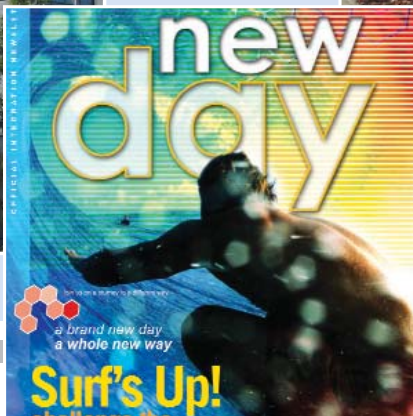
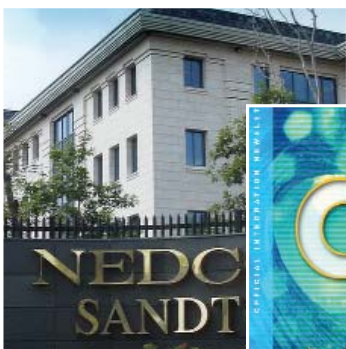


NEDCOR



Not a workforce,
a force at work

An update on Nedcor's integration
and restructuring process



05

Merger and Integration Update
23 July 2003

NEDCOR



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Preface

It is now almost 18 months since I met with my counterpart at BoE, Tom Boardman, to discuss the feasibility of a merger between our respective banking groups. Conditions within the South African banking sector at the time made a merger increasingly appealing and necessary for both banks.

Strategically Nedcor wanted to lay the foundation for future earnings growth by consolidating market shares and leveraging off its technology platform which the acquisition of BoE would allow. Nedcor also used the opportunity to consolidate its organisational and regulatory structure and to rationalise its brands.

It is pleasing to report that the merger is achieving its goals and this booklet tells a story of the dedication and ingenuity of our people who are working together to form the new Nedcor Group.



Richard Laubscher

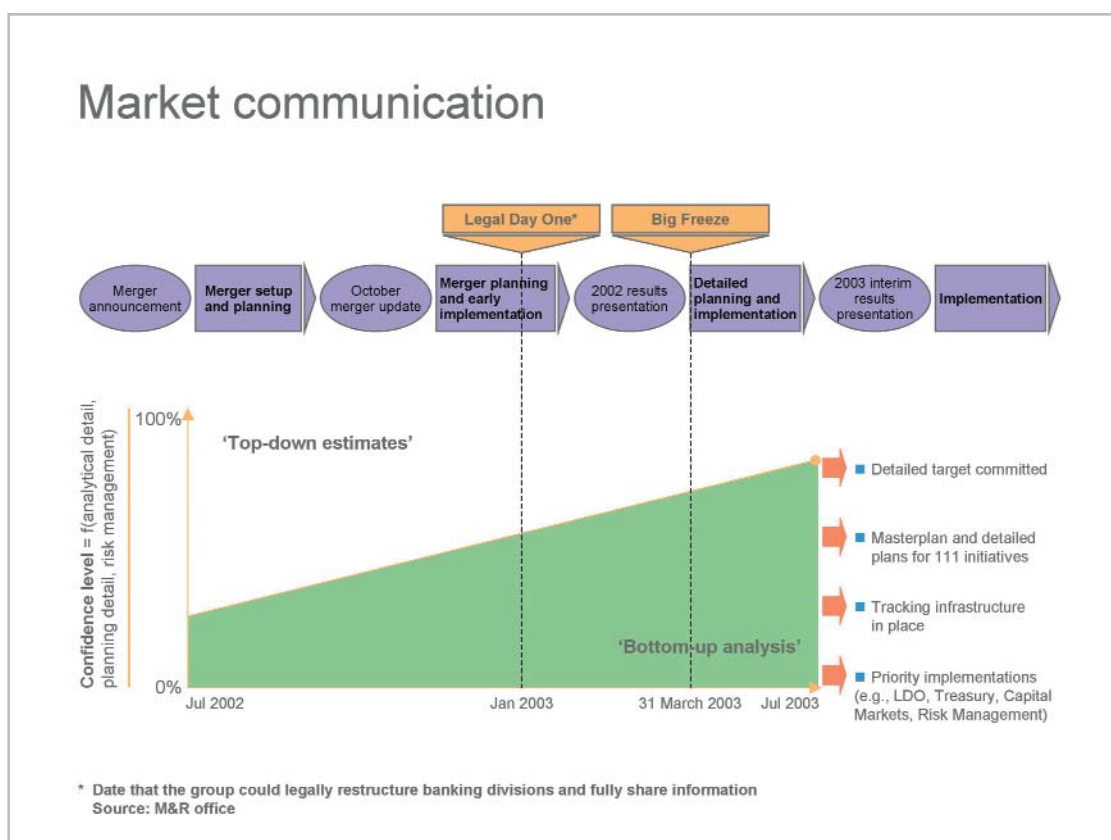
23 July 2003

Overview

The process follows a structured approach, as we are implementing an extremely complex merger while at the same time ensuring that we continue to run an efficient banking group. It is absolutely essential that during the merger and restructuring ('M&R') process we continue to service our customers to the highest standards possible and cause as little as possible disruption to our staff.

Key features of the merger plan are the detailed tracking and measurement of all processes, the adherence to sound governance standards and the auditing of all activities to ensure proper implementation.

The governance process is essential to ensure an orderly and controlled process. Tough choices and compromises inevitably are required in a complex process such as this. Our governance process ensures that integrity is preserved in decision-making.



After the merger was announced in July 2002 we immediately set about refining the merger process and high-level planning. On 28 October 2002 we updated the market on these initial plans and synergy estimates, albeit at a high level. On 1 January 2003 Legal Day One was implemented, which meant that, with regulatory approval, we were able to commence restructuring the group legally and consolidate our banking licences. We continued throughout this process to fine-tune plans and conducted early integration of select divisions such as Treasury and Capital Markets.

The initial planning phase was followed up by detailed plans lending substance and precision to the process. These plans provided strict targets in terms of synergies, time-frames and the initiatives and systems to be followed and were frozen on 31 March 2003. The M&R process ensures these plans are strictly adhered to and are changed only under exceptional circumstances.

The merger also follows a logical sequence, with divisions having been selected for conversion priority depending on the functions they perform, the complexity of the conversions and their dependencies on other divisions. For example, Treasury was one of the first divisions to be merged and restructured to ensure that benefits could be obtained from lower rates on the deposit books within BoE and NIB, to prevent arbitrage between treasuries and also for the group to meet various regulatory requirements. Likewise Business Banking will be one of the last to complete the merger and integration process. It has high volumes, complex systems and procedures, and we wish to ensure a smooth client migration process through intensive training and tailoring of products and systems to continue to meet the high standards expected by clients.

Overall we are pleased with the progress that we are making and confident of achieving the financial targets that we have set ourselves. The projected merger costs are exceeding the initial target by R158 million, but we are able to meet the synergy targets and in a number of areas are achieving the synergies at earlier stages than we initially expected. The detailed plans for the key initiatives are being monitored and tracked and are generally on target or slightly ahead of initial targets, while risks involved have been identified and plans and activities are in place to mitigate these risks.

M&R status (July 2003)

Ongoing benefits

	R'm
Operational synergies	660
Funding efficiency	125
Capital efficiency	120
Total value added	905

Once-off impact

Merger once-off costs	868
-----------------------	-----

Source: M&R office

The M&R process has focused on managing and controlling the operational synergies that can be achieved with the merger and the once-off costs that have been incurred to implement the merger and achieve the synergies.

The benefits that have been achieved through the funding and capital efficiencies are functions of the larger balance sheet and the way the merger has been financially structured and as such do not require continuous management.

Overview (continued)

Rationale for the merger

At the time of announcing the merger Nedcor set out its aspirations for the combined group. We are confident that we will be able to achieve the operational synergy targets and have already started to see the benefits of scale that have been created by the greater group. Plans are in place to achieve our objectives of rationalising our IT systems and other infrastructure such as the number of branches and office space required. The enlarged group balance sheet is also benefiting areas such as Capital Markets and Treasury where bigger deals are being sourced and funded by the bank.

Aspirations

- Enhance earnings growth prospects
- Increase scale
- Broaden management and geographical strength
- Leverage systems and infrastructure
- Increase off-shore exposure
- Broaden investment banking
- Optimise capital structure

To date

- R660 million of sustainable operational synergies currently being implemented
- Platform set for earnings to benefit from economies of scale and increased balance sheet size
- Substantially increased Nedcor's size and market share (eg domestic assets increased from R198 billion to R265 billion, deposits increased from R149 billion to R205 billion)
- Integrated senior management teams with limited attrition
- Stronger presence in Natal and Western Cape
- Rationalised and reconstituted boards
- Consolidation on track to reduce IT systems from 301 to 157 and rationalise number of products offered from 388 to 223
- Vacated 2 premises out of 24 planned
- Occupancy benchmark of 19m² per staff member on track
- Consolidation on track to reduce data and call centers
- BoE international operations merged with Nedcor operations
- Capital Markets and Treasury divisions respectively integrated and benefiting from operating off a bigger balance sheet and offering broader product range
- Formation of Group Capital Management implementing tighter capital management and realisation of non performing assets eg Canal Walk

Status

Following the initial planning phase, which lasted to December 2002, action plans were drawn up for 111 initiatives detailing the workflow, timing, value of synergies and costs involved. These plans were specific, including details such as the branches identified for closure, the product range to be provided, systems that would be used and pricing structures for products.

The merger is being coordinated by a small, central M&R office. This team monitors synergies and procedures, ensures the implementation steps are audited and coordinates the governance processes and controls to ensure that we are able to deliver the proposed R660 million of operational synergies. The implementation tracking and monitoring processes show that we are slightly ahead of schedule in extracting synergies from the merger.

Once-off merger costs to date are over our initial targets (cost to date: 2002 R91 million; H1 2003 R133 million; totalling R224 million to date against an original target of R176 million), our cost estimates for the entire M&R process are now R868 million, against an original target of R710 million.

The M&R activities that have to a large extent been completed are:

- the Legal Day One ('LDO') process under which the banking licences of Nedbank, BoE, CoGHB, NIB and Peoples Bank were consolidated into two licences and the banks formally merged;
- the first three business unit integrations of the treasuries of Nedbank, CoGHB, NIB and BoE, the transfer of retail clients within CoGHB and the integration of Capital Markets;
- the group risk management processes; and
- the merger support infrastructure to ensure proper processes from a human resources perspective, adequate communication to staff and clients, financial information and client migration processes.

Finally, processes have been put in place to ensure that key challenges are managed.

Key activities

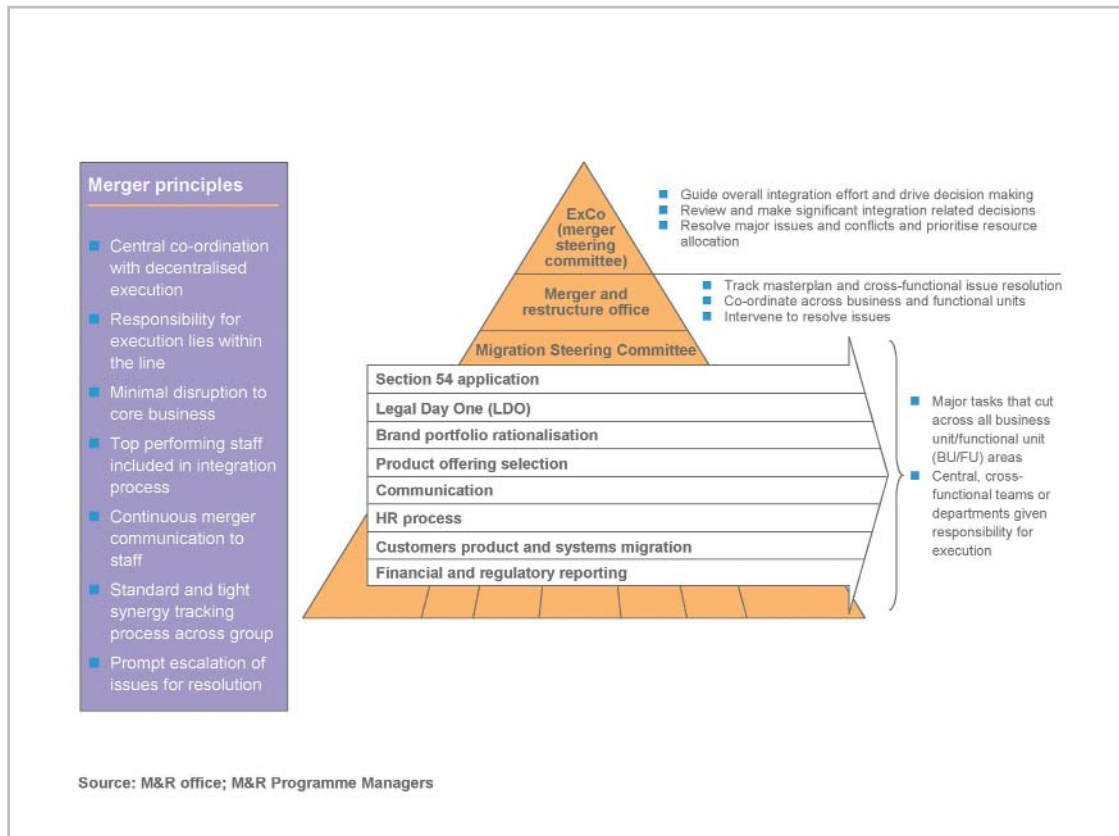
Status

- | | |
|--|--|
| <ul style="list-style-type: none"> • Detailed planning for 111 initiatives including synergy estimation and sign-off by line management | <ul style="list-style-type: none"> – Completed on 31 March 2003 |
| <ul style="list-style-type: none"> • Implementation tracking and monitoring | <ul style="list-style-type: none"> – Run rate of synergies R190 million realised to date versus R90 million target. This translates into an estimated income statement effect of R69 million realised to day versus R42 million target. Forecast income statement benefit for the full year is R176 million |
| <ul style="list-style-type: none"> • Merger costs tracking | <ul style="list-style-type: none"> – R133 million incurred for 6 months to June 2003 – Revised total target (R868 million versus R710 million original target) |
| <ul style="list-style-type: none"> • Priority integrations and merger-supporting activities | <ul style="list-style-type: none"> – LDO completed – Completed three functional integrations – Merger-supporting infrastructure in place for HR, communication, finance and customer migration processes – Group risk integration complete |

Source: M&R office

Overview (continued)

Merger architecture



At the coal face the merger process is being implemented by the functional and business units. These units are responsible for execution and implementation of the plans. They interact with the M&R office via a monthly, signed-off status report that officially records progress and raises issues. In addition, a M&R office representative joins the major BU/FU to monitor progress and assist in resolving cross-BU/FU issues. The M&R office coordinates across the business and functional units to ensure an orderly and optimal implementation process and intervenes to resolve issues, where necessary.

The M&R office reports monthly to the Group ExCo, which provides the overall integration guidelines and makes key decisions. Group ExCo is also responsible for reviewing the merger and resolving issues of conflict, in particular areas where choices have to be made or resource allocation needs to be prioritised.

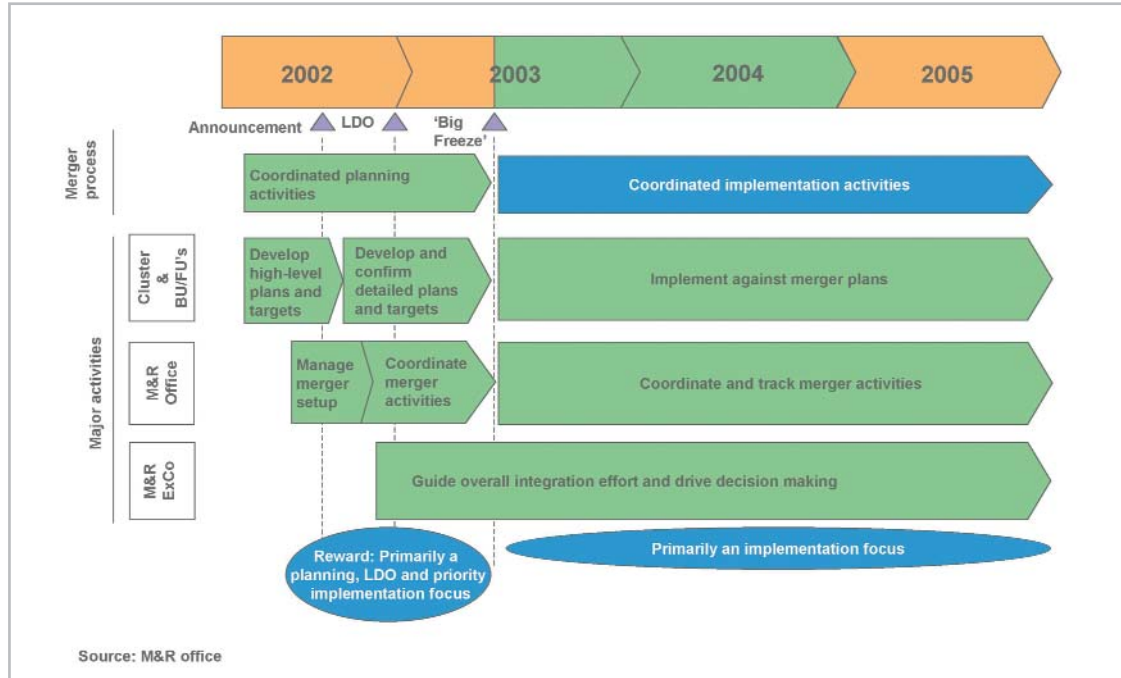
Business units and functional units are represented on the Migration Steering Committee ('MSC'), which meets weekly to ensure that there is alignment between areas such as Technology and Operations ('T&O') and the rest of the organisation. The MSC coordinates and commissions orderly migration to target systems with appropriate product functionality to service clients' needs. Cross-communication is essential to resolve issues that have knock-on effects on other areas such as finance, human resources or property infrastructure.

All plans have been drawn up to ensure minimum disruption within the core business. It is essential that divisions adopt a business as usual approach. While dedicated and qualified staff are involved to ensure that the merger process is properly implemented, most staff continue to focus on the business.

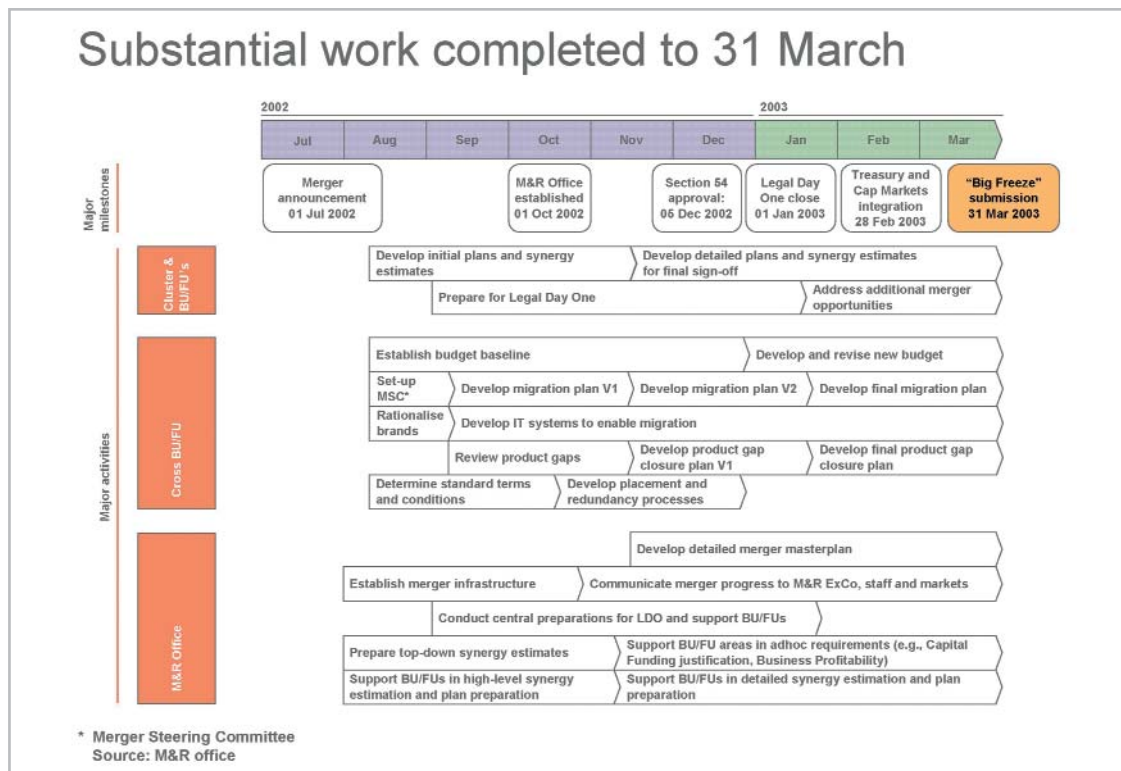
The internal communications process ensures that staff are regularly updated on all merger processes. Communications media include a regular newsletter, e-mails, an intranet site, Q&A facilities on the intranet and a call centre.

The merger is run with extremely tight synergy tracking processes, which are disciplined, rigorous, hierarchic (in that business and functional units need to comply), formal and auditable.

Primary planning focus to 31 March 2003

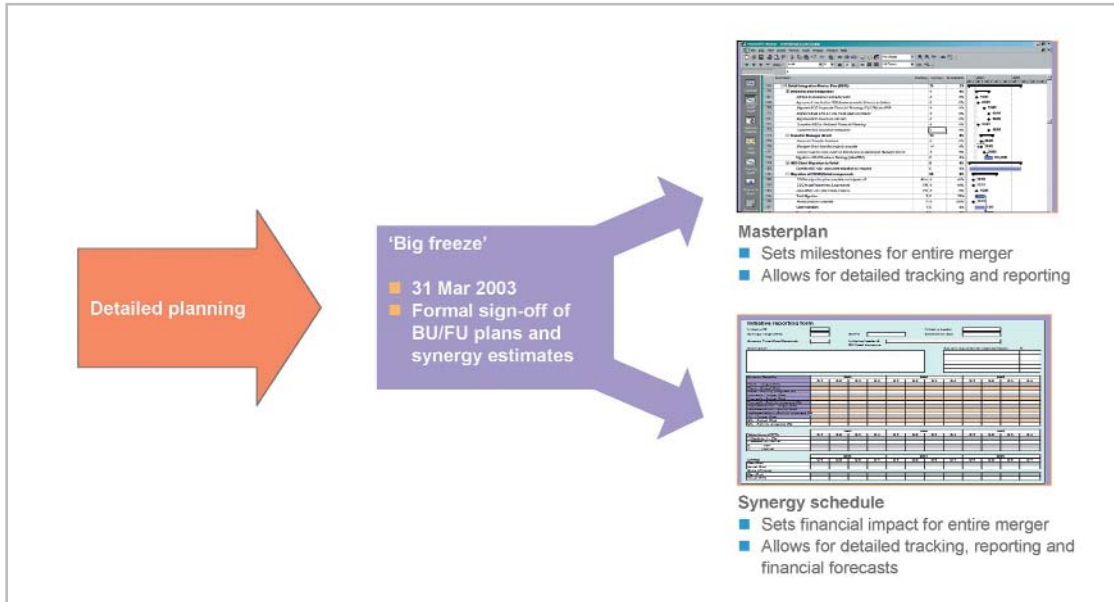


Besides the implementation of the priority integration processes, the period to March 2003 involved detailed planning for the merger. Business and functional units developed high-level plans and targets that were approved by the Group Exco. These plans were then refined and expanded to include synergy and timing targets, which were finally approved by the Group Exco on 31 March 2003.



Overview (continued)

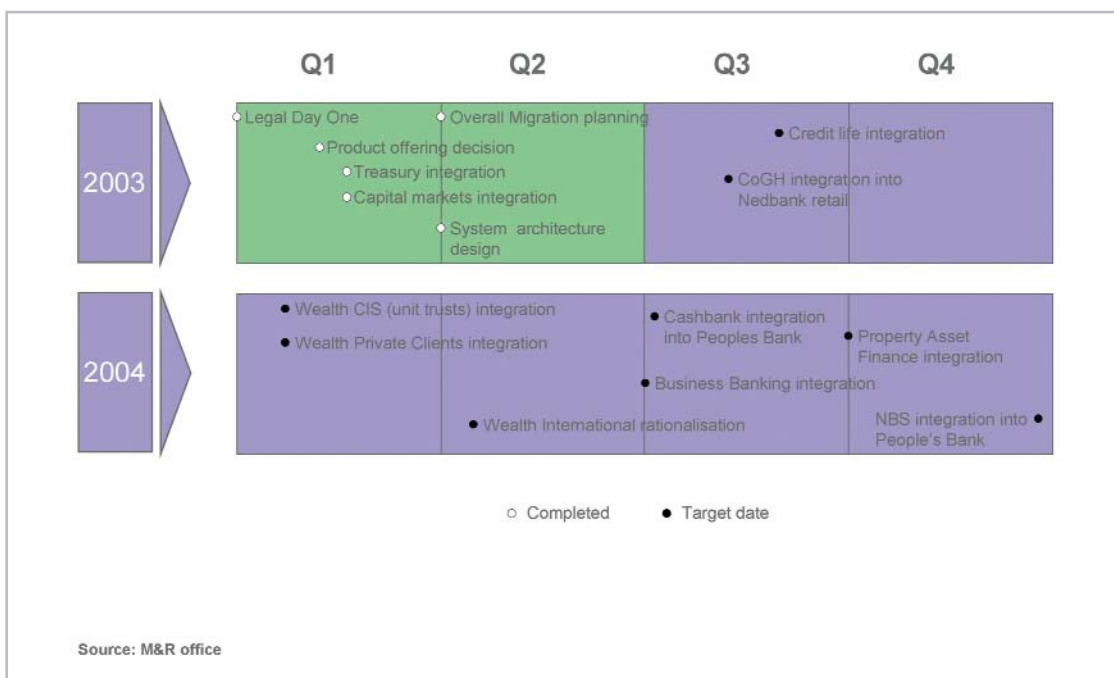
The 'Big Freeze' was a major milestone to lock in plans and synergy targets



A master plan has been drawn up setting milestones for the entire merger and allowing all processes to be tracked in detail and be reported on.

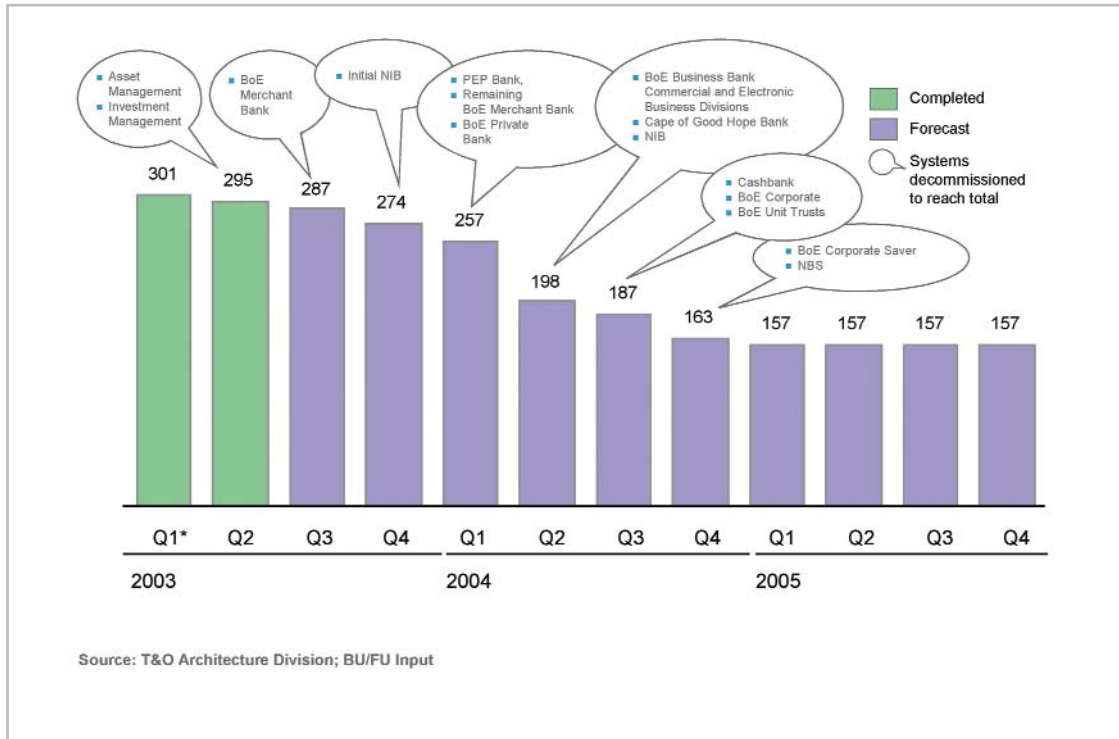
Synergies expected to be realised are identified on a quarter-by-quarter basis, that sets out the financial impact of the entire merger on a detailed line-by-line basis. Key performance indicators ('KPIs') are defined for each initiative to enable the M&R office and Internal Audit to track progress. This has also allowed us, and provides us with the confidence, to report on the targets being achieved.

Major merger milestones



Number of IT systems for Nedcor Group

Looking at the number of IT systems that are currently in the Nedcor Group and the target number of systems we are aiming for, illustrates the systematic progress of the merger.

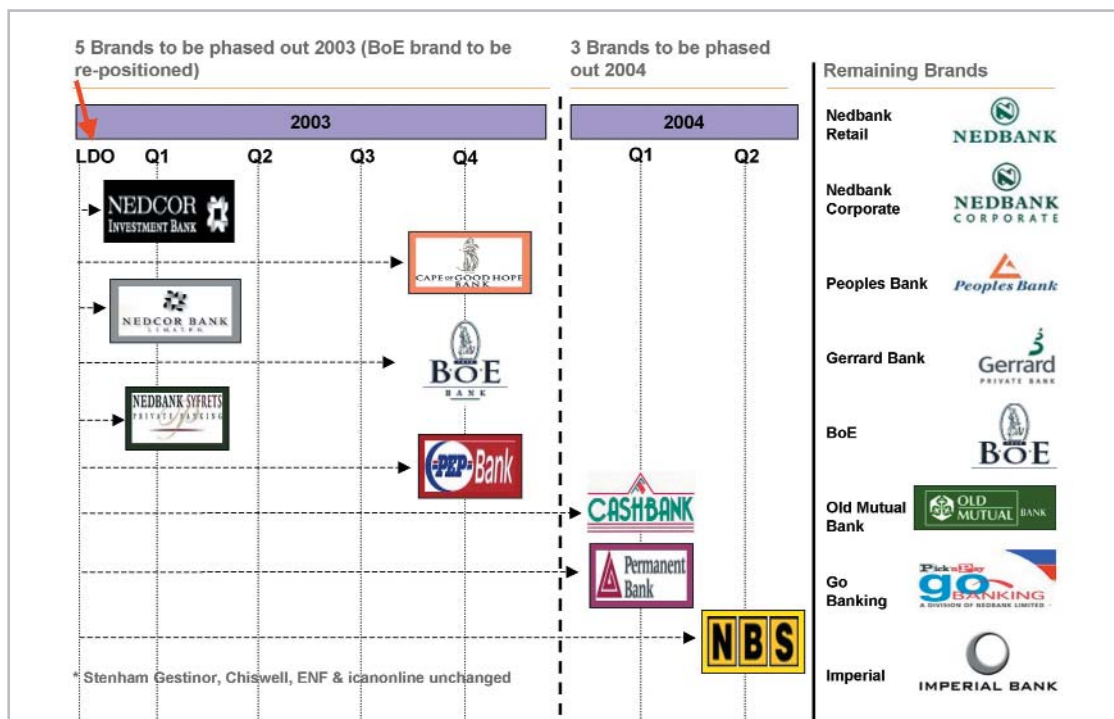


The plan is to reduce the number of IT systems from 301 to 157. Following the migration planning performed by the MSC, systems are being upgraded on a coordinated basis for required product feature functionality and client migration routines are being written. Systems such as the Business Banking transactional systems, being rich in feature functionality and which are client-facing, take longer to be converted. The challenge in the conversion process is to sustain a high level of client service and various routines have been written to provide dual and interoperable access to client information held between BoE and Nedbank systems.

Overview (continued)

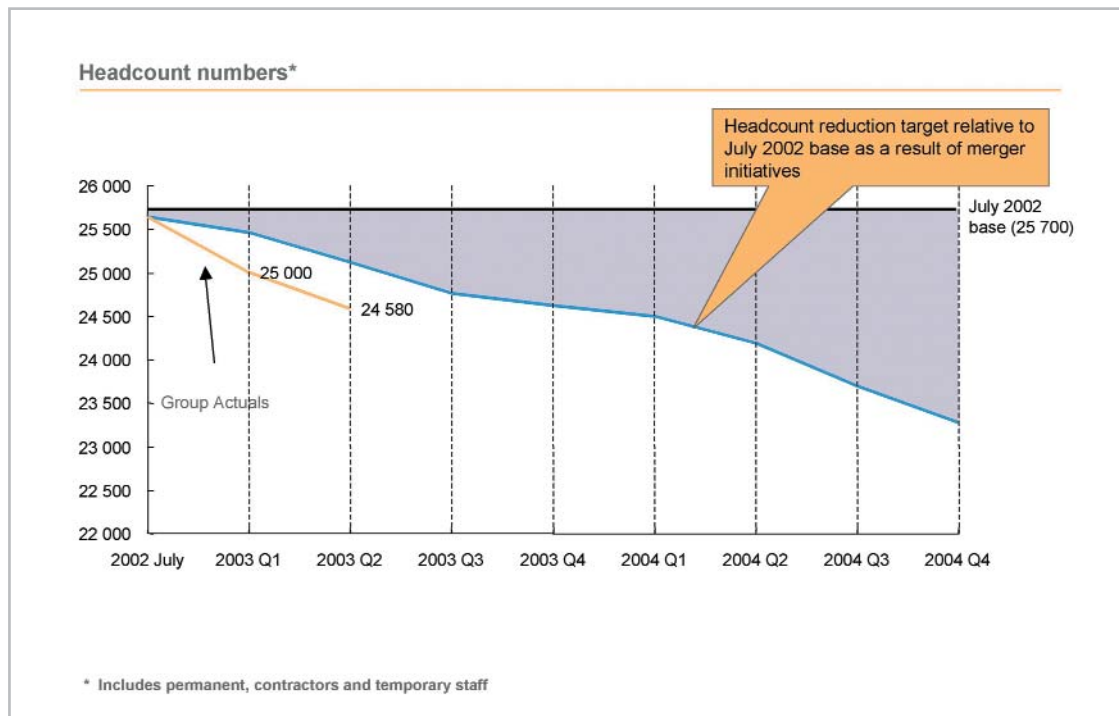
Brand consolidation

The group has consolidated its major brands and over time will be phasing out a number of brands. Brands can be discontinued only once systems have been integrated and clients migrated to the new systems. As a result the brands that currently have high transactional volumes in respect of which major systems upgrades are required will be phased out last. The group will be left with eight core brands.



Headcount reduction

Our headcount has reduced, mainly due to the implementation of merger initiatives and an external recruitment freeze set in place at the time of the merger. Natural attrition, in the main, has brought numbers down considerably.



Legal Day One definition

Legal Day One is . . .

- The date on which Nedcor moves to a new, consolidated legal structure. Assets and liabilities of NIB, BoE, CoGHB (with some exceptions) are moved to the new key legal entities
- The date from which all transactions will be with the new legal entities only
- The time from which managers are responsible for combined operations according to new cluster structure (dotted lines are made solid)
- The date from which consolidated accounts/submissions to SARB/SARS must be prepared

Legal Day One is not . . .

- The date when operational conversions of systems happen (will happen sequentially 6 – 24 months after LDO)
- The date when brands are discontinued (will need to wait for systems/platforms to be ready)
- The date when channels can be shared ie BoE customers can walk into Nedbank branch and be serviced
- The date of Section 54 approval (LDO is when it becomes effective, not granted)

Legal Day One 1 January 2003

Overview (continued)

Achievements to date

Examples of the key achievements of the business and functional units are set out below. Further on in the booklet a more detailed summary of the activities and achievements to date and challenges facing the various businesses and functional units is set out.

	<i>Examples of achievements</i>
Treasury	<ul style="list-style-type: none">• Integration of four domestic treasuries completed, now offering an enhanced suite of Commercial and Merchant products• Dealing rooms reduced from 10 to 3
Business Bank	<ul style="list-style-type: none">• Planning for migration of external accounts completed• Business Bank roll-out across 13 regions commenced with Sandton and Pretoria as pilots• Common product set determined• Standardisation of pricing• T&O activities transferred
Property and Asset Finance	<ul style="list-style-type: none">• Premises, systems connectivity and support initiatives 40% complete (401 staff have moved into new premises)• Completed migration of NBS Commercial Industrial, Loans (R2,3 billion) and NBS Residential Development Loans (R456 million)
Capital Markets	<ul style="list-style-type: none">• Integration project complete, advances book has grown from R10,5 billion to R12,0 billion since January 2003• New governance structure, including credit and investment committees functional from 1 January 2003• BoE Securities re-branded as Nedcor Securities from 1 January 2003 (rated top domestic broker)• Co-location and integration of business units completed
Retail	<ul style="list-style-type: none">• Wealth Management function of Nedbank Syfrets Private Bank transferred to BoE Private Clients• 11 Cape of Good Hope branches closed• Integration of Manager Direct (Nedbank's SME offering) into Retail division completed
Nedcor Wealth Management	<ul style="list-style-type: none">• Quaystone set-up as an empowerment asset manager• Life company repositioned as a focused credit life company and set-up as a joint venture with Old Mutual• Domestic fiduciary businesses merged with Old Mutual trust businesses as a joint venture• Domestic multi-manager sold to Old Mutual• International multi-managers merged• Private client wealth management joint venture set-up with Old Mutual – BoE, Franklin Templeton and Nedbank retail's offering being merged• Unit Trust activities merged (Nedbank, FTNIB, BoE and African Harvest) and asset management thereof outsourced• New client service model implemented
Peoples Bank	<ul style="list-style-type: none">• High levels of customer retention achieved in NBS depositor base (growth of R500 million in deposits up to June 2003)• Planning for future branch distribution footprint of 180 branches completed (rationalisation and rebranding to Peoples Bank)• Implemented T&O model throughout Bank (excluding PEP branches)

- | | |
|--|--|
| Technology and Operations | <ul style="list-style-type: none"> • Completed the scoping and staffing of 30 migration projects. Programme aimed at reducing group's total number of systems from 301 to 157 and migrating the associated accounts to the targeted systems • Rationalised the Cash Centre Operations under a single management structure and operational model • Rationalised the ATM and Point of Sale ('POS') operations under a single management structure and operational model • Established dual systems functionality and interoperability in PEP Bank branches and Business Bank |
| Customer, product and systems migration | <ul style="list-style-type: none"> • Formed a Migration Steering Committee ('MSC') to prioritise and manage the migration across divisions • Coordinated the efforts culminating in detailed migration plans, scopes, budgets and timelines for the migration programme • Defined and scoped required actions to address gaps in products and service offerings to clients • 33 systems related integration projects for the migration of customers from current to target system • Product offering rationalised from 388 to 223 |
| Human Resources | <ul style="list-style-type: none"> • Implemented a HR selection process (internal recruitment process) using an intranet Jobs on Offer system (46 000 job applications received and processed) • Implemented common terms and conditions of employment for the entire group • Established the Employee Development and Deployment Centre ('EDD') to handle internal placements, redeployment and re-training |
| Group Finance | <ul style="list-style-type: none"> • Restructured the budgeting and planning for the Group • Integrated financial and regulatory reporting • Integrated all payrolls except Paarl (planned for Q3, 2003) |
| Management Services | <ul style="list-style-type: none"> • Finalised detail of all property moves for the new group benchmarked at 19,5m² per employee (plan to vacate 22 premises over the next 2,5 years) • Completed planning and started implementation of security upgrade for BoE and NBS branches to Nedcor standard (R47 million of capex spend) • BoE card fraud management centralised • Re-negotiated several procurement contracts |
| Group Risk | <ul style="list-style-type: none"> • Designed and implemented an enterprise wide risk management framework • Established a group central risk monitoring function • Rationalised Internal Audit, compliance monitoring and market risk monitoring functions |
| Communication | <ul style="list-style-type: none"> • Launched the 'New Day' publication that covered the merger and ongoing activities in the various business units • Launched the Nedcor Integration website for updated communication regarding merger activities and presentations • Instituted regular e-mail communication regarding specific merger and restructuring topics • Roadshows by CE to all staff |
| Capital Management | <ul style="list-style-type: none"> • Established a new central Capital Management cluster • Realised in excess of R1,0 billion of non-core assets including Canal Walk, Virgin Active South Africa and Commercial Finance Corporation • Restructured in excess of R450 million of assets to reduce risk or enhance returns • Ringfenced BoE and NIB's capital of R8,2 billion to achieve a target return |

Overview (continued)

Corporate restructuring

Although the group's capital adequacy reduced after the merger, it has been enhanced through a number of internal capital restructuring initiatives implemented by Nedcor's new Capital Management cluster. Further activities are proposed for 2003 which are subject to regulatory approval.

Restructuring to improve capital adequacy		
	<u>Group</u>	<u>Bank</u>
Initiatives completed during 2nd half of 2002	2 556	3 000
■ Capital raising	2000	2000
■ Optimisation of secondary capital	500	1 000
■ Non-core asset sales	56	—
Initiatives completed during 1st half of 2003	192	1 593
■ Intergroup capital restructuring	192	1483
■ Non-core asset sales	—	110
Initiatives planned for 2nd half of 2003	515	6 199
■ Resolution of impairment	515	—
■ Intergroup capital restructuring	—	6199

* Capital adequacy ratio
Source: M&R office

Value added through the merger: estimates

		2002		2003		2004		2005		Steady State
		Plan	Forecast	Plan	Forecast	Plan	Forecast	Plan	Forecast	Forecast
Operational synergies		–	–	90	293	400	563	660	638	660
Funding efficiency***		30	30	125	125	125	125	125	125	125
Once-off costs (p.a.)		30	30	215	418	525	688	785	763	785
Pre-tax enhancement		(100)	(91)	(225)	(436)	(175)	(341)	(210)	–	–
Capital efficiency**		(70)	(61)	(10)	(18)	350	347	575	763	785
Total value added		30	30	120	120	120	120	120	120	120
		(40)	(31)	110	102	470	467	695	883	905

Rm (annualised run rate*) ■ Original target (Oct 2002)

* Relative to 2002 baseline
 ** EPS impact, not income statement, static forecast
 *** Static forecast
 Source: 28 Oct Analyst Presentation; M&R office

Minority interests in synergies ignored as these were off-set by endowment effect of businesses sold

It can be seen from the table that the steady state synergy forecasts remain the same as the original forecasts of October 2002. However, we are realising the synergies sooner than was originally anticipated.

The non-recurring costs are also being incurred at an earlier stage than originally projected and have increased by R158 million over the original anticipated costs. The increase in the once-off costs is mainly the result of increases in IT spend and early implementation of synergy realisation.

Although there are minority interests in several of the synergies listed above, the effect has been ignored, as it is offset by the endowment effect on the consideration received from sale proceeds.

Impact on pro forma cost base

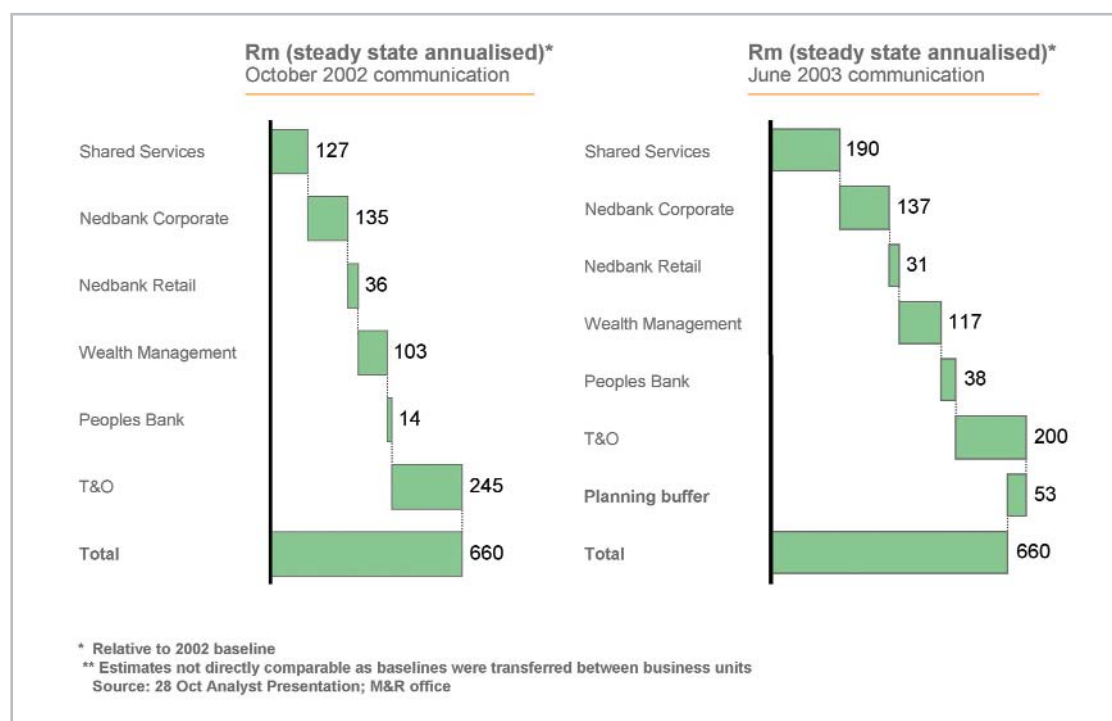
The table below sets out the pro forma impact of merger activities on the group's combined cost base for the six months to June 2003.

Merger baseline impact

Nedcor baseline (2002)	R'm
Operating expenses for Nedcor (6 months to 30 June 2002)	2 962
Operating expenses for BoE (6 months to 30 June 2002)	1 320
Less: disposal of NBS mortgage book	(80)
Proforma expenses	4 202
Proforma operating expenses (2003)	
Inflation (CPI 7,7%)	378
Less: Merger savings (6 months to 30 June 2003)	62
Merger costs (6 months to 30 June 2003)	133
Pro forma pre-tax operating expenses (6 months to 30 June 2003)	4 651

Overview (continued)

Operational synergy estimates



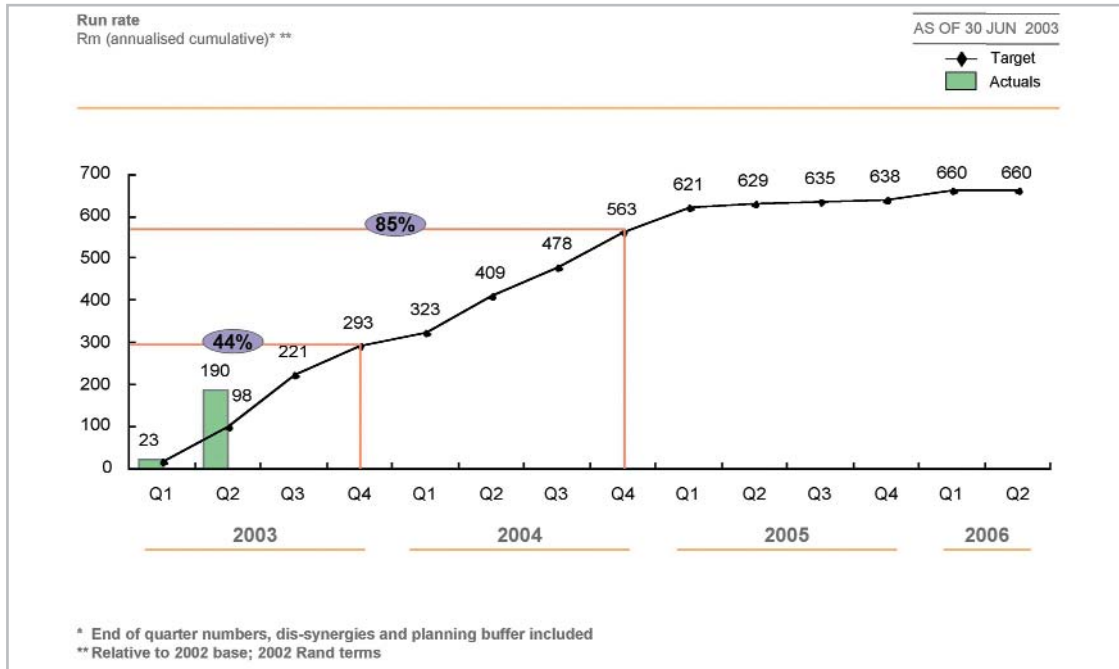
The table reflects the changes in synergy targets between the various business units and, while certain business unit and functional unit synergies have been increased, others have decreased. These increases and decreases are mainly the result of targets being transferred between BUs and T&O and greater precision was obtained once the detailed plans were locked in on 31 March 2003.

Set out below are the details of the major areas in which the merger synergies are derived within each of the business and functional units. The target within these areas are shown in the left hand column on a 'run rate' basis (ie annualised – as measured by the M&R office) and a 'realised' basis (ie impact of AFS to June 2003).

Operational synergies breakdown (R'm)

	Steady State Target (measured on 'run rate' basis)	Realised in income statement
Headcount reduction	394	7,0
Marketing	42	17,5
Eliminate duplication	85	76,3
Decommissioning	130	63,6
Consolidation of premises	67	–
Additional operating expenditure	(56)	(102)
Cross-selling	169	6,1
Assumed loss of market share	(118)	–
Planning buffer	(53)	–
Total	660	68,5

Synergies realisation schedule



This graph shows the expected progress of the group in implementing the synergy targets on an annualised run-rate basis (a basis that shows the annualised effect of steps taken to realise synergies from that point forward, measured in 2002 rand terms). The actual synergies realised to date are ahead of targets. It is forecast that by the end of 2003, 44% of the synergy targets (by value) will be met and 85% by the end of 2004.

Once-off cost analysis

The table below sets out where the major merger-related costs are being incurred by the various business and functional units.



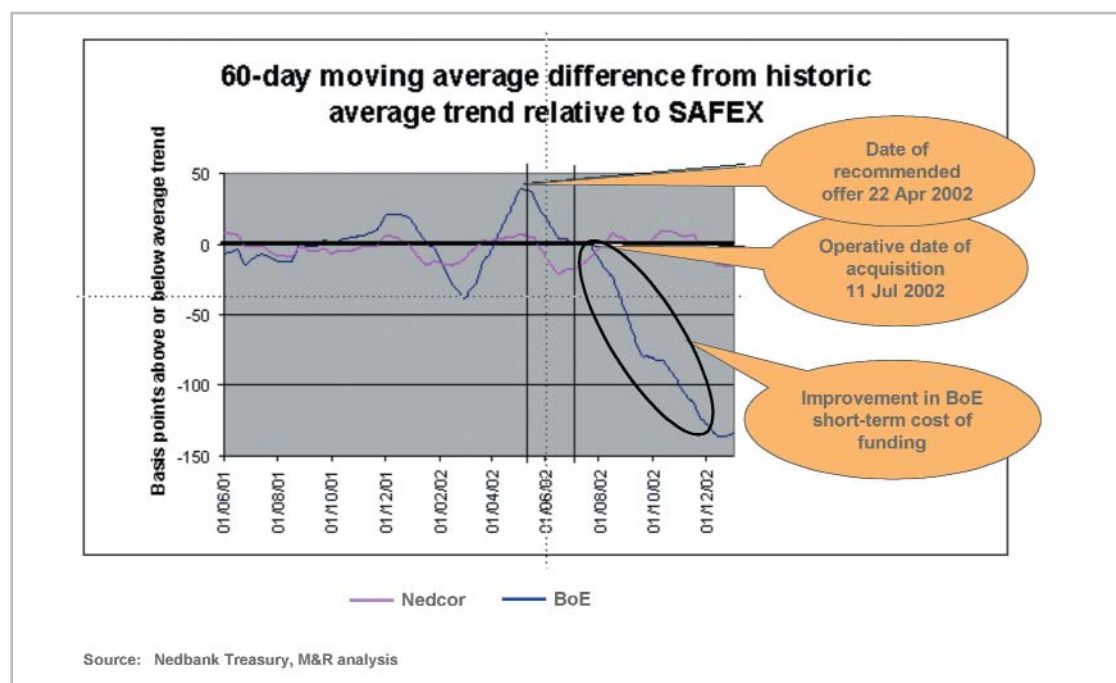
Overview (continued)

Accounting treatment – merger costs and provisions

<i>Pre-Boe merger costs and provisions</i>	<i>Capital costs</i>	<i>Other non capital costs and provisions</i>
<ul style="list-style-type: none"> Show as cost of investment in BoE <p>Examples</p> <ul style="list-style-type: none"> Legal costs Fair value adjustments Accounting policy driven adjustments Provisions made on BoE onerous contracts (leases, etc) 	<ul style="list-style-type: none"> Show as exceptional items <p>Examples</p> <ul style="list-style-type: none"> Write-offs of ex-Nedcor fixed assets 	<ul style="list-style-type: none"> Other costs incurred as a result of BoE merger or subsequent restructuring Regarded as headline earnings items per GAAP Classify as non-core <p>Examples</p> <ul style="list-style-type: none"> Substantially all of the once-off costs including: Implementation consulting costs Merger communication costs Retrenchments

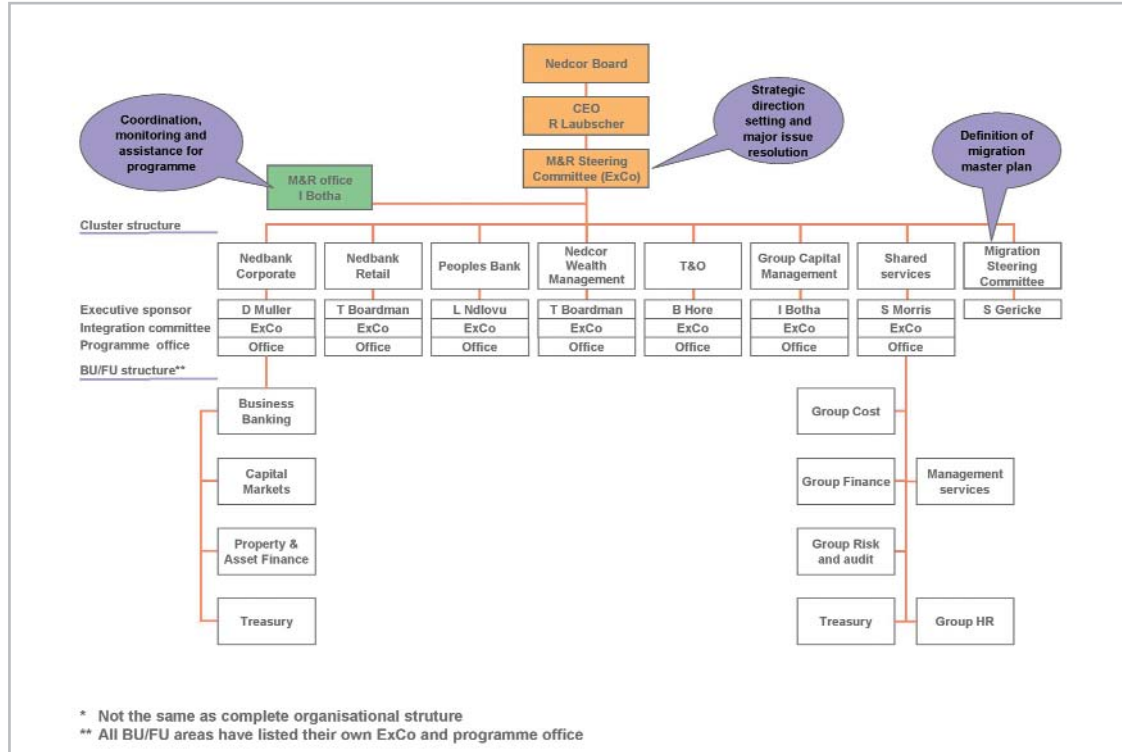
The table above sets out the principles used in allocating the once-off costs incurred through the merger process. These principles are consistent with those applied at the 2002 year-end.

Cost of funding efficiency



The graph shows the improved cost of funding that was being achieved on the BoE deposit book following the merger. The average funding cost of deposits in BoE Bank improved in line with our original estimate of 25 basis points.

Integration architecture*



The organogram sets out in broad terms the various structures within divisions working on the merger and restructuring process. Each business and functional unit has identified key initiatives, with detailed plans, timetables and synergy targets being set.

A Migration Steering Committee ('MSC') has been set up, with representatives from each business and functional unit, to set priorities for system changes, ensure processes that impact across divisions are coordinated, and ensure that functional areas such as HR, Risk and Finance have plans that align with those of the business units.

The M&R office coordinates and monitors the process, ensuring the merger disciplines are monitored at all times. In addition the M&R office assists BU and FU project management offices with the implementation of their merger processes.

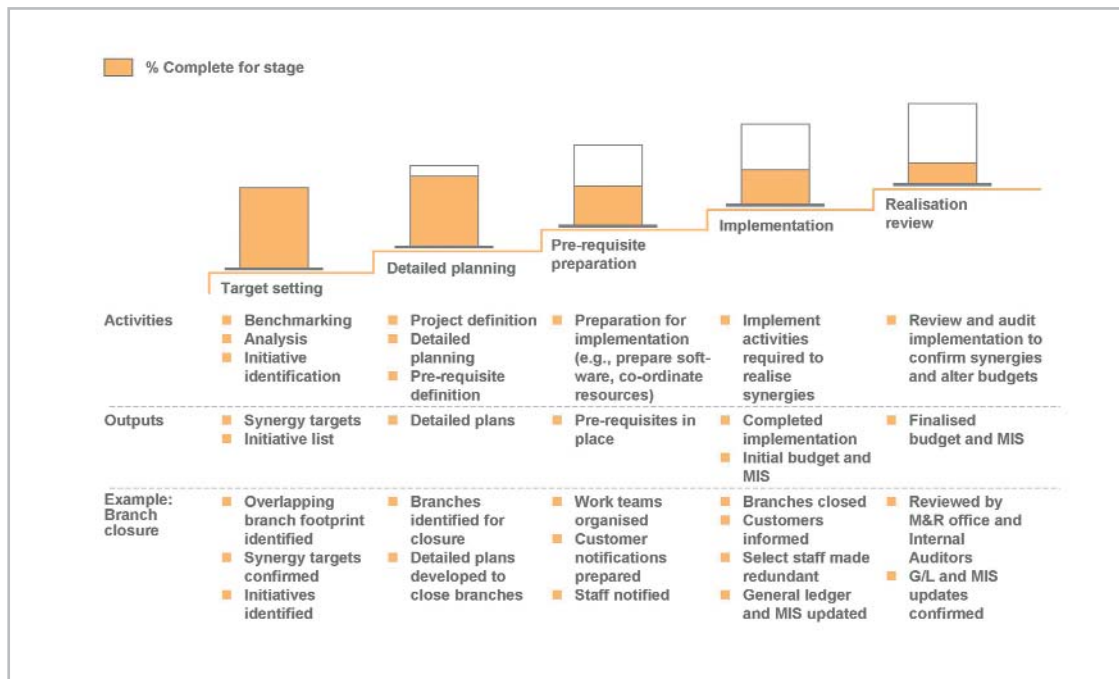
Ultimately the M&R steering committee consisting of the Group Exco takes overall responsibility for the strategic direction of the merger and resolution of the major issues or areas of conflict that arise.

The services of international consultants who have been involved in similar mergers are being used throughout the process and this allows us to benchmark against best practice.

Overview (continued)

Every project proceeds through five stages

To structure and control the overall process and to monitor its implementation each project is divided into, and reports in, five stages.



The target-setting phase started with aspirational targets being set, using international benchmarks, by consultants and the M&R office. These benchmarks were analysed and initiatives identified to optimise the synergies and ongoing operation of each business and functional unit. The units have agreed to initial targets and indicated broad areas where synergies could be achieved.

Detailed planning involved setting out steps for implementation and defining prerequisites that had to be in place for the projects to be implemented. These plans, together with key performance indicators, were audited.

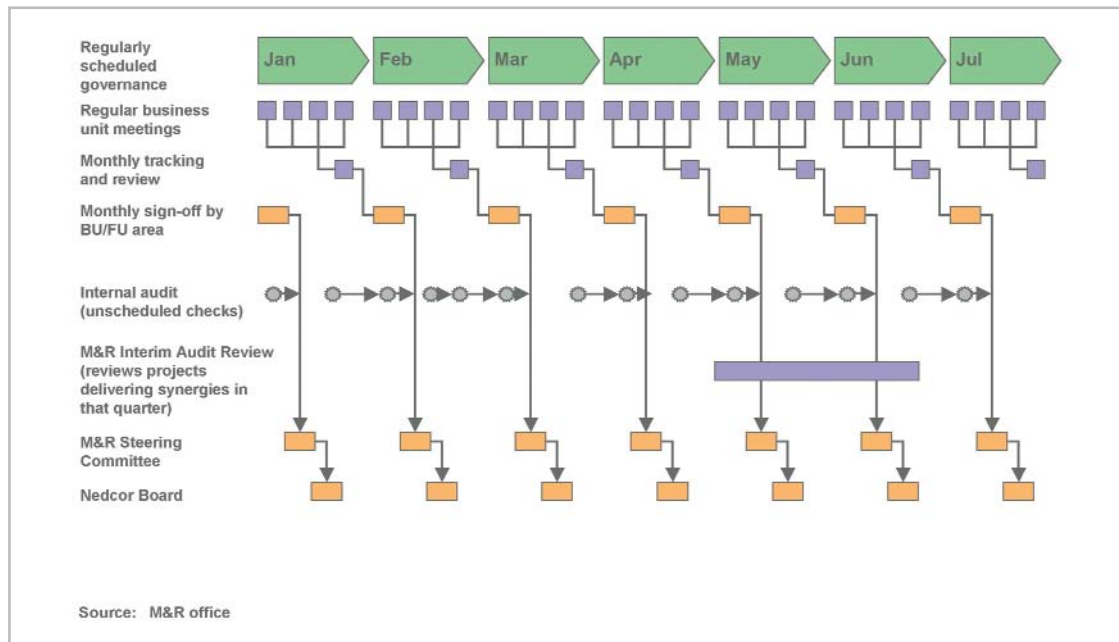
The next phase involved putting in place the prerequisites for implementation such as the development of data migration systems and protocols.

The implementation phase requires that all the project steps be carried out to complete the project implementation and realise the synergies. This would involve processes such as the closure of branches, rebranding of branches where applicable, and transfer of relevant clients to selected systems.

Finally all projects are subject to a review by the M&R office and Internal Audit to confirm that synergies have been achieved and that they are sustainable.

M&R governance processes

Monitoring and reporting meetings are held each month. The table reflects the various meetings and reporting lines followed each month.



Challenges

The key challenges for the implementation of the merger are detailed below:

Challenges

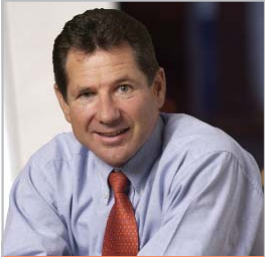
- Customer retention
- Achievement of revenue synergies
- Complexity of business bank integration
- Retention of key staff and consistency of incentives
- Achieve consistent internal accounting procedures (eg. MMFTP, capital management)

Remedies

Tailored remedies have been planned and implemented for each challenge by each BU of FU for example in the case of the last challenge (consistent internal accounting) the following actions are being taken:

- Involved international experts in specification and design of 'engine rules management' projects
- Moving towards centralised capital management
- Managing asset liability mismatch – implementing Match Maturity Funds Transfer Pricing ('MMFTP')
- Performance management through focus on RAROC by business unit and intrinsic value creation.

Nedbank Corporate Treasury



Peter Lane

'Treasury is positioned to realise the benefits of immense effort,' says Peter Lane, Group Treasurer. 'Our next objective is to entrench ourselves as the leading bank treasury in South Africa. The team is focusing on developing a new and shared culture from which to leverage the benefits of a greater product offering, increased talents and broader reach, thereby enhancing client service and ultimately increasing profitability.'

Scope of business

To align the Treasury business strategy to that of Nedbank Corporate by providing a global platform from which to support the Bank's strategy of increasing its international and domestic presence and to provide excellent service.

Business unit executive

Willem Reitsma
Hannes van der Westhuyzen
Hilton Summers
Gordon Little
Moss Brickman
David Gracey
Ross Meredith
Guy Strahlendorf
Bruce Stewart

Gary Tamblyn
Eben Mare
Norman Stegmann
Neven Hendricks
Kevin Whitfield
Chris Doyle
Hendus Venter
James Burgess

Major achievements since merger

- The Treasury Integration (Project Unicorn) Milestones included remodelling the main Johannesburg dealing room in 47 days by adding 56 fully equipped new dealing stations, commissioning the 20-seat Durban dealing room in 33 days and building the 20-seat Cape Town dealing room from scratch, getting it operational in 54 days. The bulk of the infrastructure had to be imported from the US and Europe. Treasury Operations were centralised in Johannesburg.
- Project Unicorn involved a core team of 12 people who have logged about 26,000 man-hours (excluding weekends), 7 dedicated project managers, 4 business unit heads, external contractors such as Dimension Data, Reuters, and numerous other T&O resources, external and internal consultants on the project including McKinsey & Company, Deloitte and Touche, Atos KPMG (London), KPMG South Africa and our own M&R office.

Challenges

2002 starting point

- 4 separate Treasuries
- 10 Dealing Rooms
- 4 Brands
- System Duplication
- Each with incomplete suite of financial products
- Duplicate processing and support infrastructure

Detailed initiatives implemented and completed

2003 results

- Single Group Treasury
- Represented in 3 Regions in SA
- 1 Brand
- Integrated people, systems and processes
- Full suite of Commercial and Merchant Products
- Track and measure synergy realisation

Benefits of treasury integration

- Establishment of a single, fully integrated Group Treasury.
- Establishment of new Group Treasury Business Model with extensive regional capabilities.
- Offer a 'quick-win' and proof of concept for the merger.
- The realising of merger synergies.
- Due to the early completion of people selection and placement it ensured the retention of 'best talent'.
- Enabled early regulatory and legislative compliance into Section 54 approval of the Merger (LDO Compliance).
- Containment of the Bank's Wholesale Funding Costs.
- Application of consistent instrument valuation methodologies and the consolidated management of risk portfolios.
- Expansion of the Treasury product offering.
- Due to centralising of support and operational activities, realised benefits of improved economies of scale.

'The greatest challenge was to ensure business as usual while focusing on the integration,' says Willem Reitsma, Deputy Group Treasurer. 'We acted as one team from the start and shared all information to create an environment of trust.'

Nedbank Corporate (continued)

Business Banking



Richard Buchholz

'We believe in doing everything around the client. Accordingly, our Migration Strategy is to maintain consistency in our client relationships, and to make the process as painless as possible for clients.' – Richard Buchholz

Scope of business

Business Banking

Business unit executive

Philip Wessels

Stan Beyers

Anis Stewart

Alwyn Rossouw

Heinz Weilert

Douw van der Walt

Neels Ludik

Mike Krogh

Andre van der Burgh

Schalk Roux

Major achievements since merger

- Single management team for Business Banking from 1 January ('Commercial' and BoE Business Division).
- Handover of non-client facing/support functions, such as pick up and delivery and document image processing, to the respective operating divisions and departments within Nedcor.
- The extent of the migration embraces the migration of over 163 000 clients to a new product and systems environment and the rebranding and restructuring of 5 branches. The migration planning is complete. The regional rollout has commenced in the Sandton and Pretoria branches.
- Despite the fact that we are going through extensive migration, Business Banking continues to grow its balance sheet.

Challenges

- Complex and long migration with limited product gap closures and a large demand of manual hand-offs.

Detailed initiatives implemented and completed

- Intensive collaboration with the T&O and Product areas in planning the migration of clients and product offerings to Nedbank systems.
- Processing unit functions merged into T&O.
- Change management and training for the ex BoE staff members has commenced. To date 413 staff have been on the change management programme and 51 BoE staff members have been trained on the Nedbank products and systems. In addition, 45 Legal Collections employees have been trained.

Property and Asset Finance

Scope of business

Property and Asset Finance is positioned as the operating division of Nedbank Corporate that provides specialised property and asset finance solutions aimed at satisfying the associated service needs of clients in such a manner that adds superior value to our customers, staff, shareholders and community.

Business unit executive

Brian Findlay
 Dave Griffiths
 David Gorven
 Frank Berkeley
 Greg Heron
 Hilary Sander

Mike Thompson
 Patrick Caley
 Peter Smith
 Riaan van Eck
 Robin Lockhart-Ross
 Russell Inngs

Major achievements since merger

- All credit processes are aligned and monitoring well advanced.
- Change management process implemented and rolled out to all regions of Property & Asset Finance.
- Human Resource structures in place, terms and conditions consolidated with first round remuneration reviews/alignment complete. Consolidation of staff payrolls complete.
- No adverse customer impact identified and no credit concentration issues.
- Systems selection complete and migration project is progressing as planned. The NBS Commercial and Industrial Loans (R2,29 billion) and NBS Residential Development Loans (R456 million) migrations have been successfully completed.
- Migration of insurance data is nearing completion.
- Out of a total current staff of 1 170, almost half were scheduled to move to new premises. The current status is as follows: KwaZulu Natal scheduled 190 to move and 160 are complete, Gauteng scheduled 185 to move and 33 are complete, and Cape Town had 208 scheduled to move and all 208 are complete.

Challenges

- Asset allocation/business model within Nedbank Corporate.
- Staff retention.



Mike Brown

'We are very pleased at the merger progress in the Property and Asset Finance Division. Our people are working together exceptionally well and all merger and restructure targets are on track whilst at the same time we have achieved current year to date financial targets. We are particularly excited at the prospects for the merger on the property side where we have created the leading player in the South African property market' – Mike Brown

Nedbank Corporate (continued)

Property and Asset Finance

Detailed initiatives implemented and completed

- Change Management: Designed, implemented and rolled out to over 50% of the organisation to date.
- Legal Day One: Day one planning & execution complete, including organisational structure.
- Property Branding: The implementation strategy for the group, cluster and divisional branding strategy is complete. Implementation of the new brand is progressing as planned (50% complete).
- Payroll: The payroll conversion project is complete.
- Core Property and Asset Based Finance Systems: Systems decision and all migration planning is complete. System and data preparation is on track for the agreed migration timelines (40% complete).
- Physical Data Migration: The NBS Commercial and Industrial Loans (R2.29billion) and NBS Residential Development Loans (R456m) migrations have been successfully completed.
- Insurance Migration: Migration planning is complete and planned implementation progress exceeded.
- Corporate Saver/Probanker: The migration has been scoped and is in progress.
- Invoice Discounting/Factoring Systems: Systems will be complete by July 2003, thereafter migration planning and execution will be initiated.
- Historical/Archiving Data: The testing of the chosen solution is underway.
- Cross Selling Initiatives: These have been planned, and once an asset allocation decision has been finalised, it will be implemented across Nedbank.

Capital Markets

Scope of business

- Competes in broadly defined merchant & investment banking markets.
- Provides primary and secondary capital market financing service.
- Focuses on finding innovative mechanisms for the raising of capital with emphasis on large corporates, institutions and projects.
- Products are debt structuring and origination, disintermediation services, equity restructuring and raising, hybrids & proprietary position taking.
- Business Units include: Specialised Finance, Financial Engineering, Institutional Equities (Nedcor Securities) and Private Equity.

Business unit executive

Mark Weston
Adie du Plessis
Jean du Plessis

Patrick Jackson
Dave Stadler
Willy Ross

Major achievements since merger

- Capital Markets staff appointments and organisational structure finalised before 31 December 2002.
- New governance structure, including credit and investment committees functional from 1 January 2003.
- BoE Securities re-branded as Nedcor Securities from 1 January 2003. Macquarie and Scotia Bank research sharing agreement announced July 2003.
- Co-location of business unit effected before end of February 2003.
- Migration off legacy lending system to new system by 31 March 2003.
- Target Revenue synergies in terms of contribution to group merger plan for 2003 realised, and, at half year, ahead of budget.

Challenges

- As an 'intellectual capital' type of business, the key issue facing Nedbank Corporate Capital Markets is to retain key staff, through providing a good working environment, clear vision and incentivised achievement.

Detailed initiatives implemented and completed

- Nedcor Securities achieved the number four rating for equity research in the May 2003 Financial Mail Research ratings, a significant improvement from the previous year's ranking outside the top 10, and the highest ranking achieved by a domestically owned brokerage.
- Significant deals achieved since the merger include:
 - Capital Markets acting as lead arrangers and financial advisors to Harmony in Harmony and ARM Gold's R1,8 billion joint purchase of a controlling stake in Avmin from Anglo American;
 - the Resource and Project Finance team acted as financial advisor to Harmony and African Vanguard Resources for AVR's acquisition of 26% of the mining rights to the existing Doornkop operations and R1,5 billion shaft deepening; and
 - the Private Equity division facilitated the R120 million MBO of Eveready from its international parent Gillette.



Brian Kennedy

'Our role is to provide unique, cost effective solutions to our clients' capital raising requirements through the synergistic combination of debt, equity and hybrid capital market products' – Brian Kennedy

Retail Banking



Pete Backwell

'Although Retail was classified as an unaffected business in the merger, a fair amount of effort has been required to this point. The Western Cape has been stretched and they have delivered the required service to clients while achieving record sales months. We welcome the staff and clients from Cape of Good Hope Bank and wish them a long relationship with Nedbank.' – Pete Backwell

Scope of business

- Manage the sales and service aspects of the Retail market (Nedbank Retail Division).
- Establish and grow our joint ventures and partnerships (Pick 'n Pay Go Banking, Old Mutual Bancassurance).
- Manage the Nedbank Brand.

Business unit executive

Anton de Souza
August van Heerden
Dennis Jackson
Seamus Casserly

Andrew Lumsden
Gerhard van Graan
Greg Garden

Major achievements since merger

- Successful S54 implementation.
- Establishment and management of the various Insurance projects.
- Move of Wealth Management for Nedbank Syfrets Private Bank to BoE Private Clients.
- CoGHB branch closure and migration of staff and clients to Nedbank.
- The integration of Manager Direct (SME) into the Retail Division.
- The ring fencing and sale of a portion of the Perm mortgage book to Peoples Bank.
- Review of icanonline gap closures, business case and future positioning of the 16 500 clients.

Challenges

- Client service, especially in the branches in the Western Cape with the CoGHB migration impact.
- Retention of approximately 85% of the CoGHB base.
- Retention of CoGHB staff.
- Appropriate new branch distribution.

Detailed initiatives implemented and completed

- The majority of the CoGHB clients have been migrated to Nedbank (less than 2 500 left on CoGHB system, of these 1 500 are dormant).
- The first 4 CoGHB branches closed on the 7th of June and the remaining 7 on the 5th of July 2003.
- 100 Business Liaison Officer ('BLO') positions in the branch network were made redundant.

Peoples Bank

Scope of business

- Provider of Retail/Business Banking services to individuals and Small/Medium business sector.
- 30% ownership by Black Economic Empowerment Partners/70% Nedcor National branch distribution network.
- Alliance relationships with Capital One, JD Group and Old Mutual Group Schemes.

Business unit executive

Alan Mukoki
John Maxwell
Jimmy Manyi
Brian Duguid
Lindiwe Kubeka
Dumisani Ncala

Terry Lamont-Smith
Hassim Akoob
Chris Mamabolo
Lora Rossler
Victor Sandamela

Major achievements since merger

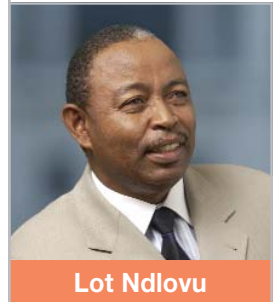
- Implementation of post merger executive and management structures.
- Met all group merger and restructuring milestones (ie Legal Day One, 'Big Freeze').
- Achieved high levels of customer retention in NBS depositor base (growth of R500 million in deposits during H1, 2003).
- Completion of planning for future branch distribution footprint (rationalisation and re-branding to 'Peoples Bank').
- Client migration projects well underway within the T&O/product management environment.
- Exceeded synergy targets for H1, 2003.
- Retention of key talent staff.

Challenges

- Achieving maximum client retention/ satisfaction during migration process.
- Minimising the number of product functionality gaps to be closed prior to commencement of bulk client migration activity.
- Positioning of Peoples Bank as an 'aspirational' brand for the emerging middle market.

Detailed initiatives implemented and completed

- Planned headcount reduction achieved since July 2002.
- 17 PEP Bank branches closed and 43 remaining outlets re-branded Peoples Bank.
- 10 000 PEP Bank customers migrated to Peoples Bank.
- Head Office rationalisation and marketing synergies achieved.
- Three clearly defined and focused lines of business implemented within Retail Banking.



Lot Ndlovu

'Through the integration process, Peoples Bank will benefit from a substantially increased distribution network, depositor base as well as the addition of talented staff.' – Lot Ndlovu

Nedcor Wealth Management



Paul Leaf-Wright

'Our challenge is to build a meaningful portfolio of non-institutional investment management businesses. We hope to create a presence in the market and assist the group by providing non-interest revenue and superior RoE. We will work as a team to create an enabling environment where our businesses and people will thrive.'
– Paul Leaf-Wright

Scope of business

- Private Clients ('HNWIs') – through performance, service and the delivery of personalised solutions based on in-depth understanding of clients needs, we will become our clients' most trusted advisors enabling the transfer of wealth from generation to generation. Locally, BoE Private Clients target high net worth individual's investment, banking, fiduciary and stockbroking solutions. Internationally targeting this market segment are Gerrard Private Bank, Chiswell Associates and Stenham Gestinor.
- Distributing collective investments through intermediaries is a second focus. Nedcor Retail Investments is an exclusive brand alternative for premier intermediaries seeking innovative international and domestic investment product solutions, managed by 'best of breed' specialists. This unit includes businesses previously under BoEIPS, NIBi International and BoE International banners.
- Providing Credit Protection Life Assurance solutions to Old Mutual/Nedcor Group and its clients is a third focus. BoE Life Assurance protects the assets and wealth of the Nedcor/Old Mutual client community through the development and provision of innovative, assurance solutions.

Business unit executive

Andrew Culbert
Dave Macready
Clive van Horen
Jacqui Bennett

Mark Smith
Michael Fienberg
Bob Wooddisse
Robert Brown

Major merger achievements

- Created two 50% Joint Ventures with Old Mutual for both the Private Clients and Life businesses.
- Completed comprehensive strategic review of the BoE Private Clients business in conjunction with an international consultancy.
- Repositioned our full spectrum Life Company to become a focused credit life company. This involved closing some products and, refining operating procedures and developing innovative, value adding bank assurance products.
- Redefine Nedcor's approach to collective investment schemes, creating a new strategy and approach that differentiates us from the market.
- Transformation integration workshops are being held engaging staff at all levels.
- We are in the process of rolling out Balanced Scorecards for all staff to create a link between the high level strategy and what it means for all staff as individuals.

Challenges

- Integrate the local and international solutions, enabling a seamless offering and service to clients.
- Increase the share of wallet of our high net worth clients within our Private Clients business.
- Leverage the significant potential of the Nedbank and Old Mutual distribution networks to sell Life products.
- Refine our 65 Funds offering from the current 5 Management Companies into 1 Management Company offering approximately 25 Funds.

Detailed initiatives implemented and completed

- In bringing together the Wealth Management business a total of 360 staff have been relocated thus far into our main offices in Cape Town, Durban, Port Elizabeth, George, Bloemfontein, Johannesburg and Pretoria, as well as our international offices in London, Isle of Man and Guernsey.
- Merged 6 separately positioned group companies to create one consolidated Private Clients business.
- Conducted 1200+ interviews as part of our recruitment and selection processes in completing the large majority of the organisational structures throughout Wealth Management.
- Discontinued the use of 2 Banking systems, with clients successfully migrated onto one system.
- Centralised the operations of our 5 Management Companies onto one operating platform at our outsourced Service Provider.
- Transactions completed:
 - Sale of 50% of BoE Private Clients to Old Mutual Incorporates:
 - BoE Private Bank
 - BoE Personal Stockbrokers
 - Nedbank Syfrets Private Bank – Wealth Management
 - Syfrets Trust Limited
 - FT NIB Private Client Asset Management
 - Old Mutual Trust
 - Sale of 50% of BoE Life to Old Mutual.
 - Sale of BoE Asset Management company to Aka Capital, Peoples Bank and Old Mutual.
 - Sale of BoE Investment Administrators to Old Mutual.
 - Sale of FTNIB Multi-Managers to Old Mutual.
 - Sale of Edge Multi-Managers to Old Mutual.
 - Sale of Edge Assurance to Management.
 - Acquisition of African Harvest Management Company.

Technology and Operations



Barry Hore

Scope of business

Technology and Operations provides information technology and operational processing services to the Nedcor Group, its brands and alliances both locally and internationally.

From an M&R perspective, T&O's key focus is to minimise the technology spend on migration whilst maximising merger synergies through client retention and cost savings by simplifying the new group's technology infrastructure.

Business unit executive

John Cruickshank
Len de Villiers
Willie Scholtz

Andre Meyer
Harry Wilson
Mike Jarvis

Major achievements since merger

- The scoping and staffing of 30 migration projects under the banner of the M&R Migration Programme aimed at reducing the group's total number of systems from 301 to 157 and migrating the associated accounts to the targeted systems architectures.
- Rationalisation of the Cash Centre Operations under a single management structure and operational model.
- Rationalisation of the ATM and Point of Sale ('POS') operations under a single management structure and operational model.
- Significant progress in the consolidation of the wider group to a single network.
- The migration of the CoGHB Client Base to Nedbank Retail.
- Establishment of dual systems functionality (ie both PEP and Peoples Bank) in PEP Bank branches.
- Annualised run rate synergies associated with the above initiatives ahead of budget.

Challenges

- There is significant project complexity given that the merger involves the migration from BoE's federal model (in terms of systems footprint and operating approach) to Nedcor's shared services model. This means that typically the migration projects are not simple one-to-one migrations but often many-to-one (eg 5 home loans platforms to 1).
- The migration needs to be as invisible to the client base as possible to ensure maximum client retention, particularly in the key volume migrations of NBS and BoE Business Bank's client base to Nedbank and Peoples Bank's brands.

Product

Scope of business

- Maximising the competitiveness, growth and profitability of the centrally managed product set. The product set includes homeloans, vehicle finance, payments, card issuing and acquiring, digital business, unsecured lending and transactional and retail investment products.
- Optimisation of project selection, prioritisation and delivery of product functionality.

Business unit executive

Akash Singh
 Stephen de Blanche
 Brenda Niehaus
 Brian Peck
 Colin Donian
 Craig Rankin

Jack Trevena
 Johan Pistorius
 Loraine von Hoesslin
 Martin Pienaar
 Paul Holmes
 Soraya Bagus



Sydney Gericke

Major achievements since merger

- The Migration Steering Committee ('MSC') which is tasked with the migration of all customers from current to target systems through the coordination and commissioning of no fewer than 33 systems related integration projects. The overall objective is to maximise client retention and revenue protection, achieve on-target synergy benefits realisation, all within an acceptable risk profile.
- Product Division as a shared service for the group, became operational in January this year. In addition to managing the day-to-day product presence and targets in the respective market segments, other activities include stakeholder expectation surveys, the establishment of various product governance forums, baselining product performance metrics, internal communications plans and improved processes to take product ideas to market.

Challenges

- The implementation of improved metrics for Product portfolio health and performance reviews, group project capital expenditure bidding and allocation and optimising project return on investment.

Detailed initiatives implemented and completed

- The principles and practices of the centralised Product unit have been completed and approved by Group Executive Committee.
- Product organisational roles and responsibilities have been confirmed.
- The Product Management value chain has been revisited and agreed.
- Completion and approval of the 2003 pricing and proposed fee changes for the merged group.

Group Capital Management



Izak Botha

'Our role is to improve the group's utilisation and return on capital. This new unit is integral to the successful restructuring of the group.' – Izak Botha

Scope of business

- Management of Nedcor's capital both domestically and abroad.
- Mitigation of large group exposures and disposal of non-core assets.
- Coordinating the group's merger and restructuring activities.

Business unit executive

Werner Behrens
John Bestbier
David Crewe-Brown

Miles Divett
Heini Kellerman
Martin Slabbert

Major achievements since merger

- Realisation of in excess of R1 billion of non-core assets including Canal Walk and Commercial Finance Corporation.
- Participating in the raising of R4 million bond finance and R2 million preference share issue for the group.
- Restructuring of in excess of R450 million of assets to reduce risk or enhance returns.
- Ring fenced BoE and NIB's capital of R8,2 billion.
- Implemented legal (S54) framework for the merged group.
- Established a Merger and Restructuring ('M&R') office responsible for monitoring the merger on behalf of the group ahead of planned merger milestones at 30 June 2003.

Challenges

- Integration of the rest of group capital into a single capital management model;
- Implementation of Basel II and consistent capital management principles throughout the group;
- Further significant realisation of under performing/non-core assets.

Detailed initiatives implemented and completed

- Established Capital Management office, employing broadly skilled professionals in Sandton with one representative offshore.
- Transactions implemented during 2003:
 - sale of Commercial Finance Corporation;
 - sale of Canal Walk;
 - restructuring of Virgin Active;
 - sale of Imperial Bonds; and
 - restructuring of Silgraan debt.
- Managed consultants from three international firms and three domestic firms to assist in merger process.
- Established 'hub & spoke' project management structure with representation throughout the group.

Group Risk

Scope of business

- Design and implementation of the Enterprise-wide Risk Management framework.
- Monitoring of credit, market and operational risks.
- Group Compliance monitoring.
- Group Internal Audit.
- BASEL II implementation.

Business unit executive

Trevor Adams
Gerhard Hechter
Kriba Moodley
Anny Pachiannis-Alman

John Smale
Chris Vietri
Irena Willman

Major achievements since merger

- Establishment of a group risk monitoring function.
- Designed and implemented an enterprise-wide risk management framework.
- Formal launching of the Basel II project and the appointment of Mercer Oliver Wyman as consultants.
- Designed and implemented an enterprise-wide compliance framework.
- Full integration of internal audit, compliance monitoring, credit risk monitoring and market risk monitoring functions.

Challenges

- Successful and timeous implementation of Basel II.



Rene van Wyk

'The BoE merger and resultant new business model for the Nedcor Group presented a unique opportunity to design and implement an appropriate enterprise-wide risk management framework. This has successfully been done and is operative within the Nedcor Group.' – Rene Van Wyk

Group Finance



Fritz Rieseberg

Scope of business

- Management Planning and control of budgets.
- Financial and Management Accounting for Nedcor and Nedbank.
- Regulatory Reporting.
- Creditor payments.
- Payroll.
- Indirect Taxes.
- Bank-owned Property Accounting.
- Financial Officers Services for Shared Services and Strategy clusters.

Business unit executive

Judy Fillmore

Ian Fuller

Darryl McMullen

Tony Curtin

Louise van Hoogstraten

Murray Donkin

Terry Lloyd

Peter Weinmann

Major achievements since merger

- Restructuring of the budgeting and planning for the Group to include BoE, NIB and CoGHB.
- Integration of all financial and regulatory reporting.
- Take-on and integration of bank-owned property accounting.
- Integration of the Group Finance functions of the various legal entities into a single division.

Detailed initiatives implemented and completed

- Established the central and three regional offices in Killarney (Johannesburg), Durban and Cape Town.
- Added an additional 4187 employees on to a single payroll platform (PeopleSoft) which now pays some 25 008 employees.

Challenges

- Integration of all financial and regulatory reporting.
- Treasury reporting.

Group Human Resources

Scope of business

To create a large cohesive integrated group with the stated intention of eliminating all forms of people duplication with contributions and input from all component parts through an emotional and intellectual buy-in by all staff. Creating a group we are proud of.

Business unit executive

Paul Baloyi
Ronel Nienaber
Rose Nkosi
Dennis Ritter
Dumisani Ncala
Cathy van Niekerk

Mahala Manley
Mark Smith
Michael Burnell
Tony Macrae
Ashley Sutton-Pryce
Dennis Jackson

Major achievements since merger

- The compliance with LDO requirements from a HR perspective.
- Implementation of the fair HR selection process (internal recruitment process) using the Jobs on Offer system.
- Implementation of new Terms and Conditions of Employment
- Migration of most payrolls onto the Nedbank payroll system (all payrolls reside on the PeopleSoft platform). The last payroll is expected to be integrated by no later than 1 October 2003.
- Migration of Statutory Compliance sub-project into Group HR.
- The establishment and implementation of the Employee Development and Deployment ('EDD') Centre.
- The creation and subsequent use of a Q&A call centre designed specifically to handle integration queries from staff. This call centre has now been integrated into the EDD centre.
- The implementation of the Information Management System ('IMS') to facilitate one central data source for the collection of and reporting on data from the original 8 different payrolls.
- The establishment of a new sub-project to facilitate the integration of staff funds across the group.

Challenges

- Union interventions and compliance.
- Successful integration of staff funds across the group.
- Bed down the new broad banding structure in consultation with all stakeholders.
- To ensure effective and accurate distribution to all staff of all communications (one central distribution/information source).
- Control of contractors across the group.



Stuart Morris



Ivan Mzimela

Management Services Division



Peter Hibbit

Scope of business

Management Services Division ('MSD') is part of Shared Services and manages the following services on behalf of the group: Property, Fraud and Protection, Legal and Documentation, Insurance, Procurement and Catering.

Business unit executive

Willem Kruger
Derek vd Bergh
Nick Jacobs

Tim Fearnhead
Karen Roux
Buks Louwrens

Major achievements since merger

- The main initiatives undertaken by MSD as part of the M&R process are:
 - Optimisation of centralised procurement process and contracts
 - Head Office (Urban Buildings): Consolidation of properties occupied, disposal of surplus property, optimisation of space utilised per person
 - Staff Rationalisations: Property, Insurance, Legal
- The achievements in Property services to date are the finalisation of all proposed property moves, the identification of the core buildings to be retained and those to be disposed of and the rebranding of approx. initially 40 PEP branches to Peoples Bank.
- Benchmarked space per employee of 19m² achieved in plans.
- Improvement in physical security in NBS and BoE Banks

Detailed initiatives completed

- All internal staff relocations agreed.
- 2500 Staff moves out of a forecast 6500 in Head Office buildings.
- 216 Branches and ATM's secured out of original 279 planned. This is well ahead of the original plan.
- Process of realising branch savings in respect of cleaning, hygiene and plant contract has been put in place for Nedbank branches.

Definitions and abbreviations

AUM	Assets under management
Big Freeze	The designated date (31 March 2003) for which detailed plans for timing and synergy targets were frozen. Changes thereafter are to be made only in exceptional circumstances.
BU	Business unit
CoGHB	Cape of Good Hope Bank
FU	Functional unit
ExCo	Executive Committee
GCM	Group Capital Management
HR	Human Resources
IT	Information Technology
KPI	Key performance indicator
LDO	Legal Day One – the day on which the legal merger of banking licences occurred (1 January 2003)
M&R	Nedcor's Merger and Restructure office
M&R Steering Committee	Merger and Restructure Steering committee consisting of the Group Executive Committee
MSC	Migration Steering Committee
Steady State	Revenue and cost base impact on the merged entity after completion of merger initiatives, measured in 2002 Rand terms
Synergies	Synergies are annualised benefits to Nedcor resulting from the implementation of planned M&R initiatives. A merger cost benefit may be categorised as a synergy only if that benefit is associated with a quantifiable, ascertainable and measurable cost which was incurred by group companies in the 2002 financial year
S54	The regulatory process and approval for the merger of the banking businesses
SARB	South African Reserve Bank
SARS	South African Revenue Services
SME	Small and medium enterprises
T&O	Technology and Operations



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