

Nedgroup Securities Investment Conference, 22 September 2010
Ingrid Johnson
Group Managing Executive: Nedbank Retail & Business Banking



MAKE THINGS HAPPEN

NEDBANK
GROUP

A Member of the  **OLD MUTUAL** Group

Nedbank Group at a glance

- One of the four largest JSE listed banks in SA
- Market capitalisation of approximately R71bn
- Total assets of R591bn
 - Advances of R461bn
- Universal bank - retail, wealth, commercial, corporate & investment banking
 - One of SA's top wholesale banks
 - More than 5 million retail clients
 - Strong retail & wholesale deposit franchises
- OM Plc (LSE listed) have a 52% shareholding in the group
- Focused on southern Africa (SADC)

2010 H1 Financial highlights...despite a tough environment

Headline earnings



8,3%

Diluted HEPS growth



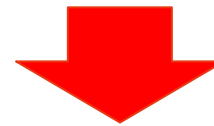
0,2%

Tangible NAV per share



9,7%

ROE (excl goodwill)



12,2%

Core Tier 1 CAR ratio*



9,9%

NIR



14,5%

Credit loss ratio



146bps

**Including unappropriated profits*

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Agenda

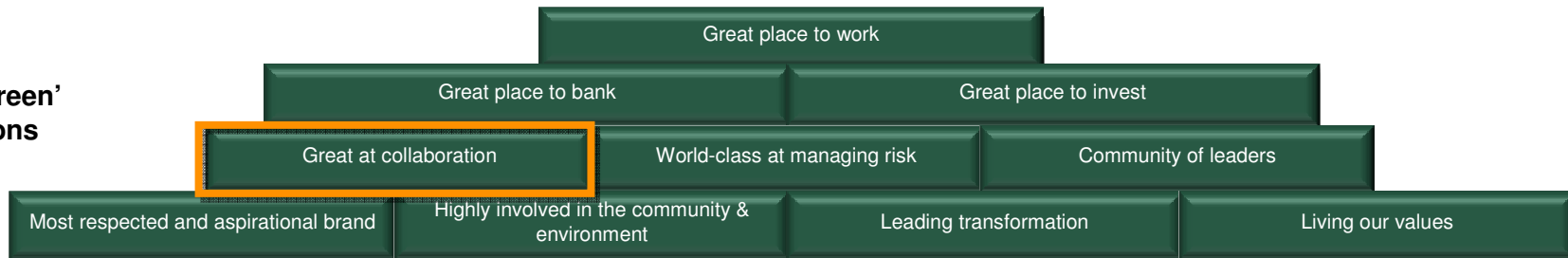
- Progress to date
- Key trends that inform our strategy
- Strategic focus areas
- Summary & conclusion

Our strategic framework: Vision-led Values-driven

Vision

**Building Africa's most admired bank...
...by our staff, clients, shareholders, regulators & communities**

'Deep Green' aspirations



What makes us different & guides our long-term strategy?



Brand expression

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Strategic focus areas



Scope



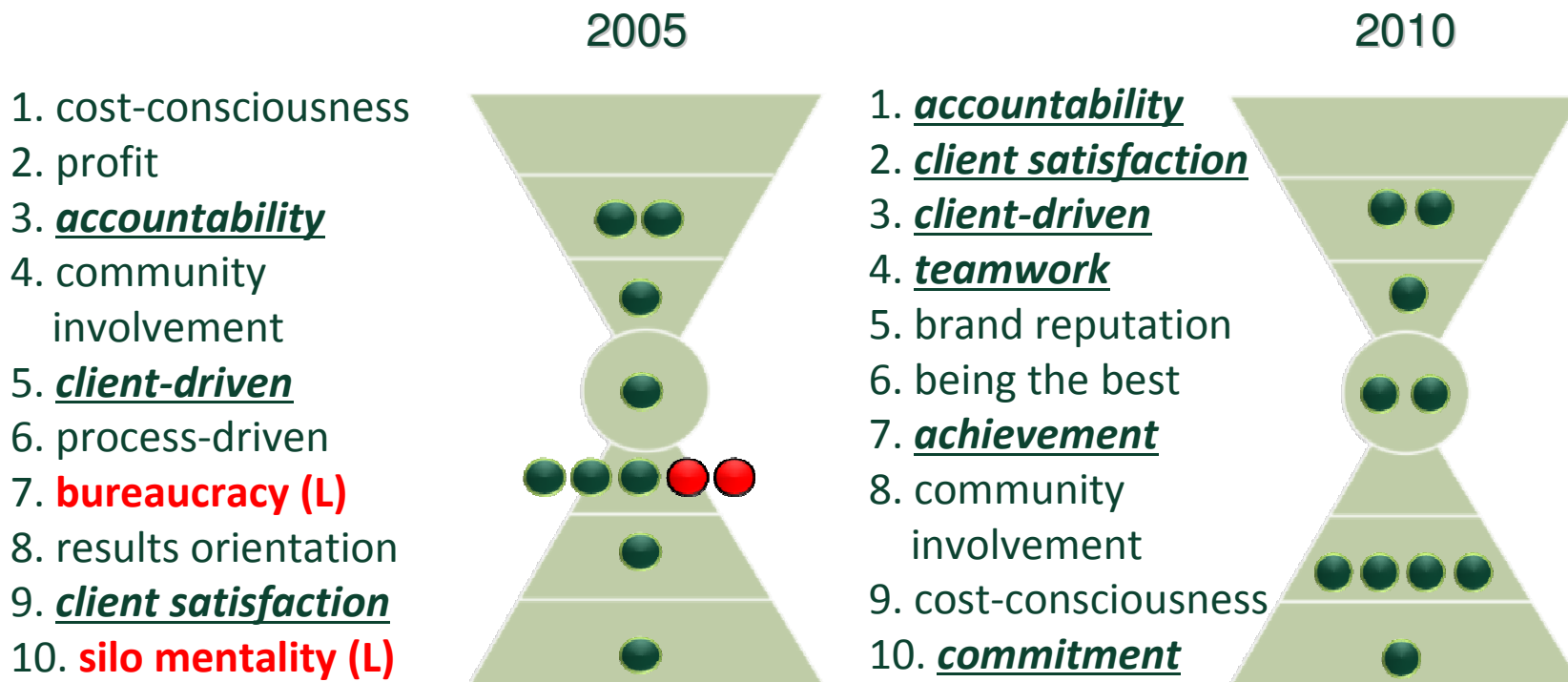
Values



Progress against our vision set in 2004

	In 2004:	Today:	
		Highly rated	Highly respected
Staff	✗	✓	✓
Clients - Retail	✗	✗	✗
Clients – Wholesale	✓	✓	✓
Shareholders	✗	✗	✓
Regulators	✗	✓	✓
Communities & environment	✓	✓	✓

Building a unique culture for competitive advantage (Barrett survey)

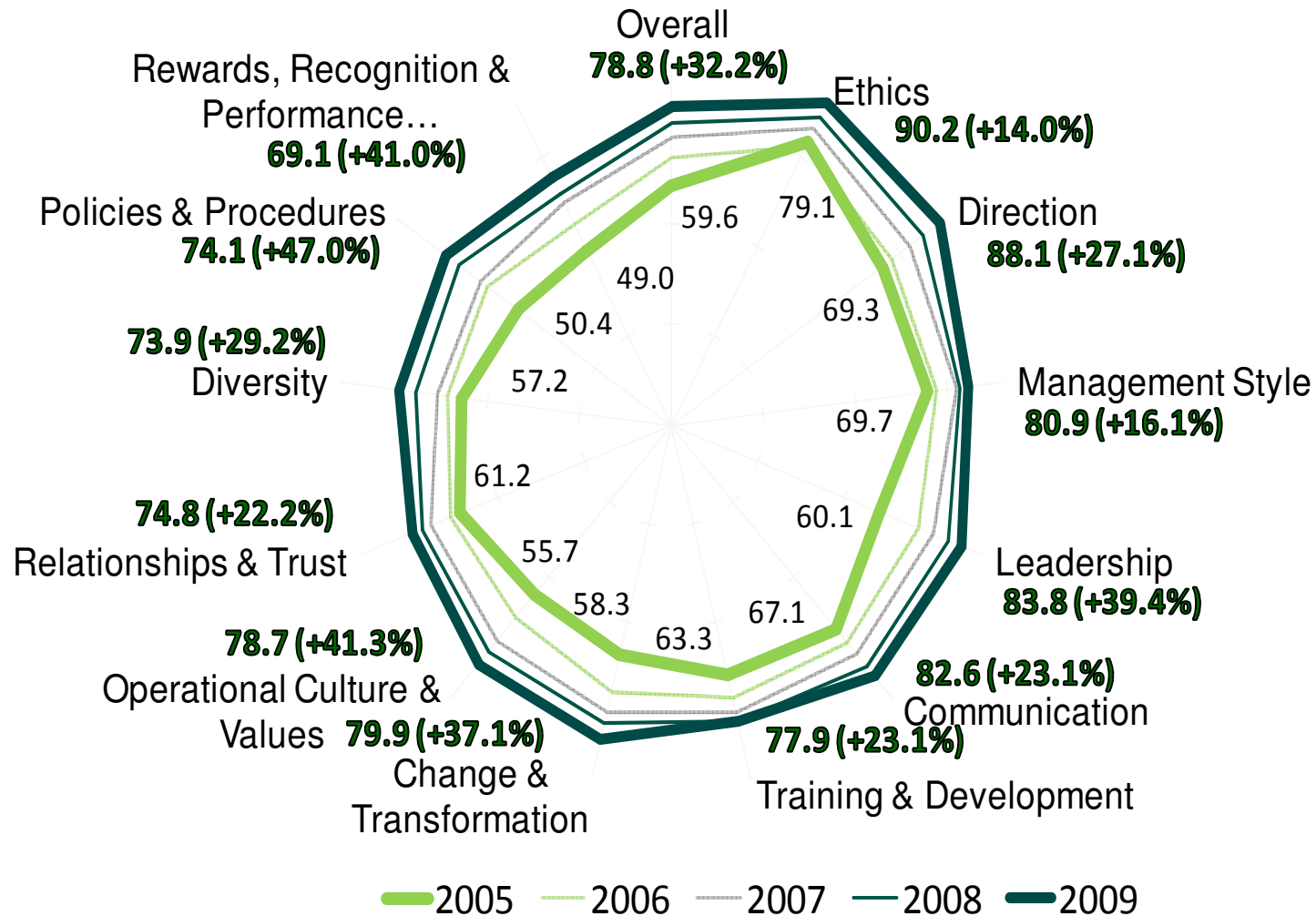


Entropy 25%

Entropy 13%

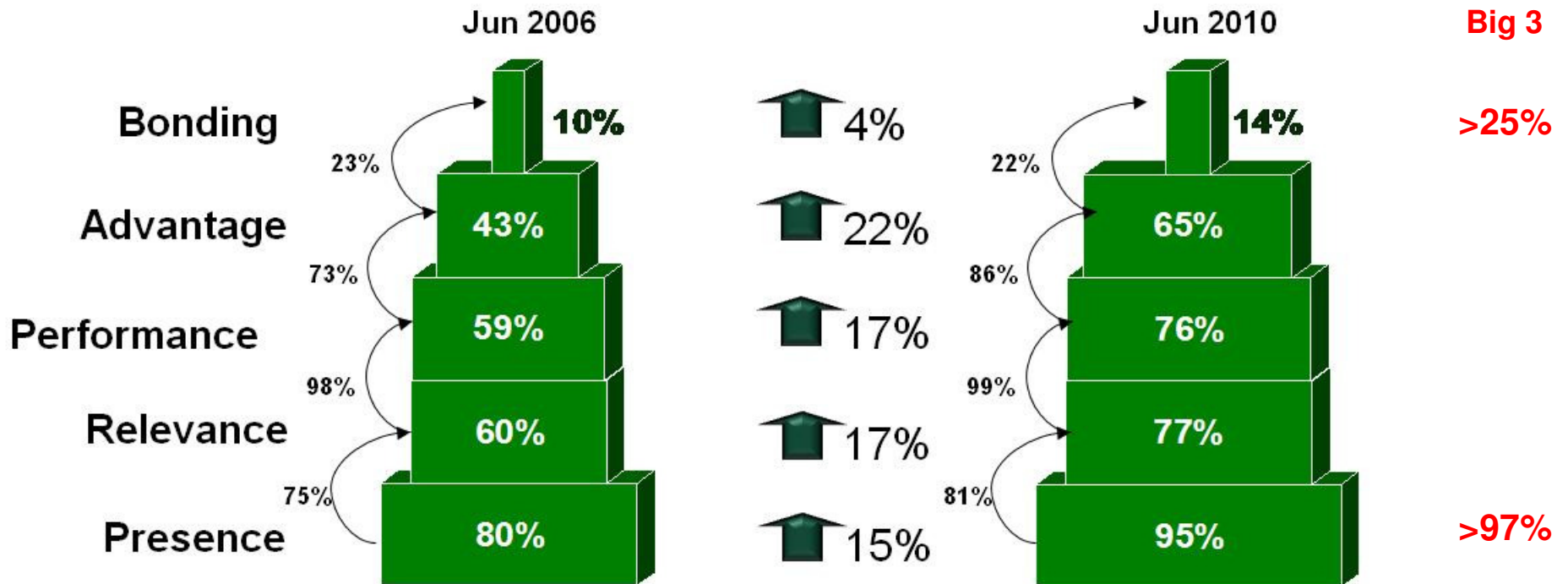
Staff participation: <35% 69%

Staff morale improving each year – staff survey results



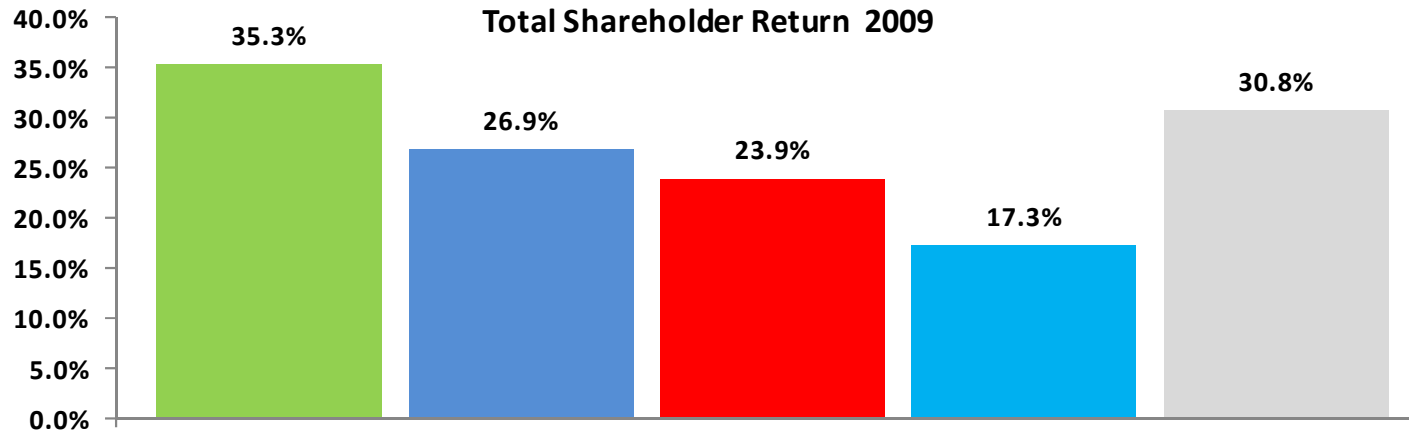
Brand positioning shifts – good progress, but still behind peers

Total Nedbank Brand Health

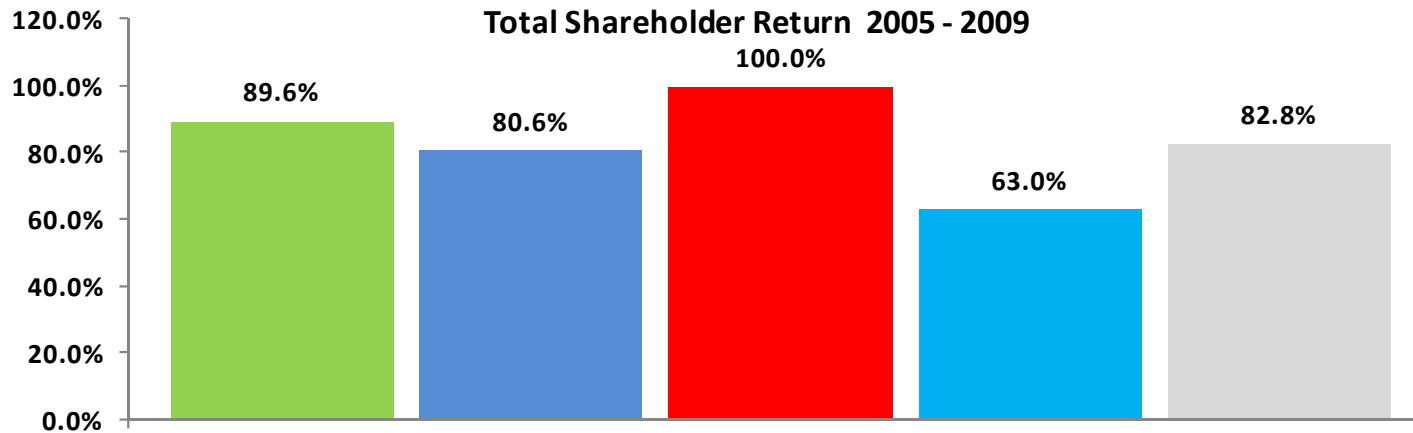


Although Nedbank made most progress amongst peer group (in last 12 months and since 2006) – still a lot to do

Total shareholder returns – Nedbank 1st over 1 year, 2nd over 5 years



Total Shareholder Return - 'Big Five' South African Banks



Total Shareholder Return - 'Big Five' South African Banks

■ Nedbank ■ Standardbank ■ Absa ■ FirstRand ■ Investec


FM Survey (2010) – 3rd most empowered SA company

Element	Bank A	Bank B	Bank C	Nedbank	Bank D
Ownership	4 14,04	3 16,10	1 18,07	2 17,35	5 11,59
Management Control	3 7,59	4 7,05	5 3,65	1 9,33	2 8,12
Employment Equity	5 8,53	1 10,77	4 8,54	1 10,77	3 9,31
Skills Development	4 8,16	2 9,00	5 1,53	1 10,38	3 8,80
Preferential Procurement	5 13,71	3 16,63	4 14,42	1 18,79	2 17,95
Enterprise Development	2 14,31	1 15,00	1 15,00	1 15,00	1 15,00
Socio-Economic Development	1 5,00	1 5,00	2 2,45	1 5,00	1 5,00
Overall Score	4 71,34	2 79,55	5 63,66	1 86,62	3 75,77
B-BBEE Status	Level 4	Level 3	Level 5	Level 2	Level 3

Building Africa's most admired bank

Keep doing the things we are good at...

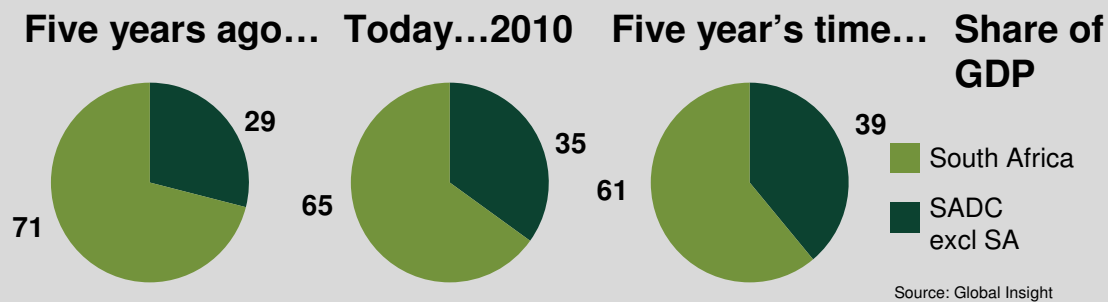
- Balance sheet management
- Advances & deposits
- Wholesale banking
- Transformation, corporate culture & sustainability

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- Progress to date
 - **Key trends that inform our strategy**
 - Strategic focus
 - Summary & conclusion

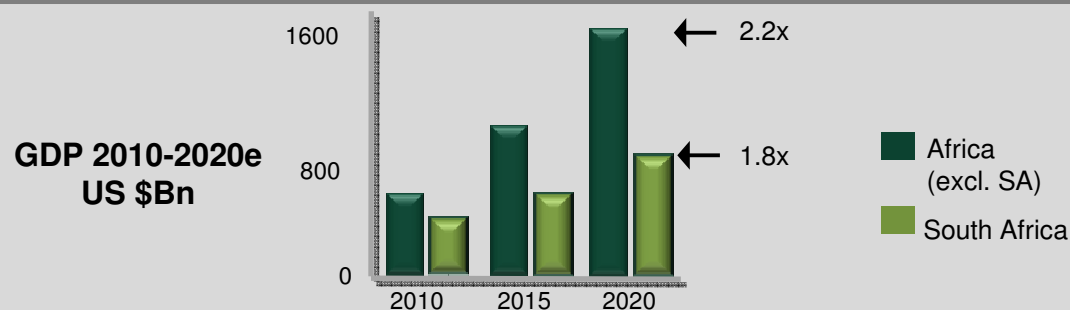
Key trends in our target market

Bank RoE's are structurally declining

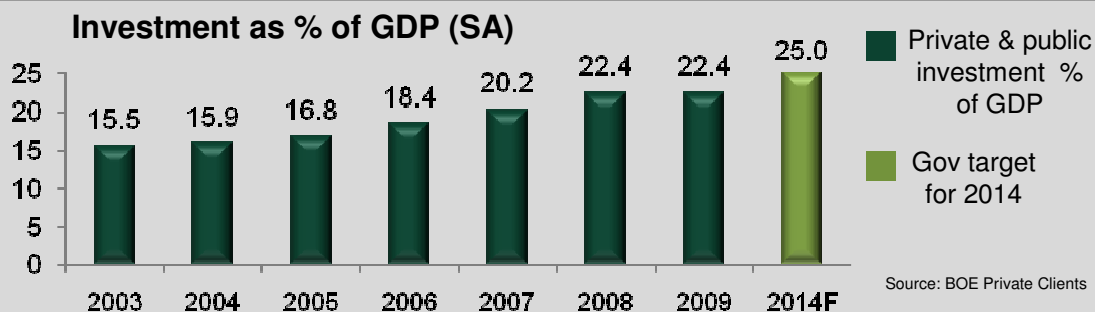
SADC economies growing faster than South Africa...



GDP in Africa expected to grow 2.2x by 2020

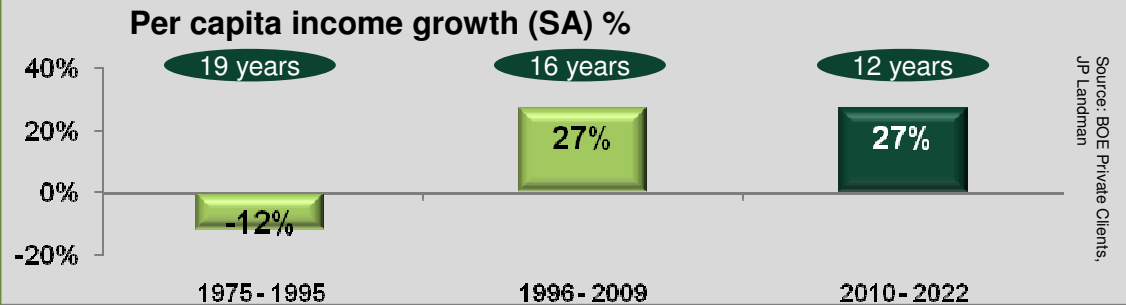


Continued focus on the development agenda – infrastructure opportunities

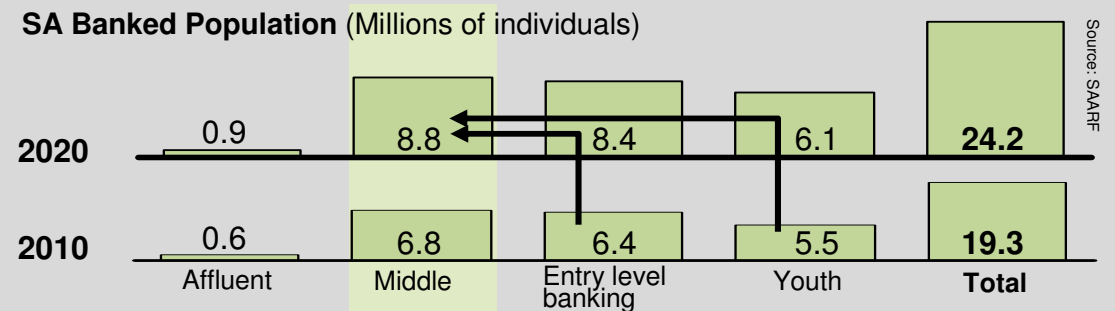


Key trends in our target market

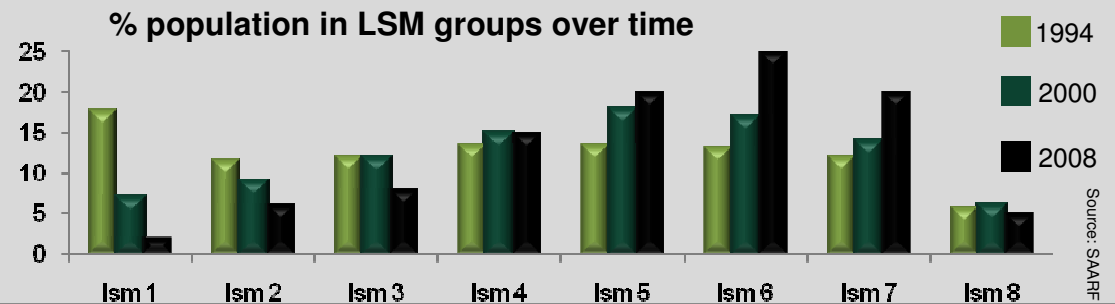
SA income per capita to increase further



Growing SA banked population driven by youth & entry level



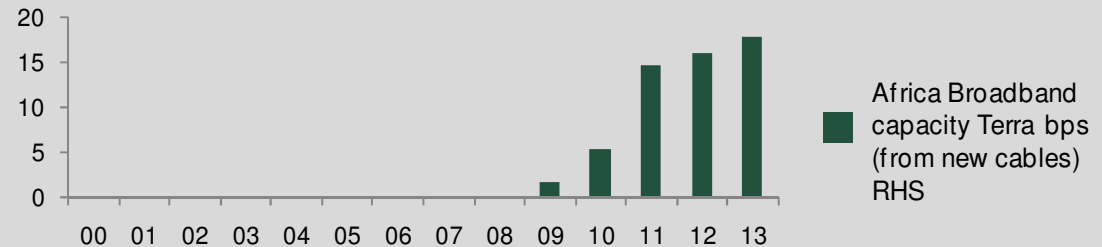
Demographics shifting



Key trends in our target market

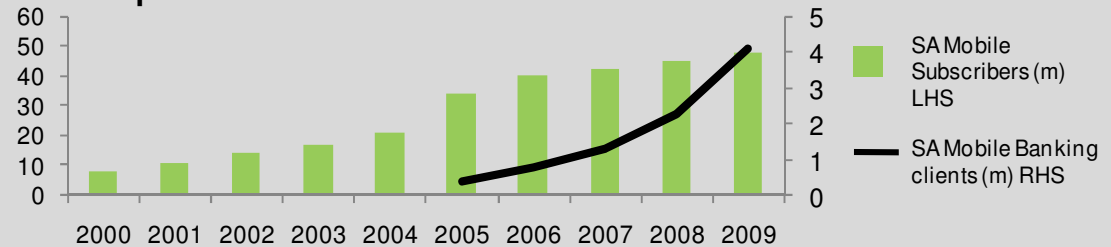
High growth from bandwidth, electronic, internet, mobile & technology developments

Internet penetration and Broadband capacity




Mobile opportunities for Generation X, youth, under & unbanked

Mobile uptake



Increasing voice of client

Demand for talent greater than talent pool growth

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Building Africa's most admired bank

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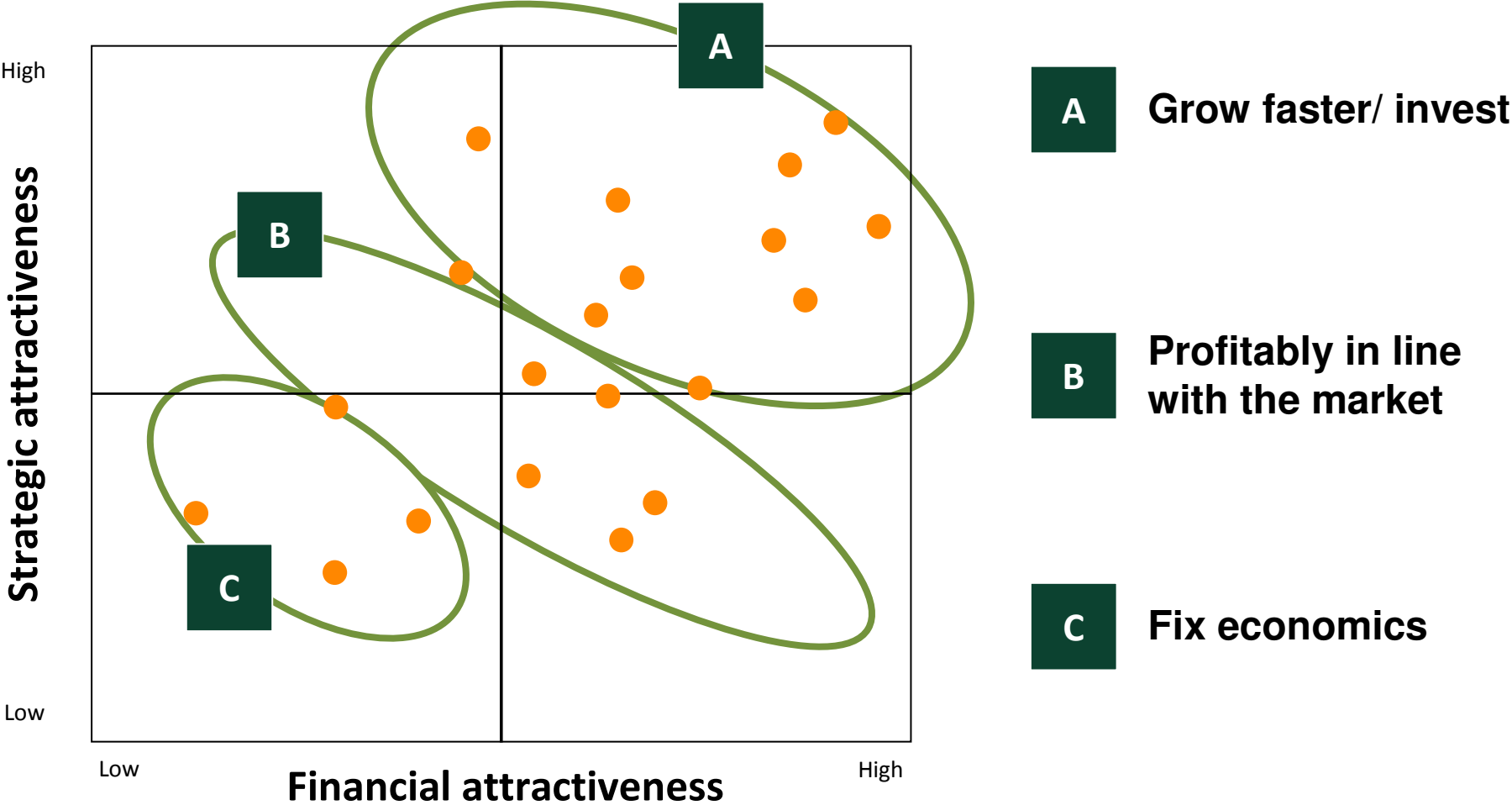
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Focus on...

- Actively manage our portfolio towards high economic profit areas
- Grow NIR & primary banking across the spectrum
- Reposition Nedbank Retail onto a sustainable growth path
- Greater focus on African expansion

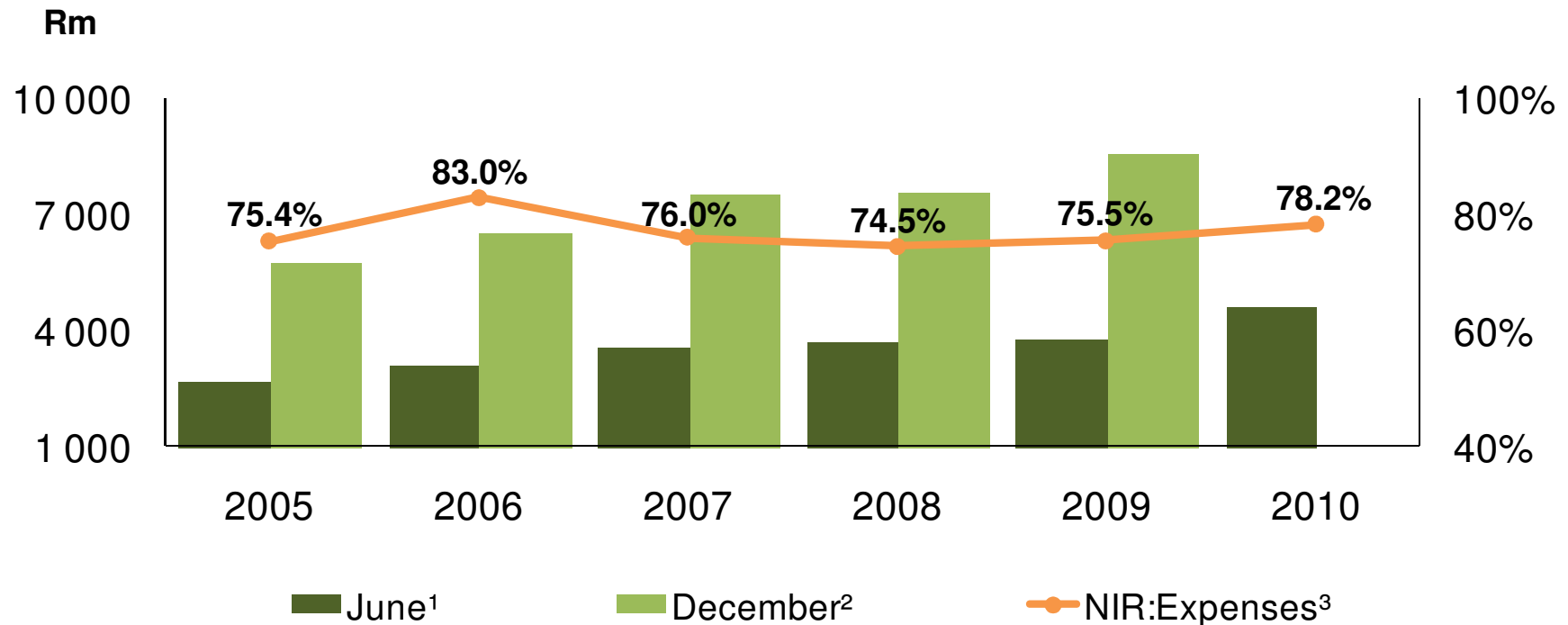
Actively manage our portfolio towards high economic profit areas

EP pool attractiveness (Market view)



Grow NIR and primary clients across the spectrum

Targeting medium-to-long-term NIR : expenses ratio of >85%



1: Commission & fees at June

2: Commission & fees at December

3: NIR-to expenses ratio at June of each year

...enabled by new innovative solutions and a focus on our clients' needs

Opportunities across clusters

- Cross-sell across clusters
- Medium- to long-term: Africa / Ecobank alliance

Nedbank Capital

- Wallstreet – rationalise 7 multi-interface applications
- Innovative origination of carbon credits via project finance

Nedbank Corporate

- Successfully launched E-Mall & Currency converter
- Collaborate with Nedbank Capital - cross-sell hedging products

Nedbank Business Banking

- Leverage innovative products
- Automation of fee collection

Nedbank Retail

- Siyaka - improve customer interaction & front-end sales solutions
- Leverage M-Pesa opportunities
- Introduce real time electronic clearing

Nedbank Wealth

- Launch Life underwritten product together with 'Wellness' programme – Q4 2010
- Increased penetration into Nedbank Retail & ex-Imperial Bank client base



Reposition Retail onto a sustainable growth path

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

Harness strengths

- Leverage small business, business banking & corporate client relationships
- Product monolines – aligned with building deep client relationships
- People & Nedbank Group culture

Primary clients

- Understand diverse client needs to define a range of relevant banking experiences
- Invest in youth & entry-level market - distinctive low cost offering
- Differentiated Small Business Services offering
- One high net worth offering through Nedbank Wealth

Manage for value

- Align risk appetite metrics with desired earnings & return profile
- World class risk management practices
- Using scarce resources judiciously to generate shareholder value

Greater focus on African expansion

Expand & grow in SADC

- Currently operate banks in 5 SADC countries
- Existing niche competitive advantages
- Continue to seek opportunities to grow scale in SADC

Advisory boutiques

- Angola & Kenya representative offices opened
- Structured term trade & advisory

Pan-African banking network

- Ecobank Alliance coverage in 33 countries
- Support clients as they expand into Africa
- Advisory & project finance opportunities

Selected investment opportunities

- Cautiously explore investments within disciplined risk return parameters

... SA remains our key focus as we plant the acorns for the future

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- Acquisition by a global bank would accelerate our growth plans
 - HSBC's credentials speak for themselves



THANK YOU

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