



NEDBANK GROUP LIMITED

Retail & Business Banking: The competitive landscape of tomorrow

7th RMB Morgan Stanley SA Banks Showcase
see money differently

May 2018

NEDBANK

Nedbank RBB a key contributor to Nedbank Group reaching its 2020 targets – on track to deliver, with digital transformation playing a significant part



	Efficiency ratio			Return on equity ¹		
	Nedbank 2017	Peer Average ²	Nedbank 2020 target	Nedbank 2017	Peer average ²	Nedbank 2020 target
Nedbank Group	58.6%	54%	≤ 53%	16.4%	19%	≥ 18%
Corporate & Investment Banking	42.3%	50%	≤ 40%	20.7%	22%	≥ 20%
Retail & Business Banking	63.6%	56%	≤ 58%	19.1%	24%	≥ 20%
Wealth	65.6%	66%	≤ 60%	27.5%	20%	≥ 30%
Rest of Africa³	127.1%	54%	≤ 60%	(12.6%)	20%	≥ COE

¹ Nedbank ROE target at group excluding goodwill for comparability purposes. | ² Peer averages based on Dec 2017 for BGA & SBK, June 2017 for FSR | CIB – BGA CIB, RMB & SBK CIB | RBB – BGA SA RBB, FNB & Wesbank, SBK SA PBB, Wealth – BGA WIMI, RoA – BGA RoA (Barclays Africa acquisition), SBK RoA Legal

³ Rest of Africa includes ETI. COE estimated at >16%.

Continued focus on executing the RBB strategy – growing transactional clients underpinned by a cost effective operating model



Growing our transactional banking franchise



Digital 1st and 1st in digital



Disruptive CVPs



Data led sales & services



Loyalty & rewards

Cost effective operating model



Operational excellence



Efficient support functions



Evolved distribution channels



Proactive risk management

...main banked market share >15% for Retail & >20% for Business Banking by 2020

... resulting in ROE \geq 20% & efficiency ratio \leq 58% by 2020



Digital 1st and 1st in digital – good progress in landing the digital strategy



Digitise

Market leading, cost effective digital platform

- **Digitise top 10 product sales journeys end-to-end** (Straight Through Processing - STP)
- **Digitise 186 service journeys end-to-end** (Straight Through Processing)
- **Streamline middle & back office operations** (e.g. Robotics)
- **Offer value-added services on secure site & app** (e.g., lotto, airtime, prepaid electricity)
- **Empower clients for digital activity** (e.g. easy enrollment; education; cheap data; loyalty & incentives)



Delight

Distinctive client experience across channels

- **Build distinctive digital client experiences across web and mobile** (e.g., best-in-class UX/UI)
- **Excel in digital marketing** (e.g. personalized offers, experience personalization, search-engine optimisation, etc.)
- **Digitally transform branch and call centre experience** (e.g., chat bots/robotics, touch screens for sales & service, paperless processes, video assist etc.)
- **Build customer digital interface as entry point for all client journeys** (even if not fully digitized E2E)



Discover (Disrupt)

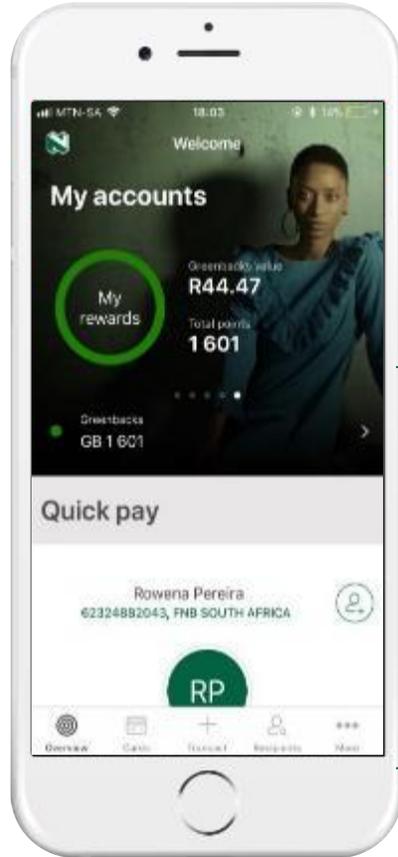
Disruptive client growth through ecosystems & innovation

- **Engage clients with Nedbank products in relevant ecosystems beyond banking** (e.g. e-commerce, consumer electronics, social networking)
- **Build capability and processes to rapidly identify, experiment and commercialise innovative technology** (e.g., IoT, blockchain, Robotics, Fintech)



Digital 1st and 1st in digital – Digitise. Added 21 services since we launched the new Nedbank Money™ app & 16 more by end '18

Over 700k downloads in under 7 months since launch



Money App launched in Nov '17
With -
12 additional services
added up until end of March '18

And a further -
9 services added
in April '18

An additional –
16 services will be added between June '18
and August '18

Highlights

- Balance peak
- Club Account
- Foreign Currency
- Greenbacks balances
- Card on-and-off (Freeze / Unfreeze)
- **Maintain, cancel, increase or decrease** your overdraft
- **Activate tap-and-go**
- **Personalise your app** by selecting the image you want to display in the background
- **Share proof of account details to third parties** via WhatsApp, message or email (on Online Banking)
- **Detailed information** - interest earned & a breakdown of key balance information on Home Loan and Personal Loans
- Settlement request
- Maintain debit orders
- Overseas travel notification
- View banker



Digital 1st and 1st in digital – Delight. Delivering innovative first to market digital solutions

Initiatives delivered (examples) ...

- **NZone digital branch** positive feedback from clients, Testing some new technologies and solutions in the branch such as facial recognition driving digital enticement using our digital “genies”
- **Statements on ID** – landed the statement functionality on Intelligent Depositors
- **Interactive devices** allowing clients full teller functionality remotely in any location.
- **Robotics** – First in Africa to launch Pepper, the humanoid robot into the market. She will kick-off branch visits acting as a digital ambassador

... to launch in 2018 (examples)

- **Chatbot & Kiosks** - part of digital concierge & Interactive services squads, updates to market expected during June
- New **Loyalty & Rewards Program** on app

Digital branch



Africa's first humanoid

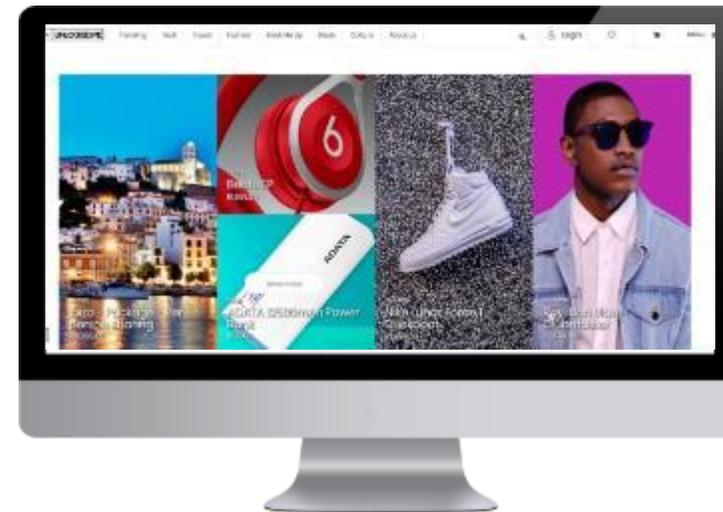




Digital 1st and 1st in digital – Discover (Disrupt). Tapping into platforms & ecosystem plays to disrupt & learn

Innovative lifestyle e-commerce platform

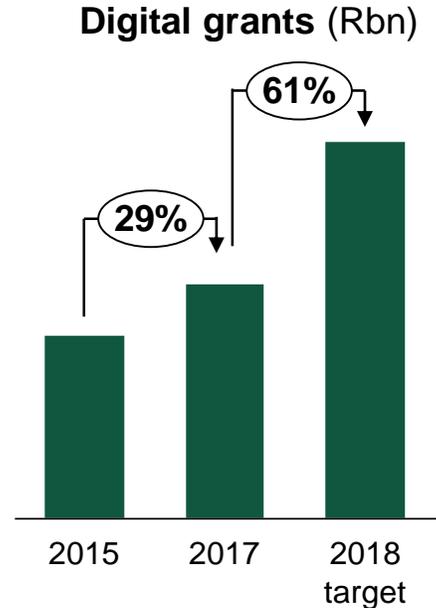
- UNLOCKED.ME is Nedbank's first lifestyle market place, designed with our clients in mind
- It is a platform play to enhance our youth & middle market propositions
- A customer reach of 12 500 000+ unique impressions across social and web
- Further platform plays to come





Disruptive CVPs – examples

1% home loan cash back



- The 1% cash back loan is gaining momentum – incentivising digital usage & main banked status

What's next...

- Switching campaign targeting Nedbank transactional customers with home loan elsewhere
- Machine Learning capability development

Stokvel



Key successes since launch

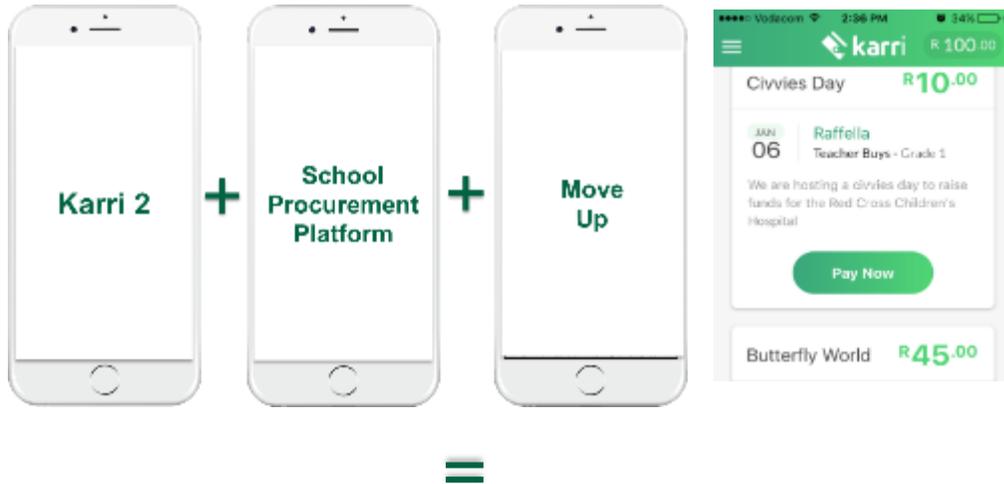
- 150 members insured
- 20% uplift in sales of club accounts

- First-in-market bundled offering with no transactional fees & embedded funeral cover
- A holistic ecosystem solution solving for administration, rewards and education to help enable and empower the Stokvel community in South Africa



Disruptive CVPs – examples

School ecosystem



Schools Ecosystem CVP solution for students, parents, schools and their suppliers

- Since its launch in April 2017, **over 31 000 parents have downloaded the app** and a total of **167 schools are using Karri**.
- **App held number one position in top trending apps in SA** (Apple iStore within the month of Feb 2018)

Nedbank MOBIMONEY



Mainly targeted to solution for:

- Unbanked Individuals
- Informal traders
- Taxi drivers and commuters
- Government departments
- Existing send iMali client base
- Cash wage businesses

Open without going into the branch, no documents required, in under a minute – launching in June '18

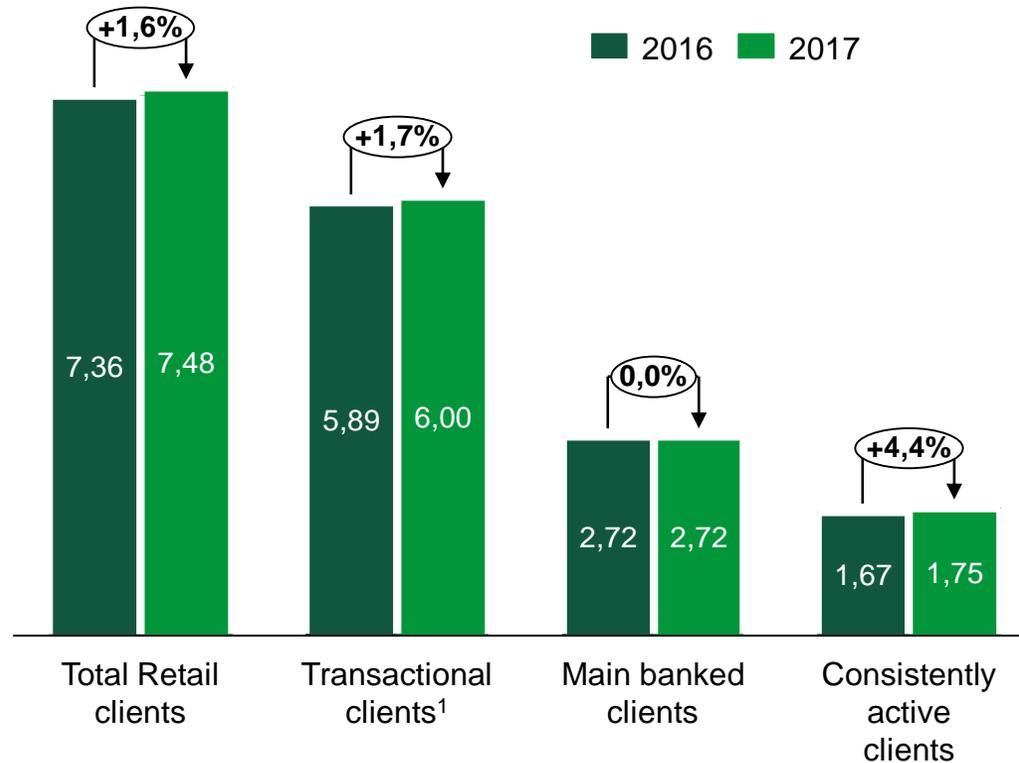
- **Wallet based transactional solution** that allows unbanked market to **Pay, Transact and Save** in a non-traditional banking way



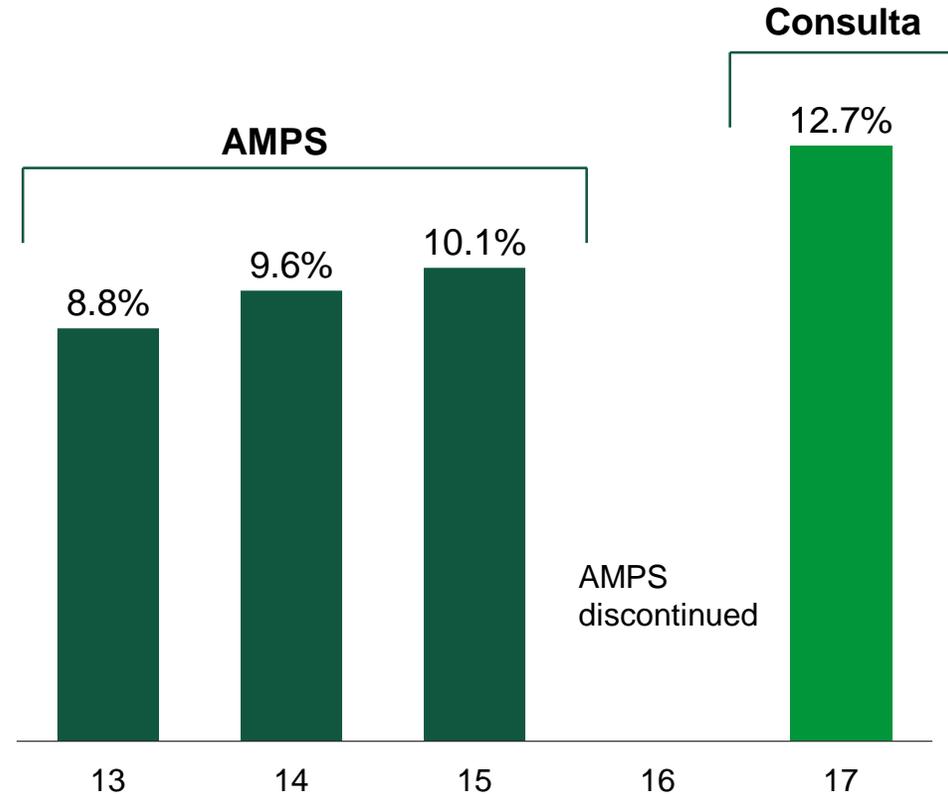
Data-led Sales & Service – good growth in consistently active main banked clients

Retail client base breakdown (#000)

YOY% Growth



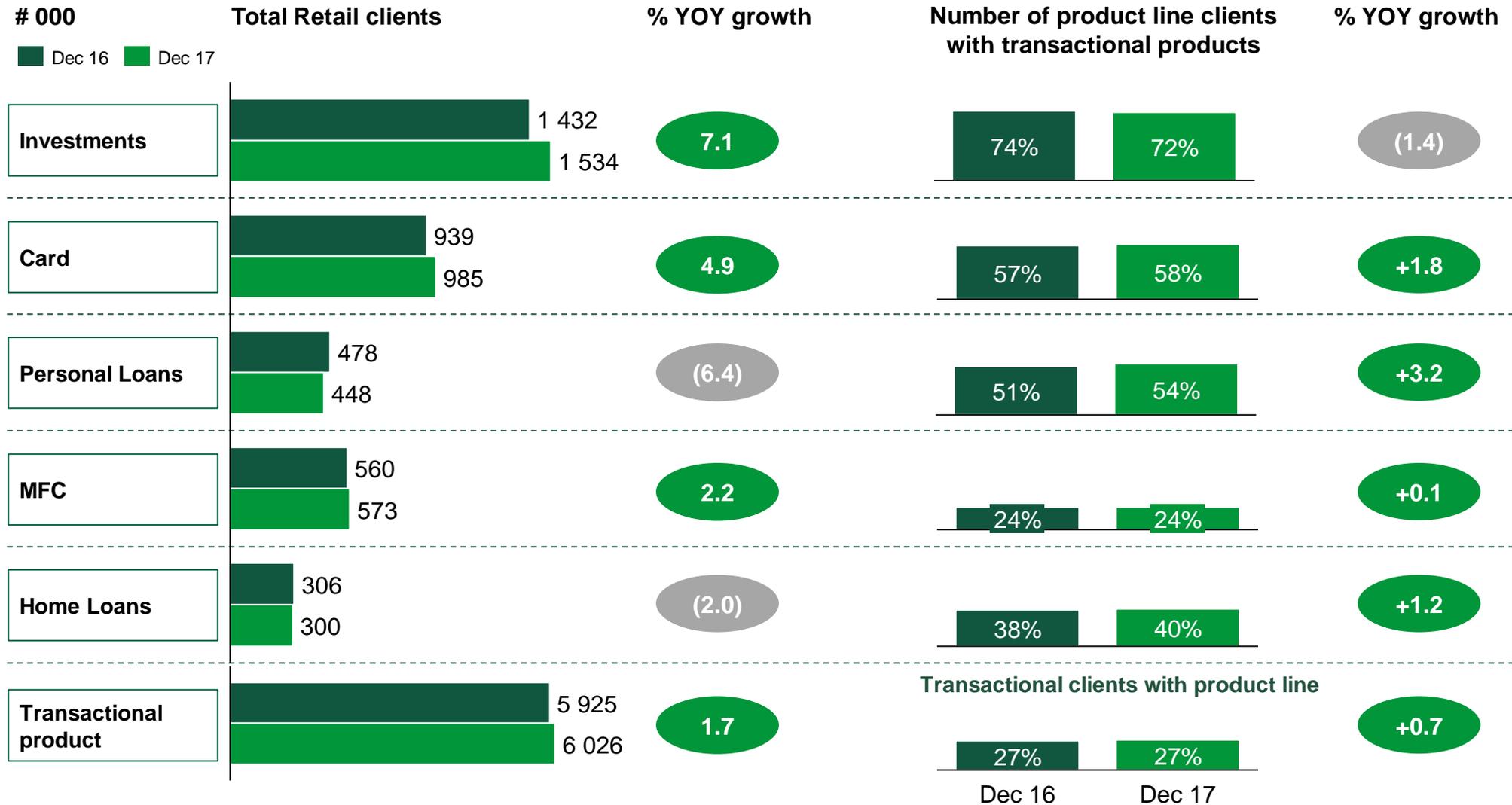
Nedbank main-banked market share (%)



¹ Clients with a Transactional Product | ² Active clients within the last 6 months | ³ Main banked for each of the past 12 months
 Definition of main-banked clients: ELB – 3 debits, 1 credit | Middle market – 6 debits, 1 credit | Professionals – 12 debits, 1 credit | SBS – 25 debits | all over 3 month period

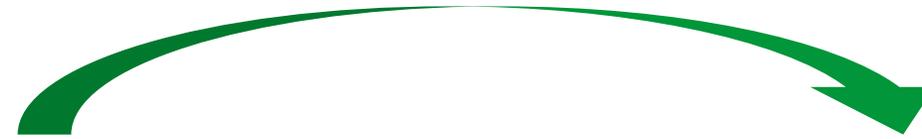


Data-led Sales & Service – building more enduring client relationships through transactional product cross-sell

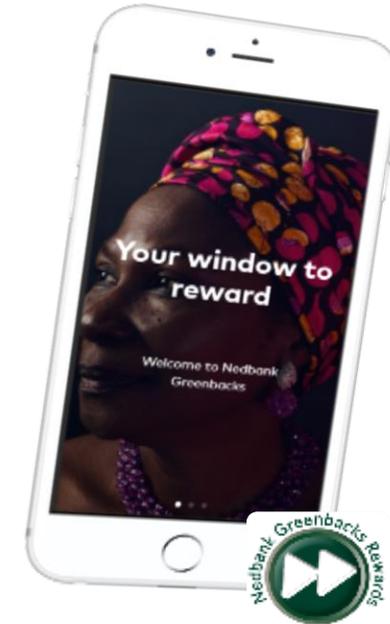




Loyalty & rewards – launching a new Rewards Mobile App as an extension of the Money App



- Enable clients to move **seamlessly from Money App to Rewards App** with one time Nedbank ID registration
- **Enrolment at the click of a button**
- Aligned with Nedbank's **new digital CI**
- **Deeper engagement** with our clients at their fingertips & **leveraging gamification capability**
- Provide clients with **personalised special offers** through a wide Partner base



Delivered to date...

- Payments pattern
- View Greenbacks balances
- View Greenbacks detailed transactional listings

Coming soon...

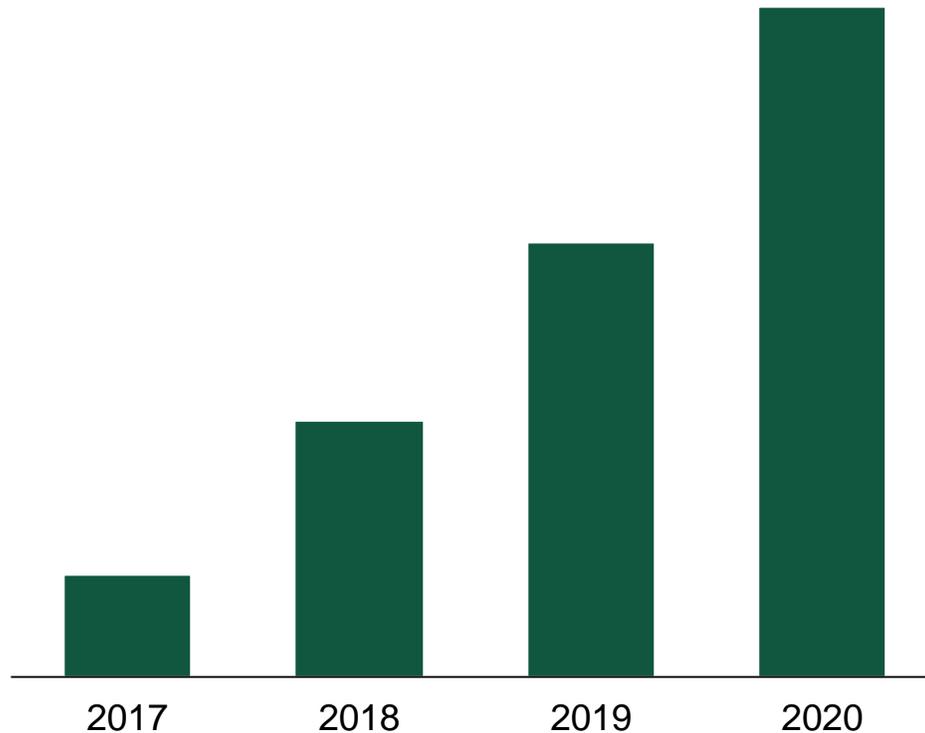
- Low value redemptions
- App & web enrolment
- Redemptions into Investments, Unit Trusts, Forex, & Fees.



Operational excellence – RBB Target Operating Model efficiencies



Cumulative efficiencies (Rm)

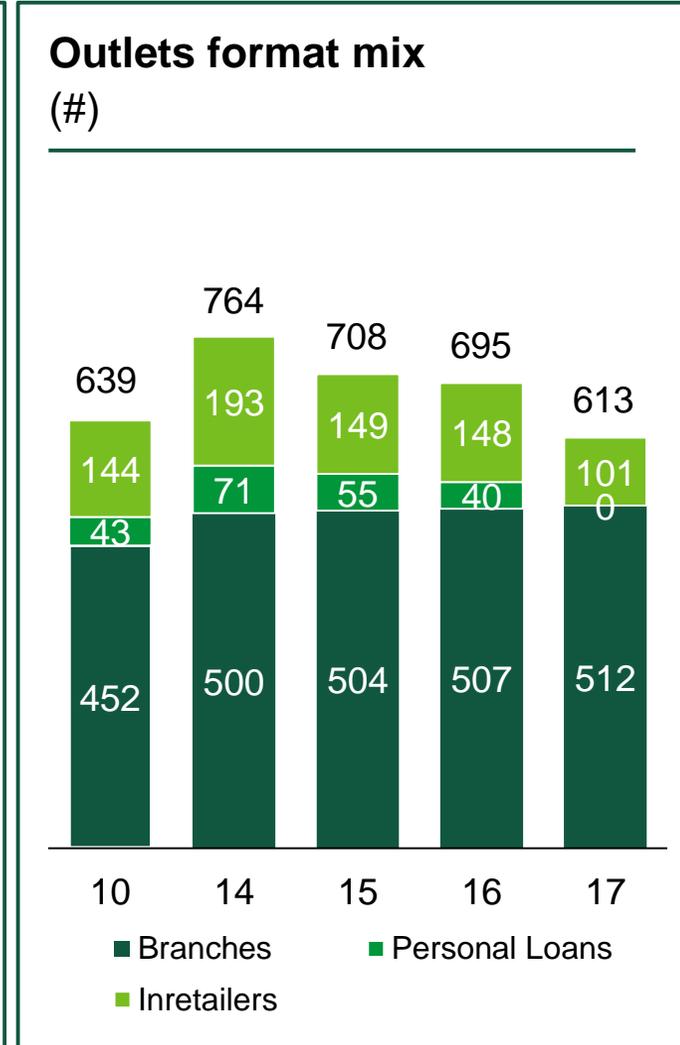
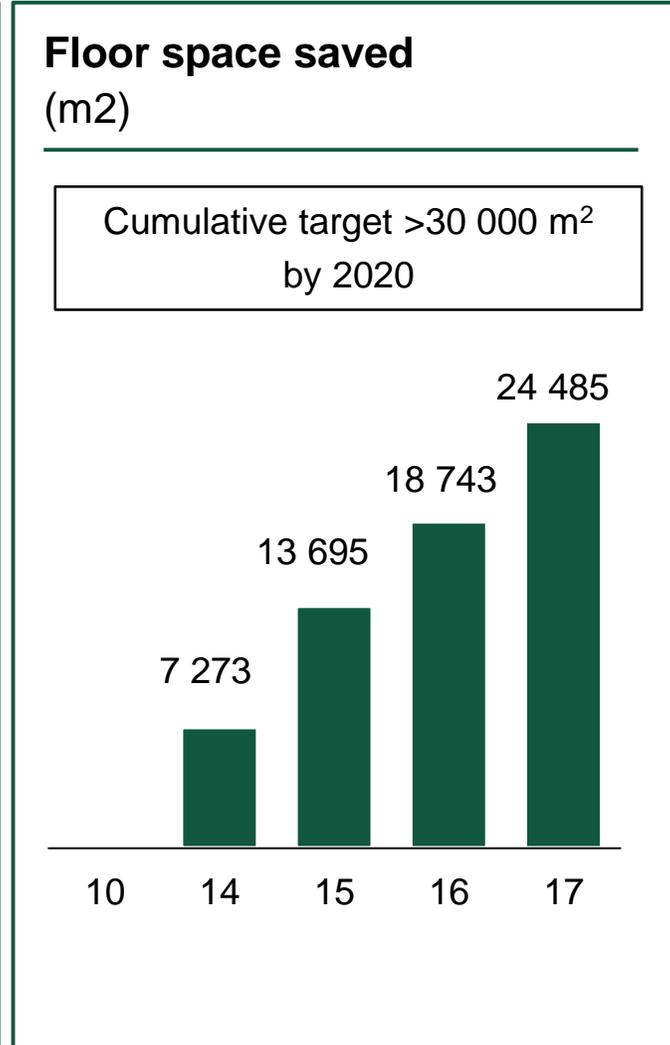
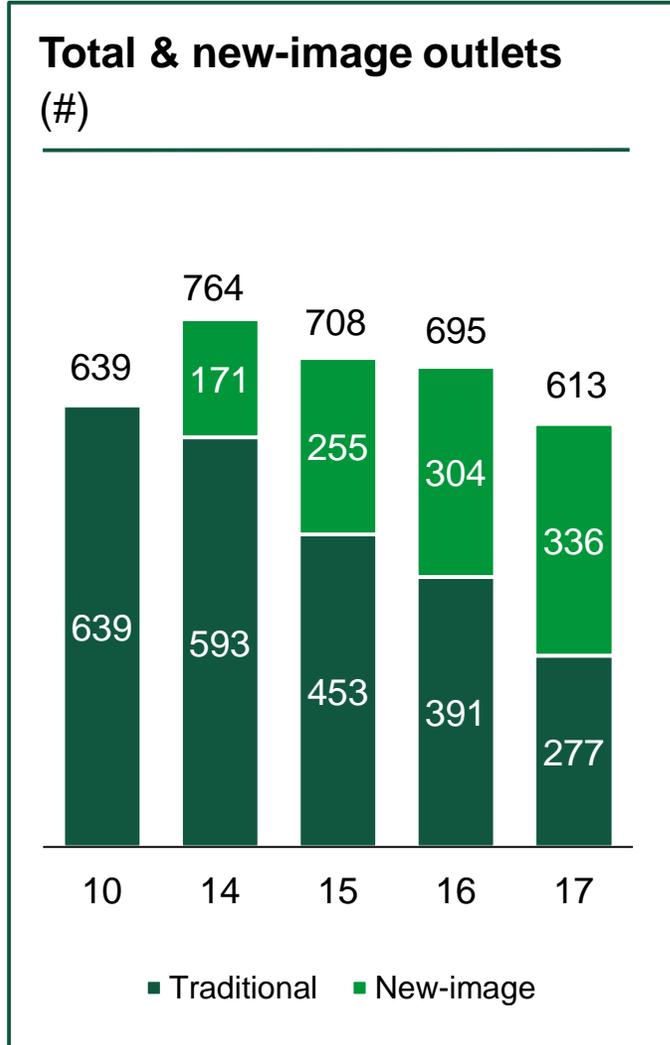


Key initiatives driving efficiencies

- **Retail & Business Banking alignment**
- **Alignment to new operating model** – Sales Service & Alliances (SS&A) and Nedbank at Work (N@W)
- **Servicing Programme** (Branch and NCC)
- **Outlet optimisation** – PnP outlet strategy optimization incl. Personal Loans branch closures
- **New Ways of Working (nWoW)** – 14 Agile Squads kicked off in April '18, next wave to kick off in July 2018
- **Robotics initiatives**
 - 10 initiatives prioritised for Q1 2018 completed
 - 100+ initiatives planned for period 2018 - 2020

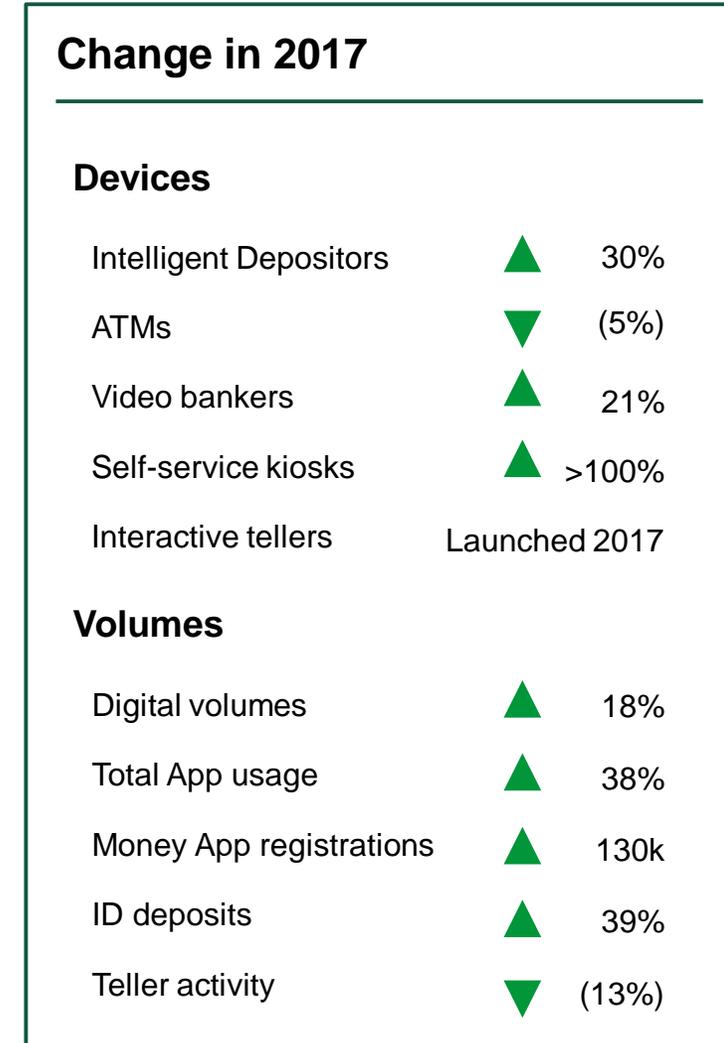
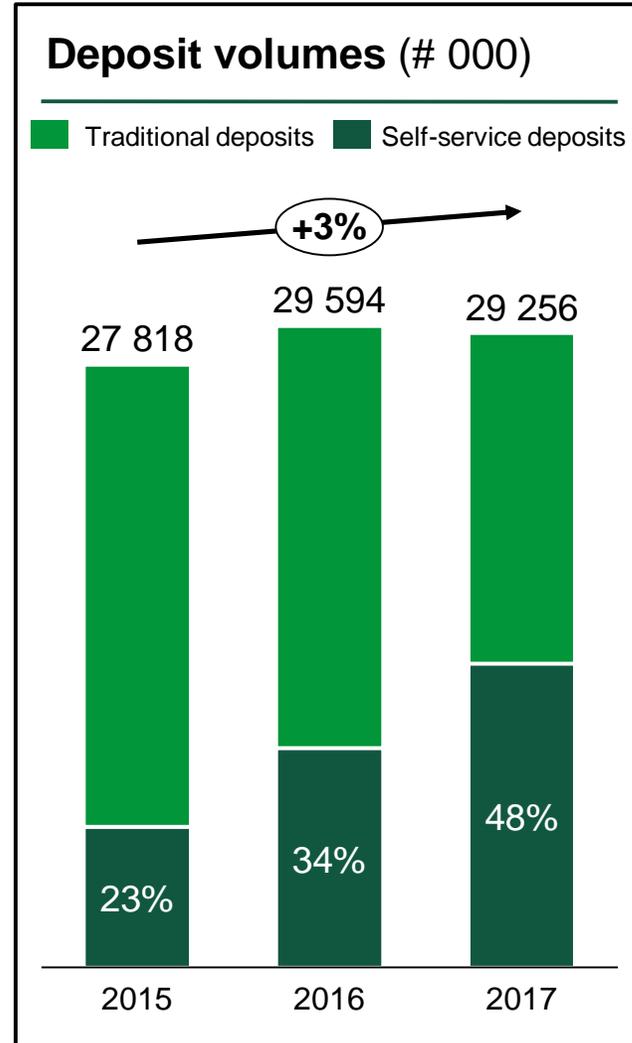
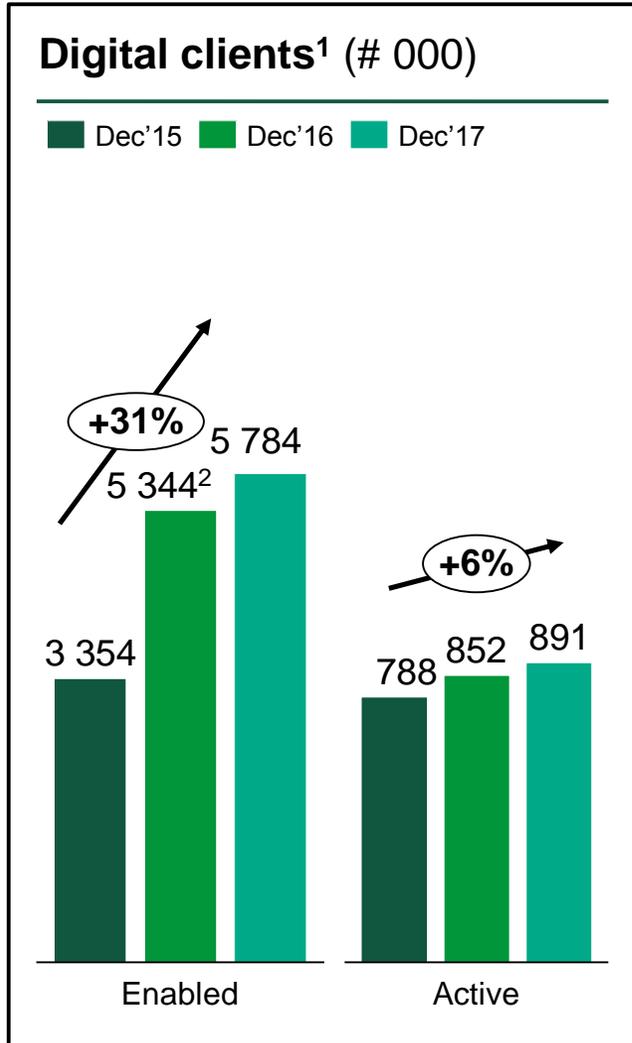


Evolved distribution channels – Integrated channels: efficient use of space & staff, optimising branch footprint





Evolved distribution channels – accelerated digitisation of technology & operations



¹ Digitally enabled & active clients have been restated to include all digital channels & to allow for only last 90 days of recent activity.

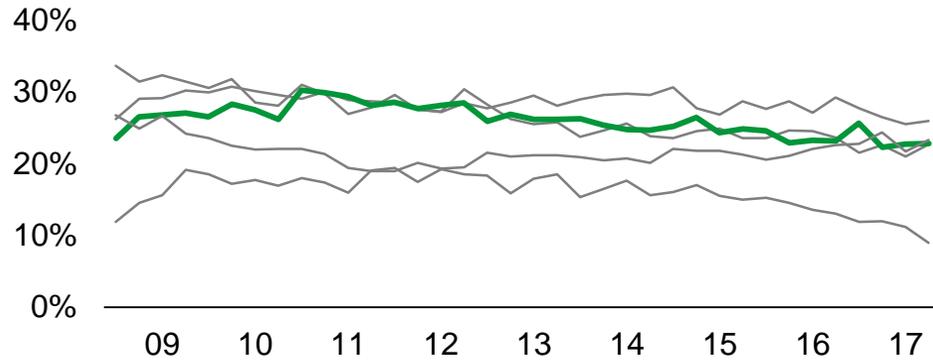
² Growth largely as a result of the Digital Activation Programme run in Q4 2016.



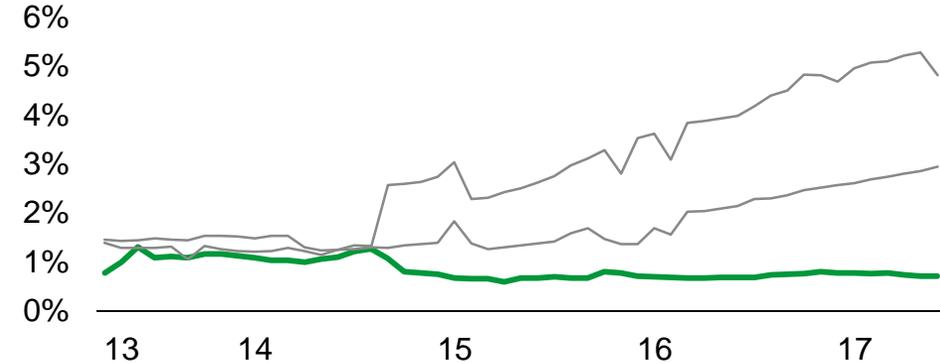
Proactive risk management – quality origination



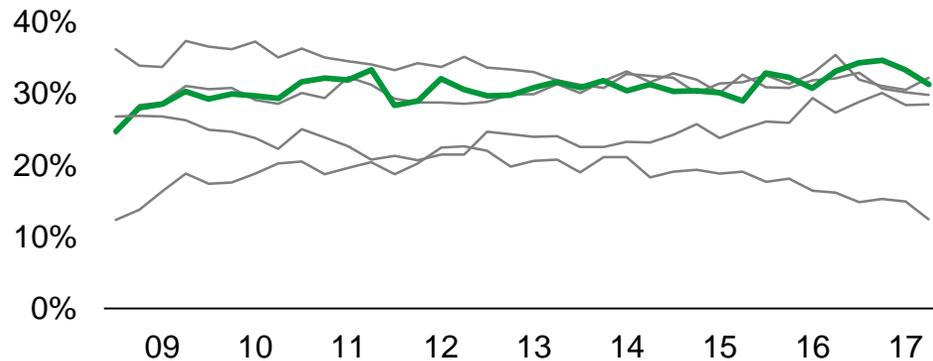
HL new business – low risk clients proportion¹ (%)



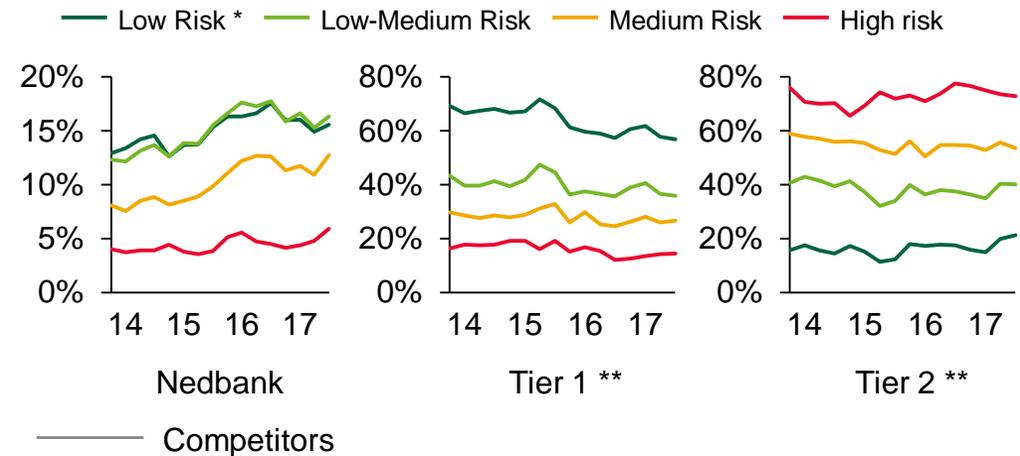
Vehicle finance 3 months+ arrears benchmarking³



HL new business – low risk properties proportion² (%)



PL market share of new business by risk band³ (%)



¹ Source: Experian Delphi Score
² Source: Lightstone Risk Quality Grade
³ Source: Experian

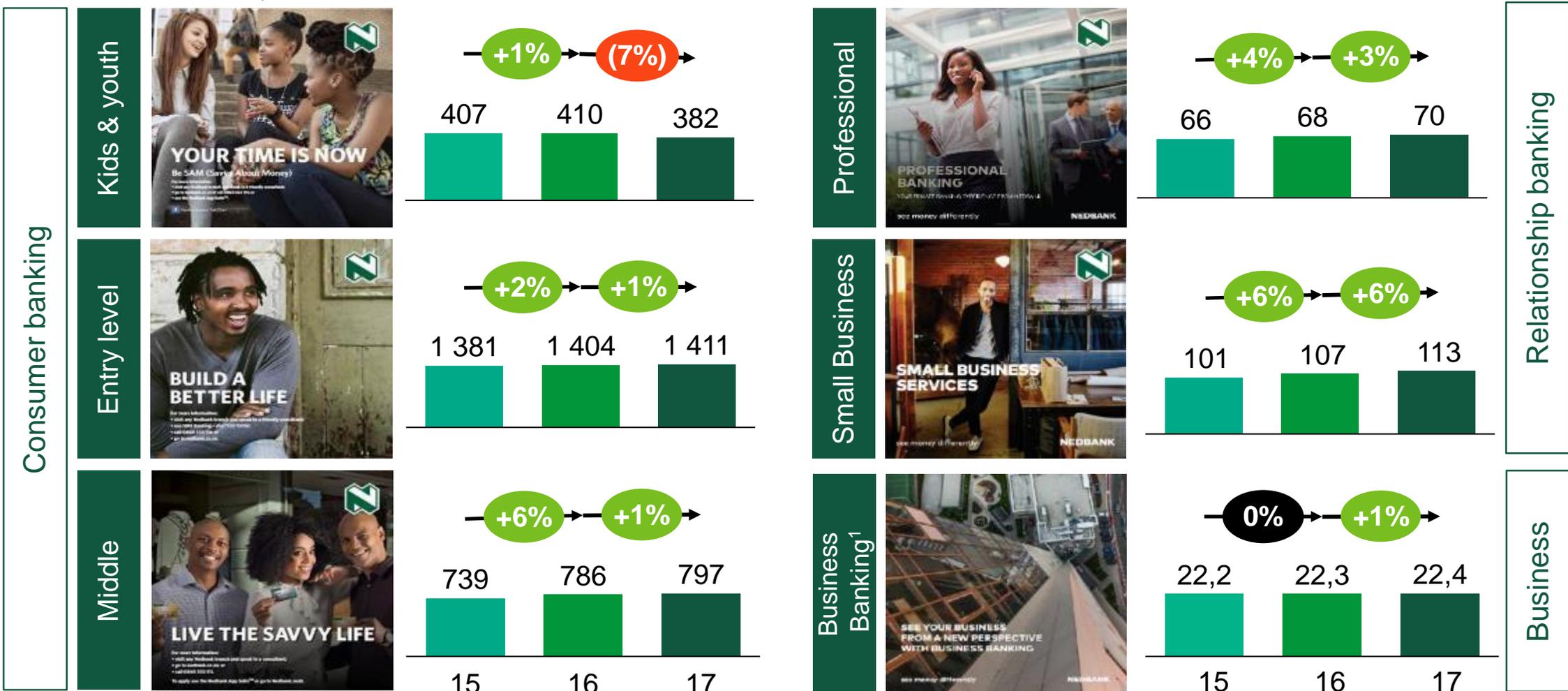
— Nedbank

— Competitors



Client-centred strategy intact but measure impacted by the macro environment

Main-banked, # 000



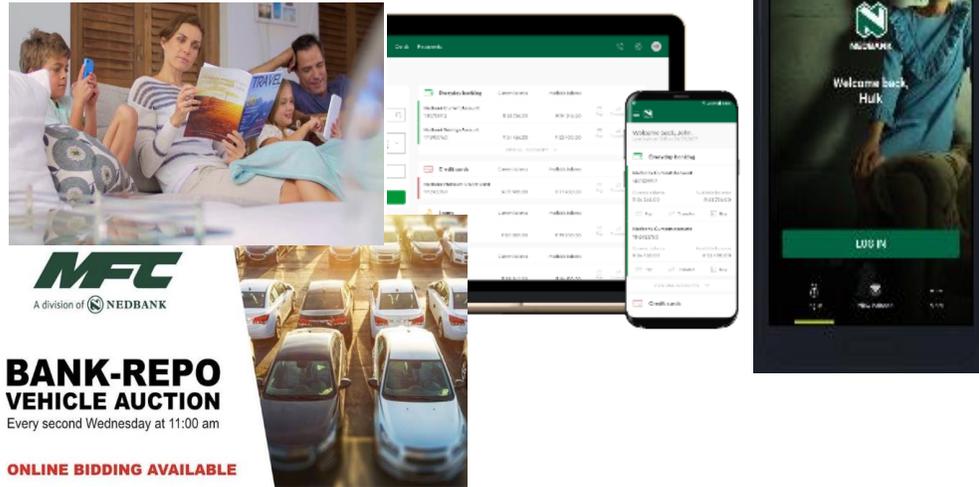
¹ Client groups with gross operating income contributions in excess of R500 pm.
 Note: Non-resident, non-individual segment not shown.

Consumer banking – provide innovative banking solutions to entry level, youth & middle market banking segments



Digital 1st & 1st in digital

- New Money App
- New Online Banking
- Online auction bidding
- Online MFC account servicing



(Data-led) Sales & Service Excellence

- Mobile payments enablement
- Self service enablement
- Forex & remittances

Disruptive CVPs

- E-commerce platform – Unlocked.ME
- Conversational Banking – chat bots & robo-advisors
- Expand ecosystems – e.g. Hey Jude others



Loyalty & Rewards

- Greenbacks total client base increased by 20% YOY to 1.1m in April 2018 - active client base increased by a compound growth of 2% between Dec 17 & Apr 18
- Loyalty & Rewards into digital propositions

Retail Relationship Banking – serving affluent individuals, medical & young professionals & their households, as well as small businesses & their owners



Digital 1st & 1st in digital

- **Digitisation & automation of the RRB lending process** via EPIC Lending tool
Coming soon:
- **Frictionless onboarding** of small businesses (CIPC reg + account + business services)
- **Money™ App & Online Banking** for business use
- **Use of RPA technology** to drive efficiencies/straight through processing.
- **Relationship Banker accessibility**

(Data-led) Sales & Service Excellence

- **Holistic client risk profiling**
- Banker **portfolio management tool (EPIC)**
- Ring-fenced **sales lab**
- **Tailored sales effectiveness learning interventions**
- **Line of sight remuneration** incentive scheme
- **Data led sales & service triggers**

Disruptive CVPs

- Continued enhancements to deliver a **distinctive ‘private banking’ experience**
- Driving **big value to small business / practices**
 - CIPC online
 - SimplyBiz & strategic partnerships



Loyalty & Rewards

Relationship ‘I know you’ approach:

- **Client level asset pricing, tailored investment rates**
- **“Thank you campaign”** for high value clients
- **Greenbacks, AMEX & VISA rewards programs** (evolving to new L&R programme)

Business Banking – leveraging our current CVP's to increase market penetration to unlock new markets & revenue streams

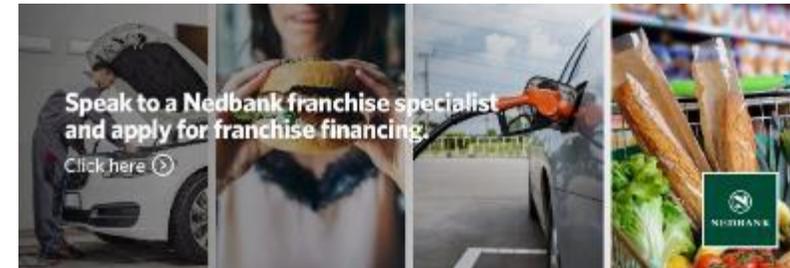


Digital 1st & 1st in digital

- **CVM Robot** - fee run processing
- **Use of RPA technology** to drive efficiencies/straight through processing.
- **Karri app & Schooladvisor** procurement platform
- Enhancing functionality of **digital/mobile payment apps**, & building in e-commerce capabilities

Disruptive CVPs

- **School CVP** linked to the Nedbank brand promise of “doing good”
- **Franchising CVP's**
- Expand **Corporate Saver**
- Strength of **Agric**



(Data-led) Sales & Service Excellence

2018 journey to use **advanced client analytics to predict outcomes & support client experience.**

- Predict client attrition
- Next best interaction
- Distribution – revolutionise the way actionable insights is distributed for action.

Loyalty & Rewards

- **Tailor-made B2B Loyalty & Rewards** - a differentiator in a market where constructs usually follows B2C



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