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**UBS Conference**  
October 2004

**Tom Boardman**  
Chief executive

- Reduced risk
- Firming up on the strategy
- Key focus on improving staff morale
- Nedcor reorganisation – to improve client focus & accountability
- Strategic Recovery Programme on track & 3 year plan in place
- Trading update on 11 November 2004

*... we are listening in order to improve*

# Reducing the risks

- |  |   |
|--|---|
| • Complete balance sheet clean-up                              | ✓ |
| • New executive team in place & working together               | ✓ |
| • Recapitalise the group – R5bn rights issue                   | ✓ |
| • Reduce forex exposure & interest rate risks                  | ✓ |
| – Repatriated & hedged R4bn of forex                           |   |
| – Hedging new fixed rate liabilities                           |   |
| – Hedging of R6bn subordinated debt                            |   |
| – Roll off of unhedged liabilities (R24bn end 2003)            |   |
| • Migration of BoE business banking & property finance clients | ✓ |
| • Aligned business units to drive accountability               | ✓ |
| • Swisscard project delivered & now operating                  | ✓ |
| • Staff morale (2400 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 bank participated

SVB highlights

- Participants extremely positive
- Greater buy-in to our strategy, values & brand
- Improved bias for action

**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
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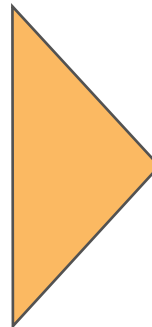
The Nedbank brand has to

**S – T – R – E – T – C – H**

## **Nedcor Group**

Multibrand strategy

- Niche
- Unashamedly not for everyone



## **Nedbank Group**

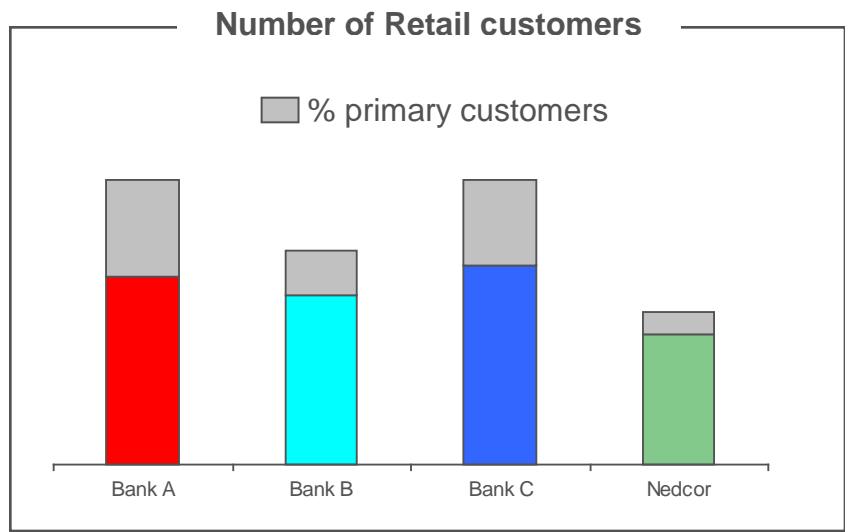
Single brand endorsed strategy

- Mass aspirational
- Proudly for everyone

Brands phased & being phased out:

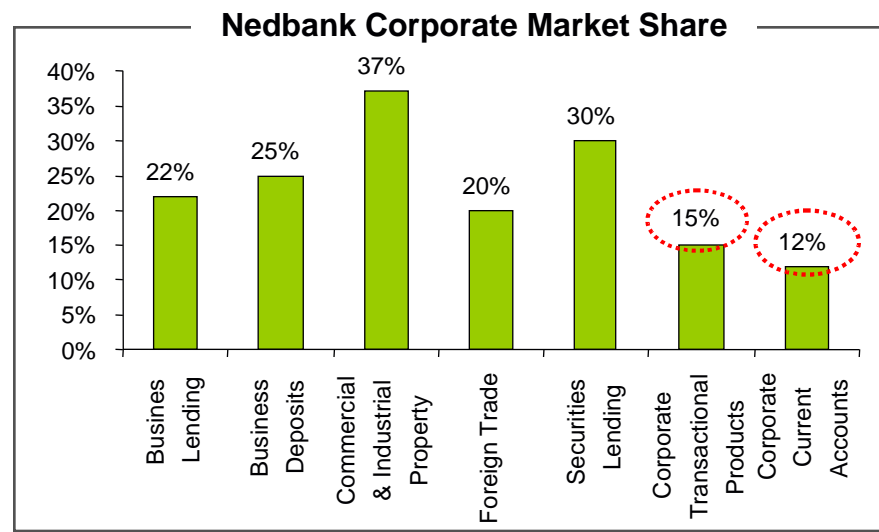
- Nedcor Bank
- Cape of Good Hope Bank
- Syfrets
- NBS Bank
- Nedcor Investment Bank
- Permanent Bank
- BoE Corporate and BoE business
- Peoples Bank

## 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

## Objectives

- FSC targets = minimum achievement
- Change organisational culture to 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

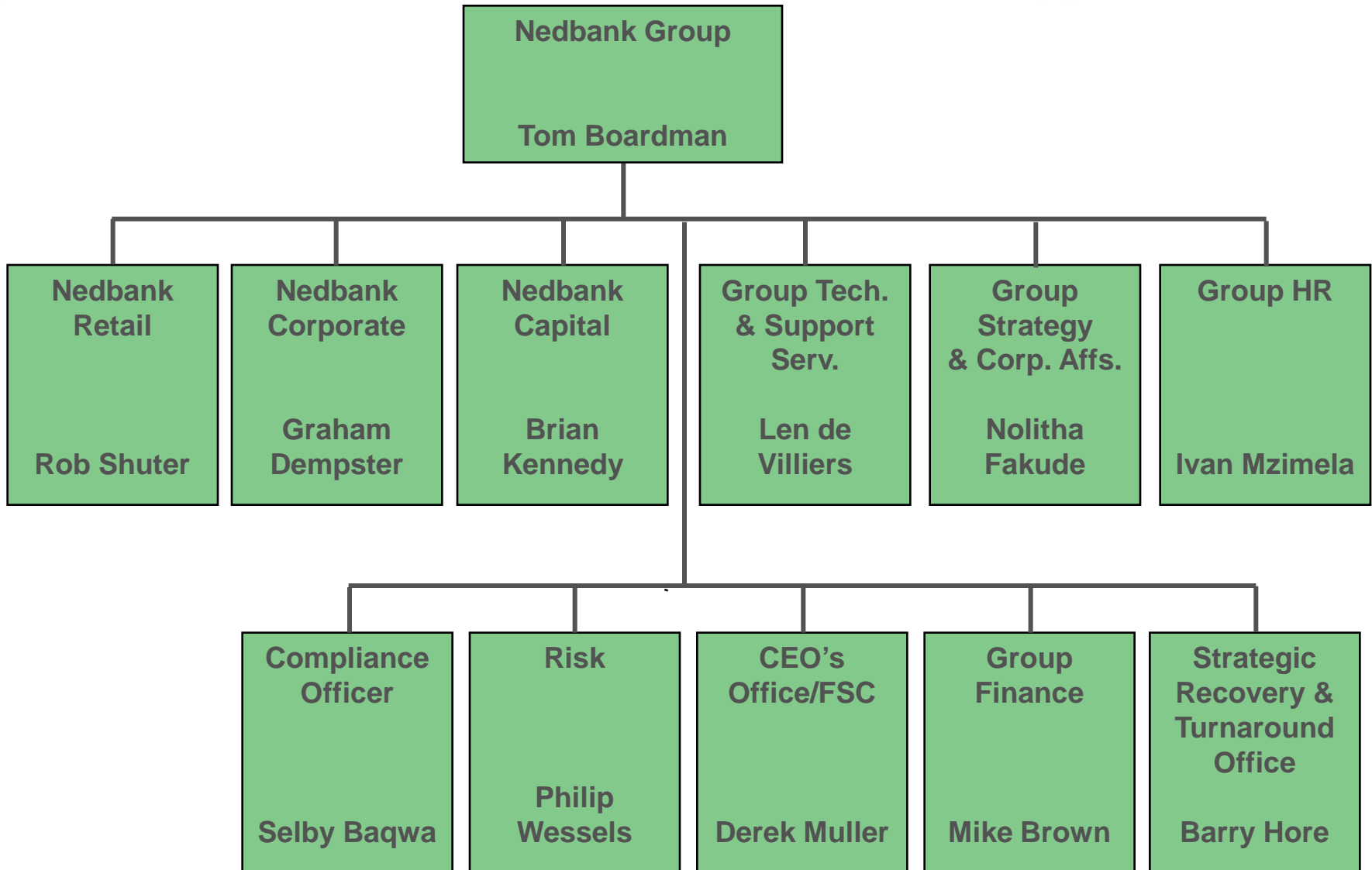
## Position

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

- CSI progressing well:
  - Included in JSE Socially Responsible Investment (SRI) Index
  - Inclusion in Dow Jones World Sustainability Index (only 4 SA co's.)
  - Trialogue Ratings: #2 corporate grantmaker, #1 in financial services
  - Mail & Guardian awards – finalist for best CSI project
- 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

# New Nedbank Group Structure



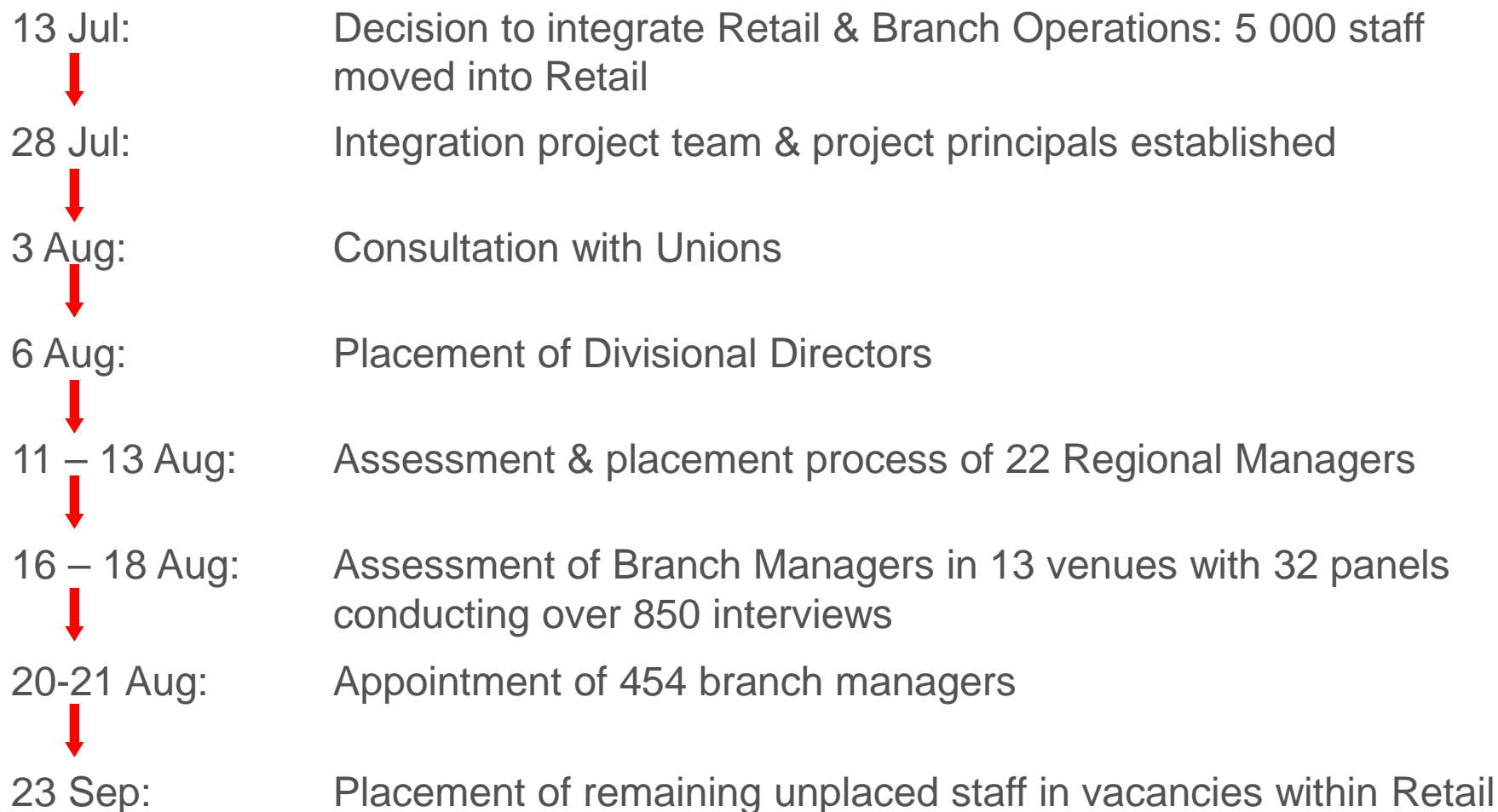
- Building a client-focused organisation
- Clear accountability
- Faster decision making & turnaround times



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

Aug 2004: Integration of branch operations into Retail

Oct 2004: Reorganisation: back to basics



**... process completed in 72 days**

- Allocation of certain operations from the centre into business units
  - Consolidation of Card, Homeloans & Microlending in Retail
  - Creation of an integrated operations unit in Nedbank Corporate
- Creation of a centralised technology unit
- Increased responsibility of Strategic Recovery & Turnaround Office

## Purpose

Monitor, provide assurance & assist to achieve the group's 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



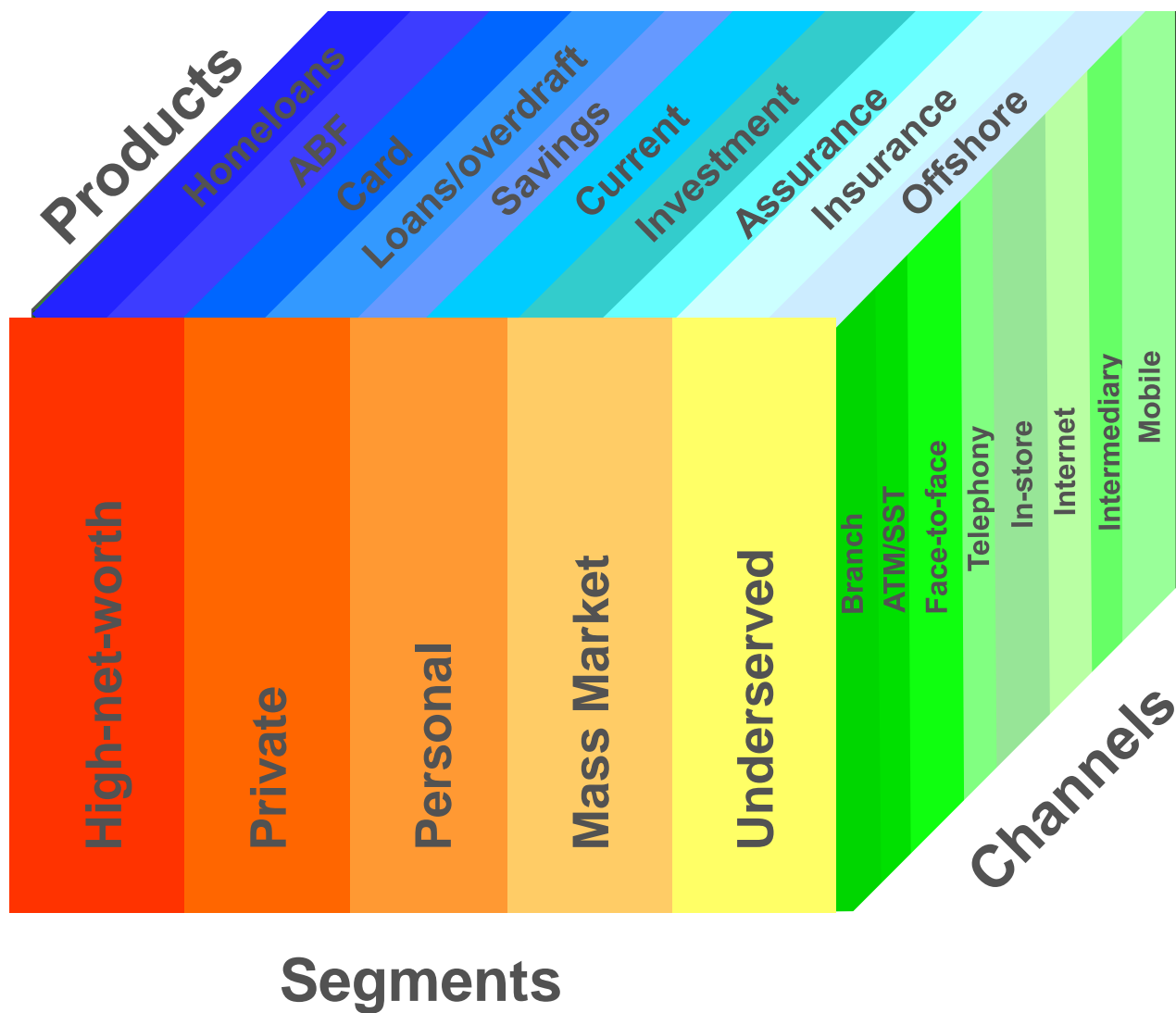
**Making sure it happens**



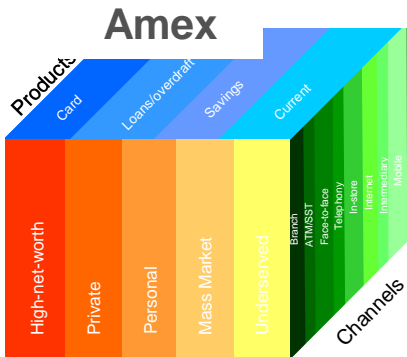
- Underweight Retail – Retail assets & contribution to NIR too low
  - Customers per branch low versus competitors
  - Inadequate primary banker status
- Require system refinement – particularly in Nedbank Corporate
- Sub-optimal Interest Earning Asset mix

- 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

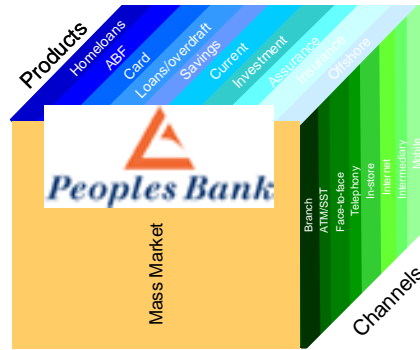
# Structure - standard 3D matrix



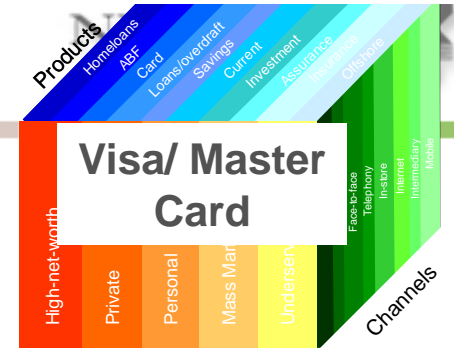
# Structure - complex 4D matrix



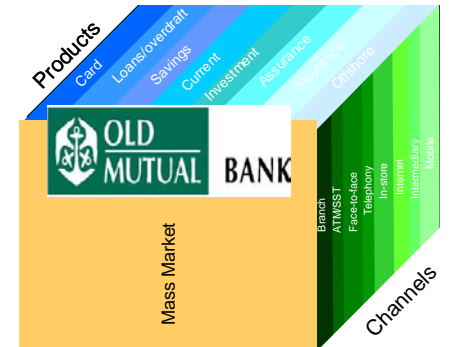
Segments



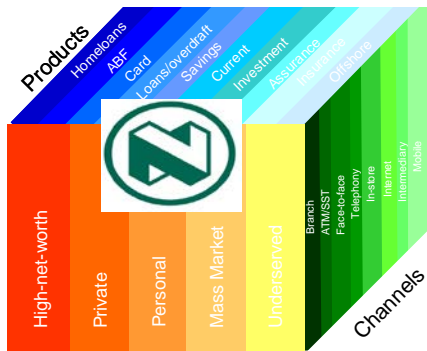
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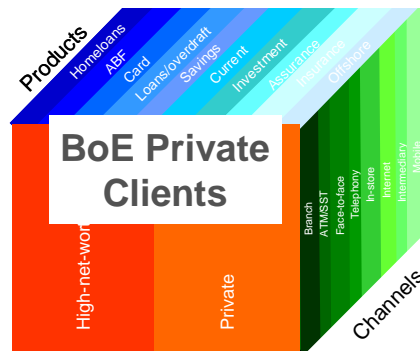
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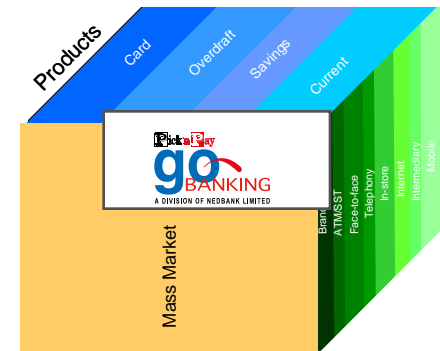
Segments



Segments



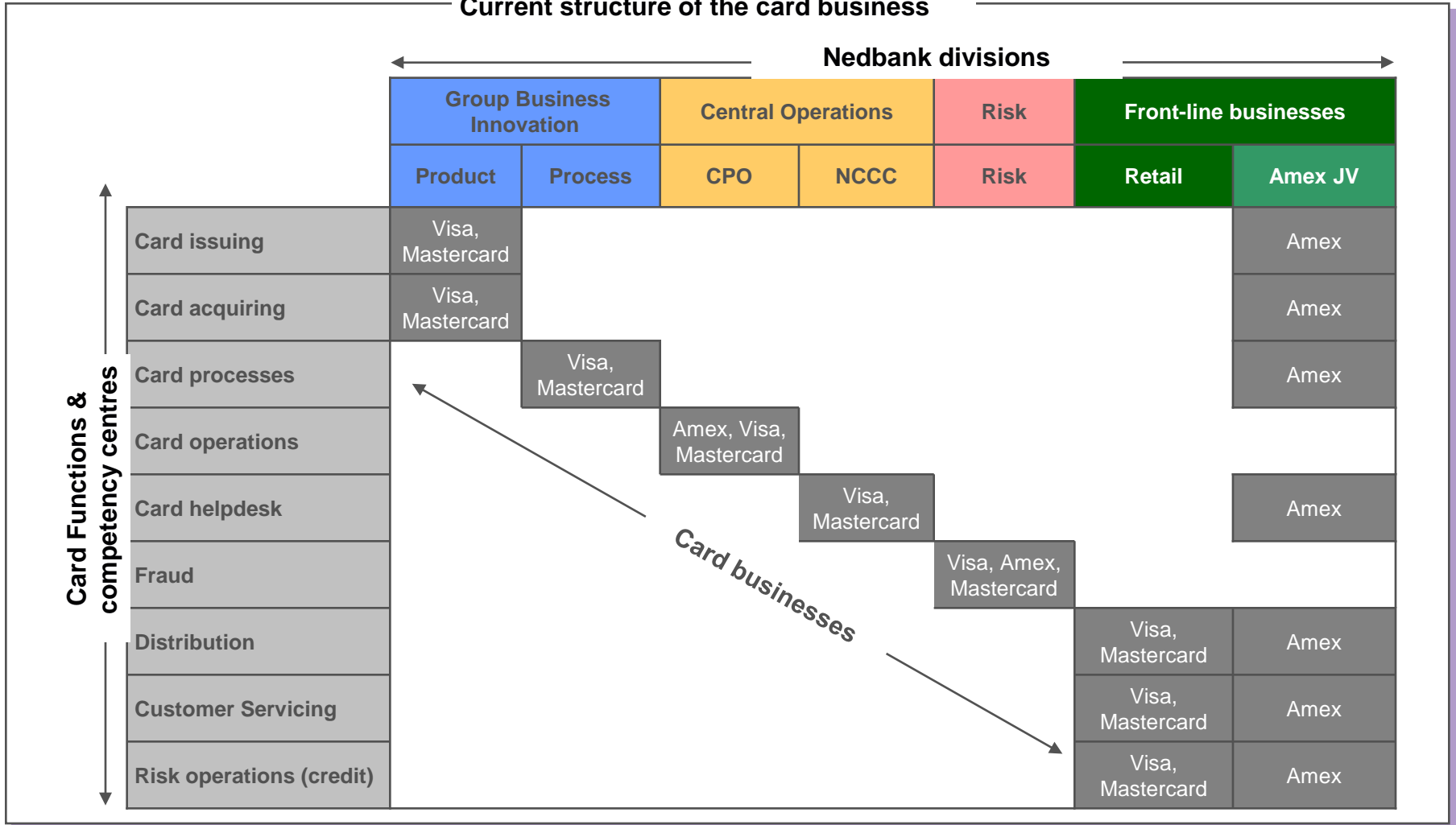
Segments



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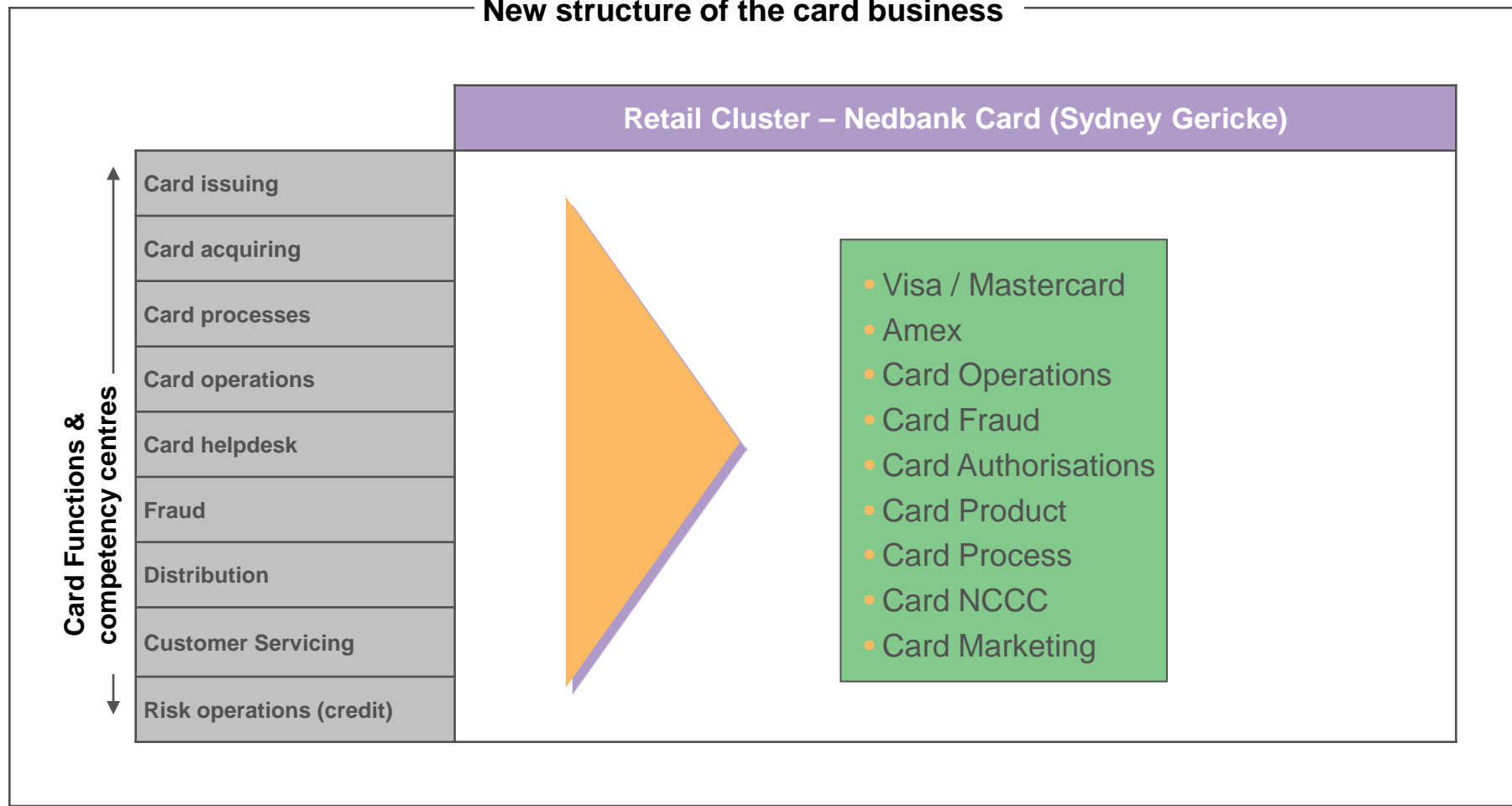
# Scattered and fragmented card business

Current structure of the card business



*Pieces of the card business are scattered throughout Nedbank, leading to blurred accountability, complex governance & contributing to card's poor performance.*

## New structure of the card business

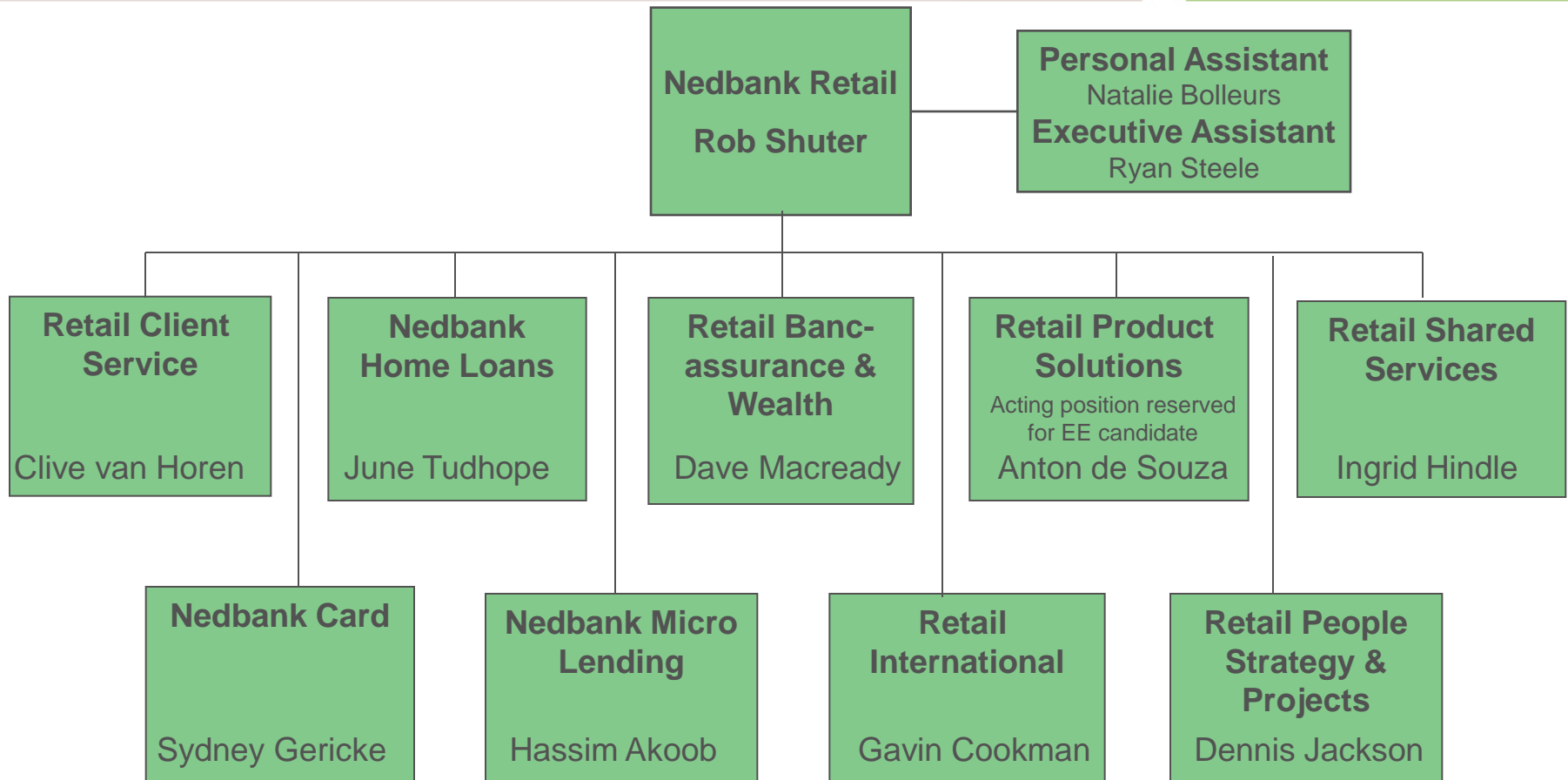


- IT managed by Group Technology & Support Services

- 3 focussed integrated businesses under the 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***

# Nedbank Retail reorganised



- 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 the same premises completed in Q1 2004
- Increased focus on sector specialists – deal origination
- Deal pipeline looks promising – uplift in activity over past three months
- Recent mandates include: Incwala Platinum pref share deal (R203m), Metropolitan/Kagiso BEE deal (R170m), Metcash (R500m) & Morila/Rolls Royce Power plant deal (\$15m)
- Treasury trading improved since unexpected interest rate cut

- BoE Business Banking: 115 000 clients migrated by June 2004
- Property & Asset Finance: successfully integrated 4 operating systems to a single platform with 12,600 contracts and R16bn in value migrated by July 2004
- NBS: 696 000 clients to be migrated
  - 608 000 clients already migrated
  - 59 000 client to be migrated weekend 23 October
  - Imminent regulatory approval for remaining 29 000 internet clients
  - 85 branches rebranded & 38 closed



**Client migrations largely  
complete 23 October 2004**

- 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***



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



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**Thank you**