



6th Annual RMB Morgan Stanley Banks showcase

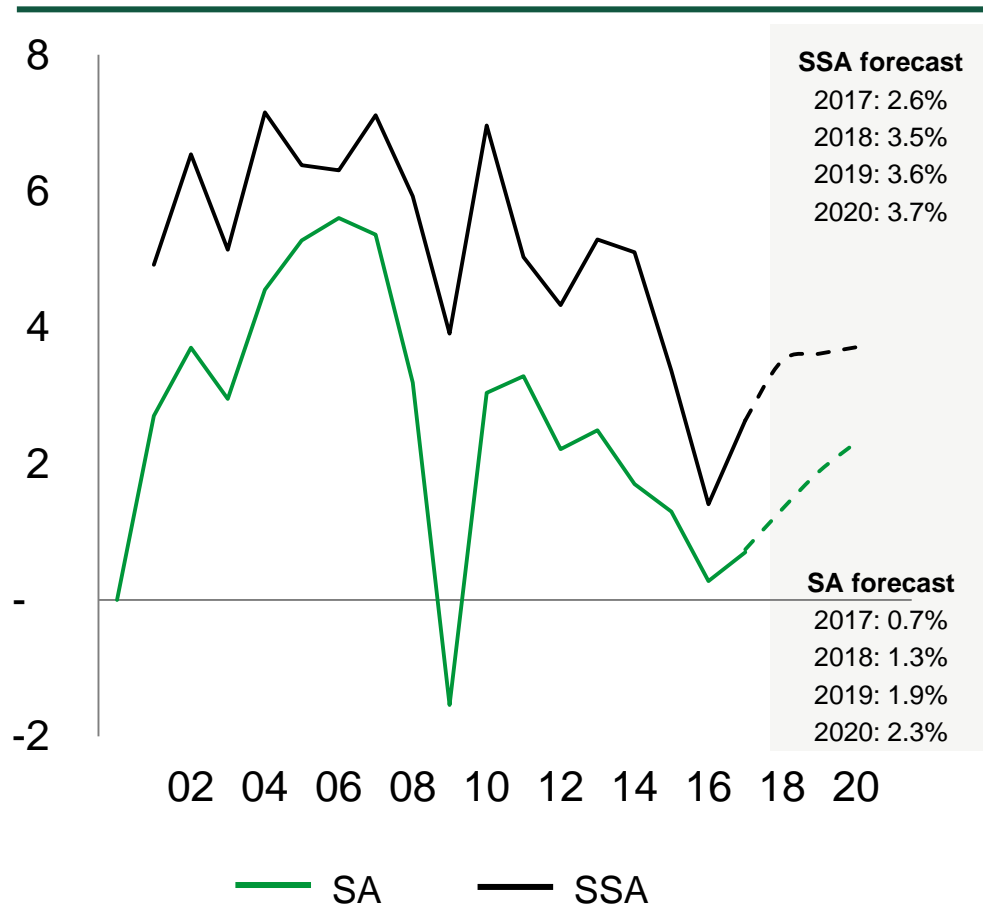
CIB revenue opportunities

29 May 2017

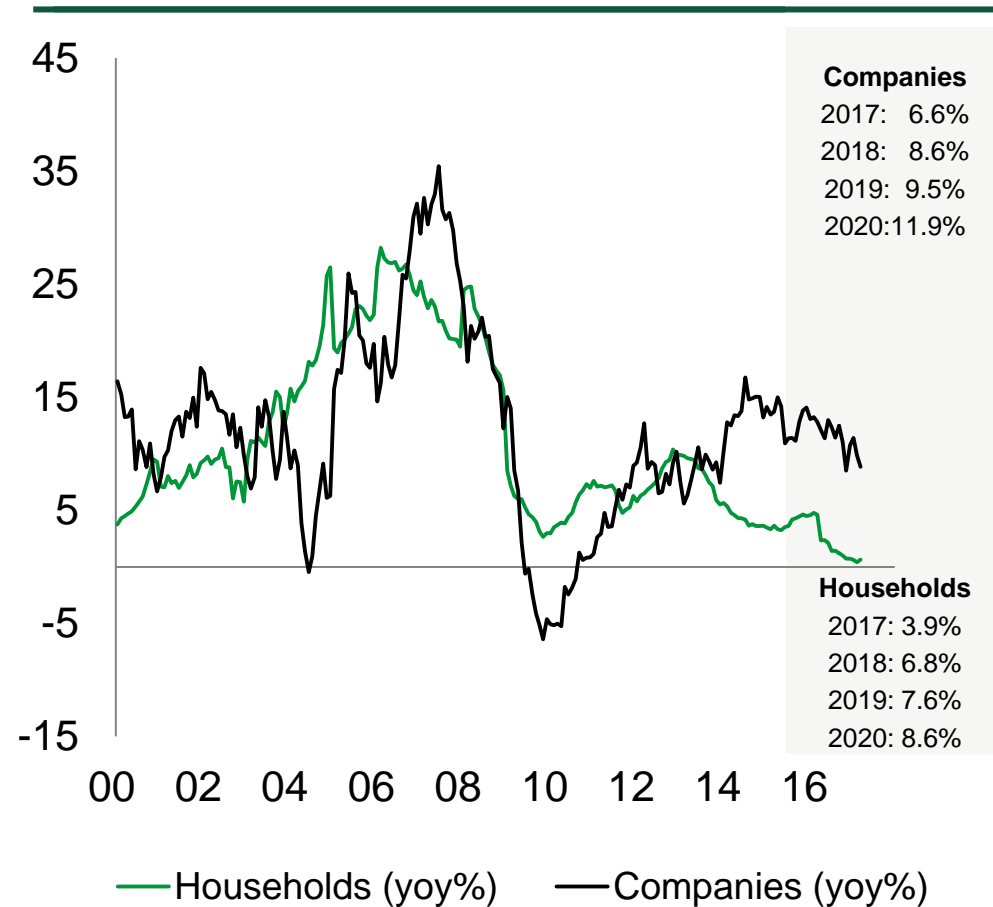


Macroeconomic environment – more challenging given impact of sovereign credit downgrades

GDP growth (%)



Credit growth (%)

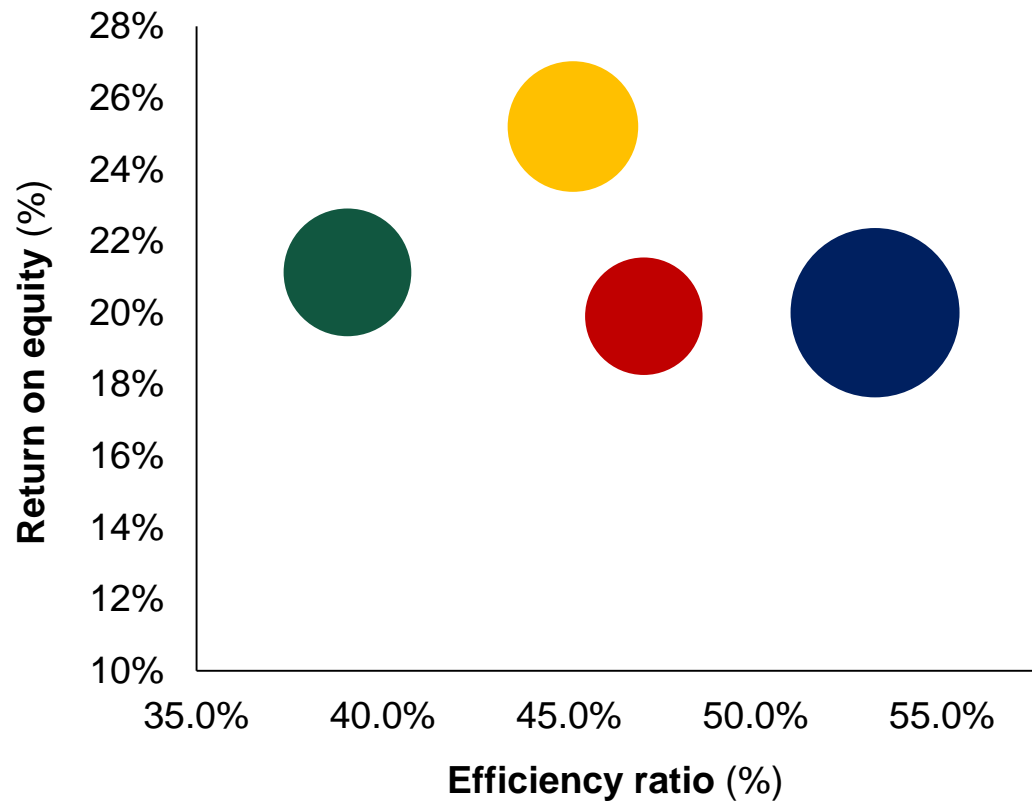


Note: Sub Sahara Africa forecasts from IMF | SA forecasts from Nedbank Economic Unit

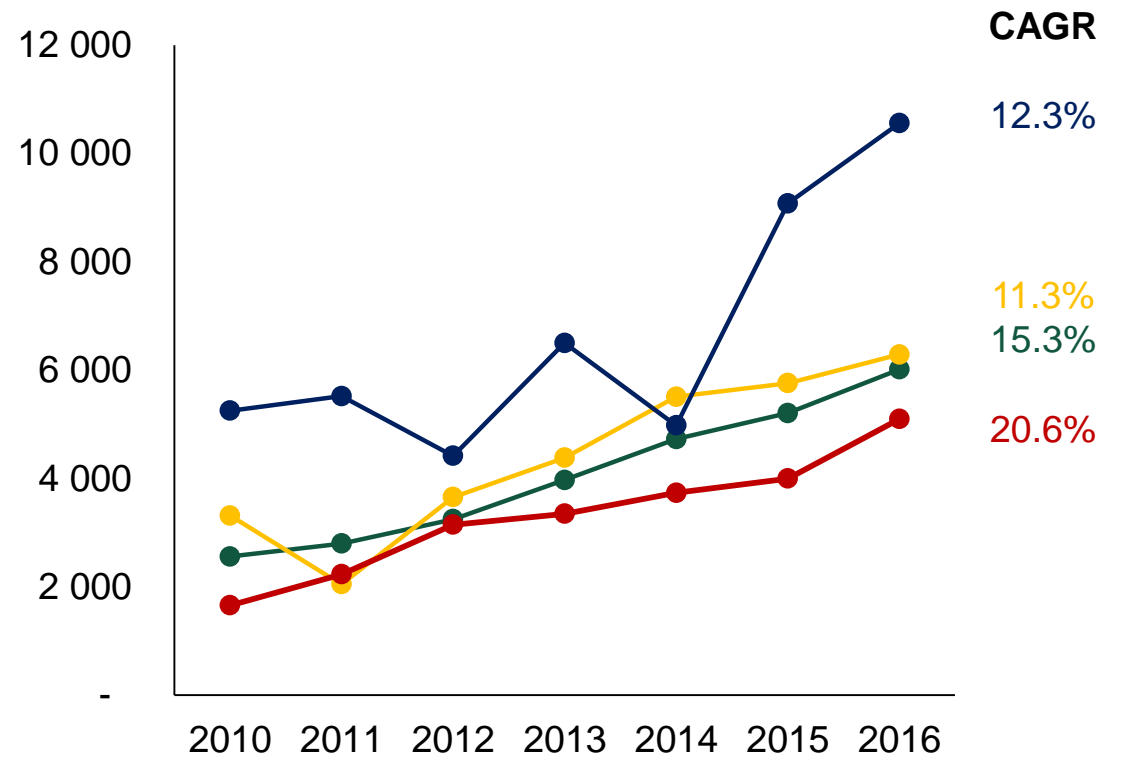


Nedbank CIB – a leading SA wholesale bank

ROE, efficiency ratio & headline earnings (2016)



CIB earnings growth (%)

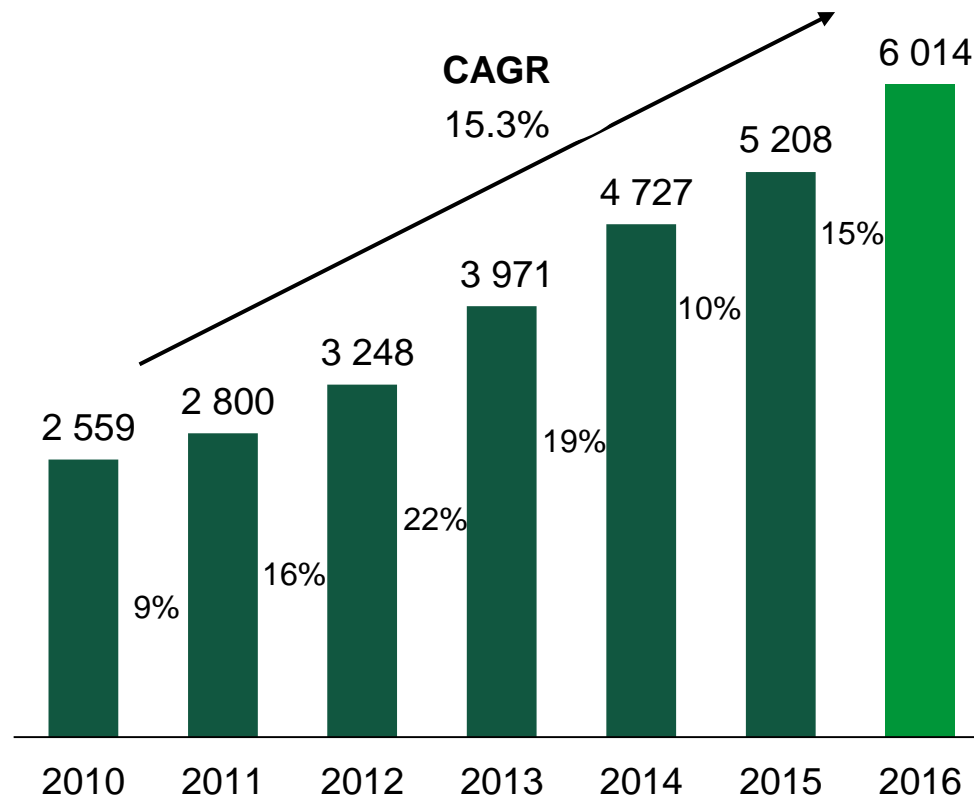


BGA includes acquisition of Barclays' African operations
Size of bubbles reflect headline earnings (Rm)



Nedbank CIB – a leading SA wholesale bank

Headline earnings (Rm, % growth)



Key drivers

- Deeper client penetration
- Strong performance from all business units
- Sustained industry-leading efficiency ratio
- Healthy ROE impacted by increased allocated capital
- Continuing proactive risk management



Nedbank CIB – a leading SA wholesale bank

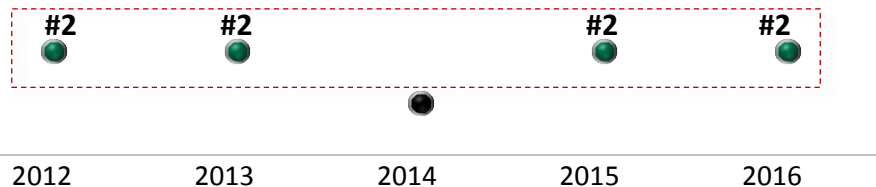
Client Coverage

CIB's relationship management is particularly strong, with the bank scoring above competitors on 9 out of 15 attributes in the Startrack Survey

Investment Banking continues to drive strong growth across selected sectors

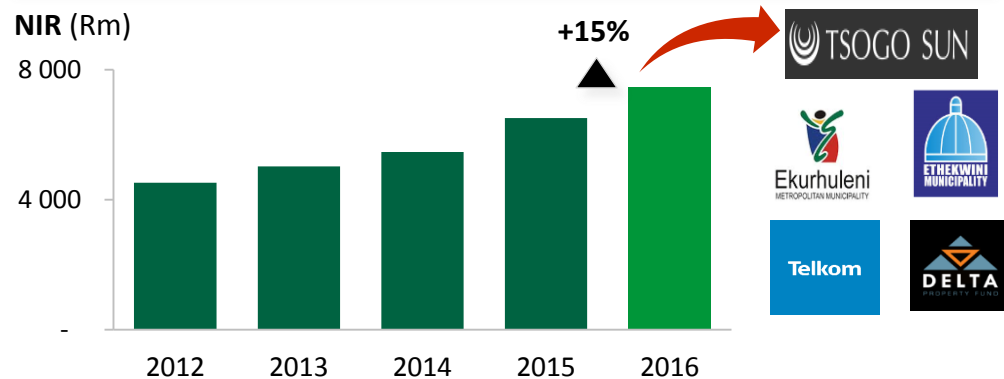
Consistently ranked high in wholesale league tables

Bloomberg Underwriter Rankings:



Maintaining leading market participation share in Renewable Energy of >50% of awarded capacity

Primary transactional account wins is driving excellent NIR growth



Markets business shines at JSE Spire Awards

Ranked # 1:

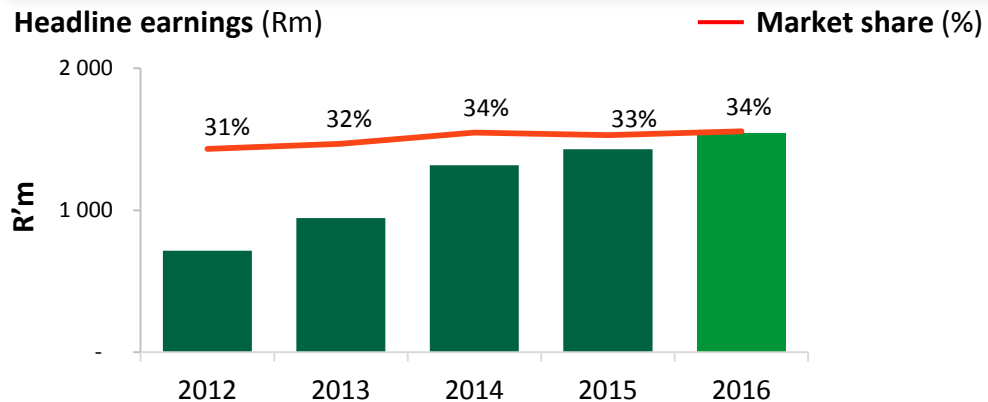
- Interest Rate Derivatives House
- Market Making Team-Government Bonds
- Sales Team-Bonds
- Sales Team-Interest Rate Derivatives
- Research Team-Technical Analysis (FX, IRD, Bonds)



FM Ranking: Ranked # 1


- Technical Analysis: #1 ranking in both AUM & Brokerage weighted

Property Finance maintains market leading position in of >30% share for CIB



CIB integration leading to better client solutions and significant wins for the franchise



 2015

Selected by Durban's eThekweni Municipality to be its transactional banker for a five-year period

 2015

Public Sector business has been awarded the primary transactional banking account for Ekurhuleni Metropolitan Municipality

 2016

Corporate advisor and investment bank to ReboSis Property Fund on the acquisition of Baywest, Foresthill, Billion Asset Managers and Billion Property Services

Deal Value: ZAR 6bn

  2016

Corporate advisor and transaction sponsor to PPC on its fully underwritten renounceable rights offer


Deal Value: ZAR 4bn

 2016

Sole Debt Advisor, Mandated Lead Arranger and Underwriter
R1.5bn Revolving Credit Facility


South Africa

Deal Value: ZAR 10bn

 **national treasury** 2016
Department: National Treasury
REPUBLIC OF SOUTH AFRICA


Joint Lead Manager alongside three international banks in a complex transaction for the NT's largest single capital raising effort in the international debt capital market

Deal Value: US\$ 3bn

 2016

Investment bank, corporate advisor and transaction sponsor to MTN on MTN Zakhele Futhi, its BEE transaction

Deal Value: ZAR 19.3bn

 2017

Maintained its position as the primary banker to and funder of Growthpoint Properties Ltd by concluding an innovative R2,4bn debt refinancing facility

Deal Value: ZAR 2.4bn

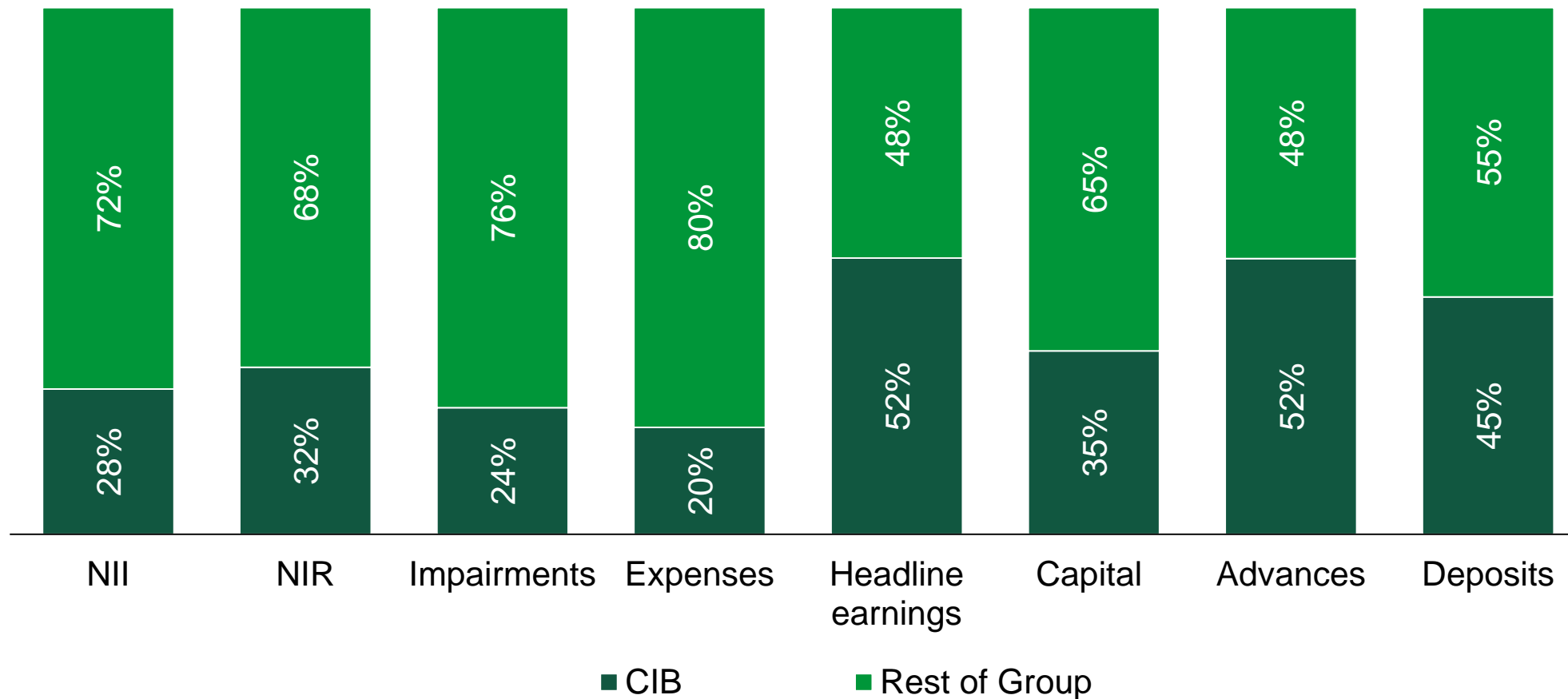
 **Western Cape Government** 2017

Re-appointed as the primary banker to the Western Cape Government (WCG) for a third consecutive five-year term



Nedbank CIB – a key driver of group profitability

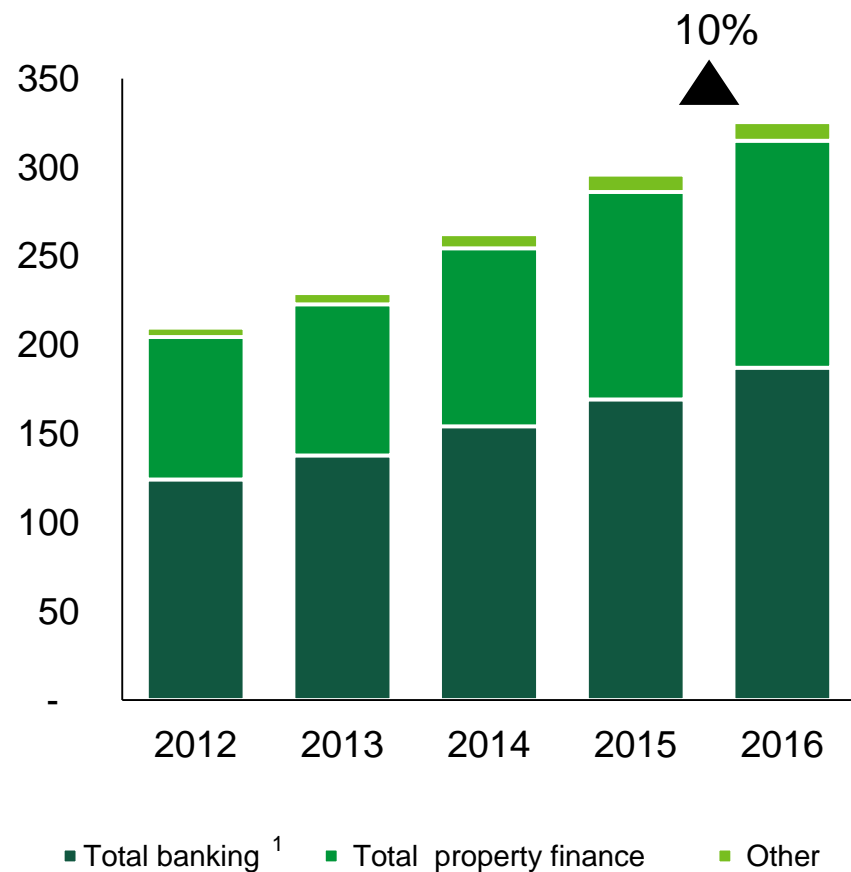
Nedbank CIB contribution to Nedbank Group (2016)





Advances – good historic pipeline conversion

Average loans & advances (Rbn)



Key drivers (2016 YE)

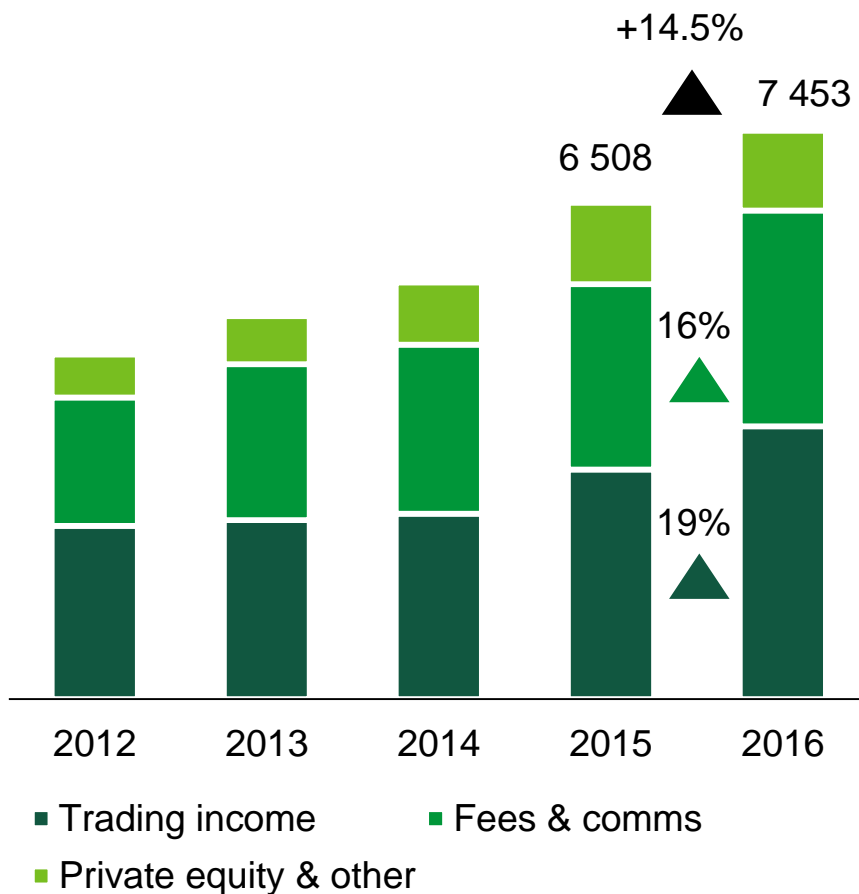
- Investment Banking converting strong pipeline in strategic sectors
- Margins maintained despite competition for high-quality assets & additional regulatory costs
- Quality of investment-grade book improved (to 73% of book from 68% in 2015)
- Active risk management across distressed sectors

¹ Total banking defined as Investment banking & client coverage combined.



NIR – growth across all categories

NIR (Rm)



Key drivers (2016 YE)

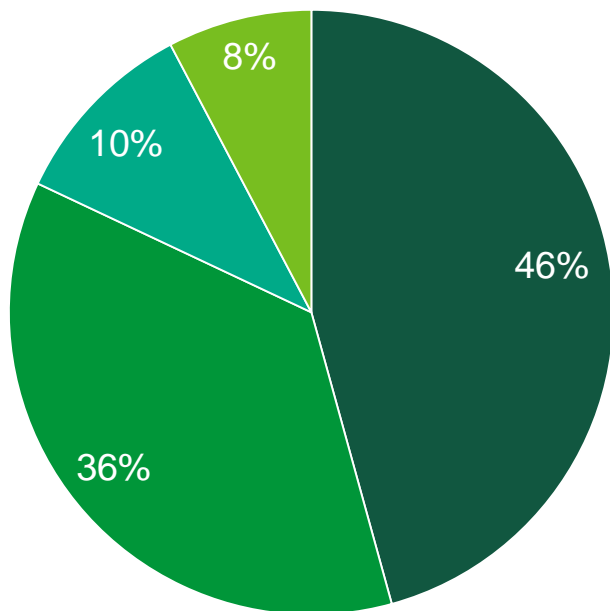
- Integrated business enabling:
 - stronger client relationships
 - deeper client penetration
 - transactional banking client gains
- Trading-income growth from increased trading activity driven by increased market volatility & dealflow
- Successful primary transactional account wins of top-tier clients contributes to excellent fee & commission growth





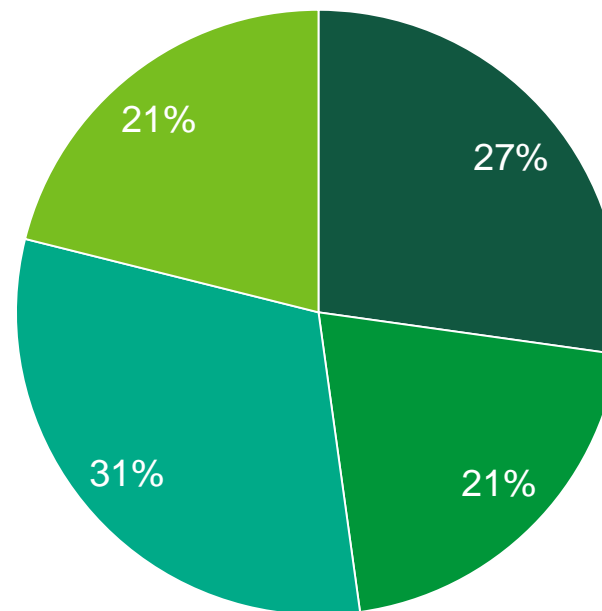
Key CIB business contributors – well diversified revenue streams

Average advances (2016)



- Investment Banking
- Property Finance
- Markets
- Short-term & transactional services

Gross operating income (2016)

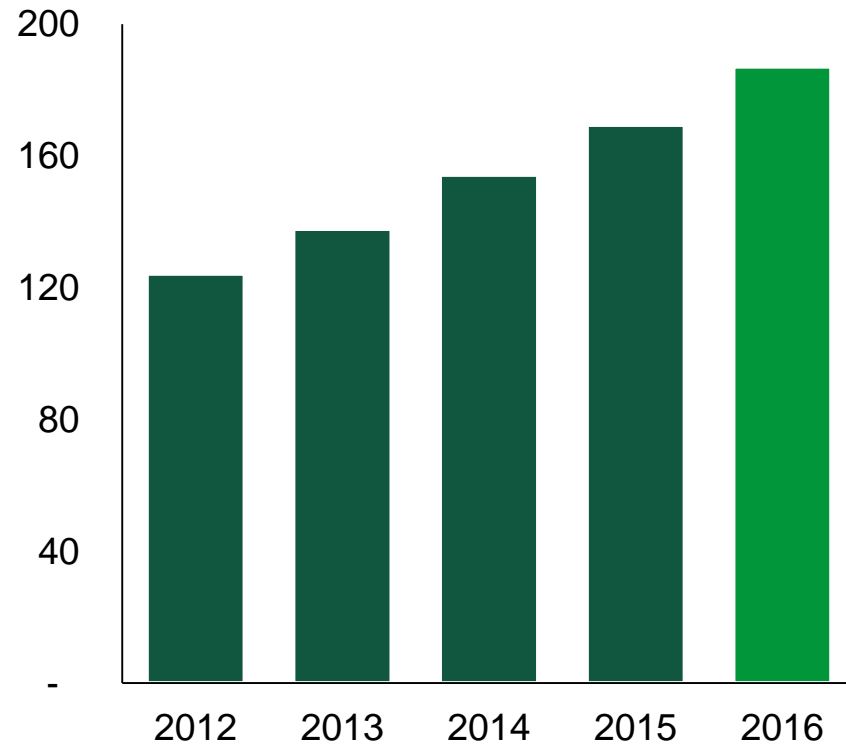


- Investment Banking
- Property Finance
- Markets
- Short-term & transactional services



Investment banking – well positioned when business confidence improves

Average loans & advances (Rbn)



Key drivers

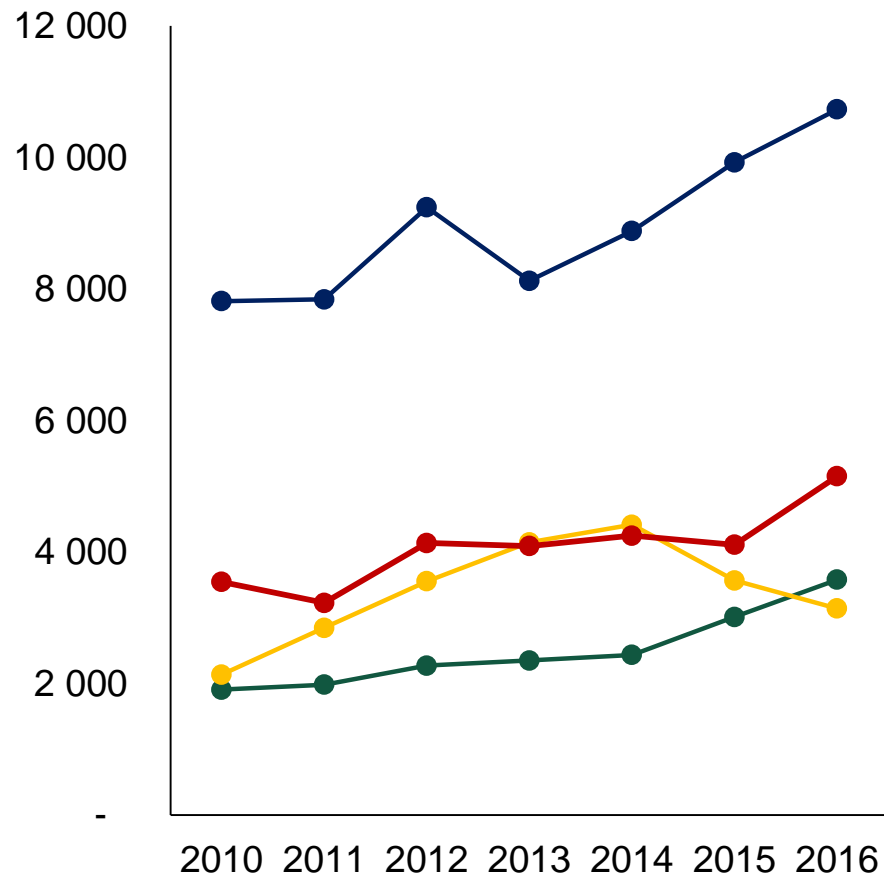
- Converting strong pipeline in strategic sectors, but delays given economic & political concerns
- Active risk management across distressed sectors
- Rest of Africa continues to remain a focus area
- SA corporates delaying investment

¹ Investment banking & client coverage combined.



Markets – good progress off a low base

Trading income (Rm)



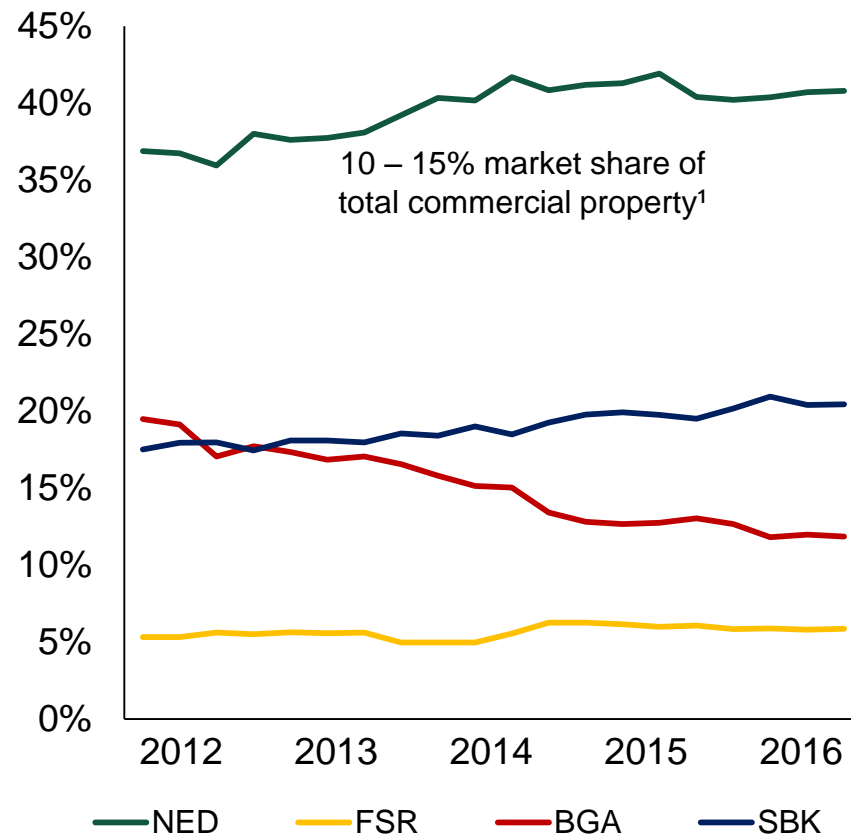
Key drivers

- Integrated business enabling:
 - stronger client relationships
 - deeper client penetration
- Trading-income growth from increased trading activity driven by increased market volatility & dealflow
- Acquisition of key talent in market



Commercial Property Finance – leveraging our leadership position

Group CPF market share (2010 - 2016)



Key drivers

- Leverage leadership position – access to major deals (good risk profile)
- Cross sell opportunities – hedging, transactional
- Re-building the private equity book
- Leverage relationship & expertise to expand into rest of Africa

1: Source - MSCI Survey of total commercial property market including asset managers, bonds & other non-banking exposures)

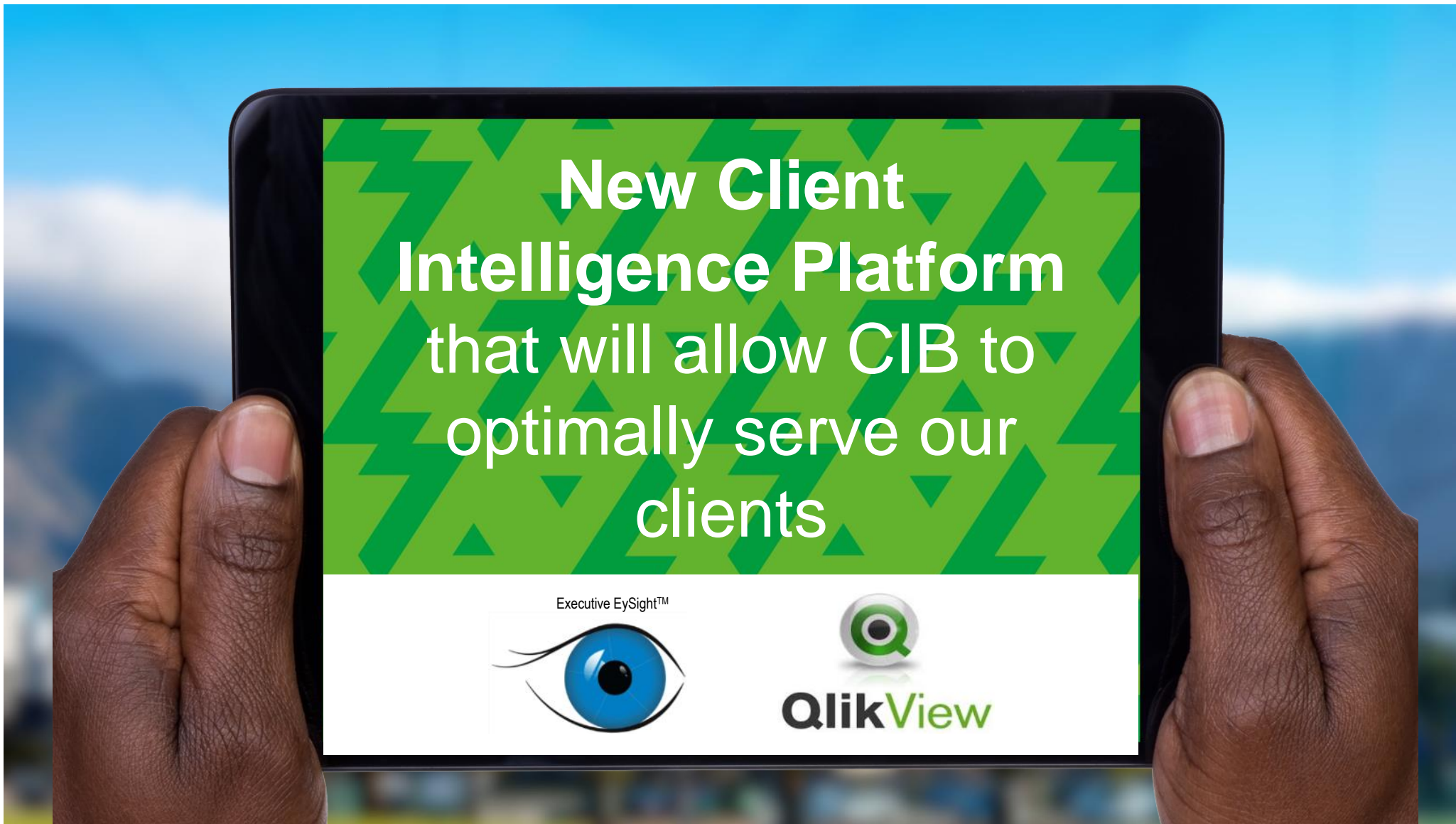


Strategic growth drivers

Client initiative	<ul style="list-style-type: none">▪ Strengthen client relationships▪ Enhance cross-sell	2020 targets <ul style="list-style-type: none">▪ Leading Markets business in SA▪ Maintain leading role in Property & Renewables▪ Increase market share through primary banking wins▪ Deepen advisory led franchise▪ Improve NIR / Advances▪ Focus on maintaining leading efficiency ratio
Grow transactional banking & deposits	<ul style="list-style-type: none">▪ Focus on innovative transactional & liquidity solutions	
Rest of Africa	<ul style="list-style-type: none">▪ Selectively grow into Africa utilising our deep sector expertise	
Strategic portfolio tilt	<ul style="list-style-type: none">▪ Roll out a number of differentiated & selective growth strategies	
Scale & efficiency	<ul style="list-style-type: none">▪ Aggressive attrition management▪ Changing the way business is done	
People	<ul style="list-style-type: none">▪ Enhance our human capital offering through a comprehensive People strategy	



Client centricity - providing a single client offering through improved cross-sell of products





Transactional services – business model has adapted to a dynamic & evolving banking landscape

Historically, there was a limited focus on transactional banking

- Client requirements relatively simple

Late 90's to early 2000's

- Limited focus on wholesale banking products outside of lending
- Limited investment in transactional banking capabilities

Transactional services became a key Nedbank CIB pillar

- Client requirements evolved
- Clients multi-banked with a strong focus on product and service offerings

Early 2000s to mid 2010's

- Significant investment to enhance products & plug product gaps
- Transactional services aligned with the Group's strategy of NIR growth

TS now faces a commoditised and competitive environment

- Client's seek differentiators, e.g. VAS, enhanced client experience
- Dynamic regulatory environment (Basel III and liquidity implications)

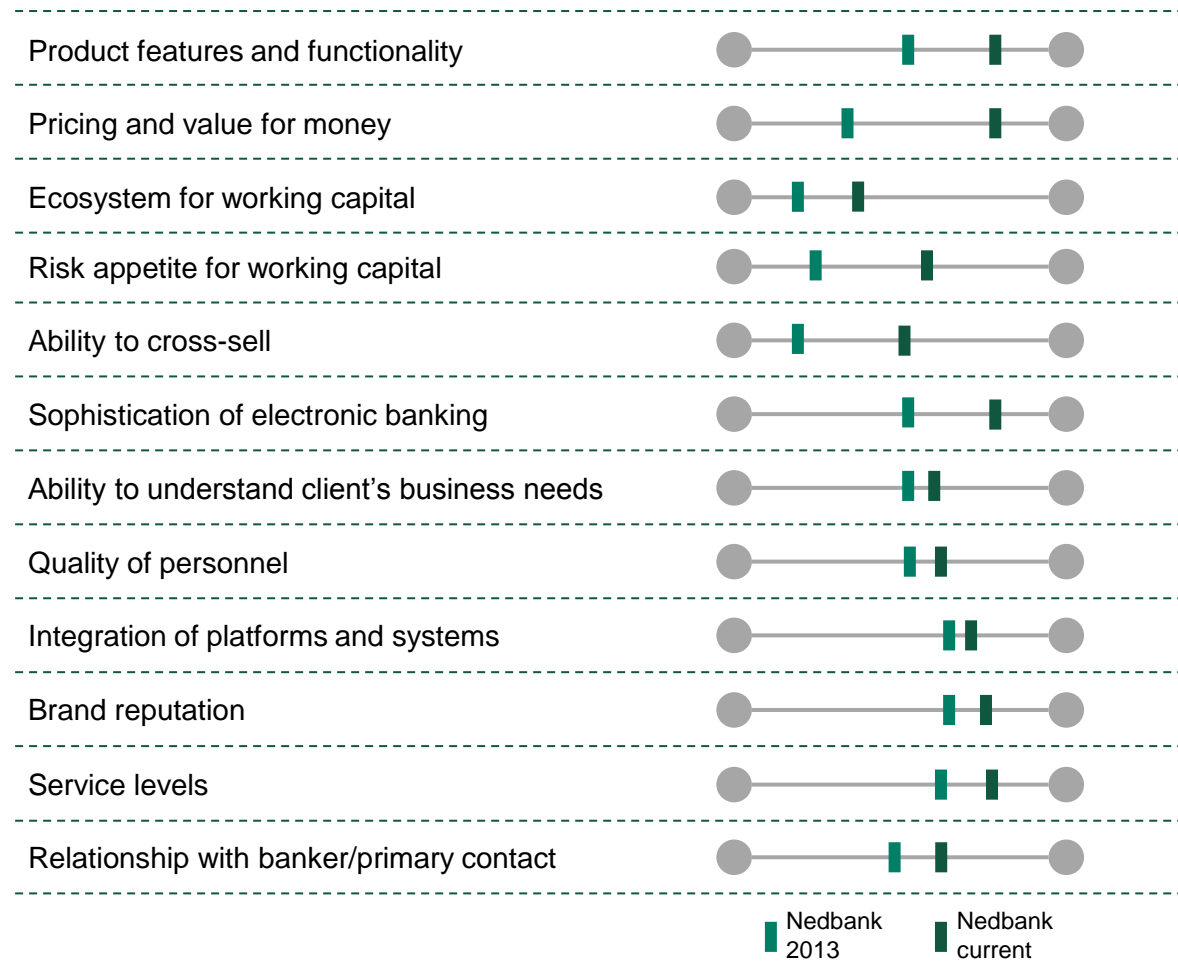
Looking ahead

- Focus on addressing the working capital requirements of our clients
- Investing in initiatives to combat the threat of non-banking & FinTech competitors

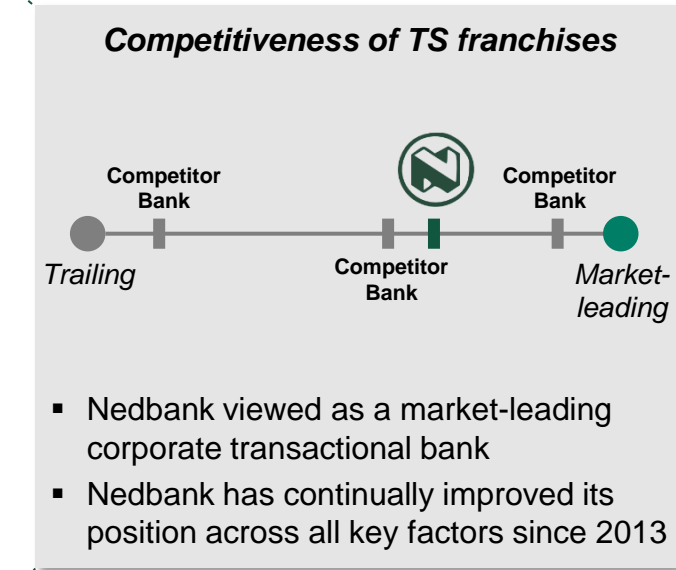


Transactional services – key factors drive the client decision making process in selecting their primary bank

Factors contributing to a winning TS franchise *Trailing* *Market-leading*



We have made significant strides towards positioning ourselves as a market leading TS franchise



Source: KPI Research: 2016 Business Electronic Banking and Corporate & Business Banking Tracking Study, TMS Research: Criteria Impacting Bank Selection – Importance vs. Performance.



Transactional services – our strong performance to date has been supported by 5 key strategic initiatives

CIB Transactional Services NIR trajectory

NEDBANK CIB

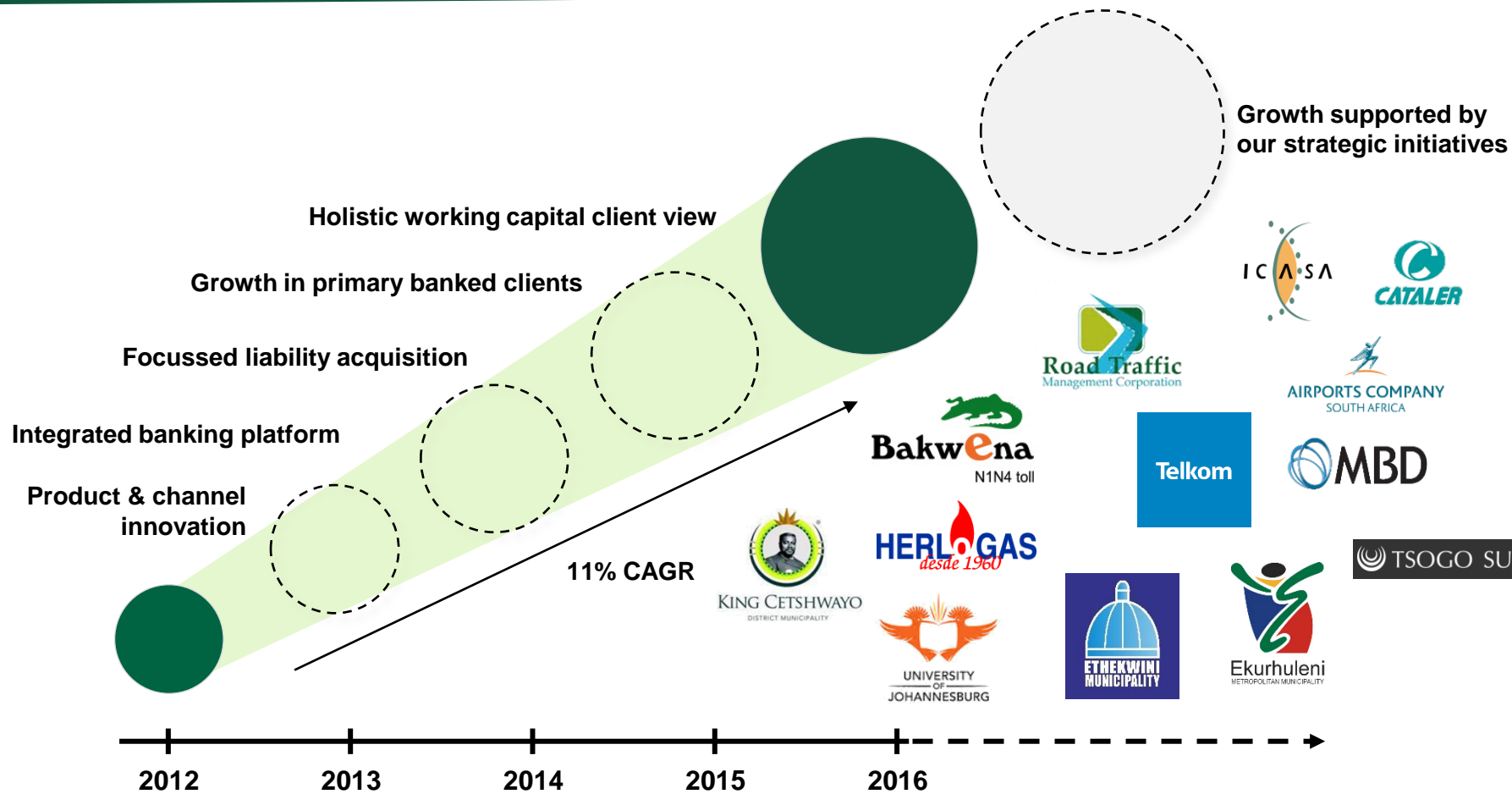
R341 BILLION OF BUSINESS TRANSACTIONS APPROVED ON OUR MOBILE APP*

As the first South African bank to offer corporates an integrated mobile solution, we invested in the innovation of the award winning Netbank Mobile App. At Nedbank CIB, we see money for the difference it can make.

nedbank.co.za/cib

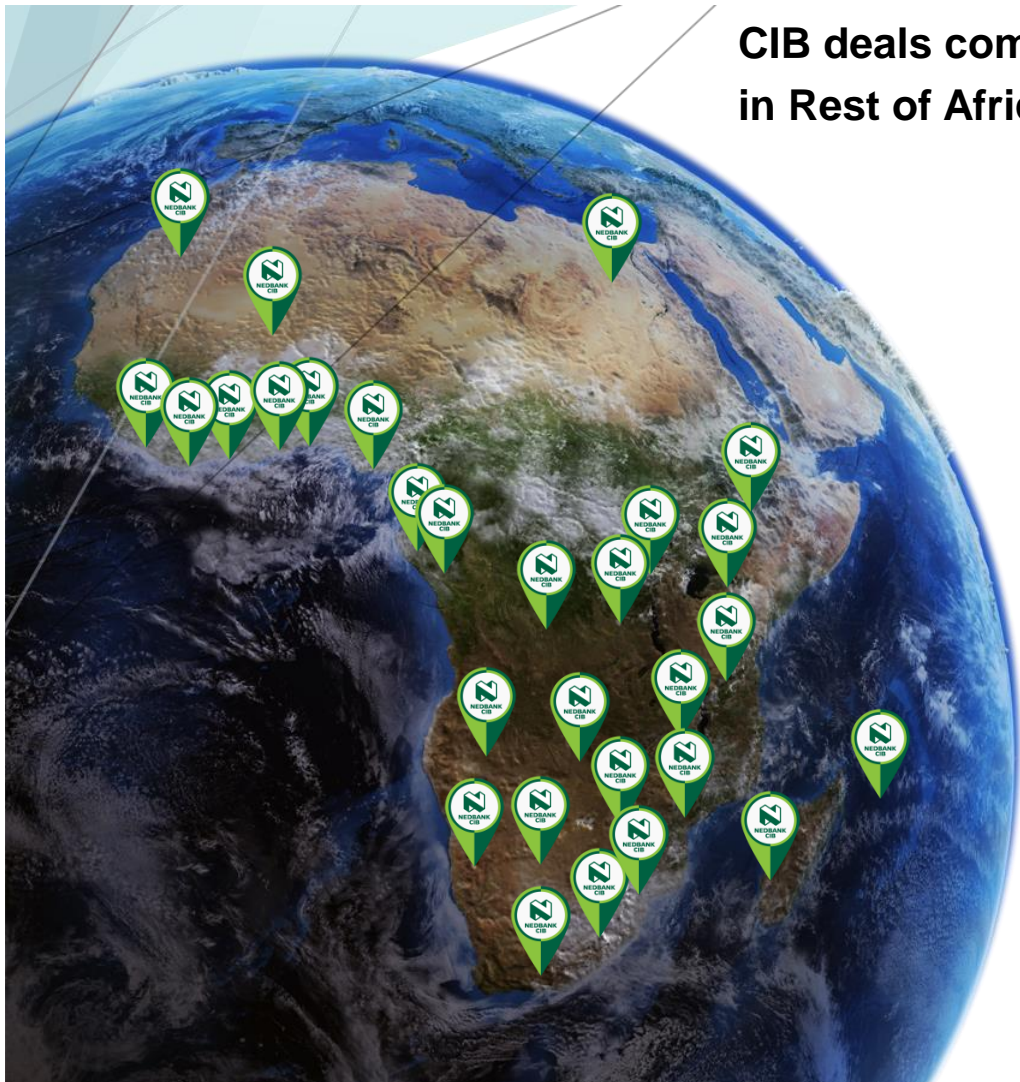
see money differently

*As at April 2017, Nedbank Corporate and Investment Banking is a division of Nedbank Ltd. Reg No 2010/000090/06. Authorised financial services and registered credit provider (NCRCP/16).





Rest of Africa



CIB deals completed in Rest of Africa



ECOBANK

- Ecobank top three in country
- Ecobank other
- Ecobank representative offices

中國銀行 約翰內斯堡分行
 BANK OF CHINA JOHANNESBURG BRANCH

MAKE THINGS HAPPEN
 NEDBANK

INNOVATIVE FINANCING SOLUTIONS FOR THE AGRI-INDUSTRY. ENSURING A SUSTAINABLE FUTURE.
 以创新金融方案服务南非农业产业，建设中南合作美好未来！

Nedbank Corporate and Investment Banking, Nedbank Business Banking and Nedbank Global Finance, are pleased to announce a strategic partnership with Bank of China Johannesburg Branch to provide innovative financing solutions for the agri-industry in South Africa. The partnership aims to provide the agri-industry with a range of financial products and services to support their growth and sustainability.

中國銀行和南非第一商業銀行 Nedbank 宣佈建立一項戰略合作關係，為南非農業產業提供創新金融方案，共同建設中南合作美好未來。本項合作旨在為農業生產提供一系列金融產品和服務，以支持其增長和可持續發展。

貴公司與投資銀行各分支 Nedbank (中國銀行) www.boc.com/bank 是 Africa Globalways (第一商業銀行) www.nedbank.co.za

bocnza www.boc.com/bank nedbankza www.nedbank.co.za

Bank of China & Nedbank
 Completed six client-facing transactions over the last year across multiple sectors.

Continue to work together to deliver innovative solutions for their clients in Africa and Asia





Rest of Africa – key deals


 2016
Sole Arranger and Underwriter Corporate Debt Facilities
Guinea / Tanzania Deal Value: US\$ 100m

 2016
Joint Lead Arranger and Funder Participation in Corporate Debt Facilities up to US\$ 100m United Kingdom / Zambia Deal Value: US\$ 1.8bn

 2016
Mandated lead arranger role Pre-Export Finance Facility
Ghana Deal Value: US\$ 1.8bn

 2016
Senior debt and fuel L/C facility
Ghana Deal Value: US\$53m

 2016
Funding of the Dunes Mall in Walvis Bay, which will be jointly developed and co-owned by Atterbury Property Holdings (Pty) Ltd Namibia Deal Value: Senior debt of R363m and mezz debt of R151m

 2016
Syndicated Term Loan Facility
Kenya Deal Value: US\$ 500m



Outlook for CIB revenue opportunities

- Current environment – drawdowns slow, repayments & limited levels of new investment
- Continued focus on deeper client penetration
- Embedding client intelligence platforms to enhance our value proposition
- Growing transactional & deposits – a key focus areas
- Continued commitment to expanding our Africa presence
- Proactively acquiring & retaining top talent at all levels
- Continue to leverage franchise to unlock revenue growth opportunities in Markets business
- Increasing focus on expense growth in challenging growth environment



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Disclaimer

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