

Nedbank Business Banking Investor Day

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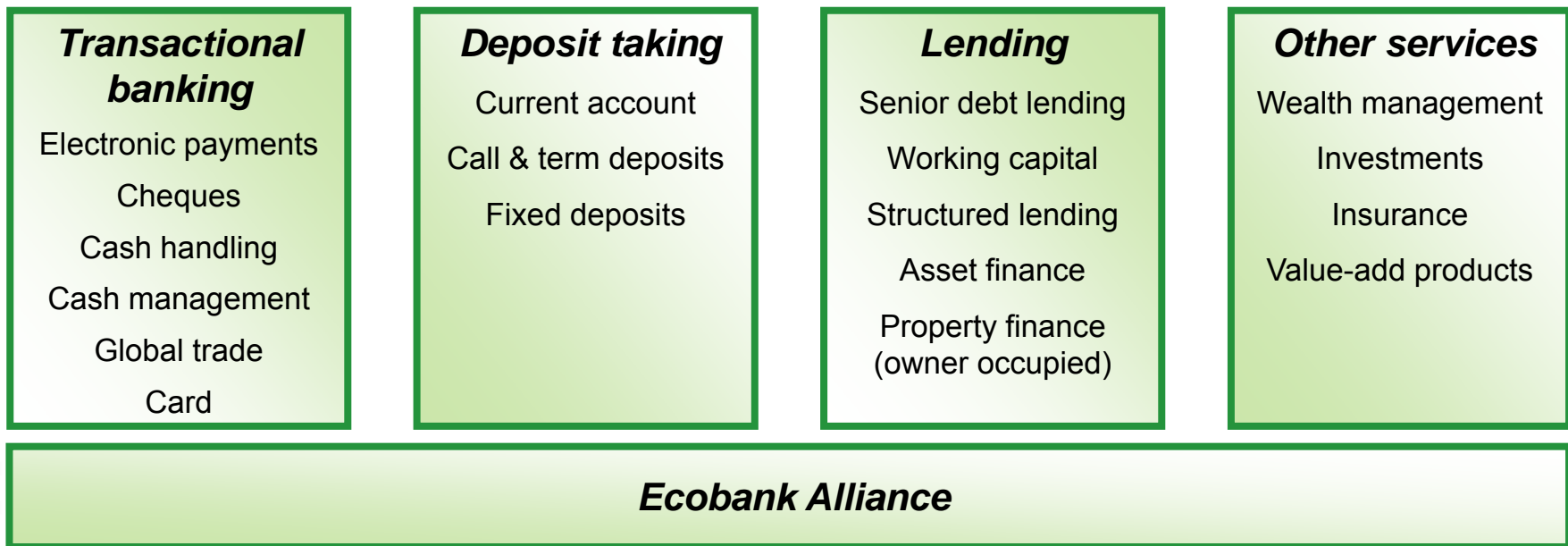


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Business profile

- Target market: medium sized businesses
 - turnover of approx. R7 - 400 million
- Relationship driven, decentralised business model based on accountability
- Full spectrum financial services offered:



Geographic representation



Structured around 4 geographical business units, divided into 13 regional & 54 area offices

67 locations



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Client / brand positioning



Our Attributes	Value to our client's business
Access to skilled bankers supported by a team of specialists ...	<ul style="list-style-type: none"> • Single point of contact via Business Manager (BM) • Back-up & relationship continuity through team based approach (client knowledge with more than one person) • Access to appropriate specialists co-ordinated via BM
... with in-depth local understanding ...	<ul style="list-style-type: none"> • Physical presence of key staff in area where client operates, means staff able to gain in-depth understanding of both client's business & local external environment
... & empowered to make quick decisions	<ul style="list-style-type: none"> • Clients get to speak to decision makers directly <ul style="list-style-type: none"> – Quicker turnaround – Decisions based on sound knowledge of clients' circumstances
Partnering approach	<ul style="list-style-type: none"> • We care about growth of our clients' businesses & want to be there for long term

Nedbank Business Banking
“Partnering with you to grow your Business”



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Business rationale



- Good franchise in biggest growth sector of economy
- Relationship based client offering with credit extension & cross-sell key levers
- Loyal client base valuing bank's backing of them - generally do not move banks due to hassle factor & loss of track record
- Decentralised business model enables localised understanding, stronger client networks & community involvement
- Revenue-led expansion by increasing size & effectiveness of sales force while leveraging off existing area / regional office infrastructure
- Higher barriers to entry for global banks due to opaque credit risk, depth of client relationships, number of staff & geographic spread of offices

...identified in 2006 as key strategic thrust for Nedbank



Vision & strategy



Vision & strategic Intent

Become leading business bank for SA

- Rated highest in attracting, developing, motivating & retaining people & regarded as preferred employer
- Acknowledged as leading business bank for ability to listen, understand & deliver products & services to meet clients' needs, through decentralised, empowered, community based partnering approach
- In top 2 in assets & liabilities, top quartile financial returns & increased market share in primary banked clients



Strategic road map defined as ASCENT

A cquire primary banked clients

S ales force productivity & size

C ross sell & cross-divisional collaboration

E asy to do business with Nedbank

N ew markets & products

T alented, skilled & energised people

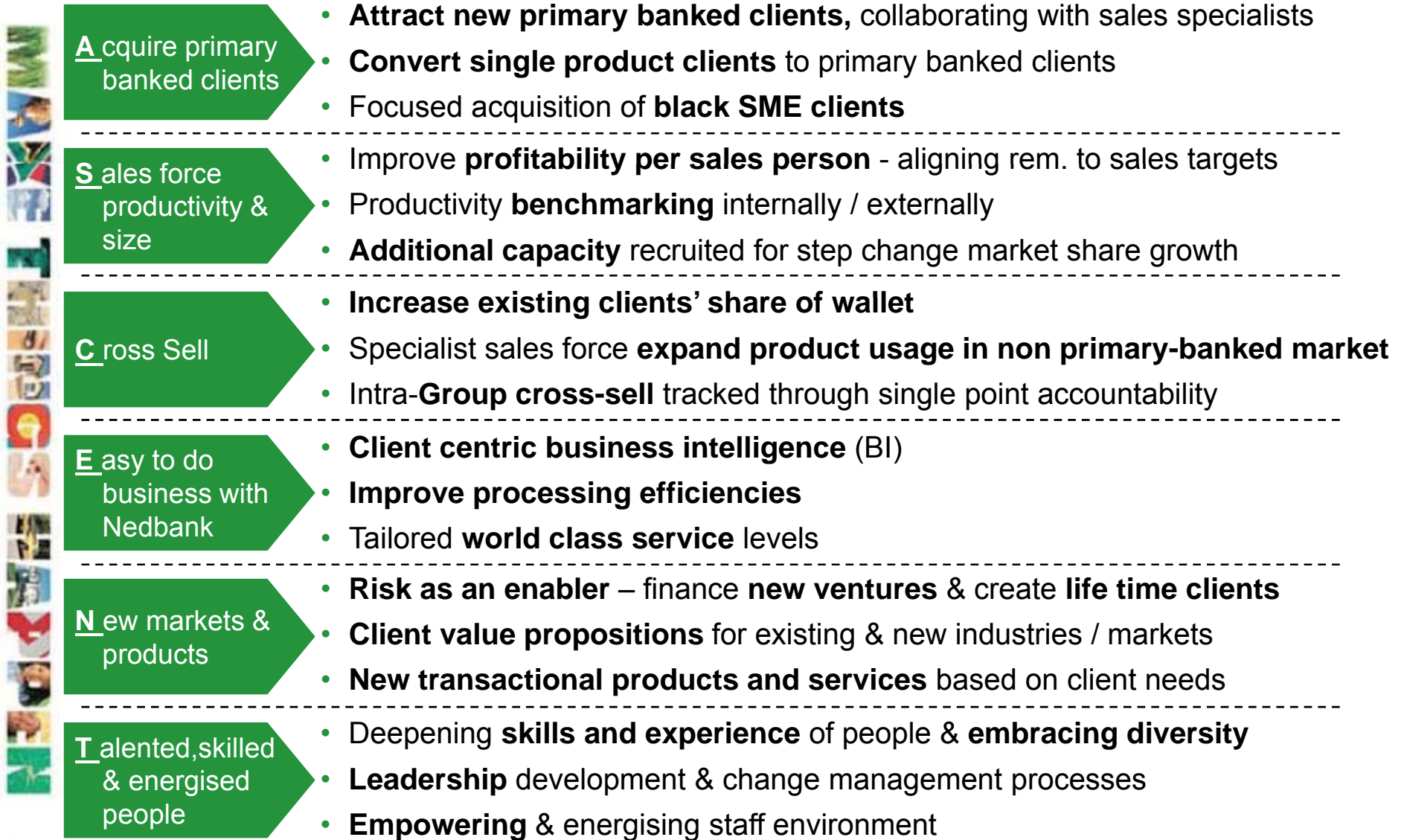


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ASCENT roadmap to deliver on vision



Feedback on ASCENT initiatives

 <p>Acquire primary banked clients</p>	<ul style="list-style-type: none"> • Focus on acquisition continued despite economic challenges; Acquisition BMs (new role); acquiring new clients, but market share slow to shift • Re-established player in Public Sector • Single product client conversion difficult – VAF / HL not a strong hook to
<p>Sales force productivity & size</p>	<ul style="list-style-type: none"> • Alignment of sales force to client segments largely complete • Weekly tracking of sales activity; rem & bonus pay aligned to performance • Key learning that more sales people ≠ more sales, unless above measures in place
<p>Cross Sell</p>	<ul style="list-style-type: none"> • Specialist sales force collaborating closely with relationship bankers to maximise cross-sell • Active leverage of Group relationships for cross-sell of BB product range; increased lead flow, but can do more
<p>Easy to do business with Nedbank</p>	<ul style="list-style-type: none"> • Simplified key processes touching client service teams (CSTs) • Mixed progress on legacy product system enhancements • Developed integrated blueprint for product, process & IT requirements • Flexible BI to inform business strategy and CST activity
<p>New markets & products</p>	<ul style="list-style-type: none"> • Positive shift in client perception of Netbank Business • Various Industry CVPs developed & launched with good market response • Specialized finance capability, but room to leverage offering further
<p>Talented, skilled & energised people</p>	<ul style="list-style-type: none"> • Strong performance culture established • Shifted leadership capabilities & mindset of senior management level; more needed to address middle management layer • Letsema & graduate programme established



Netbank Business client feedback

4 point scale, ratings for extremely satisfied	Importance to client - Ranking	FNB Online Banking (FNB)	Business Online Domestic Banking (STD)	Business Integrator Cash Focus (ABSA)	Netbank Business (NBB)	Netbank Business (Ranking - 4 main banks)
Convenience, accessibility	1	62%	59%	63%	55%	4th
Availability uptime	1	87%	85%	91%	73%	4th
Speed – system response	2	36%	40%	40%	33%	4th
Customer service & support	3	51%	50%	52%	53%	1st
Functionality	4	55%	58%	56%	53%	4th
Usability, ease of navigation	5	55%	57%	53%	65%	1st
Flexibility	6	46%	49%	50%	53%	1st
Value for money	7	33%	36%	41%	43%	1st
Security		70%	77%	70%	78%	1st
Overall product satisfaction		51%	57%	48%	53%	2nd

Source: 2009 BMI-T Corp survey

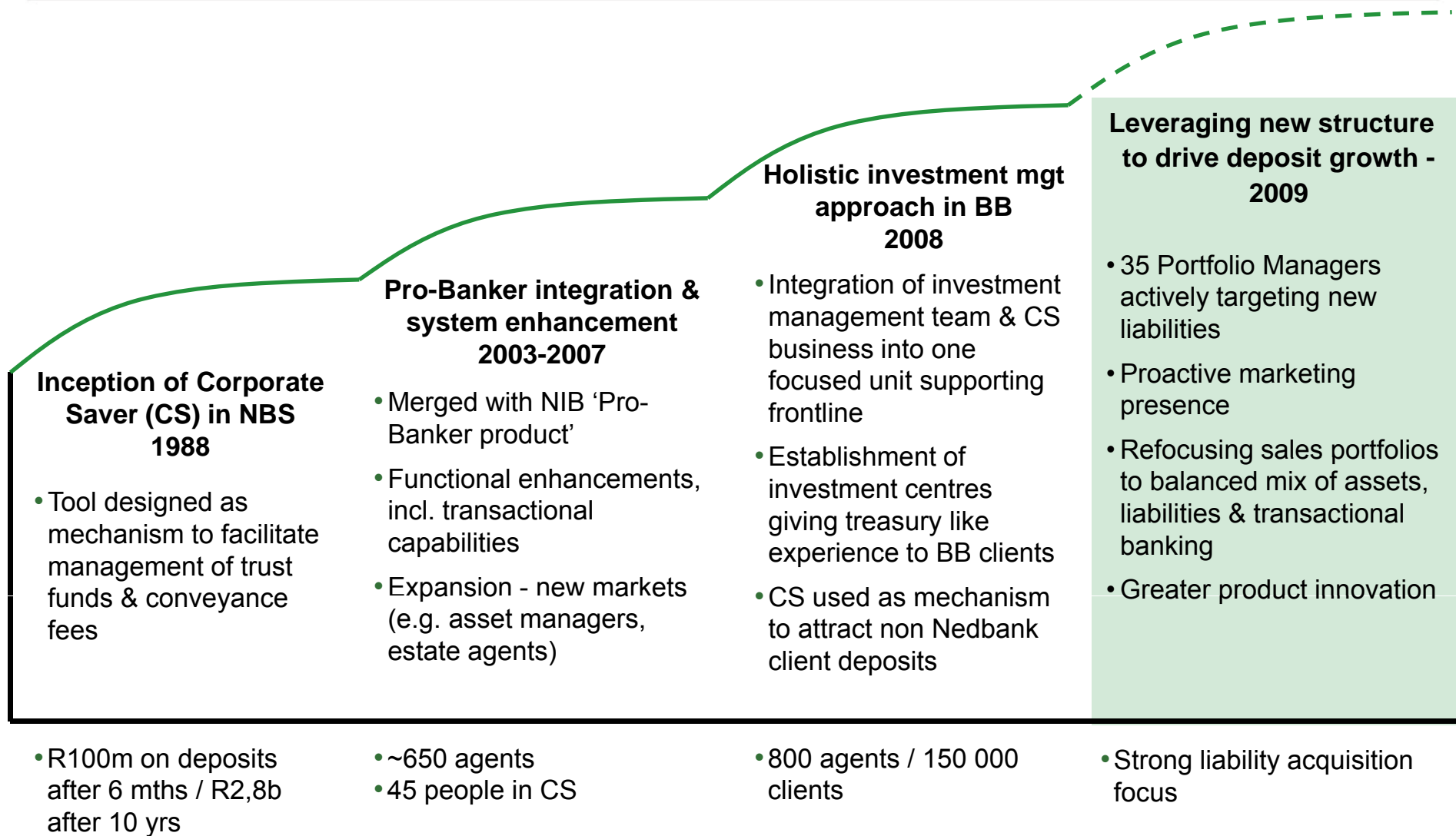


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Corporate Saver evolution



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Competitive environment

Area	Nedbank Business Banking	Competitors*
Financial	<ul style="list-style-type: none"> • Good economic profit & high RORAC (28%), decline in HE growth (-32% in H1 '09 after 5 years of strong growth) • Good NIR growth (+7%), albeit behind competitors • Credit loss ratio contained within TTC range (79bp) 	<ul style="list-style-type: none"> • Comparable ROE's & similar HE trend • Excellent NIR growth (>10%) & better NIR / NII • Impairments at similar or slightly higher levels
Clients & market	<ul style="list-style-type: none"> • 2-4th in market share depending on product, primary bank status & geography • Service levels on par or above competitors – with some improvement over last year • Active marketing to ensure continued presence • Active calling programme by CST 	<ul style="list-style-type: none"> • STD generally market share leader with ABSA/FNB similar share to Nedbank in urban markets • STD recently launched new brand campaign including all areas of business; ABSA active in advertising electronic banking & agricultural offerings; FNB less visible over last 6-12 mth, however new campaign expected to break shortly
Products & services	<ul style="list-style-type: none"> • Specialisations in wine, agriculture, franchising, tourism, professional service firms, public sector • Market leader in Corporate Saver • Continuously improving perception of Netbank Business (now rated no 2 overall) • Investment mgt key focus area 	<ul style="list-style-type: none"> • Similar specialisations to Nedbank with agriculture & public sector a strength for ABSA • STD still regarded as leader in electronic banking • FNB promoting investments, cash & other transactional solutions; STD also pushing assets • INVESTEC aggressively targeting liabs
Organisation	<ul style="list-style-type: none"> • 67 area offices grouped into 13 regions each under leadership of Regional Business Head • Alignment in strategy achieved through national functional heads 	<ul style="list-style-type: none"> • STD & ABSA significantly larger branch & ATM footprint aiding business banking client reach
Operating model	<ul style="list-style-type: none"> • Decentralised, client-centric, empowered regional structure to ensure frontline accountability, fast decision making & local understanding / community involvement 	<ul style="list-style-type: none"> • Variety of operating models, typically with sales decentralised and credit more centralised



* Limited disclosure and differences in segmentation make like-for-like comparison difficult

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Key differentiators



- Fully empowered regions run by Regional Business Head within clearly defined frameworks; end-to-end accountability with 1 individual
- Decentralised business model & Client Service Team approach with specialist support
- Investment into leadership & high performance culture
- Rigorous credit risk management within decentralised model ensuring early identification of risk & ability to react quickly
- Proven track record in legal process & collections - area strengthened with key resources to maximise recoveries in current climate
- Focused Strategic Business Unit to identify & incubate future revenue streams



Income statement drivers



I/S driver	Impact of initiatives to date
NII (Assets)	<ul style="list-style-type: none"> • Successful asset re-pricing to widen margin on new business & risk clients • Negative impact on volumes as a result of conscious decision in 2007 to price up or reduce exposure in selected EP negative product lines & risk clients
NII (Liabs)	<ul style="list-style-type: none"> • Holistic approach to investment management; overall strong deposit business • Leadership position in funds administration • Current account balances from primary banked clients
NIR	<ul style="list-style-type: none"> • Step change in client perception of BB Electronic Banking platform • Key learnings in cash, resulting in valuable product enhancement • Central control over fee collection through automation • New client acquisition
Impairments	<ul style="list-style-type: none"> • Rigorous credit risk management & collection process evidenced in impairments contained within the TTC target range
Expenses	<ul style="list-style-type: none"> • No retrenchments, but headcount contained through rigorous performance processes with a number of staff having been exited
HE	<ul style="list-style-type: none"> • Lower endowment earnings will impact 2009 & 2010 performance
Capital	<ul style="list-style-type: none"> • Various initiatives implemented to refine drivers of capital consumption
EP & RORAC	<ul style="list-style-type: none"> • Strong Economic Profit contributor • High returns on capital



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Focus areas for 2010



Priorities	Description
Step change in NIR growth	<ul style="list-style-type: none"> • Primary banked client acquisition - increased central oversight (better tracking of progress allowing quicker feedback loops & consequence management) • Cross-sell & Up-sell - in particular leveraging existing Nedbank relationships in Card Acquiring, Property Finance, BoE Private Clients, Small Business Services & Group Procurement
Enhanced productivity	<ul style="list-style-type: none"> • Investment into systems to automate workflow, integrate systems to reduce complexity for user and enable clients to self-service
Differentiated service	<ul style="list-style-type: none"> • Deepen service culture to achieve service excellence; differentiate service levels for client segments
Risk management & capital optimisation	<ul style="list-style-type: none"> • Continued risk management; balance risk appetite with acquisition drive • Further refinements of Basel II models & input parameters to further optimise capital usage
Embed people processes	<ul style="list-style-type: none"> • Ongoing efforts to improve leadership, talent management, diversity & transformation issue • Specific focus on changing mindset & practices of middle management

...guided by “Managing for Value” philosophy



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Further questions ?



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