Old Mutual plc showcase

Nedbank Group

Tom Boardman, CEO

Mike Brown, CEO Designate

13 November 2009

MAKE THINGS HAPPEN

NEDBANK GROUP

A Member of the OLD MUTUAL Group

Agenda

- Macroeconomic indicators & South African banking environment
- Nedbank Group
- Financial overview
- Cluster overview
  - Nedbank Capital
  - Nedbank Corporate
  - Nedbank Business Banking
  - Nedbank Retail
  - Nedbank Bancassurance & Wealth
- Strategy for sustainable growth
- Summary

MAKE THINGS HAPPEN
NEDBANK GROUP

Macroeconomic Environment

MAKE THINGS HAPPEN
NEDBANK GROUP

South African macroeconomic indicators

Source: Nedbank Group Economic unit	2009	2010	2011	2012
GDP	(2,2%)	2,0%	3,2%	4,2%
Inflation	7,2%	5,9%	5,6%	5,6%
Current account deficit	4,1%	3,7%	2,9%	3,2%
Debt-to-GDP*	22,6%	29,2%	34,2%	37,8%
Prime overdraft rate (year end)	10,0%	10,5%	13,0%	13,0%

**Source: SA medium-term budget policy statement*

…difficult, but improving market conditions for balance of 2009, modest growth in 2010

Helsinki, Findland, Sept. 21, 2009

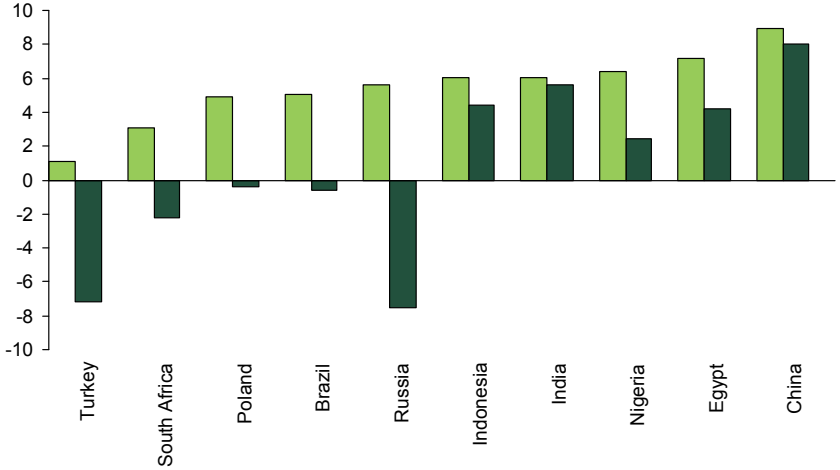
Nobel economist Paul Krugman

"the global economic downturn has probably hit bottom though the recovery will be slow and painful."

MAKE THINGS HAPPEN
NEDBANK GROUP

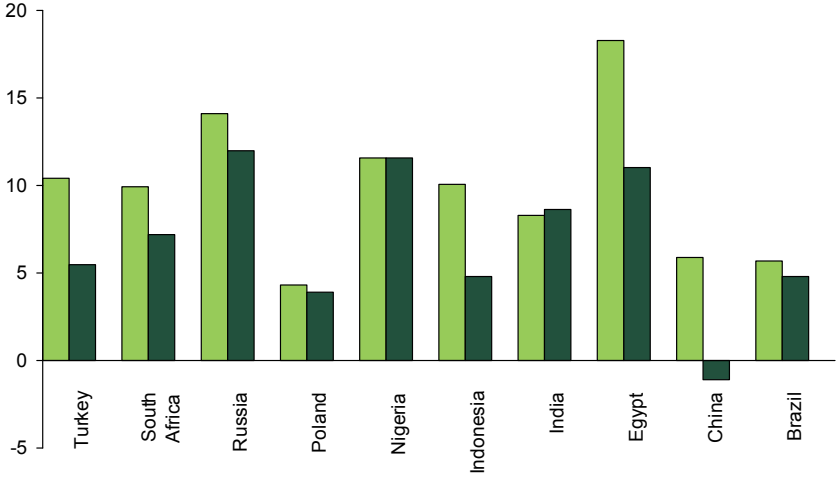
Comparative macroeconomic indicators

Real GDP 2008 & 2009 (Y-o-Y%)

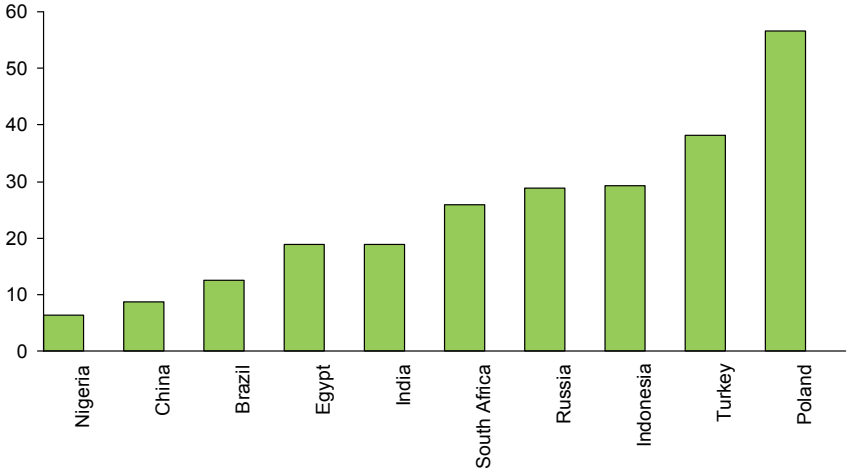


Fiscal deficit-to-GDP (%)

CPI 2008 & 2009 (Y-o-Y%)



Foreign debt-to-GDP (%)

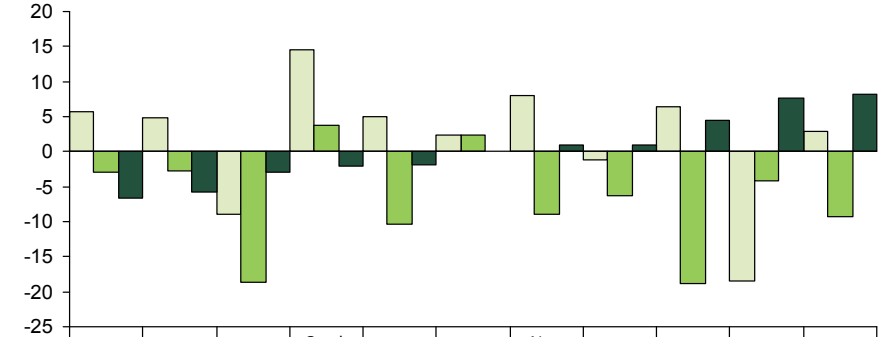


Source: Nedbank Group Economics unit

MAKE THINGS HAPPEN
NEDBANK GROUP

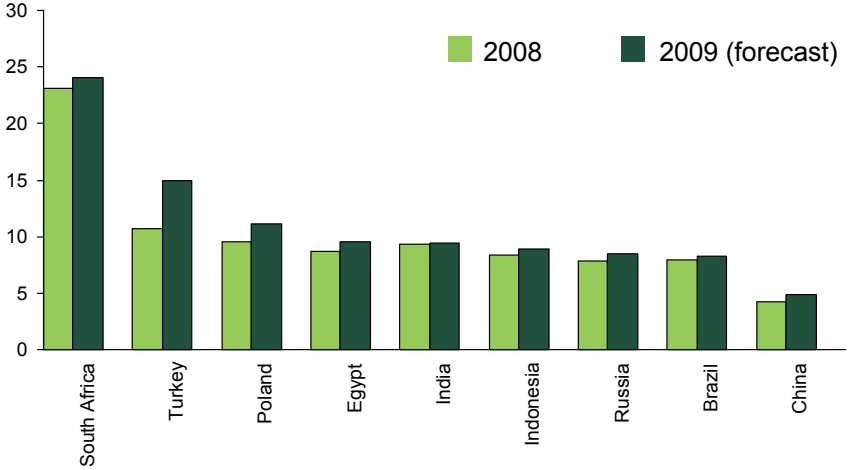
Comparative macroeconomic indicators *(Contd.)*

House prices (%)

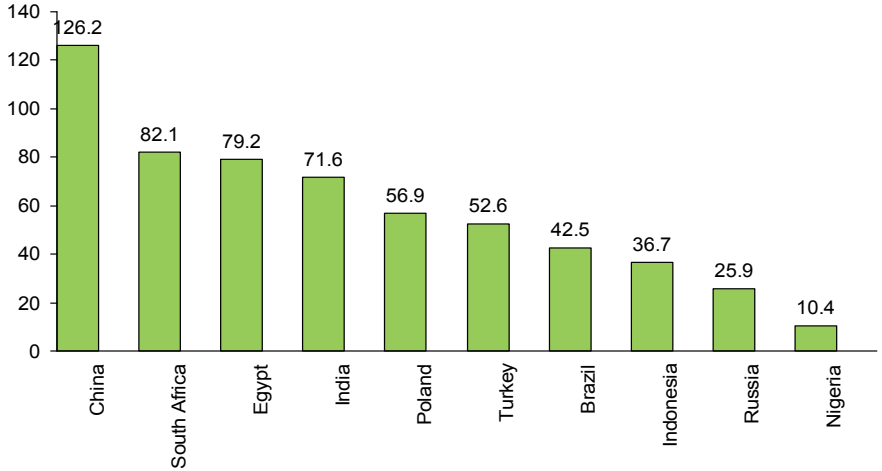


	France	Spain	US	South Africa	China	Malaysia	New Zealand	Portugal	UK	Australia	Japan
2007	5.7	4.9	-9	14.5	5	2.4	8	-1.2	6.4	-18.5	2.9
2008	-3	-2.8	-18.6	3.7	-10.4	2.4	-8.9	-6.3	-18.9	-4.1	-9.3
2009	-6.6	-5.7	-3	-2	-1.8	0	0.9	1	4.4	7.7	8.2

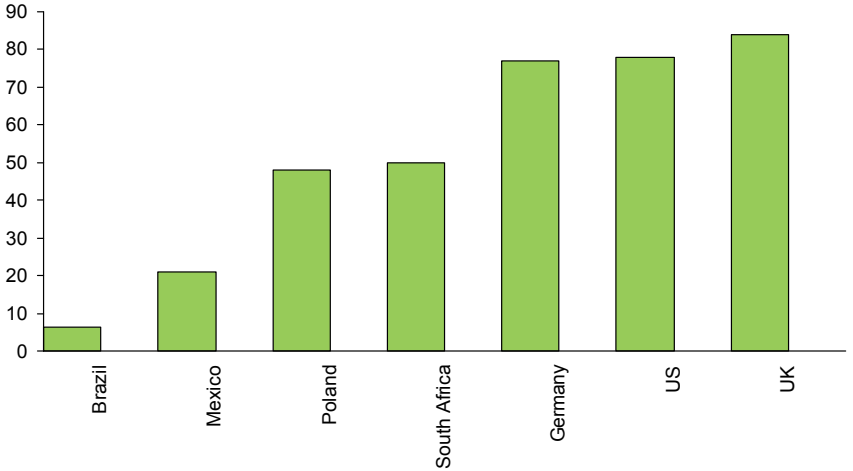
Unemployment rate (%)



Domestic credit to GDP (%) (Incl. credit extended to government)



Mortgage debt (% Total debt)



Source: Nedbank Group Economics unit

MAKE THINGS HAPPEN
NEDBANK GROUP

Overview of local environment

Positives

- 25% of Africa's GDP
- Resources
- Strong financial system
- 27th biggest economy in the world
- Infrastructure investment
- 2010 – Soccer world cup
- Political democracy
- Tourism
- World class Corporates
- Broad based BEE
- 13+ million social grants

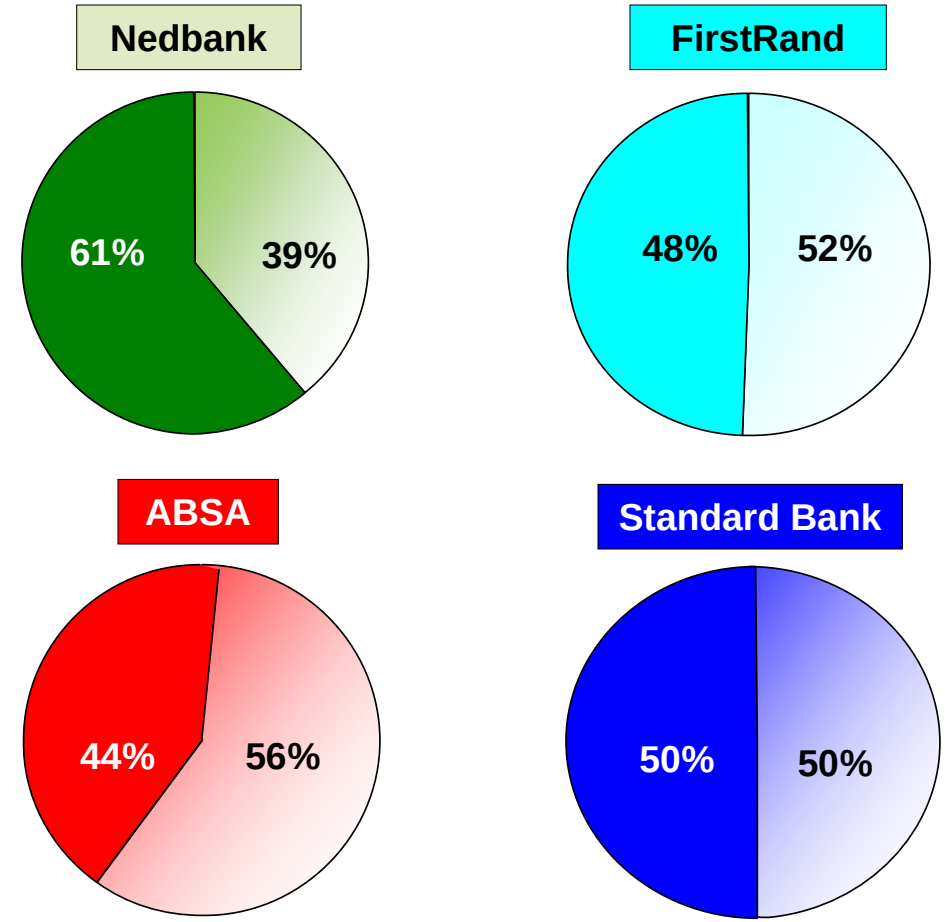
Negatives

- Recession
- Job losses
- Skills shortage & immigration
- Electricity
- Education levels
- Poor service levels
- Crime & corruption
- High gini-coefficient

MAKE THINGS HAPPEN
NEDBANK GROUP

South Africa's banking sector overview

Retail/wholesale split



Solid colour = Wholesale

Total bank assets at June 2009

Standard Bank R849,3 bn (US$107,8 bn)

Absa Bank R715,7 bn (US$90,8 bn)

FirstRand Bank* R572 bn (US$72,6 bn)

Nedbank R533,9 bn (US$67,7 bn)

**FirstRand: Year end at June*

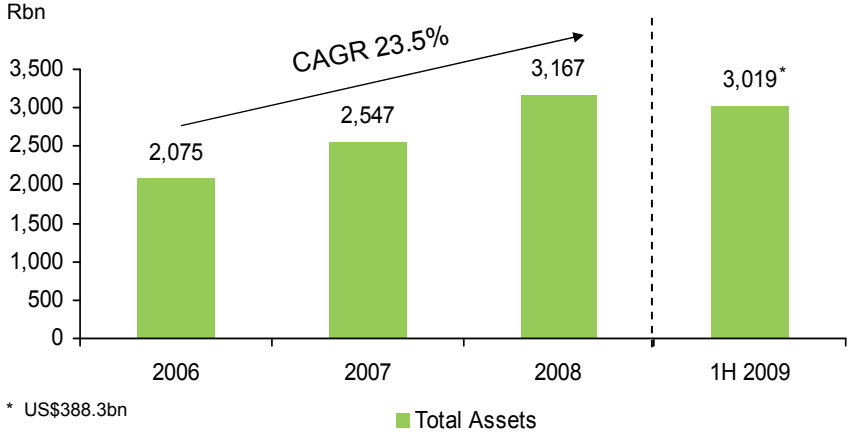
Source: Information for graphs - UBS BA 900 advances snapshot

Source: Information for graphs - UBS BA 900 advances snapshot

MAKE THINGS HAPPEN
NEDBANK GROUP

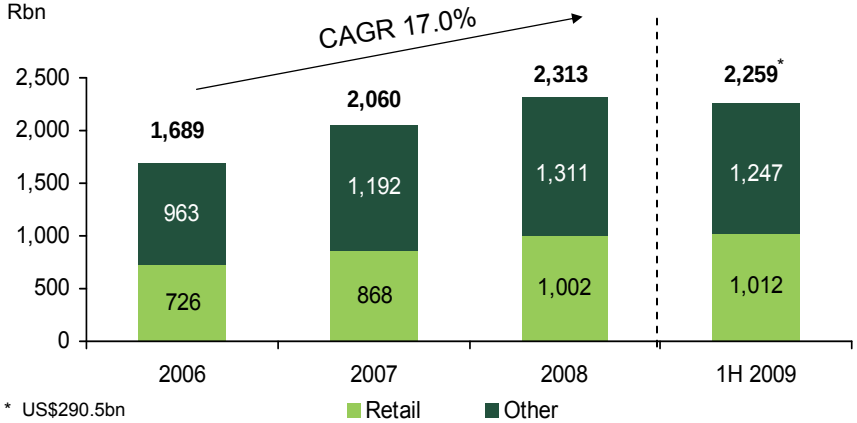
South Africa's banking sector overview *(Contd.)*

Banking sector – assets



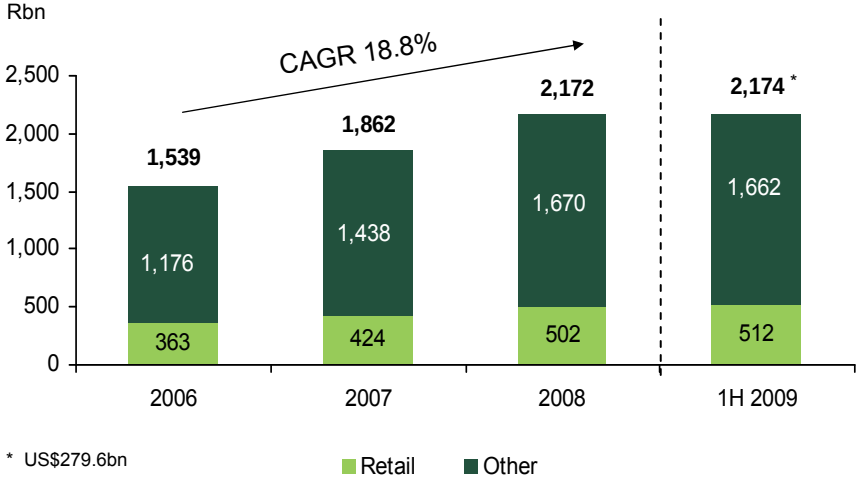
* US$388.3bn

Banking sector – loans



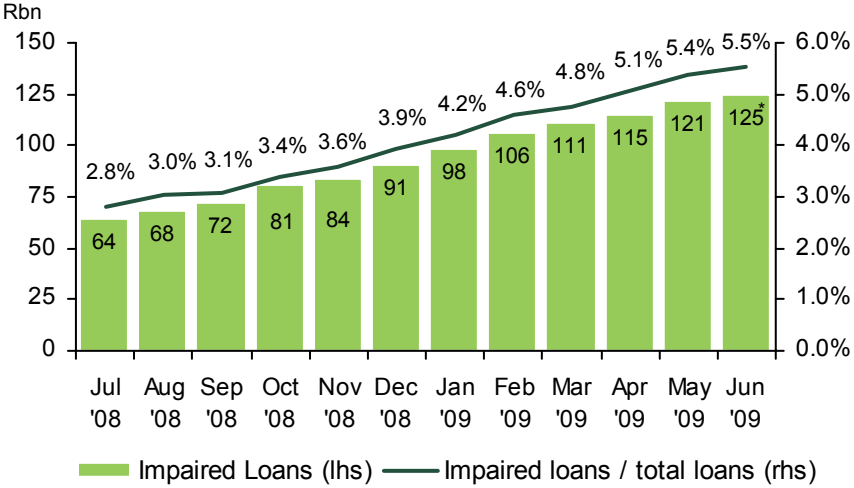
* US$290.5bn

Banking sector – deposits



* US$279.6bn

Historical asset quality developments



* US$16.1bn

Source: Reserve Bank of South Africa – Quarterly Bulletin (Sept 2009)
Reserve Bank of South Africa – BA 200

MAKE THINGS HAPPEN
NEDBANK GROUP

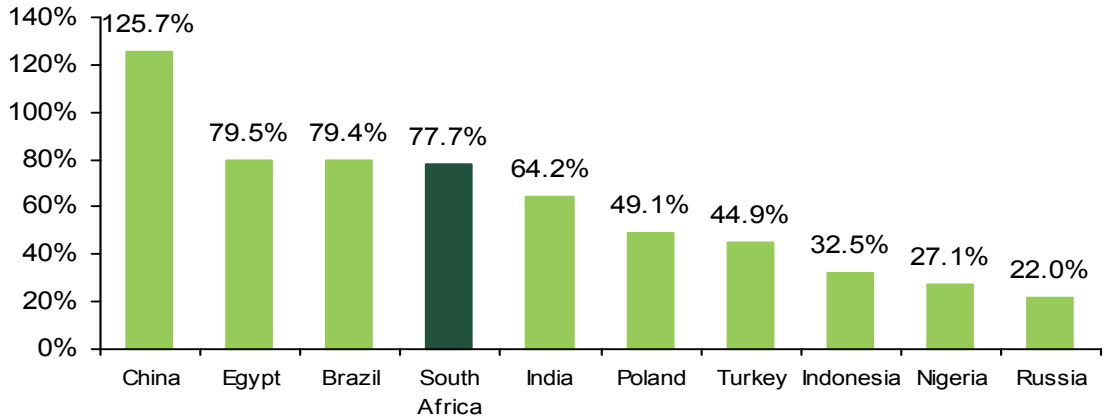
South African regulatory environment overview

- Financial system well regulated *(WEF competitiveness report)*
- Banks well capitalised *(Basel II minimum - 9.5% plus pillar 2b)*
- Banks relatively low gearing ratios
- NCA implemented June 2007 – legislated responsible credit extension
- Basel II implemented January 2008
- Exchange controls – captive domestic money market
  - Big 4 banks - strong deposit franchises
  - Low reliance on off-shore funding
- Regulator proactively engages with banks
  - confidence in financial system intact during global credit crisis
- Transformation legislated & promoted through broad-based black economic empowerment

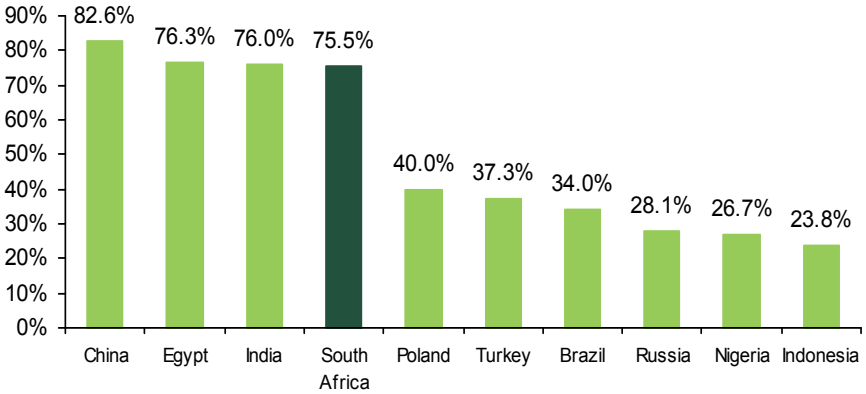
MAKE THINGS HAPPEN NEDBANK GROUP

Comparison with other banking sectors

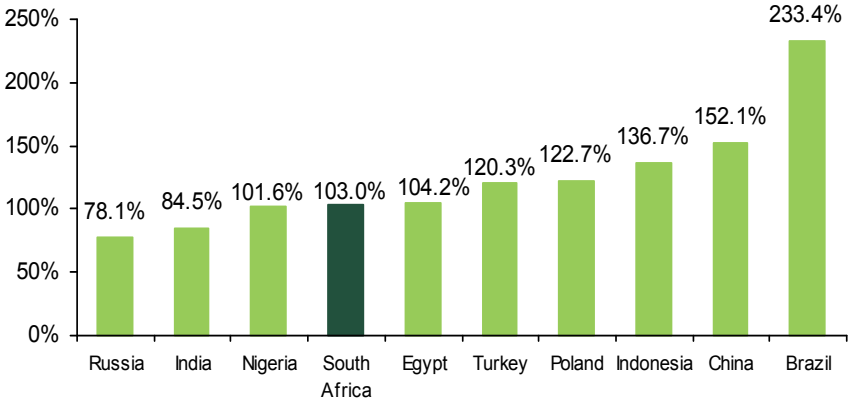
Loan penetration rate YE 2008 – Loans / GDP



Deposit penetration rate YE 2008 – Deposits / GDP



Total banking sector loans to deposits comparison (YE 2008)

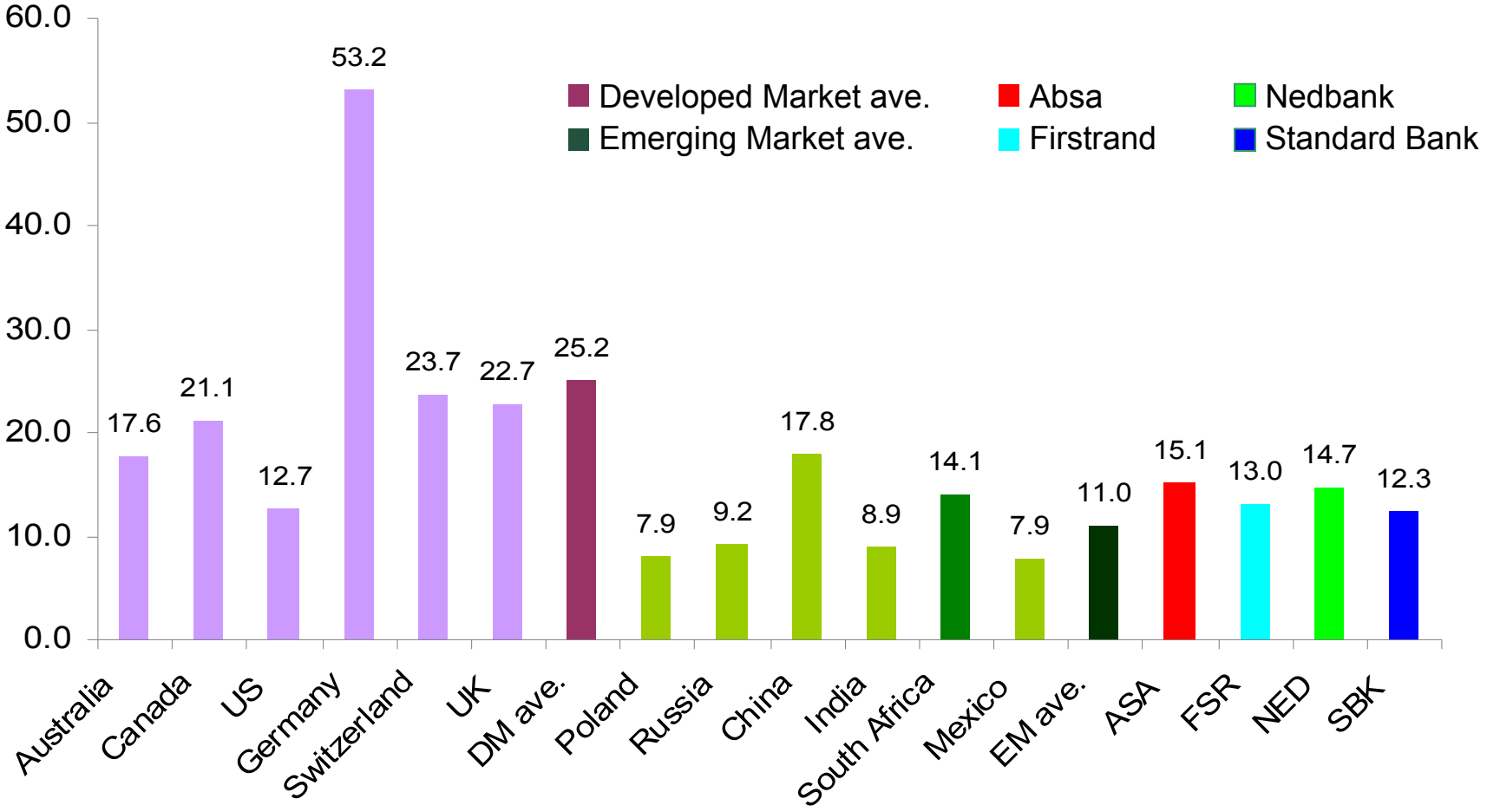


Source: Economist Intelligence Unit, as at 31st December 2008

MAKE THINGS HAPPEN
NEDBANK GROUP

Comparison with other banking sectors & peers

- Leverage ratios in emerging markets remain attractive



Source: UBS Global Bankds Database, October 2009

MAKE THINGS HAPPEN
NEDBANK GROUP

Globally competitive investment environment

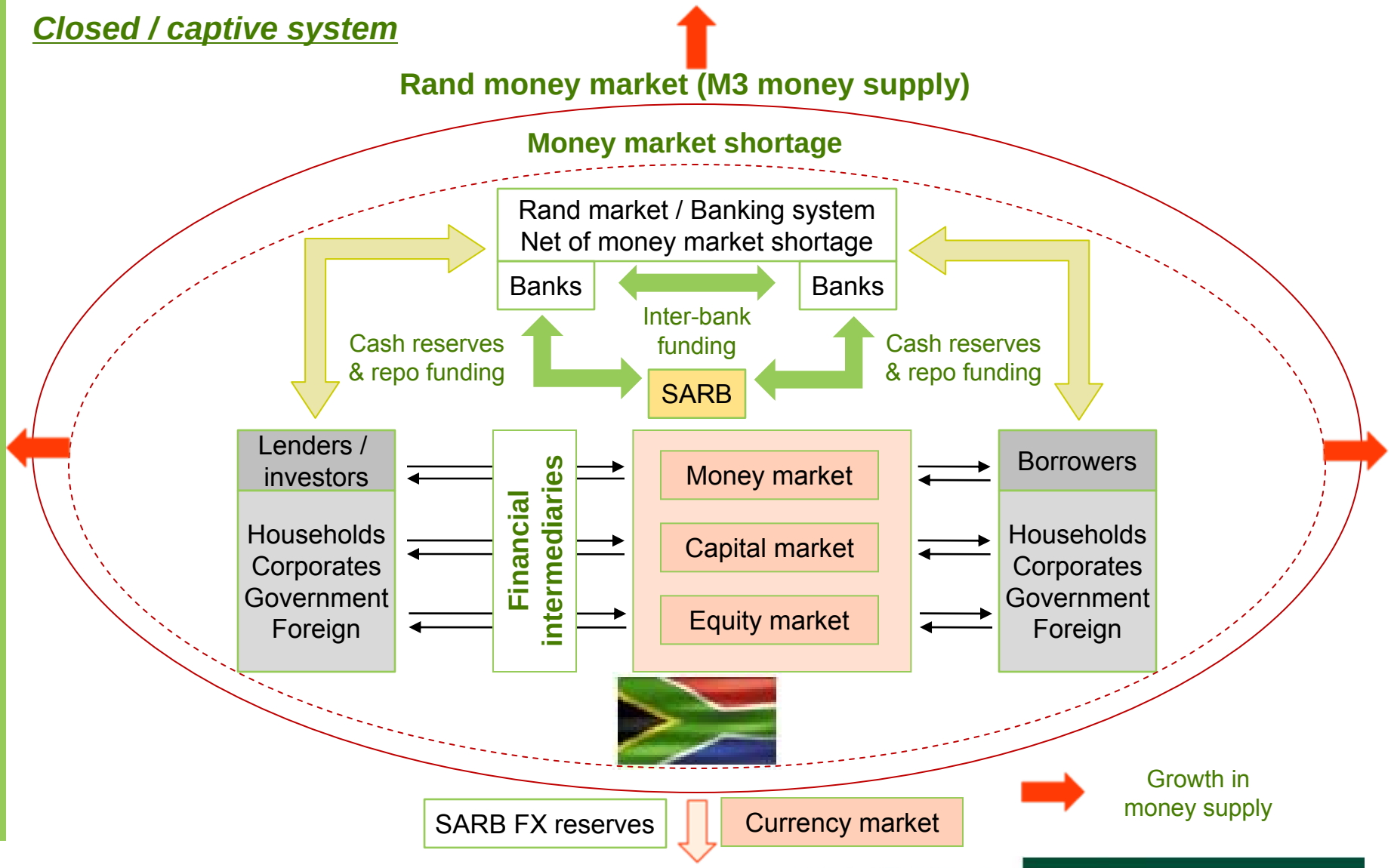
Indicators for South Africa	Rank out of 133 countries
Strength of auditing & reporting standards	2
Regulation of securities exchange	2
Efficacy of corporate boards	3
Financing through local equity market	4
Soundness of banks	6
Financial market sophistication	6
Protection of minority shareholder's interests	9
Strength of investor protection	9

Source: World Economic Forum, 2009 – 2010 Global Competitiveness Report

MAKE THINGS HAPPEN
NEDBANK GROUP

South African banking liquidity environment

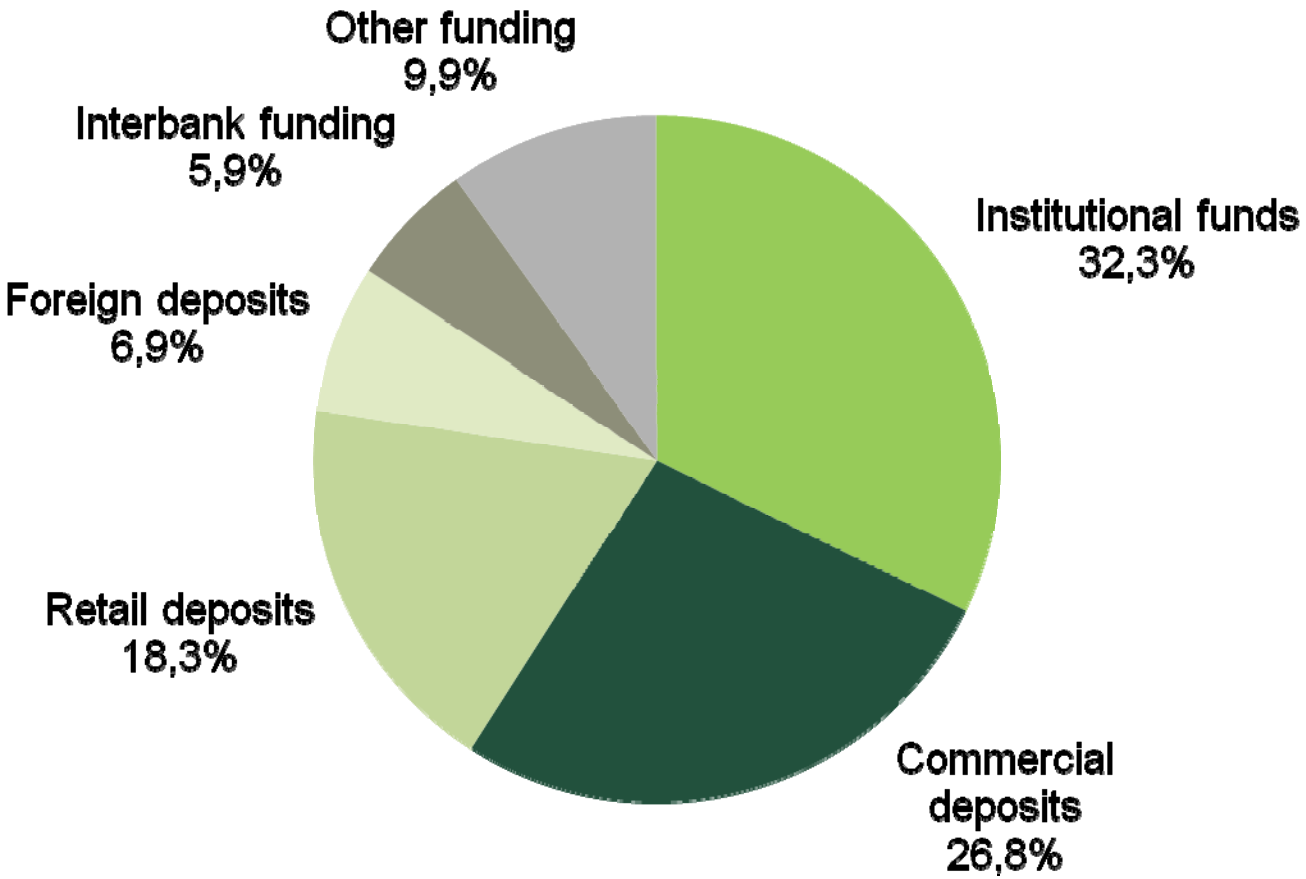
Closed / captive system



MAKE THINGS HAPPEN
NEDBANK GROUP

South African domestic bank funding

- Retail & commercial deposits are main contributors to SA bank funding pool
- Total: ZAR 2,4 trillion



** US$308.7bn*
Source: South African Reserve Bank BA900 June 2009

MAKE THINGS HAPPEN
NEDBANK GROUP

Accelerate transformation

Financial Mail: Top 10 Empowerment Companies		
1	Adcorp Holdings	88,71%
2	Hosken Consolidated	84,63%
3	**Nedbank Group**	**82,45%**
4	Kelly Group	82,28%
5	GijimaAst Group	80,92%
6	Glenrand MIB	79,06%
7	AdaptIT Holdings	77,76%
8	Tonaat Hulett	76,17%
9	Faritec Holdings	75,74%
10	**FirstRand**	**75,57%**

Nedbank Group

MAKE THINGS HAPPEN

NEDBANK GROUP

Nedbank Group

- South African based financial services group
- One of 'Big Four' South African Banks
- Headquarters in Johannesburg
- JSE listed
- 54% owned by Old Mutual plc – LSE listed
- Market capitalisation approx R59 billion (US$8 billion)
- 110 year history in South Africa
- Strong retail & wholesale deposit franchise

- Focused on southern Africa (SADC) growth
  - SADC has 65 - 75% of financial services economic profit in Africa
  - Nedbank has 12 - 14% share of economic profit pool in Africa

… opportunity to grow in southern Africa

MAKE THINGS HAPPEN NEDBANK GROUP

Executive management structure

Tom Boardman — CEO — B

Mike Brown — CEO designate — B

Support clusters

Graham Dempster — Chief Operating Officer — B

Philip Wessels — Chief Risk Officer

Selby Baqwa — Governance & Compliance

Raisibe Morathi — Chief Financial Officer — B

Fred Swanepoel — Chief Information Officer

Trevor Adams — Balance Sheet Management

Shirley Zinn — Human Resources

TBA — Group Marketing & Corp. Affairs

TBA — Strategic Planning

Client facing clusters

Brian Kennedy — Nedbank Capital

Mfundo Nkuhlu — Nedbank Corporate

Ingrid Johnson — Retail & Business Banking

Saks Ntombela — Retail

Sandile Shabalala — Business Banking

Dave Macready — Bancassurance & Wealth

B **Board member**

MAKE THINGS HAPPEN NEDBANK GROUP

Core focus through the cycle

Net asset value

- Up 7,4% from June ’08
- Up 5,7% from December ’08

Strong capital

- Core: 9,2%
- Tier 1: 10,7%
- Total: 14,0%

Focus on balance sheet

Strong liquidity

- Funded balance sheet well matched
- Good deposit mix maintained
- Low reliance on foreign deposits
- Advances-to-deposits 94,0%

Focus on

- Managing for value
- Proactive risk management

MAKE THINGS HAPPEN NEDBANK GROUP

Financial overview

MAKE THINGS HAPPEN
NEDBANK GROUP

Key financial indicators – 2009 H1

Six months ended	% change	**Jun 2009**	Jun 2008
Headline earnings (Rm)	(32,4)	**1 988**	2 943
Diluted HEPS (cents)	(34,1)	**474**	719
Diluted basic EPS (cents)	(30,5)	**611**	879
ROE (excluding goodwill) (%)		**12,6**	21,3
ROE (%)		**11,1**	18,7
ROA (%)		**0,71**	1,14
NAV per share (cents)	7,4	**8 762**	8 155
Pre-provisioning operating profit* (Rm)	3,7	**6 065**	5 851
Efficiency ratio (%)		**52,5**	51,5
Headline economic (loss)/profit		**(99)**	1 030
Dividend per share (cents)	(32,3)	**210**	310

MAKE THINGS HAPPEN
NEDBANK GROUP

Key financial indicators – 2009 Q3

Nine months ended	% change	**Sep 2009**	Jun 2009
Margin (%)		**3,40**	3, 44
Credit loss ratio (%)		**1,47**	1,57
NIR growth (%)		**19,6**	8,5
Advances – annualised growth (%)		**2,8**	(1,1)
Core Tier 1* (%)		**9,2**	8,6
Total capital adequacy* (%)		**14,0**	13,2
Tier 1 capital adequacy* (%)		**10,7**	10,0

*including unappropriated profits

MAKE THINGS HAPPEN
NEDBANK GROUP

NII - margin analysis

% of daily average interest-earning banking assets	%	Rm
December 2008	**3,66**	**16 170**
Asset growth		1 414
Net endowment effect:	(0,04)	(170)
Liability price movement:	(0,33)	(1 588)
Current & savings accounts	(0,18)	(878)
Higher cost of general term funding	(0,05)	(230)
Lag in repricing in term liabilities (after risk management)	(0,10)	(480)
Asset price movement		
Personal loans margin (lower risk assets)	(0,04)	(170)
Increase due to repricing	0,09	422
Other	0,06	230
September 2009 (annualised)	**3,40**	**16 308**

Note: Description of movement in Q3 margin & not a forecast

MAKE THINGS HAPPEN
NEDBANK GROUP

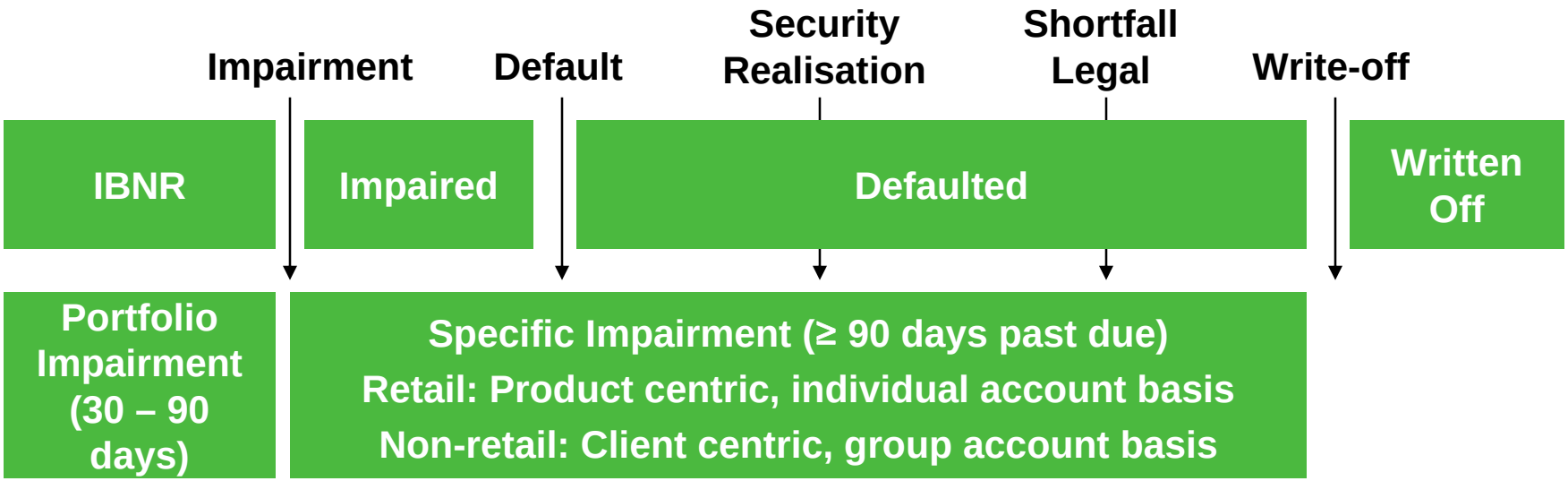
Impairments & defaulted advances

	Sep 2009	Jun 2009	Mar 2009	Dec 2008
Credit loss ratio (%)	**1,47**	1,57	1,67	1,17

- Retail
  - Early arrears improved consistently for 8 months
  - Defaulted advances continue to deteriorate albeit at a slower rate
  - Increase in number of restructured loans
  - Impairments charge should improve in 2010
  - Improvements in defaulted advances only later in 2010 & in 2011
- Business Banking
  - Rigorous credit risk management & collection process
  - Impairments within target range but downside risk remains
- Wholesale
  - Continue to be well controlled
  - Risk remains

MAKE THINGS HAPPEN NEDBANK GROUP

Impairment provisioning methodology



- Ageing arrears, primary driver of provisioning
- Short term driver - monthly changes in distribution of risk buckets
  - Each bucket, 3 possible roll rates: backward (move to improved risk bucket), remains in same bucket (mills) & forward (worse)
  - Lower interest rates, forward roll rate decreased for all buckets except oldest (+6 months) buckets
- Longer term: Probability of default (PD) X loss given default (LGD) = Expected loss (EL)
  - PD's & LGD's based on historical data, re-grounded twice a year,
  - 7 years of data in our Home Loans LGD model
  - R280m, FY'08 in specific impairments, potential delayed effect of current experience on LGD's

Note: All provision states are defined on an account level basis

MAKE THINGS HAPPEN
NEDBANK GROUP

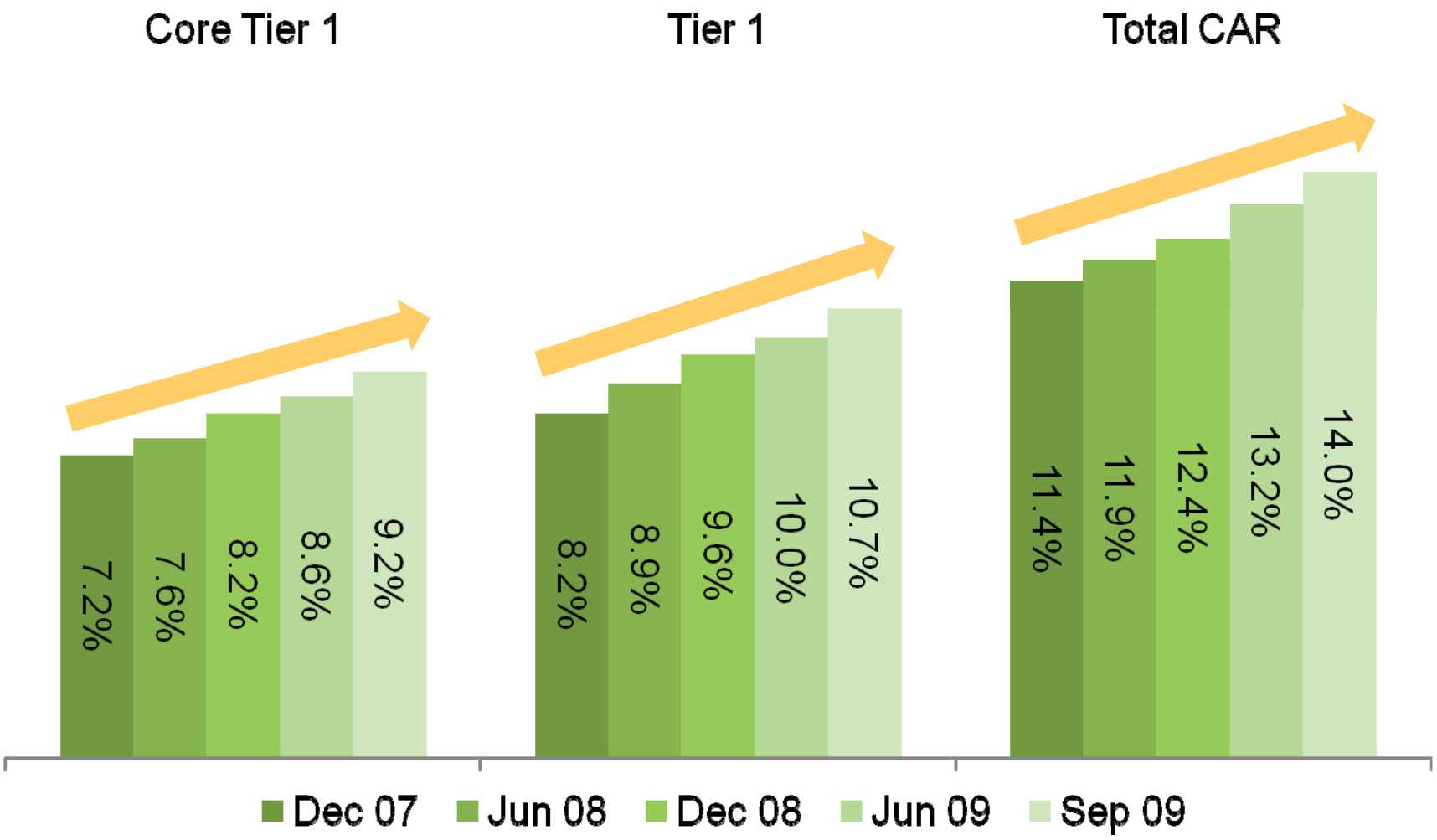
Non-interest revenue

Rm	% change	**Sep 2009**	Sep 2008
NIR	19.6	**8 542**	7 141

- Consolidated JV's from 1 June 2009
- Like-for-like NIR growth of 14,4%
- Strong trading income growth from client flows
- Small private equity gains as conditions improve in equity markets
- Increasing contributions from electronic banking & cash-handling
- Bancassurance & Wealth acquisition has enhanced NIR

MAKE THINGS HAPPEN NEDBANK GROUP

Group capital adequacy



MAKE THINGS HAPPEN
NEDBANK GROUP

Financial drivers – full year 2009

NII
- Advances growth low to mid single digits
- Margin compression around 30 to 35 bps on 2008

Credit loss ratios
- Wholesale up but within through the cycle
- Marginally better overall than H1

NIR
- Upper single digit growth for year

Expenses
- Lower double digits

Capital & liquidity
- Targeting to improve CARs
- Ongoing focus on funding & liquidity

Diluted HEPS & Diluted EPS down between 25% & 35% on 1 401 cps & 1 558 cps for 2008

… forecast risk remains with current economic challenges

MAKE THINGS HAPPEN NEDBANK GROUP

Coffee break

MAKE THINGS HAPPEN
NEDBANK GROUP

Segmental overview

MAKE THINGS HAPPEN
NEDBANK GROUP

Segmental performance

		Headline earnings		RORAC %	
Rm – six months ended	% ch	**Jun 2009**	Jun 2008	**Jun 2009**	Jun 2008
Nedbank Capital	4,3	**626**	600	**42,9**	35,3
Nedbank Corporate	(11,3)	**685**	772	**25,9**	25,8
Nedbank Business Banking	(31,7)	**499**	731	**27,8**	34,8
Nedbank Retail	(93,5)	**47**	728	**1,0**	15,9
Imperial Bank	(47,7)	**46**	88	**7,1**	15,5
Operating units	(34,8)	**1 903**	2 919	**16,8**	24,4
Shared services		**82**	27		
Central management		**3**	(3)		
Total	(32,4)	**1 988**	2 943	**11,1**	18,7

MAKE THINGS HAPPEN NEDBANK GROUP

Nedbank Capital

Nedbank Capital profile

- Investment Banking, Global Markets, Debt Capital Markets, Treasury & Equities
- Key financial metrics (six months ended June ’09)

Headline earnings (Rm)	626
RoRaC (%)	42,9
Economic profit growth(%)	19,0
Efficiency ratio (%)	46,2
Credit loss ratio (%)	0,44
Average advances (Rm)	53 087
Average deposits (Rm)	153 050
Economic capital usage (Rm)	2 943

MAKE THINGS HAPPEN NEDBANK GROUP

Business model - differentiation & positioning

NEDBANK CAPITAL

The Integrated Investment Bank

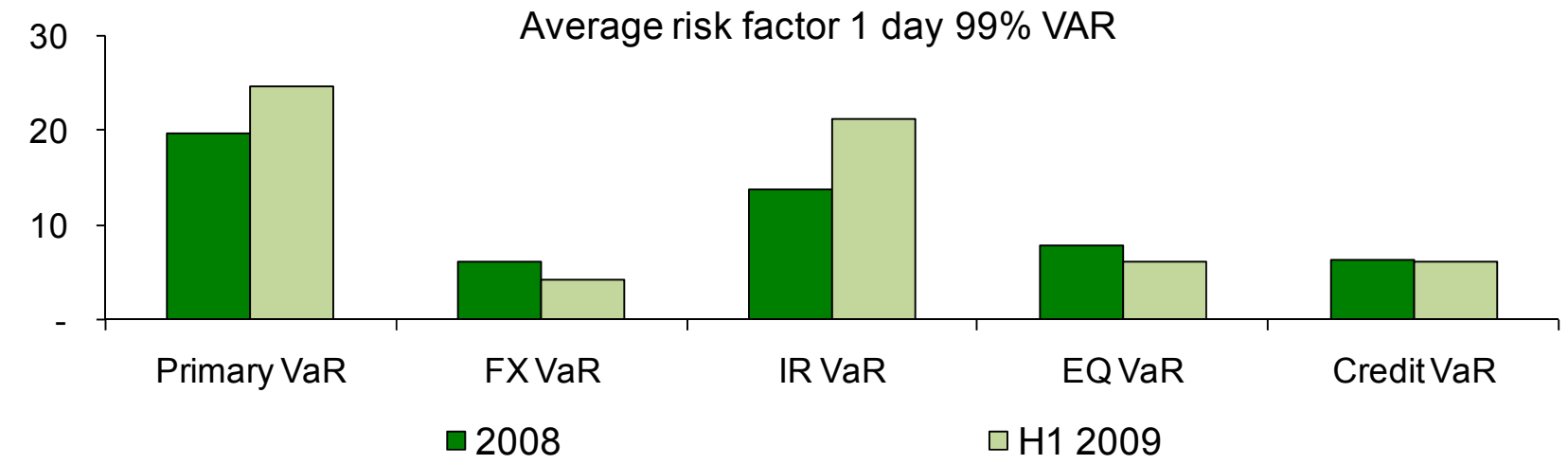
… facilitating cross-sell & transactional banking

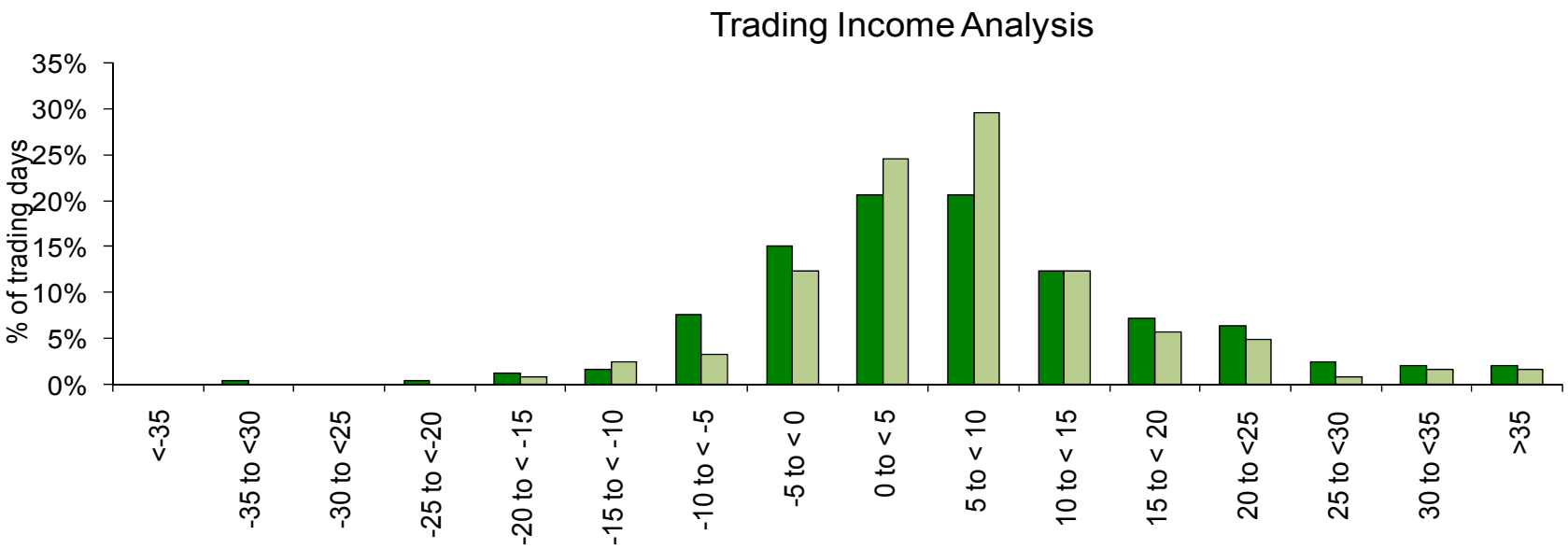
MAKE THINGS HAPPEN NEDBANK GROUP

Client-focused & disciplined risk & capital efficient strategy

Priorities	Full-year 2009 objective
Implement consolidated client coverage model	· Retain trust & respect of stakeholders, increase brand recognition, cement existing relationships & increase cross sell across asset classes
Grow flow-based businesses	· Grow market share across asset classes · Exploit market conditions as favourable to different asset classes, e.g. rate vs equity
Improve profitability from repositioned businesses	· Implementation of revised operating structure & model to ensure optimal collaboration, coverage & distribution
Increased disciplined & calculated risk appetite	· Risk appetite refined in systematic & disciplined manner, allocated across asset classes appropriate for expected economic profit, current & expected market scenarios, skills
Manage costs & retain talent	· Operating structure streamlined to reduce duplication & maximise efficiencies · Headcount reallocation in non-profitable/viable businesses

Nedbank Capital – trading activities

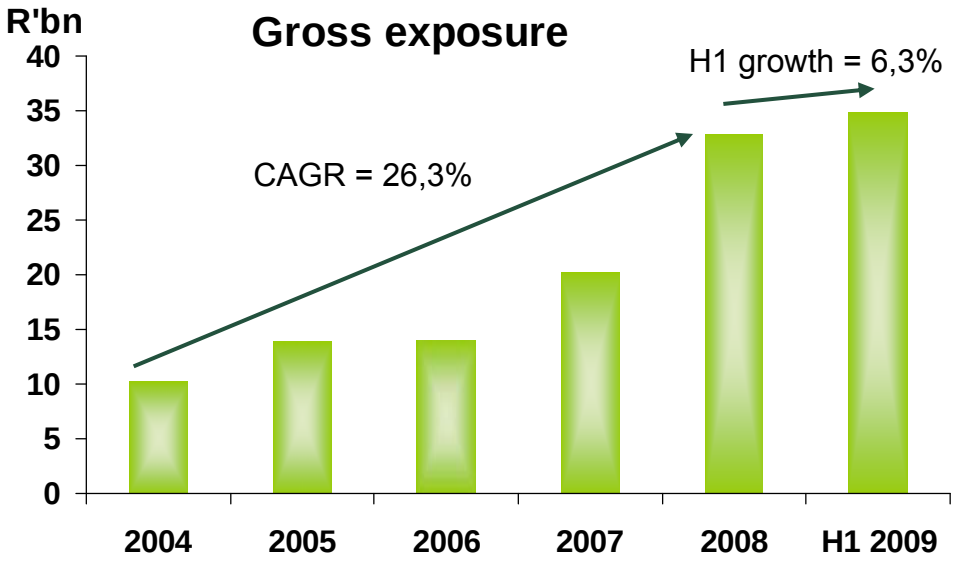


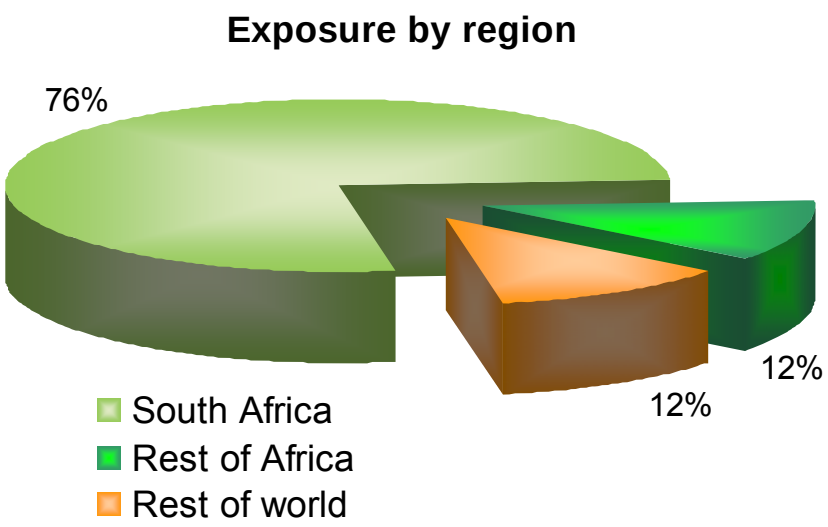


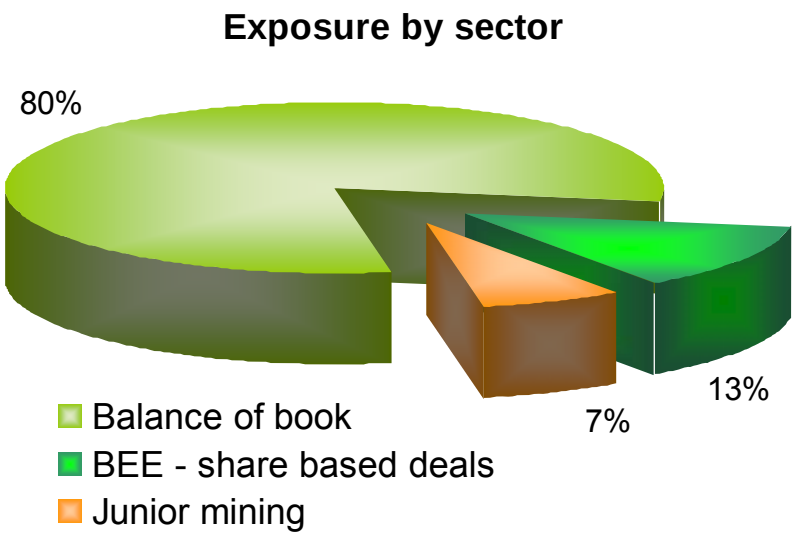
MAKE THINGS HAPPEN
NEDBANK GROUP

Investment Banking review

- Focus on managing existing book of R33,3bn
- Primary domestic lending focus
- No new foreign deals in H1 2009
- Diversification - geography & sector



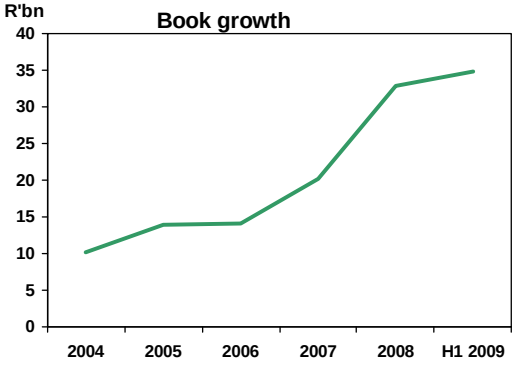




MAKE THINGS HAPPEN
NEDBANK GROUP

Nedbank Capital – growth drivers

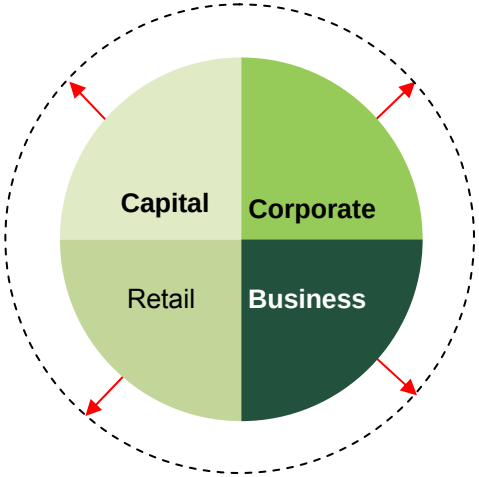
Investment Banking



Efficient NII + **Franchise NIR/Fees** = **Stable & growing income stream**

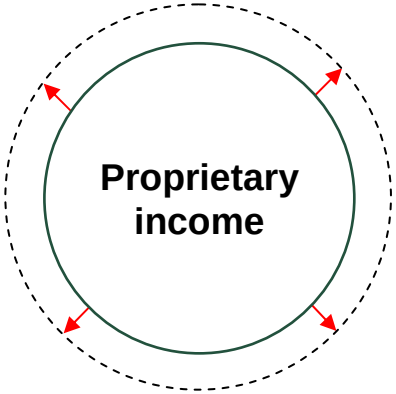
+

Markets



Nedbank primary franchise growth

+



Function of risk appetite

= **Total trading & flow income**

… steady managed growth over time

MAKE THINGS HAPPEN
NEDBANK GROUP

Nedbank Capital – prospects

- Built capacity & scale over past 5 years
- Good credit quality book generating NII – stable earnings platform
- Focus on steady earnings growth
  - Reduced volatility & disciplined risk management
- Full spectrum of investment banking products & services
  - Good portfolio diversification
- Strong focus on stable & diversified funding sources
- Maintain collaborative investment banking model
  - Trap more group NIR
- Continue to focus on talent & leadership development

… tough, though less volatile, markets predicted

MAKE THINGS HAPPEN NEDBANK GROUP

Nedbank Corporate

MAKE THINGS HAPPEN

NEDBANK GROUP

Nedbank Corporate profile

- Corporate Banking – top two player in lending & deposit-taking
  Property Finance – market leader in commercial property lending
  Nedbank Africa – selected growth in sub-Saharan Africa
- Key financial metrics (six months ended Jun ’09)

Headline earnings (Rm)	685
RoRaC (%)	25,9
Economic profit growth (%)	4,5
Efficiency ratio (%)	47,7
Credit loss ratio (%)	0,25
Average advances (Rm)	136 083
Average deposits (Rm)	135 787
Economic capital usage (Rm)	5 326

MAKE THINGS HAPPEN NEDBANK GROUP

Nedbank Corporate strategic positioning

Corporate Banking

Ability to deliver world class service

- To be top two in lending, liabilities, transactional banking & Public Sector bank of choice
- Strong asset & liability market shares
- Increase primary banker status through products & value added business solutions
- Public Sector: improve EP by growing transactional income & assets

Productivity & execution

Through Corporate Shared Services

Innovation & Business Solutions

Through Specialist unit – Transactional Banking

Property Finance

All the benefits of a big bank with the personal touch of a small bank

- Leader in property finance
- Entrench leading position with large clients – re-intermediation
- Maintain leadership position in commercial & industrial mortgage finance
- Grow property investment business through partnership with clients

Nedbank Africa

Regional network offering clients integrated banking in Sub-Saharan Africa

- Three-tier Africa & Ecobank Alliance strategy
- Develop scope & capability of Nedbank Africa network organically, through selective acquisitions, alliances & aligning with Old Mutual

People

Great place to work

Attracting, retaining, transforming, regenerating & optimising talent

Risk

As an enabler of quality growth

TRANSFORMATION

MAKE THINGS HAPPEN

NEDBANK GROUP

Nedbank Corporate – segmental analysis

Rm	Headline earnings			RORAC	Average advances	
	Jun 2009	Jun 2008	% change	**Jun 2009 %**	**Jun 2009**	% change
Corporate Banking	**384**	282	36,2	**37,1**	**70 193**	35,9
Property Finance	**236**	375	(37,1)	**17,7**	**59 442**	24,1
Africa	**50**	44	13,6	**19,8**	**6 079**	13,3
	670	701	(4,4)	**25,6**	**135 714**	29,3
Other	**15**	71	(78,9)	**72,4**	**369**	(79,3)
Nedbank Corporate	**685**	772	(11,3)	**25,9**	**136 083**	27,5

Note: 2008 business unit results aligned to current capitalisation rates

MAKE THINGS HAPPEN
NEDBANK GROUP

Nedbank Corporate – 2009 H1 highlights

- Strong core banking performance
  - Efficient capital management (down 13%)
- Improved margins (1,77% to 2,07%)
- Property investment values marginally down
- Good advances growth >25%
- Effective risk management
- BMI transactional banking survey – highest overall improvement
- Good progress on
  - Dynamic corporate culture
  - Leadership development

… risk well managed in a challenging environment

MAKE THINGS HAPPEN NEDBANK GROUP

Corporate Banking

Earnings growth of 36,2% to R384m & RORAC of 37,1%

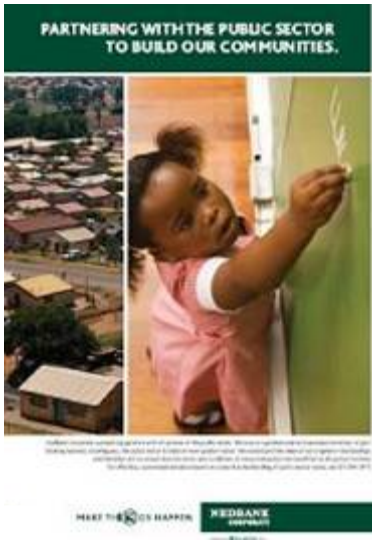
- Growth in average advances 36% & deposits flat
- Advances - emphasis on margin management
  - grew annuity term advances
  - term up >75%, short-term down
  - margins increased
- New primary banked clients
- Transactional banking revenues up 12%

… continued to deliver on clients needs

Property Finance

Earnings of R236m & RORAC of 17,7%

- Advances up 24% driven by high quality, large deals
- Levels of impaired assets & arrears increasing with CLR at 30 bps
- Property Investment values down marginally
- Good traction with affordable housing
- Core lending business generated positive economic profit of R128m
- Voted leader in Commercial Property Finance category - PWC peer review of banking industry



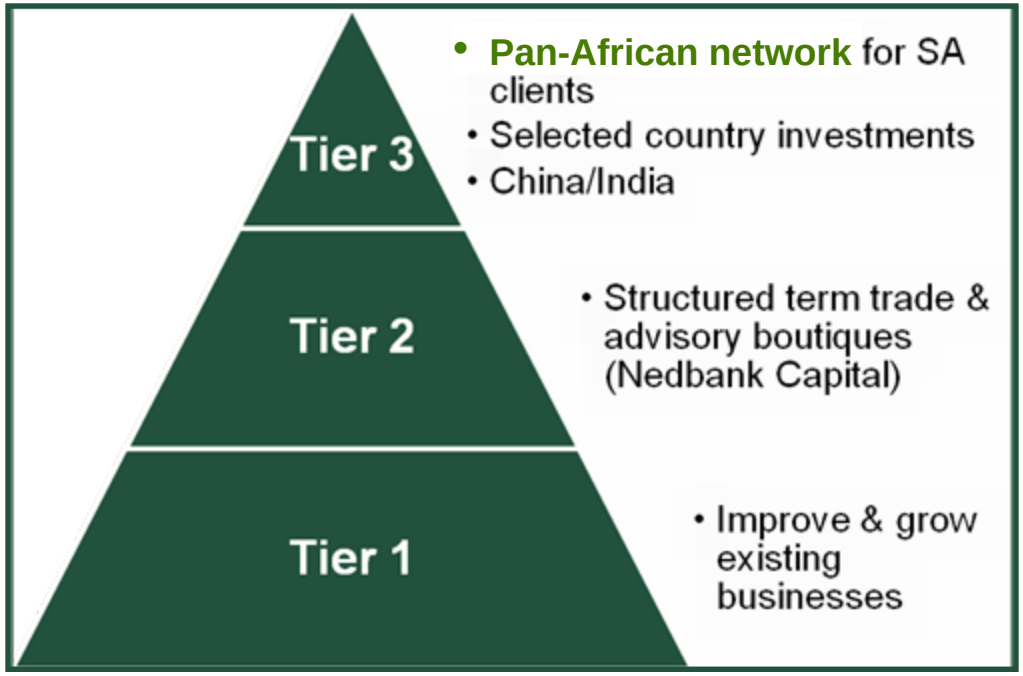
… diligent management in current contracting market

MAKE THINGS HAPPEN NEDBANK GROUP

Africa

Earnings growth of 13,6% at R50m & RORAC of 19,8%

- Growth in NIR 32%, average advances 13%, deposits 10%
- Focused on improving existing operations & opportunities to expand into SADC
- Risk well managed & impairments at acceptable levels



Ecobank Nedbank Alliance

- **Access to largest pan-African banking network**
- **Provides One Bank experience across 33 countries**

MAKE THINGS HAPPEN
NEDBANK GROUP

Impact of external environment

Sector	Approach	Focus
Corporate Banking	• Pursue 'guarded growth' strategy • Ongoing benefit from infrastructure spend & long-term rollout • Public sector roll out likely impact in 2012, potential for high transactional banking income	• High asset quality • Lower risk • Good margin • Continue to improve position in public sector
Property Finance	• Depressed environment to continue to 2011 • Improvements only anticipated in 2012 – property recovery lags the economy by about 18 months	• Selective growth & smart origination • Focus on quality of book
Nedbank Africa	• Cautiously optimistic of continued growth complemented by a pan-African banking alliance	• Continued market share gains in current countries with selective expansion opportunities

MAKE THINGS HAPPEN NEDBANK GROUP

Nedbank Corporate – future focus

- Focus on sustainable economic profit growth
- Tight risk management in current difficult economic environment
- Focus on growing NIR
  - Gain primary banked corporate clients
  - Grow share of wallet through cross-sell initiatives
  - Increase primary banked public sector clients
  - Continued focus on improving client service
- Continue building on transformation & leadership development initiatives
- Deliver on Ecobank alliance objectives

MAKE THINGS HAPPEN NEDBANK GROUP

Nedbank
Business Banking

MAKE THINGS HAPPEN

NEDBANK GROUP

Nedbank Business Banking profile

- Target market: medium sized businesses with turnover of +/- R7 - 400 million
- Client centric, relationship driven, decentralised business model based on accountability
- Key financial metrics (six months ended June ’09)

Headline earnings (Rm)	499
RoRaC (%)	27,8
Economic profit growth(%)	(40,7)
Efficiency ratio (%)	52,7
Credit loss ratio (%)	0,79
Average advances (Rm)	54 227
Average deposits (Rm)	75 120
Economic capital usage (Rm)	3 628

MAKE THINGS HAPPEN NEDBANK GROUP

Nedbank Business Banking - business rationale

- Fastest growth sector of economy with credit extension & cross-sell key levers
- Loyal client base - seldom move banks due to hassle factor & track record loss
- Decentralised model - strong local client & community network a risk mitigator
- Revenue-led expansion – grow sales whilst leveraging off existing infrastructure
- Higher barriers to entry for global banks

Transactional banking	***Deposit taking***	***Lending***	***Other services***
Electronic payments	Current account	Senior debt lending	Wealth management
Cheques	Call & term deposits	Working capital	Investments
Cash handling	Fixed deposits	Structured lending	Insurance
Cash management		Asset finance	Value-add products
Global trade		Property finance (owner occupied)	
Card			

Ecobank Alliance

…identified in 2006 as key strategic thrust for Nedbank

MAKE THINGS HAPPEN
NEDBANK GROUP

Nedbank Business Banking - business performance

Area	Description
Financial	• Good EP & high RORAC (28%) • HE growth (H109: -32% after 5 years of strong growth) • Good NIR growth (+7%) • Credit loss ratio contained within TTC range (79bp)
Clients & market	• 2-4th market share depending on product, primary bank status & geography • Service levels on par or above competitors – some improvement over last year • Active marketing to ensure continued presence • Active calling programme by Client Service Teams
Products & Services	• Specialisations in wine, agriculture, franchising, tourism, professional service firms, public sector • Market leader in Corporate Saver • Netbank Business now rated no 2 overall • Investment management key focus area
Organisation	• 67 area offices in 13 regions, each lead by Regional Business head • Alignment in strategy achieved through national functional heads
Operating model	• Decentralised, client-centric, empowered regional structure to ensure frontline accountability, fast decision making & local understanding / community involvement

** Limited disclosure and differences in segmentation make like-for-like comparison difficult*

MAKE THINGS HAPPEN
NEDBANK GROUP

Nedbank Business Banking - income statement drivers

I/S driver	Impact of initiatives to date
NII (Assets)	• Successful asset re-pricing to widen margin on new business & risk clients • Negative impact on volumes as a result of conscious decision in 2007 to reduce exposure in selected EP negative product lines & risk clients
NII (Liabs)	• Holistic approach to investment management; overall strong deposit business • Leadership position in funds administration • Current account balances from primary banked clients
NIR	• Step change in client perception of BB Electronic Banking platform • Key learnings in cash, resulting in valuable product enhancement • Central control over fee collection through automation • New client acquisition
Impairments	• Rigorous credit risk management & collection process • Evidenced in impairments contained within TTC target range
Expenses	• No retrenchments, headcount contained through rigorous performance processes with a number of staff having been upskilled or exited
HE	• Lower endowment earnings will impact 2009 & 2010 performance
Capital	• Various initiatives implemented to refine drivers of capital consumption
EP & RORAC	• Strong Economic Profit contributor • High returns on capital

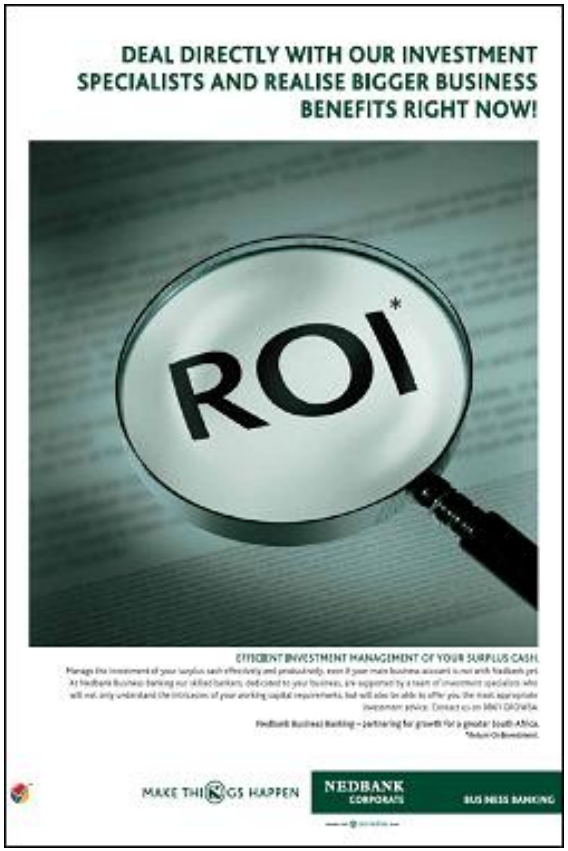
Nedbank Business Banking – 2009 H1 highlights

- Sound business with good economic profit
  - Pricing for risk on client centric basis
  - Single product lending business de-emphasised
- Core NIR up strongly >10%
- Focus on deposit growth & quality advances
- Lower endowment earnings
- Rigorous risk management
  - Early identification of client stress
  - Emphasis on lending to primary banked clients
  - Higher impairments but within target range
- Good progress on entrenching a high performance culture, while remaining people centred

Nedbank Business Banking – outlook

Leveraging our decentralised business model for sustainable growth

- 2009 earnings will remain under pressure
  - Lower endowment earnings impact in H2
  - Downside risk on impairment line
- Continued emphasis on managing risk
- Pro-active & relevant engagements with clients to drive cross-sell & new client acquisitions
- Innovation & systems enhancements, including NetBank Business functionality
- Visible leadership, continued development & transformation of people
- CSI & staff involvement to uplift communities



… strategy "to be the leader in Business Banking for SA"

Nedbank Retail

Nedbank Retail profile

- South Africa's 4th largest retail bank with market share of:
  - 23,5% individual deposit
  - 12.7% credit cards
  - 18,7% Mzansi
  - 17,0% Home loans
  - 7,2% Vehicle & asset finance
- Key financial metrics (six months ended June '09)

Headline earnings (Rm)	47
RoRaC (%)	1,0
Economic profit (loss) growth (Rm)	(586)
Efficiency ratio (%)	62,9
Credit loss ratio (%)	3,00
Average advances (Rm)	152 846
Average deposits (Rm)	103 771
Economic capital usage (Rm)	9 632

MAKE THINGS HAPPEN
NEDBANK GROUP

Business differentiation, positioning & proposition

Client driven & integrated
Focus on NIR - primary client growth & cross-selling, delivering EP with risk as enabler

Transforming Retail Banking for South Africa

Many Products | **Many Channels**

One Customer

Balance short & long term impact initiatives

Source: Nedbank Retail

MAKE THINGS HAPPEN
NEDBANK GROUP

Nedbank Retail – 2009 H1 divisional highlights

Headline earnings (Rm)

Division	% ch (yoy)	**H1 2009**	H2 2008	H1 2008
Bancassurance & Wealth	2,1	**195**	250	191
Personal Loans	7,0	**152**	103	142
Card	>100	**130**	187	64
Trans. & Investment Products	(22,7)	**75**	3	97
Small Business Services	(74,4)	**40**	233	156
Private Bank	(79,4)	**7**	54	34
Other	(96,2)	**3**	26	79
Total (excl. secured lending)	(21,1)	**602**	856	763
Secured lending	(>100)	**(555)**	(582)	(35)
Vehicle & Asset Finance	(1,6)	**(62)**	(112)	(63)
Home Loans	(>100)	**(493)**	(470)	28
Total	(93,5)	**47**	274	728

MAKE THINGS HAPPEN
NEDBANK GROUP

Nedbank Retail – transactional & investment products

- NIR growth (up 15%)
  - Strong growth in transactional accounts
  - Net new primary client growth
  - Emphasising cross-sell opportunities
  - New product launches in 2009
    - Equity Linked Deposits
    - Savvy Current Account
    - Personal Money Manager

- Strong funding franchise
  - 9% growth in retail liabilities
  - Opportunity for further growth
    - Current & savings accounts

Nedbank Retail – unsecured lending

- Average advances growth flat at 2% to R14,0 bn
- Continued focus on growth in lower risk business
- Declining interest rates impacted margins
- Pressure from weak consumer sentiment & financial distress
- Continued focus on risk, impairments & collections
- Improving capabilities in debt counselling & post write-off recoveries
- Progress in tackling operational losses
- Driving cost efficiencies

Nedbank Retail – secured lending

Home Loans

- Market conditions continue to be challenging - although signs of improvement
- New business volumes down 56%
  - But gaining quality market share at much better margins
- Average advances growth of 8,1%
- Better book distribution resulting from LTV tightening since H2 2008
  - Average LTV on new loans down from 84,4% in Dec to 79,9% in Jun
- Improvement in collections performance
- Early arrears buckets improved for past 8 months
- PIP book up from R635m to R769m, receiving active focus
- Multiple channels being used to realise security, values under pressure
- Increase in levels of fraud evident & have geared up to tackle this
- Originator relationships renegotiated & interests better aligned
- Remain cautious into H2

MAKE THINGS HAPPEN NEDBANK GROUP

Nedbank Retail – secured lending *(continued)*

Vehicle & Asset Finance

- New business volumes down 45%
- Appropriate re-pricing of new business
- Operational improvements implemented & seeing benefits
- Credit metrics improved steadily in all early buckets for past 5 months

MAKE THINGS HAPPEN NEDBANK GROUP

Nedbank Retail – outlook

- Growing non-interest revenue
- Continued focus on economic profit & selective growth in advances
- Primary account acquisition
- Retention & growth of liabilities
- Maintain focus on risk, impairments & collections
- Focus on transformation whilst building a unique service culture for advantage

…H2 2009 remains tough

MAKE THINGS HAPPEN
NEDBANK GROUP

Nedbank
Bancassurance & Wealth

MAKE THINGS HAPPEN

NEDBANK GROUP

Nedbank Bancassurance & Wealth – structure

Bancassurance and Wealth

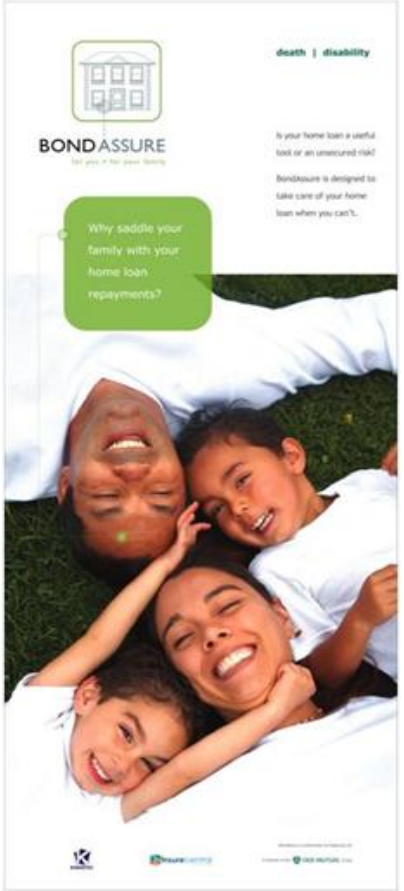
Bancassurance	Investments	Wealth
NedLife Credit and Life Assurance	Nedgroup Investments SA SA Investments	Fairbairn Private Bank HNW Private Bank Intn'l
NedIC Short term Insurance	Nedgroup Investments Intn'l International Investments	FTC International Trust
NGIB Insurance Broking	NFP Financial Planning	BoE PC HNW Private Bank SA

MAKE THINGS HAPPEN
NEDBANK GROUP

Nedbank Bancassurance & Wealth – 2009 H1 highlights

Headline earnings (Rm)	% ch (yoy)	H1 2009	H2 2008	H1 2008
Bancassurance & Wealth	**2,1**	195	**250**	**191**

- Headline earnings increased 2,1% to R195 m
- Average advances growth 16,3% to R16,6 bn
- Increased contribution from short-term & life
  - Growth in advice-based sales up 15%
- Nedgroup Investments
  - Strong net inflows
  - Excellent performance in volatile markets
- BoE - impairments up & pressure on stockbroking volumes
- NedLife APE up 5% - lapses & retrenchments increasing



Nedbank Banc. & Wealth - strategic focus areas

1st for our People

Single HNW proposition

Most respected asset manager

Selective short term insurer

Emerging Life assurer

Differentiated CVP & consistent advise process

Optimise distribution channel & segment

Nedbank Banc. & Wealth - strategic focus areas *(contd.)*

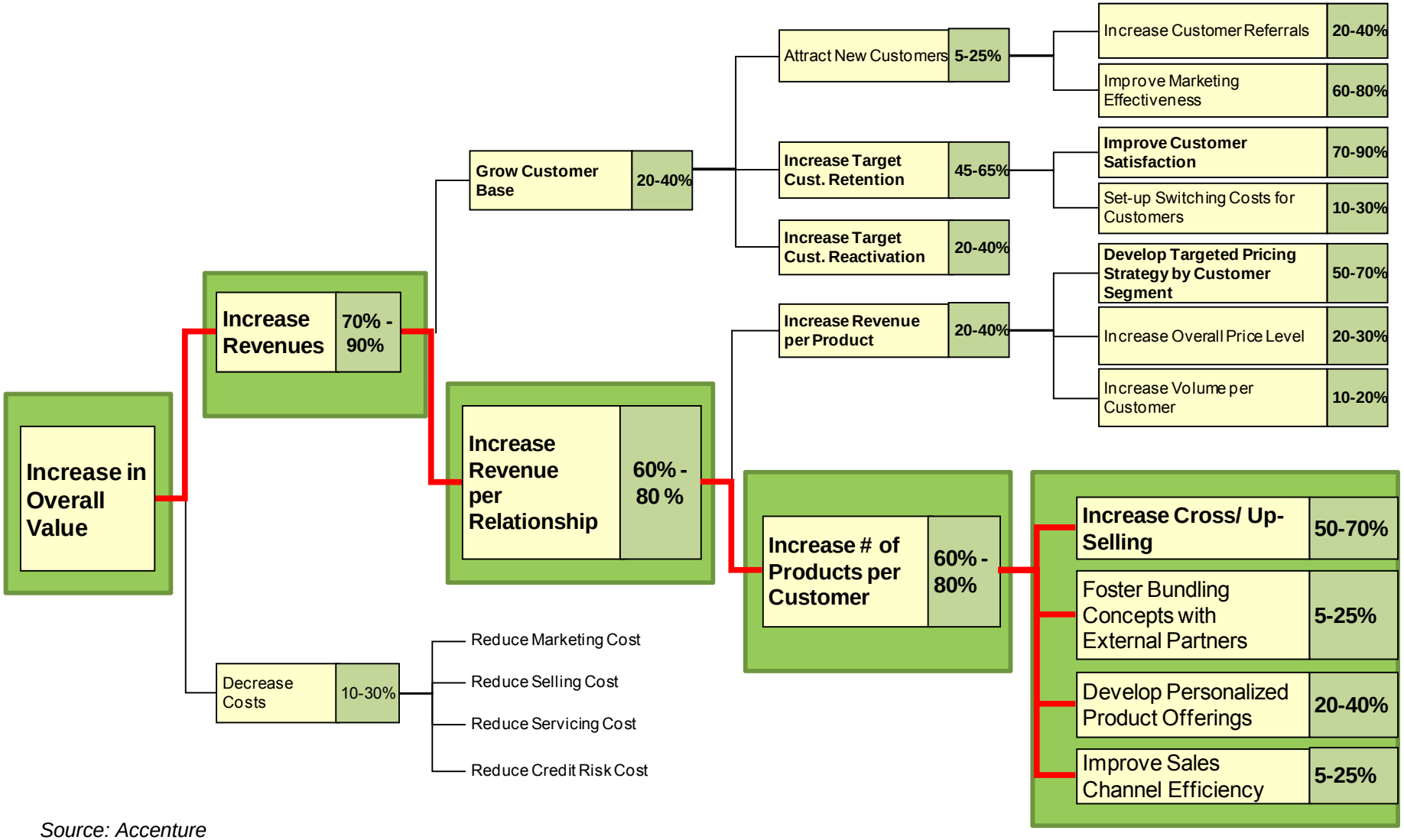
- Bancassurance – fastest growing Bancassurer
  - Develop new life & short term insurance products
  - Cross-sell across the group
- Asset Management – most respected asset manager
  - Consolidate asset management operations into a single division
  - Focus on Best of Breed, Solutions & active management
- Wealth
  - Align high net worth strategy
  - Develop professional strategy
  - Maximise Imperial Bank opportunity
  - Consolidated into single brand & client value proposition

MAKE THINGS HAPPEN NEDBANK GROUP

Strategy for Sustainable growth

MAKE THINGS HAPPEN
NEDBANK GROUP

Long-term drivers of growth



Source: Accenture

MAKE THINGS HAPPEN
NEDBANK GROUP

Position for longer-term growth

- Manage for value
- Grow NIR
- Client driven
- Risk as an enabler
- Build a unique culture for competitive advantage
- Accelerate transformation
- Lead as a corporate citizen
- Alert to opportunities

Manage for value

- Fix economic profit negative businesses
  - VAF profitability - Imperial Bank acquisition a catalyst
  - Lower concessions, risk & originator fees in Home Loans
- Grow Bancassurance & Wealth
- Repriced assets to appropriate levels
  - Maintain better margins on new assets across all clusters
  - Nedbank Corporate margins up 0,30% at June 09
  - Retail & Business Banking taking longer to come through
- Selected advances growth
  - RWA / total assets Jun 2009 **62,8** **52,0** **50,9** **52,4**
- Continue to optimise capital (Tier 1 CAR* 10,7% & Total CAR* 14,0%)
- Maintain strong position in deposits & increase lazy deposits

** Including unappropriated profits*

MAKE THINGS HAPPEN NEDBANK GROUP

Grow NIR to expense ratio

- Grow transactional banking
  - Business Banking – NetBank, cash solutions, decentralised model
  - Nedbank Corporate – NetBank being implemented
  - Retail cross sell improving – further focus (Jan 08: 1,44% - Jun 09: 1,50%)
- Gain primary clients
  - Net retail primary client growth of 20% since 2006
  - Growing presence in public sector
  - Net primary client gains in Nedbank Corporate
- Increase trading on back of additional primary clients
  - Keep flow / proprietary trading ratio at ± 75 / 25
- Bancassurance & Wealth a growth area
  - Acquisition of JV's & created separate cluster for focus

… steady managed growth over time

MAKE THINGS HAPPEN NEDBANK GROUP

Client driven & more competitive

- Differentiate through service delivery
  - Much improved experience in Retail
  - Business Banking differentiated decentralised model
  - Leverage strong corporate relationships to grow primary clients
  - Team approach (including Corporate) in Nedbank Capital
  - Ecobank
- Build the brand

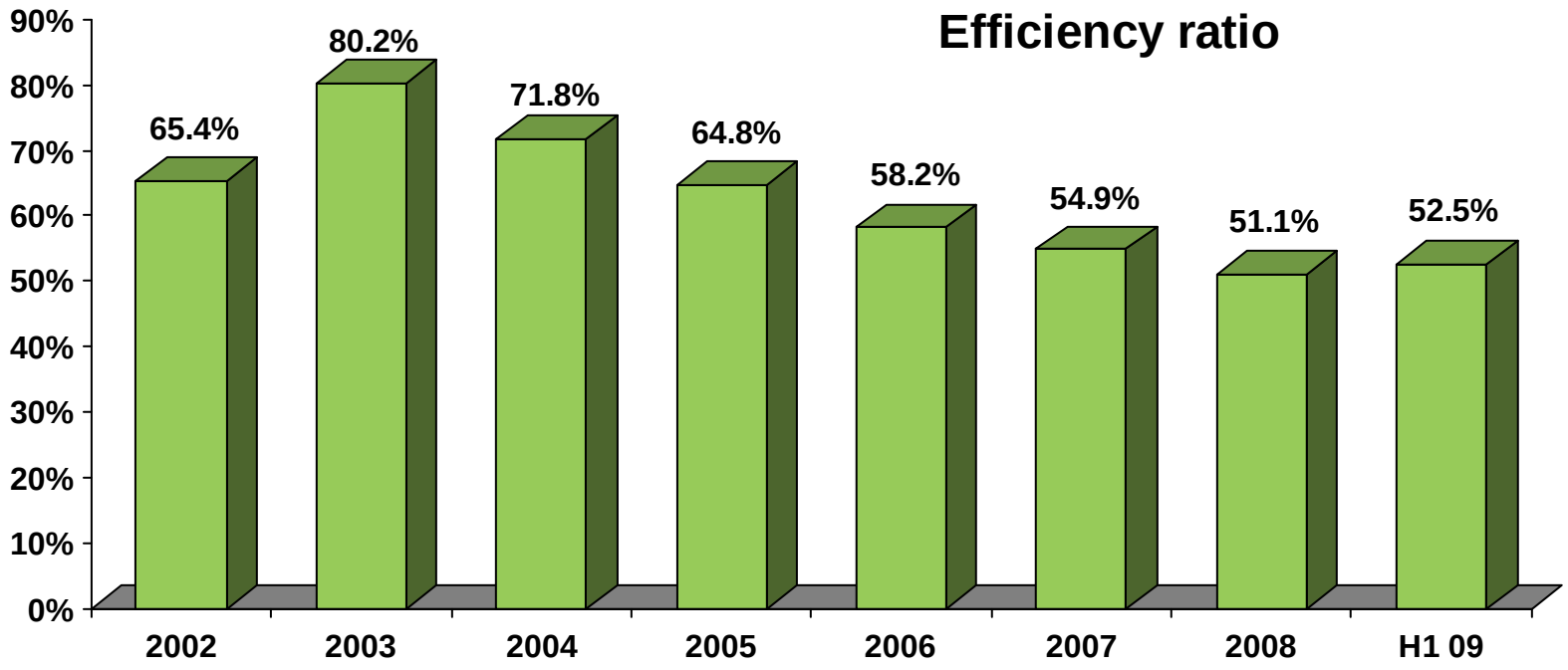
Risk as an enabler

- Risk integral part of strategy
  - Performance measurement based on RAROC
  - Reward systems driven by economic profit
- Manage bad debt & risks, focus on collections
  - Credit loss ratio reduced: 1,47% (Q1 09: 1,67%; H1 09: 1,57%)
  - Retail - backward roll in early arrears for 7 consecutive months
  - Restructure distressed loans opportunity
  - Retail collections restructured, staff increased, systems installed
- Continue to enhance & embed world class risk practices
  - Nedbank Limited Basel II AIRB
  - Management restructure, focus on balance sheet management

MAKE THINGS HAPPEN NEDBANK GROUP

Enhance productivity & execution

- Smart cost management
- Optimise businesses for new environment
- Continue to invest
- No wholesale retrenchment – maintain staff morale



MAKE THINGS HAPPEN
NEDBANK GROUP

Building a unique corporate culture

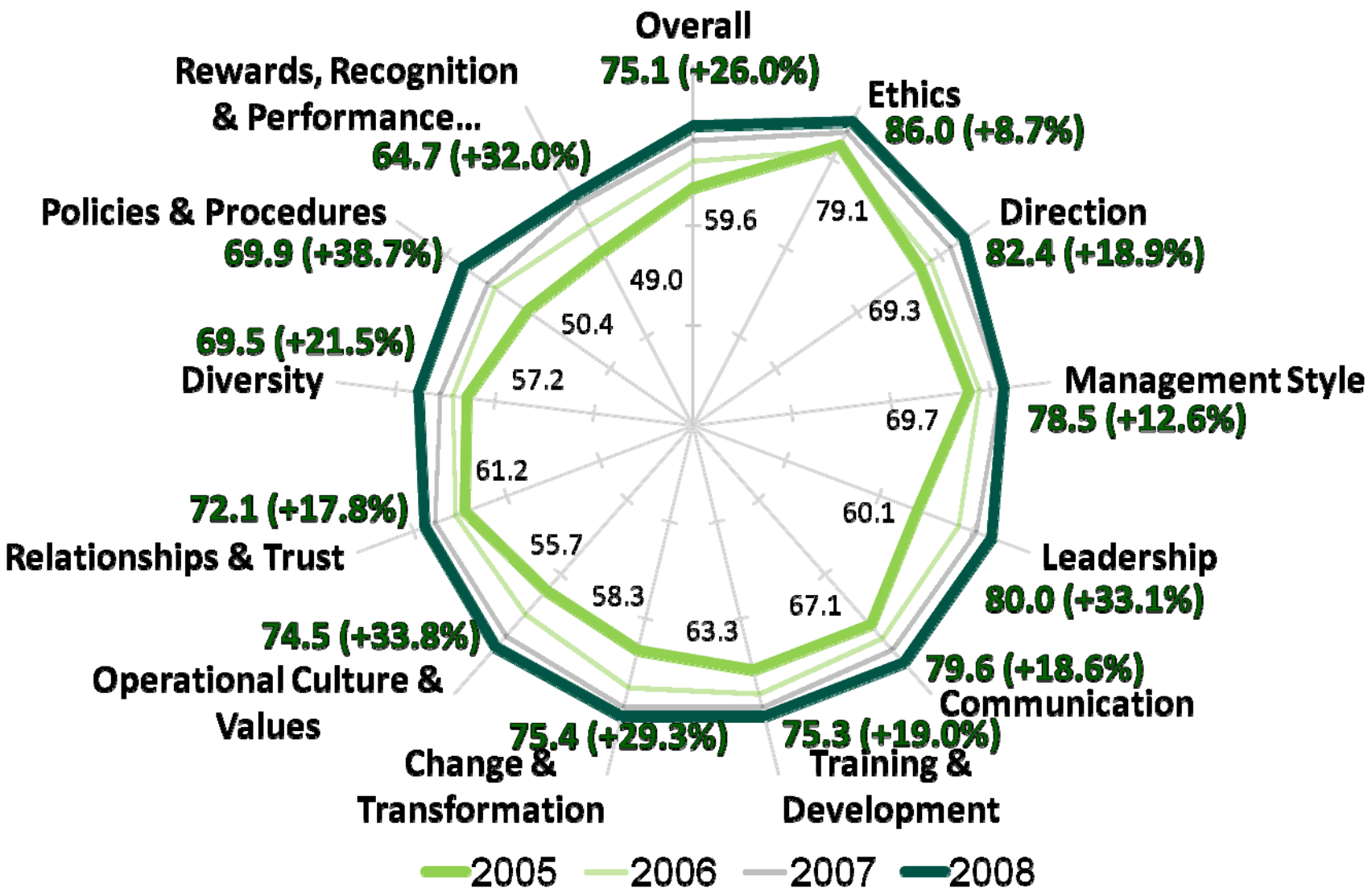
	Culture 2005	Culture 2009
1	cost-consciousness	accountability
2	profit	client-driven
3	accountability	client satisfaction
4	community involvement	cost-consciousness
5	client-driven	community involvement
6	process-driven	achievement
7	**bureaucracy**	teamwork
8	results orientation	employee recognition
9	client satisfaction	being the best
10	**silo mentality**	performance-driven
11	performance-driven	commitment
12	**hierarchy**	making a difference
13	**control**	delivery
14	being the best	productivity
15	achievement	people-centered
16	**empire building**	living the values
17	employee recognition	leadership development
18	continuous improvement	profit
19	productivity	integrity
20	**confusion**	ethics

Significant culture value shift for the better

Source: Barrett Survey

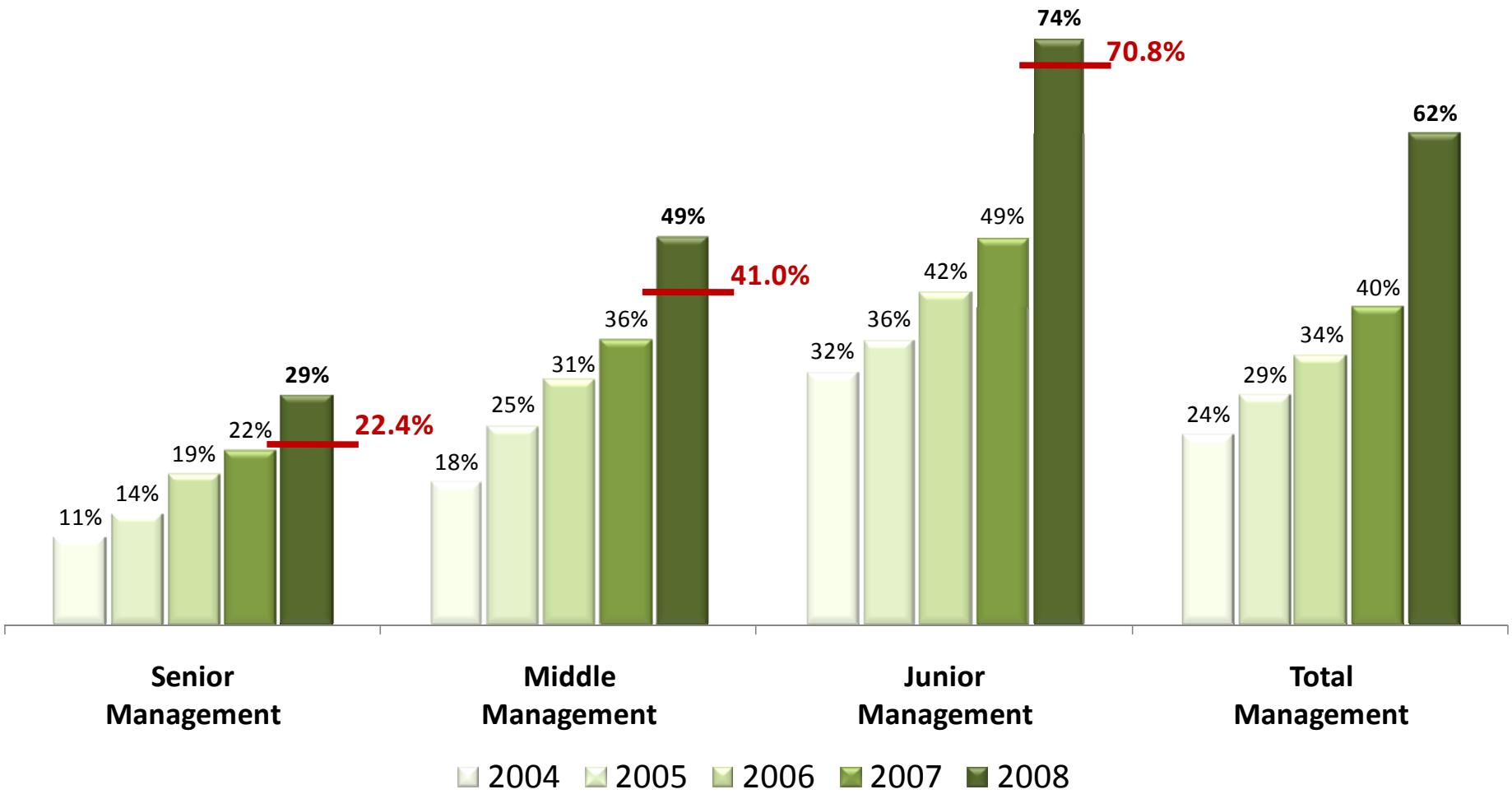
MAKE THINGS HAPPEN
NEDBANK GROUP

Staff morale shift



MAKE THINGS HAPPEN
NEDBANK GROUP

Accelerate transformation



2008 Targets

MAKE THINGS HAPPEN
NEDBANK GROUP

Alert to opportunities – OM JV acquisitions

- BoE, Nedlife & Fairbairn Private Bank acquired with effect 1 June 2009
- Total purchase consideration of R1 172 million made up of:

BoE purchase consideration: shares issued (Rm)	**926**
Fairbairn Private Bank (Rm)	**246**

- Create single high net worth client value proposition & strategy
- Asset management centre of excellence - scale of benefits
- Enhance cross-sell & innovation
- Previous JV product restrictions cancelled

Alert to opportunities – Imperial Bank acquisition

- Vehicle asset finance market share, > 11%
- Niche operations in property, professional, supplier & asset finance
- Nedbank jointly managing since 2001 & will become 100% shareholder
  - Purchase consideration R1 775 million, subject to regulatory approval
  - Eliminate inefficient capital & funding arrangements
  - Rationalise duplicate infrastructure & systems
  - Cross-sell to Imperial Bank's 365 985 clients
  - Leverage off larger complement of experienced & specialist staff

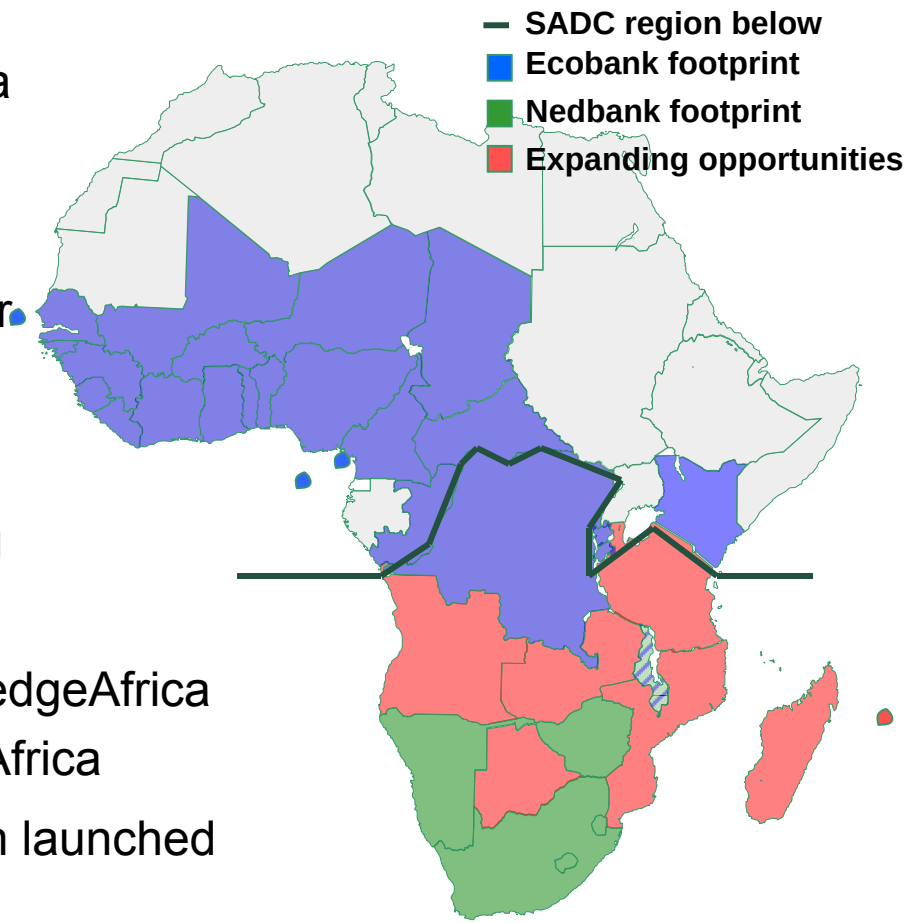
Alert to opportunities – Imperial Bank acquisition

- Key financial metrics (six months ended June ’09)

Headline earnings (Rm)	46
RoRaC (%)	7,1
Efficiency ratio (%)	26,3
Credit loss ratio (%)	2,5
Average interest-earning banking assets (Rm)	47 361
Number of clients	365 985

Alert to opportunities - Ecobank

- Clients access 33 countries in Africa
- 'One Bank' experience
  - Open bank accounts through in-country relationship manager
  - Single view of statements & balances
- Project Finance & Advisory – strong pipeline
- Centre of Excellence – LocalKnowledgeAfrica provides easy entry for clients into Africa
- www.EcobankNedbankAlliance.com launched



… goal of a 'one bank' client experience

>30 countries & over 1 000 branches & outlets

Ecobank
The Pan African Bank

Alert to opportunities – Ecobank alliance strategy

Defend

Revenue % of clients active in Africa

- Corporate Banking 33%
- Business Banking 5%
- Compelling banking value proposition across alliance footprint

Position

- Establish advisory service to support client expansion in Africa
- Strategic positioning for potential consolidation opportunities
- Form further strategic international relationships
  - China
  - India

Grow

- Expand existing Nedbank footprint in Africa by co-investing with Ecobank
- Grow earnings through business co-operation & new initiatives
  - Transactional Banking
  - Investment Banking & Global Markets
  - Wholesale Lending
  - Retail Banking

Source: Nedbank Ecobank Alliance

MAKE THINGS HAPPEN
NEDBANK GROUP

Lead as a corporate citizen

- Dow Jones Sustainability Index membership
  - 1 of 25 banks worldwide
- JSE SRI Index- inclusion since 2004
- SA Carbon Disclosure Project Leadership Index
  - Best placed bank & 4th overall in low emissions category
- Equator Principles – 1st bank signatory in Africa
- WWF Conservation Partnership
- UNEP FI – Co Chair on UNEP FI African Task Force
- E&Y Sustainability Reporting - Award of Excellence
- ACCA Sustainability Report Award for best sustainability report in financial sector
- African Bankers Awards – socially responsible bank of year & deal of year

Dow Jones Sustainability Indexes
Member 2006/07

JSE SRI INDEX

CARBON DISCLOSURE PROJECT

The Equator Principles
A benchmark for the financial industry to manage social and environmental issues in project financing

WWF

UNEP Finance Initiative
Innovative financing for sustainability

In summary…

MAKE THINGS HAPPEN
NEDBANK GROUP

Outlook for balance of 2009

- Economy impacted by global recession – recovery protracted
- GDP growth forecast
  - Decrease by 2,2% during 2009
  - Modest expansion of 2,0% in 2010
- New business volumes in retail constrained
- Increased pressure on businesses & declining corporate demand
- Further 50 basis point cut in interest rates forecast in 2009
- Effect of reduced endowment & lower margin on current & savings accounts impacting NIM
- Reversal in impairments currently anticipated to begin to positively impact earnings in 2010
- Asset growth to remain muted in 2010

MAKE THINGS HAPPEN NEDBANK GROUP

Focus on winning the game

- Strong balance sheet
- New management team in place
- Solid franchise & customer base

- Fix businesses with negative economic profits
- Continue with NIR growth strategies
  - Transactional banking & cross sell
  - Primary clients
  - Consolidate & extract value from acquisitions
- Build franchises through client-centric service & products
- Accelerate transformation

Thank you

MAKE THINGS HAPPEN
NEDBANK GROUP

Questions

MAKE THINGS HAPPEN
NEDBANK GROUP

Disclaimer

Nedbank Group has acted in good faith & has made every reasonable effort to ensure the accuracy & completeness of the information contained in this document, including all information that may be defined as 'forward-looking statements' within the meaning of United States securities legislation.

Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' & 'hope'.

Forward-looking statements are not statements of fact, but statements by the management of Nedbank Group based on its current estimates, projections, expectations, beliefs & assumptions regarding the group's future performance.

No assurance can be given that forward-looking statements will prove to be correct & undue reliance should not be placed on such statements.

The risks & uncertainties inherent in the forward-looking statements contained in this document include, but are not limited to: changes to IFRS & the interpretations, applications & practices subject thereto as they apply to past, present & future periods; domestic & international business and market conditions such as exchange rate and interest rate movements; changes in the domestic & international regulatory & legislative environments; changes to domestic & international operational, social, economic & political risks; & the effects of both current & future litigation.

Nedbank Group does not undertake to update any forward-looking statements contained in this document & does not assume responsibility for any loss or damage whatsoever & howsoever arising as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits, or consequential loss or damage.

Appendix

MAKE THINGS HAPPEN
NEDBANK GROUP

Provisioning definitions & accounting treatment

Portfolio Impairment (30 – 90 days past due)

- Income statement charge is raised based on month end profile of book
- No individual evidence of a loss event i.e. loss incurred not yet reported

Specific impairment (90 days or more past due)

- Balance sheet provision is raised
- Retail: Product-centric, default specific to client or borrower account
- Non-retail: client-centric, a borrowing group defaults, all in this group treated as defaulted
- Triggered by loss events (Collateral insufficient, financial difficulty, breach of contract)
- Impaired loans & advances: PD <1 & LGD less than in defaulted loans & advances
- Defaulted loans & advances: PD = 1 as defaulted & LGD is higher than impaired accounts

Provisioning methodology

- Probability of default (PD) X loss given default (LGD) = Expected loss (EL)
- Aging arrears is the primary driver of provisioning

MAKE THINGS HAPPEN NEDBANK GROUP

Nedbank Group – Seven Year review

Statistics & ratios		4-year CAGR* %	2008	2007	2006	2005	2004	2003***	2002***
Headline	cents	31,0	1 422	1 485	1 110	797	483	19	979
Diluted Headline	cents	30,6	1 401	1 429	1 076	791	482	19	979
Diluted basic	cents	38,6	1 558	1 454	1 099	958	422	(545)	343
Price/Earnings ratio	historical		7	9	12	13	16	326	11
Price/book	times		1,1	1,8	2,1	1,8	1,7	1,5	1,8
Dividend yield	%		6,5	4,9	3,7	2,9	1,5	3,9	4,6
Net interest margin	%		3,66	3,94	3,94	3,55	3,18	3,04	2,95
Credit loss ratio	%		1,17	0,62	0,52	0,49	0,55	1,02	0,63
Efficiency ratio	%		51,1	54,9	58,2	64,8	71,8	80,2	65,4
Return on total assets	%		1,09	1,3	1,14	0,93	0,54	0,02	0,84
RoE	%		17,7	21,4	18,6	15,5	11,0	0,4	14,9
Core tier 1	%		8,2	7,2					
Tier 1	%		9,6	8,2	8,3	9,4	8,1	5,0	7,0
Total capital adequacy	%		12,4	11,4	11,8	12,9	12,1	10,1	11,0

Source: Nedbank Group 2008 Annual Report

MAKE THINGS HAPPEN
NEDBANK GROUP