



Investec CEO's conference

London

November 2004

- Trading update 11 November 2004 – no surprises
 - Forecasts unchanged
 - September results support forecast
 - Efficiency ratio improved
 - Capital adequacy target in tact
 - Advances show some growth
- Reduced risk
 - 7 of 10 key risks addressed
 - Remaining risks being tightly monitored & managed

... we are listening in order to improve

- A more external focus
- Key focus on improving staff morale
 - SVB workshops
 - Positive results from roadshow
 - Morale improving slightly
- Firming up on the strategy

... we are listening in order to improve

- Firming up on the strategy
 - Single brand endorsed strategy
 - Drive transactional banking
 - Build high performance culture
 - Structure aligned to drive client-driven business model
 - Beyond FSC targets
 - Optimising the mix

... we are listening in order to improve

Vision “To become Southern Africa’s most highly rated & respected bank...
...by our staff, clients, shareholders, regulators & communities.”

**We need to be great at listening,
understanding clients’ needs &
delivering**

What will dictate our
business model?

Making sure
it happens

Strategic
focus

Scope of
the game

Our values

Nedbank Strategic Recovery & Turnaround Office

Drive transactional banking	Build a high performance culture	Align organisation to a client-driven business model	Beyond transformation	Optimise mix
Back to basics		Full spectrum banking		Southern Africa focus
Integrity	Respect	Accountability	Pushing beyond boundaries	People-centred

In order to do all this & ensure the objectives are achieved

- Strategic Recovery Programme on track
- Merger nearing completion
 - most clients transferred to destination systems
- 3 year plan in place

... we are listening in order to improve

- Risks addressed – platform set
- Strategy simplified, communicated & being implemented
- Divisional strategies evolving in line with group strategy
- Focus on staff morale
- Business aligned - improve client focus & accountability
- Focus on growing retail to improve mix

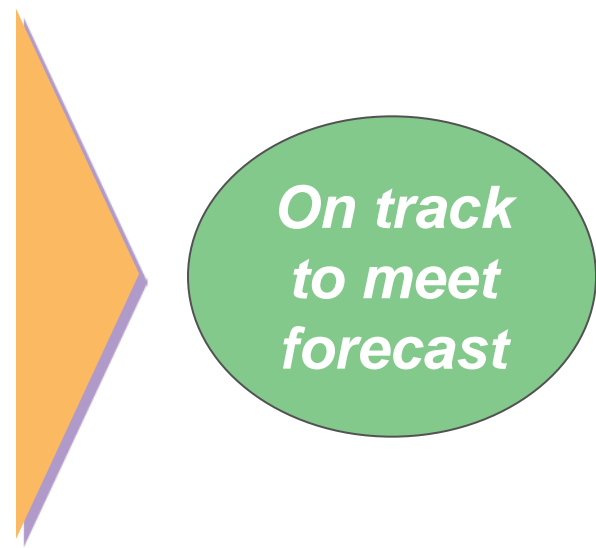
... on track



Additional detail slides

- Forecasts unchanged since interims
 - Headline earnings (excl forex) 0% to 15% up on R1 471m
 - EPS dilution through rights issue
 - Headline EPS (excl forex) 6% to 19% down on 502 cps
 - Attributable earnings – move from a loss in 2003 to a profit in 2004 – between 315 & 377 cps (assuming FX at R6.465/\$)

- Nine months to 30 September 2004
 - NII R5,6 billion
 - NIR R5,5 billion
 - OPEX R7.8 billion
 - Impairments R1,15 billion
 - Staff down to 21 777



- Efficiency ratio improved - June 73,0% to September 71,1% (excl forex & M&R expenses)

R' m	Q3 2004	Q2 2004	Q1 2004
Total expenses	2 797	3 008	2 579
Total operating costs	2 649	2 696	2 478
JV & alliance fees	9	37	46
Recovery costs	51	234	0
Merger costs	88	40	54

- Capital adequacy ratio at 30 September 12,2% (Tier 1 = 7,7%)
- Advances improved - June R206,3 bn to September R208,6 bn

■ Completed balance sheet clean-up	✓
■ New executive team in place & working together	✓
■ Recapitalised the group – R5bn rights issue	✓
■ Reduced forex exposure & interest rate risks	✓
– Repatriated & hedged R4bn of forex	
– Hedging new fixed rate liabilities	
– Hedged the R6bn fixed rate subordinated debt	
– Unhedged fixed rate liabilities rolled off (R24bn end 2003)	
■ Migrated BoE business banking, property finance & NBS clients	✓
■ Aligned business units to drive accountability	✓
■ Swisscard project delivered & now operating	✓
■ Staff morale (2 400 retrenchments in 2004/5)	
■ Execution risk	
■ Market share growth	

- Restored the bank
 - Strongly capitalised
 - Earnings volatility substantially reduced
 - Progress made to restore ROE



- Build for the future – strategic focus
 - Scenario planning
 - Vision articulated
 - Key strategic focus areas identified

- Staff survey
- Talk-to-Tom e-mail facility
- Commitment to engage with staff
- Alignment of Strategy, Values & Brand

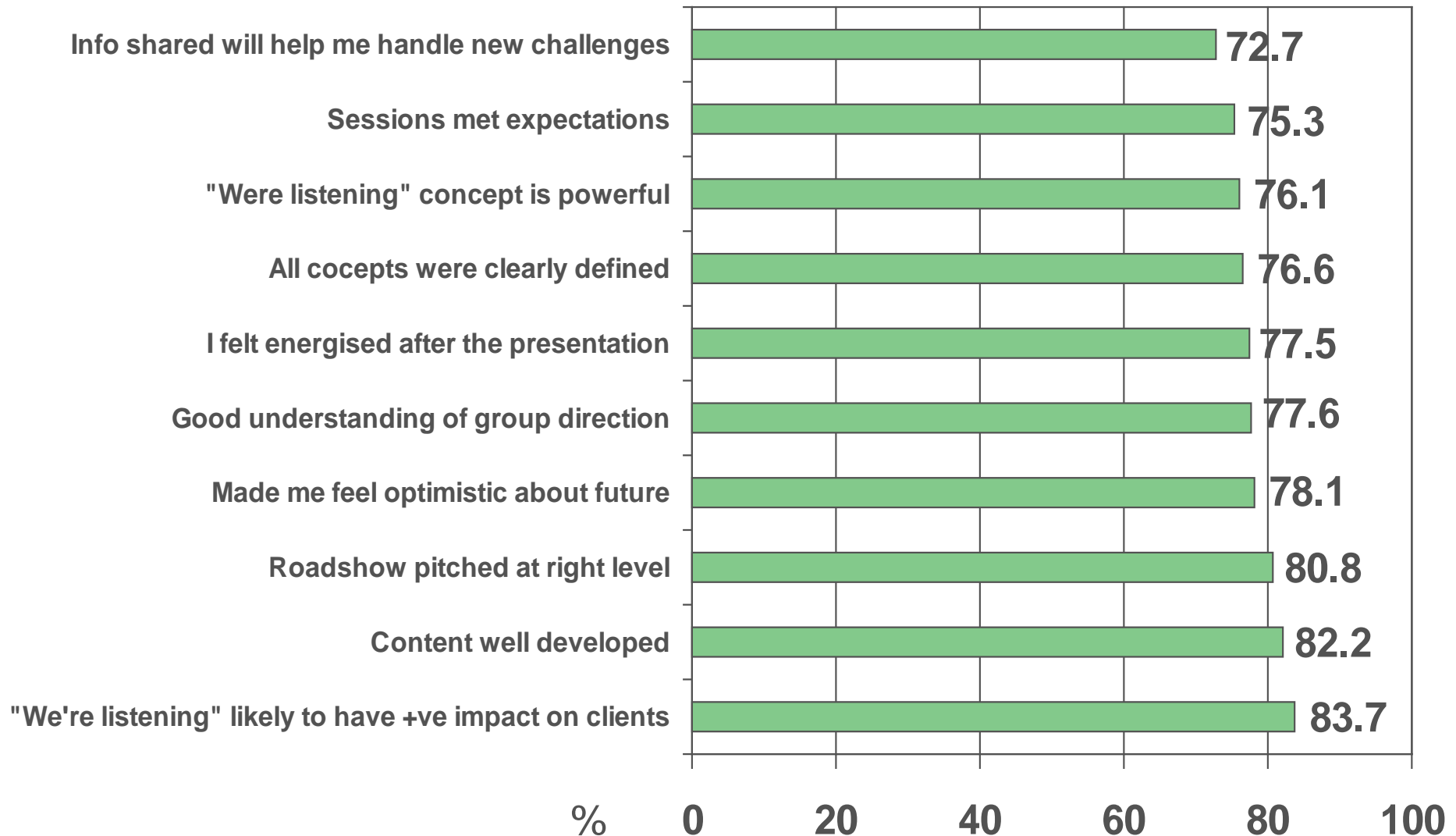
SVB workshops

- Cross section of staff from across the group participated

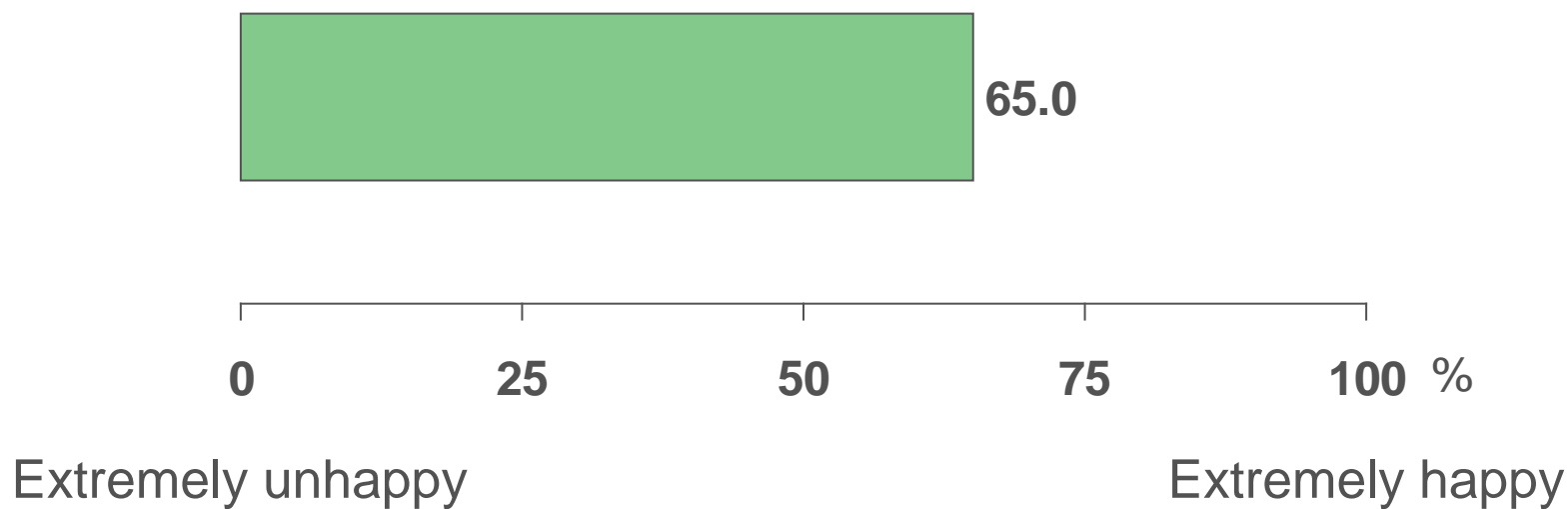
SVB highlights

- Participants extremely positive
- Greater buy-in to Strategy, Values & Brand
- Improved bias for action

Effectiveness of the staff roadshow



Respondents asked to use a scale from 1-10 to rate themselves on how happy they felt right now to be part of the Nedcor Group



- Overall perception & effectiveness of roadshows - **very positive**
- Most meaningful the **achievements & challenges** that lie ahead, & **information sharing** of the strategy & the survey results
- Areas that lacked sufficient detail - levels of work, overview of the new structure, achievements to date & challenges that lie ahead.
- “Looking back at Nedbank’s history” - covered in too much detail
- Strong belief if “we’re listening” - will have positive impact on clients
- Tom Boardman’s ability to inspire & involve the audience left respondents energised & motivated
- Staff “happiness” score was reported as 65%
 - vast improvement to morale reflected in previous survey

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The Nedbank brand has to

S - T - R - E - T - C - H

Nedcor Group

Multibrand strategy

- Niche
- Unashamedly not for everyone



Nedbank Group

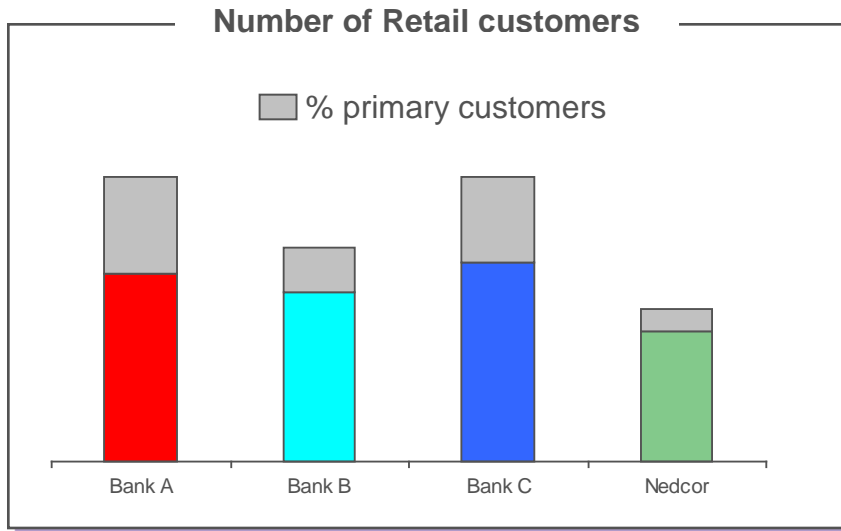
Single brand endorsed strategy

- Mass aspirational
- Proudly for everyone

Brands phased & being phased out:

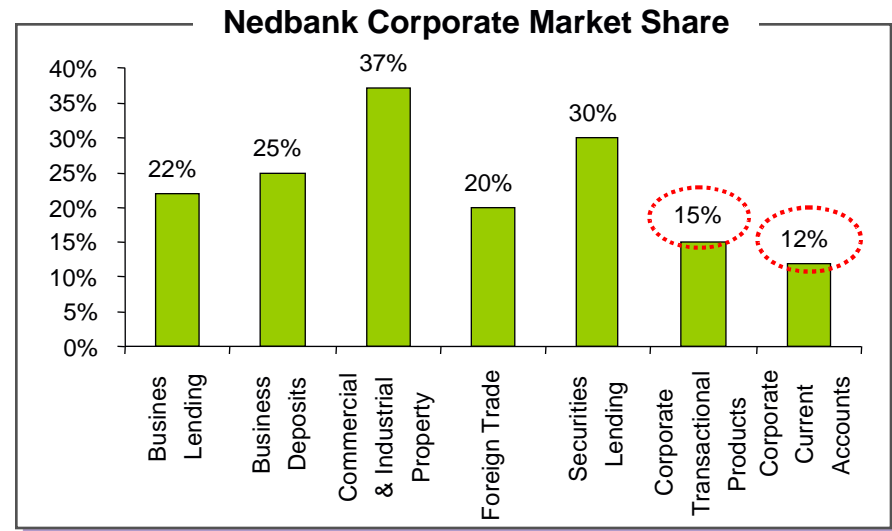
- *Nedcor Bank*
- *Cape of Good Hope Bank*
- *Syfrets*
- *NBS Bank*
- *Nedcor Investment Bank*
- *Permanent Bank*
- *BoE Corporate & BoE business*
- *Peoples Bank*

Retail



- Cross sell opportunities
 - alliance partners & wealth businesses
- Packaged products, functionality

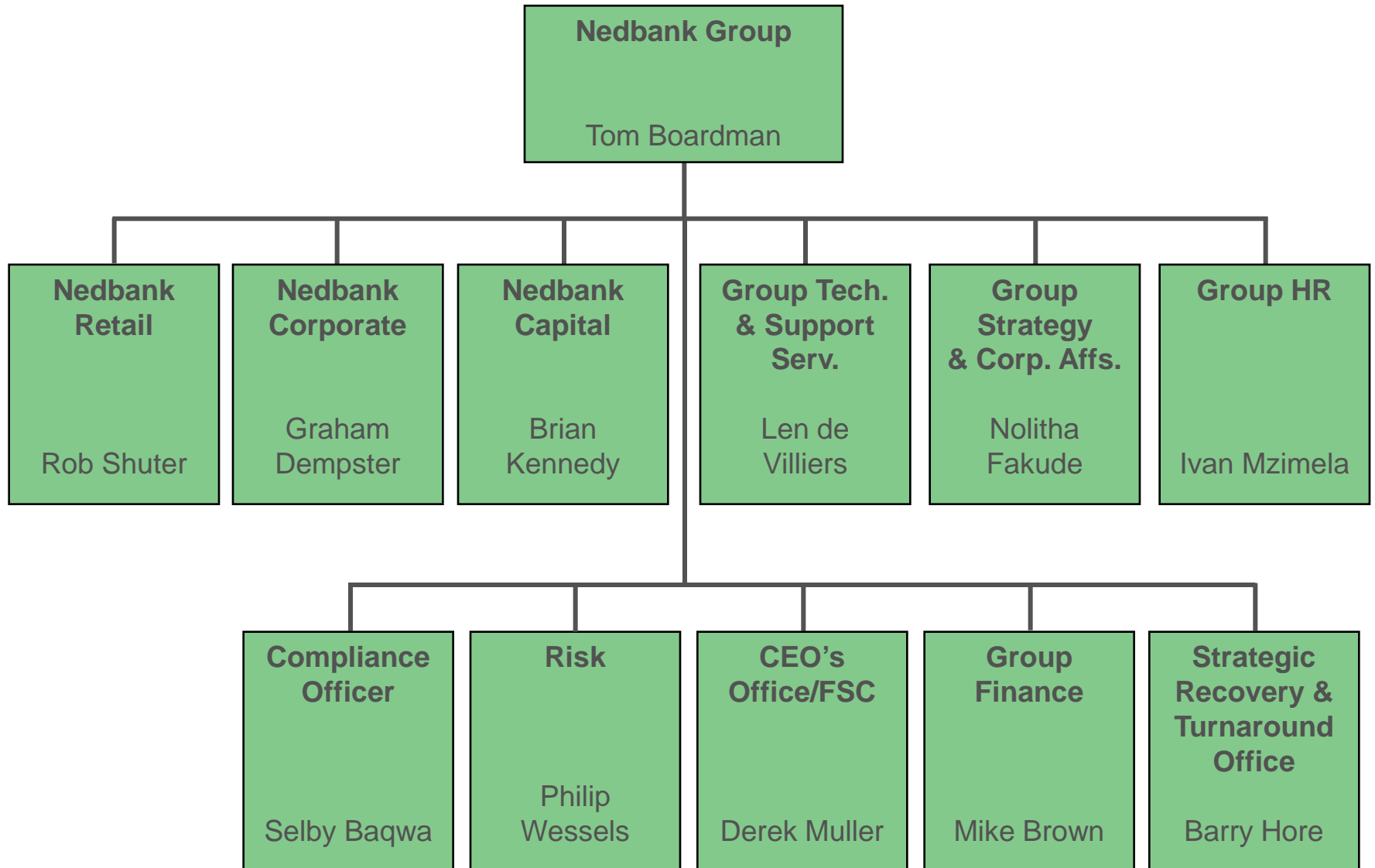
Corporate



- Transactional banking team in place
- Improved systems functionality

- Less focus on hierarchy
 - Prior March 2003: 17 grades
 - March 2003: 7 broadbands
 - Feb 2005: 5 levels
- Change in remuneration policy towards pay for performance
- Career management
- Communication & training has begun

New group structure



Nedbank Retail

- Nedbank Card
- Nedbank Home Loans
- Nedbank Microlending
- Retail Client Services
- Retail Bancassurance & Wealth
- Retail International
- Retail Product Solutions
- Retail Strategy & Projects
- Retail Shared Services

Nedbank Corporate

- Corporate Banking
- Business Banking
- Property Finance
- Africa
- Transactional Banking
- Corporate Shared Services

Nedbank Capital

- Investment Banking
- Project Finance
- Debt Capital Markets
- Equity Capital Markets
- Treasury
- Nedcor Securities
- Support Services & Operations
- Edward Nathan

Group Technology & Support Serv.

- Group IT Strategy
- Group IT Operations
- Group Software Services
- Process
- IT Business Solutions
- Projects & Programme Management
- Support Services
- Group IT Risk
- Group IT Compliance

Group Strategy & Corp. Affairs

- Group Strategy
- Special Projects
- Marketing & Communications
- FSC
- Economics Unit
- Organisational Change Unit
- CSI

Group Human Resources

- Performance Mgmt. & Recognition
- Remuneration
- HR Strategy
- Talent Management
- HR Risk
- HR Processes & Policies
- Organisational Transformation
- HR Shared Services
- Top Leadership Group

Compliance Officer

- Compliance
- Governance

Group Finance

- Finance
- ALCO/ALM
- Tax
- Capital
- Investor Relations

Strategic Recovery & Turnaround

- SRTP
- Swisscard Relationship

CEO's Office

- Client Retention
- Banking Council
- Strategic Investments
- IT Investments
- Central Procurement
- M&A

Risk

- Enterprise Wide Risk Management
- Fraud
- Internal Audit
- Imperial Joint Venture

- Building a client-focused organisation
- Clear accountability
- Faster decision making & turnaround times



Nov 2003: 3 clearly defined front end units + support centres

Aug 2004: Integration of branch operations into Retail

Oct 2004: Reorganisation: back to basics

- Allocation of certain operations from centre into businesses
 - Integrated branch operations into Retail
 - Consolidation - card, homeloans & microlending in Retail
 - Created - integrated operations unit in Nedbank Corporate
- Created - centralised technology unit
- Increased responsibility - Strategic Recovery & Turnaround Office

13 Jul:	Decision to integrate Retail & Branch Operations (5 000 staff moved into Retail)
28 Jul:	Integration project team & project principals established
3 Aug:	Consultation with Unions
6 Aug:	Placement of Divisional Directors
11 – 13 Aug:	Assessment & placement process (22 Regional Managers)
16 – 18 Aug:	Assessment of Branch Managers (13 venues with 32 panels conducting over 850 interviews)
20-21 Aug:	Appointment of 454 branch managers
23 Sep:	Placement of remaining unplaced staff in vacancies

... process completed in 72 days

Purpose

Monitor, provide assurance & assist to achieve strategic aspirations

Who

Highly focused small team of 20-30 specialists

Mandate

- Review cluster aspirations, targets & milestones
- Raise issues & facilitate resolution
- Evaluate clusters on status of initiatives
- Ensure initiatives happen
- Assist & arbitrate in critical cross-cluster decisions
- Empowered to take appropriate action if required



Making sure it happens

Objectives

- FSC targets = minimum achievement
- Change organisational culture – embrace diversity
- Develop, retain & attract key skills & talent – focus on black generic & women
- A balanced scorecard approach to people development

Commitments (by 31 Dec 2007)

- 30% of Group EXCO & cluster EXCOs will be held for black generic candidates
- Within this 30% at least 10% will be reserved for black generic woman
- 10% of Group EXCO and cluster EXCOs reserved for white women candidates

Position

- Strong black board representation in place
- Reasonably good employment equity ratios at lower levels

- Empowerment financing – strong track record
 - E.g., Tosaco Consortium R1bn acquisition of 25% of Total SA, Africa Vanguard Resources (R245m) & African Rainbow Mining (R40m)
- Access to financial services
 - Mzansi product in place
 - Retail: focussed business unit for microlending

	Credcor	JD	Peoples	Total
# clients	124 000	30 934	149 000	303 934
Balances (R'm)	370	237	1 051	1 658

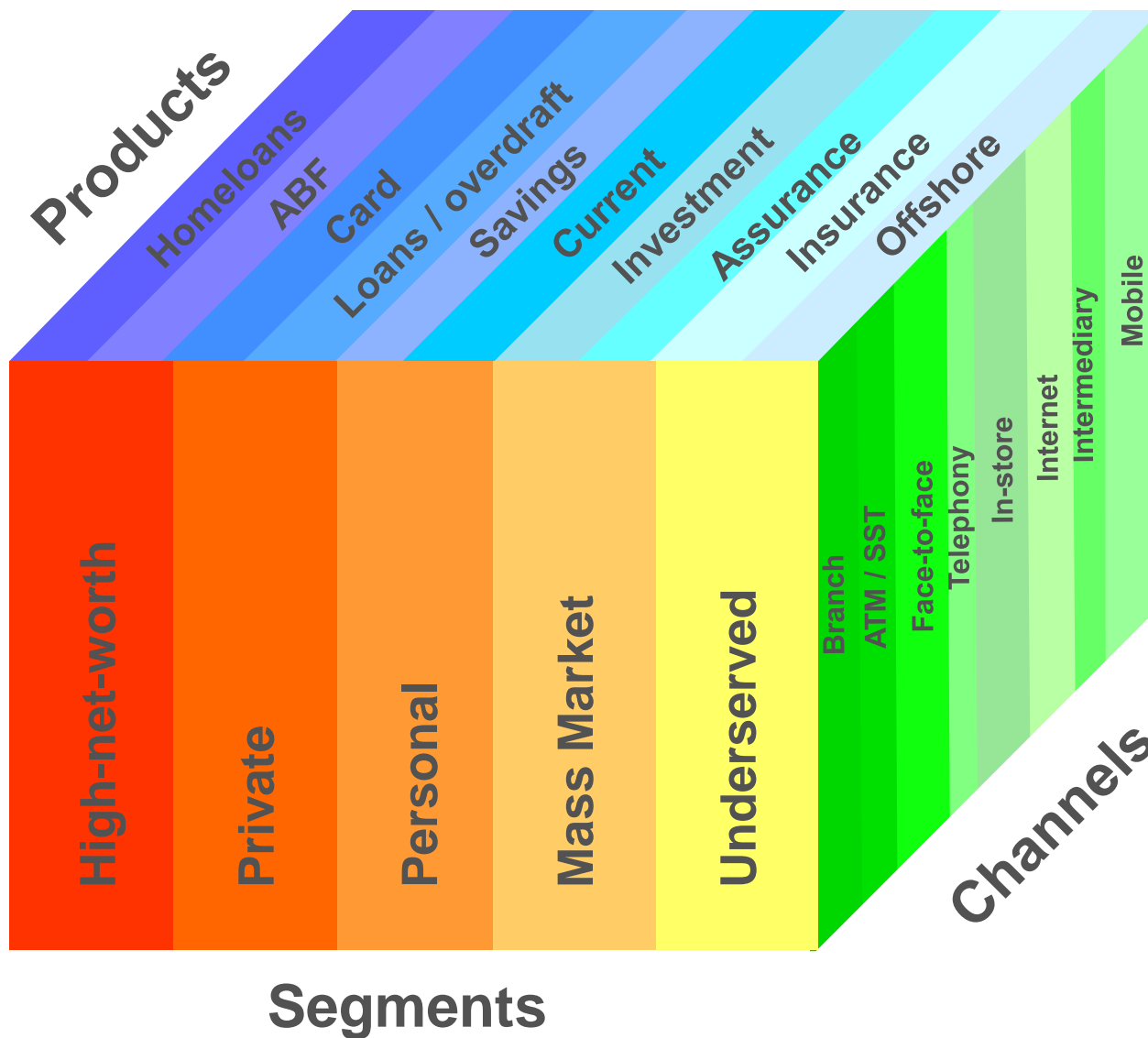
- CSI progressing well
 - Included in JSE Socially Responsible Investment (SRI) Index
 - Inclusion in Dow Jones World Sustainability Index (only 4 SA co's.)
 - Mail & Guardian Investing in the Future awards
 - Best corporate responsibility report (2003 Sustainability Report)
 - Finalist in the best corporate employee involvement programme
 - Trialogue Ratings:
 - Strongest contribution to development (financial sector) – rated by NGO's
 - 2nd best corporate grantmaker out of 58 corporates (cross sectorally)
 - Nedbank named best financial services citizen
 - Cross sectorally – 4th best corporate citizen & 5th best reporter

- BEE ownership
 - Deal currently being investigated
 - Being done with the rest of the Old Mutual group
 - Will be broad based as possible

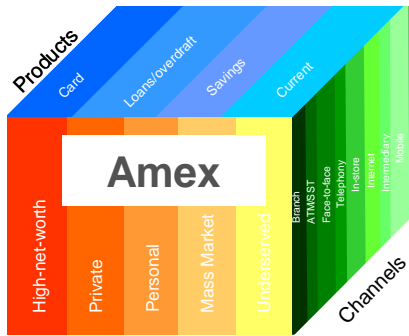
- Underweight retail
 - Assets & contribution to NIR too low
 - Customers per branch low versus competitors
 - Inadequate primary banker status
- Require system refinement – particularly Nedbank Corporate
- Sub-optimal interest earning asset mix

- Financial underperformance
- Losing market share in homeloans & card
- Nedbank brand ranks poorly in certain key aspects
- Complex structure
- Complex operational model
- Poor primary banker status

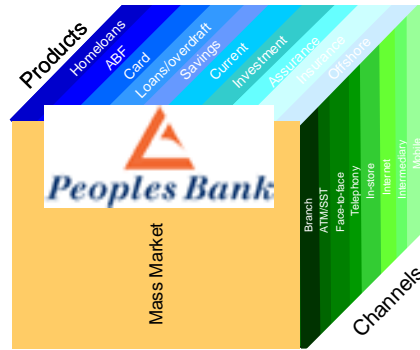
Structure - standard 3D matrix



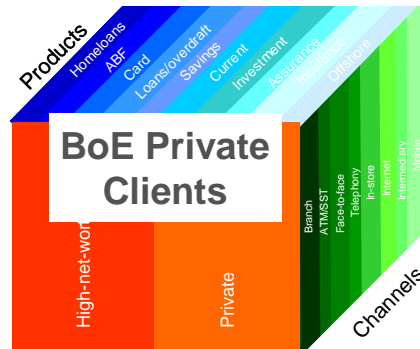
Structure - complex 4D matrix



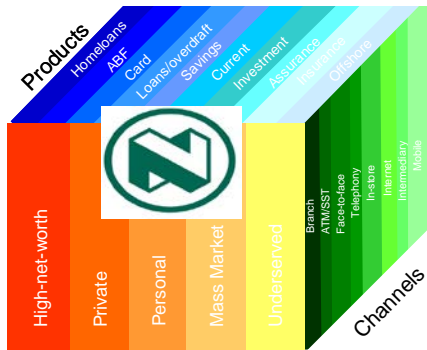
Segments



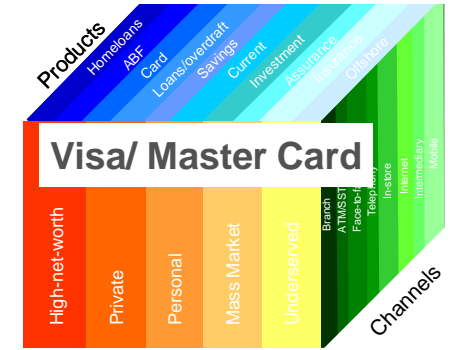
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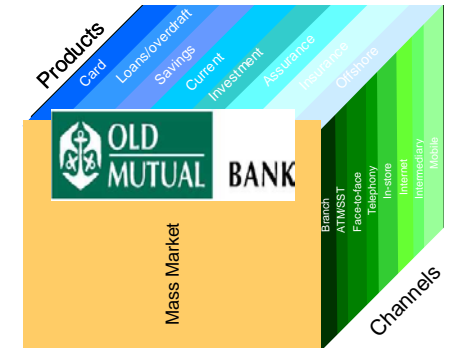
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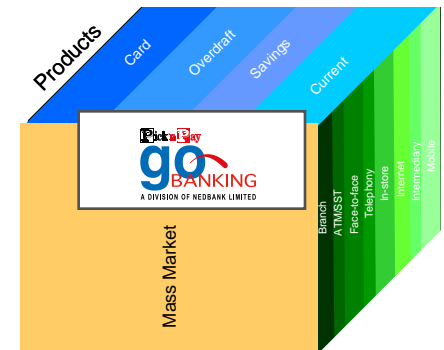
Segments



Segments



Segments



Segments

New structure of the card business

Retail Cluster – Nedbank Card (Sydney Gericke)

Card Functions & competency centres

Card issuing

Card acquiring

Card processes

Card operations

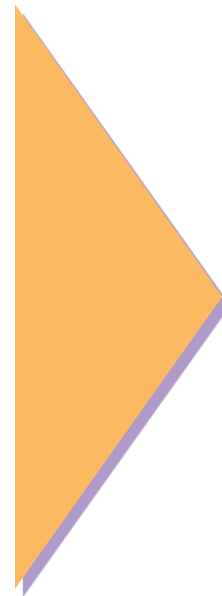
Card helpdesk

Fraud

Distribution

Customer Servicing

Risk operations

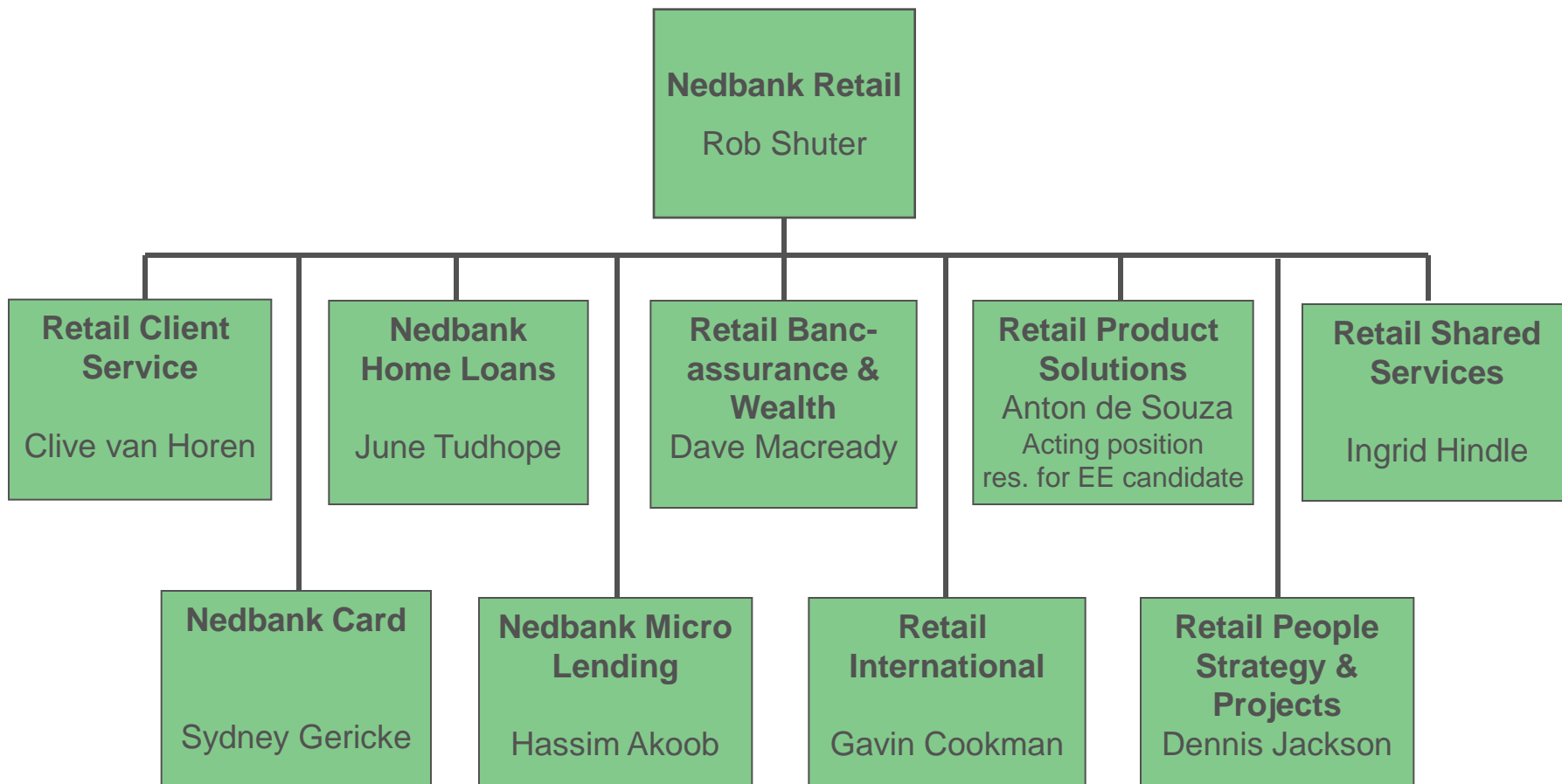


- Visa / Mastercard
- Amex
- Card Operations
- Card Fraud
- Card Authorisations
- Card Product
- Card Process
- Card NCCC
- Card Marketing

IT managed by Group Technology & Support Services

- 3 focussed integrated businesses under Nedbank brand
 - Card
 - Home loans
 - Micro-lending
- Flexible channel strategy
- Integrated high-net-worth offering
- Product & process functions aligned to client-driven strategy in each business cluster

***Resolve complexity, duplicated resources
& enhance focus***

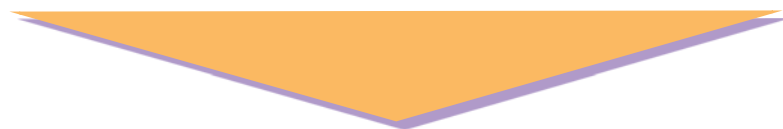


- Building a client-focused organisation
- Clear accountability
- Faster decision making & turnaround times

- Systems refinements & enhancements
 - already achieved some quick wins
- Transactional banking
 - increase primary banker status
- Focus on improving cross-sell
- Realignment of product & operations to improve client focus
- Focus on ROE – removing low yielding assets

- Reviewed & put in place new incentive schemes in Q1 2004
- Migration of staff to same premises completed in Q1 2004
- Increased focus on sector specialists – deal origination
- Deal pipeline – uplift in activity over past 4 months
- Recent mandates include: Incwala Platinum pref share deal (R203m), Metropolitan/Kagiso BEE deal (R170m), Metcash (R500m) & Morila/Rolls Royce Power plant deal (\$15m)

- BoE Business Banking: 115 000 clients migrated by June 2004
- Property & Asset Finance: successfully integrated 4 operating systems to single platform with 12 600 contracts and R16 bn in value migrated by July 2004
- NBS branch clients now migrated
- Imminent regulatory approval for remaining 29 000 NBS internet clients



Client migrations largely complete



“There is no miracle moment. Small incremental wins in one common direction will restore Nedcor to a highly rated & respected financial institution.”