



Building a sustainable, distinctive retail bank, relevant for emerging trends

**European Banking Forum
Conference**

9 May 2012

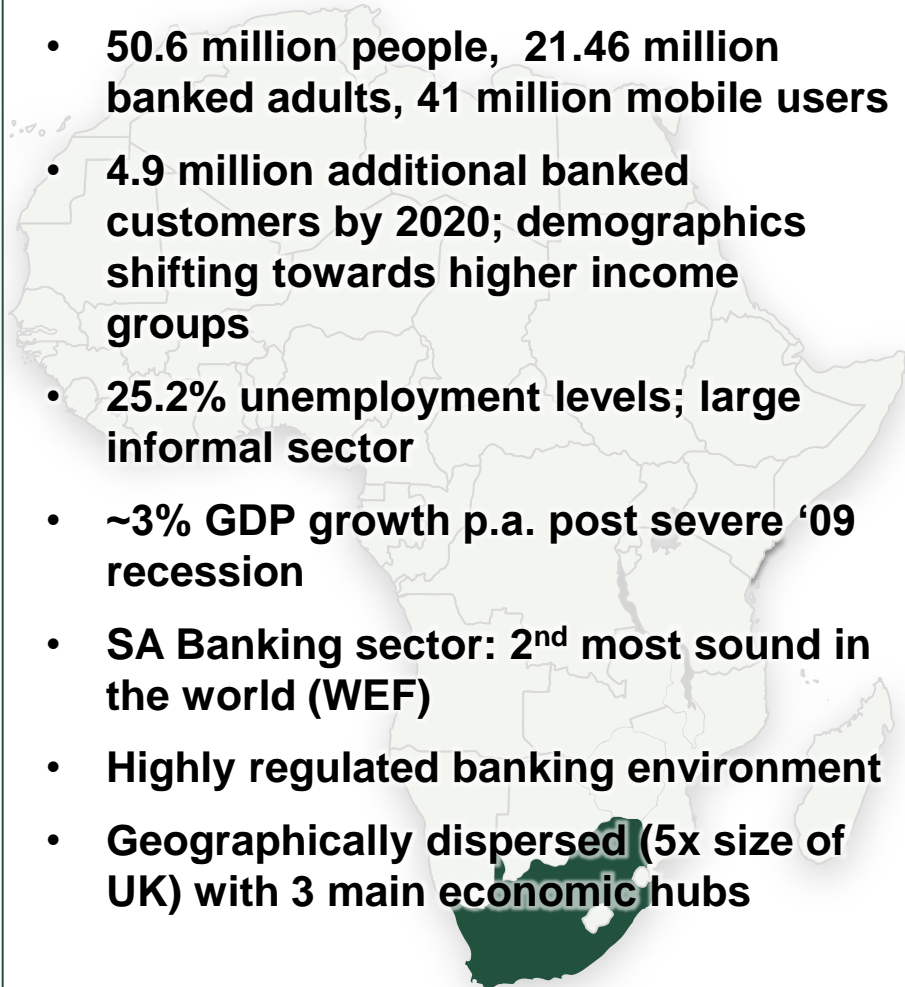
Ingrid Johnson
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Overview of South Africa and Nedbank as one of the 4 major banks

South Africa

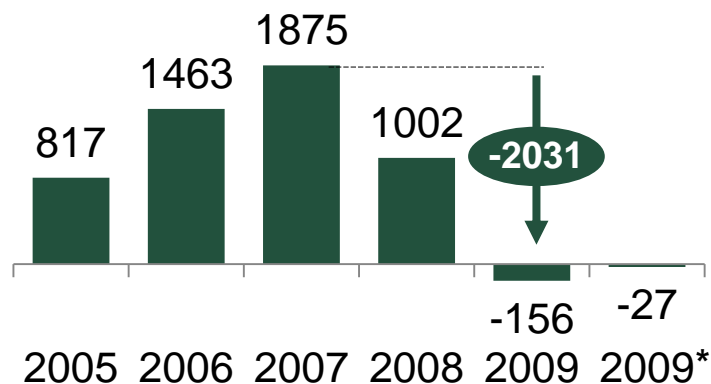
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- 50.6 million people, 21.46 million banked adults, 41 million mobile users
 - 4.9 million additional banked customers by 2020; demographics shifting towards higher income groups
 - 25.2% unemployment levels; large informal sector
 - ~3% GDP growth p.a. post severe '09 recession
 - SA Banking sector: 2nd most sound in the world (WEF)
 - Highly regulated banking environment
 - Geographically dispersed (5x size of UK) with 3 main economic hubs

Nedbank

- 
- €65b in assets
 - €600m earnings in 2011, up 26% YoY
 - Well capitalised - Core Tier 1 of 11.0%
 - Strong share price performance
 - Main focus SA and SADC
 - 'One bank' client experience across 36 countries and over 2,000 outlets in Africa via alliance with Ecobank
 - Positioned as the 'green and caring' bank
 - 5.3 million clients
 - Over 1,000 staffed outlets in SA

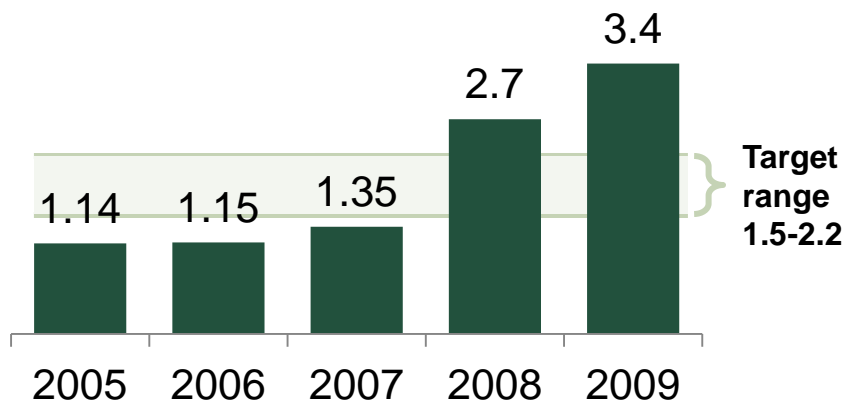
Nedbank key strategic focus areas – significant challenges in Retail creates burning platform for change

Retail banking - headline earnings, Rm



*restated

Retail banking - credit loss ratio, %

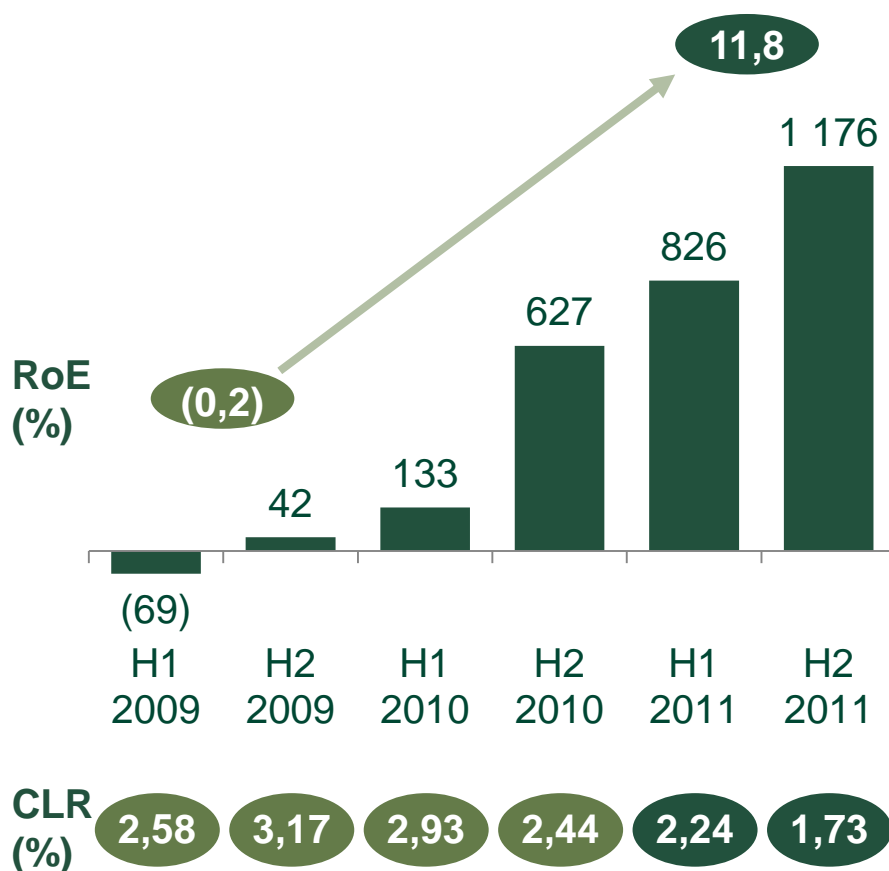


Notes:

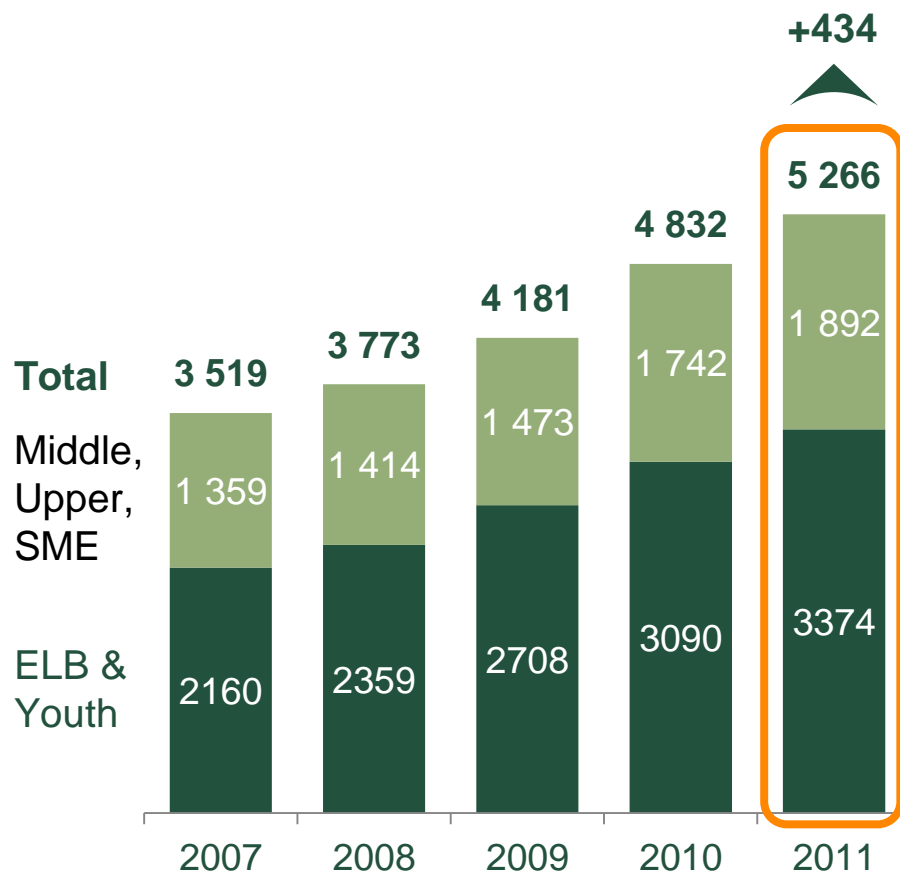
- 2009 financials restated for new ECAP allocation methodology, inclusion of MFC and exclusion of Wealth

Excellent progress achieved in charting a new path to sustainable profitable growth, through a skilled team, distinctive strategy & speed of execution

Retail headline earnings (Rm)



Retail client numbers ('000)



Notes:

- 2009 financials restated for new ECAP allocation methodology, inclusion of MFC and exclusion of Wealth
- 2010 client numbers include additional 270k customers as result of Imperial Bank acquisition

Three strategic imperatives for Retail stem from deep understanding of external trends & Nedbank's internal context

Trends

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



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



- **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



3 strategic imperatives

Choice of distinctive client-centred banking experiences



Collaborate and innovate for growth



Optimise cost, and manage risk effectively

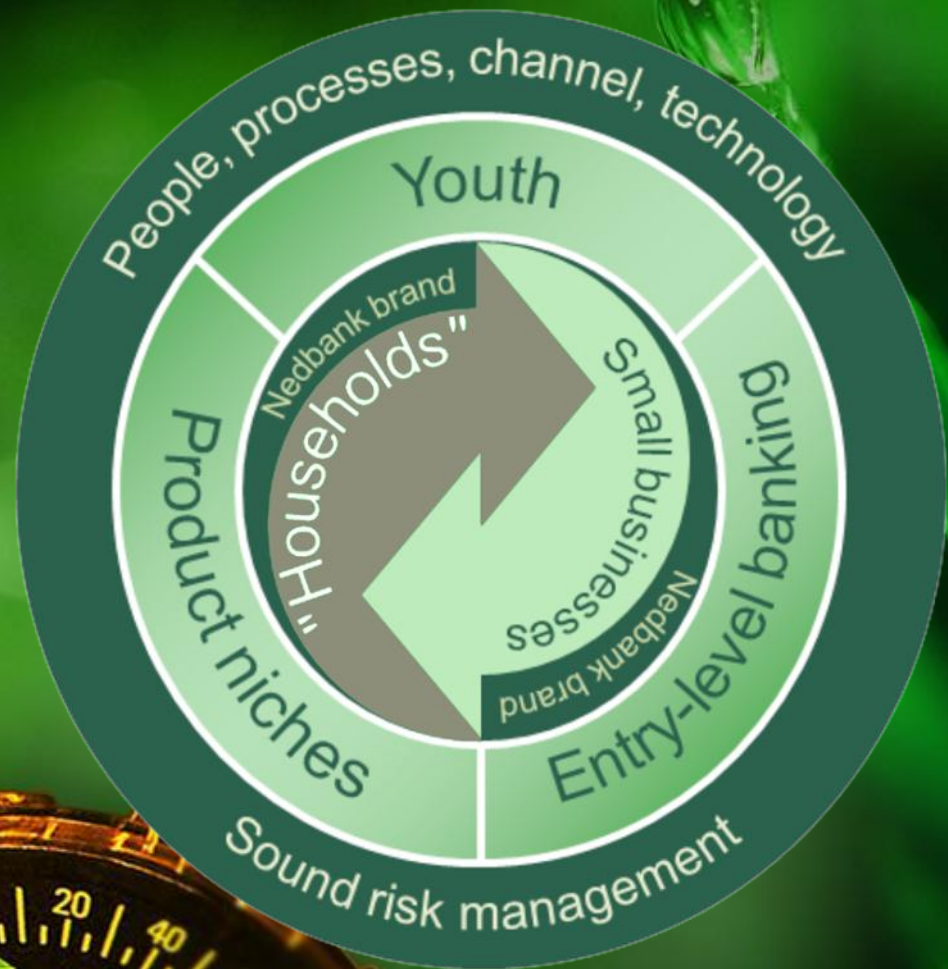


Nedbank Retail will build banking relationships with all in South Africa, leveraging distinctive strengths, underpinned by strong risk management

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



Nedbank Retail is uniquely positioned to generate shareholder value in a lower growth, lower interest rate environment, leveraging key trends

Trends

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Core differentiators

A rigorous approach to capturing virtuous circle and interdependencies between client segments ✓

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

Integrated channels strategy leveraging digital, high growth potential micro-markets & area collaboration ✓

Robust risk management for quality asset portfolios & **liabilities innovation** sustaining historical strength

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

Overall distinctiveness is achieved by aligning all elements of the CVP to deliver a choice of great client-centred banking experiences



Nedbank Savvy CVP is driving acquisition & cross-sell momentum in the attractive middle market segment, which represents the largest EP pool

Nedbank Savvy
The whole enchilada.

Get it all today with Nedbank Savvy. Call 0860 633 2265, SMS 'Savvy' to 40320, go to www.nedbank.co.za or visit any Nedbank.

MAKE THINGS HAPPEN

NEDBANK

ask once

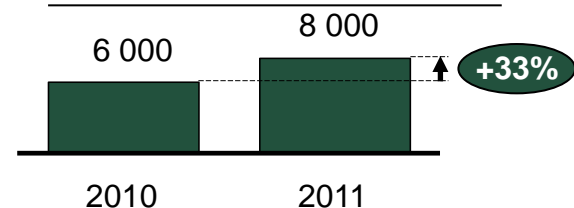
Terms and conditions apply

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Impact

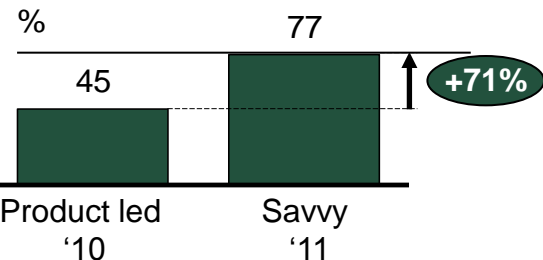
Acquisition

Client Acquisition, Middle Segment Sales per month



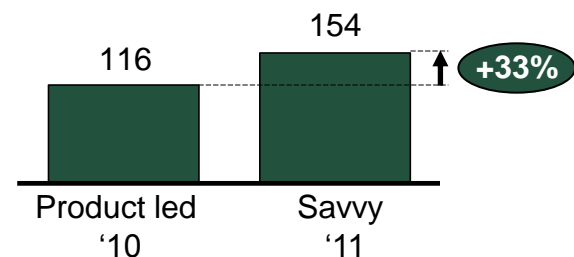
Cross-sell

Clients with 2+ products



Financials

Revenue per client R per month



Integrated channels strategy is enabling distinctive client-centred banking experiences, deepening cross-sell, optimising costs and sales processes

Business Banking and Retail Banking strategy

Client segmentation, value propositions & management

Integrated channels strategy ¹

Relationship
bankers

Branches,
kiosks,
N@Work

Contact
centre

ATM, POS,
etc

Online,
mobile,
social media

Cash
centres

1. **Clients move easily & seamlessly between their choice of channels**
2. **Service clients effectively & hassle free within each channel, leveraging digital**
3. **Convenient access to relevant channels, while optimising cost - relevant mix of format & functionality in appropriate locations**
4. **Expand / optimise in micro-markets** to capture the full potential across the virtuous circle of business, employees and households

Marketing &
product dev.

Ops & IT

Risk

HR

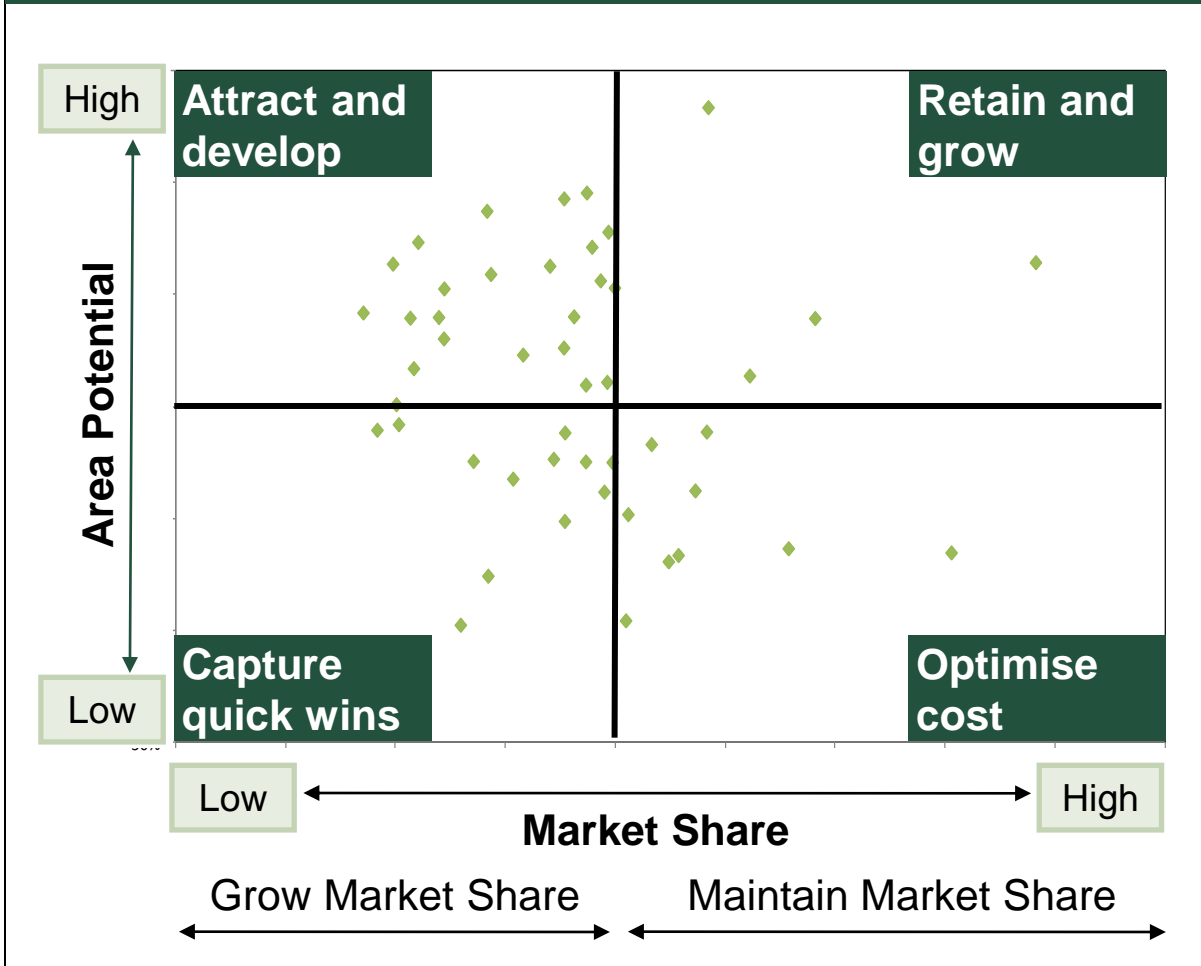
Finance

IT enabled Business Process Re-engineering

¹ Includes Retail and Wholesale requirements

Discerning micro-market growth / optimise strategies for relevant mix of format, functionality & location, leveraging collaboration at area level

Nedbank micro markets by area potential and current market share



- 30 area growth nodes
- 60 branch re-locations
- Footprint efficacy with ~500 more sales people in 2011
- ATM device rollout redefined for wholesale needs
- Co-location in rural areas with shared services
- Greater cash recycling within areas

Successful bank wide collaboration unleashes growth in new micro-markets and benefits communities



**Clear definition
of Micro-market**

1.Kuruman
2.Grabouw
3.Bethal
4.Clarens
5.....
6.....

**Joint prioritisation
& definition of
requirements**



**Design
optimisation
- 160m²**



**Understanding
of area economics**



**Employees -
Culture of
diligence, trust
& teamwork**



**Integrated
Marketing**



**Collaboration
in service and
product offering**



**Community
involvement**

Excellent momentum in repositioning Retail to be sustained through diligence in execution towards our true north, yet responsive to evolving trends

Distinctive strategies

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



Uniquely positioned for macro economy & trends

A skilled leadership team with a track record of delivery

A distinctive position leveraging key trends

Committed to building high quality businesses for sustainable performance

Diligence in execution of imperatives

Choice of distinctive client-centred banking experiences



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