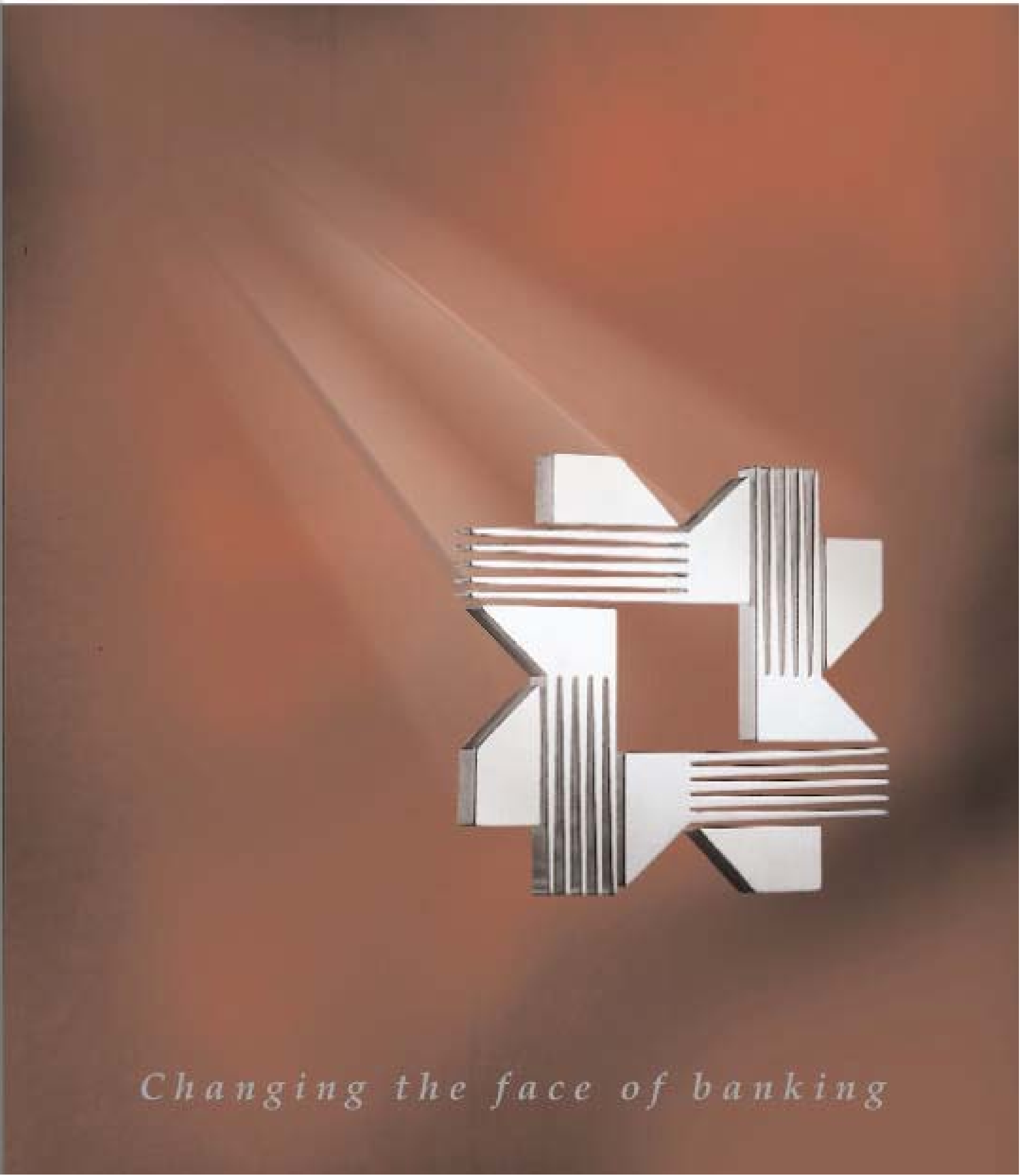
NEDCOR

ANNUAL REPORT 2000



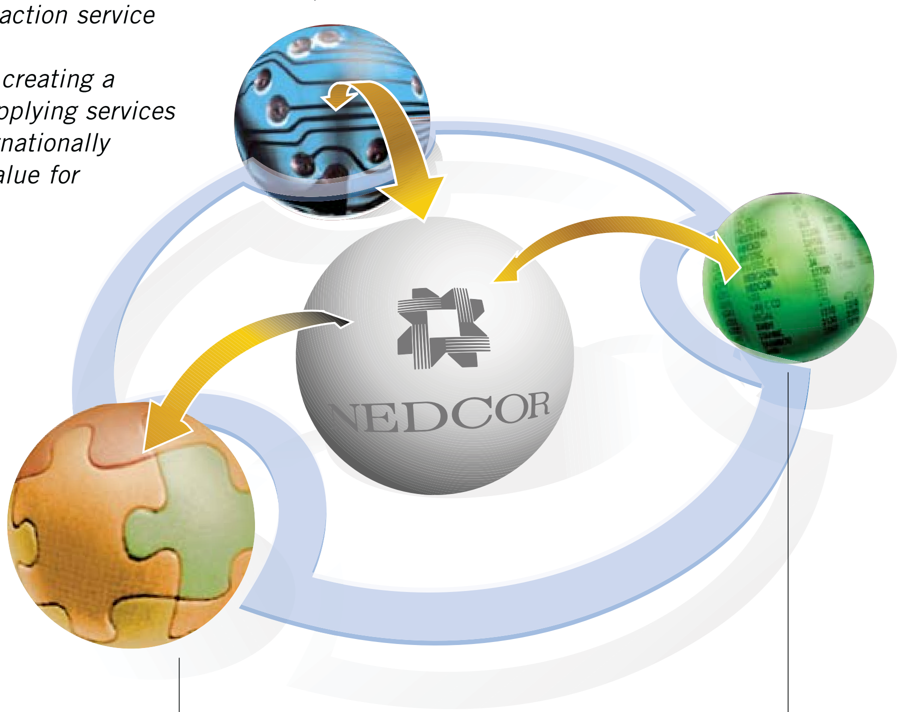
Changing the face of banking

CHANGING THE FACE OF BANKING

The mix of capital allocation is changing to reflect the new environment

COMMERCIALISATION OF TECHNOLOGY AND OPERATIONS

- *T&O assessed as being globally competitive in the application of process and information technology to improve productivity*
- *Precedent exists for successfully commercialised transaction service providers*
- *Viable opportunity of creating a commercial entity supplying services both locally and internationally*
- *Potential to unlock value for Nedcor shareholders*



STRATEGIC ALLIANCES AND CHANNELS

- *Limited goodwill costs*
- *Mutual benefits and goals*
- *Combining outlets, devices and client bases*
- *Opportunity of marrying old and new economy*
- *Combined expertise shifting paradigms*
- *Linear relationship broken with revenue growth exceeding expenditure increase*

TECHNOLOGY INVESTMENTS

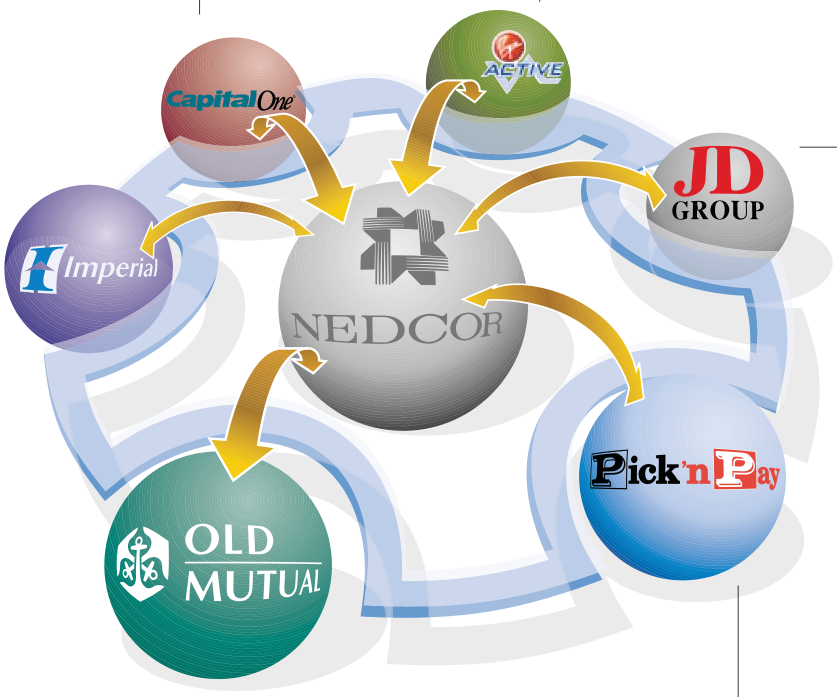
- *Accessing new intellectual property, with opportunity of sharing in value*
- *Gaining early insights into new developments*
- *Gaining preferential access to new markets and geographies*
- *Sharing in potential cross-industry synergies*

STRATEGIC ALLIANCES AND CHANNELS

Best-of-breed – all recognised for their leadership in client service

- *A leader in US credit card industry*
- *Data warehousing and datamining specialists*
- *Tailoring products for clients' needs*
- *Information-based penetration of new markets*

- *Revolutionary and differentiated approaches*
- *400 000 members*
- *Potential smartcard usage*
- *Exclusive financial services arrangement*



- *Dominant furniture retailer*
- *645 outlets*
- *2,5 million customer database*
- *Extensive product scope*

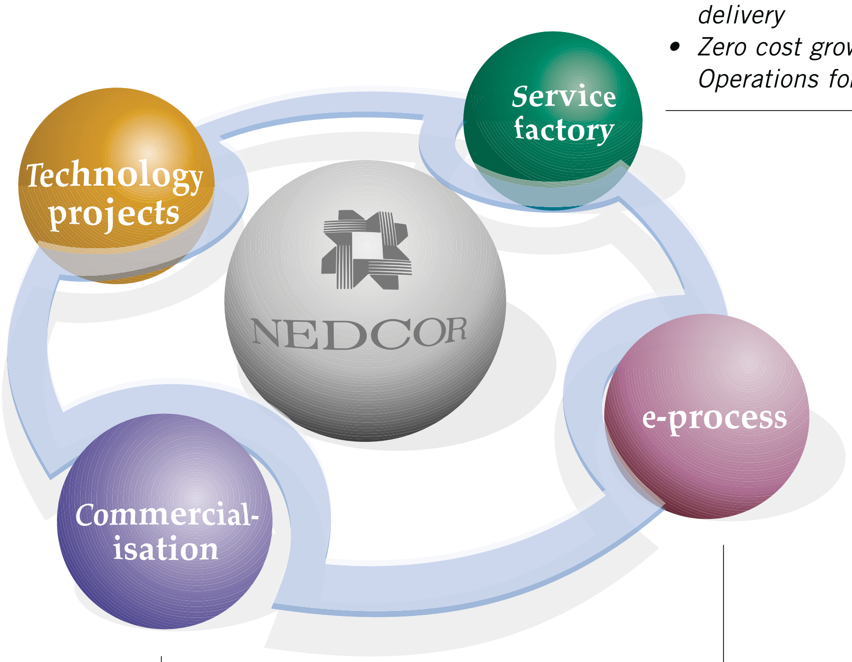
- *Leadership position in its markets*
- *589 outlets; 110 motor dealerships*
- *Financeable turnover approaching R8 billion*
- *International expansion possibilities*

- *Group Schemes: 800 000 clients; 130 branches; 1 000 brokers*
- *Personal Financial Planning: 3,5 million clients; 130 planners*
- *Sale of homeloans, personal loans and credit cards*
- *Sale of life insurance products*

- *Consumers' friend*
- *Dominant food retailer*
- *400 outlets; 3 500 till points*
- *5,5 million customers*

COMMERCIALISATION OF TECHNOLOGY AND OPERATIONS

The web is changing the shape of business. To be successful companies need to reinvent themselves and move from vertical functional thinking to a horizontal process orientation.



Technology projects

- *Enhanced our innovation capability*
- *Significant new capacity created with delivery of over 50 initiatives*

Service factory

- *Restructured backoffice for greater focus*
- *Transferred 4 000 staffmembers from Retail to T&O*
- *Sharpened focus on service delivery*
- *Zero cost growth in Central Operations for fourth year*

e-process

- *Continued to refine productivity improvement engine by leveraging process and information technologies*
- *Beginning with client requirements, redesigning processes end-to-end, making them seamless and increasing digital and self-service percentage*
- *Alpha backoffice automation project showing annual savings of R50 million*

Commercialisation

- *e-process capability assessed as being globally competitive*
- *Trend towards e-process will accelerate over the next few years*
- *Opportunity to create commercialised business supplying processing services*

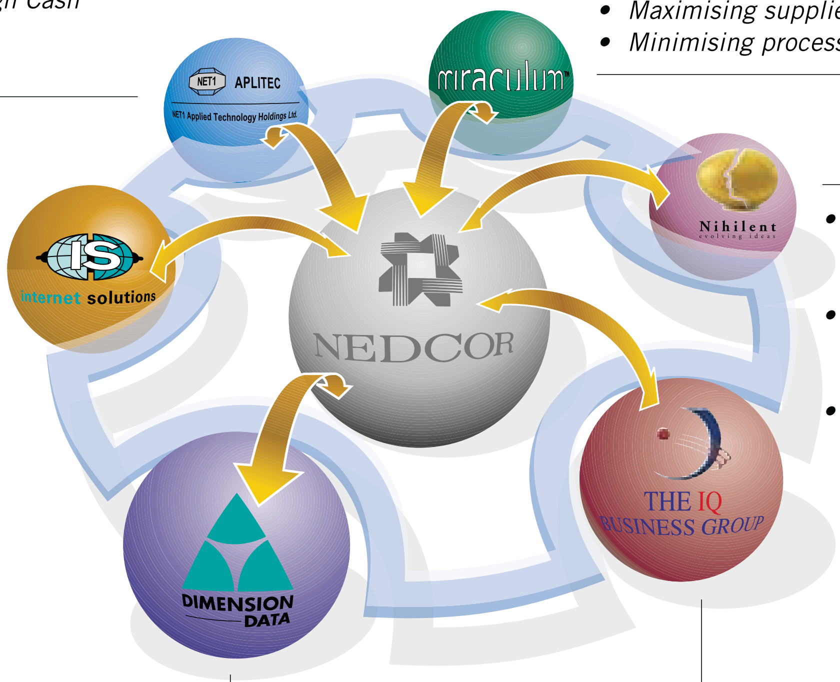
"The speed of information technology change is driving businesses to come together across geographic and national boundaries and blurring the definitions of what were previously discreet entities." – Chris Liebenberg

TECHNOLOGY INVESTMENTS

Leading technological talents – making Nedcor operationally a more effective banking group

- *Technology and expertise to deliver smartcard-based payment solutions*
- *Patented Universal Electronic Payment System*
- *1,2 million users through Cash Paymaster Services*
- *5 500 paypoints*

- *South Africa's largest B2B venture*
- *Offering a secure environment for e-procurement with on-time delivery and support*
- *Maximising supplier leverage*
- *Minimising processing costs*



- *Providing the infrastructure building blocks underpinning e-business initiatives*
- *46% share of domestic corporate internet access market*
- *Worldclass internet and services backbone*
- *Market leader in a number of value-added segments*

- *Software development and consulting company*
- *Based in India to take advantage of a large pool of IT talent*
- *Focusing on responsibility management for mission-critical IT support systems*

- *Leading global network and i-commerce services group*
- *Represented on six continents and in more than 30 countries*
- *Listed on The London Stock Exchange*
- *Sourcing technology directly from industry leaders*

- *A thought leadership organisation focusing on technology-enabled business process solutions*
- *Providing prime access to a large and highly skilled pool of intellectual capital*
- *Enhancing Nedcor's process-based IT and operational systems*

NEDCOR

Contents

FINANCIAL HIGHLIGHTS

for the year ended 31 December

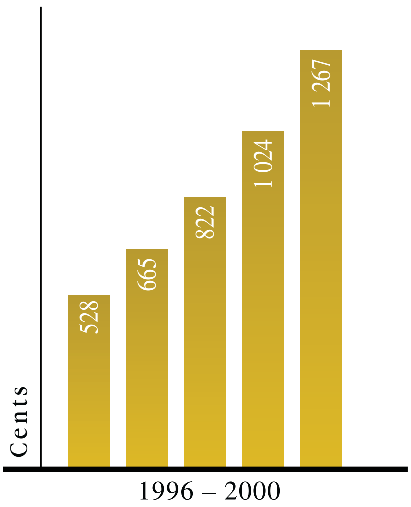
2000 Rm	1999 Rm	% growth		2000 US$m**	1999 US$m**	% growth
			Key balance sheet items			
240	237	1	Share capital	**32**	39	(18)
15 980	10 066	59	Total shareholders' funds	**2 117**	1 637	29
140 689	118 225	19	Deposit, current and other accounts	**18 634**	19 224	(3)
158 259	129 844	22	Total assets	**20 961**	21 113	(1)
19 733	14 864	33	Cash, short-term funds and securities	**2 614**	2 417	8
120 085	103 783	16	Advances and other accounts	**15 905**	16 875	(6)
859	874	(2)	Acceptances	**114**	142	(20)
3 079†	1 807	70	Specific provisions for bad and doubtful debts	**408**	294	39
1 003†	1 028	(2)	General provision	**133**	167	(21)
4 082†	2 835	44	Specific and general provisions	**541**	461	17
			Key income statement items			
9 024	7 845	15	Total income	**1 195**	1 276	(6)
910	869	5	Specific and general provisions	**121**	141	(15)
3 598	2 922	23	Net income before exceptional items	**477**	475	
3 027	2 406*	26	Headline earnings (1999: adjusted)	**401**	391*	2
6 370	2 406	165	Income attributable to shareholders	**844**	391	116
cents	cents			**US cents**	US cents	
1 267	1 024*	24	Headline earnings per share (1999: adjusted)	**168**	167*	1
2 665	1 024	160	Earnings per share	**353**	167	112
Rbn	Rbn			**US$bn**	US$bn	
41,4	32,5	27	Market capitalisation	**5,5**	5,3	4
			Rand/US$ exchange rate	**7,5500**	6,1500	

* *Adjusted headline earnings for 1999 have been calculated excluding exceptional items to ensure comparability.*

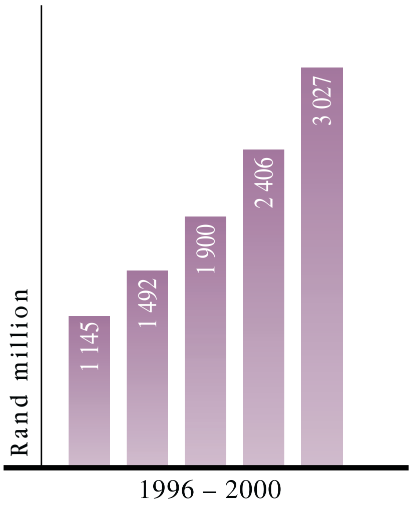
** *US dollar information is presented using year-end rates for illustrative purposes.*

† *2000 includes some R950 million of provisions acquired on FBC Fidelity Bank acquisition.*

HEADLINE EARNINGS PER SHARE



HEADLINE EARNINGS



Headline earnings and dividends per share

- Headline earnings per share of 1 267 cents (1999 adjusted: 1 024 cents)
- Growth in headline earnings per share of 24%
- Headline earnings per share five-year compound growth rate 26%
- Dividends per share up 25% to 400 cents and maintained at 3,2 times cover

Headline earnings

- Increased 26% from R2 406 million to R3 027 million
- Expense-to-total-income ratio improved from 51,7% to 50,0%
- Non-interest-revenue-to-total-income ratio 47,6%

Assets/Return on assets

- Growth in average assets was 17% for the year
- Total assets now R158,3 billion
- Return on assets improved from 1,95% to 2,10%

Group capital adequacy

- Capital ratio 13,2%
- Primary capital to risk-weighted assets 11,5%
- Primary and secondary regulatory capital R15,3 billion
- Average risk-weighted assets were R116,2 billion

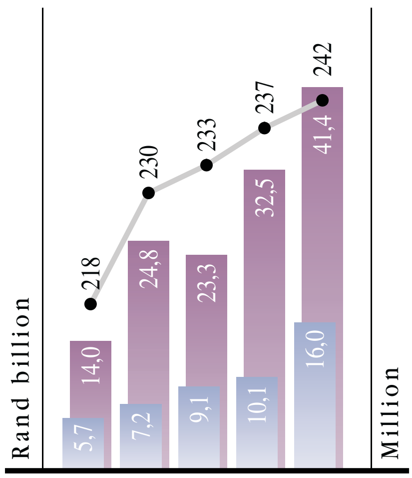
Shareholders' funds/Return on equity (ROE)

- Shareholders' funds increased by 59% to R16,0 billion
- Return on average equity 24,0%
- Banking ROE increased from 23,9% last year to 25,3%
- ROE consistently exceeded 22% for the past five years

Market capitalisation

- Now R41,4 billion from R32,5 billion
- Share price 17 100 cents from 13 700 cents

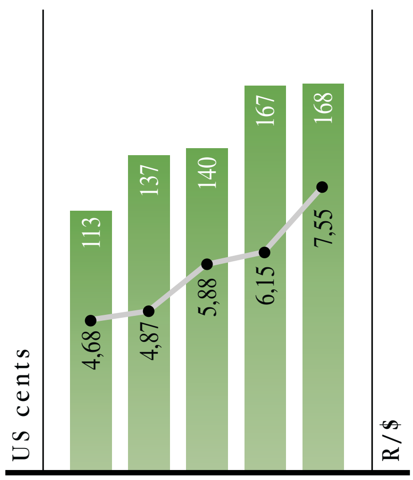
MARKET CAPITALISATION AND SHAREHOLDERS' FUNDS



1996 – 2000

Shareholders' funds (Rbn)
Market capitalisation (Rbn)
Shares in issue (million)

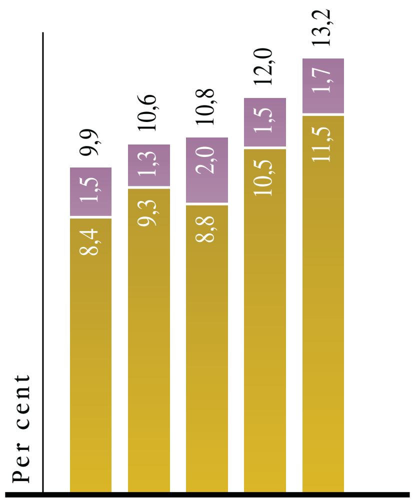
DOLLAR HEADLINE EARNINGS PER SHARE AND RAND/US$ EXCHANGE RATE



1996 – 2000

Headline earnings per share (US cents)
Rand/US$ exchange rate

TOTAL WEIGHTED CAPITAL TO RISK-WEIGHTED ASSETS



1996 – 2000

Primary (tier 1)
Secondary (tier 2)

RETAIL

NEDBANK

Branches: 238
Number of accounts: 1,6 million
Number of cards: 700 000

- Banking services are provided according to a segmented approach through the Nedbank and Nedbank Syfrets Private Banking brands. A range of American Express, MasterCard and VISA card products are also offered.
- A bancassurance alliance with Old Mutual is the source of insurance products for Nedcor's clients and banking products for Old Mutual's clients.
- Electronic banking services comprise 1 012 automated teller machines, 350 self-service terminals, three electronic centres as well as telephone and internet banking.
- New datamining and sales assistance software is used to develop a focused, client-orientated approach.

Permanent Bank

Branches: 80
Number of accounts: 600 000

- Permanent Bank's branches are mainly in metropolitan areas. It is purely retail-focused, targeting only individual clients (no business/corporate accounts), thereby enabling it to provide a highly personalised client service. Although it offers the full range of banking products, it focuses on residential homeloans, investments and savings.

Peoples Bank

Branches: 73
Number of accounts: 800 000

- In August 2000 Nedcor has acquired FBC Fidelity Bank and the Peoples Bank and NedEnterprise businesses are being reversed into FBC, with the new entity renamed Peoples Bank. This created the eighth largest bank in South Africa, with the business focused entirely on the underserved market.
- An alliance with JD Group creates access to its significant client base. This alliance will focus on offering products via kiosks in JD stores, using the Peoples Bank brand.
- The alliance between Old Mutual Group Schemes and Peoples Bank continues to make good progress, with various savings and insurance products now being offered through all Peoples Bank branches.
- An alliance with Capital One of the United States is operating well, having made significant progress in growing microloan activities through Peoples Bank.

COMMERCIAL

NEDBANK

Number of accounts: 296 000

- Business Direct, a telephone banking facility, is experiencing exponentially increasing volumes.
- Key industries are addressed and this process will continue to be refined using a segmentation model.
- Transaction processing has become increasingly automated, complemented by personal servicing through the Nedbank retail branches and an increasing number of dedicated commercial and corporate branches.
- All risk management processes are client-centric, including a decentralised credit decisionmaking process to enhance speedy services to clients.
- A variety of affordably priced delivery channels, ranging from electronic and telephonic facilities to branch-based and mobile teams, are used.

CORPORATE

NEDBANK

Number of accounts: 8 000

- Corporate is a client-focused, relationship-management-driven business concentrating on approximately 600 large corporate clients, including blue-chip companies, financial institutions, parastatals and government bodies. One-on-one skilled relationship managers work in partnership with dedicated credit and administration staff.
- Innovative, long-term structured finance transactions are provided, while improving the share of transactional banking.
- Close working relationships with the specialist product areas in Nedcor Investment Bank, Treasury and Electronic Banking underpin the breadth of product and service offerings.
- Nedcor Trade Services in Mauritius facilitates the trade needs of corporate clients.

INTERNATIONAL AND TREASURY

NEDBANK

- Cross-border transactional banking is provided through global business centres locally and through branches in London, on the Isle of Man, and in Hong Kong (and soon Singapore).
- Nedbank Africa specialises in financing gross domestic fixed investment, trade-related and aid transactions. The Johannesburg-based business is complemented by investments in Zimbabwe, Namibia, Mauritius, Lesotho, Swaziland, Mozambique and Malawi.
- The focus is on organic growth of hard currency business, particularly structured trade and commodity finance as well as structured term finance.
- Treasury Division provides specialised support to the various divisions of Nedcor Bank as well as direct services to clients with high levels of activity in the forex and money markets. These services are complemented by the web-based NedTreasury dealing system.

NEDCOR BANK TECHNOLOGY AND OPERATIONS

NEDCOR BANK

- T&O provides information technology processing services and operational support to the bank brands and alliances in the group.
- It has about 8 000 staffmembers.
- T&O is recognised as a world leader in its integrated application of process and information technologies in the financial services arena.
- T&O is in the process of commercialising to provide processing services both locally and internationally.

NEDCOR INVESTMENT BANK

NEDCOR
INVESTMENT BANK

NIB provides services in the areas of:

- structured finance (including limited-recourse, project and international structured finance);
- corporate advisory services, making use of its own corporate finance capability as well as that of Edward Nathan & Friedland;
- investment banking, private equity and transformation services;
- treasury services to top SA corporates, being a well-established intermediary in the domestic and international wholesale interbank market;
- commercial and industrial property finance to a select market;
- domestic and international multi-manager products; and
- well-established joint ventures in the areas of asset management (Franklin Templeton NIB), stock-broking and fiduciary services (Syfrets Trust).

CAPE OF GOOD HOPE BANK

CAPE OF GOOD HOPE
BANK

Branches: 14
Number of accounts: 70 000

- Cape of Good Hope Bank, a highly focused, niched bank, provides deposit-taking facilities, instalment credit, finance for commercial, industrial and residential property, property joint ventures, treasury services, insurance-broking activities and a range of personal banking products.
- Client focus is on mid to high-net-worth individuals, property developers and brokers, financial services intermediaries and medium-sized businesses.
- New focus is being placed on the corporate market for both funding and lending activities, particularly asset-based financing where structured capabilities are offered.
- The retail branch network is spread over 12 outlets in the Western Cape. In addition, commercial lending services are offered through branches in Johannesburg and Port Elizabeth.

"Every company that was built to last must now be rebuilt for change."

— Gary Hamel

Chris Liebenberg

The speed of information technology change, its increasing reach and the rapidly reducing unit costs of processing are driving businesses to come together across geographic and national boundaries and blurring the definitions of what were previously discrete entities. This is particularly so in banking.

At the same time these trends are often perceived by national authorities as inimical because of competitive, employment or tax concerns. The requirement for transparency and sound governance, emphasised by both global and national stakeholders and authorities, also leads to increasing regulation and reporting.

For individual businesses the coming together of these forces means that the tensions that arise often lead to a restriction on growth imposed by national authorities, increasing competitiveness on a global scale and contradictions in regulation and reporting. This is generally a difficult environment in which to grow and earn superior returns.

That Nedcor has been able to achieve this balance is a compliment to the management team whose fleetfooted responses to the changing market circumstances have both maintained the historical growth momentum and created a new base for future development.

Results

In a tough and competitive banking environment Nedcor once again produced excellent financial results, derived from the strength and diversity of the group.

The pattern of sustained performance and growth continued, with headline earnings rising by 26% to R3 027 million and headline earnings per share by 24% to 1 267 cents, resulting in a five-year compound growth rate of 26%. Total assets grew by 22% as a result of good core growth, the acquisition of FBC Fidelity Bank and growth in the Dimension Data investment. Shareholders' funds increased to R16 billion, a rise of 59%, mainly as a result of the exceptional profit of R3,6 billion realised on the exchange of our 25% interest in Dimension Data International Limited (DDIL) for an 8,2% shareholding in the London-listed Dimension Data Holdings plc (Didata plc) plus R1,8 billion in cash. Consequently, the levels of regulatory and economic capital remain among the strongest in the industry, with a statutory capital ratio of 13,2% and a primary capital ratio of 11,5%.

Nedcor's performance ratios continue to lead the major commercial banks in South Africa and compare favourably with leading international benchmarks. Return on average assets increased to 2,10%, while return on equity declined to 24,0% as a result of the significant increase in equity. However, excluding our technology investments, the adjusted return on equity for the banking business increased to 25,3%. Non-interest revenue, which grew strongly due to a good allround performance and excellent foreign exchange income, increased to 47,6% of total income. Levels of provisions against advances remain conservative and meet the new statutory requirements effective from 1 January 2001. The expense-to-income ratio improved once again and Nedcor is proud of attaining the goal of 50,0%.

Strategic review

Following the Minister of Finance's decision not to allow consolidation among the major South African banks, we reviewed our growth strategies. To our mind simple core asset growth was unlikely to deliver the incremental shareholder value returns necessary to attract capital in a highly regulated industry with excess capacity.

Against this backdrop, and having regard to the likely impact of technological developments on the banking industry, a prudent and low-risk alternative approach was the formationof strategic alliances through equity investments with allies that would bring either one or a combination of:

- quality volumes and new market reach to our existing infrastructure;
- particular and scarce technological talents that would assist in making us operationally a more effective banking group;
- potential strategic developments emerging from the technology trends.

From this decision flowed numerous investments and alliances. These are proving to be very successful from both a strategic and financial point of view, financially the most spectacular being the 8,2% stake held in Didata plc, which yielded a surplus of R3,6 billion at year-end.

It is our belief that, in an industry with excess capacity, it is the low-cost quality producer that secures the relative advantage. We have therefore persisted with our philosophy of attaining worldclass financial and operating performance status. It is therefore with pride that, in respect of all the important international benchmarks for banks, Nedcor once again achieved ratios that compare very favourably with those of successful major international banks, and in some respects leads the industry in the conceptual framework for operational effectiveness.

Based on this foundation, Nedcor has adopted a two-pronged operational approach. Firstly, it is a primary objective to create a regional bank of substance and, secondly, we are actively researching ways in which to leverage our processing capabilities both locally and internationally.

With regard to capital adequacy it is comforting for both shareholders and management to know that, with a capital adequacy ratio of 13,2% as a result of the above profitability and the successful investment strategies, there would not appear to be a need for any capital raising in the near future in the normal course of events.

Economic overview

Review

The economic and financial environment proved tougher than expected over the past year. Global investors became more and more risk averse as optimism over technology shares in the US waned and financial markets became increasingly jittery. This, combined with the deterioration in the Zimbabwean situation, restricted capital flows to South Africa, keeping the rand under pressure and denting consumer and business confidence.

The strong rise in the oil price provided an added complication, eating into disposable incomes and provoking interest rate hike fears. However, the year did not produce negatives only. Strong global demand helped both export volumes and prices, particularly those of platinum group metals, now the country's largest foreign exchange contributor.

On the policy front fiscal discipline was further entrenched and good progress was made by the Reserve Bank in its efforts at withdrawing from the foreign exchange markets and providing a low inflationary climate. The increasingly competitive environment drove margins lower despite reasonable manufacturing output and retail sales growth. At the political level the country's second municipal elections were successfully and peacefully concluded, underlining the surprising maturity of the democratic process in a country so young and previously so divided.

Outlook

There is now wide consensus that the country's sound macroeconomic policies provide a solid basis for future economic growth. Foreign and public debt (at around 20% and well under 50% of gdp respectively) are low for a country at this stage of its development. Government has reduced its deficit before borrowing to around 2,5% and further progress is in the offing. The current account is in modest deficit, and inflation has been successfully contained, with favourable prospects. The economy is now very open in terms of both trade and capital flows and this is starting to reap efficiency benefits. Government's planned acceleration of its privatisation programme will further aid progress on many of these fronts over the next few years. Even if the programme turns out to be more modest than current expectations, its impact will be significant through the injection of much needed foreign capital and the provision of a catalyst for growth.

The year ahead will provide new challenges. Already there are early indications of global growth slowing and commodity prices peaking. The South African economy should be better placed than during previous cycles to cope with weaker export demand. There is little evidence of excesses in the form of higher credit usage, inflated asset prices or a large current account deficit. Interest rates will be lower in real terms than they have been for several years and confidence should start to seep back.

Operational review

Operations

We operate in an industry subject to a number of factors that will have a significant impact on the operations, long-term headline earnings and relative international competitiveness of major local banks. We are not convinced that the domestic implications of an open and unprotected industry are always appreciated at political level.

Firstly, the globalisation and consolidation trends occurring internationally will make participating banks relatively more competitive both globally and in our domestic markets. Following the regulatory decision not to allow consolidation, the leading South African banks inevitably are at a major disadvantage in both costs and distribution networks.

Secondly, there is a trend of increasing regulatory control. Over the past year we have seen a tendency by local regulators to follow international trends with regard to corporate governance, capital adequacy and risk control measures, all of which we enthusiastically support. On the other hand, we are concerned that a set of circumstances is being created in which South African banks will bear the costs of first-world regulation and governance without enjoying their concomitant benefits. This can only impact negatively on the relative cost of banking.

Thirdly, there would appear to be considerable distrust at political level of the relative competitiveness of domestic banks, specifically in the retail field and particularly at subeconomic level. What concerns us particularly are the uninformed public criticisms and moral suasion by politicians. We do regard it as a pity that, while foreign banks have invested significantly in providing a full range of services to both the local corporate and commercial markets, they have not become involved at the local retail level, unlike the trend in eastern Europe. The consequence, as well as the irony, is that it is the local retail banks who bear the full brunt of the banking developments taking place at this level and yet it is also these very organisations who are being subjected to official criticism. This can only act as a further disincentive to foreign players in the local retail markets.

Corporate governance

The past year has seen a relentless focus on corporate governance and associated issues, both at the national and international level.

Specifically, new regulations were promulgated under the Banks Act, emphasising that the responsibility for an adequate and effective corporate governance process rested with the board of directors of a bank, with particular focus on effective risk management processes that should be supported by stringent diligence criteria.

The Nedcor Board, in meeting its responsibilities, strives for international best practice in all spheres of the group's activities. Corporate governance constitutes an important component and the directors are committed to applying the principles necessary to ensure that good governance is practised at all levels across the Nedcor Group. The corporate governance review, found elsewhere in the annual report, highlights the board's approach to corporate governance and mechanisms that have been put in place to provide the necessary assurances that these practices are being adhered to and applied fully, as well as to identify areas for improvement. In recognising that corporate governance is a dynamic process, the Nedcor Board subjects the group to regular scrutiny and review to ensure that it remains at the forefront as a responsible corporate citizen, while generating above-average returns for shareholders to the benefit of all its stakeholders.

Retirements

Dick Goss retired from both the Nedcor and Nedcor Bank Boards during the year. He was a very experienced director, of some 26 years' standing with Nedcor. The board also, with regret, had to take leave of Tony Trahar, following his appointment as Chief Executive of Anglo American plc. Both these gentlemen's thoughtful and valuable contributions will be missed.

New appointments

Upon the resignation of Eric Anstee from our boards following the changes in his responsibilities as an Old Mutual plc executive, we were fortunate to welcome his successor, Julian Roberts.

We were indeed delighted when Warren Clewlow and Eric Molobi joined us as directors during the year. We have already benefited from their wise counsel.

Appreciation

In what turned out to be a very eventful and trying year my thanks and congratulations must firstly go to the Chief Executive and his team for once again delivering excellent financial results.

Secondly, on behalf of the board and myself, a particular vote of thanks to Richard Laubscher for the professional and successful manner in which he has led his management team and for the spirit of cooperation maintained with both the board and myself.

Others whom I would like to recognise in my appreciation are:

- Dick Goss, our Deputy Chairman for part of the year, and latterly Peter Joubert, his successor, for the time and advice given so generously in the execution of my responsibilities.
- My fellow directors for their support as well as the confidence and trust placed in me.
- Our staff for their enthusiasm and positive responses to the challenges that are facing our industry.
- Our stakeholders for their support and goodwill.

CF Liebenberg
Chairman

BOARD OF DIRECTORS
as at 1 January 2001

The board is accountable for exercising leadership, enterprise, integrity and judgement in directing the organisation to achieve continuing prosperity for all its stakeholders.

From left to right

GH Bulterman
Aged 71 (appointed 1997)
CA(SA)

BJS Hore
Aged 40 (appointed 1999)
BCom, AMP(Harvard)

WAM Clewlow
Aged 64 (appointed 2000)
OMSG, CA(SA), DEcon(hc)

JVF Roberts (British)
Aged 43 (appointed 2001)
BA(Hons)(Stirling), CA

E Molobi
Aged 55 (appointed 2000)
BA

AA Routledge
Aged 53 (appointed 1998)
BCom, CA(SA)

SG Morris
Aged 55 (appointed 1999)
BCom, CA(SA)

Dr WP Venter
Aged 66 (appointed 1997)
OMSG, FIEE(UK), CEng, DCom(hc)
DSc(Eng)(hc)

ME Mkwanazi
Aged 47 (appointed 1999)
BSc(Maths), BSc(Elec Eng)

MJ Leeming
Aged 57 (appointed 1999)
BCom, MCom, FCMA, FIBSA
AMP(Harvard)

AJ Trahar
Aged 51 (1995 – 2001)
BCom, CA(SA)

PTW Curtis
Aged 69 (appointed 1992)
CA(SA), SEP(Stanford)

DGS Muller
Aged 48 (appointed 1999)
BCom, CA(SA), AMP(Harvard)

CC Parker
Aged 63 (appointed 1991)
CA(SA)

GS van Niekerk
Aged 57 (appointed 1995)
BCom(Hons), Hons B(B&A)
MA(Econ) (North Western USA), DPhil(hc)

ML Ndlovu
Aged 49 (appointed 1993)
Dip LR(Unisa), MAP(Wits)
EDP(North Western USA)

Prof MM Katz
Aged 56 (appointed 1997)
BCom, LLB, LLM, LLD(hc)

CF Liebenberg
Chairman, aged 66 (reappointed 1996)
CAIB(SA), FIBSA, AMP(Harvard)

RCM Laubscher
Aged 49 (appointed 1992)
BCom(Hons), AMP(Harvard) FIBSA

MJ Levett
Aged 61 (appointed 1987)
DEcon(hc), BCom, FFA, FIA

PG Joubert
Aged 67 (appointed 1995)
BA, DPWM, AMP(Harvard)

JB Magwaza
Aged 58 (appointed 1996)
BA, MA(Warwick UK)

"The forming of alliances with best-of-breed companies, the commercialisation of T&O and strategic investments in leading IT companies are the pivotal strategies taking us into the future."

– Richard Laubscher

The year under review saw the crystallisation of three pivotal strategies in the Nedcor Group: the forming of alliances with best-of-breed companies in their fields; the commercialisation of our Technology and Operations Division; and further strategic investments in leading information technology companies.

To broaden the volume attributes of scale, the product attributes of scope and the geographic and outlet attributes of reach in delivering banking products and services to clients, we expanded our retail horizon exponentially. A key element in this strategy is the expansion of Peoples Bank into the largest financial institution serving the previously underbanked population in southern Africa. An alliance, entered into with Capital One of the US in 1999, is now actively utilising its datamining capabilities in determining and offering appropriate credit products to South Africans who had not previously been in the formal financial services loop. The new Peoples Bank also formed an alliance with Old Mutual Group Schemes to offer assurance and savings products to Peoples Bank clients. NedEnterprise, a division of Nedcor Bank specialising in providing startup capital to the SMME sector, has been added to the Peoples Bank stable. After acquiring the business of FBC Fidelity Bank out of curatorship, we are reversing the Peoples Bank business into FBC. A shareholding of 20% of the new entity is being sold to a black empowerment consortium, under the leadership of Brimstone Investment Corporation, with up to a further 15% under discussion with a second empowerment consortium. Lot Ndlovu, an executive director of Nedcor Limited, has been appointed Chief Executive Officer of the bank, with a management team and board fully representative of the new South Africa.

In order to broaden our retail footprint even further we formed alliances with a number of major groups. Nedcor Bank entered into an alliance with furniture retailer JD Group to develop and distribute financial products through its 645 outlets across South Africa to 2,5 million potential clients. The Peoples Bank brand will be used for this purpose. During the year Nedcor Bank acquired Pick 'n Pay Financial Services with the intention of launching a range of financial services outlets and products within Pick 'n Pay and sharing with Pick 'n Pay the revenue stream from the new venture.

Nedcor then purchased from Imperial Holdings a 50,1% interest in Imperial Bank, its specialist asset-based finance house. This alliance will create a powerful new force in the motor vehicle and asset-financing market, generating enormous operational and marketing synergies for both allies.

Nedcor has now significantly broadened its client reach through alliances in three retail markets, accessing the furniture-retailing market through JD Group, the food-retailing market through Pick 'n Pay and the vehicle and asset-based financing markets through Imperial Holdings. These alliances enable us, in cooperation with Old Mutual and Capital One, to put to good effect the outstanding brands and reputations, distribution channels and databases of leading players in each of their fields, opening up a potential universe of some nine million clients, 1 600 outlets and some 20 000 electronic devices.

In pursuing a strategic approach of partnerships and internationalisation Nedcor Investment Bank (NIB) merged the operations of NIB Asset Management with the South African operations of Templeton International Inc to form Franklin Templeton NIB Asset Management. The acquisition of Edward Nathan & Friedland at the end of 1999 contributed to enhanced dealflows in the corporate finance area during 2000, resulting in NIB continuing to benefit from a diversified income base. Partnerships were also concluded with Nedcor Bank, thereby allowing further benefits of scale, scope and reach.

Cape of Good Hope Bank's expansion into the Gauteng and Eastern Cape commercial and industrial property markets was highly successful. The property alliances with Western Cape Property Company and Catalyst Holdings (previously the Broll Group) more than delivered on expectations. In addition an IT outsource arrangement was entered into with Bastion ZA to maintain existing systems and develop supportive systems, providing seamless delivery, quality management information and a high-level risk management ability.

The second pivotal strategy announced during the past year is the commercialisation of our Technology and Operations Division into a standalone entity. The logic behind this is to focus more extensively on technology and process improvement, not only to service the Nedcor Group, but also to create a possible outsourcing destination for other local and international financial institutions. We could reap great economies of scale in this area, with a resultant significant drop in unit costs. We are already at a stage where certain processes have achieved international best demonstrated practice. As we move forward to an increasingly unitary digital platform, the opportunities in this area are exciting indeed.

The third and final pivot around which we are levering the organisation into the 21st century is our strategic investments. These include Dimension Data, The Internet Solution, Aplitec, IQ Business Group, Miraculum and Nihilent Technologies. It makes business logic to invest in intellectual capacity and gain early insight into technology advancements that position us to keep adding value to our traditional business in years to come. These investments also create the potential for value appreciation and, in addition to the R3,6 billion already recognised during 2000, there is a further unrecognised valuation surplus of over R600 million on associate and other investments and on government and public sector securities at 31 December 2000. I make special mention of Dimension Data, with whom we have been allies in their global expansion plans since 1997. After Dimension Data's initial move into Asia and Australia they have been successfully listed in London and are now represented in all major geographies. The benefit of the Didata investment alone is more than evident in our financial numbers as well as our corporate capabilities. This relationship has developed into a true partnership.

The Nedcor people sit at the epicentre of our value and our capability attributes. It gives me great pleasure to report that we are well-placed regarding affirmative action and diversity management objectives. Currently 50% of our staff and 20% of our management are black generic, with 65% of staff and 35% of management being female. Through continuous training and skills up-grading we are not only internalising our people's contributions to productivity but also offering them more challenging and rewarding jobs. The environment we are in demands a far more cooperative and collaborative model and Nedcor is indeed fortunate in having the calibre of staff who make this transformation not only possible but most exciting.

Our clients deserve our earnest thanks for joining us on this exciting journey. We are very appreciative of the fact that more and more clients entrust us with more and more business. We have still some distance to go in providing the service to which we believe our clients have a right.

Our retail and technology allies can look forward to mutually beneficial relationships with ourselves well into the 21st century. Our special relationship with our parent company, Old Mutual plc, will make it possible for us to offer clients a widened scope of financial products. We have major expectations of the benefits that will flow through these activities.

Finally I would like to note the new structure with which we aim to implement our pivotal strategies. Top management responsibilities were rearranged with effect from 1 January 2001 to allow maximum focus on the business opportunities expected from our strategic initiatives.

Mike Leeming becomes Executive Director: Group Risk Management and Alliances, responsible for Nedcor Bank's credit and risk management as well as overseeing major alliances. Derek Muller assumes the role of Managing Director: Nedcor Bank Business Divisions (Commercial, Corporate, Retail, Treasury, International/Africa and Management Services). Barry Hore becomes Managing Director: Technology and Operations and Peter Backwell Head: Retail Banking Division of Nedcor Bank.

In conclusion our sincere thanks to Chris Liebenberg, our hardworking Chairman, to our non-executive directors for their guidance and counsel during the past year, and to our staff for their consistent efforts and commitment to the success of our group.

RCM Laubscher
Chief Executive

LEADERSHIP

as at 1 January 2001

Richard Laubscher
Chief Executive

Izak Botha
Chief Executive
NIBH

Jack de Blanche
Executive Director
Commercial Nedcor Bank

Peter Hibbit
Divisional Director
Management Services

Barry Hore
Managing Director
Technology and Operations

Stuart Morris
Group Financial Director

Derek Muller
Managing Director
Business Divisions

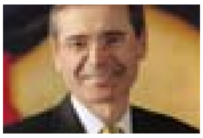
Lot Ndlovu
Chief Executive Peoples Bank,
Executive Director HR

Chris Pearce
Divisional Director
Group

Peter Backwell
General Manager
Retail

Frank Berkeley
Divisional Director
Property NIBH

John Bestbier
Executive Director
Strategic Partnerships NIBH



Sydney Gericke
General Manager
Credit

Peter Lane
Executive Director
Treasury NIBH

Stephen Lewis
Director
ENF Commercial Law

Willy Ross
Executive Director
Corporate Division NIBH

Pieter Schild
General Manager
Commercial

Rick Tudhope
General Manager
Strategic and
Corporate Activities

"Business is now so complex and difficult, the survival of firms so hazardous in an environment increasingly unpredictable, competitive and fraught with danger, that their continued existence depends on the day-to-day mobilisation of every ounce of intelligence."

— Kanosuke Matsushita, founder, Matsushita Electric

Michael Katz
Chairman NIBH

Mike Leeming
Executive Director Group Risk Management and Alliances

Tony Routledge
Executive Director Strategic and Corporate Activities

Mike Thompson
Managing Director Cape of Good Hope Bank

John Cruickshank
General Manager Finance Technology and Operations

George Dawson
General Manager Technology and Operations

Graham Dempster
General Manager Corporate

Len de Villiers
General Manager Central Operations

Miranda Feinstein
Director ENF Commercial Law

David Macready
Divisional Director NIB Multi-Manager and NIB International

Derick Nel
General Manager Commercial

Mark Parker
Executive General Manager Treasury

Gustav Preller
Executive General Manager Permanent Bank

Fritz Rieseberg
General Manager Group Finance

René van Wyk
Executive Director Risk NIBH

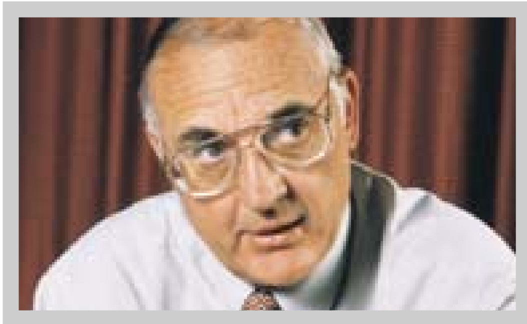
Peter Weeks
General Manager Programme Management

Bob Wooddisse
Executive Director Peoples Bank

Cecil Wulfsohn
Director ENF Commerical Law

NEDCOR BANK

What has become ever more apparent is the need to focus on the core business – and to outsource as much of the balance as possible. What counts above everything else is an ability to concentrate on the client.



Mike Leeming
Executive Director Group Risk Management and Alliances (previously Chief Operating Officer Nedcor Bank)

RETAIL BANKING

Year under review

■ The retail market for financial services was fairly subdued during 2000. Nevertheless, satisfactory asset growth was achieved during the year, especially in homeloans, where we increased our market share. Margins were maintained over the course of the year, due to stringent asset and liability management. Bad debt provisions charged to the income statement were reduced by 11%, compared with 1999. This was due to the lower interest rate environment and active delinquent account management.

■ Major changes in the business were undertaken during the year. Project Synergy (the split between branch front and backoffices) was successfully concluded. Significant changes to the Nedbank branch network took place to ensure that the investment in bricks and mortar would provide better value for money in the future. The reengineering of the Retail business continued to achieve a more focused and client-oriented approach. New datamining and sales-assistance software was rolled out to the private and personal banking areas.

■ In August 2000 Nedcor acquired the business of FBC Fidelity Bank, and our Peoples Bank and NedEnterprise businesses were reversed into FBC. This created the eighth largest bank in South Africa, with the business focused entirely on the underserved market. We have reached agreement in principle to sell 20% of the combined bank to a black empowerment consortium led by Brimstone Investment Corporation Limited. The other members of this consortium are the investment arms of trade unions NUMSA and SACCAWU, the Women's Development Bank, The Disability Employment Concerns Trust, and the National Association of Stokvels of South Africa. We are in advanced negotiations to sell up to a further 15% of the bank to another empowerment consortium.

■ Late in 2000 Nedcor Bank concluded an agreement with the JD Group to form an alliance to access its significant client base with a variety of products to the benefit of all parties. This alliance will focus on offering products via kiosks in JD stores, using the Peoples Bank brand. The alliance between Old Mutual Group Schemes and Peoples Bank continued to make good progress, with various savings and insurance products now being offered through all Peoples Bank branches. Our alliance with Capital One of the United States is operating well, having made significant progress in growing the microloan activities through Peoples Bank.

■ A bancassurance alliance with Old Mutual was established and our existing financial planning business was incorporated into this venture. The alliance was established to provide top quality assurance and investment products to private, personal and retail banking clients – through financial planners offering best-of-breed products as well as through direct offerings of Nedbank and Permanent Bank-branded insurance products.

■ Pick 'n Pay Financial Services was acquired during 2000 and an alliance established whereby Nedcor would work with Pick 'n Pay in providing banking services within its stores. This initiative provides a low-cost distribution capability and will provide a major benefit in respect of enhanced client convenience.

■ The level of violent crime in South Africa continued to have a material impact on the retail banking business. Although material steps were taken (at substantial cost) to minimise branch robberies, we were not able to eliminate them altogether. It is with great sadness that we have to report that during the year one of our staffmembers was killed in a branch robbery. Our efforts to provide a secure environment for our staff and clients have been redoubled.

Derek Muller
Managing Director Business Divisions

Strategy

The increased focus facilitated by the business reengineering and the new datamining and sales assistance software of Capital One should have a positive impact on the sales activities within Nedbank, Permanent Bank and Peoples Bank.

Significant new developments are planned for the Permanent Bank mortgage business. The bancassurance alliance with Old Mutual, our short-term insurance business and the homeloan initiatives will be the main areas of focus of our sales activities in 2001.

Building sound technology and product platforms for our Pick 'n Pay and JD alliances is a key priority for 2001.

The rollout of the new credit-scoring systems, as well as the extension of services provided by our call centre, known as the Nedcor Client Care Centre (NCCC), will provide a good platform from which to launch substantial new client care initiatives as well as new products.

The focus on ongoing improvement of management talent will continue to ensure ever-increasing management depth. Our Leadership Development Programme (LDP) is proving very successful in attracting new young talent into the business.

CORPORATE BANKING

Year under review

■ Across the division the emphasis on managing client service through one-on-one skilled relationship managers, in partnership with dedicated credit and administration staff, was the cornerstone for another year of good performance.

■ Asset and non-interest revenue growth was strong, with asset growth achieved mainly through innovative, long-term structured-finance transactions with major corporates.

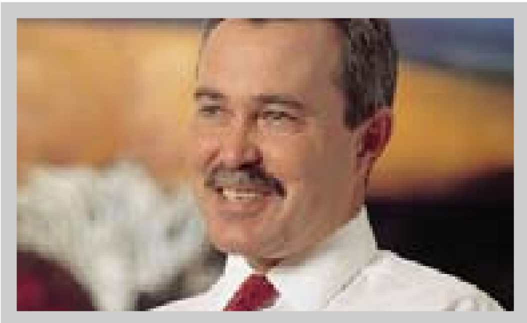
■ The increased level of non-interest revenue was in line with our aim of significantly improving our share of transactional banking in the corporate market. This key objective was designed to complement the volume-based strategy of the Technology and Operations Division and to enhance further our return on equity.

■ The close working relationships with the specialist product areas in NIB, Treasury and Electronic Banking were excellent, resulting in the delivery of innovative business solutions for our clients.

■ Significant musclebuilding took place and good progress was made in increasing our complement of black and female managers. We shall continue to invest in developing and expanding the experienced management team.

■ There is concern about corporate governance in the market and the strength of the economy generally, which is resulting in banks having to be more vigilant when granting credit facilities. The division's experienced, high-quality credit team is invaluable in this environment and the new credit risk management and monitoring system, which is being implemented for the business market, will significantly enhance our ability to assess risk and to improve client service through quicker decisionmaking.

■ On the technology front further enhancements are being introduced to the electronic banking platform to enable the IT systems of our clients with large volumes of transactions to interact directly with Nedcor Bank's system.



Graham Dempster
General Manager Corporate

Strategy

Corporate Banking is a client-focused, relationship-management-driven business, seeking to add value for our clients through delivering mutually beneficial banking services, products and solutions.

NEDBANK AFRICA

Year under review

- Owing to political tensions on the subcontinent most currencies in the region experienced downward pressure.

- Profits were increased significantly through judicious business development, containment of bad debts and expense growth, as well as sound credit and counterparty risk control measures.

- In Namibia we took over management responsibility for Commercial Bank of Namibia from Dresdner Bank.

- The Johannesburg-based business, as well as the investments in Merchant Bank of Central Africa in Zimbabwe, Commercial Bank of Namibia, and State Bank of Mauritius, again turned in good profit growth.

- The Globus IT project was relaunched through the creation of a new subsidiary, Bastion ZA (Pty) Limited, which will install and manage banking systems for banks throughout the region.

Strategy

Going forward, our strategic focus will be on organic growth of our hard-currency business, particularly structured trade, commodity finance and structured term finance, extracting value from the new IT platform installed in the banks in the region.

COMMERCIAL BANKING

Year under review

- Market share grew by 2%.
- Growth in expenditure was 8%.
- Business Direct, a telephone banking facility, proved successful, with call volumes increasing exponentially.
- Extensive training and increased experience levels, in conjunction with staff turnover of below 10%, resulted in improved client service satisfaction ratings.

Jack de Blanche
Executive Director Commercial Nedcor Bank

Strategy

Through competency matrices and performance management we are continually aligning staff and their skills to ever-changing market demands.

As leaders in team-based management we are at the forefront of evolving into 'deal teams', meeting changing business requirements.

We are extensively involved in key industries and shall continue to refine this strategy and our segmentation model.

All risk management processes are client-centric. We have harnessed technology to assist in meeting our clients' credit needs and decentralised our credit decisionmaking process for quicker and more accurate assessment.

We provide a variety of affordably priced delivery channels, ranging from electronic and telephonic means to branch-based and mobile teams.

Our strategy remains to e-enable our clients to put banking at their fingertips.

TREASURY

Year under review

■ Zero defect year 2000 compliance was achieved.

■ Improved funding and liquidity risk management provided the organisation with flexibility in growing its business both organically and through acquisition.

■ Further growth of trading profits and market share occurred.

■ Further expansion of the derivative and structuring capabilities took place, which translated into enhanced profitability.

■ The web-based NedTreasury dealing system was rolled out, allowing clients direct electronic access to the dealing room capabilities, supported by highly trained staff.

■ Good progress was made with the attraction, development and retention of the competent intellect required to ensure innovative and ongoing growth and profitability.

■ The systems required to ensure effective participation in the National Payment System were successfully rolled out, positioning us well to meet the same-day settlement deadline of 7 May 2001.

Mark Parker
Executive General Manager Treasury

Strategy

Treasury Division follows a strategy of continuous improvement, acquiring, developing and retaining the intellectual capital needed to respond to new developments in the market.

The development of efficient systems is a major component of the business model. Specialised support is provided to the various divisions of Nedcor Bank as well as direct services to clients whose level of activity in the forex and money markets can be enhanced, and whose relationship with the bank can be expanded through direct interaction with the dealing room.

The division measures and is improving its efficiency ratios, focusing on reducing its operational risk by deploying best-practice methodologies linked to a high level of straight-through processing. The specialist Treasury accounting and regulatory reporting capabilities, provided by Treasury Financial Control, facilitate a quick response to changing market, regulatory and accounting circumstances.

Treasury is well-positioned to provide the sophisticated services and products needed to support further growth of the organisation.

OPERATIONAL REVIEW

TECHNOLOGY AND OPERATIONS

Year under review

- Zero % growth in costs was achieved for the fourth consecutive year by the division's Central Operations Unit.

- Technology and Operations (T&O) continued to play a major role in contributing to improving Nedcor's cost-to-income ratio.

- The division was internationally assessed and recognised for leadership in the application of e-process to improve productivity.

- As at 31 December over 200 process professionals were employed on productivity and service enhancement initiatives.

- The retail branch backoffice software automation program, Alpha, delivered direct cost savings of over R50 million this year.

- A Compass benchmark study ranked Nedcor's MVS mainframe environment above that of its international peer group in cost containment and productivity improvement.

- Gartner survey on workstation total-cost-of-ownership places Nedcor ahead in terms of cost and quality when compared with the international benchmark group.

- Aggressive delivery was attained on new project work, with our investment in innovation continuing to increase.

- NetBank internet users grew by 65%, compared with 1999, on the back of upgraded functionality and much improved infrastructure.

- Service functions within 450 branches and over 4 000 staff were successfully integrated into T&O to improve client service and reduce unit costs.

- The division's staff of some 8 000 all completed training in the organisational transformation programme, The Arrow Way.

- T&O concluded numerous technology investment transactions. These included three new technology investments in highly respected South African companies and being instrumental in the creation of four new technology startup companies, two of which are international.

- We negotiated with Dimension Data Holdings plc (Didata plc) to exchange our entire 25,1% investment in Dimension Data International Limited (DDIL) for 103 million London-registered Didata plc shares (8,2%) with a year-end value of R5,2 billion and R1,8 billion in cash.

- We merged NedTel Cellular (Pty) Limited with the Nashua Cellular business of Reunert Limited to create one of the largest independent dual-cellular service providers in South Africa.

- Equity-accounted earnings from technology investments for the year were up by 130%.

Our four-year journey of productivity improvement and innovation has elevated T&O to an internationally recognised leader in this field.

Barry Hore
Managing Director
Technology and Operations

Strategy

T&O established a track record of expertise in process methodology. This was achieved through embracing a process culture, which today forms the foundation of T&O. The four-year journey of productivity improvement and innovation elevated T&O to an internationally recognised leader in this field.

T&O developed some unique capabilities and strategies and is now positioned to create a commercialised business with select financial services clients.

There are clear global precedents for successfully commercialised transaction service providers, and T&O is, as a priority, preparing to follow this route. Outsourcing prospects present a desirable opportunity to unlock real value for Nedcor shareholders.

T&O's capabilities empower it to reach into markets where we have seen, through our investments and alliances, the potential to capitalise on our existing highly prized intellectual capital and expertise.

TECHNOLOGY AND OPERATIONS

Process culture and e-process

T&O process culture is ingrained through our organisational transformation programme, The Arrow Way. We are orientating the entire organisation from vertical functional silos to a horizontal process orientation.

T&O has continually reinvented its operational approach to create a sustainable improvement engine. We focus on reducing the high-friction components of bank processing – which are largely manual, paper-based, costly and inefficient – through the combined application of process and information technologies. The real power is derived not from these individual components, but from the improved combination of the two working together in the form of e-process. Starting with the client, processes are redesigned end-to-end and then digitised to make them as straight-through or seamless as possible. The objective is to increase the digital and self-service percentage of all processes. Continuous measurement drives this endless cycle of productivity improvement and enhanced client service.

Operational capability and innovation

Good progress was made during the year in improving the scalability and reliability of the mainframe and server-processing capability, despite an increase in the number of changes introduced into the systems environment.

During the year two international benchmark studies were conducted in our mainframe and workstation environments. Both studies placed Nedcor ahead of the worldclass benchmark groups.

Delivery on our investment in new technology-related project work continued aggressively throughout the year, providing the foundation for innovation and infrastructural improvements for Nedcor. Notable achievements for new projects were:

- multiple releases of the branch backoffice automation project, Alpha, which increased the digital components of many processes;
- major enhancements to card processing;
- the upgrade and standardisation of merchant point-of-sale devices for card purchases;
- a new NetBank introduced at the year-end, based on client input via usability laboratories, with a new look and feel, and faster and easier to use, including added time-saving functionality;
- new userfriendly improvements to the business electronic banking products, NedExec and NedInform;
- major releases of software for collections and behavioural scoring of client credit;
- further releases of insurance, treasury, client information system and microloan software; and
- integration of, and processing support for, FBC Fidelity, Capital One and other alliances.

Technology investments

Technology investments play a crucial role in our ongoing strategy, as they leverage and turbocharge our productivity improvement engine through early insight into technology advancements and sharing in new and valuable intellectual property created. Furthermore, these investments are equally important for preferential access to new markets and geographies, potential cross-industry synergies and the opportunity for Nedcor to share in their value growth.

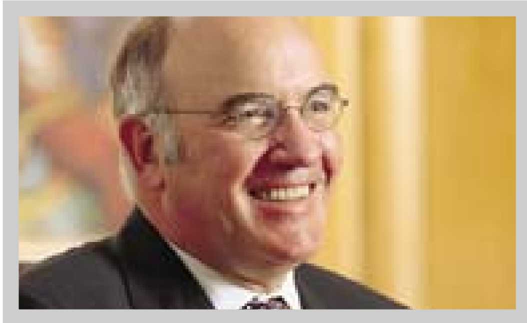
This highly eventful year began with the DDIL acquisition of the European networking business of Comparex Holdings Limited, together with additional investments in the USA, and culminated with the exchange of our interest in DDIL for Didata plc shares and cash. Our ability to convert a minority share in an unlisted entity into a highly liquid foreign currency stock was a highlight of the year.

Numerous investment transactions were concluded and new investment outlays amounted to R2,5 billion. This was offset by the receipt of R1,8 billion of proceeds at the time of our Didata plc exchange.

As at 31 December 2000 the total gain in technology investments amounted to over R4 billion, of which the Didata plc exchange contributed R3,6 billion. The Didata plc shares held will in future be marked to market, and the JSE closing price of the shares held at the year-end was R51,40 per share.

With regard to the creation of shareholder value our technology investments have yielded significant capital gains to date. Since 1997 the investment portfolio has yielded an internal rate of return of some 91% pa, which is far in excess of Nedcor's weighted average cost of capital of 23%.

NEDCOR INVESTMENT BANK



Izak Botha
Chief Executive NIBH

In the year ahead we expect new business flows from our ongoing product development initiatives and geared returns from strategic partnerships and asset management operations.

Year under review

■ During 2000 Nedcor Investment Bank (NIB) continued to pursue the strategic approach announced at the time of our listing in 1999. Two of the pillars of this approach were our partnership and internationalisation strategy, which was evidenced inter alia by a transaction in the third quarter that merged the operations of NIB Asset Management with the South African operations of Templeton International Inc.

■ Our acquisition of Edward Nathan & Friedland (ENF) at the end of 1999 contributed to an enhanced dealflow in the Corporate Finance area. We anticipate that the full benefits from this acquisition will become more apparent during 2001.

■ NIB continued to benefit from a diversified income base, which helped us to overcome the generally difficult trading conditions in South Africa, and the banking sector in particular during 2000. Impressive contributions from Treasury, Structured Finance, Property Finance and Shareholders' Funds to some extent offset by a difficult year in Equity Investment, resulted in NIB achieving 23% bottomline growth for the year to R615 million. Earnings per share growth amounted to 21%, primarily due to the dilutionary effect of the high election of capitalisation share awards.

■ A significant development during the year was the implementation of a new Domestic Treasury system, which had been implemented in our International Treasury area previously. With the Treasury operation now functioning off a fully integrated system (back, middle and frontoffice), the benefits of a more streamlined administrative function and a dealer-friendly system will enable the operation to generate levels of trades not achievable before, with the consequent reduction in risk exposures.

Strategy

In the year ahead we expect new business flows from the significantly expanded Corporate Finance team and from across all areas of Structured Finance, where an ongoing product development initiative is expected to bear fruit. We continue to concentrate on achieving a geared return from our strategic partnerships, with particular focus on extracting benefits from the asset management operations.

We shall continue to build on our relationship with ENF and will maximise it to grow our banking assets. On the international front we expect our recently established Treasury presence in London to add additional functionalities to our cross-border operations and therefore bolster our international hard-currency earnings over time.

Finally we plan to address the liquidity of our share and thus positively affect tradability, institutional investor interest and investor sentiment.

CAPE OF GOOD HOPE BANK

Year under review

- Cape of Good Hope Bank's expansion into the Gauteng and Eastern Cape commercial and industrial property markets was highly successful.

- Associate companies, Catalyst Holdings (Pty) Limited (formerly Broll) and Western Cape Property Company Limited (WesCape), continued to perform satisfactorily.

- Blue-sky planning and action strategies were implemented, involving refining of existing business and introducing new activities to improve profit performance.

- The Personalised Banking and Commercial Divisions were realigned into the Treasury and Investments Division and a Lending Division, incorporating homeloans. In addition, the Key-client Management and Property Partnerships Division was established.

- An IT outsource arrangement was finalised with Bastion ZA to develop supportive systems providing seamless delivery, quality management information and a high-level risk management ability.

- Net income attributable to shareholders after taxation improved by 21% to R79 million, while return on equity increased to 25% and return on assets remained steady at 1,7%.

- A new compliance activity was established.

Cape of Good Hope Bank implements an e-commerce strategy aimed at making the business more efficient, while at the same time enhancing the core ethos of service and personal attention to clients.

Mike Thompson
Managing Director Cape of Good Hope Bank

Strategy

Cape of Good Hope Bank, a highly focused, niched bank, provides deposit-taking facilities, instalment credit, finance for commercial, industrial and residential property, property alliances, treasury services, insurance-broking activities and a range of personal banking products mainly in the Western Cape, extending commercial lending activities in a controlled manner into other selected regions.

In terms of this regional expansion strategy Cape of Good Hope Bank focuses primarily on building up the bank's Gauteng and Eastern Cape operations. It retains a concentrated focus on property financing, with an emphasis on alternative sources of non-funded income.

The bank implements an e-commerce strategy aimed at making the business more efficient, while at the same time enhancing the core ethos of service and personal attention to clients. It focuses on personalised banking and treasury activities to fund the bank's growth from a very loyal and growing individual and corporate client base and develops and delivers other appropriate products.

MANAGEMENT SERVICES

Year under review

- An onshore insurance captive, Nedcor (SA) Insurance Company Limited, was registered and commenced operations.

- An electronic monitoring program for procurement prices, Pricetrac Benchmarking, was implemented.

- Our e-procurement strategy was unfolded.

- Explanatory statements were drafted for all major retail agreements to comply with the plain-language clauses of the Code of Banking Practice.

- The newly formed Property Finance Division is now firmly established and is poised for growth in the year ahead.

- To provide a culture of integrity and zero tolerance of fraud various initiatives have been introduced, including a loss prevention incentive scheme, the Beat the Bandits Campaign, Tipoffs Anonymous and a number of fraud awareness initiatives.

Peter Hibbit
Divisional Director Management Services

Strategy

Property Division continues to divest itself of non-core buildings, while Corporate Purchasing spearheads Nedcor's SMME initiative, ensuring that the various businesses use SMMEs, wherever possible.

Legal and Documentation Division is leading the migration from paper-based to electronic sources of information.

Nedcor Insurance Company has been established to cover houseowner's insurance on behalf of Nedcor Bank Limited in alliance with Mutual and Federal.

A culture of honesty and integrity is being created with a zero tolerance campaign, Champ Awards, a loss prevention incentive scheme and fraud awareness campaigns as key strategies. The safety of our branch network remains a major concern. The number of proactive patrol units have been increased, mainly in Gauteng, to assist in reducing the number of branch robberies.

Nedcor Sandton is nearing completion to accommodate approximately 3 000 staff from 18 buildings in the Johannesburg/Sandton area.

SOCIAL INVESTMENT PROGRAMME

Year under review

- A high impact was achieved in leadership development programmes, especially among the youth.

- High levels of support were given to educational projects, with strong emphasis on maths, science and technology training.

- Literacy programmes among the youth as well as adults were actively supported.

- Innovative programmes in creating jobs for the disabled were introduced.

- High success levels were achieved in the reintegration of destitute children into society.

- Projects sponsored totalled R36 million.

- Major projects sponsored include St George's Home, Ethembeni Education and Training Trust, the Nedcor-Alexandra Schools Development Programme, Orion Training Centre (Western Cape), National South African Association of Youth Clubs, Vosloorus Society for the Aged, National Council for the Aged, National Society of the Blind, Athlone School for the Blind, the Black Management Forum, Project Literacy, READ and RADMASTE.

Strategy

The aim of the Nedcor Social Investment Programme is to make a meaningful difference to the lives of people in disadvantaged communities who seek to empower themselves, thereby contributing towards a better and more prosperous South Africa.

Nedcor's social responsibility arm, the Nedcor Foundation, is the company's main conduit for external social investment. Nedcor contributes 1,2% of its earnings to the foundation, which it regards as an integral part of its business.

The foundation focuses its activities on the crucial areas of education, business and leadership development, conservation and the environment, primary healthcare and poverty relief. Nedcor has a vested interest in the future of the country and its business extends to ensuring that the living and working environment of all South Africa's people is improved. By supporting the disadvantaged and impoverished through a range of projects sponsored by the foundation, Nedcor contributes towards a democratic society that is successful, open and non-racial.

Nedcor, through the foundation, works closely with government, the non-government organisation sector and other corporate, business and development agencies.

HUMAN RESOURCES

Year under review

- During February 2000 Nedcor Bank reached a historic gainsharing agreement with the two trade unions for the non-management annual remuneration review.

- The group was able to implement all the initiatives required to comply with the new National Qualifications Framework (NQF) training legislation.

- Nedcor's first employment equity report and plan was submitted to the Department of Labour in line with legislative requirements.

- All staffmembers are now remunerated on a 'package' basis, with the final 7 000 having been converted during the year.

- An outsourced employee assistance programme was launched through the services of the Centre for Human Development.

- Nedcor cosponsored Masterclass 2000, a conference initiative of AIESEC, attended by 80 of the 'brightest young minds' from universities across South Africa.

- 70 young highfliers from the group attended a 'New Generation Bosberaad' facilitated by the Chairman and Chief Executive.

- The growth in the delivery of Human Resources (HR) services via the intranet (HR Online) was phenomenal. About two million hits were recorded on the site.

- Nedcor Bank was selected as the fourth best company to work for in South Africa in an independent survey conducted by Deloitte & Touche Human Capital Corporation and the Financial Mail.

- Nedcor was selected as an employer to be published in the 2000/2001 edition of 'The Best Companies to work for in South Africa'.

- Nedcor produced the first chartered accountants to complete their practical training outside an auditing firm.

We strive to have competent and fulfilled staff through proactive human resources leadership and processes that enable Nedcor to meet its objectives.

Lot Ndlovu
Chief Executive Peoples Bank,
Executive Director Human Resources

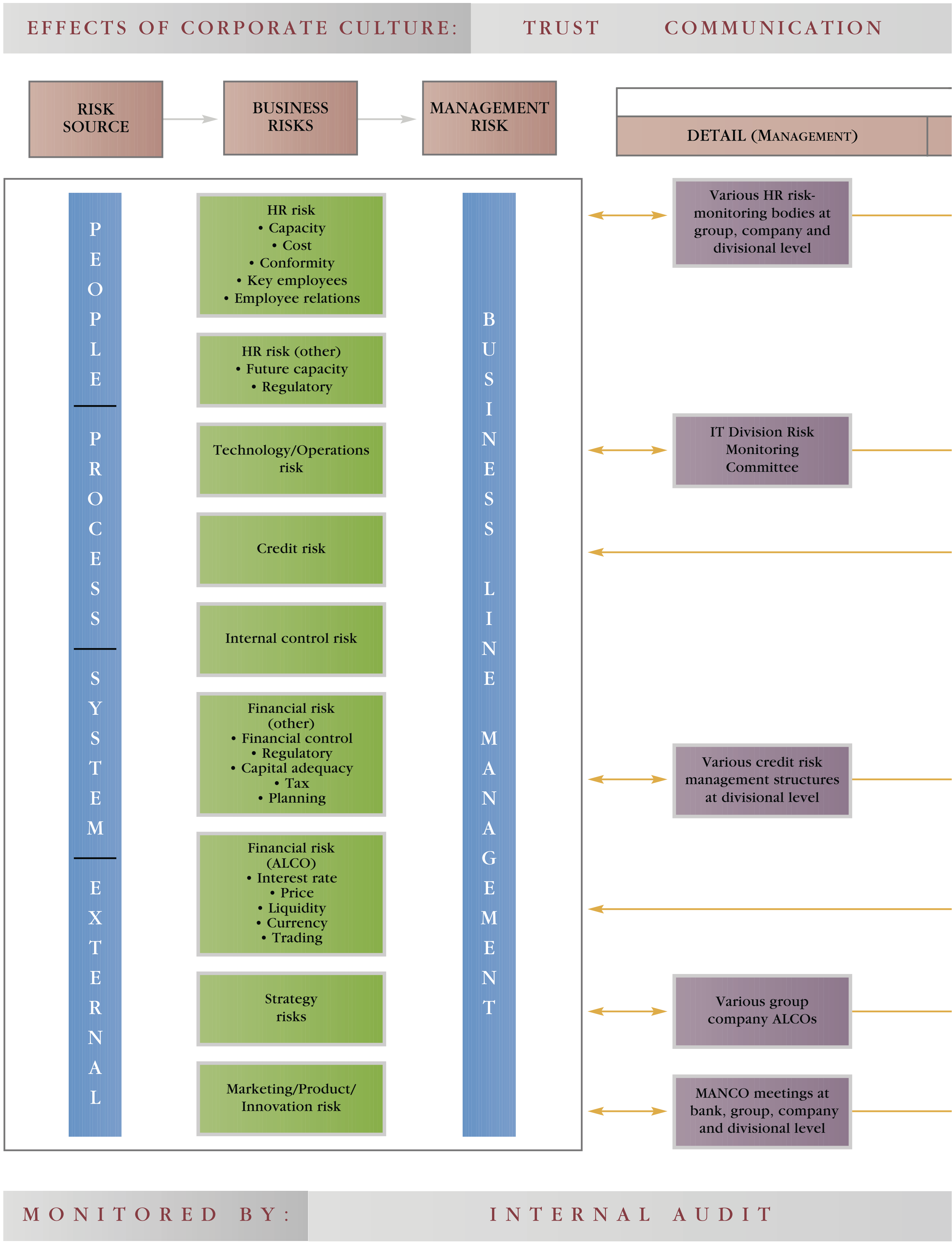
Strategy

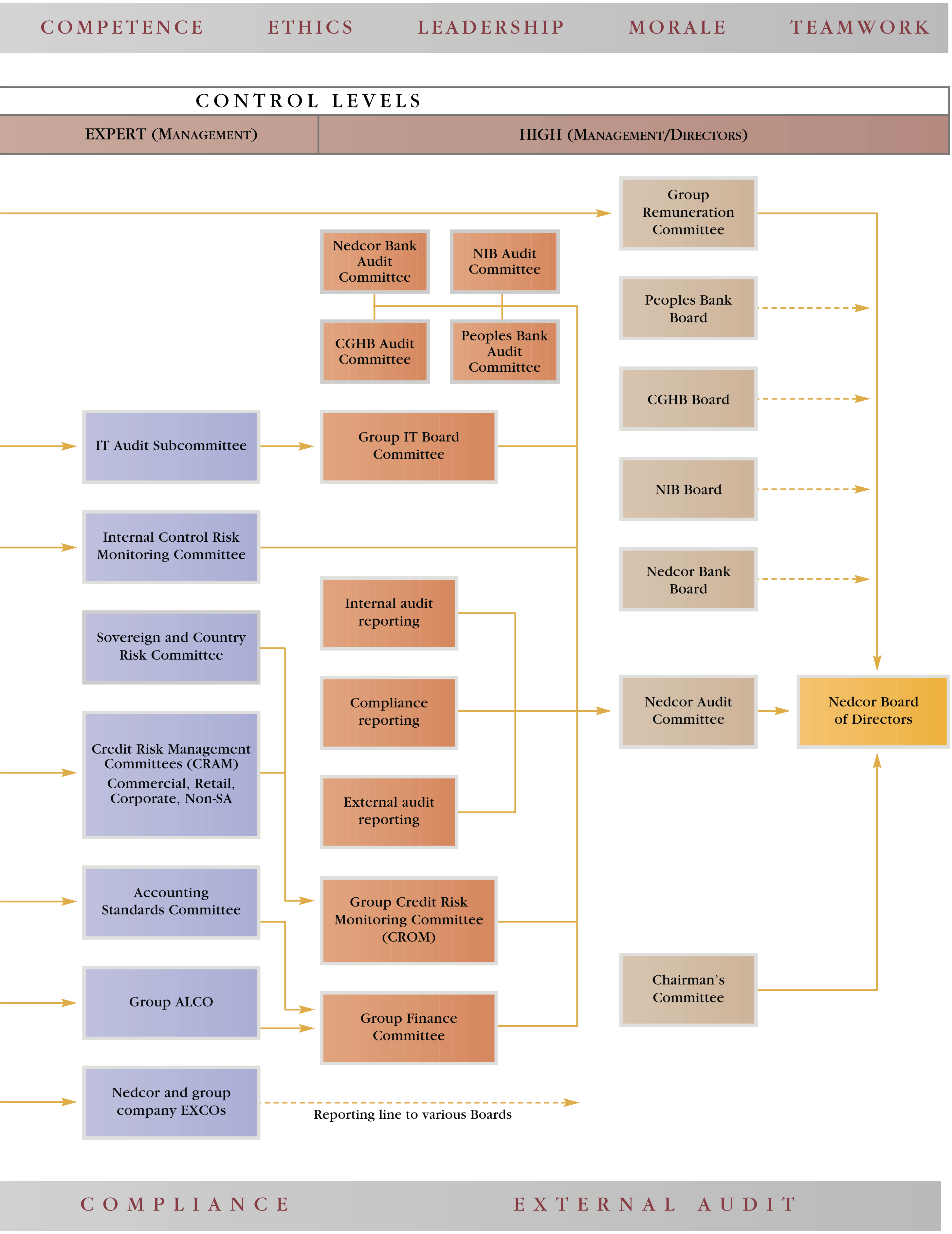
HR's mission is for Nedcor to have competent and fulfilled staff and, to achieve this, ten strategic focus areas are being concentrated on: HR technology; transformation/equity; organisational culture; HR as a business partner; human performance; flexi human resources; outsourcing non-core HR; global/worldclass HR; HR development and staff selection and retention.

Significant progress was made in all of these areas, as reflected in 'Year under review'. Focusing on all ten in an integrated approach will assist Nedcor in building organisational capabilities.

In line with this, our HRE Index to measure managers on people management issues was revised and culture/values and staff retention have been included as key measures.

CORPORATE GOVERNANCE AND RISK MONITORING




COMPETENCE
ETHICS
LEADERSHIP
MORALE
TEAMWORK
CONTROL LEVELS
EXPERT (MANAGEMENT)
HIGH (MANAGEMENT/DIRECTORS)
Group Remuneration Committee
Nedcor Bank Audit Committee
NIB Audit Committee
CGHB Audit Committee
Peoples Bank Audit Committee
Peoples Bank Board
CGHB Board
IT Audit Subcommittee
Group IT Board Committee
NIB Board
Internal Control Risk Monitoring Committee
Nedcor Bank Board
Internal audit reporting
Sovereign and Country Risk Committee
Compliance reporting
Nedcor Audit Committee
Nedcor Board of Directors
Credit Risk Management Committees (CRAM)
Commercial, Retail, Corporate, Non-SA
External audit reporting
Accounting Standards Committee
Group Credit Risk Monitoring Committee (CROM)
Chairman's Committee
Group ALCO
Group Finance Committee
Nedcor and group company EXCOs
Reporting line to various Boards
COMPLIANCE
EXTERNAL AUDIT

CORPORATE GOVERNANCE AND RISK MONITORING

Corporate governance

The Nedcor Group is committed to the highest standards of corporate governance, seeking to reinforce these through the establishment of strong ethical values and the application of integrity and professionalism in all of its activities. Corporate governance in the Nedcor Group is accorded significant priority and is the responsibility of the Nedcor Board in its stewardship of the group's affairs.

The board recognises the dynamic nature of corporate governance with regard to compliance with local standards and developments internationally, which are reviewed regularly. Emphasis is placed on the relevant, qualitative aspects of corporate governance in identifying opportunities for improvements to the economy, and in the effectiveness and efficiency of governance systems across the Nedcor Group. To this extent cognisance is also taken of international corporate governance developments that may not yet have been generally accepted as established practice.

An appropriate organisational structure is in place for the Nedcor Group to provide practical guidance on expected standards at all levels of the organisation, with responsibilities and delegation of authority defined.

Board of Directors

Role and composition

Nedcor has a unitary board comprising 13 non-executive and eight executive directors, whose details appear on pages 94 and 95. The composition of the board, with a strong independent element, ensures that no one individual has unfettered powers of decision and authority. The directors bring to the board a wide range of skills and experience and, in the case of the non-executive directors, independent and objective judgement.

The selection and appointment of directors to the boards of Nedcor and its major subsidiaries is a matter for the Nedcor Board as a whole. Emphasis is placed on achieving the balance of skills, experience, and professional and industry knowledge necessary to meet the group's strategic objectives. New directors may hold office only until the next annual general meeting at which they retire and become available for reelection, while all directors are subject to retirement by rotation and reelection by shareholders at least once every three years.

Generally, directors have no fixed term of appointment, but executive directors are subject to short-term notice periods. An executive director is required to retire from the board at age 60, while a non-executive director is required to retire at age 72.

The Nedcor Board is responsible to the shareholders for setting the direction of the group through the establishment of strategic objectives and key policies. It determines stringent investment and performance criteria, and is responsible for the proper management, control, compliance and ethical behaviour of the businesses under the board's direction. The board is accountable to Nedcor's shareholders for exercising leadership, enterprise, integrity and judgement in directing the organisation so as to achieve continuing prosperity for the Nedcor Group. All directors on the board are expected to play a full and constructive role in its affairs.

The board meets regularly, having met eight times last year, and retains full and effective control over the group. As part of this process the board operates a comprehensive system of financial monitoring, involving detailed quarterly reporting, to ensure that performance is continually assessed and there is also regular reporting on relevant non-financial matters. To assist the board in the discharge of its duties and responsibilities a number of board committees have been established, which are more fully described below. Control is also exercised through the executive directors who, together with management, are responsible for taking and implementing operational decisions in managing the group's business. They are also required to provide the board with appropriate and timely information necessary for it to fulfil its responsibilities, which is provided for through a framework of open communication and integrated financial reporting systems.

All directors have access to management, including the Company Secretary, and to such information as is needed to carry out their duties and responsibilities fully and effectively. Furthermore, the board has agreed and established a procedure in furtherance of its duties to take independent professional advice, if necessary, at the company's expense. The removal of the Company Secretary would be a matter for the board as a whole. The Company Secretary plans, and advises the board on, appropriate procedures for the management of its meetings.

Chairman and Chief Executive

The roles of Chairman and Chief Executive are separate. The board is led by the Chairman, Chris Liebenberg, and the executive management of the group is the responsibility of the Chief Executive, Richard Laubscher.

The Chairman has greater involvement in the group than the other non-executive directors. This level of involvement is considered necessary for the effective performance of the task of running the board, but does not constitute the exercise of executive powers.

The Chairman plays a leading role in the implementation and maintenance of corporate governance.

Board evaluation and development

During the past year the board formalised an appraisal process to review its performance in meeting its key responsibilities. The purpose of the review is to identify any areas of concern or weakness and mechanisms for improving the functioning and performance of the board. This will serve to focus the board on specific performance objectives for the year ahead.

All non-executive directors, on appointment, are appropriately familiarised with the operations of the group, senior management and its business environment, and inducted in terms of their fiduciary duties and responsibilities as well as matters specific to the Nedcor Board. New directors, where relevant, are provided with appropriate training in their duties and responsibilities. Particularly given the many statutory, regulatory and industry developments taking place, the issue of development and regular briefing of existing directors is kept under review.

Succession planning

To ensure the continuing success of the Nedcor Group considerable emphasis is placed on succession planning at executive and senior management level by the board. Detailed and intensive planning on succession is conducted via the Chairman's office and the Group Remuneration Committee.

The Chief Executive is required to report regularly to the board on the group's management development and employment equity programmes.

Board committees

All committees of the board have formal written terms of reference that are reviewed regularly, and updated, as necessary, to take account of developments and any specific requirements of the Nedcor Board.

The board has established three principal committees, namely the Chairman's Committee, Group Audit Committee and Group Remuneration Committee, with a number of other committees that are important to the effective operation of the Nedcor Board reporting through the Group Audit Committee.

Chairman's Committee

This committee comprises non-executive and executive directors. The function of the Chairman's Committee is to consider indepth issues of fundamental strategic importance to the group, having regard to the board's directives, that are beyond the scope of the specific authorities of other board committees.

Group Remuneration Committee

This committee is chaired by the Chairman of the Nedcor Board and includes four other non-executive directors and the Chief Executive. Group Remuneration Committee meetings are held as often as necessary, but at least three times per annum. The committee's primary objective is to ensure that the right calibre of management is recruited for the group and retained. To achieve this the committee reviews the overall remuneration strategy of the group to ensure that the directors and senior executives reporting to the Chief Executive are appropriately remunerated for their contribution to the group's operating and financial performance. The Chief Executive is not involved in the determination of his own remuneration.

Specific emphasis is placed on incentive payments and longer-term remuneration structures. At all times due attention is also paid to the retention of key executives.

In order to promote an identity of interests with shareholders, share incentives are considered to be an integral and vital element of remuneration structures. In performing its functions the Group Remuneration Committee takes account of local and international remuneration levels and trends.

Group Audit Committee

This committee, comprising solely non-executive directors, is chaired by the board's Deputy Chairman, Peter Joubert. In attendance at meetings of the committee are also the chairmen of the audit committees of Nedcor Investment Bank Holdings Limited and Cape of Good Hope Bank Limited.

Group Audit Committee meetings are held at least five times a year, with further meetings as necessary. The committee's primary objective is to provide the board with additional assurance regarding the efficacy and reliability of the financial and risk information used by the directors and to assist them in the discharge of their duties. It identifies and continuously evaluates exposure to significant risks, monitors and reviews the appropriateness and adequacy of the systems of internal financial and operational control, reviews accounting policies and financial information issued to shareholders and the public, and ensures that satisfactory standards of governance, reporting and compliance are in operation. The Group Audit Committee provides effective communication between the Registrar of Banks, directors, management and the internal and external auditors, and recommends to the board the appointment of the external auditors.

An audit committee charter provides clear terms of reference for the Group Audit Committee, which is assisted in its tasks by regular reports from the Group Finance Committee, Group

Credit Risk Monitoring Committee, Internal Control Risk Monitoring Committee and the Information Technology Committee.

The Banks Act imposes additional responsibilities on the boards of the group operating companies that are registered as banks, especially in relation to annual reporting on the functioning of each bank's system of internal controls and its continuing viability as a going concern. The newly promulgated regulations of the Banks Act have imposed further obligations of a corporate governance nature on banks in the group, which have been addressed. The Group Audit Committee assists the Nedcor Bank Board in discharging these responsibilities and monitors the advice given by the other operating companies' audit committees to their respective boards in ensuring that uniform standards are applied throughout the Nedcor Group.

Group Finance Committee

This committee, comprising solely non-executive directors, is chaired by Tim Curtis. In attendance at meetings of the committee are the Chief Executive, the executive director responsible for finance and other senior executives responsible for treasury, finance and risk management within the group.

Group Finance Committee meetings are held at least four times a year. The committee is primarily responsible for evaluating the appropriateness, adequacy and efficiency of accounting policies and procedures, as well as for considering the effectiveness of asset/liability, trading risk and management processes.

Group Credit Risk Monitoring Committee

This committee is chaired by Mike Leeming, an executive director, and comprises non-executive and executive directors. Its main objective is to assist the Group Audit Committee in discharging its remit relative to the high-level monitoring of credit risk in the group.

Information Technology Committee

This committee is chaired by the Nedcor Group Chairman and comprises mainly non-executive directors. Although its purpose is currently under review, this committee's objective is to assist the group and various subsidiary boards in discharging their responsibilities relative to the high-level monitoring of IT risks and approving IT projects of strategic and financial significance.

Internal Control Risk Monitoring Committee

This ad hoc committee, comprising non-executive and executive directors, is chaired by Peter Joubert. The committee's primary function is to review group compliance with the Banks Act, with particular reference to annual reporting, internal financial controls and going concern. Based on its processes and management assurances, the Internal Control Risk Monitoring Committee is required to satisfy itself that there has been no material malfunction in the group's financial internal controls, procedures and systems.

Internal audit and control

The board of Nedcor acknowledges that it is responsible for internal financial control. For this purpose an established and highly regarded internal audit function performs an independent appraisal of the group's systems of internal control and operation. This is conducted with the full cooperation of the board and management.

The group's internal control systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements and reporting, to safeguard, verify and maintain accountability of its assets, and to detect and minimise fraud, potential liability, loss and material misstatement, while complying with all applicable laws and regulations governing the operations of the Nedcor Group. In assisting executive management in the effective discharge of its responsibilities through a comprehensive examination and evaluation of the group's activities, internal audit, as part of its function, specifically considers the adequacy of processes and controls established to identify and manage operational risk throughout the Nedcor Group.

With the increasing convergence of internal audit functions with those of other risk-related and compliance functions, Internal Audit operates closely in a coordinated way with the other functions in the group responsible for the wider aspects of enterprise risk management.

Any material or significant control weaknesses that are identified are brought to the attention of management and the Group Audit Committee for consideration and the necessary remedial action. The Head of Internal Audit has unrestricted access to the Chairman of the Group Audit Committee, as well as the Chairman of the Nedcor Board, where necessary.

Group compliance

Regulation 47 issued by the South African Reserve Bank, which became effective in January 2001, defines the compliance function of banks as follows:

"A bank shall establish an independent compliance function as part of its risk-management framework, in order to ensure that the bank continuously manages its regulatory risk, that is, the risk that the bank does not comply with applicable laws and regulations or supervisory requirements."

Nedcor has an independent Compliance Department, which reports to the Chief Executive Officer and the Audit Committee. This department has been enhanced to meet the new Banks Act requirements and has adopted a risk-based approach to compliance monitoring, and has developed a plan for 2001 to assist management in discharging its compliance responsibilities. The focus has been placed on identifying key risks as well as on facilitating, monitoring, training and servicing the group as a whole.

Relations with shareholders and other stakeholders

Shareholders and potential investors require access to regular, reliable and comparable information in sufficient detail for them to make a meaningful assessment of the stewardship of Nedcor by the directors and to enable them to make informed investment decisions about the group. Accordingly, through its investor relations programme, Nedcor maintains regular contact with domestic and international institutional shareholders, fund and asset managers, and industry investment analysts. This includes meetings with executive management, investor roadshows, presentations to the investment community, and liaison with private shareholders in response to their enquiries.

All shareholders are encouraged to attend the annual general meeting, and any other general meetings of Nedcor, and to put questions to board members and the chairmen of the various board committees, who are required to be in attendance as part of their responsibilities in those roles.

While the board's primary responsibility is to account to the company, and thereby its shareholders, for its performance and that of Nedcor, it has been a fundamental tenet of the board to maintain reciprocal relationships with stakeholders with a legitimate interest in the group's operations and activities. The board recognises the importance of Nedcor ensuring an appropriate balance in meeting the diverse needs and expectations of all the group's stakeholders and in building lasting relationships with them as a responsible corporate citizen. This process takes a number of forms, ranging from social responsibility and community programmes, more fully described elsewhere in the annual report, to consultation with employee representatives, clients and suppliers on matters affecting them.

Employment equity and participation

Development of all employees in the Nedcor Group is an important, and critical, component of the group's broader approach to corporate governance. Since 1992 the group has had an affirmative action programme in place as a means of achieving and creating employment equity in the workplace through training, monitoring and development of all levels of staff. Realistic numerical goals and timetables are applied, based on current and projected skills availability, both from internal resources and externally. Progress towards the achievement of these targets is constantly monitored, linked to a rewards scheme, and is the subject of regular review by the board of Nedcor.

Not only does this programme meet all legislated requirements, but constitutes an important contribution to enhancing business competitiveness.

Codes of conduct

The Nedcor Group subscribes to the Code of Banking Practice endorsed by member banks of the Banking Council of South Africa. This code governs Nedcor's conduct regarding relationships with authorities, clients, competitors, employees, shareholders, suppliers and the community. The group has put in place appropriate procedures and mechanisms to ensure that all elements of this code are adhered to fully. The Nedcor Vision, Mission and Values are furthermore reviewed regularly.

In addition, the group has a Charter of Employment that commits management and employees to high standards of ethical behaviour. It provides a clear guide as to the expected behaviour of management and employees in their dealings with each other and the group's stakeholders, and failure to maintain ethical standards may result in disciplinary action. Employees of outsourced functions are also required to comply with the principles of this charter.

Management and staff with access to confidential financial information are prohibited from trading in the shares of Nedcor and its securities-listed subsidiaries for a prescribed period immediately preceding the publication of their interim and year-end financial results. This restriction is extended to include other periods during which information relating to Nedcor and/or group companies may be considered by the board to be sensitive. Detailed procedures have also been laid down by the board in regard to the disclosure of directors' interests and dealings in the shares of group companies.

Risk monitoring

In the normal course of business operations the Nedcor Group is exposed to a number of risks, the most significant being market, liquidity, credit, operational and control, and compliance risk. These risks are managed through a comprehensive framework encompassing infrastructure, policies and methods that support active and effective control. Independent overview and monitoring are undertaken by

CORPORATE GOVERNANCE AND RISK MONITORING

various board committees that are supported by specialised risk monitoring units. The individual business units, however, remain accountable for risks assumed, and are required to have the appropriate risk management skills.

Asset and liability management

The effective management of risk is addressed by the Asset and Liability Management Committee (ALCO), which ensures that acceptable levels of financial risk – excluding credit, operational and control, and compliance risk – are identified, understood and effectively managed, while achieving the strategic and financial objectives of the group.

The Nedcor Board has approved an aggregate risk exposure limit of 5% of capital and reserves for interest rate, liquidity, trading and foreign exchange risks.

The asset and liability management process within Nedcor is decentralised, with each of the group companies responsible for determining its strategy and managing its individual balance sheet. The Group ALCO, which meets monthly, is responsible for monitoring the overall group strategy and compliance and is subject to quarterly review by the Nedcor Group Finance Committee.

The asset and liability management processes and methodologies are constantly under review and are updated regularly to ensure dynamic and worldclass risk management.

Interest rate risk management

Nedcor assesses its interest rate risk exposure through the use of traditional gap analysis and earnings-at-risk modelling techniques. Gap analysis measures the volumes of assets and liabilities subject to repricing within a given period according to their contractual repricing characteristics. Stress testing and net interest income simulations for a variety of possible interest rate scenarios measure the financial impact of interest rate movements. The risk concentrations and possible financial implications are dynamically measured, identified and managed, generally through the use of on-balance-sheet activities.

Nedcor's exposure to an adverse 1% parallel movement of interest rates in December 2000 was R95,9 million or 2,03% of net interest income. This compares with R64,5 million or 1,5% in 1999.

The structural interest rate risk profile, as measured by the three-month cumulative gap, was 6,08% of total assets as at December 2000, compared with 3,7% in 1999. Foreign currency interest rate risk positions are reviewed daily and are reported twice monthly to ALCO.

Liquidity risk management

Liquidity risk management forms an integral part of proactive balance sheet management within Nedcor and is actively implemented through:

- maintaining a strong presence in selected target markets;
- cash-flow-forecasting models and strategy planning;
- maintaining an adequate pool of high-quality marketable assets; and
- liability diversification.

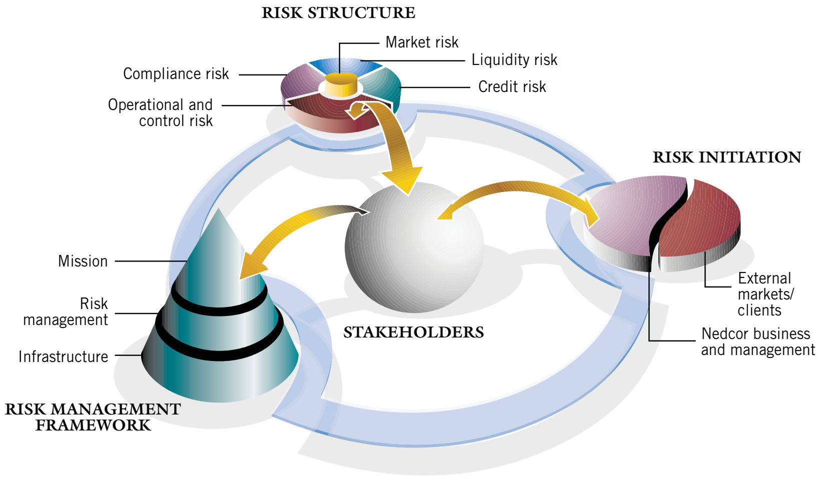
The lending activities of foreign currency entities are conducted mainly on a fully matched basis.

Trading risk management

Independent oversight of trading risks is performed by the Group Treasury Risk Control Unit, which is ultimately accountable to the Nedcor Board. This unit consists of Market Risk Management, Treasury Trading Credit Risk Management and Treasury Middle Office. The skill competencies of this area are diverse and include quantitative analytical skills, strong communication and consensus-building skills, product knowledge, practical knowledge of the trading and valuation processes, and expertise in multiple-technology environments.

Trading risk is managed according to a framework that enhances transparency in respect of risk-taking activities, promotes a risk management culture and provides the basis for a comprehensive risk management process. This

RISK UNIVERSE



process ensures that risks are identified, understood, measured and effectively managed and communicated at all times by an independent risk management function that also reviews and analyses significant risk concentrations throughout the group. The risk management process is designed to achieve an acceptable balance between risk and reward, while promoting successful participation in the various markets in support of the group's diverse client needs.

Nedcor trades primarily in foreign exchange and interest rate markets. Instruments actively deployed are interest rate swaps, forward rate agreements, bonds and bond options. Currency options, equities and equity derivatives are traded on a limited basis. The market risk exposure that arises from these activities is defined in terms of the potential impact on earnings of unfavourable changes in foreign exchange rates, interest rates, prices, market volatilities and market liquidity. The credit risk exposure is defined as the potential loss that may arise when a counterparty does not meet its commitments.

Market Risk Management monitors risk throughout Nedcor, including Nedcor Investment Bank, and offshore operations. The market risk management process complies with international best practice and has been reviewed by external and internal auditors as well as expert international consultants. Treasury Trading Credit Risk Management is currently implementing a process to comply with international best practice. The monitoring of trading credit risk exposures includes a total risk exposure measure, made up of current market value plus potential future exposure. Emphasis has been placed on using credit mitigation strategies such as netting and collateralisation of exposures. These strategies have been particularly effective in situations where there has been a high risk of default.

Treasury Middle Office enables and facilitates operational risk management and focuses on the effectiveness and efficiency of systems, processes and procedures in the Treasury environment.

Market risk exposures are currently measured using three different methods, namely sensitivity analysis, value-at-risk (parametric and simulation) analysis and stress scenario analysis.

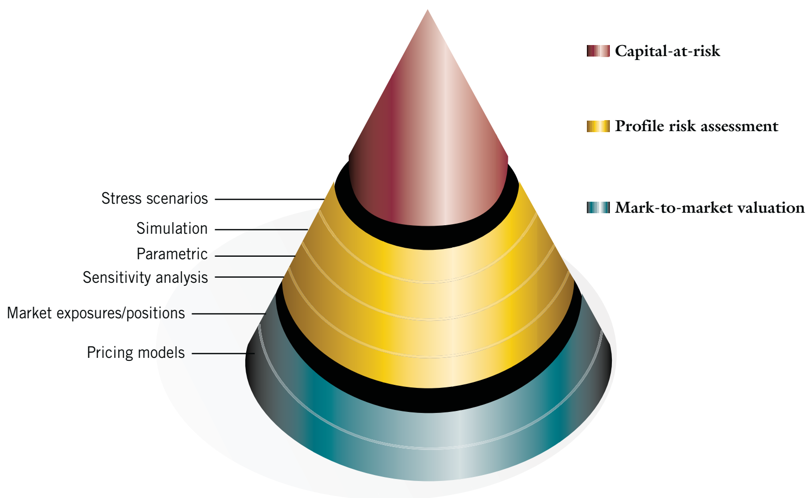
Nedcor's current limit structure is based on sensitivity analysis that measures the impact on earnings of specified moves in interest rates, prices and exchange rates. This method of risk exposure measurement is conservative, as all market factors are assumed to move adversely at the same time. For the year ended 31 December 2000 average market risk exposure was 0,25% of Nedcor's average capital and reserves.

Value-at-risk has been implemented for Nedcor. This risk measure estimates the largest potential loss in pretax profit over a given holding period for a specified confidence level. The methodology takes into account diversification of risks by recognising offsetting positions and correlations between products and markets. Risks can be measured consistently across all markets and products, and risk measures can be aggregated to arrive at a single risk number. This methodology is also applied to the various portfolios to determine the potential future exposure. Market risk reserves are then created as a function of these calculations and not as a function of profitability.

Since no single measure can capture all the dimensions of market risk, value-at-risk analysis is supplemented by scenario analysis. This measures the impact of extreme moves in market prices, based on either historical events or hypothetical scenarios. Stress testing is an extreme case of scenario analysis and assesses the impact of large arbitrary price moves or worst-case scenarios.

The risk philosophy of the organisation is such that no risk is taken unless it is fully understood and can be effectively managed. The policies and parameters governing market risk exposures are approved at various management levels, with ultimate responsibility for capital allocation and aggregate risk limits residing with the Nedcor Board. The Group Finance Committee, consisting of non-executive directors,

RISK MEASUREMENT



plays a key role in ensuring the board's understanding of the risks to which the organisation is exposed. Nedcor's market risk management function plays a critical role in ensuring that trading limits are compatible with a level of risk acceptable to the board, that they reflect an appropriate risk-reward ratio and that they take into account the nature of the products and markets involved.

Credit risk management and monitoring

Structure and policy

Credit risk is the risk that a counterparty fails to meet its commitments to the group, thereby causing a loss. This includes losses arising through both on and off-balance-sheet lending decisions.

Lending across the group is governed by credit policy guidelines reflecting the group's risk management programme approved by the directors of Nedcor and administered by the Group Credit Risk Monitoring Committee. This committee consists of non-executive directors, who should always be in the majority, as well as executive directors, and meets at least four times annually. All facilities in excess of 10% of the group's capital and reserves are approved by this committee. It also reviews other large exposures, risk profiles, levels of provisions, risk parameters and compliance with prudential criteria. It further evaluates the findings of the internal and external auditors as these relate to credit risk and it provides information on credit risk to the Group Audit Committee.

Each subsidiary and division has its own credit policy, which conforms to group policy and deals with matters specific to its business, such as mandates, authority limits, writeoffs, provisions and lending procedures.

Credit risk in Nedcor Bank is managed in terms of the market segmentation adopted by the business areas, ie retail, corporate and commercial.

Credit risk is managed and monitored on a daily basis according to various criteria, such as concentrations of risk, arrears, excesses and aggregate exposure, and is monitored at least quarterly by the Group Credit Risk Monitoring Committee. Credit risk is also frequently and independently reviewed by the group's internal auditors through their specialised credit auditors, using international best-practice audit methodologies.

Corporate and commercial facilities are all risk-rated into internally established risk categories ranging from AAA (best) to F (worst). The frequency of the review process and management of the exposure will depend on the rating applied.

Non-performing loans

Non-performing loans are loans on which no income is earned, either because interest has been suspended or because interest is being reserved. The appropriate capital and interest provisions are raised against these advances, after taking account of the value of any expected recoveries. Non-performing loans are also reviewed by the Group Credit Risk Monitoring Committee.

Provisions for loan losses

Each subsidiary and division has established procedures for making specific provisions against loan losses and for writing off loans on a basis consistent with group policy. Specific provisions are raised immediately when the amount of a portion of a loan considered to be irrecoverable is known. Interest not serviced has to be reserved and written off when it is considered to be irrecoverable. In addition, each subsidiary maintains a general provision to cover the inherent risk of losses in the book not yet specifically identified as doubtful. To enhance the overall risk profile of the group, credit insurance has been arranged, providing cover of R386 million.

Country risks

Sovereign limits are approved by the Group Sovereign and Counterparty Risk Committee, which meets at least weekly, and all countries are rated either internally or by reference to internationally accepted rating agencies. The taking of insurance, external tangible security or other measures reduces the country credit risk on exposures to countries perceived to present high risk.

Retail credit risk

The purpose of Retail Credit is to satisfy the diverse borrowing needs of clients. Being committed to the Code of Banking Practice, we believe in fairness and transparency in our credit decisionmaking processes.

Retail Credit is in the process of implementing significant system enhancements to support our drive towards organising the business around the client as the centre of our universe.

Technology and innovation

Our assessment systems are currently being enhanced to support application-scoring techniques, which will facilitate both client and product level assessment at every client interface or delivery channel.

Behavioural scoring enables us better to understand the risk attached to money advanced to existing borrowers. The better a client's credit behaviour, the lower the probability of future default, which means that we can lend more money to such a client if he or she requires this, without the need for reassessment. Risk grading has now automated a host of credit decisions that are tailored to each client's specific risk profile.

The new Debt Manager System provides a consolidated view of a client's debt portfolio, utilising client-curing strategies best suited to regularise a client's particular financial situation.

Retail credit risk follows a three-pronged approach, ie assessment and credit granting, client credit management and legal recoveries.

Assessment and credit granting

Assessment deals with the process of evaluating loan applications to determine the relative risk involved for Nedcor Bank. The granting of a credit facility is based on the outcome of the assessment.

Retail Credit plays a gatekeeper role in ensuring that the all-important balance between risk and reward is maintained and that lending quality and asset growth targets are achieved. Increasingly the relationship between sales volume and risk pricing is being scientifically assessed and managed.

Although justification for granting a facility could be found in security, the general policy is to find primary justification for making a loan in a borrower's credit standing and ability to service loan repayments.

Client Credit Management

Client Credit Management is primarily responsible for the monitoring of credit quality and assisting clients who are experiencing financial difficulties in repaying loans. The rehabilitation of a client involves negotiating a repayment plan that will reinstate the client as a normal, active borrower.

The objective is to maintain a positive client relationship with Nedcor Bank at all times. In regularising a client Retail Credit will consider all innovative ways of assisting a client within the context of his or her financial position and the bank's appetite for further risk.

Legal Recoveries

Legal Recoveries is concerned with foreclosure, realisation of non-liquid security, property in possession and attachment of movable goods after all attempts at rehabilitating a client have failed. This process generally involves litigation.

In addition to the foregoing, specialised services offered include handling insolvencies, deceased estates and absconded clients.

Corporate and international credit risk

The Corporate and International Credit Division of Nedcor Bank has responsibility for managing the credit risk arising from the bank's exposures to corporate, government and parastatal clients, to local and foreign banking counterparties, as well as to the bank's trade-related lending activities into sub-Saharan Africa and elsewhere in the world.

The division fulfils various credit management, monitoring and advisory functions for the bank's international subsidiaries and associates, and it also manages the bank's country risk.

It uses an objective risk-rating system, enhanced by subjective risk assessment, to risk-grade its portfolio into appropriate risk-grading parameters, which specify exactly how each account is managed and monitored. The intensity of the risk management process varies according to the risk rating (and therefore financial soundness) of each entity, right through to hourly risk management in the case of some accounts under the specialist management of the division's corporate recovery team. All exposures are subject to at least one detailed annual review, which is supplemented, in need, through inter alia ongoing daily analysis and review of corporate events, management changes, market price changes and macroeconomic factors.

The division has established policies and procedures that are subject to both internal and external audit, quarterly Group Credit Risk Monitoring Committee scrutiny, and review by the regulatory authorities from time to time.

All the decisionmaking committees, which meet daily, are chaired by an individual who is totally independent of the division's reporting lines and its credit management processes. Approvals require unanimous assent and conservatively established committee mandates require that facilities are also approved by nominated directors and the Group Credit Risk Monitoring Committee, depending on the level of such facilities. The division operates entirely independently of the business and sales areas and there are no lending mandates outside of the division.

Commercial credit risk

The Commercial Division has responsibility for managing the credit risk arising from the bank's exposures to all business falling outside the corporate markets. This segment is made up of small to medium-sized businesses as well as professionals practising for their own account.

In managing this diverse portfolio the division makes use of various appropriate practices to assess the risks and manage the exposures effectively. Depending on the size of facilities, risk grading varies from an objective risk-rating system, enhanced by subjective risk assessment, to pure subjective grading. All underperforming assets are managed by a dedicated team in a centralised environment. Non-performing assets receive ongoing high-level focus and are actively controlled and managed.

BOARD COMMITTEES

Group Audit Committee

PG Joubert (Chairman)
WAM Clewlow
GH Bulterman
PTW Curtis
JN Hamman
JVF Roberts

Group Finance Committee

PTW Curtis (Chairman)
PG Joubert
CF Liebenberg
CC Parker

Group Remuneration Committee

CF Liebenberg (Chairman)
PG Joubert
RCM Laubscher
MJ Levett
JB Magwaza

Information Technology Committee

CF Liebenberg (Chairman)
GH Bulterman
RCM Laubscher
CC Parker
A Racov
AA Routledge
GS van Niekerk

Chairman's Committee

CF Liebenberg (Chairman)
BJS Hore
PG Joubert
MM Katz
RCM Laubscher
MJ Leeming
MJ Levett
SG Morris
DGS Muller
AA Routledge

Credit Risk Monitoring Committee

MJ Leeming (Chairman)
GH Bulterman
PTW Curtis
MM Katz
RCM Laubscher
CF Liebenberg
ME Mkwanazi
SG Morris
CC Parker

SHAREHOLDERS' DIARY

2000 financial year

Financial year-end	31 December 2000
Dividend payment (final)	19 April 2001
Annual general meeting	25 April 2001

2001 financial year

Financial year-end	31 December 2001
Reports	
Interim report and announcement of interim dividend	on or about 3 August 2001
Annual results and announcement of final dividend	during February 2002
Publication of annual financial statements	during March 2002
Dividend payments	
Interim	during October 2001
Final	during April 2002
Annual general meeting	during April 2002

Nedcor's primary financial objective of sustained superior earnings growth has again been met during the year under review. Headline earnings per share increased by 24% and headline earnings increased 26% on a comparable year-on-year basis. This has been achieved through focus on continued building of value for all our stakeholders, managing risk in volatile markets and controlling costs effectively through improved business efficiencies and productivity.

general provisions increased 5% and reflects the continuing improvement in the credit environment. Expense growth was well-contained with core expenses growing by some 8% and the expense-to-income ratio improving to 50,0%. Nedcor is proud of attaining this goal, which benchmarks us with leading international levels. The tax charge grew by 16% and reflects a slight decline in the effective tax rate from 21,4% last year to 20,1% this year.

Headline earnings	**Audited 2000 Rm**	Adjusted 1999* Rm
Income attributable to shareholders	**6 370**	2 406
Less: exceptional items	**3 343**	
Net capital profit on sale of long-term investments	**3 634**	
Amortisation of goodwill and other acquisition costs	**(251)**	
Writedown of property and leasehold premises	**(106)**	
Taxation: exceptional items	**77**	
Share of exceptional items attributable to minorities	**(11)**	
Headline earnings (1999: adjusted)	**3 027**	2 406

* *Adjusted headline earnings for 1999 have been calculated excluding exceptional items to ensure comparability*

The results were achieved in a tough but eventful year during a cycle of declining interest rates, a stabilising credit position and volatility in the foreign exchange and money markets. Interest margin has been negatively affected by pure margin compression, the reduced endowment effect of lower interest rates on free capital and the redeployment of funds into strategic investments.

Non-interest revenue increased by 23% due to good allround performance and excellent foreign exchange income, resulting in total revenue growth of 15%. The charge for specific and

Nedcor Bank performed well with a 31% increase in earnings and all key indicators showing improvement. Growth was recorded across all divisions with especially good growth in the Retail, Corporate, International and Treasury businesses. Nedcor Investment Bank again produced solid growth in income of 23% while Cape of Good Hope Bank's increase in profits of 21% is in line with expectations.

Exceptional items totalled R3 343 million and included the following principal items:

- A net profit of R3 634 million on disposal of investments and businesses, including the exchange of the investment in DDIL for R1,8 billion cash and an 8,2% interest in Didata plc, the sale of 50% of NIB's funds management business to Franklin Templeton, and the sale of a 33,3% interest in Linx as part-payment to acquire a 20% interest in The Internet Solution.
- R251 million relating to the amortisation of goodwill and other acquisition costs.
- R106 million before taxation for the further writedown of properties and leasehold premises to recognise permanent diminution in value resulting from the reconfiguration of our retail branch network.

The growth in 2000 headline earnings per share is 24% up on last year and 26% up on a five-year compound growth rate basis. Since 1994 there has been a steady increase in the number of shares in issue as a result of biannual capitalisation share awards, the issue of global depositary receipts (GDRs) in 1995, the exercise of warrants on the GDRs in 1997 and options exercised on an ongoing basis in terms of the Nedcor Group (1994) Employee Incentive Scheme. This has had the effect of diluting the increases in earnings per share.

The results also embrace the mandatory adoption of a number of South African Accounting Standards, which are aligned with International Accounting Standards. These include accounting standards relating to the amortisation of goodwill, the recognition of pension fund surpluses, the capitalisation of software development expenses (offset by the acceleration of depreciation on hardware), the recognition of deferred-tax assets, the treatment of foreign currencies, the classification of investments and the adoption of headline earnings. The presentation of results in 2001 will be further impacted by the adoption of AC133, the new accounting standard on recognition and measurement of financial instruments.

Key financial performance indicators – year ended 31 December 2000

Our objectives remain to sustain growth in all areas of measurement, in real terms, and to exceed the average growth of the 'big four' South African banks. These have been achieved.

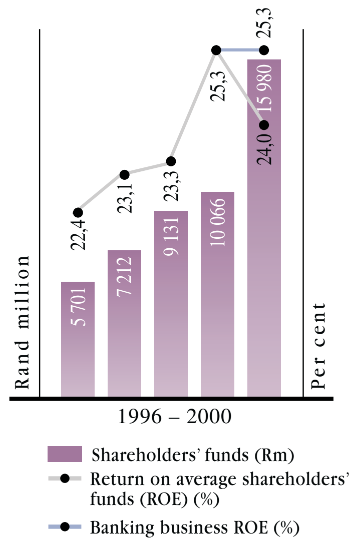
Return on average shareholders' funds 24,0%

Our objective is to exceed 23%.

This return was achieved on a shareholders' funds base that grew 59% from 31 December 1999 to R16,0 billion. The major reason for the increase in equity is the exceptional profits of R3,6 billion on the exchange of our 25% interest on DDIL for shares in the London-listed Didata plc.

The decline in the return-on-equity (ROE) ratio to 24,0% from 25,3% last year is as a result of this significant increase in equity but, excluding our technology investments, the adjusted ROE for the banking business is 25,3% (1999: 23,9%). The return, in real terms, based on an average inflation rate for 2000 of 5,3% (1999: 5,2%), was 18,7% (1999: 20,1%).

SHAREHOLDERS' FUNDS

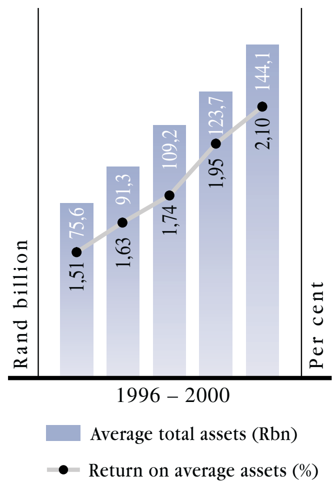


Return on average assets 2,10%

Our objective is to achieve a minimum return of 1,50%.

Average asset growth was 17% and the improvement in the return on assets from 1,95% to 2,10% is in the upper range of globally benchmarked levels. This improvement can be attributed to the 26% growth in headline earnings as a result of good income growth, sustained cost efficiencies and the maintenance of the effective tax rate.

RETURN ON AVERAGE ASSETS

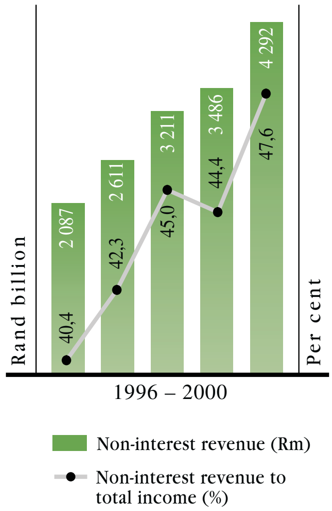


Non-interest revenue to total income 47,6%

Our objective is to maintain the ratio over 43%.

The outperformance of this ratio is due to strong growth in non-interest revenue compared with the lower growth achieved in net interest income. The core growth in commission and fees, together with good performances by the treasuries within the domestic and international money markets and growth in foreign exchange trading and translation income, have all contributed to this excellent performance.

NON-INTEREST REVENUE TO TOTAL INCOME

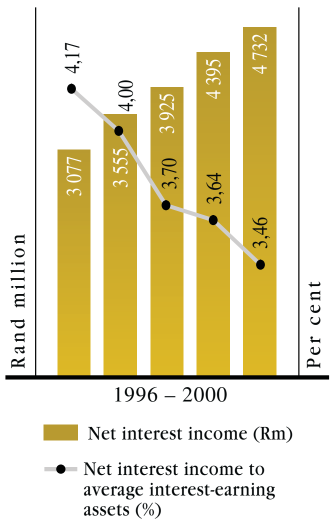


Net interest margin 3,46%

Our objective remains to manage the interest margin within acceptable risk parameters.

The margin during 1999 was higher at 3,64%. The 1999/2000 environment was one of decreasing interest rates and resulted in margin compression. The margin was further reduced due to the redeployment of shareholders' funds from interest-bearing assets into strategic investments.

NET INTEREST INCOME TO AVERAGE INTEREST-EARNING ASSETS

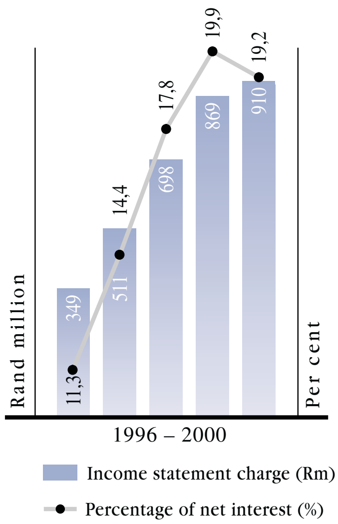


Specific and general provisions

Our objective is to diversify the loan portfolio and earn a return commensurate with the level of risk.

We continued to focus on the attraction of higher-quality business but, nevertheless, the aftermath of the high interest rates and the lack of economic growth reflected a 5% increase in the charge for specific and general provisions. The ratio of provisions to average advances, including the credit insurance policy cover available, has grown to 3,8% (1999: 3,0%), mainly as a result of the acquisition of the heavily provided FBC Fidelity Bank advances book with provisions of some R950 million.

SPECIFIC AND GENERAL RISK PROVISIONS CHARGE



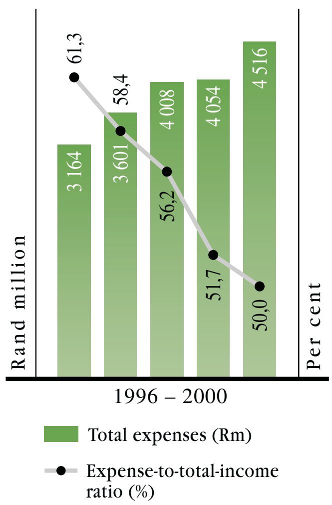
Expenses to total income 50,0%

At 61,3% in 1996 the objective was set to reduce this ratio to 50%, which was achieved during the year under review.

It is now targeted to be further reduced to under 50% to ensure we keep in line with international benchmarks. Expenses increased by 11%, while core expense growth was 8%. The expense growth included the increased base costs from the acquisitions of Edward Nathan & Friedland, FBC Fidelity Bank and the new Capital One activities, offset by a final recognition of the pension fund surplus.

Major savings continued in processing costs through increased efficiencies as well as staff electing to receive share options instead of bonuses.

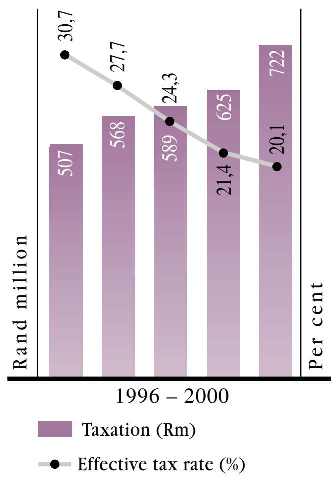
EXPENSE-TO-INCOME RATIO



Taxation

The effective rate is 20,1% compared with 21,4% in 1999, and the total tax charge increased by 16%. Transaction taxes are included under this heading. The nature of the income mix is such that the effective tax rate has been between 5% and 10% below the company tax rate over the past five years.

TAXATION



FIVE-YEAR REVIEW

GROUP

		31 Dec 2000	31 Dec 1999	31 Dec 1998+	30 Sept 1997	30 Sept 1996
Key balance sheet items						
Share capital	(Rm)	**240**	237	233	226	218
Shareholders' funds	(Rm)	**15 980**	10 066	9 131	6 888	5 395
Deposit, current and other accounts	(Rm)	**140 689**	118 225	106 900	87 271	73 453
Total assets	(Rm)	**158 259**	129 844	117 527	95 644	80 283
Cash and short-term funds and securities	(Rm)	**19 733**	14 864	12 404	12 056	8 371
Advances and other accounts	(Rm)	**120 085**	103 783	96 483	77 857	66 747
Acceptances	(Rm)	**859**	874	913	1 126	1 065
Specific provisions for bad and doubtful debts	(Rm)	**3 079**	1 807	1 449	1 079	981
General provision	(Rm)	**1 003**	1 028	419	464	462
Specific and general provisions	(Rm)	**4 082**	2 835	1 868	1 543	1 443
Key income statement items						
Total income	(Rm)	**9 024**	7 845	8 737	5 909	4 985
Specific and general provisions	(Rm)	**910**	869	815	473	333
Net income before exceptional items	(Rm)	**3 598**	2 922	2 957	1 969	1 592
Headline earnings	(Rm)	**3 027**	2 406#	2 267	1 426	1 082
Income attributable to shareholders	(Rm)	**6 370**	2 406	2 267	1 426	1 082
Share statistics						
Weighted average number of fully paid shares in issue	(millions)	**239**	235	230	222	215
Headline earnings per share	(cents)	**1 267**	1 024#	984	641	502
Earnings per share	(cents)	**2 665**	1 024	984	641	502
Dividends per share	(cents)	**400**	320	308	200	155
Dividend cover	(times)	**3,2**	3,2	3,2	3,2	3,2
Net asset value per share at book value	(cents)	**6 658**	4 247	3 919	3 048	2 475
Share price	(cents)	**17 100**	13 700	10 020	10 050	6 525
Market capitalisation	(Rbn)	**41,4**	32,5	23,3	22,7	14,2
Selected returns and ratios						
Return of average shareholders' funds	(%)	**24,0**	25,3	23,3*	23,2	22,4
Return on average total assets	(%)	**2,10**	1,95	1,74*	1,62	1,45
Return on risk-weighted assets	(%)	**2,60**	2,48	2,33*	2,02	1,79
Net interest income to interest-earning assets†	(%)	**3,46**	3,64	3,75	3,97	4,10
Non-interest revenue to total income	(%)	**47,6**	44,4	44,4	42,3	40,2
Expenses to total income	(%)	**50,0**	51,7	56,8	58,7	61,4
Capital adequacy						
Primary capital to risk-weighted assets	(%)	**11,5**	10,5	8,8	9,3	8,4
Total capital to risk-weighted assets	(%)	**13,2**	12,0	10,8	10,6	9,9
Employees	(number)	**18 664**	17 311	18 722	19 058**	16 826
Rand/US$ exchange rate		**7,550**	6,150	5,880	4,675	4,535

* *Annualised.*

** *Has been restated to include all employees based on contractual obligations.*

\+ *Represents results for the 15 months ended 31 December 1998.*

† *Based on year-on-year simple averages.*

\# *Adjusted headline earnings for 1999 have been calculated excluding exceptional items to ensure comparability.*

INTEREST RATE RISK ANALYSIS

as at 31 December

GROUP

	Interest-rate-sensitive						
	< 3 months Rm	3 months < 6 months Rm	6 months < 1 year Rm	1 year < 5 years Rm	> 5 years Rm	Non-rate-sensitive Rm	Total Rm
	2000						
Cash and short-term funds	9 980					2 880	12 860
Other short-term securities	5 667	1 083	113	8	2		6 873
Government and public sector securities	1 412		231	3 814	1 429		6 886
Advances and other accounts	97 745	2 154	3 341	6 015	4 775	6 055	120 085
Loans to banks	5 488						5 488
Loans and advances to clients	92 257	2 154	3 341	6 015	4 775	1 852	110 394
Other assets						4 203	4 203
Associated and other investments						8 518	8 518
Fixed and intangible assets						2 178	2 178
Customers' indebtedness for acceptances						859	859
Total assets	114 804	3 237	3 685	9 837	6 206	20 490	158 259
Total shareholders' funds						15 980	15 980
Subordinated liabilities		79		213	439		731
Deposit, current and other accounts	102 707	7 081	8 520	10 350	176	11 855	140 689
Deposits by banks	13 004						13 004
Deposits by clients	80 964	3 339	5 478	9 835	172	3 746	103 534
Negotiable certificates of deposit and repurchase agreements	8 739	3 742	3 042	515	4		16 042
Other liabilities						8 109	8 109
Liabilities under acceptances						859	859
Total liabilities	102 707	7 160	8 520	10 563	615	28 694	158 259
Off-balance-sheet items	6 411	(151)	(198)	(4 320)	(1 742)		
Interest rate sensitivity gap	18 508	(4 074)	(5 033)	(5 046)	3 849	(8 204)	
Cumulative gap	18 508	14 434	9 401	4 355	8 204	–	
	1999						
Cash and short-term funds						7 549	7 549
Other short-term securities	6 934	259	108	14			7 315
Government and public sector securities	1 911	858	277	1 623	1 561		6 230
Advances and other accounts	74 602	5 111	4 641	13 815		5 614	103 783
Loans to banks	5 581						5 581
Loans and advances to clients	69 021	5 111	4 641	13 815		3 951	96 539
Other assets						1 663	1 663
Associated and other investments						2 293	2 293
Fixed and intangible assets						1 800	1 800
Customers' indebtedness for acceptances						874	874
Total assets	83 447	6 228	5 026	15 452	1 561	18 130	129 844
Total shareholders' funds						10 066	10 066
Subordinated liabilities				287	392		679
Deposit, current and other accounts	82 305	4 542	4 122	17 195	1 239	8 822	118 225
Deposits by banks	7 927						7 927
Deposits by clients	65 827	2 536	3 314	16 692	1 239		89 608
Negotiable certificates of deposit and repurchase agreements	8 551	2 006	808	503			11 868
Other liabilities						8 822	8 822
Liabilities under acceptances						874	874
Total liabilities	82 305	4 542	4 122	17 482	1 631	19 762	129 844
Off-balance-sheet items	3 715	(231)	(43)	(3 441)			
Interest rate sensitivity gap	4 857	1 455	861	(5 471)	(70)	(1 632)	
Cumulative gap	4 857	6 312	7 173	1 702	1 632	–	

AVERAGE BALANCE SHEET AND RELATED INTEREST

as at 31 December

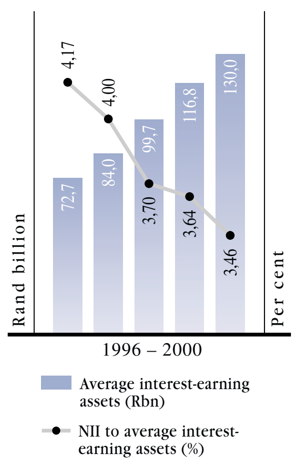
	2000			1999		
	Average balance Rm	**%**	**Interest Rm**	Average balance Rm	%	Interest Rm
Assets						
Short-term funds and securities	18 021	8,06	1 453	18 191	8,55	1 555
Government stock	6 921	10,06	696	5 662	12,49	707
Advances and other accounts:						
Mortgage loans	38 635	13,78	5 325	34 966	17,02	5 950
Lease and instalment debtors	9 506	14,72	1 399	9 265	17,02	1 577
Bills and acceptances	1 698	8,83	150	1 701	11,11	189
Overdrafts	12 492	15,52	1 939	12 019	19,30	2 320
Term loans and other (1)	42 717	10,01	4 274	35 079	11,29	3 962
Interest-earning assets	129 990	11,72	15 236	116 883	13,91	16 260
Other non-interest-earning assets						
Cash, investments and fixed assets	7 698			4 774		
Total assets	137 688	11,07	15 236	121 657	13,36	16 260
Liabilities						
Deposit and loan accounts	72 974	10,11	7 375	64 549	13,06	8 427
Current and savings accounts	19 985	4,39	878	17 969	6,61	1 187
Negotiable certificates of deposit	10 893	10,95	1 193	10 945	14,20	1 554
Other liabilities (2)	20 983	4,51	946	17 716	3,78	669
Subordinated debt	1 040	10,77	112	618	10,31	64
Interest-bearing liabilities	125 875	8,34	10 504	111 797	10,64	11 901
Share capital and reserves	11 813			9 860		
Total liabilities	137 688	7,63	10 504	121 657	9,78	11 901
Margin on average assets		3,44			3,58	
Net interest to interest-earning assets						
– on average balances	129 990	3,64	4 732	116 883	3,73	4 359
– on year-on-year simple average		3,46			3,64	

Where possible, averages are calculated on daily balances.

(1) Includes: term loans, preference shares, factoring debtors, other lending-related instruments, customers' indebtness for acceptances and general provision.

(2) Includes: foreign currency liabilities, liabilities under acceptances, creditors and other accounts.

NET INTEREST INCOME (NII) TO AVERAGE INTEREST-EARNING ASSETS



CURRENCY BALANCE SHEET

as at 31 December

GROUP

	Rand Rm	UK£ Rm	US$ Rm	Other Rm	Total Rm
			2000		
Total assets	123 900	1 161	30 382	2 816	158 259
Cash and short-term funds	11 600	37	788	435	12 860
Other short-term securities	6 186		385	302	6 873
Government and public sector securities	5 705		509	672	6 886
Advances and other accounts	95 416	1 097	22 333	1 239	120 085
Customers' indebtedness for acceptances	803	2	40	14	859
Associate and other investments	2 064	22	6 307	125	8 518
Fixed and intangible assets	2 126	3	20	29	2 178
Total liabilities	115 211	1 542	23 390	2 136	142 279
Subordinated debt instruments	293		438		731
Deposit, current and other accounts	114 115	1 540	22 912	2 122	140 689
Liabilities under acceptances	803	2	40	14	859
Net assets	8 689	(381)	6 992	680	15 980
Total shareholders' funds	11 429	143	4 359	49	15 980
	2 740	524	(2 633)	(631)	–
			1999		
Total assets	110 534	1 318	15 473	2 519	129 844
Cash and short-term funds	5 775	158	1 160	456	7 549
Other short-term securities	6 681	100	316	218	7 315
Government and public sector securities	5 491		304	435	6 230
Advances and other accounts	88 786	972	12 778	1 247	103 783
Customers' indebtedness for acceptances	838		31	5	874
Associate and other investments	1 196	85	880	132	2 293
Fixed and intangible assets	1 767	3	4	26	1 800
Total liabilities	104 600	1 411	12 389	1 378	119 778
Subordinated debt instruments	323		356		679
Deposit, current and other accounts	103 439	1 411	12 002	1 373	118 225
Liabilities under acceptances	838		31	5	874
Net assets	5 934	(93)	3 084	1 141	10 066
Total shareholders' funds	9 199	103	721	43	10 066
	3 265	196	(2 363)	(1 098)	–

Balances have been converted at ruling exchange rates on 31 December 2000 and 1999 respectively.

CAPITAL ADEQUACY

as at 31 December

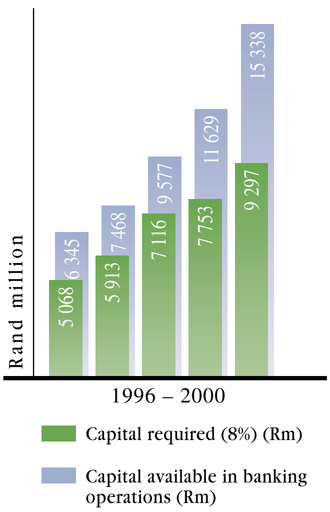
GROUP

	Average balance 2000 Rm	Average balance 1999 Rm	Percentage weighting %	Weighted balance 2000 Rm	Weighted balance 1999 Rm
Money, interbank deposits and claims on central government	27 482	19 824	0	–	–
Land Bank and other public sector bodies	1 208	944	10	121	95
Trade transactions with recourse to other banks	8 901	6 939	20	1 780	1 387
Residential mortgage loans	28 156	23 501	50	14 079	11 751
All other assets	89 689	75 802	100	89 689	75 802
Total on-balance-sheet items	155 436	127 010		105 669	89 035
Counterparty risk	10 867	6 640	0 – 100	2 134	1 442
Off-balance-sheet items	13 749	10 582	0 – 100	8 411	6 458
Total average assets	180 052	144 232		116 214	96 935
Capital available					
Primary (tier 1)					
Share capital				352	151
Primary reserves				12 581	9 637
Nedcor Ltd				423	349
				13 356	10 137
Secondary (tier 2)					
Long-term subordinated debt and other				1 242	759
General provision and other				740	733
				1 982	1 492
Total capital available				15 338	11 629
Total capital to risk-weighted assets (%)					
Primary				11,5	10,5
Secondary				1,7	1,5
Total				13,2	12,0

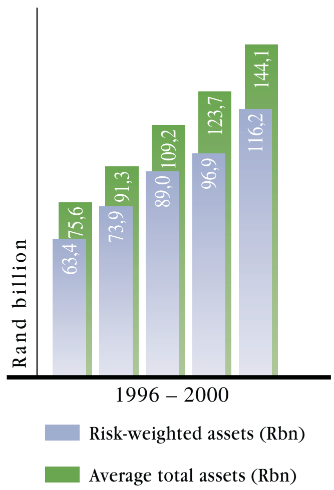
The regulations of the Banks Act prescribe certain risk weights against the various classes of assets to determine minimum capital requirements. Based on the latest returns of banking operations, the quarterly average assets have been classified as stated above.

Current banking legislation in South Africa provides that each banking operation maintains a minimum level of capital and reserves equivalent to 8% of total risk-weighted assets. The above capital available is based on the aggregation of all available capital and reserves within the group.

CAPITAL ADEQUACY



ASSETS: BANKING OPERATIONS



VALUE-ADDED STATEMENT

for the year ended 31 December

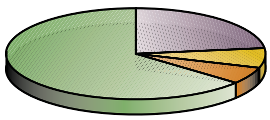
GROUP	2000 Rm	2000 %	1999 Rm	1999 %
Value added				
Value added is the wealth created from providing quality services to clients				
Net interest income	4 732	48	4 359	81
Bad debt charge	(910)	(9)	(869)	(16)
Margin on lending	3 822	39	3 490	65
Non-margin-related income (1)	7 818	79	3 399	64
Other expenditure	(1 724)	(18)	(1 539)	(29)
	9 916	100	5 350	100
Value allocated				
– Employees	2 330	23	2 202	41
– Government (taxes) (2)	645	7	408	8
– Shareholders (3)	622	6	573	11
– Retentions for growth	6 319	64	2 167	40
Depreciation	462	5	313	6
Retained income	5 857	59	1 854	34
	9 916	100	5 350	100

(1) Includes non-interest revenue, attributable earnings of associates and exceptional items (before taxation).

(2) Taxation due to central and local government as per the above is detailed in note 19 on page 77. In addition, the group was obliged to collect, on behalf of central government, employees' tax for the year ended 31 December 2000 of R617 million (1999: R544 million).

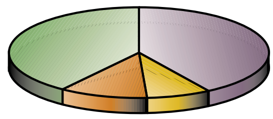
(3) Value is allocated to shareholders in respect of cash dividends (does not include the underlying value of capitalisation share offers) and income attributable to minority shareholders.

VALUE ALLOCATED 2000



Employees	23%
Government	7%
Shareholders	6%
Retention for growth	64%

VALUE ALLOCATED 1999



Employees	41%
Government	8%
Shareholders	11%
Retention for growth	40%

NEDCOR

Registration number 1966/010630/06

(Incorporated in the Republic of South Africa)

FINANCIAL STATEMENTS

Contents

DIRECTORS' RESPONSIBILITY

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 Group 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 written policies and procedures. These controls are implemented by trained, skilled staff with clearly defined lines of accountability and 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 South African 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 financial statements have been approved by the Board of Directors and are signed on its behalf by:

CF Liebenberg
Chairman

RCM Laubscher
Chief Executive

Johannesburg
19 February 2001

REPORT OF THE INDEPENDENT AUDITORS

To the members of Nedcor Limited

We have audited the financial statements and group financial statements, set out on pages 56 to 92, for the year ended 31 December 2000. 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. 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 financial statements fairly present, in all material respects, the financial position of the company and the group at 31 December 2000 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act.

KPMG Inc

KPMG Inc
Registered Accountants and Auditors
Chartered Accountants (SA)

Deloitte & Touche

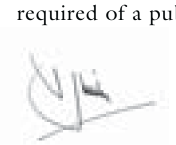
Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (SA)

Johannesburg
19 February 2001

CERTIFICATE FROM THE COMPANY SECRETARY

NEDCOR

In terms of section 268G(d) of the Companies Act, 61 of 1973, as amended, I certify that, to the best of my knowledge and belief, the company has lodged with the Registrar of Companies for the financial year ended 31 December 2000 all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



GS Nienaber
Company Secretary

Johannesburg
19 February 2001

STATUTORY REPORT

Nature of business
Nedcor Limited ("Nedcor" or "the company") is a registered bank-controlling company that, through its subsidiaries, provides a wide range of financial services.

Financial results
Full details of the financial results are set out on pages 58 to 92.

Share capital
Details of the authorised and issued share capital, together with details of shares issued and options granted during the year, appear in note 12 to the financial statements.

Ownership
The holding company of Nedcor is Old Mutual Life Assurance Company (SA) Limited and associates, which hold 52,42% of the company's ordinary shares. The ultimate holding company is Old Mutual plc, incorporated in the United Kingdom.

Capitalisation share awards and dividends
During the year two capitalisation share awards were made to shareholders, who were entitled to decline the award and receive cash dividends. Details of the awards and cash dividends appear in notes 12.3 and 20 to the financial statements respectively.

Directors
Details of the directors are given on pages 94 and 95 of this annual report.

The directors who, in terms of the articles of association, retire by rotation at the conclusion of the annual general meeting are Messrs GH Bulterman, PTW Curtis, Prof MM Katz, Mr CC Parker and Dr WP Venter. All retiring directors are eligible and offer themselves for reelection. Dr J de V Graaff (21/2/2000) and Mr RJ Goss (2/8/2000) retired during the year, while Messrs EE Anstee and AJ Trahar resigned with effect from 8 November 2000 and 20 February 2001, respectively. Messrs WAM Clewlow (15/9/2000), E Molobi (1/10/2000) and JVF Roberts (1/1/2001) were appointed as directors of the company and, in terms of the articles of association, retire at the annual general meeting but, being eligible, offer themselves for reelection. Mr PG Joubert was elected Deputy Chairman of the company with effect from 17 January 2001 by the board of directors.

Company Secretary and registered office
The Company Secretary is Mr GS Nienaber and his address, as well as that of the registered office, is Nedcor Limited, 13th Floor, 100 Main Street, Johannesburg, 2001.

Contracts
No contracts in which directors and officers of the company 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. Mr CF Liebenberg has a minority involvement in Nedcor's Offshore IT Fund, which currently is not material.

Insurance
Cover of up to R60 million in respect of the bankers' bond, computer crime and professional indemnity risk is provided by the group's captive insurance company. Losses in excess of R100 million are fully insured up to £90 million sterling (R1 015 million).

Subsidiary companies

Details of principal subsidiary companies are reflected on page 91.

The following special resolutions were passed by Nedcor Investment Bank Holdings Limited ("NIBH") at its annual general meeting of members on 14 April 2000 and were registered by the Registrar of Companies on 9 May 2000:

- a special resolution to enable NIBH 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 and regulatory provisions;
- a special resolution to enable the subsidiaries of NIBH to acquire issued shares of NIBH or its holding 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 and regulatory provisions;
- a special resolution to increase the authorised preference share capital of NIBH from R102 000 divided into 10 200 000 preference shares of 1 cent each to R202 000 divided into 20 200 000 preference shares of 1 cent each by the creation of 10 000 000 'B' redeemable preference shares of 1 cent each; and
- a special resolution to amend the articles of association of NIBH by incorporating the rights, privileges and conditions of the 'B' redeemable preference shares.

Directors' interests

As at 31 December the directors' interests in shares in the company were as follows:

	Beneficial				**Non-beneficial**			
	Direct		**Indirect**		**Direct**		**Indirect**	
	2000	1999	**2000**	1999	**2000**	1999	**2000**	1999
Mr GH Bulterman			**5 600**	5 600				
Mr WAM Clewlow								
Mr PTW Curtis		102					**3 514**	3 325
Mr BJS Hore								
Mr PG Joubert			**15 000**	15 000				
Prof MM Katz			**2 588**	2 524				
Mr RCM Laubscher	**119**	102	**14 515**	14 532			**28 318**	
Mr MJ Leeming			**169 225**	166 726				
Mr MJ Levett						100		
Mr CF Liebenberg	**110**	108	**20 658**	20 351				
Mr JB Magwaza	**100**	100						
Mr ME Mkwanazi	**100**	100						
Mr E Molobi								
Mr SG Morris	**103**	100						
Mr DGS Muller	**16 140**		**21 057**	37 197				
Mr ML Ndlovu			**2 083**	2 083				
Mr CC Parker	**100**	100						
Mr JVF Roberts								
Mr AA Routledge	**3 467**	3 467						
Mr AJ Trahar	**100**	100						
Mr GS van Niekerk						100		
Dr WP Venter	**100**		**34 029**	34 232				
	20 439	4 279	**284 755**	298 245		200	**31 832**	3 325

There has been no material change in directors' interests since 31 December 2000. There are 2 176 762 (1999: 2 537 835) options outstanding that were granted to executive directors in terms of the Nedcor Group (1994) Employee Incentive Scheme.

Buyback of shares

During November 2000, in terms of the general authority granted by shareholders, a wholly owned subsidiary of Nedcor bought back a total of 1 961 900 Nedcor shares (constituting approximately 0,81% of Nedcor's issued share capital) at an average price of R153,66 per share (total consideration paid: R303,4 million).

The Nedcor shares bought back in terms of the general authority are treated as treasury shares. As such, these shares have no voting rights and are disregarded in calculating earnings and net asset value per share. As the shares had been bought back by a Nedcor subsidiary (and not by Nedcor itself), application was not made to the JSE Securities Exchange South Africa, on which Nedcor shares are listed, for the reduction in the number of Nedcor shares listed.

Members will be requested to renew the general authority enabling the company or a subsidiary to buy back its shares.

Post-balance-sheet events

The directors are not aware of any material post-balance-sheet events.

BALANCE SHEETS

as at 31 December

		GROUP		COMPANY	
	Notes	**2000 Rm**	1999 Rm	**2000 Rm**	1999 Rm
Assets					
Cash and short-term funds	3	**12 860**	7 549		
Other short-term securities	4	**6 873**	7 315		
Government and public sector securities	5	**6 886**	6 230		
Advances and other accounts	6	**120 085**	103 783	**220**	48
Subsidiary companies	8			**2 906**	2 749
Associate and other investments	9	**8 518**	2 293	**7**	7
Fixed property	10.1	**1 149**	883		
Equipment	10.2	**644**	747		
Intangible assets	10.3	**385**	170		
Customers' indebtedness for acceptances		**859**	874		
Total assets		**158 259**	129 844	**3 133**	2 804
Shareholders' funds and liabilities					
Share capital	12	**240**	237	**242**	237
Reserves		**15 316**	9 524	**2 890**	2 566
Ordinary shareholders' interest		**15 556**	9 761	**3 132**	2 803
Minority shareholders' interest	13	**424**	305		
Total shareholders' funds		**15 980**	10 066	**3 132**	2 803
Subordinated debt instruments	14	**731**	679		
Deposit, current and other accounts	15	**140 689**	118 225	**1**	1
Liabilities under acceptances		**859**	874		
Capital, reserves and liabilities		**158 259**	129 844	**3 133**	2 804
Guarantees on behalf of clients excluded from assets	16	**8 727**	5 844		

INCOME STATEMENTS

for the year ended 31 December

		GROUP		COMPANY	
	Notes	**2000 Rm**	1999 Rm	**2000 Rm**	1999 Rm
Interest income		**15 236**	16 260	**42**	14
Interest expense		**10 504**	11 901		
Net interest income		**4 732**	4 359	**42**	14
Non-interest revenue	18.1	**4 292**	3 486	**460**	411
Total income		**9 024**	7 845	**502**	425
Specific and general provisions	7.4	**910**	869		
Net income		**8 114**	6 976	**502**	425
Expenses	18.2	**4 516**	4 054	**2**	2
Net operating income before exceptional items		**3 598**	2 922	**500**	423
Exceptional items		**3 277**	(217)		835
Net capital profit on sale of long-term investments	18.3	**3 634**	711		835
Amortisation of goodwill and other acquisition costs		**(251)**			
Writedown of property and leasehold premises	10.1, 15.1	**(106)**	(225)		
Special general provision supplement	7.3		(703)		
Net income before taxation		**6 875**	2 705	**500**	1 258
Taxation	19.1	**722**	625		
Taxation: exceptional items	19.2	**(77)**	(217)		
Net income after taxation		**6 230**	2 297	**500**	1 258
Attributable earnings of associates	9.3	**249**	130		
Income attributable to minority shareholders	13	**(109)**	(21)		
Income attributable to shareholders		**6 370**	2 406	**500**	1 258
Appropriations:					
Dividends	20	**513**	552	**513**	552
Transfer to non-distributable reserves		**280**	285		
Balance of retained income		**5 577**	1 569	**(13)**	706
Earnings per share (cents)	21	**2 665**	1 024		
Headline earnings per share (1999: adjusted)	21	**1 267**	1 024*		
Dividends per share (cents)	20	**400**	320		
Dividend cover (times)		**3,2**	3,2		
Headline earnings reconciliation					
Income attributable to shareholders		**6 370**	2 406		
Less: non-headline-earnings items		**3 343**			
Exceptional items		**3 277**			
Share of exceptional items attributable to minorities		**(11)**			
Taxation: exceptional items		**77**			
Headline earnings (1999: adjusted)		**3 027**	2 406*		

* *Adjusted headline earnings for 1999 have been calculated excluding exceptional items to ensure comparability.*

NEDCOR

		GROUP		COMPANY	
	Notes	**2000 Rm**	1999 Rm	**2000 Rm**	1999 Rm
Cash flow from operating activities		**4 908**	4 066	**500**	423
Cash received from clients	22.1	**19 345**	19 555	**42**	14
Cash paid to clients, staff and suppliers	22.2	**(14 624)**	(15 648)	**(2)**	(2)
Dividends received on investments	18.1	**96**	64	**460**	411
Recoveries on loans previously written off	7.2	**91**	95		
Change in working funds		**3 893**	(1 389)	**(329)**	(1 092)
Increase in operating assets	22.3	**(12 197)**	(13 145)	**(329)**	(1 092)
Increase in operating liabilities	22.4	**16 090**	11 756		
Cash generated/(utilised) by operating activities		**8 801**	2 677	**171**	(669)
Taxation paid	22.5	**(264)**	(392)		
Cash flow from investment activities		**(3 055)**	314		983
Investment in fixed assets	11, 22.8	**(871)**	(712)		
Proceeds on sale of fixed assets	11, 22.7	**44**	223		
Net proceeds on sale of investment banking assets	18	**118**	121		
Net acquisition of associate and other investments		**(2 377)**	(450)		
Disposal of subsidiaries	22.7	**20**	1 132		983
Acquisition of subsidiaries	22.8	**11**			
Cash utilised by financing activities		**(409)**	(323)	**(171)**	(314)
Net proceeds of ordinary shares issued		**407**	229	**342**	238
Share buyback by subsidiary company		**(303)**			
Dividends paid	22.9	**(513)**	(552)	**(513)**	(552)
Effects of exchange rate changes on cash and cash equivalents (excluding foreign borrowings)		**238**	23		
Net cash generated		**5 311**	2 299	**–**	–
Cash and short-term funds at beginning of year		**7 549**	5 250		
At end of year	3	**12 860**	7 549	**–**	–

STATEMENT OF CHANGES IN ORDINARY SHAREHOLDERS' INTEREST

for the year ended 31 December

	GROUP		COMPANY	
	2000 Rm	1999 Rm	**2000 Rm**	1999 Rm
## Analysis				
Share capital	**240**	237	**242**	237
Balance at beginning of year	**237**	233	**237**	233
Issued during the year	**5**	4	**5**	4
Less: share buyback by subsidiary company	**(2)**			
Share premium	**934**	833	**2 029**	1 692
Balance at beginning of year	**833**	1 125	**1 692**	1 458
Issue of shares	**405**	250	**339**	237
Share issue expenses	**(3)**	(12)	**(2)**	(3)
Less: share buyback by subsidiary company	**(301)**			
Goodwill written off		(530)		
Distributable reserves	**13 866**	8 248	**820**	833
Balance at beginning of year	**8 248**	7 487	**833**	127
Balance of retained income	**5 577**	1 569	**(13)**	706
Goodwill written off		(795)		
Transfer from non-distributable reserves	**26**			
Other	**15**	(13)		
Non-distributable reserves	**516**	443	**41**	41
Reserves not available for distribution	**264**	268	**–**	–
Balance at beginning of year	**268**	180		
Transfer from retained income (note 12.2)	**280**	285		
Release of reserves previously not available (note 12.2)	**(284)**	(197)		
Foreign currency translation reserve	**120**			
Other	**132**	175	**41**	41
Balance at beginning of year	**175**	111	**41**	41
Minorities' share of goodwill written off		60		
Transfer to distributable reserves	**(26)**			
Other	**(17)**	4		
Ordinary shareholders' interest	**15 556**	9 761	**3 132**	2 803
## Summary				
Share capital	**240**	237	**242**	237
Reserves	**15 316**	9 524	**2 890**	2 566
Share premium	**934**	833	**2 029**	1 692
Distributable reserves	**13 866**	8 248	**820**	833
Non-distributable reserves	**516**	443	**41**	41
Ordinary shareholders' interest	**15 556**	9 761	**3 132**	2 803

1. Accounting policies

The consolidated financial statements are prepared in accordance with, and comply with, South African 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 in accordance with sound banking practice. The accounting policies adopted and applied are set out below and are in all material respects consistent with those of the previous year, unless otherwise indicated.

1.1 Consolidated financial statements

The group financial statements incorporate the assets, liabilities and results of the company, its subsidiaries, joint ventures and associate companies. Subsidiary companies are companies in which the group can exercise control at either equity or board level. The results of consolidated subsidiaries, joint ventures and associate companies are dealt with from the effective dates of acquisition until the effective dates of disposal.

1.2 Investments in joint ventures

Joint ventures are those enterprises over which the group exercises joint control in terms of a contractual agreement, except those entered into in the course of lending-related activities. Joint ventures are proportionately consolidated, whereby the group's share of the joint ventures' assets, liabilities, income and expenses is combined with similar items, on a line-by-line basis, in the group's financial statements.

1.3 Associate companies

Associate companies are those companies in which the group holds between 20% and 50% equity interest and exercises significant influence over their financial and operating policies. The share of associated retained earnings and reserves is determined from the associates' latest audited financial statements or the latest unaudited financial results. No significant changes occurred between these dates and the group's year-end.

1.4 Securities and other investments

Securities having a fixed redemption value are stated at cost, adjusted for the 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.

1.5 Derivative instruments

Trading positions on financial futures, option 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 the purpose 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.

1.6 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 set out in note 1.4.

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 transactions are accounted for over the period of the contracts.

1.7 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.

1.8 Discounting transactions

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

1.9 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 relating to the repossession.

1.10 Specific and general provisions

Specific provisions for bad and doubtful debts 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.

1.11 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. Where the effect of discounting is material, provisions are discounted and the discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

1.12 Fixed assets and depreciation

1.12.1 Fixed property and equipment

Freehold land and buildings are considered to be investment properties and are not depreciated. Other equipment and fixed assets are stated at cost and are depreciated on a straight-line basis at rates appropriate to their estimated useful lives.

1.12.2 Intangible assets

Computer software and development costs are stated at cost and are depreciated on a straight-line basis at rates appropriate to their estimated useful lives not exceeding seven years. The carrying value of each intangible asset is assessed annually and revisions are made where it is considered necessary.

1.13 Impairment of assets

The carrying amounts of the group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment, in which case their recoverable amounts are estimated.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount. A previously recognised impairment loss will be reversed if the recoverable amount increases as a result of a change in the estimates used previously to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised. For goodwill a recognised impairment loss is not reversed.

The recoverable amount is the higher of its net realisable value and its value in use. Net realisable value is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset. In assessing value-in-use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset whose cash flows are largely dependent on those of other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

1.14 Goodwill

Goodwill arises as a result of the excess of the cost of an acquisition over the group's interest in the fair value of the identifiable assets and liabilities of subsidiaries and associates acquired. Goodwill is carried at cost less accumulated amortisation and is amortised on a straight-line basis over its estimated useful life. In prior years premiums and discounts in respect of the purchase consideration of shares acquired in subsidiaries and associate investments over or under the fair value of net assets at date of acquisition were either set off against or transferred to reserves as was the generally accepted practice in South Africa at the time. Any gain or loss on the disposal of an interest in an entity includes the unamortised balance of goodwill relating to the disposal of that interest.

1.15 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 related tax benefit will be realised.

1.16 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.

1.17 Foreign 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.

1.18 Borrowing costs

Borrowing costs that are directly attributable to qualifying assets are capitalised. Qualifying assets are those that necessarily take a substantial period to prepare for their intended use or sale. Capitalisation of borrowing costs continues up to the date that the assets are commissioned for use. All other borrowing costs are expensed in the period in which they are incurred.

1.19 Segment reporting

Segment results include revenue, provisioning, expenses and taxes directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from external transactions or from transactions with other group segments. Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to a segment or can be allocated to the segment on a reasonable basis. Segment assets are determined after deducting related provisioning and are reported as direct offsets in the group balance sheet.

1.20 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 post-service costs resulting from plan amendments are amortised over the expected average remaining service lives of the employees.

1.21 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.

1.22 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.

1.23 Comparative figures

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

1.24 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 from banking and related transactions, net income from exchange and securities dealing and net gains on the sale of investment banking assets. Non-banking activities include property development, insurance-related activities and computer-related services, and the net income derived from these activities is included in non-interest revenue.

2. Related-party information

2.1 Parent company

The holding company of Nedcor Ltd is Old Mutual Life Assurance Company (SA) Ltd and associates, which hold 52,4% of the company's ordinary shares. The ultimate holding company is Old Mutual plc, incorporated in the United Kingdom.

2.2 Identity of related parties with whom material transactions have occurred

Material subsidiaries of the group are identified on page 91 and the associates on page 88. All of these entities and Old Mutual plc are related parties. There are no other related parties with whom material transactions have taken place.

2.3 Material related-party transactions

Nedcor Ltd and its subsidiaries, in the ordinary course of business, enter into various financial services transactions with associates, investment-related parties and other entities within the greater 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 91).
– Dividends received from related parties (notes 9.3 and 18.1).
– Dividends paid to holding company – R328 million (1999: R381 million).

2.4 Director and director-related entities

During the 1999 year a subsidiary acquired the commercial division of Edward Nathan & Friedland Inc in which one of the directors of Nedcor Ltd was a partner. Details of directors' shareholdings in the company were disclosed in the 1999 statutory report. There are no material contracts with directors other than regarding the directors' emoluments (see note 18.4 and page 56).

	GROUP		COMPANY	
	2000	1999	**2000**	1999
	Rm	Rm	**Rm**	Rm
3. Cash and short-term funds				
Coin and banknotes	1 603	877		
Money at call and short notice	2 742	3 907		
Balance with central banks	8 515	2 765		
	12 860	7 549		
4. Other short-term securities				
4.1 Analysis				
Negotiable certificates of deposit	2 947	1 924		
Treasury bills	3 488	5 133		
Other	438	258		
	6 873	7 315		
4.2 Book value				
Investment portfolio	6 666	7 140		
Trading portfolio	207	175		
	6 873	7 315		
4.3 Market valuation				
Investment portfolio	6 674	7 148		
Trading portfolio	206	175		
	6 880	7 323		
5. Government and public sector securities				
5.1 Book value				
Government and government-guaranteed securities	5 963	5 329		
Other dated securities	923	901		
	6 886	6 230		
5.2 Maturity structure				
Maturing within 1 year	400	2 335		
Maturing after 1 year but within 3 years	3 881	1 570		
Maturing after 3 years	2 605	2 325		
	6 886	6 230		
5.3 Book value				
Investment portfolio	4 425	2 889		
Trading portfolio	2 461	3 341		
	6 886	6 230		
5.4 Valuation				
Listed securities				
– Book value	6 508	6 205		
– Market value	6 571	6 271		
Unlisted securities				
– Book value	378	25		
– Directors' valuation	379	24		
Total market/directors' valuation	6 950	6 295		
Total redemption value	6 567	7 457		
5.5 Repurchase commitments				
Securities sold subject to repurchase commitments	842	509		

	GROUP 2000 Rm	GROUP 1999 Rm	COMPANY 2000 Rm	COMPANY 1999 Rm
6. Advances and other accounts				
6.1 Category analysis				
Homeloans	36 265	29 412		
Other loans and overdrafts	64 025	56 738	6	5
Leases and instalment debtors	15 373	13 499		
Less: unearned finance charges on lease and instalment debtors	(3 096)	(2 885)		
Preference shares and debentures	3 758	4 596		
Factoring accounts	345	317		
Trade, other bills and bankers' acceptances	995	1 280		
Remittances in transit	125	121		
Loans granted under resale agreements	849	804		
Deferred-tax asset (note 15.5)	158	92		
Taxation	149	82		
Sundry debtors and accrued interest	5 221	2 562	214	43
	124 167	106 618	220	48
Provision (note 7)	4 082	2 835		
	120 085	103 783	220	48
6.2 Sectoral analysis				
Individuals	45 531	39 892		
Homeloans	36 265	29 412		
Credit cards	3 858	3 820		
Other	5 408	6 660		
Manufacturing	16 273	16 336		
Wholesale and trade	3 711	2 683		
Retailers, catering and accommodation	2 224	3 276		
Agriculture, forestry and fishing	855	739		
Mining and quarrying	1 853	896		
Banks	5 488	5 581		
Financial services, insurance and real estate	22 808	19 921	25	5
Government and public sector	2 647	1 510		
Building and property development	4 303	3 378		
Transport, storage and communication	2 730	1 450		
Other services	15 744	10 956	195	43
	124 167	106 618	220	48
6.3 Maturity structure				
Repayable on demand or at short-term notice	27 084	23 127	220	48
3 months or less but not repayable on demand or at short-term notice	13 763	12 675		
1 year or less but over 3 months	11 446	8 765		
5 years or less but over 1 year	58 726	31 154		
Over 5 years	13 148	30 897		
	124 167	106 618	220	48
6.4 Geographical analysis				
South Africa	117 228	101 058	220	48
Other African countries	1 740	834		
Europe	3 563	3 716		
Asia	1 161	538		
USA	25	145		
Other	450	327		
	124 167	106 618	220	48

	GROUP 2000 Rm Out-standing balance			GROUP 1999 Rm Out-standing balance		
	Out-standing balance	**Security**	**Provision raised**	Out-standing balance	Security	Provision raised
6.5 Non-performing advances						
Sectoral analysis						
Individuals	1 873	759	1 114	764	199	565
Homeloans	725	373	352	77	37	40
Credit cards	454	149	305	307	98	209
Other	694	237	457	380	64	316
Manufacturing	416	242	174	301	143	159
Wholesale and trade	280	176	104	171	58	113
Retailers, catering and accommodation	100	51	49	115	53	62
Agriculture, forestry and fishing	55	39	16	45	30	15
Mining and quarrying	15	8	7	15	5	10
Financial services, insurance and real estate	870	522	348	858	511	346
Government and public sector	39	11	28	8	–	8
Building and property development	749	314	435	452	160	290
Transport, storage and communication	215	169	46	107	64	43
Other services	1 220	462	758	677	482	196
	5 832	2 753	3 079	3 513	1 705	1 807

	GROUP 2000 Rm	GROUP 1999 Rm	COMPANY 2000 Rm	COMPANY 1999 Rm
7. Provisions				
7.1 Analysis of provisions				
Specific provision for bad and doubtful debts	3 079	1 807		
General provision	1 003	1 028		
Provisions at end of year (note 6.1)	4 082	2 835		
Insurance policy cover available	284	193		
Provisions available	4 366	3 028		
7.2 Specific provision for bad and doubtful debts				
Balance at beginning of year	1 807	1 449		
Income statement charge (note 7.4)	863	863		
Debts written off	(841)	(830)		
Transfer from interest reserve	245	230		
Debts recovered	91	95		
Acquisition of subsidiary	914			
Provision at end of year	3 079	1 807		
7.3 General provision				
Balance at beginning of year	1 028	419		
Income statement release (note 7.4)	(53)	(94)		
Special general provision supplement		703		
Acquisition of subsidiary	23			
Other transfers	5			
Provision at end of year	1 003	1 028		

	GROUP 2000 Rm	GROUP 1999 Rm	COMPANY 2000 Rm	COMPANY 1999 Rm
7.4 Specific and general provisions – income statement charge				
Specific provision for bad and doubtful debts (note 7.2)	863	863		
General provision (note 7.3)	(53)	(94)		
Credit insurance premium	100	100		
Income statement charge for the year	910	869		
7.5 Ratio of provisions to advances				
Provisions available at end of year (note 7.1)	4 366	3 028		
Average advances and other accounts	115 393	102 485		
Ratio	3,8%	3,0%		
8. Subsidiary companies				
Shares at cost – listed			176	173
– unlisted			2 151	2 124
Owing to the company			606	465
Owing by the company			(27)	(13)
			2 906	2 749
Information relating to subsidiary companies appears on page 91.				
9. Associate and other investments				
9.1 Book value				
Associate investments	1 457	848	–	–
Listed	505	269		
Unlisted	952	579		
Other investments	7 061	1 445	7	7
Listed	5 515	537		
Unlisted	1 546	908	7	7
	8 518	2 293	7	7
9.2 Valuation				
Associate investments	1 974	4 457	–	–
Listed at market value	480	327		
Unlisted at directors' valuation	1 494	4 130		
Other investments	7 108	1 523	7	7
Listed at market value	5 543	584		
Unlisted at directors' valuation	1 565	939	7	7
	9 082	5 980	7	7
9.3 Analysis of associate investments				
Book value at beginning of year	848	546		
– Share of current-year retained income	249	130		
– Dividends received	(59)	(17)		
– Goodwill amortised/written off	(185)	(899)		
– Net additions	460	1 078		
– Foreign exchange	144	10		
	1 457	848		

	GROUP 2000 Rm	GROUP 1999 Rm	COMPANY 2000 Rm	COMPANY 1999 Rm
9.4 Net interest in associated companies				
Associate investments – on acquisition				
Listed: Net asset value	243	201		
Goodwill	141	69		
Unlisted: Net asset value	269	426		
Goodwill	700	830		
Share of distributable reserves since acquisition	393	221		
Goodwill amortised/written off	(289)	(899)		
	1 457	848		
9.5 Analysis of other investments				
Book value at beginning of year	1 445	1 280	7	7
– Goodwill amortised/written off		(421)		
– Net additions	5 616	586		
	7 061	1 445	7	7

Information relating to associate and other investments appears on pages 88 to 90.

GROUP

	2000 Rm Cost or valuation	2000 Rm Accumulated depreciation	2000 Rm Book value	1999 Rm Cost or valuation	1999 Rm Accumulated depreciation	1999 Rm Book value
10. Fixed assets						
10.1 Fixed property						
Freehold land and buildings	1 215	66	1 149	1 125	56	1 069
Leasehold premises	87	62	25	96	57	39
Writedown of fixed property	(25)		(25)	(225)		(225)
	1 277	128	1 149	996	113	883

Registers giving details required by the Companies Act, 1973, are available for inspection at the registered office of the companies concerned.

Fixed property with a book value, net of provisions, of R752 million, which is considered to be a long-term investment, was valued at R741 million in 1998 by an independent external valuator. Fixed property with a book value of R143 million, which is utilised by the group for its head office operations, was valued in 1998 by an independent external valuator, who considers the asset worth to Nedcor to be R155 million, based on the current rental charges and the group's continued occupation of such property.

The portfolio of all head office and related buildings has been reviewed as to most appropriate use. Changes in business needs and the future occupancy of these buildings have necessitated a review of their future values. The value of land and buildings has been stated at the lower of cost or open-market value (based on the independent external valuator's valuation performed in 1998). This gave rise to an exceptional item of R225 million for a writedown in the book value of fixed property in 1999.

During 2000 a further R106 million before taxation was written down for properties and leasehold premises to recognise the permanent diminution of value resulting mainly from the reconfiguration of the retail branch network (see note 15.1 – provision for onerous contracts).

Borrowing costs that are directly attributable to qualifying assets are capitalised. Capitalised borrowing costs incurred during the year are calculated at the group's average funding cost and are included in the fixed-asset categories above.

	Expected date for commissioning of asset	Capitalised interest 2000 Rm	Capitalised interest 1999 Rm	Accumulated capitalised interest Rm
Fixed property: new head office (phase I)	April 2001	60	41	127
Software development costs	2001 – 2003	17		17

GROUP

	2000 Rm Cost or valuation	2000 Rm Accumulated depreciation	2000 Rm Book value	1999 Rm Cost or valuation	1999 Rm Accumulated depreciation	1999 Rm Book value
10.2 Equipment						
Computer equipment	**1 052**	**736**	**316**	833	445	388
Furniture and other equipment	**772**	**450**	**322**	762	409	353
Vehicles	**12**	**6**	**6**	13	7	6
	1 836	**1 192**	**644**	1 608	861	747

The aggregate amount of leasehold equipment held by the group is included in the above and does not exceed R1 million.

	2000 Rm Cost or valuation	2000 Rm Accumulated depreciation	2000 Rm Book value	1999 Rm Cost or valuation	1999 Rm Accumulated depreciation	1999 Rm Book value
10.3 Intangible assets						
Computer software	**415**	**199**	**216**	294	124	170
Computer development costs	**169**		**169**			
	584	**199**	**385**	294	124	170

For purposes of calculating depreciation the useful lives of fixed assets are considered to be 3 to 5 years for computer and other equipment, 2 to 7 years for computer software and development costs, 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.

During the year computer development costs were capitalised for the first time in line with South African Statements of Generally Accepted Accounting Practice and the estimated useful life for depreciating a) computer equipment was changed from a maximum of 5 years to 3 years, and b) computer software was changed from 3 years to a maximum of 7 years. The net effect of these changes is considered not material.

11. Movements in fixed assets

	December 1999 Rm Book value	Additions/ Capital-isation	Disposals Proceeds	Disposals Profit/ (Loss)	Depreciation	**December 2000 Rm Book value**
Freehold land and buildings	844	329	(8)	(4)	(12)	**1 149**
Leasehold premises	39	2	(10)		(6)	**25**
Writedown in book value						**(25)**
Fixed property (note 10.1)	883	331	(18)	(4)	(18)	**1 149**
Computer equipment	388	219	(1)	(8)	(152)	**446**
Furniture and other equipment	353	92	(18)	(18)	(87)	**322**
Vehicles	6	4	(2)		(2)	**6**
Writedown in book value						
Adjustment for change in estimated useful life					(130)	**(130)**
Equipment (note 10.2)	747	315	(21)	(26)	(371)	**644**
Computer software	170	125	(5)	(1)	(91)	**198**
Computer development costs		169				**169**
Adjustment for change in estimated useful life					18	**18**
Intangible assets (note 10.3)	170	294	(5)	(1)	(73)	**385**
Total 2000	**1 800**	**940**	**(44)**	**(31)**	**(462)**	**2 178**
Total 1999	1 878	724	(248)	(16)	(313)	1 800

	GROUP		COMPANY	
	2000 Rm	1999 Rm	**2000 Rm**	1999 Rm
12. Share capital				
Issued: 242 095 917 (1999: 237 180 223) fully paid ordinary shares of R1 each	**242**	237	**242**	237
Less: share buyback by subsidiary company: 1 961 900 (1999: nil) fully paid ordinary shares of R1 each	**(2)**			
	240	237	**242**	237
12.1 Authorised share capital				
280 000 000 (1999: 280 000 000) ordinary shares of R1 each	**280**	280	**280**	280

12.2 Options

As at 31 December 2000 the Nedcor Group (1994) Employee Incentive Scheme held 93 800 (1999: 127 317) issued shares and 11 914 338 (1999: 13 357 482) unissued shares reserved to meet the requirements of the option scheme. As at 31 December 1999 13 484 799 options on shares were outstanding under the scheme. During the current year 1 579 074 options were granted, 2 753 630 options were exercised and 302 105 options surrendered. As at 31 December 2000 the options outstanding were 12 008 138, as detailed on page 92. Share options granted under the scheme have an exercise price fixed at the market price of the share on the day prior to the date the option is granted. Options may be exercised at rates determined by the scheme trustees and expire at the earlier of resignation or at varying periods of up to ten years from the granting of the option. On exercise of the option the scheme will subscribe for shares in Nedcor Ltd at the full market price then ruling. The difference between such market price and the exercise price is recoverable from the subsidiary that employs the relevant employee. Any amounts accrued by subsidiaries prior to exercise are transferred to non-distributable reserves net of amounts paid in respect of options exercised.

	December 2000	December 1999
12.3 Share movements during the year		
Share capital at beginning of year	**237 180 223**	232 661 393
Shares issued to persons exercising options under the Nedcor Group (1994) Employee Incentive Scheme	**2 601 152**	2 157 652
Capitalisation shares awarded to shareholders registered on 10 March 2000 in the ratio of 1,500309 new shares for every 100 held at 13 437 cents per share	**941 492**	1 214 011
Capitalisation shares awarded to shareholders registered on 18 August 2000 in the ratio of 1,071372 new shares for every 100 held at 15 680 cents per share	**1 373 050**	1 147 167
Less: share buyback by subsidiary company	**(1 961 900)**	
Share capital at end of year	**240 134 017**	237 180 223

12.4 Subject to the restrictions imposed by the Companies Act, 1973, the unissued shares are under the control of the directors until the forthcoming annual general meeting. In terms of special resolutions passed in general meeting, the directors were granted the general authority to buy back up to 10% of the issued share capital of the company until the forthcoming annual general meeting.

	GROUP		COMPANY	
	2000	1999	**2000**	1999
	Rm	Rm	**Rm**	Rm
13. Minority shareholders' interest				
Balance at beginning of year	**305**	–		
Post-acquisition reserves acquired		289		
Current year income attributable to minorities	**98**	21		
Share of exceptional items attributable to minorities	**11**			
Share of goodwill written off		(60)		
Share of other movements	**10**	55		
Balance at end of year	**424**	305		
14. Subordinated debt instruments				
Subordinated debt instruments issued:				
R80 million repayable on 15 May 2001	**80**	78		
R80 million repayable on 15 May 2002	**78**	77		
R140 million repayable on 15 May 2003	**134**	132		
US$40 million repayable on 17 April 2008	**302**	246		
US$18 million repayable on 31 August 2009	**136**	111		
R200 million repayable on 30 November 2029	**1**	35		
	731	679		

The instruments repayable between 15 May 2001 and 2003 bear interest at the rate of 14% per annum on the nominal value and are guaranteed by Nedcor Ltd. The instruments repayable in US dollars on 17 April 2008 and 31 August 2009 bear interest at the 6-month Libor rate and at 1,5 basis points below the 6-month Libor rate respectively, on the nominal value of the instrument (note 15.1). The subordinated unsecured debentures repayable on 30 November 2029 bear interest at the rate of 16% per annum until 15 September 2000 and are, thereafter, free of interest. Coupon holders are entitled, in the event of interest default, to put the coupon covering such interest payment to Nedcor Ltd.

	GROUP		COMPANY	
	2000	1999	**2000**	1999
	Rm	Rm	**Rm**	Rm
15. Deposit, current and other accounts				
15.1 Analysis				
Current accounts	**18 593**	16 198		
Savings deposits	**3 691**	4 143		
Other deposit and loan accounts	**71 738**	67 917		
Foreign currency liabilities	**22 265**	11 898		
Negotiable certificates of deposit	**13 730**	11 496		
Liabilities in respect of repurchase agreements	**2 312**	371		
Taxation	**51**	24		
Deferred-tax liability (note 15.5)	**1 135**	712		
Provision for onerous contracts (note 10.1)	**81**			
Creditors and other accounts	**7 093**	5 466	**1**	1
	140 689	118 225	**1**	1

Foreign currency liabilities, including the US$ subordinated debt instruments, 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		COMPANY	
	2000 Rm	1999 Rm	**2000 Rm**	1999 Rm
15.2 Sectoral analysis				
Banks	12 753	7 621		
Government and public sector	5 971	2 003		
Individuals	43 089	46 995	1	1
Business sector	78 876	61 606		
	140 689	118 225	1	1
15.3 Maturity structure				
Repayable on demand	64 630	65 109	1	1
3 months or less but not repayable on demand	41 279	26 362		
1 year or less but over 3 months	25 837	16 539		
5 years or less but over 1 year	7 306	9 450		
Over 5 years	1 637	765		
	140 689	118 225	1	1
15.4 Geographical analysis				
South Africa	125 605	108 569	1	1
Other African countries	1 988	1 496		
Europe	8 674	5 097		
Asia	1 968	827		
USA	1 129	864		
Other	1 325	1 372		
	140 689	118 225	1	1
15.5 Deferred taxation				
Balance at beginning of year	620	595		
Deferred-tax liability	712	653		
Deferred-tax asset	(92)	(58)		
Current-year temporary differences	385	120		
Client credit agreements	270	602		
General provision	7	(182)		
Income and expenditure accruals	99	(180)		
Taxation losses	(13)	(51)		
Other	22	(69)		
Acquisition of subsidiary	(118)			
Other movements	90	(95)		
Balance at end of year	977	620		
Deferred-tax liability (note 15.1)	1 135	712		
Deferred-tax asset (note 6.1)	(158)	(92)		
15.6 Analysis of deferred taxation				
Client credit agreements	1 648	1 378		
General provision	(301)	(308)		
Income and expenditure accruals	(261)	(360)		
Taxation losses	(181)	(50)		
Other	72	(40)		
	977	620		

	GROUP		COMPANY	
	2000 Rm	1999 Rm	**2000 Rm**	1999 Rm
16. Contingent liabilities				
Confirmed letters of credit and discounting transactions	**958**	844		
Liabilities under guarantees	**8 727**	5 844		
Unutilised facilities and other	**6 192**	1 882	**500**	500
	15 877	8 570	**500**	500
17. Commitments				
17.1 Capital expenditure approved by directors				
Contracted	**575**	585		
Not yet contracted	**358**	130		
	933	715		

Funds to meet capital expenditure commitments will be provided from group resources. In addition, capital expenditure is incurred in the normal course of business throughout the year.

17.2 Operating leases

Companies in the group have entered into leases over fixed property, vehicles and equipment for varying periods at an aggregate charge of R287 million for the period (1999: R220 million). This charge will increase in future in line with negotiated escalations and expansions.

	GROUP 2000 Rm	GROUP 1999 Rm	COMPANY 2000 Rm	COMPANY 1999 Rm
17.3 Other commitments				
Fixed-date settlements				
– Committed purchases	**7 385**	2 016		
– Committed sales	**11 189**	4 334		
18. Income and expenses				
18.1 Non-interest revenue				
Commission and fees	**2 713**	2 256		
Securities trading and foreign exchange income	**1 195**	871		
Surplus on sale of investment banking assets	**118**	121		
Loss on sale of fixed assets	**(31)**	(16)		
Other income	**201**	190		
Dividends from subsidiaries			**460**	411
Dividends from other investments	**96**	64		
	4 292	3 486	**460**	411

	GROUP		COMPANY	
	2000 Rm	1999 Rm	**2000 Rm**	1999 Rm
18.2 Expenses				
Auditors' remuneration				
– audit fees	**15**	13		
– other services	**3**	2		
Depreciation	**462**	313		
– fixed property	**18**	17		
– equipment	**369**	228		
– intangible assets	**73**	66		
– vehicles	**2**	2		
Staff costs	**2 330**	2 202		
Operating lease charges				
– fixed property	**208**	193		
– computer equipment	**52**	5		
– furniture and other equipment	**27**	22		
Other expenses	**1 419**	1 304	**2**	2
	4 516	4 054	**2**	2
18.3 Net capital profit on sale of long-term investments				
Net surplus on disposal/listing of associates, subsidiaries and businesses	**3 654**	736		835
Premerger restructuring costs		(21)		
Net loss on disposal of property and equipment	**(20)**	(4)		
	3 634	711		835
18.4 Directors' emoluments				
From the company for services as non-executive directors			**2**	2
From subsidiary companies for services as executive directors			**25**	16
– Salaries			**13**	6
– Bonuses			**12**	10
Gains on exercise of share options			**41**	1
			68	19

18.5 Company expenses

Certain expenses incurred by the company on behalf of subsidiary companies are recovered from subsidiary companies.

	GROUP		COMPANY	
	2000 **Rm**	1999 Rm	**2000** **Rm**	1999 Rm
19. Taxation				
19.1 Charge for the year				
Taxation on income				
South African normal taxation – current	47	130		
– deferred	491	396		
Secondary tax on companies	22	8		
Foreign taxation	19	14		
Current and deferred taxation on income	579	548		
Prior-year overprovision	(29)	(59)		
Total taxation on income	550	489		
Transaction and other taxation				
Regional Services Council levies	31	28		
Value-added tax charge in respect of current expenditure net of input credits	118	92		
Stamp duty	23	16		
Total transaction and other taxation	172	136		
Total taxation, excluding exceptional items	722	625		
19.2 Taxation – exceptional items				
Special general provision supplement		(217)		
Provision for onerous contracts (note 15.1)	(24)			
Disposal of subsidiaries and businesses	(53)			
Total taxation – exceptional items	(77)	(217)		
19.3 Total taxation including exceptional items	645	408		
19.4 Tax rate reconciliation (excluding exceptional items)				
Standard rate of SA normal taxation	30%	30%		
The standard rate has been affected by:				
– Dividend income	(4%)	(4%)		
– Other permanent differences	(9%)	(6%)		
– Differences in foreign tax rates and SA tax rate	(3%)	(2%)		
– Non-taxable investment and foreign exchange income	(4%)	(2%)		
– Other	(2%)	(2%)		
Current and deferred taxation on income as a percentage of income before taxation and exceptional items	17%	20%		
Total taxation as a percentage of income before taxation (excluding exceptional items)	20%	21%		

19.5 Future tax relief

The group has estimated tax losses of R1 009 million (1999: R167 million) that can be set off against future taxable income, of which R603 million (1999: R167 million) has been applied to reduce the deferred-taxation balance. The group has accumulated STC credits amounting to R402 million at the year-end (1999: nil).

	GROUP 2000 Rm	GROUP 1999 Rm	COMPANY 2000 Rm	COMPANY 1999 Rm
20. Dividends				
On fully paid shares				
Final for 1999 year of 192 cents (1998: 228 cents)	335	380	335	380
Interim of 160 cents (1999: 128 cents)	178	172	178	172
Final of 240 cents (1999: 192 cents)				
Total of 400 cents (1999: 320 cents)	513	552	513	552
21. Earnings per share				
Earnings attributable to ordinary shareholders	6 370	2 406		
Headline earnings (1999: adjusted)	3 027	2 406		
Weighted average ordinary shares in issue (millions)	239,0	235,0		
Earnings per share (cents)	2 665	1 024		
Headline earnings per share (1999: adjusted) (cents)	1 267	1 024		

Earnings per share and headline earnings per share are calculated using earnings attributable to ordinary shareholders and headline earnings respectively divided by the weighted average number of shares in issue.

Diluted earnings per share

The share options as disclosed on page 92 have no dilutive effect.

	GROUP 2000 Rm	GROUP 1999 Rm	COMPANY 2000 Rm	COMPANY 1999 Rm
22. Cash flow information				
22.1 Cash receipts from clients				
Interest income and dividends from finance facilities	15 236	16 260	42	14
Commission and fees	2 713	2 256		
Other income	1 396	1 039		
	19 345	19 555	42	14
22.2 Cash payments to clients, staff and suppliers				
Interest expense	10 504	11 901		
Staff costs	2 330	2 202		
Other payments	1 790	1 545	2	2
	14 624	15 648	2	2
22.3 Increase in operating assets				
Other short-term securities	(592)	3		
Government and public sector securities	650	2 249		
Advances and other accounts	12 139	10 893	329	1 092
	12 197	13 145	329	1 092
22.4 Increase in operating liabilities				
Long-term debt	52	101		
Current and savings accounts	1 943	2 779		
Other deposit, loan and foreign currency liabilities	8 757	4 658		
Negotiable certificates of deposit	2 234	4 437		
Liabilities in respect of repurchase agreements	1 941	(1 327)		
Creditors and other liabilities	1 163	1 108		
	16 090	11 756		

	GROUP 2000 Rm	GROUP 1999 Rm	COMPANY 2000 Rm	COMPANY 1999 Rm
22.5 Taxation paid				
Amounts prepaid/(unpaid) at beginning of year	58	(433)		
Income statement charge	(243)	(229)		
Other movements	40	317		
Disposal of subsidiary		23		
Portion of taxation on fixed assets acquired to be depreciated in future years	(21)	(12)		
Amounts prepaid at end of year	(98)	(58)		
	(264)	(392)		
22.6 Cash inflow from operating activities – reconciliation				
Net income before taxation	6 875	2 705	500	1 258
Add: depreciation (note 11)	462	313		
loss on sale of fixed assets (note 18.1)	31	16		
provision for bad and doubtful debts (notes 7.2 and 7.4)	1 001	1 667		
goodwill amortised (note 9.3)	185			
writedown of property and leasehold premises (notes 10.1 and 15.1)	106	225		
Less: net capital profit on sale of long-term investments (note 18.3)	(3 634)	(739)		(835)
surplus on sale of investment banking assets (note 18.1)	(118)	(121)		
	4 908	4 066	500	423
22.7 Disposal of subsidiaries				
Operating assets	34	701		25
Cash and cash equivalents		172		
Other investments	2	(43)		
Fixed assets		25		
Operating liabilities	(16)	(290)		123
Profit on disposal		739		835
Consideration received	20	1 304		983
Less: cash and cash equivalent disposed of		(172)		
Net cash inflow	20	1 132		983
22.8 Acquisition of subsidiaries				
Operating assets	(5 288)			
Cash and cash equivalents	(11)			
Other investments	(99)			
Fixed assets	(48)			
Operating liabilities	5 446			
Consideration paid	–			
Less: cash and cash equivalent acquired	11			
Net cash inflow	11			

	GROUP		COMPANY	
	2000 **Rm**	1999 Rm	**2000** **Rm**	1999 Rm
22.9 Dividends paid				
Amounts unpaid at beginning of year				
Income statement charge (note 20)	**(513)**	(552)	**(513)**	(552)
Amounts unpaid at end of year				
	(513)	(552)	**(513)**	(552)

23. Managed funds

	GROUP 2000 Rm	GROUP 1999 Rm	COMPANY 2000 Rm	COMPANY 1999 Rm
Portfolio management	**2 671**	20 150		
Trusts and estates		4 346		
Unit trusts	**5 665**	9 583		
	8 336	34 079		

The assets under management have decreased due to the sale of NIB Asset Managers to Franklin Templeton Inc. The group, through a number of subsidiaries, operates unit trusts, holds and invests funds on behalf of clients and acts as trustee in a number of fiduciary capacities. In addition, companies in the group operate securities and custodial services on behalf of clients.

24. Retirement benefit information

The 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, 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, the group and income from the assets of these schemes. At the dates of the latest valuation the group pension funds were in sound financial position in terms of section 16 of the Pension Fund Act. During 1998 active members in the Nedcor (defined-benefit) Pension Fund were granted a further option to transfer to one of the defined-contribution funds and approximately three quarters of the then valuation surplus was allocated to members and pensioners. Subsequent to this, 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 valuation 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). Of the surplus the group has accounted for R275 million (1999: R100 million).

25. Foreign currency conversion guide

Monetary figures in these financial statements are expressed to the nearest million South African rand. The approximate value of the South African rand at 31 December 2000 against the following currencies was:

	2000	1999
United States dollar	**0,1325**	0,1626
Pound sterling	**0,0887**	0,1004
Euro	**0,1426**	0,1614
Deutschmark	**0,2790**	0,3158
Japanese yen	**15,1950**	16,5900

GROUP	Trading contracts			Non-trading
	Notional principal Rm	Positive value Rm	Negative value Rm	Notional principal Rm
	2000			
26. Commitments under derivative financial instruments				
26.1 The notional principal amount of instruments entered into with third parties				
Exchange rate contracts				
Spot, forwards and futures	239 852	120 485	119 367	100 336
Currency swaps	5 056	2 405	2 651	
Options purchased	548	488	60	11
Options written	479		479	11
	245 935	123 378	122 557	100 358
Interest rate contracts				
Interest rate swaps	149 139	75 396	73 743	16 825
Forward rate agreements	125 318	60 756	64 562	3 390
Options purchased	2 814	2 392	422	1 700
Options written	1 120		1 120	
Futures	2 909	1 510	1 399	
	281 300	140 054	141 246	21 915
Total	527 235	263 432	263 803	122 273
	1999			
Exchange rate contracts				
Spot, forwards and futures	89 538	56 121	33 417	94 428
Currency swaps	3 071	1 577	1 494	51
Options purchased	398	170	228	40
Options written	249	194	55	40
	93 256	58 062	35 194	94 559
Interest rate contracts				
Interest rate swaps	72 810	34 780	38 030	9 434
Forward rate agreements	44 695	19 125	25 570	
Options purchased	1 531	1 531		
Options written	2 556		2 556	31
Futures	4 459	2 779	1 680	382
	126 051	58 215	67 836	9 847
Total	219 307	116 277	103 030	104 406

GROUP

26.2 Fair value assets and liabilities in respect of derivative instruments

	Trading contracts Net fair value Rm	Trading contracts Fair value of assets Rm	Trading contracts Fair value of liabilities Rm	Non-trading Net fair value Rm
		2000		
Exchange rate contracts				
Spot, forwards and futures	850	4 390	3 540	47
Currency swaps	2	2 563	2 561	
Options purchased/written	(5)	11	16	
	847	6 964	6 117	47
Interest rate contracts				
Interest rate swaps	(322)	3 364	3 686	(400)
Forward rate agreements	84	249	165	(36)
Options purchased/written	(450)	83	533	3
	(688)	3 696	4 384	(433)
Total	159	10 660	10 501	(386)
		1999		
Exchange rate contracts				
Spot, forwards and futures	2	4	2	(9)
Currency swaps	306	1 661	1 355	
Options purchased/written	(2)	4	6	
	306	1 669	1 363	(9)
Interest rate contracts				
Interest rate swaps	(123)	648	771	(15)
Forward rate agreements	20	42	22	
Options purchased/written	(408)	197	605	
	(511)	887	1 398	(15)
Total	(205)	2 556	2 761	(24)

	GROUP		
	Exchange rate contracts Rm	**Interest rate contracts Rm**	**Total Rm**
	2000		
26.3 Analysis of trading derivative instruments			
26.3.1 Replacement cost of over-the-counter derivatives			
Maturity analysis			
Under 1 year	4 149	474	4 623
1 to 5 years	971	1 408	2 379
Over 5 years	1 844	1 814	3 658
	6 964	3 696	10 660
Counterparty analysis			
Financial institutions	6 771	3 609	10 380
Non-financial institutions	193	87	280
	6 964	3 696	10 660
	1999		
Maturity analysis			
Under 1 year	193	289	482
1 to 5 years	301	449	750
Over 5 years	1 175	149	1 324
	1 669	887	2 556
Counterparty analysis			
Financial institutions	1 566	827	2 393
Non-financial institutions	103	60	163
	1 669	887	2 556
	2000		
26.3.2 Notional principal of over-the-counter derivatives			
Maturity analysis			
Under 1 year	219 504	154 445	373 949
1 to 5 years	22 450	86 902	109 352
Over 5 years	3 981	39 953	43 934
	245 935	281 300	527 235
Counterparty analysis			
Financial institutions	244 326	276 724	521 050
Non-financial institutions	1 609	4 576	6 185
	245 935	281 300	527 235
	1999		
Maturity analysis			
Under 1 year	87 451	85 925	173 376
1 to 5 years	3 907	30 979	34 886
Over 5 years	1 898	9 147	11 045
	93 256	126 051	219 307
Counterparty analysis			
Financial institutions	88 523	123 221	211 744
Non-financial institutions	4 733	2 830	7 563
	93 256	126 051	219 307

	GROUP	
	Notional price	
	2000 Rm	1999 Rm
26.4 Analysis of non-trading derivative instruments		
26.4.1 Non-trading instruments entered into with third parties		
Spot, forwards and futures	100 358	94 559
Interest rate swaps	21 915	9 847
	122 273	104 406
26.4.2 Maturity of instruments entered into with third parties		
Exchange rate contracts		
Under 1 year	103	11 092
1 to 5 years	99 791	82 867
Over 5 years	464	600
	100 358	94 559
Interest rate contracts		
Under 1 year	10 409	3 582
1 to 5 years	4 887	3 026
Over 5 years	6 619	3 239
	21 915	9 847

26.5 Derivative instruments

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 instruments that are settled other than with cash.

26.6 Notional principal

Represents the gross value of all outstanding contracts as at 31 December 2000. This gross notional value is the sum of the absolute value of all purchases and sales of derivative instruments. This amount will not reflect the amount receivable or payable under a derivative contract due to the cash-settled nature of the various contracts. The notional amount 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.

26.7 Fair value of assets and liabilities

The amounts disclosed represent the fair value of all derivative instruments held as at 31 December 2000. 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 2000. Fair values are obtained from quoted market prices, discounted cash flow models and market accepted option-pricing models.

26.8 Risk monitoring

Details of the group’s risk monitoring structure, policies and methods are noted on pages 39 to 43 and the interest rate risk analysis is detailed on page 49.

SEGMENTAL ANALYSIS

GROUP

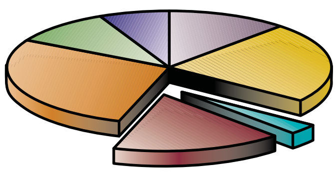
	31 December 2000 Rm	31 December 2000 %	31 December 1999 Rm	31 December 1999 %
By operation				
Nedcor Bank and group operations	2 430	80	1 862	77
Retail (including Peoples Bank)	369	12	261	11
Commercial	697	23	660	27
Corporate	836	28	601	25
International and Treasury	305	10	227	9
Associate income	223	7	113	5
Nedcor Investment Bank (net of minority)*	518	17	479	20
Cape of Good Hope Bank	79	3	65	3
Headline earnings	3 027	100	2 406	100

**NIB reported earnings growth of 23% to R615 million (December 1999: R500 million), of which R97 million (December 1999: R21 million) was attributable to NIB minorities).*

	31 December 2000 Rm	31 December 2000 %	31 December 1999 Rm	31 December 1999 %
By geography				
Headline earnings				
South Africa	2 214	73	2 084	87
Rest of Africa	147	5	86	3
Rest of the world	666	22	236	10
	3 027	100	2 406	100
Total assets				
South Africa	127 354	80	110 919	85
Rest of Africa	2 734	2	2 667	2
Rest of the world	28 171	18	16 258	13
	158 259	100	129 844	100

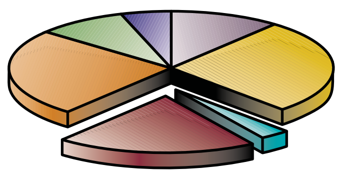
HEADLINE EARNINGS CONTRIBUTION – BY OPERATION

2000



Nedcor Bank and group operations	80%
Retail	12%
Commercial	23%
Corporate	28%
International and Treasury	10%
Associate income	7%
Cape of Good Hope Bank	3%
Nedcor Investment Bank	17%

1999



Nedcor Bank and group operations	77%
Retail	11%
Commercial	27%
Corporate	25%
International and Treasury	9%
Associate income	5%
Cape of Good Hope Bank	3%
Nedcor Investment Bank	20%

SEGMENTAL ANALYSIS BY OPERATION

NEDCOR

	Retail (incl Peoples Bank) 2000	1999		Commercial 2000	1999		Corporate 2000	1999		International and Treasury 2000	1999	
	Rbn	Rbn	%	**Rbn**	Rbn	%	**Rbn**	Rbn	%	**Rbn**	Rbn	%
Average balance sheet												
Total advances	**46,4**	45,1	3	**25,7**	22,4	15	**43,5**	35,2	24	**33,7**	29,5	14
Other assets	**1,9**	1,4	36	**1,7**	1,6	6	**2,9**	1,8	61	**16,2**	13,7	18
Total assets [3]	**48,3**	46,5	4	**27,4**	24,0	14	**46,4**	37,0	25	**49,9**	43,2	16
Allocated capital	**3,0**	2,4	25	**2,1**	1,8	17	**4,4**	3,2	38	**2,3**	2,0	10
Deposits	**45,3**	44,1	3	**25,3**	22,2	14	**42,0**	33,8	24	**47,6**	41,2	16
Total liabilities	**48,3**	46,5	4	**27,4**	24,0	14	**46,4**	37,0	25	**49,9**	43,2	15
Total interest-earning assets [3]	**47,0**	45,6	3	**25,8**	22,5	15	**44,3**	35,7	24	**48,0**	42,1	14
Income statement	**Rm**	Rm	%	**Rm**	Rm	%	**Rm**	Rm	%	**Rm**	Rm	%
Net interest income	**2 100**	2 024	4	**1 113**	1 029	8	**790**	644	23	**211**	174	22
Non-interest revenue	**1 335**	1 073	24	**813**	707	15	**562**	359	57	**702**	558	26
Gross operating income	**3 435**	3 097	11	**1 926**	1 736	11	**1 352**	1 003	35	**913**	732	25
Total specific and general provisions	**439**	496	(11)	**288**	188	53	**101**	64	58	**13**	38	(66)
Net operating income	**2 996**	2 601	15	**1 638**	1 548	6	**1 251**	939	33	**900**	694	30
Total expenses	**2 498**	2 246	11	**702**	650	8	**278**	230	21	**534**	419	27
Net profit before tax	**498**	355	40	**936**	898	4	**973**	709	37	**366**	275	33
Total tax	**129**	94	37	**239**	238		**137**	108	27	**56**	46	22
Net profit after tax	**369**	261	42	**697**	660	6	**836**	601	39	**310**	229	35
Associate income										**(4)**	(2)	(75)
Minority shareholders' interest										**(1)**		
Headline earnings [4]	**369**	261	41	**697**	660	6	**836**	601	39	**305**	227	34
Selected ratios												
Return on average assets (%)	**0,76**	0,56		**2,54**	2,75		**1,80**	1,62		**0,61**	0,53	
Return on average equity (%)	**12,3**	10,9		**33,2**	36,7		**19,0**	18,8		**13,9**	11,4	
Interest margin (%)	**4,47**	4,44		**4,31**	4,57		**1,78**	1,81		**0,43**	0,41	
Bad debts to net interest income (%)	**20,9**	24,5		**25,9**	18,3		**12,7**	9,9		**6,2**	21,8	
Non-interest revenue to gross income (%)	**38,9**	34,6		**42,2**	40,7		**41,6**	35,7		**76,9**	76,3	
Expenses to income (%)	**72,7**	72,5		**36,5**	37,4		**20,5**	22,9		**58,5**	57,3	
Effective tax rate (%)	**25,9**	26,5		**25,5**	26,5		**14,1**	15,2		**15,2**	16,7	
Staff complement [5]	**5 870**	5 704		**1 492**	1 446		**339**	312		**602**	591	

Segment results are based on management results and include revenue, provisioning, expenses and taxes directly attributable to a segment and the relevant portion of revenue and expenses that can be allocated on a reasonable ratio to a segment on a full-absorption basis, whether from external transactions or from transactions with other segments. Segment results are determined before any adjustments for minority shareholders' interests. Segment assets and liabilities are based on average balances and comprise those operating assets and liabilities that are directly attributable to a segment or can be allocated to the segment on a reasonable basis. Capital is allocated to segments based on the related risk-weighted assets in terms of the Banks Act classifications and weightings.

The aspect of capital allocation and transfer pricing of support costs between segments is currently under review, particularly in the light of the restructuring of the Technology and Operations (T&O) Division during the past year, the transfer of over 4 000 staffmembers between divisions and the impending commercialisation of the T&O Division.

Associate income			Internal funding			Nedcor Bank and group operations (1)			Nedcor Investment Bank (2)			Cape of Good Hope Bank			Nedcor		
2000	1999		**2000**	1999		**2000**	1999		**2000**	1999		**2000**	1999		**2000**	1999	
Rbn	Rbn	%	**Rbn**	Rbn	%	**Rbn**	Rbn	%	**Rbn**	Rbn	%	**Rbn**	Rbn	%	**Rbn**	Rbn	%
0,3	0,2	50	(61,7)	(54,1)	(14)	87,9	78,3	12	15,0	13,2	14	4,3	3,5	23	107,2	95,0	13
3,8	1,2	217	(4,7)	(2,2)	(110)	21,8	17,5	26	7,4	7,9	(6)	0,4	0,4		29,6	25,8	15
4,1	1,4	193	(66,4)	(56,3)	(18)	109,7	95,8	15	22,4	21,1	6	4,7	3,9	21	136,8	120,8	13
1,3	0,2	550	(3,9)	(2,0)	(90)	9,2	7,6	23	2,3	2,0	15	0,3	0,3		11,8	9,9	19
2,8	1,2	133	(62,5)	(54,3)	(15)	100,5	88,2	14	20,1	19,1	5	4,4	3,6	22	125,0	110,9	13
4,1	1,4	193	(66,4)	(56,3)	(18)	109,7	95,8	15	22,4	21,1	6	4,7	3,9	21	136,8	120,8	13
0,3	0,2	50	(61,9)	(54,3)	(14)	103,5	91,8	13	21,4	20,3	5	4,7	3,8	24	129,6	115,9	12
Rm	Rm	%	**Rm**	Rm	%	**Rm**	Rm	%	**Rm**	Rm	%	**Rm**	Rm	%	**Rm**	Rm	%
						4 214	3 871	9	332	332		186	156	19	4 732	4 359	9
						3 412	2 697	27	850	769	11	30	20	50	4 292	3 486	23
						7 626	6 568	16	1 182	1 101	7	216	176	23	9 024	7 845	15
						841	786	7	35	62	(43)	34	21	65	910	869	5
						6 785	5 782	17	1 147	1 039	10	182	155	17	8 114	6 976	16
						4 012	3 545	13	419	435	(4)	85	74	16	4 516	4 054	11
						2 773	2 237	24	728	604	20	97	81	19	3 598	2 922	23
						561	486	15	130	113	16	31	26	19	722	625	16
						2 212	1 751	26	598	491	21	66	55	19	2 876	2 297	25
223	113	97				219	111	97	17	9	100	13	10	32	249	130	91
						(1)			(97)	(21)					(98)	(21)	
223	113	97				2 430	1 862	31	518	479	8	79	65	21	3 027	2 406	26
						2,22	1,95		2,31	2,27		1,67	1,67		2,21	1,99	
						26,4	24,8		26,7	25,0		26,2	21,7		26,5	24,5	
						4,07	4,22		1,55	1,64		3,96	4,09		3,65	3,76	
						20,0	20,3		10,6	18,5		18,2	13,2		19,2	19,9	
						44,7	41,1		71,9	69,8		14,0	11,5		47,6	44,4	
						52,6	54,0		35,4	39,5		39,4	41,9		50,0	51,7	
						20,2	21,7		17,9	18,6		32,3	32,4		20,1	21,4	
			9 283	8 064		17 586	16 117		750	870		328	324		18 664	17 311	

(1) These results reflect the operations in respect of the Nedcor Bank business. This business is conducted by Nedcor Bank Ltd, its subsidiaries and its holding company, Nedcor Ltd, including group operations. The results have been prepared on a basis that ignores the boundaries of the aforementioned legal entities and instead reflects the financial position and results of the operations of the business.

(2) Represents NIB's contribution net of minority shareholders' interest. NIB's audited results for the year ended 31 December 2000 reflected headline earnings of R615 million (1999: R500 million).

(3) Excludes customers' indebtedness for acceptances.

(4) Adjusted headline earnings for 1999 have been calculated excluding exceptional items to ensure comparability.

(5) Staff of the various support divisions have not been allocated and are disclosed separately.

NEDCOR

Name of company and nature of business	Method used to account for investment	Percentage holding 2000	1999	Acquisition date	Year-end
Listed					
Banking					
State Bank of Mauritius Ltd	Equity	20,1%	20,1%	Nov 97	July
Technology					
Net 1 Applied Technology Holdings Ltd	Equity	25,1%		Jul 00	Jun
Other					
Western Cape Property Company Ltd	Equity	20,0%	20,0%	Nov 98	Dec
Unlisted					
Banking					
Merchant Bank of Central Africa Ltd	Equity	29,3%	29,3%	Dec 93	Dec
HSBC Equator Holdings plc	Equity	40,0%	40,0%	May 94	Dec
Commercial Bank of Namibia Ltd	Equity	43,6%	43,6%	Dec 94	Dec
Finance Corporation of Malawi Ltd	Equity	45,3%	30,0%	Jul 99	Dec
BNP Nedbank Mozambique SARL	Equity	40,0%	40,0%	Oct 99	Dec
Banque SBM Madagascar	Equity	20,0%	20,0%	Dec 99	Jul
SBM Nedbank International Ltd	Equity	50,0%	50,0%	Jul 99	Dec
Technology					
Dimension Data International Ltd**	Equity		25,1%	Oct 97	Sep
The Internet Solution (Pty) Ltd/ Linx Holdings (Pty) Ltd	Equity	20,0%	33,3%	Jun 00	Sep
The IQ Business Group (Pty) Ltd	Equity	28,9%		Jul 00	Mar
Miraculum (Pty) Ltd	Equity	31,7%		Jul 00	Sep
Nashua NedTel Communications (Pty) Ltd	Equity	37,3%	88,8%	Jan 99	Sep
Other					
Catalyst Holdings (Pty) Ltd†	Equity	30,0%	30,0%	Jan 99	Dec
NIB Securities (Pty) Ltd	Equity	40,0%	40,0%	May 99	Dec
Galaxy Portfolio Services Ltd	Equity	20,0%	20,0%	May 99	Dec
Franklin Templeton NIB Investments Ltd	Equity	50,0%		Aug 00	Sep
Other	Equity				

** Less than R1 million.*

***Disposed of effectively at 31 December 2000.*

† Formerly Broll Financial Services (Pty) Ltd.

GROUP							
Date to which equity income accounted for	Equity-accounted earnings		Carrying amount		Market value/ Directors' valuation		Net indebtedness of loans to/(from) associates
	2000 Rm	1999 Rm	2000 Rm	1999 Rm	2000 Rm	1999 Rm	2000 Rm
Dec 00	46	36	375	262	328	317	(6)
Dec 00	9		119		145		
Dec 00	4	4	11	7	7	10	41
Dec 00	18	8	54	40	54	40	31
Dec 00	(3)	(6)	75	53	75	53	
Dec 00	19	15	74	60	74	60	(198)
Dec 00	2	*	12	2	11	2	6
Dec 00	1		20	4	20	4	15
Dec 00	2		7	4	7	4	
Dec 00	5	1	82	62	82	62	*
Dec 00	91	40		298		3 789	
Dec 00	3	(2)	375	1	476	1	
Dec 00	3		139		146		
Dec 00	(2)		7		7		
Dec 00	26	18	22	20	223	77	
Dec 00	9	6	21	13	21	16	36
Dec 00	4	4	5	4	23	4	
Dec 00	3	4	21	14	21	14	
Sep 00	7		25		183		
	2	2	13	4	71	4	
	249	130	1 457	848	1 974	4 457	(75)

NEDCOR

GROUP

	Banking Rm	Technology Rm	Other Rm	Total Rm
Associate				
Analysis				
2000				
Listed shares, at cost – Net asset value	198	42	3	243
– Goodwill	54	72	15	141
Unlisted shares, at cost – Net asset value	176	47	46	269
– Goodwill	57	600	43	700
Share of retained earnings since acquisition	230	53	42	325
Goodwill amortised/written off	(111)	(120)	(58)	(289)
Dividends received	(45)	(26)	(5)	(76)
Foreign exchange movements	140	4		144
Net interest in associate companies	699	672	86	1 457
1999				
Listed shares, at cost – Net asset value	198		3	201
– Goodwill	54		15	69
Unlisted shares, at cost – Net asset value	155	250	21	426
– Goodwill	57	730	43	830
Share of retained earnings since acquisition	141	73	14	228
Goodwill written off	(111)	(730)	(58)	(899)
Dividends received	(16)		(1)	(17)
Foreign exchange movements	10			10
Net interest in associate companies	488	323	37	848
Summarised financial information				
2000				
Total assets	14 235	1 218	813	16 266
Total liabilities	12 328	657	672	13 657
Operating results	326	752	91	1 169
1999				
Total assets	11 010	2 978	180	14 168
Total liabilities	9 471	1 867	66	11 404
Operating results	221	139	58	418

	% held	2000 Rm	1999 Rm
Other investments			
Listed			
Dimension Data plc	8,2	5 253	
PSG Investment Bank Ltd	2,6	55	55
Others*		207	529
		5 515	584
Unlisted			
Insurance policies		528	486
NIBI Fund		576	
Goldman Sachs International		49	49
Kagiso Investment Trust		50	
Others*		343	373
		1 546	908

** Less than R50 million.*

	COMPANY							
	Issued capital		Effective holding		Book value of investment		Net indebtedness	
	Dec 2000 Rm	Dec 1999 Rm	**Dec 2000 %**	Dec 1999 %	**Dec 2000 Rm**	Dec 1999 Rm	**Dec 2000 Rm**	Dec 1999 Rm
Banking								
Nedcor Bank Ltd	**22**	22	**100**	100	**2 061**	2 061	**141**	50
Cape of Good Hope Bank Ltd	**6**	6	**100**	100	**61**	61	**50**	
Nedcor Investment Bank Ltd	**6**	6	**85**	85				
Nedcor Asia Ltd	**102**	83	**100**	100				
Peoples Bank (formerly FBC Fidelity Bank Ltd)	*****		**100**					
Trust and participation bond administration								
SG International Ltd (Jersey)	*****	*	**85**	85				
Syfrets Participation Bond Managers Ltd	**1**	1	**100**	100				
NIB Management Company Ltd		2		85				
NIB Multi-Manager Management Company Ltd	**2**	2	**100**	85				
Syfrets Trust Ltd	**70**	70	**100**	100				
Other companies								
Nedcor Investment Bank Holdings Ltd	**16**	16	**85**	85	**173**	173	**401**	415
Nedcor Investments Ltd	**27**	27	**85**	85				
Nedcor Group Insurance Company Ltd	**10**	10	**100**	100				
Nedcor Group Insurance Company (SA) Ltd	*****		**100**		**5**			
Nedcor Insurance Company Ltd	*****		**100**		**25**			
Other companies	*****	*			**2**	2	**(13)**	(13)
					2 327	2 297	**579**	452

Note 1

Headline earnings from subsidiaries

	31 Dec 2000 Rm	31 Dec 1999 Rm
Aggregate income	**3 029**	2 406
Aggregate losses	**2**	*

Note 2

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 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 subsidiaries is available for inspection at the registered office.

* *Less than R1 million.*

GROUP

Share incentive scheme

Movements	**2000**	1999
Options outstanding at beginning of period	**13 484 799**	9 407 899
Granted	**1 579 074**	5 848 198
Exercised	**2 753 630**	1 390 652
Surrendered	**302 105**	380 646
Options outstanding at end of period	**12 008 138**	13 484 799

The following options granted had not been exercised at 31 December 2000:

Option expiry date	No of shares	Issue price R	Option expiry date	No of shares	Issue price R	Option expiry date	No of shares	Issue price R
			b/f	345 045		b/f	3 417 516	
01 Mar 01*	54 289	106,40	29 May 02	448 407	58,00	18 Apr 04	2 040	26,50
01 Mar 01*	1 563	127,00	31 May 02	487 339	1,00	01 Jul 04	10 400	32,75
01 Mar 01*	929	127,40	01 Jul 02	3 588	65,40	01 Jul 04	3 600	123,50
01 Mar 01*	10 711	129,00	04 Sep 02	251 680	14,87	14 Aug 04	3 303 780	98,75
01 Mar 01*	2 056	130,00	05 Nov 02	6 811	95,60	01 Oct 04	20 000	95,25
01 Mar 01*	764	131,40	05 Nov 02	261	105,80	05 Nov 04	450	97,00
01 Mar 01*	1 757	134,20	05 Nov 02	200	106,20	05 Nov 04	280	107,00
01 Mar 01*	946	135,00	05 Nov 02	261	107,60	05 Nov 04	2 686	120,00
01 Mar 01*	10 711	137,20	05 Nov 02	659	119,00	08 Nov 04	219 520	35,25
09 Mar 01*	1 729	99,50	05 Nov 02	219	120,00	03 Jan 05	4 520	43,37
09 Mar 01*	62 306	106,20	02 Jan 03	8 060	16,63	01 Mar 05	558	134,00
09 Mar 01*	6 162	106,60	02 Jan 03	62 213	64,00	01 Mar 05	339	146,00
09 Mar 01*	891	107,00	01 Mar 03	1 881	127,00	31 Mar 05	28 700	137,60
09 Mar 01*	411	108,00	01 Mar 03	38 880	127,40	22 May 05	4 070	44,75
09 Mar 01*	123	116,60	01 Mar 03	1 224	129,00	01 Jun 05	3 390 000	125,00
09 Mar 01*	371	120,00	01 Mar 03	2 648	131,40	01 Jul 05	9 400	44,00
09 Mar 01*	891	123,80	01 Mar 03	707	134,00	01 Jul 05	91 900	136,00
05 Nov 01	41 203	95,60	01 Mar 03	110	143,00	14 Jul 05	6 500	137,40
05 Nov 01	600	97,00	02 May 03	175 609	90,25	01 Sep 05	121 320	121,00
05 Nov 01	4 666	99,50	01 Jul 03	32 685	100,75	12 Sep 05	207 755	44,50
05 Nov 01	293	105,80	06 Aug 03	1 231 525	95,00	27 Sep 05	472 548	111,80
05 Nov 01	1 319	106,60	01 Oct 03	2 000	100,00	01 Oct 05	142 140	117,60
05 Nov 01	539	108,00	01 Oct 03	9 800	127,00	06 Nov 05	10 000	52,50
05 Nov 01	4 279	119,00	04 Nov 03	42 750	106,00	02 Jan 06	47 874	63,00
05 Nov 01	978	120,00	05 Nov 03	6 342	95,60	01 Mar 06	533	129,20
05 Nov 01	318	123,80	05 Nov 03	410	105,20	01 Mar 06	368	130,60
02 Jan 02	93 800	15,60	05 Nov 03	240	105,80	01 Mar 06	512	134,00
01 Mar 02	6 739	127,00	05 Nov 03	287	106,20	01 Mar 06	313	139,00
01 Mar 02	5 833	127,40	05 Nov 03	299	107,00	20 Mar 06	12 000	127,20
01 Mar 02	10 099	129,00	05 Nov 03	101	107,60	01 Apr 06	121 100	133,20
01 Mar 02	309	129,20	05 Nov 03	419	108,00	02 May 06	25 800	128,60
01 Mar 02	1 773	130,00	05 Nov 03	914	119,60	04 Aug 06	27 200	147,00
01 Mar 02	4 246	130,60	02 Jan 04	62 600	28,50	22 Aug 06	167 500	152,00
01 Mar 02	2 268	131,00	02 Jan 04	53 200	107,80	01 Oct 06	7 414	117,60
01 Mar 02	6 027	131,40	01 Feb 04	81 500	122,80	01 Oct 06	2 920	131,45
01 Mar 02	1 128	133,20	01 Mar 04	55 580	26,50	01 Oct 06	40 000	155,20
01 Mar 02	1 480	134,00	01 Mar 04	237	129,00	01 Nov 06	38 000	142,00
01 Mar 02	538	139,00	01 Mar 04	825	134,00	20 Nov 06	46 582	155,00
	345 045			3 417 516			12 008 138	

Included in the above are 2 176 762 (1999: 2 537 835) options outstanding that were granted to executive directors.

* *Due to cautionary announcements during the year these shares have been granted an extension by the Board of Directors of 90 trading days to the dates disclosed.*

Investment incentive scheme

In April 2000 the Remuneration Committee approved an additional executive incentive scheme whereby certain executives, including executive directors, participate in the net investment surpluses on designated information technology investments. The rights to participate in such net surpluses vest only after four years, ie May 2004, and until such time the executives have no rights to participation. The amount provided at 31 December 2000 for the ultimate participation is R195 million.

Distribution of shareholding	Shareholders Number	Shareholders %	Shares held Number	Shares held %
1 – 1 000	6 576	87,2	1 273 508	0,5
1 001 – 5 000	781	10,4	1 578 267	0,7
5 001 – 10 000	86	1,1	596 163	0,2
10 001 – 50 000	67	0,9	1 371 645	0,6
50 001 – 100 000	11	0,1	761 159	0,3
100 001 – 1 000 000	12	0,2	5 006 415	2,1
1 000 001 – and over	10	0,1	231 508 760	95,6
	7 543	100,0	242 095 917	100,0

Analysis of holdings	Shareholders Number	Shareholders %	Shares held Number	Shares held %
Old Mutual Life Assurance Company (SA) Ltd and associates (held through various nominee companies)	13	0,2	126 905 653	52,4
Other insurance and assurance bodies	4	–	51 154	–
Pension and provident funds	19	0,2	1 850 103	0,8
Other nominee companies and ADR/GDR holders	128	1,7	108 400 844	44,8
Other corporate bodies	360	4,8	1 281 024	0,5
Individuals	6 871	91,1	3 489 988	1,5
Non-residents	148	2,0	117 151	–
	7 543	100,0	242 095 917	100,0

Old Mutual Life Assurance Company (SA) Ltd and associates hold 52,4% and Public Investment Commissioner (SA) holds 7%, being the only shareholders beneficially holding in excess of 5% of Nedcor's share capital of which the directors are aware or which has been disclosed to the company.

Number of shareholders: Public: 7 498
Non-public: 45

Percentages held by shareholders: Public: 46,23%
Non-public: 53,77%

Analysis of non-public shareholders	Shares	%
• Old Mutual Life Assurance Company (SA) Ltd and associates	126 905 653	52,4
• Directors and associates of directors of Nedcor Ltd, Nedcor Bank Ltd, Nedcor Investment Bank Holdings Ltd and Cape of Good Hope Bank Ltd	597 421	0,25
• Nedcor Employee Share Trust	285 161	0,12
• NES Investments	217 812	0,09
• Nedcor pension and provident funds	245 216	0,10

Performance on JSE	**Year ended 31 Dec 2000**	Year ended 31 Dec 1999	15 months ended 31 Dec 1998	Year ended 30 Sept 1997	Year ended 30 Sept 1996
Share price (cents)					
Year-end	**17 100**	13 700	10 020	10 050	6 525
Highest	**17 760**	14 900	16 000	10 550	6 800
Lowest	**10 300**	9 970	6 900	5 850	4 500
Number of shares traded (thousands)	**61 532**	66 947	58 694	27 413	21 900
Value of shares traded (Rm)	**8 883**	8 495	6 675	2 258	1 335
Price-to-book ratio (%)	**2,57**	3,23	2,56	3,30	2,64

Nedcor Ltd

CF Liebenberg (Chairman), aged 66 (reappointed 1996), CAIB(SA), FIBSA, AMP(Harvard), is the former Minister of Finance in the South African Government of National Unity and past Chief Executive of Nedcor Ltd. He is also Chairman of Nedcor Bank Ltd, as well as a Director of Old Mutual plc, Old Mutual Life Assurance Company (SA) Ltd, Mutual and Federal Insurance Company Ltd, the Development Bank of Southern Africa and Nedcor Investment Bank Holdings Ltd.

PG Joubert, aged 67 (appointed 1995), BA, DPWM, AMP(Harvard), is the Deputy Chairman of Nedcor Ltd and Nedcor Bank Ltd. He is Chairman of BDFM Publishers (Pty) Ltd, Delta Electrical Industries Ltd, Delta Motor Corporation (Pty) Ltd, Eagle Freight Holdings (Pty) Ltd, Foodcorp Holdings (Pty) Ltd, Munich Reinsurance Company of Africa Ltd and NEI Africa Ltd. Other directorships include Old Mutual plc, Hudaco Industries Ltd, Impala Platinum Holdings Ltd, Malbak Ltd, Murray & Roberts Holdings Ltd, Nedcor Investment Bank Holdings Ltd, Sandvik (Pty) Ltd and South African Mutual Life Assurance Company (SA) Ltd. He is past Chairman of African Oxygen Ltd.

RCM Laubscher, aged 49 (appointed 1992), BCom(Hons), AMP(Harvard), FIBSA, is Chief Executive of Nedcor Ltd. He is Chairman of Cape of Good Hope Bank Ltd and of Peoples Bank as well as a Director of Old Mutual plc, Nedcor Bank Ltd, Nedcor Investment Bank Holdings Ltd, Dimension Data Australia (Pty) Ltd, Datacraft Asia Ltd, National Housing Finance Corporation Ltd, the Banking Council and Old Mutual Life Assurance Company (SA) Ltd.

GH Bulterman, aged 71 (appointed 1997), CA(SA), is a Director of Nedcor Bank Ltd and Nedcor Investment Bank Holdings Ltd. He is also a past Deputy Chairman of Barloworld Ltd.

WAM Clewlow, aged 64 (appointed 2000), OMSG, CA(SA), DEcon(hc), is a Director of Nedcor Bank Ltd. He is also a Non-executive Director and Chairman of the Compliance Committee of Old Mutual plc. He has been Chairman of Barloworld Ltd since 1991. He was previously Chief Executive of the Barlow Group and has managed many of its diverse divisions. He is also a Non-executive Director of Sasol Ltd and Iscor Ltd.

PTW Curtis, aged 69 (appointed 1992), CA(SA), SEP(Stanford), is a Director of Nedcor Bank Ltd. Other directorships include Barloworld Ltd, Concor Ltd, Reunert Ltd, iProp Holdings Ltd, Hollard Life Assurance Company Ltd, Hollard Insurance Company Ltd, Melville Douglas Investment Management (Pty) Ltd, Melville Douglas Investment Trust Ltd and New Africa Investments Ltd. He is Chairman of the South African Private Equity Fund and Premier Freight Ltd and past Chairman of Deloitte & Touche.

BJS Hore, aged 40 (appointed 1999), BCom, AMP(Harvard), is a Director of Nedcor Bank Ltd. Other directorships include ComTech Communications (Pty) Ltd, Datacraft Asia Ltd, Linx Holdings (Pty) Ltd and Nashua NedTel Communications (Pty) Ltd.

Prof MM Katz, aged 56 (appointed 1997), BCom, LLB, LLM, LLD(hc), is a Director of Nedcor Bank Ltd and Executive Chairman of Nedcor Investment Bank Holdings Ltd, and the Chairman of Edward Nathan & Friedland (Pty) Ltd. He is also Chairman of the Commission of Inquiry into the Tax System of South Africa and the Tax Advisory Committee, as well as an Honorary Professor of Company Law at the University of the Witwatersrand.

MJ Leeming, aged 57 (appointed 1999), BCom, MCom, FCMA, FIBSA, AMP(Harvard), is an Executive Director of Nedcor Ltd and a Director of Nedcor Bank Ltd.

MJ Levett, aged 61 (appointed 1987), DEcon(hc), BCom, FFA, FIA, is a Director of Nedcor Bank Ltd. He is Chairman and Chief Executive of Old Mutual plc and Deputy Chairman of Mutual & Federal Insurance Company Ltd. He is also a Director of Barloworld Ltd, Old Mutual South African Trust plc and South African Breweries plc.

JB Magwaza, aged 58 (appointed 1996), BA, MA(Warwick UK), is a Director of Nedcor Bank Ltd and Executive Director of Tongaat-Hulett Group Ltd. He also serves as a Non-executive Director of Dorbyl Ltd and is on the boards of the Development Bank of Southern Africa, Ithala Development Finance Corporation Ltd, Indoni Yamanzi Investment Holdings Ltd and Khulani Holdings Ltd.

ME Mkwanazi, aged 47 (appointed 1999), BSc(Maths), BSc(Elec Eng), is a Director of Nedcor Bank Ltd and Managing Director of Transnet Ltd. Directorships include Industrial Development Corporation Ltd, Freight Logistics International Inc and SAA.

E Molobi, aged 55 (appointed 2000), BA, is a Director of Nedcor Bank Ltd. He is Executive Chairman of Kagiso Trust Investment Company (Pty) Ltd. He serves on the boards of Rembrandt Group Ltd, Telkom, Imperial Holdings Ltd and all related Kagiso SA Ltd companies.

SG Morris, aged 55 (appointed 1999), BCom, CA(SA), is the Group Financial Director of Nedcor Ltd. He is a Director of Nedcor Bank Ltd, Nedcor Investment Bank Holdings Ltd, Cape of Good Hope Bank Ltd and Imperial Bank Ltd.

DGS Muller, aged 48 (appointed 1999), BCom, CA(SA), AMP(Harvard), is the Managing Director of the business divisions of Nedcor Bank Ltd.

ML Ndlovu, aged 49 (appointed 1993), Dip LR(Unisa), MAP(Wits), EDP (North Western USA), is a Director of Nedcor Bank Ltd and the Chief Executive Officer of Peoples Bank Ltd. He is Non-executive Chairman of Africa Milestone Investments Ltd and Nest Life Assurance Corporation Ltd. He is a Director of Nampak Ltd, the South African National Roads Agency, the He' Atid Leadership Programme, the National Engagement for Ethics Development, St Anthony's Adult Education Centre and the Multicultural Development Programme. He is a member of the Black Economic Empowerment Commission, the National Defence Liaison Council, the Board of Trustees of the Business Trust, the Clarkebury Educational Institution and serves on the Council of the Technikon Witwatersrand. He is a member of the advisory boards of the Otis Elevator Company, the University of the Witwatersrand Business School and is adviser to the Programme for the Industrialisation of the Nation.

CC Parker, aged 63 (appointed 1991), CA(SA), is a director of Nedcor Bank Ltd, former Chairman of Reunert Ltd and African Cables Ltd, and a Director of a number of other companies.

JVF Roberts (British), aged 43 (appointed 2001), BA(Hons) (Stirling), CA, is the Group Financial Director of Old Mutual plc. He is also a Fellow of the Institute of Chartered Accountants of England and a member of the Association of Corporate Treasurers. Other directorships include Mutual & Federal Insurance Company Ltd, United Asset Managers and King & Shaxton. He was previously the Group

Finance Director of Sun Life and Provincial Holdings plc.
AA Routledge, aged 53 (appointed 1998), BCom, CA(SA), is a Director of Nedcor Bank Ltd, Nedcor Investment Bank Holdings Ltd and Franklin Templeton NIB Asset Management (Pty) Ltd. He is also a Non-executive Director of Murray & Roberts Holdings Ltd.
GS van Niekerk, aged 57 (appointed 1995), BCom(Hons), Hons B(B&A), MA(Econ) (North Western USA), DPhil(hc), is a Director of Nedcor Bank Ltd and Managing Director of Old Mutual Life Assurance Company (SA) Ltd and various Old Mutual subsidiaries.
Dr WP Venter, aged 66 (appointed 1997), OMSG, FIEE(UK), CEng, DCom(hc), DSc (Eng)(hc), is a Director of Nedcor Bank Ltd. He is also Chairman of Allied Electronics Corporation Ltd.

Company Secretary
GS Nienaber, aged 49 (appointed 1993)
BA, LLB, Dip Adv Banking

Nedcor Bank Ltd
CF Liebenberg (reappointed 1997)
Chairman, Nedcor Bank Ltd and Nedcor Ltd
PG Joubert (appointed 2000)
Deputy Chairman, Nedcor Bank Ltd and Nedcor Ltd
RCM Laubscher (appointed 1990)
Chief Executive Nedcor Bank Ltd and Nedcor Ltd
GH Bulterman (appointed 1978)
Director, Nedcor Ltd
WAM Clewlow (appointed 2000)
Director, Nedcor Ltd
PTW Curtis (appointed 2000)
Director, Nedcor Ltd
JF de Blanche aged 55 (appointed 1999)
FIBSA, AMP(Harvard), AMP(Insead)
BJS Hore (appointed 1999)
Director, Nedcor Ltd
Prof MM Katz (appointed 1984)
Director, Nedcor Ltd
MJ Leeming (appointed 1994)
Director, Nedcor Ltd
MJ Levett (appointed 1987)
Director, Nedcor Ltd
JB Magwaza (appointed 2000)
Director, Nedcor Ltd
ME Mkwanazi (appointed 2000)
Director, Nedcor Ltd
E Molobi (appointed 2000)
Director, Nedcor Ltd
SG Morris (appointed 1999)
Director, Nedcor Ltd
DGS Muller (appointed 1999)
Director, Nedcor Ltd
ML Ndlovu (appointed 2001)
Director, Nedcor Ltd
CC Parker (appointed 2000)
Director, Nedcor Ltd
JVF Roberts (British) (appointed 2001)
Director, Nedcor Ltd
AA Routledge (appointed 1998)
Director, Nedcor Ltd
GS van Niekerk (appointed 1995)
Director, Nedcor Ltd
Dr WP Venter (appointed 1982)
Director, Nedcor Ltd

Company Secretary
WJ Krüger, aged 49 (appointed 1989)
BA, BProc, LLB, Dip Adv Banking

Divisional directors
PCW Hibbit, aged 51 (appointed 1991)
BCom, CA(SA), HDip(Tax), AMP(Harvard)
Divisional Director, Management Services
CJ Pearce, aged 56 (appointed 1999)
BCom, CA(SA), AMP(Harvard)
Past Managing Director, UAL Merchant Bank Ltd and Nedcor Investment Bank Holdings Ltd,
Divisional Director, Group

Cape of Good Hope Bank Ltd
RCM Laubscher (appointed 1994)
Chairman, Cape of Good Hope Bank Ltd
Chief Executive, Nedcor Ltd
MA Thompson, aged 57 (appointed 1994)
BCom, MBA, AMP(Harvard)
Managing Director, Cape of Good Hope Bank Ltd
EPH Bieber, aged 75 (appointed 1987)
BSc, FFA, AIA
Retired actuary
Past General Manager, South African Mutual Life Assurance Society
K Chetty, aged 41 (appointed 1994)
BA(Econ)(Hons), BSc
Institutional Economist, World Bank
Prof B Figaji, aged 56 (appointed 1994)
BSc(Eng), MEd
Rector, Peninsula Technikon
JN Hamman, aged 59 (appointed 1989)
BA, LLB
Past Managing Director, Finansbank Ltd
JC Kleinloog, aged 60 (appointed 1989)
MSc
Past General Manager, Nedcor Bank Ltd
Dr LA Porter, aged 60 (appointed 1980)
DCom
Consultant, Nedcor Ltd
SG Morris (appointed 1999)
Group Finance Director, Nedcor Ltd
PA Parring, aged 49 (appointed 1999)
MPD
Managing Director, Gate & Fence Pioneers (Pty) Ltd
AJ Pulker, aged 74 (appointed 1986)
CA(SA), BA, FCA
Chartered Accountant
PJ Raubenheimer, aged 49 (appointed 1999)
BCom, CA(SA), MBA
General Manager, Personalised Banking and Treasury
ACM Thompson, aged 47 (appointed 1999)
BCom, LLB
General Manager, Commercial
JF van Niekerk, aged 66 (appointed 1986)
Dip Law
Senior Partner, Cliffe Dekker Fuller Moore
CD Vietri, aged 50 (appointed 1999)
BCompt, MBA, CA(SA), CTA(SA)
General Manager, Asset Management

Company Secretary
Ms PMA Steeds, aged 38 (appointed 1997) BL(Zim)

Nedcor Investment Bank Holdings Ltd
Prof MM Katz (appointed 1998)
Chairman, Nedcor Investment Bank Holdings Ltd
Director, Nedcor Ltd
Dr IJ Botha, aged 51 (appointed 1998)
DCom
Chief Executive, Nedcor Investment Bank Holdings Ltd
JR Bestbier, aged 45 (appointed 1999)
BBusSc, CA(SA)
GH Bulterman (appointed 1998)
Director, Nedcor Ltd
RG Cottrell, aged 65 (appointed 2001)
CA(SA), FCA, SEP(Stanford)
Director of companies
ML Davis, aged 43 (appointed 1996)
BCom(Hons), CA(SA)
Executive Director, Billiton Ltd
BE Davison, aged 55 (appointed 1996)
BA(Law, Economics)
Chief Executive, Anglo American Platinum Corporation Ltd
PG Joubert (appointed 1982)
Deputy Chairman, Nedcor Ltd
PH Lane, aged 44 (appointed 1999)
BCom, FIFM, CAIB(SA)
RCM Laubscher (appointed 1994)
Chief Executive, Nedcor Ltd
CF Liebenberg (appointed 1998)
Chairman, Nedcor Ltd
E Molobi (appointed 2000)
Director, Nedcor Ltd
SG Morris (appointed 1999)
Director, Nedcor Ltd
Dr LA Porter (appointed 1990)
Director, Cape of Good Hope Bank Ltd

GF Richardson, aged 64 (appointed 1995), CA(SA), SEP(Stanford)
Past Deputy Chairman and Managing Director, UAL Merchant Bank Ltd
Past Director, Nedcor Ltd
Executive Consultant, Nedcor Ltd
WC Ross, aged 55 (appointed 1999)
CA(SA), CTA
AA Routledge (appointed 1998)
Director, Nedcor Ltd
R van Wyk, aged 44 (appointed 1999)
BCom(Hons), BCompt, CA(SA), AMP (Insead)

Company Secretary

JS Eisenhammer, aged 44 (appointed 1999)
BCom, BAcc, CA(SA)
General Manager, Group Finance

Peoples Bank*

RCM Laubscher (appointed 2000)
Chairman, Peoples Bank Ltd
Chief Executive, Nedcor Ltd
ML Ndlovu (appointed 2000)
Chief Executive, Peoples Bank Ltd, Director, Nedcor Ltd
MA Brey, aged 46 (appointed 2000)
BCompt, BCompt(Hons), CA(SA)
GJ Gerwel, aged 54 (appointed 2000)
DLitt et Phil
TP Lamont-Smith, aged 52 (appointed 2000)
BCom, MBEd, CA(SA)
Executive Director, Finance and Risk
CF Liebenberg (appointed 2000)
Chairman, Nedcor Ltd
JB Magwaza (appointed 2000)
Director, Nedcor Ltd
SG Morris (appointed 2000)
Director, Nedcor Ltd
AT Mukoki, aged 40 (appointed 2000)
CAIB(SA), FIBSA, PGD(GIMT), SEP(Wits), SEP(Harvard)
Executive Director
DGS Muller (appointed 2000)
Director, Nedcor Ltd
LM Nyhonyha, aged 41 (appointed 1998), BCom, CA(SA)
RF Wooddisse, aged 53 (appointed 2000), MDP, SMDP, EDP, FIBSA
Executive Director

Company Secretary

Ms X Motswai, aged 36 (appointed 2000)

* *Currently FBC Fidelity Bank Ltd (out of curatorship) in the process of changing its name to Peoples Bank Ltd.*

EXECUTIVE MANAGEMENT

as at 1 March 2001

Nedcor Bank Ltd

PWJ Backwell, aged 41 (appointed 1997), BCom, BAcc, MCom, CA(SA) HDip(BDP), AMP(Insead), FIBSA
General Manager, Retail
SH Beyers, aged 49 (appointed 2001)
CAIB, FIBSA, Dip Adv Banking
General Manager, Corporate
A Britton, aged 53 (appointed 2001)
General Manager, External Programme Management Services
RWR Buchholz, aged 42 (appointed 1999), BCom, CA(SA)
General Manager, Corporate and International Credit
N Burton, aged 52 (appointed 1993)
ACIB
Managing Director, Nedcor Asia Ltd
SVR Casserly, aged 46 (appointed 1999), FCII, AMP(Insead)
General Manager, Insurance
C Cloete, aged 41 (appointed 2001)
CAIB(SA), FIBSA
General Manager, Commercial
DV Creighton, aged 57 (appointed 1992), BCom, FIBSA
General Manager (seconded to Servcon)
JC Cruickshank, aged 44 (appointed 1994), CA
General Manager, Finance, Technology and Operations
MV Danckwerts, aged 47 (appointed 2001), BCom
General Manager, Central Operations (East Gauteng)
GA Dawson, aged 55 (appointed 1992)
BSc, Dip(Business Admin)
General Manager, Technology and Operations
GW Dempster, aged 45 (appointed 1992), BCom, CA(SA), AMP(Insead)
General Manager, Corporate
A de Souza, aged 36 (appointed 1998)
BCompt(Hons), CA(SA), MBA, EDP (Insead)
General Manager, Card, Payments and Product
LM de Villiers, aged 45 (appointed 1993)
BA, Nat Dip Elec Data Processing, SAIM, MAP(Harvard)
General Manager, Central Operations
SC du Plessis, aged 54 (appointed 2001)
EDP
Managing Director, Commercial Bank of Namibia, Nedbank Africa
BG Duguid, aged 39 (appointed 2001)
CAIB(SA), FIBSA
General Manager, Retail
WP Frost, aged 53 (appointed 1992)
BCom(Hons), MBA
General Manager, Nedbank Africa
I Fuller, aged 45 (appointed 2001)
AAT(SA), CAIB(SA), Dip Adv Banking
General Manager, Group Finance
GA Garden, aged 44 (appointed 1998)
BA(Hons)
General Manager, Marketing
S Gericke, aged 42 (appointed 1991)
BCom(Hons), MCom, CISA, EDP (Insead)
General Manager, Credit
HCB Geldenhuys, aged 50 (appointed 2001), CAIB, EDP, AMP
General Manager, Central Operations (Western Cape)
DE Harrison, aged 57 (appointed 1996), BA, FIBSA, ACIS
General Manager, Retail
GJ Hechter, aged 37 (appointed 2001)
BCom(Acc), BCompt(Hons), CA(SA), Dip Adv Banking
Head, Internal Audit, Group Internal Audit
VE Heunis, aged 58 (appointed 2000)
National Diploma in Accounting and Auditing, AEP
General Manager, Transaction Processing and SCS
TJ Howcroft, aged 44 (appointed 2001)
EDP(Harvard)
General Manager, IT Technical Support
KM Hutchinson, aged 42 (appointed 1998), BCom, BCompt(Hons)
General Manager, Corporate
B Kanyangarara, aged 43 (appointed 2001), BSc(Hons)(Eng), MBA
General Manager, Central Operations (West Gauteng)

KL Key, aged 56 (appointed 1993)
EDP(USB), AMP(Insead)
General Manager, Nedbank Africa

GT Kitchen, aged 40 (appointed 1997)
MBA
General Manager, Technology and Operations

WJ Krüger, aged 49 (appointed 2000)
BA, BProc, LLB, Dip Adv Banking
General Manager, Legal and Documentation

PA Lawton, aged 52 (appointed 2000)
CAIB(SA)
General Manager, Corporate Credit

FA le Roex, aged 51 (appointed 1993)
BEcon
General Manager (London)

CA Ludik, aged 54 (appointed 2001)
CAIB, EDP, ADP
General Manager, Commercial

JE Masson, aged 54 (appointed 1993)
BCom, FIBSA
General Manager, Commercial

D McMullen, aged 41 (appointed 2000)
BCom, EDP(USB), Dip Adv Banking, CFA
General Manager, Group Finance

AJ Meyer, aged 51 (appointed 1992)
BCom, AEP
General Manager, Information Technology

PD Minnaar, aged 59 (appointed 1995)
EDP(USB), AMP(Insead)
General Manager, Commercial

J Moses, aged 55 (appointed 2000)
BSc(Hons), FIBSA, PMD(Harvard)
General Manager, Credit Risk

DA Munslow, aged 50 (appointed 1992),
BA(Hons), MBA
General Manager, Retail

DV Nel, aged 54 (appointed 1992)
FIBSA
General Manager, Commercial

HJ Niehaus, aged 57 (appointed 1996)
LIB(SA)
General Manager, Sales, Gauteng

ADW Niemandt, aged 52 (appointed 1992), CIS, AIB
General Manager, Operations

GS Nienaber, aged 49 (appointed 2000)
BA, LLB, Dip Adv Banking
Group Company Secretary

Ms A Pachyannis-Alman, aged 45 (appointed 2000), BSc(Hons)
MBA, FIT
General Manager, Group Treasury Risk Control

MS Parker, aged 48 (appointed 1995)
CAIB(SA), FIBSA, AMP(Harvard)
Executive General Manager, Treasury

HW Payne, aged 56 (appointed 1995)
PMD(Dip)
General Manager, Asset-based Finance

BW Peck, aged 45 (appointed 2001)
BSc(Eng), MBA
General Manager, Product, Payments

GS Preller, aged 59 (appointed 1995)
BA(Hons)
Executive General Manager, Permanent Bank

MW Pienaar, aged 33 (appointed 2001)
CA(Hons)
General Manager, Product, EBD

MJ Ramphele, aged 39 (appointed 2001)
MDP, SEP(Harvard), Dip Bus Management, HR Dip
General Manager, Human Resources and Transformation

WF Reitsma, aged 44 (appointed 1996)
FIBSA, FIFM, CAIB, BTech(Banking)
MCom(Economics)
General Manager, International Markets and Trading

FWH Rieseberg, aged 51 (appointed 1993), AEP, AAT(SA)
General Manager, Group Finance

J Schamrel, aged 55 (appointed 2000)
General Manager, Technology and Operations

JP Schild, aged 57 (appointed 1995)
FIBSA, CIAB
General Manager, Commercial

GR Smith, aged 43 (appointed 2000)
BSocSci
General Manager, Product and Card Processing

PM Southworth, aged 53 (appointed 1988), FIBSA
General Manager, Nedcor Personal Financial Planning

MJ Stocks, aged 34 (appointed 2001)
BCom
General Manager, Central Operations, Electronic Settlements

APJ Sutton-Pryce, aged 47 (appointed 1997),
BA, FIBSA, RPP
General Manager, Human Resources

F Swanepoel, aged 37 (appointed 2001)
BCom(Acc)(Hons), MBA
General Manager, Business Processes

GJ Toole, aged 36 (appointed 2001)
BCom, CA(SA)
General Manager, Financial Institution Group, Corporate

JE Trevena, aged 46 (appointed 2000)
BCom, MBL, CAIB(SA), AIAC, SEP (Harvard)
General Manager, NedLink

RW Tudhope, aged 41 (appointed 1992), BCom, BAcc, CA(SA)
General Manager, Strategic and Corporate Activities

DJ van den Bergh, aged 52 (appointed 1993), Dip Law
General Manager, Property

RD Wassenaar, aged 51 (appointed 1997), BSc(Eng), MBA
General Manager, Specialised Finance

PW Weeks, aged 47 (appointed 1996)
BSc(Eng), HNC(BS)
General Manager, Programme Management

CL Wheater, aged 47 (appointed 1996)
BCom, Dip Marketing Management, AMP(Insead)
General Manager, Technology and Operations

HJ Wilson, aged 47 (appointed 1996)
BCom, CA(SA), CISA
General Manager, Technology and Operations

RF Wooddisse, aged 53 (appointed 1992)
FIBSA
Executive General Manager

Nedcor Investment Bank Holdings Ltd

FM Berkeley, aged 44 (appointed 1994)
BCom, BAcc, CA(SA)
Divisional Director, Property

TE Brincker, aged 37 (appointed 1999)
BCom, LLB, LLM, LLD
Director, ENF Tax Law

BC Doyle, aged 32 (appointed 2000)
BCompt(Hons), CA(SA)
Senior Vice-president, Corporate Finance

AD du Plessis, aged 40 (appointed 1989)
BAcc(Hons), CA(SA), MCom
Divisional Head, Structured and Project Finance

DM Dykes, aged 41 (appointed 1994)
BSc(Hons), MSc Economics
Chief Economist, Nedcor Group

JS Eisenhammer, aged 44 (appointed 1992), BCom, BAcc, CA(SA)
General Manager, Group Finance

M de C Eustace, aged 58 (appointed 1993), BA
Senior General Manager, Capital Account

MJ Feinstein, aged 48 (appointed 1999)
BA, LLB
Director, ENF Commercial Law

HJ Kellerman, aged 40 (appointed 1992)
BSc, BCompt, BCom(Hons)
Senior Vice-president, International Operations

SC Lederman, aged 35 (appointed 1999)
BProc
Director, ENF Commercial Law

SA Lewis, aged 52 (appointed 1999)
BCom, LLB
Director, ENF Commercial Law

D Macready, aged 42 (appointed 1997)
BCom(Hons), CA(SA)
Divisional Director, NIB Multi-Manager and NIB International

DL MacRobert, aged 61 (appointed 1999)
BA, LLB, Barrister at Law, FSAIPA
Director, ENF Intellectual Property

I Roberts-York, aged 38 (appointed 1995)
Dip Datametrics
General Manager, Information Technology

RA Shuter, aged 33 (appointed 2000)
BCom, PG Dip Acc, CA(SA)
Senior Vice-president, Corporate Finance

MJ Venter, aged 37 (appointed 1995)
BAcc(Hons), CA(SA)
General Manager, Capital Account

CL Wulfsohn, aged 43 (appointed 1999)
BCom, LLB(cum laude)
Director, ENF Corporate Law

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the thirty-fourth annual general meeting of members of Nedcor Limited ("the company" or "Nedcor") will be held in the Auditorium, 6th Floor, 100 Main Street, Johannesburg, on Wednesday, 25 April 2001, at 17:00 to transact the following business:

1. To receive and consider the annual financial statements for the year ended 31 December 2000, together with the reports of the directors and auditors.
2. To note and confirm the award of capitalisation shares to ordinary shareholders registered at the close of business on Friday, 18 August 2000.
3. To note and confirm the interim dividend of 160 cents per share declared on 26 September 2000 in favour of those shareholders who elected to receive a cash dividend in lieu of the capitalisation share award and the final dividend of 240 cents per share declared on 19 February 2001.
4. To elect directors by a single resolution.
5. To elect directors of the company. Messrs GH Bulterman, PTW Curtis, Prof MM Katz, Mr CC Parker and Dr WP Venter retire by rotation in terms of the company's articles of association. All retiring directors are eligible and offer themselves for reelection. Messrs WAM Clewlow, E Molobi and JVF Roberts were appointed as directors of the company during the year and, in terms of the articles of association, retire at the annual general meeting but, being eligible, offer themselves for reelection.
6. To approve the remuneration of the directors.
7. To reappoint Deloitte & Touche and KPMG Inc as auditors.
8. To authorise the directors to determine the remuneration of the company's auditors.
9. To renew the general authority granted to the directors in placing the authorised but unissued ordinary shares in the capital of the company under the control of the directors, who are authorised to allot these shares on such terms and conditions and at such times as they deem fit, subject to the provisions of the Companies Act, 61 of 1973 (as amended), the Banks Act, 94 of 1990 (as amended), and the listing requirements of the JSE Securities Exchange South Africa.

10. Special business

10.1 To consider and, if deemed fit, to pass with or without modification the following resolutions as ordinary resolutions:

Ordinary resolution number 1

"Resolved that, subject to the renewal of the general authority placing the unissued ordinary shares in the capital of the company under the control of the directors proposed in terms of this notice of annual general meeting and pursuant to the articles of association of the company, the directors of the company be and are hereby authorised until the next annual general meeting of the company (whereupon this authority shall lapse unless it is renewed at the next annual general meeting, provided that it shall not extend beyond 15 months from the date of this annual general meeting) to allot and issue ordinary shares for cash, subject to the Companies Act, 61 of 1973 (as amended), the Banks Act, 94 of 1990 (as amended), and the listing requirements of the JSE Securities Exchange South Africa ("JSE") on the following basis:

(a) The allotment and issue of ordinary shares (of a class already in issue) for cash shall be made only to persons qualifying as public shareholders and not to related parties, as defined in the listing requirements of the JSE.

(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 10% of the company's issued ordinary shares, subject to the controlling shareholder approving any issue which, on its own or together with other issues in a single year, will be in excess of 5% and provided that such issues shall not in the aggregate in any one 36-month period (each of which commences on the first day of the 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 application, less any ordinary shares issued by the company during the current financial year or current and preceding two financial years (as applicable), provided that any ordinary shares to be issued for cash pursuant to a rights issue (announced, 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 the price of the issue is determined or agreed by the directors of the company.

(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."

Ordinary resolution number 1 is required to be passed by a 75% majority of members present or represented by proxy, and entitled to vote, at the annual general meeting.

Ordinary resolution number 2

"Resolved that the company donates R246 879 to The Business Trust, and that the donation be discharged by the company allotting and issuing to The Business Trust 246 879 ordinary shares of 1 rand each at par in the share capital of the company and that all actions already taken by the company in this regard be and are hereby authorised and ratified."

10.2 To consider and, if deemed fit, to pass with or without modification the **special resolutions** as listed below:

At the annual general meeting of Nedcor members held on Wednesday, 19 April 2000, special resolutions were passed and subsequently registered that had the effect of granting the company and/or a subsidiary a general authority to repurchase up to 10% of the issued share capital of the company or its holding company. Such authority is renewable annually.
The directors of Nedcor are of the opinion that, after considering the effects of a full repurchase of 10% of Nedcor's issued share capital:
- Nedcor would be able in the ordinary course of business to repay its debts for a period of 12 months after the date of the notice of this annual general meeting;
- the consolidated assets of the company, fairly valued in accordance with generally accepted accounting practice, would be in excess of Nedcor's consolidated liabilities for a period of 12 months after the date of the notice of this annual general meeting; and
- Nedcor's capital and working capital would be adequate for a period of 12 months after the date of the notice of this annual general meeting.

The directors of Nedcor intend to effect a repurchase of shares in future should circumstances be conducive.

In terms of the proposed special resolutions 1 and 2, the maximum number of Nedcor shares that may be repurchased during the financial year ending 31 December 2001 amounts to 24 209 592 shares (10% of 242 095 917 shares currently in issue).

Special resolution number 1

"Resolved that, subject to the approval to the extent required of the Registrar of Banks, the company hereby approves, as a general authority 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 of issued shares from time to time of the company or issued shares from time to time of its holding company on such terms and conditions and in such amounts as the directors of the company may from time to time decide, but always subject to the approval to the extent required of the Registrar of Banks, 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 ("the JSE"), which general approval shall endure until the next annual general meeting of the company (whereupon this approval shall lapse unless it is renewed at the next annual general meeting, provided that it shall not extend beyond 15 months from the date of special resolution number 1), subject to the following limitations:

(a) the general repurchase of securities is implemented on the JSE;
(b) the company is authorised thereto by its articles of association;
(c) the company is authorised by its 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;
(e) the general repurchase is not made at a price of more than 5% above the weighted average of the market value for the securities for the five business days immediately preceding the date of repurchase; and
(f) the company shall publish an announcement as soon as the company has acquired ordinary shares constituting, on a cumulative basis, 3% in aggregate of the number of ordinary shares in issue at the date of this special resolution and on each occasion the threshold of 3% is reached thereafter."

The reason for special resolution number 1 is to authorise the company, by way of general approval, to acquire its own issued shares and/or those of its holding company on such terms and conditions and in such amounts as determined from time to time by the directors of the company, subject to the limitations set out above.

The effect of special resolution number 1 is to enable the company to acquire its own issued shares and/or those of its holding company from time to time on such terms and conditions and in such amounts as the directors of the company may from time to time decide, subject to the limitations set out above.

Special resolution number 2

"Resolved that, subject to the approval to the extent required of the Registrar of Banks, 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 a subsidiary of the company of issued shares from time to time of the company or issued shares from time to time of its holding 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 always subject to the approval to the extent required of the Registrar of Banks, 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 ("the JSE"), which general approval shall endure until the next annual general meeting of the company (whereupon this approval shall lapse unless it is renewed at the next annual general meeting, provided that it shall not extend beyond 15 months from the date of this special resolution number 2), subject to the following limitations:

(a) the general repurchase of securities is implemented on the JSE;
(b) the subsidiary of the company is authorised thereto by its articles of association;
(c) the subsidiary of the company is authorised by its 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;
(e) the general repurchase is not made at a price of more than 5% above the weighted average of the market value for the securities for the five business days immediately preceding the date of repurchase; and
(f) the company shall publish an announcement as soon as the subsidiary of the company has acquired ordinary shares constituting, on a cumulative basis, 3% in aggregate of the number of ordinary shares in issue at the date of this special resolution and on each occasion the threshold of 3% is reached thereafter."

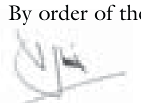
The reason for special resolution number 2 is to authorise the subsidiaries of the company, by way of general approval, to acquire issued shares of the company and/or those of its holding company on such terms and conditions and in such amounts as determined from time to time by the directors of the company and its subsidiaries, subject to the limitations set out above.

The effect of special resolution number 2 is to enable the subsidiaries of the company to acquire issued shares of the company and/or those of its holding company from time to time on such terms and conditions and in such amounts as the directors of the company and its subsidiaries may from time to time decide, subject to the limitations set out above.

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

A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend and speak and, on a poll, vote in his/her stead. A proxy need not be a member of the company. Completed proxy forms should be received at the registered office of the company not less than 24 hours before the time appointed for the holding of the meeting.

By order of the board



GS Nienaber
Company Secretary
19 February 2001

Registered office
Nedcor Limited
(Reg No 1966/010630/06)
100 Main Street
Johannesburg, 2001
PO Box 1144
Johannesburg, 2000

Transfer secretaries
Mercantile Registrars Limited
7th Floor, 11 Diagonal Street
Johannesburg, 2001
PO Box 1053
Johannesburg, 2000
Telephone (011) 370-5000

GROUP ADDRESSES

Nedcor Limited
Business address and registered office
100 Main Street, Johannesburg, 2001
PO Box 1144, Johannesburg, 2000
Tel (011) 630-7111; Telex 4-82765 NEDITSA
Fax (011) 630-7558
Website: http://www.nedcor.co.za
Email: nedcorir@icon.co.za

Nedcor Bank Limited
100 Main Street, Johannesburg, 2001
Tel (011) 630-7111

Overseas branches

United Kingdom
Nedbank House, 20 Abchurch Lane
London EC4N 7AD, England
Tel (094420) 7623-1077
Telex 886-208, 895-6177 (general)
Fax (094420) 7621-9304
Email: ebetts@nedcor.co.uk
Website: http://www.nedcor.co.uk
General Manager: FA le Roex

Isle of Man
Nedcor House, Bucks Road
Douglas, Isle of Man
Tel (09441624) 630-300
Fax (09441624) 61-2836
Email: nedbank@syfrets-uk.com
Assistant General Manager: DM Sutherland

Foreign subsidiaries

Nedcor Asia Limited
(A restricted-licence bank)
50/F Sun Hung Kai Centre, 30 Harbour Road
Wanchai, Hong Kong
Tel (09852) 2 829-9111, Telex 8-6841 NDASA HX
Fax (09852) 2 802-0550
Email: nal@nedcor.com
Website: http:/www.nedcor.com.hk
Managing Director: NW Burton

Nedbank (Swaziland) Limited
Nedbank Centre, Nedbank Plaza
Cnr Riverside and Bypass Roads
Mbabane, Swaziland
Tel (09268) 404-3351; Fax (09268) 404-4060
Email: nedbank@iafrica.sz
Managing Director: DQ Pretorius

Nedbank (Lesotho) Limited
1st Floor, Nedbank Building
Kingsway Road, Maseru, 100
Lesotho
Tel (09266) 31-2696; Fax (09266) 31-0025
Email: nedles@adelfang.co.za
Managing Director: PD Opperman

Nedcor Trade Services Limited
5th Floor, Barkly Wharf, Le Caudan Waterfront
Old Pavillion Street, Port Louis, Mauritius
Tel (09230) 210-3153; Fax (09230) 210-3154
Tollfree 0800 008 146
Email: nedcortrade@intnet.mu
Managing Director: ME Prinsloo

Representative offices

People's Republic of China
Unit C507, 5th Floor, Beijing Lufthansa Centre
50 Liangmaqiao Road, Chaoyang District
Beijing 100016
Tel (098610) 6 463-7939
Fax (098610) 6 463-7938
Email: nedbank@mail.netchina.com.cn
Chief Representative: D Chan

Singapore
6 Battery Road 19-01A
Singapore, 049909
Tel (0965) 438-8330; Fax (0965) 438-8360
Email: nedcorbk@singnet.com.sg
Senior Regional Representative: B Shegar

Taiwan
12/F Bank Tower Building, 205 Tun Hwa North
Road, Taipei 10592, Taiwan
Tel (098862) 2719-8911
Fax (098862) 2719-3752
Email: nedbank@ms12.hinet.net
Chief Representative: Ms V Cheng

Banking affiliates

Commercial Bank of Namibia Limited
12 – 20 Bülow Street, Windhoek, Namibia
Tel (0926461) 295-9111
Fax (0926461) 295-2079
Managing Director: SC du Plessis

HSBC Equator Bank plc
(Incorporated in the United Kingdom)
66 Warwick Square, London, SW1V2AL
England
Tel (0944207) 821-8797
Fax (0944207) 821-6221
Chief Executive Officer: FH Kennedy

Merchant Bank of Central Africa Limited
14th Floor, Old Mutual Centre, Third Street Harare,
Zimbabwe
Tel (092634) 70-1636, (092634) 70-1642/52;
Fax (092634) 70-8005
Managing Director: D Hatendi

State Bank of Mauritius Limited
State Bank Tower, 1 Queen Elizabeth II Avenue Port
Louis, Mauritius
Tel (09230) 202-1111
Telex 4910 STATE MD IW
Fax (09230) 202-1666
Managing Director: MKT Reddy

Fincom Bank of Malawi Limited
Development House
Cnr Henderson Street and Victoria Avenue
Blantyre, Malawi
Tel (09265) 620477/620997/622885
Fax (09265) 620102
Managing Director: P Tubb

BNP Nedbank (Mozambique) SARL
Predio 33 andares
1 – Andar
1230 AV 25 de Setembro
Maputo, Mozambique
Tel (092581) 306700
Fax (092581) 306305
Managing Director: L Martin

Banque SBM Madagascar
1 Rue Andrianary Ratianariva
Antsahavola – Antananarivo 101
Madagascar
Tel (09261) 2 022666 07/46/47/55
Fax (09261) 2 022666 08
General Manager: E Lallmahomed

SBM Nedbank International Limited
State Bank Tower
1 Queen Elizabeth II Avenue
Port Louis
Mauritius
Tel (09230) 202-1550
Fax (09230) 210-7819
Managing Director: G Patterson

Retail banking
Nedbank, Permanent Bank and Peoples Bank
Nedcor Park, cnr Main Reef Road and Press Avenue
Selby Extension 15
Johannesburg, 2092
Tel (011) 495-8911

Nedbank Commercial
66 Sauer Street, Johannesburg, 2001
Tel (011) 836-3541

Nedbank Corporate
100 Main Street, Johannesburg, 2001
Tel (011) 630-7111

Technology and Operations
105 West Street, Sandton, 2196
Tel (011) 881-4911

Nedbank Syfrets Private Banking
135 Rivonia Road, Sandown, 2146
Tel (011) 294-4444

Nedcor Investment Bank Holdings Limited
1 Newtown Avenue, Killarney, 2193
Tel (011) 480-1000

Affiliates

NIB Securities (Pty) Limited
2nd Floor, The JSE Annexe
1 Kerk Street, Johannesburg, 2001
Tel (011) 838-8550
Fax (011) 838-7526
Managing Director: P Iuel

Syfrets Trust Limited
1 Newtown Avenue, Killarney, 2193
Tel (011) 480-1003
Fax (011) 480-1139
Managing director: N 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: N Cochrane

Cape of Good Hope Bank Limited
117 St George's Mall, Cape Town, 8001
Tel (021) 480-5000

Affiliates

Western Cape Property Company Limited
5th Floor, Mariendahl House, Norwich on Main
Cnr Main and Campground Roads
Newlands, 7700
Tel (021) 683-7773
Fax (021) 683-7774
Managing Director: C Hyland

Catalyst Holdings (Pty) Limited
The Terraces, 34 Bree Street, Cape Town, 8001
Tel (021) 419-7373
Fax (021) 419-4688
Managing Director: J Broll

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

Auditors
Deloitte & Touche
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
KPMG Crescent, 85 Empire Road
Parktown, 2193
Private Bag 9, Parkview, 2122
Tel (011) 647-7111
Fax (011) 647-8000

FORM OF PROXY

NEDCOR

Nedcor Limited

("the company" or "Nedcor")
Reg No 1966/010630/06
(Incorporated in the Republic of South Africa)

For use by members of Nedcor at the annual general meeting to be held in the Auditorium, 6th Floor, 100 Main Street, Johannesburg, on Wednesday, 25 April 2001, at 17:00 and at any adjournment thereof.

I/We ______________________________

being the holder(s) of [   ] ordinary shares in the company, appoint (see note 1):

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

3. 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 (see note 3):

		Number of votes (one vote per ordinary share)		
Resolutions		**For**	**Against**	**Abstain**
Receive and consider annual financial statements and reports				
Confirmation of issue of capitalisation shares				
Payment of dividends				
Election of directors by a single resolution				
Election of directors	GH Bulterman			
	WAM Clewlow			
	PTW Curtis			
	Prof MM Katz			
	E Molobi			
	CC Parker			
	JVF Roberts			
	Dr WP Venter			
Remuneration of directors				
Reappointment of auditors				
Remuneration of auditors				
Placing unissued ordinary shares under the control of the directors				
Ordinary resolution number 1				
Ordinary resolution number 2				
Special resolution number 1				
Special resolution number 2				

Signed at (place) ______________ on (date) ______________ 2001

Signature ______________________________

Assisted by me ______________________________

(where applicable)

Please read the notes on the reverse hereof

NOTES TO PROXY

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 have to be lodged with or posted to the registered office of the company, c/o **Mercantile Registrars Limited, 7th Floor, 11 Diagonal Street, Johannesburg, 2001 (PO Box 1053, Johannesburg, 2000)** to be received by not later than 17:00 on Tuesday, 24 April 2001.

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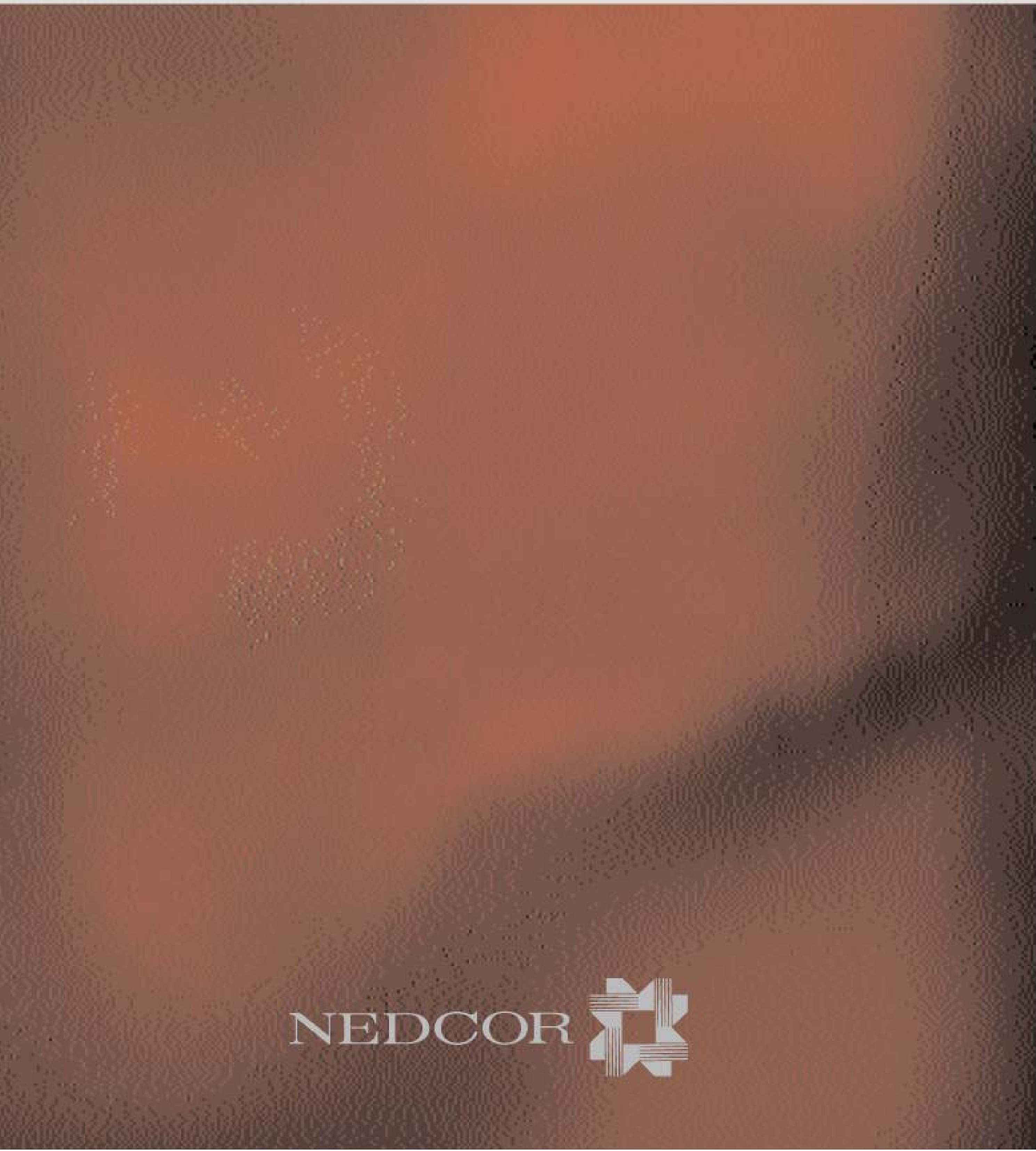
G R A P H I C O R   2 0 8 1 3

www.nedcor.co.za



NEDCOR ANNUAL REPORT 2000