



Nedbank Africa

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Agenda



- Introduction
- Financial services in Africa : opportunities & challenges
- Nedbank Africa overview
- Key focus & structured approach to growth
- Conclusion



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Introduction

Introduction



- Full spectrum banking operations in Lesotho, Malawi, Namibia, Swaziland, & Zimbabwe
- Small contributor to group earnings
- Has not been a primary group focus
- 2004/06 “improve & grow” existing banks emphasis
- Using “lessons learnt” from SA in rest of African operations
- Building a closer working relationship with Old Mutual



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Financial Services in Africa

Financial services in Africa: opportunities



Macro opportunities

- Economic integration of the region
- Follow your clients
- Higher growth/returns than domestic segments
- BEE/Indigenisation

Micro opportunities

- Re-use of product/service/systems
- Volumes for transactional platforms
- Higher margins
- Increase penetration (share of customer spend)
- Diversification of returns



Financial services in Africa: challenges

- Compliance with local regulators & SARB/FSB
- Limited experienced management skills in Africa
- Managing local aspirations vs controlling bank shareholder requirements
- Risk/return relationship in terms of Basel II
- Restriction on placing of surplus funds
- Execution of BEE / Indigenisation
- Varying levels of risk in respect of governance, business practices, security of investment
- Managing different cultures & languages
- Donor funding influence



Rationale for Nedbank expansion

Opportunities

- Leverage greater group footprint
- Banking leads assurance products
- No big legacy investments

Challenges

- Internal competition for expansion resources
- Limited opportunities for good acquisitions
- Cautionary approach of a bank in turnaround





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Nedbank Africa Overview

Nedbank Africa: Vision & Strategy



NEDBANK GROUP

Vision

To become Southern Africa's most highly rated and respected bank.....by our staff, clients, shareholders, regulators & communities.

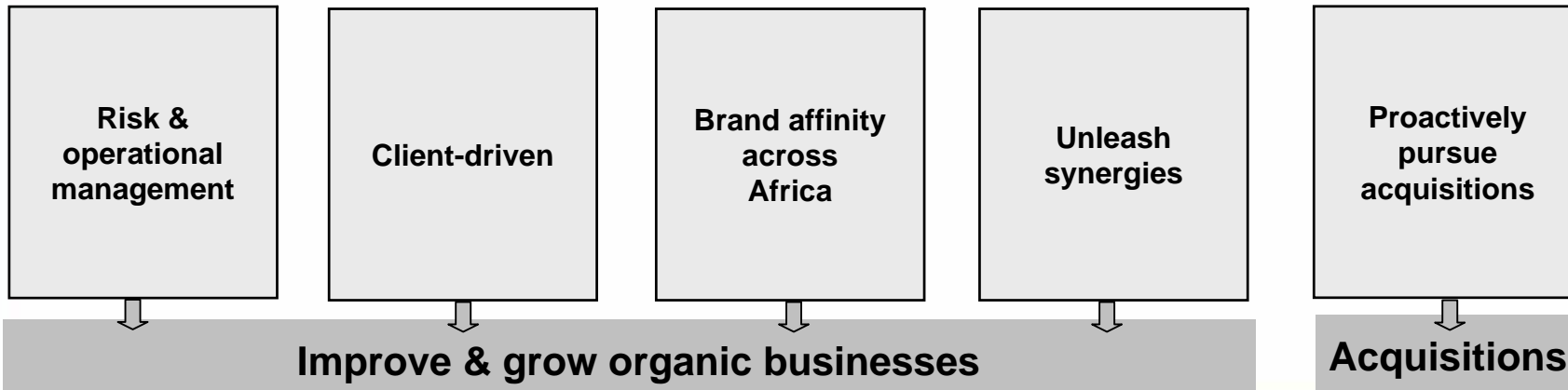
Strategic focus



NEDBANK AFRICA

Vision

To become brand of choice; differentiated by client service & centered around community interest in all African countries that Nedbank has a presence in



Nedbank Africa: key indicators



	% effective holding	ROE Jun '05	Market Share Jun '05	Market Share Dec '04
Nedbank Namibia	93	27,1	12,1	11,0
Nedbank Swaziland	67	23,8	18,0	14,0
Nedbank Lesotho	100	21,6	26,0	20,0
Nedbank Malawi	91	Break-even	2,5	3,0
MBCA Zimbabwe	44	90,0	5,0	Not available

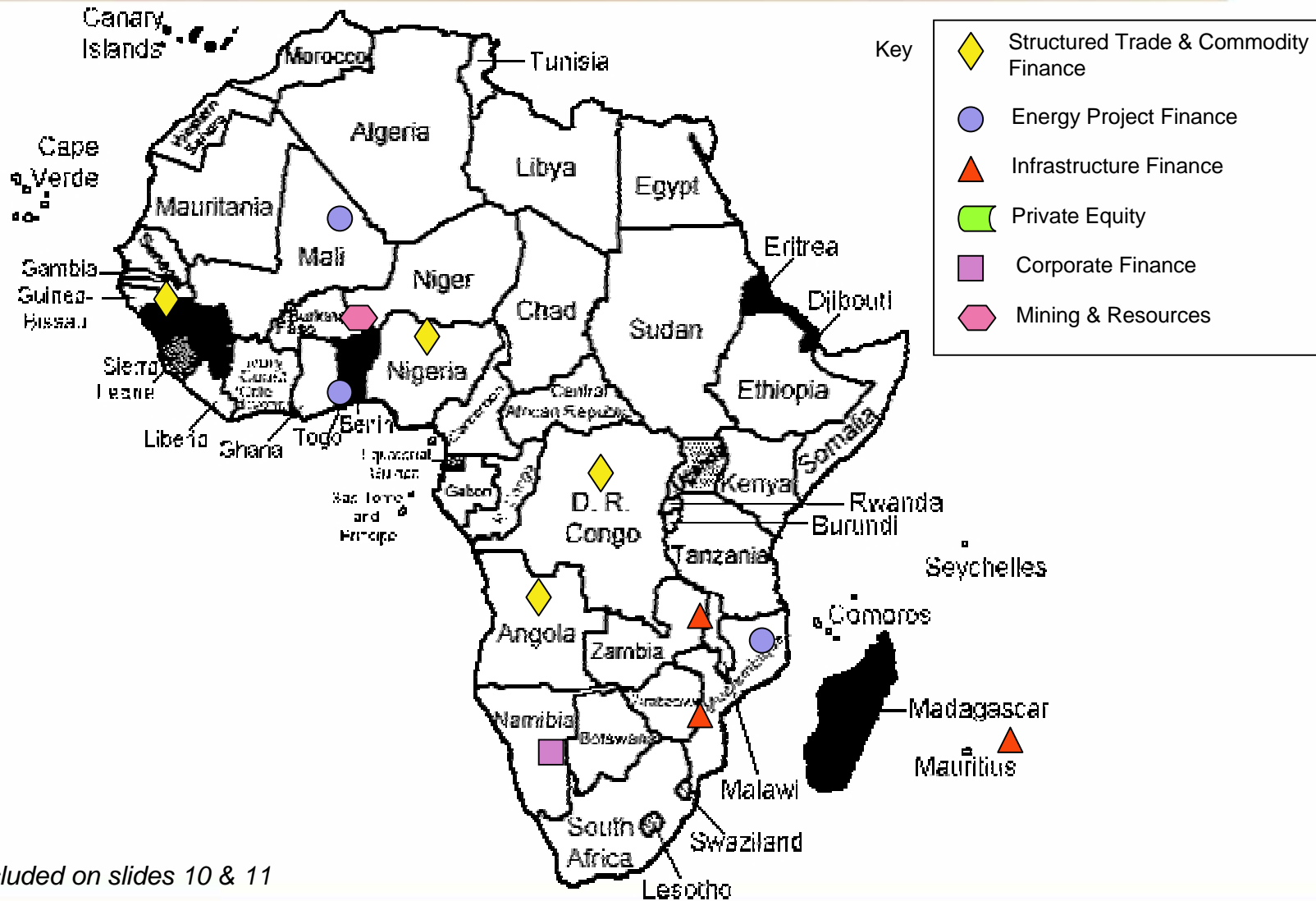


Nedbank Africa: business description

ENTITY	SEGMENTS	STAFF	# ('000) OF CLIENTS		FOOTPRINT	
Nedbank Namibia	<ul style="list-style-type: none"> • Corporate/ Business Banking • Retail Banking • Micro-lending 	482	Corporate	2	Branches	14
			Retail	36	ATM's	15
			Micro loans	35	Microloan Agencies	13
Nedbank Lesotho	<ul style="list-style-type: none"> • Business Banking • Retail Banking • Micro-lending • Scheme business 	145	Corporate	3	Branches	4
			Retail	24	ATM's	6
					Agencies	1
Nedbank Swaziland	<ul style="list-style-type: none"> • Business Banking • Retail Banking • Micro-lending • Scheme business 	391	Corporate	4	Branches	6
			Retail	24	ATM's	8
			Informal	1	Agencies	1
Nedbank Malawi	<ul style="list-style-type: none"> • Business Banking • Retail Banking for higher income individuals 	73	Corporate	2	Branches	2
			Personal	2	ATM's	2
MBCA (Zimbabwe)	<ul style="list-style-type: none"> • Corporate Banking • Retail Banking • Advisory Services 	214	Corporate	3	Branches	2
			Retail	2	ATM's	2
			Other	1		



Nedbank Capital: activity in Africa



Not included on slides 10 & 11



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Key focus & structured approach to growth

2004 – 2006 management actions



Challenges	Key actions	Align / consolidate
Governance & risk frameworks	<ul style="list-style-type: none"> • Implement delegated authorities • Resource division • Entrench Risk Framework • ALCO policies • Credit policies 	<ul style="list-style-type: none"> • Policies & procedures • Drive discipline • Audit tracking • Align reporting • Balanced scorecard
Market share	<ul style="list-style-type: none"> • Strengthen client facing teams • Pricing & products • Delivery channels • Improve back office 	<ul style="list-style-type: none"> • Expand distribution network/selling resources • Reposition brand • Group resources • Bancassurance
Skills	<ul style="list-style-type: none"> • Resource key posts • Upskill – training • Skills transfer 	<ul style="list-style-type: none"> • Market aligned remuneration • Balanced scorecards • Talent management • Training/Headoffice support

05

06

2004 – 2006 management actions *cont.*

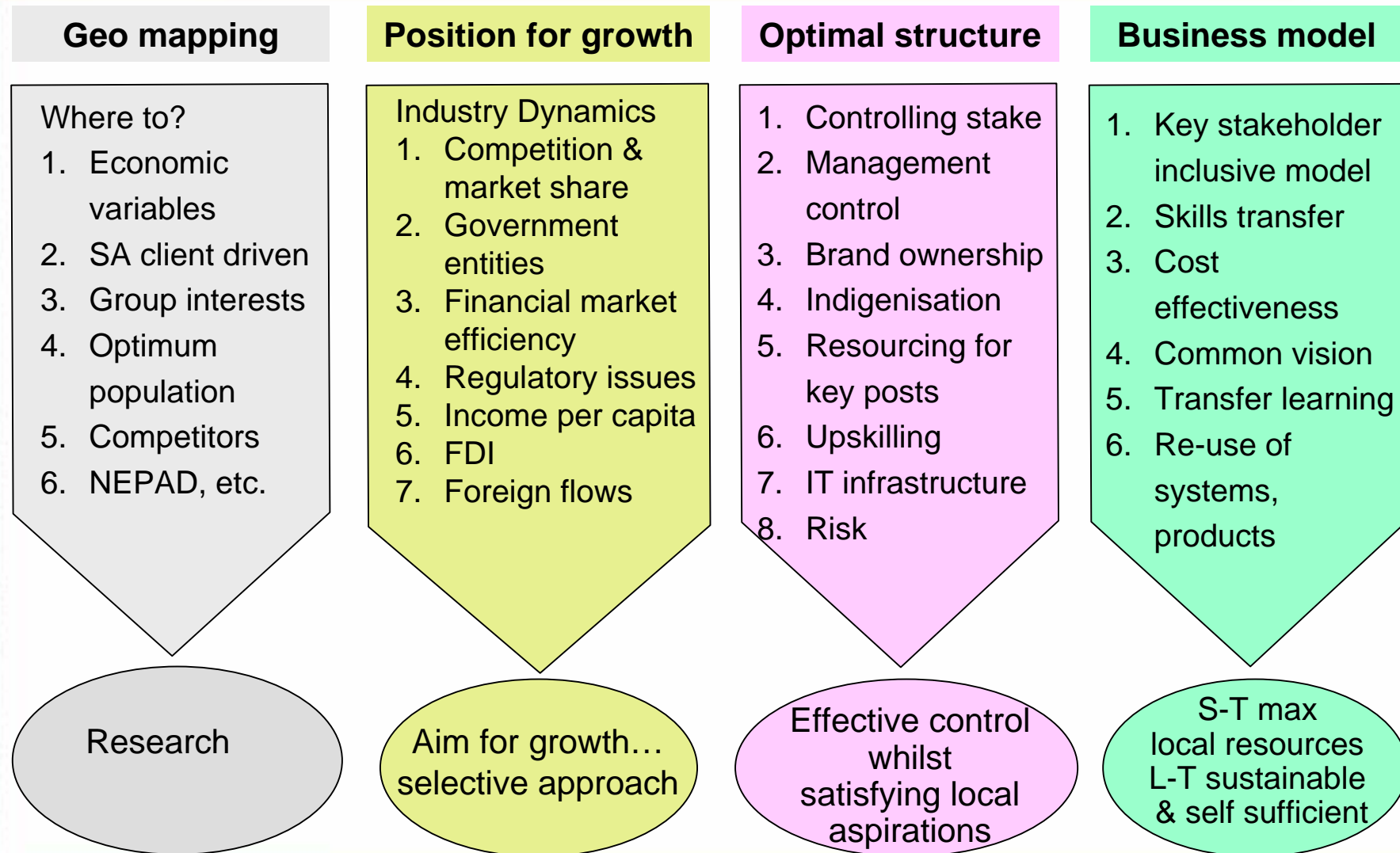


Challenges	Key actions	Align / consolidate
IT infrastructure	<ul style="list-style-type: none"> • Globus implementation • Africa IT forum • Bastion now part of Centralised Technology 	<ul style="list-style-type: none"> • Align strategies with centre • Optimise IT infrastructure • Re-usability of products
Financial performance	<ul style="list-style-type: none"> • Budget process • Product range & pricing • Upskill staff 	<ul style="list-style-type: none"> • Cost saving initiatives • Increase revenue streams • Cross-sell opportunities








Guiding principles for African expansion



Old Mutual Plc group interests in Africa



COUNTRY			
Botswana	N	N	Y
Kenya	N	Y	N
Lesotho	Y	N	N
Malawi	Y	Y	N
Mauritius	Y	N	N
Namibia	Y	Y	Y
Swaziland	Y	N	Y
Zimbabwe	Y	Y	Y
Angola, Mali, Mozambique, Nigeria, DRC, Burkina Faso, Zambia, Guinea, Ghana, Namibia, Mauritius, Zimbabwe	Y Nedbank Capital	N	N



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Conclusion

Conclusion



- Aligned with Nedbank strategy
- Increasing group focus on Africa operations with growth potential
- Improving existing operations/governance
- Leveraging Old Mutual relationship
- Selected expansion opportunities in sub-Saharan Africa
- 2008 ROE target > 25%



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“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