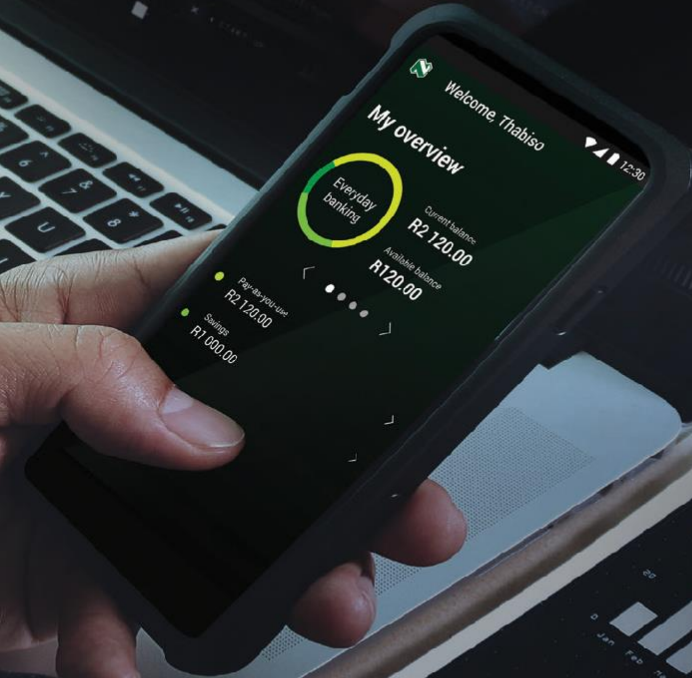




# NEDBANK GROUP

CALGEM CONFERENCE

see money differently



NEDBANK



# Cyclical economic upturn off a low base

## Macroeconomic drivers<sup>1</sup> (%)

	2017	2018	2019	2020	
GDP SA	0.9%	1.8%	1.9%	2.4%	▲
GDP SSA	2.4%	3.2%	3.5%	3.5%	▲
Inflation (CPI)	5.3%	4.7%	5.3%	5.4%	▶
Industry credit growth	5.0%	6.0%	7.8%	10.1%	▲
Average prime interest rate	10.4%	10.1%	10.1%	10.5%	▶

## Prospects

### ▪ Balance sheet

- Stronger wholesale & retail advances growth
  - » Corporate clients awaiting clarity on land expropriation, mining charter, structural reforms etc
- Liquidity metrics & capital levels to remain strong

### ▪ Income statement

- Revenue growth in 2018 higher than 2017
- Impairments to increase cyclically; & IFRS 9 impact
- Expenses continue to be well managed

### ▪ Assets under management

- Good growth, particularly in cash & offshore

<sup>1</sup> All Nedbank economic unit forecasts as at 16 May 2018 | GDP SSA as per World Bank.



# Nedbank contributing to building a prosperous & inclusive South Africa

## State Owned Enterprises

- New boards & leadership appointed
- Governance issues being addressed, but strategic change will take longer
- Nedbank SOE exposure: R24,7bn (government underpin to key SOEs incl Eskom, SAA): < 3.5% of group advances

## Land expropriation

- President Ramaphosa noted a sensible approach – it will be a process (to consult, obtain input etc) & be implemented without impacting the economy or food security
- BASA & Nedbank active participants in the debate which commenced

## CEO initiative

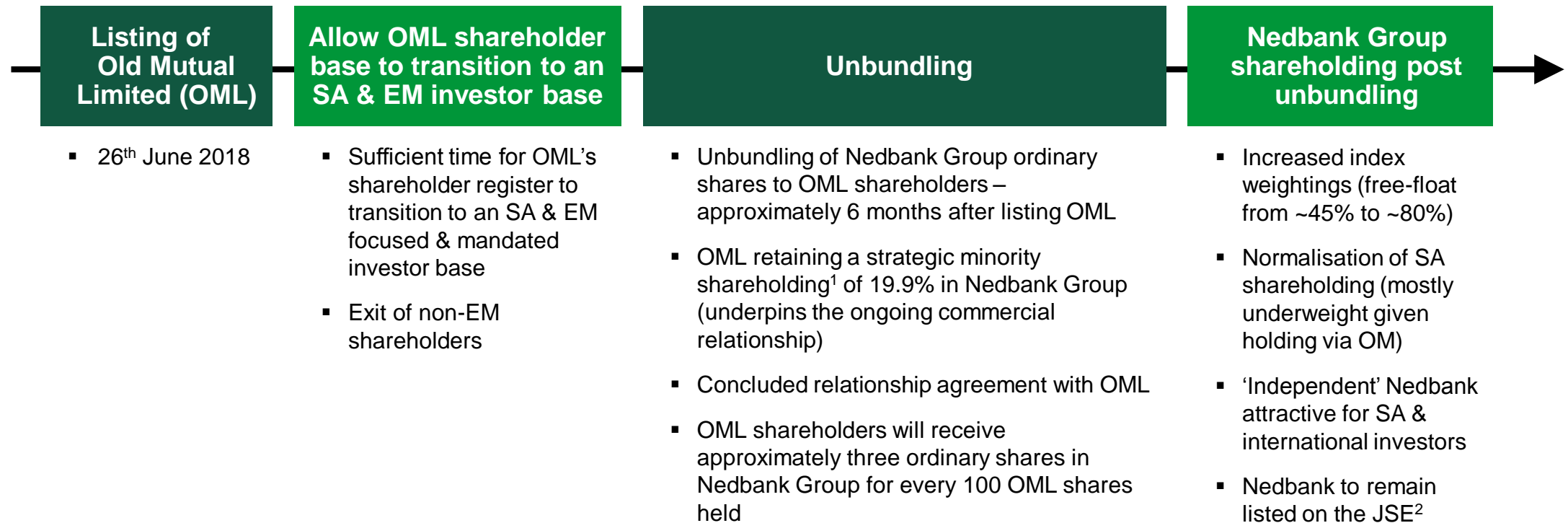
- Nedbank a key participant
- SME Fund - listed businesses & government-mandated institutional funds committed R1.4bn to support the growth & strengthening of the SME sector in SA
- Youth Employment Service – aims to see more than 1m young South Africans (ages of 18 and 35) being offered paid-work experience over the next 3 years

## Transformation

- Nedbank a leader in transformation (Remained a Level 2 BBBEE contributor, now measured under the Amended FSC)



# Old Mutual managed separation



## Business as usual for Nedbank

- No impact on strategy, day-to-day management or operations, nor on staff or clients
- Technology, brand & businesses have not been integrated
- Engagements have been at arm's length – overseen by independent board structures
- No impact on ongoing OM collaboration in SA & Rest of Africa. > R1bn synergies achieved in 2017 (R393m to Nedbank)

<sup>1</sup> Calculated as the Nedbank Group ordinary shares held by OML shareholder funds divided by the total Nedbank Group ordinary shares in issue | Secondary listing on the Namibian Stock Exchange to remain



# Old Mutual managed separation – ongoing mutually beneficial relationship between Nedbank & OML

OML  
investor day  
(17 May 2018)

Nedbank Group  
& OML  
relationship  
agreement

Ongoing  
arm's length  
commercial  
relationship

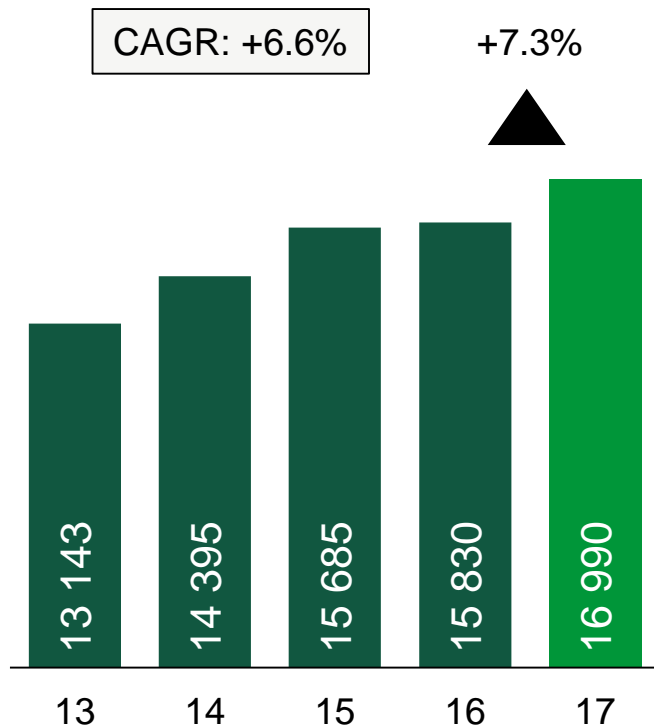
## **'OML is committed to being a significant minority shareholder in accordance with the new relationship agreement' – CEO, Peter Moyo**

- The OML Nedbank relationship agreement (RA) replaces the historic RA between Old Mutual plc and Nedbank Group & governs the terms of the Nedbank Group and OML relationship upon completion of the Nedbank unbundling
- Key aspects:
  - i. commercial basis of the relationship,
  - ii. governance processes and, in particular, OML's right to nominate one board member to serve on the Nedbank Group and Nedbank Limited boards (reduce to 1 board member on or before the date of Nedbank Unbundling),
  - iii. the protocols governing any review by OML of the level of its Strategic Minority Shareholding.
- Synergies, cost savings & outsourced IT network
- Nedbank uses OML as product provider of complex life and P&C products
- Nedbank is the transactional banker to OML

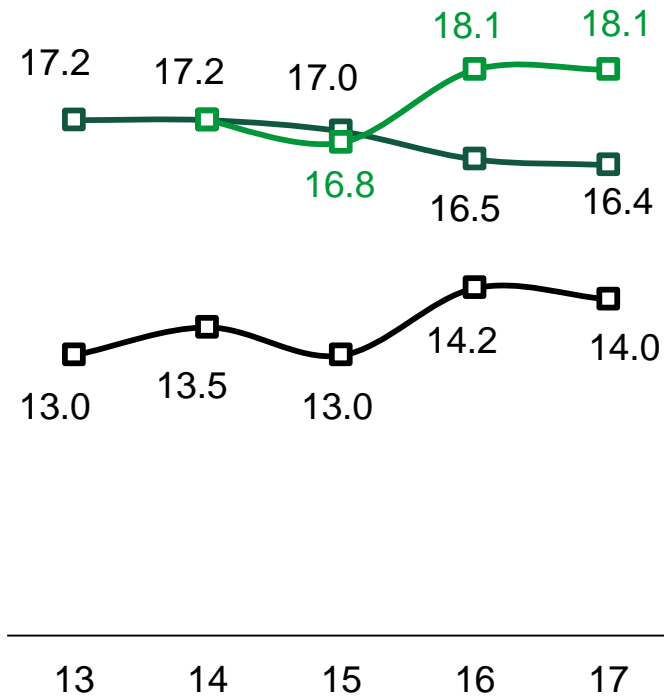


# Delivering value to shareholders

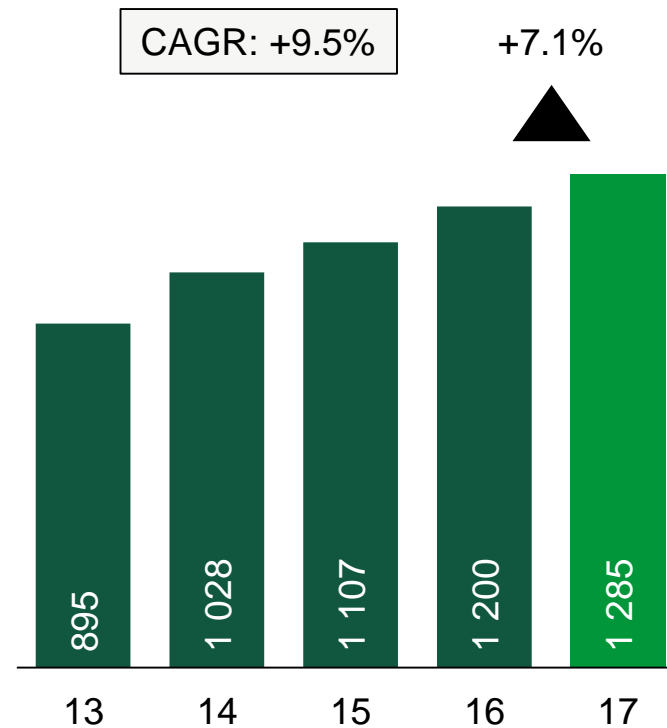
### NAV per share (cents)



### ROE & cost of equity (%)



### Dividend per share (cents)



- ROE (excl GW)
- COE
- ROE (excl GW & ETI)





## Key performance indicators – good performance from managed operations

				Managed operations		
		2017	2016	2017 <sup>1</sup>	2016 <sup>1</sup>	
Headline earnings (Rm)	2.8%	<b>11 787</b>	11 465	7.8%	<b>12 762</b>	11 839
ROE (excl goodwill)		<b>16.4%</b>	16.5%		<b>18.1%</b>	18.1%
Diluted HEPS growth		<b>2.4%</b>	4.8%		<b>7.3%</b>	15.1%
Preprovisioning operating profit growth		<b>(3.2%)</b>	4.4%		<b>(0.3%)</b>	10.0%
Net interest margin <sup>2</sup>		<b>3.62%</b>	3.54%			
Credit loss ratio		<b>0.49%</b>	0.68%			
CET1 CAR		<b>12.6%</b>	12.1%			
Dividend per share (cents)	7.1%	<b>1 285</b>	1 200			

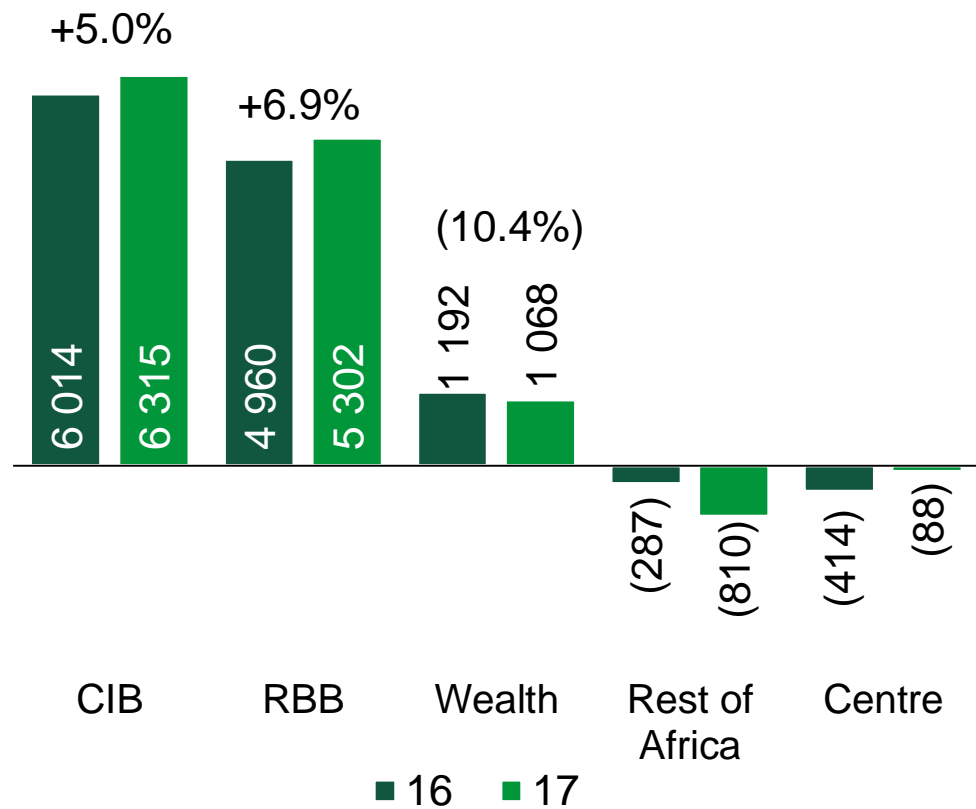
<sup>1</sup> Excluding ETI associate income/losses, as well as ETI-related funding costs. Managed operations reporting provided to assist in analysis of group performance during the period of ETI Q4 2015/16 losses, but we will revert to blended results in 2019.

<sup>2</sup> 2016 rebased.

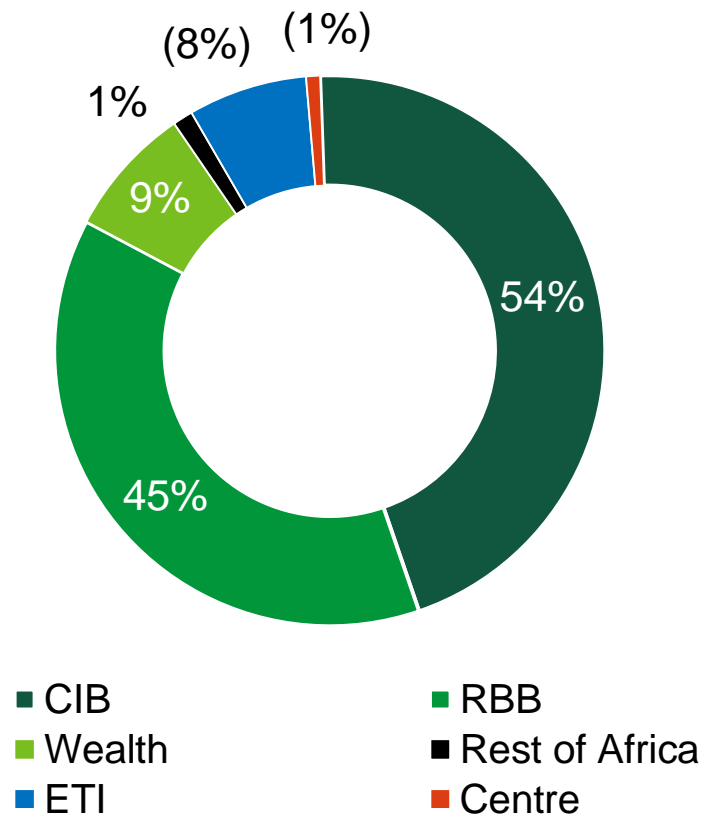


# Good performance from our managed operations – group headline earnings up 2.8%

Headline earnings (Rm)



Earnings contribution (Rm)

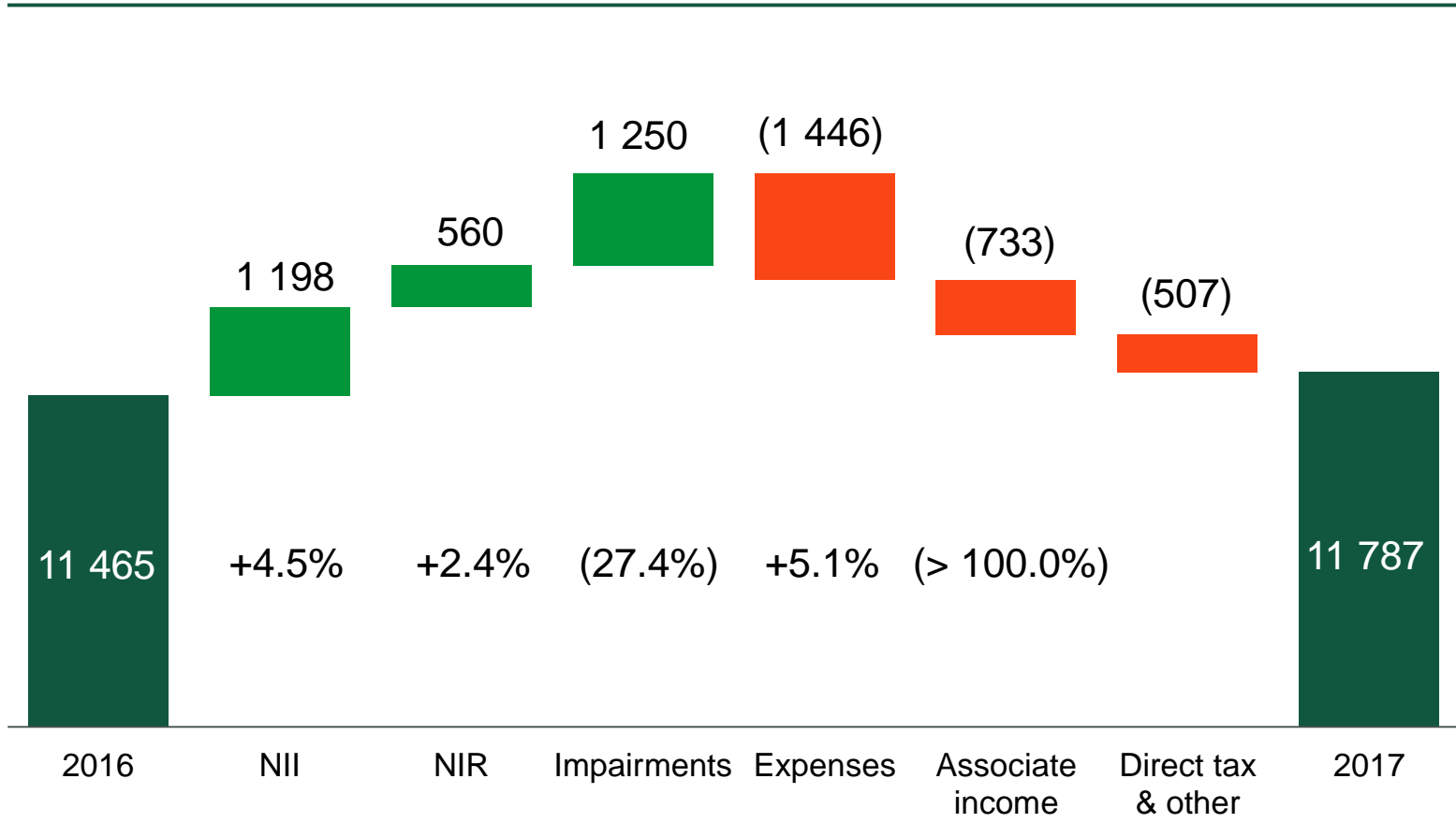




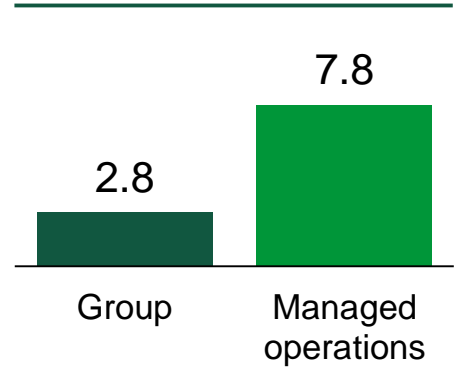


# Headline earnings – good performance from managed operations

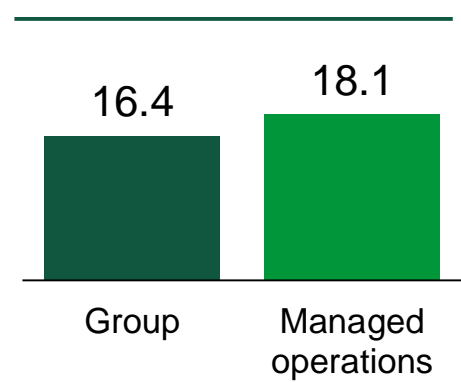
### Headline earnings (Rm)



### HE growth (%)



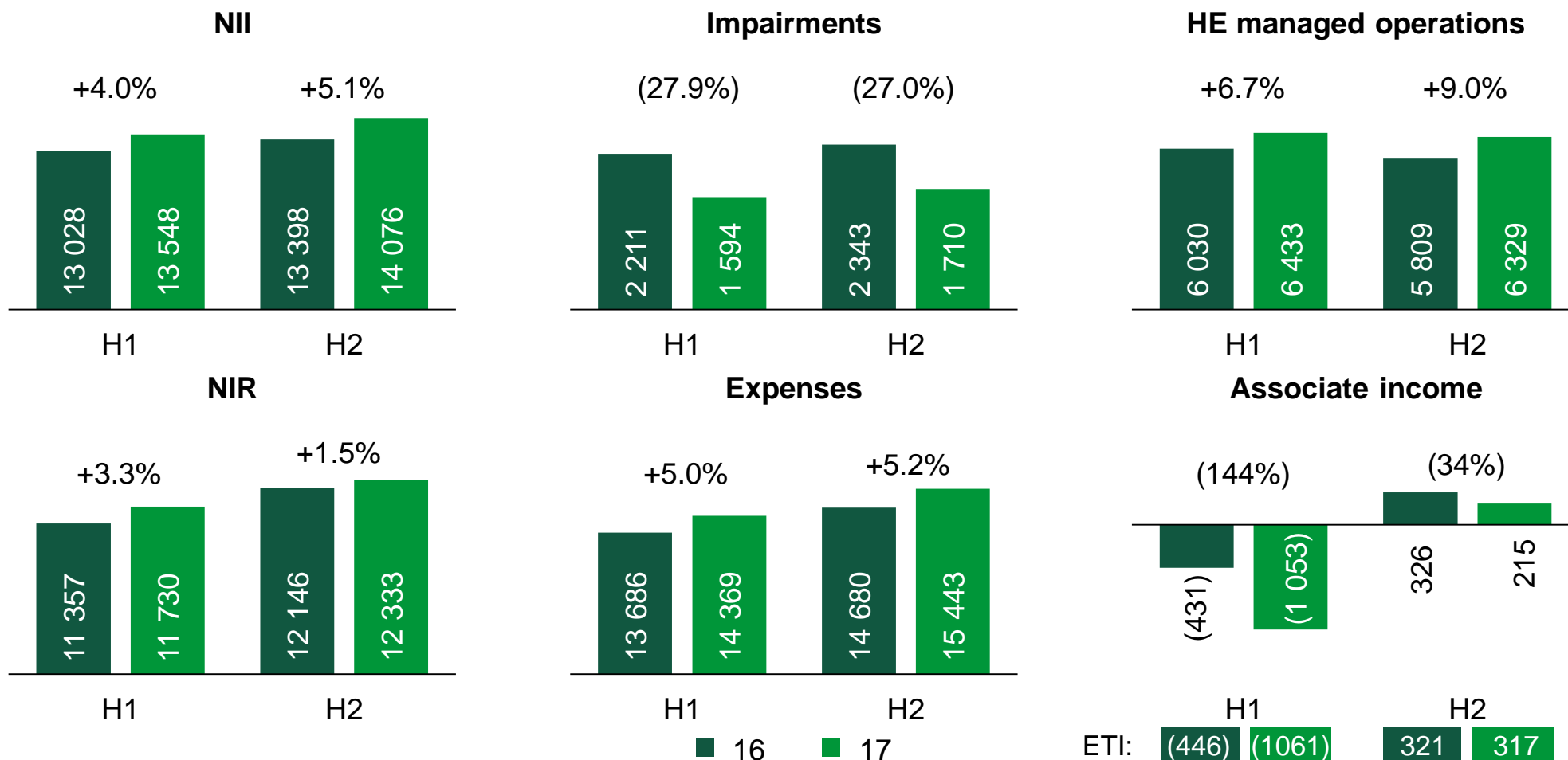
### ROE excl GW (%)





# Headline earnings – improved H2 2017 performance from both managed operations & ETI

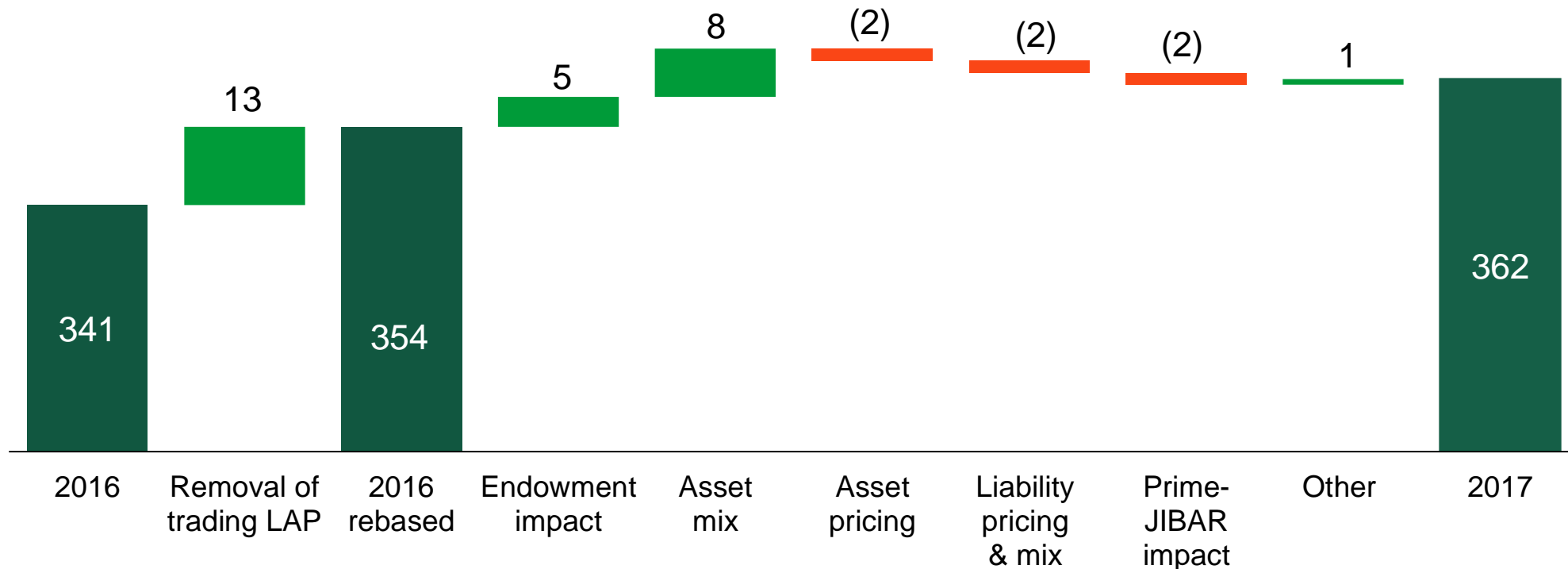
H1 2017 vs H2 2017 (Rm)





# Net interest margin – driven by endowment & asset mix

## Net interest margin (bps)



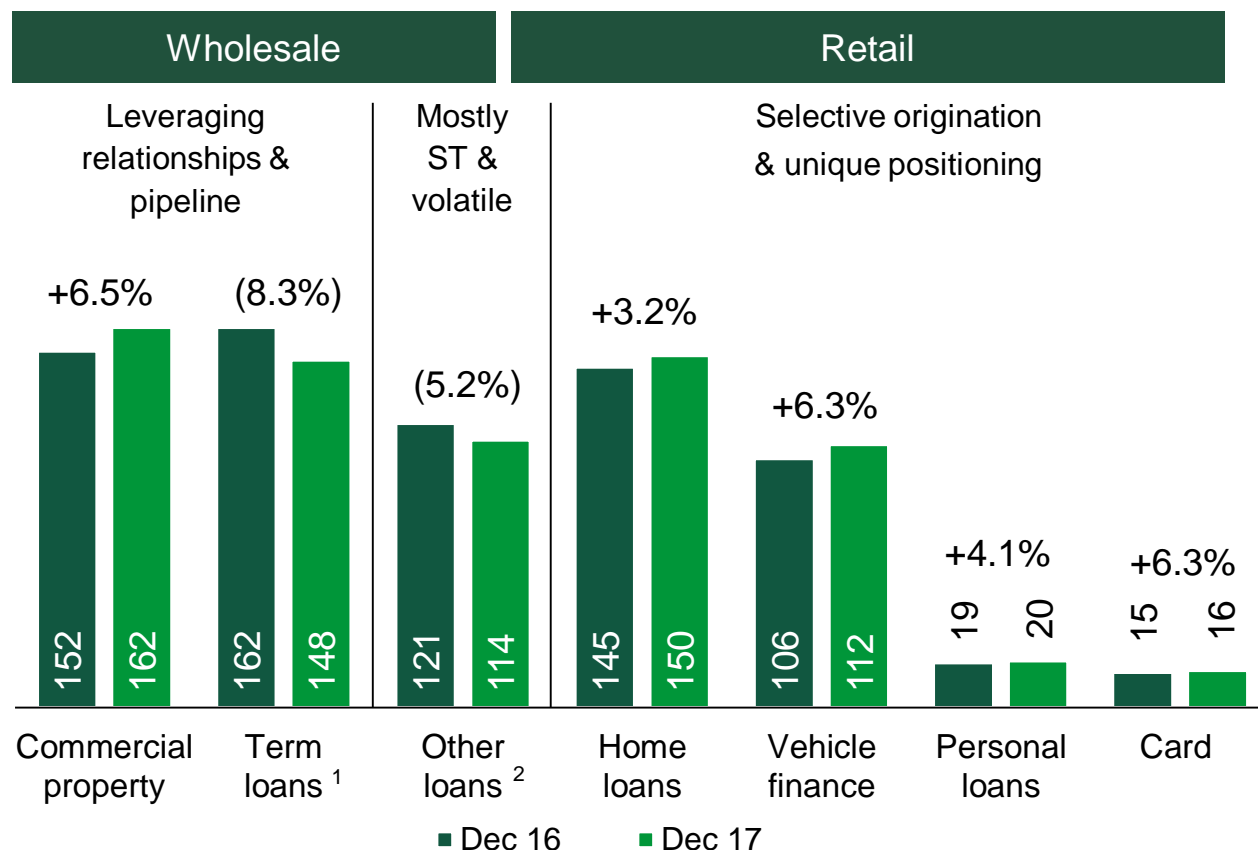
Average interest-earning banking assets<sup>1</sup>: +2.2%

<sup>1</sup> Rebased NIM for twelve months ended 31 December 2016 would have been 354 bps & AIEBA of R745bn, had HQLA been removed from the banking book & included in the trading book from 1 January 2016.



# Advances – solid growth & market share gains across retail portfolios offset by early repayments in CIB

## Gross advances (Rbn)



## BA900 market share<sup>3</sup> (%)

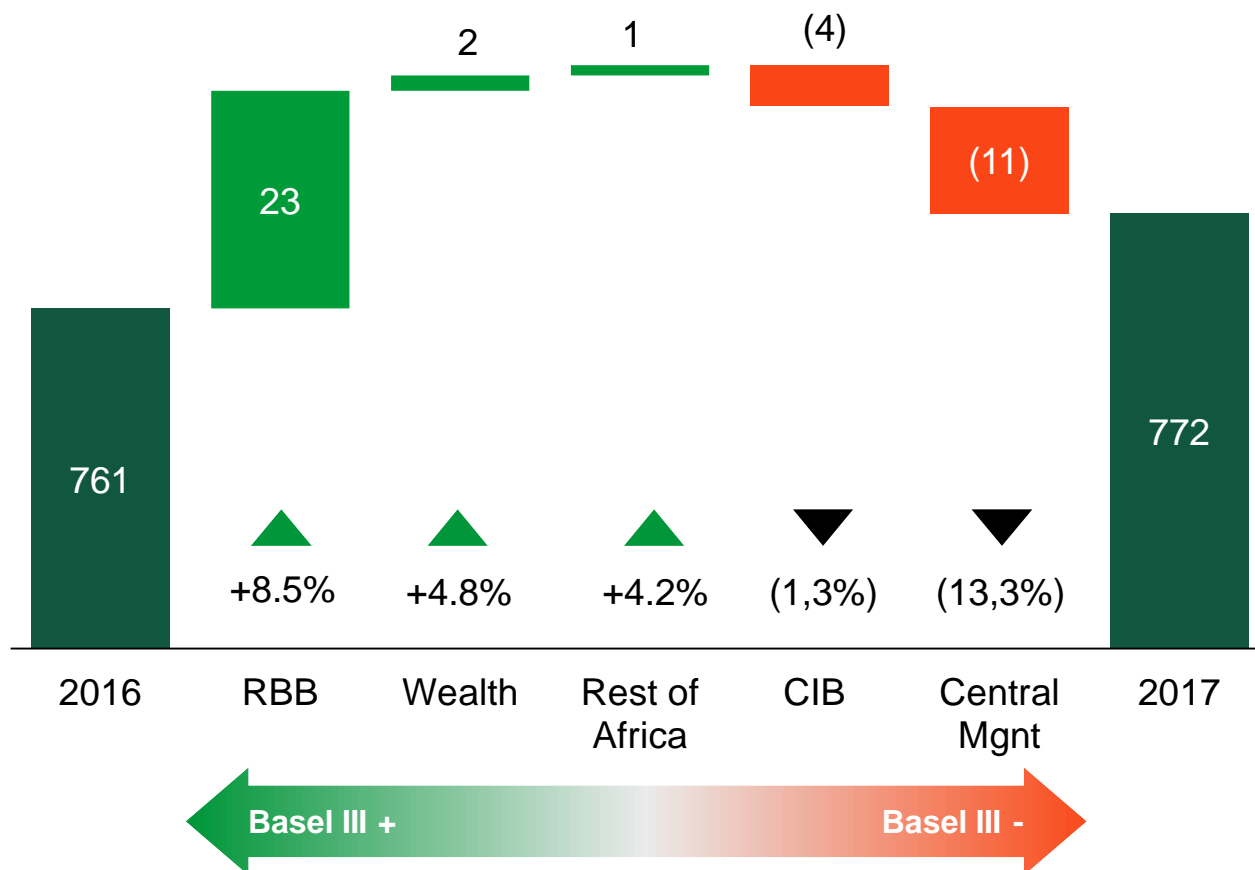
	Share	Trend
Commercial property	40.5	▼ (0.3)
Core corporate <sup>4</sup>	21.0	▼ (1.3)
Home loans	14.5	▶ 0.0
Vehicle finance <sup>5</sup>	28.1	▲ +0.4
Personal loans	10.3	▶ +0.1
Card	14.0	▲ +0.3

<sup>1</sup> Terms loans & other longer-dated loans. | <sup>2</sup> Other loans include overdrafts, overnight loans, preference shares, deposits placed under reverse repurchase agreements & other smaller corporate loans. | <sup>3</sup> BA900 – Dec 2017 (Compared to Dec 2016). | <sup>4</sup> Core corporate loans comprise commercial mortgages, corporate overdrafts, corporate credit cards, corporate instalment credit, foreign sector loans, public sector loans, preference shares, factoring accounts & other corporate loans (other loans and advances excluding household personal loans). | <sup>5</sup> VAF per BA 900 comprises total lease & Instalment sales.



# Deposits – good household deposit growth, particularly in RBB, up 8.5%, evident in ongoing market share gains

## Deposits (Rbn)



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

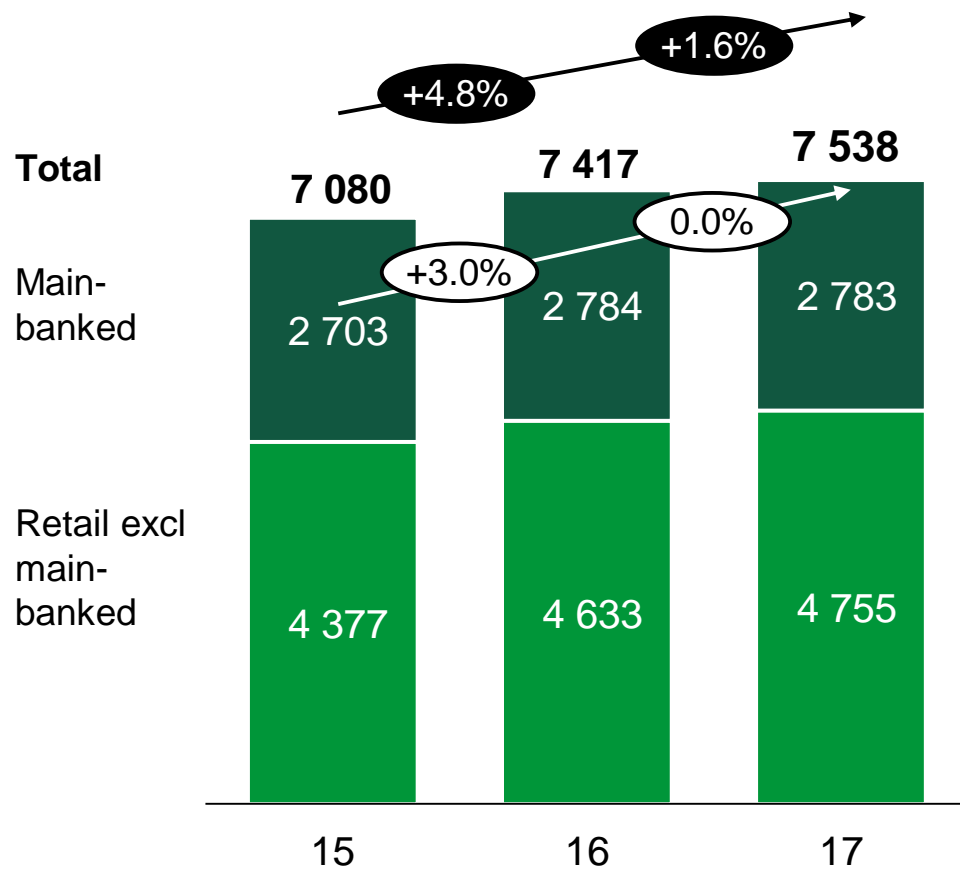
	Share	Trend
Wholesale	21.2	▼ (1.1)
Corporate (non-financial)	16.5	▲ +0.2
Household	18.9	▲ +0.2
Foreign currency	12.8	▲ +0.2

<sup>1</sup> BA900 – Dec 2017 (Compared to Dec 2016).

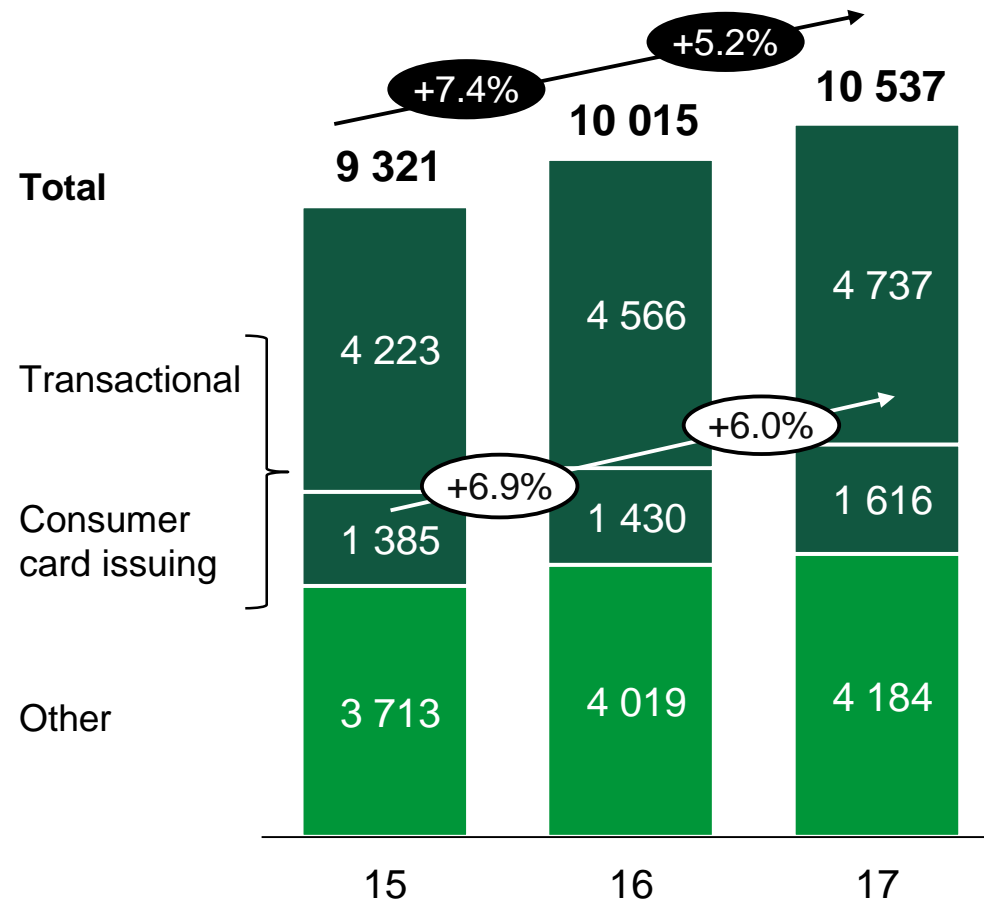


# Retail transactional NIR growth ahead of client growth – deeper client penetration

### Total retail client base (#000)



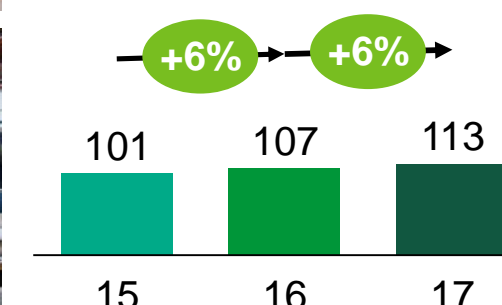
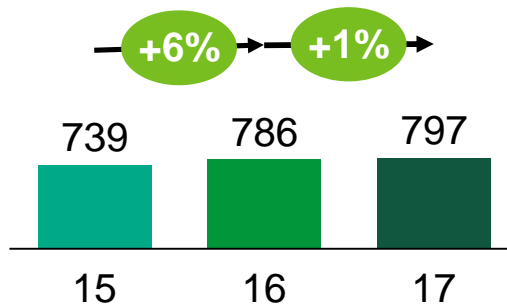
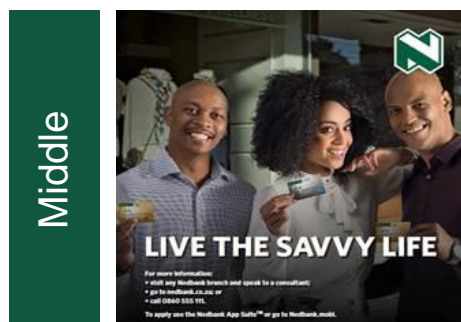
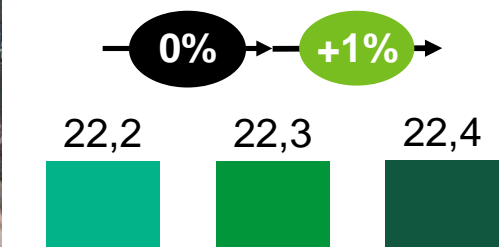
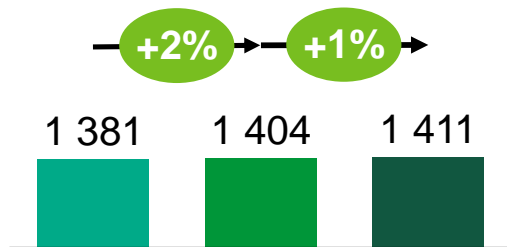
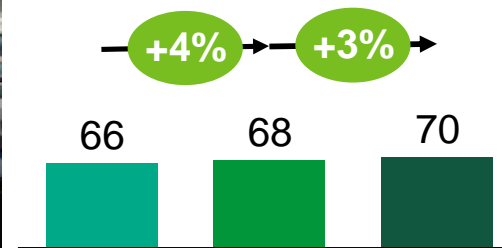
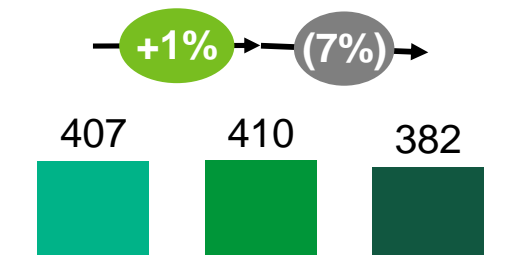
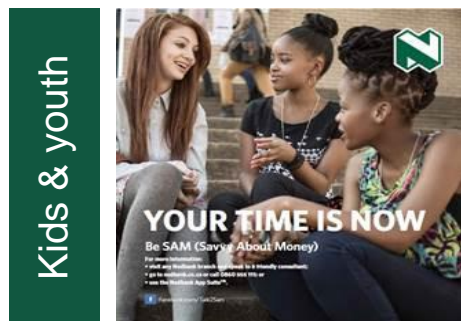
### Retail NIR (Rm)





# Client-centred strategy intact but measure impacted by the macro environment

Main-banked, # 000



<sup>1</sup> Client groups with gross operating income contributions in excess of R500 pm.  
Note: Non-resident, non-individual segment not shown.



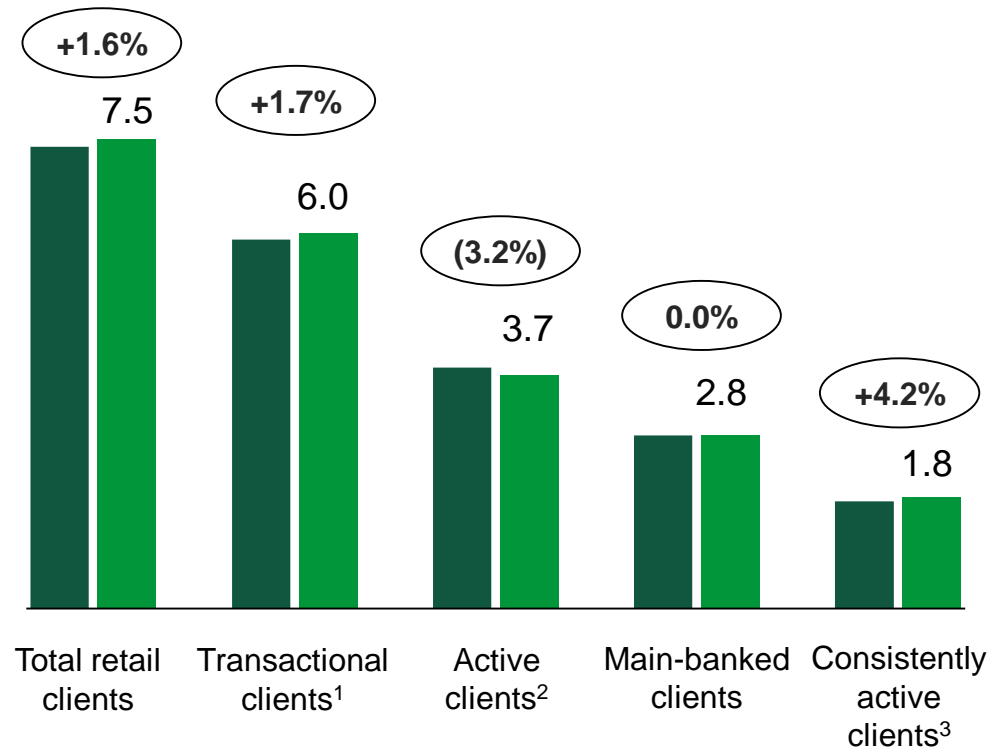


# Good growth in consistently active main banked clients

## Retail client base breakdown (#m)

16 17

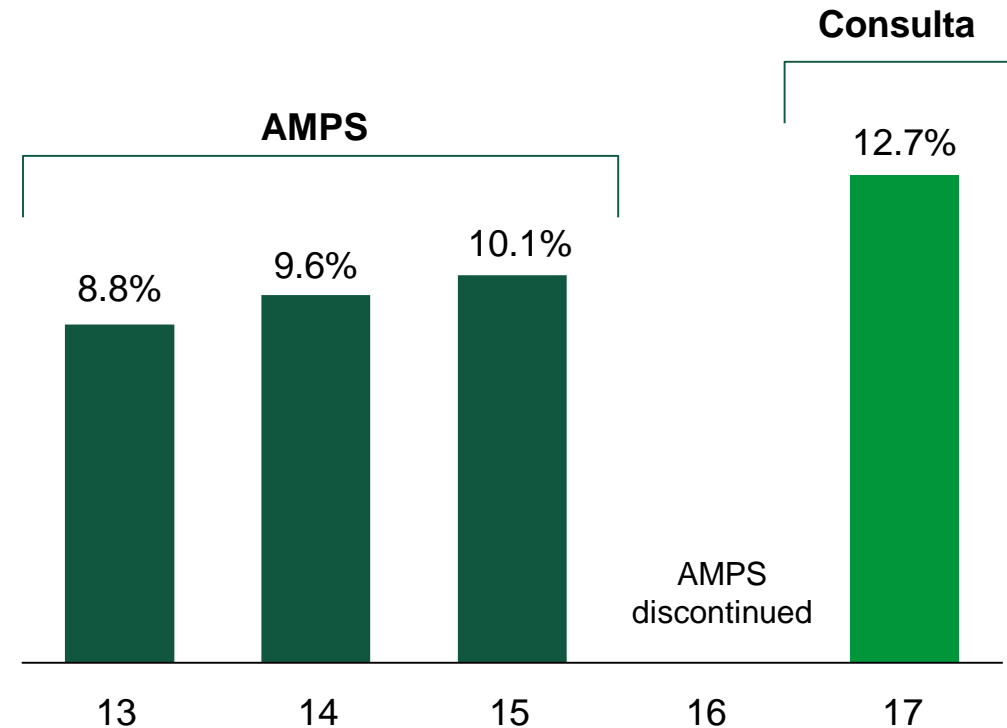
YOY% Growth



## Nedbank main-banked market share (%)

Same question asked:

'Which ONE bank do you regard as your main bank for personal banking?'

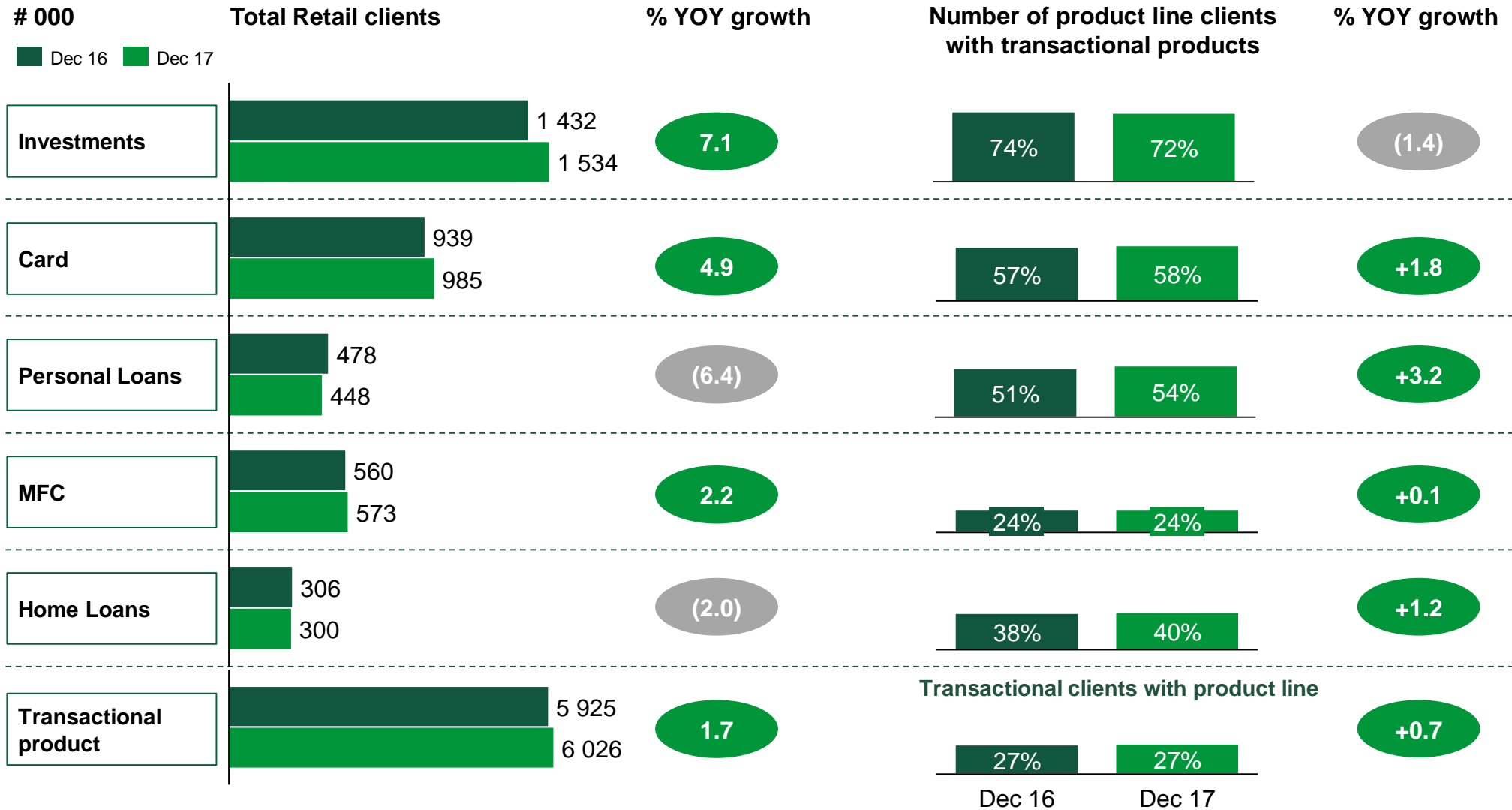


<sup>1</sup> Clients with a transactional product. | <sup>2</sup> Active clients within the last 6 months. | <sup>3</sup> Main-banked for each of the past 12 months.

Definition of main-banked clients: Youth & ELB ≥ 3 debits, 1 credit ; Middle market ≥ 6 debits, 1 credit ; Professionals ≥ 12 debits, 1 credit ; SBS ≥ 25 debits ; All over 3-month period.



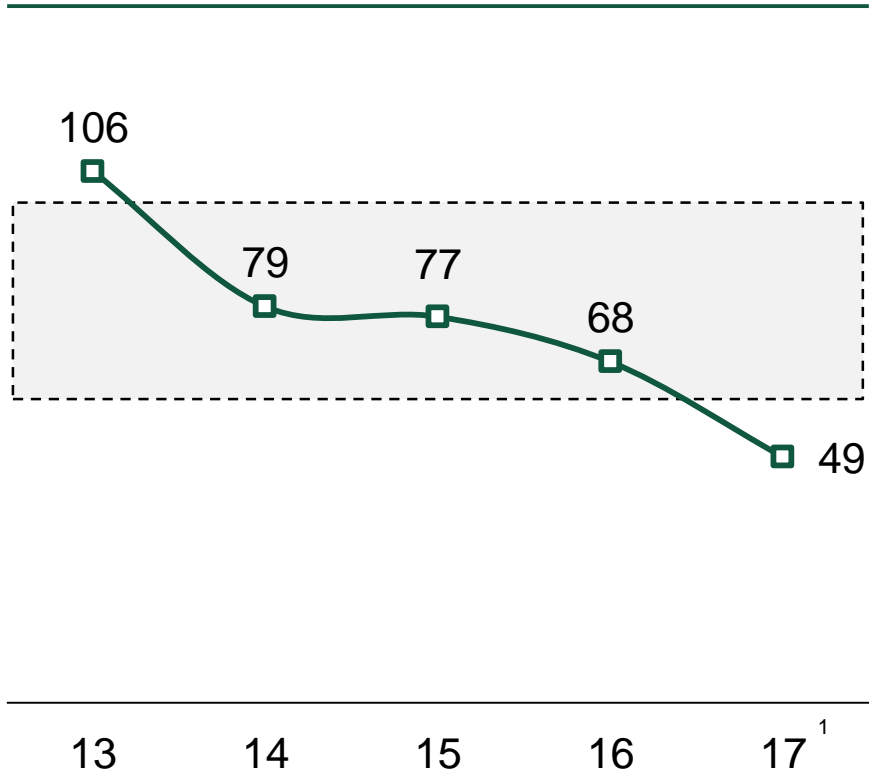
# More enduring client relationships through transactional product cross-sell



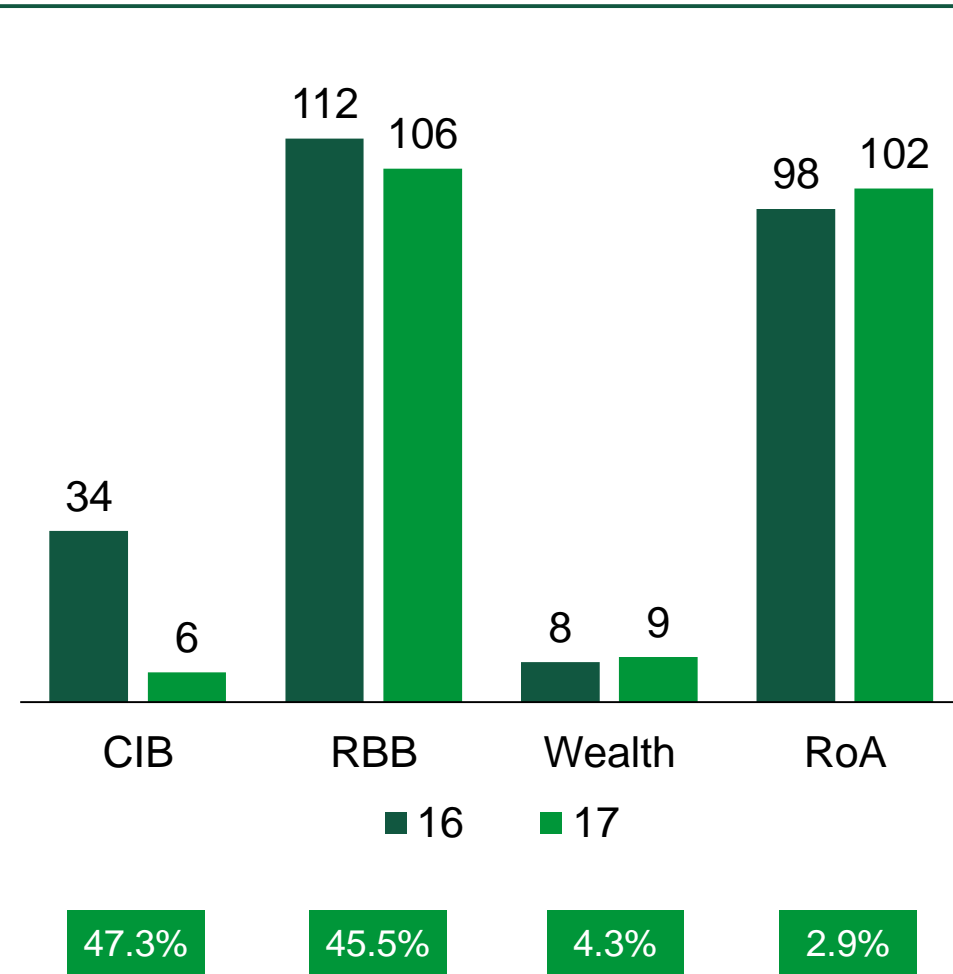


# Credit loss ratio – improvement underpinned by a quality portfolio & proactive risk management

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



### Cluster CLR (bps)

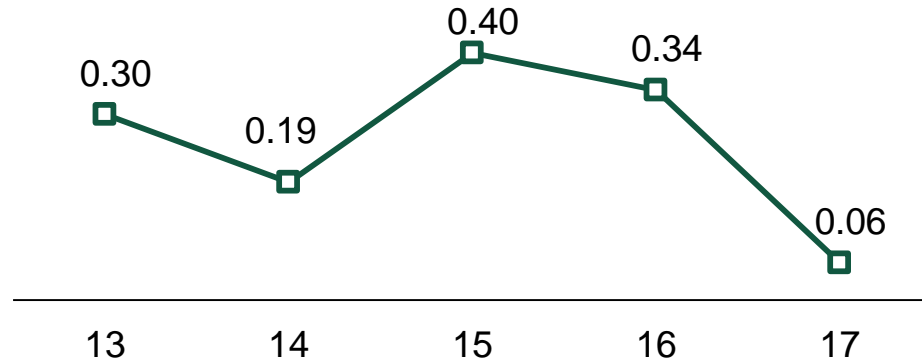


<sup>1</sup> Nedbank through-the-cycle target range: 60–100 bps.

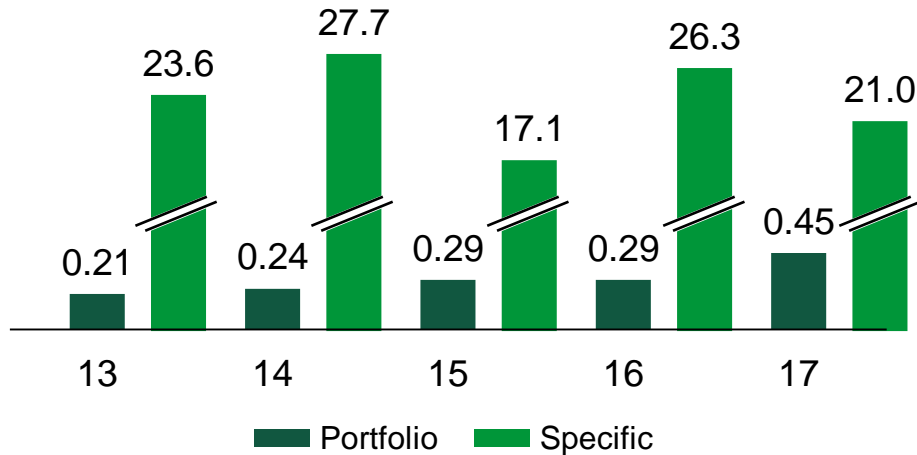


# CIB – proactive risk management in prior periods yielding results

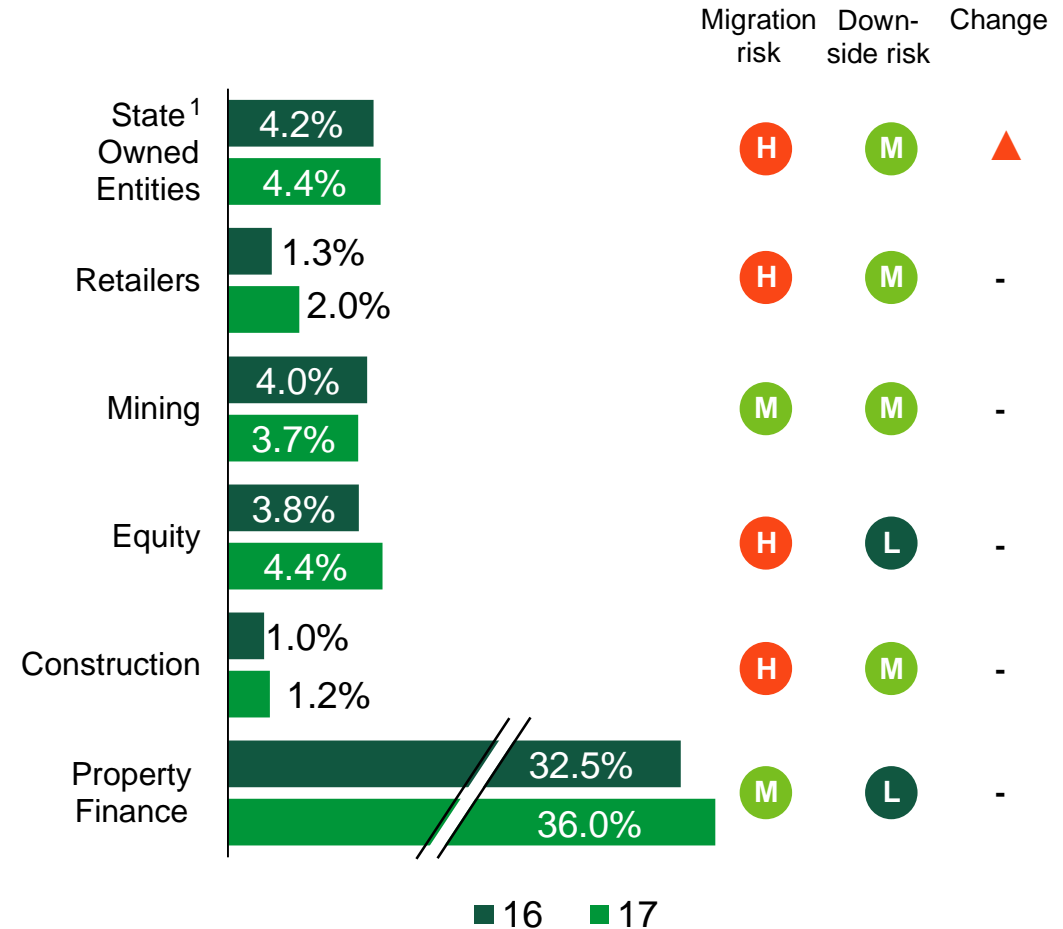
### CIB CLR (%)



### CIB coverage ratios (%)



### CIB selected sector exposures (%)

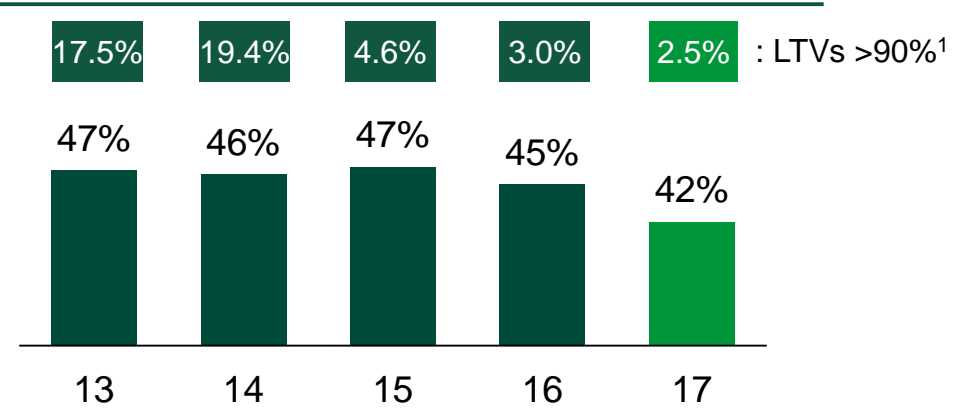


Change on prior period:  
 [▼] Risk decrease [ - ] No change [▲] Risk increase



# Quality commercial property book

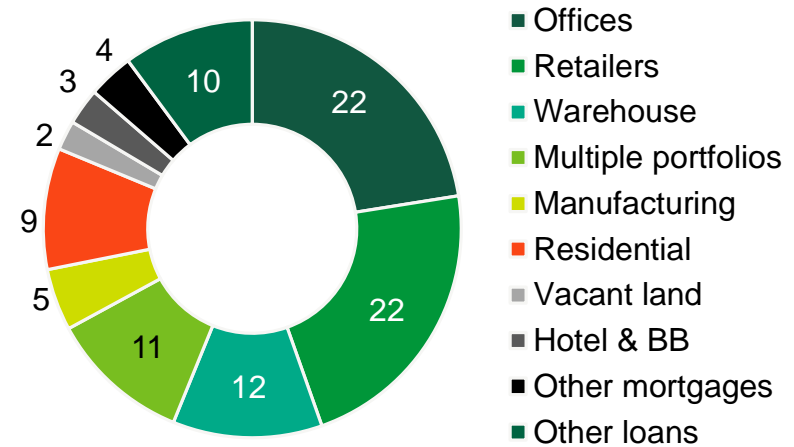
## Low average loan-to-value (LTV) (%)



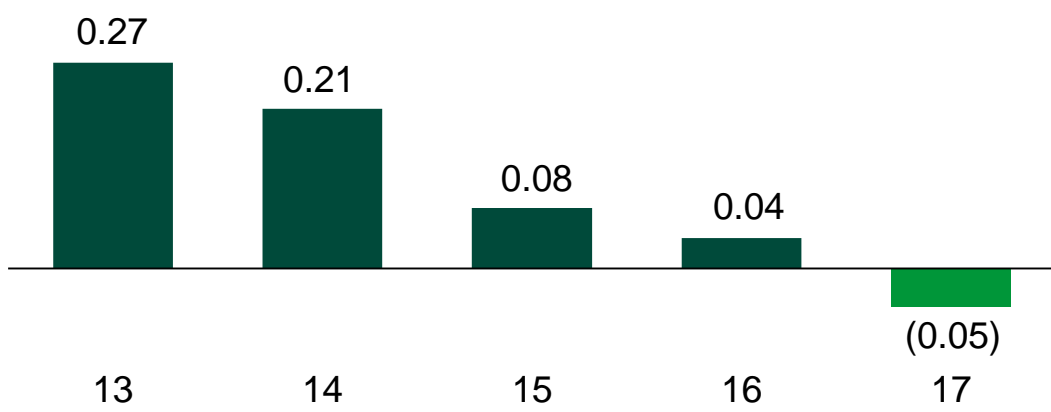
## Key drivers

- Strong client base supported by an experienced team
- Lending access to existing collateral pools
- Vacant land < 3% & Residential < 10% of portfolio
- Retail centre developments funded on > 70% pre-lets
- One third of book lending into listed property funds
- Primary lending operation supplemented by private equity arm

## Diversified book by property type (%)



## CLR (%)

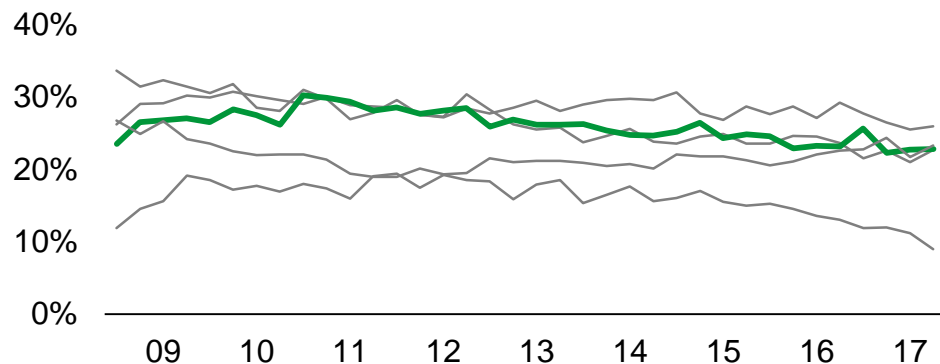


<sup>1</sup> Excludes unsecured loans to listed REITS – by regulation these REITS have gearing ratios of less than 60%.

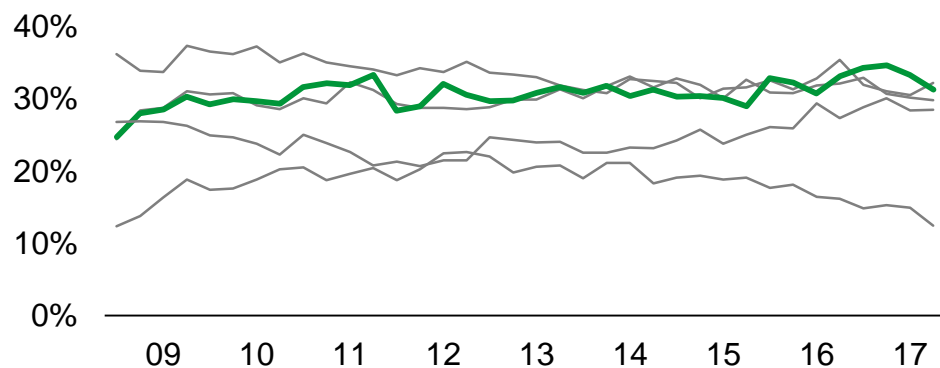


# RBB – CLR underpinned by quality origination

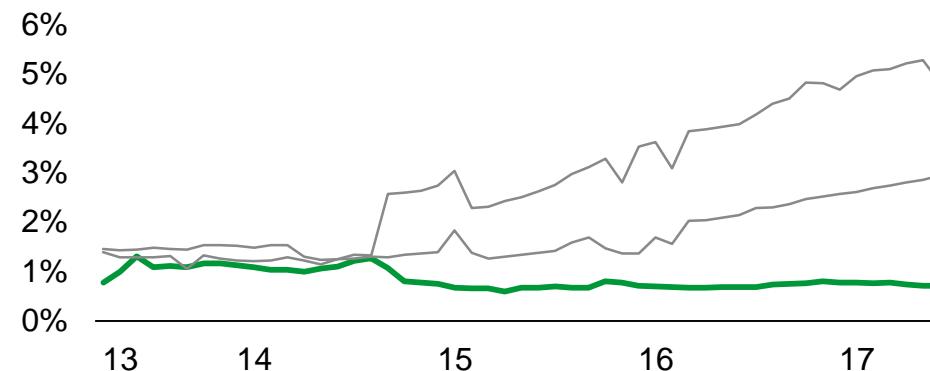
### HL new business – low risk clients proportion<sup>1</sup> (%)



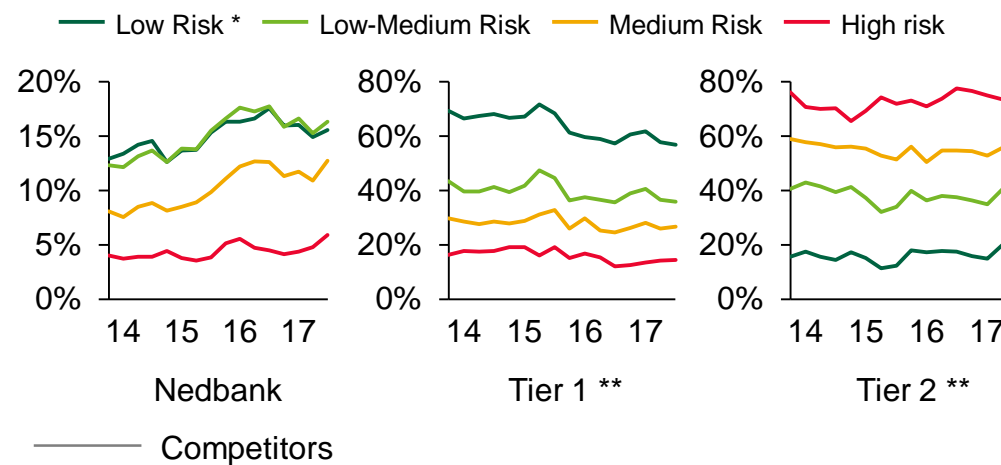
### HL new business – low risk properties proportion<sup>2</sup> (%)



### Vehicle finance 3 months+ arrears benchmarking<sup>3</sup>



### PL market share of new business by risk band<sup>3</sup> (%)



<sup>1</sup> Source: Experian Delphi Score  
<sup>2</sup> Source: Lightstone Risk Quality Grade  
<sup>3</sup> Source: Experian

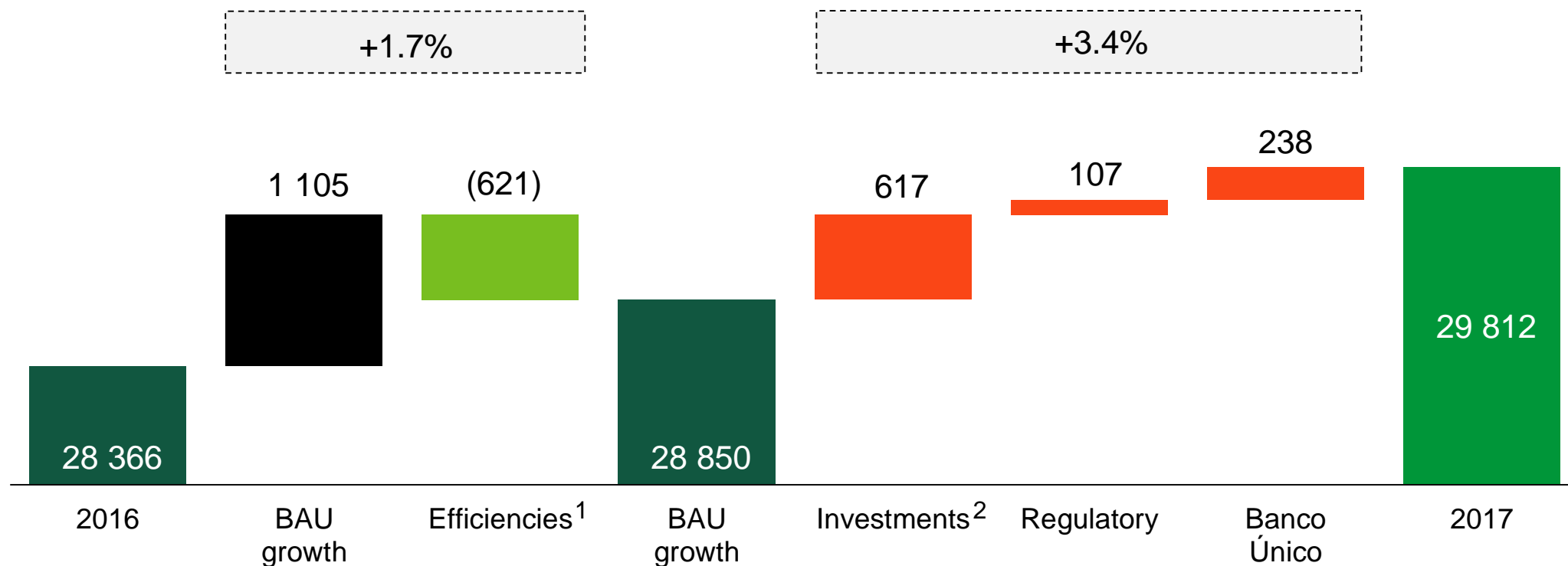
— Nedbank

— Competitors



# Expenses – good cost management in response to slowing revenue growth

## Expenses (Rm)



<sup>1</sup> R621m includes TOM, OM synergies & other cost savings. R444m accrues to RBB

<sup>2</sup> Investments, including IT projects, branch reformatting costs, etc.





# Expenses – various initiatives in place to support meeting our efficiency ratio target of < 53% by 2020

## Old Mutual synergies (costs & revenues)

- Delivered > R1bn pretax synergies with Old Mutual, of which R393m accrued to Nedbank. Synergies include:
  - IT collaboration to achieve scale
  - Joint procurement savings
  - Wholesale banking revenue initiatives

## Target Operating Model<sup>1</sup> (costs & revenues)

- R238m run-rate savings in 2017, include:
- Optimisation of branch footprint
    - reduction in floor space
    - closed 53 PL & 32 inretailer outlets
  - Self-service banking
  - Sales & service integration
  - Headcount reduction

## Other ongoing cost savings

- Adoption of automation & robotics
- Procurement benefits from SAP implementation – eg live auctions
- Managed evolution of core IT systems – decommissioned 122 since 2010 (16 in 2017) (target < 60 by 2020)
- Headcount reduction

Nedbank >30% of R1bn by 2017

R1.0bn by 2019 & R1.2bn by 2020

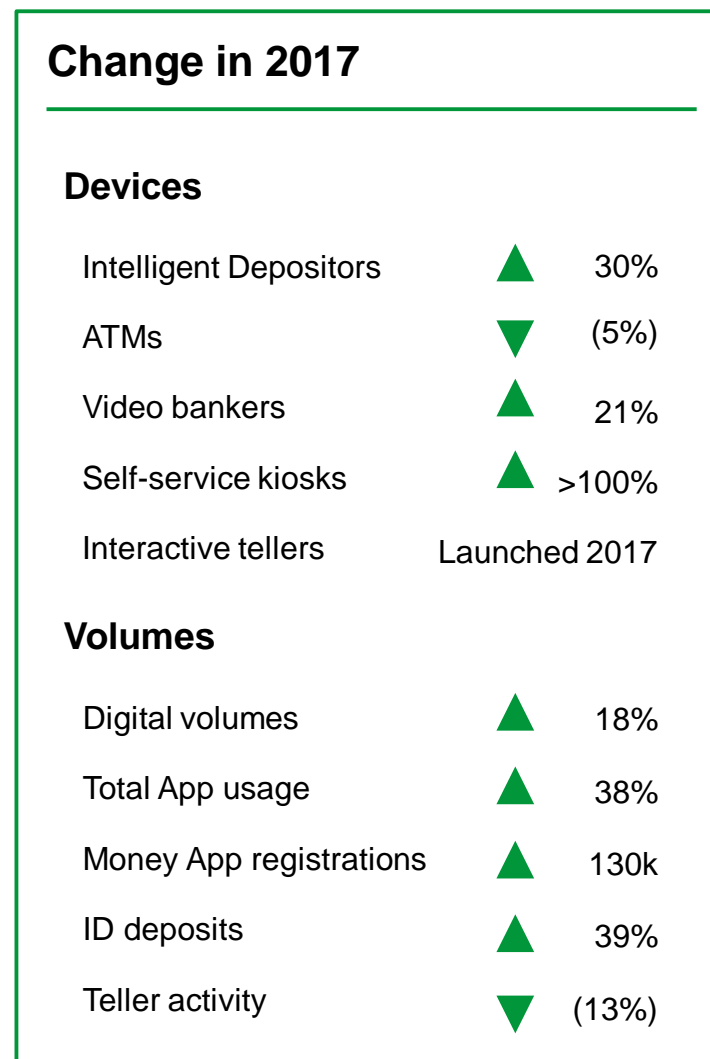
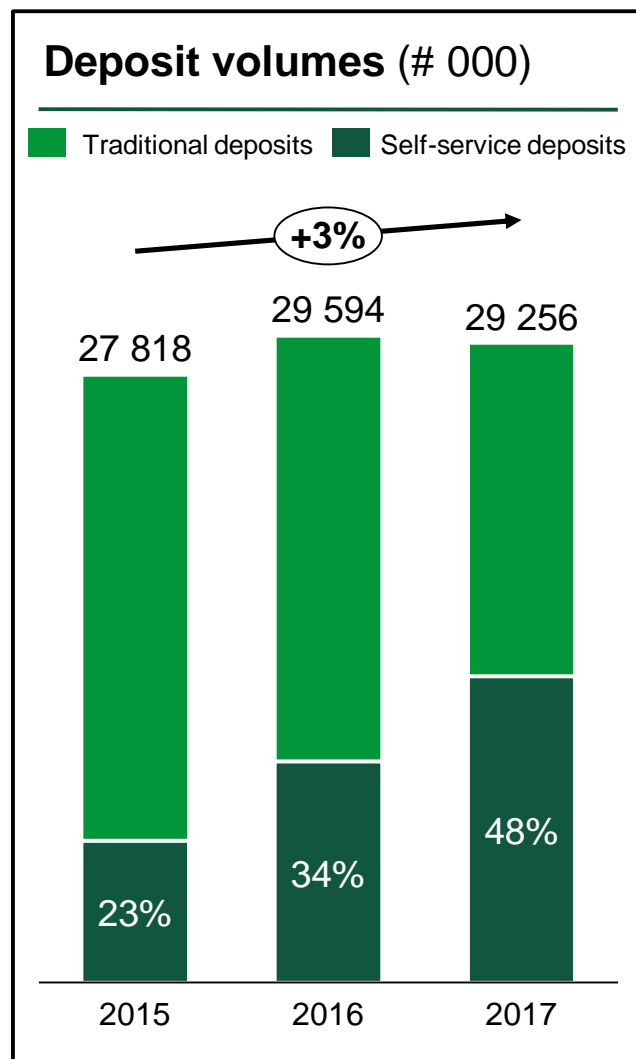
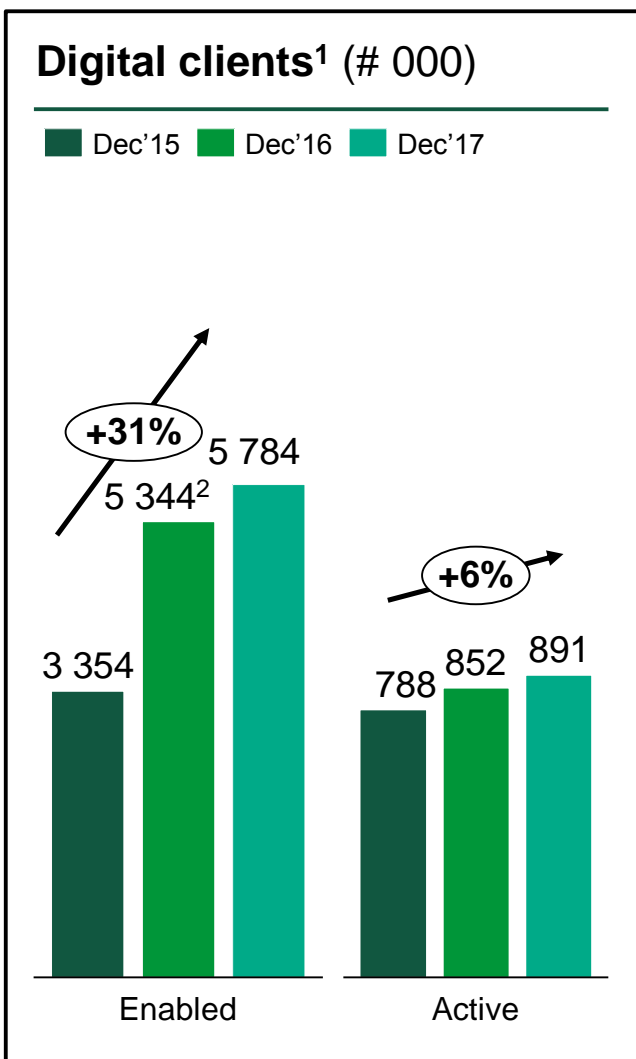
Ongoing

Target & completion date:

<sup>1</sup> Target Operating Model initiatives enable Nedbank to operate with greater agility, leading to revenue & cost savings benefits



# Accelerated digitisation of technology & operations



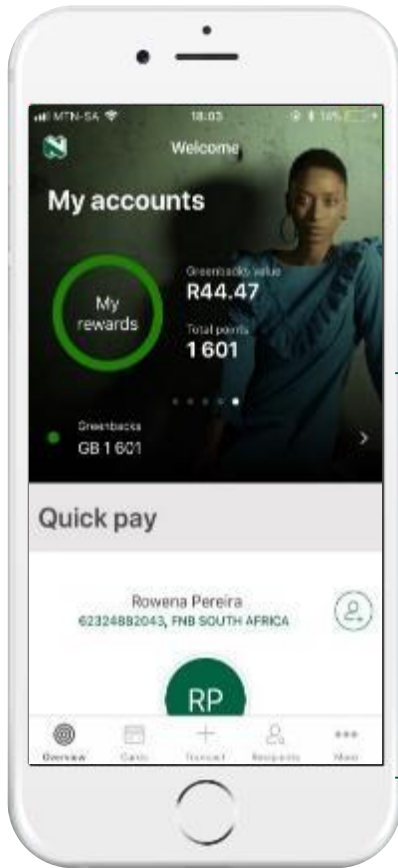
<sup>1</sup> Digitally enabled & active clients have been restated to include all digital channels & to allow for only last 90 days of recent activity.

<sup>2</sup> Growth largely as a result of the Digital Activation Programme run in Q4 2016.



# Digitising services – added 21 services since we launched the new Nedbank Money™ app & 16 more by end '18. Target 186 by 2020 (straight through processing)

Over 700k downloads in under 7 months since launch



Money App launched in Nov '17  
With -  
**12 additional services**  
added up until end of March '18

And a further -  
**9 services added**  
in April '18

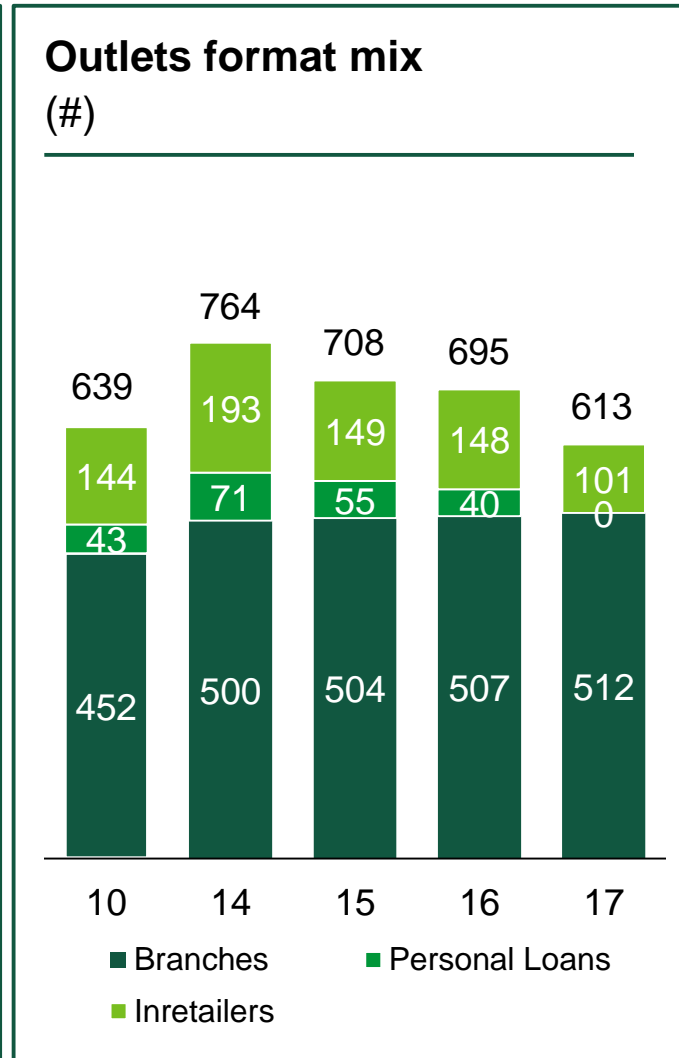
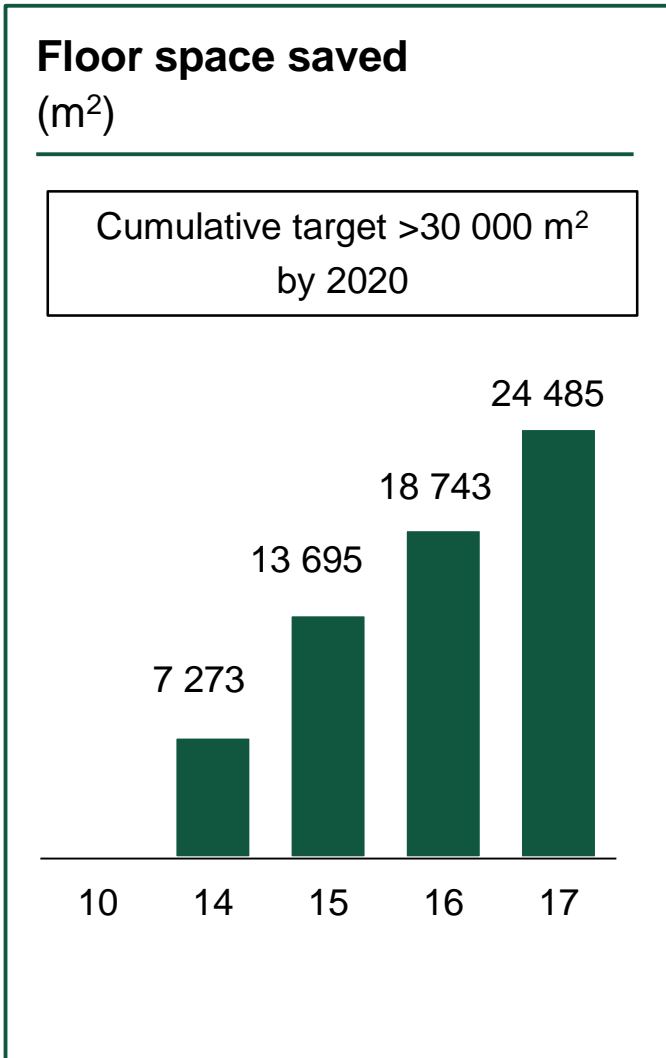
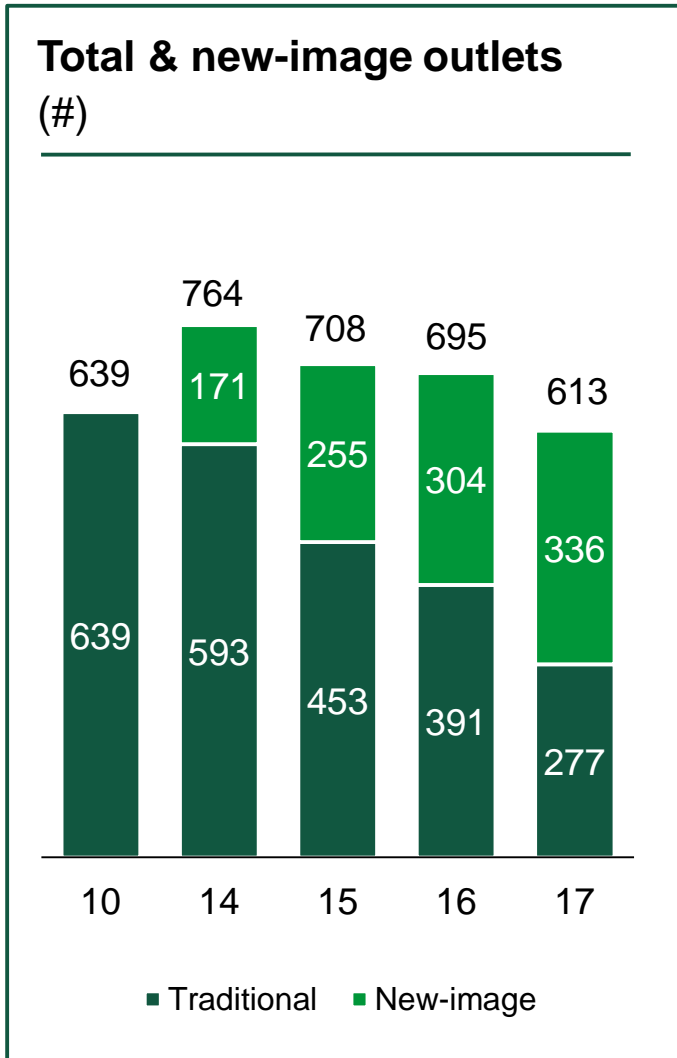
An additional –  
**16 services will be added between** June '18  
and August '18

## Highlights

- Balance peak
- Club Account
- Foreign Currency
- Greenbacks balances
- Card on-and-off (Freeze / Unfreeze)
- **Maintain, cancel, increase or decrease** your overdraft
- **Activate tap-and-go**
- **Personalise your app** by selecting the image you want to display in the background
- **Share proof of account details to third parties** via WhatsApp, message or email (on Online Banking)
- **Detailed information** - interest earned & a breakdown of key balance information on Home Loan and Personal Loans
- Settlement request
- Maintain debit orders
- Overseas travel notification
- View banker



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

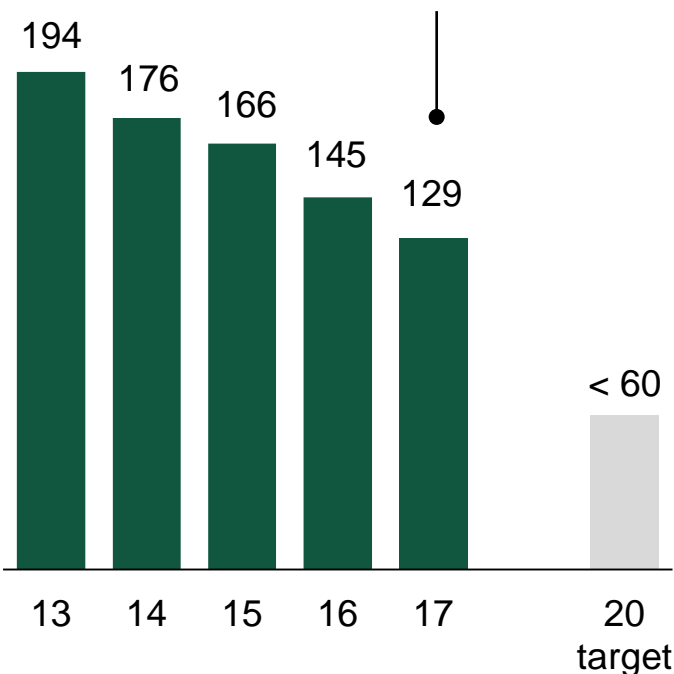




# Investing in technology to enhance client experiences & unlock efficiencies

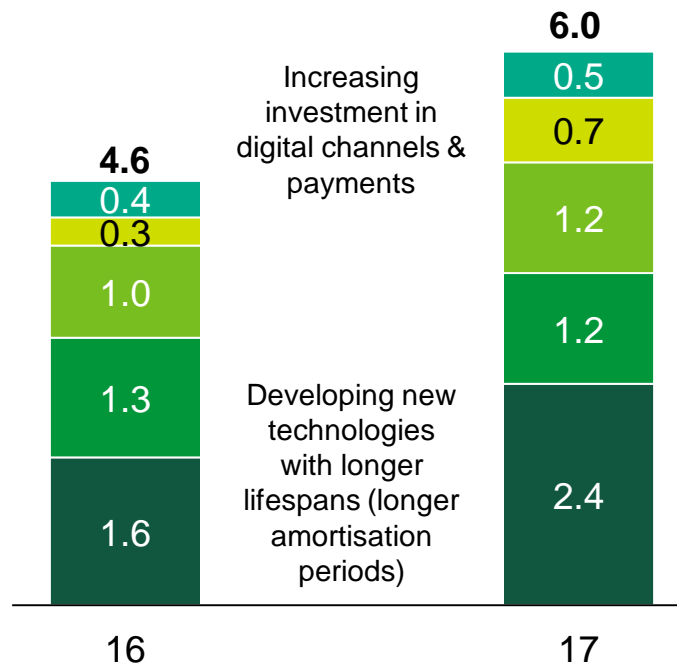
## Core systems (#)

Rationalise, standardise & simplify



- Support includes core foundation programmes: SAP ERP, IT security, Enterprise Data & IFRS 9 (credit modelling).
- Core product & client include Flexcube (RoA), IB loan mgnt (CIB), Client CIS & AML.

## Capitalised IT costs (Rbn)



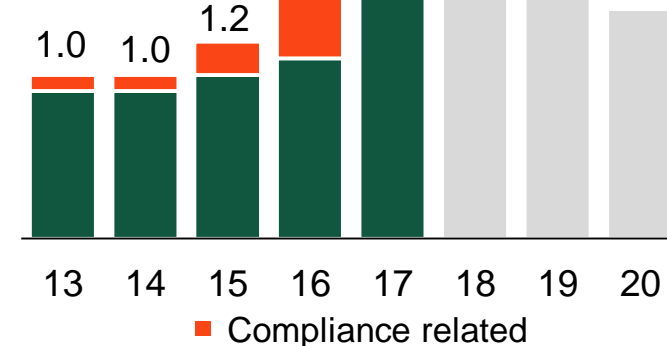
Increasing investment in digital channels & payments

Developing new technologies with longer lifespans (longer amortisation periods)

- Digital
- Payments
- Support
- Core product & client
- Development costs

## IT cashflow spend (Rbn)

Projected to peak as regulatory projects complete & development costs on new technologies reduce

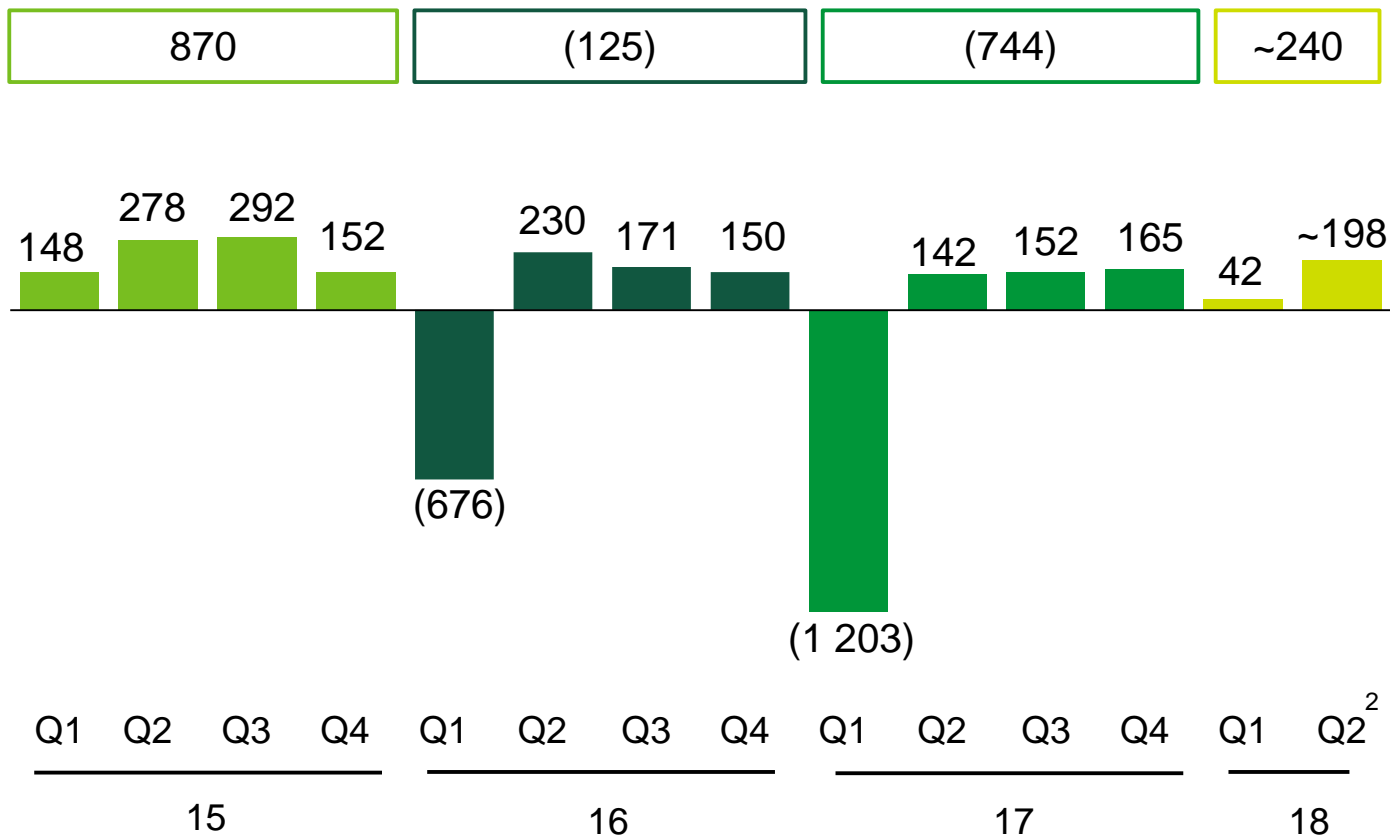


- Digital includes client onboarding & servicing eg. various apps & web enablement.
- Payments include Authenticated collections & payment switch.



# Associate income – ETI performance reflective of tough but improving environment, particularly in Nigeria

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



**ETI medium-to-long term guidance<sup>3</sup>**

- ROTE target: COE + 5% (2017: 13.6%)
- Efficiency ratio: 50–55% (2017: 61.8%)

<sup>1</sup> ETI accounted for one quarter in arrear. | <sup>2</sup> Estimated Q2 2018 average exchange rate: R/ \$ 12.52 | <sup>3</sup> Source: ETI disclosures. ETI reported COE at ~ 17%. ETI Q1 performance (Nedbank Q2 2018) in line with 2018 guidance

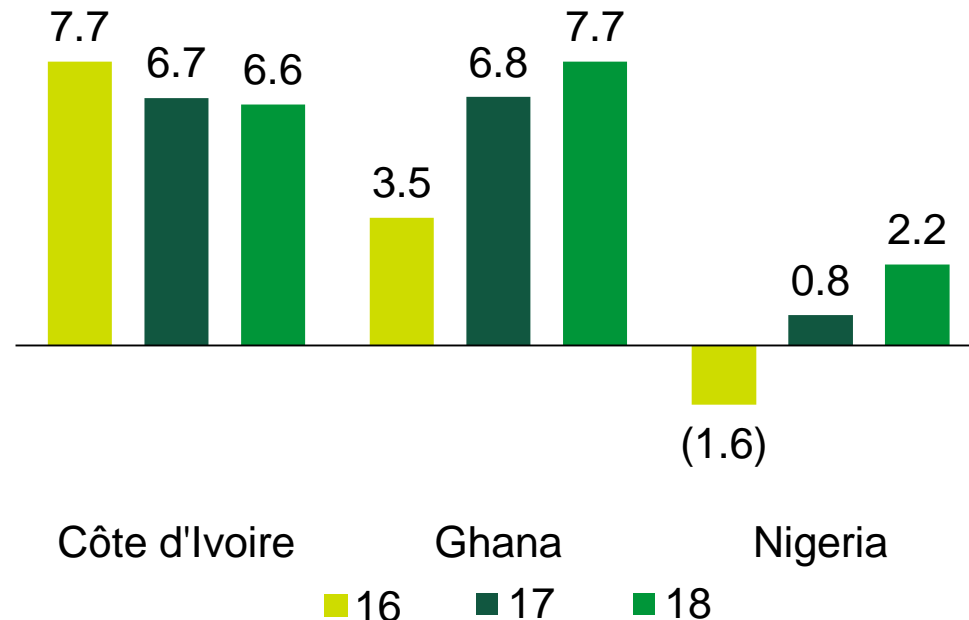


# ETI – Steady progress on a recovery path for 2017

## Macroeconomic environment improving

### GDP growth forecasts<sup>1</sup>

#### Key ETI markets



## Progress in strategic turnaround led by ETI board

- Changes to the board composition & MIS representation on various board subcommittees
- Strengthened ETI management team
- Conclusion of the US \$400m convertible bond issue in September 2017
- Financial turnaround, as reflected by:
  - Audited H1 2017 results & solid FY 2017 performance
  - Q1 2018 results
  - ETI management guidance for FY 2018
- Increasing levels of collaboration between Nedbank & ETI

<sup>1</sup> IMF forecasts





# Nedbank – Ecobank collaboration – integrated crossborder transfer solution (initially outbound only)

## Opportunity



**2.7m**  
African migrants



**R14–19bn**  
Market size: Remittance value SA – Rest of Africa



**25%**  
Through mobile/digital channels internationally

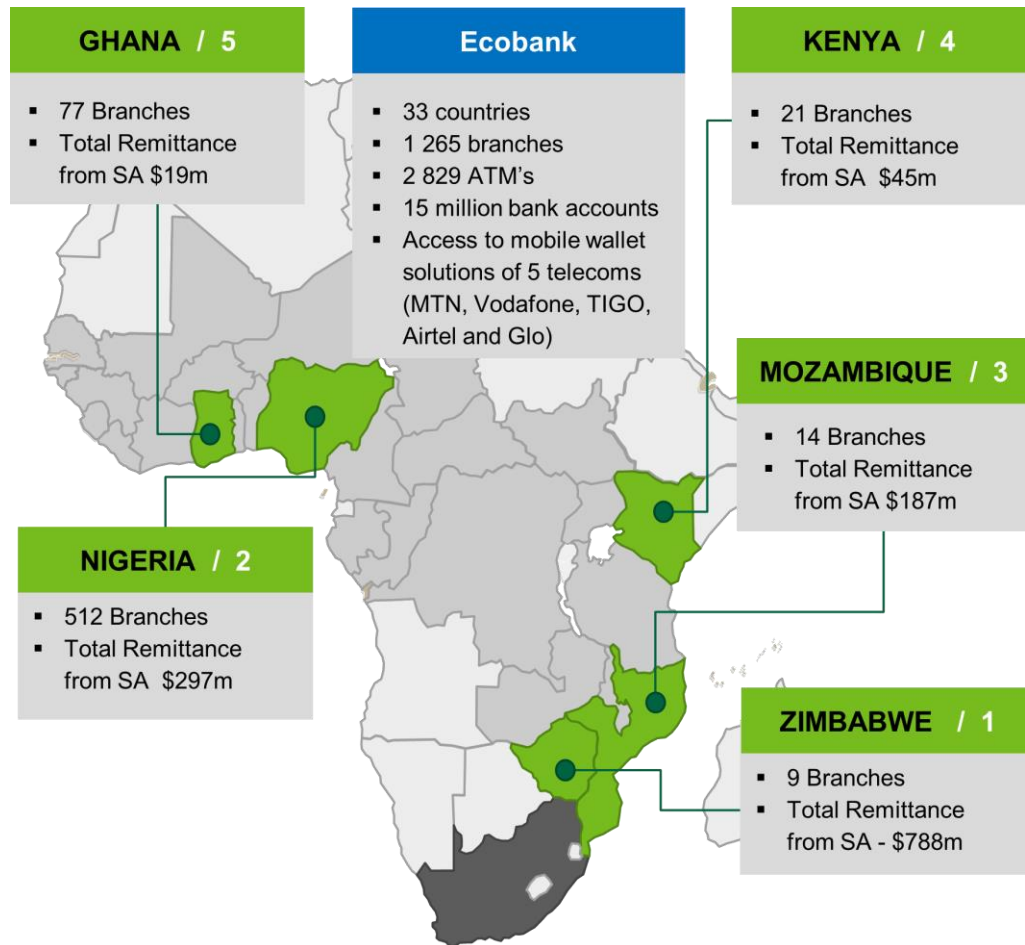


**60%**  
Through international cash transfers



**5%**  
Through traditional banking channels internationally

## Access & distribution



## Differentiation <sup>1</sup>

### Cheap

**Lowest cost** to client in the industry (no third parties)

### Quick

**Instant cross border transfer** – subject to regulatory & compliance checks (other solutions 10 min to 2 days)

### Easy

**Usage across all channels** – initially account to account, mobile app & website. Moving to wallet, USSD, ATM, branches, etc

Available in **33 countries**

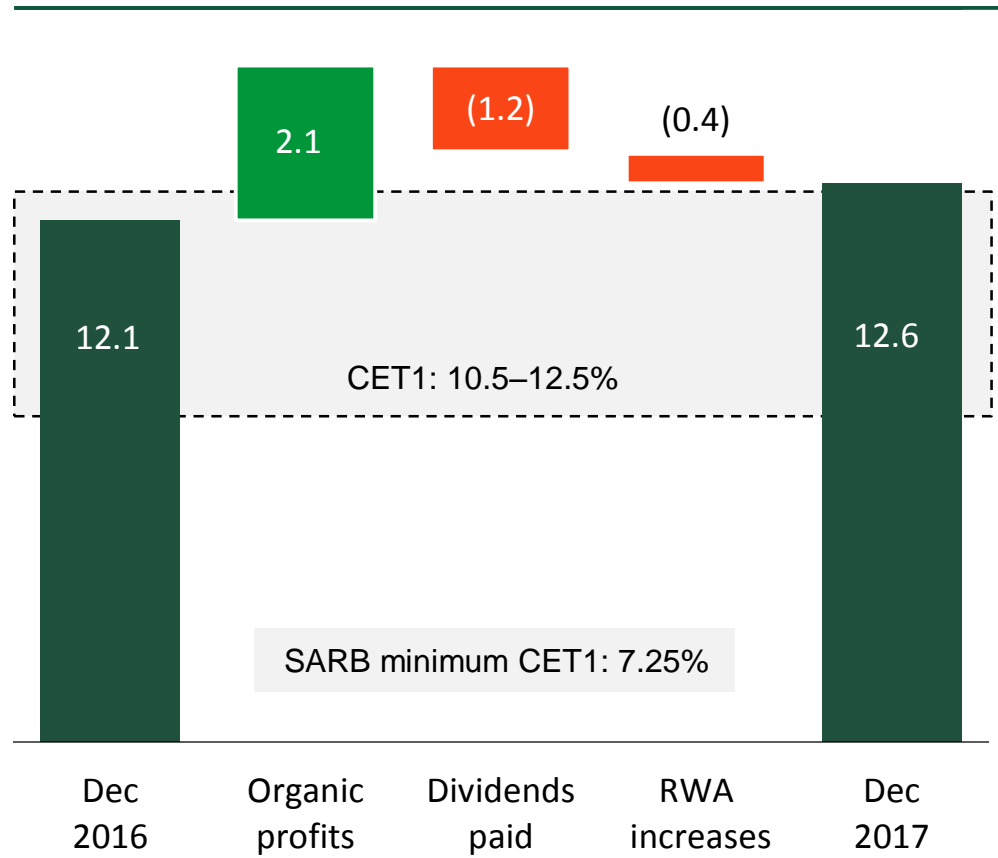
**24 hours** – initially business operating hours, moving to 24/7

<sup>1</sup> Key competing products include Mukuru, hello (PAISA), Western Union (BGA), MoneyGram (FNB & Standard Bank)

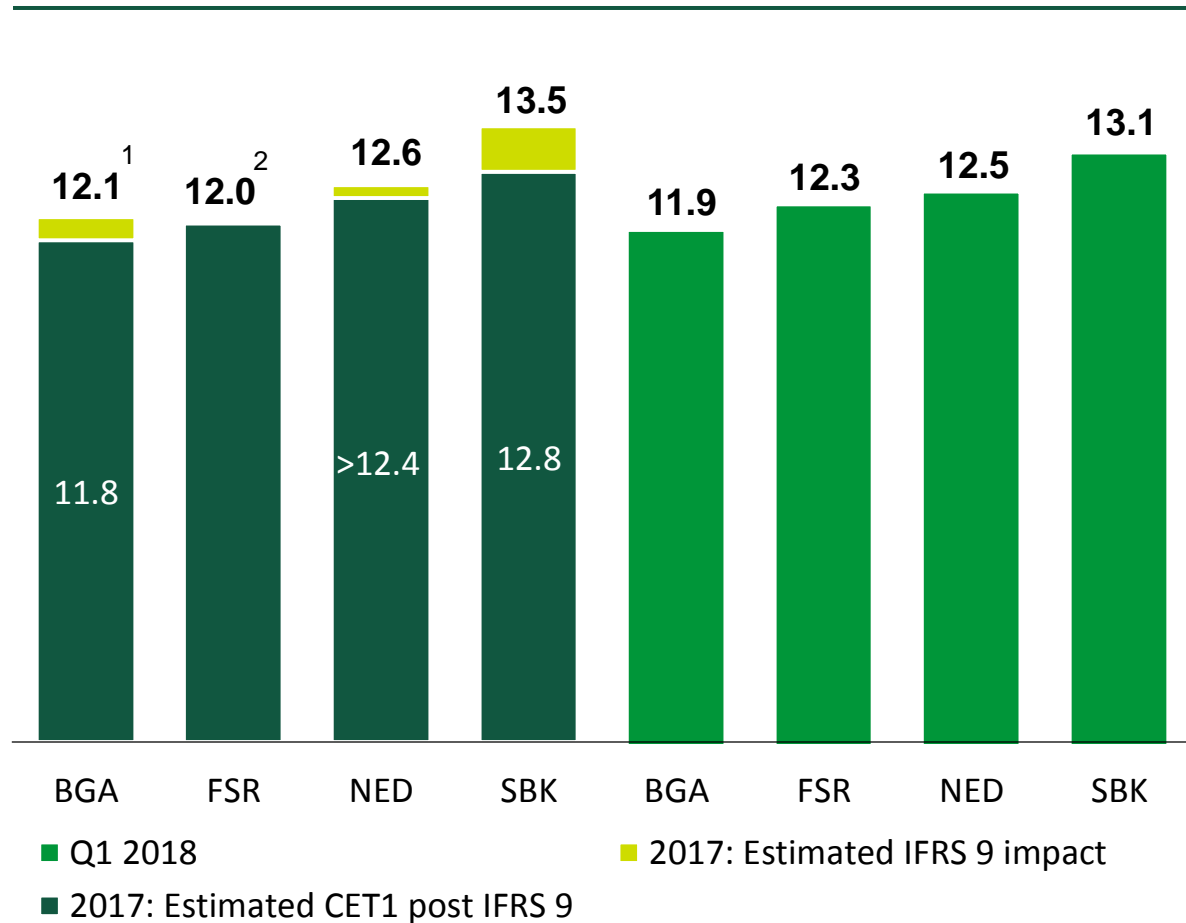


# Capital – CET1 above the top end of our target range

CET1 capital ratio (%)



CET1 & estimated IFRS impact (%)

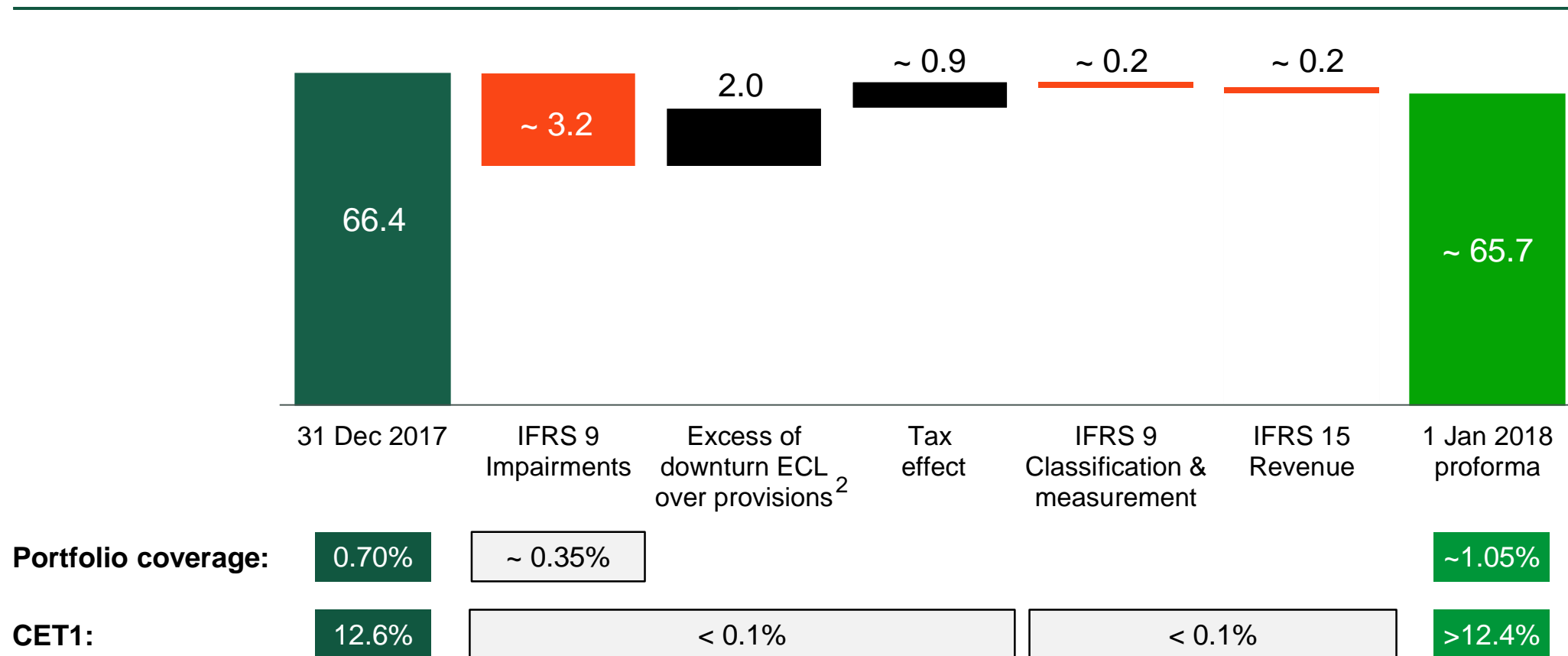


1 BGA normalised (post Barclays) | 2 No IFRS guidance provided by FSR, Includes impact of Aldermore | Q1 2018 CET1: NED includes impact of ETI's IFRS 9 & is pre the dividend payment, FSR excludes unappropriated profit



# IFRS 9 & 15 accounting standard day 1 impact<sup>1</sup> – strengthened balance sheet coverage with immaterial impact on CET1

## Common equity tier 1 (Rbn)



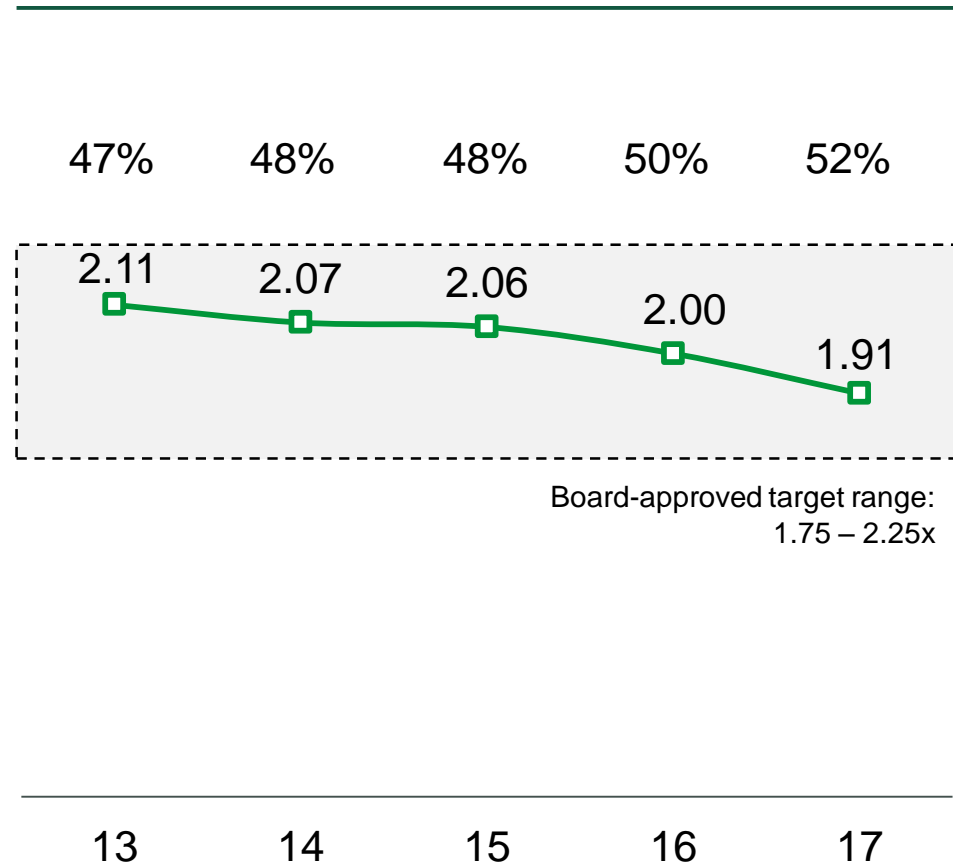
<sup>1</sup> These estimates are based on accounting policies, assumptions, judgements & estimation techniques that will be regularly reviewed & assessed during 2018. | <sup>2</sup> Excess downturn expected credit loss over provisions reversed due to increase in IFRS provisions. | ETI IFRS 9 impact included in Q1 2018 CET 1 ratios at c15bps

# Dividend – dividend cover within our target range

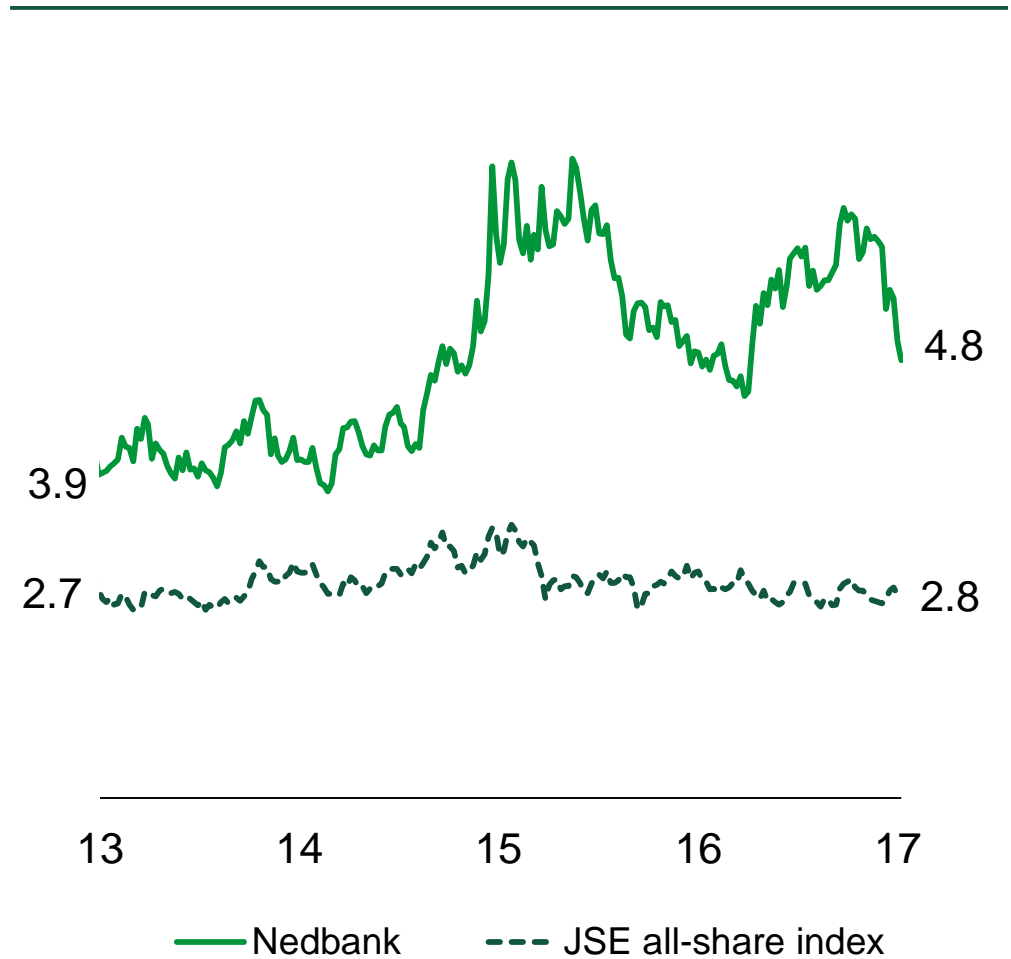


**Dividend cover (times)**

Payout ratio:



**Dividend yield (%)**





# Strategic focus areas – enhancing client experiences & efficiency through digital innovation is a key focus for 2018

## Delivering innovative market-leading client experiences

Growing our transactional banking franchise faster than the market

Being operationally excellent in all we do

Managing scarce resources to optimise economic outcomes

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

### Delivered in 2017 ...

- **Managed Evolution** – rationalise, simplify & standardise core systems (reduced by 122, < 60 by 2020)
- **Digital Fast Lane & New Ways of Work** – more client-focused, competitive, digital & agile
- **New apps** – Nedbank Private Wealth (rated 6th globally), Nedbank Money, Karri (school payments)
- **Channels** – NZone (self-service digital branch), Solar Turtle (deep-rural solar-powered branch), Intelligent Depositors, video banking
- **Business optimisation** – Executive EySight™, Robotic Process Automation (50 software robots)
- **Pilots** – Chatbots, robo-advisors, Blockchain

### ... launching in 2018

- **Platforms** – UNLOCKED.ME (millennial market place), Refreshed Nedbank internet banking platform
- **Simplified client onboarding** – convenient, FICA-compliant account opening from your couch
- **Ability to sell an unsecured loan bundled with a transactional account**
- **New Loyalty & reward programme**
- **Geyser telemetry** – reduce electricity usage
- **Stokvel** – a community savings solution
- Further rollout of **software robots, artificial intelligence, robo-advisors, chatbots**
- Integration with **ETI remittance app** to reach 2.7m people



# Delivering innovative market-leading client experiences

## Executive EySight™

Cross-sell & client servicing benefits



Real-time client & management information insight

- Insight into client cross-or up-sell opportunities
- Continuous enhancements leading to management insights & predictive analytics

## Robotics Process Automation

First implementations delivering benefits



Improve efficiencies, accuracy & quality of work

- 135 processes identified
- Potential cost-savings in man hours

## Technology

Implementations | Pilots



IBM Blockchain

Enhancing client experiences

- Implementation of systems to enhance client experience
- Continuous testing of disruptive technologies to improve the way we do business





# Delivering innovative market-leading client experiences

## UNLOCKED.ME

Banking's first



Innovative lifestyle e-commerce platform

- UNLOCKED.ME brings together three pillars, It is a platform which will allow you to **unlock** your **lifestyle**, your **potential** and your **money**.
- It is full of unique **experiences**, sure to thrill our youth target audience. It is our **first lifestyle market place**, designed with our clients in mind.

## Digital branch

Leading in digital outlets

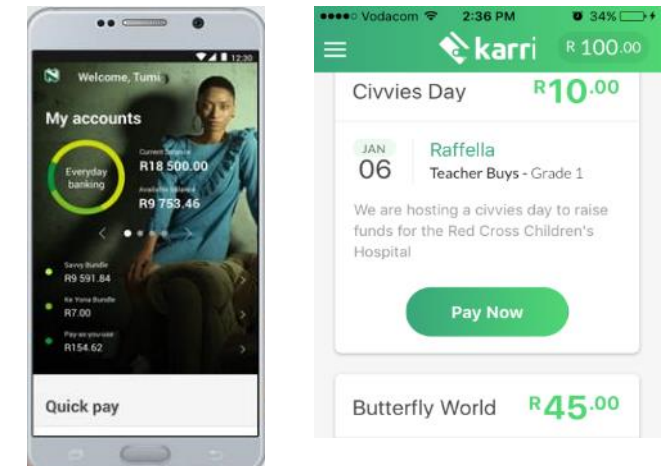


SA's first digital branch – entirely self-service

- Launched at Gautrain Sandton Station (Sept '17)
- Technology available: Intelligent Depositor, video banking, quick-chat banking, self service kiosk, virtual reality, grab-and-learn wall, interactive demo station, facial recognition

## Payment solutions

Winning in digital



Worldclass banking apps

- The **Nedbank Money app** features user-centred design for basic banking with self service capabilities.
- The Karri App is an **integrated, mobile payment solution**, to reduce the handling of cash at schools



# Delivering innovative market-leading client experiences

## Nedbank Private Wealth app

Rated one of the best HNW apps globally

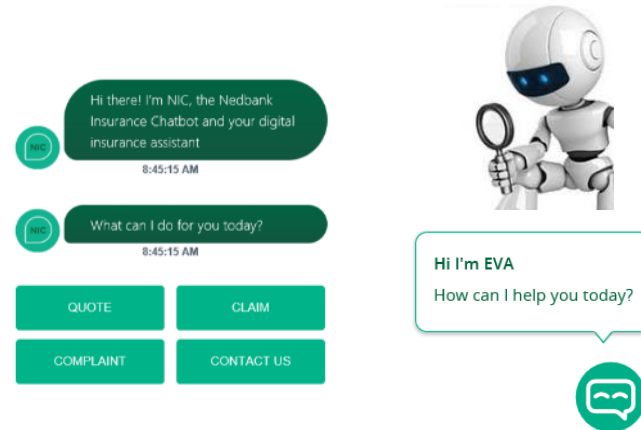


Best-in-class client experience & full financial suite of digital services

- Independently rated a top SA high-net-worth banking app & 6th-best globally<sup>1</sup>
- App provides international & local consolidated view of assets & liabilities

## Chatbot, robo-advisor & geyser telemetry

Unique in market



Developing innovative solutions

- Market-leading robo-advisor
- Chatbot, NIC, a pioneering digital insurance assistant. First in market in the African insurance industry
- Chatbot, EVA, allows simple transactions 24/7. First in market in the SA asset management industry
- Geyser telemetry, innovative connected home solution. First in the SA banking market

## Systems & processes

Straight through processing



Reduced paperwork

Same-day processing

Safe & secure

Digitising business processes

- Focus on digitising processes in asset management
- Enhancing client onboarding experience in wealth & asset management
- Single-policy administration system for life & non-life insurance





## 2018 guidance

### Q1 2018 performance update

#### NII

- Average interest-earning banking asset<sup>1</sup> growth to increase in line with nominal GDP growth
- NIM slightly above the 2017 level of 3.62%

#### CLR

- To increase to within the bottom half of our target range of 60–100 bps (under IFRS 9)

#### NIR

- Above mid-single-digit growth

#### Associate income

- To be positive (ETI associate income reported quarterly in arrear)

#### Expenses

- Mid-single-digit growth

- NII grew at low to mid-single digits
- NIM widened ahead of 2017 level of 3.62%
  
- Increased in line with expectations & slightly below target range (under IFRS 9)
  
- Grew above mid-single digits
  
- H1 2018: cR240m subject to currency movements
  
- In line with management expectations

**Growth in DHEPS for full-year 2018 more than or equal to growth in nominal GDP +5%, supported by ETI recovery**



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

Metric	2017	vs MLT	Medium-to-long-term target (MLT)	2018 outlook <sup>1</sup>	vs 2017
ROE (excl goodwill)	16.4%	▼	5% above COE <sup>3</sup> (≥ 18% by 2020)	Increase, but remain below MLT	▲
Diluted HEPS growth	2.4%	▼	≥ CPI + GDP growth + 5%	Grow in line with MLT, supported by ETI recovery	▲
Credit loss ratio	49 bps	►	60–100 bps	Increase to within the bottom half of MLT (under IFRS 9)	▲
NIR-to-expenses ratio	80.7%	▼	> 85%	Increase, but remain below MLT	▲
Efficiency ratio <sup>2</sup>	58.6%	▲	50–53% (≤ 53% by 2020)	Decrease, but remain above MLT	▼
CET 1 CAR	12.6%	▲	Basel III basis: 10.5–12.5% > 12% > 14%	Within target range	►
Tier 1 CAR	13.4%	▲			►
Total CAR	15.5%	▲			►
Dividend cover	1.91 x	►	1.75 to 2.25 times	Within target range	►

<sup>1</sup> 2018 outlook 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



## 2020 targets – strategy in place to improve financial metrics in RBB & RoA, while maintaining good returns in CIB & Wealth

	Efficiency ratio			Return on equity <sup>1</sup>		
	Nedbank 2017	Peer average <sup>2</sup>	Nedbank 2020 target	Nedbank 2017	Peer average <sup>2</sup>	Nedbank 2020 target
<b>Nedbank Group</b>	<b>58.6%</b>	<b>54%</b>	<b>≤ 53%</b>	<b>16.4%</b>	<b>18%</b>	<b>≥ 18%</b>
<b>Corporate &amp; Investment Banking</b>	42.3%	48%	≤ 40%	20.7%	21%	≥ 20%
<b>Retail &amp; Business Banking</b>	63.6%	56%	≤ 58%	19.1%	27%	≥ 20%
<b>Wealth</b>	65.6%	64%	≤ 60%	27.5%	24%	≥ 30%
<b>Rest of Africa<sup>3</sup></b>	127.1%	54%	≤ 60%	(12.6%)	19%	≥ COE

<sup>1</sup> Nedbank ROE target at group excluding goodwill for comparability purposes. | <sup>2</sup> Peer averages based on Dec 2016 for BGA & SBK, June 2017 for FSR | CIB – BGA CIB, RMB & SBK CIB | RBB – BGA SA RBB, FNB & Wesbank, SBK SA PBB, Wealth – BGA WIMI, RoA – BGA RoA (Barclays Africa acquisition), SBK RoA Legal

<sup>3</sup> Rest of Africa includes ETI. COE estimated at >16%.



# Nedbank Group – an attractive investment

## Building a more digital, agile & competitive Nedbank

### An improving macroeconomic environment

- Supportive global environment
- Cyclical improvement in SA growth as confidence levels improve with structural changes now more likely
- Rest of Africa growth ahead of SA

### Strong & growing franchises

- CIB – strong wholesale franchise (ROE  $\geq$  20%) benefiting as business confidence improves
- RBB – ongoing revenue growth momentum, CLR outperformance & efficiencies/ digital to drive C:I  $\leq$  58% & ROE  $\geq$  20% by 2020
- Wealth – attractive ROE business ( $\geq$  30% by 2020) leveraging Nedbank distribution
- Rest of Africa
  - ETI turnaround underway - share price up 65% in 2017
  - Investments made to unlock scale in SADC subsidiaries

### KPIs that support shareholder value creation

- 2018 DHEPS growth  $\geq$  nominal GDP growth + 5%
- ROE (excluding goodwill)  $\geq$  18% by 2020
- Cost to income  $\leq$  53% by 2020
- Strong governance & enterprise wide risk management

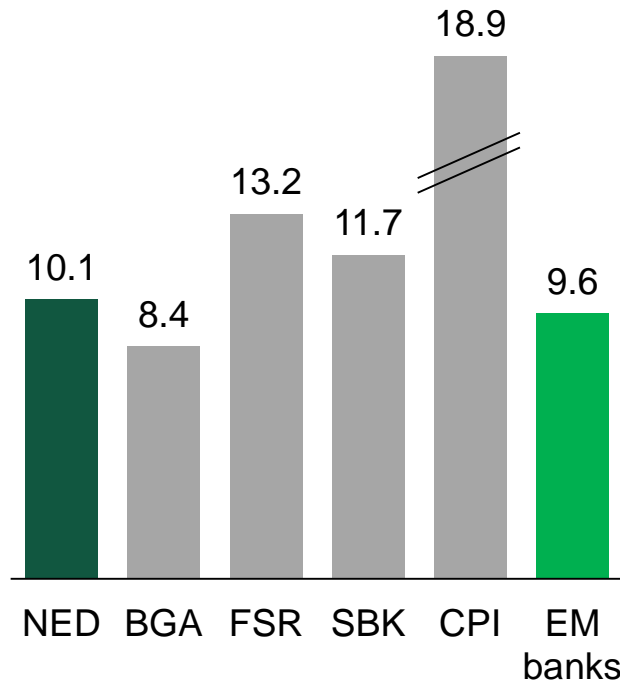
### Attractive valuation metrics

- SA & EM flows likely to continue
- Nedbank price to book at the lower end of SA peer group
- Nedbank dividend yield at the higher end of SA peer group
- Improved free-float post unbundling, with any overhang reduced during transition of OML shareholder base post OML listing & prior to Nedbank unbundling

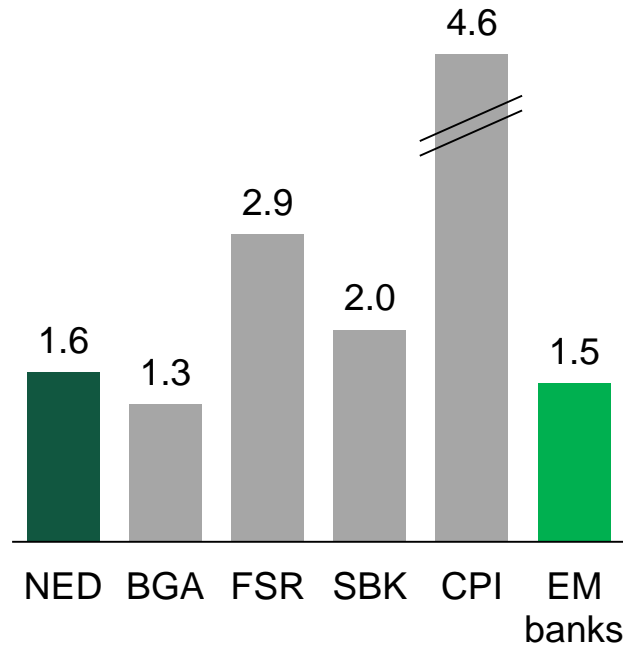


# Nedbank Group – attractive relative valuation

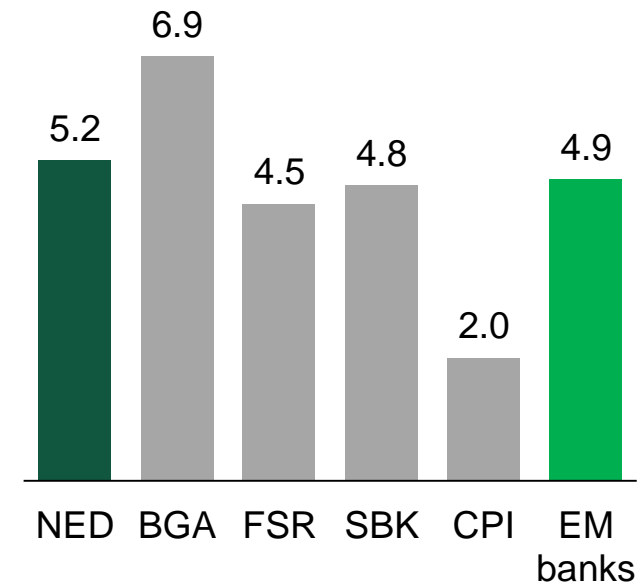
Price : earnings<sup>1,2</sup> (x)



Price : book<sup>1,2</sup> (x)



Dividend yield<sup>1,2</sup> (%)



3 year forecast  
EPS growth<sup>1</sup>  
(CAGR %)

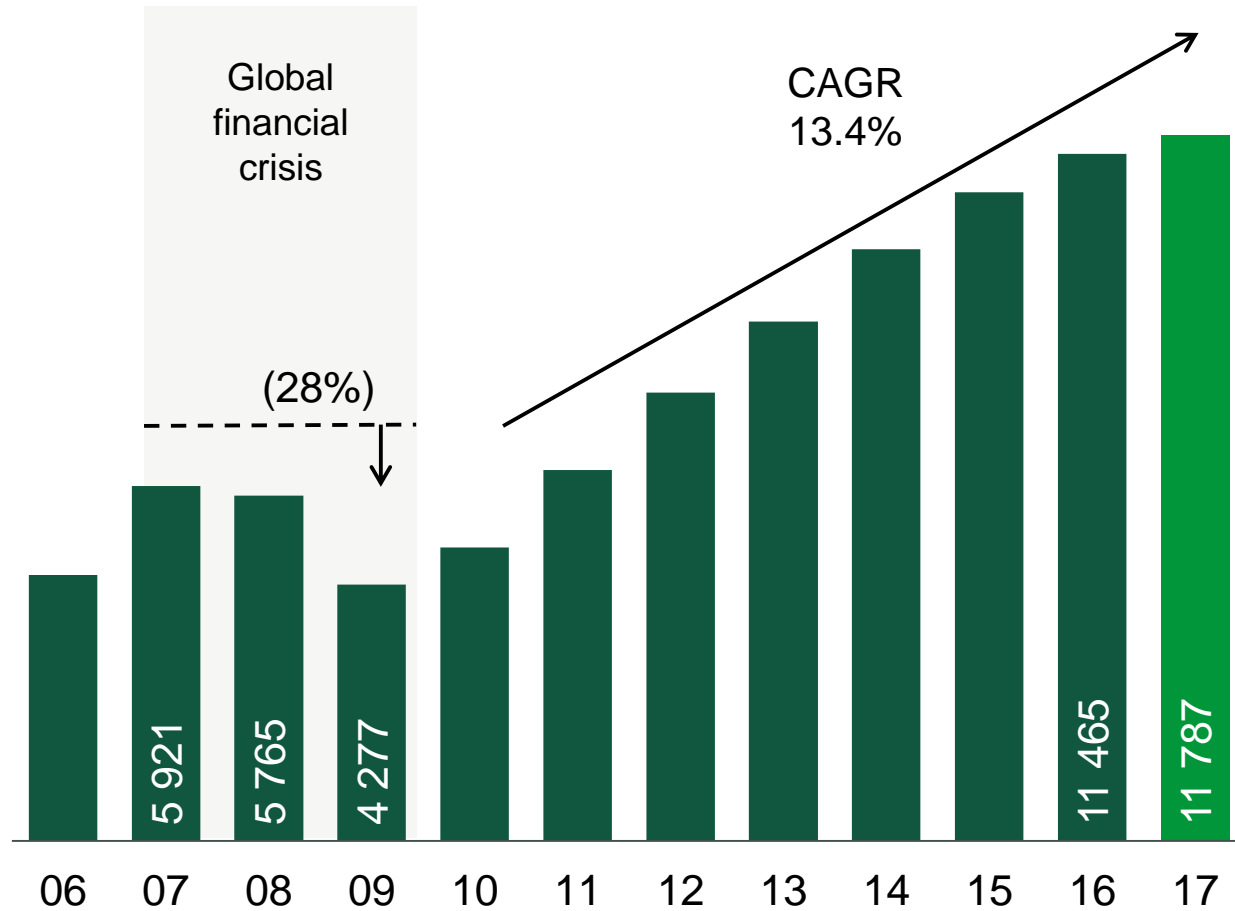


Source: <sup>1</sup> I-Net consensus as at 30 May 2018. | <sup>2</sup> EM banks include Latam banks, Poland, Russia, Turkey & SA (Data from JP Morgan). | All data based on 1-year forward forecasts.

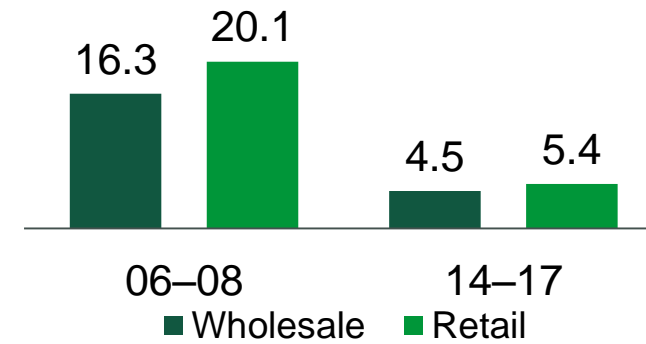


# Nedbank Group in a strong position

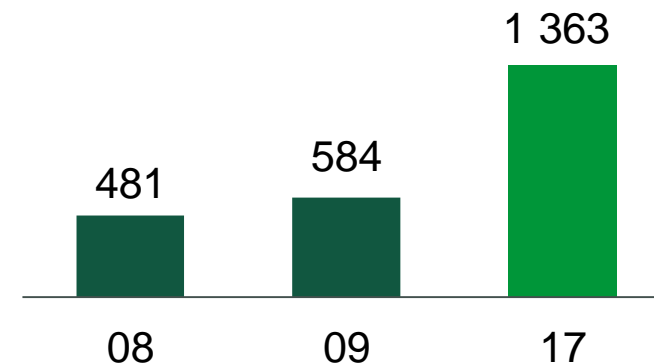
## Headline earnings (Rm)



## Loan growth (CAGR %)



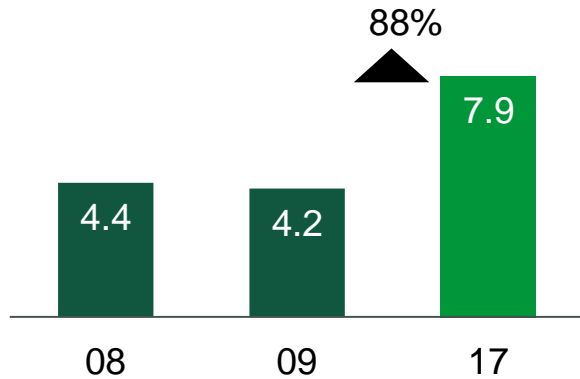
## NII sensitivity for 1% change in interest rates (Rm)



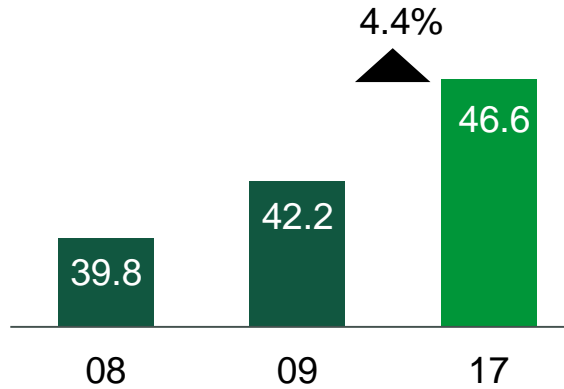


# Nedbank Group in a strong position

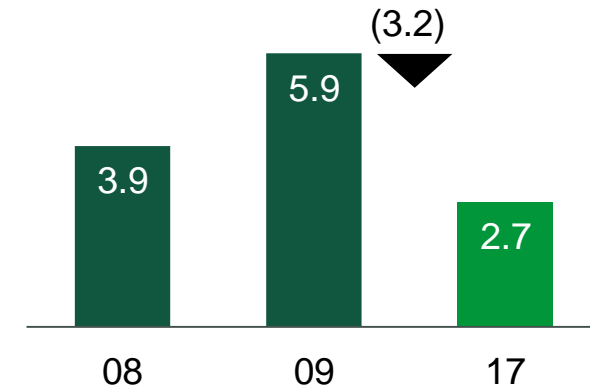
Number of clients (m)



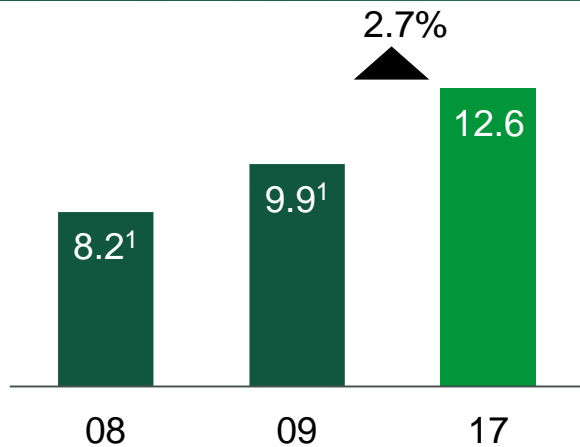
NIR income contribution (%)



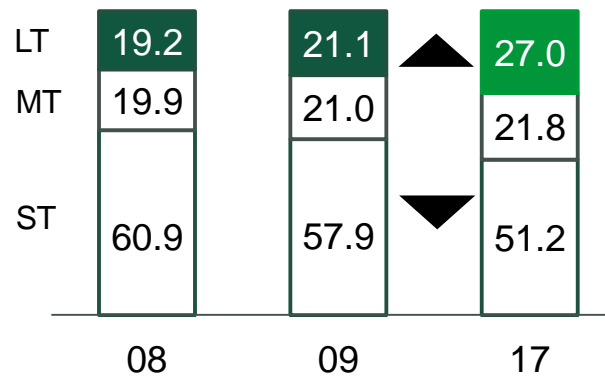
Defaulted advances (%)



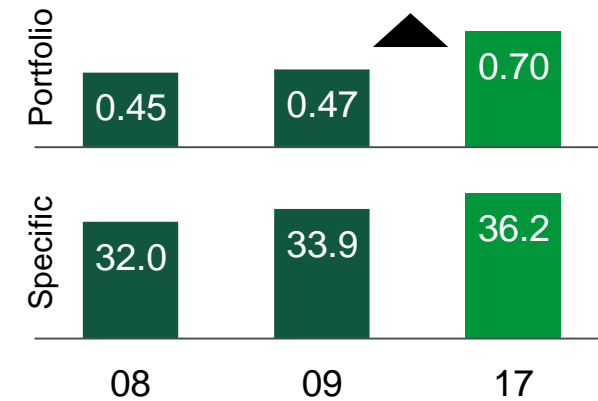
CET 1 ratio (%)



Funding tenor (%)



Coverage (%)



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



# Good governance & a good corporate citizen – underpinning our strategic journey (credentials)



**Thomson Reuters Diversity & Inclusion Index** –  
Nedbank the only African company in the top 20  
most diverse & inclusive organisations



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



**Africa's first carbon neutral financial organisation**  
– carbon neutral since 2010



**WWF Nedbank Green Trust Partnership** –  
invested R211m since inception in support of over  
200 environmental projects throughout South Africa.



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



**Top 10 integrated reporting awards** – fourth  
overall & best in financial services







# Contact us

## **Nedbank Group**

**nedbankgroup.co.za**

**Nedbank Group Limited**

**Tel: +27 (0) 11 294 4444**

**Physical address**

**135 Rivonia Road**

**Sandown**

**2196**

**South Africa**

## **Nedbank Investor Relations**

**Head of Investor Relations**

**Alfred Visagie**

**Direct tel: +27 (0) 11 295 6249**

**Cell: +27 (0) 82 855 4692**

**Email: AlfredV@nedbank.co.za**

**Investor Relations Consultant**

**Larisa Masliukova**

**Direct tel: +27 (0) 11 295 5261**

**Cell: +27 (0) 82 085 9914**

**Email: LarisaM@nedbank.co.za**

## **Disclaimer**

Nedbank Group has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this document, including all information that may be defined as 'forward-looking statements' within the meaning of United States securities legislation.

Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'.

Forward-looking statements are not statements of fact, but statements by the management of Nedbank Group based on its current estimates, projections, expectations, beliefs and assumptions regarding the group's future performance.

No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

The risks and uncertainties inherent in the forward-looking statements contained in this document include, but are not limited to: changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; domestic and international business and market conditions such as exchange rate and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational, social, economic and political risks; and the effects of both current and future litigation.

Nedbank Group does not undertake to update any forward-looking statements contained in this document and does not assume responsibility for any loss or damage whatsoever and howsoever arising as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits, or consequential loss or damage.