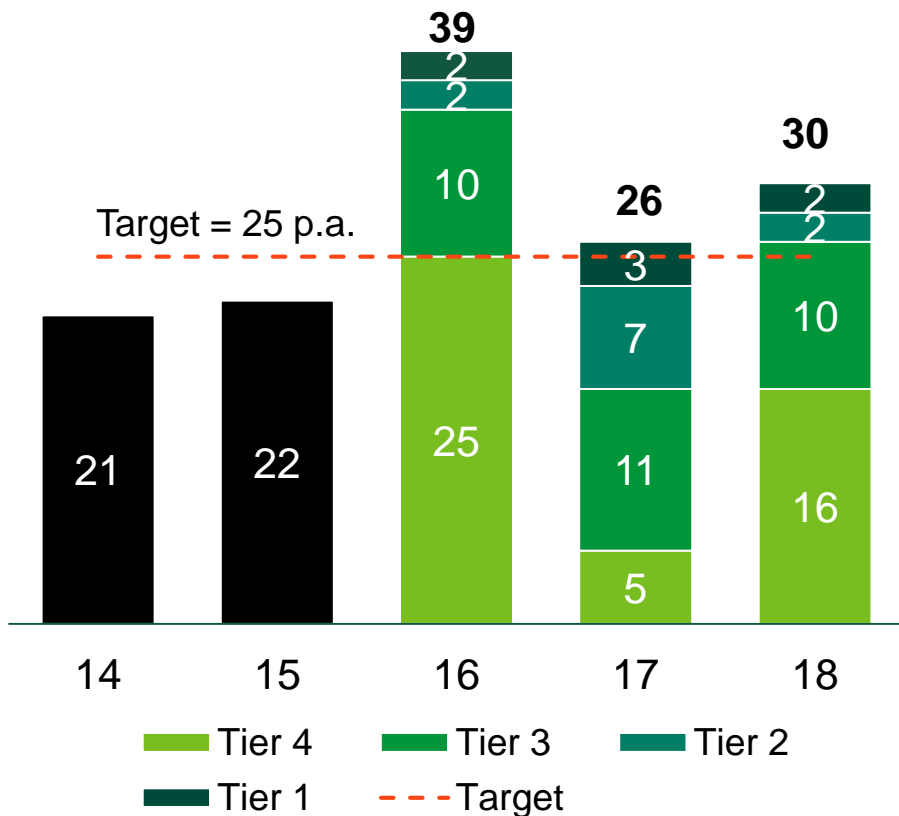
1 Represents sundry income, investment income & fair-value adjustments.

2 RBB adjusted for IFRS changes +7.0% (like-for-like growth).



# Increase in transactional revenue & ongoing new primary-client wins in CIB

## Primary-client wins (#)



Definition of tiers:  
 Tier 1 > R5m  
 Tier 2 < R5m > R500k  
 Tier 3 < R500k > R100k  
 Tier 4 < R100k

## Selected primary transactional account wins



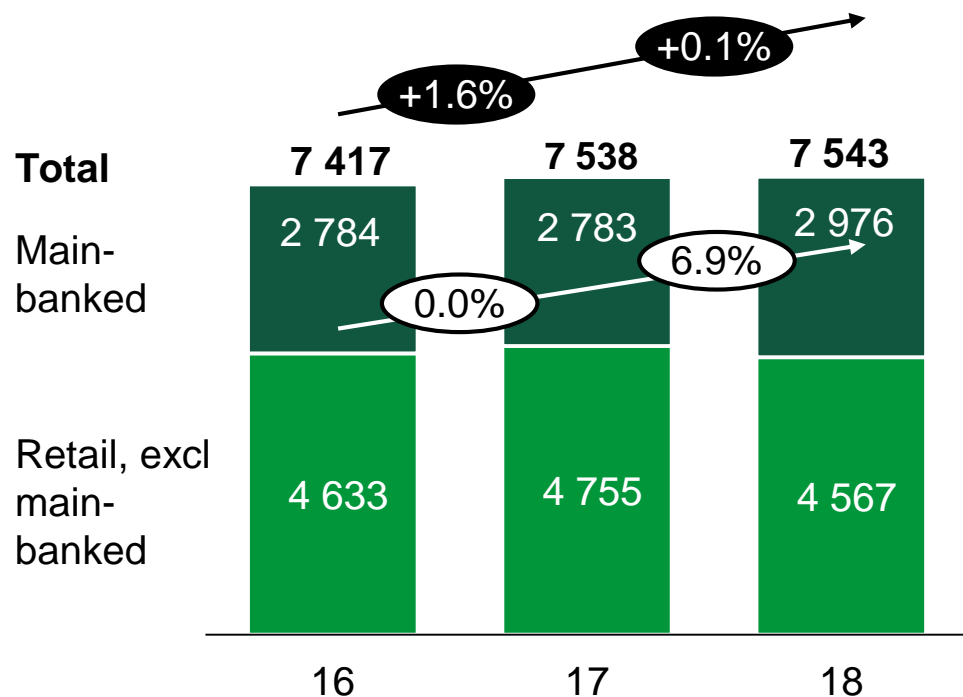
Ngwodana Energy Biomass Project



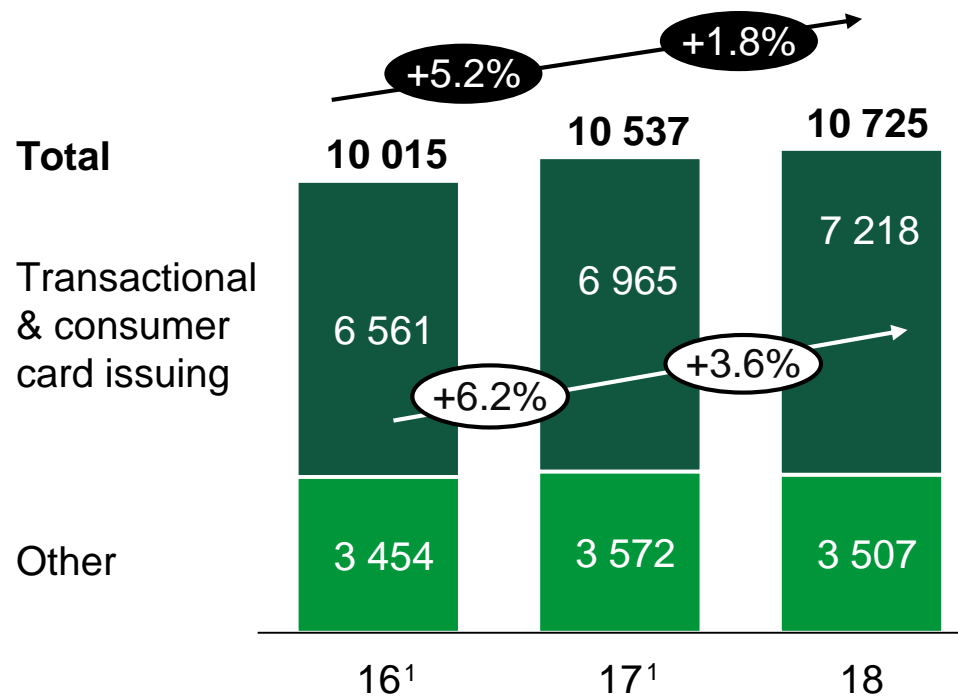


# Retail transactional NIR growth ahead of client growth – deeper client penetration

**Total retail client base (#000)**



**Retail NIR (Rm)**



**Before IFRS**

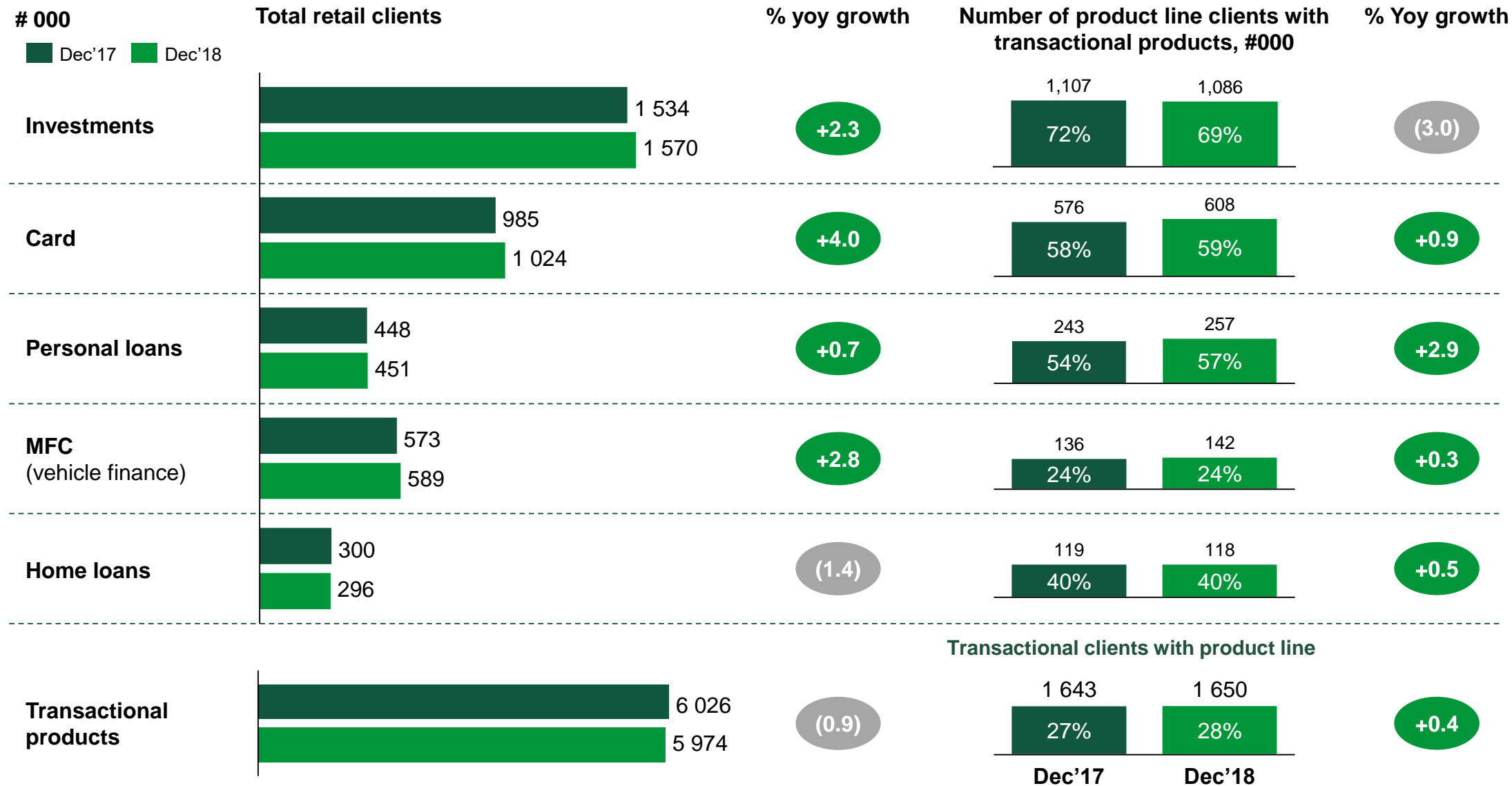
Total retail NIR	+5.2%	+7.3%
Transactional & card issuing	+6.2%	+8.1%

<sup>1</sup> The 2016 & 2017 NIR split between Transactional & other has been restated to align with 2018. Total NIR remains unchanged



# Nedbank Retail & Business Banking

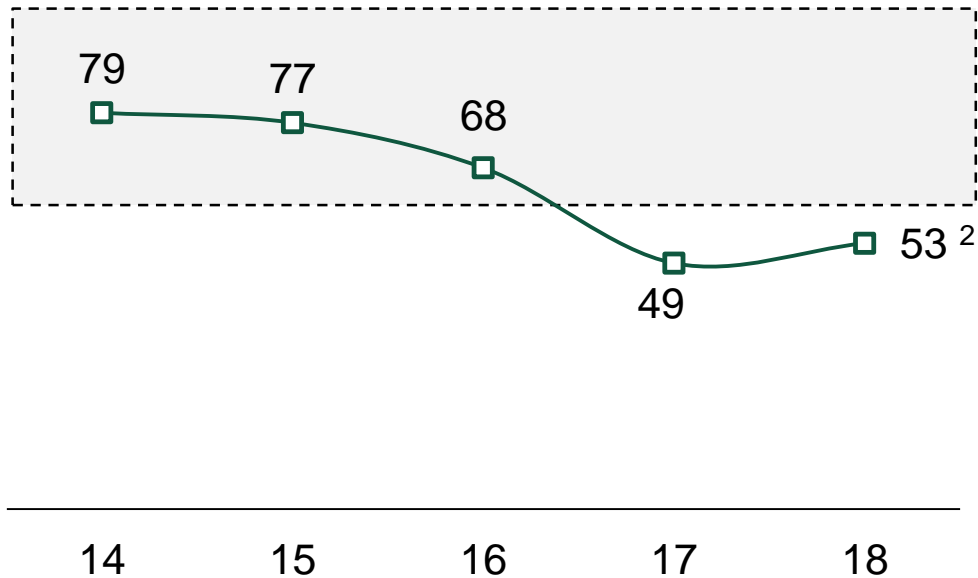
Building more enduring client relationships through transactional product cross-sell





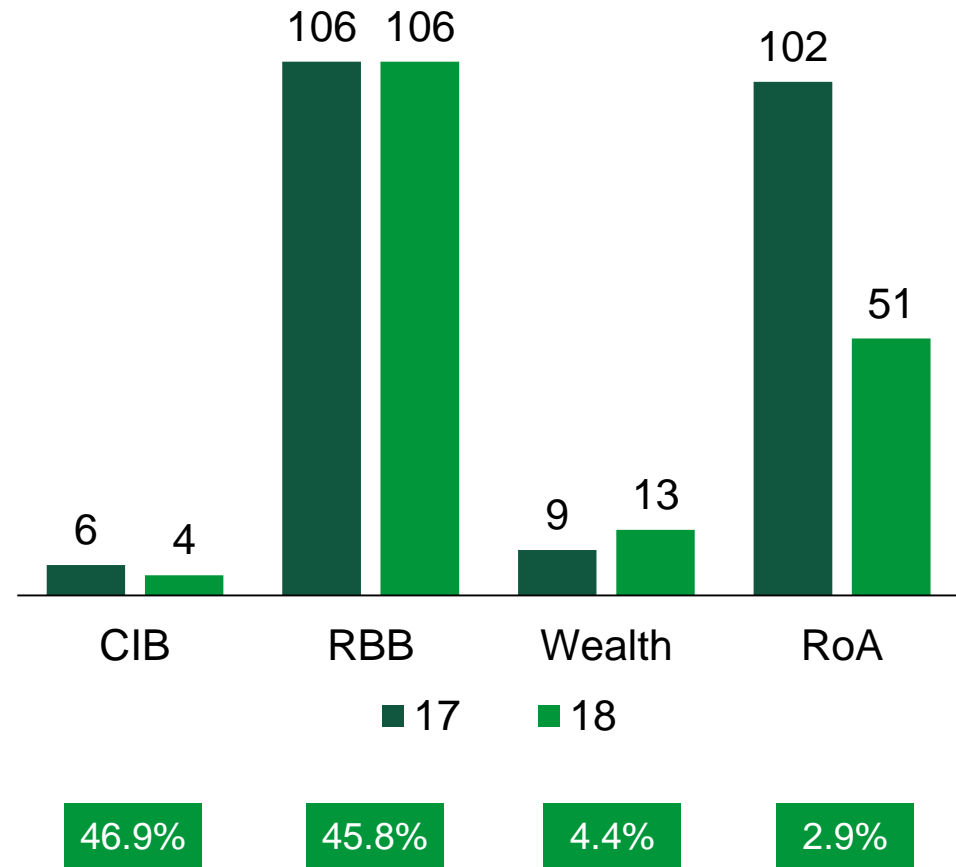
# Credit loss ratio – underpinned by a quality portfolio & proactive risk management

### Group CLR<sup>1</sup> (bps)



1 Nedbank TTC target range: 60–100 bps.  
 2 Based on IFRS 9 methodology | Prior years on IAS 39.

### Cluster CLR (bps)



**Banking advances**

46.9%

45.8%

4.4%

2.9%

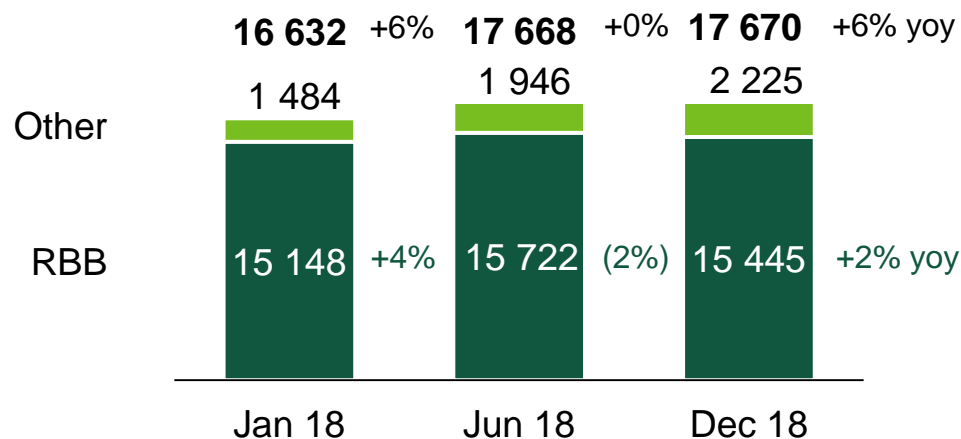
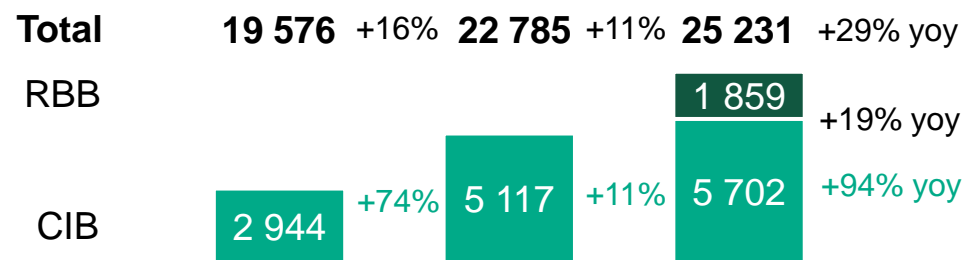




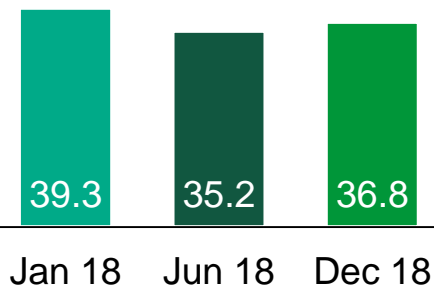
# Defaulted advances – increase driven by specific counters in CIB & IFRS changes in RBB. Coverage levels & overlays remain prudent.

## Defaulted advances (Rm)

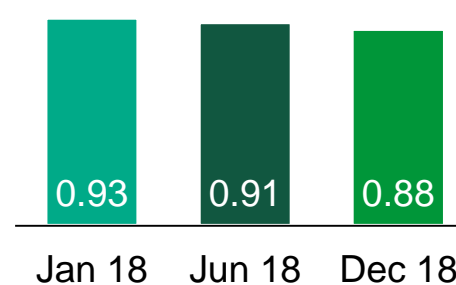
Point of writeoff change



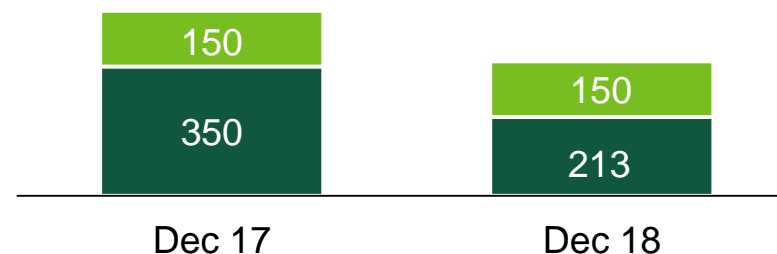
## Specific coverage (%) (Stage 3)



## Portfolio coverage (%) (Stage 1 & 2)



## Overlays & central provision (Rm)



■ RBB & CIB

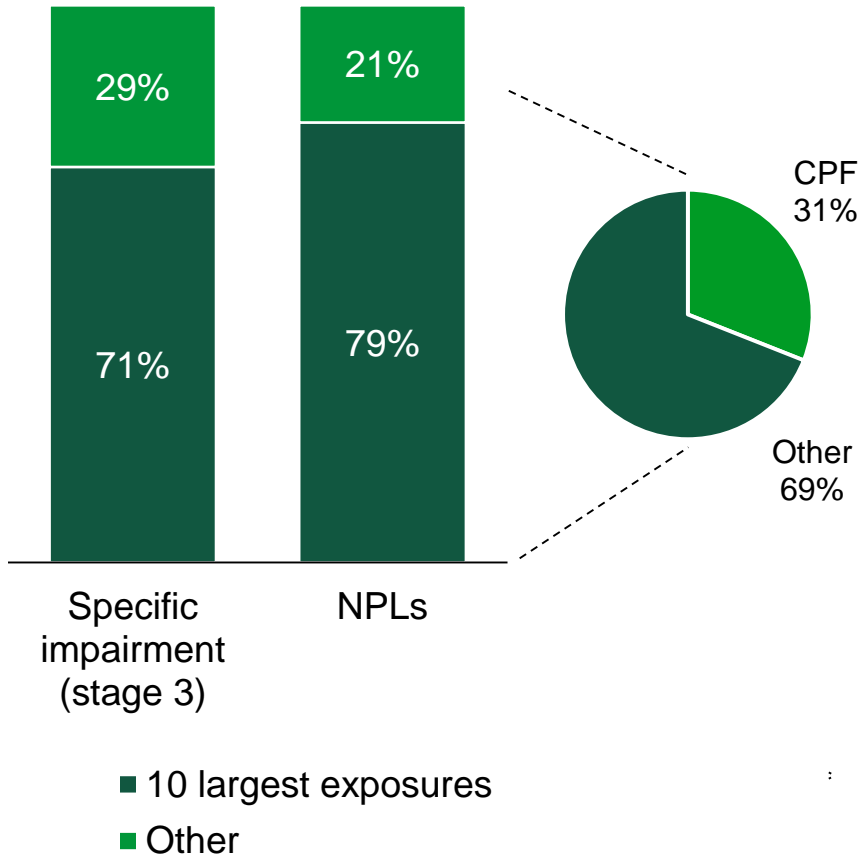
■ Centre

Defaulted advances growth, excluding change on point-of-writeoff changes was +19.2%.  
No IFRS day 1 impact on defaulted advances as Nedbank aligned to IFRS 9 & regulatory requirements.

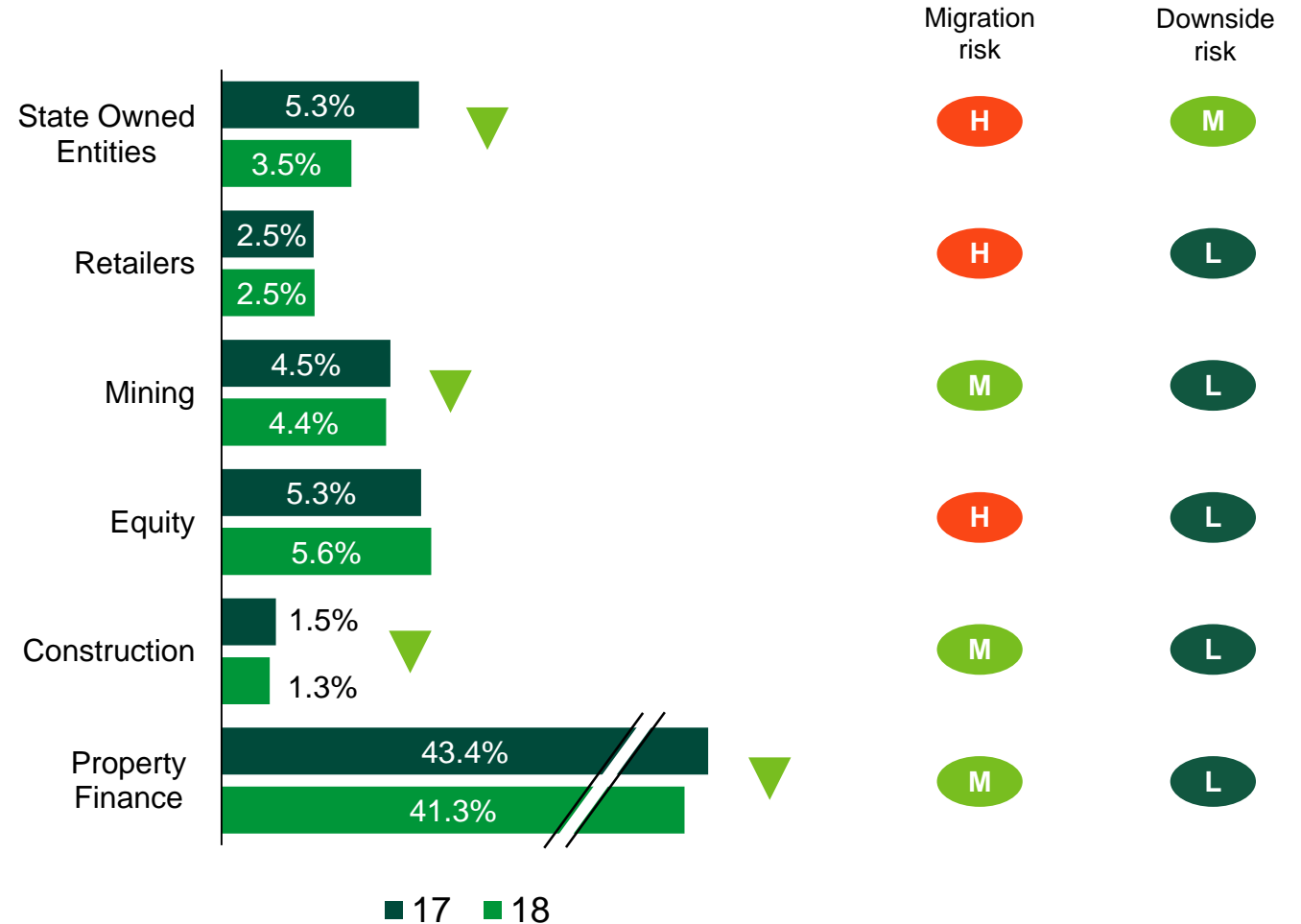
# CIB – High-quality portfolio & proactive risk management continues to yield results in a tough credit environment



### Top 10 client contribution (%)



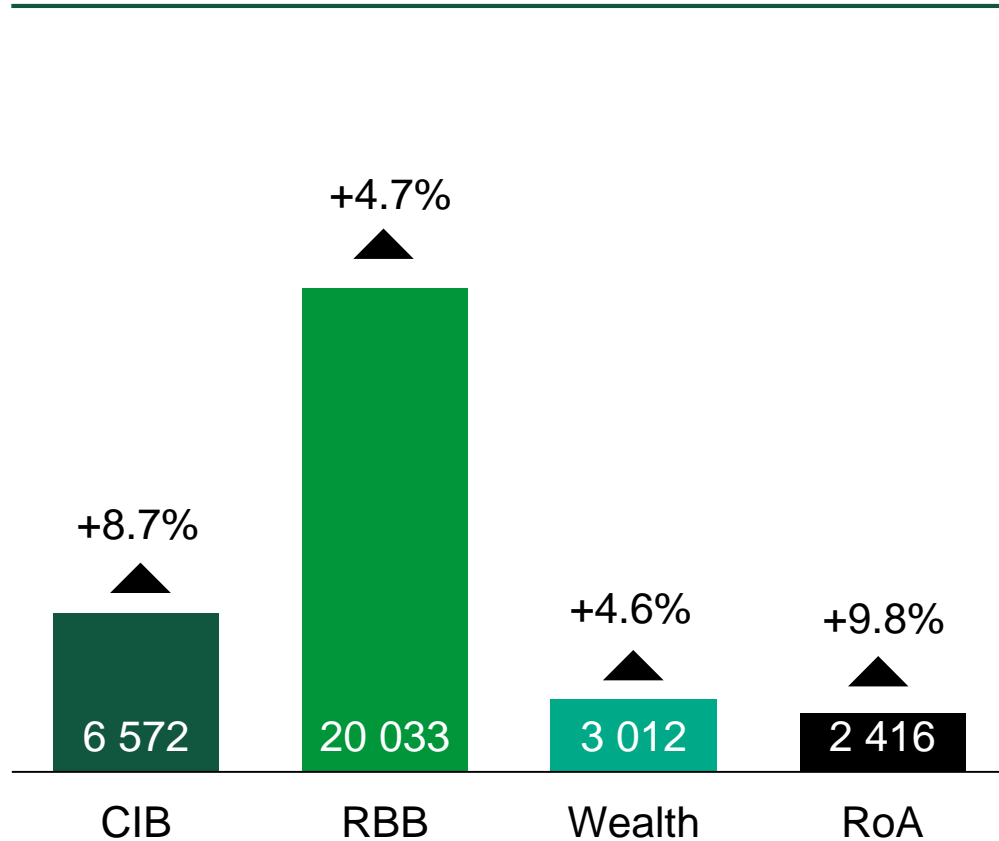
### CIB selected sector exposures<sup>1</sup> (%)



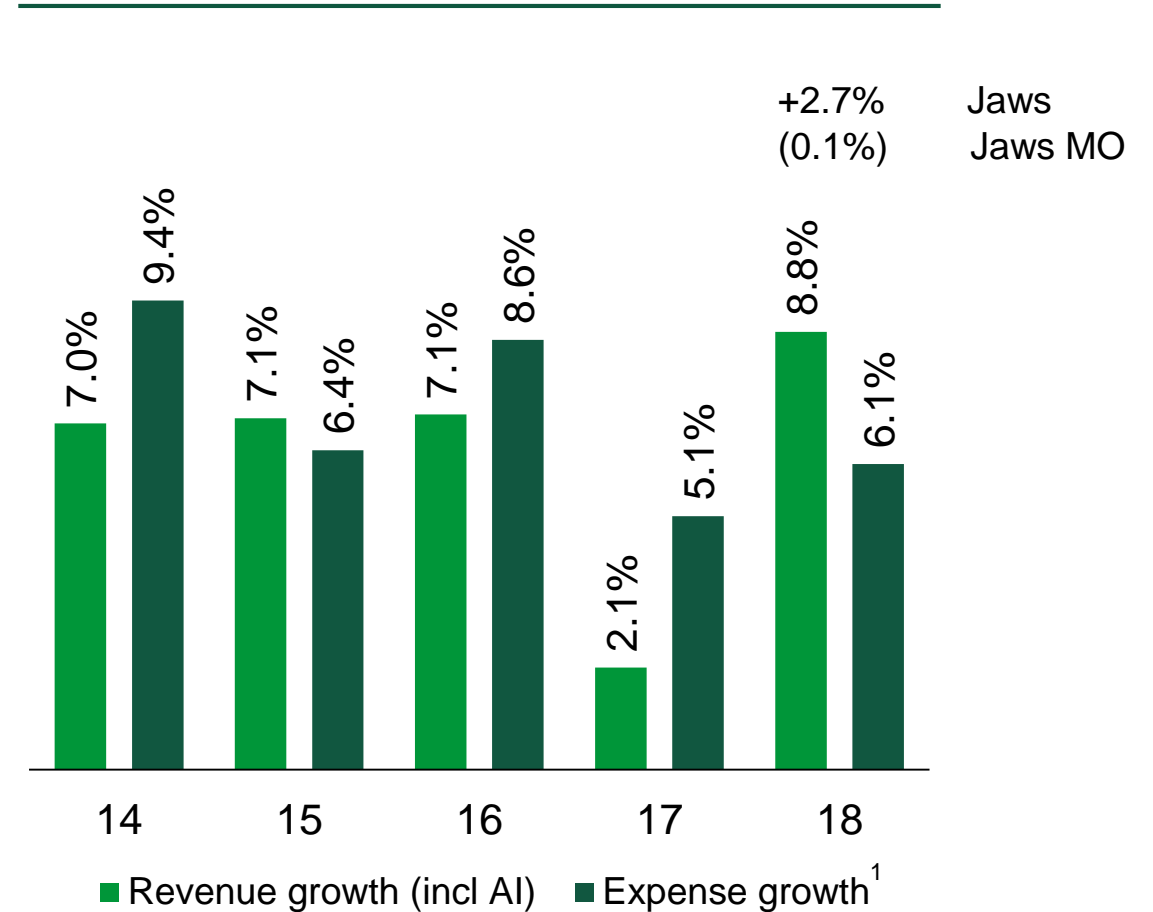


# Expenses +6.1% – focus on costs in difficult environment

### Expenses by cluster (Rm, % growth)



### Expense vs revenue growth (%)



<sup>1</sup> Expense growth in 2018, excluding R250m pretax PRMA credit (recorded in the Centre), was +7.0%. | Expense growth, excluding IFRS changes, was +7.0%.



# Cost-to-income ratio – we remain committed to our target of $\leq 53\%$ by 2020, but it has become more challenging to achieve

## Cost-to-income ratio by 2020<sup>1</sup> (% , including associate income)

		Revenue growth pa					
		6.0%	7.0%	8.0%	9.0%	10.0%	11.0%
Expense growth pa	8.0%	59.0%	58.0%	56.9%	55.9%	54.9%	53.9%
	7.0%	57.9%	56.9%	55.8%	54.8%	53.9%	52.9%
	6.0%	56.9%	55.8%	54.8%	53.8%	52.9%	51.9%
	5.0%	55.8%	54.8%	53.8%	52.8%	51.9%	51.0%
	4.0%	54.7%	53.7%	52.8%	51.8%	50.9%	50.0%

### Revenue growth

- Weaker-than-anticipated economic growth
  - Slower industry credit growth forecasts, particularly in wholesale lending
  - Ongoing weak retail transactional activity
- Interest rates lower than anticipated (further 2 increases of 25bps by 2020)
- Good progress towards primary client gains

### Expense growth

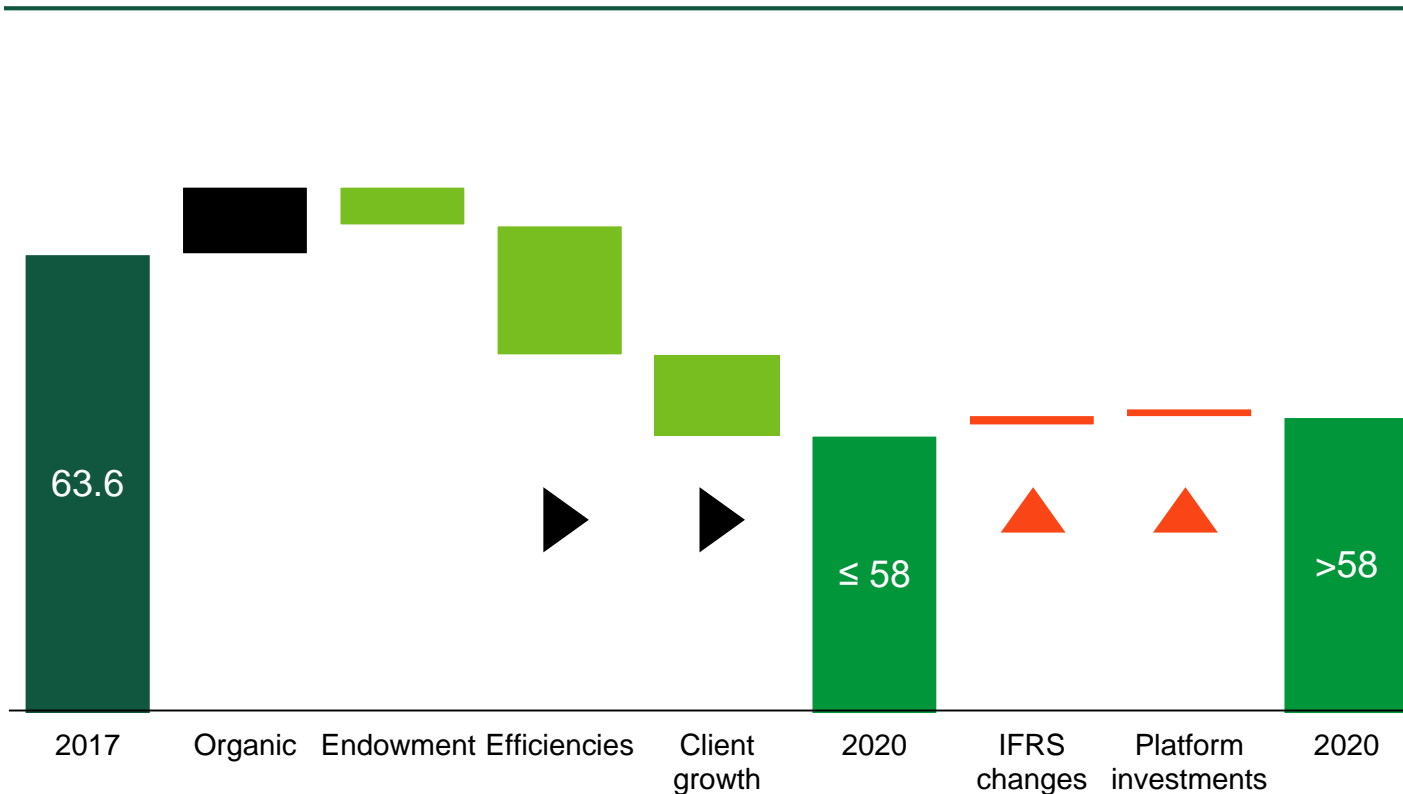
- Impact of IFRS on shape (0.3% negative impact on cost-to-income ratio)
- New costs – YES, deposit insurance, Twin Peaks
- New investments into platform activities to underpin future growth
- Good progress on cost savings & adoption of digital channels

<sup>1</sup> Associate income from ETI, for illustration purposes, assumed at R932m by 2020 (average of analysts that cover both Nedbank & ETI: Arqam, RenCap & SBG).



# Pathway for RBB efficiency ratio to $\leq 58\%$ by 2020

## Efficiency ratio (% , 2017 to 2020)

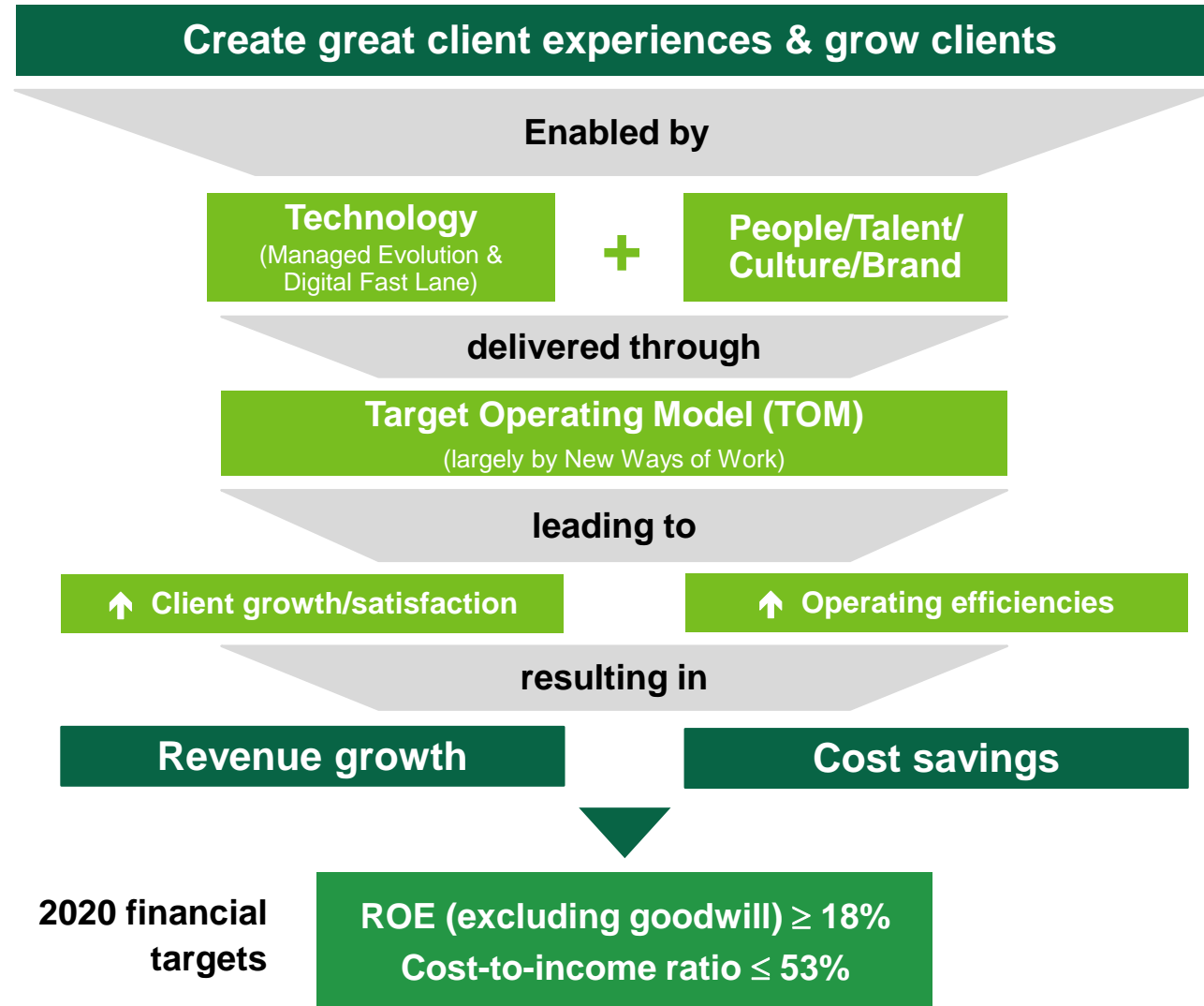


## Key drivers

- **Organic** – efficiency ratio deteriorates as inflationary cost increases & ongoing investments in the franchise/digital exceeds organic revenue growth in a more competitive environment
- **Endowment** – benefit from higher interest rate projections in 2020
- **Efficiencies** – including TOM & other savings
- **Client growth** – linked to transactional-banking markets share from 12.7% to  $> 15\%$  by 2020
- **Advances growth** ahead of market in most asset classes

While we remain committed to our targets, it will be harder to achieve given the tougher macro environment, IFRS changes & our investment in ecosystem-based platform propositions.

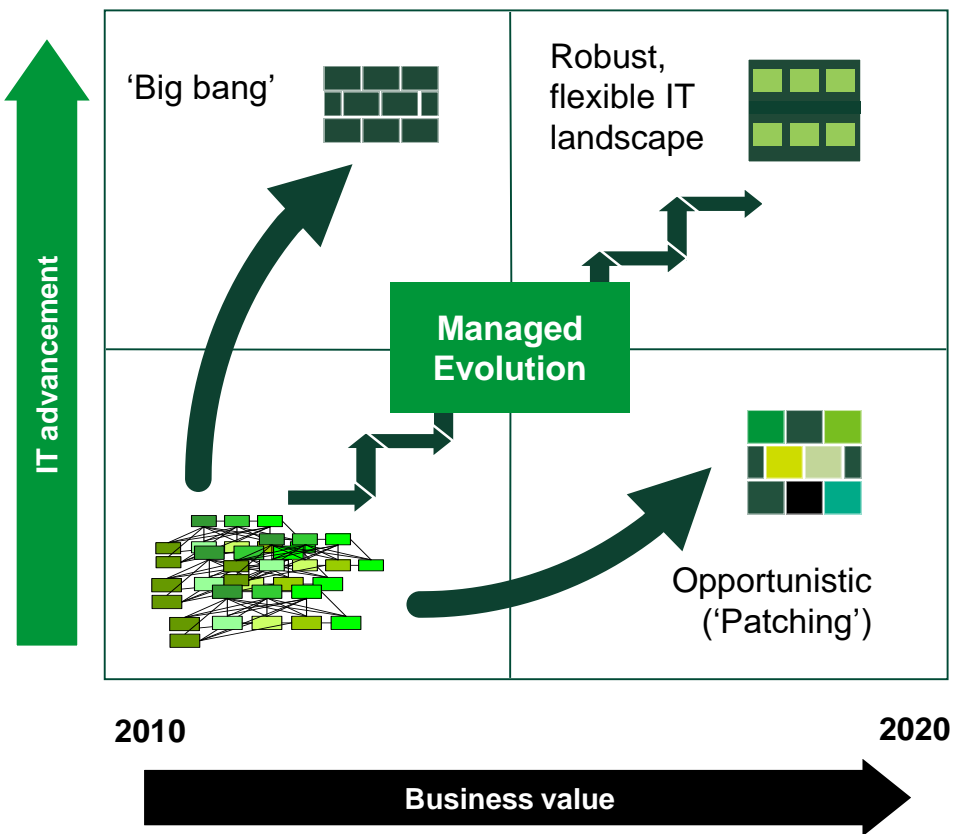
# Nedbank strategic enablers – creating great client experiences & growing clients



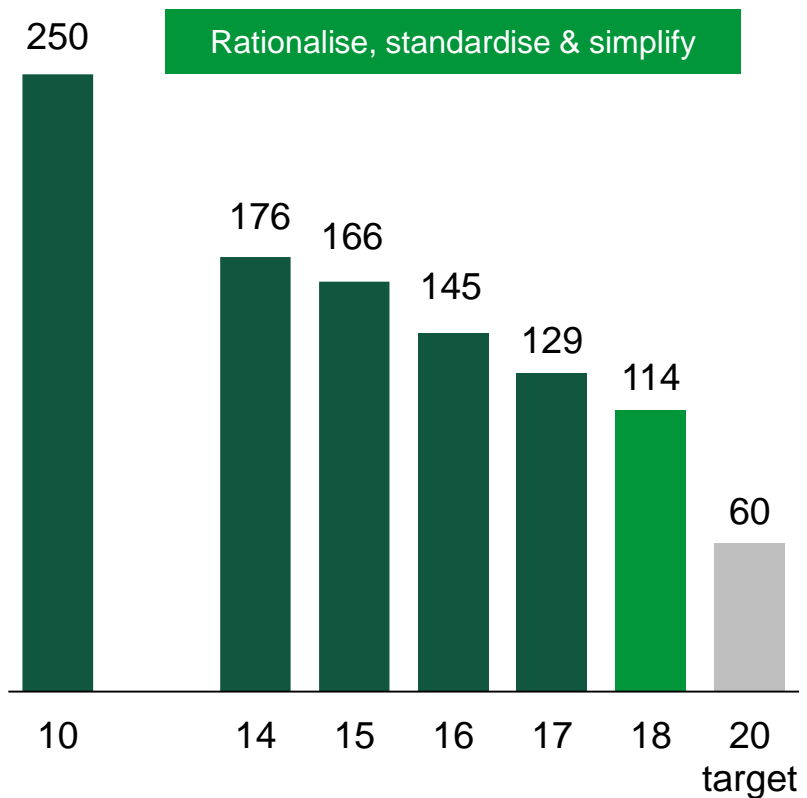


# Our Managed Evolution strategy is enabling core banking system rationalisation, standardisation & simplification

## Managed Evolution approach



## Core systems (#)



## 2020 outcomes

Digitise	Delight	Disrupt
----------	---------	---------

- 24/7, real-time systems
- Agile, flexible multilayer architecture
- Digitally fit & analytically strong organisation
- Platforms that are innovative & responsive to change
- Omnichannel client onboarding & servicing

# The ME & IT rationalisation programmes are ~60% complete & forecast to be materially complete by 2020/2021



## Completed to date

(Rbn spend)

## IT investment profile

## 2020/2021 outcomes

**ERP** – implemented SAP

R0.6bn

**Foundations** – Client 360, SOA, ECM, BPM, Agile, Security (60%)

R1.3bn

**Data** – IFRS 9, POPI, EDW (Data lake), RDARR (60%)

R0.7bn

**Strategic payments** – Modernised payment engine, Basic VAS (eg electricity), Authenticated collections

R0.6bn

**Client systems** – 70 services digitised, Branch-of-future technology, Onboarding & servicing (pilots), call centre modernisation, CRM, DXM (single front-end), AML, Loyalty & rewards (pilot), Insurance platform

R2.6bn

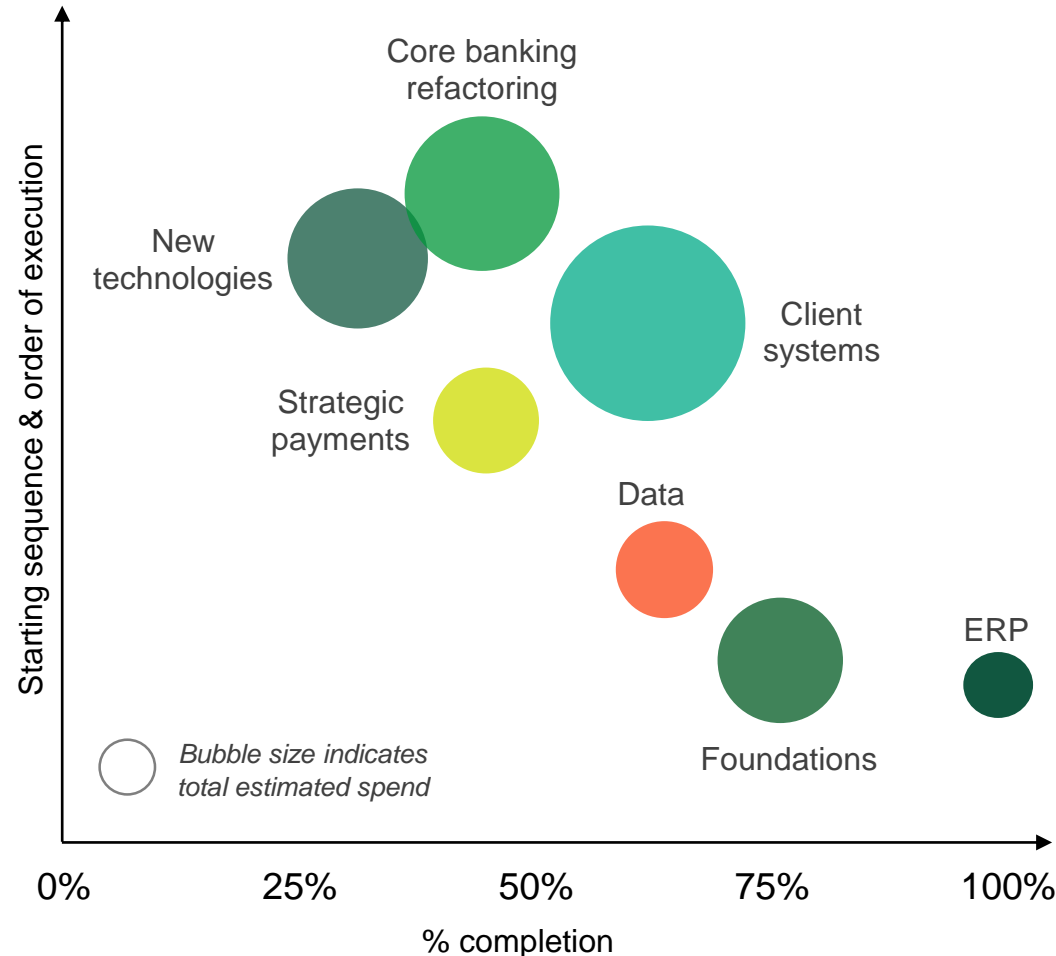
**New technologies** – Karri app, Nedbank Money app™, Private Wealth app, MobiMoney, RPA, Crossborder remittance, Unlocked.Me, Chatbots, Scan-to-pay, PL ghost account

R0.7bn

**Core banking refactoring** – Flexcube (RoA subsidiaries), Loan IQ, Front Arena

R1.2bn

R7.7bn



**ERP** – completed

**Foundations** completed – ongoing investment in Security

**Data** – RDARR compliance, Advance Machine Learning, RPA, Artificial intelligence, Single data store

**Strategic payments** – Full service hub (incl VAS, FX)

**Client systems** – ~180 services digitised, Onboarding & servicing, Top 10 products offered digitally – PL & transactional account (H1 2019), Loyalty & rewards (H2 2019), FATCA/ FICAA

**New technologies** – Platforms & ecosystems

**Core banking refactoring** – modernisation of lending & deposit systems, decommission legacy middleware

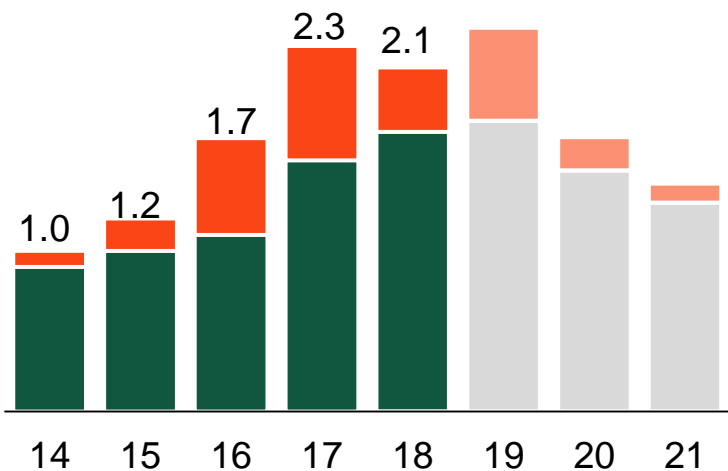




# IT spend expected to peak in 2019 while enabling ongoing efficiencies

## IT software development spend (Rbn)

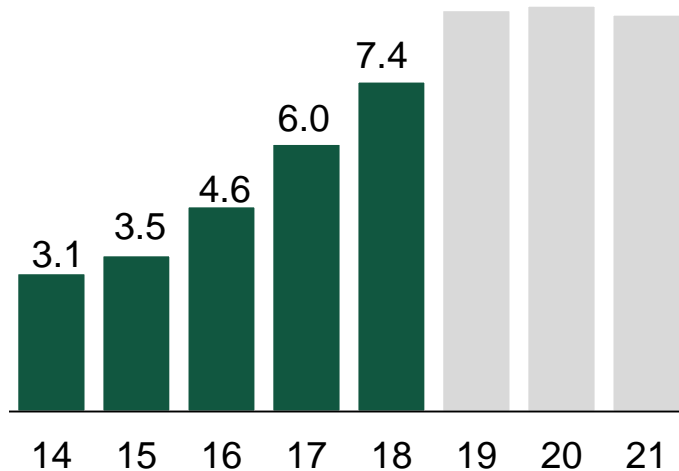
Peak in 2019 as regulatory projects are completed & development cost on new technologies decrease



■ Compliance-related

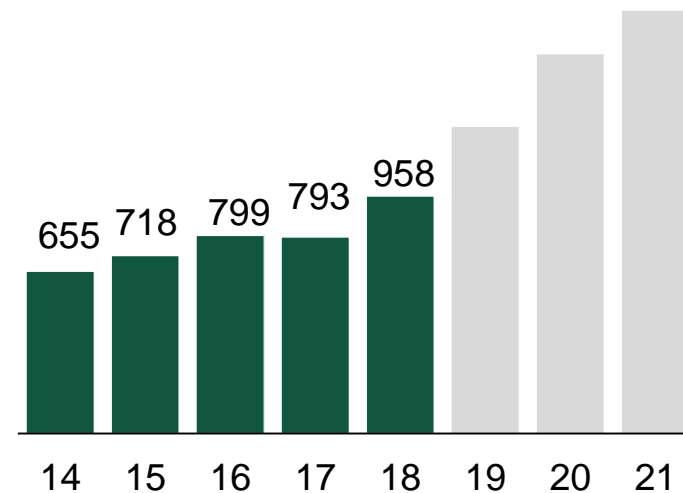
## Capitalised IT costs (Rbn)

Peak in 2020 at just over R9bn



■ Illustrative only

## Amortisation charge (Rm)



**Branch optimisation**  
(new format, floor space, etc)

84% of all branches by 2020

**Back- & middle office optimisation**

Ongoing headcount reduction

**Core system reduction (RSS)**

'60' by 2020

**TOM savings**

2018 run rate: R680m, R1.0bn by 2019 & R1.2bn by 2020

# 2019 plans to accelerate digital delivery – enhancing client experiences, improving revenue growth & efficiency



## Key dates/targets

- **Simplified client onboarding** – convenient, FICA-compliant account opening digitally from your couch & branch rollout **H1 2019**
- **Ability for clients to obtain an unsecured loan, bundled with a transactional account, on the web** **H1 2019**
- **Digitising sales journeys** **Top 10 by 2020**
- **New loyalty & rewards programme** **H2 2019**
- **Digitising more services on app, web & self-service kiosks** making it easy, convenient & cheaper for clients **> 180 services by 2020**
- **Further rollout of software robots, artificial intelligence, robo-advisors, chatbots & data analytics capabilities** **Ongoing**



## Nedbank Group – key drivers of value

1

Building on **strong wholesale foundations**

2

Retail growth enabled by **investment in technology for great client experiences & improved efficiency**

3

Wealth propositions benefiting from **advantages of bancassurance**

4

**SADC & ETI turnaround** continues to drive growth & collaboration initiatives gaining traction

5

**Well capitalised balance sheet** to support growth & dividends

6

**Governance & nation building**

7

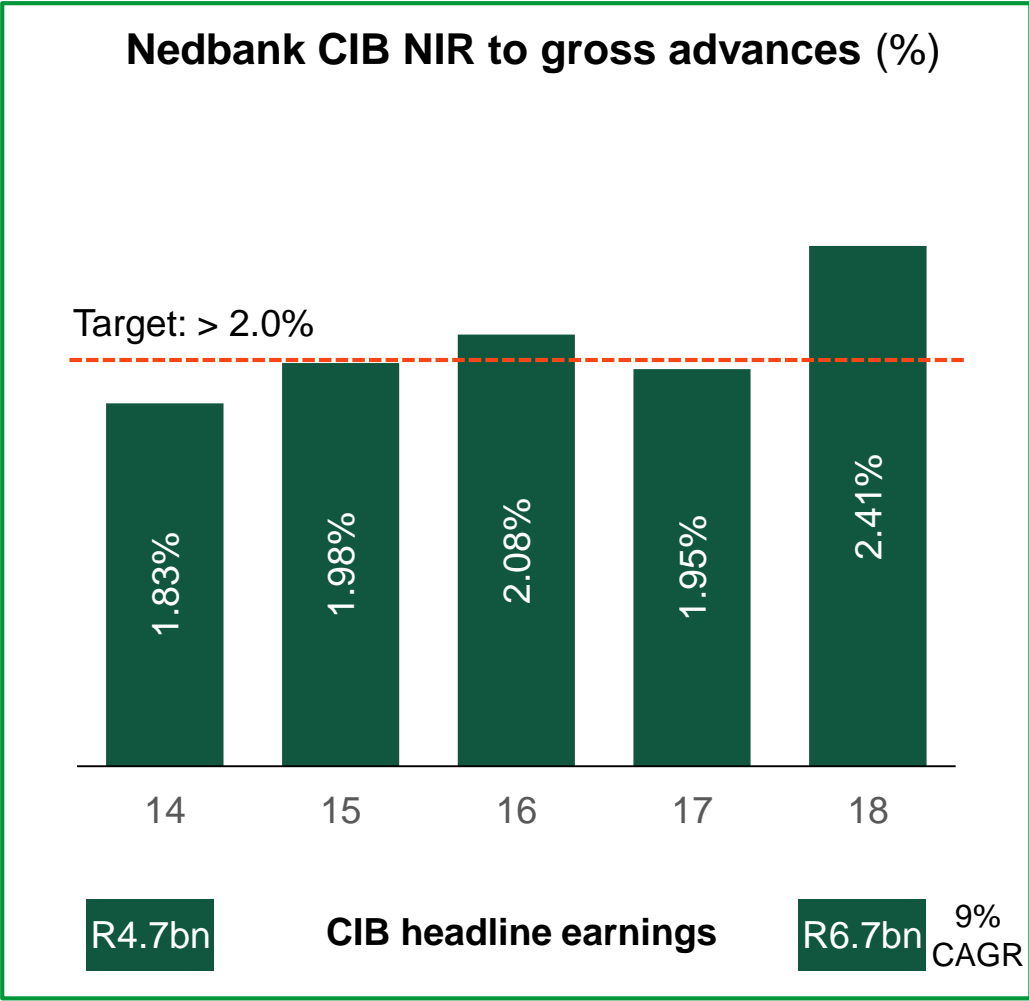
**Completion of Old Mutual Managed Separation**

1

# We have invested significantly in the CIB franchise over the past few years – leading to improved rankings & deeper levels of client penetration



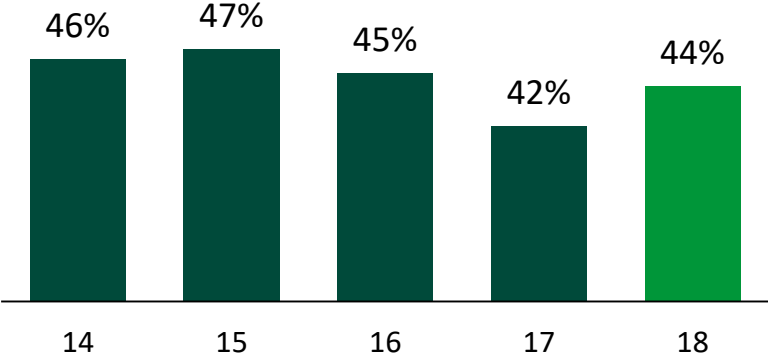
Improved industry rankings/share		
	2013	2018
CIB commercial-property share	Market leader > 30% market share	
Renewable-energy lending	Market leader	
Primary-dealer rankings	#7	#1
Best team government bonds (Spire awards)	#7	#1
DCM rankings	#2	#1
Primary-client wins	> 20 per annum	



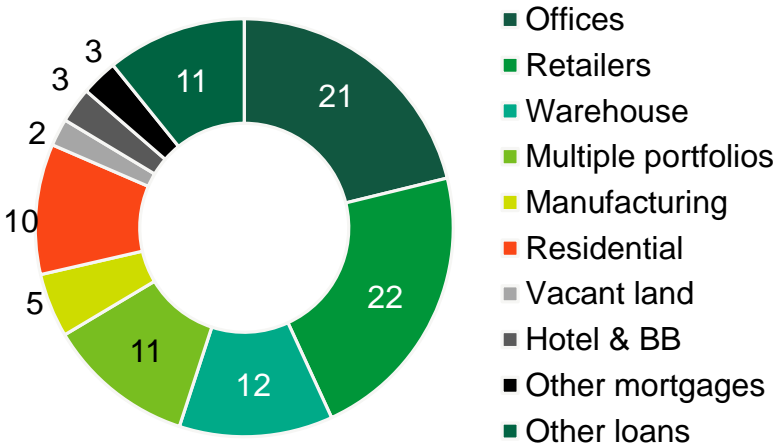


# Quality commercial-property book

Low average loan to value (LTV) (%)



Diversified book by property type (%)



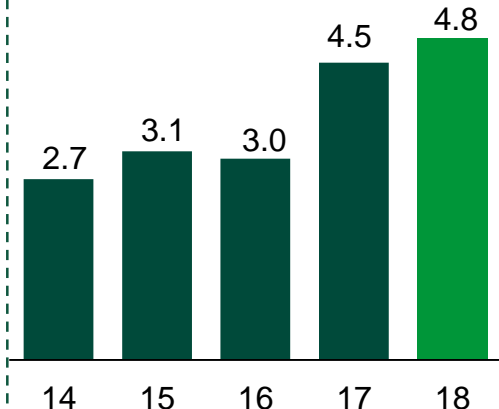
Key drivers

- Strong client base supported by an experienced team
- CLR below target range of 15 bps to 35 bps
- Vacant land < 3% & residential @ 10% of portfolio
- Retail centre developments funded on >70% pre-lets
- LTVs > 90%<sup>1</sup> declined to 1.9% of the portfolio
- Primary lending operation supplemented by private-equity arm

CLR (bps)



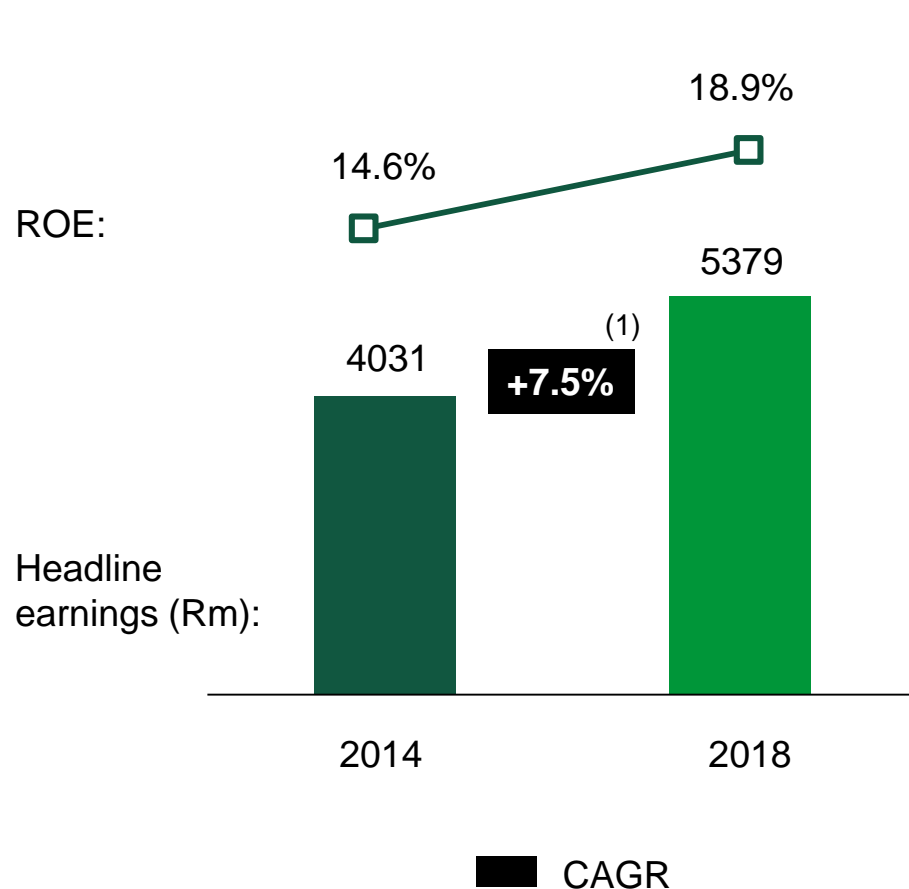
Investment book (Rbn)



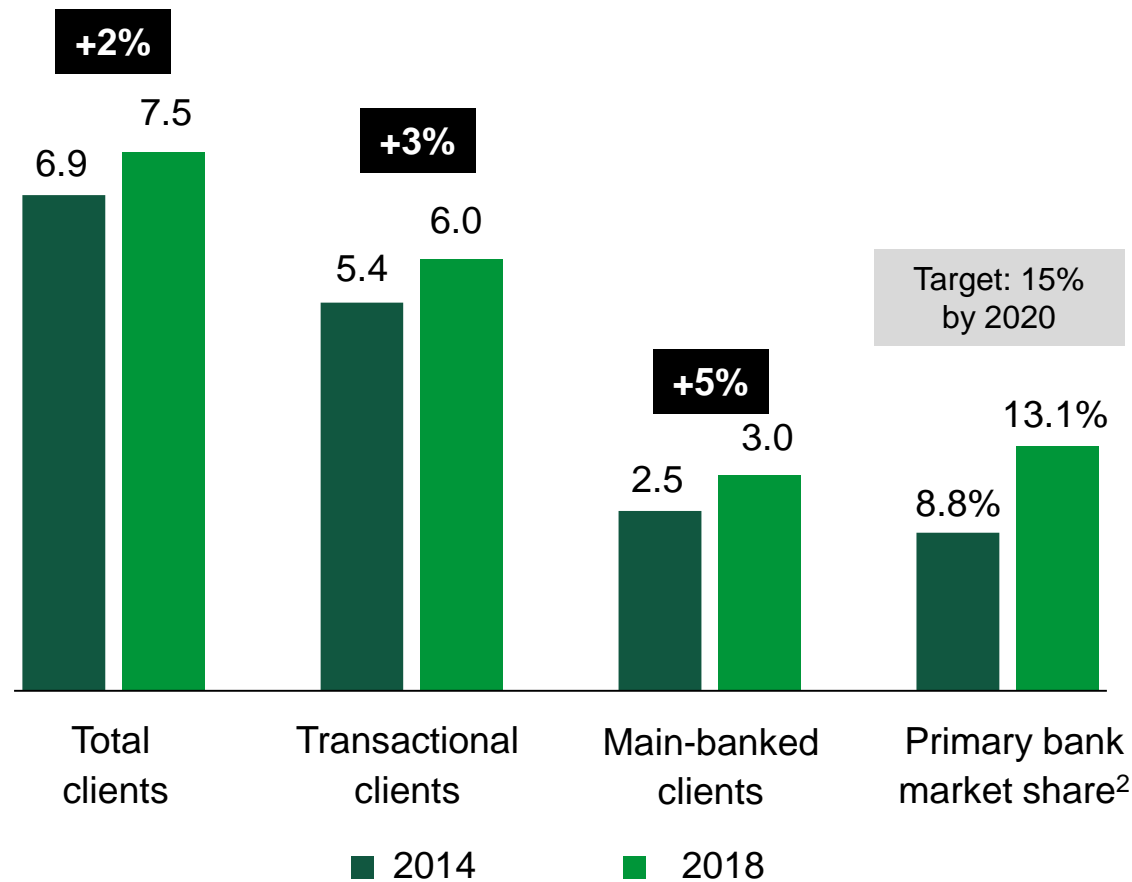
<sup>1</sup> Excludes unsecured loans to listed REITs – by regulation these REITs have gearing ratios of less than 60%.



## RBB financial results



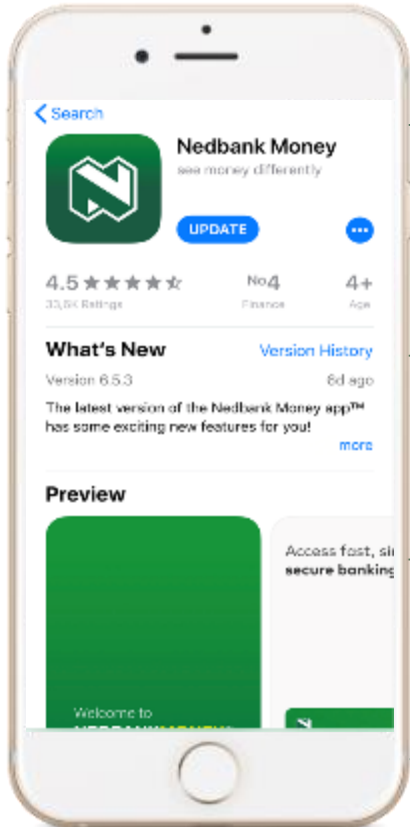
## RBB retail client base (million)



Note 1: CAGR +8.8% on a like-for-like IFRS adjusted basis

Note 2: 2014: AMPS; 2018: Consulta: Same question asked: 'Which ONE bank do you regard as your main bank for personal banking?'

**Digital 1st, 1st in digital – digitise.** Nedbank Money app™ reached more than 1.6m downloads, with 70 services added since launch



Money app launched in Oct 2017 with – **12 additional services** added in Mar 2018

And a further – **9 services added** in Apr 2018

An additional – **27 services landed between** May & Jul 2018

An additional – **28 services landed between** Aug - Nov 2018

### Selected highlights

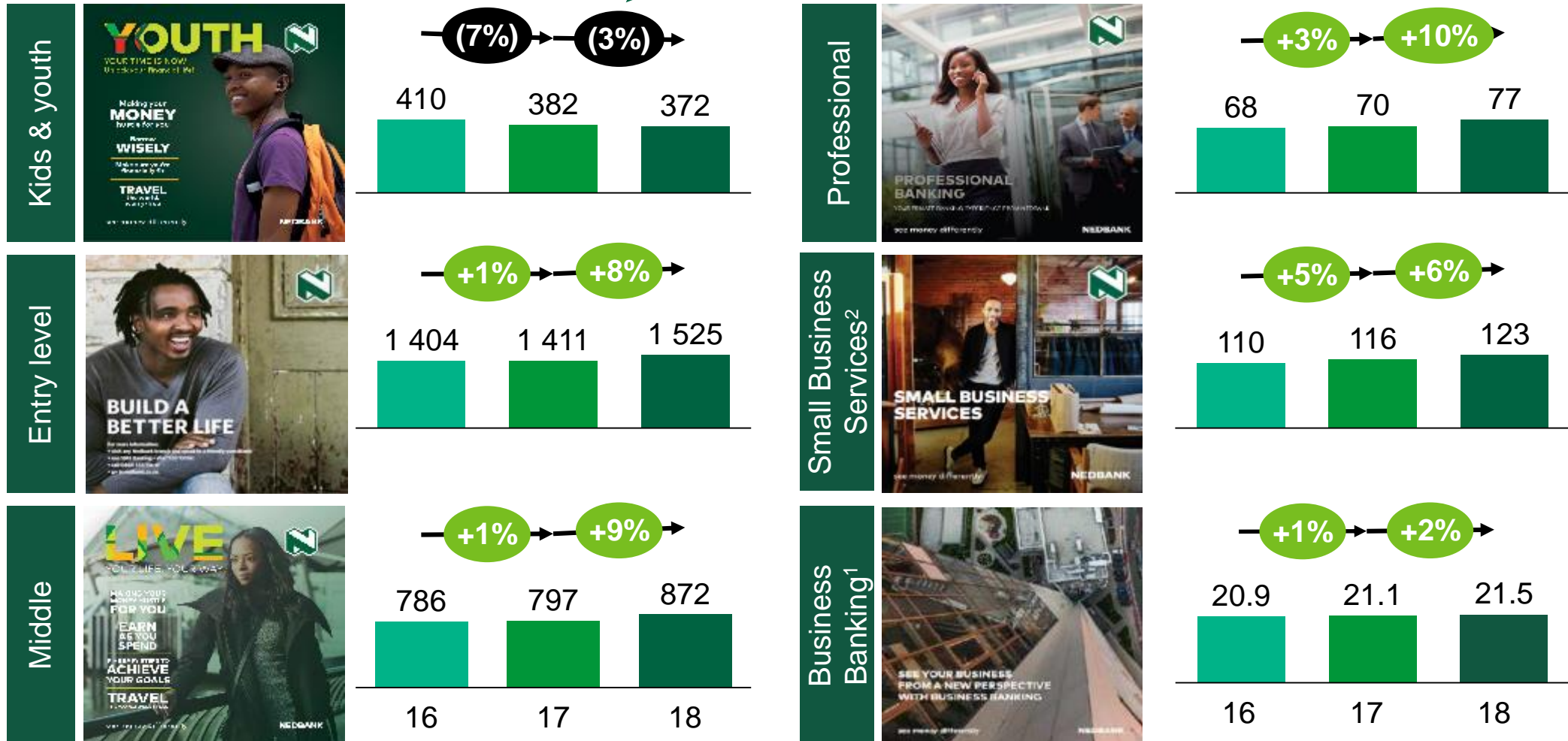
- Balance peek
- Club Account information
- Foreign currency account information
- **Maintain, cancel, increase or decrease** your overdraft
- Activate **tap and go**
- **Personalise your app**
- **Settlement request** Personal loans
- **Maintain** debit orders
- **Activate** credit card
- Greenbacks Rewards balances and points
- Card on-and-off (freeze/unfreeze)
- Share **proof of account details to third parties** through WhatsApp, message or email (Online Banking)
- **Detailed information** – interest earned & breakdown of key balance information on home loan & personal loans
- **Pay Me request**
- Maintain **statement delivery** (MFC)
- **View & stop** debit order



# Client-centred strategy intact, with strong growth in the middle market

Unlocked.Me student CVP launched to address growth

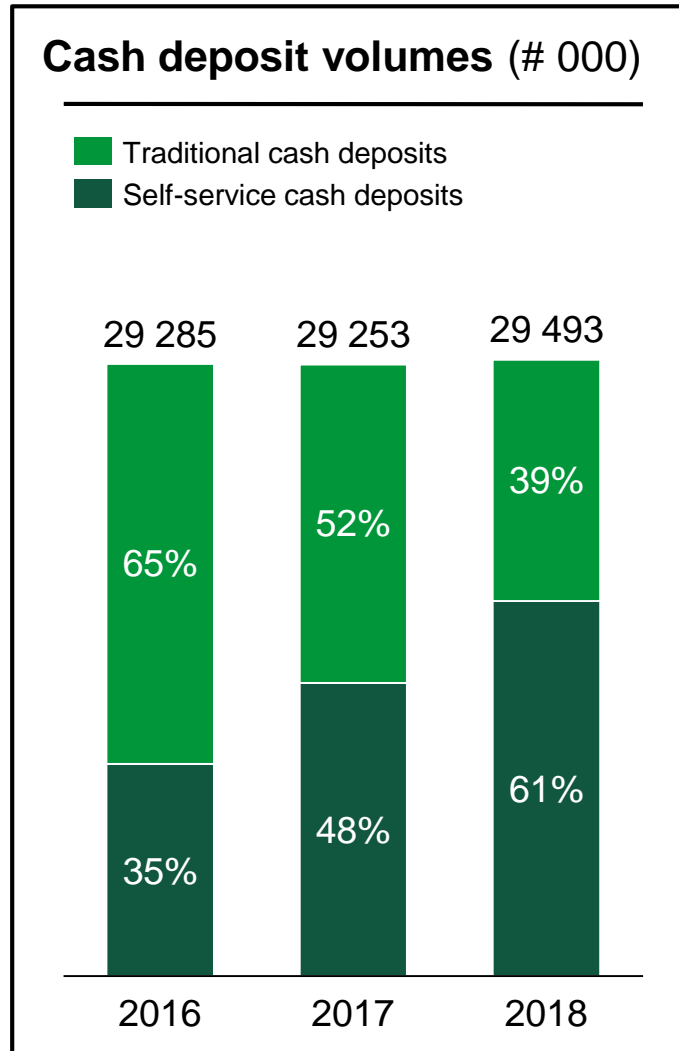
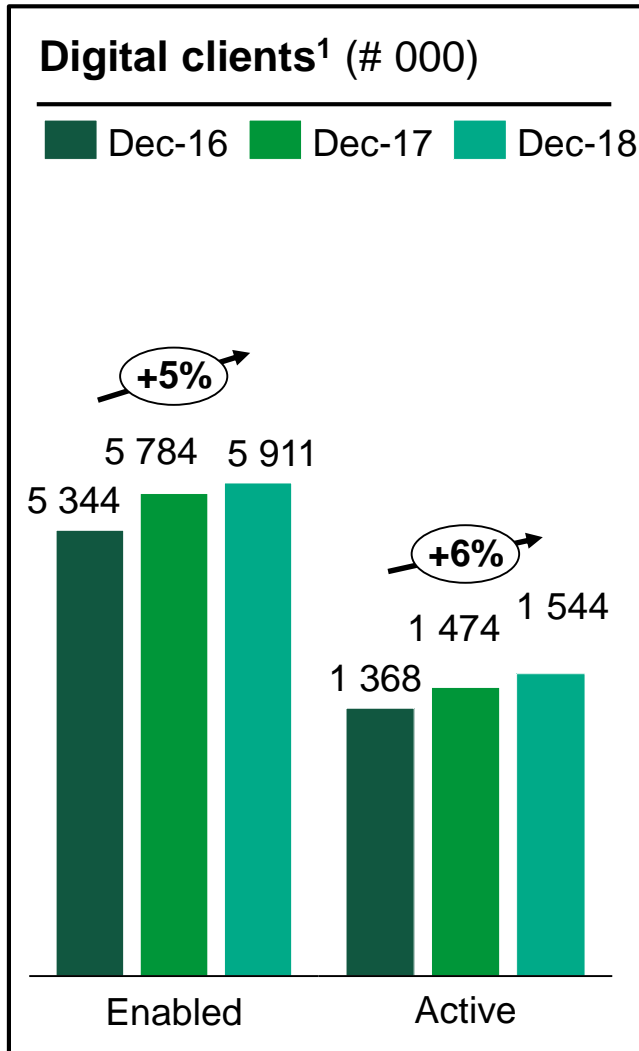
Main-banked, # 000



1 Client groups with gross operating income contributions in excess of R500 pm. | 2 Previous years were rebased for migration of the Grey Portfolio from BB to SBS on 1 June 2018. 3 Main-banked for 2018 H2 now includes transactional behaviour on Credit Cards (with an uplift of +24k for Retail). Note: Non-resident, non-individual segment not shown..



## Accelerated digitisation of technology & operations – processed R8.4bn of third-party payments per month on all digital channels for our retail clients



### Yoy change in 2018

#### Devices

Intelligent depositors	▲	7%
ATMs	▶	Flat
Video bankers	▲	8%
Self-service kiosks	▲	4%
Interactive tellers	▶	Flat

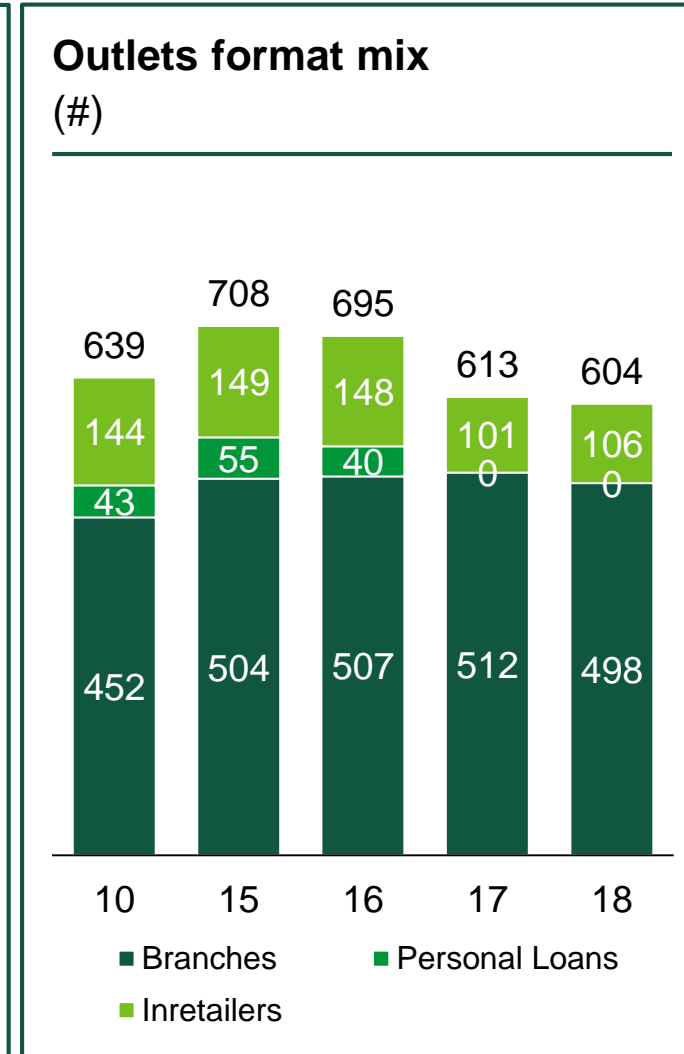
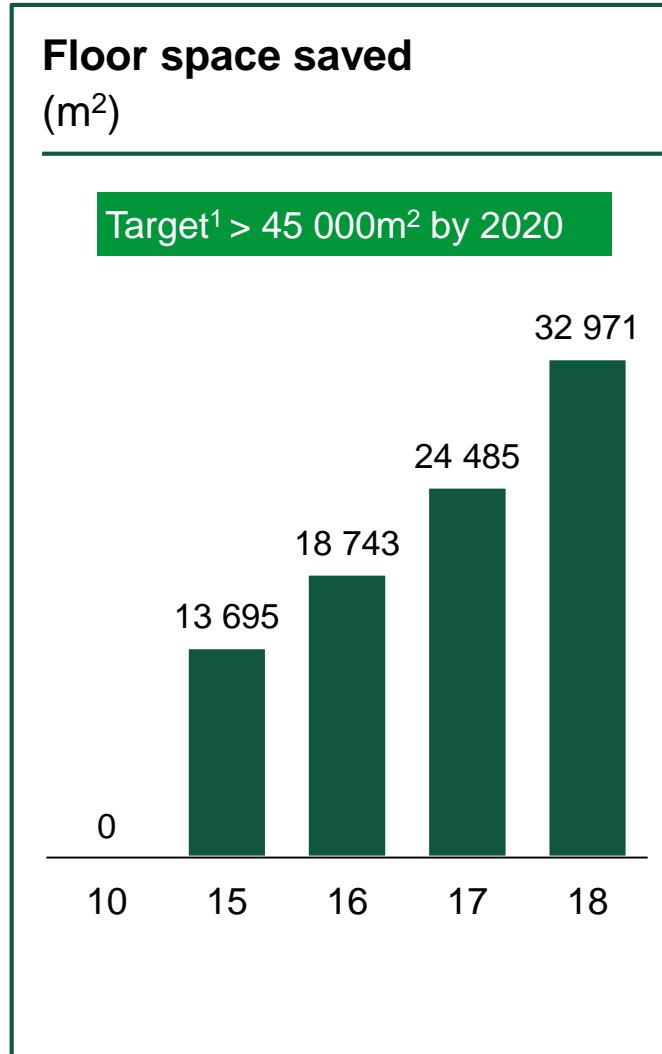
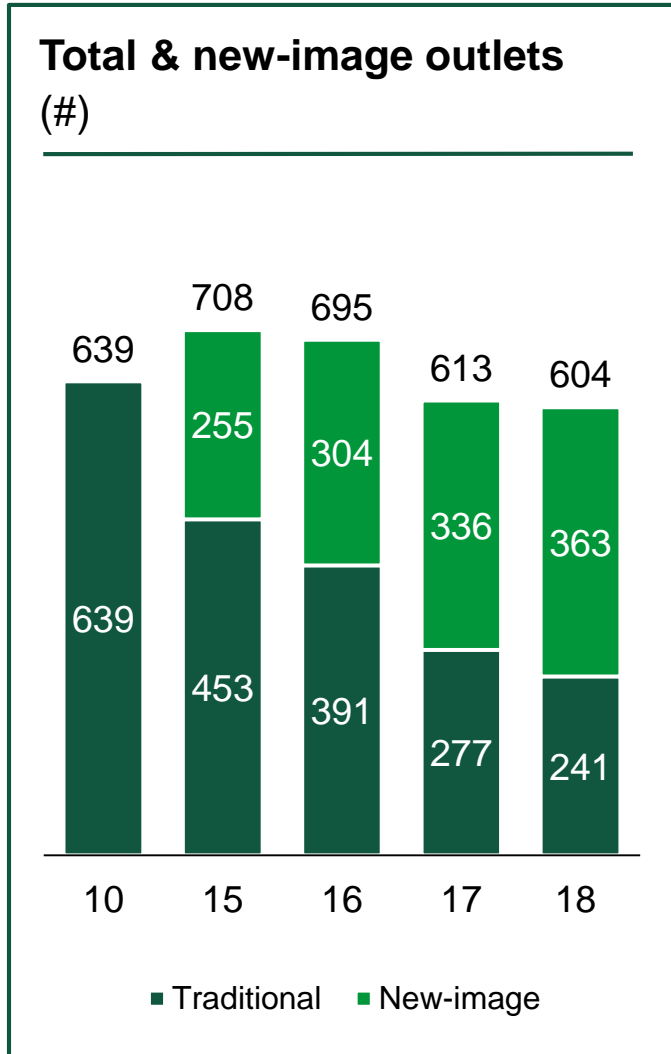
#### Volumes

Digital VAS volumes	▲	16%
Digital 3rd-party payments <sup>3</sup>	▲	13%
App <sup>2</sup> transaction volumes	▲	82%
App <sup>2</sup> enrolments	▲	64%
ID deposits	▲	28%
Teller activity	▼	(16%)

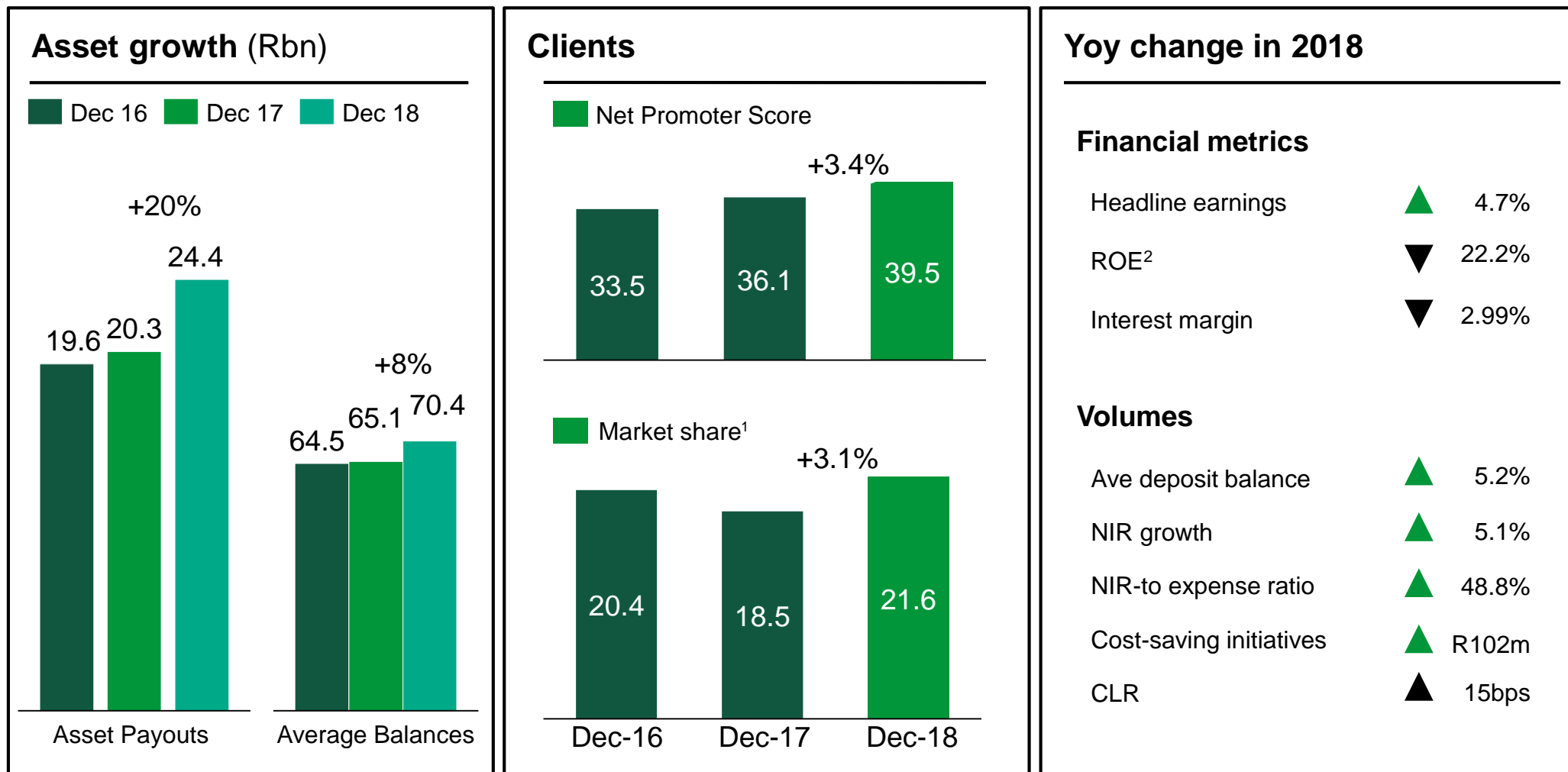
<sup>1</sup> 2016 digitally enabled & active clients have been restated to include a revised segment definition.

<sup>2</sup> Includes all versions of the Nedbank Money app™. | <sup>3</sup> H2 2018 growth on H2 2017.

## Integrated channels – efficient use of space & staff, optimising branch footprint



<sup>1</sup> Given good progress, target has been revised from > 30 000 m<sup>2</sup>



1 Source: KPI Research Business Electronic Banking and Tracking Study 2018.

2 ROE was negatively impacted by higher ECAP levels owing to the introduction of new credit-rating models in Q4 2018. On a like-for-like basis (using the 2018 cap ratio) ROE would have been 22.9% for FY 2017.



### Benefits to Nedbank

- **Maximize share of financial services wallet** (High ROE, EP & NIR generative)
- **Reduce bank risk** (eg HOC for home loans | Life, disability & retrenchment for debt)
- **Stronger customer life cycle management**
- **Cost effective use of shared capabilities** (eg premises, systems etc.)

### Benefits to our clients

- **Convenience** – integrated offering (banking & insurance)
- **Ease of doing business** (eg single client onboarding)
- **Competitive pricing** (eg lower acquisition costs)
- **Single maximised loyalty programme** for all financial services
- **One-stop-shop for all financial service needs**



### Bank advantage supporting the rationale for bancassurance

Access to 8m  
Nedbank client base

Access to rich  
client data

Leverage the  
Nedbank brand

Leverage distribution  
(>700 outlets)

Leverage technology  
capability

Leverage group support  
services

Ability to integrate  
offerings

Single view  
of a client

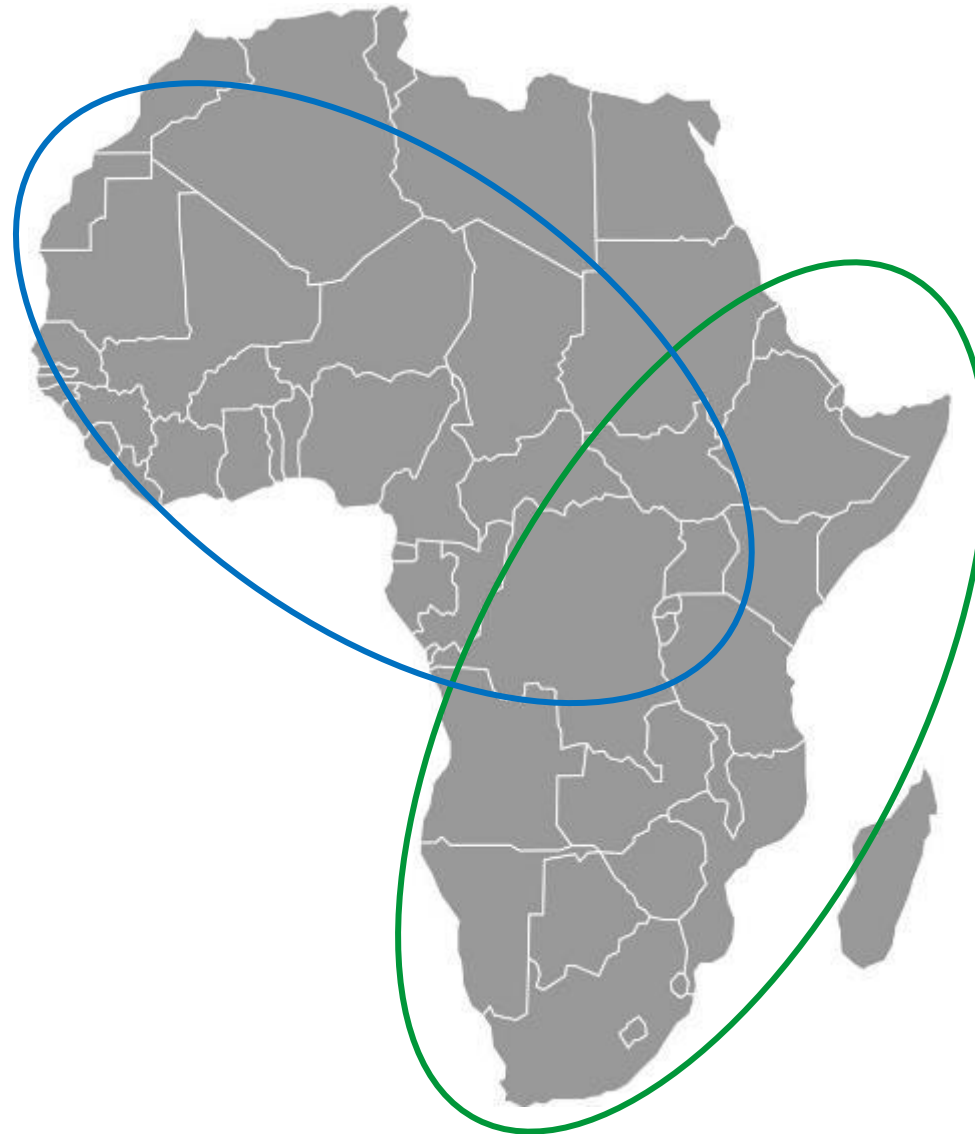
Ability to offer holistic  
financial services offering



## Central & West Africa

Partnership approach with ETI

- 21.2% shareholding
- 2 Nedbank executives on ETI board
- Client access to ETI's on-the-ground footprint & local knowledge across 36 countries



## SADC & East Africa

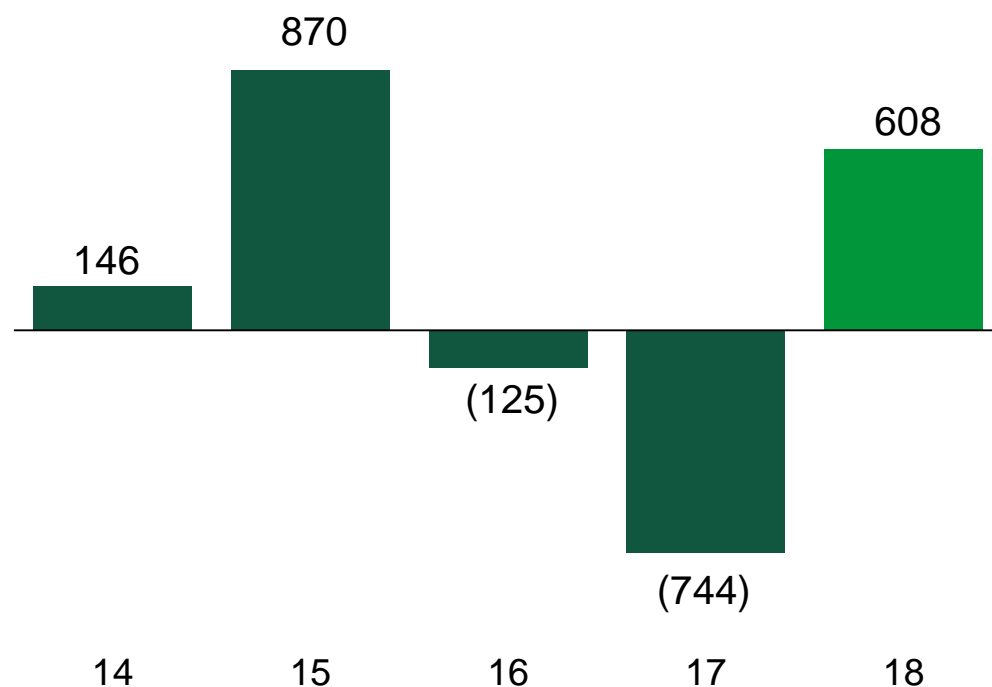
Own, manage & control banks

- **SADC** – invested in core banking system (Flexcube), new products, outlets & ATMs
- **East Africa** – aspiration for future expansion

## Associate income – ETI performance reflective of management actions & improving environment



### Associate income from ETI<sup>1</sup> (Rm)



### ETI guidance

#### ETI medium-to-long-term guidance<sup>2</sup>

- ROTE target: COE + 5% (9M 18: 19.9%)
- Efficiency ratio: 50–55% (9M 18: 61.1%)

<sup>1</sup> ETI accounted for one quarter in arrears. | <sup>2</sup> ETI disclosures for the 9-month period to 30 Sept 2018. ETI reported COE at ~17%.

## 4 Ecobank – Nedbank collaboration gaining traction



**1 Transactional banking:** Over 105 Nedbank wholesale clients, with more than 215 new accounts opened at Ecobank

**2 Dealflow:** Treasury & trading activities resulted in increased turnover. 2 joint lending deals with ETI

- **Geita Gold Mine:** US\$115m debt facility
- **Afrisian Ginning Limited:** US\$10m agriculture commodity finance  
(Included main transactional bank account & working capital facilities)

**3 Integrated crossborder transfer solution**

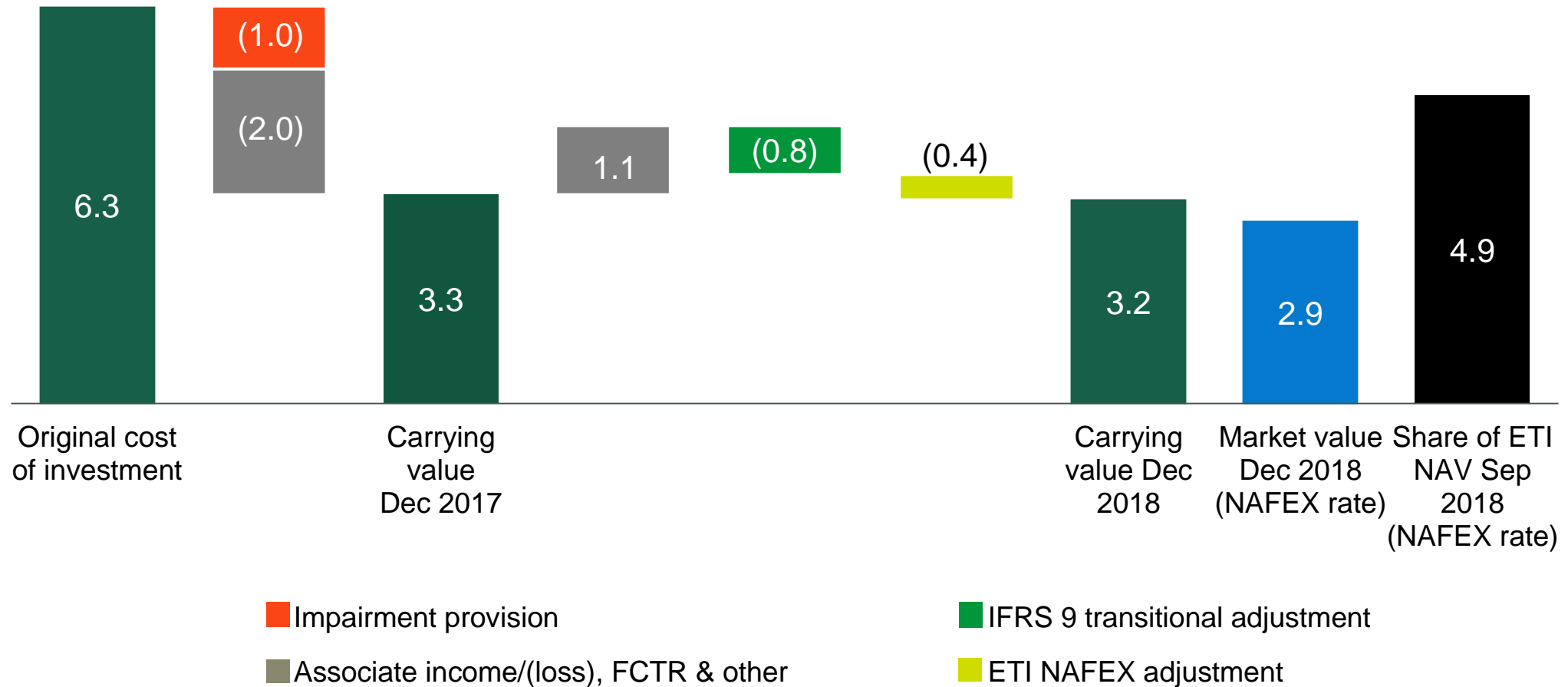
- **Launched to the market in November 2018 & the only account-to-account solution in SA** to facilitate low-value payment to 33 countries in Africa
- **Easy to use & instant crossborder payment service** on the Nedbank Money app™ & Nedbank Secure website



# ETI carrying value – once-off IFRS 9 & NAFEX adjustments of R1.2bn in 2018



## Carrying value drivers vs market value (Rbn)

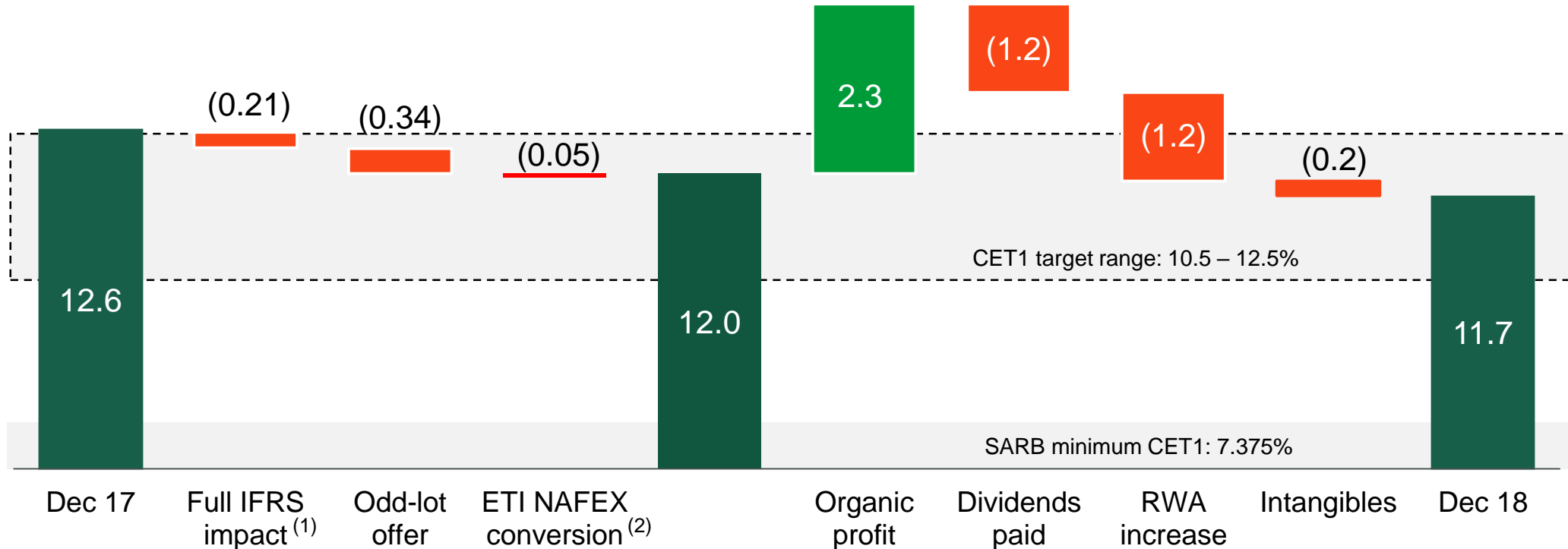




# 5 Capital – CET1 above the mid-point of our target range



CET1 capital ratio (%) – after full IFRS implementation

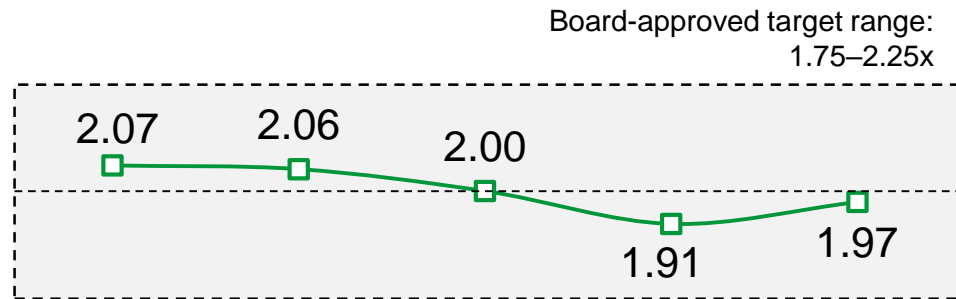


1 Nedbank & ETI IFRS day 1 impacts were not phased in over 3 years. If phased in, the CET1 for 2018 would have been 11.8%. | 2 The board of ETI, at its November 2018 board meeting, approved the adoption of the NAFEX rate as the currency rate to be used for the translation of operations in Nigeria. | The difficult environment in Zimbabwe resulted in a negative FCTR adjustment to the group’s capital of R0.8bn before-minorities [(R0.5bn after-minorities) and a RWA decrease of R5.5bn].

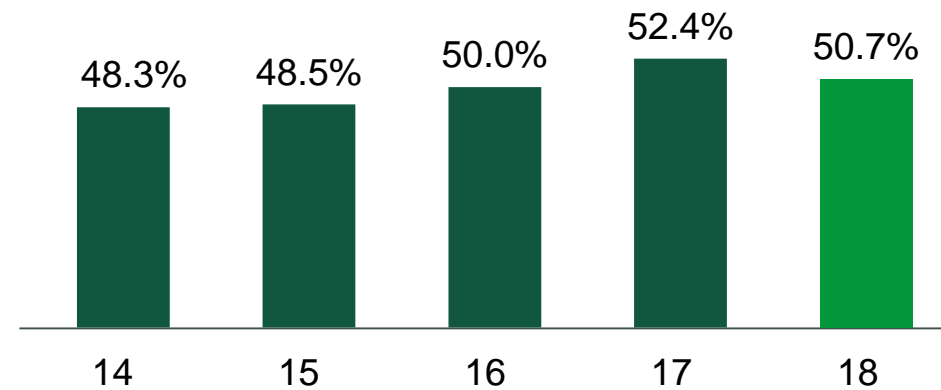
# Dividend – within our board-approved target range of 1.75–2.25x



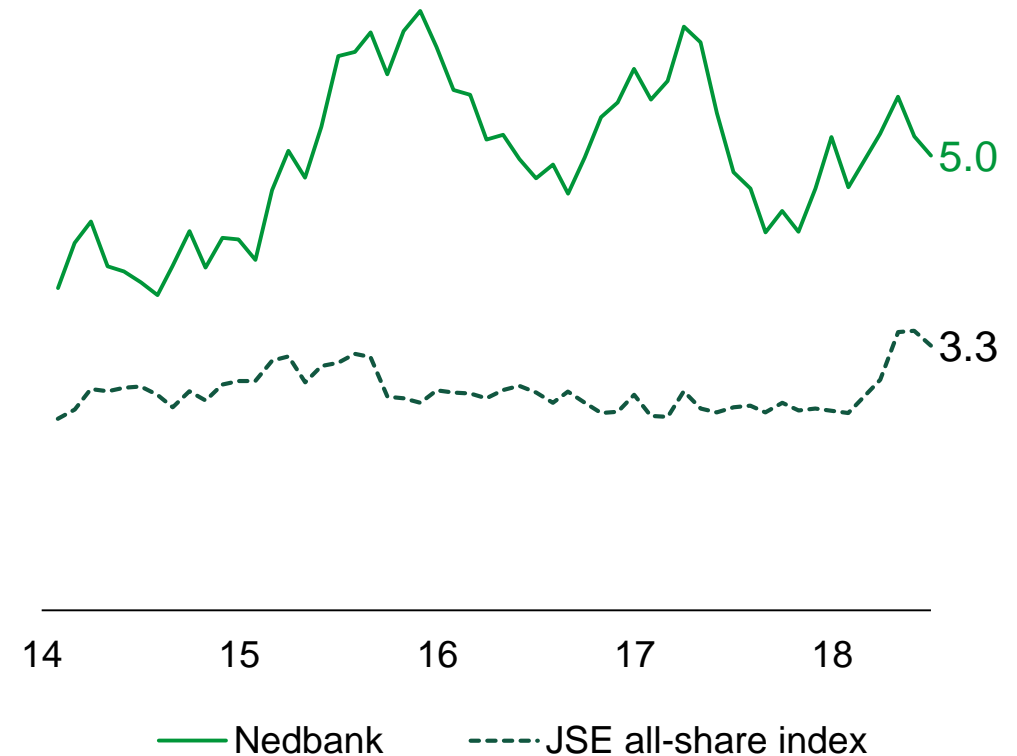
## Dividend cover (times)



## Payout ratio:



## Dividend yield (%)



**Being a responsible corporate citizen is vital** – business working with government & social partners to grow the economy & be seen as powerful force for good in improving the lives of all South Africans.



### Nedbank participating in key initiatives

- Delivering on our purpose of using our financial expertise to do good
- Aligning core business to contribute to the delivery of the SDGs
- Active participant in the CEO initiative
- Committed R20m to R1,5bn SME fund
- Participant in the Youth Employment Service – aim to provide jobs to 1m South Africans (cost of c1.5% of NPAT p.a.)
- Land Reform Parliamentary presentations
- Level 1 BBBEE (& level 2 or better for ten years)

### External acknowledgements



**Thomson Reuters Diversity & Inclusion Index** – Nedbank in the top 100 most diverse & inclusive organisations globally



**Dow Jones Sustainability Index** – one of only 27 banks on the index & included for the fourteenth year



**Africa's first carbon neutral financial organisation** – carbon neutral since 2010 (& offset our water consumption)



**WWF Nedbank Green Trust Partnership** – invested >R260m since inception in support of over 200 environmental & social projects throughout SA



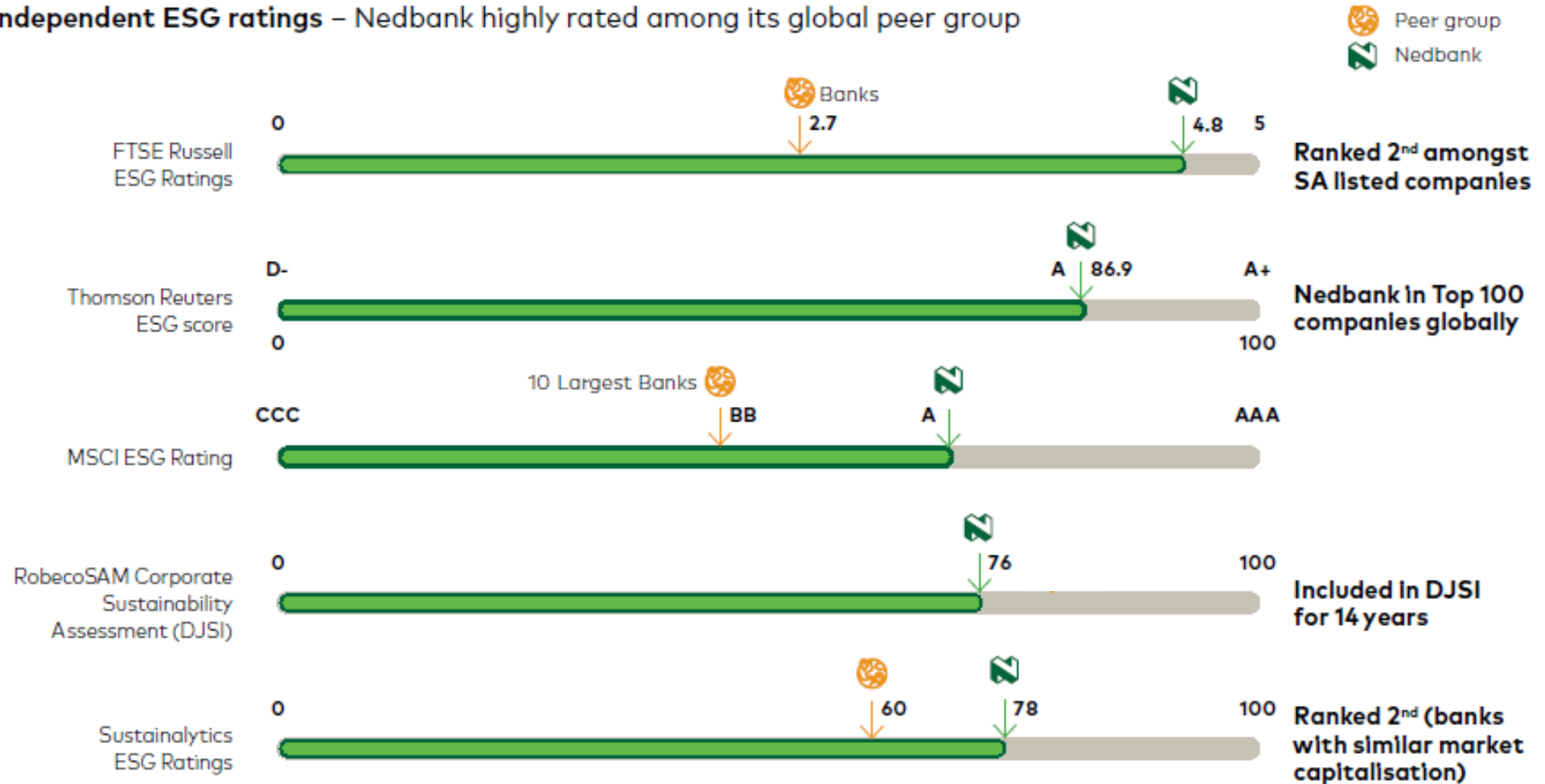
**JSE's Top 100 Most Empowered Companies** – Nedbank overall winner (Codes of good practice)



**Top 10 integrated reporting awards** – overall winner



### Independent ESG ratings – Nedbank highly rated among its global peer group



## Seamless completion of Old Mutual managed separation & subsequent odd-lot offer



### Finalisation of the Old Mutual managed separation, with OML reducing its shareholding in Nedbank Group to 19.9%

Completion of OM managed separation (15 Oct 18)	Completion of odd-lot offer (18 Dec 18)	Shareholding changes
<ul style="list-style-type: none"> <li>▪ R43bn of Nedbank shares unbundled to OML shareholders</li> <li>▪ Potential overhang in share price removed after unbundling</li> <li>▪ Nedbank the top performing SA bank share in 2018: +7.3%</li> <li>▪ Advisory costs of R142m               <ul style="list-style-type: none"> <li>– 2016: R25m</li> <li>– 2017: R40m</li> <li>– 2018: R77m</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ &gt; 98.5% votes of approval at the 22 Nov 18 general meeting</li> <li>▪ Reduction of ~430 000 shareholders (pricing at 5% premium)</li> <li>▪ Bought back &amp; cancelled 7m shares at a cost of R2.0bn               <ul style="list-style-type: none"> <li>– CET1 impact: 34 bps,</li> <li>– ~R20m pa cost savings</li> </ul> </li> <li>▪ ROE &amp; HEPS accretive for 2019</li> </ul>	<ul style="list-style-type: none"> <li>▪ Free-float increased from c45% (before unbundling) to c80% (after unbundling)</li> <li>▪ Average daily volumes of shares traded increased from ~1.1m to ~2.0m</li> <li>▪ Index holdings increased from 11% to 19%</li> <li>▪ Foreign shareholding increased from 18% to 29%</li> <li>▪ Some historically underweight SA funds now more in line</li> </ul>

Continue working with OML within the new relationship agreement to retain the competitive, arms'-length & commercially viable arrangements with one another



## 2019 financial guidance

### NII

- Average interest-earning banking asset growth of upper single digits.
- NIM below the 2018 level of 3.65%.

### CLR

- Increase to within the bottom of our target range of 60–100 bps.

### NIR

- Mid-to-upper single-digit growth.

### Expenses

- Slightly above mid-single-digit growth.

**Growth in DHEPS for full-year 2019  $\geq$  nominal GDP growth**



## 2020 & medium-to-long-term targets

Metric	2018	Medium-to-long-term target (MLT)	2019 outlook <sup>1</sup>	vs 2018
ROE (excl goodwill)	17.9%	5% above COE <sup>3</sup> (≥ 18% by 2020)	In line with MLT	▲
Diluted HEPS growth	13.7%	≥ CPI + GDP growth + 5%	≥ CPI + GDP growth	▼
Credit loss ratio	53 bps	60–100 bps	Increases to within the bottom of our target range of 60–100 bps	▲
NIR-to-expenses ratio	82.1%	> 85%	Increases, but remains below MLT	▲
Efficiency ratio <sup>2</sup>	57.2%	50–53% (≤ 53% by 2020)	Decreases, but remains above MLT	▼
CET 1 CAR	11.7%	Basel III basis: 10.5–12.5% > 12% > 14%	Within target range	▶
Tier 1 CAR	12.5%			
Total CAR	14.8%			
Dividend cover	1.97 x	1.75 to 2.25 times	Within target range	▶

<sup>1</sup> 2019 outlook compared to FY 2018 based on current economic forecasts. | <sup>2</sup> Efficiency ratio includes associate income. | <sup>3</sup> Target to be revised should Nedbank make future acquisitions that increase goodwill.



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