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NEDBANK
GROUP

NEDBANK GROUP LIMITED

INTERIM RESULTS

For the six months ended 30 June 2016

A Member of the  **OLDMUTUAL** Group

MIKE BROWN



STRATEGY & OVERVIEW

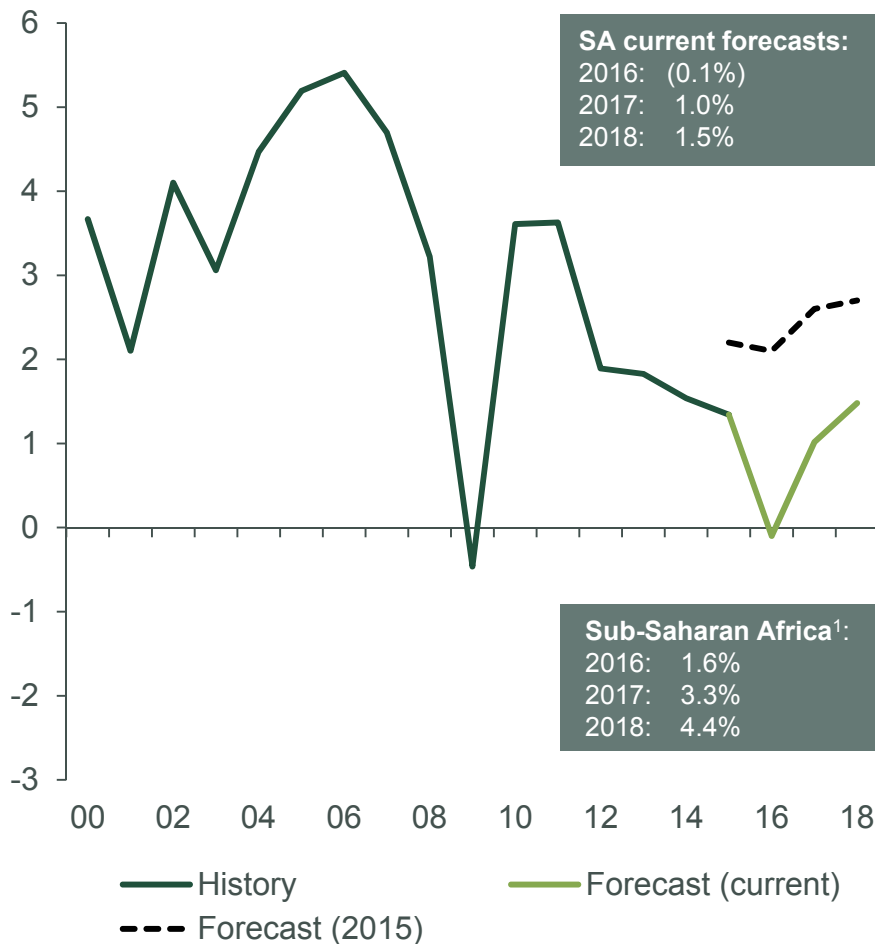
Very strong operational performance from Nedbank in SA, offset by weakness in Rest of Africa & impact of ETI Q4 2015 in particular.

Difficult macro environment evident in declining GDP growth

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SA GDP growth (%)



Business, government & labour working together to stimulate growth & employment

1 Preventing a sovereign credit ratings downgrade to below investment grade

2 Catalysing the growth of SMEs

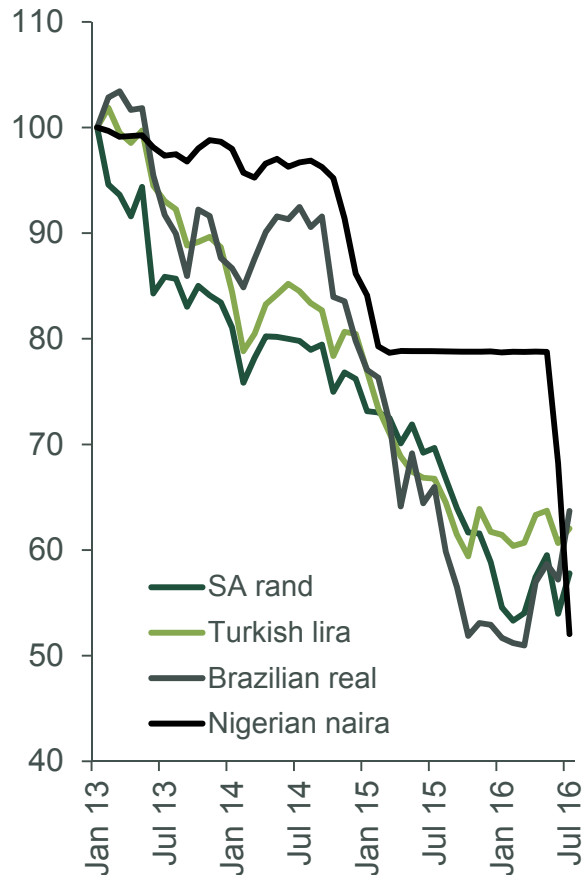
3 Identifying & highlighting sectoral investment opportunities & blockages

Volatility & uncertainty evident in currencies, bond yields, credit spreads & commodities

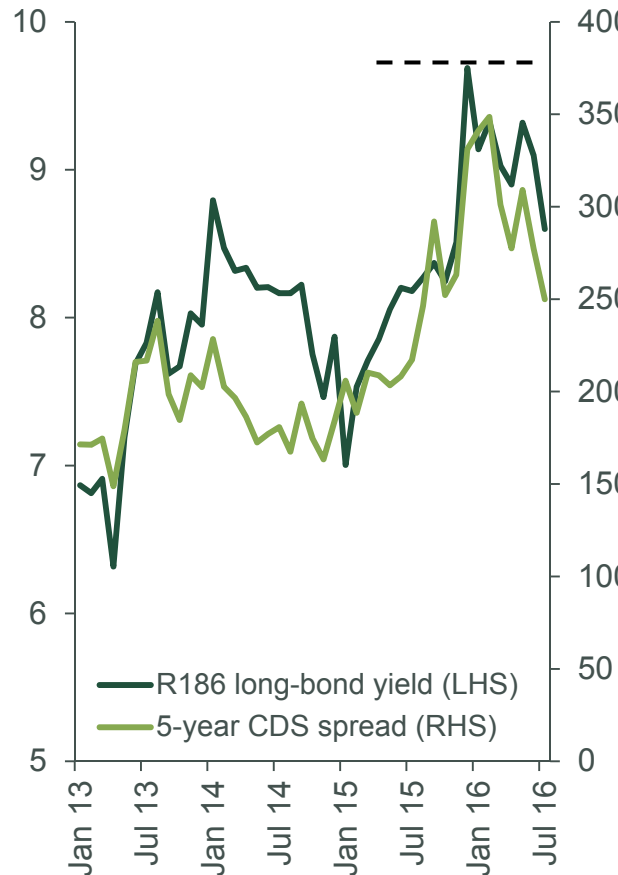
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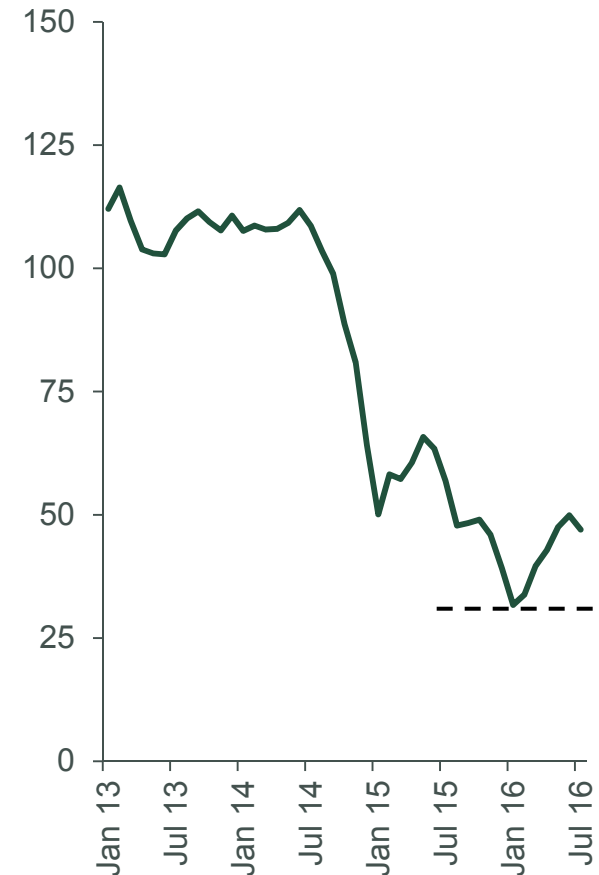
Currencies
(vs US\$ based to 100)



Bond yields & CDS spreads
(R186, 5-year CDS, %)



Commodities
(Brent oil US\$/barrel)

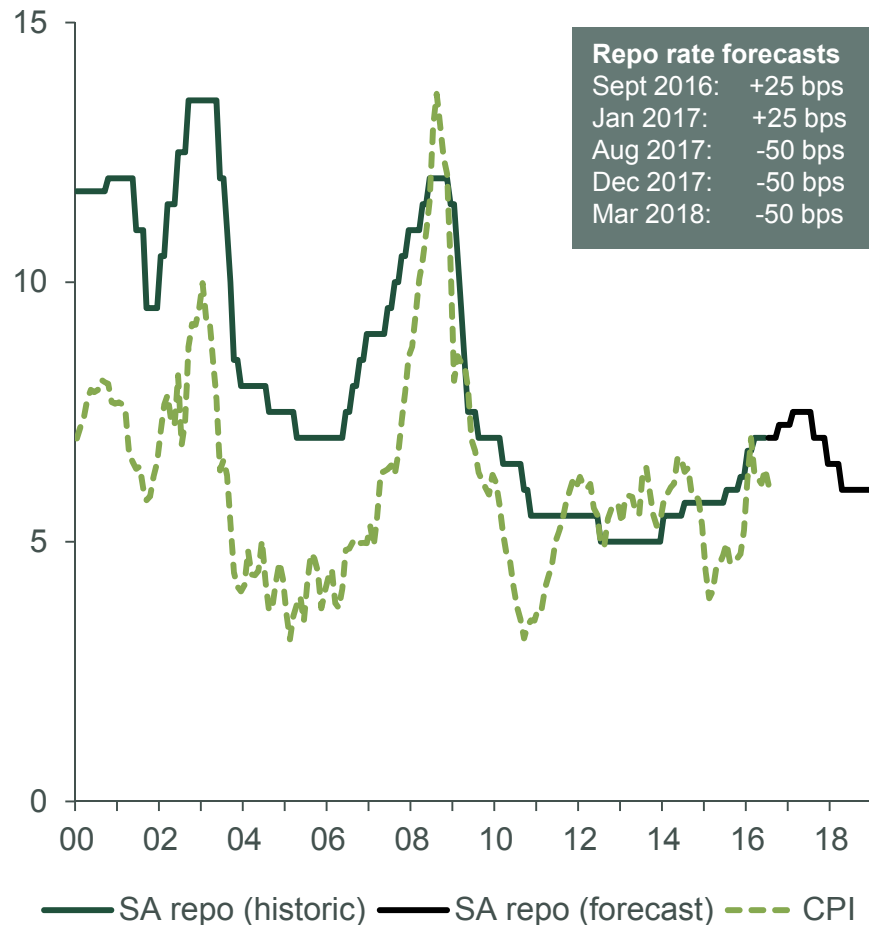


Higher interest rates & weaker economic environment resulting in slower credit growth

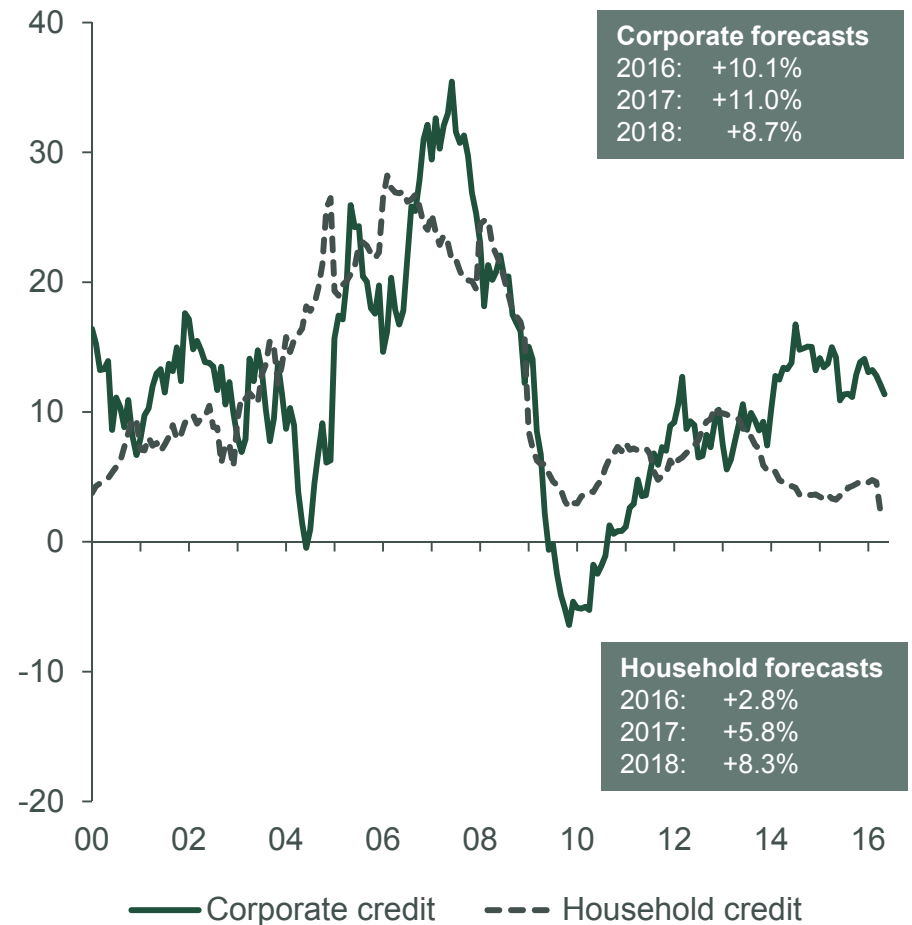
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SA interest rates & inflation (%)



Credit growth (%)



Strategic highlights

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Client-centred innovation

Growing our
transactional
banking franchise

Retail main-banked
clients **+7%**

Retail transactional
NIR growth **+9%**

RBB ROE
18.3%

Retail ROE
17.0%

Integration of CIB
supporting NIR
growth
+14%

Strategic
Portfolio Tilt

Retail household
deposit market
share gains

Selective origination
resulting in
high-quality book
& low CLR of
67 bps

Wholesale > retail
advances growth
61%
wholesale

Optimise
&
invest

Core systems
reduced since 2010
(Managed evolution)
-84 systems

CIB,
RBB & Insurance
restructuring
Complete

OMGSA – R1bn
synergies by 2017
(~30% to Nedbank)
On track

Pan-African
banking network

SADC & East Africa
Flexcube core system
implemented
2 countries

SADC & East Africa
Banco Único
control in H2
(est cost: R112m)

West & Central Africa
NPL deep dive in
Q4 2015 & revised
ETI strategy

Delivering value to all stakeholders

BOOKLET SLIDE

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STAFF

- Leadership & structural changes well executed
- 1 176 new permanent staff
- Ongoing progress on staff transformation



CLIENTS

- New loan payouts of R75bn
- Top-ranked investment manager, AUM up 9.8% to R256,5bn
- Retail main-banked clients up 7.3% & transactional banking gains across all clusters
- 96 additional depositor ATMs, > 8 000 POS devices & 75 additional branches of the future
- Digitally enabled clients up 26% & value of AppSuite™ transactions up 55%

SHAREHOLDERS



- NAV per share up 9.7%
- ROE (excl goodwill): 15.7% (above average monthly cost of equity of 14.4%)
- Interim dividend of 570c, up 6.1%
- Good AGM voting outcomes

REGULATORS



- Strong capital, liquidity & coverage ratios
- AML remediation of high-risk clients
- Focus on compliance & sustainable banking practices

**TO BE
AFRICA'S
MOST
ADMIRABLE
BANK**

BY OUR:

COMMUNITIES

- Maintained level 2 BBBEE for 7th consecutive year
- 75% of procurement sourced locally
- More than R1bn Fair Share 2030 to support student accommodation & embedded energy in the commercial & farming sectors



Delivering value to shareholders

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NAV

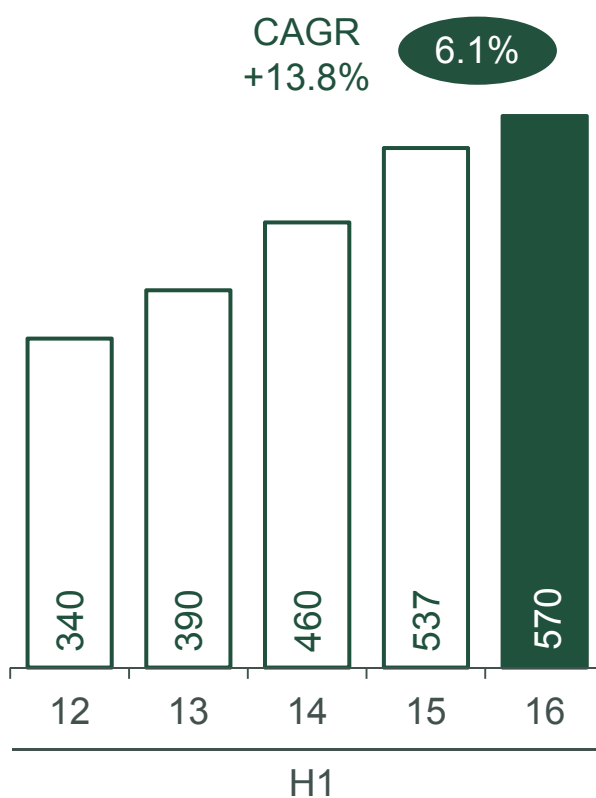
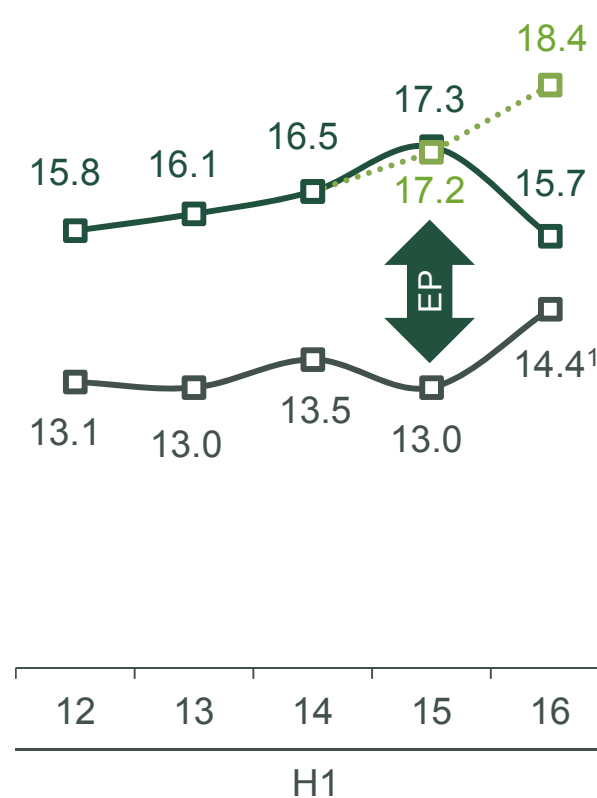
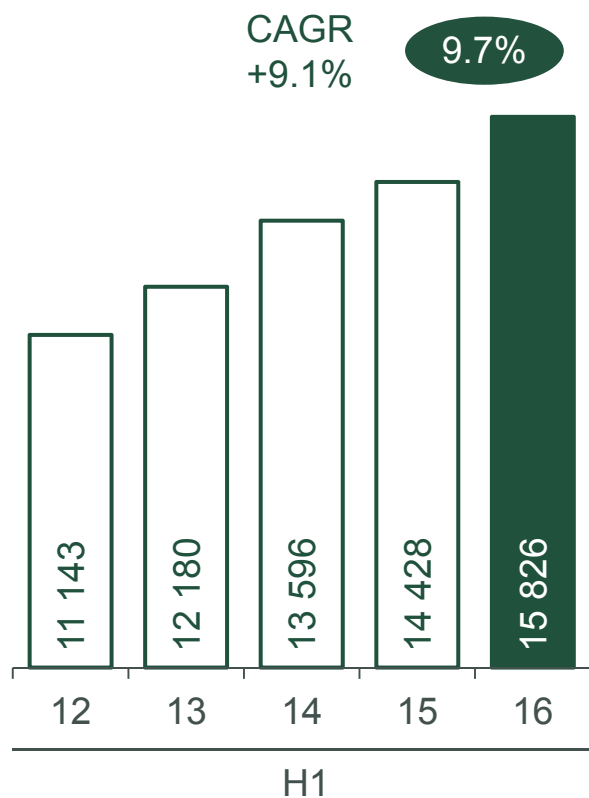
ROE > COE

Dividends

NAV per share
(cents)

ROE & cost of equity
(%)

Interim dividend per share
(cents)



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

RAISIBE
MORATHI



FINANCIAL OVERVIEW

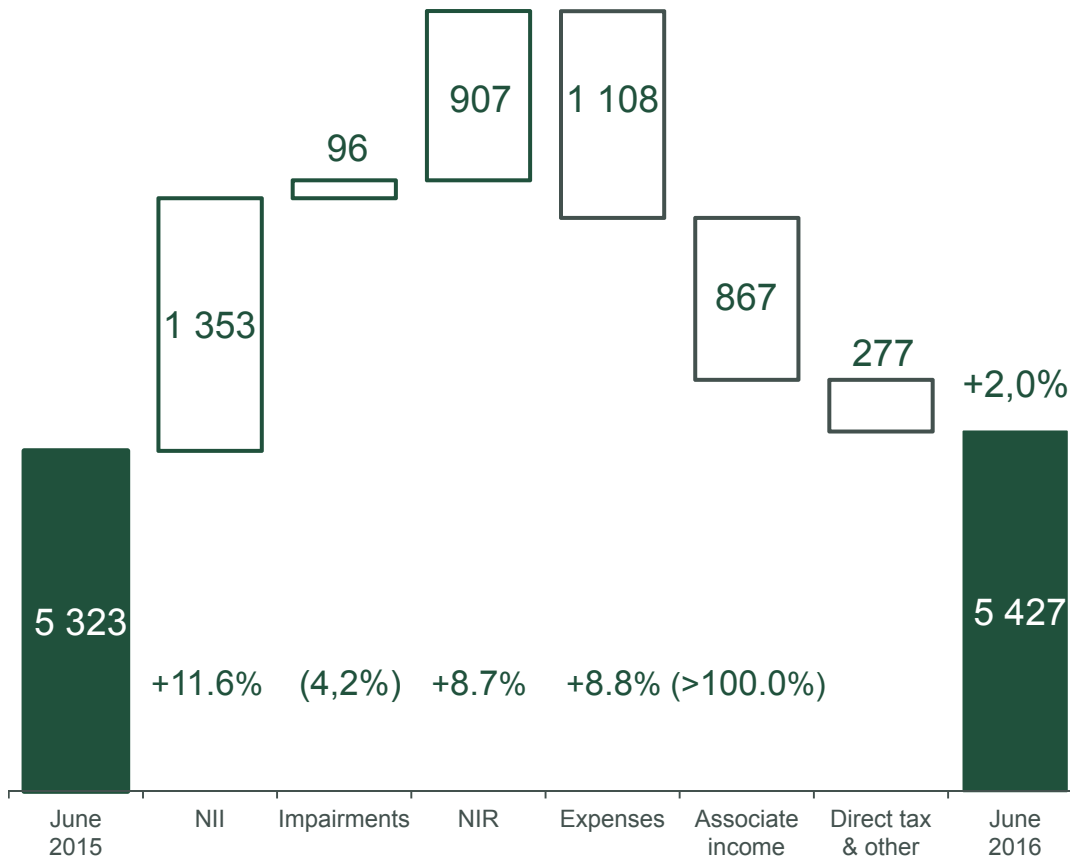
Strong revenue
growth & well-
managed risk
environment.

Growth driven by strong revenue performance & good credit risk management

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Headline earnings (Rm)



Solid performance, despite ...

- Interest rate increases lower & slower than expected (75 vs 100 bps increase)
- SA GDP growth slower than expected (Q1 2016: -1.2%)
- Uncertainty around sovereign ratings downgrade
- ETI H1 2016 loss in associate income of R446m (H1 2015: R426m profit)
- High earnings base in H1 2015 (15.7% growth on H1 2014)

Key performance indicators

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			Excluding ETI ¹	
	H1 2016	H1 2015	H1 2016	H1 2015
Headline earnings (Rm)	5 427	5 323	6 030	5 019
ROE (excl goodwill)	15.7%	17.3%	18.4%	17.2%
Diluted HEPS growth	1.6%	14.1%	19.7%	7,6%
Preprovisioning profit growth	1.5%	10.4%	11.6%	7,4%
Net interest margin	3,37%	3,36%		
Credit loss ratio	0.67%	0.77%		
NIR-to-expenses ratio	83.0%	83.1%		
Common-equity tier 1 CAR	11.6%	11.4%		
Dividend per share (cents)	570	537		

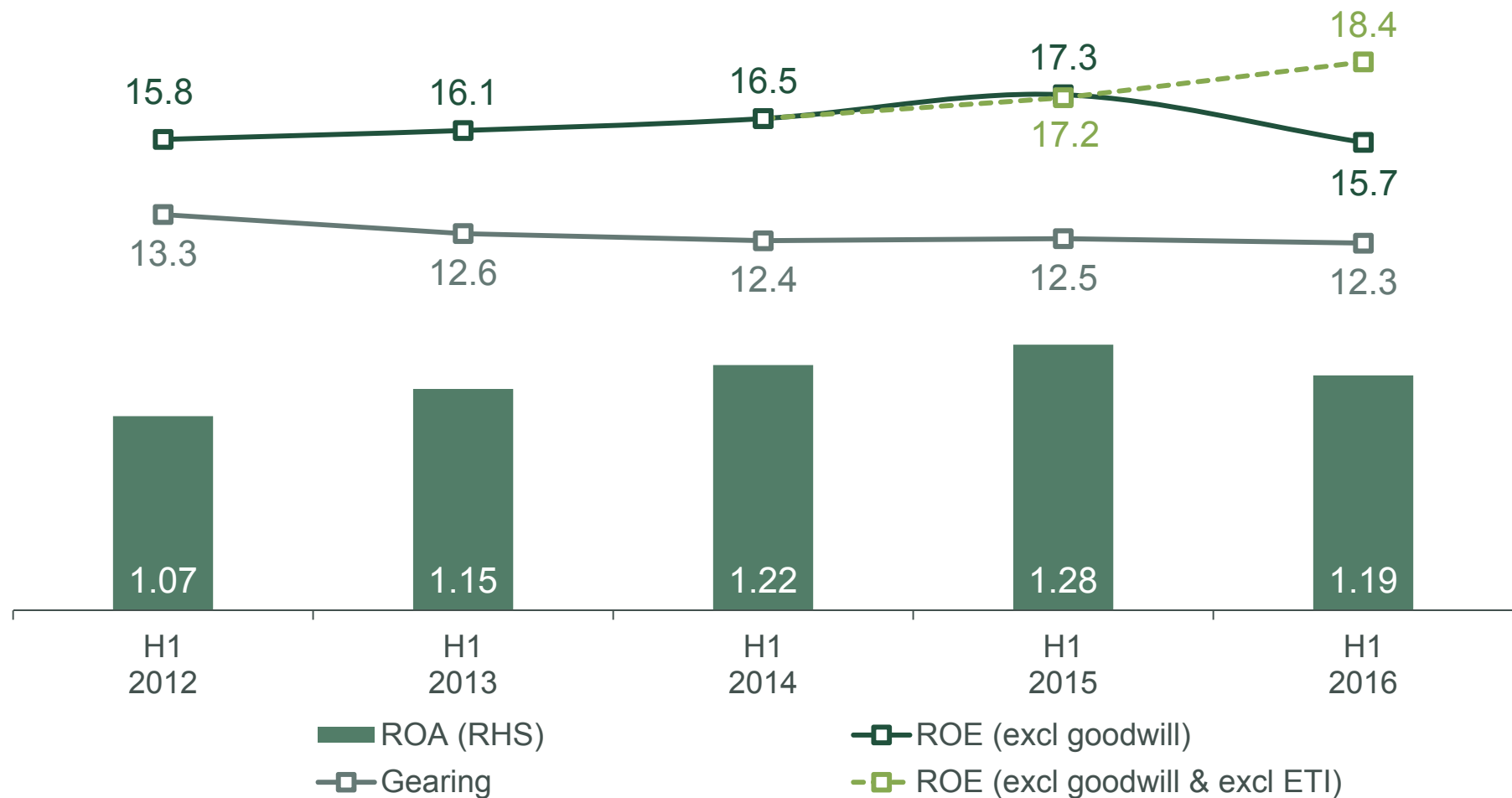
¹ Excluding associate income/ losses, as well as funding costs.

Adjusted ROE, excluding ETI, continued to increase & gearing reduced further

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ROE (excl goodwill), ROA & gearing
(%, x)

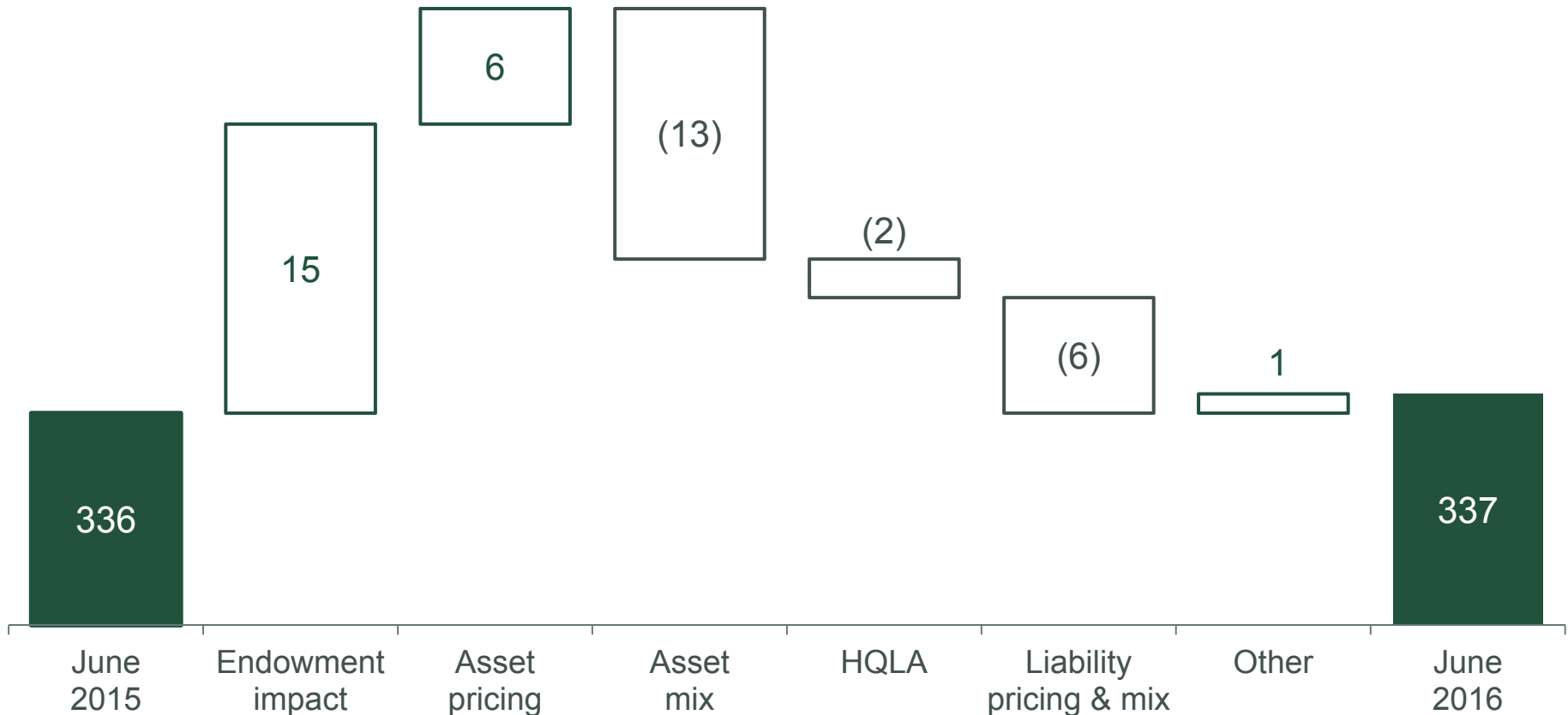


Net interest margin – benefit from endowment, reduced asset mix impact & improved pricing

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Net interest margin (bps)



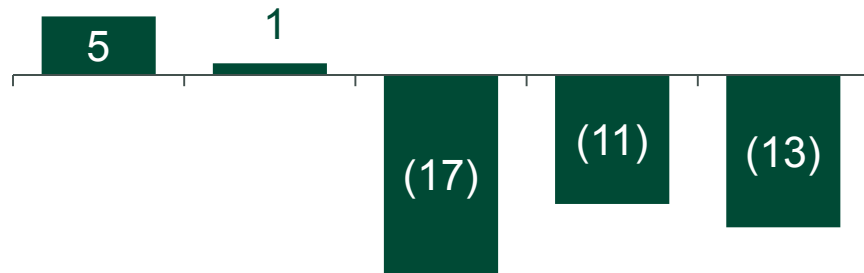
Note: NIM for FY 2015 was 330 bps.

Net interest margin – driven by asset mix change & endowment over time with increasing impact from Basel III requirements

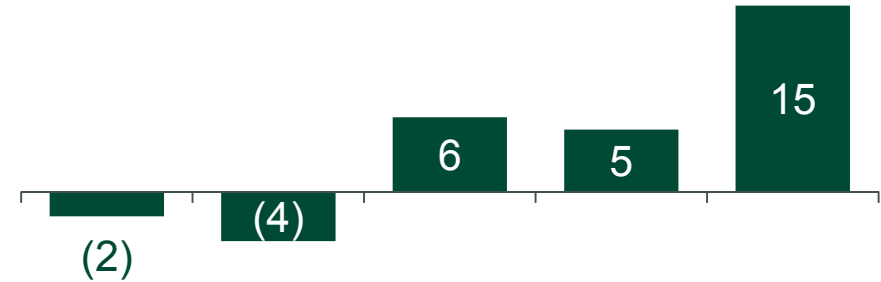
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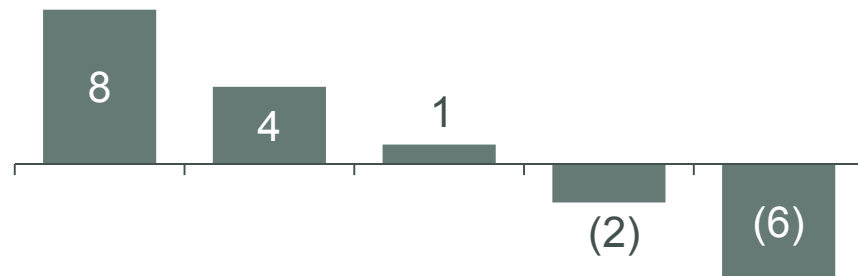
Mix change (bps)



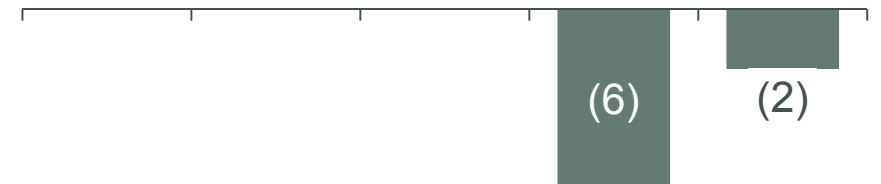
Endowment (bps)



Funding costs (bps)



HQLA (bps)



June 2012 June 2013 June 2014 June 2015 June 2016

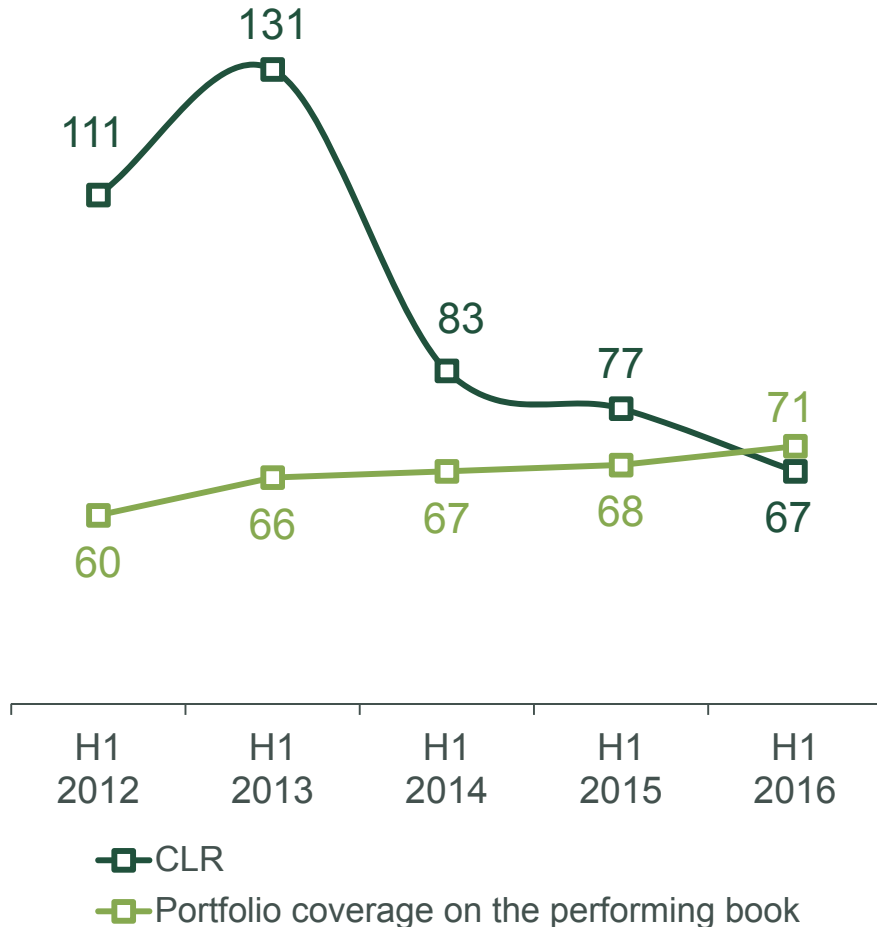
June 2012 June 2013 June 2014 June 2015 June 2016

Credit loss ratio – reflective of quality portfolio while maintaining high coverage

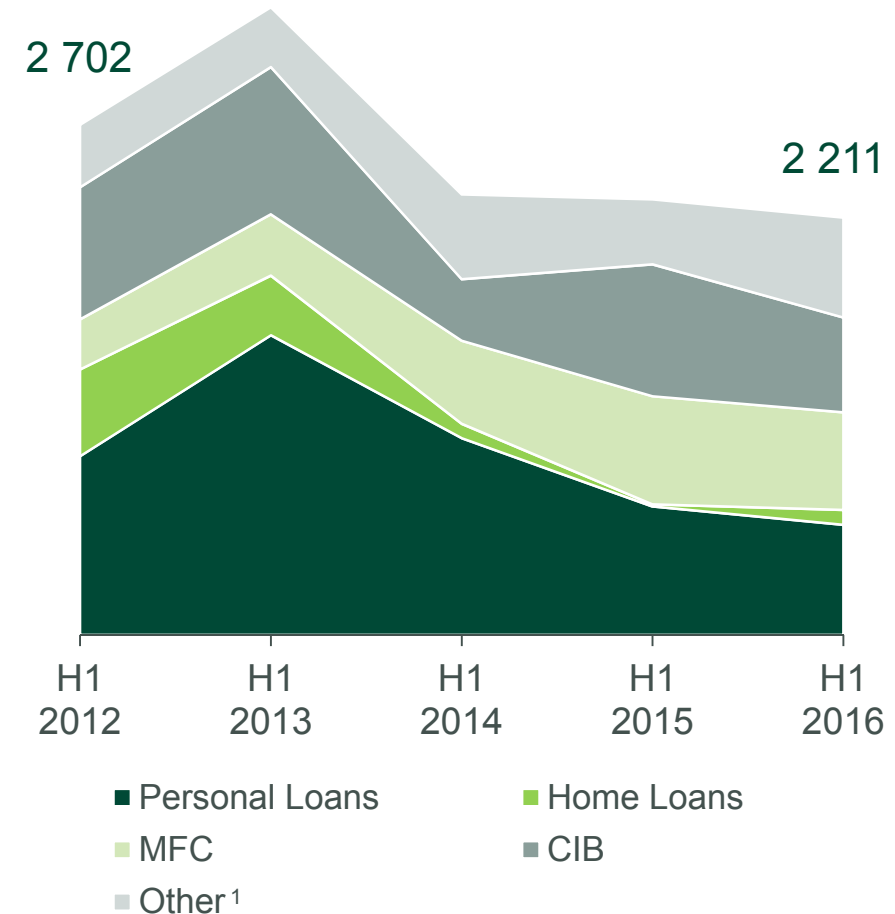
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Group credit loss ratio & portfolio coverage (bps)



Impairments charge (Rm)



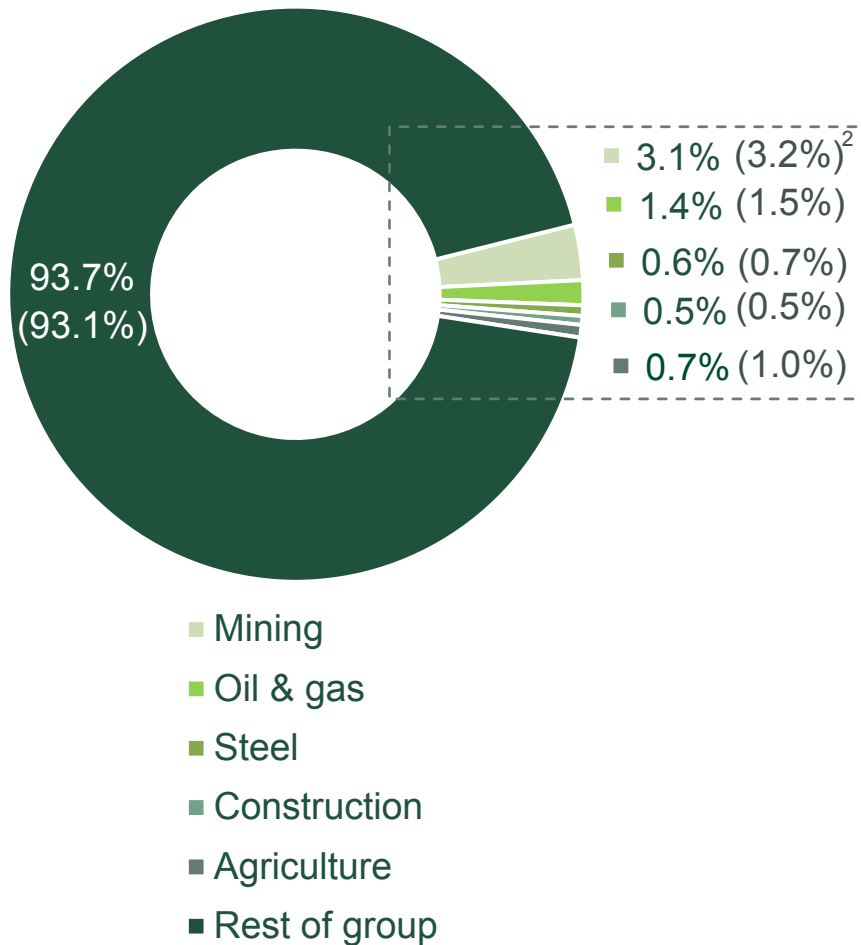
1. Other includes the rest of RBB, Wealth, Rest of Africa & Centre.

Managing our risks & industry exposures – bolstering portfolio provisioning & overlays

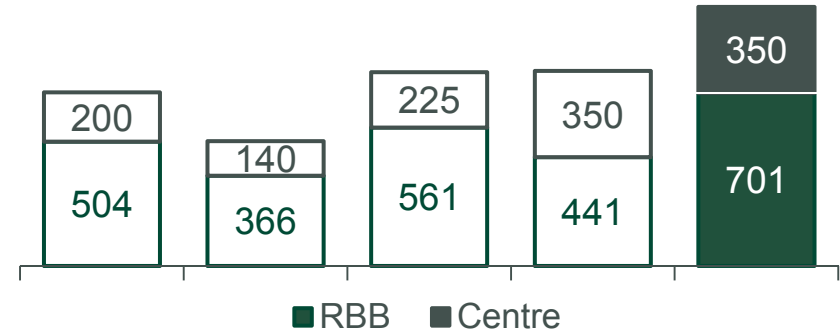
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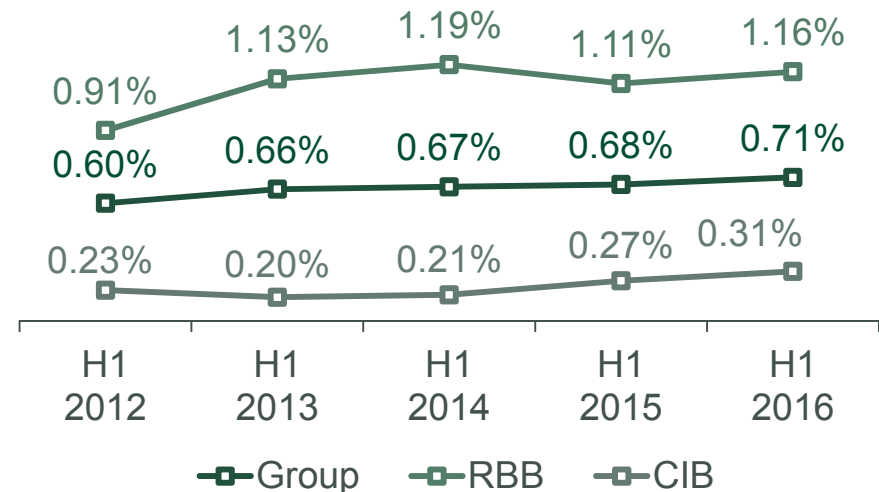
Nedbank Group industry exposures¹ (%)



Overlays & central provision (Rm)



Portfolio coverage (%)



¹ Nedbank Group on-balance-sheet exposures: R783bn at 31 May 2016.

² Represents exposures at 31 December 2015.

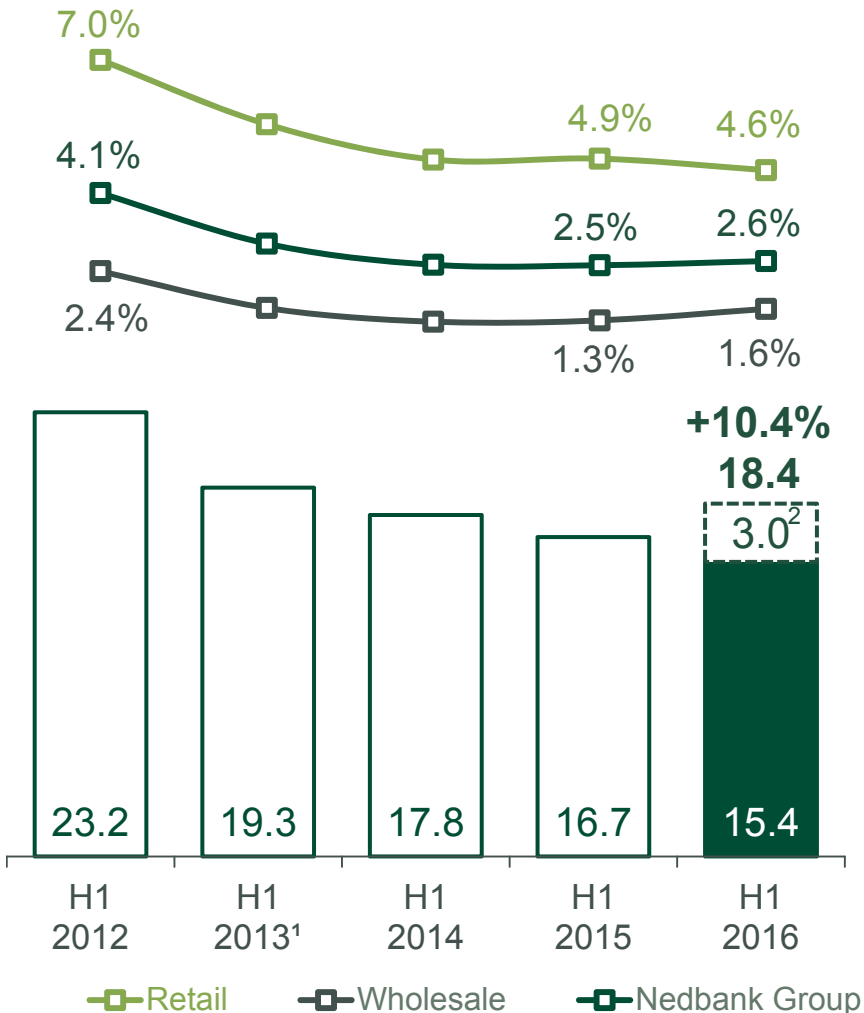
Defaulted advances & coverage – driven by change in mix towards wholesale defaults

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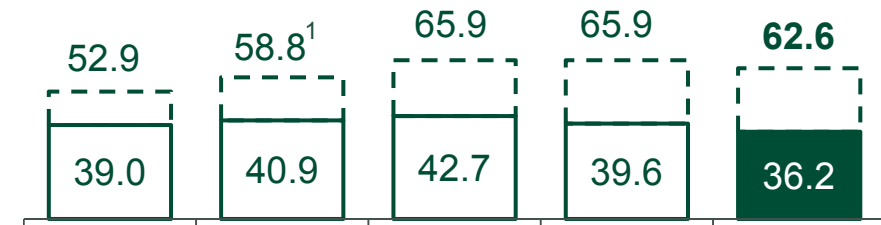


Defaulted advances (Rbn)

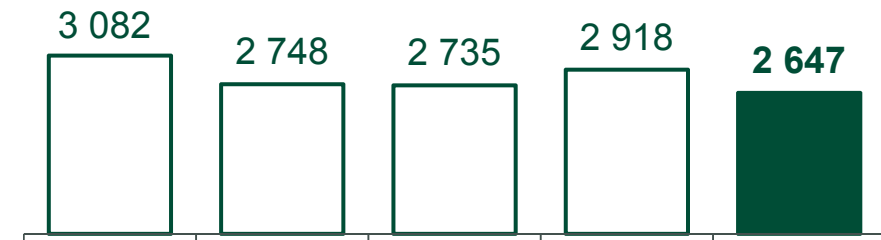
Defaulted advances as % of book (%)



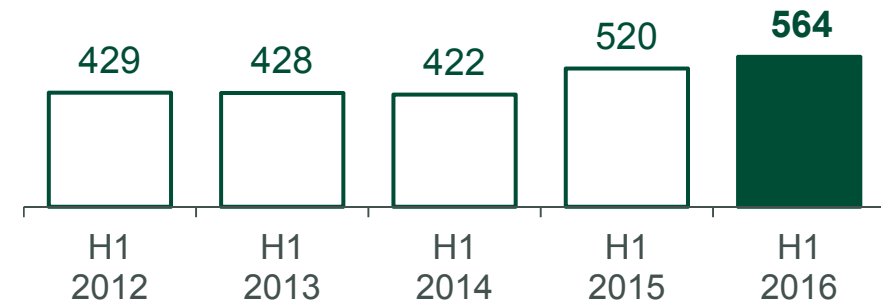
Total & specific coverage (%)



Writeoffs (Rm)



Postwriteoff recoveries (Rm)



¹ 2013 total & specific coverage restated.

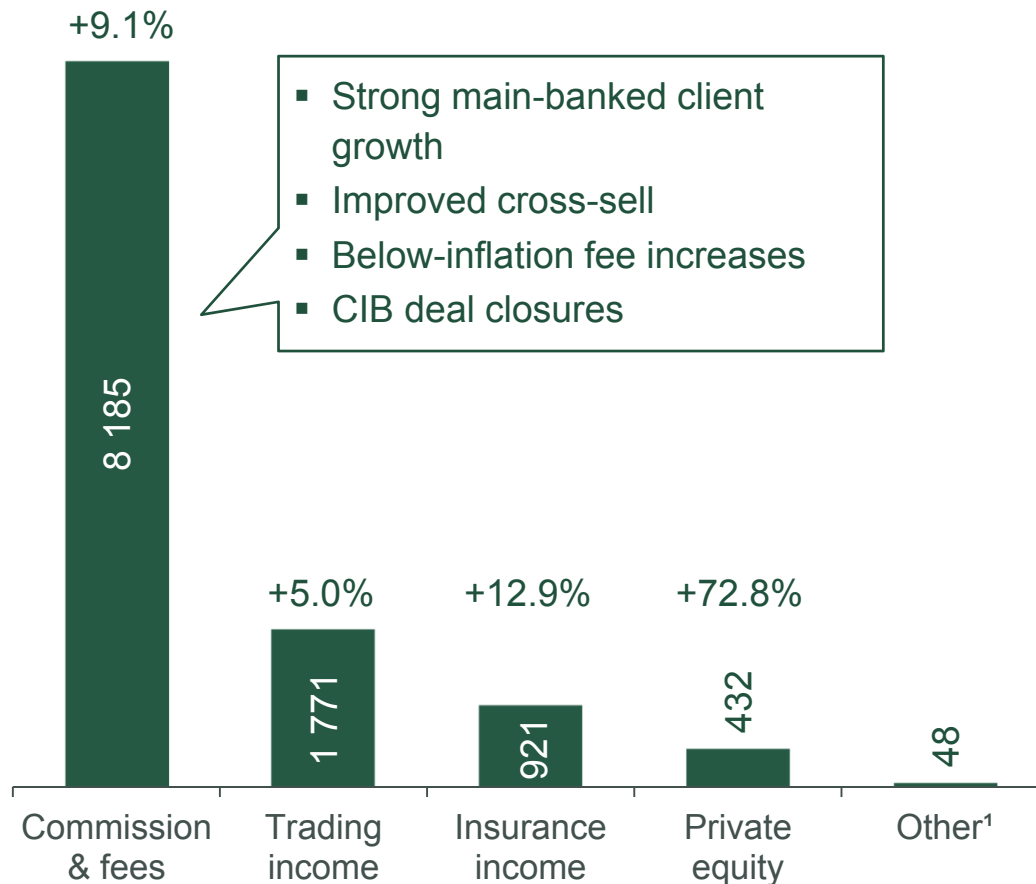
² Impact of directive 7.

Non-interest revenue – strong commission & fee income growth across all clusters

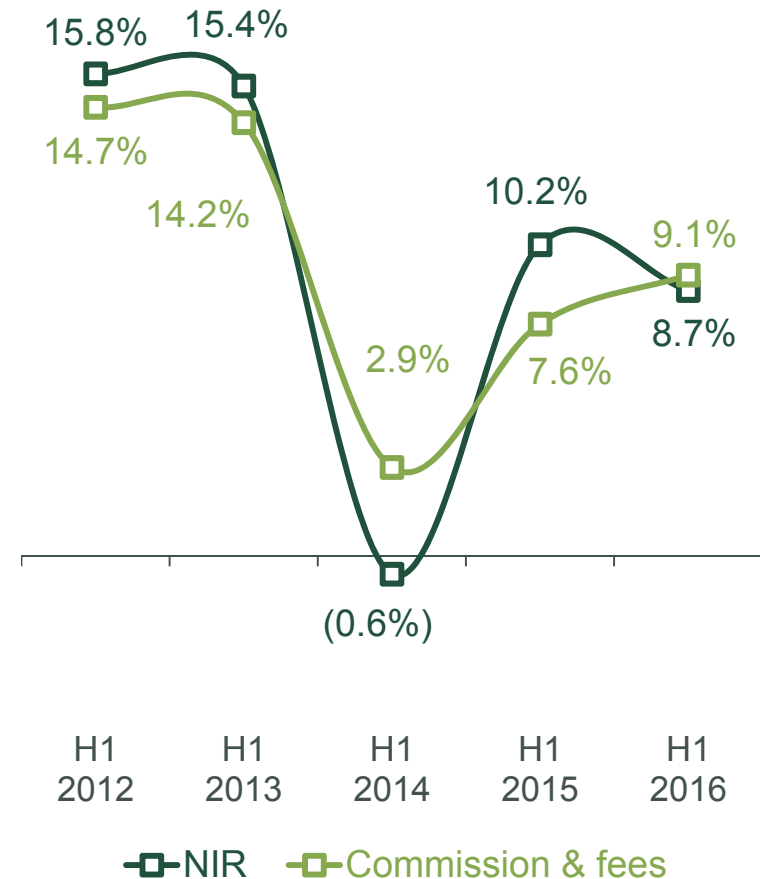
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Non-interest revenue (Rm)



Non-interest revenue growth (%)



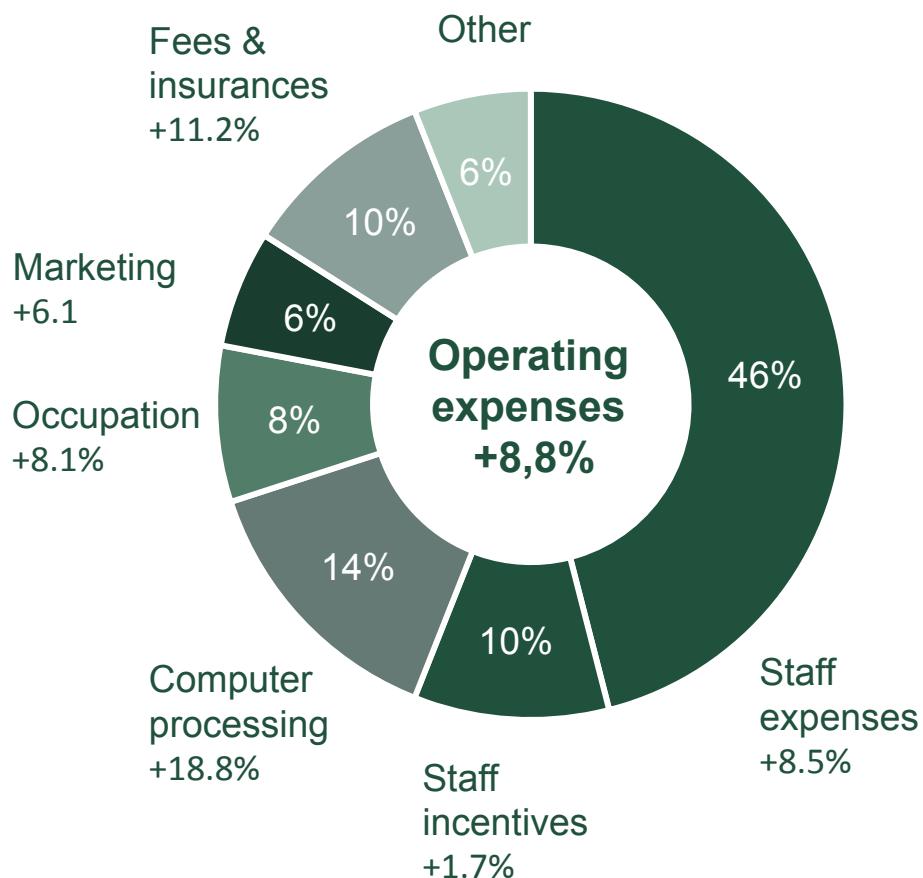
¹ Represents sundry income, investment income & fair-value adjustments.

Expenses – well managed & aligned to key drivers

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Expense drivers



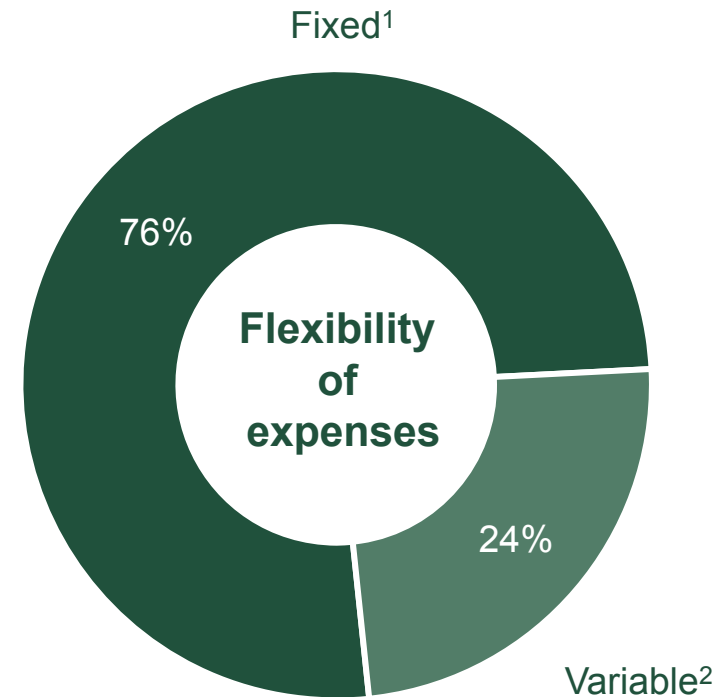
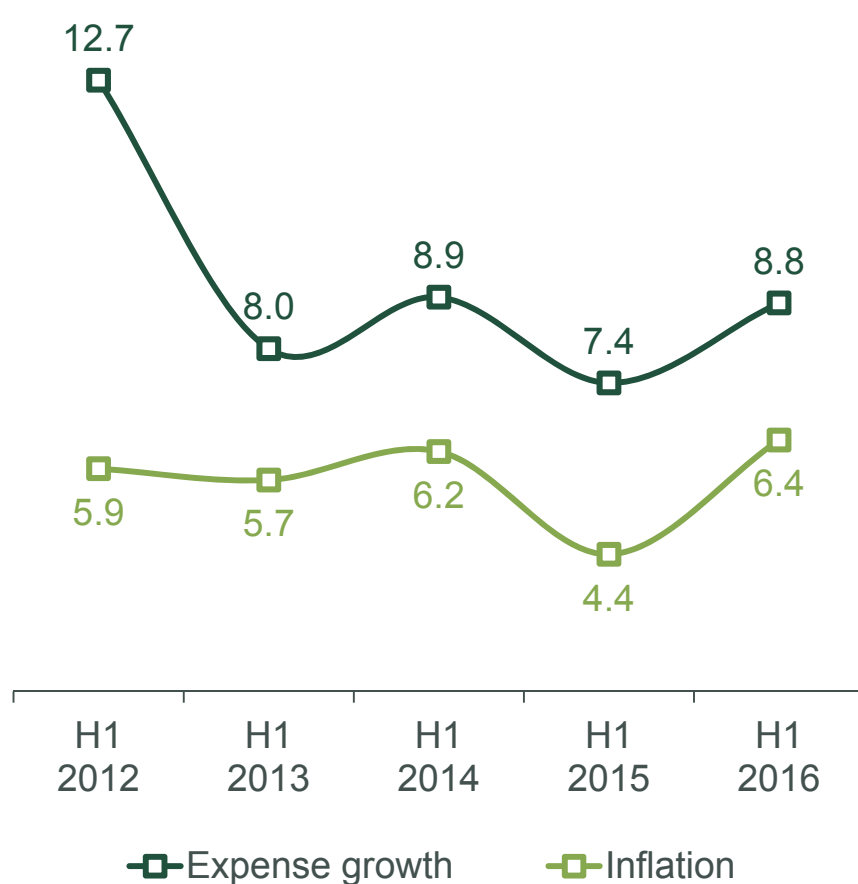
- **Staff**
 - Headcount +3.8% (regulatory demands)
 - Average annual salary increase of 6.3%
 - Incentives linked to CPTs
- **Computer processing**
 - Increased spend on client innovation & regulation (IT projects)
 - Amortisation +11%
- **Fees & insurances**
 - Increased volumes of revenue-related activities (eg cash handling & card)
- **Occupation**
 - Regional consolidation & ongoing investment in distribution

Expenses – Growth adjusted downwards as revenues slowed, with flexibility in a tougher environment

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Expense growth vs CPI (inflation) (%)



¹ Fixed, mostly staff & infrastructure – can be adjusted through deliberate action such as staff attrition (9% at Nedbank).

² Variable expenses include incentives & direct volume-related expenses & costs that can be adjusted or delayed over time, eg some training, travel, maintenance & marketing-related fees.

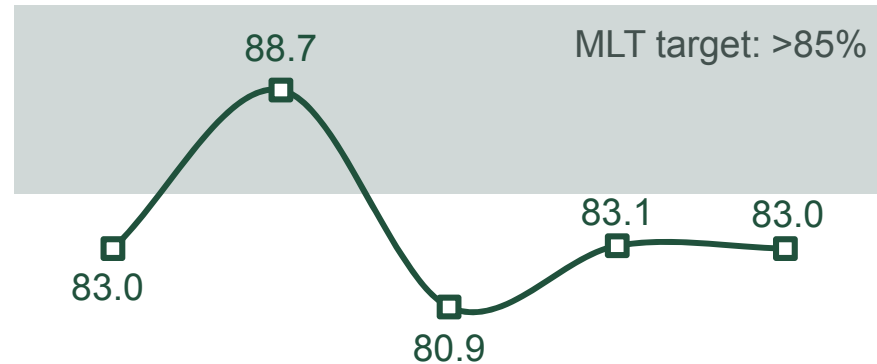
Efficiency metrics impacted by associate income

– focus remains on our medium-to-long-term targets

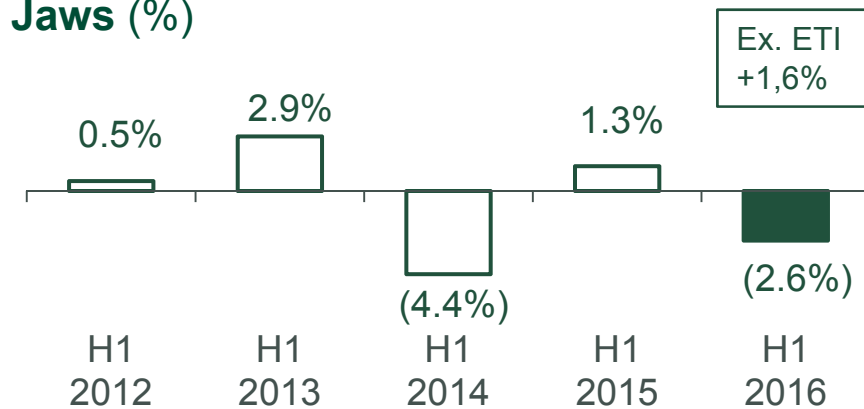
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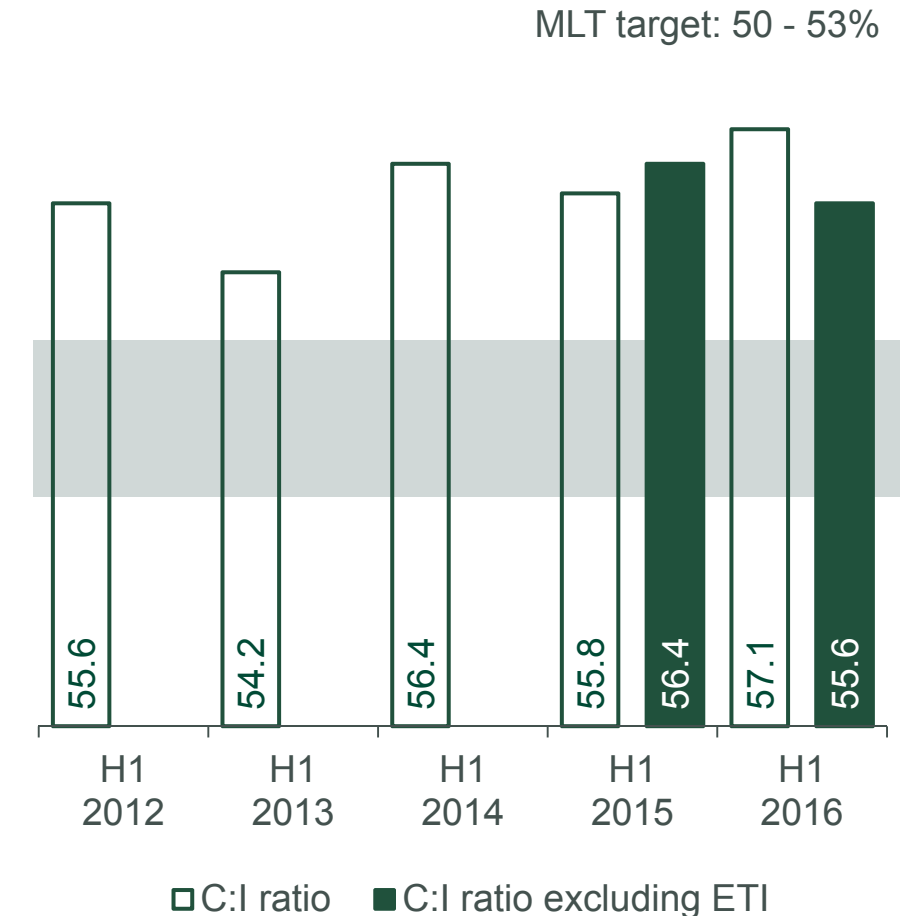
Non-interest revenue to expenses (%)



Jaws (%)



Efficiency ratio (%)

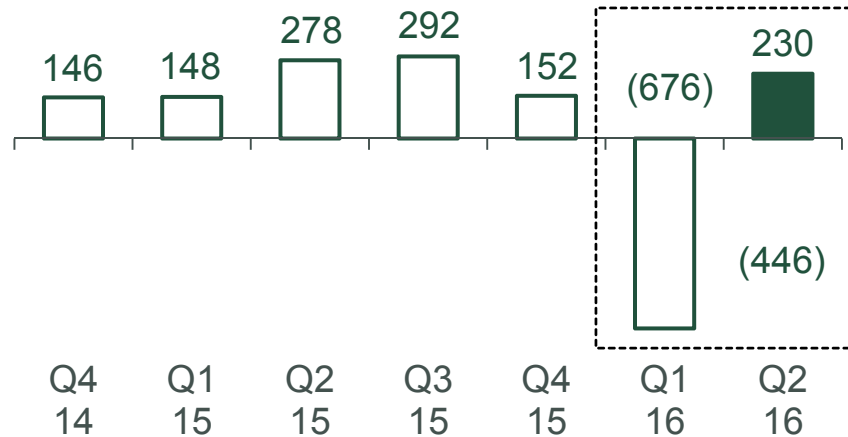


Associate income – ETI recovery in progress but naira devaluation introduces uncertainty

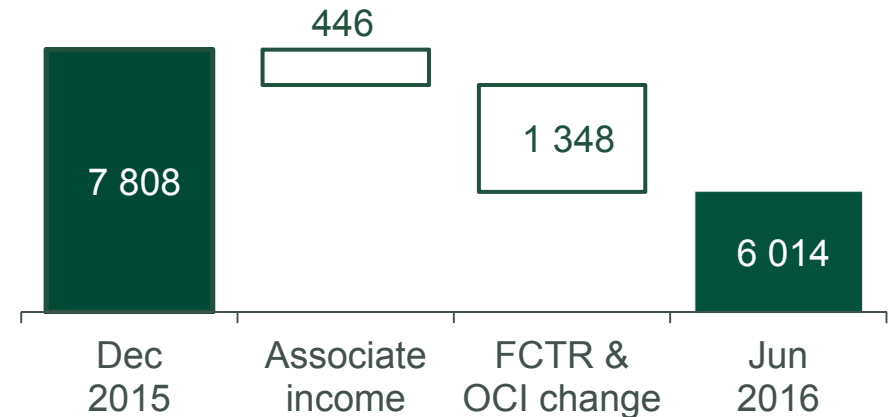
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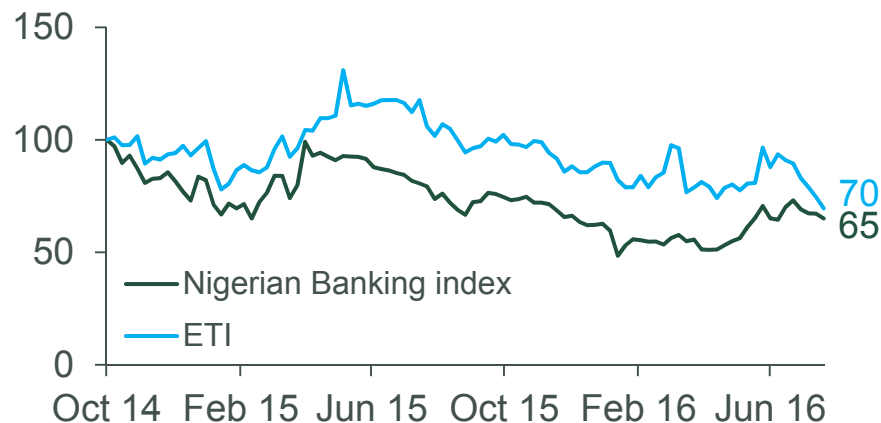
Associate income (Rm)



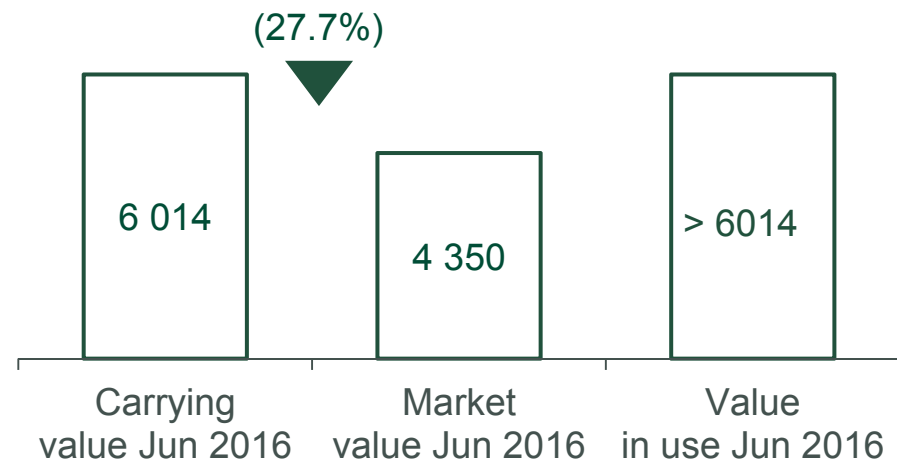
Book value (Rm)



Relative share price performance



Book & market value¹ (Rm)



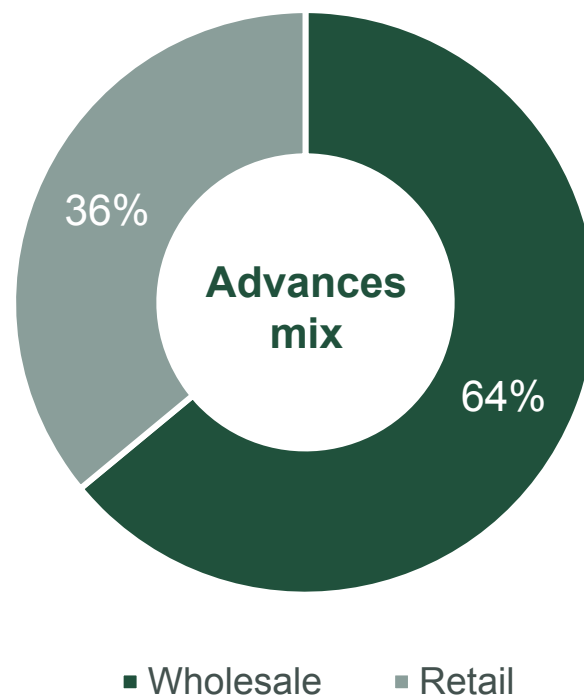
¹ Market value based on ETI share price.

Advances mix still favours wholesale

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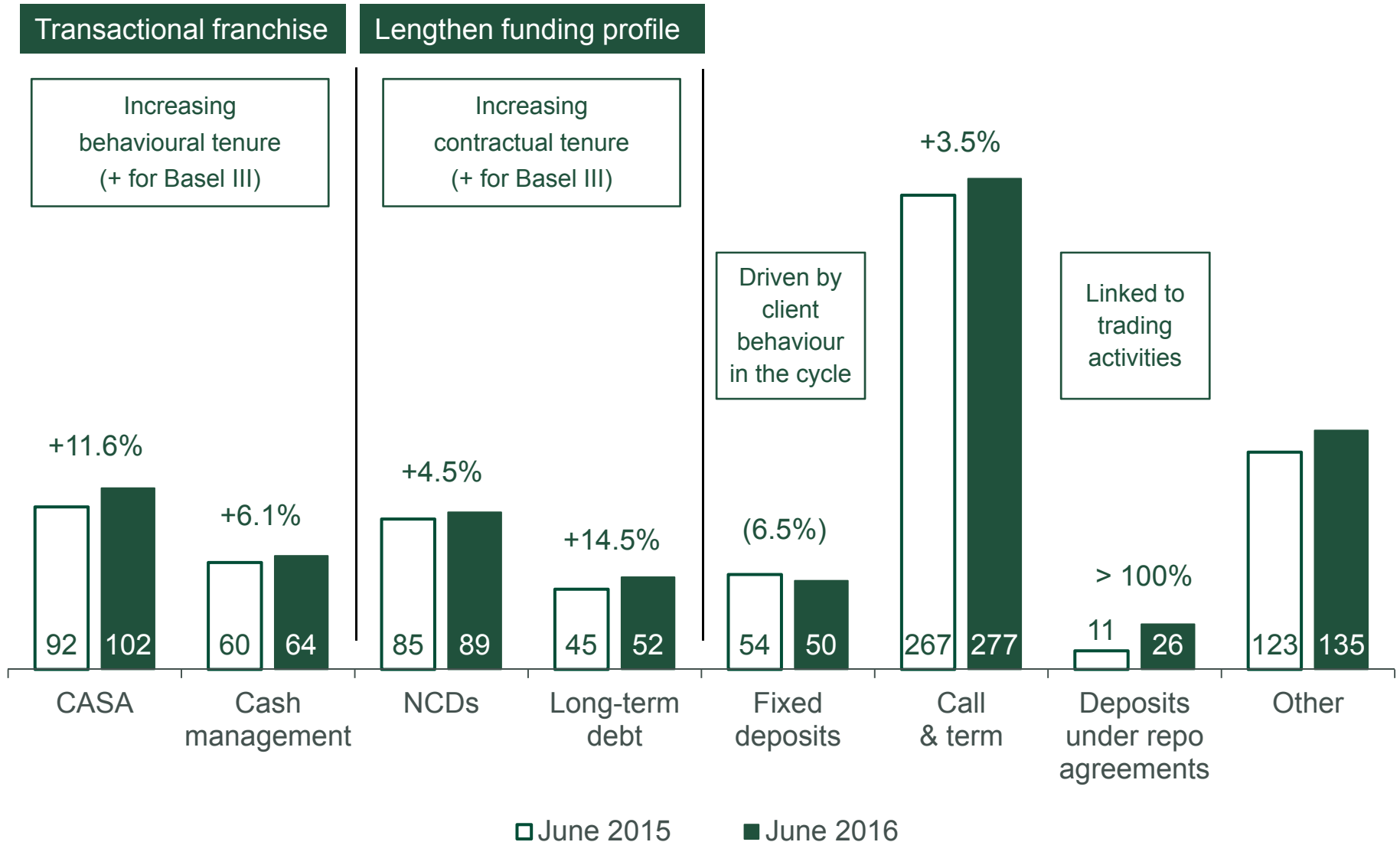
Gross advances (Rbn)	% change	Jun 2016	Jun 2015
CIB	8.5	360.8	332.5
Commercial property	9.7	117.4	107.0
Other corporate loans	12.2	209.6	186.9
Trading advances	(12.5)	33.8	38.6
RBB	3.4	293.6	283.9
Home loans	2.1	109.1	106.9
Motor finance	6.9	83.2	77.8
Card	3.5	14.5	14.0
Personal loans	3.4	16.8	16.2
Business Banking	2.0	70.0	65.7
Other	(6.5)	3.0	3.3
Nedbank Wealth	11.3	29.8	26.8
Rest of Africa	14.9	18.5	16.1
Centre	> 100	2.1	0.5
Impairments on advances	4.5	(11.5)	(11.0)
Net total advances	6.9	693.3	648.8



Strong deposit & funding growth in Basel III– friendly categories

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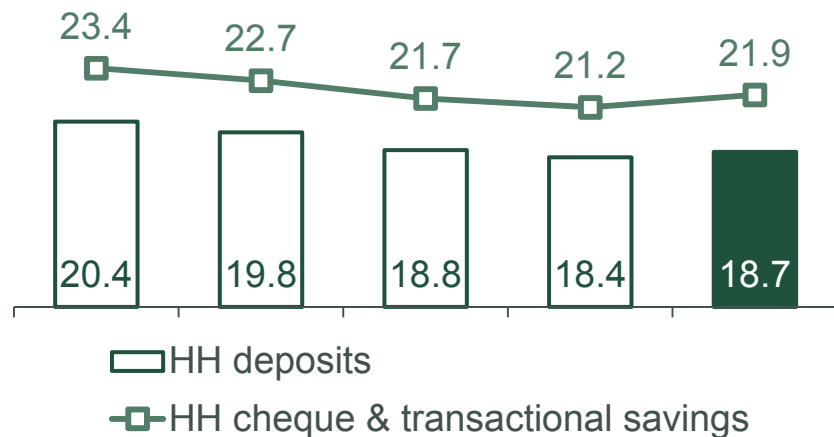


Growing market share in key deposit categories

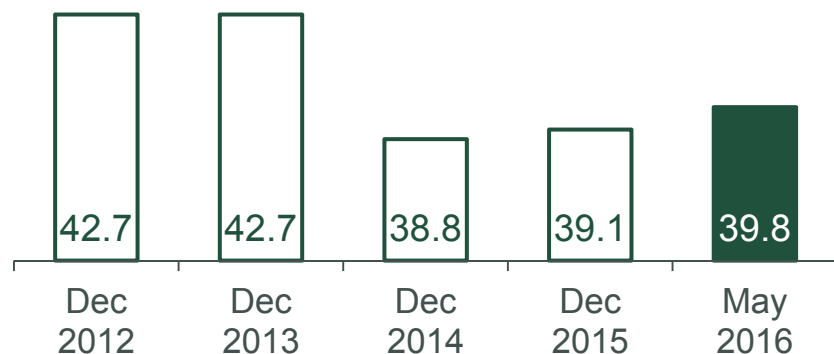
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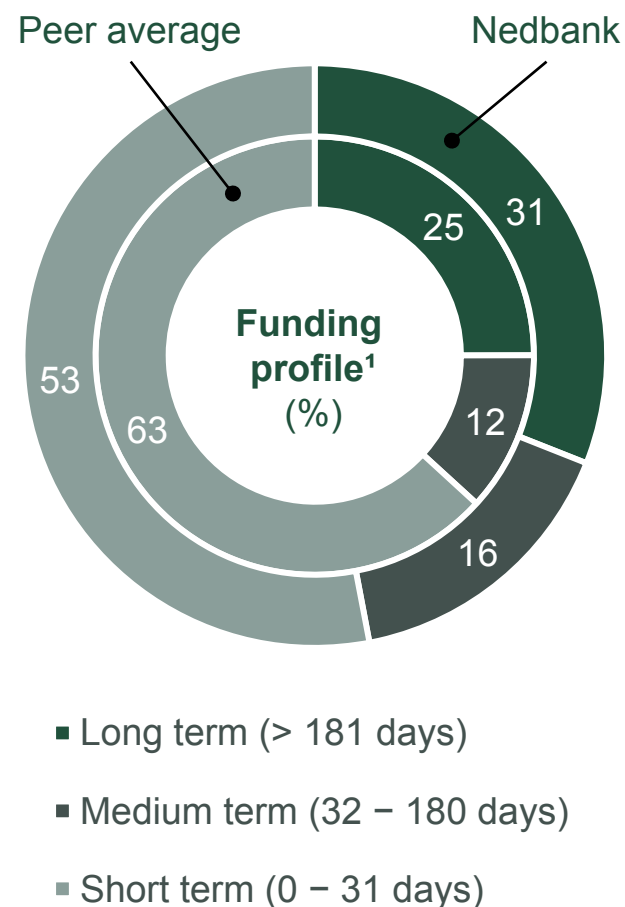
Household & transactional market share gains (%)



Institutional funding contribution to group declined over time (%)



Funding duration longer than industry average (%)



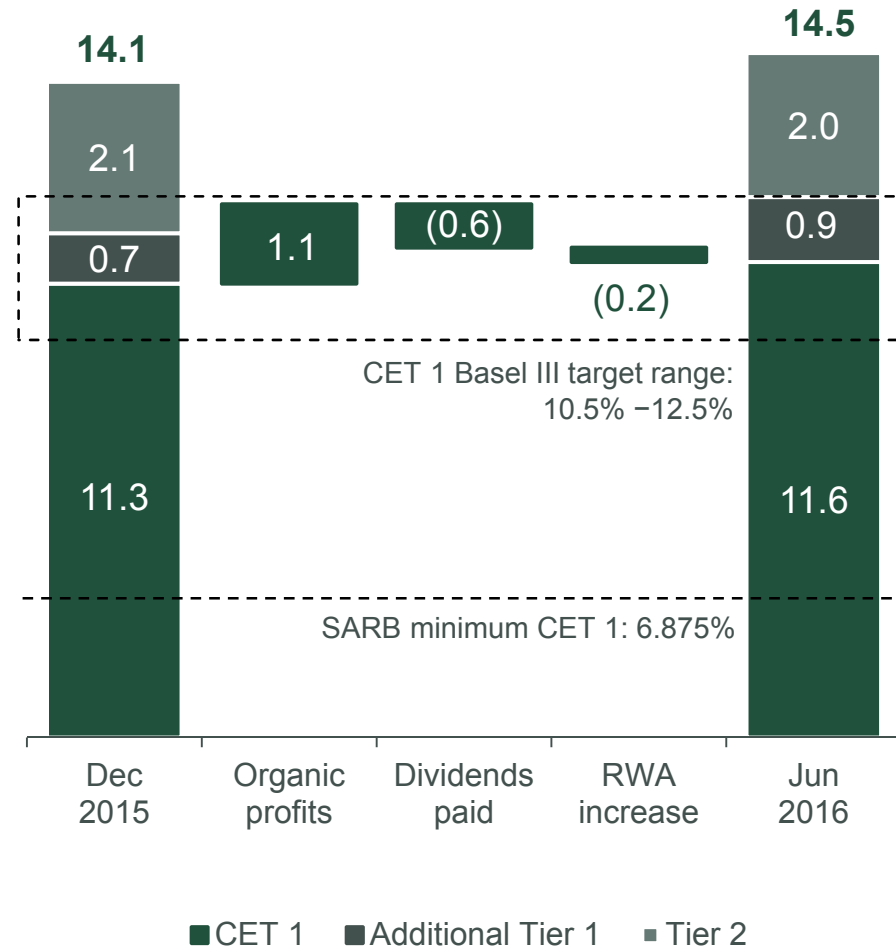
¹ Funding profile at May 2016 for peers.

Capital well positioned for Basel III regulatory environment

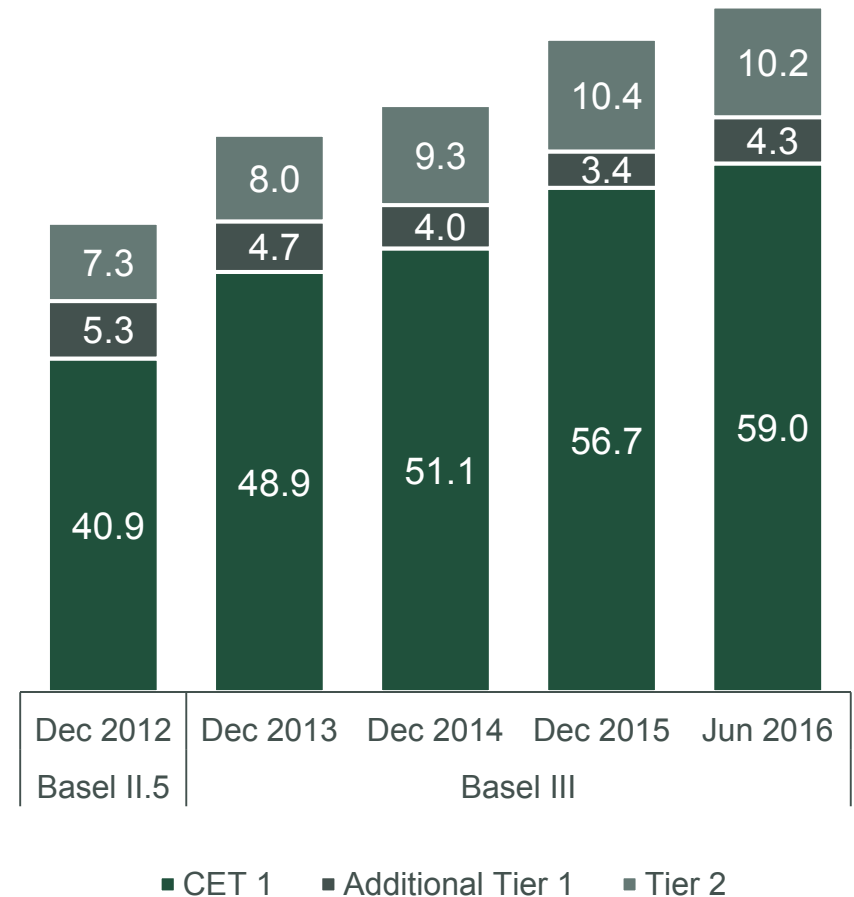
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Capital ratios (%)



Capital stack (Rbn)

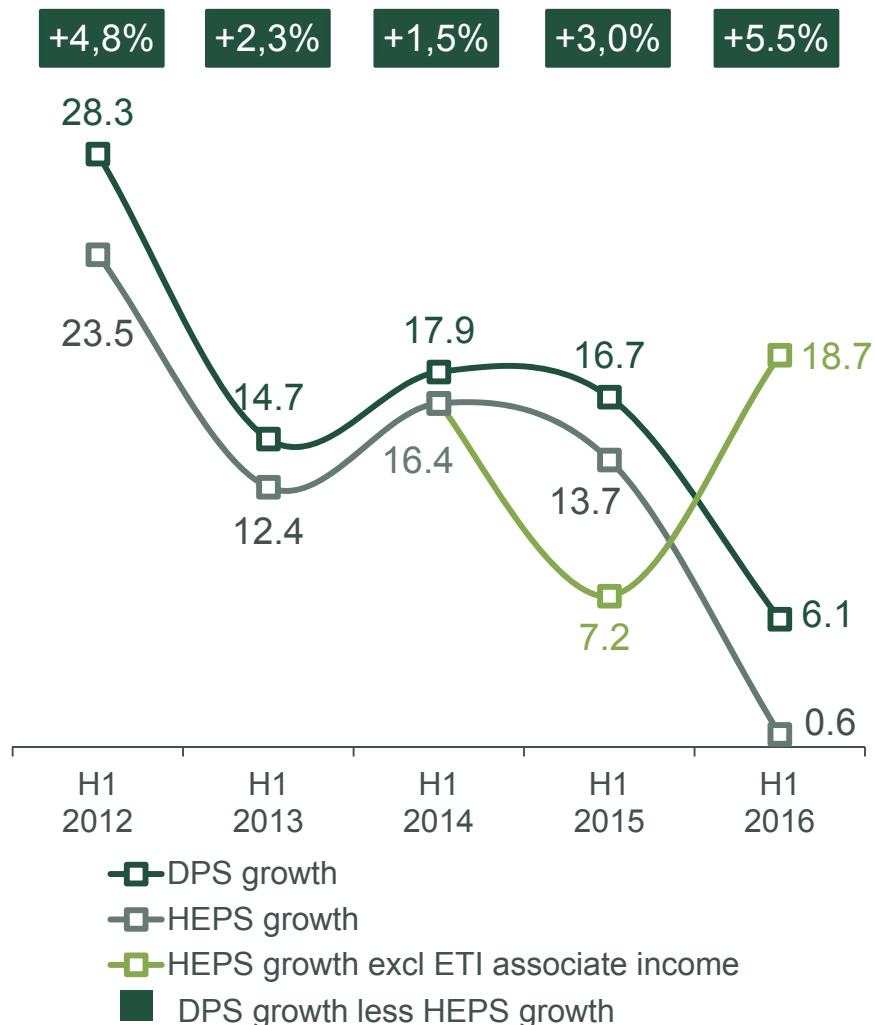


Dividend growth ahead of HEPS growth

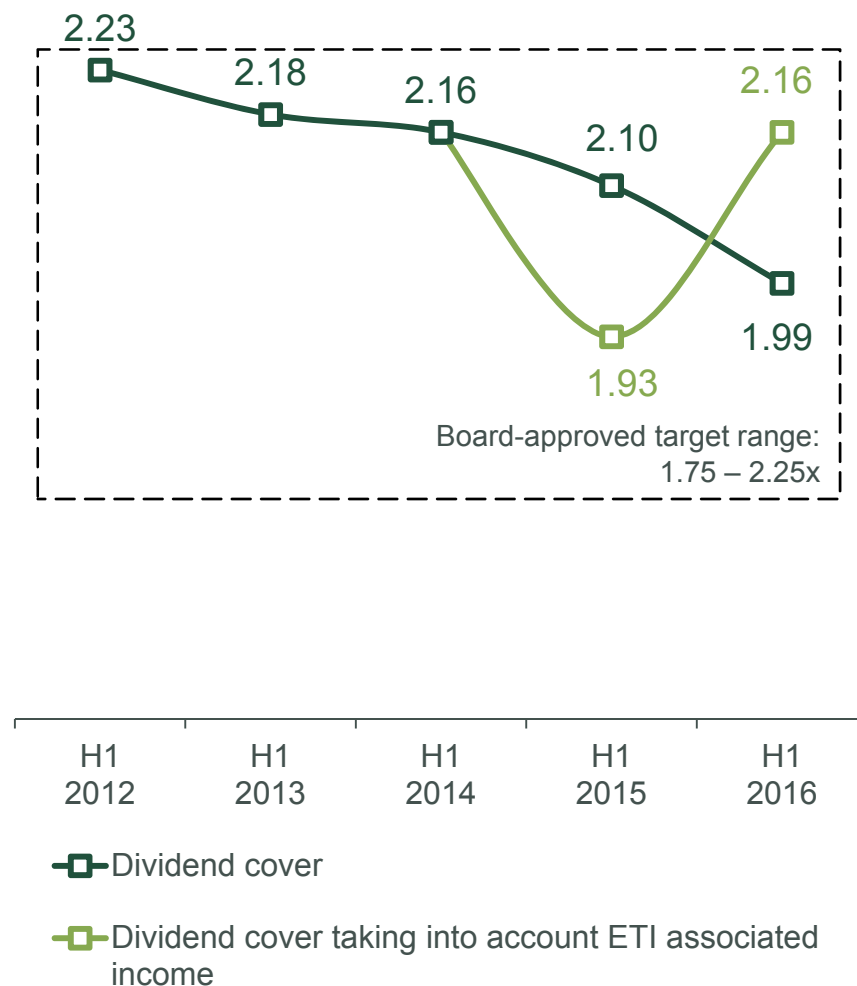
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DPS vs HEPS growth
(%)



Interim dividend cover
(x times)



Strong performance from Nedbank operations excluding ETI

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	% change	Headline earnings (Rm)			ROE (%)	
		H1 2016	H1 2015		H1 2016	H1 2015
CIB	20,9	3 004	2 485		21.3	22.9
RBB	11,2	2 371	2 132		18.3	15.9
Wealth	18,3	614	519		35.9	38.9
Rest of Africa subsidiaries	32,5	53	40		2.7	5.0
Centre	92,4	(12)	(157)			
Nedbank managed businesses	20,1	6030	5019	▲	16.0	14.2
ETI	> (100,0)	(603)	304	▼	(35.8)	35.5
Total	2,0	5 427	5 323		14,6	16,0

Note: Internal capital allocation increased – CIB, Wealth & Rest of Africa .

BRIAN KENNEDY



NEDBANK CORPORATE & INVESTMENT BANKING

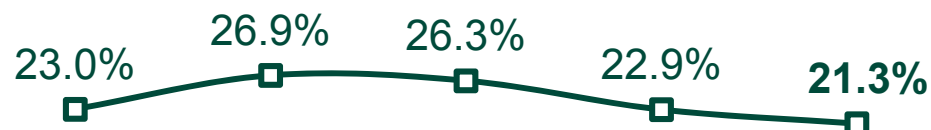
Building an integrated
corporate & investment
bank.

Continuing to deliver good returns

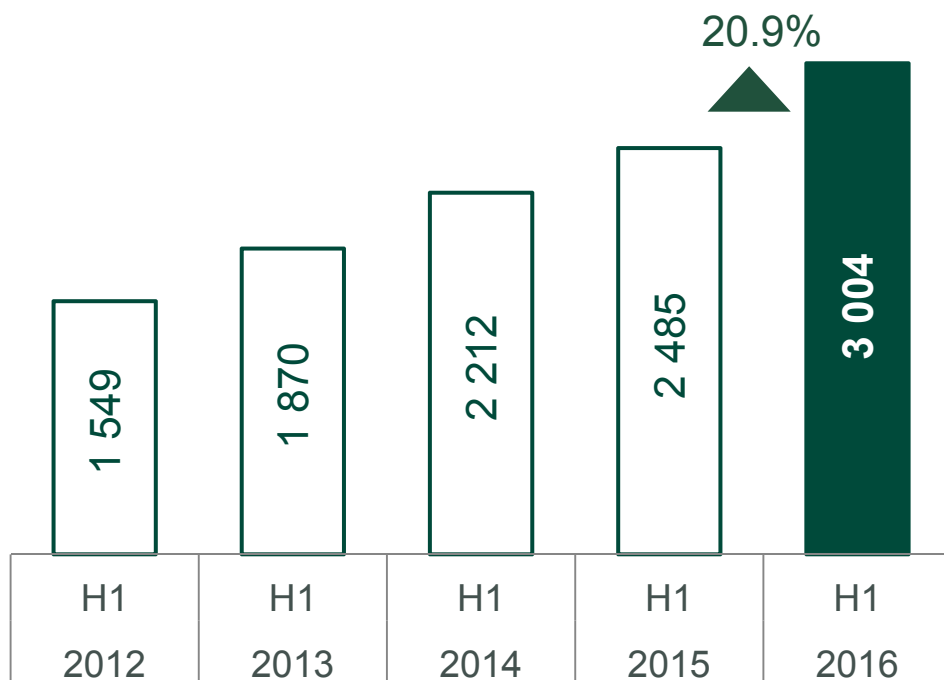
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ROE (%)



Headline earnings (Rm)



Key drivers

- The benefits being derived from the integrated wholesale model are enabling deeper client penetration
- PPOP up 15.5% from good pipeline conversion
- Controlled expense growth & maintained expense benefits from integration
- ROE at 21.3%, with allocated capital growing by 29.7%

Corporate & Investment Banking

Financial highlights

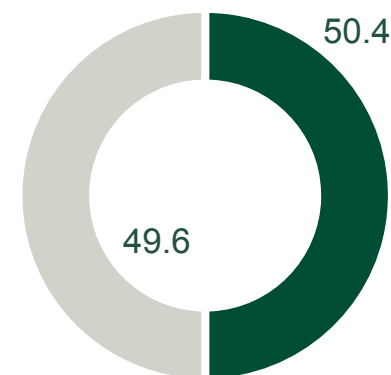
BOOKLET SLIDE

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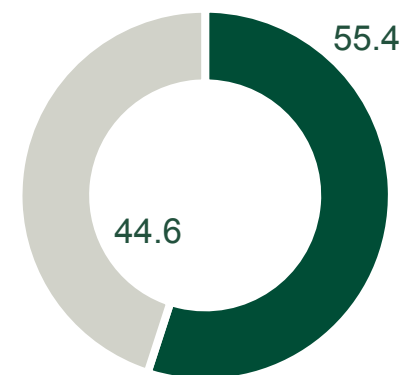
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Year ended	% change	Jun 2016	Jun 2015
Headline earnings (Rm)	20.9	3 004	2 485
Operating income (Rm)	15.4	6 688	5 793
PPOP (Rm)	15.5	4 431	3 837
Net interest margin (%)		1.97	1.99
NIR-to-expenses ratio (%)		130.1	124,7
Efficiency ratio (%)		37.5	38.9
Credit loss ratio (%)		0.31	0.38
Average banking advances (Rm)	13.6	324 519	285 610
Average deposits (Rm)	4.8	340 140	324 449
Headline economic profit (Rm)	(10.9)	959	1 076
Average allocated capital (Rm)	29.7	28 329	21 848
ROE (%)		21.3	22.9

● Nedbank CIB
● Other clusters



Assets



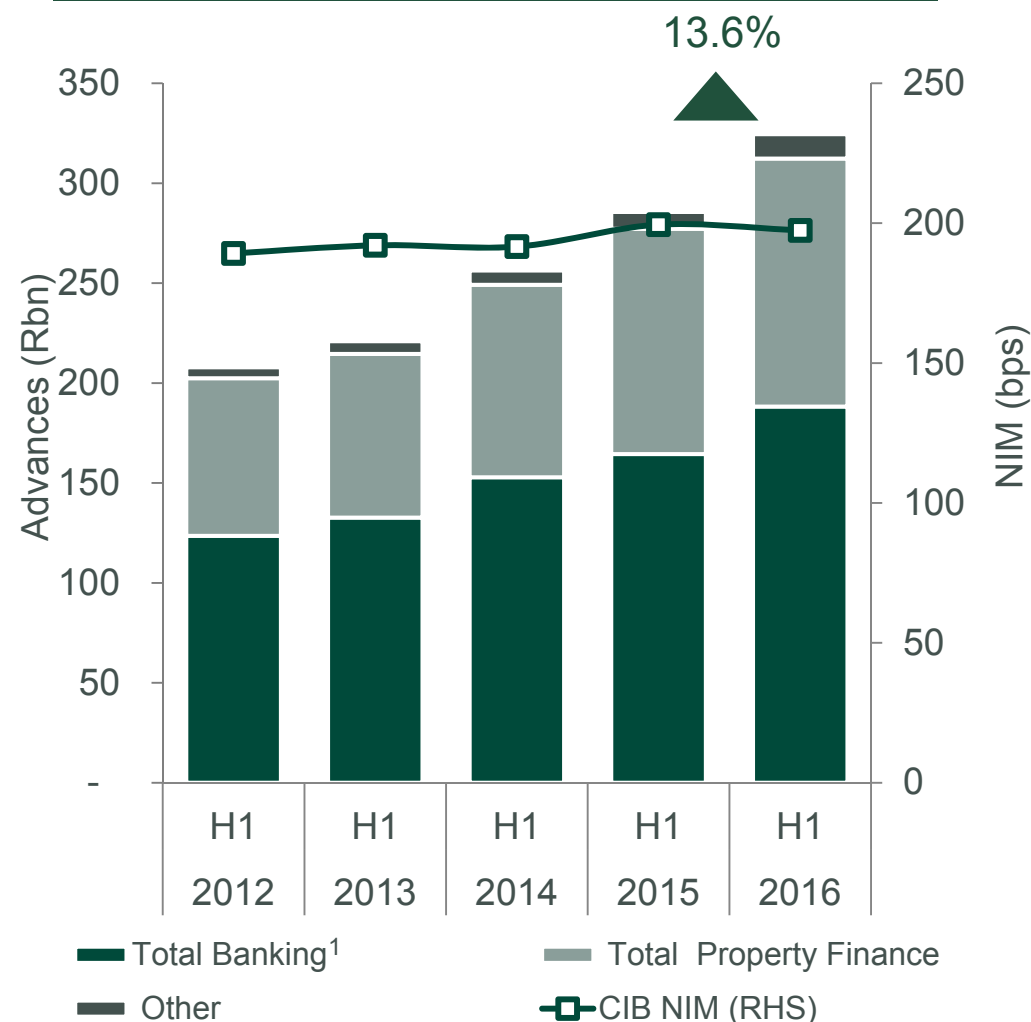
Headline earnings

Good growth in advances, with focus on quality

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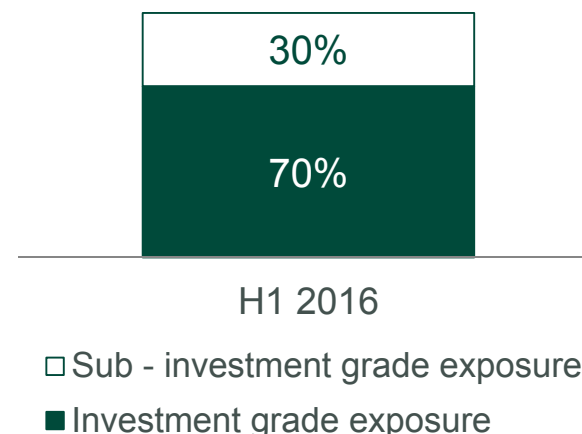
Average loans & advances (Rbn) NIM (bps)



Key drivers

- Converting strong pipeline in key selected sectors
- Continuing to focus on strategic growth sectors & opportunities on the continent
- Slight decline in NIM as competition for high-quality assets increases

Total CIB book quality



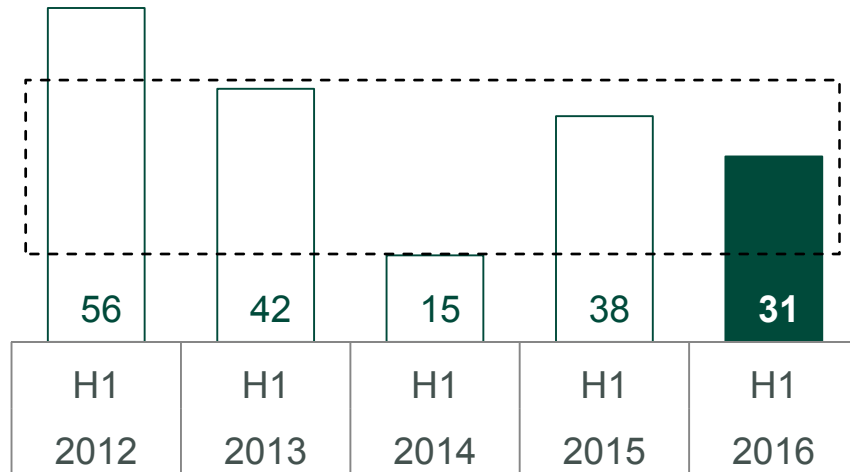
¹ Total banking defined as IB & Client Coverage combined.

Improved CLR with good progress in distressed sectors

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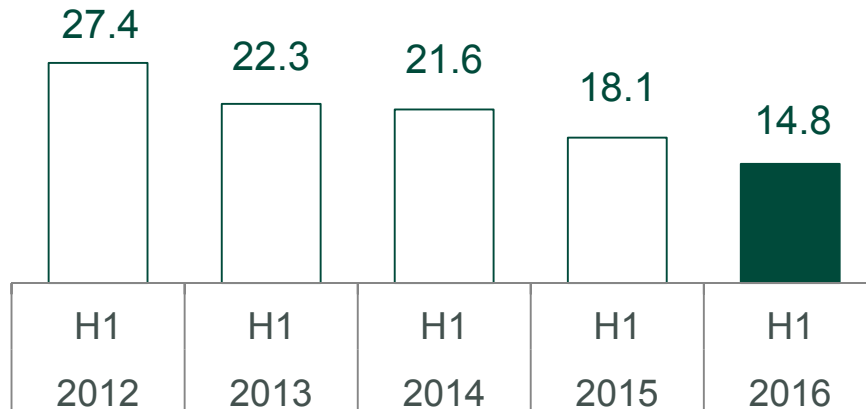


CLR (bps)



----- Target range

Default coverage ratio (%)



Overview of selected portfolios

Portfolio	Concentration risk ¹	Migration risk	Downside risk
Oil & Gas	L [=]	M [↓]	M [=]
Mining	M [=]	M [↓]	M [=]
Steel	L [=]	M [=]	M [=]
Agriculture	L [=]	L [=]	L [=]
Equity-based transactions	L [↓]	H [↑]	L [=]
CPF	H [=]	L [=]	L [=]

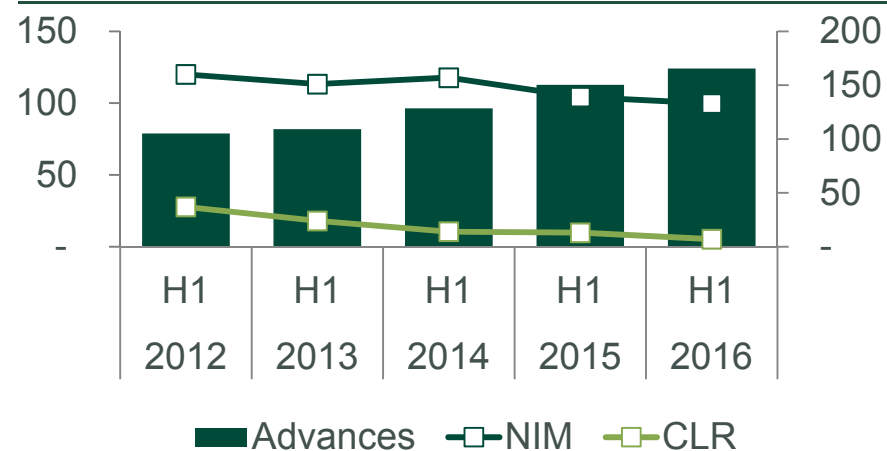
Change on prior period:

[↓] Risk decrease [=] No change [↑] Risk increase

¹ Concentration risk criteria (as % of total CIB book):
Low: < 5% | Medium: < 5% to 15% | High: > 15%

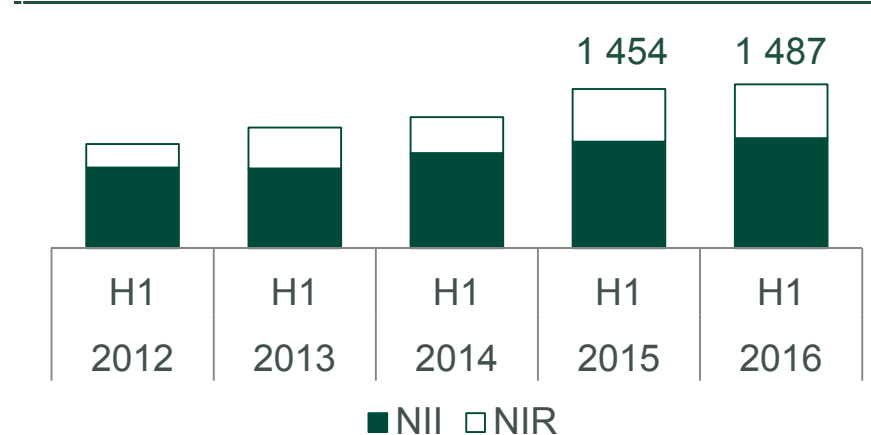
Average loans & advances (Rbn)

NIM (bps)



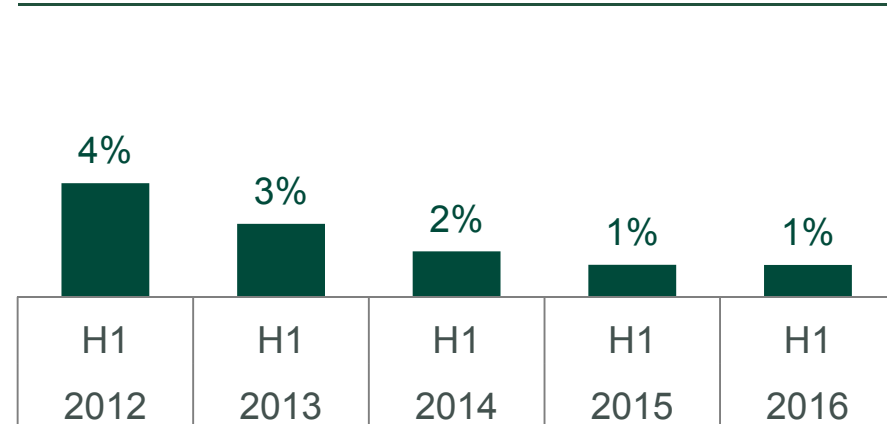
Total revenue (Rm)

(Rm)



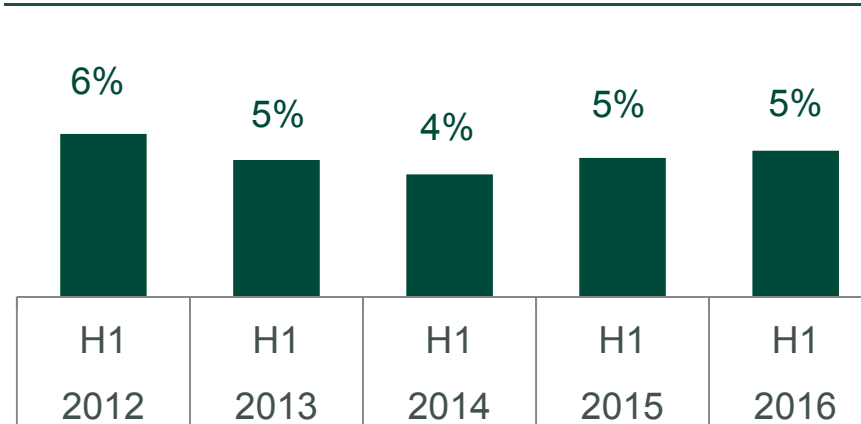
Defaulted loans (%)

(%)



Development loans (% of book)

(% of book)

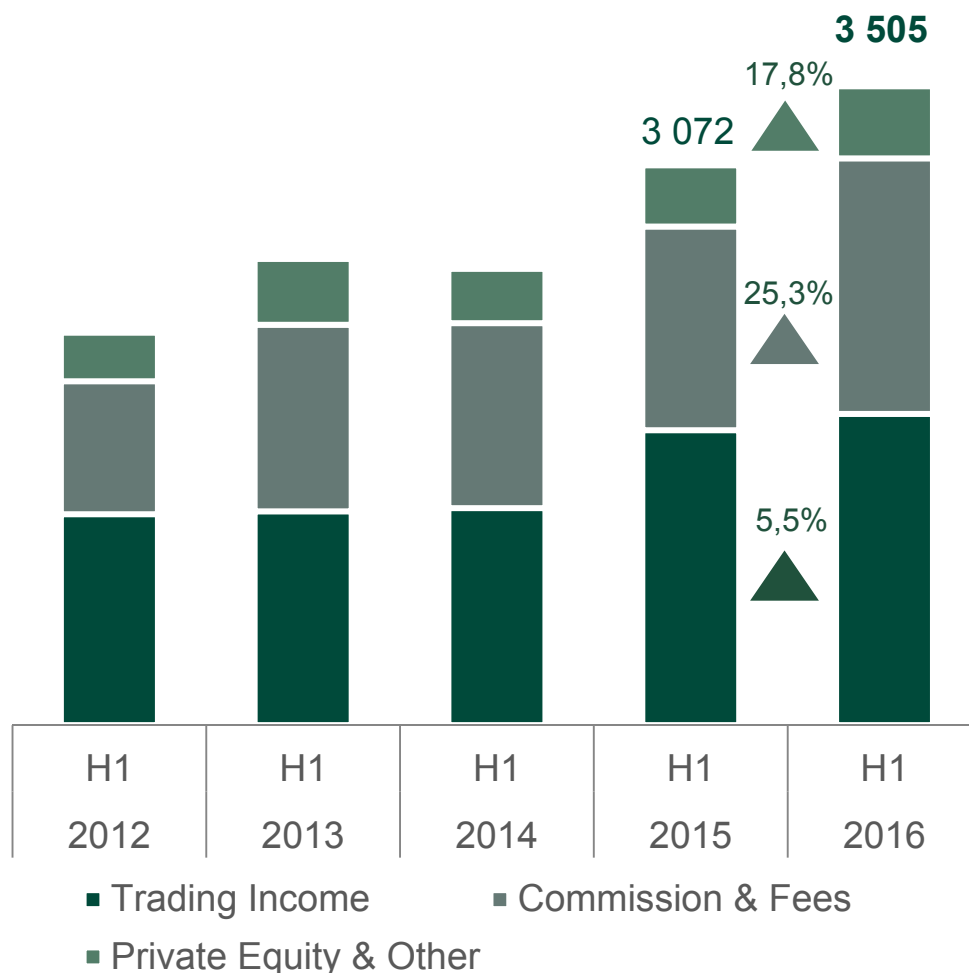


NIR – up 14,1% year-on-year

MAKE
THINGS
HAPPEN



Total NIR (Rm)



Key drivers

- Effective cross-sell continues to produce positive results
- Commission & fee growth mainly originating from Transactional & Investment Banking
- Strong private-equity performance maintained, largely through realisations

A powerful, scalable client-facing wholesale business

- Continued focus on deeper client penetration
- Convert strong pipeline, in particular REIPPP, in later half of 2016
- Grow transactional deposits to diversify funding base for group
- Continuing to invest in processes & systems
- Maintaining our strategic & proactive approach to acquiring & retaining top talent

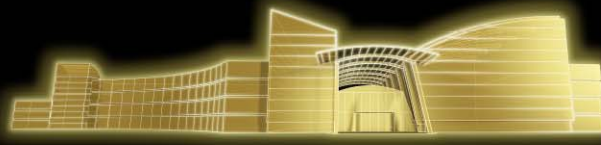
**R14 BILLION COMMITTED OVER TWO YEARS
TOWARDS BUILDING THE ECONOMY**

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NEDBANK
CIB



8 CORPORATE OFFICES




7 SHOPPING MALLS



13 000 AFFORDABLE HOUSES

Nedbank Corporate and Investment Banking is a division of Nedbank Ltd. Reg No 1934/000009/06. Authorized financial services and registered credit provider (NCRCP).

A Member of the  **OLD MUTUAL** Group

CIKO THOMAS



NEDBANK RETAIL & BUSINESS BANKING

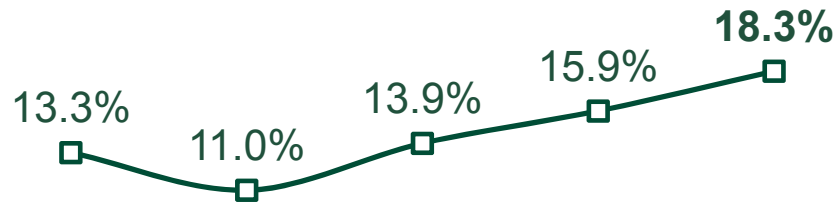
Improving returns on
equity, while growing the
franchise.

Resilient performance in a challenging macro environment

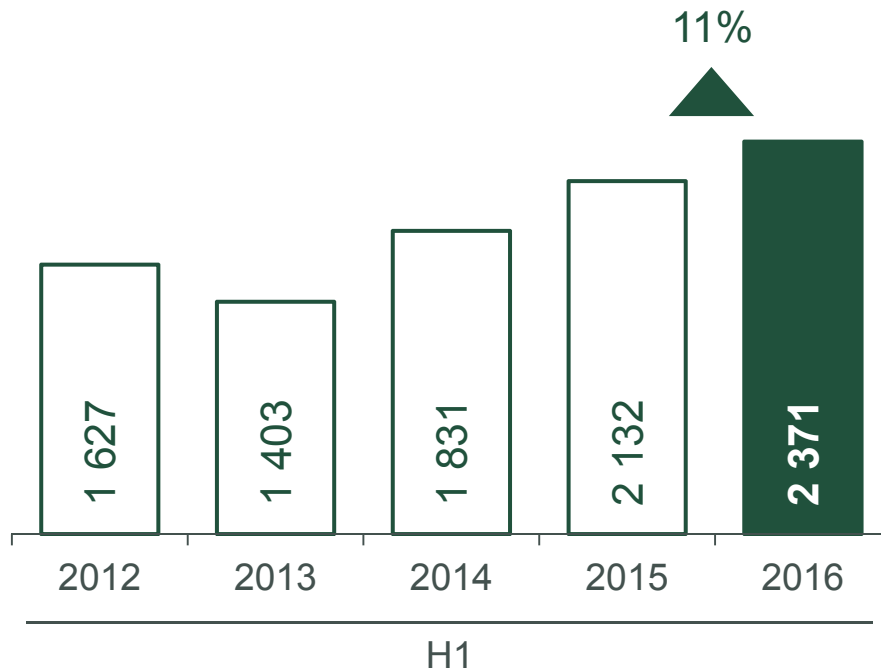
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ROE (%)



Headline earnings (Rm)



Key drivers

- NIM improvements due to endowment benefits & rigour in asset & deposit pricing
- CLR flat as improvements in personal loans book & Business Banking are offset by increases in secured lending
- NIR growth driven mainly by growth in main-banked clients
- Ongoing active cost management balancing investments into digital & distribution
- Risk-weighted asset reductions now reflective of lower risk & contributing to improved ROEs

Nedbank Retail & Business Banking

Financial Highlights

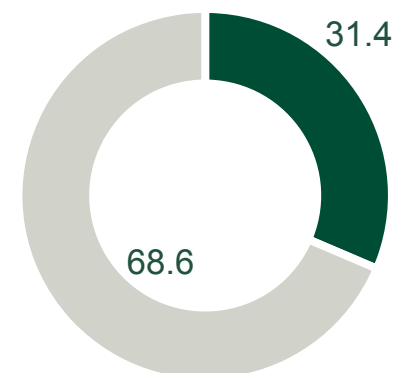
BOOKLET SLIDE

MAKE
THINGS
HAPPEN

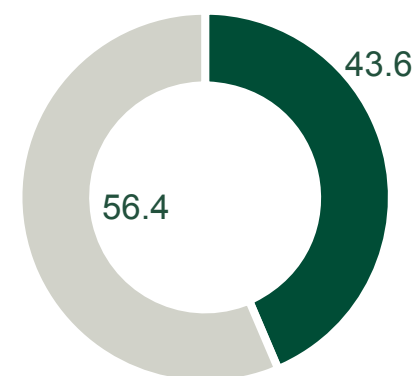
NEDBANK
GROUP

Six months ended	% change	Jun 2016	Jun 2015
Headline earnings (Rm)	11.2	2 371	2 132
Operating income (Rm)	9.7	12 477	11 369
PPOP (Rm)	9.0	5 088	4 668
Net interest margin (%)		6.12	5.78
Credit loss ratio (%)		1.23	1.22
NIR-to-expenses ratio (%)		63.5	64.1
Efficiency ratio (%)		62.8	63.2
Average banking advances (Rm)	3.8	280 914	270 690
Average deposits (Rm)	10.9	251 187	226 559
Average allocated capital (Rm)	(3.7)	26 040	27 043
Headline economic profit (Rm)	26.2	491	389
ROE (%)		18.3	15.9

- Nedbank Retail & Business Banking
- Other clusters



Assets



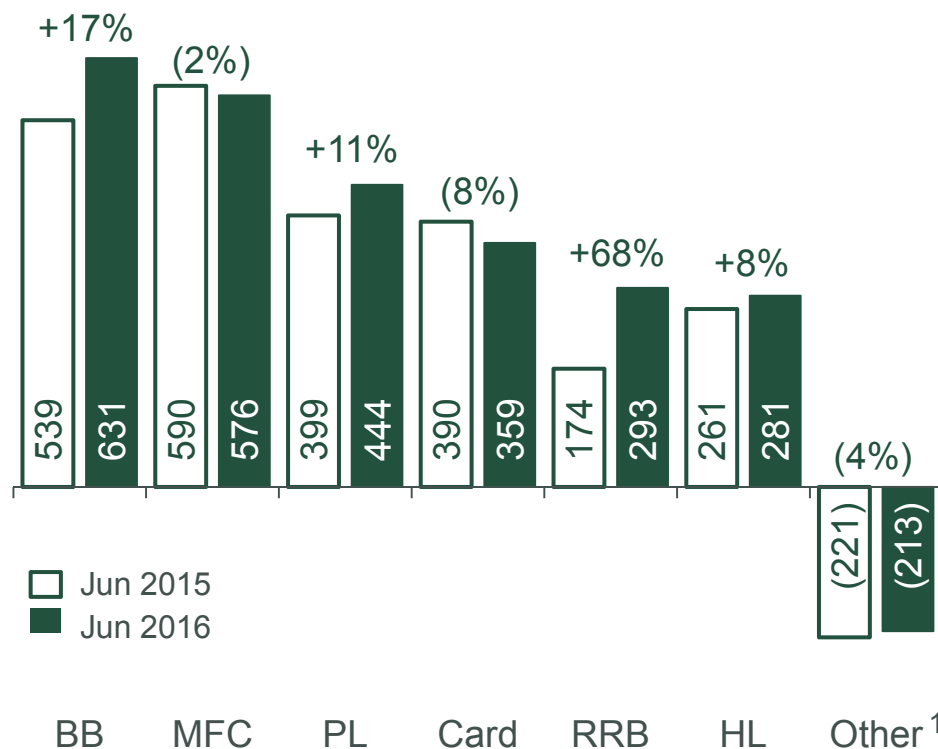
Headline earnings

Underlying business showed improved performance given the market dynamics

MAKE
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NEDBANK
GROUP

Headline earnings (Rm)



Key drivers

- **BB:** excellent momentum, benefiting from higher endowment
- **MFC:** new business volume growth slowing despite market share gains
- **Personal Loans:** advances growth with benefits from lower impairments as book risk profile continues to improve
- **Card:** good underlying NIR growth offset by residual interchange impact & higher funding costs
- **RRB:** strong growth in earnings across all lines with higher endowment revenue
- **Home Loans:** improved new-business pricing & runoff of lower-margin book. CLR still below target range

ROE (%)

23.4	18.3	29.7	22.3	24.7	16.5	n/a
19.9	17.0	26.4	24.6	15.9	13.5	n/a

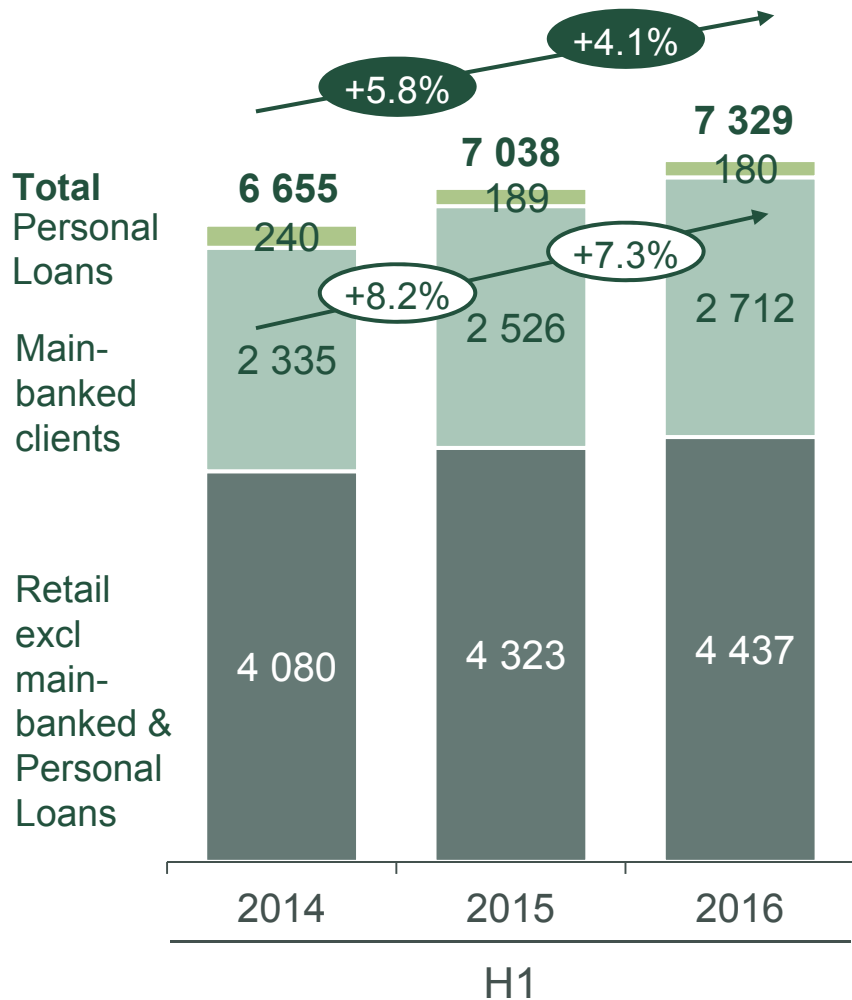
¹ Includes Client Engagement improvement in HE loss of 34% to R101m.

Retail transactional NIR & main-banked client growth ahead of total client growth

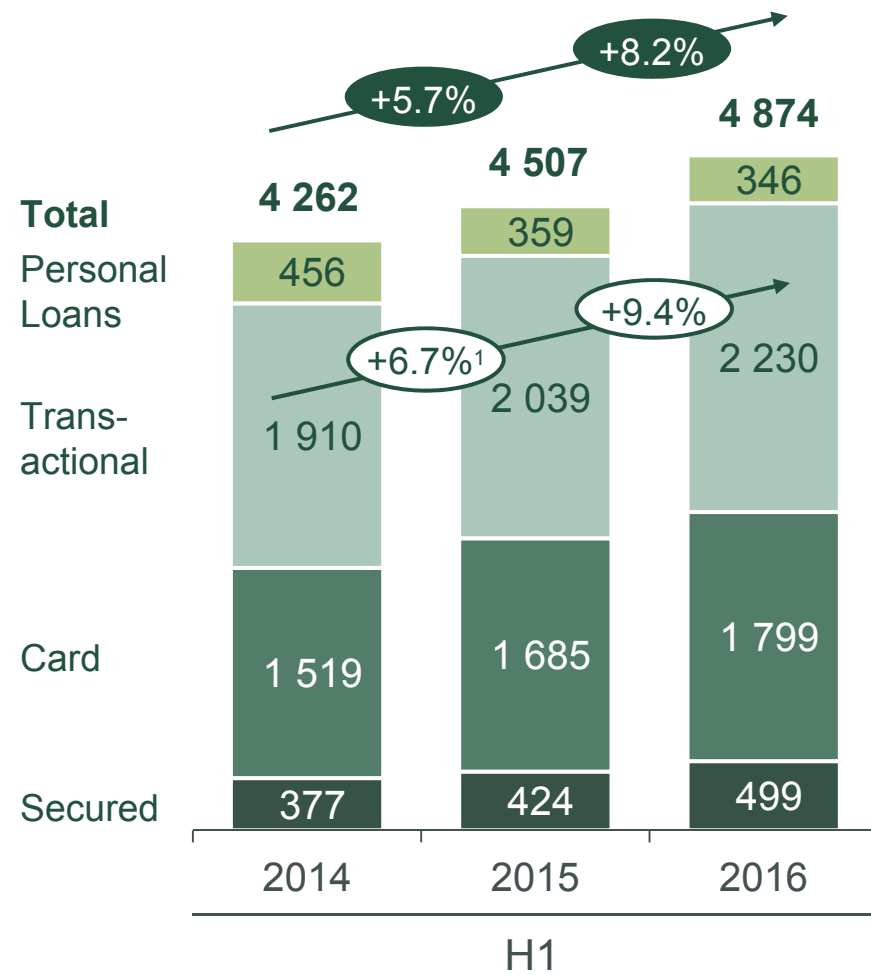
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Total retail client base
#000



Retail NIR
Rm



¹ Transactional growth including selected price reductions implemented in 2014 in RRB (R38m).

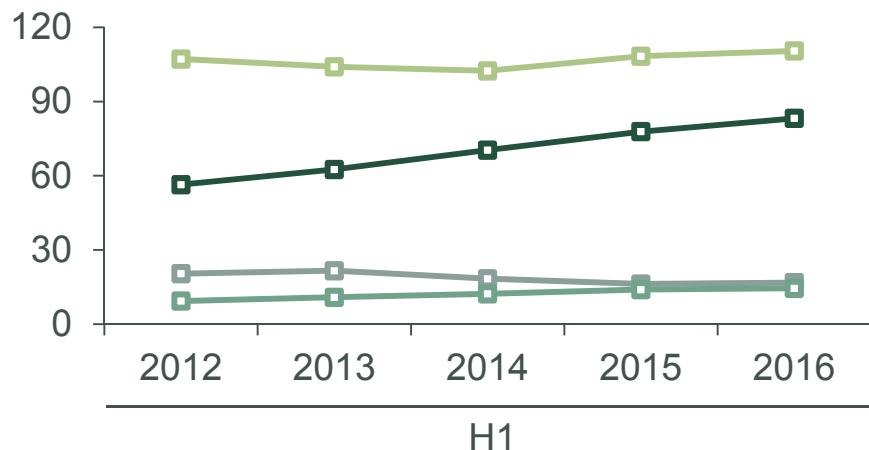
Selective origination has positively impacted defaulted advances & CLR

MAKE
THINGS
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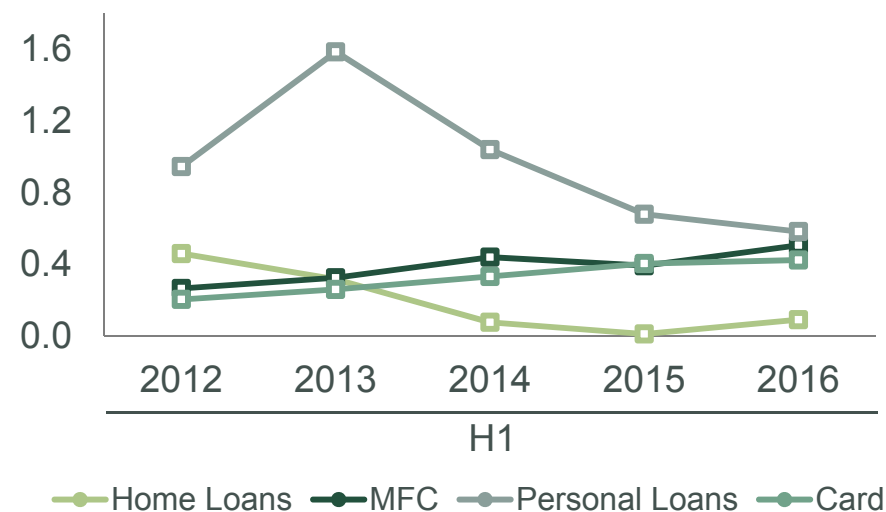
Advances

(Rbn)



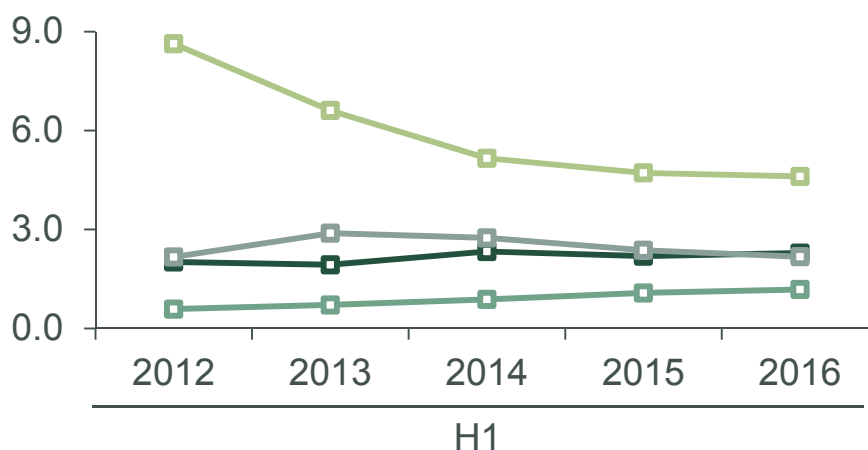
Impairments

(Rbn)



Defaulted advances

(Rbn)



- Since 2012 selective origination driving:
 - slower growth in home loans (m/share -0,8%)
 - negative growth in personal loans (m/share -4,1%)
 - strong growth in vehicle finance (m/share +2,2%)
- Improved risk in book reflected by lower defaults in home loans & personal loans
- Resultant improvement in impairments & CLR for these products with steady performance in MFC & Card

Building sustainable, profitable businesses through the cycle

- Main-banked client growth through acquisition, retention & cross-sell, enabled by:
 - Continued focus on quality-client acquisition driving main-banked client growth and deposit market share gains
 - Building and enhancing our systems and processes to enable an improved client experience with digital focus in everything we do
 - Consistent investment for sustainable growth in distribution, marketing & client-centered innovation
- Continued prudent risk management & selective origination to meet CLR target levels, which in the current environment are expected to increase into the target range
- Ongoing active cost optimisation to balance investment needs



Nedbank
MARKETEDGE™



IOLANDA
RUGGIERO



NEDBANK WEALTH

Strong performance
& return on equity in
challenging times.

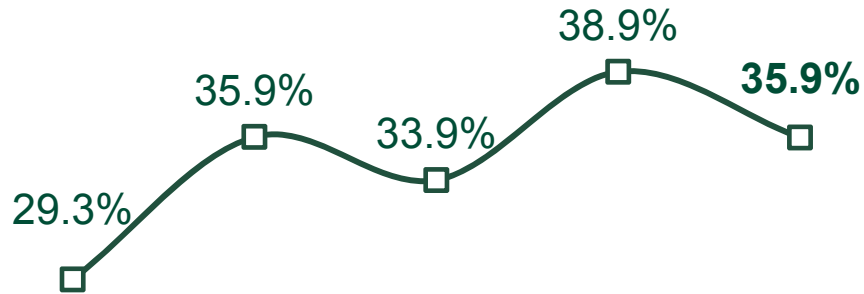
Nedbank Wealth

Financial highlights

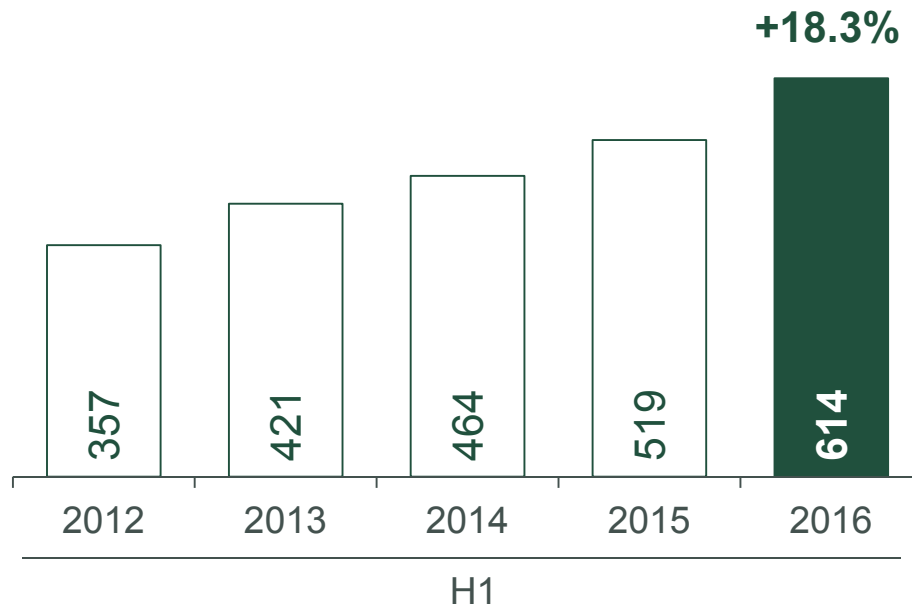
MAKE
THINGS
HAPPEN



ROE (%)



Headline earnings (Rm)



Key drivers

- NII up 27.5% supported by strong balance sheet growth
- NIM increased to 2.07%
- NIR growth of 9.1% driven by Wealth & Asset Management, supported by currency depreciation
- Expense growth of 9.7% mainly due to a weaker rand & continued investment in IP & systems
- Increase in allocated capital of 28.0%

Nedbank Wealth

Financial highlights

BOOKLET SLIDE

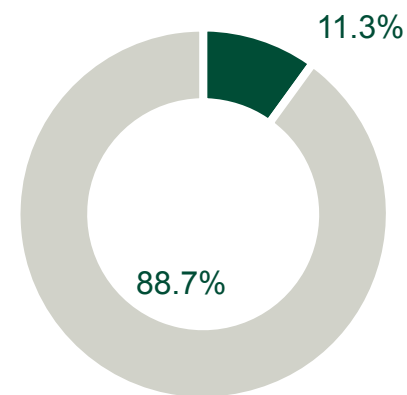
MAKE
THINGS
HAPPEN



Six months ended	% change	Jun 2016	Jun 2015
Headline earnings (Rm)	18.3	614	519
Operating income (Rm)	12.5	2 247	1 997
PPOP (Rm)	16.2	816	702
Net interest margin (%)		2.07	2.01
Credit loss ratio (%)		0.16	0.18
NIR-to-expenses ratio (%)		129.1	129.8
Efficiency ratio (%)		61.5	63.0
Assets under management (Rm)	9.8	256 325	233 481
Life embedded value (Rm)	29.9	3 110	2 395
Life value of new business (Rm)	33.3	172	129
Average allocated capital (Rm)	28.0	3 445	2 691
Headline economic profit (Rm)	5.8	366	346
ROE (%)		35.9	38.9

● Nedbank Wealth

● Other clusters



▪ **Net inflows** **R2.2bn**

▪ **Life APE** **+47.1%**

▪ **Non-life GWP** **+4.0%**

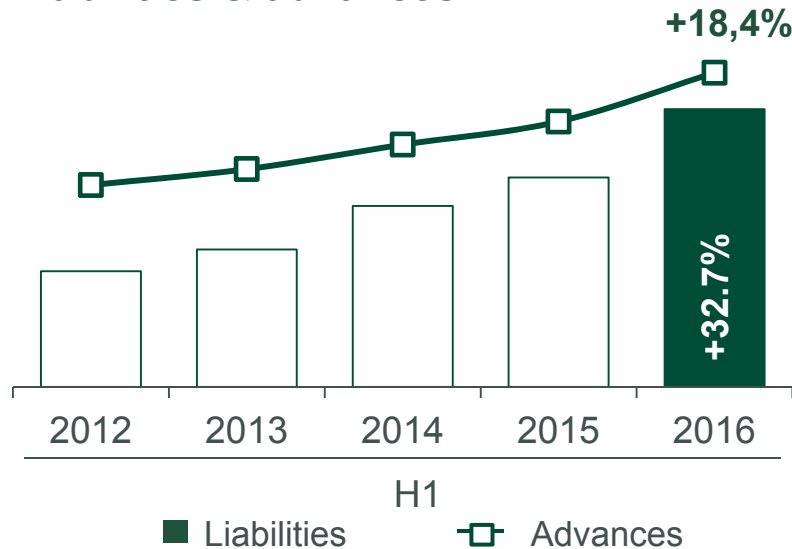
Wealth Management

Continued growth

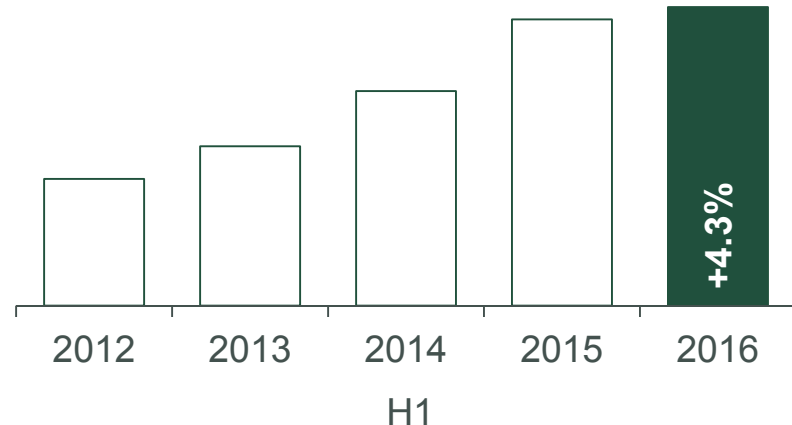
MAKE
THINGS
HAPPEN



Liabilities & advances



Stockbroking AUA



Key drivers

- Strong liability & advances growth locally & internationally
- Continued lower levels of impairment
- Stockbroking AUA up 4.3%
- Increased financial planner productivity & ongoing investment in distribution
- Noteworthy local & international awards



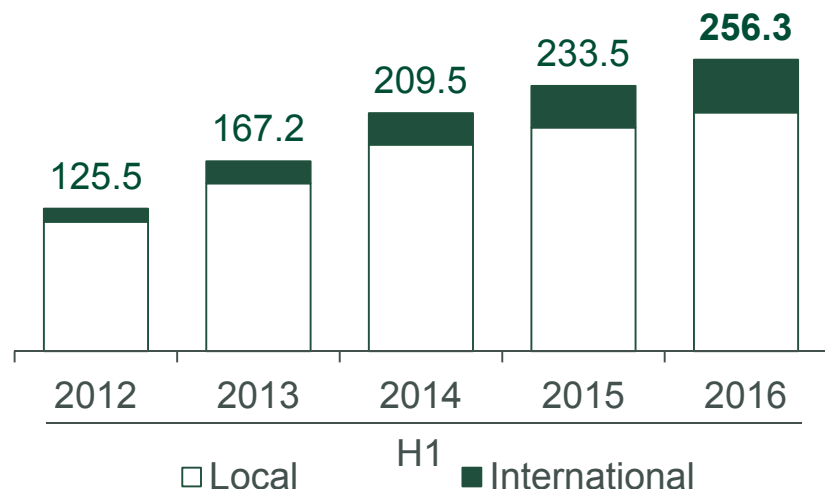
Asset Management

Excellent investment performance

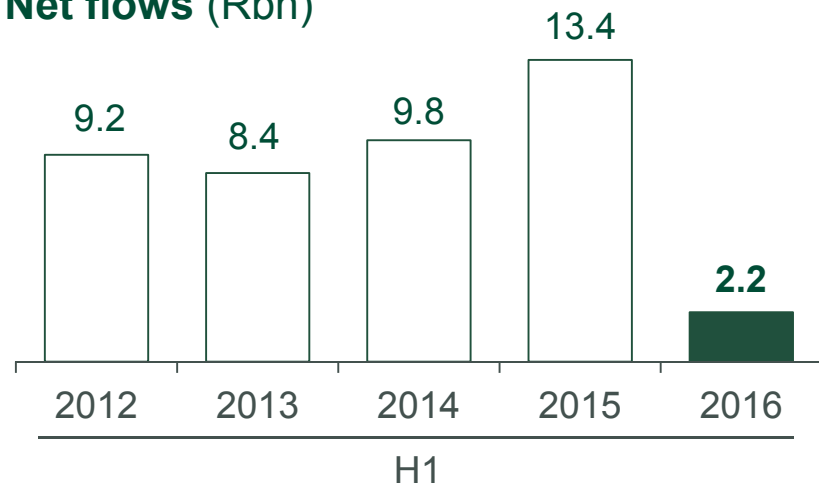
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Assets under management (Rbn)



Net flows (Rbn)



Key drivers

- Ranked one of SA's top asset management companies
- Steady AUM growth of 9.8%
- Net inflows of R2.2bn impacted by volatile markets & investor appetite
- Increased market share growth across offerings
- Enhancements to mobile & digital through investment in technology



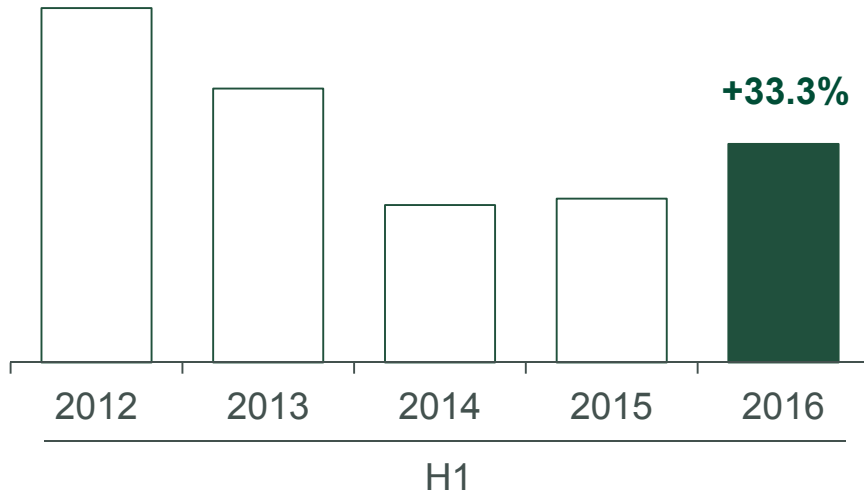
Insurance

Increasing value contribution

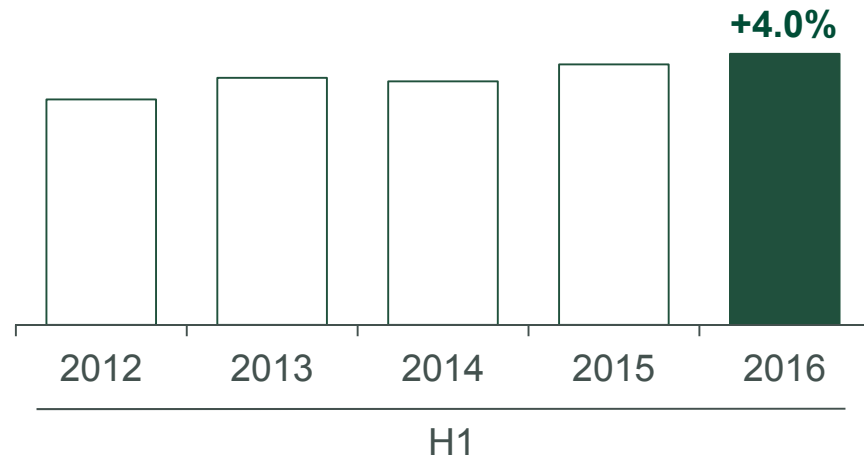
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Life value of new business



Non-life gross written premiums



Key drivers

- Life VNB up 33.3% as a result of growth in single-premium investment products & methodology changes
- Higher weather-related claims impacted non-life earnings
- Non-life gross written premiums grew by 4%
- Client-centred journey continues through investment in systems



Investing in tougher times

- Maintain momentum & performance
- Ongoing investment in brand positioning & systems
- Deliver seamless & integrated digital propositions
- Enhance client value propositions to unlock value
- Leverage group collaboration & identify new opportunities for growth
- Focus on meeting regulatory requirements

MAKE

**A FUNERAL PLAN
FOR BIG FAMILIES**

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SMS FUNERAL to 30755 or visit any Nedbank branch
to open a Nedbank Insurance Funeral Plan.

nedbankinsurance.co.za



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NEDBANK
INSURANCE

#ThingsThatReallyMatter

Terms and conditions apply.
Underwritten by Nedbank Life Insurance Company Limited.
Nedbank Life Insurance Company Limited Reg No. 2013/001225/06.
Authorised financial services provider (FSP 40395) and regulated credit provider (NCRCP1).

MFUNDO NKUHLU



REST OF AFRICA

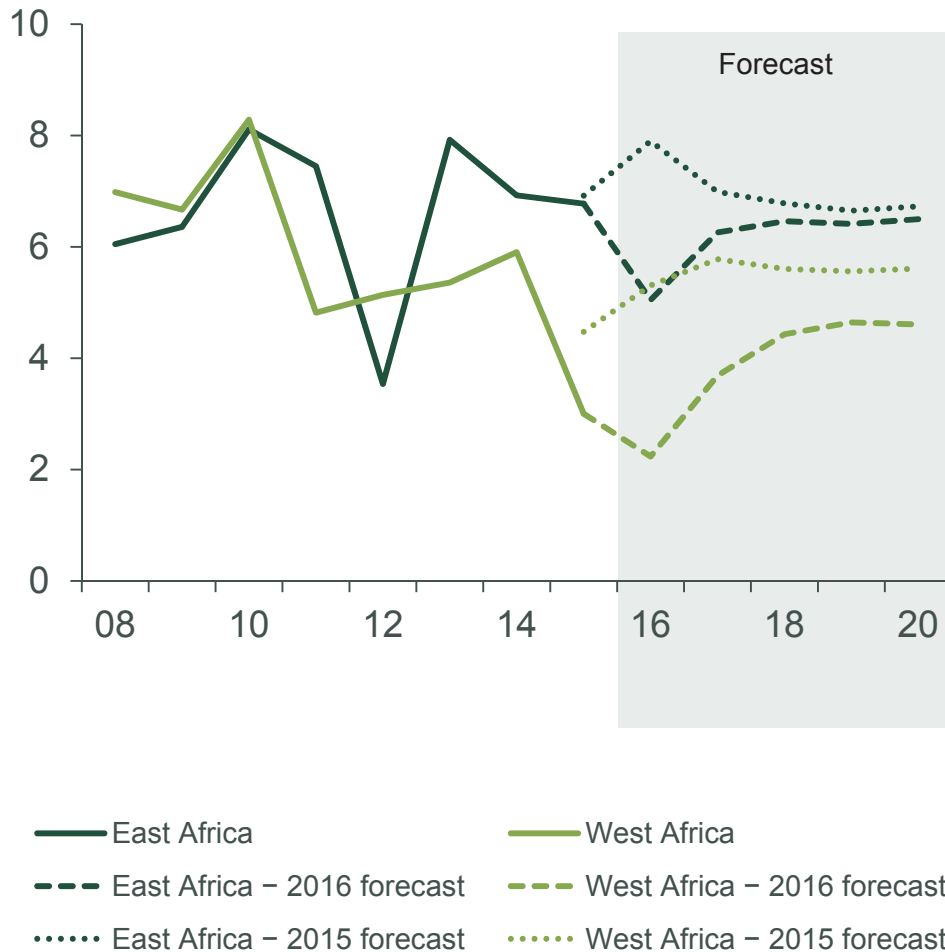
**Building a regional
champion with access
to a pan-African
network.**

The long-term opportunity in Rest of Africa

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THINGS
HAPPEN



Gradual recovery in GDP growth ... GDP growth¹ (%)



Key drivers

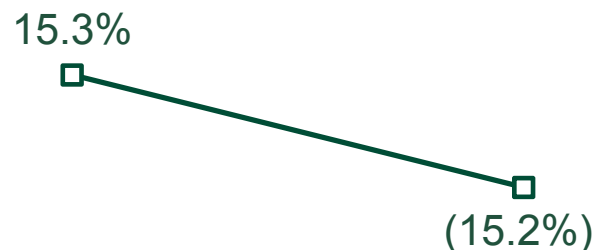
- One of the fastest growing regions globally since the 2008 financial crisis
- Positive demographic shifts with significant labour & consumer potential:
 - Only continent with growing youth population
- Infrastructure potential
- Deepening of regional ties to boost intra-Africa trade
- Digital penetration presents leapfrog opportunities in financial services

Rest of Africa – financial highlights

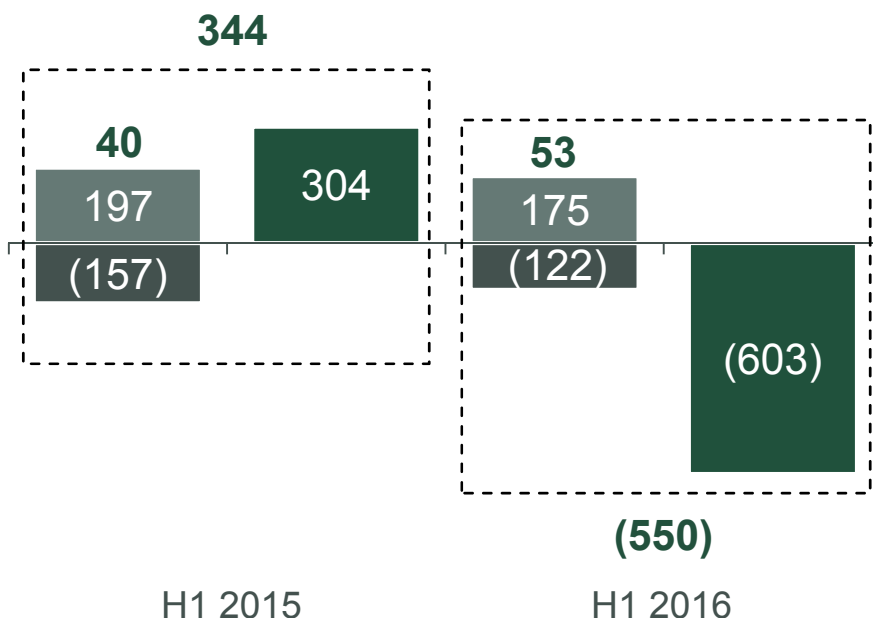
MAKE
THINGS
HAPPEN



ROE (%)



Headline earnings (Rm)



- Headoffice costs
- SADC subsidiaries

- West & Central Africa

Key drivers

- Headline earnings decline primarily driven by accounting for our share of the ETI Q4 2015 loss
- SADC & East Africa performance (Headline earnings up 33%), driven by:
 - reduction in headoffice costs from lower staff costs & lower impairments
 - strong advances growth on the back of an improved client service model
 - reduced NIR reflecting difficult economic conditions & lower transactional volumes

Rest of Africa

Financial highlights

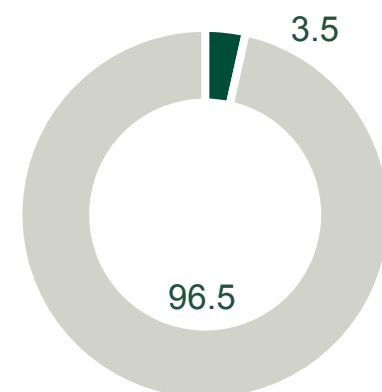
BOOKLET SLIDE

MAKE
THINGS
HAPPEN

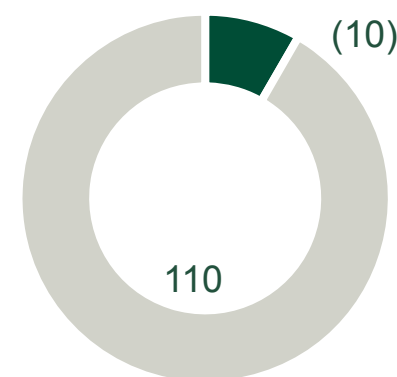
NEDBANK
GROUP

Six months ended	% change	2016	2015
Headline earnings (Rm)	> (100)	(550)	344
Operating income (Rm)	6.7	713	668
PPOP (Rm)	> (100)	(540)	383
Net interest margin (%)		3.65	3.11
Credit loss ratio (%)		0.76	0.86
NIR-to-expenses ratio (%)		43.8	57.8
Efficiency ratio (%)		238.8	63.5
Average banking advances (Rm)	12.1	16 544	14 754
Average deposits (Rm)	16.9	22 345	19 112
Average allocated capital (Rm)	60.9	7 287	4 528
Headline economic profit (Rm)	> (100)	(1 077)	52
ROE (%)	> (100)	(15.2)	15.3

● Rest of Africa
● Other clusters



Assets



Headline earnings

SADC banking operations & head office – financial performance

BOOKLET SLIDE

MAKE
THINGS
HAPPEN

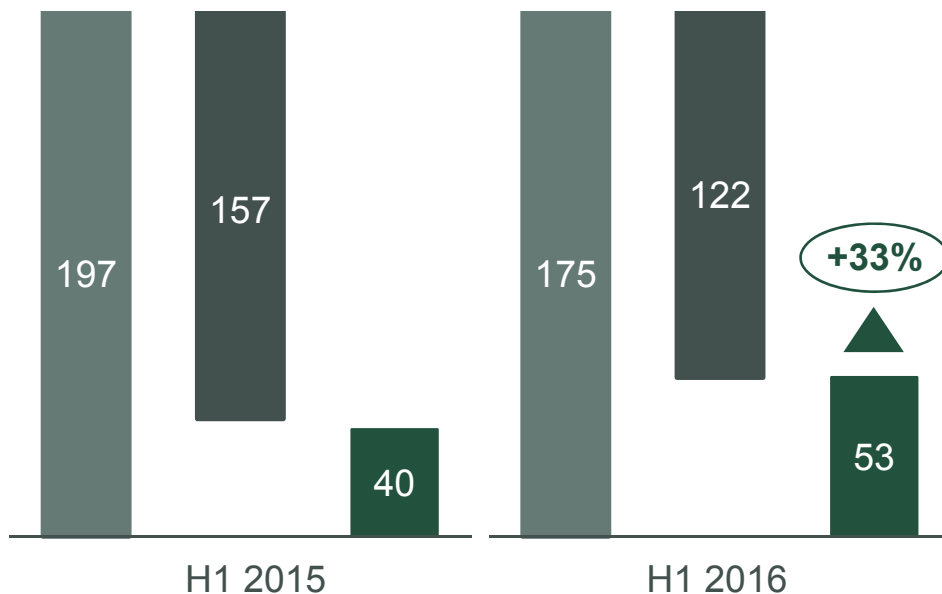


Financial performance

ROE (%)



Headline earnings (Rm)



Banking subsidiaries
Headoffice costs

Banking subsidiaries
including headoffice costs

Key drivers

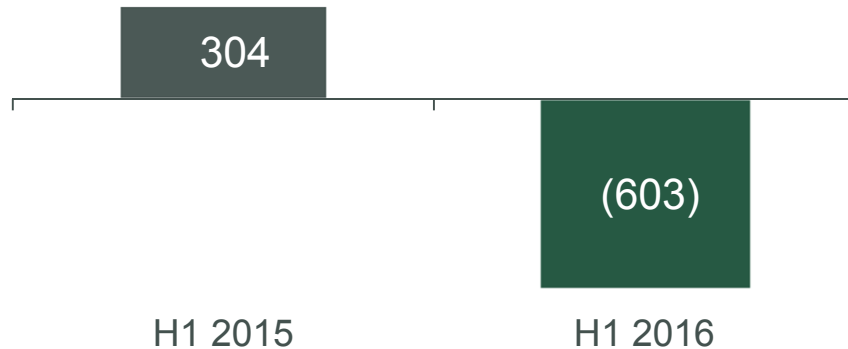
- Headline earnings up 32.5% on the back of strong growth in advances & cost control
- SADC (excluding headoffice costs) showed a decline of 11.2% reflecting tough conditions in the subsidiaries
- CLR declined to 0.76% (0.88%: Jun 2015)
- Continued to invest in the business for future growth, including:
 - roll out of Flexcube (core banking system)
 - optimising distribution channels
 - new CVPs

West & Central Africa – Ecobank strategic investment & partnership

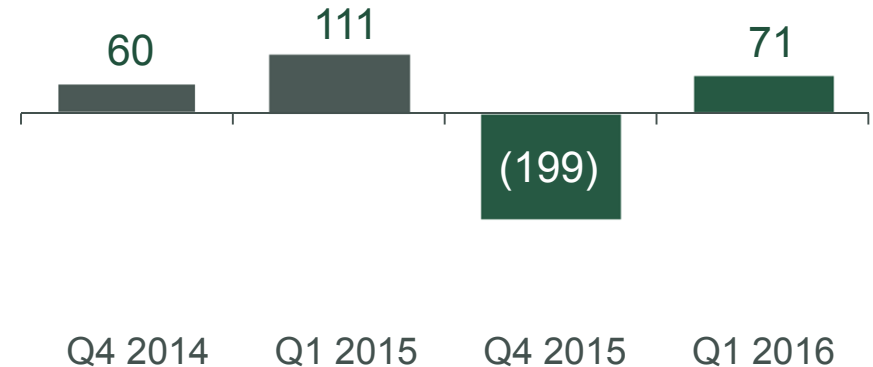
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Headline earnings (Rm)



ETI attributable profit (US\$)



Strategic positioning

- New CEO & key executive (new team)
- ETI strategy review:
 - Top 3 (in 14 markets): Defend competitive position
 - Top 4–10: Opportunities for growth
 - > Top 10: Revisit investment strategy
- ETI commitment to generate ROE > COE
- Nedbank to generate business flows over & above equity investment

ETI revenues

Period	ETI revenues
Q4 2014	630
Q1 2015	534
Q4 2015	508
Q1 2016	502 ▼

ETI impairment losses on loans

Period	ETI impairment losses on loans
Q4 2014	89
Q1 2015	42
Q4 2015	277
Q1 2016	62 ▼

ETI expenses

Period	ETI expenses
Q4 2014	393
Q1 2015	335
Q4 2015	343
Q1 2016	332 ▼

Outlook remains challenging in the short term, with our focus on optimising operations & investing through the cycle

▪ SADC & East Africa

- Roll out core banking system in Lesotho
- Roll out revamped retail transactional CVPs & deploy mobile
- Optimise distribution (focus on alternative distribution pilots)
- Enhance control environment & manage impairment pressure
- Integrate Banco Único on attaining regulatory approvals (at a cost of R112m)

▪ West & Central Africa

- Impact of ETI Q4 2015 loss on Nedbank results now behind us
- ETI focus on strategy execution & unlock value through 'capital planning', cost optimisation & digital banking
- Economic headwinds likely to persist driven by currency weakness, but FX liquidity expected to improve over time
- Strengthen collaboration with Ecobank across all clusters
- Nedbank to generate business flows over & above equity investment (eg opportunities in energy, infrastructure, trade finance & payments)

MIKE BROWN



SUMMARY & PROSPECTS

A strong franchise, performing well in a difficult environment.

Managed separation update

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Managed Separation update provided by OM plc at its AGM on 28 June 2016 in respect of Nedbank Group is in line with our expectations of the process and confirms that it remains business as usual for Nedbank. The boards of directors and management teams of Old Mutual and Nedbank continue to work closely together.

Key components of the OM plc update as it relates to Nedbank Group:



We remain committed to the R1bn (pretax) Old Mutual in South Africa synergies in 2017, of which ~30% accrue to Nedbank

Macro & industry environment

MAKE
THINGS
HAPPEN



Global macro environment

- Mixed outlook for developed economies – Brexit implications remain uncertain
- Emerging market weakness likely to continue
- Impact of lower oil & commodity prices continues to play out, although off their lows
- Rest of Africa higher growth than SA, but volatile, particularly in oil-exporting countries
USD shortages, currency weakness & fiscal challenges in many countries

Domestic macro environment

- 2016 GDP growth forecast: -0.1%
- Inflation increasing: average 6.7% for 2016
- Repo rate: further 1 x 25 bps increase forecast for 2016
- Consumers have been resilient, but remain highly indebted
- Business, government & labour working together to improve growth & create jobs

SA banking industry

- Advances growth around nominal GDP (wholesale growth > retail growth)
- NIM pressure from mix changes, increasing LCR compliance & NSFR preparation, offset by endowment benefit
- Consumer advances & transactional volume growth under pressure
- Capital market volatility to continue
- Regulatory change remains intense & competition fierce

2016 guidance – updated

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**Volatile economic
environment**

**Forecast
risk high**

**Growing our franchise
for the long term**

NII

- Average advances to grow at mid-to-upper single digits (no change)
- NIM to be slightly above the 2015 level of 3.30% (from 'in line with 2015 level')

CLR

- Below the midpoint of our target range of 60–100 bps (from 'within our target range')

NIR

- Above mid-single digit growth (excluding fair-value adjustments) (no change)

Expenses

- Mid-to-upper single-digit growth (no change)



DHEPS

Growth in DHEPS positive, but below 2015 growth & our medium-to-long-term target of GDP growth + CPI + 5%

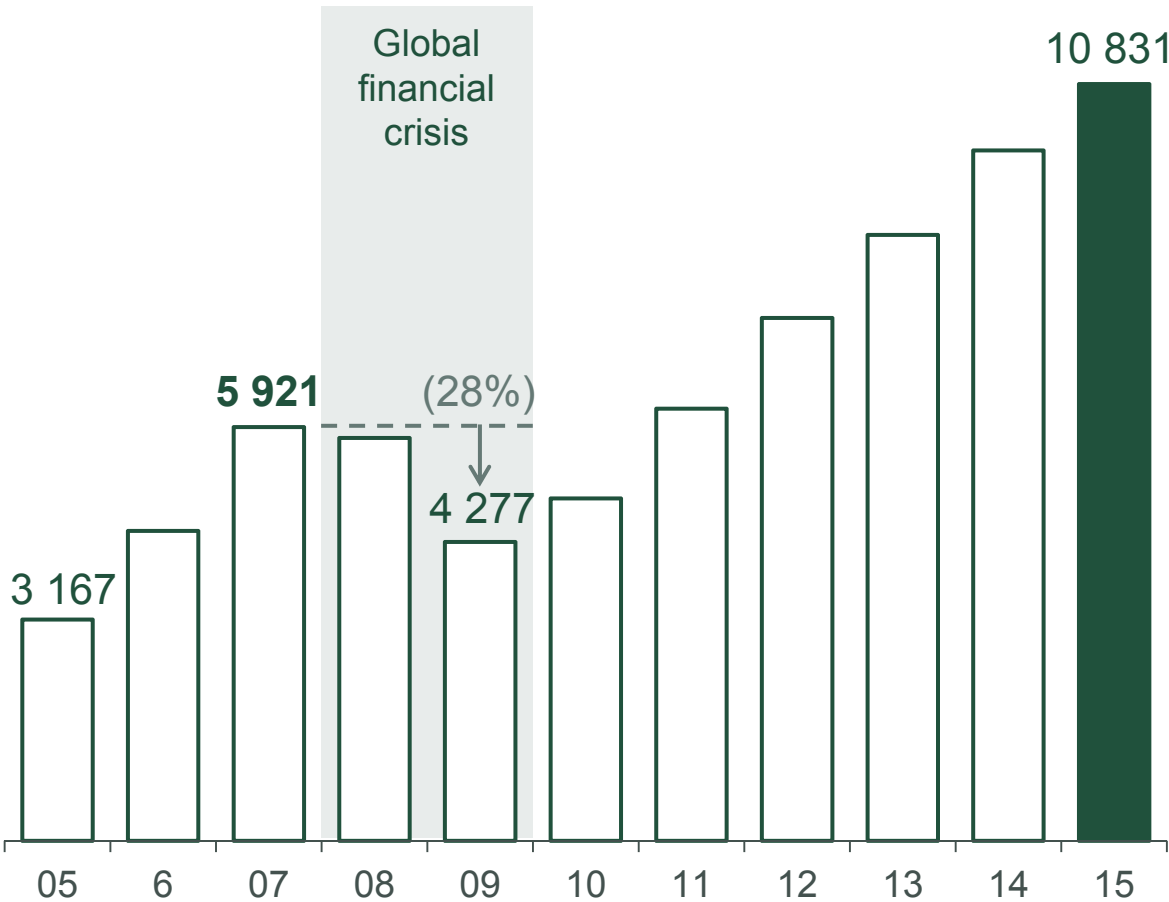
MAKE
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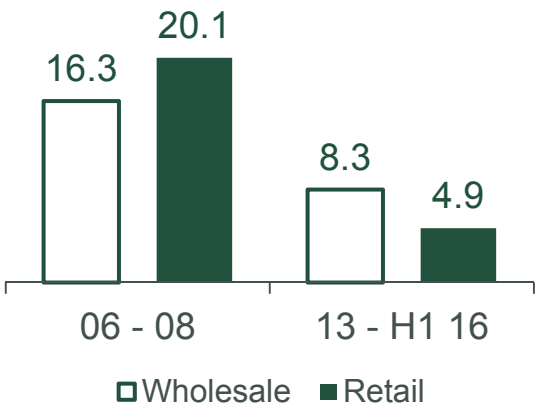
NEDBANK
GROUP

THANK YOU

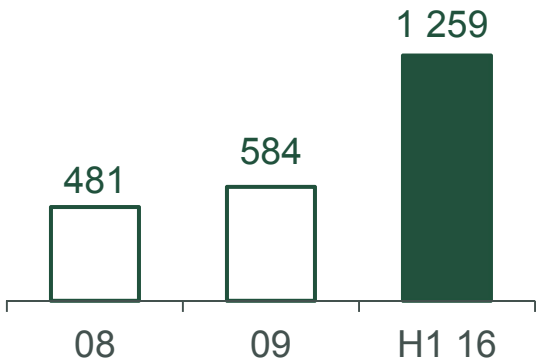
Headline earnings (Rm)



Loan growth (CAGR %)



Endowment benefit for 1% change in interest rates (Rm)



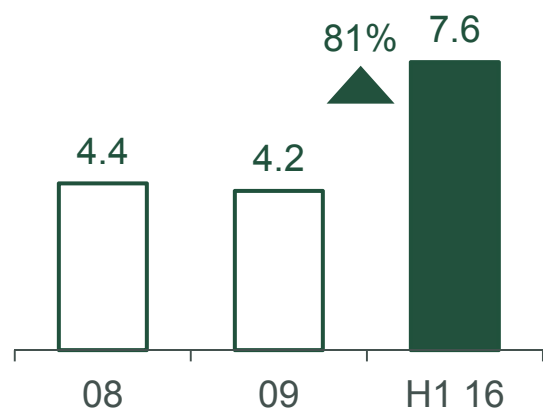
Nedbank Group in a strong position

BOOKLET SLIDE

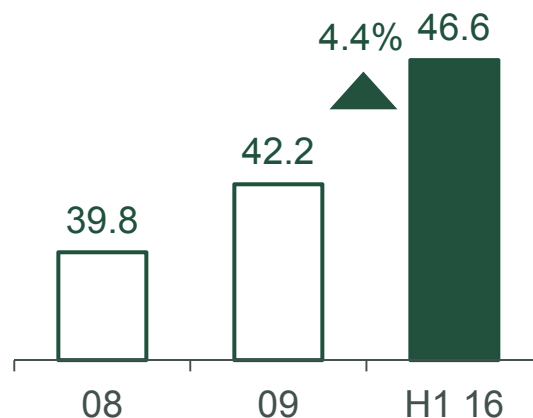
MAKE
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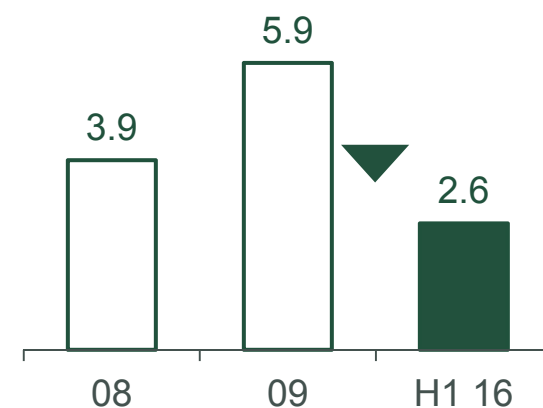
Number of clients (m)



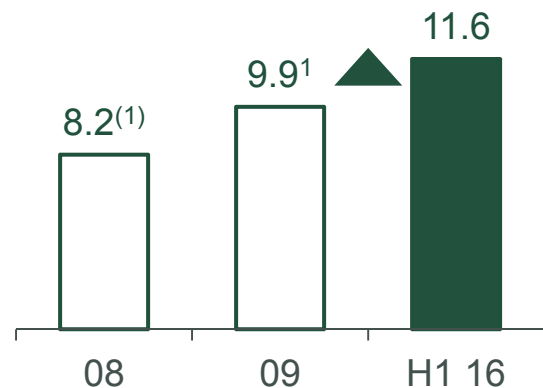
NIR income contribution (%)



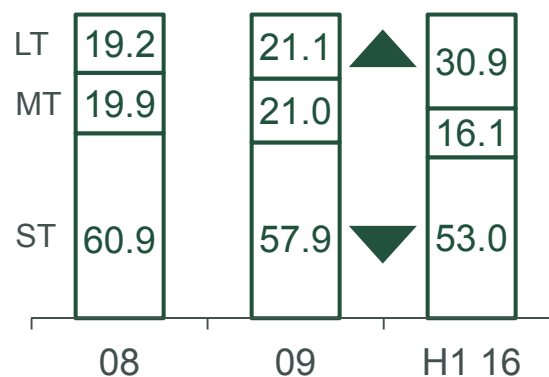
Defaulted advances (%)



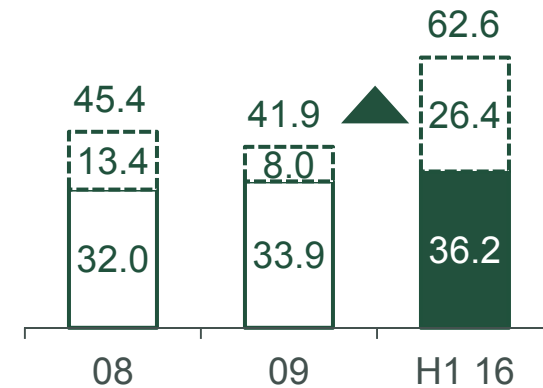
CET 1 ratio (%)



Funding tenor (%)



Coverage (%)



■ Specific □ Portfolio

Attractive valuation metrics

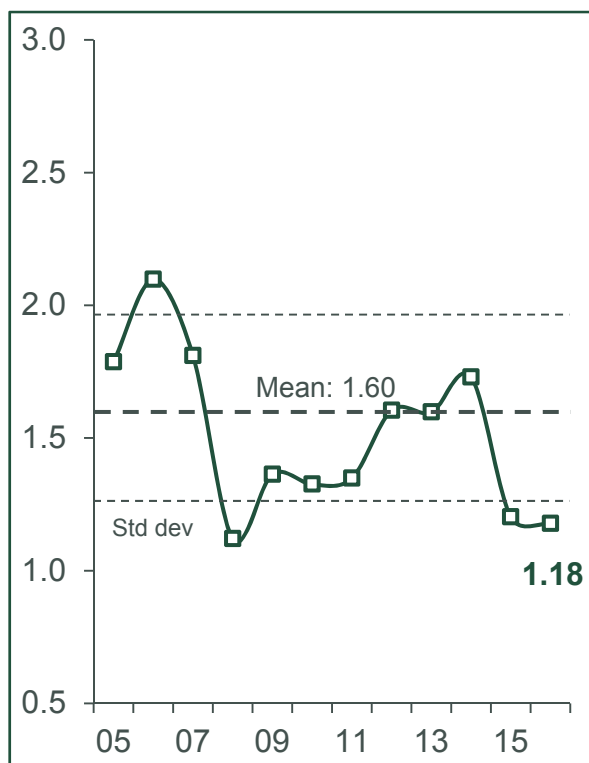
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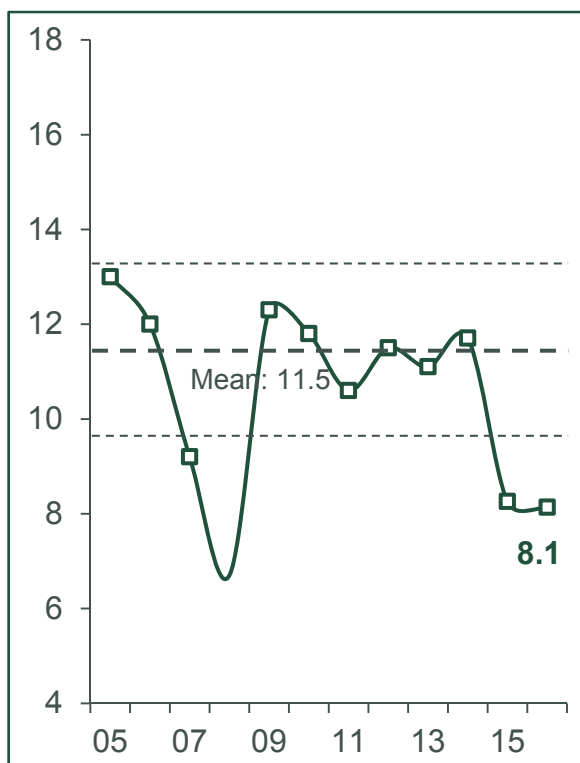
Price-to-book ratio

Share price to NAV/share
(times)



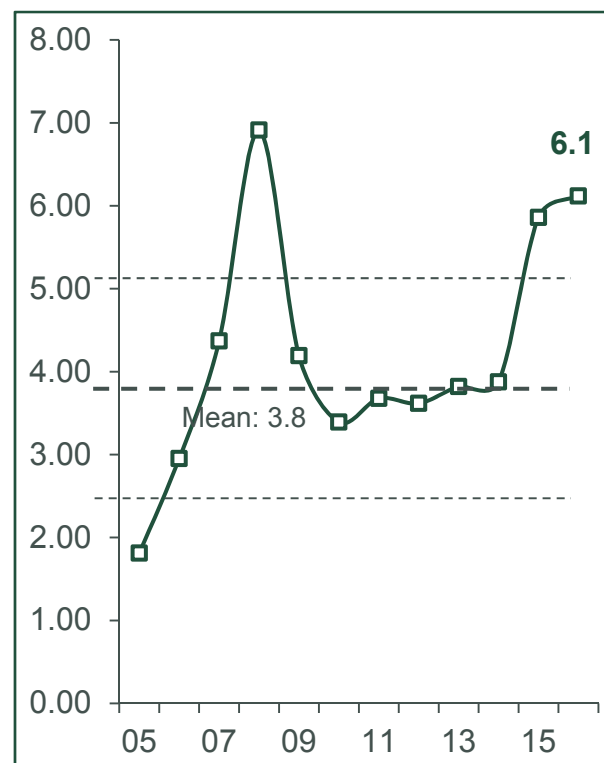
Price/earnings ratio

Share price to HEPS
(times)



Dividend yield

Dividends paid/share price
(%)



Medium-to-long-term targets

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Metric	H1 2016 (excl ETI)	vs MLT	H1 2016	vs MLT	Medium-to-long-term target	2016 outlook ¹
ROE (excl goodwill)	18.4%	✗	15.7%	✗	5% above COE	Below target
Diluted HEPS growth	20.1%	✓	1.6%	✗	≥ CPI + GDP growth + 5%	Positive, but below 2015 growth & below target
Credit loss ratio			67 bps	✓	60–100 bps	Below the midpoint of target range
NIR-to-expenses ratio			83.0%	✗	> 85%	Below target
Efficiency ratio ²	55.6%	✗	57.1%	✗	50%–53%	Above target
CET 1 CAR Tier 1 CAR Total CAR			B III 11.6% 12.5% 14.5%	✓	Basel III basis: 10.5% – 12.5% 11.5% – 13.0% 14.0% – 15.0%	Within target range
Dividend cover			1.99x	✓	1.75 to 2.25 times	Within target range

¹ 2016 outlook based on current economic forecasts.

² Efficiency ratio includes associate income.

Nedbank Retail & Business Banking

Digital channels growing in usage as more clients become digitally active

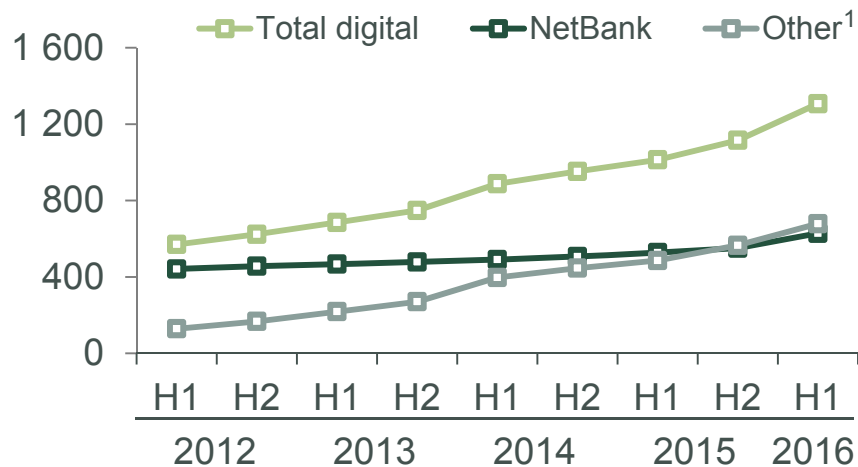
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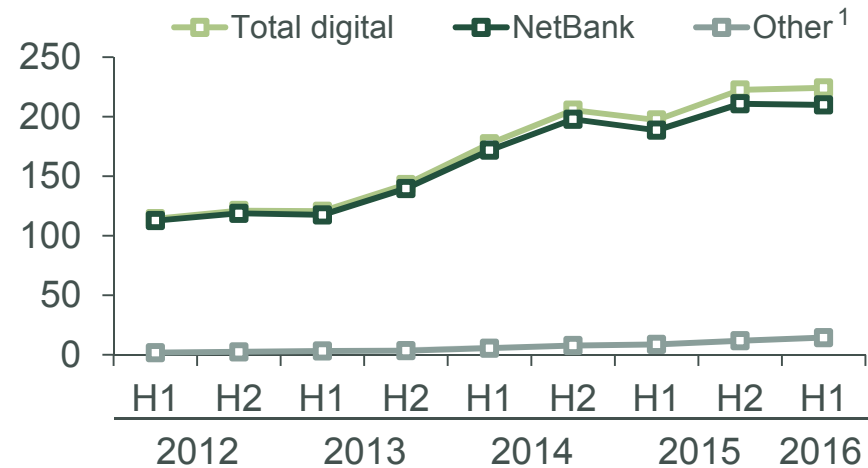
Digitally active clients

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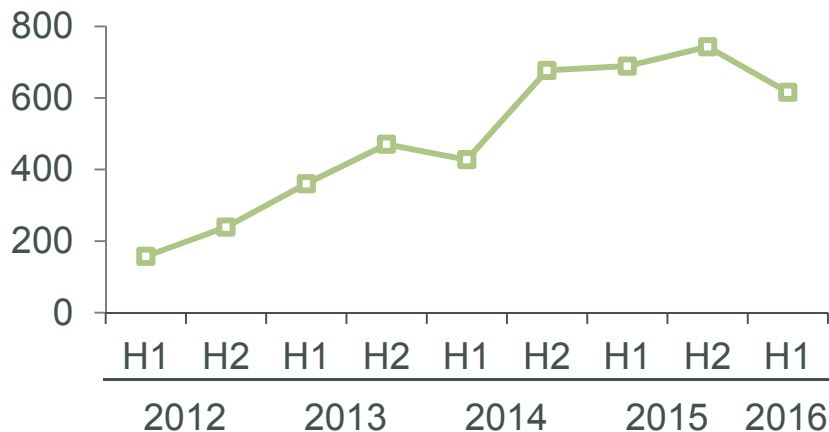
Transaction values through digital channels

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Home loan online grants

Rm



- Good growth across all digital channels, specifically in the last 6 months, with total transaction values now at R224bn & digitally active clients at 1,1m for H1 2016
- Home loans online channel has experienced good growth, with 13% of grants now coming through this channel

¹ Includes WAP, USSD, the Nedbank App, MyFinancialLife, balance enquiry & Airtime-without-Airtime

Nedbank Retail & Business Banking

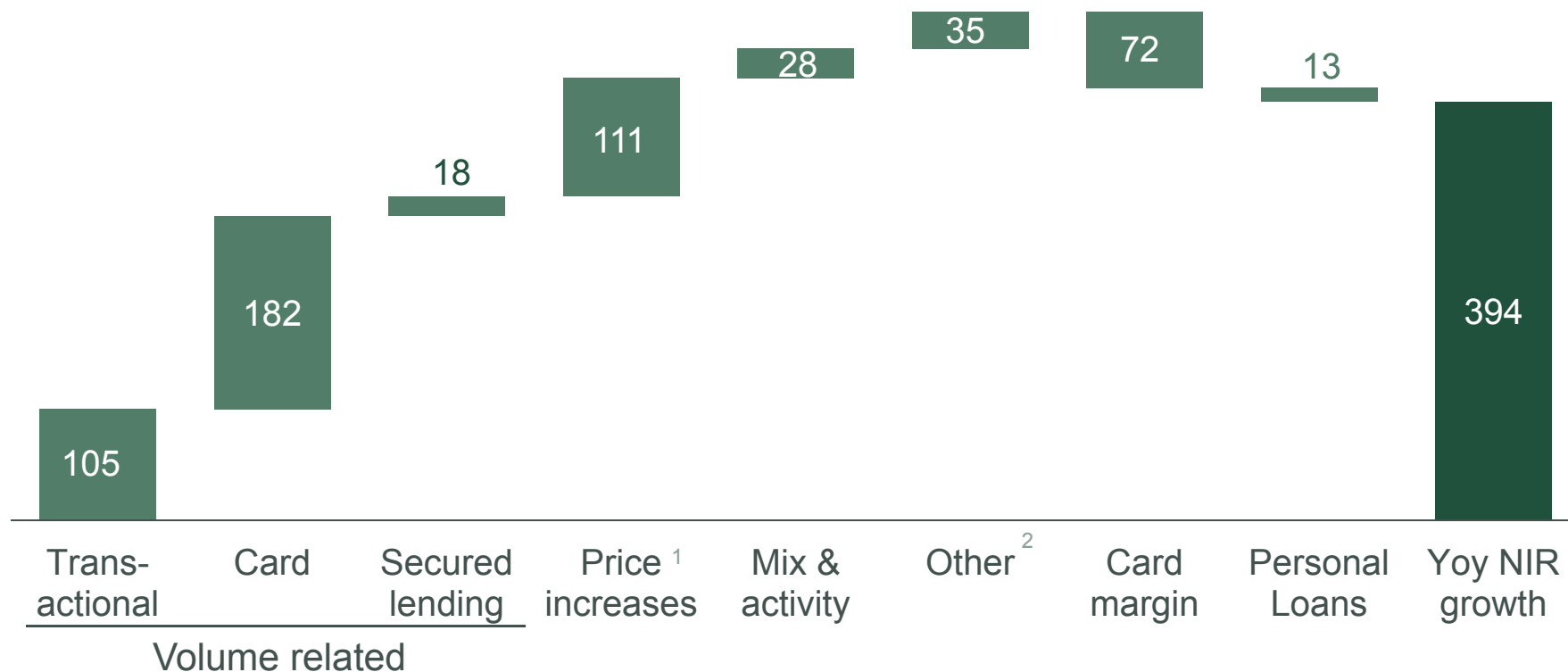
NIR growth supported by good volume growth, but muted by strategic choices & other factors

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NIR growth (Rm)



2015 NIR growth (Rm)

+77	+164	+24	+79 ³	(62)	(7)	19	(97)	198
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¹ Includes average price increase of 4.3% implemented on 1 January 2016.

² Includes non-transactional banking in BB and fair value swaps in MFC & BB.

³ Includes average price increase of 5.6% implemented in January 2015 and repricing in BB (R70m) and RRB (R38m) implemented in H2 2014.

Nedbank Retail & Business Banking

Transactional income per retail client
impacted by strategic choices

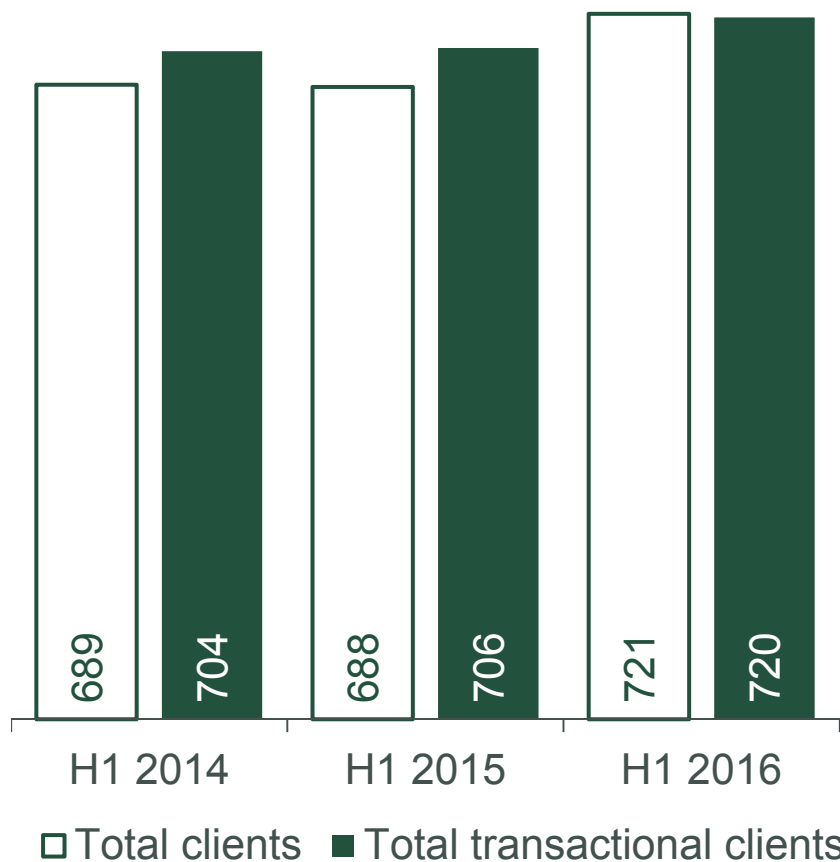
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Service charges & commissions per client

Rand per annum annualised



Key drivers

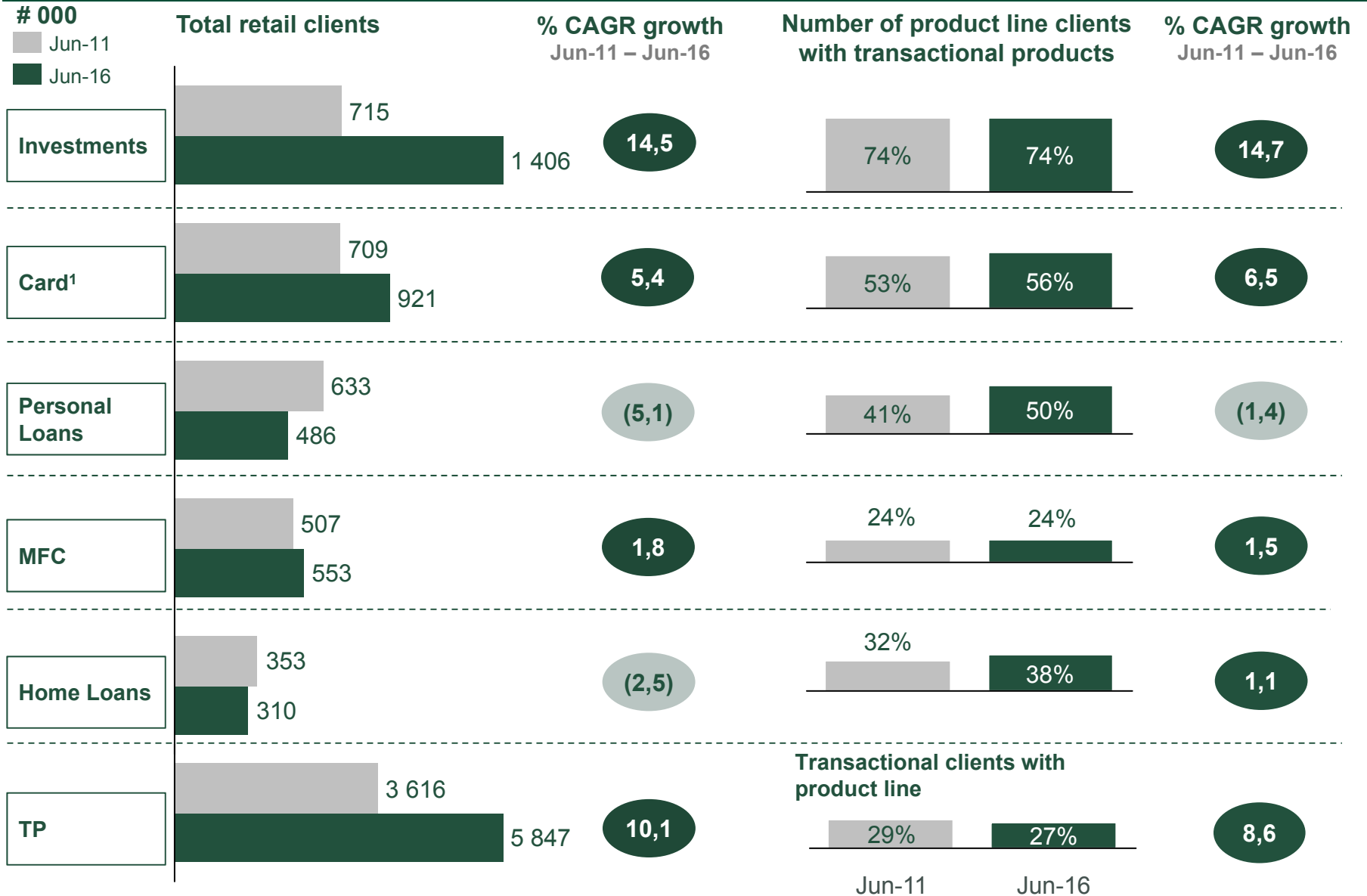
- Steady increase in main-banked client numbers
 - Kids & youth +9%
 - Entry level +8%
 - Middle market +6%
 - Professional +4%
 - Small business +6%
 - Business Banking +3%
- Average 5.6% price increases in 2015
- Average 4.3% price increase in 2016

Nedbank Retail & Business Banking

Building more enduring client relationships through transactional products cross-sell

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¹ Client definition in Card change din Feb 16 affecting -184k Card clients.

H1

Nedbank Retail & Business Banking

Defaulted advances ratio reduced –
portfolio coverage maintained

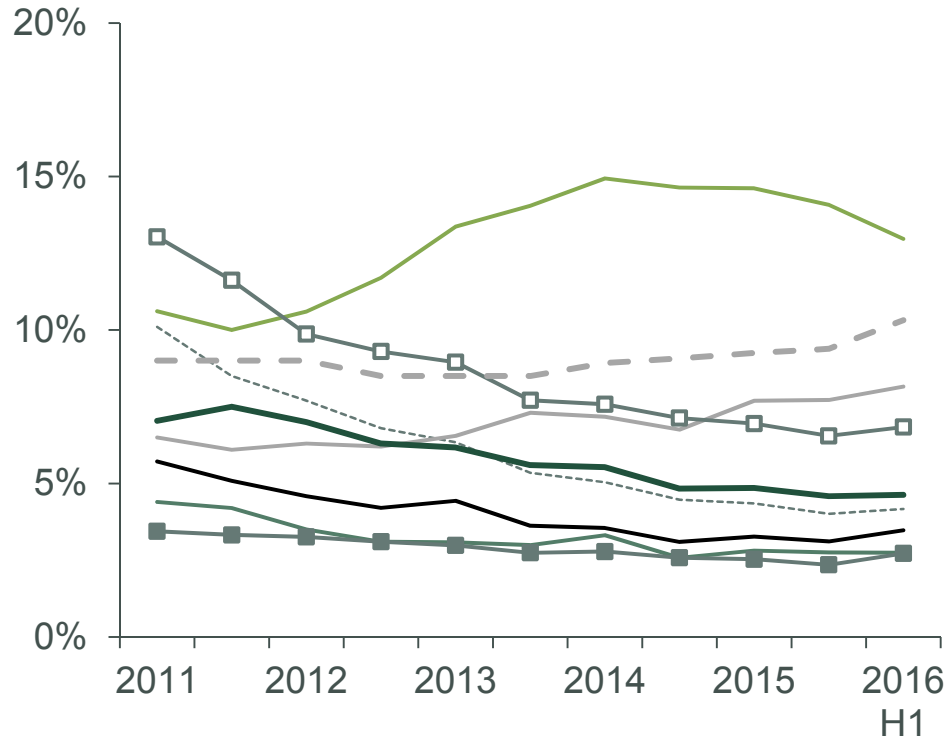
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Defaults over time

Default % of total advances



----- Home Loans
 — MFC
 — Retail total
 ■ HL front
 — Business Banking
 — Personal Loans
 — Card
 — HL back
 — Prime

Total coverage per product

%

	Dec 15	Jun 15	Jun 16
Home Loans	1,56	1,71	1,53
MFC ¹	2,31	2,49	2,39
Personal Loans	13,88	14,00	13,62
Card	8,34	8,09	8,73
Overdrafts	12,86	12,67	13,96
Total Retail	3,25	3,40	3,30
Business Banking	2,17	2,14	2,25
Total	3,00	3,11	3,06

- Coverage levels maintained
- Defaulted advances at R12,8bn have increased slightly
- Prudent provisioning, coverage on performing advances increased to 0,74%

¹ The implementation of SARB directive 7/2015 in 2015 has resulted in distressed restructures being held in default for longer than six months rather than the previous three months. This has resulted in a drop in the impaired and defaulted coverage ratios as these balances have grown by a further R146m year on year.

Nedbank Retail – Home Loans

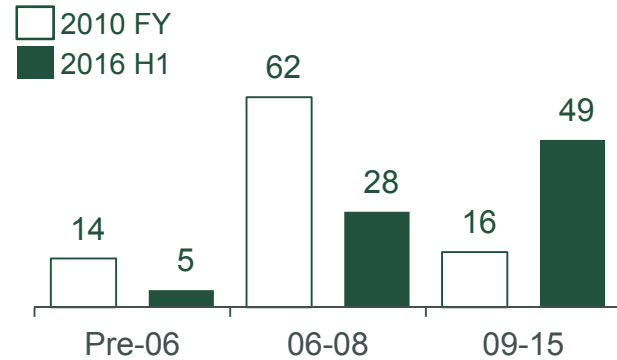
Turnaround of Home Loans since mid 2009 complete, with back book reduced to R33bn

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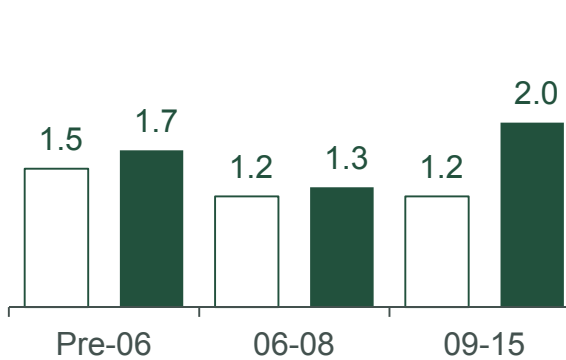
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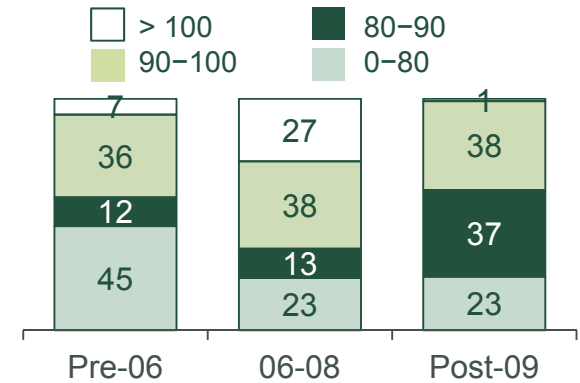
Average advances (Rbn)¹



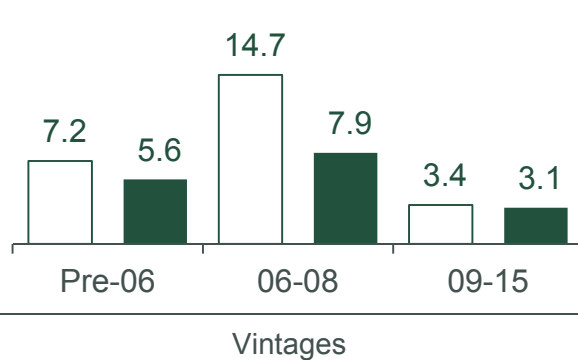
Lending margin (%)²



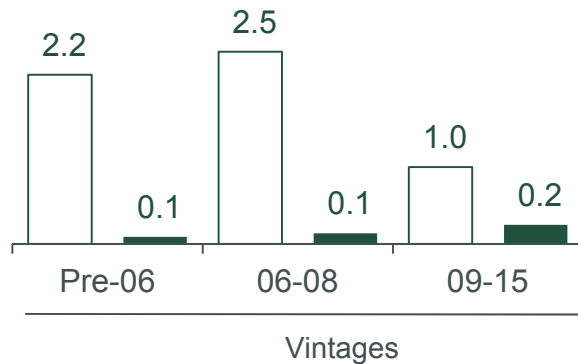
LTV distribution (%)³ Jun '16



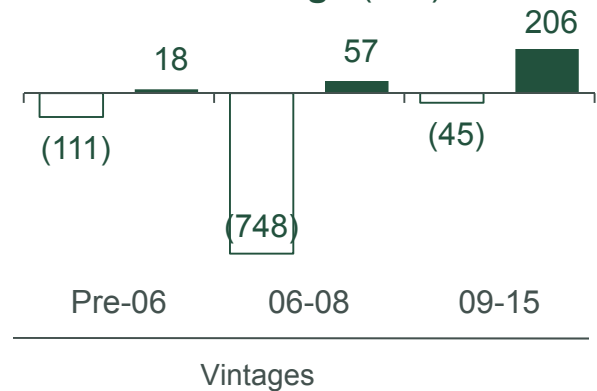
Defaulted loans (%)¹



Credit loss ratio (%)¹



Headline earnings (Rm)¹



- The post-2008 frontbook now generates an ROE of 20.9%, compared with 10.3% from the pre-2008 backbook, which continues to impact negatively on overall performance.
- However, R11bn of advances in the backbook (2015: R13bn) are loans that would pass current credit policy utilising current pricing but are mispriced by 112 bps.

¹ Retail Home loan book excluding Retail Relationship Banking & Business Banking.

² Based on Nedbank MMFTP, liquidity & balance sheet management charges, excluding endowment on ECAP.

³ LTV based on original loan amount & valuation at point of registration.

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