



NEDBANK GROUP LIMITED



INTERIM RESULTS 2018

FOR THE SIX MONTHS ENDED 30 JUNE 2018

see money differently



NEDBANK



OVERVIEW

A strong financial performance in a difficult environment, boosted by the ongoing ETI turnaround.

MIKE BROWN

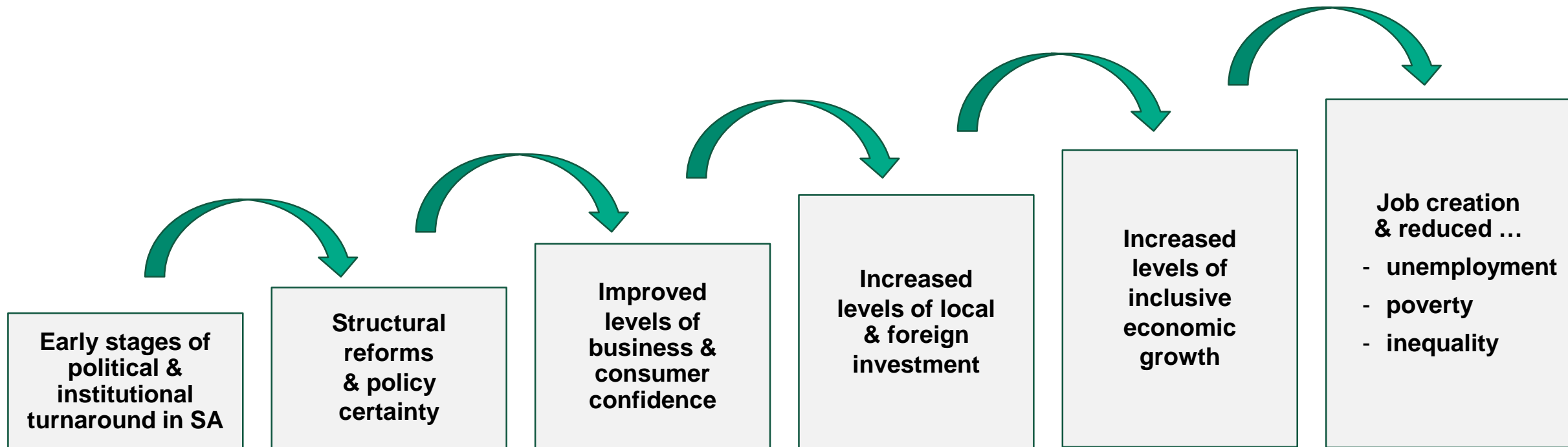


Overview of our H1 2018 performance

- **Strong financial performance** – headline earnings +27.0% | dividend per share +13.9%
- **Nedbank share of associate income from ETI returning to profitability off a low base in 2017**
 - Hard work over the past few years paying off as ETI recorded 5 consecutive quarters of profitability (6 quarters to June 2018)
- **Positive growth from managed operations** – headline earnings +2.0%
 - Economic growth slow to recover after December 2017 political developments
 - Gradual recovery in household credit, while corporate credit demand remains weak
 - IFRS accounting changes impacted comparability of growth rates in lines of the income statement
 - Solid underlying revenue growth, muted by impact of IFRS accounting changes
 - Impairment outcome reflects high quality of the book & IFRS accounting changes
 - Expenses very well managed, benefit from PRMA credit & IFRS accounting changes
- **Accelerated digital delivery enhancing client experiences, revenue growth & improving efficiency**
- **Delivering value to all our stakeholders** – ongoing focus on governance, sustainability, culture & ethics



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



eg

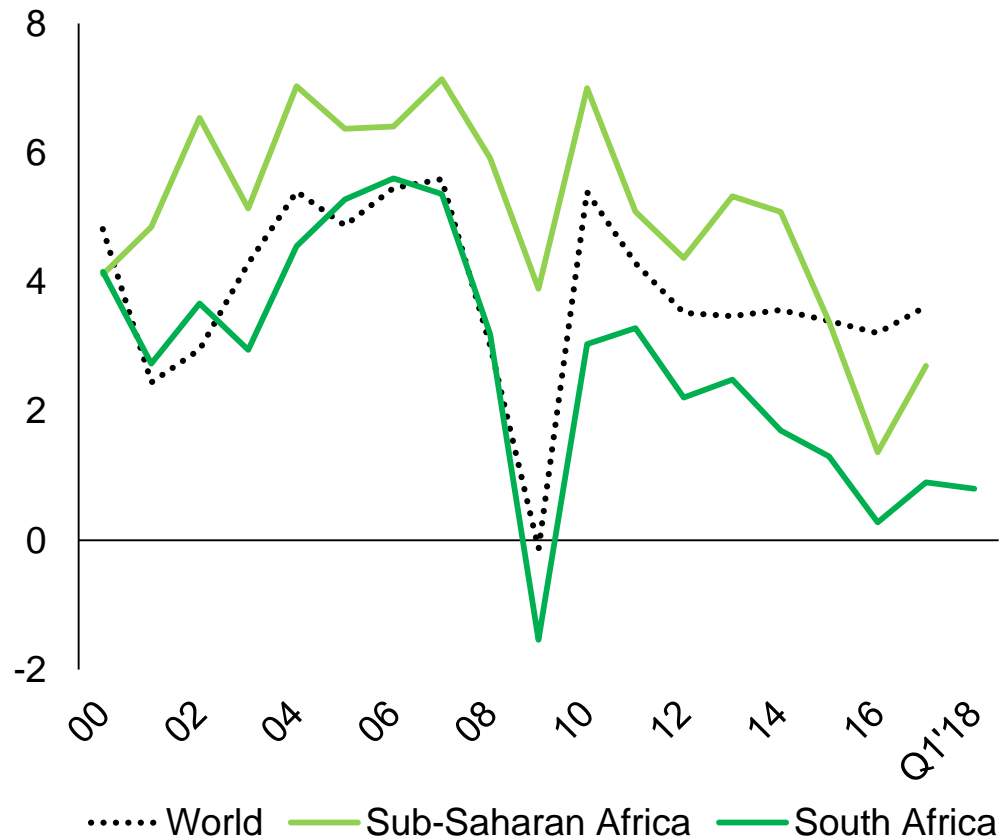
- Land reform
- Mining Charter
- SOE performance

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



Economic growth slow to recover after December 2017 political developments

GDP growth (%)



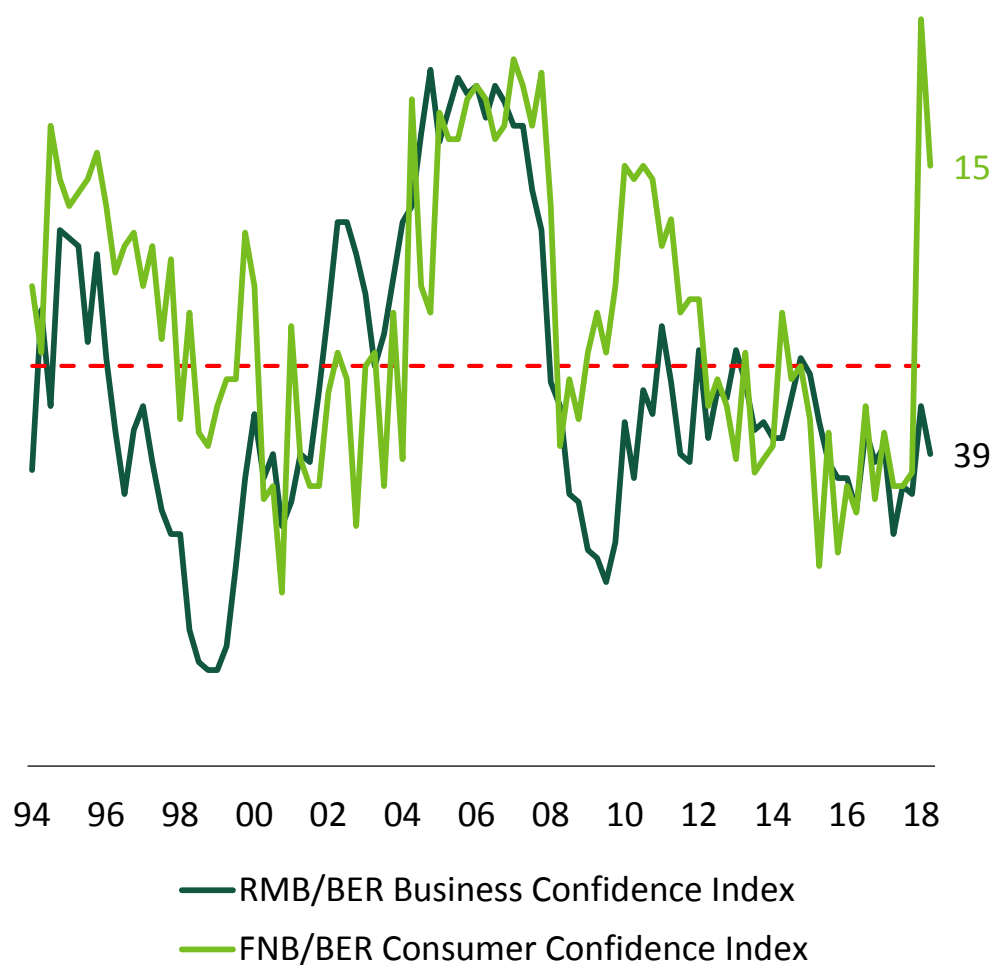
Key drivers

- Supportive global environment, but trade disputes & geopolitical tensions on the rise
- Bond & equity flows out of EMs that have political & structural vulnerabilities
- SA economy started on weaker note (Q1 GDP +0.8% yoy) & impact of upward revision of 2017 GDP by ~ 0.4%
- Ongoing SA policy uncertainties
- Progress on SOE governance
- SA sovereign credit ratings stable

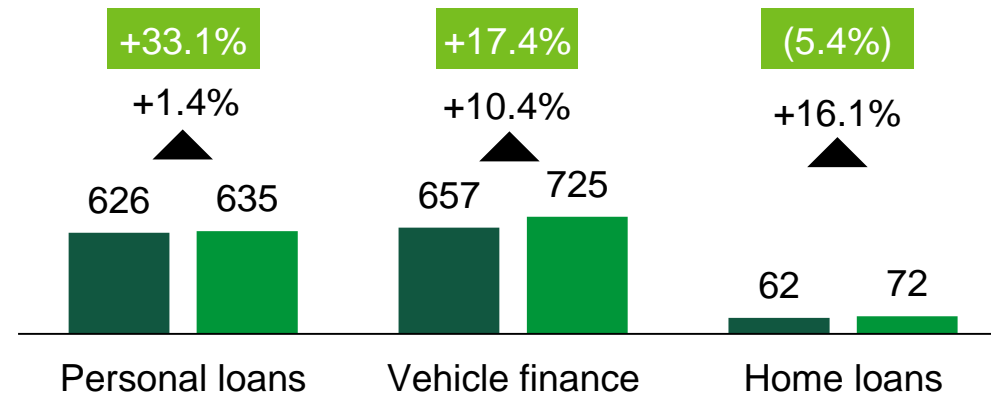


Gradual recovery in retail credit, but demand for corporate credit remains weak

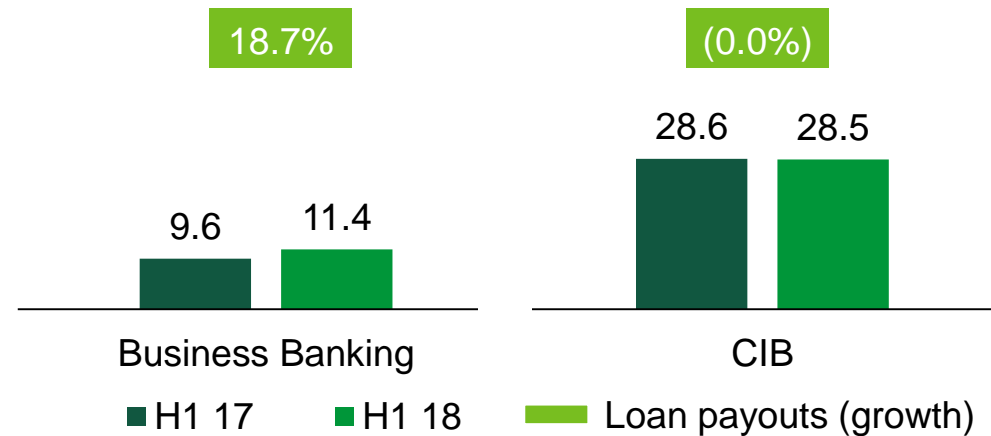
Business & consumer confidence



Retail credit application volumes (000) & loan payouts



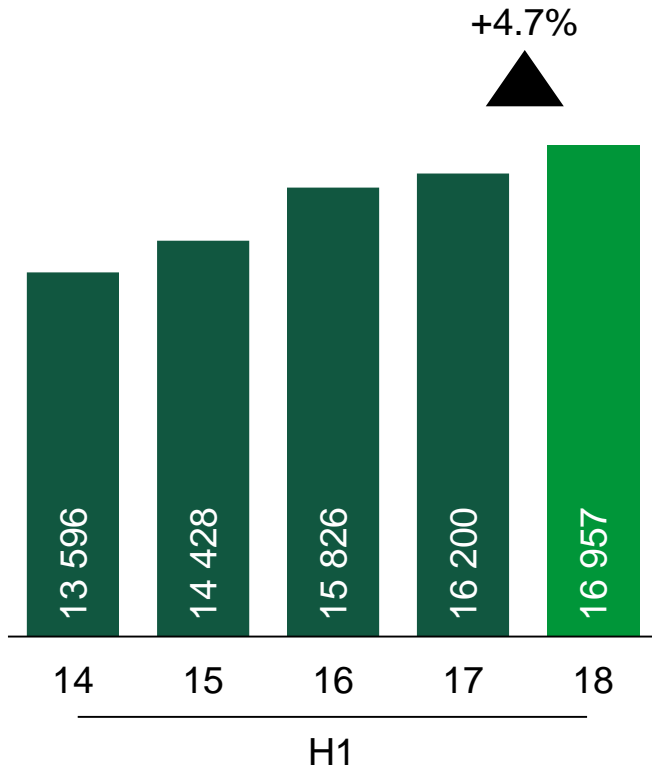
BB & CIB loan payouts (Rbn)





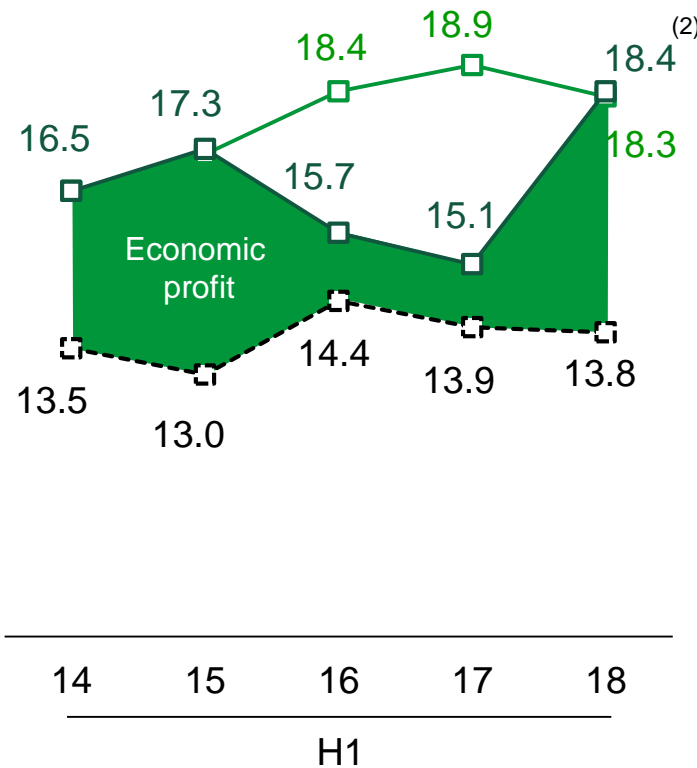
Delivering value to shareholders

NAV per share¹ (cents)



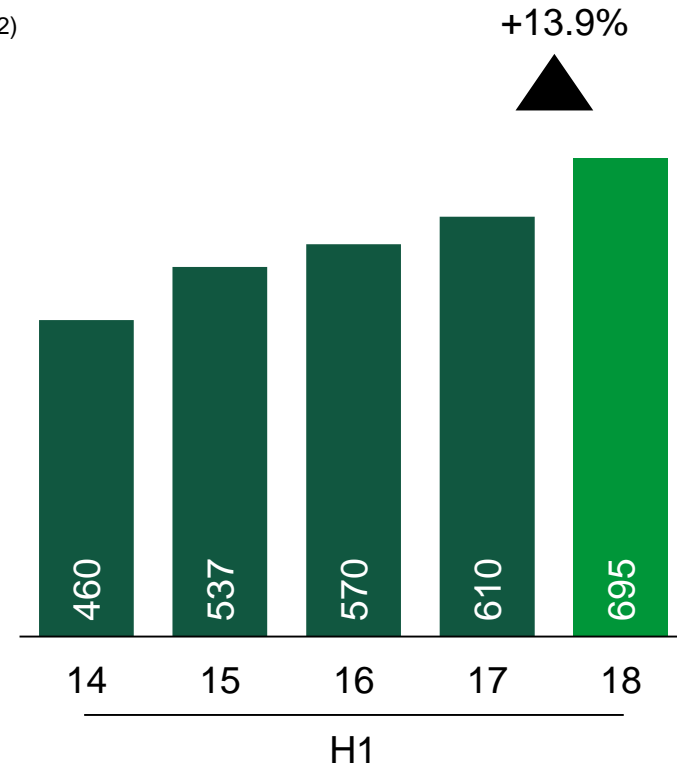
CAGR: +5.7%

ROE & cost of equity (%)



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

Dividend per share (cents)



CAGR: +10.9%

1 NAV per share excluding IFRS day 1 impact: H1 2018: 176 20c
CAGR +6.7% & +8.8% yoy

2 ROE (excl GW), excluding IFRS impact: 17.8%



Our role in society – contributing by delivering value to all our stakeholders

Our purpose – to use our financial expertise to do good for individuals, families, businesses & society



STAFF

- Paid **R8.1bn in salaries & benefits** to support our 31 592 staffmembers & their families
- Facilitated transfer of **R2.6bn payroll taxes** on behalf of staff to government
- Implemented a leadership & culture change programme supporting strategy, incl **New Ways of Work**
- **Transforming our workforce** towards SA demographics (> 78% black employees)



CLIENTS

- **R82bn new-loan payouts** to enable clients to finance their homes, vehicles, education & grow their businesses
- Increased **main-banked clients by 2.5%**
- **Enhanced client convenience** – 1 034 Intelligent Depositors, 57% digitally focused branches & various innovative CVPs & innovations including 1 million Money app downloads
- Safeguarded **R801bn deposits** at competitive interest rates
- Supported SARB in **banking > 17 000 VBS clients** (> R250m deposits)

TO BE THE MOST ADMIRABLE FINANCIAL SERVICES PROVIDER IN AFRICA BY OUR STAKEHOLDERS

SHAREHOLDERS



- **NAV per share up 4.7%** to 16 957 cents
- Paid **R3.4bn dividends** to shareholders who represent pension funds & investments of all South Africans (incl GEPP, a 6.2% shareholder in Nedbank)
- **Supportive outcomes at 51st AGM** – all resolutions passed with > 90% votes of approval

REGULATORS



- Maintained a strong balance sheet to **support a safe & stable banking system**
- Paid **R5.7bn direct, indirect & other taxes**
- Invested **more than R100bn in government & public sector bonds** to support the funding needs of government

SOCIETY



- Procured **75% of our goods & services locally**
- **Contributed more than R55m to socioeconomic development** (50% spent on education)
- **Active participant in the CEO Initiative**
- Remained a **level 2 BBBEE** contributor, now measured under the Amended FSC





FINANCIAL OVERVIEW

Strong financial performance

RAISIBE MORATHI



Key performance indicators – strong financial performance

		Managed operations				
		H1 2018	H1 2017		H1 2018 ¹	H1 2017 ¹
Headline earnings (Rm)	27.0%	6 696	5 271	2.0%	6 562	6 433
Economic profit (Rm)	>100%	1 685	393			
ROE (excl goodwill)		18.4% ²	15.1%		18.3%	18.9%
Diluted HEPS growth		26.3%	(3.7%)		1.4%	5.9%
Preprovisioning operating profit growth		20.2%	(5.7%)		5.2%	(0.1%)
Net interest margin		3.67%	3.58%			
Credit loss ratio		0.53%	0.47%			
Efficiency ratio		55.8%	59.3%		56.0%	56.5%
CET1 CAR		12.4%	12.3%			
Dividend per share (cents)	13.9%	695	610			

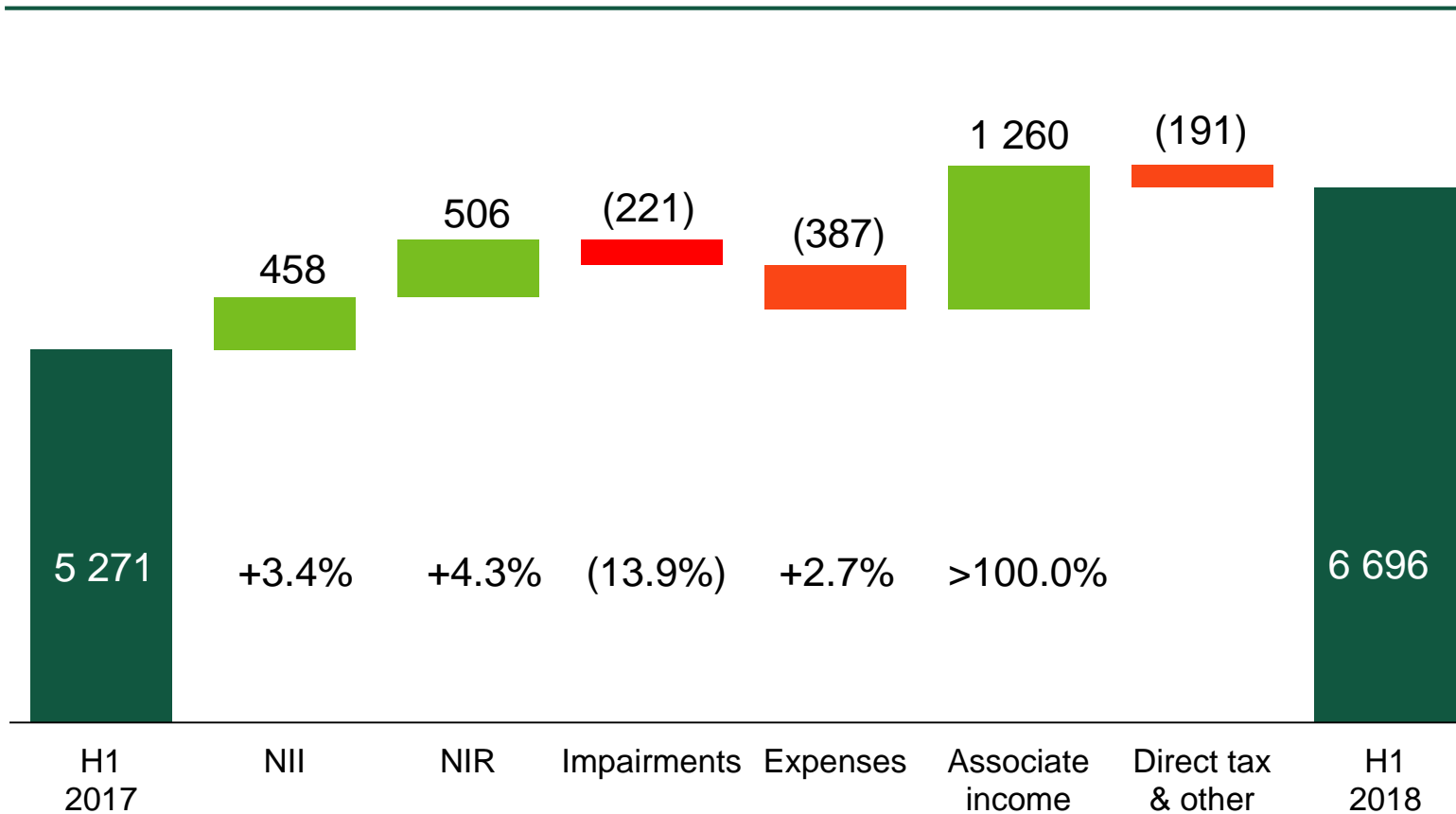
¹ Excluding ETI associate income/losses, as well as ETI-related funding costs. Approximately R113m STI in H1 2018 related to ETI included in managed operations

² ROE (excl GW), excluding IFRS impact: 17.8%

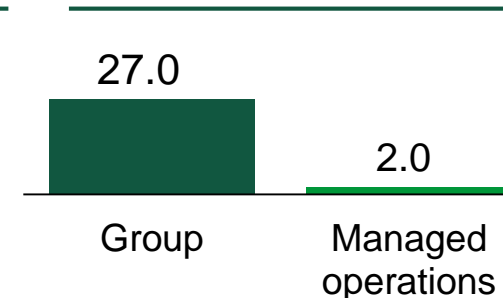


Headline earnings – strong financial performance

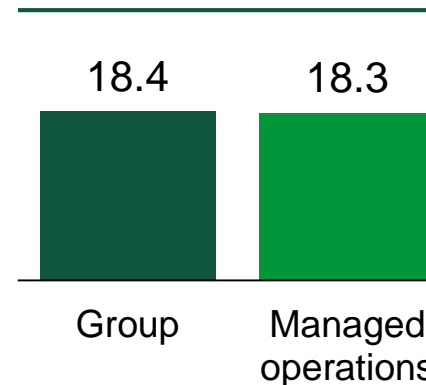
Headline earnings (Rm)



HE growth (%)



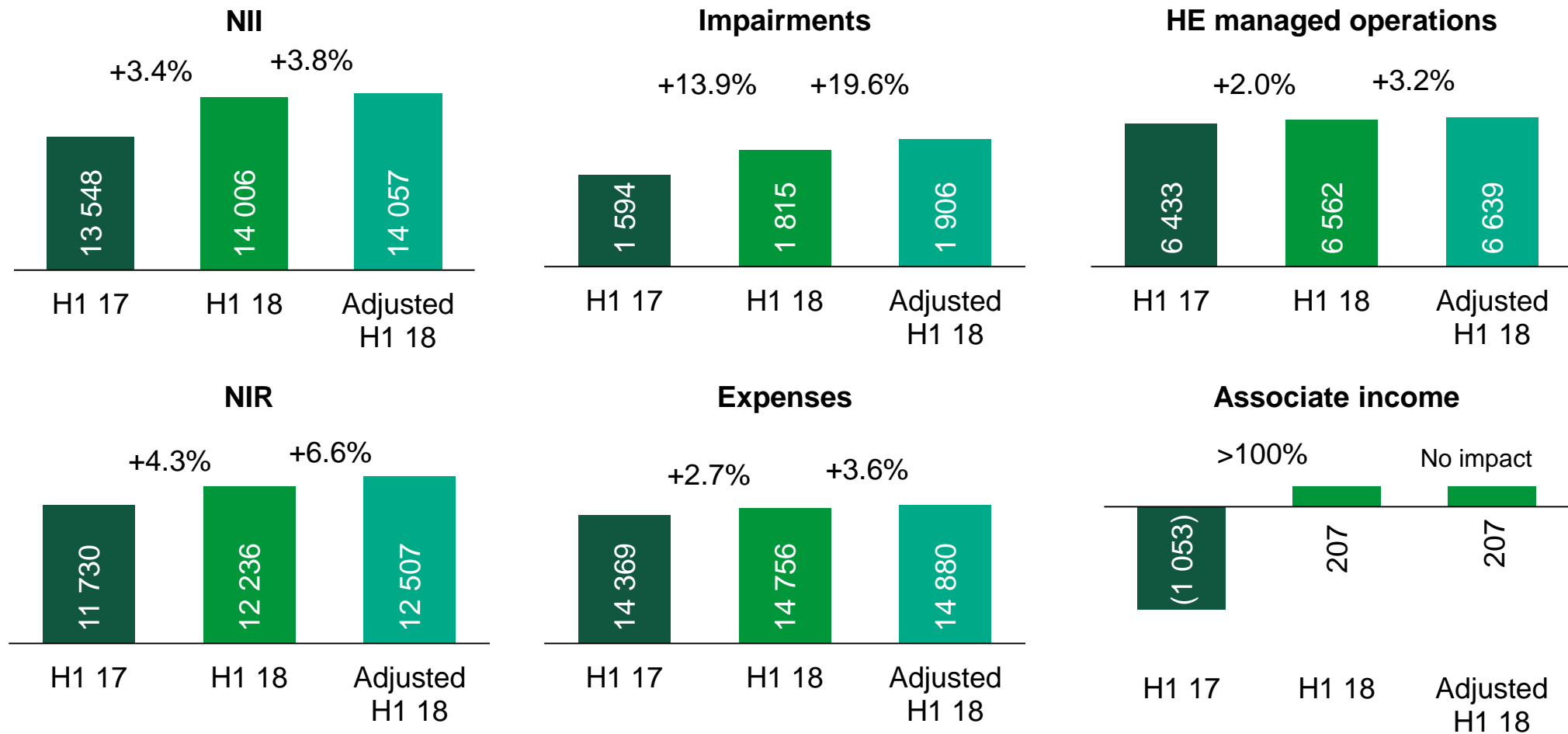
ROE excl GW (%)





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

Growth adjusted for IFRS impacts



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

BOOKLET SLIDE



Rm	H1 2018	H1 2017	% change	Suspended interest (IFRS 9)	New-business strain (IFRS 9)	Initiation fees (IFRS 9)	Loyalty schemes (IFRS 15)	Adjusted H1 2018	% change
NII	14 006	13 548	3.4	192		(141)		14 057	3.8
Impairments	1 815	1 594	13.9	192	(101)			1 906	19.6
NIR	12 236	11 730	4.3			126	145	12 507	6.6
Expenses	14 756	14 369	2.7				124	14 880	3.6
Headline earnings	6 696	5 271	27.0	0	73	(11)	15	6 773	28.5
ROE (excl GW)	18.4%	15.1%						17.8% ¹	
NIM	3.67%	3.58%						3.67%	
CLR	0.53%	0.47%						0.56%	
Efficiency ratio	55.8%	59.3%						55.6%	

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: R181m & CIB: R11m)

New-business strain – impact of higher levels of portfolio provisions raised on new loans under IFRS vs IAS 39 (RBB) & adjusting for base effects from overlays releases in the unsecured portfolio

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

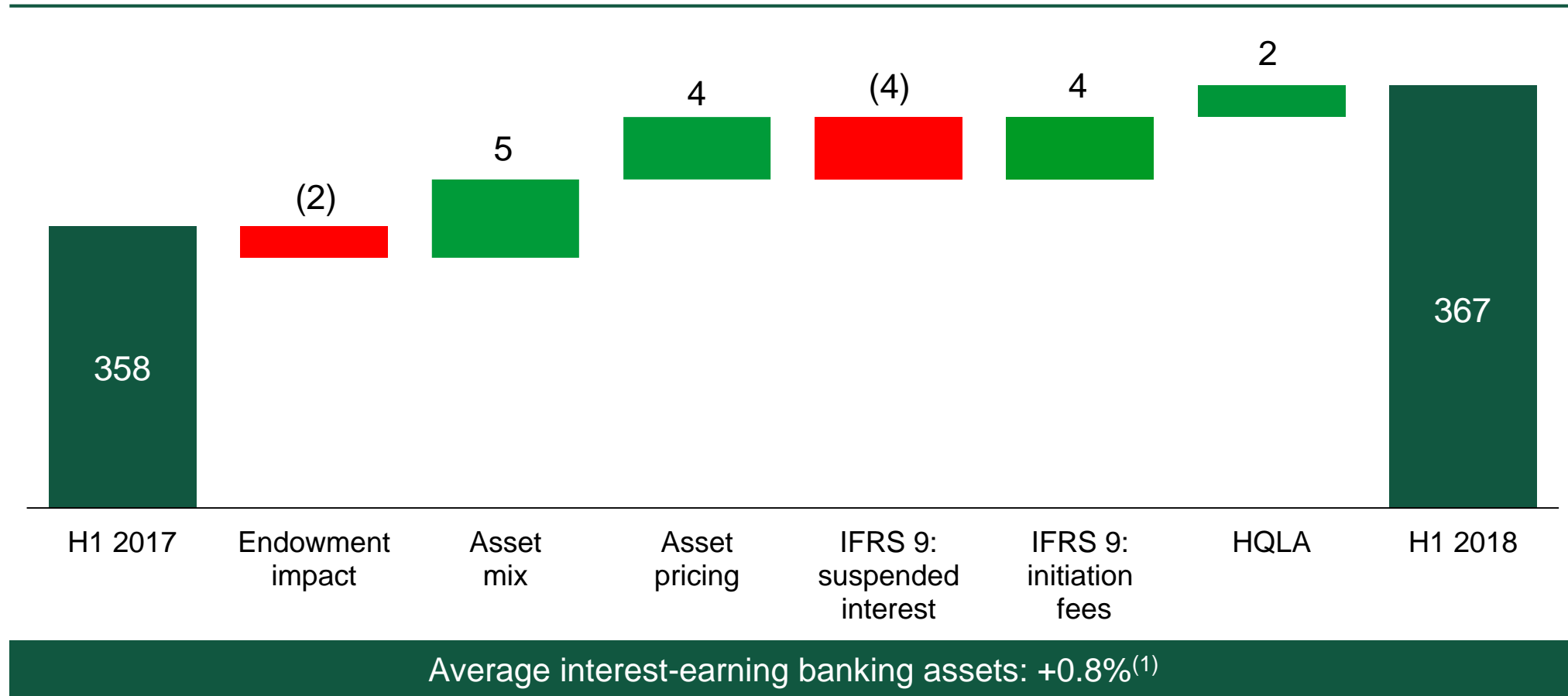
Loyalty schemes – costs of the reward programme were previously recognised as an expense & now recognised as a reduction in NIR (RBB)

¹ Excludes day one R3.2bn adjustment



Net interest margin – driven by improved asset mix & pricing

Net interest margin (bps)

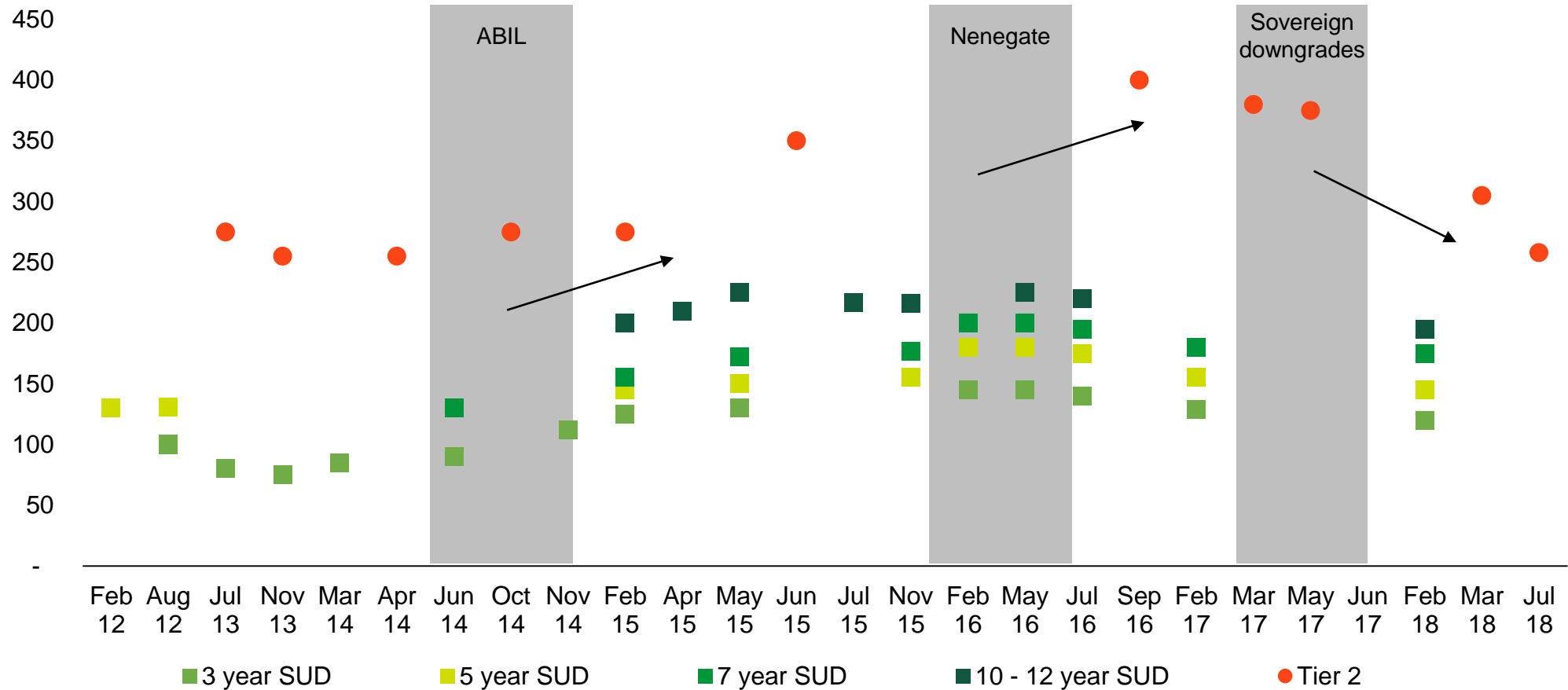


1 AIEBA growth, excluding IFRS impacts: +1.2%

Net interest margin – evolution of Tier 2 & SUD pricing



Pricing (bps above JIBAR)





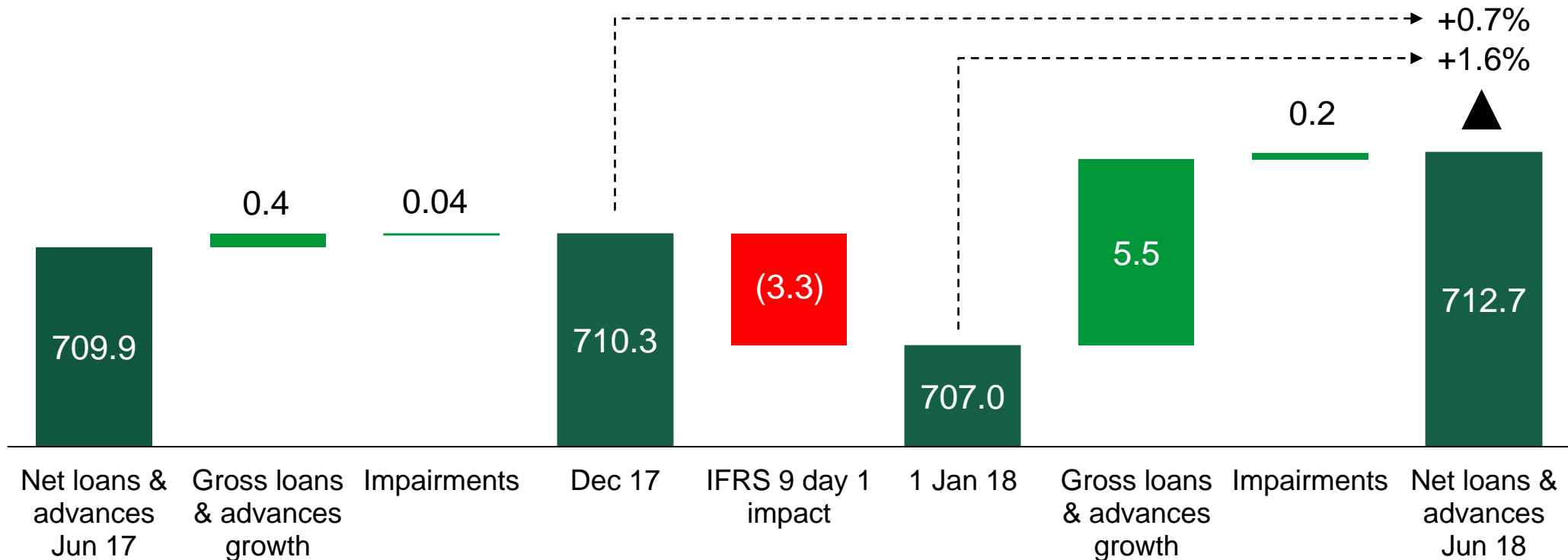
Advances grew 0.7% ytd annualised – impacted by IFRS 9 day 1 adjustment

Advances (Rbn)

New-loan
payouts (Rbn):

R77bn

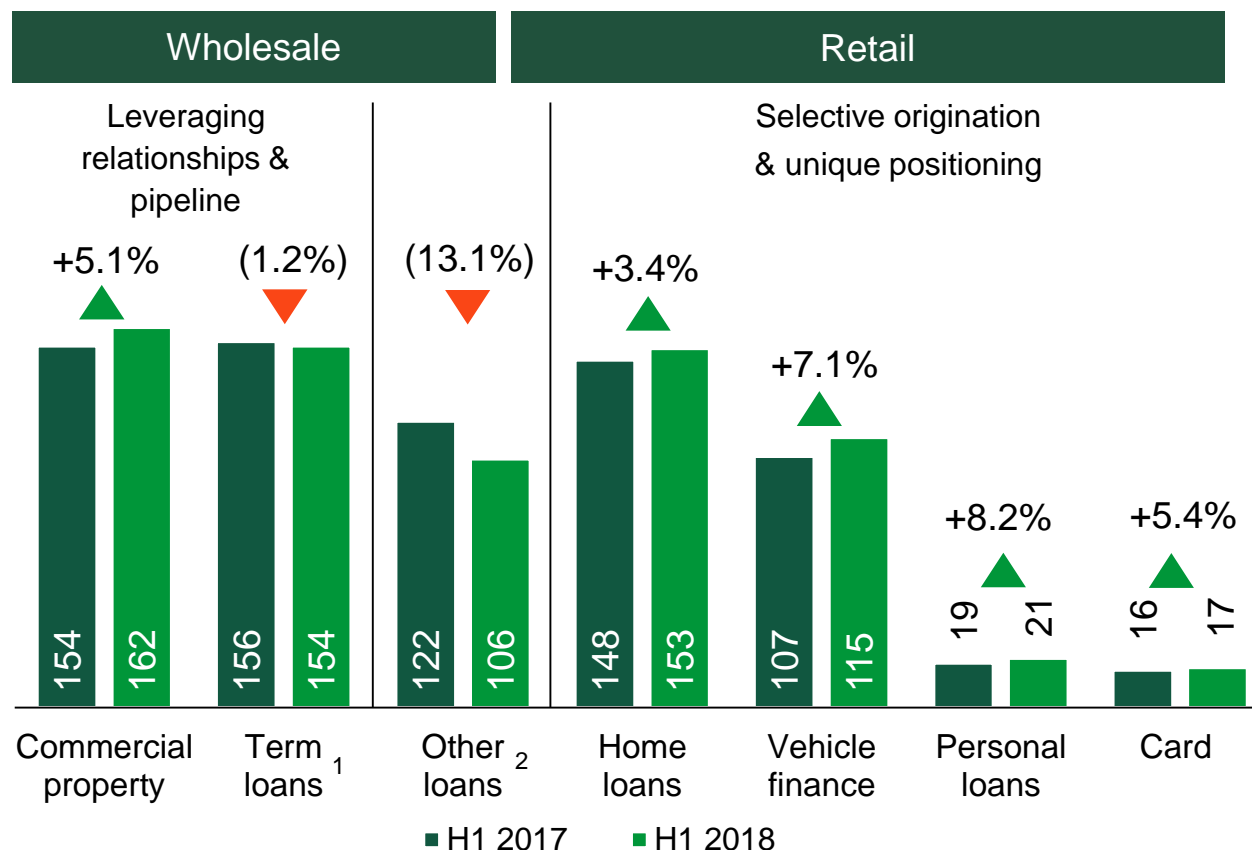
R82bn





Advances up 0.4% yoy – solid growth & market share gains across retail portfolios offset by wholesale portfolios remaining flat

Gross advances (Rbn)



BA900 market share³ (%)

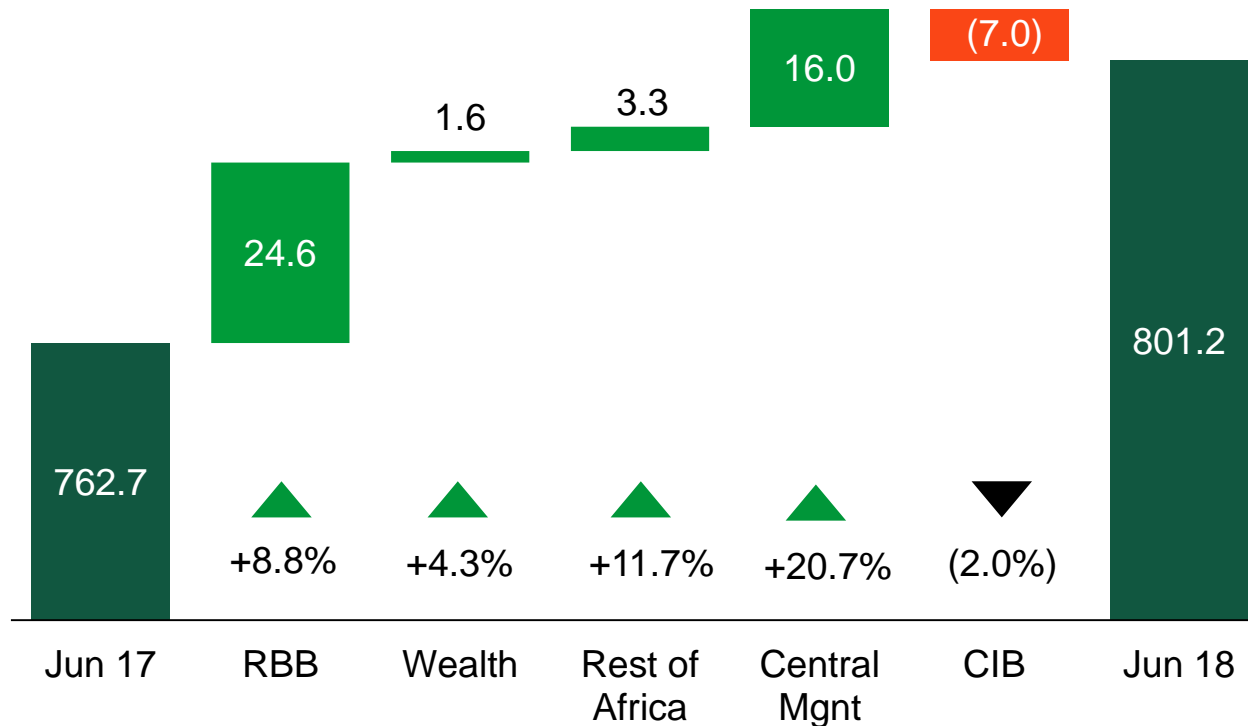
	Share	Yoy trend	Ytd trend
Commercial property	39.6	(0.7) ▼	(0.9) ▼
Core corporate ⁴	21.3	0.0 ►	+0.3 ▲
Home loans	14.5	0.0 ►	0.0 ►
Vehicle finance ⁵	28.1	+0.5 ▲	0.0 ►
Personal loans	10.3	+0.2 ▲	0.0 ►
Card	14.2	+0.1 ▲	0.2 ▲

1 Term loans include other longer-dated loans in CIB | 2 Other loans reflect a decrease in foreign client lending, largely in trading advances & the preference share book reducing due to reduction in appetite for preference share deals | 3 BA900 at May 2018. | 4 Core corporate loans exclude volatile short-term lending. | 5 Vehicle finance per BA900 comprises total lease & Instalment sales.



Deposits up 5.0% yoy – focus remains on Basel III-friendly deposits

Deposits (Rbn)



BA900 market share¹

	Share	Yoy trend	Ytd trend
Wholesale	22.7	+2.0 ▲	+1.5 ▲
Corporate (non-financial)	16.6	(0.1) ▼	+0.1 ▲
Household	19.0	0.0 ►	+0.1 ▲
Foreign currency	12.3	(1.2) ▼	(0.5) ▼

Loan-to-deposit ratio: 89% (Jun 17: 93%)

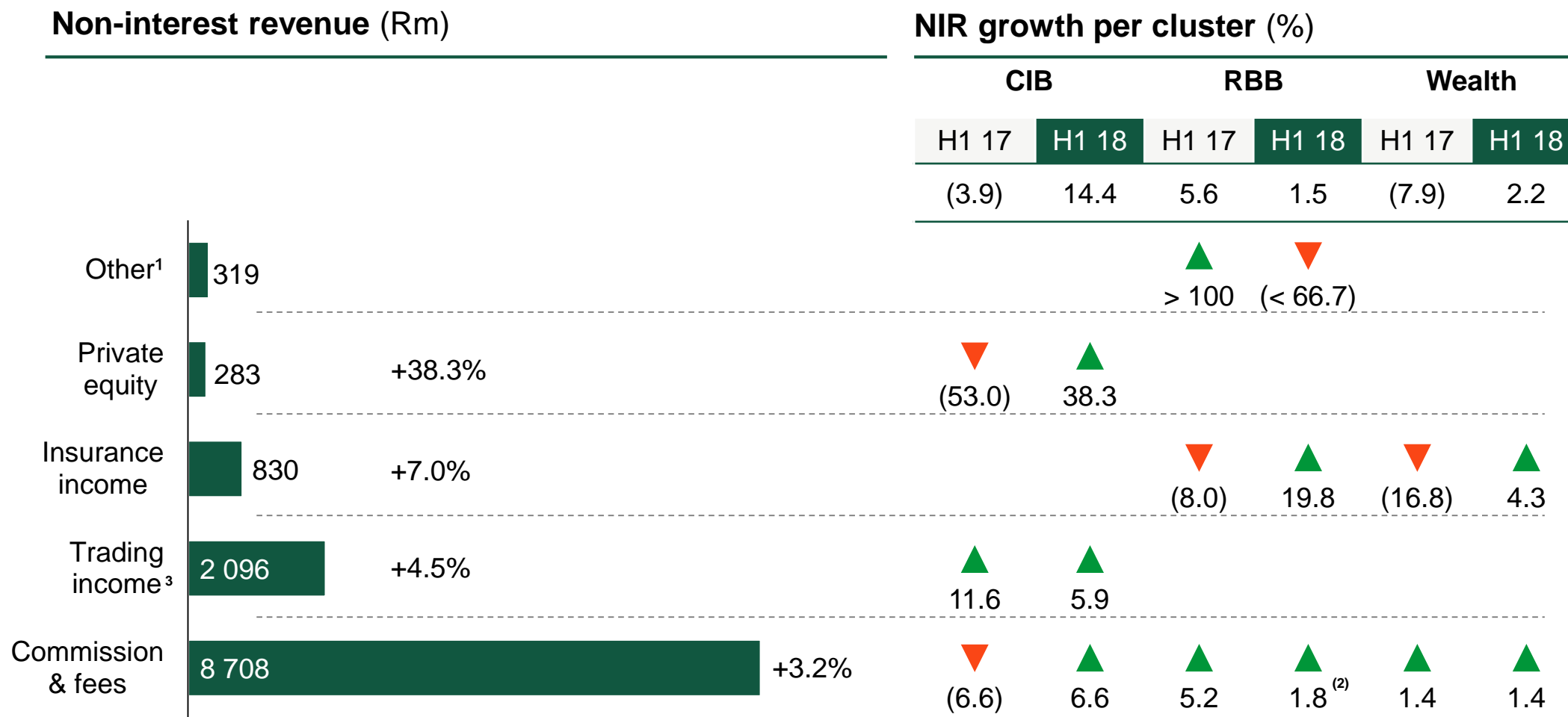
LCR: 107% (min reg: 90%)

NSFR: 116% (min reg: 100%)

¹ BA900 at May 2018



Non-interest revenue up 4.3% – resilient underlying performance, offset by IFRS impact (NIR growth 6.6% on a like-for-like basis)

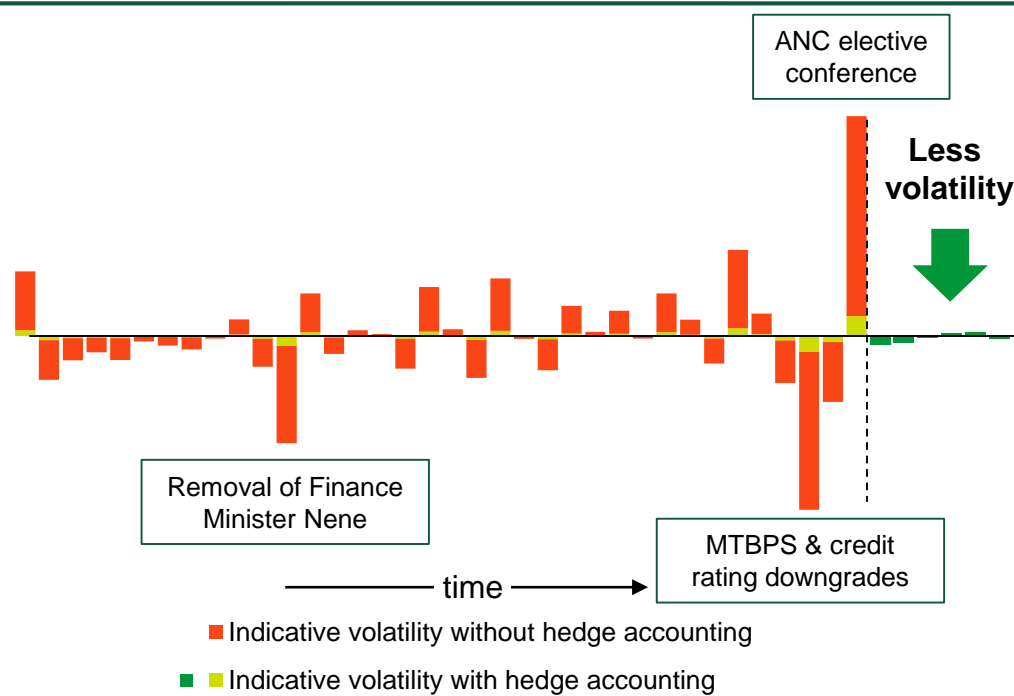


1 Represents sundry income, investment income & fair-value adjustments. | 2 RBB C&F adjusted for IFRS changes: 6.4% | Excludes Rest of Africa & Centre, which had an immaterial impact on the group. Excluding IFRS changes, NIR growth would have been 6.6% | 3 Trading income growth impacted by 39% decline in trading income within Rest of Africa

Macro fair-value hedge accounting (MFVHA) changes – decrease in fair-value volatility



Income statement volatility on retail fixed deposits & personal loans (Rm)



The impact of MFVHA changes implemented on 1 January 2018:

- Removed accounting mismatch on retail fixed deposits (R41bn) & personal loans (R18bn) & their associated derivatives, leading to less income statement volatility.

Accounting treatment up to 31 December 2017

- All fixed-rate advances & deposit exposures, with the exception of personal loans & retail fixed deposits, managed with interest rate derivatives have historically been designated FVTPL to align the accounting treatment of our hedge packages with the risk management thereof.
- Personal loans & retail fixed deposits have historically been carried at amortised cost, resulting in this accounting mismatch as the associated interest rate hedging instruments have been carried at fair value.

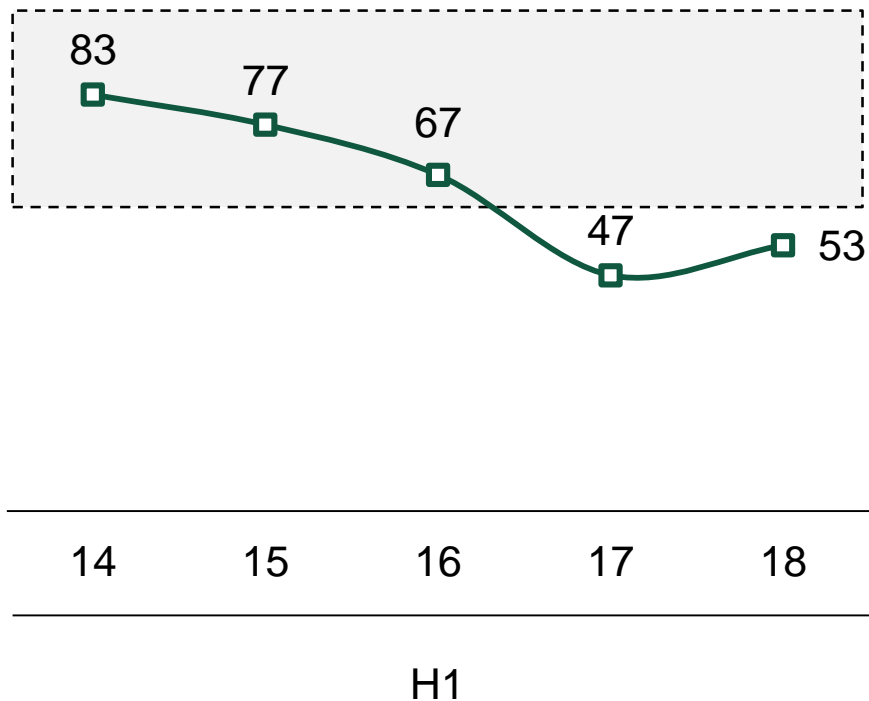
Accounting treatment from 1 January 2018

- The implementation of IFRS 9 allowed banks to change the accounting designation of assets & liabilities (including our own long-term debt) previously designated FVTPL to amortised cost, which in Nedbank's case facilitated the implementation of MFVHA.
- Effective from 1 January 2018 MFVHA is applied to all fixed-rate exposures that are risk-managed with interest rate derivatives.
- The accounting mismatch on personal loans & retail fixed deposit portfolios that existed before 1 January 2018 has been removed with the implementation of MFVHA.

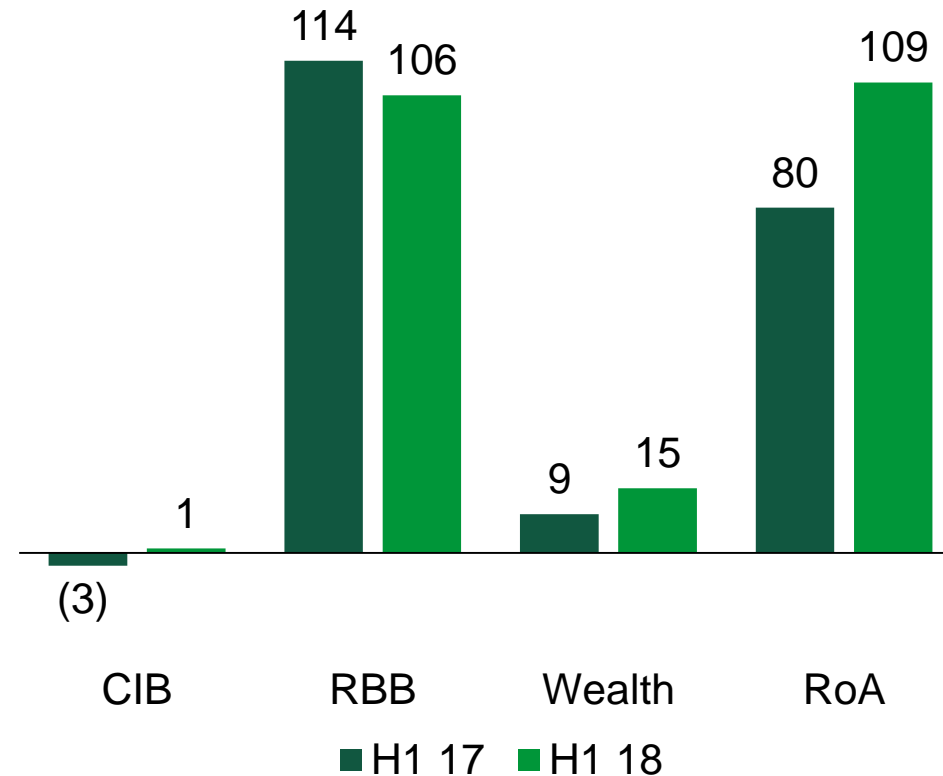


Credit loss ratio – improvement underpinned by a quality portfolio, IFRS changes & proactive risk management

Group CLR¹ (bps)



Cluster CLR (bps)



Banking advances

46.7%

46.1%

4.1%

3.1%

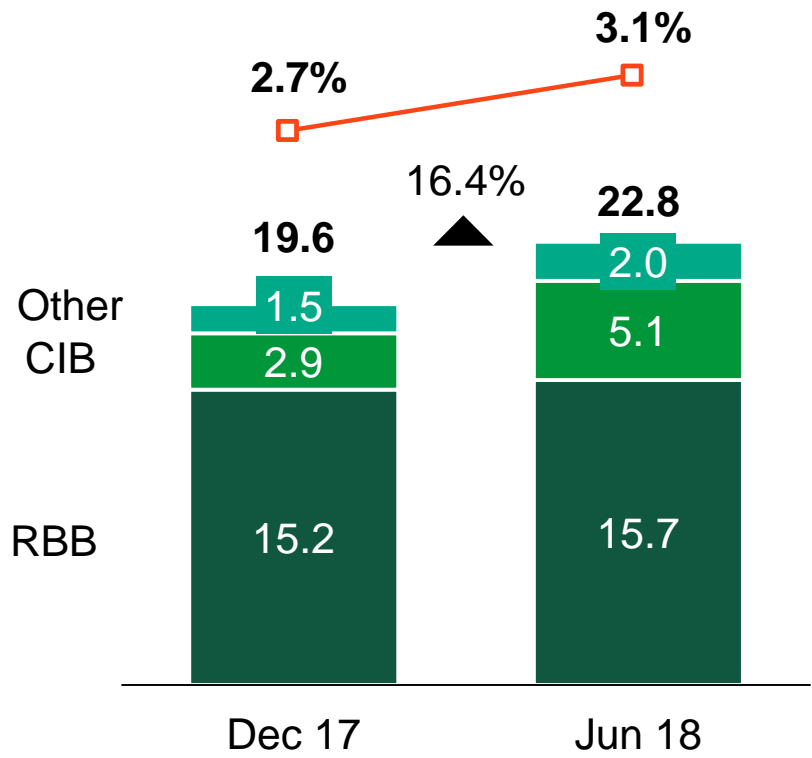


¹ Nedbank through-the-cycle target range: 60–100 bps.
NEDBANK GROUP LIMITED – Interim Results 2018

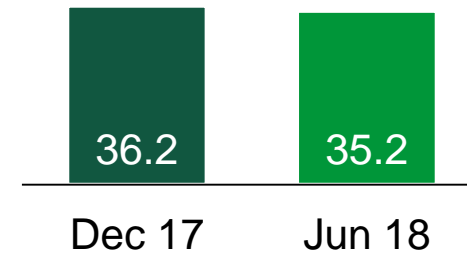


Defaulted advances – increase driven by specific counters in CIB, with prudent coverage levels maintained

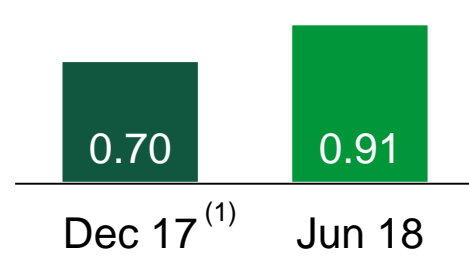
Defaulted advances (Rbn, %)



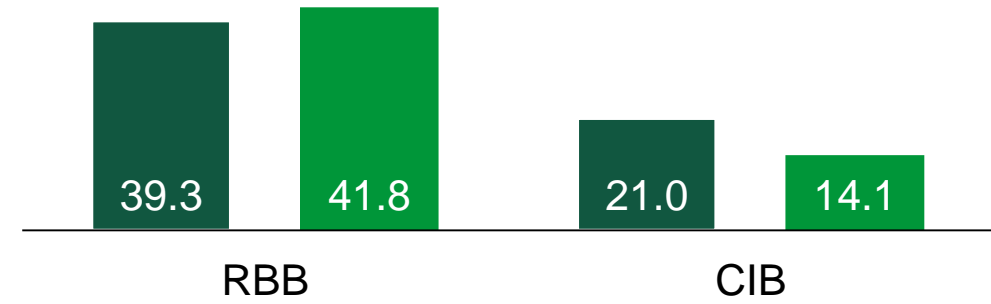
Specific coverage (%)



Portfolio coverage (%)



RBB & CIB specific coverage (%)



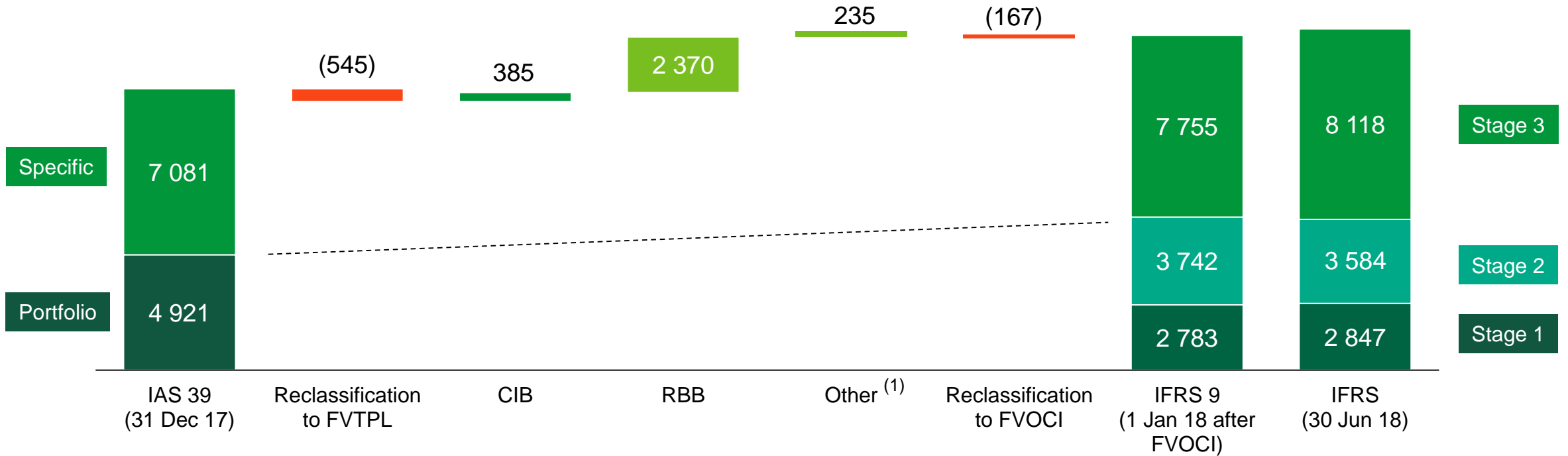
■ Dec 17 ■ Jun 18

¹ Portfolio coverage after IFRS day 1: 0.93%

Key drivers of IAS 39 to IFRS 9 transition



Balance sheet impairments (Rm)



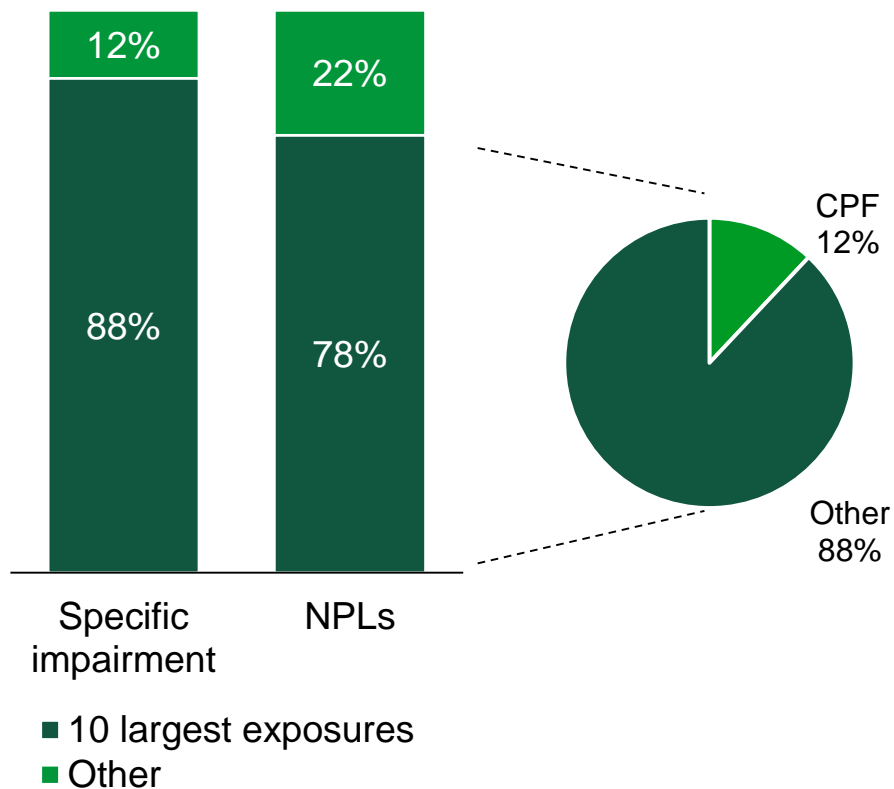
Coverage

Specific	36.2%	39.6%	35.2%
Portfolio	0.70%	0.93%	0.91%

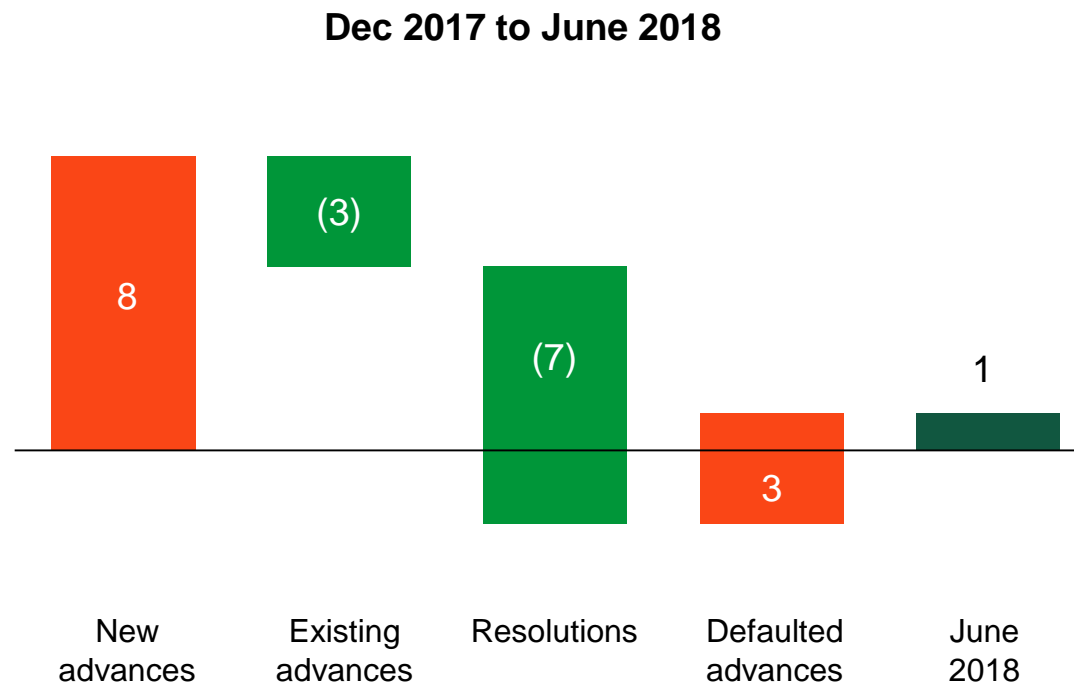


CIB – 1bps CLR reflects a quality book

Top 10 client contribution (%)



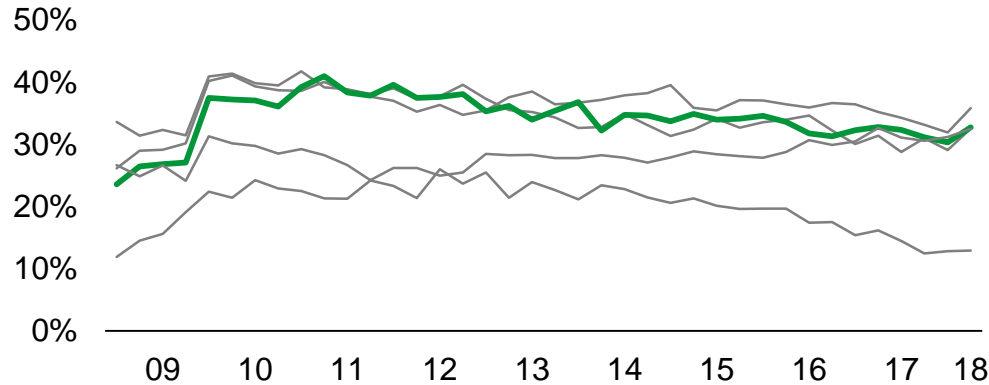
CLR driven by increase in defaulted loans & offset by client resolutions (bps)



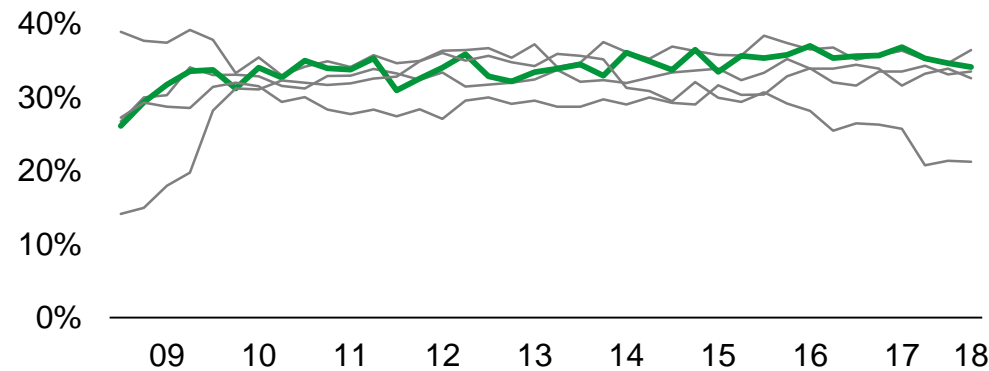
RBB – CLR underpinned by quality origination



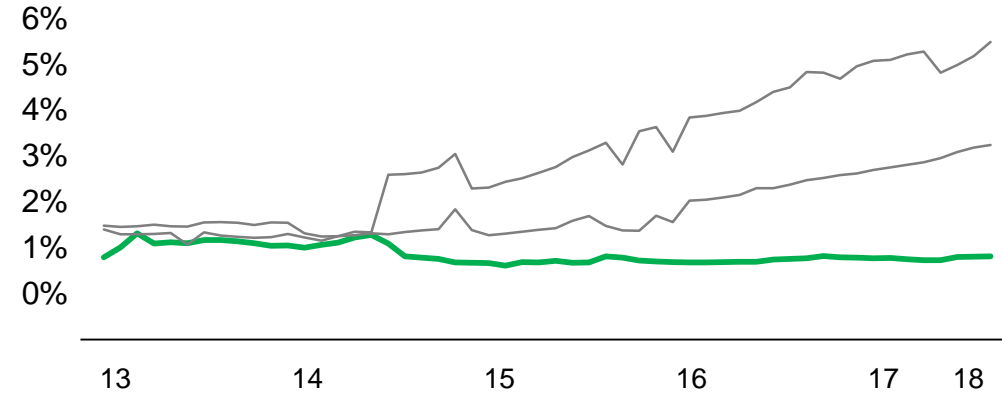
HL new business – low-risk clients proportion¹ (%)



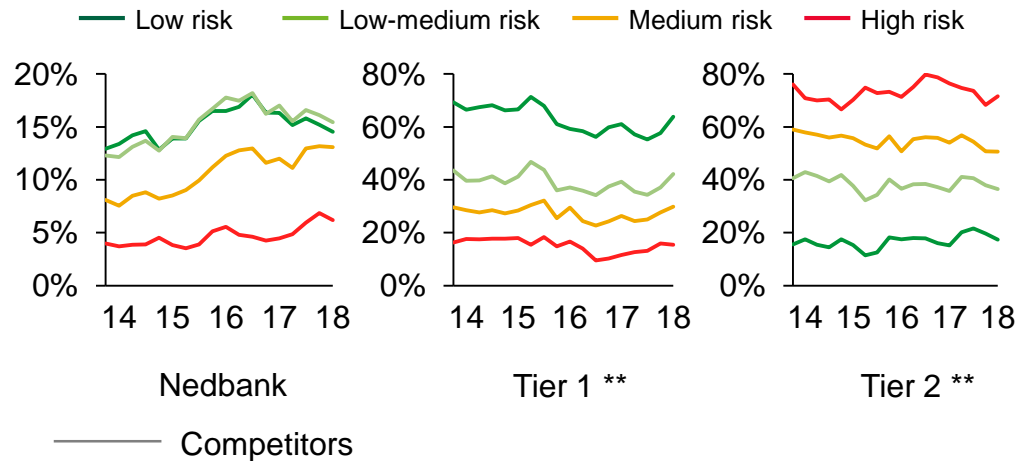
HL new business – low-risk properties proportion² (%)



Vehicle Finance 3 Months+ arrears benchmarking³



PL market share of new business by risk band³ (%)



¹ Source: Experian Delphi Score

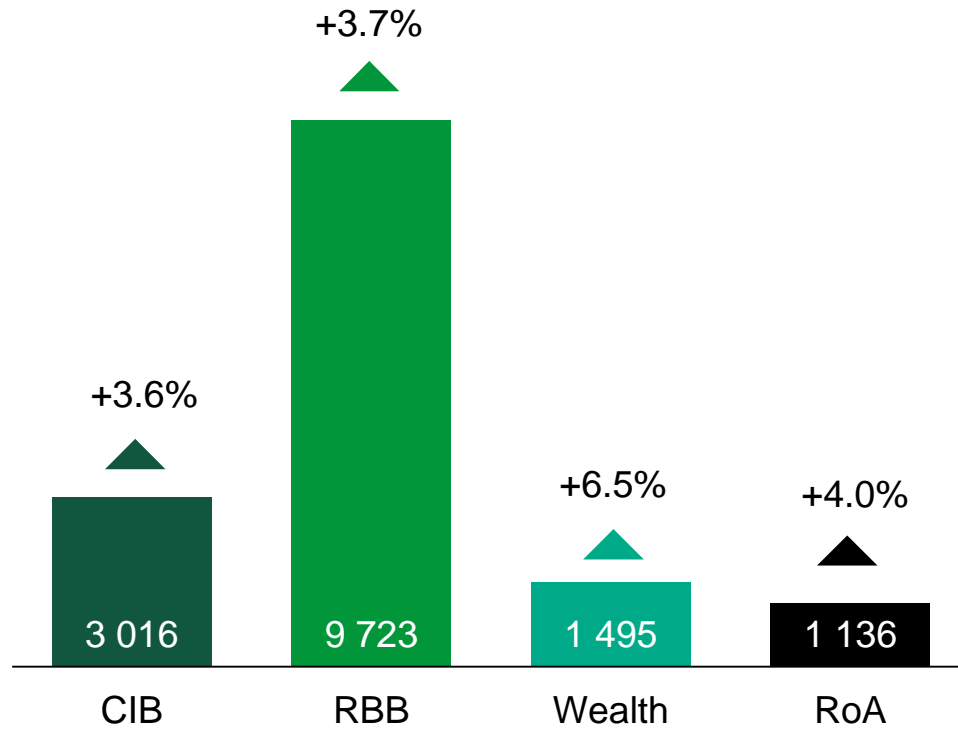
² Source: Lightstone Risk Quality Grade

³ Source: Experian

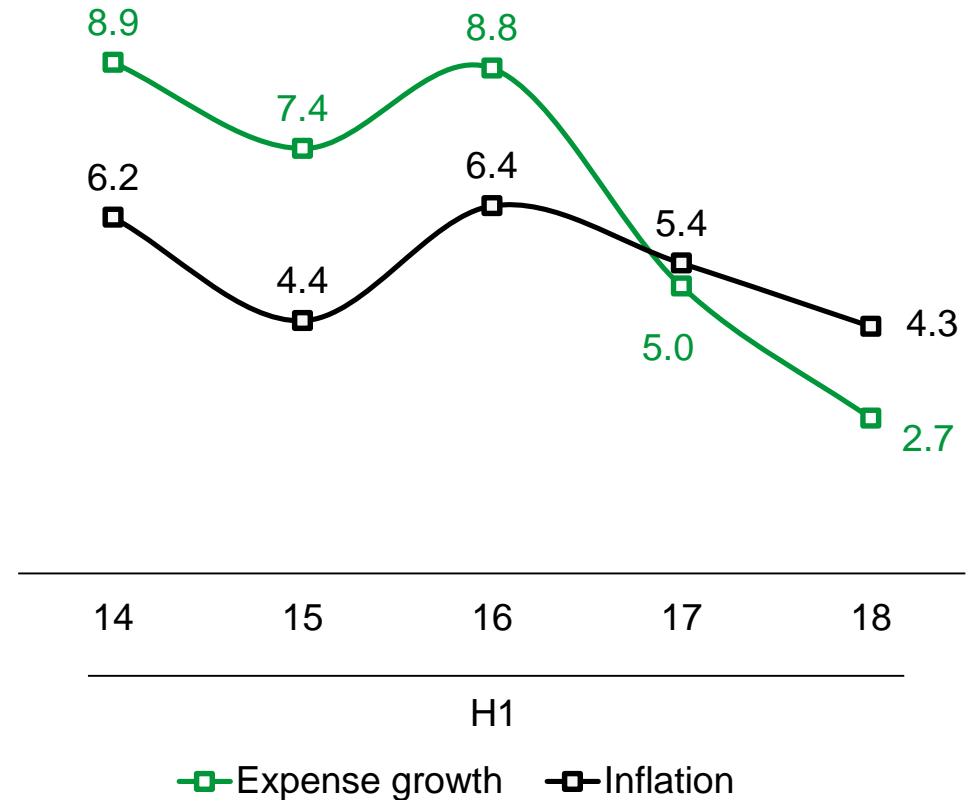


Expenses – good cost management in response to slow revenue growth & benefit from PRMA credit & IFRS changes

Expenses by cluster (Rm, % growth)



Expense growth (%)

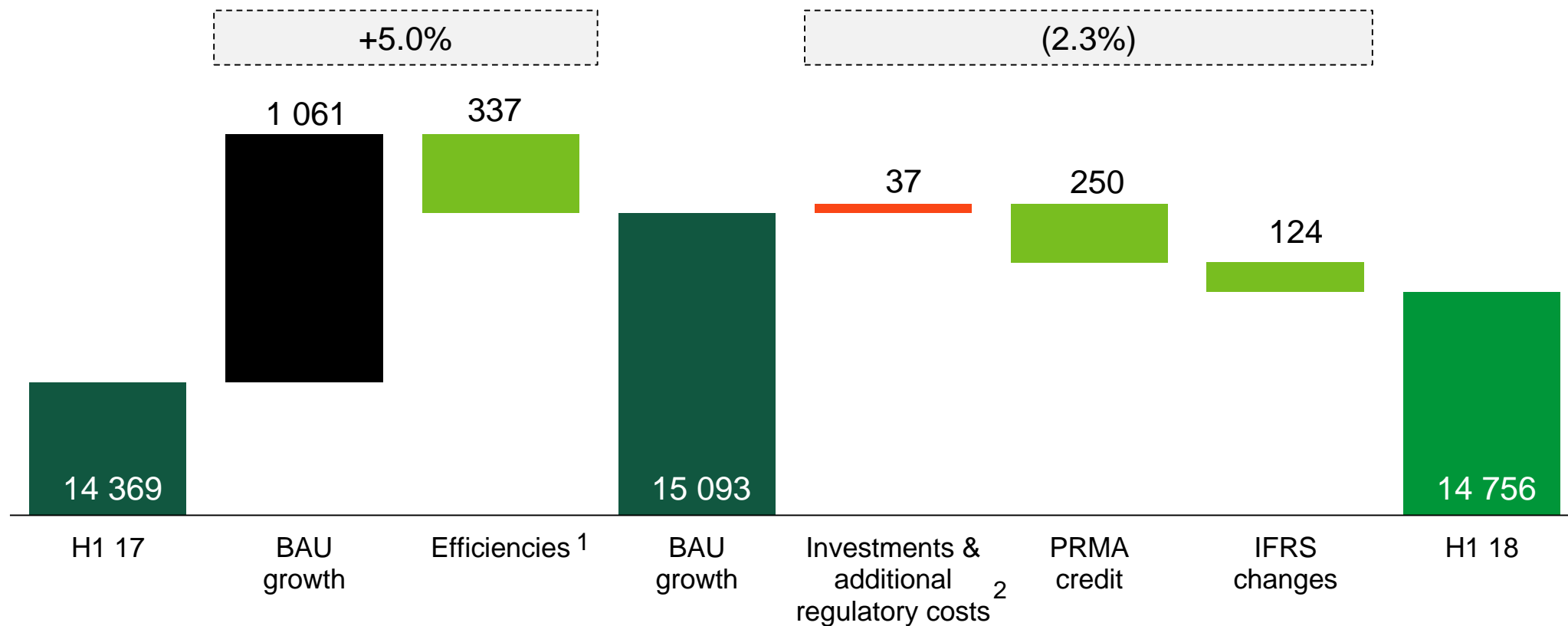


1 Expense growth, excluding R250m pretax PRMA credit (recorded in the Centre), was +4.4%. | Expense growth excluding IFRS changes was +3.6%.



Expenses – good cost management in response to slow revenue growth & benefit from PRMA credit & IFRS changes

Expenses (Rm)

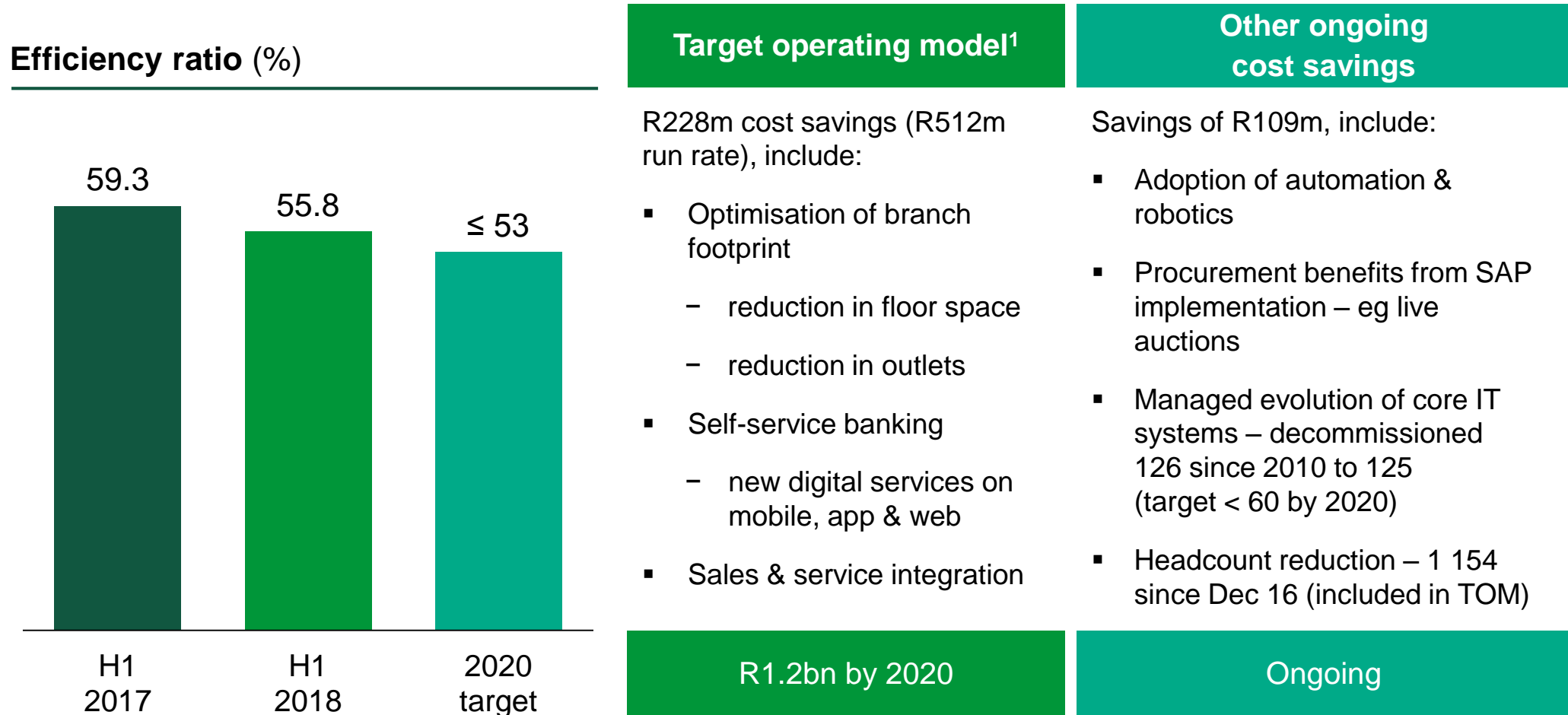


¹ R337m includes TOM (R228m, of which R177m accrues to RBB) & other cost savings (R109m).

² Investments, including IT projects, branch reformatting costs, etc.



Expenses – initiatives in place to support our efficiency ratio target of $\leq 53\%$ by 2020



¹ Target operating model initiatives enable Nedbank to operate with greater agility, leading to revenue & cost saving benefits.



History

- All members of Nedbank's medical had to be part of the PRMA
- 20 000 employees qualified & were required to participate
- Employees received benefits of medical aid subsidy if they retire from Nedbank & remain on the Nedbank medical aid

Active employees
Settlement with no residual on-balance sheet liability

Pensioners
No change in benefits & liabilities matched to assets

PRMA credit

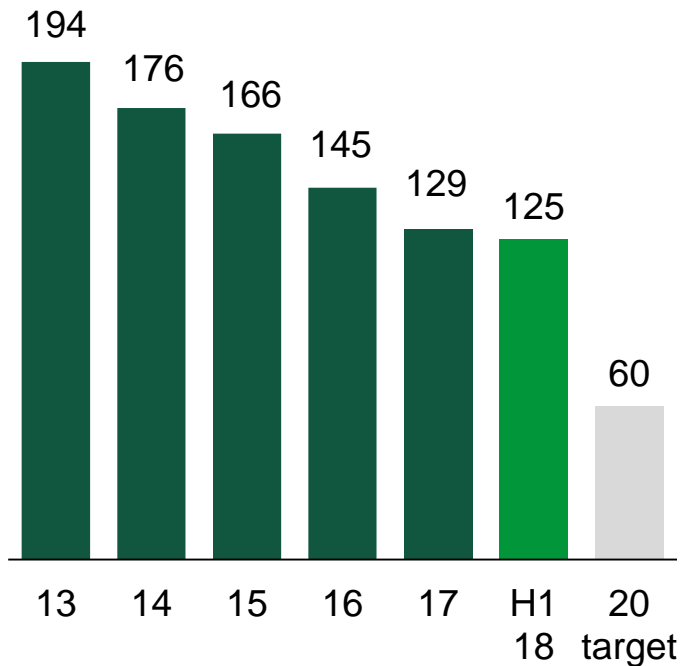
- PRMA closed to new entrants from 1 Oct 17
- 1 June 2018: settled existing obligations to active employees through:
 - An actuarial computed 'no worse off' allocation into the employee's defined contribution (DC) fund
 - or
 - An enhanced lump sum allocation into employee DC fund with no further ongoing contributions from Nedbank
- Settlement funded through employer portion of defined-benefit surplus
- Provisional R250m gain on settlement as a result of reversing the previous actuarial estimates of the liability that had been accrued annually in expenses
- Transaction to be concluded in H2 18 where further credits remain possible

Investing in technology to enhance client experiences & unlock efficiencies



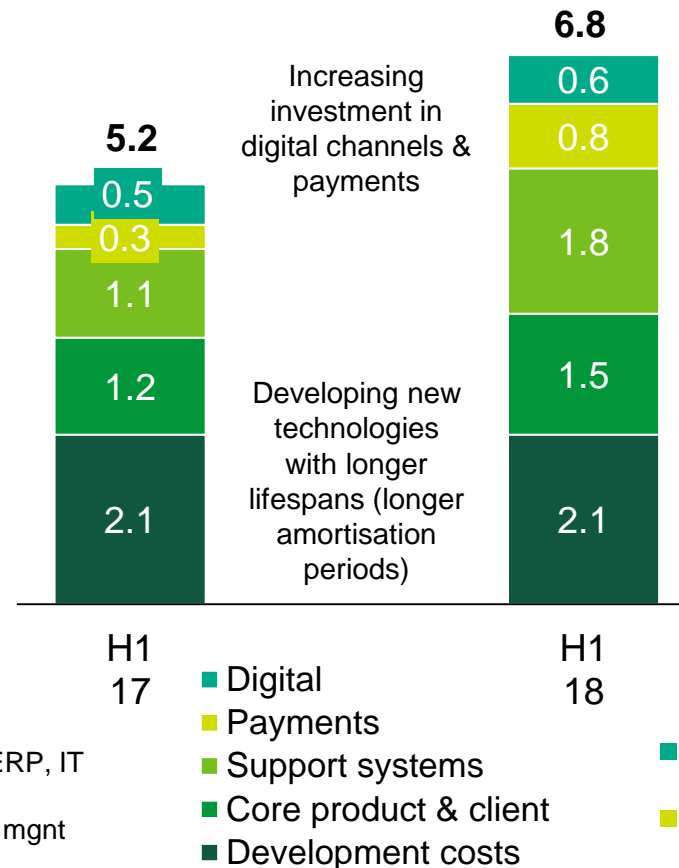
Core systems (#)

Rationalise, standardise & simplify



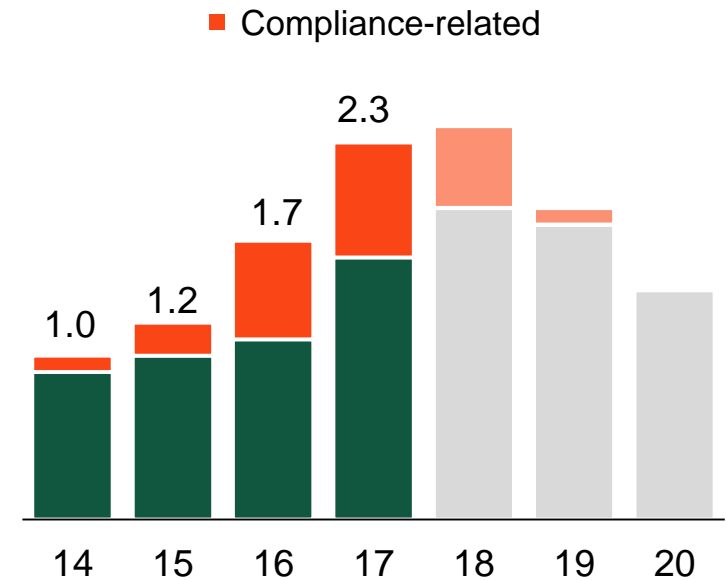
- Support includes core foundation programmes: SAP ERP, IT security, Enterprise Data & IFRS 9 (credit modelling).
- Core product & client include Flexcube (RoA), IB loan mgnt (CIB), Client CIS & AML.

Capitalised IT costs (Rbn)



IT cashflow spend (Rbn)

Projected to peak as regulatory projects are completed & development costs on new technologies decrease

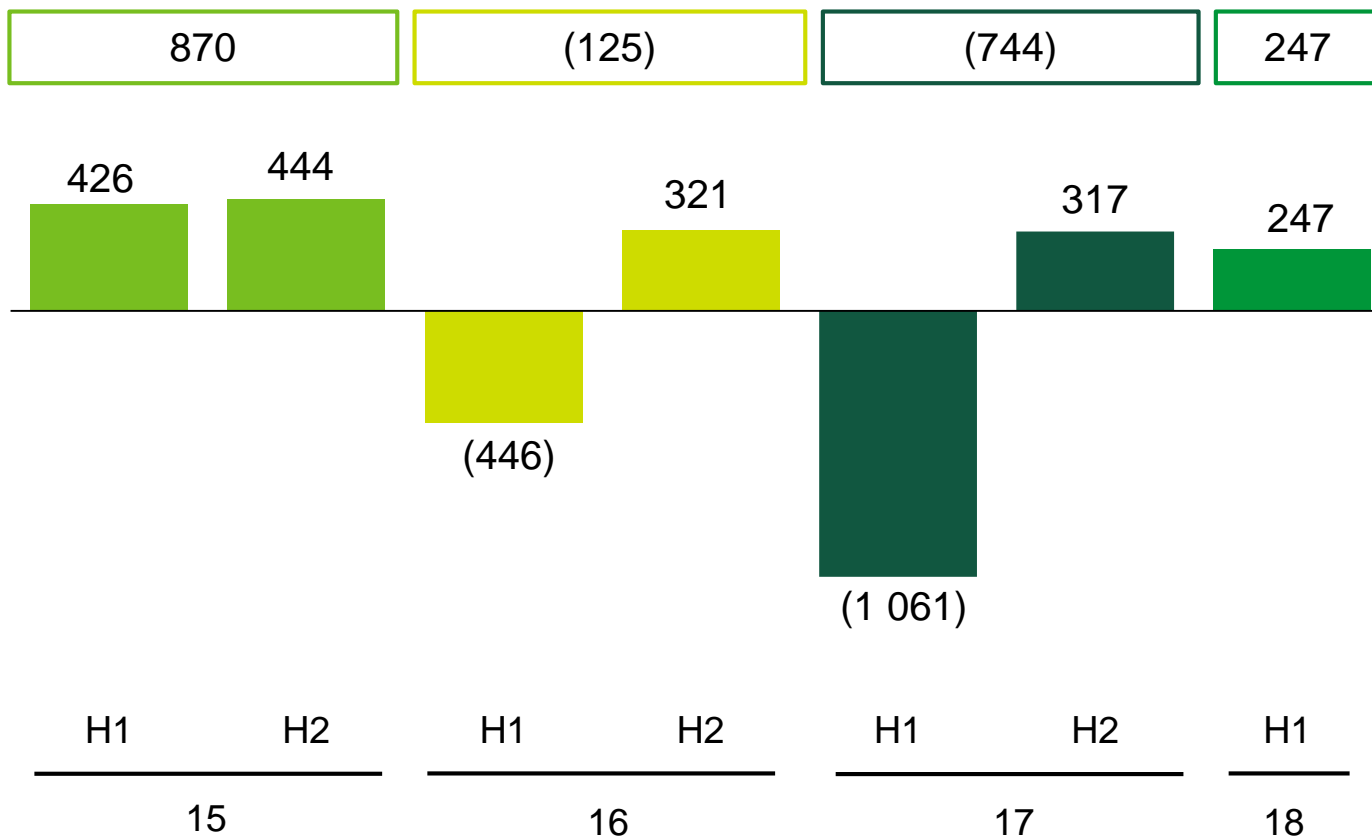


- Digital includes client onboarding & servicing, eg various apps & web enablement.
- Payments include authenticated collections & payment switch.



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

Associate income from ETI¹ (Rm)



ETI medium-to-long term guidance²

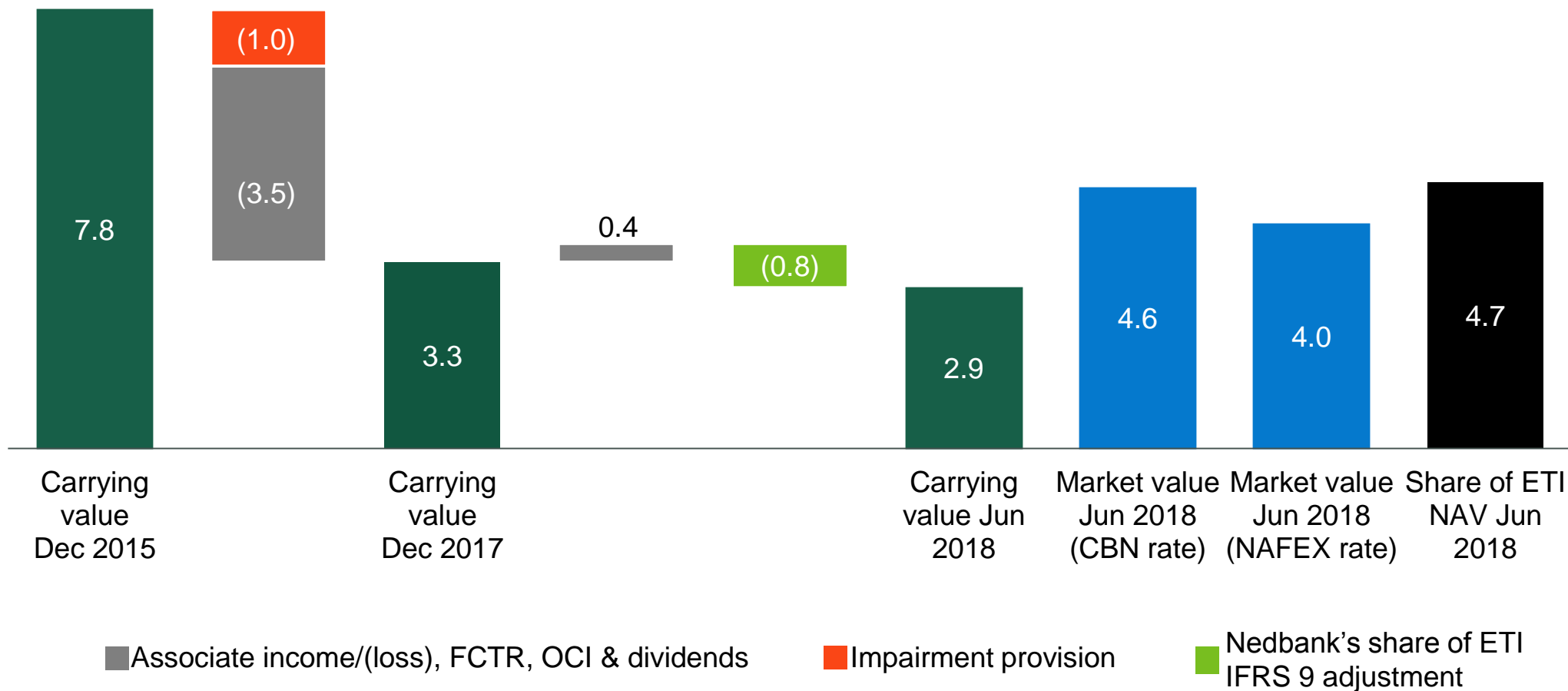
- ROTE target: COE + 5% (H1 2018: 20.9%)
- Efficiency ratio: 50–55% (H1 2018: 61.9%)

¹ ETI accounted for one quarter in arrear. | ² Source: ETI disclosures. ETI reported COE at ~ 17%. ETI H1 performance (Nedbank Q2 & Q3 2018) in line with 2018 guidance.



ETI market value greater than carrying value – R1bn impairment provision to be reviewed at 31 Dec 2018

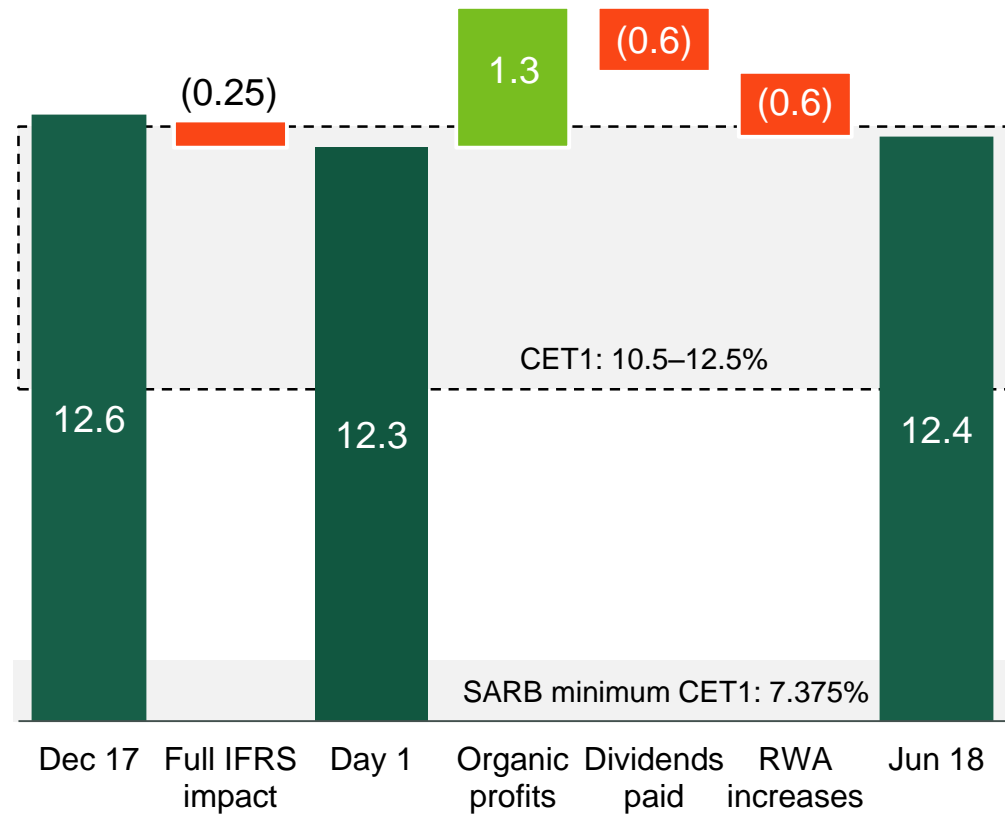
Carrying value drivers vs market value (Rbn)



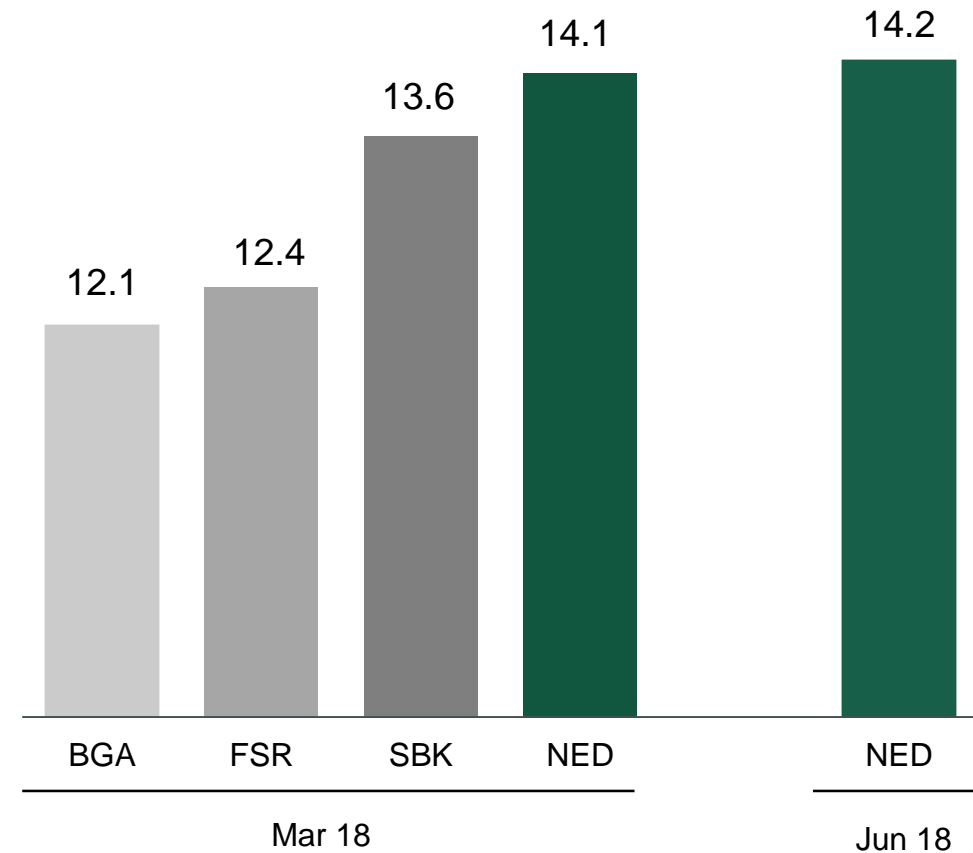


Capital – CET1 towards the top end of our target range

CET1 capital ratio (%) – post full IFRS implementation



Fully loss-absorbent capital adequacy ratios¹ (%)

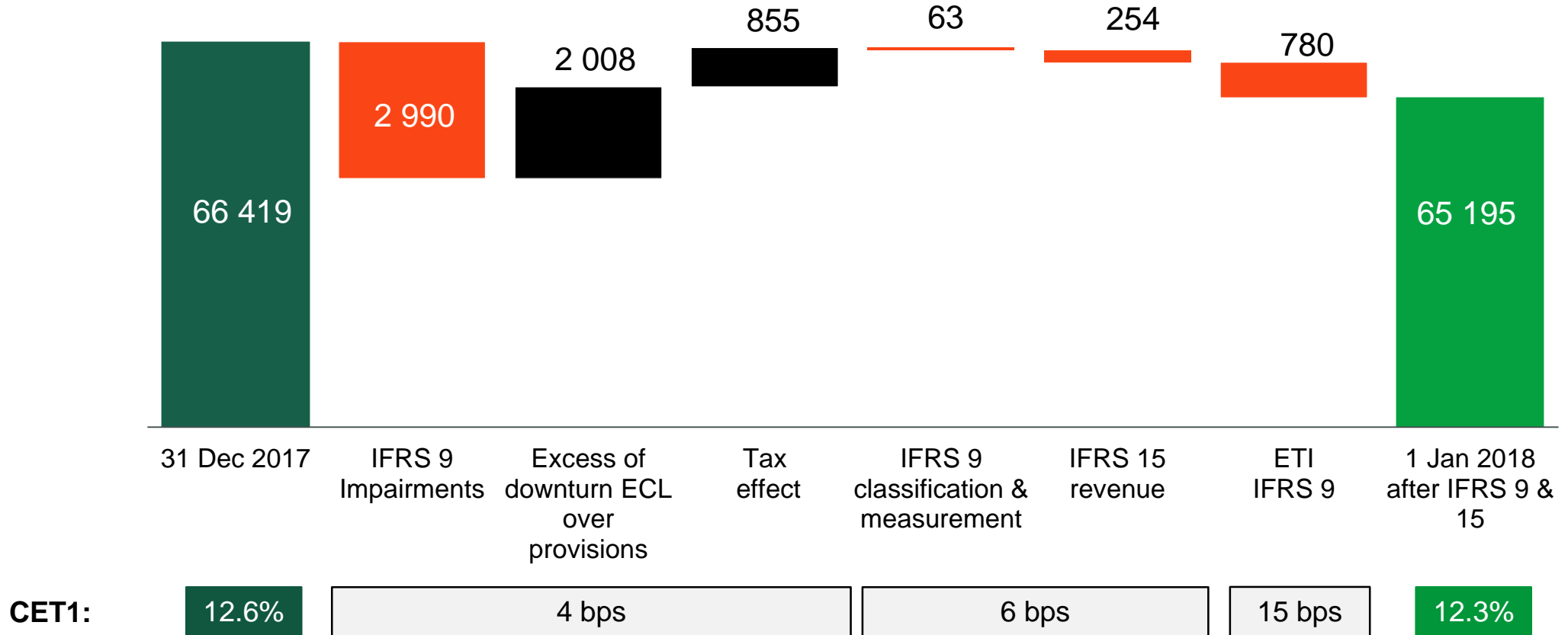


¹ Excluding unappropriated profit. | Fully loaded IFRS impact included for BGA, SBK & NED. | BGA normalised (excl Barclays settlement). | FSR includes impact of Aldermore but excludes IFRS impact..

IFRS 9 & 15 impact on CET 1 ratio



Common equity tier 1 (Rm)

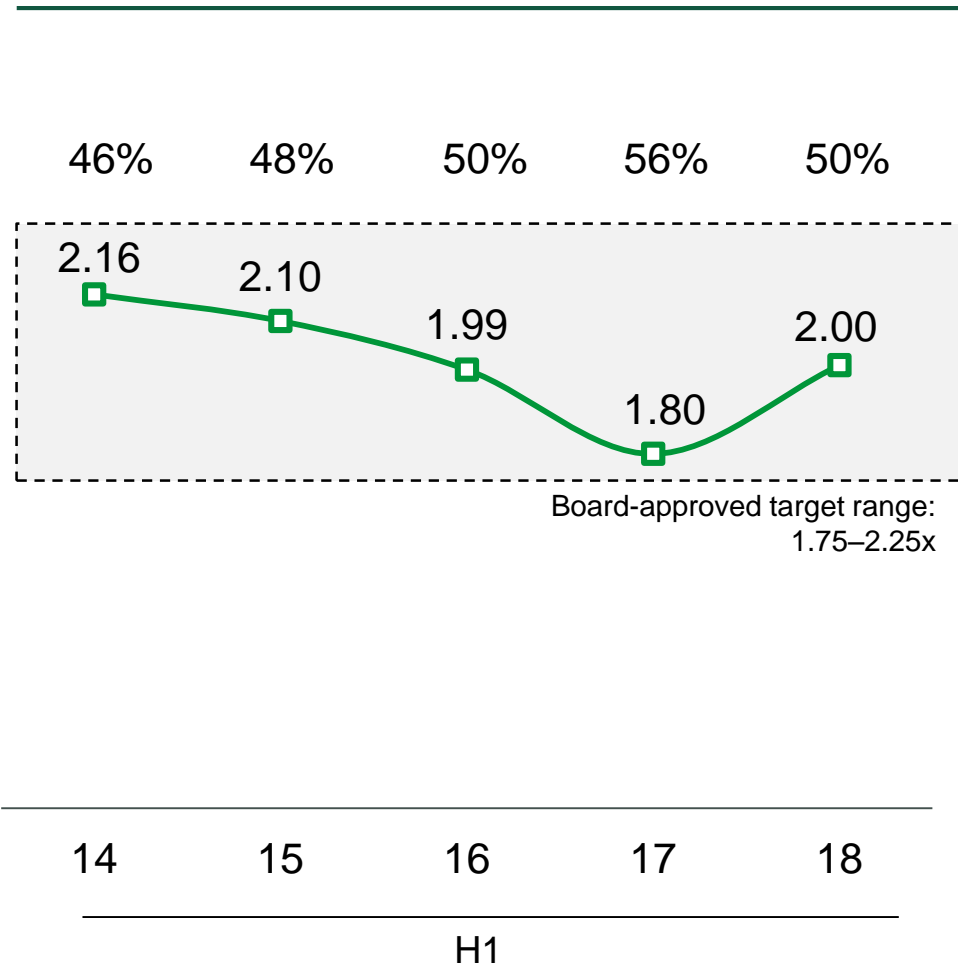


Dividend – dividend cover within our target range

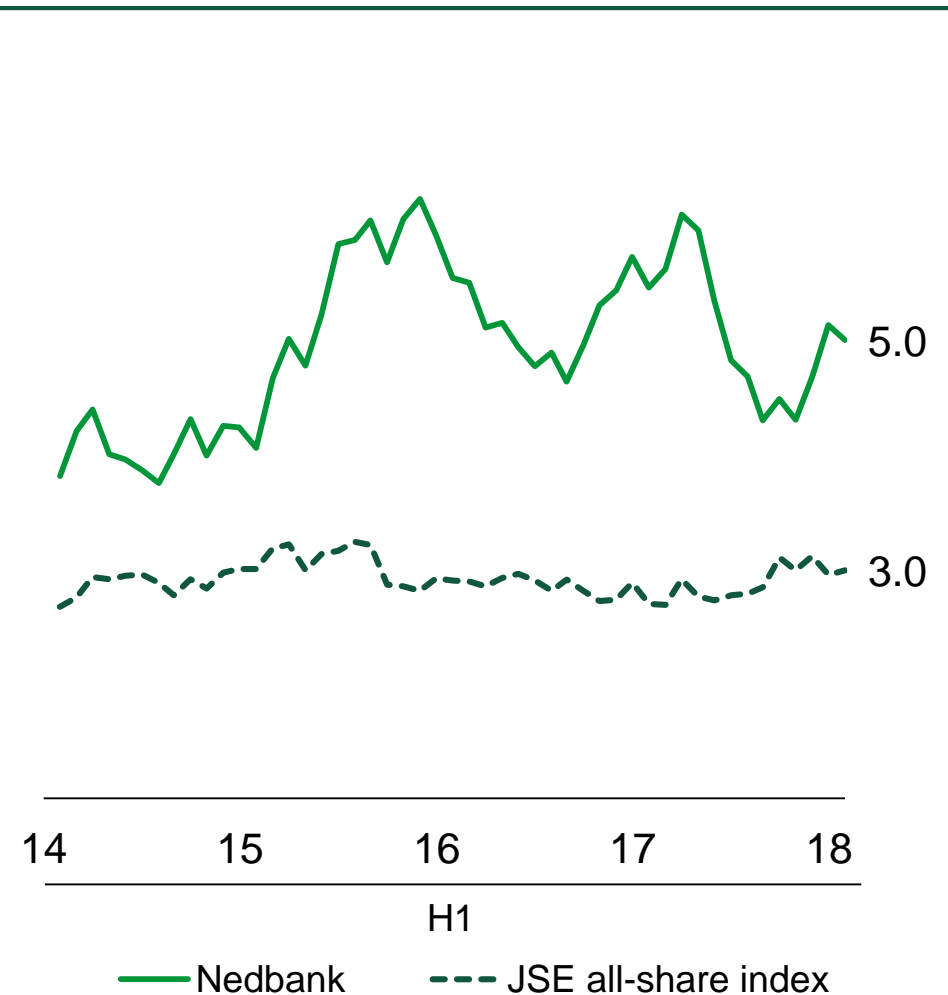


Dividend cover (times)

Payout ratio:



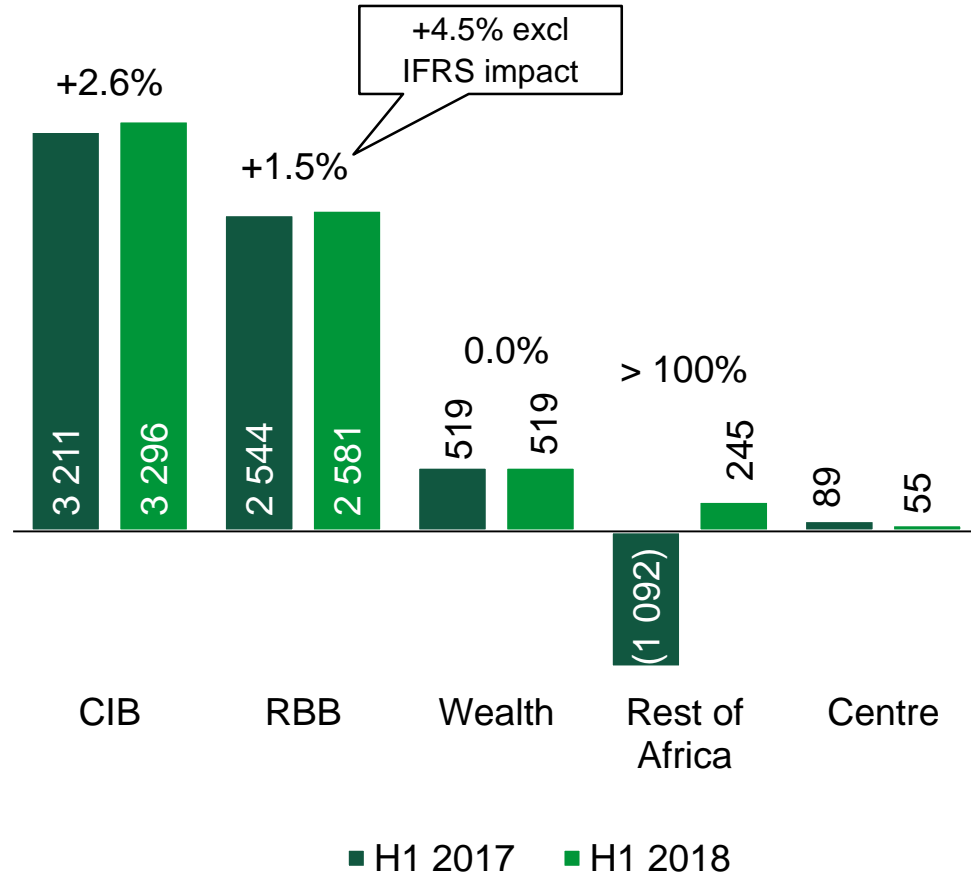
Dividend yield (%)



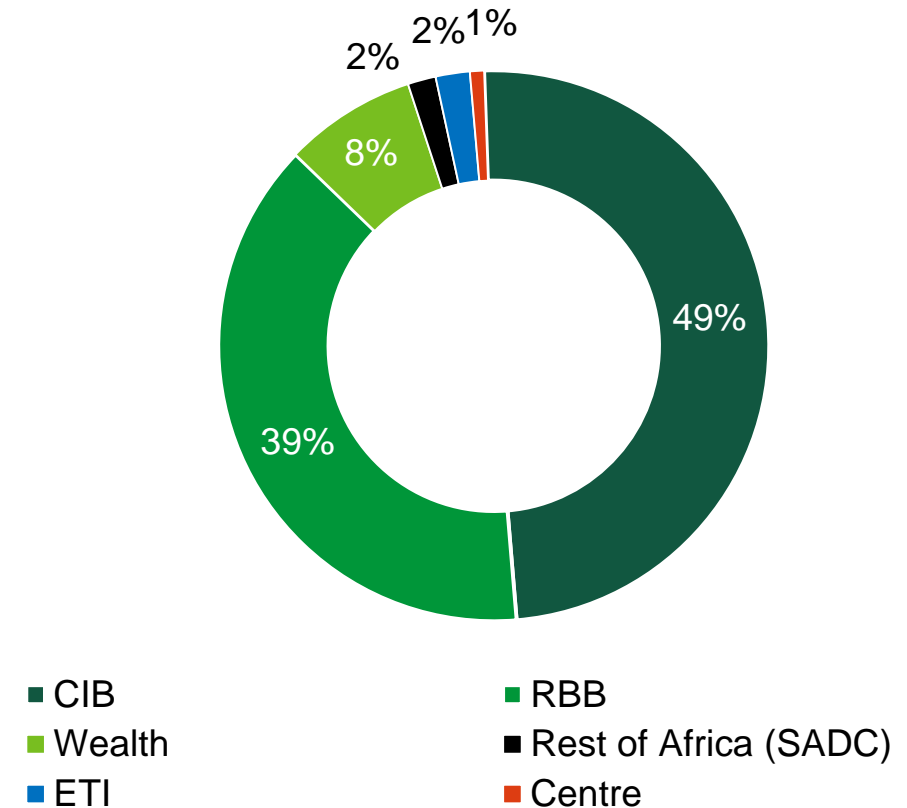


Strong performance from Rest of Africa, supported by growth in CIB & RBB

Headline earnings (Rm)



Earnings contribution (Rm)





Return on equity drivers – Group ROE increase driven by ETI returning to profitability & IFRS 9 impact

	ROE			Average allocated capital			
	H1 2018	H1 2017		H1 2018	H1 2017		
CIB	20.1	20.8	▼	33 125	31 071	6.6%	▲
RBB	18.6	18.7		27 928	27 415	1.9%	
Wealth	25.4	27.8	▼	4 116	3 764	9.4%	▲
RoA subsidiaries	4.0	3.0		5 581	4 691	19.0%	▲
Centre ¹				6 831	6 709	1.8%	
Managed operations	17.1	17.6	▼	77 581	73 650	5.3%	▲
ETI	28.8	(> 100)	▲	941	2 097	(55.1%)	▼
Nedbank Group	17.2	14.0	▲	78 522	75 747	3.7%	

Key drivers

CIB: Downgrade of certain counters given structural/ macroeconomic environment

RBB: Benefit of Basel III model refinements & implementation of IFRS 9

Wealth: Increased insurance risk ECap, further investment in technology (software) & regulatory capital parameter update

RoA subsidiaries: Increased sovereign exposure & annual business risk parameter updates

ETI: Capital allocation methodology changes

¹ Surplus capital (difference between actual & average allocated, including goodwill) is reported in the Centre Capital is allocated to clusters on the higher of regulatory & economic capital



NEDBANK CORPORATE AND INVESTMENT BANKING

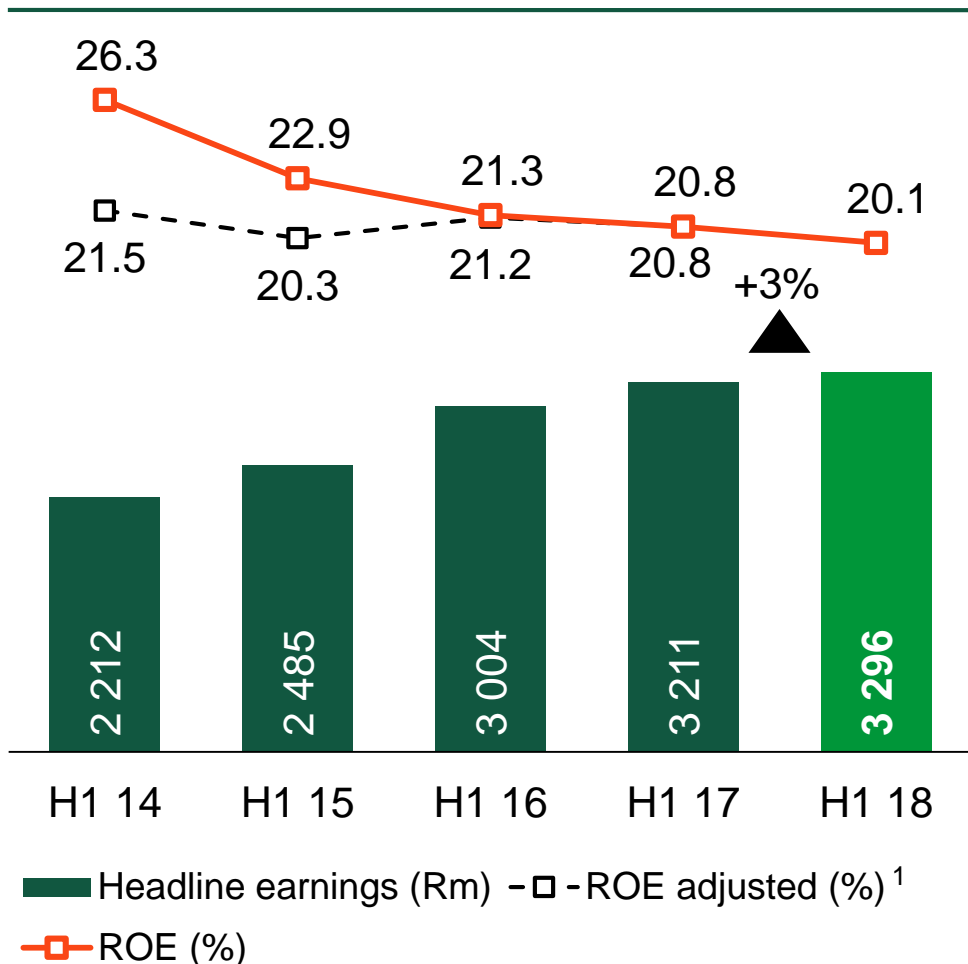
Positive earnings growth in a
slow environment

BRIAN KENNEDY



Positive earnings growth in a slow environment

Headline earnings, ROE



Key messages

- PPOP up +5.9%: Client confidence showing signs of improvement in loan growth; however slower-than-expected conversion in H1 18
- NIR +14.4%: Successful primary-client wins coupled with good trading & private-equity realisations
- CLR at 1 bps: Continued strong risk management, collections & high-quality portfolio
- Expenses +3.6%: Focus on cost management
- **Strong franchise continuing to provide good returns (ROE > 20%)**

Partner network



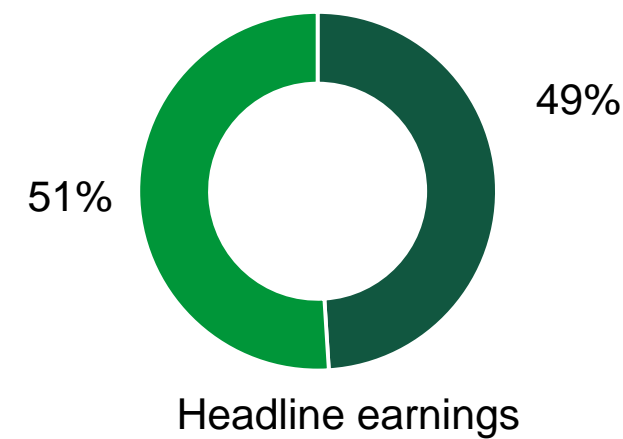
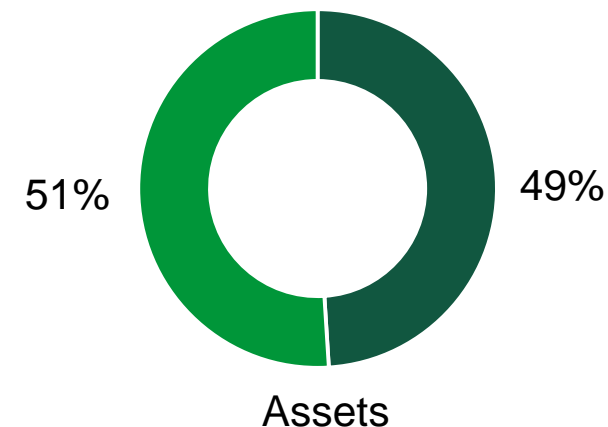
Corporate & Investment Banking – financial highlights

BOOKLET SLIDE



Six months ended	% change	H1 2018	H1 2017
Headline earnings (Rm)	2.6	3 296	3 211
Operating income (Rm)	4.9	7 384	7 041
PPOP (Rm)	5.9	4 299	4 059
Net interest margin (%)		2.13	2.13
NIR-to-expense ratio (%)		127.9	115.8
Efficiency ratio (%)		40.9	41.6
Credit loss ratio (%)		0.01	-0.03
Average banking advances (Rm)	(2.8)	322 247	331 599
Average deposits (Rm)	(1.1)	336 199	339 930
Headline economic profit (Rm)	(2.9)	1 034	1 065
Average allocated capital (Rm) ¹	6.6	33 125	31 071
ROE (%)		20.1	20.8

■ Nedbank CIB ■ Other clusters



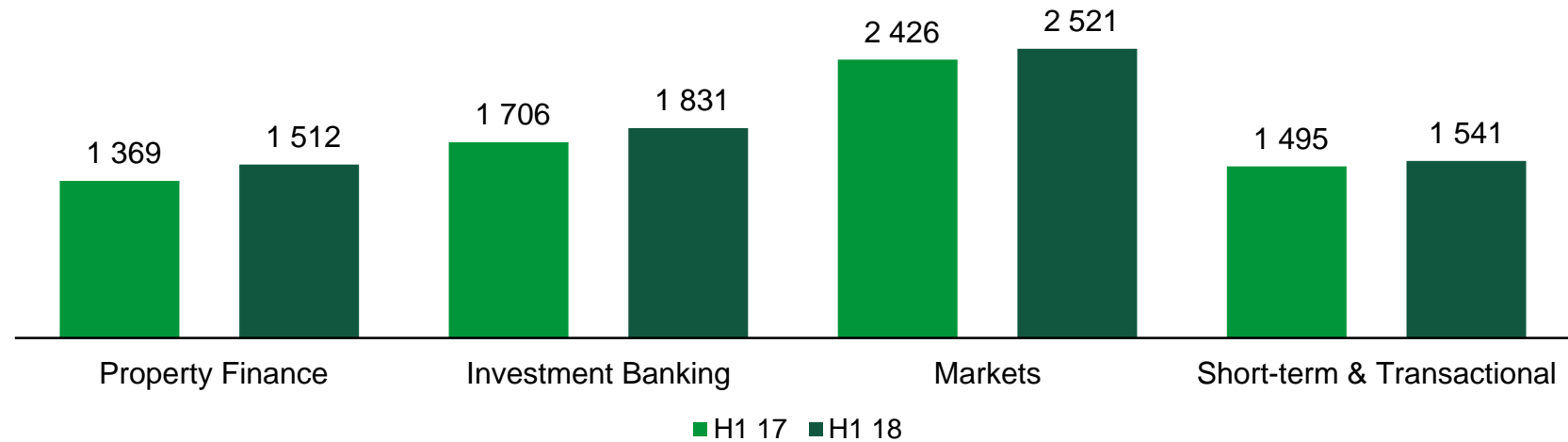
¹ Cost of equity 2017: 13.9%. | H1 2018: 13.8%.

CIB business unit – financial highlights

BOOKLET SLIDE



GOI by business unit (Rm)

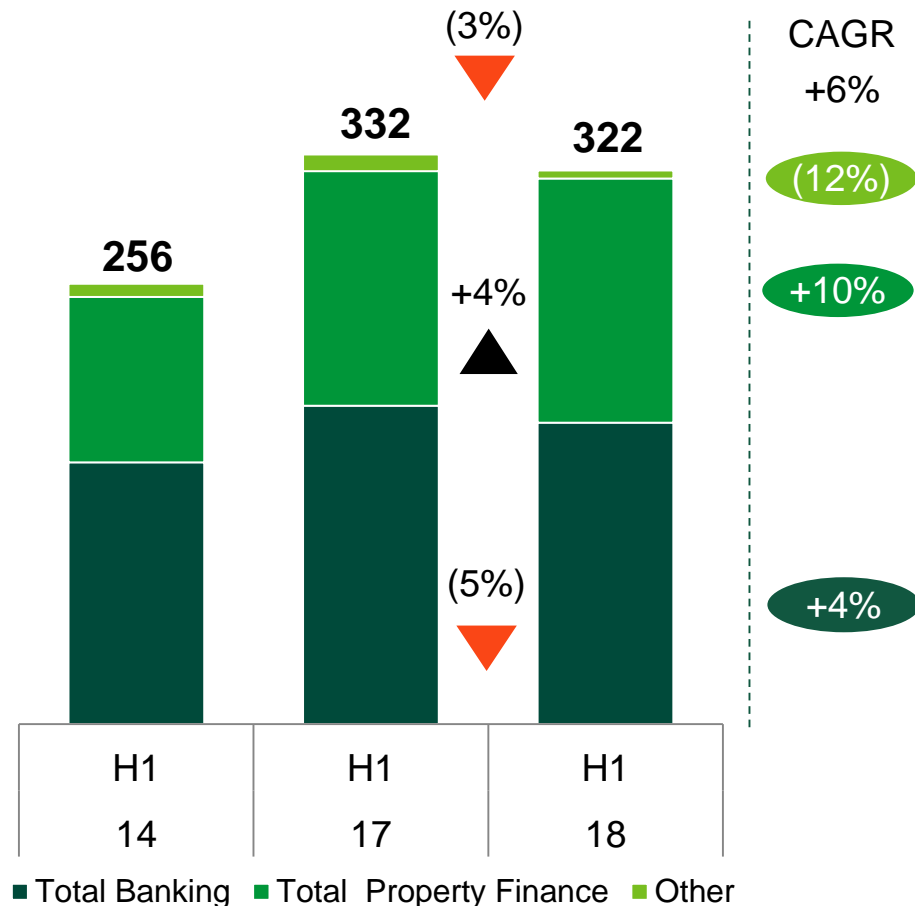


	Property Finance		Rest of CIB	
	H1 17	H1 18	H1 17	H1 18
HE (Rm)	735	722	2 476	2 574
ROE (%)	18.5%	18.0%	21.7%	20.7%
CLR (%)	(0.16%)	0.11%	0.06%	(0.06%)



Average advances growth impacted by ongoing policy uncertainty & early repayments, although H2 18 pipeline remains robust

Average banking advances (Rbn)



Key messages

- Maintained or improved market share position
- Market leaders in CPF & renewable energy
- Drawdowns of R64bn in IB & CPF | R28bn early repayments
- Significant debt provider to corporate SA in H1 18
- Strong positions in ranking tables:
 - #1 for DCM bond issuances H1 18 (volume & value)
 - #4 for listed M&A investment advisers on volumes Q1 18
- Robust pipeline expected to convert in H2 18, including conclusion of Round 4 renewable-energy deals in Jul 18



Client solutions leading to significant wins

BOOKLET SLIDE




2018

Appointed primary banker for the City of Cape Town




2018

Secured a R1bn private placement for Netcare



2018

Successfully raised R2,5bn for Mercedes-Benz South Africa through a public bond auction in the domestic debt capital market




2018

Appointed as a joint lead bookrunner for the National Treasury's dollar-denominated bond issuance in the international debt capital market



2018

Successfully co-arranged and closed a US \$750m commercial debt facility for the Government of Kenya




2018

Only active African bookrunner in the successful conclusion of the international syndication of US \$1,37bn of revolving credit & term loan facilities for Puma Energy




2018

CIB acted as sole mandated lead arranger in providing Geita Gold Mining Limited with US \$ 115m of syndicated debt facilities



2018

Provision of R1bn in bond funding for the Land and Agricultural Development Bank of South Africa (Land Bank) and awarded the custodial mandate



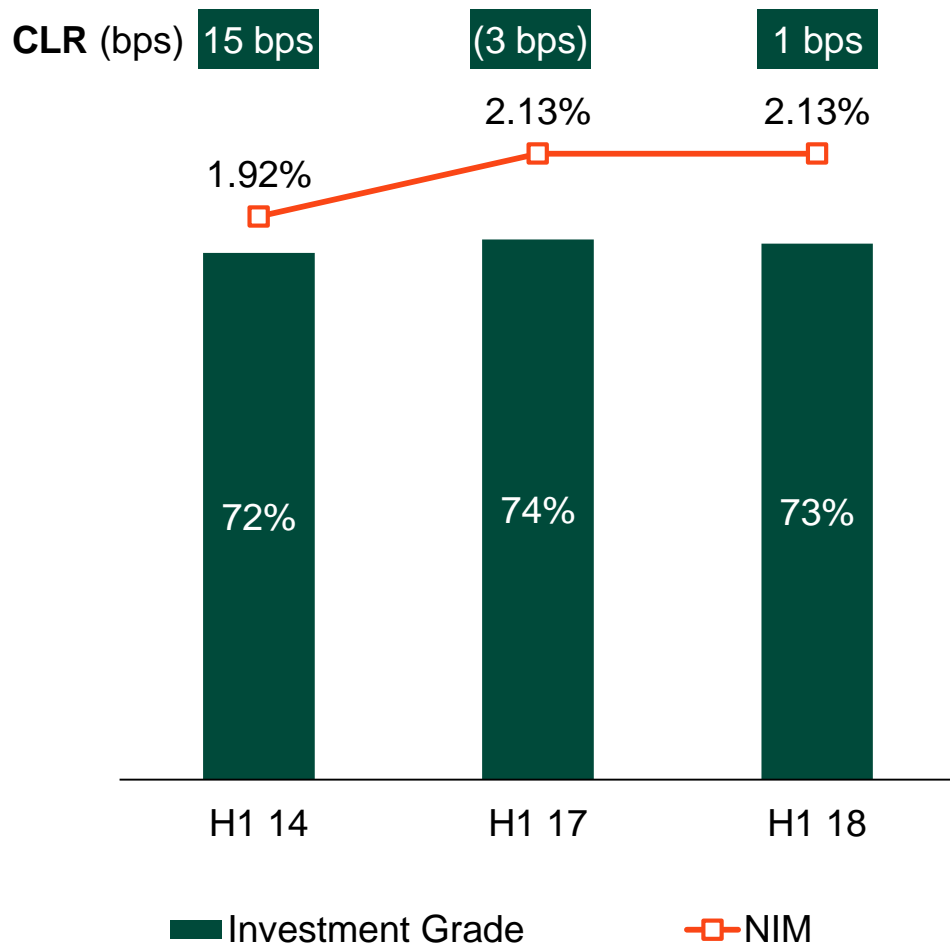
2018

Acted as joint global MLA & bookrunners in arranging multicurrency syndicated facilities equivalent to approximately EUR 3,4bn for the Aspen Group

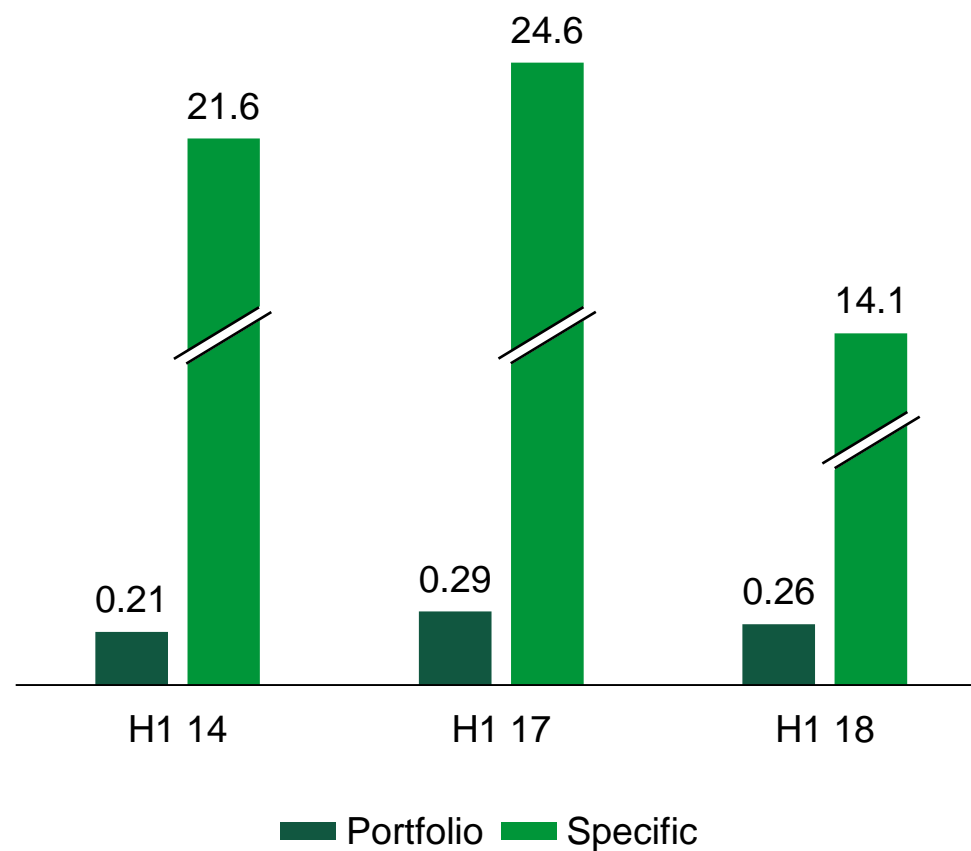


Proactive risk management in prior periods continues to yield results

Quality of book, CLR & NIM



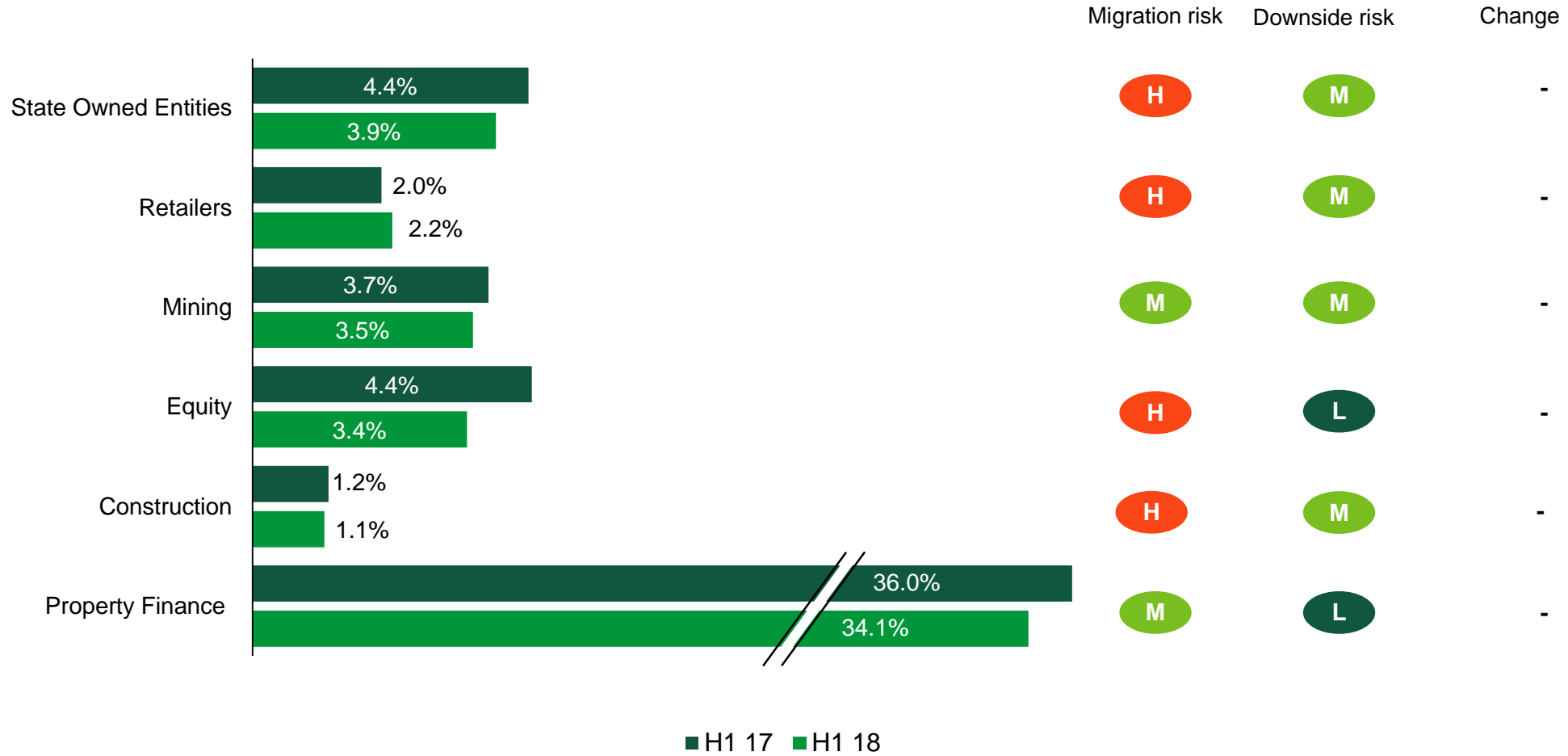
Coverage ratios – individually determined (%)



Proactive risk management in prior periods continues to yield results



CIB selected sector exposures (%)

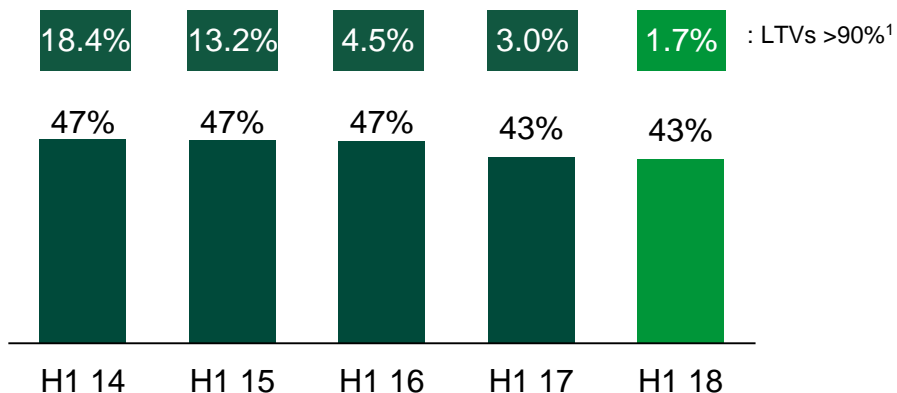




Quality commercial property book

BOOKLET SLIDE

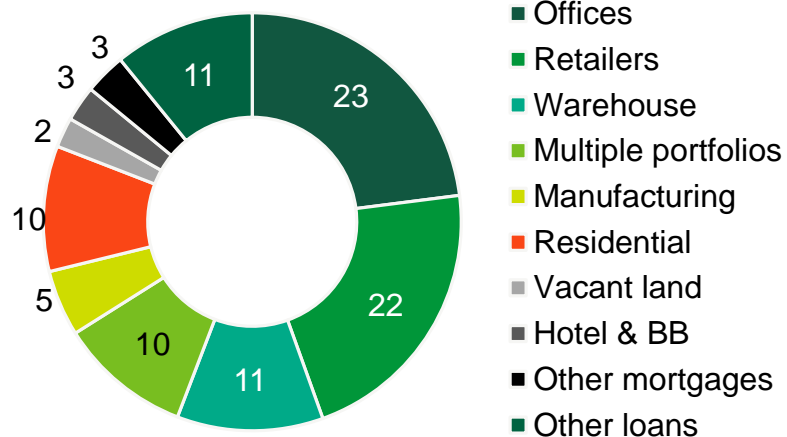
Low average loan to value (LTV) (%)



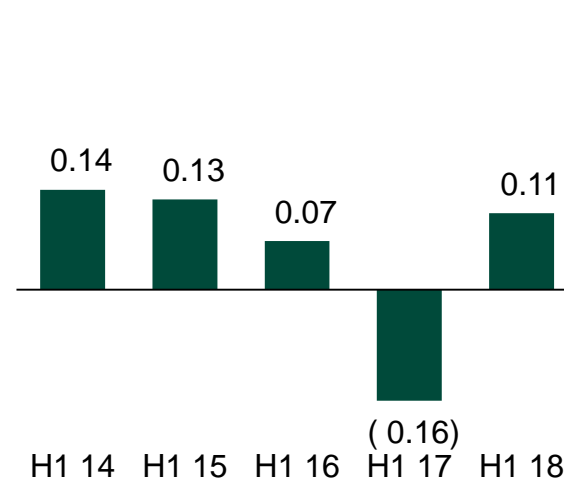
Key drivers

- 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
- 29% of book lending into listed property funds
- Primary lending operation supplemented by private-equity arm

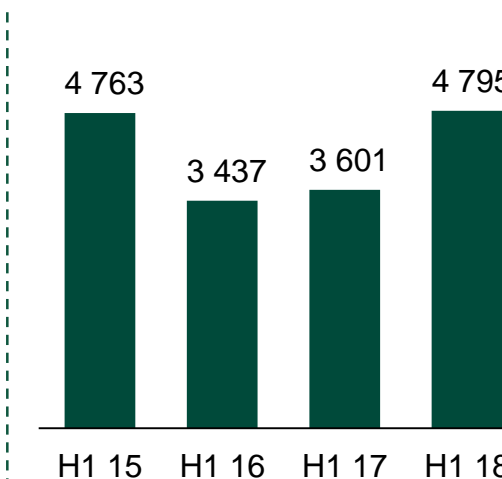
Diversified book by property type (%)



CLR (%)



Investing book size (Rm)

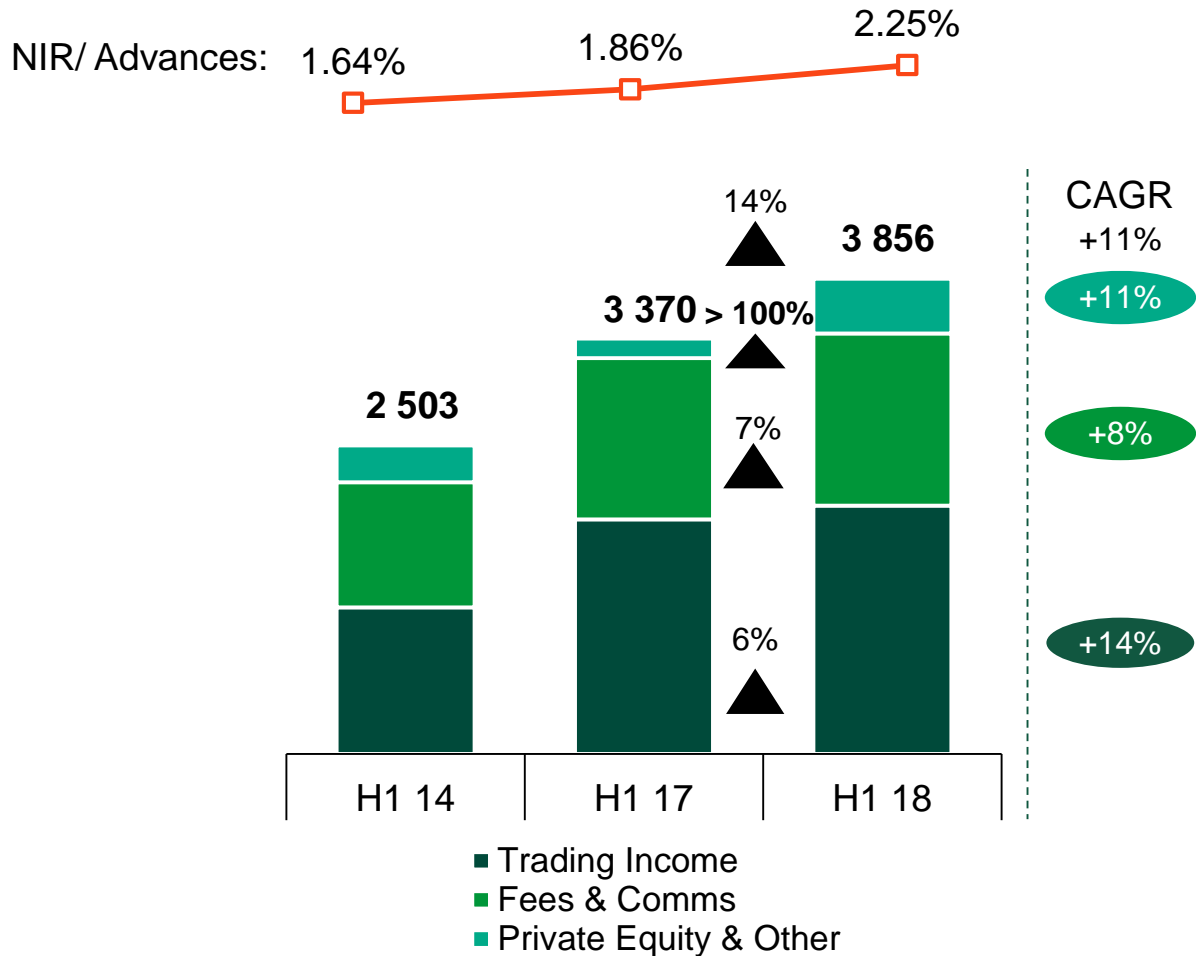


¹ Excludes unsecured loans to listed REITS – by regulation these REITS have gearing ratios of less than 60%.



Excellent NIR growth supported by good trading & transactional client gains

NIR/Advances (%), NIR (Rm)



Key drivers

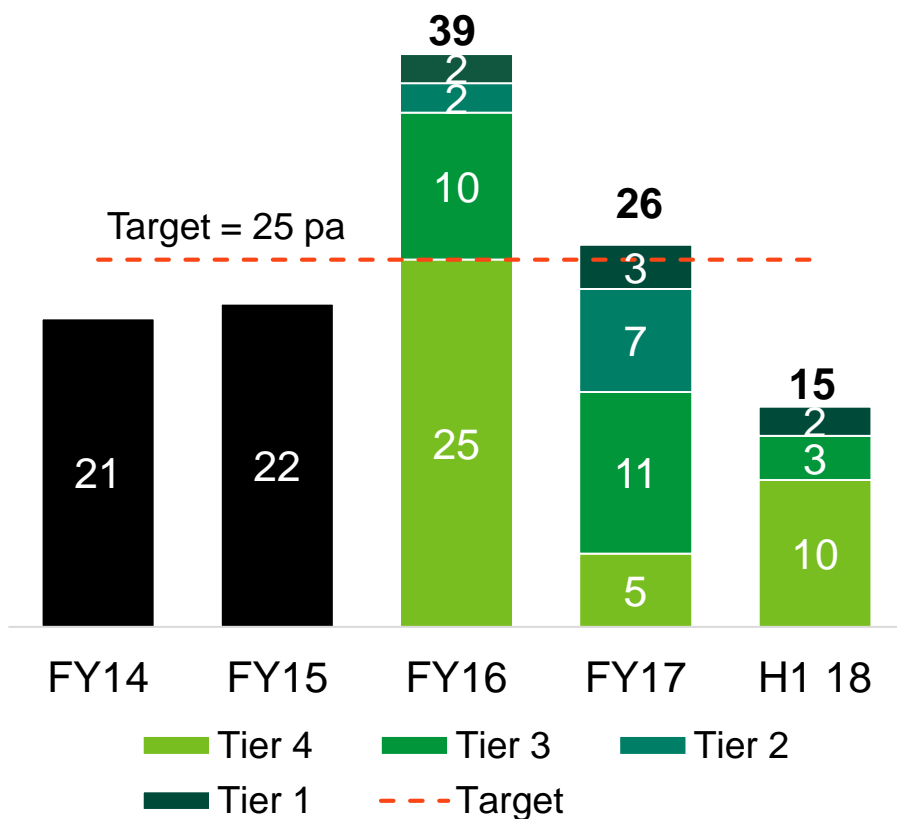
- Successful primary client wins & retention of top-tier clients contributed to good fee & commission growth
- Favourable market liquidity & flows in Q1 18, but subdued market conditions in Q2 18, resulted in good trading revenue growth of 6%
- Maintained strong position in interest rates demonstrated by excellent Spire & FM rankings as well as being rated #1 primary dealer for the 17/18 fiscal year
- Further building Markets presence in equity derivatives, structured rates & inflation
- Solid private-equity performance, largely through realisations



Growing our transactional banking franchise faster than the market – ongoing new primary-client wins in CIB

BOOKLET SLIDE

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





Prospects for Corporate & Investment Banking

A powerful wholesale business focused on its clients

- Better serve our clients through strengthening relationships & client insights
- Strong pipeline expected to convert in H2 18 & Round 4 renewable-energy deals concluded
- Continued focus on our African expansion in key sectors, including property finance
- Growing our transactional banking & working capital franchise, including short-term assets
- **2018:** Headline earnings growth in line with nominal GDP growth
- **2020 targets:**
 - ROE \geq 20% – maintain strong returns
 - Cost to income \leq 40% – using technology to improve efficiencies

Awards





NEDBANK RETAIL & BUSINESS BANKING

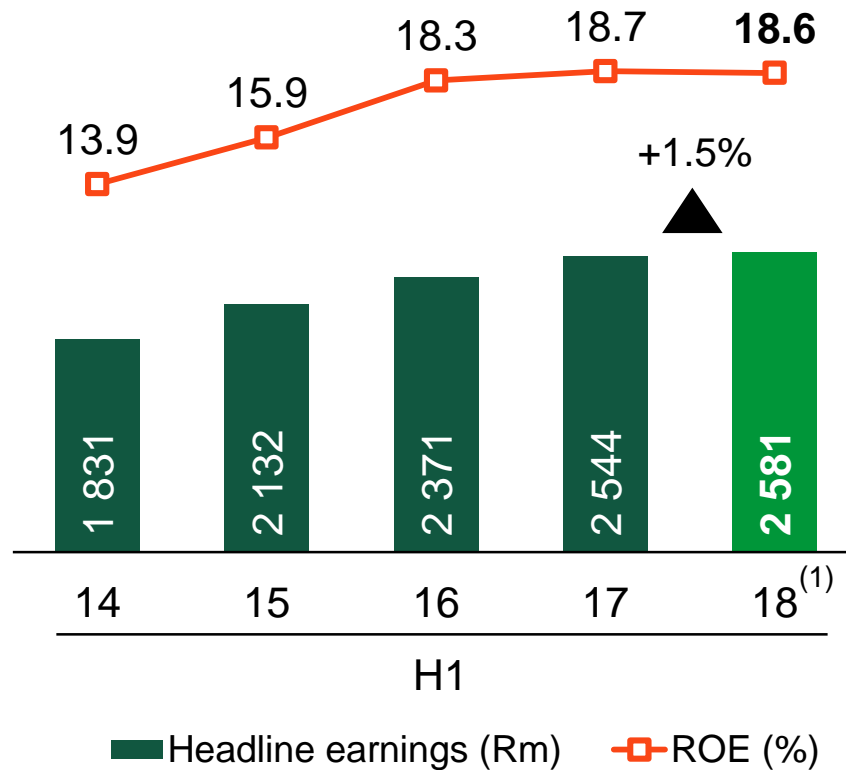
Solid underlying earnings
growth in line with expectations
in a difficult environment

CIKO THOMAS



Solid underlying earnings growth in line with expectations in a difficult environment

Headline earnings, ROE



Key messages

- Headline earnings growth normalised for IFRS changes at 4.5%
- PPOP +0.5% (adjusted for IFRS +4.0%)
 - NII +3.5%: Advances & deposits market share gains, offset by margin compression in the deposits business (4.0% excl IFRS)
 - NIR +1.5%: subjected to the impact from IFRS changes. (6.1% excl IFRS)
 - Expenses +3.7%: reflects the initial impact of optimising processes & operations, including headcount reductions & the benefit of IFRS 15 (5.0% excl IFRS)
- CLR remained well contained, reflecting a quality portfolio & IFRS (112 bps excl IFRS)

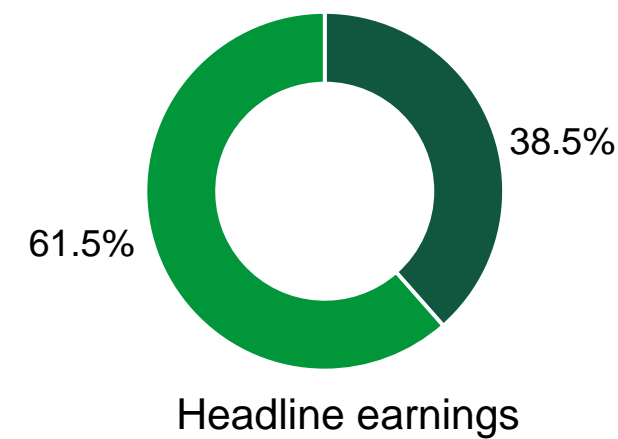
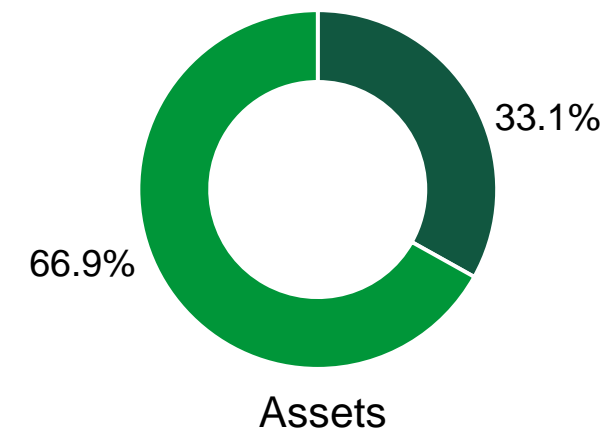
¹ ROE adjusted for IFRS change 19.2% & headline earnings growth +4,5% | Historic ROE on the same capital allocation methodology as H1 2018 is broadly similar to that reported

Retail & Business Banking – financial highlights



Six months ended	% change	2018	2017
Headline earnings (Rm)	1.5	2 581	2 544
Operating income (Rm)	3.3	13 516	13 086
PPOP (Rm)	0.5	5 272	5 248
Net interest margin (%)		5.71	5.93
NIR-to-expense ratio (%)		62.7	64.0
Efficiency ratio (%)		64.0	63.4
Credit loss ratio (%)		1.06	1.14
Average banking advances (Rm)	5.6	317 216	300 424
Average deposits (Rm)	8.5	297 290	274 012
Headline economic profit (Rm)	3.7	674	650
Average allocated capital (Rm) ¹	1.9	27 928	27 415
ROE (%)		18.6	18.7

■ Nedbank RBB ■ Other clusters

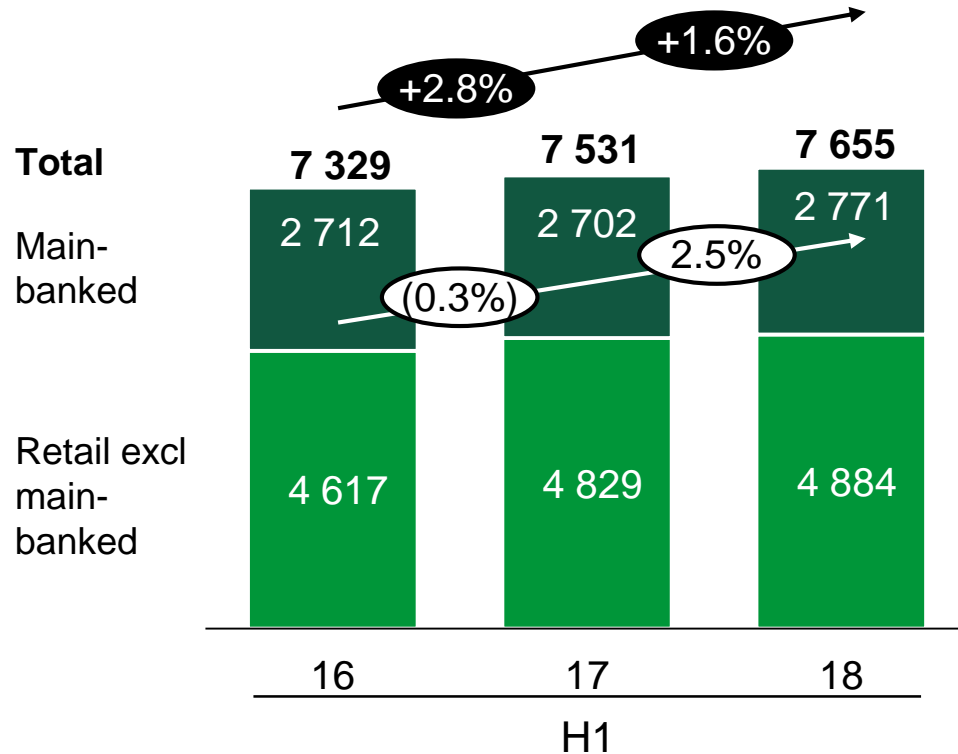


¹ Cost of equity H1 2017: 13.9%. | H1 2018: 13.8%.

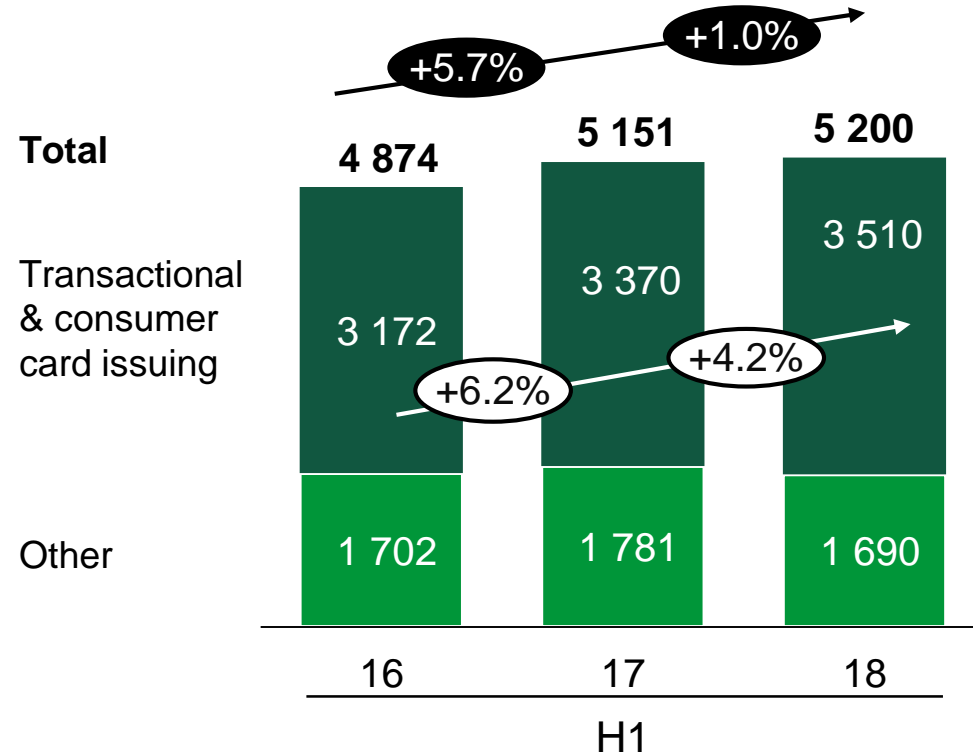


Retail transactional NIR growth ahead of client growth – deeper client penetration

Total retail client base (#000)



Retail NIR (Rm)



Before IFRS	H1 17	H1 18
Total retail NIR	+5.7%	+6.2%
Transactional & card issuing	+6.2%	+8.1%

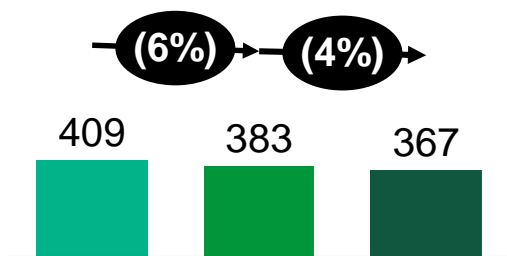


Client-centred strategy intact with strong growth in the middle market

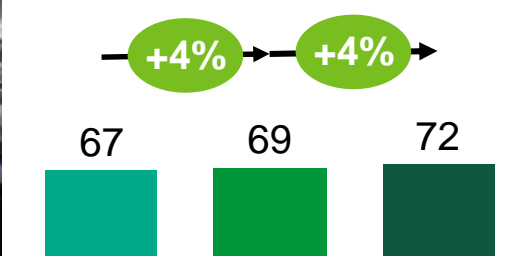
Main-banked, # 000

UNLOCKED.ME student CVP launched to address growth

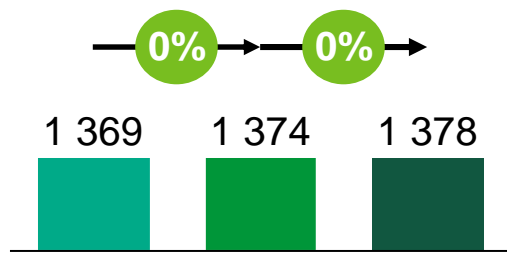
Kids & youth



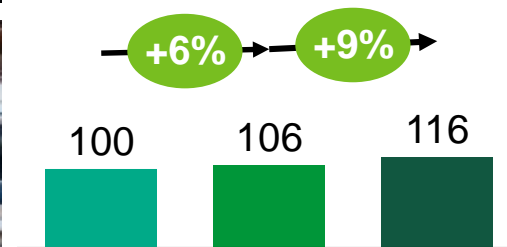
Professional



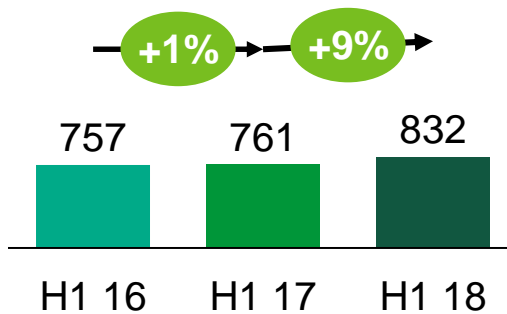
Entry level



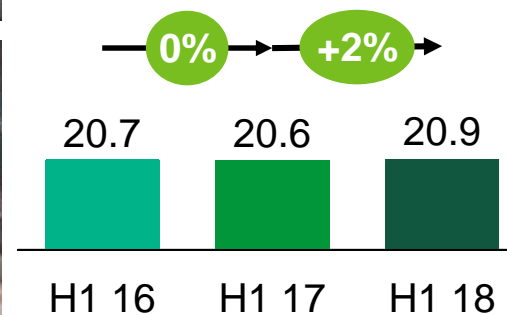
Small Business Services²



Middle



Business Banking¹



¹ Client groups with gross operating income contributions in excess of R500 pm. Previous years were rebased for migration of the Grey Portfolio from BB to SBS on 1 June 2018

² Previous years were rebased for migration of the Grey Portfolio from BB to SBS on 1 June 2018

Note: Non-resident, non-individual segment not shown.





Disruptive CVPs & enhanced digital channels continue to accelerate client acquisition growth in selected segments

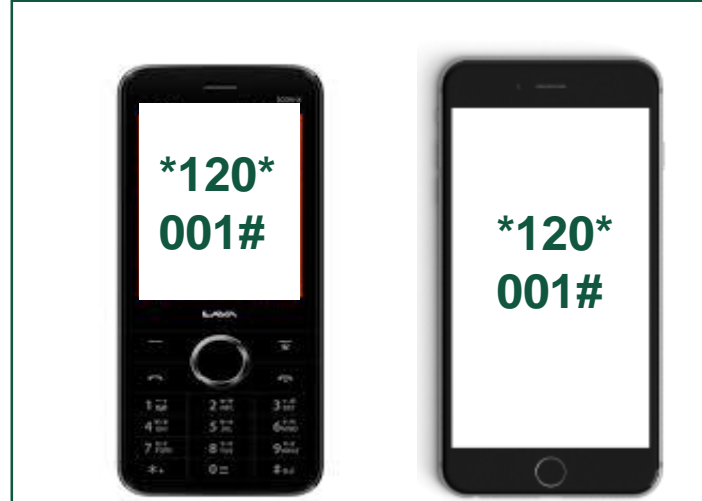
STOKVEL



Innovative savings vehicle solution for complexity in Stokvel community

- A holistic offering specifically designed to allow the millions of people in the Stokvel market to pool their financial resources to save effectively.
- With a best-in-market burial benefit of R15 per member per month that provides a R10 000 benefit. It also offers rewards on the account & financial education for Stokvel members.

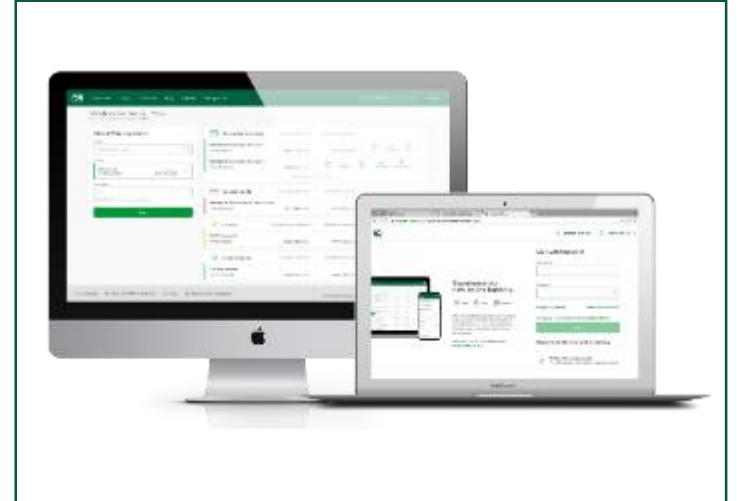
MOBIMONEY



Innovative solutions for driving inclusive banking at low cost

- A wallet-based transactional solution that allows people to pay, send & save their money in an account-free environment via USSD functionality.
- Ability to open a Nedbank account within seconds by simply dialling the SMS string *120*002# & entering their name & ID number.

Nedbank Online Banking



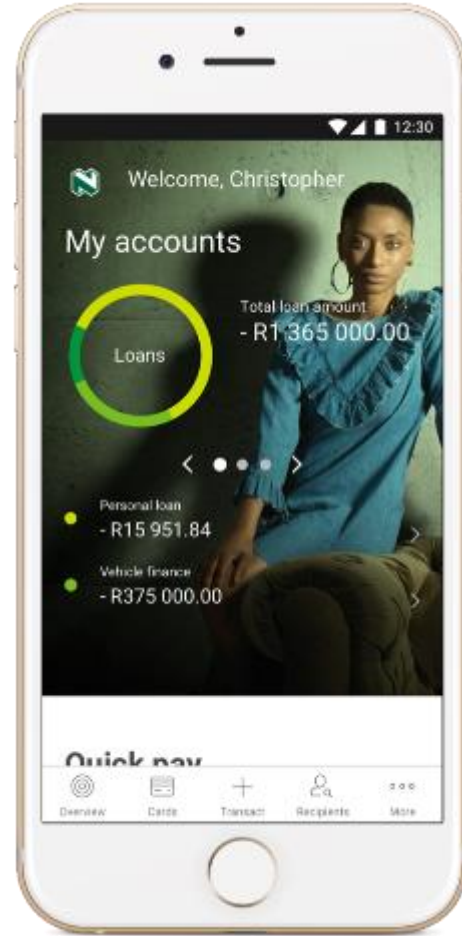
Refresh of digital channels for enhanced client experience

- Launched to clients in April 2018 with client-centred design at the core.
- Enrolment is easy & intuitive, simplified everyday banking functionality & enables a host of self-service functionality.



Digital 1st, 1st in digital – digitise. Nedbank Money app™ reached more than 1m downloads, with 42 services added since launch (Target > 180 by 2020)

1 million downloads & > 400k active users
in under 10 months since launch



Money app launched in Nov 2017 with -
12 additional services added in April 2018

And a further -
9 services added in May 2018

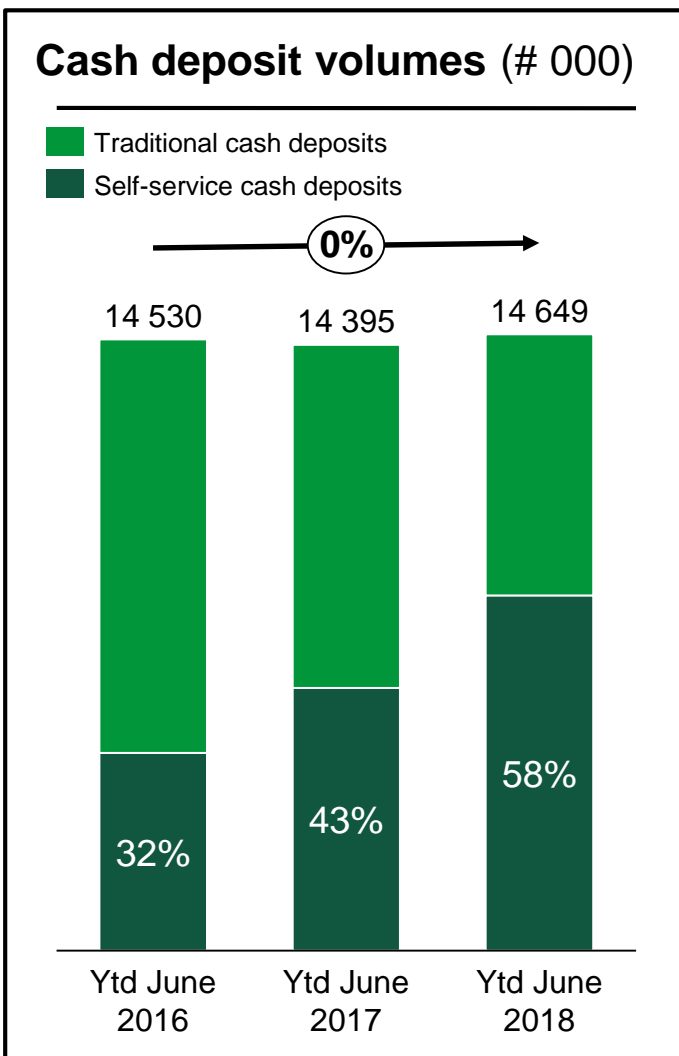
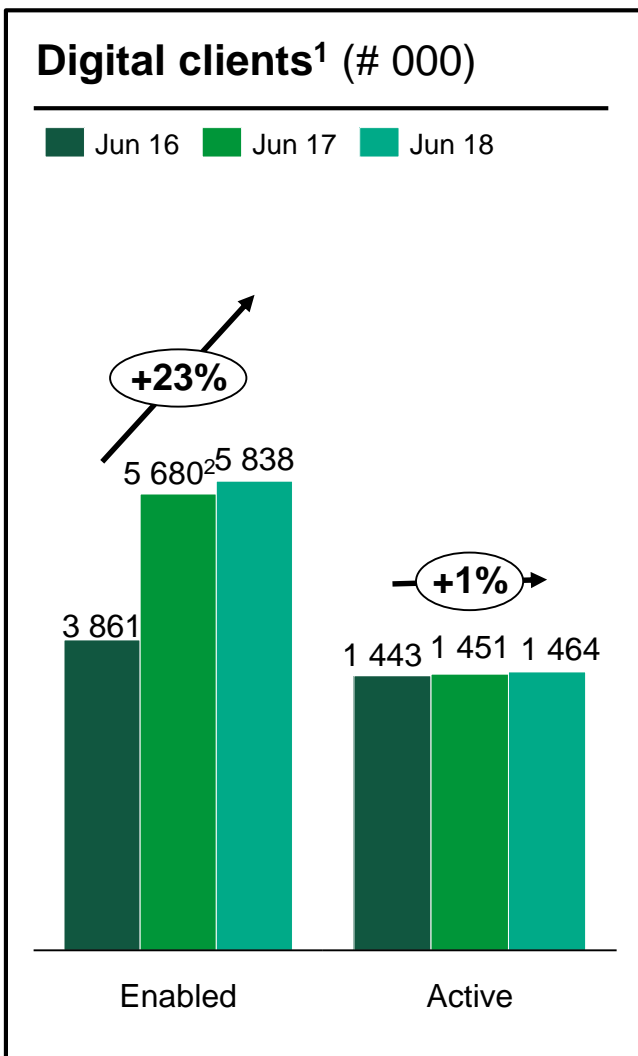
An additional –
21 services landed between June & July 2018

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** via WhatsApp, message or email (on 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



Accelerated digitisation of technology & operations



Yoy change in 2018

Devices		
Intelligent depositors	▲	23%
ATMs	▼	(3%)
Video bankers	▲	16%
Self service kiosks	▲	148%
Interactive tellers	▲	>100%
Volumes		
Digital VAS volumes	▲	18%
App ² transaction volumes	▲	26%
App ² enrolments	▲	61%
ID deposits	▲	35%
Teller activity	▼	(16%)

¹ Digitally enabled & active clients have been restated to include all digital channels, including USSD, and to allow for only last 90 days of recent activity.
² Includes all versions of the Nedbank app.



Cost initiatives – contributor to ongoing efficiencies & savings of which R177m relate to TOM efficiencies

324 initiatives

Evolved distribution

Operational excellence

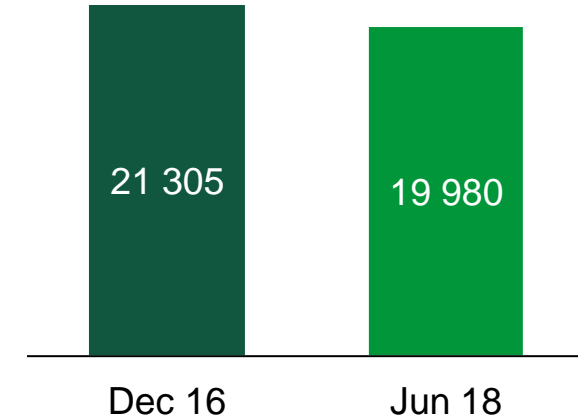
Credit

Organisation simplification

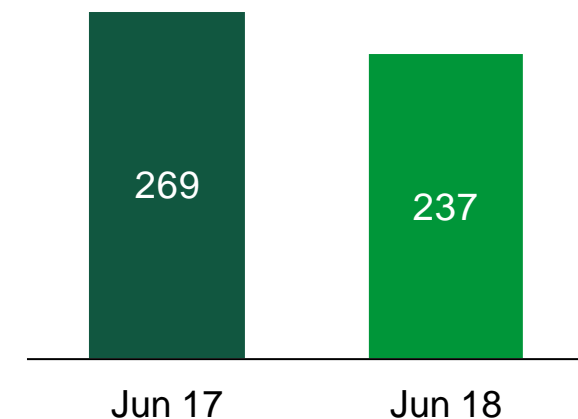
RBB initiatives

- Branch optimisation – slowdown in new rollouts, closure of 8 branches
- Headcount reduction of 1 325 (6.2%) in last 18 months, largely through natural attrition
- 29% increase in home loan digital channel grants
- Self-service initiatives – Total of 272 video banker stations, 350 internet stations, 407 self-service kiosk & 300k statements processed on IDs monthly
- Machine learning techniques implemented in credit scoring models
- Focus on digital onboarding & servicing
- Adoption of robotic automation (153 robots deployed)
- Further rationalisation of physical infrastructure as digital sales & servicing gains traction & adoption
- Empowering our people to unlock and execute on nWoW with new training academies

Total RBB employees (#)

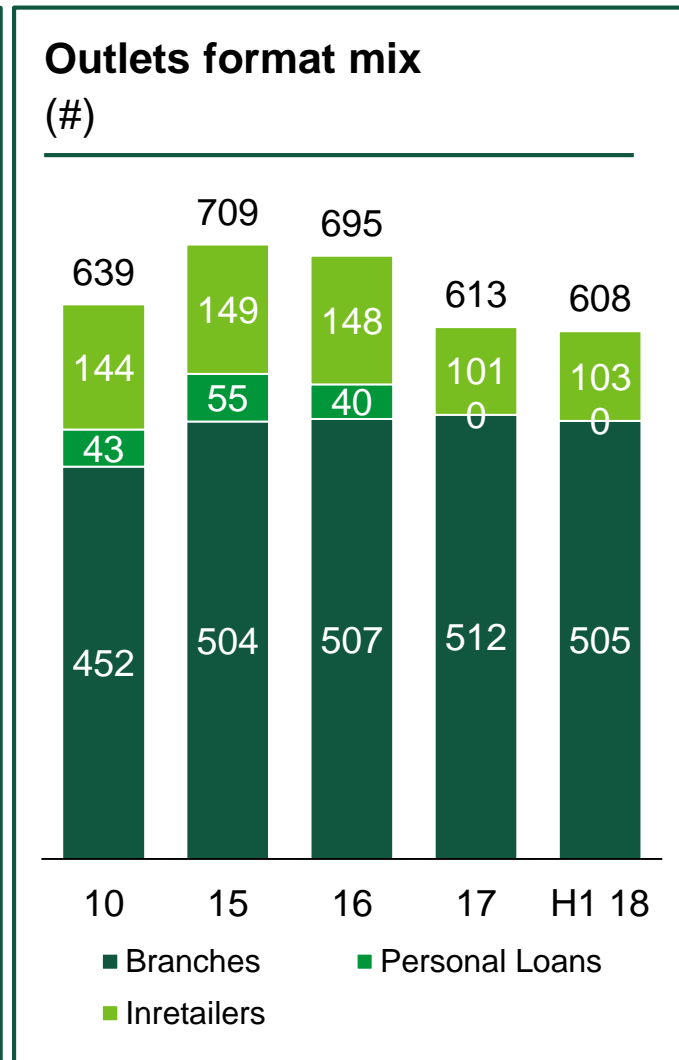
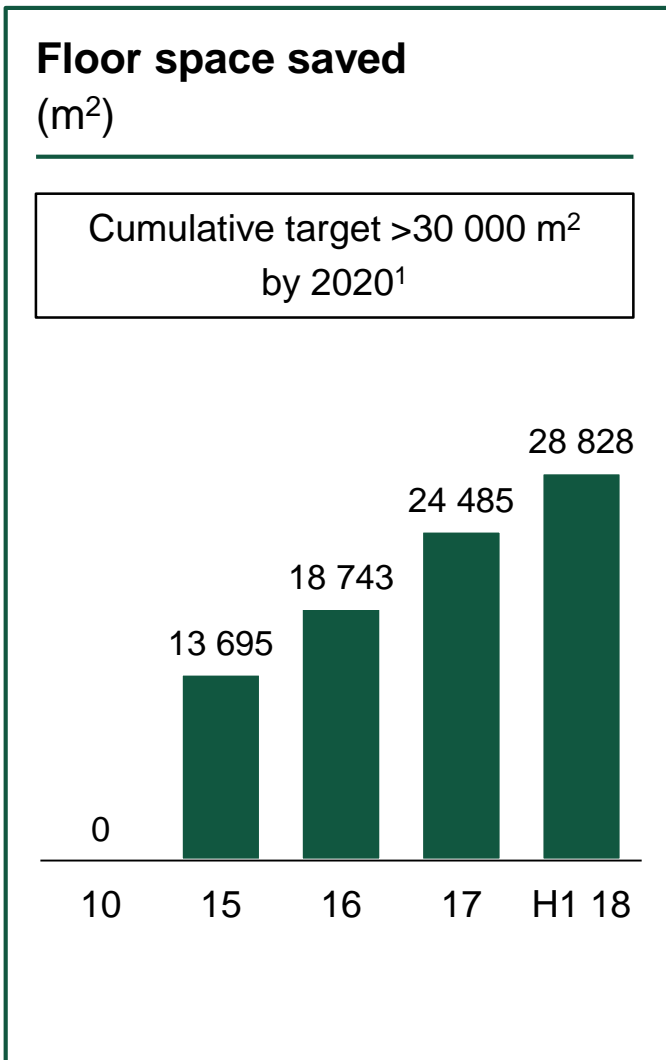
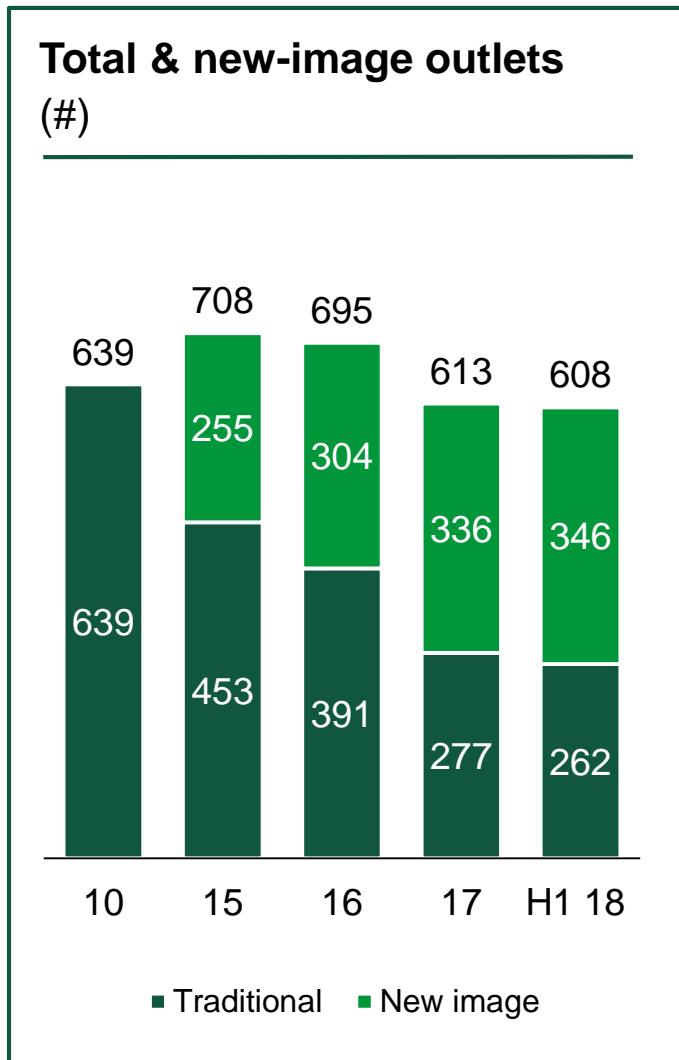


Efficiencies (Rm)





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



¹ Given good progress, target will be reviewed.



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

Efficiency ratio: 2017 to 2020

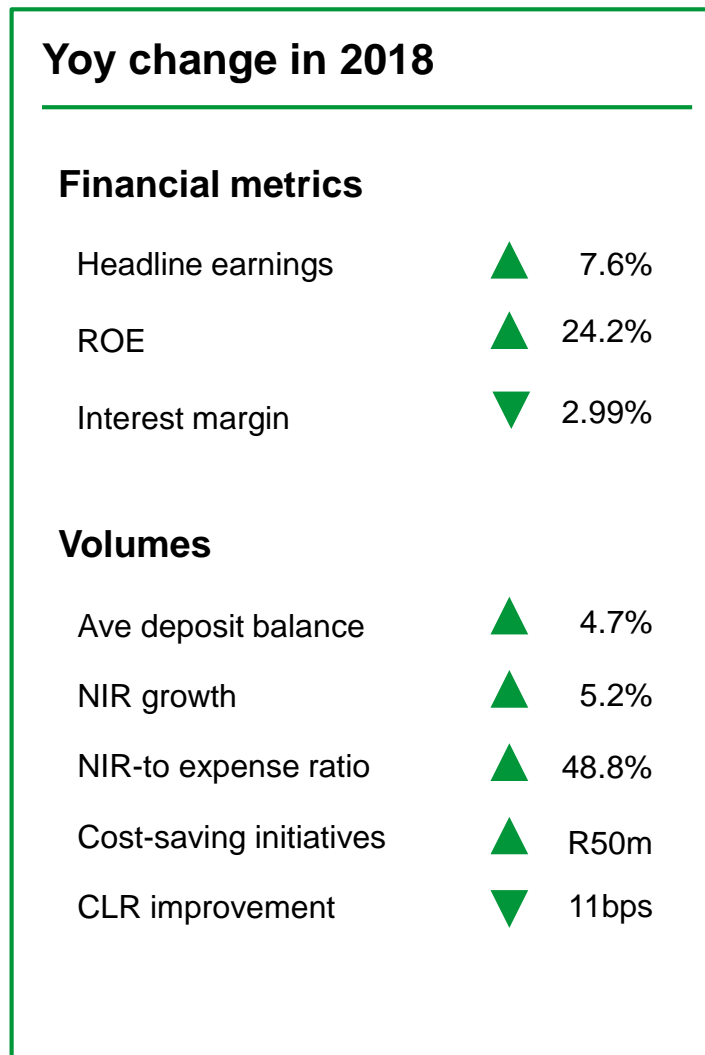
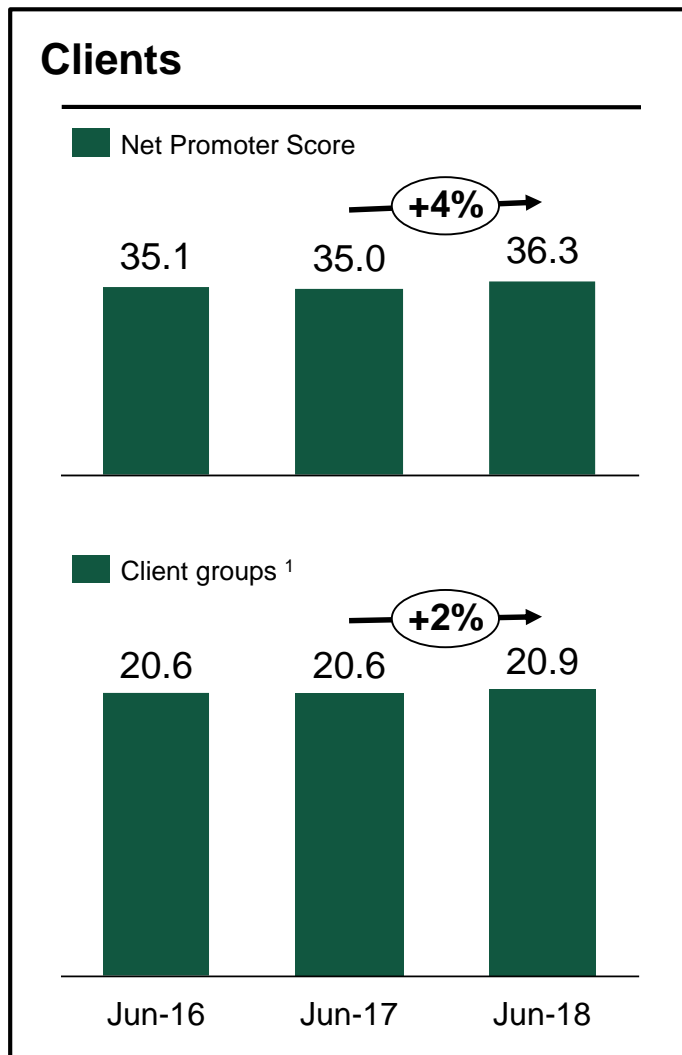
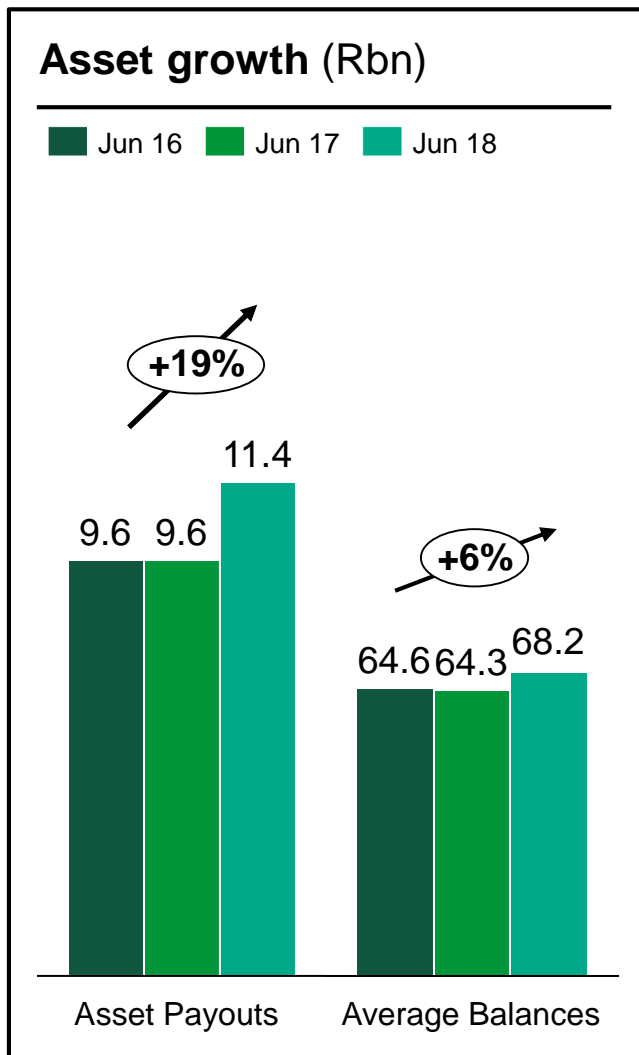


Key drivers

- **Organic** – efficiency ratio deteriorates as inflationary cost increases & ongoing investments in the franchise/ digital exceed 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



Step change in Business Banking



¹ Groups with monthly GOI > R500 (2016 and 2017 rebased for client migrations)



Prospects for Retail & Business Banking

Building sustainable, profitable businesses through the cycle

- Continued focus on growing transactional clients faster than the market through focus on acquisition, retention & cross-sell, enabled by:
 - **Digital First, First in Digital** – accelerate digitising key client journeys & services to make it simple & easy for clients to transact with us. In the next few months we will launch our enterprisewide client onboarding platform.
 - **Disruptive CVPs** – accelerate financial inclusivity of our banking propositions & find ways to reduce transacting costs for our clients, with key focus on tapping into ecosystem-based propositions.
 - **Sales & service excellence** – continue to innovate & roll out digital branches to enable clients to migrate to digital channels & empower our staff with digital tools to serve clients. Focus on added functionality for self-service kiosks.
 - **Loyalty & rewards** – will launch our new differentiated loyalty & rewards programme later this year.
 - **Data & business intelligence** – leverage on data velocity, variety, visualisation & veracity to drive value.
- **2018:** Headline earnings growth in line with nominal GDP.
- **2020 targets:**
 - ROE \geq 20% – underpinned by lower cost-to-income ratio & relative CLR outperformance through the cycle.
 - Cost to income \leq 58% – enabled by improved client experience, transactional market share gains, continued quality origination & operational efficiencies.



NEDBANK WEALTH

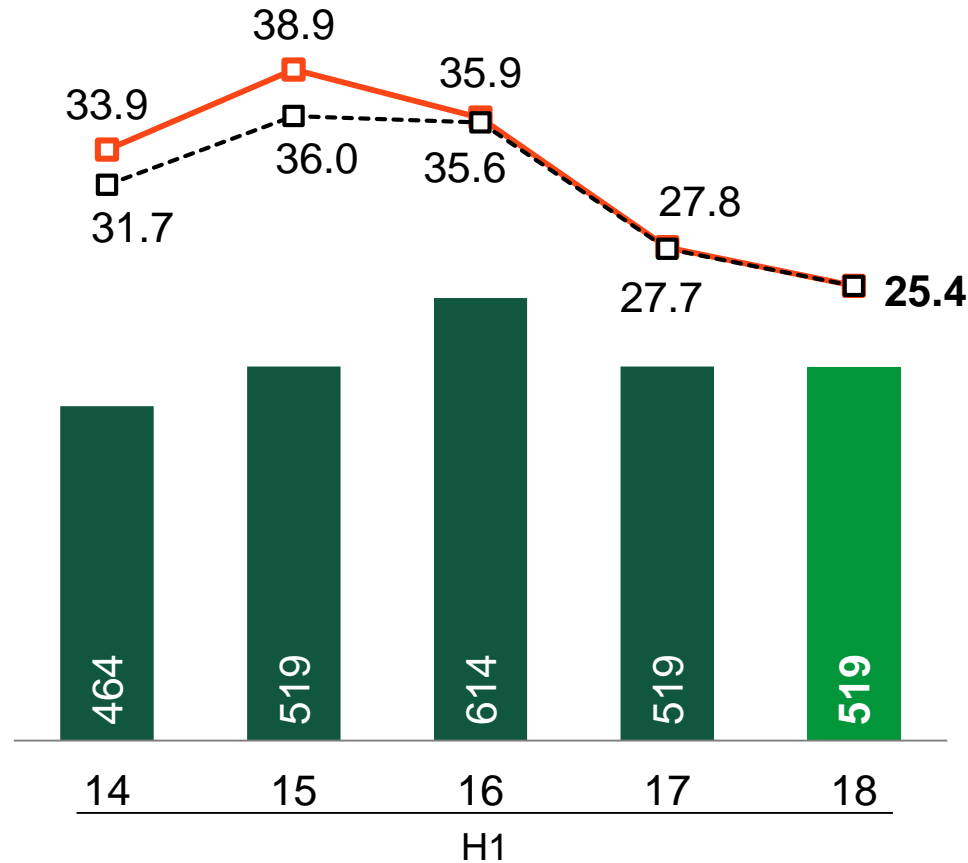
Subdued performance in a
tough economic climate

IOLANDA RUGGIERO

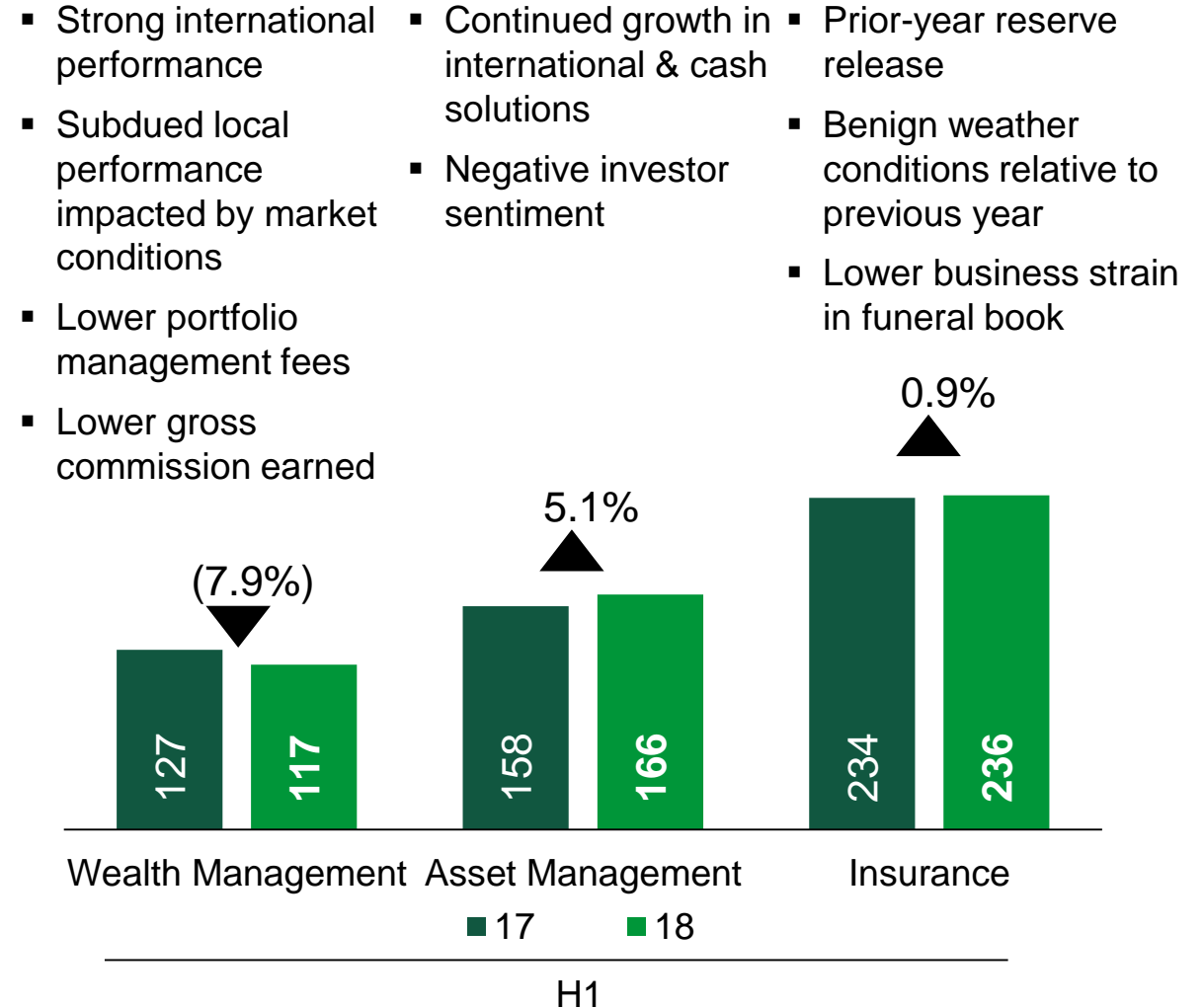


Subdued performance in a tough economic climate

Headline earnings, ROE



Headline earnings per division (Rm)



■ Headline Earnings ■ ROE (%) ■ Adjusted ROE (%)¹

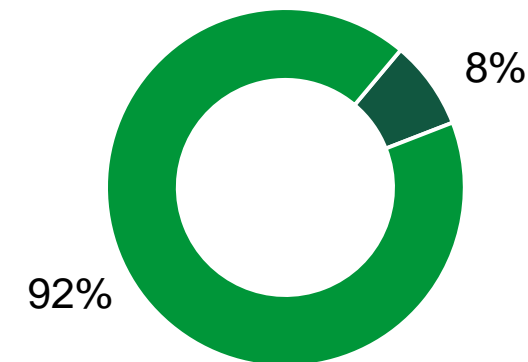




Wealth – financial highlights

Six months ended	% change	H1 2018	H1 2017
Headline earnings (Rm)	(0)	519	519
Operating income (Rm)	3.3	2 208	2 137
PPOP (Rm)	(0.6)	681	685
Net interest margin (%)		2.29	2.15
NIR-to-expense ratio (%)		113.5	118.2
Efficiency ratio (%)		67.1	65.3
CLR (%)		0.15	0.09
Assets under management (Rm)	6.4	314 173	295 323
Life embedded value (Rm)	(4.3)	2 684	2 805
Life value of new business (Rm)	16.9	173	148
Headline economic profit (Rm)	(8.1)	238	259
Average allocated capital (Rm) ¹	9.4	4 116	3 764
ROE (%)		25.4	27.8

■ Wealth ■ Other clusters



Headline earnings

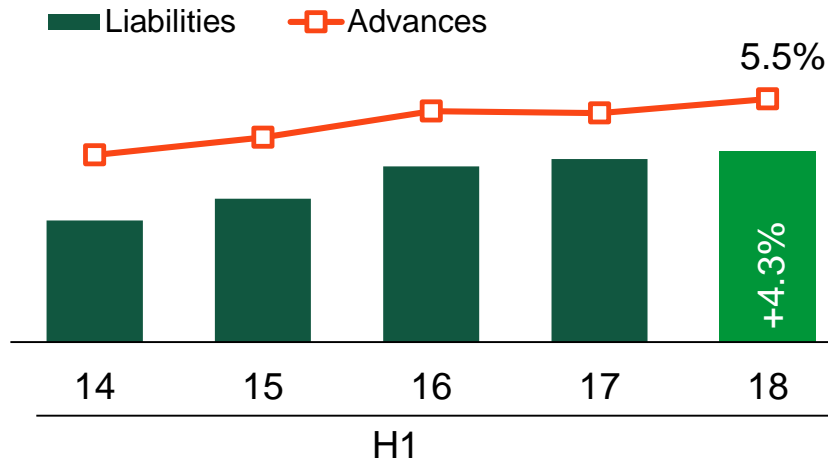
- Net outflows **R3bn**
- Life APE **+17.8%**
- Non-life GWP **1.5%**

¹ Cost of equity H1 2017: 13.9% | H1 2018: 13.8%

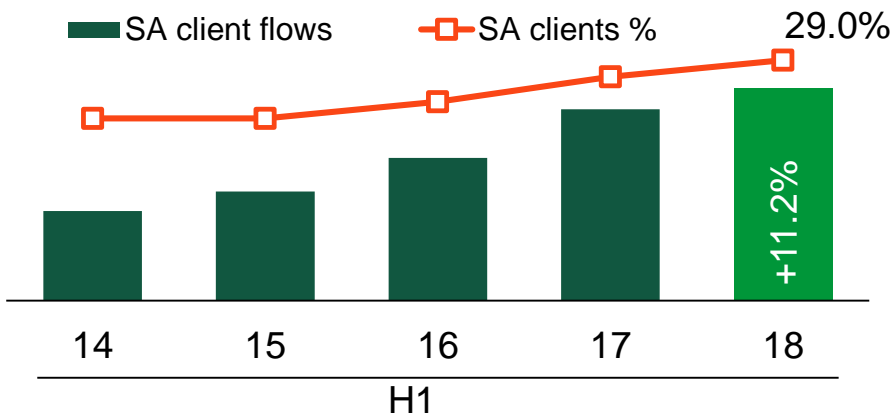


Wealth Management – a strong international performance

Liabilities & advances (Rbn)



Wealth Management Intn'l



Key drivers

- Best UK Private Bank for 4th consecutive year
- Nedbank Private Wealth International rated one of the *Sunday Times* 100 Best Companies to Work for
- Financial planning productivity & gross commission earned impacted by tough local economy
- Top-rated high-net-worth Nedbank Private Wealth app



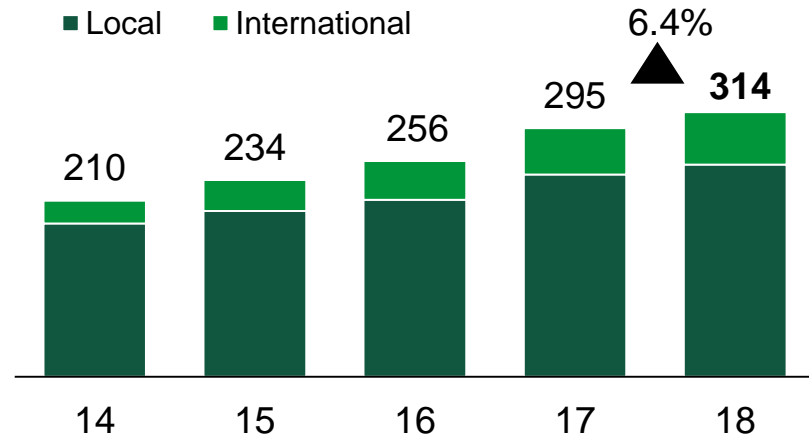
Try our new
Nedbank Private
Wealth app.



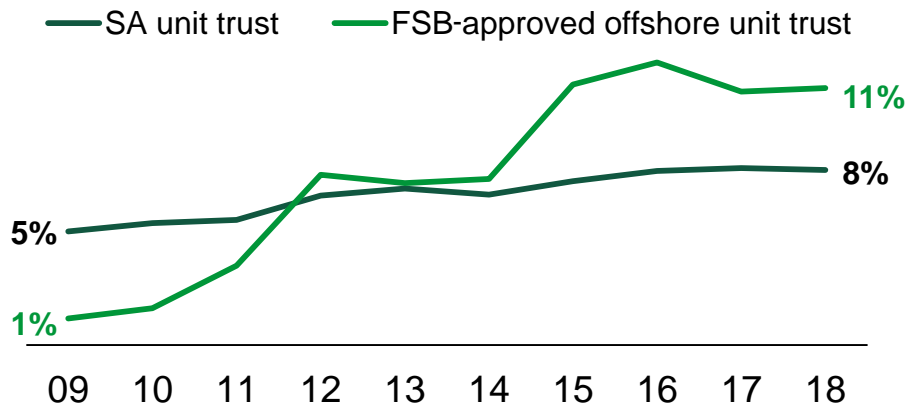


Asset Management – solid AUM growth despite industry pressure

Assets under management (Rbn)



Market share¹ (%) H1



Key drivers

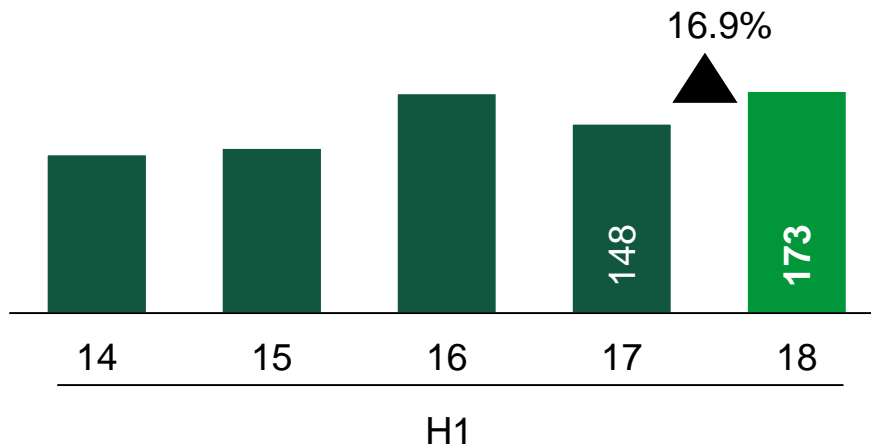
- PlexCrown top 3 offshore manager in SA for 4th consecutive year
- 4th-largest SA & 3rd-largest offshore manager in SA
- Strong growth in passive, international & cash solutions
- Won *The Banker* magazine's Tech Project award in AI & Robotics for robo-advice



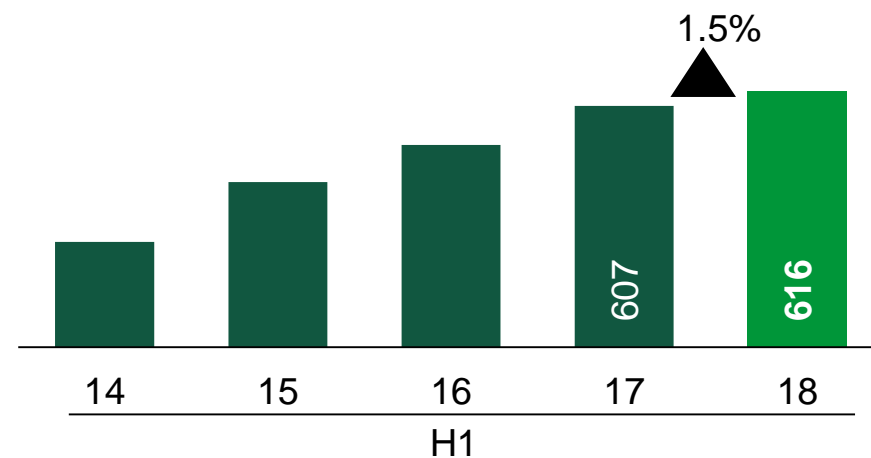


Insurance – an improved performance

Life value of new business (Rm)



Non-life gross written premiums (Rm)



Key drivers

- Lower claims in homeowner cover relative to last year & lower business strain in the funeral book
- Life VNB driven by an increase in credit life policy volumes & premiums, partially offset by higher lapses
- Continued enhancements to digital solutions





Enhancing client experience through digital innovation

Nedbank Private Wealth app

Award-winning App



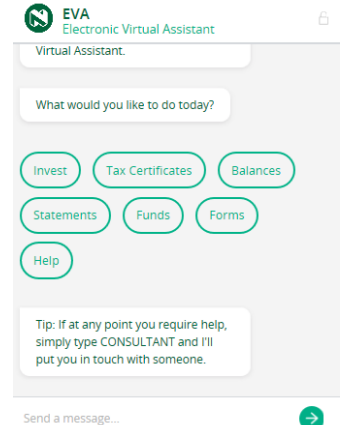
Gain a 360° perspective of your wealth. A personalised dashboard that shows you a consolidated view of your wealth, locally and internationally.

Global consolidated view of your wealth

- A top-rated high-net-worth Nedbank Private Wealth app
- Continued enhancements to app include new features & functionality such as:
 - In-app personal messaging & after-hours chatbot
 - Quick & easy transacting
 - International integration

Chatbot, Robo-advisor & geyser telemetry

In demand market solutions




Enhancing digital solutions

- Chatbot EVA, continued enhancements & recently winning *The Banker* magazine's Tech Project award in the AI & Robotics category for robo-advice
- Chatbot NIC, recent updates include live-agent service functionality & funeral quoting capabilities
- Successful geyser telemetry pilot to be increased to 500 users

Systems & processes

Seamless administration



Improving business efficiency

- Digitising & automating business processes in asset management leading to improved client experience & increased business efficiency
- Completed a key phase in implementing a single-policy administration system for life & non-life insurance



Prospects for Nedbank Wealth

Building client-centred businesses

- Improve client experience through digital innovation & enhanced value propositions
- Deliver long-term investment performance & grow market share
- Explore new opportunities for growth & deepen group collaboration
- **2018:** HE growth in line with nominal GDP, dependent on market & investor sentiment
- **2020 targets:**
 - ROE \geq 30% – benefiting from high-EP businesses
 - Cost to income \leq 60%





REST OF AFRICA

SADC – good progress towards a scaled, economically profitable & client-focused business

ETI – turnaround on track to recover value & increase returns

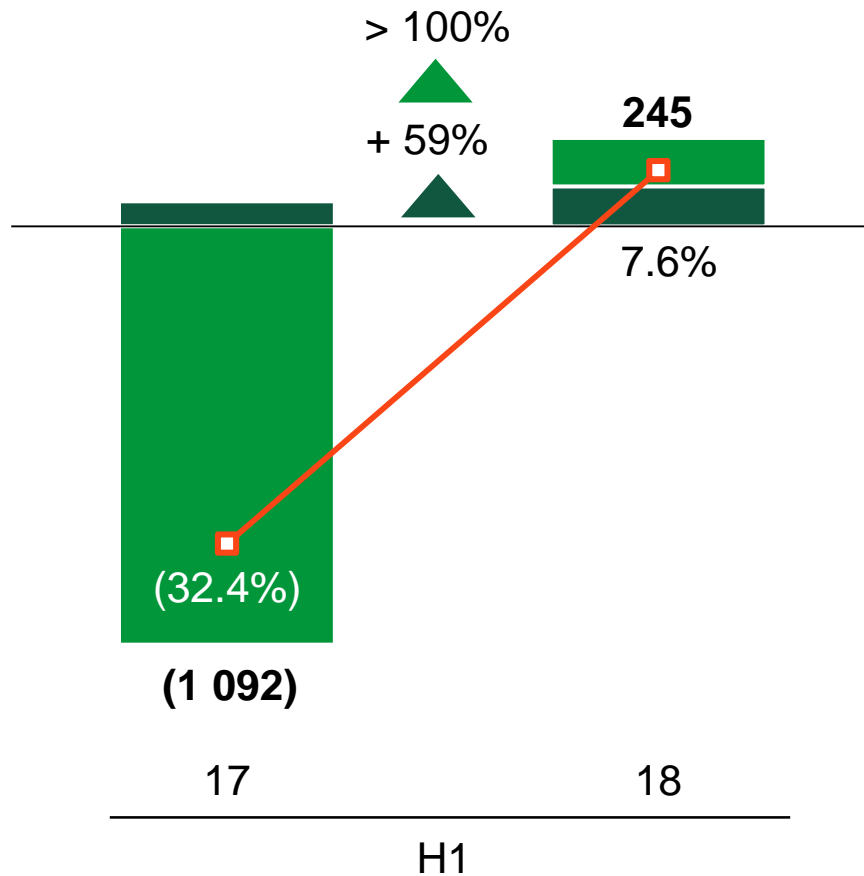
MFUNDO NKUHLU





Rest of Africa – turnaround in ETI & improving SADC profitability

Headline earnings, ROE



■ HE SADC (Rm) ■ HE ETI (Rm) ■ ROE (%)

Key messages

SADC

- Headline earnings up 59% reflecting:
 - Initial ROI from IT & other investments driving revenue growth, NIM expansion & client gains
 - Good cost management (total cost up 4%) with optimised staff costs & increased operational costs, driven primarily by IT costs.

ETI

- Positive earnings for FY 17 continuing into H1 18
- Emphasis on asset quality, risk management & recoveries, but NPL levels remain elevated
- Solid revenue growth from business lines, focused digital strategy starting to deliver benefits & ongoing cost optimisation

H1 2018 ROE on subsidiary incountry statutory capital: 8.0%

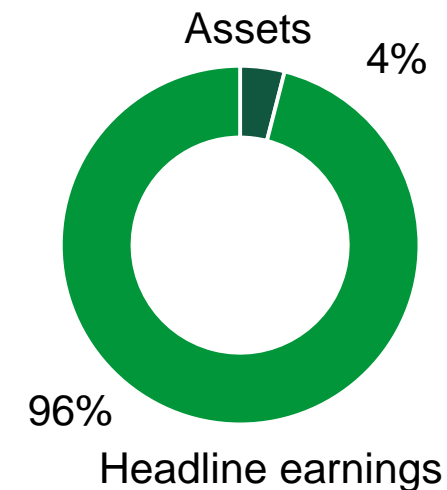
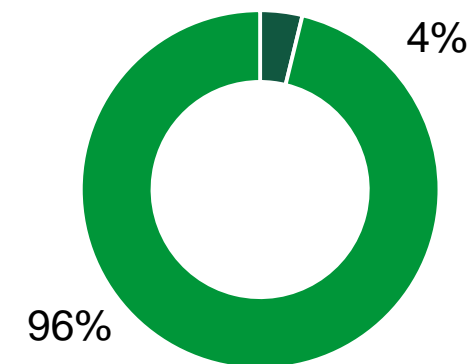
Note: ETI results are reflected a quarter in arrear in Nedbank results.



Rest of Africa – financial highlights

Six months ended	% change	H1 2018	H1 2017
SADC			
Headline earnings (Rm)	58.6	111	70
Operating income (Rm)	7.1	1 351	1 260
PPOP (Rm)	40.8	255	182
Net interest margin (%)		7.6	7.1
NIR-to-expense ratio (%)		48.1	44.6
Efficiency ratio (%)		77.9	81.4
Credit loss ratio (%)		1.09	0.80
Average gross banking advances (Rm)	3.7	21 011	20 268
Average deposits (Rm)	(2.1)	26 889	27 462
Headline economic profit ¹ (Rm)	6.4	(271)	(254)
Average allocated capital (Rm)	19.0	5 581	4 691
ROE (%)		4.0	3.0
ETI investment			
Headline earnings (Rm)	> 100	134	(1 162)
Total headline earnings	122.4	245	(1 092)

■ Rest of Africa ■ Other clusters

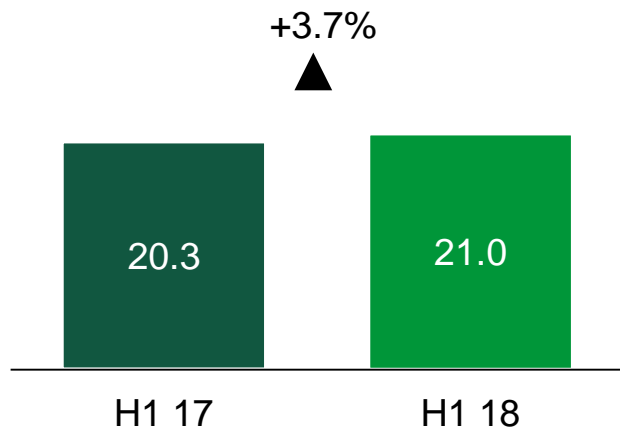


H1 2018 ROE on subsidiary incountry statutory capital: 8.0%

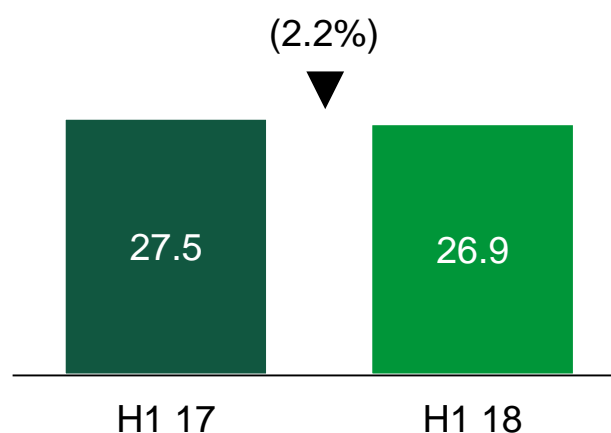


SADC – steady growth across key financial drivers

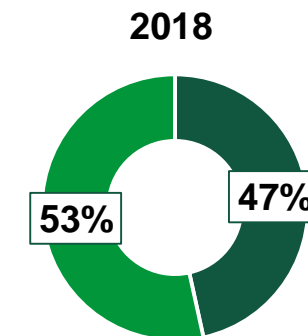
Average gross banking advances (Rbn)



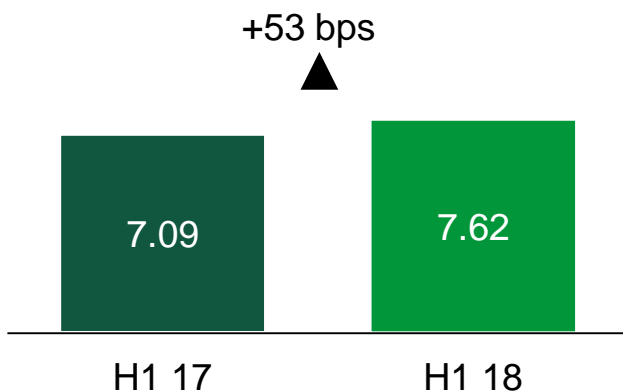
Average deposits (Rbn)



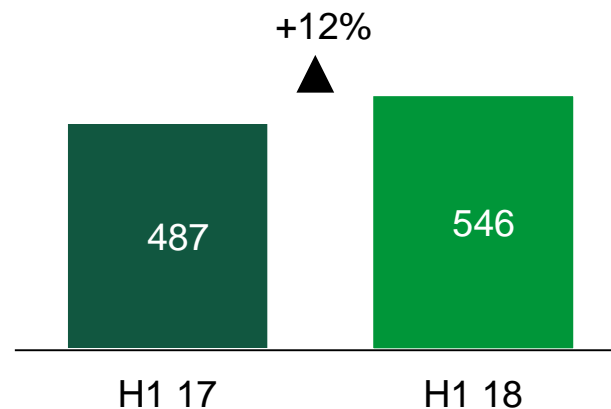
GOI contribution (%)



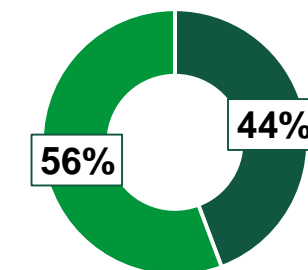
Net interest margin (%)



Non-interest revenue (Rm)



2017



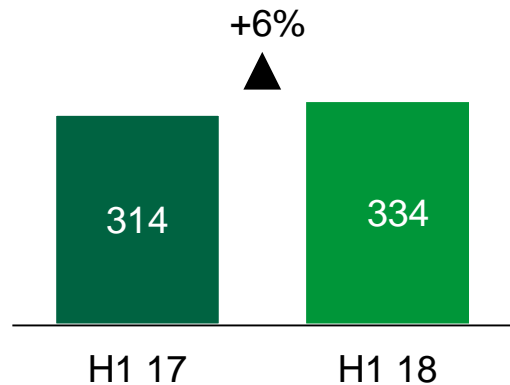
Wholesale Retail



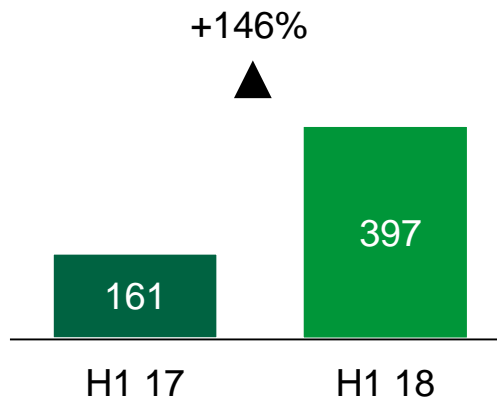
SADC – Strong growth of revenue drivers while containing cost drivers

Revenue drivers

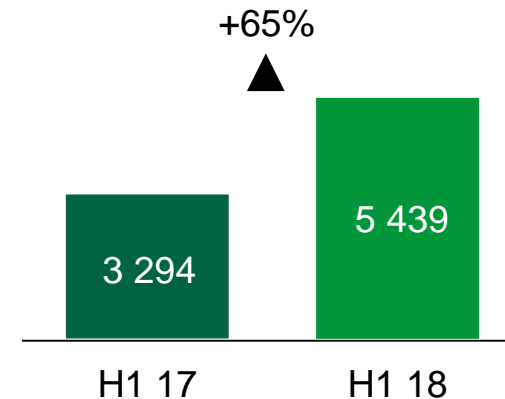
Clients (# 000)



App transactions (# 000)

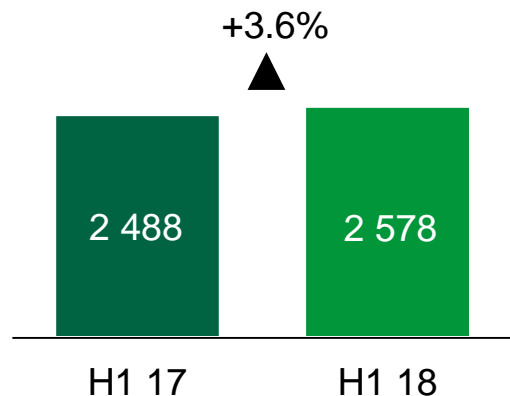


Point-of-sales devices (#)

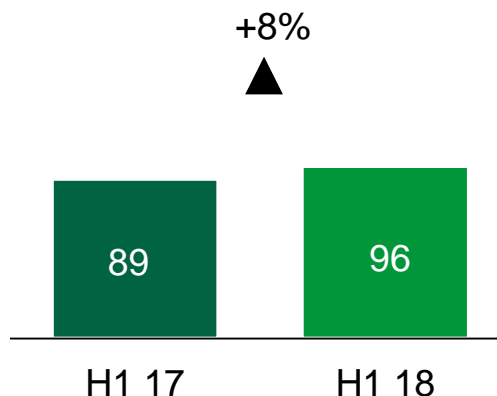


Cost drivers

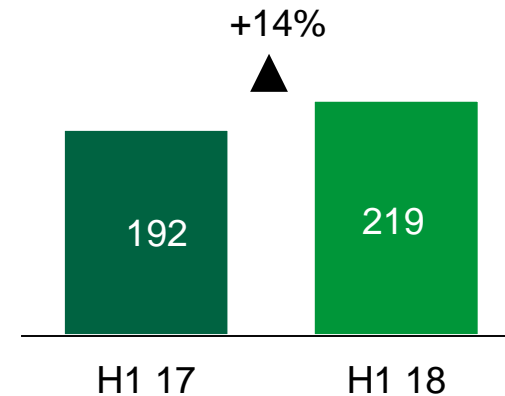
Headcount (#)



Branches (#)



ATMs (#)





SADC – Delivering innovative market-leading client experiences

Client value

Improved service offerings



Prepaid value-added services

Lesotho & Malawi

Building the brand

Flight to quality



Rebranded MBCA to Nedbank

Zimbabwe

Digital solutions

Improved value propositions



Banco Único social app

Mozambique



SADC – Delivering innovative market-leading client experiences while improving the control environment

New core banking system

Improving business capabilities

Rest of Africa
FLEXCUBE
Core Banking
Creating future flexibility

Completed Flexcube implementation

All subsidiaries
(Mozambique will remain on Globus T24)

Risk appetite

Improved client credit offerings

Increasing mandates → Improving turnaround time → Faster product takeup

Enhancing business risk appetite

All subsidiaries

Client convenience

Improved client processes

Before	Now	Result
Approx. 30 to 40 minutes	Approx. 10 to 20 minutes	Enhanced client on-boarding

Automated client on-boarding

All subsidiaries
(Mozambique has own solution)



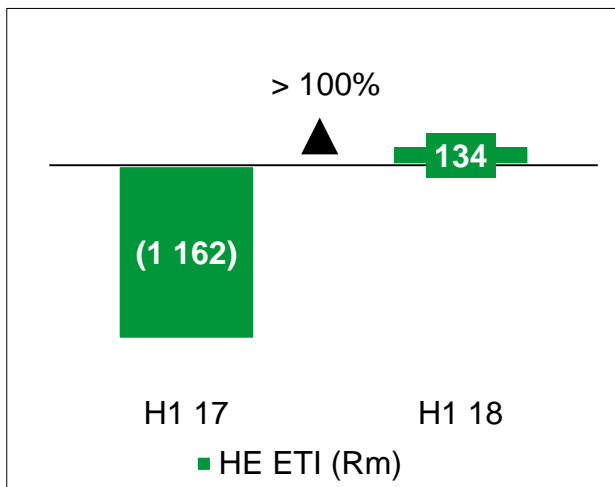
ETI – Six quarters of profitability as recovery takes hold

H1 2018 results reflect the continued improvement in the ETI's financial performance

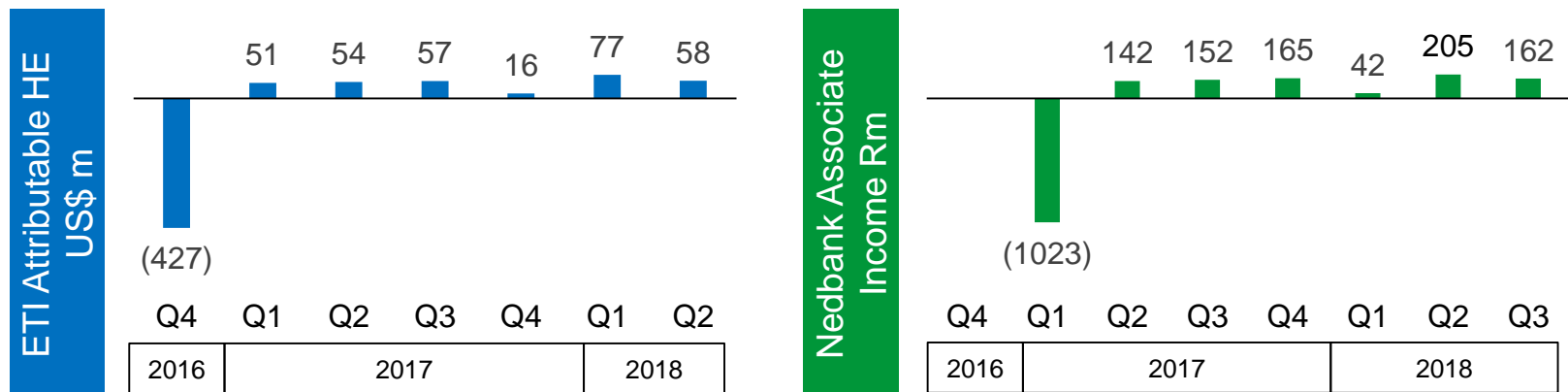
28% increase in attributable income to US \$135m

ETI's performance drivers include:

Deposits from customers of \$15.4bn, increased 12% on healthy client engagements	Loans & advances to customers (net) of \$8.8bn, down 7%, due to lower-than-expected growth & day-one transition impact of IFRS 9 implementation	Approximately 7.1m customers onboarded on Ecobank mobile app since launch in Oct 2016	Continued diversification in revenue, with focus on trade finance & cash management	Impairments down 35% yoy, driven by improvements in the quality of the credit portfolio	IFRS 9 day-one transition impact of \$299m on retained earnings & customer loans
--	---	---	---	---	--



ETI has delivered six quarters of profit, showing a material turnaround in the business ...



Note: ETI results are reflected a quarter in arrear in Nedbank results. Estimated Q3 2018 based on exchange of R13.27 / US \$.



Nedbank – Ecobank collaboration gaining traction

1 Transactional banking: Over 90 Nedbank clients with more than 200 new accounts opened at Ecobank

2 Dealflow: Increased treasury & trading activities for improved business revenue flows

3 Other initiatives include:

Integrated crossborder transfer solution

The integrated crossborder transfer solution was approved by SARB & launched internally in June 2018, enabling Nedbank Money app users to transfer money to an Ecobank account in 33 African countries.



Nedbank Wealth: Financial planning initiative



Nigeria the first country selected for developing a financial planning business & Nedbank referrals in existing Ecobank territories.



During the rest of 2018 this offer will be expanded into:

- Ghana
- Cote d'Ivoire
- Senegal



Prospects for Rest of Africa

SADC – own, manage & control banks

- Focus on key strategic choices to maximise economic profits which include:
 - Client experience & optimal client solutions
 - Digitally driven & fit-for-purpose operating model
 - Upgrade of operational risk controls & regulatory compliance
- Business clusters increasingly exploring growth opportunities across sub-Saharan Africa

ETI – strategic partnership focused on Central & West Africa

- Board continues to drive strategic agenda
- Continue to work with ETI management to provide support on its focus areas
- Leverage the investment through identifying collaboration & business opportunities to increase business flows

2018: From a headline earning loss in 2017 to a profit in 2018 – a material contributor to the Nedbank Group's earnings growth rate

2020 targets:

- ROE \geq cost of equity¹
- Cost to income \leq 60% – creating scale from investments & cost optimisation

¹ COE approximately 16%



STRATEGY & 2018 GUIDANCE

Prospects for H2 2018 & beyond
improving, driven by the environment
& ongoing delivery on our strategy

MIKE BROWN



Our environment – cyclical economic upturn off a low base

Macroeconomic drivers¹ (%)

	2017	2018	2019	2020
GDP SA	1.3%	1.0%	1.8%	2.2%
GDP SSA	2.9%	3.3%	3.8%	3.9%
Inflation (CPI)	5.3%	4.6%	5.3%	5.2%
Industry credit growth	5.2%	4.3%	6.7%	8.2%
Average prime interest rate	10.4%	10.0%	10.1%	10.5%

¹ All Nedbank Economic Unit forecasts at 25 July 2018 | GDP SSA as per IMF.

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

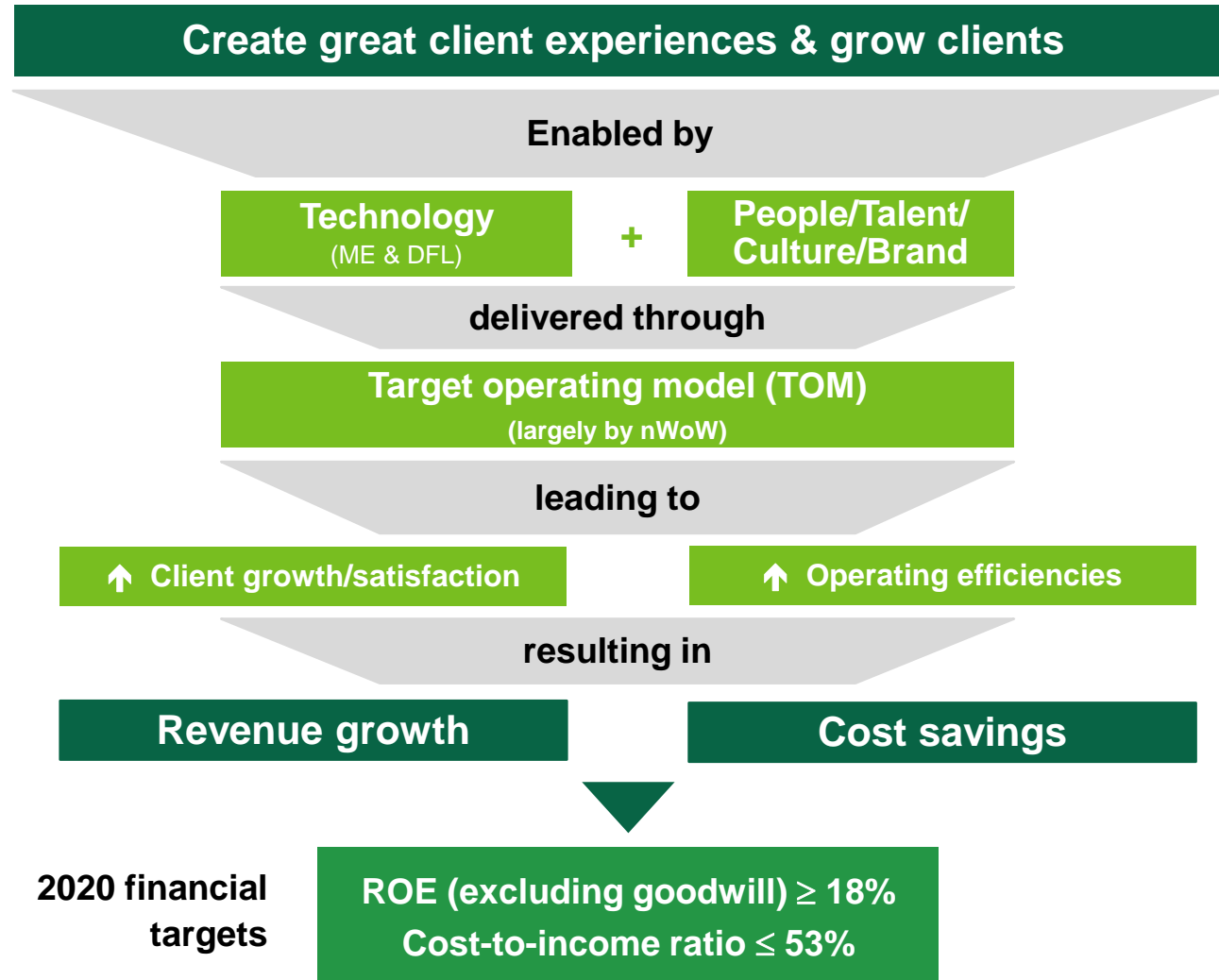
- Revenue growth in 2018 higher than in 2017
- Impairments to increase cyclically & cognisant of IFRS 9 impact
- Expenses continue to be well managed

▪ Assets under management

- Good overall, with strong growth in cash, offshore & passive



Creating great client experiences & growing clients

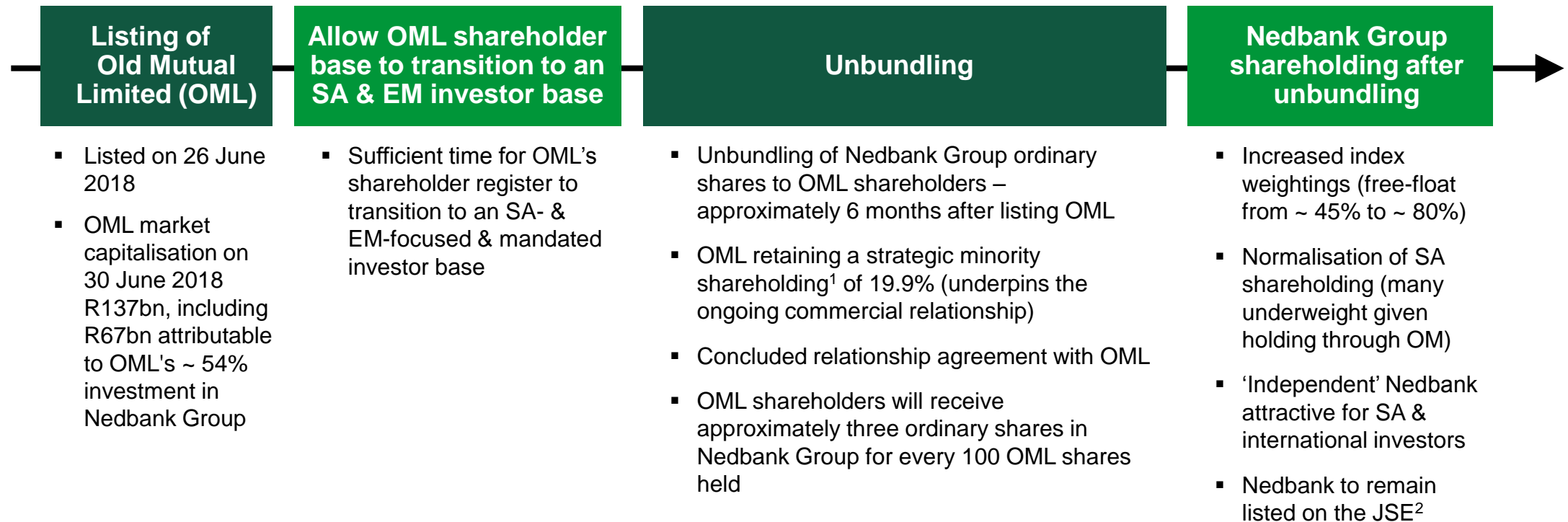


... innovations launching in H2 2018

- **Simplified client onboarding** – convenient, FICA-compliant account opening from your couch
- Ability to sell an unsecured loan, bundled with a transactional account, on the web
- New loyalty & rewards programme
- **Geyser telemetry** – reduce electricity usage
- Further rollout of **software robots, artificial intelligence, robo-advisors, chatbots**
- Integration with **ETI remittance app** to reach 2.7m workers



Old Mutual managed separation



Business as usual for Nedbank

- No impact on strategy, day-to-day management & operations, 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

1 Calculated as the Nedbank Group ordinary shares held by OML shareholder funds divided by the total Nedbank Group ordinary shares in issue

2 Secondary listing on the Namibian Stock Exchange to remain



2018 guidance

NII

- Average interest-earning banking asset growth below nominal GDP growth (from: increase in line with nominal GDP growth)
- NIM slightly above the 2017 level of 3.62% (no change)

CLR

- To increase, but remain below the bottom of our target range of 60–100 bps (under IFRS 9) (from: to increase to within the bottom half of our target range)

NIR

- Above mid-single-digit growth (no change)

Associate income

- To be positive (ETI associate income reported quarterly in arrear) (no change)

Expenses

- Below mid-single-digit growth (from: increase by mid-single-digits)

Growth in DHEPS for full-year 2018 more than or equal to growth in nominal GDP +5% (no change)



Nedbank Group – an attractive investment

Building a more client-focused, 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 growth

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
 - 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 & enterprisewide risk management

Attractive valuation metrics

- Nedbank price-to-book ratio at the lower end of SA peer group
- Nedbank dividend yield at the higher end of SA peer group
- Improved free-float after unbundling, with any overhang reduced during transition of OML shareholder base after OML listing & before Nedbank unbundling

A person in a dark suit and white shirt is holding a smartphone. The phone screen shows a banking app interface with a green background. The text on the phone screen includes "Welcome Thabiso", "My overview", "Energy handling" with a green circular progress indicator, "Current balance R2 120.00", "Available balance R120.00", "High interest R4 120.00", and "Spent R1 000.00". In the background, there is a laptop displaying a line graph and a tablet displaying a bar chart. The scene is lit with warm, golden light from the top left.

THANK YOU

see money differently

NEDBANK

2020 & medium-to-long-term targets

BOOKLET SLIDE



Metric	H1 2018	vs MLT	Medium-to-long-term target (MLT)	2018 outlook ¹	vs 2017
ROE (excl goodwill)	18.4%	▲	5% above COE ³ (≥ 18% by 2020)	Increase, but remain below MLT	▲
Diluted HEPS growth	26.3%	▲	≥ CPI + GDP growth + 5%	Grow in line with MLT, supported by ETI recovery	▲
Credit loss ratio	53 bps	▼	60–100 bps	Increase but remain below the bottom half of our MLT (under IFRS 9)	▲
NIR-to-expenses ratio	82.9%	▼	> 85%	Increase, but remain below MLT	▲
Efficiency ratio ²	55.8%	▲	50–53% (≤ 53% by 2020)	Decrease, but remain above MLT	▼
CET 1 CAR	12.4%	▶	Basel III basis: 10.5–12.5% > 12% > 14%	Within target range	▶
Tier 1 CAR	13.2%	▲			▶
Total CAR	15.6%	▲			▶
Dividend cover	2.00 x	▶	1.75 to 2.25 times	Within target range	▶

¹ 2018 outlook compared to FY 2017 based on current economic forecasts. | ² Efficiency ratio includes associate income. | ³ Target to be revised should Nedbank make future acquisitions that increase goodwill

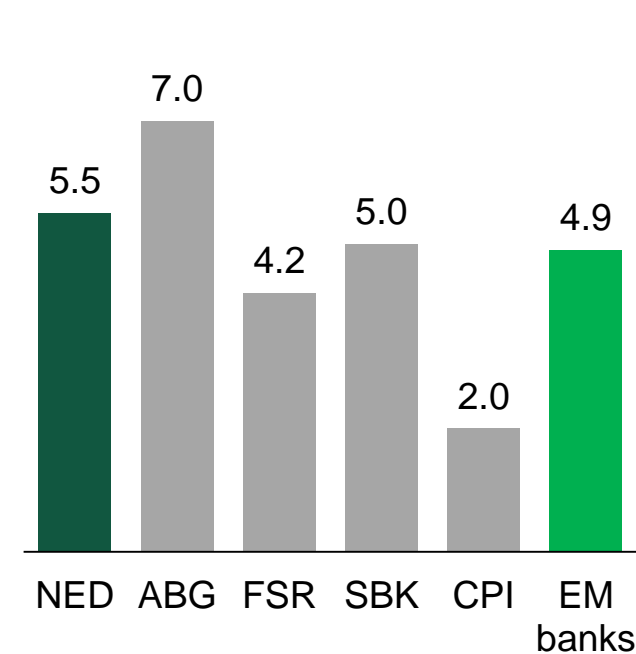
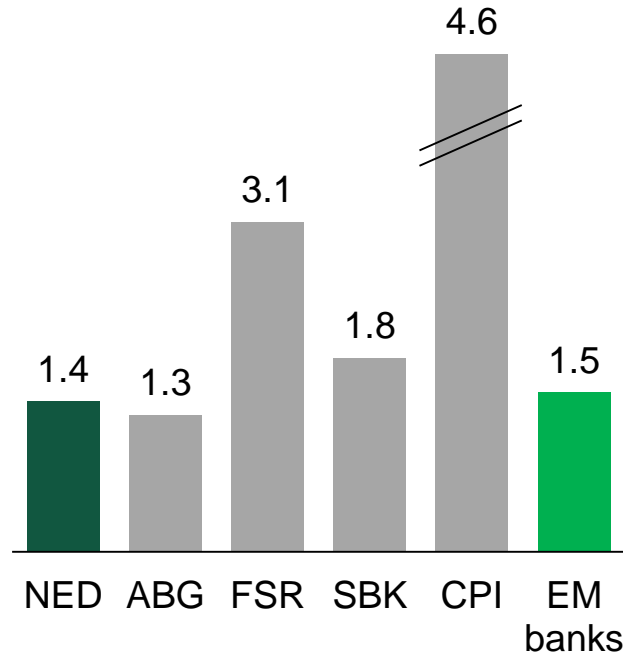
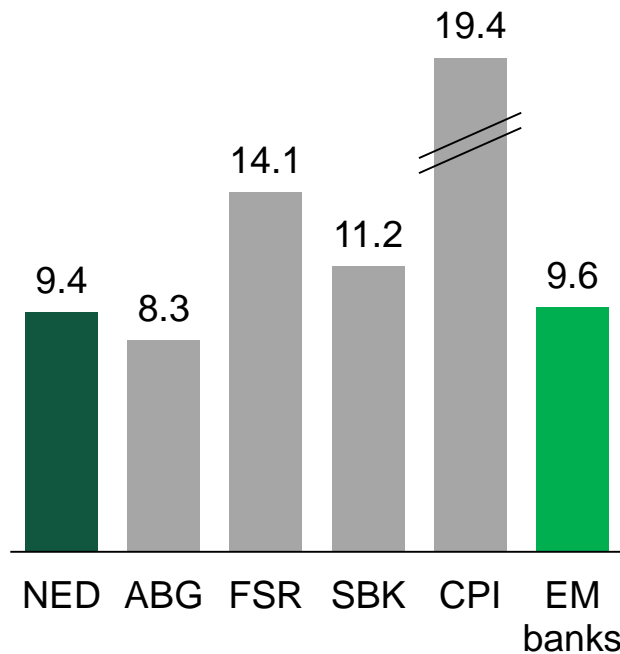
Nedbank Group – attractive relative valuation



Price:earnings^{1,2} (x)

Price:book^{1,2} (x)

Dividend yield^{1,2} (%)



3-year forecast
EPS growth¹
(CAGR %)



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

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

BOOKLET SLIDE



	Efficiency ratio			Return on equity ¹		
	Nedbank H1 2018	Peer average ²	Nedbank 2020 target	Nedbank H1 2018	Peer average ²	Nedbank 2020 target
Nedbank Group	55.8%	54%	≤ 53%	18.4%	18%	≥ 18%
Corporate & Investment Banking	40.9%	48%	≤ 40%	20.1%	21%	≥ 20%
Retail & Business Banking	64.0%	56%	≤ 58%	18.6%	27%	≥ 20%
Wealth	67.1%	64%	≤ 60%	25.4%	24%	≥ 30%
Rest of Africa³	73.4%	54%	≤ 60%	7.6%	19%	≥ COE

1 Nedbank ROE target at group excluding goodwill for comparability purposes. | 2 Peer averages based on Dec 2017 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.

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

Nedbank Retail & Business Banking

Good growth in consistently active main-banked clients

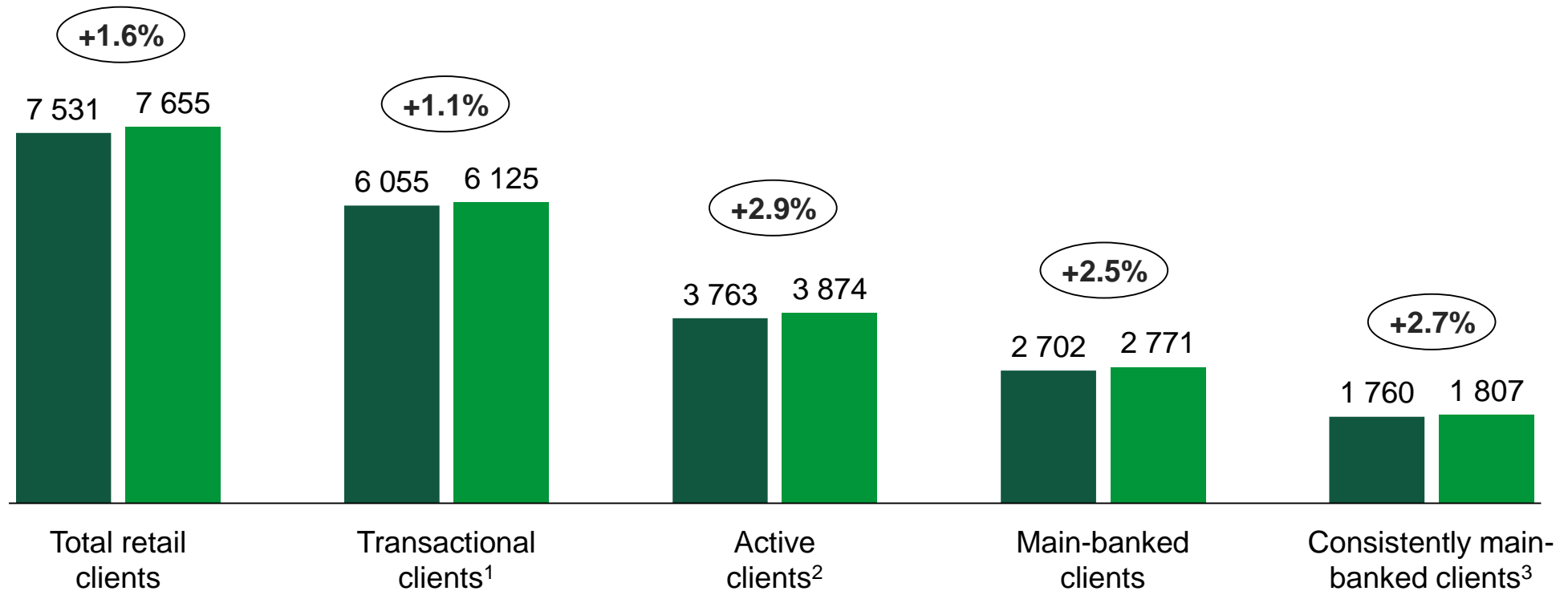
BOOKLET SLIDE



Retail client base breakdown (#000)

17 H1 18 H1

Yoy% growth



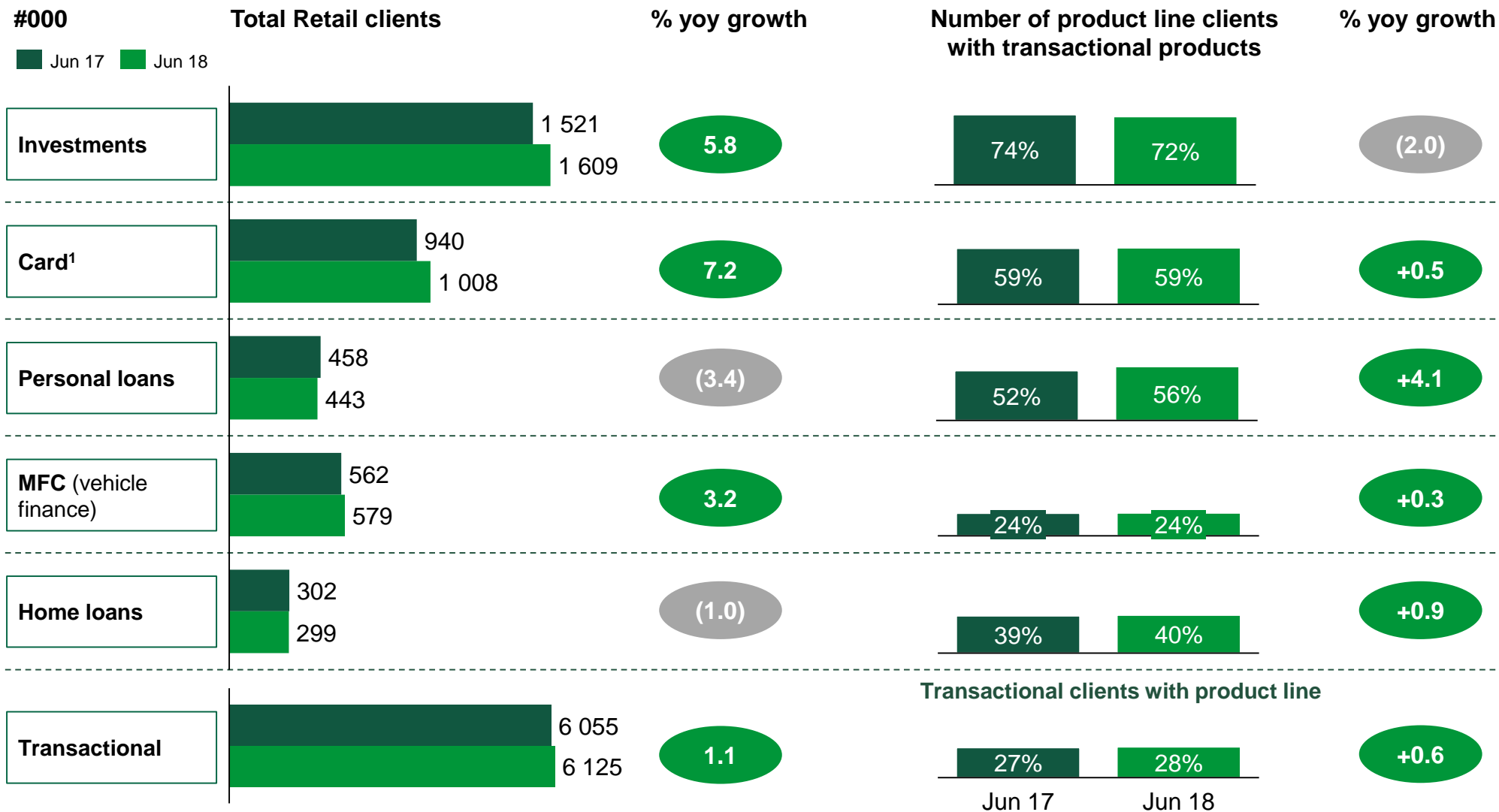
1 Clients with a transactional product. | 2 Active clients within the last 6 months. | 3 Main-banked for each of the past 12 months.

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.

Nedbank Retail & Business Banking

Building more enduring client relationships through transactional product cross-sell

BOOKLET SLIDE



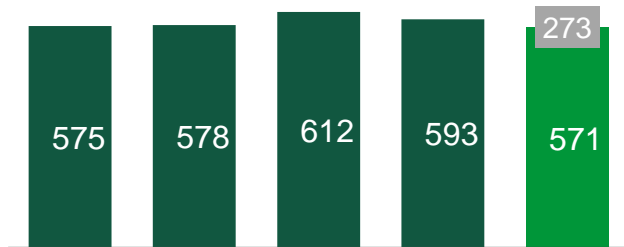
Nedbank Retail & Business Banking

Net interest margin – due mainly to the impact of margin compression on term deposits

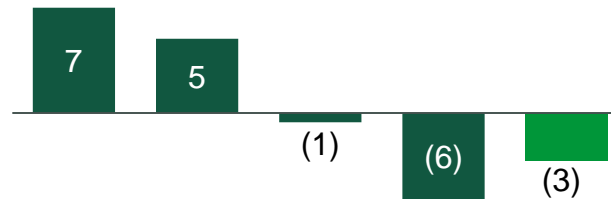
BOOKLET SLIDE



Net interest margin (bps)



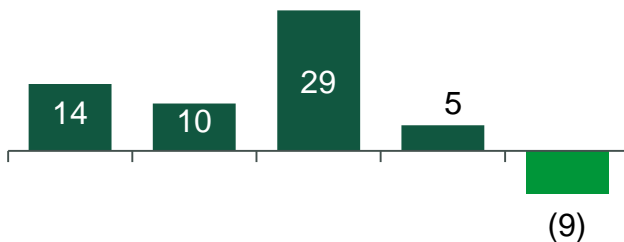
Mix & volume change impact (bps)



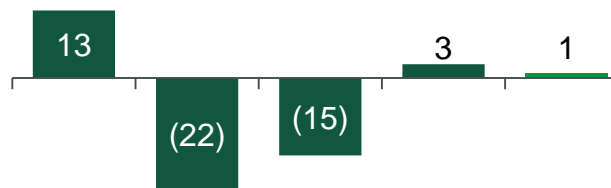
Asset pricing impact (bps)



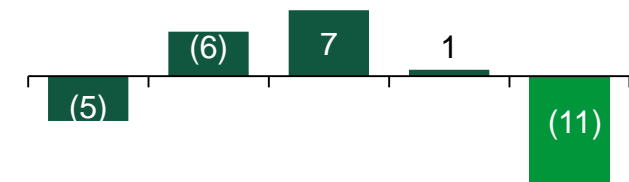
Endowment impact (bps)



Funding cost impact (bps)



Liability (bps)



Normalised for IFRS impact



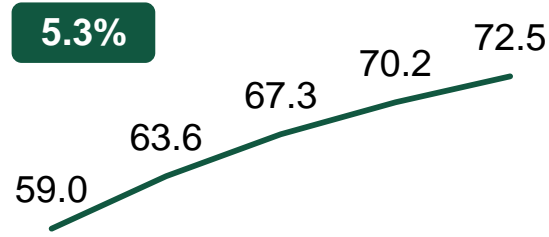
Nedbank Retail & Business Banking

Deposit growth driving increases in NII & market share

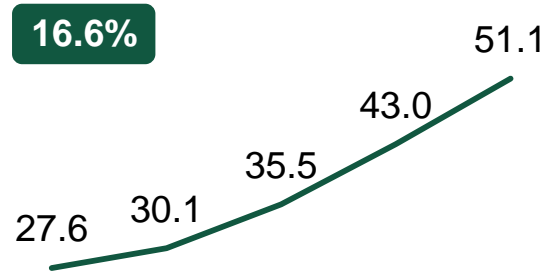
BOOKLET SLIDE



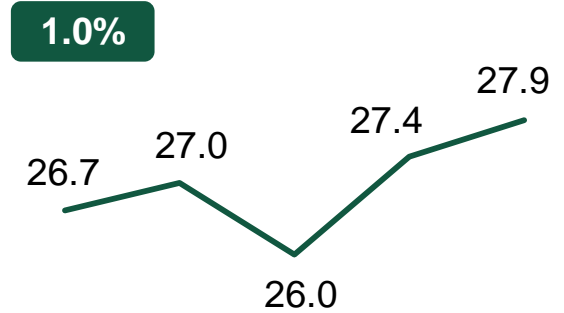
Current & savings (Rbn)



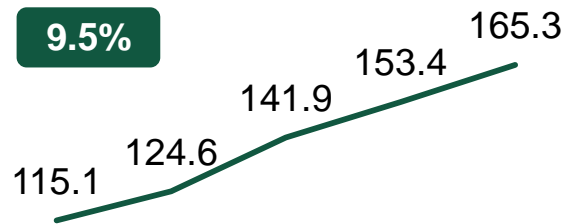
Fixed deposits (Rbn)



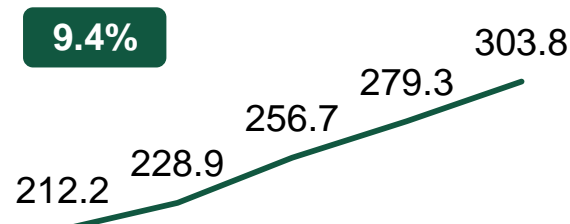
Average capital allocation (Rbn)



Call & term (Rbn)

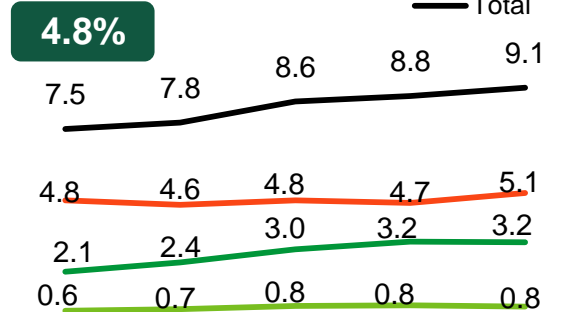


Total client deposits (Rbn)



Interest income (Rbn)

- Lending
- Funding
- Notional
- Total



2014 2015 2016 2017 2018

2014 2015 2016 2017 2018

2014 2015 2016 2017 2018

H1

H1

H1

% CAGR 2013 to 2017



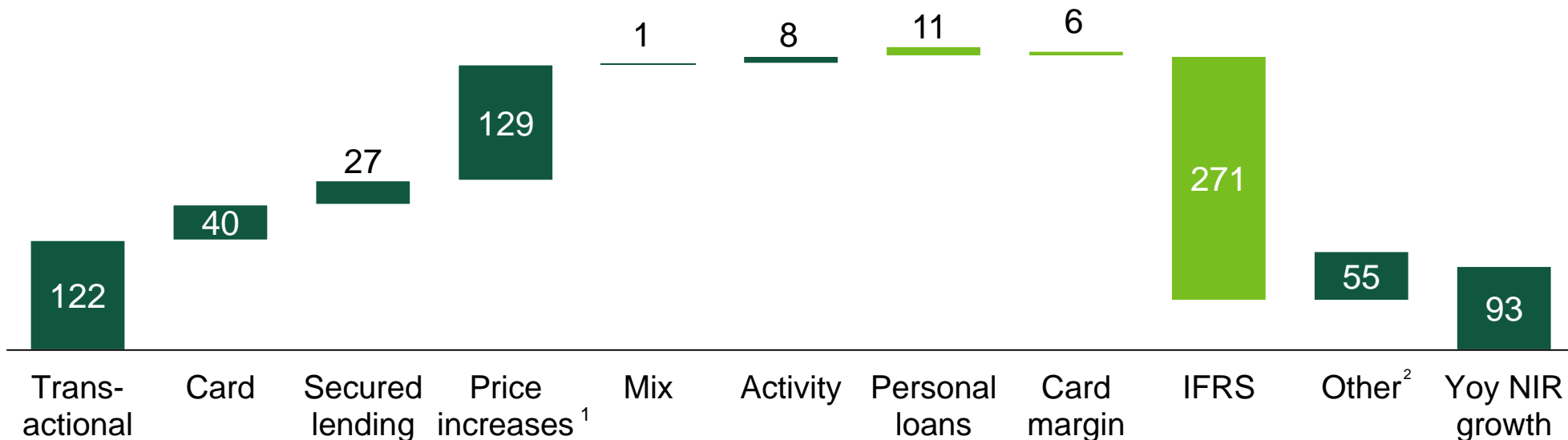
Nedbank Retail & Business Banking

NIR growth supported by good volume growth, but muted by strategic choices & other factors

BOOKLET SLIDE



NIR growth (Rm)



Volume-related H1 2017 NIR growth (Rm)

+158	+104	+22	+138 ³	+2	(133)	(12)	(8)	-	+48	+320
------	------	-----	-------------------	----	-------	------	-----	---	-----	------

1 Includes average price increase of 5.3% implemented on 1 January 2018.

2 Includes reduction of R23m on fees received on the MTN Zakhele Futhi & R13m on MFC swap profits in 2017

3 Includes average price increase of 4.6% implemented on 1 January 2017

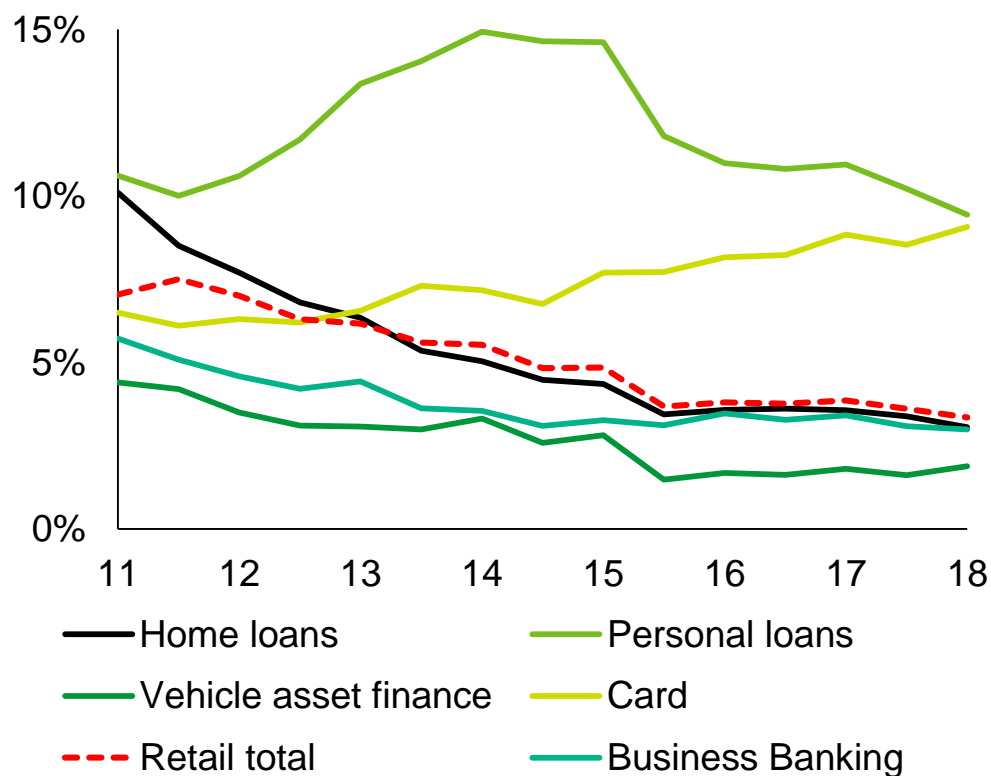
Nedbank Retail & Business Banking

Non-performing defaulted advances & specific coverage stable

BOOKLET SLIDE



Non-performing default % of total advances¹



Non-performing specific coverage (%)

Products	June 2018	Jun 2017	Dec 2017
Home loans	26.9	25.0	24.4
Vehicle asset finance	65.2	60.2	56.7
Personal loans	79.0	71.5	71.7
Card	81.9	92.8	92.1
Other loans	85.3	96.2	89.6
Total Retail	55.7	52.7	51.7
Business Banking	32.6	37.1	38.0
Total RBB	51.1	49.6	49.1
Total RBB coverage	3.5	3.0	2.8

¹ Excludes performing defaulted advances.

Nedbank Retail & Business Banking

RBB historic expense growth – efficiencies offsetting investment

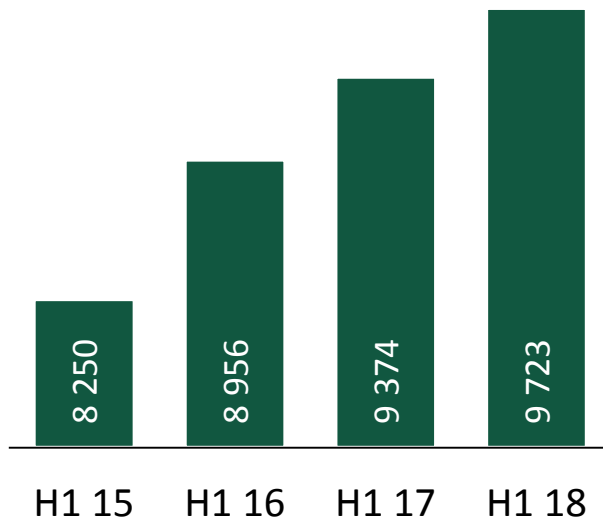
BOOKLET SLIDE



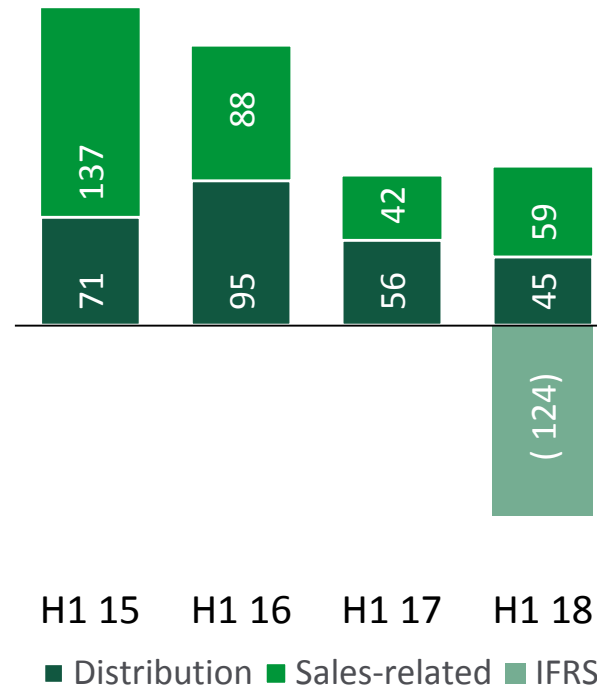
Expenses (Rm)

CAGR 5.6%

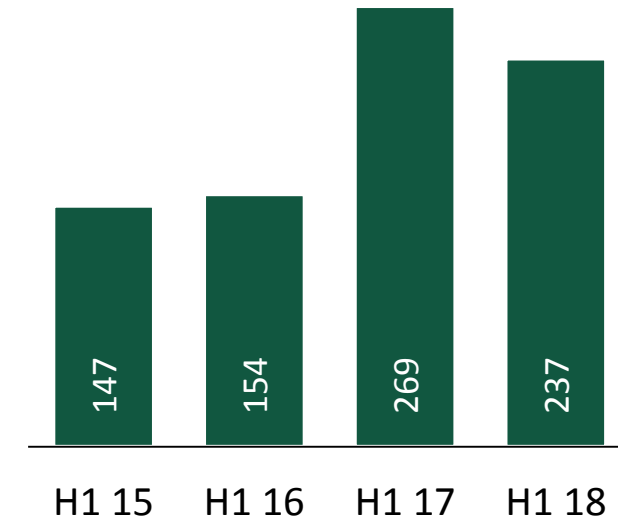
CAGR 4.3% (core expenses)



Distribution, sales-related costs & IFRS (Rm)



Efficiencies (Rm)





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 are 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 arising as a result of the reliance by any party thereon, including, but not limited to, loss of earnings or profits, or consequential loss or damage.