



Technology conversations with Nedbank Group CIO: Ray Naicker

October 2024





Nedbank Group strategy

The group's strategy is underpinned by our world-class technology platform

Our purpose

To use our financial expertise to do good for individuals, families, businesses & society

Strategic value drivers



Strategic value unlocks



Digital leadership (DX)

Market-leading client experiences (CX)

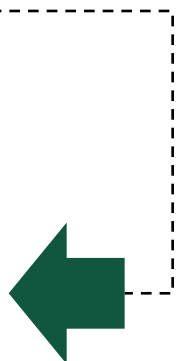
Focusing on areas that create value (SPT)

Efficient execution (TOM)

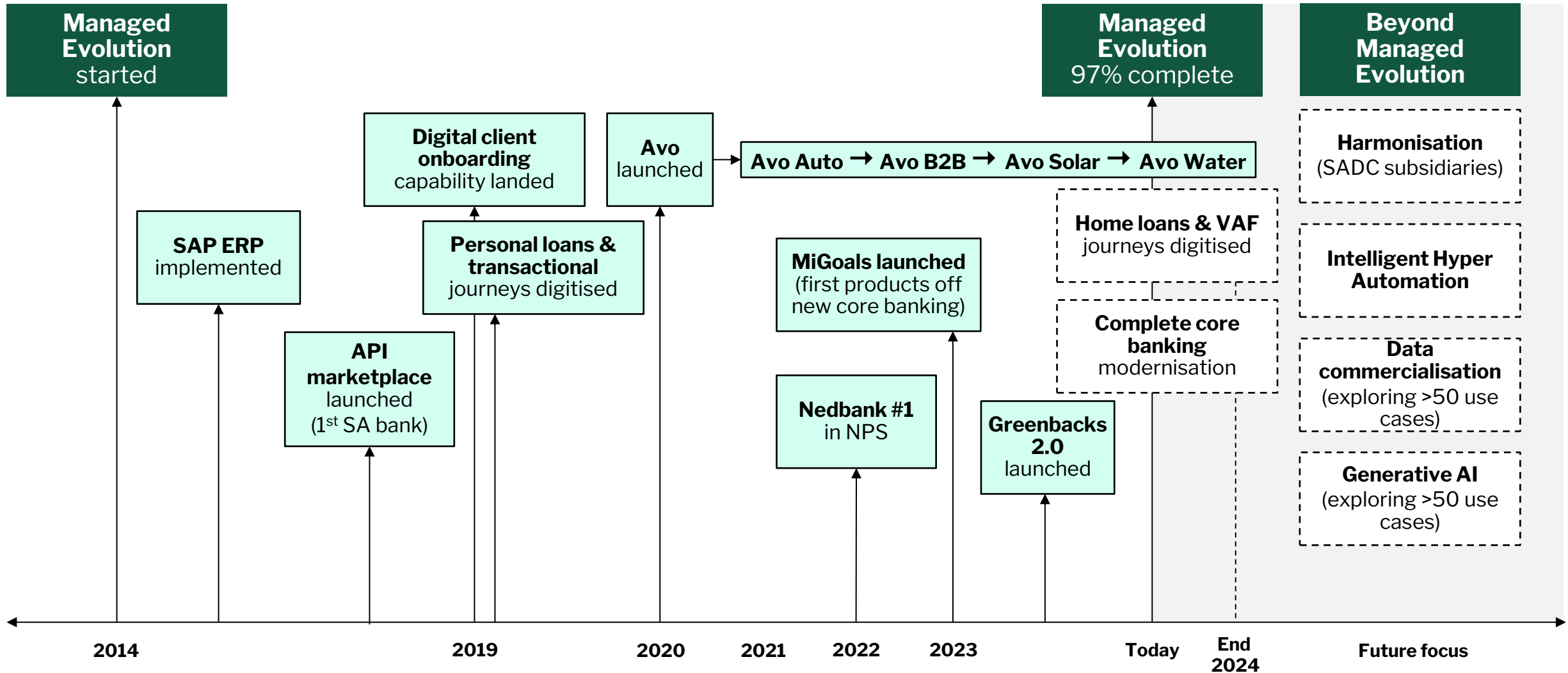
Creating positive impacts (Purpose delivery)

World-class technology platform

Our employees & differentiated corporate culture (EX)



Our technology journey

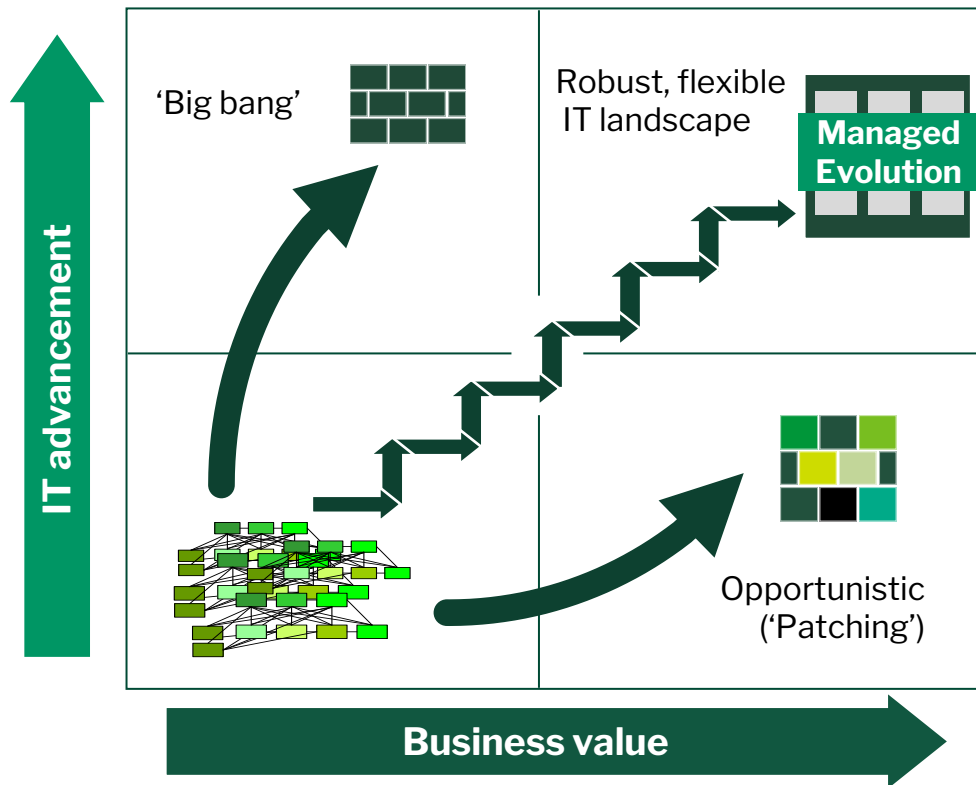




Managed Evolution (ME)

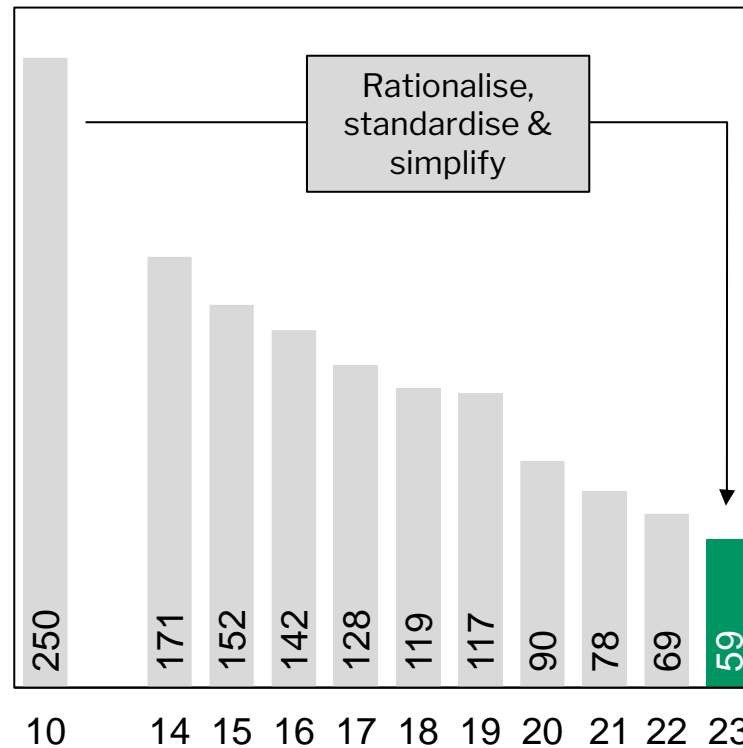
ME was our chosen IT modernisation path as we embarked on a journey in 2014 to replace our legacy technology stack

Managed Evolution approach



Core systems

(#)



Benefits of a modernised tech stack

- **24/7 real-time** systems
- More **robust, flexible & rationalised IT architecture** that enables rich digital client experiences & a low-cost operating platform
- Platforms that are **innovative & responsive** to change
- **Omnichannel** client onboarding & servicing

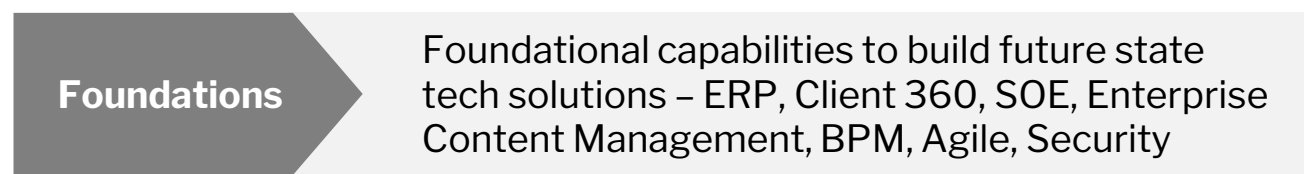
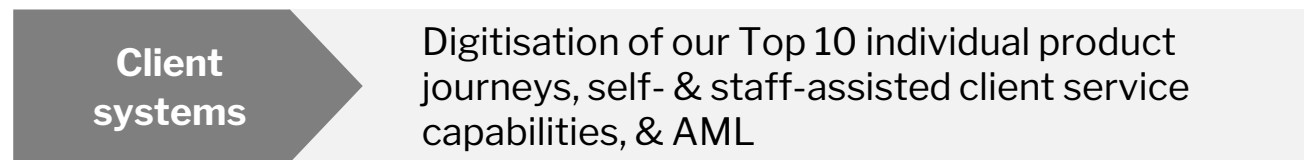
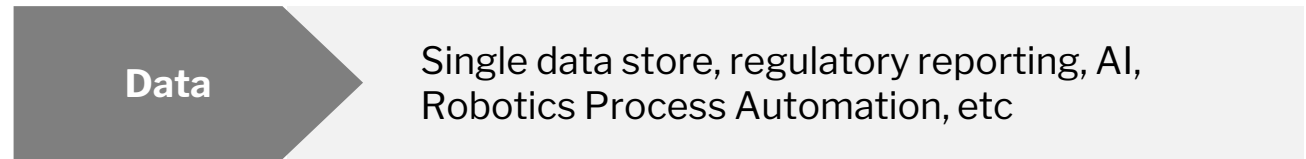
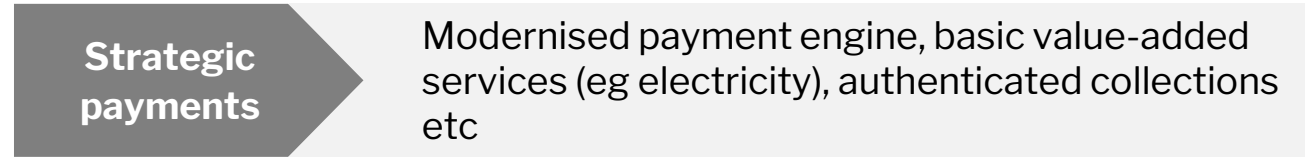
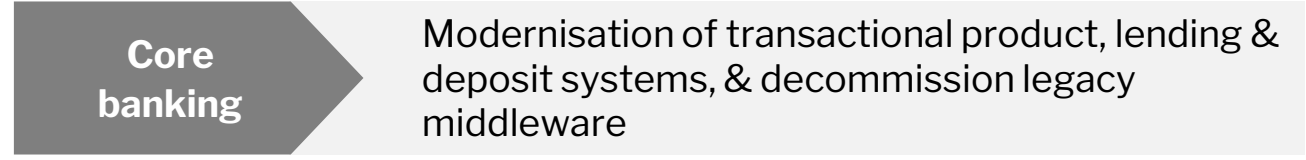
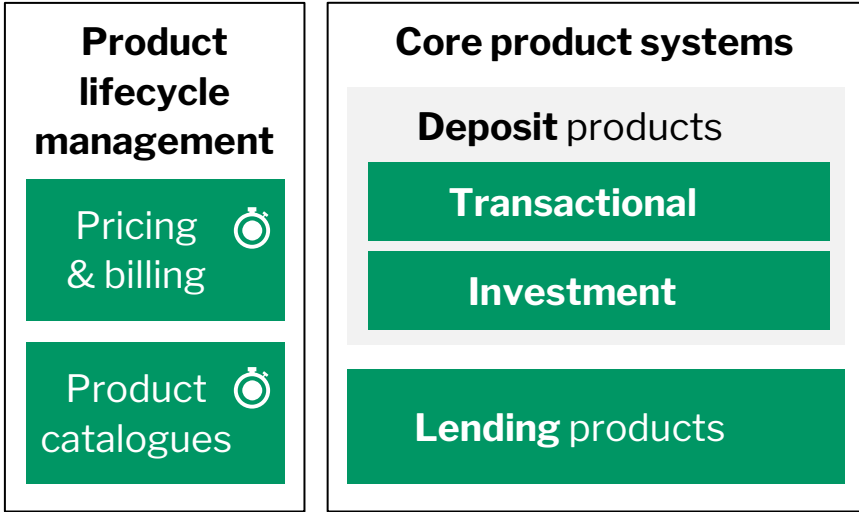


Managed Evolution build

Materially on time, on scope & on budget for completion by end 2024

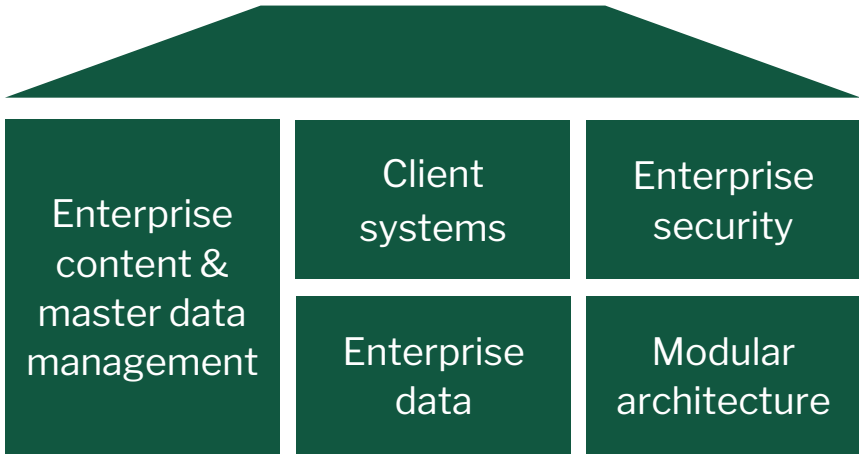
Core banking systems

92% complete



Foundational components

99% complete

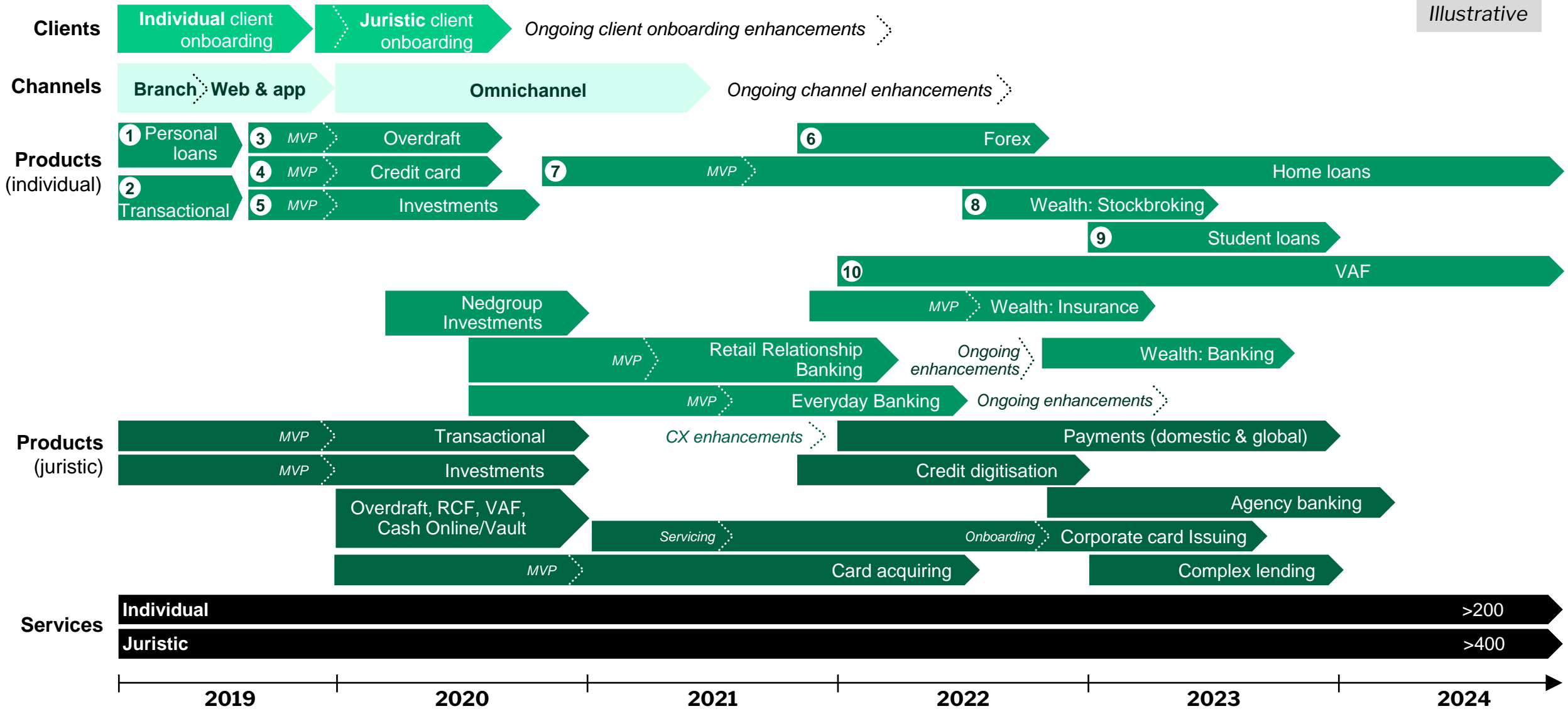




Illustrative

Managed Evolution enablement

Digital onboarding, product sales & services for individuals (retail) & juristic (business)

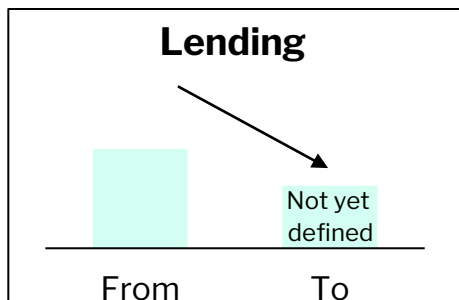
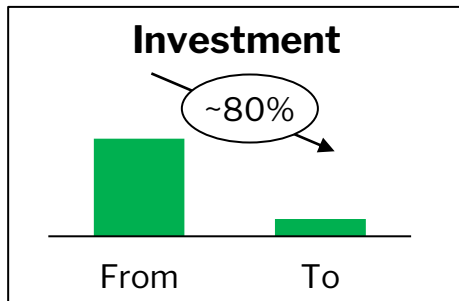
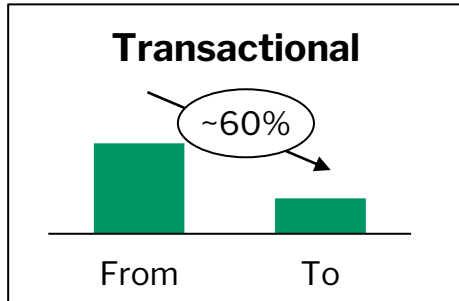


Managed Evolution optimisation

Product optimisation & rationalisation across transactional, investment & lending



of products¹



From

46 transactional products
36 current accounts
10 savings products

To

18 transactional products¹

- 3** consumer
- 3** private clients
- 2** NPW
- 7** business
- 3** savings

<p>3 new consumer products in market since launch</p>	<p>> 2,2 million MiGoals accounts opened since May 2023</p>	<p>Clients seamlessly migrated</p>
<p>MiGoals</p> <p>A day-to-day pay-as-you-use transactional account for clients who want a cost-effective account</p>	<p>MiGoals Plus</p> <p>A transactional account with a monthly fee, Greenbacks rewards & more</p>	<p>MiGoals Premium</p> <p>A transactional account which includes a credit card, overdraft facility & Greenbacks rewards</p>
<p>Simplified pricing structure</p>	<p>Replacing Nedbank PAYU, Savvy Plus, Savvy Bundle & 20 other products</p>	

¹Current estimated product rationalisation. Target state lending products & juristic deposit product definitions remain work in progress.



Project initiated



In progress



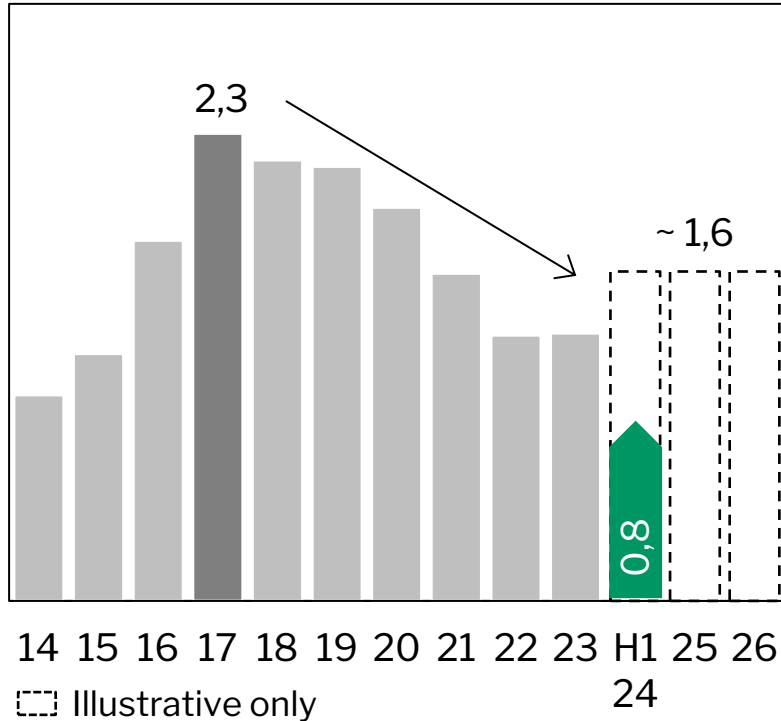
Completed



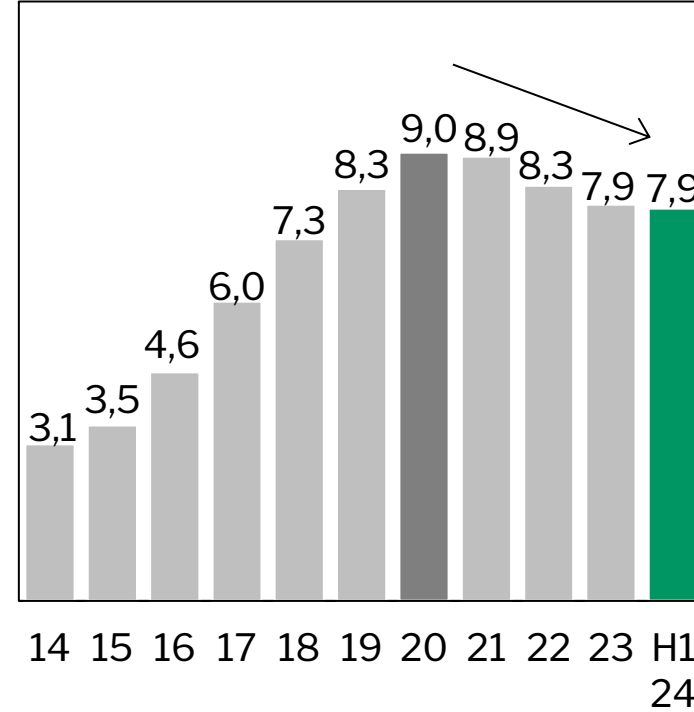
Managed Evolution investment

Cash flow spend peaked in 2017 at R2,3bn & intangible software assets peaked in 2020 at R9bn, while benefits are being realised according to plan

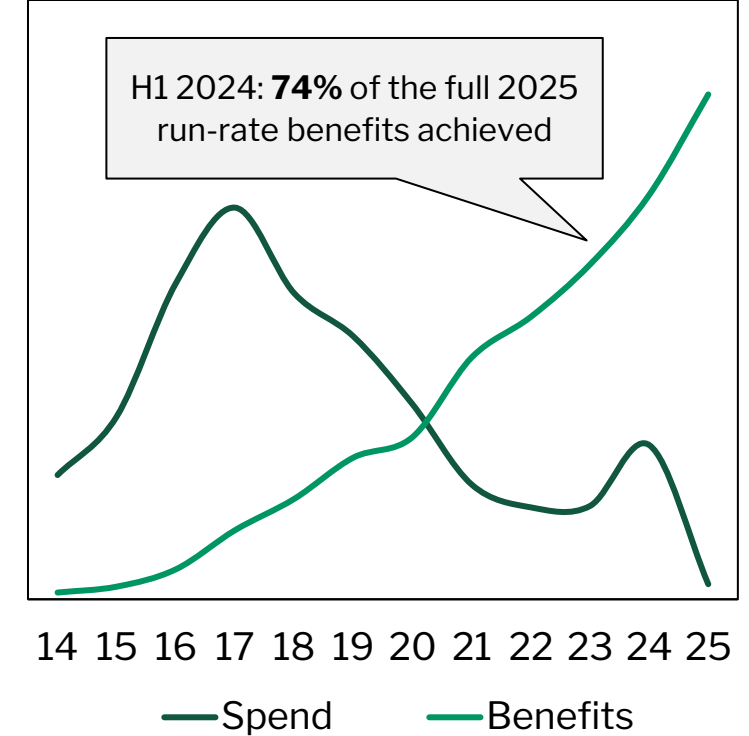
IT software development spend (Rbn annual cash flow)



Intangible software assets on the balance sheet (Rbn)



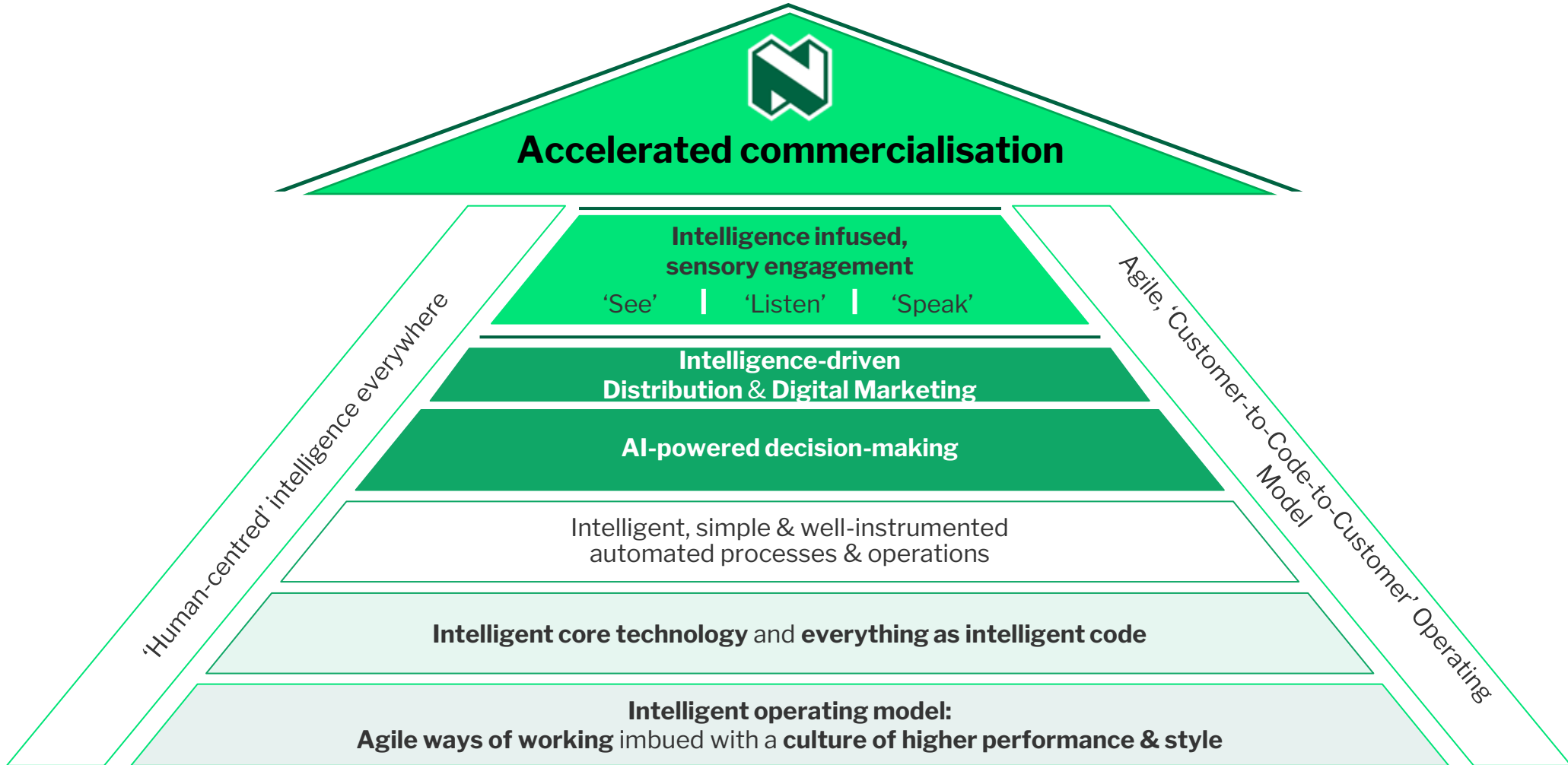
Investment vs benefit realisation to date (%)



Two global consulting firms **benchmarked our ME programme** against a globally recognised peer group of 14 local and international banks. Their findings concluded that **our technology strategy delivers ongoing value** & that Nedbank is among a few enterprises in the peer group that has achieved revenue uplift from its IT transformation programme. Cost optimisation was slower compared to other leading global peers. However, given Nedbank's approach of using natural attrition to optimise costs, that was a deliberate outcome, and the benefits have since increased.

Beyond Managed Evolution

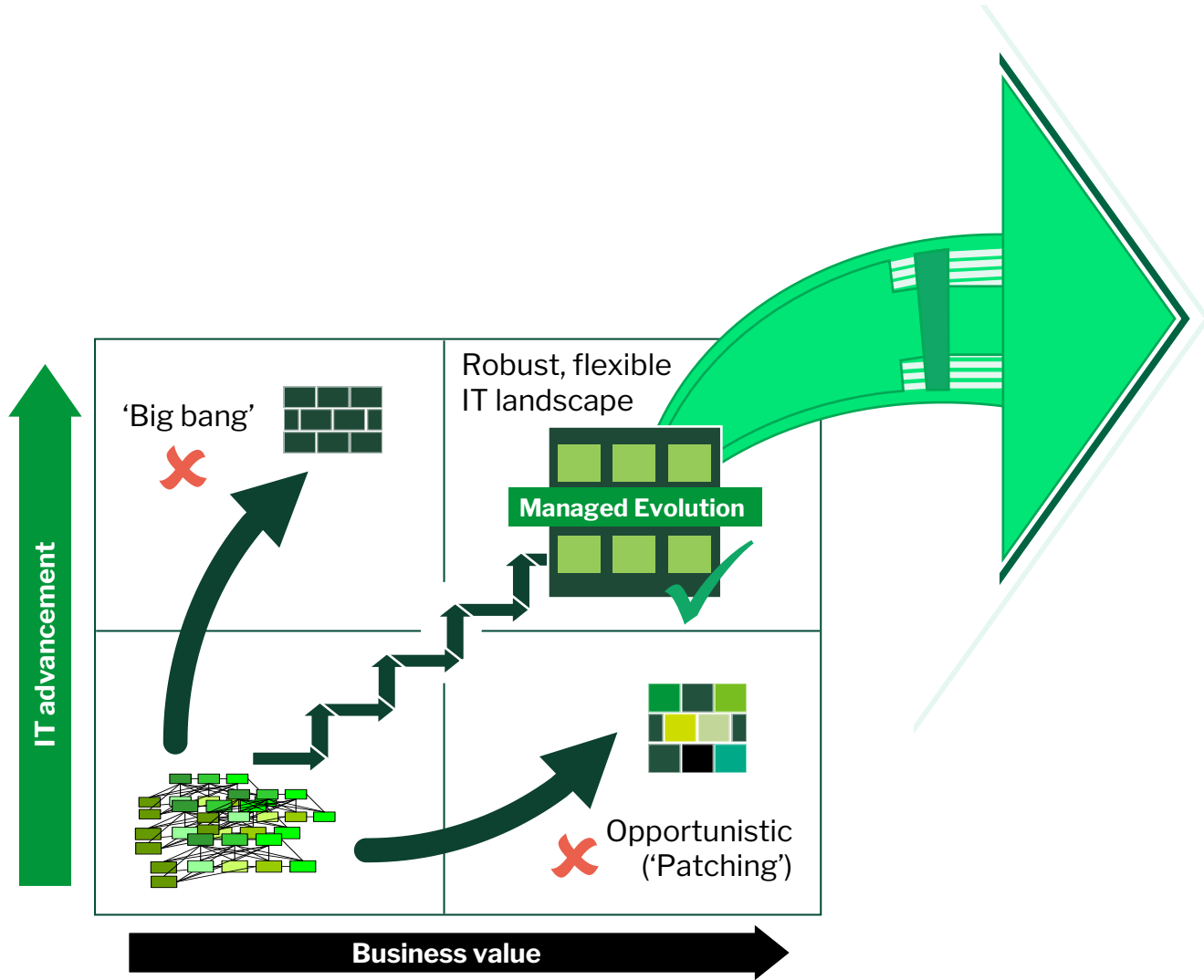
Intelligence at every level across our technology stack to improve client-, staff- and digital experiences





Beyond Managed Evolution

Commercialising our world class tech, talent, data, AI & process capabilities for distinctive competitive advantage & sustainable value creation



Building on Managed Evolution foundations, we are galvanising a future-forward integrated technology strategy that is **human-centred**, with **intelligence everywhere**

- Digital at the heart** of client engagement
- Seamless banking** & integrated client experiences
- Advanced personalisation** capabilities & relevant offers
- Delightful **digital workforce experiences** with integrated talent management
- Streamline work processes, optimise costs & increase revenue**



Beyond Managed Evolution

Commercialising our world class tech, talent, data, AI & process capabilities for distinctive competitive advantage & sustainable value creation

Key focus areas

ME completion

- **Core banking modules** & product rationalisation (including migrations)
- **Home loans & VAF** digital onboarding & sales journeys

Intelligent hyper-automation

- **Harnessing the power of AI, Gen AI, Machine Learning & RPA** to drive innovation & sustainable value creation
- **Benefits:** optimise costs, improve client experiences, increase revenue & streamline work processes

Data commercialisation

- **Dedicated data & analytics team**
- **>50 AI use cases** across credit scoring, cross- & up-sell, fraud analytics, digital marketing, etc (revenue, cost & impairment benefits through TOM 2.1)

Harmonisation

- **NAR** system convergence started (target completion by end 2026)
- **Mobile app** convergence under consideration



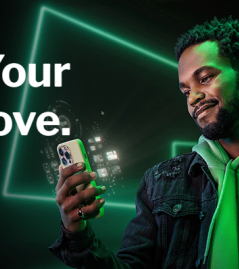





Benefits from our world-class technology platform

Enhanced digital innovation & capabilities starting to differentiate Nedbank

Benefits for our clients

Benefits for Nedbank

<p>Digital onboarding</p> <p>Seamless FICA-compliant onboarding of individual & juristic clients</p>	<p>Digital servicing</p> <p>> 200 Individual services on Eclipse & Money app</p> <p>> 400 Juristic services on Nedbank Business Hub</p>	
<p>Your money. Your goals. Your move.</p> <p>Open an account</p> 	<p>Digital product sales</p> <p>% of new sales ▲ 64% (2020: 28%) LT target: >75%</p>	
<p>Great client experiences</p> <p>NPS ▲ #1 bank (2020: #3) LT target: #1</p>	<p> Send and receive money</p> 	<p>Payshap</p> <p>23% market share</p>

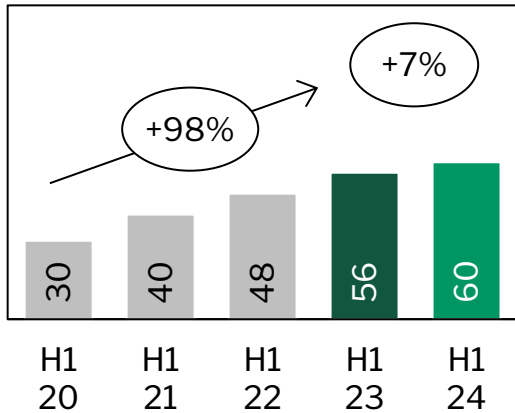
<p>Revenue uplift</p> <p>Retail cross-sell ▲ 2,00 (2020: 1,78)</p> <p>Main-banked clients ▲ 3,6m (+7% yoy)</p>	<p>Beyond Banking</p> <p>Avo clients ▲ 2,7m (+19% yoy)</p> <p>VAS revenue ▲ 28%</p>	
<p>TOM savings cumulatively >R4,5bn (since 2020)</p> 		
<p>Operational efficiencies</p> <p>Floor space ▼ 38% Headcount ▼ 9% (since 2020)</p>		<p>Cloud computing storage</p> <p>▲ 63% 36% Dec 2022: 23% 23% Dec 2023: 57% 33%</p>



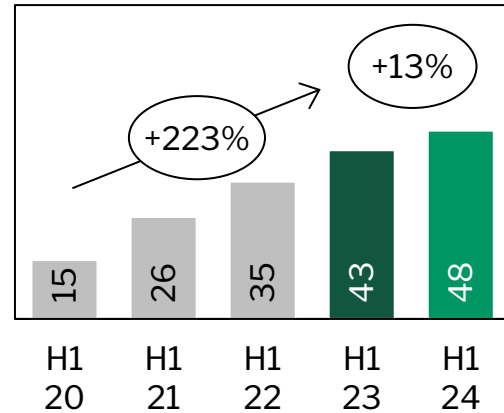
Benefits from our world-class technology platform

Digital uptake & usage growing strongly, while independent benchmarking ranks Nedbank's digital capabilities highly

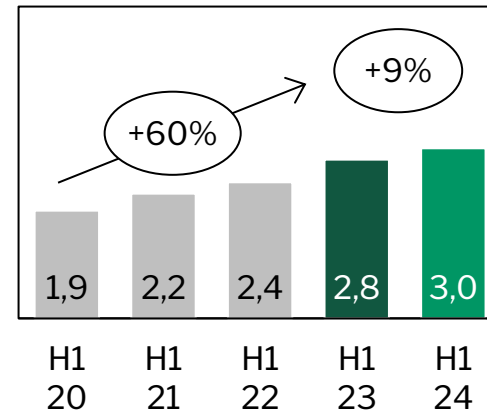
Digital transaction volumes
(# m)



App transaction volumes
(# m)

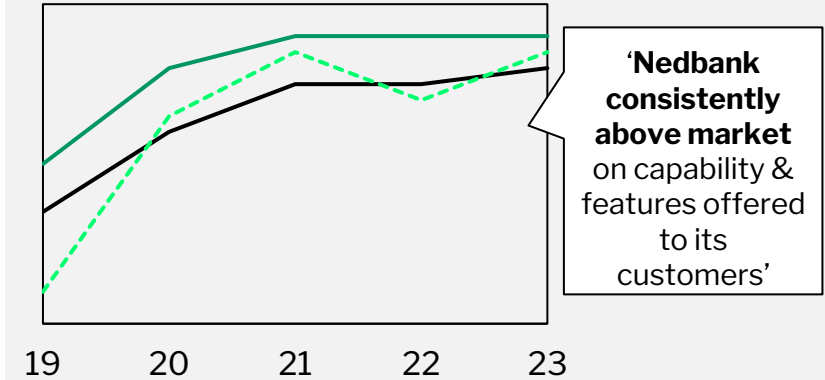


Digitally active clients
(# m)

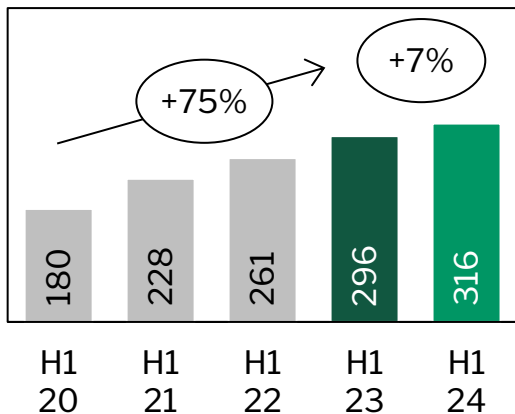


Capability

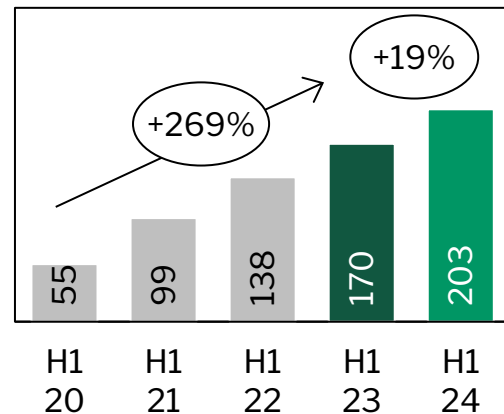
Servicing features offered (%)



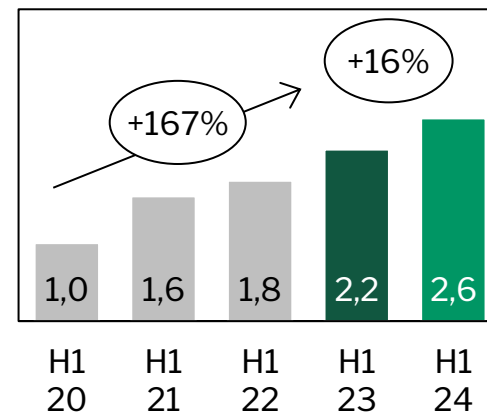
Digital transaction values
(Rbn)



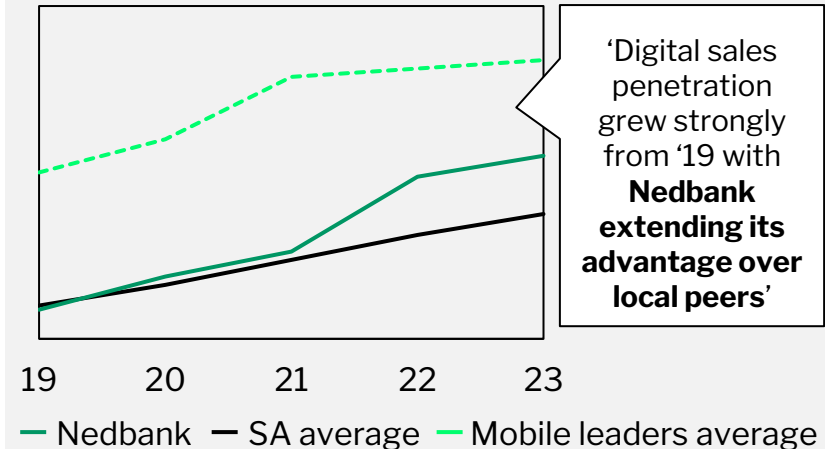
App transaction values
(Rbn)



Money app active users
(# m)



Digital sales contribution
(%)



Change since 2020 2023 vs 2024

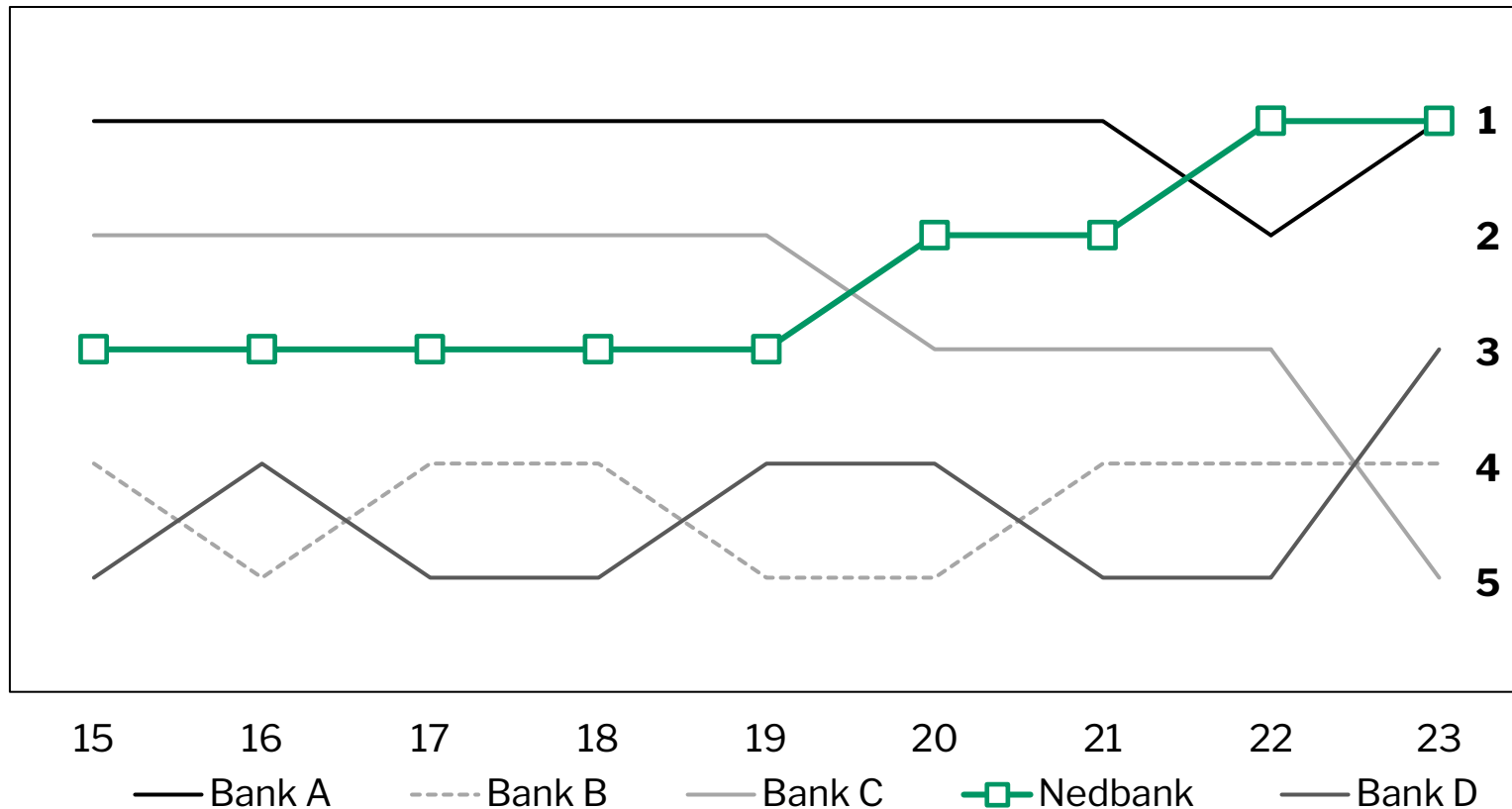


Benefits from our world-class technology platform

Enhanced client experiences: Nedbank SA's #1 ranked universal bank

Net promoter score

(rank)



Nedbank
digital NPS²
> 70

New Nedbank
'Imagine' branch
NPS
> 60

¹ Annual Consulta survey 2015 to 2021 (no survey was done in 2022). As a result, Kantar was contracted by Nedbank to conduct an independent NPS survey in 2022 using the same methodology (it is likely that a greater response rate from face-to-face interviews drove up absolute NPS scores across all banks). | ² Internal measurement of average CX across our digital channels.



Benefits from our world-class technology platform

Unlocking productivity gains through Project Imagine branch design, supporting a lower cost-to-income ratio

2022 Finalta survey¹ (yoy change)

Sales per 1k active clients ▲ **30%**

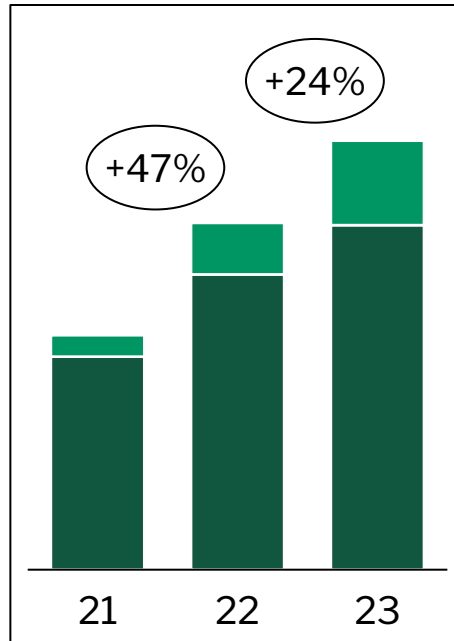
Branch sales per branch FTE ▲ **27%**

Branches per active 10k clients ▼ **5%**

Branch FTE per 10k active clients ▼ **13%**

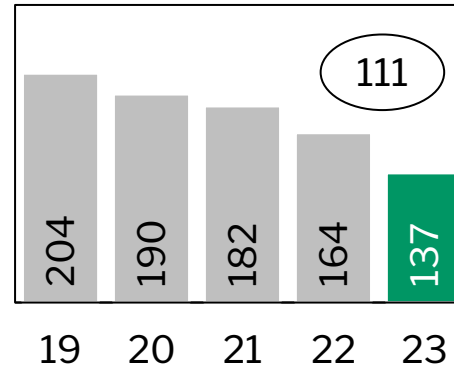
¹ Global survey conducted by McKinsey – 2022 v 2021.

Branch staff sales (Sales/role/day)

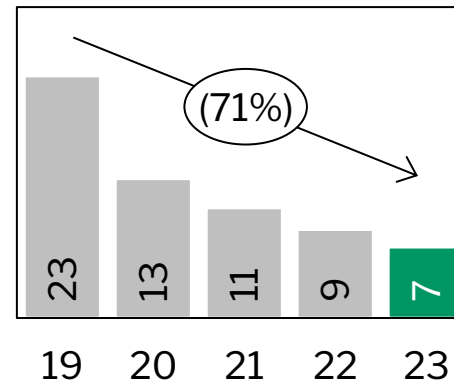


■ Servicing staff
■ Sales staff

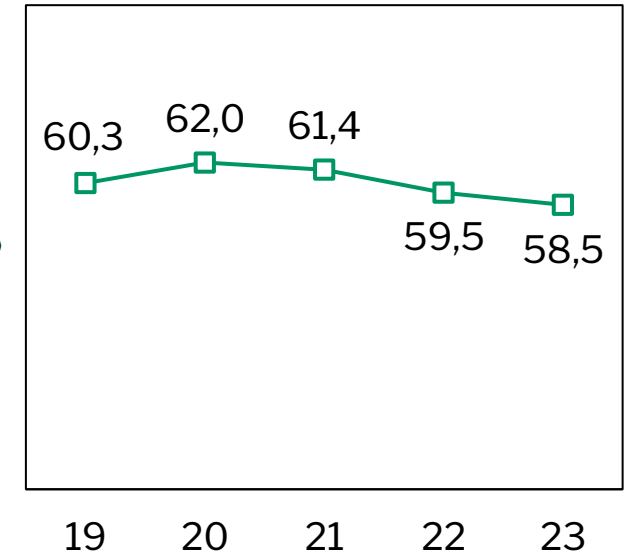
Branch floor space (sqm metres) *Saved 2014 to date*



Teller activity (# million)



Retail Consumer cost-to-income ratio (%)



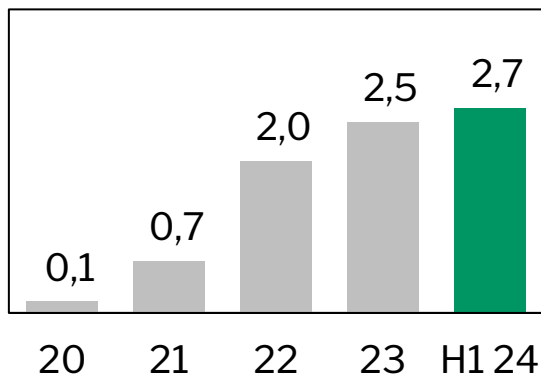


Beyond Banking is an extension of ME with a significant opportunity to amplify commercial gains by leveraging AI & hyper-automation

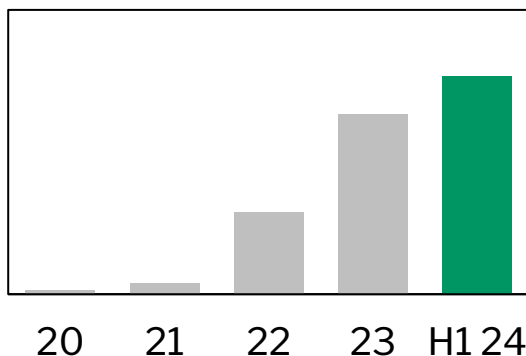
Unlocking new revenue streams through platforms

Registered Avo clients

(# m)



Avo gross merchandise value¹ (Rm)



¹GMV growth excluding internal spend +80% yoy | H1 2024 annualised.



<p>Avo Auto</p> <p>Hosts > 1000 MFC-accredited dealers & lists ~31 000 vehicles</p>	<p>Avo Solar</p> <p>Over 280 residential installations, 74% being financed by Nedbank</p>
<p>Avo merchants & partners >24 000</p>	<p>Avo launched in NAR with Apple as the top merchant</p>
<p>Accelerate value generation through embedded finance products</p> <ul style="list-style-type: none"> Avo EasyTerms (0% interest product) AutoCare Assisted Sales AvoCare (equivalent to Apple iCare) Avo Water Avo Solar PaaS (Power as a Service) 	

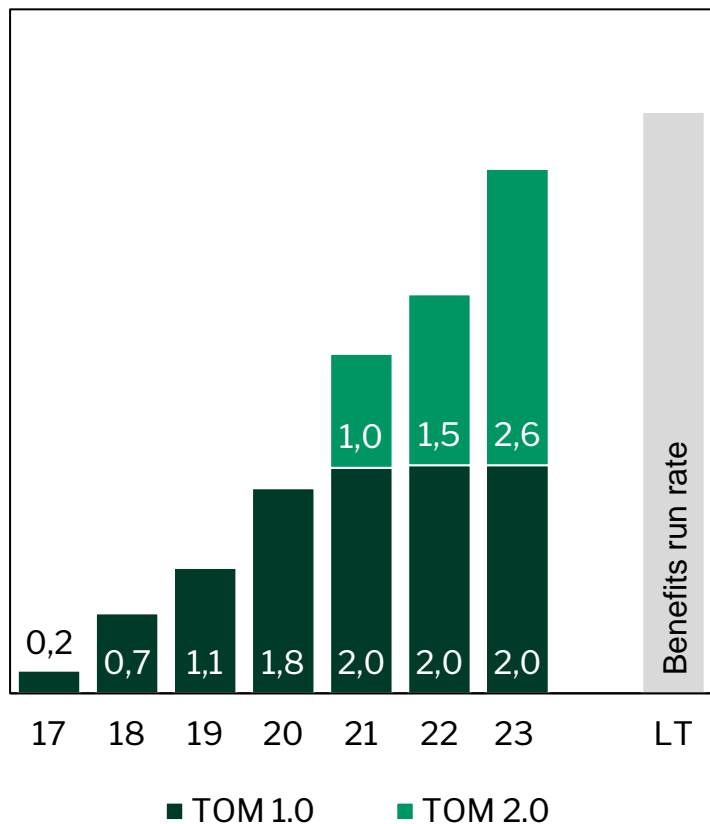


Benefits from our world-class technology platform

Efficient execution unlocked through TOM 1.0 & TOM 2.0

Cumulative TOM benefits

(Rbn)



TOM 1.0

Modernised technology platform (ME), optimised digital innovation capabilities (DFL) & implementation of end-to-end digital client onboarding, & digital products & services

TOM 2.0

Optimising the shape of our infrastructure in a more digital world, embedding a more client-centred RBB structure (incl back-office optimisation) & optimise groupwide shared services

Hybrid working practices – **shrink own property**

Shift to digital payments – **optimise own physical channels** (Imagine)

Headcount optimisation

Client-centred model – **leaner RBB structure** (Phoenix)

TOM 2.1

Further benefits from TOM 2.0 floorspace, back-office optimisation, etc, Data & analytics commercialisation, Payment modernisation & Intelligent hyper-automation (process optimisation)

Benefits from our world-class technology platform

External recognition across technology & innovation



<p>2024 EuroMoney Awards</p> <p>Best Digital Bank Africa (winner)</p>	<p>2024 Global Brands Magazine Awards</p> <p>Best Mobile Banking Application Lesotho (winner)</p>	<p>2023 Euromoney Awards</p> <p>Best Digital Bank In Africa (winner)</p>	<p>2022 Global Banking & Finance Review</p> <p>Excellence in Innovation Banking App – South Africa (Nedbank Avo) (winner)</p>	<p>2022 Euromoney Awards for Excellence</p> <p>Africa's Best Digital Bank (winner)</p>	<p>2021 WorldEco Awards</p> <p>Best bank for API initiatives (winner)</p>	<p>2021 Global Business Outlook</p> <p>Best Digital Bank South Africa (winner)</p>
<p>2024 EuroMoney Awards</p> <p>Best Digital Bank South Africa (winner)</p>	<p>2023 Finnovex Awards Southern Africa</p> <p>Excellence in Mobile Banking (winner)</p>	<p>2023 Global Finance Magazine Awards</p> <p>Best Bank for client facing technology (winner)</p>	<p>2022 Finnovex Southern Africa Awards</p> <p>Excellence in Mobile Banking (winner)</p>	<p>2022 The Asian Banker Financial Technology Innovation Awards</p> <p>Best API and Open Banking Implementation (winner)</p>	<p>2021 WorldEco Awards</p> <p>Best Technology Transformation: (winner)</p>	<p>2021 International Business Magazine Awards</p> <p>Best Mobile Banking Best Internet Banking South Africa RBB (winner)</p>
<p>2024 Global Banking & Finance Review</p> <p>Best Digital Bank Mozambique (winner)</p>	<p>2023 Global Finance Magazine Awards</p> <p>Top Innovations in Finance in Mozambique (winner)</p>	<p>2023 Global Banking & Finance Awards</p> <p>Excellence in Innovation – Banking App (Nedbank Avo) South Africa (winner)</p>	<p>2022 Finnovex Southern Africa Awards</p> <p>Excellence in Mobile Banking – Nedbank Money (Africa) App (winner)</p>	<p>2022 Professional Wealth Management Awards</p> <p>Best Private Bank for Digital Customer Service in Africa (winner)</p>	<p>2021 Global Banking & Finance Review</p> <p>Best Digital Bank South Africa (winner)</p>	<p>2020 Global Banking & Finance Awards</p> <p>Best SA Banking App (winner)</p>
<p>2024 Global Finance Magazine Awards</p> <p>Most Innovative Bank Mozambique (winner)</p>	<p>2023 Finance Derivative Magazine Awards</p> <p>Best Retail Banking Technology Implementation SA (winner)</p>	<p>Finance Derivative</p> <p>Best Banking Technology Implementation South Africa (winner)</p>	<p>2022 Digital Banker Middle East and Africa Innovation Awards</p> <p>Outstanding Digital Transformation (winner)</p>	<p>2021 WorldEco Awards</p> <p>Most Innovative Digital Bank (winner)</p>	<p>2021 Global Banking & Finance Review</p> <p>Best Open Banking APIs South Africa (winner)</p>	<p>2020 Global Banking & Finance Awards</p> <p>Best Banking Technology Implementation (winner)</p>



Ray Naicker – Nedbank Group CIO

Ray was appointed as Nedbank Chief Information Officer and joined Group Exco on 1 July 2023. Previously, he held the positions of Group Chief Digital Officer (where he established Nedbank's Digital Fast Lane), Group Programme Director: Target Operating Model, and Managing Executive: Digital. Before joining Nedbank, Ray was the Chief Information Officer of Imperial Bank.



He plays a key role in Nedbank's Technology Strategy, and under his leadership, has facilitated the launch of numerous innovative digital solutions that have accelerated the group's digital capabilities and seek to unlock new frontiers in sustainable growth.

Service: 19 years

Qualifications: BSc Chemical Engineering (University of Natal), BEng (Hons) Technology Management (University of Pretoria), MEng Engineering Management (University of Pretoria), Global Executive Development Programme (Gordon Institute of Business Science), Advanced Management Programme (Harvard Business School), Senior Executive Programme (Stanford Graduate School of Business).

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Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'.

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▶ **Thank you**