NEDBANK WEALTH

SBG FINANCIALS CONFERENCE

6 November 2020

see money differently

AGENDA

1. Nedbank Wealth – value to Nedbank
2. Nedbank Wealth at a glance
3. Divisional focus
4. Impact of COVID-19
5. Outlook

1

NEDBANK WEALTH
VALUE TO NEDBANK

1 OUR ORGANISATIONAL STRUCTURE

NEDBANK GROUP

What they do

Nedbank Corporate & Investment Banking

Services corporates, institutions and parastatals with a turnover of over R750 million per annum

Offers a full suite of wholesale banking solutions, including investment banking and corporate lending, global markets and treasury, commercial-property finance, deposit-taking, and transactional banking.

Nedbank Retail & Business Banking

Services individual clients and businesses

Offers a full range of services on Banking and Beyond, including transactional banking, card and payment solutions, lending solutions, deposit-taking, risk management, investment products, card-acquiring services for businesses, ecosystems and platforms-based solutions.

Nedbank Wealth

Services high-net-worth individuals as well as other retail, business and corporate clients

Offers a wide range of financial services, including high-net-worth banking and wealth management solutions, as well as asset management and insurance offerings.

Nedbank Africa Regions

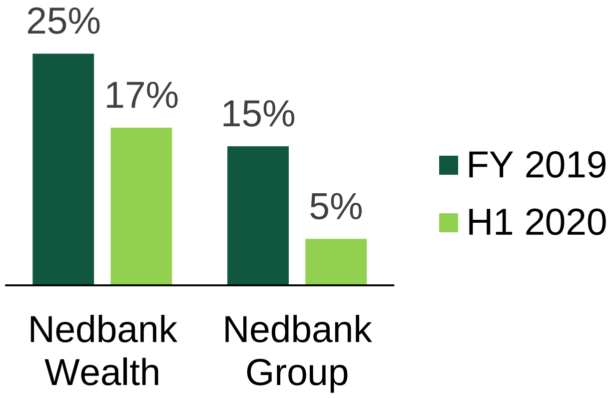
Services retail, business and corporate clients, as well as SMEs, across the countries we operate in

Offers a full range of banking services, including transactional, lending, deposit-taking services and card products, as well as selected wealth management offerings.

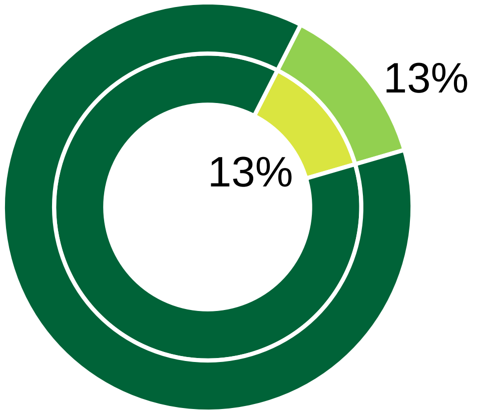
There's also a bancassurance offering In selected markets.

1 OUR CONTRIBUTION TO NEDBANK

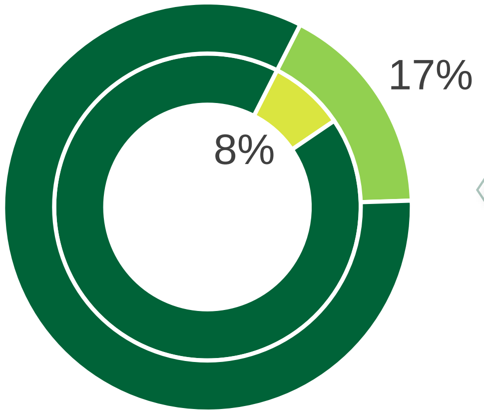
HIGH ROE AND NIR BUSINESS



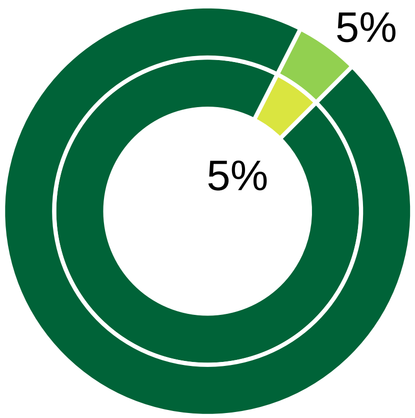
RETURN ON EQUITY



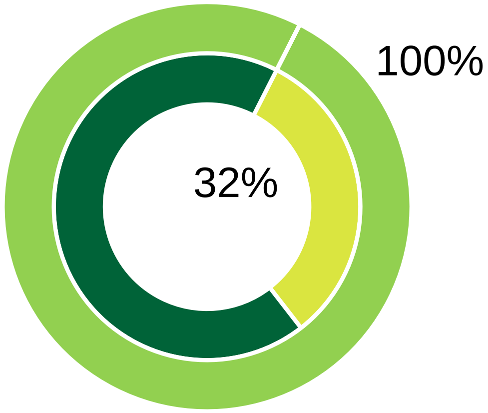
NON-INTEREST REVENUE



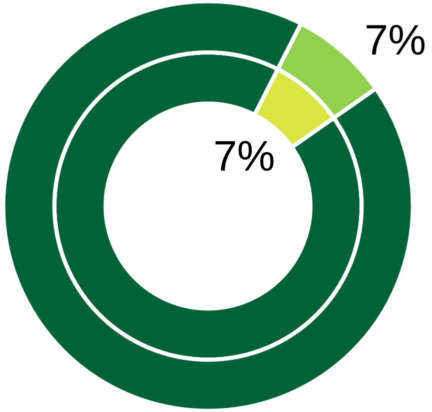
HEADLINE EARNINGS



CAPITAL CONSUMED



ECONOMIC PROFIT



HEADCOUNT

Outer circle: H1 2020
Inner circle: FY 2019

1 HOW WE ADD VALUE TO OUR CLIENTS AND NEDBANK

Benefits to our clients	Benefits to Nedbank
▪ **Convenience** – integrated offering ▪ **Ease of doing business** ▪ **Competitive pricing** (e.g. lower acquisition costs) ▪ **Single maximised loyalty programme** for all financial services ▪ **One-stop-shop for all financial services needs** ▪ **More compelling CVP for Nedbank clients**	▪ **Maximize share of financial services wallet** (High ROE, EP & NIR generative) ▪ **Reduce bank risk** (e.g. HOC for home loans | Life, disability & retrenchment for debt) ▪ **Stronger client life cycle management** ▪ **Cost effective use of shared capabilities** (e.g. premises, systems etc.) ▪ **Access to a more comprehensive set of financial services**

How we leverage Nedbank's resources

Access to 7.6m Nedbank client base	Access to rich client data	Ability to offer holistic financial services	Leverage technology capability and R2bn annual cashflow spend
Leverage group support services	Ability to integrate offerings	Leverage Nedbank's physical and digital channels	Leverage the Nedbank brand

2

NEDBANK WEALTH AT A GLANCE

2 OUR RICH HISTORY & HERITAGE

DATES BACK TO 1831

1

1831 – 1843

1831: Cape of Good Hope Bank est.
1834: Origins of Syfrets BoE Trust
1838: BoE established in Cape Town
1843: Syfrets Trust est.

2

1882 – 1969

1882: Natal Business Society (NBS) est.
1888: Nederlandsche Bank en Credietvereenigeng voor Zuid-Afrika founded
1951: Nederlandsche Bank split from overseas counterparts & became NBSA
1969: NBSA 100% SA owned

3

1970 – 1997

1971: NBSA changed name to Nedbank
1977: NBS Life Insurance established
1993: Nedbank Group Insurance Services (NGIS) established
1997: Merger of NIB, Syfrets & UAL Merchant Bank

4

1998 – 2001

1998: NGIS changed name to Nedbank Insurance Brokers
2001: Nedlc est. later renamed as Nedgroup Insurance Company
2001: Nedbank & Old Mutual acquired Flemings Offshore Banking, later rebranded Gerrard Private Bank

5

2002 – 2003

2002: Nedbank acquired BoE & NIB
2003: Sale of institutional asset management to Old Mutual, Amalgamation of Nedcor unit trust companies | Six businesses merged to create BoE companies

6

2004 – 2010

2004: Gerrard Private Bank renamed Fairbairn Private Bank (FPB)
2009: Bancassurance & Wealth (Asset Management, Wealth Management & Insurance) formed as a separate cluster post buy-back of joint ventures.
2010: B&W changed name to Nedbank Wealth

7

2012 – 2015

2012: FPB & international Trust entities consolidated & aligned with BoE Private Clients
2012: Consolidated HNW brand, NPW launched
2015: Consolidation of three Insurance businesses | Nedbank Insurance est.

8

2017 – present

2018: Launched innovative digital solutions including chatbots, robo-advice & the NPW App Strategic refocus for Wealth Management International
2019: Strategic refocus for Wealth Management SA
2020: Launch of Personal lines MVP

Key milestones

2 NEDBANK WEALTH

IS COMPRISED OF FOUR MAIN BUSINESS DIVISIONS

NEDBANK WEALTH

Insurance

… to be the preferred provider of insurance solutions for all Nedbank clients.

Asset Management

… to be the most trusted South African investment business with a growing presence in the rest of Africa and Europe.

Wealth Management (SA)

… to be recognised as a leader in wealth management, providing integrated advice and solutions.

Wealth Management (International)

… to be recognised in the London HNW community as a quality, innovative advice-led private bank and investment manager.

… to be the leading Wealth Manager for South African resident and expat HNW clients.

3 DIVISIONAL FOCUS

3 INSURANCE

3 THE PREFERRED PROVIDER OF INSURANCE SOLUTIONS TO NEDBANK CLIENTS

NEDBANK INSURANCE

Competitive advantages…

- Access to Nedbank's client base
- Brand strength & ability to integrate offerings
- Extensive data insights – banking and transactional
- Single financial view of client

What sets us apart…

- **Convenience** – integrated offering where and when needed
- **Ease of doing business** – single bankwide onboarding, single financial application, etc
- **Exceptional client service** – aligned through all client touch-points & channels
- **Offer better value** – lower relative acquisition costs

What we offer

Life

- Investments and savings solutions
- Credit life and simple risk
- Living Annuity Plus

Non-life

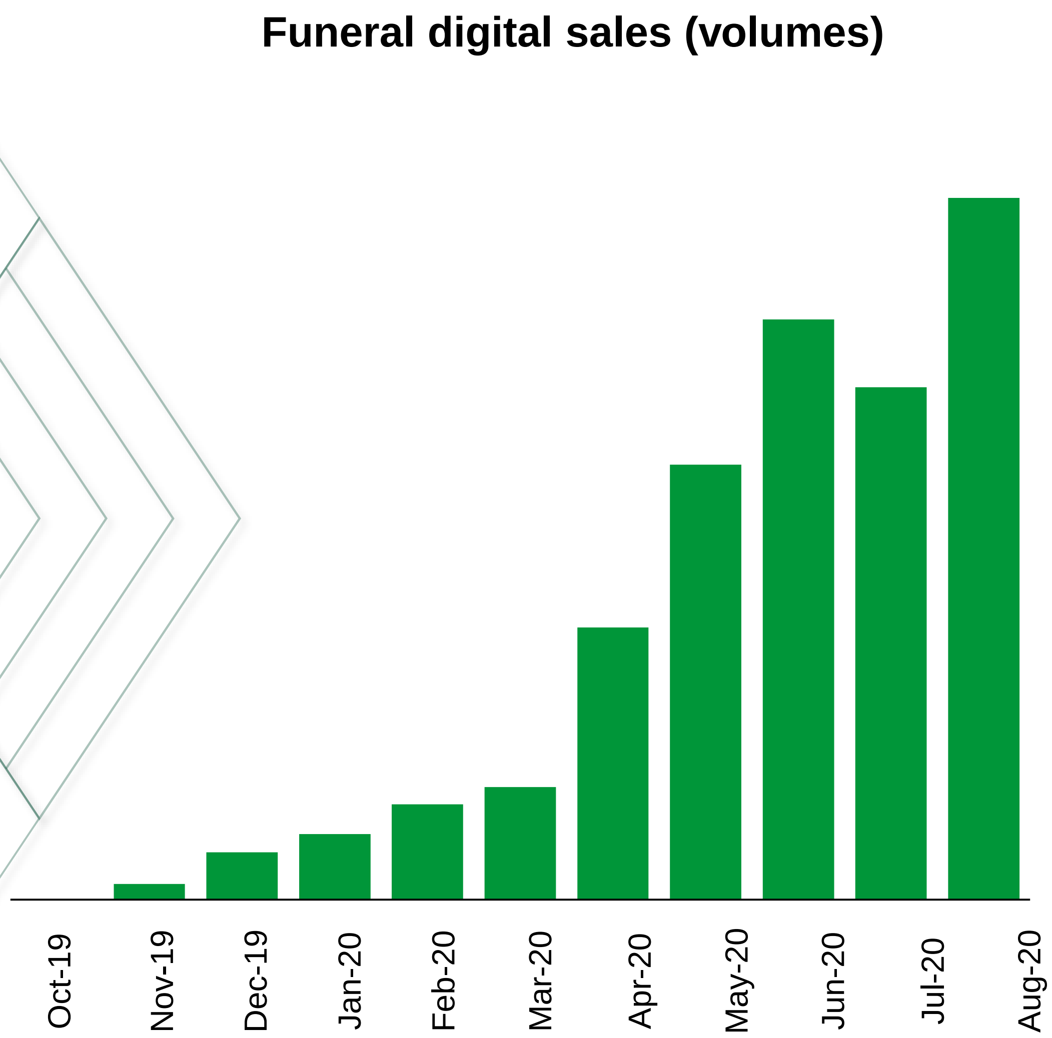
- Homeowners cover
- Personal accident and health
- Personal lines and VVAPs
- Legal expenses insurance

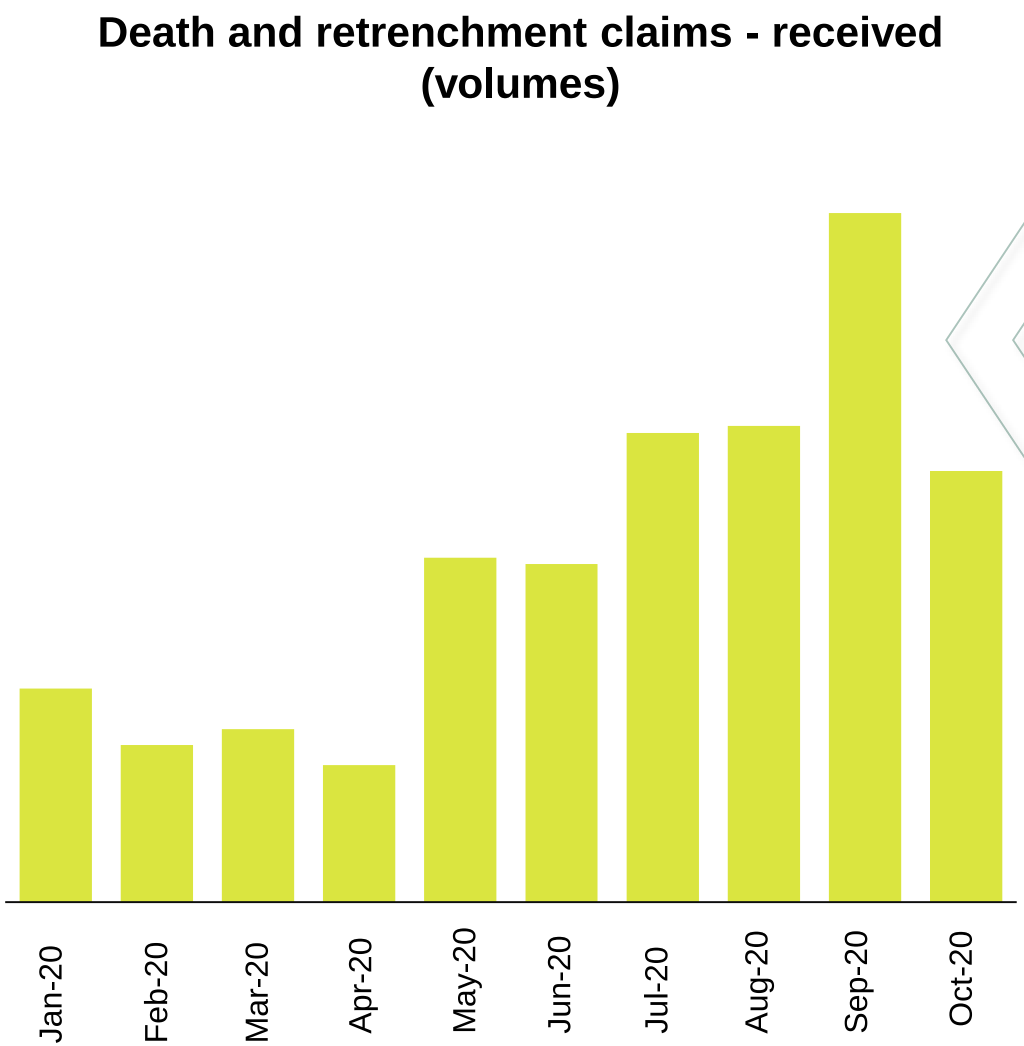
Distribution

- Nedbank Insurance brokered solutions
- External best-of-breed solutions
- Multi-channel support incl. digital

3 INSURANCE TRENDS

NEDBANK INSURANCE





3 OUR FOCUS AREAS

NEDBANK INSURANCE

- Invest in people and culture
- Enhance client experience
- Deliver client centred solutions
- Improve and leverage access to data
- Expand mobile and digital propositions
- Leverage bank relationships

3 CREDENTIALS

NEDBANK INSURANCE

2019 INNOVATION OF THE YEAR AWARD

Nedbank Insurance was acknowledged as a Model Insurer of the Year in the category Legacy and Ecosystem Transformation. The award recognised the highly successful and unique single policy administration system

2019 IAB BOOKMARK AWARDS

Nedbank Insurance received Gold awards in the Customer Experience and IoT categories for its Senseable Smart Geyser initiative

AFRICAN INSURANCE AWARDS

Nedbank Insurance's Senseable won an Innovation of the Year Award

3 ASSET MANAGEMENT

3 DELIVERING LONG-TERM INVESTMENT PERFORMANCE

NEDGROUP INVESTMENTS

What sets us apart…

- Best of Breed™ exclusivity
- Good long-term track record (SA and International)
- Strong stewardship mentality
- Low cost-multi asset
- Cash franchise and asset swap capacity
- Global proposition
- Alignment with Nedbank
- Strong market share over the past 15 years

What we offer

South Africa

- Unit trusts
- Tax-free investments
- Retirement Annuities
- Living Annuities
- Multi-managed solutions

International

- Unit trusts
- Multi-managed solutions

3 BEST OF BREED™ MODEL

NEDGROUP INVESTMENTS

We find the best managers in the world so you don't have to.

ABAX investments
Aylett [&Co] Fund Managers
BRIDGE FUND MANAGERS
DENKER CAPITAL
FOORD
LAURIUMCAPITAL
PRUDENTIAL INVESTMENT MANAGERS
Taquanta
Truffle Asset Management
ARDEVORA
BlackRock
FPA investors first
NS PARTNERS
Pyrford
RESOLUTION CAPITAL
Veritas Asset Management

SA Multi-asset

All of our funds rank in the top quartile of their ASISA peer group since inception

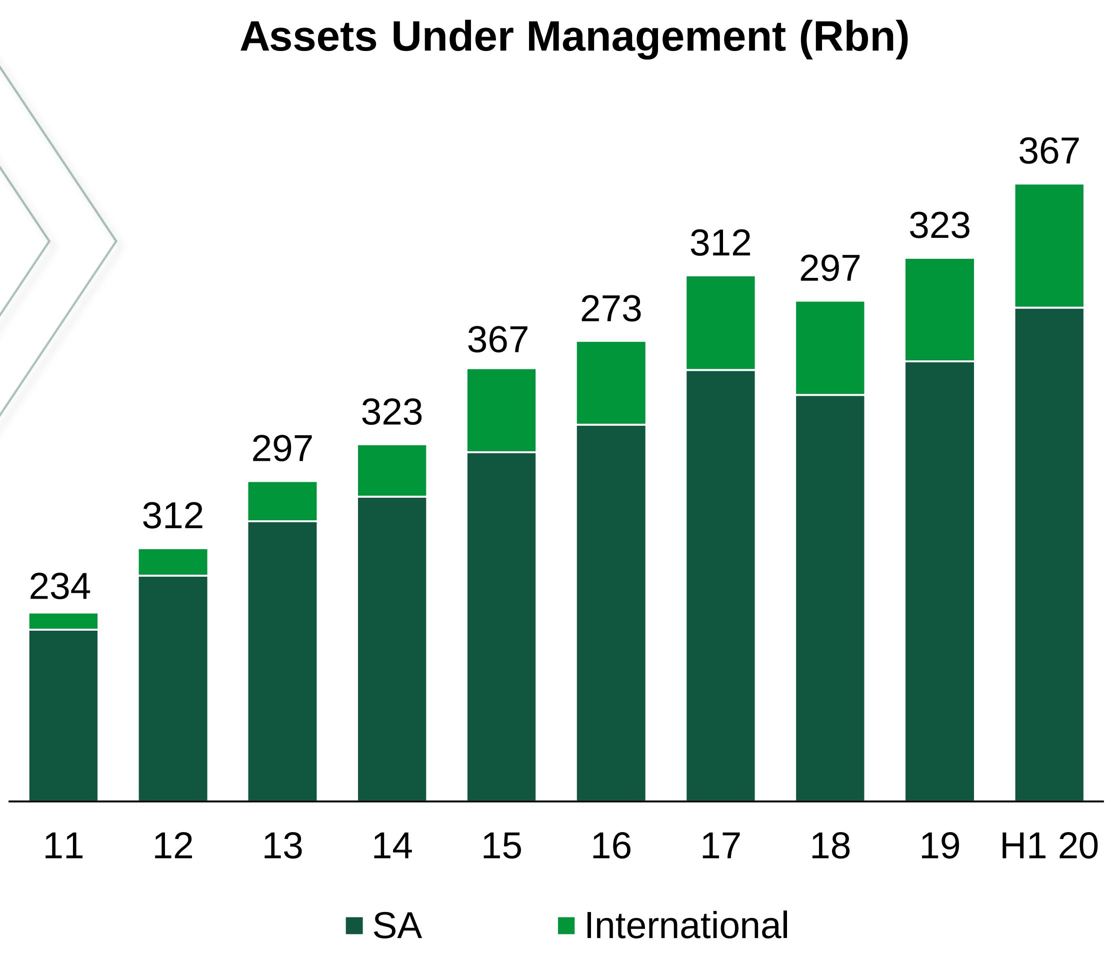
NEDGROUP Investments Stable Fund:
Top performing fund over 1 and 10 years

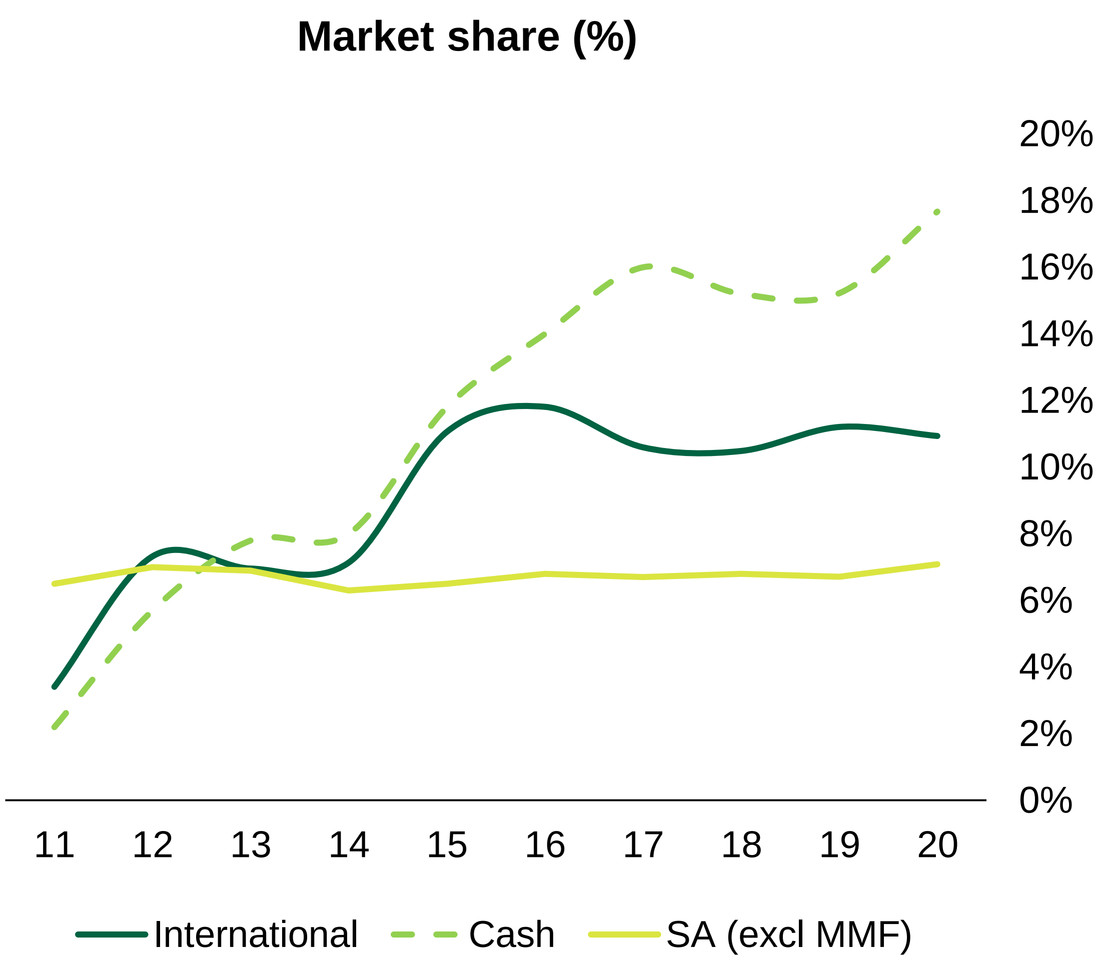
NEDGROUP Investments Flexible Income Fund:
Top quartile over 5,7,10 years and since inception (Nov 2004)

NEDGROUP Investments Balance Fund:
Top quartile over 1,3,5,7 years and since inception (Oct 2011)

3 ASSET MANAGEMENT TRENDS

NEDGROUP INVESTMENTS





3 OUR FOCUS AREAS

NEDGROUP INVESTMENTS

LONG-TERM INVESTMENT PERFORMANCE

Long term performance is a key focus for Nedgroup Investments and our Best of Breed Model™ partners. This is highlighted in Nedgroup Investments' success as Offshore Manager of the Year for the 5th consecutive year by the Raging Bull Awards.

PRODUCT INNOVATION

MyRetirement Solution, launched earlier this year, is the first retirement investment planning offering of its kind in South Africa and is built on three vital retirement decision-making pillars: personalised retirement coaching and advice; digital retirement plan modelling; and innovative annuity products.

ESG/RESPONSIBLE INVESTING

Nedgroup Investments is committed to applying ESG considerations in the investment process to allow investors to use their power to hold companies accountable for both positive and negative environmental and social impacts.

3 CREDENTIALS

NEDGROUP INVESTMENTS

RAGING BULL AWARDS

- 2009 – 3rd SA Management Company of the year
- 2010 – 2nd SA Management Company of the year
- 2011 – 2nd SA Management Company of the year
- 2012 – 3rd SA Management Company of the year
- 2013 – 3rd SA Management Company of the year
- 2014 – 3rd SA Management Company of the year
- 2015 – 1st SA Management Company of the year; 1st Offshore Management Company of the year
- 2016 – 3rd SA Management Company of the year; 1st Offshore Management Company of the year
- 2017 – 1st Offshore Management Company of the year
- 2018 – 1st Offshore Management Company of the year
- 2019 – 1st Offshore Management Company of the year

The Banker TECH PROJECTS AWARDS 2018

WINNER – 2018
AI AND ROBOTICS FOR ROBO ADVISOR AND CHATBOT

Gartner

FINALIST – 2018
GARTNER EYE ON INNOVATION AWARDS FOR ROBO ADVISOR AND CHATBOT

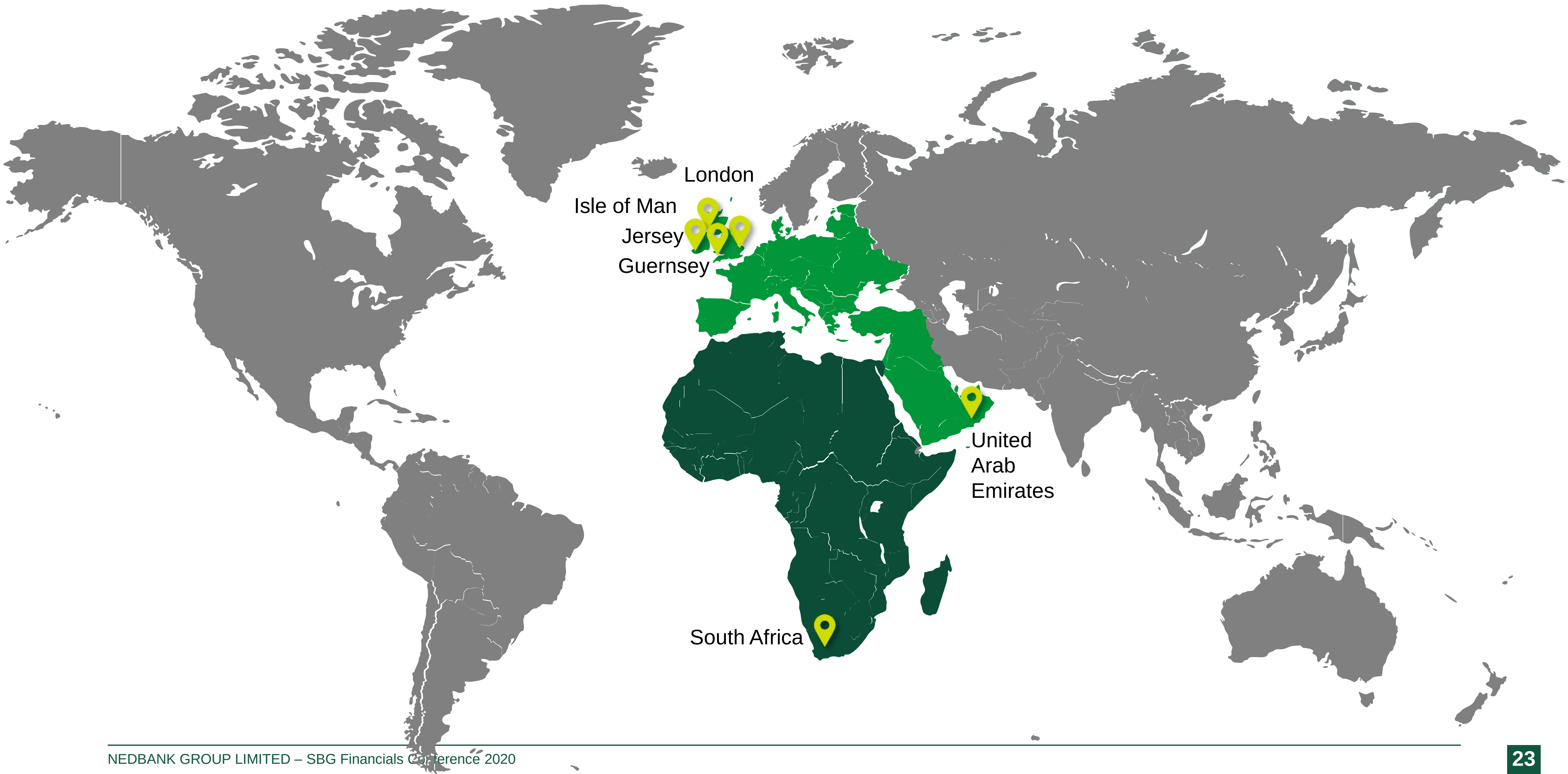
MORNINGSTAR

WINNER – 2020
BEST GLOBAL EQUITY FUND

3 WEALTH MANAGEMENT

3 OUR WEALTH MANAGEMENT PRESENCE

NEDBANK PRIVATE WEALTH



3 INTEGRATED SOUTH AFRICA & INTERNATIONAL HIGH-NET-WORTH FRANCHISE

NEDBANK PRIVATE WEALTH
SINCE 1834

What sets us apart

- Holistic Private Wealth offering
- Strong international presence and offering for South African-based clients
- Ability to cross sell into the rest of the Nedbank client base (RBB & CIB)
- Our award-winning Nedbank Private Wealth app
- Long history and heritage

What we offer

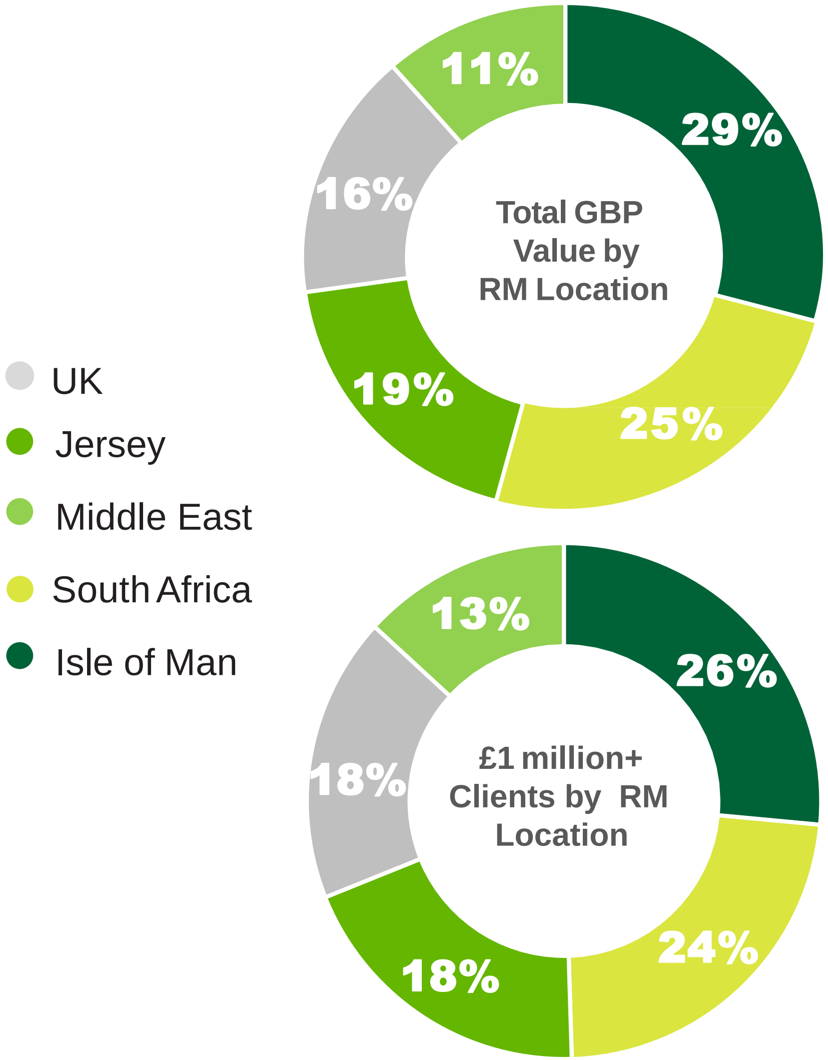
- Private Banking
- Financial planning
- Investment Management
- Fiduciary
- Philanthropy

The Nedbank Private Wealth Philanthropy offering

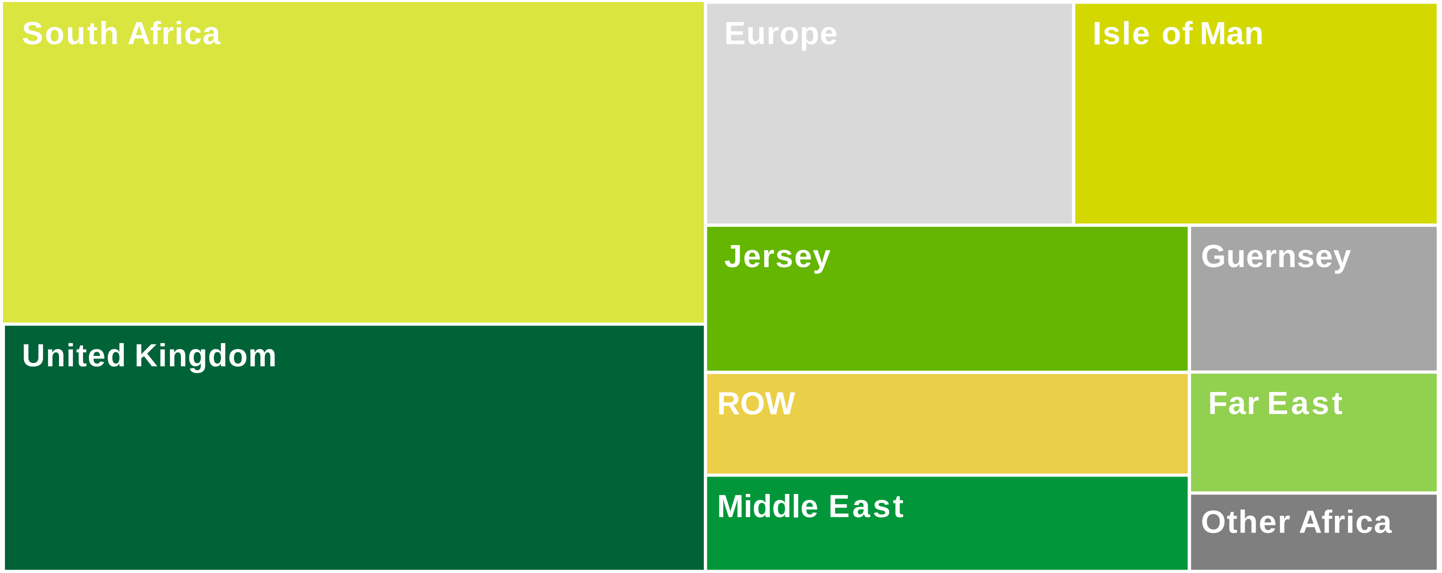
Nedbank Private Wealth clients can make use of our specialised philanthropy advice and services to facilitate their giving. We provide services to individuals, families, private and corporate foundations as well as non-profit organisations including religious and educational institutions who all provide a public service.

Our philosophy is to enable long-term financial sustainability for the sector through investments and we currently manage about **R8 billion** in assets for philanthropy clients.

3 FLOWS BETWEEN NEDBANK PRIVATE WEALTH SA AND NEDBANK PRIVATE WEALTH INTERNATIONAL



Clients by Country of Residence



3 OUR FOCUS AREAS

NEDBANK PRIVATE WEALTH SINCE 1834

South Africa	International
• CVP awareness and profiling among target market segments. • Growth, retention, on-selling, cross-selling across divisional offering. • Penetration of the Nedbank client base. • Centralisation of client and product onboarding. • Leveraging of data analytics and insights. • Enhancing digital capabilities. • Collaboration with the bank.	• Build on strategy of moving from an affluent-banking-led business to a high-net-worth advice-led business. • Develop efficient international platform for Nedbank Private Wealth South Africa clients. • Enhance our client acquisition engine and client experience using digital channels.

3 CREDENTIALS

NEDBANK
PRIVATE WEALTH
SINCE 1834

Wealth Management South Africa

Wealth Management International

3 OUR AWARD-WINNING NEDBANK PRIVATE WEALTH APP

NEDBANK PRIVATE WEALTH SINCE 1834

Launched in **July 2017**
International launched in **Sept 2018**

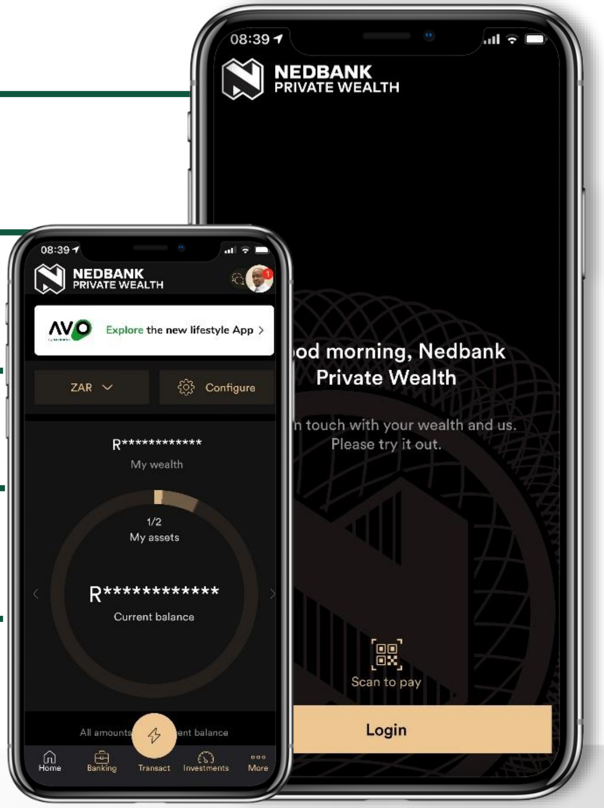
15 features added
from July 2018 – Jun 2020

Ratings – **Apple store 4.7 & Google Play store 4.4**

6 816 digitally active clients

3 707 digitally active International clients
~ 20 000 app downloads

63% active client base
53% active client base (International)



NPW app rated the 4th best app globally 2020/2021*

UNIQUE FEATURES

- Biometrics authentication or PIN
- Net-worth calculator and dashboard
- Change dashboard ZAR view to different currencies
- In-app (instant | secure) messaging
- Integration with NPW International incl. single-sign on
- Transfer to your NPW International bank account (R1m)
- Siri payments (apple only)
- Scan to pay
- Multiple transfer lists and multiple payments
- Recurring and future dated payments, transfers and prepaids
- Online purchases – switch on/off
- Tap and go - on/off
- Comprehensive card management
- Profile Limits
- Buy unit trusts and tax free investments
- Share trading – buy/sell

* *Source: Cutter International Research*

4 IMPACT OF COVID-19

4

COVID-19 KEY THEMES IDENTIFIED

The effect of COVID-19 and its impact on Nedbank Wealth can be unpacked into 5 key themes

- Our people
- Our clients
- Financial assumptions
- Strategy
- Future of work

4 COVID-19 IMPACT AND OPPORTUNITIES FOR OUR BUSINESSES

	Insurance	Asset Management	Wealth Management
Impact	• Drop in new business volumes • High loss of income and retrenchment claims • Increase in lapses • Redefined client's financial needs • Introduced new ways of work • Redefined future operating model	• Heightened market uncertainty • Reduced discretionary flows • Acceleration of trends – digital adoption • Low investor sentiment • Low risk appetite - rush to low income and cash funds • Global increased focus on passive and ESG	• Negative interest rates internationally • South Africa interest rates cut • Higher impairments • Negative growth in investments and new lending facilities • Increase in transactional deposits • Inability of the fiduciary and trusts business to operate during lockdown • Client debt relief programmes
Opportunity	• Introduce new product lines to address current needs • Expand digital capabilities	• Increased flows from low income and cash funds • Greater focus on passives and ESG • Accelerate digital initiatives	• Reimagine operating model and priorities • Deepening of client engagement (digitally)

DIGITAL ACTIVITY – 2020 Q1 VS Q2

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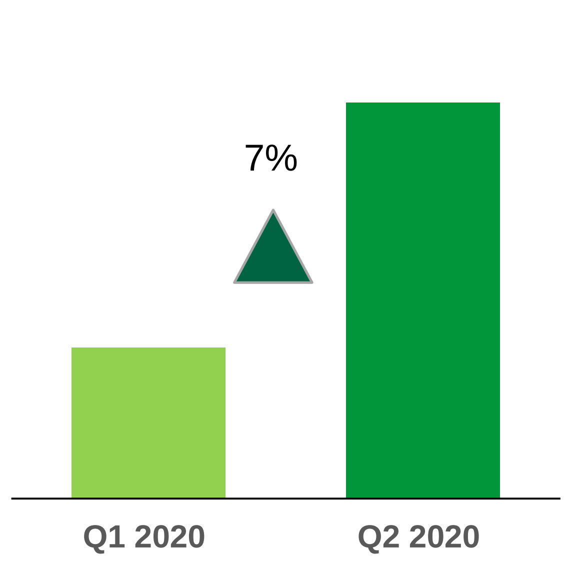
>100% growth in online share trading

>100% growth in funeral product sales

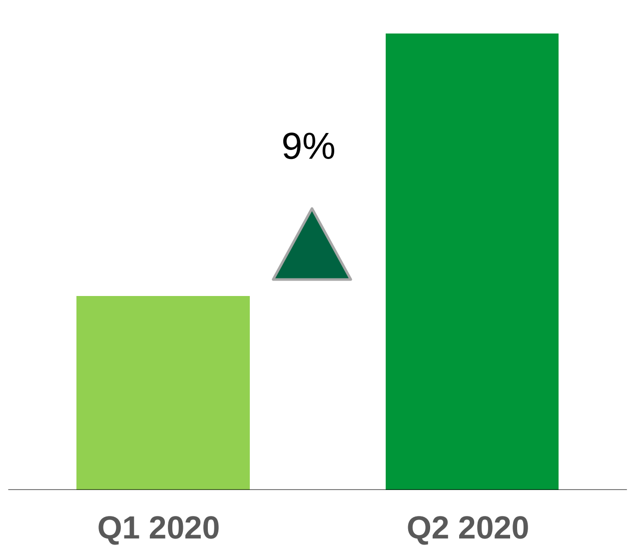
76% growth in NPW app interactions

Increased Nedgroup Investments flows after Money app integration

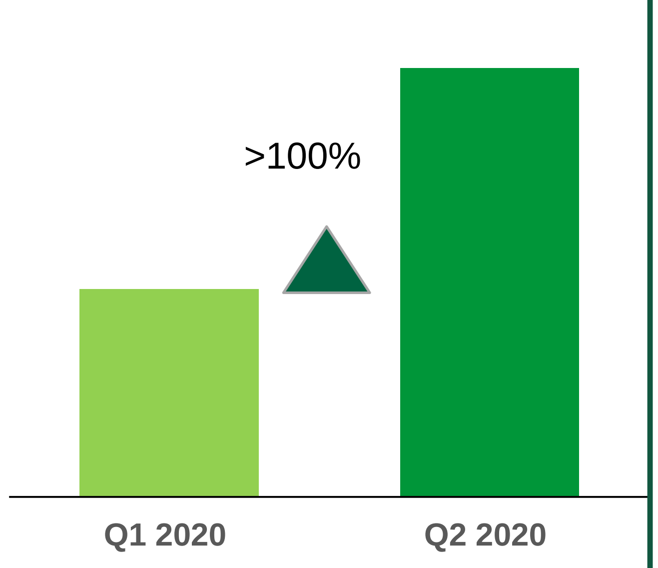
Digital users



Interactions



Sales



5 OUTLOOK

5 OUTLOOK

Growth strategy

Long-term performance

Client-centricity

Group collaboration

Digital innovation

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