

NEDBANK GROUP LIMITED

ANNUAL RESULTS

for the year ended 31 December 2014

MAKE
THINGS
HAPPEN



HEADLINE EARNINGS ▲14,0% R9 880 MILLION	DILUTED HEPS ▲13,0% 2 066 CENTS	FULL-YEAR DIVIDEND PER SHARE ▲14,9% 1 028 CENTS	COMMON-EQUITY TIER 1 RATIO ▼11,6% (2013: 12,5%)	BASIC EPS ▲12,4% 2 109 CENTS	HEPS ▲12,9% 2 127 CENTS	ROE (EXCL GOODWILL) ▶17,2% (2013: 17,2%)	NAV PER SHARE ▲9,5% 14 395 CENTS	CREDIT LOSS RATIO ▼79bps (2013: 106 BPS)
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DELIVERING VALUE IN A VOLATILE MACRO ENVIRONMENT



These results and additional information are available at nedbankgroup.co.za and through the Nedbank App Suite™.

Nedbank Group produced a strong set of results in 2014. Headline earnings growth of 14% was driven by good net interest income growth and a lower credit loss ratio - despite strengthened central provisions and increased coverage levels.

We made a number of important changes during 2014 to position the group for continued growth into the future. Our strong internal talent pipelines enabled us to implement a successful succession process in a number of executive roles. We also announced the creation of an integrated corporate and investment bank to enable better client service and unlock additional revenue growth opportunities. Our pan-African banking network strategy was strengthened through the investment

of R5,9bn to secure a shareholding of approximately 20% in our longstanding alliance partner, Ecobank.

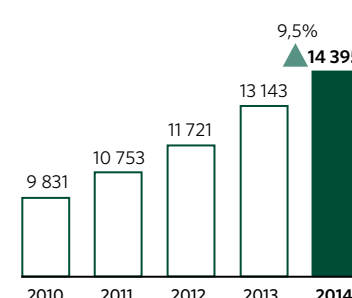
The group is resilient with diversified income streams and strong balance sheet metrics and is well positioned to continue to grow despite economic headwinds. Although forecast risk remains high, for the year ahead we again expect organic growth in diluted headline earnings per share to be above nominal GDP growth¹.

Mike Brown
Chief Executive

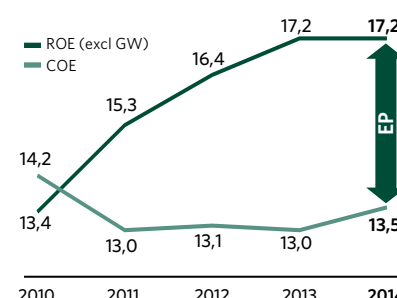
23 February 2015

FOCUS ON DRIVERS OF VALUE CREATION

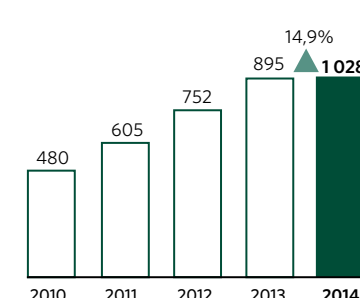
NAV PER SHARE (CENTS)



ROE AND COE (%)



FULL-YEAR DIVIDEND PER SHARE (CENTS)



NAV = net asset value ROE = return on equity COE = cost of equity EP = economic profit GW = goodwill HEPS = headline earnings per share

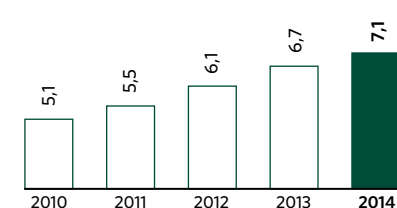
STRATEGIC FOCUS AREAS

Our strategy is primarily aimed at creating value for our shareholders and is defined by our five key strategic focus areas in the context of our material matters. Key highlights included:

CLIENT-CENTRED INNOVATION

AFRICAN BANKER AWARDS 2014
Award for Innovation in Banking 2014

NUMBER OF CLIENTS (m)



OPTIMISE TO INVEST

- Reduction of core banking applications by 18 in 2014 and 74 to date.
- ERP replacement: finance and procurement systems went live on 1 January 2015.
- Standardised IT system rollout for Rest of Africa progressing well.
- Old Mutual and crosscluster collaboration.
- Investment in technology foundation projects, integrated channels and mobile, brand and marketing, and regulatory and compliance infrastructure.

OUTLOOK: Medium-to-long-term target: Efficiency ratio 50% to 53% (2014: 56,5%) and investing R1,7bn to roll out our 'branch of the future' outlets.

GROW OUR TRANSACTIONAL BANKING FRANCHISE

Continued client growth across all clusters was enabled and evidenced by:

- investment in footprint expansion since 2009 (ATMs up 91% and staffed outlets up 41%);
- keeping transactional fees at 2013 levels or below;
- a focus on cross-sell and collaboration;
- a brand value increase of 15% since 2013;
- digitally enabled clients increasing by 48%; and
- the value of Nedbank App Suite™ transactions increasing 66% to R58bn.

OUTLOOK: Medium-to-long-term target: NIR/expenses ratio > 85% (2014: 82,8%) and growing our main banked market share.

REVIEW OF RESULTS

PAN-AFRICAN BANKING NETWORK

- One-bank client experience across 39 countries.
- Strong performance from Rest of Africa subsidiaries.
- Acquisition of approximately 20% in ETI.
- A total of 70 of our wholesale clients bank with Ecobank
- Acquisition of an initial stake of 36,4% of Banco Único, with a pathway to control in 2016.
- Conclusion of multiple joint deals by Bank of China alliance

OUTLOOK: Increasing our presence in SADC and East Africa from current six to 10 countries over time and the Rest of Africa Division ROE targeted to well above Nedbank Group cost of equity.

Headline earnings increased 14,0% to R9 880m for the year ended 31 December 2014, driven by an increase in net interest income (NII), improvements in impairments and stronger growth in non-interest revenue in the second half, as well as associate income from our shareholding in Ecobank Transnational Incorporated (ETI) effective from the last quarter of the year.

NII increased 8,2% to R22 961m, benefiting from 9,7% growth in average interest-earning banking assets. Loans and advances increased 5,8% to R613,0bn. Excluding low-yielding trading advances, banking advances growth was 8,1%, underpinned by gross new payouts of R167bn. The group's balance sheet remains well funded, with deposits increasing 8,4% to R653,5bn. The net interest margin (NIM) narrowed to 3,52% as the increase in endowment income from higher interest rates was offset by asset and liability margin compression, as well as the change in asset mix, with wholesale advances growing faster than higher yielding retail advances, including the reduction in our personal-loans book. Liability margin compression arose from higher levels of competition for Basel III-friendly deposits.

Impairments decreased 19,0% to R4 506m and the credit loss ratio (CLR) declined to 0,79%, despite increased coverage levels and the strengthening of central provisions to R350m in line with the group's view of a protracted weak economic environment.

CLRs decreased across all the business clusters as a result of ongoing improvements in asset quality, prudent credit granting and strong collections. Total defaulted advances decreased by 11,2% to R15 846m, and the coverage ratios of total and specific impairments strengthened to 70,0% and 43,1% respectively.

Non-interest revenue (NIR) increased 4,9% to R20 312m and reflects the impact of our strategic interventions of keeping fees at or below 2013 levels and slowing personal-loan growth. These interventions were implemented to position the group for growth into the future. Pleasingly, NIR grew strongly at 10,2% in the second half of the year.

Expenses growth of 9,4% to R24 534m was underpinned by continued investment in the group's franchises.

Associate income increased to R161m (2013: R27m), largely driven by income from our shareholding of approximately 20% in ETI, effective from 1 October 2014.

Nedbank Group is well capitalised, with the Basel III common-equity tier 1 ratio at 11,6% - above the middle of our internal target range. The decrease in the ratio from 2013 levels is largely as a result of a 0,9% capital impairment from our investments in ETI and Banco Único. Funding and liquidity levels remained sound.

TO BE AFRICA'S MOST ADMIRABLE BANK

MATERIAL MATTERS

In line with much of the global and domestic banking industry, Nedbank faces a difficult macroeconomic environment, an increasing regulatory agenda and strong competition. These are not new to us and are the cornerstones of what we refer to as the material matters that influence our strategy. They are: tough economic conditions and limited visibility; increased demands on governance, banking relevance amid consumerism and increased competition; increased demands on governance, regulation and risk management; growth opportunities in the rest of Africa and transformation of society within planetary boundaries; and scarce skills (more details will be available in the 2014 Nedbank Integrated Report that will be published on nedbankgroup.co.za on 31 March 2015).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended	% change	Dec 2014 (Rm)	Dec 2013 (Rm)
NII	8,2	22 961	21 220
Impairments	(19,0)	(4 506)	(5 565)
Income from lending activities	17,9	18 455	15 655
NIR	4,9	20 312	19 361
Total expenses	9,4	(24 534)	(22 419)
Indirect taxation	5,7	(635)	(601)
Associate income	>100	161	27
Headline profit before taxation	14,4	13 759	12 023
Direct taxation	15,0	(3 487)	(3 033)
Minorities and preference shareholders	22,5	(392)	(320)
Headline earnings	14,0	9 880	8 670

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended	% annualised change	Dec 2014 (Rm)	Dec 2013 (Rm)
Cash and securities	12,9	122 661	108 615
Advances	5,8	613 021	579 372
Other	19,5	73 631	61 607
Total assets	8,0	809 313	749 594
Ordinary shareholders' equity	10,6	67 024	60 617
Minorities and preference shareholders	4,5	3 887	3 719
Deposits	8,4	653 450	602 952
Long-term debt instruments	7,1	35 638	33 268
Other	0,6	49 314	49 038
Total equity and liabilities	8,0	809 313	749 594

BUSINESS CLUSTER HEADLINE EARNINGS AND ROE

Year ended	% change	Headline earnings (Rm)		ROE (%)	
		Dec 2014	Dec 2013	Dec 2014	Dec 2013
Nedbank Capital	23,3	2 128	1 726	30,9	29,4
Nedbank Corporate	15,8	2 599	2 245	24,5	26,4
Nedbank Business Banking	17,8	1 094	929	20,1	19,4
Nedbank Retail	15,7	2 937	2 539	13,3	11,6
Nedbank Wealth	15,8	1 042	900	36,8	36,2
Rest of Africa Division	106,4	357	173	10,1	8,7
Business clusters	19,3	10 157	8 512	19,7	18,7
Centre	>(100)	(277)	158		
Group	14,0	9 880	8 670	15,8	15,6
Group (excl goodwill)				17,2	17,2

OTHER INDICATORS

Year ended	Dec 2014	Dec 2013
NIM (basis points)	352	357
CLR (basis points)	79	106
NIR/Expenses ratio (%)	82,8	86,4
Efficiency ratio ¹ (%)	56,5	55,2

¹ Includes associate income

FINAL DIVIDEND DECLARATION

Final dividend of 568 cents per ordinary share.

Event	Date
Last day of trade (cum dividend)	Thursday, 26 March 2015
Shares commence trading (ex dividend)	Friday, 27 March 2015
Record date (date shareholders recorded in books)	Thursday, 2 April 2015
Payment date	Tuesday, 7 April 2015

For and on behalf of the board

Dr RJ Khoza
Chairman

MWT Brown
Chief Executive

A Member of the **OLDMUTUAL** Group

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COMMITTED TO LONG-TERM VALUE CREATION FOR ALL OUR STAKEHOLDERS

Nedbank Group's foundations are strong, with diversified earnings streams, strong capital ratios, sound funding and liquidity positions, increased liquid-asset portfolios, mitigated risks in higher-risk asset classes through ongoing selective origination and strengthened provisioning and coverage ratios through early action. The investment in the Nedbank franchise over the past few years is proving to be beneficial to all stakeholders and is providing good support during more difficult macroeconomic circumstances.



INVESTING IN OUR PEOPLE

- Created 380 new jobs.
- Invested R489m in staff training.
- Supported 125 external bursars.
- Improved staff transformation.
- Maintained high levels of staff morale.
- Remained focused, in the long term, on corporate culture and embedding our top three culture values of accountability, client satisfaction and brand reputation.



INNOVATING FOR OUR CLIENTS

- 7% more clients chose to bank with Nedbank - total clients now 7,1m.
- Provided 22 new outlets, 304 new self-owned ATMs and 171 Branch of the future outlets.
- Paid out R167bn in new loans.
- Saved clients bank fees through the use of bundled products and keeping fee increases at or below 2013 levels.
- Launched exciting new innovations such as Send-iMali™, Market Edge™, MyFinancialLife™ Retirement Calculator and our Greenbacks Rewards Program SHOP Card.
- Increased assets under management by 11,4% to R212bn.
- For the sixth consecutive year Nedgroup Investments was placed third overall at the annual Raging Bull Awards.
- Received 2014 African Banker Award for Innovation in Banking.



DELIVERING CONSISTENTLY TO OUR SHAREHOLDERS

- Delivered R2,1bn in economic profit.
- Increased full-year dividend 14,9%, ahead of 12,9% growth in headline earnings per share (HEPS).
- Generated a total shareholder return (TSR) of 23,2%.
- Acquired an initial 36,4% stake of Banco Único in Mozambique, and a shareholding of approximately 20% in ETI. Economic growth in the rest of Africa is faster than in SA and these investments offer our shareholders access to earnings growth in these higher economic growth markets.
- Unlocked R5,5bn of value for our SA broad-based black economic empowerment (BBBEE) shareholders during the lifetime of the scheme (R8,2bn at prevailing market prices).



PARTNERING WITH OUR REGULATORS

- Common-equity tier 1 capital amounts to 11,6%, above the mid-point of our 2019 target range.
- As one of SA's largest tax contributors, we paid R8,8bn in tax (direct, indirect, PAYE and other).
- Participated in the African Bank Investments Limited resolution and underwriting.
- Contributed to working groups on new regulation.
- Actions and commitments supported responsible banking practices.
- Maintained strong, transparent relationships with all regulators.



LEADING IN THE COMMUNITIES WE SERVE

- Made banking more accessible and affordable.
- Advanced R1,2bn to affordable-housing developments across the country.
- Contributed R126m to social development.
- 87% or R8,5bn of our procurement was local.
- Maintained our level 2 BBBEE contributor status for the sixth consecutive year.
- Remained Africa's only carbon-neutral bank.
- Included on the Dow Jones Sustainability Index for the 9th consecutive year.
- Recognised as a leader in socially responsible banking at the African Banker Awards.
- Together with Old Mutual, we pledged a combined \$1m towards the African Union-Private Sector Ebola Fund.

For further information
This short-form announcement is the responsibility of the directors. It is only a summary of the information contained in the full announcement and does not contain full or complete details.
Any investment decision should be based on the full announcement published on SENS on Monday, 23 February 2015, and also available on our website at nedbankgroup.co.za.
Copies of the full announcement may be requested by contacting Nedbank Group Investor Relations by email at NedbankGroupIR@Nedbank.co.za, and are available for inspection at Nedbank Group's registered office at no charge.

Nedbank Group Limited Reg No 1966/010630/06. Authorised financial services and registered credit provider (NCRCP16).

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Company Secretary

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Merrill Lynch South Africa (Pty) Ltd Nedbank Capital
Old Mutual Investment Services (Namibia) (Pty) Ltd

Sponsors in SA
Sponsor in Namibia
Reg No
JSE share code

1966/010630/06
NED
ISIN
NSX share code
ZAE000004875
NBK