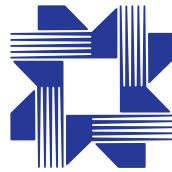


annual report 2001



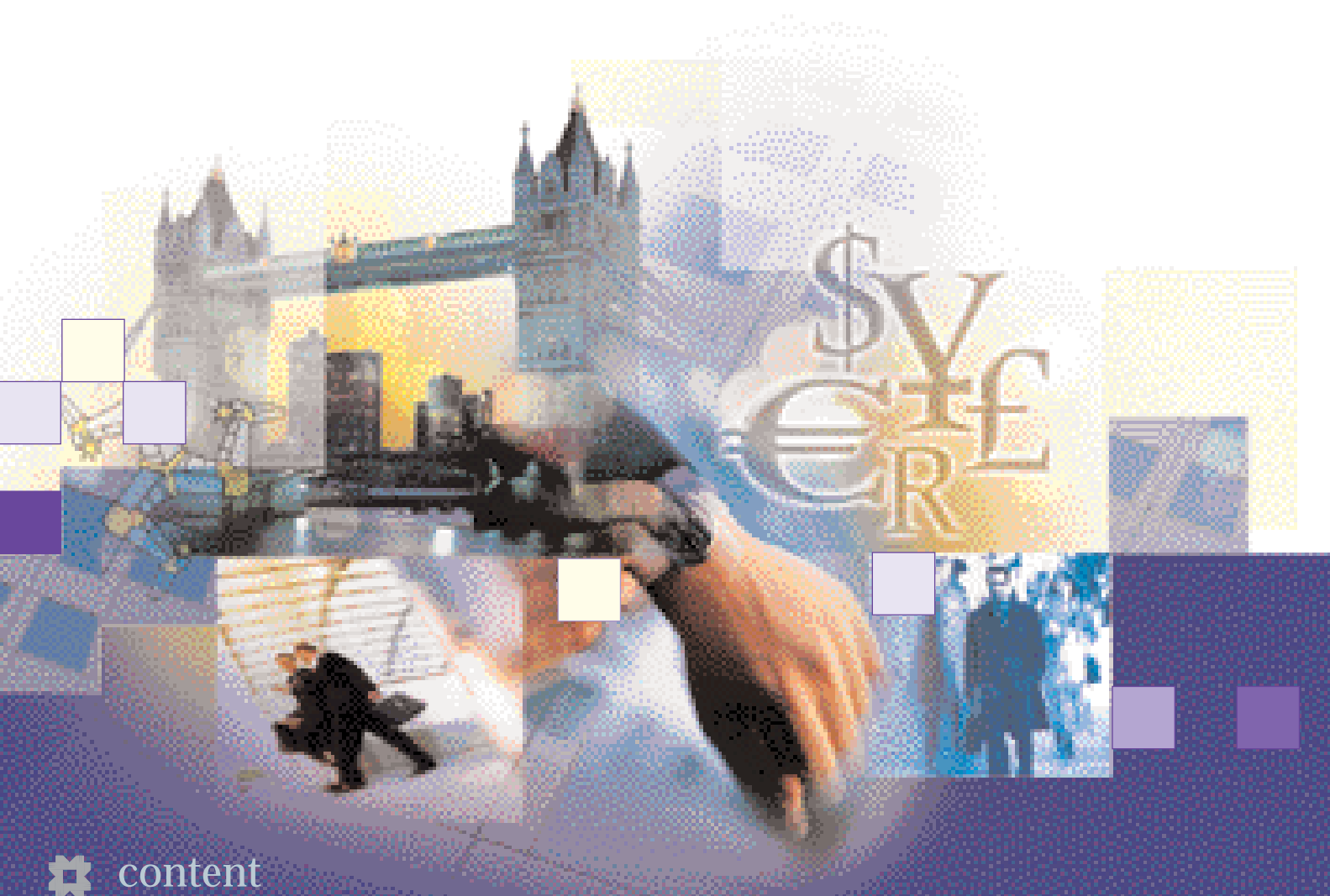
# NEDCOR INVESTMENT BANK

hard **thinking**, flawless **execution**, tangible **results**



## VISION

To add value for our clients by becoming SOUTHERN AFRICA'S LEADING INVESTMENT BANK in our chosen core activities, with complementary cross-border capabilities and strategic shareholding relationships.



## content

HARD THINKING, FLAWLESS EXECUTION, TANGIBLE RESULTS

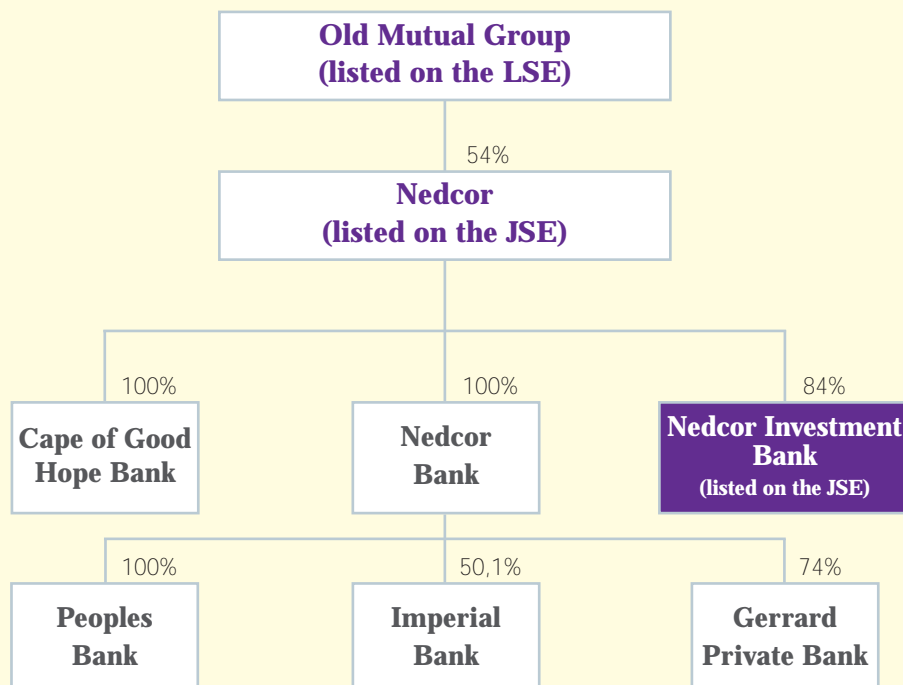
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# NEDCOR INVESTMENT BANK

## NEDCOR GROUP STRUCTURE

Nedcor Investment Bank Group ('NIB') is a subsidiary of Nedcor Limited, which is controlled by Old Mutual. Nedcor is currently the second-largest banking group in South Africa in terms of market capitalisation.





# NIB group history and approach

HARD THINKING, FLAWLESS EXECUTION, TANGIBLE RESULTS



## Nedcor Investment Bank Group (NIB)

|                            |                                       |                         |                                  |                  |                            |                               |                                |
|----------------------------|---------------------------------------|-------------------------|----------------------------------|------------------|----------------------------|-------------------------------|--------------------------------|
| Linked products            | Fiduciary services                    | Premises and facilities | Brokers' services and NIB Direct | Capital account  | Corporate finance          | Treasury                      | Structured and project finance |
| Private equity investments | Property investments (including PIPs) | Property finance        | Property management              | Asset management | Back-office administration | Stockbroking (NIB Securities) | Private banking                |

- Linked product business closed during March 1999
- Transfer of fiduciary business to Syfrets Trust Limited (STL) and sale of 50% to Nedcor Bank during October 1999
  - Sale of under R2 million property loan book to Nedcor Bank in May 1999
  - Private banking business sold to Nedcor Bank in October 1999
- Sale of 60% of NIB Securities to outside shareholders in September 1999 – (NIB Securities)

|                            |                                       |                  |                     |                  |                                |
|----------------------------|---------------------------------------|------------------|---------------------|------------------|--------------------------------|
| Premises and facilities    | Broker services and NIB Direct        | Capital account  | Corporate finance   | Treasury         | Structured and project finance |
| Private equity investments | Property investments (including PIPs) | Property finance | Property management | Asset management | Back-office administration     |

- Premises and facilities management functions outsourced to Facilities Management Africa in August 2000
  - Closure of broker services and NIB Direct during 2000
  - Outsource back-office administration to Finsource
- Sale of 50% of asset management to Franklin Templeton Group during July 2000 – (FTNIBAM)

|                            |   |                     |                                |
|----------------------------|---|---------------------|--------------------------------|
| Capital account            | Corporate finance   | Treasury            | Structured and project finance |
| Private equity investments | Property (including property finance, investments and PIPs) | Property management |                                |

- Sale of property management business to Coronation and formation of strategic alliance – Corovest
  - Formation of strategic alliances (FTNIBAM, NIB Securities, STL)
- Purchase of corporate and commercial business of Edward Nathan & Friedland during December 1999 (ENF)

|                            |   |  |                                |
|----------------------------|---|--|--------------------------------|
| Capital account            | Advisory services (incorporating ENF)                       | Treasury   | Structured and project finance |
| Private equity investments | Property (including property finance, investments and PIPs) | Strategic alliances (FTNIBAM, NIB Securities, STL, Corovest) |                                |

- Purchase of investment in Kagiso Trust Investment Company in July 2000
  - Formation of life assurance company during December 2000
- Restructure and recapitalisation of offshore operations during 1999, 2000 and 2001
  - Multimanager asset management developed as a core competency

|   |                   |              |  |
|---|-------------------|--------------|--|
| Capital account (incorporating recapitalised foreign structure) | Advisory services | Treasury     | Structured and project finance                               |
| Private equity investments                                      | Property          | Multimanager | Strategic alliances (FTNIBAM, NIB Securities, STL, Corovest) |

- Quantitative asset management incorporated into treasury activities
- Split of structured finance activities into project, international, private and public sector finance

|   |                              |  |  |
|---|------------------------------|--|--|
| Capital account (incorporating recapitalised foreign structure) | Advisory services            | Treasury (including quantitative and cash outperformance asset management) | Private, public sector, project and international structured finance |
| Private equity investments                                      | Property (including banking) | Multimanager   | Strategic alliances (FTNIBAM, NIB Securities, STL, Corovest)         |

Restructuring

Growth



## GROUP HISTORY

Nedbank Investment Bank, UAL Merchant Bank and the Syfrets Group merged on 1 October 1997 to form the Nedcor Investment Bank Group (NIB). Nedcor Investment Bank Holdings Limited (NIBH) was listed on the JSE Securities Exchange South Africa and the Namibian Stock Exchange in August 1999.

## GROUP APPROACH

In the interest of shareholders the group is committed to ensuring:

- strong growth in earnings through
  - continued diversification into new business lines;
  - continued geographical diversification into global niche operations;
  - continued cost containment;
  - sound risk management;
  - leveraging of group brands (including Old Mutual) and transactional flows; and
  - efficient use of appropriate technology.
- stability of earnings growth from a highly balanced and diversified franchise.
- stability of shareholder returns, particularly ROE, long-term growth in EPS and reported profit.
- active capital management.
- a single point of entry into the wholesale market with a definitive value franchise.
- sustainable alignment of interest of shareholders and employees.

## GROUP OPERATING PRINCIPLES

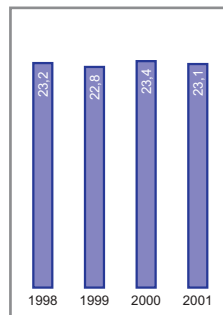
- Pursuing profitable growth, inter alia from organic sources, derived from divisional initiatives and leveraging off the NIB entrepreneurial culture.
- Targeting international expansion in markets where there is a genuine opportunity to add value.
- Creating a balance and diversity of contributions across businesses and markets – all backed by a strong risk management culture.
- Leveraging technical strengths to penetrate niche markets singularly or with alliances and, in general, avoiding lines of business that have traditionally been contested by global banks.
- Focusing on areas where there are reasonably high barriers to entry and/or franchises that are difficult to replicate rapidly.
- Retaining a wholesale banking culture.
- Cultivating an entrepreneurial culture through:
  - intensive recruitment screening;
  - a flat management structure;
  - maximum accountability; and
  - a performance-based remuneration structure.
- Access to Old Mutual and Nedcor group domestic and international distribution.



# financial highlights

HARD THINKING, FLAWLESS EXECUTION, TANGIBLE RESULTS

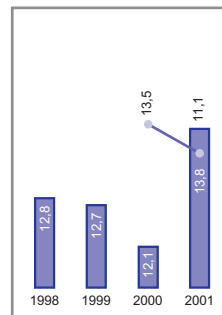
Return on equity (ROE)



■ Return on equity (%)

NIB focuses on increasing the return on tangible net asset value (ROE) through the efficient deployment of its shareholders' funds and generating an ROE in excess of its cost of capital. The target is between 20% and 25% on a sustainable basis. NIB generated an ROE of 23,1% for the year ended 31 December 2001.

Capital adequacy

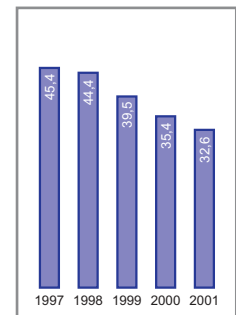


■ Bank only (%)  
◆ Group consolidated (%)

NIB's goal is to maintain a sufficient level of capital to satisfy regulatory requirements, support organic growth as well as take advantage of other opportunities that may arise in the financial services industry. NIB aims to achieve and maintain a group capital adequacy ratio of at least 12,5% over the medium term.

The requirement for a group consolidated capital adequacy calculation arose from year 2000 onwards.

Expense-to-income ratio

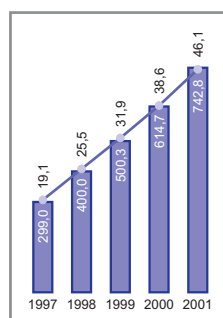


■ Expense to income ratio (%)

NIB has set itself targets over the medium to long term of between 35% and 40%.

Recent actual ratios have outperformed this.

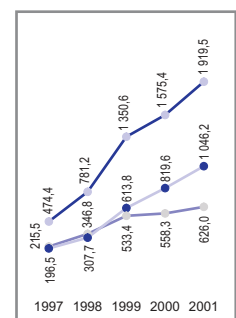
Headline earnings



■ Headline earnings (Rm)  
◆ Headline earnings per share (cents)

The compound headline earnings growth rate achieved by NIB since the formation of the merged group in October 1997 equates to 25,5%.

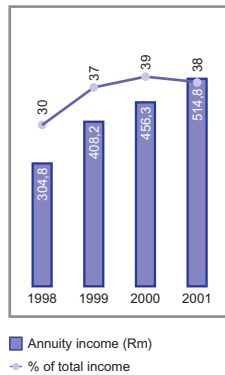
Headline earnings per employee



◆ Operating income per employee (R000)  
◆ Costs per employee (R000)  
● Headline earnings per employee (R000)

Staff numbers have reduced from 1 522 in 1997 to 710 as at 31 December 2001.

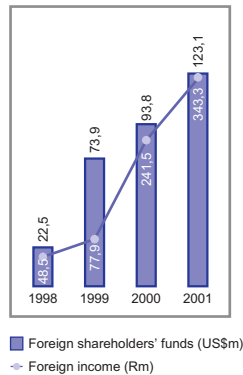
Annuity income



The extreme volatility experienced in international markets highlights the importance of NIB's diverse portfolio of integrated businesses and profit streams. The group aims to increase its focus on its annuity income base, thereby improving its ability to perform in volatile financial markets.

NIB aims to increase its annuity income percentage to 50% of total income over the medium term.

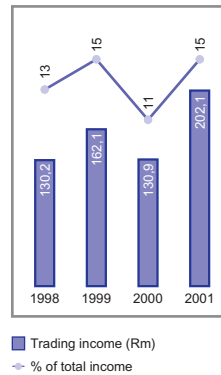
Foreign income



**Foreign income**  
NIB aims to generate at least 50% of its total headline earnings from its foreign operations on a sustainable basis.

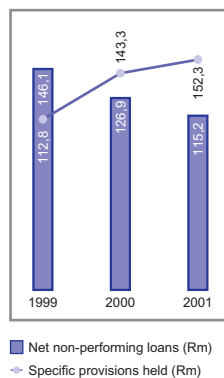
**Foreign shareholders' funds**  
NIB aims to have at least 50% of its rand-denominated total shareholders' funds invested directly into its foreign-owned operations by the end of 2003.

Trading income



To shield itself against the volatile nature of earnings from trading activities, NIB aims to limit trading income to between 10% and 15% of total income in the medium term.

Non-performing loans



NIB's target is to achieve a minimum provisioning coverage of 100% of gross non-performing loans net of security held.



# five-year review

HARD THINKING, FLAWLESS EXECUTION, TANGIBLE RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2001

|  | 1997   | 1998   | 1999   | 2000   | 2001   |
|--|--------|--------|--------|--------|--------|
| Ordinary share capital (Rm)                                      | –      | –      | 16     | 16     | 16     |
| Shareholders' funds (Rm)   | 1 275  | 2 012  | 2 524  | 3 192  | 3 311  |
| Deposit, current and other accounts (Rm)                         | 13 598 | 18 507 | 18 924 | 21 974 | 26 929 |
| Total assets (Rm)  | 14 062 | 20 593 | 21 469 | 25 176 | 30 242 |
| Cash, short-term funds and securities (Rm)                       | 2 304  | 4 150  | 1 560  | 3 463  | 6 350  |
| Advances and other accounts (Rm)                                 | 11 810 | 14 370 | 15 826 | 18 093 | 18 624 |
| Specific provisions for bad and doubtful advances (Rm)           | 190    | 178    | 172    | 156    | 159    |
| General provision (Rm)   | –      | –      | 57     | 97     | 115    |
| Specific and general risk provisions (Rm)                        | 180    | 178    | 228    | 253    | 274    |
| <b>KEY INCOME STATEMENT ITEMS</b>                                |        |        |        |        |        |
| Operating income (Rm)  | 722    | 1 016  | 1 101  | 1 182  | 1 363  |
| Charge for specific and general provisions (Rm)                  | 31     | 28     | 62     | 35     | 40     |
| Net income before taxation (Rm)                                  | 363    | 537    | 583    | 758    | 887    |
| Headline earnings (Rm)   | 299    | 400    | 500    | 615    | 743    |
| <b>SHARE STATISTICS</b>  |        |        |        |        |        |
| Year-end number of fully paid shares in issue (millions)         |        | –      | 1 571  | 1 608  | 1 612  |
| Weighted average number of fully paid shares in issue (millions) | 1 567  | 1 567  | 1 567  | 1 591  | 1 610  |
| Headline earnings per share (cents)                              | 19     | 26     | 32     | 39     | 46     |
| Dividends per share (cents)                                      | 0,0    | 0,0    | 5,3    | 12,9   | 15,4   |
| Dividend cover (times)   | 0,0    | 0,0    | 6,0    | 3,0    | 3,0    |
| Net asset value per share at book value (cents)                  | 81     | 116    | 123    | 161    | 193    |
| Share price (cents)  |        |        | 385    | 270    | 300    |
| Price-earnings ratio (historical)                                |        |        | 12,1   | 7,0    | 6,5    |
| Market capitalisation (Rm)                                       |        |        | 6 047  | 4 343  | 4 835  |



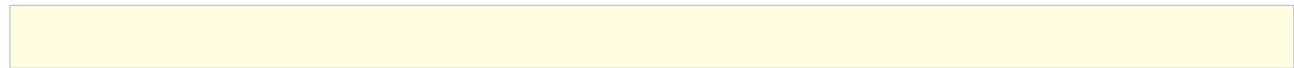
FOR THE YEAR ENDED 31 DECEMBER 2001

|   | 1997  | 1998  | 1999 | 2000 | 2001  |
|---|-------|-------|------|------|-------|
| <b>SELECTED RETURNS AND RATIOS</b>                              |       |       |      |      |       |
| Return on average equity (%)                                    |       | 23,2  | 22,8 | 23,4 | 23,1  |
| Return on average total assets (%)                              |       | 2,3   | 2,4  | 2,6  | 2,7   |
| Non-interest revenue to total income (%)                        | 63    | 76    | 70   | 72   | 76    |
| Expense to total income (%)                                     | 45,0  | 44,4  | 39,5 | 35,4 | 32,6  |
| <b>CAPITAL ADEQUACY (BANK ONLY)</b>                             |       |       |      |      |       |
| Primary capital to risk-weighted assets – banking (%)           |       | 12,0  | 12,1 | 11,4 | 13,2  |
| Total capital to risk-weighted assets – banking (%)             |       | 12,8  | 12,7 | 12,1 | 13,8  |
| Total capital to risk-weighted assets – banking and trading (%) |       | 12,8  | 12,7 | 12,1 | 13,8  |
| Employees (number)  | 1 522 | 1 300 | 815  | 750  | 710   |
| R/US\$ exchange rate (R)  | 4,68  | 5,88  | 6,15 | 7,55 | 12,05 |
| Net contribution per employee (R000)                            | 196   | 308   | 614  | 820  | 1 046 |



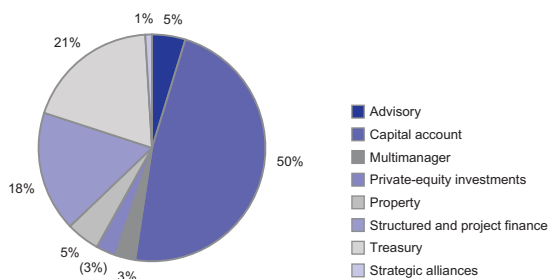
# segmental analysis of headline earnings

HARD THINKING, FLAWLESS EXECUTION, TANGIBLE RESULTS

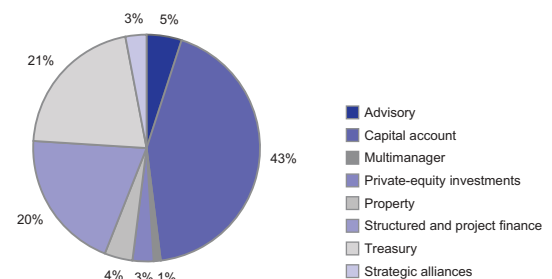


| Rm                                       | Advisory | Capital account | Multi-manager | Private-equity investments |
|--|----------|-----------------|---------------|----------------------------|
| <b>INCOME STATEMENT BY MAJOR SEGMENT</b> |          |                 |               |                            |
| <b>Year ended 31 December 2001</b>       |          |                 |               |                            |
| Net interest income                      | (2)      | 98              | –             | (34)                       |
| Non-interest revenue                     | 145      | 393             | 68            | 24                         |
| Operating income                         | 143      | 491             | 68            | (10)                       |
| Specific and general provisions          | –        | (12)            | –             | 20                         |
| Operating expenditure                    | 90       | 104             | 52            | 8                          |
| Net income before taxation               | 53       | 399             | 16            | (38)                       |
| Taxation                                 | 17       | 30              | (3)           | (14)                       |
| Net income after taxation                | 36       | 369             | 19            | (24)                       |
| <b>Year ended 31 December 2000</b>       |          |                 |               |                            |
| Net interest income                      | (2)      | 129             | (1)           | (37)                       |
| Non-interest revenue                     | 118      | 298             | 50            | 45                         |
| Operating income                         | 116      | 427             | 49            | 8                          |
| Specific and general provisions          | 1        | –               | –             | 5                          |
| Operating expenditure                    | 66       | 130             | 45            | 8                          |
| Net income before taxation               | 49       | 297             | 4             | (5)                        |
| Taxation                                 | 16       | 36              | (1)           | (24)                       |
| Net income after taxation                | 33       | 261             | 5             | 19                         |

Segmental analysis  
2001 earnings split by operating unit



Segmental analysis  
2000 earnings split by operating unit





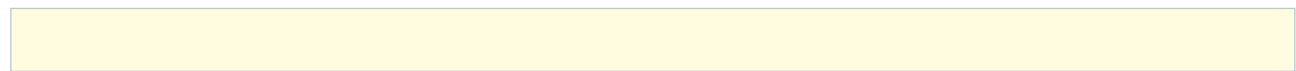
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| Rm                                       | Property | Structured<br>and project<br>finance | Treasury | Total |
|--|----------|--------------------------------------|----------|-------|
| <b>INCOME STATEMENT BY MAJOR SEGMENT</b> |          |                                      |          |       |
| <b>Year ended 31 December 2001</b>       |          |                                      |          |       |
| Net interest income                      | 99       | 83                                   | 79       | 323   |
| Non-interest revenue                     | 48       | 160                                  | 202      | 1 040 |
| Operating income                         | 147      | 243                                  | 281      | 1 363 |
| Specific and general provisions          | 32       | –                                    | –        | 40    |
| Operating expenditure                    | 58       | 47                                   | 86       | 445   |
| Net income before taxation               | 57       | 196                                  | 195      | 878   |
| Taxation                                 | 21       | 53                                   | 40       | 144   |
| Net income after taxation                | 36       | 143                                  | 155      | 734   |
| Strategic alliances                      |          |                                      |          | 9     |
| Headline earnings                        |          |                                      |          | 743   |
| <b>Year ended 31 December 2000</b>       |          |                                      |          |       |
| Net interest income                      | 76       | 67                                   | 99       | 331   |
| Non-interest revenue                     | 40       | 162                                  | 137      | 850   |
| Operating income                         | 116      | 229                                  | 236      | 1 181 |
| Specific and general provisions          | 28       | 1                                    | –        | 35    |
| Operating expenditure                    | 58       | 41                                   | 71       | 419   |
| Net income before taxation               | 30       | 187                                  | 165      | 727   |
| Taxation                                 | 7        | 62                                   | 33       | 129   |
| Net income after taxation                | 23       | 125                                  | 132      | 598   |
| Strategic alliances                      |          |                                      |          | 17    |
| Headline earnings                        |          |                                      |          | 615   |



# segmental analysis of balance sheet

HARD THINKING, FLAWLESS EXECUTION, TANGIBLE RESULTS



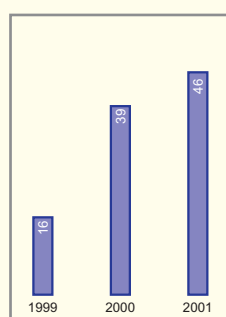
| Rm                                       | Advisory  | Capital account | Multi-manager | Private-equity investments |
|--|-----------|-----------------|---------------|----------------------------|
| <b>BALANCE SHEET BY MAJOR SEGMENT</b>    |           |                 |               |                            |
| <b>Year ended 31 December 2001</b>       |           |                 |               |                            |
| Cash and short-term funds                | -         | 81              | -             | -                          |
| Other short-term securities              | -         | -               | -             | -                          |
| Government and public sector securities  | -         | -               | 59            | -                          |
| Advances and other accounts              | 74        | 4 053           | 122           | 210                        |
| Associated companies                     | -         | 58              | -             | -                          |
| Other investments                        | -         | 787             | 289           | 227                        |
| Property and equipment                   | 3         | 14              | 3             | -                          |
| <b>Total assets</b>                      | <b>77</b> | <b>4 993</b>    | <b>473</b>    | <b>437</b>                 |
| Shareholders' funds                      | 32        | 3 009           | (7)           | (25)                       |
| Long-term debt                           | -         | 2               | -             | -                          |
| Deposit, current and other accounts      | 45        | 1 982           | 480           | 462                        |
| <b>Capital, reserves and liabilities</b> | <b>77</b> | <b>4 993</b>    | <b>473</b>    | <b>437</b>                 |
| <b>Year ended 31 December 2000</b>       |           |                 |               |                            |
| Cash and short-term funds                | -         | 64              | 23            | -                          |
| Other short-term securities              | -         | -               | -             | -                          |
| Government and public sector securities  | -         | 38              | -             | -                          |
| Advances and other accounts              | 53        | 3 047           | 57            | 207                        |
| Associated companies                     | -         | 57              | -             | -                          |
| Other investments                        | -         | 750             | 2             | 142                        |
| Property and equipment                   | 2         | 51              | 5             | -                          |
| Customers' indebtedness for acceptances  | -         | -               | -             | -                          |
| <b>Total assets</b>                      | <b>55</b> | <b>4 007</b>    | <b>87</b>     | <b>349</b>                 |
| Shareholders' funds                      | 33        | 2 864           | -             | 19                         |
| Long-term debt                           | -         | 1               | -             | -                          |
| Deposit, current and other accounts      | 22        | 1 142           | 87            | 330                        |
| Liabilities under acceptances            | -         | -               | -             | -                          |
| <b>Capital, reserves and liabilities</b> | <b>55</b> | <b>4 007</b>    | <b>87</b>     | <b>349</b>                 |



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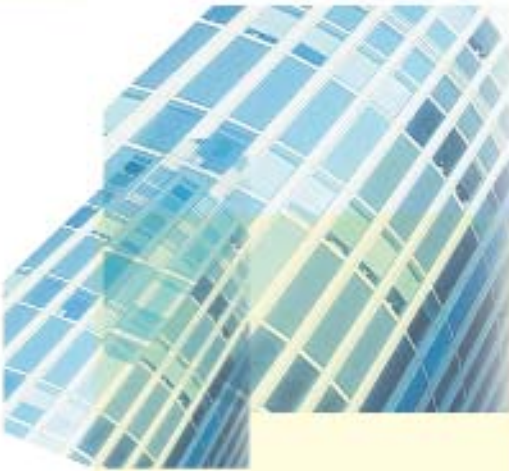
| Rm                                       | Property     | Structured and project finance | Treasury      | Total         |
|--|--------------|--------------------------------|---------------|---------------|
| <b>BALANCE SHEET BY MAJOR SEGMENT</b>    |              |                                |               |               |
| Year ended 31 December 2001              |              |                                |               |               |
| Cash and short-term funds                | -            | -                              | 3 880         | 3 961         |
| Other short-term securities              | -            | -                              | 2 389         | 2 389         |
| Government and public sector securities  | -            | -                              | 3 630         | 3 689         |
| Advances and other accounts              | 6 622        | 4 777                          | 2 766         | 18 624        |
| Associated companies                     | 2            | -                              | -             | 60            |
| Other investments                        | 66           | 112                            | 1             | 1 482         |
| Property and equipment                   | 7            | 1                              | 9             | 37            |
| <b>Total assets</b>                      | <b>6 697</b> | <b>4 890</b>                   | <b>12 675</b> | <b>30 242</b> |
| Shareholders' funds                      | 33           | 130                            | 139           | 3 311         |
| Long-term debt                           | -            | -                              | -             | 2             |
| Deposit, current and other accounts      | 6 664        | 4 760                          | 12 536        | 26 929        |
| <b>Capital, reserves and liabilities</b> | <b>6 697</b> | <b>4 890</b>                   | <b>12 675</b> | <b>30 242</b> |
| Year ended 31 December 2000              |              |                                |               |               |
| Cash and short-term funds                | -            | 6                              | 1 575         | 1 668         |
| Other short-term securities              | -            | -                              | 1 795         | 1 795         |
| Government and public sector securities  | -            | -                              | 2 460         | 2 498         |
| Advances and other accounts              | 5 835        | 4 084                          | 4 809         | 18 092        |
| Associated companies                     | 1            | -                              | -             | 58            |
| Other investments                        | 29           | 52                             | -             | 975           |
| Property and equipment                   | 9            | -                              | 14            | 81            |
| Customers' indebtedness for acceptances  | 9            | -                              | -             | 9             |
| <b>Total assets</b>                      | <b>5 883</b> | <b>4 142</b>                   | <b>10 653</b> | <b>25 176</b> |
| Shareholders' funds                      | 22           | 124                            | 130           | 3 192         |
| Long-term debt                           | -            | -                              | -             | 1             |
| Deposit, current and other accounts      | 5 852        | 4 018                          | 10 523        | 21 974        |
| Liabilities under acceptances            | 9            | -                              | -             | 9             |
| <b>Capital, reserves and liabilities</b> | <b>5 883</b> | <b>4 142</b>                   | <b>10 653</b> | <b>25 176</b> |

International earnings (%)



■ International headline earnings as a percentage of total headline earnings

# hard





# thinking

hard thinking. flawless execution. tangible results

The wealth of our company is determined by the richness of our ideas. Our greatest returns will always be those derived from our **INTELLECTUAL CAPITAL.**



# chairperson's review

HARD THINKING, FLAWLESS EXECUTION, TANGIBLE RESULTS



*Michael Katz, Chairperson*

THE NEDCOR INVESTMENT BANK GROUP ('NIB') HAS ACHIEVED SOUND FINANCIAL RESULTS SINCE THE FORMATION OF THE MERGED GROUP IN 1997, ACHIEVING ANNUAL COMPOUND HEADLINE EARNINGS GROWTH OF 25,5% AND AN AVERAGE ANNUAL RETURN ON EQUITY ('ROE') OF 23%.

Through its ongoing focus on core activities and key strategic objectives, NIB achieved headline earnings of R742,8 million (2000: R614,7 million) and headline earnings per share of 46,1 cents (2000: 38,6 cents) for the year ended 31 December 2001, despite challenging market conditions.

## THE ENVIRONMENT

The past year has been particularly difficult. The economic downturn in the United States has spread and has had a global impact. Declining consumer confidence was aggravated by the events of 11 September, which had far-reaching consequences. All of this resulted in volatility in the international financial markets. Germany and Japan's own economic downturns led to the first global synchronised downturn since the mid-1970s, and global equity and commodity markets came under pressure. These circumstances prompted policy responses in the form of lower interest rates and fiscal stimulation, and international markets staged a recovery towards year-end.

Domestically, the year started with promise as lower interest rates and good export growth boosted economic activity. However, as the year progressed, export demand started to falter as world economic prospects worsened. The weaker rand offset the negative revenue implications for local exporters but failed to boost volumes. The rand's volatility and vulnerability dominated for much of the year, but particularly in the final quarter following the 11 September events, as a variety of factors impacted on sentiment. These included weaker commodity prices, the worsening conditions in Zimbabwe, and emerging-market difficulties in Argentina and elsewhere. During the short period from mid-November to late December the currency fell by over 30% on a trade-weighted basis.

The past year has been particularly difficult. The economic downturn in the United States has spread and has had a **GLOBAL IMPACT**. Declining consumer confidence was aggravated by the events of 11 September, which had far-reaching consequences. All of this resulted in volatility in the international financial markets.

Financial markets were inevitably affected by the currency's depreciation. The focus in the equity market was firmly on rand hedge stocks, with resource shares rising by over 85% in 2001 despite declining dollar commodity prices. Financial shares fared badly, falling by 12,2% as interest rate fears began to surface late in the year. The industrial sector fell by 4%, mainly due to large declines in IT and telecommunications shares. The bond market initially ignored the rand's plight, with long-term yields falling to 20-year lows on reduced government borrowing and hopes of lower inflation and short-term interest rates. However, yields reversed significantly as the rand plummeted in December. Merger and acquisition activity was sharply reduced, which is naturally adverse for the business of investment banking.

## STRATEGY

### Objectives

Since its formation, NIB has consistently pursued a strategy in terms of which it will:

- enhance the quality of its portfolio and underlying assets, and secure a diverse income flow, both divisionally and geographically, on a sustainable basis;
- create a generalised risk framework, which will be applied throughout the organisation and underpin all existing and new operational initiatives and products. This framework provides the organisation with a disciplined approach to the assessment of pricing and risk;
- focus its core businesses on the wholesale and institutional segments of the market;
- enter into joint ventures with partners, both domestically and internationally, who offer complementary skills, distribution and products;
- seek actively to manage businesses requiring intellectual 'value-add'. Systems and administratively intensive businesses are not a core focus; and
- ringfence its shareholders' funds, ie not blend free funding into its operations and only apply these funds either on a relatively risk-free basis or in pursuit of value-added growth opportunities and offshore expansion. NIB aims to achieve a capital adequacy ratio of at least 12,5% inclusive of primary and secondary capital, and sustain an ROE in excess of 20%.

### Initiatives

During the year NIB:

- bedded down the Franklin Templeton NIB Investments ('FTNIBI') merger between the South African operations of Franklin Templeton Inc and NIB Asset Management, and completed the transfer of related support systems to FinSource (Pty) Limited, in which NIB has a 20% stake;



- continued to improve the quality of its property loan book, which has resulted in its properties in possession ('PIPs') reducing from a level of R437 million in 2000 to its current level of R301 million. During 2001 a total of R311 million of PIPs were disposed of. Further developments over the period have been the disposal of the residual transactional (small balance) property book of some R400 million subject to regulatory approvals;
- disposed of its 20% shareholding in Galaxy Portfolio Services Limited, an administratively intensive linked-product service provider;
- transferred a major portion of its private equity portfolio to new funds managed in partnerships with specialist managers;
- investigated various acquisition opportunities and entered into preliminary discussions with a number of potential joint-venture partners;
- bolstered its offshore multimanager operations and extended its treasury presence offshore. These initiatives have, inter alia, resulted in 33% of shareholders' funds being deployed offshore;

This focused strategy has resulted in the realisation of **CONTINUED EFFICIENCIES**, with NIB's cost-to-income ratio having improved from 45,4% in 1997 to 32,6%, and NIB generating a consistently satisfactory ROE over the period, which currently stands at 23,1%.

- continued to integrate, where appropriate, the traditional corporate finance services with Edward Nathan & Friedland ('ENF'); and
- introduced throughout the group a system of 'operational risk' committees reporting to the Audit Committee. NIB's risk management systems have been supplemented by the employment of daily third-party verification of treasury risk positions.

This focused strategy has resulted in the realisation of continued efficiencies, with NIB's cost-to-income ratio having improved from 45,4% in 1997 to 32,6%, and NIB generating a consistently satisfactory ROE over the period, which currently stands at 23,1%.

#### Liquidity of Nedcor Investment Bank Holdings Limited ('NIBH') shares

Information from market analysts over some time has indicated that there is a concern about the lack of a free float, which has resulted in illiquidity in the shares of NIBH. To address this matter, while at the same time taking cognisance of the group's capital adequacy, which has reduced over

the course of the financial year from 13,5% to 11,1%, the board has adopted a programme with the objectives of achieving:

- a capital adequacy ratio, inclusive of primary and secondary capital, at a level of at least 12,5%; and
- the JSE's minimum public free-float requirement.

To achieve these objectives a cash dividend of 15,4 cents per share payable in April 2002 has been declared, which is consistent with the cash dividend policy adopted in the previous financial year. Shareholders will be able to elect to utilise the cash proceeds to subscribe for additional shares in NIBH. Nedcor will elect to exercise this right and has undertaken to place the resulting shares, subject to market conditions permitting, with institutional investors so as to reduce its shareholding in the company from some 84% to 80%.

This is the first phase in the continuing process of addressing the liquidity of NIB shares.

## CORPORATE CONSCIOUSNESS AND SOCIAL RESPONSIBILITY

NIB's social investment is regarded as an integral part of its business and the group remains committed to creating, developing and maintaining an equitable, non-discriminatory culture in an environment that promotes and values openness and human dignity for, and superior performance of, all its people.

During the year NIB introduced a diversity workshop programme for all staff in terms of which the issues of diversity in South Africa, specifically in the workplace, and their attitude towards social, racial and religious differences were explored. The feedback from staff in this regard has been extremely positive.

Our external monetary social-responsibility contributions have been effected through the Nedcor Foundation. Through the Nedcor Foundation NIB is affiliated with government, the non-government sector and other corporate, business and development agencies, and contributes funding towards various black management and business organisations. NIB contributed R8,1 million to the Nedcor Foundation, these contributions being used primarily on educational projects and initiatives conducted under the NIB brand.

NIB is represented on the boards of several empowerment companies and plays an active role in providing strategic direction and counsel.

## CREDIT RATING

During the year NIB received further endorsements from independent rating agencies. CA – Ratings, an affiliate of Standard and Poor, has given NIB its highest possible short-term rating of zaA1 and a long-term rating of zaA, indicating a strong capacity to pay interest and repay capital relative to other South African obligators. Fitch IBCA has also given NIB its highest possible short-term rating of F1 as well as a long-term rating of A+, which also is its maximum long-term rating.



## BOARD MEMBERS

The NIB Board has been extended by the appointment to the board, as non-executive directors, of Mr Rick Cottrell (effective January 2001), Mr Phuthuma Nhleko (effective January 2002) and more recently Mr Nick Dennis, whose appointment to the board becomes effective after 1 March 2002.

Mr George Bulterman reached the mandatory retirement age as a non-executive director in terms of the articles of association and the board thanks him for his service and for his astute contribution over the years since the formation of NIB.

## CORPORATE GOVERNANCE

Effective corporate governance and risk management are given priority by the board and management of NIB, and constitute an integral part of the development of NIB's strategy. Sound governance and risk management are of fundamental importance in the context of banking businesses.

During the year NIB received further endorsements from independent rating agencies. CA – Ratings, an affiliate of Standard and Poor, has given NIB its highest possible short-term rating of zaA1 and a long-term rating of zaA, indicating a **STRONG CAPACITY** to pay interest and repay capital relative to other South African obligators.

During the year Rick Cottrell was appointed as chairman of NIB's Audit Committee, taking over from Mr Peter Joubert. Due to Mr Joubert's current responsibility as chairman of the Nedcor Group Audit Committee, he has decided to vacate the chairmanship of the NIB Audit Committee, but remains a member thereof. The board extends its appreciation to Mr Joubert for his excellent input and leadership of this committee over the years. The board of NIB was expanded to comply with the King Committee recommendations. The management of 'operational risk' referred to under the strategy section above forms a cornerstone of the governance of the business.

## OUTLOOK

### For the economy

With a sensible combination of appropriate fiscal and monetary policies, South Africa has unique opportunities to advance its economy and promote the wellbeing of its peoples by concentrating on at least the following areas:

- tourism – South Africa is becoming an internationally favoured tourist destination and important events such as the Earth Summit, the Conference of the International Bar Association and the World Cricket Cup to be hosted in the near future should be fully exploited;
- the construction and delivery of housing;
- the enhancement of infrastructure; and
- privatisation.

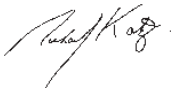
Job creation will significantly benefit from these activities.

### For the company

With the continued difficult economic environment in South Africa and further expected regulatory changes, 2002 will be a challenging year for the banking industry. We continue to pursue our immediate strategic objectives, detailed previously, with specific emphasis on improving the liquidity of the NIB share, developing our offshore operations and making complementary acquisitions. NIB's advisory services are well-positioned to play a meaningful role in the growth areas of the economy as identified above.

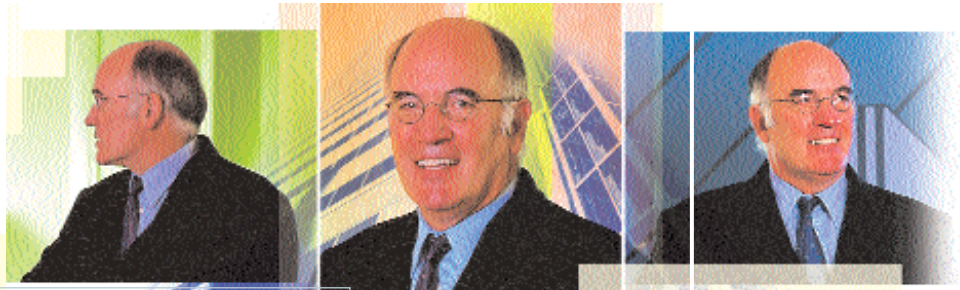
## ACKNOWLEDGEMENTS

My sincere gratitude is extended to my colleagues on the NIB Board for their great contributions over the past year. We are also most grateful to Nedcor for all the assistance and cooperation we continue to receive. NIB's success over the past year can be attributed to the commitment, enthusiasm and professionalism of Izak Botha, Chief Executive, his executive colleagues and all the employees of NIB. We are truly grateful to all of them for their commitment to NIB's activities.



**Prof MM Katz**  
*Chairperson*

Johannesburg  
6 February 2002



*Izak Botha, Chief Executive Officer*

## EARNINGS AND BALANCE SHEET PROFILE

Our earnings and continued growth in 2001 were based on diverse income sources that have been strategically developed and shielded NIB from severe market volatility over the second half of the year.

The return on average equity achieved was 23,1% (2000: 23,4%). Expenses were well-contained and operating margins continued to strengthen, resulting in an expense-to-income ratio of 32,6% (2000: 35,4%). Offshore earnings continued to deliver good returns, increasing to 46,2% of total earnings (2000: 39,3%), while local operations had another year of solid performance.

It is pleasing that NIB, as an investment bank in a volatile market, has grown its assets by R5,0 billion to R30,2 billion and operating income by R176 million to R1 323 million. As expected, there has been underlying volatility in the profile of NIB's income and assets, notably driven by NIB's treasury activities, which generated significant non-interest revenue ('NIR') and altered the profile of its assets. Although advances in NIB's Property and Structured Finance Divisions grew by 15% and 16% respectively, NIB's net advances grew by only R531 million, mainly attributable to reductions in the size of NIB's treasury trading book.

Since its formation, NIB has pursued a diversification strategy that included an international initiative. This required NIB to invest capital offshore, currently US\$123 million, which has enabled NIB to apply for certain regulatory licences to allow it further to develop its offshore operations. The realised currency gain on its foreign capital structure was R172,4 million (2000: R121,4 million). NIB actively hedges the currency risk on its offshore capital and consequently the weaker rand did not directly correlate to gains on NIB's foreign capital structure. NIB's hedging strategy ensures that its earnings are protected against volatile exchange rate fluctuations, as well as any post-financial-year-end strengthening of the rand.

## ADVISORY BUSINESS

NIB's corporate finance and advisory business is focused predominantly on advising large domestic corporates.

Since its formation, NIB has pursued a diversification strategy that included an **INTERNATIONAL INITIATIVE**. This required NIB to invest capital offshore, currently US\$123 million, which has enabled NIB to apply for certain regulatory licences to allow it further to develop its offshore operations.

ENF continued to maintain its market position by actively pursuing a number of niche areas in which the company is able to add value for clients. This involved the restructuring of the relevant business units into dedicated teams.

Progress was made with achieving closer cooperation, where appropriate, between NIB and ENF. Fees of R145 million earned from the combined advisory business reflect a 28% increase on the previous year's level.

In spite of a significant slowdown in corporate activity, the business continued to grow and advised on a number of major transactions.

### CAPITAL ACCOUNT

NIB continues to manage shareholders' funds on a ringfenced basis, with core activities managed on a fully costed, marginal-contribution basis. This strategy has protected NIB from the adverse market contagion that undermined a number of financial services companies during the year. NIB reports income from capital account on a segmental basis, being 'Capital Account – Endowment' and 'Capital Account – Value Added'. The 'endowment' return is the relative risk-free return on shareholders' funds invested in cash and other liquid securities. The 'value-added' return, including the foreign structure gains, is the excess return achieved by capital account in support of NIB's operations, including offshore activities.

Returns on NIB's capital invested in offshore structures have been reflected separately in the detailed segmental analysis. The US\$123 million, including unappropriated reserves, invested in NIB's foreign operations represents approximately 33% of NIB's shareholders' funds being deployed in the ongoing development of NIB's foreign treasury, structured- and project finance, and multimanager activities.

### PRIVATE EQUITY INVESTMENT

NIB has continued to focus its private equity activities by direct investment for own account and by investment in and funding of private equity theme funds that manage third-party money. NIB also invests directly in the respective management companies of these funds. In particular, NIB co-invests with experienced individuals who manage private equity funds and who have incentives to outperform benchmarked performance.

NIB participates in four funds, namely NIB-MDM, a fully invested R100-million small-capitalisation private equity fund; the Transformation Fund, a R240-million empowerment-based



## chief executive's review (continued)

HARD THINKING, FLAWLESS EXECUTION, TANGIBLE RESULTS

fund; the Treacle Fund, which is a R244-million fund focusing on technology media and telecommunications; and Partnership Investments, a fully invested management buyout fund of R80 million.

During the year provisions and writedowns of R30 million were made to the general equity portfolio as investment values were downgraded in line with the small-capitalisation sector of the equity market.

The private equity market remains uncertain and NIB will continue to take a cautious view of the industries in which it invests.

### PROPERTY DIVISION

#### Property Finance

The Property Finance Division continues to exercise strict credit criteria in determining which property investments it will finance. With these criteria in place, the loan portfolio grew by 15% over the year to over R6,2 billion (2000: R5,4 billion). Particular success was achieved during the year in providing funding for several listed property entities within the property unit trust and property loan stock sectors. Interest rates had a stabilising effect on the property market, but surplus office capacity continues to be a concern. Property Finance's loan portfolio profile is such that any negative impact on this market will have a minimal effect on portfolio returns.

A pleasing trend has been the reduction by R921 million over the last two years of high risk exposures, which include non-performing exposures in our property finance activities. This has been achieved through constant management by our centralised Credit Risk Management Department. The level of non-performing loans has reduced from R358 million at the end of 1999 to R93 million by the end of 2001. Non-performing loans, net of provisions and interest reserved, now amount to R39 million, which is 0,62% (2000: 3,29%) of Property Finance's book. This reduction will have a favourable impact on future earnings.

#### Properties in possession

PIPs typically arise from properties acquired by NIB in exercising its right to underlying security on loan defaults. NIB was successful during the year in disposing of a large number of PIPs, thereby reducing the total investment in bought-in properties by a net R42 million to R301 million by year-end.

### OTHER STRATEGIC ALLIANCES MANAGED BY NIB

#### Trusts

Syfrets Trust Limited ('STL'), a 50:50 joint venture with Nedcor Bank Limited, continued to enhance its market positioning and infrastructure through its acquisition of the KwaZulu-Natal fiduciary business of Deloitte & Touche. A number of initiatives are being pursued through Nedbank's retail distribution network to broaden the income sources of the business. STL administers trusts with a value of R4,1 billion.

#### Securities

NIB Securities (Pty) Limited endured pressure on margins and market volumes, with extreme market volatility, which resulted in tough trading conditions and marginal profitability. However, as a result of its low cost structure and established institutional client base, it is well-placed to take advantage of any improvement in market conditions.

## STRUCTURED AND PROJECT FINANCE

The division had a highly successful year, characterised by growth of 16% in its advances book. This forms a sound basis for future annuity earnings. A highlight for Project Finance was the finalisation of the R2,7 billion N4 Bakwena Platinum Tollroad structure, for which NIB acted as joint lead arranger and underwriter.

Structured Finance experienced continued demand for general funding and capital projects, both in South Africa and Namibia, resulting in the finalisation of transactions of some R2 billion in the year. The team, which was further enhanced during the year by additional appointments, is in the process of exploring a number of other new business opportunities.

## TREASURY DIVISION

All Treasury's business units, namely funding, market-making, financial products, derivatives and sales, performed well and within risk limits. Diversification of income proved to be a resilient strategy in difficult market conditions.

Treasury Division's activities during the course of the year included the following:

- The appointment as lead manager for the R2 billion Nedcor Limited secondary capital raising.
- The combining of NIB Quants Asset Management ('NIB Quants') business with Treasury's cash outperformance funds management business to form an alternative asset management business with funds under management in excess of R9 billion.
- The addition of an agricultural commodity trading desk to Treasury's product suite.
- The submission of regulatory applications to allow for the expansion of NIB's London treasury operations to include asset management, deal sourcing and structuring.

## ASSET MANAGEMENT

NIB manages R43,5 billion (2000: R28,4 billion) of third-party funds through different styles of asset management. During the year NIB made pleasing progress in consolidating and focusing these businesses.

### Franklin Templeton NIB Investments

FTNIBI is an active judgemental asset management 50:50 equity-accounted joint venture that manages a wide range of institutional, unit trust and private client portfolios with an aggregate value of some R22 billion. During the year the business completed the merger between Franklin Templeton and NIB's domestic asset management operations and absorbed all related merger costs. After a slow start it is pleasing that the business is generating promising profitability and that its investment performance has improved. FTNIBI's institutional fund management performance and retention and building of skills were issues that required significant management attention during the year. FTNIBI's suite of unit trusts performed particularly well, gaining high rankings in the annual Plexus survey and receiving a Raging Bull award for its flagship Prime Select Fund. In collaboration with FTNIBI's international shareholder, Franklin Templeton Inc, clients have invested assets in excess of R2 billion in the Franklin Templeton range of international SICAV funds, which were recently ranked first of the 20 largest US fund groups in an analysis by Kanon Bloch Carré.

### NIB*i*

The fusion of our local and international multimanager business under a single brand – NIB*i* – was complemented with the launch of various innovative products. NIB*i* is well-positioned as a niche rand hedge multimanager with 80% of its income in US dollars. NIB*i* now has assets under



management in excess of R11 billion (2000: R7,6 billion) and is achieving scale benefits that reflect in profits.

Notwithstanding the difficult asset management environment in 2001, NIB*i* delivered strong organic growth and has built a reputation as an alternative investment specialist in offshore jurisdictions, as well as the Middle East. Locally, NIB*i* was instrumental in launching a new empowerment asset management initiative, Sonotha Investment Managers, together with a number of influential empowerment partners.

### Quantitative asset management and cash outperformance funds management

NIB Quants was combined with NIB Treasury's enhanced cash management business, resulting in total assets under management in excess of R9,0 billion. This combined business, which falls under Treasury Division, is well-positioned to offer new and existing clients enhanced equity, bond and cash management on an indexed, hedged or absolute-return basis.

NIB Quants continued to experience strong growth in its core enhanced index business. Additionally, a number of absolute-return mandates was secured and reflects a growing trend in the industry. New business inflows exceeded R1 billion. Important additions were made to its product range and technology suite during the year to maintain its position in the vanguard of developments in index and absolute-return core fund management.

NIB continues to manage shareholders' funds on a ringfenced basis, with **CORE ACTIVITIES** managed on a fully costed, marginal-contribution basis. This strategy has protected NIB from the adverse market contagion that undermined a number of financial services companies during the year.

### DECLARATION OF DIVIDEND

Notice is hereby given that a final cash dividend of 15,4 cents (2000: 12,9 cents) per ordinary share was declared on 6 February 2002 for the 12 months ended 31 December 2001.

All shareholders entitled to participate in this dividend will, after becoming entitled thereto, have the right to elect to apply the full proceeds of the dividend to subscribe for new shares in the company ('the subscription shares') in the ratio that 15,4 cents per share multiplied by 1,05 bears to the weighted average traded price of the shares on the JSE Securities Exchange South Africa ('JSE') for the 20 trading days ending at the close of business on Tuesday, 19 March 2002, subject to a minimum subscription price of 300 cents per share. A further announcement will be published on or about Wednesday, 20 March 2002, setting out further details. For shareholders exercising the above election the dividend will be paid in cash for their benefit and on their behalf into a dedicated trust account held with Syfrets Trust Limited, and the proceeds of such payment will forthwith be applied in paying for their subscription shares on Monday, 8 April 2002.

Trading in the STRATE environment requires settlement within five business days. In accordance with the settlement procedures of STRATE, NIBH has determined the last day for trading to participate in the final dividend to be Wednesday, 27 March 2002. NIBH's shares will commence trading ex-dividend on Thursday, 28 March 2002.

The subscription shares will not participate in this dividend.

A circular setting out the full details of these arrangements and containing the necessary election forms will be posted to shareholders on or about Wednesday, 13 March 2002. In order to be valid completed election forms will need to be received by NIBH's transfer secretaries not later than 12:00 on Wednesday, 3 April 2002. The record date will be Friday, 5 April 2002. Dividend transfers will be made to and subscription shares will be registered in the names of shareholders on Monday, 8 April 2002.

A further announcement will be published on or about Tuesday, 9 April 2002, giving details of the results of the subscription election.

## PROSPECTS

Despite continued market volatility, subdued merger and acquisition activity, and tight conditions in structured finance, NIB's transaction pipeline for the coming year is encouraging and all our teams expect to expand their market presence both locally and internationally.

With our diverse income base and stability in our staff complement we are optimistic about the opportunities available for NIB in 2002.

## ACKNOWLEDGEMENTS

The board and Nedcor Group have played a large part in contributing to the growth and success of NIB over the years. In particular, I would like to thank my executive management and all the employees of NIB for their unstinting effort and professionalism in contributing to our success.



**Dr IJ Botha**  
*Chief Executive*

Johannesburg  
6 February 2002



divisional activity review  
corporate governance  
quantitative and qualitative disclosures about risk  
capital adequacy

# flawless



# execution

hard thinking. flawless execution. tangible results



Rigorous diligence, **INTOLERANCE OF RISK** and a passionate and endless checking of our quality – this we demand of every one, on every job, every day.





# divisional activity review

HARD THINKING, FLAWLESS EXECUTION, TANGIBLE RESULTS

NIB operates across a number of diverse markets and varied client types, and provides multiple services that have been structured into the following operational focus areas:

## Advisory services

- Corporate finance
- Edward Nathan & Friedland ('ENF')

## Asset management

- Franklin Templeton NIB Investments ('FTNIBI')
- NIBi
- Treasury asset management

## Capital account

## Private equity investments

## Property

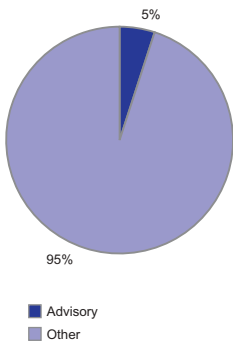
## Strategic alliances

## Structured and project finance

## Treasury

Although NIB's business units are complementary from an operational perspective, a core aspect of NIB's management philosophy is to measure the performance of business units on a standalone, ringfenced basis. The business units are managed on a fully funded, fully costed basis, ie shareholders' funds are not allocated to individual business units, but central overhead costs are agreed and fully allocated to the business units. Therefore, the performance of the business units reflects their true marginal contribution to earnings and their unsubsidised all-in return on assets. NIB's short-term incentive scheme is designed along the same principles to ensure overall return on equity at a premium to the cost of equity, the achievement of long-term sustainable earnings and the achievement of strategic objectives, including core activity diversification. NIB's core activities are listed below with a brief description of each.

Contribution to group

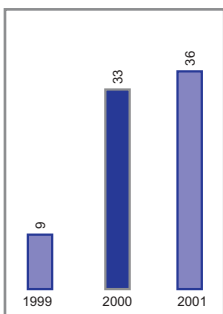


## ADVISORY SERVICES

In October 1999 NIB and ENF concluded an agreement in terms of which the corporate commercial activities of ENF were merged with the business of NIB.

The strategic intent of the acquisition by NIB was to create an integrated business combining the best of legal skills in a commercial context with the best of financial skills to the benefit of clients of the integrated business, and to enable it to be at the forefront of meeting the demands made on investment banks in the future. The combined advisory business achieved fee income of R145 million during the 2001 financial year, representing 28% growth year-on-year.

Advisory services NIAT (Rm)



## Corporate finance

Corporate finance consulting includes the provision of broad-based advice to corporate clients on a wide variety of transactions, including corporate restructuring, listings, management and leveraged buy-outs, mergers, acquisitions, disposals, the raising and underwriting of new capital, as well as valuations.



*Corporate Finance – Rob Shuter, Brandon Doyle, Colin Drew*

The corporate finance business has been significantly grown in the past two years as part of the strategy to build a dominant advisory business in the medium term.

The team focused largely on mid- to large-cap South African clients, with a natural leaning towards Nedcor and ENF corporate clients.

The mergers and acquisitions team undertakes research and development, and generates new transaction ideas.

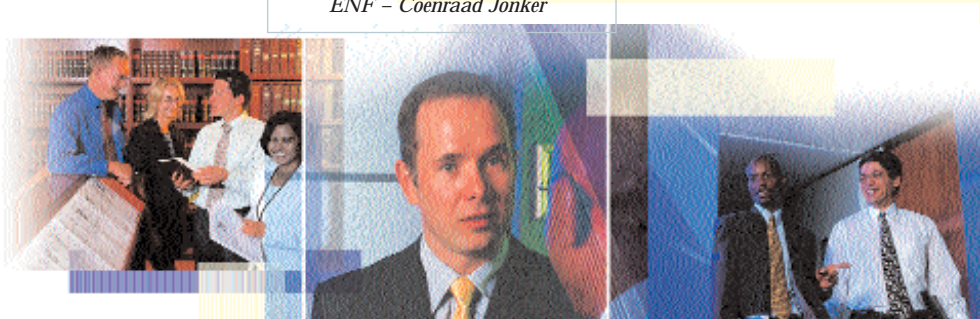
## ENF

ENF operates as a separate independent business under the leadership of senior partner Michael Katz. ENF's clients continue to have access to independent legal advice in the corporate and commercial arenas.

Furthermore, corporate and commercial clients now have access to an enhanced range of skills and services. With the objective of rendering multidisciplinary services, it is the strategic intent of ENF to provide clients requiring integrated skills with both the best legal skills in the commercial context and the best financial skills (including first-tier corporate finance) – both locally and internationally.

The activities of the ENF business acquired by NIB include the following areas: mergers and acquisitions, employee benefits and retirement funds structuring, infrastructure finance, tax, competition law, corporate finance, structured finance, international trade and foreign investment, intellectual property and trademarks, labour law, aviation, environmental regulation, information technology, banking and finance, privatisation, private-public partnerships and concessions, media, telecommunications and regulatory, mining and energy, risk management, sports sponsorships, tourism and entertainment, and healthcare.

*ENF – Coenraad Jonker*

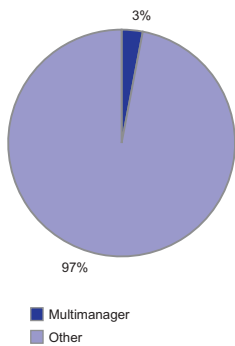




# divisional activity review (continued)

HARD THINKING, FLAWLESS EXECUTION, TANGIBLE RESULTS

Contribution to group



## ASSET MANAGEMENT

NIB manages approximately R43,5 billion of third-party funds through three different styles of asset management. During the year NIB made pleasing progress in consolidating and focusing these businesses.

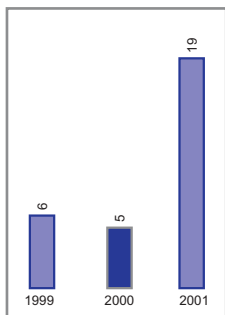
### Franklin Templeton NIB Investments

FTNIBI is an active judgemental asset management 50:50 joint venture that manages a wide range of institutional, unit trusts and private client portfolios with an aggregate value of some R19 billion. FTNIBI's institutional fund management performance and retention and building of skills were issues that required significant management attention. FTNIBI's suite of unit trusts performed particularly well, gaining high rankings in the annual Plexus survey and receiving a Raging Bull award for its flagship Prime Select Fund. In collaboration with FTNIBI's international shareholder, Franklin Templeton Inc, clients have invested assets in excess of R2 billion in the Franklin Templeton range of international SICAV funds, which were recently ranked first of the 20 largest US fund groups in an analysis conducted by Kanon Bloch Carré.

### NIBi

The fusion of our local and international multimanager business under a single brand – NIBi – was completed in 2001 with the launch of various innovative products. NIBi is well-positioned as a niche rand hedge multimanager, with 80% of its income in US dollars.

Multimanager NIAT (Rm)



NIBi has built a reputation as an alternative investment specialist in offshore jurisdictions as well as the Middle East. Locally, NIBi was instrumental in launching a new empowerment asset management initiative, Sonotha Investment Managers, together with a number of influential empowerment partners. NIBi has in excess of R11 billion of assets under management and operates with 58 staffmembers from London, the Isle of Man, Johannesburg and Cape Town.

NIBi – Dave Macready



### Treasury asset management

NIB Quants has been combined with NIB Treasury's enhanced cash management business, creating a business with assets under management in excess of R9 billion. This combined business is well-positioned to offer clients enhanced equity, bond and cash management on an indexed, hedged or absolute-return basis.



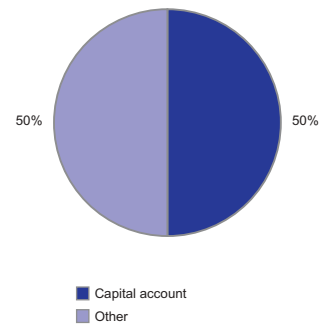
*Capital Account – Martin Slabbert, Heini Kellerman, Neven Hendricks*

### CAPITAL ACCOUNT

NIB's shareholders' funds as at 31 December 2001 were approximately R3,3 billion.

A key element of NIB's operational philosophy is its value-added, highly centralised approach to the management of shareholders' funds. All of NIB's activities are managed on a marginal-contribution basis, involving a fully costed and standalone funding approach. Shareholders' funds are not utilised to fund NIB's operational divisions and consequently provide an independent contribution to earnings. The Capital Account Unit is split into domestic and international operations, and a key strategy is to ensure that an appropriate balance between local and offshore assets is maintained to enhance and preserve NIB's ability to participate meaningfully in transactions outside of South Africa.

Contribution to group



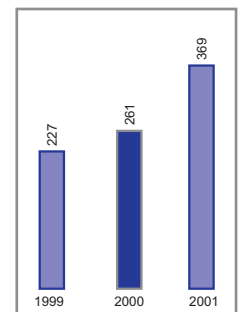
### Domestic operations

The domestic capital portfolio is governed by liquidity and prudence requirements, and is managed in segments, relative to appropriate benchmarks. The portfolio is invested in relatively risk-free, liquid money market and debt instruments, preference shares and strategic equity holdings.

### International operations

The foreign capital portfolio funds NIB's international business units, participates in currency arbitrage activities and invests in guaranteed-capital and -return products, which are not available in South Africa. This portfolio provides NIB with the opportunity to take advantage of the strength of foreign currencies relative to the rand, but is structured to prevent capital destruction in times of exchange rate volatility. NIB's foreign capital supports the rapid expansion of its foreign treasury, structured and project finance, multimanager and private equity activities. NIB's international operations focus on London, the SADC region and CMA countries. For this purpose it has operations in Namibia and London, and on the Isle of Man and Mauritius. Foreign-domiciled staff are employed, who draw on South African skills and resources as appropriate. The London operation consists of treasury and structured-finance capabilities as well as asset management through NIB's multimanager operation.

Capital account NIAT (Rm)





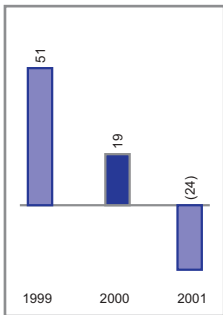
# divisional activity review (continued)

HARD THINKING, FLAWLESS EXECUTION, TANGIBLE RESULTS



Corporate Division – Willy Ross

Private equity investments NIAT (Rm)



## PRIVATE EQUITY

Private equity involves the on-balance-sheet acquisition of significant minority interests in unlisted companies and the formation of and participation in the management companies of specialist funds. Target industries for investment purposes include high-growth sectors such as tourism, information technology, financial services and education. Investment criteria include quality of management, transaction size and return on investments, and the expected limits are applied by sector and type of risk profile.

The business unit was reorganised during the 2000 financial year. The small-cap listed equity portfolio was disposed of and the strategic equity holding transferred to capital account. Three funds were created and NIB's private equity holdings were sold into these funds. Currently R437 million private equity investments, including the investment in funds, remain on balance sheet.

NIB participates in four funds, namely NIB-MDM, a fully invested R100-million small-cap private-equity fund; the Transformation Fund, a R240-million empowerment-based fund; the Treacle Fund, which is a R244-million fund focusing on technology media and telecommunications; and Partnership Investments, a fully invested management buyout fund of R80 million. This strategy improves diversification, reduces exposure to volatility in the equity market and enables NIB to lever its returns on private-equity investments by attracting external investors into the fund. The negative net income after taxation in 2001 was represented by a funding cost exceeding dividend yields and compounded by the absence of net realised trading profits in a muted equity market.

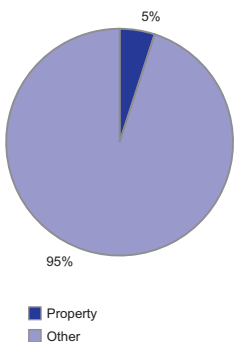
## PROPERTY

Property Division, which comprises the Property Finance and Property Investments units, is the commercial and industrial property arm of NIB, financing properties for investors and developers. A specialised banking unit is currently being introduced.

### Property Finance

This business unit finances commercial and industrial property, mostly in South Africa. The division was repositioned since the merger to reduce the high level of bad debts in the KwaZulu-Natal region and to reduce high levels of management and administration costs. This has been achieved through significant provisioning against bad debts and the disposal of smaller loan portfolios, which resulted in an improved risk and efficiency profile in the residual loan book.

Contribution to group



Property – Frank Berkeley



Other changes made to Property Finance have included the recruitment of experienced graduate professionals and the implementation of a centralised credit approval system. Emphasis has been shifted from generic commercial property finance to areas where risk can be reduced by relying not only on quality properties as security, but also on long-term corporate leases. Considerable market penetration has also been achieved in financing the listed-property sector, which comprises property unit trusts and property loan stock companies. This has been a rapidly growing sector of the market where continued growth is expected, subject to interest rate stability.

Specialised Banking

The Specialised Banking unit will concentrate on specialised security-based medium- to long-term financing opportunities, which are not necessarily property-based. This unit will allow NIB to capitalise on the credit, administrative and marketing capabilities within Property Division.

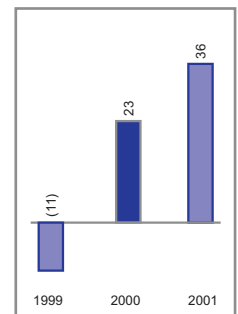
Property Investments

Property Investments assumes operational responsibility for properties that have been bought in by NIB following the liquidation or default of the previous owners. NIB was successful during the year in disposing of a large number of Properties in possession, thereby significantly reducing the total investment in bought-in properties.

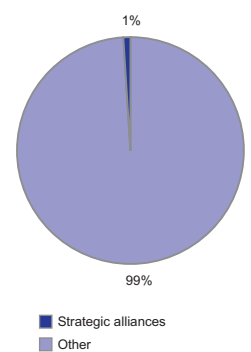
STRATEGIC ALLIANCES

NIB's entry into strategic alliances has provided it with the ability to provide clients with greater depth of service and to benefit from economies of scale. NIB also benefits from partnership structures through the achievement of less volatile, sustainable future earnings.

Property NIAT (Rm)



Contribution to group



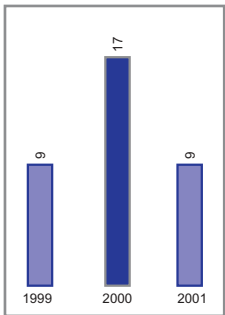
Pierre Iuel (NIB Securities), John Bestbier (Strategic Partnerships), Carla Previtera (FTNIBI), Nico Botha (Syfrets Trust Limited)



# divisional activity review (continued)

HARD THINKING, FLAWLESS EXECUTION, TANGIBLE RESULTS

Strategic alliances NIAT (Rm)



Strategic alliances in which NIB is involved include:

- Corovest – NIB Property Asset Managers (Pty) Limited (property development activities)
- Finsource (Pty) Limited (administration support activities)
- Franklin Templeton NIB Asset Management (Pty) Limited (asset management activities)
- Kagiso Trust Investment Company (Pty) Limited (financial services activities)
- NIB Securities (Pty) Limited (stockbroking activities)
- Sonotha Investment Managers (empowerment asset management activities)
- Syfrets Trust Limited (trust and fiduciary activities)

## STRUCTURED AND PROJECT FINANCE

NIB's size enables it to respond rapidly to client needs and changing market conditions. Innovative and well-researched solutions are brought to market timeously, and the advisory capacity of ENF and significant balance sheet of Nedcor assist in presenting a total solution to clients. The structured and project finance business is split into three focus areas, namely structured finance, international structured finance and project finance. The structured finance area is currently the largest contributor to earnings. This is set to change as international structured finance and project finance are high-growth areas experiencing high levels of synergy with NIB's offshore initiatives and the London treasury operation.



Structured and Project Finance – Adie du Plessis

### Structured Finance

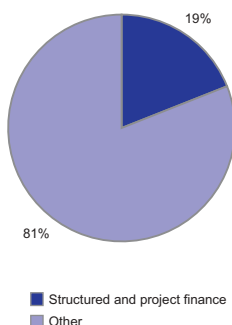
Services are provided mainly to major South African corporates through the development and funding of cost-effective solutions for the finance of capital expenditure, working capital, property developments and debt refinancing.

Structured Finance experienced continued demand for general funding and capital projects, both in South Africa and Namibia, resulting in the finalisation of transactions of R2 billion in the year. The team, which was enhanced by additional appointments during the year, is in the process of exploring a number of other new business opportunities.

### International Structured Finance

International Structured Finance provides an integrated portfolio of medium- and long-term credit structuring and finance, as well as structured trade finance to major South African exporters and importers of capital goods. NIB's role includes the implementation of the most suitable credit structure and the management of international trade risks. Goods financed are as diverse as railway rolling stock, avionics, electrical distribution equipment, oil, aircraft, etc.

Contribution to group results



## Project Finance

Project Finance specialises in the provision of advisory services and finance for large projects and concessions. Limited-recourse and non-recourse project financing are utilised, which involves the debt and equity funding of projects based on the strength of underlying cash flows. This involves NIB's participation in and assistance to consortia bidding for concessions, either as adviser and/or arranger and underwriter of the funding requirements of the project. With the demise of smaller banks and the reluctance of international banks to make available their balance sheets in sub-Saharan Africa, this area provides a major growth opportunity for NIB. The Project Finance team has been successful in securing large infrastructure deals such as the Maputo Corridor project, Platinum N4 tollroad and Beit Bridge deal.

Structured transactions are fully appraised, prior to conclusion, by NIB's inhouse tax and legal experts and are also reviewed by a technical forum of senior professionals. Projects are typically administered by NIB's segregated backoffice team, which provides full post-transaction services. Income is recognised by the Structured Finance Division over the term of each transaction, resulting in a significant level of contracted annuity income. The division had an advances book of R4,8 billion as at 31 December 2001, representing a 17% growth year-on-year.

## TREASURY

NIB's Treasury Division manages currency, interest rate, price, liquidity and related risks for NIB and its clients and is a well-established intermediary in the domestic and international wholesale interbank market. Most of NIB's treasury business is conducted in rand or US dollars. Treasury Asset Management, which forms part of Treasury Division, is described under the asset management section. Treasury, excluding the treasury asset management area, is divided into the following teams:

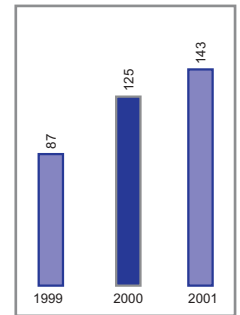
### Marketmaking

NIB's Treasury Division is a marketmaker in the foreign exchange (spot and forward) markets, the money markets and forward rate agreements. NIB is also a primary dealer in government bonds.

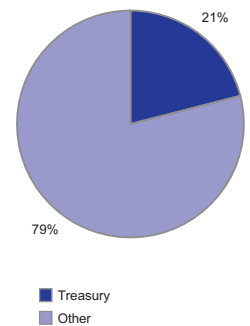
### Funding

Treasury conducts the management of liquidity risk from Cape Town, the principal base for institutional fund management in South Africa.

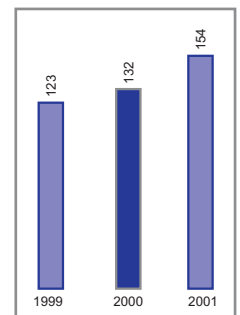
Structured and project finance NIAT (Rm)



Contribution to group



Treasury NIAT (Rm)



Treasury – Peter Lane



## Derivatives

This area focuses on longer-dated instruments usually with a maturity of longer than one year, including fixed-rate lending and interest rate swaps. It also participates in futures and options on bonds and currencies, and is active in the full spectrum of equity derivatives. The derivatives business pursues equity arbitrage opportunities and provides products for NIB's asset management and private-banking operations. Agricultural commodities have been added to the product suite.

## Financial products

The division is at the forefront of product areas new to the South African market, including credit derivatives, hedge funds and cash outperformance funds. NIB is also in the process of internationalising certain types of transactions so as to optimise currency flows and establish an offshore cash outperformance funds management capability.

## Sales

NIB's Treasury Division focuses on professional intermediaries with their own client bases rather than on the corporate market itself. For example, domestic and international clients include other banks, life assurers, stockbrokers, treasury outsourcers, pension funds, asset managers, hedge funds, mining houses and centralised treasuries. International sources of finance are also accessed to fund local qualifying transactions at profitable margins. Debt origination and the corporate bond market are an additional area of focus.

The opening of a London operation has provided an extended base for the marketing of new products, giving NIB access to South African corporates with substantial activities in London, thereby enhancing the hard-currency earnings component from this area. In addition, the treasury in London assists in raising offshore financing for significant projects, particularly in Africa. NIB's Treasury Division operates independently of Nedcor Treasury, but certain risk management functions are outsourced to the group and monitored on a centralised basis. Integration of the risk function results in cost saving (as this function need not be duplicated) and enables the group to identify natural hedges between NIB and Nedcor market exposures.

NIB's treasury business operates on a fully integrated, focused, team approach. Key strengths include a highly experienced and academically qualified staff complement, comprising experienced professionals who have been with the business for many years, critical mass in terms of balance sheet funding and a unique positioning with both an institutional client base and a focus on investment rather than trade flows.

NIB seeks to monitor through active treasury management and governance and mitigate the effects on its business of changes in interest rates and other economic fundamentals.



*Risk Management – René van Wyk*



*Miles Divett (Group Taxation)*

*Werner Behrens (Corporate Legal)*



*Dennis Dykes (Chief Economist), Cathy van Niekerk (Human Resources), Ian Kriegler (Information Technology)*

*Group Finance – Julian Eisenhammer*



## GENERAL

NIB has separate and distinct methods for managing risk within a formalised risk management framework, which sets out appropriate policies, controls and procedures, provides a set of directives and guidelines to regulate the activities of the bank's operations and aims to avoid potential conflicts of interest between shareholders, management and employees. In addition, NIB believes that a formalised risk management framework should serve as an effective reference for employees to gain a thorough understanding of management's requirements and how their own activities relate to the entire operation. Sound policies ensure that transactions are executed in accordance with the terms of the board's authorisation and that employees' actions are consistent at all times. It is the board's responsibility to determine the extent of the control environment that is appropriate for the bank. Standardisation to the maximum degree possible is important, particularly given the geographic scope of the bank's operations.

Although forming part of the overall risk management framework, appropriate and accurate pricing, valuation and risk management models with respect to both materiality and risk are given specific emphasis, from both an operational and financial perspective.

Initiatives are designed to ensure NIB's risk management structures and practices continually develop and evolve to ensure practical alignment with best practice.

Having independent risk management structures in place is important to NIB and this is achieved through independent committee structures and board committees, with the involvement of non-executive directors and, finally, the involvement of NIB's parent, Nedcor Limited. This involvement includes:

- adherence to Nedcor Group risk reporting structures and policies;
- internal audits being performed by Nedcor Group Internal Audit; and
- treasury risk monitoring by Nedcor Group Treasury Risk Control Department.

## RESPONSIBILITIES

The minimum risk management requirements, according to best business practice, are:

- appropriate risk management structures, including policies, procedures and reports, to highlight all risk exposures arising from the organisation's business activities, the underlying risk positions as well as the performance in managing risk and preventing management override;
- appropriate accounting policies and procedures;
- clearly specified delegations of authority;
- appropriate limit setting and monitoring; and
- procedures to ensure compliance with the above.

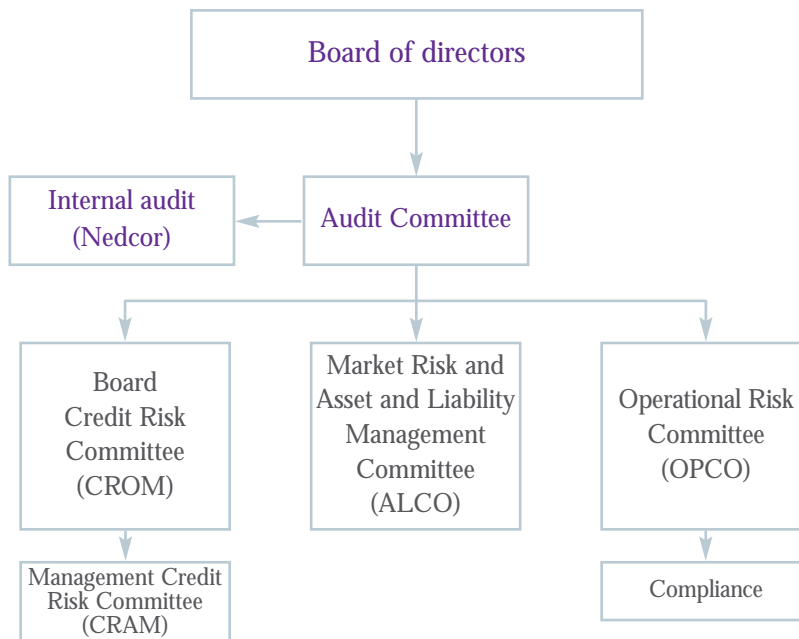
The bank's risk management framework is used in:

- identifying the various exposures and operational requirements;
- establishing the basis, philosophy and procedures used to measure, monitor, manage and report the various exposures within the bank's risk profile as approved by the board; and
- setting out the appropriate responsibilities and structures involved in the risk management process.

The internal audit function is assigned responsibility for monitoring compliance with the various internal control and risk management procedures. A regulatory compliance function is in place to ensure accurate reporting in terms of the regulations.

The effective monitoring of risk requires proper systems, experienced staff and independent risk management bodies. It is imperative that the bodies entrusted with risk monitoring ensure that the company adheres to the risk appetite for the organisation, as established by the board of directors.

The ultimate responsibility for risk management rests with the board of directors. This responsibility has been delegated to various subcommittees as follows:



## COMMITTEES

### Credit Risk Committee

The Board Credit Risk Committee is responsible for the high-level monitoring of credit risk exposures and approval of large exposures. The committee meets quarterly, and comprises non-executive directors and specialists appointed by the board. This committee reports to the Audit Committee.

The Management Credit Risk Committee is responsible for the approval and monitoring of all credit exposures. The committee meets twice-weekly, and comprises senior management of NIB.

### Market Risk and Asset and Liability Management Committee (ALCO)

The board delegates responsibility for market, liquidity and interest rate risk monitoring to the ALCO, which meets twice-monthly and reports to the Audit Committee. The ALCO is also responsible for deciding on the structuring of future mismatches, given current and expected market conditions.



# quantitative and qualitative disclosures about risk

(continued)

HARD THINKING, FLAWLESS EXECUTION, TANGIBLE RESULTS

## Operational Risk Committee (OPCO)

The OPCO oversees matters such as internal control, business continuity, information security, legal issues, compliance and regulatory functions, and treasury risk control.

## THE MAJOR RISKS

The most significant risks faced by NIB are credit risk, market risk, liquidity risk, interest rate risk and operational risk.

## CREDIT RISK

Credit risk is the risk that a counterparty may default, resulting in loss to the group. A key business activity is the extension of credit in the form of loans or other credit substitutes to individuals and businesses. Credit risk also extends to derivative instruments and off-balance-sheet exposures such as guarantees and letters of credit. In trading activities credit risk extends to settlement risk and replacement risk (also known as counterparty risk), being the risk that the party with whom the bank has contracted will be unable to fulfil its obligations in terms of the trade.

### Credit risk management

NIB's policies and applicable regulations governing the extension of credit require risk analysis as well as ongoing portfolio and credit management through loan product diversification, lending limit constraints, credit review and approval policies, as well as extensive internal monitoring.

The Credit Risk Committee ensures that the risk exposures undertaken match the risk appetite profile of the bank and that proper authorisation procedures are adhered to. Problematic advances identified by credit managers and management are carefully monitored and proactive measures taken, where possible, to prevent financial loss to the group. All exposures are proactively assessed for potential risk and those identified as potentially problematic are managed centrally by a dedicated, specialised team within the risk management function.

All exposures are rated, based on a combination of ratios and qualitative criteria. The risk-rating categories are as follows:

| <i>Classification</i> | <i>Credit rating description</i>   |
|-----------------------|--|
| A to AAA              | Good credit risk   |
| B                     | Satisfactory credit risk   |
| C                     | Acceptable credit risk   |
| C- and D              | Exposures with concerns regarding industry, location, nature of security or other distress signals |
| E and F               | Non-performing exposures   |

### Problem loans

All problem and non-performing loans are managed in a special unit within the Risk Management Division for close monitoring and action to ensure the best possible recovery.

Problem loans are broken down into two categories. The first comprises loans that are being fully serviced, but where there are concerns regarding industry, location, nature of security or other external distress signals that could lead to eventual default. Provisions are not required against such loans, but instances identified as potentially problematic are classified as such and separately categorised to ensure that these are closely monitored on a centralised basis. The second category is non-performing loans.

Loans are considered non-performing when:

- the debtor is in liquidation, sequestration or is subject to any other judicial order;
- full recovery is considered doubtful and a specific provision has been made; or
- interest is being reserved.

The C- and D categories make up the first category of problem loans and the E and F categories the non-performing loans.

Interest is reserved when a loan is not being serviced and there is doubt regarding the full recoverability of the advance. Interest continues to be charged to the debtor's account, but is reserved and therefore not recognised in the income statement.

The loans referred to under note 6.6 to the financial statements are non-performing and have been subject to the accounting treatment as specified above.

### The credit approval process

The approval of credit exposures takes place on a centralised committee basis. There is a clear separation of responsibilities between client relationship management and the approval and management of credit risk. Adherence to set credit limits is monitored on a daily basis by risk management staff who combine all exposures for particular counterparties, including off-balance-sheet exposures, and ensure that limits are not exceeded.

All exposures are reviewed regularly. The review frequency depends on the risk rating, with the higher risks being subject to more frequent reviews.

### Risk-mitigating tools

The profile of clients to which NIB exposes itself in corporate lending and financial institution counterparty trading is such that security would not be required in the normal course of business and would be incidental to the financing structure.

For property finance mortgage bonds are taken as a matter of course to gain access to the value of the underlying property. The focus of property finance has changed to the financing of properties occupied by good-quality corporate tenants on long-term leases, with reliance on the quality of the underlying lease rather than solely on the underlying property value.

Appropriate International Swaps and Derivatives Association Inc (ISDA) agreements, which give effect to netting arrangements, are entered into when considered necessary.

## Credit risk distributions

### Corporate credit risk

The distribution of corporate credit risk, including off-balance-sheet exposures, as at 31 December was as follows:

| Classification | Percentage of total exposure |      |
|----------------|------------------------------|------|
|                | 2001                         | 2000 |
| A to AAA       | 29                           | 40   |
| B              | 21                           | 14   |
| C              | 49                           | 44   |
| C- and D       | 1                            | 2    |
| E and F        | 0                            | 0    |

Corporate credit risk is managed to ensure that there are no large concentrations to a single industry. In this respect NIB applies portfolio risk criteria, which limit the exposure to a single industry to 10% (20% in respect of government) of the total NIB portfolio.

### Financial institution counterparties credit risk

The distribution of financial institution counterparties credit risk, including off-balance-sheet exposures, as at 31 December was as follows:

| Classification | Percentage of total exposure |      |
|----------------|------------------------------|------|
|                | 2001                         | 2000 |
| A to AAA       | 94                           | 96   |
| B              | 5                            | 2    |
| C              | 1                            | 2    |
| C- and D       | 0                            | 0    |
| E and F        | 0                            | 0    |

### Property credit risk

The distribution of property credit risk as at 31 December was as follows:

| Classification | Percentage of total exposure |      |
|----------------|------------------------------|------|
|                | 2001                         | 2000 |
| A to AAA       | 5                            | 5    |
| B              | 35                           | 31   |
| C              | 48                           | 47   |
| C- and D       | 10                           | 12   |
| E and F        | 2                            | 5    |

### Country risk

Country risk limits are set by the Nedcor Group Sovereign Counterparty Risk Committee. The ratings reflected below are set by this committee and the methodology is based on country ratings assessed by international rating agencies. The distribution of country risk as at 31 December was as follows:

| Classification | Percentage of total exposure |      |
|----------------|------------------------------|------|
|                | 2001                         | 2000 |
| A              | 95                           | 95   |
| B              | 0                            | 0    |
| C              | 5                            | 5    |
| D              | 0                            | 0    |

For further analysis of the advances book refer to note 6 to the financial statements on page 77.

### Provision for credit losses

In its approach to assessing the appropriateness of provisions, NIB follows the rigorous credit risk management process described above for each problem account. See note 7 to the financial statements for details of specific provisions held. The adequacy of provisions is monitored by the Board Credit Risk Committee.

NIB complies with the statutory minimum provisions required in terms of the Banks Act regulations.

## MARKET RISK

Market risk is the risk of loss to future earnings, fair values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign exchange rates, commodity prices, equity prices and other market changes that affect risk-sensitive instruments. Market risk is attributed to all market-risk-sensitive financial instruments, including securities, loans, deposits, borrowings, as well as derivative instruments. NIB's exposure to market risk is a result of its funding activities, trading activities for its own account and its role as financial intermediary in client-related transactions. These activities expose NIB to three primary types of market risk, namely interest rate risk, foreign exchange risk and price risk. The objective of market risk management is to avoid excessive exposure of earnings and equity to loss.

### Market risk management

The management of market risk is governed by policies reviewed and approved annually by the board of directors. The Treasury Risk Management Department, together with the Nedcor Group Treasury Risk Control Department, is responsible for monitoring treasury risk. NIB enters into trading activities as a financial intermediary (marketmaker) and for its own account. NIB trades primarily in the foreign exchange, interest rate, equity and commodity markets. Each



# quantitative and qualitative disclosures about risk

(continued)

HARD THINKING, FLAWLESS EXECUTION, TANGIBLE RESULTS

of these markets have board-approved instruments (including derivative instruments) in which trade is allowed. NIB, together with the Nedcor Group Treasury Risk Control Department, have implemented a value at risk (VaR) measurement and monitoring process using the RiskWatch system. This system is used to calculate limit compliance and to stress-test the various positions and portfolios. A data base is currently under development to enable effective backtesting of the various measurement and monitoring techniques.

To manage these risks associated with trading activities NIB utilises a variety of non-statistical methods, including daily marking of all positions to market, daily profit and loss statements, position reports and independent verification of portfolio pricing. In addition to the non-statistical methods, statistical methods such as VaR and sensitivity analysis are used. Historic VaR at a 99% confidence level over a one- and three-day holding period is calculated. The three-day holding period is used for limit-monitoring purposes. The sensitivity analysis is performed by calculating potential losses, given certain percentage moves in exchange rates, interest rates and prices of the traded products. Interest rates are moved in parallel and non-parallel shifts. The interest rate positions are split into time buckets and the non-parallel move is used to test these positions with regard to the impact of changes in short-term versus long-term interest rates. The foreign exchange portfolio is split into time buckets, which have limits to mitigate liquidity risk. Stress testing to ascertain potential profits and losses in extreme conditions is undertaken.

These procedures require timely communication between Treasury Division and senior management and are the backbone of an effective management process.

## Risk sensitivity

| Risk parameters   | Limit<br>(Rm) | Usage<br>(Rm) |
|---|---------------|---------------|
| <i>Interest rate</i>  |               |               |
| <i>(Worst case of average 1% move on the parallel/non-parallel curve)</i>                       |               |               |
|   | 43,0          | 29,3          |
| - Short-term interest rate portfolio  |               | 5,5           |
| - Long-term interest rate portfolio   |               | 20,1          |
| - Bond and bond options   |               | 3,7           |
| <i>VaR (99% confidence interval three-day holding period)</i>                                   | 12,5          | 12,3          |
| - Equities  |               | 12,3          |
| <i>Foreign exchange</i>   |               |               |
| <i>(4% move in SA rand against US dollar and 2% move in major currencies against US dollar)</i> |               |               |
|   | 8,0           | 4,0           |
| <i>Temporary and discretionary limit*</i>   | 10,0          | 0,0           |
| <i>Total</i>  | 73,5          | 45,6          |

\* Used for any temporary excess on limits and for development of new products.

For the year ended 31 December 2001 average market risk exposure was 2,03% of Nedcor Investment Bank Limited's capital and reserves.

The following table indicates maximum, minimum and average levels of utilisation during the year:

|   | %       | %       | %       |
|---|---------|---------|---------|
|   | Maximum | Minimum | Average |
| Interest rate   | 85      | 22      | 65      |
| Equities VaR  | 73      | 11      | 27      |
| Foreign exchange  | 26      | 1       | 9       |
| Temporary and discretionary limit*<br>(see note on page 44)     | 0       | 0       | 0       |
| Highest/lowest and average total limit<br>usage during the year | 91      | 25      | 57      |

Both the Treasury Risk Division of NIB and the Group Treasury Risk Control Department of Nedcor Limited monitor these parameters, as well as the potential losses, on a daily basis. Monthly reports are submitted to the OPCO and quarterly reports are submitted to the Audit Committee and the board.

As part of the management of market risk, the risk committees may direct changes in the mix of assets and liabilities and the use of derivative instruments such as interest rate swaps, caps and floors.

In addition to the management of market risk associated with its trading activities, NIB has separate and distinct methods for managing liquidity and interest rate risk, as described below.

## LIQUIDITY RISK

Liquidity risk represents the potential loss as a result of limitations in NIB's ability to adjust its future cash flows to meet the needs of depositors and borrowers to fund operations on a timely and cost-effective basis. Liquidity requirements flow from both the bank's trading and banking portfolios.

### Liquidity risk management

The Funding Desk of the Treasury Department is tasked with ensuring that daily liquidity requirements are met. This is done by monitoring the expected daily maturity profiles of both assets and liabilities, and obtaining the necessary funding. Funding for all divisions of the bank is centralised through the Funding Desk to ensure that optimal profiles are maintained for the group as a whole. The Asset and Liability Committee is tasked with setting and monitoring the liquidity profile of the group. The liquidity profile will be determined by the future cash flow requirements of the group together with the pricing of the various assets and liabilities. Parameters for weighted average days are set for the demand, term and total deposits in the group.

## INTEREST RATE RISK

Asset and liability management (ALM) activities are directed at reducing adverse changes in earnings as a result of changes in interest rates. The management of interest rate risk relates to the timing and magnitude of the repricing of assets relative to liabilities and has, as objective, the control of risks associated with movements in interest rates.

### Managing interest rate risk

NIB's unhedged balance sheet is 'asset sensitive', which means that assets generally reprice more often than liabilities. Since an asset-sensitive balance sheet tends to reduce net interest income when interest rates decline and increase net interest income when interest rates rise, off-balance-sheet hedges and the securities portfolio are used to manage this interest rate risk.

As part of the management of interest rate risk, the ALCO may direct changes in the composition of the balance sheet and the extent to which off-balance-sheet derivative instruments are used. The repricing and liquidity gaps are shown under note 18 to the financial statements on pages 91 and 92.

Interest rate risk is currently being transferred to the Treasury Division by way of a funds transfer-pricing system. The interest rate risk is managed within the Treasury Division, and is monitored through the market risk and ALM processes described previously. The ALCO manages and monitors the volatility of the bank's net interest income and net interest margin.

NIB is continuing to improve its ALCO process by increasing its capacity to perform sophisticated gap and scenario analyses. The repricing gap analysis has limitations as a method for measuring interest rate risk. Changes in interest rates do not affect all categories of assets and liabilities in the same way. Simulation models and scenario analysis for both interest rate and liquidity risk will be introduced by using straight-through processing from production systems to the models used in the ALCO process. This process is due for completion by March 2002.

## OPERATIONAL RISK

The future introduction of a capital requirement for operational risk has been proposed by the Basel Committee. In addition, there is increased focus on the efficiency of the risk management processes within banking institutions by the regulators, and specific recommendations relating to operational risk have been included in the King II report on corporate governance. As a result, NIB has given considerable attention to enhancing its ability to identify, measure, monitor and manage all aspects of operational risk.

It is acknowledged that the board is responsible for the total process of risk management. To assist with this process an Operational Risk Committee (OPCO) has been established as a subcommittee of the Audit Committee to review and evaluate the risk management process as well as any significant risks facing the company. The ongoing facilitation of operational risk management has also been improved through the formation of an independent operational risk management unit within the Group Risk Management Division.

A risk assessment methodology aimed at supporting the management of operational risks is currently being introduced. This will assist management in obtaining an overall view of risks in the business and facilitate the development of a strategic risk profile.

Specific projects that have received attention over the last year include the implementation of an information security policy and groupwide business continuity plan. NIB's approach to managing information security risk, ie the risk of the confidentiality, integrity and availability of information being compromised, has been to create adequate awareness throughout the organisation and implement appropriate controls to mitigate the identified threats. This includes the implementation of controls at both the business process and technical infrastructure level. Initiatives in this regard have largely been based on industry best practice recommendations such as BS7799. The development of business continuity plans at both business unit and groupwide level serves the purpose of ensuring that NIB is in a continual state of readiness to continue business operations in disaster situations. This state of readiness will be tested and further improved on an ongoing basis.

In compliance with both regulatory requirements and international best practice, there is a centralised compliance function, headed by a group compliance officer. The primary role of this function is to assist with and enable, facilitate and monitor the effective management of compliance risk by the bank's divisions, subsidiaries and partnerships. A core objective is to promote and maintain a compliance culture throughout the organisation, thereby creating a platform for business to be conducted in a manner that not only meets regulatory and best-practice requirements, but that is also consistent with NIB's mission and value statements.

#### EXTERNAL RATING AGENCIES ASSESSMENT

In the most recent credit ratings undertaken of NIB the following most favourable ratings were arrived at by two independent international rating agents:

| Fitch IBCA |    | CA – Ratings |        |
|------------|----|--------------|--------|
| Short term | F1 | Long term    | zaA    |
| Long term  | A+ | Outlook      | Stable |
| Support    | 3  | Short term   | zaA1   |



# capital adequacy – bank only

HARD THINKING, FLAWLESS EXECUTION, TANGIBLE RESULTS

|  | Average balance |        | Percentage weighting % | Weighted balance |        |
|--|-----------------|--------|------------------------|------------------|--------|
|  | 2001            | 2000   |                        | 2001             | 2000   |
| Money, interbank deposits and claims on central government   | 8 887           | 4 578  | –                      | –                | –      |
| Land Bank and other public sector bodies                     | 237             | 630    | 10                     | 24               | 63     |
| Trade transactions with recourse to other banks              | 4 892           | 2 576  | 20                     | 978              | 515    |
| Residential mortgage loans                                   | 27              | 79     | 50                     | 14               | 39     |
| All other assets   | 11 220          | 12 288 | 100                    | 11 220           | 12 288 |
| Total on-balance-sheet items                                 | 25 263          | 20 151 |                        | 12 236           | 12 905 |
| Counterparty risk  |                 |        |                        | 1 730            | 614    |
| Large exposures  | 1 905           | –      |                        | 1 905            | –      |
| Off-balance-sheet items                                      | 4 359           | 2 489  | 0 – 100                | 3 361            | 2 016  |
| Total average assets   | 31 527          | 22 640 |                        | 19 232           | 15 535 |
| Required capital for banking activities                      |                 |        |                        | 1 923            | 1 243  |
| Required capital for trading activities                      |                 |        |                        | 189              | 121    |
| <b>CAPITAL AVAILABLE FOR BANKING ACTIVITIES</b>              |                 |        |                        |                  |        |
| Primary (tier 1)   |                 |        |                        |                  |        |
| Share capital  |                 |        |                        | 6                | 6      |
| Primary reserves   |                 |        |                        | 2 827            | 1 955  |
|  |                 |        |                        | 2 833            | 1 961  |
| Secondary (tier 2)   |                 |        |                        |                  |        |
| Long-term subordinated debt and other                        |                 |        |                        | 38               | 36     |
| General provision and other                                  |                 |        |                        | 80               | 68     |
|  |                 |        |                        | 118              | 104    |
| Allocation for trading activities                            |                 |        |                        | (300)            | (183)  |
| Total capital available for banking activities               |                 |        |                        | 2 651            | 1 882  |
| <b>CAPITAL AVAILABLE FOR TRADING ACTIVITIES</b>              |                 |        |                        |                  |        |
| Allocation from primary capital                              |                 |        |                        | 300              | 183    |
| Unappropriated trading profits less risk margin requirements |                 |        |                        | (46)             | –      |
| Total capital available for trading activities               |                 |        |                        | 254              | 183    |
| Total capital to risk-weighted assets (%)                    |                 |        |                        |                  |        |
| Banking  |                 |        |                        | 13,8             | 12,1   |
| Trading  |                 |        |                        | 13,5             | 12,1   |
| Total  |                 |        |                        | 13,8             | 12,1   |

The above information reflects only the activities of Nedcor Investment Bank Limited in terms of the Banks Act.

The regulations of the Banks Act prescribe certain risk weightings against the various classes of assets to determine minimum capital requirements. Based on the latest returns of banking operations, the monthly average assets have been classified as stated above.

Current banking legislation in South Africa provides that a banking operation maintains a minimum level of capital and reserves equivalent to 10% (2000: 8%) of total risk-weighted assets. The qualifying capital is based on the capital and reserves within the bank only.



NIB is committed to integrity, accountability and transparency in the management of its affairs. Effective corporate governance is a priority at board and senior management level as well as throughout the organisation.

Because of the developing nature of corporate governance, the group's compliance with local and relevant international generally accepted corporate practice is assessed on a regular basis, both directly and through its board committees.

In performing these assessments, emphasis is placed on the importance of the qualitative aspects of corporate governance and on identifying opportunities for improvements to the effectiveness and efficiency of systems of governance. Where relevant, cognisance is taken of corporate governance developments that may not yet be generally accepted practice. Consideration is given to the most appropriate levels at which systems of governance should be applied, and particularly to whether or not their cost-effectiveness is maximised through application at group or individual company level.

The board is committed to providing timeous, relevant and meaningful reports to its primary stakeholders, and reporting is provided in a format relevant to the respective stakeholders and the nature of the information being reported.

The ongoing awareness of risk management and corporate governance is extended through all levels of staff and the group's joint ventures.

## THE BOARD OF DIRECTORS

NIBH has a unitary board structure, comprising nine executive and nine non-executive directors, all of whom bring a diversity of skills and considerable experience to bear for the benefit of the group. In appointing directors, emphasis is placed on achieving the balance of skills necessary to meet strategic objectives.

The board is responsible for setting the direction of the company through the establishment of strategies, key policies and the approval of financial objectives and targets. It monitors the implementation of strategies and policies through a structured approach to reporting by executive management, and recognises the responsibility for the management of relationships with its various stakeholders.

The non-executive directors are actively involved in bringing strong, independent judgement to bear on board deliberations and discussions.



The board meets at least four times a year and retains full and effective control over the company. Four board meetings were held during the year under review, and were attended as follows:

| <i>Members</i> | <i>Number of meetings attended</i> |
|----------------|------------------------------------|
| Prof MM Katz   | 4                                  |
| Dr IJ Botha    | 4                                  |
| JR Bestbier    | 4                                  |
| GH Bulterman   | 2 (retired 20 June 2001)           |
| RG Cottrell    | 4                                  |
| ML Davis       | 3                                  |
| BE Davison     | 3                                  |
| PG Joubert     | 4                                  |
| PH Lane        | 4                                  |
| RCM Laubscher  | 4                                  |
| CF Liebenberg  | 4                                  |
| E Molobi       | 3                                  |
| SG Morris      | 4                                  |
| Dr LA Porter   | 4                                  |
| GF Richardson  | 4                                  |
| WC Ross        | 4                                  |
| AA Routledge   | 4                                  |
| R van Wyk      | 4                                  |

To assist the board in discharging its responsibilities a number of board committees have been established, details of which are provided below. There is full disclosure by these committees to the board. Control is also exercised through the executive directors who, together with management, are responsible for providing appropriate and timely information to the board necessary for it to fulfil its responsibilities, through a framework of open communication and integrated financial reporting systems. In addition, the information needs of the board are assessed on an ongoing basis.

In terms of the articles of the company, all directors have access to the advice and services of the group secretary, who is responsible to the board for ensuring that the board procedures are followed and that applicable rules and regulations are complied with. The directors are entitled to obtain independent professional advice at the group's expense, should they consider this necessary.

The selection and appointment of new directors are approved by the board as a whole and these directors, in terms of the articles, hold office until the following annual general meeting, at which they retire and become available for reelection.

All directors retire on a three-year rotational basis and, if eligible for reelection, their names are submitted for election at the annual general meeting. New appointees are appropriately familiarised with the group's business, and training for new and existing directors is regularly reviewed. Directors receive further briefings from time to time on relevant new laws and regulations.

An executive director is required to retire from the board at age 60, while a non-executive director is required to retire at age 70. Directors' fees are approved by the members in general meeting.

During 2001 the board completed a self-assessment to measure its effectiveness. Certain recommendations arose out of the findings of this assessment, and board procedures have been implemented to cater for the requirements identified.

### ROLES OF THE CHAIRPERSON AND THE CHIEF EXECUTIVE

The primary responsibilities of the executive chairperson include responsibility for governance of NIB, the determination-in conjunction with the board and chief executive-of the strategic policies and direction of NIB, and business development of the group.

The chief executive of the group is responsible for the effective management of NIB and the implementation of the group strategy, policies and directives.

### REGULATION 40 COMMITTEE

In order to (a) monitor and address any conflicts of interest arising from NIB having an executive chairperson, (b) to monitor and address any conflict of interests or risks arising from Edward Nathan & Friedland (Pty) Limited being part of the NIB group, and (c) to ensure that there is no influence of the dominant shareholder which would be to the detriment of NIB's other shareholders, particularly with regard to Nedcor Group-driven initiatives, the board has established a Regulation 40 Committee for purposes of, inter alia, monitoring and managing any such potential conflict of interests in a way that will ensure that the interests of NIB are safeguarded and that the process of corporate governance of NIB is not undermined.

The membership, resources, responsibilities, functions and authorities are stipulated in written terms of reference that have been approved by the board. Membership of the committee is made up of independent non-executive directors of NIB appointed by the board.

All matters that, by virtue of the appointment of an executive chairperson or by virtue of Nedcor Limited being the dominant shareholder, and which may reasonably be expected to give rise to conflict of interests, are referred to the committee. The committee functions as an advisory body to the board which, in turn, determines the appropriate action to be taken with regard to the committee's determinations and recommendations in respect of such matters.

All determinations and recommendations of the committee are communicated to the board. The board, excluding the chairperson, determines the appropriate action to be taken with regard to such determinations and recommendations, and ensures that such action is carried out by the appropriate persons.

The committee may consult with, and seek any information from, any director on the board or any employee of NIB. It may also, in carrying out its tasks, obtain such outside or other independent professional advice as the committee considers necessary to carry out its duties.



Members meet at least once a quarter and the minutes of all meetings of the committee are submitted to the board.

For the year under review, three meetings were held and were attended as follows:

| <i>Members</i>            | <i>Number of meetings attended</i> |
|---------------------------|------------------------------------|
| RG Cottrell (Chairperson) | 3                                  |
| ML Davis                  | 2                                  |
| E Molobi                  | 1                                  |

The chairperson (or, in his absence, any other member) will attend each annual general meeting of NIB to answer questions concerning matters falling within the ambit of the committee.

## REMUNERATION COMMITTEE

Matters pertaining to remuneration are governed by the NIB Remuneration Committee. The committee is a subcommittee of the board of directors and is chaired by an independent non-executive director. Membership consists of five members who are all non-executive directors. A quorum comprises less than three members. The chief executive is in attendance at all meetings, except when his own remuneration is under discussion.

For the year under review three meetings were held and were attended as follows:

| <i>Members</i>           | <i>Number of meetings attended</i> |
|--------------------------|------------------------------------|
| BE Davison (Chairperson) | 3                                  |
| ML Davis                 | 3                                  |
| PG Joubert               | 3                                  |
| CF Liebenberg            | 3                                  |
| RCM Laubscher            | 2                                  |

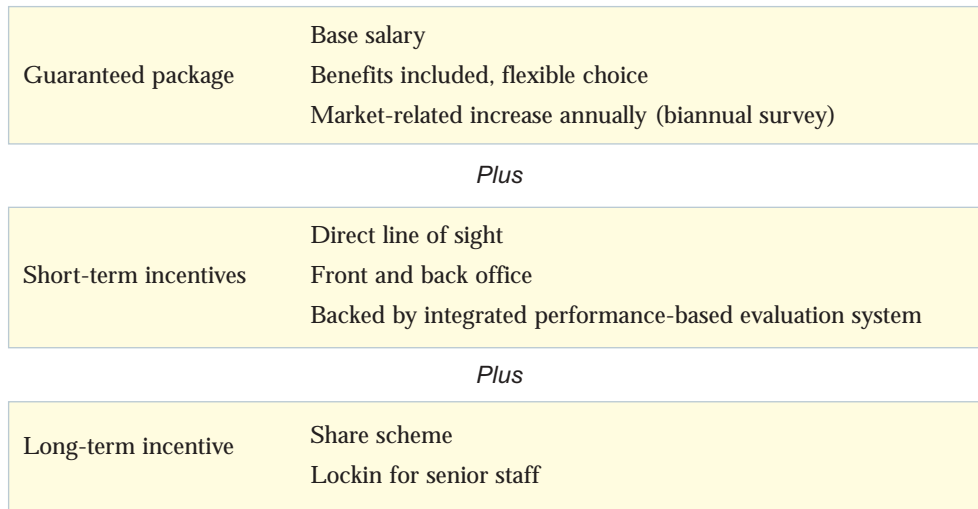
The committee is responsible for the approval and supervision of the NIB Employee Share Option Scheme and for taking all relevant decisions on remuneration packages and policies for all staff and executive directors.

Included in the scope of activities of the committee are:

- ensuring an appropriate balance of the remuneration package between guaranteed and incentive income and that external comparisons are regularly carried out;
- confirming directors' fees and fees for members of the board subcommittees and reviewing these annually;
- performing an annual remuneration review; and
- designing, implementing and allocating incentives, including the employee share option scheme.

Remuneration is a key component of the performance management process and an enabler for NIB to attract, motivate and retain top-calibre people.

NIB pursues a total-cost-to-company approach to remuneration. The total-cost-to-company approach is based upon three elements of remuneration weightings to align human resources with business strategies. This is illustrated in the diagram below:



In terms of NIB's reward strategy, which is to move towards a greater portion of total remuneration being variable with direct links to output and performance, a number of new initiatives have been introduced over the past year. The use of performance-based remuneration is no longer confined to senior management levels, but now extends to all levels in the organisation. The 2001 year has seen the implementation of short-term incentive schemes for all departments (including support units) and the continued promotion of the performance management process, which directly links objectives to individual divisional outputs, facilitates learning and succession, and provides a direct relationship between remuneration and performance.

Salient features of NIB's remuneration policy are:

- Rewards for performance are market-related, merit-based and individually equitable, based on the relative value of the individual and his/her contribution to NIB, while still being cost-effective within the agreed remuneration mandate.
- NIB is an equal opportunity employer and to this end strives to promote fair remuneration practices that do not discriminate on the basis of race, gender, age, religion, physical disability or geographic location or any other criterion listed in the Employment Equity Act of 1998.
- Appropriate, objective market information, such as external salary surveys and benefits practices, is taken into account in determining remuneration levels to remain competitive.
- Remuneration practices are administered strictly within the requirements of all relevant legislation.
- Promotions are based on merit, taking into account the contribution of the individual to NIB.

Generally directors have no fixed term of appointment, but executive directors are subject to the termination periods as specified in their employment contracts, usually 30 days or one calendar month.

Non-executive directors receive an annual fee of R45 000. Non-executive directors who serve on board subcommittees also receive an annual fee in this regard.



## AUDIT COMMITTEE

The Audit Committee has written terms of reference confirmed by the board. It is chaired by an independent non-executive director and its membership comprises only non-executive directors.

Audit committee meetings are held at least four times a year. They are attended by the chief executive, the general manager responsible for finance, the head of risk management, the group compliance officer, the head of internal audit and the external audit partners. The head of internal audit and the external auditors have unrestricted access to the chairperson of the committee.

For the year under review six meetings were held and were attended as follows:

| <i>Members</i>            | <i>Number of meetings attended</i> |
|---------------------------|------------------------------------|
| RG Cottrell (Chairperson) | 5                                  |
| PG Joubert                | 6                                  |
| CF Liebenberg             | 5                                  |
| Dr LA Porter              | 5                                  |
| GF Richardson             | 5                                  |
| AA Routledge              | 4                                  |

The function of the committee is to assist the board in discharging its responsibilities under the Companies Act, Banks Act and common law. In particular, it monitors financial controls, accounting systems and shareholder reporting. It also assesses the management of financial risks. It is assisted in these tasks by regular reports from the Credit Risk Monitoring Committee, the Operational Risk Committee, the Tax Committee and the Information Technology Committee.

The Banks Act imposes additional responsibilities on the board as regards annual reporting on the functioning of the system of internal controls and NIBs continuing viability as a going concern. The Audit Committee assists the board in discharging these responsibilities and monitors the advice given by the other operating companies' audit committees to their respective boards to ensure that uniform standards are applied throughout the group.

## INTERNAL AUDIT

The Nedcor Group's Internal Audit Division performs an independent appraisal of NIB. Its objective is to assist members of executive management in the effective discharge of their responsibilities through an examination and evaluation of NIBs activities and the resultant business risks and systems of internal control. By virtue of its mandate, any material or significant control weaknesses it identified are brought to the attention of management and the Audit Committee for their consideration and necessary remedial action.

## CODE OF ETHICS

NIB subscribes to the Code of Banking Practice endorsed by member banking groups of the Banking Council. This code governs NIB's conduct regarding relationships with authorities, clients, competitors, employees, shareholders, suppliers and the community. In addition, NIB subscribes to the Nedcor Charter of Employment, which commits management and employees to high standards of ethical behaviour. This charter meets the requirements of South Africa's Bill of Rights. In addition, all staff complete a declaration of secrecy, which commits them to maintaining confidentiality and integrity in all their undertakings, including the signing of an information technology code of conduct.

# directors' remuneration report

HARD THINKING, FLAWLESS EXECUTION, TANGIBLE RESULTS



## EXECUTIVE DIRECTORS' GUARANTEED REMUNERATION AND BENEFITS

| Name         | Benefits, salary and fees | Retirement fund contributions | Other benefits | Guaranteed remuneration 12 months 2001 | Guaranteed remuneration 12 months 2000 | % change |
|--------------|---------------------------|-------------------------------|----------------|--|--|----------|
| JR Bestbier  | 757 515                   | 155 059                       | 43 613         | 956 187                                | 899 826                                | 6        |
| Dr IJ Botha  | 1 394 998                 | 250 241                       | –              | 1 645 239                              | 1 507 449                              | 9        |
| Prof MM Katz | 2 288 755                 | 436 245                       | –              | 2 725 000                              | 2 500 000                              | 9        |
| PH Lane      | 915 261                   | 164 180                       | –              | 1 079 441                              | 1 003 876                              | 8        |
| WC Ross      | 879 207                   | 167 571                       | –              | 1 046 778                              | 993 728                                | 5        |
| R van Wyk    | 809 019                   | 154 193                       | –              | 963 212                                | 894 798                                | 8        |

## EXECUTIVE DIRECTORS' PERFORMANCE BONUSES

| Name         | Deferred payments 2000 | Performance bonus 2000 | Deferred payments 2001 | Performance bonus 2001 | % increase in performance bonus | % of guaranteed remuneration |
|--------------|------------------------|------------------------|------------------------|------------------------|---------------------------------|------------------------------|
| JR Bestbier  | 299 928                | 2 200 000              | –                      | 2 000 000              | (9)                             | 209                          |
| Dr IJ Botha  | 2 500 000              | 3 450 000              | –                      | 3 375 000              | (2)                             | 205                          |
| Prof MM Katz | –                      | –                      | –                      | 2 000 000              | –                               | 78                           |
| PH Lane      | 2 143 515              | 2 540 000              | 460 046                | 2 530 000              | –                               | 234                          |
| WC Ross      | 2 537 538              | 3 235 000              | 460 046                | 2 140 000              | (34)                            | 204                          |
| R van Wyk    | 375 000                | 1 050 000              | 375 000                | 1 225 000              | 17                              | 127                          |

## EXECUTIVE DIRECTORS' SHARE OPTION GRANTS

### NIBH share options

|             | Number of options as at 31 December 2000 | Number of options exercised during 2001 | Gains on options exercised (12 months) | Number of options issued during 2001 | Issue price | Issue date | Number of options as at 31 December 2001 |
|-------------|--|---|--|--------------------------------------|-------------|------------|--|
| JR Bestbier | 2 025 400                                | –                                       | –                                      | 374 600                              | 2,88        | 2 Nov 2001 | 2 400 000                                |
| Dr IJ Botha | 4 050 900                                | –                                       | –                                      | –                                    | –           | –          | 4 050 900                                |
| PH Lane     | 2 700 600                                | –                                       | –                                      | 299 400                              | 2,88        | 2 Nov 2001 | 3 000 000                                |
| WC Ross     | 2 700 600                                | –                                       | –                                      | –                                    | –           | –          | 2 700 600                                |
| R van Wyk   | 1 488 300                                | –                                       | –                                      | 911 700                              | 2,88        | 2 Nov 2001 | 2 400 000                                |



# directors' remuneration report (continued)

HARD THINKING, FLAWLESS EXECUTION, TANGIBLE RESULTS

## Nedcor Limited share options

|             | Number<br>of options<br>as at<br>31 December<br>2000 | Number<br>of options<br>exercised<br>during<br>2001 | Gains on<br>options<br>exercised<br>(12 months) | Number<br>of options<br>issued<br>during<br>2001 | Number<br>of options<br>as at<br>31 December<br>2001 |
|-------------|--|---|---|--|--|
| JR Bestbier | 20 000   | -   | -   | -  | 20 000   |
| Dr IJ Botha | 9 860  | 9 860   | 872 715   | -  | -  |
| WC Ross     | 56 200   | -   | -   | -  | 56 200   |
| R van Wyk   | 48 748   | -   | -   | -  | 48 748   |

## Summary of options held and sold (01/10/1997 - 31/12/2001)

No options held by executive directors were sold during the period 1 January 1997 to 31 December 2001.

## SEVERANCE ARRANGEMENTS

In the event of an executive director's services being terminated due to operational reasons beyond the director's control, the director will receive two weeks' pensionable remuneration for every completed year of service, with a minimum of two months and a maximum of 12 months. In addition, the director will receive normal notice pay.

## NON-EXECUTIVE DIRECTORS' REMUNERATION

| Name           | 2001    | 2000    |
|----------------|---------|---------|
| GH Bulterman   | 62 500  | 70 000  |
| RG Cottrell    | 95 526  | -       |
| ML Davis       | 65 000  | 50 000  |
| BE Davison     | 85 000  | 57 500  |
| PG Joubert     | 175 000 | 115 000 |
| RCM Laubscher* | 65 000  | 50 000  |
| CF Liebenberg* | 180 000 | 122 500 |
| E Molobi**     | 45 000  | 12 745  |
| Dr LA Porter   | 80 000  | 55 000  |
| GF Richardson  | 120 000 | 90 000  |

\* Directors' fees paid in respect of Mr RCM Laubscher's and Mr CF Liebenberg's directorship of NIBH are paid to Nedcor Limited.

\*\* Directors' fees paid in respect of Mr E Molobi's directorship of NIBH are paid to Kagiso Trust Investment Company (Pty) Limited.



NIB IS COMMITTED TO CREATING, DEVELOPING AND MAINTAINING AN EQUITABLE AND NON-DISCRIMINATORY CULTURE IN AN ENVIRONMENT THAT PROMOTES AND VALUES OPENNESS, HUMAN DIGNITY, DIVERSITY AND SUPERIOR PERFORMANCE.

## CAPACITY BUILDING

NIB has recently launched the NIB Investment Banker Programme, which seeks to grow the pool of intellectual capital in merchant banking in South Africa by implementing a work exposure for disadvantaged candidates. The first phase of the project involves the selection of bursary candidates from feeder sources linked to NIB's social responsibility programme at school level. These include St Mary's Outreach (Alexandra High School) and the Enthembeni Enrichment Centre. At the same time deserving candidates from the designated groups will be identified at final year university level and, on completion of their studies, offered on-the-job training within the income-generating business units for a period of one year.

## EMPLOYMENT EQUITY AND TRANSFORMATION

At NIB, transformation is driven on several fronts including black economic empowerment initiatives, corporate social investment and employment equity initiatives.

With regard to employment equity, NIB has this year submitted its first progress report in respect of the 2000/2001 plan. Progress highlights include the following:

- Policies on equity, harassment and disability have been formalised.
- The Employment Equity Monitoring Committee has been constituted and is functioning effectively.
- Remuneration differentials linked to race and gender have been reduced.
- All employees have attended a diversity awareness workshop and are currently engaged in implementing business unit-specific action plans.
- Affirmative action targets were achieved in respect of gender and fell slightly short on race. The current staff complement on management levels at the end of October 2001 is 33,7% female and 20,1% African, Indian and Coloured. Overall representivity is 46% female and 33% African, Indian and Coloured. Disabled persons represent 1,2% of overall complement.
- Black recruitment agencies were interviewed and a preferred supplier list was compiled and distributed to management. Recruitment agencies were also identified for recruiting people from disabled groups.
- Additional monitoring mechanisms are provided by means of regular organisational climate surveys incorporating questions directly related to employment equity as well as the assessment of managerial success in meeting agreed affirmative action targets. These targets are included as one of the key value drivers for all managers in the company, and achievement is linked to divisional incentive schemes.

## LEARNING AND DEVELOPMENT

The new skills development legislation has been implemented in NIB, where appropriate. The following milestones have been achieved in the implementation of skills planning for all employees:

- Maximum grants are pending on levies paid.



- A grant of R1 million has been received from the Nedcor Foundation for the Investment Banker Programme.
- Nedcor, as an accredited provider of education, training and development, is used for appropriate training courses.

From 1 January to 31 October 2001, 711 employees received training, of which 44 receive staff bursaries to the value of R149 908. 43% of all bursaries allocated for tertiary studies were granted to African, Coloured and Indian employees.

## PERFORMANCE MANAGEMENT

Performance management is seen as the driving force in executing business strategy, and multi-rater (360-degree) performance evaluations are increasingly being used to evaluate employee performance.

## EMPLOYEE COMMITMENT

The creation of employee commitment within NIB is addressed through five key components, namely recruitment, performance management, succession planning, workplace equity and competitive compensation and benefits. These practices are integrated to deliver a retention process that ensures NIB is able to attract and retain worldclass talent.

Regular organisational climate surveys are carried out to evaluate and improve employee satisfaction. Avoidable labour turnover during the period January to October 2001 was 11,64%.

## HIV/AIDS PROGRAMMES AND INITIATIVES

A policy to address HIV/Aids in a positive, supportive and non-discriminatory manner has recently been formulated. In line with Nedcor, NIB has efforts under way to research and develop a comprehensive HIV/Aids in the Workplace Programme. The analysis phase of the project started in August 2001 to infected and affected employees.

Support in the form of professional, confidential counselling is provided to infected and affected employees by an external service provider through the Nedcor Employee Assistance Programme. These counselling services extend to household family members.

## INDUSTRIAL RELATIONS

NIB believes that South Africa faces unique challenges and that healthy workplace relations are a prerequisite for meeting these challenges. Constant emphasis is therefore placed on non-discrimination, fair procedure and legal compliance. Links are maintained with the dominant union, SASBO.

## CORPORATE SOCIAL INVESTMENT IS PART OF OUR BUSINESS

NIB's social investment programme aims to make a real difference to the lives of people in disadvantaged communities who aim to uplift themselves through education. In this way NIB contributes towards job creation and economic growth in South Africa. NIB's social investment is done via the Nedcor Foundation, to which NIB contributed R10 million during 2001. These funds were focused primarily on educational projects and initiatives in the fields of maths, science and technology. Some of the projects are detailed in this report.

### PRIMARY AND SECONDARY EDUCATION

#### Radmaste Centre

The Radmaste Centre was established in 1990 at the University of the Witwatersrand. It aims to promote the development of teachers and learners in the fields of maths and science. The steady growth of Radmaste has made it a major centre of maths and science education in Africa, and it is recognised internationally as a Unesco Association Centre for Maths and Science Education. NIB currently provides Radmaste with 2 000 practical-science kits for selected grade 8 to grade 12 learners in Mpumalanga and Gauteng. Increased success was achieved in Alexandra, Tembisa and Orange Farm.

#### St Mary's School Outreach

For the past 12 years St Mary's School for Girls in Waverley, Johannesburg, has operated an outreach programme aimed at using the school's infrastructure to supplement the education received by learners living in neighbouring Alexandra. Each year some 200 learners benefit from the programme, which focuses on maths, science and English curricula. The effect is multiplied by the skills learners take back into their own schools. The programme has also been enhanced by the interaction between teachers at St Mary's and teachers in Alexandra.

A computer centre has been introduced at St Mary's, where computer literacy courses have been offered successfully during the past year. NIB contributed to the computer centre and the recent introduction of an entrepreneurial skills programme at the school that is aimed at encouraging learners to start their own small businesses. The focus is on developing business skills in the upper grades, thereby empowering job creators rather than job seekers. During the past year NIB made provision for 25 grade 12 learners from five of the top schools in Alexandra to attend the St Mary's outreach programme. Twenty-three of the 25 learners passed grade 12 and eight distinctions were achieved. This programme will be extended in 2002 to include learners from grades 10 to 12.

#### Maths Centre for Professional Teachers (MCPT)

The MCPT was established in 1984 to develop teachers and enhance the performance of disadvantaged learners. The MCPT currently has nine satellite centres in six provinces that provide training for 15 000 teachers each year, as well as resources and ongoing support in maths education. NIB contributes to this programme in Mpumalanga.

#### Ethembeni Enrichment Centre

The Ethembeni Enrichment Centre in the Eastern Cape provides quality education to disadvantaged learners. This is shown by the centre's 100% grade 12 pass rate for three



consecutive years, with the lowest symbol achieved for maths and science being a C (60% – 70%). The centre provides a facility for second-time matriculants from other schools, who recorded a pass rate of 94,6% in 2000. The school also offers computer literacy programmes to children from other township schools. NIB is a major contributor to the school and one of NIB's executives serves as a trustee on the Diakonos Trust, which administers this project.

### NIB Cape Winemakers Guild Development Trust

The NIB Cape Winemakers Guild Development Trust was established in 1999 to assist with the educational and social needs of winefarm workers and their children. The trust has enabled an additional teacher to be appointed at the Hoër Landbouskool Boland in Paarl. High school learners selected from wine farms in the Boland attend the school. A second school support programme will begin in Robertson in 2002.

### Buffelshoek Development Programme

This programme is directed at alleviating rural poverty and the isolation of communities living in the Utha, Dixie and Buffelshoek area of the Northern Province. The Buffelshoek Trust is involved primarily in upgrading and refurbishing schools to provide proper facilities for the children in this isolated area. NIB's support of the trust contributes, inter alia, to the development of the Shiviti Primary School.

## TERTIARY EDUCATION

### African Academy for Computer Assisted Engineering

The academy was formed in 1994 by the Bateman Group in collaboration with senior industrialists and community representatives. Forty-eight students from disadvantaged backgrounds are offered a one-year computer-aided draughting course. The academy has achieved a 100% pass rate over the last four years. The programme is accredited by the Institute of Mechanical Engineers, the Institute of Draughtsmen, the Department of Education and Training and the Department of Labour. Its objectives are to give disadvantaged youngsters opportunities for training and employment and so fill a gap in the technical skills pool that is available to South African industry. NIB is a major contributor to this programme.

### Legal studies

In the legal field, NIB has assisted in the creation of a chair of banking law at the Wits Law School, part of the Mandela Institute, which will be operational this year. A degree in International Banking Law will also be created. In addition, the Pius Langa Bar Scholarship and the Kentridge Award for assistance with legal studies, awarded to promising black law students, were launched in 2000.

### Investment Banker Programme (IBP)

With this programme, NIB aims to grow a pool of intellectual capital in the merchant banking sector by developing candidates from disadvantaged backgrounds. The programme, which begins in 2002, identifies candidates at secondary school level and assists them through university and their first year of work. The IBP comprises a bursary scheme, an associate programme where general experience is gained within NIB's business, and final streaming into management or specialised fields within NIB.

### Arts and culture

The Black Tie Ensemble, a group of 18 young opera singers from diverse cultural backgrounds, was formed in 1999 by Dr Mimi Coertse and retired opera director of the State Theatre Neels Hansen. Introduced by Business for Arts South Africa, NIB assisted in their ongoing development by supporting the Incubator project. This project's objective is to select and train the voices of young people from disadvantaged backgrounds. They will be incorporated into the Black Tie Ensemble at a later stage. The Black Tie Ensemble performs at private and corporate events, schools and factories, and so exposes a wide range of South Africans to opera, Broadway musicals and classical music.

### INVESTING IN OUR PEOPLE

From January to December 2001, NIB awarded 53 study grants for courses of a year or longer to employees. Bursaries for schooling and further studies for children of employees are awarded via the Nedcor Group.

### PARTNERS IN EMPOWERMENT

Founded in 1976, the Black Management Forum is the primary black management organisation in South Africa. With 32 branches around the country, the forum provides career guidance, motivation, role modelling and business orientation to students at colleges and universities. For its part, the Black Business Council has played a key role in initiating the 1998 Black Economic Empowerment Commission and is one of the working groups informing President Thabo Mbeki on national policy issues. Through the Nedcor Foundation, NIB contributes funding towards these organisations.

NIB is also represented on the boards of several empowerment companies and, by taking part in the various board committees, it plays an active role in providing strategic direction. Members of NIB's executive serve the interests of education and the community through memberships of university councils and their audit and financial committees. A member of NIB's executive chairs the Project Literacy Board.

NIB strives to be an example of best practice and subscribes to the requirements of the King II Commission.



*St Mary's School Outreach, African Academy for Computer Assisted Engineering, Black Tie Ensemble*



# tangible



# results

hard thinking. flawless execution. tangible results

No theory, no ideology, no agenda will ever replace the commanding reality of results. Measurable growth and continual improvement are the reason we are in business.




## content

HARD THINKING, FLAWLESS EXECUTION, TANGIBLE RESULTS

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The directors are responsible for the integrity of the financial statements and related information included in this annual report.

For the board to discharge its responsibilities, management has developed and continues to maintain a system of internal financial control. The board has ultimate responsibility for this system of internal control and reviews the effectiveness of its operation, primarily through the Audit Committee and other risk-monitoring committees and functions.

The internal financial controls include risk-based systems of accounting and administrative controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the group's policies and procedures. These controls are implemented by trained, skilled staff with an appropriate segregation of duties. The controls are monitored by management and include a comprehensive budgeting and reporting system operating within strict deadlines and an appropriate control framework. As part of the system of internal financial control the group internal audit function conducts operational, financial and specific audits and coordinates audit coverage with the external auditors.

The external auditors are responsible for reporting on the financial statements.

The financial statements are prepared in accordance with Statements of Generally Accepted Accounting Practice and incorporate responsible disclosures in line with the accounting philosophy of the group. The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The directors believe that the group will be a going concern in the year ahead. For this reason they continue to adopt the going-concern basis in preparing the group annual financial statements.

These group annual financial statements have been approved by the board of directors and are signed on its behalf by:

**Prof MM Katz**  
*Chairperson*

**Dr IJ Botha**  
*Chief Executive*

Johannesburg  
6 February 2002



# report of the independent auditors

## TO THE MEMBERS OF NEDCOR INVESTMENT BANK HOLDINGS LIMITED

We have audited the annual financial statements and group annual financial statements of Nedcor Investment Bank Holdings Limited ('holding company') and the annual financial statements of Nedcor Investment Bank Limited ('bank') set out on pages 67 to 106 for the year ended 31 December 2001. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

### SCOPE

We conducted our audit in accordance with Statements of South African Auditing Standards issued by the South African Institute of Chartered Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

### AUDIT OPINION

In our opinion the annual financial statements fairly present, in all material respects, the financial position of the group, the holding company and the bank as at 31 December 2001, and the results of their operations and cash flow information for the year then ended, in accordance with Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

**KPMG Inc.**

**Deloitte & Touche**

*Registered Accountants and Auditors*

*Chartered Accountants (SA)*

*Joint auditors*

Johannesburg  
6 February 2002

## declaration by Group Secretary

Pursuant to section 268(G)(d) of the Companies Act, 61 of 1973 (as amended), I confirm that, to the best of my knowledge and belief, all returns required of the company in terms of the said act have been duly lodged with the Registrar of Companies and all such returns are true, correct and up to date.

**JS Eisenhammer**  
*Group Secretary*

Johannesburg  
6 February 2002

The directors present their annual report, which forms part of the annual financial statements of the company and of the group for the year ended 31 December 2001.

**BACKGROUND TO NEDCOR INVESTMENT BANK HOLDINGS LIMITED ('NIBH')**

NIBH was formed on 1 October 1997 through the merger of three financial institutions – the Syfrets Group, UAL Merchant Bank and Nedbank Investment Bank, a division of Nedcor Bank Limited. All three were part of the Nedcor Limited stable of companies, and the new entity was listed on the JSE Securities Exchange on 26 August 1999, but remains a subsidiary of Nedcor Limited, a leading financial services group in South Africa.

The vision of the Nedcor Investment Bank Group ('NIB') is to be the leading investment bank in southern Africa with international capabilities. It is organised into a number of functional areas, focusing on, and well-established in, different market segments. These comprise the corporate and institutional markets, and the commercial and industrial property market.

NIBH is the holding company of the group. The banking activities of the group are conducted through Nedcor Investment Bank Limited ('the bank'). The banking and non-banking activities have been separated, with all non-banking activities housed in separate legal entities held directly by NIBH. The bank, as a wholly owned subsidiary, is also held directly by NIBH.

**DECLARATION OF DIVIDEND**

Notice is hereby given that a final cash dividend of 15,4 cents (2000: 12,9 cents) per ordinary share was declared on Wednesday, 6 February 2002, for the 12 months ended 31 December 2001.

All shareholders entitled to participate in this dividend will, after becoming entitled thereto, have the right to elect to apply the full proceeds of the dividend to subscribe for new shares in the company ('the subscription shares') in the ratio that 15,4 cents per share multiplied by 1,05 bears to the weighted average traded price of the shares on the JSE Securities Exchange South Africa ('JSE') for the 20 trading days ending

at the close of business on Tuesday, 19 March 2002, subject to a minimum subscription price of 300 cents per share. A further announcement will be published on or about Wednesday, 20 March 2002, setting out further details. For shareholders exercising the above election the dividend will be paid in cash for their benefit and on their behalf into a dedicated trust account held with Syfrets Trust Limited, and the proceeds of such payment will forthwith be applied in paying for their subscription shares on Monday, 8 April 2002.

Trading in the STRATE environment requires settlement within five business days. In accordance with the settlement procedures of STRATE, NIBH has determined the last day for trading to participate in the final dividend to be Wednesday, 27 March 2002. NIBH's shares will commence trading ex-dividend on Thursday, 28 March 2002.

The subscription shares will not participate in this dividend.

A circular setting out the full details of these arrangements and containing the necessary election forms will be posted to shareholders on or about Wednesday, 13 March 2002. In order to be valid completed election forms will need to be received by NIBH's transfer secretaries not later than 12:00 on Wednesday, 3 April 2002. The record date will be Friday, 5 April 2002. Dividend transfers will be made to and subscription shares will be registered in the names of shareholders on Monday, 8 April 2002.

A further announcement will be published on or about Tuesday, 9 April 2002, giving details of the results of the subscription election.

**SHARE CAPITAL**

Details of the authorised and issued share capital appear in note 13 to the annual financial statements, together with details of changes in authorised share capital, shares issued and options granted during the year.

**OWNERSHIP**

NIBH's major shareholder is Nedcor Limited, which holds approximately 84% of the fully paid shares in issue. Nedcor Limited is a member of the Old Mutual group of companies.



## DIRECTORS' INTERESTS

The directors held the following direct and indirect interests in shares in the company:

|               | Beneficial |         |          |         |
|---------------|------------|---------|----------|---------|
|               | Direct     |         | Indirect |         |
|               | 2001       | 2000    | 2001     | 2000    |
| Prof MM Katz  | -          | -       | -        | -       |
| Dr IJ Botha** | 509 434    | 509 434 | -        | -       |
| JR Bestbier   | 283 019    | 283 019 | -        | -       |
| RG Cottrell   | 2 000      | -       | -        | -       |
| ML Davis      | -          | -       | -        | -       |
| BE Davison    | -          | -       | -        | -       |
| PG Joubert    | -          | -       | -        | -       |
| PH Lane       | 339 623    | 339 623 | -        | -       |
| RCM Laubscher | 102        | 102     | -        | -       |
| CF Liebenberg | -          | -       | 320 706  | 320 706 |
| E Molobi      | -          | -       | -        | -       |
| SG Morris     | -          | -       | 101      | 101     |
| PF Nhleko     | -          | -       | -        | -       |
| Dr LA Porter  | -          | -       | 50 000   | 50 000  |
| GF Richardson | -          | -       | 12 771   | 12 771  |
| WC Ross       | 339 623    | 339 623 | -        | -       |
| AA Routledge  | -          | -       | -        | -       |
| R van Wyk     | 283 019    | 283 019 | -        | -       |

\*\* Dr IJ Botha also has a non-beneficial interest of 27 553 (2000: 27 553) shares.

There has been no material change in directors' interests since 31 December 2001. There are 14 551 500 (2000: 12 965 800) options outstanding that were granted to executive directors in terms of the NIB Group Employee Incentive Scheme as detailed on page 107.

Directors' emoluments are summarised in note 19.4 of the annual financial statements and detailed in the directors' remuneration report.

No director of NIBH has a direct and indirect beneficial interest or holding in excess of 1% of the issued NIBH ordinary shares. Other than Dr IJ Botha, the directors of NIBH have no non-beneficial interest in the shareholding of the company.

## DIRECTORS

The names of the directors of the company in office as at the date of this report are:

MM Katz\* Prof (Chairperson)

Dr IJ Botha\* (Chief Executive)

JR Bestbier\*

RG Cottrell

ML Davis

BE Davison

PG Joubert

PH Lane\*

RCM Laubscher\*

CF Liebenberg

E Molobi

SG Morris\*

PF Nhleko

Dr LA Porter

GF Richardson

WC Ross\*

AA Routledge\*

R van Wyk\*

Directors marked with an \* are regarded as executive directors in terms of section 60(3) of the Banks Act.



Mr RG Cottrell was appointed as a director on 1 January 2001 and Mr PF Nhleko was appointed on 4 January 2002. Mr N Dennis's appointment to the board becomes effective after 1 March 2002. Messrs Nhleko and Dennis retire in accordance with the provisions of the company's articles of association but, being eligible, offer themselves for re-election.

Mr GH Bulterman reached the mandatory retirement age as a non-executive director on 20 June 2001.

The composition of the boards of NIBH and the bank were identical at financial year-end.

#### PRINCIPAL ACTIVITIES OF THE GROUP

NIB operates across a number of diverse markets and varied client types, and provides multiple services that have been structured into the following operational focus areas:

##### Advisory services

- Corporate finance
- Edward Nathan & Friedland (ENF)

##### Asset management

- Franklin Templeton NIB Investments (FTNIBI)
- NIBi – South Africa
  - International
- Treasury asset management

##### Capital account

##### Private-equity investments

##### Property

##### Strategic alliances

##### Structured and project finance

##### Treasury

Although NIB's business units are complementary from an operational perspective, a core aspect of NIB's management philosophy is to measure the performance of business units on a standalone, ringfenced basis. The business units are managed on a fully funded, fully costed basis, ie shareholders' funds are not allocated to individual business units. Overhead costs are fully allocated to individual business units. The performance of the business units therefore reflect their true marginal contribution to earnings and their unsubsidised all-in return on assets.

#### OPERATING RESULTS

The headline earnings of the group for the year ended 31 December 2001 was R743 million (2000: R615 million).

Return on average equity for the year was 23,1% (2000: 23,4%). The capital adequacy ratio of the bank as at 31 December 2001 amounted to 13,8% (2000: 12,1%). It should be noted that excess capital available for deployment within the group is carried by the holding company.

The 'group' results refer to the consolidated NIBH. The 'bank' results refer to Nedcor Investment Bank Limited only, ie the results of the registered bank on an unconsolidated basis.

The annual financial statements of NIBH on an unconsolidated basis are reflected on pages 102 and 103.

#### SUBSIDIARIES

An analysis of all material subsidiary companies for NIBH and the bank is set out on pages 104 and 105.

#### SECRETARY AND REGISTERED OFFICE

The group secretary is Mr JS Eisenhammer and his address, as well as that of the registered office, is 1 Newtown Avenue, Killarney, Johannesburg, 2193. The postal address of the registered office is PO Box 582, Johannesburg, 2000.

#### CONTRACTS

No contracts in which directors and officers of the company or group had an interest and that significantly affected the affairs or business of the company or any of its subsidiaries were entered into during the year.

#### INSURANCE

Cover of up to R1 billion in respect of the bankers' blanket bond, computer crime and professional indemnity risk is provided through two underwriters.

#### POST-BALANCE-SHEET EVENTS

No significant events have occurred since the balance sheet date.



# balance sheets

AS AT 31 DECEMBER 2001

|  |              | GROUP             |                   | BANK              |                   |
|--|--------------|-------------------|-------------------|-------------------|-------------------|
|  | <i>Notes</i> | 2001<br>R000      | 2000<br>R000      | 2001<br>R000      | 2000<br>R000      |
| <b>ASSETS</b>                            |              |                   |                   |                   |                   |
| Cash and short-term funds                | 3            | 3 961 100         | 1 667 805         | 3 853 378         | 1 573 291         |
| Other short-term securities              | 4            | 2 389 319         | 1 794 799         | 2 389 319         | 1 768 115         |
| Government and public sector securities  | 5            | 3 688 811         | 2 498 248         | 2 517 213         | 2 359 670         |
| Advances and other accounts              | 6            | 18 624 054        | 18 092 775        | 15 167 216        | 14 448 683        |
| Subsidiary companies                     | 8            | –                 | –                 | 67 724            | 2 189             |
| Associated companies                     | 9            | 60 585            | 58 187            | 38 101            | 54 653            |
| Other investments                        | 10           | 1 481 516         | 974 814           | 890 271           | 649 799           |
| Property and equipment                   | 11           | 36 988            | 80 961            | 25 290            | 37 730            |
| Customers' indebtedness for acceptances  |              | –                 | 8 560             | –                 | 8 560             |
| <b>Total assets</b>                      |              | <b>30 242 373</b> | <b>25 176 149</b> | <b>24 948 512</b> | <b>20 902 690</b> |
| <b>EQUITY AND LIABILITIES</b>            |              |                   |                   |                   |                   |
| Share capital                            | 13.2         | 16 118            | 16 186            | 6 001             | 6 001             |
| Reserves                                 | 14.1         | 3 295 166         | 3 175 777         | 2 881 439         | 1 945 303         |
| Shareholders' funds                      |              | 3 311 284         | 3 191 963         | 2 887 440         | 1 951 304         |
| Long-term debt                           | 15           | 1 662             | 1 400             | 1 662             | 1 400             |
| Deposit, current and other accounts      | 16           | 26 929 427        | 21 974 226        | 22 059 410        | 18 941 426        |
| Liabilities under acceptances            |              | –                 | 8 560             | –                 | 8 560             |
| <b>Capital, reserves and liabilities</b> |              | <b>30 242 373</b> | <b>25 176 149</b> | <b>24 948 512</b> | <b>20 902 690</b> |



|   |              | GROUP          |                | BANK           |                |
|---|--------------|----------------|----------------|----------------|----------------|
|   |              | 2001           | 2000           | 2001           | 2000           |
|   | <i>Notes</i> | R000           | R000           | R000           | R000           |
| Interest income   |              | 2 546 001      | 2 465 103      | 2 234 847      | 2 082 424      |
| Interest expense  |              | 2 223 310      | 2 133 386      | 1 959 770      | 1 775 849      |
| Net interest income   |              | 322 691        | 331 717        | 275 077        | 306 575        |
| Non-interest revenue  | 19.1         | 1 040 185      | 849 850        | 642 015        | 394 603        |
| Operating income  |              | 1 362 876      | 1 181 567      | 917 092        | 701 178        |
| Specific and general provisions   | 7            | 40 149         | 34 948         | 63 901         | 37 181         |
| Net income  |              | 1 322 727      | 1 146 619      | 853 191        | 663 997        |
| Operating expenditure   | 19.2         | 444 474        | 418 689        | 314 672        | 296 114        |
| Net operating income  |              | 878 253        | 727 930        | 538 519        | 367 883        |
| Income from associated companies  | 9            | 8 946          | 16 975         | 7 878          | –              |
| <i>Add: Net capital profit on the disposal and restructuring of businesses</i>    | 19.3         | –              | 13 008         | –              | 243 675        |
| Net income before taxation  |              | 887 199        | 757 913        | 546 397        | 611 558        |
| Taxation  | 20           | 144 389        | 77 439         | 109 733        | 52 342         |
| <b>Income attributable to shareholders</b>  |              | <b>742 810</b> | <b>680 474</b> | <b>436 664</b> | <b>559 216</b> |
| <b>HEADLINE EARNINGS RECONCILIATION</b>   |              |                |                |                |                |
| Income attributable to shareholders   |              | 742 810        | 680 474        | 436 664        | 559 216        |
| <i>Less: Non-headline-earnings items</i>  |              |                |                |                |                |
| Net capital profit after taxation on the disposal and restructuring of businesses | 19.3/20      | –              | (65 785)       | –              | (290 572)      |
| <b>Headline earnings</b>  |              | <b>742 810</b> | <b>614 689</b> | <b>436 664</b> | <b>268 644</b> |
| Headline earnings per share (cents)   | 22           | 46,1           | 38,6           |                |                |
| Dividends per share (cents)   | 21           | 15,4           | 12,9           |                |                |
| Dividend cover (times)  |              | 3,0            | 3,0            |                |                |



# consolidated statements of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2001

|  | Notes | Ordinary<br>share<br>capital<br>R000 | Preference<br>share<br>capital<br>R000 | Share<br>premium<br>R000 | Non-distri-<br>butable<br>reserves<br>R000 | Distri-<br>butable<br>reserves<br>R000 | Total<br>R000 |
|--|-------|--------------------------------------|--|--------------------------|--|--|---------------|
| <b>GROUP</b>                               |       |                                      |  |                          |  |  |               |
| Balance as at 1 January 2000               |       | 15 706                               | 102                                    | 397 970                  | 16 028                                     | 2 105 049                              | 2 534 855     |
| Prior-year adjustment                      | 14    | -                                    | -                                      | -                        | -  | (11 171)                               | (11 171)      |
| Restated balance as at 1 January 2000      |       | 15 706                               | 102                                    | 397 970                  | 16 028                                     | 2 093 878                              | 2 523 684     |
| Issue of new share capital                 |       | 378                                  | -                                      | 36 308                   | -  | -                                      | 36 686        |
| Share issue expenses                       |       | -                                    | -                                      | (334)                    | -  | -                                      | (334)         |
| Currency translation and other adjustments |       | -                                    | -                                      | -                        | (2 413)                                    | (36 808)                               | (39 221)      |
| Transfers                                  |       | -                                    | -                                      | -                        | (3 000)                                    | 3 000                                  | -             |
| Income attributable to shareholders        |       | -                                    | -                                      | -                        | -  | 680 474                                | 680 474       |
| Dividend                                   | 21    | -                                    | -                                      | -                        | -  | (9 326)                                | (9 326)       |
| Balance as at 31 December 2000             |       | 16 084                               | 102                                    | 433 944                  | 10 615                                     | 2 731 218                              | 3 191 963     |
| Issue of new share capital                 |       | 32                                   | -                                      | 9 048                    | -  | -                                      | 9 080         |
| Share issue expenses                       |       | -                                    | -                                      | (5 206)                  | -  | -                                      | (5 206)       |
| Redemption of preference share capital     |       | -                                    | (100)                                  | (399 900)                | -  | -                                      | (400 000)     |
| Currency translation and other adjustments |       | -                                    | -                                      | -                        | (17 183)                                   | (2 587)                                | (19 770)      |
| Transfers                                  |       | -                                    | -                                      | -                        | 14 704                                     | (14 704)                               | -             |
| Income attributable to shareholders        |       | -                                    | -                                      | -                        | -  | 742 810                                | 742 810       |
| Dividend                                   | 21    | -                                    | -                                      | -                        | -  | (207 593)                              | (207 593)     |
| Balance as at 31 December 2001             |       | 16 116                               | 2                                      | 37 886                   | 8 136                                      | 3 249 144                              | 3 311 284     |
| <b>BANK</b>                                |       |                                      |  |                          |  |  |               |
| Balance as at 1 January 2000               |       | 6 001                                | -                                      | 591 962                  | -  | 805 296                                | 1 403 259     |
| Prior-year adjustment                      | 14    | -                                    | -                                      | -                        | -  | (11 171)                               | (11 171)      |
| Restated balance as at 1 January 2000      |       | 6 001                                | -                                      | 591 962                  | -  | 794 125                                | 1 392 088     |
| Income attributable to shareholders        |       | -                                    | -                                      | -                        | -  | 559 216                                | 559 216       |
| Balance as at 31 December 2000             |       | 6 001                                | -                                      | 591 962                  | -  | 1 353 341                              | 1 951 304     |
| Issue of new share capital                 |       | -                                    | -                                      | 1 382 930                | -  | -                                      | 1 382 930     |
| Share issue expenses                       |       | -                                    | -                                      | (3 458)                  | -  | -                                      | (3 458)       |
| Income attributable to shareholders        |       | -                                    | -                                      | -                        | -  | 436 664                                | 436 664       |
| Dividend                                   | 21    | -                                    | -                                      | -                        | -  | (880 000)                              | (880 000)     |
| Balance as at 31 December 2001             |       | 6 001                                | -                                      | 1 971 434                | -  | 910 005                                | 2 887 440     |

# cash flow statements



FOR THE YEAR ENDED 31 DECEMBER 2001

|   | Notes | GROUP            |                  | BANK             |                  |
|---|-------|------------------|------------------|------------------|------------------|
|   |       | 2001<br>R000     | 2000<br>R000     | 2001<br>R000     | 2000<br>R000     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>             |       |                  |                  |                  |                  |
| Cash receipts from clients                              | 23.1  | 3 474 602        | 3 248 293        | 2 641 100        | 2 691 722        |
| Cash payments to clients, staff and suppliers           | 23.2  | (2 653 946)      | (2 529 132)      | (2 261 994)      | (2 057 434)      |
| Dividends received on investments                       |       | 120 176          | 97 847           | 243 693          | 41 748           |
| <b>Cash inflow from operating activities</b>            |       | <b>940 832</b>   | <b>817 008</b>   | <b>622 799</b>   | <b>676 036</b>   |
| Changes in working funds                                |       | 2 486 592        | 565 290          | 1 471 827        | 729 920          |
| Increase in operating assets                            | 23.3  | (2 452 538)      | (2 439 630)      | (1 644 932)      | (1 990 182)      |
| Increase in operating liabilities                       | 23.4  | 4 939 130        | 3 004 920        | 3 116 759        | 2 720 102        |
| <b>Cash generated by operating activities</b>           |       | <b>3 427 424</b> | <b>1 382 298</b> | <b>2 094 626</b> | <b>1 405 956</b> |
| <b>Taxation paid</b>                                    | 23.5  | <b>(49 212)</b>  | <b>(48 162)</b>  | <b>(24 495)</b>  | <b>(24 171)</b>  |
| <b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>            |       |                  |                  |                  |                  |
| Investment in fixed property                            | 12    | (1 018)          | (1 377)          | (105)            | -                |
| Investment in equipment                                 | 12    | (19 997)         | (31 681)         | (16 683)         | (20 267)         |
| Proceeds on sale of property and equipment              | 12    | 50 009           | 23 562           | 15 482           | 18 469           |
| Net investments made                                    |       | (506 702)        | (409 760)        | (240 472)        | (565 305)        |
| Net cash utilised in investment activities              |       | (477 708)        | (419 256)        | (241 778)        | (567 103)        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>             |       |                  |                  |                  |                  |
| Net proceeds from share capital<br>(redeemed)/issued    |       | (393 507)        | 851              | 1 382 930        | -                |
| Share issue expenses                                    | 14.1  | (5 206)          | (334)            | (3 458)          | -                |
| Net cash or cash equivalents (acquired)/sold            | 23.6  | (903)            | (43 401)         | (47 738)         | 1 042            |
| Dividends paid  |       | (207 593)        | (9 326)          | (880 000)        | -                |
| Net cash (utilised)/provided by<br>financing activities |       | (607 209)        | (52 210)         | 451 734          | 1 042            |
| <b>Net cash generated</b>                               |       | <b>2 293 295</b> | <b>862 670</b>   | <b>2 280 087</b> | <b>815 724</b>   |
| Cash and short-term funds at beginning of year          |       | 1 667 805        | 805 135          | 1 573 291        | 757 567          |
| <b>Cash and short-term funds at end of year</b>         | 3     | <b>3 961 100</b> | <b>1 667 805</b> | <b>3 853 378</b> | <b>1 573 291</b> |



# notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2001

## ACCOUNTING POLICIES

### 1. BASIS OF ACCOUNTING

The consolidated financial statements are prepared in accordance with, and comply with Statements of Generally Accepted Accounting Practice. The financial statements are prepared on the historical-cost basis, except for certain investments that are carried at fair values. The more important accounting policies adopted and applied are set out below and are consistent with those of the previous year, except for the prior-year adjustment highlighted in note 14.

#### 1.1 Basis of consolidation

The group financial statements incorporate the assets, liabilities and results of the company, its subsidiaries and associated companies, other than companies acquired in the course of lending activities or for the purpose of protecting advances, which assets are included in advances.

The results of consolidated subsidiaries are dealt with from the effective dates of acquisition until the effective dates of disposal. Premiums and discounts in respect of the purchase consideration of businesses acquired over or under the fair value of net assets as at date of acquisition are set off against or transferred to reserves.

#### 1.2 Associated companies

Associated companies are those companies over whose financial affairs and operating policies the group exercises significant influence. The share of associated retained earnings and reserves is determined from the associates' latest audited financial statements or the latest information available to shareholders. No significant changes occurred between these dates and the group's year-end.

#### 1.3 Securities and other investments

Securities having a fixed redemption value are stated at cost, adjusted for differences between cost and redemption value, which are brought to account over the period to redemption date. No provision is made for any shortfall between the market value of securities held for investment purposes and the carrying value, as determined above, where it is intended they be held to redemption. Securities held for trading purposes are stated at market value. Other investments are stated at cost and provision is made where, in the opinion of the directors, there has been a permanent diminution in value.

#### 1.4 Derivative instruments

Trading positions on financial futures, options contracts and forward rate agreements are marked to market value and the resultant profits and losses are accounted for in the income statement in the year in which they arise. Profits and losses on contracts entered into for purposes of hedging are recognised in the income statement on the same basis and over the same accounting period as those of the hedged items to which they relate.

#### 1.5 Repurchase and resale agreements

Where securities are sold under an agreement to repurchase those securities at a future date, the securities are recorded in the annual financial statements with the corresponding liability to repurchase those securities. Securities subject to repurchase agreements are valued in terms of the accounting policy as set out in note 1.3.

Securities purchased under an agreement to resell those securities at a future date are treated as secured loans and reflected on the balance sheet. Profits and losses arising from the transaction are accounted for over the period of the contracts.

#### 1.6 Instalment transactions

Instalment credit agreements are regarded as financing transactions and total instalments, less unearned finance charges, are included in advances and other accounts.

Lease income and finance charges are precomputed at the commencement of the contractual periods and are recognised in income in proportion to the net cash investment capital balances outstanding. Unearned lease income and finance charges are carried forward as deferred income and deducted from advances.

#### 1.7 Discounting transactions

Acceptances, promissory notes, trade and other bills drawn by clients and discounted are included under advances. Amounts rediscounted are included under the contra items for acceptances.

#### 1.8 Properties in possession

Unsold properties in possession are included under advances and valued at the lower of cost and net realisable value. Cost includes the outstanding balance on repossession, which may or may not include capitalised interest incurred by the client, together with other charges on repossession.

#### 1.9 Specific and general provisions

Specific provisions for bad and doubtful advances are made against identified doubtful advances, including amounts in respect of interest that is not serviced, and are deducted from advances.

In addition, a general provision is maintained against significant unforeseen losses and, in particular, on advances not specifically identified as doubtful and is deducted from advances. The provisions, both specific and general, made during the year, less recoveries of advances previously written off, are charged to the income statement.

#### 1.10 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation.



### 1.11 Property and equipment

Freehold land and buildings are considered to be investment properties and are initially recorded at cost, and subsequently at fair value as determined on an annual basis. Other equipment is stated at cost and are depreciated on a straight-line basis at rates appropriate to their estimated useful lives.

### 1.12 Taxation

Current taxation comprises taxation payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted at the balance sheet date, and any adjustment of taxation payable for previous years.

Deferred taxation is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date. Deferred taxation is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred taxation of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred-tax asset is recognised to the extent that it is probable that future taxable income will be available, against which the associated unutilised tax losses and deductible temporary differences can be used. Deferred-tax assets are reduced to the extent that it is no longer probable that the tax benefit will be realised.

### 1.13 Foreign currency transactions

Transactions in foreign currencies are recorded at the rate of exchange ruling at the transaction date. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date or at the relevant rates at which forward exchange contracts were concluded. Gains and losses arising on translation are credited to or charged against income. Foreign exchange trading positions, including spot and forward exchange contracts, are valued at current market rates taking maturity profiles into account, and resultant profits or losses are accounted for in the income statement.

### 1.14 Foreign entity/operation financial statements

Foreign entity financial statements are translated into the reporting currency as follows: assets and liabilities are translated at rates of exchange ruling at year-end and income, expenditure and cash flow items are translated at the weighted average exchange rates for the period. Exchange differences arising from the translation of a foreign entity are taken directly to a foreign currency translation reserve.

Integrated foreign operation financial statements are translated into the reporting currency as follows: transactions and resulting non-monetary items are translated at the exchange rate ruling at the transaction date. Income statement items are translated at the appropriate weighted average exchange rates for the year and monetary assets and liabilities are translated at rates of exchange ruling at year-end. Translation gains and losses arising from the translation of integrated foreign operations are taken to income for the year.

### 1.15 Pension and retirement funds

The expected costs of post-retirement benefits under defined-benefit and defined-contribution schemes are charged to income over the service lives of the employees entitled to these benefits. Costs are actuarially assessed and expense adjustments and past-service costs resulting from plan amendments are amortised over the expected average remaining service lives of the employees.

### 1.16 Post-retirement medical benefits

The group makes provision for post-retirement medical benefits in the form of medical aid schemes for eligible employees and pensioners. The provision made principally represents the annual funding, determined on actuarial advice, to provide for future obligations in respect of post-retirement medical aid benefits.

### 1.17 Managed funds and trust activities

Certain companies in the group operate unit trusts, hold and invest funds on behalf of clients and act as trustees in a number of fiduciary capacities. Assets and liabilities representing such activities are not reflected on the balance sheet, as these relate directly to clients. Income from these activities is brought to account over the period to which the service relates.

### 1.18 Comparative figures

Comparative figures are restated, where necessary, to afford a proper comparison.

## 2. TURNOVER

The group's turnover relates mainly to its banking activities and comprises net interest income and non-interest revenue. Net interest income comprises interest income and expenditure relating to the effective interest rates applied to lending-related assets and liabilities. Interest income includes interest earned on lending-related investments. The accrual of interest on lending-related assets is suspended when its recovery is considered to be doubtful. Non-interest revenue includes dividends from investments, fees and commissions, net income from exchange and securities dealing and net gains on the sale of investment banking assets.



# notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2001

|  | GROUP            |                  | BANK             |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2001<br>R000     | 2000<br>R000     | 2001<br>R000     | 2000<br>R000     |
| <b>3. CASH AND SHORT-TERM FUNDS</b>  |                  |                  |                  |                  |
| Coin and banknotes   | 136              | 363              | 77               | 176              |
| Money at call and short notice   | 107 663          | 94 327           | -                | -                |
| Balances with central bank   | 3 853 301        | 1 573 115        | 3 853 301        | 1 573 115        |
|  | <b>3 961 100</b> | <b>1 667 805</b> | <b>3 853 378</b> | <b>1 573 291</b> |
| Cash and short-term funds of R nil are pledged as security (2000: R1 573 million).   |                  |                  |                  |                  |
| <b>4. OTHER SHORT-TERM SECURITIES</b>  |                  |                  |                  |                  |
| <b>4.1 Carrying value</b>  |                  |                  |                  |                  |
| Negotiable certificates of deposit*  | 2 389 319        | 1 794 799        | 2 389 319        | 1 768 115        |
|  | <b>2 389 319</b> | <b>1 794 799</b> | <b>2 389 319</b> | <b>1 768 115</b> |
| <b>4.2 Portfolio analysis</b>  |                  |                  |                  |                  |
| Investment portfolio   | 2 389 319        | 1 794 799        | 2 389 319        | 1 768 115        |
|  | <b>2 389 319</b> | <b>1 794 799</b> | <b>2 389 319</b> | <b>1 768 115</b> |
| Other short-term securities have a market value of R2 389 million (2000: R1 799 million).<br>* Negotiable certificates of deposit of R1 162 million are pledged as security to cover net open positions on trading (2000: R1 397 million). |                  |                  |                  |                  |
| <b>5. GOVERNMENT AND PUBLIC SECTOR SECURITIES</b>  |                  |                  |                  |                  |
| <b>5.1 Carrying value</b>  |                  |                  |                  |                  |
| Government and government-guaranteed   | 2 721 867        | 1 575 708        | 1 577 967        | 1 437 130        |
| Other dated securities   | 966 944          | 922 540          | 939 246          | 922 540          |
|  | <b>3 688 811</b> | <b>2 498 248</b> | <b>2 517 213</b> | <b>2 359 670</b> |
| <b>5.2 Maturity structure</b>  |                  |                  |                  |                  |
| Maturing within 1 year   | 944 650          | 163 714          | 944 388          | 163 714          |
| Maturing after 1 year but within 3 years   | 175 991          | 915 551          | 175 991          | 915 551          |
| Maturing after 3 years   | 2 568 170        | 1 418 983        | 1 396 834        | 1 280 405        |
|  | <b>3 688 811</b> | <b>2 498 248</b> | <b>2 517 213</b> | <b>2 359 670</b> |
| Government and public sector securities have a market value of R3 689 million as at 31 December 2001 (2000: R2 501 million).<br>Government and public sector securities of R nil are pledged as security (2000: R659 million).             |                  |                  |                  |                  |



|   | GROUP             |                   | BANK              |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 2001<br>R000      | 2000<br>R000      | 2001<br>R000      | 2000<br>R000      |
| <b>6. ADVANCES AND OTHER ACCOUNTS</b>           |                   |                   |                   |                   |
| <b>6.1 Category analysis</b>                    |                   |                   |                   |                   |
| Properties in possession                        | 300 965           | 343 279           | –                 | –                 |
| Other loans and overdrafts                      | 14 104 056        | 13 718 927        | 13 373 957        | 13 753 437        |
| Preference shares and debentures                | 2 008 277         | 2 019 393         | 18 672            | 146 851           |
| Trade, other bills and bankers' acceptances     | 1 823 857         | 446 452           | 1 698 710         | 177 252           |
| Loans granted under resale agreements           | –                 | 849 344           | –                 | –                 |
| Taxation prepaid                                | 39 141            | 51 545            | 16 812            | 15 930            |
| Deferred taxation (note 6.5)                    | 66 407            | 60 793            | 62 803            | 80 873            |
| Sundry receivables and accrued interest         | 554 974           | 855 821           | 195 698           | 484 111           |
|   | <b>18 897 677</b> | <b>18 345 554</b> | <b>15 366 652</b> | <b>14 658 454</b> |
| Specific and general risk provisions (note 7.1) | 273 623           | 252 779           | 199 436           | 209 771           |
|   | <b>18 624 054</b> | <b>18 092 775</b> | <b>15 167 216</b> | <b>14 448 683</b> |
| <b>6.2 Sectoral analysis</b>                    |                   |                   |                   |                   |
| Individuals                                     | 300 960           | 164 637           | 51 825            | 2 859             |
| Manufacturing                                   | 829 612           | 657 950           | 239 075           | 150 866           |
| Wholesale and trade                             | –                 | 349 401           | –                 | 349 401           |
| Retailers, catering and accommodation           | 548 175           | 37 986            | 514 235           | –                 |
| Agriculture, forestry and fishing               | 26 458            | 1 232             | 1 958             | 1 232             |
| Mining and quarrying                            | 442 883           | –                 | 159 779           | –                 |
| Financial services, insurance and real estate   | 14 922 686        | 14 763 983        | 13 105 583        | 12 677 837        |
| Government and public sector                    | 317 876           | 150 087           | 292 366           | 96 917            |
| Building and property development               | 319 870           | 371 656           | 183 902           | 43 444            |
| Transport, storage and communication            | 319 312           | 664 870           | 296 077           | 538 770           |
| Other   | 869 845           | 1 183 752         | 521 852           | 797 128           |
|   | <b>18 897 677</b> | <b>18 345 554</b> | <b>15 366 652</b> | <b>14 658 454</b> |
| <b>6.3 Maturity structure</b>                   |                   |                   |                   |                   |
| Demand or short notice                          | 2 342 199         | 3 070 412         | 4 214 007         | 4 394 117         |
| 3 months or less but not demand or short notice | 1 484 692         | 1 092 579         | 1 027 133         | 176 629           |
| Between 3 months and 1 year                     | 1 355 045         | 2 869 406         | 393 440           | 1 261 412         |
| Between 1 year and 5 years                      | 10 144 197        | 7 566 192         | 6 885 703         | 5 581 640         |
| More than 5 years                               | 3 571 544         | 3 746 965         | 2 846 369         | 3 244 656         |
|   | <b>18 897 677</b> | <b>18 345 554</b> | <b>15 366 652</b> | <b>14 658 454</b> |



# notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2001

|  | GROUP             |                   | BANK              |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 2001<br>R000      | 2000<br>R000      | 2001<br>R000      | 2000<br>R000      |
| <b>6. ADVANCES AND OTHER ACCOUNTS (continued)</b>                        |                   |                   |                   |                   |
| <b>6.4 Geographical analysis</b>   |                   |                   |                   |                   |
| South Africa   | 15 133 160        | 16 978 316        | 13 905 668        | 13 970 637        |
| Africa   | 791 580           | 549 564           | 455 242           | 365 872           |
| Europe   | 2 466 721         | 815 088           | 521 943           | 319 359           |
| Other  | 506 216           | 2 586             | 483 799           | 2 586             |
|  | <b>18 897 677</b> | <b>18 345 554</b> | <b>15 366 652</b> | <b>14 658 454</b> |
| <b>6.5 Deferred taxation</b>   |                   |                   |                   |                   |
| <b>Assets</b>  |                   |                   |                   |                   |
| Balance at beginning of year   | 80 873            | 46 444            | 80 873            | 46 444            |
| Income statement charge – normal   | (76 677)          | (82 062)          | (84 633)          | (82 062)          |
| Income statement charge – exceptional                                    | –                 | 46 897            | –                 | 46 897            |
| Prior-year adjustment  | –                 | 4 788             | –                 | 4 788             |
| Other transfers*   | 71 061            | 64 806            | 66 563            | 64 806            |
| Balance at end of year   | <b>75 257</b>     | <b>80 873</b>     | <b>62 803</b>     | <b>80 873</b>     |
| <b>Liabilities</b>   |                   |                   |                   |                   |
| Balance at beginning of year   | (20 080)          | (14 477)          | –                 | –                 |
| Income statement charge – normal   | 10 237            | (5 603)           | –                 | –                 |
| Income statement charge – exceptional                                    | –                 | 5 880             | –                 | –                 |
| Other transfers*   | 993               | (5 880)           | –                 | –                 |
| Balance at end of year   | <b>(8 850)</b>    | <b>(20 080)</b>   | <b>–</b>          | <b>–</b>          |
| <b>Total deferred taxation</b>   | <b>66 407</b>     | <b>60 793</b>     | <b>62 803</b>     | <b>80 873</b>     |
| <b>Deferred taxation due to temporary differences arising from</b>       |                   |                   |                   |                   |
| Accelerated allowances   | (73 752)          | (83 146)          | (70 323)          | (63 497)          |
| Deferred-taxation assets arising on income and expenditure accruals      | 177 223           | 151 863           | 170 170           | 146 494           |
| Deferred taxation liabilities arising on income and expenditure accruals | (37 064)          | (7 924)           | (37 044)          | (2 124)           |
|  | <b>66 407</b>     | <b>60 793</b>     | <b>62 803</b>     | <b>80 873</b>     |

The deferred-tax asset has arisen due to various banking-related transactions. The directors are of the opinion that the recovery of the deferred-tax asset is assured beyond reasonable doubt and will be utilised in the normal course of business.

\* These transfers are primarily due to the utilisation of tax base through structured finance deals.



|  | 2001                           |                  |                   | 2000                           |                  |                   |
|--|--------------------------------|------------------|-------------------|--------------------------------|------------------|-------------------|
|  | Outstanding<br>balance<br>R000 | Security<br>R000 | Provision<br>R000 | Outstanding<br>balance<br>R000 | Security<br>R000 | Provision<br>R000 |
| 6. ADVANCES AND OTHER<br>ACCOUNTS (continued)    |                                |                  |                   |                                |                  |                   |
| 6.6 Non-performing advances                      |                                |                  |                   |                                |                  |                   |
| <b>Group – sectoral analysis</b>                 |                                |                  |                   |                                |                  |                   |
| Manufacturing                                    | 16 408                         | 4 282            | 12 126            | 73 683                         | 44 700           | 28 917            |
| Agriculture, forestry and fishing                | -                              | -                | -                 | 12 260                         | 7 000            | 5 264             |
| Financial services, insurance<br>and real estate | 93 967                         | 39 554           | 91 280            | 312 504                        | 221 101          | 107 719           |
| Other  | 34 682                         | 8 703            | 25 979            | 1 222                          | -                | 1 351             |
|  | <b>145 057</b>                 | <b>52 539</b>    | <b>129 385</b>    | <b>399 669</b>                 | <b>272 801</b>   | <b>143 251</b>    |
| <b>Bank – sectoral analysis</b>                  |                                |                  |                   |                                |                  |                   |
| Manufacturing                                    | 16 408                         | 4 282            | 12 126            | 39 382                         | 36 800           | 2 548             |
| Agriculture, forestry and fishing                | -                              | -                | -                 | 12 260                         | 7 000            | 5 264             |
| Financial services, insurance<br>and real estate | 93 967                         | 39 554           | 62 093            | 266 633                        | 186 101          | 92 431            |
|  | <b>110 375</b>                 | <b>43 836</b>    | <b>74 219</b>     | <b>318 275</b>                 | <b>229 901</b>   | <b>100 243</b>    |



# notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2001

|  | GROUP        |              | BANK         |              |
|--|--------------|--------------|--------------|--------------|
|  | 2001<br>R000 | 2000<br>R000 | 2001<br>R000 | 2000<br>R000 |
| <b>7. SPECIFIC AND GENERAL RISK PROVISIONS</b>                       |              |              |              |              |
| <b>7.1 Analysis of provisions</b>                                    |              |              |              |              |
| Specific provision for bad and doubtful advances                     | 129 385      | 143 251      | 74 219       | 100 243      |
| Specific unallocated risk provision                                  | 29 384       | 12 674       | 10 363       | 12 674       |
| General risk provision   | 114 854      | 96 854       | 114 854      | 96 854       |
| Provisions at end of year (note 6.1)                                 | 273 623      | 252 779      | 199 436      | 209 771      |
| <b>7.2 Specific provision for bad and doubtful advances</b>          |              |              |              |              |
| Provision at beginning of year                                       | 143 251      | 112 832      | 100 243      | 107 047      |
| Amounts written off, net of recoveries and other transfers           | 296          | (10 011)     | (54 477)     | (41 696)     |
| Transfer to interest reserve   | (25 404)     | (2 978)      | (25 562)     | (9 541)      |
| Transferred (to)/from specific unallocated risk provision (note 7.3) | (22 906)     | 8 460        | (3 885)      | 7 252        |
| Income statement charge  | 34 148       | 34 948       | 57 900       | 37 181       |
| Provision at end of year   | 129 385      | 143 251      | 74 219       | 100 243      |
| <b>7.3 Specific unallocated risk provision</b>                       |              |              |              |              |
| Provision at beginning of year                                       | 12 674       | 58 724       | 12 674       | 57 516       |
| Amounts written off, net of recoveries and other transfers           | 5 803        | 2 410        | 5 803        | 2 410        |
| Transfer from/(to) specific risk provision (note 7.2)                | 22 906       | (8 460)      | 3 885        | (7 252)      |
| Income statement charge  | (11 999)     | (40 000)     | (11 999)     | (40 000)     |
| Provision at end of year   | 29 384       | 12 674       | 10 363       | 12 674       |
| <b>7.4 General risk provision</b>                                    |              |              |              |              |
| Provision at beginning of year                                       | 96 854       | 56 854       | 96 854       | 56 854       |
| Income statement charge  | 18 000       | 40 000       | 18 000       | 40 000       |
| Provision at end of year   | 114 854      | 96 854       | 114 854      | 96 854       |
| <b>8. SUBSIDIARY COMPANIES</b>                                       |              |              |              |              |
| Unlisted shares at cost  |              |              | 67 724       | 2 189        |
| Information relating to subsidiary companies appears on page 104.    |              |              |              |              |



|   | GROUP        |              | BANK         |              |
|---|--------------|--------------|--------------|--------------|
|   | 2001<br>R000 | 2000<br>R000 | 2001<br>R000 | 2000<br>R000 |
| <b>9. ASSOCIATED COMPANIES</b>                                    |              |              |              |              |
| Carrying value at beginning of year                               | 58 187       | 19 180       | 54 653       | 50 167       |
| Dividends received  | (7 451)      | (2 813)      | (6 633)      | -            |
| Net additions/(disposals)   | 903          | 24 845       | (17 797)     | 4 486        |
| Equity-accounted share of retained earnings                       | 8 946        | 16 975       | 7 878        | -            |
| Carrying value at end of year                                     | 60 585       | 58 187       | 38 101       | 54 653       |
| Information relating to associated companies appears on page 106. |              |              |              |              |
| <b>10. OTHER INVESTMENTS</b>                                      |              |              |              |              |
| <b>10.1 At carrying value</b>                                     |              |              |              |              |
| Listed  | 349 364      | 101 650      | 1 054        | 58 632       |
| Unlisted  | 1 132 152    | 873 164      | 889 217      | 591 167      |
|   | 1 481 516    | 974 814      | 890 271      | 649 799      |
| <b>10.2 Valuation</b>   |              |              |              |              |
| Listed at market value  | 353 195      | 102 039      | 2 842        | 57 740       |
| Unlisted at directors' valuation                                  | 1 222 272    | 916 236      | 891 298      | 593 227      |
|   | 1 575 467    | 1 018 275    | 894 140      | 650 967      |

A list of investments is available for inspection at the registered offices.



# notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2001

|                                   | 2001           |                          | 2000          |                |                          |               |
|-----------------------------------|----------------|--------------------------|---------------|----------------|--------------------------|---------------|
|                                   | Cost           | Accumulated depreciation | Book value    | Cost           | Accumulated depreciation | Book value    |
|                                   | R000           | R000                     | R000          | R000           | R000                     | R000          |
| <b>11. PROPERTY AND EQUIPMENT</b> |                |                          |               |                |                          |               |
| – GROUP                           |                |                          |               |                |                          |               |
| Property                          |                |                          |               |                |                          |               |
| Freehold land and buildings       | 7 670          | –                        | 7 670         | 38 096         | –                        | 38 096        |
| Leasehold premises                | 1 160          | 664                      | 496           | 1 263          | 701                      | 562           |
|                                   | <b>8 830</b>   | <b>664</b>               | <b>8 166</b>  | <b>39 359</b>  | <b>701</b>               | <b>38 658</b> |
| Equipment                         |                |                          |               |                |                          |               |
| Computer equipment                | 61 684         | 44 074                   | 17 610        | 63 398         | 38 413                   | 24 985        |
| Furniture and other equipment     | 30 626         | 19 940                   | 10 686        | 32 865         | 15 845                   | 17 020        |
| Vehicles                          | 1 496          | 970                      | 526           | 912            | 614                      | 298           |
|                                   | <b>93 806</b>  | <b>64 984</b>            | <b>28 822</b> | <b>97 175</b>  | <b>54 872</b>            | <b>42 303</b> |
| <b>Total</b>                      | <b>102 636</b> | <b>65 648</b>            | <b>36 988</b> | <b>136 534</b> | <b>55 573</b>            | <b>80 961</b> |
| PROPERTY AND EQUIPMENT – BANK     |                |                          |               |                |                          |               |
| Property                          |                |                          |               |                |                          |               |
| Leasehold premises                | 533            | 444                      | 89            | 788            | 529                      | 259           |
|                                   | <b>533</b>     | <b>444</b>               | <b>89</b>     | <b>788</b>     | <b>529</b>               | <b>259</b>    |
| Equipment                         |                |                          |               |                |                          |               |
| Computer equipment                | 53 840         | 38 041                   | 15 799        | 56 691         | 33 019                   | 23 672        |
| Furniture and other equipment     | 26 190         | 16 838                   | 9 352         | 26 861         | 13 158                   | 13 703        |
| Vehicles                          | 710            | 660                      | 50            | 710            | 614                      | 96            |
|                                   | <b>80 740</b>  | <b>55 539</b>            | <b>25 201</b> | <b>84 262</b>  | <b>46 791</b>            | <b>37 471</b> |
| <b>Total</b>                      | <b>81 273</b>  | <b>55 983</b>            | <b>25 290</b> | <b>85 050</b>  | <b>47 320</b>            | <b>37 730</b> |

Registers required by the Companies Act, 1973, are available for inspection at the registered office of the companies concerned. The directors are of the opinion that current market value equates to cost for the freehold land and buildings with a book value of R7,7 million.

For purposes of calculating depreciation the useful lives of property and equipment are considered to be 3 to 5 years for computer and other equipment, 3 to 6 years for vehicles, 4 to 10 years for furniture and other equipment and 10 to 20 years for improvements to fixed property.



|  | 2000<br>Book<br>value<br>R000 | Additions<br>R000 | Disposals        |                       | Depreciation<br>R000 | 2001<br>Book<br>value<br>R000 |
|--|-------------------------------|-------------------|------------------|-----------------------|----------------------|-------------------------------|
|  |                               |                   | Proceeds<br>R000 | Profit/(loss)<br>R000 |                      |                               |
| <b>12. MOVEMENTS IN PROPERTY AND EQUIPMENT – GROUP</b> |                               |                   |                  |                       |                      |                               |
| Freehold land and buildings                            | 38 096                        | 760               | (31 343)         | 157                   | -                    | 7 670                         |
| Leasehold premises                                     | 562                           | 258               | -                | (205)                 | (119)                | 496                           |
| Property   | 38 658                        | 1 018             | (31 343)         | (48)                  | (119)                | 8 166                         |
| Computer equipment                                     | 24 985                        | 17 599            | (15 609)         | (721)                 | (8 644)              | 17 610                        |
| Furniture and other equipment                          | 17 020                        | 1 602             | (2 672)          | (372)                 | (4 892)              | 10 686                        |
| Vehicles   | 298                           | 796               | (385)            | -                     | (183)                | 526                           |
| Equipment  | 42 303                        | 19 997            | (18 666)         | (1 093)               | (13 719)             | 28 822                        |
| <b>Total 2001</b>                                      | <b>80 961</b>                 | <b>21 015</b>     | <b>(50 009)</b>  | <b>(1 141)</b>        | <b>(13 838)</b>      | <b>36 988</b>                 |
| Total 2000   | 110 238                       | 33 058            | (23 562)         | (15 830)              | (22 943)             | 80 961                        |
| <b>MOVEMENTS IN PROPERTY AND EQUIPMENT – BANK</b>      |                               |                   |                  |                       |                      |                               |
| Leasehold premises                                     | 259                           | 105               | -                | (205)                 | (70)                 | 89                            |
| Property   | 259                           | 105               | -                | (205)                 | (70)                 | 89                            |
| Computer equipment                                     | 23 672                        | 16 213            | (15 467)         | (721)                 | (7 898)              | 15 799                        |
| Furniture and other equipment                          | 13 703                        | 470               | (15)             | (372)                 | (4 434)              | 9 352                         |
| Vehicles   | 96                            | -                 | -                | -                     | (46)                 | 50                            |
| Equipment  | 37 471                        | 16 683            | (15 482)         | (1 093)               | (12 378)             | 25 201                        |
| <b>Total 2001</b>                                      | <b>37 730</b>                 | <b>16 788</b>     | <b>(15 482)</b>  | <b>(1 298)</b>        | <b>(12 448)</b>      | <b>25 290</b>                 |
| Total 2000   | 63 693                        | 20 267            | (18 469)         | (13 232)              | (14 529)             | 37 730                        |



# notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2001

|   | GROUP         |               | BANK         |              |
|---|---------------|---------------|--------------|--------------|
|   | 2001<br>R000  | 2000<br>R000  | 2001<br>R000 | 2000<br>R000 |
| <b>13. SHARE CAPITAL</b>  |               |               |              |              |
| <b>13.1 Authorised</b>  |               |               |              |              |
| Group – 2 000 000 000 (2000: 2 000 000 000)<br>ordinary shares of R0,01 each                | 20 000        | 20 000        |              |              |
| Group – 200 000 (2000: 200 000) variable rate<br>redeemable preference shares of R0,01 each | 2             | 2             |              |              |
| Group – 10 000 000 (2000: 10 000 000)<br>redeemable preference shares of R0,01 each         | 100           | 100           |              |              |
| Group – 10 000 000 (2000: 10 000 000)<br>'B' redeemable preference shares of R0,01 each     | 100           | 100           |              |              |
| Bank – 3 500 000 (2000: 3 500 000) ordinary<br>shares of R2 each                            |               |               | 7 000        | 7 000        |
|   | <b>20 202</b> | <b>20 202</b> | <b>7 000</b> | <b>7 000</b> |
| <b>13.2 Issued</b>  |               |               |              |              |
| Group – 1 611 604 221 (2000: 1 608 420 801)<br>ordinary shares of R0,01 each                | 16 116        | 16 084        |              |              |
| Group – 200 000 (2000: 200 000) variable rate<br>redeemable preference shares of R0,01 each | 2             | 2             |              |              |
| Group – Nil (2000: 10 000 000) redeemable<br>preference shares of R0,01 each                | –             | 100           |              |              |
| Bank – 3 000 600 (2000: 3 000 500) ordinary<br>shares of R2 each                            |               |               | 6 001        | 6 001        |
|   | <b>16 118</b> | <b>16 186</b> | <b>6 001</b> | <b>6 001</b> |

## Terms and conditions of preference shares

### *200 000 variable-rate redeemable preference shares of 1 cent each*

These preference shares are redeemable at the option of NIBH at the original subscription price. They carry no voting rights, unless the dividend of 55% of prime is in arrears.

### *10 000 000 redeemable preference shares of 1 cent each*

These preference shares are redeemable at the option of NIBH at the original subscription price. They carry no voting rights, unless the dividend of 65% of prime is in arrears.



|  | GROUP            |                  | BANK             |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2001<br>R000     | 2000<br>R000     | 2001<br>R000     | 2000<br>R000     |
| <b>13. SHARE CAPITAL (continued)</b>   |                  |                  |                  |                  |
| <b>13.3 Shares issued during the year</b>  |                  |                  |                  |                  |
| <b>Group</b>   |                  |                  |                  |                  |
| Issue of shares to persons exercising options under the Nedcor Investment Bank Group Employee Incentive Scheme   | 9 080            | 36 686           |                  |                  |
| Redemption of 10 000 000 redeemable preference shares  | (400 000)        | -                |                  |                  |
| Capitalisation award of 24 264 924 ordinary shares on 13 April 2000  | -                | -                |                  |                  |
| <b>Bank</b>  |                  |                  |                  |                  |
| Issue of 100 ordinary shares at a premium of R13 829 298 per share on 20 November 2001                           |                  |                  | 1 382 930        | -                |
| <b>Total</b>   | <b>(390 920)</b> | <b>36 686</b>    | <b>1 382 930</b> | <b>-</b>         |
| Ordinary share capital   | 32               | 378              | -                | -                |
| Preference share capital   | (100)            | -                | -                | -                |
| Share premium (see note 14.1)  | (390 852)        | 36 308           | 1 382 930        | -                |
| <b>Total</b>   | <b>(390 920)</b> | <b>36 686</b>    | <b>1 382 930</b> | <b>-</b>         |
| <b>13.4 Unissued shares are under the control of the directors until the forthcoming annual general meeting.</b> |                  |                  |                  |                  |
| <b>14. RESERVES</b>  |                  |                  |                  |                  |
| <b>14.1 Reserve movements</b>  |                  |                  |                  |                  |
| Balance at beginning of year   | 3 175 777        | 2 519 047        | 1 945 303        | 1 397 258        |
| Prior-year adjustment*   | -                | (11 171)         | -                | (11 171)         |
| Restated balance at beginning of year  | 3 175 777        | 2 507 876        | 1 945 303        | 1 386 087        |
| Share premium on shares (redeemed)/issued  | (390 852)        | 36 308           | 1 382 930        | -                |
| Share issue expenses   | (5 206)          | (334)            | (3 458)          | -                |
| Currency translation and other adjustments   | (19 770)         | (39 221)         | -                | -                |
| Dividend   | (207 593)        | (9 326)          | (880 000)        | -                |
| Income attributable to shareholders  | 742 810          | 680 474          | 436 664          | 559 216          |
| <b>Balance at end of year</b>  | <b>3 295 166</b> | <b>3 175 777</b> | <b>2 881 439</b> | <b>1 945 303</b> |

\* The prior-year adjustment relates to the adoption of the revised accounting statement on employee benefits (AC116) effective from 1 January 2001. In terms of this statement, leave pay provision for past service of employees is required to be recognised in full. Previously, NIB's policy was to provide for the estimated amount of leave that was normally encashed. This change has been applied retrospectively and the retained earnings for 1999 have been restated. The impact of this new policy on the 2000 comparatives was negligible.



# notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2001

|   | GROUP             |                   | BANK              |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 2001<br>R000      | 2000<br>R000      | 2001<br>R000      | 2000<br>R000      |
| <b>14. RESERVES (continued)</b>   |                   |                   |                   |                   |
| <b>14.2 Analysis</b>  |                   |                   |                   |                   |
| Share premium   | 37 886            | 433 944           | 1 971 434         | 591 962           |
| Non-distributable reserves  | 8 136             | 10 615            | –                 | –                 |
| Distributable reserves  | 3 249 144         | 2 731 218         | 910 005           | 1 353 341         |
|   | <b>3 295 166</b>  | <b>3 175 777</b>  | <b>2 881 439</b>  | <b>1 945 303</b>  |
| <b>15. LONG-TERM DEBT</b>   |                   |                   |                   |                   |
| Debentures  | 1 662             | 1 400             | 1 662             | 1 400             |
| One debenture with a face value of R200 million<br>(1999: R200 million)   |                   |                   |                   |                   |
| The debenture was issued at a discount of 48% and<br>is redeemable at its face value on 30 November 2029.<br>Interest was paid biannually until 30 September 1999<br>at a fixed rate of 15,64% per annum, calculated on<br>the face value of the debenture.<br>The prepaid interest is amortised over the remaining<br>life of the debenture. |                   |                   |                   |                   |
|   | <b>1 662</b>      | <b>1 400</b>      | <b>1 662</b>      | <b>1 400</b>      |
| <b>16. DEPOSIT, CURRENT AND OTHER ACCOUNTS</b>  |                   |                   |                   |                   |
| <b>16.1 Analysis</b>  |                   |                   |                   |                   |
| Other deposits and loan accounts  | 19 740 500        | 10 695 404        | 18 325 686        | 11 041 439        |
| Foreign currency liabilities  | 157 925           | 675 576           | 152 602           | 672 531           |
| Negotiable certificates of deposit  | 2 522 132         | 4 776 055         | 2 522 132         | 4 776 055         |
| Secured deposits  | 671 934           | –                 | –                 | –                 |
| Liabilities in respect of repurchase agreements   | –                 | 1 965 058         | –                 | 1 965 058         |
| Taxation  | 31 899            | 15 566            | 2 167             | 680               |
| Other liabilities   | 3 805 037         | 3 846 567         | 1 056 823         | 485 663           |
|   | <b>26 929 427</b> | <b>21 974 226</b> | <b>22 059 410</b> | <b>18 941 426</b> |

Foreign currency liabilities are either matched by advances to clients or covered against exchange rate fluctuations. Liabilities in respect of repurchase agreements are secured by pledge of the assets sold.



|  | GROUP      |            | BANK       |            |
|--|------------|------------|------------|------------|
|  | 2001       | 2000       | 2001       | 2000       |
|  | R000       | R000       | R000       | R000       |
| 16. DEPOSIT, CURRENT AND OTHER ACCOUNTS      |            |            |            |            |
| (continued)                                  |            |            |            |            |
| 16.2 Sectoral analysis                       |            |            |            |            |
| Banks  | 10 448 619 | 5 585 674  | 9 756 299  | 3 649 070  |
| Government and public sector                 | 247 300    | 428 335    | 157 855    | 264 397    |
| Individuals                                  | 4 016 047  | 4 719 100  | 3 349 597  | 4 709 232  |
| Companies and close corporations             | 7 943 191  | 10 529 629 | 6 030 163  | 10 152 276 |
| Other  | 4 274 270  | 711 488    | 2 765 496  | 166 451    |
|  | 26 929 427 | 21 974 226 | 22 059 410 | 18 941 426 |
| 16.3 Maturity structure                      |            |            |            |            |
| Payable on demand                            | 8 770 275  | 10 165 572 | 9 617 254  | 9 291 929  |
| 3 months or less but not repayable on demand | 9 026 486  | 6 250 213  | 7 515 474  | 5 775 040  |
| Between 3 months and 1 year                  | 4 732 290  | 2 814 448  | 3 289 756  | 2 622 218  |
| Over 1 year                                  | 4 400 376  | 2 743 993  | 1 636 926  | 1 252 239  |
|  | 26 929 427 | 21 974 226 | 22 059 410 | 18 941 426 |
| 16.4 Geographical analysis                   |            |            |            |            |
| South Africa                                 | 24 217 079 | 20 893 022 | 21 451 306 | 18 354 780 |
| Africa                                       | 207 215    | 56 908     | 11 462     | 56 406     |
| Europe                                       | 1 617 343  | 986 385    | 455 651    | 523 325    |
| Other  | 887 790    | 37 911     | 140 991    | 6 915      |
|  | 26 929 427 | 21 974 226 | 22 059 410 | 18 941 426 |



# notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2001

|   | Notional<br>principal<br>R000 | Fair value<br>of assets<br>R000 | Fair value<br>of liabilities<br>R000 | Net fair<br>value<br>R000 |
|---|-------------------------------|---------------------------------|--------------------------------------|---------------------------|
| <b>17. DERIVATIVE FINANCIAL INSTRUMENTS</b> |                               |                                 |                                      |                           |
| <b>17.1 Trading</b>                         |                               |                                 |                                      |                           |
| <b>December 2001</b>                        |                               |                                 |                                      |                           |
| <b>Exchange rate contracts</b>              |                               |                                 |                                      |                           |
| Spot, forwards and futures                  | 79 889 970                    | 12 453 973                      | 13 376 950                           | (922 977)                 |
| Currency swaps                              | 90 422 014                    | 15 836 964                      | 15 601 449                           | 235 515                   |
| <b>Total exchange rate contracts</b>        | <b>170 311 984</b>            | <b>28 290 937</b>               | <b>28 978 399</b>                    | <b>(687 462)</b>          |
| <b>Other derivative contracts</b>           |                               |                                 |                                      |                           |
| Interest rate swaps                         | 127 453 011                   | 3 651 977                       | 3 745 742                            | (93 765)                  |
| Forward rate agreements                     | 63 620 900                    | 83 762                          | 63 574                               | 20 188                    |
| Bond options purchased                      | 3 735 438                     | 96 342                          | –                                    | 96 342                    |
| Bond options written                        | 3 135 438                     | –                               | 44 643                               | (44 643)                  |
| Equity options purchased                    | 13 478 097                    | 281 927                         | –                                    | 281 927                   |
| Equity options written                      | 14 023 175                    | –                               | 768 957                              | (768 957)                 |
| Futures                                     | 2 500 284                     | –                               | –                                    | –                         |
| <b>Total other derivative contracts</b>     | <b>227 946 343</b>            | <b>4 114 008</b>                | <b>4 622 916</b>                     | <b>(508 908)</b>          |
| <b>Total derivatives – trading</b>          | <b>398 258 327</b>            | <b>32 404 945</b>               | <b>33 601 315</b>                    | <b>(1 196 370)</b>        |
| <b>December 2000</b>                        |                               |                                 |                                      |                           |
| <b>Exchange rate contracts</b>              |                               |                                 |                                      |                           |
| Spot, forwards and futures                  | 219 698 984                   | 3 091 396                       | 2 817 417                            | 273 979                   |
| <b>Total exchange rate contracts</b>        | <b>219 698 984</b>            | <b>3 091 396</b>                | <b>2 817 417</b>                     | <b>273 979</b>            |
| <b>Other derivative contracts</b>           |                               |                                 |                                      |                           |
| Interest rate swaps                         | 85 591 833                    | 2 369 522                       | 2 354 354                            | 15 168                    |
| Forward rate agreements                     | 114 087 201                   | 237 204                         | 147 596                              | 89 608                    |
| Bond options purchased                      | 2 110 000                     | 10 247                          | –                                    | 10 247                    |
| Bond options written                        | 1 120 000                     | –                               | 19 144                               | (19 144)                  |
| Equity options purchased                    | 8 442 969                     | 72 418                          | –                                    | 72 418                    |
| Equity options written                      | 6 821 997                     | –                               | 513 200                              | (513 200)                 |
| <b>Total other derivative contracts</b>     | <b>218 174 000</b>            | <b>2 689 391</b>                | <b>3 034 294</b>                     | <b>(344 903)</b>          |
| <b>Total derivatives – trading</b>          | <b>437 872 984</b>            | <b>5 780 787</b>                | <b>5 851 711</b>                     | <b>(70 924)</b>           |



|   | Notional<br>principal<br>R000 | Fair value<br>of assets<br>R000 | Fair value<br>of liabilities<br>R000 | Net fair<br>value<br>R000 |
|---|-------------------------------|---------------------------------|--------------------------------------|---------------------------|
| <b>17. DERIVATIVE FINANCIAL INSTRUMENTS (continued)</b> |                               |                                 |                                      |                           |
| <b>17.2 Non-trading</b>                                 |                               |                                 |                                      |                           |
| <b>December 2001</b>                                    |                               |                                 |                                      |                           |
| <b>Exchange rate contracts</b>                          |                               |                                 |                                      |                           |
| Currency derivatives                                    | 53 797 481                    | 288 991                         | 386 791                              | (97 800)                  |
| <b>Total exchange rate contracts – non-trading</b>      | <b>53 797 481</b>             | <b>288 991</b>                  | <b>386 791</b>                       | <b>(97 800)</b>           |
| <b>Other derivative contracts</b>                       |                               |                                 |                                      |                           |
| Interest rate swaps                                     | 15 924 282                    | 132 412                         | 711 251                              | (578 839)                 |
| <b>Total other derivatives – non-trading</b>            | <b>15 924 282</b>             | <b>132 412</b>                  | <b>711 251</b>                       | <b>(578 839)</b>          |
| <b>Total derivatives – non-trading</b>                  | <b>69 721 763</b>             | <b>421 403</b>                  | <b>1 098 042</b>                     | <b>(676 639)</b>          |
| Carrying value  | 67 721 763                    | 299 778                         | 299 707                              | 71                        |
| <b>December 2000</b>                                    |                               |                                 |                                      |                           |
| <b>Other derivative contracts</b>                       |                               |                                 |                                      |                           |
| Interest rate swaps                                     | 15 292 889                    | 88 008                          | 488 500                              | (400 492)                 |
| Options purchased                                       | 3 390 000                     | 3 950                           | 39 537                               | (35 587)                  |
| Options written   | 1 700 000                     | –                               | –                                    | –                         |
| <b>Total other derivatives – non-trading</b>            | <b>20 382 889</b>             | <b>91 958</b>                   | <b>528 037</b>                       | <b>(436 079)</b>          |
| <b>Total derivatives – non-trading</b>                  | <b>20 382 889</b>             | <b>91 958</b>                   | <b>528 037</b>                       | <b>(436 079)</b>          |
| Carrying value  | 20 382 889                    | 12 947                          | 62 286                               | (49 339)                  |



# notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2001

|   | Total<br>R000      | Under 1 year<br>R000 | 1 to 5 years<br>R000 | Over 5 years<br>R000 |
|---|--------------------|----------------------|----------------------|----------------------|
| <b>17. DERIVATIVE FINANCIAL INSTRUMENTS (continued)</b>   |                    |                      |                      |                      |
| <b>17.3 Maturity – trading and non-trading</b>  |                    |                      |                      |                      |
| <b>December 2001</b>  |                    |                      |                      |                      |
| <b>Exchange rate contracts</b>  |                    |                      |                      |                      |
| Notional principal amount   | 224 109 465        | 113 569 636          | 110 476 601          | 63 228               |
| Replacement cost  | 28 579 928         | 19 834 647           | 8 739 726            | 5 555                |
| <b>Other derivative contracts</b>   |                    |                      |                      |                      |
| Notional principal amount   | 243 870 625        | 127 580 871          | 80 762 343           | 35 527 411           |
| Replacement cost  | 4 246 420          | 556 498              | 1 487 257            | 2 202 665            |
| <b>Total derivatives – trading and non-trading<br/>(notional principal)</b>   | <b>467 980 090</b> | <b>241 150 507</b>   | <b>191 238 944</b>   | <b>35 590 639</b>    |
| <b>December 2000</b>  |                    |                      |                      |                      |
| <b>Exchange rate contracts</b>  |                    |                      |                      |                      |
| Notional principal amount   | 219 698 984        | 198 761 952          | 20 937 032           | –                    |
| Replacement cost  | 3 091 396          | 2 850 772            | 240 624              | –                    |
| <b>Other derivative contracts</b>   |                    |                      |                      |                      |
| Notional principal amount   | 238 556 889        | 135 841 566          | 64 506 917           | 38 208 406           |
| Replacement cost  | 2 781 349          | 360 956              | 834 822              | 1 585 571            |
| <b>Total derivatives – trading and non-trading<br/>(notional principal)</b>   | <b>458 255 873</b> | <b>334 603 518</b>   | <b>85 443 949</b>    | <b>38 208 406</b>    |
| <b>17.4 Derivative instruments</b>  |                    |                      |                      |                      |
| These transactions have been entered into in the normal course of business and no material losses are anticipated other than those for which provision has been made in the income statement. There are no commitments or contingent commitments under derivative financial instruments that are settled other than with cash.  |                    |                      |                      |                      |
| <b>17.5 Notional principal</b>  |                    |                      |                      |                      |
| Represents the gross notional value of all outstanding contracts as at 31 December. This gross notional value is the sum of the absolute value of all purchases and sales of derivative instruments. This value will not reflect the amount receivable or payable under a derivative contract due to the cash-settled nature of the various contracts. The gross notional value represents only the measure of involvement by the group in derivative contracts and not its exposure to market or credit risks arising from such contracts. |                    |                      |                      |                      |
| <b>17.6 Fair value of assets and liabilities</b>  |                    |                      |                      |                      |
| The amounts disclosed represent the fair value of all derivative instruments held as at 31 December. The fair value of a derivative financial instrument represents the market value if the rights and obligations arising from that instrument were closed out by the group in normal trading conditions as at 31 December. Fair values are obtained from quoted market prices, discounted cash flow models and market-accepted option-pricing models.   |                    |                      |                      |                      |



|   | ZAR<br>R000       | GBP<br>R000 | USD<br>R000      | Other<br>R000  | Total ZAR<br>R000 |
|---|-------------------|-------------|------------------|----------------|-------------------|
| <b>18. CURRENCY, INTEREST RATE AND LIQUIDITY RISK</b>       |                   |             |                  |                |                   |
| <b>18.1 Currency risk</b>                                   |                   |             |                  |                |                   |
| <b>Concentrations of assets and liabilities</b>             |                   |             |                  |                |                   |
| The group had the following significant currency positions: |                   |             |                  |                |                   |
| <b>Liabilities</b>  |                   |             |                  |                |                   |
| Long-term debt  | 1 662             | -           | -                | -              | 1 662             |
| Deposit, current and other accounts                         | 24 669 957        | -           | 1 770 391        | 489 079        | 26 929 427        |
| <b>Total liabilities</b>                                    | <b>24 671 619</b> | <b>-</b>    | <b>1 770 391</b> | <b>489 079</b> | <b>26 931 089</b> |
| <b>Assets</b>   |                   |             |                  |                |                   |
| Cash and short-term funds                                   | 3 879 678         | -           | 64 362           | 17 060         | 3 961 100         |
| Other short-term securities                                 | 2 389 319         | -           | -                | -              | 2 389 319         |
| Government and public sector securities                     | 3 688 811         | -           | -                | -              | 3 688 811         |
| Advances and other accounts                                 | 16 065 552        | -           | 2 250 642        | 307 860        | 18 624 054        |
| Associated companies  | 60 585            | -           | -                | -              | 60 585            |
| Other investments   | 1 279 540         | -           | 16 688           | 185 288        | 1 481 516         |
| Property and equipment                                      | 33 796            | -           | 2 220            | 972            | 36 988            |
| <b>Total assets</b>   | <b>27 397 281</b> | <b>-</b>    | <b>2 333 912</b> | <b>511 180</b> | <b>30 242 373</b> |

## 18.2 Interest rate risk

### Interest rate exposure

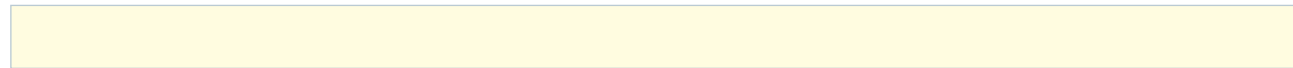
The group is exposed to interest rate risk associated with fluctuations in the market rates and prices of financial instruments. These fluctuations in market rates and prices impact on the value and revaluation gains or losses of financial instruments stated at fair value; interest income or expense of financial instruments stated at cost; and future cash flows of all interest-rate-sensitive financial instruments. The following table summarises the group's exposure to interest rate risk through grouping assets and liabilities into repricing categories, determined as being the earlier of the contractual repricing date or maturity.

Interest-rate-sensitive financial instruments held for trading purposes are included in the up-to-1-month category and all other interest-rate-sensitive financial instruments are categorised as stated above. The repricing effect of derivative financial instruments held for hedging purposes is reflected on a net basis with the underlying asset or liability. Assets and liabilities not directly affected by changes in interest rates are reflected separately as non-interest-sensitive items.

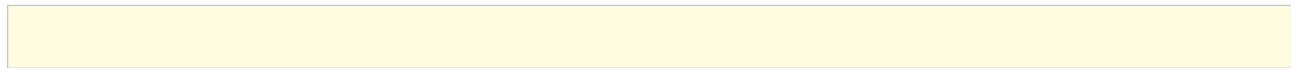


# notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2001



|   | Up to 1<br>month<br>R000 | 1 to 3<br>months<br>R000 | 4 to 12<br>months<br>R000 | Over 12<br>months<br>R000 | Non-interest-<br>sensitive<br>items<br>R000 | Total<br>R000     |
|---|--------------------------|--------------------------|---------------------------|---------------------------|---|-------------------|
| <b>18. CURRENCY, INTEREST RATE AND LIQUIDITY RISK (continued)</b> |                          |                          |                           |                           |   |                   |
| <b>18.2 Interest rate risk (continued)</b>                        |                          |                          |                           |                           |   |                   |
| <b>Liabilities</b>  |                          |                          |                           |                           |   |                   |
| Long-term debt  | -                        | -                        | -                         | -                         | 1 662                                       | 1 662             |
| Deposit, current and other accounts                               | 13 495 264               | 3 224 728                | 3 255 630                 | 1 503 287                 | 5 450 518                                   | 26 929 427        |
| <b>Total liabilities</b>  | <b>13 495 264</b>        | <b>3 224 728</b>         | <b>3 255 630</b>          | <b>1 503 287</b>          | <b>5 452 180</b>                            | <b>26 931 089</b> |
| <b>Assets</b>   |                          |                          |                           |                           |   |                   |
| Cash and short-term funds   | 3 961 100                | -                        | -                         | -                         | -   | 3 961 100         |
| Other short-term securities                                       | 78 177                   | 68 162                   | 2 242 980                 | -                         | -   | 2 389 319         |
| Government and public sector securities                           | -                        | 56 296                   | 1 056                     | 3 631 459                 | -   | 3 688 811         |
| Advances and other accounts                                       | 12 986 655               | -                        | 226 534                   | 4 222 749                 | 1 188 116                                   | 18 624 054        |
| Associated companies  | -                        | -                        | -                         | -                         | 60 585                                      | 60 585            |
| Other investments   | -                        | -                        | -                         | -                         | 1 481 516                                   | 1 481 516         |
| Property and equipment  | -                        | -                        | -                         | -                         | 36 988                                      | 36 988            |
| <b>Total assets</b>   | <b>17 025 932</b>        | <b>124 458</b>           | <b>2 470 570</b>          | <b>7 854 208</b>          | <b>2 767 205</b>                            | <b>30 242 373</b> |



|   | Up to 1<br>month<br>R000 | 1 to 12<br>months<br>R000 | 1 to 5<br>years<br>R000 | Over 5<br>years<br>R000 | Total<br>R000     |
|---|--------------------------|---------------------------|-------------------------|-------------------------|-------------------|
| <b>18. CURRENCY, INTEREST RATE AND LIQUIDITY RISK (continued)</b> |                          |                           |                         |                         |                   |
| <b>18.3 Liquidity risk</b>  |                          |                           |                         |                         |                   |
| <b>Asset and liability maturities as at December 2001</b>         |                          |                           |                         |                         |                   |
| <b>Liabilities</b>  |                          |                           |                         |                         |                   |
| Long-term debt  | -                        | -                         | -                       | 1 662                   | 1 662             |
| Deposit, current and other accounts                               | 17 796 761               | 4 732 290                 | 2 639 561               | 1 760 815               | 26 929 427        |
| <b>Total liabilities</b>  | <b>17 796 761</b>        | <b>4 732 290</b>          | <b>2 639 561</b>        | <b>1 762 477</b>        | <b>26 931 089</b> |
| <b>Assets</b>   |                          |                           |                         |                         |                   |
| Cash and short-term funds   | 3 961 100                | -                         | -                       | -                       | 3 961 100         |
| Other short-term securities                                       | 2 388 811                | -                         | -                       | 508                     | 2 389 319         |
| Government and public sector securities                           | 3 688 811                | -                         | -                       | -                       | 3 688 811         |
| Advances and other accounts                                       | 3 826 891                | 1 355 045                 | 9 870 574               | 3 571 544               | 18 624 054        |
| Associated companies  | -                        | -                         | -                       | 60 585                  | 60 585            |
| Other investments   | -                        | -                         | -                       | 1 481 516               | 1 481 516         |
| Property and equipment  | -                        | -                         | -                       | 36 988                  | 36 988            |
| <b>Total assets</b>   | <b>13 865 613</b>        | <b>1 355 045</b>          | <b>9 870 574</b>        | <b>5 151 141</b>        | <b>30 242 373</b> |
| <b>Net maturity mismatch</b>                                      | <b>(3 931 148)</b>       | <b>(3 377 245)</b>        | <b>7 231 013</b>        | <b>3 388 664</b>        |                   |

The matching and controlled mismatching of the maturities of assets and liabilities are inherent in the activities of all banks, and it is very unusual for banks ever to be completely matched. The table reflects relevant on-balance-sheet maturity categories of the assets and liabilities of the group. All financial instrument assets and liabilities held for trading purposes are reflected in the up-to-1-month category. Loans and advances are reflected according to their contractual repayment terms and the effect of marketable securities held against these loans is not reflected in the table.



# notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2001

|  | GROUP            |                | BANK           |                |
|--|------------------|----------------|----------------|----------------|
|  | 2001<br>R000     | 2000<br>R000   | 2001<br>R000   | 2000<br>R000   |
| <b>19. INCOME AND EXPENDITURE</b>  |                  |                |                |                |
| <b>19.1 Non-interest revenue</b>   |                  |                |                |                |
| Commission and fees  | 494 098          | 451 322        | 202 386        | 216 354        |
| Trading – securities   | 70 617           | 58 285         | 14 161         | 40 075         |
| – foreign exchange   | 107 519          | 36 910         | 78 419         | 35 918         |
| Return on investment in offshore structure                                     | 172 388          | 121 415        | –              | –              |
| Surplus on sale of long-term assets  | 4 818            | 47 005         | 17 020         | 41 045         |
| Profit/(loss) on sale of property and equipment                                | (1 141)          | 4 284          | (1 298)        | 6 882          |
| Other income   | 79 161           | 35 595         | 94 267         | 12 581         |
| Dividends from subsidiaries  | –                | –              | 170 000        | 13 432         |
| Dividends from other investments   | 112 725          | 95 034         | 67 060         | 28 316         |
|  | <b>1 040 185</b> | <b>849 850</b> | <b>642 015</b> | <b>394 603</b> |
| <b>19.2 Operating expenditure</b>  |                  |                |                |                |
| Auditors' remuneration   |                  |                |                |                |
| – audit fees   | 5 200            | 4 500          | 4 509          | 3 941          |
| – other services   | 2 638            | 4 963          | 812            | 655            |
| Depreciation   | 13 838           | 22 943         | 12 448         | 14 529         |
| – leasehold property   | 119              | 268            | 70             | 96             |
| – computer equipment   | 8 644            | 15 466         | 7 898          | 9 939          |
| – furniture and other equipment  | 4 892            | 7 122          | 4 434          | 4 407          |
| – vehicles   | 183              | 87             | 46             | 87             |
| Staff costs  | 252 271          | 252 191        | 172 581        | 189 406        |
| Operating lease charges  |                  |                |                |                |
| – fixed property   | 37 763           | 32 694         | 28 833         | 28 186         |
| – computer equipment   | 151              | 611            | 148            | 606            |
| – furniture and other equipment  | 6 101            | 975            | 3 551          | 861            |
| Other expenses   | 126 512          | 99 812         | 91 790         | 57 930         |
|  | <b>444 474</b>   | <b>418 689</b> | <b>314 672</b> | <b>296 114</b> |
| <b>19.3 Net capital profit on the disposal and restructuring of businesses</b> |                  |                |                |                |
| Net surplus on disposal of subsidiaries and businesses                         | –                | 33 122         | –              | 263 789        |
| Net loss on disposal of property and equipment                                 | –                | (20 114)       | –              | (20 114)       |
|  | <b>–</b>         | <b>13 008</b>  | <b>–</b>       | <b>243 675</b> |



|  |  | GROUP          |               | BANK          |               |
|--|--|----------------|---------------|---------------|---------------|
|  |  | 2001           | 2000          | 2001          | 2000          |
|  |  | R000           | R000          | R000          | R000          |
| 19.  | INCOME AND EXPENDITURE (continued)                     |                |               |               |               |
| 19.4   | Directors' emoluments                                  |                |               |               |               |
|  | <b>Remuneration paid to directors during the year:</b> |                |               |               |               |
|  | Non-executive directors' fees                          | 973            | 623           |               |               |
|  | Executive directors' guaranteed remuneration           | 8 416          | 7 800         |               |               |
|  | Executive directors' performance bonuses               | 13 270         | 12 475        |               |               |
|  |  | <b>22 659</b>  | <b>20 898</b> |               |               |
| Details of directors' remuneration can be found in the directors' remuneration report. |  |                |               |               |               |
| 20.  | TAXATION   |                |               |               |               |
| 20.1   | Charge for the year                                    |                |               |               |               |
|  | <b>Taxation on income:</b>                             |                |               |               |               |
|  | South African normal taxation – current                | 42 787         | 18 488        | –             | –             |
|  | – prior-year adjustments                               | 4 273          | 963           | 714           | (1 075)       |
|  | – deferred   | 66 440         | 87 665        | 84 633        | 82 062        |
|  | Deferred taxation on exceptional items                 | –              | (52 777)      | –             | (46 897)      |
|  | Foreign taxation                                       | 4 413          | 1 638         | –             | –             |
|  | <b>Total current and deferred taxation</b>             | <b>117 913</b> | <b>55 977</b> | <b>85 347</b> | <b>34 090</b> |
|  | <b>Transaction and other taxation</b>                  |                |               |               |               |
|  | Regional Services Council levies                       | 7 835          | 5 332         | 7 284         | 4 659         |
|  | Net value-added taxation charge                        | 13 638         | 10 192        | 12 840        | 9 071         |
|  | Stamp duty   | 3 160          | 5 226         | 2 627         | 3 862         |
|  | Other  | 1 843          | 712           | 1 635         | 660           |
|  | <b>Total transaction and other taxation</b>            | <b>26 476</b>  | <b>21 462</b> | <b>24 386</b> | <b>18 252</b> |



# notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2001

|   | GROUP          |               | BANK           |               |
|---|----------------|---------------|----------------|---------------|
|   | 2001           | 2000          | 2001           | 2000          |
| <b>Total taxation</b>   | <b>144 389</b> | <b>77 439</b> | <b>109 733</b> | <b>52 342</b> |
| 20. TAXATION (continued)  |                |               |                |               |
| 20.2 Tax rate reconciliation  | %              | %             | %              | %             |
| Standard rate of SA normal taxation   | 30,0           | 30,0          | 30,0           | 30,0          |
| The standard rate has been affected by:   |                |               |                |               |
| – dividend income   | 3,9            | 3,9           | 13,6           | 2,1           |
| – exceptional capital profits   | –              | 7,7           | –              | 20,2          |
| – foreign income  | 12,1           | 7,6           | –              | –             |
| – other permanent differences   | 0,3            | 3,2           | 0,1            | 2,0           |
| <b>Total current and deferred taxation as a percentage of net income before taxation (net of transaction taxes)</b> | <b>13,7</b>    | <b>7,6</b>    | <b>16,3</b>    | <b>5,7</b>    |
| <b>Total taxation as a percentage of net income before taxation (net of transaction taxes)</b>                      | <b>16,8</b>    | <b>10,5</b>   | <b>21,0</b>    | <b>8,8</b>    |
|   | R000           | R000          | R000           | R000          |
| 21. DIVIDENDS   |                |               |                |               |
| 21.1 Ordinary dividends   |                |               |                |               |
| Final for 2001 of 15,40 cents per share – group   | –              | –             | –              | –             |
| Final for 2001 – bank   | –              | –             | 880 000        | –             |
| Final for 2000 of 12,90 cents per share – group   | 207 593        | –             | –              | –             |
| Final for 1999 of 5,30 cents per share – group  | –              | 9 326         | –              | –             |
| Total dividends   | 207 593        | 9 326         | 880 000        | –             |
| 21.2 Preference dividends   |                |               |                |               |
| 200 000 variable-rate redeemable preference shares of 1 cent each   | 16 875         | 18 046        |                |               |
| 10 000 000 redeemable preference shares of 1 cent each  | 33 034         | 37 932        |                |               |
| Total preference dividend accrued   | 49 909         | 55 978        |                |               |
| Return on equity calculations are adjusted by adding back the preference dividends accrued to headline earnings.    |                |               |                |               |



|   | GROUP     |           | BANK      |           |
|---|-----------|-----------|-----------|-----------|
|   | 2001      | 2000      | 2001      | 2000      |
|   | R000      | R000      | R000      | R000      |
| <b>22. EARNINGS PER SHARE</b>   |           |           |           |           |
| Earnings per share is calculated using the relevant income attributable to ordinary shareholders, divided by the weighted average number of shares in issue during the year.  |           |           |           |           |
| Diluted earnings per share is calculated using the relevant income attributable to ordinary shareholders, divided by the fully diluted weighted average number of shares in issue after taking into account the share options as disclosed on page 107. |           |           |           |           |
| <b>Earnings per share</b>   |           |           |           |           |
| Income attributable to ordinary shareholders  | 742 810   | 680 474   |           |           |
| Weighted average ordinary shares in issue (millions)  | 1 610,1   | 1 591,3   |           |           |
| Earnings per share (cents)  | 46,1      | 42,8      |           |           |
| Fully diluted weighted average ordinary shares in issue (millions)  | 1 715,9   | 1 679,5   |           |           |
| Diluted earnings per share (cents)  | 43,3      | 40,5      |           |           |
| <b>Headline earnings per share</b>  |           |           |           |           |
| Headline earnings per the financial statements  | 742 810   | 614 689   |           |           |
| Weighted average ordinary shares in issue (millions)  | 1 610,1   | 1 591,3   |           |           |
| Headline earnings per share (cents)   | 46,1      | 38,6      |           |           |
| Fully diluted weighted average ordinary shares in issue (millions)  | 1 715,9   | 1 679,5   |           |           |
| Diluted headline earnings per share (cents)   | 43,3      | 36,6      |           |           |
| <b>23. CASH FLOW INFORMATION</b>  |           |           |           |           |
| <b>23.1 Cash receipts from clients</b>  |           |           |           |           |
| Interest income and dividends from finance facilities   | 2 546 001 | 2 465 103 | 2 234 847 | 2 082 424 |
| Commission and fees   | 494 098   | 451 322   | 202 386   | 216 354   |
| Other income  | 434 503   | 331 868   | 203 867   | 392 944   |
|   | 3 474 602 | 3 248 293 | 2 641 100 | 2 691 722 |
| <b>23.2 Cash payments to clients, staff and suppliers</b>   |           |           |           |           |
| Interest expense  | 2 223 310 | 2 133 386 | 1 959 770 | 1 775 849 |
| Staff costs   | 252 271   | 252 191   | 172 581   | 189 406   |
| Other payments  | 178 365   | 143 555   | 129 643   | 92 179    |
|   | 2 653 946 | 2 529 132 | 2 261 994 | 2 057 434 |



# notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2001

|  | GROUP            |                  | BANK             |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2001<br>R000     | 2000<br>R000     | 2001<br>R000     | 2000<br>R000     |
| <b>23. CASH FLOW INFORMATION (continued)</b>             |                  |                  |                  |                  |
| <b>23.3 Increase in operating assets</b>                 |                  |                  |                  |                  |
| Other short-term securities                              | 594 520          | 1 039 549        | 621 204          | 1 026 606        |
| Government and public sector securities                  | 1 190 563        | (879 096)        | 157 543          | (635 002)        |
| Advances and other accounts                              | 667 455          | 2 279 177        | 866 185          | 1 598 578        |
|  | <b>2 452 538</b> | <b>2 439 630</b> | <b>1 644 932</b> | <b>1 990 182</b> |
| <b>23.4 Increase in operating liabilities</b>            |                  |                  |                  |                  |
| Long-term debt   | 262              | 221              | 262              | 221              |
| Other deposit, loan and foreign currency liabilities     | 9 199 379        | (805 034)        | 6 764 318        | (103 938)        |
| Negotiable certificates of deposit                       | (2 253 923)      | 1 079 274        | (2 253 923)      | 1 079 274        |
| Liabilities in respect of repurchase agreements          | (1 965 058)      | 1 670 787        | (1 965 058)      | 1 670 787        |
| Creditors and other liabilities                          | (41 530)         | 1 059 672        | 571 160          | 73 758           |
|  | <b>4 939 130</b> | <b>3 004 920</b> | <b>3 116 759</b> | <b>2 720 102</b> |
| <b>23.5 Taxation paid</b>                                |                  |                  |                  |                  |
| Amounts prepaid at beginning of year                     | 35 979           | 30 368           | 15 250           | 8 256            |
| Income statement (charge)/credit                         | (51 473)         | (21 089)         | (714)            | 1 075            |
| Transaction taxes  | (26 476)         | (21 462)         | (24 386)         | (18 252)         |
| Amounts prepaid at end of year                           | (7 242)          | (35 979)         | (14 645)         | (15 250)         |
|  | <b>(49 212)</b>  | <b>(48 162)</b>  | <b>(24 495)</b>  | <b>(24 171)</b>  |
| <b>23.6 Net cash or cash equivalents (acquired)/sold</b> |                  |                  |                  |                  |
| Investment in subsidiaries and associates                | (903)            | (24 845)         | (47 738)         | (1 722)          |
| Deposits and other accounts                              | -                | 15 597           | -                | (29)             |
| Investments and trading securities                       | -                | 1 919            | -                | 1 919            |
| Advances and other assets                                | -                | (33 150)         | -                | 410              |
| (Profit)/loss on disposal of subsidiaries and associates | -                | (2 922)          | -                | 464              |
|  | <b>(903)</b>     | <b>(43 401)</b>  | <b>(47 738)</b>  | <b>1 042</b>     |



|  | GROUP            |                  | BANK             |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2001<br>R000     | 2000<br>R000     | 2001<br>R000     | 2000<br>R000     |
| <b>24. CONTINGENT LIABILITIES</b>  |                  |                  |                  |                  |
| Confirmed letters of credit and discounting transactions   | 57 000           | 20 086           | 57 000           | 20 086           |
| Unutilised facilities  | 1 430 065        | 1 196 578        | 1 430 065        | 1 196 578        |
| Liabilities under guarantees   | 2 809 804        | 2 245 606        | 2 809 804        | 2 245 606        |
| Other  | –                | 490              | –                | 490              |
|  | <b>4 296 869</b> | <b>3 462 760</b> | <b>4 296 869</b> | <b>3 462 760</b> |
| <b>25. COMMITMENTS</b>   |                  |                  |                  |                  |
| <b>25.1 Operating leases</b>   |                  |                  |                  |                  |
| Companies in the group have entered into leases over fixed property, vehicles and equipment for varying periods at an aggregate charge of R36,1 million for the next year (2001: R37,5 million). This charge will increase in future in line with negotiated escalations and expansions. |                  |                  |                  |                  |
| <b>25.2 Other commitments</b>  |                  |                  |                  |                  |
| Fixed-date settlements   |                  |                  |                  |                  |
| – Committed purchases  | 13 276 396       | 7 384 555        | 13 276 396       | 7 384 555        |
| – Committed sales  | 16 005 192       | 11 189 134       | 16 005 192       | 11 189 134       |



# notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2001

|  | GROUP |      |
|--|-------|------|
|  | 2001  | 2000 |
|  | R000  | R000 |

## 26. MANAGED FUNDS

The group, through a number of subsidiaries and strategic alliances, operates unit trusts, holds and invests funds on behalf of clients and acts as trustee in a number of fiduciary capacities.

As at the reporting date the assets under management in respect of the following activities were:

|                      |                   |                  |
|----------------------|-------------------|------------------|
| Portfolio management | 10 373 894        | 2 670 849        |
| Unit trusts          | 11 000 330        | 5 041 396        |
|                      | <b>21 374 224</b> | <b>7 712 245</b> |

### Analysis of managed funds by business activity – including strategic alliances

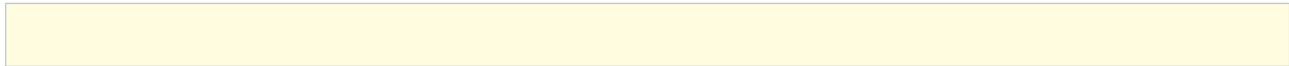
|   |                   |                   |
|---|-------------------|-------------------|
| Multimanager asset management                                 | 11 496 866        | 5 354 078         |
| Treasury asset management                                     |                   |                   |
| Quantitative asset management                                 | 4 809 567         | 488 011           |
| Cash outperformance funds management                          | 5 067 791         | 1 870 156         |
| Assets managed by Nedcor Investment Bank Group                | 21 374 224        | 7 712 245         |
| Franklin Templeton NIB Asset Management (Pty) Limited         | 22 205 671        | 20 651 703        |
| Total assets managed by NIB Group and its strategic alliances | <b>43 579 895</b> | <b>28 363 948</b> |

## 27. RETIREMENT BENEFIT INFORMATION

The Nedcor Group has a number of funds providing either defined benefits or accumulated benefits (defined contribution) for employees and their dependants on retirement or death. All eligible employees and former employees are members of trustee-administered or underwritten pension schemes within the group, financed by company and employee contributions. All South African plans are governed by the Pension Funds Act, 1956. Contributions to the defined-benefit funds, which are charged against operating income, are based on actuarial advice following periodic valuations of the funds at intervals not exceeding three years, using a projected-benefit method. Any deficits are funded to ensure the ongoing financial soundness of the funds.

The benefits provided for by the defined-benefit schemes are based on years of membership and/or salary levels. These benefits are provided from contributions by employees and the group, and income from the assets of these schemes. The benefits provided for by the accumulated-benefit (defined-contribution) schemes are determined by the accumulated contributions and investment earnings. The benefits are provided from contributions by employees and the group, and from income from the assets of these schemes. As at the dates of the latest valuations the Nedcor Group pension funds were in a sound financial position in terms of section 16 of the Pension Funds Act.

As at 30 September 2000, the date of the latest actuarial valuation, the Nedcor Pension Fund had assets totalling R2 043 million at market value. The actuarial value of the assets was R1 739 million and that of the liabilities R1 487 million, resulting in an actuarial surplus of R252 million (1999: R162 million) and a market value surplus of R556 million (1999: R398 million).



2001

2000

**28. FOREIGN CURRENCY CONVERSION GUIDE**

Monetary amounts in the financial statements are expressed to the nearest thousand South African rand.

The approximate value of the South African rand as at 31 December against the following currencies was:

|                      |          |          |
|----------------------|----------|----------|
| United States dollar | 0,08299  | 0,13245  |
| Euro                 | 0,09380  | 0,14256  |
| Pound sterling       | 0,05726  | 0,08874  |
| Swiss franc          | 0,13906  | 0,21685  |
| Deutschmark          | 0,18345  | 0,27895  |
| Japanese yen         | 10,89876 | 15,19500 |
| Hong Kong dollar     | 0,64711  | 1,03320  |

**29. RELATED-PARTY INFORMATION****29.1 Parent company**

The holding company of Nedcor Investment Bank Holdings Limited (NIBH) is Nedcor Limited, which holds 84,1% of the company's ordinary shares. The ultimate holding company is Old Mutual plc, incorporated in the United Kingdom.

**29.2 Identity of related parties with whom material transactions have occurred**

Material subsidiaries of the group are identified on pages 104 and 105 and the associated companies on page 106. All of these entities are related parties. There are no other related parties with whom material transactions have taken place.

**29.3 Material related-party transactions**

NIBH and its subsidiaries, in the ordinary course of business, enter into various financial services transactions with associated companies and other entities within the greater NIB, Nedcor and Old Mutual group. These transactions are governed by terms no less favourable than those arranged with third parties.

– Loans to and from related parties with the company (page 104).

**29.4 Director and director-related entities**

Details of directors' shareholdings in NIBH are disclosed in the directors' report. There were no material transactions with directors, other than the directors' emoluments as disclosed in note 19.4.



# balance sheet

FINANCIAL STATEMENTS OF HOLDING COMPANY ON A NON-CONSOLIDATED BASIS

AS AT 31 DECEMBER 2001

|  | 2001             | 2000             |
|--|------------------|------------------|
|  | R000             | R000             |
| <b>ASSETS</b>                            |                  |                  |
| Subsidiary companies                     | 2 273 871        | 933 908          |
| Associated companies                     | 57 836           | 36 820           |
| Net loans from subsidiary companies      | (140 971)        | (198 423)        |
| Advances                                 | 157 445          | 560 657          |
| Investments                              | 62 401           | 62 401           |
| <b>Total assets</b>                      | <b>2 410 582</b> | <b>1 395 363</b> |
| <b>EQUITY AND LIABILITIES</b>            |                  |                  |
| Share capital                            | 59 934           | 452 604          |
| Non-distributable reserve                | 320 395          | 145 535          |
| Reserves                                 | 2 015 108        | 785 024          |
| <b>Shareholders' funds</b>               | <b>2 395 437</b> | <b>1 383 163</b> |
| Loan from holding company                | 3 815            | 12 200           |
| Deposit, current and other accounts      | 11 330           | -                |
| <b>Capital, reserves and liabilities</b> | <b>2 410 582</b> | <b>1 395 363</b> |

# income statement

FINANCIAL STATEMENTS OF HOLDING COMPANY ON A NON-CONSOLIDATED BASIS

FOR THE YEAR ENDED 31 DECEMBER 2001

|  | 2001      | 2000     |
|--|-----------|----------|
|  | R000      | R000     |
| Interest received                                  | 239       | 1 451    |
| Preference share finance costs                     | (49 910)  | (55 977) |
| Preference share investment income                 | 16 483    | 35 430   |
| Net finance cost                                   | (33 188)  | (19 096) |
| Non-interest revenue                               | 8 428     | 13 848   |
| Total loss   | (24 760)  | (5 248)  |
| Dividends from subsidiaries                        | 1 470 274 | 17 924   |
| Net operating income                               | 1 445 514 | 12 676   |
| Net capital profit on the disposal of subsidiaries | -         | 18 393   |
| Net income before taxation                         | 1 445 514 | 31 069   |
| Taxation   | 7 837     | 5 443    |
| Net income after taxation                          | 1 437 677 | 25 626   |
| Opening retained earnings                          | 785 015   | 768 715  |
| Appropriations:                                    |           |          |
| Dividends paid                                     | (207 593) | (9 326)  |
| Closing retained earnings                          | 2 015 099 | 785 015  |

# cash flow statement

FINANCIAL STATEMENTS OF HOLDING COMPANY ON A NON-CONSOLIDATED BASIS

FOR THE YEAR ENDED 31 DECEMBER 2001

|  | 2001        | 2000      |
|--|-------------|-----------|
|  | R000        | R000      |
| Cash generated by operating activities                   | 1 437 677   | 25 626    |
| Changes in the non-cash components of working capital    | 414 542     | (283 820) |
| Dividends paid   | (207 593)   | (9 326)   |
| Cash flows (utilised)/retained by investment activities  | (1 186 119) | 193 005   |
| Cash flows (utilised)/retained from financing activities | (458 507)   | 74 515    |
| Net cash   | -           | -         |



## subsidiary companies

|  | ISSUED  |        | EFFECTIVE |      | BOOK VALUE OF |         | NET          |           |
|--|---------|--------|-----------|------|---------------|---------|--------------|-----------|
|  | CAPITAL |        | HOLDING   |      | INVESTMENT    |         | INDEBTEDNESS |           |
|  | 2001    | 2000   | 2001      | 2000 | 2001          | 2000    | 2001         | 2000      |
|  | R000    | R000   | %         | %    | R000          | R000    | R000         | R000      |
| <b>NIB HOLDINGS LIMITED</b>              |         |        |           |      |               |         |              |           |
| <b>Asset management</b>                  |         |        |           |      |               |         |              |           |
| <b>NIB Multi-Manager Management</b>      |         |        |           |      |               |         |              |           |
| Company Ltd                              | 2 000   | 2 000  | 100       | 100  | 3 000         | 3 000   | -            | -         |
| Quantitative Asset Management (Pty) Ltd  | 104     | -      | 100       | 100  | 104           | -       | (104)        | -         |
| <b>Equities broking</b>                  |         |        |           |      |               |         |              |           |
| Syfrets Securities Ltd                   | 1 200   | 1 200  | 100       | 100  | 2 600         | 2 600   | -            | (500)     |
| <b>Advisory services</b>                 |         |        |           |      |               |         |              |           |
| Edward Nathan & Friedland (Pty) Ltd      | -       | -      | 100       | 100  | -             | -       | -            | -         |
| <b>Property</b>                          |         |        |           |      |               |         |              |           |
| Proclare (Pty) Ltd                       | 1       | 1      | 100       | 100  | -             | -       | -            | -         |
| Syfrets Property Agency Holdings Ltd     | -       | -      | 100       | 100  | -             | -       | -            | -         |
| Syfrets Natal Properties Ltd             | n/a     | 14     | n/a       | 100  | -             | 14      | -            | -         |
| <b>Finance</b>                           |         |        |           |      |               |         |              |           |
| Depfin Investments (Pty) Ltd             | n/a     | -      | n/a       | 100  | -             | -       | -            | 2 048     |
| <b>International subsidiaries</b>        |         |        |           |      |               |         |              |           |
| SG International Ltd (Jersey)            | n/a     | 49     | n/a       | 100  | -             | -       | -            | -         |
| NIB Holdings International (IOM) Ltd     | 79      | -      | 100       | 100  | 7 907         | 66      | -            | 373 193   |
| NIB Holdings (Namibia) (Pty) Ltd         | 3       | 3      | 100       | 100  | 25 000        | 25 000  | -            | -         |
| NIB Namibia (Pty) Ltd                    | n/a     | -      | n/a       | 75   | -             | 782     | -            | -         |
| NIBH International (Mauritius) Ltd       | -       | -      | 100       | 100  | -             | -       | -            | 316 158   |
| Syfrets Namibia Ltd                      | n/a     | -      | n/a       | 100  | -             | 83      | -            | -         |
| <b>Banking</b>                           |         |        |           |      |               |         |              |           |
| Nedcor Investment Bank Ltd               | 6 001   | 6 001  | 100       | 100  | 1 983 367     | 600 437 | 73 129       | (529 850) |
| <b>Other companies</b>                   |         |        |           |      |               |         |              |           |
| Nedcor Investments Ltd                   | n/a     | 27 500 | n/a       | 100  | -             | 39 562  | -            | -         |
| UAL Unit Trust Managers Ltd              | n/a     | 601    | n/a       | 100  | -             | 9 200   | -            | -         |
| Syfrets Insurance Advisors (Pty) Ltd     | 4       | 4      | 100       | 100  | 4             | 4       | -            | -         |
| <b>NIB Investment Portfolio Services</b> |         |        |           |      |               |         |              |           |
| (Pty) Ltd                                | 5       | 5      | 100       | 100  | 5             | 5       | -            | -         |
| Syfrets Finance Ltd                      | 6 603   | 6 603  | 100       | 100  | 214 765       | 214 765 | (213 996)    | -         |
| Secured Investments (Pty) Ltd            | 10      | 10     | 100       | 100  | 159           | 159     | -            | -         |
| <b>Independent Mortgage Nominees</b>     |         |        |           |      |               |         |              |           |
| (Pty) Ltd                                | 100     | 100    | 100       | 100  | 100           | 100     | -            | -         |
| NIB Life Assurance Company Ltd           | 10 000  | 10 000 | 100       | 100  | 10 000        | 10 000  | -            | -         |
| <b>Independent Mortgage Managers</b>     |         |        |           |      |               |         |              |           |
| (Pty) Ltd                                | n/a     | 100    | n/a       | 100  | -             | 100     | -            | -         |
| Syfrets Ltd                              | 400     | 400    | 100       | 100  | 26 659        | 27 829  | -            | (359 472) |
| Syfrets Unit Trust Services Ltd          | -       | -      | 100       | 100  | -             | -       | -            | -         |
| NAL (Pty) Ltd                            | -       | -      | 100       | 100  | 201           | 201     | -            | -         |
| Syfrets Investments (Pty) Ltd            | -       | -      | 100       | 100  | -             | -       | -            | -         |
| NIB Blue Capital Investments (Pty) Ltd   | -       | -      | 100       | 100  | -             | -       | -            | -         |
| Sundry nominee companies                 | -       | 2      | 100       | 100  | -             | 1       | -            | -         |
|  |         |        |           |      | 2 273 871     | 933 908 | (140 971)    | (198 423) |



|                                       | ISSUED  |      | EFFECTIVE |      | BOOK VALUE OF |       | NET          |          |
|---------------------------------------|---------|------|-----------|------|---------------|-------|--------------|----------|
|                                       | CAPITAL |      | HOLDING   |      | INVESTMENT    |       | INDEBTEDNESS |          |
|                                       | 2001    | 2000 | 2001      | 2000 | 2001          | 2000  | 2001         | 2000     |
|                                       | R000    | R000 | R000      | R000 | R000          | R000  | R000         | R000     |
| <b>NEDCOR INVESTMENT BANK LIMITED</b> |         |      |           |      |               |       |              |          |
| <b>Property</b>                       |         |      |           |      |               |       |              |          |
| Malan J Rossouw Holdings (Pty) Ltd    | -       | -    | 100       | 100  | -             | -     | (344)        | (350)    |
| Syfrets Park (Pty) Ltd                | -       | -    | 100       | 100  | -             | -     | 21 303       | 21 478   |
| Indyprop Holdings Ltd                 | -       | -    | 100       | 100  | -             | -     | (84)         | (90)     |
| Treasure Investments (Pty) Ltd        | 1       | 1    | 100       | 100  | 1             | 1     | 21 606       | 20 750   |
| Bloemboard Holdings (Pty) Ltd         | 1       | 1    | 100       | 100  | 1 923         | 1 923 | (10 384)     | (10 384) |
| Knysna Quays Developments Ltd         | 11      | 11   | 100       | 100  | 11            | 11    | 199          | (268)    |
| Equibond (Pty) Ltd                    | -       | n/a  | 100       | n/a  | 25 973        | -     | 59 745       | -        |
| <b>Finance</b>                        |         |      |           |      |               |       |              |          |
| Cactus Investments (Pty) Ltd          | -       | -    | 100       | 100  | 254           | 254   | 54 318       | (33 945) |
| Depfin Investments (Pty) Ltd          | -       | -    | 100       | n/a  | -             | -     | 396 569      | -        |
| <b>Other companies</b>                |         |      |           |      |               |       |              |          |
| Nedcor Investments Ltd                | 27 500  | n/a  | 100       | n/a  | 39 562        | -     | 165 354      | -        |
|                                       |         |      |           |      | 67 724        | 2 189 | 708 282      | (2 809)  |

General information required in terms of the 4th schedule of the Companies Act, 1973, is detailed in respect of only those subsidiaries where the financial position or results are material to the group. It is considered that the disclosure in these statements of such information in respect of the remaining subsidiaries would entail expense out of proportion to the value to the members. Other subsidiaries consist of nominee, property-owning and financial holding companies and companies acquired in the course of lending activities. A register detailing information in respect of all public subsidiaries is available for inspection at the registered office.



| Name of associate                                | PROPORTION OF OWNERSHIP INTEREST |         | PROPORTION OF POWER HELD |         | BOOK VALUE OF INVESTMENT |               | Principal activity             |
|--|----------------------------------|---------|--------------------------|---------|--------------------------|---------------|--------------------------------|
|  | 2001 %                           | 2000 %  | 2001 %                   | 2000 %  | 2001 R000                | 2000 R000     |                                |
| NIB Securities (Pty) Ltd                         | 40                               | 40      | 40                       | 40      | 3 387                    | 5 216         | Stockbroking                   |
| Galaxy Portfolio Services Ltd                    | -                                | 20      | -                        | 20      | -                        | 20 980        | Sale of linked products        |
| Syfrets Trust Ltd                                | 50                               | 50      | 50                       | 50      | 4 523                    | 2 691         | Trust and fiduciary            |
| Franklin Templeton                               | 50                               | 50      | 50                       | 50      | 41 628                   | 25 275        | Asset management               |
| NIB Asset Management (Pty) Ltd                   |                                  |         |                          |         |                          |               |                                |
| Finsource (Pty) Ltd                              | 20                               | 20      | 20                       | 20      | 6 938                    | -             | Administration support         |
| NIB Property Fund Managers Ltd                   | 50                               | 50      | 50                       | 50      | 1 382                    | 1 382         | Property unit trust management |
| Corovest – NIB Property Asset Managers (Pty) Ltd | 40                               | 40      | 40                       | 40      | 1 245                    | -             | Property development           |
| Other minor associates                           | various                          | various | various                  | various | 1 482                    | 2 643         | Various                        |
| <b>Total carrying value of associates</b>        |                                  |         |                          |         | <b>60 585</b>            | <b>58 187</b> |                                |

All associates are incorporated in and operate from the Republic of South Africa.

# employee share incentive scheme

| Movements (note 13.4)                     | 2001               | 2000              |
|---|--------------------|-------------------|
| Options outstanding at beginning of year  | 77 001 182         | 98 737 211        |
| Granted                                   | 40 117 409         | 106 243 749       |
| Exercised                                 | (1 110 233)        | (8 382 961)       |
| Exercised – deferred delivery             | (2 972 894)        | (4 932 512)       |
| Surrendered                               | (10 264 588)       | (114 664 305)     |
| <b>Options outstanding at end of year</b> | <b>102 770 876</b> | <b>77 001 182</b> |

## Options granted but not yet exercised as at 31 December 2001

| Option expiry date | Number of shares   | Issue price (cents) |
|--------------------|--------------------|---------------------|
| 28 Feb 2002        | 243 000            | 370                 |
| 31 Mar 2002        | 54 000             | 370                 |
| 31 May 2002        | 270 000            | 370                 |
| 30 Jun 2002        | 540 100            | 370                 |
| 31 Jul 2002        | 900 200            | 370                 |
| 30 Jun 2002        | 108 000            | 265                 |
| 31 Jul 2002        | 585 100            | 265                 |
| 30 Nov 2002        | 54 000             | 265                 |
| 31 Dec 2002        | 108 000            | 265                 |
| 31 Jan 2003        | 59 500             | 265                 |
| 28 Feb 2003        | 135 000            | 265                 |
| 26 Aug 2005        | 52 074 700         | 265                 |
| 22 Oct 2005        | 289 855            | 265                 |
| 7 Feb 2006         | 1 500 000          | 265                 |
| 21 Jun 2006        | 2 265 878          | 265                 |
| 26 Jul 2006        | 1 907 690          | 265                 |
| 29 Nov 2006        | 2 200 000          | 265                 |
| 08 Feb 2007        | 2 989 975          | 320                 |
| 16 May 2007        | 892 857            | 280                 |
| 24 Jul 2007        | 4 820 997          | 299                 |
| 11 Sep 2007        | 515 151            | 325                 |
| 2 Nov 2007         | 30 226 873         | 288                 |
| 1 Dec 2007         | 30 000             | 288                 |
|                    | <b>102 770 876</b> |                     |

## Options granted to executive directors

| Exercisable from/to                | Number of options | Option price per share (R) | Consideration due (R) |
|------------------------------------|-------------------|----------------------------|-----------------------|
| 1 October 2000 to 26 August 2005   | 11 477 500        | 2,65                       | 30 415 375            |
| 1 July 2002 to 26 August 2005      | 1 488 300         | 2,65                       | 3 943 995             |
| 2 November 2004 to 2 November 2007 | 1 585 700         | 2,88                       | 4 566 816             |

Share options granted under the scheme have an exercise price fixed in terms of the requirements of the share trust deed. Options may be exercised at dates specified in the share trust deed and lapse at the earlier of resignation or at varying periods of up to six years from the granting of the option.

Further terms and conditions of the share trust are available for inspection at the group's registered office.



# share analysis

SHAREHOLDERS' PROFILE

AS AT 31 DECEMBER 2001

|                                     | SHAREHOLDERS |               | SHARES HELD          |               |
|-------------------------------------|--------------|---------------|----------------------|---------------|
|                                     | Number       | %             | Number               | %             |
| <b>DISTRIBUTION OF SHAREHOLDING</b> |              |               |                      |               |
| 1 – 1 000                           | 2 833        | 63,43         | 906 239              | 0,06          |
| 1 001 – 5 000                       | 905          | 20,26         | 2 159 692            | 0,13          |
| 5 001 – 10 000                      | 236          | 5,28          | 1 745 817            | 0,11          |
| 10 001 – 50 000                     | 284          | 6,36          | 6 429 668            | 0,40          |
| 50 001 – 100 000                    | 60           | 1,34          | 4 351 042            | 0,27          |
| 100 001 – 1 000 000                 | 113          | 2,53          | 34 515 171           | 2,14          |
| 1 000 001 and over                  | 35           | 0,78          | 1 561 496 592        | 96,89         |
|                                     | <b>4 466</b> | <b>100,00</b> | <b>1 611 604 221</b> | <b>100,00</b> |

## TOP EIGHT SHAREHOLDERS

|   |  |  |                      |             |
|---|--|--|----------------------|-------------|
| Nedcor Ltd  |  |  | 1 355 175 198        | 84,1        |
| Old Mutual Main Account                           |  |  | 94 143 126           | 5,8         |
| Momentum Life Assurance Ltd                       |  |  | 33 051 185           | 2,1         |
| Sanlam Institutional Special Opportunities Fund   |  |  | 16 390 947           | 1,0         |
| M <sup>3</sup> Capital Asset Management (Pty) Ltd |  |  | 6 846 689            | 0,4         |
| Public Investment Commissioner                    |  |  | 5 000 000            | 0,3         |
| Nedcor Pension Fund                               |  |  | 3 757 337            | 0,2         |
| Mutual & Federal Insurance Company Ltd            |  |  | 3 221 558            | 0,2         |
|   |  |  | <b>1 517 586 040</b> | <b>94,2</b> |

## ANALYSIS OF HOLDING

### Principal shareholders:

|                        |              |              |                      |              |
|------------------------|--------------|--------------|----------------------|--------------|
| Nedcor Ltd             | 1            | 0,0          | 1 355 175 198        | 84,1         |
| Other corporate bodies | 857          | 19,2         | 243 671 754          | 15,1         |
| Individuals            | 3 608        | 80,8         | 12 757 269           | 0,8          |
|                        | <b>4 466</b> | <b>100,0</b> | <b>1 611 604 221</b> | <b>100,0</b> |

## PUBLIC AND NON-PUBLIC SHAREHOLDERS

|            |              |              |                      |              |
|------------|--------------|--------------|----------------------|--------------|
| Non-public | 75           | 1,7          | 1 473 980 487        | 91,5         |
| Public     | 4 391        | 98,3         | 137 623 734          | 8,5          |
|            | <b>4 466</b> | <b>100,0</b> | <b>1 611 604 221</b> | <b>100,0</b> |

## PERFORMANCE ON THE JSE SECURITIES

### EXCHANGE SOUTH AFRICA

|                                     | Year ended<br>Dec 2001 | Year ended<br>Dec 2000 |
|-------------------------------------|------------------------|------------------------|
| Share price (cents)                 |                        |                        |
| Year-end                            | 300                    | 270                    |
| Highest                             | 350                    | 430                    |
| Lowest                              | 226                    | 245                    |
| Number of shares traded (thousands) | 94 266                 | 116 618                |
| Value of shares traded (Rm)         | 274,3                  | 361,1                  |

\* Prof MM Katz (Chairperson), aged 57

BCom, LLB, LLM(Harvard), LLD(hc)

Prof Katz is Chairperson of Edward Nathan & Friedland (Pty) Limited, Chairperson of the Commission of Inquiry into the Tax System of South Africa and the Tax Advisory Committee. He is also an Honorary Professor of Company Law at the University of the Witwatersrand.

\* Dr IJ Botha (Chief Executive), aged 52

DCom

Dr Botha entered the banking industry in 1977, after completing his doctorate in commerce. He first joined Senbank, then Volkskas Merchant Bank and was then, as Managing Director, responsible for the transformation of Finansbank, firstly into the Financial Services Division of Nedcor Bank and finally into Nedbank Investment Bank, which merged with Syfrets and UAL Merchant Bank in October 1997 to form Nedcor Investment Bank.

\* JR Bestbier, aged 46

BBusSc, CA(SA)

Mr Bestbier is an Executive Director, responsible for a number of NIB's strategic investments, including asset management, stockbroking and Syfrets Trust Limited. After qualifying as a chartered accountant, Mr Bestbier entered investment banking in 1987, being involved in mainstream corporate finance work for some ten years.

RG Cottrell, aged 66

CA(SA), FCA, SEP(Stanford)

Mr Cottrell served as Executive Officer of the Financial Services Board and was previously Deputy Chairman and Joint (sole from 1994 onwards) Managing Partner of Coopers & Lybrand. He is currently Chairman of Saldanha Steel (Pty) Limited and a Director of African Oxygen Limited, Afrox Healthcare Limited, Glenrand MIB Limited, Imperial Bank Limited, Munich Reinsurance Company of Africa Limited and STRATE Limited.

ML Davis, aged 44

BCom(Hons), CA(SA)

Mr Davis is Chief Executive of Xstrata AG, a diversified mining and metals company listed on the Swiss Stock Exchange. Xstrata has significant mining and metal

interests in South Africa, Spain, Australia and the United States. Previously, he was an Executive Director of Billiton plc and, in that capacity, was Billiton's Chief Financial Officer and Chairman of Billiton Coal. Prior to his Billiton position Mr Davis was an Executive Director of Eskom.

BE Davison, aged 56

BA (Law, Economics)

Mr Davison is Executive Chairperson of Anglo American Platinum Corporation Limited. During his period of service with Johannesburg Consolidated Investment Company Limited (Johnnies) from 1973 to 1994, he was an Executive Director of that company and held various directorships of Johnnies Group companies. He is currently a Director of Anglo Platinum Group subsidiaries, a Director of Anglo American Corporation of South Africa, Highveld Steel and Vanadium Corporation Limited and Northam Platinum, and Vice-president of the Chamber of Mines of South Africa. Mr Davison was appointed a member of the Executive Committee of Anglo American plc in December 2000 and an Executive Director of Anglo American plc on 15 May 2001. He was also appointed President of the Chamber of Mines of South Africa on 15 November 2001.

PG Joubert, aged 68

BA, DPWM, AMP(Harvard)

Mr Joubert is the Deputy Chairperson of Nedcor Limited and Nedcor Bank Limited. He is Chairperson of BDFM Publishers (Pty) Limited, Delta Electrical Industries Limited, Delta Motor Corporation (Pty) Limited, Eagle Freight Holdings (Pty) Limited, Foodcorp Holdings (Pty) Limited, Munich Reinsurance Company of Africa Limited and NEI Africa Limited. Other directorships include Old Mutual plc, Hudaco Industries Limited, Impala Platinum Holdings Limited, Malbak Limited, Murray & Roberts Holdings Limited, Sandvik (Pty) Limited and South African Mutual Life Assurance Company (SA) Limited. He is past Chairperson of African Oxygen Limited.

\* PH Lane, aged 45

BCom, FIFM, CAIB(SA)

Mr Lane is Executive Director, Treasury. He was employed by Barclays National Bank Limited, which became First National Bank Limited, from 1979 to 1990, being



appointed chief dealer in 1988. In 1990 he took up a position with Nedcor Investment Bank Limited (previously UAL Merchant Bank Limited).

**RCM Laubscher**, aged 50

BCom(Hons), AMP(Harvard), FIBSA

Mr Laubscher is the Chief Executive of Nedcor Limited. He is also Chief Executive of Nedcor Bank Limited as well as a Director of Old Mutual plc, Old Mutual Financial Services (UK) plc, Old Mutual Life Assurance Company (SA) Limited and the Capital International Inc Advisory Board. He is Chairperson of the Cape of Good Hope Bank Limited and Peoples Bank.

**CF Liebenberg**, aged 67

CAIB(SA), FIBSA, AMP(Harvard), DCom(hc)

Mr Liebenberg is Chairperson of Nedcor Limited. He is the former Minister of Finance in the South African Government of National Unity and past Chief Executive of Nedcor Limited. He is also Chairperson of Nedcor Bank Limited, as well as a Director of Old Mutual plc, Old Mutual Life Assurance Company (SA) Limited, Mutual and Federal Insurance Company Limited, Nedcor Investment Bank Holdings Limited and Macsteel (Pty) Limited.

**E Molobi**, aged 56

BA

Mr Molobi is Executive Chairperson of Kagiso Trust Investment Company (Pty) Limited and a Director of Nedcor Bank Limited. He serves on the boards of Rembrandt Group Limited, Telkom, Imperial Holdings Limited and all related Kagiso SA Limited companies.

**SG Morris**, aged 56

BCom, CA(SA)

Mr Morris is the Group Financial Director of Nedcor Limited. He is also a Director of Nedcor Bank Limited, Cape of Good Hope Bank Limited and Imperial Bank Limited.

**PF Nhleko**, aged 41

BSc, MBA

Mr Nhleko has been the Executive Chairperson of Worldwide African Investment Holdings Limited (WAIH)

since May 2001. He is one of the founding members of WAIH, a preeminent investment holding company with significant interests primarily in the petroleum, telecommunications and IT industries. Prior to the establishment of WAIH, Mr Nhleko was a senior member of Standard Merchant Bank's corporate finance team (1991 to 1994). Mr Nhleko practised as a civil engineer/project manager for infrastructure development undertaken by the Urban Foundation during the period 1988 to 1991. Prior to his engagement at the Urban Foundation he worked as a civil engineer trainee at the Ohio Department of Transportation and subsequently as the senior roads engineer in the Ministry of Works in Swaziland.

**Dr LA Porter**, aged 61

DCom

Dr Porter is an Executive Consultant of Nedcor Limited and a director of Cape of Good Hope Bank Limited. He is also a past Director of Nedcor Limited.

**GF Richardson**, aged 65

CA(SA), SEP(Stanford)

Mr Richardson is an Executive Consultant of Nedcor Limited, past Deputy Chairperson and Managing Director of Nedcor Investment Bank Limited (previously UAL Merchant Bank Limited) and a past Director of Nedcor Limited.

**\* WC Ross**, aged 56

CA(SA), CTA

Mr Ross is Executive Director, Corporate Division. He joined Finansbank in 1974 after a spell of three years in the industry and after qualifying as a chartered accountant. Subsequent to the merger with Nedbank he assumed responsibility for the enlarged Structured and Project Finance Division.

**AA Routledge**, aged 54

BCom, CA(SA)

Mr Routledge is a Director of Nedcor Limited, Nedcor Bank Limited and Franklin Templeton NIB Asset Management (Pty) Limited. He is also a Non-executive Director of Murray & Roberts Holdings Limited.



\* R van Wyk, aged 45

BCom (Hons), BCompt, CA(SA), AMP(Insead)

Prior to joining the Nedcor Group, Mr Van Wyk was a partner in the accounting firm KPMG Inc. On 1 January 1993 he joined Nedcor Bank Limited as General Manager in charge of Risk Management, followed by Corporate and International Credit, after which he moved to NIB.

\* *Executive Director*

#### BOARD COMMITTEES

##### Audit Committee

RG Cottrell (*Chairperson*)

PG Joubert

CF Liebenberg

Dr LA Porter

GF Richardson

##### Credit Risk Monitoring Committee

CF Liebenberg (*Chairperson*)

GH Bulterman

RG Cottrell

PG Joubert

GF Richardson

TE Sewell

##### Remuneration Committee

BE Davison (*Chairperson*)

ML Davis

PG Joubert

RCM Laubscher

CF Liebenberg

##### Regulation 40 Committee

RG Cottrell (*Chairperson*)

ML Davis

E Molobi

#### GROUP SECRETARY

JS Eisenhammer, aged 45

BCom, BAcc, CA(SA)

General Manager, Group Finance



# executive management

AS AT 1 MARCH 2002

(DATES OF APPOINTMENT REFER TO EXECUTIVE MANAGEMENT APPOINTMENTS)

**NP Anderson**, aged 41 (appointed 2000)

*General Manager, Treasury*

**PA Armstrong**, aged 48 (appointed 2000)

FCIS, FCIBM, EMP(Sing)

*Managing Director, ENF Corporate Governance Advisory Services (Pty) Ltd*

**PW Behrens**, aged 45 (appointed 1998)

Bluris, LLB

*Senior Legal Adviser, Corporate Legal*

**HH Bell**, aged 46 (appointed 1999)

BA, LLB

*Director, ENF Corporate Governance Advisory Services (Pty) Limited*

**FM Berkeley**, aged 45 (appointed 1994)

BCom, BAcc, CA(SA)

*Divisional Director, Property*

**TE Brincker**, aged 38 (appointed 1999)

BCom (cum laude), LLB (cum laude),

LLM (cum laude), LLD

*Director, ENF Tax Law*

**PH Cronin**, aged 52 (appointed 1999)

BCom, LLB

*Director, ENF Corporate Law*

**BJ Croome**, aged 41 (appointed 2000)

BCom, BProc, LLB, H Dip Tax Law (cum laude),

FCMA, CA(SA)

*Director, ENF Tax Law*

**D de Beer**, aged 41 (appointed 1997)

BProc

*General Manager, Property Equity Investments*

**PV Descroizilles**, aged 36 (appointed 1999)

BA, LLB

*Director, ENF Corporate Law*

**MJ Divett**, aged 47 (appointed 1998)

BA, LLB, BCom(Hons) (Tax), H Dip Tax, CA(SA)

*Senior Vice-president, Group Taxation*

**BC Doyle**, aged 33 (appointed 2000)

BCompt(Hons), CA(SA)

*Joint Head, Corporate Finance*

**CC Doyle**, aged 37 (appointed 1998)

BSc Eng(Hons), MBA

*General Manager, Treasury*

**CM Drew**, aged 38 (appointed 2001)

BCom, LLM, CA(SA), PG Dip Acc

*Joint Head, Corporate Finance*

**AD du Plessis**, aged 42 (appointed 1989)

BAcc(Hons), CA(SA), MCom(Tax)

*Divisional Head, Structured and Project Finance*

**DM Dykes**, aged 42 (appointed 1994)

BSc(Hons), MSc Economics

*Chief Economist, Nedcor Group*

**JS Eisenhammer**, aged 45 (appointed 1992)

BCom, BAcc, CA(SA)

*General Manager, Group Finance*

**M de C Eustace**, aged 59 (appointed 1993)

BA

*Senior General Manager, Private Equity Investments*

**MJ Feinstein**, aged 49 (appointed 1999)

BA, LLB

*Director, ENF Corporate Law*

**AC Feinstein**, aged 49 (appointed 1999)

BCom, LLB

*Director, ENF Corporate Law*

**DC Gracey**, aged 38 (appointed 1998)

*General Manager, Treasury*

**CL Green**, aged 54 (appointed 1999)

BA, LLB

*Director, ENF Sports Law*

**SA Halliday**, aged 54 (appointed 1997)

CAIB(SA), ACIS

*General Manager, Property Credit Risk*

**NG Hendricks**, aged 44 (appointed 1999)

BCompt(Hons), CTA, CA(SA), FCMA, FCCA

*Senior Vice-president, Capital Account*

**TE Howse**, aged 42 (appointed 2002)

ICMQ, FIFM

*Head, Group Compliance and Operational Risk*

**RT Hunter**, aged 38 (appointed 1999)

BA, LLB, LLM (cum laude)

*Director, ENF Employee Benefits*

**CJ Jonker**, aged 33 (appointed 1999)

Bluris, LLB, MBA (all cum laude)

*Chief Executive Officer, ENF*



**NJ Kain**, aged 45 (appointed 1995)  
PG Dip Ind Admin, CEA  
*General Manager, Property Finance Support Services*

**HJ Kellerman**, aged 41 (appointed 1992)  
BSc, BCompt, BCom(Hons)  
*Senior Vice-president, Capital Account and International Operations*

**WI Kriegler**, aged 42 (appointed 2001)  
BCom  
*Senior Vice-president, Information Technology*

**SC Lederman**, aged 36 (appointed 1999)  
BProc  
*Director, ENF Corporate Law*

**SA le Roux**, aged 40 (appointed 2001)  
CA(SA), H Dip Tax, CEA(SA)  
*Senior Vice-president, Structured Finance*

**SA Lewis**, aged 53 (appointed 1999)  
BCom, LLB (cum laude)  
*Director, ENF Corporate Law*

**D Macready**, aged 43 (appointed 1997)  
BCom(Hons), CA(SA)  
*Divisional Director, NIBi and International Asset Management*

**DL MacRobert**, aged 62 (appointed 1999)  
BA, LLB, Barrister at Law, FSAIPA  
*Director, ENF Intellectual Property*

**EN Maré**, aged 35 (appointed 2000)  
BSc(Hons), MSc  
*General Manager, Treasury*

**WJ Midgley**, aged 43 (appointed 1999)  
BA, LLB  
*Director, ENF Commercial Property*

**HD Mouton**, aged 41 (appointed 1999)  
BCom(Hons)  
*General Manager, Corporate and Counterparty Risk*

**FW Mthembu**, aged 57 (appointed 2001)  
BA, BProc, LLB  
*Director, ENF Corporate Assessments*

**AF Pieterse**, aged 41 (appointed 1999)  
BCom, BAcc(Hons)  
*Senior Vice-president, Structured Finance*

**LHP Pieterse**, aged 51 (appointed 1999)  
MIAC  
*Senior Vice-president, Corporate Administration*

**SP Rogers**, aged 41 (appointed 1995)  
FCIS  
*General Manager, Treasury*

**RA Shuter**, aged 34 (appointed 2000)  
BCom, PG Dip Acc, CA(SA)  
*Joint Head, Corporate Finance*

**MJC Slabbert**, aged 30 (appointed 2001)  
BCom, LLB (cum laude), MCom (cum laude), Dip FMI  
*Vice-president, Capital Account*

**CS van Niekerk**, aged 44 (appointed 1999)  
BSocSc, HDPM, MPM, Adv Dip in Labour Law  
*Senior Vice-president, Human Resources*

**R van Schalkwyk**, aged 43 (appointed 1999)  
BCompt, MBL  
*Senior Vice-president, International Structured Finance*

**CJ Viljoen**, aged 35 (appointed 2000)  
BCom(Hons), CA(SA)  
*Senior Vice-president, Structured Finance*

**NJ Walters**, aged 39 (appointed 1996)  
Dip Bus Man, Dip Man Acc  
*General Manager, Programme Management*

**K Whitfield**, aged 35 (appointed 1999)  
BCom(Hons), CISA, SEP(Harvard), AAUT, MIFM  
*General Manager, Treasury Administration*

**KB Whyte**, aged 43 (appointed 1999)  
BA, LLB  
*Director, ENF Public Sector Utilities and Services Law*

**CL Wulfsohn**, aged 45 (appointed 1999)  
BCom, LLB (cum laude)  
*Director, ENF Corporate Law*



# shareholders' diary

## 2001 FINANCIAL YEAR

|                          |                  |
|--------------------------|------------------|
| Financial year-end       | 31 December 2001 |
| Dividend payment (final) | 8 April 2002     |
| Annual general meeting   | 19 April 2002    |

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## 2002 FINANCIAL YEAR

|                    |                  |
|--------------------|------------------|
| Financial year-end | 31 December 2002 |
|--------------------|------------------|

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## REPORTS

|   |                             |
|---|-----------------------------|
| Interim report                                    | on or about 24 July 2002    |
| Annual results and announcement of final dividend | on or about 6 February 2003 |
| Publication of annual financial statements        | during March 2003           |

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## DIVIDEND PAYMENTS

|       |                   |
|-------|-------------------|
| Final | during April 2003 |
|-------|-------------------|

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## ANNUAL GENERAL MEETING

on or about 11 April 2003

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Notice is hereby given that the thirty-seventh annual general meeting of members of NIBH will be held in the Auditorium, NIB Gardens, 1 Newtown Avenue, Killarney, Johannesburg, on 19 April 2002, at 11:00 for the following purposes:

1. To receive and consider the financial statements for the 12 months ended 31 December 2001, together with the reports of the directors and independent auditors, and to approve the remuneration of the directors as reflected in note 19.4 to those statements.
2. To confirm the final dividend of 15,4 cents per ordinary share declared on Wednesday, 6 February 2002, in favour of those ordinary shareholders registered at the close of business on Friday, 5 April 2002. In this regard, the directors of the company declare that after the payment of such cash dividend, the company will be able to pay its debts as they become due in the ordinary course of business and the consolidated assets of the company, fairly valued, would not be less than the consolidated liabilities of the company.
3. To elect directors by means of a single resolution.
4. To elect directors in place of those retiring in accordance with the provisions of the company's articles of association. These directors are Messrs JR Bestbier, BE Davison, PH Lane, RCM Laubscher, SG Morris and Dr LA Porter who retire by rotation and, being eligible, offer themselves for reelection. Messrs PF Nhleko and N Dennis, who were appointed to the board after the previous annual general meeting, also retire at the end of this meeting and offer themselves for reelection.
5. To reappoint Deloitte & Touche and KPMG Inc as joint independent auditors of the company and to authorise the directors to determine the remuneration of the company's independent auditors as reflected in note 19.2 to the financial statements.
6. To consider and, if deemed fit, pass, with or without modification, the special resolutions listed below:

#### Approval to repurchase shares

At the annual general meeting of the company's members held on Friday, 20 April 2001, a special resolution was

passed and subsequently registered that had the effect of granting the company a general authority to repurchase up to 20% of the issued share capital of the company. Such authority is renewable annually.

The directors of the company have no specific intention to acquire any of the company's securities, a position that will continually be reexamined having regard to prevailing circumstances (including the tax dispensation and market conditions).

The directors of the company are of the opinion, after considering the effects of a repurchase of 20% of the company's issued share capital, that:

- the company would be able in the ordinary course of business to repay its debts;
- the consolidated assets of the company, fairly valued in accordance with generally accepted accounting practice, would be in excess of the company's consolidated liabilities;
- the company's ordinary capital and reserves would be adequate; and
- the company's working capital would be adequate, for a period of twelve (12) months after the date of this notice.

#### Special resolution 1

"RESOLVED THAT the company hereby approves, as a general approval contemplated in sections 85(2) and 85(3) of the Companies Act, 61 of 1973, as amended ('the Companies Act'), the acquisition by the company, subject to the prior written approval of the Registrar of Banks, of shares from time to time issued by the company, on such terms and conditions and in such amounts as the directors of the company may from time to time decide, but subject always to the consent of the Registrar of Banks, to the provisions of the Companies Act, the Banks Act, 94 of 1990, as amended, and the listing requirements from time to time of the JSE Securities Exchange South Africa (JSE), which general approval shall endure until the forthcoming annual general meeting of the company (whereupon this approval shall lapse unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 months of the date of registration of this special resolution 1), subject to the following limitations:



## notice of annual general meeting (continued)

- (a) the repurchase of securities is implemented on the open market of the JSE;
- (b) the company is authorised thereto by its articles;
- (c) the company is authorised by shareholders in terms of a special resolution of the company, in general meeting, which authorisation shall be valid only until the next annual general meeting provided it shall not extend beyond 15 months from the date of the resolution;
- (d) the general repurchase is limited to a maximum of 20% of the company's issued share capital of each class in any one financial year; and
- (e) the repurchases are not made at a price greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction was agreed."

The reason for special resolution 1 is to authorise the company, by way of general approval, to acquire its own issued shares on terms and conditions and in amounts to be determined from time to time by the directors of the company, subject to certain statutory provisions and the listing requirements from time to time of the JSE.

The effect of special resolution 1 is to enable the company to acquire its own issued shares from time to time on such terms and conditions and in such amounts as the directors may from time to time decide, subject to certain statutory provisions and the listing requirements from time to time of the JSE.

### Special resolution 2

At the annual general meeting of the company's members held on Friday, 20 April 2001, a special resolution was passed and subsequently registered that had the effect of granting the company a general authority to repurchase up to 10% of the issued share capital of its holding company. Such authority is renewable annually.

"RESOLVED THAT the company hereby approves, as a general approval, the acquisition by the company, subject to the prior written approval of the Registrar of Banks, of

shares from time to time issued by its holding company (provided that such purchases shall not result in the company, together with all other subsidiaries of the holding company, holding more than 10% of the entire issued share capital of the holding company), on such terms and conditions and in such amounts as the directors of the company may from time to time decide, but subject always to the consent of the Registrar of Banks, the provisions of the Companies Act, 61 of 1973, as amended, the Banks Act, 94 of 1990, as amended, and the listing requirements from time to time of the JSE Securities Exchange South Africa (JSE), which general approval shall endure until the forthcoming annual general meeting of the company (whereupon this approval shall lapse, unless it is renewed at this aforementioned annual general meeting, provided that it shall not extend beyond 15 months of the date of registration of this special resolution 2), subject to the following limitations:

- (a) the repurchase is implemented on the open market of the JSE;
- (b) the company is authorised thereto by its articles;
- (c) the company is authorised by shareholders in terms of a special resolution of the company, in general meeting, which authorisation shall be valid only until the next annual general meeting provided it shall not extend beyond 15 months from the date of the resolution; and
- (d) the repurchases are not made at a price greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction was agreed."

The reason for special resolution 2 is to authorise the company, by way of general approval, to acquire the shares issued by the company's holding company on terms and conditions and in amounts to be determined from time to time by the directors of the company, subject to certain statutory provisions and the listing requirements from time to time of the JSE.

The effect of special resolution 2 is to enable the company to acquire the shares issued by the company's holding



company on such terms and conditions and in such amounts as the directors may from time to time decide, subject to certain statutory provisions and the listing requirements from time to time of the JSE.

### Special resolution 3

“RESOLVED THAT the company hereby approves, as a general approval, the acquisition by a subsidiary of the company, subject to the prior written approval of the Registrar of Banks, of shares from time to time issued by the company on such terms and conditions and in such amounts as the directors of the company and directors of the subsidiary may from time to time decide, but subject always to the consent of the Registrar of Banks, the provisions of the Companies Act, 61 of 1973, as amended, the Banks Act, 94 of 1990, as amended, and the listing requirements from time to time of the JSE Securities Exchange South Africa (JSE), which general approval shall endure until the forthcoming annual general meeting of the company (whereupon this approval shall lapse, unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 months of the date of registration of this special resolution 3), subject to the following limitations:

- (a) the repurchase of securities is implemented on the open market of the JSE;
- (b) the subsidiary of the company is authorised thereto by its articles;
- (c) the subsidiary of the company is authorised by shareholders in terms of a special resolution of the company in general meeting, which authorisation shall be valid only until the next annual general meeting, provided it shall not extend beyond 15 months from the date of the resolution;
- (d) the general repurchase is limited to a maximum of 10% of the company’s issued share capital of that class at the time the authority is granted; and
- (e) the repurchase is not made at a price greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction was agreed.”

The reason for special resolution 3 is to authorise the subsidiaries of the company, by way of general approval, to acquire issued shares in the company on terms and conditions and in amounts to be determined from time to time by the directors of the company, subject to certain statutory provisions and the listing requirements from time to time of the JSE.

The effect of special resolution 3 is to enable the subsidiaries of the company to acquire issued shares of the company from time to time on such terms and conditions and in such amounts as the directors may from time to time decide, subject to certain statutory provisions and the listing requirements from time to time of the JSE.

7. To consider and, if deemed fit, pass with or without amendment the following ordinary resolutions:

### Control of authorised but unissued shares

#### Ordinary resolution 1

“RESOLVED THAT the entire authorised but unissued share capital of the company from time to time be placed under the control of the directors of the company until the next annual general meeting, with the authority to allot and issue all or part thereof in their discretion, subject to sections 221 and 222 of the Companies Act, 1973, as amended, the Banks Act, 94 of 1990, as amended, and the listing requirements of the JSE Securities Exchange South Africa.”

### Approval to issue shares for cash

#### Ordinary resolution 2

“RESOLVED THAT, pursuant to the articles of association of the company, the directors of the company be and are hereby authorised until the forthcoming annual general meeting of the company (whereupon this authority shall lapse, unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 months of the date of this meeting), to allot and issue ordinary shares for cash subject to the listing requirements of the JSE Securities Exchange South Africa (JSE), the Companies Act, 61 of 1973, as amended, and the Banks Act, 94 of 1990, as amended, on the following basis:

- (a) The allotment and issue of ordinary shares for cash shall be made only to persons qualifying as public



# notice of annual general meeting (continued)

shareholders as defined in the listing requirements of the JSE and not to related parties;

- (b) The number of ordinary shares issued for cash from time to time shall not in the aggregate in any one financial year of the company exceed 15% of the company's issued ordinary shares. The number of ordinary shares which may be issued for cash shall be based on the number of ordinary shares in issue at the date of the application, less any ordinary shares issued by the company during the current financial year, provided that any ordinary shares to be issued for cash pursuant to a rights issue (announced and irrevocable and underwritten) or acquisition (concluded up to the date of application) may be included as though they were shares in issue at the date of application;
- (c) The maximum discount at which ordinary shares may be issued for cash is 10% of the weighted average traded price on the JSE of those ordinary shares over the 30 days prior to the date that the price of the issue is determined or agreed by the directors of the company; and
- (d) After the company has issued shares for cash which represent, on a cumulative basis within a financial year, 5% or more of the number of shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including the effect of the issue on the net asset value and earnings per share of the company."

In terms of the listing requirements of the JSE Securities Exchange South Africa, a 75% majority is required of votes cast by the shareholders present or represented by proxy at the general meeting to approve the resolution regarding the waiver of preemptive rights.

- 8. To transact such other business as may be transacted at an annual general meeting.

Members attending the abovementioned annual general meeting will be afforded the opportunity of putting questions to the directors and management.

Each ordinary member entitled to attend and vote at the meeting is entitled to appoint one or more proxies (who need not be members of the company) to attend, speak and vote in his/her stead. On a show of hands every ordinary member who is present in person or by proxy shall have one vote and, on a poll, every ordinary member present in person or by proxy shall have one vote for each share held by him/her. The form of proxy should be completed and forwarded to reach the office of either of the company's transfer secretaries at the addresses given below not later than 11:00 on 17 April 2002.

By order of the board

**JS Eisenhammer**  
*Group Secretary*

6 February 2002

**Registered office**

Nedcor Investment Bank Holdings Limited  
(Reg No 1963/003972/06)  
1 Newtown Avenue, Killarney  
Johannesburg, 2193  
PO Box 582  
Johannesburg, 2000

**Transfer secretaries in South Africa**

Mercantile Registrars Limited  
7th Floor  
11 Diagonal Street  
Johannesburg, 2001  
PO Box 1053  
Johannesburg, 2000

**Transfer secretaries in Namibia**

Transfer Secretaries (Pty) Limited  
Shop 12, Kaiserkrone Centre  
Post Street Mall  
Windhoek, Namibia  
PO Box 2401  
Windhoek, Namibia

## 1. Certificated members

Shareholders wishing to attend the annual general meeting have to ensure beforehand with the transfer secretaries of the company that their shares are in fact registered in their name. Should this not be the case and the shares are registered in any other name, or in the name of a nominee company, it is incumbent on shareholders attending the meeting to make the necessary arrangements with that party to be able to attend and vote in their personal capacity.

The proxy form contains detailed instructions in this regard.

## 2. Uncertificated shareholders

Beneficial owners of dematerialised shares who wish to attend the annual general meeting have to request their Central Securities Depository Participant (CSDP) or broker to provide them with a letter of representation, or instruct their CSDP or broker to vote by proxy on their behalf.

## 3. Proxies

Shareholders who wish to attend the meeting, and vote thereat, have to ensure that their proxy form reaches the transfer secretaries not later than 11:00 on 17 April 2002.

## 4. Enquiries

Any shareholders having difficulties or queries in regard to the above are invited to contact the Company Secretary, Mr JS Eisenhammer, on +27 11 480 1208.

## 5. Explanatory notes to resolutions for AGM

### **Receipt and consideration of annual financial statements and reports and approval of the remuneration of the directors**

The directors have to present to members at the annual general meeting the annual financial statements, incorporating the report of the directors, for the year ended 31 December 2001, together with the report of the auditors. These are contained in the annual report.

In terms of article 12.5 of the company's articles of association ('articles'), remuneration shall be payable to the

directors and determined by the company in general meeting. Full particulars of such fees are contained in note 19.4 on page 95 of the annual financial statements.

### **Payment of dividend**

A final dividend of 15,4 cents per ordinary share was declared on 6 February 2002 and will be paid to members who are on the register at the close of business on 5 April 2002. The date of payment of the final dividend will be 8 April 2002. Members are asked to note and confirm the dividends as recorded.

### **Election of directors**

In terms of the company's articles, one third of the directors are required to retire at each annual general meeting and may offer themselves for reelection. In addition, any person appointed to fill a casual vacancy on the board of directors, or as an addition thereto, is similarly required to retire and is eligible for reelection at the next annual general meeting. Biographical details of the directors are set out on pages 109 to 111 of this annual report.

### **Reappointment of auditors**

This resolution proposes the reappointment of the company's existing joint auditors, Deloitte & Touche and KPMG Inc, until the next annual general meeting. The appointments are recommended by the directors of the company.

### **Special resolution 1, special resolution 2 and special resolution 3**

The company's articles contain a provision allowing the company to purchase shares issued by itself, to purchase shares in its holding company or for any subsidiary of the company to purchase shares in the company. This is subject to the approval of the members in terms of the company's articles, the Companies Act, 61 of 1973, as amended ('Companies Act'), the Banks Act 94 of 1990, as amended ('Banks Act') and the listing requirements of the JSE Securities Exchange South Africa (JSE). The existing general authority, granted by the members at the last annual general meeting on 20 April 2001, is due to expire, unless renewed.

The directors are of the opinion that it would be in the best interests of the company to extend such general authority and thereby allow the company to be in a position to purchase its own shares through the JSE should market conditions and price justify such action. Purchases would be made only after the most careful consideration, where the directors believed that an increase in earnings or net assets per share would result and where purchases were, in the opinion of the directors, in the best interests of the company and its members.

No shares were repurchased during the financial year ended 31 December 2001.

**Placing of unissued shares under the control of the directors (ordinary resolution 1) and approval to issue shares for cash (ordinary resolution 2)**

In terms of sections 221 and 222 of the Companies Act, the members of the company have to approve the placement of the unissued shares under the control of the directors. A general authority to issue shares for cash has also been granted to the directors. These existing authorities are due to expire at the forthcoming annual general meeting, unless renewed. The authorities will be subject to the Companies Act, the Banks Act and the listing requirements of the JSE. The directors consider it advantageous to renew these authorities to enable the company to take advantage of any business opportunity that may arise in the future. It also has to be noted that in terms of the listing requirements of the JSE, ordinary resolution 2 has to be passed by a 75% majority of members present or represented by proxy and entitled to vote at the annual general meeting.

1 March 2002

Dear Member

## ANNUAL GENERAL MEETING QUESTIONS

The 2002 Annual General Meeting (“AGM”) will be held on Friday, 19 April 2002. The notice of and explanatory notes to the AGM is included in the annual report.

I would like to remind members of their right to raise questions, at the appropriate time, at the AGM. To ensure that matters of particular interest to members are covered, I would like to suggest that members use this form to raise in advance any question of particular interest to them. From the forms returned we can assess the most popular topics and I shall use every endeavour to address these at the AGM, ensuring that they will not be overlooked. This advance notice of relevant questions will, of course, not prevent any member from raising a question at the AGM.

The question form can be sent to the Company Secretary, Mr JS Eisenhammer, at PO Box 582, Johannesburg, 2000, or [eisenhammerj@nib.co.za](mailto:eisenhammerj@nib.co.za), or returned with the proxy form.

Yours sincerely

**Prof MM Katz**

*Chairperson*



# question form

Name of member

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Address

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Telephone

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Question

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## Group Secretary and registered office

JS Eisenhammer  
1 Newtown Avenue, Killarney, Johannesburg, 2193  
Reg No 1963/003972/06

## Head office

### Johannesburg

1 Newtown Avenue, Killarney, Johannesburg, 2193  
PO Box 582, Johannesburg, 2000  
Tel 011 480 1000  
Fax 011 480 1525  
Telex 4-85348 UALJJ

## Branches

### Cape Town

148 St George's Mall, Cape Town, 8001  
PO Box 206, Cape Town, 8000  
Tel 021 488 2911  
Fax 021 424 4432

### Durban

Clifton Place, 19 Hurst Grove, Musgrave, Durban  
PO Box 50995, Musgrave, 4062  
Tel 031 268 6400  
Fax 031 268 6590

### Port Elizabeth

270 Cape Road, Newton Park, 6056  
PO Box 27528, Green Acres, 6057  
Tel 041 398 8000  
Fax 041 398 8020

### ENF

Edward Nathan & Friedland (Pty) Limited  
4th Floor, The Forum, 2 Maude Street  
Sandown, Sandton, 2196  
PO Box 783347, Sandton, 2146  
Tel 011 269 7600  
Fax 011 269 7899

## Namibia

NIB Namibia (Pty) Limited  
3 Schutzen Street, Windhoek  
PO Box 25576, Windhoek, Namibia  
Tel 09264 61 227 950  
Fax 09264 61 259 701

## United Kingdom

NIB International (UK) Limited  
20 Abchurch Lane, London, EC4N 7AD, England  
Tel 0944 207 203 4266  
Fax 0944 207 220 7141

## Isle of Man

NIB Holdings International (IOM) Limited  
Nedcor House, 29-33 Bucks Road, Douglas, Isle of Man  
IM1 3DD, British Isles  
Tel 0944 1624 630300  
Fax 0944 1624 625469

## Affiliates

NIB Securities (Pty) Limited  
1 Newtown Avenue, Killarney  
Johannesburg, 2193  
PO Box 17, Newtown, 2113  
Tel 011 480 1476  
Fax 011 480 1781  
Managing Director: PC Iuel

Syfrets Trust Limited  
1 Newtown Avenue, Killarney  
Johannesburg, 2193  
Tel 011 480 1003  
Fax 011 480 1140  
Managing Director: NAT Botha

Franklin Templeton NIB Asset Management (Pty) Limited  
148 St George's Mall, Cape Town, 8001  
Tel 021 488 2279  
Fax 021 424 7859  
Chief Executive: C Previtera



## administration and addresses (continued)

### Transfer secretaries

Mercantile Registrars Limited  
7th Floor, 11 Diagonal Street  
Johannesburg, 2001  
PO Box 1053, Johannesburg, 2000  
Tel 011 370 5000  
Fax 011 370 5018

Transfer Secretaries (Pty) Limited  
Shop 12, Kaiserkrone Centre  
Post Street Mall, Windhoek, Namibia  
PO Box 2401, Windhoek, Namibia

### Joint auditors

Deloitte & Touche  
Chartered Accountants (SA)  
Deloitte & Touche Place  
The Woodlands, Woodlands Drive, Woodmead, 2128  
Private Bag X6, Gallo Manor, 2052  
Tel 011 806 5000  
Fax 011 806 5003

KPMG Inc  
Chartered Accountants (SA)  
KPMG Crescent, 85 Empire Road  
Parktown, 2193  
Private Bag 9, Parkview, 2122  
Tel 011 647 7111  
Fax 011 647 8000

### Website

[www.nib.co.za](http://www.nib.co.za)

## NEDCOR INVESTMENT BANK HOLDINGS LIMITED

Registration No 1963/003972/06  
(Incorporated in the Republic of South Africa)

For use by ordinary members of the company at the annual general meeting to be held in the Auditorium, NIB Gardens, 1 Newtown Avenue, Killarney, Johannesburg, on 19 April 2002, at 11:00 and at any adjournment thereof.

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member/members of Nedcor Investment Bank Holdings Limited and holding \_\_\_\_\_ ordinary shares in the company, hereby appoint

\_\_\_\_\_

of \_\_\_\_\_

\_\_\_\_\_

of failing him/her, the chairman of the annual general meeting, as my/our proxy to act for me/us and on my/our behalf at the annual general meeting that will be held for the purpose of considering and, if deemed fit, passing with or without modification ordinary and special resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against such resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name(s), in accordance with the following instructions:

|  | Number of votes<br>(one vote per ordinary share) |          |          |
|--|--|----------|----------|
|  | In favour of*                                    | Against* | Abstain* |
| Receipt and consideration of annual financial statements and reports and approval of remuneration of the directors |  |          |          |
| Payment of dividend  |  |          |          |
| Election of directors by a single resolution   |  |          |          |
| Election of directors  |  |          |          |
| JR Bestbier  |  |          |          |
| BE Davison   |  |          |          |
| N Dennis   |  |          |          |
| PH Lane  |  |          |          |
| RCM Laubscher  |  |          |          |
| SG Morris  |  |          |          |
| PF Nhleko  |  |          |          |
| LA Porter  |  |          |          |
| Reappointment and remuneration of auditors   |  |          |          |
| Special resolution 1   |  |          |          |
| Special resolution 2   |  |          |          |
| Special resolution 3   |  |          |          |
| Ordinary resolution 1  |  |          |          |
| Ordinary resolution 2  |  |          |          |

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

\*Please indicate with an "X" in the appropriate spaces above how you wish your votes to be cast.

Signed at (place) \_\_\_\_\_

on (date) \_\_\_\_\_

2002

Member's signature \_\_\_\_\_

1. Each member is entitled to appoint one or more proxies (who need not be a member(s) of the company) to attend, speak and, on a poll, vote in place of that member at the annual general meeting.
2. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting 'the chairman of the annual general meeting'. The person whose name stands first on the form of proxy and who is present at the annual general meeting shall be entitled to act as proxy to the exclusion of the persons whose names follow.
3. A member's instructions to the proxy have to be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box provided. Failure to comply with the above shall be deemed to authorise the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the ordinary and special resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting, as he/she deems fit, in respect of all the member's votes exercisable thereat.
4. A member or his/her proxy is not obliged to vote in respect of all the ordinary shares held by such member or represented by such proxy, but the total number of votes for or against the ordinary and special resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the member or his/her proxy is entitled.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity has to be attached to this form of proxy, unless previously recorded by the company's transfer secretaries or waived by the chairman of the annual general meeting.
6. The chairman of the annual general meeting may reject or accept any form of proxy that is completed and/or received other than in accordance with these instructions and notes.
7. Any alterations or corrections to this form of proxy have to be initialled by the signatory(ies).
8. The completion and lodging of this form of proxy shall not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
9. Forms of proxy should be returned to reach the office of either of the company's transfer secretaries at the addresses given below not later than 11:00 on 17 April 2002.

**Transfer secretaries in South Africa**

Mercantile Registrars Limited  
7th Floor  
11 Diagonal Street  
Johannesburg, 2001  
PO Box 1053  
Johannesburg, 2000

**Transfer secretaries in Namibia**

Transfer Secretaries (Pty) Limited  
Shop 12, Kaiserkrone Centre  
Post Street Mall  
Windhoek, Namibia  
PO Box 2401  
Windhoek, Namibia

10. This proxy form is to be completed only by those members who are:
  - holding shares in a certificated form; or
  - recorded in the subregister in electronic form in their 'own name'.
11. Dematerialised shareholders who wish to attend the annual general meeting must contact their Central Securities Depository Participant ('CSDP') or broker who will furnish them with the necessary authority to attend the annual general meeting or they must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the members and their CSDP or broker.

Shareholders who wish to attend the meeting, and vote thereat, must ensure that the proxy form has reached the transfer secretaries by not later than 11:00 on 17 April 2002.





**NEDCOR**  
INVESTMENT BANK

hard **thinking**, flawless **execution**, tangible **results**