



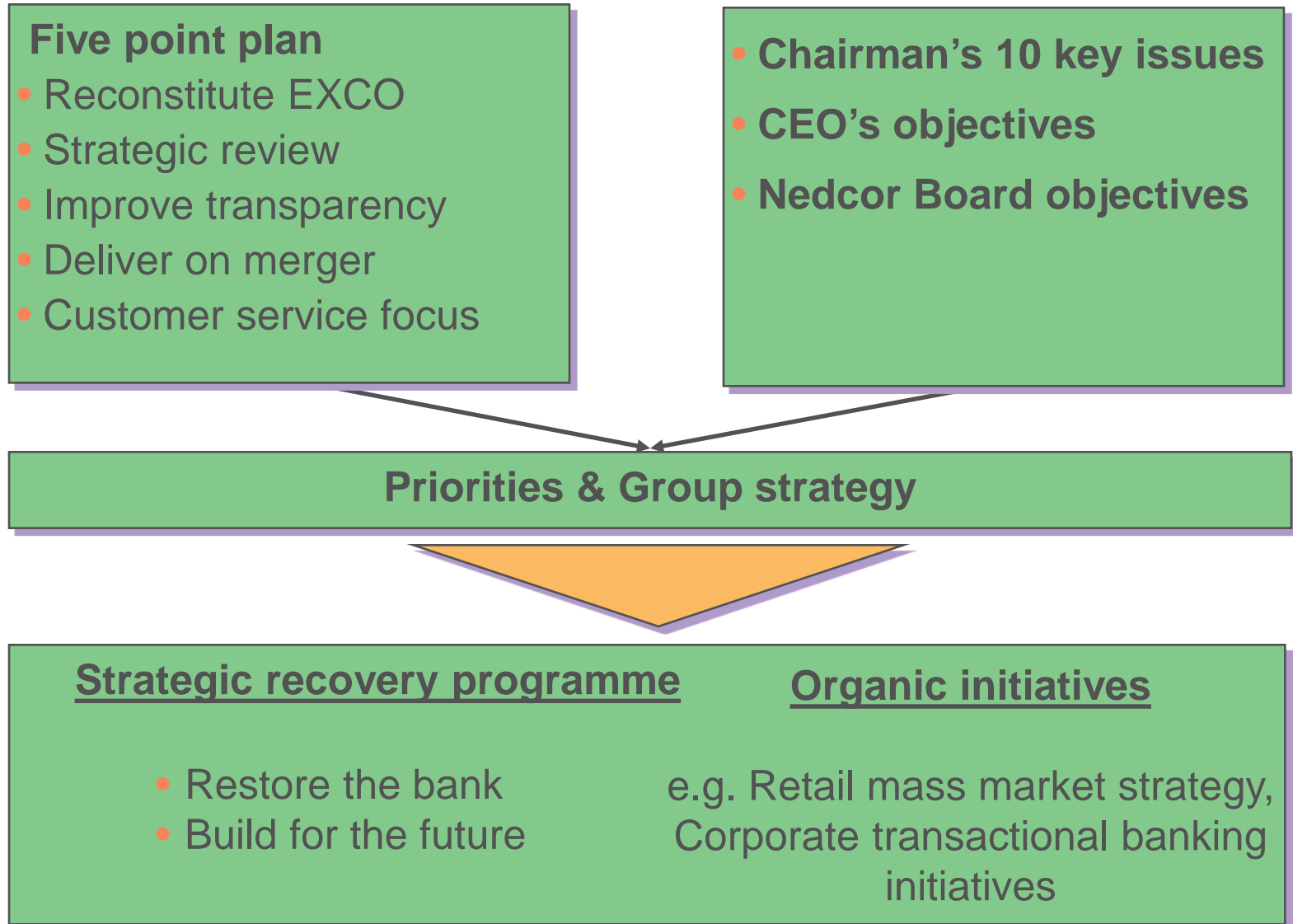
Deutsche Bank London Conference

June 2004

Tom Boardman

Chief executive

Road map



Peer group comparison



Ratios (Excluding Forex)	Nedcor		Competitor	
	Including M&R expenses	Excluding M&R expenses	A	B
NII / Lending assets	3.0%	3.0%	3.5%	3.9%
NIR / NII	117%	117%	112%	110%
Provisions / Lending assets	0.9%	0.9%	0.6%	0.8%
Operating expenses / Lending assets	4.5%	4.3%	4.2%	4.6%
Operating expenses / Total income	70.1%	67.4%	56.2%	57.1%
Lending assets / Total assets	79.2%	79.2%	90.7%	87.9%
ROE	10.3%	13.0%	24.0%	24.6%

Margin too low, need to build NIR, business not cost efficient & too many non-interest earning assets

➡ all contributing to poor return on equity

Restore the bank

- Management information
- Restore & manage capital
- Merger completion
- Peoples Bank integration
- Risk management & governance
- Refocus incentive plans
- Staff morale, culture & values
- Effective executive team (EXCO)
- Reduce cost base
- Non-core asset disposal

Build for the future

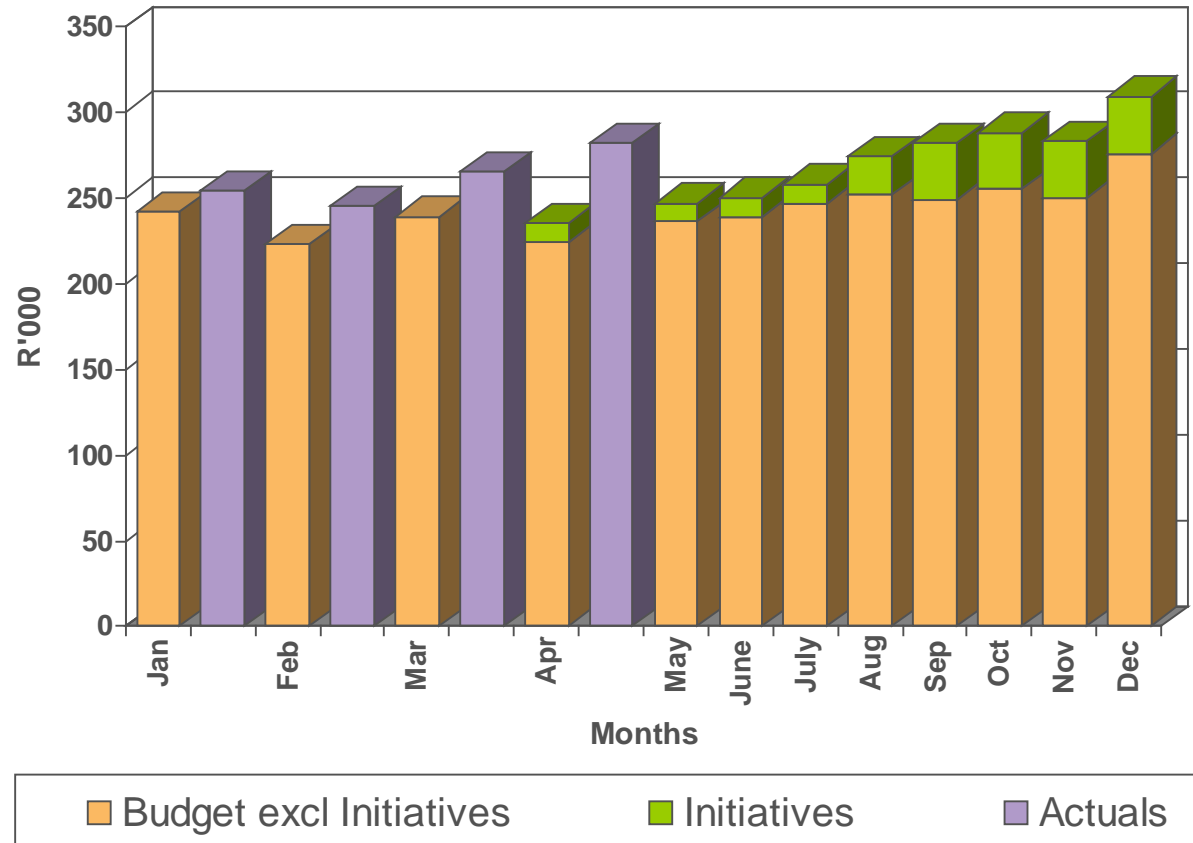
- Long term strategic plan
- Customer satisfaction / retention
- Improve bank image
- Grow transactional banking
- Financial Sector Charter
- Bancassurance

Strategic recovery programme

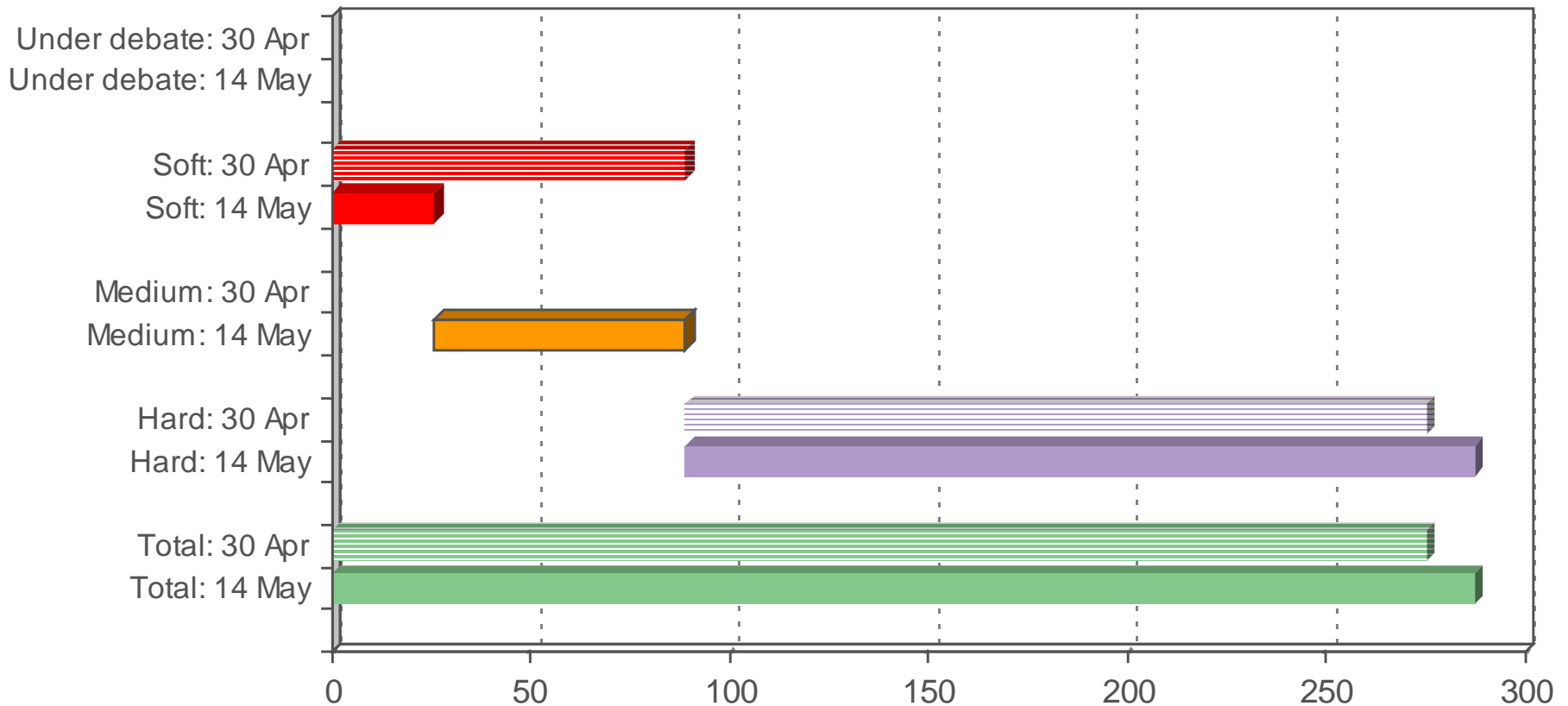
Clearly tracking all initiatives

- Organic
- M&R
- Recovery benefits
- Recovery costs

Division example - 2004 monthly budget (headline earnings)



Divisional example - status of net benefits



- Baseline set & clean-up completed
- Stable & accurate financial data
- “One version of the truth”
 - Cost transfer pricing
 - Capital allocation
 - Funds transfer pricing
- Asset and liability management
- Financial processing architecture
- Regulatory (DI) returns
- Board / management pack redesign
- ROE & RaRoC analysis

By
Dec
2004

- Improved MIS
- Focus
accountability
- Clear
measurement

Restore & manage capital

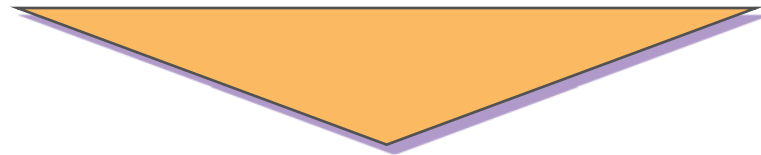
- R5.2 billion rights issue
- Sale of non-core assets & businesses
- Management of foreign capital
- Balance sheet efficiency

By Dec 2004

Target Tier 1 capital 7.5%

Merger completion

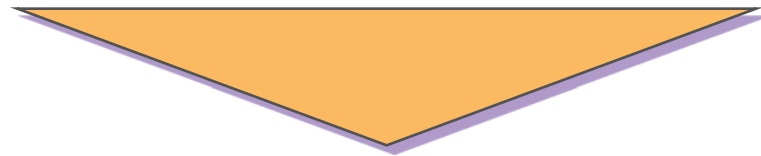
- BoE Business Bank
 - All clients migrated
 - Completion end June 2004
- Migration strategy for NBS
 - 64k high net worth clients to be transferred to Nedbank
 - Balance to be transferred to Peoples Bank
 - Completion end November 2004



Overall committed synergy target remains R700m p.a. & merger costs within budget

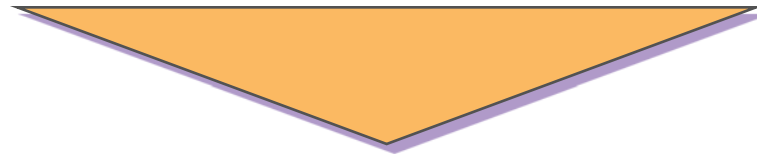
Peoples Bank integration

- Minorities agreed to merger
- Management integrated into Nedbank Retail
- Risk centralised
- Branch integration completion by mid 2005



Integrated retail offering in Nedbank

- Re-examine governance structures
- Basel II implementation
- FICA compliance (money laundering)
- FAIS compliance (financial intermediaries)
- Revised ALM & ALCO process



Enhanced risk management

Refocus incentive plans

Guaranteed package

Short term incentives

- Principles supporting schemes agreed
- Pool for 2004 agreed, linked to business results
- Median pay for median performance
- Focus for 2004 - financial performance
- Modifiers to measure other deliverables

Long term incentives

- Performance-based share option scheme

Percentage of S-T
incentive tied to
Group results:
Exco: 80%
NG7: 60%
NG6: 50%
NG5: 40%
NG4 & below: 30%

Staff morale, culture & values

- Required leadership
- Accountability
- Staff communication
- Strategy, vision & values
- Staff consultation
- Continuous feedback

Executive team



Nedcor Group
CEO Tom Boardman

**Retail & Wealth
Management**

Pete Backwell

**Nedbank
Corporate**

**Graham
Dempster**

Nedbank Capital

Brian Kennedy

**Group
Operations**

Len de Villiers

**Group Business
Innovation**

Barry Hore

**Group Strategy
& Corporate
Affairs**

Rob Shuter

Group Finance

**Bob Head
(acting)**

**CEO's Office /
FSC / HR**

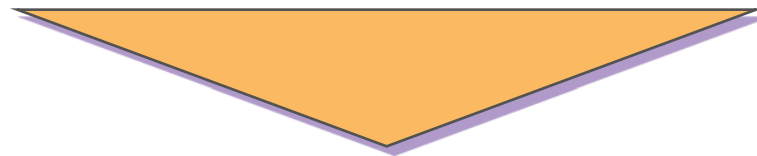
**- Derek Muller
- Nolitha Fakude
- Ivan Mzimela**

Group Risk

Philip Wessels

Cost focus: retrenchment process

- Staff costs = 49% of total expenses
- Voluntary retrenchment: March 2004
- 1 458 voluntary retrenchments
- Target to finalise retrenchments by end July 2004
- Rebuild motivation & morale of staff

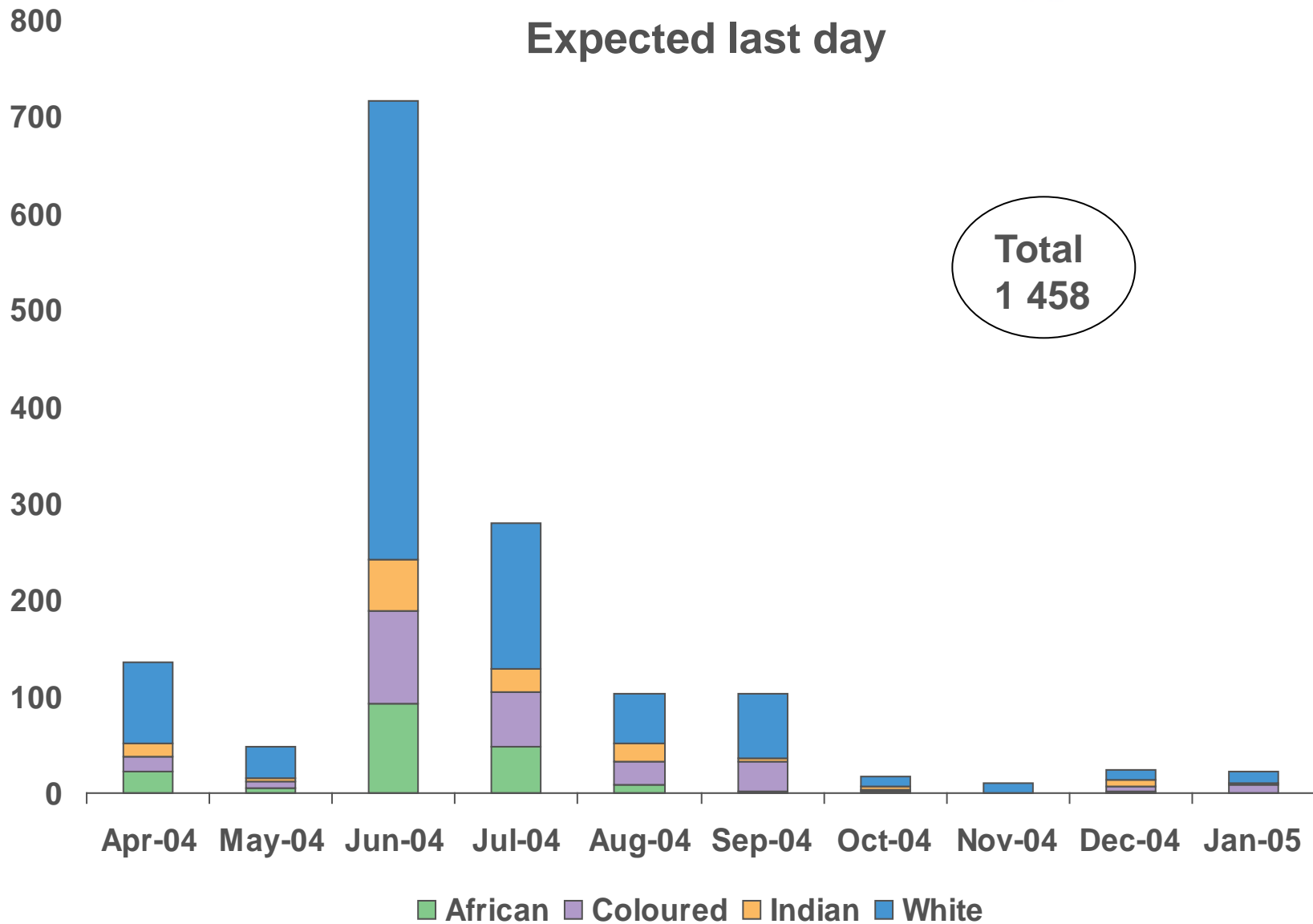


Reduced costs for future

(but one-off retrenchment costs in 2004)

Analysis of cost reduction targets with interim results

Voluntary retrenchments



Non-core asset disposal

Disposal of non-core subsidiaries

- Chiswell sold £20.9m
- Stenham sold £19m
- BoE Life Intl - £22m capital taken out & remaining business being sold

Disposal of non-core assets

From 31 Dec 03, approximately R2bn to be disposed of (over next 2-3 years)

- Century City sold R98m
- 75 Grayston Rd sold R20m
- Aplitec reducing to 17% holding
- “Toys” value R19.7m – being marketed
- Endowments: awaiting tax certainty to enable realisation.

Long-term strategic direction



Back to basics

- Disposal - non-core assets
- Simplify brand strategy
- Optimise asset & liability management
- Exploit bancassurance
- Effective MIS
- Improve staff morale

Retail, Corporate & Capital

- Focus on growing Retail
- Growing transactional banking
- Build on strengths in Corporate

Strategic direction

**Back to basics –
banking**

Southern Africa focus

**Maintain mix of Retail,
Corporate & Capital**

**Move to being truly
client-centric**

Transformation

Southern Africa focus

- Restructure foreign operations
- Cautious African expansion

Client centricity

- Client-centric processes & products
- Train & empower front-line

Transformation

- Financial Sector Charter
- Continued focus on the community / environment

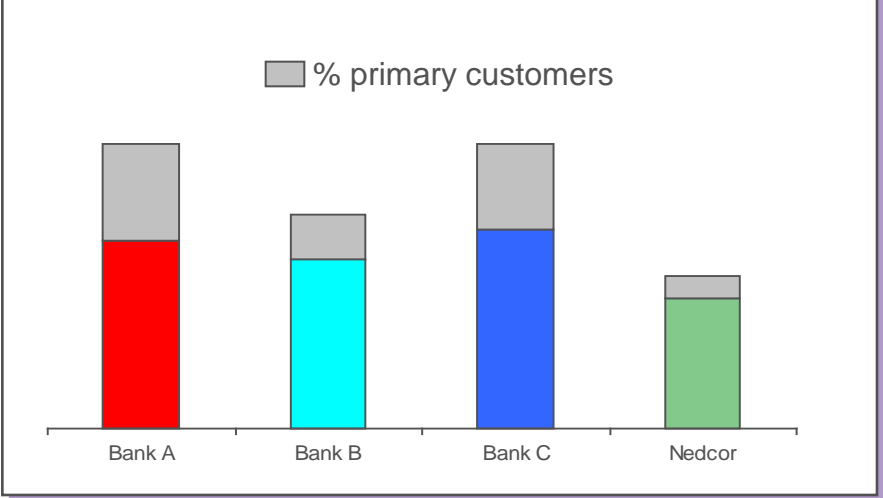
Grow customer base

(Domestic market shares – Nedcor analysis)

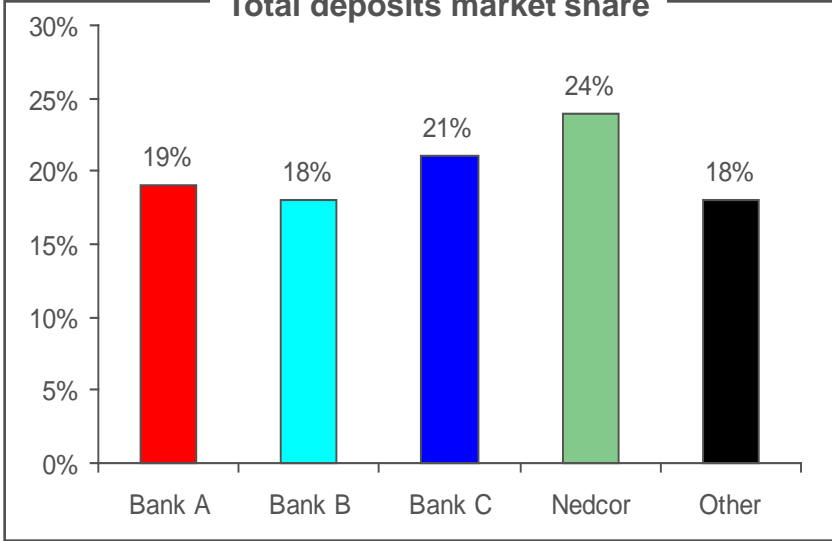


- Too few primary banker customers
 - Both Retail and Corporate banking
- Imperative to grow share of transactional banking

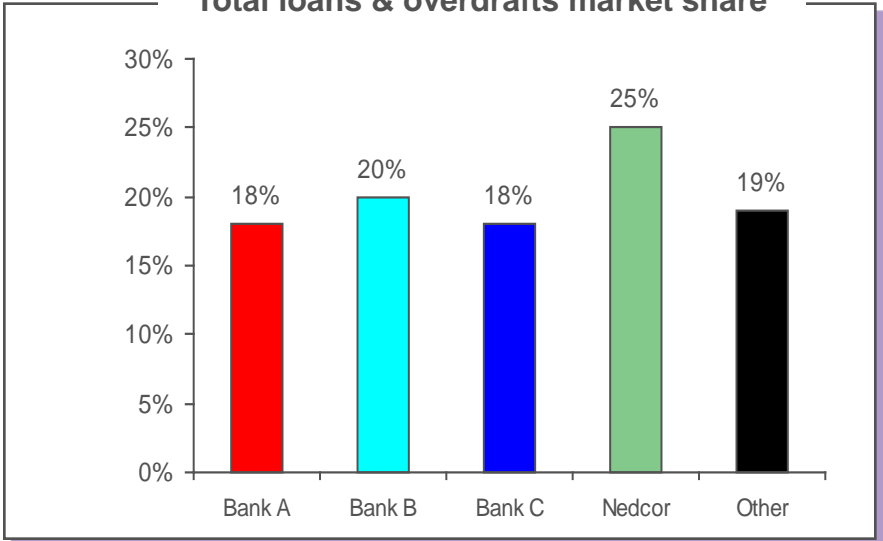
Number of Retail customers



Total deposits market share



Total loans & overdrafts market share



- Customer research
- Measurement of defection
- Understand causes of dissatisfaction
- Review processes & system functionality
- Implement training
- Align rewards with customer service
- “Staying close to customers” initiatives

Major milestones completed:

- BEE policy committee to monitor compliance
- Allocating responsibility to the respective BU's

Major milestones for remainder 2004

- BEE ownership strategy
- Finalise procurement, EE & empowerment financing strategies & targets
(group wide FSC & BU specific strategies)
- Internal transformation communication & education

- Sharing platforms
- Differentiated tactics
 - Retail banking
 - Corporate banking
 - Commercial banking
- Insurance & assurance products for bank customers
 - Short-term insurance & long term assurance
- Appropriate execution capability
 - Skilled sales force
 - Infrastructure

Organic growth initiatives

- Grow transaction revenue – primary banker status
- Focus on improving cross-sell ratio
- Implement mass market retail strategy
 - Target youth & middle income South Africa
 - Differentiated product offering
- Proactively offer creative solutions to corporate market
- Prevent revenue leakage (i.e. price discounting)
- Rationalise operational / back-office duplication (i.e. within clusters)

Some small wins

- E&Y M&A survey
 - Top domestic merchant bank & sponsor by deal flow
 - 2nd domestic merchant bank by deal value
- Financial Mail's Ranking the Analysts survey
 - Ranked 2nd for equity sectors
 - Overall ranked 4th (top domestic house)
- Financial Mail's Top Empowerment Companies
 - Ranked 13th of 200 companies (next bank 42nd)
- Offshore & Product Awards – London
 - Best Offshore Bank (3rd consecutive year)
 - Best Offshore Product (4th consecutive year)
 - Best Offshore Banking Product Range

Current position

- Full support of parent - Old Mutual
- Grown to one of the largest SA banks
- Dynamic young EXCO team
- Successfully raised enough capital to grow
- Reduced forex risk
- Reduced interest rate risk
 - Expensive fixed rate debt rolled off - April 2004
 - Improved hedging policies
- Faced difficult & hard facts - have been transparent
- Largely concluded retrenchments
- Launched a number of initiatives for recovery programme



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



Thank you