



Nedbank Retail

Charting a new path to sustainable, profitable growth: Strategy update on progress & prospects

Retail Investor Day, November 2013

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- Executive Summary
 - What we set out to do in 2010
 - Progress to date
 - How we achieved it
 - Future trends & prospects

Retail leadership team

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| Name and position | Experience and qualification | Name and position | Experience and qualification |
|--|---|---|--|
|  <p>Ingrid Johnson (47) Group Managing Executive: Retail and Business Banking*</p> | <ul style="list-style-type: none"> 20 years service 20 years banking experience BCom, BAcc, CA(SA), AMP (Harvard) |  <p>Ciko Thomas (44) Managing Executive: Consumer Banking*</p> | <ul style="list-style-type: none"> 3 years of service 5 years banking experience BSc , MBA (U Witwatersrand) |
|  <p>Sibongiseni Ngundze (43) Managing Executive: Retail Relationship Banking</p> | <ul style="list-style-type: none"> 8 years service 23 years banking experience BCom, SMDP, Credit Diploma, Global Executive Dev Prog (GIBS), AMP Duke |  <p>Brian Duguid (52) Managing Executive: Nedbank Integrated Channels</p> | <ul style="list-style-type: none"> 31 years service 31 years banking experience CAIB (SA), FIBSA, AMP (Insead) |
|  <p>Keith Hutchinson (55) Managing Executive: Secured Lending</p> | <ul style="list-style-type: none"> 26 years service 32 years banking experience BCom, BCompt Hons, IEP (Insead), ABS (Harvard) |  <p>Anton de Wet (47) Managing Executive: Client Engagement</p> | <ul style="list-style-type: none"> 15 years service 27 years banking experience BCom, MBA, AMP (Insead), Strategic Marketing Programme (Harvard) |
|  <p>Sydney Gericke (55) Managing Executive: Nedbank Card</p> | <ul style="list-style-type: none"> 25 years service 28 years banking experience BCom (Acc), BCom Hons, MCom, CPA, SEP (Insead) |  <p>Sarel Rudd (58) Managing Executive: Nedbank Personal Loans</p> | <ul style="list-style-type: none"> 10 years service 27 years banking experience BCom (Acc), BCompt Hons, CA (SA) |
|  <p>David Crewe-Brown (45) Executive Head: Finance, Projects and Strategy</p> | <ul style="list-style-type: none"> 18 years service 18 years banking experience CAIB (SA), BCom, BAcc, CA (SA) |  <p>Millicent Lechaba (45) Executive Head: Human Resources</p> | <ul style="list-style-type: none"> 7 years service 7 years banking experience BA Hons, MDP (U Pretoria), SAP HR Certificate, EDP (GIBS) , Business Strategy for HR Leaders (Insead) |
|  <p>Gavin Payne (50) Executive Head: Risk Retail & Business Banking</p> | <ul style="list-style-type: none"> 29 years service 29 years banking experience CAIB (SA), Global EDP (GIBS), Strategic Mgmt in Banking (Insead) AMP Duke |  <p>Ashley Sutton-Pryce (59) Executive Head: R&BB Human Resources, Communications & Projects</p> | <ul style="list-style-type: none"> 39 years service 39 years banking experience BA, Business Strategy for HR Leaders (Insead) |
|  <p>Hendus Venter (42) Executive Head: Retail and Wealth Technology</p> | <ul style="list-style-type: none"> 12 years service (Nedbank) 21 years banking and information technology experience BCom Hons (Economics, Law), Global EDP (GIBS), AMP (Insead) |  <p>Annette Francke (39) Executive Head: R&BB Strategy; Communications Group Innovation; BB Marketing</p> | <ul style="list-style-type: none"> 8 years service 8 years banking experience BSc Hons, MBA (Insead) |

*Group Exco member
As at Sep 2013

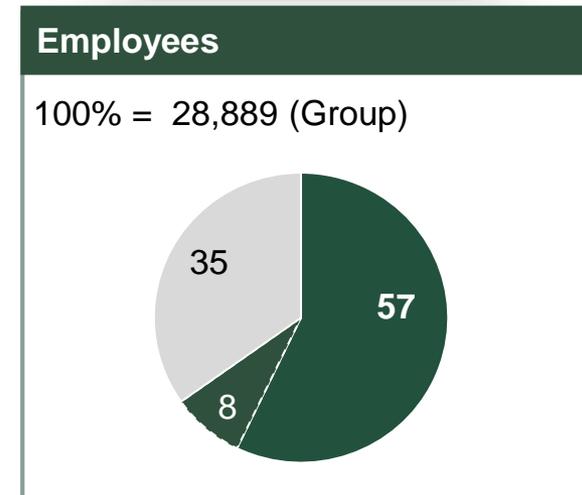
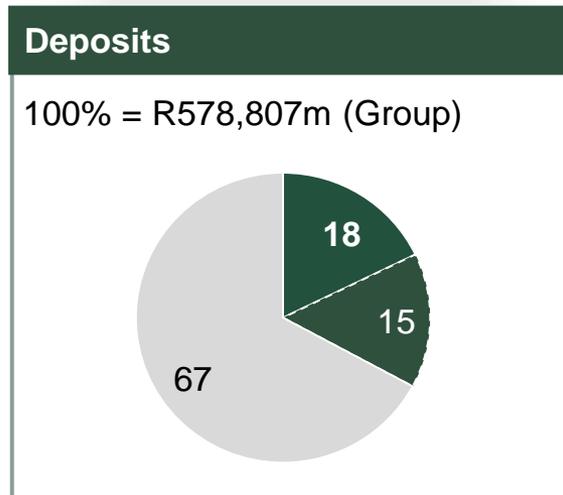
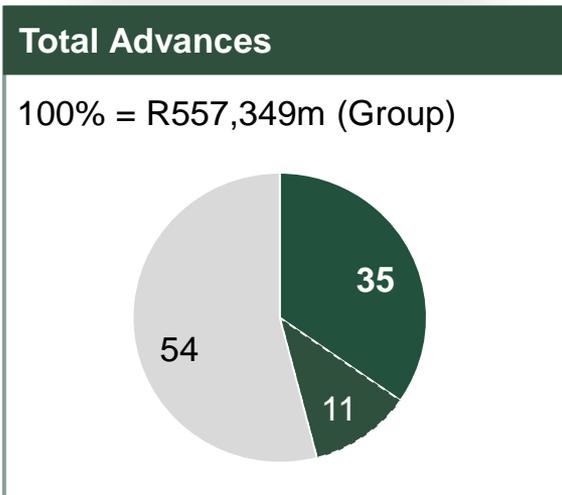
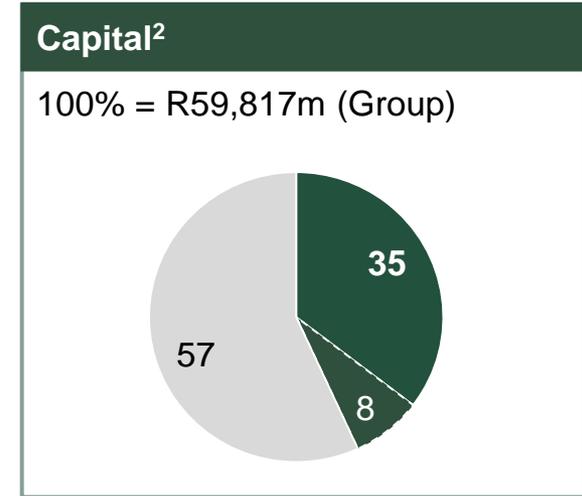
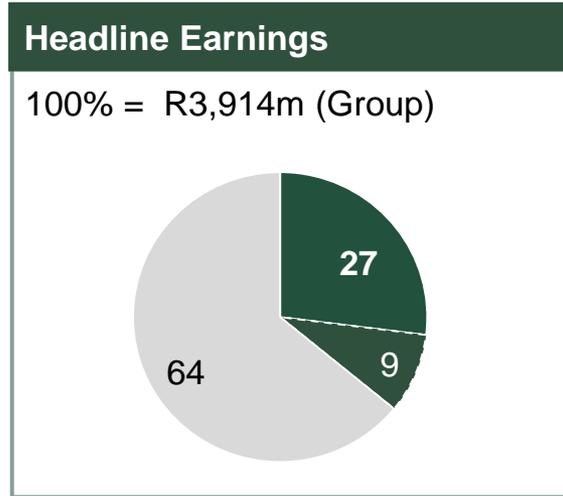
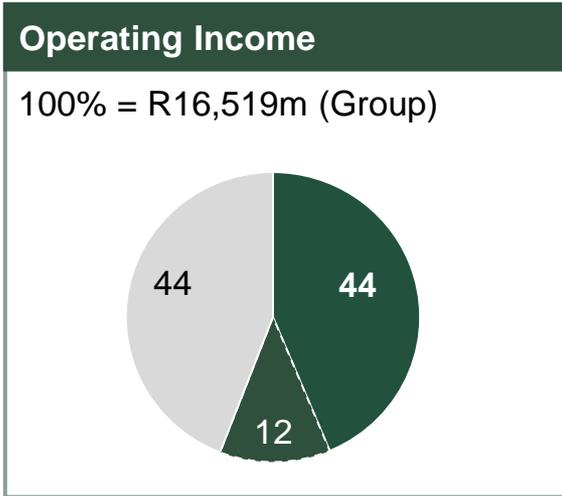
Retail & Business Banking contributions to Nedbank Group

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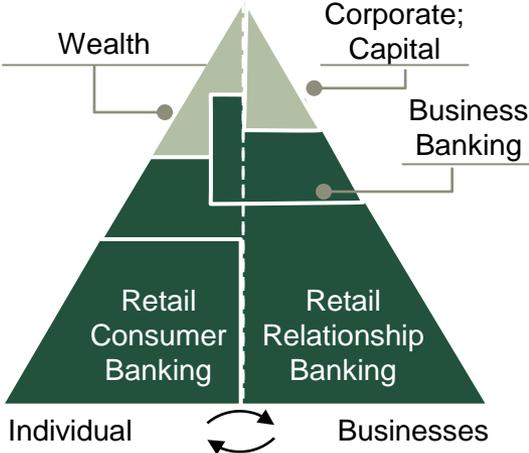
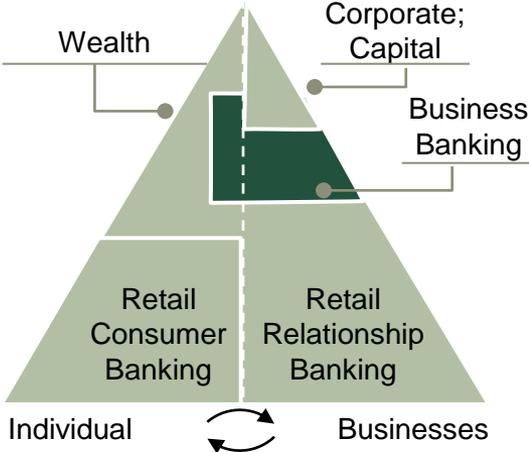
Retail and Business Banking as a share of Nedbank Group
H1 2013, %

Retail & Business Banking
 Rest of Nedbank



1. Operating income – NII plus NIR less impairments
2. Cluster allocation as a percentage of ECAP to Total Group Equity

Target market & service model for Retail and Business Banking

| | Target clients | Service model |
|--|--|--|
| <div data-bbox="61 292 233 782"> <p>Retail</p> </div>  | <ul style="list-style-type: none"> ▪ Retail Relationship Banking targets higher complexity households requiring an “I know you” client experience, and small/micro businesses with turnover <R10 million ▪ Retail Consumer Banking targets households of lower complexity requiring an “I know about you” client experience | <ul style="list-style-type: none"> ▪ Relationship-based (lower to higher touch) supported by centralised value delivery system/functional teams and regionalised product specialists (shared with BB or based in contact centre) ▪ RRB clients served seamlessly across branch, contact centre & digital channels as well as or co-location of personal bankers with BB ▪ Served across 1000 staffed outlets, contact centre and digital channels (ATM’s, Point of Sale, Online, Mobile) ▪ Skilled bankers delivering a choice of offerings through distinctive CVP’s for Youth, ELB, Middle Market and Seniors |
| <div data-bbox="61 879 233 1332"> <p>Business Banking</p> </div>  | <ul style="list-style-type: none"> ▪ Business Banking targets companies with turnover R10-700 million & more complex needs ▪ Typically established businesses spread geographically across SA; often family-owned ▪ Individual and business activities intertwined | <ul style="list-style-type: none"> ▪ Client service teams (CST’s) (incorporating sales, credit and service) supported by product specialists in business offices across SA, operating within clear frameworks ▪ Dedicated relationship banker orchestrating CSTs and specialists to holistically service all client needs leveraging knowledge of local conditions; complemented with servicing through integrated channels including self-service ▪ Client centred decision making across all needs ▪ Servicing owner and household and their business and employees on a holistic basis |

1. In Nedbank Retail's eventful history, we did not invest in sustainably building our client franchise and organisation for the long term, with a consistent cohesive strategy in keeping with market demographic trends and credit risk dynamics. At the turn of the credit cycle and following the slow down in the economy, Retail's earnings reversed dramatically in 2009 to a headline loss of R27m excluding Bancassurance (R156m including Bancassurance), leading to a cumulative R1.8bn erosion of EP over 4 years to December 2009 on R4bn of capital. Market share for main banked clients was low relative to strength in deposits and advances.
2. In Oct 2009, following a complete leadership change, Nedbank Retail set out to chart a new path to sustainable profitable growth, by developing a deep understanding of market dynamics, client demographics as well as own areas of weakness and strengths to identify sources of competitive distinctiveness and define our 'True North': **"Delivering a choice of distinctive client-centred banking experiences that build many deep, enduring relationships with all in South Africa, underpinned by effective risk management"**.

This fundamental strategic positioning was initially shared with stakeholders in Aug 2010 and further detailed in Jan 2011 and required **consistent implementation of 3 fundamental imperatives** by a **highly skilled, values based leadership team** –

1. **Rebuilding the client franchise** as a bank for all by investing in the life cycle of clients with distinctive client value propositions (CVPs) & aligned value delivery system (VDS)
2. **Embedding effective risk management & culture**
3. **Evolving the organisation to be more client centred and integrated**, while maintaining the growth momentum of the product lines

The aim was to remove the extreme credit loss ratio volatility through cycles, sustainably strengthen NIR, optimise costs for investing in the franchise and transform client perceptions of Retail, ideally achieving an ROE above CoE by 2014.

3. Since then, Retail has made **significant progress**, not only in embedding a strong foundation, but also in sustainably generating profitability. This was achieved while facing some of the toughest macro conditions including interest rates at 40 year lows, increasing consumer indebtedness and banks fiercely competing for customer growth, especially in the middle and ELB market. Key metrics of client, people, financials as well as trends in client market share and brand perception have all significantly improved, while lower asset market share is a consequence of selective origination to protect against downside credit risk in expectation of a worsening credit cycle. Overall, up to Dec 2012, this has led to a strong restoration of HE (R2,6bn growth since 2009) off a very disadvantaged position, driven by growing clients and deepening cross-sell, strongly growing NIR (R2.8bn cumulative since 2009 at a 15% CAGR), investing in distinctive CVPs (including step change in distribution spend of R1.3bn in capex) and optimising costs (R775m in 46 months) while also materially strengthening balance sheet impairments by R2.3bn. Although the strategy to rebuild the client franchise will take time, Retail has contributed meaningfully to the Group's performance since 2009 and its re-rating in the eyes of investors. The competitive positioning relative to peers is also transformed to now being able to compete with increasing differentiation.

4. The profound shifts achieved to-date are testimony to the quality of strategic choices, speed of execution and careful orchestration of a multiplicity of initiatives across the 3 fundamental imperatives to ensure a sustainable turnaround:

1. Rebuilding the client franchise as a bank for all

- Demographic insights drive creation of compelling CVPs for key market segments
- Improved cross sell effectiveness by leveraging product line & wholesale strengths (notably card, deposits, PL's & N@W)
- Competing on overall client experience while ensuring CVP elements (product, price, integrated channels & positioning) are competitive
- Investing significantly in sources of distinctiveness – CVP's, integrated channels, client centred innovation

2. Embedding effective risk management and culture

- Protecting franchise from downside risk of challenging credit cycles by fundamentally overhauling Retail's risk operating model to
 - Ensure adequate balance sheet impairments throughout cycles
 - Adopt selective origination strategies to optimise risk vs return of asset portfolio and quality of advances portfolio
- **Fundamentally redesign business models** to mitigate risk while increasing source of distinctiveness – examples include:
 - **Repositioning Home Loans** – early action to address poor 06-08 vintages through effective collections and pro-active impairment methodologies; creating a compelling alternative to mortgage originators by restoring Nedbank as primary client interface across all channels to improve client experience and underlying risk / returns;
 - **Fundamentally changing Personal Loans business model** to align with Retail's strategy and the deep concerns that high industry growth rates were masking the deteriorating consumer credit health. Early actions include selective origination to markedly slow advances growth and improve risk quality; adopting more conservative provisioning methodologies; reassessing risk based pricing & effectiveness of credit life as a risk mitigant; integrating sales force fully with branch network

3. Evolving the organisation from being product focused to be more client centred & integrated

- Substantial organisational change embedded to deliver on the strategic intent and enable the distinctive CVPs, including successfully integrating Imperial Bank
- Organisational culture strengthened through investment in people & transformation
- Unlock significant cost savings to accelerate investments in sustainable foundations
- Step change in customer management practices across 11 dimensions – measured consistently by CMAT

The dramatic transformation of Retail confirms Albert Einstein's insight that “No problem can be solved from the same level of consciousness that created it”. This step change was possible due to embracing second order change processes and leadership which are complex to deliver simultaneously, yet highly impactful.

5. We are acutely aware that we are midway through a large scale organisational transformation, which requires consistency and strength in leadership and strategic direction to embed the early gains. At the same time, it is important to evolve our strategic choices in the context of our overall position and the 5 key trends shaping the industry.

As we continue our journey towards our compelling 'True North' vision, emphasis is on key initiatives within 3 main imperatives through which we will capture the significant growth prospects and opportunities available to us, specifically:

1. Grow the client franchise

- **Strong client growth momentum in all segments** as transactional banked share lower relative to strengths in advances and deposit market share - more clients, deeper cross-sell, less attrition across more micro-markets
- Continue **investment in key enablers** including **marketing, reformatting of distribution, front-line effectiveness, mobile / self-service channels, competitive pricing**
- Develop compelling CVP for **unbanked segment** (relevant for Rest of Africa subs)

2. Collaborate & innovate for growth

- Leverage **wholesale client relationships and micro-market approach for increased cross-sell** and to accelerate capturing the virtuous circle of banking the business owner and household as well as business and employees
- **Invest in people & organisational effectiveness** - optimising processes, increasing span of control, removing duplication to extract cost efficiencies and enhance the overall client experience – significant change management reqd
- Accelerate client **usage of existing innovation** through optimal design of holistic client experience, while further enhancing capabilities **in digital, payments & deposits**

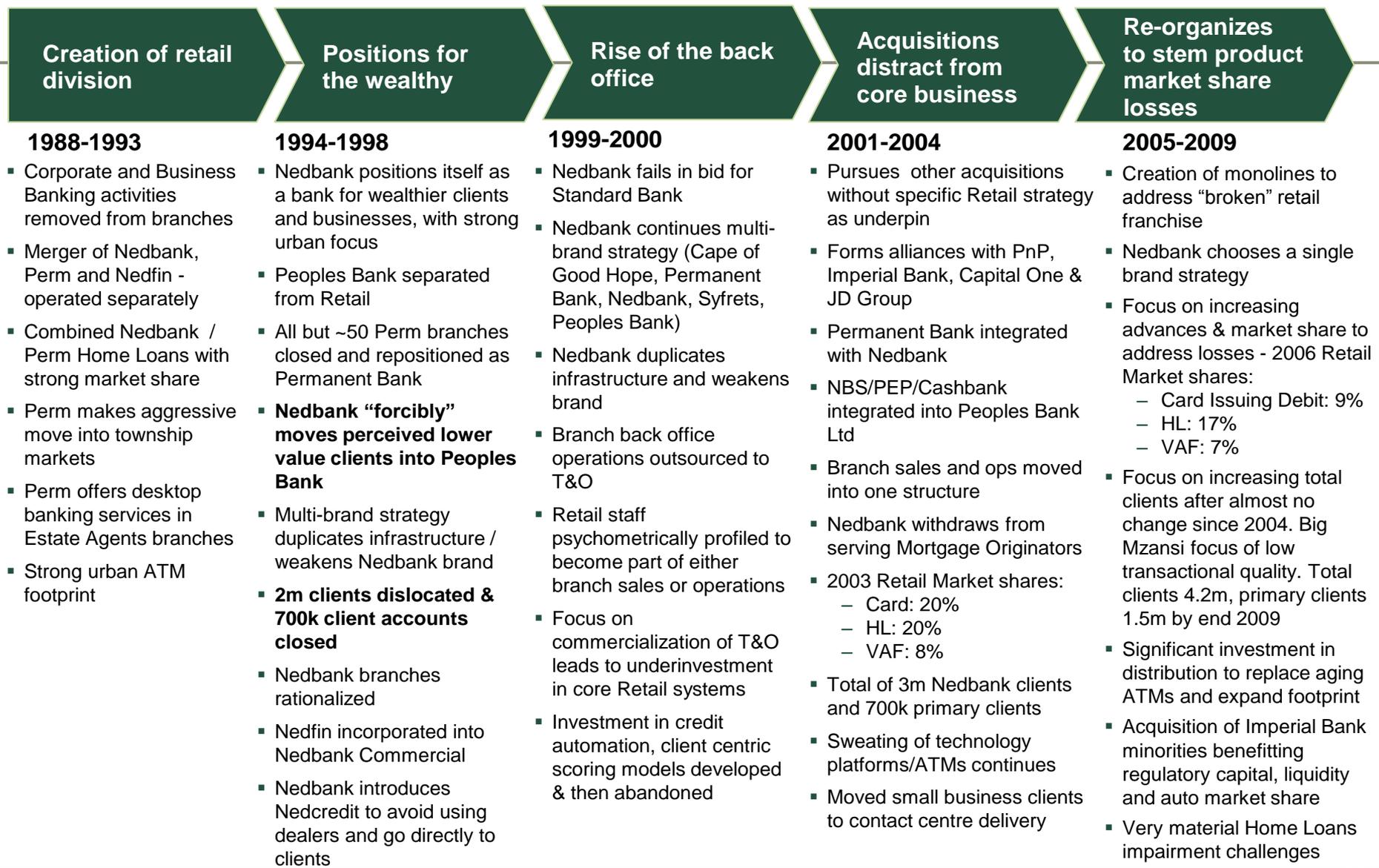
3. Manage risk effectively

- Continue **focus on collections** and client rehabilitations to reduce non performing loans
- Sustain **selective origination** at enhanced pricing for better risk portfolio to minimise downside risk of worsening credit cycle
- Quality **proactive risk management** and processes protecting for downside risk should interest rates rise / consumer risk deteriorate further (given quality asset portfolios & **prudent pro-active provisioning methodologies**)

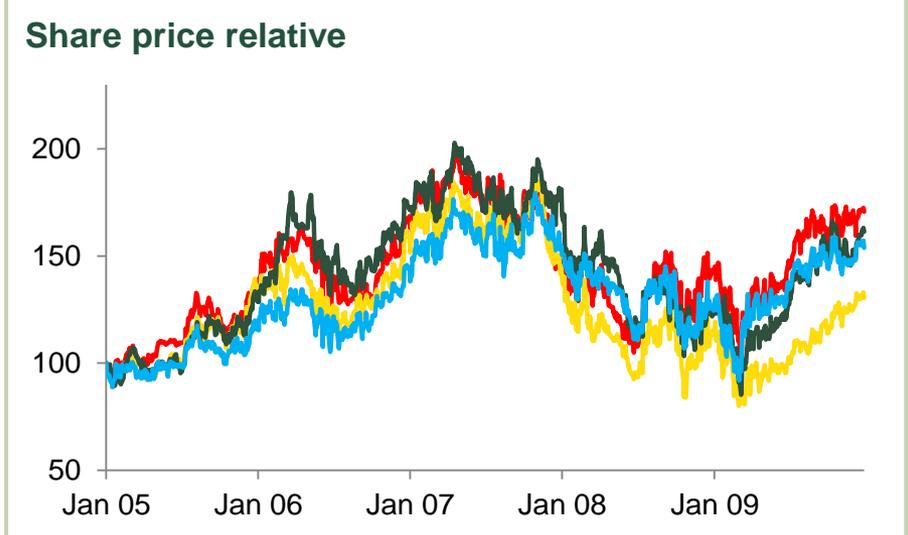
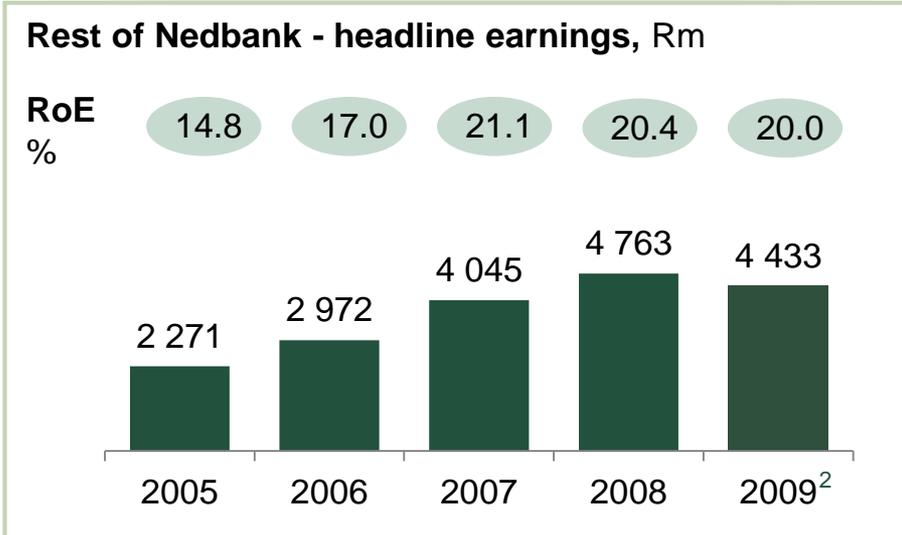
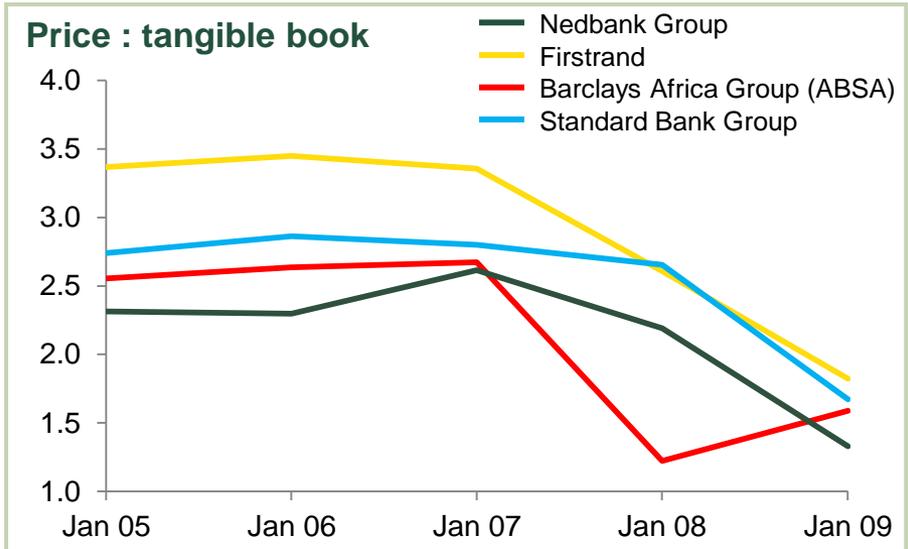
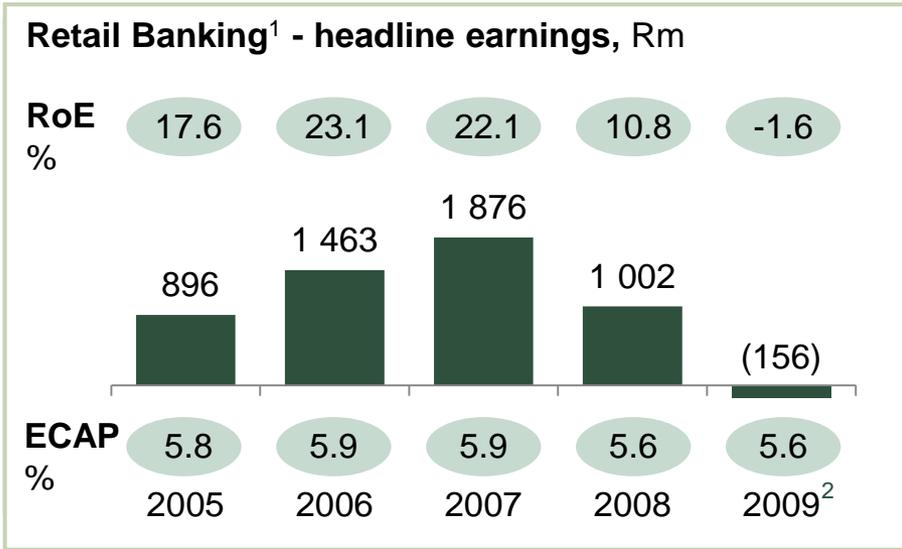
Continuing on our path of consistent, diligent execution, building on our strong foundations and **remaining true to our commitment of building sustainable businesses and increasing our source of distinctiveness relative to peers**, we are confident that we will deliver sustainable growth momentum at improved ROE's and contribute to the group achieving its medium-to- long-term targets

- Executive Summary
- What we set out to do in 2010
- Progress to date
- How we achieved it
- Future trends & prospects

In Nedbank's eventful history, we did not invest in building our client franchise for the long term, with a consistent cohesive strategy in keeping with market demographic trends and risk dynamics



At the turn of the credit cycle and slow down in global economy, challenges in Retail were revealed, necessitating a fundamental strategic review



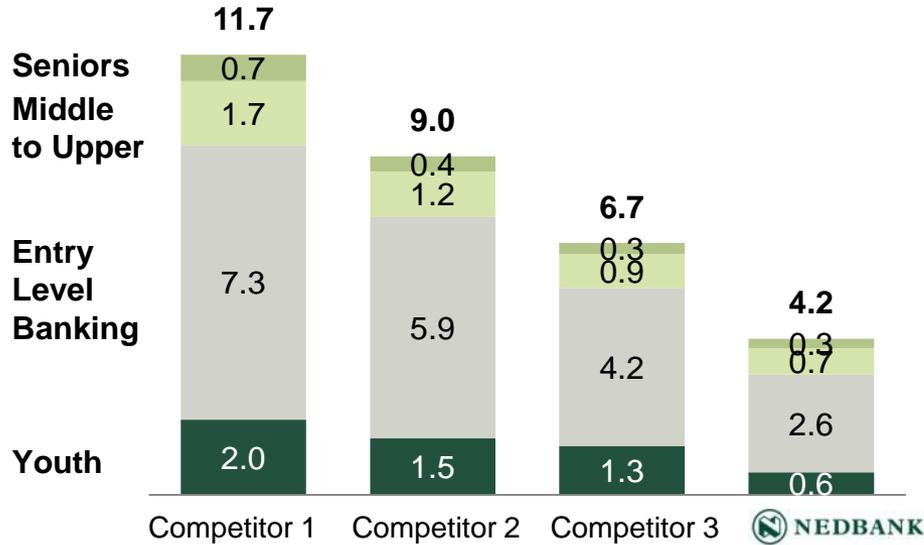
¹ Wealth related income is included in Retail
² 2009 subsequently restated for changes to allocated capital and exclusion of Wealth from Retail numbers
 Note: Core Tier 1 equity 2007: 7.2%, 2009: 9.9% or Prime interest rate 2005: 10.6%, 2008: 15.1%
 Source: Dec 2012 HSBC conference with small refinements

In 2009, Retail was lagging far behind peers in client numbers, with significantly fewer considering Nedbank as their main bank¹



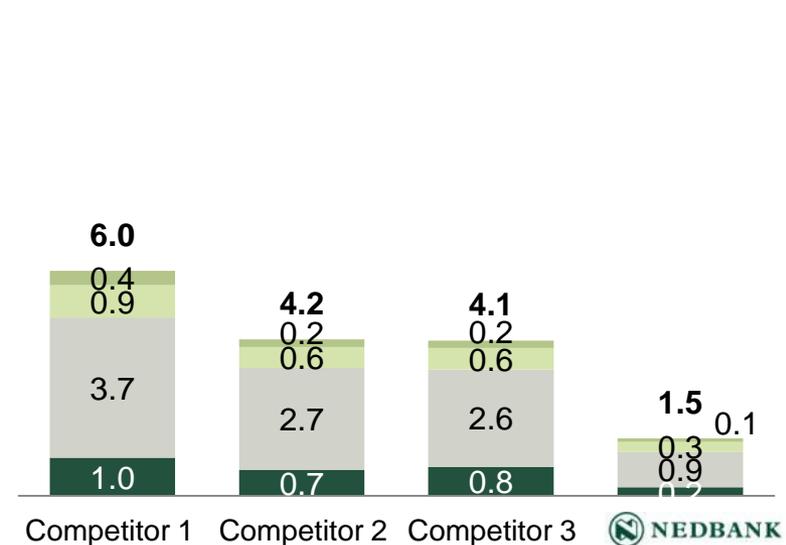
Total client base by income segment
(as of December 2009)¹

million



Main Banked Client base by income segment
(as of December 2009)

million



Share of ELB clients



Main as % of total client base



Mzansi as % of client base



¹ Cannot add the client numbers to get the market as clients are multi-banked
Source: AMPS data and Retail analytics

In 2009, Nedbank embarked on a strategic journey to sustainably turn around the retail business

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Market forces and trends

- Large unbanked segment with financial needs
- Rise of a middle class
- Market maturing
- Basel III
- Entrepreneurs
- Technology

Market insights

- Client segments
- Economic profit pools
- Lifecycle value
- Macro levers for growth (client acquisition, SoW, by segment, main vs. second bank...)

Customer insights

- Needs and preferences by segment (for deep bkg. relationship)
- Segment journey and moments of truth
- Key success factors for acquisition, cross-sell, retention

Defining Nedbank's Retail strategy

- Identify value skews and white spaces
- Define source of distinctiveness and customer value props per target segment
- Inspiration from other B2C industries
- Brainstorm/ creative ideas

Nedbank Retail strengths and weaknesses

- Strengths, weaknesses vs. competition on client key success factors
- Other banks strategic thrusts

- Started by new Retail team in October 2009
- Initial strategy strawman shared with Board in July 2010 and Investors in August 2010
- Detailed strategic initiatives included in 2011-2013 plan and approved by Board in October 2010

Target organisation

- Align retail business model on an holistic basis using 7S¹ principles
- Align roles, accountabilities and decision rights

Implementation roadmap

- Set realistic timelines
- Identify key building blocks and sequencing
- Manage execution risk

Long term goals and short term milestones

- Monitoring delivery
- Balanced scorecards
- Test strategic impact

Three strategic imperatives stemmed from the deep understanding of external trends and from Nedbank's internal context

External context

- Growing banked population (+4.9m by 2020)
- Changing demographics: large youth and entry level market (+2m); growing middle market consumers (+2m) and seniors remain important(+1.4m)
- Growing small business segment employing ~45% of the SA workforce
- Increasing consumer preference for choice of channels, self-servicing and low cost banking
- Tightening regulation and pricing pressures (especially deposits and NIR)
- Technological and process innovation for simplicity and ease of banking
- Increased competition including niche players

Retail is an attractive, large, growing but increasingly competitive segment...

Internal context

- Strongly independent product-focused businesses with high and increasing use of capital and liquidity
- Expanded to all clients, emphasising Mzansi albeit 2/3 inactive
- Product and price led marketing
- Behind competitors in client experience and infrastructure
- Weak client propositions (reduced bonding in affluent, lower share of primary clients)
- Misread credit cycle and inadequate risk management in secured lending
- Weaker functional lines relative to monolines
- Cumulative Economic Losses of R1.8bn* over four years to December 2009 on R4bn of capital

... Nedbank can build on product, people and wholesale strengths

Three imperatives

1. Rebuilding the client franchise as a bank for all
2. Embedding effective risk management and culture
3. Evolving the organisation to be more client centred & integrated

* Excluding bancassurance income.

Nedbank Retail will build banking relationships with all in SA, leveraging distinctive strengths, underpinned by strong risk management

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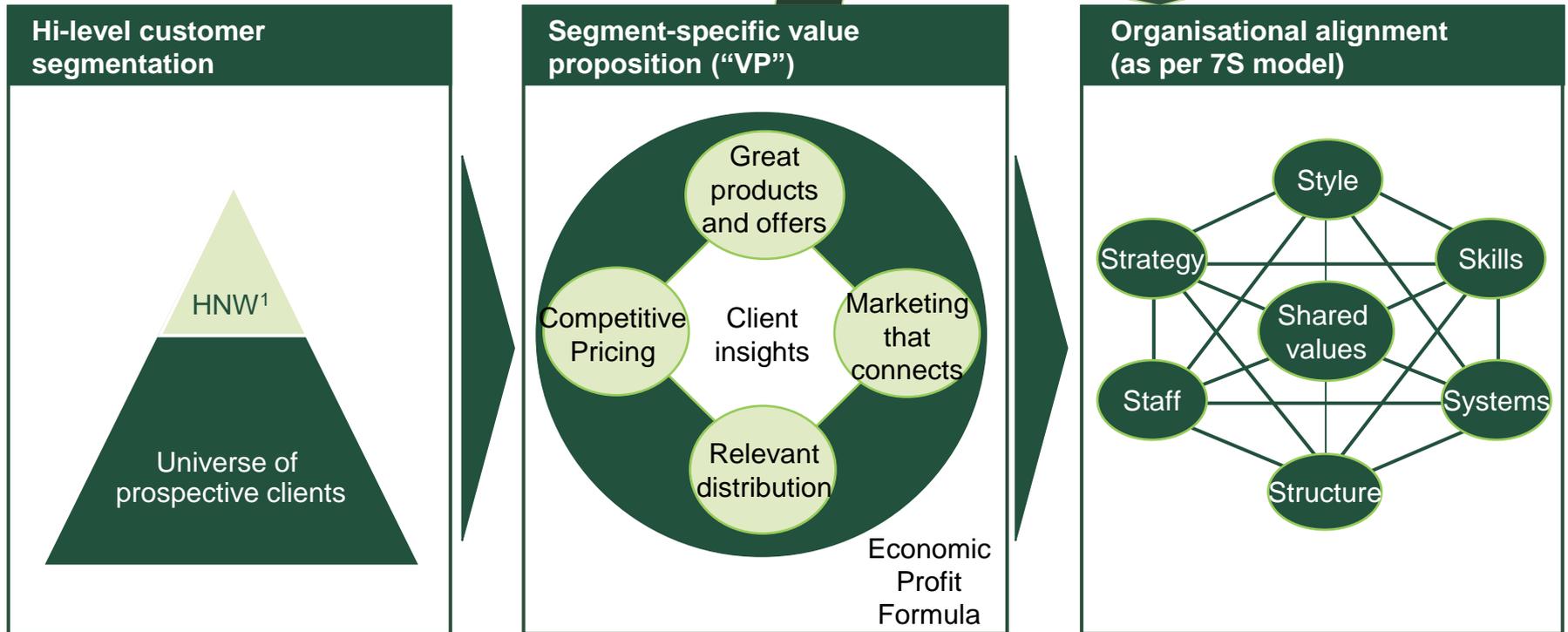
STRATEGIC INTENT

Delivering a choice of distinctive **client-centred** banking experiences that build many deep, enduring relationships with Nedbank

Delivering growth and sustainable shareholder returns through effective allocation of scarce resources



To build “distinctive client centred banking experiences”, all elements of organisational design need to be aligned to CVP



- Client segments derived from life-stage analysis and deep client insights based on “a day-in-the-life of...”

- Distinctive VP for each client segment vs next best alternative / trade offs
- Jobs-to-be-done at a given price

- Integrate Value Delivery System / 7S with client VP
- Deliver unique competitive advantage

¹ Out of scope – Nedbank Wealth providing the offering

Source: Seizing the White Space, Mark W. Johnson, 2010; McKinsey 7S Framework

Nedbank embarks on a strategic journey to sustainably turnaround the retail business

Johannesburg, 16 February 2011 – Following an in-depth strategic review, Nedbank is charting a new path to sustainable, profitable growth for its retail business. “Having reflected on our past strategic choices and resultant consequences as well as Nedbank’s strengths and opportunities in an ever changing world, our chosen direction harnesses Nedbank’s unique attributes to deliver a choice of distinctive client-centred banking experiences as a bank for all in South Africa, whilst also seeking to deliver growth and a shareholder return above the cost of capital in the medium term,” says Ingrid Johnson, Nedbank Group Managing Executive of Retail and Business Banking.

The new strategic path is a significant shift away from the previous product focus to a client-centred and integrated business with offerings to distinctive markets. In particular, Nedbank Retail will focus on extending its presence within attractive growth segments, namely youth, entry level banking and small business, whilst rebuilding its historic strength in the middle market. The strong wholesale franchise will be harnessed to access employees of companies through a differentiated Nedbank@Work offering.

Johnson notes that retail is a growing market with another 5 million new entrants likely to enter the formal banking market in the next 10 years and a strongly rising middle class. The senior market remains attractive with another 1.4m people entering this segment in the next 10 years.

“We believe this client-centred approach, underpinned by world class risk management practices, will afford us an opportunity to provide positive first interactions with Nedbank on which to build deep and enduring client relationships that embrace key “moments of truth” through their life stages,” says Johnson.

“Our distinctive offerings such as Nedbank Savvy, M-PESA and Personal Loans will attract our fair share of new clients as is already evidenced by Nedbank’s strong 10 year presence in Personal Loans where we hold the number 2 market share amongst the big 4 banks as well as our strong term deposit franchise (number 2 in market).

“I believe Nedbank is now well positioned to entrench itself as a highly aspirational brand within the growing South African banking consumer market,” Johnson says. “Perceptions of Nedbank’s brand positioning have shifted remarkably from elitist to aspirational and this resonates with South Africans who all have aspirations to realise their full potential and financial goals.

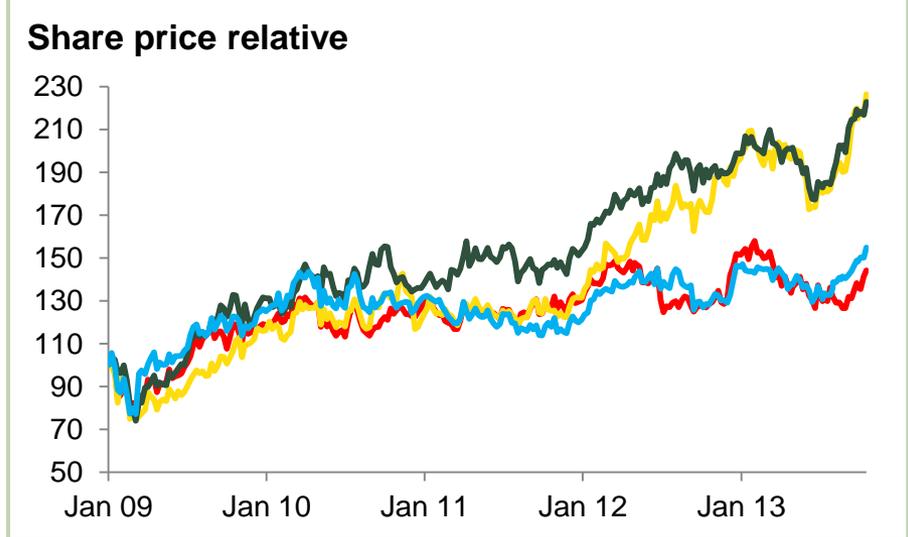
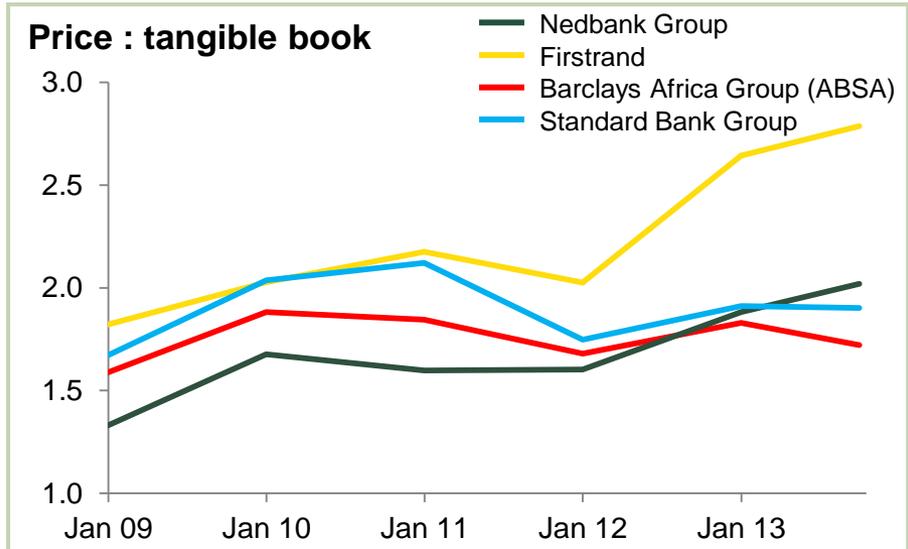
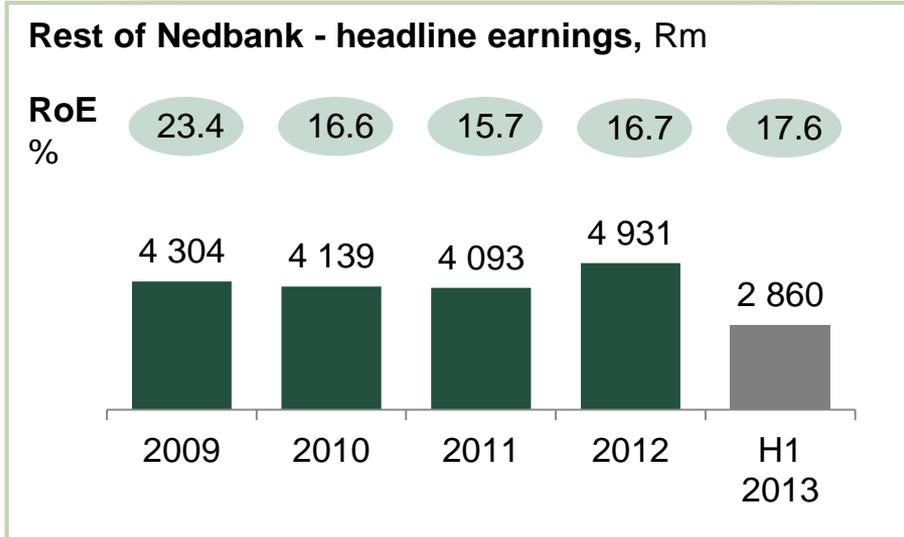
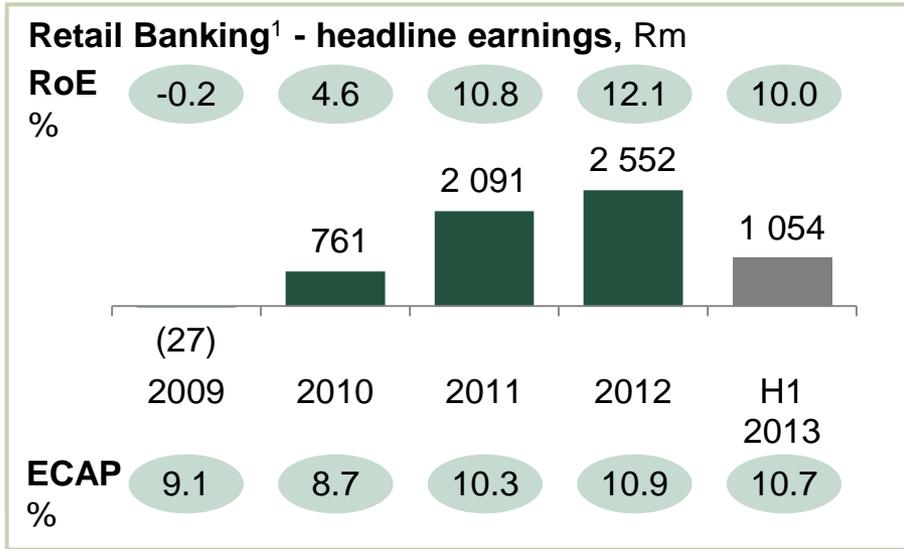
“By harnessing our distinctive culture and by listening to and understanding our client’s needs we will make things happen through our 20 000 staff across South Africa who bring our vision to life in their daily interactions with our clients. Communication of our new client-centred vision is vital and to date 2,700 staff members have recently attended roadshows to gain understanding of our exciting future and the important role each will play,” says Johnson. “We have also assembled a strong collaborative leadership team, aligned the accountabilities and enhanced collaboration across Retail and Business Banking to lead the delivery of this new strategic path.

Johnson reflects that “relative to Nedbank’s past efforts to sustainably turnaround Retail, the cohesive strategy and three fundamental imperatives of world class risk management practices; consistent investment in clients through their life stages; and strong alignment of product, channel and customer insights to deliver a choice of distinctive, client centered experiences should deliver the desired results over time.

“Importantly, rebuilding the client franchise and fundamentally transforming Retail into a client-centred and integrated business is a medium to long term journey. However, given the difference we can make to our clients and communities we serve, while unlocking our fair share of an attractive economic profit pool for our stakeholders, is a goal worth striving for,” Johnson concludes.

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Strongly repositioning retail while maintaining wholesale strengths in a tough cycle



¹ Wealth related income in rest of Nedbank
 Common equity Tier 1 2009: 9.9%, 2012: 11.4%
 Note: Prime interest rate 2009: 11.9%, 2012: 8.8%;
 Source: Dec 2012 HSBC conference with refinements

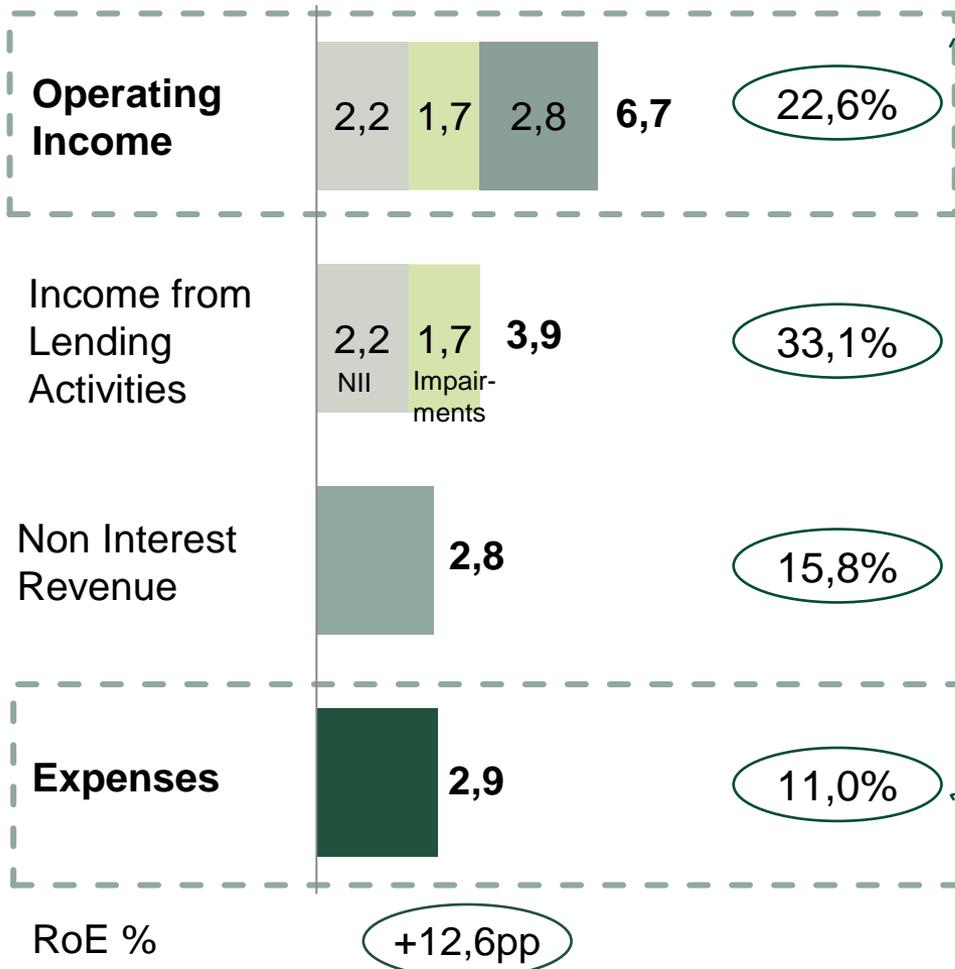
Sustainable growth has been achieved across all income statement levers and lines of business between 2009 & 2012

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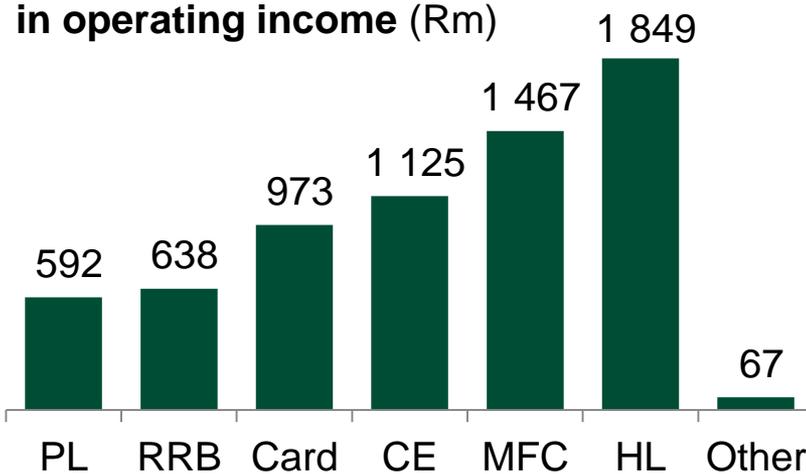
Strong growth across all financial drivers...

Cumulative growth 2009-2012 (Rbn) 2009-2012 CAGR



...and integrated lines of business...

Cumulative growth 2009-2012 in operating income (Rm)



...while investing for growth

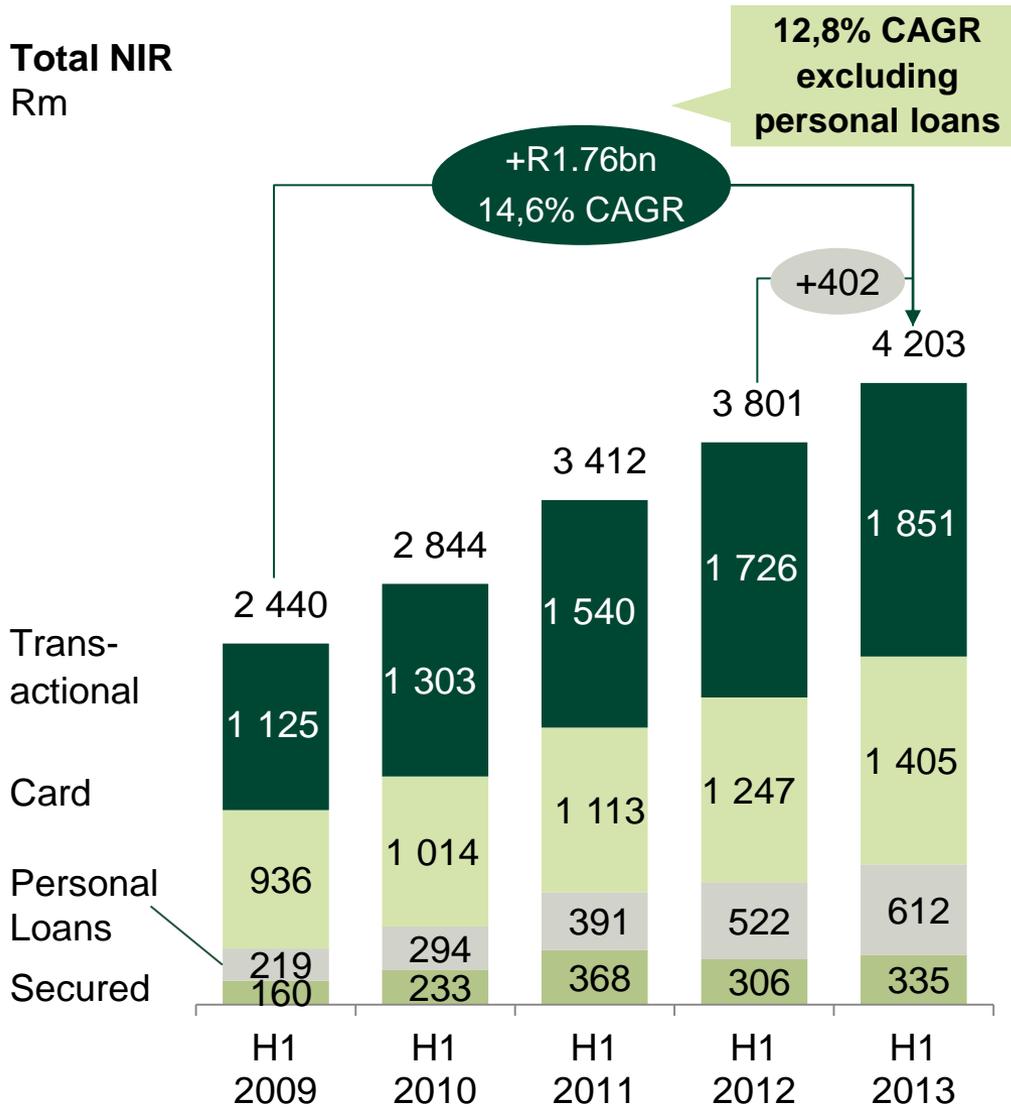
Cumulative growth 2009-2012 expenses, Rm

| | |
|--------------------------------|-------|
| Distribution | 536 |
| Other initiatives ¹ | 273 |
| Efficiencies | (633) |
| Inflation and Other | 2,748 |

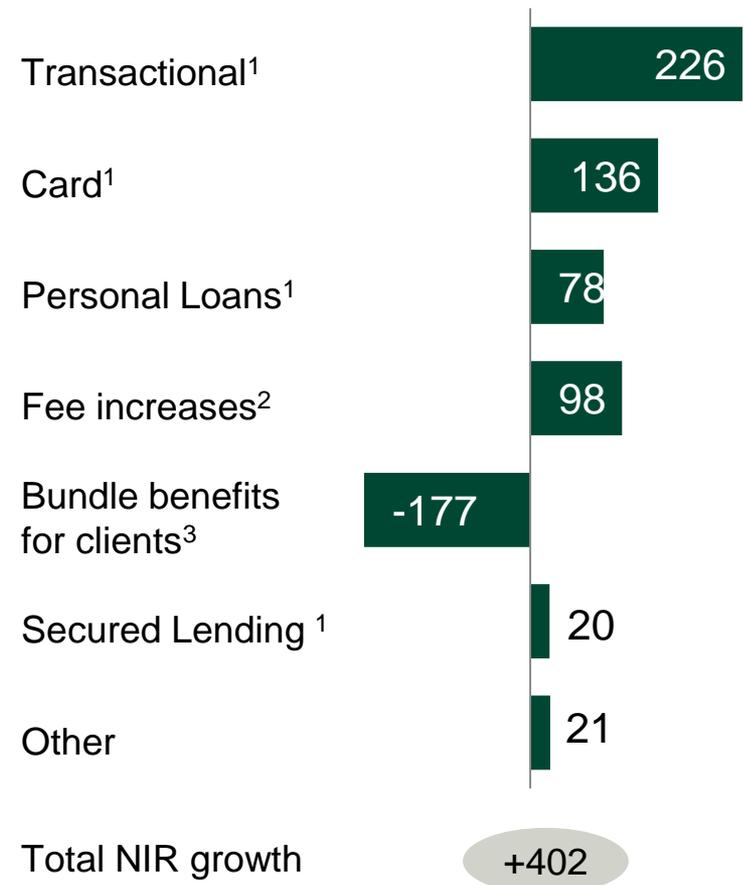
¹ Other initiatives include CVP's (Ke Yona, Savy, Relationship Banking), product and channel innovation, including digital

Significant strengthening of transactional revenues

Total NIR Rm



Drivers of 10.6% NIR growth H1 2012 vs H1 2013, Rm



1 Reflects volume related drivers
 2 Reflects all pricing uplifts. Net average annual fees increase equates to 4,35%
 3 Taking into account lower transactional activity & change in mix of transactions

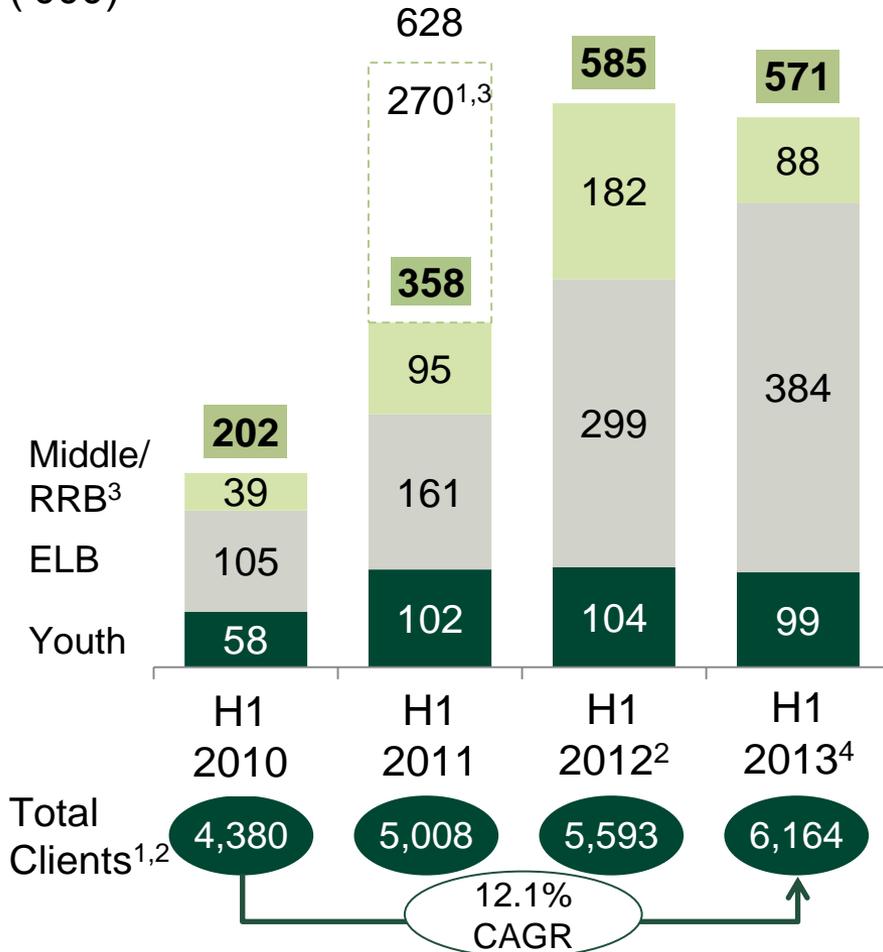
Building more enduring client relationships with all in SA

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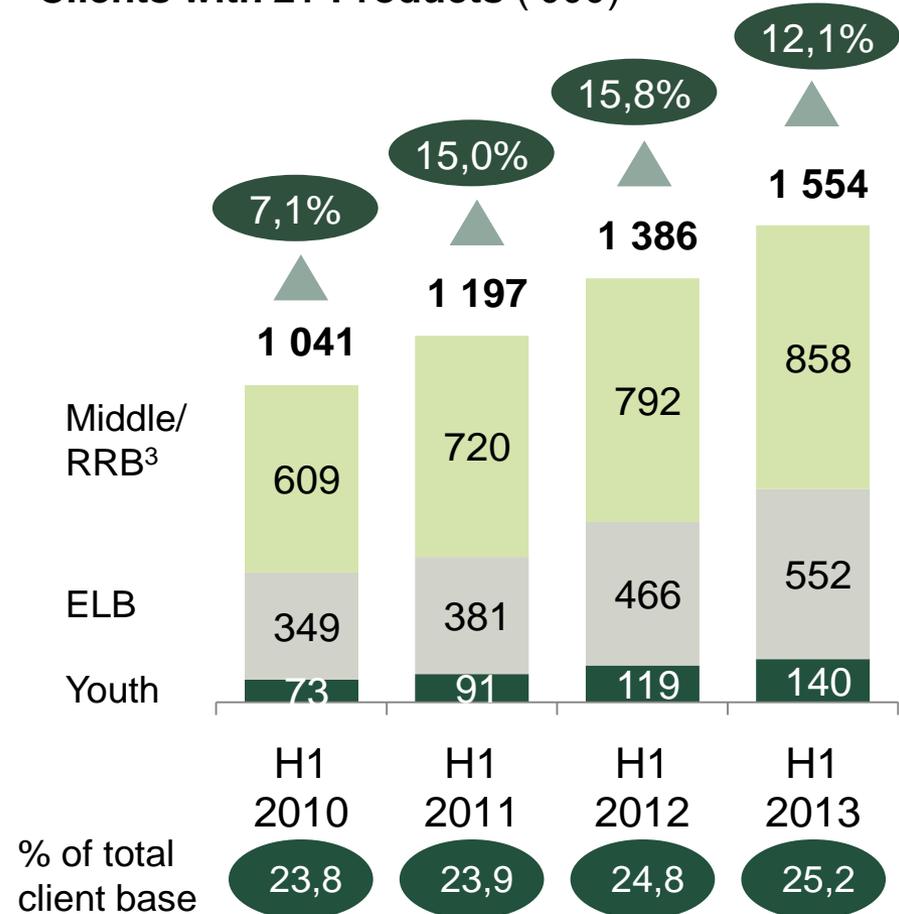
Accelerating momentum in client gains...

Client growth YOY (‘000)



...doing more with Nedbank

Clients with 2+ Products (‘000)



1 2011 includes 270K clients acquired as part of MFC

2 Acquired approximately 49k customers from Ackerman's base (Jan'12)

3 The majority of MFC clients fall in the middle market, increasing the base of clients with a single product holding

4 Client base restated, affecting client numbers in 2013 by ~ -20k

Making Nedbank more accessible across SA as a bank for all through step change investment in distribution

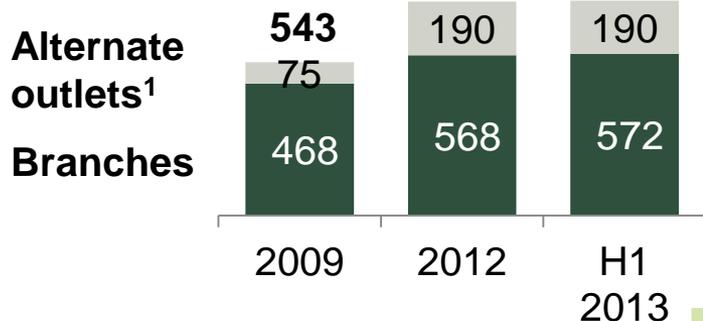
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Over R1.3bn investment in distribution since 2009

Branches & Outlets (#)

40%
increase!



ATMs (#)

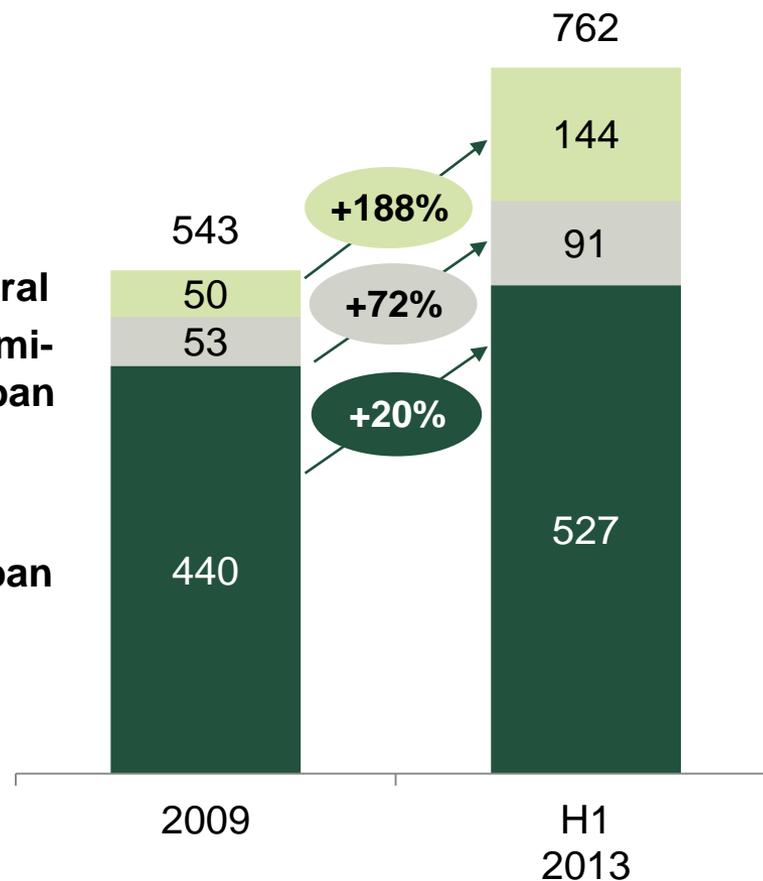
72%
increase!



Footprint optimised in line with micro-market opportunity - 128% growth in non-urban

Rural Semi-urban

Urban



¹ Excludes Personal Loans kiosks (2009:250, 2012: 313 & H1 2013: 279). Growth is from 2009 year end levels.

Source: 2012 results presentation with small refinements

Embedding effective risk culture with adequate impairments - CLR impacted by advances mix, methodology changes & credit cycle

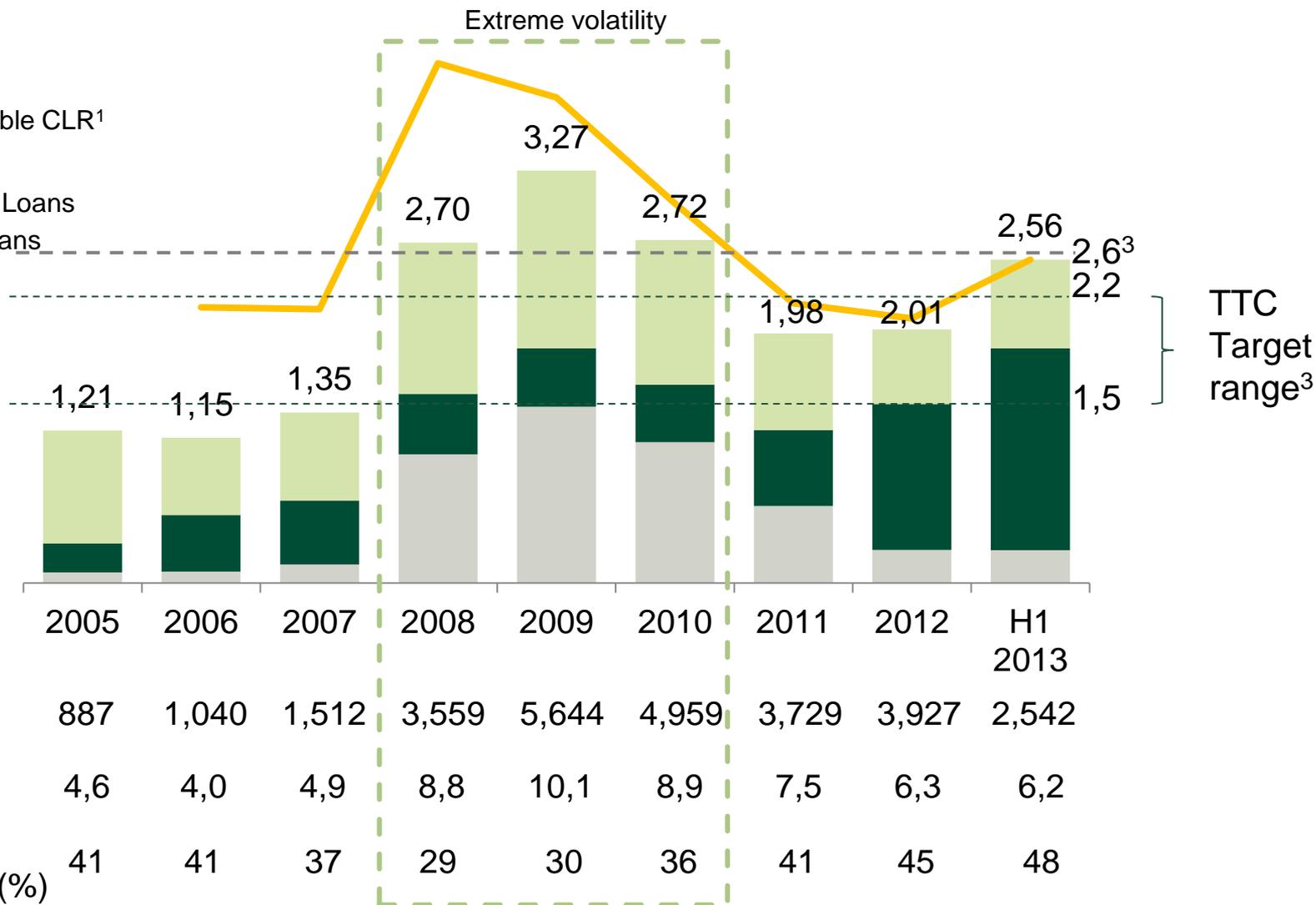
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Retail CLR

(%)

- Comparable CLR¹
- Other
- Personal Loans
- Home Loans



| | | | | | | | | | |
|------------------------------------|-----|-------|-------|-------|-------|-------|-------|-------|-------|
| I/S ⁵ (Rm) | 887 | 1,040 | 1,512 | 3,559 | 5,644 | 4,959 | 3,729 | 3,927 | 2,542 |
| NPLs ² (%) | 4,6 | 4,0 | 4,9 | 8,8 | 10,1 | 8,9 | 7,5 | 6,3 | 6,2 |
| Specific coverage ⁴ (%) | 41 | 41 | 37 | 29 | 30 | 36 | 41 | 45 | 48 |

1 Actual CLR re-calculated assuming June 2013 asset mix

2 Percentage defaulted advances including legal and non legal

3 Sensitive to advances mix, Upper Range adjusted using 2013 mix vs 2009

4 2005 to 2008 numbers exclude MFC

5 Income statement impairments

Proactively reduced defaulted loans while materially strengthening balance sheet impairments since 2009

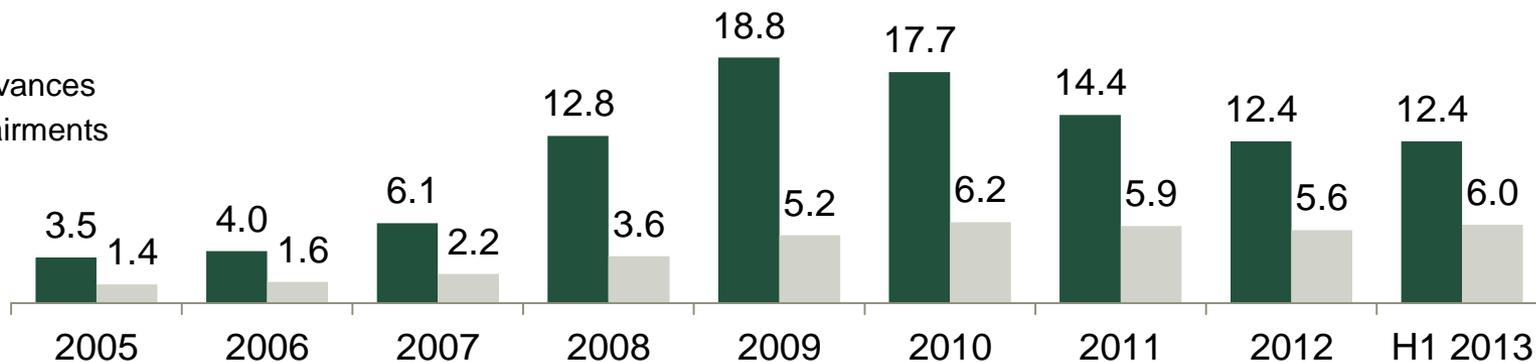
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Defaulted advances & specific impairments

Rbn

■ Defaulted advances
■ Specific impairments



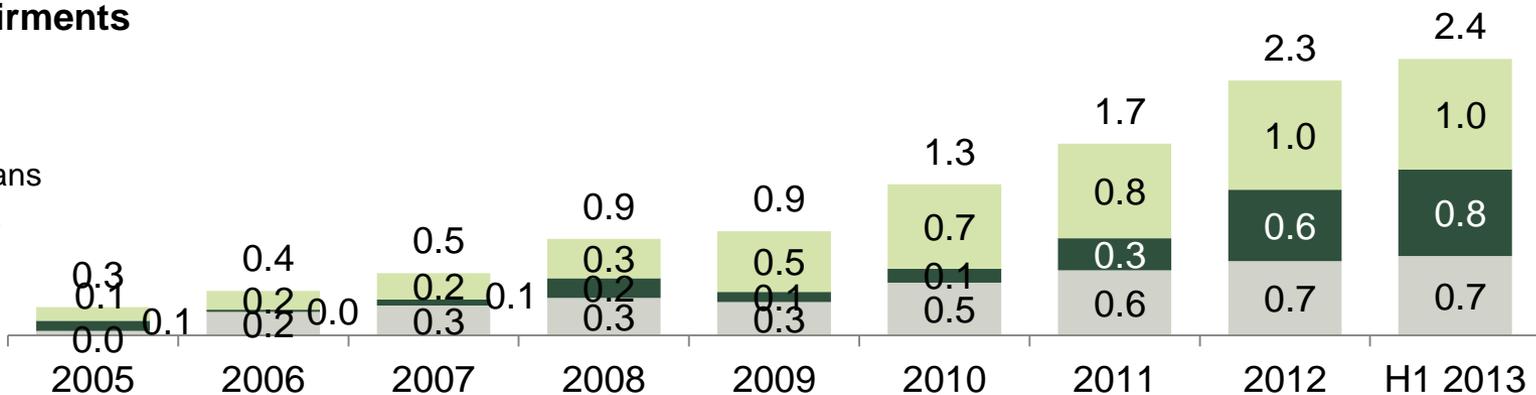
Specific coverage (%)

| | | | | | | | | | |
|------|----|----|----|----|----|----|----|----|----|
| 2005 | 41 | 41 | 37 | 29 | 30 | 36 | 41 | 45 | 48 |
|------|----|----|----|----|----|----|----|----|----|

Portfolio impairments

Rbn

■ Other
■ Personal Loans
■ Home Loans



Performing book (%)

| | | | | | | | | | |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2005 | 0,1 | 0,1 | 0,4 | 0,6 | 0,5 | 0,8 | 1,0 | 1,2 | 1,3 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|

2005 to 2009 numbers exclude MFC
 Source: 2013 interim results presentation

Retail is steadily narrowing gap to peers in its drive to sustainably generate a ROE > COE

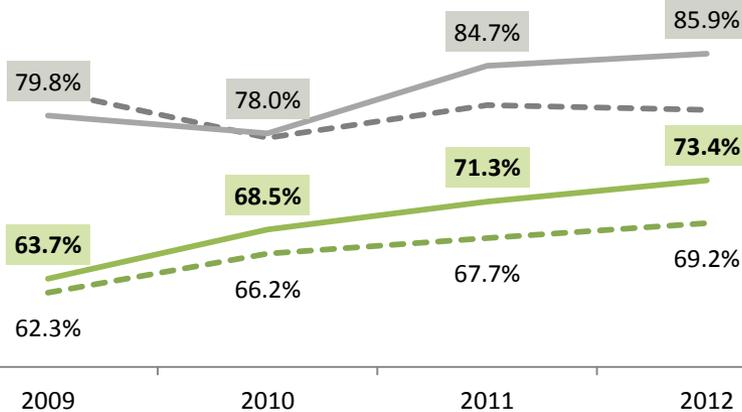
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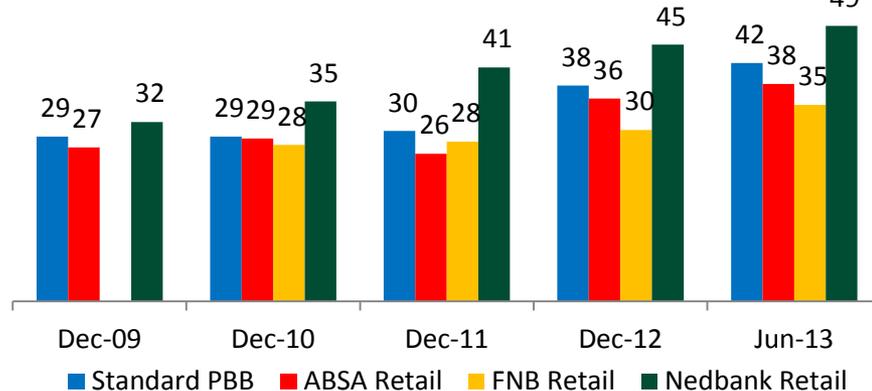
Peer comparison indicates Retail is steadily closing the gap and relative to peers, is best positioned in terms of coverage

Retail & BB NIR : Expenses

- Nedbank Retail & BB
- Industry Retail & BB (excl Nedbank)
- Nedbank Retail
- Industry Retail (excl SBK)



Retail specific impairment coverage on defaulted loans %

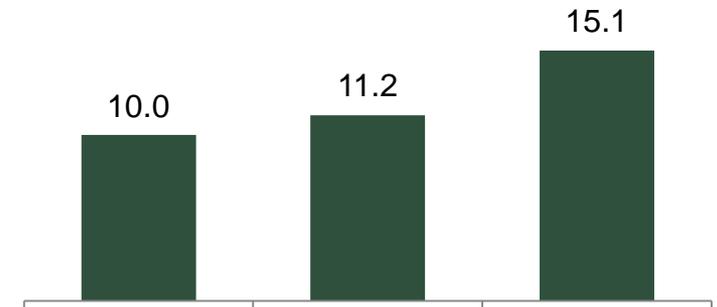


ROE peer comparisons are difficult given differences in capital allocation methods

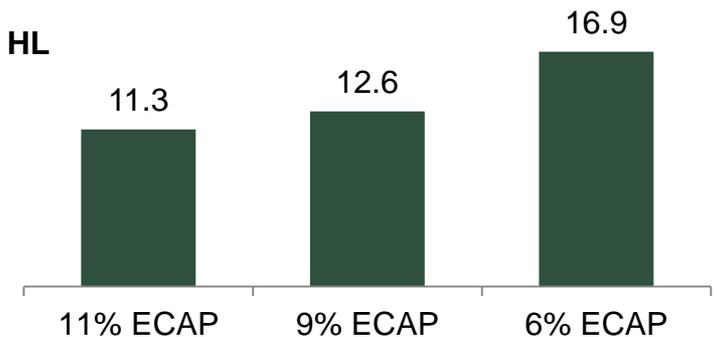
Actual 2013 H1 results for Retail

2013 H1 results applying peer range of ECAP rates

Retail ROE %



Retail ROE excl HL %



Allocated capital Rbn



Guided by selective origination strategies, Retail's holistic market positioning relative to 2009 and in relation to peers has improved

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Relative position at June 2013

| | # 1 | # 2 | # 3 | # 4 | 2009 Base | Newer Market Player |
|-------------------------------------|-------------------|------------------|--------------------|--------------------------------|--------------------------------|---------------------|
| Clients | | | | | | |
| Number of clients | 9.1m | 9.9m | 7.5m ⁷ | 6.2m | 4.2m | 5.0m |
| Products | | | | | | |
| Home Loans | 33.6% | 27.5% | 19.1% | 15.1% | 17.0% | N/A |
| Motor Finance | 35.1% | 25.1% | 19.2% | 18.9% | 7.3% | N/A |
| Personal Loans | 30.7% | 14.1% | 12.6% | 12.5% | 14.6% | 18.0% |
| Retail Deposits | 25.5% | 21.2% | 21.0% | 19.8% | 21.3% | 3.0% |
| Card (acquiring)² | N/A | N/A | N/A | 20.19% credit, 15.95% debit | 23.01% credit, 19.68% debit | N/A |
| Card (issuing)² | N/A | N/A | N/A | 18.1% credit, 12.6% debit | 20.5% credit, 9.3% debit | N/A |
| Card (issuing receivables) | 32.5% | 28.4% | 15.7% | 12.6% | 13.2% | N/A |
| Channels | | | | | | |
| Branches | 864 | 774 ⁷ | 762 ¹ | 619 | 438 | 589 ⁶ |
| Alternate Outlets | 279 | 269 | 109 | N/A | 355 | |
| ATMs² | 9,630 | 7,416 | 5,938 ⁷ | 3,182 | 1,853 | 2 844 |
| Internet⁹ | 1.2m ⁴ | 0.8m | N/A | 1.2m | 0.4m | 261k ⁶ |
| Mobile⁹ | N/A | N/A | 4.5m | 0.6m ³ | 0.2m | 3.2m ⁶ |

Notes:

Market share information as at Aug 2013

1 Includes retail outlets (190)

2 Card figures: acquiring and issuing Mar 2013. Cashback enabled POS devices 5,999 (3,969 enabled, 796 active) figures Jun 2013

3 Includes Nedbank App users

4 FNB Internet figures Jun 2012

5 Absa alternative outlets figure as Jun 2012

6 Newer market player: Capitec figures Aug 2013 Internet & mobile info as at Feb 2013

7 FNB figures Dec 2012.

Branches include 163 EasyPlan branches

8 Ranking of Internet and Mobile based on percentage of main banked clients (AMPS data)

Turnaround plan recognised that re-building the main banked client franchise takes time - consistent execution of strategic intent reqd

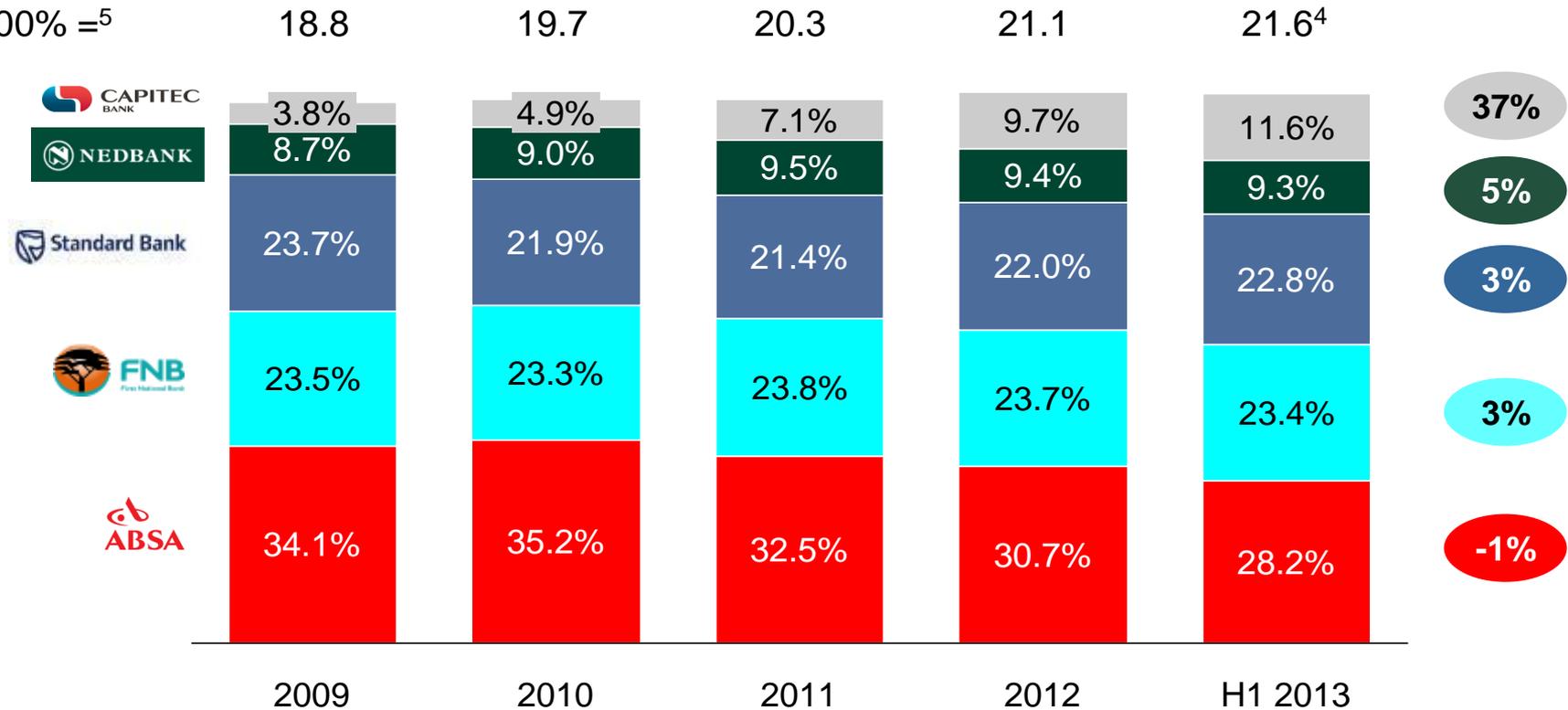


Adult¹ Primary² banking customers Millions

100% =⁵

+3.5% p.a.³

Annual client growth⁶ %



1 Adult is 15+

2. Percentage market share based AMPS variable "main bank for all banking transactions"

3 Annual growth in South Africa's primary banking customer base based on Nedbank Total Primary Market Calculations averaged over 2010 - 2013

4. 2013 AMPS number as per release 2013A and includes Jul2012 – Jun2013

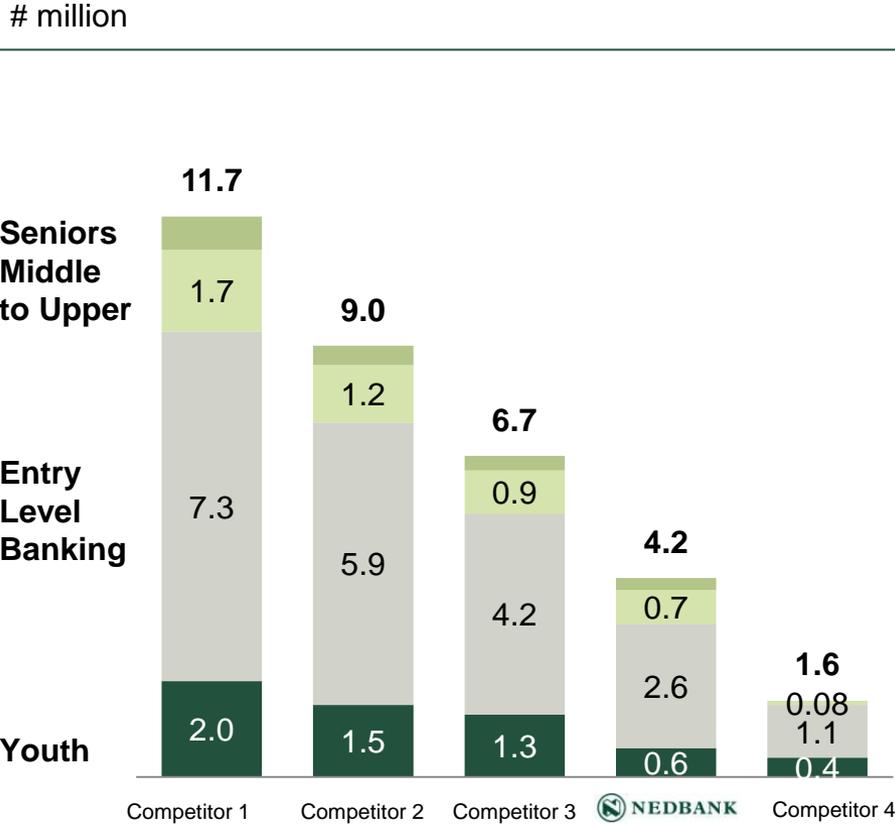
5. Total Primary Market Calculated using Nedbank Primary Customer Base / Nedbank AMPS Market Share

6. Annual Growth calculated using average of 2010 – 2013 growth

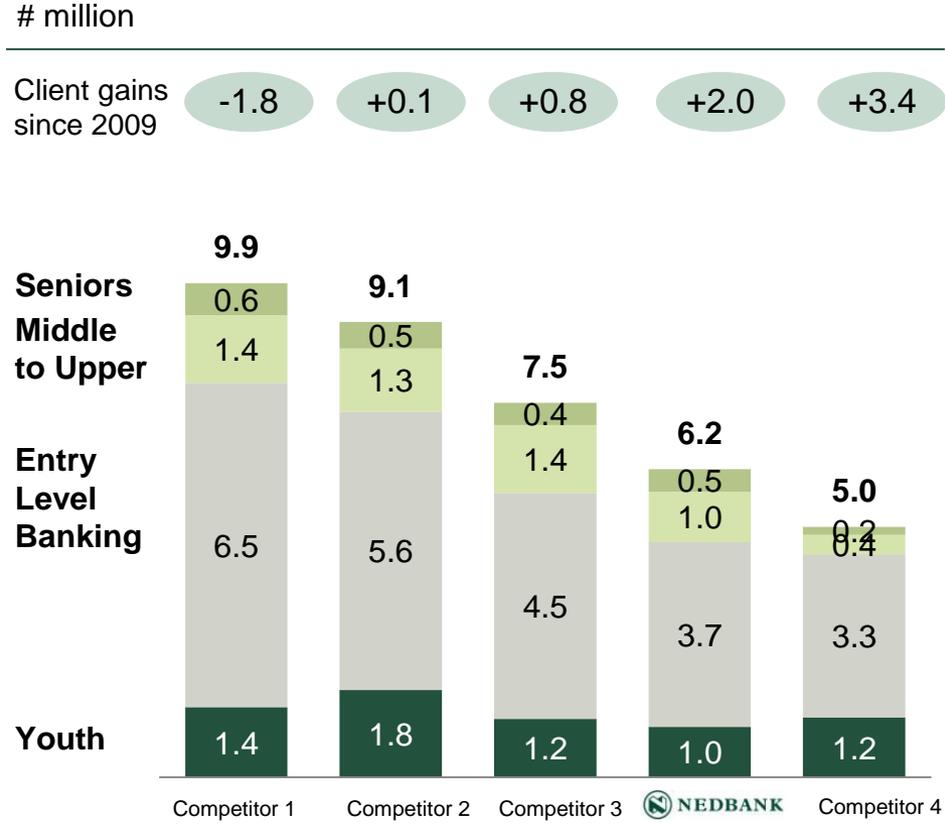
An enabler to strengthening the transactional franchise is growing total clients in all segments - source of future main banked clients



Total client base by income segment (as of December 2009)³
million



Total client base by income segment (as of June 2013)¹
million



¹ Cannot add the client numbers to get the market as clients are multi-banked
Source: AMPS data and Retail analytics

Nedbank's overall achievements are acknowledged in the market with Retail contributing meaningfully to this change in sentiment

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Industry acknowledgements & accolades received to date...

Best Consumer Android App
2013 MTN Awards

Top 10 Innovative African Banks
Terrapin Future Bank

Most transformed company on the top 100 JSE-listed companies

2013 Socially Responsible Bank of the Year Award
African Banker Awards

CSI award
Sunday Times Top 100 Companies

Nedbank & Ecobank Alliance 2010 Most Innovative Bank of the Year
African Banker Awards

Skills@Work Award
in the Large Company category for good practice in skills development in the banking and microfinance sectors
BANKSETA.

Runner up Most Innovative Bank of the year
2013 African Banker

Bronze Award Ke Yona Team campaign
received a 2013 Loeries

2013 Transformation Champion of the Year and the Corporate Social Investment Black Business Quarterly (BBQ) awards

Three Silver Communicator Awards for its 'Know How is Power' programme
International Academy of Visual Arts

...shifting market sentiment and perception

Nedbank to move towards the sector average ROE of c.20.5% by 2015E, driven mostly by anticipated continued success in the retail banking turnaround as well as opportunity in Africa.

ABSA Capital, Aug 2013

Lower base and sharpened focus/investment to drive growth

We think that Nedbank has the correct suite of products and targeted strategy to be successful in the lower-income market. We also think that this will support growth, especially as the bank is coming off a lower base relative to the peer group. Investments, products and client acquisition seem to be proving successful to date. Nedbank's target market is very similar to Capitec's, with Riaan Stassen commenting to the market in a recent presentation that he actually views Nedbank as the most serious competitor.

Merril Lynch, May 2012

Nedbank

Nedbank fares well across many categories, and is possibly a surprise runner-up in the overall satisfaction rankings against the likes of Absa and Standard Bank that are perceived to have a broader and stronger base.

Ingrid Johnson, who heads Nedbank's retail and business banking, has pulled off a seeming miracle by placing the bank firmly back on track after something of a malaise following its acquisition of BoE a decade ago. This should give business customers who have been reluctant to consider the bank as a viable alternative the confidence to relook at this contender.

Intellidex Top Business Banks Survey, Aug 2013

- Executive Summary
- What we set out to do in 2010
- Progress to date
- How we achieved it
- Future trends & prospects

How we achieved it - 3 fundamental imperatives to sustainably turn around Retail

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Rebuilding the client franchise as a bank for all

- **Demographic insights** drive creation of **compelling CVPs** for key market segments
- Improved **cross sell effectiveness** by **leveraging product line & wholesale strengths** (notably card, deposits, PL's and Nedbank@Work)
- **Competing on overall client experience** while ensuring **CVP** elements (product, price, integrated channels & positioning) are competitive
- Investing significantly in **sources of distinctiveness** – **CVP's, integrated channels, client centred innovation**

Embedding effective risk management & culture

- Protecting franchise from **downside risk of challenging credit cycles** by **fundamentally overhauling Retail's risk operating model** to
 - **Ensure adequate balance sheet impairments** throughout cycles
 - **Adopt selective origination strategies** to optimise risk vs return of asset portfolio and quality of advances portfolio
 - **Fundamentally redesign business models** to mitigate risk while increasing source of distinctiveness – examples include **home loans and personal loans**

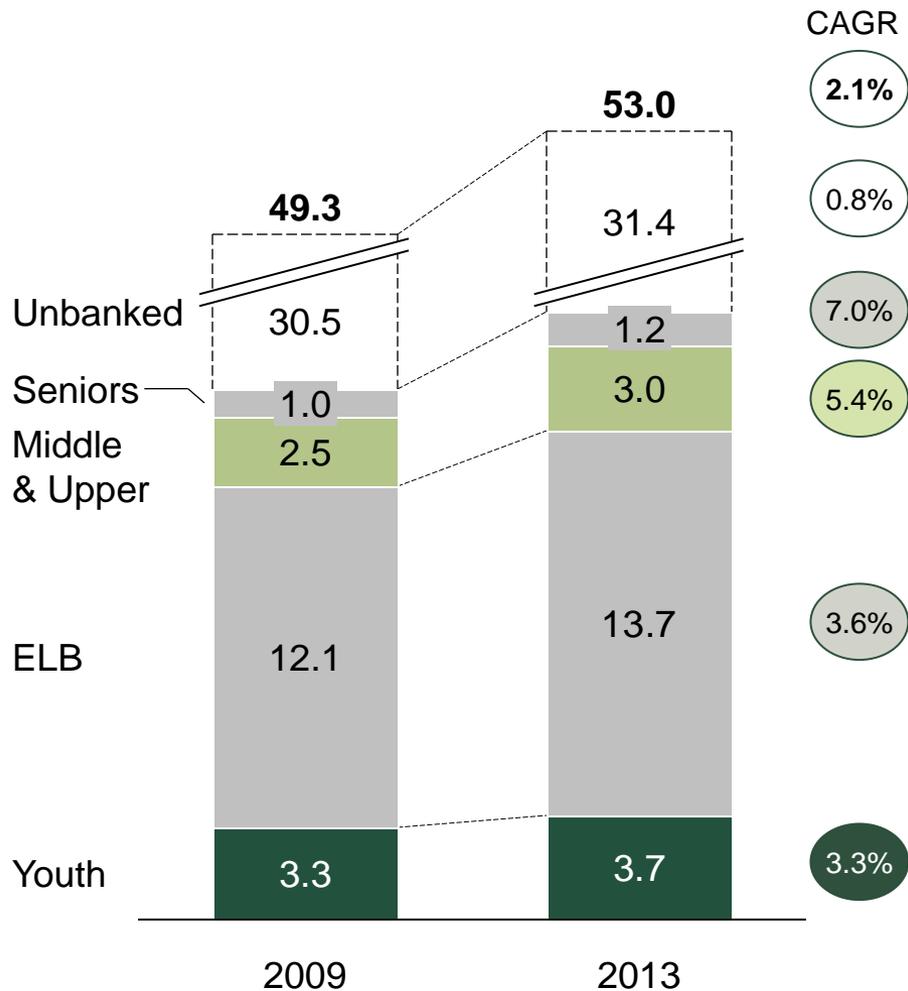
Evolving the organisation to be more client centred and integrated

- **Substantial organisational change embedded** to deliver on the strategic intent and enable the distinctive CVPs, including successfully **integrating Imperial Bank**
- **Organisational culture strengthened** through investment in people & transformation
- **Unlock significant cost savings to accelerate investments in sustainable foundations**
- **Step change in customer management practices** across 11 dimensions – measured consistently by CMAT

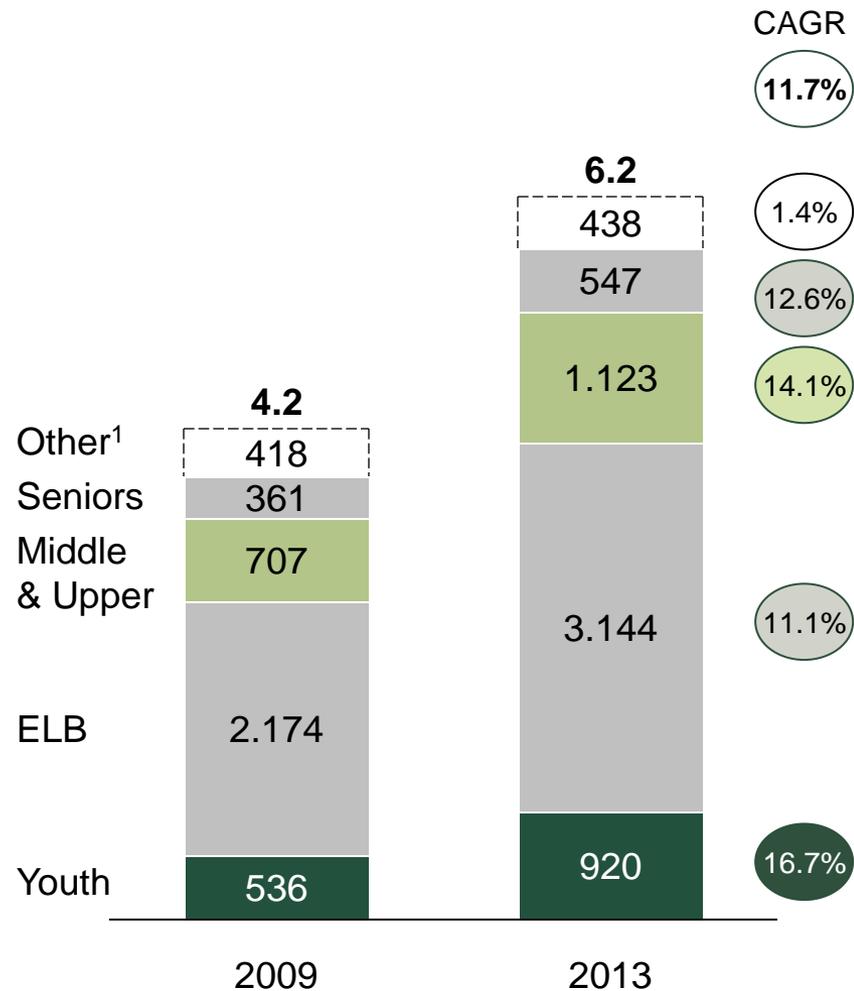
Importance of being a 'bank for all' given SA market demographic shifts



Demographic shifts by banking segment of population
millions



Nedbank total client base
millions

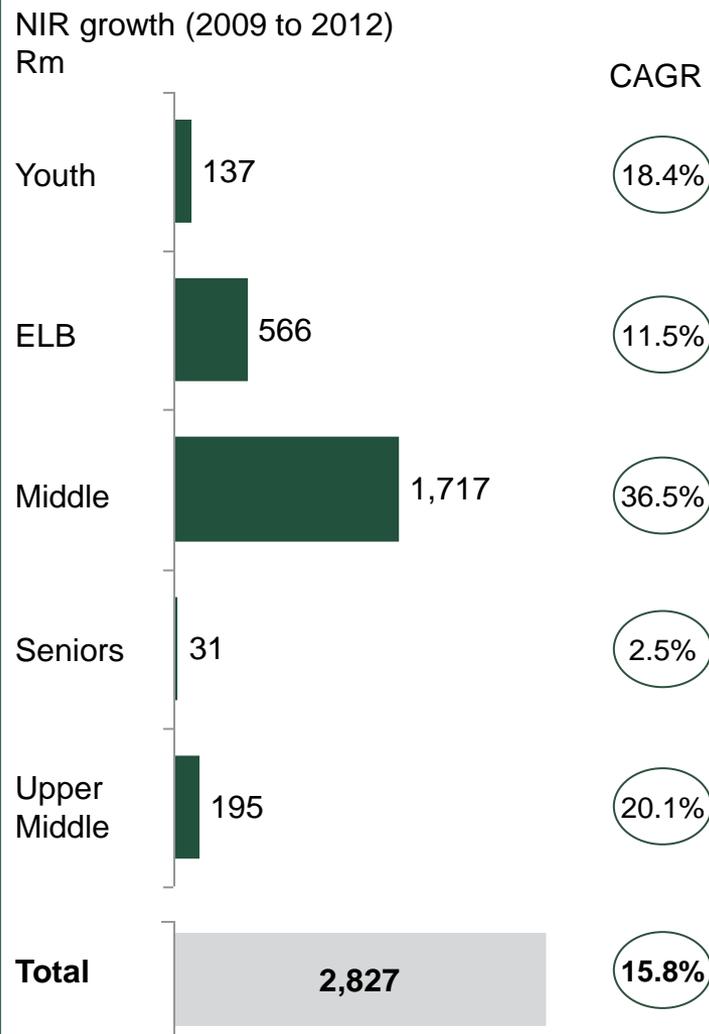


¹ Other includes SBS and NRNI segments

Source: BIS, AMPS 2009B, 2013A, Segment - StatsSA

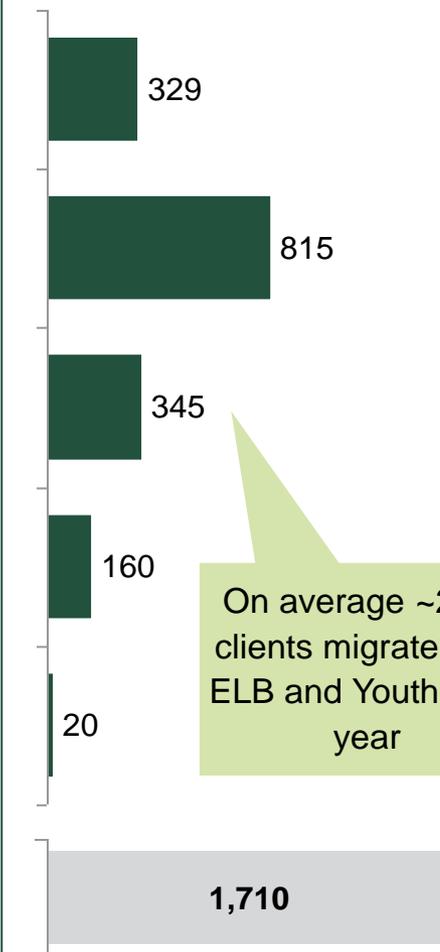
All client segments contributing to NIR growth with middle market the strongest, reflecting benefits of investing in the client life cycle

All segments are contributing to NIR growth

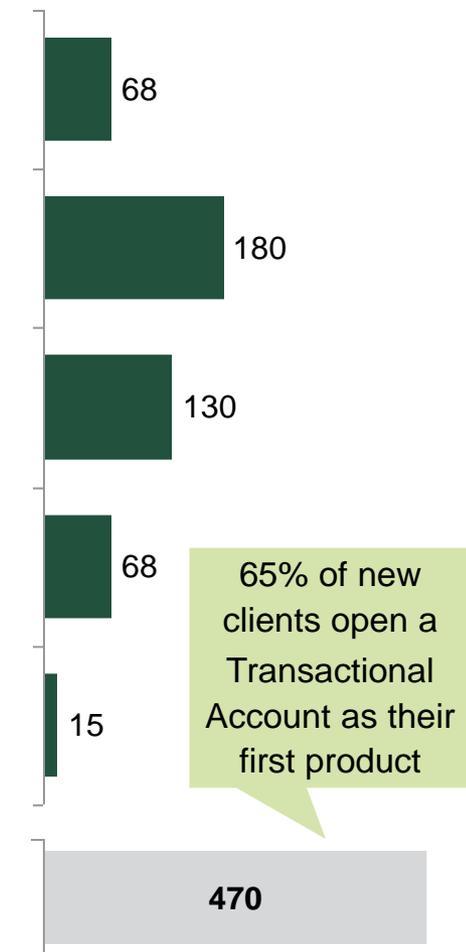


Driven by volume gains and increased cross-sell

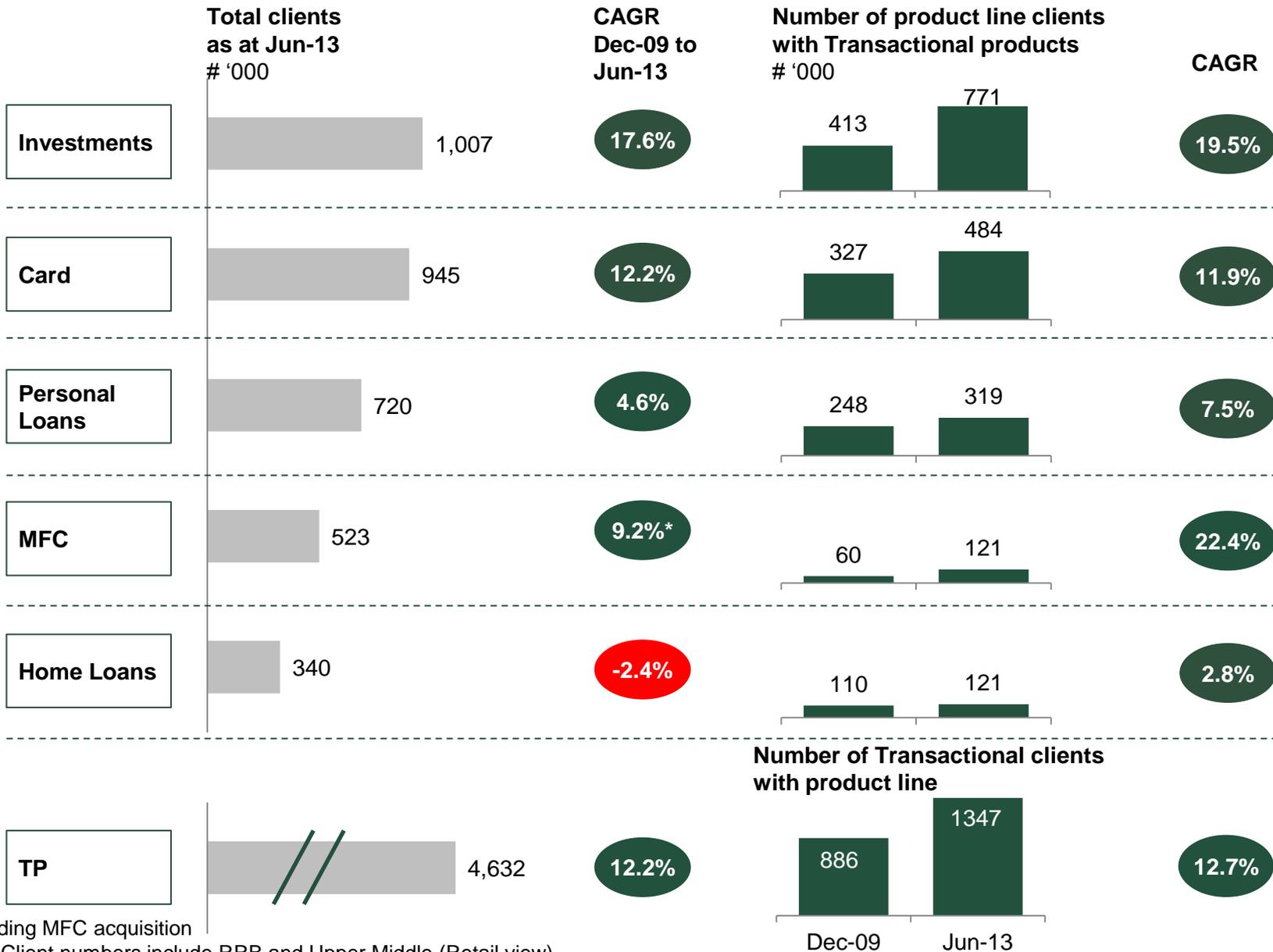
Client Growth (2009 to 2012) #'000s



Increase in clients with 2+ products (2009 to 2012) #'000s



Improvements in client quality demonstrated in the increased levels of cross-sell of transactional products



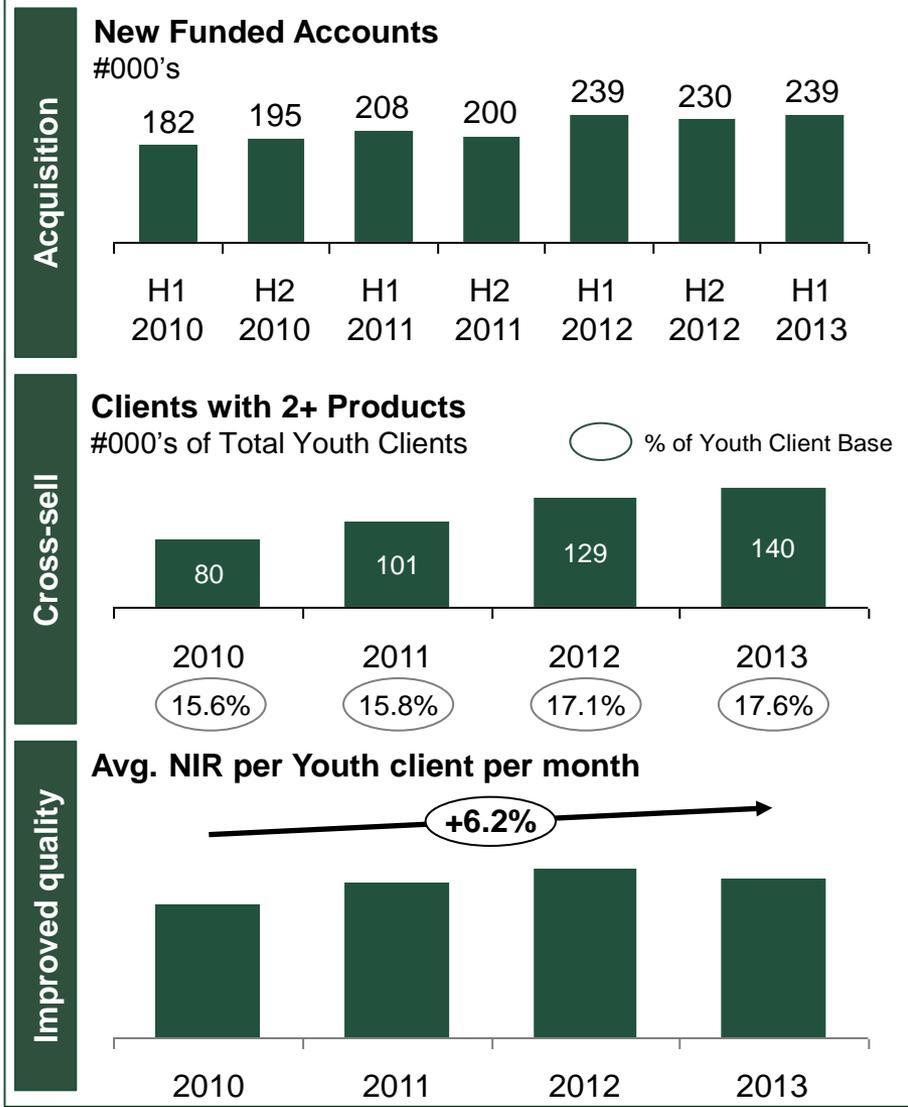
*Including MFC acquisition
Note: Client numbers include RRB and Upper Middle (Retail view)

Youth: Nedbank4me enables financial education of kids and teens in a responsible (yet cool) manner

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Momentum in client quality & cross-sell...



...as CVP resonates and changes perception

Nedbank4Me CVP launched in late 2011 – 4spending, 4saving, 4growing, 4good

Market days:

- Markets Days are aimed at Kids and Teens to equip them with entrepreneurial skills from a young age.
- In 2012 we reached 40 000 learners and in 2013 we reached 300 schools and over 190,000 learners and teachers



Rockin' Future:

- Rockin' Future is a school-based activation for grade 11 and 12, with a focus on post-matric education and alternative career options at this life stage.
- For the first time we have been successfully present at 288 schools and have reached 40 000 Matrics and 284 Teachers.



O-Week:

- A Student based activation during registration week on tertiary campuses.
- O-week activations occurred at 120 tertiary sites in 2013.
- For the first time this year we were present at 8 UNISA campuses.



My Money Map:

- As of October 2013 we have 1740 registered users of the My Money Map

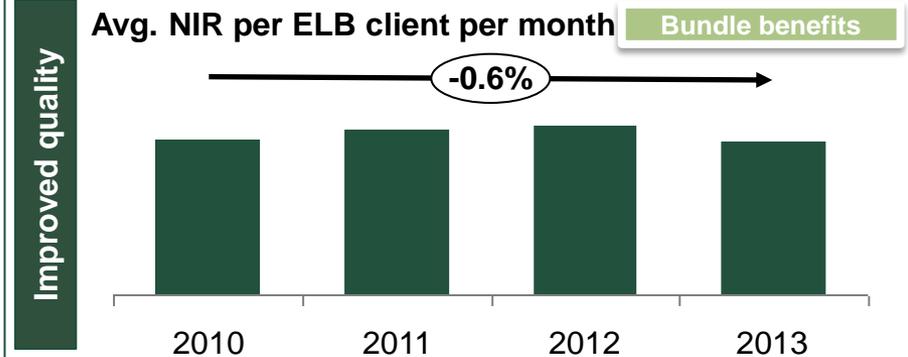
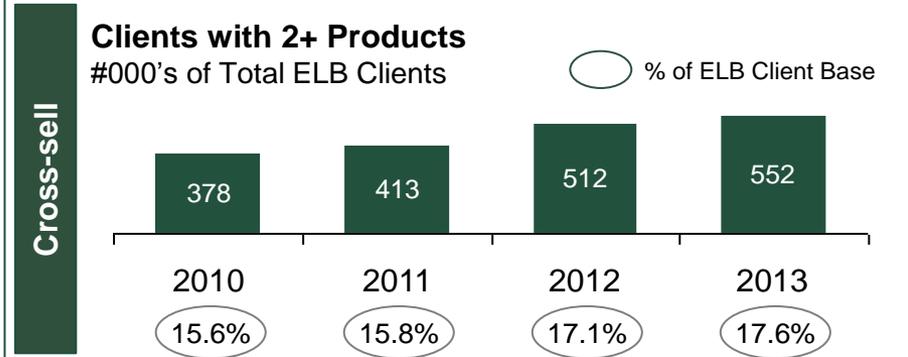
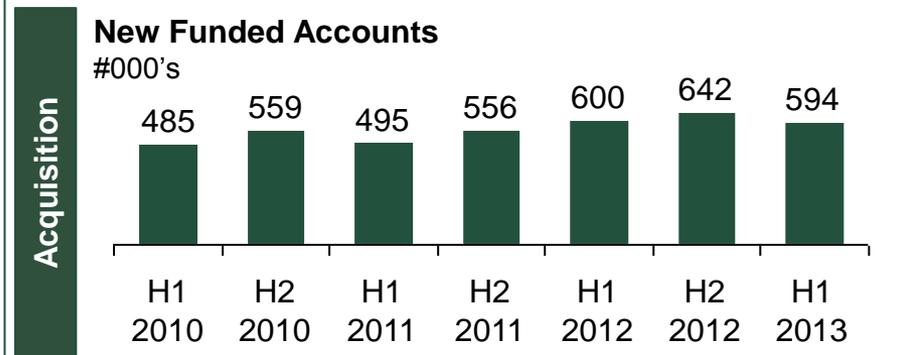


MYMONEYMAP

ELB: Nedbank Ke Yona for ELB is accessible through all stores, at same price & the only offering to embed R2,000 funeral cover



Momentum in client quality & cross-sell...



...as CVP resonates and changes perception

Nedbank Ke Yona launched in July 2011 encouraging clients to “start building a better life” with Nedbank – relevant mix of products integrated (transact, save, pay, borrow, insure)

- **Positioning** ATL strongly promotes financial fitness and not to take on expensive debt
- **Ke Yona R5** transactional account with R2000 embedded funeral benefit for minimum transacting levels
- Robust “Portfolio Management” to cross sell to existing base. Cross-sell ratio has improved by 13% since 2012.
- Increased accessibility through step change in relevant distribution - Branches, In-Retailer kiosks and ATMs
- Bi-annual “Above-The-Line” marketing through the Nedbank Cup, Ke Yona Team Search & Ke Yona campaigns. Ad spend half to third of peers and this is being stepped up in 2013 and beyond. Positive trend in bonding

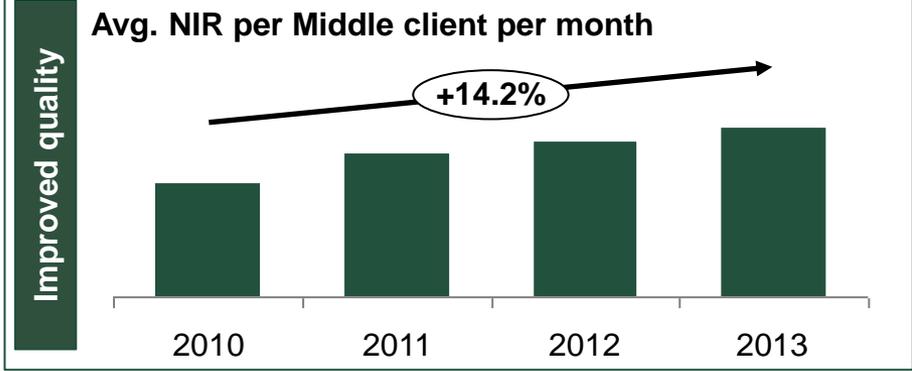
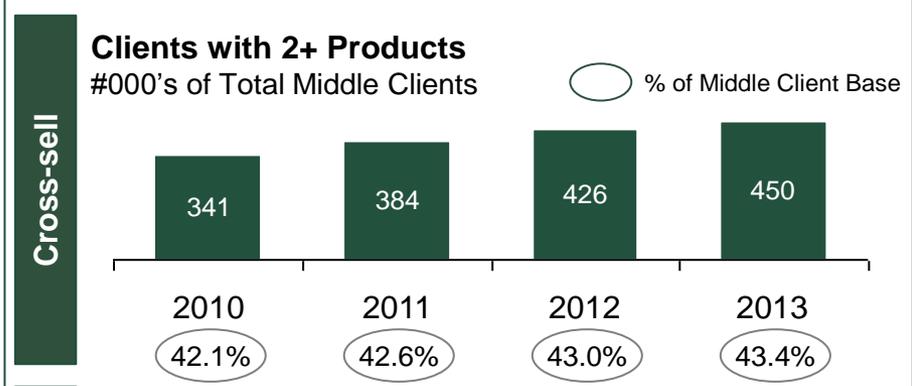
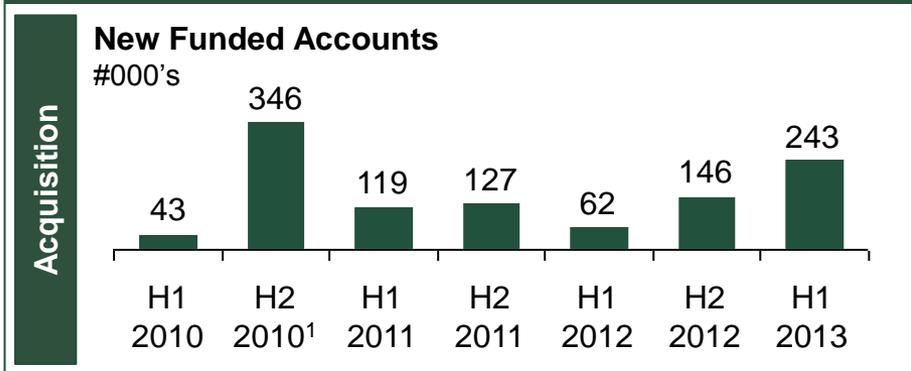


| | NEDBANK | | | Big-3 average | | Capitec | |
|-------------|---------|------|--------|---------------|--------|---------|-----------------|
| | 2009 | 2013 | change | 2013 | change | 2013 | Change (vs '10) |
| Bonding | 11 | 14 | +3 | 22 | -5 | 15 | +10 |
| Advantage | 60 | 62 | +2 | 71 | -2 | 52 | +8 |
| Performance | 67 | 71 | +4 | 78 | 0 | 62 | +5 |
| Relevance | 68 | 72 | +4 | 82 | +1 | 63 | +5 |
| Presence | 92 | 93 | +1 | 98 | 0 | 81 | +9 |

Middle: Nedbank Savvy enables the lifestyles of aspirant adult individuals through 'the whole enchilada' hassle free



Momentum in client quality & cross-sell...



1 MFC acquisition being primarily middle market

...as CVP resonates and changes perception

Nedbank Savvy CVP launched in mid 2010 and consistently built on over past 4 years. Client insight led integrating all relevant products



- **Focus on Savvy as a concept \ lifestyle** showcasing all the things you can do to be more Savvy, especially things banks do not speak about e.g. no funds alert, best saving rate in HL
- **More bundled offerings** e.g. Savvy Bundle encouraging ease of cross-sell
- **Savvy integrates multiple product** including card, transactional, lending and Greenbacks loyalty rewards. Active **social media engagement**
- **First to market innovations** such as **Nedbank App Suite**, Approve-It, **My Financial Life** for Financial Fitness, and **Online Home Loan applications**
- **2013 Savvy campaign impactfully** addressing inadequate share of voice (AdSpend half of peers in 2012)



| | NEDBANK | | | Big-3 average | |
|-------------|---------|------|--------|---------------|--------|
| | 2009 | 2013 | change | 2013 | change |
| Bonding | 15 | 11 | -4 | 32 | +3 |
| Advantage | 67 | 80 | +13 | 85 | +12 |
| Performance | 85 | 87 | +2 | 89 | +1 |
| Relevance | 85 | 87 | +2 | 87 | -3 |
| Presence | 94 | 96 | +2 | 99 | +3 |

Significant building blocks required to effectively compete in the middle market – 2013 finally ready for step change

Enhanced client value propositions (e.g.)

Product

- More bundled offerings include transactional, card, saving, loans & insurance
- 24% lift in accounts linked to Greenbacks Rewards by including in Savvy
- Innovative alerts delay debit orders when there are insufficient funds

Channel

- First-to-market innovations such as Pockets, Approve-it and award winning AppSuite
- Online Home Loans Applications with credit approval within hours
- Strengthened branch distribution and active social media client engagements

Marketing

- New campaign distinctively positions “Be more Savvy with your money” and “Make Your Savvy Life Happen”
- Marketing spend in 2013 increased by over 40% YoY

Price

- Savvy Plus & Savvy Bundle offer competitive fixed pricing options
- Encouraging clients to elect best-fit product
- Progress on simplifying messaging using Behavioural Economics

Stronger value delivery system (e.g.)

Systems

- Integrated banking system designed to enable improved cross-selling
- Streamlined account opening process (14 pieces of paper reduced to 4, including T&Cs)
- Improved client onboarding process and our “Hassle Free” solution, two years in the making

Structure

- Formalized collaboration across divisions to facilitate improved new client acquisition and cross sell across product, segments, channels and regions
- Integrated and collaborative approach to distribution strategy

Skills

- Cross-skilling of front-line staff to deliver across “I know you” and “I know about you” value propositions

Staff

- Continuous investment in frontline staff to increase productivity and sales effectiveness (“lean” thinking)
- Aligned all front-line staff under NIC for optimal client interaction / sales



Embedding Greenbacks loyalty and reward programme within Savvy has accelerated middle market cross-sell and penetration



Greenbacks at a glance

Increased penetration of greenbacks programme:

- Integration of GB's bundled in Savvy offering key driver for lift in rewards linked to credit/cheque a/c's

Key Performance Drivers

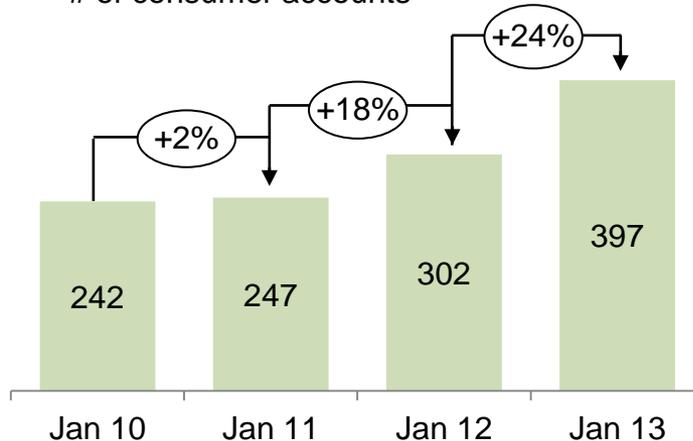
- Cross-sell lift across primary banked & GB clients to 2+ products

GB programme enhancements:

- Enhancement of the online store & increased sales linked to online visits
- Enhanced offering catering for a wider range of customer needs, including business
- Pace of GB growth keeping up with pace of middle market clients

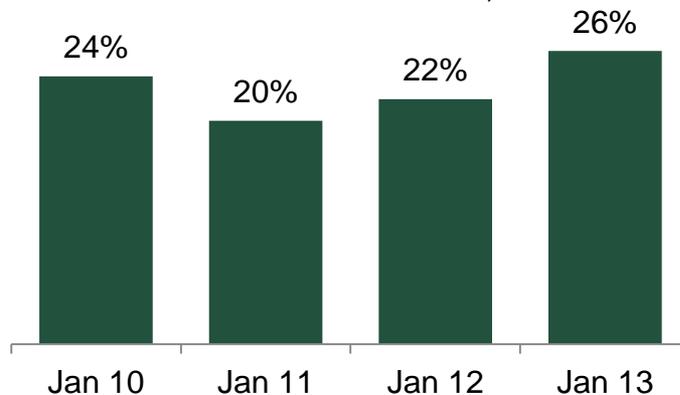
Greenback linked account growth (as result of Savvy bundling)

of consumer accounts



Greenback penetration

% of middle market client base, Q2 2013



Programme differentiators

Rewarding you for being savvy with your money

- Clients are rewarded in a transparent, easy to understand manner through simplicity and access to real value
- Regular behaviour leads to compensation for high value redemption (e.g. bank fees, investments)

Embedded value in everyday banking

- Earning GB's is not an afterthought, but a savvy way of everyday banking
- Creating GB touch points into all retail banking interactions and ensuring consistency of message

Make Savvy rewards the "hero"

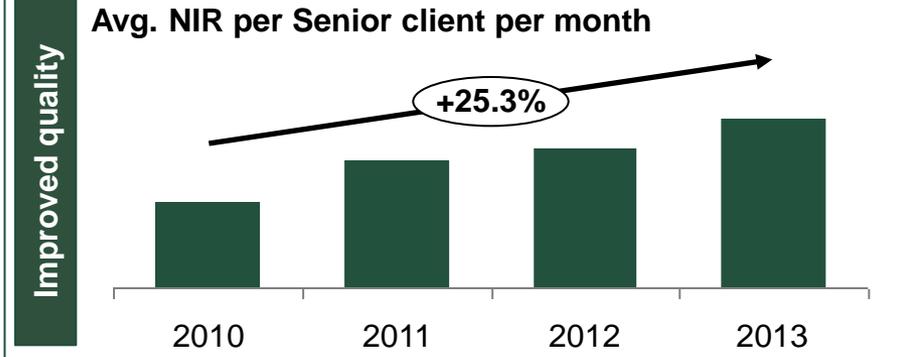
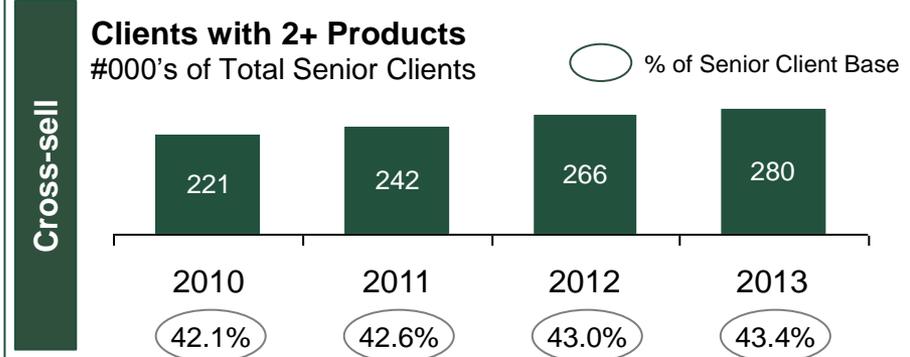
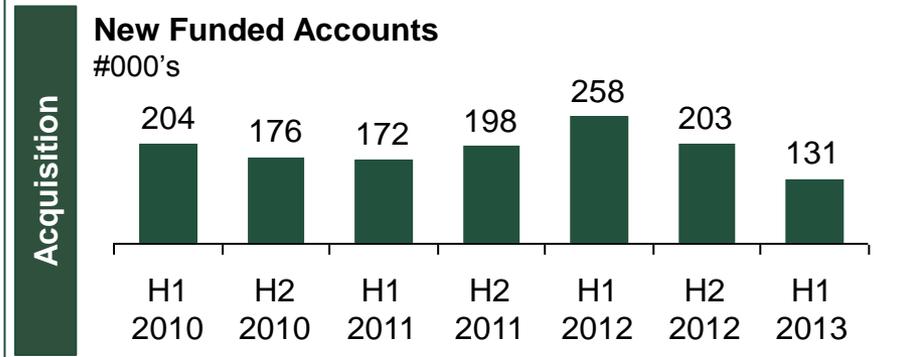
- Bringing GB's to the fore in client communications and product commercialisation
- Showing real value & telling stories & sharing testimonials of how real people have been rewarded

"Now that's Savvy"

Seniors: Optimum assists seniors to sustain their lifestyle through deposit innovation for enhanced rates & discounted fees



Momentum in client quality & cross-sell...

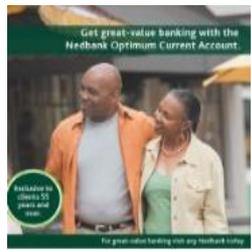


...as CVP resonates and changes perception

Since 2009, Nedbank has placed a greater emphasis on gaining insights into this segment to develop enhanced Senior Client Value Propositions.

This resulted in “deepening our relationships” with our Senior clients by:

- Positioning Nedbank as the “best place to save and invest”
- Appreciating and rewarding our clients for loyalty through offering them free and discounted transactional fees and preferential interest rates on investments
- Focusing on the financial wellbeing of our clients through various initiatives such as financial fitness workshops and appreciation events



Rebuilding the client franchise as a bank for all Upper Middle and Small Business: fundamentally transforming RRB to service higher complexity clients holistically

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Reinvention of Retail Relationship Banking

Building the 'I know you experience' in branch & distinctive CVP for households and professionals

- Extended presence in branch
- Strong self-service capabilities, including apply online & needs analysis
- Single point of contact (lower to higher touch relationship banker) selling existing CVP's
- BB capability being leveraged including simplified forms, pre-population, electronic signature & automated workflow to minimise paperwork
- Value adding, flexible solutions

Personal Relationship Banking - Brand health scores

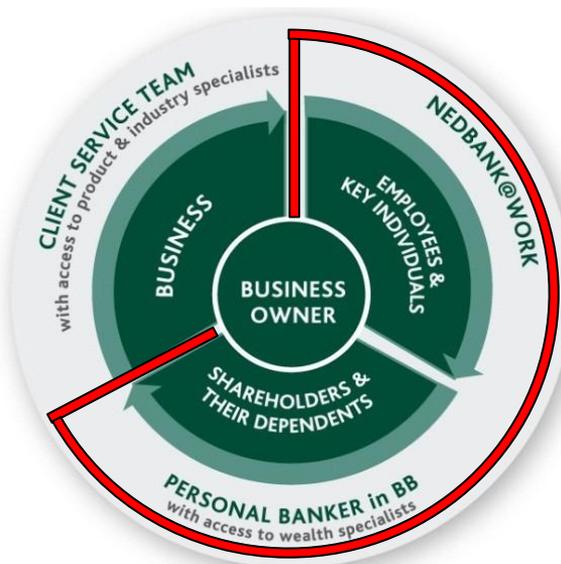
| | 2009 | 2013 | change |
|---------------|-------------|------|----------|
| Nedbank | Bonding | 17 | 9 (-8) |
| | Advantage | 63 | 83 (+20) |
| | Performance | 80 | 91 (+11) |
| | Relevance | 81 | 92 (+11) |
| | Presence | 89 | 97 (+8) |
| Big 3 average | Bonding | 26 | 26 (0) |
| | Advantage | 67 | 88 (+21) |
| | Performance | 87 | 91 (+4) |
| | Relevance | 89 | 95 (+6) |
| | Presence | 97 | 100 (+3) |

Evolving the Business Banking model to capture the virtuous circle

Leveraging wholesale relationships to bank business owners and their employee

BB Delivery model

(evolved to capture the opportunity around the business owner & employees)



Similar offering in RRB yet with a more centralised delivery system to cater for volume which also does not require decentralised client visits for decision making

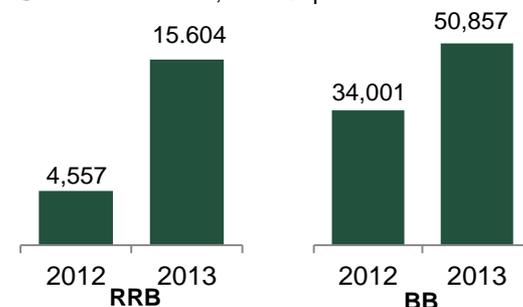
Leveraging influencers to unlock client gains & cross-sell

Unlocking client growth through N@W



Banking delivered conveniently at your workplace, with emphasis on financial education

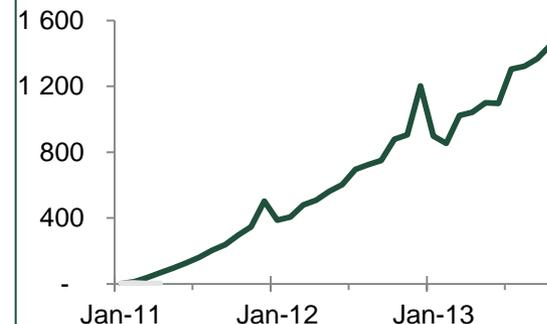
N@W account sales, YTD Sep



Cross-sell of card products



Turnover through card acquiring devices sold to BB clients since 2011, Rm



Card innovation of value proposition and value delivery systems will position us well to leverage the momentum of collaboration

Pre 2013

Client Value Proposition



Value Delivery System

Strong market share in merchant acquiring focused around distribution and sales traditionally delivered through card acquiring sales force who managed the merchant relationship end-to-end

Limitation:

Smaller merchants restricted to using traditional acquiring solutions, often at higher cost than what their business model justified

The traditional distribution model meant only customers with card revenues of more than R30,000 per month could profitably be served, excluding a large base of smaller and start-up businesses

2013 Innovations

Client Value Proposition



PoS in a box



PocketPOS™



iStore

Value Delivery System

New client value propositions specifically aimed at servicing small businesses, supported by unique value delivery systems were introduced

PoS in a Box – Enables the relationship manager to supply a merchant with a traditional PoS device for self/remote installation via the help desk

PocketPOS – First in market EMV certified mobile point of sale enabling targeting of lower volume merchants with a secure device enabling card acceptance through their smartphone or tablet

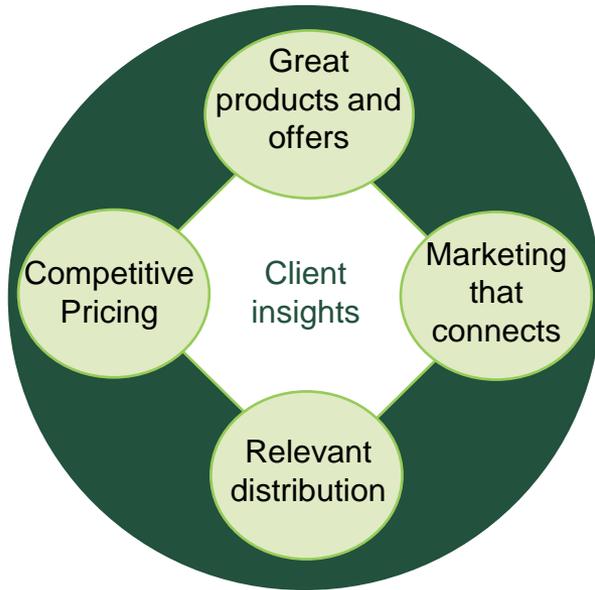
Relationships with Retailers – PocketPOS launch with iStore provides a unique value proposition, making card acquiring available off the shelf at any iStore for a walk-in customer

Card acquiring innovation at both CVP and VDS level has enabled secure card acceptance for merchants with turnover of less than R30,000p.m. at attractive pricing for lower volume while maintaining cost efficiencies

Nedbank Retail has chosen to compete on overall client experience, only partially tackled by competition



Deep understanding of **client needs & related economics** for **delivering a choice of distinctive client-centred banking experiences**



- Distinctive VP for each client segment vs next best alternative / trade offs
- Jobs-to-be-done at a given price

Nedbank's source of distinctiveness lies in the combination of all CVP elements



- While we are not competing on price, **it is vital that pricing is competitive** at all times, relative to perceived value & affordability by clients and competitor activity. **Current pricing positions us 2nd or 3rd most affordable in each segment.**



- **R1.3bn investment in distribution since 2009**, increasing Branches by 40% and ATMs by 72%
- Integrated channel approach, including the branch of the future design and enhancements to digital channels, makes **distribution network even more accessible, relevant and easy to use**



- **Innovative solutions and value adds emphasising financial fitness** and responsible use of financial services towards achievement of personal goals and growth
- Client-centred innovation driven by deep client insights

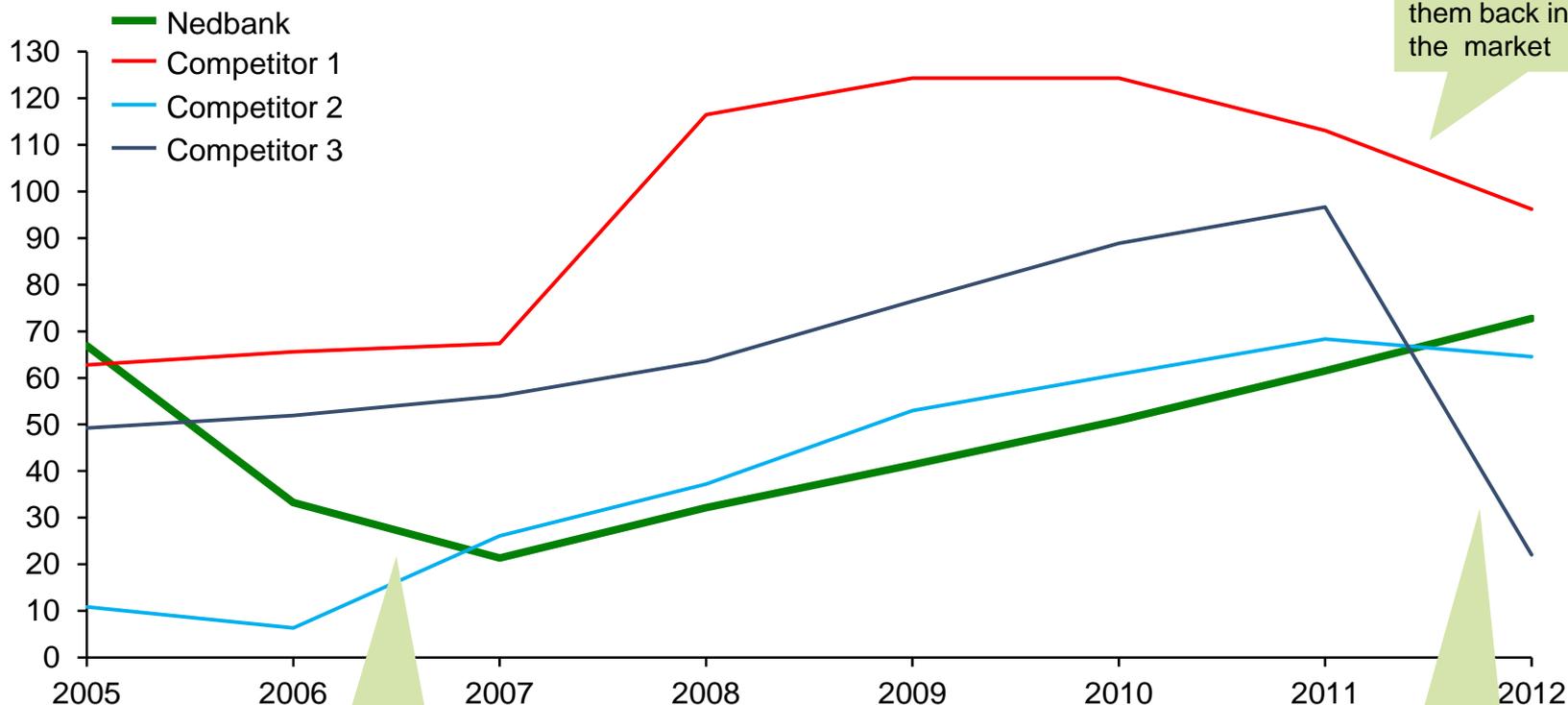


- Connecting **with our clients in their language** and using personas that people can resonate with
- Consistency so clients **know what your brand stands for**
- **Authenticity and transparency**

Nedbank Retail is continuously ensuring pricing is simple, affordable and competitive in line with clients needs

Average Monthly Bank Charges

PAYU Current Account (including monthly maintenance fees and internet banking subscription)
R per month



Recent price reductions by competitors bringing them back in line with the market

Nedbank changed non-cash transactions from ad-valorem to flat in 2006, saving clients R150m in fees annually

Only in 2012 did competitors change from ad-valorem to flat, contributing to large drop in their average monthly fees

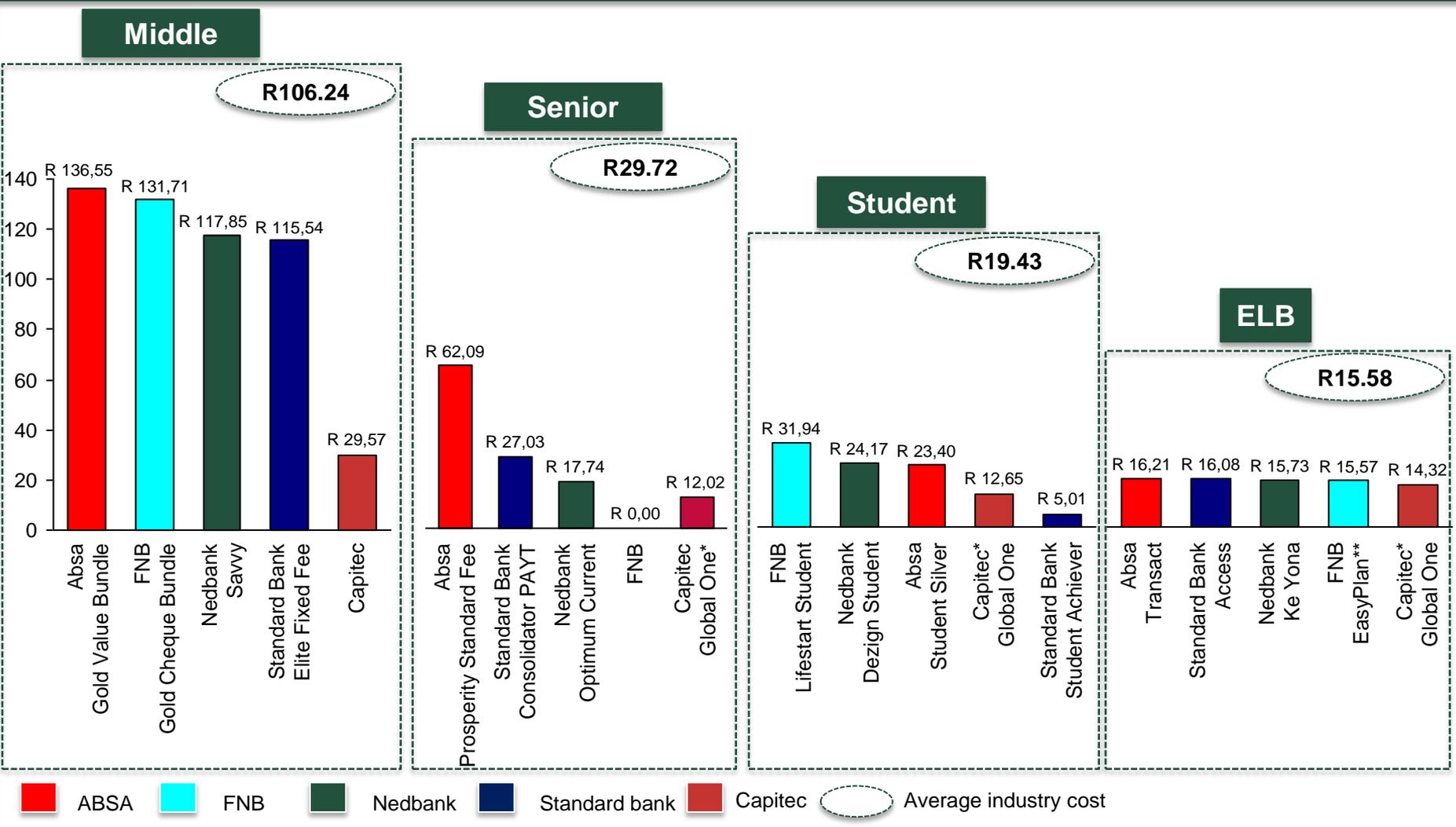
Rebuilding the client franchise as a bank for all

Heightened competitive forces for new transactional clients is benefitting consumers & lowering the cost of banking

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True cost of banking in South Africa taking into account average industry profiles and segmentation- Genesis analysis



* Capitec Global One Account – PAYT option excluding benefits of interest accrued

** Assumption made is that 70% of transactions on the profile will be conducted in Easyplan branches, thereby incurring the lower fees

Source: TP pricing team; Genesis Analytics team 2012

Nedbank Integrated Channels Strategy



Clients move easily & seamlessly between their choice of channels

Effective & hassle free service within each channel, **leveraging digital**

Convenient access to relevant channels, while **optimising cost** (relevant mix of format & functionality per location)

Expand / optimise in micro-markets to capture the full potential

Implementation progress

- **Social media listening centre** actively engaged with clients
- **Integrated Banking System** simplifying front-line fulfilment of CVP's for over 6,000 staff
- **Cash recycling within areas** doubled to ~R1.5bn per month
- **Breakeven** for branch now halved to ~17 months
- **Expansion in 30 geographic growth nodes** to capture "white space" opportunities
- **Area Collaboration unlocking lead flow** within micro-markets
- **Branch of the Future formats** integrating client experience & technology (Smart Queue, Video Bankers, Teller Cash Recyclers, 3rd party cash accepting ATMs)

Nedbank's distribution network transformation is informed by shifts in market dynamics and SA-specific client needs

Radical shift from teller and back office service ...



... to sales & advice

Shift in staff capabilities

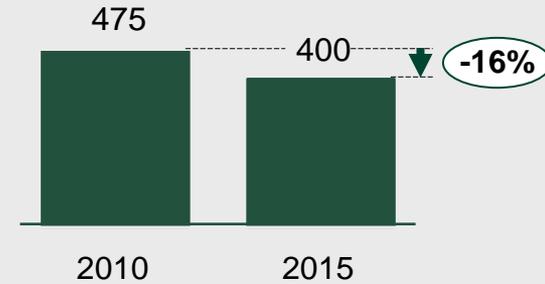
Decrease in branch density

Branch of the future

Introduction of new formats

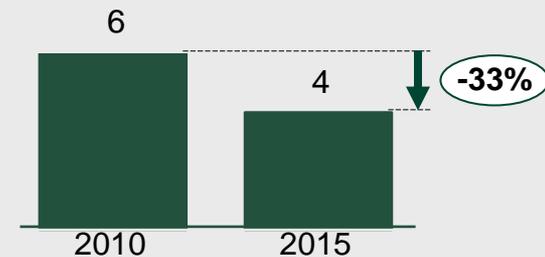
Decrease in staffing requirements

Branches per million inhabitants



With reduction of 30 - 40% in some countries

Average FTEs per branch



- Fewer FTEs needed as low value activities migrate to remote channels
- In addition mix of staff must be changed and skills enhanced, with Service Champions catering for SA-specific client education needs

Examples

- Branches as 'store-like' outlets
- Open spaces
- Tablets available for customers

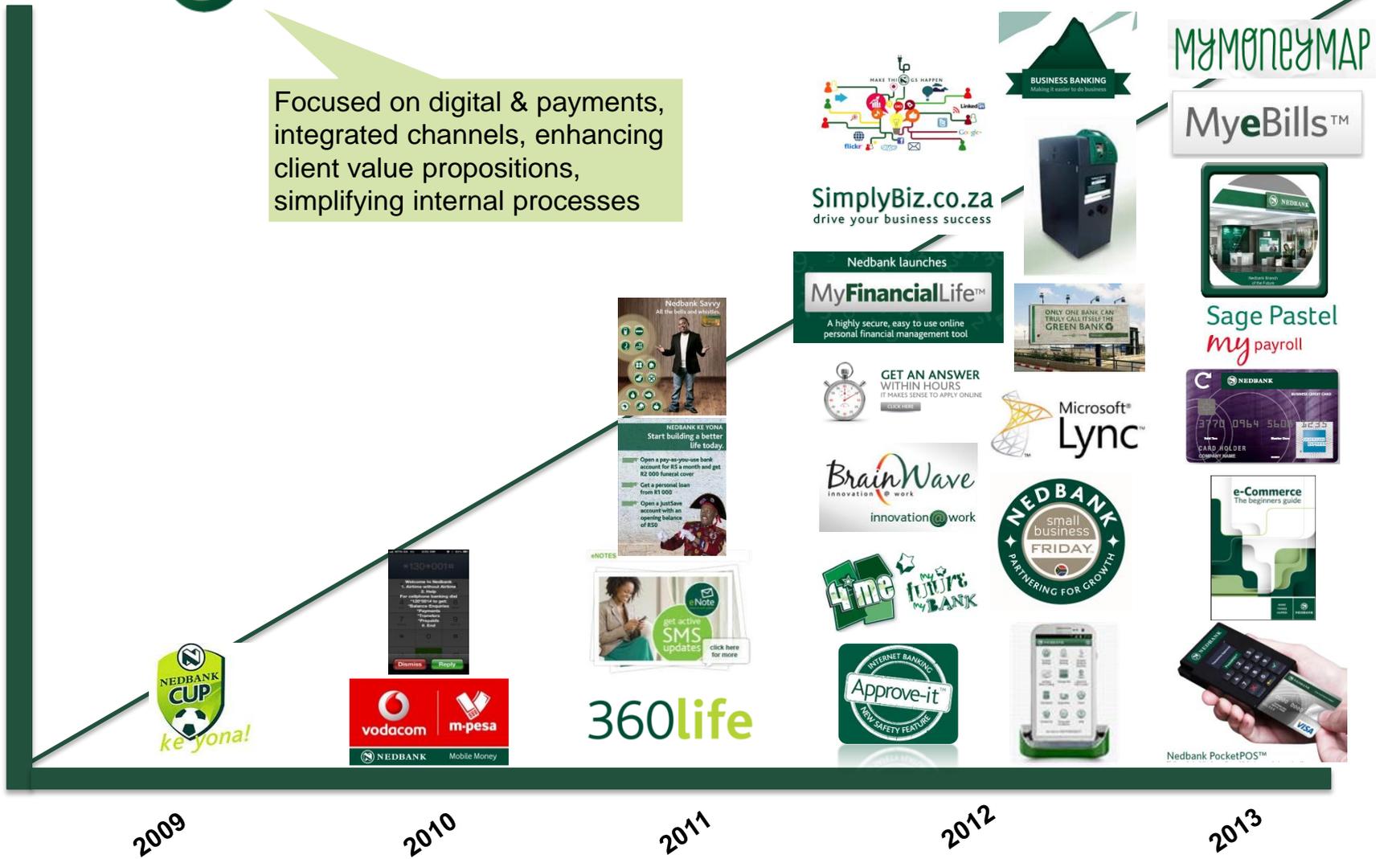


Rate of client centred innovation is accelerating

innovation@work

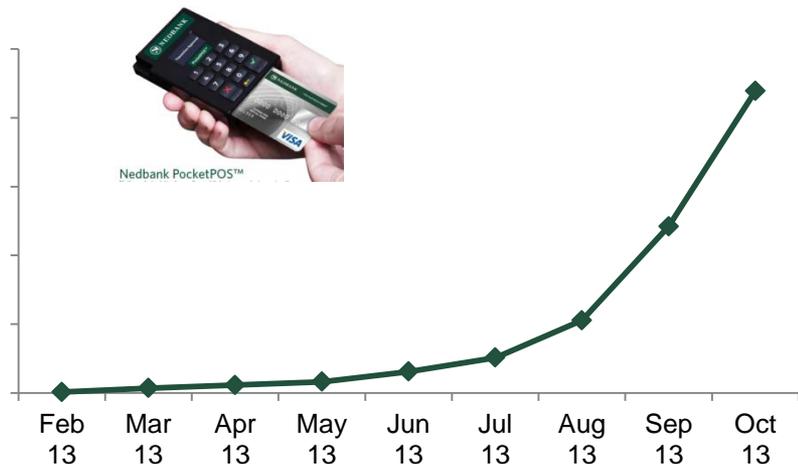
Focused on digital & payments, integrated channels, enhancing client value propositions, simplifying internal processes

Innovations



Commercialisation and market penetration of innovative solutions are accelerating, despite initial readiness of market to adopt

PocketPOS transaction volumes



App suite downloads



MyFinancialLife registrations



Secure Approve-it transactions



Important learning's from recently launched innovations are incorporated in developing future market solutions

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Learning's from recent innovations...



Client Experience

- Ideal client experience and end-to-end process is not properly defined upfront, resulting in:
- Suboptimal customer experience and subsequent re-work & cumbersome work-arounds for staff
- High customer sign up, but low usage



Business Development

- Lengthy project timelines limiting ability to penetrate market rapidly, driven by too many projects consuming capacity
- Too many people involved, with part time capacity – too few dedicated resources with clear ownership to navigate complexities



Commercialisation

- Commercialisation strategy not always fully in place from outset
- Development of product & business readiness (training, marketing, channels) not always in synch
- Time to embed innovations underestimated, resulting in critical resources removed too soon



Risk and Compliance

- Internal processes & compliance interpreted more stringently than industry requirements
- Onerous FICA & other compliance increase client information required (often with limited re-use), making the on-boarding process cumbersome and repetitive

...will inform future approaches and 'go-to-market' strategies

- Start innovation with the ideal customer experience in mind
- More regular staff & client testing at key milestones in the development process
- Deeper understanding of changing demographic e.g. product, pricing & rewards for unbanked

- Streamlined portfolio of projects, optimally sequenced and maximising re-use
- Senior ownership coordinating end-to-end development
- Follow agile process to promote test & learn

- Clear accountability & processes for aligning tech, process and business readiness
- Resources allocated on 'value stream' rather than project basis will ensure consistency and continuation

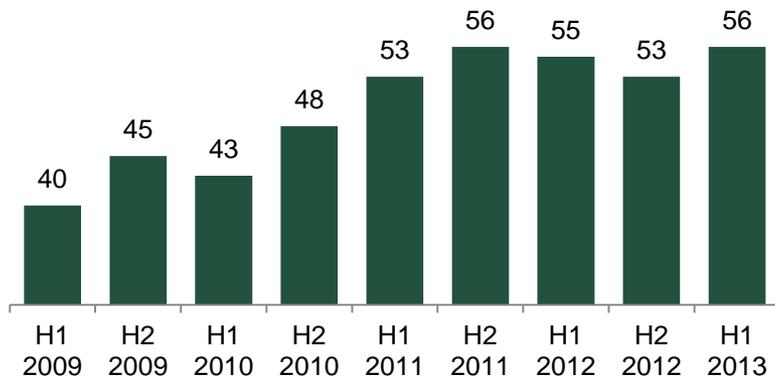
- Compliance requirements to be met through client-first design principles
- GN6 provides an improvement for FICA on-boarding requirements
- Solve for unbanked & entry level market needs as a benchmark for minimal requirements

Brand increasingly resonating with our clients as seen from customer feedback...

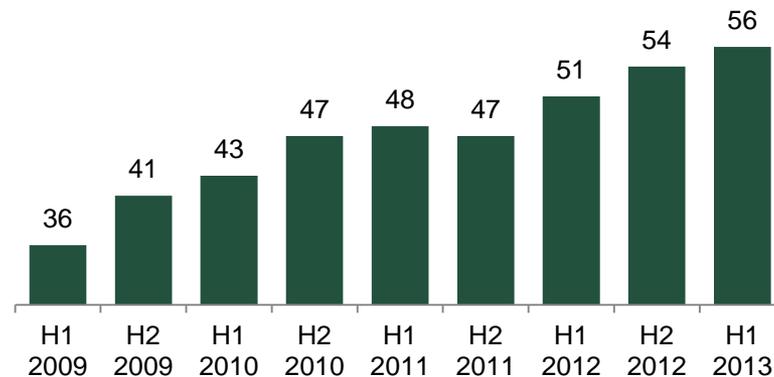


Brand image attribute scores (% of respondents endorsing a particular attribute for the period in question)

Is a bank for all South Africans



Offers a full range of banking services

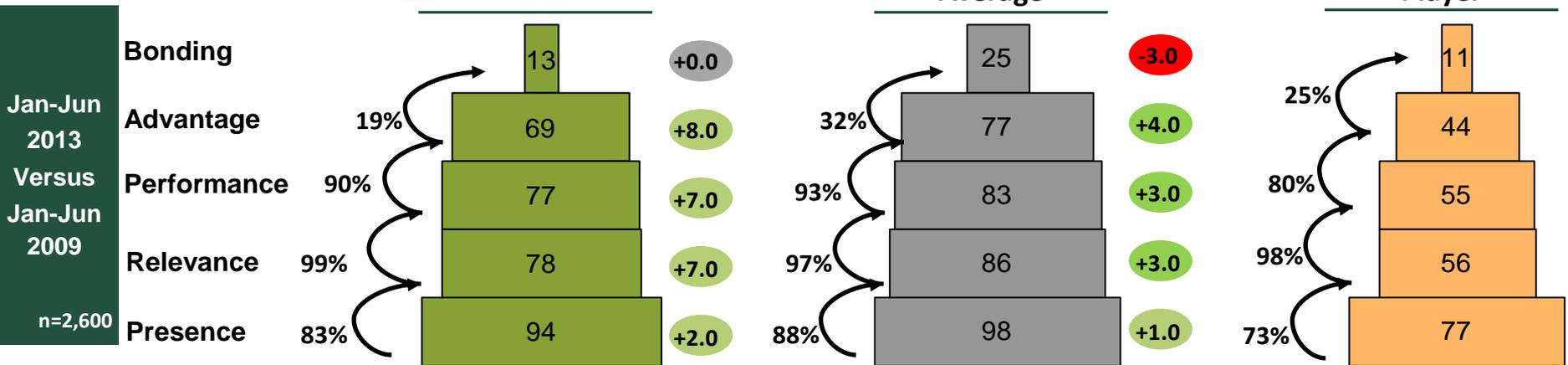


Nedbank's focus as a bank for all and innovative client value propositions has significantly improved its retail brand positioning



Competitor Average

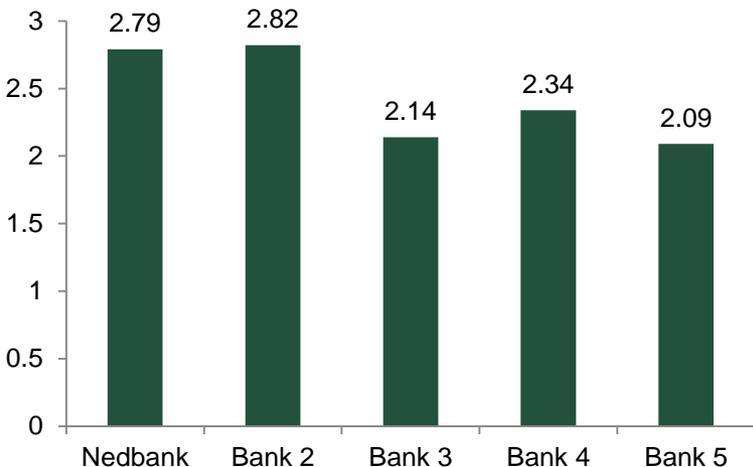
New Market Player



...and active engagements on social media building Nedbank's brand relevance and accessibility...



Brand Score – Sentiment¹



No of clients engaged on social media platforms (from 0 base in 2011)



Examples of customer sentiments

Thulani Mbele @10_shoez 25 Oct
Nedbank MyFinancialLife, best financial tool to keep track of your spending behaviour. #MyFinancialLife

Nedbank @Nedbank 25 Oct
@10_shoez *takes a bow* happy to hear you love it as much as we do. :) Got a feature that stands out for you?

eugene khoza @eugenekhoza Following

“@smikstar: So I joined Nedbank just cos of the @eugenekhoza ads."awkward!"” (thank you)

Stha @SthandweGumbi Follow

I love my bank @Nedbank. Everyone deserves a savvy cheque account.

1 RETWEET

Sylvester Chauke @sylvesterchauke Follow

You can either talk talk OR do do!! Let's go!!! #GrowSmallBiz @DNABrandSA @Nedbank @OldMutualSA

1 RETWEET

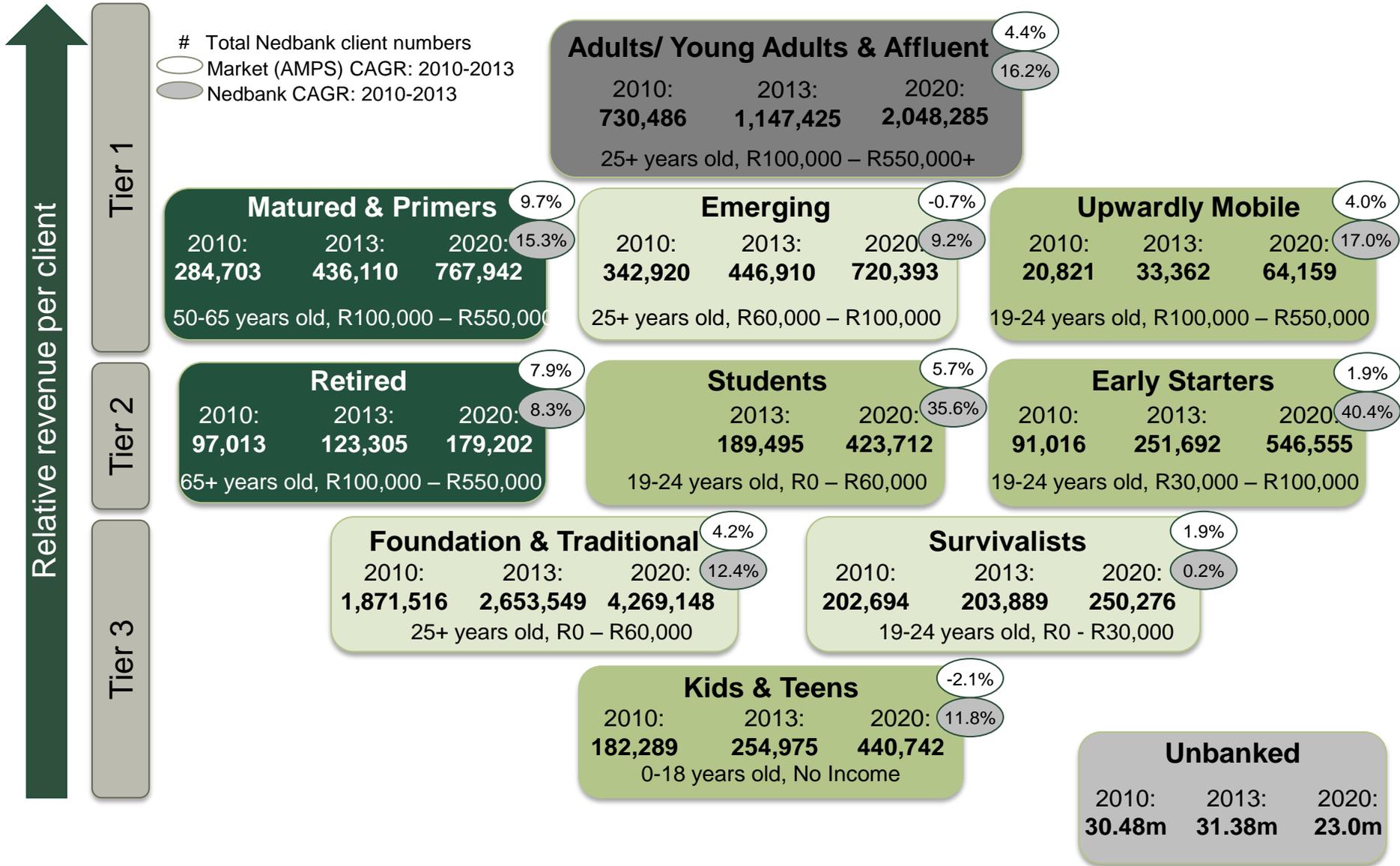
Nsindzisa @dawn_ngwenya 29 Oct

On a roll ne? RT "@CJWza: Great news! RT "@sibeko_thulani: #nedbank NEDBANK has just won the 2013 Sunday Times Top Companies CSI Award!"

Collapse

¹ Brand score is measured through sentiment and social reach of the contributors (Clout) about the brand. Any score above 2,3 (out of 5) means general positive sentiment of the brand.

...leading to strong client growth momentum relative to the market across all tiers of client segments

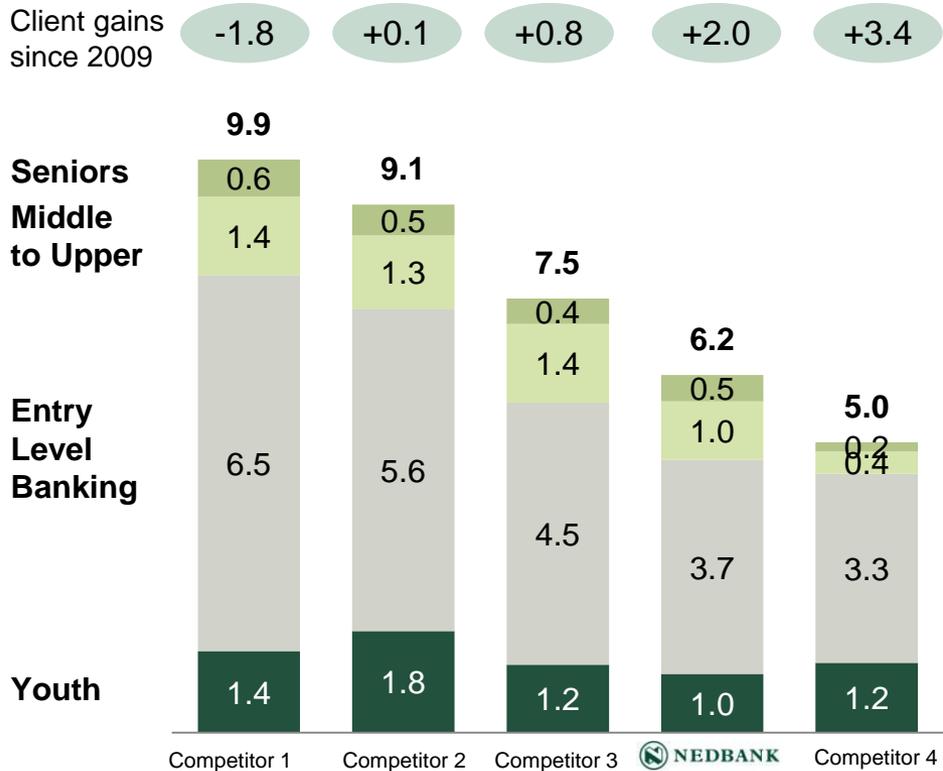


Source: Nedbank client growth analytics refined to include the insights introduced by SBG Securities: Voyt Krzychylkiewicz in his article "Drawing the Retail Banking battle lines"

Rebuilding the client franchise will take time with significant opportunity for clients to choose Nedbank as their main bank



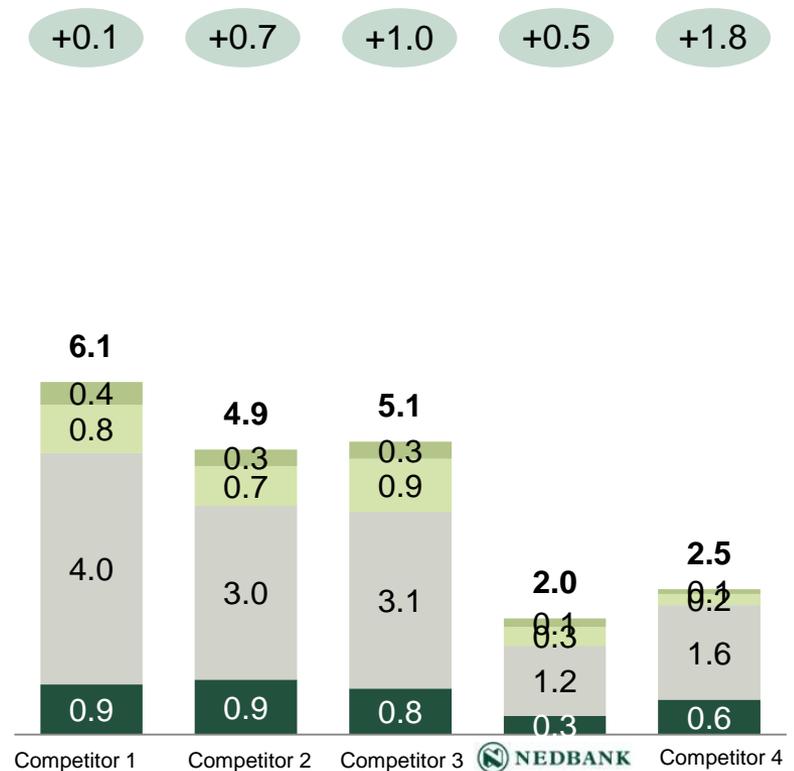
Total client base by income segment (as of June 2013)¹
million



Share of ELB clients, %



Main Banked Client base by income segment (as of June 2013)
million



Primary as % of total client base

¹ Cannot add the client numbers to get the market as clients are multi-banked

² Absa numbers could be overstated

Source: AMPS data; Nedbank analytics

How we achieved it - 3 fundamental imperatives to sustainably turn around Retail

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Rebuilding the client franchise as a bank for all

- **Demographic insights** drive creation of **compelling CVPs** for key market segments
- Improved **cross sell effectiveness** by **leveraging product line & wholesale strengths** (notably card, deposits, PL's and Nedbank@Work)
- **Competing on overall client experience** while ensuring **CVP** elements (product, price, integrated channels & positioning) are competitive
- Investing significantly in **sources of distinctiveness** – **CVP's, integrated channels, client centred innovation**

Embedding effective risk management & culture

- Protecting franchise from **downside risk of challenging credit cycles** by **fundamentally overhauling Retail's risk operating model** to
 - **Ensure adequate balance sheet impairments** throughout cycles
 - **Adopt selective origination strategies** to optimise risk vs return of asset portfolio and quality of advances portfolio
 - **Fundamentally redesign business models** to mitigate risk while increasing source of distinctiveness – examples include **home loans and personal loans**

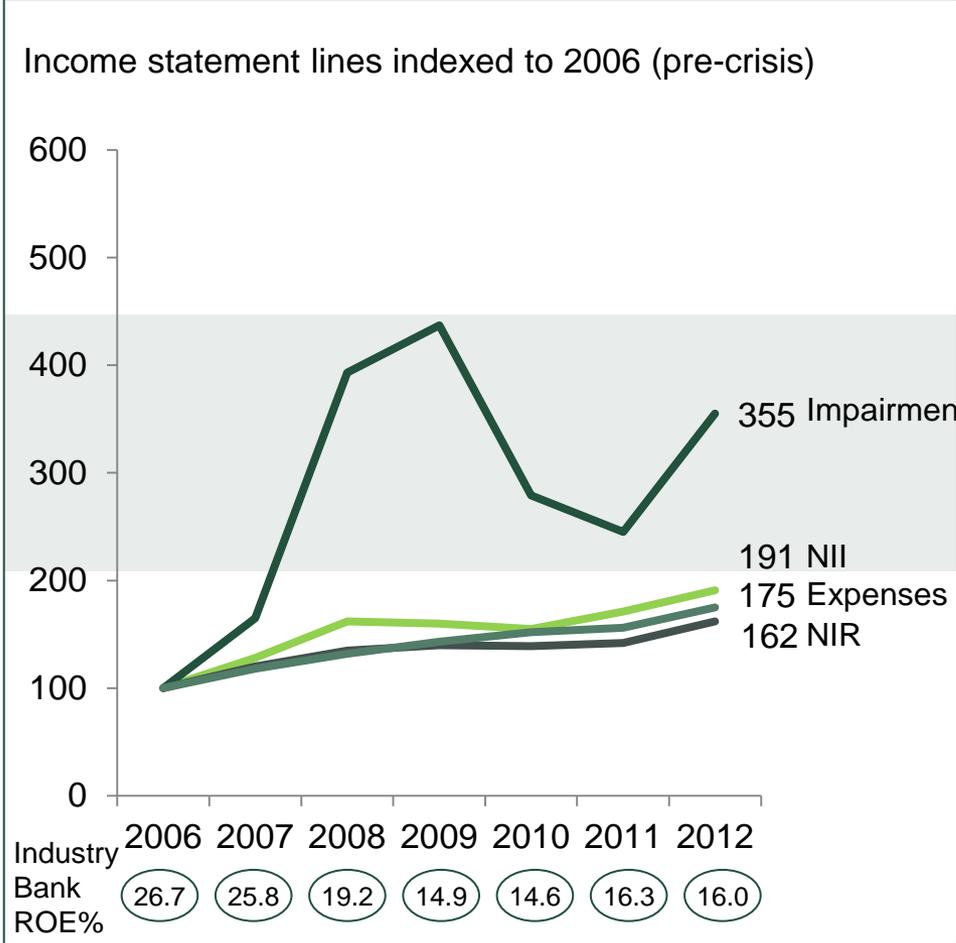
Evolving the organisation to be more client centred and integrated

- **Substantial organisational change embedded** to deliver on the strategic intent and the distinctive CVPs, including successfully **integrating Imperial Bank**
- **Organisational culture strengthened** through investment in people & transformation
- **Unlock significant cost savings to accelerate investments in sustainable foundations**
- **Step change customer management practices** across 11 dimensions – measured consistently by CMAT

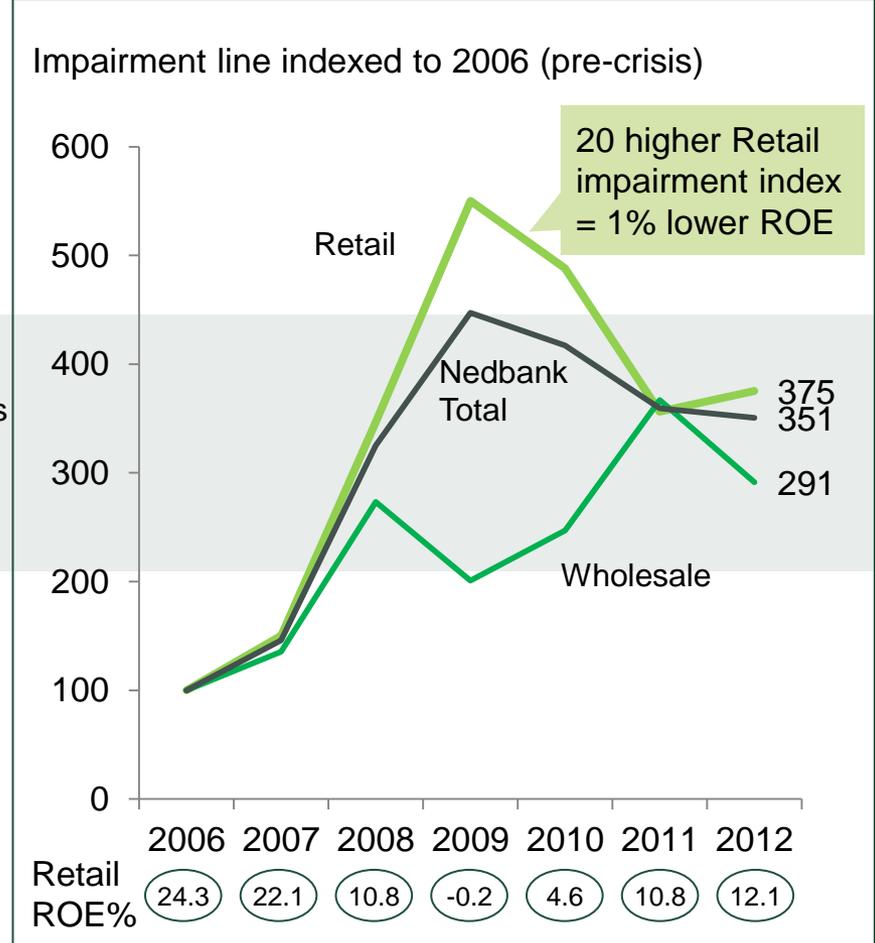
Impairments are the most volatile driver of industry earnings - excellent risk management required to protect downside risk



Impairment line has been the most volatile driver of SA banks (excl Nedbank) earnings over past 6 years



Nedbank Retail impairments more volatile than industry & Nedbank Group, impacting ROE

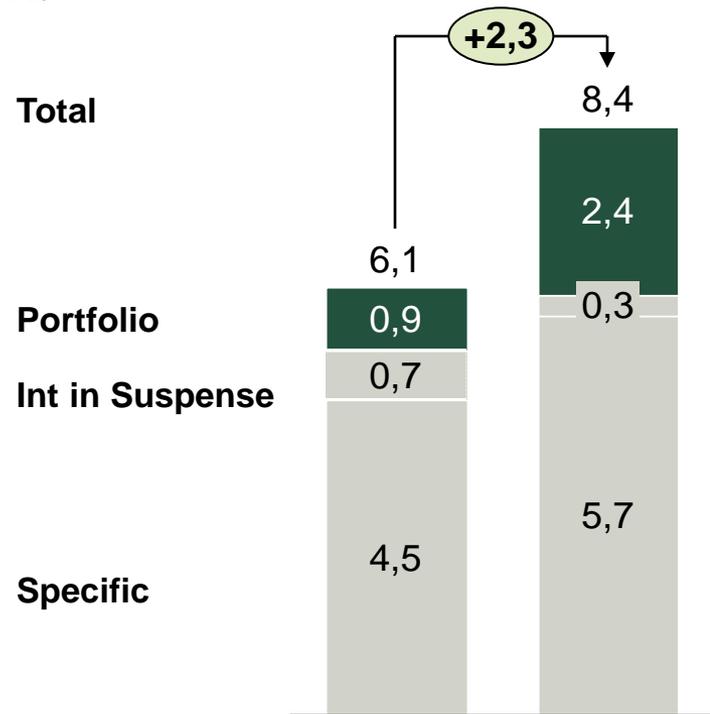


Ensuring adequate balance sheet impairments throughout credit cycle removes extreme earnings volatility



Balance sheet impairments

Rbn



2009

H1 2013

Total Advances
Rbn

187

202

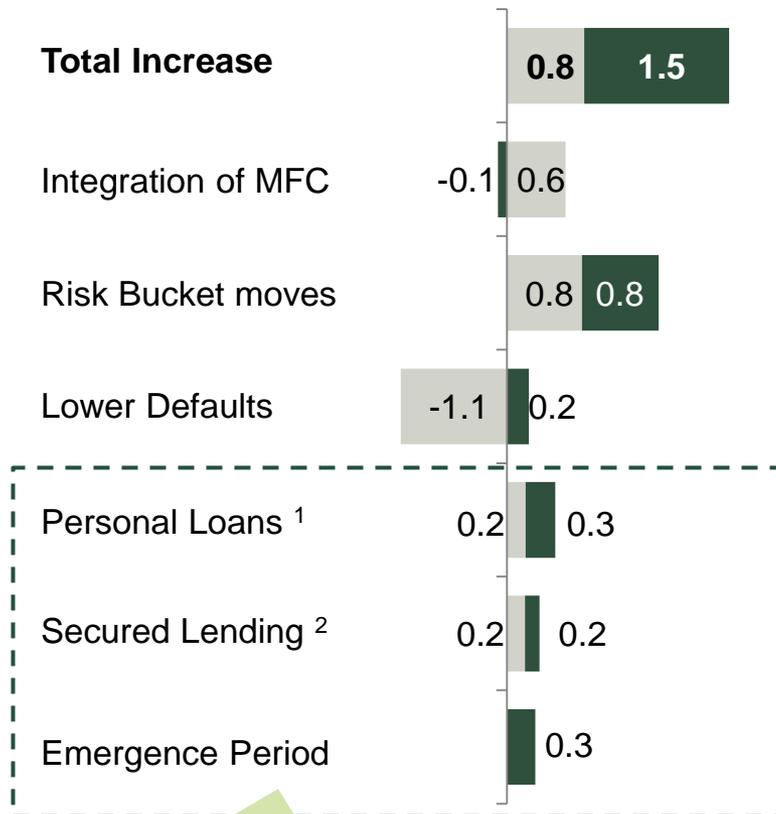
Defaulted Loans
Rbn

18.8

12.4

Breakdown of additional provisions raised

Rbn

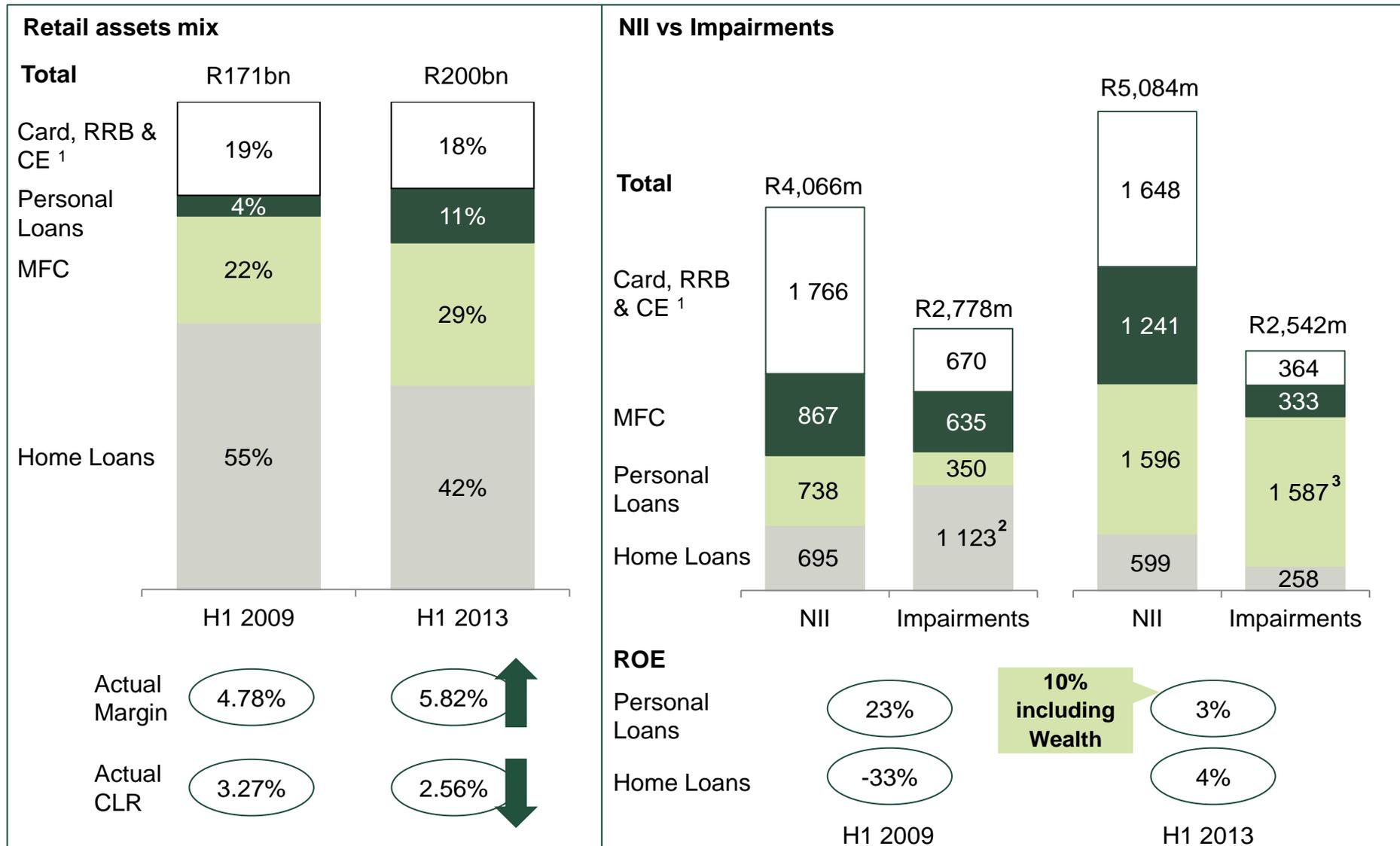


R1.1bn of proactive methodology changes implemented to build sustainable businesses that are resilient through cycles

¹ Adoption of defaulted approach in preference to recency-based approach

² Includes changes for restructured accounts as well as R185m of provisions raised in home loans in 2010 for methodology changes

Asset mix change to higher yielding assets with better risk profile



¹ CE – Client Engagement; RRB – Retail Relationship Banking

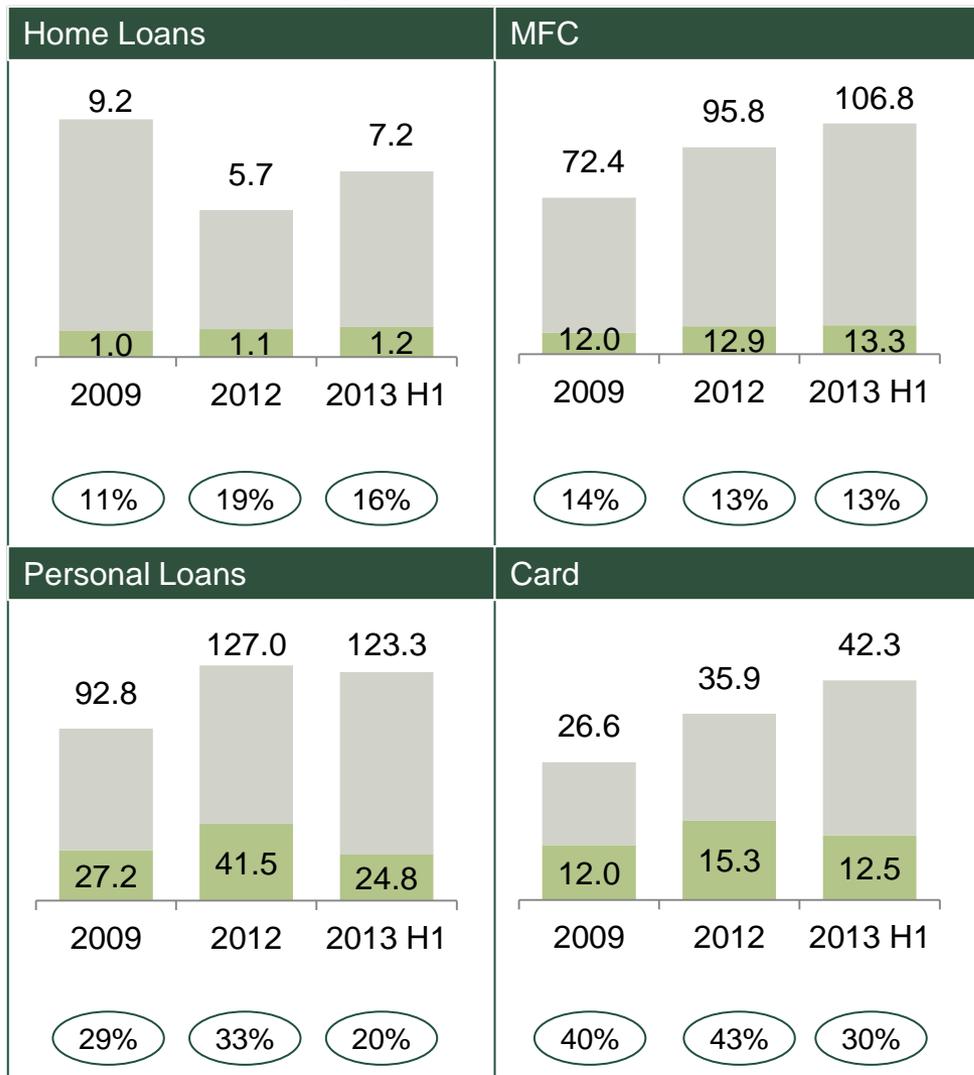
² Home Loans impairments high in 2009 prior to management intervention

³ Personal Loans impairments above expected levels given the H1 2013 Macro Economic conditions & changes to more prudent provisioning methodology

Changes to credit policy and origination strategies are reflected in lower disbursements rates, despite increasing demand



Ave Monthly approval volumes (#'000 of apps) and disbursement rates by product line



Applications
 Disbursements
 Disbursement rate

Judicious origination by implementing insightful application model changes

By factoring early warning indicators into models and tightening credit criteria, lower disbursement rates at better risk quality have been achieved e.g.

- **Maximum Total Debt Servicing Ratio (TDSR)*** introduced
- Alignment of and an increase in the **affordability buffer** across all portfolios
- **MFC**: Introduced improved risk segmentation and size of balloon payments reduced
- **Home Loans**: Improved consideration of asset quality, geography and better risk differentiation when allocating LTV's. New applicants with more than 3 personal loans declined for a HL, irrespective of their affordability; PL's not allowed as deposit for HL (can't control post pay-out but then early risk indicator)
- **Personal Loans**: maximum loans exposure per client reduced (# of multiple PL's are an indicator); tracking subsequent borrowing; 5 higher risk grades excluded
- **Credit Cards**: 3 higher risk grades excluded

*TDSR =customer's total monthly debt repayment commitments divided by monthly gross income; maximum varies by product/client risk

Fundamental redesign of business model required to address prior underperformance on risk & sources of distinctiveness: examples



Home Loans

Personal Loans

External environment & industry dynamics

- Strongly growing property market in 2002-2007 enabling **clients to more easily cure by selling property**
- **Relatively low geared consumer pre 2007** with ability to take on more debt at low interest rates
- Industry competing on same dimension of turnaround and price, fuelled by Mortgage Originators, leading to **commoditisation and mispricing** of inherently high risk, capital intensive product of long duration
- **Caused actual loss data & vintages to be very benign** until shocked by low property growth, job losses & strongly rising interest rates

- **Concerning industry dynamics** (e.g. many new entrants, mixed affordability calculations, extending loans amounts & tenor) fuel strong industry loan growth & ease of credit availability
- **40 year low interest rates and wage increases** create opportunity to increase debt for similar or lower monthly instalments
- **Caused actual vintages to be more benign** as clients could easily access credit to stem any default masking true risk of default
- **As consumer indebtedness elevates and industry credit availability tightens, industry defaults accelerate**

Strategic choices

- **Restore Nedbank as the primary client interface** and advocate for the buyer as Nedbank carries the higher risk should the buyer default
- **Selective Growth** – appropriately priced for risk, capital and liquidity (lower market share, but higher EP)
- **Emphasis on Nedbank own channels** as better quality risk and cross-sell (materially reduce dependency on mortgage originators)
- **Swift collections efforts** with diverse strategies & adequate coverage

- **Significantly reduce risk appetite** with strict affordability criteria aligned across retail products; imp methodology change to defaulted
- **Selective origination** enabling clients' financial fitness & growing transactional clients (Max loan size & tenor unchanged since '09)
- **Integrate and align PL's fully** within overall retail organisation
- **Rebalance effective client pricing** to increase NII & reduce credit life premiums (at higher benefits)

Selective origination

- **Leveraged strong client relationships, especially in wholesale** to bank the owner and key individuals of Nedbank banked businesses
- **Embedded HLs in relevant CVPs**
- **Streamlined in-store & online process** with same day approval (own channel origination pay-outs at > 85% with 55% through relationship businesses. 10% of intake is now sourced through digital channels)
- **Focus on cross-sell** into HL only client base
- **ATL marketing** of Home Loan apply online channel and buyer advocacy, integrated with CVPs

- **Credit policy tightened** to halve new business volumes with better risk and higher effective pricing. Disbursal rate of 20.3% in June 2013 vs 35% in June 2012
- **Cessation of certain high risk bands and reduction in average loan size** across the different risk categories between 5 and 15%
- **Enhanced margin & reduced credit life premium** with improved benefits - overall margin gains for better risk to ~14.9% above prime from 10.9% in 2009. (Credit life not an effective risk mitigant)
- **Tracking subsequent borrowing behaviour** guided by TDSR

Proactive risk management

- Origination advances portfolio covenants to align mix of risk written with overall risk appetite
- Pricing models updated to price appropriately for risk including risk based capital, geography, LTV and unsecured lending
- Restructured clients take 36 months to behave as if never defaulted so high conservatism in any b/s impairments release

- Impairment methodology changes from June 2012 in anticipation of true underlying risk emerging – trigger default event already occurred (Additional R498m raised; R306m in performing portfolio)
- Coverage levels on defaulted loans up to 63.5% as at June 2013.
- Elevated CLR of 14.3% likely to reduce in H2 2013 as defaults peak after 12-18 months

Collections

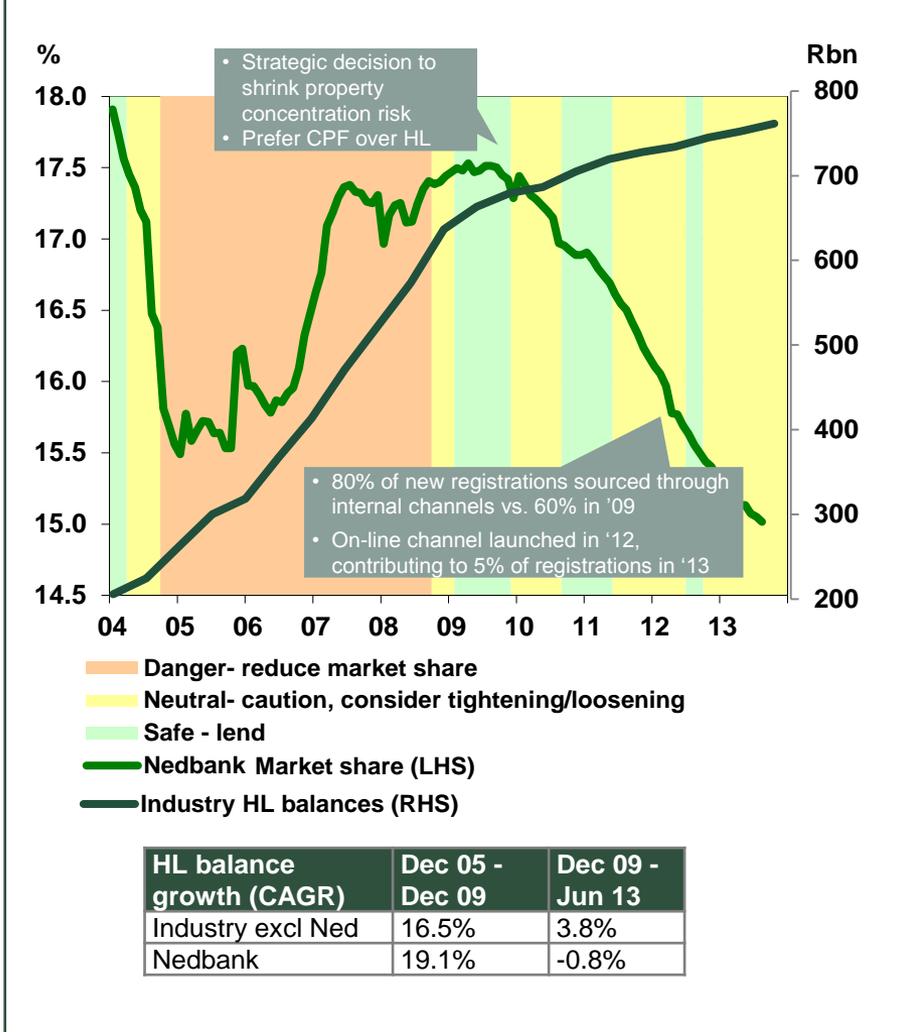
- At peak, collection staff increased by 40%
- Innovative initiatives - first to market Payment Solutions website, Nedbank Assisted Sales & Dealmaker; over R750m of savings to date
- Restructure of R11.4bn of homeloans protecting 22,628 households while retaining b/s impairments of R150m

- Collection staff increased by 35%
- Diverse collection strategies on segmented populations with different risk drivers
- Strong focus on post write-off recoveries (accounted for only when cash received)

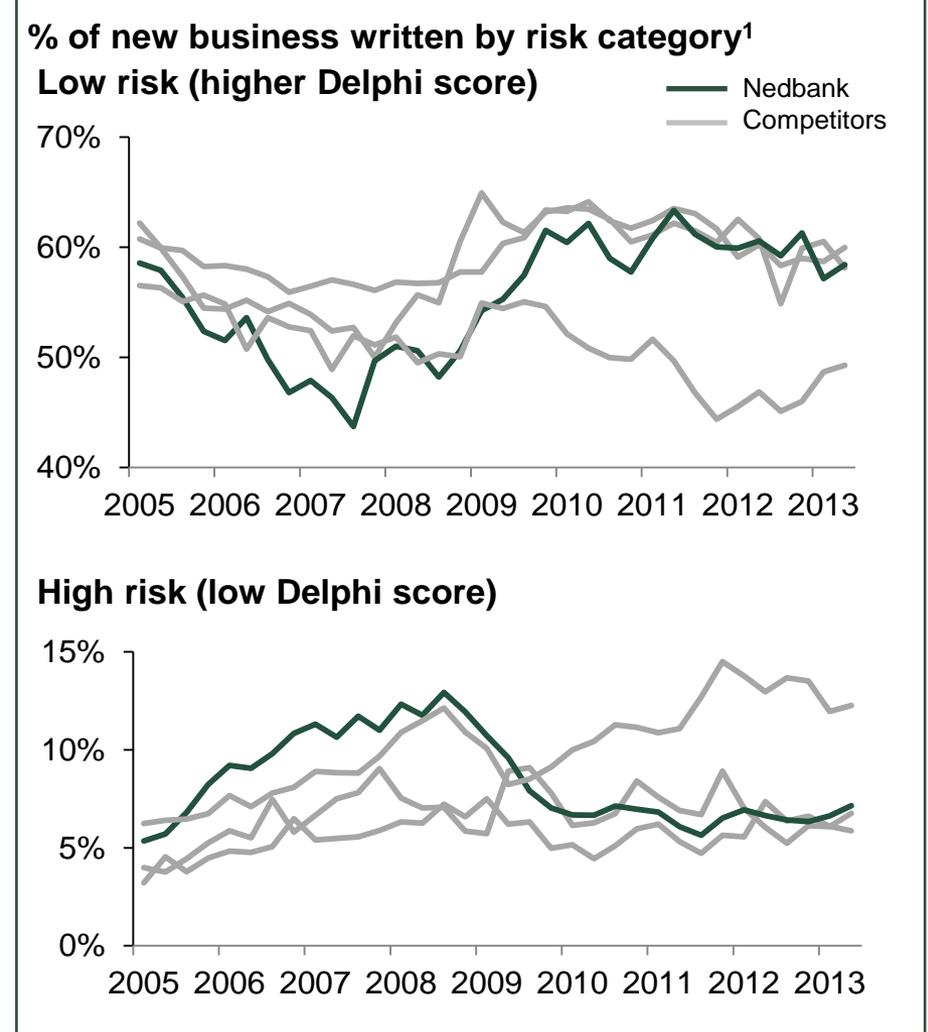
Since 2008, Nedbank has improved the risk quality of new Home Loan business written



Market Share impacted by conscious risk reduction



Nedbank in line with 3 peers regarding risk written



1 Risk categories determined by Experian credit (Delphi) scores

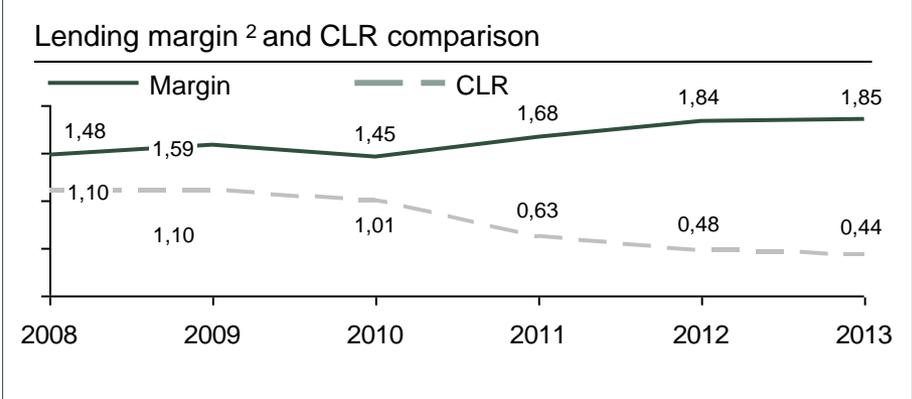
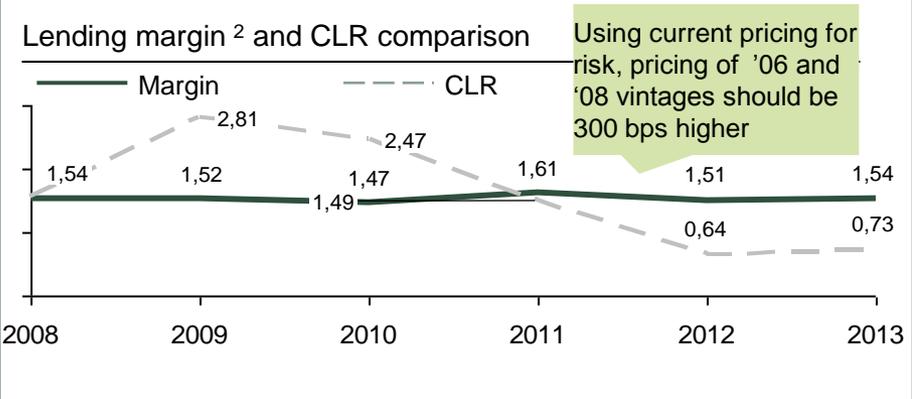
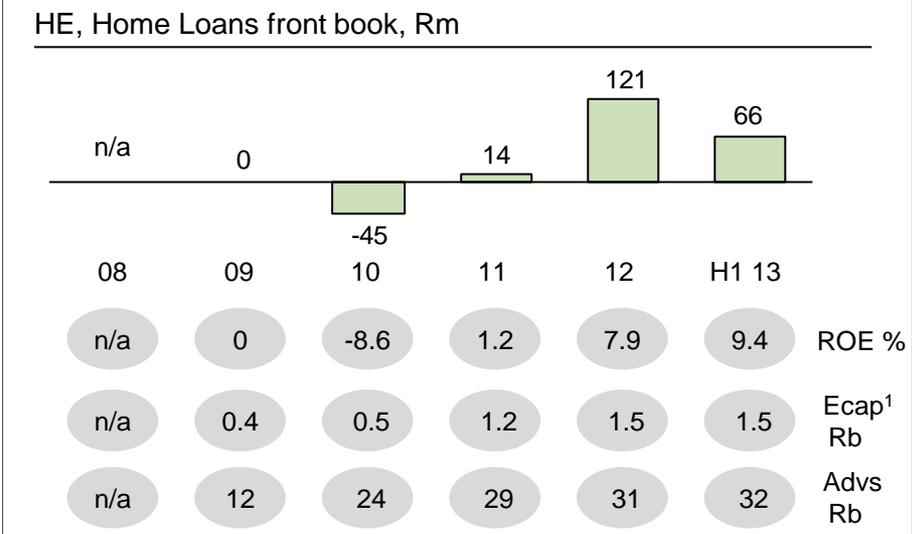
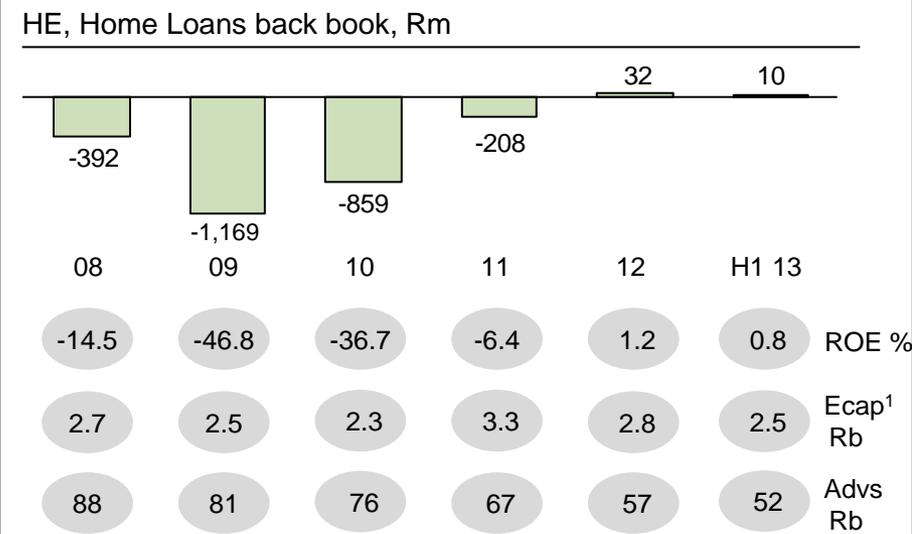
Source: Lightstone - September 2013 ; Nedbank Group wide origination view of residential Home Loans

The poorer risk, under-priced '06-'08 HL vintages will drain future earnings, while front-book returns remain below COE



Industry dynamics led to mispricing of an inherently high risk product in the buoyant part of the economic cycle (06-08). Over 50% of future impairments driven by backbook, negative effects will continue to be felt in future years.

Front book HE positive (although below COE) due to higher quality business originated largely through internal channels at improved margins for better risk. Competitive forces constrain economics, yet important product to protect transactional banking franchise



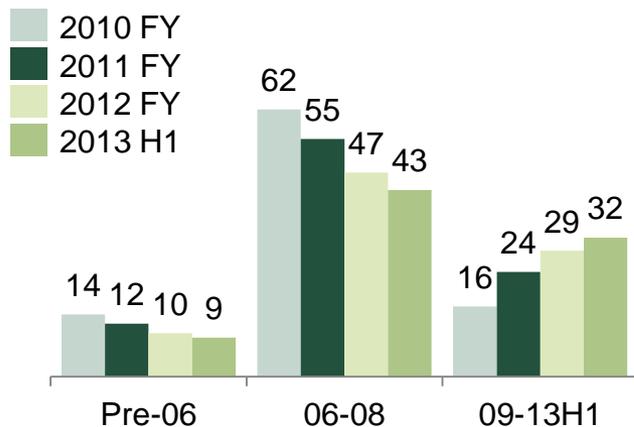
1 HL capital allocation increased 63% in '11 due to higher LGD of 15% vs ~7.6% originally in models (using benign data that would not recur post 2007).

2 Margin includes endowment on ECAP

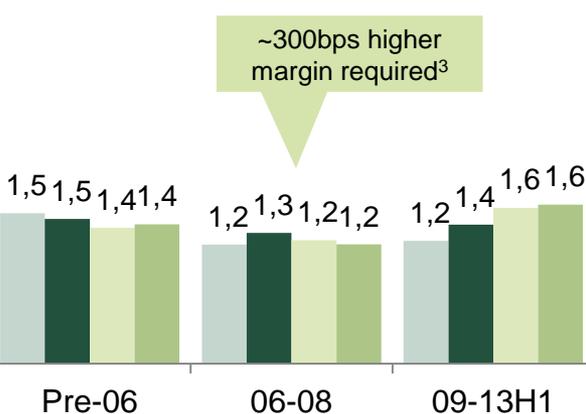
Early actions taken since mid 2009 to resolve 2006-2008 vintages with adequate coverage, while judiciously growing new business



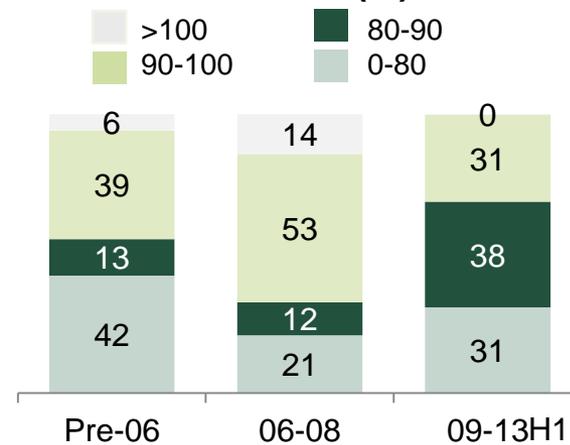
Average advances (Rbn)¹



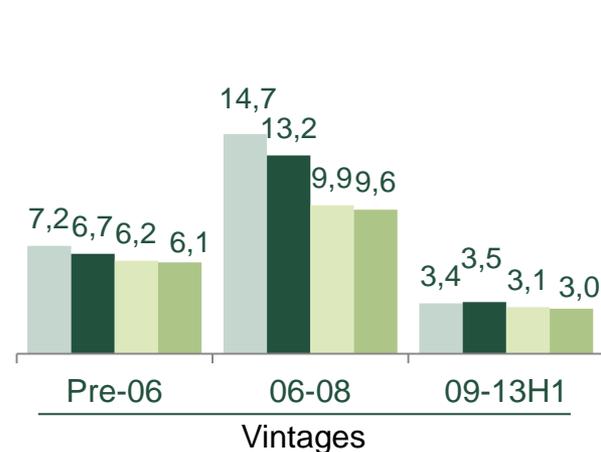
Lending margin (%)²



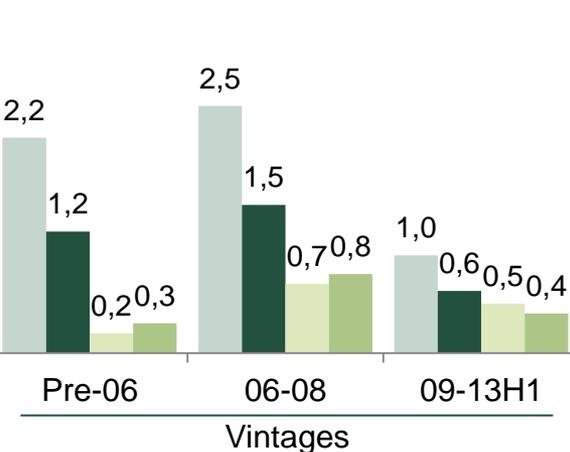
LTV Distribution⁴ (%) Jun '13



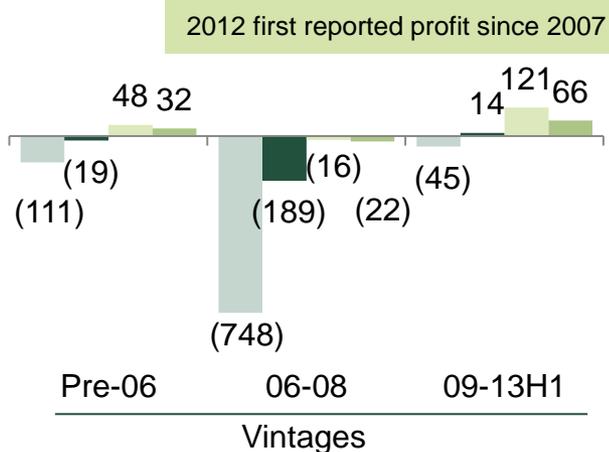
Defaulted Loans (%)¹



Credit Loss Ratio (%)¹



Headline Earnings (Rm)¹



¹ Retail Home loan book excluding Retail Relationship Banking & Business Banking

² Based on Nedbank MMFTP, Liquidity & Balance Sheet Management charges, excluding endowment on ECAP

³ Margin required for 06-08 profile to be EP neutral in 2010, assuming no drop-off due to higher price

⁴ LTV based on original loan amount and valuation at point of registration

Source: 2013 interim results international investor roadshow booklet

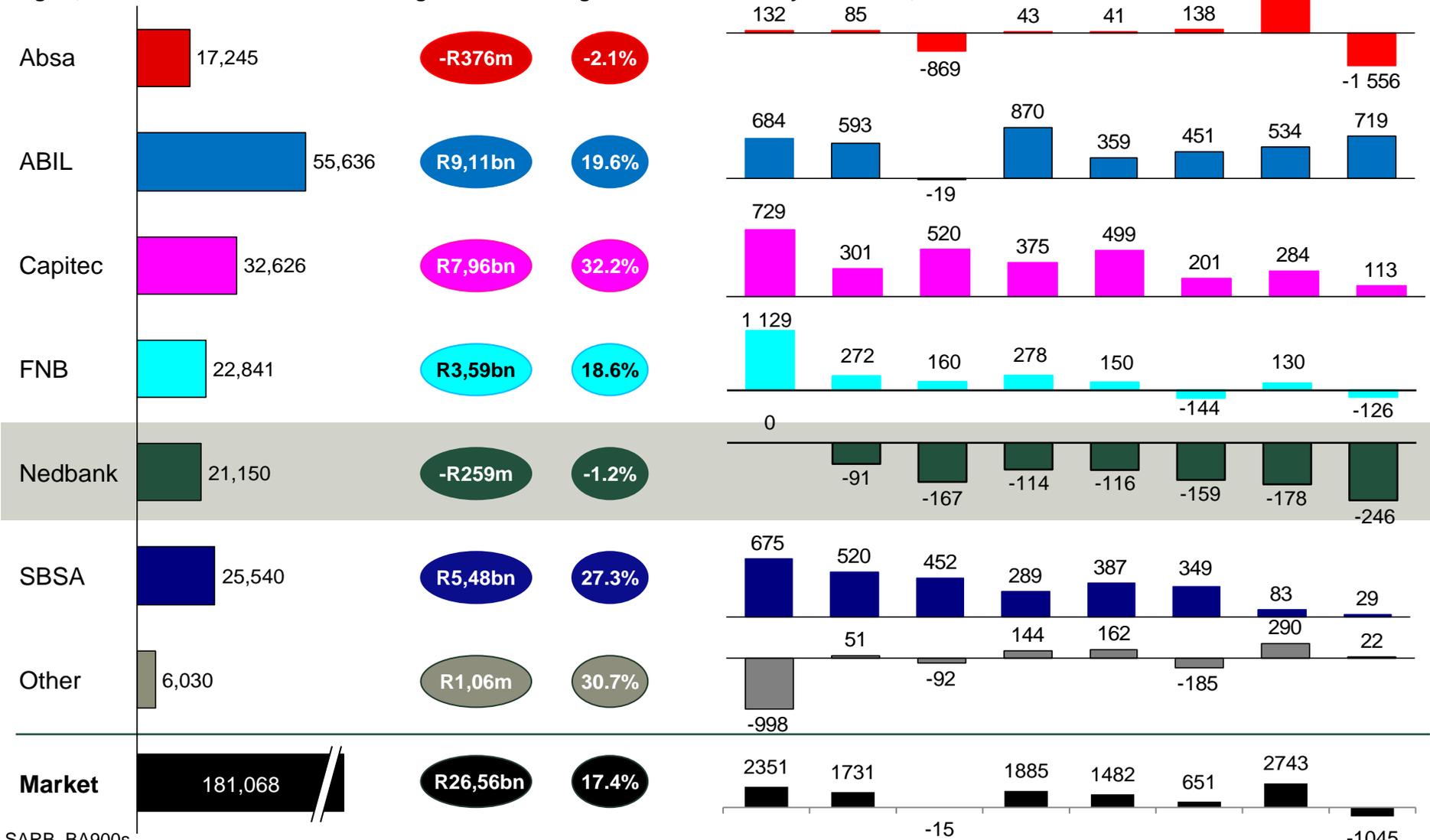
Given personal loans industry concerns Nedbank slowed growth and improved risk quality well ahead of industry



Personal Loans Total Book
Aug 13, Rbn

Y-o-y Book growth **% growth**

Monthly movement, Rm



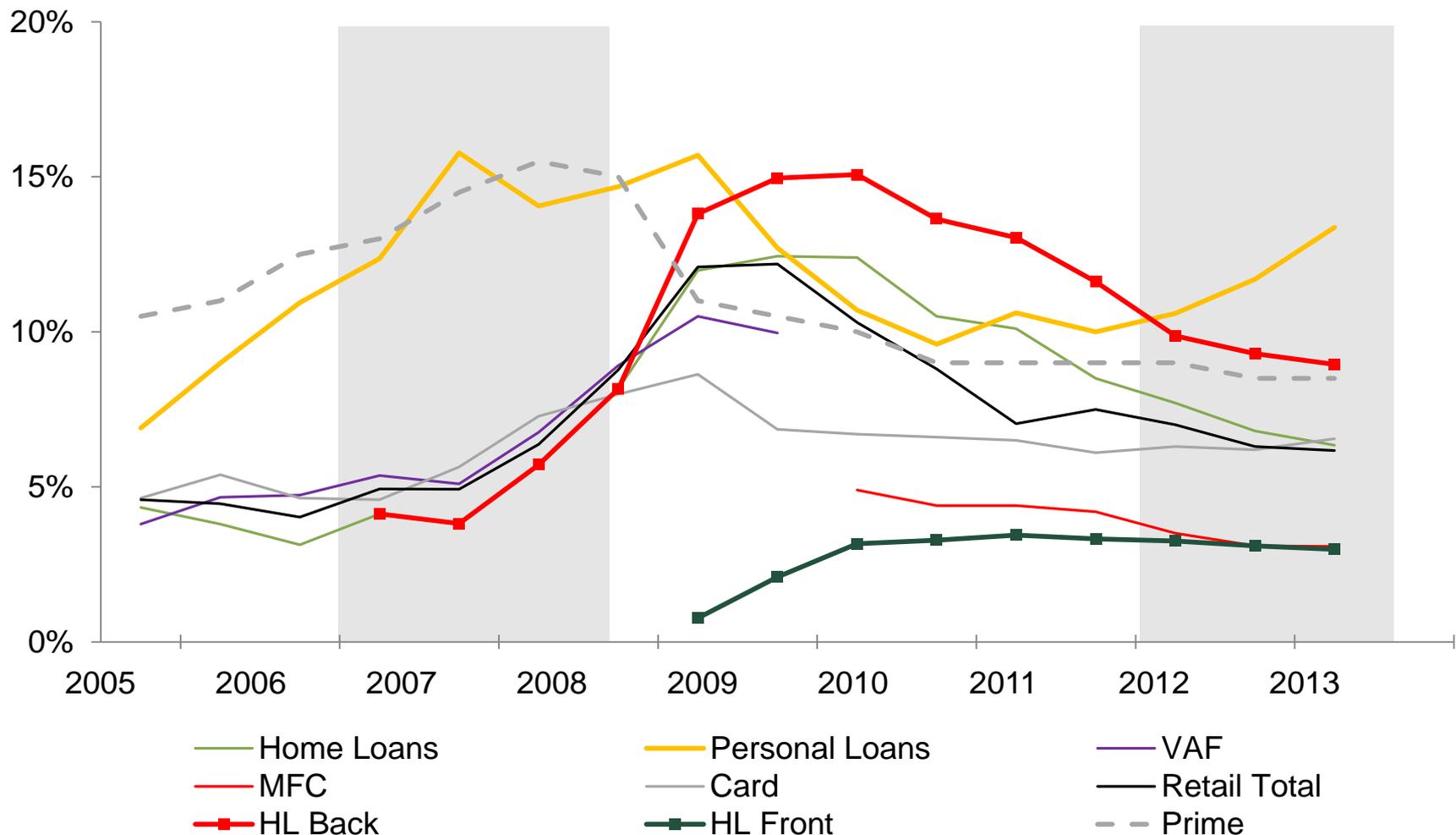
1 SARB, BA900s
2 NBPL figure has been adjusted with correct book size and not SARB data , total Market figures are therefore different to SARB data

Preparing for next cycle of consumer credit stress - personal loans an early indicator



Defaults over time

Default % of total advances per category



■ Rising PLs defaults ahead of other asset classes - early indicator of future credit distress

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 - **Ensure adequate balance sheet impairments** throughout cycles
 - **Adopt selective origination strategies** to optimise risk vs return of asset portfolio and quality of advances portfolio
 - **Fundamentally redesign business models** to mitigate risk while increasing source of distinctiveness – examples include **home loans and personal loans**

Evolving the organisation to be more client centred and integrated

- **Substantial organisational change embedded** to deliver on the strategic intent and enable the distinctive CVPs, including successfully **integrating Imperial Bank**
- **Organisational culture strengthened** through investment in people & transformation
- **Unlock significant cost savings to accelerate investments in sustainable foundations**
- **Step change customer management practices** across 11 dimensions – measured consistently by CMAT

Evolving the organisation to be more client centred and integrated

Accelerating delivery by orchestrating strongly aligned leaders behind a common vision and clear strategy

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Key steps in leading substantial organisational change in Retail



- Clear, cohesive strategy
- Executive leadership changes - 70% of Retail Exco new within a year
- Aligned senior leadership and mindsets
- Sharing strategy widely (17,000 people in 4 months) and celebrating early wins
- Constant drive in common direction
- No retrenchments despite affecting >3,000 people – proactive redeployment through organisational talent pool process
- Equally emphasising the importance of 5 lenses in delivering for clients & staff: client insights; product; channel; geography; functional
- Re-aligning roles & accountabilities to remove duplication, strengthen capabilities for all to leverage
- As trust builds, more effective collaboration is unleashed
- Personal mastery and team effectiveness processes

Evolving the organisation to be more client centred and integrated

Since 2010, Retail has significantly transformed its entire organisation to achieve the sustainable turnaround...

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Step-change for growth in quality revenue using process & technology enhancements as key enablers

Momentum in
business

| | Business model | People | Systems, Product and Process |
|-------------|---|---|---|
| 2013 | <ul style="list-style-type: none"> Area (cross-divisional) collaboration well entrenched Accelerating momentum in aligning PL's risk profile & culture to rest of Retail Area alignment (NIC & RRB) | <ul style="list-style-type: none"> (Re)energising people to achieve our vision Driving delivery through Area Collaboration Forums Further embedding of matrix mgnt NIC/RRB area alignment 230people affected, 136 placed (no retrenchments) | <ul style="list-style-type: none"> Seamless front-end with "tick-box" cross-sell – further releases Switch replacement, which will enable agile innovation of mobile applications , greater ATM functionality and payment alternatives such as NFC |
| 2012 | <ul style="list-style-type: none"> Integrated Channels accountable to incorporate entire Nedbank (retail & business client) requirements PL's strategic intent clearly defined & aligned to greater Retail strategy; implementation progress improved through H2 | <ul style="list-style-type: none"> Sizing area collaboration 17,000 employees participated in strategy conversations within 4 months, led by line managers Matrix management philosophy adopted with mixed reaction Diversity workshops of all Retail ('12 & '13) | <ul style="list-style-type: none"> Home loans online channel Nedbank App Suite™ with over 100 000 users to date; MyFinancialLife™ as a free online financial management Social Media Listening Centre integrated into formal client engagement processes |
| 2011 | <ul style="list-style-type: none"> Major drive to cross-sell transactional off product niches Extended branch banking hours for full service branches Redefining RRB Value Proposition (VP) & Value Delivery System (VDS) | <ul style="list-style-type: none"> LFDG Leadership alignment (BB & Retail EXCO) Extended hours across branch network required introduction of flexible work practices for branch staff >1000 RRB staff affected without retrenchments | <ul style="list-style-type: none"> Client analytics and insight function significantly strengthened – generating 2m leads per month Rollout of first phase of Siyakha simplifying inbranch fulfilment to 8000 staff |
| 2010 & 2009 | <ul style="list-style-type: none"> Re-alignment of org structure to new retail strategy – building a more client centred & integrated business while maintaining product strength & momentum; functional lines strengthened Addressing HL's burning platform with intensive focus on collections, increasing coverage & redefining strategy (own channels, risk appetite, price, part of CVP) | <ul style="list-style-type: none"> Retail Exco LFDG for personal mastery & team effectiveness(Nov) New Savvy CVP Surplus people capacity managed without retrenchments Integrating (MFC), helping to cure suboptimal VAF business. 70% of Retail Exco changed within 14 months, multiple divco members changed | <ul style="list-style-type: none"> Initial rewiring to deliver Savvy promise delayed launch by 3 months Simplified frontend functionality on the 'Siyakha' branch platform in pilot; project changed to include sales & service aligned to CVP's Client centred collection process |

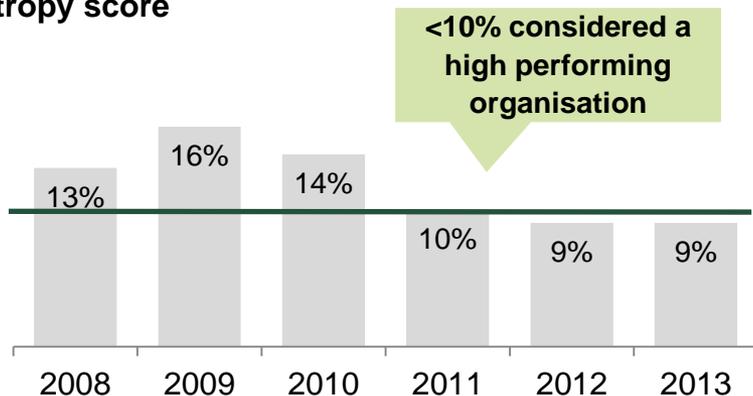
Evolving the organisation to be more client centred and integrated ...while doing so in a people centred way that led to significantly improved culture and increasing levels of staff satisfaction

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Nedbank Barrett survey - Culture

Entropy score



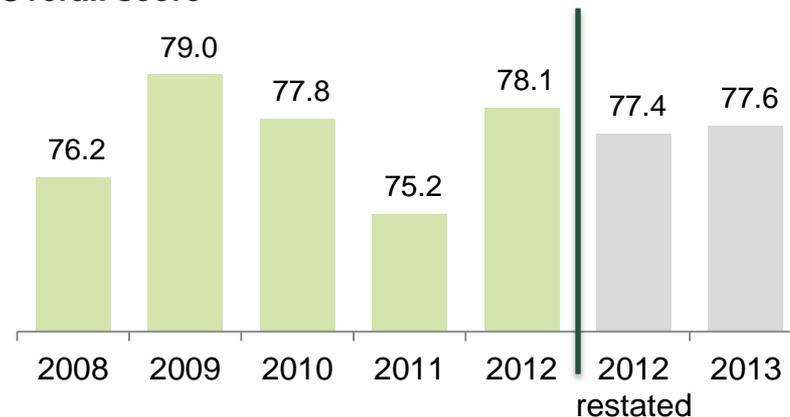
Top 10 current organisation and value matches

Value matches to ideal culture

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------|-----------------------|---------------------|---------------------|-------------------------|----------------------|
| Client-driven | Accountability | Accountability | Accountability | Accountability | Accountability |
| Accountability | Client-driven | Client satisfaction | Client-driven | Client satisfaction | Client satisfaction |
| Client satisfaction | Client satisfaction | Client-driven | Client satisfaction | Client-driven | Client-driven |
| Teamwork | Teamwork | Teamwork | Achievement | Teamwork | Brand reputation |
| Achievement | Achievement | Commitment | Teamwork | Brand reputation | Employee recognition |
| Commitment | Cost-consciousness | Achievement | Commitment | Employee recognition | Teamwork |
| being the best | Community involvement | Being the best | Brand reputation | People-centred | Commitment |
| Community involvement | Being the best | Brand reputation | Being the best | Environmental awareness | People-centred |
| Performance driven | Commitment | Productivity | Making a difference | Making a difference | Productivity |
| Productivity | Productivity | Cost-consciousness | Productivity | Performance driven | Performance driven |

Nedbank Staff Survey – staff satisfaction

Overall score



Transformation

- Steady improvement in **transformation across all categories**
 - Strong talent pipeline** of EE staff, especially in middle and junior segments
 - Increased **cross-cluster talent mobility** enhances retention efforts (400 people moved cross-cluster in last 3 years vs minimal moves prior – 80% black; 60% female)
- Investment of ~R650m in **skills development** since 2009:
 - Retail at **DTI level 2** (up from level 5 in 2009)
 - > 13,000 people per annum on skills training
- Building a **culture of diversity** accelerated by 14,200 staff attending the Botho Pele Program since 2009 (3,500 in 2013)
- Strategy conversations in 2012 - 17,000 people touched in 4 months

Overall, R775m¹ in cost savings were achieved within 30 months to June 2013...

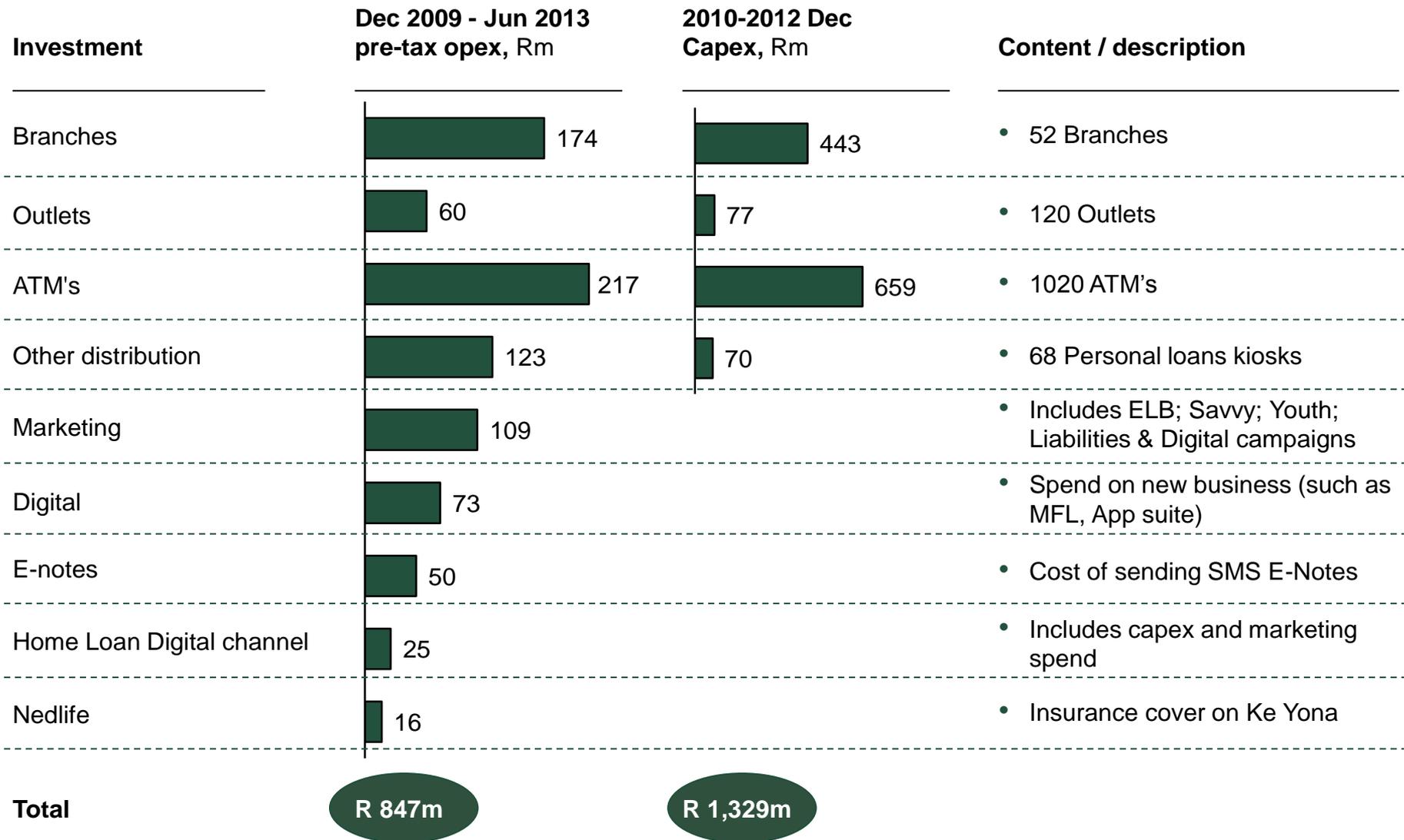


| Cost saving themes | Cost savings realised Rm, Dec 2009 - Jun 2013 | Content / description |
|--|--|--|
| Lean processes | 216 | <ul style="list-style-type: none"> Includes savings on card encoding, paper and other back to basic projects |
| Branch reformat, closure and redesign | 88 | <ul style="list-style-type: none"> Includes branch organisational redesign, branch back office optimisation |
| Card operational efficiencies | 81 | <ul style="list-style-type: none"> Includes point-of-sale value stream optimisation |
| Other | 81 | <ul style="list-style-type: none"> Includes Call Center optimisation, marketing savings and other smaller initiatives |
| Personal Loans distribution efficiencies | 71 | <ul style="list-style-type: none"> Includes some volume related savings |
| Organisational re-alignment | 69 | <ul style="list-style-type: none"> Various smaller initiatives |
| Secured Lending | 45 | <ul style="list-style-type: none"> Rates & taxes, external valuations, integration efficiencies |
| Branch headcount efficiencies | 44 | <ul style="list-style-type: none"> Teller optimisation and channel migration |
| Reduce duplications | 41 | <ul style="list-style-type: none"> Cash recycling and ATM efficiencies |
| Procurement benefits | 20 | <ul style="list-style-type: none"> Guarding cost and ATM operating cost savings |
| Shared Services | 19 | <ul style="list-style-type: none"> Lean processes & collaboration |

Total R775m

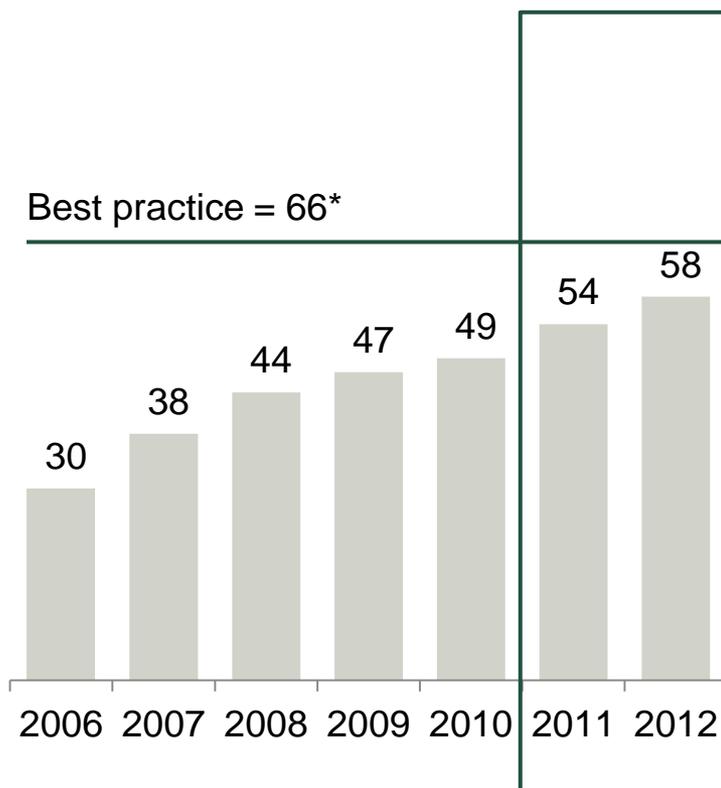
¹ Cost savings at Dec 2012 of R633m

Evolving the organisation to be more client centred and integrated
 ...while simultaneously investing sustainably in building sound
 foundations for future growth

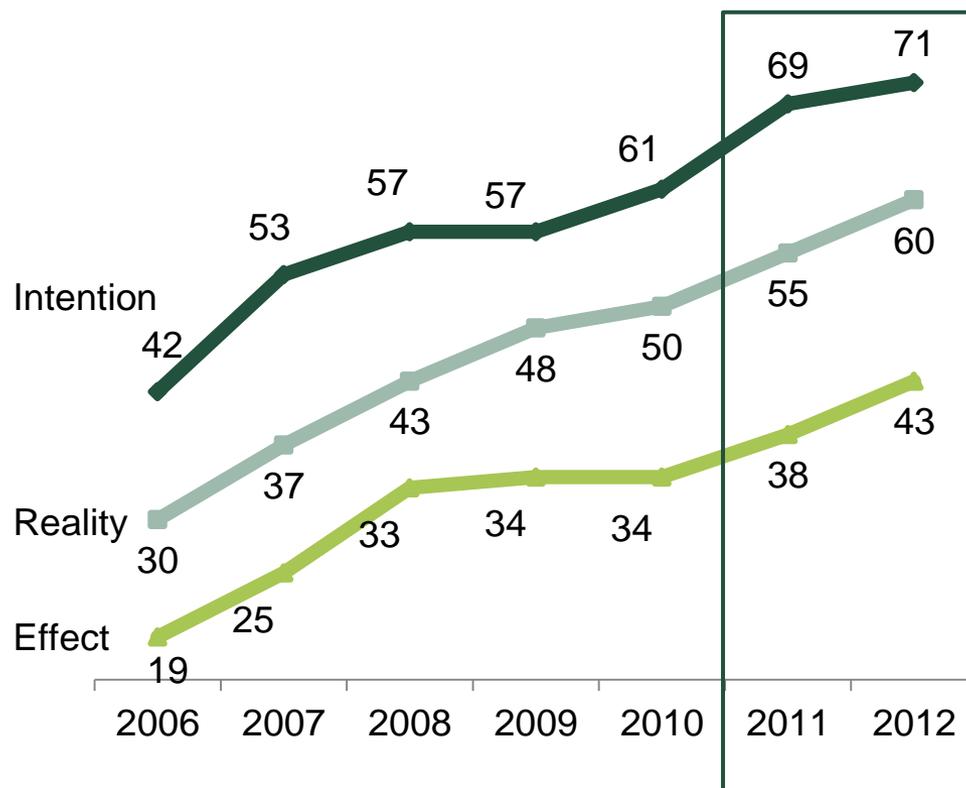


Retail CMAT results reflect significant shifts from 2010 arising from carefully orchestrated turnaround plan

Overall CMAT scores



Intention, Reality and Effect scores



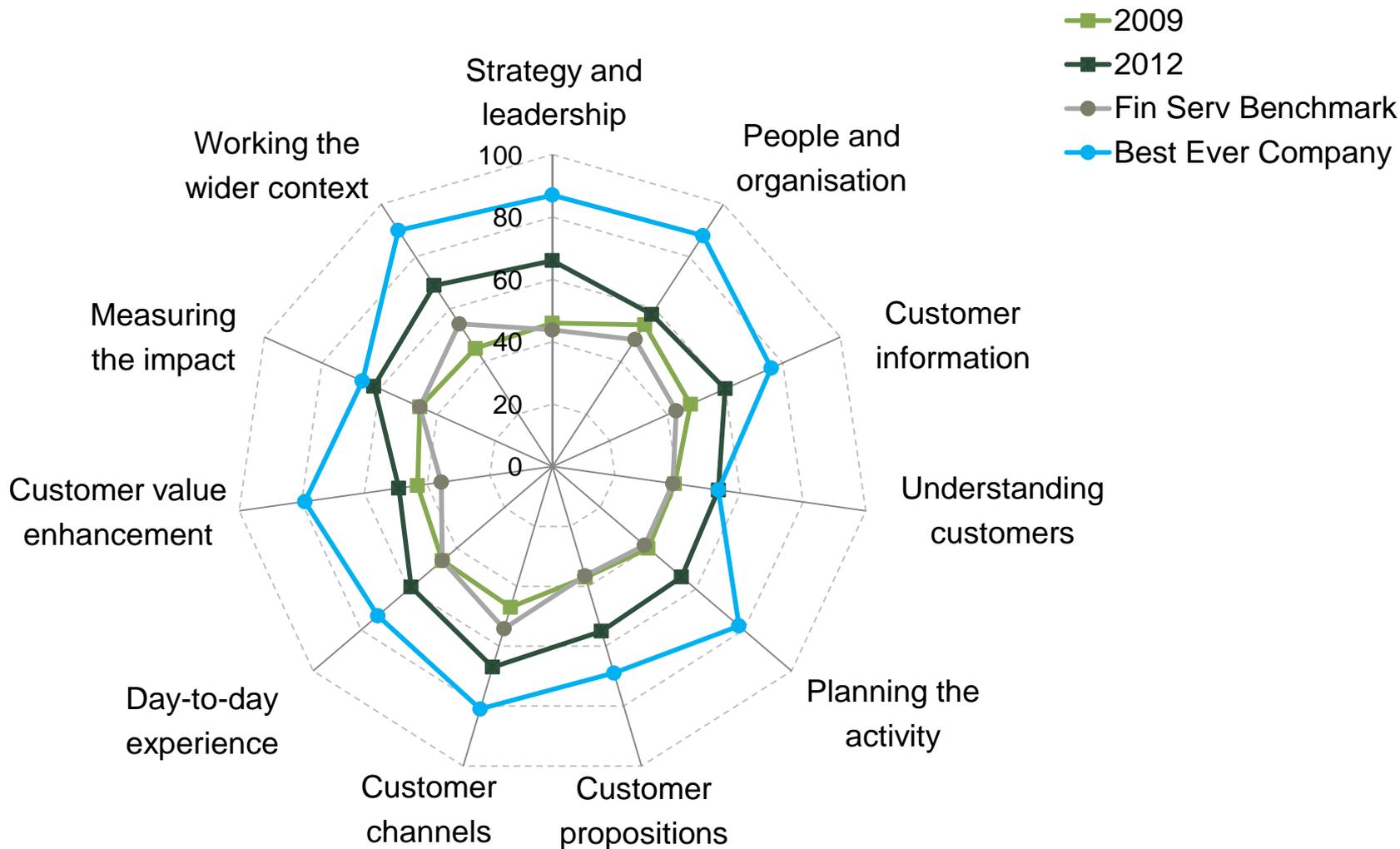
“...this real ‘shifting up a gear’ shows the power of a clear, stable strategy, focussed execution & effective socialisation, resulting in a genuine widespread ‘will to succeed’. Retail now has truly world class intentions.”

Peter Lavers, REAP Consulting

*Retail Banking Best practice benchmark (a composite of best scores in sections = realistically achievable stretch target)

Source: CMAT Assessments, REAP Consulting

CMAT scores across all 11 customer management categories have improved significantly, with some close to world class



Evolving the organisation to be more client centred and integrated

Successfully integrating Imperial Bank while maintaining growth momentum of MFC

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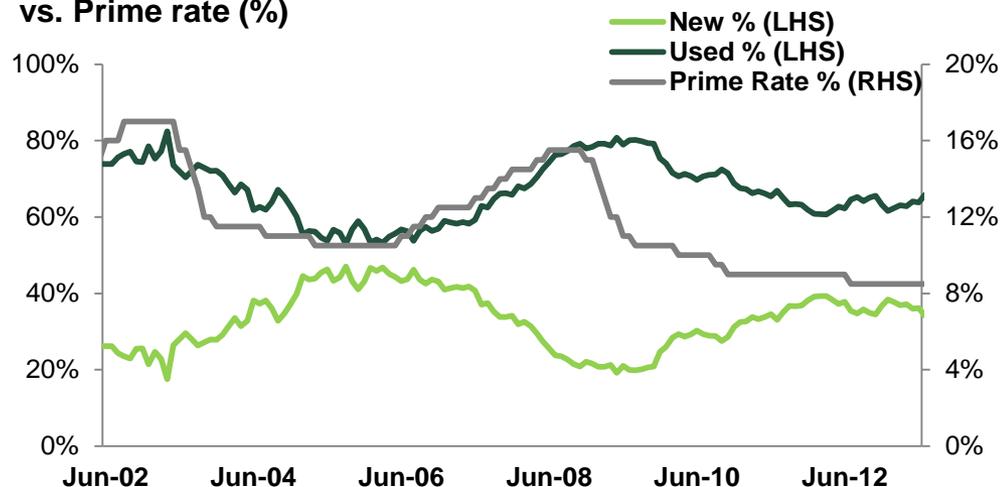


Integration complete while sustaining MFC's competitive advantage

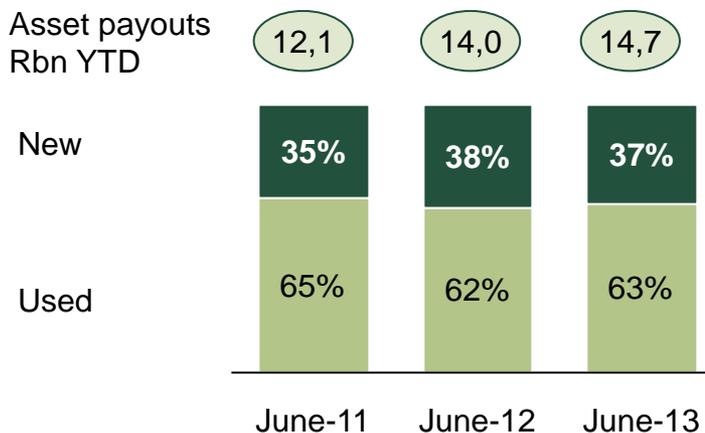
- 1 590 staff affected, 126 re-deployed & 260 positions eliminated - achieved with no retrenchments and full union support
- Minimal market disruption
- Successful integration of IT back end systems – Finalised in April 2013
- Realisation of scale, synergy and diversification benefits in line with original business case:
 - R224m revenue and cost synergies realised
 - R218m once-off integration costs incurred
 - Early settlement benefit of R86m NPV
- Heightened competitive forces and shift to new car sales (good correlation to interest rates) impact market share since 2009 – now ~27%
- Well positioned for growth as interest rates rise and sales mix changes to used cars

Well positioned for upward interest rate cycle

New & used vehicle distribution relative to prime rate vs. Prime rate (%)



MFC sales mix



Evolving the organisation to be more client centred and integrated

Second order change processes and leadership enabled accelerated delivery of the complex retail transformation

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First order change

Change or improvement within an existing system e.g. IT process improvements

Requires thinking within existing paradigms: logic of the problem is at the same level as the logic of the solution

Change management to deal with temporary adjustment

Second order change

Changes or redesign of the overall system and the parameters within which things work, eg TRC for peaceful transition to democratic SA

Requires innovation and creation of new paradigms: logic of the solution is at a higher level than the logic of the problem

Emergent change management to deal with continual adjustment

In summary, Retail has made excellent progress in charting a new path to sustainable profitable growth, quicker than 2010 plan

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Resilient performance since 2009, in challenging times...

- Strong earnings momentum with improved ROE through to H1 2013
 - HE cumulative growth of R2,6bn
 - NIR FY cumulative growth of R2,8bn (16% CAGR); H1 2013 R1,8bn (15%)
 - Pro-actively strengthened balance sheet impairments with increased prudence - R1.1bn further i/s charge
 - ROE strengthened to 10% in H1 2013, showing resilience as credit cycle turns
 - High allocated capital (CAR 11% vs 5.5% in 2009)
- Additional 2m clients choosing to bank with Nedbank - total clients of 6.2m
- Investment in the franchise
 - Capex of R1,3bn in 72% more ATMs (3182) and 40% more branches (762)
 - Costs optimised of R775m to invest R847m

...with strong foundations and a growing client franchise in line with 2010 commitments

- Compelling CVP's resonating with target markets
- Greenbacks loyalty integrated into Savvy CVP – membership accelerating
- Materially improving client management practices as measured by CMAT scores
- Effective pro-active risk management embedded -
 - HL & PL business models fundamentally changed
 - Higher quality higher margin front book with better risk profile
 - Methodology changes driven by insights on data, market dynamics, client behaviour & wisdom
- Micro-markets strategy & area collaboration for optimal distribution mix, Branch of Future design & client growth / cross-sell to unlock the virtuous circle of client
- Organisational design transformed & aligned to strategy
- Highly skilled values based leadership team
- Energised staff committed to succeed

Achieved in highly competitive market and under toughest macro-economic conditions (lowest interest rates in 40 years, low GDP growth, high consumer indebtedness)

- Executive Summary
- What we set out to do in 2010
- Progress to date
- How we achieved it

Future trends & prospects

'To win the game' R&BB have a distinctive & differentiated position leveraging key trends & core strengths/competencies

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Trends

- **Consumer preference for choice, simplicity, increased transparency and lower cost banking**



- **Rising demographics and 6% p.a. small business growth** represent tomorrow's valued, aspirational clients



- **Technological innovation** (e.g. digital channels) offering opportunity for lower cost distribution and process simplicity



- **Higher cost of capital and liquidity** from Basel regulations put risk management and liabilities at a premium



- **Collaborative cultures increasingly recognised** as central to organizations effectiveness and innovation



Core differentiators

A A choice of distinctive client centred banking experiences, delighting in moments of truth

B A rigorous approach to capturing virtuous circle of household & business

C Integrated channels strategy leveraging digital, high potential micro-markets & optimising cost

D Robust risk management for quality asset portfolios &
E Deposit innovation sustaining historical strength

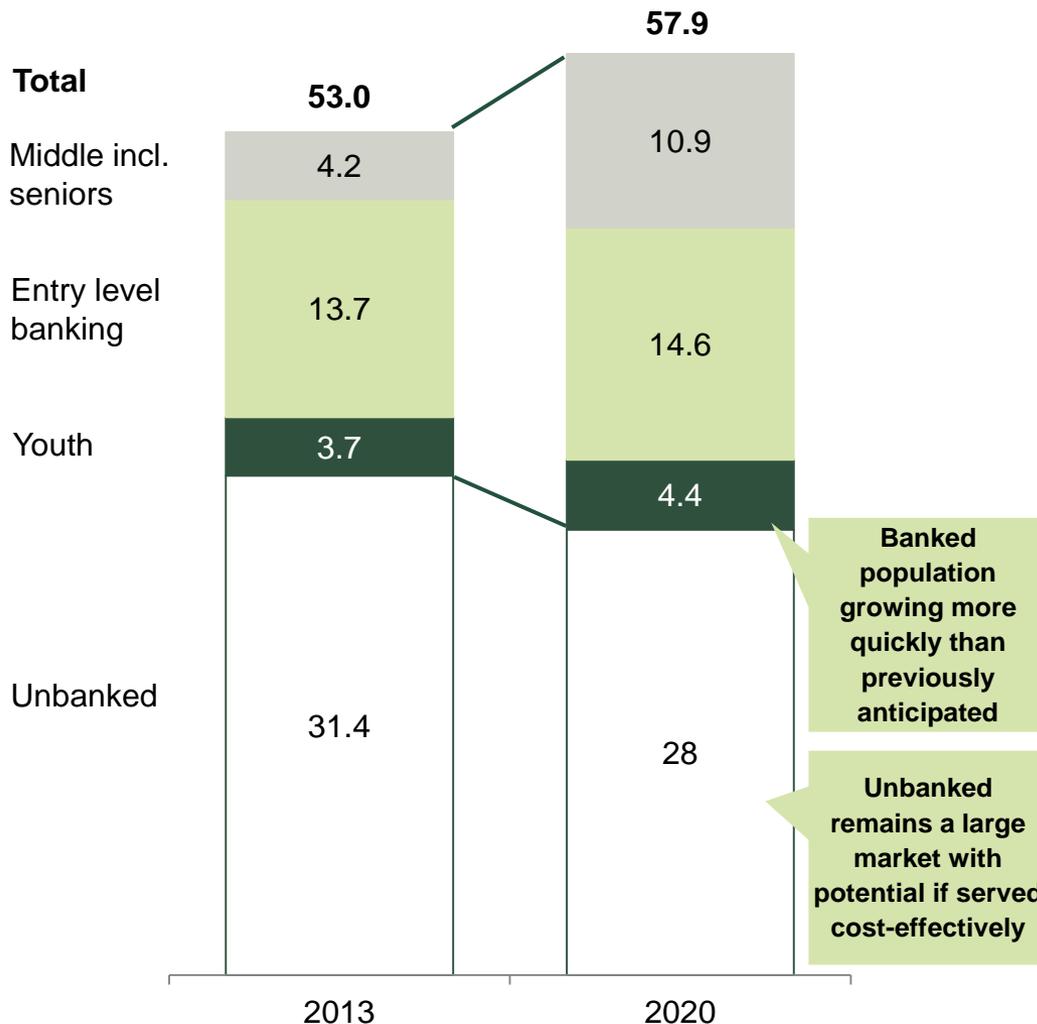
F Collaborative people culture with a client-centred, relationship-oriented DNA

Rising demographics re-confirms Nedbank's strategic choice as a bank for all, growing tomorrow's valued, aspirational clients

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SA Population by banking segment
millions



Imperatives as a bank for all in SA

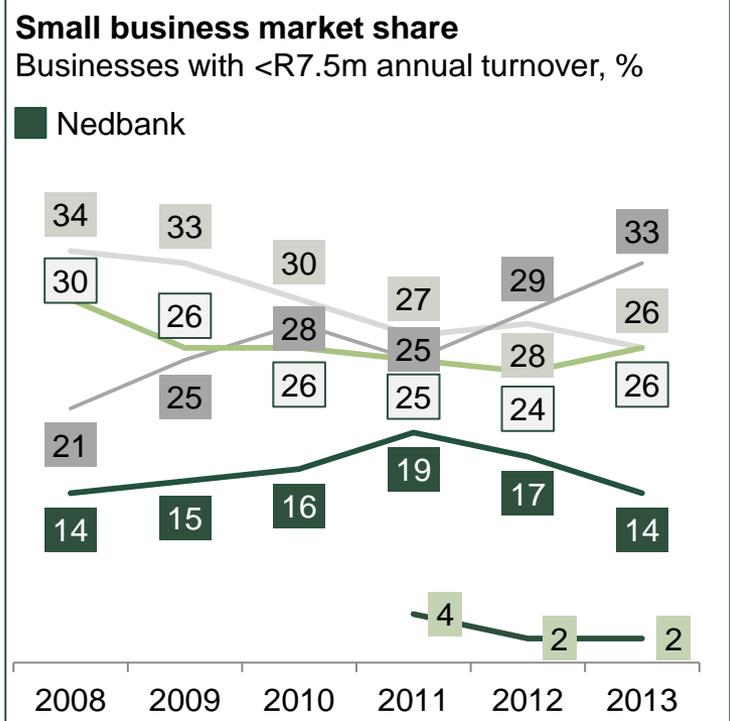
- **Invest in growing Youth & Entry Level Banking :**
 - Nedbank under represented in ELB (only 8% share in 2009)
 - ELB & Youth are foundation for future middle market growth (50% of SA population aged 25 or below)
- **Restore strength in Middle to Upper, including seniors:**
 - Accounts for greater than 60% of industry EP pool for banked population
- **Grow small businesses**
 - Benefits of virtuous circle, employs ~45% of SA workforce
 - Future Business Banking clients
- **Unbanked**
 - Low cost banking solution, leveraging mobile & pre-paid

Note: Affluent: > R550,000; Middle: R100,000 to 550,000; Entry level: < R100,000; Youth: Youth aged 16-24

SOURCE: AMPS; Nedbank analysis

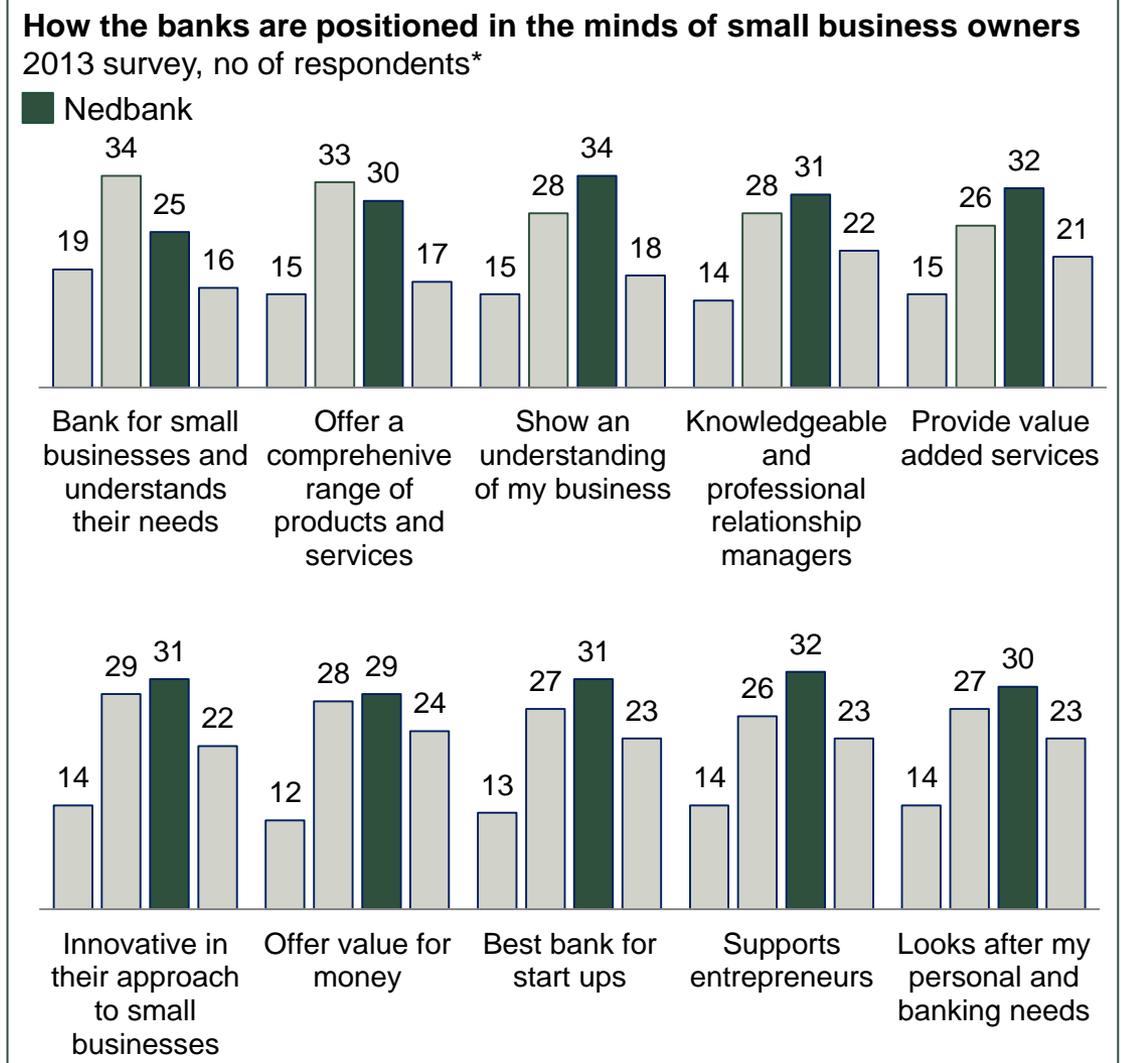
Nedbank now well positioned for small business growth following fundamental business model changes

Market share has dropped...



- Small Business now represented in all branches (from less than 38% in 2009)
- Upper middle clients serviced by all branches (previously only 16 private banking suites)
- NIC cohesively drives front line team through one aligned area management structure (>200 people affected for 90 positions), leveraging BB
- Strengthened marketing presence & offering

...but small business segment now well positioned for growth



*Question: Excluding your primary business bank, which other ONE bank do you associate with these statements?
 Source: KPI Research & strategy, Nedbank small business tracking study

Retail has created a seamless professional offering to restore middle market strength, leveraging Business Banking capability



“I KNOW ABOUT YOU” CLIENT EXPERIENCE

“I KNOW YOU” CLIENT EXPERIENCE

| | Student (Generic) | Professional Honours Graduate | Qual. Professional (RRB) | Qual. Professional (NPW) | Entrepreneur (Small business) | Entrepreneur (Business Banking) |
|----------------|--|---|--|--|--|--|
| Life stage | “Savvy about money” | “Be more savvy with your money” | “Seamless convenience with relevant value adds” | “Opportunities beyond the obvious” | “Partnering for growth for a greater SA” | |
| Client insight | “I want it and I want it now” | “I’m aspirational and tech savvy” | “Highly demanding and demanded of” | “Serious about creating wealth” | “My business and family are one” | “Appreciate my business – show wisdom” |
| CVP | Dezign Student Loan | Savvy Plus | Savvy Bundle | NPW Bundle | Emerald | Business banking |
| Product | <ul style="list-style-type: none"> Dezign Student account Student loan Cheque/debit cards | <ul style="list-style-type: none"> Platinum cheque and credit cards MyFinancialLife Digital channels | <ul style="list-style-type: none"> Platinum cheque and credit cards MyFinancialLife Secured lending Domestic airport lounge access | <ul style="list-style-type: none"> Tailored suite of wealth management solutions Value added life-style benefits | <ul style="list-style-type: none"> Comprehensive suite of financial services for business, owner and employees Value added tools and services Client centered service model with access to specialists Leveraging card acquiring | |
| Price | <ul style="list-style-type: none"> Simple, affordable and transparent pricing to show our clients ways to save on their bank fees Average fee: R92 | | <ul style="list-style-type: none"> Bundled pricing with lifestyle benefits (card choice) Average fee: R219 | <ul style="list-style-type: none"> Bundled pricing with tailored wealth solutions Average fee: R264 | <ul style="list-style-type: none"> Simple, product level pricing Average fee: R233 | <ul style="list-style-type: none"> Client-centered pricing recognizing full client value Average fee: R2,651 |

Underpinned by compelling loyalty & rewards programme, acknowledging clients’ building of financial fitness

| | | | | | | |
|-------|---|---|---|---|--|--|
| Place | <ul style="list-style-type: none"> Digital and physical near good government & private schools (FB Page) Universities; FETs etc | <ul style="list-style-type: none"> Digital, branch, contact center (focus on mobile) | <ul style="list-style-type: none"> Personal relationship banker (lower to higher touch) Branch, digital, contact centre | <ul style="list-style-type: none"> Private banker with high touch and mobility | <ul style="list-style-type: none"> Relationship banker in branch Innovative digital apps | <ul style="list-style-type: none"> Relationship banker Innovative digital apps |
|-------|---|---|---|---|--|--|

Delivering seamlessly through client choice of channels

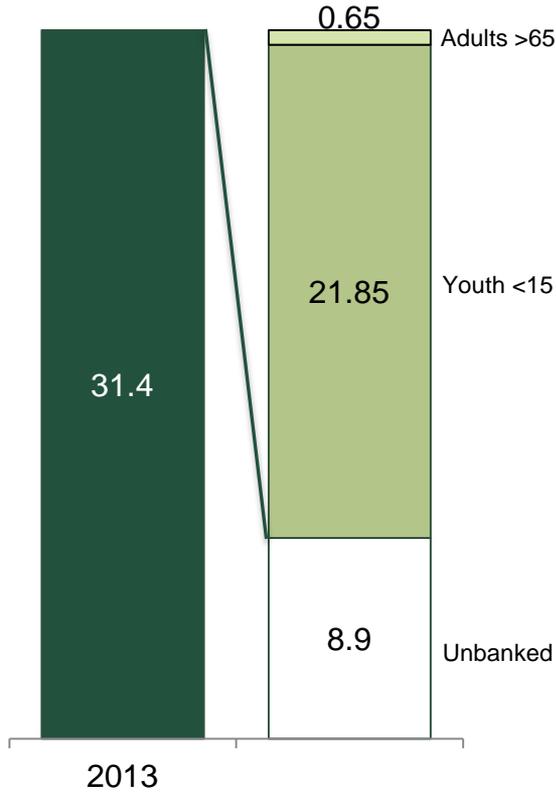


There are ~8.9 million unbanked people in SA considered bankable, mostly unemployed but with distinctive financial needs

Needs to be met through innovative solutions & distribution models

SA Current Unbanked Population¹ millions

¹Total unbanked population classified as youth < 15, seniors > 65 and unbanked adults (15-65)



Important financial needs...

| Client needs | % of unbanked clients agreeing or strongly agreeing with statement |
|--|--|
| "I need a stepping stone out of the cycle of poverty" | 92 |
| "I need a better way to save to make it through the month" | 91 |
| "I need better ways to reach financial services" | Data not available |
| "I want to protect myself from emergencies" | 87 |

Unbanked client insights show that they:

- Are worried about the current and future prospects of the job market
- Aspire to provide good education for their children
- Value trustworthiness within their communities



Zanele is a 22 year old lady who lives on income she receives from her older brothers working in the cities

Financial Needs

- Remittance (local – largely receivers)
- Ability to transact securely
- Ability to access banking services close to where they stay
- Ability to save money

MONTHLY PERSONAL INCOME

R500
family-supported

MONTHLY EXPENSES

R470



Millicent is a 36 year old self-employed mother of two who lives alone in Diepsloot

Financial Needs

- Access to micro loans
- Remittance capabilities (local and cross-border)
- Entrepreneurial and financial education
- Funeral cover
- Store of money
- Access to seed capital
- Access to jobs

MONTHLY PERSONAL INCOME

R900
from self-employment

MONTHLY EXPENSES

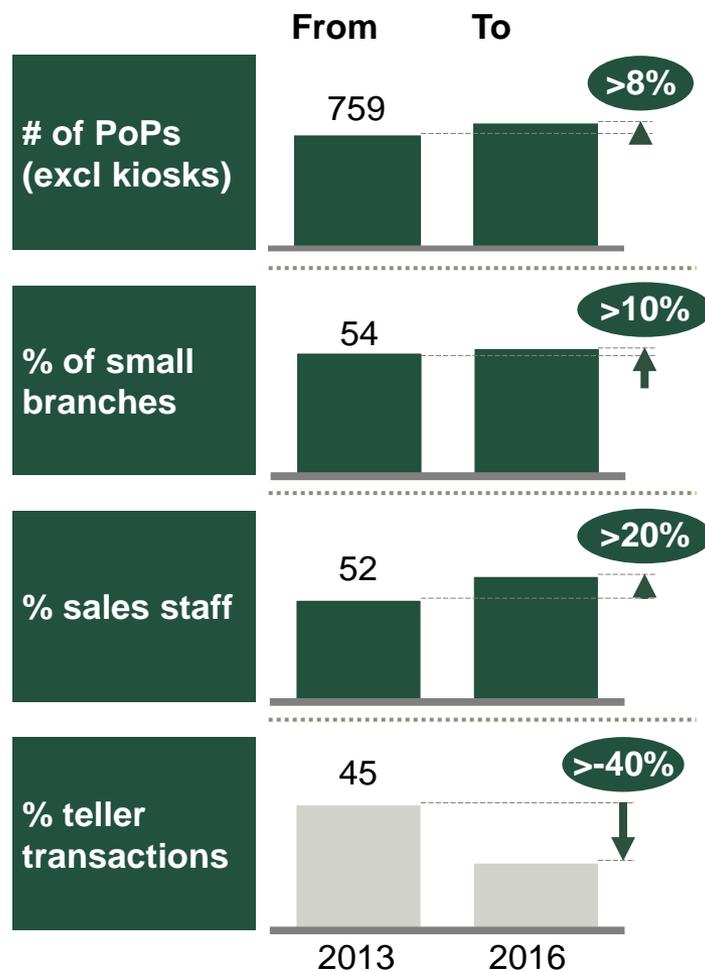
R800

Continued investment in Branch of the Future roll-out to unlock sales focus while enhancing client experience & leveraging digital

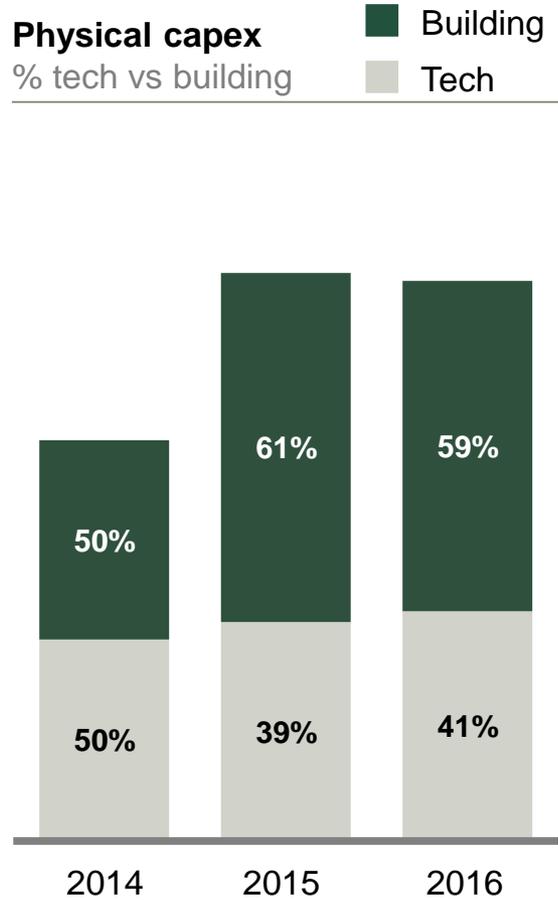
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Our future bank looks different from what we have today...



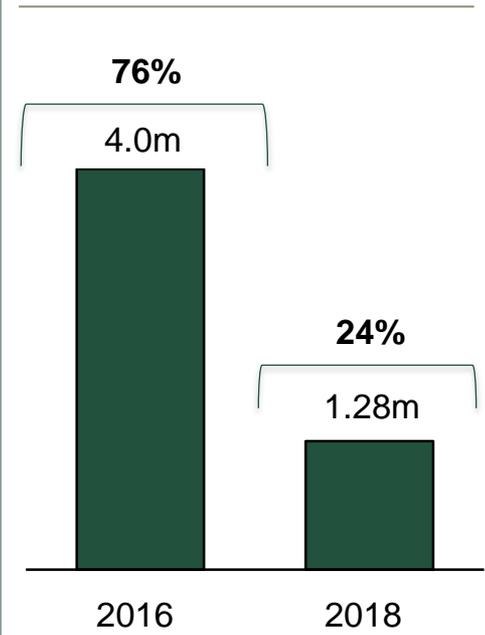
...with tech a significant component of overall investment...



... and means that we expose 76% of our clients to new formats by 2016

Roll-out plan caters for 77% of our branches to be reformatted by end 2016 and 100% by end 2018

Clients exposed to new formats
#



Orchestrating investment in mobile to increase sales & value add capabilities as part of the integrated channels strategy

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Analysis Methodology

- Customers were filtered by bank they identified as their "main bank for all their banking transactions"
- Responses to questions on mobile banking and digital banking usage were subsequently tabulated

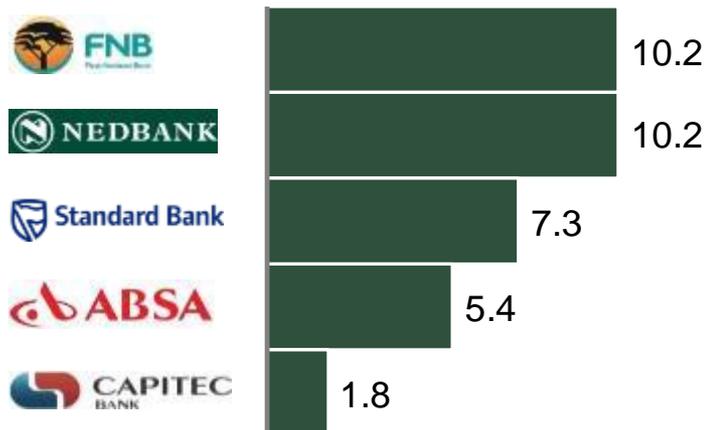
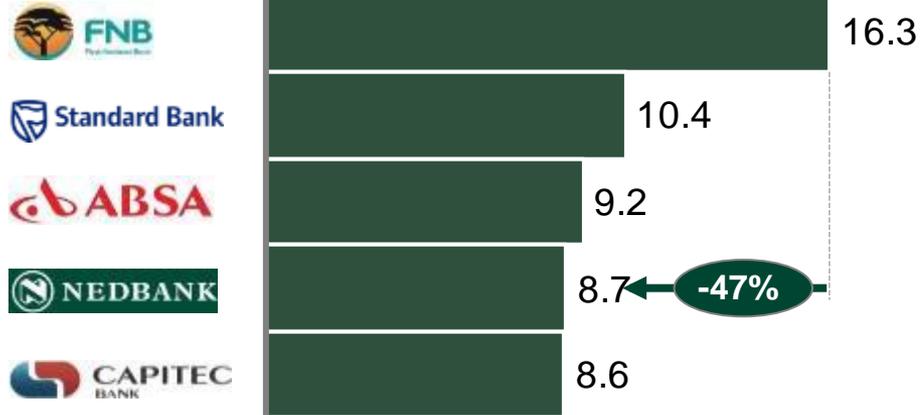
Mobile¹



Internet



Percentage of primary customer base that is digitally active %



¹ Precise AMPS question "Which of these do you use to access your account?" Options shown "Cellphone" and Internet"

We have used the opportunity of the card switch replacement to create a flexible, innovative platform for new products in 2014

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Platforms enable once-off development and cater for re-use of capabilities over multiple channels to multiple clients

Core Switch Replacement

The implementation of the switch allows both the client and bank to benefit from system redundancy, scalability and reliability as well as speed of transaction and product implementation to market

Status



Delivered

Cardless cash withdrawals

- This capability at ATMs and PoS enables the innovation of the future to integrate into the cash economy



Delivered

Wallet

- A store of value for any currency, e.g. Rands, reward points, MPesa's
- By locating the wallet within the switch enables easy exposure of the store of value to payments channels e.g. ATMs and PoS



Built, in pilot

Contactless

- Contactless provides an opportunity to disintermediate cash for low value, high speed transactions such as transport and fast food



Built, in pilot

Additional tokens

- Innovative access mechanisms such as QR codes and biometrics seek to enhance both security and speed of transaction



Proof of concept

Payment capabilities

Consistent execution of chosen strategy continues with accelerated momentum, given strong foundations laid

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3 imperatives for growth

Initiatives to unlock

Grow the client franchise



- **Strong client growth momentum in all segments** as transactional banked share lower relative to strengths in advances and deposit market share - more clients, deeper cross-sell, less attrition across more micro-markets
- Continue **investment in key enablers** including **marketing, reformatting of distribution, front-line effectiveness, mobile / self-service channels, competitive pricing**
- Develop compelling CVP for **unbanked segment** (relevant for Rest of Africa subs)

Collaborate & innovate for growth



- Leverage **wholesale client relationships and micro-market approach for increased cross-sell**
- **Invest in people & organisational effectiveness** - optimising processes, increasing span of control, removing duplication to extract cost efficiencies and enhance the overall client experience – significant change management reqd
- Accelerate client **usage of existing innovation** through optimal design of holistic client experience, while further enhancing capabilities in **digital, payments & deposits**

Manage risk effectively



- Continue **focus on collections** and client rehabilitations to reduce non performing loans
- Sustain **selective origination** at **enhanced pricing** for better risk portfolio
- Quality risk processes protecting for downside risk should interest rates rise / consumer risk deteriorate further given quality asset portfolios & **prudent proactive provisioning methodologies**

Remaining true to our commitment to build sustainable businesses & increase our source of distinctiveness relative to peers

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Distinctive strategies

Nedbank Retail will build banking relationships with all in South Africa, leveraging distinctive strengths, underpinned by strong risk management

STRATEGIC INTENT

Delivering a choice of distinctive client-centred banking experiences that build many deep, enduring relationships with Nedbank

Delivering growth and sustainable shareholder returns through effective allocation of scarce resources



MAKE THINGS HAPPEN NEDBANK GROUP

"To be the leader in business banking for SA" through our deep client relationships, decentralised accountable business service model & excellent risk management practices

VISION: To be the leader in Business Banking for South Africa

STRATEGIC INTENT

By understanding our clients' business we provide seamless client centred banking experiences for our clients' business, employees & household through our localised client service teams delivering innovative solutions

Achieving consistently strong ROE's & CLR's by carefully balancing levers of risk vs growth & leveraging our diverse, talented, collaborative teams across South Africa



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Uniquely positioned for macro economy & trends

A skilled leadership team with a track record of delivery

Core differentiators leveraging key trends

Committed to building high quality businesses for sustainable performance

Diligence in execution of imperatives

Grow the client franchise



Collaborate and innovate for growth



Manage risk effectively



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Thank you

Question &
Answers

“What lies before us
and what lies behind us
are small matters
compared to what lies within us.
And when we bring what is within
out into the world,
miracles happen.”

Henry David Thoreau

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

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

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

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