



MAKE THINGS HAPPEN

NEDBANK GROUP

2006 interim results

A Member of the  OLD MUTUAL Group

Agenda



- Highlights
- Financial overview
- Operational review
- Summary & prospects

Key features



- Headline earnings up 50,5%
- ROE up from 14,8% to 18,3%
- Efficiency ratio improved from 65,1% to 57,3%
 - Strong revenue growth of 21,8%
 - Expense growth of 7,2%
- Impairments higher than expected
- Strong performance from all clusters
- Advances growth of 20,3% to R273bn
- Well capitalised – dividend cover reduced
- Morale continues to improve

... outward focus benefiting group performance

Building for growth



- Investing R1bn - expanding distribution footprint
- Breakthrough in product pricing
- Successful launch of new branding
- Service levels improving
- IT capability focused on the future
- Transformation on track

*Clear
outward focus*



*Building for
long-term growth*



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Financial overview

Mike Brown

Key financial indicators



| Six months ended | % change | Jun 2006 | Jun 2005 |
|------------------------------------|----------|----------|----------|
| Headline earnings (Rm) | 50,5 | 2 104 | 1 398 |
| Headline EPS (cents) | 47,5 | 522 | 354 |
| Fully diluted HEPS (cents) | 43,8 | 509 | 354 |
| ROE (%) | | 18,3 | 14,8 |
| ROA (%) | | 1,15 | 0,85 |
| Margin (%) | | 3,88 | 3,45 |
| Efficiency ratio (%) | | 57,3 | 65,1 |
| Total assets (Rbn) | | 385 | 336 |
| Tangible NAV per share (cents) | 25,6 | 4 726 | 3 764 |
| Group capital adequacy (%) | | 13,3 | 12,2 |
| Interim dividend per share (cents) | 99,1 | 209 | 105 |

Income statement



| Rm – six months ended | % ch | Jun 2006 | Jun 2005 |
|---------------------------------|--------|----------|----------|
| Net interest income | 25,2 | 5 039 | 4 024 |
| Impairments | 30,0 | (806) | (620) |
| Income from lending activities | 24,4 | 4 233 | 3 404 |
| Non-interest revenue | 18,3 | 4 591 | 3 881 |
| Total expenses | 7,2 | (5 516) | (5 147) |
| Operating expenses | 7,0 | (5 450) | (5 094) |
| BEE | | (66) | - |
| Merger & recovery programme | | - | (53) |
| Indirect taxation | (5,5) | (155) | (164) |
| Associate income | (23,4) | 59 | 77 |
| Headline profit before taxation | 56,6 | 3 212 | 2 051 |
| Direct taxation | 87,7 | (852) | (454) |
| Minorities & preference shares | 28,6 | (256) | (199) |
| Headline earnings | 50,5 | 2 104 | 1 398 |

Segmental performance



| | | Headline earnings | | ROE | | |
|--------------------|-------------|-------------------|--------------|-------------|-------------------|-------------|
| Rm | % ch | Jun 06 | Jun 05 | Jun 06 | Excl BEE & g/will | Jun 05 |
| six months ended | | | | | | |
| Nedbank Capital | 34,9 | 576 | 427 | 30,6 | 31,1 | 26,9 |
| Nedbank Corporate | 37,2 | 1 214 | 885 | 22,0 | 22,1 | 18,2 |
| Nedbank Retail | 69,7 | 711 | 419 | 24,2 | 24,7 | 17,5 |
| Imperial Bank | 56,1 | 89 | 57 | 12,3 | | 10,1 |
| Operating units | 44,9 | 2 590 | 1 788 | 23,4 | | 19,0 |
| Shared services | | (98) | (29) | | | |
| Central management | | (388) | (361) | | | |
| Total | 50,5 | 2 104 | 1 398 | 18,3 | 22,6 | 14,8 |

NII - margin analysis



| % of daily average interest-earning assets | % | Rm |
|---|-------------|---------------|
| December 2005 | 3,55 | 8 529 |
| H1 2006 asset growth | | 886 |
| Net endowment effect | 0,18 | 402 |
| Current & savings accounts margin compression | (0,02) | (42) |
| Market margin compression | (0,02) | (45) |
| Foreign capital repatriated | 0,04 | 97 |
| Subordinated debt hedge | (0,02) | (35) |
| Tax structured deals impact | 0,04 | 91 |
| Change in product mix & pricing | 0,13 | 278 |
| June 2006 annualised | 3,88 | 10 161 |

Impairment charge



| Rm – six months ended | % of average advances | Jun 2006 | Jun 2005 |
|------------------------------|-----------------------|----------|----------|
| Impairment charge | | 806 | 620 |
| As % of NII (%) | | 16,0 | 15,4 |
| As % of average advances (%) | 100,0 | 0,61 | 0,54 |
| Nedbank Capital | 15,5 | 0,90 | 0,46 |
| Nedbank Corporate | 41,8 | 0,07 | 0,25 |
| Nedbank Retail | 34,5 | 1,12 | 1,13 |
| Imperial Bank | 8,2 | 0,92 | 0,75 |

Non-interest revenue



| Rm - six months ended | % change | Jun 2006 | Jun 2005 |
|------------------------------------|-------------|--------------|--------------|
| Commission & fees | 17,6 | 3 137 | 2 668 |
| Net trading income | 37,3 | 975 | 710 |
| Exchange & non-interest dealings | 47,4 | 143 | 97 |
| Investment income | 162,9 | 92 | 35 |
| Rental income | (46,5) | 23 | 43 |
| Foreign currency translation gains | (98,2) | 3 | 165 |
| Sundry income | 33,7 | 218 | 163 |
| Non-banking subsidiaries | 8,1 | 133 | 123 |
| Other | 112,5 | 85 | 40 |
| Total NIR | 18,3 | 4 591 | 3 881 |

Expenses



| Rm - six months ended | % change | Jun 2006 | Jun 2005 |
|---------------------------|----------|----------|----------|
| Staff costs | 8,5 | 2 793 | 2 575 |
| Computer processing | 9,6 | 700 | 639 |
| Accommodation | (0,9) | 445 | 449 |
| Marketing & PR | 32,8 | 308 | 232 |
| Fees & insurance | (0,9) | 661 | 667 |
| Alliance partner fees | (33,3) | 20 | 30 |
| Other | 4,2 | 523 | 502 |
| Operating expenses | 7,0 | 5 450 | 5 094 |
| BEE | | 66 | - |
| Merger & recovery | | - | 53 |
| Total expenses | 7,2 | 5 516 | 5 147 |

Attributable income



| Rm – six months ended | Jun 2006 | Jun 2005 |
|---|----------|----------|
| Headline earnings | 2 104 | 1 398 |
| Capital items | 222 | 6 |
| Profit on disposal of subsidiaries, investments & property & equipment | 262 | 6 |
| Impairments of investments & other assets | (7) | - |
| Tax on capital items | (33) | - |
| Attributable income | 2 326 | 1 404 |

... no further material non-core assets to be sold

Balance sheet



| Rm | Annualised % change | Jun 2006 | Dec 2005 |
|---------------------------------------|---------------------|----------------|----------------|
| Cash & securities | 24,8 | 63 521 | 56 561 |
| Advances | 20,3 | 273 398 | 248 408 |
| Investments | | 7 273 | 7 532 |
| Property & equipment | | 3 329 | 3 258 |
| Computer software | (7,8) | 1 269 | 1 320 |
| Goodwill | | 3 750 | 3 687 |
| Derivatives | | 14 364 | 16 176 |
| Other | | 17 704 | 15 316 |
| Total assets | 18,4 | 384 608 | 352 258 |
| Ordinary shareholders' equity | 12,7 | 23 910 | 22 490 |
| Minorities & preference shareholders | 16,3 | 4 128 | 3 819 |
| Deposits | 14,9 | 280 633 | 261 311 |
| Derivatives | | 15 051 | 17 055 |
| Long-term debt instruments | 53,9 | 9 216 | 7 273 |
| Other | 56,8 | 51 670 | 40 310 |
| Total equity & liabilities | 18,4 | 384 608 | 352 258 |

Advances



| Rm | Annualised % change | Jun 2006 | Dec 2005 |
|--------------------------------|---------------------|----------|----------|
| Home loans | 23,2 | 84 002 | 75 333 |
| Commercial mortgages | 7,4 | 39 385 | 37 993 |
| Properties in possession | (88,8) | 173 | 309 |
| Term loans | 25,0 | 28 451 | 25 314 |
| Credit cards | 16,8 | 4 414 | 4 074 |
| Foreign correspondents | 85,3 | 24 719 | 17 370 |
| Overdrafts | 23,2 | 12 939 | 11 604 |
| Other loans to clients | (8,7) | 32 397 | 33 856 |
| Leases & instalment | 20,3 | 38 452 | 34 935 |
| Preference shares & debentures | (37,9) | 4 807 | 5 918 |
| Trade & other bills | (109,7) | 1 755 | 3 850 |
| Reverse repurchase agreements | 271,6 | 7 230 | 3 066 |
| Impairment of advances | 4,3 | (5 326) | (5 214) |
| | 20,3 | 273 398 | 248 408 |

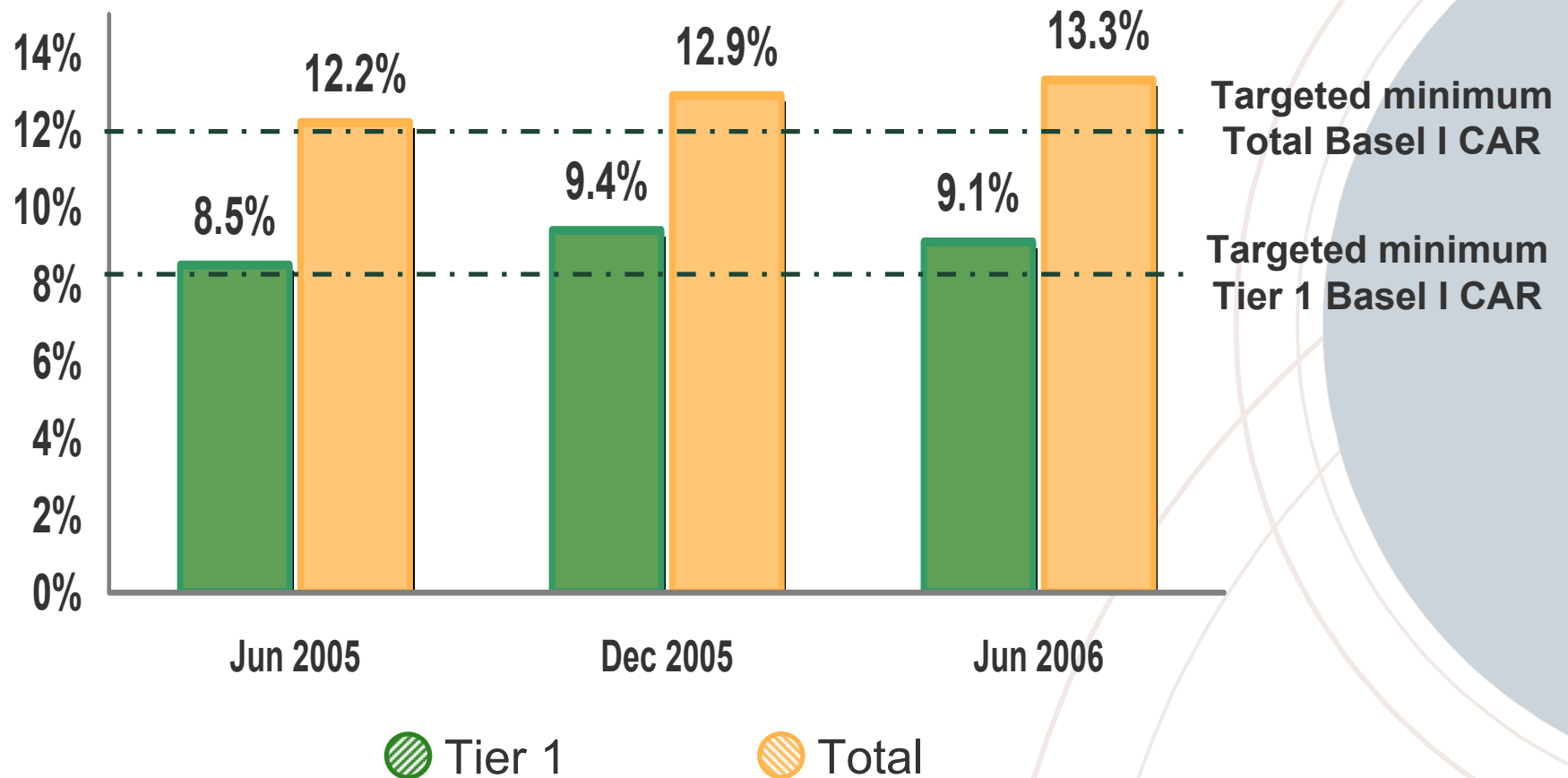
Deposits



| Rm | Annualised % change | Jun 2006 | Dec 2005 |
|-------------------------------|------------------------|----------|----------|
| Current accounts | 22,0 | 39 731 | 35 830 |
| Savings accounts | 28,2 | 12 751 | 11 188 |
| Term deposits | 8,8 | 175 060 | 167 723 |
| Credit card balances | 3,2 | 837 | 824 |
| Foreign currency liabilities | 68,5 | 11 382 | 8 832 |
| NCDs | 15,1 | 36 203 | 33 682 |
| Deposit repurchase agreements | 89,7 | 4 669 | 3 232 |
| | 14,9 | 280 633 | 261 311 |

... liquidity remains strong

Group capital adequacy



... capital above target levels

Share buybacks & treasury shares



| | Price R | Shares m | Value Rm |
|----------------------------------|------------|-------------|-------------|
| BEE transaction shares | | 40,3 | 702 |
| Shares held by group entities | | 0,3 | 2 |
| Bought-back – capital management | 109,04 | 6,5 | 716 |
| Executed in 2005 | 97,19 | 1,0 | 100 |
| Executed in May & June 2006 | 111,65 | 5,5 | 616 |
| Total | | 47,1 | 1 420 |

... active capital management

Capital plans



- Dividend cover reduced to 2,75 for 2005 for full year
- NED 5 Tier 2 sub debt issue of R1,5bn in April

Looking ahead

- Dividend cover reduced to 2,5 times
- Redemption NED 1 R2bn in September (subject to approval)
- NED 6 Tier 2 sub debt issue of R1,5bn in September
- Further active capital management impacted by:
 - Target minimum Basel I capital ratios: 12% total & 8% Tier 1
 - Proposed s38 change, final draft Basel II regulations & projected growth

Prospects – balance of 2006



- Solid advances growth
- Funding mix & margin pressure offset by endowment
- H2 impairments charge to improve
- Good core NIR growth but impacted by retail price reductions & fewer positive one-off items & revaluations
- Operating efficiencies balanced by investment in distribution & brand
- Continued capital management activities

**Full year
forecasts**

Headline earnings up by 22% to 42%

Headline EPS up by 20% to 40%

Basic EPS up by 5% to 22%



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Nedbank Capital

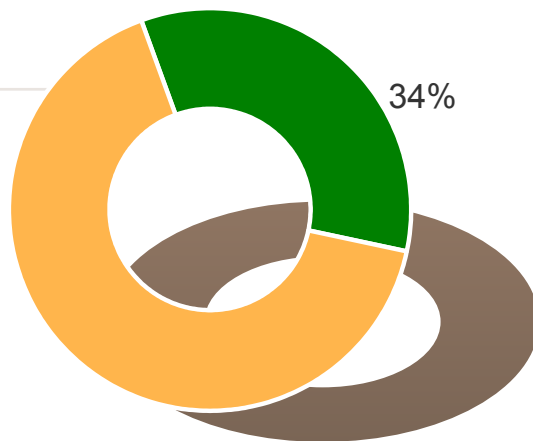
Brian Kennedy

Nedbank Capital - financial highlights

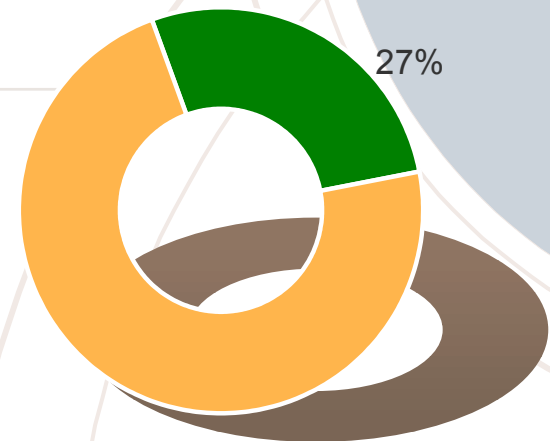


| Six months ended - Rm | % change | Jun 2006 | Jun 2005 |
|---------------------------|----------|----------|----------|
| Operating income | 22,2 | 1 387 | 1 135 |
| Efficiency ratio | | 43,0% | 44,8% |
| Headline earnings | 34,9 | 576 | 427 |
| Allocated Basel I capital | 18,6 | 3 798 | 3 202 |
| ROE | | 30,6% | 26,9% |

Assets



Headline earnings



Nedbank Capital- operational review

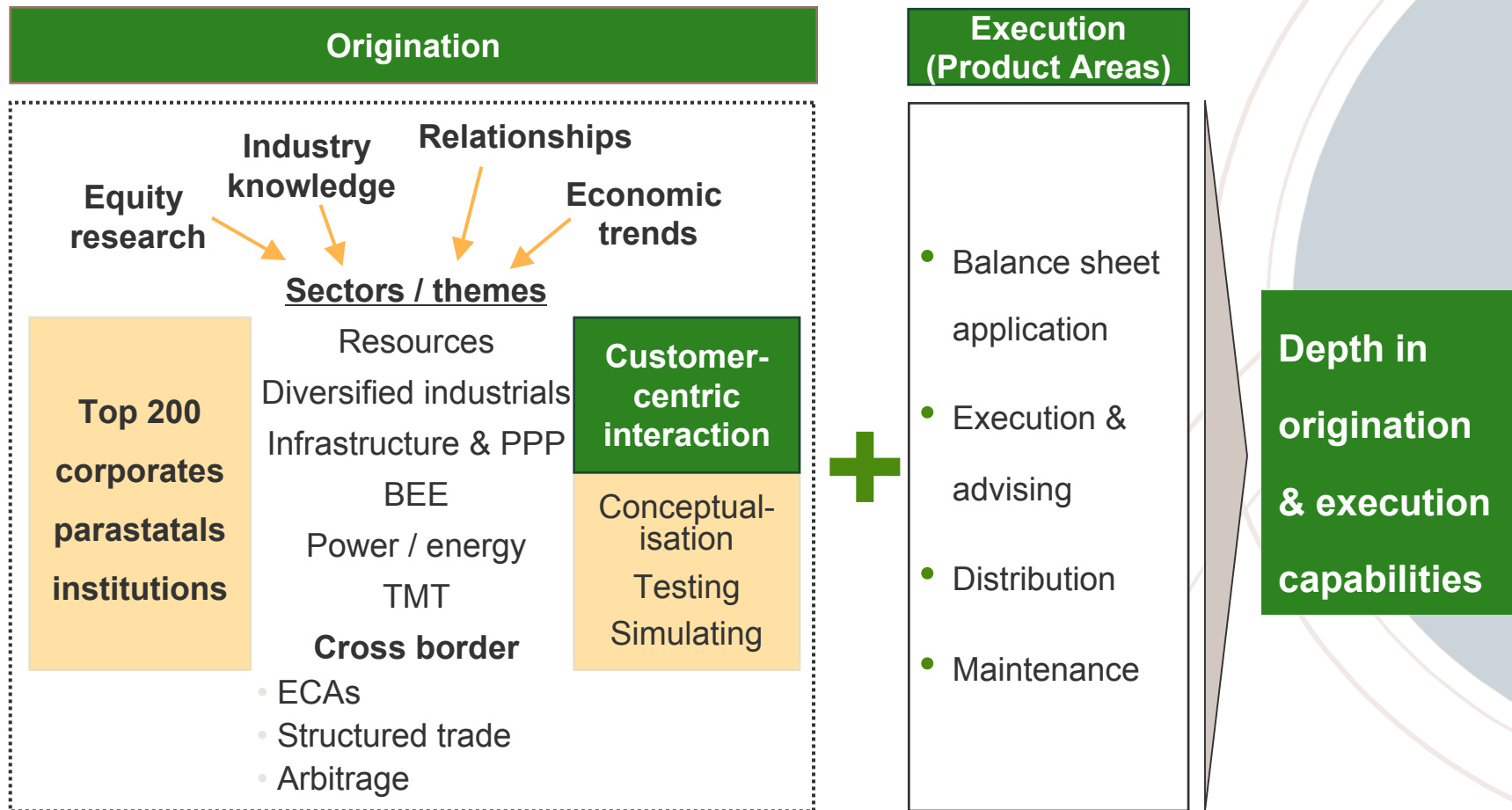


- Strong earnings growth
 - Involved in major deals
 - Improved trading
- NIR up 45% to R1,2bn
- Volatile markets in Q2
- Impairments higher
- Phase 1 - Front Arena Derivative Trading System installed
- Tighter capital management in trading areas ➡ increased ROE
- Good mandates won & executed

Nedbank Capital - integrated investment bank



An integrated investment banking business model → providing comprehensive solutions to clients, leveraging market-leading service & research capabilities



... sector & industry expertise

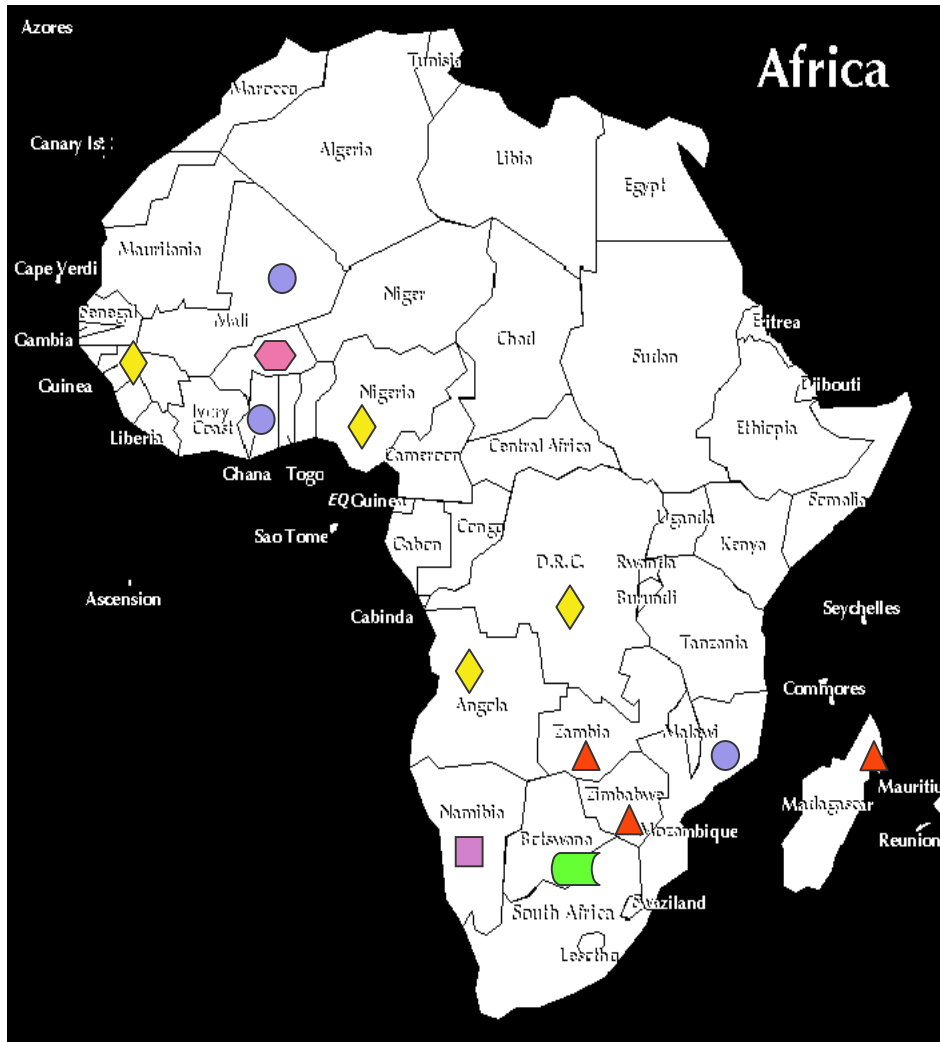
Nedbank Capital – public sector focus



- Infrastructure
 - Specialised Finance
- Energy
 - Specialised Finance
- Treasury
- Debt Capital Markets
- Global Markets
- Advisory

... to increase future deal pipeline

Nedbank Capital – Africa focus



- ◆ Structured Trade & Commodity Finance
- Energy Project Finance
- ▲ Infrastructure Finance
- ◐ Private Equity
- Corporate Finance
- ⬡ Mining & Resources

- Sector expertise
- Outward focus
- Growth potential

... increase deal pipeline from the continent

Nedbank Capital – growth strategies



- London trading initiative
- Improve efficiency
- Equity underwriting & placing
- Leverage BEE deal
- Forex pick-up
- Collaborative model
- Resources investment banking
- Interest rate derivative sales



Nedbank Capital - outlook



- Favourable climate
- Infrastructure spend happening
- Impairments likely to be lower in H2
- Integrated approach working
- Build on base created to date

... momentum continues



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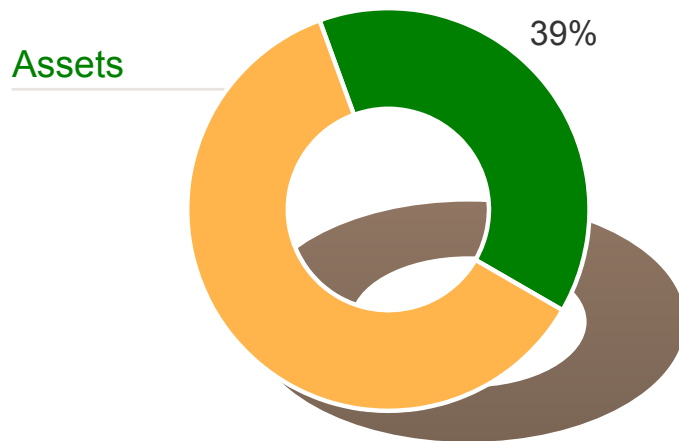
Nedbank Corporate

Graham Dempster

Nedbank Corporate – financial highlights



| Six months ended - Rm | % change | Jun 2006 | Jun 2005 |
|----------------------------|----------|----------|----------|
| Operating income | 22,9 | 3 529 | 2 872 |
| Margin | | 3,25% | 3,23% |
| Efficiency ratio | | 48,7% | 53,9% |
| Impairments / average adv. | | 0,07% | 0,25% |
| Headline earnings | 37,2 | 1 214 | 885 |
| Allocated Basel I capital | 13,6 | 11 145 | 9 814 |
| ROE | | 22,0% | 18,2% |



Nedbank Corporate - overview



- Advances & NIR growth well up
- Property investment earnings up by R56m (post tax)
- Core banking activities - headline earnings growth above 20%
- Business solutions approach
- Brand awareness improving
- Investment in electronic channel (1 000 clients to date)

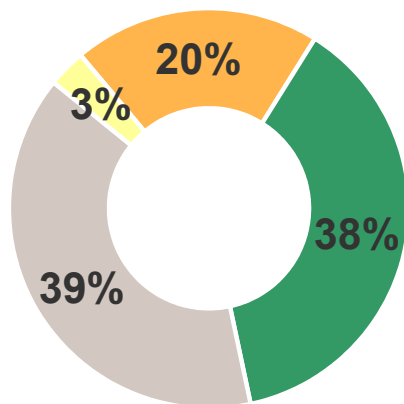
... building culture of delivery

Nedbank Corporate – segmental analysis

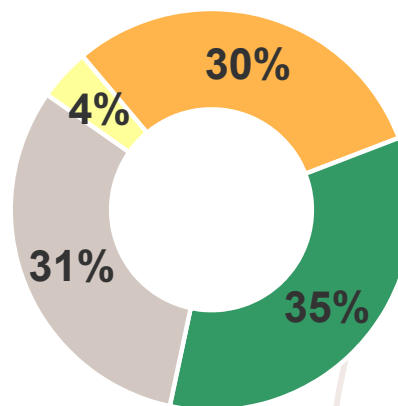


| June 2006 Rm | Business Banking | Corporate Banking | Property Finance | Africa |
|-------------------|---------------------|----------------------|---------------------|--------|
| Average advances | 36 117 | 31 860 | 33 118 | 4 326 |
| Basel I capital | 3 308 | 3 841 | 3 506 | 421 |
| Headline earnings | 454 | 242 | 471 | 36 |
| ROE(%) | 27,7 | 12,7 | 27,1 | 17,4 |
| Employees | 2 056 | 280 | 758 | 1 160 |

Headline earnings



Average advances



- Business Banking
- Corporate Banking
- Property Finance
- Africa



- Performance focus improving service:
 - Decentralised accountability
 - Refined roles & responsibilities
 - Advances growth increasing to 12%
- Impairments at low levels
 - Reflecting quality of the portfolio
- Effective expense control
- Headline earnings up 35,4%
- ROE increased from 22,8% to 27,7%

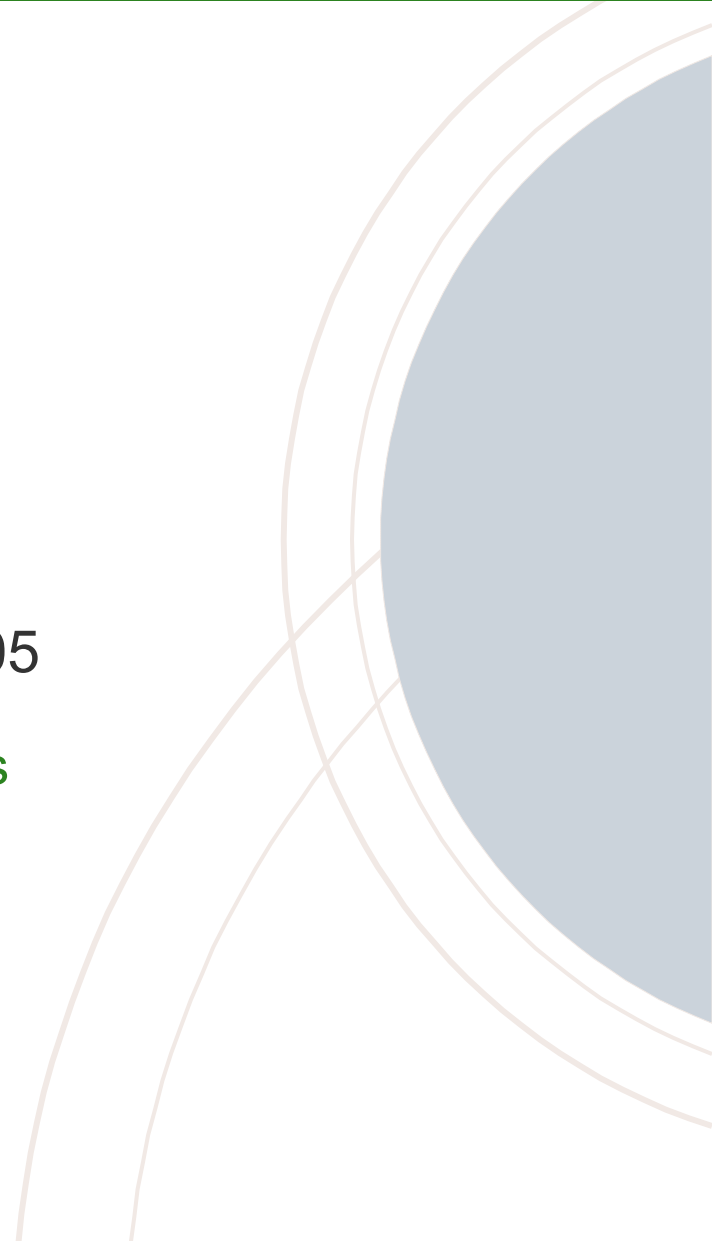




- Progress in gaining transactional banking clients
 - Improving primary banker profile
 - Strong pipeline
- Top line revenue growth of 22,2%
- Good asset growth of 12,8%
 - Expecting continued disintermediation
- Headline earnings growth of 13,8% after investment in:
 - Transactional platforms
 - Increased sales capacity
 - Corporate BEE scheme

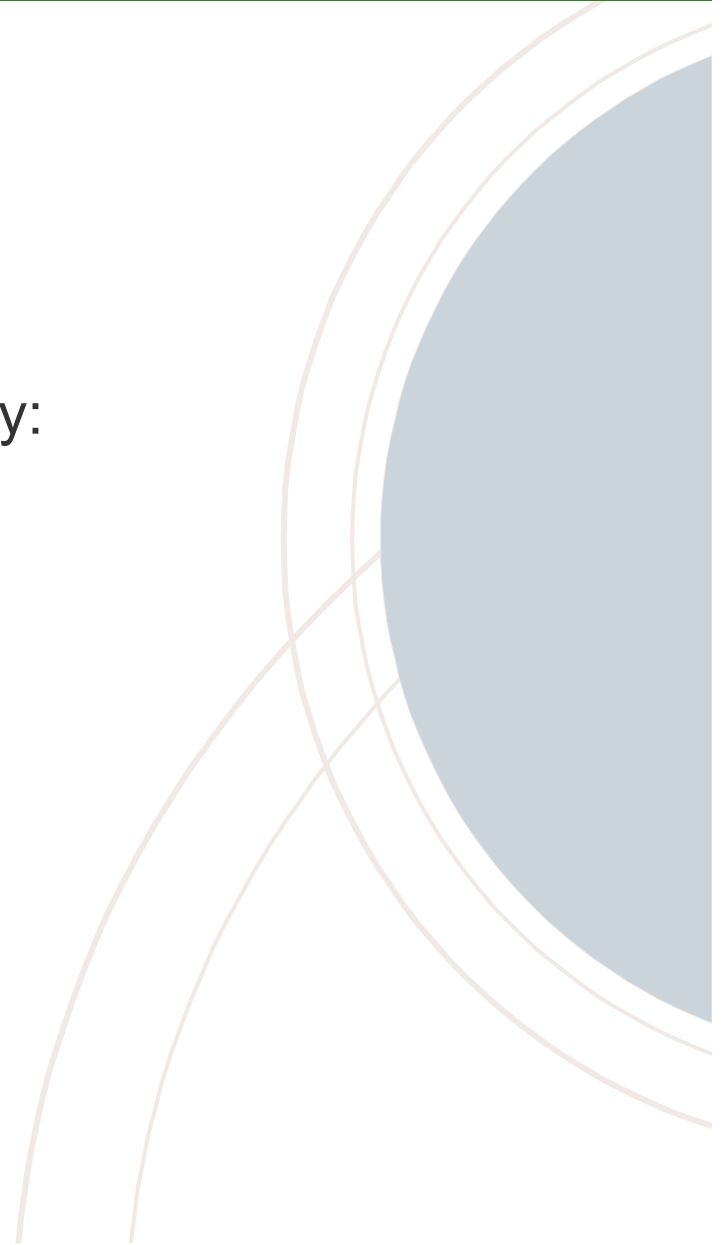


- Competitive top-end
 - Disintermediation
 - Margin squeeze
- Developing mid-market
- Rebuilding investment portfolio
- Impairments at very low levels as in 2005
 - Quality advances book & good recoveries
- Property private equity revaluations
- Headline earnings up 38,1%
- ROE increased from 21,4% to 27,1%





- Improved existing business
 - Building capacity for future growth
 - Market share gains
- Headline earnings up 117,3% - driven by:
 - 39,3% asset growth
 - Expense control



Nedbank Corporate - future focus areas



- Focus on top line revenue growth
 - Increased sales capacity
 - Enhanced capabilities
- Transactional banking
 - Roll-out of improved electronic channel
 - Continued development of products & solutions
- Client retention & cross-sell in addition to pure acquisition
- Risk-adjusted pricing & portfolio management
- Risk management / efficiency
- Maintain ROE above 20%



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Nedbank Retail

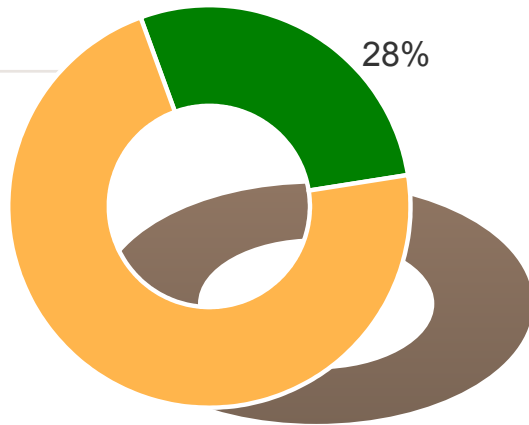
Rob Shuter

Nedbank Retail - financial highlights

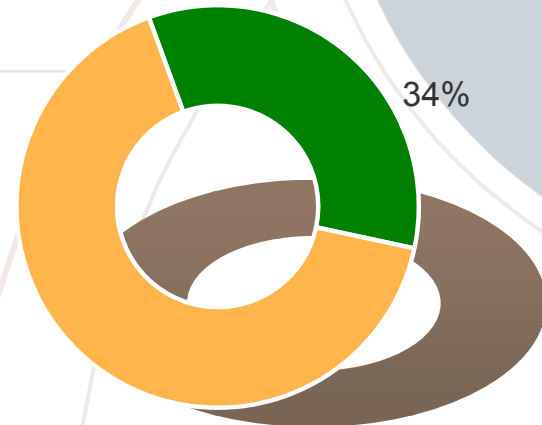


| Six months ended - Rm | % change | Jun 2006 | Jun 2005 |
|----------------------------|----------|----------|----------|
| Operating income | 18,8 | 3 975 | 3 346 |
| Margin | | 5,38% | 5,32% |
| Efficiency ratio | | 65,0% | 71,0% |
| Impairments / average adv. | | 1,12% | 1,13% |
| Headline earnings | 69,7 | 711 | 419 |
| Allocated capital | 22,5 | 5 913 | 4 829 |
| ROE | | 24,2% | 17,5% |

Assets



Headline earnings



Nedbank Retail - operational review



- Good financial results
- Expansion of Nedbank Personal Loans
- Home loan growth close to market levels
- Card performing well
 - Acquiring market share stable
 - Significant co-brand tender won
- Branch sales strategy being refined
- Credit environment tightening

... good operational performance

Nedbank Retail – key projects



- Pricing tackled head-on
 - Committed to offering great value for money
 - From 1 July 2006 best-in-market pricing in mass & middle markets for Nedbank client profile
- Segmentation approach overhauled
 - Primary & secondary segments finalised
 - Targeted offerings in H2
- Investment in distribution to position for growth
 - Upgrading & extending distribution 2006 - 2008
 - 50% increase in ATMs & 400 new outlets (110 branches)

... rebuilding the business

Nedbank Retail - bancassurance



| Rm | % change | Jun 2006 | Jun 2005 |
|-------------------------------------|-------------|--------------|--------------|
| New business premiums | | | |
| NedLife | | | |
| Credit & single life | 46,4 | 153 | 104 |
| NGIB | | | |
| Short-term Insurance | 248,5 | 164 | 66 |
| NedIC | | | |
| Home owners cover | 7,9 | 248 | 230 |
| NFP (Old Mutual SA from 48% to 69%) | | | |
| Life | 8,0 | 564 | 523 |
| Non-Life | 19,0 | 1 638 | 1 371 |
| Total | 20,6 | 2 767 | 2 294 |
| Annual premium equivalents | | | |
| NedLife | 176,6 | 130 | 47 |
| NFP | 13,0 | 270 | 239 |

... pleasing growth & group support

Nedbank Retail – update on Courage strategy

| | | |
|----------|-----------------------------------|--|
| C | Client service | Service measures improved Small Business & Private Bank still a challenge |
| O | Our people | Morale improving – positive Barrett shift |
| U | Unleash bancassurance | Good results & exciting prospects |
| R | Reduce impairments | Vehicle & asset finance increase Personal loans mix change Targeting lower credit loss ratio - 3 years |
| A | Asset growth | Home loans 80% of assets Growth rates improving but below market |
| G | Grow transactional banking | Primary clients stable at H2 2005 levels Growth still a challenge Pricing benefits in H2 2006 |
| E | Expense control | Efficiency ratio improved from 71% to 65% |

Nedbank Retail – investing for the future



● Pricing

- R100 m (annualised) invested in 2006 transactional price cuts
- More competitive fixed deposit & savings account pricing
- Risk based pricing refined – enabled average 20bps reduction in new home loan rates in May 2006

● Sales

- Increase of over 1 000 sales staff - last 18 months
- Expanded direct activities & leads management

● Distribution

- Step change in upgrading & extending distribution 2006 - 2008

... building for the long term

Nedbank Retail – future focus areas



- Building branch sales strategy & capability
- Home loans – targeting Dec 2005 market share
- Card – maintain acquiring market share & 25% asset growth
- Continued expansion of personal loans business
- Building primary clients
- Maintain bancassurance momentum
- Regulatory – particularly Competition Commission, Basel II & NCA
- Continued focus on risk & credit
- Deliver on segmentation & distribution initiatives

... business moving into growth stage



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Summary & prospects

Tom Boardman

Summary & prospects



Financial performance remains on track

Strong capital base with ongoing capital management

Morale continues to improve

Transformation on track

Outwardly focused

Investing for the future – distribution & brand

2007 targets

| | |
|------------------|-----|
| Efficiency ratio | 55% |
| ROE | 20% |

Building for sustainable
growth



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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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Booklet-only slides

Shared services

Booklet only 

| Rm | Jun 2006 | Jun 2005 |
|-----------------------------|-------------|-------------|
| Income (net of impairments) | 26 | 200 |
| Central costs | (136) | (211) |
| Merger costs | - | (48) |
| Direct taxation | 12 | 30 |
| | (98) | (29) |

Central management

Booklet only 

| Rm | Jun 2006 | Jun 2005 |
|------------------------------------|--------------|--------------|
| Excess cost of subordinated debt | (48) | (96) |
| Funding cost of group goodwill | (85) | (88) |
| Preference share dividends | (110) | (116) |
| Peoples Bank empowerment funding | - | (62) |
| Foreign currency translation gains | 3 | 165 |
| Net fair value accounting mismatch | (105) | 46 |
| Deferred tax rate adjustment | - | (80) |
| Other | (43) | (130) |
| | (388) | (361) |

Interest rate sensitivity

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- Interest rate risk managed at net income level rather than just at the margin level
- Natural hedges in other income statement lines taken into account in interest rate risk management
- Advances in risk measures & methodologies implemented during 2006 (including Economic Value of Equity)
- Group ALCO & Executive Risk Committee strategies:
 - Capital invested in short end exposing NII to rate hikes
 - Hedging strategies on deposits revised for surprise hike & upside potential
 - On-balance sheet & off-balance sheet risk management strategies applied
 - Maintaining interest rate risk within board-approved limits & defined risk appetite
- Impact of 1% parallel upward move in rates (assuming full annual impact & no management intervention):
 - approximately R415m margin pickup - 1,59% of capital & reserves
 - approximately 16 bps improvement in margin
- Annualised margin up 33 bps on December 2005

Endowment

Booklet only 

Endowment = ordinary shareholders' funds - non-earning assets less non-paying liabilities (e.g. notes & coins, sundry debtors, property & equip, & sundry creditors)

Daily banking book average balances summarised:

| Rm | Jun 2006 | Dec 2005 | Jun 2005 |
|--|------------------|---------------|---------------|
| Endowment assets | 46 372 | 50 771 | 53 286 |
| Endowment liabilities | 25 164 | 26 750 | 28 213 |
| Net endowment pre capital | 21 208 | 24 021 | 25 073 |
| Ordinary shareholders' funds | 22 851 | 19 592 | 19 401 |
| Net balance sheet endowment | (1 643) | 4 429 | 5 672 |
| Average interest cost (prime - 4%) | 6,6% | 6,6% | 6,8% |
| Interest cost for period (June Annualised) | (B) 108 | (A) (294) | (386) |
| Impact on margin | (A-B) 402 | | |

Sale of non-core assets

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| Rm | Total | 2006 | 2005 | 2004 |
|-----------------------|-------|------|-------|-------|
| Total proceeds | 4 594 | 620 | 1 947 | 2 027 |
| Total book value | 3 237 | 357 | 826 | 2 054 |
| Total profit / (loss) | 1 357 | 263 | 1 121 | (27) |

... now focus on core business

Taxation

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| Rm – six months ended | Jun 2006 | % | Jun 2005 | % |
|---------------------------|----------|-----|----------|-----|
| Total tax | 852 | 27 | 454 | 22 |
| Tax – business operations | 874 | 27 | 518 | 25 |
| Rate change | - | - | 26 | 1 |
| Tax – structured deals | (45) | (1) | (125) | (6) |
| STC | 23 | 1 | 35 | 2 |

... moved towards a more normalised rate, pre-STC

Intangible assets

Booklet only 

| Rm | Jun 2006 | Dec 2005 |
|--|----------|----------|
| Total assets | 384 608 | 352 258 |
| Ordinary shareholders' equity | 23 910 | 22 490 |
| Intangible assets | 5 019 | 5 007 |
| Goodwill | 3 750 | 3 687 |
| Capitalised software | 1 269 | 1 320 |
| Intangible assets / Total assets (%) | 1,30 | 1,42 |
| Intangible assets / Ord s/hs' equity (%) | 20,99 | 22,26 |

BEE deal – forecast economic cost estimate

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| Scheme (Rm) | Apr 2005 financial effects | Revised Dec 2005 | Forecast Jun 2006 | Change |
|-------------------------|----------------------------------|---------------------|----------------------|---------------|
| Black Business Partners | 174,0 | 214,6 | 214,6 | - |
| Non-exec Directors | 16,3 | 34,9 | 20,3 | (14,6) |
| Retail | 188,7 | 211,0 | 234,2 | 23,2 |
| Corporate | 248,0 | 359,3 | 327,8 | (31,5) |
| Black Executives | 69,3 | 111,0 | 116,2 | 5,2 |
| Black Management | 130,4 | 228,2 | 214,1 | (14,1) |
| Broad-based | 106,5 | 127,6 | 127,6 | - |
| | 933,2 | 1 286,6 | 1 254,8 | (31,8) |

BEE deal – forecast assumptions

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| Changes in assumptions | April 2005 financial effects | Revised December 2005 | Forecast June 2006 |
|--|--|---|---|
| Timing of initial grant * | May 05 | Aug 05 | Aug 05 |
| Share price | R74,75 | R87,90 for initial grants R100 at Dec 2005 + 10% p.a. for future allocations | R87,90 for initial grants; R113 at Jun 2006 + 10% p.a. for future allocations |
| Timing of allocations | Greater number allocated earlier (i.e. at lower share price) | Greater number allocated later (i.e. at higher share price) in line with fact pattern | Even greater number allocated later (i.e. at higher share price) in line with latest fact pattern |
| Expected vesting criteria (Management Schemes) | Grant exercised on vesting date i.e. shortest period | Expected life to mirror experience in current employee schemes. Evenly spread between vesting & expiry dates at 50/50 | Expected life to mirror experience in current employee schemes. Evenly spread between vesting & expiry dates at 50/50 |
| Pricing of allocations | Instrument values based on share price of R74,75 | Instrument values based on share price on grant date & not R74,75 | Instrument values based on share price on grant date & not R74,75 |

* Affects share price & other factors i.e. dividend yield & volatility, spreading of allocations, etc.

BEE deal – forecast income statement charge

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Amortised cost per year – based on current estimates
(calculations subject to share price moves)

| Year (Rm) | April 05 Financial effects | Revised Dec 05 | Forecast Jun 06 | Change |
|-----------|----------------------------------|-------------------|--------------------|---------------|
| 2005 | 156,4 | 371,2 | 371,2 | - |
| 2006 | 154,4 | 163,6 | 127,4 | (36,2) |
| 2007 | 167,4 | 203,3 | 190,4 | (12,9) |
| 2008 | 153,2 | 203,8 | 203,5 | (0,3) |
| 2009 | 108,2 | 137,9 | 151,5 | 13,6 |
| 2010 | 82,4 | 112,7 | 108,4 | (4,3) |
| 2011 | 37,2 | 71,9 | 73,2 | 1,3 |
| 2012 | 25,4 | 18,3 | 24,3 | 6,0 |
| 2013 | 19,6 | 2,9 | 4,6 | 1,7 |
| 2014 | 17,4 | 1,0 | 0,3 | (0,7) |
| 2015 | 11,6 | - | - | - |
| | 933,2 | 1 286,6 | 1 254,8 | (31,8) |

BEE deal – forecast economic dilution

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Illustration of potential economic dilution at end of deal

| No. of shares ('m) | Share price growth of: | Share price growth of: | |
|---|------------------------|------------------------|-------------|
| | | 10% | 15% |
| Total shares per initial allocation | | 41,3 | 41,3 |
| Vested for benefit of participants | | (3,9) | (3,9) |
| Broad-based | | (1,4) | (1,4) |
| Community | | (1,6) | (1,6) |
| Evergreen | | (0,9) | (0,9) |
| Subject to vesting conditions | | 37,4 | 37,4 |
| Forecast capitalisation award shares | | 3,2 | 3,2 |
| Total potential shares | | 40,6 | 40,6 |
| Estimated shares to settle notional funding | | (15,2) | (10,9) |
| Estimated vesting | | 25,4 | 29,7 |
| Vested for benefit of participants | | 3,9 | 3,9 |
| Total shares estimated to vest at end of deal | | 29,3 | 33,6 |
| % of initial shares expected to vest | | 71% | 82% |

* Using illustrative examples set out on previous slides

Group capital position

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| Regulatory capital (Rm) | Tier 1 | Tier 2 | Tier 3 | Total | RW assets |
|--|---------------|--------------|------------|---------------|----------------|
| 31 December 2005 | 21 151 | 7 648 | 300 | 29 099 | 225 756 |
| Group capital adequacy (%) | 9,4 | 3,4 | 0,1 | 12,9 | |
| Attributable income (excl FX) | 2 472 | | | 2 472 | |
| Ordinary dividend | (749) | | | (749) | |
| Currency impact | 245 | | | 245 | 2 127 |
| Growth – risk-weighted assets | | | | | 11 043 |
| Capital raising | 230 | 2 000 | | 2 230 | |
| New preference share issue | 300 | | | 300 | |
| Tier 2 movements on qualifying provision | | 100 | | 100 | |
| Tier 3 non-qualification | | | (119) | (119) | |
| Capital reduction – buyback | (616) | | | (616) | |
| IFRS reserve movements | (153) | | | (153) | |
| Acquisitions & sales | (215) | | | (215) | |
| Profits not appropriated | (848) | | | (848) | |
| Other adjustments | (80) | 21 | | (59) | |
| 30 June 2006 | 21 737 | 9 769 | 181 | 31 687 | 238 926 |
| Group capital adequacy (%) | 9,1 | 4,1 | 0,1 | 13,3 | |

Cost of capital

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

| % | Weight WACC | | Weight WACC | | Weight WACC | | Weight WACC | |
|---|-------------|--------|-------------|--------|-------------|--------|-------------|--------|
| | 4/8/06 | 4/8/06 | Jun 06 | Jun 06 | Dec 05 | Dec 05 | Jun 05 | Jun 05 |
| Cost of ordinary shares (after tax) - Capital Asset Pricing Model* | 90 | 13,81 | 90 | 13,78 | 89 | 12,59 | 88 | 13,69 |
| Cost of preference shares - 75% Nedbank prime int rate | 10 | 8,97 | 10 | 8,57 | 11 | 8,17 | 12 | 8,17 |
| | | 13,32 | | 13,26 | | 12,11 | | 13,00 |

| * | Risk free rate – R157 | Beta | Equity risk premium | After-tax cost of ordinary shares |
|---------------------|-----------------------|-------------|---------------------|-----------------------------------|
| 30 June 2005 | 8,25% | 1,00 | 5,44% | 13,69% |
| 31 December 2005 | 7,46% | 1,00 | 5,13% | 12,59% |
| 30 June 2006 | 8,65% | 1,00 | 5,13% | 13,78% |
| 4 August 2006 | 8,68% | 1,00 | 5,13% | 13,81% |

Staff morale

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Measured by three surveys (internal & external)

Barrett survey

Deloitte “Best Company to Work For”

In-house climate survey

Indicating

Continued improvement in morale

Alignment of values

Remains a strategic focus area

Barrett Survey results

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- Current culture remains focused on performance
- Positive shift in client focus related values
- Performance driven & teamwork emerged as new values
- Reduction in limiting values in Top 10
 - Bureaucracy only one left
 - Process driven & silo mentality moved out
- Reduction in entropy from 25% in 2005 to 19% in 2006 mainly attributable to lower level of votes for:
 - Level 3: Silo mentality, hierarchy, confusion, long hours, denial
 - Level 2: Blame, empire building,
 - Level 1: Caution, short-term focus, control, exploitation

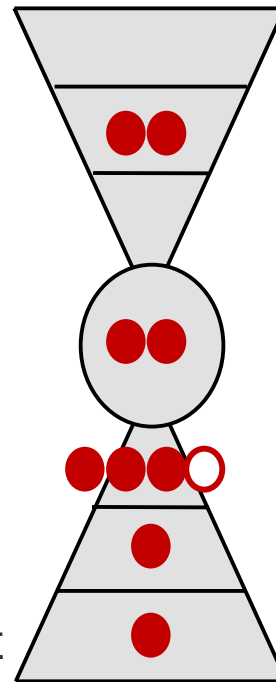
Barrett Survey results (continued)

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Survey results – top 10 values as perceived by staff

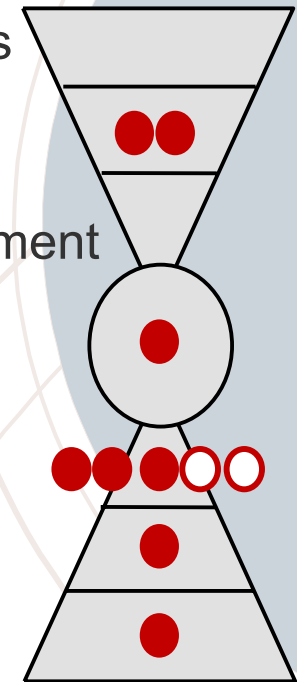
2006

1. cost-consciousness
2. **accountability**
3. ***client-driven***
4. ***client satisfaction***
5. results orientation
6. performance driven
7. profit
8. bureaucracy
9. ***teamwork***
10. community involvement



2005

1. cost-consciousness
2. profit
3. **accountability**
4. community involvement
5. ***client-driven***
6. process-driven
7. bureaucracy
8. results orientation
9. ***client satisfaction***
10. silo mentality



... goal to be employer of choice

Employee profile - management

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| % | Jun 2006 | Dec 2005 | Dec 2004 |
|-------------------|----------|----------|----------|
| Black management | | | |
| Exco | 27,3 | 18,2 | 25,0 |
| Senior management | 16,3 | 15,0 | 10,9 |
| Mid-management | 28,4 | 27,0 | 19,5 |
| Management | 39,2 | 38,1 | 33,4 |
| | 31,4 | 30,2 | 24,5 |
| Female management | 46,2 | 44,8 | 42,6 |

Transformation beyond FSC targets

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| | |
|---------------------------------|---|
| Human resources | <ul style="list-style-type: none">● Employment equity improvements - all categories● Focus on skills development |
| Procurement | <ul style="list-style-type: none">● ± 40% qualified spend BEE companies (35% Dec'05) |
| Access to fin. services | <ul style="list-style-type: none">● Further expansion of access infrastructure in 2006● Jun'06 Mzansi up to 320 000 from 234 000 (Dec'05) |
| Empowerment financing | <ul style="list-style-type: none">● Funding of BEE client transactions remains strong● Good progress affordable housing & black SME finance |
| Management & control | <ul style="list-style-type: none">● Black Business Partners now active in business● Exco team has 3 black people (two women)● 7 black directors (one woman) |
| CSI | <ul style="list-style-type: none">● Continued leadership position |
| FSC Report | <ul style="list-style-type: none">● FSC Report for 2005 submitted |

Sustainability progress

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- **JSE SRI index** – 1st in category 2005/6
- **‘Mail & Guardian Greening the Future Awards’** – highly commended in category – ‘companies & organisations with innovative environmental strategies that improve business performance’
- Finalist - **Financial Times Sustainable Banking Awards 2006** - Emerging Markets category
- Re-adoption of **Equator Principles** July 2006 – only bank in Africa to have adopted these principles guiding determination, assessment & management of social & environmental risk in project finance
- Ongoing development of **conservation partnership with WWF-SA**

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