



Nedbank Group

2005 interim results

NEDBANK
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Agenda



- Introduction
- Financial overview
- Operating review
- Prospects & summary



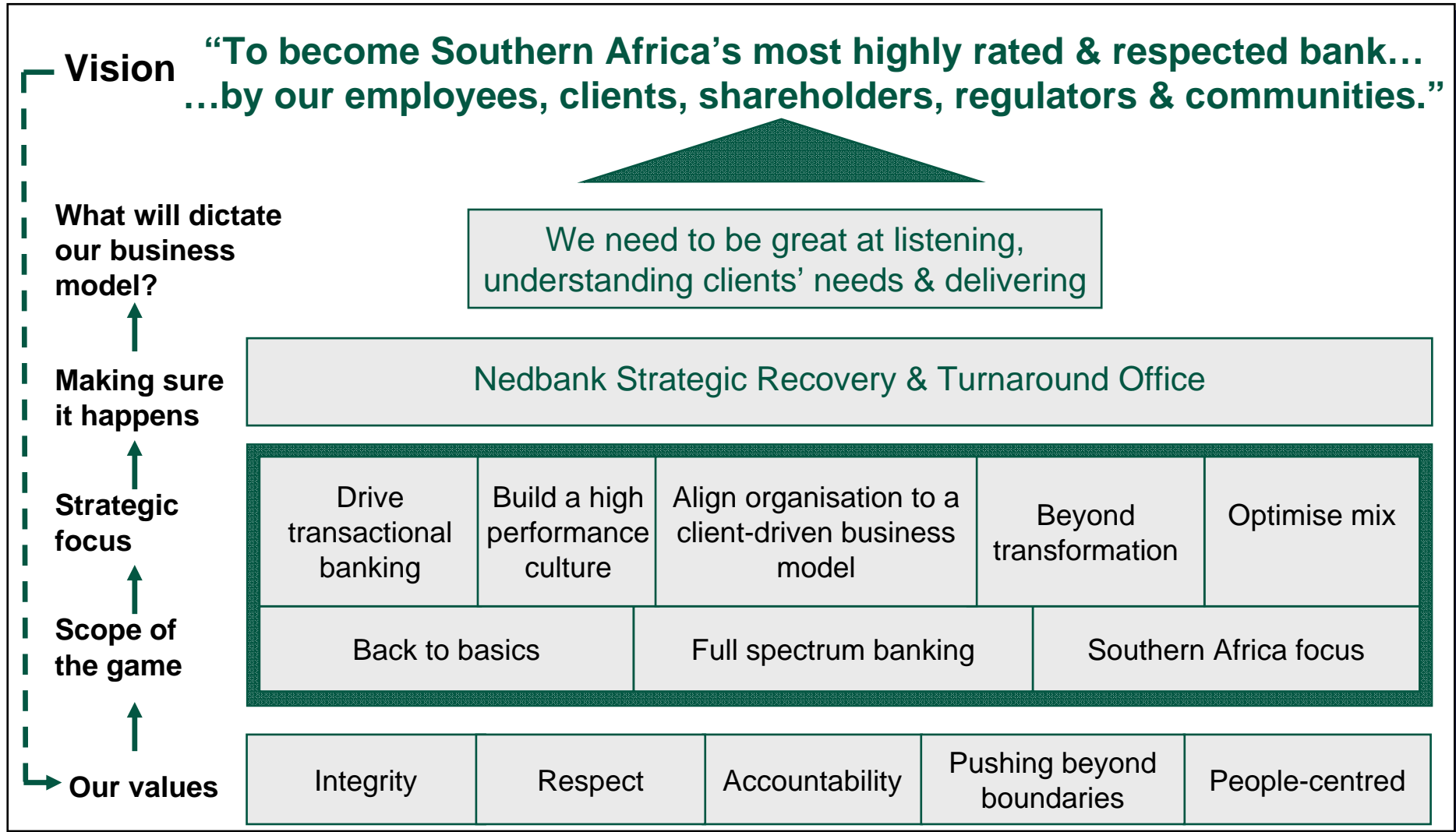
Environmental overview



- Low interest rates, low inflation & weaker rand
- Consumer spending remains robust
 - Strong retail advances growth
- Continued positive credit environment
- Corporate debt appetite remains muted
- Buoyant equity markets
- Strong deal flow in investment markets
- Increasing regulatory pressure

... environment stimulating growth

Strategy remains the same



Highlights



- 2004 strategic initiatives ⇒ positive effect
 - Income growing faster than expenses
 - Structural improvement to margin
 - Endowment impact from rights issue
 - Focus on transaction revenue ⇒ improve NIR (long-term)
 - Reduced employee & other costs
 - Reduction of one-off costs

Benefiting from past actions

... most structural benefits now in the base

Highlights *(continued)*



- Introduction of broad-based BEE
 - 11,5% of value of Nedbank's SA businesses
 - Designed to accelerate operational transformation
 - Estimated benefits to exceed estimated costs
 - Transactions approved by group's shareholders
 - Developing working relationship with partners

Continued focus on other areas of transformation

... empowering the group

Highlights *(continued)*



- Nedbank Retail benefiting from turnaround strategy
 - Improved profitability & accountability
 - Rate of market share loss reduced over period
- Continued strong performance from Nedbank Capital
- Growing attributable earnings & NAV
- Improved segmental reporting
- Now reporting under IFRS

Operating divisions improving performance

... a more “outward” focus



Financial overview

Mike Brown

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Key financial indicators



For the six months ended		Jun 05	Jun 04
Headline earnings	Rm	1 398	802
Headline earnings (excl FX)	Rm	1 233	900
Headline EPS	cents	354	245
ROE	%	14,6	11,7
ROE (excl FX & M&R costs)	%	13,5	17,8
ROA	%	0,85	0,53
Margin	%	3,45	2,99
Efficiency ratio (excl FX)	%	68,6	77,9
Efficiency ratio (excl FX & M&R)	%	67,9	73,3
Group capital adequacy	%	12,2	12,3
Interim dividend per share	cents	105	44

... ROE now above cost of capital

Income statement



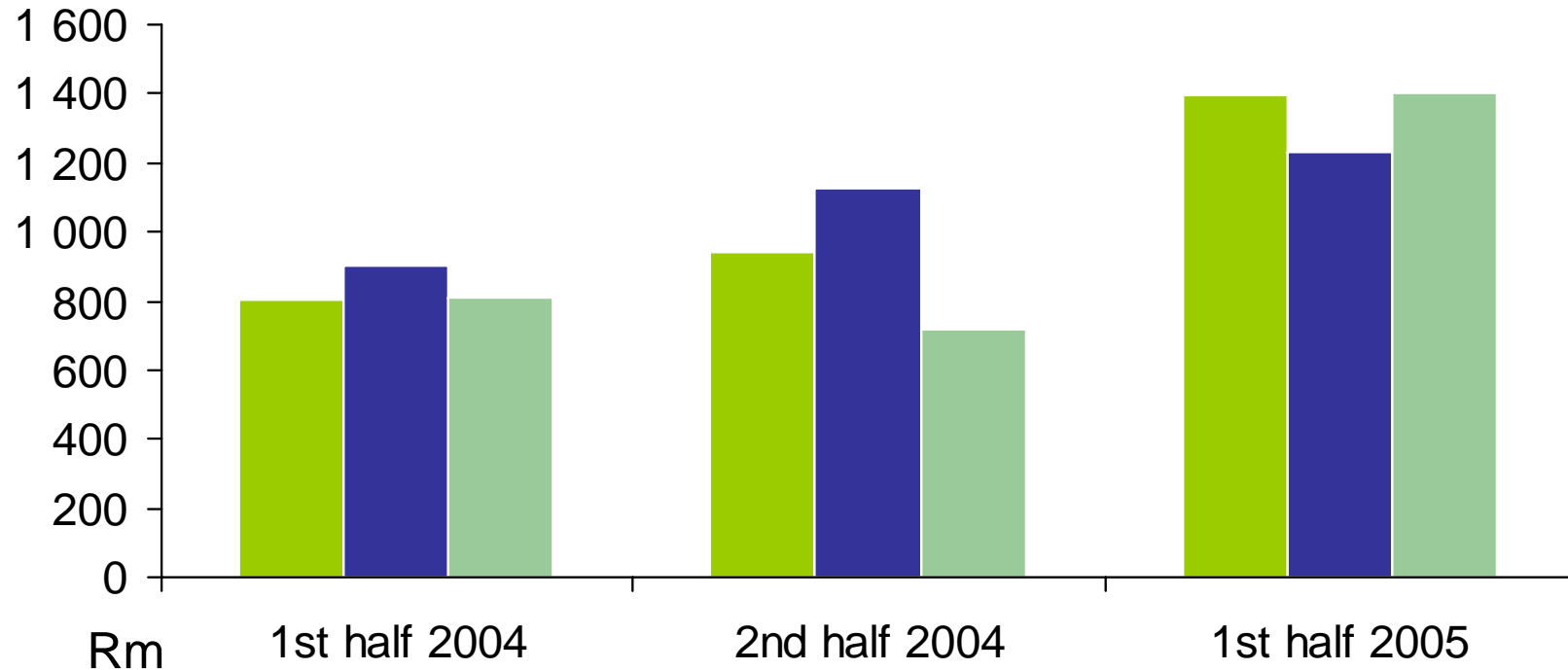
Rm – six months ended	% ch	Jun 05	Jun 04
Net interest income	21,2	4 024	3 319
Impairments	51,6	(620)	(409)
Income from lending activities	17,0	3 404	2 910
Non-interest revenue	(1,5)	3 716	3 771
Foreign exchange translation gains		165	(98)
Total expenses	(3,9)	(5 311)	(5 524)
Merger & recovery programme		(53)	(328)
Other expenses	1,2	(5 258)	(5 196)
Associate income		77	80
Headline profit before taxation	80,1	2 051	1 139
Taxation		(454)	(159)
Minorities & preference shares		(199)	(178)
Headline earnings	74,3	1 398	802

ROE drivers



%	Six months ended		Year ended	
	Jun 2005	Jun 2004	Dec 2004	
NII / Int-earning assets	3,45	2,99	3,18	↑
Impairments / Int-earning assets	0,53	0,37	0,54	→
NIR / NII	92	114	116	↓
Expenses / Int-earn assets	4,55	4,98	5,08	↑
Efficiency ratio (excl FX)	68,6	77,9	73,5	↑
Forex / Int-earning assets	0,14	(0,09)	(0,12)	↑
Int-earning assets / Total assets	72,3	77,0	74,9	→
Return on total assets	0,85	0,53	0,54	↑
Gearing	17,2	22,2	20,2	↓
ROE	14,6	11,7	11,0	↑

Headline earnings



■ Headline earnings
■ Attributable earnings

■ Headline earnings excl FX

... showing continuous improvement

Segmental performance



Rm - six months ended	Headline earnings		ROE	
	Jun 05	Jun 04	Jun 05	Jun 04
Nedbank Capital	447	355	28,2	23,5
Nedbank Corporate	927	812	19,1	17,7
Nedbank Retail	439	214	18,3	9,2
Imperial Bank	56	47	10,3	14,2
Operating divisions	1 869	1 428		
Shared Services	(94)	(128)		
Capital Management & Central Funding	(377)	(498)		
Total	1 398	802	14,6	11,7

... improved operating performance

Shared Services & Capital Management



Shared Services (Rm)	June 2005
Merger costs (post tax)	(36)
Other central costs	(58)
	(94)
Capital Management & Central Funding (Rm)	
Excess cost of subordinated debt	(96)
Preference share dividends	(116)
Funding cost of group goodwill	(88)
Peoples Bank empowerment funding	(62)
Deferred tax rate adjustment	(80)
Foreign exchange gains	165
Other	(100)
	(377)

... better allocation of costs

NII – margin analysis

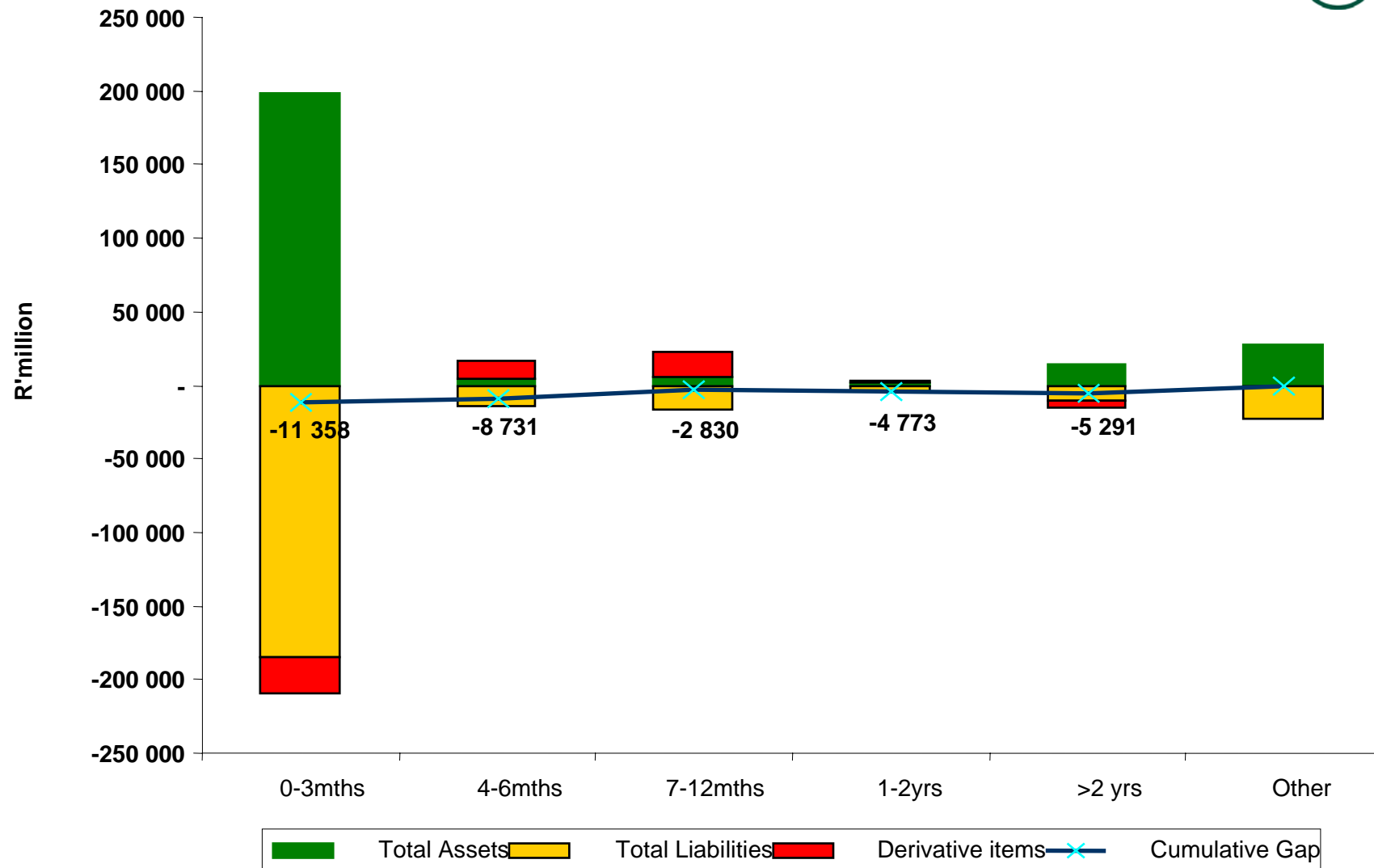


% of daily average interest-earning assets		Rm
December 2004 reported	3,13	7 582
Trading revenue & assets excluded from margin	0,05	(437)
Adjusted 2004 margin	3,18	7 145
H1 2005 asset growth		719
Net endowment effect	0,18	166
Rights issue	0,13	122
Other	0,05	44
Current & savings accounts margin compression	(0,10)	(93)
Market margin compression	(0,16)	(151)
Expensive funding drag	0,11	100
Foreign capital repatriated	0,06	56
Subordinated debt hedge	0,05	46
Expensive empowerment funding for Peoples Bank	0,07	70
Tax structured deals impact	0,06	64
Other	-	(7)
June 2005 annualised	3,45	8 115

... most structural benefits now in the base

June 2005 repricing gap

– SA excluding trading & foreign books



Interest rate sensitivity



- Continued low interest rate risk sensitivity
- The Nedbank Group ALCO & Executive Risk Committee continued in H1 2005 with:
 - Hedging strategies
 - Managing & reducing interest rate risk generated by daily banking activities
 - Maintaining interest rate risk within Board approved limits & defined risk appetite
- Impact of 1% parallel move in rates \Rightarrow approximately 0,89% of capital & reserves. Would have approximate 8 bps reduction in margin (full annual impact & no management intervention)

Interest rate sensitivity *(continued)*



- Focus during H1 2005:
 - Refinement & improvement of FTP, facilitating central management of interest rate risk, measurement of strategies & enhancing asset & liability pricing
 - Rebuilding appropriate banking book risk models to enhance banking book risk reporting & risk management
 - Enhancements to assumptions used in modelling behavioural elements of balance sheet - additional improvements in quantification of risk
- Natural hedging in the balance sheet against interest rate risk continues to be refined, enhancing risk management (e.g. correlation between interest rates, credit extension & bad debts)

Endowment impact



Endowment = non-earning asset & non-paying liability balances
(e.g. notes & coins, sundry debtors, fixed assets & sundry creditors)
+ ordinary shareholders' funds (as there is no interest cost)

Daily average balances summarised:

Rm	Jun 05	Dec 04	Jun 04
Endowment assets	55 093	52 883	58 575
Endowment liabilities	38 266	38 122	35 023
Net endowment pre capital	16 828	14 761	23 552
Ordinary shareholders' funds	19 699	15 163	15 468
Net endowment post capital	(2 871)	(402)	8 084
Average interest cost (prime - 4%)	6,8%	7,3%	7,5%
Interest cost for period annualised	(B) (195)	(A) (29)	606
Impact on margin	(A-B) 166		

Non-interest revenue



Rm Six months ended	June 2005	June 2004	Actual % change	Comparable % change
Commission & fees	2 722	2 606	4,5	11,1
Trading revenue	657	554	18,6	18,6
Exchange & non-interest dealings	95	311	(69,5)	(69,2)
Dividends received	32	32	-	-
Rents received	40	40	-	(5,0)
Sales of assets	3	37	(91,9)	(90,9)
Other	167	191	(12,6)	(46,2)
Total NIR	3 716	3 771	(1,5)	1,0

Large moves in NIR Jun '05



Rm	Jun 05	First time consolidation	Bond Choice	Endowment losses	Comparable Jun 05
Commission & fees	2 722		(138)		2 584
Trading revenue	657				657
Exchange & non-interest dealings	95				95
Dividends received	32				32
Rents received	40	(2)			38
Sales of assets	3				3
Other	167	(66)		(3)	98
Total	3 716	(68)	(138)	(3)	3 507

Large moves in NIR Jun '04



Rm	Jun 04	Acturis	Disposals	Bond Choice	Endowment losses	Comparable Jun 04
Commission & fees	2 606		(218)	(63)		2 325
Trading revenue	554					554
Exchange & non-interest dealings	311		(3)			308
Dividends received	32					32
Rents received	40					40
Sales of assets	37		(4)			33
Other	191	(6)	(3)		(32)	182
Total	3 771	(6)	(228)	(63)	(32)	3 474

Foreign exchange exposure



Offshore capital	FX sensitive \$m	FX sensitive Rm	Non-FX sensitive Rm	Total Rm	FX gains Rm
December 2004 (R5,63/\$) (R365m hedged)	469	2 640	1 817	4 457	373
Capitalisation (R6,05/\$)	190				59
Repatriations	(225)				(175)
Uplift from earnings	35				15
Other	(8)				(3)
June 2005	461	3 073	2 447	5 520	269
Hedge held	(45)	(300)			(56)
Net FX exposure June 2005 (R6,67/\$)	416	2 773			213
B/S / FCTR	249	1 658			48
I/S gains on translation	167	1 115			165

... foreign capital right-sized

Impairment expense



Rm	Jun 2005	Jun 2004
Impairment expense		
Old basis		719
Adjustment for IFRS		(310)
IFRS basis	620	409
As % of advances (%)	0,55	0,37
As % of NII (%)	15,4	12,4

... IFRS to result in increased volatility

NPLs & impairments



	June 2005		December 2004	
	Rm	% adv	Rm	% adv
Non-performing loans	5 820		6 729	
PIPs	528		761	
Non-performing advances	6 348	2,7	7 490	3,3
Expected recoveries	2 406		3 002	
Expected losses	3 942		4 488	
Impairments provision	6 171	2,6	6 684	2,9
Adequacy of impairments				
Gross coverage (%)	97		89	
Net coverage (%)	157		149	

... adequately provided

Total expenses



- Total expenses R5 311m, down 3,9%
- Efficiency ratio
 - Excl FX improved from 77,9% to 68,6%
 - Excl FX & M&R costs improved from 73,3% to 67,9%
- Full year - estimated recovery & merger costs R150m
- Some additional estimated expenses - H2 2005:
 - Increased marketing spend – approximately R100m
 - Peoples Bank branch rationalisation & rebranding R42m
 - Estimated BEE IFRS2 expense R156m

... tighter expense control

Expenses



Rm Six months ended	Jun 2005	Jun 2004	Actual % change	Comparable % change
Employee expenses	2 575	2 589	(0,5)	5,4
Computer processing	639	605	5,6	7,4
Accommodation	449	446	0,7	3,1
Marketing	232	232	-	(0,5)
Fees & insurance	667	586	13,8	22,4
Other	503	485	3,7	-
Operating expenses	5 065	4 943	2,5	6,2
Transaction taxes	164	170		
Alliance partner fees	30	83		
Recovery & merger	52	328		
Total expenses	5 311	5 524	(3,9)	

Large moves in operating expenses Jun '05



Rm	Jun 05	1 st time consol	FICA & Basel II	Bond Choice	Comparable Jun 05
Employee expenses	2 575	(11)		(15)	2 549
Computer process	639		(1)	(1)	637
Comms & travel	219			(4)	215
Accom	449	(2)		(2)	445
Marketing & PR	232	(1)	(16)	(3)	212
Fees	563	(2)	(15)	(98)	448
Insurance	104				104
Office equipment	135	(2)		(1)	132
Sundries	149	(35)		(1)	113
Total	5 065	(53)	(32)	(125)	4 855

Large moves in operating expenses Jun '04



Rm	Jun 04	1 st time consol	Disposals	FICA & Basel II	03 under accrual	Bond Choice	Comparable Jun 04
Employee expenses	2 589	(8)	(114)	(1)	(38)	(9)	2 419
Computer process	605	(7)	(5)				593
Comms & travel	215		(6)			(4)	205
Accom	446	(1)	(11)			(2)	432
Marketing & PR	232		(4)	(13)		(2)	213
Fees	480	(2)	(17)	(46)	(31)	(38)	346
Insurance	106		(1)				105
Office equipment	147		(4)			(4)	139
Sundries	123		(6)			(1)	116
Total	4 943	(18)	(168)	(60)	(69)	(60)	4 568

Taxation



Rm – six months ended	Jun 05	%	Jun 04	%
Total tax	454	22	159	14
Tax – business operations	454	22	288	25
Rate change	26	1	-	-
Tax – structured deals	(125)	(6)	(171)	(15)
Additional tax provision	64	3	40	3
STC	35	2	2	-

- Effective tax rate excluding impact of AC102 & translation losses = 22%

Attributable income



Rm – six months ended	Jun 05	Jun 04
Headline earnings	1 398	802
Capital items	6	8
Profit on disposal of subsidiaries, investments & property & equipment	6	137
Capital impairments	-	(55)
Goodwill impairment	-	(91)
Tax on capital items	-	17
Attributable income	1 404	810

... increasing NAV

Balance sheet



Rm	Annualised % change	Jun 05	Dec 04
Cash & securities	24,9	59 128	52 584
Advances	5,9	227 742	221 275
Investments (excluding insurance)		7 905	7 654
Property & equipment		2 801	2 828
Computer software	(13,7)	1 322	1 419
Goodwill		3 673	3 676
Derivatives		22 146	27 560
Other		11 441	10 904
Total assets	5,0	336 158	<u>327 900</u>
Ordinary shareholders' equity	16,6	20 028	18 497
Minorities & preference shareholders		3 630	3 451
Deposits	6,8	262 946	254 299
Derivatives		22 633	28 055
Long-term debt instruments		7 331	7 309
Other		19 590	16 289
Total equity & liabilities	5,0	336 158	<u>327 900</u>

Advances



Rm	Annualised % change	Jun 05	Dec 04
Home loans	22,3	68 699	61 795
Commercial mortgages	2,0	34 424	34 085
Properties in possession	(61,2)	528	761
Credit cards	11,4	3 681	3 483
Overdrafts	9,1	12 248	11 228
Other loans to clients	(14,3)	67 965	73 218
Leases & instalment	19,8	32 350	29 341
Prefs & other investments	29,0	6 857	5 990
Trade & other bills	(73,2)	2 603	4 106
Reverse repurch. agreements	15,3	4 558	3 952
Impairment of advances	(15,3)	(6 171)	(6 684)
	<u>5,9</u>	<u>227 742</u>	<u>221 275</u>

Intangible assets



Rm	Jun 05	Dec 04
Total assets	336 158	327 900
Ordinary shareholders' equity	20 028	18 497
Intangible assets	4 995	5 095
Goodwill	3 673	3 676
Capitalised software	1 322	1 419
Intangible assets / Total assets (%)	1,49	1,55
Intangible assets / Ord s/hs' equity (%)	24,94	27,55

Group capital position



Regulatory capital (Rm)	Tier 1	Tier 2	Tier 3	Total	RW assets
31 December 2004	17 274	8 095	294	25 663	212 459
Group capital adequacy (%)	8,1	3,8	0,1	12,1	
IFRS – opening bal. restatement	(181)	131		(50)	
Attrib income (excl goodwill & FX)	1 322			1 322	
Ordinary dividend	(300)			(300)	
Currency impact	236			236	1 529
Growth – risk-weighted assets					3 862
Tier 1 capital raising	85			85	
Tier 2 redemptions		(215)		(215)	
Tier 3 non-qualification			(1)	(1)	
Peoples Bank impact					2 278
IFRS reserve movements	280			280	
Non-core asset sales & revaluation	72			72	
Other adjustments	(55)	(87)		(142)	
30 June 2005	18 733	7 924	293	26 950	220 129
Group capital adequacy (%)	8,5	3,6	0,1	12,2	

... capital above minimum targets

Capital management



2005	2006
<p>Economic capital & RAPM</p> <ul style="list-style-type: none">▪ Shadow based reporting in place	<p>Implementation of frameworks:</p> <ul style="list-style-type: none">▪ Economic capital▪ RAPM
<p>Risk appetite</p> <ul style="list-style-type: none">▪ Finalise target risk appetite▪ Limit allocation framework	<p>IT automation of related processes</p>
<p>Capital management</p> <ul style="list-style-type: none">▪ New function - done▪ Framework - done▪ Integrated into strategic planning	<p>Integration into performance measurement & incentives</p>

... integrated into 3 year strategic planning

Cost of capital



As at 30 June 2005

Cost of capital is the weighted average of the cost of the two equity components: ordinary & preference shares (“WACC”)

	Weighting	Cost	WACC
Cost of ordinary shares (after tax)	88%	13,69%*	
• Capital Asset Pricing Model (CAPM)*			
Cost of preference shares	12%	8,17%	
• 75% of Nedbank prime interest rate			
			13,00%

*	Bond	Yield	Beta	Risk premium	After-tax cost of ordinary shares
	R157	8,25%	1,00	5,44%	13,69%

Deposits



Rm	Annualised % change	Jun 05	Dec 04
Current accounts	(3,5)	33 796	34 401
Savings accounts	13,9	11 265	10 532
Term deposits	8,1	164 582	158 152
Credit card balances	3,8	747	733
Foreign currency liabilities	(10,9)	9 385	9 928
NCDs	30,4	32 127	27 882
Deposits repurchase agreements	(25,7)	11 044	12 671
	<u>6,8</u>	<u>262 946</u>	<u>254 299</u>

Financial drivers – H2 2005



- BEE deal – implementation August 2005
 - Estimated R156m IFRS2 H2 expense
 - 41,27m shares issued, of which 39,84m are treasury shares
- Margin uplift – Peoples Bank empowerment funding settled
- Majority of structural benefits in base
- Retail advances growth expected to remain strong
- Good credit quality remains
- Focus ⇒ further operational efficiencies
- Further marketing, merger & recovery & Peoples Bank branch rationalisation & rebranding costs for balance of 2005

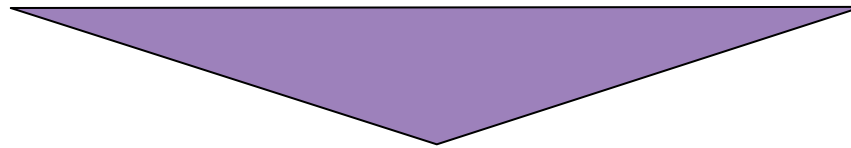
... favourable outlook

2005 earnings targets



Headline earnings up by 58% to 78%

Headline EPS up by 44% to 62%



Basic EPS up by 65% to 85%

The above forecasts assume exchange rates remain at current levels, include the impact of the BEE deal & exclude any potential adjustments from non-trading & capital items. They are measured against the 2004 IFRS results



Operating review

Tom Boardman

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Progress on 2005 to 2007 roadmap



Objective

Progress to date

Maintain market share
(H2 2005)

Market share losses slowed in past 6 months esp. in key home loan segment

Income growth > expense
growth 9%+ (CAGR on 2004)

H1 2005: Income growth 13,1% >
expense growth

Focus on transactional revenue
⇒ NIR growth

H1 2005: Commissions & fees increased
by 4,5% (comparable 11,1%)

Build Nedbank Retail

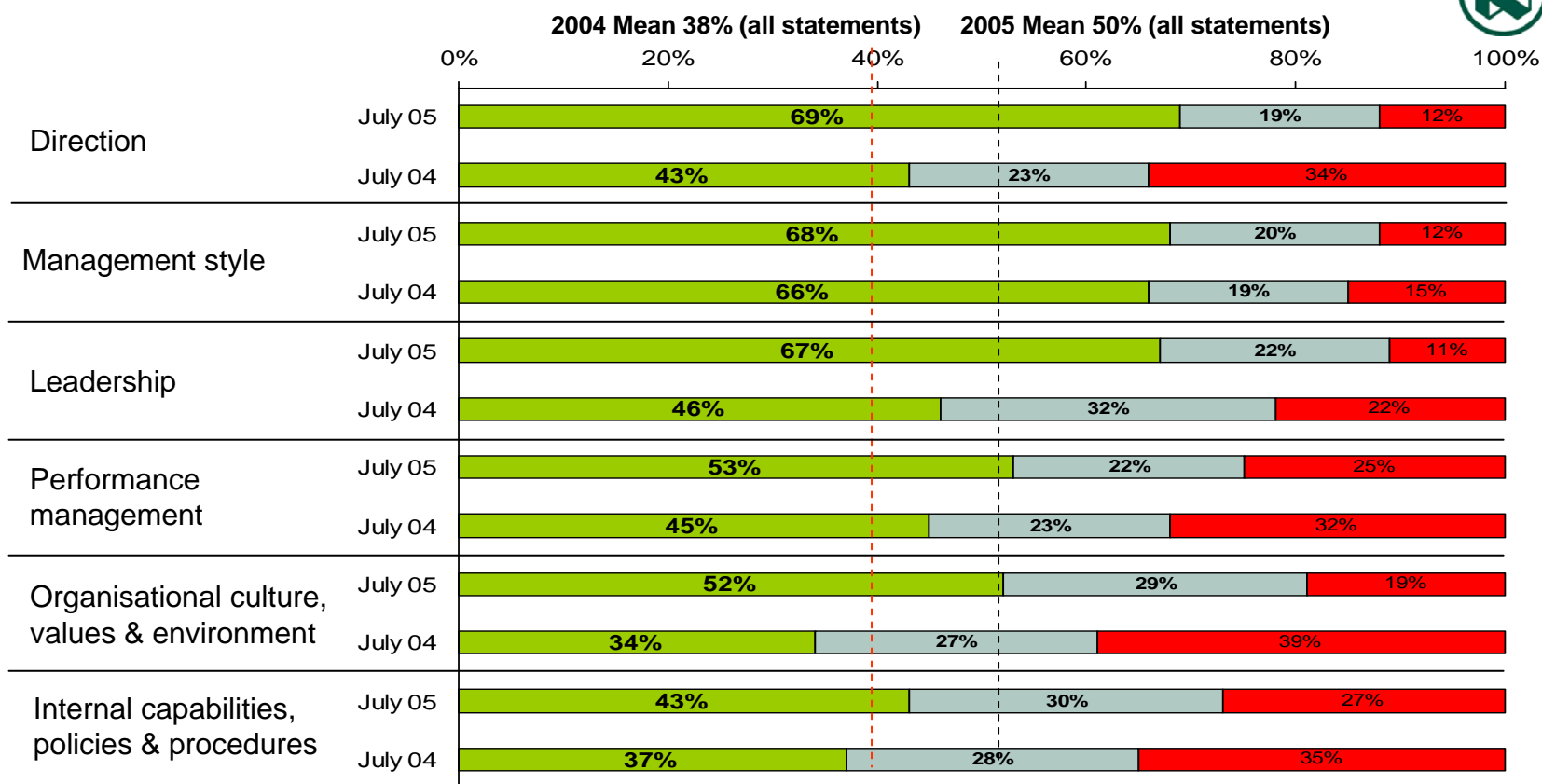
Improved like-on-like profitability & ROE,
reduced rate of market share losses

Transformation beyond FSC
targets

BEE transaction increases black
ownership to 11,5% of SA business

Nedbank employee survey

- 2005/2004 comparative

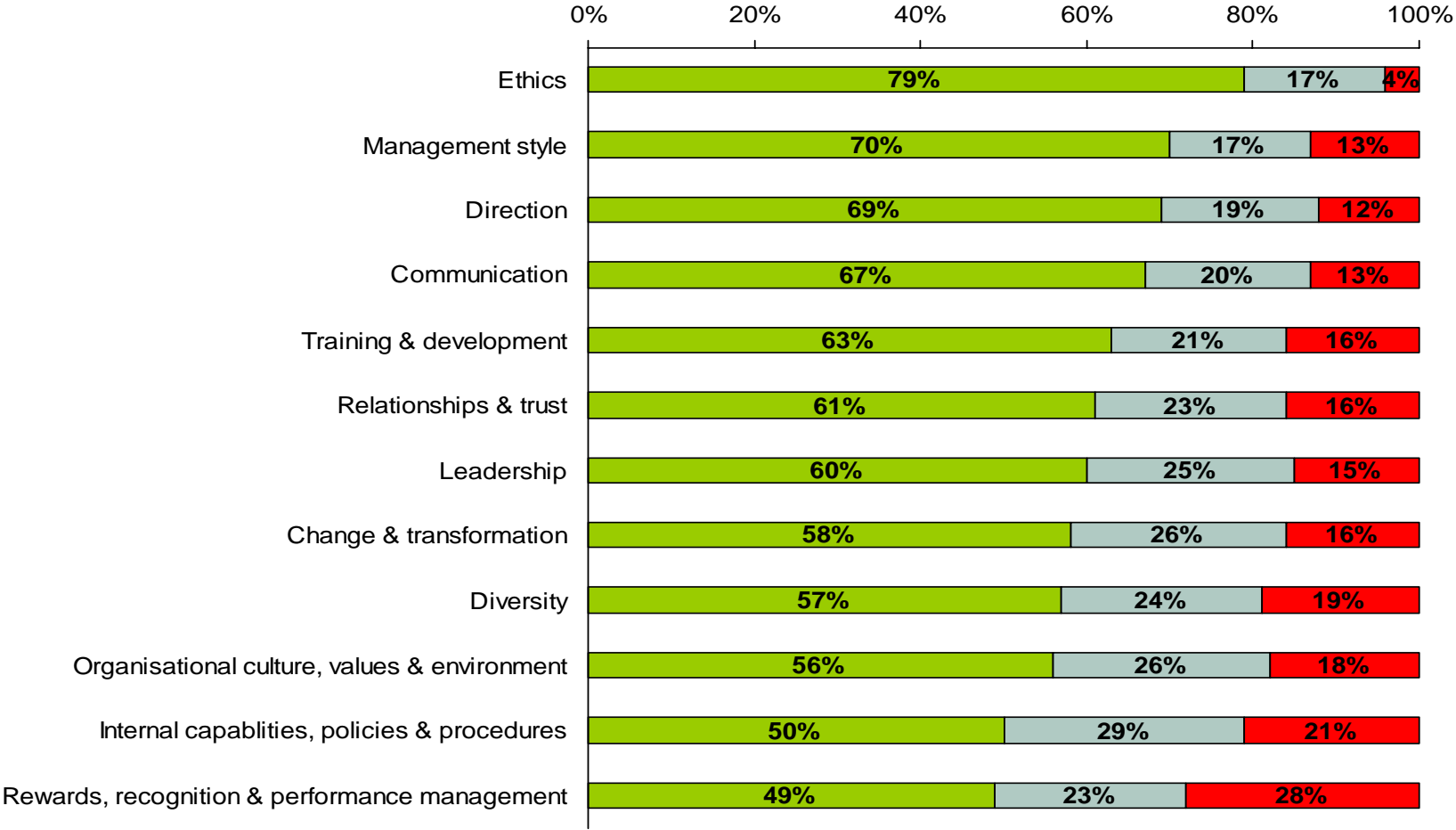


Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
Strength		Neutral	Improvement Required	

- 2005 result Nedbank Employee Survey (943 respondents)
- 2004 result Performance Leadership Survey (1411 respondents)
- Other dimensions excluded as not measured in 2004

... morale improving

Nedbank employee survey (continued)



• 943 respondents

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
Strength		Neutral	Improvement Required	

... morale improving



Nedbank Retail

Rob Shuter

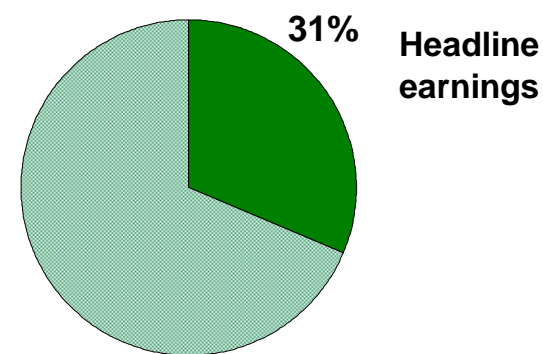
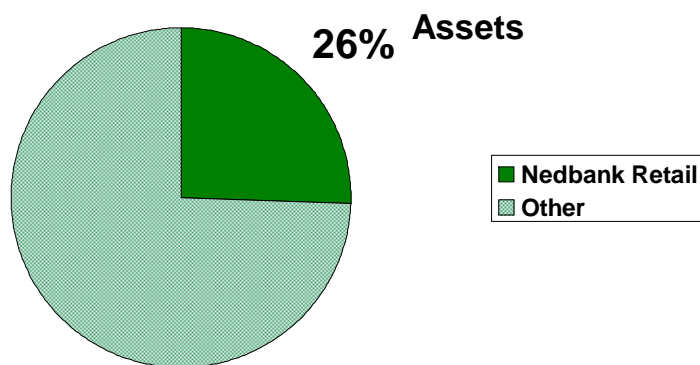
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Nedbank Retail – financial highlights



Six months ended	Jun 05	Jun 04
Operating income (Rm)	3 346	3 263
Margin	5,32%	5,14%
Efficiency ratio	73,2%	85,2%
Impairments charge / lending assets	1,1%	0,7%
Headline earnings (Rm)	439	214
Average capital (Rm)	4 829	4 651
ROE	18,3%	9,2%



... financial performance significantly improved

Nedbank Retail – operational review



Credit integration & improvement	<ul style="list-style-type: none">• Impairment charge reducing• PIPs well managed• Basel 2 on track
Organisational redesign	<ul style="list-style-type: none">• Capital One-Peoples, Capital One-Amex & JD alliances unwound• Nedbank / Peoples integration complex but on track• Nedbank Retail reorganisation completed & stabilised
Unleash bancassurance potential	<ul style="list-style-type: none">• Bancassurance & Wealth operations integrated & refocused• Co-ordinated in branch sales function established• Product strategy finalised & launched• Significant growth in sales achieved

... delivering on “COURAGE” strategy

Nedbank Retail – operational review



Retain & grow market share	<ul style="list-style-type: none">• Y-o-y growth rates improved significantly• Focus on sales, channel & pipeline management & process• Risk based pricing on track• Credit policies broadly unchanged
Act quickly & decisively	<ul style="list-style-type: none">• Organisational redesign substantially complete• Retail project office established• Balanced scorecard reporting in place
Grow net transactional accounts	<ul style="list-style-type: none">• Sales volumes strong & growing• Churn rates high but stable• Primary clients still decreasing• Cross-sell ratios unchanged
Expense control	<ul style="list-style-type: none">• Expenses flat on comparative basis• Headcount management improving• Focus on “spending wisely”

... delivering on “COURAGE” strategy

Nedbank Retail – operational review

Peoples Bank integration



- Positioning Nedbank - bank for all South Africans
- Integrated branch distribution plan finalised
 - 146 to be rebranded
 - 11 closed + 45 by year end
 - 24 new Nedbank sites } ⇒ 443 Nedbank branded branches
- Minimal impact on clients
 - No change in account numbers
 - Increased product offering
- Negligible employee impact
 - Vacancies, growth & natural attrition
- Integration has proved complex & resource intensive
- Overall integration process proceeding within budget

... will be completed by December 2005

Nedbank Retail – operational review

Bancassurance



- Strong growth in new business continued during 2005
- Scope to improve bancassurance revenue – a strategic priority

New business premiums (Rm)	% change	Jun 05	Jun 04
Old Mutual	73,5	927	535
NedIC	1,8	266	261
Mutual & Federal	13,9	19	17
NedLife	(25,9)	100	135
NedGroup Investments	33,0	505	379
Total group new business	36,9	1 817	1 327
Non group entities	52,9	477	312
Total	40,0	2 294	1 639
% Group		79,2	81,0

... new business growing well

Nedbank Retail – operational review

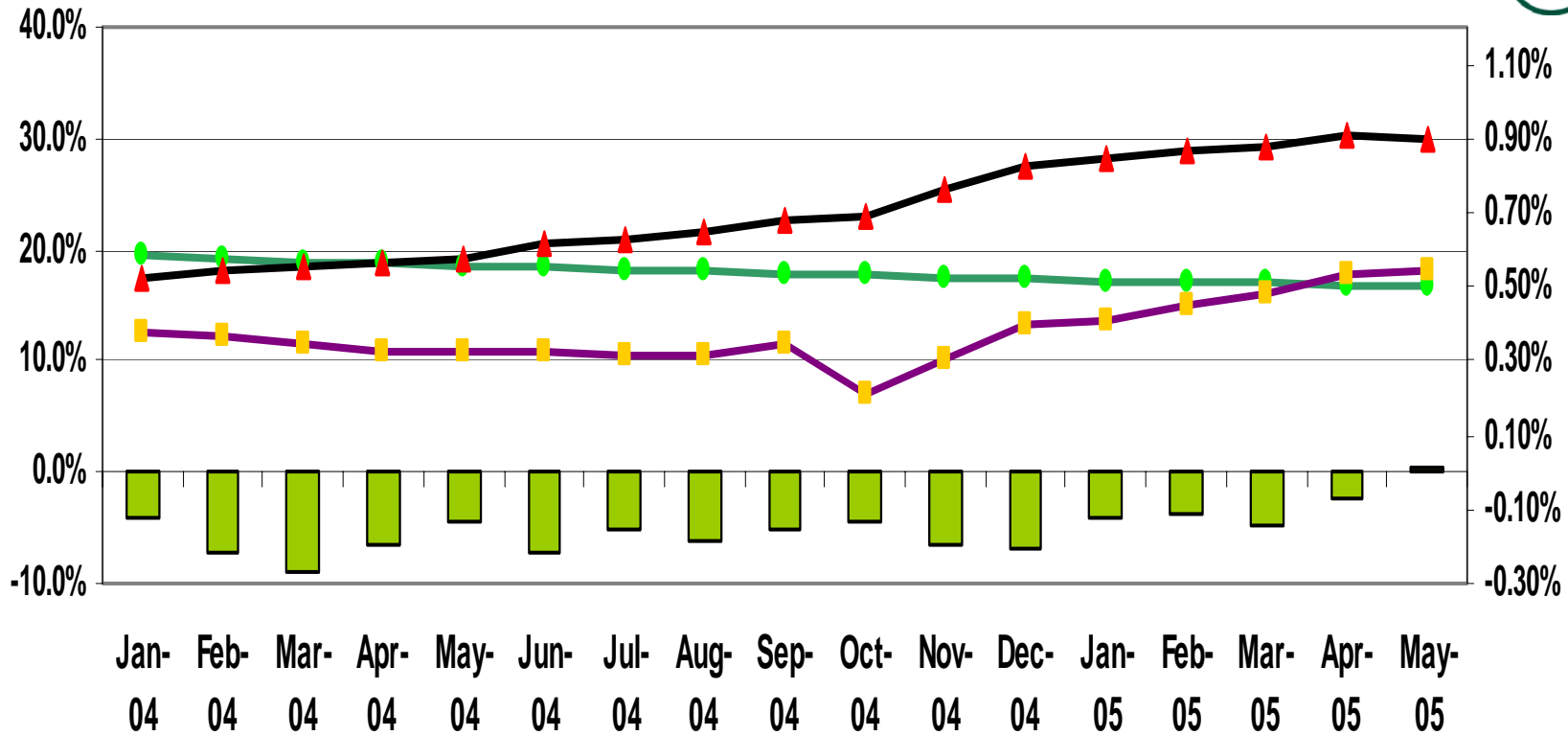
Funds under management / administration



Amount in local currency (millions)	Currency	June 2005	Mkt/curr move	Outflows	Inflows	June 2004
<i>Assets under management</i>						
NedGroup Investments						
Local	ZAR	15 349	3 447	(6 267)	8 760	9 409
International	USD	691	31	(246)	215	692
NIBIAM	USD	211	-	-	-	211
BoE Pvt Clients/Stockbrokers	ZAR	20 100	3 500	(4 500)	3 700	17 400
Fairbairn Private Bank	GBP	217	23	(51)	34	211
<i>Assets under administration</i>						
Nedcor Int. Fund Xchange	USD	229	(1)	(49)	86	193
BoE Stockbrokers	ZAR	12 600	3 400	(2 400)	4 300	7 300
<i>By currency</i>	ZAR	48 049	10 347	(13 167)	16 760	34 109
	USD	1 132	30	(295)	301	1 097
	GBP	217	23	(51)	34	211

Nedbank Retail – operational review

Market share – Home loans



- Includes PML (Peoples Bank) from Feb 2005
- Excludes Imperial Bank due to data issues

Source: DI900s (lines 121 & 122)

... reduction in rate of market share loss

Nedbank Retail – future focus areas



- World class client service
- Profitable asset growth
- Impairments reduction
- Bancassurance profit growth
- Net growth in transactional banking
- Staff morale & building high performance culture

... turnaround phase will continue in 2006



Nedbank Corporate

Graham Dempster

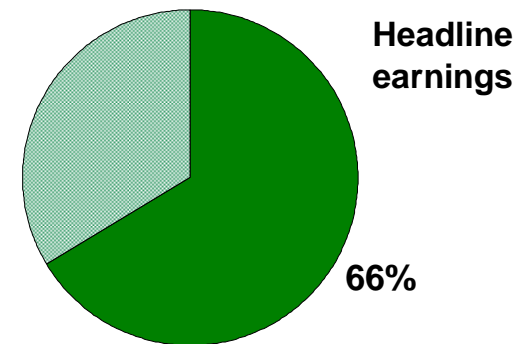
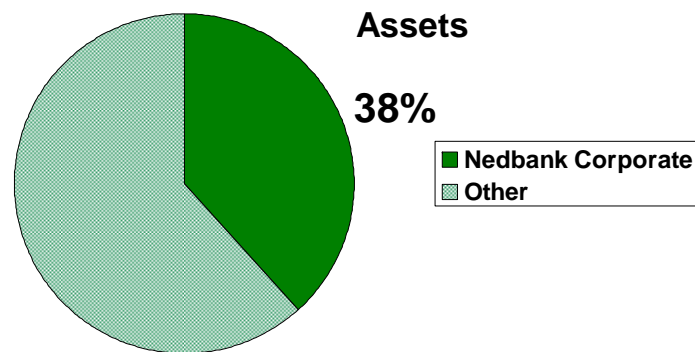
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Nedbank Corporate – financial highlights



Six months ended	Jun 05	Jun 04
Operating income (Rm)	2 872	2 797
Margin	3,23%	3,36%
Efficiency ratio	54,6%	57,0%
Impairments charge / lending assets	0,2%	0,2%
Headline earnings (Rm)	927	812
Average capital (Rm)	9 814	9 263
ROE	19,1%	17,7%

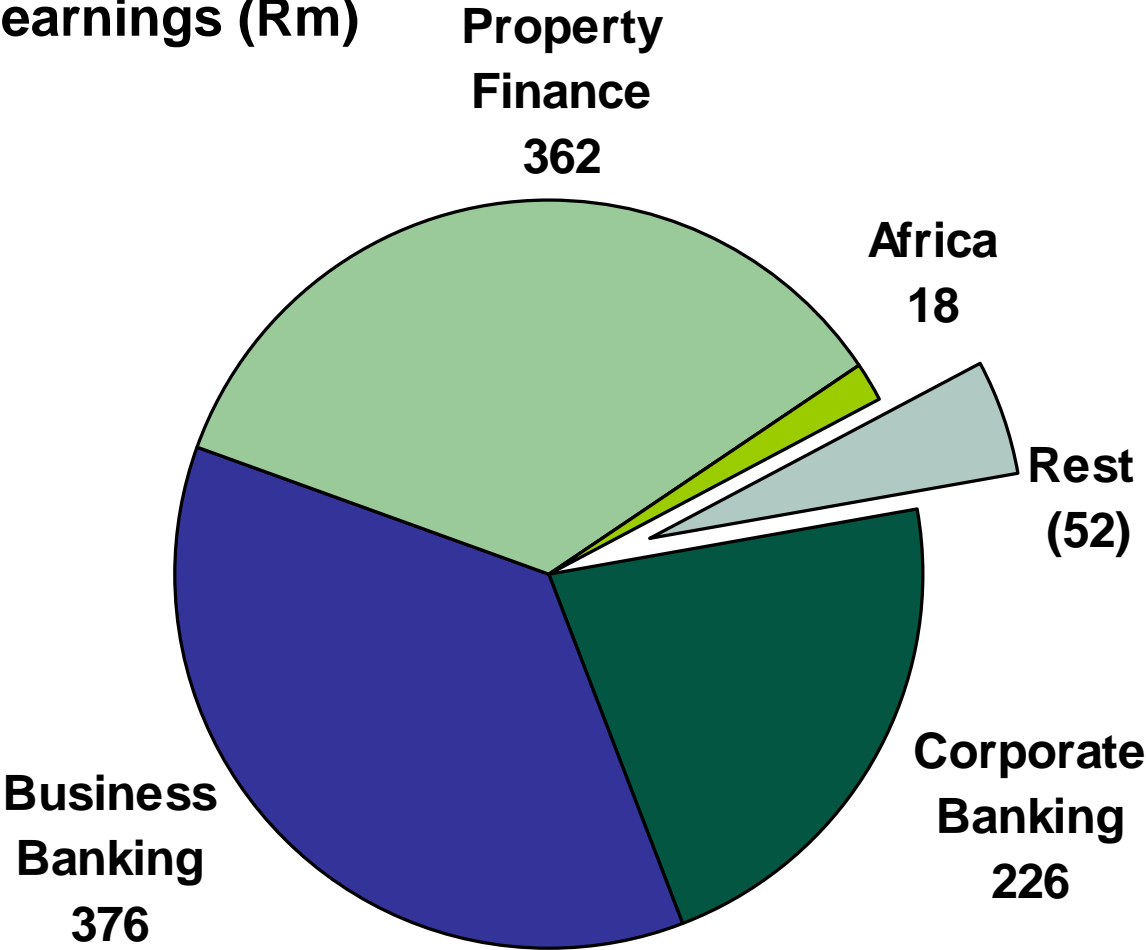


Nedbank Corporate – financial highlights

BU contribution



Headline earnings (Rm)



Nedbank Corporate – operational review



- Loan growth muted
 - Corporates cash flush, disintermediation & limited capex
 - Commercial Property - manage for value
 - Business Banking - Western Cape & KZN under pressure
- Margin pressure in certain corporate markets
 - Government / parastatal sectors & transactional banking
- Property Finance benefited - loan stock revaluations
- Africa business growing off low base
- Management reorganised & empowered
 - Transformational appointments
 - Business Banking - decentralised model

Nedbank Corporate – future focus areas



- Grow transactional banking
- Improve cross-sell
- Client value management
- Leverage BEE & public sector expertise
- Grow the Africa business

Action plans unchanged

... deliver on strategy



Nedbank Capital

Brian Kennedy

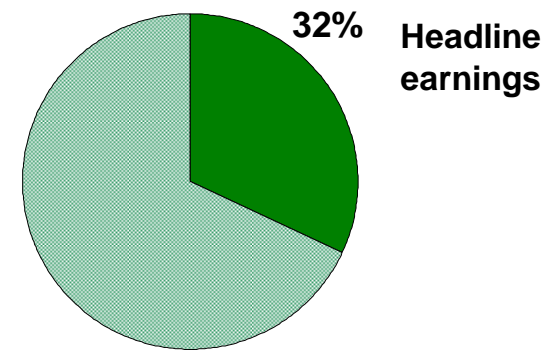
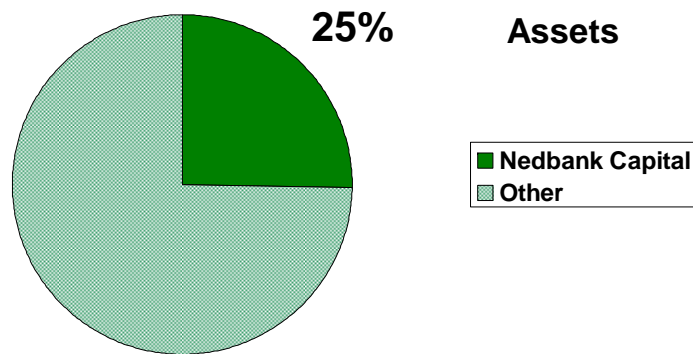
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Nedbank Capital – financial highlights



Six months ended	Jun 05	Jun 04
Total operating income (Rm)	1 135	1 064
Efficiency ratio	46,3%	51,4%
Headline earnings (Rm)	447	355
Average capital (Rm)	3 202	3 043
ROE	28,2%	23,5%



Nedbank Capital – operational review



- Strong revenue growth
 - Benefits from integrated investment bank
- Involved in major deals
 - Deal pipeline remains strong
- Improved trading
 - Strong growth in equity & interest rate trading
- Senior appointments in key finance & risk roles

... a strong performance

Nedbank Capital – future focus areas



- Integrated investment bank ⇒ creating solutions
- Leverage Nedbank Corporate relationship
- Continued focus on BEE
- Leverage sector expertise
- Increased focus on trading & innovative risk management solutions

Doing more of the same, but improving

... robust pipeline

Group Technology & Support Services















- Optimising project software spend & less capitalised
- Outsourced voice & data network with OMSA
 - Estimated Nedbank savings R700m over 5 years (2005: R60m)
- Major technology upgrade projects include:
 - Channel convergence & payment rationalisation
 - Customer information systems
 - Basel II technology systems
 - Enterprise data warehouse systems
 - New Financial Processing Architecture
 - 27 compliance projects
 - Microsoft upgrades on all workstations & servers

... additional depreciation offset by savings

Transformation



Core component of FSC	2004 status
Human Resources <ul style="list-style-type: none"> • Employment equity • Skills development 	 
Procurement	
Access to financial services <ul style="list-style-type: none"> • Savings & transactional • Loan origination 	 
Empowerment financing <ul style="list-style-type: none"> • BEE transaction • Infrastructure Investment • Agriculture • SMMEs • Low income housing 	 Industry O/S   
Corporate Social Investment	
Management & Control <ul style="list-style-type: none"> • Executive management • Board composition 	 



Employee profile – black management



%	Jun 2005	Dec 2004
Black management		
Executives	25,0	30,8
Senior management	12,6	10,9
Mid management	22,7	19,5
Management	35,0	33,4
	26,8	24,5
Senior black female management	11,8	10,5



Prospects & summary

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Conclusion



- Hold the “jaws line” to achieve our 9% target
- Turnaround strategy in Nedbank Retail to continue
- Continued focus on reduction in market share losses
- BEE deal to be implemented on 8 August 2005
- Drive improved performance in all operating divisions



2007 targets

ROE	20%
Efficiency ratio	55%

... continue delivering on our commitments



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

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Thank you

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