



# NEDBANK

## Reviewed interim financial results for the six months ended 30 June 2007

A Member of the OLD MUTUAL Group



### Overview

Nedbank is a wholly owned subsidiary of Nedbank Group Limited, which is listed on JSE Limited. These consolidated financial results are published to provide information to holders of Nedbank's listed non-redeemable non-cumulative preference shares.

Commentary relating to the consolidated Nedbank financial results is included in the Nedbank Group Limited group results, as presented to shareholders on 6 August 2007. Further information is provided on the website: [www.nedbankgroup.co.za](http://www.nedbankgroup.co.za).

### Accounting policies

Nedbank Limited (the 'company') is a company domiciled in South Africa. The reviewed financial results of the company at and for the period ended 30 June 2007 comprise those of the company and its subsidiaries (together referred to as the 'group') and the group's interests in associates and jointly controlled entities.

The group's principal accounting policies have been applied consistently with those disclosed in the consolidated financial statements of Nedbank Limited at and for the year ended 31 December 2006. The interim condensed consolidated financial statements of Nedbank Limited have been prepared in accordance with IAS 34: Interim Financial Reporting and consist of the consolidated income statement, consolidated balance sheet, condensed consolidated statement of changes in equity, condensed consolidated cash flow statement and selected explanatory notes. The selected explanatory notes are marked with <sup>(1)</sup>.

### Reviewed results – auditors' opinion

KPMG Inc and Deloitte & Touche, the company's independent auditors, have reviewed the interim condensed financial statements contained in this interim report and have expressed an unmodified

conclusion on the interim condensed financial statements. The review report is available for inspection at the company's registered office.

### Nedbank non-redeemable non-cumulative preference shares – declaration of dividend no 9

Notice is hereby given that preference dividend no 9 of 46,72603 cents per share has been declared for the period from 1 January 2007 to 30 June 2007, payable on Monday, 3 September 2007, to shareholders of the non-redeemable non-cumulative preference shares recorded in the books of the company at the close of business on Friday, 31 August 2007.

In accordance with the provisions of STRATE, the electronic settlement and custody system used by JSE Limited, the relevant dates for the payment of the dividend are as follows:

Last day to trade cum dividend: Friday, 24 August 2007  
Shares trade ex dividend: Monday, 27 August 2007  
Record date: Friday, 31 August 2007  
Payment date: Monday, 3 September 2007  
Share certificates may not be dematerialised or rematerialised between Monday, 27 August 2007, and Friday, 31 August 2007, both days inclusive.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders. Shareholders who have dematerialised their share certificates will have their accounts, at their participant or broker, credited on Monday, 3 September 2007.

For and on behalf of the board

RJ Khoza  
Chairman  
6 August 2007

TA Boardman  
Chief Executive

Registered office:  
Nedbank Sandton, 135 Rivonia Road, Sandown, 2196;  
PO Box 1144, Johannesburg, 2000

Transfer secretaries:  
Computershare Investor Services 2004 (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001; PO Box 61051, Marshalltown, 2107

### Directors:

Dr RJ Khoza (Chairman), Prof MM Katz (Vice-chairman), ML Ndlovu (Vice-chairman), TA Boardman\* (Chief Executive), CJW Ball\*\*, MWT Brown\* (Chief Financial Officer), TCP Chikane, BE Davison, N Dennis (British), JB Magwaza, ME Mkwana, CML Savage, GT Seroke,

MA Enus-Brey, Prof B de L Figaji, RM Head (British), JH Sutcliffe (British)

\* Executive

\*\*Senior independent director

Company Secretary: GS Nienaber

Sponsors: Investec Bank Limited, Nedbank Capital

Nedbank Limited Reg No 1951/000009/06

Incorporated in the Republic of South Africa

JSE share code: NBKP

ISIN: ZAF000043667

### Consolidated income statement

for the period ended	Reviewed June 2007	Reviewed June 2006	Audited December 2006
<b>Rm</b>			
Interest and similar income	18 319	12 118	27 089
Interest expense and similar charges	11 961	7 253	16 600
<b>Net interest income</b>	<b>6 358</b>	<b>4 865</b>	<b>10 489</b>
Impairments charge on loans and advances	1 009	804	1 465
<b>Income from lending activities</b>	<b>5 349</b>	<b>4 061</b>	<b>9 024</b>
Non-interest revenue*	4 679	4 047	8 566
<b>Operating income</b>	<b>10 028</b>	<b>8 108</b>	<b>17 590</b>
Total expenses	6 018	5 343	11 725
Operating expenses*	5 948	5 278	11 581
BEE transaction expenses	70	65	144
Indirect taxation	129	151	334
<b>Profit from operations before non-trading and capital items</b>	<b>3 881</b>	<b>2 614</b>	<b>5 531</b>
Non-trading and capital items	19	250	183
Impairment of goodwill			(1)
Profit on sale of subsidiaries, investments and property and equipment	21	260	242
Net impairment of investments, property and equipment, and capitalised development costs	(2)	(10)	(58)
<b>Profit from operations</b>	<b>3 900</b>	<b>2 864</b>	<b>5 714</b>
Share of profits of associates and joint ventures	55	17	68
<b>Profit before direct taxation</b>	<b>3 955</b>	<b>2 881</b>	<b>5 782</b>
Direct taxation	1 034	785	1 645
Taxation on non-trading and capital items	(2)	33	24
<b>Profit for the period</b>	<b>2 923</b>	<b>2 063</b>	<b>4 113</b>
<b>Attributable to:</b>			
Profit attributable to equity holders of the parent	2 777	1 951	3 870
Profit attributable to minority interest – ordinary shareholders	139	112	243
– preference shareholders	7		
<b>Profit for the period</b>	<b>2 923</b>	<b>2 063</b>	<b>4 113</b>

\* June 2006: Reclassification of transaction costs in non-interest revenue (NIR)

Expenses amounting to R26 million for the period, directly related to NIR, have been reclassified from operating expenses, consistent with industry practice, and have been included in NIR.

These expenses represent transaction costs directly attributable to the acquisition of trading investments recorded at fair value, which do not include transaction costs. The carrying amount of financial instruments, other than those at fair value through profit or loss, generally includes transaction costs. Consequently, transaction costs that would be included in the determination of the effective interest rate of the instruments and the interest attributable to these instruments have been disclosed within NIR.

### Earnings reconciliation <sup>(1)</sup>

for the period ended	Reviewed June 2007	Reviewed June 2006	Audited December 2006
<b>Rm</b>			
Profit attributable to equity holders of the parent	2 777	1 951	3 870
Less: non-trading capital items	21	217	159
Impairment of goodwill			(1)
Net profit on sale of subsidiaries, investments and property and equipment	21	260	242
Net impairment of investments, property and equipment, and capitalised development costs	(2)	(10)	(58)
Taxation on above items	2	(33)	(24)
<b>Headline earnings</b>	<b>2 756</b>	<b>1 734</b>	<b>3 711</b>

### Condensed consolidated cash flow statement

for the period ended	Reviewed June 2007	Reviewed June 2006	Audited December 2006
<b>Rm</b>			
Cash generated by operations	5 574	3 821	8 114
Change in funds for operating activities	(1 595)	(6 524)	(5 267)
<b>Net cash generated from operating activities before taxation</b>	<b>3 979</b>	<b>(2 703)</b>	<b>2 847</b>
Taxation paid	(1 245)	(198)	(752)
<b>Cash flows from/(utilised by) operating activities</b>	<b>2 734</b>	<b>(2 901)</b>	<b>2 095</b>
Cash flows utilised by investing activities	(930)	(387)	(730)
Cash flows from financing activities	1 780	1 583	508
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3 584</b>	<b>(1 705)</b>	<b>1 873</b>
Cash and cash equivalents at the beginning of the period*	18 191	16 318	16 318
<b>Cash and cash equivalents at the end of the period*</b>	<b>21 775</b>	<b>14 613</b>	<b>18 191</b>

\* Including mandatory reserve deposits with central bank.

### Consolidated balance sheet

at	Reviewed June 2007	Reviewed June 2006	Audited December 2006
<b>Rm</b>			
<b>Assets</b>			
Cash and cash equivalents	14 046	8 587	11 165
Other short-term securities	14 175	13 347	13 855
Derivative financial instruments	9 189	11 154	10 314
Government and other securities*	25 107	16 587	22 031
Loans and advances**	346 299	277 640	319 180
Other assets	5 021	6 110	5 120
Clients' indebtedness for acceptances	2 651	1 617	2 544
Current taxation receivable	832	119	138
Investment securities	2 850	2 595	2 385
Non-current assets held for sale	25	7	41
Investments in associate companies and joint ventures	839	390	690
Deferred taxation asset	85	125	48
Investment property	66	71	66
Property and equipment	3 411	3 127	3 323
Long-term employee benefit assets	1 409	1 279	1 357
Computer software and capitalised development costs	1 235	1 226	1 236
Mandatory reserve deposits with central bank	7 729	6 026	7 026
Goodwill**	1 369	1 370	1 369
<b>Total assets</b>	<b>436 338</b>	<b>351 377</b>	<b>401 888</b>
<b>Total equity and liabilities</b>			
Ordinary share capital	27	27	27
Ordinary share premium	14 422	14 422	14 422
Reserves	11 686	7 631	9 583
Total equity attributable to equity holders of the parent	26 135	22 080	24 032
Preference share capital and premium	3 131	2 770	2 770
Minority shareholders' equity attributable to			
– ordinary shareholders	1 230	828	955
– preference shareholders	300	300	300
Total equity	30 796	25 978	28 057
Derivative financial instruments	10 089	14 260	11 549
Amounts owed to depositors	368 233	290 152	339 164
Other liabilities*	10 134	7 917	9 098
Liabilities under acceptances	2 651	1 617	2 544
Current taxation liabilities	249	371	338
Deferred taxation liabilities	1 933	742	1 410
Long-term employee benefit liabilities	1 225	1 124	1 210
Long-term debt instruments	11 028	9 216	8 518
<b>Total liabilities</b>	<b>405 542</b>	<b>325 399</b>	<b>373 831</b>
<b>Total equity and liabilities</b>	<b>436 338</b>	<b>351 377</b>	<b>401 888</b>
Guarantees on behalf of clients	18 524	12 798	15 235

\* Certain bond positions were not set off in the June 2006 reporting period and have been restated for comparability purposes.

\*\* Goodwill on acquisition of B&E Bank Limited assets and liabilities by Nedbank Limited

On the acquisition of the assets and liabilities of B&E Bank Limited the excess of the purchase price over the identifiable assets, liabilities and contingent liabilities was applied to reduce the loan amount owing to B&E Bank Limited. To align the accounting with the purchase agreement the excess amounting to R807 million has been raised as goodwill. June 2006 results have been restated accordingly.

### Contingency note

Historically a number of group companies entered into structured-finance transactions with third parties, using their tax bases. In the majority of these transactions the underlying third parties contractually agreed to accept the risk of any tax imposed by the South African Revenue Service (SARS), although the obligation to pay rested in the first instance with the group companies. It would only be in limited cases, for example where the credit quality of a client became doubtful or where the client specifically contracted out of the repricing of additional taxes, that the recovery from a client could be less than the liability arising on assessment, in which case provisions would be made.

SARS has recently assessed structures in a manner contrary to the way initially envisaged by the contracting parties and continues to examine other structures. As a result group companies are, or could be, obliged to pay additional amounts to SARS and recover these from clients under various applicable contractual arrangements.

### Condensed operational segmental reporting <sup>(1)</sup>

for the period ended	Reviewed June 2007	Reviewed June 2006	Audited December 2006	Reviewed June 2007	Reviewed June 2006	Audited December 2006	Reviewed June 2007	Reviewed June 2006	Audited December 2006
	Rbn	Rbn	Rbn	Rm	Rm	Rm	Rm	Rm	Rm
	Total assets	Total assets	Total assets	Operating income	Operating income	Operating income	Headline earnings	Headline earnings	Headline earnings
Nedbank Corporate	187	149	175	4 233	3 505	7 596	1 541	1 198	2 515
Nedbank Capital	149	128	138	1 245	1 298	2 605	545	576	1 145
Nedbank Retail	142	108	125	4 782	3 975	8 591	956	711	1 463
Imperial Bank	34	26	30	541	427	932	107	89	193
Shared Services	6	7	8	44	47	286	20	(82)	(138)
Central Management	18	13	13	(421)	(437)	(859)	(394)	(388)	(743)
Eliminations	(75)	(50)	(64)	(130)	(80)	(203)			
Total per Nedbank Group	461	381	425	10 294	8 735	18 948	2 775	2 104	4 435
Fellow-subsubsidiary adjustments	(25)	(30)	(23)	(266)	(627)	(1 358)	(19)	(370)	(724)
<b>Total</b>	<b>436</b>	<b>351</b>	<b>402</b>	<b>10 028</b>	<b>8 108</b>	<b>17 590</b>	<b>2 756</b>	<b>1 734</b>	<b>3 711</b>

Segmental reporting comparative results have been restated for improved profitability measurement.

### Condensed geographical segmental reporting <sup>(1)</sup>

for the period ended	Reviewed June 2007	Reviewed June 2006	Audited December 2006	Reviewed June 2007	Reviewed June 2006	Audited December 2006
	Operating income	Operating income	Operating income	Headline earnings	Headline earnings	Headline earnings
<b>Rm</b>						
South Africa	9 627	8 151	17 616	2 631	1 984	4 176
Business operations						
BEE transaction costs	9 627	8 151	17 616	2 839	2 157	4 516
Profit attributable to minority interest – preference shareholders				(79)	(63)	(121)
				(129)	(110)	(219)
Rest of Africa	288	281	657	50	41	76
Business operations	288	281	657	51	41	99
BEE transaction costs				(1)		(23)
Rest of world – business operations	379	303	675	94	79	183
Total per Nedbank Group	10 294	8 735	18 948	2 775	2 104	4 435
Fellow-subsubsidiary adjustments	(266)	(627)	(1 358)	(19)	(370)	(724)
<b>Total</b>	<b>10 028</b>	<b>8 108</b>	<b>17 590</b>	<b>2 756</b>	<b>1 734</b>	<b>3 711</b>

These results and additional information are available on [www.nedbankgroup.co.za](http://www.nedbankgroup.co.za)