



***A new playing field  
what is the game plan for growth***

***Tom Boardman  
Chief Executive  
20 October 2009***

**UBS 12<sup>th</sup> annual SA Financial  
Services Conference**



MAKE THINGS HAPPEN

**NEDBANK**  
GROUP

A Member of the  **OLD MUTUAL** Group

# Macroeconomic indicators

Source: Nedbank Group Economic unit	2009	2010	2011	2012
GDP	(2,2)%	2,0%	3,2%	4,2%
Inflation	7,2%	5,9%	5,6%	5,6%
Current account deficit	4,1%	3,7%	2,9%	3,2%
Prime overdraft rate (year end)	10,0%	10,5%	13,0%	13,0%

***...difficult, but improving market conditions for balance of 2009 growth, but at modest levels in 2010***



***Helsinki, Finland, Sept. 21, 2009***

*Nobel economist Paul Krugman*

*“the global economic downturn has probably hit bottom though the recovery will be slow and painful.”*

# Core focus through the cycle

## Net asset value

- Up 7,4% from June '08
- Up 5,7% from December '08

## Strong capital

- Core: 8,2% to 8,6%
- Tier 1: 9,6% to 10,0%
- Total: 12,4% to 13,2%

## Focus on balance sheet

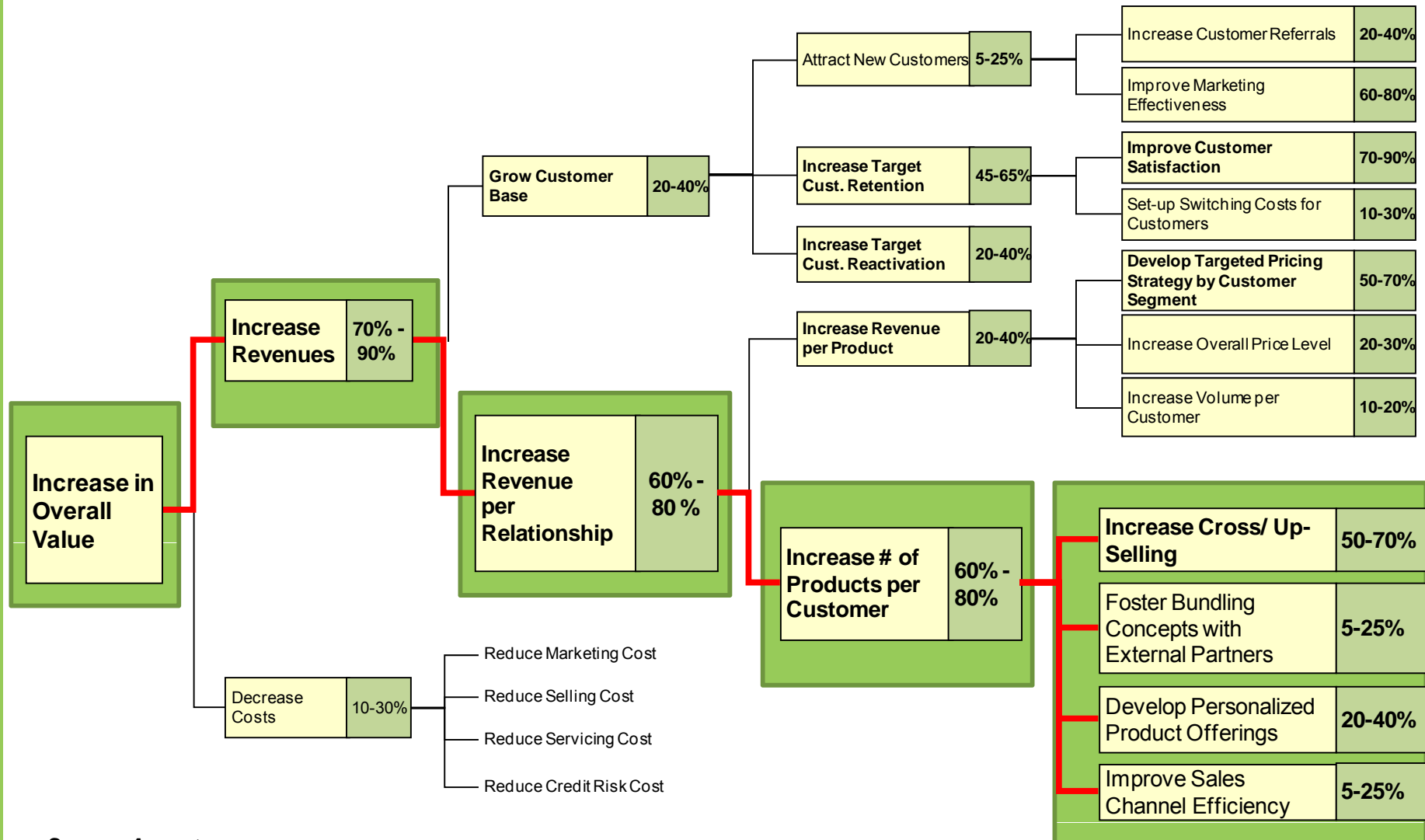
## Strong liquidity

- Funded balance sheet well matched
- Good deposit mix maintained
- Low reliance on foreign deposits
- Advances-to-deposits 94,0%

## Focus on

- Managing for value
- Proactive risk management

# Long-term drivers of growth



Source: Accenture

# Position for longer-term growth

- **Manage for value**
- **Grow NIR**
- **Client driven**
- **Risk as an enabler**
- **Build a unique culture for competitive advantage**
- **Accelerate transformation**
- **Lead as a corporate citizen**
- **Alert to opportunities**

# Manage for value

- Fix economic profit negative businesses
  - VAF profitability - Imperial Bank acquisition a catalyst
  - Lower concessions, risk & originator fees in Home Loans
- Grow Bancassurance & Wealth
- Repriced assets to appropriate levels
  - Maintain better margins on new assets across all clusters
  - Nedbank Corporate margins up 0,30% at June 09
  - Retail & Business Banking taking longer to come through
- Selected advances growth
  - RWA / total assets Jun 2009    **62,8**    **52,0**    **50,9**    **52,4**
- Continue to optimise capital (Tier 1 CAR 10,0% & Total CAR 13,2%)
- Maintain strong position in deposits & increase lazy deposits

## Grow NIR to expense ratio

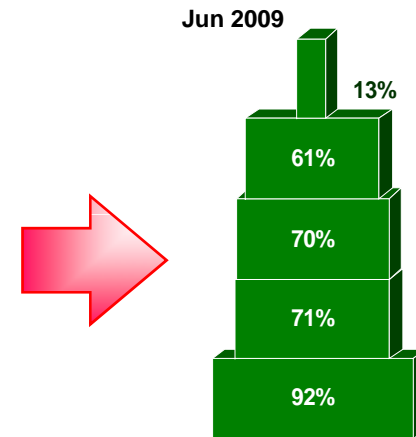
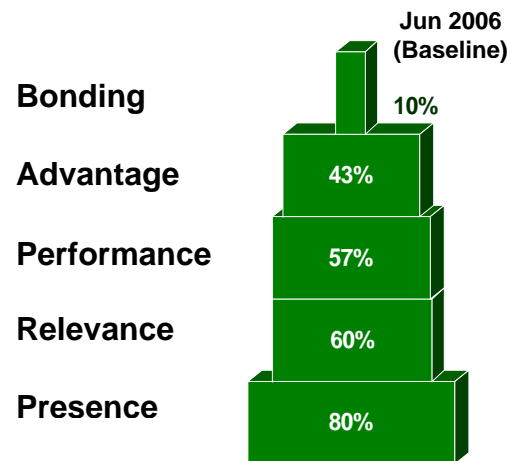
- Grow transactional banking
  - Business Banking – NetBank, cash solutions, decentralised model
  - Nedbank Corporate – NetBank being implemented
  - Retail cross sell improving – further focus (Jan 08: 1,44% - Jun 09: 1,50%)
- Gain primary clients
  - Net retail primary client growth of 20% since 2006
  - Growing presence in public sector
  - Net primary client gains in Nedbank Corporate
- Increase trading on back of additional primary clients
  - Keep flow / proprietary trading ratio at  $\pm 75 / 25$
- Bancassurance & Wealth a growth area
  - Acquisition of JV's & created separate cluster for focus

*... steady managed growth over time*

# Client driven & more competitive

- Differentiate through service delivery
  - Much improved experience in Retail
  - Business Banking differentiated decentralised model
  - Leverage strong corporate relationships to grow primary clients
  - Team approach (including Corporate) in Nedbank Capital
  - Ecobank

- Build the brand



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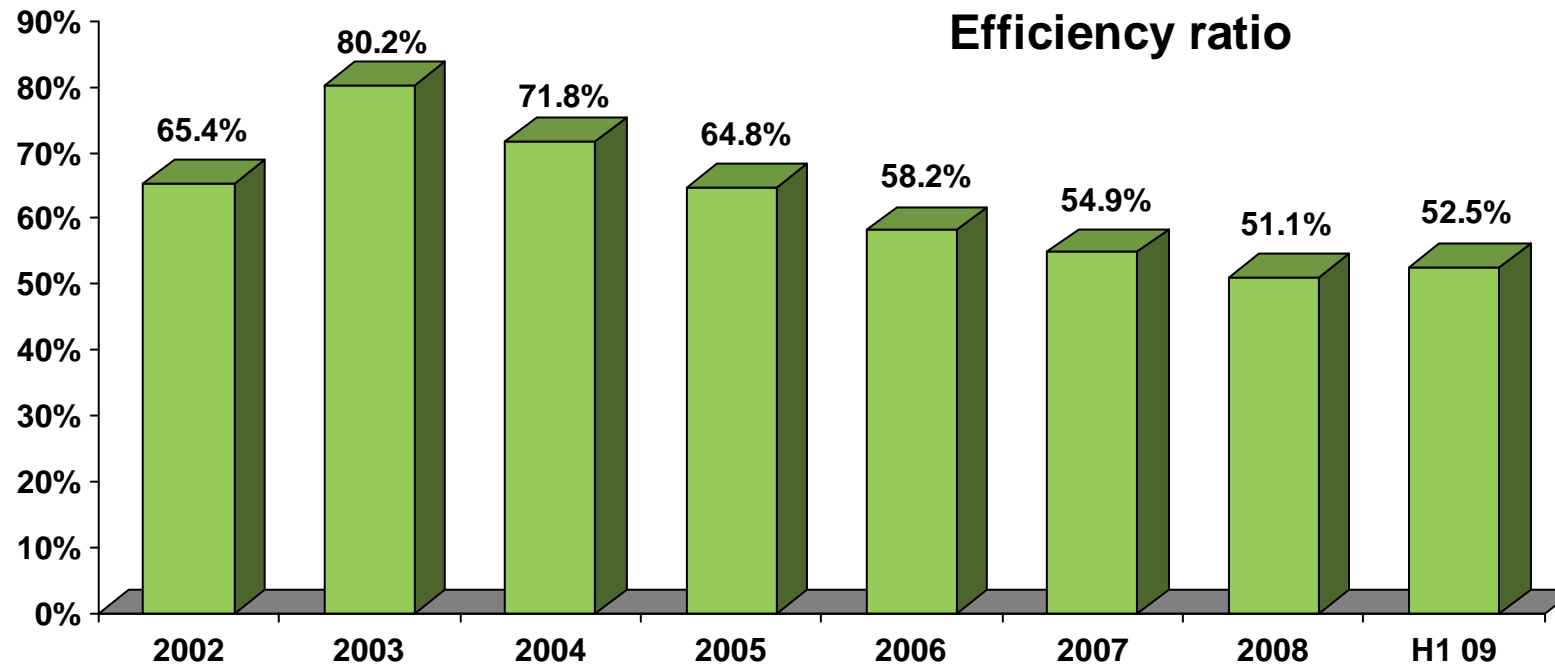


# Risk as an enabler

- Risk integral part of strategy
  - Performance measurement based on RAROC
  - Reward systems driven by economic profit
- Manage bad debt & risks, focus on collections
  - Credit loss ratio reduced: 1,67% (Q1 09) - 1,57% (H1 09)
  - Retail - backward roll in early arrears for 7 consecutive months
  - Restructure distressed loans opportunity
  - Retail collections restructured, staff increased, systems installed
- Continue to enhance & embed world class risk practices
  - Nedbank Limited Basel II AIRB
  - Management restructure, focus on balance sheet management

# Enhance productivity & execution

- Smart cost management
- Optimise businesses for new environment
- Continue to invest
- No wholesale retrenchment – maintain staff morale



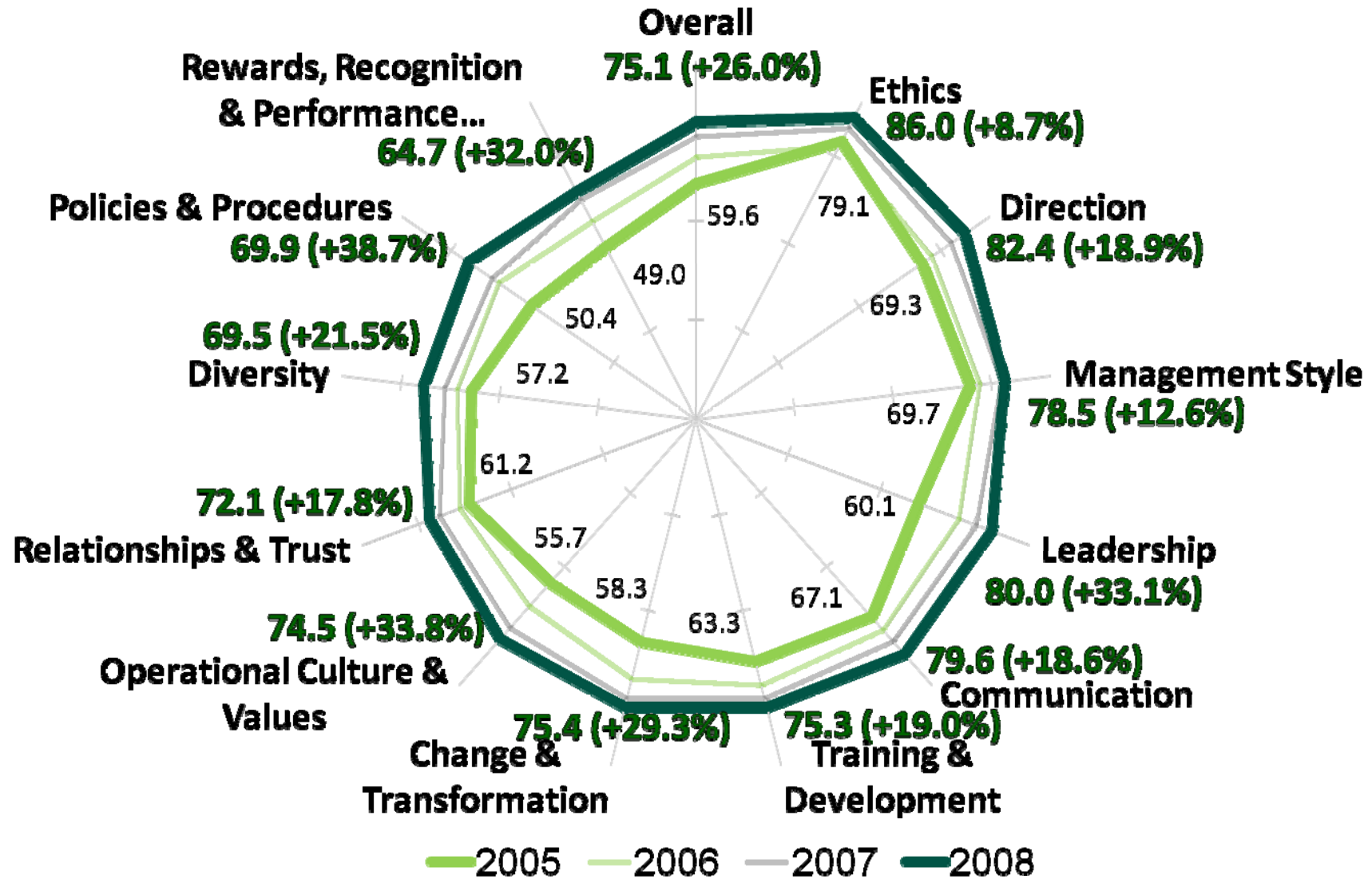
# Building a unique corporate culture

	Culture 2005	Culture 2009
1	cost-consciousness	accountability
2	profit	client-driven
3	accountability	client satisfaction
4	community involvement	cost-consciousness
5	client-driven	community involvement
6	process-driven	achievement
7	<b>bureaucracy</b>	teamwork
8	results orientation	employee recognition
9	client satisfaction	being the best
10	<b>silo mentality</b>	performance-driven
11	performance-driven	commitment
12	<b>hierarchy</b>	making a difference
13	<b>control</b>	delivery
14	being the best	productivity
15	achievement	people-centered
16	<b>empire building</b>	living the values
17	employee recognition	leadership development
18	continuous improvement	profit
19	productivity	integrity
20	<b>confusion</b>	ethics

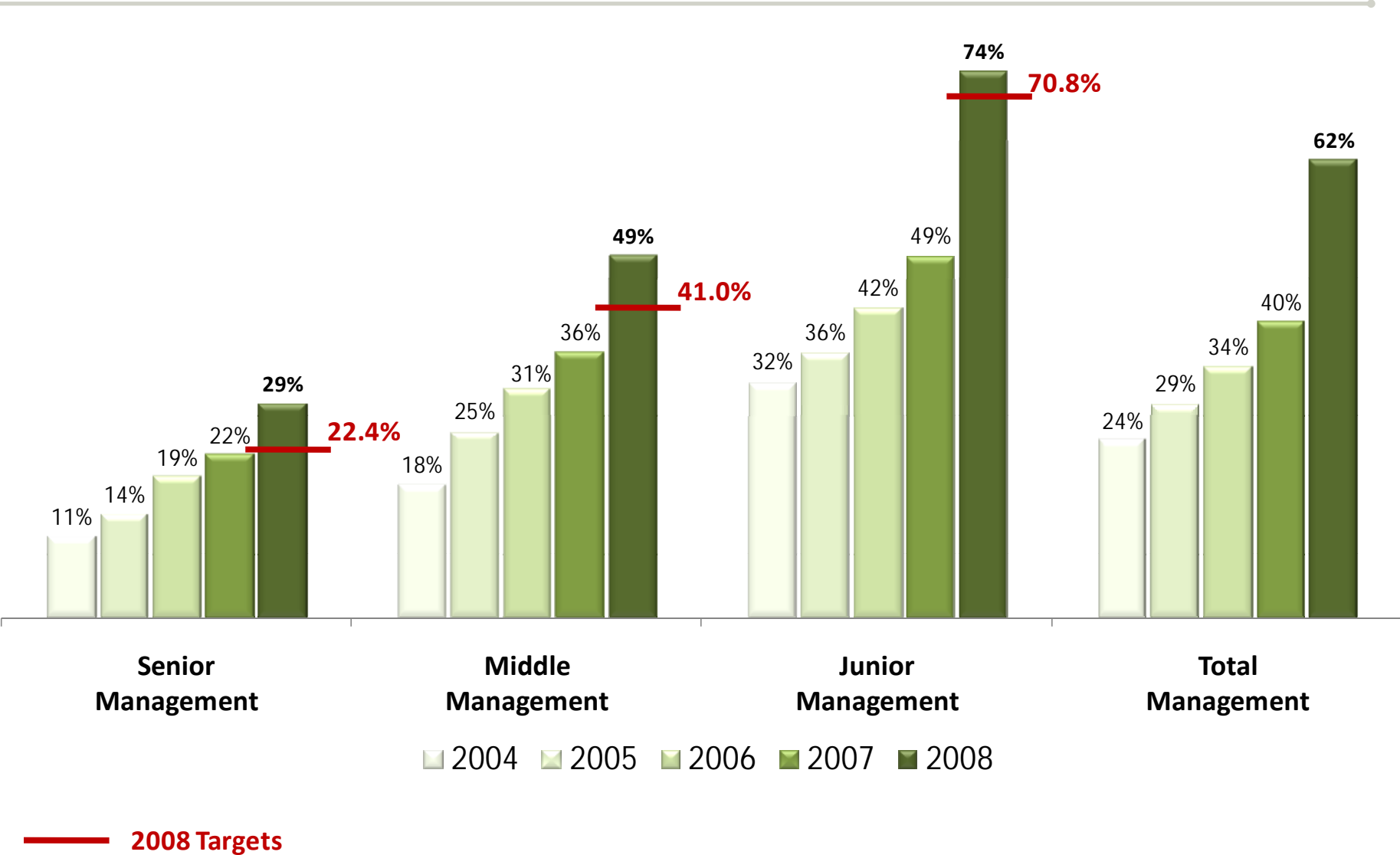
Significant culture value shift for the better

Source: Barrett Survey

# Staff morale shift



# Accelerate transformation



## Accelerate transformation *(continued)*

### Financial Mail: Top 20 Empowerment Companies

1	Adcorp Holdings	88,71%
2	Hosken Consolidated	84,63%
<b>3</b>	<b>Nedbank Group</b>	<b>82,45%</b>
4	Kelly Group	82,28%
5	GijimaAst Group	80,92%
6	Glenrand MIB	79,06%
7	AdaptIT Holdings	77,76%
8	Tongaat Hulett	76,17%
9	Faritec Holdings	75,74%
10	FirstRand	75,57%

### Financial Mail: Top 20 Empowerment Companies

11	Netcare	75,42%
12	Primeserv Group	75,13%
<b>13</b>	<b>Standard Bank Group</b>	<b>72,40%</b>
14	Merafe Resources	71,77%
15	Oceana Group	71,31%
16	Discovery Holdings	70,41%
17	Investec	69,46%
18	Metropolitan Holdings	69,35%
19	Old Mutual plc	69,21%
20	Sun International	69,14%

# Alert to opportunities - acquisitions

## JV's - BoE, Nedlife & Fairbairn Private Bank

- Create single high net worth client value proposition & strategy
- Asset management centre of excellence - scale of benefits
- Enhance cross-sell & innovation
- Previous JV product restrictions cancelled

## Imperial Bank acquisition

- Eliminate inefficient capital & funding arrangements
- Rationalise duplicate infrastructure & systems
- Cross-sell to Imperial Bank clients
- Leverage off larger complement of experienced & specialist staff

# Alert to opportunities - Ecobank

- Clients - access to 33 countries in Africa
- 'One Bank' experience
  - Open bank accounts through in-country relationship manager
  - Single view of statements & balances
- Project Finance & Advisory – strong pipeline
- Centre of Excellence – LocalKnowledgeAfrica – easy entry for clients into Africa
- [www.EcobankNedbankAlliance.com](http://www.EcobankNedbankAlliance.com) launched

The African Alliance that provides local business intelligence and tailored banking solutions.

*Ecobank*  
The Pan African Bank

 **NEDBANK**

The African Champion Banking Network



# Lead as a corporate citizen

- Dow Jones Sustainability Index membership
  - 1 of 25 banks worldwide
- JSE SRI Index- inclusion since 2004
- SA Carbon Disclosure Project Leadership Index
  - Best placed bank & 4th overall in low emissions category
- Equator Principles – 1st bank signatory in Africa
- WWF Conservation Partnership
- UNEP FI – Co Chair on UNEP FI African Task Force
- E&Y Sustainability Reporting - Award of Excellence
- ACCA Sustainability Report Award for best sustainability report in financial sector
- African Bankers Awards – socially responsible bank of year & deal of year



CARBON DISCLOSURE PROJECT



## Focus on winning the game

- Strong balance sheet
- New management team in place
- Solid franchise & customer base

- Fix businesses with negative economic profits
- Continue with NIR growth strategies
  - + Transactional banking & cross sell
  - + Primary clients
  - + Consolidate & extract value from acquisitions
- Build franchises through client-centric service & products
- Accelerate transformation

# THANK YOU



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