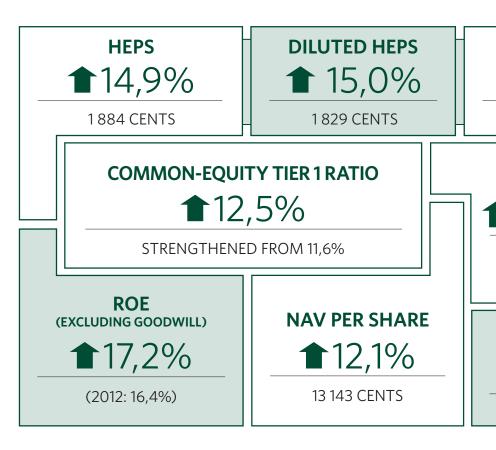
# **FINANCIAL RESULTS**

for the year ended 31 December 2013







### **FULL-YEAR DIVIDEND PER SHARE 1**9,0%

895 CENTS

**BASIC EPS 1**5,0%

1877 CENTS

NIR **1**11,8%

**R19 361 MILLION** 

### **HEADLINE EARNINGS**

**1**5,9%

**R8 670 MILLION** 

### A STRONG PERFORMANCE IN UNCERTAIN TIMES

Nedbank's growing franchise, together with the progress made in our strategic focus areas, has enabled the group once again to meet its target for growth in diluted headline earnings per share. In a challenging environment the group delivered a strong performance across a broad front, which resulted in improvements in both return on assets and return on equity.

Globally, capital flows have shifted in favour of developed markets, and conditions in emerging markets, including SA, are more volatile. Our historic focus on growing our transactional banking franchise, selective advances growth and prudent impairment methodologies,

combined with our positive exposure to increased endowment, should position Nedbank favourably in an environment of rising interest rates

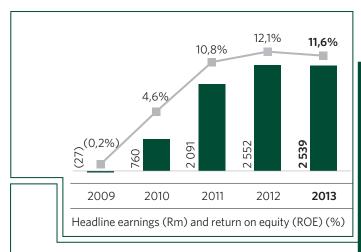
Given the uncertain economic environment, forecast risk has increased. For the year ahead we are currently expecting organic growth in diluted headline earnings per share to be greater than the growth in nominal gross domestic product.

Mike Brown

Chief Executive

24 February 2014

### AN ATTRACTIVE GROWTH STRATEGY



#### REPOSITION NEDBANK RETAIL

Resilient performance in challenging times

Strategically attractive and strong economic profit

PORTFOLIO TILT

### (EP)-generating areas 17,2% 16,4% 15,3% 13,4% 13,4%

Group EP (Rm) and ROE (excluding goodwill) (%)

2011

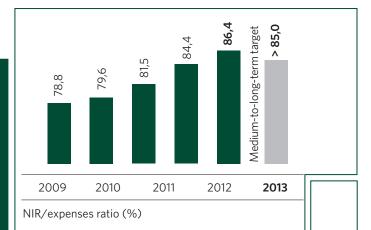
2010



THE GROUP'S **KEY STRATEGIC INITIATIVES OF REPOSITIONING NEDBANK RETAIL, GROWING NIR, IMPLEMENTING** THE PORTFOLIO **TILT STRATEGY AND EXPANDING INTO** THE REST OF AFRICA **CONTINUED TO DRIVE EARNINGS GROWTH.** 



**SUSTAINABILITY EMBEDDED** IN GROUP **STRATEGY** 



#### **GROW NIR**

Met our medium-to-long-term target for the first time

### **REST OF AFRICA**

Client-centred, risk-mitigated, capital-efficient, longer-term strategy



- One-bank experience across 37 countries
- Rights to acquire 20,0% in Ecobank Transnational Incorporated (ETI) ■ Approval received for an initial stake of 36,4% of Banco Unico -
- completion targeted for end of first quarter of 2014

### **BUILDING ENDURING RELATIONSHIPS**

2013

2012



2009

### **STAFF**

- Created 588 new permanent jobs in SA ■ Invested R396m in staff
- development. 1521 managers attended
- personal mastery and team effectiveness programmes.
- Maintained high levels of staff morale.

#### ■ Focus in the long term on corporate culture.

**INVESTING** 

IN OUR

**PEOPLE** 

## **CLIENTS**

- 10% more clients chose to bank with Nedbank - total clients now 6,7m.
- 334 more ATMs and launched Branch of the Future.
- R159bn in new loans paid out.
- Assets under management increased 26,5% to R190bn.
- Accelerated delivery in innovation during the past 18 months, including launching
- Saved clients bank fees through the use of bundled products and 0% fee increases for 2014.

PocketPOS™ and My eBills™

 Achieved client satisfaction levels Systems uptime stood at multiyear highs.

**INNOVATING FOR OUR CLIENTS** 



### **SHAREHOLDERS**

- Delivered R2,1bn in EP. ■ Generated a 16,0% total shareholder return.
- Increased total dividend by 19,0%, ahead of 14,9% growth in headline earnings per share (HEPS).
- Secured rights to acquire 20,0% in ETI between November 2013 and November 2014.
- Voted as the Financial Times and The Banker magazine's 2013 SA Bank of the Year.

**DELIVERING** CONSISTENTLY TO OUR **SHAREHOLDERS** 



### REGULATORS

- Implemented Basel III successfully on 1 January 2013.
- Increased common-equity tier 1 capital to 12,5%
- As one of SA's largest tax contributors, paid R8,0bn relating to direct, indirect, PAYE and other taxation.
- Have actions and commitments that support responsible banking practices.
- Aspiring to be worldclass at managing risk and having appropriate remediation where required.

**PARTNERING** WITH OUR REGULATORS



### **COMMUNITIES**

- Made banking more accessible and affordable Contributed R111m to social development.
- Maintained our level 2 broad-based black economic empowerment (BBBEE) contributor status for the fifth consecutive year.
- Remained Africa's only carbon-neutral bank.
- Recognised as a leader in socially responsible banking at the African Banker Awards 2013 and won the Sunday Times Top 100 Companies CSI award.

**LEADING** IN THE COMMUNITIES **WE SERVE** 

# A SUMMARY OF OUR RESULTS

Headline earnings increased 15,9% to R8 670m, driven by good revenue growth, impairments increasing at a slower rate than net interest income (NII) and disciplined expense management. The results reflect the tougher-than-anticipated economic environment, offset by delivery on our strategic focus areas and continued internal momentum in building and growing the Nedbank franchise.

NII increased 7,8% to R21 220m, supported by growth in average interest-earning banking assets of 6,8%, and the net interest margin (NIM) widened to 3,57%. The NIM was underpinned by liability margin gains from a lower cost of marginal wholesale funding, deposit mix benefits, slightly lower levels of average long-term funding and improved riskadjusted pricing of new advances. This was partially offset by a decrease in asset margins from the planned slowdown in growth of personal loans.

Impairments increased by 7,0% to R5 565m (2012: R5 199m). The credit loss ratio (CLR) at 1,06% was similar to the 1,05% in 2012, having improved from 1,31% at June 2013. Total defaulted advances declined 9,4% to R17 455m, while the total and specific impairment coverage ratios increased to 65,6% and 42,8% respectively.

Continued investment in the Nedbank franchise, more clients choosing to bank with Nedbank, good insurance growth and fair-value gains contributed to a strong non-interest revenue (NIR) increase of 11,8% to R19 361m, lifting the ratio of NIR to expenses for the first time above the group's medium-to-long-term target of > 85% to 86,4%.

Disciplined cost management resulted in expenses growing at 9,0% to R22 419m.

Nedbank Group is well capitalised, with the Basel III common-equity tier 1 ratio at 12,5% - at the top end of our internal target range. Funding and liquidity levels remained sound as surplus liquidity buffers increased to R28,0bn and the average long-term funding ratio increased to 26,2% in the fourth quarter of 2013.

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended	% change	2013 Rm	2012 Rm
NII	7,8	21 220	19 680
Impairments	7,0	5 565	5 199
Income from lending activities	8,1	15 655	14 481
NIR	11,8	19 361	17 324
Total expenses	9,0	22 419	20 563
Indirect taxation	7,1	601	561
Associate income		27	1
Headline profit before taxation	12,6	12 023	10 682
Direct taxation	6,0	3 033	2 861
Minorities and preference shareholders	(5,3)	320	338
Headline earnings	15.9	8 670	7 483

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended	% change	2013 Rm	2012 Rm
Cash and securities	10,5	108 774	98 467
Advances	9,9	579 372	527 166
Other	7,2	61 448	57 325
Total assets	9,8	749 594	682 958
Ordinary shareholders' equity	13,1	60 617	53 601
Minorities and preference shareholders		3 719	3 774
Deposits	9,5	602 952	550 878
Long-term debt instruments	9,8	33 269	30 298
Other		49 038	44 407
Total equity and liabilities	9,8	749 594	682 958

### BUSINESS CLUSTER HEADLINE EARNINGS AND ROE

		rnings (Rm)	ngs (Rm) ROE (%)		
Year ended	% change	2013	2012	2013	2012
Nedbank Capital	20,6	1726	1 431	29,4	25,4
Nedbank Corporate	23,6	2 245	1 817	26,4	22,5
Nedbank Business Banking	(1,6)	929	944	19,4	21,5
Nedbank Retail	(0,5)	2 539	2 552	11,6	12,1
Nedbank Wealth	25,3	900	718	36,2	29,7
Business clusters	11,8	8 339	7 462	19,1	17,9
Centre	> 100,0	331	21		
Group	15,9	8 670	7 483	15,6	14,8
Group ROE (excl goodwill)				17,2	16,4

### OTHER INDICATORS

Year ended	2013	2012
NIM (basis points)	357	353
CLR (basis points)	106	105
NIR/expenses ratio (%)	86,4	84,4
Efficiency ratio (%)	55,2	55,6

### FINAL DIVIDEND DECLARATION

Final dividend of 505 cents per ordinary share

Event	Date
Last day of trade (cum dividend)	Friday, 28 March 2014
Shares commence trading (ex dividend)	Monday, 31 March 2014
Record date (date shareholders recorded in books)	Friday, 4 April 2014
Payment date	Monday, 7 April 2014

Dr RJ Khoza



# For and on behalf of the board

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, 24 February 2014, and also available on our website at

Copies of the full announcement may be requested by contacting Nedbank Group Investor Relations by email at NedbankgroupIR@Nedbank.co.za

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

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1966/010630/06 Reg No JSE share code

NSX share code

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