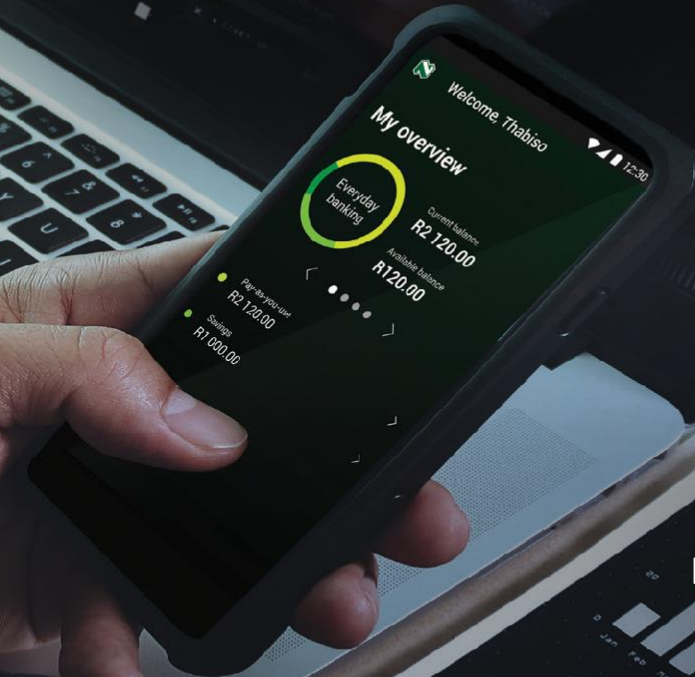


NEDBANK GROUP LIMITED

SBG Fintech Investor Conference

see money differently



Fred Swanepoel (CIO)
7 June 2018

NEDBANK



Meeting the needs of our clients in an increasingly competitive environment...

Delivering to our customers needs...



Simplicity...
an intuitive user experience



More Digital



Simpler products & pricing
across customer journeys



Rewards



Convenience & Instant Gratification



Multi-channel, multi-touchpoint, 24/7, seamless customer experiences











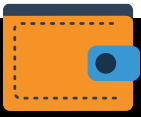





On my terms...
What I want When I want it
Through the channel of my choice...



Availability & effectiveness
of self-service capabilities

... by leveraging new technologies to unlock sustainable competitive advantage...

| | | |
|--|---|--|
|  Cloud Computing |  Block Chain |  Big Data |
|  Machine Learning |  Artificial Intelligence |  Fintech |
|  Robotics / BOTs |  Cyber |  Internet of Things (IoT) |
|  Quantum Computing |  Crypto's |  Virtual Reality (VR) |
|  5G | |  RegTech |

...Why?...



Revenue Uplift



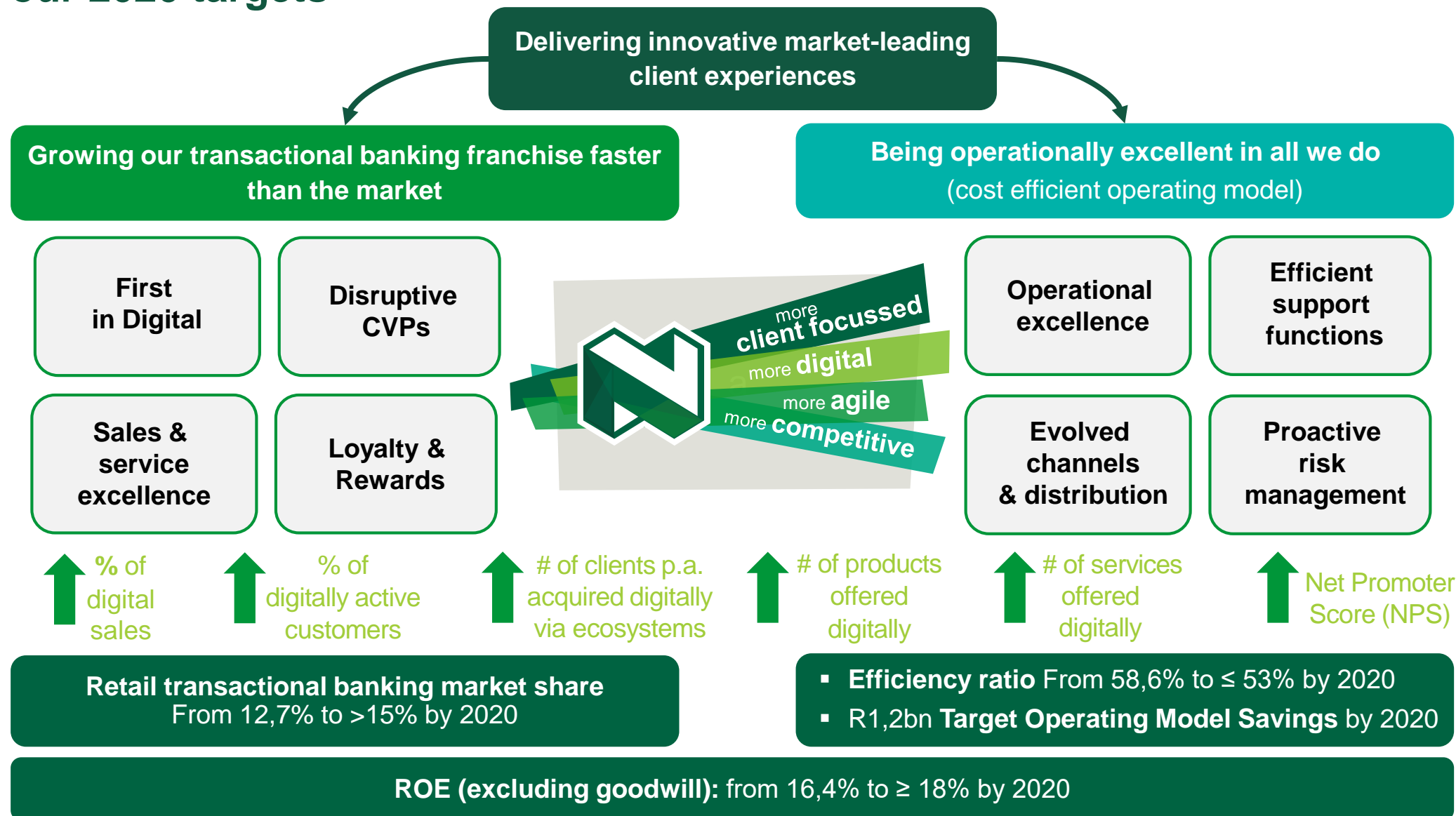
Operating efficiency



How, what and where we go to market



Digital innovation is core to delivering Nedbank's strategy & meeting our 2020 targets



Nedbank's digital innovation journey – how we have chosen to orientate ourselves to 'Compete to Win'



Lane 1:

RUN the Bank

- Secure
- Available
- Scalable

Lane 2:

TRANSFORM the Bank

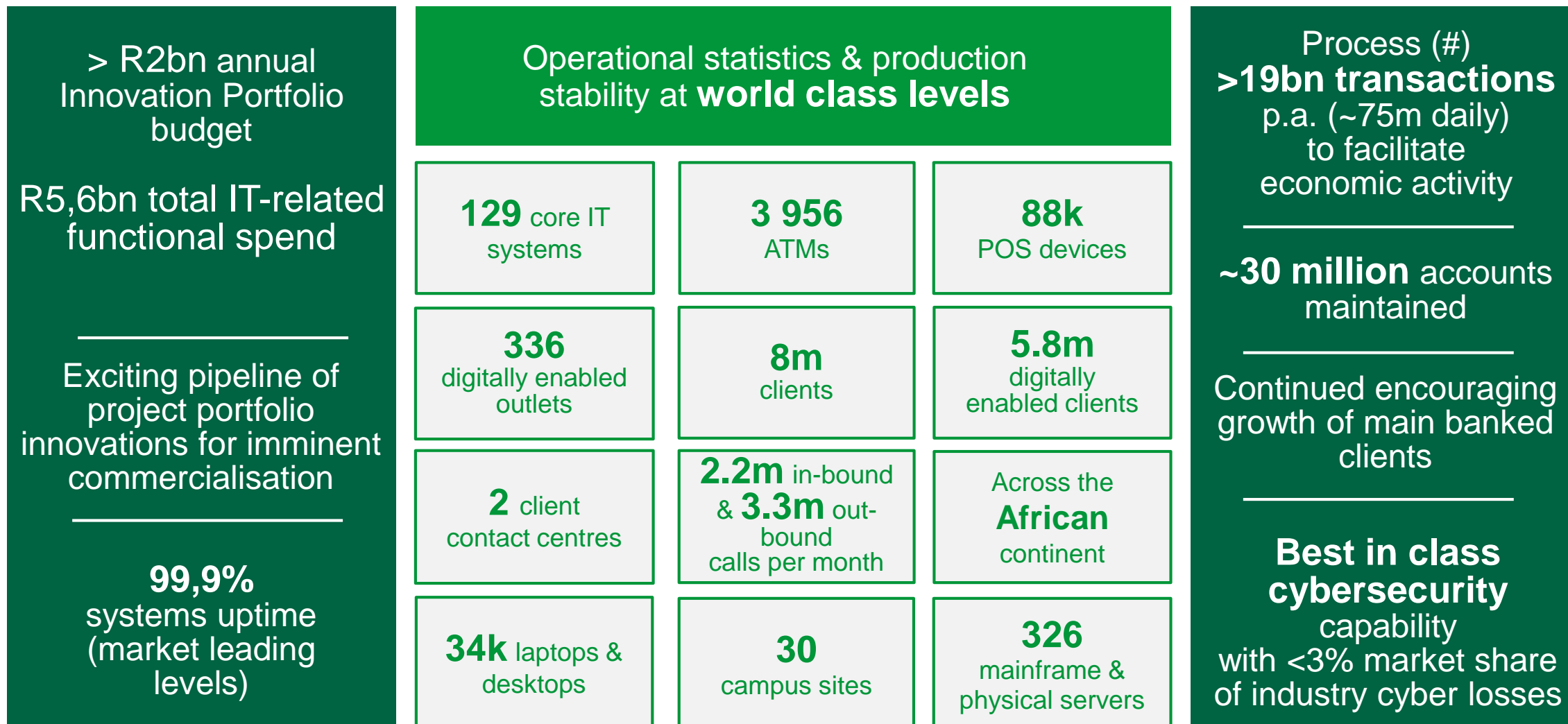
- Digitise existing technology & operations
- Move the organisation from product-centric to client-centric
- Evolve the way we go to market & choose to compete

Lane 3:

DISRUPT the Bank

- Embrace change & lead innovation
- Defend against disintermediation
- Leverage new partnerships (Fintechs)

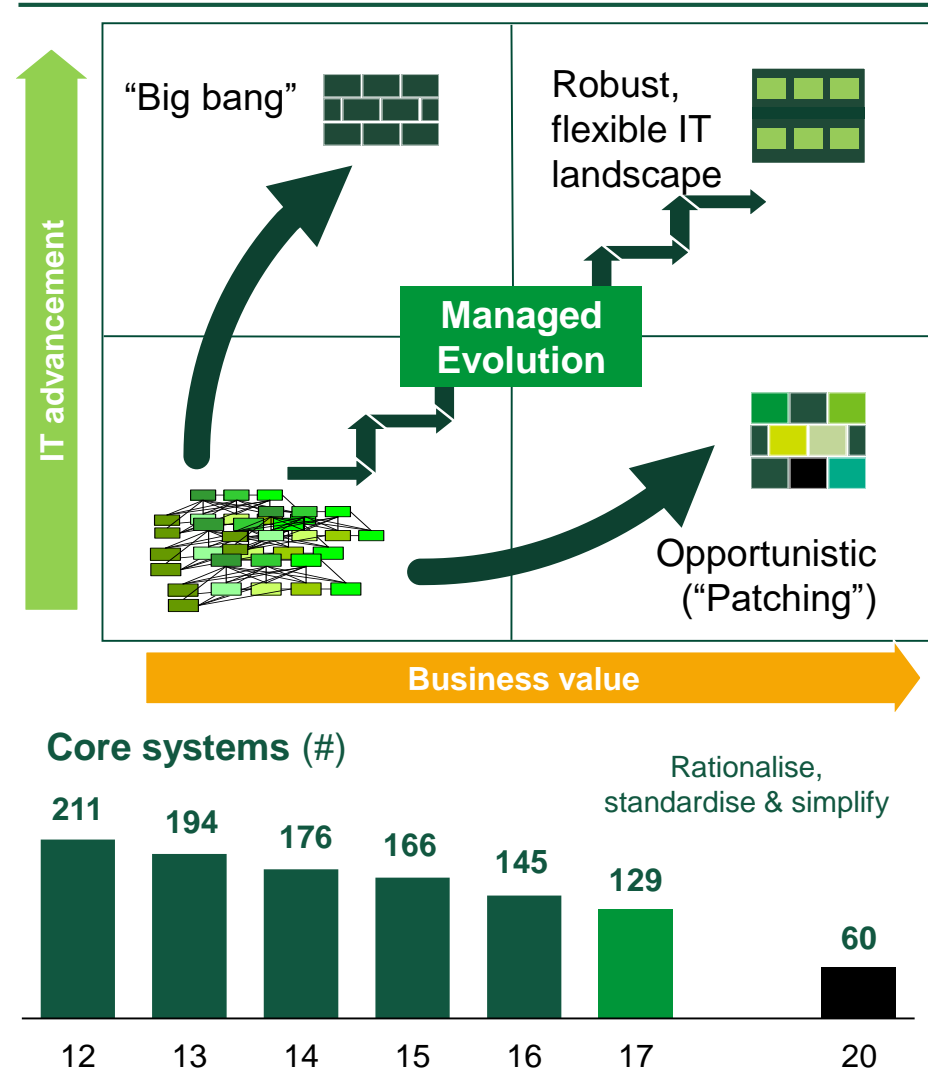
Run the Bank – proven operational excellence in managing a technology capability of significant scale



Transform the Bank – Managed Evolution approach by ‘Hollowing out the core’



The Managed Evolution approach



Embedding the following capabilities into the Nedbank business model:

- 24/7, Real-time
- Agile, flexible multi-layer architecture
- Creates a digitally fit and analytically strong organisation
- Innovative & responsive to change platforms
- Omnichannel client on-boarding & servicing



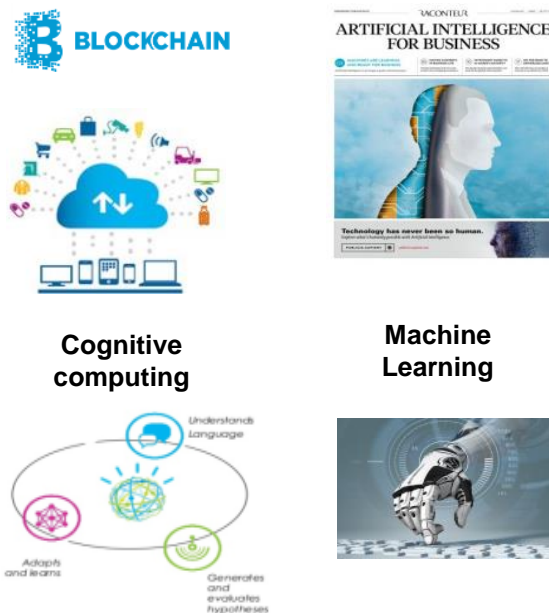
Disrupt the Bank – embracing disruption & new ways of working

Build new innovation capabilities incl. Agile & new Ways of Work (nWoW)

Leverage Fintech partnerships



Embrace emerging technologies



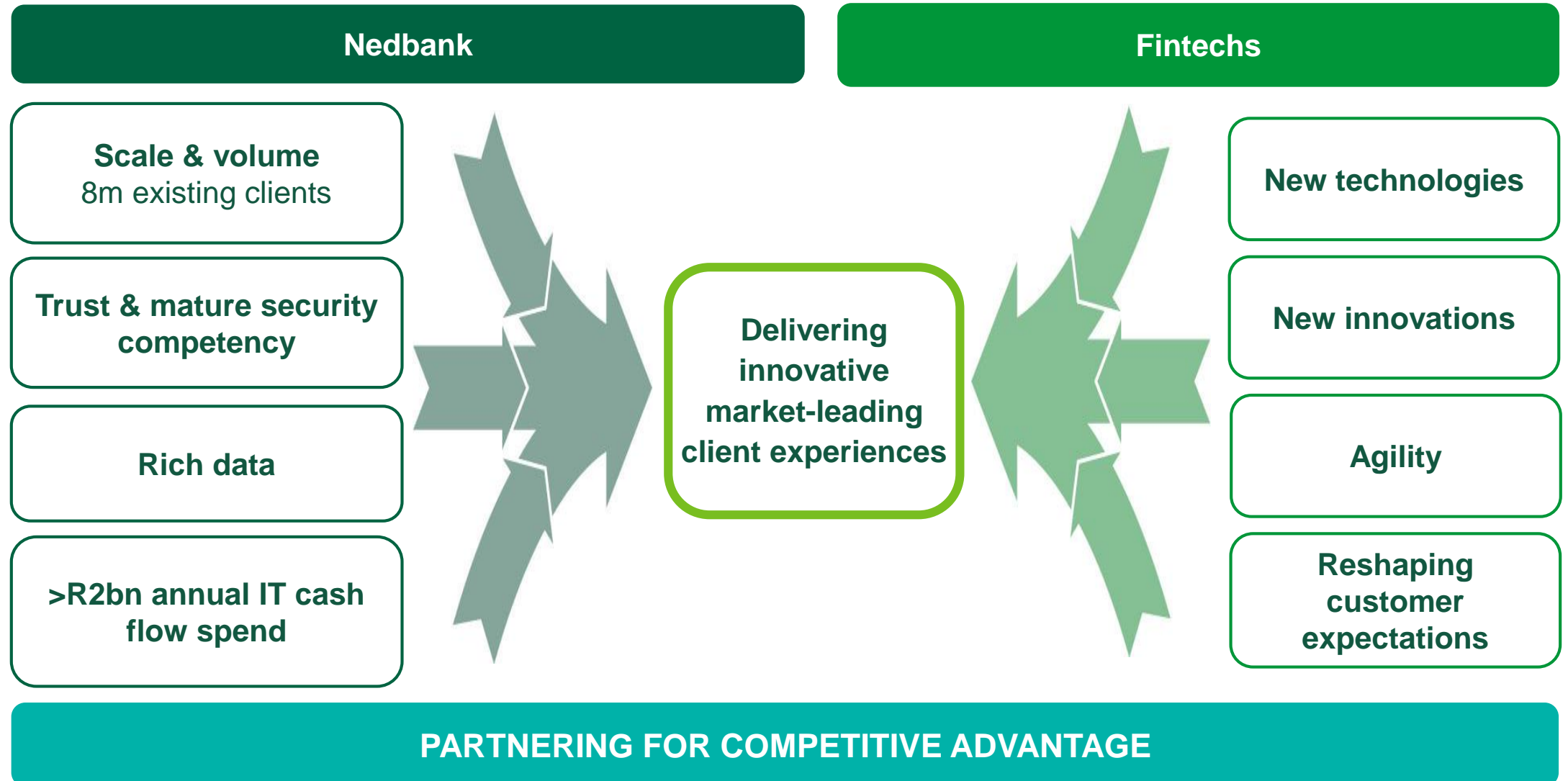
Enhance existing digital assets





Disrupt the Bank - Leverage Fintech partnerships

Leveraging each other's unique attributes and strengths for mutual benefit





Disrupt the Bank - Leverage Fintech partnerships

Our Fintech partner network across the innovation capabilities required to compete effectively in today's digital ecosystem

Innovation scouting

Open innovation partnership & Startbootcamp



Innovation integration

Engineering at pace



Business development & Commercialisation capability

The Digital Playbook



Design thinking & Rapid prototyping

The Design Gold Standard



CX toolkit



Gold Standard design



Service design





Proof points of our innovation capabilities delivering targeted uplift...

First in Digital (drive revenue & lower cost to serve)

Nedbank Private Wealth app

Rated 6th best HNW app globally



Best-in-class client experience & full financial suite of digital services

- Independently rated a **top SA high-net-worth banking app** & 6th-best globally
- Provides **international & local consolidated view** of assets & liabilities

NZone digital branch

Leading in digital outlets



SA's first digital branch – entirely self-service

- Launched at Gautrain Sandton station
- Technology available: **Intelligent Depositor, video banking, quick-chat banking, self service kiosk, virtual reality, grab-and-learn wall, interactive demo station, facial recognition**

Executive EySight™

Cross-sell & client servicing benefits



Real-time client & management information insight

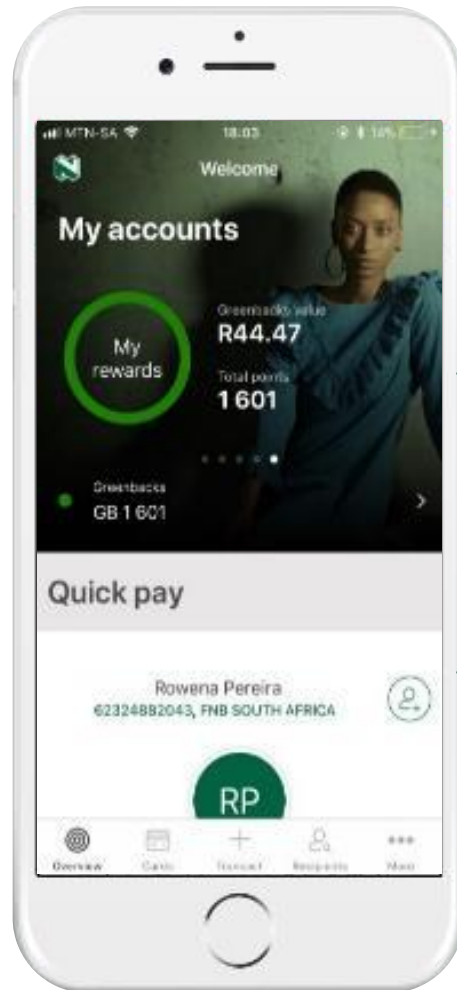
- Insight into **client cross-or up-sell** opportunities
- Continuous enhancements leading to **management insights & predictive analytics**



Proof points of our innovation capabilities delivering targeted uplift...

Sales & service excellence (drive revenue & lower cost to serve)

Over 700k downloads in under 7 months since launch



Money App launched in Nov '17
With -
12 additional services
added in March '18

And a further -
9 services added
in April '18

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

**Top 10 products & 186 services
to be offered digitally by 2020**

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
- Settlement request
- Maintain debit orders
- Overseas travel notification
- 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
- View banker



Proof points of our innovation capabilities delivering targeted uplift...

Disruptive CVPs (unlock new revenue streams)

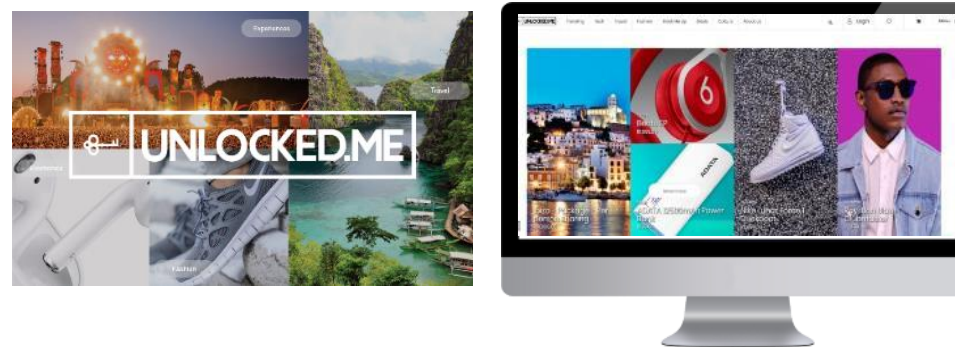
School ecosystem



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)

Innovative lifestyle e-commerce platform



Nedbank's first lifestyle market place, designed with our clients in mind

- 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**

Proof points of our innovation capabilities delivering targeted uplift...

Disruptive CVPs (unlock new revenue streams)



Opportunity



2.7m

African migrants



R14–19bn

Market size: Remittance value SA – Rest of Africa



25%

Through mobile / digital channels internationally



60%

Through international cash transfers

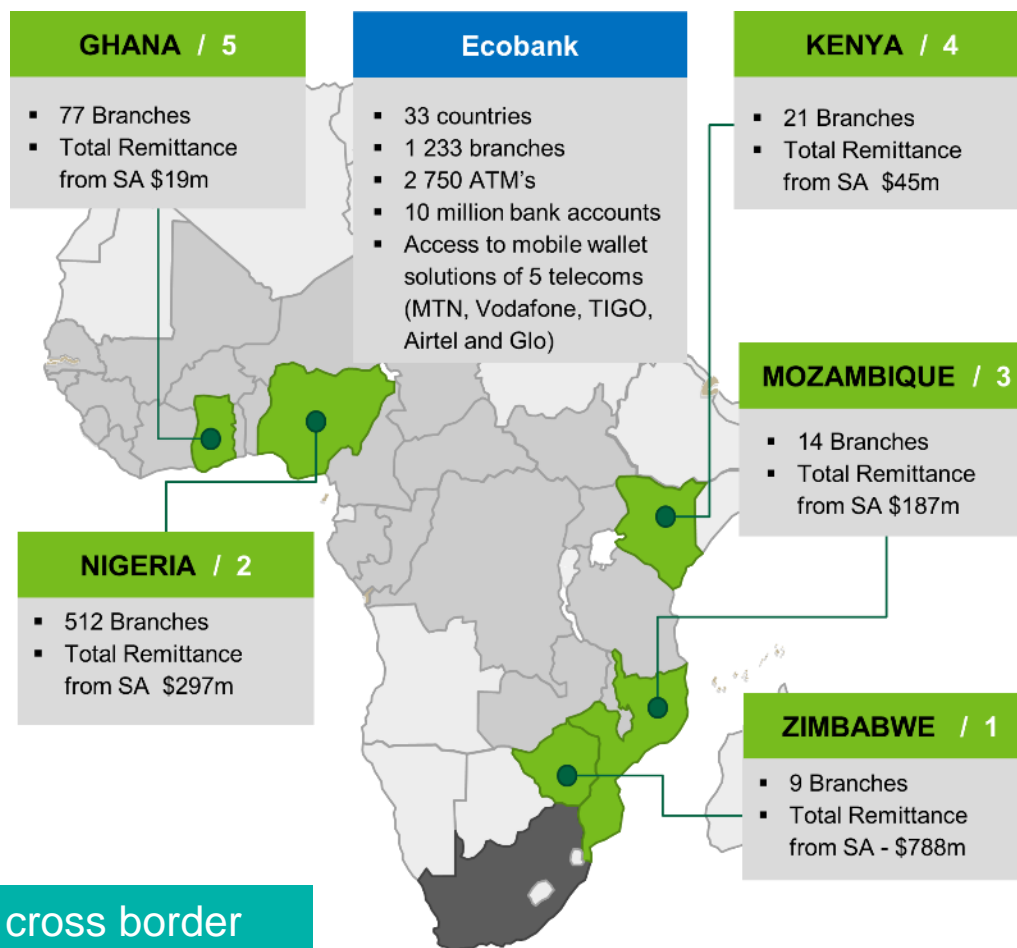


5%

Through traditional banking channels internationally

The Nedbank / Ecobank integrated cross border transfer solution was delivered in 90 days

Access & distribution



Differentiation ¹

Cheap

Lowest cost to client in the industry (no third parties)

Quick

Instant cross border transfer
– subject to regulatory & compliance checks (other solutions 10 min to 2 days)

Easy

Usage across all channels
– initially account to account, mobile app & website. Moving to wallet, USSD, ATM, branches, etc.

Available in **33 countries**

24 hours – initially business operating hours, moving to 24/7

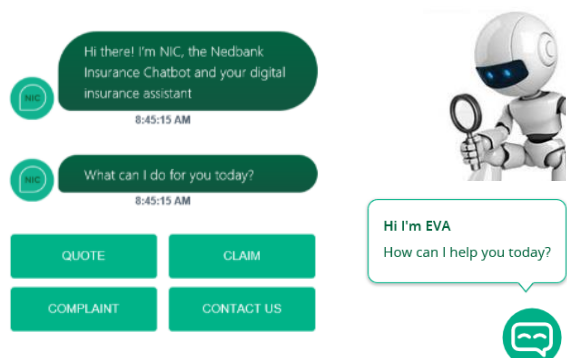


Proof points of our innovation capabilities delivering targeted uplift...

Operational excellence (drive efficiencies)

Chatbot & robo-advisors

Leading in market



Lower cost to serve

- **Market-leading robo-advisor**
- Chatbot (NIC) - pioneering **digital insurance assistant**. First in African insurance market
- Chatbot (EVA) allows **simple transactions 24/7**. First in market in the SA asset management industry

Robotic process automation

First implementations delivering benefits

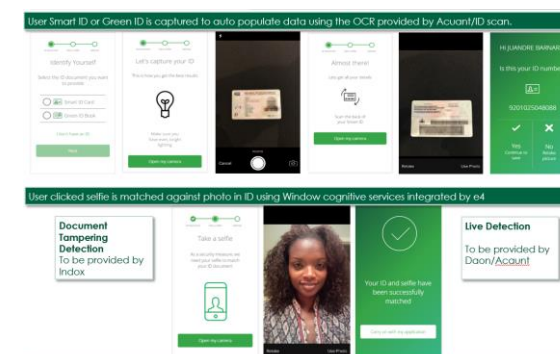


Improve efficiencies, accuracy & quality of work

- **50 software robots** implemented in 2017
- **>200 planned for rollout** in 2018

Remote FICA & onboarding

First to market



Lower cost of onboarding

- Onboard from the **comfort of your couch**
- **Simplicity and intuitive user experience**
- Availability & **effectiveness of self-service capabilities**

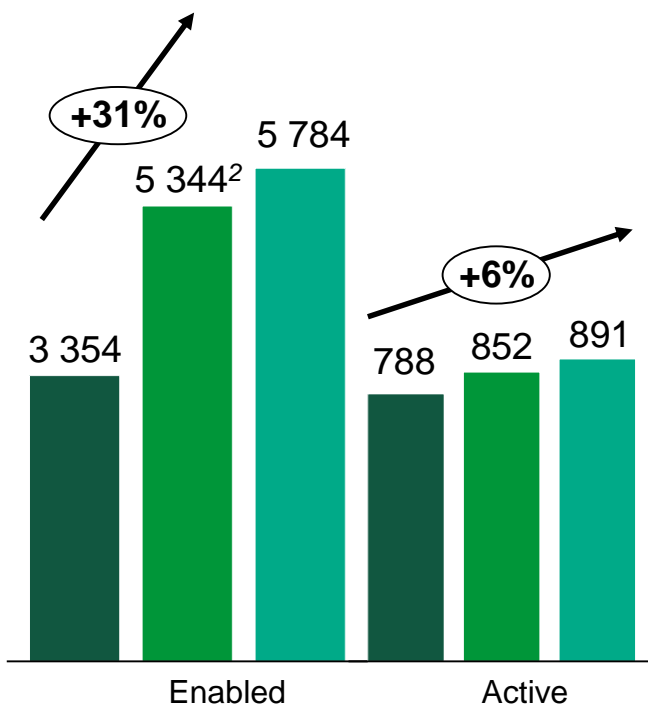
Proof points of our innovation capabilities delivering targeted uplift...

Evolved channels & distribution (drive revenue & lower cost to serve)



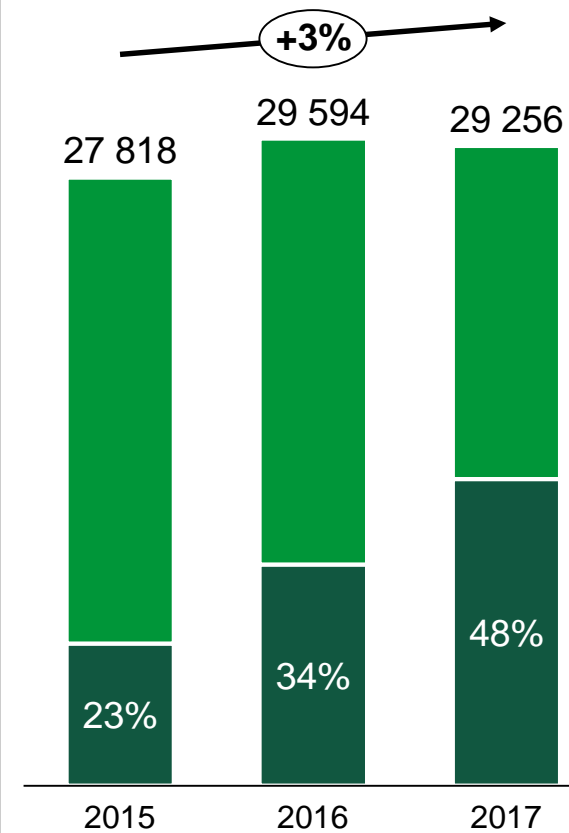
Digital clients¹ (# 000)

Dec'15 Dec'16 Dec'17



Deposit volumes (# 000)

Traditional deposits Self-service deposits



Change in 2017

Devices

| | | |
|------------------------|---------------|-------|
| Intelligent Depositors | ▲ | 30% |
| ATMs | ▼ | (5%) |
| Video bankers | ▲ | 21% |
| Self-service kiosks | ▲ | >100% |
| Interactive tellers | Launched 2017 | |

Volumes

| | | |
|-------------------------|---|-------|
| Digital volumes | ▲ | 18% |
| Total App usage | ▲ | 38% |
| Money App registrations | ▲ | 130k |
| ID deposits | ▲ | 39% |
| Teller activity | ▼ | (13%) |

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.



Disrupt the Bank

Build new innovation capabilities – Bolstering execution capability

Performance vs budget & Time to Market for projects in execution

Large Projects

Large sized projects are delivering at the same speed and 50% cheaper

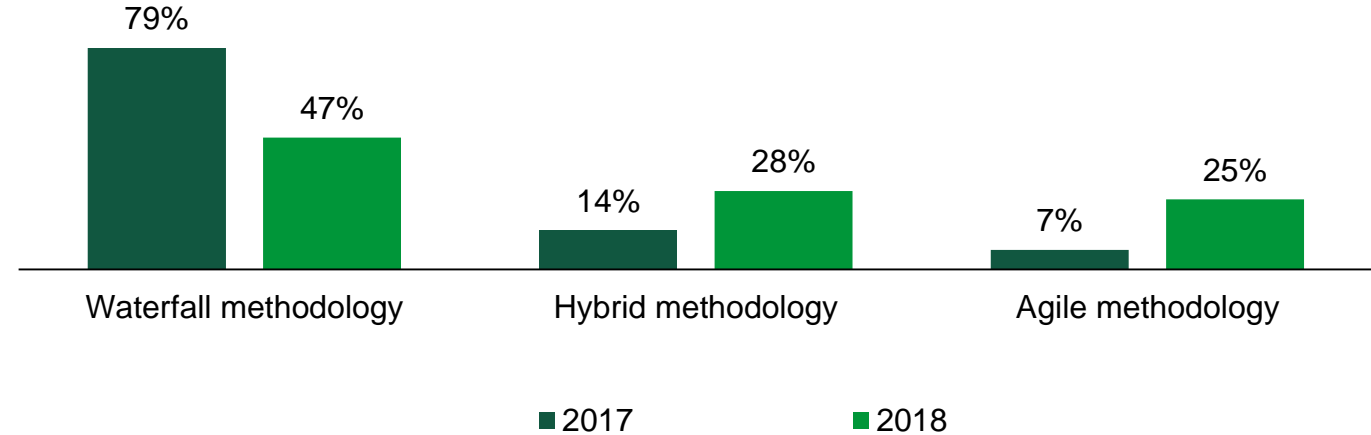
Medium Projects

Medium sized projects are delivering 13% quicker and 16% cheaper

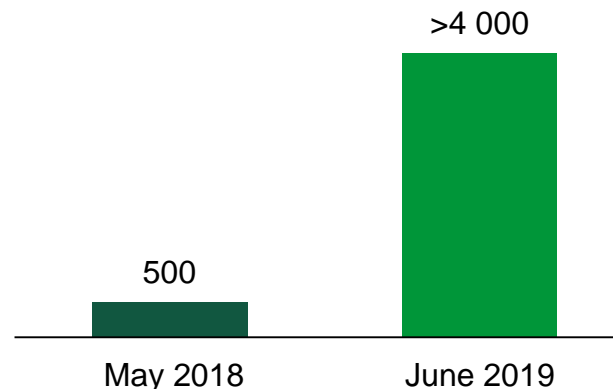
Small Projects

Small sized projects are delivering 31% quicker and 42% cheaper

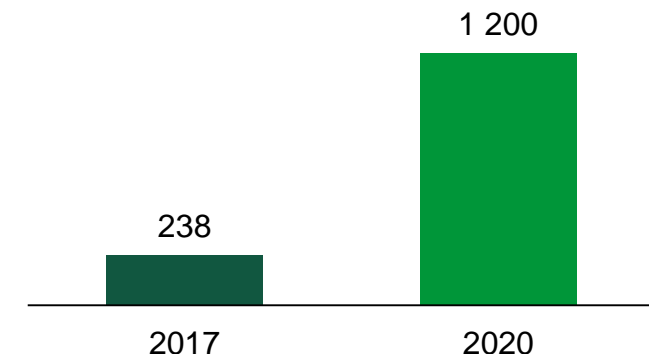
Number of projects (%)



Staff involved in nWoW (#)



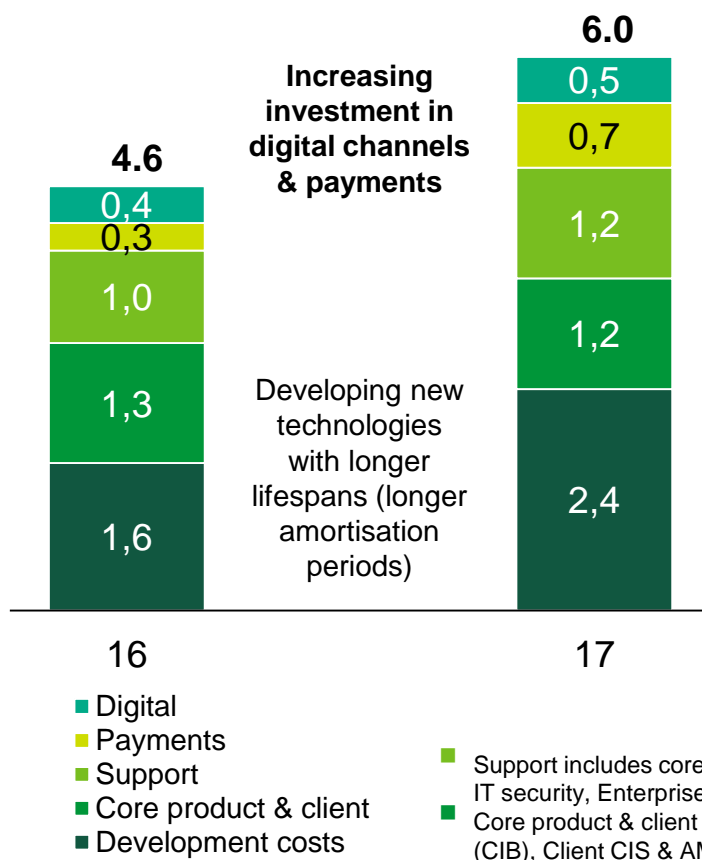
Target operating model savings (R'm run-rate)



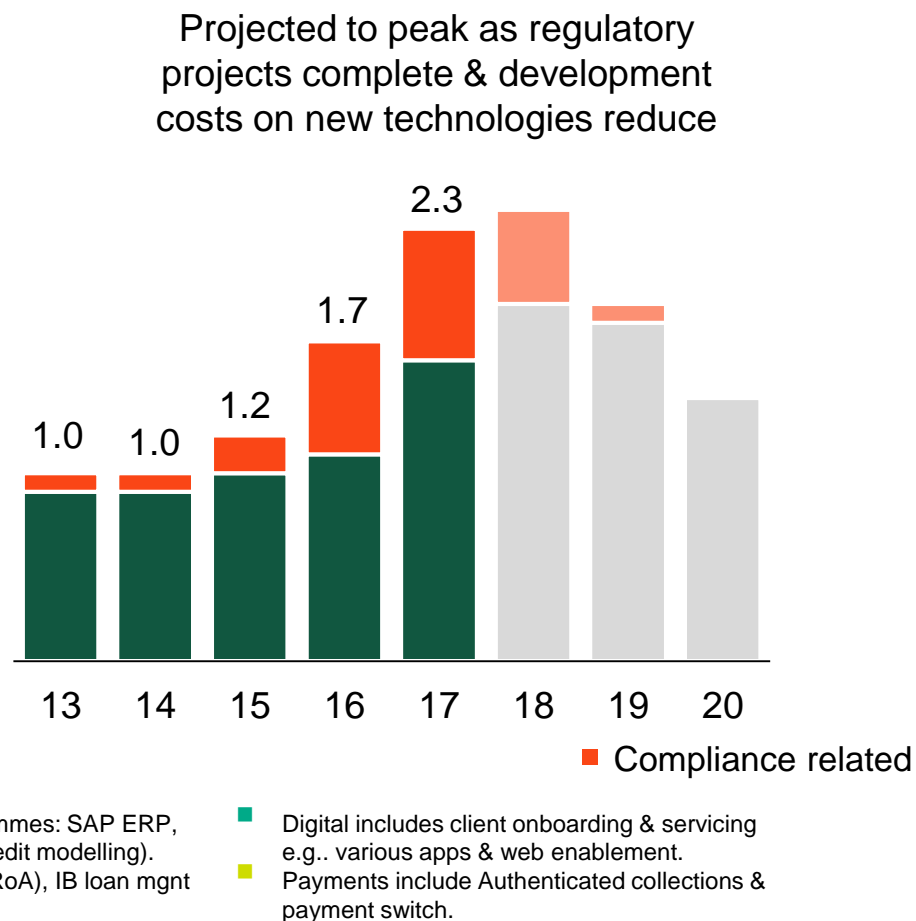
Transform the Bank – Investing in technology in a cost efficient & risk mitigated manner



Capitalised IT costs (Rbn)



IT cashflow spend (Rbn)



IT Intensity Ratio (%)

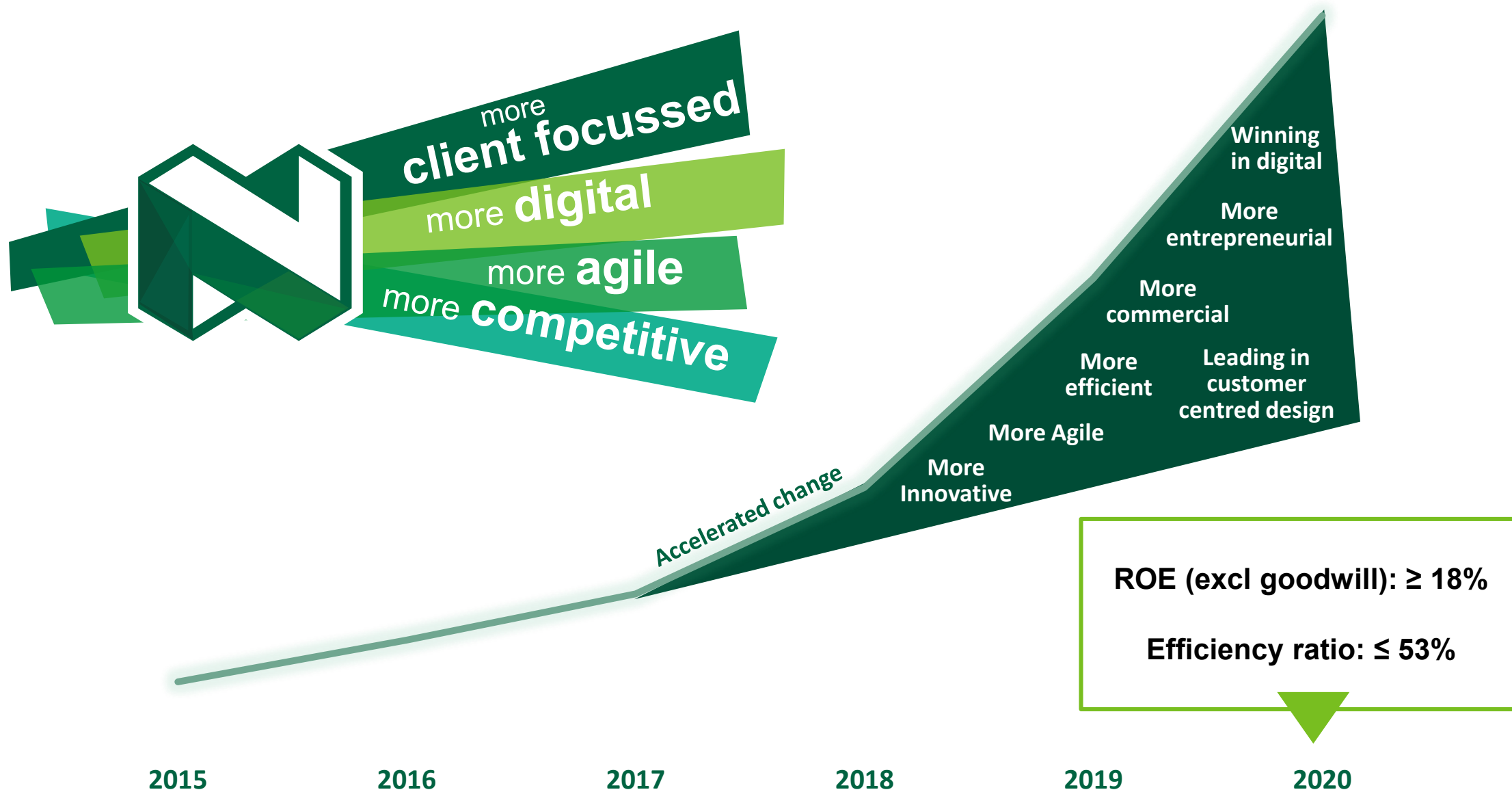
Nedbank's IT Intensity ratio of:

- FY'17: 18,8%
- FY'16: 18,8%

continues to benchmark favourably vs. that of local & emerging market peers



In closing... @ Nedbank we are accelerating our digital aspirations....



A hand is holding a smartphone in the foreground, displaying a banking application. The app's interface includes a green header with a logo and the text "Welcome, Thabiso". Below this is a section titled "My overview" which features a green circular progress indicator labeled "Everyday banking". To the right of the circle, the "Current balance" is listed as "R2 120.00" and the "Available balance" as "R120.00". At the bottom of the screen, there are two rows of data: "Pay-as-you-use" with a value of "R2 120.00" and "Savings" with a value of "R1 000.00". In the background, a laptop is open, showing a dark-themed dashboard with various charts and graphs. The scene is set on a light-colored wooden desk.

THANK YOU

Contact us



Nedbank Group
nedbankgroup.co.za
Nedbank Group Limited
Tel: +27 (0) 11 294 4444
Physical address
135 Rivonia Road
Sandown
2196
South Africa

Nedbank Investor Relations
Head of Investor Relations
Alfred Visagie
Direct tel: +27 (0) 11 295 6249
Cell: +27 (0) 82 855 4692
Email: AlfredV@nedbank.co.za

NedgroupIR@nedbank.co.za



Nedbank CIO Office & Strategy
Executive: Strategy & CIO Office
Adriano Cosani
Direct tel: +27 (0) 11 235 4215
Cell: +27 (0) 82 940 2319
Email: Adrianoc@nedbank.co.za

GT-Strategy@nedbank.co.za

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