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NEDBANK GROUP LIMITED PRELIMINARY AUDITED RESULTS 2017

Nedbank Group Limited ("Nedbank Group"), the majority-owned South African banking subsidiary of Old Mutual plc, released its preliminary audited results for the year ended 31 December 2017 today, 2 March 2018.

The following is the commentary from Nedbank Group's announcement. The full announcement including detailed financial information is available from the Nedbank Group website http://www.nedbankgroup.co.za.

"Preliminary audited results for the year ended 31 December 2017

A solid performance in a volatile and challenging domestic environment

Nedbank continued to create value for all our stakeholders in a challenging political and economic environment. Our headline earnings of R11,8bn, up 2,8%, reflect a good performance from our managed operations, with headline earnings growth of 7,8% and a ROE (excluding goodwill) of 18,1%. Slower revenue growth was offset by reduced impairments and good cost management, while our share of the loss from our associate ETI following its Q4 2016 results decreased in the second half of the year as the ETI business returned to profitability.

The achievements of the last few years have provided us with a solid base and we continue delivering on our strategies and building the capabilities that will enable us to meet the 2020 targets we have now set of an ROE (excluding goodwill) of greater than or equal to 18% and an efficiency ratio of less than or equal to 53%. We released exciting digital innovations such as the new Nedbank Money app, the Nedbank Private Wealth app and Karri app, chatbots and UNLOCKED.ME (an exclusive e-commerce marketplace for millennials) and continued to gain share of transactional banking clients in both our retail and wholesale businesses. We are actively optimising our cost base, as reflected in cost growth at 5,1%, and maintained a strong balance sheet as evident in a CET1 ratio of 12,6%, above the top end of our internal target range. Our strategic enablers are making a difference for our operations and for our clients as we create a more agile, competitive and digital Nedbank.

Looking forward, 2018 started with positive changes to SA's political and socioeconomic landscape and brought renewed prospects for higher levels of inclusive growth. Nedbank is acutely aware of the increased responsibility that we, and indeed all businesses, have to work alongside government, labour and civil society to play our part in improving the lives of all South Africans.

Reflecting on the impact on the group of the greater levels of business and consumer confidence evident in the early part of 2018, an improving economic outlook, ongoing delivery on our strategy and ETI's returning to sustained levels of profitability, our guidance for growth in diluted headline earnings per share for 2018 is to be in line with our medium-to-long-term target of greater than or equal to GDP plus CPI plus 5%.

Mike Brown

Chief Executive

2017 results commentary

Banking and economic environment

Economic growth in developed markets improved, despite ongoing geopolitical tensions, supported by accommodative monetary policies and stronger manufacturing production, and reinforced by increased global trade. Emerging and developing economies also improved as a consequence of better-than-expected growth in China and higher global commodity prices. Emerging-market equity and bond markets benefited from increased capital inflows as global investors search for higher yields.

SA's slow economic recovery continued into the second half of the year, with 2017 GDP growth estimated at 0,9%, driven mainly by a recovery in agricultural production following good summer rainfall and some improvement in mining production in response to stronger global demand and firmer international commodity prices. A revival in consumer spending added further momentum in the second half of 2017 as households benefited from lower inflation and the marginal reduction in interest rates in July. Despite this recovery and reflective of weak business and consumer confidence, business volumes in 2017 were generally lower than in the prior year, as evident in client loan applications across multiple products and in slower client trading activity.

The pace of economic activity picked up moderately in sub-Saharan Africa, with agricultural and mining output recovering on the upturn in global demand and international commodity prices, and the prolonged El Niño-induced drought finally broke in many countries. According to the International Monetary Fund (IMF), sub-Saharan Africa is expected to record GDP growth of 2,6% in 2017.

Domestic inflation averaged 5,3% in 2017, significantly lower than the 6,4% recorded in 2016, brought about mainly by sharply lower food inflation given the strong summer harvest. Relatively moderate and selective consumer demand coupled with a resilient rand also helped contain price pressures during the course of the year. After a year of volatile trade the rand ended 2017 2,5% stronger against the trade-weighted basket of currencies. The largest gains occurred near year-end as sentiment surged following the election of Mr Cyril Ramaphosa as the new leader of the ruling ANC in mid-December on expectations of a change in the country's leadership, improved governance and structural reforms that are likely to support investment and higher levels of inclusive growth.

After cutting the repo rate by 25 bps to 6,75% in July, SARB's Monetary Policy Committee left interest rates unchanged at both the September and November 2017 policy meetings. The central bank's more cautious approach was driven by concerns over the upside risk that the rand posed to the inflation outlook at that time. Fears mounted that SA's rand-denominated sovereign debt ratings could be downgraded to subinvestment grade by all three major rating agencies, given the escalation in political uncertainty and the sharp deterioration in the country's fiscal position, as set out in the Medium Term Budget Policy Statement.

In November 2017 Fitch affirmed the country's BB+ rating with a stable outlook (one notch below investment grade). Moody's placed SA's Baa3 foreign and local currency ratings on review for downgrade, with the decision to follow the 2018 National Budget in February. However, S&P Global downgraded SA's local currency rating to BB+ (one notch below investment grade) and our foreign currency rating to BB (two notches below investment grade), while changing the rating outlook to stable. All three rating agencies highlighted similar concerns, including weaker-than-expected public finances, weak economic growth, ineffective government spending and policies as well as the paralysing impact of political infighting and poor governance.

Review of results

Nedbank produced a solid performance in a domestic macro and political environment that has proved volatile and challenging. Headline earnings, including losses in associate income from ETI of R744m, increased 2,8% to R11 787m. This translated into an increase in DHEPS of 2,4% to 2 406 cents and an increase in HEPS of 2,2% to 2 452 cents. As in prior 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 volatility in ETI's results in 2016 and 2017. However, we will revert to group-level reporting in 2019. Our managed operations produced headline earnings growth of 7,8% to R12 762m, with slower-than-expected revenue growth more than offset by reduced impairments and good cost management.

ROE (excluding goodwill) and ROE remained flat at 16,4% and 15,3% respectively. ROE (excluding goodwill) in managed operations also remained stable at 18,1%. ROA decreased 0,01% to 1,22% and, excluding ETI, ROA in managed operations improved from 1,29% to 1,33%. Return on RWA increased from 2,23% to 2,30%.

Our CET1 and tier 1 capital ratios of 12,6% and 13,4% respectively, average LCR for the fourth quarter of 116,2% and an NSFR of above 100%, are all Basel III-compliant and are a reflection of a strong balance sheet. On the back of solid earnings growth in managed operations and a strong capital position, a final dividend of 675 cents was declared, an increase of 7,1%. The total dividend per share increased 7,1% to 1 285 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 and contributing to the societies in which we operate by delivering value to our staff, clients, shareholders, regulators and society.

For staff

We had 31 887 staffmembers in our employ, invested R355m in training and paid salaries and benefits of R16,5bn. As part of our People 2020 groupwide programme aimed at transforming and aligning our leadership culture and talent to our strategic objectives, we refreshed our executive management programmes to be more digitally focused. We brought together 500 of our leaders across the group at the Leadership Accelerator to ensure the adoption of new insights that will drive accelerated levels of change. We are implementing New Ways of Work 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. Transformation remains a key imperative and we have continued to focus on this fundamental change across all levels at Nedbank, from our board of directors to all our staffmembers. Currently black representation at board level is 61%, at executive level 50% and 78% for our total staff. A total of 62% of our staff is female.

For clients

Our clients' access to banking improved through our network of 1 003 Intelligent Depositor devices and we increased the total number of digitally focused new-image branches to 336 or 55% of all outlets. Digitally active and enabled clients grew as we launched new market-leading digital innovations, with the new Nedbank Money app having been downloaded more than 300 000 times since its launch in November 2017. We supported our clients by advancing R153bn of new loans in 2017. Our Net Promoter Score is second-highest among full-service banks in SA. Nedgroup

Investments has grown to be the fifth-largest unit trust manager and fourth-largest offshore unit trust manager in SA, with overall assets under management growing by 14% to R312bn. Nedgroup Investments has for the third consecutive year maintained its first position in the 2017 Annual Raging Bull Awards offshore category.

For shareholders

Nedbank's net asset value per share increased 7,3% to 16 990 cents, with our share price up 7,5% over the year. Our total dividend increased 7,1%, ahead of growth in HEPS. We engaged constructively with shareholders in over 400 meetings in the past 12 months, and at our 50th annual general meeting all resolutions were passed, with more than 90% of votes in favour. We ensure transparent, relevant and timeous reporting and disclosure to shareholders, as acknowledged by the Nedbank Group Integrated Report having been ranked in the top tier of JSE-listed companies. Nedbank's valuation metrics remain attractive with price/earnings and price-to-book ratios of 10,4 times and 1,5 times respectively and a dividend yield of 4,8% at 31 December 2017.

For regulators

We maintained Basel III requirements ahead of full compliance timelines. We improved the group's capital position, achieving a CET1 ratio of 12,6%, strengthened the average LCR ratio to 116,2% in the fourth quarter of 2017 and maintained an NSFR of above 100%, positioning us well for the compliance date of 1 January 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 R9,8bn were made relating to direct, indirect, pay-as-you-earn and other taxation, increasing from R8,9bn in 2016. We continued to work closely with all our regulators to ensure efficient delivery of the various regulatory programmes, and implemented IFRS 9 and IFRS 15 on 1 January 2018, with an estimated impact of less than 20 bps on our CET1 ratio at 1 January 2018.

For society

We understand that our long-term success is contingent on the degree to which we deliver value to society. We have defined our purpose as 'using our financial expertise to do good for individuals, families, businesses and society'. It follows then that it is through the considered development and delivery of products and services that satisfy societal needs that we can 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.

In addition to the R66bn made available to retail clients in new loans and advances in 2017, evidence of how we have delivered on our purpose includes:

- A focus on sustainable-development finance that was evident in more than R1,1bn of new lending to support student accommodation, R1,3bn lent to construct green buildings, R18,4bn dispersed for renewable-energy deals and R863m to affordable-housing developments.
- Having maintained our level 2 broad-based black economic empowerment (BBBEE) contributor status for nine years, as well as in 2017 when the Amended Financial Sector Code (FSC), gazetted in terms of section 9(1) of the BBBEE Act, 53 of 2003, came into effect on 1 December 2017. We invested R168m in socioeconomic development, with more than 50% allocated to education and 75% of our procurement spend used to support local SA business. While Nedbank has achieved industry leadership based on the old FSC, we recognise that the Amended FSC, which comprises stricter weighting, higher targets and higher thresholds, will lead to an industry rebasing and as a result possibly lower BBBEE levels in future.
- Water efforts focused on support for drought-impacted clients and national relief efforts as well as our own internal reduction initiatives.
- Continuing to participate in the CEO Initiative, working with government, business and labour towards a more inclusive SA society. We committed R20m to the R1,5bn SME Fund and will become one of the first participants in the Youth Employment Scheme, in which we, as corporate SA, aim to provide internship opportunities for more than one million South Africans.

It was pleasing to have some of our efforts to build a thriving society recognised by external bodies. These included being recognised as the winner at the 2017 Independent Top Empowered Companies Awards (in conjunction with Business Report, Empowerdex and Intellidex), being included as a member of the Carbon Disclosure Project Climate A-list (recognition for efforts to address climate change) and being the only African company among the top 20 in the global 2017 Thomson Reuters Diversity and Inclusion Index, which is informed by environmental, social and governance outcomes.

Cluster financial performance

Nedbank's managed operations generated headline earnings growth of 7,8% to R12 762m and delivered an ROE (excluding goodwill) of 18,1%. CIB and Wealth were impacted the most by the challenging operating environment, RBB made a strong earnings contribution and RoA subsidiaries delivered an improved performance off a low base.

	Change	Headline earnings		ROE (excluding goodwill)	
	(%)	(Rm)		(%)	
		2017	2016	2017	2016
CIB	5,0	**6 315**	6 014	**20,7**	21,1
RBB	6,9	**5 302**	4 960	**19,1**	18,9
Wealth	(10,4)	**1 068**	1 192	**27,5**	35,2
RoA subsidiaries	89,7	**165**	87	**3,3**	2,1
Centre	78,7	**(88)**	(414)		
Nedbank managed operations	7,8	**12 762**	11 839	**18,1**	18,0
ETI	(> 100)	**(975)**	(374)		
Group	2,8	**11 787**	11 465	**16,4**	16,5

CIB maintained an attractive ROE of above 20% and produced solid results, driven by lower credit losses and good expense management. Revenue lines were affected by slowing economic activity as clients postponed projects and borrowed and transacted less. Early repayments and managed settlements, together with slower drawdowns resulted in weaker advances growth, although the pipelines remained stable. Credit quality remained strong through proactive risk management as we continued to monitor stressed sectors of the economy, such as certain areas in retail and certain state-owned enterprises, closely.

RBB delivered an improved ROE and good headline earnings growth, underpinned by solid transactional NIR growth, lower impairments and expense growth, and achieved PPOP growth of 4,0%. NII was underpinned by solid growth in advances and strong growth in deposits, offset by a lower NIM due in part to the impact of prime–JIBAR squeeze. Lower expense growth reflects the initial impact of optimising processes and operations, including headcount reductions.

Nedbank Wealth maintained an attractive ROE, although headline earnings were impacted by subdued markets and negative investor sentiment, further compounded by entropic weather conditions and the strengthening rand, as well the once-off profit from the sale of our Visa share in the 2016 base.

RoA headline earnings were negatively impacted by the fourth-quarter 2016 ETI associate loss accounted for quarterly in arrear. The loss was reported on in our interim results and was followed by subsequent quarterly profits from ETI up to 30 September 2017. Our subsidiaries grew headline earnings off a low base, supported by the consolidation of Banco Único (included for three months in 2016), notwithstanding continued investment in infrastructure, systems and skills.

The improvement in the Centre was largely due to the R350m release from the central provision, of which R150m was in the first half of the year, and fair-value gains on certain hedging portfolios.

Financial performance

Net interest income

NII increased 4,5% to R27 624m, ahead of average interest-earning banking asset growth of 2,2% (adjusted for the removal of the liquid-asset portfolio).

NIM expansion of 8 bps to 3,62% (2016: 3,54% rebased) was largely driven by an endowment benefit of 5 bps and improved asset mix changes of 8 bps. Asset pricing pressure, in part due to the NCA interest rate caps, the narrowing of the prime–JIBAR spread and the increased cost associated with enhancing the funding profile each reduced NIM by 2 bps.

Impairments charge on loans and advances

Impairments decreased by 27,5% to R3 304m. The CLR declined by 0,19% to 0,49%, driven by lower specific impairments mostly from resolutions and settlements in CIB. The decrease in impairments reflects the quality of the portfolio across all our businesses and we have specific coverage ratios levels of 36,2%.

Impairments in CIB declined by 82,4% to R193m, driven by lower specific impairments relating largely to resolutions of historic client matters. Impairments are individually determined in CIB and 84% of impairments are concentrated in approximately 10 counters. RBB impairments declined by 1,2% to R3,2bn as a result of ongoing lower risk origination strategies and an improvement in collections. The decrease in unsecured lending and home loan CLRs reflects the benefits of historic selective origination improving the quality of the book over time and the release of additional impairment overlays previously raised for risks and events that did not materialise. Continued proactive collection and resolution strategies within CIB and RBB contributed to group writeoffs decreasing 6,0% to R4 675m and postwriteoff recoveries increasing 5,8% to R1 224m.

The group's central provision decreased to R150m (from R500m at 31 December 2016 and R350m in June 2017) as a result of risks that had previously been identified but had not materialised. The balance is retained for prudency in a volatile macroeconomic environment. Excluding the central provision release, the group CLR would have been 0,54%.

CLR (%)	Banking advances (%)	2017	2016	TTC target ranges
CIB	47,3	**0,06**	0,34	0,15–0,45
RBB	45,5	**1,06**	1,12	1,30–1,80
Wealth	4,3	**0,09**	0,08	0,20–0,40
RoA	2,9	**1,02**	0,98	0,65–1,00
Group	100,0	**0,49**	0,68	0,60–1,00

All business units successfully applied selective origination strategies that enabled an overall derisking of the advances portfolio, leading to defaulted advances remaining flat at R19,6bn. Lower defaulted advances in CIB resulting from positive client resolutions were offset by increased defaulted advances in RBB.

The decrease in specific coverage from 37,4% to 36,2% was primarily due to lower specific coverage in RBB as well as increased resolutions of various client issues in CIB resulting in lower specific impairments. The lower coverage reflects increased performing defaults in RBB and the recovery success in CIB. 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.

Portfolio coverage increased marginally from 0,69% to 0,70%, reflecting the offsetting effects of higher portfolio impairments due to stronger advances growth in RBB and the reduction of the central provision and RBB overlays.

Non-interest revenue

NIR growth of 2,4% to R24 063m reflects the impact of weak business and consumer confidence levels.

- Commission and fee income grew 4,0% to R17 355m. RBB reported good transactional NIR growth of 6,0%, notwithstanding an increasing number of clients who are transacting within fixed-rate bundles and spending less. CIB experienced lower corporate activity off a high base the previous year.
- Insurance income decreased 9,3% to R1 566m as a result of an abnormal number of significant weather-related claims, lower homeowner's cover and credit life volumes, and an increase in lapses.
- Trading income increased 3,7% to R3 900m, given muted activity levels among wholesale clients, particularly in the second half of the year, and avoidance of the potential negative impacts in markets around event risks such as political changes and credit rating downgrades.
- Private-equity income, including positive realisations in the Commercial Property Finance portfolio, decreased 23,7% to R708m, given the high base in the comparative period.

Expenses

Expense growth of 5,1% to R29 812m was below inflation and in line with the guidance we provided for the full 2017 year (being growth of mid-single digits), demonstrating disciplined and careful management of discretionary expenses in an environment of slower revenue growth. The underlying movements included:

- Staff-related costs increasing at a slower rate of 6,5%, following:
  - an average annual salary increase of 6,5% and a 859 reduction in staff numbers since December 2016; and
  - a 0,1% decrease in short-term incentives.
- Computer-processing costs increasing 3,8% to R4 201m off a higher base the previous year.
- Fees and insurance costs being 7,8% higher at R3 277m, due mostly to additional regulatory-related costs.

The group's growth in expenses exceeded total revenue growth (including associate loss) of 2,1% (3,2% in managed operations), resulting in a negative JAWS ratio of 3,0% and an efficiency ratio of 58,6%, compared with 56,9% in 2016. Excluding associate income, our efficiency ratio was 57,8%. Expense growth, excluding RoA where we continued to invest in distribution, technology and new-product rollouts, was 4,3%.

Earnings from associates

The loss of R838m in earnings from associates was attributed largely to ETI's loss of R1 203m in the fourth quarter of 2016 (announced on 18 April 2017), partly offset by the profit of R459m reported by ETI for the nine months to 30 September 2017, in line with our policy of accounting for ETI earnings a quarter in arrear. The total effect of ETI on the group's headline earnings was a loss of R975m, including the R321m impact of funding costs.

Accounting for this associate loss, together with Nedbank's share of ETI's other comprehensive income and movements in Nedbank's foreign currency translation reserves, resulted in the carrying value of the group's strategic investment in ETI declining from R4,0bn at 31 December 2016 to R3,3bn at 31 December 2017. Since the introduction of the new foreign exchange regime by the Central Bank of Nigeria on 21 April 2017, confidence has improved and the Nigerian banking index has increased by 73%. In line with this ETI's quoted share price – albeit illiquid – increased by 65%

during 2017 which resulted in the market value of the group's investment in ETI increasing during the year to R3,6bn at 31 December 2017 and R4,1bn at 28 February 2018. While risks remain, the actions taken to improve ETI's financial position and governance, along with an improving macroeconomic environment, is expected to drive an improved financial performance from ETI in 2018.

As required by IFRS, the R1bn impairment provision recognised at 31 December 2016 was reviewed at 31 December 2017 and it was determined that currently no change to the provision was required.

A R96m associate loss was incurred due to operational losses in an associate, which is the cash-processing supplier to the four large banks.

Statement of financial position

Capital

The group continued to strengthen its capital position, with our CET1 ratio of 12,6% now above the top end of our internal target range of 10,5–12,5%, following organic capital generation through earnings growth, lower asset growth and some RWA optimisation.

In the current environment of slower advances growth, capital generation has been stronger following lower credit RWA growth and continued refinement of Basel models. This was partially offset by the impact of the rand strengthening at the back end of 2017, which adversely impacted foreign currency translation reserves and led to higher credit valuation adjustment RWA. Higher levels of equity exposure resulted in increased equity RWA. As a result overall RWA increased 3,7% to R528,2bn.

The group's tier 1 ratio improved to 13,4% and includes the issuance of R600m of new-style additional tier 1 capital instruments during the year, offsetting the progressive grandfathering of old-style perpetual preference shares as we transition towards end-state Basel III requirements. The group's total capital ratio has improved to 15,5% and includes the issuance of R2,5bn of new-style tier 2 capital instruments during the year, partially offsetting the redemption of R3,0bn in old-style tier 2 capital instruments.

Basel III (%)	2017	2016	Internal target range	Regulatory minimum[1]
CET1 ratio	12,6	12,1	10,5–12,5	7,25
Tier 1 ratio	13,4	13,0	> 12,0	8,75
Total capital ratio	15,5	15,3	> 14,0	10,75

(Ratios calculated 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 maintaining a strong liquidity position remain a priority for the group, especially in the current environment.

The group's three-month average long-term funding ratio was 27,0% for the fourth quarter of 2017, supported by growth in Nedbank Retail Savings Bonds of R5,7bn to R24,9bn and the successful capital market issuances of R3,5bn senior unsecured debt, R2,5bn new-style tier 2 debt and R1,0bn in securitisation notes.

The group's quarterly average LCR of 116,2% exceeded the minimum regulatory requirement of 80% in 2017 and 90% effective from 1 January 2018. The group maintains appropriate operational buffers designed to absorb seasonal and cyclical volatility in the LCR.

Nedbank Group LCR	**2017**	2016
HQLA (Rm)	138 180	137 350
Net cash outflows (Rm)	118 956	125 692
Liquidity coverage ratio (%)[3]	116,2	109,3
Regulatory minimum (%)	80,0	70,0

3	*Average for the quarter.*

Further details on the LCR are available in the table section of the Securities Exchange News Service (SENS) announcement.

Nedbank's portfolio of LCR-compliant HQLA increased by 0,6% to a quarterly average of R138,2bn. Notwithstanding the low growth in HQLA, the LCR still increased yoy as a result of a decrease in LCR net cash outflows attributable to a positive tilt in our deposit mix towards proportionally more Basel III-friendly deposits in the form of RBB and Wealth deposits together with market share gains in commercial deposits. The HQLA portfolio, taken together with our portfolio of other sources of quick-liquidity, resulted in total available sources of quick liquidity of R195,4bn, representing 19,9% of total assets.

Nedbank has maintained the NSFR at above 100% on a pro forma basis and is compliant with the minimum regulatory requirements that are effective from 1 January 2018.

Loans and advances

Loans and advances increased by 0,5% to R710,3bn, driven by solid growth in RBB offset by a decline in term and other loans in CIB.

Loans and advances by cluster are as follows:

Rm	Change (%)	**2017**	2016
CIB	(3,8)	**356 029**	370 199
Banking activities	(3,1)	**324 673**	335 113
Trading activities	(10,6)	**31 356**	35 086
RBB	5,3	**305 198**	289 882
Wealth	2,9	**29 413**	28 577
RoA	4,9	**20 541**	19 582
Centre[4]	26,7	**(852)**	(1 163)
Group	0,5	**710 329**	707 077

4	*Intercompany eliminations.*

RBB loans and advances grew 5,3% to R305,2bn, with MFC (vehicle finance) increasing by 8,6% as new-business volumes improved despite the contracting vehicle sales market. RBB's growth was achieved across all asset classes by increasing the contribution from lower-risk clients in line with risk appetite and prudent origination strategies. We take comfort in the quality and overall performance of the unsecured-lending portfolio based on the conservative rules we apply to consolidation, restructuring and term strategies. Home loans grew at below-inflation levels, but market share was maintained.

CIB loans and advances decreased 3,8% to R356,0bn due to a combination of unexpected early repayments and managed selldowns, which allowed for the diversification of risk. Demand for new loans was weak as a result of muted client capital expenditure in a competitive market in the subdued economic climate. Commercial-mortgage loans and advances grew by 6,5% to R161,6bn, maintaining our leading share of the SA market. The portfolio contains good-quality collateralised assets with low LTVs, underpinned by a large secure asset pool and a strong client base, and is managed by a highly experienced property finance team.

Deposits

Deposits grew 1,3% to R771,6bn, with total funding-related liabilities increasing 1,2% to R823,2bn, while the loan-to-deposit ratio improved to 92,1%.

Through the active management of the RBB franchise, deposits grew 8,5% to R295,3bn, resulting in household deposits market share gains increasing yoy to 18,9% from 18,7%, supported by Nedbank's strong market share in household current account deposits of 19,1%. Through the growth in current accounts, savings and fixed deposits and other structured deposits Nedbank has successfully reduced the proportion of funding from negotiable certificates of deposit as well as more expensive foreign currency funding used in the general rand funding pool.

This positive tilt towards more Basel III-friendly deposits achieved across RBB, Nedbank Wealth and RoA and through market share gains in commercial deposits has resulted in lower HQLA and long-term funding requirements as well as a stronger LCR in terms of ensuring cost-effective regulatory compliance and a strong balance sheet position.

Group strategic focus

During 2017 we continued to focus on delivering on our five strategic focus areas designed to make Nedbank a more agile, competitive and digital bank, and underpin sustainable earnings growth and improving returns.

- **Delivering innovative market-leading client experiences.** We launched various market-leading innovations such as the new Nedbank Private Wealth mobile app. This was one of the first products delivered through our Digital Fast Lane capability. It ranked joint sixth in the global Mobile Apps for Wealth Management 2017 survey and was placed third among 600 apps in the Best Enterprise Solution category at the MTN Business App of the Year Awards. The new Nedbank Money app, which makes banking more convenient for our retail clients, was downloaded more than 300 000 times since November 2017. We launched UNLOCKED.ME, an exclusive e-commerce marketplace for millennials. Karri, our mobile payment app that enables users to make cash-free payments for school activities quickly, securely and hassle-free, has been rolled out to more than 100 schools across the country. In Nedbank Wealth we piloted geyser telemetry, an innovative smart home solution that reduces electricity consumption. As far as our integrated channels are concerned, we have converted 55% of our outlets to new-image branches to date, and our investment in distribution channels over the next three years (until 2020) will result in 73% of our retail clients being exposed to the new-image branch format and self-service offerings. The introduction of chatbots and robo-advisors will continue to enhance client experiences through our contact centre and web-servicing capabilities. We launched NZone, our digital self-service branch at the Sandton Gautrain station, as well as Africa's first solar-powered branch to enable banking in deep-rural communities. The foundations put in place through Managed Evolution (our core systems and technology platform transformation), digital enhancements and New Ways of Work will lead to ongoing incremental digital benefits and enhanced client service. In 2018 Nedbank will bring further exciting digital innovations to market to enhance client experiences and drive efficiencies. Some of these include a refreshed internet banking experience in line with our mobile banking apps, the ability to sell an unsecured loan bundled with a transactional account, simplified client onboarding with convenient, FICA-compliant account opening from your couch, a new and exciting loyalty and rewards solution, and further rollout of chatbots, robo-advisors and software robots (robotic process automation).

- **Growing our transactional banking franchise faster than the market.** Nedbank's RBB franchise grew its total client base 1,6% to 7,5 million, with 6,0 million clients having a transactional account and 2,8 million main-banked clients supporting retail transactional NIR growth of 6,0%. Our main-banked client numbers remained flat as slower transactional activity caused some of our existing clients to fall outside our main-banked definition, particularly in the youth segment, while the middle-market, professional and small business client segments continued to increase. The newly launched Consulta survey estimates Nedbank's share of main-banked clients at 12,7%, up from the 10,1% recorded through the 2015 AMPS survey (using a similar methodology) as we aim to reach a share of more than 15% by 2020. Our integrated model in CIB enabled deeper client penetration and increased cross-sell, resulting in 26 primary-bank client wins in 2017.
- **Being operationally excellent in all we do.** Cost discipline is an imperative in an environment of slower revenue growth. We have ongoing initiatives to ensure this, such as having reduced our core systems from 251 to 129 since inception of the Managed Evolution programme, with us being well on our way to reaching a target end state of less than 60 core systems by 2020; and the reduction of floor space in RBB by more than 30 000 m² by 2020; of which 24 485 m² has been achieved to date. We worked with our sister companies in the Old Mutual Group to deliver synergies of just in excess of R1bn, R393m of which accrued to Nedbank. Good progress was also made with our target operating model (TOM) initiatives, which aim at generating R1,0bn pretax benefits for Nedbank by 2019 (and R1,2bn by 2020) and are linked to our long-term incentive scheme. Most cost initiatives have been identified in RBB and we delivered savings of

R621m in 2017, which includes TOM savings. During the year we reduced headcount by 859 (mostly through natural attrition), optimised our staffed points of presence by closing 32 inretailer and 53 personal-loan outlets (while maintaining our coverage of the bankable population at 84%). We achieved efficiencies through the recycling of cash through our increased footprint of Intelligent Depositor devices. Four client-servicing functions, previously only accessible through branches, as well as the new Nedbank Money app were launched during the fourth quarter of 2017, while another 33 are planned for deployment across our digital channels by March 2018. We implemented 50 software robots (robotic process automation) to enhance efficiencies and reduce processing errors in administrative-intense processes, with more than 200 planned for rollout in 2018.

- **Managing scarce resources to optimise economic outcomes.** We maintained our focus on growing activities that generate higher levels of EP, such as growing transactional deposits and increasing transactional banking revenues, with commission and fees in RBB up 5,3%, and achieved earnings growth of 6,9% in RBB and 5,0% in CIB. Our selective origination of personal loans, home loans and commercial-property finance has proactively limited downside risk in this challenging operating climate, enabling a CLR of 0,49%, below the bottom end of our TTC target range. At the same time our balance sheet metrics remain strong and we continue to deliver dividend growth above the rate of HEPS growth.
- **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 Central and West Africa. We have made good progress in working with ETI's board and other institutional shareholders to strengthen its board and management. We have increased our board representation and our involvement in the group as Brian Kennedy joined Mfundo Nkuhlu on ETI's board. Mfundo was appointed Chair of the ETI Risk Committee and Brian was appointed to the Remuneration and Audit Committees. Risk management practices are being enhanced and the audit of ETI's 2017 interim results provides comfort that the risk of another fourth-quarter loss as in 2015 and 2016 has decreased. We are pleased that ETI reported a profit for the nine months to 30 September 2017. We remain supportive of ETI's endeavours to deliver an ROE in excess of its COE over time. While risk remains, economic conditions in Nigeria and other economies in West Africa are improving and ETI should provide a strong underpin to Nedbank Group's earnings growth in 2018.
- In SADC we continue to build scale and optimise costs. Our core banking system, Flexcube, which was successfully rolled out in Namibia in 2016, was also implemented in Lesotho, Malawi and Swaziland in 2017 and we plan to roll it out in Zimbabwe during 2018. We also launched a

number of new digital products and we continue to grow our distribution footprint. As a result, clients increased 14% and online digital activations were up 22%. The acquisition of a majority stake in Banco Único in 2016 continued to deliver value and positioned Nedbank well to leverage off higher levels of economic growth in Mozambique. In 2018 we will rebrand MBCA in Zimbabwe to Nedbank while completing the last of our core banking system implementations in our subsidiaries.

Old Mutual plc managed separation

On 1 November 2017 Old Mutual plc announced that the strategic minority shareholding to be retained in Nedbank Group by Old Mutual Limited (OML) to underpin the ongoing commercial relationship between the companies has been agreed at 19,9% of the total Nedbank Group ordinary shares in issue, as held by shareholder funds. This followed the 11 March 2016 announcement by Old Mutual plc about the Old Mutual managed separation, and the subsequent communication on 25 May 2017 in which Old Mutual plc stated that the new SA holding company, to be named OML, would retain a strategic minority shareholding in Nedbank Group after the implementation of the managed separation. The 19,9% shareholding will be held by OML, which will have a primary listing on JSE Limited and a secondary listing on the London Stock Exchange. OML will be listed at the earliest opportunity in 2018, following the publication of Old Mutual plc's 2017 full-year results.

The decrease in OML's shareholding in Nedbank Group will be achieved through the unbundling of Nedbank Group ordinary shares to OML's shareholders. This will result in OML, immediately after the implementation of unbundling, holding a 19,9% strategic minority shareholding in Nedbank Group. The unbundling will occur at an appropriate time and in an orderly manner, after the listing of OML and allowing suitable time for the transition of the OML shareholder register to an investor base with an SA and emerging-market focus and mandate. After the unbundling, Nedbank Group is likely to see an increase in the number of its shares held by emerging-market-mandated index funds, which will adjust according to the improved free float (from about 45% before unbundling to about 80% after unbundling) and a normalisation of SA institutional shareholding (some of which are currently underweight on a straight-market-capitalisation basis given some Nedbank Group holding through the Old Mutual plc shareholding). As part of this process Nedbank Group will continue to market itself as an attractive investment for local and international investors.

Nedbank Group will continue business as usual and the managed separation will have no impact on our strategy, our day-to-day management or operations, our staff and our clients. Our engagements have been at arm's length and overseen by independent board structures. Old Mutual 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. Our technology systems, brands and businesses have not been integrated.

As noted before, our collaboration with Old Mutual to unlock synergies by the end of 2017 was successful. Future synergies will continue to be underpinned by OML's strategic shareholding in Nedbank Group. We are fully committed to working with OML to deliver ongoing synergistic benefits at arm's length.

Economic and regulatory outlook

While structural challenges remain, 2018 has started with renewed optimism that these will be addressed and that improving business and consumer confidence should lead to a cyclical upturn off a low base. The SA economy is forecast to grow about 1,6% in 2018 as a resilient world economy and relatively firm international commodity prices are expected to provide further support to domestic production and exports. Business and consumer confidence should also improve from very weak levels in 2017, boosted by newly elected SA President Ramaphosa's promises to restore good governance, take immediate action against corruption and state capture, and make changes to many cabinet portfolios. Moderate growth in consumer spending and credit are forecast for 2018, while fixed investment, as well as government consumption and capital expenditure, is forecast to remain subdued.

The recovery in sub-Saharan Africa is expected to gather pace in 2018, underpinned by the ongoing global commodity price upswing as well as improved government finances and structural reforms in some African countries. The International Monetary Fund expects sub-Saharan Africa to grow faster at 3,4% this year.

Domestic inflation is forecast to recede moderately in the early part of 2018, before edging higher towards the end of the year, averaging about 5,1% over the year as a whole. Early in the year a stronger rand, coupled with easing food and fuel prices, should help contain inflation off the higher base that prevailed at the start of 2017. The rand remains the key risk to the inflation outlook. High expectations of political, policy and fiscal reforms have been built into the rand's recent rally. If the new ANC leadership fails to deliver, especially on the fiscal concerns, SA still runs the risk of being downgraded to universal subinvestment grade status, which could place the rand under pressure and alter the inflation outlook for the year. Given these uncertainties, the anticipated rise in US interest rates, the gradual tapering of quantitative easing programmes by other major central banks and the expected upturn in the domestic inflation cycle towards year-end, the SARB's Monetary Policy Committee is forecast to keep interest rates unchanged at current levels throughout 2018 and into 2019.

Fitch indicated that a failure to implement credible fiscal consolidation and any further economic deterioration could trigger another rating downgrade. S&P will act if both the economy and standards of public governance weaken further, while Moody's will downgrade the country if the measures to address the fiscal funding gap lack credibility or the chosen structural reforms fail to encourage investment and growth.

Overall economic conditions should improve off a low base and, despite the many challenges faced by the SA economy, the SA banking system remains sound, liquid and well capitalised.

Prospects

Our guidance on financial performance for the full year 2018 is currently as follows:

- Average interest-earning banking assets to grow in line with nominal GDP.
- NIM to be slightly above the 2017 level of 3,62%.
- CLR to increase into the bottom half of our target range of 60 to 100 bps (under IFRS 9).
- NIR to grow above mid-single digits.
- Associate income to be positive (ETI associate income reported quarterly in arrear).
- Expenses to increase by mid-single digits.

Given the loss in associate income from ETI in the 2017 base and continued delivery on the Nedbank strategy, our financial guidance is for growth in DHEPS for the full 2018 year to be in line with our medium-to-long-term target of greater than or equal to GDP + the consumer price index + 5%.

The outlook for our medium-to-long-term targets in 2018 is as follows, and we have now set ourselves specific 2020 targets of ROE (excluding goodwill) of greater than or equal to 18% and cost to income of lower than or equal to 53% as a pathway to ongoing and sustainable improvements in the key metrics that support shareholder value creation.

Metric	**2017 performance**	**Full-year 2018 outlook**	**Medium-to-long-term target**
ROE (excluding goodwill)	16,4%	Improves, but remains below target	5% above COE[5] (≥ 18% by 2020)
Growth in DHEPS	2,4%	≥ consumer price index + GDP growth + 5%, supported by ETI recovery	≥ consumer price index + GDP growth + 5%
CLR	0,49%	Increases into the bottom half of our target range (under IFRS 9)	Between 0,6% and 1,0% of average banking advances
NIR-to-expenses ratio	80,7%	Improves, but remains below target	> 85%
Efficiency ratio (including associate income)	58,6%	Improves, but remains above target	50–53% (≤ 53% by 2020)
CET1 capital adequacy ratio (Basel III)	12,6%	Within or above target	10,5–12,5%
Economic capital	Internal Capital Adequacy Assessment Process (ICAAP):		
	A debt rating, including 10% capital buffer		
Dividend cover	1,91 times	Within target range	1,75–2,25 times

[5] The COE is forecast at 13,2% in 2018.

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

Tom Boardman and David Adomakoh resigned from the board as independent non-executive directors with effect from the end of Nedbank Group's Annual General Meeting on Thursday, 18 May 2017.

Neo Dongwana and Linda Manzini were appointed as independent non-executive directors of the group with effect from 1 June 2017 and Hubert Brody with effect from 1 July 2017.

Thulani Sibeko, Group Executive of Group Marketing, Communications and Corporate Affairs, resigned with effect from 27 June 2017. In October 2017 Abe Thebyane, Group Executive of Human Resources, announced his early retirement, to be effective on the appointment of a suitable successor to ensure a seamless handover of responsibilities. These positions are expected to be filled in the first half of 2018.

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 2017 comprise the company and its subsidiaries ('group') and the group's interests in associates and joint arrangements.

The summary consolidated financial statements comprise the summary consolidated statement of financial position at 31 December 2017, 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 2017 and selected explanatory notes, which are indicated by the symbol*. 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 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 the accounting policies applied in the preparation of the previous consolidated annual financial statements.

IFRS 9 Financial instruments*

IFRS 9 is effective and will be implemented by the group from 1 January 2018. IFRS 9 replaces IAS 39 and sets out the updated requirements for the recognition and measurement of financial instruments. These requirements specifically deal with the classification and measurement of financial instruments, measurement of impairment losses based on an expected credit loss model, and closer alignment between hedge accounting and risk management practices.

As permitted by the transitional provisions of IFRS 9, the group has elected not to restate comparative figures. Any adjustments to the carrying amount of financial assets and financial liabilities at the date of transition will be recognised in the opening retained earnings and other reserves at 1 January 2018. The group has elected to continue to apply the hedge accounting requirements of IAS 39 on adoption of IFRS 9.

The estimates below are based on accounting policies, assumptions, judgements and estimation techniques, which will be regularly reviewed and assessed during the year in preparation for the financial statements for the year ending 31 December 2018.

Classification and measurement*

The group has implemented the following on adoption of IFRS 9:

- Revocation of the fair value through profit or loss designation for certain loans and advances, amounts owed to depositors and long-term debt instruments to facilitate the implementation of macro fair-value hedge accounting of interest rate risk and hedge accounting of inflation risk. It is anticipated that the aforementioned changes will reduce accounting volatility experienced with respect to fair value through profit or loss accounting.
- Reclassification of certain loans from amortised cost to fair value through other comprehensive income and fair value through profit or loss to align with the business-model-driven classifications of IFRS 9.
- Review of the effective interest rate calculation for certain loans based on the additional guidance provided in IFRS 9.

The implementation of the above IFRS 9 classification and measurement requirements decreased reserves at 1 January 2018 by approximately R200m.

Impairment*

The IFRS 9 impairment implementation progressed during 2017. The following were the main areas of focus for 2017:

- Finalisation of the IFRS 9 impairment model methodology.
- Implementation of an IT framework facilitating efficient model execution and management.
- Development, build and testing of IFRS 9 impairment models with respect to a substantial portion of the group's portfolios, leveraging off the aforementioned IT framework.
- Documentation and implementation of the relevant control environment and related governance processes.

The following areas will continue to receive the required attention as the implementation of IFRS 9 progresses during the 2018 financial reporting period:

- Further refinement of certain models.
- Finalisation of the interim and year-end reporting and disclosure frameworks.
- Observing local and international industry trends with respect to IFRS 9 adoption.

The implementation of the IFRS 9 expected credit loss model requires increases in balance sheet impairments at 1 January 2018 of approximately R3,2bn, with reserves decreasing by approximately R2,3bn on an after-tax basis.

IFRS 15 Revenue from contracts with customers*

IFRS 15 replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with clients, unless the contracts are in the scope of the standards on leases, insurance contracts and financial instruments. The standard is effective and will be implemented by the group from 1 January 2018.

The group has concluded that the loyalty points awarded to clients are accounted for as consideration payable to clients in terms of new IFRS 15 guidance. The standard requires revenue to be decreased by the amount of consideration expected to be paid to clients, with this amount recognised as a liability until payment is effected. The liability for the amount expected to be paid to clients under the loyalty programme increased by approximately R300m on 1 January 2018 due to the application of IFRS 15 requirements. Reserves at 1 January 2018 decreased by approximately R216m on an after-tax basis.

Events after the reporting period*

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

Audited summary consolidated financial statements – independent auditors' opinion

The summary consolidated financial statements for the year ended 31 December 2017 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.

The 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; 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 675 cents per ordinary share has been declared, payable to shareholders for the six months ended 31 December 2017. 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 135 cents per ordinary share, resulting in a net dividend of 540 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 498 108 914.

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, 3 April 2018
Shares commence trading (ex dividend)	Wednesday, 4 April 2018
Record date (date shareholders recorded in books)	Friday, 6 April 2018
Payment date	Monday, 9 April 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 4 April 2018, and Friday, 6 April 2018, both days inclusive.

On Monday, 9 April 2018, 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, 9 April 2018.

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	**Mike Brown**
Chairman	*Chief Executive*

2 March 2018

Registered office

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Transfer secretaries in SA

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PO Box 61051, Marshalltown, 2107, 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, ID Gladman (British), JB Hemphill, EM Kruger, RAG Leith, PM Makwana, L Manzini, Dr MA Matooane, NP Mnxasana, RK Morathi** (Chief Financial Officer), JK Netshitenzhe, MC Nkuhlu** (Chief Operating Officer), S Subramoney, MI Wyman*** (British).
*** Executive *** Lead independent director*

Company Secretary:	TSB Jali
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

This announcement is available on the group's website at nedbankgroup.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."

ENDS

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Notes to Editors

About Old Mutual plc

Old Mutual plc is a holding company for several financial services companies. In March 2016, it announced a new strategy of managed separation entailing the separation of its underlying businesses into independently-listed, standalone entities.

The managed separation strategy seeks to preserve and release the value currently trapped within the group structure. The managed separation will be materially complete by the end of 2018.

OM Asset Management, a US based institutional asset manager, is now independent from Old Mutual. The remaining underlying businesses are:

Old Mutual Emerging Markets: A South African based leading provider of financial services in sub-Saharan Africa.

Nedbank: One of South Africa's four largest banks, with a 20% stake in pan-African Ecobank Transnational Inc.

Old Mutual Wealth: a leading, integrated, advice-led wealth management business focused on the UK upper and middle market.

For the year ended 31 December 2016, Old Mutual reported an adjusted operating profit before tax of £1.7 billion and had £395 billion of funds under management. For further information on Old Mutual plc and the underlying businesses, please visit the corporate website at www.oldmutualplc.com.