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

Annual Results

for the year ended 31 December 2018

see money differently

NEDBANK GROUP

Contents

A year of achievement across a broad front

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

We made excellent progress on a number of client satisfaction measures as we continued to focus on delivery of market-leading client value propositions supported by our investments in technology, digital platforms and our people. This was evident in the Nedbank Money app™ receiving the highest client satisfaction ratings among SA banking apps on iOS devices, our Nedbank Private Wealth app being rated second best globally by Cutter Associates International Research, and our Net Promoter Score improving the most among SA banks in 2018. Our progress in 2018 enabled us to grow our market share of main-banked clients across all our business clusters, underpinning solid NIR growth. Our strategic enablers, including ongoing technology investments through our managed evolution programme, our people, our culture and our brand continue to create a more client-focused, agile, competitive and digital Nedbank. The innovations we plan to launch during 2019 are expected to result in another step change in client experiences, enabling ongoing revenue growth and efficiencies over time.

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

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

Mike Brown
Chief Executive

Headline earnings
▲ 14,5%
R13 495m
(excl ETI ▲ 2,8%
R13 119m)

Revenue growth
▲ 6,0%

CLR
▲ 53 bps
(2017: 49 bps)

Expense growth
▲ 6,1%

DHEPS
▲ 13,7%
2 736 cents

Dividend per share
▲ 10,1%
1 415 cents

ROE
(excl goodwill)
▲ 17,9%
(2017: 16,4%)

CET1 ratio
▼ 11,7%
(2017: 12,6%)

BBBEE
▲ Level 1
(2017: Level 2)


Creating value by using our financial expertise to do good
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Annual Results
for the year ended 31 December 2018
see money differently
NEDBANK
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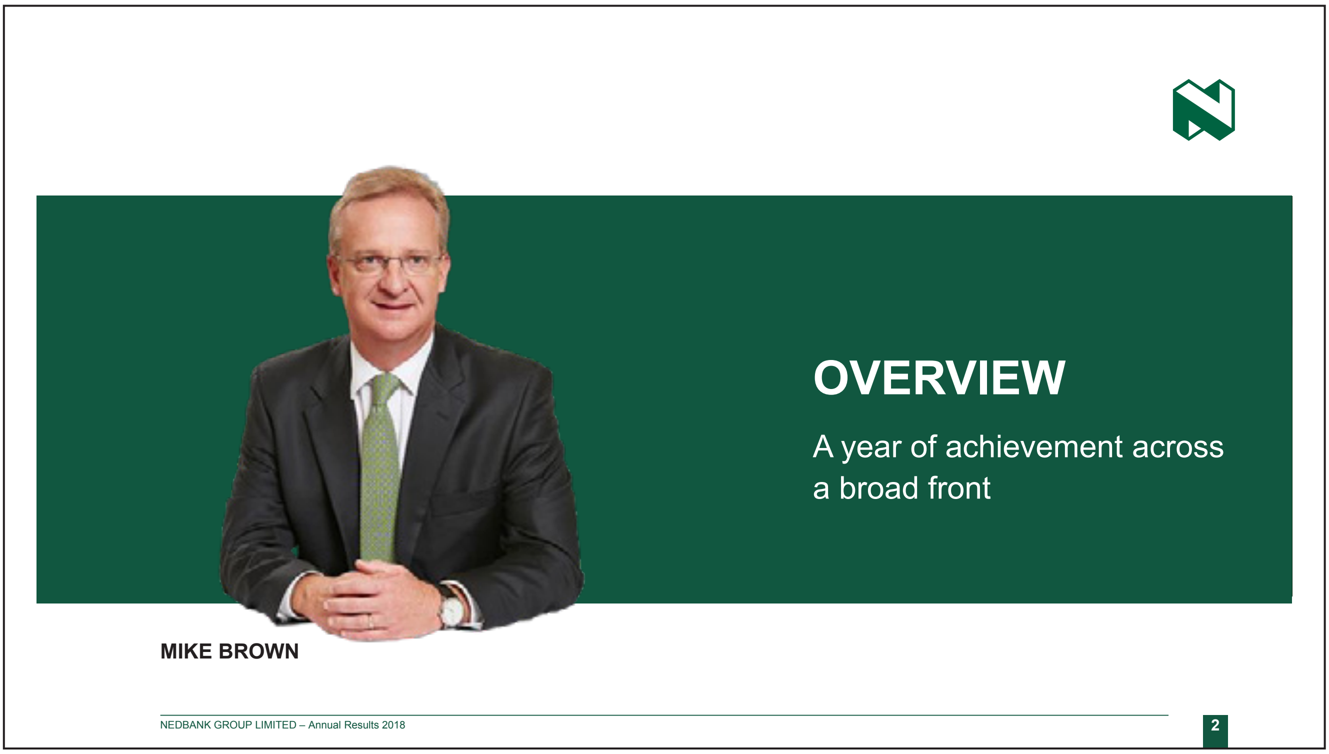
NOTES:


OVERVIEW
A year of achievement across a broad front
MIKE BROWN
NEDBANK GROUP LIMITED – Annual Results 2018
2

NOTES:

A year of achievement across a broad front

- **Shareholders**
  - Seamless conclusion of the managed separation process from Old Mutual
- **Financial performance**
  - Strong HE growth +14.5% boosted by ongoing ETI turnaround
  - NIR growth of +7.9%
  - Cost-to-income ratio improved from 58.6% to 57.2%
  - ROE (excl GW) increased from 16.4% to 17.9%
  - Dividend per share +10.1%
- **Strategic**
  - Retail main-banked clients up 7% & market share up to 13.1%
  - Retail NPS score increased 11% – the largest among all SA banks
  - 30 primary transactional client wins in CIB
  - Good progress on delivery of Managed Evolution IT Programme & Digital Fast Lane
  - Ongoing delivery of regulatory change programme
  - Level 1 BBBEE contributor

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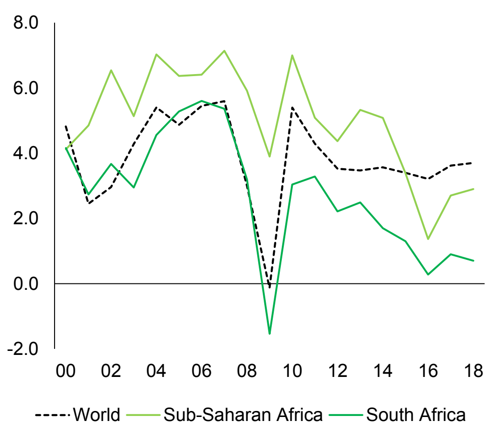
3

NOTES:

Economic growth slow to recover

GDP growth (%)



Key drivers

- Supportive global environment in 2018, but slowing – impacted by trade disputes & geopolitical tensions
- SA economy started on weaker note in H1, but recovered somewhat in H2
- SA policy uncertainties – some progress, but key issues currently unresolved
- Progress on SOE governance, but strategic, operational & financial pressures at Eskom
- Moody's sovereign credit ratings maintained at investment grade

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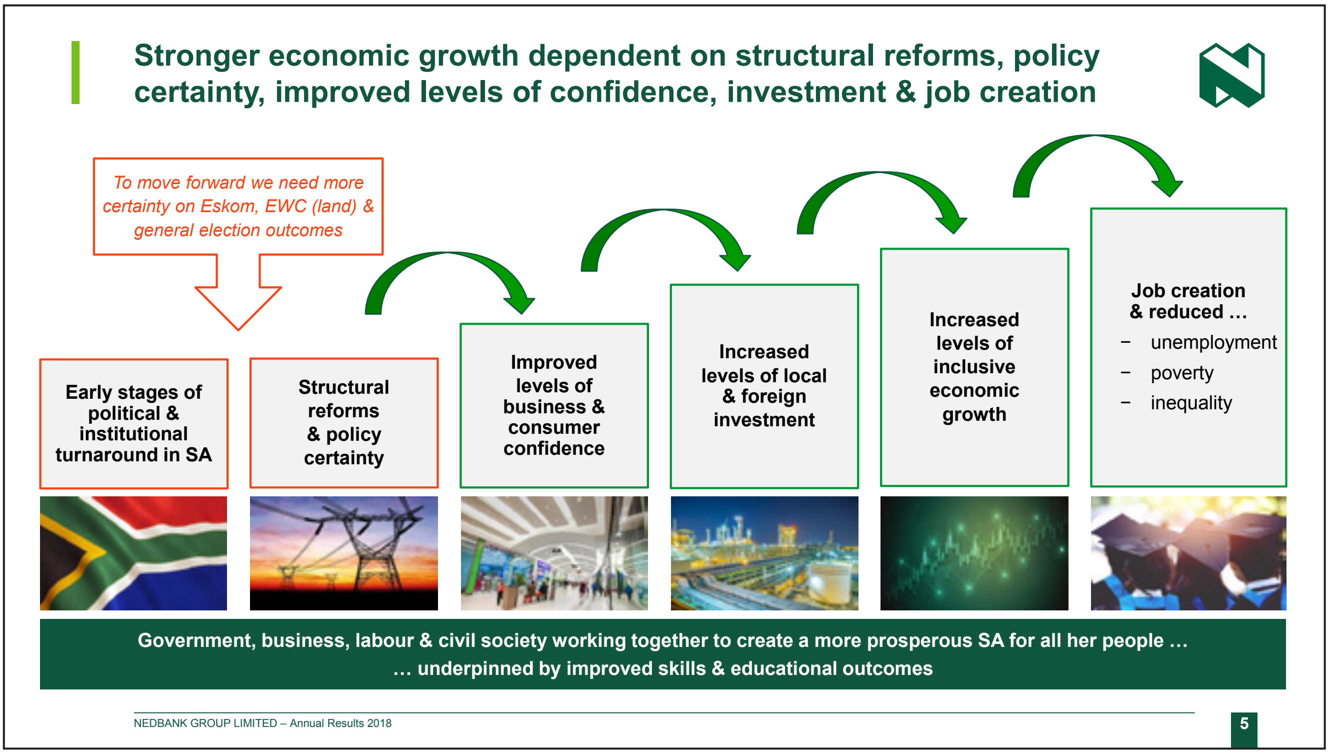
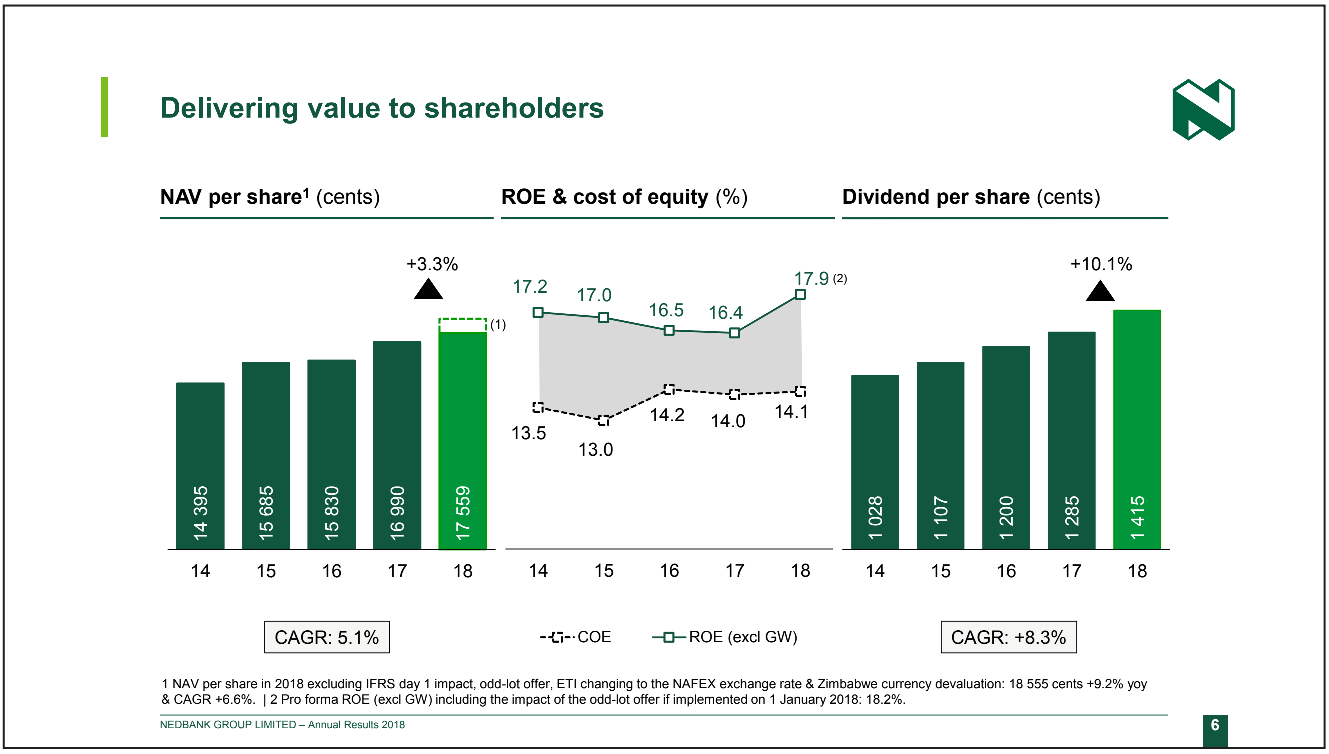
4

NOTES:


Stronger economic growth dependent on structural reforms, policy certainty, improved levels of confidence, investment & job creation
To move forward we need more certainty on Eskom, EWC (land) & general election outcomes
Early stages of political & institutional turnaround in SA
Structural reforms & policy certainty
Improved levels of business & consumer confidence
Increased levels of local & foreign investment
Increased levels of inclusive economic growth
Job creation & reduced …
– unemployment
– poverty
– inequality
Government, business, labour & civil society working together to create a more prosperous SA for all her people …
… underpinned by improved skills & educational outcomes
NEDBANK GROUP LIMITED – Annual Results 2018
5

NOTES:


Delivering value to shareholders
NAV per share¹ (cents)
ROE & cost of equity (%)
Dividend per share (cents)
+3.3%
14 395
15 685
15 830
16 990
17 559
(1)
14
15
16
17
18
CAGR: 5.1%
17.2
17.0
16.5
16.4
17.9 (2)
13.5
13.0
14.2
14.0
14.1
COE
ROE (excl GW)
+10.1%
1 028
1 107
1 200
1 285
1 415
CAGR: +8.3%
1 NAV per share in 2018 excluding IFRS day 1 impact, odd-lot offer, ETI changing to the NAFEX exchange rate & Zimbabwe currency devaluation: 18 555 cents +9.2% yoy & CAGR +6.6%. | 2 Pro forma ROE (excl GW) including the impact of the odd-lot offer if implemented on 1 January 2018: 18.2%.
NEDBANK GROUP LIMITED – Annual Results 2018
6

NOTES:

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

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

Completion of OM managed separation (15 Oct 18)	**Completion of odd-lot offer** (18 Dec 18)	**Shareholding changes**
▪ R43bn of Nedbank shares unbundled to OML shareholders ▪ Potential overhang in share price removed after unbundling ▪ Nedbank the top performing SA bank share in 2018: +7.3% ▪ Advisory costs of R142m – 2016: R25m – 2017: R40m – 2018: R77m	▪ > 98.5% votes of approval at the 22 Nov 18 general meeting ▪ Reduction of ~430 000 shareholders (pricing at 5% premium) ▪ Bought back & cancelled 7m shares at a cost of R2.0bn – CET1 impact: 34 bps, – ~R20m pa cost savings ▪ ROE & HEPS accretive for 2019	▪ Free-float increased from c45% (before unbundling) to c80% (after unbundling) ▪ Average daily volumes of shares traded increased from ~1.1m to ~2.0m ▪ Index holdings increased from 11% to 19% ▪ Foreign shareholding increased from 18% to 29% ▪ Some historically underweight SA funds now more in line

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

NEDBANK GROUP LIMITED – Annual Results 2018

7

NOTES:

Our role in society

STAFF

- Paid **R17.5bn in salaries & benefits** to support our 31 277 staffmembers & their families
- Training spend of **R468m**
- Implemented a leadership & culture change programme supporting strategy, incl **New Ways of Work**
- **Transforming our workforce** towards SA demographics (> 78% black employees)

CLIENTS

- **R181bn new-loan payouts** to enable clients to finance their homes, vehicles & education, & grow their businesses
- Increased **retail main-banked clients by 7%** (market share up to 13.1%) & **30 CIB primary client wins**
- **Enhanced client convenience** – 60% digitally focused branches & various new innovative solutions such as MobiMoney, Stokvel, Ecobank-Nedbank crossborder remittance solution & Extraordinary Life™ chatbot
- Safeguarded **R826bn deposits** at competitive interest rates
- Supported SARB in **banking > 17 000 VBS clients**

Our purpose – to use our financial expertise to do good

SHAREHOLDERS

- Successful completion of **managed separation** & **odd-lot offer**
- Paid **R6.7bn dividends** to shareholders who represent pension funds & investments of all South Africans | **TSR of 12.6%**
- **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 R10.3bn direct, indirect & other taxes**
- Invested **more than R100bn in government & public sector bonds** to support the funding needs of governments

SOCIETY

- Procured **78% of our goods & services locally**
- **R124m SED spend**
- Good progress across all spheres of **contribution to SDGs,** including R23bn of renewable-energy payouts to date, & through investments effectively became a net-zero operation water user
- **Active participant in the CEO Initiative** – R20m contribution to SME fund & 2019 participation in YES
- **Level 1 BBBEE** contributor (under the Amended FSC)

NEDBANK GROUP LIMITED – Annual Results 2018

8

NOTES:

RESULTS PRESENTATION

FINANCIAL OVERVIEW

Resilient financial performance

RAISIBE MORATHI

NEDBANK GROUP LIMITED – Annual Results 2018

9

NOTES:

Key performance indicators – resilient financial performance

		2018	2017		Managed operations 2018[1]	Managed operations 2017[1]
Headline earnings (Rm)	14.5%	**13 495**	11 787	2.8%	**13 119**	12 762
Economic profit (Rm)	69.2%	**2 868**	1 695			
ROE (excl goodwill)		**17.9%**	16.4%		**17.7%**	18.1%
Diluted HEPS growth		**13.7%**	2.4%		**2.1%**	7.3%
Preprovisioning operating profit growth		**13.6%**	(3.2%)		**6.3%**	(0.3%)
Net interest margin		**3.65%**	3.62%			
Credit loss ratio		**0.53%**	0.49%			
Efficiency ratio		**57.2%**	58.6%		**57.5%**	57.4%
CET1 CAR		**11.7%**	12.6%			
Dividend per share (cents)	10.1%	1 415	1 285			

1 Excluding ETI associate income/losses, as well as ETI-related funding costs. ETI-related expenses included in managed operations.

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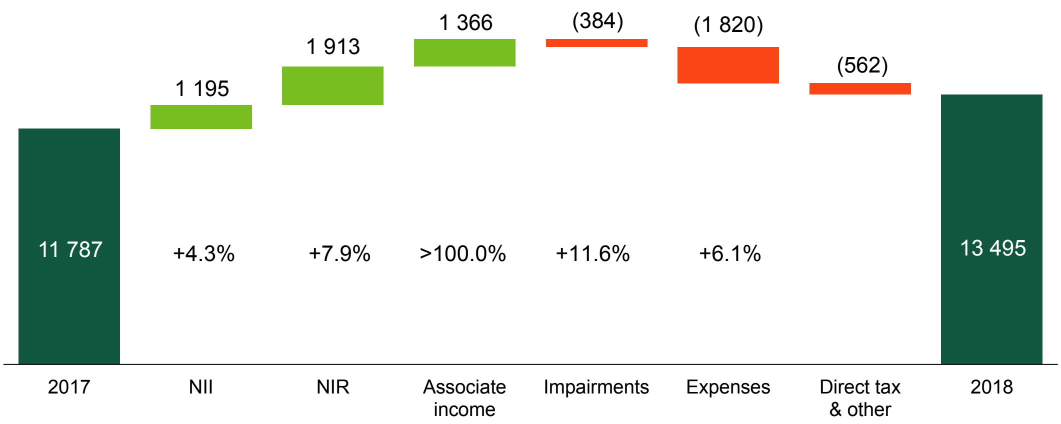
10

NOTES:

Headline earnings – resilient financial performance

Headline earnings (Rm)



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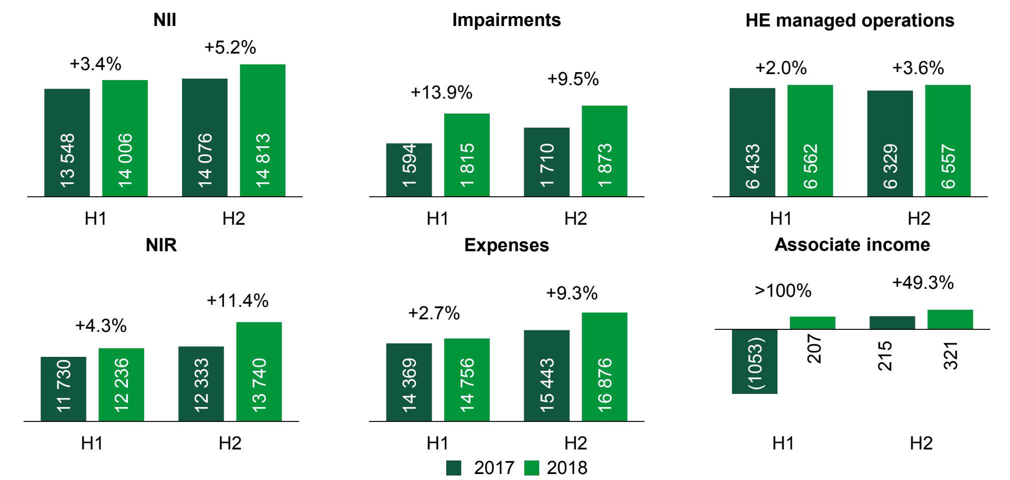
11

NOTES:

Revenue growth stronger in H2 2018

H1 vs H2 (Rbn) **& growth** (%)



NEDBANK GROUP LIMITED – Annual Results 2018

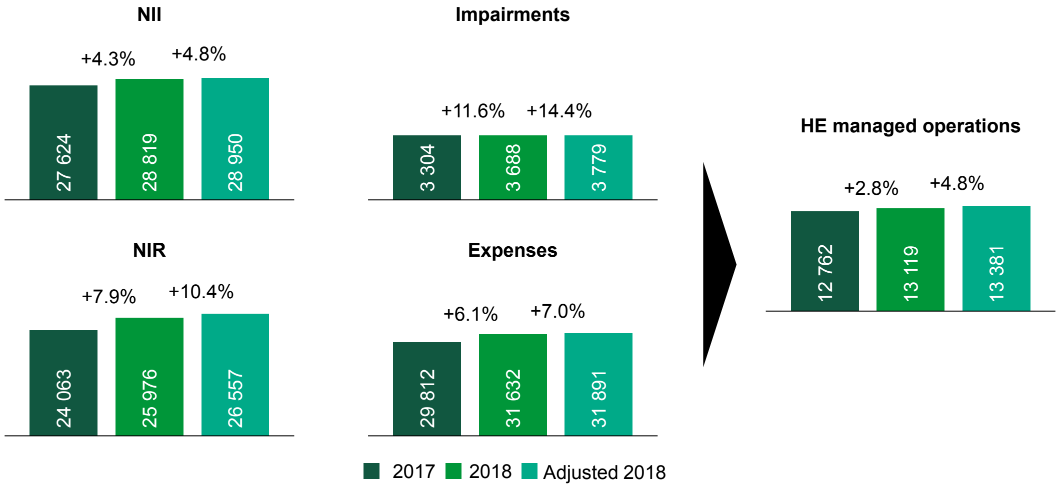
12

NOTES:

RESULTS PRESENTATION

IFRS 9 & 15 changes impacted the shape of the income statement
– adjusting for these show like-for-like business performance

Growth adjusted for IFRS impacts



NOTES:

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

BOOKLET SLIDE

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

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

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

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

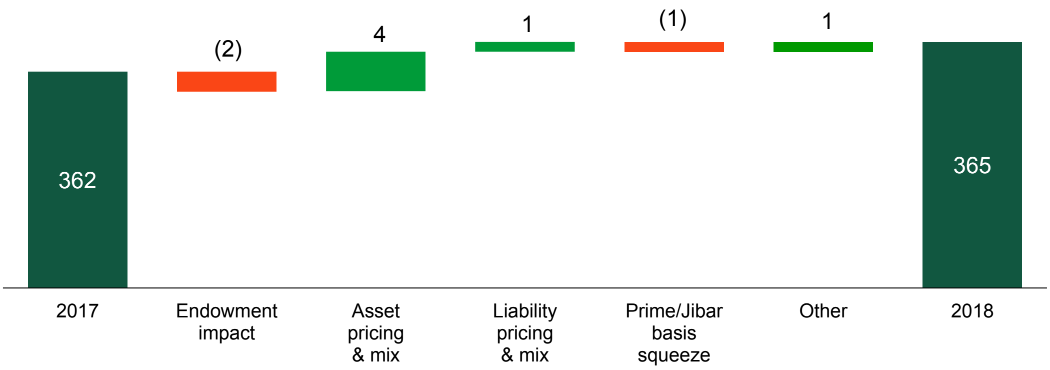
Loyalty schemes – costs of the reward programme were previously recognised as an expense & now recognised as a reduction in NIR (RBB)

1 Includes day one R3.2bn adjustment.

NOTES:

Net interest margin – driven by asset pricing & mix, offset to a degree by endowment

Net interest margin (bps)



Average interest-earning banking assets: +3.6%

H1 +0.8% vs H2 +2.8%

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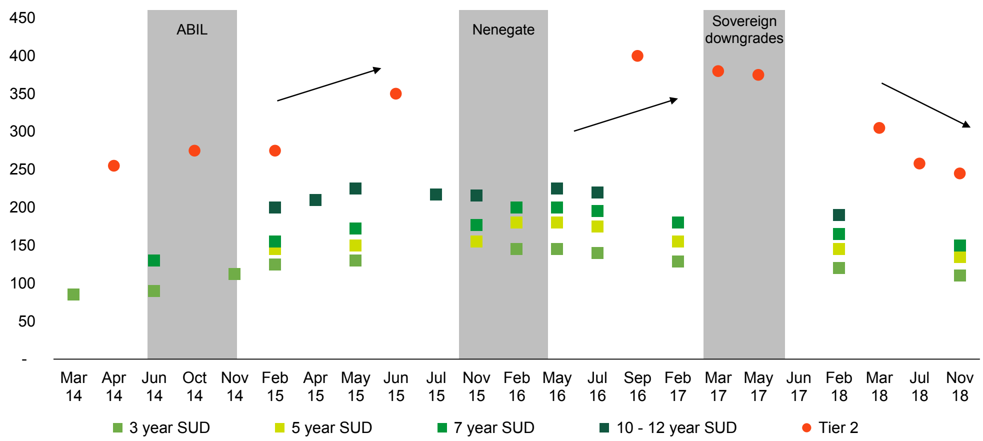
15

NOTES:

Net interest margin – evolution of tier 2 & SUD pricing

BOOKLET SLIDE

Pricing (bps above JIBAR)

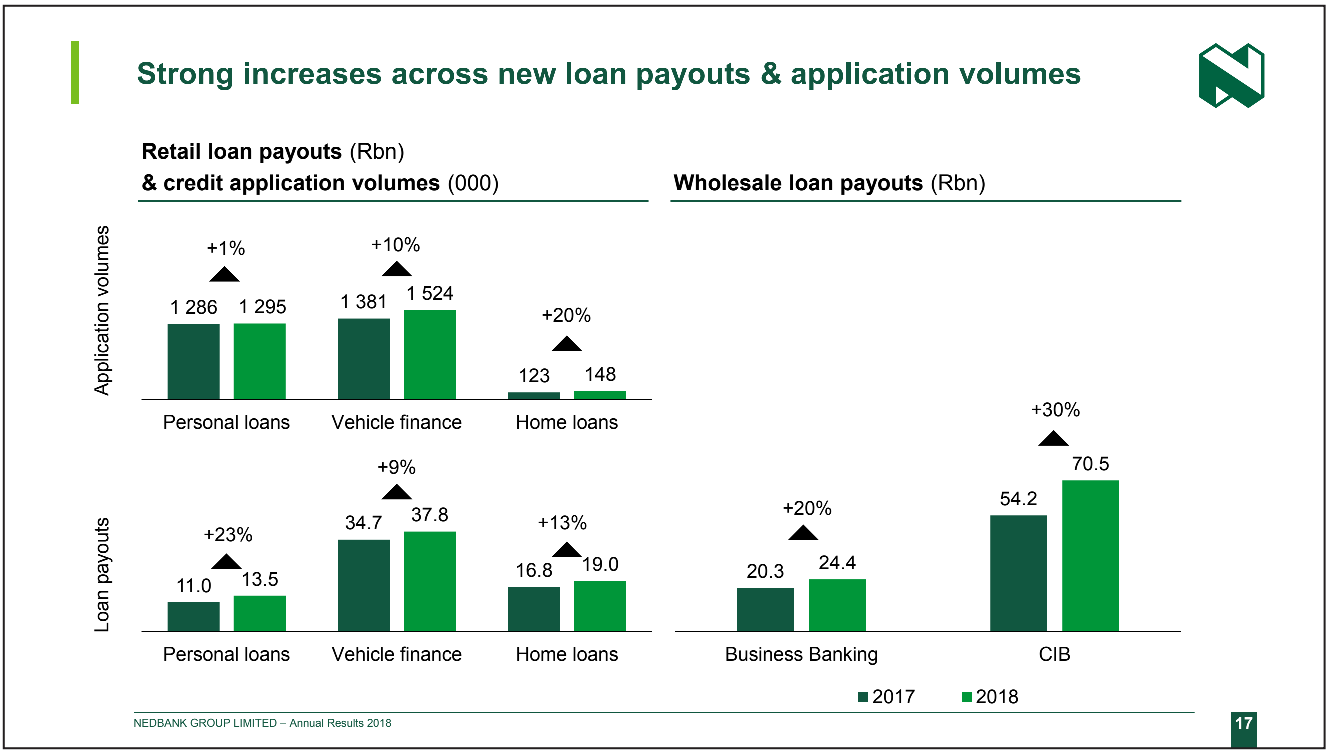


NEDBANK GROUP LIMITED – Annual Results 2018

16

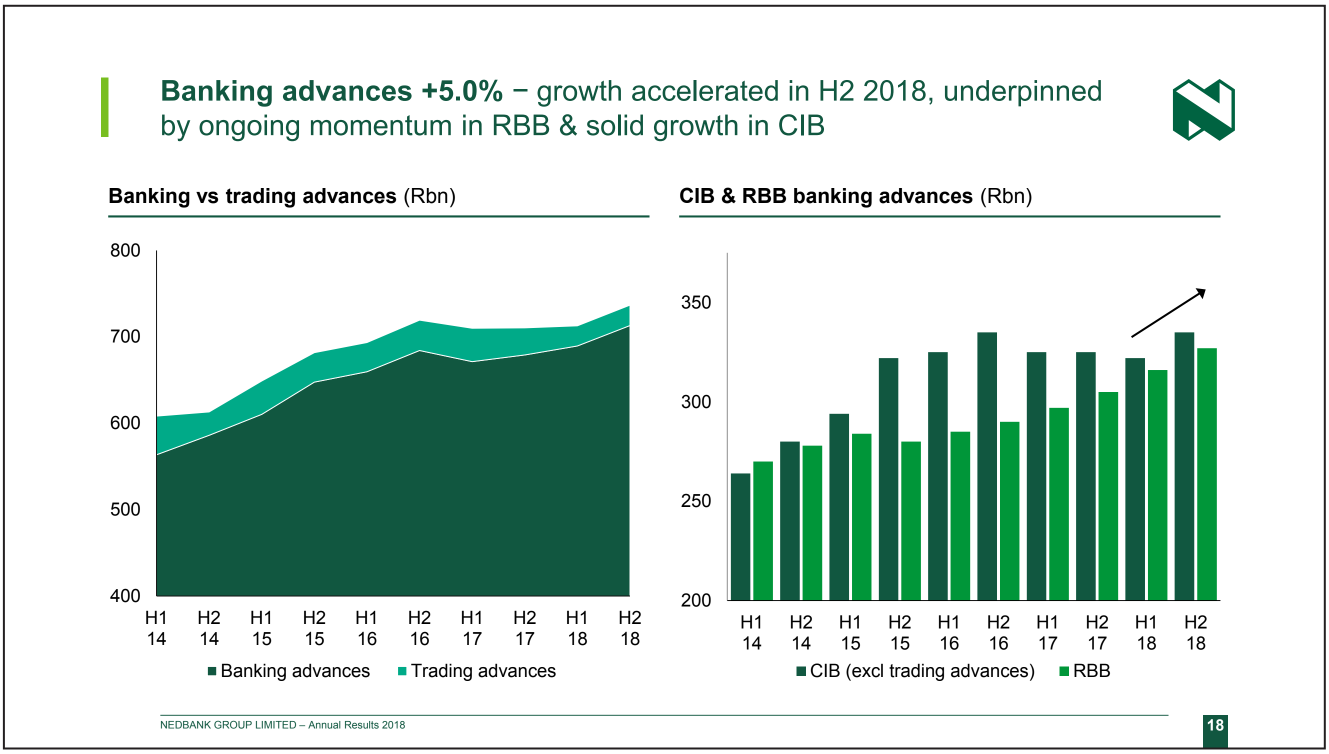
NOTES:

RESULTS PRESENTATION



Strong increases across new loan payouts & application volumes
Retail loan payouts (Rbn)
& credit application volumes (000)
Wholesale loan payouts (Rbn)
Application volumes
+1%
1 286
1 295
+10%
1 381
1 524
+20%
123
148
Personal loans
Vehicle finance
Home loans
Loan payouts
+23%
11.0
13.5
+9%
34.7
37.8
+13%
16.8
19.0
Personal loans
Vehicle finance
Home loans
+20%
20.3
24.4
+30%
54.2
70.5
Business Banking
CIB
2017
2018
NEDBANK GROUP LIMITED – Annual Results 2018
17

NOTES:

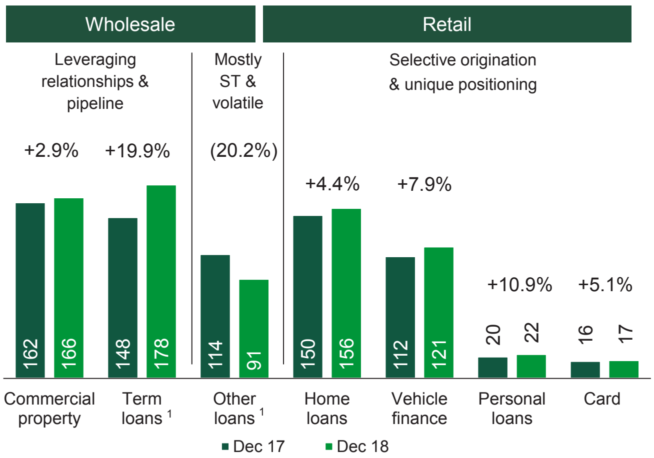


Banking advances +5.0% – growth accelerated in H2 2018, underpinned by ongoing momentum in RBB & solid growth in CIB
Banking vs trading advances (Rbn)
CIB & RBB banking advances (Rbn)
800
700
600
500
400
H1 14
H2 14
H1 15
H2 15
H1 16
H2 16
H1 17
H2 17
H1 18
H2 18
Banking advances
Trading advances
350
300
250
200
CIB (excl trading advances)
RBB
NEDBANK GROUP LIMITED – Annual Results 2018
18

NOTES:

Gross advances +4.1%

Gross advances (Rbn)



BA900 market share[2] (%)

	Share	Yoy trend	
Commercial property	**39.1**	(1.4)	▼
Core corporate[3]	**20.6**	(0.4)	▼
Home loans	**14.5**	0.0	▶
Vehicle finance[4]	**28.5**	+0.4	▲
Personal loans	**10.4**	+0.1	▲
Card	**13.7**	(0.3)	▼

1 Term loans include a re-classification of some investment banking loans from other loans. | 2 BA900 at December 2018 (compared with December 2017).
3 Core corporate loans exclude volatile short-term lending. | 4 Vehicle finance per BA900 comprises total lease & Instalment sales.

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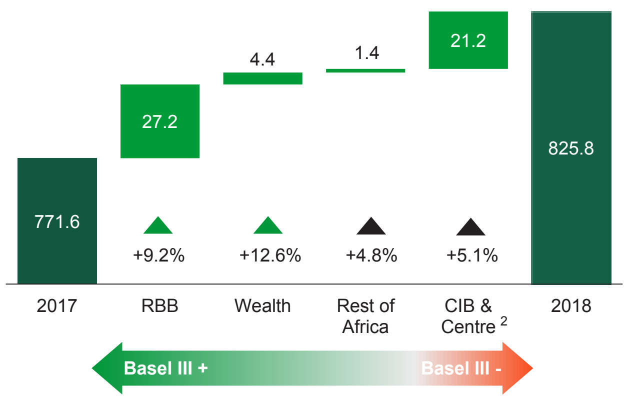
19

NOTES:

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

Deposits (Rbn)



BA900 market share[1]

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

Loan-to-deposit ratio: 89% (Dec 17: 92%)
LCR: 109% (min reg: 100%)
NSFR: 114% (min reg: 100%)

1 BA900 at December 2018 (compared with December 2017).
2 Nedbank shifted away from more expensive structured-note issuances towards lower-cost NCD funding which is housed in the Centre.

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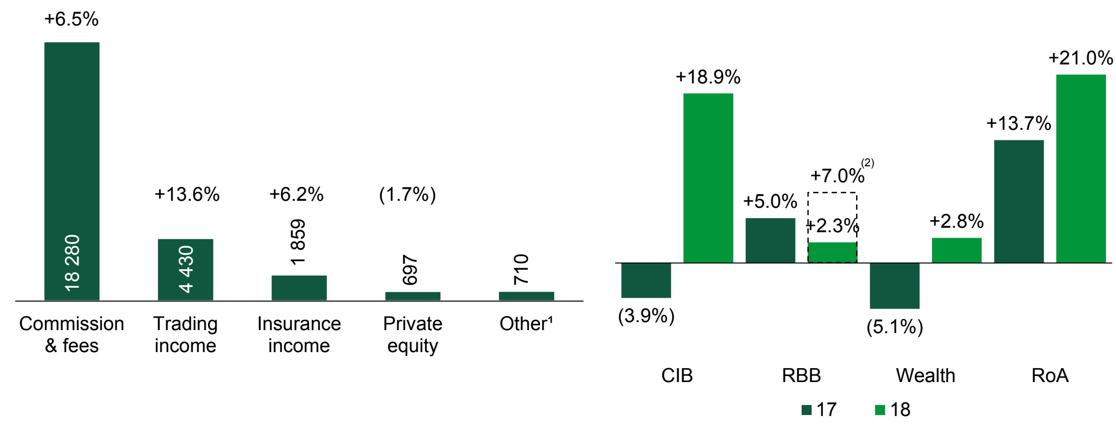
20

NOTES:

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



1 Represents sundry income, investment income & fair-value adjustments.
2 RBB adjusted for IFRS changes +7.0% (like-for-like growth).

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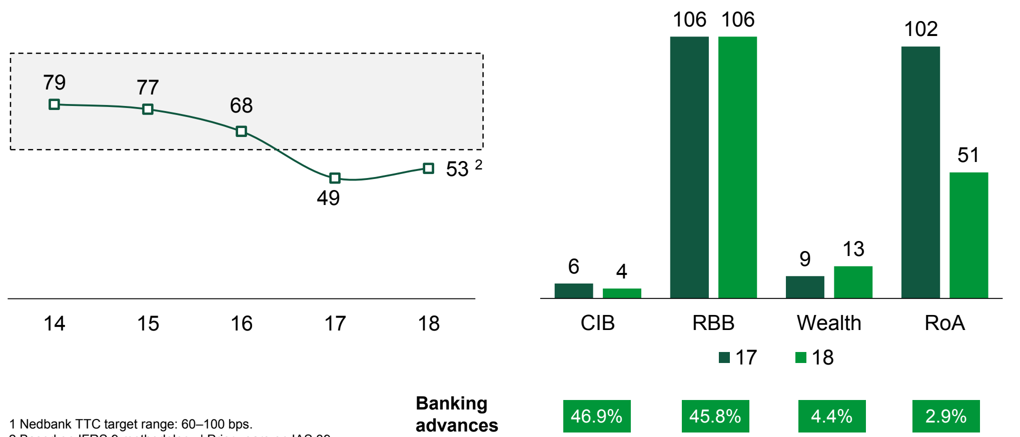
21

NOTES:

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



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

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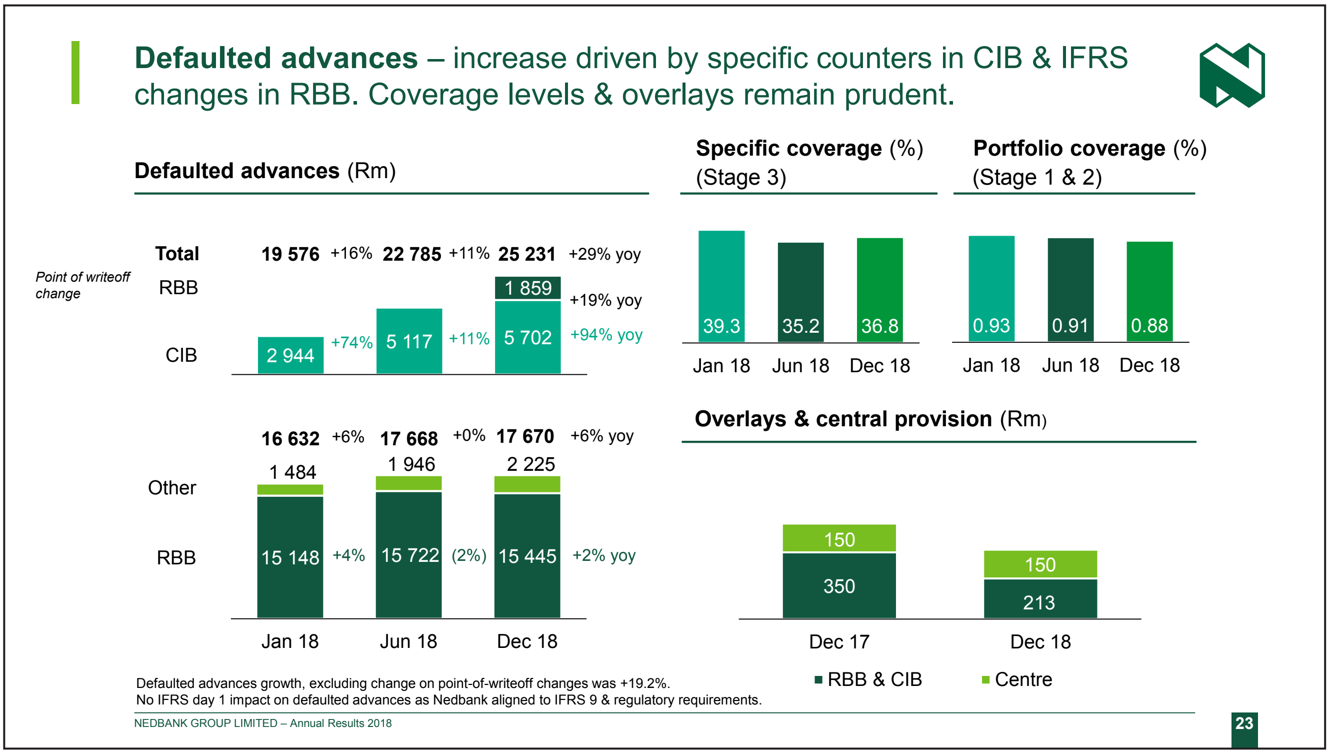
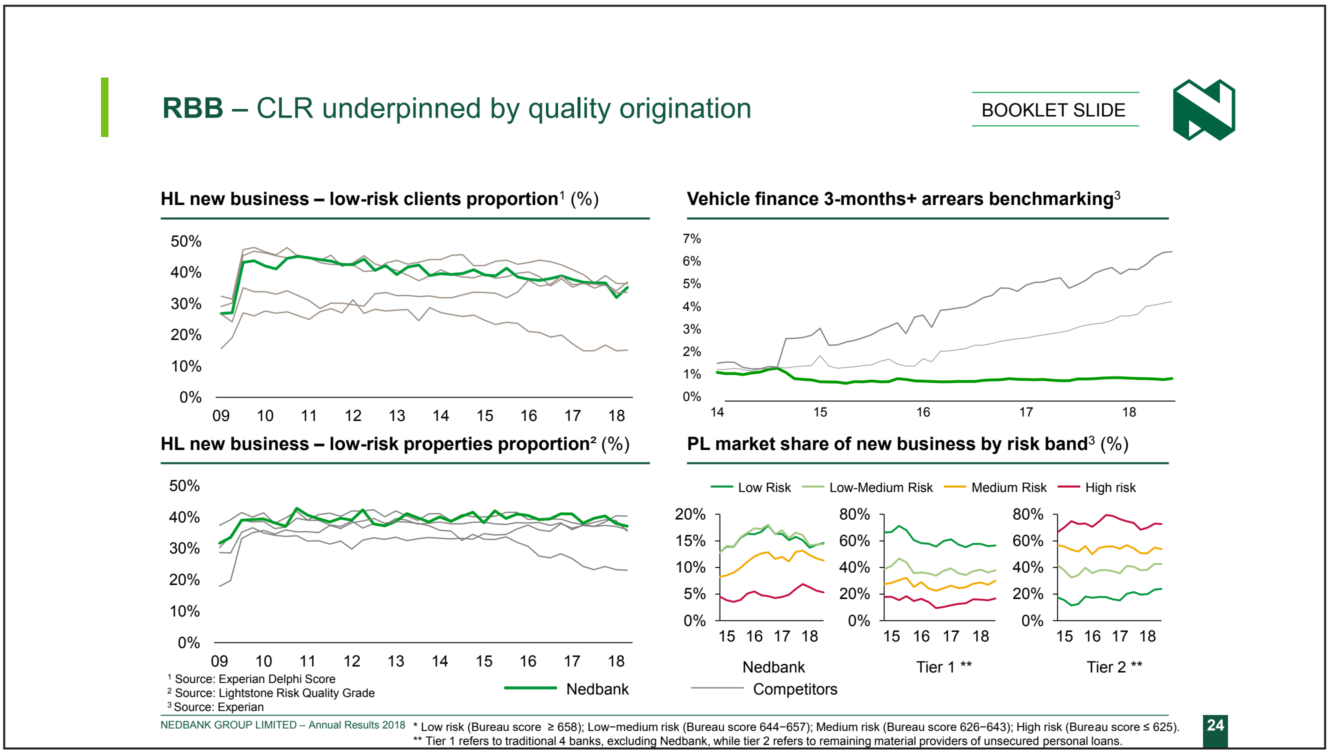
22

NOTES:


Defaulted advances – increase driven by specific counters in CIB & IFRS changes in RBB. Coverage levels & overlays remain prudent.
Defaulted advances (Rm)
Total
19 576 +16% 22 785 +11% 25 231 +29% yoy
Point of writeoff change
RBB
1 859
+19% yoy
CIB
2 944 +74% 5 117 +11% 5 702 +94% yoy
16 632 +6% 17 668 +0% 17 670 +6% yoy
Other
1 484
1 946
2 225
RBB
15 148 +4% 15 722 (2%) 15 445 +2% yoy
Jan 18
Jun 18
Dec 18
Specific coverage (%) (Stage 3)
39.3
35.2
36.8
Jan 18
Jun 18
Dec 18
Portfolio coverage (%) (Stage 1 & 2)
0.93
0.91
0.88
Jan 18
Jun 18
Dec 18
Overlays & central provision (Rm)
150
350
150
213
Dec 17
Dec 18
RBB & CIB
Centre
Defaulted advances growth, excluding change on point-of-writeoff changes was +19.2%.
No IFRS day 1 impact on defaulted advances as Nedbank aligned to IFRS 9 & regulatory requirements.
NEDBANK GROUP LIMITED – Annual Results 2018
23

NOTES:


RBB – CLR underpinned by quality origination
BOOKLET SLIDE
HL new business – low-risk clients proportion¹ (%)
50%
40%
30%
20%
10%
0%
09 10 11 12 13 14 15 16 17 18
Vehicle finance 3-months+ arrears benchmarking³
7%
6%
5%
4%
3%
2%
1%
0%
14 15 16 17 18
HL new business – low-risk properties proportion² (%)
50%
40%
30%
20%
10%
0%
09 10 11 12 13 14 15 16 17 18
PL market share of new business by risk band³ (%)
Low Risk
Low-Medium Risk
Medium Risk
High risk
20%
15%
10%
5%
0%
15 16 17 18
Nedbank
80%
60%
40%
20%
0%
15 16 17 18
Tier 1 **
80%
60%
40%
20%
0%
15 16 17 18
Tier 2 **
Nedbank
Competitors
¹ Source: Experian Delphi Score
² Source: Lightstone Risk Quality Grade
³ Source: Experian
* Low risk (Bureau score ≥ 658); Low–medium risk (Bureau score 644–657); Medium risk (Bureau score 626–643); High risk (Bureau score ≤ 625).
** Tier 1 refers to traditional 4 banks, excluding Nedbank, while tier 2 refers to remaining material providers of unsecured personal loans.
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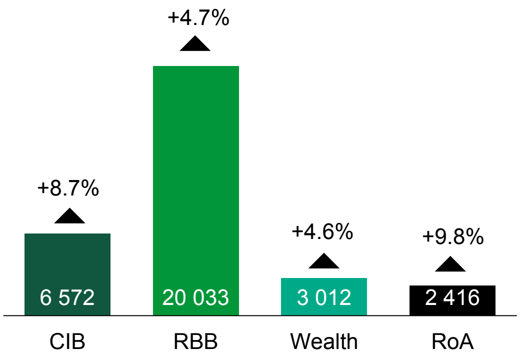
24

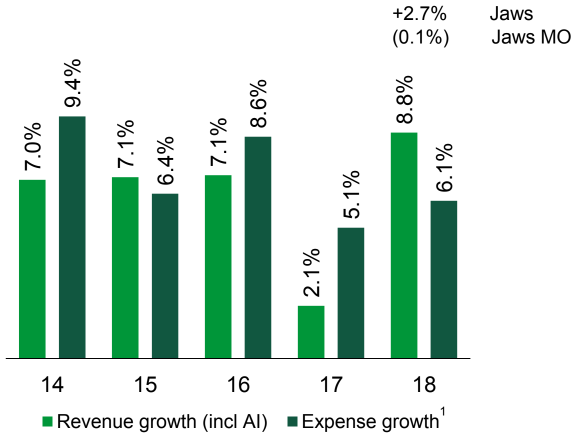
NOTES:

Expenses +6.1% – focus on costs in difficult environment

Expenses by cluster (Rm, % growth)



Expense vs revenue growth (%)



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

NOTES:

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

Cost-to-income ratio by 2020[1] (%, including associate income)

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

Revenue growth

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

Expense growth

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

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

NOTES:

Expenses – initiatives in place to support a reduction in our efficiency ratio

Target operating model[1]	Other ongoing cost savings
Cumulative R680m cost savings include:	

Target operating model[1]

Cumulative R680m cost savings include:

- **Optimisation of branch footprint**
  - Reduction in floor space, personal-loans kiosk closures, branch & outlet optimisation
- **Self-service banking**
  - New digital services on mobile, app & web
- **Sales & service integration**
  - New operating model, business reconfiguration & simplification
- **Group technology** – lower-level IT design costs
- **Headcount reduction** – 1 469 since Dec 2016

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

Other ongoing cost savings

- **Core IT system savings** – decommissioned 136 systems since 2010. Target of < 60 by 2020
- **Procurement savings** – data, printing, telephony
- **Closure of inactive transactional accounts**
- **Reduced general costs** – travel, accommodation & marketing
- **Adoption of robotics & automation**

Ongoing

1 Target operating model initiatives enable Nedbank to operate with greater agility, leading to revenue & cost saving benefits. 2018 savings: R395m.

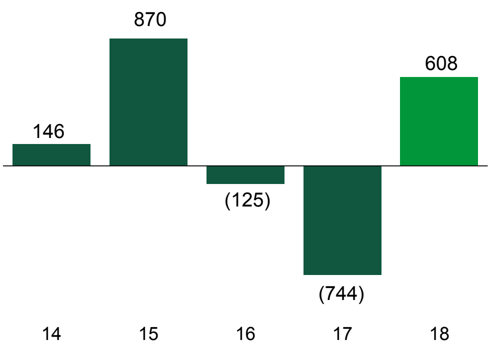
NEDBANK GROUP LIMITED – Annual Results 2018

27

NOTES:

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

Associate income from ETI[1] (Rm)



ETI guidance

ETI medium-to-long-term guidance[2]

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

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

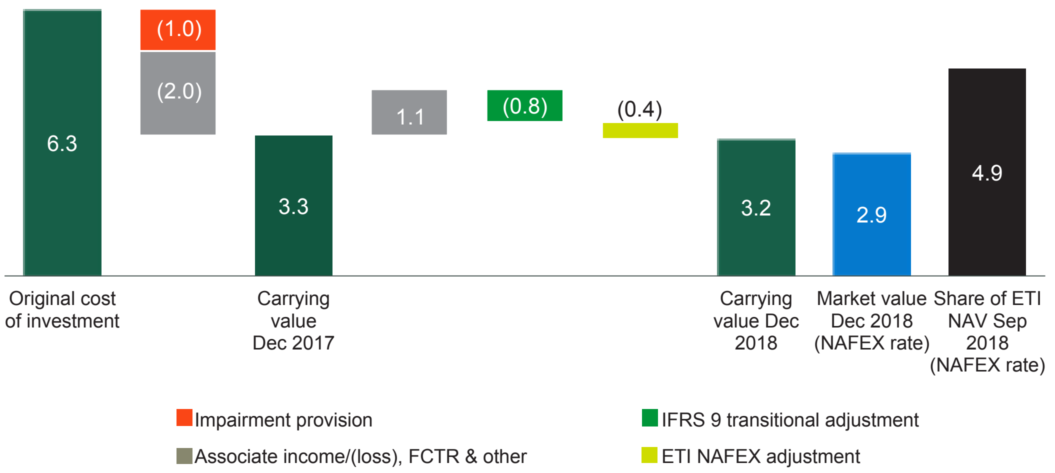
NEDBANK GROUP LIMITED – Annual Results 2018

28

NOTES:

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

Carrying value drivers vs market value (Rbn)

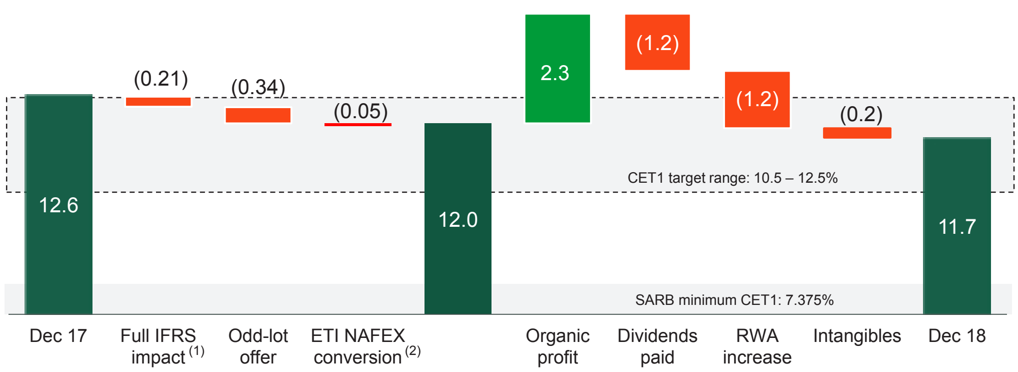


NEDBANK GROUP LIMITED – Annual Results 2018 29

NOTES:

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

CET1 capital ratio (%) – after full IFRS implementation

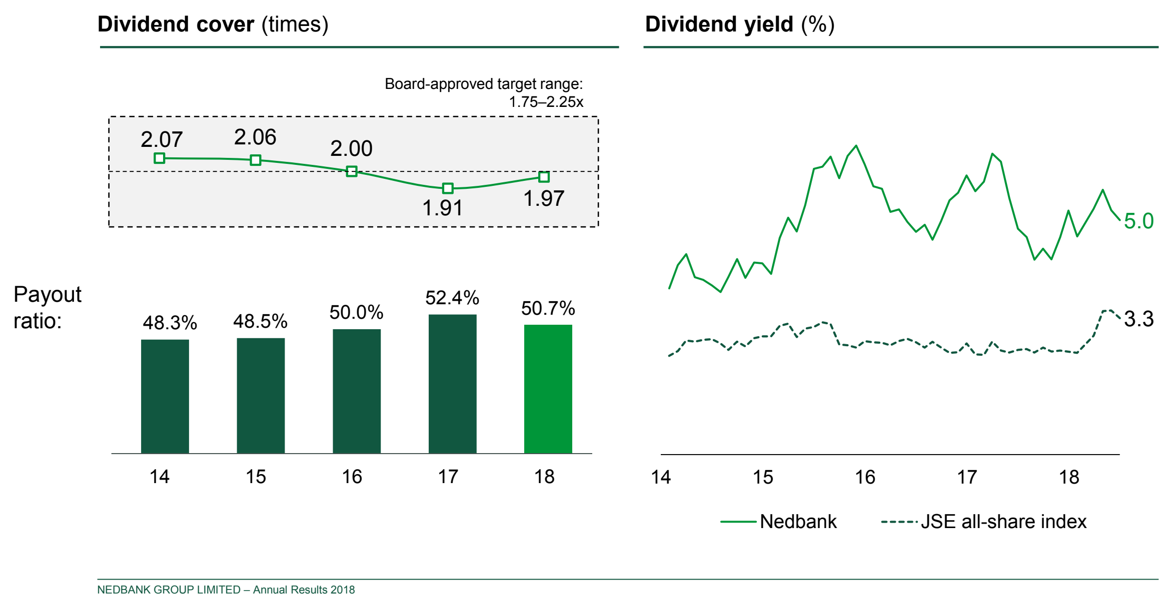


1 Nedbank & ETI IFRS day 1 impacts were not phased in over 3 years. If phased in, the CET1 for 2018 would have been 11.8%. | 2 The board of ETI, at its November 2018 board meeting, approved the adoption of the NAFEX rate as the currency rate to be used for the translation of operations in Nigeria. |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

NEDBANK GROUP LIMITED – Annual Results 2018 30

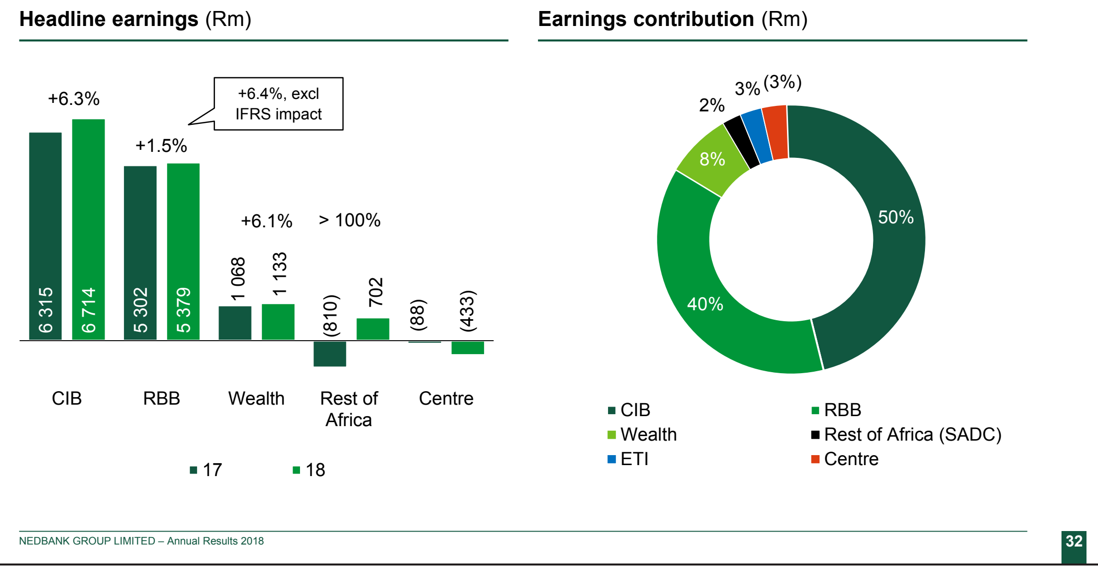
NOTES:

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



NOTES:

Strong performance from RoA, supported by growth from other clusters

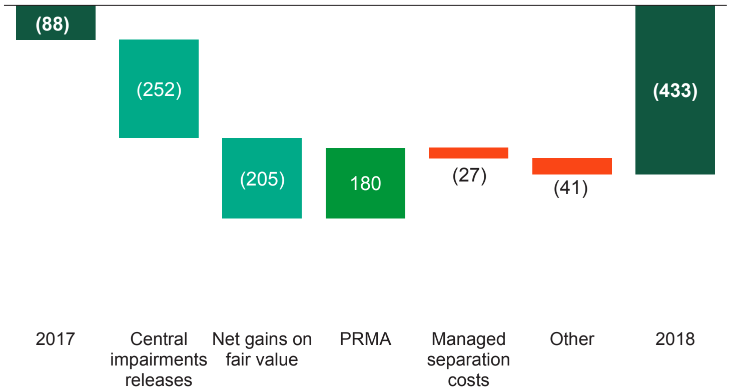


NOTES:

RESULTS PRESENTATION

Centre – key drivers

Headline earnings (Rm)



- Central overlay release in 2017 (R350m pretax)
- Fair-value hedge accounting changes (less volatility from 2018)
- PRMA in H1 2018 (R250m pretax)
- Managed separation costs
  - 2018: R77m (pretax)
  - 2017: R40m (pretax)

NEDBANK GROUP LIMITED – Annual Results 2018 33

NOTES:

NEDBANK CORPORATE AND INVESTMENT BANKING

Excellent revenue uplift in a low-growth environment

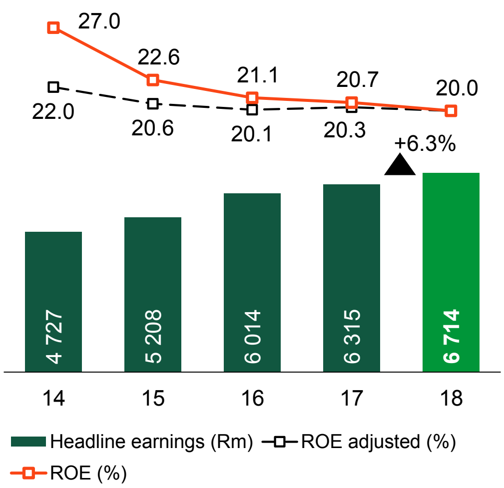
BRIAN KENNEDY

NEDBANK GROUP LIMITED – Annual Results 2018 34

NOTES:

Excellent revenue uplift in a low-growth environment

Headline earnings, ROE[1]



Key messages

- PPOP +10.3%: Client confidence showing signs of improvement in loan growth
- NIR +18.9%: Excellent trading revenue as well as commission & fee income
- CLR at 4 bps: Continued strong risk management, collections & high quality portfolio
- Efficiency ratio at 41.9%: Continued investment in people & technology
- ROE at 20.0%: Reflective of high-quality earnings

1 Adjusted ROE for the increase in allocated capital due to methodology changes.

NEDBANK GROUP LIMITED – Annual Results 2018 35

NOTES:

Corporate & Investment Banking – financial highlights

BOOKLET SLIDE

Year ended	% change	FY 2018	FY 2017
Headline earnings (Rm)	6.3	**6 714**	6 315
Operating income (Rm)	10.4	**15 664**	14 187
PPOP (Rm)	10.3	**9 014**	8 173
Net interest margin (%)		**2.12**	2.12
NIR-to-expense ratio (%)		**129.7**	118.5
Efficiency ratio (%)		**41.9**	42.3
Credit loss ratio (%)		**0.04**	0.06
Average banking advances (Rm)	(1.0)	**324 384**	327 695
Average deposits (Rm)	0.8	**339 676**	337 052
Headline economic profit (Rm)[1]	(3.1)	**1 976**	2 039
Average allocated capital (Rm)	10.2	**33 555**	30 437
ROE (%)		**20.0**	20.7

1 Cost of equity 2017: 14.0%. | 2018: 14.1%.

NEDBANK GROUP LIMITED – Annual Results 2018 36

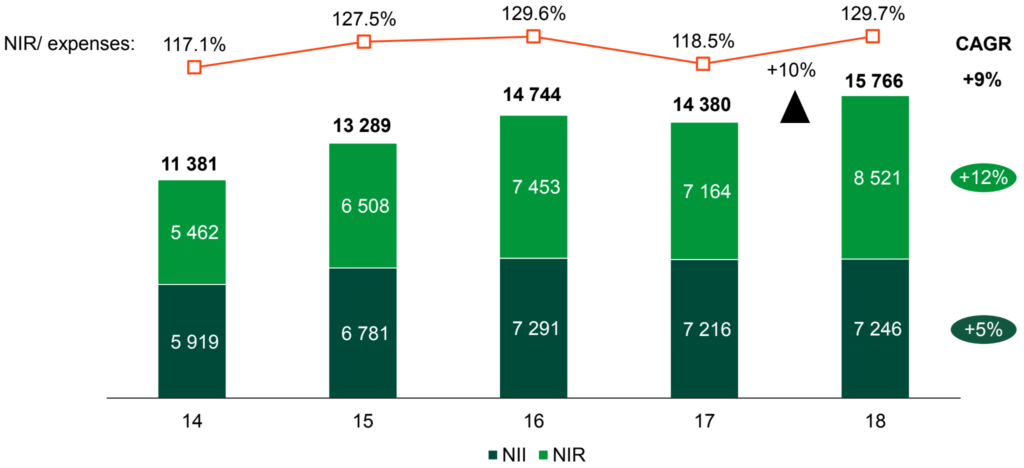
NOTES:

RESULTS PRESENTATION

Key investments has enabled CIB to deliver on our NIR strategy

BOOKLET SLIDE

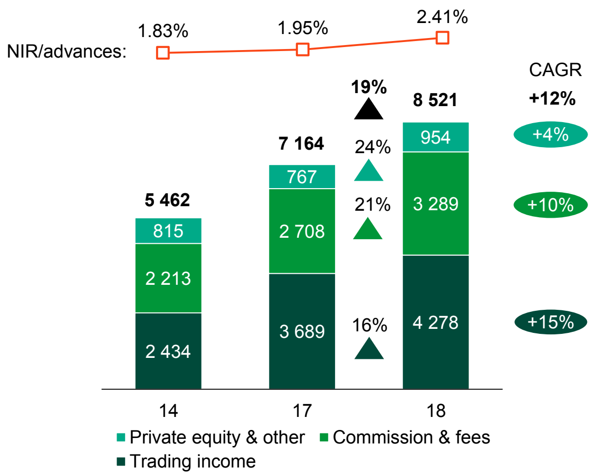
GOI by product (Rm)



NOTES:

Excellent NIR growth supported by strong trading & fee income

NIR/advances (%), **NIR** (Rm)



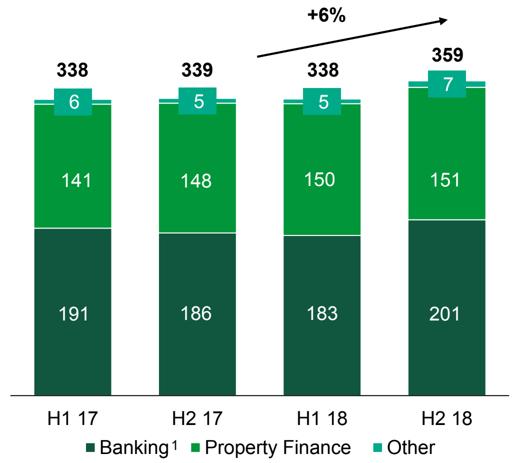
Key drivers

- Improvement in NIR/advances & NIR/expenses ratios
- Investment Banking NIR +40% higher fees in debt finance & distribution
- Strong trading revenue growth +16% despite volatile trading conditions
- Investment in talent has lead to market-leading trading teams across the asset classes
- Successful primary-client wins & retention of top-tier clients contributed to ongoing fee & commission growth
- DealMakers – #2 M&A Investment Adviser by deal flow; #1 BEE Investment Adviser by deal flow
- Various awards for dealing & research teams

NOTES:

Advances show an improvement in the second half of the year

Banking advances, including corporate bonds (Rbn)



Key messages

- **Market leader in CPF & renewable energy**
  - Property finance impacted by increased competition & early repayments
  - Robust pipeline expected to convert in 2019, including continued drawdowns of Round 4 renewable-energy deals
- **Good growth in banking in H2**
- **Bonds, Loans & Sukuk Africa Project Finance & Local Currency Deal of the Year** (Enel & Geita Gold Mining deals)

1 Banking defined as Investment Banking & Working Capital combined.

NEDBANK GROUP LIMITED – Annual Results 2018

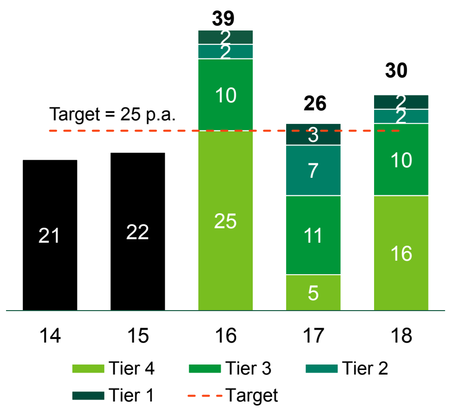
39

NOTES:

Increase in transactional revenue and 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

NEDBANK GROUP LIMITED – Annual Results 2018

40

NOTES:

Client solutions leading to significant wins

BOOKLET SLIDE

BRIMSTONE — 2018 Successfully concluded a R2,6bn preference share facility.	IMPERIAL — 2018 Appointed joint Mandated Lead Arranger, Commitment Party and Bookrunner to its South African R10,5bn syndicated debt package.	2018 Successfully concluded an innovative derivative funding product to provide Hystead Ltd, a European investment vehicle with a EUR 132m term debt facility.	enel — 2018 Energy Finance assisted Enel to reach financial close on the single largest transaction ever closed in the renewable space in SA.
vodacom — 2018 Successfully concluded a R2bn structured supply chain finance facility for Vodacom Group in collaboration with Greensill Capital (UK) Limited.	famous brands — 2018 Successfully concluded R2,4bn refinancing agreement for Famous Brands.	Nampak — 2018 CIB was mandated as joint Facility Coordinator, Mandated Lead Arranger and Bookrunner by Nampak Ltd to fund and arrange its R4bn and US$525m syndicated debt package.	aspen — 2018 Acted as MLA and Bookrunners in arranging multi-currency syndicated facilities equivalent to approximately EUR3,4bn for the Aspen Group.
2018 CIB secured a R1bn, 15-year term facility for the eThekwini Metropolitan Municipality.	IMPALA — 2018 Implemented a R2bn Refined Metals Prepayment Facility for Impala Platinum Ltd, the world's second largest platinum producer.	W — 2018 Successfully raised R1bn for Woolworths Holdings Ltd through a public bond auction in the domestic debt capital markets.	TRACKER — 2018 Nedbank Private Equity acquired a direct 17.7% equity stake in Tracker Technology Holdings (Pty) Ltd.

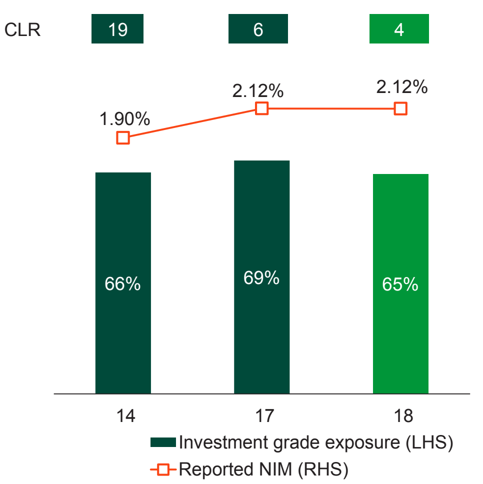
NEDBANK GROUP LIMITED – Annual Results 2018

41

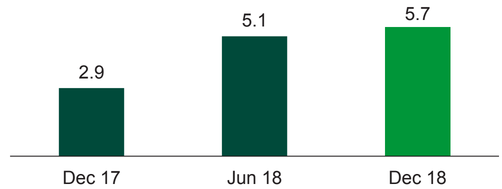
NOTES:

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

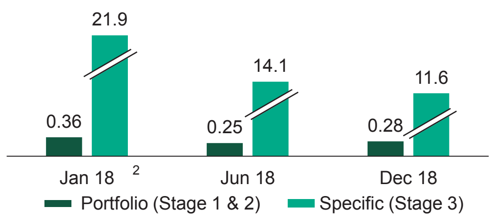
Quality of book[1] **CLR** (bps) & **NIM** (%)



Defaulted advances (Rbn)



Coverage ratios (%)



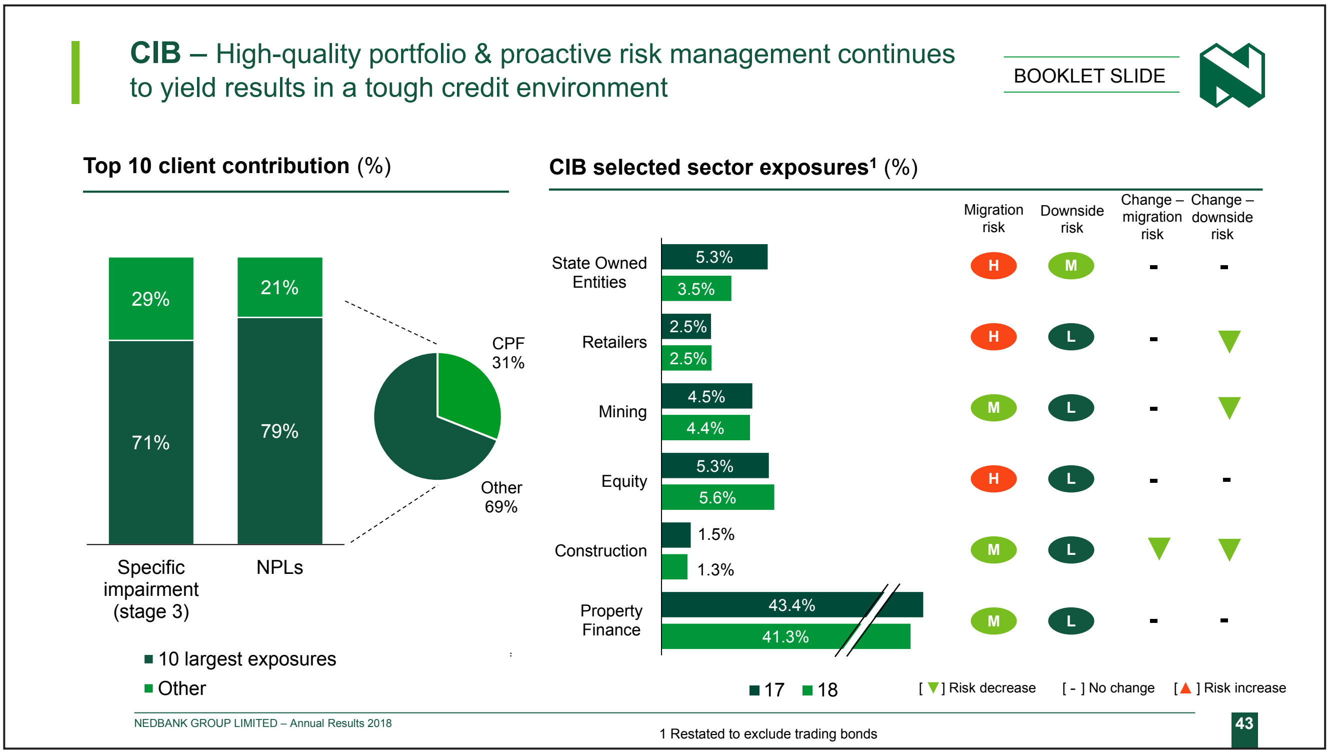
1 Restated to exclude trading bonds.

2 Jan 2018 shown to incorporate IFRS day 1 impact as Nedbank aligned to IFRS 9.

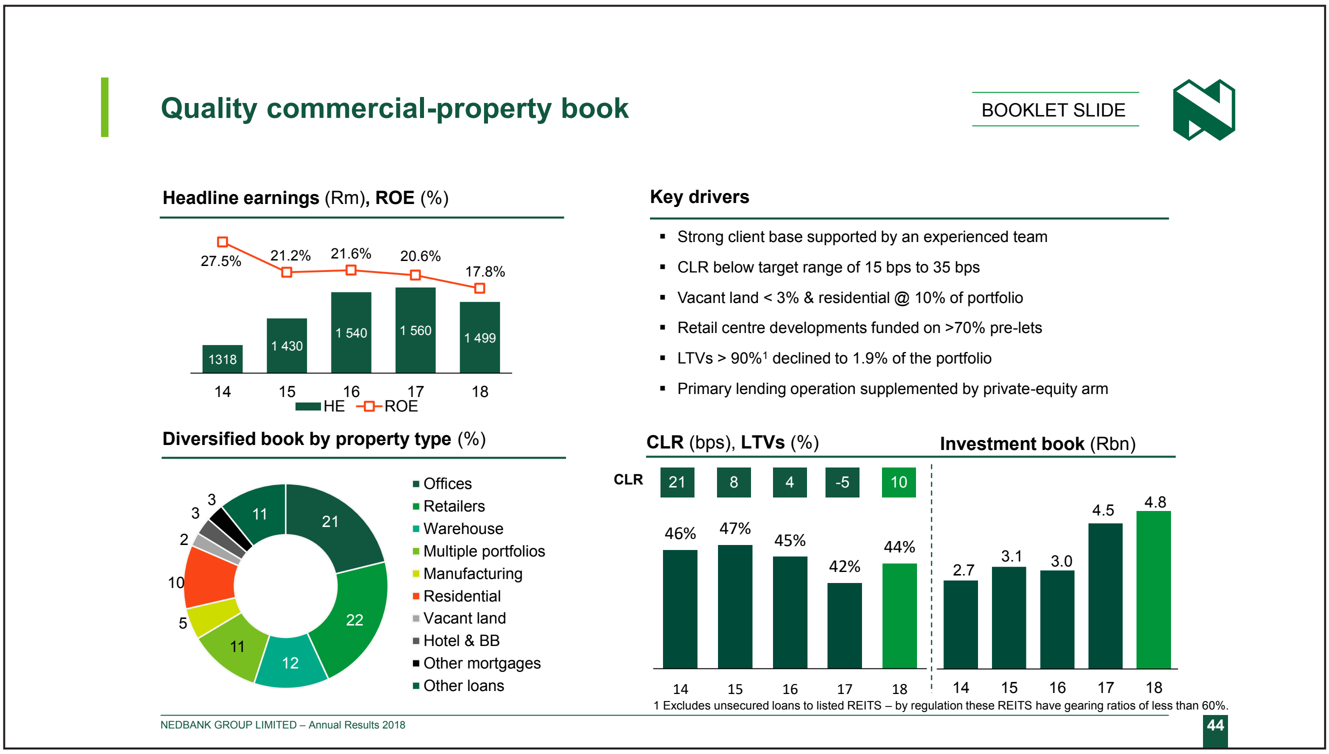
NEDBANK GROUP LIMITED – Annual Results 2018

42

NOTES:


CIB – High-quality portfolio & proactive risk management continues to yield results in a tough credit environment
BOOKLET SLIDE
Top 10 client contribution (%)
29%
71%
21%
79%
CPF 31%
Other 69%
Specific impairment (stage 3)
NPLs
10 largest exposures
Other
CIB selected sector exposures¹ (%)
Migration risk
Downside risk
Change – migration risk
Change – downside risk
State Owned Entities
5.3%
3.5%
Retailers
2.5%
2.5%
Mining
4.5%
4.4%
Equity
5.3%
5.6%
Construction
1.5%
1.3%
Property Finance
43.4%
41.3%
H
M
L
17
18
[▼] Risk decrease
[-] No change
[▲] Risk increase
NEDBANK GROUP LIMITED – Annual Results 2018
1 Restated to exclude trading bonds
43

NOTES:


Quality commercial-property book
BOOKLET SLIDE
Headline earnings (Rm), ROE (%)
27.5%
21.2%
21.6%
20.6%
17.8%
1318
1 430
1 540
1 560
1 499
14
15
16
17
18
HE
ROE
Key drivers
Strong client base supported by an experienced team
CLR below target range of 15 bps to 35 bps
Vacant land < 3% & residential @ 10% of portfolio
Retail centre developments funded on >70% pre-lets
LTVs > 90%¹ declined to 1.9% of the portfolio
Primary lending operation supplemented by private-equity arm
Diversified book by property type (%)
Offices
Retailers
Warehouse
Multiple portfolios
Manufacturing
Residential
Vacant land
Hotel & BB
Other mortgages
Other loans
21
22
12
11
5
10
2
3
3
11
CLR (bps), LTVs (%)
CLR
21
8
4
-5
10
46%
47%
45%
42%
44%
Investment book (Rbn)
2.7
3.1
3.0
4.5
4.8
1 Excludes unsecured loans to listed REITS – by regulation these REITS have gearing ratios of less than 60%.
NEDBANK GROUP LIMITED – Annual Results 2018
44

NOTES:

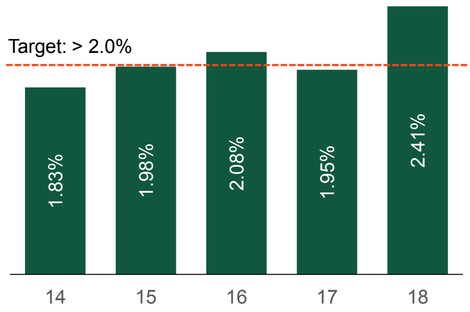
We have invested significantly in the CIB franchise over the past few years – leading to improved rankings & deeper levels of client penetration

BOOKLET SLIDE

Improved industry rankings/share

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

Nedbank CIB NIR to gross advances (%)



R4.7bn **CIB headline earnings** R6.7bn 9% CAGR

NEDBANK GROUP LIMITED – Annual Results 2018 45

NOTES:

Prospects for Corporate & Investment Banking

A powerful wholesale business focused on its clients

- Serve our clients better through strengthening relationships & client insights
- Well positioned to start the year with a stronger advances pipeline
- Property finance growth in SA is expected to be muted due to political & economic uncertainty
- Continued focus on our African expansion in key sectors, including property finance
- Driving NIR growth through transactional banking, trading, advisory & private equity
- **2020 targets:**
  - ROE ≥ 20% – maintain strong returns
  - Cost to income ≤ 40% – using technology to improve efficiencies

Awards

NEDBANK GROUP LIMITED – Annual Results 2018 46

NOTES:

NEDBANK RETAIL & BUSINESS BANKING

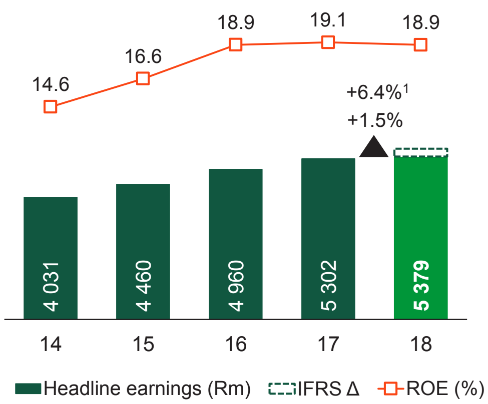
Underlying earnings growth in line with expectations in a difficult environment

CIKO THOMAS

NOTES:

Underlying earnings growth in line with expectations in a difficult environment

Headline earnings, ROE



Key messages

- HE growth normalised for IFRS changes: +6.4%
- PPOP +3.0% (adjusted for IFRS +6.9%)
  - NII +5.1%: Advances & deposits growth, offset by margin compression in the deposits business & lower endowment
  - NIR +2.3%: subjected to the impact from IFRS changes
  - Expenses +4.7%: reflects the initial impact of optimising processes & operations, including headcount reductions & the benefit of IFRS 15
  - CLR remained at 106 bps – reflecting a quality portfolio & IFRS

1 HE normalised by removing impact of IFRS changes.

NOTES:

Retail & Business Banking – financial highlights

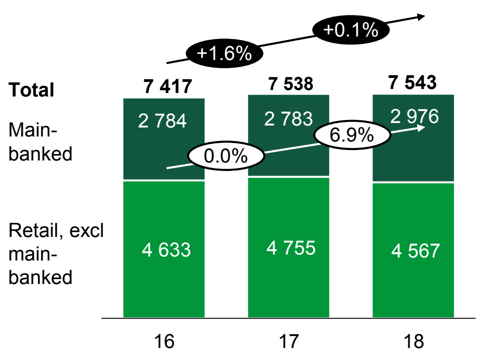
BOOKLET SLIDE

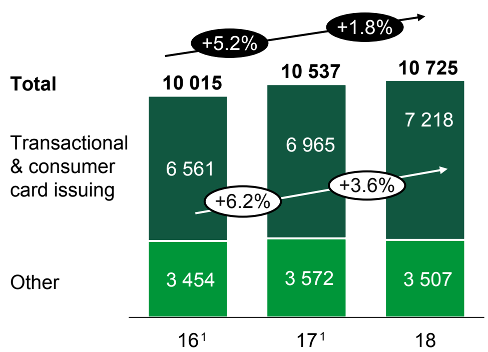
Year ended	% change	2018	2017
Headline earnings (Rm)	1.5	**5 379**	5 302
Operating income (Rm)	3.6	**27 850**	26 880
PPOP (Rm)	3.0	**10 926**	10 606
Net interest margin (%)		**5.69**	5.81
NIR-to-expense ratio (%)		**62.9**	64.3
Efficiency ratio (%)		**64.0**	63.6
Credit loss ratio (%)		**1.06**	1.06
Average banking advances (Rm)	5.8	**312 119**	294 930
Average deposits (Rm)	8.3	**305 151**	281 779
Headline economic profit (Rm)[1]	(2.7)	**1 357**	1 394
Average allocated capital (Rm)	2.4	**28 471**	27 812
ROE (%)		**18.9**	19.1

1 Cost of equity 2018: 14.1% | 2017: 14.0%.

NOTES:

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





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

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

NOTES:

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

Unlocked.Me student CVP launched to address growth

Main-banked, # 000

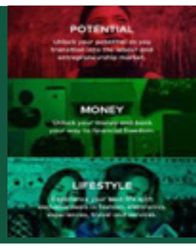
	16	17	18		
Kids & youth	410	382	372	(7%)	(3%)
Entry level	1 404	1 411	1 525	+1%	+8%
Middle	786	797	872	+1%	+9%
Professional	68	70	77	+3%	+10%
Small Business Services[2]	110	116	123	+5%	+6%
Business Banking[1]	20.9	21.1	21.5	+1%	+2%

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

NEDBANK GROUP LIMITED – Annual Results 2018 51

NOTES:

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

STOKVEL	MOBIMONEY	Unlocked.Me
		
Market-leading social savings solution for banked & unbanked market	Innovative solution for driving inclusive banking through low-cost channel	A digital banking platform to enable the youth by offering innovative banking solutions & lifestyle value, & unlocking their potential

Retail NPS – largest yoy increase among all SA banks +11% to 37%

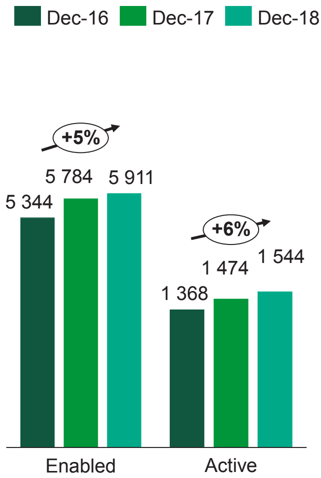
NEDBANK GROUP LIMITED – Annual Results 2018 52

NOTES:

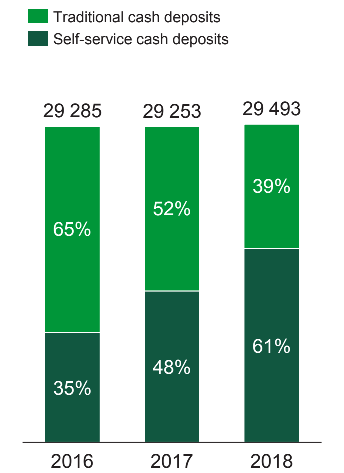
RESULTS PRESENTATION

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

Digital clients[1] (# 000)



Cash deposit volumes (# 000)



Yoy change in 2018

Devices		
Intelligent depositors	▲	7%
ATMs	▶	Flat
Video bankers	▲	8%
Self-service kiosks	▲	4%
Interactive tellers	▶	Flat
Volumes		
Digital VAS volumes	▲	16%
Digital 3rd-party payments[3]	▲	13%
App[2] transaction volumes	▲	82%
App[2] enrolments	▲	64%
ID deposits	▲	28%
Teller activity	▼	(16%)

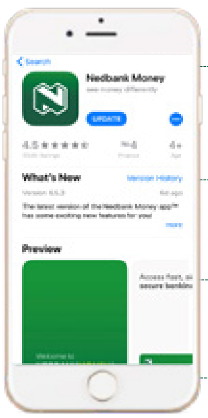
1 2016 digitally enabled & active clients have been restated to include a revised segment definition.
2 Includes all versions of the Nedbank Money app™. | 3 H2 2018 growth on H2 2017.

NEDBANK GROUP LIMITED – Annual Results 2018

53

NOTES:

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



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

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

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

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

Selected highlights

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

NEDBANK GROUP LIMITED – Annual Results 2018

54

NOTES:

Cost initiatives – contributor to ongoing efficiencies & savings

359 initiatives

RBB initiatives

Evolved distribution

- **Branch optimisation** – slowdown in new rollouts, closure of 18 points of presence
- **Headcount reduction** of 698 in 2018, largely through natural attrition

Operational excellence

- **Self-service initiatives** – total of 285 video banker stations, 316 internet stations, 411 self-service kiosks & 1 076 IDs through which over 300k statements and 1.5 million deposits are processed monthly.

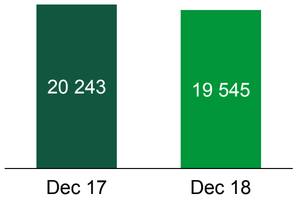
Credit

- **Machine learning** techniques implemented in credit-scoring models

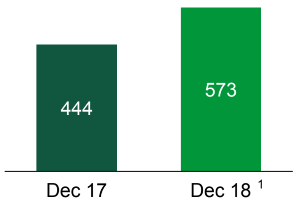
Organisation simplification

- Focus on **digital onboarding & servicing**
- Adoption of **robotic automation** (153 robots deployed)
- Further **rationalisation of physical infrastructure** as digital sales & servicing gain traction & adoption
- Empowering our people to unlock and execute on **nWoW** with new training academies

Total RBB employees (#)



Efficiencies (Rm)



1 Split as follows: TOM R371m, Other R202m

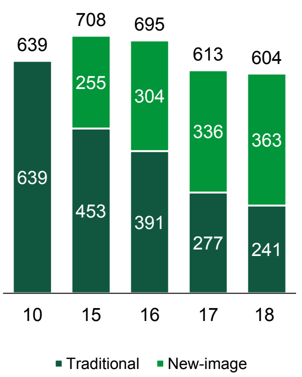
NEDBANK GROUP LIMITED – Annual Results 2018

55

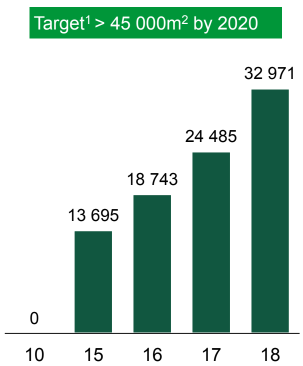
NOTES:

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

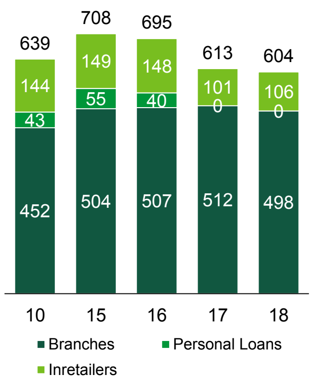
Total & new-image outlets (#)



Floor space saved (m²)



Outlets format mix (#)



1 Given good progress, target has been revised from > 30 000 m²

NEDBANK GROUP LIMITED – Annual Results 2018

56

NOTES:

RESULTS PRESENTATION

Pathway for RBB efficiency ratio to ≤ 58% by 2020

Efficiency ratio (%, 2017 to 2020)

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

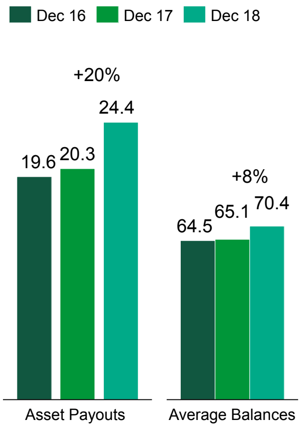
Key drivers

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

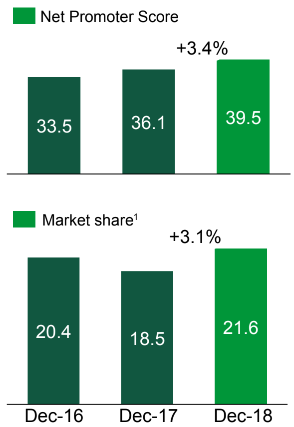
NOTES:

Good momentum in Business Banking

Asset growth (Rbn)



Clients



Yoy change in 2018

Financial metrics

Headline earnings	▲	4.7%
ROE[2]	▼	22.2%
Interest margin	▼	2.99%

Volumes

Ave deposit balance	▲	5.2%
NIR growth	▲	5.1%
NIR-to expense ratio	▲	48.8%
Cost-saving initiatives	▲	R102m
CLR	▲	15bps

1 Source: KPI Research Business Electronic Banking and Tracking Study 2018.
2 ROE was negatively impacted by higher ECAP levels owing to the introduction of new credit-rating models in Q4 2018. On a like-for-like basis (using the 2018 cap ratio) ROE would have been 22.9% for FY 2017.

NOTES:

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
  - **Disruptive CVPs** – commercialisation of disruptive CVPs launched in 2018, continued solutioning for financial inclusivity, with key focus on tapping into ecosystem-based platform propositions
  - **Sales & Service excellence** – continue reformatting of branches for digital migration & to empower staff with digital tools to serve clients
  - **Loyalty & rewards** – new differentiated loyalty & rewards programme in H2 2019
  - **Data Analytics & Business Intelligence** – leverage enhanced data analytics capabilities (AI, machine learning, etc) to gain a deeper understanding of our clients to create value
- **2020 targets:**
  - ROE ≥ 20% − underpinned by lower cost-to-income ratio & relative CLR outperformance TTC
  - Cost to income ≤ 58% − remains our target, but has become more difficult to achieve

NEDBANK GROUP LIMITED – Annual Results 2018 59

NOTES:

NEDBANK WEALTH

A solid performance in challenging times

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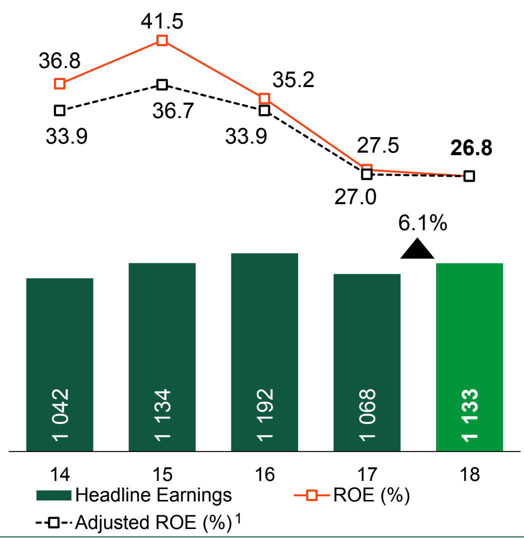
NEDBANK GROUP LIMITED – Annual Results 2018 60

NOTES:

A solid performance in challenging times

Headline earnings, ROE

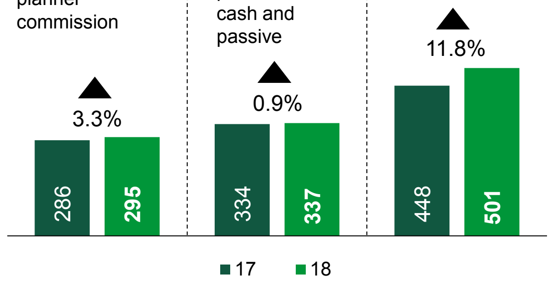


Headline earnings per division (Rm)

Wealth Management
- Strong performance internationally
- Subdued local market conditions
- Decline in brokerage & planner commission

Asset Management
- Overall industry performance affected by weaker macro environment
- Strong performance in cash and passive

Insurance
- Increase in GWP
- Overall good claims experience
- Increase in life value of new business
- Higher lapses



1 Adjusted ROE for the increase in allocated capital due to methodology changes.

NEDBANK GROUP LIMITED – Annual Results 2018

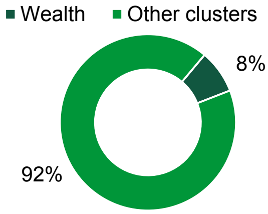
61

NOTES:

Wealth – financial highlights

BOOKLET SLIDE

Year ended	% change	2018	2017
Headline earnings (Rm)	6.1	1 133	1 068
Operating income (Rm)	4.4	4 558	4 367
PPOP (Rm)	5.8	1 477	1 396
Net interest margin (%)		2.31	2.15
NIR-to-expense ratio (%)		115.7	117.7
Efficiency ratio (%)		65.5	65.6
CLR (%)		0.13	0.09
Assets under management (Rm)	(4.8)	297 338	312 313
Life embedded value (Rm)	1.5	2 786	2 745
Life value of new business (Rm)	8.9	380	349
Headline economic profit (Rm)[1]	2.7	536	522
Average allocated capital (Rm)	8.8	4 225	3 885
ROE (%)		26.8	27.5



Headline earnings

- Net outflows (R10.7bn)
- Life APE +12.2%
- Non-life GWP +2.7%

1 Cost of equity 2017: 14.0% | 2018: 14.1%.

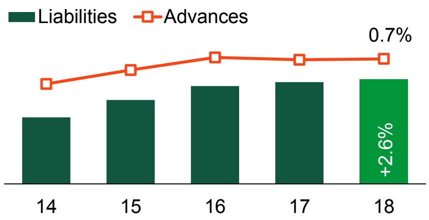
NEDBANK GROUP LIMITED – Annual Results 2018

62

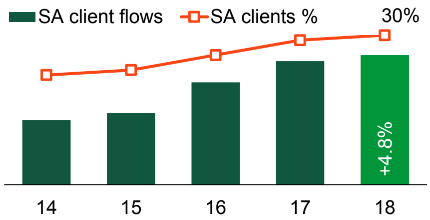
NOTES:

Wealth Management – international business delivers great results, offset by weaker local performance

Liabilities & advances

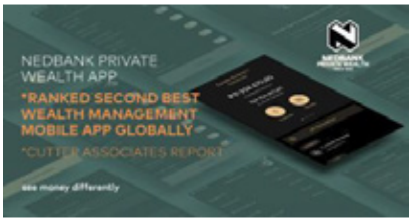


Wealth Management International



Key drivers

- Positive interest rate environment internationally
- Growth in loans despite lower UK property market activity due to Brexit
- Local business negatively impacted by subdued market conditions & local equity market performance



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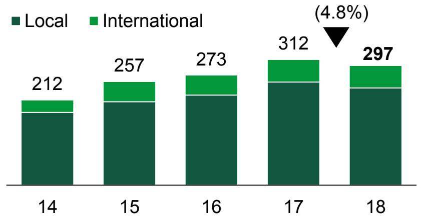
63

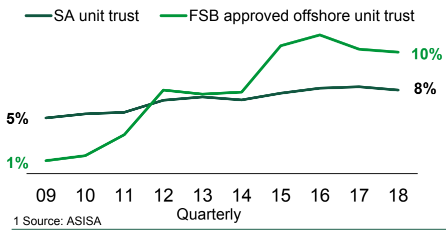
NOTES:

Asset Management – a steady performance

Assets under management (Rbn)



Market share[1] (%)



1 Source: ASISA

Key drivers

- Lower AUM driven by net outflows & unfavourable market conditions
- Low-cost passive & cash business continued to grow market share & positioning
- Exceptional & consistent offshore performance
- Accelerated delivery of innovative digital solutions

NEDBANK GROUP LIMITED – Annual Results 2018

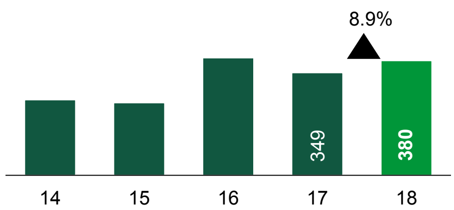
64

NOTES:

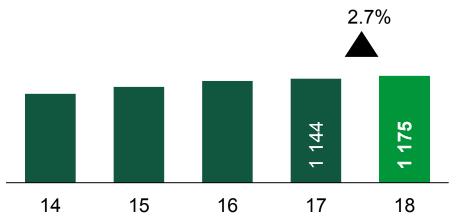
RESULTS PRESENTATION

Insurance – a strong performance

Life value of new business (Rm)



Non-life gross written premiums (Rm)



Key drivers

- Higher premiums & lower claims across life & non-life portfolios
- VNB driven by increased credit life sales & average premiums, partially offset by reduction in single-premium investment sales
- Non-life GWP growth driven by an increase in vehicle value-added product sales

NOTES:

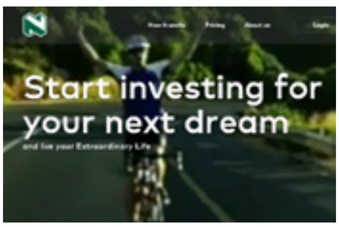
Client-centred innovation

Wealth Management

Seamless client interactions

- Enhanced the NPW app with new features & functionalities
- NPW app moved up 5 positions to 2nd place in the 2018 Cutter Associates International Research survey
- Significant reduction in client onboarding paperwork

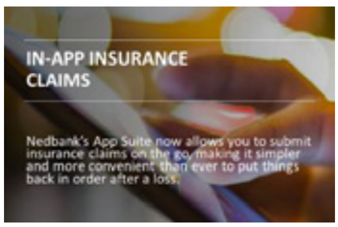
Asset Management



Frictionless digital innovation

- Robo-advisor & chatbot, named The Banker's Tech project of the year in the category Robotics and Artificial Intelligence & finalist at Gartner Innovation Awards
- Automated 50% of client transactions
- Integrated solutions across Nedbank digital platforms

Insurance



Effortless administration

- Continued development of the single policy administration system for life & non-life products
- Added functionality to log claims through the Nedbank App suite
- Improved client detail verification process resulting in quicker funeral claim payouts

NOTES:

Prospects for Nedbank Wealth

Creating value in a challenging environment

- Grow market share in a profitable and sustainable manner
- Further investment in systems, digital & data capabilities
- Deliver innovative market-leading client experiences
- Continue to focus on improving client penetration
- Strengthen collaboration across all clusters

2020 targets:

- ROE ≥ 30% − benefiting from high EP businesses
- Cost to income ≤ 60% − more challenging to achieve

NEDBANK GROUP LIMITED – Annual Results 2018 67

NOTES:

REST OF AFRICA

SADC – good progress towards an economically profitable & client-focused business

ETI – ongoing turnaround & potential for value creation remains intact

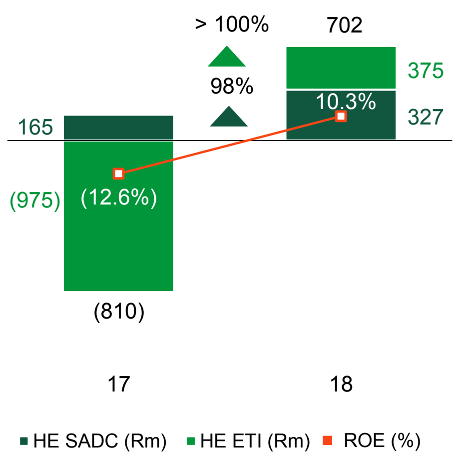
MFUNDO NKUHLU

NEDBANK GROUP LIMITED – Annual Results 2018

NOTES:

Rest of Africa – improved SADC profitability and ETI turnaround

Headline earnings (Rm), **ROE** (%)



Key drivers

SADC

- HE +98% reflecting:
  - Good revenue growth with costs growing below inflation
  - Improved delivery of digital solutions leading to more optimal client experiences
  - Strong impairment recoveries in Zimbabwe, Malawi & Lesotho more than offset higher impairments in Mozambique

ETI

- HE materially up from previous year > 100% reflecting:
  - Strong growth in client deposits
  - Lower impairments & selective origination of new assets
  - Transactional revenue growth

NOTES:

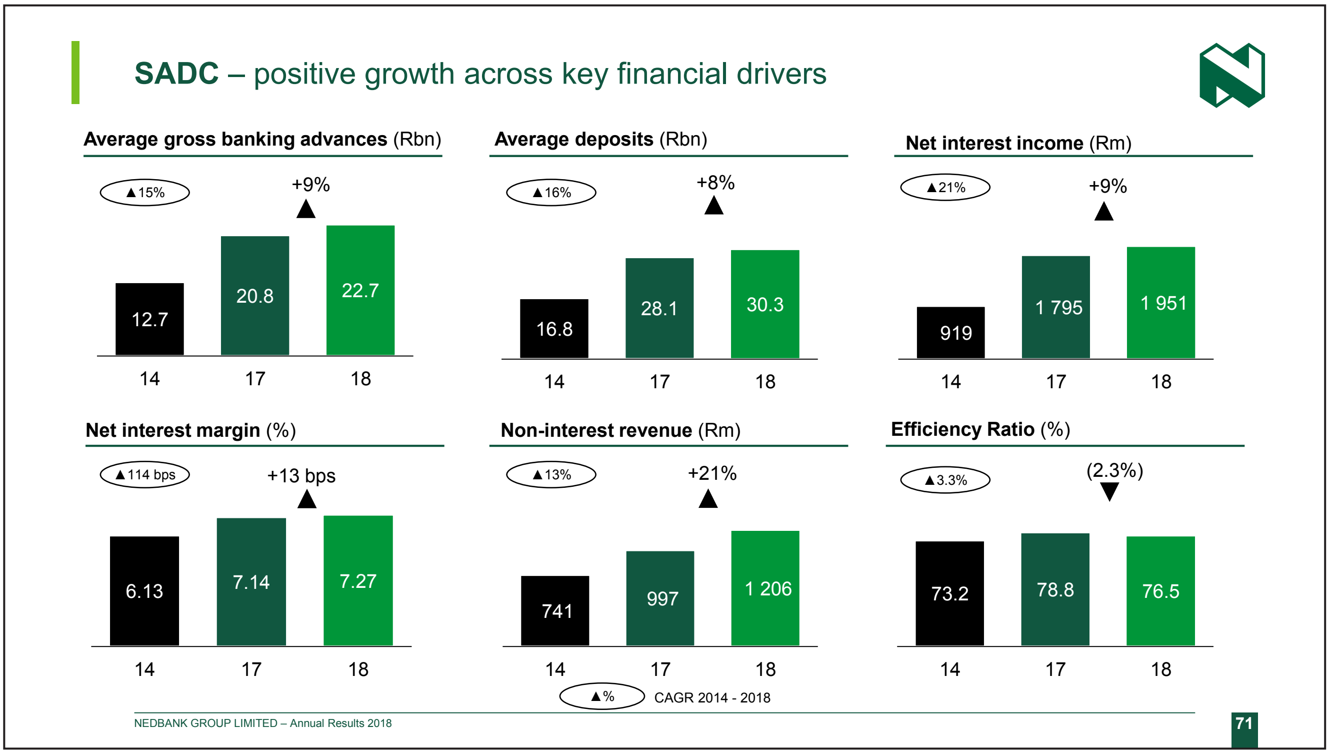
Rest of Africa – financial highlights

BOOKLET SLIDE

Year ended	% change	2018	2017
SADC			
Headline earnings (Rm)	98.2	**327**	165
Operating income (Rm)	18.0	**3 043**	2 579
PPOP (Rm)	23.4	**554**	449
Net interest margin (%)		**7.27**	7.14
NIR-to-expense ratio (%)		**49.9**	45.3
Efficiency ratio (%)		**76.5**	78.8
Credit loss ratio (%)		**0.51**	1.02
Average gross banking advances (Rm)	8.8	**22 670**	20 839
Average deposits (Rm)	7.8	**30 263**	28 061
Headline economic profit (Rm)	7.3	**(495)**	(534)
Average allocated capital (Rm)	16.7	**5 815**	4 981
ROE (%)[1]		**5.6**	3.3
ETI investment			
Headline earnings (Rm)	> 100	**375**	(975)
Total headline earnings	186.8	**702**	(810)

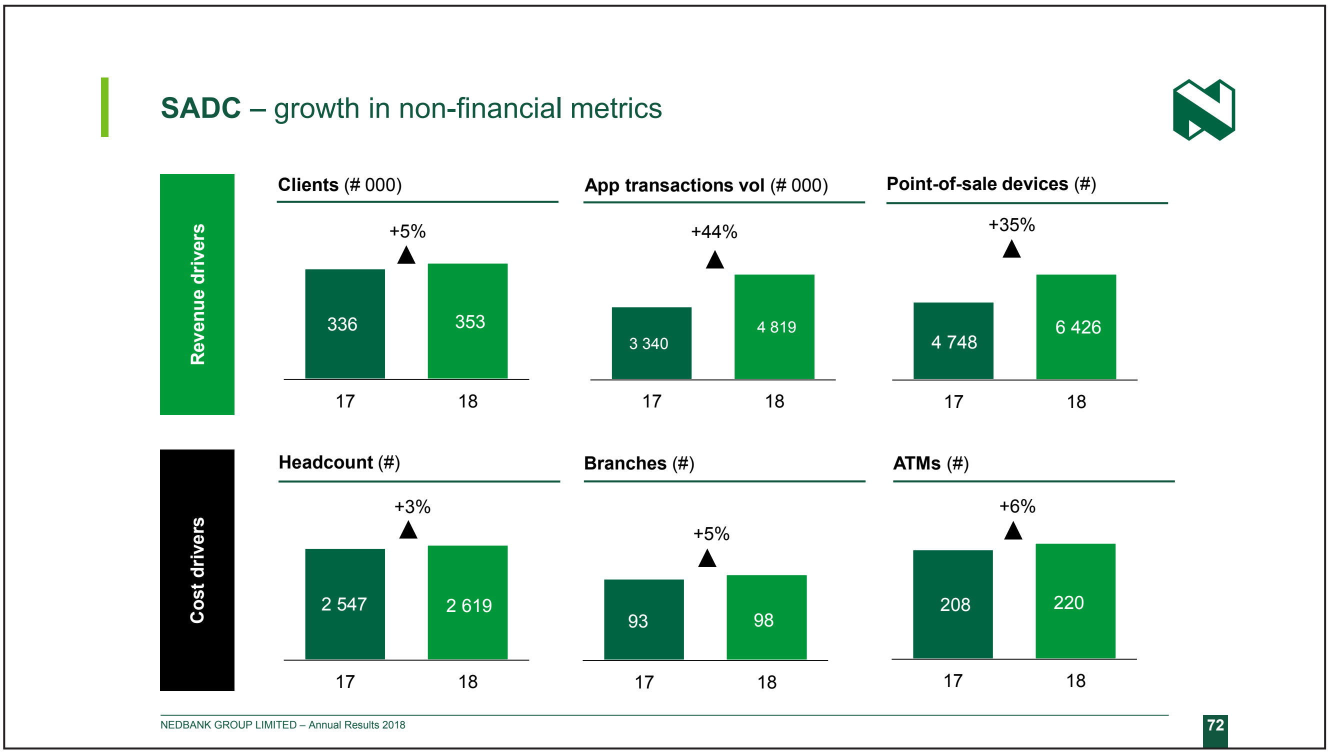
1 2018 ROE on subsidiary in-country statutory capital: 8.9%.

NOTES:



SADC – positive growth across key financial drivers
Average gross banking advances (Rbn)
▲15%
+9%
12.7
20.8
22.7
14
17
18
Average deposits (Rbn)
▲16%
+8%
16.8
28.1
30.3
14
17
18
Net interest income (Rm)
▲21%
+9%
919
1 795
1 951
14
17
18
Net interest margin (%)
▲114 bps
+13 bps
6.13
7.14
7.27
14
17
18
Non-interest revenue (Rm)
▲13%
+21%
741
997
1 206
14
17
18
Efficiency Ratio (%)
▲3.3%
(2.3%)
73.2
78.8
76.5
14
17
18
▲% CAGR 2014 - 2018
NEDBANK GROUP LIMITED – Annual Results 2018
71

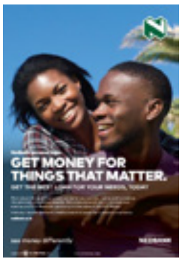
NOTES:



SADC – growth in non-financial metrics
Revenue drivers
Clients (# 000)
+5%
336
353
17
18
App transactions vol (# 000)
+44%
3 340
4 819
17
18
Point-of-sale devices (#)
+35%
4 748
6 426
17
18
Cost drivers
Headcount (#)
+3%
2 547
2 619
17
18
Branches (#)
+5%
93
98
17
18
ATMs (#)
+6%
208
220
17
18
NEDBANK GROUP LIMITED – Annual Results 2018
72

NOTES:

SADC – delivering innovative market-leading client experiences

Client value	Payments solutions	Client experience	Digital solutions
Improved value propositions	Improved service offerings	Improved value propositions	Improved value propositions
			
Launched Bundled Account offering – a first in Zimbabwe	1 176 POS devices rolled out in 2018	Reduced turnaround times for personal loans by two-thirds	Nedbank App suite^{TM} capability enhancements
Zimbabwe	Zimbabwe	Lesotho	Lesotho, Namibia, Malawi, eSwatini

NEDBANK GROUP LIMITED – Annual Results 2018

73

NOTES:

SADC – growing the wholesale client portfolio

BOOKLET SLIDE

Development Bank of Namibia 2018 Funding programme term loan **N$200m**	**MTN Swaziland** 2018 Infrastructure development term loan **E30m**	**Consolidated Tobacco Processors Zimbabwe** 2018 Tobacco trade finance facility **$17m**	**Matekane Mining Lesotho** 2018 Mining fleet Asset-based finance **M104m**
Ongos Namibia 2018 Lead arranger residential finance facility **N$1.1bn**	**Swazi Sugar Association** 2018 Sugar stock funding loan **E583m**	**Nedbank Zimbabwe Service Offering** 2018 1176 POS devices rolled out in 2018 **R4bn annual turnover**	**Boabab Khulisani Lesotho** 2018 Acquisition finance for 7 KFC stores **M30m**
Cheetah Cement Namibia 2018 New cement production plant general banking facility **N$50m**	**Illovo Malawi Ltd** 2018 Foreign-loan refinancing through working capital facility **MWK750m**	**Speedy's Malawi** 2018 Seasonal soft commodity loan **MWK700m**	**Petroleum Importers Ltd** 2018 Letter of credit facility **US$2m**

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74

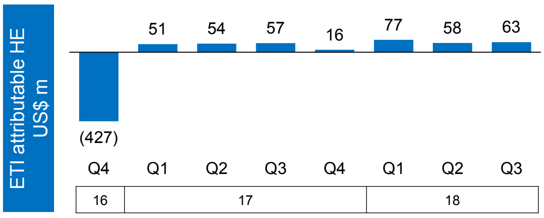
NOTES:

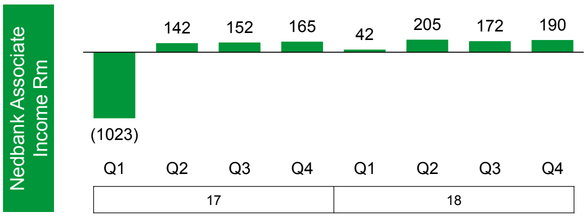
ETI – seven quarters of profitability as recovery continues

ETI's financial performance reflects the progress of the turnaround

ETI's performance drivers include:

- **Strong growth in client deposits:** +10% to $15.5bn by end of Q3 2018
- **Low impairments & selective origination of new assets:** CLR down from 320 bps to 280 bps
- **Transactional revenue growth driven by cash management & digital acquisition of clients:** 7.1 m clients onboarded on the Ecobank mobile app





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

ETI moved to NAFEX reporting from 1 December 2018 & injected US$64m to meet regulatory requirements.

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75

NOTES:

Ecobank – Nedbank collaboration gaining traction

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

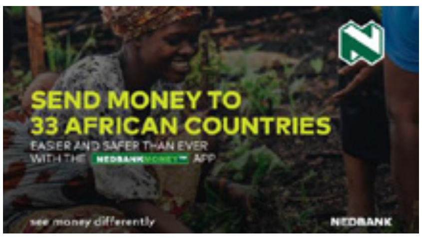
2 Dealflow: Treasury & trading activities resulted in increased turnover. 2 joint lending deals with ETI

- **Geita Gold Mine:** US$115m debt facility
- **Afrisian Ginning Limited:** US$10m agriculture commodity finance

(Included main transactional bank account & working capital facilities)

3 Integrated crossborder transfer solution

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



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76

NOTES:

Prospects for Rest of Africa

SADC – own, manage & control banks

Grow HE & achieve ROE > COE by driving scale in the business through:

- Focusing on client experience & optimal client solutions to increase share of wallet
- Delivery of the digital & data analytics initiatives for effective client value management
- Strengthening governance & risk control environment
- Supporting the Zimbabwe business as the economy adjusts to the introduction of the new currency

ETI – strategic investment

- Delivery of board-driven strategic agenda & support management on key focus areas
- Leveraging the investment through collaboration to identify business growth opportunities

2020 targets – commitment to targets remain

- ROE ≥ cost of equity[1]
- Cost to income ≤ 60% − creating scale from investments & cost optimisation

Awards

Banco Único

1 Rest of Africa COE approximately 16%.

NOTES:

STRATEGY & 2019 GUIDANCE

Slow economic upturn expected off a low base

MIKE BROWN

NOTES:

Our environment – slow economic upturn expected off a low base

Macroeconomic drivers[1] (%)

	2018	2019	2020	2021
GDP SA	0.7%	1.3%	1.8%	2.0%
GDP SA (March 18)	0.9%	1.6%	1.8%	
GDP SSA (excl SA)	3.4%	4.0%	4.0%	4.4%
Inflation (CPI)	4.7%	4.6%	5.2%	5.3%
Industry credit growth	5.2%	5.9%	7.2%	8.2%
Average prime interest rate	10.1%	10.3%	10.7%	10.7%

Prospects

- **Balance sheet**
  - Slightly stronger wholesale & retail advances growth
    - » Many corporate clients awaiting clarity on land expropriation, Eskom & outcome of the general elections (8 May 2019)
  - Liquidity profile & capital levels to remain strong
- **Income statement**
  - Revenue growth momentum to continue
  - Impairments to increase cyclically
  - Expenses management a key focus
- **Assets under management**
  - Weaker flows in high-margin equity products
  - Stronger flows in low-margin cash & passive

1 All Nedbank Economic Unit forecasts at 22 February 2019. | GDP SSA as per IMF.

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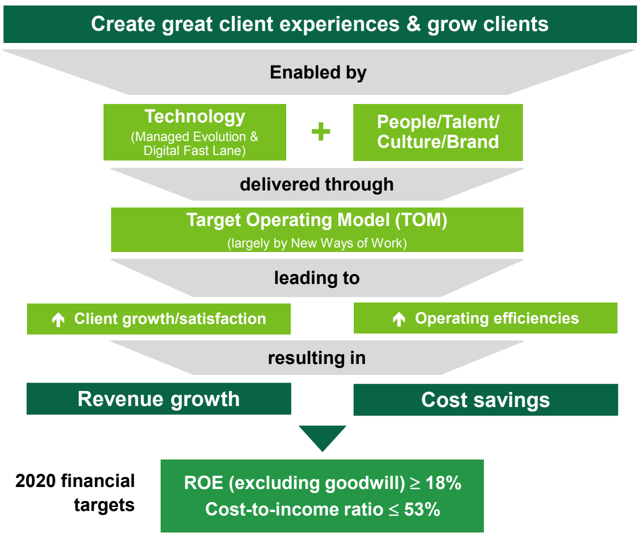
79

NOTES:

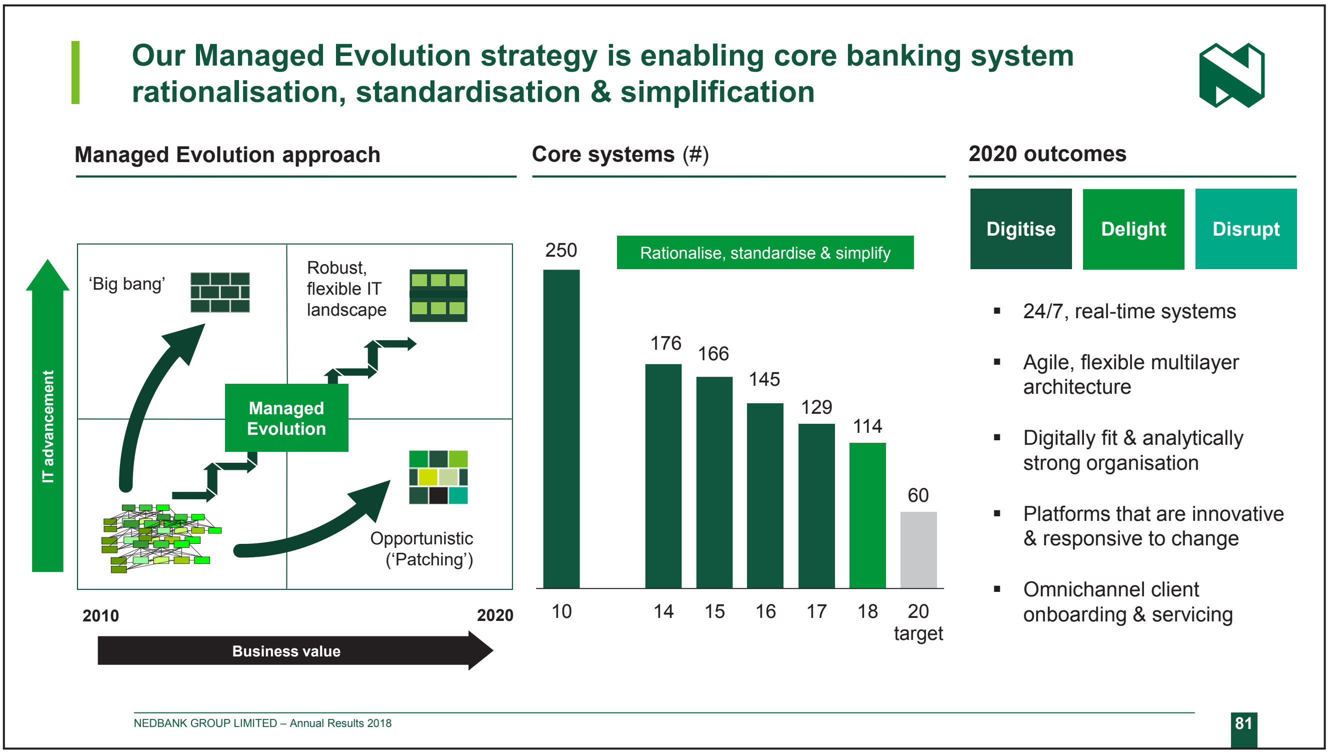
Nedbank strategic enablers – creating great client experiences & growing clients



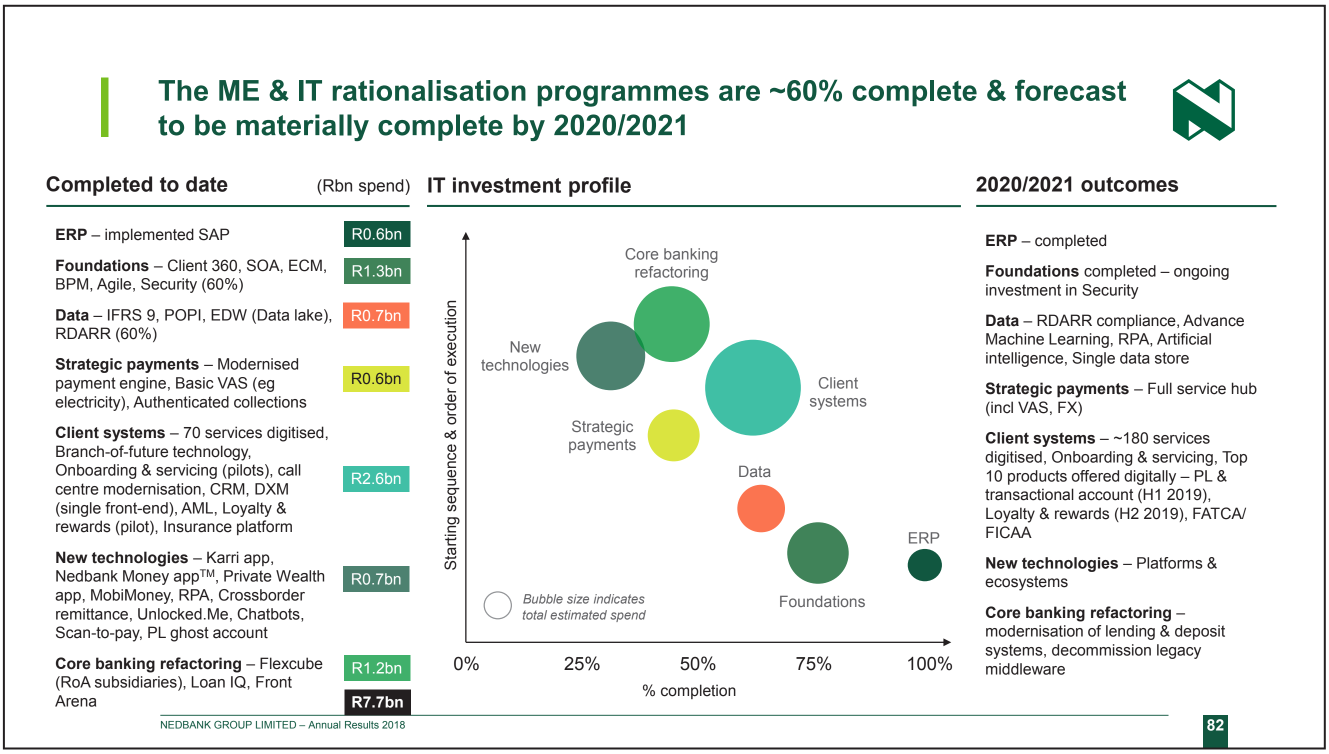
NEDBANK GROUP LIMITED – Annual Results 2018

80

NOTES:


Our Managed Evolution strategy is enabling core banking system rationalisation, standardisation & simplification
Managed Evolution approach
'Big bang'
Robust, flexible IT landscape
Managed Evolution
Opportunistic ('Patching')
IT advancement
2010
2020
Business value
Core systems (#)
Rationalise, standardise & simplify
250
176
166
145
129
114
60
10
14
15
16
17
18
20 target
2020 outcomes
Digitise
Delight
Disrupt
24/7, real-time systems
Agile, flexible multilayer architecture
Digitally fit & analytically strong organisation
Platforms that are innovative & responsive to change
Omnichannel client onboarding & servicing
NEDBANK GROUP LIMITED – Annual Results 2018
81

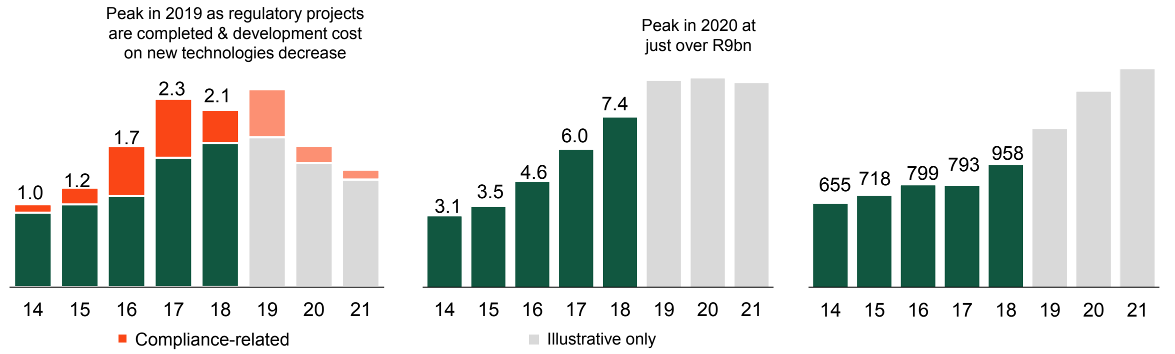
NOTES:


The ME & IT rationalisation programmes are ~60% complete & forecast to be materially complete by 2020/2021
Completed to date
(Rbn spend)
ERP – implemented SAP
R0.6bn
Foundations – Client 360, SOA, ECM, BPM, Agile, Security (60%)
R1.3bn
Data – IFRS 9, POPI, EDW (Data lake), RDARR (60%)
R0.7bn
Strategic payments – Modernised payment engine, Basic VAS (eg electricity), Authenticated collections
R0.6bn
Client systems – 70 services digitised, Branch-of-future technology, Onboarding & servicing (pilots), call centre modernisation, CRM, DXM (single front-end), AML, Loyalty & rewards (pilot), Insurance platform
R2.6bn
New technologies – Karri app, Nedbank Money appTM, Private Wealth app, MobiMoney, RPA, Crossborder remittance, Unlocked.Me, Chatbots, Scan-to-pay, PL ghost account
R0.7bn
Core banking refactoring – Flexcube (RoA subsidiaries), Loan IQ, Front Arena
R1.2bn
R7.7bn
IT investment profile
Starting sequence & order of execution
Core banking refactoring
New technologies
Client systems
Strategic payments
Data
ERP
Foundations
Bubble size indicates total estimated spend
0%
25%
50%
75%
100%
% completion
2020/2021 outcomes
ERP – completed
Foundations completed – ongoing investment in Security
Data – RDARR compliance, Advance Machine Learning, RPA, Artificial intelligence, Single data store
Strategic payments – Full service hub (incl VAS, FX)
Client systems – ~180 services digitised, Onboarding & servicing, Top 10 products offered digitally – PL & transactional account (H1 2019), Loyalty & rewards (H2 2019), FATCA/FICAA
New technologies – Platforms & ecosystems
Core banking refactoring – modernisation of lending & deposit systems, decommission legacy middleware
NEDBANK GROUP LIMITED – Annual Results 2018
82

NOTES:

IT spend expected to peak in 2019 while enabling ongoing efficiencies

IT software development spend (Rbn) | **Capitalised IT costs** (Rbn) | **Amortisation charge** (Rm)



Branch optimisation (new format, floor space, etc) 84% of all branches by 2020	**Back- & middle office optimisation** Ongoing headcount reduction	**Core system reduction** (RSS) '60' by 2020	**TOM savings** 2018 run rate: R680m, R1.0bn by 2019 & R1.2bn by 2020

NOTES:

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

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

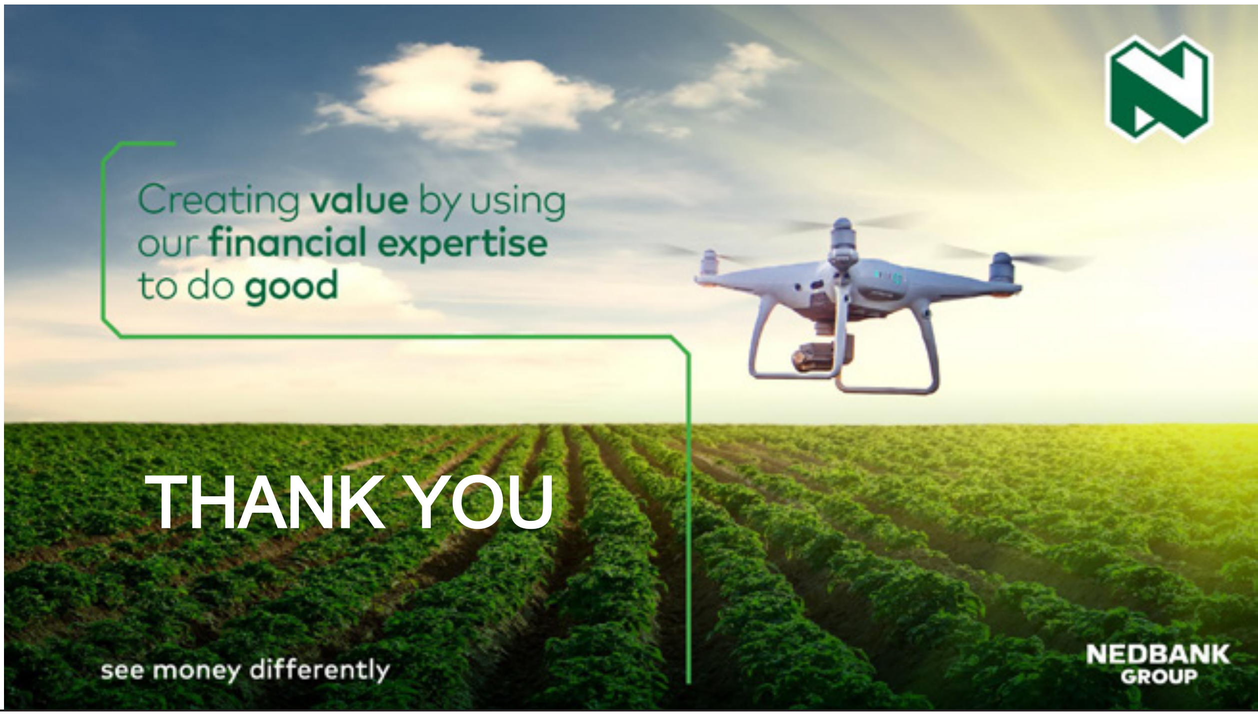
NOTES:

2019 financial guidance

NII	▪ Average interest-earning banking asset growth of upper single digits. ▪ NIM below the 2018 level of 3.65%.
CLR	▪ Increase to within the bottom of our target range of 60–100 bps.
NIR	▪ Mid-to-upper single-digit growth.
Expenses	▪ Slightly above mid-single-digit growth.

Growth in DHEPS for full-year 2019 ≥ nominal GDP growth

NOTES:



NOTES:

2020 & medium-to-long-term targets

BOOKLET SLIDE

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

1 2019 outlook compared to FY 2018 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 LIMITED – Annual Results 2018

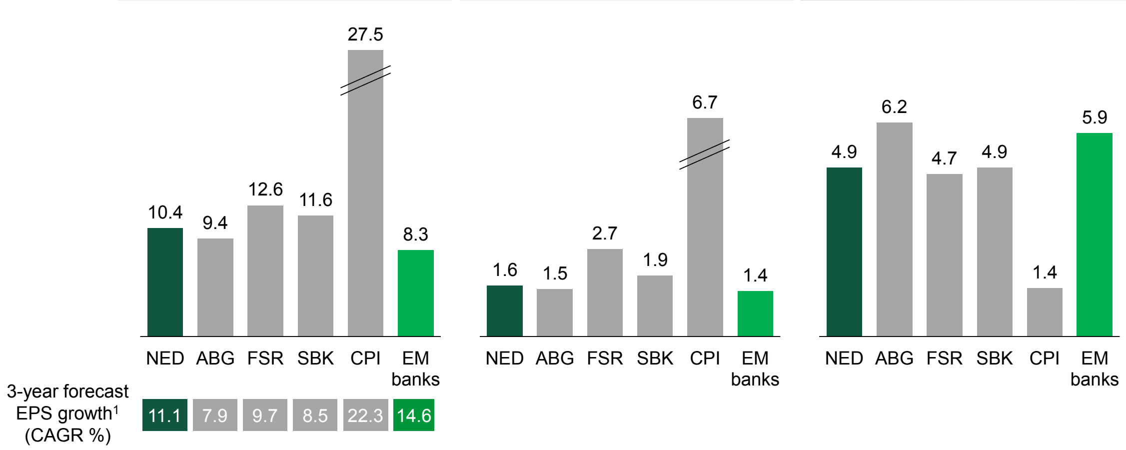
87

NOTES:

Nedbank Group – attractive relative valuation

BOOKLET SLIDE

Price:earnings[1,2] (x) **Price:book**[1,2] (x) **Dividend yield**[1,2] (%)



1 I-Net consensus at 25 February 2019. | 2 EM banks include Latam banks, Poland, Russia & Turkey (Data from JP Morgan).. | All data based on 1-year forward forecasts.

NEDBANK GROUP LIMITED – Annual Results 2018

88

NOTES:

RESULTS PRESENTATION

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 2018	Peer average[2]	Nedbank 2020 target	Nedbank 2018	Peer average[2]	Nedbank 2020 target
Nedbank Group	**57.2%**	**55%**	**≤ 53%**	**17.9%**	**19%**	**≥ 18%**
Corporate & Investment Banking	41.9%	52%	≤ 40%	20.0%	20%	≥ 20%
Retail & Business Banking	64.0%	54%	≤ 58%	18.9%	27%	≥ 20%
Wealth	65.5%	68%	≤ 60%	26.8%	20%	≥ 30%
Rest of Africa[3]	70.2%	54%	≤ 60%	10.3%	22%	≥ COE

1 Nedbank ROE target at group, excluding goodwill for comparability purposes. | 2 Peer averages exclude Nedbank and are based on Jun 2018 for ABG & SBK, Dec 2017 for FSR | CIB – ABG CIB, RMB & SBK CIB | RBB – ABG SA RBB, FNB & Wesbank, SBK SA PBB, Wealth – ABG WIMI, SBK Wealth and Liberty, excluding Liberty C:I peer average is 54%, RoA – ABG RoA, SBK RoA Legal. | 3 Rest of Africa includes ETI. COE estimated at > 16%.

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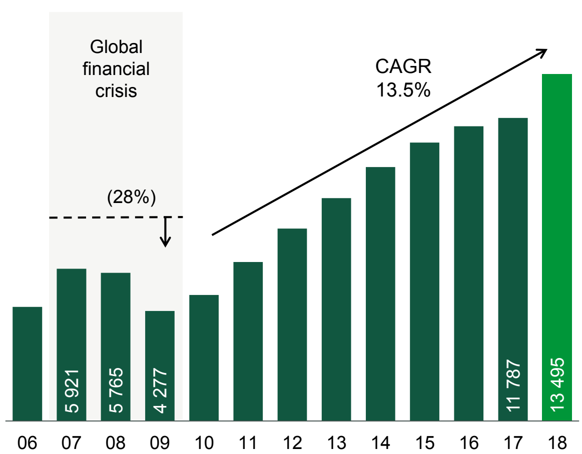
89

NOTES:

Nedbank Group in a strong position

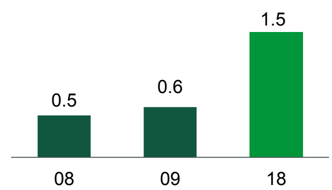
BOOKLET SLIDE

Headline earnings (Rm)



Loan growth (CAGR %)

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



NEDBANK GROUP LIMITED – Annual Results 2018

90

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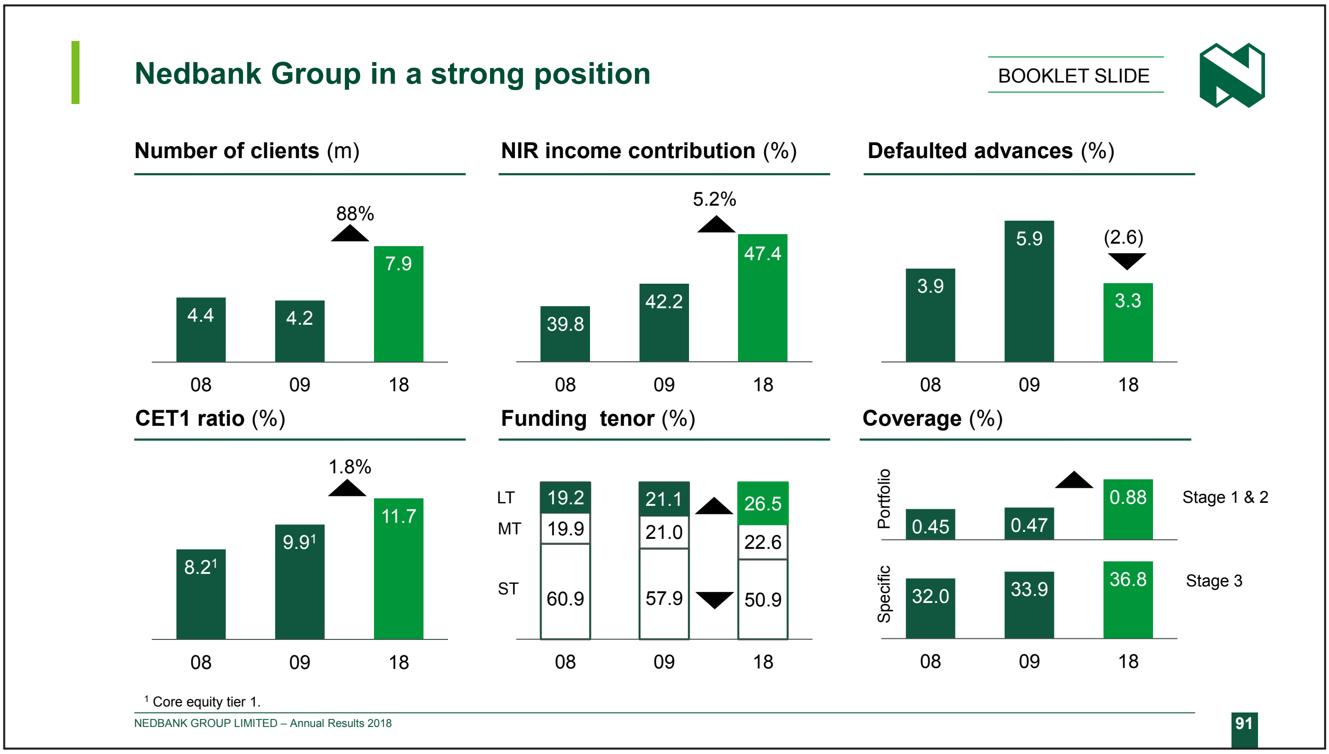

Nedbank Group in a strong position
BOOKLET SLIDE
Number of clients (m)
88%
4.4
4.2
7.9
08
09
18
NIR income contribution (%)
5.2%
39.8
42.2
47.4
08
09
18
Defaulted advances (%)
(2.6)
3.9
5.9
3.3
08
09
18
CET1 ratio (%)
1.8%
8.2[1]
9.9[1]
11.7
08
09
18
Funding tenor (%)
LT
MT
ST
19.2
19.9
60.9
21.1
21.0
57.9
26.5
22.6
50.9
08
09
18
Coverage (%)
Portfolio
Specific
0.45
0.47
0.88
Stage 1 & 2
32.0
33.9
36.8
Stage 3
08
09
18
[1] Core equity tier 1.
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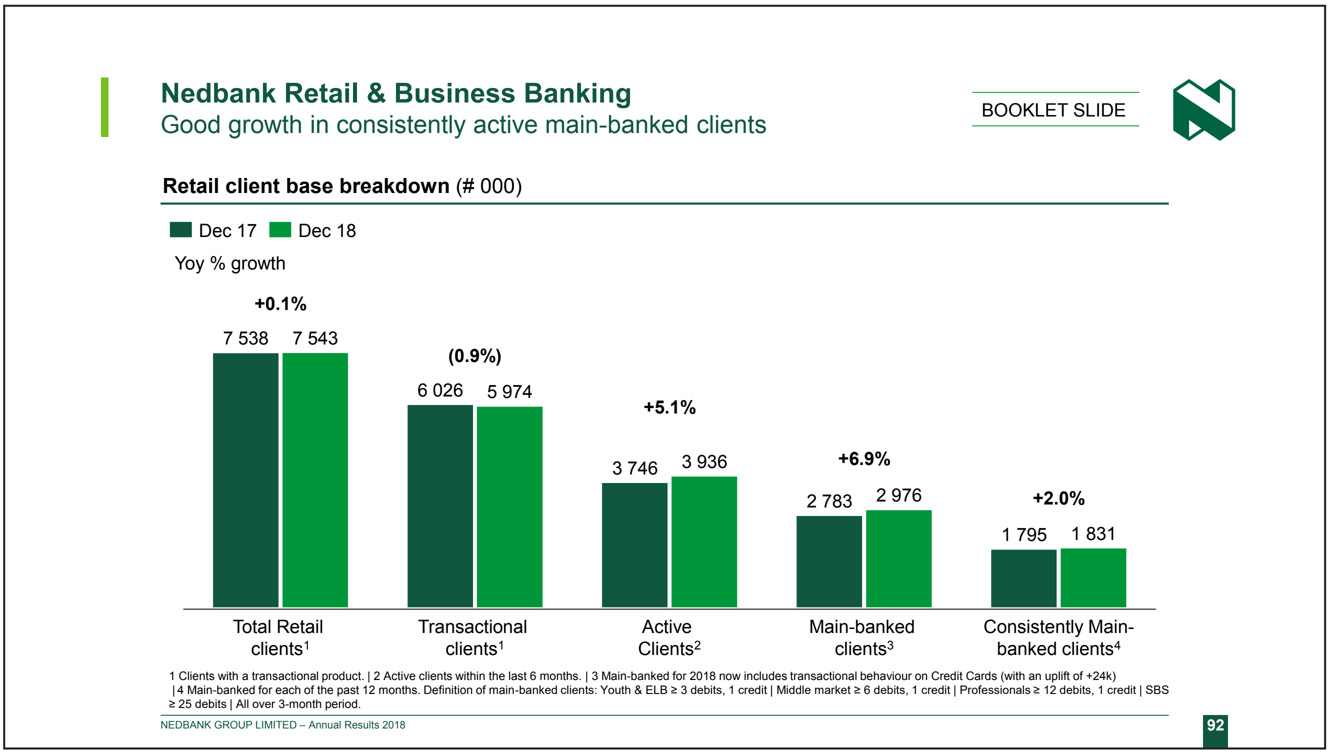
91

NOTES:



Nedbank Retail & Business Banking
Good growth in consistently active main-banked clients
BOOKLET SLIDE
Retail client base breakdown (# 000)
Dec 17
Dec 18
Yoy % growth
+0.1%
7 538
7 543
(0.9%)
6 026
5 974
+5.1%
3 746
3 936
+6.9%
2 783
2 976
+2.0%
1 795
1 831
Total Retail clients[1]
Transactional clients[1]
Active Clients[2]
Main-banked clients[3]
Consistently Main-banked clients[4]
1 Clients with a transactional product. | 2 Active clients within the last 6 months. | 3 Main-banked for 2018 now includes transactional behaviour on Credit Cards (with an uplift of +24k) | 4 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.
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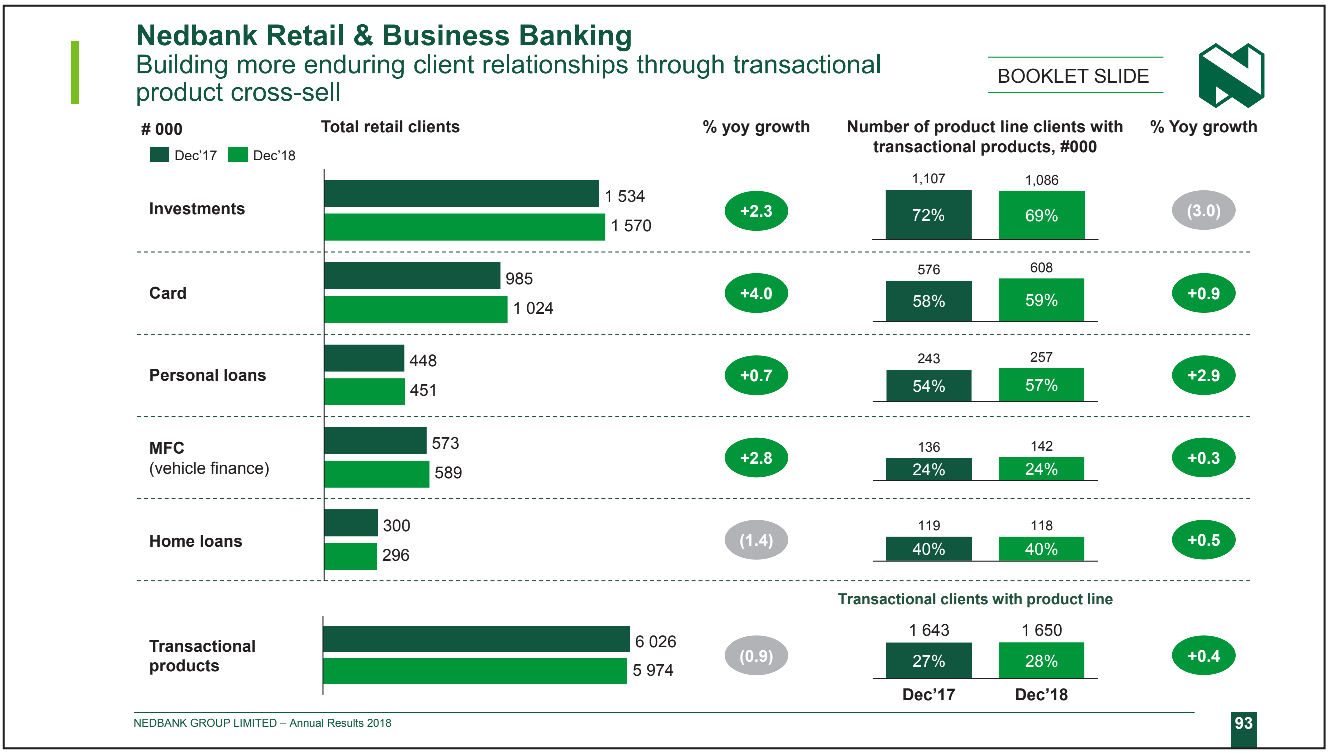
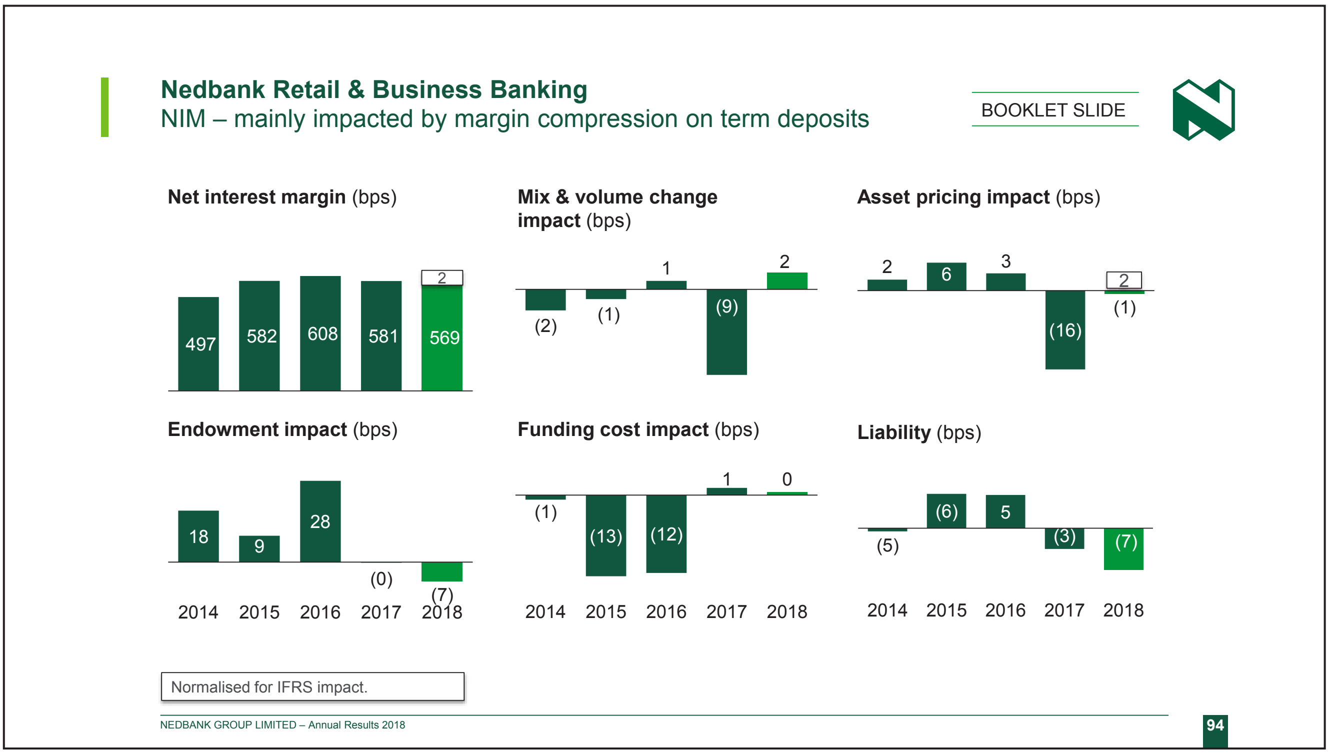
92

NOTES:


Nedbank Retail & Business Banking
Building more enduring client relationships through transactional product cross-sell
BOOKLET SLIDE
000
Dec'17
Dec'18
Total retail clients
% yoy growth
Number of product line clients with transactional products, #000
% Yoy growth
Investments
1 534
1 570
+2.3
1,107
1,086
72%
69%
(3.0)
Card
985
1 024
+4.0
576
608
58%
59%
+0.9
Personal loans
448
451
+0.7
243
257
54%
57%
+2.9
MFC
(vehicle finance)
573
589
+2.8
136
142
24%
24%
+0.3
Home loans
300
296
(1.4)
119
118
40%
40%
+0.5
Transactional clients with product line
Transactional products
6 026
5 974
(0.9)
1 643
1 650
27%
28%
+0.4
Dec'17
Dec'18
NEDBANK GROUP LIMITED – Annual Results 2018
93

NOTES:


Nedbank Retail & Business Banking
NIM – mainly impacted by margin compression on term deposits
BOOKLET SLIDE
Net interest margin (bps)
497
582
608
581
569
2
Mix & volume change impact (bps)
(2)
(1)
1
(9)
2
Asset pricing impact (bps)
2
6
3
(16)
2
(1)
Endowment impact (bps)
18
9
28
(0)
(7)
2014
2015
2016
2017
2018
Funding cost impact (bps)
(1)
(13)
(12)
1
0
2014
2015
2016
2017
2018
Liability (bps)
(5)
(6)
5
(3)
(7)
2014
2015
2016
2017
2018
Normalised for IFRS impact.
NEDBANK GROUP LIMITED – Annual Results 2018
94

NOTES:

Nedbank Retail & Business Banking

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

BOOKLET SLIDE

NIR growth (Rm)

2017 NIR growth (Rm)

Trans-actional	Card	Secured lending	Price increases	Mix	Activity	Personal loans	Card margin	IFRS	Other	YOY NIR growth
+289	+189	+33	+247[3]	+6	(185)	(18)	+13	-	+14	+588

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.
4 Net MSC has declined from 51 bps to 45 bps (R115m rate impact) from previous year due to the onboarding of Shoprite with lower MSC rate, offset by higher volumes. In the Issuing portfolio the Interchange rates have declined 4 bps mainly due to margin squeeze (R185m rate impact).

NEDBANK GROUP LIMITED – Annual Results 2018

95

NOTES:

Nedbank Retail & Business Banking

IFRS 9 extension of point of writeoff

BOOKLET SLIDE

Products	Non-performing specific coverage (%)			Impairments				Non-performing defaulted loans			
	Dec 2017	Dec 2018[1]	Dec 2018[3]	Dec 2017	Dec 2018[1]	Δ[2]	Dec 2018[3]	Dec 2017	Dec 2018[1]	Δ[2]	Dec 2018[3]
Home loans	24.4	23.6	23.6	956	933		933	3 925	3 947		3 947
Vehicle asset finance	56.7	65.8	76.7	870	973	855	1 828	1 533	1 478	905	2 383
Personal loans	71.7	73.3	80.6	1 328	1 126	735	1 861	1 851	1 536	773	2 309
Card	92.1	84.2	85.3	1 226	1 249	172	1 421	1 331	1 484	181	1 665
Other loans	89.6	97.8	97.8	216	203		203	241	207		207
Total Retail	51.7	51.8	59.4	4 595	4 484	1 762	6 245	8 881	8 652	1 859	10 511
Business Banking	38.0	27.7	27.7	794	713		713	2 090	2 575		2 575
Total RBB	49.1	46.3	53.2	5 389	5 197	1 762	6 959	10 971	11 227	1 859	13 086
Total RBB Coverage	2.8	3.2	3.7	8 951	10 969	1 762	12 731	314 149	337 634	1 859	339 493

1 Impact excluding the point of writeoff change. | 2 The impact of the change in the writeoff point.
3 Defaulted advances & balance sheet impairments including the impact of the new writeoff point.

NEDBANK GROUP LIMITED – Annual Results 2018

96

NOTES:

RESULTS PRESENTATION

Nedbank Retail & Business Banking

Client solutions leading to significant business with both new & existing clients

BOOKLET SLIDE

Agriculture

Rorich Group

- One of SA's top carrot producers.
- Solution: Our holistic and competitive offering in the agriculture sector, including short- & long-term funding and transactional solutions coupled with our relationship-based approach, won us their business after an intensively competitive process,

Summerpride

- South Africa's leading pineapple processor situated in East London.
- Solution: Through our understanding of the pineapple value chain we were able to simplify the client's banking needs, by offering a competitive whole-view banking approach, which included a very competitive global offering.

Rhodes Food Group

- A market-leading food producer whose wide range of meal solutions focus on consumer convenience and innovation.
- Solution: Continued support of the group's growth aspirations through increased structured and working capital funding, as well as transactional solutions.

Rederberg Group

- Rederberg Estates Group is the 2nd-largest producer and exporters of mangoes in SA.
- Solution – Nedbank understands agribusiness and the team was able to provide great solutions to the group, especially during the growth phase.

Franchise

Pick n Pay Spaza

- Drive to open BEE-owned stores in lower LSM markets.
- Solution – Successful partnership with Old Mutual Masizane Fund, Nedbank Legacy and BB. With holistic solutions 12 stores have been opened to date from the initial 15, & currently busy with a further 4.

Marcel's Frozen Yoghurt

- In operation since 1989, currently have over 34 stores.
- Solution – Switched client by demonstrating potential benefits and costsavings. Proposal accepted based on sound financial advice and a relationship/partnership pitch. All corporate stores acquired (14 in SA) with the franchisee stores now being targeted.

Public Sector

Overberg District Municipality

- Local Municipality in the Western Cape.
- Solution: Awarded the full transactional-banking tender. Our holistic offering in this very competitive market, including CSI, NBB, cash, fleet, Workplace Banking and card transactional solutions, and our decentralised model won us the business.

Newcastle Municipality

- Local Municipality in KZN
- Solution: Awarded the full transactional banking tender. Our holistic offering in this very competitive market, including CSI, NBB, cash, fleet, Workplace Banking and card transactional solutions , and our decentralised model won us the business.

NEDBANK GROUP LIMITED – Annual Results 2018

97

NOTES:

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.

NEDBANK GROUP LIMITED – Annual Results 2018

98

NOTES:

Notes

2018 results commentary

2018 results commentary

BANKING AND ECONOMIC ENVIRONMENT

Global economic growth was relatively strong in 2018, although easing towards the end of the year, impacted by nervousness in financial markets, higher US interest rates and a decline in global trade volumes due to increased protectionism among the world's largest economies. US growth remained robust, driven mainly by rising business and consumer confidence on the back of job creation and substantial tax relief. The pace of activity elsewhere in the developed world slowed noticeably, impacted by increased political turmoil, poor fiscal discipline and unsustainable public debt burdens. Performance among emerging and developing economies diverged significantly as the year progressed. China's growth slowed, contributing to a relapse in certain commodity prices, which placed renewed pressure on the exports of many commodity-producing countries. Developing countries with high levels of dollar-denominated debt and low foreign currency reserves were hardest hit, as debt-service costs increased due to rising US interest rates and a strong US dollar, triggering capital flight and causing currency corrections and higher inflation rates. These global circumstances caused some central banks to hike interest rates despite deteriorating economic conditions.

While the SA economy recorded a technical recession in the first half of 2018, real GDP growth for the year recovered to 0,7%. Although the pace of the recovery remained modest, given the very low base, the improvement was relatively widespread, with most major industries recording mild output growth, driven by firmer domestic spending and stronger exports.

Consumer spending picked up in the second half, but household finances remain fragile due to high unemployment, subdued income growth, lower net wealth levels and higher indirect taxes as a result of the VAT increase. Consumer spending was largely financed through increased borrowing, with bank credit extended to households increasing gradually throughout the year.

In contrast to the gradual improvement in economic growth, the slump in fixed investment activity deepened. Capital outlays by private sector and state-owned enterprises (SOEs) declined further, while growth in capital expenditure by government slowed. Consequently, growth in loans to companies was slow.

Inflation drifted higher for much of 2018, driven by the surge in fuel prices earlier in the year and higher tariffs on electricity, water and other services. The inflation outlook has since improved significantly due to sharp declines in fuel prices – the result of the reduction in global oil prices, coupled with a steadier rand towards the end of 2018. After a decline of 25 bps in both July 2017 and March 2018, SARB's Monetary Policy Committee increased the repo rate in November 2018 by 25 bps. In line with expectations of a benign interest rate cycle we currently anticipate a further two more increases of 25 bps each by the end of 2020.

Banking conditions remained challenging throughout 2018, with the weak economic environment resulting in subdued growth across all categories of credit and transactional banking, although activity picked up in the second half off a low base as the economy recovered.

REVIEW OF RESULTS

Nedbank Group produced a solid performance in a difficult domestic macro and political environment. HE increased 14,5% to R13 495m, boosted by associate income from ETI returning to profitability, while our managed operations delivered positive earnings growth. This translated into an increase in DHEPS of 13,7% to 2 736 cents and an increase in HEPS of 13,9% to 2 793 cents. As in previous periods, we highlight our results, both including and excluding ETI (referred to as managed operations), to provide a better understanding of the operational performance of the business given the historic volatility in ETI's results. As previously communicated, we will revert to group-level reporting in 2019. Our managed operations produced HE growth of 2,8% to R13 119m, with slow NII growth, and higher impairments offset by solid NIR growth and good cost management.

ROE (excluding goodwill) and ROE improved to 17,9% and 16,8% respectively. These ratios benefited from the reduction in equity of R3,2bn following the day 1 transitional adjustments in respect of IFRS 9 and IFRS 15. The implementation of these IFRS adjustments had an estimated impact of 0,3% on ROE (excluding goodwill). As ROE is computed on daily average equity, the odd-lot offer completed in December 2018 would have had almost no impact on our 2018 ROE, with the positive impact of this on ROE being more apparent in 2019. Total assets for the group exceeded the R1 trillion mark for the first time during 2018. ROA increased 11 bps to 1,33% and return on RWA increased from 2,28% to 2,40%.

NAV per share of 17 559 cents increased 3,3%. The benefits from strong growth in earnings were offset by the day 1 impact of IFRS 9 and IFRS 15 (R3,2bn), the odd-lot offer (R2,0bn), accounting for the anticipated impact of ETI changing to the NAFEX exchange rate (R361m), and Zimbabwe currency devaluation estimates (R499m). Excluding these impacts, NAV per share would have increased by 9,2%.

Our IFRS 9 fully phased-in CET1 and tier 1 capital ratios of 11,7% and 12,5% respectively, average LCR for the fourth quarter of 109,4% and an NSFR of 114,0% are all Basel III-compliant and are a reflection of a strong balance sheet. On the back of strong earnings growth and our capital position a final dividend of 720 cents was declared, an increase of 6,7%. The total dividend per share for the year increased 10,1% to 1 415 cents.

DELIVERING SUSTAINABLY TO ALL OUR STAKEHOLDERS

Nedbank continues to play an important role in society and in the economy, and we remain committed to delivering on our purpose of using our financial expertise to do good. We continue to contribute to the wellbeing and growth of the societies in which we operate by delivering value to our staff, clients, shareholders, regulators and society.

For staff

We currently employ 31 277 staffmembers, and invested R468m in training and paid salaries and benefits of R17,5bn. Our bargaining unit staff received annual salary increases of 7,0% in 2018, ahead of inflation, and with management and executives receiving lower increases of around 5%, the blended average staff salaries increased by 5,8%. As part of our groupwide People 2020 programme aimed at transforming and aligning our culture and talent with our strategic objectives, we refreshed our executive management programmes to be more digitally focused, with more than 70 senior leaders having participated in immersive learning experiences (the Executive Business Transformation programme), with exposure to Silicon Cape, Silicon Savannah (Kenya) and Silicon Valley (USA). On the back of increased training spend, we achieved 14,4 points for skills development under the new amended FSC scorecard, a notable increase from 12,8 in 2017. We implemented New Ways of Work (nWoW) practices to transform Nedbank into a more agile organisation, holistically rethinking the way we work, communicate and manage talent on our journey to creating a high-performing culture. More than 1 500 staffmembers are working according to this new approach and we aim to increase this number incrementally to support an optimal agile scaling framework over the 2019 period. Transformation remains a key imperative to ensure Nedbank remains relevant in a transforming society and we have continued to focus on this across all levels at Nedbank, from our board of directors to all our staffmembers. Currently black representation at board level is 63%, at executive is 46% and for our total staff at just more than 78%. Female representation at board level is 25%, at executive 46% and for total staff at 62%.

For clients

We supported our clients by advancing R181bn (2017: R153bn) of new loans to enable them to finance their homes, vehicles and education, and to grow their businesses, while safeguarding R826bn of deposits at competitive rates. Our clients' access to banking improved through our network of 1 076 Intelligent Depositor devices and we increased the total number of digitally focused branches to 363 or 60% of all outlets. Digitally active and enabled clients grew as we launched new market-leading digital innovations, such as MobiMoney, and 70 new services through our apps and new online banking site. The Nedbank Money app™ has been downloaded 1,6 million times since its launch in November 2017. Our Net Promoter Score is second-highest among full-service banks in SA, and under this measure we posted the largest improvement in client experience of any major bank in SA last year (up 11% to 37%), while our market share of main-banked clients in retail increased from 12,7% to 13,1%. In recognition of the market-leading innovations and CVPs launched, Nedbank won *The International Banker* award for Best Innovation in Retail Banking SA 2018 as well as *The Banker Africa*'s award for Best Corporate Bank in SA. Nedgroup Investments was named Offshore Management Company of the Year for the fourth consecutive year at the Raging Bull Awards.

For shareholders

Notwithstanding some market concerns of a potential share overhang as a result of the Old Mutual managed separation, Nedbank ended the year as the top-performing SA bank share, up 7,3%, performing 15,6% above the FINI 15 index and delivering a TSR of 12,6%. The total dividend declared was up 10,1%. Eligible shareholders who participated in the odd-lot offer received a 5% premium on the 10-day VWAP of the Nedbank Group ordinary share at the close of business on Monday, 3 December 2018, without incurring any transaction costs or brokerage fees. We significantly expanded our investor engagement activities ahead of the Old Mutual managed separation and engaged constructively with the investment community in over 400 meetings during 2018. At our 51st AGM all resolutions were passed, with more than 90% of votes in favour. Following engagements with shareholders and enhancements to our remuneration practices, we were pleased that our remuneration policy and disclosures received more than 99% of votes in favour. We continued to ensure transparent, relevant and timeous reporting and disclosure to shareholders, and were acknowledged by the Investment Analyst Society as the leader in corporate reporting in the banking sector and the Nedbank Group Integrated Report continued to be ranked in the top tier of JSE-listed companies. Nedbank's valuation metrics remain attractive with price/earnings and price-to-book ratios of 9,8 times and 1,6 times respectively and a dividend yield of 5,0% at 31 December 2018.

For regulators

We attained Basel III requirements ahead of full compliance timelines, including a strong capital position, achieving a CET1 ratio of 11,7% (after the fully phased-in day 1 impact of IFRS 9, the impact of IFRS 15 and the impact of the odd-lot offer), an average LCR of 109,4% in the fourth quarter of 2018 and an NSFR of 114,0% at December 2018. We have invested over R100bn in government and public sector bonds as part of our HQLA requirements and, in doing so, remain committed to making a meaningful contribution to the countries in which we operate, thereby appropriately supporting the funding needs of governments. Cash taxation contributions of R10,3bn were made relating to direct, indirect, pay-as-you-earn and other taxation. We continued to work closely with all our regulators to ensure delivery of the various regulatory programmes including completion of POPI/privacy requirements and finalisation of the SA remediation and thematic sanctions review within anti-money-laundering (AML), combatting the financing of terrorism (CFT) and sanctions legislation. We implemented IFRS 9 and IFRS 15 on 1 January 2018, with a fully phased-in impact of 21 bps on our CET1 ratio at 1 January 2018, inclusive of our share of ETI's own transitional IFRS 9 impact.

For society

We understand that our long-term sustainability and success are contingent on the degree to which we deliver value to society. Through the considered development and delivery of products and services that satisfy societal needs we play our part to enable a thriving society, create long-term value, maintain trust and ensure the success of our brand. This is particularly important in the current context of SA as well as the broader African continent.

We have adopted the United Nations Sustainable Developments Goals (SDGs) as a framework for measuring delivery on our purpose. Key highlights include:

- **Clean Water and Sanitation (SDG 6)** – We continue to engage with private and public sector stakeholders to provide assistance, advisory services and finance to address the water challenges facing individuals, businesses and the country as a whole. Our financial commitments, in support of the WWF, to remove water-sapping invasive alien trees around water catchment areas will see the release of an additional one billion litres of water annually.
- **Affordable and Clean Energy (SDG 7)** – We closed a further 12 renewable-energy project deals to the value of R13bn under round 4 of the REIPPPP. In all projects completed to date Nedbank has arranged and funded a total of 42 transactions, underwriting a total of R40bn. In 2018 almost R1bn of our lending into property finance incorporated the installation of solar power. In 2018 we undertook not to provide new project financing or other forms of asset-specific financing where the proceeds would be used to develop a new coal-fired power plant, regardless of country or technology. This commitment extends to round 1 of SA's Coal Baseload Procurement Programme.
- **Decent Work and Economic Growth (SDG 8)** – We launched the Nedbank Stokvel **Account** to provide safe, easy and effective ways for groups of individuals to pool their savings and grow their money collectively. Since its launch it has attracted over 1 600 stokvel groups with more than 48 000 members.
- **Industry, Innovation and Infrastructure (SDG 9)** – We participated in the US$50m ECIC-backed facility to the Nacala Railway Corridor and Port Project in Mozambique and Malawi. The project is a key regional infrastructure initiative providing a significant socioeconomic benefit to the region. We promote innovation through our corporate sponsorships of Startupbootcamp AfriTech (SA) and the Plug and Play fintech based in San Francisco. These programmes assist us to identify the top technology disruptors globally and across the African continent for both our own and our clients' benefit.
- **Reduced Inequalities (SDG 10)** – We introduced, in partnership with Ecobank, a crossborder remittance solution that allows people living and working in SA to transfer money instantly to friends and families in 33 countries across Africa.
- **Sustainable Cities and Communities (SDG 11)** – We disbursed R1,2bn towards the development of new affordable-housing in commercial-property finance, and almost R1bn in home loans. Funding of R4,8bn was provided for the construction of buildings that conform to green building standards.
- In our own operations:
  - Through our support of the WWF-SA Water Balance Programme, which removes alien-invasive, water-hungry trees from our strategic water source areas. We are effectively a net-zero operation water user.
  - We increased our BBBEE contributor status to level 1 measured under the Amended Financial Sector Code (FSC), gazetted in terms of section 9(1) of the BBBEE Act, 53 of 2003, and have now maintained level 2 or higher for 10 consecutive years.
  - We invested R124m in socioeconomic development, with more than 50% allocated to education.
  - A total of 78% of our procurement spend was used to support local SA business, up from 75% in 2017.
- We continued to participate in the CEO Initiative, working with government, business and labour towards a more inclusive SA society. We have been part of the leadership team in the credit ratings workstream, have committed R20m to the R1,5bn SME Fund and will become a participant in the Youth Employment Service, in which we, as corporate SA, aim to provide internship opportunities for more than one million South Africans. For Nedbank, starting during 2019, this is estimated to translate into an annual cost equal to approximately 1,5% of net profit after tax (SA business), supporting more than 3 000 youth through internal or sponsored placements.
- Our #VaxTheNation initiative served as a call to action for all South Africans to get involved and make access to vaccinations a reality. Over 430 000 people have been vaccinated since December 2018, leaving a lasting impact as we support the most vulnerable people in society.

CLUSTER FINANCIAL PERFORMANCE

Nedbank's managed operations generated HE growth of 2,8% to R13 119m and delivered an ROE (excluding goodwill) of 17,7%. It should be noted that in this disclosure format of our results all costs are allocated to managed operations and no apportionment is made to the ETI result.

	Change (%)	HE (Rm)		ROE (excluding goodwill) (%)	
		2018	2017	2018	2017
CIB	6,3	**6 714**	6 315	**20,0**	20,7
RBB	1,5	**5 379**	5 302	**18,9**	19,1
Wealth	6,1	**1 133**	1 068	**26,8**	27,5
RoA subsidiaries	98,2	**327**	165	**5,6**	3,3
Centre	> (100)	**(433)**	(88)		
Nedbank managed operations	2,8	**13 119**	12 762	**17,7**	18,1
ETI	> 100	**375**	(975)	**37,7**	(66,6)
Group	14,5	**13 495**	11 787	**17,9**	16,4

CIB grew HE by 6,3% to R6,7bn, while delivering an attractive ROE of 20,0%. HE growth was underpinned by a very strong 18,9% growth in NIR. Growth in banking advances was slow, but increased in the latter part of the year. Credit quality remained excellent through proactive risk management resulting from close monitoring and management of exposures to stressed sectors of the economy, such as construction and cement, as well as certain SOEs.

HE in RBB increased by 1,5% to R5,4bn, which was negatively impacted by the higher levels of coverage on new business as a result of the introduction of IFRS 9 and changes to loyalty scheme accounting due to IFRS 15 – these reduced HE growth by 4,9%. The ROE at 18,9% was well above the group's cost of equity. The growth momentum of Retail advances has been maintained and the CLR was flat, reflecting a high-quality portfolio and remaining below the TTC target range. Underlying transactional NIR growth was solid, supported by the 6,9% growth in main-banked client numbers. Low expense growth reflects the ongoing benefit of optimising processes and operations, including headcount reductions of 698, largely through natural attrition.

Nedbank Wealth grew HE 6,1% to R1,1bn and maintained an attractive ROE of 26,8%. These results were attributable to solid performances in Insurance and the international Wealth Management business, muted growth in Asset Management and a decline in earnings in the local Wealth Management business.

RoA's HE increased strongly as our share of associate income from our investment in ETI returned to profitability. Our RoA subsidiaries also grew HE strongly as benefits emerge from the recent investments we have made in the franchises as a platform to create scale. During the year we also benefited from impairment recoveries. The difficult environment in Zimbabwe resulted in a judgemental negative FCTR adjustment to equity of R755m before minorities (R499m after minorities) as we anticipated possible impacts on Nedbank's NAV from exchange rate movements in Zimbabwe. No income statement changes were made in 2018 as these are not material, and we policy clarification from regulators.

The performance in the Centre reflects the impact of central provision releases in the prior year of R252m after tax (none in 2018) and fair-value gains of R199m after tax in 2017 largely not repeated in 2018. On the back of IFRS 9 changes, we implemented a central macro fair-value hedge accounting solution in 2018 that will result in lower accounting volatility in NIR on our hedged portfolios in future. A postretirement medical aid (PRMA) credit amounting to R180m after tax was recorded in the first half of the year and the balance of the credit of a similar amount after tax is expected to be realised in 2019 when the restructure of the scheme is complete. Final costs of R77m relating to the managed separation were recorded in 2018 (cumulative costs since 2016 were R142m).

FINANCIAL PERFORMANCE

Growth in key lines of the statement of comprehensive income was impacted by the implementation of IFRS 9 and IFRS 15 accounting changes effective 1 January 2018 without any restatement of the 2017 comparative numbers. After the adoption of IFRS 9: (a) suspended interest on the non-recoverable portion of the specific defaulted book is no longer recognised as NII, with full impairments previously being raised; (b) higher levels of portfolio provisions are raised on new loans compared with IAS 39; and (c) certain initiation fees previously recognised as NIR are now amortised to NII through the effective-interest-rate method. Under IFRS 15 costs of our rewards programme were previously recognised as an expense, but are now recognised as a reduction in NIR.

Net interest income

NII increased 4,3% to R28 819m, ahead of AIEBA growth of 3,6%. AIEBA grew 0,8% in the first half of the year and 2,8% in the second half. AIEBA growth adjusted for IFRS opening balance changes was 4,0%.

NIM at 3,65% increased from 3,62% recorded in 2017 and is in line with our guidance. This increase was driven primarily by a 4 bps improvement in asset pricing as well as asset mix benefits as retail advances grew faster than wholesale advances. These were offset by a 2 bps negative endowment impact as the average prime interest rate declined from 10,4% in 2017 to 10,1% in 2018. IFRS changes had a net nil impact on NIM, as a negative 4 bps impact of IFRS 9 suspended interest was offset by a positive impact of the IFRS 9 initiation fee.

Impairments charge on loans and advances

Impairments increased 11,6% to R3 688m and the CLR increased 4 bps to 0,53% as RBB advances - which attract a higher CLR – grew faster than CIB advances. The CLR benefited from recoveries of accounts previously provided for in CIB and RoA. The implementation of IFRS 9 also impacted the treatment of suspended interest and resulted in the extension of the point of writeoff. The low CLR continues to be a reflection of Nedbank's selective advances growth strategy and the high quality of the portfolio across all our businesses.

Impairments in CIB decreased marginally from the previous year, with its CLR at 4 bps remaining below the TTC target of 15 to 45 bps. The CIB CLR is a reflection of a high-quality book, settlements that enabled the reversal of historic impairment provisions, a proactive restructure process and positive traction with the rehabilitation of distressed clients. Specific impairments are individually determined in CIB and are dependent on the value of the security we hold for each exposure. Altogether 71% of specific impairments are concentrated in approximately 10 counters.

RBB impairments increased by 6,5% to R3,4bn and include the impact of IFRS 9, with increases in provision requirements of R322m on the performing book being offset by reductions in provisions of R374m due to the revised treatment of interest on impaired financial advances.

The group's central provision remains unchanged from 2017 at R150m. This provision is held for risks that may have occurred but are likely to emerge only in the future and relate to, inter alia, the macroeconomic environment, including Zimbabwe, and SOEs. In RBB overlays of R281m were released as the risks provided against have either been built into our detailed IFRS 9 models or reassessed. A total of R69m of overlays remain in RBB, while CIB raised R144m of overlays (relating to risks not adequately reflected in our IFRS 9 models). These are supportive of our prudent provisioning approach, which is reflected in total postwriteoff recoveries of previously fully provided accounts totalling R1 271m (2017: R1 224m).

CLR (%)	Banking advances (%)	2018	2017	TTC target ranges
CIB	**46,9**	**0,04**	0,06	0,15–0,45
RBB	**45,8**	**1,06**	1,06	1,30–1,80
Wealth	**4,4**	**0,13**	0,09	0,20–0,40
RoA	**2,9**	**0,51**	1,02	0,65–1,00
Group	**100,0**	**0,53**	0,49	0,60–1,00

Defaulted advances rose 28,9% to R25,2bn, inclusive of a R1,9bn increase attributable to an extension of our point of writeoff in RBB to comply prospectively with IFRS 9. On a like-for-like basis defaulted advances rose 19,4% and increases were evident across all clusters. The weakened economic environment placed additional stress on certain specific wholesale counters, especially within the construction and cement industries. In RBB, under IFRS 9, a loan is now written off when the group has no reasonable expectations of recovering the asset partially or in its entirety. The change in the point of writeoff has resulted in a R97m reduction in the impairment charge, while increasing our specific coverage and defaulted advances ratios.

Stage 1 and 2 (portfolio) coverage ratio increased from 0,70% at 31 December 2017 (under IAS 39) to 0,93% on 1 January 2018, reflecting the IFRS 9 day 1 impact. The decline to 0,88% at December 2018 was primarily driven by some stressed clients in CIB moving into default (stage 3) and the overlay releases in RBB. Stage 3 (specific) coverage ratio increased from 36,2% (under IAS 39) to 39,3% on 1 January 2018. Over the course of 2018 stage 3 coverage declined to 36,8%, primarily due to the change in the defaulted-portfolio mix. RBB stage 3 coverage increased to 46,0% from 42,5% as a result of higher defaults caused by the extension of the point of writeoff (as mentioned before). Stage 3 coverage for CIB decreased to 11,6% from 21,9% due to the successful restructure and repayment of a few large exposures with higher coverage. Nedbank considers the coverage ratios appropriate, given the higher proportion of wholesale lending, compared with the mix of its peers, high recovery rates and the collateralised nature of the commercial-mortgages portfolio, with low loan-to-value ratios.

Non-interest revenue

NIR growth of 7,9% to R25 976m is a reflection of solid gains in main-banked clients across our retail and wholesale businesses in SA and the rest of Africa. In addition, NIR growth benefited from a strong performance in Global Markets and the finalisation of the round 4 renewable-energy transactions after several years of delay. This was partially offset by the negative impact of IFRS 9 and IFRS 15, as well as weaker business and consumer confidence, lower equity markets and ongoing subdued levels of client transactional activity.

- Commission and fee income grew 6,5% to R18 279m. RBB reported good underlying transactional NIR growth, supported by solid main-banked client growth across entry-level, middle-market, professional and small-business client segments. CIB delivered strong growth benefiting from the closure of round 4 renewable-energy transactions in the second half of 2018 and increased levels of investment banking activity.
- Insurance income increased 6,2% to R1 859m, supported by a lower-claims experience in homeowner's cover due to the absence of catastrophic weather events experienced in relation to the previous year and funeral reserve releases owing to lower new-business strain and higher lapses.
- Trading income grew strongly by 13,6% to R4 429m, supported by growth in equities and debt trading and finalisation of the round 4 renewable-energy deals, including hedging activities.
- Private-equity income was marginally down to R697m as realisations decreased, partially offset by lower unrealised valuation losses.

Expenses

Expenses grew 6,1% to R31 632m. In the second half of 2018 cost growth increased due to higher levels of amortisation, managed-separation costs, STI alignment to earnings growth and the non-repeat of the PRMA credit recorded in the first half of 2018. An additional credit from the PRMA, which we previously anticipated to finalise in the second half of 2018, is now expected in 2019. The underlying movements included:

- Staff-related costs increasing at 5,6%, following:
  - an average annual salary increase of 5,8% and a reduction in staff numbers by 610 since December 2017;
  - a 9,9% increase in STIs in line with the group's financial performance and 22,0% increase in LTIs, as expected vesting rates have increased as a result of improved yoy performance against the group's corporate performance targets; and
  - a settlement with our staff with regard to PRMA obligations and benefits, resulting in a provisional pretax credit of R250m, recorded in the first half of 2018, in respect of a reversal of actuarially estimated liabilities previously raised.
- Computer-processing costs increasing 11,5% to R4 341m, driven by increases in software amortisation and incremental software licence costs and higher volumes, offset by reduced network-related costs as a result of efficiency savings.
- Fees and insurance increasing 11,3% as a result of managed-separation costs, association fees driven by card-related volume increases and fees related to digital innovations.
- Other cost lines being well managed, with increases below inflation, and reflecting the cumulative benefits of R680m from implementing our target operating model.

The group's growth in expenses of 6,1% was below total revenue and associate income growth of 8,8%, resulting in a positive JAWS ratio of 2,7% and an efficiency ratio of 57,2%, compared with 58,6% in the December 2017. The JAWS ratio in managed operations (inclusive of ETI-related expenses) was -0,1%.

Earnings from associates

Associate income of R608m relating to ETI was the result of ETI reporting four consecutive quarters of attributable profit from the fourth quarter of 2017 to the third quarter of 2018, in line with our policy of accounting for our share of ETI's attributable earnings a quarter in arrear. The total effect of ETI on the group's HE was a profit of R375m, including the R233m impact of funding costs.

Accounting for associate income, together with Nedbank's share of ETI's other comprehensive income and movements in Nedbank's FCTR and our share of ETI's own IFRS 9 transitional adjustment, resulted in the carrying value of the group's strategic investment in ETI decreasing from R3,3bn at 31 December 2017 to R3,2bn at 31 December 2018. This amount includes a R361m FCTR adjustment to account for the anticipated impact of ETI changing from using the official Central Bank of Nigeria (CBN) exchange rate to the NAFEX exchange rate in translating the results of its Nigerian operations to US dollars, as announced by ETI in December 2018. ETI's listed share price decreased 17,7% during 2018, which resulted in the market value of the group's investment in ETI decreasing to R3,5bn at 31 December 2018, using the official CBN exchange rate (307 naira:US$) and R2,9bn based on the NAFEX exchange rate (364 naira:US$). The market value of our investment at 28 February 2019, based on the NAFEX exchange rate, was R2,8bn.

In line with IFRS requirements the R1bn impairment provision recognised by Nedbank against its investment in ETI at 31 December 2016 was reviewed at 31 December 2018 and management determined that there were no indicators of further impairment. Our value-in-use computation supports the current carrying value of our investment. We have observed an improvement in ETI's recent financial performance, but this is not yet considered to be a sufficient indicator to release the full impairment provision or part thereof. Our position will be reassessed again at 30 June 2019 and at year-end.

A R97m associate loss (2017: R96m loss) was incurred due to losses from an associate, which is the cash-processing supplier to the four large banks.

STATEMENT OF FINANCIAL POSITION

Capital

The group remains well capitalised at levels significantly above the minimum regulatory requirements. The CET1 ratio of 11,7% is a reflection of organic capital generation, offset by the payment of cash dividends to shareholders, 11,1% growth in RWA, ongoing investment in software development costs as part of the group's Managed Evolution programme, accounting for the full impact of the implementation of IFRS 9 and IFRS 15 on 1 January 2018 (R1,2bn), the impact of the odd-lot offer concluded in December 2018 (R2,0bn) and the impact of the ETI NAFEX revaluation.

The total tier 1 CAR was positively impacted by the issuance of an additional tier 1 instrument of R750m at improved pricing of JIBAR plus 464 bps, compared with the previous R600m issuance at JIBAR plus 565 bps (30 June 2017). This was offset by the further grandfathering of old-style preference shares (R531m) in January 2018 in line with the Basel III transitional arrangements. The total CAR was further impacted by the redemption of R3,0bn tier 2 capital instruments (NED 13 and NED 14) and the issuance of new-style tier 2 capital of R4,5bn in line with the group's capital plan.

Basel III (%)	2018	2017	Internal target range	Regulatory minimum[1]
CET1 ratio	**11,7**	12,6	10,5–12,5	7,375
Tier 1 ratio	**12,5**	13,4	> 12,0	8,875
Total capital ratio	**14,8**	15,5	> 14,0	11,125

(Ratios calculated with full IFRS 9 phase-in for both Nedbank and ETI and include unappropriated profits.)

[1] *The Basel III regulatory requirements are being phased in between 2013 and 2019, and exclude any idiosyncratic or systemically important bank minimum requirements.*

Funding and liquidity

Optimising our funding profile and mix, and maintaining a strong liquidity position, remain a priority for the group.

The group's three-month average long-term funding ratio was 26,5% for the fourth quarter of 2018, supported by growth in Nedbank Retail Savings Bonds of R5,0bn to R29,9bn and the successful capital market issuances of R4,9bn senior unsecured debt and R4,5bn tier 2 capital.

The group's December 2018 quarterly average LCR of 109,4% exceeded the minimum regulatory requirement of 100% effective from 1 January 2019, representing the end of the Basel III LCR phase-in from a minimum regulatory requirement of 60% in 2015, which has been increased by 10% a year to reach 100% in 2019. To ensure ongoing compliance Nedbank maintains appropriate operational buffers designed to absorb seasonal and cyclical volatility in the LCR.

Nedbank Group LCR	2018	2017
HQLA (Rm)	**162 678**	138 180
Net cash outflows (Rm)	**148 694**	118 956
Liquidity coverage ratio (%)[2]	**109,4**	116,2
Regulatory minimum (%)	**90,0**	80,0

[2] *Average for the quarter.*

Further details on the LCR are available in the Additional information section of the condensed consolidated financial results.

Nedbank's portfolio of LCR-compliant HQLA increased by 17,7% to a December 2018 quarterly average of R162,7bn. Looking forward, growth in the HQLA portfolio will be more aligned with balance sheet growth, without the incremental HQLA growth requirements that have emanated from the LCR phase-in of minimum regulatory requirements since 2015. The HQLA portfolio, taken together with Nedbank's portfolio of other sources of quick liquidity, resulted in total available sources of quick liquidity of R213,3bn, representing 20,4% of total assets.

Nedbank exceeded the minimum NSFR regulatory requirement of 100% effective from 1 January 2018 and reported a December 2018 ratio of 114,0%.

Loans and advances

Loans and advances increased by 3,7% to R736,3bn, driven by solid growth in RBB and an increase in CIB banking advances during the second half of the year. This was partially offset by a decline in trading advances and short-dated lending in CIB as well as the IFRS day 1 impact of R3,2bn. Banking advances grew 5,6%, excluding the increase in impairments due to implementation of IFRS 9.

Loans and advances growth by cluster was as follows:

Rm	Change (%)	2018	2017
CIB	0,7	**358 639**	356 029
Banking activities	3,1	**335 002**	324 673
Trading activities	(24,6)	**23 637**	31 356
RBB	7,1	**326 762**	305 198
Wealth	5,8	**31 111**	29 413
RoA	2,4	**21 037**	20 541
Centre[3]	(> 100%)	**(1 244)**	(852)
Group	3,7	**736 305**	710 329

[3] *Consolidation adjustments.*

RBB loans and advances grew 7,1% to R326,8bn, supported by growth across all asset classes in line with our risk appetite and prudent origination strategies. Loans and advances was negatively impacted by the IFRS 9 transitional day 1 changes. Business Banking grew advances 11,8%, due to an increase in new-loan payouts and higher utilisation of existing facilities. MFC (vehicle finance) advances increased by 7,9% as business volumes remained robust despite a muted new-vehicle sales market. Unsecured Lending grew 6,6% as a result of product and process enhancements driving increased take up. After the IFRS 9 day 1 transitional impact, Unsecured Lending grew 9,7%, marginally ahead of the market. Card advances decreased 1,8%, impacted by an increase in impairments as a result of IFRS 9 transitional day 1 changes. Underlying card growth, as reflected in gross advances, was 4,8%. Residential-mortgage loans grew 3,9%, in line with the overall market.

CIB loans and advances grew 0,7% to R358,6bn. The banking book increased 3,1%, driven by a strong pipeline conversion and as early repayments decreased in the second half of the year. Commercial mortgages increased 1,4% to R135,0bn, impacted by increased competition and muted industry growth. The CPF portfolio contains good-quality collateralised assets with low loan-to-value ratios and is managed by a highly experienced property finance team. Trading advances declined 24,6%, largely as a result of a reduction in reverse repurchase agreements as traders freed up cash to deploy into government bonds and other securities in order to hedge new client-related bond futures positions.

Deposits

Deposits grew 7,0% to R825,8bn, with total funding-related liabilities increasing 7,1% to R881,4bn, while the loan-to-deposit ratio improved to 89,2%.

In line with Nedbank's objective of tilting towards a greater proportion of Basel III-friendly deposits, RBB through the active management of its franchise has grown retail and commercial deposits 9,2% to R322,5bn. CIB grew deposits 2,8% as we shifted away from more-expensive structured-note issuances towards lower-cost NCD funding, housed in the Centre where deposits grew 15,8%. Wealth and RoA grew deposits 12,6% and 4,8% respectively.

During the 12 months to December 2018 Nedbank reduced its reliance on short-term wholesale funding through proportionally higher levels of growth in commercial deposits. Growth in transactional current-account and cash management deposits of 6,9% contributed positively towards the strategic objective of growing Nedbank's transactional-deposit franchise, while the increases in fixed deposits and NCDs of 16,7% and 16,0% respectively resulted in a strong funding profile and consequently a strong balance sheet position.

Group strategic focus

During 2018 we continued to focus on delivering on our five strategic focus areas that are designed to drive sustainable earnings growth and improve returns on equity. We made excellent progress in delivering market-leading CVPs and digital innovations, which were acknowledged by improved client satisfaction ratings and various industry awards. This focus enabled us to grow revenues and unlock operating efficiencies. Our strategic enablers – which include technology investments (with our Managed Evolution IT strategy and Digital Fast Lane (DFL) as key components), our people, our culture and our brand – are delivered through our target operating model and by embracing nWoW. This is enabling us to create a more client-focused, agile, competitive and digital Nedbank.

- **Delivering innovative market-leading client experiences**
  - The Nedbank Money app™, which makes banking more convenient for our retail clients, has been downloaded 1,6 million times, with more than 435 000 clients having used it actively since November 2017. The Nedbank Private Wealth app ranked second best globally by Cutter Associates International Research, an improvement from seventh in 2017. These achievements are the result of our DFL approach of continuously enhancing functionality and adopting the global gold standard. Client ratings for iOS and Android Nedbank apps are at the top end of SA banking peers. Towards the end of 2018 we launched MobiMoney, which allows clients to receive and send money, buy airtime and electricity from a cellphone and withdraw money at a Nedbank ATM – all without a formal bank account. In 2018 we processed on average R8,4bn of third-party payments per month on all digital channels for our retail clients.
  - Unlocked.Me, a new CVP for the youth segment, was launched at the start of 2018. Its first release included our first lifestyle marketplace (www.unlocked.me) and a new account for students and young adults. The marketplace recorded a reach of more than 12,5 million unique impressions across social media and the web.
  - We launched our new Stokvel Account, which offers members of stokvels up to 10% discount at our retail partners, burial benefits of R10 000 a member for only R15 a month, zero transaction fees and good interest rates. Since its launch the product has attracted over 1 600 stokvel groups, representing more than 48 000 members.
  - As far as our integrated channels are concerned, we have converted 60% of our outlets to new-image digital branches to date, and our investment in distribution channels over the next three years (until 2021) will result in 80% of our retail clients being exposed to the new digitally focused branch formats and self-service offerings. The introduction of new channels such as chatbots and robo-advisors will continue to enhance client experience and increase the efficiencies of our contact centre and web-servicing capabilities.
  - As a result of the abovementioned innovations and ongoing focus on improving client service, in the Consulta survey Nedbank has seen the largest increase in NPS scores among all banks in SA, increasing 11% to 37%.
  - Nedbank Insurance was the first-to-market insurer in SA to have chatbot functionality, and we have made significant strides in remaining ahead through delivering live-agent service functionality and funeral-quoting capabilities.
  - Nedgroup Investments' robo-advisor and chatbot was named *The Banker's* Tech Project of the Year in the category Artificial Intelligence and Robotics, and was a finalist in the Gartner Eye on Innovation Awards.
  - With the foundations put in place through Managed Evolution (our system and technology platform transformation), digital enhancements and nWoW we are delivering ongoing benefits and enhanced client service. In 2019 we will bring further exciting digital innovations to market to enhance client experiences and drive efficiencies. Some of these innovations include the ability to sell an unsecured loan bundled with a transactional account; simplified client onboarding with convenient, FICA-compliant account opening; a new and exciting loyalty and rewards solution; and the further rollout of chatbots, robo-advisors and software robots (robotic process automation).
- **Growing our transactional banking franchise faster than the market**
  - Our SA retail main-banked client numbers have grown by 6,9% to 3,0 million, driven largely by growth in the entry-level, middle-market, professional and small-business segments and supporting solid underlying retail transactional NIR growth. The 2018 Consulta survey estimated Nedbank's share of main-banked clients at 13,1%, up from 12,7% in 2017, as we aim to reach a share of more than 15% by 2020. In addition, Business Banking's market share increased from 19% in 2017 to 22% in 2018, the highest market share gain across all business banks as measured by the 2018 KPI Research Business Electronic Banking and Tracking Study.
  - Our SADC businesses grew their client base by 4,8% to 352 921, supporting NIR growth of 21,0% as the newly launched products and digital innovations started delivering benefits.
  - Our integrated model in CIB enabled deeper client penetration and increased cross-sell, resulting in 30 primary-bank client wins in the last year. This supported NIR growth in CIB of 18,9%.
- **Being operationally excellent in all we do**
  - Cost discipline is an imperative as we balance investment with growth. We have ongoing initiatives to optimise our cost base. These include the reduction of our core systems from 250 to 114 since the inception of the Managed Evolution programme, and we are well on our way to reaching a target end-state of less than 60 core systems by 2020. The rationalisation, standardisation and simplification of core banking operating systems enable reduced infrastructure, support and maintenance costs, as well as reduced complexity and increased agility in adopting new innovations. The time and cost of bringing new products and services to market have been reduced significantly as many of the foundational capabilities are built into our onboarding and servicing programmes. Investments in various foundational IT programmes are either complete or nearing completion and we expect IT cashflow spend to peak in 2019 and capitalised IT costs peaking just above R9bn in 2020.
  - During 2018 new self-servicing functions that were previously available in branches or staffed channels only were released on the Nedbank Money app™ and the new Nedbank Online Banking site, taking the total digital servicing functions to 70. This digitisation of services in RBB has enabled us to reduce related call centre volumes by 15 000 per month in 2018 and branch floor space by 32 971 m² to date, and we plan to achieve more than 45 000 m² of optimisation by 2020 (a revision of our initial 2020 target of 30 000 m²). Over the past 24 months we reduced total headcount by 1 469 (mainly through

natural attrition) and optimised our staffed points of presence by closing 18 branches (while maintaining our coverage of the bankable population at 84%). Through our Intelligent Depositor devices we now process, monthly, more than one million deposits and 300 000 request for three-month bank statements, which previously could be done only over the counter in a branch. In 2018 these devices recycled 75% of all cash, up from 20% in 2015.
  - We implemented 51 software robots to date (robotic process automation) to enhance efficiencies and reduce processing errors in administratively intense processes. These exclude the 153 temporary software robots used to onboard the more than 17 000 VBS Mutual Bank clients.
  - Our target operating model recorded cumulative savings of R680m at December 2018, with the aim of generating R1,0bn pretax benefits for Nedbank by 2019 and R1,2bn by 2020, as disclosed in an element of our long-term incentive scheme.
- **Managing scarce resources to optimise economic outcomes**
  - We maintained our focus on growing activities that generate higher levels of EP, such as transactional deposits and transactional-banking revenues.
  - Our selective origination of personal loans, home loans and commercial-property finance has proactively limited downside credit risk in this challenging operating climate, enabling a CLR of 0,53%, below the bottom end of our TTC target range. At the same time our balance sheet metrics remain strong and we continue to deliver attractive dividend growth.
  - During 2018 we embedded our commitment to the United Nations SDGs, which will see lending flowing into targeted areas that contribute to a better society. To this end our renewable-energy funding solutions have seen R22,8bn drawn as part of R40bn of commitments across all four rounds of renewable energy.
- **Providing our clients with access to the best financial services network in Africa**
  - In Central and West Africa ETI remains an important strategic investment for Nedbank, providing our clients with access to a pan-African transactional banking network across 39 countries and Nedbank with access to dealflow in those markets. ETI has now reported seven consecutive quarters of profit and is making good progress on its transactional banking and digital strategy and on optimising its cost base. Asset quality and risk management remain key priorities for the ETI board and executive, and although the movement towards risk appetite in the key risk metrics is still expected to take a further 12 to 18 months, the credit loss experience has improved and management remains committed to resolving legacy risk matters. We remain supportive of ETI's endeavours to deliver an ROE in excess of its COE over time. Economic conditions in West Africa are improving and our investment in ETI should continue to support Nedbank's earnings growth. We have also increased our levels of collaboration, with more than 100 of our wholesale clients being banked by ETI and progress being made in partnering with ETI to expand our wealth franchise, collaborating on the pan-African remittances product and increasing treasury and trading activities, including two joint deals with ETI in 2018.
  - In the SADC, where we own, manage and control six banks, we continue to build scale and optimise costs. Our core banking system, Flexcube, has now been implemented in all subsidiaries (excluding Banco Único). We launched a number of new digital products and reported a 44% increase in banking app transactions and a 4,8% increase in client numbers. Asset and deposits have grown in line with expectations and we have increased our retail profit contribution as a share of our overall business. Merchant Bank of Central Africa (MBCA) in Zimbabwe was rebranded Nedbank Zimbabwe. The difficult environment in Zimbabwe resulted in a negative FCTR adjustment to equity of R755m before minorities (R499m after minorities) as we anticipated possible impacts from exchange rate movements. We continue to monitor developments in Zimbabwe brought about by currency shortages and pressure on the fiscus.

Old Mutual plc managed separation

The unbundling of Nedbank shares by Old Mutual Limited (OML), which took place on 15 October 2018, completed the managed-separation process. OML is now a strategic minority shareholder owning 19,9% of Nedbank Group in OML's shareholder funds under the terms of the new relationship agreement.

As a result of the OML unbundling, Nedbank Group inherited a significantly larger number of shareholders – increasing from approximately 20 000 to approximately 500 000 shareholders. The vast majority of these shareholders held less than 100 Nedbank Group ordinary shares (referred to as odd-lot holders). An odd-lot offer was approved by shareholders at a general meeting on 22 November 2018 and closed on 14 December 2018 (the record date of the odd-lot offer). The price of the odd-lot offer was set at R276,47672 per share based on a 5% premium to the 10-day VWAP leading up to 3 December 2018. The odd-lot offer provided eligible holders with the ability to dispose of their shares on an efficient basis, and provided liquidity for those shareholders who elected to sell their holdings or who made no election. For Nedbank Group this offer reduced the complexity and ongoing administration costs associated with a significantly larger shareholder base, including a sizeable number of odd-lot holders. In terms of the odd-lot offer, Nedbank Group repurchased a total of 7 056 639 Nedbank Group ordinary shares, representing 1,4% of the total issued ordinary share capital of Nedbank Group for a total consideration of R2,0bn, and the impact on our CET1 ratio was 34 bps. The repurchased ordinary shares were cancelled and delisted on Friday, 21 December 2018, and accordingly the total issued ordinary shares decreased from 500 239 303 to 493 182 664.

Nedbank Group continues to operate on a business-as-usual basis and the managed separation had no impact on our strategy, our day-to-day management or operations, our staff or our clients. Our engagements with OML are at arm's length and overseen by independent board structures. OML operates predominantly in the investment, savings and insurance industry, which has little overlap with banking, even though we compete in the areas of wealth and asset management and personal loans. In addition, our technology systems, brands and businesses are not integrated. As noted before, our collaboration to unlock synergies will continue to be underpinned by OML's strategic shareholding in Nedbank Group and we are committed to working with OML to deliver ongoing synergistic benefits while operating at arm's length.

Economic and regulatory outlook

The International Monetary Fund expects global economic growth to slow slightly from 3,7% in 2018 to 3,5% in 2019 and to move to 3,6% in 2020. Softer growth is forecast for advanced countries, at around 2,0% in 2019 and 1,7% in 2020 from 2,3% in 2018, while growth in emerging and developing economies are forecast to ease slightly to 4,5% in 2019 from 4,6% in 2018. Encouragingly, faster growth is expected in sub-Saharan Africa, where GDP growth is forecast to accelerate to 3,5% in 2019 from 2,9% in 2018.

The SA economy should perform better in 2019 than in 2018. Exports are forecast to provide most of the momentum, facilitating some improvement in mining and strengthening the fragile recovery in manufacturing. However, downside risks have increased in recent months, given the softer global outlook, low commodity prices and the threat posed by disease and drought to agriculture. While President Ramaphosa's efforts to revive fixed investment should bear some fruit over the medium to longer term, we expect only a slight increase in fixed investment in 2019, mainly boosted by the signing of the fourth round of the REIPPPP in 2018. Unfortunately, the current environment is not supportive of much higher investment, given spare capacity in many industries, unreliable electricity supply, high domestic cost structures, slow progress in delivering policy certainty, the lack of essential structural reforms and the uncertainties surrounding the intended scale and scope of land expropriation without compensation.

Household incomes and spending are likely to be bolstered by receding inflation brought about by lower fuel prices; however, the upside will be contained by limited job-creation opportunities and stagnant asset prices. Interest rates are likely to remain on hold for much of 2019 due to the improved inflation outlook over the next 12 months. Thereafter inflation is likely to drift higher and in response a slightly tighter monetary policy stance is expected. This may contain confidence and consumer spending, but is unlikely to result in a significant increase in loan defaults. The recent SA budget highlighted the limited fiscal flexibility that government has and a further erosion in fiscal strength after the 2018 Medium-Term Budget Policy Statement already pointed to wider deficits for longer. On balance, GDP growth of about 1,3% and 1,8% is forecast for 2019 and 2020 respectively. The key downside risks include government's poor fiscal position, the perilous state of many SOEs (particularly Eskom), a problematic start to government's plans to fast-track land reform, uncertainty around this year's general elections and ultimately the persistent threat of further sovereign risk ratings downgrades, particularly by Moody's who is currently the only major ratings agency to rate SA sovereign debt at investment grade.

Despite the many challenges faced by the SA economy, the SA banking system remains sound, liquid and well capitalised. The operating environment is forecast to improve in 2019 off a low base. A recovery in corporate credit demand is expected, mainly buoyed by the start of the next phase of renewable-energy projects and a slight improvement in fixed-investment activity towards the end of the year. The gradual recovery in household credit demand is also forecast to continue throughout 2019, supported by lower inflation and relatively steady interest rates.

Prospects

Our guidance on financial performance for the full year 2019 is currently as follows:

- Average interest-earning banking assets to grow at upper single digits.
- NIM to be below the 2018 level of 3,65%.
- CLR to increase to within the bottom end of our target range of 60 to 100 bps (under IFRS 9).
- NIR to grow mid-to-upper single digits.
- Expenses to increase slightly above mid-single digits.

Given the expectations of a slowly improving SA economy and ongoing delivery on our strategy, our current guidance for growth in DHEPS for the full 2019 year is to be at or above nominal GDP growth.

At the start of 2018 we set ourselves specific 2020 targets of an ROE (excluding goodwill) of greater than or equal to 18% and a cost-to-income ratio of lower than or equal to 53% as a pathway to ongoing and sustainable improvements in the key metrics that support shareholder value creation. Given resilient earnings growth and the impact of IFRS changes and the odd-lot offer, which reduced equity in 2018, we are currently more confident that we will meet our ROE (excluding goodwill) target on a sustainable basis. While we remain committed to our cost-to-income-ratio target, it has become more challenging to achieve. This is the result of a combination of weaker-than-anticipated economic growth, primarily resulting in slower growth in wholesale advances and retail transactional activity, lower-than-expected interest rates; IFRS changes impacting the shape of the income statement and negatively impacting the cost-to-income ratio; new costs relating to the Youth Employment Service, Deposit Insurance and Twin Peaks; and a decision to increase our investments into platform-related activities in RBB as we continually evolve our business model to underpin future growth. Our medium-to-long-term targets have not changed from what we published in 2018. The current outlook for these targets in 2019 is as follows:

Metric		Full-year 2019 outlook	Medium-to-long-term target
ROE (excluding goodwill)	**17,9%**	In line with target	5% above COE[4] (≥ 18% by 2020)
Growth in DHEPS	**13,7%**	≥ consumer price index + GDP growth	≥ consumer price index + GDP growth + 5%
CLR	**0,53%**	Increases to within the bottom end of our target range (under IFRS 9)	Between 0,6% and 1,0% of average banking advances
NIR-to-expense ratio	**82,1%**	Increases, but remains below target	> 85%
Efficiency ratio (including associate income)	**57,2%**	Decreases, but remains above target	50–53% (≤ 53% by 2020)
CET1 capital adequacy ratio (Basel III)	**11,7%**	Within target range	10,5–12,5%
Dividend cover	**1,97 times**	Within target range	1,75–2,25 times

[4] *The COE is currently forecast at 14,0% in 2019.*

Shareholders are advised that these forecasts are based on organic earnings and our latest macroeconomic outlook, and have not been reviewed or reported on by the group's auditors.

Board and leadership changes during the period
Nomavuso Mnxasana retired as an independent non-executive director with effect from the close of Nedbank Group's AGM on 10 May 2018. Peter Moyo was appointed as a non-executive director, while Bruce Hemphill stepped down from the Nedbank Group board, on 11 June 2018. Rob Leith and Ian Gladman resigned from the board on 15 October 2018 following Old Mutual Limited's unbundling of its controlling interest in Nedbank Group, thereby concluding the managed-separation process. Rob Leith was reappointed as a non-executive director with effect from 1 January 2019.

Khensani Nobanda was appointed as Group Executive for Group Marketing and Corporate Affairs on 15 May 2018, and Deborah Fuller was appointed as Group Executive for Human Resources on 25 June 2018 following the retirement of Abe Thebyane on 31 March 2018. Anna Isaac was appointed as Group Chief Compliance Officer with effect from 1 January 2019 following the retirement of Thabani Jali. In addition, Jackie Katzin was appointed Group Company Secretary, effective from the same date.

Basis of preparation*
Nedbank Group Limited is a company domiciled in SA. The summary consolidated financial statements of the group at and for the year ended 31 December 2018 comprise the company and its subsidiaries (group) and the group's interests in associates and joint arrangements.

The summary consolidated financial statements and the full set of consolidated financial statements have been prepared under the supervision of Raisibe Morathi CA(SA), the Group Chief Financial Officer.

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act applicable to summary financial statements. In terms of the Listings Requirements preliminary reports have to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and also, as a minimum, to contain the information required by IAS 34: Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which the summary consolidated financial statements were derived, are in terms of IFRS and are consistent with those used for the previous annual financial statements, except for changes arising from the adoption of IFRS 9 and IFRS 15, as set out in the notes to the consolidated financial statements.

IFRS 16: Leases*
IFRS 16 deals with the accounting for leases and replaces IAS 17 for reporting periods beginning on or after 1 January 2019. The group has elected to apply IFRS 16 retrospectively using the modified approach. The group will therefore not restate comparative periods, which will continue to be presented in terms of IAS 17, with a transitional adjustment made at 1 January 2019. The implementation of IFRS 16 results in the recognition of lease liabilities of R4,2bn and right-of-use assets of R3,2bn, with equity decreasing by approximately R700m on an after-tax basis. The IAS 17 straight-lining liability of R125m and the associated deferred tax of R35m will be reversed against equity. Total equity decreases by approximately R610m on the adoption of IFRS 16.

Events after the reporting period*
There are no material events after the reporting period to report on.

The summary consolidated financial statements comprise the summary consolidated statement of financial position at 31 December 2018, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cashflows for the year ended 31 December 2018 and selected explanatory notes, which are indicated by the symbol*.

Audited summary consolidated financial statements – independent auditors' opinion
The summary consolidated financial statements for the year ended 31 December 2018 have been audited by KPMG Inc and Deloitte & Touche, who expressed an unmodified opinion thereon. The auditors also expressed an unmodified opinion on the annual consolidated financial statements from which these summary consolidated financial statements were derived.

Copies of the auditors' report on the summary consolidated financial statements and of the auditors' report on the annual consolidated financial statements are available for inspection at the company's registered office, together with the financial statements identified in the respective auditors' reports.

The auditors' report does not necessarily report on all of the information contained in this results announcement. Shareholders are therefore advised that, to obtain a full understanding of the nature of the auditors' engagement, they should obtain a copy of the auditors' report, together with the accompanying consolidated financial statements, from Nedbank Group's registered office.

Forward-looking statements
This announcement contains certain forward-looking statements with respect to the financial condition and results of operations of Nedbank Group and its group companies that, by their nature, involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include global, national and regional political and economic conditions; sovereign credit ratings; levels of securities markets; interest rates; credit or other risks of lending and investment activities; as well as competitive, regulatory and legal factors. By consequence, all forward-looking statements have not been reviewed or reported on by the group's auditors.

Final dividend declaration
Notice is hereby given that a final dividend of 720 cents per ordinary share has been declared, payable to shareholders for the six months ended 31 December 2018. The dividend has been declared out of income reserves.

The dividend will be subject to a dividend withholding tax rate of 20% (applicable in SA) or 144 cents per ordinary share, resulting in a net dividend of 576 cents per ordinary share, unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

Nedbank Group's tax reference number is 9375/082/71/7 and the number of ordinary shares in issue at the date of declaration is 493 182 664.

In accordance with the provisions of Strate, the electronic settlement and custody system used by the JSE, the relevant dates for the dividend are as follows:

Event	Date
Last day to trade (cum dividend)	Tuesday, 2 April 2019
Shares commence trading (ex dividend)	Wednesday, 3 April 2019
Record date (date shareholders recorded in books)	Friday, 5 April 2019
Payment date	Monday, 8 April 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 3 April 2019 and Friday, 5 April 2019, both days inclusive.

On Monday, 8 April 2019 the dividend will be electronically transferred to the bank accounts of shareholders. Holders of dematerialised shares will have their accounts credited at their participant or broker on Monday, 8 April 2019.

The above dates are subject to change. Any changes will be published on SENS and in the press.

For and on behalf of the board

Vassi Naidoo
Chairman

Mike Brown
Chief Executive

5 March 2019

Registered office
Nedbank Group Limited, Nedbank 135 Rivonia Campus, 135 Rivonia Road, Sandown, Sandton, 2196.

PO Box 1144, Johannesburg, 2000.

Transfer secretaries in SA
Shareholders are reminded that, with effect from 1 June 2018, Nedbank Group's transfer secretaries in SA changed from Computershare to Link Market Services.

Link Market Services South Africa Proprietary Limited, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, SA.

PO Box 4844, Marshalltown, 2000, SA.

Transfer secretaries in Namibia
Transfer Secretaries (Proprietary) Limited, Robert Mugabe Avenue No 4, Windhoek, Namibia.

PO Box 2401, Windhoek, Namibia.

Directors
V Naidoo (Chairman), MWT Brown** (Chief Executive), HR Brody, BA Dames, NP Dongwana, EM Kruger, RAG Leith, L Makalima, PM Makwana, Dr MA Matooane, RK Morathi** (Chief Financial Officer), MP Moyo, JK Netshitenzhe, MC Nkuhlu** (Chief Operating Officer), S Subramoney, MI Wyman*** (British).

*** Executive *** Lead Independent Director*

Group Company Secretary:	J Katzin
Reg number:	1966/010630/06
JSE share code:	NED
NSX share code:	NBK
ISIN:	ZAE000004875
Sponsors in SA:	Merrill Lynch SA Proprietary Limited Nedbank CIB
Sponsor in Namibia:	Old Mutual Investment Services (Namibia) (Proprietary) Limited

Nedbank Group Limited: JSE alpha code: NEDI

This announcement is available on the group's website at nedbank.co.za, together with the following additional information:

- Detailed financial information.
- Financial results presentation.
- Link to a webcast of the presentation.

For further information please contact Nedbank Group Investor Relations at nedgroupir@nedbank.co.za.

Financial results

Financial highlights

for the year ended 31 December

		Change (%)	2018	2017
Statistics				
Number of shares listed	m	(1,0)	**493,2**	498,1
Number of shares in issue, excluding shares held by group entities	m	(0,9)	**477,1**	481,6
Weighted-average number of shares	m	0,5	**483,2**	480,8
Diluted weighted-average number of shares	m	0,7	**493,2**	490,0
Headline earnings	Rm	14,5	**13 495**	11 787
Profit attributable to equity holders of the parent	Rm	15,1	**13 376**	11 621
Total comprehensive income	Rm	11,9	**13 794**	12 330
Preprovisioning operating profit	Rm	13,6	**21 990**	19 358
Economic profit	Rm	69,2	**2 868**	1 695
Headline earnings per share	cents	13,9	**2 793**	2 452
Diluted headline earnings per share	cents	13,7	**2 736**	2 406
Basic earnings per share	cents	14,5	**2 768**	2 417
Diluted basic earnings per share	cents	14,3	**2 712**	2 372
Ordinary dividends declared per share	cents	10,1	**1 415**	1 285
Interim		13,9	**695**	610
Final		6,7	**720**	675
Ordinary dividends paid per share	cents	10,5	**1 370**	1 240
Dividend cover	times		**1,97**	1,91
Total assets administered by the group	Rm	3,5	**1 341 250**	1 295 627
Total assets	Rm	6,2	**1 043 912**	983 314
Assets under management	Rm	(4,8)	**297 338**	312 313
Life insurance embedded value	Rm	1,5	**2 786**	2 745
Life insurance value of new business	Rm	8,9	**380**	349
Net asset value per share	cents	3,4	**17 560**	16 990
Tangible net asset value per share	cents	2,0	**14 917**	14 626
Closing share price	cents	7,3	**27 472**	25 610
Price/earnings ratio	historical		**9,8**	10,4
Price-to-book ratio	historical		**1,6**	1,5
Market capitalisation	Rbn	6,2	**135,5**	127,6
Number of employees (permanent staff)		(2,1)	**30 877**	31 531
Number of employees (permanent and temporary staff)		(1,9)	**31 277**	31 887
Key ratios (%)				
ROE			**16,8**	15,3
ROE (excluding goodwill)			**17,9**	16,4
Return on tangible equity			**19,8**	17,8
ROA			**1,33**	1,22
Return on RWA			**2,40**	2,28
NII to average interest-earning banking assets			**3,65**	3,62
NIR to total income			**47,4**	46,6
NIR to total operating expenses			**82,1**	80,7
CLR – banking advances			**0,53**	0,49
Efficiency ratio			**57,2**	58,6
Gross operating income growth less expense growth rate (JAWS ratio)			**2,7**	(3,0)
Effective taxation rate			**25,2**	25,5
Group capital adequacy ratios (including unappropriated profits):				
– CET1			**11,7**	12,6
– Tier 1			**12,5**	13,4
– Total			**14,8**	15,5

Consolidated statement of comprehensive income

for the year ended 31 December

Rm	Note	% change	2018	2017
Interest and similar income		3,0	**75 941**	75 299
Interest expense and similar charges		2,2	**47 122**	47 675
Net interest income	1	4,3	**28 819**	27 624
Impairments charge on loans and advances	2	11,6	**3 688**	3 304
Income from lending activities		3,3	**25 131**	24 320
Non-interest revenue	3	7,9	**25 976**	24 063
Operating income		5,6	**51 107**	48 383
Total operating expenses	4	6,1	**31 632**	29 812
Indirect taxation		(5,9)	**942**	1 001
Profit from operations before non-trading and capital items		5,5	**18 533**	17 570
Non-trading and capital items	5	(26,8)	**(164)**	(224)
Profit from operations		5,9	**18 369**	17 346
Share of income/(losses) of associate companies		> 100	**528**	(838)
Profit from operations before direct taxation		14,5	**18 897**	16 508
Total direct taxation	6	13,1	**4 762**	4 209
Direct taxation		12,7	**4 807**	4 267
Taxation on non-trading and capital items		(22,4)	**(45)**	(58)
Profit for the year		14,9	**14 135**	12 299
Other comprehensive (losses)/income net of taxation		> (100)	**(341)**	31
Items that may subsequently be reclassified to profit or loss				
Exchange differences on translating foreign operations			**449**	(1 046)
Share of other comprehensive (losses)/income of investments accounted for using the equity method			**(318)**	169
Fair-value adjustments on available-for-sale assets				22
Debt investments at fair value through OCI (FVOCI) – net change in fair value			**(20)**	
Items that may not subsequently be reclassified to profit or loss				
Share of OCI of investments accounted for using the equity method			**(91)**	309
Remeasurements on long-term employee benefit assets			**(345)**	387
(Losses)/Gains on property valuations			**(16)**	190
Total comprehensive income for the year		11,9	**13 794**	12 330
Profit attributable to:				
– Equity holders of the parent		15,1	**13 376**	11 621
– Non-controlling interest – ordinary shareholders		92,0	**169**	88
– Holders of preference shares	7	(4,4)	**323**	338
– Non-controlling interest – additional tier 1 capital instrument noteholders		6,0	**267**	252
Profit for the year		14,9	**14 135**	12 299
Total comprehensive income attributable to:				
– Equity holders of the parent		13,3	**13 175**	11 625
– Non-controlling interest – ordinary shareholders		(74,8)	**29**	115
– Holders of preference shares	7	(4,4)	**323**	338
– Holders of additional tier 1 capital instruments		6,0	**267**	252
Total comprehensive income for the year		11,9	**13 794**	12 330
Headline earnings reconciliation				
Profit attributable to equity holders of the parent		15,1	**13 376**	11 621
Less: Non-headline earnings items			**(119)**	(166)
Non-trading and capital items			**(164)**	(224)
Taxation on non-trading and capital items			**45**	58
Headline earnings		14,5	**13 495**	11 787

Consolidated statement of financial position

at 31 December

Rm	Note	2018	2017
Assets			
Cash and cash equivalents		**13 162**	16 900
Other short-term securities		**79 362**	92 775
Derivative financial instruments		**22 692**	29 904
Government and other securities		**96 791**	49 241
Loans and advances	8	**736 305**	710 329
Other assets		**19 836**	14 589
Current taxation assets		**186**	211
Investment securities[1]	9	**22 404**	16 634
Non-current assets held for sale		**305**	388
Investments in associate companies[1]	10	**4 041**	6 722
Deferred taxation assets		**254**	189
Property and equipment		**9 371**	8 902
Long-term employee benefit assets		**4 966**	5 924
Mandatory reserve deposits with central banks		**21 629**	19 222
Intangible assets	11	**12 608**	11 384
Total assets		**1 043 912**	983 314
Equity and liabilities			
Ordinary share capital		**477**	482
Ordinary share premium		**17 315**	18 688
Reserves		**65 986**	62 653
Total equity attributable to equity holders of the parent		**83 778**	81 823
Non-controlling interest attributable to ordinary shareholders		**874**	859
Holders of preference shares		**3 222**	3 222
Non-controlling interest attributable to holders of additional tier 1 capital instruments		**3 397**	2 635
Total equity		**91 271**	88 539
Derivative financial instruments		**20 003**	23 367
Amounts owed to depositors	12	**825 804**	771 584
Provisions and other liabilities		**25 602**	23 292
Current taxation liabilities		**363**	259
Deferred taxation liabilities		**669**	761
Long-term employee benefit liabilities		**2 749**	3 525
Investment contract liabilities		**20 035**	18 134
Insurance contract liabilities		**1 829**	2 277
Long-term debt instruments		**55 587**	51 576
Total liabilities		**952 641**	894 775
Total equity and liabilities		**1 043 912**	983 314

[1] *During the period the group reviewed the classification of certain investments on the statement of financial position. As a result of this review the group's private-equity investments have been reclassified from investments in associate companies to investment securities to better reflect the measurement of these investments at fair value. Investment in associate companies was restated by R3 169m from R6 722m to R3 553m. Investment Securities was restated, by R3 169m from R16 134m to R19 803m.*

Consolidated statement of changes in equity

for the year ended 31 December

Rm	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Foreign currency translation reserve	Property reserve revaluation	Share-based payment reserve
Balance at 31 December 2016	478 388 707	478	18 043	(257)	1 863	1 330
Additional tier 1 capital instruments issued						
Shares issued in terms of employee incentive schemes	2 795 439	3	684			
Shares delisted – BEE schemes	(552 246)					
Treasury shares no longer held by BEE schemes	552 246					
Shares (acquired)/no longer held by group entities and BEE schemes	384 742	1	(39)			
Preference shares held by group entities						
Preference share dividend paid						
Dividends paid to ordinary shareholders						
Total comprehensive income for the period				(1 323)	190	
Transfer to/(from) reserves					(109)	69
Share-based payment reserve movements						(65)
Additional tier 1 capital instruments interest paid						
Other movements						
Balance at 31 December 2017	**481 568 888**	**482**	**18 688**	**(1 580)**	**1 944**	**1 334**
Impact of adopting IFRS 9 and IFRS 15, net of taxation						
Restated opening balance	**481 568 888**	**482**	**18 688**	**(1 580)**	**1 944**	**1 334**
Shares issued in terms of employee incentive schemes	**2 130 389**	**2**	**626**			
Odd-lot repurchase of shares	**(7 056 639)**	**(7)**	**(1 972)**			
Additional tier 1 capital instruments issued						
Shares (acquired)/no longer held by group entities	**486 097**		**(27)**			
Preference share dividend paid						
Dividends paid to shareholders						
Total comprehensive income for the year[5]				**191**	**(91)**	
Transfer to/(from) reserves					**(128)**	**(4)**
Share-based payment reserve movements						**177**
Additional tier 1 capital instruments interest paid						
Other movements						
Balance at 31 December 2018	**477 128 735**	**477**	**17 315**	**(1 389)**	**1 725**	**1 507**

1 *Represents other non-distributable revaluation surplus on capital items and non-distributable reserves transferred from other distributable reserves in order to comply with various banking regulations of R143m (2017: R248m). This balance is offset by the difference between the at-acquisition fair value (net basis) and gross value of the Banco Único put option of R223m.*

2 *The available-for-sale reserve was no longer applicable from 1 January 2018 due to the implementation of IFRS 9.*

3 *Represents the accumulated profits after distributions to shareholders and appropriations of retained earnings to other non-distributable reserves.*

4 *The group issued a new-style (Basel III-compliant) additional tier 1 capital instrument of R750m in 19 October 2018 at JIBAR + 4,64%, in line with bank regulations. The instruments are callable only at the option of the issuer on 20 October 2023 and on any interest payment date thereafter.*

5 *Exchange differences on translating foreign operations comprises of foreign currency translation differences of R589m our share of ETI's foreign currency translation reserve movements of R398m.*

	Other non-distributable reserves[1]	Fair-value reserves[2]	Available-for-sale reserve[2]	Other distributable reserves[3]	Total equity attributable to equity holders of the parent	Non-controlling interest attributable to ordinary shareholders	Equity attributable to preference shareholders	Non-controlling interest attributable to additional tier 1 capital instruments[4]	Total shareholders' equity
	2		(62)	54 336	75 733	756	3 222	2 000	81 711
					–			600	600
					687				687
					–				–
					–				–
				(33)	(71)				(71)
					–		(338)		(338)
				(6 080)	(6 080)	(12)			(6 092)
			441	12 317	11 625	115	338	252	12 330
	23		5	12	–				–
					(65)				(65)
					–			(217)	(217)
				(6)	(6)				(6)
	25		**384**	**60 546**	**81 823**	**859**	**3 222**	**2 635**	**88 539**
		1 004	**(384)**	**(3 838)**	**(3 218)**	**(14)**			**(3 232)**
	25	**1 004**	**–**	**56 708**	**78 605**	**845**	**3 222**	**2 635**	**85 307**
					628				**628**
					(1 979)				**(1 979)**
					–			**750**	**750**
				(59)	**(86)**				**(86)**
					–		**(323)**		**(323)**
				(6 744)	**(6 744)**				**(6 744)**
		60		**13 015**	**13 175**	**29**	**323**	**267**	**13 794**
	(105)			**237**	**–**				**–**
					177				**177**
				–	**–**			**(255)**	**(255)**
				2	**2**				**2**
	(80)	**1 064**	**–**	**63 159**	**83 778**	**874**	**3 222**	**3 397**	**91 271**

Return on equity drivers

for the year ended 31 December

Rm	2018	2017
NII	**28 819**	27 624
Impairment of loans and advances	**(3 688)**	(3 304)
NIR	**25 976**	24 063
Income from normal operations	**51 107**	48 383
Total operating expenses	**(31 632)**	(29 812)
Share of profits of associate companies	**528**	(838)
Net profit before taxation	**20 003**	17 733
Indirect taxation	**(942)**	(1 001)
Direct taxation	**(4 807)**	(4 267)
Net profit after taxation	**14 254**	12 465
Non-controlling interest	**(759)**	(678)
Headline earnings	**13 495**	11 787
Daily average interest-earning banking assets	**790 376**	763 112
Daily average total assets	**1 010 989**	968 029
Daily average shareholders' funds	**80 420**	77 036
Daily average shareholders' funds, excluding goodwill	**75 264**	71 826

Note: Averages calculated on a 365-day basis.

	2018	2017
NII/average interest-earning banking assets	**3,65%**	3,62%
	less	less
Impairments/average interest-earning banking assets	**0,47%**	0,43%
	add	add
NIR/average interest-earning banking assets	**3,29%**	3,15%
	6,47	6,34%
	less	less
Total expenses/average interest-earning banking assets	**4,0%**	3,91%
	add	add
Associate income/average interest-earning banking assets	**0,07%**	(0,11%)
	2,54%	2,32%
	multiply	multiply
100% – Effective direct and indirect taxation rate	**0,71**	0,70
	multiply	multiply
100% – Income attributable to minorities	**0,95**	0,95
Headline earnings	**1,71%**	1,54%
	multiply	multiply
Interest-earning banking assets/daily average total assets	**78,2%**	78,8%
	=	=
Return on total assets	**1,33%**	1,22%
	multiply	multiply
	12,57	12,57
	=	=
ROE	**16,8%**	15,3%
ROE, excluding goodwill	**17,9%**	16,4%

Segmental analysis

Our organisational structure, products and services

We deliver our products and services through four main business clusters.

	OUR CLIENTS
Nedbank Corporate and Investment Banking	Corporates, institutions and parastatals with a turnover of over R750m per annum. > 600 large corporate clients.
Nedbank Retail and Business Banking	Individual clients, as well as businesses > 7,5 million clients including approximately 270 000 small and medium enterprises clients (typically businesses with an annual turnover of less than R10m), of which 2,98 million are main-banked clients. > 21 500 business-banking client groups with an annual turnover of less than R750m per annum.
Nedbank Wealth	High-net-worth individuals as well as other retail, business and corporate clients. > 18 200 high-net-worth clients locally and internationally (United Kingdom, Guernsey, Jersey, Isle of Man and the UAE).
Nedbank Rest of Africa	Retail, small and medium enterprises, and business and corporate clients across the countries we operate in. > 353 000 clients.

OUR PRODUCTS AND SERVICES	OUR AREAS OF STRENGTH AND DIFFERENTIATION	KEY METRICS[1]

Nedbank Corporate and Investment Banking

Full suite of wholesale banking solutions, including investment banking and lending, global markets and treasury, commercial-property finance, deposit-taking, and transactional banking.

- Strong franchise providing good returns
- Market leader with strong expertise and relationships in commercial property, corporate advances and renewable-energy financing
- Leading industry expertise in mining and resources, infrastructure, oil and gas and telecoms
- Solid advances pipeline (growth opportunities when business confidence improves)
- Integrated model delivering improved client service and better coverage/deeper client penetration and to attract and retain high-quality intellectual capital
- Efficient franchise (best efficiency ratio) and high-quality portfolio (low CLR)

Assets R508bn
HE R6 714m
ROE 20,0%

Advances	HE contribution
48,7%	49,8%

Nedbank Retail and Business Banking

Full range of services, including transactional banking, card solutions, lending solutions, deposit-taking, risk management, investment products, and card-acquiring services for business.

- A leader in business banking, underpinned by an accountable, empowered, decentralised business service model
- Leader in Corporate Saver deposits and debtor management
- Increasing our share of lending in home loans, vehicle finance, personal loans and credit cards
- Enhanced digital offerings, fist in the market to launch some of these client-centred innovations
- Highly competitive relationship banking offering our affluent clients (Professional Banking)

Assets R356bn
HE R5 379m
ROE 18,9%

Advances	HE contribution
44,4%	39,9%

Nedbank Wealth

Wide range of financial services, including high-net-worth banking and wealth management solutions, as well as asset management and insurance offerings.

- Integrated local and international high-net-worth franchise
  - Rich heritage and strong client base
  - Market-leading digital innovations
- A top SA asset manager
  - Ranked top offshore asset manager in SA
  - Solid long-term performance
  - R297bn AUM – fifth-largest unit trust manager in SA and third-largest offshore unit trust manager in SA
- Growing insurance business
  - Opportunities for greater penetration and collaboration within Nedbank
  - Innovative digital solutions

AUM R297bn
HE R1 133m
ROE 26,8%

Advances	HE contribution
4,2%	8,4%

Rest of Africa

Full range of banking services, including transactional, lending, deposit-taking and card products, as well as selected wealth management offerings.

- SADC (own operations)
  - Foundation to fast track technology and digital enhancements has been completed (Flexcube core banking in five countries)
  - Start of the rollout of key focus enablers (Nedbank Money app™ and Corporate Internet Banking)
- Central and West Africa (ETI alliance)
  - The Ecobank–Nedbank Alliance: footprint across 39 countries, the largest in Africa
  - Increase dealflow by leveraging ETI's local presence and knowledge and Nedbank's structuring expertise and balance sheet
  - Transactional banking to > 105 Nedbank wholesale clients

Assets R37,5bn
HE R702m
ROE 10,3%

Advances	HE contribution
2,9%	5,2%

[1] *Group contribution by cluster excludes Centre.*

Operational segmental reporting

for the year ended 31 December

Rm	Nedbank Group		Corporate and Investment Banking	
	2018	2017	**2018**	2017
Summarised statement of financial position (Rm)				
Assets				
Cash and cash equivalents	**34 791**	36 122	**4 719**	5 025
Other short-term securities	**79 362**	92 775	**53 946**	60 750
Derivative financial instruments	**22 692**	29 904	**22 653**	29 840
Government and other securities	**96 791**	49 241	**51 131**	21 312
Loans and advances	**736 305**	710 329	**358 639**	356 029
Other assets	**73 971**	64 943	**16 719**	14 676
Intragroup assets				
Total assets	**1 043 912**	983 314	**507 807**	487 632
Equity and liabilities				
Total equity	**91 271**	88 539	**33 555**	30 437
Average allocated capital	**81 620**	77 976	**33 555**	30 437
Non-controlling interest	**7 493**	6 716		
Other equity[1]	**2 158**	3 847		
Derivative financial instruments	**20 003**	23 367	**19 986**	23 236
Amounts owed to depositors	**825 804**	771 584	**348 310**	338 792
Provisions and other liabilities	**51 247**	48 248	**15 878**	11 690
Long-term debt instruments	**55 587**	51 576	**979**	1 350
Intragroup liabilities			**89 099**	82 127
Total equity and liabilities	**1 043 912**	983 314	**507 807**	487 632
Summarised statement of comprehensive income (Rm)				
NII	**28 819**	27 624	**7 246**	7 216
Impairments charge on loans and advances	**3 688**	3 304	**103**	193
Income from lending activities	**25 131**	24 320	**7 143**	7 023
NIR	**25 976**	24 063	**8 521**	7 164
Operating income	**51 107**	48 383	**15 664**	14 187
Total operating expenses	**31 632**	29 812	**6 572**	6 044
Indirect taxation	**942**	1 001	**86**	83
Profit/(Loss) from operations	**18 533**	17 570	**9 006**	8 060
Share of income/(losses) of associate companies	**528**	(838)	**(83)**	(96)
Profit/(Loss) before direct taxation	**19 061**	16 732	**8 923**	7 964
Direct taxation	**4 807**	4 267	**2 197**	1 665
Profit/(Loss) after taxation	**14 254**	12 465	**6 726**	6 299
Profit attributable to:				
– Non-controlling interest – ordinary shareholders	**169**	88	**12**	(16)
– Holders of preference shares	**323**	338		
– Non-controlling interest – additional tier 1 capital instrument noteholders	**267**	252		
Headline earnings	**13 495**	11 787	**6 714**	6 315
Selected ratios				
Average interest-earning banking assets (Rm)	**790 376**	763 112	**341 863**	340 065
Average risk-weighted assets (Rbn)	**561 356**	517 000	**264 108**	240 843
ROA (%)	**1,33**	1,22	**1,36**	1,31
RORWA (%)	**2,40**	2,28	**2,54**	2,62
ROE (%)	**16,8**	15,3	**20,0**	20,7
Interest margin (%)[2]	**3,65**	3,62	**2,12**	2,12
NIR to total income (%)	**47,4**	46,6	**54,0**	49,8
NIR to total operating expenses (%)	**82,1**	80,7	**129,7**	118,5
CLR – average banking advances (%)	**0,53**	0,49	**0,04**	0,06
Efficiency ratio, including associate income (%)	**57,2**	58,6	**41,9**	42,3
Effective taxation rate (%)	**25,2**	25,5	**24,6**	20,9
Contribution to group EP/(loss) (Rm)	**2 868**	1 695	**1 976**	2 039
Number of employees	**30 877**	31 531	**2 681**	2 756

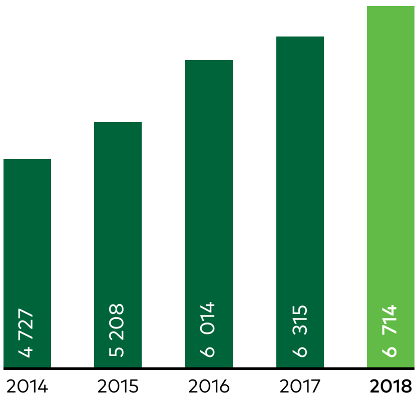
1 *Other equity includes the variance between average allocated capital, which is computed using the average-equity month-end balances and actual equity.*

2 *Cluster margins include internal assets, which are not material to NIM.*

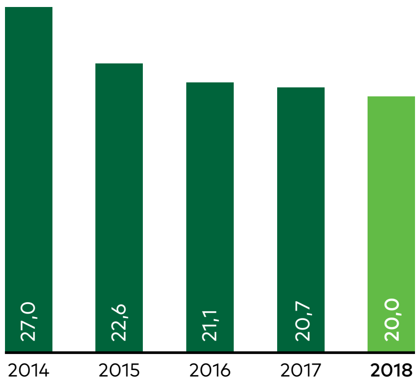
	Retail and Business Banking		Wealth		Rest of Africa		Centre	
	2018	2017	2018	2017	2018	2017	2018	2017
	3 105	3 692	1 562	2 354	5 615	6 791	19 790	18 260
			18 833	16 652	4 776	4 383	1 807	10 990
			6	1	10	39	23	24
					668	493	44 992	27 436
	326 762	305 198	31 111	29 413	21 037	20 541	(1 244)	(852)
	10 762	6 078	19 630	18 412	4 915	5 240	21 945	20 537
	14 984	11 257			497		(15 481)	(11 257)
	355 613	326 225	71 142	66 832	37 518	37 487	71 832	65 138
	28 471	27 812	4 225	3 885	6 812	6 445	18 208	19 960
	28 471	27 812	4 225	3 885	6 812	6 445	8 557	9 397
							7 493	6 716
							2 158	3 847
			5	2	12	3		126
	322 520	295 294	39 495	35 081	29 472	28 129	86 007	74 288
	3 534	1 798	24 764	23 016	894	1 034	6 177	10 710
	1 089	1 321			328	223	53 191	48 682
			2 653	4 848		1 653	(91 752)	(88 628)
	355 614	326 225	71 142	66 832	37 518	37 487	71 831	65 138
	18 692	17 790	1 113	1 003	1 627	1 474	141	141
	3 433	3 222	39	26	113	213		(350)
	15 259	14 568	1 074	977	1 514	1 261	141	491
	12 591	12 312	3 484	3 390	1 206	997	174	200
	27 850	26 880	4 558	4 367	2 720	2 258	315	691
	20 032	19 136	3 012	2 880	2 416	2 200	(400)	(448)
	275	302	108	117	37	40	436	459
	7 543	7 442	1 438	1 370	267	18	279	680
	–		–		611	(742)		
	7 543	7 442	1 438	1 370	878	(724)	279	680
	2 114	2 082	305	302	23	(18)	168	236
	5 429	5 360	1 133	1 068	855	(706)	111	444
					153	104	4	
	50	58					273	280
							267	252
	5 379	5 302	1 133	1 068	702	(810)	(433)	(88)
	328 676	306 225	48 216	46 639	30 998	29 369	40 623	40 814
	186 876	181 808	24 823	22 004	49 064	44 686	36 485	27 659
	1,58	1,68	1,69	1,62	1,79	(2,23)		
	2,88	2,92	4,56	4,85	1,43	(1,81)	(1,19)	(0,32)
	18,9	19,1	26,8	27,5	10,3	(12,6)		
	5,69	5,81	2,31	2,15	5,25	5,02		
	40,2	40,9	75,8	77,2	42,6	40,3		
	62,9	64,3	115,7	117,7	49,9	45,3		
	1,06	1,06	0,13	0,09	0,51	1,02		
	64,0	63,6	65,5	65,6	70,2	127,2		
	28,0	28,0	21,2	22,0	2,6	2,5		
	1 359	1 394	536	522	(259)	(1 715)	(744)	(545)
	19 430	20 081	2 173	2 231	2 617	2 545	3 976	3 918

Nedbank Corporate and Investment Banking

Headline earnings
(Rm)



Return on equity
(%)



FINANCIAL HIGHLIGHTS

	Corporate and Investment Banking		Property Finance		Corporate and Investment Banking, excluding Property Finance	
	2018	2017	**2018**	2017	**2018**	2017
NII (Rm)	**7 246**	7 216	**2 044**	2 022	**5 202**	5 194
Impairments charge on loans and advances (Rm)	**103**	193	**138**	(74)	**(35)**	267
NIR (Rm)	**8 521**	7 164	**1 202**	1 034	**7 319**	6 130
Gross operating income (Rm)	**15 766**	14 380	**3 246**	3 056	**12 520**	11 324
Operating expenses (Rm)	**6 572**	6 044	**1 029**	1 015	**5 543**	5 029
Headline earnings (Rm)	**6 714**	6 315	**1 499**	1 560	**5 215**	4 755
ROE (%)	**20,0**	20,7	**17,8**	20,6		
ROA (%)	**1,36**	1,31	**0,81**	0,89		
CLR (%)	**0,04**	0,06	**0,10**	(0,05)		
NIR to total expenses (%)	**129,7**	118,5	**116,8**	101,8		
Efficiency ratio (%)	**41,9**	42,3	**31,7**	33,2		
Interest margin (%)	**2,12**	2,12	**1,14**	1,19		
Total assets (Rm)	**507 807**	487 632	**155 778**	182 572	**352 029**	305 060
Average total assets (Rm)	**495 342**	481 146	**184 487**	174 856	**310 855**	306 290
Total advances (Rm)	**358 639**	356 029	**140 169**	143 267	**218 470**	212 762
Average total advances (Rm)	**352 255**	364 543	**140 848**	137 356	**211 407**	227 187
Total deposits (Rm)	**348 310**	338 792	**875**	363	**347 435**	338 429
Average total deposits (Rm)	**339 676**	337 052	**781**	668	**338 895**	336 384
Average allocated capital (Rm)	**33 555**	30 437	**8 417**	7 588	**25 138**	22 849

CIB's results reflect a strong performance with HE increasing 6,3% to R6 714m driven by excellent growth in NIR. ROE decreased slightly to 20,0% due to an increase in allocated capital of 10,2% but is still reflective of high-quality earnings. Allocated capital increased from R30 437m to R33 555m, mainly due to rating migrations across certain portfolios.

NII increased slightly to R7 246m due to pressure resulting from competition for deposits and muted growth in interest-earning banking assets, which increased from R340bn to R342bn. NIM remained flat at 2,12%. Average banking advances declined by 1,0% to R324bn as a result of early repayments, coupled with reduced economic activity in the first half of the year. Actual banking advances inclusive of corporate bonds, increased 5,9% to R359bn with growth picking up towards the latter part of the year. Average deposits increased slightly by 0,8% to R340bn. Through the same period NCDs, which are housed in Central Management experienced a 15,8% increase as clients sought tradeable deposit instruments due to the uncertain market conditions. A strong pipeline is in place and it is expected several transactions will be closed over the first half of 2019, in addition to continued drawdowns of round 4 renewable-energy deals. We see further growth in renewable energy in the wake of our own decision to no longer fund new coal-fired power stations together with the reshaping of Eskom as the national power utility.

Impairments decreased to R103m (2017: R193m). The CLR improved to 0,04%, which is below our TTC target range of 0,15% to 0,45%. This was achieved despite defaulted advances increasing from R2,9bn to R5,7bn as we engaged timeously with clients to actively restructure and resolve distressed assets. The major contributors to the R2,8bn increase in defaulted advances were large counters in the construction and cement industry. The high level of collateralisation for these defaulted deals has resulted in a decrease in the specific coverage ratio to 11,6%. The portfolio coverage ratio on the performing book decreased to 0,28% largely due to the reclassification of a single counter to investment risk. This exposure was well provided for prior to the reclassification. This decrease was offset to some extent by the migration of risk ratings for exposures within high risk industries. We continue to closely monitor stressed sectors of the economy, such as construction and cement, REITs with large office/government exposures, and parts of the retail sector. Focus will also continue on certain SOEs as a result of the rising government debt burden and ongoing uncertainty in terms of the SOEs' liquidity. The governance and oversight at SOEs has improved post the Ministerial changes and appointments of new boards in the troubled enterprises, but strategic turnaround plans are still to be implemented and financial challenges remain. The new Mining Charter was gazetted, which now provides improved regulatory and policy certainty to the mining industry.

NIR increased 18,9% to R8 521m, boosting the NIR-to-expense ratio to 129,7%. This performance was supported by strong trading and investment banking revenue. Trading revenue growth of 16,0% was driven by an excellent uptick in debt securities, double digit growth in FX trading and increases in equities driven by CIB's market-leading equity options team. Fee and commission revenue grew 21,5% due to growth in debt finance, transactional revenue as well as distribution.

We generated a competitive efficiency ratio of 41,9% for the period under review and invested significantly in staff and technology. This contributed to the expenses growth of 8,7% to R6 572m as we embrace digital opportunities and upskill our staff to ensure an ever-improving client experience.

Property Finance

Gross operating income increased 6,2%, driven mainly by NIR growth of 16,2% in fees and sundry income. Average advances grew 2,5% to R141bn amid growing competition for commercial mortgages while actual banking advances including bonds increased 2,0% to R151bn. CLR increased to 0,10% off a low base and remains below our TTC target range of 0,15% to 0,35%. The portfolio contains good-quality collateralised assets with low loan-to-value ratios, underpinned by a large secure asset pool and a strong client base. The business sustained its strong history of cost containment, improving the efficiency ratio to 31,7%. Property Finance has maintained a leading market share over many years in SA and seeks to capitalise on this experience by expanding alongside our clients into the rest of Africa.

FINANCIAL HIGHLIGHTS

	Property Finance		Investment Banking		Markets		Working capital and transactional services	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
Gross operating income (Rm)	**3 246**	3 056	**3 972**	3 551	**5 258**	4 703	**3 290**	3 070
Average total advances (Rm)	**140 848**	137 356	**154 488**	159 922	**32 154**	42 828	**23 950**	24 436

Investment Banking
Investment Banking delivered a solid revenue performance with gross operating income up 11,9%. Excellent growth in NIR of 40,1% was as a result of higher fees in debt finance and distribution. This was partly offset by NII decreasing 1,8% to R2 347m on the back of lower average advances growth, coupled with margin pressure in a very competitive environment for quality assets. Average advances decreased 3,4% with growth only picking up later in 2018. Investment Banking closed significant transactions in the second half of the year, which contributed to actual banking advances including corporate bonds, increasing 13,4%. The advances pipeline is solid, presenting a growth opportunity as business confidence improves. Defaulted exposures did increase due to large counters in the construction and cement industry. However the CLR decreased to 0,02% as a result of adequate security held for these exposures as some of these clients were already quite far along in executing corporate action strategies to reduce debt. The business has leading industry expertise in mining and resources, infrastructure, oil and gas, telecoms and energy, and ranked number one for debt capital market bond issuances for 2018. Investment Banking was recognised in the Bonds, Loans and Sukuk Africa awards with the Local Currency Deal of the Year and Project Finance Deal of the Year.

Markets
Gross operating income in Markets showed strong growth of 11,8% despite volatile trading conditions and a persistently weak economic backdrop. Deliberate investment in the Markets sales and trading franchises is bearing fruit and underpins the strong trading revenue growth of 16,0%. Importantly, the quality of this growth is shown by the broad participation across asset classes with increases in equities, structured rates, rates trading and foreign exchange. Markets has built on its dominant fixed income business and is emerging as a market leader in other key areas – such as equity derivatives – as evidenced in market share, awards and feedback.

Transactional Services
Gross operating income increased 7,2% as a result of NIR growth with good advances in cash and electronic banking. Transactional revenue increased 16,0% with continued momentum in gaining primary clients and retention of top-tier clients. This includes CIB being appointed as the primary banker to the City of Cape Town and to the City of Ekurhuleni for a second consecutive term. CIB is also primary banker to the City of eThekwini in Durban. We continue to focus on innovation in our functional rich product areas, while also renewing focus on efficiencies, robotics and short term liquidity solution.

Looking forward
Our key priority remains to better serve our clients through greater insights and solutions, and to enhance revenue synergies across the business. We are well positioned and start the year with a strong advances pipeline. Driving NIR growth, not only through transactional banking, but also by building private equity and scaling up the fintech investment portfolio along with our Property Partners business remains a key priority for 2019.

Essential to our strategy is utilising our strategic partners to benefit clients on the continent and globally, and expand our rest of Africa presence in selected sectors.

We continue to focus on investing in disruptive technologies and realising efficiencies by optimising business processes.

We emphasise proactive risk management and focus on resolutions in stressed sectors, while ensuring that we remain compliant with regulatory requirements.

Developing leadership capability, building technical skills and attracting and retaining top talent are significant levers in growing our businesses.

We remain committed to our 2020 targets of ROE = 20% and cost-to-income ratio of = 40%.

Favourable	Unfavourable
■ Strong NIR growth. ■ Decreased impairments and reduced CLR. ■ Maintaining our leading position in commercial-property finance. ■ Strong pipeline which is expected to convert as business confidence improves. ■ Industry-leading efficiency ratio. ■ Strategic partnerships to benefit clients on the continent and globally. ■ Continued focus on people with a shift towards 'digital' talent.	■ Declining business confidence levels. ■ Subdued credit demand, notwithstanding strong pipelines, and low levels of client activity. ■ Increased competitive environment for high-quality assets. ■ Increased defaulted advances.

Notes

Nedbank Retail and Business Banking

Overview

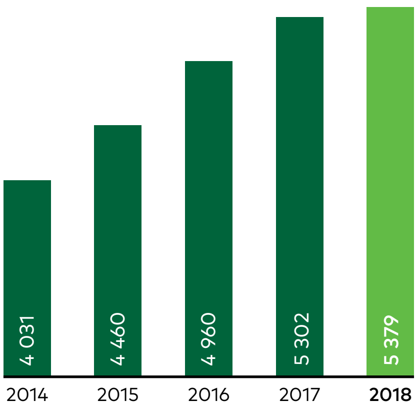
RBB's HE increased 1,5% to R5 379m, with ROE at 18,9% – well above the group's cost of equity. Adjusting for the combined impact of the IFRS 9 and IFRS 15 changes, HE would have reflected growth of 6,4%. NII growth was once again underpinned by solid growth in advances and strong growth in deposits, although the NIM decreased. NIR growth, after adjusting for the impact of IFRS changes, increased ahead of inflation in an environment of weak economic growth. The CLR continued to benefit from our strategy of quality selective origination across all asset classes. Expense growth of 4,7% included investment in digital and the reformatting of our physical distribution footprint and was offset by the benefit of IFRS 15. As we move forward, we continue to focus on active cost management given slow economic growth.

Key drivers of the 2018 financial performance

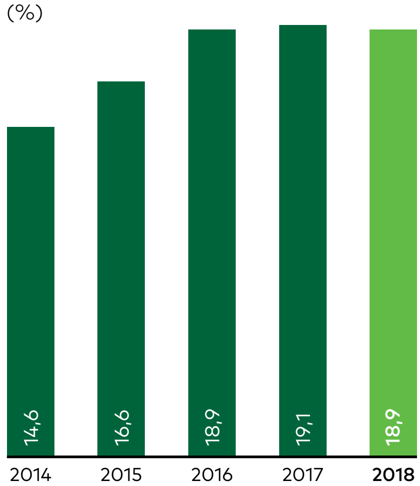
NII increased 5,1% to R18 692m. NIM, however, decreased 12 bps to 5,69%, driven mainly by the margin compression in the deposits business as a result of pricing decisions to ensure an appropriate balance between margin and volume and a decrease in endowment, notwithstanding the growth in the pricing and volume of the advances book.

Average total advances increased 5,8% to R312,1bn, with new-loan payouts increasing to R98,8bn, Retail increasing 13,4% to R74,4bn and Business Banking increasing 20,1% to R24,4bn.

Headline earnings
(Rm)



Return on equity
(%)



FINANCIAL HIGHLIGHTS

for the year ended 31 December

	Total Retail and Business Banking		Business Banking		Retail Banking[1]		Relationship Banking	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
NII (Rm)	**18 692**	17 790	**4 123**	4 013	**14 569**	13 777	**2 215**	2 102
Impairments charge on loans and advances (Rm)	**3 433**	3 222	**117**	80	**3 316**	3 142	**74**	16
NIR (Rm)	**12 591**	12 312	**1 866**	1 775	**10 725**	10 537	**1 274**	1 173
Operating expenses (Rm)	**20 032**	19 136	**3 823**	3 745	**16 209**	15 391	**2 453**	2 358
Headline earnings (Rm)	**5 379**	5 302	**1 462**	1 396	**3 917**	3 906	**691**	646
ROE (%)	**18,9**	19,1	**22,2**	24,3	**17,9**	17,7	**27,4**	25,0
ROA (%)	**1,58**	1,68	**1,05**	1,06	**1,55**	1,63	**0,98**	1,00
CLR (%)	**1,06**	1,06	**0,15**	0,12	**1,32**	1,32	**0,21**	0,05
NIR to total expenses (%)	**62,9**	64,3	**48,8**	47,4	**66,2**	68,5	**51,9**	49,8
Efficiency ratio (%)	**64,0**	63,6	**63,8**	64,7	**64,1**	63,3	**70,3**	72,0
Interest margin (%)	**5,69**	5,81	**2,99**	3,07	**6,03**	6,00	**3,14**	3,25
Total advances (Rm)	**326 763**	305 198	**74 287**	66 429	**252 476**	238 769	**37 246**	33 470
Average total advances (Rm)	**312 119**	294 930	**70 408**	65 057	**241 711**	229 873	**35 122**	32 428
Total deposits (Rm)	**322 520**	295 294	**139 354**	126 530	**183 166**	168 764	**68 400**	62 347
Average total deposits (Rm)	**305 151**	281 779	**131 800**	125 247	**173 351**	156 532	**64 285**	58 399
Average allocated capital (Rm)	**28 471**	27 812	**6 600**	5 747	**21 871**	22 065	**2 520**	2 588

[1] *Retail includes unallocated costs relating to Channel, Consumer, Clients and Shared Services, which are not reflected separately.*

Average deposits grew 8,3% to R305,2bn. The market share of household deposits was 18,0% at December 2018 and will remain a key focus area. The market share of household current-account deposits was 18,1% at December 2018.

Defaulted advances increased 14,2% to R17,3bn, from R15,1bn in December 2017, increasing the defaulted book to 5,1% of the advances portfolio, up from 4,8% in December 2017. The main reason for this growth was the prospective implementation of the revised point of writeoff under IFRS 9. These adjustments were made at the end of 2018 and resulted in R1,9bn growth in both defaulted advances and provisions. Excluding IFRS 9, defaulted advances increased 1,7%.

Balance sheet impairments rose to 3,75% of total advances, as the implementation of IFRS 9 resulted in the coverage on the performing book increasing to 0,71%. Our strategy to grow advances within acceptable risk categories remains a focus.

The CLR of 1,06%, flat on 2017, remains well below our TTC target range of 1,30% to 1,80%. The impairments charge includes the impact of IFRS 9, indicated by increases in provision requirements on the performing book being offset by reductions in provisions due to the revised disclosure of interest on impaired financial advances. This adjustment meant lower impairments as well as a lower margin. The implementation of IFRS 9 resulted in a net R52m of lower provisioning.

IFRS 9 and IFRS 15 changes had the largest impact on NIR, which showed modest growth of 2,3% to R12 591m. Adjusting for the impact of these changes, NIR growth was 7,0%, underpinned by growth in quality transactional income and revenue from consumer card issuing (combined growth of 8,1% yoy, as well as average product price increases of 5,3% from 1 January 2018). The impact of a tougher macro environment is evidenced by muted yoy growth of 3,5% in average GOI per client.

Retail clients reached a total of 7,5 million, with approximately 270 000 small and medium enterprise clients and 21 000 Business Banking client groups. Progress in quality-client acquisition and improved client retention is reflected in the 6,9% increase in main-banked client numbers to 2,98 million. Middle-market and retail relationship clients continued to increase strongly and while entry-level clients also showed good growth, they contributed a much lower average GOI per client, with an impact on overall revenue growth. Additionally, we recorded an increase of 5,1% yoy in clients who were active in the past six months. This contributed to Nedbank's overall market share of main-banked clients growing yoy to an estimated 13,1% from 12,7% according to an independent field survey conducted by Consulta, which tracked client responses to being asked which bank they consider as their main bank. We remain committed to reaching our target of more than 15% main-banked market share by 2020.

Expense growth of 4,7% includes investment in distribution of R68m, growth in revenue-related costs of R181m and the benefit from IFRS 15 of R259m. In addition, R573m of additional cost savings delivered through ongoing, focused and active cost management has been realised in the 12 months to date, with headcount decreasing 698 to 19 545.

Our physical distribution footprint is reflective of the change in client dynamics, particularly following our shift to convenient self-service channels while balancing the diversity in the SA consumer base, with many clients often still requiring face-to-face assistance. To encourage increased client self-service we expanded our ATM footprint by 74 devices during 2018, with 73 of these being new Intelligent Depositor devices. In this period cash dispensed increased by 6,3%, with 61% of all cash now deposited through Intelligent Depositor devices, up from 20% in 2015. We also deployed 411 self-service kiosks across our branch network, enabling clients to undertake a range of self-service transactions, including ATM limit changes and overseas travel notifications. Client servicing through branch-located video banking and contact centre access provided further convenient alternatives for clients. We also launched functionality enabling clients to access authorised bank statements on our Intelligent Depositor devices, with more than 300 000 statement requests monthly.

Our client engagement availability saw a marked improvement, with our contact centre being available 24 hours a day. To aid this, client experience and security were improved through the deployment of voice biometrics as well as a new online live 'chat' capability, enabling our clients to access services and advice through a text-based interaction with our agents. Non-voice contact centre interactions increased to 26% of all interactions following the deployment of multimedia access through our contact centre channel.

Transactional		Card and Payments		Forex and Investment		Unsecured Lending		Home Loans		MFC	
2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
1 437	1 450	**1 446**	1 294	**957**	903	**3 180**	3 269	**1 688**	1 674	**3 852**	3 355
42	39	**766**	753	**–**		**1 007**	1 063	**44**	(4)	**1 429**	1 276
3 776	3 477	**4 055**	4 044	**130**	140	**649**	648	**197**	287	**658**	744
5 811	5 522	**3 265**	3 250	**1 019**	920	**1 485**	1 408	**1 063**	1 023	**1 312**	1 191
(459)	(459)	**1 071**	955	**47**	88	**946**	1 029	**547**	673	**1 159**	1 064
(25,7)	(29,0)	**36,1**	27,5	**22,5**	48,3	**28,3**	29,7	**16,3**	19,6	**16,1**	15,7
(2,02)	(1,08)	**5,27**	4,67	**0,05**	(0,15)	**4,74**	5,41	**0,61**	0,77	**1,12**	1,15
24,81	16,28	**4,58**	4,80	**(0,08)**	4,28	**5,03**	5,69	**0,07**		**1,53**	1,49
65,0	63,0	**124,2**	124,4	**12,7**	15,2	**43,7**	46,0	**18,5**	28,0	**50,2**	62,5
111,5	112,1	**59,4**	60,9	**93,8**	88,2	**38,8**	36,0	**56,4**	52,2	**29,1**	29,1
6,33	6,15	**8,31**	7,22	**1,10**	1,19	**16,31**	17,33	**1,89**	1,93	**3,80**	3,69
125	89	**13 981**	14 240	**4**	1	**17 481**	16 397	**86 242**	84 339	**97 318**	90 183
100	151	**14 121**	14 308	**1**	1	**17 060**	16 218	**84 783**	83 130	**90 858**	83 568
23 018	22 231	**2 500**	2 424	**89 194**	81 632			**122**	117	**78**	81
20 372	19 862	**2 013**	1 833	**86 498**	76 541	**60**	59	**80**	2	**88**	59
1 789	1 582	**2 963**	3 469	**211**	182	**3 338**	3 470	**3 348**	3 428	**7 179**	6 769

In response to shifts in client behaviour and preferences we continued to optimise our branch network. During 2018 we closed 18 points of presence and opened four new branches and five inretailer outlets, resulting in a net reduction of nine physical points of presence. The reduction has not affected our coverage of the bankable population in SA. During 2018 we also upgraded 18 branches to our new format, bringing the total completed upgrades to 363 branches. We exceeded our 2020 targeted reduction of 30 000 m^2 in branch space by achieving an actual space reduction of 32 971 m^2 at December 2018, representing 14,3% of the total branch floor space we occupied in 2014. In response to the continued increase of servicing transactions across our self-service channels we revised our targeted reduction in branch space to more than 45 000 m^2 by the end of 2020 as we continue to optimise our branch footprint.

We made significant progress in enhancing operational efficiencies, unlocking cost savings and improving client experience by leveraging technologies such as robotics, artificial intelligence, machine learning and data analytics. With our artificial intelligence and machine learning capabilities we have a deeper understanding of our clients, which helps us to personalise and customise offerings to meet their needs and service them better. Our enhanced Robotics Process Automation (RPA) enables us to automate manual processes, improving our speed and accuracy. During 2018 we deployed 153 robotic solutions, including robotics to facilitate the opening of 17 000 new accounts for clients impacted by the curatorship of VBS Mutual Bank. Through this enablement all accounts were successfully opened in a five-day period. We are the first bank in SA to have bought an infrastructure utilising a graphical processing unit (GPU), which enables us to run complex deep-learning and machine-learning algorithms at significant pace for better predictive analytics and faster decisionmaking.

We were also the first bank to introduce Pepper, a humanoid Robot, that can open a transactional account in less than 10 minutes. This gives us an opportunity to explore further client services we can deliver by leveraging Pepper's capabilities.

There have been great strides in accelerating our digital transformation journey. Following its launch in November 2017, the Nedbank Money app™ has been downloaded more than 1,6 million times. By end of 2018 altogether 70 client-servicing functions had been enabled on the app, equating to approximately one service having been deployed on the app each week since its launch. These services include functionality to freeze and unfreeze misplaced cards, scan to pay (Nedbank was first in the market to launch this client-centred innovation), view Greenbacks Rewards balances and points, request personal-loan settlements, as well as view and stop unauthorised debit orders. Nedbank is the only bank that has managed to digitise the onboarding and account-opening processes for student and PAYU (pay-as-you-use) accounts on the app, thereby making it easy to join the bank.

We have also released our new internet banking platform, which has 61 digitised client services that empower our clients to service themselves through their personal devices.

We launched several exciting and disruptive CVPs, developed by using our client-centred design approach. This includes MobiMoney, a wallet-based, zero-monthly-fee transactional account that can be opened in less than a minute and has no document requirements. It provides a convenient and cost-effective solution for previously unbanked South Africans. Since its launch five months ago, MobiMoney has gained more than 60 000 registered users. Good progress has been made towards our platform play strategy geared at providing holistic solutions for our clients and offering beyond-banking services. We landed Unlocked.Me, our first platform play solution aimed at enhancing our youth and middle-market propositions by offering banking and lifestyle solutions and delivering curated experiences. Unlocked.Me has seen a client reach of more than 12 500 000 unique impressions across social media and the web. For small businesses we continued to invest in SimplyBiz™, a platform for business owners offering business services, funding, support and the chance to build a network on which to promote their businesses and to solicit advice and mentorship. The platform has more than 9 000 signed-up members. Within Business Banking we launched the Karri app in 2017, which is a digital payment solution for students, parents, schools and their suppliers. Karri has over 19 000 active users, and more than 208 schools have signed up since inception.

We rolled out a programme to bed down new ways of working across the organisation to accelerate our digital journey, equip staff with new skills and transform culture. In 2018 we also increased our focus on equipping our staff with future skills through the launch of the Robotics and Coding Academies, coupled with enrolment of online digital libraries. Nedbank received LinkedIn's Best Culture of Learning award in SA.

Looking forward

We remain committed to our client-centred growth strategy and boldly executing our plans to deliver delightful client experiences through digital transformation using the five strategic levers of Digital First, First in Digital; Disruptive CVPs; Sales and Service Excellence; Loyalty and Rewards; and Data Analytics and Insights. We continue to strive towards achieving our targets for 2020, which include an ROE of greater than 20% and a substantially lower cost-to-income ratio with a stretching target set at less than or equal to 58%.

Our focus remains on accelerating financial inclusivity of our banking propositions to meet evolving client needs through delivering competitively priced products, actively reducing transacting costs for our clients through digital banking services and tapping into ecosystem-based platform propositions to offer beyond-banking solutions. We plan to launch our refreshed loyalty and rewards programme by H2 2019. In H2 2018 we piloted our enterprisewide client-onboarding platform, which we believe will provide our clients with a seamless onboarding experience and an additional incentive to bank with us. This will be rolled out to all frontline points during H1 2019.

In line with our client-centred strategy and ongoing changes in the regulatory environment we have appointed a Chief Client Officer whose responsibilities will include the implementation of our Market Conduct Programme to ensure fair treatment and outcomes for our clients. We are increasing our focus on equipping, empowering and enabling our people to unlock, execute and manage digital transformation, with specific interventions to take our staff along this journey.

Our policies on credit granting have remained consistent and will ensure relative risk outperformance in the market. HE growth will continue to be supported by various cost-efficiency strategies, including the reduction of the cost to acquire and serve clients through our convenient and functionally rich mobile and digital channels.

Future distribution investment is aimed at ensuring an optimal footprint. This will mean more self-service device options for clients, a marginally reduced branch footprint, with a reformatted strategy aimed at unlocking more space efficiencies and equipping branches with self-service capabilities to provide convenient alternatives for our clients. There is also a focus on quality-client acquisition. We aim to achieve this through deepening the relationship with our clients by improving client experience and ensuring we have value-adding, cost-effective products that will drive our key Net Promoter Score (NPS) improvement. We are launching our new staff interface for account opening and servicing, which will further enhance growth in our transactional banking franchise. In addition, RPA, leveraging technologies such as virtual reality (VR), gamification, machine learning, artificial intelligence (AI), and data analytics, will play a significant role in providing deep insights into clients, driving efficiencies and enhancing client experience.

NEDBANK RETAIL AND BUSINESS BANKING SEGMENTAL REVIEW

Business Banking

Business Banking (BB) provides relationship-based banking services to corporates, institutions and parastatals with an annual turnover of less than R750m but greater than R10m.

A full range of banking and financial services is provided, including debtor refactoring and innovative deposit solutions.

Despite the sluggish economic growth that has seen deteriorating levels of business confidence, with business owners taking a more cautionary approach to key investment decisions, average advances growth is up 8,2%, largely due to a 20,1% increase in new-loan payouts to R24,4bn, coupled with an increase in client drawdowns of existing facilities. We remain a strong generator of funding, with average total deposits increasing by 5,2% to R131,8bn, giving rise to the generation of R69,4bn in net surplus funds.

The overall margin was impacted by reduced deposit margins as we priced up to clients to alleviate pricing pressures in the market, coupled with lower endowment earnings following the decrease in the prime interest rate.

The CLR of 15 bps remained well below the TTC target range of 50 bps to 70 bps, demonstrating the entrenched proactive risk management practices within the business and highlighting the quality of the portfolio. Downside risk remains, as we continue to see the pressure in the operating environment of our clients, continued drought conditions in parts of the country, cashflow constraints in the public and private sectors, and general economic uncertainty.

We will continue to focus on delivering delightful client experiences through the consistent performance of our core banking propositions. To do so we will leverage digital advances and the successes we have in our current specialised CVPs to increase market penetration in those segments, while also refining and exploring adjacent markets and value chain opportunities. We will also focus on developing propositions that unlock new markets and new revenue streams, including high-end disruption through the delivery of ecosystem-led CVPs that are enabled by digital innovation.

Retail Relationship Banking (RRB)

RRB provides relationship-based banking services to affluent individuals and their households (salaried and self-employed) as well as SMEs with a turnover of less than R10m and their business owners. As of 2018, RRB also caters for the non-resident and embassy banking segment, previously housed in Consumer Banking.

The CVP is designed for clients seeking a personalised, flexible and proactive approach and caters for the more complex financial needs typically associated with the abovementioned segments.

A 27% increase in loan payouts led to 8,3% growth in average assets and 9,7% growth in average liability balances. The CLR has normalised from 5 bps to 21 bps, but this risk outcome is still well below the TTC target range and once again confirms RRB's entrenched risk management capabilities and the high quality of the portfolio. This business remains a key contributor to the overall performance of the cluster.

From a strategic perspective the professional-banking proposition for the affluent segment continues to provide excellent value for money and access to exclusive benefits for clients (such as a dedicated banker for the entire family, unlimited domestic and 10 international airport lounge visits, preferential investment rates and tailored credit). We have had success in growing a pipeline for the business (19% CAGR in young professional clients over two years), which is compensating for the generally low switching rates in the established-professional segment. The Nedbank Money app™ has been well received in this market, with more than 30% of potential users having enrolled.

Nedbank remains well-positioned in the small-business segment, with market share of approximately 20% and positive perceptions around our ability to understand and serve the needs of this important sector. In line with our Banking and Beyond™ strategy we continue to invest in our beyond-banking services, including Companies and Intellectual Property Commission registrations, issuing of BEE certificates and rendering other support through our Simplybiz.co.za platform.

A key focus across both segments is the automation and fine-tuning of our credit assessment and pricing approach aimed at maximising takeup as well as transactional cross-sell on the back of these assets. The broader efforts of the bank to create more self-service functionality, digitise the onboarding processes, renew our loyalty programme and create a worldclass forex offering will greatly benefit this business in coming years.

Consumer Banking

Consumer Banking serves approximately 7,2 million clients, who are mostly individuals earning less than R750 000 per annum, as well as stokvels, clubs and societies. Consumer Banking offers clients the full range of transactional, lending, investment, and protection products and solutions. Within the business we have three primary subsegments, namely youth, ELB and middle market. Our purpose of 'using our financial expertise to do good' comes to life as we help these clients manage their money better, or 'see money differently'. Our strategy is to deliver exceptional client experiences as a basis for growing our client franchise size and cross-sell in the most cost-effective manner possible.

As regards client experience, we are pleased to post a 10% improvement in our NPS to 44%, and we are now third of the six major banks in SA, up from fourth the preceding year. In Retail overall, our improvement was 11% – the highest among the six SA banks surveyed. These findings are based on the results of an independent field survey conducted by Consulta. The improvements in NPS are underpinned by improved CVPs across the segments and improvements in service across our channels. The trajectory on NPS evidences strong traction in our strategy to deliver exceptional client experiences.

The strong underlying momentum in the business translated to HE of R2,9bn, a 7,0% increase when normalised for IFRS adjustments, which is a strong performance in a difficult macroeconomic environment.

Transactional Banking
Transactional Banking provides all transactional banking products and value-added services to the consumer segment of the bank. These include key innovations such as MobiMoney, Unlocked.Me and savings pockets, as well as the more traditional transactional accounts, and can be accessed through all channels, as appropriate.

Total revenue increased to R5,2bn, up 5,8% from 2017, but was offset by costs of R5,8bn, up by 5,2%. Current account application sales were up 5%, with entrenched sales up 26%.

In terms of digital adoption, 1,4 million digital-service requests have been performed by transactional clients on the Nedbank Money app™ in 2018, while digitally active clients have increased 4,7%. Active Money app clients increased sevenfold to 435 000. In 2018 we saw mobile app third-party payments grow by 22% in H1 and by another 32% in H2 to R39bn for the full year, with an additional R318bn being processed through internet banking.

Card and Payments
Card and Payments provides card-issuing, acceptance and payment products and solutions to all client segments. These include key innovations such as Market Edge™ and Gap Access™.

Nedbank Card and Payments delivered a strong operating and financial performance despite lower household consumption driven by VAT hike to 15% and increased fuel prices. HE grew strongly by 12,1% to R1 071m at an ROE of 36,1%, driven by lower impairments and 15% growth in acceptance turnover. Adjusting for the IFRS 15 impact, NIR increased 7,9% yoy on the back of ongoing client gains combined with transaction volume increases.

We continue to control operational expenditure and improve efficiencies, benefiting from our digital transformation efforts that continue to drive new differentiated and competitive value propositions and enhance client experience. Card and Payments launched scan to pay, a first-in-market QR payment technology in a banking app. As part of delivering delightful client experiences, Nedbank added meaningful and relevant payment and transactional services in the banking app to block and replace cards, switch contactless payments on and off, and manage ATM limits, among other things.

Going forward, the payments landscape will experience accelerated structural change, driven by innovation, regulation and the disintermediation by new entrants in the end-to-end payments value chain. Nedbank Card and Payment's innovation agenda is dominated by value-adding payment and transactional solutions that meet our clients' evolving needs and ensure speed, safety, reliability, convenience and cost-effectiveness.

Forex and Investment Products
Forex and Investment Products develop and commercialise the capabilities and CVPs for its product sets in respect of all the RBB client segments. These include the Nedbank Travel Card, Foreign Currency accounts and all deposit products.

The RBB's market share of commercial investments grew from 9,4% to 9,5%, with total Nedbank's market share of commercial deposits growing from 17,2% to 17,7%. However RBB's market share of household investments contracted from 19,8% to 18,4%, impacted by our proactive pricing decisions to ensure an appropriate balance between margin and volume.

Profit from our consumer investment products was low, primarily because of the relatively high manual account-opening and servicing costs from physical channels. This resulted in lower-value deposits having been unprofitable. We seek to resolve this with our investment online journey, which makes it easy for clients to save and invest through the app and web. The first release went live in Q4 2018 and we will drive various initiatives to start shifting volume to our digital channel.

A number of investment value propositions have been enhanced, including stokvels, tax-free savings accounts, the corporate saver third-party funds administration platform and a deposit note programme at the top end of our commercial base. Furthermore, system changes relating to the implementation of the Legal Practices Act were successfully implemented. A new electronic 32-day notice deposit product was created, priced competitively and marketed above the line during November and December.

Our RBB Forex and Global saw a regression in 2018, with a reduction in turnover of 11% and a reduction in travel of 4%. The juristic market was the overall driver for this, with a 13% reduction in payments. In 2018, despite a recessionary economic environment, our market share improved from 5,8% to 7,6% (for individual), and from 10,6% to 11,1% (for juristic). Our goal is to reach 15% market share by 2023. RBB Forex and Global grew 10% in client turnover and 6% in NIR.

Our focus has been on successfully commercialising our new Travel Card (launched November 2017), as well as providing a disruptive sales and service digital offering for the Travel Card through our first forex online release, delivered in October 2018. We have also optimised our foreign bank note operations and introduced formless forex transactions at branches for foreign bank notes and the Travel Card. We introduced a new service to Nedbank, crossborder remittance, which constitutes a R19bn market in SA. Our Ecobank digital crossborder remittance offering (launched late 2018) is the cheapest and quickest solution, as well as the only account-to-account crossborder solution from SA to 33 countries in Africa. This will be expanded to Nedbank's subsidiaries in 2019.

Unsecured Lending
Unsecured Lending provides lending products to all segments of Retail Banking. These include personal loans, overdrafts and student loans, but exclude credit cards.

The personal-loans portfolio of R20,6bn represents the majority (97%) of Unsecured Lending's total advances.

Unsecured Lending's earnings was negatively impacted by R79m relating to the reduced maximum NCA rate, as well as R85m relating to increased impairments due to IFRS 9 and risk normalisation back to within target range, offset somewhat by portfolio growth driving increased revenues and effective cost management.

Average advances increased 7,9%, while period-end advances were up 13,5% to R20,6bn, approximately 2% ahead of market growth. Total book market share increased from 9,8% to 10,1% (BA900, adjusted for non-retail personal loans), while new-business market share in targeted lower-risk segments grew to about 14,5% from 13% in 2015, marginally down from the previous year on the back of a market shift to longer-term products. In response, Nedbank launched both a six-month and 72-month product in June, with promising results of increasing market share in desired segments in the last quarter.

The shift to digital is gaining momentum, as evidenced by the increased origination contribution from the direct channel (call centres and digital solution) from 17% to 22% in 2018, with approximately 40% of those clients experiencing a full end-to-end digital experience driven primarily by the introduction of a faceless FICA process. In addition, the functionality to take up a personal loan in the Nedbank Money app™ was launched, enabling existing clients to take up a loan in six clicks and in under three minutes. Full rollout of our new self-service personal-loan/transactional bundling product, along with other new digital products and processes for both Nedbank and non-Nedbank clients, will be launched over the coming months and is expected to provide further impetus to digital growth and enhance the growing market share trajectory in both Personal Loans and Transactional Banking.

Machine learning techniques have been implemented in credit-scoring models and, along with embedded risk and collections excellence, will enable sustainable growth within the current risk appetite, while improving client experiences and assisting in growing our main-banked transactional franchise.

Home Loans

Home Loans provides real estate secured-lending products to the consumer segment only, with RRB and BB providing these products to their segments directly. Both BB and RRB do, however, leverage off the home loans infrastructure for many of the administratively heavy processes.

HE grew by 4,0% on a basis normalised for IFRS 9 and other prior-year once-offs, driven by moderate book growth of 2,3%. Both early arrears and the defaulted portfolio decreased to 2,4% and 5,1% of advances respectively, while the proportion of advances in the SICR portfolio increased to 8,6%. Impairment coverage on the defaulted portfolio increased slightly to 20,3%.

Several initiatives are in progress to drive growth:

- The Home Loans digital channel continues to improve the online application experience. In June 2018 the online application form underwent a facelift that aligned it to global best practices, making the experience far more client-centred through the reduction of 26% of the input fields. Further enhancements are planned.
- We have made significant strides in enabling self-service features for our Home Loans clients. Those clients enrolled on the Nedbank Money app™ are now able to view their balances and debit order details, obtain documents such as title deeds and statements, as well as obtain settlement amounts. Clients accessing online banking through the web are also able to request the cancellation of their bond, as well as payment drawdowns in respect of building loans.
- We strengthened originator and other intermediary relationships, resulting in strong sales growth.
- The Home Loans Digital Channel 1% cashback initiative has continued rewarding clients for applying online. Clients are given 1% cash back based on the value of the loan amount registered (capped at R15 000), which is payable into a Nedbank salary-funded transactional account. This has resulted in a 14% increase in new loans granted through this channel.
- The affordable-housing campaign to waive the upfront initiation fees for clients earning less than R23 300 per month continues to be a differentiated offering and has resulted in a 21% increase in sales volumes in this segment.

The early results of the above initiatives are encouraging, with the value of granted loans growing 20%.

Aligned with our purpose of using our financial expertise to do good, Nedbank partnered with the Free Market Foundation's Khaya Lam Land Reform Project to help enable 100 families to go from being tenants to being homeowners through the transfer of title deeds in Ngwathe, Free State. In addition, Nedbank Home Loans joined forces with Habitat for Humanity to build 11 houses in Lawley, Mfuleni and Umgababa in celebration of Madiba's centenary.

We remain committed to helping clients who face financial hardship and provide a website to educate them about their options should they fall behind on their home loan repayments. In addition, over 34 435 families have been able to retain their homes as a result of loan restructures offering an effective rehabilitation process, with the redefault rate on these loans being only 16,4%. In addition, over 4 745 financially distressed clients were given a fresh start through the Nedbank-assisted sales programme. The programme gives clients the option to sell their house in the private market through an estate agent allocated by Nedbank, thereby avoiding the repossession and distressed sale of the house through sheriff auction.

MFC

MFC's key business strategy is to provide vehicle asset financing to the consumer segment. In addition, the financing of dealer floor plans and key vehicle distributor joint ventures are housed in this business.

The increase in HE is underpinned by growth in average advances of 8,7% to R90,9bn, surpassing market growth of below 3%. ROE improvement is driven by an increase in pricing, slightly offset by an increase in the CLR of 4 bps. A higher level of payment restructures and debt review applications in 2017 and 2018 indicates the continued pressure consumers face.

The continued momentum of staying ahead of the market with strong alliances and striving to deliver worldclass, digitally enhanced CVPs for our clients ensures a consistent and sustainable business model.

Favourable	Unfavourable
■ Quality origination across all asset classes at appropriate risk-based pricing, driving asset mix benefit and market share gains. ■ Solid growth in middle-market main-banked clients. ■ CLR well below our TTC target range, benefiting from quality book and collections. ■ Innovative first-to-market digital solutions delivered. ■ Leveraged technologies like robotics, AI, machine learning and data analytics capability to enhance operational efficiencies and improve client experience. ■ Lower expense growth reflects the initial impact of optimising processes and operations, including headcount reductions.	■ Aggressive competitor pricing driving lower household deposit market share. ■ Margin compression on term deposits reduced NII growth. ■ Impairments being impacted by new business strain from IFRS 9. ■ Weak client transactional activity.

RETAIL AND BUSINESS BANKING: KEY BUSINESS STATISTICS

		2018	2017
Business Banking			
New client acquisitions – groups		**1 465**	1 490
Cross-sell product holding		**105 548**	93 998
Home Loans			
Number of applications received	thousands	**148**	123
Average loan-to-value of new business registered	%	**91**	87
Average balance-to-original-value of portfolio	%	**77**	76
Proportion of new business written through own channels	%	**59**	70
Proportion of book written since 2009	%	**74**	67
Owned-properties book	Rm	**45**	44
MFC			
Number of applications received	thousands	**1 524**	1 381
Percentage of used vehicles financed	%	**71,1**	72,4
Personal Loans			
Number of applications received	thousands	**1 295**	1 286
Average loan size	R000s	**52,7**	47,0
Average term	months	**40,2**	38,7
Retail deposits			
Total value of deposits taken in	R000s	**84**	88
Total value of deposit withdrawals	R000s	**80**	77
Number of clients at period-end			
Retail main-banked clients	thousands	**2 976**	2 783
Business Banking groups[1]		**21 538**	22 426
Small Business Services segment[2]	thousands	**268**	255
Home Loans	thousands	**296**	300
MFC	thousands	**589**	573
Personal Loans	thousands	**451**	448
Card issuing	thousands	**1 024**	985
Investment products	thousands	**1 570**	1 534
Transactional products	thousands	**5 974**	6 026
Distribution			
Number of Business Banking locations		**68**	68
Number of retail outlets		**604**	613
Number of new-image branches[3]		**363**	336
Number of ATMs[4]		**4 022**	3 948
Number of ATMs with cash-accepting capabilities[5]		**1 076**	1 003
Digitally enabled retail clients	thousands	**5 911**	5 784
Digitally active retail clients[6]	thousands	**1 544**	1 474
POS devices	thousands	**96**	88

1 *1 334 client groups migrated to RRB on 1 June 2018.*
2 *3 085 CISs migrated from RRB on 1 June 2018.*
3 *Included in the number of retail outlets – shown separately for additional disclosure.*
4 *Includes four corporate cash devices.*
5 *Cash-accepting devices and interactive teller machines included in total number of ATMs.*
6 *Digitally active clients have been restated to include revised segment definition.*

BALANCE SHEET AVERAGE ADVANCES AND IMPAIRMENTS

	Daily gross average advances Rm		Stage 1[1] %		Stage 2[2,4] %		Stage 3[3] %		% of total advances		Credit loss ratio %	
	IFRS 9 2018	IAS 39 2017	IFRS 9 2018	IAS 39 2017	IFRS 9 2018	IAS 39 2017	IFRS 9 2018	IAS 39 2017	IFRS 9 2018	IAS 39 2017	IFRS 9 2018	IAS 39 2017
Home loans	**118 338**	113 958	**83,7**	93,0	**12,0**	2,3	**4,4**	4,7	**35,9**	37,0	**0,07**	-
VAF	**96 152**	88 015	**80,7**	92,5	**15,0**	3,9	**4,3**	3,7	**30,7**	30,1	**1,48**	1,44
Personal loans	**19 228**	17 832	**73,2**	81,4	**12,4**	5,2	**14,5**	13,3	**5,9**	5,8	**5,21**	5,88
Card	**16 413**	15 573	**80,5**	87,5	**8,5**	3,2	**10,9**	9,3	**4,8**	5,0	**4,57**	4,84
Other loans	**1 865**	2 139	**75,7**	83,8	**12,0**	1,3	**12,3**	14,8	**0,5**	0,5	**2,92**	3,57
Total Retail	**251 996**	237 517	**81,4**	91,5	**13,0**	3,2	**5,6**	5,3	**77,8**	78,4	**1,32**	1,32
Business Banking	**71 577**	66 449	**88,7**	93,1	**4,0**	3,8	**3,4**	3,1	**22,2**	21,6	**0,15**	0,12
Total RBB	**323 573**	303 966	**83,1**	91,9	**11,8**	3,3	**5,1**	4,8	**100,0**	100,0	**1,06**	1,06

BALANCE SHEET IMPAIRMENT AS A PERCENTAGE OF BOOK

	% of total		Stage 1[1] %		Stage 2[2,5] %		Performing defaulted %		Non-performing defaulted %		Total defaulted %	
	IFRS 9 2018	IAS 39 2017	IFRS 9 2018	IAS 39 2017	IFRS 9 2018	IAS 39 2017	IFRS 9 2018	IAS 39 2017	IFRS 9 2018	IAS 39 2017	IFRS 9 2018	IAS 39 2017
Home loans	**1,56**	1,19	**0,17**	0,17	**4,05**	5,49	**14,36**	6,50	**23,65**	24,36	**21,23**	19,31
VAF	**3,84**	2,42	**0,72**	0,81	**6,91**	14,22	**22,82**	9,78	**76,74**	56,74	**51,31**	30,52
Personal loans	**15,44**	12,73	**3,78**	2,36	**15,30**	38,57	**50,58**	46,79	**80,56**	71,74	**74,54**	65,89
Card	**14,37**	8,81	**3,20**	0,51	**35,33**	14,2	**10,13**	6,13	**85,34**	92,08	**80,25**	85,03
Other loans	**16,19**	13,82	**1,80**	0,42	**24,60**	35,04	**53,19**	8,19	**97,82**	89,62	**95,88**	87,63
Total Retail	**4,4**	3,08	**0,83**	0,58	**7,56**	14,28	**23,59**	13,48	**59,43**	51,74	**49,16**	39,50
Business Banking	**1,48**	2,01	**0,33**	0,72	**2,99**	4,46			**27,7**	37,98	**27,70**	37,98
Total RBB	**3,75**	2,85	**0,71**	0,61	**6,89**	11,85	**23,59**	13,48	**53,18**	49,12	**45,96**	39,29

BALANCE SHEET ACTUAL ADVANCES

	Total advances Rm		Stage 1[1] Rm		Stage 2[2] Rm		Performing defaulted[1] Rm		Non-performing defaulted Rm		Total defaulted[5] Rm	
	IFRS 9 2018	IAS 39 2017	IFRS 9 2018	IAS 39 2017	IFRS 9 2018	IAS 39 2017	IFRS 9 2018	IAS 39 2017	IFRS 9 2018	IAS 39 2017	IFRS 9 2018	IAS 39 2017
Home loans	**121 745**	116 102	**101 862**	107 982	**14 553**	2 648	**1 383**	1 547	**3 947**	3 925	**5 330**	5 472
VAF	**104 248**	94 881	**84 081**	87 728	**15 662**	3 682	**2 122**	1 938	**2 383**	1 533	**4 505**	3 471
Personal loans	**20 004**	18 122	**14 641**	14 756	**2 471**	948	**583**	567	**2 309**	1 851	**2 892**	2 418
Card	**16 341**	15 589	**13 160**	13 637	**1 395**	502	**121**	119	**1 665**	1 331	**1 786**	1 450
Other loans	**1 755**	1 663	**1 329**	1 394	**210**	22	**9**	6	**207**	241	**216**	247
Total Retail	**264 093**	246 357	**215 073**	225 497	**34 291**	7 802	**4 218**	4 177	**10 511**	8 881	**14 729**	13 058
Business Banking	**75 400**	67 792	**66 886**	63 142	**5 939**	2 560			**2 575**	2 090	**2 575**	2 090
Total RBB	**339 493**	314 149	**281 959**	288 639	**40 230**	10 362	**4 218**	4 177	**13 086**	10 971	**17 304**	15 148

1 *IFRS 9 stage 1 classification is presented next to the IAS 39 current portfolio.*
2 *IFRS 9 stage 2 classification is presented next to the IAS 39 impaired portfolio.*
3 *IFRS 9 stage 3 classification is presented next to the IAS 39 defaulted portfolio.*
4 *Stage 2 as a percentage of daily gross average advances increased yoy from 3,3% to 11,8%. This is due to IFRS 9's stage 2 classification consisting of loans that are currently in arrears but not yet in default (IAS 39's current portfolio), as well as accounts not in arrears but that have experienced a significant increase in credit risk origination.*
5 *To be compliant with the requirements of IFRS 9 that loans may be written off only when the group has no reasonable expectations of recovering the asset, RBB has extended the point of writeoff on certain asset groups. This has resulted in an increase in the gross loans and advances for Personal Loans (R773m), MFC (R905m) and Card (R181m), ie R1 859m in total and increase in stage 3 (specific) impairments of R1 762m being Personal Loans (R735m), MFC (R855m) and Card (R172m). The extended point of writeoff means that Card will write off after a client has had four months with no payment at legal stage, which translates to approximately 12 months in default; Personal Loans will write off after a client has missed the last 12 payments, and MFC will write off after approximately 11 months in default.*

BALANCE SHEET ACTUAL IMPAIRMENTS

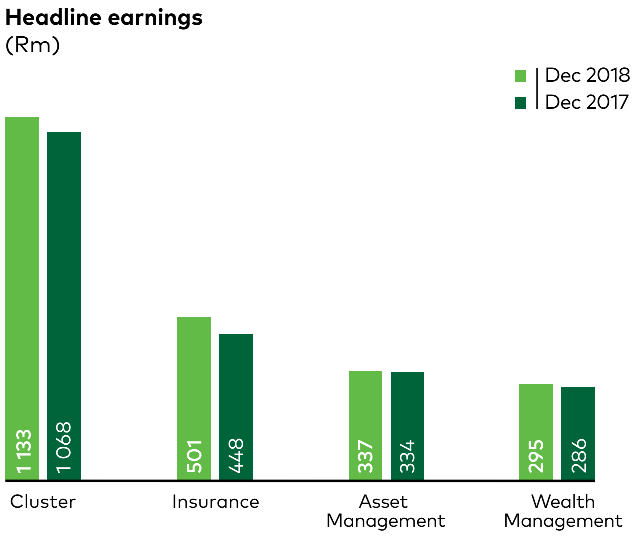
	Total impairments Rm		Stage 1 (IFRS 9)/ Portfolio (IAS 39)[1] Rm		Stage 2 (IFRS 9)[2] Rm		Performing defaulted specific impairment Rm		Specific impairments Rm		Total specific impairments Rm	
	IFRS 9 2018	IAS 39 2017	**IFRS 9 2018**	IAS 39 2017	**IFRS 9 2018**	IAS 39 2017	**IFRS 9 2018**	IAS 39 2017	**IFRS 9 2018**	IAS 39 2017	**IFRS 9 2018**	IAS 39 2017
Home loans	**1 897**	1 386	**176**	184	**589**	145	**199**	101	**933**	956	**1 132**	1 057
VAF	**4 001**	2 292	**607**	709	**1 082**	524	**484**	189	**1 828**	870	**2 312**	1 059
Personal loans	**3 088**	2 307	**554**	348	**378**	366	**295**	265	**1 861**	1 328	**2 156**	1 593
Card	**2 347**	1 374	**421**	70	**493**	71	**12**	7	**1 421**	1 226	**1 433**	1 233
Other loans	**284**	230	**24**	6	**52**	8	**5**		**203**	216	**208**	216
Total Retail	**11 617**	7 589	**1 782**	1 317	**2 594**	1 114	**995**	562	**6 246**	4 596	**7 241**	5 158
Business Banking	**1 114**	1 362	**223**	454	**178**	114			**713**	794	**713**	794
Total RBB	**12 731**	8 951	**2 005**	1 771	**2 772**	1 228	**995**	562	**6 959**	5 390	**7 954**	5 952

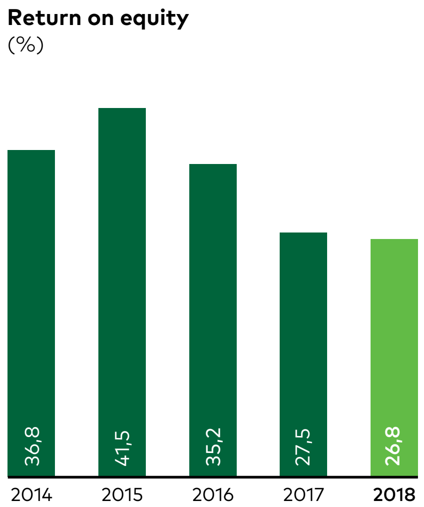
	Income statement impairments charge[6] Rm		Stage 1[3] Rm		Stage 2[3] Rm		Stage 3[3] Rm		Interest on impaired Rm		Postwriteoff recoveries Rm	
	IFRS 9 2018	IAS 39 2017	**IFRS 9 2018**	IAS 39 2017	**IFRS 9 2018**	IAS 39 2017	**IFRS 9 2018**	IAS 39 2017	**IFRS 9 2018**	IAS 39 2017	**IFRS 9 2018**	IAS 39 2017
Home loans	**86**	(4)	**(27)**	(149)	**(5)**		**241**	217	**(68)**		**(55)**	(72)
VAF	**1 427**	1 267	**(8)**	173	**272**		**1 556**	1 477	**(1)**		**(392)**	(383)
Personal loans	**1 001**	1 049	**52**	(58)	**67**		**1 550**	1 493	**(291)**		**(377)**	(386)
Card	**750**	754	**5**	14	**(9)**		**1 063**	999	**(19)**		**(290)**	(259)
Other loans	**55**	76	**(2)**		**4**		**101**	111	**(18)**		**(30)**	(35)
Total Retail	**3 319**	3 142	**20**	(20)	**329**		**4 511**	4 297	**(397)**		**(1 144)**	(1 135)
Business Banking	**105**	80	**(96)**	(34)	**16**		**202**	143	**23**		**(40)**	(29)
Total RBB	**3 424**	3 222	**(76)**	(54)	**345**		**4 713**	4 440	**(374)**		**(1 184)**	(1 164)

1 *IFRS 9 stage 1 classification is presented next to the IAS 39 current portfolio.*
2 *IFRS 9 stage 2 classification is presented next to the IAS 39 impairment portfolio.*
3 *IAS 39 comparatives have been presented with portfolio impairments classified as a stage 1 impairment charge and specific impairments classified as a stage 3 impairment charge.*
6 *This table reflects only debit balances in loans and advances, together with the impairments associated with those debit balances.*

Notes

Nedbank Wealth





FINANCIAL HIGHLIGHTS

for the year ended 31 December

	2018	2017
NII (Rm)	**1 113**	1 003
Impairments charge on loans and advances (Rm)	**39**	26
NIR (Rm)	**3 484**	3 390
Operating expenses (Rm)	**3 012**	2 880
Headline earnings (Rm)	**1 133**	1 068
ROE (%)	**26,8**	27,5
ROA (%)	**1,69**	1,62
CLR (%)	**0,13**	0,09
NIR to total expenses (%)	**115,7**	117,7
Efficiency ratio (%)	**65,5**	65,6
Interest margin (%)	**2,31**	2,15
Assets under management (Rm)	**297 338**	312 313
Life assurance embedded value (Rm)	**2 786**	2 745
Life assurance value of new business (Rm)	**380**	349
Total assets (Rm)	**71 142**	66 832
Average total assets (Rm)	**66 982**	66 033
Total advances (Rm)	**31 111**	29 413
Average total advances (Rm)	**28 908**	28 716
Total deposits (Rm)	**39 495**	35 081
Average total deposits (Rm)	**37 217**	36 268
Average allocated capital (Rm)	**4 225**	3 885

Nedbank Wealth's HE increased 6,1% to R1 133m, above nominal GDP growth. ROE declined to 26,8% due to an increase in allocated capital as a result of balance sheet growth, while EP increased 2,7% to R536m. Insurance and the international Wealth Management business delivered a strong performance, while Asset Management remained relatively flat due to subdued economic and market conditions, resulting in a decline in AUM. The challenging environment resulted in lower trading and overall business volumes impacting the local Wealth Management business.

NII increased 11,0% to R1 113m, with stronger balance sheet growth internationally, which was offset by slower growth locally. The increase in interest rates internationally benefited NIM, which widened to 2,31%. The growth in impairments is primarily due to the implementation of IFRS 9, combined with elevated consumer pressure. As a result, CLR increased to 0,13%, remaining well below the TTC target range of 0,20% to 0,40%.

The NIR growth of 2,8% to R3 484m was largely as a result of subdued market conditions. The NIR-to-expenses ratio declined to 115,7%, driven by higher expenses growth mainly due to the investment in digital initiatives. Pleasingly, the efficiency ratio improved slightly to 65,5%.

Wealth Management's HE increased 3,3% to R295m, mainly driven by a strong international performance. The business experienced slow balance sheet growth with liabilities up 2,6% and advances remaining flat. The positive interest rate environment and underlying growth in banking and investment activity have led to excellent international results. Internationally, Wealth Management achieved growth in loans despite lower activity in the UK property market due to Brexit. At the 2018 International Fund and Product Awards, Nedbank Private Wealth was recognised in the categories of Best International Private Banking Service and Best International Wealth Management Provider (UK).

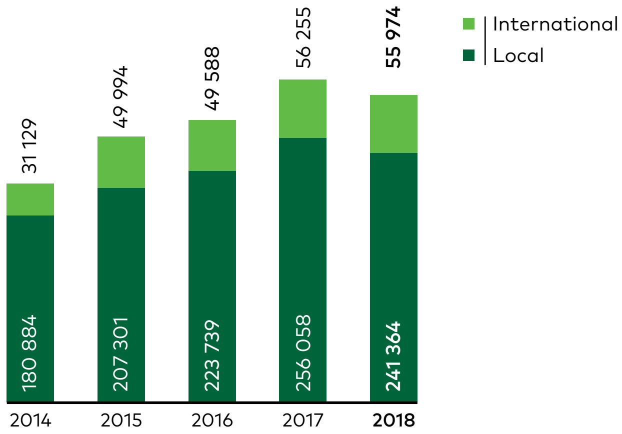
Locally, Wealth Management was impacted by muted market conditions, resulting in reduced business activity. Stockbroking experienced lower portfolio management and brokerage fee income due to subdued market performance and decreased trading volumes. Financial planning productivity declined, resulting in lower commission, which was further impacted by clients derisking portfolios and moving to money market and income-related funds. The Nedbank Private Wealth app was ranked as the second-best mobile app globally by Cutter Associates International Research.

Overall, the asset management industry has proved challenging, with a significant pullback in markets and investors opting for lower-risk products, which negatively impacted margins. Despite this, Asset Management's HE remained flat at R337m. AUM decreased 4,8% to R297bn with net outflows of R10,7bn. The low-cost passive business, which is the dominant player in the unitised passive market, and the cash businesses were beneficiaries of this trend. A particular highlight was the performance of the offshore Best of Breed™ range, which culminated in Nedgroup Investments being named Offshore Management Company of the Year for the fourth consecutive year at the 2019 Raging Bull Awards and was also recognised as Best Fund House, Larger Fund range at the 2019 Morningstar Fund Awards.

Insurance HE increased 11,8% to R501m, driven by growth in premiums and lower claims across life and non-life portfolios. The non-life portfolio was unaffected by catastrophic events in comparison with the previous year. The funeral book faced challenges in the form of low persistency and average policy size sold through call centres; however, management actions taken in the year have started to materialise.

Non-life gross written premiums grew by 2,7% to R1 175m, mainly due to an increase in vehicle value-added product sales. Life value of new business increased 8,9% to R380m as a result of growth in credit life policy sales and average premiums. This was partially offset by higher lapses, mortality and lower sales of single-premium investments. Life embedded value increased to R2 786m, representing a 25,2% increase before dividend payment. The insurance business continued the development and roll-out of the single policy administration system encompassing both life and non-life products.

Assets under management
(Rm)



Looking forward
Locally, the business anticipates a tougher 2019, particularly in the asset management industry, with continued political uncertainty in the first half of the year due to the imminent national elections. Internationally, the UK continues to be impacted by the economic and political uncertainty relating to the outcome of Brexit.

The local Wealth Management business will focus on redesigning client value propositions across all segments to provide improved solutions for its clients and increase penetration into Nedbank's client base. Process efficiencies will be implemented to allow staff additional time with new and existing clients. Operations will be revamped through redesign and automation using digital and robotics, with a focus on client journey mapping to transform client experiences.

The international Wealth Management business will shift its focus to achieve a more accelerated growth trajectory by investing in people, processes and technology. The partnership between the international and local businesses will continue to offer worldclass international services to clients. In addition, we will continue to enhance the private-banking offering to fulfil the needs of clients and support the development of technology and innovation to remove manual processes and client pain points.

Our Asset Management business will focus efforts on growing market share in a profitable and sustainable manner in its key product ranges and channels. The business will look to further leverage its competitive strength in its international, cash and passive offering as well as gain greater traction in the multi-asset categories with its differentiated Best of Breed™ offering. We will continue to invest in technology to make it simpler and easier for clients to do business with us, including integration into Nedbank's digital platforms. We remain committed to helping our clients achieve their investment goals by delivering long-term performance and acting in their best interest.

Insurance will focus on its bancassurance strategy to further penetrate the Nedbank client base. We will broaden our product offerings and channels in the medium and long term, and continue to invest in systems and digital and data capabilities while striving to deliver a seamless client experience.

We are confident that we will achieve our 2020 ROE target of more than or equal to 30% through stronger NIR growth. Our cost-to-income ratio of less than or equal to 60% is more challenging to achieve given the current and expected market environment, and our continuous investment in digital initiatives.

Favourable	Unfavourable
■ Strong international performance. ■ Low-cost passive and cash business grew market share and positioning. ■ Favourable claims experience. ■ Further enhancements in digital innovation. ■ Numerous awards won both locally and internationally.	■ Weak performance in the local Wealth Management business. ■ Subdued market conditions impacted investor sentiment. ■ Weaker macro environment. ■ Regulatory pressure and associated costs of compliance. ■ Reduced activity in the UK property market due to Brexit. ■ Elevated consumer pressure affecting credit environment. ■ Reduction in AUM.

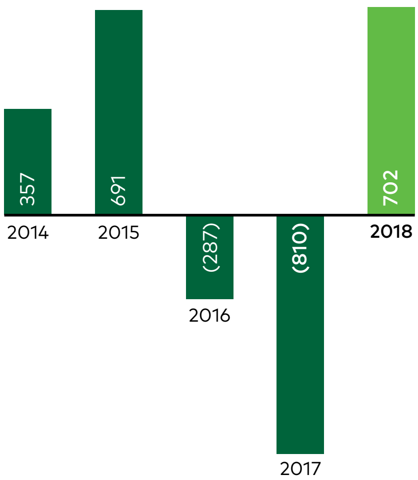
ASSETS UNDER MANAGEMENT

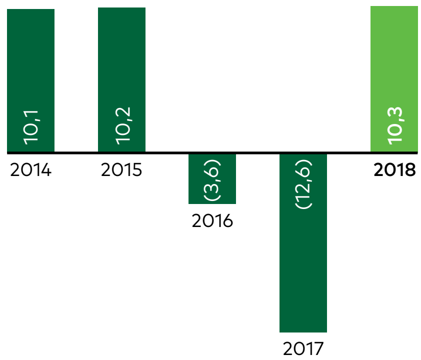
Rm	2018	2017
Fair value of funds under management – by type		
Unit trusts	**241 421**	251 088
Third parties	**839**	449
Private clients	**55 078**	60 776
	297 338	312 313
Fair value of funds under management – by geography		
South Africa	**241 364**	256 058
Rest of the world	**55 974**	56 255
	297 338	312 313

Rm	Unit trusts	Third party	Private clients	Total
Reconciliation of movement in funds under management – by type				
Opening balance at 31 December 2017	**251 088**	**449**	**60 776**	**312 313**
Inflows	**483 512**	**390**	**10 066**	**493 968**
Outflows	**(494 266)**	**(69)**	**(10 377)**	**(504 712)**
Mark-to-market value adjustment	**(7 480)**	**(32)**	**(5 793)**	**(13 305)**
Foreign currency translation differences	**8 567**	**101**	**406**	**9 074**
Closing balance – 31 December 2018	**241 421**	**839**	**55 078**	**297 338**

Rm	South Africa	Rest of the world	Total
Reconciliation of movement in funds under management – by geography			
Opening balance at 31 December 2017	**256 058**	**56 255**	**312 313**
Inflows	**483 089**	**10 879**	**493 968**
Outflows	**(488 308)**	**(16 404)**	**(504 712)**
Mark-to-market value adjustment	**(9 475)**	**(3 830)**	**(13 305)**
Foreign currency translation differences		**9 074**	**9 074**
Closing balance – 31 December 2018	**241 364**	**55 974**	**297 338**

Nedbank Rest of Africa





Although sub-Saharan Africa GDP growth has been mixed for 2018, it continues to grow faster than that of SA, providing opportunities for diversifying earnings and returns. GDP growth in the SADC countries in which we operate ranged between -0,7% and 3,9%.

Our strategy remains to own, manage and control banking operations in SADC and East Africa, and to provide our clients with access to a banking network in West and Central Africa through our strategic investment in and alliance with the pan-African banking group ETI, which operates in 36 African countries.

Following the financial turnaround reported in 2017, ETI posted an attributable profit of US$197m for the nine months to end September 2018, a 22% increase over the previous year. As the operating environment remained challenging, especially in Nigeria, the growth in preprovision operating profit slowed during 2018, rising 2% during the nine months to September 2018, while the level of NPLs remained elevated. Asset quality and risk management remain key priorities for the ETI board and executive and, although the movement towards risk appetite in the key risk metrics is still expected to take a further 12 to 18 months, the loss experience has improved, and management remains committed to resolving legacy risk matters. Included in our R3,2bn carrying value is a R361m FCTR adjustment to account for the anticipated impact of ETI no longer using the official Central Bank of Nigeria (CBN) exchange rate and adopting that of NAFEX in translating the results of its Nigerian operations to US dollars as it announced in December 2018.

FINANCIAL HIGHLIGHTS

	Total Rest of Africa		SADC and East Africa		West and Central Africa	
	2018	2017	**2018**	2017	**2018**	2017
NII (Rm)	**1 627**	1 474	**1 951**	1 795	**(324)**	(321)
Impairments charge on loans and advances (Rm)	**113**	213	**113**	213		
NIR (Rm)	**1 206**	997	**1 206**	997		
Operating expenses (Rm)	**2 416**	2 200	**2 416**	2 200		
Associate income	**611**	(742)	**3**	2	**608**	(744)
Headline earnings (Rm)	**702**	(810)	**327**	165	**375**	(975)
ROE (%)[1]	**10,3**	(12,6)	**5,6**	3,3	**37,7**	(66,6)
ROA (%)	**1,79**	(2,23)	**1,03**	0,58	**5,19**	(12,85)
CLR (%)	**0,51**	1,02	**0,51**	1,02		
NIR to total expenses (%)	**49,9**	45,3	**49,9**	45,3		
Efficiency ratio (%)	**70,2**	127,2	**76,5**	78,8		
Interest margin (%)	**5,25**	5,02	**7,27**	7,14		
Total assets (Rm)	**37 021**	37 487	**33 776**	34 167	**3 245**	3 320
Average total assets (Rm)	**39 123**	36 251	**36 042**	32 910	**3 081**	3 341
Total advances (Rm)	**21 037**	20 541	**21 037**	20 541		
Average total advances (Rm)	**21 866**	20 366	**21 866**	20 366		
Total deposits (Rm)	**29 472**	28 129	**29 472**	28 129		
Average total deposits (Rm)	**30 263**	28 061	**30 263**	28 061		
Average allocated capital (Rm)[2]	**6 812**	6 445	**5 815**	4 981	**997**	1 464

[1] *FY2018 ROE on subsidiary and associate incountry statutory capital is 8,9% (Namibia 13,3%; eSwatini 17,9%; Lesotho 15,1%; Malawi -7,2%; Zimbabwe 27,8%; Banco Único 12,9%).*

[2] *The average allocated capital decrease for West and Central Africa is due to both a change in methodology and the average carrying value of ETI decreasing to R3,2bn at the end of December 2018. Associate income of R608m represents a gross return of 9,7% on the original cost of ETI investment.*

The collaboration between ETI and Nedbank continued during the year, with a growing number of business opportunities between the two groups yielding positive results. The most notable of these include:

- Continued growth in the number of Nedbank wholesale clients doing their transactional banking with ETI to over 105 from 85 in 2017.
- Continued treasury and trading activities, supported by quarterly pipeline meetings, resulted in two joint lending deals concluded with ETI.
- The implementation of the pan-African remittances product to serve the high-growth remittance market across sub-Saharan Africa.
- Progress in partnering with ETI to launch a financial planning business in ETI's core West African markets, which include Côte d'Ivoire, Ghana, Nigeria and Senegal.

In our SADC business we made good progress in 2018, investing for continued growth and driving client value. Investments made to enable delivery of an improved client experience include:

- Completing the implementation of the Flexcube core banking system in Zimbabwe. We now have a new core banking system in all the subsidiaries, except Mozambique.
- Enhancing the business risk appetite by reviewing credit mandates and processes.
- Automating the client onboarding process to improve efficiency.

In addition, we continued with the programme of improving the control environment. Further investment to improve client experiences included the rebranding of MBCA Bank in Zimbabwe to Nedbank, enhancing our CVPs though the launch of the Banco Único social app in Mozambique and providing prepaid value-added services on mobile banking channels in Lesotho and Malawi. The enhancement of digital solutions and channels in addition to the investment in our core banking systems remains an important part of our growth.

The difficult environment in Zimbabwe resulted in a negative FCTR adjustment to equity of R755m before minorities (R499m after minorities) as we anticipated possible impacts on Nedbank's NAV from exchange-rate movements in Zimbabwe. No income statement changes were made in 2018 as these are not material and we await the finalisation of discussions between the Zimbabwe accounting body and regulators.

Financial highlights
RoA reported HE of R702m, with R327m from the SADC operations (including headoffice costs) and R375m from our 21% shareholding in ETI. The ETI results are reported a quarter in arrear and have shown seven quarters of profitability since January 2017. Our SADC banking subsidiaries increased HE by 44,1% to R641m (excluding headoffice costs), with an ROE of 12,4%, which was underpinned by improved client acquisition, pricing and revenue growth, along with greater cost controls.

Average advances grew 8,8% and NIM increased from 7,14% to 7,28% as a result of improved pricing. Our investments in technology, CVPs and new products contributed to quality client growth of 4,8% to 352 921 clients, supporting an increase in NIR of 21,0% to R1 206m.

The CLR decreased to 51 bps due to a 46,5% decrease in impairments to R113m, including recoveries relating to accounts previously provided for. The CLR is below our TTC target range of between 65 and 100 bps.

Expenses increased 9,8% to R2 416m, which is below the operating income increase of 18,0%. Good cost management was underpinned mainly by the management of headcount growth. Excluding associate income from ETI, the efficiency ratio improved from 78,8% to 76,5%.

Looking forward
Sub-Saharan Africa GDP is expected to grow 3,5% in 2019, the highest growth expected since 2011. Nedbank is committed to long-term and profitable growth in our RoA business.

We expect ongoing earnings growth in SADC, with improving economic conditions in SA having a positive impact on growth in the region. We aim to grow HE and achieve returns above COE over time by driving scale in the business through:

- Focusing on client experience and optimal solutions to grow our share of wallet and client base.
- Delivering the digital and data analytics initiatives for effective client value management.
- Strengthening the governance and risk control environment.
- Support the Zimbabwe business as the economy adjusts to the introduction of the new currency.

Nedbank will continue to support the strategic agenda of ETI and work with ETI management to provide support for its focus areas, while leveraging the investment through collaboration to identify business growth opportunities to access dealflow in Africa.

We remain committed to achieving our 2020 targets of an ROE greater than or equal to COE (estimated at 16%), and a cost-to-income ratio of less than or equal to 60%.

Favourable	Unfavourable
ETI reported seven consecutive quarters of profit. Opened more than 215 accounts since 2014 for over 105 of our wholesale clients who bank with Ecobank. Invested consistently in digital solutions and channels. Developed new CVPs enabling strong growth in transactional clients, assets and deposits. Grew revenues ahead of costs.	Difficult economic conditions in some SADC countries. Increased regulatory requirements driving higher cost of compliance. Zimbabwe exchange rate volatility. Operating environment in Mozambique.

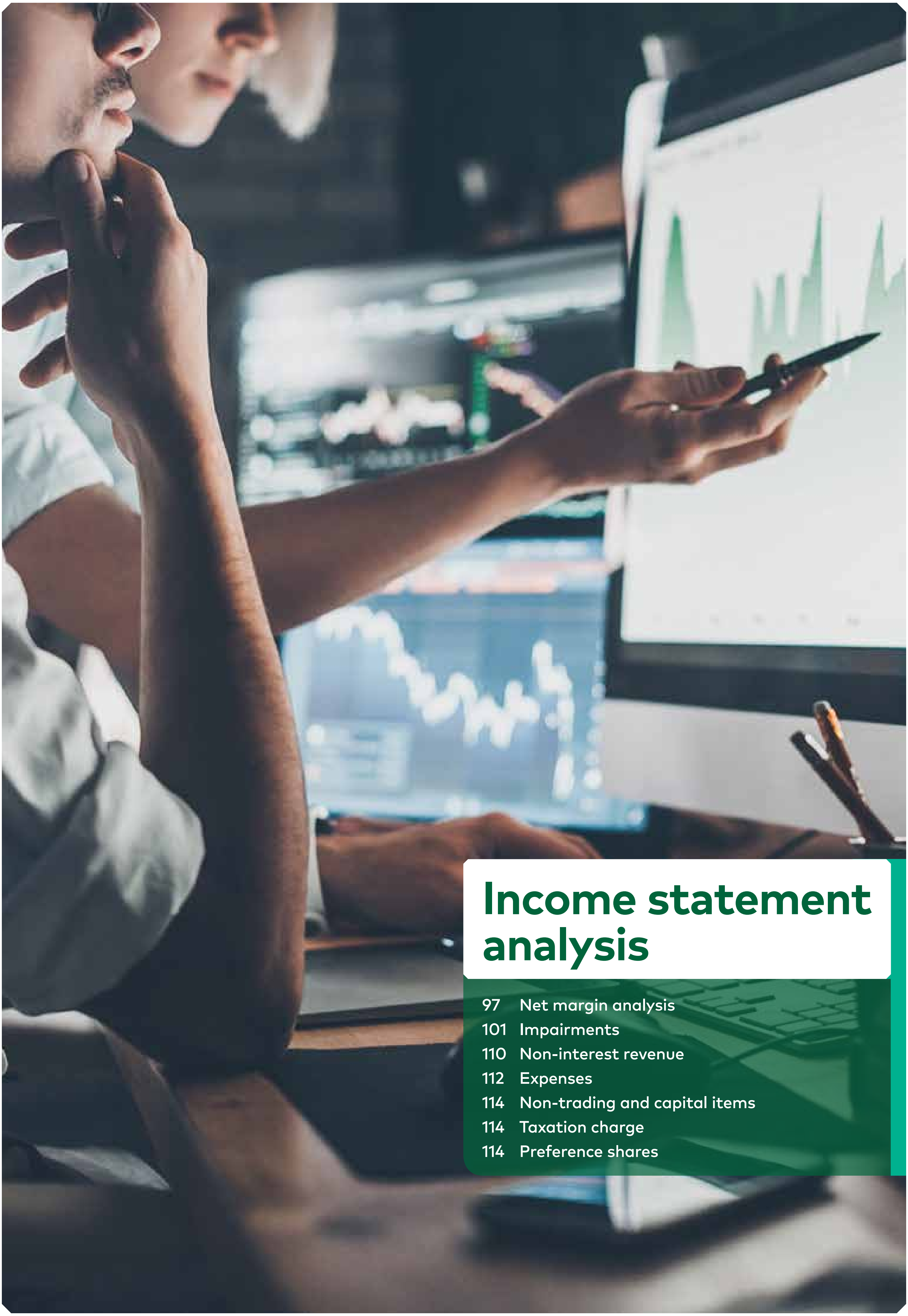
Geographical segmental reporting

for the year ended 31 December

Rm	Nedbank Group 2018	Nedbank Group 2017	South Africa[1] 2018	South Africa[1] 2017	Rest of Africa[2] 2018	Rest of Africa[2] 2017	Rest of world 2018	Rest of world 2017
Summarised statement of financial position								
Assets								
Cash and cash equivalents	**34 791**	36 122	**27 763**	27 228	**5 615**	6 791	**1 413**	2 103
Other short-term securities	**79 362**	92 775	**58 537**	74 128	**4 776**	4 383	**16 049**	14 264
Derivative financial instruments	**22 692**	29 904	**22 525**	29 721	**10**	39	**157**	144
Government and other securities	**96 791**	49 241	**94 329**	46 652	**668**	493	**1 794**	2 096
Loans and advances	**736 305**	710 329	**669 363**	660 071	**21 037**	20 541	**45 905**	29 717
Other assets	**73 971**	64 943	**64 398**	55 097	**4 915**	5 240	**4 658**	4 606
Intragroup assets			**(497)**		**497**			
Total assets	**1 043 912**	983 314	**936 418**	892 897	**37 518**	37 487	**69 976**	52 930
Equity and liabilities								
Total equity	**91 271**	88 539	**74 727**	73 692	**6 812**	6 445	**9 732**	8 402
Derivative financial instruments	**20 003**	23 367	**19 913**	23 286	**12**	3	**78**	78
Amounts owed to depositors	**825 804**	771 584	**747 532**	702 639	**29 472**	28 129	**48 800**	40 816
Provisions and other liabilities	**51 247**	48 248	**49 474**	46 539	**894**	1 034	**879**	675
Long-term debt instruments	**55 587**	51 576	**55 259**	51 353	**328**	223		
Intragroup liabilities			**(10 487)**	(4 612)		1 653	**10 487**	2 959
Total liabilities	**1 043 912**	983 314	**936 418**	892 897	**37 518**	37 487	**69 976**	52 930
Summarised statement of comprehensive income (Rm)								
NII	**28 819**	27 624	**26 331**	25 435	**1 627**	1 474	**861**	715
Impairments charge on loans and advances	**3 688**	3 304	**3 642**	3 028	**113**	213	**(67)**	63
Income from lending activities	**25 131**	24 320	**22 689**	22 407	**1 514**	1 261	**928**	652
NIR	**25 976**	24 063	**23 829**	22 212	**1 206**	997	**941**	854
Operating income	**51 107**	48 383	**46 518**	44 619	**2 720**	2 258	**1 869**	1 506
Operating expenses	**31 632**	29 812	**28 505**	26 964	**2 416**	2 200	**711**	648
Indirect taxation	**942**	1 001	**894**	948	**37**	40	**11**	13
Profit from operations	**18 533**	17 570	**17 119**	16 707	**267**	18	**1 147**	845
Share of losses of associate companies and joint arrangements	**528**	(838)	**(83)**	(96)	**611**	(742)		
Profit before direct taxation	**19 061**	16 732	**17 036**	16 611	**878**	(724)	**1 147**	845
Direct taxation	**4 807**	4 267	**4 649**	4 181	**23**	(18)	**135**	104
Profit after taxation	**14 254**	12 465	**12 387**	12 430	**855**	(706)	**1 012**	741
Profit attributable to non-controlling interest	**759**	678	**606**	574	**153**	104		
Headline earnings	**13 495**	11 787	**11 781**	11 856	**702**	(810)	**1 012**	741

[1] *Includes all group eliminations.*

[2] *The RoA geographical segmental income statement and balance sheet consist of the SADC banking subsidiaries and the investment in ETI. These statements do not include transactions concluded with clients resident in the rest of Africa by other group entities within CIB nor transactional banking revenues. For example, CIB has credit exposures to clients resident in the rest of Africa of R27,7bn (December 2017: R20,4bn).*



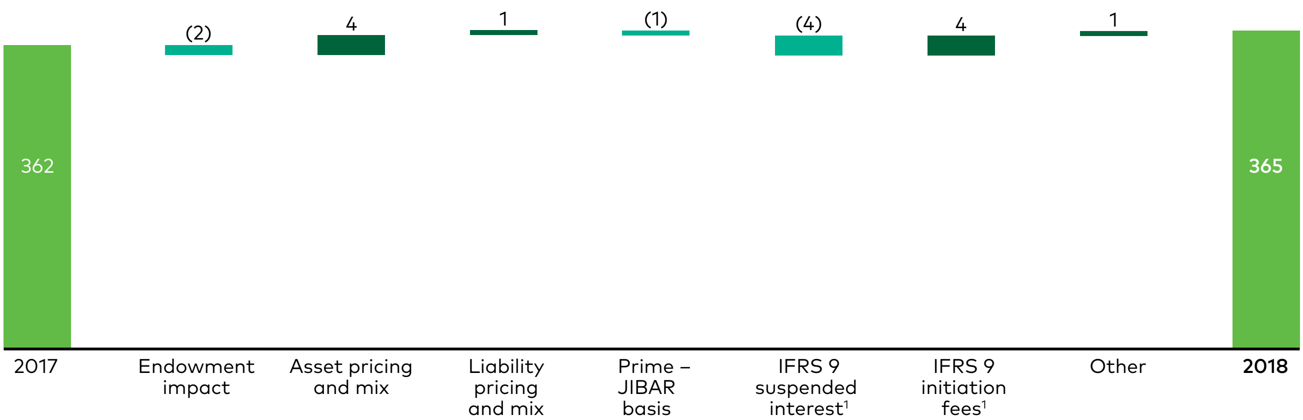
Income statement analysis

1 Net margin analysis

Nedbank Group	2018 Bps	2018 Rm	2017 Bps	2017 Rm
Closing average interest-earning banking assets		**790 376**		763 112
Opening NIM (rebased)/NII	**362**	**27 624**	354	26 426
Growth in banking assets		**987**		568
Endowment	**(2)**	**(184)**	5	359
Capital, net of working capital	**(2)**	**(146)**	2	151
Deposits		**(38)**	3	208
Asset margin pricing and mix	**4**	**340**	6	445
Impact due to pricing	**3**	**224**	(2)	(182)
Impact due to mix change	**1**	**116**	8	627
Liability margin pricing and mix	**1**	**99**	(2)	(129)
Deposits pricing and mix movements	**(2)**	**(169)**		(9)
Impact due to deposit pricing	**(2)**	**(159)**	(2)	(122)
Impact due to deposit mix change		**(10)**	2	113
Enhancing funding profile	**3**	**268**	(2)	(120)
Prime – JIBAR basis	**(1)**	**(100)**	(2)	(151)
IFRS 9 suspended interest[1]	**(4)**	**(304)**		
IFRS 9 initiation fees	**4**	**283**		
Other	**1**	**74**	1	106
Closing NIM/NII for the year	**365**	**28 819**	362	27 624

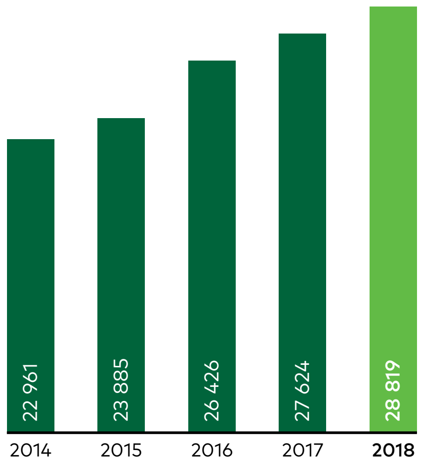
[1] *From a margin perspective, the consequence of the implementation of IFRS 9 is adjusted for the mix impact, with AIEBA adjusted with the day 1 amount.*

Net interest margin (yoy)
(Bps)

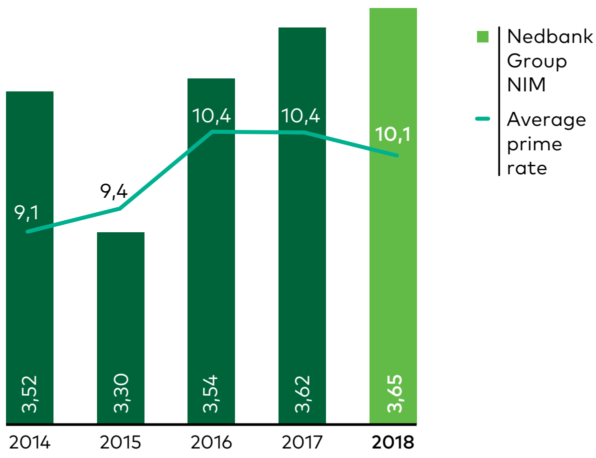


[1] *IFRS changes had a net nil impact on NIM, as a negative 4 bps impact of IFRS 9 suspended interest was offset by a positive impact of the IFRS 9 initiation fee.*

Net interest income
(Rm)



Interest margin trends versus prime rate
(%)



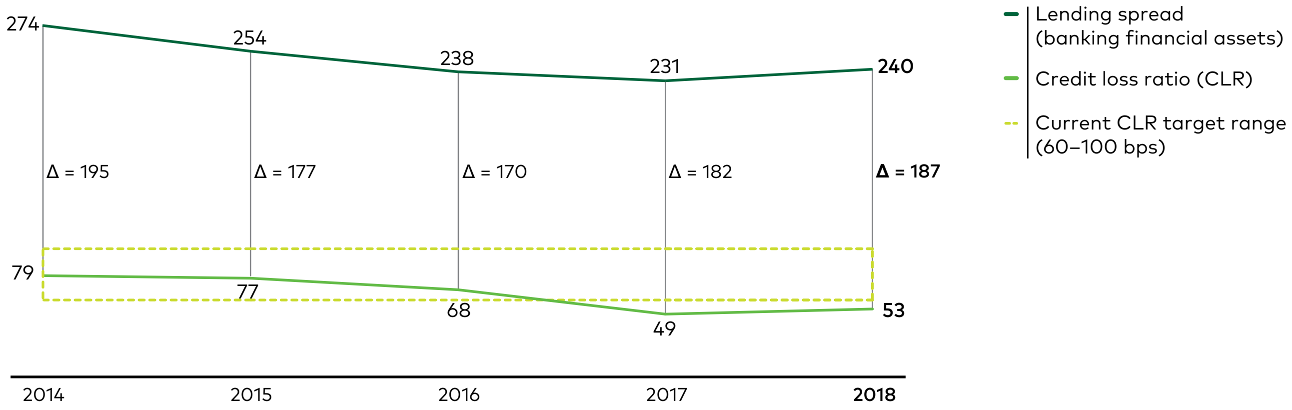
NET INTEREST INCOME

Favourable	Unfavourable
■ Positive mix changes due to stronger growth in RBB higher-margin advances, compared with slower growth in CIB low-margin advances, due in part to early repayments and managed selldowns, which resulted in the diversification of risk. Stronger RoA growth also contributed to positive mix changes, due to higher margins in this cluster. ■ Positive asset pricing due to the increase in interest rates internationally, positively impacting margins in Nedbank Wealth International and improved pricing in the MFC and credit card portfolios. ■ Liability mix benefits as a result of a slightly shorter funding profile for 2018 and lower reliance on expensive foreign funding.	■ Negative endowment due to lower interest rates, following the 25 bps interest rate cut in July 2017 and the 25 bps interest rate cut in March 2018, partially offset by the 25 bps increase in interest rates in November 2018. ■ A decline in the Personal Loans margin due to the implementation of NCA interest rate caps on new business, with effect from 6 May 2016. ■ Narrowing of the Prime–JIBAR spread.

NII SENSITIVITY ANALYSIS

- At December 2018 the NII sensitivity of the group's banking book for a 1% parallel reduction in interest rates, measured over 12 months, was 1,75% of total group ordinary shareholders' equity, which is below the board's approved risk limit of < 2,25%.
- This exposes the group to a decrease in NII of approximately R1 466m before tax, should interest rates decrease by 1% across the yield curve, measured over a 12-month period. Nedbank London and Wealth International, however, are measured at a 0,5% instantaneous decrease in interest rates.
- The group's NII sensitivity exhibits very little convexity and will therefore also result in an increase in pretax NII of approximately similar amounts, should interest rates increase by 1%.
- The group's NII sensitivity is actively managed through on- and off-balance-sheet interest rate risk management strategies for the group's expected interest rate view and impairment sensitivity.

Lending spread versus credit loss ratio (including target range) of Nedbank Group
(Bps)



- The group's lending spread increased by 9 bps this year to 240 bps. This was primarily due to positive advances mix changes, with RBB advances growing faster than CIB advances, and as a result of improved pricing in the MFC and credit card portfolios, partially offset by the implementation of the NCA interest rate caps in Personal Loans.
- The group's CLR increased by 4 bps to 53 bps from 49 bps as RBB advances, which attract a higher CLR, grew faster than CIB advances. The CLR was positively impacted by the implementation of IFRS 9, which involved the revised treatment of suspended interest and an extension to the point of writeoff. The low CLR continues to reflect Nedbank's selective advances growth strategy and the high quality of the portfolio across all our businesses.

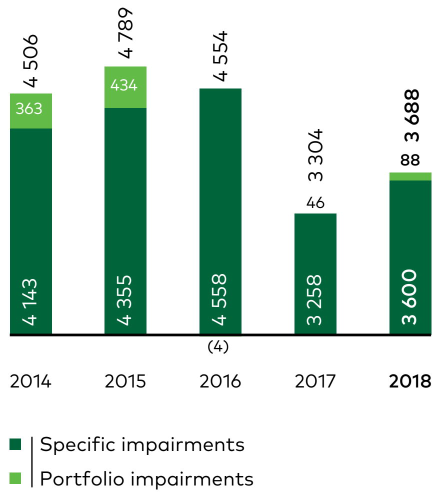
Average banking statement of financial position and related interest

Rm	2018 Average balance	2018 Margin statement interest[1]		2017 Average balance	2017 Margin statement interest	
	Assets	**Received**	**%**	Assets	Received	%
Average prime rate			**10,09**			10,39
Assets						
Loans and advances						
Home Loans	**152 545**	**14 314**	**9,38**	147 751	14 073	9,52
Commercial mortgages	**161 473**	**15 581**	**9,65**	153 904	15 234	9,90
Finance lease and instalment debtors	**112 521**	**13 099**	**11,64**	105 381	12 211	11,59
Credit card balances	**16 621**	**2 461**	**14,81**	15 834	2 314	14,61
Overdrafts	**20 052**	**2 081**	**10,38**	18 618	2 087	11,21
Term loans and other[2]	**212 525**	**15 982**	**7,52**	216 571	18 135	8,37
Personal loans	**21 219**	**4 764**	**22,45**	20 039	4 716	23,53
Impairment of loans and advances	**(14 383)**			(12 081)		
Government and public sector securities	**53 134**	**4 388**	**8,26**	37 447	3 009	8,04
Short-term funds and trading securities	**54 669**	**3 271**	**5,98**	59 648	3 520	5,90
Interest-earning banking assets	**790 376**	**75 941**	**9,61**	763 112	75 299	9,87
Revaluation of FVTPL[3]-designated assets	**1 202**			1 331		
Other non-interest-bearing assets[4]	**95 335**			84 096		
Total assets	**886 913**	**75 941**	**8,56**	848 539	75 299	8,87
	Liabilities	**Paid**	**%**	Liabilities	Paid	%
Equity and liabilities						
Deposit and loan accounts	**427 747**	**28 469**	**6,66**	405 313	27 925	6,89
Current and savings accounts	**107 761**	**1 016**	**0,94**	103 358	1 004	0,97
Negotiable certificates of deposit	**104 236**	**8 236**	**7,90**	95 737	7 809	8,16
Other interest-bearing liabilities [5,6]	**66 586**	**4 285**	**6,44**	67 220	5 409	8,05
Long-term debt instruments	**53 810**	**5 116**	**9,51**	53 658	5 528	10,30
Interest-bearing banking liabilities	**760 140**	**47 122**	**6,20**	725 286	47 675	6,57
Revaluation of FVTPL[3]-designated liabilities	**1 202**			1 331		
Other non-interest-bearing banking liabilities[7]	**40 560**			40 318		
Ordinary and minority shareholders equity	**85 011**			81 604		
Total shareholders' equity and liabilities	**886 913**	**47 122**	**5,31**	848 539	47 675	5,62
Interest margin on average interest-earning banking assets	**790 376**	**28 819**	**3,65**	763 112	27 624	3,62

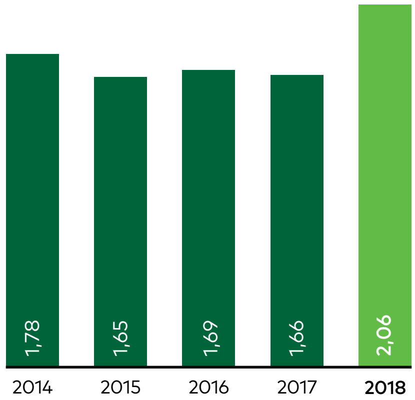
[1] *Yields are before incorporating the impact of hedging derivatives.*
[2] *Includes term loans, preference shares, factoring debtors, interest on derivatives and other lending-related instruments.*
[3] *Fair value through profit and loss.*
[4] *Includes cash and banknotes, derivative financial instruments, insurance assets, associates and investments, property and equipment, mandatory reserve deposits with central banks, intangible assets and other assets.*
[5] *Net interdivisional assets – trading book, previously disclosed as a negative in the other non-interest-earning banking assets, now included in other interest-bearing liabilities.*
[6] *The fluctuations in the yield is attributable to a change in funding mix as a result of the reallocation of net interdivisional assets, and includes foreign currency liabilities.*
[7] *Includes derivative financial instruments, investment contract liabilities and other liabilities.*

2 Impairments

Nedbank Group impairments charge
(Rm)



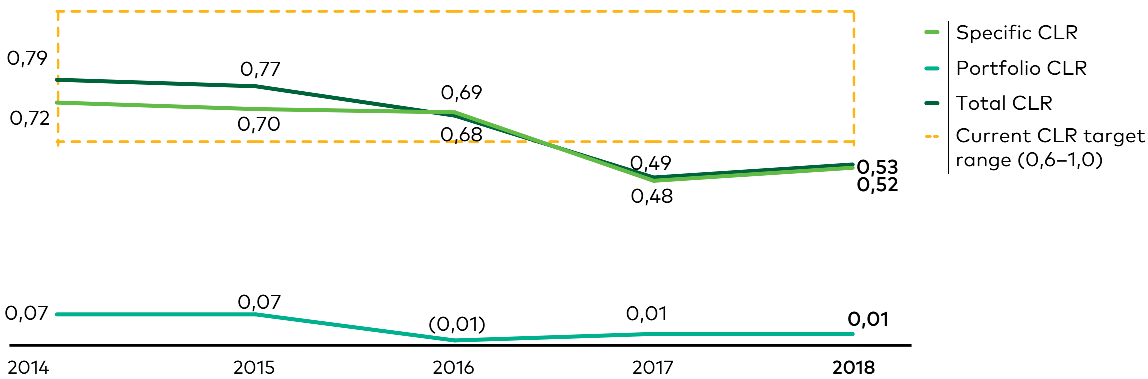
Total impairments to gross loans and advances
(%)



	2018	2017	2016	2015	2014
Total income statement impairments net of recoveries (Rm)	**3 688**	3 304	4 554	4 789	4 506
Specific impairments[1]	**3 600**	3 258	4 558	4 355	4 143
Portfolio impairments[2]	**88**	46	(4)	434	363
Total balance sheet impairments (Rm)	**15 845**	12 002	12 149	11 411	11 095
Specific impairments	**9 369**	7 081	7 317	6 664	6 832
Portfolio impairments	**6 476**	4 921	4 832	4 747	4 263
Total impairments to gross loans and advances (%)[3]	**2,06**	1,66	1,69	1,65	1,78
Corporate and Investment Banking	**0,44**	0,61	0,58	0,49	0,48
Retail and Business Banking	**3,75**	2,85	2,98	3,00	3,22

1 *Reflects stage 3 ECL allowance from 1 January 2018.*
2 *Reflects the sum of stage 1 and stage 2 ECL allowances from 1 January 2018.*
3 *Excludes ECL with respect to non-loans and advances, off-balance-sheet and FVOCI.*

Nedbank Group credit loss ratio trends
(%)



INCOME STATEMENT ANALYSIS

IMPAIRMENT CHARGE OF FINANCIAL INSTRUMENT

Rm	Corporate and Investment Banking	Retail and Business Banking	Wealth	Rest of Africa	Centre	2018	2017
Opening balance previously reported	2 200	8 951	120	578	153	**12 002**	
IFRS 9: reclassification in FVTPL	(545)					**(545)**	
IFRS 9: ECLs	385	2 369	40	180	15	**2 989**	
Expected credit losses – opening balance restated	2 040	11 320	160	759	169	**14 448**	12 149
Stage 1 ECLs	456	2 106	39	189	16	**2 806**	4 832
Stage 2 ECLs	910	2 739	10	79	148	**3 886**	
Stage 3 ECLs	674	6 475	111	491	5	**7 756**	7 317
Statement of comprehensive income charge net of recoveries	103	3 433	39	113		**3 688**	3 304
Adjusted for:	(277)	(1 957)	(12)	(55)	11	**(2 290)**	(3 451)
Recoveries	26	1 185		60		**1 271**	1 224
Interest in suspense	40	374				**414**	
Amounts written off/Other transfers	(343)	(3 516)	(12)	(115)	11	**(3 975)**	(4 675)
Closing balance	1 866	12 796	187	816	180	**15 845**	12 002
Stage 1 ECLs	601	2 042	25	220	1	**2 889**	4 921
Stage 2 ECLs	548	2 791	22	78	148	**3 587**	
Stage 3 ECLs	717	7 963	140	518	31	**9 369**	7 081
Split by measurement category	1 866	12 796	187	816	180	**15 845**	12 002
Loans and advances	1 603	12 731	187	802	165	**15 488**	12 002
Loans and advances in FVOCI	122					**122**	
Non-loans and advances	6			3	16	**25**	
Off-balance-sheet allowance	135	65		11	(1)	**210**	

- Income statement impairments increased 11,6% to R3,7bn and the CLR increased 4 bps to 0,53%. The CLR benefited from recoveries in CIB and RoA. The implementation of IFRS 9 also impacted treatment of suspended interest and resulted in the extension of the point of writeoff. The low CLR continues to reflect our selective advances growth strategy and the high quality of the portfolio across all our businesses.
- The implementation of IFRS 9 resulted in an opening adjustment to balance sheet impairments to take into account the net impact of removing the benefit of postwriteoff recoveries and amending the point of writeoff. IFRS 9 provides guidance on when a loan or advance should be written off, being the point when there is no reasonable expectation of recovering the loan or advance partially or in its entirety. This assessment is judgemental and covers both qualitative and quantitative information, including trends based on historical recoveries. The changes to the point of writeoff were under review in H1 2018 and were finalised in H2 2018 and applied prospectively from 1 January 2018 (ie amounts written off under IAS 39 were not reassessed under the IFRS 9 criteria). The change resulted in an increase in both gross loans and advances and defaulted loans and advances of R1,9bn, as well as an increase in balance sheet impairments of R1,8bn.
- The CIB impairments decreased marginally from the previous year, with its CLR at 4 bps remaining below the TTC target of 15 to 45 bps.
- RBB impairments increased 6,5% to R3,4bn and includes the impact of IFRS 9 treatment of suspended interest and the extended point of writeoff.
- The group central provision remains unchanged from 2017 at R150m. This provision is held for risks that may have occurred but are likely to emerge only in the future and relate to, inter alia, the macroeconomic environment, including Zimbabwe, and SOEs.

Credit loss ratio

CREDIT LOSS RATIO PER BUSINESS CLUSTER

%	Corporate and Investment Banking	Corporate and Investment Banking, excluding Property Finance	Property Finance	Retail and Business Banking	Business Banking	Retail	Wealth	Rest of Africa	Nedbank Group
TTC target ranges	**0,15–0,45**			**1,30–1,80**			**0,20–0,40**	**0,65–1,00**	**0,60–1,00**
2018									
Total CLR	**0,04**	**(0,01)**	**0,09**	**1,06**	**0,15**	**1,32**	**0,13**	**0,51**	**0,53**
Specific CLR[1]	**0,12**	**0,35**	**0,05**	**0,98**	**0,26**	**1,18**	**0,06**	**0,06**	**0,52**
Portfolio CLR[2]	**(0,08)**	**(0,36)**	**0,04**	**0,08**	**(0,11)**	**0,14**	**0,07**	**0,45**	**0,01**
2017	0,15–0,45			1,30–1,80			0,20–0,40	0,65–1,00	0,60–1,00
Total CLR	0,06	0,10	(0,05)	1,06	0,12	1,32	0,09	1,02	0,49
Specific CLR	(0,10)	0,04	(0,04)	1,08	0,17	1,33	0,08	1,34	0,48
Portfolio CLR	0,16	0,06	(0,01)	(0,02)	(0,05)	(0,01)	0,01	(0,32)	0,01

[1] *Reflects stage 3 impairments charge/average interest-earning banking advances from 1 January 2018.*
[2] *Reflects the stage 1 and stage 2 impairments charge/average interest-earning banking advances allowance from 1 January 2018.*

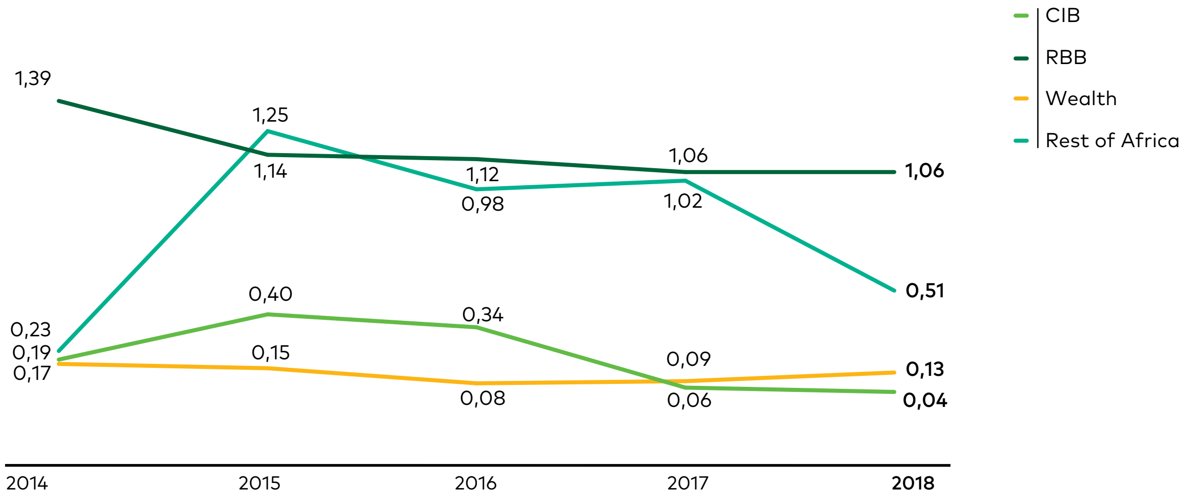
SUMMARY OF THE CREDIT LOSS RATIO BY BUSINESS UNIT

	Mix of average banking advances		Impairment charges (net of recoveries)				Credit loss ratio	
	2018	2017	2018		2017		2018	2017
	%	%	Rm	Mix (%)	Rm	Mix (%)	%	%
Nedbank Group	**100,0**	100,0	**3 688**	**100,0**	3 304	100,0	**0,53**	0,49
Corporate and Investment Banking	**46,5**	48,2	**103**	**2,8**	193	5,8	**0,04**	0,06
CIB, excluding Property Finance	**26,2**	27,9	**(35)**	**(0,9)**	267	8,1	**0,01**	0,10
Property Finance	**20,3**	20,3	**138**	**3,7**	(74)	(2,3)	**0,09**	(0,05)
Retail and Business Banking	**46,3**	44,7	**3 433**	**93**	3 222	97,5	**1,06**	1,06
Business Banking	**10,2**	9,8	**117**	**3,2**	80	2,4	**0,15**	0,12
Retail	**36,1**	34,9	**3 316**	**89,9**	3 142	95,1	**1,32**	1,32
Home Loans	**12,1**	12,4	**44**	**1,2**	(4)	(0,1)	**0,05**	–
MFC	**13,4**	12,6	**1 429**	**38,7**	1 276	38,6	**1,53**	1,49
Unsecured Lending	**2,9**	2,7	**1 007**	**27,3**	1 063	32,2	**5,03**	5,69
Relationship Banking	**5,1**	4,8	**74**	**–**	16	0,5	**0,21**	0,05
Card	**2,3**	2,3	**765**	**21**	754	22,8	**4,88**	4,80
Wealth	**4,2**	4,2	**39**	**1,1**	26	0,8	**0,13**	0,09
Rest of Africa	**3,2**	3,1	**113**	**3,1**	213	6,4	**0,51**	1,02

- Nedbank group CLR increased to 0,53%, remaining below the TTC target range of 0,60% to 1,00%. All clusters and business units are within or below their relevant cluster TTC CLR target range, reflecting the high quality of Nedbank's credit portfolio as we continue our selective advances growth strategy.
  - The CIB CLR decreased to 0,04% and remained below the TTC target range of 0,15% to 0,45% due to recoveries relating to accounts previously provided for and the positive rerating and successful resolution of several corporate exposures, offset by growth in defaulted advances given increased stress in some industries. The CIB CLR is reflective of a high-quality book, a stable watchlist and better than expected recoveries.
  - The RBB CLR is stable at 1,06% and remained below the TTC target range of 1,30% to 1,80%. The impairments charge includes the impact of IFRS 9, in terms of which increased provisioning requirements on performing book were offset by a reduced impairment charge for the non-recoverable portion of interest on impaired advances.

- The Business Banking CLR increased 0,03% to 0,15%, remaining well below the target range of 0,50% to 0,70%, demonstrating the entrenched proactive risk management practices within the business and highlighting the quality of the portfolio. Downside risk remains, as we continue to see the pressure in the operating environment of our clients, continued drought conditions in parts of the country, cashflow constraints in the public and private sectors, and general economic uncertainty.
- The RoA CLR decreased to 0,51% as a result of recoveries on various clients during 2018.

Nedbank Group credit loss ratio per cluster
(%)



Group defaulted loans and advances

- Nedbank Group defaulted loans and advances have increased 28,9% to R25,2bn mainly due to the weakened economic environment placing additional stress on specific wholesale counters and changes to the point of writeoff in Retail to align with IFRS 9 requirements prospectively from 1 January 2018. The group defaulted loans and advances as a percentage of gross loans and advances increased to 3,4% and remains within our credit appetite. One a like-for-like basis defaulted loans and advances rose 18,2% and increases were evident across all clusters.
- RBB defaulted advances increased R2,2bn to R17,3bn, of which R1,9bn was due to the IFRS 9 changes to the point of writeoff. RBB extended the point of writeoff on certain products, resulting in an increase in both gross loans and advances and defaulted loans and advances for Personal Loans, MFC and Card.
- The CIB defaulted loans and advances increased to R5,7bn and now represents 1,7% of the CIB banking book gross loans and advances, mainly due to two clients from the construction and cement industries, where we hold high levels of security, moving into default. Stage 3 (specific) impairments are individually determined in CIB and 71% of stage 3 impairments are concentrated in approximately 10 counters.
- RoA defaulted loans and advances increased 23,2% to R1,4bn a result of strain in the Nedbank Namibia home loans book and distressed restructures within the business banking portfolio of Banco Único, however, taking into account the recoveries of accounts previously provided for, there was a change in the defaulted mix which impacted coverage.

Group	2018 Actual	2018 Defaults excluding extension in point of writeoff	2017 Actual
Defaulted advances	**25 231**	**23 372**	19 576
Defaulted advances as a percentage of gross loans and advances	**3,36**	**3,12**	2,71
Stage 1 and 2 (portfolio) coverage ratio[1]	**0,88**	**0,88**	0,70
Stage 3 (specific) coverage ratio[2]	**36,8**	**32,1**	36,2
Total impairments as a percentage of gross loans and advances[3]	**2,06**	**1,83**	1,66

1 *Reflects the sum of stage 1 and stage 2 ECL allowances, excluding the off-balance-sheet ECL booked as a provision divided by the sum of stage 1 and stage 2 gross loans and advances from 1 January 2018. R18bn of gross loans and advances (1 January 2018: R18bn) classified in FVOCI are excluded from the coverage calculation as FVOCI ECLs are not recognised in balance sheet impairments.*

2 *Reflects stage 3 ECL allowance/stage 3 gross loans and advances from 1 January 2018.*

3 *Excludes ECL with respect to non-loans and advances, off-balance-sheet and FVOCI.*

NEDBANK GROUP DEFAULTED ADVANCES BY BUSINESS CLUSTER

	2018		2017		2016		2015		2014	
	Rm	Mix (%)	Rm	Mix (%)	Rm	Mix (%)	Rm	Mix (%)	Rm	Mix (%)
Corporate and Investment Banking	**5 702**	**22,6**	2 944	15,0	4 176	21,4	4 074	23,2	2 759	17,4
CIB, excluding Property Finance	**3 555**	**14,1**	1 814	9,3	2 815	14,4	2 636	15,0	950	6,0
Property Finance	**2 147**	**8,5**	1 130	5,8	1 361	7,0	1 438	8,2	1 809	11,4
Retail and Business Banking	**17 304**	**68,6**	15 148	77,4	14 235	72,8	12 263	69,8	12 266	77,4
Business Banking	**2 575**	**10,2**	2 090	10,7	2 142	11,0	2 059	11,7	2 087	13,2
Retail	**14 729**	**58,4**	13 058	66,7	12 093	61,8	10 204	58,1	10 179	64,2
Home Loans	**4 541**	**18,0**	4 753	24,3	4 880	25,0	3 869	22,0	4 053	25,6
MFC	**4 440**	**17,6**	3 419	17,5	2 539	13,0	2 182	12,4	1 898	12,0
Unsecured Lending	**2 892**	**11,5**	2 418	12,4	2 423	12,4	2 297	13,1	2 502	15,8
Card	**1 942**	**7,1**	1 450	7,4	1 323	6,8	1 072	6,1	892	5,6
Relationship Banking	**914**	**3,6**	827	4,2	765	3,9	625	3,6	674	4,3
Wealth	**812**	**3,2**	648	3,3	608	3,1	587	3,3	599	3,8
Rest of Africa	**1 413**	**5,6**	836	4,3	534	2,7	635	3,6	222	1,4
Nedbank Group	**25 231**	**100,0**	19 576	100,0	19 553	100,0	17 559	100,0	15 846	100,0

Balance sheet coverage ratios

- The Nedbank group stage 3 (specific) coverage ratio decreased to 36,8% from 39,3% as at 1 January 2018, reflective of the change in the defaulted portfolio mix, with the share of the CIB's defaulted portfolio, with higher levels of security, increasing.
  - The CIB stage 3 coverage decreased to 11,6% from 21,9% as at 1 January 2018, due to the successful restructure and repayment of a few large exposures with higher coverage. Given the size of certain client exposures within the CIB default bucket, a movement of a single obligor can have a material impact on the coverage ratio. Stage 3 impairments are individually determined in CIB and 71,0% of stage 3 impairments are concentrated in approximately 10 counters. The commercial-mortgage portfolio has particularly low LTV ratios resulting in relatively lower-loss expectations in an event of default and therefore also lower specific coverage ratios. CIB raised R144m of overlays relating to the risks not adequately reflected in the IFRS 9 models.
  - The RBB stage 3 coverage increased to 46,0% from 42,5% because of higher defaults caused mainly by the extension of the point of writeoff.
- The Nedbank stage 1 and 2 (portfolio) coverage ratio increased from 0,70% at 31 December 2017 (under IAS 39) to 0,93% on 1 January 2018, reflecting the IFRS 9 day-1 impact. The decline to 0,88% at December 2018 was primarily driven by certain stressed clients in CIB moving from stage 2 into default (stage 3) and the release of overlays in RBB.

BALANCE SHEET COVERAGE BY STAGE AND BUSINESS CLUSTER[1]

	Performing loans					
	Stage 1 loans	Stage 1 ECL allowance	Stage 1 ECL coverage	Stage 2 loans	Stage 2 ECL allowance	Stage 2 ECL coverage
31 December 2018						
Corporate and Investment Banking	**308 337**	**527**	**0,17**	**27 777**	**413**	**1,49**
CIB, excluding Property Finance	**188 447**	**354**	**0.19**	**8 992**	**210**	**2,34**
Property Finance	**119 890**	**173**	**0,14**	**18 785**	**203**	**1,08**
Retail and Business Banking	**281 959**	**2 005**	**0,71**	**40 230**	**2 772**	**6,89**
Business Banking	**66 886**	**223**	**0,33**	**5 939**	**178**	**3,0**
Retail	**215 073**	**1 782**	**0,83**	**34 291**	**2 594**	**7,56**
Home Loans	**101 862**	**176**		**14 553**	**589**	**4,05**
VAF	**84 081**	**607**	**0,72**	**15 662**	**1 082**	**6,91**
Personal loans	**14 641**	**554**	**3,78**	**2 471**	**378**	**15,3**
Card	**13 160**	**421**	**3,2**	**1 395**	**493**	**35,34**
Other loans	**1 329**	**24**	**1,81**	**210**	**52**	**24,76**
Wealth	**29 944**	**25**	**0,08**	**542**	**22**	**4,06**
Rest of Africa	**19 314**	**205**	**1,06**	**1 112**	**76**	**6,83**
Center	**(1 079)**	**165**	**(15,29)**	**–**	**–**	
Nedbank Group	**638 475**	**2 927**	**0,46**	**69 661**	**3 283**	**4,71**

[1] *Reflects the stage 3 ECL allowance, excluding the off-balance-sheet ECL booked as a provision divided by the stage 3 gross loans and advances from 1 January 2018.*

	Performing loans		
	Stage 1 and 2 loans	Stage 1 and 2 ECL allowance	Stage 1 and 2 ECL coverage
December 2017			
Corporate and Investment Banking	355 286	1 582	0,45
CIB, excluding Property Finance	212 616	1 240	0,58
Property Finance	142 670	342	0,24
Retail and Business Banking	299 000	2 999	1,00
Business Banking	65 701	569	0,87
Retail[1]	233 299	2 430	1,04
Wealth	28 885	37	0,13
Rest of Africa	20 282	155	0,76
Nedbank Group	702 755	492	0,70

[1] *The numbers are based on individual products within Retail and not the various business units.*

	Defaulted loans and advances			Loans and advances classified in FVOCI	Total		
	Stage 3 loans	Stage 3 ECL allowance	Stage 3 ECL coverage[1]		Gross loans and advances	ECL allowance	ECL coverage
	5 702	663	11,6	18 426	360 242	1 603	0,44
	3 555	386	10,9	18 426	219 420	950	0,43
	2 147	277	12,9		140 822	653	0,46
	17 304	7 954	46		339 493	12 731	3,75
	2 575	713	27,7		75 400	1 114	1,48
	14 729	7 241	49,2		264 093	11 617	4,40
	5 330	1 132	21,2		121 745	1 897	1,56
	4 505	2 312	51,3		104 248	4 001	3,84
	2 892	2 156	74,6		20 004	3 088	15,44
	1 786	1 433	80,2		16 341	2 347	14,36
	216	208	96,3		1 755	284	16,18
	812	140	17,2		31 298	187	0,60
	1 413	521	36,9		21 839	802	3,67
	–	–			(1 079)	165	
	25 231	9 278	36,8	18 426	751 793	15 488	2,06

	Defaulted loans and advances			Total		
	Stage 3 loans	Stage 3 ECL allowance	Stage 3 ECL coverage	Gross loans and advances	ECL allowance	ECL coverage
	2 944	618	21,0	358 230	2 200	0,61
	1 814	426	23,5	214 430	1 666	0,78
	1 130	192	17,0	143 800	534	0,37
	15 148	5 952	39,3	314 148	8 951	2,85
	2 090	794	38,0	67 791	1 363	2,01
	13 058	5 158	39,5	246 357	7 588	3,08
	648	83	12,8	29 533	120	0,41
	836	423	50,6	21 118	578	2,74
	19 576	7 081	36,2	722 331	12 002	1,66

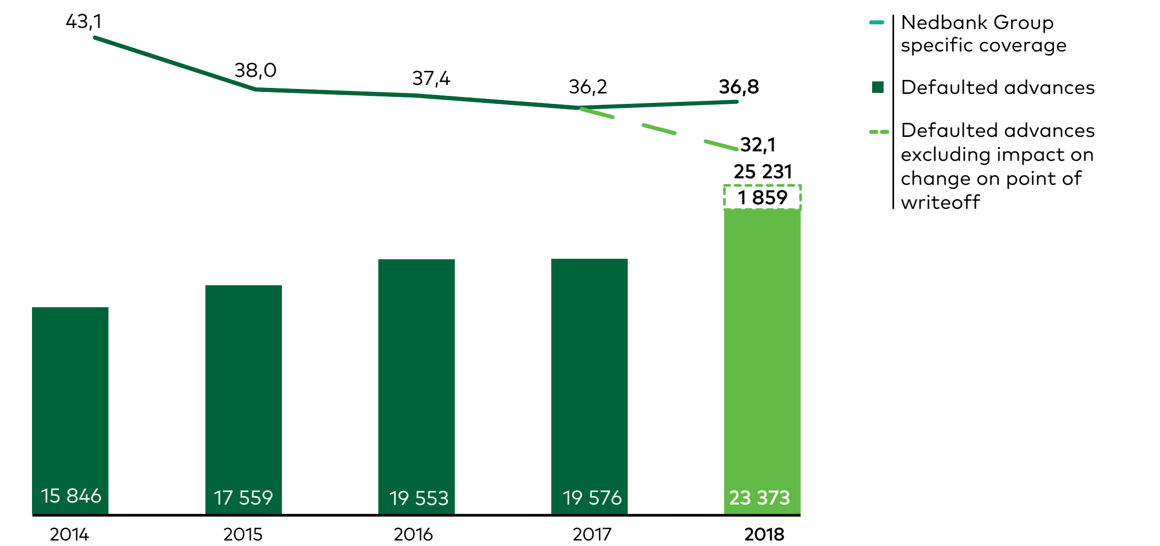
NEDBANK GROUP COVERAGE RATIOS BY BUSINESS CLUSTER

%	2018	Jan 18	2017	2016	2015	2014
Specific coverage ratio[1]	**36,8**	39,3[3]	36,2	37,4	38,0	43,1
Corporate and Investment Banking	**11,6**	21,9[3]	21,0	26,3	17,1	27,7
CIB, excluding Property Finance	**10,9**	24,5	23,5	28,8	13,4	36,4
Property Finance	**12,9**	17,7	17,0	21,0	23,8	23,1
Retail and Business Banking	**46,0**	42,5	39,3	41,1	45,6	47,6
Business Banking	**27,7**	34,7	38,0	37,6	40,5	38,5
Retail	**49,2**	43,9	39,5	41,8	46,7	49,4
Wealth	**17,2**	17,1	12,8	19,4	20,8	23,9
Rest of Africa	**36,9**	58,7	50,5	46,1	41,6	47,3
Portfolio coverage ratio[2]	**0,88**	0,93	0,70	0,69	0,70	0,70
Corporate and Investment Banking	**0,28**	0,36	0,45	0,29	0,29	0,24
CIB, excluding Property Finance	**0,29**	0,41	0,58	0,31	0,30	0,24
Property Finance	**0,27**	0,26	0,24	0,26	0,28	0,22
Retail and Business Banking	**1,48**	1,61	1,00	1,07	1,11	1,17
Business Banking	**0,27**	0,72	0,87	0,95	0,94	0,82
Retail	**2,48**	1,86	1,04	1,11	1,16	1,28
Wealth	**0,15**	0,17	0,13	0,13	0,12	0,10
Rest of Africa	**1,38**	1,31	0,77	0,91	0,64	0,53

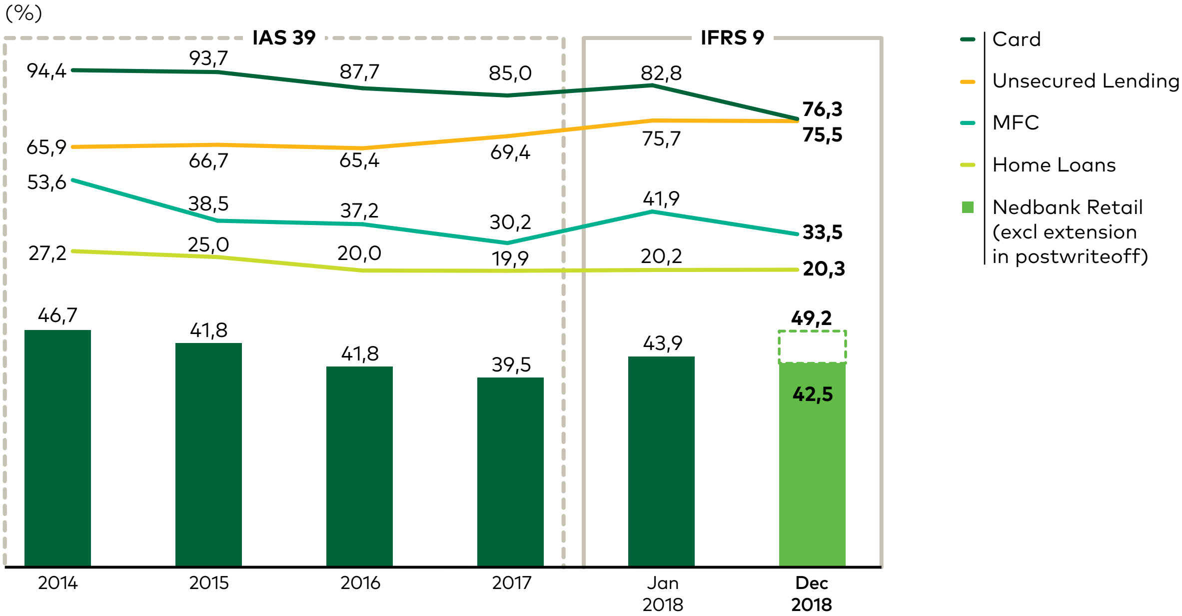
[1] *Reflects the stage 3 ECL allowance, excluding the off-balance-sheet ECL booked as a provision divided by the stage 3 gross loans and advances from 1 January 2018.*
[2] *Reflects the sum of stage 1 and stage 2 ECL allowances, excluding the off-balance-sheet ECL booked as a provision divided by the sum of stage 1 and stage 2 gross loans and advances from 1 January 2018. R18bn of gross loans and advances (1 January 2018: R18bn) classified in FVOCI are excluded from the coverage calculation as FVOCI ECLs are not recognised in balance sheet impairments.*
[3] *Restated due to exclusion of off-balance sheet ECL.*

	2018			2017		
	Stage 3	Stage 3 ECL	Stage 3 coverage	Stage 3	Stage 3 ECL	Stage 3 coverage
Group	**25 231**	**9 278**	**36,8**	19 576	7 081	36,2
Residential mortgages	**6 976**	**1 430**	**20,5**	6 703	1 284	19,2
Commercial mortgages	**2 957**	**435**	**14,7**	1 778	325	18,3
Lease and instalment debtors	**4 967**	**2 532**	**51,0**	3 815	1 265	33,2
Credit card and overdrafts	**3 065**	**2 047**	**66,8**	2 283	1 842	80,7
Personal, term and other loans	**7 114**	**2 816**	**39,6**	4 841	2 364	48,8
Properties in possession	**152**	**18**	**11,8**	156		

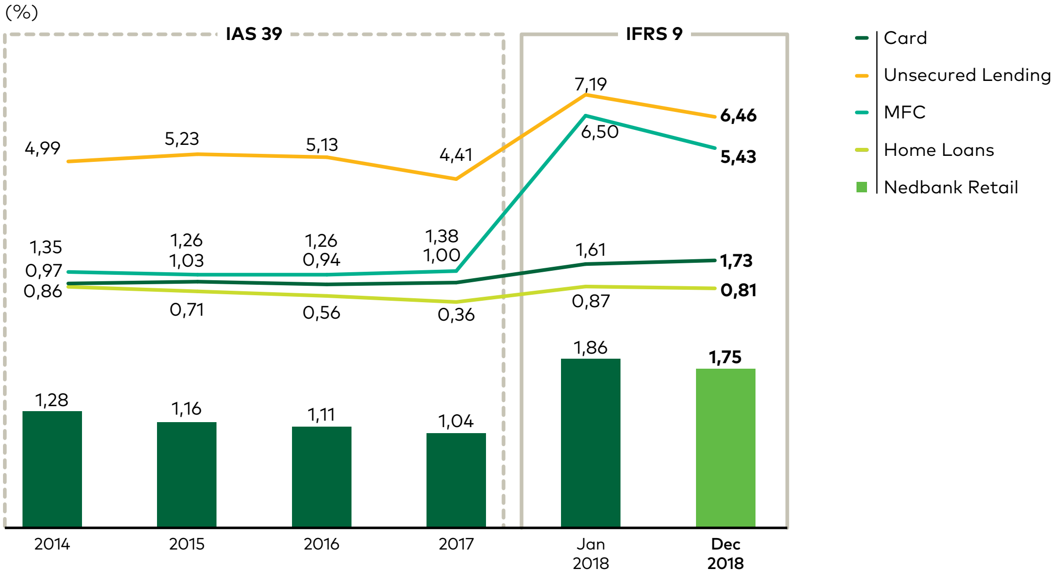
Nedbank Group defaulted advances and specific coverage
(%)



Nedbank Retail specific-coverage ratio
(%)

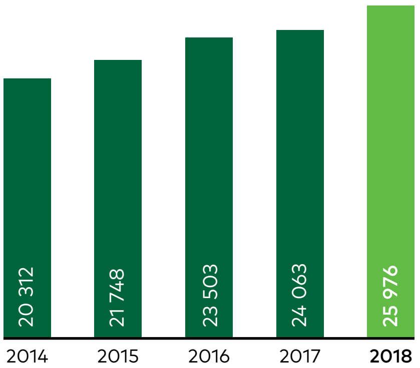


Nedbank Retail portfolio coverage ratio
(%)

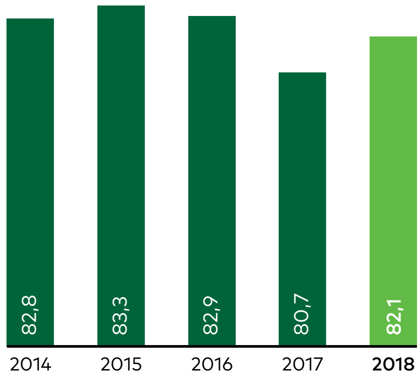


3 Non-interest revenue

Non-interest revenue
(Rm)



Non-interest revenue to total operating expenses
(%)



	Nedbank Group		Corporate and Investment Banking	
Rm	**2018**	**2017**	**2018**	**2017**
Commission and fees income	**18 279**	17 171	**3 289**	2 708
Administration fees	**1 201**	1 139	**26**	10
Card income	**3 656**	3 701	**–**	–
Cash-handling fees	**1 056**	968	**235**	220
Exchange commission	**554**	501	**175**	130
Guarantees income	**275**	253	**197**	183
Insurance commission	**544**	509	**–**	–
Other commission	**3 986**	3 578	**1 198**	942
Other fees	**2 664**	2 377	**1 403**	1 175
Service charges	**4 343**	4 145	**55**	48
Insurance income[1]	**1 859**	1 750		
Fair-value adjustments[2]	**(2)**	106	**(8)**	(144)
Fair-value adjustments	**(30)**	(29)	**(20)**	(144)
Hedge-accounted portfolios	**28**	–	**12**	–
Fair-value adjustments – own long-term debt[3]	**–**	135	**–**	–
Trading income	**4 429**	3 900	**4 278**	3 689
Commodities	**42**	39	**42**	39
Debt securities	**2 482**	2 158	**2 482**	2 158
Equities	**445**	325	**445**	325
Foreign exchange	**1 460**	1 378	**1 309**	1 167
Private-equity income	**697**	708	**699**	705
Realised gains,dividends,interest and other income	**854**	1 113	**854**	1 113
Unrealised losses[4]	**(157)**	(405)	**(155)**	(408)
Investment income	**29**	54	**21**	29
Sundry income[5]	**685**	374	**242**	177
Total non-interest revenue	**25 976**	24 063	**8 521**	7 164

[1] *During 2018 management reclassified certain internal insurance commission allocations earned by Nedbank Retail and Business Banking, previously reported as part of commission and fee income to insurance income to ensure that the amount is appropriately eliminated against the cost recognised in Nedbank Wealth. Comparative figures have been restated accordingly (R184m).*

[2] *On adoption of IFRS 9 the fair-value designation was revoked for fixed-rate assets and liabilities to apply macro fair-value hedge accounting, resulting in less volatility in profit or loss.*

[3] *From 1 January 2018 these exposures are accounted for at amortised cost, therefore the line 'fair-value adjustments – changes in own credit risk' is no longer applicable. The line hedge accounted portfolios includes the net ineffectiveness of the macro fair-value hedge accounting.*

[4] *Unrealised losses relates to equity investments in associates and joint ventures, which are estimated and converted to realised or dividends once earned.*

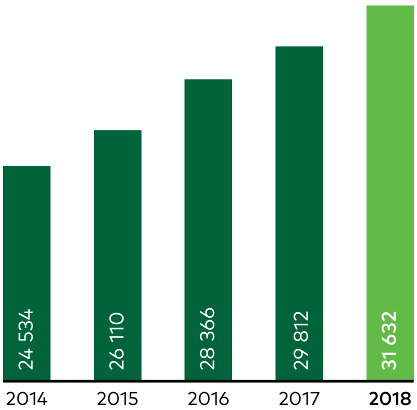
[5] *Sundry income mainly comprises security dealings, rental income and other.*

Favourable	Unfavourable
■ Achieved transactional client wins and solid main-banked clients gains across the group. ■ Strong trading income growth. ■ Benefits from finalisation of round 4 of the renewable-energy transactions. ■ Solid insurance growth with lower claims experience.	■ Weak business and consumer confidence levels negatively affecting transactional activity. ■ Lower-equity markets. ■ Impact of IFRS accounting changes.

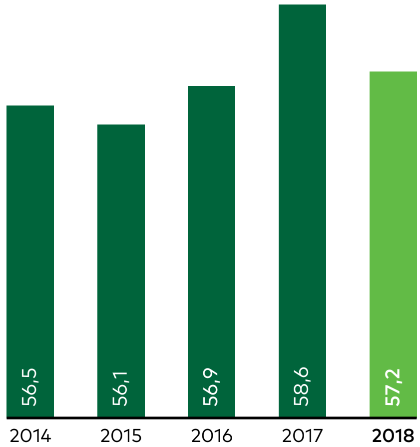
Retail and Business Banking		Wealth		Rest of Africa		Centre	
2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
12 002	11 735	**2 063**	2 059	**928**	721	**(3)**	(52)
509	522	**567**	540	**82**	52	**17**	15
3 583	3 643	**–**		**72**	57	**1**	1
788	718	**2**	1	**31**	29		
249	242	**71**	76	**57**	67	**2**	(14)
41	39	**1**	1	**36**	30		
284	261	**223**	213	**37**	35		
2 515	2 442	**(27)**	10	**282**	163	**18**	21
89	77	**1 188**	1 183	**25**	17	**(41)**	(75)
3 944	3 791	**38**	35	**306**	271		
442	439	**1 400**	1 311	**54**	43	**(37)**	(43)
15	(32)	**–**	–	**(1)**	5	**(8)**	277
	(32)			**(1)**	5	**(9)**	142
15						**1**	
							135
84	90	**–**	–	**67**	121	**–**	–
84	90			**67**	121		
–	–	**(2)**	3	**–**	–	**–**	–
		(2)	3				
(3)	16	**3**	3	**2**	1	**6**	5
51	64	**20**	14	**156**	106	**216**	13
12 591	12 312	**3 484**	3 390	**1 206**	997	**174**	200

4 Expenses

Total operating expenses
(Rm)



Efficiency ratio
(%)

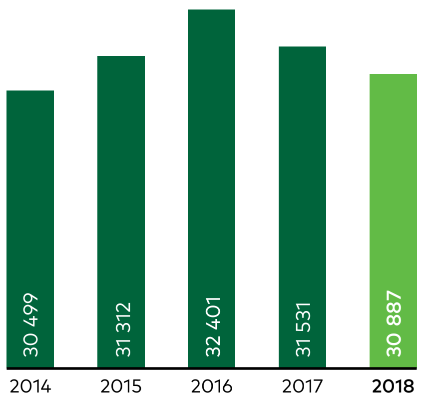


	Nedbank Group		Corporate and Investment Banking	
Rm	**2018**	**2017**	**2018**	**2017**
Staff costs	**17 450**	16 530	**3 003**	2 761
Salaries and wages	**14 240**	13 376		
Total incentives	**3 358**	2 990		
Short-term incentives	**2 625**	2 389		
Long-term incentives	**733**	601		
Other staff costs	**(148)**	164		
Computer processing[1]	**4 341**	3 893	**398**	326
Depreciation of computer equipment	**753**	727		
Amortisation of intangible assets	**958**	793		
Operating lease charges for computer processing	**336**	400		
Other computer processing expenses	**2 294**	1 973		
Fees and insurances[1]	**3 989**	3 585	**1 208**	1 111
Occupation and accommodation[2]	**2 416**	2 329	**226**	252
Marketing and public relations	**1 532**	1 695	**93**	81
Communication and travel	**841**	842	**297**	276
Other operating expenses[3]	**1 063**	938	**214**	156
Activity-justified transfer pricing	**–**	–	**1 133**	1 081
Total operating expenses	**31 632**	29 812	**6 572**	6 044

Analysis of total information technology-related function spend included in total expenses	**2018**	**2017**
IT staff-related costs within group technology	**1 931**	1 570
Depreciation and amortisation of computer equipment, software and intangibles	**1 711**	1 521
Other IT costs (including licensing, development, maintenance and processing charges)[4]	**2 778**	2 525
Total IT-related functional spend	**6 420**	5 616

[1] *During the year management reclassified interbank fees from other computer-processing expenses to other fees and assurance costs to reflect the nature of these expenses appropriately. As a result, R308m previously included in other computer processing expenses has been reclassified to be included in other fees and assurance costs.*
[2] *Includes building depreciation charges of R423m (December 2017: R399m).*
[3] *Includes furniture depreciation charges of R328m (December 2017: R266m), consumables and sundry expenses.*
[4] *Includes consulting, professional, communication and travel, and other IT-related spend.*

Total employees
(permanent staff)



	Retail and Business Banking		Wealth		Rest of Africa		Centre	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	8 036	7 812	**1 562**	1 486	**1 097**	1 017	**3 752**	3 454
	870	840	**220**	160	**48**	40	**2 805**	2 527
	1 738	1 449	**174**	186	**296**	288	**573**	551
	1 947	1 887	**145**	138	**213**	195	**(115)**	(143)
	724	919	**96**	105	**67**	66	**552**	524
	329	341	**61**	65	**60**	56	**94**	104
	357	387	**72**	96	**152**	140	**268**	159
	6 031	5 501	**682**	644	**483**	398	**(8 329)**	(7 624)
	20 032	19 136	**3 012**	2 880	**2 416**	2 200	**(400)**	(448)

Favourable	Unfavourable
■ R680m cumulative run-rate savings from implementation of our new target-operating model (target R1bn by 2019 and R1,2bn by 2020). ■ A reduction of 136 core systems from 2010 to date. ■ Headcount reduction of 610. ■ PRMA credit of R250m in H1 2018.	■ Incentives increased in line with the group's stronger financial performance. ■ Increase in computer-processing costs relating to software amortisation as we invest in technology and digital channels. ■ Managed separation costs of R77m. ■ Higher association fees driven by card volume increases.

5 Non-trading and capital items

Rm	2018 Gross	2018 Net of taxation	2017 Gross	2017 Net of taxation
Profit attributable to equity holders of the parent		**13 376**		11 621
Non-trading and capital items	**164**	**119**	224	166
IAS 16 – loss on disposal of property and equipment	**29**	**22**	47	35
IAS 38 – Impairment of property, equipment, intangible assets	**135**	**97**	163	117
IAS 39 – loss on sale of available-for-sale financial assets[1]			14	14
Headline earnings		**13 495**		11 787

[1] *Not applicable from 1 January 2018.*

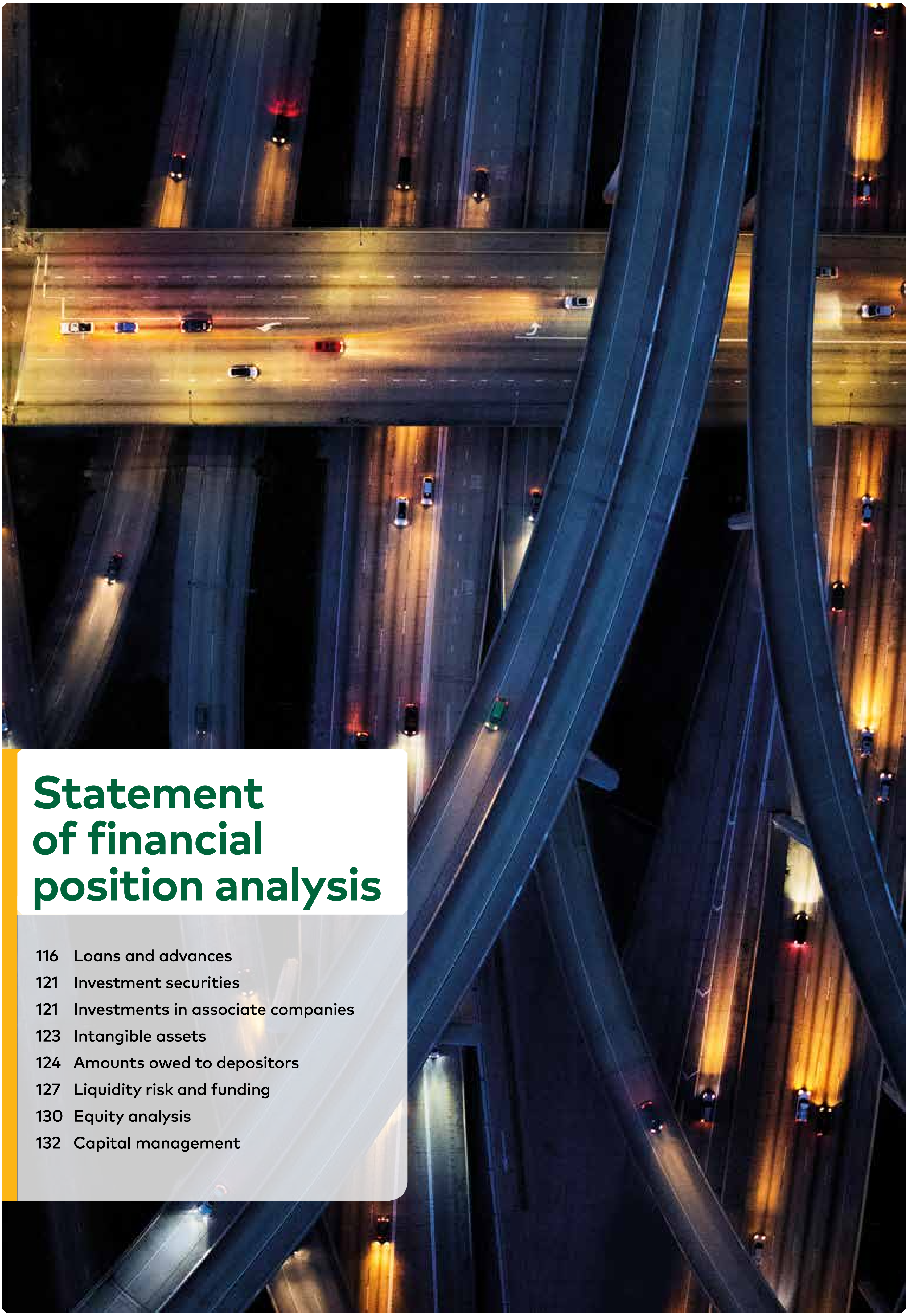
6 Taxation charge

	2018	2017
Total tax charge for the year	**4 762**	4 209
Taxation rate reconciliation (excluding non-trading and capital items) (%)		
Standard rate of SA normal taxation	**28,0**	28,0
Non-taxable dividend income	**(1,4)**	(2,4)
Share of profits of associate companies	**(0,9)**	1,2
Capital items	**(0,1)**	0.3
Foreign income and section 9D attribution	**(0,6)**	(0,8)
Non-deductible expenses	**0,7**	(0,8)
Prior-year overprovision	**(0,5)**	
Total taxation on income as percentage of profit before taxation	**25,2**	25,5
Effective tax rate excluding ETI associate income/(loss)	**26,1**	24,5

7 Preference shares

Dividends declared	Number of shares	Cents per share	Amount Rm
2019			
Nedbank – Final (dividend number 32) declared for 2018 – payable March 2019	**358 277 491**	**42,23172**	**151,3**
2018			
Nedbank – Final (dividend no 30) declared for 2017 – paid March 2018	**358 277 491**	**43,17350**	**154,7**
Nedbank – Interim (dividend no 31) declared for 2018 – paid August 2018	**358 277 491**	**41,82076**	**149,8**
Total of dividends declared			**304,5**
Nedbank (MFC) – Participating preference shares[1]			**50,0**
Less: Dividends declared in respect of shares held by group entities			**(31,7)**
			322,8
2017			
Nedbank – Final (dividend no 28) declared for 2016 – paid April 2017	358 277 491	43,98905	157,6
Nedbank – Interim (dividend no 29) declared for 2017 – paid September 2017	358 277 491	43,39039	155,5
Total of dividends declared			313,1
Nedbank (MFC) – Participating preference shares[1]			58,0
Less: Dividends declared in respect of shares held by group entities			(32,6)
			338,5

[1] *Share in economic profit calculated semi-annually.*



Statement of financial position analysis

8 Loans and advances

SUMMARY OF LOANS AND ADVANCES BY BUSINESS CLUSTER AND BUSINESS LINE

	Gross loans		Balance sheet impairments		Net		
	Rm	Change (%)	Rm	Mix (%)	Rm	Mix (%)	Change (%)
2018							
Corporate and Investment Banking	360 242	0,6	(1 603)	10,3	358 639	48,7	0,7
Trading book	23 637	(24,6)			23 637	3,2	(24,6)
Banking book	336 605	3,0	(1 603)	10,3	335 002	45,5	3,2
CIB, excluding Property Finance	219 420	2,3	(950)	6,1	218 470	29,7	2,7
Property Finance	140 822	(2,1)	(653)	4,2	140 169	19,0	(2,2)
Retail and Business Banking	339 494	8,1	(12 731)	82,2	326 763	44,4	7,1
Business Banking	75 401	11,2	(1 114)	7,2	74 287	10,1	11,8
Retail	264 093	7,2	(11 617)	75,0	252 476	34,3	5,7
Home Loans	87 839	2,6	(1 597)	10,3	86 242	11,7	2,3
MFC	101 332	9,6	(4 013)	25,9	97 319	13,2	7,9
Unsecured Lending	20 652	9,9	(3 172)	20,5	17 480	2,4	6,6
Relationship Banking	37 668	11,8	(422)	2,7	37 246	5,1	11,3
Card	16 329	4,6	(2 347)	15,2	13 982	1,9	(1,8)
Other	273	23,0	(65)	0,4	208	–	48,6
Wealth	31 298	6,0	(187)	1,2	31 111	4,2	5,8
Rest of Africa	21 839	3,4	(802)	5,2	21 037	2,9	2,4
Centre	(1 080)	54,5	(165)	1,1	(1 245)	(0,2)	46,1
Nedbank Group	751 793	4,1	(15 488)	100,0	736 305	100,0	3,7
Trading book	23 637	(24,6)		–	23 637	3,2	(24,6)
Banking book	728 156	5,4	(15 488)	100,0	712 668	96,8	5,0

	Gross loans		Balance sheet impairments		Net		
	Rm	Change (%)	Rm	Mix (%)	Rm	Mix (%)	Change (%)
2017							
Corporate and Investment Banking	358 229	(3,8)	(2 200)	18,3	356 029	50,1	(3,8)
Trading book	31 356	(10,6)			31 356	4,4	(10,6)
Banking book	326 873	(3,1)	(2 200)	18,3	324 673	45,7	(3,1)
CIB, excluding Property Finance	214 429	(22,2)	(1 666)	13,9	212 762	25,5	(22,4)
Property Finance	143 800	5,0	(534)	4,4	143 267	20,2	5,1
Retail and Business Banking	314 149	5,1	(8 951)	74,6	305 198	43,0	5,3
Business Banking	67 792	3,8	(1 362)	11,3	66 429	9,4	3,9
Retail	246 357	5,5	(7 589)	63,2	238 769	33,6	5,7
Home Loans	85 580	2,6	(1 241)	10,3	84 339	11,9	2,8
MFC	92 439	8,6	(2 256)	18,8	90 183	12,7	8,5
Unsecured Lending	18 797	7,6	(2 400)	20,0	16 397	2,31	8,5
Relationship Banking	33 705	6,2	(235)	2,0	33 470	4,7	6,4
Card	15 614	5,2	(1 374)	11,4	14 240	2,0	5,0
Other	222	92,0	(83)	0,7	140	–	> 100,0
Wealth	29 533	2,8	(120)	1,0	29 413	4,1	2,9
Rest of Africa	21 119	5,6	(578)	4,8	20 541	2,9	4,9
Centre	(699)	5,4	(153)	1,3	(852)	(0,1)	26,7
Nedbank Group	722 331	0,4	(12 002)	100,0	710 329	100,0	0,5
Trading book	31 356	(10,6)			31 356	4,4	(10,6)
Banking book	690 975	1,0	(12 002)	100,0	678 973	95,6	1,0

SEGMENTAL BREAKDOWN

Rm	Nedbank Group		Corporate and Investment Banking	
	2018	2017	2018	2017
Home loans	**156 414**	149 891	**11**	5
Commercial mortgages	**166 221**	161 576	**134 984**	133 169
Properties in possession	**152**	155	**2**	–
Credit cards	**16 608**	15 801	**–**	–
Overdrafts	**22 587**	19 039	**3 594**	3 248
Personal loans	**22 219**	20 041	**–**	–
Term and other loans[1]	**191 125**	160 162	**172 558**	143 485
Overnight loans	**14 616**	21 165	**12 644**	19 458
Foreign client lending	**10 902**	20 948	**10 451**	20 451
Leases and instalment debtors	**121 003**	112 141	**2 170**	2 694
Preference shares and debentures	**15 312**	18 654	**15 077**	18 438
Factoring accounts	**5 815**	5 461		
Deposits placed under reverse repurchase agreements	**8 758**	17 279	**8 758**	17 279
Macro fair-value hedge-accounted portfolios[2]	**48**		**(7)**	
Trade, other bills and bankers' acceptances	**13**	18		2
Loans and advances before impairments	**751 793**	722 331	**360 242**	358 229
Impairment of advances	**(15 488)**	(12 002)	**(1 603)**	(2 200)
Total loans and advances	**736 305**	710 329	**358 639**	356 029
Comprises:				
– Loans and advances to clients	**736 971**	701 836	**348 974**	339 968
– Loans and advances to banks	**14 822**	20 495	**11 268**	18 261
Loans and advances before impairments	**751 793**	722 331	**360 242**	358 229

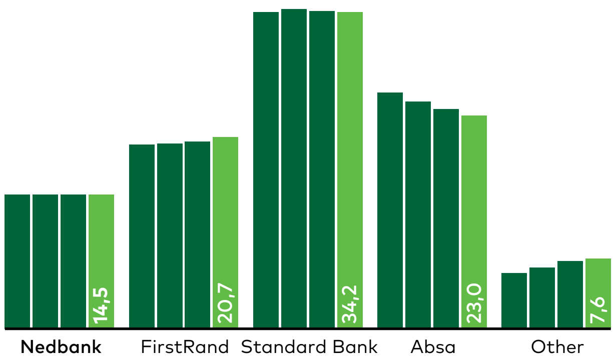
[1] *The balances previously presented as other term loans, other loans to clients and remittances in transit have been aggregated in the line 'term and other loans'.*

[2] *Subsequent to transition, changes in the fair value (R55m increase in fair value) of fixed-rate exposure due to changes in interest rate risk have been recognised in loans and advances, with the associated gain or loss recognised in NIR. The macro fair-value hedge accounting adjustment is reported as a separate line in the Centre within loans and advances and amounts due to depositors because of the portfolio nature of the risk management of interest risk in the banking book.*

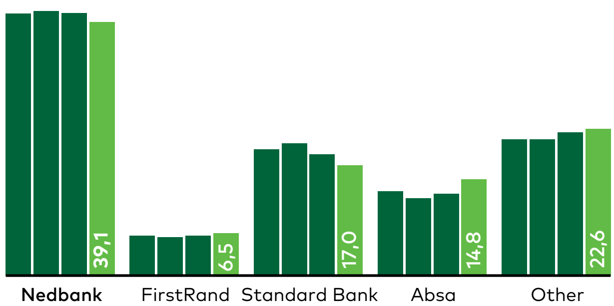
[3] *Centre includes the group's centrally managed macro fair-value hedge-accounting adjustment, intercluster adjustments relating to deferred revenue recognised in loans and advances, central impairment provision and impairment on other assets.*

BA900 MARKET SHARE

Home loans (2015–2018)
(%)

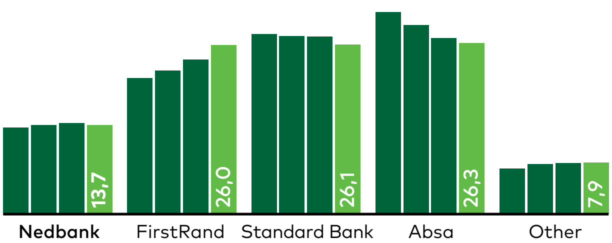


Commercial mortgage loans (2015–2018)
(%)

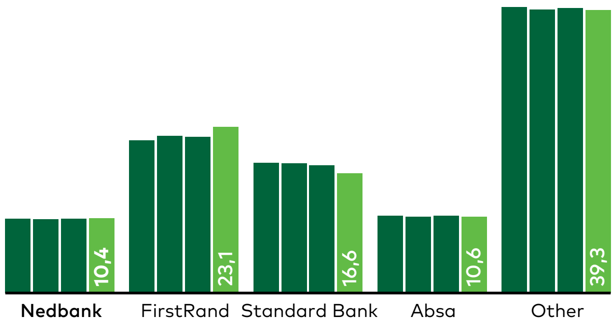


	Retail and Business Banking		Wealth		Rest of Africa		Centre[3]	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	133 163	128 161	**17 068**	15 793	**6 672**	6 170	**(500)**	(238)
	20 765	18 321	**8 915**	8 709	**1 523**	1 784	**34**	(407)
	68	74	**22**	25	**60**	56		
	16 501	15 719			**107**	82		
	14 809	12 443	**174**	133	**4 010**	3 215		
	20 005	18 125		2	**2 214**	1 914		
	10 679	8 525	**4 892**	4 661	**3 287**	3 570	**(291)**	(79)
	1 220	968			**752**	739		
	163	145			**288**	352		
	116 229	106 152	**68**	74	**2 914**	3 221	**(378)**	
	76	55	**159**	136				25
	5 815	5 461						
							55	
					12	16	**1**	
	339 493	314 149	**31 298**	29 533	**21 839**	21 119	**(1 079)**	(699)
	(12 731)	(8 951)	**(187)**	(120)	**(802)**	(578)	**(165)**	(153)
	326 762	305 198	**31 111**	29 413	**21 037**	20 541	**(1 244)**	(852)
	339 500	314 104	**28 096**	27 647	**21 491**	20 827	**(1 090)**	(710)
	(7)	45	**3 202**	1 886	**348**	292	**11**	11
	339 493	314 149	**31 298**	29 533	**21 839**	21 119	**(1 079)**	(699)

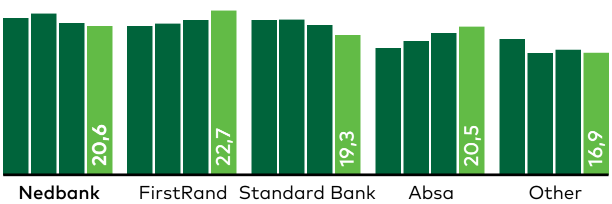
Credit cards (2015–2018)
(%)



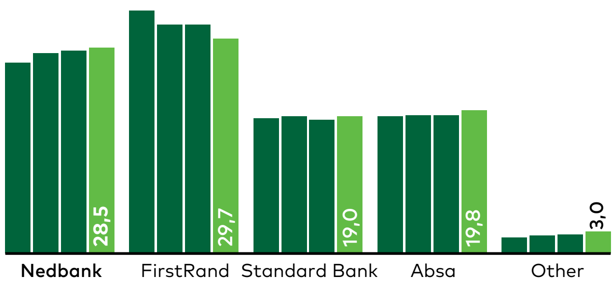
Personal loans (2015–2018)
(%)



Core corporate loans (2015–2018)
(%)



Instalment credit (2015–2018)
(%)



Gross loans and advances

- Gross loans and advances increased 4,1% to R751,8bn, driven by growth in RBB and an increase in CIB banking advances during the second half of the year. This was partially offset by a decline in trading advances and short-dated lending in CIB, as well as the IFRS day 1 adjustment.
  - On 1 January 2018 there was a R2,9bn increase in impairments due to the transitional impact of the IFRS 9 methodology, which requires forward-looking macroeconomic scenarios, to calculate impairments using 12-month ECL for assets where there has been no significant increase in credit risk (SICR) (stage 1), a lifetime ECL for assets where there has been a SICR (stage 2), or a lifetime ECL where the assets have defaulted (stage 3). Excluding the trading book and the IFRS day 1 impact banking advances grew 5,6%.
  - The policy in relation to the point of writeoff was also updated to comply with IFRS 9. The extension of the point of writeoff resulted in an increase of R1,9bn in both gross loans and advances and balance sheet impairments.
- The CIB banking advances increased 3,0% to R366,6bn, with growth picking up towards the latter part of the year as disbursements in the renewable-energy sector and other corporate clients increased.
  - Gross loans and advances were impacted by early settlements in H1 2018 and a slow recovery in corporate capital expenditure.
  - Property Finance advances contracted 2,2% to R140,2bn. Property Finance has maintained a leading market share over many years in SA and seeks to capitalise on this experience by expanding alongside our clients into the rest of Africa.
  - RBB gross loans and advances grew by 8,1% to R339,5bn, driven by solid performance in Business Banking, MFC and Unsecured Lending, in line with risk appetite and prudent origination strategies.
  - Business Banking gross loans and advances increased 11,2% to R75,4bn due to increase in due to an increase in new-loan payouts and higher utilisation of existing facilities.
  - MFC gross loans and advances increased 9,6% to R101,3bn due to an increase in new-business volumes emanating from strong dealer relationships. MFC has maintained its dominant market share of 28,5% and continues its leading position in the second-hand and affordable-vehicle segments.
  - Unsecured Lending gross loans and advances increased 9,9% to R20,6bn because of product and process enhancements driving increased take-up of loan offers.

9 Investment securities

Rm	2018	2017[1]
Private-equity investments	**5 543**	4 134
Private-equity associates – Property Partners	**1 361**	2 409
Private-equity associates – Investment Banking	**1 070**	760
Private-equity (unlisted) – Property Partners	**1 551**	332
Private-equity (unlisted) – Investment Banking	**1 561**	633
Listed investments	**25**	36
Unlisted investments	**3 060**	2 924
Taquanta asset managers portfolio	**463**	453
Strate Limited	**143**	143
Other	**2 454**	2 328
Total listed and unlisted investments	**8 628**	7 094
Listed policyholder investments at market value	**10 048**	9 540
Unlisted policyholder investments at directors' valuation	**3 742**	3 188
Net policyholder liabilities	**(14)**	(19)
Total policyholder investments	**13 776**	12 709
Total investment securities	**22 404**	19 803

[1] *During the period the group classified private-equity investments of Property Partners and Investment Banking from investments in associate companies to investment securities to better reflect the measurement of these investments at fair value. To provide comparability, the prior-period balance for private-equity associates – Property Partners (31 December 2017: R2 409m) and for Investment Banking (31 December 2017: R760m) have been restated accordingly. This resulted in a change in total investment securities of R3 169m at December 2017 from R16 634m to R19 803m.*

10 Investments in associate companies

Name of company and nature of business	Equity-accounted earnings Rm		Carrying amount Rm		Net exposure to/(from) associates[1] Rm	
	2018	2017[2]	2018	2017[2]	2018	2017[2]
Associates						
Listed						
ETI[3]	**608**	(744)	**3 245**	3 320	**333**	502
Unlisted						
Private equity: Tracker Technology Holdings Proprietary Limited			**506**			
Private equity: Other investments			**42**			
Other strategic investments	**(80)**	(94)	**248**	233		
Total	**528**	(838)	**4 041**	3 553	**333**	502

[1] *Includes on-balance-sheet and off-balance-sheet exposure.*

[2] *During the period the group reclassified private-equity investments for Property Partners and Investment Banking from investments in associate companies to investment securities to better reflect the measurement of these investments at fair value. This resulted in a change in the total carrying value of R3 169m at December 2017 from R6 722m to R3 553m. The net exposure to/(from) associates was restated to incorporate all off balance sheet exposures at 31 December 2017.*

[3] *Ecobank Transnational Incorporated is a pan-African bank and its shares are listed on the stock exchanges of Nigeria, Ghana and Ivory Coast.*

The percentage holding in ETI at December 2018 was 21,2% (December 2017: 21,2%). The net exposure movement is due to loan repayment and the reduction of off-balance-sheet exposure yoy.

Equity risk in the banking book

		2018	2017
Total equity portfolio	(Rm)	**12 669**	10 647
Disclosed at fair value	(Rm)	**8 628**	7 094
Equity-accounted, including investment in ETI	(Rm)	**4 041**	3 553
Percentage of total assets	(%)	**1,2**	1,1
Percentage of group minimum economic-capital requirement	(%)	**4,7**	3,6

- Equity investments in the banking book are primarily undertaken by CIB as part of its private-equity business. Any additional investments are undertaken as a result of operational or strategic requirements.
- The equity portfolio disclosed at fair value has increased by R1 534m, predominantly due to new acquisitions and follow-on investments.
- The equity portfolio that is equity-accounted increased as a result of a new equity investment of R506m.
- The Nedbank Board sets the overall risk appetite and strategy of the group for equity risk, and business compiles portfolio objectives and investment strategies for its investment activities. These address the types of investment, expected business returns, desired holding periods, diversification parameters and other elements of sound investment management oversight.
- The ETI strategic investment is accounted for under the equity method of accounting and is therefore not carried at fair value.

ACCOUNTING RECOGNITION OF ETI

Rm	2018	2017
Opening carrying value – as previously reported	**4 320**	
IFRS 9 transitional adjustment	**(780)**	
Opening carrying value	**3 540**	4 978
Share of associate earnings/(losses)[1,2]	**608**	(744)
Share of other comprehensive (losses)/income[1,2]	**(332)**	474
Foreign currency translation[3]	**429**	(388)
Closing carrying value (pre-impairment provision)	**4 245**	4 320
Impairment provision	**(1 000)**	(1 000)
Closing carrying value	**3 245**	3 320

1 *Applicable period: 1 October 2017 – 31 March 2018.*
2 *Applicable average exchange rate: 1 January 2018 – 30 December 2018.*
3 *Applicable period: 1 January 2018 – 30 December 2018, ie the cumulative difference at each quarter of the earnings and other comprehensive income converted at an average USD/ZAR rate compared with the related US dollar balances converted at the quarter-end spot rate.*

The carrying value of Nedbank Group's strategic investment in ETI decreased from R3,3bn to R3,2bn during the year due to a combination of Nedbank's share of ETI's OCI and their IFRS 9 adjustment, which was partially offset by an increase in the carrying value due to ETI reporting positive earnings and the rand weakening against the US dollar. As required by IFRS, the R1bn impairment provision recognised at 31 December 2016 was reviewed at 31 December 2018 and management determined that while there was an improvement in ETI's recent financial performance, there was a deterioration in fair-value based on listed share price (converted using the NAFEX rate). The value in use is in excess of the carrying value. These are not yet considered to be sufficient indicators of sustainable performance to release any impairment provision. Our position will be reassessed at 30 June 2019.

On 19 December 2018, ETI announced that its board approved the adoption of the NAFEX rate as the rate to be used for the translation of their operations in Nigeria. Based on information ETI released together with its Q3 earnings, Nedbank estimated its share of the foreign currency loss arising on the aforementioned change to be R361m, which has been recognised in other comprehensive income. In line with our quater-in-arrears policy for accounting for ETI, this estimate will be trued up in H1 2019, once ETI releases its Q4 2018 results.

11 Intangible assets

Rm	2018	2017
Computer software and capitalised development costs	**7 251**	6 003
Goodwill	**5 173**	5 131
Client relationships, contractual rights and other	**184**	250
	12 608	11 384

COMPUTER SOFTWARE AND CAPITALISED DEVELOPMENT COSTS – CARRYING AMOUNT

Rm	Amortisation periods	2018	2017
Computer software	2–10 years	**5 310**	3 592
Core product and client systems		**1 404**	1 193
Support systems		**1 658**	1 217
Digital systems		**685**	476
Payment systems		**1 563**	706
Development costs not yet commissioned	none	**1 941**	2 411
Core product and client systems		**454**	691
Support systems		**865**	1 039
Digital systems		**50**	613
Payment systems		**572**	68
		7 251	6 003
Computer software			
Opening balance		**3 592**	2 992
Additions		**393**	248
Commissioned during the period		**2 313**	1 257
Disposals and retirements		**(17)**	(3)
Foreign exchange and other moves		**3**	
Amortisation charge for the period		**(958)**	(793)
Impairments		**(16)**	(109)
Closing balance		**5 310**	3 592
Development costs not yet commissioned			
Opening balance		**2 411**	1 589
Additions		**1 971**	2 137
Commissioned during the period		**(2 313)**	(1 257)
Foreign exchange and other moves			
Impairments		**(128)**	(58)
Closing balance		**1 941**	2 411

GOODWILL

Rm	2018	2017
Carrying amount at the beginning of the year	**5 131**	5 199
Acquisitions		
Foreign currency translation	**42**	(68)
Carrying amount at the end of the period	**5 173**	5 131

DEVELOPMENT COSTS NOT YET COMMISSIONED

	2018	2017
	1 941	2 335
Core product and client systems	**454**	691
Support systems	**865**	963
Digital systems	**50**	613
Payments systems	**572**	68
Intangible assets		
Computer software and capitalised development costs	**7 251**	6 003
Adjustment for support systems		(76)
Goodwill	**5 173**	5 131
Client relationships, contractual rights and other	**184**	250
	12 608	11 308

12 Amounts owed to depositors

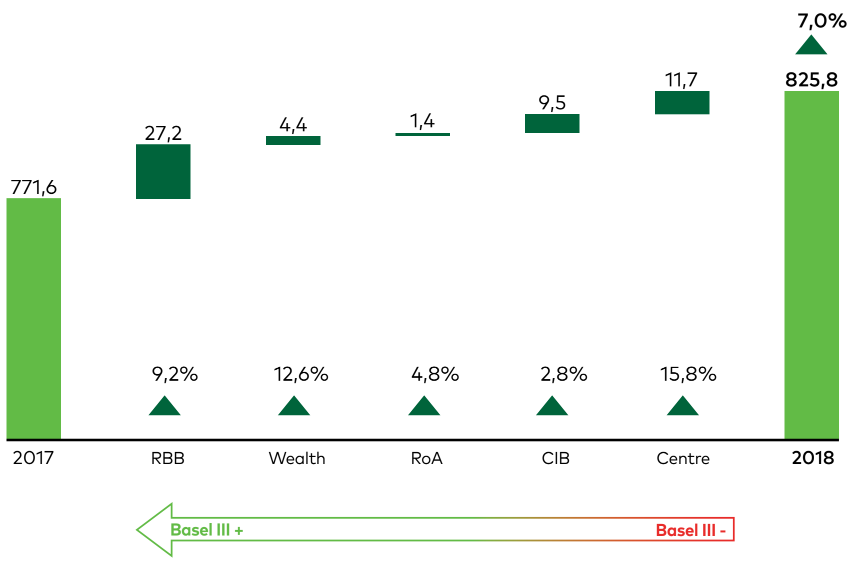
SEGMENTAL BREAKDOWN

Rm	Nedbank Group 2018	Nedbank Group 2017	Corporate and Investment Banking 2018	Corporate and Investment Banking 2017
Current accounts	**85 267**	80 841	**8 385**	6 550
Savings accounts	**32 442**	30 657		2
Other deposits and loan accounts	**573 103**	536 113	**300 549**	291 785
Call and term deposits	**305 251**	291 033	**109 848**	113 473
Fixed deposits	**66 314**	56 821	**11 837**	6 857
Cash management deposits	**73 659**	67 865	**60 016**	58 294
Other deposits	**127 879**	120 394	**118 848**	113 161
Foreign currency liabilities	**23 316**	21 643	**17 933**	15 840
Negotiable certificates of deposit	**89 919**	77 525		
Macro fair-value hedge accounting adjustments[1]	**(120)**			
Deposits received under repurchase agreements	**21 877**	24 805	**21 443**	24 615
Total amounts owed to depositors	**825 804**	771 584	**348 310**	338 792
Comprises:				
– Amounts owed to clients	**765 516**	723 054	**292 884**	296 849
– Amounts owed to banks	**60 288**	48 530	**55 426**	41 943
Total amounts owed to depositors	**825 804**	771 584	**348 310**	338 792

[1] *Subsequent to IFRS 9 transition, changes in the fair value (R120m decrease in fair value) of fixed-rate exposures due to changes in interest rate risk have been recognised in amounts owed to depositors, with the associated gain or loss recognised in NIR. The macro fair-value hedge accounting adjustment is reported as a separate line in the Centre within loans and advances and amounts due to depositors because of the portfolio nature of the risk management of interest rate risk in the banking book.*

Nedbank Group continues to focus on Basel III-friendly deposits with a strong funding profile

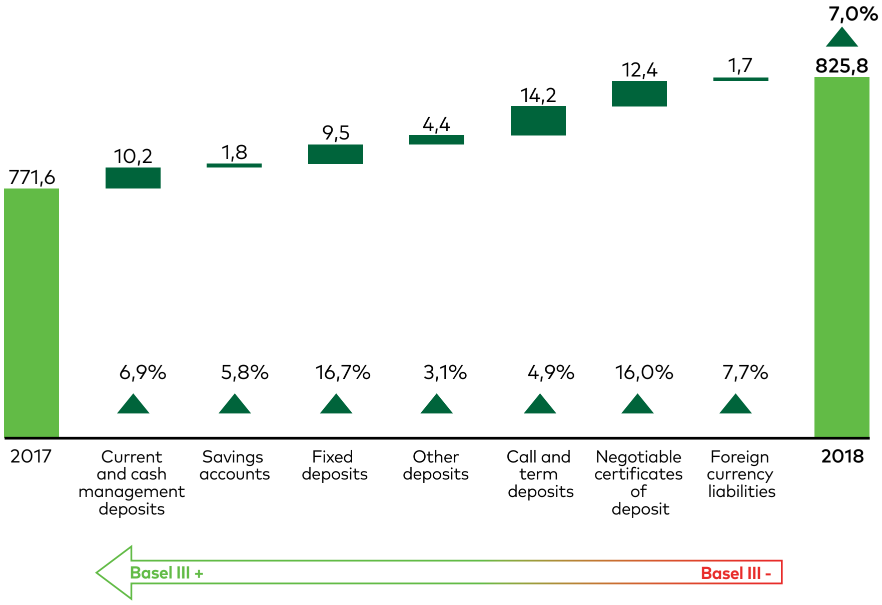
Deposits by cluster
(Rbn)



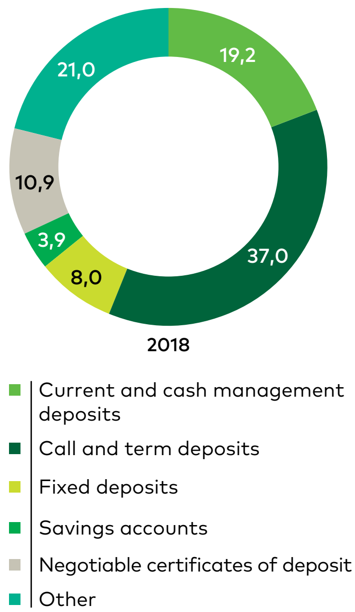
- Deposits grew 7,0% to R825,8bn, with total funding-related liabilities increasing 7,1% to R881,4bn.
  - With 93,7% of all funding-related liabilities emanating from client deposits, Nedbank's continued focus on growing the retail and corporate banking franchise has contributed to an improved loan-to-deposit ratio of 89,2%.
  - In line with Nedbank's objective of tilting towards a greater proportion of Basel III-friendly deposits, RBB through the active management of its franchise has grown retail and commercial deposits 9,2% to R322,5bn.
  - Wealth and RoA grew deposits by 12,6% and 4,8% respectively, while CIB grew 2,8% due to its clients' increased appetite for NCDs, housed in Centre, where deposits grew 15,8%.

	Retail and Business Banking		Wealth		Rest of Africa		Centre	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	67 200	64 391	**1 777**	1 676	**7 846**	8 277	**59**	(53)
	10 141	9 629	**21 354**	19 713	**947**	1 313		
	240 128	215 820	**16 354**	13 692	**16 275**	14 924	**(203)**	(108)
	172 663	159 681	**11 662**	9 456	**11 075**	8 505	**3**	(82)
	52 385	47 501	**669**	598	**1 424**	1 865	**(1)**	
	10 497	5 964	**1 939**	2 309	**1 136**	1 240	**71**	58
	4 583	2 674	**2 084**	1 329	**2 640**	3 314	**(276)**	(84)
	5 051	5 454	**10**		**322**	349		
					3 648	3 076	**86 271**	74 449
							(120)	
					434	190		
	322 520	295 294	**39 495**	35 081	**29 472**	28 129	**86 007**	74 288
	321 244	293 814	**39 486**	35 081	**28 341**	26 439	**83 561**	70 871
	1 276	1 480	**9**		**1 131**	1 690	**2 446**	3 417
	322 520	295 294	**39 495**	35 081	**29 472**	28 129	**86 007**	74 288

Deposits by product
(Rbn)



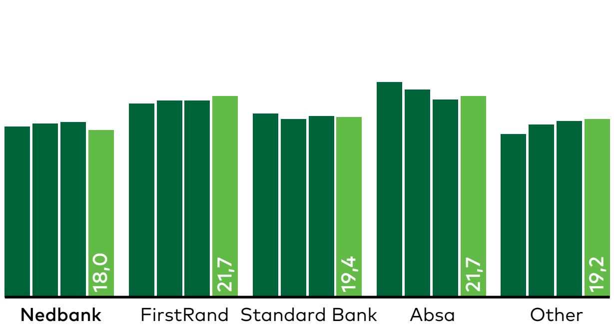
Contribution
(%)



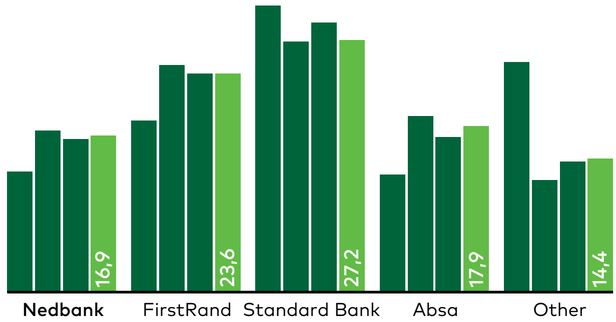
- The increase in transactional current account and cash management deposits of 6,9% contributed positively towards the strategic objective of growing Nedbank's transactional deposit franchise, while the increase in fixed deposits and NCDs of 16,7% and 16,0% respectively, resulted in a strong contractual funding profile and consequently a strong balance sheet position.
- Growth in Retail and Green Savings Bonds (included in fixed deposits) contributed positively to managing the long-term funding profile and diversifying the funding mix.
- Foreign currency liability growth of 7,7% was marginally higher than the growth in overall deposits, however, this funding source represents only 2,8% of total deposits. Nedbank closely matches its foreign currency liabilities to its foreign currency assets, resulting in a negligible mismatch in terms of its total balance sheet. Nedbank, however, remains focused on growing foreign currency deposits linked to its transactional retail and commercial deposit franchise as part of diversifying its overall funding base.
- The positive tilt towards more Basel III-friendly deposits has afforded Nedbank the opportunity to grow the HQLA portfolio at a slower pace, while also allowing for a slightly lower long-term funding ratio. All of this contributes to reduced regulatory compliance costs, while maintaining a strong liquidity profile.

BA900 MARKET SHARE

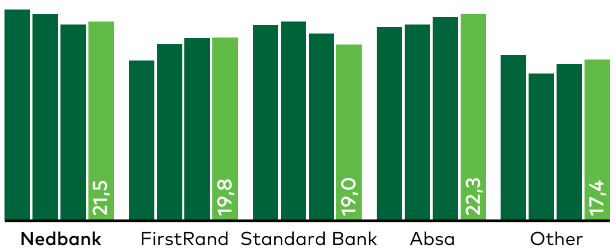
Household deposits[1] (2015–2018)
(%)



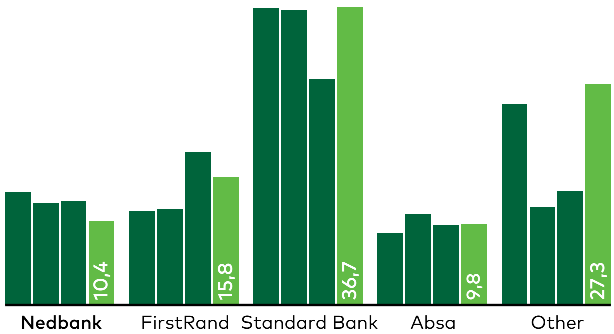
Non-financial corporate deposits[2] (2015–2018)
(%)



Wholesale deposits[3] (2015–2018)
(%)



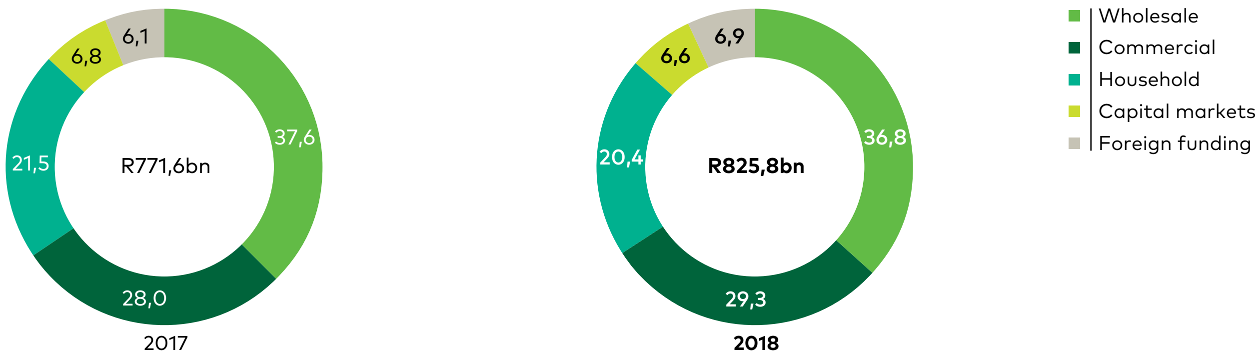
Foreign currency liabilities[4] (2015–2018)
(%)



[1] Includes 'households' as per the SARB BA900 return.
[2] Includes 'private non-financial corporate sector deposits', 'unincorporated businesses' and 'non-profit and charities' as per the SARB BA900 return.
[3] Includes 'insurers', 'pension funds', 'private financial corporate sector deposits', 'collateralised borrowings' and 'repurchase deposits' as per the SARB BA900 return.
[4] Includes 'foreign currency deposits' and 'foreign currency funding' as per the SARB BA900 return.

- In 2018 Nedbank successfully tilted its funding mix away from short-term wholesale funding, which decreased from 37,6% to 36,8%. This was achieved through proportionally higher growth in commercial deposits, with the funding mix improving from 28,0% to 29,3%.
- Furthermore, the lower reliance on short-term wholesale funding afforded Nedbank the opportunity to decrease longer-term capital market funding marginally, given the behavioural duration emanating from commercial deposits.
- In 2019 Nedbank will continue to focus on tilting its deposit mix towards Basel III-friendly deposits, with a focus on providing competitive and innovative transactional and investment products with an ongoing emphasis on meeting client needs through product, pricing and innovation.

Nedbank Group's positively tilting deposit mix
(%)



Liquidity risk and funding

SUMMARY OF NEDBANK GROUP LIQUIDITY RISK AND FUNDING PROFILE

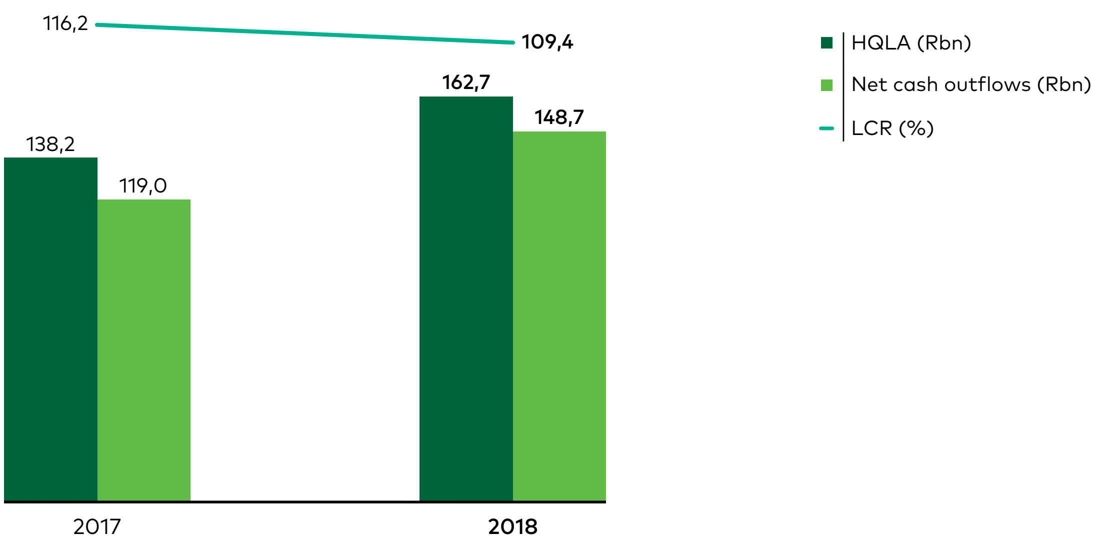
		2018	2017
Total sources of quick liquidity	(Rm)	**213 255**	195 414
Total HQLA	(Rm)	**162 678**	138 180
Other sources of quick liquidity	(Rm)	**50 577**	57 234
Total sources of quick liquidity (as a percentage of total assets)	(%)	**20,4**	19,9
Long-term funding ratio (three-month average)	(%)	**26,5**	27,0
Retail and Green Savings Bonds	(Rm)	**29 895**	24 874
Senior unsecured debt	(Rm)	**39 254**	36 255
Total capital market issuance (including senior unsecured debt and tier 2 capital, excluding additional tier 1 capital)	(Rm)	**55 587**	51 576
Reliance on negotiable certificates of deposit (as a percentage of total deposits)	(%)	**10,9**	10,0
Reliance on foreign funding currency deposits (as a percentage of total deposits)	(%)	**2,8**	2,8
Loan-to-deposit ratio	(%)	**89,2**	92,1
Basel III liquidity ratios			
LCR[1]	(%)	**109,4**	116,2
Minimum regulatory LCR requirement	(%)	**90**	80
NSFR[2]	(%)	**114,0**	> 100

[1] *Only banking and/or deposit-taking entities are included in the group LCR and the group ratio represents an aggregation of the relevant individual net cash outflows (NCOF) and the individual HQLA portfolios across all banking and/or deposit-taking entities, where surplus HQLA holdings in excess of the minimum requirement of 90% have been excluded from the aggregated HQLA number in the case of all non-SA banking entities. The above figures reflect the simple average of daily observations over the quarter ending December 2018 for Nedbank Limited and the simple average of the month-end values at 31 October 2018, 30 November 2018 and 31 December 2018 for all non-SA banking entities.*

[2] *Only banking and/or deposit-taking entities are included in the group NSFR and the group data represents a consolidation of the relevant individual assets, liabilities and off-balance-sheet items.*

- Nedbank Group remains well funded with a strong liquidity position, underpinned by a significant quantum of long-term funding, an appropriately sized surplus liquid-asset buffer, a strong loan-to-deposit ratio consistently below 100% and a low reliance on interbank and foreign currency funding.
- The group's quarterly average LCR exceeded the minimum regulatory requirement of 90% in 2018 and 100% effective from 1 January 2019, with the group maintaining appropriate operational buffers designed to absorb seasonal and cyclical volatility in the LCR.
  - The LCR, calculated using the simple average of daily observations over the quarter ending December 2018 for Nedbank Limited and the simple average of the month-end values at 31 October 2018, 30 November 2018 and 31 December 2018 for all non-SA banking entities, was 109,4%.
    - Nedbank's portfolio of LCR-compliant HQLA increased to a quarterly average of R162,7bn, up from 2017 when the portfolio totalled R138,2bn.
    - The yoy decrease in the LCR is mainly attributable to an increase in net cash outflows associated with a shortening in depositor durations, based on interest rate expectations, ahead of the MPC rate increase that occurred in November 2018.
    - Nedbank will continue to procure additional HQLA to support balance sheet growth, while maintaining appropriately sized surplus liquid-asset buffers.

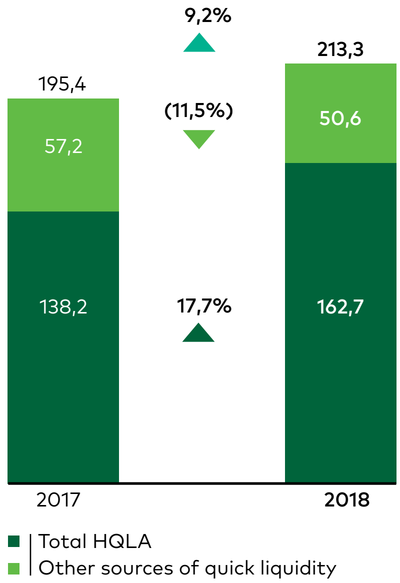
Nedbank Group LCR exceeds minimum regulatory requirements



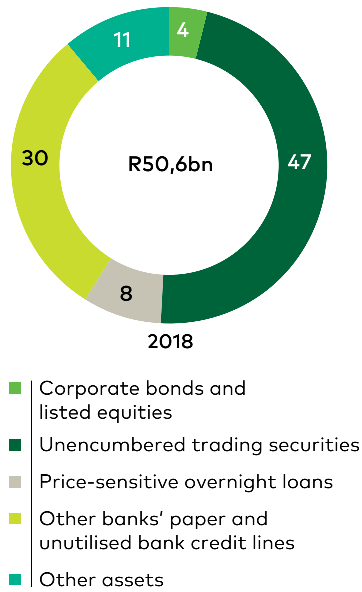
- In addition to the HQLA portfolio maintained for LCR purposes, Nedbank also identifies other sources of quick liquidity, which can be accessed in times of stress. Nedbank's combined portfolio of HQLA and other sources of quick liquidity collectively amounted to R213,3bn at December 2018 and represented 20,4% of total assets.

Nedbank Group has significant sources of quick liquidity

Total sources of quick liquidity
(Rbn)

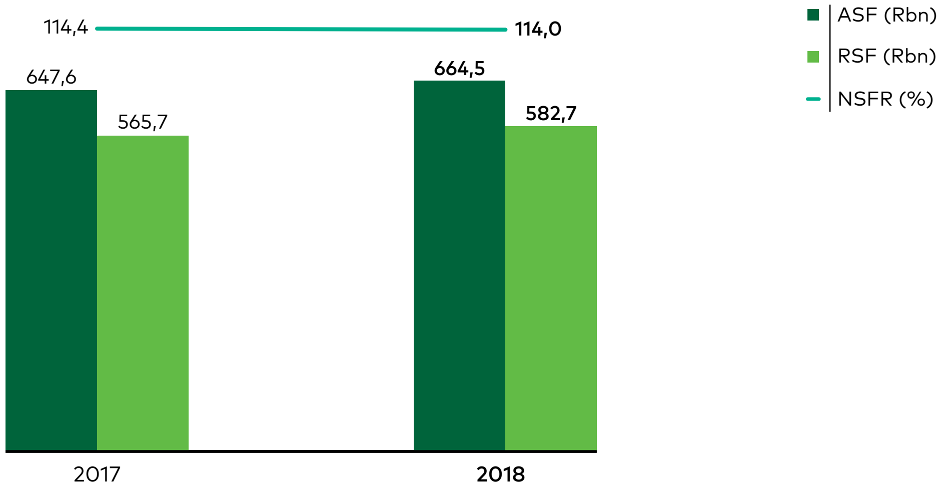


Other sources of quick liquidity contribution
(%)



- Nedbank exceeded the minimum NSFR regulatory requirement of 100% effective from 1 January 2018, with a December 2018 ratio of 114,0%. The key focus in terms of the NSFR is to achieve ongoing compliance in the context of balance sheet optimisation.

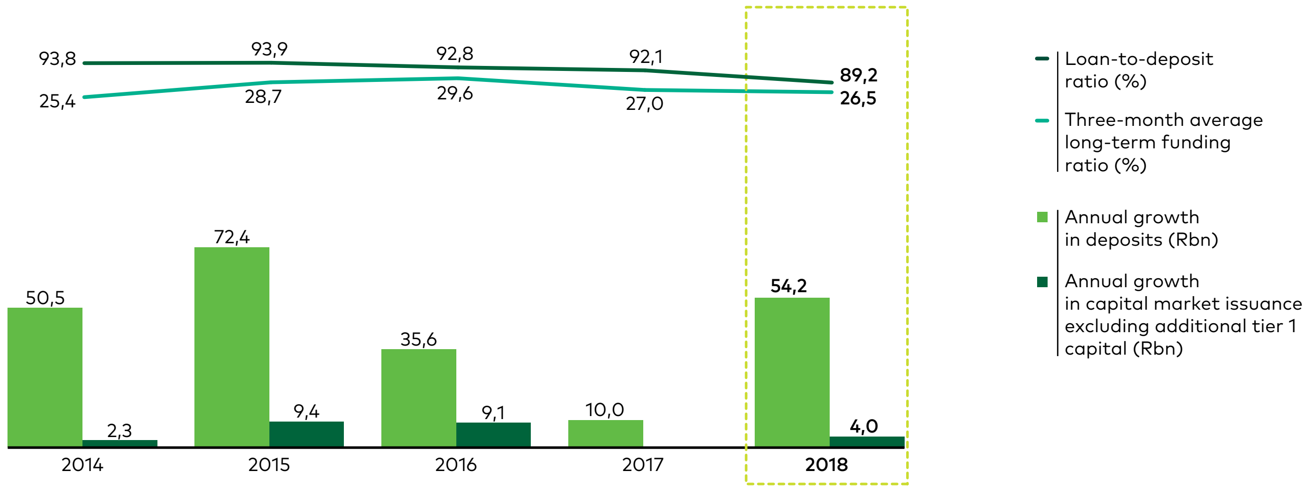
Nedbank Group NSFR exceeds minimum regulatory requirements



- ◻ A strong funding profile has been maintained in 2018, with Nedbank recording a three-month average long-term funding ratio of 26,5% in the last quarter of 2018. The proportional tilt towards more Basel III-friendly RBB, Wealth and RoA deposits has contributed positively to ensuring cost-effective regulatory compliance, while maintaining a strong balance sheet position. Nedbank, however, continues to run a more prudent long-term funding profile when compared with the industry average of approximately 24,7%.
  - Nedbank Retail and Green Savings Bonds growth of R5,0bn contributed positively to the longer-term funding profile, as well as the strategy of diversifying Nedbank's funding base, bringing the total amount issued to R29,9bn.
  - In addition, Nedbank successfully issued R4,9bn in senior unsecured debt, while R1,9bn matured during the year.
  - Nedbank issued tier 2 capital instruments of R4,5bn, while R3,0bn was redeemed during the year in line with the group's capital plan.
- ◻ Increasing retail and commercial foreign currency deposits remain a key component of Nedbank's strategy to diversify its funding sources and to fund foreign advances growth at attractive interest rates.

- The group's ICAAP, ILAAP and Recovery Plans were updated and approved by the board in accordance with annual business-as-usual processes and submitted to the Prudential Authority. No material issues were raised by the Prudential Authority during the 2018 ICAAP onsite review.

Nedbank Group funding and liquidity profile



Equity analysis

	Change (%)	2018	2017
Balance at the beginning of the year		**88 539**	81 711
Impact of adopting IFRS 9 and IFRS 15, net of taxation		**(3 232)**	
IFRS 9: Impairments		**(2 135)**	
IFRS 9: Classification and Measurement		**(63)**	
IFRS 9: ETI		**(780)**	
IFRS 15: Revenue		**(254)**	
Additional shareholder value	10,4	**13 175**	11 625
Profit attributable to equity holders of the parent		**13 376**	11 621
Currency translation movements		**191**	(1 323)
Exchange differences on translating foreign operations – foreign subsidiaries[1]		**160**	(684)
Exchange differences on translating foreign operations – ETI[1]		**429**	(389)
Share of other comprehensive income of investments accounted for using the equity method[2]		**(398)**	(250)
Net available-for-sale movements (not applicable from 1 January 2018 due to the implementation of IFRS 9)		**–**	441
Fair-value adjustments on available-for-sale assets			22
Share of other comprehensive income of investments accounted for using the equity method – ETI[2]			419
Fair-value adjustments		**60**	
Fair-value adjustments on debts instruments		**(20)**	
Share of other comprehensive income of investments accounted for using the equity method[2]		**80**	
Defined-benefit fund adjustment		**(345)**	387
Share of other comprehensive income of investments accounted for using the equity method (included in other distributable reserves)[2]		**(16)**	309
Other direct reserve movements		**(91)**	190
Transactions with ordinary shareholders	6,6	**(8 004)**	(5 529)
Dividends paid		**(6 744)**	(6 080)
Odd-lot repurchase		**(1 979)**	
Equity-settled share-based payments		**177**	(65)
Net issuance of share capital and premium and capitalisation of reserves		**542**	616
Transaction with non-controlling shareholders	(70,3)	**41**	138
Exchange differences on translating foreign operations[1]		**(140)**	27
Other transaction with non-controlling shareholders		**181**	111
Additional tier 1 capital instruments		**750**	600
Other movements		**2**	(6)
Balance at the end of the year	3,2	**91 271**	88 539

[1] *Exchange differences on translating foreign operations disclosed in the statement of other comprehensive income of R449m (December 2017: R1 046m).*

[2] *Share of other comprehensive income of investments accounted for using the equity method of as shown in the statement of comprehensive income R318m (December 2017: R169m).*

MOVEMENTS IN GROUP FOREIGN CURRENCY TRANSLATION RESERVE

	Change (%)	2018	2017
Balance at the beginning of the year		**(1 580)**	(257)
Foreign currency translation reserve (FCTR)	> (100)	**191**	(1 323)
ETI[3]		**31**	(639)
Banco Único		**7**	55
Other subsidiaries		**153**	(739)
Balance at the end of the year	(12,1)	**(1 389)**	(1 580)

[3] *Exchange differences on translating foreign operations of R429m (December 2017: -R389m) and share of other comprehensive income of investments accounted for using the equity method of -R398m (December 2017: -R250m).*

Foreign currency translation risk in the banking book

Foreign currency translation risk is the risk of the group's capital losing value as a result of movements in exchange rates that adversely impact the rand value of foreign-denominated equity in subsidiaries and associates.

NEDBANK GROUP OFFSHORE CAPITAL SPLIT BY FUNCTIONAL CURRENCY

	2018			2017		
$m (US dollar equivalent)	Forex-sensitive	Non-forex-sensitive	Total	Forex-sensitive	Non-forex-sensitive	Total
US dollar	**384**		**384**	505		505
Pound sterling	**215**		**215**	185		185
RTGS dollar (Zimbabwe)	**18**		**18**			
Malawi kwacha	**7**		**7**	4		4
Mozambican metical	**43**		**43**	45		45
Other		**492**	**492**		524	524
Total	**667**	**492**	**1 159**	739	524	1 263
Limit	**1 100**			1 100		

Foreign-denominated equity in subsidiaries and associates has decreased by 9,7% to US$667m in 2018, primarily due to:

- The decrease in the value of the investment in ETI as a result of a combination of Nedbank's share of ETI's other comprehensive losses (largely because of the adoption of the NAFEX rate in translating its operations in Nigeria) and the impact of implementing IFRS 9, which was partially offset by Nedbank's share of current-year earnings.
- Foreign currency translation losses in Nedbank Zimbabwe due to the change of the Zimbabwean functional currency to the RTGS dollar and its subsequent revaluation.

Through its investment in ETI, Nedbank is exposed directly to the US dollar due to the translation of its dollar-denominated investment to a rand value. In addition, Nedbank is directly exposed to a number of other African currencies, in particular the Ghanaian cedi and Nigerian naira, as ETI foreign currency translation movements are equity-accounted on the group's balance sheet.

The total RWA for the group's foreign-exchange-sensitive foreign entities is R57,2bn, which is 9,8% of total RWA.

EXCHANGE RATES

	Average			Closing		
	Change (%)	2018	2017	Change (%)	2018	2017
UK pound to rand	2,9	**17,64**	17,59	10,4	**18,32**	16,60
US dollar to rand	(0,5)	**13,24**	13,12	17,0	**14,38**	12,29
US dollar to naira[1]	8,6	**361,50**	312,77	1,0	**363,50**	306,60
Rand to naira[1]	1,9	**27,31**	23,59	(14,1)	**25,08**	24,94
US dollar to RTGS dollar (Zimbabwe)[2]					**3,88**	
RTGS dollar (Zimbabwe) to rand[2]					**3,71**	

[1] *At 31 December 2017 the US dollar to naira and rand to naira reflect the official Central Bank of Nigeria's official exchange rate. At 31 December 2018 the US dollar to naira and rand to naira reflect the NAFEX exchange rate.*

[2] *The functional currency of Nedbank Zimbabwe changed to the RTGS dollar (Zimbabwe). Exchange rates best estimate at date of reporting.*

Capital management

Regulatory capital adequacy and leverage

NEDBANK GROUP'S CAPITAL ADEQUACY, A FIVE-YEAR REVIEW

	2014		2018
CET1 CAR	11,6%	+ 10 bps	**11,7%**
CET1 capital	R51 112m	+ R17,5bn	**R68 625m**
Qualifying tier 2 capital	R9 255m	+ R4,2bn	**R13 428m**
Old-style tier 2 notes (before deductions)	R4 082m	− R4,0bn	R47m
New-style tier 2 notes (before deductions)	R5 712m	+ R8,0bn	R13 750m
Total capital	R64 385m	+ R22,6bn ▲35,0%	**R86 951m**
RWA	R440 696m	+ R145,9bn ▲33,1%	**R586 626m**
RWA density	54%	+ 200 bps	**56%**

Nedbank manages its capital levels in line with a number of factors, including our internal assessment of the level of risk being taken, the expectations of the rating agencies, the requirements of the regulators and the returns expected by shareholders. Nedbank also seeks to ensure that its capital structure takes full advantage of the range of capital instruments and capital management activities available in optimising the financial efficiency and loss absorption capacity of its capital base.

Nedbank Group has performed extensive and comprehensive stress testing during this period and concludes that the group remains well capitalised relative to its business activities, the board's strategic plans, risk appetite, risk profile and the external environment in which the group operates.

Nedbank Group has maintained its strong capital adequacy position over the past five years, which enabled the group to absorb the full adverse impact of IFRS 9 and IFRS 15 implemented in January 2018 and the repurchase of ordinary shares under the odd-lot offer following the unbundling by Old Mutual Limited of Nedbank Group shares in December 2018. Nedbank elected to not phase in the day 1 capital impact associated with the adoption of IFRS 9's ECL model. Had Nedbank elected to phase in the day 1 capital impact, the CET1 ratio for 2018 would be 11,8%. The CET1 capital ratio has been supported by strong earnings generation and an appropriate dividend policy. The group's sound capital structure incorporates:

- A focus on fully loss-absorbent capital, with Basel III-fully-compliant capital now making up 99% of the group's total qualifying capital structure, having issued R3,4bn of new-style additional tier 1 capital and R16,8bn of new-style tier 2 capital, offset by the redemption of new-style tier 2 instruments of R3,0bn since the implementation of Basel III in 2013.
- A conservative RWA density of 56% (RWA/total assets), which compares favourably with local and international peers.
- A substantial tier 1 capital surplus of R21,5bn, which is prudent and includes management buffers earmarked to absorb the impact of new accounting and regulatory changes (IFRS 16 and SA-CCR in 2019) and other regulatory reforms (prudential requirements, tax and IFRS) over the medium to long term and are aligned with management's capital plans.

		SARB minimum[1]	Internal targets	2018	2017
Nedbank Group					
Including unappropriated profits					
Total CAR	(%)		**> 14**	**14,8**	15,5
Total tier 1	(%)		**> 12**	**12,5**	13,4
CET1	(%)		**10,5–12,5**	**11,7**	12,6
Surplus tier 1 capital	(Rm)			**21 460**	24 625
Leverage	(times)	**< 25**	**< 20**	**14,7**	14,2
Dividend cover	(times)		**1,75–2,25**	**1,97**	1,91
Cost of equity	(%)			**14,1**	14,0
Excluding unappropriated profits					
Total CAR	(%)	**11,125**		**14,2**	14,4
Total tier 1	(%)	**8,875**		**11,9**	12,3
CET1	(%)	**7,375**		**11,1**	11,4
Nedbank Limited					
Including unappropriated profits					
Total CAR	(%)		**> 14**	**15,7**	16,7
Total tier 1	(%)		**> 12**	**12,7**	13,9
CET1	(%)		**10,5–12,5**	**11,6**	12,6
Surplus tier 1 capital	(Rm)			**18 185**	22 055
Excluding unappropriated profits					
Total	(%)	**11,125**		**15,2**	15,9
Total tier 1	(%)	**8,875**		**12,3**	13,1
CET1	(%)	**7,375**		**11,1**	11,9

[1] *SARB minimum requirement for 2018 reflects the phase-in of the conservation buffer at 1,875% and is disclosed excluding bank-specific Pillar 2b and D-SIB capital requirements.*

- Nedbank Group's CET1 ratio declined to 11,7% in 2018 due to the repurchase of ordinary shares under the odd-lot offer following the unbundling by Old Mutual Limited of Nedbank Group Limited, the full impact of the implementation of IFRS 9 and IFRS 15, further investment in software and development costs as part of the group's Managed Evolution Programme, the payment of the 2017 final and the 2018 interim dividends, as well as foreign currency exchange losses in ETI, which offset organic earnings generated during the year.
  - This was further impacted by:
    - Credit RWA increasing R33,8bn, primarily due to a combination of book growth and the implementation of new models in the RBB portfolio, as well as rating migrations across certain CIB portfolios.
    - Counterparty credit RWA declining R8,5bn following the significant weakening of the rand, which impacted client hedges.
    - Equity RWA growth of R8,3bn due to new investment acquisitions as well as fair-value revaluations of existing equity exposures.
    - Trading market RWA growth of R14,3bn, driven primarily by increased exposures to foreign exchange, interest rate, inflation and credit spreads on the back of increased trading activity during the period.
    - Operational RWA growth of R4,8bn, driven mainly by the migration to our second-generation model, which resulted in an increase in our Advanced Measurement Approach capital. There has also been an increase in GOI, which drives TSA capital.
    - Other assets RWA growth of R5,9bn due to balance sheet movements.
- The group's tier 1 ratio of 12,5% was positively impacted by the issuance of an additional tier 1 instrument of R750m, offset by the further grandfathering of preference shares in January 2018, in line with the Basel III transitional arrangements.
- The group's total ratio of 14,8% was further impacted by the redemption of new-style tier 2 capital instruments of R3,0bn and the issuance of new-style tier 2 capital instruments of R4,5bn in 2018, in line with the group's capital plan.
- Nedbank Group's gearing (including unappropriated profits) is within the Leverage Ratio Framework and disclosure requirements at 14,7 times and was impacted by balance sheet growth, the impact of IFRS 9 on 1 January 2018 and the tier 1 capital movements as described above.

OVERVIEW OF RISK-WEIGHTED ASSETS

	Nedbank Group			Nedbank Limited[1]		
	2018		2017	2018		2017
Rm	**RWA**	**MRC[2]**	**RWA**	**RWA**	**MRC[2]**	**RWA**
Credit risk	**390 688**	**43 464**	356 893	**318 549**	**35 439**	295 646
Standardised Approach	**38 598**	**4 294**	37 410	**150**	**17**	426
Supervisory Slotting Approach	**8 612**	**958**	9 518	**8 612**	**958**	9 518
Advanced Internal Ratings-based Approach	**343 478**	**38 212**	309 965	**309 787**	**34 464**	285 702
Counterparty credit risk	**15 450**	**1 719**	23 921	**14 538**	**1 617**	23 169
Current Exposure Method	**15 450**	**1 719**	23 921	**14 538**	**1 617**	23 169
Equity positions under Simple Risk-weight Approach	**35 205**	**3 917**	26 927	**22 677**	**2 523**	20 386
Securitisation exposures in banking book	**504**	**56**	621	**504**	**56**	621
Internal Ratings-based Approach	**204**	**23**	358	**204**	**23**	358
External Ratings-based Approach, including Internal Assessment Approach	**300**	**33**	263	**300**	**33**	263
Market risk	**31 489**	**3 503**	17 142	**28 141**	**3 131**	14 046
Standardised Approach	**4 204**	**468**	3 643	**1 162**	**129**	1 222
Internal Model Approach	**27 285**	**3 035**	13 499	**26 979**	**3 002**	12 824
Operational risk	**71 083**	**7 908**	66 333	**60 720**	**6 755**	57 664
Standardised Approach	**6 599**	**734**	6 030	**5**	**1**	16
Advanced Measurement Approach	**60 838**	**6 768**	52 596	**57 594**	**6 407**	50 380
Floor adjustment	**3 646**	**406**	7 707	**3 121**	**347**	7 268
Amounts below the thresholds for deduction (subject to 250% risk weighting)	**14 942**	**1 662**	15 016	**2 167**	**241**	2 058
Other assets (100% risk weighting)	**27 265**	**3 033**	21 353	**23 835**	**2 651**	17 616
Total	**586 626**	**65 262**	528 206	**471 131**	**52 413**	431 206

[1] *Nedbank Limited refers to the SA reporting entity in terms of regulation 38 (BA700) of the regulations relating to banks, issued in terms of the Banks Act (Act No 94 of 1990).*

[2] *Total MRC is measured at 11,125%, in line with the transitional requirements, and excludes bank-specific Pillar 2b and D-SIB capital requirements.*

SUMMARY OF REGULATORY QUALIFYING CAPITAL AND RESERVES[1]

	Nedbank Group		Nedbank Limited	
Rm	**2018**	**2017**	**2018**	**2017**
Including unappropriated profits				
Total tier 1 capital	**73 523**	70 843	**59 959**	59 786
CET1	**68 625**	66 419	**54 484**	54 530
Share capital and premium	**17 792**	19 170	**19 221**	19 221
Reserves	**65 493**	62 055	**47 375**	47 427
Minority interest: Ordinary shareholders	**1 038**	812		
Deductions	**(15 698)**	(15 618)	**(12 112)**	(12 118)
Goodwill	**(5 173)**	(5 131)	**(1 410)**	(1 410)
Excess of expected loss over eligible provisions[2]	**(750)**	(2 008)	**(759)**	(1 952)
Defined-benefit pension fund assets	**(1 588)**	(1 957)	**(1 588)**	(1 957)
Capitalised software and development costs	**(7 250)**	(5 994)	**(7 145)**	(5 930)
Other regulatory differences and non-qualifying reserves	**(937)**	(528)	**(1 210)**	(869)
Additional tier 1 capital	**4 898**	4 424	**5 475**	5 256
Preference share capital and premium	**2 125**	2 656	**2 875**	2 656
Perpetual subordinated debt instruments	**3 350**	2 600	**2 600**	2 600
Regulatory adjustments	**(577)**	(832)		
Tier 2 capital	**13 428**	11 183	**13 799**	12 294
Subordinated debt instruments	**13 797**	12 290	**13 797**	12 290
General allowance for credit impairment	**289**	157	**2**	4
Regulatory adjustments	**(658)**	(1 264)		
Total capital	**86 951**	82 026	**73 758**	72 080
Excluding unappropriated profits				
Tier 1 capital	**70 068**	64 737	**57 730**	56 403
CET1 capital	**65 170**	60 313	**52 255**	51 147
Total capital	**83 496**	75 920	**71 529**	68 697

[1] *For comprehensive 'composition of capital' and 'capital instruments main features' disclosure please refer to nedbank.co.za/content/nedbank/desktop/gt/en/aboutus/information-hub/capital-and-risk-management-reports.html.*

[2] *Excess of expected loss over eligible provisions decreased from R2,0bn to R750m from December 2017 to December 2018, following the adoption of the IFRS 9 ECL impairments framework in 2018. While there is now greater alignment in the calculation of the expected loss under the impairment and regulatory frameworks, there are still some differences that lead to a positive excess expected loss over provisions in the regulatory framework. The main difference relates to the fact that Basel requires the use of downturn expected loss, while IFRS 9 impairments are explicitly linked to a forward-looking macroeconomic outlook.*

REGULATED BANKING SUBSIDIARIES

Nedbank Group banking subsidiaries are well capitalised for the environments in which they operate, with CARs well in excess of respective host regulators' minimum requirements.

	2018			2017	
	Total capital requirement (host country)	RWA	Total capital ratio	RWA	Total capital ratio
	%	Rm	%	Rm	%
Rest of Africa					
Banco Único	**8,0**	**3 901**	**15,8**	2 861	17,7
Nedbank Namibia Limited	**10,0**	**12 647**	**18,0**	12 096	15,2
Nedbank (Swaziland) Limited	**8,0**	**4 654**	**17,3**	3 219	23,8
Nedbank (Lesotho) Limited	**8,0**	**2 282**	**20,8**	1 711	25,8
Nedbank (Malawi) Limited	**15,0**	**364**	**28,7**	301	11,4
Nedbank (Zimbabwe) Limited[1]	**12,0**	**3 521**	**29,9**	2 252	30,7
Isle of Man					
Nedbank Private Wealth (IOM) Limited	**11,0**	**7 607**	**14,9**	6 624	16,3

[1] *As reported in the December 2018 BA Regulatory Return, before any functional currency changes.*

Economic capital adequacy

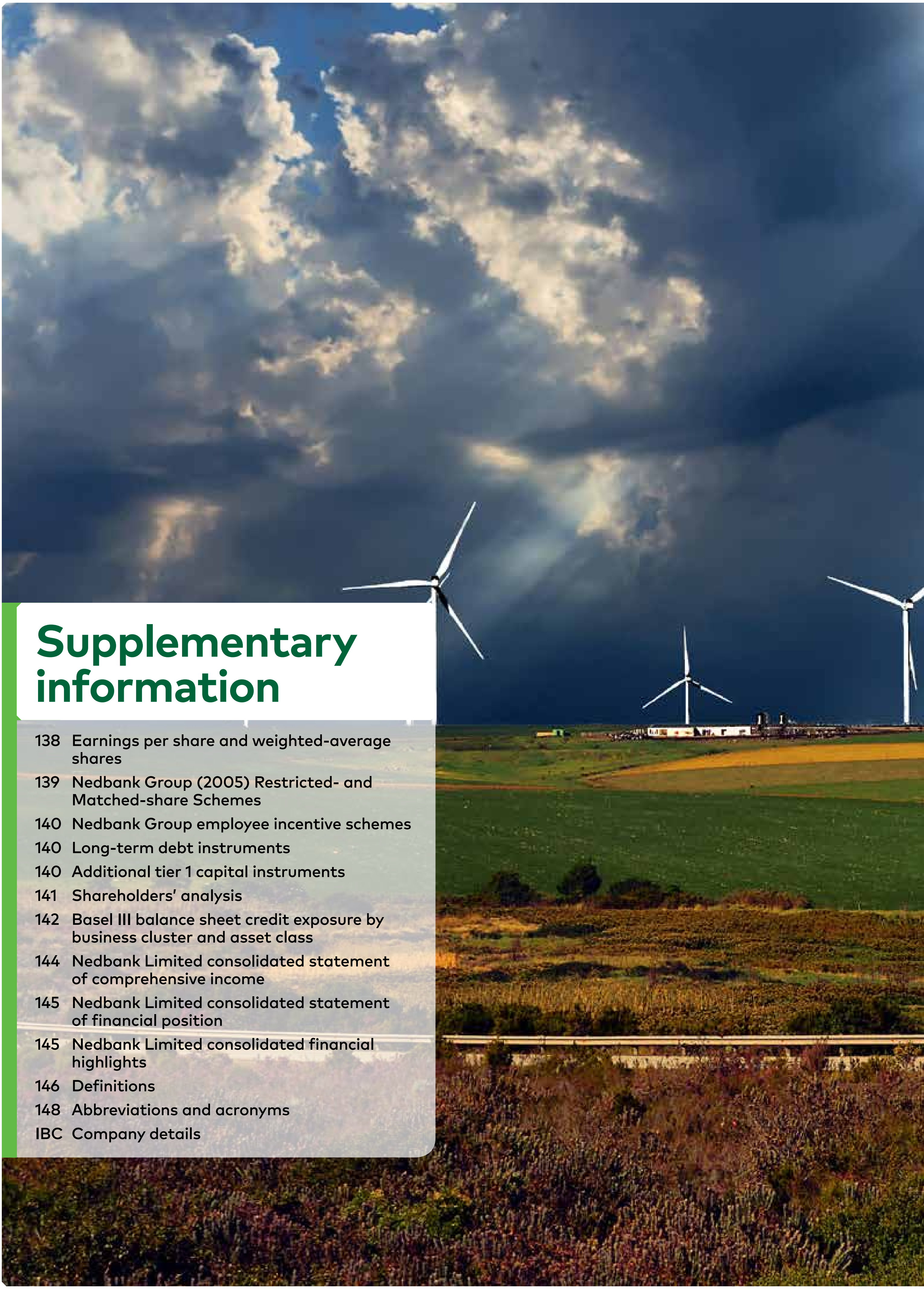
NEDBANK GROUP ECONOMIC CAPITAL REQUIREMENT

	2018		2017	
	Rm	Mix %	Rm	Mix %
Credit risk	**38 476**	**63**	37 027	65
Market risk	**8 094**	**13**	7 789	14
Business risk	**7 223**	**12**	6 654	12
Operational risk	**3 972**	**6**	3 420	5
Insurance risk	**474**	**1**	535	1
Other assets risk	**2 958**	**5**	1 904	3
Minimum economic capital requirement	**61 197**	**100**	57 329	100
Add: Stress-tested capital buffer (10%)	**6 120**		5 733	
Total economic capital requirement	**67 317**		63 062	
AFR	**90 350**	**100**	85 675	100
Tier A capital	**71 125**	**79**	68 176	80
Tier B capital	**19 225**	**21**	17 499	20
Total surplus AFR	**23 033**		22 613	
AFR:total economic capital requirement (%)	**134**		136	

- Nedbank Group's minimum economic capital requirement increased R3,9bn during the year, primarily due to:
  - A R1,4bn increase in credit risk economic capital, primarily due to a combination of book growth and the implementation of new models in the RBB portfolio, as well as an increase in defaulted loans and advances for the CIB portfolio.
  - A R1,1bn increase in other assets risk economic capital, mainly due to balance sheet movements.
  - Respective increases of R569m and R552m in business risk economic capital and operational risk economic capital, which were driven mainly by annual model parameter updates.
- Nedbank Group's AFR increased R4,7bn in 2018, mainly as a result of:
  - A R3,4bn increase in reserves, primarily due to organic growth in earnings, partially offset by a decrease in share capital and share premium resulting from the impact of the odd-lot offer.
  - A R1,7bn increase in tier B AFR following the issuance of R4,5bn of tier 2 capital instruments and the issuance of R750m additional tier 1 capital. The increase in AFR was partially offset by the grandfathering of old-style preference shares of R531m and the redemption of new-style tier 2 capital instruments of R3,0bn.
- The group's economic capital adequacy remains strong at an AFR:economic capital ratio of 134% in December 2018, with surplus AFR increasing to R23,0bn. The 200 bps decrease in the AFR:economic capital ratio is largely as a result of the odd-lot offer of R2,0bn.

External credit ratings

	Standard & Poor's		Moody's Investors Service	
	Nedbank Limited	Sovereign rating SA	Nedbank Limited	Sovereign rating SA
	Oct 2018	Oct 2018	Oct 2018	Oct 2018
Outlook	**Stable**	**Stable**	**Stable**	**Stable**
Foreign currency deposit ratings				
Long-term	**BB**	**BB**	**Baa3**	**Baa3**
Short-term	**B**	**B**	**P-3**	**P-3**
Local currency deposit ratings				
Long-term	**BB**	**BB+**	**Baa3**	**Baa3**
Short-term	**B**	**B**	**P-3**	**P-3**
National scale rating				
Long-term deposits	**zaAA+**	**zaAA+**	**Aa1.za**	
Short-term deposits	**zaA-1+**	**zaA-1+**	**P-1.za**	



Supplementary information

Earnings per share and weighted-average shares

Earnings per share	Basic	Diluted basic	Headline	Diluted headline
December 2018				
Earnings for the year	**13 376**	**13 376**	**13 495**	**13 495**
Weighted-average number of ordinary shares	**483 240 926**	**493 159 191**	**483 240 926**	**493 159 191**
Earnings per share (cents)	**2 768**	**2 712**	**2 793**	**2 736**
December 2017				
Earnings for the year	11 621	11 621	11 787	11 787
Weighted-average number of ordinary shares	480 755 231	489 986 366	480 755 231	489 986 366
Earnings per share (cents)	2 417	2 372	2 452	2 406

Basic earnings and headline earnings per share are calculated by dividing the relevant earnings amount by the weighted-average number of shares in issue.

Fully diluted basic earnings and fully diluted headline earnings per share are calculated by dividing the relevant earnings amount by the weighted-average number of shares in issue after taking the dilutive impact of potential ordinary shares to be issued into account.

Number of weighted-average dilutive potential ordinary shares (000)

Potential shares are the total number of shares arising from historic grants, schemes or awards, available for distribution.

The number of potential shares, the strike price at issuance date, potential funding charges and imputed costs, the future share-based payments charge, allocated compared with unallocated, and the date of issuance are taken into account to determine the weighted-average dilutive shares.

	2018		2017
	Potential shares	Weighted-average dilutive shares	Weighted-average dilutive shares
Traditional schemes	**14 623**	**8 119**	7 314
Nedbank Group Restricted-share Scheme (2005)	**11 666**	**6 426**	5 597
Nedbank Group Matched-share Scheme	**2 957**	**1 693**	1 717
Total BEE schemes	**2 093**	**1 799**	1 917
BEE schemes – South Africa	**2 060**	**1 785**	1 905
Community	**1 690**	**1 690**	1 690
Black executives	**287**	**83**	157
Black management	**83**	**12**	58
BEE schemes – Namibia	**33**	**14**	12
Total	**16 716**	**9 918**	9 231

Nedbank Group (2005) Restricted- and Matched-share Schemes

Restricted shares[1]

Details of instruments granted and not exercised at 31 December 2018 and the resulting dilutive effect:

Instrument expiry date	Number of shares	
18 March 2019	**1 886 937**	P
19 March 2019	**1 521 662**	
12 August 2019	**39 536**	P
13 August 2019	**34 814**	
16 March 2020	**1 612 489**	P
17 March 2020	**1 312 549**	
11 August 2020	**44 551**	P
12 August 2020	**39 819**	
15 March 2021	**1 481 651**	P
16 March 2021	**1 205 092**	
17 August 2021	**103 611**	P
18 August 2021	**86 964**	
Restricted shares not exercised at 31 December 2018	**9 369 675**	
Unallocated shares	**142 790**	
Treasury shares	**9 512 465**	
Average shares exercised or forfeited during the year	**2 153 808**	
Total potential shares	**11 666 273**	
Weighted-average dilutive shares applicable for the year	**6 426 474**	

[1] *Restricted shares are issued at a market price for no consideration to participants, and are held by the scheme until the expiry date (subject to achievement of performance conditions). Participants have full rights and receive dividends.*

[P] *Performance-based instruments.*

Matched shares

Instrument expiry date	Number of shares
1 April 2019	**791 651**
1 April 2020	**715 630**
1 April 2021	**671 718**
Matched shares outstanding not exercised at 31 December 2018	**2 178 999**
Movements due to shares exercised/forfeited during the year	**777 585**
Total potential shares	**2 956 584**
Weighted-average dilutive shares applicable for the year	**1 693 443**

The obligation to deliver the matched shares issued under the voluntary and compulsory share scheme is subject to time and other performance criteria.

This obligation exists over 31 December 2018 and therefore has a dilutive effect.

Matched shares are not issued and are therefore not recognised as treasury shares. However, until they are issued, there remains a potential dilutive effect.

Nedbank Group employee incentive schemes

for the period ended

Nedbank Group employee incentive schemes	2018		2017	
Summary by scheme				
Nedbank Group Restricted-share Scheme (2005)	**9 369 675**		9 401 279	
Nedbank Group Matched-share Scheme (2005)	**2 178 999**		2 245 223	
Instruments outstanding at the end of the year	**11 548 674**		11 646 502	
Analysis				
Performance-based – restricted shares	**5 168 775**	P	5 203 138	P
Non-performance-based – restricted shares	**4 200 900**		4 198 141	
Performance-based – matched shares (CBSS[1])	**1 493 277**	P	1 504 584	P
Non-performance-based – matched shares (VBSS[2])	**685 722**		740 639	
Instruments outstanding at the end of the year	**11 548 674**		11 646 502	
Movements				
Instruments outstanding at the beginning of the year	**11 646 502**		11 843 539	
Granted	**3 699 952**		4 063 638	
Exercised	**(3 234 541)**		(3 589 475)	
Surrendered	**(563 239)**		(671 200)	
Instruments outstanding at the end of the year	**11 548 674**		11 646 502	

[1] *Compulsory Bonus Share Scheme.*
[2] *Voluntary Bonus Share Scheme.*
[P] *Performance-based instruments.*

Long-term debt instruments

Instrument code	2018	2017
Subordinated debt	**14 233**	12 624
Callable notes (rand-denominated)	**13 905**	12 401
Long-term debenture (Namibian dollar-denominated)	**316**	213
Callable notes (MZN-denominated)	**12**	10
Securitised liabilities – callable notes (rand-denominated)	**2 069**	2 672
Senior unsecured debt – senior unsecured notes (rand-denominated)	**39 254**	36 255
Unsecured debentures (rand-denominated)	**31**	25
Total long-term debt instruments in issue	**55 587**	51 576

Further information can be accessed on our group website:
nedbank.co.za/content/nedbank/desktop/gt/en/aboutus/information-hub/capital-and-risk-management-reports.html
nedbank.co.za/content/nedbank/desktop/gt/en/aboutus/debt-investor/debt-investors-programme.html

Additional tier 1 capital instruments

The group issued new-style (Basel III-compliant) additional tier 1 capital instrument as follows:

Instrument code	Instrument terms	2018	2017
Subordinated			
Callable notes (rand-denominated)			
NEDT1A	3-month JIBAR + 7,00% per annum	**1 517**	1 517
NEDT1B	3-month JIBAR + 6,25% per annum	**505**	505
NGLT1A	3-month JIBAR + 5,65% per annum	**613**	613
NGLT1B	3-month JIBAR + 4,64% per annum	**762**	
Total non-controlling interest attributable to additional tier 1 capital instruments		**3 397**	2 635

The additional tier 1 notes represent perpetual, subordinated instruments, with no redemption date. The instruments are redeemable, subject to regulatory approval, at the sole discretion of the issuer from the applicable call date and following a regulatory or tax event. The payment of interest is at the discretion of the issuer and interest payments are non-cumulative. In addition, in certain conditions the regulator may prohibit Nedbank from making interest payments. Accordingly, for accounting purpose the instruments are classified as equity instruments and disclosed as part of the non-controlling interest.

Shareholders' analysis

Register date: 31 December 2018
Authorised share capital: 600 000 000 shares
Issued share capital: 493 182 664 shares

	Number of shares	2018 % holding	2017 % holding
Major shareholders/managers			
Old Mutual Life Assurance Company (SA) Limited and associates (includes funds managed on behalf of other beneficial owners)[1]	121 045 190	**24,54**	53,43
Nedbank Group treasury shares	16 053 929	**3,26**	3,32
BEE trusts	6 493 952	**1,32**	1,30
Eyethu scheme – Nedbank SA	6 341 650	**1,29**	1,27
Omufima scheme – Nedbank Namibia	152 302	**0,03**	0,03
Nedbank Group (2005) Restricted- and Matched-share Schemes	9 512 465	**1,93**	2,01
Nedbank Namibia Limited	47 512	**0,01**	0,01
Public Investment Corporation (SA)	46 284 835	**9,38**	6,15
Coronation Fund Managers (SA)	36 060 850	**7,31**	5,73
Lazard Asset Management (International)	14 576 856	**2,96**	3,24
BlackRock Inc (International)	18 281 178	**3,71**	1,84
GIC Asset Management Pty Ltd	13 092 388	**2,65**	1,68
The Vanguard Group Inc	14 353 059	**2,91**	1,60
Allan Gray Investment Council	25 343 119	**5,14**	2,36
Sanlam Investment Management	9 269 915	**1,88**	0,87
Major beneficial shareholders			
Old Mutual Life Assurance Company (SA) Limited and associates (SA)[1]	120 880 174	**24,51**	53,37
Government Employees Pension Fund (SA)	47 643 700	**9,66**	6,39
Geographical distribution of shareholders			
Domestic	348 644 026	**70,69**	81,95
South Africa	332 330 185	**67,38**	80,33
Namibia	7 243 634	**1,47**	0,79
Unclassified	9 070 207	**1,84**	0,83
Foreign	144 538 638	**29,30**	18,05
United States of America	73 450 992	**14,89**	10,48
Asia	24 977 665	**5,06**	3,0
Europe	23 563 551	**4,78**	2,03
United Kingdom and Ireland	14 586 455	**2,96**	1,65
Other countries	7 959 975	**1,61**	0,89
Total shares listed	493 182 664	**100,00**	100,00
Less: Treasury shares held	16 053 929		
Net shares reported	477 128 735		

[1] *Old Mutual Limited retains a strategic minority shareholding of 19,9% in Nedbank Group, held through its shareholder funds, under the terms of the relationship agreement. The above shareholding is inclusive of funds held on behalf other beneficial owners.*

SUPPLEMENTARY INFORMATION

Basel III balance sheet credit exposure by business cluster and asset class

	Corporate and Investment Banking	Property Finance	Retail and Business Banking	Nedbank Wealth	Rest of Africa	Centre
Advanced Internal Ratings-based Approach[8]	371 991	150 365	335 132	20 045		66 075
Corporate	168 576	43 439	17 874	124		1
Specialised lending – HVCRE[4]	6 327	6 327		97		
Specialised lending – IPRE[5]	94 530	94 530	1 704	5 376		
Specialised lending – project finance	44 247					
SME – corporate	7 420	5 855	23 253	2 139		
Public sector entities	17 780		187			
Local government and municipalities	8 303		890			
Sovereign	7 577		2			66 074
Banks	17 026	41				
Securities firms						
Retail mortgage	4		122 540	10 207		
Retail revolving credit			16 109	85		
Retail – other			118 870	144		
SME – retail	28		33 402	1 873		
Securitisation exposure	173	173	301			
The Standardised Approach[6]			151	26 793	31 749	
Corporate					7 884	
SME – corporate			151	1 585		
Public sector entities					640	
Local government and municipalities					28	
Sovereign				6 396	7 575	
Banks				11 979	1 681	
Retail mortgage				6 084	6 678	
Retail revolving credit					331	
Retail – other				749	4 455	
SME – retail					2 477	
Properties in possession	2	2	68	22	60	
Non-regulated entities	24 083					
Total Basel III balance sheet exposure[7]	396 076	150 367	335 351	46 860	31 809	66 075
Downturn expected loss (AIRB Approach)						
Expected loss performing book						
BEEL on defaulted advances						
IFRS impairment on AIRB loans and advances						
Excess of downturn expected loss over eligible provisions[9]						

[1] *Risk weighting is shown as a percentage of exposure at default (EAD) for the AIRB Approach and as a percentage of total credit extended for The Standardised Approach (TSA).*

[2] *dEL is in relation to performing loans and advances.*

[3] *Best estimate of expected loss (BEEL) is in relation to defaulted loans and advances.*

[4] *High-volatility commercial real estate.*

[5] *Income-producing real estate.*

[6] *A portion of the legacy Imperial Bank book in Nedbank RBB, Nedbank Private Wealth (UK) and the non-SA banking entities in Africa are covered by TSA.*

[7] *Balance sheet credit exposure includes on-balance-sheet, repurchase and resale agreements and derivative exposure.*

[8] *Trading book exposures not subject to counterparty credit risk (R93bn) were removed from Basel III balance sheet credit exposure in H2 2018 in line with the regulations which requires these to be quantified as market risk. These mainly impacted the Sovereign and Banks Advanced Internal Ratings-based Approach asset classes*

[9] *Excess of expected loss over eligible provisions decreased from R2,0bn to R750m from December 2017 to December 2018, following the adoption of the IFRS 9 ECL impairments framework in 2018. While there is now greater alignment in the calculation of the expected loss under the impairment and regulatory frameworks, there are still some differences that lead to a positive excess expected loss over provisions in the regulatory framework. The main difference relates to the fact that Basel requires the use of downturn expected loss, while IFRS 9 impairments are explicitly linked to a forward-looking macroeconomic outlook.*

	Nedbank Group Dec 2018						Nedbank Group Dec 2017			
	(Rm)	Mix (%)	Change (%)	Risk Weighting[1] (%)	Downturn expected loss (dEL)[2] (Rm)	BEEL[3] (Rm)	(Rm)	Mix (%)	Downturn expected loss (dEL)[2]	BEEL[3] (Rm)
	793 243	**90,5**	**2,1**	**39,0**	**6 851**	**8 759**	809 870	90,4	6 757	6 629
	186 575	**21.3**	**5,0**	**43,7**	**959**	**496**	177 656	19,8	1 125	486
	6 424	**0,7**	**(11,8)**	**115,0**	**119**	**110**	7 287	0,8	89	87
	101 610	**11,6**	**3,2**	**31,5**	**220**	**154**	98 424	11,0	273	105
	44 247	**5,1**	**27,1**	**58,8**	**146**		34 807	3,9	172	
	32 812	**3,7**	**23,0**	**46,7**	**214**	**147**	26 666	3,0	150	159
	17 967	**2,1**	**(27,3)**	**43,2**	**52**		24 703	2,8	55	
	9 193	**1,0**	**2,1**	**27,8**	**6**		9 000	1,0	2	7
	73 653	**8,4**	**(25,9)**	**8,7**	**17**		99 448	11,1	16	
	17 026	**1,9**	**(63,7)**	**57,4**	**89**		46 928	5,2	88	
	132 751	**15,2**	**5,2**	**22,9**	**624**	**1 287**	125 858	14,0	656	1 141
	16 194	**1,8**	**3,8**	**64,9**	**786**	**1 457**	15 601	1,8	766	1 335
	119 014	**13,6**	**10,6**	**52,6**	**3 122**	**4 470**	107 629	12,0	2 910	2 636
	35 303	**4,0**	**0,8**	**39,6**	**497**	**638**	35 012	3,9	455	673
	474	**0,5**	**(44,3)**	**106,3**			851	0,1		
	58 693	**6,8**	**20,4**	**52,2**			48 748	5,4		
	7 884	**0,9**	**20,3**	**91,5**			6 554	0,7		
	1 736	**0,2**	**19,6**	**99,8**			1 452	0,2		
	640	**0,1**	**52,7**	**70,0**			419			
	28		**(17,6)**	**87,1**			34			
	13 971	**1,6**	**5,6**	**55,0**			13 226	1,5		
	13 660	**1,6**	**105,4**	**24,8**			6 650	0,7		
	12 762	**1,5**	**8,5**	**40,8**			11 765	1,4		
	331		**(84,0)**	**46,3**			2 063	0,2		
	5 204	**0,6**	**35,7**	**71,6**			3 834	0,4		
	2 477	**0,3**	**(10,0)**	**55,6**			2 751	0,3		
	152		**(1,9)**				155			
	24 083	**2,7**	**(36,3)**				37 827	4,2		
	876 171		**(2,3)**		**6 851**	**8 759**	896 600	100	6 757	6 629
						15 610				13 386
						6 851				6 757
						8 759				6 629
						(14 860)				(11 379)
						750				2 008

Nedbank Limited
Consolidated statement of comprehensive income

for the year ended 31 December

Rm	2018	2017
Interest and similar income	**72 739**	71 311
Interest expense and similar charges	**46 774**	46 111
Net interest income	**25 965**	25 200
Impairments charge on loans and advances	**3 547**	3 030
Income from lending activities	**22 418**	22 170
Non-interest revenue	**20 884**	19 907
Operating income	**43 302**	42 077
Total operating expenses	**27 616**	26 192
Indirect taxation	**804**	858
Profit from operations before non-trading and capital items	**14 882**	15 027
Non-trading and capital items	**(164)**	(210)
Profit from operations	**14 718**	14 817
Share of (losses)/income of associate companies and joint arrangements	**(83)**	(96)
Profit before direct taxation	**14 635**	14 721
Total direct taxation	**3 854**	3 563
Direct taxation	**3 899**	3 622
Taxation on non-trading and capital items	**(45)**	(59)
Profit for the year	**10 781**	11 158
Other comprehensive (losses)/income net of taxation	**(368)**	493
Items that may subsequently be reclassified to profit or loss		
Exchange differences on translating foreign operations	**70**	(29)
Fair-value adjustments on available-for-sale assets		(14)
Debt investments at fair value through OCI(FVOCI) – net change in fair value	**7**	
Items that may not subsequently be reclassified to profit or loss		
Remeasurements on long-term employee benefit assets	**(345)**	375
(Losses)/Gains on property revaluations	**(100)**	161
Total comprehensive income for the year	**10 413**	11 651
Profit attributable to:		
– Ordinary and preference equity holders	**10 765**	11 160
– Non-controlling interest – ordinary shareholders	**16**	(2)
Profit for the year	**10 781**	11 158
Total comprehensive income attributable to:		
– Ordinary and preference equity holders	**10 397**	11 653
– Non-controlling interest – ordinary shareholders	**16**	(2)
Total comprehensive income for the year	**10 413**	11 651
Headline earnings reconciliation		
Profit attributable to ordinary and preference equity holders	**10 765**	11 160
Less: Non-headline earnings items net of taxation	**(119)**	(151)
Non-trading and capital items	**(164)**	(210)
Taxation on non-trading and capital items	**45**	59
Headline earnings attributable to ordinary and preference equity holders	**10 884**	11 311

Nedbank Limited
Consolidated statement of financial position

at 31 December

Rm	2018	2017
Assets		
Cash and cash equivalents	**7 931**	8 823
Other short-term securities	**57 844**	73 472
Derivative financial instruments	**22 412**	30 698
Government and other securities	**96 123**	48 749
Loans and advances[1]	**725 793**	695 744
Other assets	**12 039**	7 332
Current taxation assets	**105**	75
Investment securities[2]	**6 787**	5 303
Non-current assets held for sale	**305**	388
Investments in associate companies[2]	**786**	224
Deferred taxation assets	**40**	37
Property and equipment	**8 367**	7 976
Long-term employee benefit assets	**4 764**	5 761
Mandatory reserve deposits with central banks	**19 789**	18 145
Intangible assets	**8 538**	7 341
Total assets	**971 623**	910 068
Total equity and liabilities		
Ordinary share capital	**28**	28
Ordinary share premium	**19 182**	19 182
Reserves	**49 636**	48 215
Total equity attributable to equity holders of the parent	**68 846**	67 425
Preference share capital and premium	**3 561**	3 561
Additional tier 1 capital instruments	**3 416**	2 600
Non-controlling interest attributable to ordinary shareholders	**23**	7
Non-controlling interest attributable to preference shareholders	**561**	561
Total equity[3]	**76 407**	74 154
Derivative financial instruments	**19 761**	23 561
Amounts owed to depositors[1]	**806 487**	742 859
Other liabilities	**10 414**	14 047
Current taxation liabilities	**272**	191
Deferred taxation liabilities	**224**	351
Long-term employee benefit liabilities	**2 648**	3 423
Long-term debt instruments	**55 410**	51 482
Total liabilities	**895 216**	835 914
Total equity and liabilities	**971 623**	910 068

1 *During 2018 a detailed review was performed on offsetting, which indicated that at 31 December 2017 an asset of R6 107m was incorrectly set off against a liability with the same counterparty. To correct this at 31 December 2017, loans and advances and amounts owed to depositors were restated by R6 107m. This restatement had no impact on information previously reported on for Nedbank Group.*

2 *During the period the group classified private-equity investments of Property Partners and Investment Banking from investments in private-equity associates, associate companies and joint arrangements to investment securities better to reflect the measurement of these investments at fair value. To provide comparability, the prior-period balance for private-equity associates (R3 053m) have been restated accordingly.*

3 *Total equity decreased by R2 340m on 1 January 2018 due to the adoption of IFRS 9 (R2 086m – the majority of which relates to IFRS 9: Impairments) and IFRS 15 (R254m).*

Nedbank Limited
Consolidated financial highlights

for the year ended 31 December

	2018	2017
ROE (%)	**16,6**	17,8
ROA (%)	**1,16**	1,29
NII to average interest-earning banking assets (%)	**3,57**	3,57
CLR – banking advances (%)	**0,54**	0,47
Efficiency ratio	**58,9**	58,2

Definitions

12-month ECL An ECL on a default event expected to occur in the 12 months after the reporting date.

Assets under administration (AUA) (Rm) Market value of assets held in custody on behalf of clients.

Assets under management (AUM) (Rm) Market value of assets managed on behalf of clients.

Common-equity tier 1 (CET1) capital adequacy ratio (%) CET1 regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.

Coverage (%) On-balance-sheet impairments divided by gross loans and advances. Coverage excludes ECL on off-balance-sheet amounts, ECL and gross loans and advances on the FVOCI portfolio.

Credit loss ratio (CLR) (% or bps) Impairments charge on loans and advances as a percentage of daily average gross loans and advances. Includes the ECL recognised in respect of the off-balance-sheet portion of loans and advances.

Default Default occurs in respect of a particular client in the following instances:

- When the bank considers that the client is unlikely to pay its credit obligations to the bank in full without the bank having recourse to actions such as realising security (if held).
- When the client is past due for more than 90 days on any material credit obligation to the bank. Overdrafts will be considered as being past due if the client has breached an advised limit or has been advised of a limit smaller than the current outstanding amount.
- In terms of Nedbank's Group Credit Policy, when the client is placed under business rescue in terms of the Companies Act, 71 of 2008, and when the client requests a restructure of his facilities as a result of financial distress.

Defaulted loans and advances (non-performing defaulted advances) Any advance or group of loans and advances that has triggered the Basel III definition of default criteria and is in line with the revised SA banking regulations. For retail portfolios this is product-centred and a default would therefore be specific to a client or borrower account (a specific advance). For all other portfolios, except specialised lending, it is client- or borrower-centred, meaning that should any transaction within a borrowing group default, all transactions within the borrowing group would be treated as having defaulted.

At a minimum a default is deemed to have occurred where a material obligation is past due for more than 90 days or a client has exceeded an advised limit for more than 90 days. A specific impairment is raised against such a credit exposure due to a significant perceived decline in the credit quality.

Diluted headline earnings per share (DHEPS) (cents) Headline earnings divided by the weighted-average number of ordinary shares, adjusted for potential dilutive ordinary shares.

Dividend cover (times) Headline earnings per share divided by dividend per share.

Economic profit (EP) (Rm) Headline earnings less the cost of equity (total equity attributable to equity holders of the parent, less goodwill, multiplied by the group's cost-of-equity percentage).

Effective taxation rate (%) Direct taxation as a percentage of profit before direct taxation, excluding non-trading and capital items.

Efficiency ratio (%) Total operating expenses as a percentage of total income, being net interest income, non-interest revenue and share of profits or losses from associates and joint arrangements.

Earnings per share (EPS) (cents) Earnings attributable to ordinary shareholders, divided by the weighted-average number of ordinary shares in issue.

Forward-looking economic expectations The impact of forecast macroeconomic expectations in determining SICR and the measurement of the ECL.

Gross operating income growth rate less expenses growth rate (JAWS ratio) (%) Measure of the extent to which the total income growth rate exceeds the total operating expenses growth rate.

Headline earnings (Rm) The profit attributable to equity holders of the parent, excluding specific separately identifiable remeasurements, net of related tax and non-controlling interests.

Headline earnings per share (HEPS) (cents) Headline earnings divided by the weighted-average number of ordinary shares in issue.

Lifetime ECL An ECL on any default event between the reporting date and the end of the lifetime of the financial asset.

Life insurance embedded value (Rm) The embedded value (EV) of the covered business is the discounted value of the projected future after-tax shareholder earnings arising from covered business in force at the valuation date, plus the adjusted net worth.

Life insurance value of new business (Rm) A measure of the value added to a company as a result of writing new business. Value of new business (VNB) is calculated as the discounted value, at the valuation date, of projected after-tax shareholder profit from covered new business that commenced during the reporting period, net of frictional costs and the cost of non-hedgeable risk associated with writing new business, using economic assumptions at the start of the reporting period.

Net asset value (NAV) (Rm) Total equity attributable to equity holders of the parent.

Net asset value (NAV) per share (cents) NAV divided by the number of shares in issue, excluding shares held by group entities at the end of the period.

Net interest income (NII) to average interest-earning banking assets (AIEBA) (%) NII as a percentage of daily average total assets, excluding trading assets. Also called net interest margin (NIM).

Non-interest revenue (NIR) to total income (%) NIR as a percentage of operating income, excluding the impairments charge on loans and advances.

Number of shares listed (number) Number of ordinary shares in issue, as listed on the JSE.

Off-balance-sheet exposures Undrawn loan commitments, guarantees and similar arrangements that expose the group to credit risk.

Ordinary dividends declared per share (cents) Total dividends to ordinary shareholders declared in respect of the current period.

Performing defaulted loans and advances (Rm) Loans that would otherwise not be in default, but are classified as defaulted due to regulatory requirements, ie directive 7 and the new curing definition.

Portfolio coverage (%) Portfolio impairments in the statement of financial position as a percentage of gross loans and advances, excluding defaulted advances.

Portfolio impairments (Rm) Impairment for latent losses inherent in groups of loans and advances that have not yet been specifically impaired.

The standard portfolio represents all the loans and advances that have not been impaired. These loans and advances have not yet individually evidenced a loss event, but there are loans and advances in the standard portfolio that may have an impairment without the bank being aware of it yet.

A period of time will elapse between the occurrence of an impairment event and objective evidence of the impairment becoming evident. This period is generally known as the emergence period. For each standard portfolio an emergence period is estimated as well as the probability of the loss trigger and the loss given events occurring. These estimates are applied to the total exposures of the standard portfolio to calculate the portfolio impairment.

Preprovisioning operating profit (PPOP) (Rm) Headline earnings plus direct taxation (excluding taxation on non-trading and capital items) plus an impairments charge on loans and advances.

Profit attributable to equity holders of the parent (Rm) Profit for the period less non-controlling interests pertaining to ordinary shareholders, preference shareholders and additional tier 1 capital instrument noteholders.

Profit for the period (Rm) Income statement profit attributable to ordinary shareholders of the parent, before non-controlling interests.

Return on equity (ROE) (%) Headline earnings as a percentage of daily average ordinary shareholders' equity.

Return on equity (ROE) (excluding goodwill) (%) Headline earnings as a percentage of daily average ordinary shareholders' equity less goodwill.

Return on tangible equity (%) Headline earnings as a percentage of daily average ordinary shareholders' equity less intangible assets.

Risk-weighted assets (RWA) (Rm) On-balance-sheet and off-balance-sheet exposures after applying prescribed risk weightings according to the relative risk of the counterparty.

Specific impairments (Rm) Impairment for loans and advances that have been classified as total defaults and specifically impaired, net of the present value of estimated recoveries.

Specific coverage (%) Specific impairments in the statement of financial position as a percentage of total defaulted advances.

Stage 1 Financial assets without objective evidence of impairment, for which the credit risk (risk of default) at the reporting date has not significantly increased since initial recognition.

Stage 2 Financial assets without objective evidence of impairment, for which the credit risk (risk of default) at the reporting date has significantly increased since initial recognition.

Stage 3 Financial assets with objective evidence of impairment.

Tangible net asset value (Rm) Equity attributable to equity holders of the parent, excluding intangible assets.

Tangible net asset value per share (cents) Tangible NAV divided by the number of shares in issue, excluding shares held by group entities at the end of the period.

Tier 1 capital adequacy ratio (CAR) (%) Tier 1 regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.

Total capital adequacy ratio (CAR) (%) Total regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.

Value in use (VIU) (Rm) The present value of the future cashflows expected to be derived from an asset or cash-generating unit.

Weighted-average number of shares (number) The weighted-average number of ordinary shares in issue during the period listed on the JSE.

Abbreviations and acronyms

AFR available financial resources

AIEBA average interest-earning banking assets

AIRB Advanced Internal Ratings-based

AUA assets under administration

AUM assets under management

BBBEE broad-based black economic empowerment

BEE black economic empowerment

bn billion

bps basis point(s)

CAGR compound annual growth rate

CAR capital adequacy ratio

CET1 common equity tier 1

CIB Corporate and Investment Banking

CLR credit loss ratio

COE cost of equity

CPI consumer price index

CPF commercial-property finance

CVP client value proposition

DHEPS diluted headline earnings per share

D-SIB domestic systematically important bank

ECIC Export Credit Insurance Corporation of South Africa

ECL expected credit loss

EP economic profit

EPS earnings per share

EV embedded value

ETI Ecobank Transnational Incorporated

FCTR foreign currency translation reserve

GDP gross domestic product

GOI gross operating income

group Nedbank Group Limited

HE headline earnings

HEPS headline earnings per share

HQLA high-quality liquid asset(s)

IAS International Accounting Standard(s)

ICAAP Internal Capital Adequacy Assessment Process

IFRS International Financial Reporting Standard(s)

ILAAP Internal Liquidity Adequacy Assessment Process

JIBAR Johannesburg Interbank Agreed Rate

JSE JSE Limited

LAP liquid-asset portfolio

LCR liquidity coverage ratio

LIBOR London Interbank Offered Rate

LTI long-term incentive

m million

MFC Motor Finance Corporation (vehicle finance lending division of Nedbank)

MRC minimum required capital

NAFEX Nigerian Autonomous Foreign Exchange

NAV net asset value

NCA National Credit Act, 34 of 2005

NCD negotiable certificate of deposit

NCOF net cash outflows

NGN Nigerian naira

NII net interest income

NIM net interest margin

NIR non-interest revenue

NPL non-performing loan(s)

NSFR net stable funding ratio

OM Old Mutual

plc public listed company

POPI protection of personal information

PPOP preprovisioning operating profit

R rand

RBB Retail and Business Banking

Rbn South African rands expressed in billions

REIPPPP Renewable Energy Independent Power Producer Procurement Programme

Rm South African rands expressed in millions

RoA Rest of Africa (cluster name)

ROA return on total assets

ROE return on equity

RORWA return on risk-weighted assets

RRB Retail Relationship Banking

RWA risk-weighted assets

SA South Africa

SADC Southern African Development Community

SAICA South African Institute of Chartered Accountants

SARB South African Reserve Bank

SDGs Sustainability Development Goals

SICR Significant increase in credit risk

STI short-term incentive

TTC through the cycle

UK United Kingdom

US United States

VAF vehicle and asset finance

VaR value at risk

VIU value in use

VNB value of new business

VWAP volume-weighted average price

yoy year on year

ytd year to date

ZAR South African rand (currency code)

Company details

NEDBANK GROUP LIMITED

Incorporated in the Republic of SA
Registration number 1966/010630/06

Registered office
Nedbank Group Limited, Nedbank 135 Rivonia Campus,
135 Rivonia Road, Sandown, Sandton, 2196.
PO Box 1144, Johannesburg, 2000.

Transfer secretaries in SA
Shareholders are reminded that, with effect from 1 June 2018, Nedbank Group's transfer secretaries in SA has changed from Computershare to Link Market Services.

Link Market Services South Africa Proprietary Limited,
19 Ameshoff Street, Braamfontein, Johannesburg, 2001, SA.
PO Box 4844, Marshalltown, 2000, SA.

Namibia
Transfer Secretaries (Proprietary) Limited
Robert Mugabe Avenue No 4, Windhoek, Namibia.
PO Box 2401, Windhoek, Namibia.

INSTRUMENT CODES

Nedbank Group ordinary shares

JSE share code:	NED
NSX share code:	NBK
ISIN:	ZAE000004875
ADR code:	NDBKY
ADR CUSIP:	63975K104

Nedbank Limited non-redeemable non-cumulative preference shares

JSE share code:	NBKP
ISIN:	ZAE000043667

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DISCLAIMER

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

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

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

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

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

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

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Fintech partnership of the year

Aerobotics

Nedbank is proud to have won *The Banker* magazine's 2018 fintech partnership award for our 'Satellite and drone imagery analytics experimentation'. Together with Aerobotics (Pty) Ltd, a disruptive technology company that builds advanced analytics on top of aerial drone and satellite imagery, we deliver precision farming tools for our agricultural clients.

The Banker
TECH PROJECTS
AWARDS 2018

Winner

Fintech partnership