NEDCOR

UK Roadshow

October 2003

Stuart Morris

Group Financial Director

CEO appointment process

- Appointed an internationally renowned head-hunter
- Possible candidates identified (external and internal)
- Psychometric assessments performed
- Intensive panel interviews conducted by entire Nomination Committee: CF Liebenberg (Chair), WAM Clewlow, ME Mkwanazi, JH Sutcliffe, RG Cottrell, MJ Levett
- Timing of announcement: initially 3-4 weeks, now imminent

Alignment of market and analysts expectations for 2003

- Wide diversity in analysts' forecasts
- Inherent uncertainty, volatility and unpredictability caused by introduction of IAS39 (AC133)
- 1H03 EPS (pre AC133) was 445c
- Full-year consensus was 1204cps (2002 – 1330cps)
- Implied 2H03 EPS would be 759c (2002 – 685c)
  => 70% increase!
- Anticipate 2H03 unlikely to be lower than 1H03
- Will be impacted by interest-rate changes and conservative funding profile
  - Endowment
  - Funding

Adverse impacts on Nedcor profits

Merger synergy extraction proceeding well, but acquisition geared to recognise costs upfront, synergies later

- Acquisition funded 82% debt, 18% equity
- Price:book 1,8 (goodwill R3,4bn)
- Merger costs:synergies cash negative until 2004
- And, net of funding costs, cash negative until 2005

Results affected by:

- Merger funding costs
- Difficult investment banking, structured finance & wealth management markets
- Rand strength re offshore earnings
- Effective tax rate increasing to normal levels

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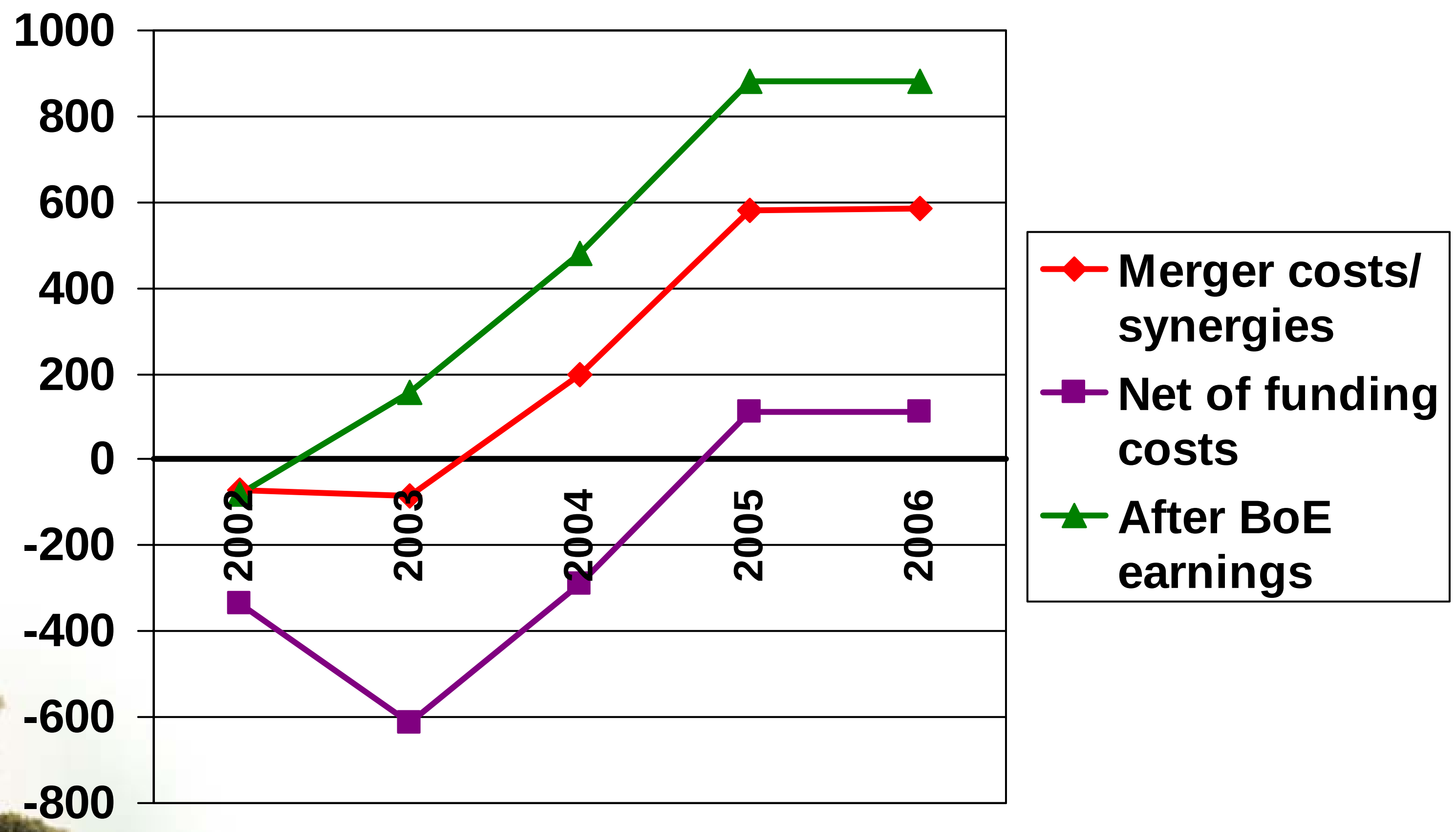
Gearing impact of BoE acquisition (2003 Rand)



Overview of Merger Status

- Merger on track and proceeding well

Communicated to analysts *	2002		2003		2004		2005		Steady state
	Plan	Forecast	Plan	Forecast	Plan	Forecast	Plan	Forecast	Forecast
Operational synergies **	-	-	90	293	400	563	660	638	660
Once-off costs p.a.	(100)	(91)	(225)	(436)	(175)	(341)	(210)	-	-
Operational value added	**(100)**	**(91)**	**(135)**	**(143)**	**225**	**222**	**450**	**638**	**660**

- Major Milestones achieved:
  - Treasury integration
  - Capital Markets integration
  - Human Resources
- Key current focus areas:
  - Business Banking integration
  - Corporate Procurement

* Run rate: Cumulative annualised numbers in relation to 2002 Base
** Operational synergies & merger costs - gross amount before provision for outside shareholders interest.

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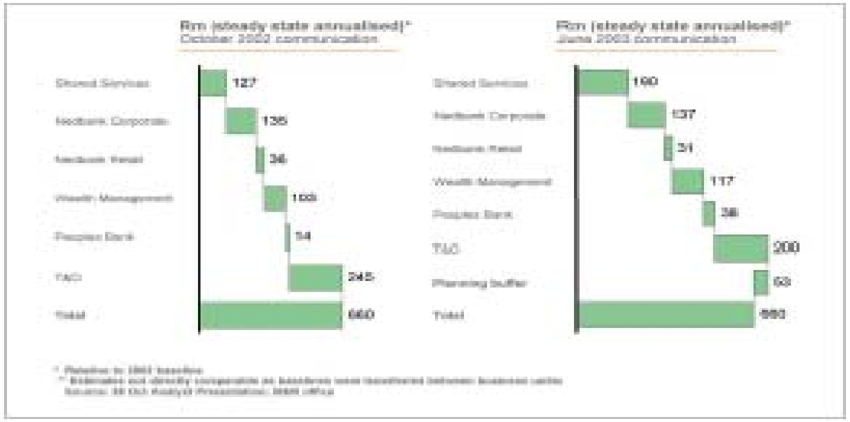
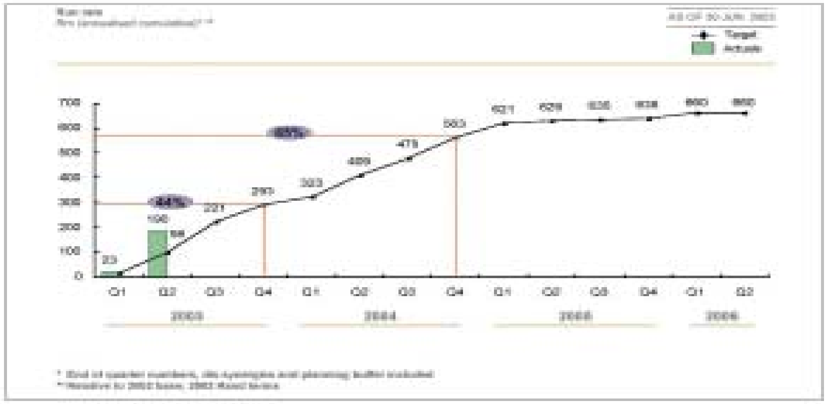
Overview of Merger Status *(cont.)*

Operational synergy estimates

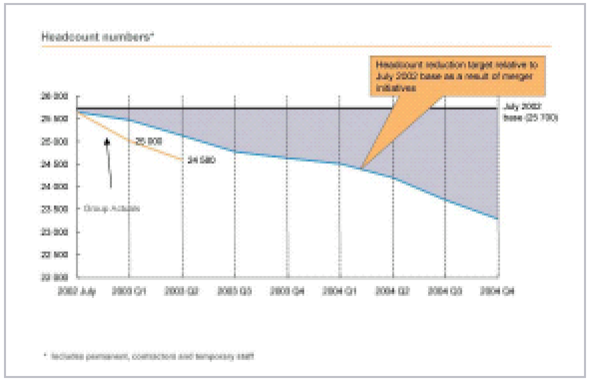


Synergies realisation schedule



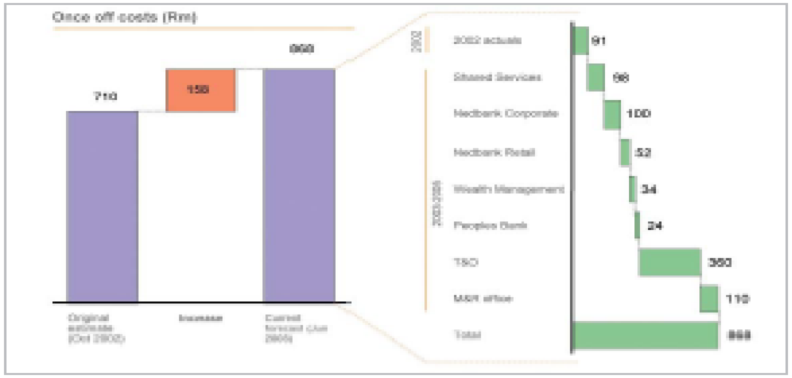
Headcount reduction

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.



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.



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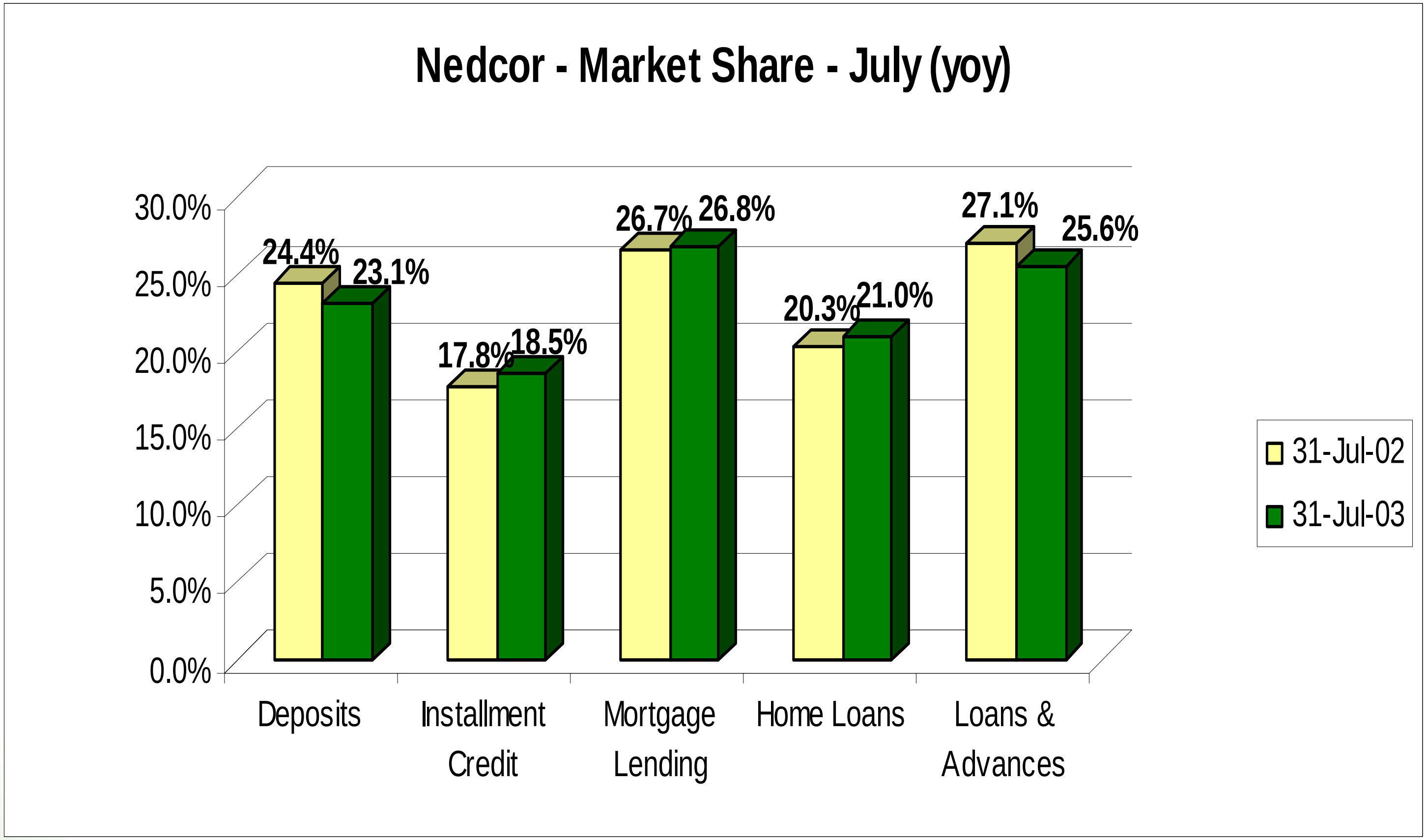
Main profit drivers

- Advances growth
  - single digit (corporate lowest, retail highest)
- Margin
  - funding profile shortening, but will see further compression
  - Disposing of NPAs and repatriating offshore capital
- NIR
  - negative impact of investment banking (deal flow improving), wealth management, structured finance and stronger rand

Main profit drivers *(cont.)*

- Bad debts
  - lower than 1H03, should benefit from lower interest rates (seeing benefit slowly in arrears improving)
- Expenses
  - in line with inflation and supplemented by synergies
- Tax
  - mid-20%, normalised in 1H03 post effect of tax losses and change to residency-based tax

Market Share trends – 31 July 2003 (YoY)



Losses within acceptable and expected ranges

Source: SARB DI 900 returns

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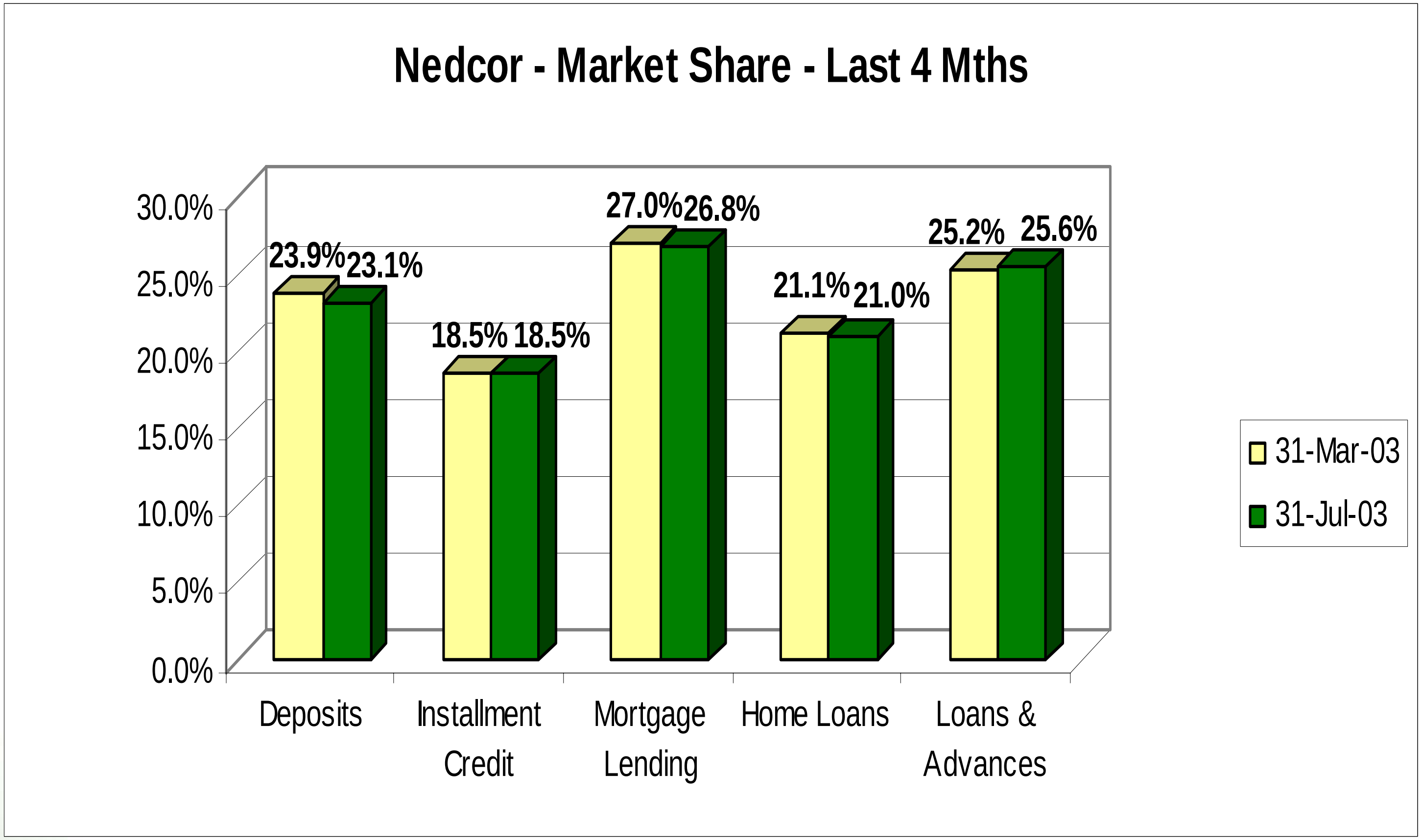
Market Share trends – 4 months ending 31 July 2003



Recent market shares steady

Source: SARB DI 900 returns

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Joint Venture performances

Alliance Partner	Cumulative to June 2003 – Rm	Current action/focus
Pick 'n Pay Go Banking	(107)	Reduce costs by revised instore acquisition model, promote card usage, seek new revenue sources
Amex	(30)	Reduce costs, implement 2nd phase risk scorecards, develop corporate market
Capital One/JD	(82)	Resume growth, improve distribution, price for risk

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Joint Venture performances *(cont.)*

Alliance Partner	**Cumulative to June 2003 – Rm**	**Comment**
Losses b/f	(219)	
Imperial Bank	173	Business model increasing market share
Gerrard Private Bank	107	Exceeding expectations. Product awards won
Old Mutual Bank	(7)	Very good deposit growth. Focus on mortgage growth
Total	54	

Capital

- Objective: to carry a buffer above statutory requirements (10% overall, 7,5% primary during 2004) to allow for volatility and future asset growth
- Current Capital Adequacy
  – Group >10% (carries BoE goodwill impairment), primary < 7,5%
  – Bank >12% (comfortably above statutory minimum), primary > 7,5% by October 2003
- New capital raised (September 2003)
  – Tier II : R500m unsecured callable subordinated notes
  – Tier III : R500m subordinated NCD
- Other available initiatives: issue further preference shares (R1bn capacity), securitisation, earnings

Accounting standards

- IAS 39 (AC 133) – Financial instruments
  - Implemented in 2003 (not retrospective), still subject to audit
  - IAS 39 improvements standard (excluding macro hedging) expected before year end
  - IAS 39 macro hedging standard expected 2004 (Could involve retrospective changes)
- IAS 21 – foreign exchange rates
  - Revised IAS 21 expected soon
  - Most translation gains/losses of subsidiaries will in future go to equity
- Share-based payments
  - Expected statement will affect treatment of share options and share-based bonus payments

Key improvement actions

- Focus on merger – synergy extraction
- Margin and endowment yield improvement
- Investment banking & advisory mandates, transactional banking & trading income
- Improved credit management
- Expense reduction drive
- Review of JVs and profitability
- Image & reputation enhancement