

WEALTH

Create
Manage
Protect

MAKE
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NEDBANK

Nedbank Wealth

Investor Day

May 2013



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Agenda

Nedbank Wealth – agenda

Agenda item	Presenter	Time
Arrival	All	08:30 – 08:45
Welcome & introduction	Dave Macready	08:45 – 09:00
Nedbank Wealth overview	Dave Macready	09:00 – 09:30
Wealth Management	Vince Boulle	09:30 – 10:00
Asset Management	Nic Andrew	10:00 – 10:30
Insurance	Gareth Baines	10:30 – 11:00
Questions & Closing	All	11:00 – 11:15
Interaction & light lunch	All	11:15 – 12:00

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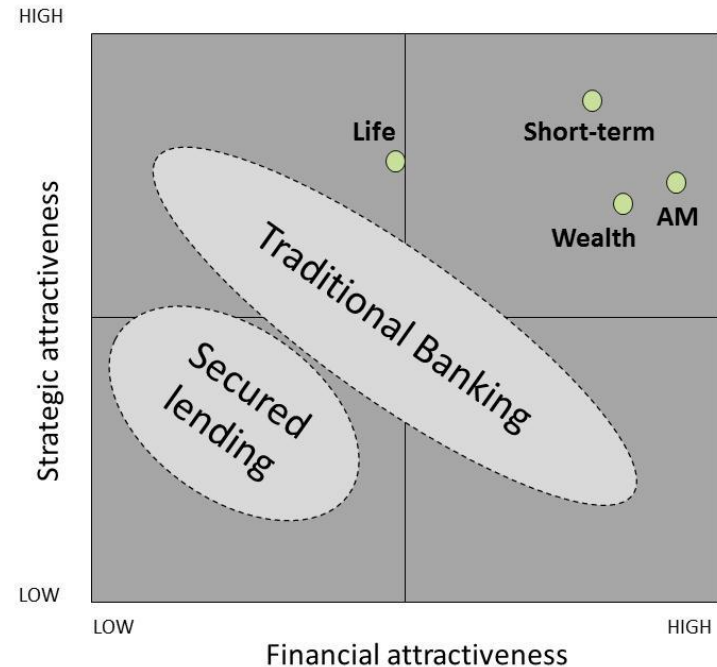
Nedbank Wealth overview

Nedbank Group – growth drivers & portfolio tilt

Nedbank key growth drivers



Growing Economic Profit



Nedbank Wealth relevance...

- Key contributor of NIR
 - Low consumer of capital
 - High RoE growth cluster
- ...significant growth opportunities

- Building a more balanced portfolio
- Nedbank Wealth businesses amongst the five largest EP pools
- Significant growth opportunities exist

Nedbank Wealth – our journey

Key events in Nedbank Wealth history

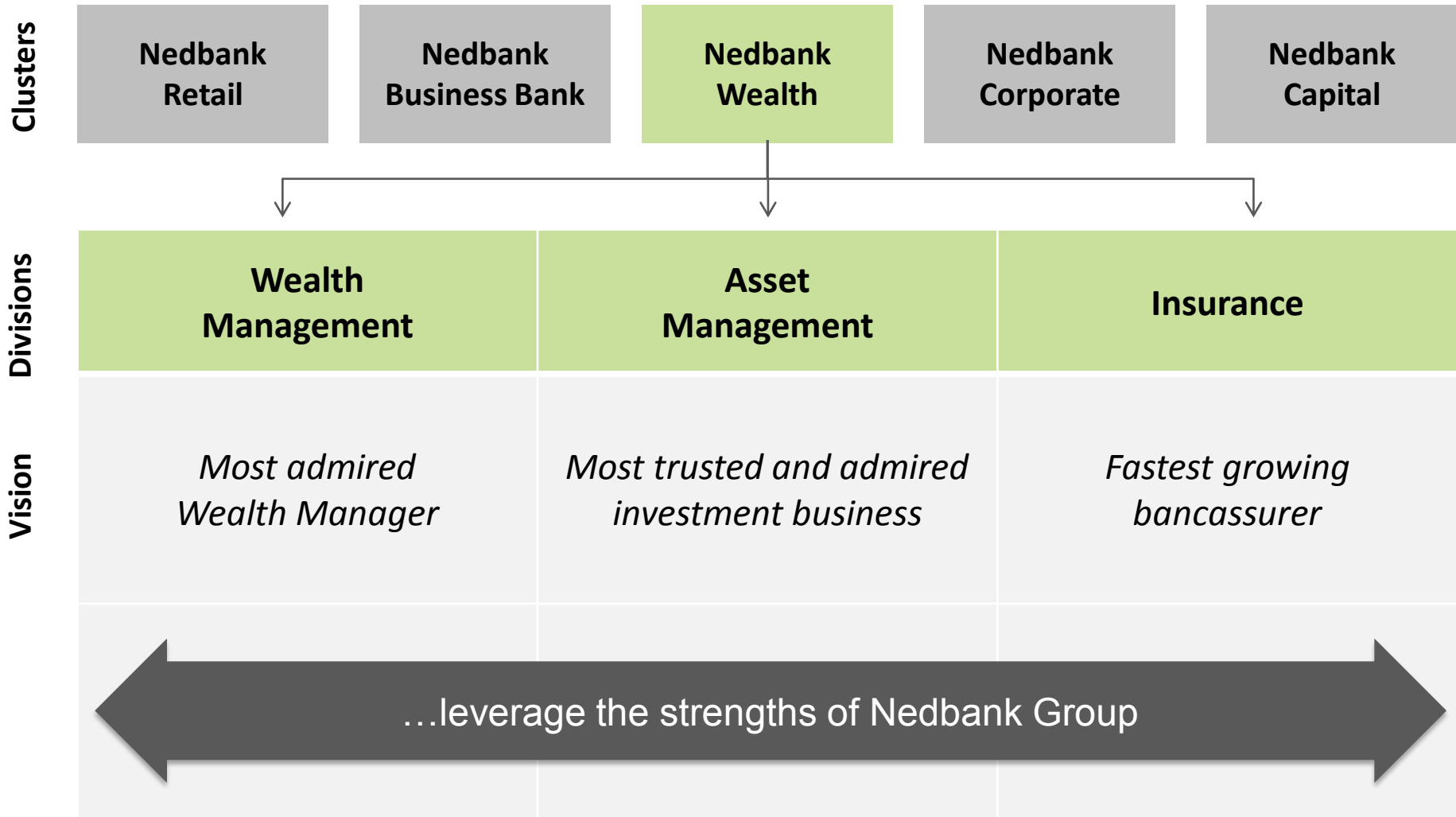
- 1997** • Merger of NIB, Syfrets, UAL
- 2002** • Nedbank acquires BoE
- 2003** • OM rights issue | Nedbank JV's formed
- 2004** • B&W division established
- 2009** • Buy-back of OM share of the JV's
- 2009** • B&W Nedbank's 5th client facing cluster
- 2010** • Name change to Nedbank Wealth
- 2010** • One asset management division
- 2012** • Single HNW proposition and brand
- 2013** • Aligning insurance brand & proposition



**Nedbank
Wealth**

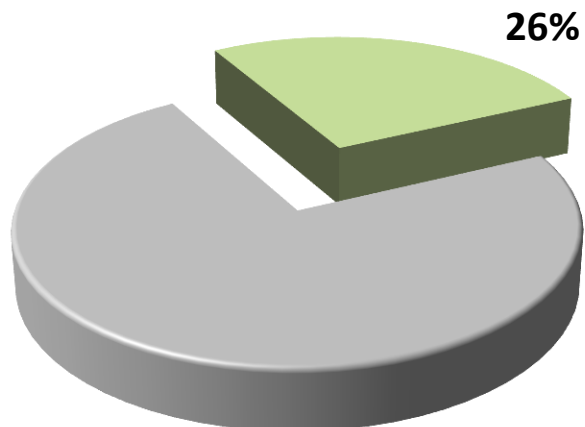
Vision to be...
most admired, trusted and
respected in creating,
preserving and protecting
wealth.

Nedbank Wealth – in the Group

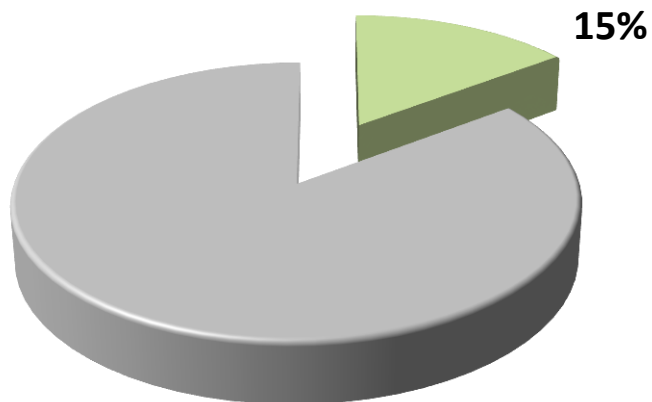


Nedbank Wealth – the geared effect

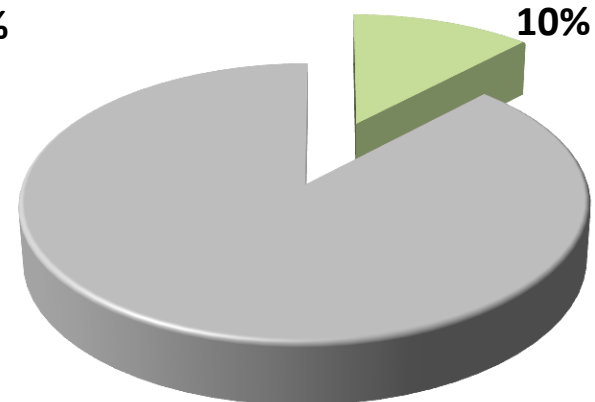
Economic profit



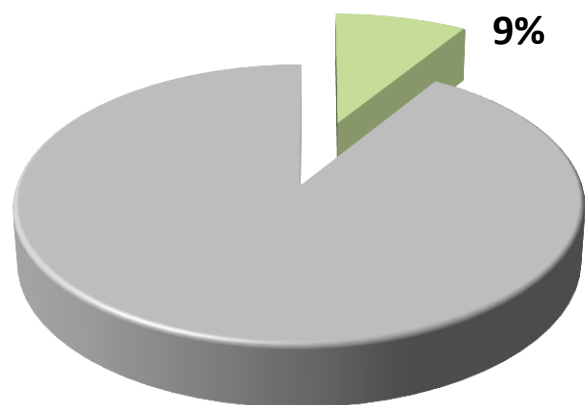
NIR



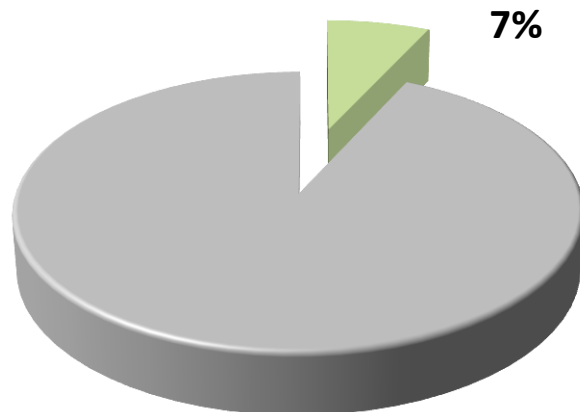
Headline earnings



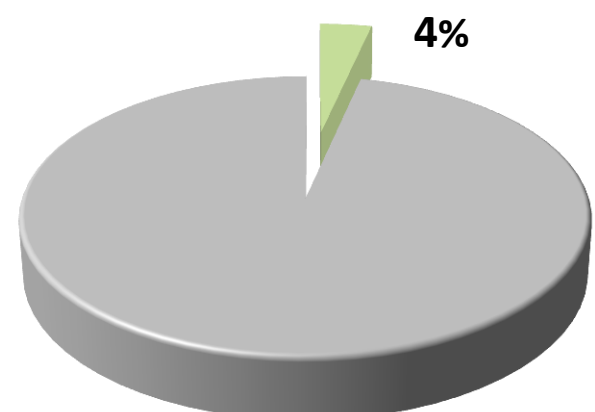
Expenses



of staff



Capital consumption



Nedbank Wealth



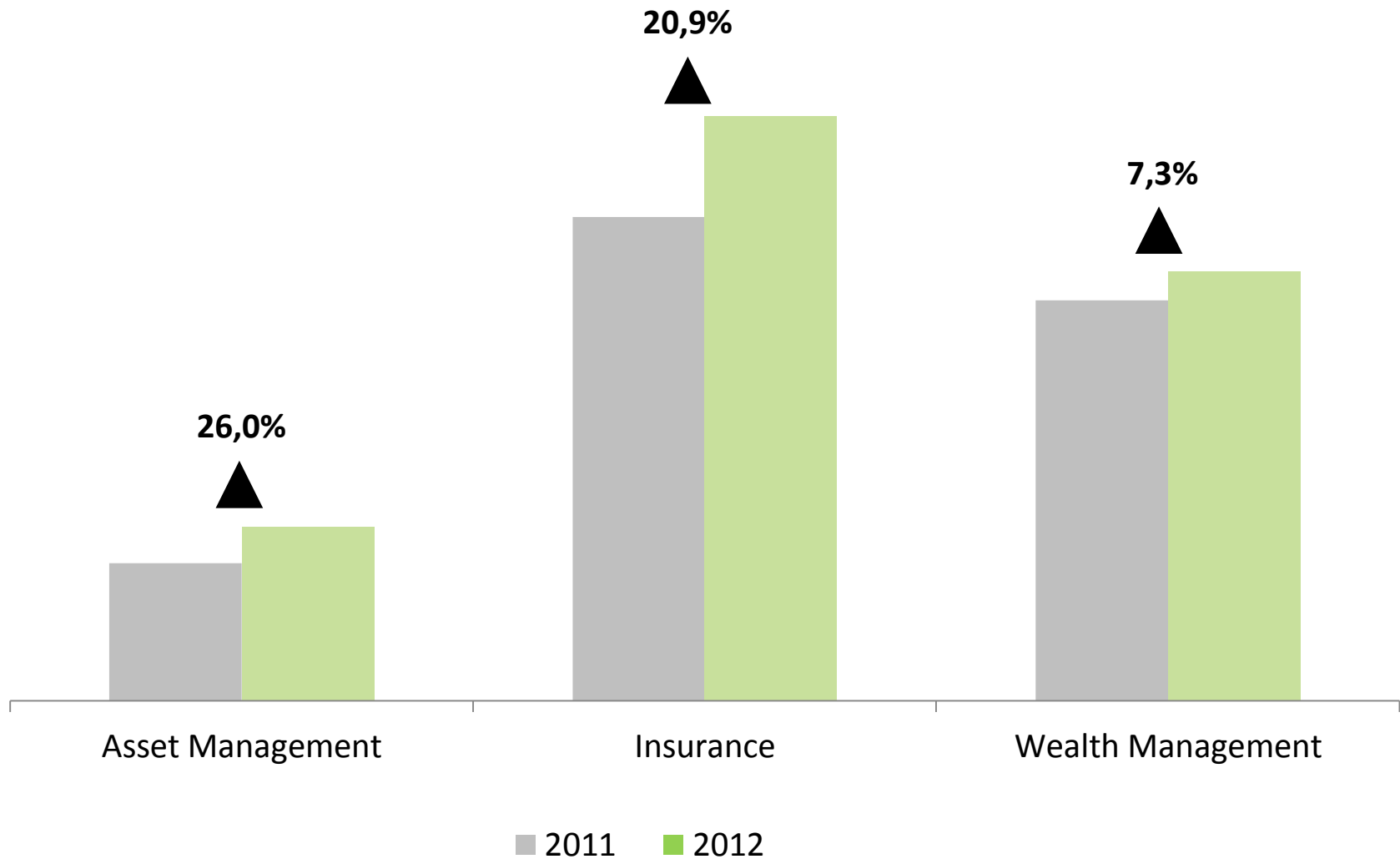
Rest of the Group

Nedbank Wealth – 2012 results

Year ended	% change	2012	2011
Headline earnings (Rm)	*9,5	716	654
Margin (%)		2,01	2,18
Credit loss ratio (%)		0,61	0,25
NIR : expenses ratio (%)		136,8	132,2
Efficiency ratio (%)		61,5	62,3
Allocated economic capital (Rm)	2,4	2 420	2 363
Headline economic profit (Rm)	*15,7	399	345
ROE (%)		29,6	27,7

*Adjusting for the once-off rebranding costs of Nedbank Private Wealth of R32m post tax, organic headline earnings growth is 14,4% and economic profit growth 24,4%.

Nedbank Wealth – NIR up 16,2% to R2,6bn

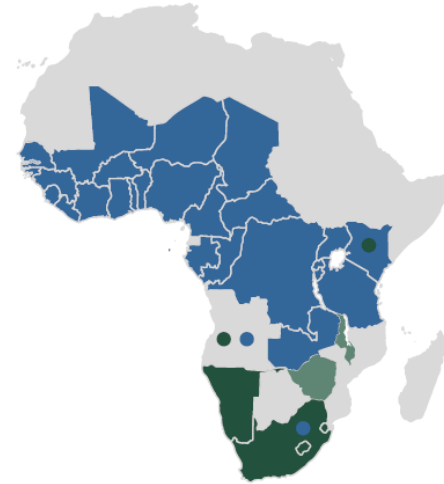


Nedbank Wealth – Old Mutual & Africa



Old Mutual

- Healthy competition
- Areas of collaboration:
 - Asset management & LISP
 - Significant contributor to OM APE via NFP
 - Brokers of OM & M&F product
 - Direct personal lines initiative (M&F)



Africa

- Follow Nedbank into Africa
- Focus on exportable differentiators
- Opportunities exist across Nedbank Wealth divisions

Nedbank Wealth – 2013 strategic themes

Wealth Management

Solid traditional client base | growing affluent sector

Brand consolidation complete. Focus on brand profiling and delivering net client cash-flow growth through distinctive service and enhanced value proposition.

Insurance

Growth momentum | new product opportunities

New product development & systems. Leverage cross-sell opportunity within Group. Client centred one journey.

Asset Management

Unique Best of Breed™ proposition

Growth momentum in existing offerings. Investigate complimentary alternative growth opportunities.

Centre support

Value through enablement

Facilitate collaboration, innovation and investment opportunities. Performance optimisation.

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Wealth Management

Wealth Management – divisional structure

Vince Boule
Executive Head:
Wealth Management (SA)



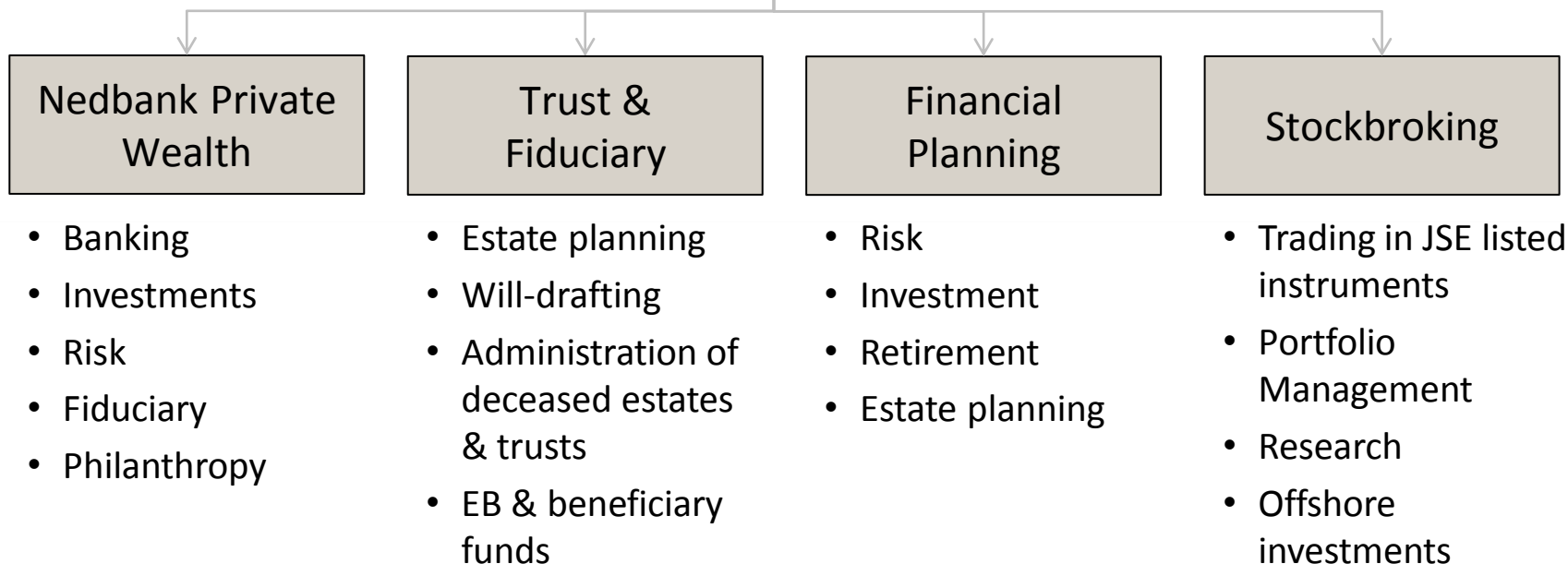
8 years' service



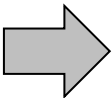
18 years' service

Greg Horton
Executive Head:
Wealth Management (Intn'l)

Wealth Management



Wealth Management – market positioning

Historic	Desired
<ul style="list-style-type: none"> • Multiple brands: BoE & Fairbairn 	 <ul style="list-style-type: none"> • Single HNW proposition
<ul style="list-style-type: none"> • Disjointed domestic & international product & service offerings 	<ul style="list-style-type: none"> • Holistic international product & service offering
<ul style="list-style-type: none"> • Low growth, long-term ‘traditional’ client base 	<ul style="list-style-type: none"> • Attractive multi-segment CVP (Entrepreneurial, Executive, Established)
<ul style="list-style-type: none"> • Client service differentiation 	<ul style="list-style-type: none"> • Client service of distinction

Wealth Management – developments since 2009

Wealth Management (local & international)

- Single aligned HNW brand: Nedbank Private Wealth
- Enhanced client value proposition
- Outstanding investment performance
- Restructure & rebrand of local trust operation to Nedgroup Trust
- Alignment & rebranding of international Trust operations under Nedbank Private Wealth
- Investment in capacity & skills
- Increased planner productivity
- Nominations & awards



Wealth Management – Nedbank Private Wealth

Client value proposition

Banking

Domestic | International

Stockbroking

Domestic | International

Investments

Domestic | International

Risk

Fiduciary

Domestic | International

Philanthropy

Building on...

- Heritage
- Distinctive client service and consistent investment performance

Enhanced through...

- Aligned service across 6 geographies
 - South Africa | UK | Isle of Man | Jersey | Guernsey | UAE
- Single relationship | CRM supported by specialists
- Holistic international advice
- Enhanced client value proposition:
 - Mobile stockbroking application
 - Consolidated view
 - 24|7 private client call centre
 - Integrated website
 - Transactional online banking service for international clients
- Seamless process & delivery
- Sustainability gain through Nedbank brand

Wealth Management – fund performance

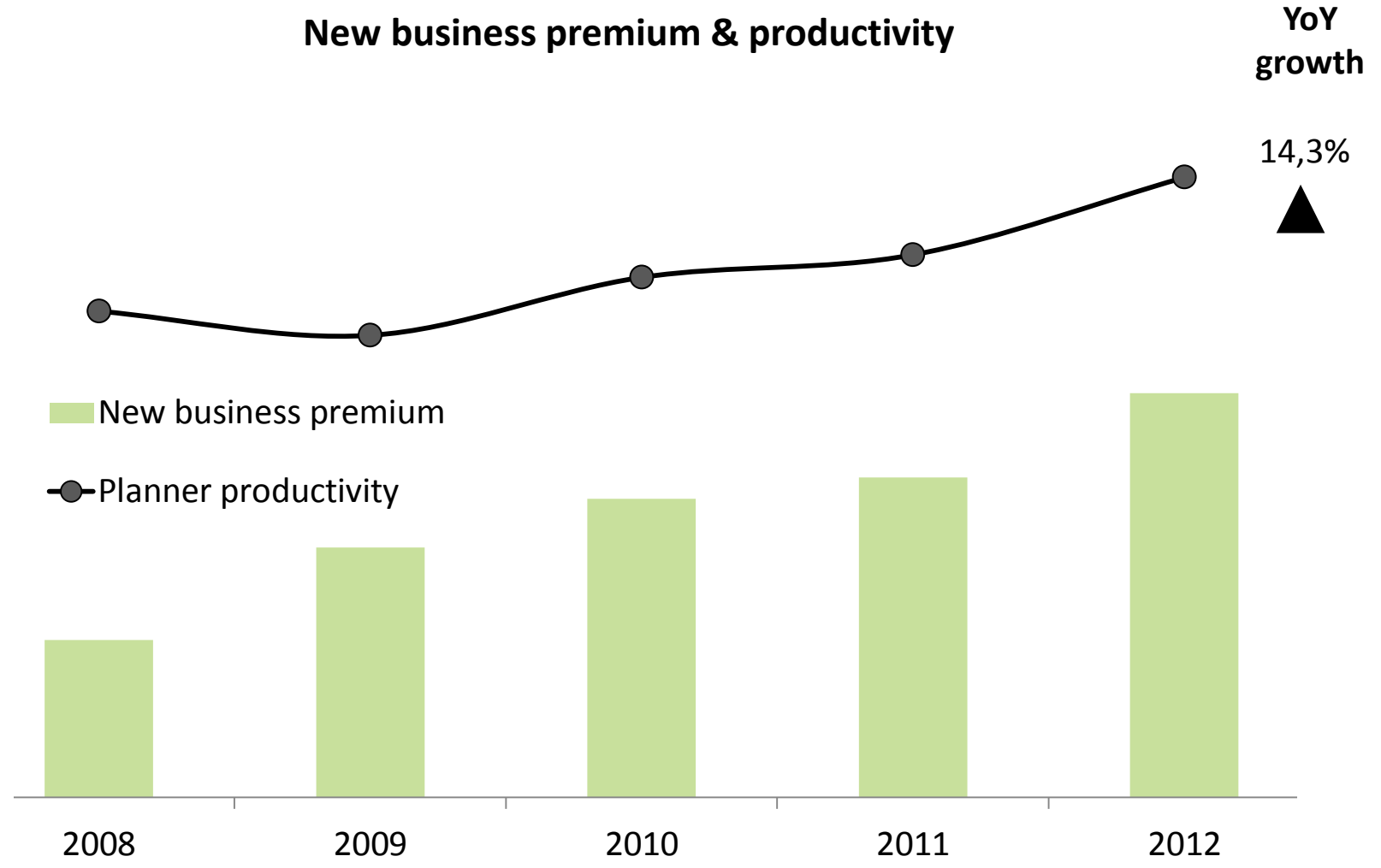
Nedbank Private Wealth single asset class fund rankings

	Category	1 year	3 Year	5 Year	7 Year	9 Year
Nedgroup Inv Private Wealth core equity	SA - Equity - General	1 / 113	8 / 92	27 / 81	7 / 64	12 / 50
Nedgroup Inv Private Wealth small & mid cap eq	SA - Equity - Mid/Small Cap	4 / 8	4 / 8	2 / 8	3 / 8	1 / 8
Nedgroup Inv Private Wealth property equity	SA - Real Estate - General	14 / 21	6 / 19	4 / 18	4 / 15	1 / 8
Nedgroup Inv Private Wealth bond	SA - Interest Bearing - Variable Term	1 / 17	5 / 17	9 / 17	12 / 16	9 / 13

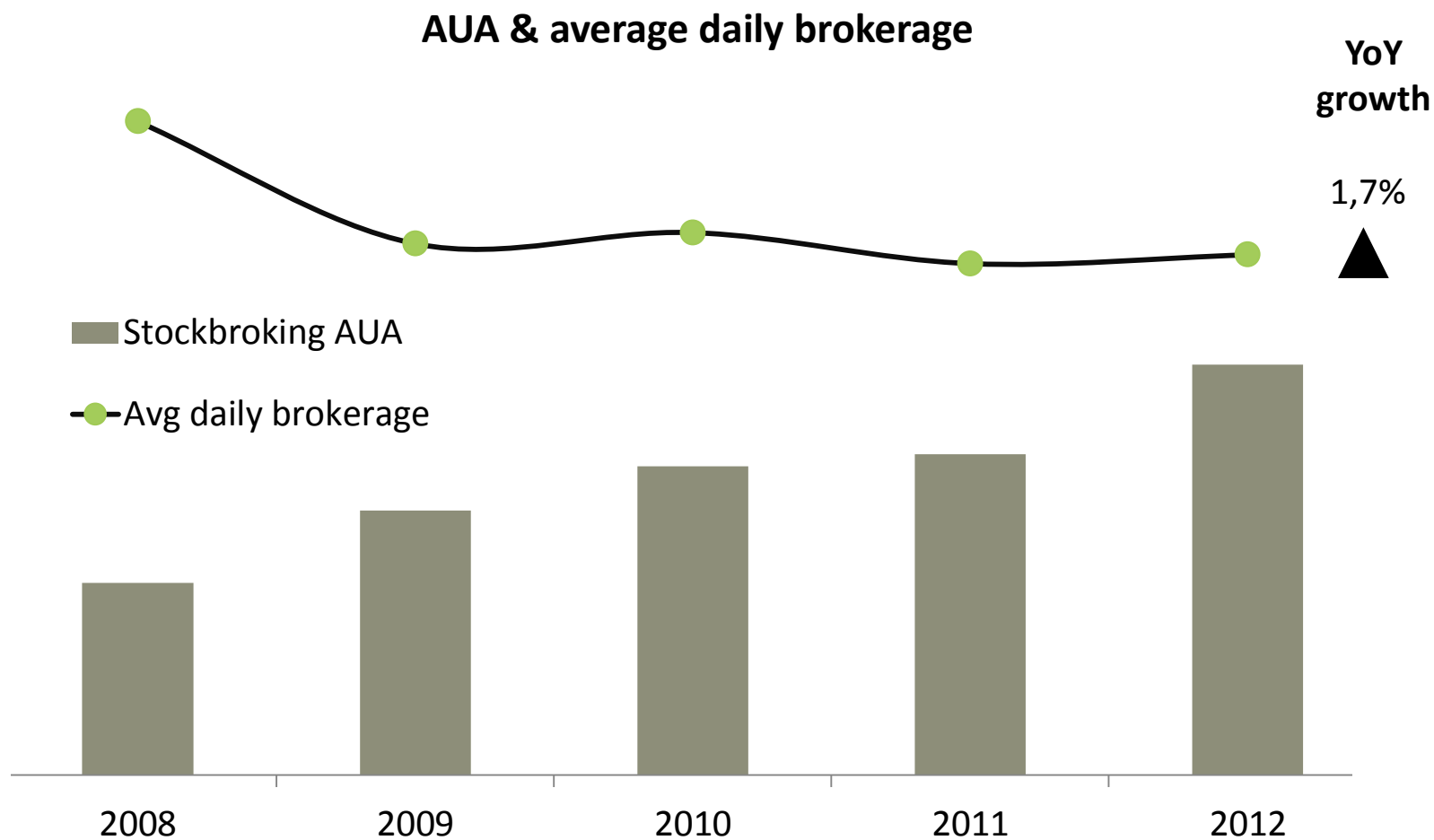
Nedbank Private strategy solutions | multi asset class fund rankings

	Category	1 year	3 Year	5 Year	7 Year	9 Year
Nedgroup Inv Private Wealth conservative FoF	SA multi asset low equity	50/86	46/70	14/56	8/29	5/11
Nedgroup Inv Private Wealth defensive FoF	SA multi asset low equity	6/86	5/70	2/56	2/29	1/11
Nedgroup Inv Private Wealth balanced FoF	SA multi asset medium equity	5/51	2/43	2/37	1/22	1/12
Nedgroup Inv Private Wealth growth FoF	SA multi asset flexible	18/70	18/63	15/54	9/38	3/17
Nedgroup Inv Private Wealth high growth FoF	SA multi asset flexible	19/70	16/63	22/54	9/38	2/17

Wealth Management – financial planning



Wealth Management – stockbroking



Wealth Management – local fiduciary

New signed wills vs. signed wills



Wealth Management – strategy

Strategy

- Nedbank Private Wealth brand profiling
- Continued enhancements to CVP
- Cross-sell, collaboration & new client acquisition
- Focus on emerging affluent sector

Bank advantage

Access to Group
client base via
collaboration

Mobile & digital
offering

Significant
investment in
brand

Aligned
international
offering



Delivering future growth through...

...leveraging the enhanced client value proposition together with the strength of the Nedbank brand in Corporate, Business Bank and Retail to grow market share

Wealth Management – outlook

Favourable

- Fully invested for growth
- Normalisation of impairments
- Recovery in stockbroking & fiduciary
- Further weakening of the Rand
- Growth in the HNW segment

Challenges

- Protracted low interest rate environment
- Subdued investor appetite
- Increased regulation
- Increased competition

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Asset Management

Asset Management – divisional structure



Nic Andrew
Executive Head:
Asset
Management

15 years' service

Asset Management

Best of Breed™ Unit trusts

Research, partner with and ongoing monitoring of best of breed investment managers

Cash solutions

Providing cash solutions for corporates and institutions

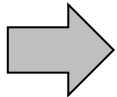
Multi Management

Combining investment managers to create optimal solutions

Active Management

Actively managing portfolios for Private Wealth clients

Asset Management – market positioning

Historic	Desired
<ul style="list-style-type: none"> • Multiple asset management operations 	 <ul style="list-style-type: none"> • One asset management business
<ul style="list-style-type: none"> • Strong domestic but weak international franchise 	<ul style="list-style-type: none"> • Respected & trusted asset manager domestically and internationally
<ul style="list-style-type: none"> • Limited offering 	<ul style="list-style-type: none"> • Established cash solutions (retail, corporate & institutional) • Established retail passive
<ul style="list-style-type: none"> • Multiple investment philosophies 	<ul style="list-style-type: none"> • Robust culture and philosophies embedded

Asset Management – developments since 2009

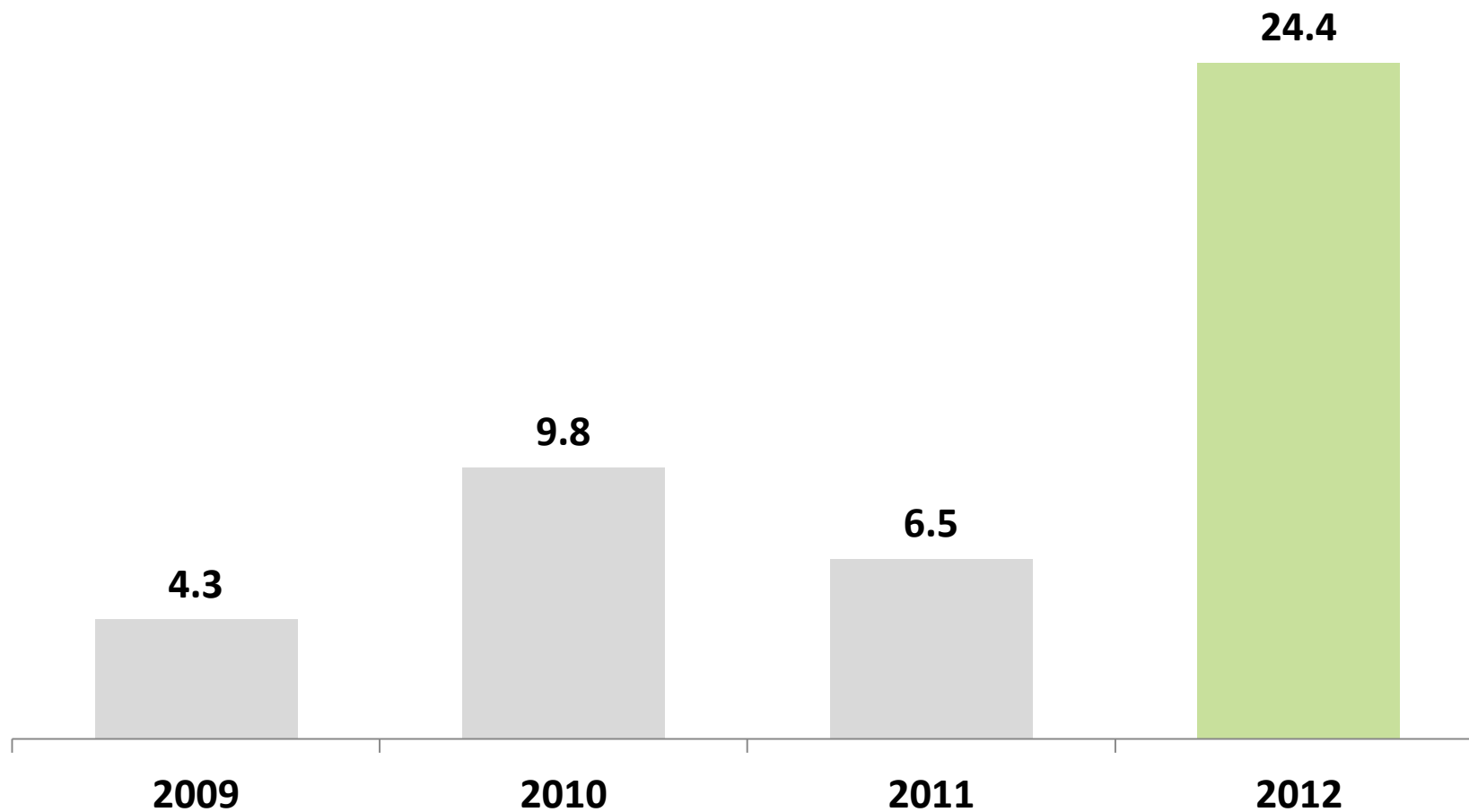
- Consolidation of four separate asset management units into a single business (2010)
- Significant flows & market share growth
- Investment in profiling
- International best of breed launched in 2010
- Dublin linked UCITS IV international offering
- Cash solutions launched in 2011
- Launched passive solutions externally in 2013
- Strong performance & awards
- Nominated among the top 3 large fund houses in SA (4th consecutive year)



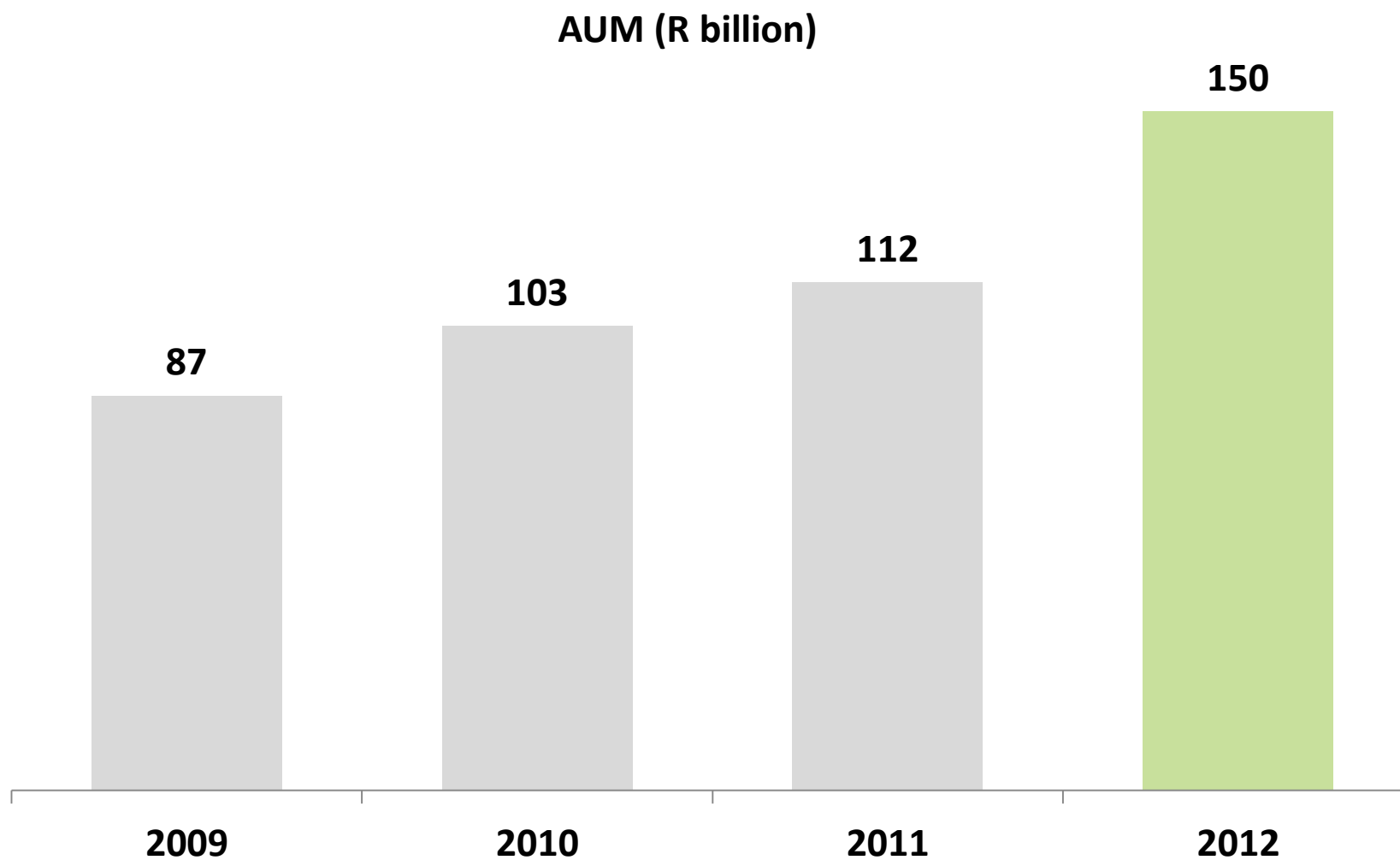
Unit trusts | offshore | retirement funds

Asset Management – total net flows

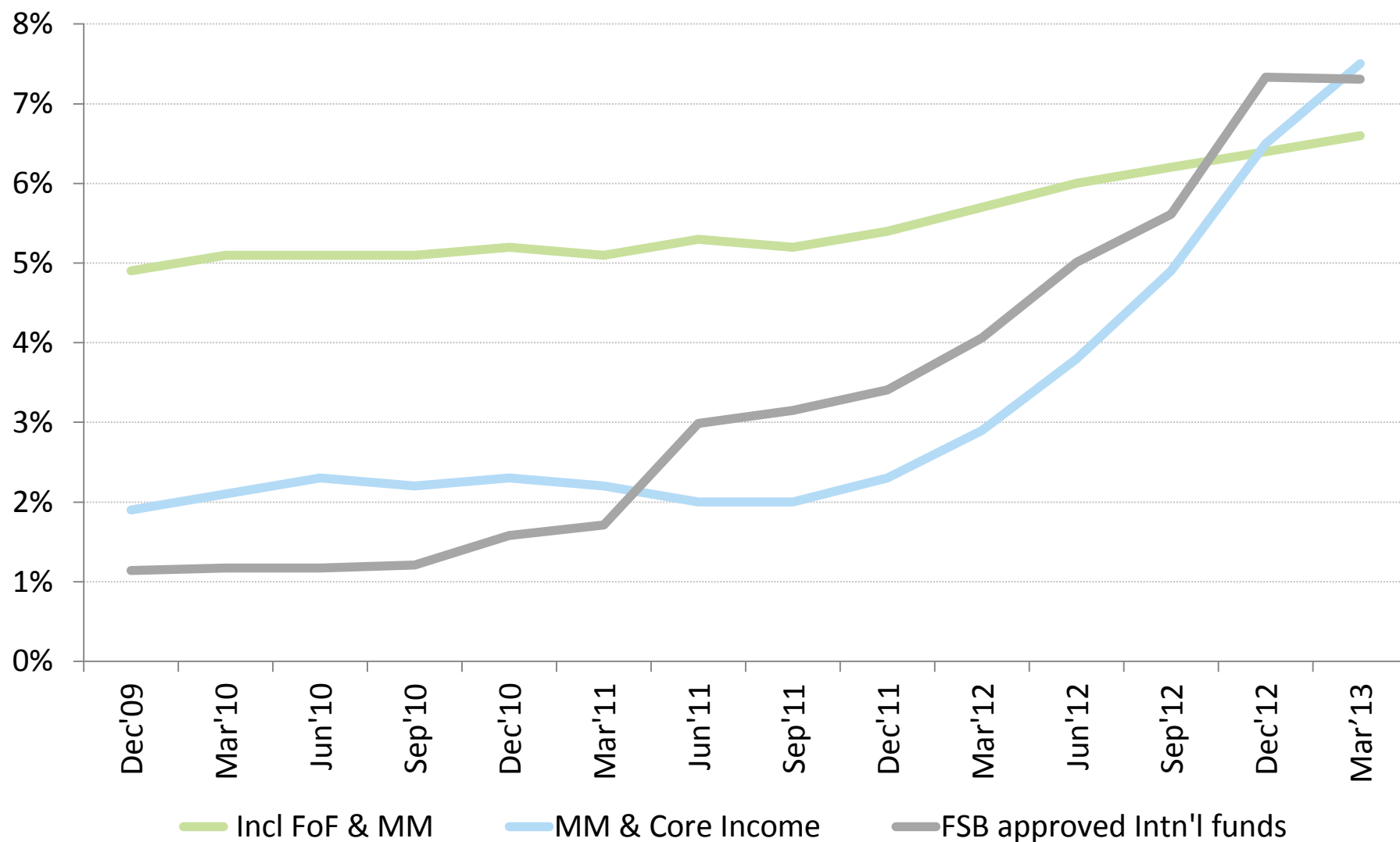
Net flows (R billion)



Asset Management – total AUM



Asset Management – AUM market share



Asset Management – strategy

Strategy

- Maintain unique positioning & ethos
- Momentum across performance & propositions
- New growth opportunities in passive, cash solutions & institutional
- Invest in Nedgroup Investments brand profile

Bank advantage

Nedbank Brand |
financial strength

Access to Group
client base

Asset
management
solutions
distributed via
Nedbank

No legacy | new
products &
investment
solutions



Delivering future growth through...

...augmented international Best of Breed, passive & institutional offerings whilst maintaining the momentum in local Best of Breed and cash solutions

Asset Management – outlook

Favourable

- Well positioned for growth:
 - Momentum on the back of fund performance & unique BoB offering
 - Continued success in cash solutions
 - International turn-around
- Further investment in brand profiling
- Strong market growth
- Excellent spread of funds

Challenges

- Continued pressure on fees & margin
- Lower real returns & increased volatility
- Broadening international & institutional success
- Increased regulation

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Insurance



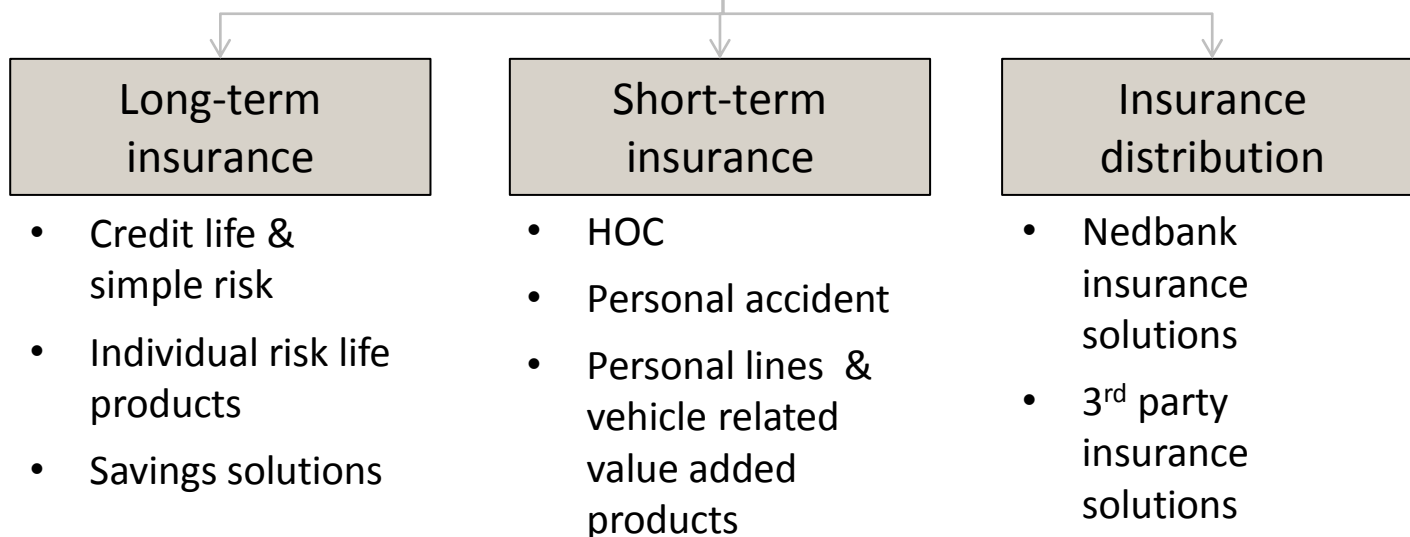
Insurance – divisional structure



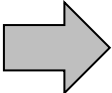
Gareth Baines
Executive Head:
Insurance

1 year's service

Insurance



Insurance – market positioning

Historic	Desired
<ul style="list-style-type: none"> • Small independent players 	 <ul style="list-style-type: none"> • Fastest growing bancassurer in SA with aligned CVP
<ul style="list-style-type: none"> • Limited simple product offering 	<ul style="list-style-type: none"> • Extended product range with non-core partners
<ul style="list-style-type: none"> • Focus on Nedbank client base 	<ul style="list-style-type: none"> • Targeting internal and external clients
<ul style="list-style-type: none"> • Multiple insurance operations & brands 	<ul style="list-style-type: none"> • One insurance brand, contact and client face
<ul style="list-style-type: none"> • Predominantly embedded distribution 	<ul style="list-style-type: none"> • Aligned distribution with a competitive multi-channel offering

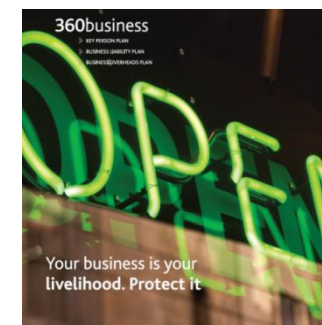
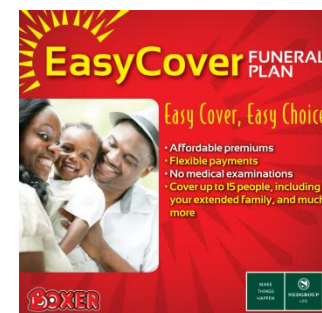
Insurance – new products since 2009

Short-term insurance

- Accident & Health products
- Vehicle related value added products: Warranty, Top-up, Tyre & rim
- Credit guarantee into Nedbank Namibia
- Solar geyser solution
- Personal Lines

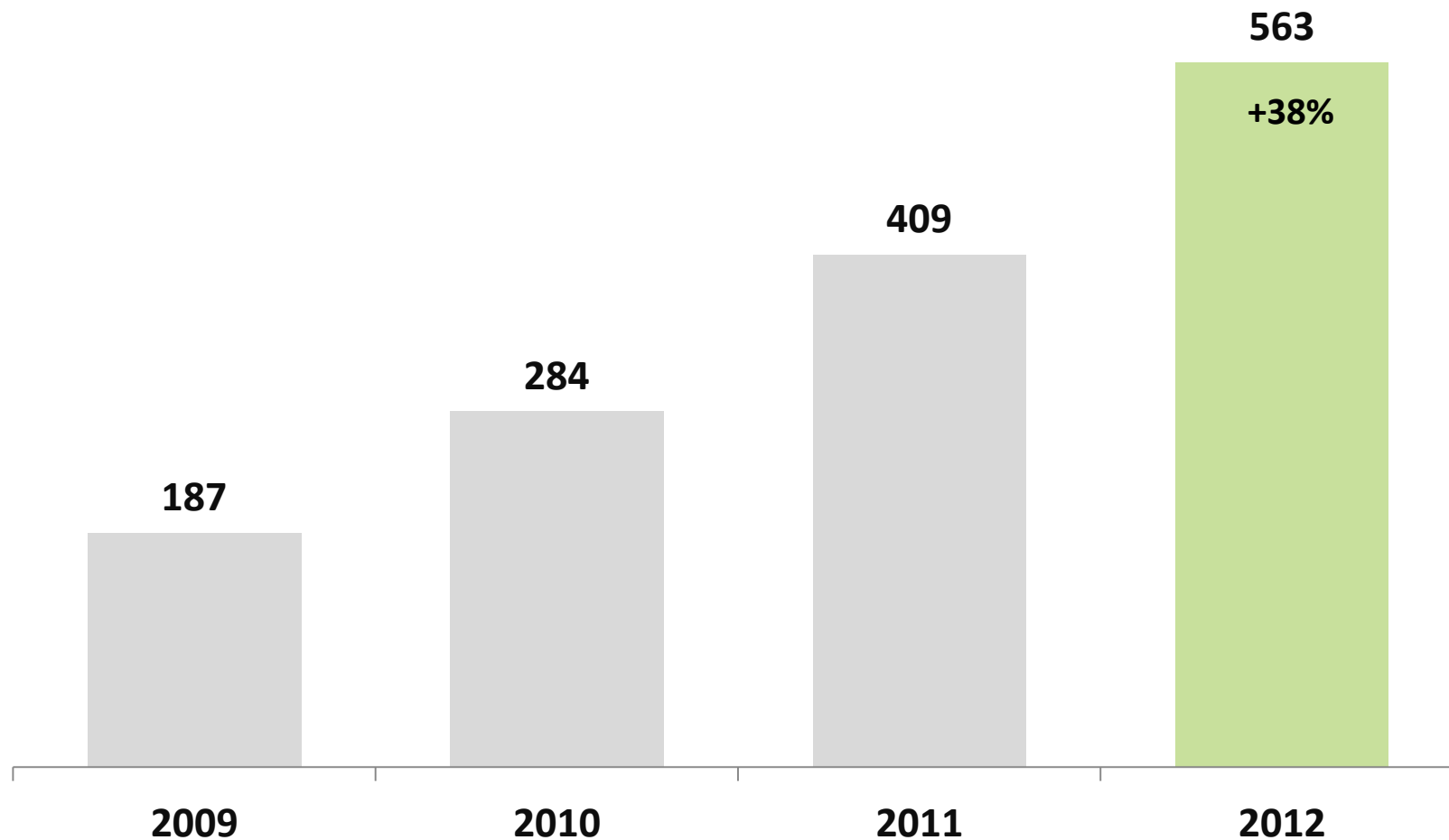
Long-term insurance

- Credit life into MFC
- 360Life & 360Business – whole life products for individuals & business solutions
- EasyCover flexible funeral product for Boxer Superstores
- Single premium investment products



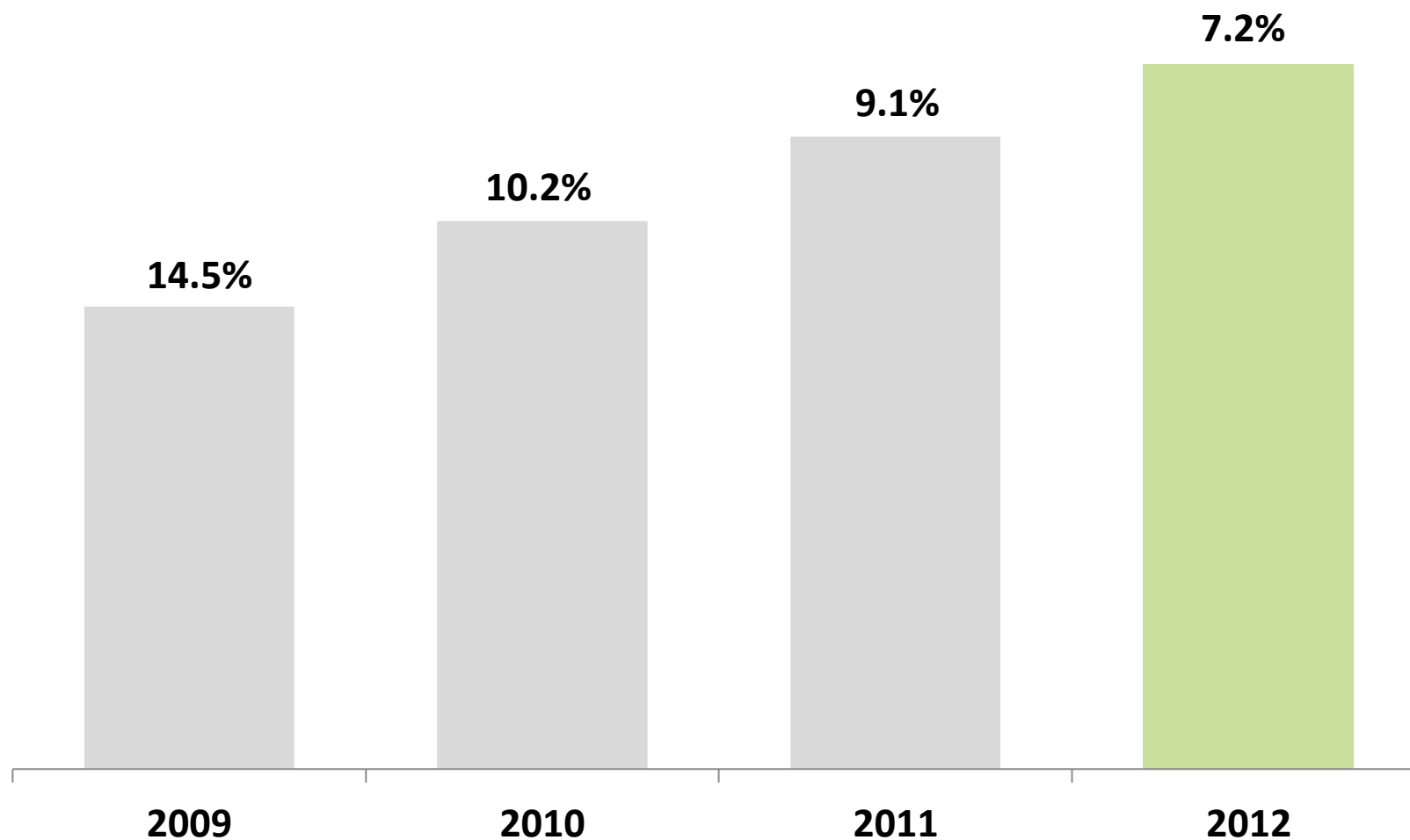
Insurance – growth since 2009

Value of New Business (Rm)



Insurance – growth since 2009

Short-term insurance gross written premium



Insurance – strategy

Strategy

- Maintain traditional insurance offering
- Product expansion & bundling
- Replacement of insurance systems
- Focus on distribution alignment & expanding direct capability
- One Nedbank insurance experience

Bank advantage

Nedbank Brand |
financial strength

Access to Group
client base

Insurance solution
distributed via
Nedbank

No legacy | latest
technology &
actuarial models



Delivering future growth through...

...penetrating the Nedbank client base with insurance solutions, most notably the new short-term insurance personal lines offering via direct channel

Insurance – outlook

Favourable

- Momentum in expanded offering
- Increased collaboration within the Nedbank Group
- Normalisation of claims environment
- Investment in skills & capacity

Challenges

- Slowdown in Nedbank Retail unsecured lending & home loan volumes
- Regulatory credit life pricing scrutiny
- New business strain as a result of product expansion
- Increased regulation



Questions & Closing

