

NEDBANK GROUP INTERIM FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2009



MAKE THINGS HAPPEN

NEDBANK
GROUP

A Member of the  OLD MUTUAL Group



'The first half of 2009 has been a challenging period for the South African economy. It has been a harsh environment for clients and this has negatively impacted bank earnings. In this environment the group has focused on the strength of its balance sheet. Capital ratios continued strengthening and liquidity was sound throughout the period. Net asset value per share increased by 7,4%.

Nedbank Group remained solidly profitable, but reduced endowment income and margin on current and savings accounts from lower interest rates, together with slower asset growth and increasing impairments, have resulted in reduced earnings levels compared with the period to June 2008. There are, however, signs that the first half of 2009 may have seen the worst of the retail credit cycle.

Throughout this difficult period the group has continued to advance loans to our clients while ensuring affordability criteria are met. Nedbank Group has shown modest market share growth in most core retail and commercial advances categories. The group continues to seek ways of assisting distressed clients, promoting responsible lending and encouraging savings. Of the large South African banks Nedbank offers among the lowest bank fees for low- and middle-income earners.'

Tom Boardman
Chief Executive

NET ASSET VALUE PER SHARE INCREASED

7,4% TO 8 762 CENTS

CAPITAL ADEQUACY CONTINUES TO STRENGTHEN

(TIER 1: 10,0%)

DILUTED HEADLINE EARNINGS PER SHARE DOWN

34,1% TO 474 CENTS

DILUTED EARNINGS PER SHARE DOWN

30,5% TO 611 CENTS

INTERIM DIVIDEND PER SHARE

OF 210 CENTS

EXECUTIVE TEAM RESTRUCTURED

AND FURTHER TRANSFORMED

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DOING THINGS DIFFERENTLY
HELPS MAKES THINGS HAPPEN



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2009 interim results presentation

COMMENTARY

BANKING ENVIRONMENT

In the first quarter of 2009 the South African economy contracted at its fastest rate since the third quarter of 1984. The deterioration in the South African banking environment, as indicated in the group's first-quarter trading update in May 2009, has been more severe than was anticipated at the time of the release of the 2008 financial results in February 2009. The risk remains high that the recovery in economic growth may be slow and protracted, and that retrenchments will increase and house prices will continue to decline into the second half of the year.

While lower interest rates are positive for consumers – as reflected in the slower rate at which retail impairments are increasing – this has a negative impact on bank earnings in the short term due to reduced endowment income and margin on current and savings accounts. Wholesale banking, which has been resilient, even at the peak of the interest rate cycle, is starting to show the signs of increased credit stress being experienced by some clients.

HELPING CLIENTS MANAGE THROUGH THE CYCLE

The group has embarked on several initiatives to support clients through this difficult cycle. Assistance to retail clients takes into account the individual's medium-term ability to repay, as well as appropriate affordability and security criteria. Assistance is provided to wholesale clients in distress, provided there is a reasonable probability that they can be restored to financial and operational sustainability with appropriate guidance as well as support from the client's shareholders. Initiatives to assist clients include the following:

- Appropriately restructuring distressed loans where this enables clients to remain in their houses or retain their assets, as well as offering alternative ways for clients to dispose of their properties so as to realise maximum value.
- Removing the penalty fee on Mzansi Accounts for rejected payments and excess numbers of transactions. The group's transactional banking fees for the lower- to middle-income sector remain among the most affordable.
- Launching Personal Money Manager, a free software package enabling Nedbank Retail transactional banking clients to download recent monthly statements at no charge. This assists clients to budget, track actual spend against budgeted spend, and identify opportunities to save.
- Providing bridging finance where a client's ability to repay is hampered by short-term constraints but the client has the ability to repay debt in the medium term.
- Working closely with wholesale clients in financial distress to rehabilitate their businesses and prevent liquidation.
- Assisting distressed small businesses to find possible buyers, should this be appropriate.
- Providing mentors to assist distressed businesses for a period of time.
- Facilitating the repayment of smaller bank facilities to consolidate debt.

REVIEW OF RESULTS

As highlighted in the 2008 annual results announcement, management has focused on maintaining a strong and appropriately liquid statement of financial position (balance sheet) during these difficult market conditions. It is therefore pleasing to report that the group increased net asset value (NAV) by 7,4% to 8 762 cents per share. The group's Tier 1 capital adequacy ratio increased from 9,6% in December 2008 to 10,0% and the total capital adequacy ratio increased from 12,4% to 13,2%. The group's ratio of risk-weighted assets to total assets is 62,8%, above the top end of the peer group, indicating the conservative approach adopted in applying Basel II. The interbank funding market has functioned normally and liquidity remains sound.

Headline earnings decreased by 32,4% from R2 943 million for the period to June 2008 to R1 988 million for the six months to June 2009. Diluted headline earnings per share decreased by 34,1% from 719 cents to 474 cents. Basic earnings decreased by 28,7% from R3 597 million to R2 564 million for the current period. Diluted earnings per share decreased by 30,5% from 879 cents to 611 cents. These results are in line with the target ranges reflected in the trading statement released on 20 July 2009.¹

Overall the group's results were negatively impacted by lower interest rates and the effects of the economic recession. This has resulted in margin compression from the negative endowment effect, margin compression on current and savings accounts and a reduction in transaction volumes. In addition, impairments have increased from December 2008, although some improvement has been noted since March 2009.¹

Solid client flows, a healthy retail deposit franchise, improved asset margins on new business, strong levels of capital and good cost discipline have created a solid base from which to grow.

The group achieved a return on average ordinary shareholders' equity (ROE), excluding goodwill, of 12,6% and an ROE of 11,1%, resulting in an overall economic loss (earnings after deducting the cost of capital employed) of R99 million for the period.

CLUSTER PERFORMANCE

Nedbank Capital

Nedbank Capital grew headline earnings by 4,3% to R626 million for the six months ended June 2009. The cluster generated an economic profit of R433 million and achieved an excellent return on risk-adjusted capital (RORAC) of 42,9% (June 2008: 35,3%).

The economic downturn, combined with reduced internal risk appetite and an ongoing focus on selective asset growth, has resulted in a reduction in foreign and trading assets as well as economic-capital utilisation in the six months under review.

Net interest income (NII) for the cluster increased by 34,3% to R595 million, benefiting from strong advances growth in the second half of 2008 and from improved asset spreads. The credit loss ratio increased to 0,44% (June 2008: 0,12%), primarily as a result of the negative impact of the environment on advances to certain sectors. The diversification of the portfolio across sectors helped to maintain the credit loss ratio at acceptable levels.

The integrated investment banking model has gained further momentum and contributed solidly to the businesses generating non-interest revenue (NIR) through additional revenue opportunities being identified more pro-actively during the initial stages of the credit-granting process.

Commission and fees were 23,0% higher due to good dealflow in Infrastructure and Corporate Finance businesses. Trading income grew by 18,2%, reflecting solid performance in Treasury and Global Markets on the back of favourable underlying trading conditions.

Within Investment Banking and the Global Markets equity businesses there were fewer opportunities to generate revenue due to the lower levels of client activity, weaker equity markets and the deteriorating credit environment.

Nedbank Corporate

Nedbank Corporate's headline earnings declined by 11,3% to R685 million for the six months ended June 2009. The cluster generated economic profit of R335 million and achieved a RORAC of 25,9% (June 2008: 25,8%).

The capital efficiency programme initiated late in 2008 resulted in a reduction in capital requirements. Capital reduced from R6,0 billion in December 2008 to R5,3 billion at June 2009. Had these initiatives been applied retrospectively, capital would have been R1,5 billion lower in 2008. In 2009 the cost of higher impairments was offset by the effect of the lower capital utilisation, which resulted in RORAC remaining at similar levels as in 2008.

Core banking earnings, which exclude property private equity portfolio earnings, held up satisfactorily, with earnings up 1,6% after adjusting for the capital efficiency programme.

Corporate Banking performed well, driven by healthy advances and credit margin growth. Property Finance earnings were down as impairments increased in line with expectations and property private equity valuations decreased.

Risk management processes have proved effective to date, with the credit loss ratio now at a more normalised 0,25%.

The alliance with Ecobank, announced in December 2008, is progressing well. A high-profile event was held on 4 August to provide an update on the unique banking proposition this offers to our clients across the largest banking footprint in Africa, and also marked the launch of our African Centre of Excellence for clients.

Nedbank Corporate has good financial metrics that are complemented by improving culture and staff morale results, confirming the sound overall condition of the business.

Nedbank Business Banking

After four years of strong earnings growth Nedbank Business Banking's headline earnings decreased by 31,7% to R499 million for the six months ended June 2009. The cluster generated an economic profit of R261 million and achieved a RORAC of 27,8% (June 2008: 34,8%).

Business Banking implemented a similar capital optimisation process to that of Nedbank Corporate. The cluster reduced its capital from R4,2 billion to R3,6 billion. Retrospective application would have meant 2008 capital would have been approximately R596 million lower.

The drop in earnings resulted from a decrease in endowment income and margin on current and savings accounts, higher impairment levels and a general slowdown in client business activity.

The cluster maintained its focus on improving client economic profitability through quality asset growth for its primary-banked clients, while reducing advances to higher-risk clients or those clients with a single Nedbank lending product.

Proactive risk management practices are fundamental to the way Business Banking operates and this, together with the decentralised accountable business model, has proved effective during the period and ensured impairments were well contained, resulting in a credit loss ratio of 0,79%.

Despite the overall impact of lower client volumes, Business Banking was able to deliver a sound performance in its core business by focusing on:

- quality new business;
- widening credit margins on new assets in line with risk-based pricing principles;
- strong NIR growth aided by primary-banked client acquisition; and
- effective cost management.

Notwithstanding the more challenging external environment, Business Banking remains focused on its strategic objectives and is well positioned to take advantage of opportunities in the market, while it continues to invest in its client-centric decentralised business model and leadership, and to develop a high-performance culture.

Nedbank Retail

Nedbank Retail's headline earnings declined by 93,5% to R47 million for the six months ended June 2009. The first half of 2009 continued to be extremely challenging in retail banking, with the cluster generating an economic loss of R586 million and a RORAC of 1,0% (June 2008: 15,9%).

The effect of declining interest rates on endowment and margin compression on current and savings accounts, coupled with lower volumes, resulted in NII declining by 3,2%. NIR growth of 9,8% has been driven mainly by increased fee income as a result of growing client numbers and modest pricing adjustments.

commentary... continued

Impairments rose by 66,2% to R2 350 million and the credit loss ratio increased from 2,92% in the second half of 2008 to 3,00%, driven mainly by Home Loans and Small Business Services. We anticipate the relief from interest rate reductions to become more evident during the rest of 2009 and into 2010. Impairments in unsecured revolving products are improving, and early indications are that secured products may also be turning, with the cluster's credit loss ratio down marginally from 3,10% in March 2009.

To improve profitability, loan-to-value (LTV) policies in respect of home loans were tightened from the second half of 2008 onwards, resulting in the weighted average LTV on new business being registered dropping from 89,9% in June 2008 to 84,4% in December 2008 and 79,9% in June 2009. This trend is evident in lower LTV ratios at grant stage and in an improved distribution of the book when measured by balance outstanding to original valuation. Client rates have also increased during the past six months, with an appropriate reduction in the average concession granted on new business. Similar steps have been taken in other secured-loan products with Nedbank Retail. However, because of the lower volumes of new business being written, this will take some time to impact the margin on the overall book, which has also been negatively affected by an increase in the internal cost of funds.

A focus on cost containment resulted in cost growth of only 5,1%, contributing to a relatively stable efficiency ratio of 62,9%, compared with 61,1% in 2008. We have continued to build and execute on our long-term growth strategies, evidenced by the buyout of Old Mutual's interests in the BoE, NedLife and Fairbairn businesses, all of which are now wholly owned by Nedbank Group. We and Old Mutual believe that this is a more appropriate model to facilitate an increase in bancassurance earnings.

The majority of the stress being felt by Nedbank Retail is a direct result of the historic high interest rates and the downturn in the economy. We are already seeing signs of improvements in trends, with early-stage arrears across all products having improved over the past five months.

The key focus areas of Nedbank Retail, which we believe will improve the cluster's financial returns, are:

- NIR growth, mainly through primary-client acquisition;
- selected growth in advances at enhanced margins and lower risk profiles;
- retention and growth of the liability book;
- ongoing focus on risk, impairments and collections; and
- bancassurance and wealth revenue growth following the group's acquisition of the balance of the shares in BoE, NedLife and Fairbairn Private Bank from Old Mutual.

Imperial Bank

Nedbank Group's share of Imperial Bank's headline earnings declined by 47,7% to R46 million for the six months ended June 2009. Imperial Bank generated a return on equity of 7,1% (June 2008: 15,5%).

Trading conditions remained extremely challenging during the period, with many clients struggling to cope with the severe effects of the recession and depressed markets.

The efficiency ratio improved to 26,3%. Loans and advances increased by 9,2% (annualised) to R47 billion, reflecting small market share gains. The credit loss ratio deteriorated from 1,75% to 2,50%, largely as a result of the credit loss ratio in the Motor Finance Corporation (MFC) business increasing from 2,65% to 3,30% at June 2009.

Early in the cycle MFC implemented a number of risk management processes, which included tightening affordability criteria. The beneficial impact of this proactive approach, together with lower interest rates, are reflected in the arrears levels starting to decline, decreasing repossession and improved recovery rates at auctions. While we expect to see some benefit from this flowing through to improved trading results in the second six months, it is likely that the full benefits will only be realised in 2010 and beyond.

FINANCIAL PERFORMANCE

NII

NII grew 2,8% to R8 185 million (June 2008: R7 960 million) as a result of a 14,8% increase in average interest-earning banking assets, offset by compression in the group's margin.¹

The net interest margin for the period was 3,44%, down from 3,83% for the period to June 2008 and the 3,66% for the year ended December 2008.¹

Margin compression was largely due to the reduced endowment income impact on capital and margin on non-rate-sensitive deposits resulting from the faster than expected reduction in interest rates. In addition, margin was impacted by:

- other liability margin compression reflecting the higher cost of term funding;
- the increased duration in the wholesale deposit book and the cost of holding additional liquidity buffers;
- the cost of funding increased non-performing loans and properties in possession;
- debits relating to accounting for historic structured-finance transactions with related credits offset in taxation; and
- interest-earning assets repricing more quickly than interest-bearing liabilities.

Impairments charge on loans and advances

The credit loss ratio reflects the very tough economic conditions and increased to 1,57% for June 2009, compared with 0,96% for the same period in 2008 and 1,36% for the second half of 2008. It is encouraging that this ratio showed a slight improvement from the 1,67% reflected in the group's first-quarter trading update. ¹

Given the recessionary environment, South African businesses are experiencing increased levels of stress, which has resulted in higher levels of impairments in the wholesale advances books, but still within the through-the-cycle range for this sector.

Credit loss ratio (%)	H1 to June 2009	Year to December 2008	H2 to December 2008	H1 to June 2008
Nedbank Capital	0,44	0,06	0,00	0,12
Nedbank Corporate*	0,25	0,12	0,18	0,05
Nedbank Business Banking	0,79	0,59	0,84	0,34
Nedbank Retail	3,00	2,47	2,92	2,00
Imperial Bank	2,50	1,71	1,63	1,75
Nedbank Group	1,57	1,17	1,36	0,96

* Comparatives restated to exclude Nedbank Business Banking.

Defaulted advances increased by 94,8% (annualised) to R25 437 million, from R17 301 million reported in December 2008, and total impairment provisions increased by 32,9% (annualised) to R9 142 million for the same period. Approximately R1 billion of the defaulted advances are technical in nature and the direct result of applying a reduced instalment to historic arrears balances as interest rates fall.

Management has maintained a strong focus on managing risk and improving asset quality, particularly in retail home loans. Good progress has been made and average LTV ratios for new home loans at grant stage have been reduced to 79,9%.

NIR

The group's focus on growing NIR streams is starting to show results. NIR increased 8,5% to R5 377 million (June 2008: R4 954 million). ¹

Commission and fee income grew by 8,7%, mainly from increases in transactional banking fees and insurance product pricing in Retail, strong cash-handling volumes, increased electronic banking volumes and credit-related excess/commitment fees in Business Banking. The migration of Corporate Banking clients onto the NetBank electronic banking system will commence later in the year and is expected to contribute to the acquisition of transactional banking corporate clients.

Trading income was up by 14,2% from R813 million at June 2008 to R928 million, driven primarily by favourable trading opportunities in Treasury and the Global Markets businesses.

NIR from the private equity portfolios declined by R80 million, compared with June 2008, in line with markets.

NIR from private equity (Rm)	June 2009	June 2008
Nedbank Capital private equity	10	93
Nedbank Corporate property private equity	(37)	(40)
Total NIR from private equity	(27)	53

NIR includes an amount of R85 million (June 2008: R21 million) from the credit-related fair-value adjustment of the bank's own subordinated debt. This is low-quality earnings and has not been attributed to capital.

Expenses ¹

Nedbank Group's expenses increased by 7,1% to R7 121 million (June 2008: R6 651 million) and are in line with expectations. Expenses remain tightly controlled:

- Staff expenses increased by 7,1%, resulting from the 1,5% growth in staff numbers, compared with June 2008, salary increases and an adjustment of R47 million (June 2008: R129 million) to account for the growth in the Nedgroup Pension Fund asset. Staff numbers have decreased by 1,4% annualised since December 2008.
- Marketing and public relations costs decreased by 3,4%.
- Information technology costs grew by 7,4%, largely attributable to ongoing investment in systems development for client businesses and risk-related projects.
- Fees and insurance and other costs increased by 18,4% and 18,5% respectively as a result of increased fraud levels, NAEDOS costs (related to debt collection) and property in possession costs.
- The group's black economic empowerment (BEE) transaction expenses decreased from R108 million to R66 million mainly through movements in the share price.

In line with expectations, as NII growth slowed predominantly from lower endowment income and margin on current and savings accounts, the group's efficiency ratio deteriorated marginally from 51,5% to 52,5%.

commentary... continued

Associate income ¹

Associate income decreased from R84 million in June 2008 to R55 million largely as a result of lower earnings in the Nedbank Retail Bancassurance and Wealth joint ventures and the fact that these were consolidated for the last month of the current period.

Taxation ¹

The taxation charge (excluding taxation on non-trading and capital items) decreased by 36,7% from R1 014 million in June 2008 to R642 million primarily as a result of lower profits in the period.

The effective tax rate decreased from 23,8% to 22,2% due mainly to:

- lower non-deductible share-based payment charges in 2009;
- dividend income that decreased at a slower rate (23,3%) than profit before tax (29,7%); and
- accounting for historical structured-finance transactions, which reduced the effective tax rate by 1,3%, and are offset in the net interest margin.

Non-trading and capital items ¹

Income after taxation from non-trading and capital items decreased from R654 million to R576 million at June 2009. The key components (after taxation) are as follows:

Non-trading and capital items (Rm)	June 2009	June 2008
Profit on sale of Visa shares	–	637
Profit on the sale of 33,5% in Bond Choice	–	15
Revaluation on acquisition of BoE and NedLife	547	–
Other	29	2
Total	576	654

STATEMENT OF FINANCIAL POSITION

Capital

Nedbank Group and its subsidiaries are well capitalised with all capital adequacy ratios well above minimum regulatory levels, and the group's ratios are now at the top end of or slightly above the group's internal target ranges, which were increased in December 2008 in response to the deteriorating environment.

The group has been proactive in managing the efficiency of its capital structure, and in the first quarter of 2009 successfully placed a 13-year (non-call 8-year) \$100 million listed lower-Tier 2 subordinated unsecured floating-rate note with an international investor. The group's core Tier 1 capital adequacy ratio (calculated on Tier 1 capital, excluding perpetual preference share capital and hybrid debt capital instruments) increased to 8,6% from 8,2% in December 2008 and the Tier 1 capital adequacy ratio increased to 10,0% from 9,6%. The total capital adequacy ratio increased to 13,2% from 12,4% in December 2008 and is now above the group's increased total capital adequacy target range of 11,5% to 13,0%.

In accordance with its prudent capital management strategy the group increased its levels of surplus capital, and currently holds a surplus of R10,6 billion relative to its calculated economic-capital requirements, calibrated to an A- debt rating (including a 10% buffer), and a surplus of R10,7 billion relative to its regulatory-capital adequacy requirements. Economic-capital requirements are covered by Tier 1 capital, with a surplus of R4,7 billion.

Following the conservative approach when implementing Basel II in 2008, the group has adopted a prudent risk-weighted asset optimisation programme. Since December 2008 this programme has resulted in a decrease of 2,8% in risk-weighted assets held for credit risk, and the ratio of risk-weighted assets to total assets is 62,8%. This is still above the top end of the peer group, highlighting further optimisation opportunities. The group's leverage ratio (total assets to ordinary shareholders' equity) at 14,8 times remains conservative by both international and local standards, and has declined from 16,2 times, evidencing focus on balance sheet strength in the current economic climate.

To strengthen capital further the group intends, subject to regulatory approval and market conditions, issuing non-redeemable non-cumulative preference shares amounting to approximately R500 million during August 2009.

Funding and liquidity

Nedbank Group maintains a conservative funding structure in line with the domestic market and its liquidity remains sound. There is no Tier 2 refinancing required in the capital markets for 2009. The group remains appropriately liquid with a loan-to-deposit ratio of 93,8%.

Given Nedbank Group's domestic focus, international funding represents a small portion of the group's funding base at around 1,5% and the increased cost of international funding as a result of the reduction in international liquidity has had a minimal effect on the group.

Total assets

Total assets decreased marginally by 3,5% (annualised) to R557 billion (December 2008: R567 billion) as a result of decreasing overnight loans and foreign correspondents, as well as the maturing of R6 billion of additional liquid assets that were accumulated prior to the 2008 year-end and repayment of the associated repurchase funding. Growth in average interest-earning banking assets slowed to 14,8% (June 2008 growth: 22,9%).

Advances

Advances are 1,1% (annualised) lower than at December 2008, declining from R434 billion to R432 billion at June 2009, with the reduction being mainly attributable to lower levels of trading assets flowing from a more cautious approach to risk appetite. Overall, growth has slowed down as a result of subdued demand as well as the group's focus on more selective advances growth and improving margins. The advances by division are as follows:

Rm	June 2009	December 2008	Annualised % increase/ (decrease)
Nedbank Capital	43 897	47 686	(16,1)
– Banking activity	38 679	37 302	7,5
– Trading activity	5 218	10 383	<(100)
Nedbank Corporate	135 079	136 222	(1,7)
Nedbank Business Banking	52 354	55 321	(10,8)
Nedbank Retail	154 106	150 107	5,4
Imperial Bank	46 772	44 734	9,2
Other	(255)	163	(<100)
Total	431 953	434 233	(1,1)

The group reduced its exposure to foreign correspondents, overnight loans and trading advances. Excluding these categories, core banking advances grew by 4,2% (annualised) from December 2008. Home loans grew by 6,2% (annualised) and vehicle and asset finance loans by a more muted 1,9% (annualised), with market share increasing in both of these categories.

Deposits ¹

Nedbank Group grew its market share of deposits, but deposits declined by 2,8% (annualised) from R467 billion at the year-end to R460 billion at June 2009, driven mostly by a reduction in repurchase trading activity referred to above. Retail deposit growth was broadly flat in a highly competitive market that started to experience declining demand for savings and investment products given lower interest rates.

Nedbank Group is focused on maintaining and building its strong deposit franchise. Optimising its funding mix and funding profile by growing the Retail and Business Banking portion of the deposit base remains key, as is the competitive pricing of term deposits.

UPDATE ON ACQUISITIONS

In May 2009 Nedbank announced the acquisition of NedLife, BoE Private Clients and Fairbairn Private Bank from Old Mutual plc. These acquisitions were approved by shareholders and have been consolidated by Nedbank Group with effect from 1 June 2009.

On 29 May 2009 the group advised that it was in negotiations with Imperial Holdings Limited to acquire the remaining 49,9% shareholding in Imperial Bank. The negotiations are progressing well and the group hopes to announce the detail shortly.

ACQUISITIONS ¹

On 5 June 2009 Nedbank Group Limited acquired the remaining 50% share in the joint ventures of Nedgroup Life Assurance Company Limited (NedLife) and BoE (Proprietary) Limited, and the remaining 29,8% share in subsidiary Fairbairn Private Bank from Old Mutual plc and its subsidiaries. The transaction included the existing client bases held by the companies and the brandnames. These transactions were financed by the issue of 12,9 million shares as agreed at the general meeting held on 5 June 2009.

There were no contingent consideration arrangements and indemnification assets recognised on the acquisition of these entities. No contingent liabilities have been recognised by the group as a result of these acquisitions.

The receivables recognised by the group are included in other assets and represent their fair value due to their short-term nature. Management is of the opinion that the gross contractual cashflows receivable are not materially different to the fair value of the receivables recognised.

NedLife is a life assurance company that provides non-underwritten credit life assurance and other simple risk and investment products primarily to Nedbank Group clients. A large proportion of NedLife's business is derived from the provision of life cover linked to Nedbank Group's lending activities. NedLife also sells credit life assurance through two of the largest mortgage originators in South Africa.

BoE (Proprietary) Limited is one of South Africa's largest private client wealth management houses, offering a fully integrated range of financial services and advice, including private and specialised banking, investment management, stockbroking and trust and fiduciary services to various niche markets.

Fairbairn Private Bank is an award-winning offshore private bank offering comprehensive transactional banking, credit, treasury, fiduciary and corporate services as well as execution and discretionary asset management. Its client base consists of high-net-worth individuals, professional intermediaries, non-trading companies, trusts, governments and institutional investors.

commentary... continued

The principle reasons for the acquisitions are that it will allow the group to:

- simplify and focus its group structure and create a substantive, wholly owned bancassurance and wealth division;
- facilitate the natural flow and segmentation of clients, products and services provided by these businesses to and from the wider Nedbank Group;
- extend the scope and range of products that Nedbank Group will sell to its clients in the future, particularly in the competitive bancassurance market; and
- acquire a diverse stream of non-banking income that will increase Nedbank Group's NIR.

The group is of the opinion that the ability of the group to generate new business and enhanced synergies as a result of these acquisitions justified the goodwill recognised in the statement of financial position. The goodwill recognised as a result of the transaction is not tax-deductible.

Acquisition of remaining stakes in joint ventures

Nedbank Group acquired the balance of the joint ventures' shareholding and loan account from Old Mutual South Africa Limited for the issue of 10 157 719 shares (total purchase consideration R926 million).

The acquired businesses contributed R72 million to the group's NIR and R28 million to the group's profit for the period after the acquisition. If the acquired businesses had been included in the statement of financial position for the entire six months ended 30 June 2009, it would have resulted in NIR of R373 million and profit for the period of R139 million, relating to the acquired businesses, being recognised in the consolidated statement of comprehensive income.

There was a deemed disposal of the existing joint ventures, which were previously equity-accounted, that resulted in a non-headline after-tax capital profit of R547 million being recognised in profit and loss. The acquisition date fair value of the equity interest in the entities immediately before acquisition was R846 million.

Allocation of purchase consideration:

Rm	
Purchase consideration: shares issued	926
Less: Loan account acquired	80
Net consideration paid for shares	846
Increase for 100% shareholding	1 692
Provisional fair value of net identifiable assets acquired	543
Provisional goodwill	1 149

Assets and liabilities acquired:

Rm	Acquiree's carrying amount	Provisional fair value
Property and equipment	9	9
Other assets	500	500
Cash and cash equivalents	48	48
Investment securities	1 469	1 469
Intangible assets	1	653
Policyholder funds	(1 101)	(1 101)
Deferred taxation asset	7	7
Deferred taxation liabilities	(5)	(188)
Current taxation liabilities	(49)	(49)
Other liabilities	(805)	(805)
Net identifiable assets acquired	74	543

Due to the short period since the effective date of the transaction, the value of intangible assets has been determined on a provisional basis. If changes are made to the value of intangible assets realised, this will correspondingly affect the value of deferred taxation liabilities and goodwill.

Acquisition of remaining stake in Fairbairn Private Bank

In the same group of transactions Nedbank Group acquired the rest of the non-controlling shareholding in Fairbairn Private Bank from Old Mutual plc for the issue of 2 697 640 shares (total purchase consideration was R246 million). This resulted in an amount of R17 million being recognised directly as a reduction in equity, being the excess of the purchase consideration over the non-controlling shareholding that was acquired.

OUTLOOK

The domestic economy was resilient during the early stages of the international financial crisis, but has increasingly succumbed to the effects of the global recession. Consequently, we believe that the recovery will be more protracted than previously anticipated, with gross domestic product (GDP) growth currently forecast by the group to decrease by 2,0% during 2009 with a modest expansion of 1,7% forecast in 2010.

Volumes of new business in retail remain constrained by low levels of consumer confidence and consumer concerns around falling asset prices and increasing unemployment. Lower local demand, international trade activity and commodity prices together with the strong rand have increased the pressure on businesses and led to declining corporate demand and confidence.

In addition to the 400 basis point cut in interest rates this year to date, a further 100 basis point cut is currently anticipated for the remainder of 2009. The effect reduced endowment and lower margin on current and savings accounts will have on banking interest margins will increase during the second half, while a reversal in the impairment trend is anticipated to begin to impact bank earnings growth positively only in the next 12 to 18 months.

PROSPECTS AND TRADING STATEMENT

The group remains cautious in its outlook for the remainder of 2009 and performance is currently expected to reflect the following:

- Advances growth in the mid-single digits.
- Margin compression, on the 2008 margin, of around 30 to 35 basis points.
- A marginal improvement of the credit loss ratio from 1,57% for the period to June 2009.
- NIR growth for the year in upper single digits.
- Expense growth for the year in early double digits, partially driven by the full consolidation of the joint ventures purchased from Old Mutual, which will, when combined with the endowment pressure in NII, lead to a deterioration in the cost-to-income ratio from the 52,5% for the period.
- A focus on improving capital adequacy ratios and optimising funding and liquidity.

The group has revised its outlook for the full 2009 year and continues to be cautious about prospects for the rest of the year. Forecast risk remains high in this environment.

The group remains disciplined and firmly focused on the basics of good banking, ensuring that the fundamentals of the group remain solid. Nedbank is well capitalised, with conservative funding, good liquidity, a focus on risk management and strong cost management.

Diluted headline earnings per share for 2009 are currently expected to be between 18% and 38% lower than the 1 401 cents per share reported for the comparative period to December 2008.

After taking into account the profit on the sale of Visa shares included in the comparative period and accounting, in the current period, for the transaction to purchase Old Mutual's interests in the NedLife and BoE Private Clients joint ventures, diluted earnings per share for the period are currently expected to be between 17% and 37% lower than the 1 558 cents per share reported for the comparative period to December 2008.

Shareholders are advised that these forecasts have not been reviewed or reported on by the group's auditors.

BOARD CHANGES

As previously reported, Alan Knott-Craig was appointed as an independent non-executive director on 1 January 2009 and Rosie Harris resigned as a non-executive director on 31 March 2009, following her resignation as Group Risk Director of Old Mutual plc. More recently it was announced that Wendy Lucas-Bull, Jabu Moleketi and Malcolm Wyman have been appointed as independent non-executive directors with effect from 1 August 2009.

EXECUTIVE MANAGEMENT CHANGES

The group today announced several executive appointments and a new Group Executive Committee (Group Exco) structure, which will be effective from 5 August 2009.

The appointments and changes are as follows:

- As previously reported, Mike Brown, Chief Executive Officer (CEO) designate, will succeed Tom Boardman who retires as CEO in February 2010.
- Graham Dempster, currently Managing Executive: Nedbank Corporate, has been appointed to the newly created position of Chief Operating Officer (COO) and as an executive director to the boards of both Nedbank Group and Nedbank Limited. Graham's appointment to the boards is with immediate effect. He will have overall responsibility for Group Finance, Balance Sheet Management, Information Technology, Human Resources, Marketing and Corporate Affairs, and Strategic Planning and will report to the CEO.
- Raisibe Morathi has been appointed as Chief Financial Officer and as an executive director. An external appointment, Raisibe is a chartered accountant and has 15 years' experience in the financial services sector, where she has held senior positions in both the banking and insurance industries. Most recently she has been an executive director of a listed insurance company. She will join Nedbank Group on 1 September 2009 and will report to the COO.
- Mfundo Nkuhlu, currently Deputy Managing Executive: Nedbank Corporate, is appointed to the position of Managing Executive: Nedbank Corporate, to succeed Graham Dempster and will report to the CEO.
- Ingrid Johnson, currently Managing Executive: Business Banking, will assume overall responsibility for both Business Banking and Nedbank Retail as Managing Executive: Retail and Business Banking and will report to the CEO.

commentary... continued

- Saks Ntombela, currently Managing Executive: Retail Banking Services and a member of the retail executive team for the past five years, has been appointed Managing Executive: Nedbank Retail, reporting to Ingrid Johnson.
- Candidates are currently being considered to fill the role of Managing Executive: Business Banking and will also report to Ingrid Johnson. Ingrid will continue to oversee this portfolio until the appointment is made.
- Owing to its strategic growth potential and importance to the group, the Bancassurance and Wealth Division (previously part of Nedbank Retail) has been made a separate cluster and the head of the business for the past five years, David Macready, also joins the Group Exco as Managing Executive: Bancassurance and Wealth reporting to the CEO.
- Trevor Adams, who for the past five years has been in charge of Group Capital Management as well as the Basel II implementation programme, in which he lead the advancement of risk, capital and shareholder value-based management across the group, joins the Group Exco in the new role of Group Executive: Balance Sheet Management and will be responsible for asset and liability management as well as capital management, reporting to the COO.
- Candidates are currently being considered for the roles of Group Executive: Marketing and Corporate Affairs and of Group Executive: Strategic Planning, both to be reporting to the COO. Graham Dempster is currently overseeing these portfolios.

ACCOUNTING POLICIES ¹

Nedbank Group Limited is a company domiciled in South Africa. The condensed consolidated interim financial results at and for the half-year ended 30 June 2009 comprised the company and its subsidiaries (the 'group') and the group's interests in associates and jointly controlled entities.

Nedbank Group's principal accounting policies have been applied consistently over the current and prior financial years, except for the adoption of new and revised accounting standards.

Nedbank Group's consolidated interim results have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the presentation and disclosure requirements of International Accounting Standard (IAS) 34: Interim Financial Reporting.

In the preparation of these financial results the group has applied key assumptions concerning the future and other indeterminate sources in recording various assets and liabilities. These assumptions were applied consistently to the group financial results for the six months ended 30 June 2009. These assumptions are subject to ongoing review and possible amendments.

EVENTS AFTER THE REPORTING PERIOD ¹

There are no material events after the reporting period to report on.

NEW ACCOUNTING STANDARDS ADOPTED ¹

IFRS 3: Business Combinations

The most significant revision to IFRS 3 requires a move from a purchase price allocation approach to a fair-value measurement principle. The group adopted the revision in the current year and it has been applied to the acquisitions described in these results. The revision of this standard does not affect past business combinations.

IAS 1: Presentation of Financial Statements (Amendment)

The group adopted the amendments to IAS 1 relating to the presentation of owner changes in equity and of comprehensive income. The adoption of the amendment to the standard did not significantly impact the group's financial results.

IAS 27: Consolidated and Separate Financial Statements (Amendment)

As a result of the early adoption of IFRS 3, the group early-adopted the amendments to IAS 27. The adoption of the amendment did not have an impact on the group's financial results.

IFRIC 13: Customer Loyalty Programmes

This interpretation clarifies the application of IAS 18 to customer loyalty programmes. The interpretation requires an entity that grants loyalty award credits to allocate some of the initial proceeds from the initial revenue-generating transaction to the award credit as a liability, as the entity has an obligation to provide the award. The award is accounted for as a separate revenue-generating transaction.

The group adopted the interpretation for its annual period commencing 1 January 2009, which did not have a material effect on the financial position, financial results or cashflows of the group.

REVIEWED RESULTS – AUDITORS' OPINION

KPMG Inc and Deloitte & Touche, Nedbank Group's independent auditors, have reviewed the consolidated interim financial results of Nedbank Group Limited and have expressed an unmodified review opinion on the consolidated interim financial results. The auditors' review was conducted in accordance with International Standards on Review Engagements (ISRE 2410): Review of Interim Financial Information. The condensed consolidated financial results comprise the consolidated statement of financial position at 30 June 2009, consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cashflow statement for the six months then ended and selected explanatory notes. The selected explanatory notes are marked with ¹. The review report is available for inspection at Nedbank Group's registered office.

FORWARD-LOOKING STATEMENT

This announcement contains certain forward-looking statements with respect to the financial condition and results of operations of Nedbank Group and its group companies that, by their nature, involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, global, national and regional economic conditions; levels of securities markets; interest rates; credit or other risks of lending and investment activities; as well as competitive and regulatory factors. By consequence, all forward-looking statements have not been reviewed or reported on by the group's auditors.

CAPITALISATION AWARD WITH A CASH DIVIDEND ALTERNATIVE

Notice is hereby given that the directors of the company have resolved to issue fully paid ordinary shares in the company as a capitalisation award to ordinary shareholders. Ordinary shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive new fully paid ordinary shares, which will be issued only to those ordinary shareholders who elect in respect of all or part of their shareholding, on or before 12:00 on Friday, 11 September 2009, in South Africa, and on or before 11:00 on Friday, 11 September 2009, in Namibia, to receive the capitalisation award shares. Shareholders not electing to receive new fully paid ordinary shares in respect of all or part of their shareholding will be entitled to receive a cash dividend alternative of 210 cents per ordinary share (the cash dividend alternative).

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

2009

Last day to trade to be eligible to participate in the capitalisation award or the cash dividend alternative	Friday, 4 September
Shares commence trading ex the capitalisation award election and the cash dividend alternative on	Monday, 7 September
Listing of the maximum number of new ordinary shares that could be taken up in terms of the capitalisation award on	Monday, 7 September
Last day to elect to receive capitalisation award shares by 12:00 for shareholders in South Africa and 11:00 for shareholders in Namibia, failing which the cash dividend alternative will be received	Friday, 11 September
Record date to participate in the capitalisation award or to receive the cash dividend alternative	Friday, 11 September
Payment of the cash dividend alternative to shareholders who have not elected to participate in the capitalisation award or have participated in the capitalisation award in respect of only part of their shareholding on	Monday, 14 September
New shares issued and posted or participant or broker accounts credited regarding the shares to be issued to shareholders participating in the capitalisation award in respect of all or part of their shareholding on	Monday, 14 September
The maximum number of new shares listed in terms of the capitalisation award, adjusted to reflect the actual number of shares issued in terms of the capitalisation award, on or about	Friday, 18 September

Shares may not be dematerialised or rematerialised between Monday, 7 September 2009, and Friday, 11 September 2009, both days inclusive.

The above dates and times are subject to change. Any changes will be released on the Securities Exchange News Service (SENS) and published in the press.

The number of capitalisation shares to which shareholders are entitled will be determined in the ratio that 210 cents per ordinary share bears to the 30-day volume-weighted average price for the company's share, to be determined no later than Wednesday, 26 August 2009. Details of the ratio will be published on SENS no later than Thursday, 27 August 2009, by 11:00 and in the financial press the following business day. Trading in the STRATE environment does not permit fractions and fractional entitlements. Accordingly, where a shareholder's entitlement to new ordinary shares calculated in accordance with the above formula gives rise to a fraction of a new ordinary share, such fraction will be rounded up to the nearest whole number, where the fraction is greater than or equal to 0,5, and rounded down to the nearest whole number, where the fraction is smaller than 0,5.

A circular relating to the capitalisation award and the cash dividend alternative will be posted to shareholders on or about Tuesday, 11 August 2009.

Note:

Dematerialised shareholders are required to notify their duly appointed participant or broker of their election in terms of the capitalisation award in the manner and at the time stipulated in the agreement governing the relationship between shareholders and their participant or broker.

For and on behalf of the board

Dr RJ Khoza
Chairman

TA Boardman
Chief Executive

4 August 2009

FINANCIAL HIGHLIGHTS

at

		% change	30 June 2009	30 June 2008	31 December 2008
STATISTICS					
Number of shares listed	m		490,2	466,6	468,9
Number of shares in issue excluding shares held by group entities	m		428,3	406,2	409,7
Weighted average number of shares	m		413,9	403,6	405,4
Diluted weighted average number of shares	m		419,3	409,1	411,5
Headline earnings per share	cents	(34,2)	480	729	1 422
Diluted headline earnings per share	cents	(34,1)	474	719	1 401
Basic earnings per share	cents	(30,5)	619	891	1 581
Diluted basic earnings per share	cents	(30,5)	611	879	1 558
Ordinary dividends declared per share	cents		210	310	620
– Interim		(32,3)	210	310	310
– Final					310
Dividend paid per share	cents		310	350	660
Dividend cover	times		2,29	2,35	2,29
Net asset value per share	cents	7,4	8 762	8 155	8 522
Tangible net asset value per share	cents	3,4	7 049	6 817	7 179
Closing share price	cents	6,4	9 805	9 211	9 550
Price/earnings ratio	historical		10	6	7
Market capitalisation	Rbn	11,9	48,1	43,0	44,8
Number of employees		1,5	27 381	26 982	27 570
KEY RATIOS (%)					
ROE excluding goodwill			12,6	21,3	20,1
Return on ordinary shareholders' equity (ROE)			11,1	18,7	17,7
Return on total assets (ROA)			0,71	1,14	1,09
Net interest income to average interest-earning banking assets			3,44	3,83	3,66
Non-interest revenue to total income			39,6	38,4	39,9
Credit loss ratio			1,57	0,96	1,17
Efficiency ratio			52,5	51,5	51,1
Efficiency ratio (excluding BEE transaction expenses)			52,0	50,7	50,4
Effective taxation rate			22,2	23,8	21,6
Group capital adequacy ratios: Basel II (including unappropriated profits)					
Core Tier I			8,6	7,6	8,2
Tier 1			10,0	8,9	9,6
Total			13,2	11,9	12,4
STATEMENT OF FINANCIAL POSITION STATISTICS (Rm)					
Total equity attributable to equity holders of the parent		13,3	37 529	33 127	34 913
Total equity			42 498	38 098	40 073
Amounts owed to depositors			460 358	435 209	466 890
Loans and advances		5,9	431 953	408 071	434 233
Gross			441 095	414 973	442 092
Impairment of loans and advances			(9 142)	(6 902)	(7 859)
Total assets		1,5	557 318	549 007	567 023
Assets under management			82 762	87 981	84 381
Total assets administered by the group		0,5	640 080	636 988	651 404

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended

Rm	Note	% change	30 June 2009	30 June 2008	31 December 2008
Interest and similar income		3,9	27 680	26 633	57 986
Interest expense and similar charges		4,4	19 495	18 673	41 816
Net interest income	1	2,8	8 185	7 960	16 170
Impairment charge on loans and advances	2	81,4	3 435	1 894	4 822
Income from lending activities		(21,7)	4 750	6 066	11 348
Non-interest revenue	3	8,5	5 377	4 954	10 729
Operating income		(8,1)	10 127	11 020	22 077
Total expenses	4	7,1	7 121	6 651	13 741
Operating expenses		7,8	7 055	6 543	13 547
BEE transaction expenses		(38,9)	66	108	194
Indirect taxation		(8,4)	175	191	374
Profit from operations before non-trading and capital items		(32,2)	2 831	4 178	7 962
Non-trading and capital items			645	764	756
Profit on sale of subsidiaries, investments and property and equipment			647	764	767
Net impairment of investments, property and equipment and capitalised development costs			(2)		(11)
Profit from operations		(29,7)	3 476	4 942	8 718
Share of profits of associates and joint ventures	10	(34,5)	55	84	154
Profit before direct taxation		(29,7)	3 531	5 026	8 872
Total direct taxation	5	(36,7)	711	1 124	1 868
Direct taxation		(36,7)	642	1 014	1 757
Taxation on non-trading and capital items		(37,3)	69	110	111
Profit for the period		(27,7)	2 820	3 902	7 004
Other comprehensive income net of taxation			(262)	265	255
Exchange differences on translating foreign operations			(264)	285	242
Fair value adjustments on available-for-sale assets			2	(24)	(71)
Gains on property revaluations				4	84
Total comprehensive income for the period		(38,6)	2 558	4 167	7 259
Profit attributable to:					
Equity holders of the parent			2 564	3 597	6 410
Non-controlling interest – ordinary shareholders	6		70	136	257
– preference shareholders	7		186	169	337
Profit for the period		(27,7)	2 820	3 902	7 004
EARNINGS RECONCILIATION					
Profit attributable to equity holders of the parent		(28,7)	2 564	3 597	6 410
Less: Non-headline earnings items			576	654	645
Non-trading and capital items			645	764	756
Taxation on non-trading and capital items			(69)	(110)	(111)
Headline earnings		(32,4)	1 988	2 943	5 765

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at

Rm	Note	30 June 2009	30 June 2008	31 December 2008
ASSETS				
Cash and cash equivalents		8 065	11 550	8 609
Other short-term securities		20 634	29 335	18 589
Derivative financial instruments		17 840	16 759	22 321
Government and other securities		35 713	36 524	42 138
Loans and advances	8	431 953	408 071	434 233
Other assets		5 041	12 848	6 084
Clients' indebtedness for acceptances		1 856	3 130	3 024
Current taxation receivable		570	28	346
Investment securities	9	9 795	8 994	8 455
Non-current assets held for sale			32	10
Investments in associate companies and joint ventures	10	914	1 012	1 167
Deferred taxation asset		217	96	200
Investment property		215	180	213
Property and equipment		4 468	3 925	4 327
Long-term employee benefit assets		1 795	1 597	1 741
Intangible assets	11	7 337	5 437	5 501
Mandatory reserve deposits with central bank		10 905	9 489	10 065
Total assets		557 318	549 007	567 023
EQUITY AND LIABILITIES				
Ordinary share capital		428	406	410
Ordinary share premium		12 907	11 204	11 370
Reserves		24 194	21 517	23 133
Total equity attributable to equity holders of the parent		37 529	33 127	34 913
Non-controlling interest attributable to				
– ordinary shareholders	6	1 656	1 550	1 881
– preference shareholders		3 313	3 421	3 279
Total equity		42 498	38 098	40 073
Derivative financial instruments		15 848	17 211	23 737
Amounts owed to depositors	13	460 358	435 209	466 890
Other liabilities		11 698	32 604	9 829
Liabilities under acceptances		1 856	3 130	3 024
Current taxation liabilities		224	295	235
Deferred taxation liabilities		2 193	1 820	2 100
Long-term employee benefit liabilities		1 264	1 265	1 231
Investment contract liabilities		6 992	6 425	5 843
Long-term debt instruments	14	14 387	12 950	14 061
Total liabilities		514 820	510 909	526 950
Total equity and liabilities		557 318	549 007	567 023
Guarantees on behalf of clients		25 954	20 475	25 226

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

for the period ended

Rm	30 June 2009	30 June 2008	31 December 2008
Cash generated by operations	7 327	6 570	14 557
Change in funds for operating activities	(5 032)	(1 951)	(10 674)
Net cash generated by operating activities before taxation	2 295	4 619	3 883
Taxation paid	(1 064)	(1 198)	(2 233)
Cash flows from operating activities	1 231	3 421	1 650
Cash flows utilised by investing activities	(384)	(592)	(999)
Cash flows utilised by financing activities	(551)	(498)	(685)
Net increase/(decrease) in cash and cash equivalents	296	2 331	(34)
Cash and cash equivalents at the beginning of the period*	18 674	18 708	18 708
Cash and cash equivalents at the end of the period*	18 970	21 039	18 674

* Including mandatory reserve deposits with central banks.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended

Rm	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Reserves not available for distribution	Foreign currency translation reserve
Balance at 31 December 2007	401 941 399	402	10 721	113	256
Shares issued in terms of Employee Incentive Schemes	3 182 643	3	379		
Shares issued in terms of capitalisation award	4 039 422	4	383		
Shares issued in terms of BEE transaction	2 518 403	2	231		
Share delisted in terms of BEE transaction	(2 446 263)	(2)			
Shares acquired/cancelled by group entities	(3 052 127)	(3)	(510)		
Preference share dividend paid					
Ordinary minority shareholders' share of preference dividend paid					
Dividends paid to ordinary shareholders					
Total income and expenses for the period				(106)	272
Total comprehensive income for the period					272
Net (expenses)/income recognised directly in equity				(106)	
Transfer (to)/from reserves				(52)	
Release of reserve previously not available***				(54)	
Share-based payments reserve movements					
Sale of subsidiary					
Other movements					
Balance at 30 June 2008	406 183 477	406	11 204	7	528
Shares issued in terms of Employee Incentive Schemes	1 627 230	2	156		
Shares issued in terms of capitalisation award			72		
Shares issued in terms of BEE transaction	827 182	1	84		
Share delisted in terms of BEE transaction	(87 295)				
Shares sold by group entities	19 000				
Shares acquired/cancelled by group entities	1 138 146	1	(146)		
Shares issued by subsidiary					
Preference share dividend paid					
Ordinary minority shareholders' share of preference dividend paid					
Dividends paid to ordinary shareholders					
Total income and expenses for the period				(7)	17
Total comprehensive income for the period					(24)
Net (expenses)/income recognised directly in equity				(7)	41
Transfer (to)/from reserves					41
Release of reserve previously not available***				(7)	
Preference shares held by group entities					
Share-based payments reserve movements					
Regulatory risk reserve provision					
Other movements					
Balance at 31 December 2008	409 707 740	410	11 370	–	545
Shares issued in terms of Employee Incentive Schemes	4 730 229	4	359		
Shares issued in terms of capitalisation award	6 225 477	6	466		
Shares issued in terms of acquisition transactions	10 157 719	10	916		
Shares issued in terms of BEE transaction	2 011 823	2	209		
Share delisted in terms of BEE transaction	(1 911 918)	(2)			
Shares acquired/cancelled by group entities	(2 615 842)	(2)	(413)		
Preference share dividend paid					
Ordinary minority shareholders' share of preference dividend paid					
Dividends paid to ordinary shareholders					
Total income and expenses for the period					(250)
Total comprehensive income for the period					(250)
Net (expenses)/income recognised directly in equity					
Transfer (to)/from reserves					
Preference shares held by group entities					
Share-based payments reserve movements					
Buy out of outside shareholders' interests					
Other movements					
Balance at 30 June 2009	428 305 228	428	12 907	–	295

* Represents other non-distributable revaluation surplus on capital items and non-distributable reserves transferred from other distributable reserves in order to comply with the Banks' Act 1990.

** Represents the accumulated profits after distributions to shareholders and appropriations of retained earnings to other non-distributable reserves.

*** Relates to differences between the market price and the exercise price of the options granted to employees that were exercised during the current period.

Property revaluation reserve	Share-based payment reserve	Other non-distributable reserves *	Available-for-sale reserve	Other distributable reserves **	Total equity attributable to equity holders of the parent	Non-controlling interest attributable to ordinary shareholders	Non-controlling interest attributable to preference shareholders	Total shareholders' equity
848	874	465	134	16 380	30 193	1 511	3 421	35 125
					382			382
					387			387
					233			233
					(2)			(2)
					(513)			(513)
					-		(176)	(176)
					-	(7)	7	-
				(1 440)	(1 440)	(73)		(1 513)
(5)	48	(284)	(24)	3 986	3 887	119	169	4 175
4			(24)	3 597	3 849	149	169	4 167
(9)	48	(284)		389	38	(30)		8
(9)	(34)	(284)		379	-			-
					(54)			(54)
	82				82			82
					-	(29)		(29)
				10	10	(1)		9
843	922	181	110	18 926	33 127	1 550	3 421	38 098
					158			158
					72			72
					85			85
					-			-
					-			-
					(145)			(145)
					-	225		225
					-		(165)	(165)
					-	3	(3)	-
				(1 296)	(1 296)	(8)		(1 304)
108	27	(6)	(46)	2 819	2 912	111	26	3 049
80			(53)	2 813	2 816	108	168	3 092
28		(6)	7	6	96	3	(142)	(43)
28	(79)	(6)	7	9	-			-
					(7)			(7)
					-		(142)	(142)
	106				106			106
		7			7			7
		(7)		(3)	(10)	3		(7)
951	949	175	64	20 449	34 913	1 881	3 279	40 073
					363			363
					472			472
					926			926
					211			211
					(2)			(2)
					(415)			(415)
					-		(190)	(190)
					-	(4)	4	-
				(1 316)	(1 316)	(5)		(1 321)
(18)	(39)	14	(7)	2 677	2 377	(216)	220	2 381
			(7)	2 564	2 307	65	186	2 558
(18)	(39)	14		113	70	(281)	34	(177)
(18)	(122)	14		126	-			-
					-		34	34
	83				83			83
				(17)	(17)	(281)		(298)
				4	4			4
933	910	189	57	21 810	37 529	1 656	3 313	42 498

RECONCILIATION OF SHARES IN ISSUE AND SHARE PREMIUM

for the period ended

Ordinary share capital and premium

	30 June 2009				31 December 2008			
	Number of shares m	Total Rm	Ordinary share capital Rm	Ordinary share premium Rm	Number of shares m	Total Rm	Ordinary share capital Rm	Ordinary share premium Rm
Total shares listed	490,2	16 506	490	16 016	468,9	14 614	470	14 144
Less treasury shares held	61,9	3 171	62	3 109	59,2	2 834	60	2 774
Bought back – capital management								
Executed H2 2005	1,0	100	1	99	1,0	100	1	99
Executed H1 2006	5,5	616	6	610	5,5	616	6	610
Executed H2 2006	8,2	897	8	889	8,2	897	8	889
	14,7	1 613	15	1 598	14,7	1 613	15	1 598
BEE transaction shares	40,1	938	40	898	41,9	938	42	896
Other shares held by group entities	7,1	620	7	613	2,6	283	3	280
Net shares reported	428,3	13 335	428	12 907	409,7	11 780	410	11 370

SHARE BUYBACKS AND TREASURY SHARES

for the period ended

	Price R	Shares m	Value Rm
BEE transaction shares		40,1	938
Other shares held by group entities		7,1	620
Bought back – capital management	109,04	14,7	1 613
Executed H2 2005	97,19	1,0	100
Executed H1 2006	111,65	5,5	616
Executed H2 2006	109,15	8,2	897
Total		61,9	3 171

EARNINGS PER SHARE AND WEIGHTED AVERAGE SHARES

for the period ended

Earnings per share	Basic	Diluted basic	Headline	Diluted headline
June 2009				
Earnings for the period	2 564	2 564	1 988	1 988
Weighted average number of ordinary shares	413 933 286	419 316 901	413 933 286	419 316 901
Earnings per share (cents)	619	611	480	474
June 2008				
Earnings for the period	3 597	3 597	2 943	2 943
Weighted average number of ordinary shares	403 621 069	409 114 221	403 621 069	409 114 221
Earnings per share (cents)	891	879	729	719
December 2008				
Earnings for the period	6 410	6 410	5 765	5 765
Weighted average number of ordinary shares	405 412 483	411 533 633	405 412 483	411 533 633
Earnings per share (cents)	1 581	1 558	1 422	1 401

Basic earnings and headline earnings per share are calculated by dividing the relevant earnings amount by the weighted average number of shares in issue. Fully diluted basic earnings and fully diluted headline earnings per share are calculated by dividing the relevant earnings amount by the weighted average number of shares in issue after taking the dilutive impact of potential ordinary shares to be issued into account (the estimated future dilutive shares arising from the BEE transaction as set out in note 15).

Number of weighted average dilutive potential ordinary shares ('000)

Generally, potential shares are dilutive if the strike price + SBP charge to come < average share price for the period of R87,84 (the SBP charge to come represents the value of services to be received by Nedbank Group in exchange for these potential shares).

	June 2009		June 2008	December 2008
	Potential shares	Weighted average dilutive shares	Weighted average dilutive shares	Weighted average dilutive shares
Traditional schemes	23 402	4 498	3 045	4 021
Nedcor share incentive trust (1994)	1 870	513	1 321	1 027
Nedbank group options scheme (2005)	20 805	3 664	1 504	2 588
Matched share scheme	727	321	220	406
BEE schemes – South Africa	27 343	880	2 443	2 094
Black Business Partners	7 891			
Non-executive directors	622	81	81	81
Retail	87	22	1 338	1 065
Corporate	10 230	75		
Black Executives	1 257	203	222	226
Black Management	7 256	499	802	722
BEE schemes – Namibia	448	6	5	6
Black Business Partners	200			
Affinity Groups	74			
Education	99			
Black Management	75	6	5	6
Total	51 193	5 384	5 493	6 121

NEDBANK GROUP: CATEGORIES OF FINANCIAL INSTRUMENTS

as at 30 June 2009

Rm	Total	At fair value through profit or loss	
		Held for trading	Designated
ASSETS			
Cash and cash equivalents	8 065		
Other short-term securities	20 634	9 456	5 613
Derivative financial instruments	17 840	17 840	
Government and other securities	35 713	(2 101)	18 491
Loans and advances	431 953	5 366	35 725
Other assets	5 041	648	175
Clients' indebtedness for acceptances	1 856		
Current taxation receivable	570		
Investment securities	9 795	270	9 277
Investment in associate companies and joint ventures	914		
Deferred taxation asset	217		
Investment property	215		
Property and equipment	4 468		
Post-employment assets	1 795		
Intangible assets	7 337		
Mandatory reserve deposits with central bank	10 905		
Total assets	557 318	31 479	69 281
TOTAL EQUITY AND LIABILITIES			
Ordinary share capital	428		
Ordinary share premium	12 907		
Reserves	24 194		
Total equity attributable to equity holders	37 529	–	–
Minority shareholders' equity attributable to ordinary shareholders	1 656		
Minority shareholders' equity attributable to preference shareholders	3 313		
Total equity	42 498	–	–
Derivative financial instruments	15 848	15 848	
Amounts owed to depositors	460 358	19 749	79 326
Other liabilities	11 698	4 880	
Liabilities under acceptances	1 856		
Current taxation liabilities	224		
Deferred taxation liabilities	2 193		
Post-employment liability	1 264		
Investment contract liabilities	6 992		6 992
Long-term debt instruments	14 387		7 570
Total liabilities	514 820	40 477	93 888
Total equity and liabilities	557 318	40 477	93 888

CLASSIFICATIONS IN TERMS OF IAS 39

A financial asset or financial liability *at fair value through profit or loss* is an asset or liability held that was either acquired to sell or repurchase in the short term, or is managed on a portfolio basis for short-term gains, or is a derivative or is an asset or liability that has been designated for classification and valuation as fair value through profit and loss.

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss and are held at fair value with fair value gains and losses recorded directly within equity and not through profit and loss.

Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables	Financial liabilities at amortised cost	Non-financial assets and liabilities
		8 065		
4 255	1 310			
		5 806		
708	12 809	390 862		
		4 218		1 856
				570
248				914
				217
				215
				4 468
				1 795
				7 337
		10 905		
5 211	14 119	419 856	–	17 372
				428
				12 907
				24 194
–	–	–		37 529
				1 656
				3 313
–	–	–		42 498
			361 283	
			6 818	1 856
				224
				2 193
				1 264
			6 817	
–	–	–	374 918	5 537
–	–	–	374 918	48 035

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity date that an entity has the positive intention and ability to hold to maturity.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are carried at an accrued value and not fair valued.

Financial liabilities at amortised cost are non-derivative liabilities carried at amortised cost and not fair valued.

Non-financial assets and liabilities are all other assets and liabilities which fall outside of the scope of IAS 39.

NEDBANK GROUP: CATEGORIES OF FINANCIAL INSTRUMENTS

as at 30 June 2008

Rm	Total	At fair value through profit or loss	
		Held for trading	Designated
ASSETS			
Cash and cash equivalents	11 550		
Other short-term securities	29 335	13 143	7 955
Derivative financial instruments	16 759	16 759	
Government and other securities	36 524	5 848	6 271
Loans and advances	408 071	24 277	24 740
Other assets	12 848	3 801	235
Clients' indebtedness for acceptances	3 130		
Current taxation receivable	28		
Investment securities	8 994		8 703
Non-current assets held for sale	32		
Investment in associate companies and joint ventures	1 012		
Deferred taxation asset	96		
Investment property	180		
Property and equipment	3 925		
Post-employment assets	1 597		
Intangible assets	5 437		
Mandatory reserve deposits with central bank	9 489		
Total assets	549 007	63 828	47 904
TOTAL EQUITY AND LIABILITIES			
Ordinary share capital	406		
Ordinary share premium	11 204		
Reserves	21 517		
Total equity attributable to equity holders	33 127	–	–
Minority shareholders' equity attributable to ordinary shareholders	1 550		
Minority shareholders' equity attributable to preference shareholders	3 421		
Total equity	38 098	–	–
Derivative financial instruments	17 211	17 211	
Amounts owed to depositors	435 209	23 350	77 830
Other liabilities	32 604	24 784	29
Liabilities under acceptances	3 130		
Current taxation liabilities	295		
Deferred taxation liabilities	1 820		
Post-employment liability	1 265		
Investment contract liabilities	6 425		6 425
Long-term debt instruments	12 950		7 602
Total liabilities	510 909	65 345	91 886
Total equity and liabilities	549 007	65 345	91 886

Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables	Financial liabilities at amortised cost	Non-financial assets and liabilities
		11 550		
6 839	1 398			
		5 063		
447	18 895	359 054		
		8 812		
				3 130
				28
291				32
				1 012
				96
				180
				3 925
				1 597
				5 437
		9 489		
7 577	20 293	393 968	–	15 437
				406
				11 204
				21 517
–	–	–	–	33 127
				1 550
				3 421
–	–	–	–	38 098
			334 029	
			7 791	
				3 130
				295
				1 820
				1 265
			5 348	
–	–	–	347 168	6 510
–	–	–	347 168	44 608

NEDBANK GROUP: CATEGORIES OF FINANCIAL INSTRUMENTS

as at 31 December 2008

Rm	Total	At fair value through profit or loss	
		Held for trading	Designated
ASSETS			
Cash and cash equivalents	8 609		
Other short-term securities	18 589	7 102	4 552
Derivative financial instruments	22 321	22 321	
Government and other securities	42 138	1 247	16 053
Loans and advances	434 233	10 427	34 280
Other assets	6 084	1 004	167
Clients' indebtedness for acceptances	3 024		
Current taxation receivable	346		
Investment securities	8 455	257	7 952
Non-current assets held for sale	10		
Investment in associate companies and joint ventures	1 167		
Deferred taxation asset	200		
Investment property	213		
Property and equipment	4 327		
Post-employment assets	1 741		
Intangible assets	5 501		
Mandatory reserve deposits with central bank	10 065		
Total assets	567 023	42 358	63 004
TOTAL EQUITY AND LIABILITIES			
Ordinary share capital	410		
Ordinary share premium	11 370		
Reserves	23 133		
Total equity attributable to equity holders	34 913	–	–
Minority shareholders' equity attributable to ordinary shareholders	1 881		
Minority shareholders' equity attributable to preference shareholders	3 279		
Total equity	40 073	–	–
Derivative financial instruments	23 737	23 737	
Amounts owed to depositors	466 890	19 611	98 976
Other liabilities	9 829	3 712	50
Liabilities under acceptances	3 024		
Current taxation liabilities	235		
Deferred taxation liabilities	2 100		
Post-employment liability	1 231		
Investment contract liabilities	5 843		5 843
Long-term debt instruments	14 061		7 951
Total liabilities	526 950	47 060	112 820
Total equity and liabilities	567 023	47 060	112 820

Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables	Financial liabilities at amortised cost	Non-financial assets and liabilities
		8 609		
5 165	1 770			
310	18 726	5 802		
		389 526		
		4 913		3 024
				346
246				10
				1 167
				200
				213
				4 327
				1 741
				5 501
		10 065		
5 721	20 496	418 915	–	16 529
				410
				11 370
				23 133
–	–	–		34 913
				1 881
				3 279
–	–	–		40 073
			348 303	
			6 067	
				3 024
				235
				2 100
				1 231
			6 110	
–	–	–	360 480	6 590
–	–	–	360 480	46 663

RETURN ON EQUITY DRIVERS

for the period ended

Rm	30 June 2009	30 June 2008	31 December 2008	
Net interest income	8 185	7 960	16 170	Net interest income/average interest-earning banking assets
Impairment of loans and advances	(3 435)	(1 894)	(4 822)	Impairments/average interest-earning banking assets
Non-interest revenue	5 377	4 954	10 729	Non-interest revenue/average interest-earning banking assets
Income from normal operations	10 127	11 020	22 077	
Total operating expenses	(7 121)	(6 651)	(13 741)	Total expenses/average interest-earning banking assets
Share of profits of associates and joint ventures	55	84	154	Associate income/average interest-earning banking assets
Net profit before taxation	3 061	4 453	8 490	
Indirect taxation	(175)	(191)	(374)	
Direct taxation	(642)	(1 014)	(1 757)	1 – effective taxation rate
Net profit after taxation	2 244	3 248	6 359	
Non-controlling interest	(256)	(305)	(594)	Income attributable to minorities
Headline earnings	1 988	2 943	5 765	Headline earnings
Daily average interest-earning banking assets*	479 718	417 843	441 713	
Daily average total assets*	524 954	457 050	483 419	Interest-earning banking assets/simple average total assets
Simple average total assets	562 171	518 932	527 940	Return on total assets
Simple average shareholders' funds	36 221	31 660	32 553	Gearing
				Return on ordinary shareholders' equity

* Average calculated on a 365/366-day basis.

+ Annualised.

June 2009 ⁺		June 2008 ⁺		December 2008	
3,44%	Impairments/ NII	3,83%	Impairments/ NII	3,66%	Impairments/ NII
less		less		less	
1,44%	4,26%	0,91%	5,30%	1,09%	5,00%
add		add		add	
2,26%	41,9%	2,38%	23,8%	2,43%	29,8%
less	Efficiency ratio	less	Efficiency ratio	less	Efficiency ratio
2,99%	52,5%	3,20%	51,5%	3,11%	51,1%
add		add		add	
0,02%		0,04%		0,03%	
1,29%		2,14%		1,92%	
multiply		multiply		multiply	
0,73		0,73		0,75	
multiply		multiply		multiply	
0,89		0,91		0,91	
0,84%		1,42%		1,31%	
multiply		multiply		multiply	
85,3%		80,5%		83,7%	
=		=		=	
0,71%		1,14%		1,09%	
multiply		multiply		multiply	
15,52		16,39		16,22	
=		=		=	
11,1%		18,7%		17,7%	

OPERATIONAL SEGMENTAL REPORTING

for the period ended

Consolidated statement of financial position (Rm)

	Nedbank Group			Nedbank Capital			Nedbank Corporate			Nedbank Business Banking		
	30 June 2009	30 June 2008	31 Dec 2008	30 June 2009	30 June 2008	31 Dec 2008	30 June 2009	30 June 2008	31 Dec 2008	30 June 2009	30 June 2008	31 Dec 2008
ASSETS												
Cash and cash equivalents	18 970	21 039	18 674	3 706	5 389	2 488	1 453	2 261	2 381	(1)	(1)	(1)
Other short-term securities	20 634	29 335	18 589	12 099	16 366	8 880	839	641	756			
Derivative financial instruments	17 840	16 759	22 321	17 711	16 608	21 972	81	16	36			
Government and other securities	35 713	36 524	42 138	12 248	13 215	11 466	3 936	2 873	4 207			
Advances and other accounts	431 953	408 071	434 233	43 897	55 943	47 686	135 079	112 015	136 222	52 354	55 290	55 321
Other assets	32 208	37 279	31 068	3 235	9 013	3 473	3 794	4 459	4 904	694	1 050	881
Intergroup assets	–	–	–	78 589	56 542	92 741	4 990	30 645		23 356	19 082	23 445
Total assets	557 318	549 007	567 023	171 485	173 076	188 706	150 172	152 910	148 506	76 403	75 421	79 646
EQUITY AND LIABILITIES												
Amounts owed to depositors	460 358	435 209	466 890	145 472	125 082	157 017	142 550	143 345	133 798	71 897	69 989	74 242
Other liabilities	24 227	45 539	22 262	6 682	27 507	4 844	2 082	3 377	3 600	878	1 208	1 089
Derivative financial instruments	15 848	17 211	23 737	15 616	17 065	23 521	73	15	35			
Intergroup liabilities									5 026			
Long-term debt instruments	14 387	12 950	14 061	772			141	144	172			
Allocated capital	42 498	38 098	40 073	2 943	3 422	3 324	5 326	6 029	5 875	3 628	4 224	4 315
Total equity and liabilities	557 318	549 007	567 023	171 485	173 076	188 706	150 172	152 910	148 506	76 403	75 421	79 646

Consolidated statement of comprehensive income (Rm)

Net interest income	8 185	7 960	16 170	595	443	938	1 470	1 259	2 671	1 422	1 615	3 227
Impairment charge on loans and advances	3 435	1 894	4 822	117	35	36	170	27	141	218	92	330
Income from lending activities	4 750	6 066	11 348	478	408	902	1 300	1 232	2 530	1 204	1 523	2 897
Non-interest revenue	5 377	4 954	10 729	1 017	941	1 782	620	665	1 455	571	534	1 123
Operating income	10 127	11 020	22 077	1 495	1 349	2 684	1 920	1 897	3 985	1 775	2 057	4 020
Total expenses	7 121	6 651	13 741	745	675	1 419	996	917	1 964	1 051	1 000	2 055
Operating expenses	7 055	6 543	13 547	728	660	1 387	982	904	1 939	1 047	996	2 048
BEE transaction expenses	66	108	194	17	15	32	14	13	25	4	4	7
Indirect taxation	175	191	374	9	11	24	12	13	24	9	9	19
Profit/(Loss) from operations	2 831	4 178	7 962	741	663	1 241	912	967	1 997	715	1 048	1 946
Share of profits of associates and joint ventures	55	84	154				(1)	8	9			
Profit/(Loss) before direct taxation	2 886	4 262	8 116	741	663	1 241	911	975	2 006	715	1 048	1 946
Direct taxation	642	1 014	1 757	117	63	(32)	218	182	426	216	317	586
Profit/(Loss) after taxation	2 244	3 248	6 359	624	600	1 273	693	793	1 580	499	731	1 360
Profit attributable to:												
Non-controlling interest												
– ordinary shareholders	70	136	257	(2)		7	8	21	16			
– preference shareholders	186	169	337									
Headline earnings	1 988	2 943	5 765	626	600	1 266	685	772	1 564	499	731	1 360

Selected ratios

Average interest-earning banking assets (Rm)	479 718	417 843	441 713	133 652	91 943	106 770	143 407	142 844	144 288	79 970	75 056	76 861
Return on average assets (%)	0,7*	1,1*	1,1*	0,7	0,8	0,8	0,9	1,1	1,1	1,3	2,0	1,8
Return on risk-adjusted capital (%)	11,1*	18,7*	17,7*	42,9	35,3	38,1	25,9	25,8	26,6	27,8	34,8	31,5
Interest margin (%)*	3,44	3,83	3,66	0,90	0,97	0,88	2,07	1,77	1,85	3,59	4,33	4,20
Non-interest revenue to gross income (%)	39,7	38,4	39,9	63,1	68,0	65,5	29,6	34,6	35,3	28,6	24,8	25,8
Credit loss ratio (%)	1,57	0,96	1,17	0,44	0,12	0,06	0,25	0,05	0,12	0,79	0,34	0,59
Efficiency ratio (%)	52,5	51,5	51,1	46,2	48,8	52,2	47,7	47,6	47,6	52,7	46,5	47,2
Efficiency ratio (excluding BEE) (%)	52,0	50,7	50,4	45,1	47,7	51,0	47,0	47,0	47,0	52,5	46,4	47,1
Effective taxation rate (%)	22,2	23,8	21,6	15,8	9,5	(2,6)	23,9	18,8	21,2	30,1	30,2	30,1
Number of employees	27 381	26 982	27 570	706	667	693	3 832	3 966	3 911	2 282	2 330	2 281

+ These ratios were calculated on simple average amounts.

* Cluster margins include internal assets.

Nedbank Retail			Imperial Bank			Shared Services			Central Management			Eliminations		
30 June 2009	30 June 2008	31 Dec 2008	30 June 2009	30 June 2008	31 Dec 2008	30 June 2009	30 June 2008	31 Dec 2008	30 June 2009	30 June 2008	31 Dec 2008	30 June 2009	30 June 2008	31 Dec 2008
1 297	1 862	1 780	1 108	980	1 102	121	126	108	11 286	10 422	10 816			
5 565	8 237	6 935	2 132	260	1 563				(1)	3 831	455			
16	15	280	23	121	19				9	(1)	14			
			309	309	534				19 220	20 127	25 931			
154 106	143 473	150 107	46 772	41 109	44 734	112	82	94	(367)	159	69			
14 911	13 252	11 861	773	642	784	5 950	6 007	6 171	2 851	2 856	2 994			
			65	139	32				423	711	(3 640)	(107 423)	(107 119)	(112 578)
175 895	166 839	170 963	51 182	43 560	48 768	6 183	6 215	6 373	33 421	38 105	36 639	(107 423)	(107 119)	(112 578)
99 033	95 523	98 861	1 419	1 483	1 361	310	286	301	(323)	(499)	1 310			
10 533	9 399	8 330	400	401	321	2 654	3 069	3 428	998	578	650			
84	82	84	59	49	78	1			15		19			
54 592	50 571	52 335	45 061	37 872	42 856	2 147	1 801	1 585	5 623	16 875	10 776	(107 423)	(107 119)	(112 578)
2 021	2 030	2 031	790	960	792				10 663	9 816	11 066			
9 632	9 234	9 322	3 453	2 795	3 360	1 071	1 059	1 059	16 445	11 335	12 818			
175 895	166 839	170 963	51 182	43 560	48 768	6 183	6 215	6 373	33 421	38 105	36 639	(107 423)	(107 119)	(112 578)
3 585	3 705	7 497	958	810	1 733	(38)	(115)	(361)	193	243	465			
2 350	1 414	3 630	579	341	701			(1)	1	(15)	(15)			
1 235	2 291	3 867	379	469	1 032	(38)	(115)	(360)	192	258	480	-	-	-
2 892	2 635	5 546	70	74	88	192	174	362	55	(33)	449	(40)	(36)	(76)
4 127	4 926	9 413	449	543	1 120	154	59	2	247	225	929	(40)	(36)	(76)
4 074	3 876	7 973	270	237	525	51	41	132	(26)	(59)	(251)	(40)	(36)	(76)
4 061	3 842	7 881	270	237	525	31	18	90	(24)	(78)	(247)	(40)	(36)	(76)
13	34	92	20	23	42	(2)			19	(4)				
67	87	173	26	22	51	52	47	80	2	3				
(14)	963	1 267	153	284	544	51	(29)	(210)	273	282	1 177	-	-	-
56	76	146									(1)			
42	1 039	1 413	153	284	544	51	(29)	(210)	273	282	1 176	-	-	-
(15)	290	357	44	95	182	(31)	(56)	(178)	93	123	416			
57	749	1 056	109	189	362	82	27	(32)	180	159	760	-	-	-
10	21	54	55	94	181				(1)		(1)			
			8	7	15				178	162	322			
47	728	1 002	46	88	166	82	27	(32)	3	(3)	439	-	-	-
159 475	147 610	151 974	47 361	38 960	41 554	118	108	104	20 976	17 250	19 286	(105 241)	(95 928)	(99 124)
0,1	0,9	0,6	0,4	0,9	0,8									
1,0	15,9	10,8	7,1	15,5	13,2									
4,53	5,05	4,93	4,08	4,18	4,17									
44,7	41,6	42,5	6,8	8,4	4,8									
3,00	2,00	2,47	2,50	1,75	1,71									
62,9	61,1	61,1	26,3	26,8	28,8									
62,7	60,6	60,4	26,3	26,8	28,8									
(35,8)	27,8	25,3	28,5	33,5	33,5									
16 271	15 949	16 461	1 122	1 073	1 148	3 151	2 959	3 060	17	38	16			

NEDBANK CORPORATE SEGMENTAL REPORT

for the period ended

	Corporate Banking		Property Finance	
	June 2009	June 2008	June 2009	June 2008
Headline earnings (Rm)	384	282	236	375
Return on risk adjusted capital (%)	37,1	32,8	17,7	31,1
Return on average assets (%)	0,51	0,41	0,70	1,32
Credit loss ratio (%)	0,18	0,01	0,30	0,02
Efficiency ratio (%)	44,82	55,00	36,01	34,80
Total assets (Rm)	156 413	149 483	70 133	61 356
Average total assets (Rm)	151 262	138 542	68 037	57 219
Total advances (Rm)	67 518	55 056	60 785	50 723
Average total advances (Rm)	70 193	51 669	59 442	47 909
Total deposits (Rm)	132 366	131 387	83	72
Average total deposits (Rm)	124 591	123 430	93	91
Allocated capital (Rm)	2 083	1 730	2 695	2 419

* Includes Centralised Credit, Risk and Finance, Shared Services, Transactional Banking, Eliminations and capital aligned changes for 2008.

NEDBANK BUSINESS BANKING

SEGMENTAL REPORT

for the period ended

	June 2009	June 2008
Headline earnings (Rm)	499	731
Return on risk adjusted capital (%)	27,8	34,8
Return on average assets (%)	1,26	1,96
Credit loss ratio (%)	0,79	0,34
Efficiency ratio (%)	52,75	46,55
Total assets (Rm)	76 403	75 421
Average total assets (Rm)	79 912	75 014
Total advances (Rm)	52 354	55 290
Average total advances (Rm)	54 227	53 283
Total deposits (Rm)	71 897	69 989
Average total deposits (Rm)	75 120	69 733
Allocated capital (Rm)	3 628	4 224

Africa		Other*		Total	
June 2009	June 2008	June 2009	June 2008	June 2009	June 2008
50	44	15	71	685	772
19,8	22,2			25,9	25,8
0,99	0,94			0,94	1,06
0,63	0,71			0,25	0,05
72,80	71,10			47,68	47,65
10 157	9 917	(86 531)	(67 846)	150 172	152 910
10 135	9 435	(82 292)	(59 104)	147 142	146 092
6 502	5 500	274	736	135 079	112 015
6 079	5 365	369	1 782	136 083	106 725
8 670	8 346	1 431	3 540	142 550	143 345
9 002	8 148	2 101	4 736	135 787	136 405
506	398	42	1 482	5 326	6 029

NEDBANK RETAIL SEGMENTAL REPORT

for the period ended

	% change	Headline earnings		RORAC	
		June 2009 Rm	June 2008 Rm	June 2009 %	June 2008 %
Bancassurance & Wealth	2	195	191	46,9	48,4
Small Business Services	(75)	40	156	8,7	42,1
Card	>100	130	64	16,1	8,1
Personal loans	7	152	142	22,9	20,6
Transactional and Investment Products	(22)	75	97	17,8	20,6
Private Bank	(80)	7	34	3,1	21,7
Secured lending	<-100	(555)	(35)	(31,3)	(2,1)
Vehicle Asset Finance	1	(62)	(63)	(21,7)	(20,6)
Homeloans	<-100	(493)	28	(33,2)	2,0
Other	(96)	3	79		
Total	(94)	47	728	1,0	15,9

NEDBANK RETAIL – BANCASSURANCE

for the period ended

Rm	% change	June 2009	June 2008
New business premiums			
Credit, Single Life and Simple Investment Products (Nedlife)	14,1	294,8	258,3
Short-term Insurance (Nedic & NGIB)	21,3	703,8	580,4
Advise-based Products (NFP)	15,0	2 783,5	2 420,2
Life	(10,3)	645,6	719,7
Non-life	27,0	2 098,0	1 651,9
Nedbank Preference Shares	(17,9)	39,9	48,6
Total	16,1	3 782,1	3 258,9
% Group via NFP		90%	89%
Advised-based Products (NFP) APE	2,7	325,9	317,2
Group	8,1	276,1	255,3
Non-group	(19,5)	49,8	61,9
Credit, Single Life and Simple Investment Products (Nedlife) APE	6,0	231,0	217,9

Efficiency ratio			Net average advances			Average deposits			Credit loss ratio	
June 2009 %	June 2008 %	% change	June 2009 Rm	June 2008 Rm	% change	June 2009 Rm	June 2008 Rm	June 2009 %	June 2008 %	
66,0	64,7	16	16 632	14 299	(8)	21 714	23 640	0,6	0,4	
63,2	57,0	26	11 775	9 359	18	14 868	12 588	3,5	1,9	
59,3	61,7	(4)	6 597	6 847	(2)	841	862	9,6	10,6	
39,4	43,2	12	6 459	5 792	(99)		2	9,8	9,1	
89,4	83,1	(13)	1 011	1 157	11	55 997	50 366	8,1	16,7	
72,9	72,8	18	11 835	10 015	22	10 349	8 486	1,1	0,5	
		8	98 553	91 282	<-100	-	-	2,6	1,1	
65,9	71,3	6	6 653	6 276	58			4,4	4,2	
44,5	44,2	8	91 900	85 006	<-100			2,4	0,9	
		86	(17)	(119)	(62)	2	6			
62,9	61,1	10	152 845	138 632	8	103 771	95 950	3,0	2,0	

OPERATIONAL STATISTICS

for the period ended

Nedbank Retail

Classification of clients

	Number of clients	Number of internet banking clients	Number of branches	Banking outlets including kiosks	Private bank suites	Mobile sales
June 2009	4 599 232	344 725	436	60	19	63
December 2008	4 368 552	388 387	444	53	19	101
	Number of personal loans kiosks	Number of personal loans branches	POS devices enabled for cash back	Number of ATMs	Number of SSTs	Number of employees
June 2009	230	30	3 457	1 721	373	16 271
December 2008	230	26	3 075	1 747	374	16 461

Nedbank Corporate

Classification of clients

	Number of clients	Number of electronic banking clients/ profiles	Number of ATMs Africa	Number of locations/ branches	Number of employees
June 2009					
Corporate Banking (turnover > R400m)	520	2 832		5	307
Property Finance	4 916			7	446
Africa	174 168	11 487	68	41	1 163
Other	25 562	3 535	6	5	1 916
Total	205 166	17 854	74	58	3 832
December 2008					
Corporate Banking (turnover > R400m)	523	2 831		5	302
Property Finance	5 069			7	457
Africa	160 217	10 561	65	41	1 218
Other	20 693	2 956	6	5	1 934
Total	186 502	16 348	71	58	3 911

Nedbank Business Banking

Classification of clients

	Number of clients	Number of electronic banking clients/ profiles	Number of locations/ branches	Number of employees
June 2009	22 822	18 090	67	2 282
December 2008	23 996	17 576	73	2 281

Imperial Bank

Classification of clients

	Number of clients	Number of branches	Number of employees
June 2009	365 985	15	1 122
December 2008	343 003	15	1 148

ASSETS UNDER MANAGEMENT

at

Rm	30 June 2009	30 June 2008	31 December 2008
Fair value of funds under management – by type			
Unit trusts	39 964	39 788	39 242
Third party	2 817	3 287	3 192
Private clients	39 981	44 906	41 947
	82 762	87 981	84 381
Fair value of funds under management – by geography			
South Africa	69 398	70 896	68 403
Rest of World	13 364	17 085	15 978
	82 762	87 981	84 381

Rm	30 June 2009			
	Unit trusts	Third party	Private clients	Total
Reconciliation of movement in funds under management – by type				
Opening balance at 31 December 2008	39 242	3 192	41 947	84 381
Inflows	9 359	1 304	6 889	17 552
Outflows	(7 672)	(1 602)	(7 064)	(16 338)
Mark-to-market value adjustment	108	28	(1 580)	(1 444)
Foreign currency translation differences	(1 073)	(105)	(211)	(1 389)
Closing balance at 30 June 2009	39 964	2 817	39 981	82 762

Rm	30 June 2009		
	South Africa	Rest of World	Total
Reconciliation of movement in funds under management – by geography			
Opening balance at 31 December 2008	68 403	15 978	84 381
Inflows	13 343	4 209	17 552
Outflows	(10 578)	(5 760)	(16 338)
Mark-to-market value adjustment	(1 770)	326	(1 444)
Foreign currency translation differences		(1 389)	(1 389)
Closing balance at 30 June 2009	69 398	13 364	82 762

GEOGRAPHICAL SEGMENTAL REPORTING

for the period ended

Consolidated statement of financial position (Rm)	South Africa*			Rest of Africa		
	30 June 2009	30 June 2008	31 Dec 2008	30 June 2009	30 June 2008	31 Dec 2008
ASSETS						
Cash and cash equivalents	15 570	18 434	15 376	964	1 644	1 670
Other short-term securities	13 998	19 600	9 596	839	641	764
Derivative financial instruments	17 256	16 513	21 353	81	15	72
Government and other securities	33 708	34 546	39 789	181	106	116
Loans and advances	409 929	385 281	409 369	6 622	7 269	5 897
Other assets	28 819	33 989	27 547	571	488	542
Intergroup assets	(8 330)	(4 008)	(9 468)	1 682	1 354	1 502
Total assets	510 950	504 355	513 562	10 940	11 517	10 563
Total equity	37 529	32 793	34 648	1 202	991	1 123
Derivative financial instruments	15 283	16 925	22 607	73	15	68
Amounts owed to depositors	428 812	408 187	431 906	8 695	8 533	8 298
Provisions and other liabilities	23 198	44 851	21 378	305	332	403
Intergroup liabilities	(8 117)	(11 208)	(10 866)	663	1 645	669
Long-term debt instruments	14 245	12 807	13 889	2	1	2
Total liabilities	510 950	504 355	513 562	10 940	11 517	10 563
Consolidated statement of comprehensive income (Rm)						
Net interest income	7 731	7 491	15 182	250	254	516
Impairment charge on loans and advances	3 200	1 858	4 696	19	19	33
Income from lending activities	4 531	5 633	10 486	231	235	483
Non-interest revenue	4 817	4 591	10 018	176	144	281
Operating income	9 348	10 224	20 504	407	379	764
Operating expenses	6 549	6 012	12 497	247	251	469
BEE transaction expenses	64	107	191	2	1	3
Indirect taxation	169	183	358	4	5	10
Profit from operations	2 566	3 922	7 458	154	122	282
Share of profits of associates and joint ventures	55	83	154		1	
Profit before direct taxation	2 621	4 005	7 612	154	123	282
Direct taxation	593	972	1 665	43	32	84
Profit after taxation	2 028	3 033	5 947	111	91	198
Profit attributable to:						
Non-controlling interest – ordinary shareholders	47	95	202	8	21	16
Non-controlling interest – preference shareholders	186	169	337			
Headline earnings	1 795	2 769	5 408	103	70	182

* Includes all group eliminations.

	Rest of World			Nedbank Group		
	30 June 2009	30 June 2008	31 Dec 2008	30 June 2009	30 June 2008	31 Dec 2008
	2 436	961	1 628	18 970	21 039	18 674
	5 797	9 094	8 229	20 634	29 335	18 589
	503	231	896	17 840	16 759	22 321
	1 824	1 872	2 233	35 713	36 524	42 138
	15 402	15 521	18 967	431 953	408 071	434 233
	2 818	2 802	2 979	32 208	37 279	31 068
	6 648	2 654	7 966			
	35 428	33 135	42 898	557 318	549 007	567 023
	3 767	4 314	4 302	42 498	38 098	40 073
	492	271	1 062	15 848	17 211	23 737
	22 851	18 489	26 686	460 358	435 209	466 890
	724	356	481	24 227	45 539	22 262
	7 454	9 563	10 197			
	140	142	170	14 387	12 950	14 061
	35 428	33 135	42 898	557 318	549 007	567 023
	204	215	472	8 185	7 960	16 170
	216	17	93	3 435	1 894	4 822
	(12)	198	379	4 750	6 066	11 348
	384	219	430	5 377	4 954	10 729
	372	417	809	10 127	11 020	22 077
	259	280	581	7 055	6 543	13 547
				66	108	194
	2	3	6	175	191	374
	111	134	222	2 831	4 178	7 962
				55	84	154
	111	134	222	2 886	4 262	8 116
	6	10	8	642	1 014	1 757
	105	124	214	2 244	3 248	6 359
	15	20	39	70	136	257
				186	169	337
	90	104	175	1 988	2 943	5 765

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – BANKING/TRADING CATEGORISATION

at

Rm	June 2009			Total
	Banking	Trading	Elims	
ASSETS				
Cash and cash equivalents	8 055	10		8 065
Other short-term securities	11 632	14 371	(5 369)	20 634
Derivative financial instruments	129	18 087	(376)	17 840
Government and other securities	37 978	3 238	(5 503)	35 713
Loans and advances	426 736	5 217		431 953
Other assets	1 193	3 848		5 041
Customers' indebtedness for acceptances	1 856			1 856
Current taxation receivable	570			570
Investment securities	9 525	270		9 795
Non-current assets held for sale				–
Investments in associate companies and joint ventures	914			914
Deferred taxation asset	41	176		217
Property and equipment	4 671	12		4 683
Post-employment assets	1 795			1 795
Mandatory reserve deposits with central banks	10 905			10 905
Intangible assets	7 337			7 337
Inter-divisional assets		8 809	(8 809)	–
Total assets	523 337	54 038	(20 057)	557 318
TOTAL EQUITY AND LIABILITIES				
Allocated capital	35 540	1 989		37 529
Non-controlling interest attributable to:				
– ordinary shareholders	1 656			1 656
– preference shareholders	3 313			3 313
Total equity	40 509	1 989	–	42 498
Derivative financial instruments	693	15 531	(376)	15 848
Amounts owed to depositors	440 611	25 116	(5 369)	460 358
Other liabilities	5 860	11 341	(5 503)	11 698
Liabilities under acceptances	1 856			1 856
Current taxation liabilities	221	3		224
Deferred taxation liabilities	2 135	58		2 193
Post-employment liability	1 264			1 264
Investment contract liabilities	6 992			6 992
Long-term debt instruments	14 387			14 387
Inter-divisional liabilities	8 809		(8 809)	–
Total liabilities	482 828	52 049	(20 057)	514 820
Total equity and liabilities	523 337	54 038	(20 057)	557 318

	June 2008			December 2008				
	Banking	Trading	Elims	Total	Banking	Trading	Elims	Total
	11 113	437		11 550	8 598	11		8 609
	16 474	16 581	(3 720)	29 335	11 867	14 549	(7 827)	18 589
	281	16 772	(294)	16 759	363	23 650	(1 692)	22 321
	30 767	5 757		36 524	40 977	4 603	(3 442)	42 138
	383 824	24 247		408 071	423 822	10 411		434 233
	5 479	7 369		12 848	4 826	1 258		6 084
	3 130			3 130	3 024			3 024
	28			28	346			346
	8 467	527		8 994	8 167	288		8 455
	32			32	10			10
	1 012			1 012	1 167			1 167
	83	13		96	47	153		200
	4 093	12		4 105	4 526	14		4 540
	1 597			1 597	1 741			1 741
	9 489			9 489	10 065			10 065
	5 436	1		5 437	5 501			5 501
		1 574	(1 574)	–		5 596	(5 596)	–
	481 305	73 290	(5 588)	549 007	525 047	60 533	(18 557)	567 023
	30 898	2 229		33 127	33 015	1 898		34 913
	1 550			1 550	1 881			1 881
	3 421			3 421	3 279			3 279
	35 869	2 229	–	38 098	38 175	1 898	–	40 073
	618	16 887	(294)	17 211	1 960	23 469	(1 692)	23 737
	411 666	27 263	(3 720)	435 209	447 287	27 430	(7 827)	466 890
	5 675	26 929		32 604	5 602	7 669	(3 442)	9 829
	3 130			3 130	3 024			3 024
	311	(16)		295	226	9		235
	1 821	(1)		1 820	2 042	58		2 100
	1 265			1 265	1 231			1 231
	6 425			6 425	5 843			5 843
	12 950			12 950	14 061			14 061
	1 575	(1)	(1 574)	–	5 596		(5 596)	–
	445 436	71 061	(5 588)	510 909	486 872	58 635	(18 557)	526 950
	481 305	73 290	(5 588)	549 007	525 047	60 533	(18 557)	567 023

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended

1 Average banking balance sheet and related interest

Rm	30 June 2009		
	Average balance	Margin statement interest	
	Assets	Received	%
AVERAGE PRIME RATE			13,18
Advances and clients' indebtedness for acceptances			
Homeloans (including PIPs)	146 293	8 200	11,3
Commercial mortgages	72 087	4 247	11,9
Lease and instalment debtors	60 892	4 044	13,4
Credit card balances	7 288	631	17,5
Bills and acceptances*	2 734	23	1,7
Overdrafts	13 865	885	12,9
Term loans and other**	133 080	7 382	11,2
Impairment of loans and advances	(8 448)		
Government and public sector securities	37 431	1 822	9,8
Short-term funds and trading securities	14 496	446	6,2
Interest-earning banking assets	479 718	27 680	11,6
Net inter-divisional assets – trading book	6 722		
Revaluation of FVTPL-designated assets	891		
Derivative financial instruments	277		
Insurance assets	5 995		
Cash and bank notes	1 829		
Other assets	5 355		
Associates and investments	2 815		
Property and equipment	4 556		
Intangible assets	5 811		
Mandatory reserve deposit with central bank	10 985		
Total assets	524 954	27 680	10,6
	Liabilities	Paid	%
Deposit and loan accounts	254 736	11 469	9,1
Current and savings accounts	55 106	710	2,6
Negotiable certificates of deposit	100 278	5 473	11,0
Other interest-bearing liabilities***	43 272	1 087	5,1
Long-term debt instruments	14 540	756	10,5
Interest-bearing banking liabilities	467 932	19 495	8,4
Other liabilities	9 968		
Revaluation of FVTPL-designated liabilities	891		
Derivative financial instruments	815		
Investment contract liabilities	5 966		
Ordinary shareholders' equity	34 178		
Minority shareholders' equity	5 204		
Total shareholders' equity and liabilities	524 954	19 495	7,5
Interest margin on average interest-earning banking assets	479 718	8 185	3,44

Where possible, averages are calculated on daily balances.

* Includes clients' indebtedness for acceptances.

** Includes term loans, preference shares, factoring debtors, other lending-related instruments and interest on derivatives.

*** Includes foreign currency liabilities and liabilities under acceptances.

	30 June 2008			31 December 2008		
	Average balance	Margin statement interest		Average balance	Margin statement interest	
	Assets	Received	%	Assets	Received	%
			14,75			15,10
	129 408	8 274	12,9	134 703	17 798	13,2
	61 746	4 062	13,2	64 954	8 857	13,6
	54 172	3 898	14,5	57 122	8 301	14,5
	7 442	648	17,5	7 459	1 332	17,9
	3 657	37	2,0	3 666	67	1,8
	14 709	1 044	14,3	15 882	2 271	14,3
	103 770	6 459	12,5	113 769	14 592	12,8
	(6 679)			(6 881)		
	30 026	1 521	10,2	31 211	3 210	10,3
	19 592	690	7,1	19 828	1 558	7,9
	417 843	26 633	12,8	441 713	57 986	13,1
	4 827			5 436		
	(1 112)			(588)		
	249			271		
	6 116			6 118		
	1 881			1 921		
	5 559			6 288		
	3 218			2 883		
	4 067			4 122		
	5 364			5 416		
	9 038			9 839		
	457 050	26 633	11,7	483 419	57 986	12,0
	Liabilities	Paid	%	Liabilities	Paid	%
	238 561	12 105	10,2	245 060	25 941	10,6
	58 986	997	3,4	57 981	2 027	3,5
	60 039	3 252	10,9	72 513	8 413	11,6
	36 137	1 616	9,0	41 784	3 906	9,3
	13 100	703	10,8	13 750	1 529	11,1
	406 823	18 673	9,2	431 088	41 816	9,7
	9 762			9 721		
	(1 112)			(588)		
	459			815		
	6 116			6 118		
	30 048			31 165		
	4 954			5 100		
	457 050	18 673	8,2	483 419	41 816	8,7
	417 843	7 960	3,83	441 713	16 170	3,66

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended

2 Impairment of loans and advances

Rm	30 June 2009	30 June 2008	31 December 2008
Opening balance	7 859	6 078	6 078
Specific impairment	5 542	4 063	4 063
Specific impairment excluding discounts	4 566	3 384	3 384
Specific impairment for discounted cash flow losses*	976	679	679
Portfolio impairment	2 317	2 015	2 015
Income statement impairment charge (net of recoveries)	3 435	1 894	4 822
Specific impairment	3 558	1 731	4 209
Net increase in impairment for discounted cash flow losses*	134	40	297
Portfolio impairment	(257)	123	316
Recoveries	198	146	379
Amounts written off/other transfers	(2 350)	(1 216)	(3 420)
Specific impairments	(2 320)	(1 218)	(3 406)
Portfolio impairment	(30)	2	(14)
Total impairments	9 142	6 902	7 859
Specific impairment	7 112	4 762	5 542
Specific impairment excluding discounts	6 002	4 043	4 566
Specific impairment for discounted cash flow losses*	1 110	719	976
Portfolio impairment	2 030	2 140	2 317
Total advances	441 095	414 973	442 092
Total average advances	441 593	397 505	411 063

Details on segmental impairments and defaulted loans and advances are disclosed in the credit risk section on pages 86b to 94b.

* Discounted cash flow on specific impairments

Nedbank Group has restated its 'discounted cash flow loss due on specific impairments' in order to align the interest on specifically impaired financial assets and the portion of the specific impairment provision that relates to the loss due to discounting.

In June 2008 reporting periods other methods were used to determine the loss due to discounting, which included the effect of discounting for both the specific and portfolio impairment.

The losses due to the discounting of cash flows have been recalculated for the change in the identification of when a financial asset is specifically impaired. This is therefore an allocation of specific impairments and has no effect on the profit and loss.

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended

3.1 Non-interest revenue

Rm	Nedbank Group			Nedbank Corporate			Nedbank Capital		
	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008
Commission and fees income	4 013	3 692	7 911	473	473	1 031	133	108	298
Administration fees	168	121	267	11	7	14			
Cash-handling fees	251	209	464	72	64	137			
Insurance commission	261	260	548	1		1			
Exchange commission	149	171	358	51	54	107			
Fees	427	452	990	92	124	261	121	106	296
Guarantees	53	49	108	32	29	68		2	2
Card income	898	884	1 846	1		1			
Service charges	1 120	931	1 972	52	54	106			
Other commission	686	615	1 358	161	141	336	12		
Securities dealing and fair value adjustments	130	17	498	36	(45)	42	41	84	35
Securities dealing	27	(55)	131	(33)	(159)	54	62	104	72
Fair value adjustments	103	72	367	69	114	(12)	(21)	(20)	(37)
Trading income	928	813	1 553	45	42	96	830	703	1 333
Foreign exchange	537	441	1 156	45	42	96	432	331	914
Debt securities	384	254	557				384	254	557
Equities	(2)	115	(194)				5	115	(172)
Commodities	9	3	34				9	3	34
Rental income	27	29	51	9	9	16			
Investment income	9	162	241	6	121	139	2	37	89
Long-term assets sales			8			8			
Dividends received	9	162	233	6	121	131	2	37	89
Sundry income	271	241	475	51	65	131	11	9	27
Non-banking subsidiaries	113	111	226						
Other sundry income	158	130	249	51	65	131	11	9	27
Foreign currency translation gains	(1)	-	-						
Total non-interest revenue	5 377	4 954	10 729	620	665	1 455	1 017	941	1 782

3.2 Private equity income included in NIR

Rm	Nedbank Group			Nedbank Corporate			Nedbank Capital		
	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008
Securities dealing	(34)	(95)	95	(37)	(158)	49	3	63	46
Investment income – dividends received	7	148	208		118	127	7	30	81
Total private equity NIR	(27)	53	303	(37)	(40)	176	10	93	127
Realised	11	192	261	4	110	128	7	82	133
Unrealised	(38)	(139)	42	(41)	(150)	48	3	11	(6)
Total private equity NIR	(27)	53	303	(37)	(40)	176	10	93	127

Nedbank Business Banking			Nedbank Retail			Imperial Bank			Shared Services			Central Management and Eliminations		
30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008
520	476	1 005	2 822	2 595	5 454	73	39	98	12	12	59	(20)	(11)	(34)
7	19	38	94	68	150	59	26	70	3	6	8	(6)	(5)	(13)
123	97	224	56	48	103									
7	9	16	253	251	531									
43	48	98	53	68	148				2	1	5			
15	11	23	198	213	418				2		8	(1)	(2)	(16)
17	16	34	4	2	4									
25	20	43	872	864	1 802									
190	157	331	878	720	1 535									
93	99	198	414	361	763	14	13	28	5	5	38	(13)	(4)	(5)
2	1	(3)	(2)	1	1	(11)	24	(29)	(1)	(6)	(5)	65	(42)	457
(2)	2	2	(3)	1	1				(1)	1	2	4	(4)	
4	(1)	(5)	1			(11)	24	(29)		(7)	(7)	61	(38)	457
38	43	89	22	25	57	-	-	-	-	-	-	(7)	-	(22)
38	43	89	22	25	57									
												(7)		(22)
			(1)	1	(3)				19	19	37			1
-	-	2	-	-	5	-	-	-	1	-	-	-	4	6
		2			5				1				4	6
11	14	30	51	13	32	8	11	19	161	149	271	(22)	(20)	(35)
11	14	30	51	13	32	8	11	19	113	111	226	(22)	(20)	(35)
									48	38	45	(1)		
571	534	1 123	2 892	2 635	5 546	70	74	88	192	174	362	15	(69)	373

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended

4 Expenses

Rm	Nedbank Group			Nedbank Corporate			Nedbank Capital		
	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008
Staff costs	3 719	3 474	7 040	557	533	1 137	342	318	671
Salaries and wages	3 725	3 488	7 193						
Long-term employee benefits	(34)	(103)	(239)						
Share-based payment expenses – employees	28	89	86						
Computer processing	962	896	1 841	62	60	123	52	41	96
Depreciation for computer equipment	171	163	331						
Amortisation of computer software	227	203	414						
Operating lease charges for computer equipment	72	67	146						
Other computer processing expenses	492	463	950						
Communication and travel	308	306	636	79	81	161	36	36	79
Depreciation for vehicles	2		3						
Other communication and travel	306	306	633						
Occupation and accommodation	599	552	1 122	72	67	138	23	21	44
Depreciation for owner-occupied land and buildings	41	39	71						
Operating lease charges for land and buildings	225	226	469						
Other occupation and accommodation expenses	333	287	582						
Marketing and public relations	400	414	877	20	25	55	12	15	37
Fees and insurances	669	565	1 326	146	136	301	57	38	92
Office equipment and consumables	176	165	326	44	42	86	3	3	5
Depreciation for furniture and other equipment	119	101	211						
Operating lease charges for furniture and other equipment	16	15	31						
Other office equipment and consumables	41	49	84						
Other sundries	217	171	379	23	14	32	13	25	33
Amortisation of intangible assets	5	–	–						
Activity-justified transfer-pricing	–	–	–	(21)	(54)	(94)	190	163	330
Operating expenses	7 055	6 543	13 547	982	904	1 939	728	660	1 387
BEE transaction expenses	66	108	194	14	13	25	17	15	32
BEE share-based payments costs	54	98	181						
Fees	12	10	13						
Total operating expenses	7 121	6 651	13 741	996	917	1 964	745	675	1 419
Efficiency ratio (%)	52,5	51,5	51,1	47,7	47,6	47,6	46,2	48,8	52,2

Nedbank Business Banking			Nedbank Retail			Imperial Bank			Shared Services			Central Management and Eliminations		
30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008
418	393	802	1 692	1 594	3 283	163	144	306	588	585	1 145	(41)	(93)	(304)
26	21	44	198	203	401	25	17	40	598	553	1 137	1	1	-
16	16	32	142	140	286	17	13	33	35	37	79	(17)	(17)	(34)
42	39	79	464	426	846	17	11	26	(20)	(13)	(13)	1	1	2
17	16	50	192	205	454	(1)	7	16	175	158	294	(15)	(12)	(29)
27	22	44	252	222	489	9	10	26	157	123	310	21	14	64
6	5	10	95	89	171	7	7	13	21	20	42		(1)	(1)
9	3	23	112	80	201	33	28	65	27	21	28	-	-	(3)
486	481	964	909	883	1 750			-	(1 550)	(1 466)	(2 932)	(14)	(7)	(18)
1 047	996	2 048	4 061	3 842	7 881	270	237	525	31	18	90	(64)	(114)	(323)
4	4	7	13	34	92			-	20	23	42	(2)	19	(4)
1 051	1 000	2 055	4 074	3 876	7 973	270	237	525	51	41	132	(66)	(95)	(327)
52,7	46,5	47,2	62,9	61,1	61,1	26,3	26,8	28,8						

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended

5 Taxation charge

Rm	30 June 2009	30 June 2008	31 December 2008
South African normal taxation			
Current	538	863	1 550
Deferred	(24)	63	(32)
Secondary taxation on companies (STC)	52	48	123
Foreign taxation	61	70	77
Current and deferred taxation on income	627	1 044	1 718
Prior-year overprovision – current	116	(6)	(314)
Prior-year underprovision – deferred	(101)	(24)	353
Total taxation on income	642	1 014	1 757
Tax on non-trading and capital items	69	110	111
Total	711	1 124	1 868
Effective taxation rate excluding non-trading and capital items (%)	22,2	23,8	21,6
	%	%	%
Taxation rate reconciliation (excluding non-trading and capital items)			
Standard rate of South African normal taxation	28	28	28
Dividend income	(6)	(5)	(5)
Differences between foreign taxation rates and South African taxation rate	(1)	(1)	(1)
Non-taxable investment income	(1)	(1)	
Structured deals	(1)		(2)
STC	2	1	1
Other	1	2	1
Total taxation on income as percentage of profit before taxation (excluding non-trading and capital items)	22	24	22

6 Non-controlling interest

Rm	30 June 2009		30 June 2008		31 December 2008	
	Balance sheet	Income statement	Balance sheet	Income statement	Balance sheet	Income statement
Imperial Bank	1 582	55	1 238	94	1 520	180
Nedbank (Swaziland)	61	7	50	6	58	14
Nedbank (Namibia)	5				5	1
Nedbank (Malawi)	2		2		2	
Fairbairn Private Bank (Jersey)		15	215	20	231	39
MBCA Bank (Zimbabwe)			1	14		
BoE Private Clients		(5)	44	1	57	14
AllF Investors Trust	5	(2)			7	7
Other	1			1	1	2
	1 656	70	1 550	136	1 881	257

7 Preference shares

Dividends declared	Number of shares	Cents per share	Amount (Rm)
2009			
Nedbank – Final declared for 2008 – paid March 2009	312 781 032	58,26844	182
Imperial – Final declared for 2008 – paid March 2009	3 000 000	545,32877	16
			198
Nedbank – Interim declared for 2009 – payable Sept 2009	312 781 032	48,98630	153
Imperial – Interim declared for 2009 – payable Sept 2009	3 000 000	457,20548	14
			167
2008			
Nedbank – Final declared for 2007 – paid March 2008	312 781 032	51,55479	161
Imperial – Final declared for 2007 – paid March 2008	3 000 000	481,17808	14
			175
Nedbank – Interim declared for 2008 – paid Sept 2008	312 781 032	55,02049	172
Imperial – Interim declared for 2008 – paid Sept 2008	3 000 000	515,31507	16
			188
Dividends declared calculations			
	Days	Rate	Amount (Rm)
2009 (payable Sept 2009)			
Nedbank			
1 Jan 2009 – 30 Jun 2009	181		153,2
1 Jan 2009 – 8 Feb 2009	39	11,250%	37,6
9 Feb 2009 – 24 Mar 2009	44	10,500%	39,6
25 Mar 2009 – 3 May 2009	40	9,750%	33,4
4 May 2009 – 28 May 2009	25	9,000%	19,3
29 May 2009 – 30 Jun 2009	33	8,250%	23,3
Imperial			
1 Jan 2009 – 30 Jun 2009	181		13,7
1 Jan 2009 – 8 Feb 2009	39	10,500%	3,4
9 Feb 2009 – 24 Mar 2009	44	9,800%	3,6
25 Mar 2009 – 3 May 2009	40	9,100%	3,0
4 May 2009 – 28 May 2009	25	8,400%	1,7
29 May 2009 – 30 Jun 2009	33	7,700%	2,0
Total declared (payable Sept 2009)			166,9
Dividends paid calculations			
	Days	Rate	Amount (Rm)
2009 (paid March 2009)			
Nedbank			
1 Jul 2008 – 31 Dec 2008	184		182,1
1 Jul 2008 – 14 Dec 2008	167	11,625%	165,8
15 Dec 2008 – 31 Dec 2008	17	11,250%	16,3
Imperial			
1 Jul 2008 – 31 Dec 2008	184		16,3
1 Jul 2008 – 14 Dec 2008	167	10,850%	14,8
15 Dec 2008 – 31 Dec 2008	17	10,500%	1,5
Total paid			198,4
Less: Dividend paid to group entities			7,5
Non-controlling – Ordinary shareholders' share of dividend paid			4,7
			186,2

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended

7 Preference shares continued

	Days	Rate	Amount (Rm)
2008 (paid March 2008)			
Nedbank			
1 Jul 2007 – 31 Dec 2007	184		161,3
1 Jul 2007 – 19 Aug 2007	50	9,750%	41,8
20 Aug 2007 – 14 Oct 2007	56	10,125%	48,6
15 Oct 2007 – 9 Dec 2007	56	10,500%	50,4
10 Dec 2007 – 31 Dec 2007	22	10,875%	20,5
Imperial			
1 Jul 2007 – 31 Dec 2007	184		14,4
1 Jul 2007 – 19 Aug 2007	50	9,100%	3,8
20 Aug 2007 – 14 Oct 2007	56	9,450%	4,3
15 Oct 2007 – 9 Dec 2007	56	9,800%	4,5
10 Dec 2007 – 31 Dec 2007	22	10,150%	1,8
2008 (paid Sept 2008)			
Nedbank			
1 Jan 2008 – 30 Jun 2008	182		172,1
1 Jan 2008 – 13 Apr 2008	104	10,875%	96,7
14 Apr 2008 – 16 June 2008	64	11,250%	61,5
17 Jun 2008 – 30 Jun 2008	14	11,625%	13,9
Imperial			
1 Jan 2008 – 30 Jun 2008	182		15,5
1 Jan 2008 – 13 Apr 2008	104	10,150%	8,7
14 Apr 2008 – 13 June 2008	60	10,500%	5,2
14 Jun 2008 – 30 Jun 2008	18	10,850%	1,6
Total paid			363,3
Less: Cumulative dividend paid			22,1
Non-controlling – Ordinary shareholders' share of dividend paid			3,9
			337,3

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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8 Loans and advances

Segmental breakdown	Nedbank Group			Nedbank Corporate			Nedbank Capital		
	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008
Homeloans	147 732	134 535	143 342	2 050	2 063	2 215			
Commercial mortgages	73 995	65 076	73 031	56 147	47 816	55 596			
Properties in possession	941	575	791	3	3	3			
Credit cards	7 170	7 486	7 248						
Overdrafts	13 317	13 781	12 461	4 304	3 633	3 244	1	3	3
Term loans	64 752	45 789	64 144	51 196	32 929	49 729	3 586	3 033	4 518
Personal loans	7 755	6 830	7 187	339	304	299			
Other term loans	56 997	38 959	56 957	50 857	32 625	49 430	3 586	3 033	4 518
Overnight loans	12 127	18 355	15 760	11 362	17 511	14 820	12	36	36
Other loans to clients	39 016	52 208	44 187	2 105	1 620	2 439	26 532	39 720	29 956
Foreign client lending	3 702	14 182	8 433	751	757	1 354	2 529	12 060	5 582
Remittances in transit	220	153	229	196	135	165		(2)	
Other loans*	35 094	37 873	35 525	1 158	728	920	24 003	27 662	24 374
Leases and instalment debtors	61 930	57 237	61 362	3 762	3 066	3 765	209	224	217
Preference shares and debentures	16 593	12 112	15 667	5 089	4 055	5 185	10 800	6 059	9 689
Factoring accounts	333	529	394						
Deposits placed under reverse repurchase agreements	2 756	5 172	2 630				2 756	5 172	2 630
Trade, other bills and bankers' acceptances	433	2 118	1 075				429	2 114	1 070
Loans and advances before impairments	441 095	414 973	442 092	136 018	112 696	136 996	44 325	56 361	48 119
Impairment of advances	(9 142)	(6 902)	(7 859)	(939)	(681)	(774)	(428)	(418)	(433)
Total loans and advances	431 953	408 071	434 233	135 079	112 015	136 222	43 897	55 943	47 686
Comprises:									
– Loans and advances to clients	433 732	396 252	428 189	135 666	112 553	136 537	40 429	40 135	37 316
– Loans and advances to banks	7 363	18 721	13 903	352	143	459	3 896	16 226	10 803
Loans and advances before impairments	441 095	414 973	442 092	136 018	112 696	136 996	44 325	56 361	48 119

* Represents mainly loans relating to Specialised Finance and Debt Capital Markets in Nedbank Capital and other loans in Nedbank Corporate and Nedbank Retail.

Nedbank Business Banking			Nedbank Retail			Imperial Bank			Shared Services			Central Management and Eliminations		
30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008
14 549	14 145	14 602	124 808	113 794	120 992	6 492	4 663	5 668				(167)	(130)	(135)
11 043	10 034	10 507	1 049	975	952	5 938	6 399	6 125				(182)	(148)	(149)
16	21	18	922	551	770									
54	77	53	7 117	7 409	7 195							(1)		
6 575	7 694	6 868	2 424	2 439	2 340				13		6		12	
746	611	812	8 472	8 376	8 283	753	840	801				(1)		1
1			7 416	6 526	6 888							(1)		
745	611	812	1 056	1 850	1 395	753	840	801						1
752	807	903		1	1							1		
6 352	7 606	8 104	3 881	2 690	3 148	45	10	52	99	82	88	2	480	400
422	1 364	1 496		1	1									
2	6	6	40	36	58				(18)	(22)				
5 928	6 236	6 602	3 841	2 653	3 089	45	10	52	117	104	88	2	480	400
12 857	14 478	13 855	10 622	10 630	10 797	34 503	28 888	32 778		2		(23)	(51)	(50)
523	582	582	67	119	89	114	1 297	122						
333	529	394												
			4	4	5									
53 800	56 584	56 698	159 366	146 988	154 572	47 845	42 097	45 546	112	84	94	(371)	163	67
(1 446)	(1 294)	(1 377)	(5 260)	(3 515)	(4 465)	(1 073)	(988)	(812)		(2)		4	(4)	2
52 354	55 290	55 321	154 106	143 473	150 107	46 772	41 109	44 734	112	82	94	(367)	159	69
53 800	56 584	56 698	156 233	144 614	151 931	47 845	42 097	45 546	130	106	94	(371)	163	67
			3 133	2 374	2 641				(18)	(22)				
53 800	56 584	56 698	159 366	146 988	154 572	47 845	42 097	45 546	112	84	94	(371)	163	67

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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9 Investment securities

Rm	30 June 2009	30 June 2008	31 December 2008
LISTED INVESTMENTS	486	498	525
Private-equity portfolio	481	426	489
Other	5	72	36
UNLISTED INVESTMENTS	2 140	2 071	2 087
Endowment policies	26	161	27
Dr Holsboer/NES Investment Portfolio	178	229	177
Morning Tide Investments 168 (Pty) Limited	94	153	86
Strate Limited	28	19	28
Private-equity portfolio	1 060	1 072	1 085
Other	754	437	684
Total listed and unlisted investments	2 626	2 569	2 612
Listed policyholder investments at market value	5 943	5 535	4 987
Equities	303	415	274
Government, public and private sector stock	306	185	187
Unit trusts	5 334	4 935	4 526
Unlisted policyholder investments at directors' valuation	1 263	936	892
Equities	2	3	2
Negotiable certificates of deposit, money market and other short-term funds	1 261	933	890
Net policyholder liabilities	(37)	(46)	(36)
Total policyholder investments	7 169	6 425	5 843
Total investment securities	9 795	8 994	8 455
Summary of total private equity investments			
PROPERTY INVESTMENTS	467	383	488
Listed investments	376	309	401
Unlisted investments	91	74	87
OTHER INVESTMENTS	1 074	1 115	1 086
Listed investments	105	117	88
Unlisted investments	969	998	998
	1 541	1 498	1 574
Private equity shareholder loans included in advances	1 526	1 503	1 957

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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10 Investments in associate companies and joint ventures

Name of company and nature of business	Percentage holding		Acquisition date
	30 Jun 2009	31 Dec 2008	
Unlisted			
Joint ventures			
BoE (Pty) Limited††		50	Jan 03
Nedgroup Life Assurance Company Limited††		50	Jan 03
Associates			
African Spirit Trading 306 (Pty) Limited	33	33	Oct 06
Ballywood Properties 1 (Pty) Limited	49	49	Nov 05
Bond Choice (Pty) Limited†	29	29	Jun 02
Capricorn Business and Technology Park (Pty) Limited	41	41	Nov 98
Clidet No 683 (Pty) Limited	49	49	Aug 06
Consep Developments (Pty) Limited	25	25	Dec 07
Emergent Investments (Pty) Limited	43	43	Jul 07
Erf 7 Sandown (Pty) Limited	35	35	Oct 06
Falcon Forest Trading 85 (Pty) Limited	30	30	Mar 05
Firefly Investments 74 (Pty) Limited	35	35	Oct 06
Friedshelf 113 (Pty) Limited	20	20	Aug 02
Golden Pond Trading 350 (Pty) Limited	20	20	Jul 06
Hazeldean Retreat (Pty) Limited	20	20	Mar 07
Masingita Property Investment Holdings (Pty) Limited	35	35	Aug 05
Moorivier Mall (Pty) Limited	30	30	Nov 06
Nedglen Property Development (Pty) Limited	35	35	Nov 04
Newmarket Property Developments JV	40	40	Aug 06
Odyssey Developments (Pty) Limited	49	49	Nov 07
Off The Shelf Investment Forty One (Pty) Limited	33	33	Dec 00
Oukraal Developments (Pty) Limited	30	30	Jan 08
SafDev Tanganani (Pty) Limited	25	25	Oct 08
TBA Genomineerdes (Pty) Limited	30	30	Jan 03
The Waterbuck Trust	40	40	Oct 07
The Woodlands Property Trust	20	20	Jan 05
Visigro Investments (Pty) Limited	30	30	Jun 06
Whirlprops 33 (Pty) Limited	49	49	Sep 06
XDV (Pty) Limited	25	25	Nov 06
Other			

* Represents amounts less than R1 million.

† No longer a subsidiary; shareholding changed from 62,0% to 28,5% as from January 2008.

†† No longer a joint venture; consolidated as a subsidiary from June 2009.

Year-end	Date to which equity income accounted for	Equity-accounted earnings		Carrying amount		Market value/Directors' valuation		Net indebtedness of loans to/(from) associates	
		30 Jun 2009	31 Dec 2008	30 Jun 2009	31 Dec 2008	30 Jun 2009	31 Dec 2008	30 Jun 2009	31 Dec 2008
				56	145	–	247	–	247
Dec	May 09	30	76		183		183		
Dec	May 09	26	69		64		64		
		(1)	9	914	920	914	920	562	577
Dec				27	22	27	22	26	20
Feb				11	11	11	11		
Feb	Jun 09	(1)	5	25	27	25	27		
Sep				15	14	15	14	11	10
Feb				267	254	267	254	166	166
Feb				23	21	23	21	16	14
Feb				69	85	69	85	66	66
Feb				18	17	18	17	5	4
Feb				10	10	10	10	2	2
Feb				18	18	18	18	4	2
Feb				8	10	8	10		
Feb				9	9	9	9	*	*
Feb				12	12	12	12	12	12
Feb				30	30	30	30	12	33
Feb				12	11	12	11	36	34
Jun				9	8	9	8		
Dec				22	22	22	22	22	22
Jun				113	110	113	110	26	26
Feb				9	9	9	9	7	7
Jun				17	16	17	16	15	15
Jun				16	15	16	15		
Jun				12	12	12	12	3	3
Feb				13	11	13	11	16	14
Feb				10	11	10	11		
Feb				110	110	110	110	(18)	2
Feb	Jun 09		3	*	*	*	*		
Jun				19	19	19	19	(20)	(20)
	Jun 09	*	1	10	26	10	26	155	145
		55	154	914	1,167	914	1,167	562	577

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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11 Intangible assets

Rm	Note	30 June 2009	30 June 2008	31 December 2008
Computer software and capitalised development costs	11.1	1 667	1 497	1 607
Goodwill	11.2	5 023	3 940	3 894
Other intangible assets	11.3	647		
		7 337	5 437	5 501

11.1 Computer software and capitalised development costs – carrying amount

Rm	Amortisation periods	30 June 2009	30 June 2008	31 December 2008
Computer software	2 – 5 years	1 078	936	933
Customer product systems		514	452	415
Infrastructure and supporting systems		349	306	314
Risk management systems		215	173	204
Channel systems			4	
Customer information systems			1	
Capitalised development costs	none*	589	561	674
Customer product systems		234	227	290
Infrastructure and supporting systems		299	248	314
Risk management systems		56	86	70
		1 667	1 497	1 607
Computer software				
Opening balance		933	923	923
Additions		58	29	92
Commissioned during period		319	181	328
Disposals		(3)		(1)
Foreign exchange and other moves		(2)	6	9
Amortisation charge for the period		(227)	(203)	(414)
Impairments				(4)
Closing balance		1 078	936	933
Capitalised development costs				
Opening balance		674	426	426
Additions		234	315	583
Commissioned during period		(319)	(181)	(328)
Foreign exchange and other moves			1	
Impairments				(7)
Closing balance		589	561	674

* Assets not yet commissioned and amortisation only begins once transferred to computer software. These assets are impaired if the value cannot be justified.

11.2 Goodwill – carrying amount

Rm	30 June 2009	30 June 2008	31 December 2008
Carrying amount at beginning of period	3 894	3 898	3 898
Arising on business combinations	1 149		
Realised through disposals			(2)
Foreign currency translation	(20)	42	(2)
Carrying amount at end of period	5 023	3 940	3 894

11.2 Goodwill – carrying amount continued

Rm	Percentage holding	30 June 2009			31 December 2008		
		Cost	Accumulated amortisation and impairments	Carrying amount	Cost	Accumulated amortisation and impairments	Carrying amount
Major subsidiaries							
Fairbairn Private Bank/Fairbairn Trust Company	100	427	138	289	447	138	309
Peoples Mortgage Limited	100	198	198	–	198	198	–
Imperial Bank	50	285	25	260	285	25	260
Nedbank Limited	100	3 563	739	2 824	3 563	739	2 824
Nedcor Investment Bank	100	375	375	–	375	375	–
Old Mutual Bank	100	206		206	206		206
BoE (Pty) Limited	100	725		725			–
Nedgroup Life Assurance Company Limited	100	424		424			–
Nedbank Namibia Limited	100	134	2	132	134	2	132
Capital One		82		82	82		82
American Express		81		81	81		81
		6 500	1 477	5 023	5 371	1 477	3 894

11.3 Other intangible assets – carrying amount

Rm	Amortisation period	30 June 2009		
		Cost	Accumulated amortisation and impairments	Carrying amount
Major subsidiaries				
BoE (Pty) Limited	8 – 15 yrs	457	3	454
Nedgroup Life Assurance Company Limited	10 yrs	195	2	193
		652	5	647

12 Intangible assets – ratios

Rm	30 June 2009	30 June 2008	31 December 2008
Total assets	557 318	549 007	567 023
Ordinary shareholders' equity	37 529	33 127	34 913
Intangible assets	7 337	5 437	5 501
Capitalised software (refer note 11.1)	1 667	1 497	1 607
Goodwill (refer note 11.2)	5 023	3 940	3 894
Other intangible assets (refer note 11.3)	647	–	–
Intangible assets/Total assets (%)	1,32	0,99	0,97
Intangible assets/Ordinary shareholders' equity (%)	19,6	16,4	15,8

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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13 Amounts owed to depositors

Segmental breakdown Rm	Nedbank Group			Nedbank Corporate			Nedbank Capital		
	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008
Current accounts	42 066	45 847	45 188	3 878	6 578	4 661	57	103	100
Savings accounts	15 497	15 042	14 303	484	387	442			
Other deposits and loan accounts	288 073	287 014	292 768	133 017	132 238	125 032	38 493	43 653	49 633
Call and term deposits	189 282	183 471	192 557	97 839	92 030	91 933	4 019	10 684	13 478
Fixed deposits	25 374	27 437	25 983	1 477	2 231	1 130	1 586	1 963	1 195
Cash management deposits	37 936	41 883	36 149	33 185	36 651	30 765	(57)	169	2
Other deposits	35 481	34 223	38 079	516	1 326	1 204	32 945	30 837	34 958
Foreign client liabilities	8 540	7 543	6 226	3 989	3 554	2 677	2 501	2 157	1 703
Negotiable certificates of deposit	91 430	60 993	87 377	1 182	588	986	90 012	60 674	85 900
Deposits received under repurchase agreements	14 752	18 770	21 028				14 409	18 495	19 681
Total amounts owed to depositors	460 358	435 209	466 890	142 550	143 345	133 798	145 472	125 082	157 017

Nedbank Business Banking			Nedbank Retail			Imperial Bank			Shared Services			Central Management and Eliminations		
30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	30 Jun 2008	31 Dec 2008
13 336	13 914	14 927	24 701	25 161	25 405					2	1	94	89	94
191	209	201	14 787	14 415	13 625							35	31	35
56 589	54 253	57 550	59 276	55 728	59 549	1 419	1 483	1 361	3	9	9	(724)	(350)	(366)
51 343	49 188	52 076	35 773	31 509	34 810	189	233	110		8	9	119	(181)	141
583	660	672	21 730	22 273	22 972		12	12				(2)	298	2
4 207	4 397	4 800	601	666	590									(8)
456	8	2	1 172	1 280	1 177	1 230	1 238	1 239	3	1		(841)	(467)	(501)
1 781	1 613	1 564	269	219	282									
									307	275	291	236	(269)	491
												36		1 056
71 897	69 989	74 242	99 033	95 523	98 861	1 419	1 483	1 361	310	286	301	(323)	(499)	1 310

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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14 Long-term debt instruments

	Nominal value	Instrument terms	30 Jun 2009	30 Jun 2008	31 Dec 2008
SUBORDINATED DEBT			11 063	10 203	10 627
Rand-denominated (Rm)			10 289	10 201	10 625
Callable bonds repayable on 4 December 2008 (IPB1) +	515	13,5% per annum*		519	
Callable bonds repayable on 30 December 2010 (IPB2) (a)	500	8,38% per annum*	488	441	488
Callable bonds repayable on 4 December 2013 (IPB3) (b)	300	JIBAR + 2,5% per annum**	151		152
Callable notes repayable on 24 April 2016 (NED05) (c)	1 500	7,85% per annum*	1 476	1 337	1 480
Callable notes repayable on 20 September 2018 (NED06) (d)	1 800	9,84% per annum*	1 764	1 668	1 869
Callable notes repayable on 8 February 2017 (NED07) (c)	650	9,03% per annum*	652	598	671
Callable notes repayable on 8 February 2019 (NED08) (d)	1 700	8,90% per annum*	1 596	1 520	1 718
Callable notes repayable on 6 July 2022 (NED09) (f)	2 000	JIBAR +0,47% per annum**	2 044	2 055	2 060
Callable notes repayable on 15 August 2017 (NED10) (c)	500	JIBAR + 0,45% per annum**	505	508	508
Callable notes repayable on 17 September 2020 (NED11) (e)	1 000	10,54% per annum*	991	942	1 051
Callable notes repayable on 14 December 2017 (NED12A) (c)	500	JIBAR + 0,70% per annum**	502	503	503
Callable notes repayable on 14 December 2017 (NED12B) (c)	120	10,38% per annum*	120	110	125
Namibian dollar-denominated (NAM\$m)			2	2	2
Long-term debenture repayable on 15 September 2030	40	17% per annum until 15 September 2000 – thereafter zero coupon	2	2	2
US dollar-denominated (US\$m)					
Callable notes repayable on 3 March 2022 (EMTN01) (i)	100	3-month USD LIBOR	772		
HYBRID SUBORDINATED DEBT			1 764	1 180	1 839
Rand-denominated (Rm)			1 764	1 180	1 839
Callable notes repayable on 20 November 2018 (NEDH1A) (g)	487	15,05% per annum*	481	467	550
Callable notes repayable on 20 November 2018 (NEDH1B) (g)	1 265	JIBAR + 4,75% per annum**	1 283	713	1 289
SECURITISED LIABILITIES			1 414	1 420	1 420
Rand-denominated (Rm)			1 414	1 420	1 420
Callable notes repayable on 18 November 2039 (GRN1A1) (h)	291	JIBAR + 0,25% per annum**	294	295	295
Callable notes repayable on 18 November 2039 (GR1A2A) (h)	1 407	JIBAR + 0,60% per annum**	994	999	999
Callable notes repayable on 18 November 2039 (GRN1B) (h)	98	JIBAR + 0,85% per annum**	75	75	75
Callable notes repayable on 18 November 2039 (GRN1C) (h)	76	JIBAR + 1,1% per annum**	51	51	51
OTHER			146	147	175
Rand-denominated (Rm)			6	5	5
Unsecured debentures repayable on 30 November 2029	200	Zero coupon	6	5	5
US dollar-denominated (US\$m)			140	142	170
Guaranteed loan repayable on 31 August 2009	18	1,5 bps below six-month LIBOR on nominal value	140	142	170
Total long-term debt instruments in issue			14 387	12 950	14 061

During the period there were no defaults or breaches of principal, interest or any other terms and conditions of long-term debt instruments. Coupon holders are entitled, in the event of interest default, to put the coupon covering such interest payments to Nedbank Group Limited. The US dollar subordinated-debt instruments are either matched by advances to clients or covered against exchange rate fluctuations. In accordance with the group's articles of association, the borrowing powers of the company are unlimited.

- * Interest on these notes is payable biannually.
- ** Interest on these notes is payable quarterly.
- + The debt instrument was redeemed on its call date 4 December 2008.
- (a) Callable by the issuer, Imperial Bank Limited, after approximately five years from the date of issue, 30 March 2006 (ie 30 December 2010), at which time the interest converts to a floating three-month JIBAR rate, plus a spread of 2,67%.
- (b) Callable by the issuer, Imperial Bank Limited, after five years from the date of issue, 4 December 2008 (ie 4 December 2013), at which time the interest converts to a floating three-month JIBAR rate, plus a spread of 3,75%.
- (c) Callable by the issuer, Nedbank Limited, after five years from the date of issue, 24 April 2006, 8 February 2007, 15 August 2007, 14 December 2007 and 14 December 2007 (ie 24 April 2011, 8 February 2012, 15 August 2012, 14 December 2012 and 14 December 2012), at which time the interest converts to a floating three-month JIBAR rate, plus a spread of 1,70%, 1,95%, 1,45%, 1,70% and 1,70% respectively.
- (d) Callable by the issuer, Nedbank Limited, after seven years from the date of issue, being 20 September 2006 and 8 February 2007 (ie 20 September 2013 and 8 February 2014), at which time the interest converts to a floating three-month JIBAR rate, plus a spread of 2,05% and 2,17% respectively.
- (e) Callable by the issuer, Nedbank Limited, after eight years from the date of issue, being 17 September 2007 (ie 17 September 2015), at which time the interest converts to a floating three-month JIBAR rate, plus a spread of 2,85%.
- (f) Callable by the issuer, Nedbank Limited, after ten years from the date of issue, being 6 July 2007 (ie 6 July 2017), at which time the interest will step up by 1,00% to a floating three-month JIBAR rate, plus a spread of 1,47%.
- (g) Callable by the issuer, Nedbank Limited, after ten and a half years from the date of issue, being 20 May 2008 (ie 20 Nov 2018), at which time the interest converts to a floating three-month JIBAR rate plus 712,5 bps in perpetuity unless called.
- (h) Callable by the issuer, Greenhouse Funding (Pty) Limited, after approximately five years from the date of issue, being 10 December 2007 (ie 18 November 2012), at which time the interest rate on the notes (GRN1A1, GR1A2A, GRN1B, GRN1C) will step up to three-month JIBAR rate, plus a spread of 0,40%, 0,80%, 1,10% and 1,35% respectively.
- (i) Callable by the issuer, Nedbank Limited, after eight years from the date of issue, 3 March 2009 (ie 3 March 2017), at which time the interest rate converts to a floating three-month USD LIBOR rate, plus a spread of 3,00%.

Tier 3 capital

The debt instrument was redeemed on 22 September 2008.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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15 BEE: Estimated future dilutive shares and IFRS 2 charge

These are purely illustrative scenarios for the period 2009 – 2017 of the dilutive potential ordinary shares and the IFRS 2 charge as at the end of each year. The first scenario is at an illustrative annual share price growth of 10% and dilutive sensitivity is illustrated by assuming other growth rates. These examples are not based on any share price growth expectations.

	Actual 2005	Actual 2006	Actual 2007	Actual 2008
15.1 Estimated future dilutive shares as at end of each year ('000)				
Dilutive shares at 10% share price growth:				
SA BEE transaction	1 408	8 144	9 812	2 094
Black Business Partners	764	2 992	2 631	
Non-executive directors	21	116	225	81
Retail	12	685	2 051	1 065
Corporate	581	3 164	3 243	
Black Executives	11	209	377	226
Black Management	19	978	1 285	722
Namibia BEE transaction	–	–	10	6
Black Business Partners				
Affinity Groups				
Education				
Discretionary				
LTIP				
Black Management			10	6
	1 408	8 144	9 822	2 100
Dilutive shares at share price growth of:				
SA BEE transaction				
5%	1 408	8 144	9 812	2 094
15%	1 408	8 144	9 812	2 094
20%	1 408	8 144	9 812	2 094
30%	1 408	8 144	9 812	2 094
Namibia BEE transaction				
5%			10	6
15%			10	6
20%			10	6
30%			10	6

Actual/ illustrative forecast 2009	illustrative forecast 2010	illustrative forecast 2011	illustrative forecast 2012	illustrative forecast 2013	illustrative forecast 2014	illustrative forecast 2015	illustrative forecast 2016	illustrative forecast 2017
1 777	4 218	1 934	1 420	1 531	1 765	1 382	535	356
135	172							
499	2 453							
249	324	374	308	315	375	361	308	191
894	1 269	1 560	1 112	1 216	1 390	1 021	227	165
11	50	68	77	59	46	43	–	–
	18	20	22	24	26	29		
	18	18	17	16	15	14		
	1	12	19	14				
11	13	18	19	5	5			
1 788	4 268	2 002	1 497	1 590	1 811	1 425	535	356
1 494	1 853	1 571	993	979	1 043	950	334	215
2 043	3 726	2 474	2 431	2 604	3 640	1 626	689	458
2 292	4 957	3 497	3 778	4 129	5 313	1 857	811	540
3 025	7 104	5 306	5 920	6 462	7 666	2 188	986	656
47	49	67	76	58	45	42		
47	51	69	78	60	47	44		
47	52	70	79	61	48	45		
47	54	72	81	63	50	47		

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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15 BEE: Estimated future dilutive shares and IFRS 2 charge continued

15.2 Estimated share-based payment IFRS 2 BEE charge per year (Rm)

	2005	2006	2007	2008	2009
IFRS 2 BEE charge at 10% share price growth:					
SA BEE transaction	371,2	116,5	146,5	180,0	127
Black Business Partners	214,6		19,0	9,0	16
Non-executive directors	0,6	2,0	12,0	5,0	5
Retail	1,1	38,0	30,2	73,0	9
Corporate	14,3	50,7	56,3	60,0	59
Black Executives	2,4	6,7	7,0	9,0	8
Black Management	10,6	19,1	22,0	24,0	30
Broad-based	127,6				
Namibia BEE transaction	–	21,7	–	0,9	2,2
Black Business Partners		9,0			
Affinity Groups		3,3			
Education		4,4			
Discretionary					0,3
LTIP					0,4
Black Management				0,9	1,5
Broad-based		5,0			
	371,2	138,2	146,5	180,9	129,2

15.3 Total estimated IFRS 2 BEE charge (Rm) at varying share price growth assumptions

	June 2009				
	5%	10%	15%	20%	30%
SA BEE transaction	1 385,7	1 392,5	1 394,6	1 399,3	1 409,4
Pegged cost for instruments allocated to date	1 037,2	1 037,2	1 037,2	1 037,2	1 037,2
Future costs dependant on share price growth	348,5	355,3	357,4	362,1	372,2
Namibia BEE transaction	31,1	31,1	31,2	31,2	31,2
Pegged cost for instruments allocated to date	30,4	30,4	30,4	30,4	30,4
Future costs dependant on share price growth	0,7	0,7	0,8	0,8	0,8
	1 416,8	1 423,6	1 425,8	1 430,5	1 440,6

2010	2011	2012	2013	2014	2015	2016	2017	Total
118	92	52	45	39,2	36,6	34,3	34,2	1 392,5
18	19	20	22	24,2	26,6	29,3	32,2	449,9
								24,6
								151,3
59	36							335,3
11	11	12	10	8	6	3	1	95,1
30	26	20	13	7	4	2	1	208,7
								127,6
1,8	1,3	0,8	0,4	0,4	0,5	0,5	0,6	31,1
								9,0
								3,3
								4,4
0,3	0,3	0,4	0,4	0,4	0,5	0,5	0,6	3,7
0,5	0,4	0,1						1,4
1	0,6	0,3						4,3
								5,0
119,8	93,3	52,8	45,4	39,6	37,1	34,8	34,8	1 423,6

December 2008					
5%	10%	15%	20%	30%	
1 143,2	1 357,6	1 374,4	1 392,1	1 429,1	
1 021,8	1 021,8	1 021,8	1 021,8	1 021,8	
121,4	335,8	352,6	370,3	407,3	
30,3	29,6	30,4	30,4	30,4	
29,6	29,6	29,6	29,6	29,6	
0,7		0,8	0,8	0,8	
1 173,5	1 387,2	1 404,8	1 422,5	1 459,5	

NEDBANK GROUP – SHARE-BASED PAYMENTS

analysis of BEE schemes – illustrative roll of shares – based on a 10% increase in share price from 30 June 2009

15 BEE: Estimated future dilutive shares and IFRS 2 charge continued

15.4 Illustrative vesting outside of group

	Inception	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Actual/ Illustrative forecast 2009	Illustrative forecast 2010	Illustrative forecast 2011
Opening balance		–	1 471 700	1 559 493	1 713 617	3 744 050	9 597 033	10 693 070
SA BEE transaction		1 471 700	47 977	154 124	2 030 433	5 852 983	1 071 167	14 098 397
BBP								
NED								789 130
Retail – For sale			19 965	65 280	2 024 091	3 192 834		
Retail – Free shares						1 767 390		
Corporate Non-Aka								10 160 049
Corporate Aka								1 676 901
Community								
Black Executives						161 040	198 507	274 755
Black Management			28 012	88 844	6 342	731 719	872 660	1 197 562
Broad-based		1 471 700						
Evergreen								
Namibia BEE transaction		–	39 816	–	–	–	24 870	65 744
BBP								
AG								
Education								
Discretionary								
LTIP								40 875
Black Management							24 870	24 869
Broad-based			39 816					
		1 471 700	1 559 493	1 713 617	3 744 050	9 597 033	10 693 070	24 857 211
Treasury shares, ie in Trusts considered to be inside group								
Opening balance		–	39 796 430	40 374 079	40 219 955	38 189 522	32 336 539	31 240 502
Inception**		41 268 130	665 442					
SA BEE transaction	41 268 130	(1 471 700)	(47 977)	(154 124)	(2 030 433)	(5 852 983)	(1 071 167)	(14 098 397)
BBP	7 891 300							
NED	789 130							(789 130)
Retail – For sale	5 302 170		(19 965)	(65 280)	(2 024 091)	(3 192 834)		
Retail – Free shares	1 767 390					(1 767 390)		
Corporate Non-Aka	10 160 049							(10 160 049)
Corporate Aka	1 676 901							(1 676 901)
Community	1 531 551							
Black Executives	2 093 521					(161 040)	(198 507)	(274 755)
Black Management	7 661 076		(28 012)	(88 844)	(6 342)	(731 719)	(872 660)	(1 197 562)
Broad-based	1 471 700	(1 471 700)						
Evergreen	923 342							
Namibia BEE transaction	665 442	–	(39 816)	–	–	–	(24 870)	(65 744)
BBP	199 929							
AG	74 048							
Education	98 730							
Discretionary	81 452							
LTIP	81 749							(40 875)
Black Management	89 718						(24 870)	(24 869)
Broad-based	39 816		(39 816)					
		39 796 430	40 374 079	40 219 955	38 189 522	32 336 539	31 240 502	17 076 361
Illustrative cap/issued/ purchased shares			815 960	2 150 413	3 666 988	4 791 900	4 791 900	4 791 900
		39 796 430	41 190 039	42 370 368	41 856 510	37 128 439	36 032 402	21 868 261

**Inception figures have changed due to reallocation between the Retail scheme and Black Management.

Illustrative forecast 2012	Illustrative forecast 2013	Illustrative forecast 2014	Illustrative forecast 2015	Illustrative forecast 2016	Illustrative forecast 2017	Illustrative forecast 2018	Total	Illustrative cap shares	Illustrative call option	Illustrative shares
24 857 211	26 204 896	27 841 561	29 264 205	37 984 533	38 712 989	39 104 891	-			
1 276 425	1 631 942	1 417 771	8 720 328	355 749	391 902	292 339	38 813 237	9 307 761	(19 332 253)	28 788 745
			7 891 300				7 891 300	5 538 624	(11 894 213)	1 535 711
							789 130	277 099	(523 720)	542 509
							5 302 170			5 302 170
							1 767 390			1 767 390
							10 160 049	2 875 674	(5 750 891)	7 284 832
							1 676 901	616 364	(1 163 429)	1 129 836
							-			
202 893	192 033	223 164	230 046	305 541	203 694	101 848	2 093 521			2 093 521
1 073 532	1 439 909	1 194 607	598 982	50 208	188 208	190 491	7 661 076			7 661 076
							1 471 700			1 471 700
							-			
71 260	4 723	4 873	-	372 707	-	81 452	665 445	327 455	-	992 900
				199 929			199 929	119 714		319 643
				74 048			74 048	29 499		103 547
				98 730			98 730	39 332		138 062
						81 452	81 452	138 910		220 362
40 875							81 750			81 750
30 385	4 723	4 873					89 720			89 720
							39 816			39 816
26 204 896	27 841 561	29 264 205	37 984 533	38 712 989	39 104 891	39 478 682	39 478 682	9 635 216	(19 332 253)	29 781 645
17 076 361	15 728 676	14 092 011	12 669 367	3 949 039	3 220 583	2 828 681				
(1 276 425)	(1 631 942)	(1 417 771)	(8 720 328)	(355 749)	(391 902)	(292 339)	2 454 893			
			(7 891 300)				-			
							-			
							-			
							-			
							-			
							1 531 551			
(202 893)	(192 033)	(223 164)	(230 046)	(305 541)	(203 694)	(101 848)	-			
(1 073 532)	(1 439 909)	(1 194 607)	(598 982)	(50 208)	(188 208)	(190 491)	-			
							-			
							923 342			
(71 260)	(4 723)	(4 873)	-	(372 707)	-	(81 452)	(1)			
				(199 929)			-			
				(74 048)			-			
				(98 730)			-			
						(81 452)	-			
(40 875)							-			
(30 385)	(4 723)	(4 873)					(1)			
							-			
15 728 676	14 092 011	12 669 367	3 949 039	3 220 583	2 828 681	2 454 890	2 454 892			
4 791 900	4 791 900	4 791 900	4 791 900	4 791 900	4 791 900	4 791 900				
20 520 576	18 883 911	17 461 267	8 740 939	8 012 483	7 620 581	7 246 790	2 454 892			

NEDBANK GROUP – SHARE-BASED PAYMENTS

Illustrative roll of shares – SA BEE transaction

	Inception	2005	2006	2007	2008	2009	2010	2011
Issued outside group	–	1 471 700	1 519 677	1 673 801	3 704 234	9 557 217	10 628 384	24 726 781
Treasury shares	41 268 130	39 796 430	39 748 453	39 594 329	37 563 896	31 710 913	30 639 746	16 541 349
Original BEE allocation	41 268 130	41 268 130	41 268 130	41 268 130	41 268 130	41 268 130	41 268 130	41 268 130
Cap shares	–	116 659	747 199	1 024 777	1 175 328	1 166 954	1 283 650	1 412 016
– BBP		96 214	289 466	442 266	540 487	540 487	594 536	653 990
– NED			28 021	35 439	55 999	47 625	52 388	57 627
– Corporate		20 445	429 712	547 072	578 842	578 842	636 726	700 399
	41 268 130	41 384 789	42 015 329	42 292 907	42 443 458	42 435 084	42 551 780	42 680 146
Call option shares	–	–	–	–	–	–	–	(7 438 040)
– BBP								
– NED								(523 720)
– Corporate								(6 914 320)
Shares expected at end	41 268 130	41 384 789	42 015 329	42 292 907	42 443 458	42 435 084	42 551 780	35 242 106
Weighted dilutive shares		1 406 976	8 143 756	9 811 687	2 093 953	879 904	4 208 333	1 899 157

Illustrative roll of shares – Namibia BEE transaction

	Inception	2005	2006	2007	2008	2009	2010	2011
Issued outside group	–	–	39 816	39 816	39 816	39 816	64 685	130 429
Treasury shares	665 442	–	625 626	625 626	625 626	625 626	600 757	535 013
Original BEE allocation	665 442	–	665 442	665 442	665 442	665 442	665 442	665 442
Cap/issued/purchased shares	–	–	16 478	18 698	30 242	31 183	32 169	33 204
– BBP			9 605	10 067	10 550	11 057	11 588	12 145
– AG			2 002	2 514	2 635	2 761	2 894	3 033
– Education			2 669	3 352	3 513	3 682	3 858	4 044
– Discretionary			2 202	2 765	13 544	13 683	13 829	13 982
	665 442	–	681 920	684 140	695 684	696 625	697 611	698 646
Call option shares	–	–	–	–	–	–	–	–
– BBP								
– AG								
– Education								
– Discretionary								
Shares expected at end	665 442	–	681 920	684 140	695 684	696 625	697 611	698 646
Weighted dilutive shares				10 065	5 796	47 165	51 560	68 147

2012	2013	2014	2015	2016	2017	2018	Total
26 003 206	27 635 148	29 052 919	37 773 247	38 128 996	38 520 898	38 813 237	38 813 237
15 264 924	13 632 982	12 215 211	3 494 883	3 139 134	2 747 232	2 454 893	2 454 893
41 268 130	41 268 130	41 268 130	41 268 130	41 268 130	41 268 130	41 268 130	41 268 130
719 389	791 328	870 461	-	-	-	-	9 307 761
719 389	791 328	870 461					5 538 624
							277 099
							3 492 038
41 987 519	42 059 458	42 138 591	41 268 130	41 268 130	41 268 130	41 268 130	50 575 891
-	-	(11 894 213)	-	-	-	-	(19 332 253)
		(11 894 213)					(11 894 213)
							(523 720)
							(6 914 320)
41 987 519	42 059 458	30 244 378	41 268 130	41 268 130	41 268 130	41 268 130	31 243 638
1 359 797	1 444 419	1 679 869	1 331 286	533 896	352 210	-	
2012	2013	2014	2015	2016	2017	2018	Total
201 689	206 412	211 285	211 285	583 992	583 992	665 442	665 443
463 753	459 030	454 157	454 157	81 450	81 450	-	-
665 442	665 442	665 442	665 442	665 442	665 442	665 442	665 443
34 288	35 424	36 614	37 862	10 646	10 646	-	327 454
12 728	13 340	13 981	14 653				119 714
3 179	3 331	3 491	3 659				29 499
4 238	4 442	4 655	4 879				39 332
14 143	14 311	14 487	14 671	10 646	10 646		138 909
699 730	700 866	702 056	703 304	676 088	676 088	665 442	992 897
-	-	-	-	(325 178)	-	(87 519)	(412 697)
				(173 426)			(173 426)
				(44 200)			(44 200)
				(58 933)			(58 933)
				(48 619)		(87 519)	(136 138)
699 730	700 866	702 056	703 304	350 910	676 088	577 923	580 200
77 118	58 495	45 805	42 454	-	-	-	

NEDBANK GROUP – BEE DEAL ASSUMPTIONS

The following are the assumptions used for the South African BEE deal:

Changes in assumptions Timing of initial grant*	Forecast June 2009 August 2005	December 2008 August 2005
Share price	R87,90 for initial grants R98,05 at June 2009 + 10% p.a. for future allocations.	R87,90 for initial grants R95,50 at December 2008 + 10% p.a. for future allocations.
Timing of allocations	Greater number allocated later (ie at higher share price) in line with latest fact pattern.	Greater number allocated later (ie at higher share price) in line with latest fact pattern.
Expected vesting criteria (Management Schemes)	Expected life to mirror experience in current employee schemes. Evenly spread between vesting and expiry dates at 50/50.	Expected life to mirror experience in current employee schemes. Evenly spread between vesting and expiry dates at 50/50.
Pricing of allocations	Instrument values based on average share price on grant date. Corporate and Non-executive Directors scheme issue prices based on R74,75 plus interest for all anticipated grants.	Instrument values based on share price on grant date and not R74,75. Corporate and Non-executive Directors scheme issue prices based on R74,75 plus interest for all anticipated grants.
Dividend yield	Illustrative dividend yields.	Illustrative dividend yields.
Participant drop-off rates	Refined per scheme based on historical data – increased for some.	Refined per scheme based on historical data – increased for some.

* Affects share price and other factors, ie dividend yield and volatility, spreading of allocations, etc.

NEDBANK GROUP EMPLOYEE INCENTIVE SCHEMES

at

	June 2009	December 2008
Movements		
Instruments outstanding at beginning of period	18 918 278	21 174 877
Granted	4 546 546	2 812 982
Exercised	(345 503)	(2 351 454)
Expired	(183 526)	(1 313 279)
Forfeited	(661 926)	(1 404 848)
Instruments outstanding at end of the period	22 273 869	18 918 278
Analysis		
Performance-based options – 1994 Scheme	671 027 ^P	715 035 ^P
Non-performance-based options – 1994 Scheme	1 004 156	1 155 352
Performance-based options – 2005 Scheme	11 878 778 ^P	8 095 501 ^P
Non-performance-based options – 2005 Scheme	8 105 303	8 357 220
Performance-based options – matched shares 2005 Scheme	307 303	297 585
Non-performance-based options – matched shares 2005 Scheme	307 302	297 585
	22 273 869	18 918 278
Summary: by scheme		
Nedcor Group (employee incentive scheme) (1994)	1 653 086	1 822 476
Options granted in respect of the rights offer (1994 scheme)	22 097	47 911
Nedbank Group (2005) share option, matched and restricted share scheme	19 984 081	16 452 721
Matched shares	614 605	595 170
Instruments outstanding at end of the period	22 273 869	18 918 278

Nedcor Group (employee incentive scheme) (1994)

The following options granted had not been exercised at 30 June 2009

Option expiry date	Number of shares	Issue price R	Option expiry date	Number of shares	Issue price R
31-Jul-09	1 125 ^P	60,01	b/f	99 290	
1-Sep-09	12 000	74,40	1-Apr-10	5 000 ^P	60,01
3-Sep-09	2 875 ^P	60,01	1-Apr-10	5 000	60,01
1-Oct-09	11 840 ^P	69,20	11-May-10	573 505 ^P	60,01
1-Oct-09	41 200	69,20	11-May-10	404 591	60,01
19-Nov-09	2 000 ^P	60,01	10-Aug-10	56 000 ^P	55,75
19-Nov-09	2 000	60,01	10-Aug-10	189 550	55,75
1-Dec-09	5 000 ^P	60,01	20-Apr-11	320 150	74,40
1-Dec-09	5 000	60,01			
1-Jan-10	1 250 ^P	60,01			
1-Feb-10	2 500 ^P	60,01			
1-Feb-10	2 500	60,01			
1-Mar-10	5 000 ^P	60,01			
1-Mar-10	5 000	60,01			
	99 290		Total	1 653 086	

Options granted in respect of the rights offer (1994 scheme)

Option expiry date	Number of shares	Issue price R
1-Oct-09	17 165	45,00
1-Oct-09	4 932 ^P	45,00
Total	22 097	

^P Performance-based options.

NEDBANK GROUP EMPLOYEE INCENTIVE SCHEMES

at

Nedbank Group (2005) share option, matched and restricted share scheme

Share options:

The following options granted had not been exercised at 30 June 2009

Option expiry date	Number of shares	Issue price R	Option expiry date	Number of shares	Issue price R
1-Jul-09	4 000	76,79	b/f	230 124	
1-Jul-09	1 000	110,98	23-Nov-09	4 000	76,79
1-Jul-09	2 000 ^p	144,30	23-Nov-09	8 000	110,98
2-Jul-09	2 000 ^p	110,98	1-Dec-09	5 000	76,79
2-Jul-09	2 000	144,30	1-Dec-09	8 000	110,98
23-Jul-09	2 000	76,79	1-Dec-09	6 000 ^p	144,30
1-Aug-09	3 000 ^p	144,30	1-Jan-10	12 000	76,79
1-Aug-09	3 000	84,68	1-Jan-10	17 500	110,98
1-Aug-09	3 224	110,98	1-Jan-10	15 000 ^p	144,30
1-Aug-09	2 000	76,79	1-Feb-10	10 000	76,79
1-Sep-09	22 500	76,79	1-Feb-10	15 000	110,98
1-Sep-09	3 000	110,98	1-Feb-10	15 000 ^p	144,30
7-Sep-09	5 000	76,79	24-Mar-10	1 100	110,98
7-Sep-09	2 500	110,98	25-Mar-10	1 400 ^p	144,30
28-Sep-09	3 000	110,98	1-Apr-10	1 000	76,79
1-Oct-09	10 000	76,79	1-Apr-10	1 000 ^p	144,30
1-Oct-09	25 000	110,98	1-Apr-10	3 000	76,79
1-Oct-09	12 000 ^p	144,30	1-May-10	1 000 ^p	144,30
2-Oct-09	7 100	84,68	30-Jun-10	2 898 492	76,79
2-Oct-09	4 500	110,98	8-Aug-10	348 000	84,68
2-Oct-09	3 000 ^p	144,3	28-Feb-11	4 205 887	110,98
7-Oct-09	1 000	76,79	3-Mar-11	2 081 733 ^p	*
18-Oct-09	2 000	76,79	10-Aug-11	360 200	107,03
18-Oct-09	3 000	110,98	11-Aug-11	194 083 ^p	*
23-Oct-09	1 000	76,79	27-Feb-12	4 753 638 ^p	144,30
1-Nov-09	5 900	84,68	3-Mar-12	4 123 224 ^p	*
1-Nov-09	94 400	110,98	10-Aug-12	664 700 ^p	134,30
21-Nov-09	1 000	110,98			
	230 124		Total	19 984 081	

* Restricted shares are issued at a market price for no consideration, to participants and held by the scheme until expiry date (subject to achievement of performance conditions). Participants have full voting rights and receive dividends.

Matched shares:

The obligation to deliver the following matched shares, 50% is subject to time and the other 50% to performance criteria, exists at 30 June 2009

Option expiry	Number of shares
31-Mar-10	152 817
1-Apr-11	273 696
1-Apr-12	188 092
Total	614 605

SHAREHOLDERS' ANALYSIS

Register date: 30 June 2009
 Authorised share capital: 600 000 000 shares
 Issued share capital: 490 152 727 shares

Major shareholders/managers	Number of shares	Jun 2009 % holding	Jun 2008 % holding	Dec 2008 % holding
Old Mutual Group	264 038 824	53,87	54,52	54,30
Old Mutual Life Assurance Company (South Africa) Limited and associates (SA) ⁺	261 423 507	53,34	53,43	53,89
Old Mutual Investment Group (SA)	2 615 317	0,53	1,09	0,41
Nedbank Group treasury shares	61 847 499	12,62	13,42	12,63
BEE trusts:				
– Eyethu scheme – Nedbank South Africa	39 351 587	8,03	9,59	8,78
– Omufima scheme – Nedbank Namibia	721 034	0,15	0,13	0,14
Nedbank Group (2005) Share Option, Matched Share and Restricted Share Scheme	6 827 649	1,39	0,50	0,52
Nedbank Group Capital Management	14 715 049	3,00	3,15	3,14
NES Investments (Pty) Limited	232 180	0,05	0,05	0,05
Public Investment Corporation (SA)	28 007 905	5,71	5,38	5,02
Lazard Asset Management (US)	22 753 458	4,64	3,40	3,14
Sanlam Investment Management (SA)	13 452 527	2,74	1,95	2,94
Barclays Global Investors (US)	6 376 626	1,30	0,87	1,16
Prudential Portfolio Managers (SA)	4 833 822	0,99	1,07	0,94
RMB Asset Management (SA)	4 756 079	0,97	1,11	2,01
Major beneficial shareholders				
Old Mutual Life Assurance Company (South Africa) Limited and associates (SA) ⁺	261 423 507	53,34	53,43	53,89
Government Employees Pension Fund (SA)	27 653 517	5,64	7,51	6,49
Geographical distribution of shareholders				
Domestic	425 239 560	86,76	88,54	87,80
– South Africa	417 358 811	85,15	87,28	86,41
– Botswana				0,01
– Namibia	3 051 137	0,62	0,45	0,66
– Unclassified	4 829 612	0,99	0,81	0,72
Foreign	64 913 167	13,24	11,46	12,20
– United States of America	47 631 450	9,72	8,15	8,92
– United Kingdom and Ireland	4 200 598	0,86	1,00	0,88
– Europe	5 469 472	1,11	1,24	0,42
– Other countries	7 611 647	1,55	1,07	1,98
	490 152 727	100,00	100,00	100,00

⁺ As at 30 June 2009, 2 697 640 Nedbank shares, relating to the purchase consideration for the minority buy-out of Fairbairn Private Bank have not yet been listed and issued. These shares will be issued to Old Mutual Group (UK) and effectively increase the Old Mutual Group's shareholding by 0,55% in Nedbank Group Limited.

NEDBANK LIMITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended

Rm	30 June 2009	30 June 2008	31 December 2008
Interest and similar income	24 316	25 477	55 154
Interest expense and similar charges	16 527	17 942	39 874
Net interest income	7 789	7 535	15 280
Impairments charge on loans and advances	3 426	1 865	4 755
Income from lending activities	4 363	5 670	10 525
Non-interest revenue	4 812	4 541	9 877
Operating income	9 175	10 211	20 402
Total expenses	6 587	6 191	12 671
Operating expenses	6 523	6 087	12 484
BEE transaction expenses	64	104	187
Indirect taxation	165	182	356
Profit from operations before non-trading and capital items	2 423	3 838	7 375
Non-trading and capital items	15	766	745
Impairment of goodwill			
Profit on sale of subsidiaries, investments and property and equipment	17	766	756
Net impairment of investments, property and equipment and capitalised development costs	(2)		(11)
Profit from operations	2 438	4 604	8 120
Share of profits of associates and joint ventures	(1)	7	9
Profit before direct taxation	2 437	4 611	8 129
Total direct taxation	541	1 068	1 791
Direct taxation	540	958	1 683
Taxation on non-trading and capital items	1	110	108
Profit for the period	1 896	3 543	6 338
Other comprehensive income net of taxation	7	(273)	(218)
Exchange differences on translating foreign operations	(2)	17	(24)
Fair value adjustments on available-for-sale assets	9	(298)	(272)
Gains on property revaluations		8	78
	1 903	3 270	6 120
Attributable to:			
Profit attributable to equity holders of the parent	1 832	3 434	6 106
Profit attributable to minority interest – ordinary shareholders	56	102	217
– preference shareholders	8	7	15
Profit for the period	1 896	3 543	6 338
EARNINGS RECONCILIATION			
Profit attributable to equity holders of the parent	1 832	3 434	6 106
Less: Non-headline earnings items	14	656	637
Non-trading and capital items	15	766	745
Taxation on non-trading and capital items	(1)	(110)	(108)
Headline earnings	1 818	2 778	5 469

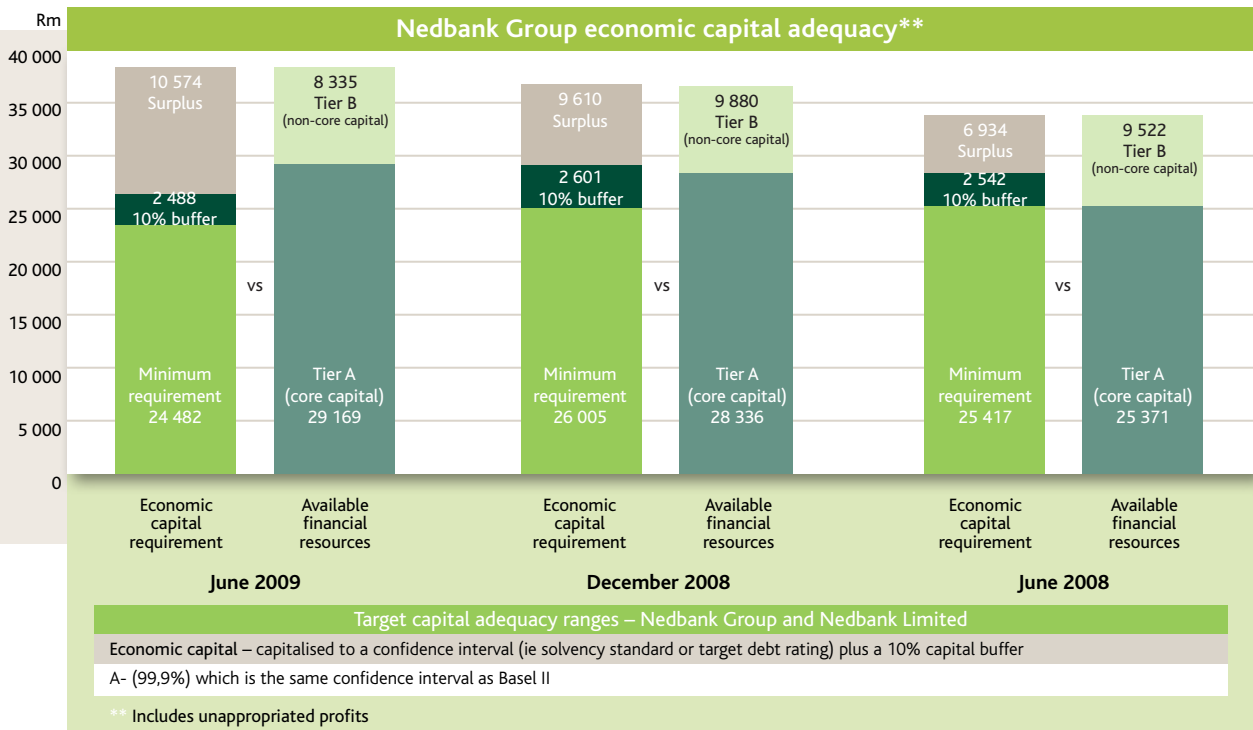
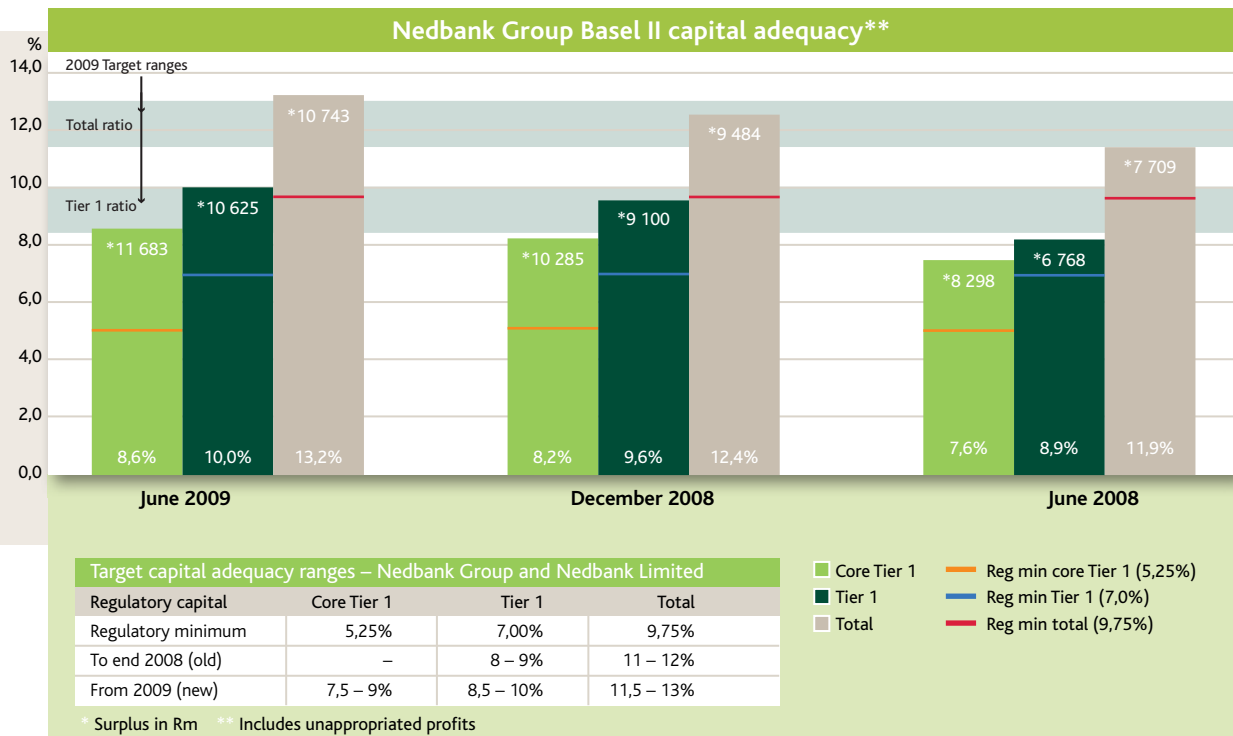
NEDBANK LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at

Rm	30 June 2009	30 June 2008	31 December 2008
ASSETS			
Cash and cash equivalents	7 328	10 122	7 638
Other short-term securities	14 104	16 517	10 411
Derivative financial instruments	18 625	18 082	23 114
Government and other securities	35 398	36 188	41 834
Loans and advances	428 376	408 325	433 422
Other assets	3 938	6 547	4 731
Clients' indebtedness for acceptances	1 847	3 121	2 998
Current taxation receivable	553	2	314
Investment securities	2 708	2 667	2 743
Non-current assets held for sale			10
Investments in associate companies and joint ventures	908	788	913
Deferred taxation asset	64	78	71
Investment property	104	75	104
Property and equipment	4 264	3 757	4 124
Long-term employee benefit assets	1 725	1 528	1 667
Computer software and capitalised development costs	1 653	1 473	1 587
Mandatory reserve deposits with central bank	10 884	9 477	10 061
Goodwill	1 390	1 390	1 390
Total assets	533 869	520 137	547 132
TOTAL EQUITY AND LIABILITIES			
Ordinary share capital	27	27	27
Ordinary share premium	14 422	14 422	14 422
Reserves	17 531	15 691	16 927
Total equity attributable to equity holders of the parent	31 980	30 140	31 376
Preference share capital and premium	3 122	3 122	3 122
Minority shareholders' equity attributable to ordinary shareholders	1 633	1 307	1 644
Minority shareholders' equity attributable to preference shareholders	300	300	300
Total equity	37 035	34 869	36 442
Derivative financial instruments	15 486	16 952	23 077
Amounts owed to depositors	456 571	438 728	461 084
Other liabilities	5 375	10 388	6 145
Liabilities under acceptances	1 847	3 121	2 998
Current taxation liabilities	118	210	117
Deferred taxation liabilities	1 792	1 670	1 982
Long-term employee benefit liabilities	1 260	1 251	1 227
Long-term debt instruments	14 385	12 948	14 060
Total liabilities	496 834	485 268	510 690
Total equity and liabilities	533 869	520 137	547 132
Guarantees on behalf of clients	25 941	20 287	25 154

RISK AND CAPITAL MANAGEMENT REVIEW

HIGHLIGHTS



RISK AND CAPITAL MANAGEMENT REVIEW

CAPITAL ADEQUACY

Increased significantly.

Regulatory capital

- Core Tier 1 – from 7,6% (06/2008) to 8,2% (12/2008) to 8,6% (06/2009)
- Tier 1 – from 8,9% (06/2008) to 9,6% (12/2008) to 10,0% (06/2009)
- Total – from 11,9% (06/2008) to 12,4% (12/2008) to 13,2% (06/2009)

The prudence and high conservatism of our Basel II implementation is evident from a peer group comparison of the total Risk-Weighted Assets (RWAs) to Total Assets ratio, summarised below:

	Nedbank	Bank A	Bank B	Bank C
Leverage ratio (times) – June 2008	16,6	15,0	18,5	16,7
Leverage ratio (times) – December 2008	16,2	18,2	16,4	16,4
Leverage ratio (times) – June 2009	14,9		16,1	
RWA/Total Assets (%) – June 2008	63,9	56,8	47,8	52,6
RWA/Total Assets (%) – December 2008	62,6	52,1	49,2	48,9
RWA/Total Assets (%) – June 2009	62,8		52,0	

If Nedbank Group's RWA/Total Assets ratio was 52,1% then its Tier 1 capital ratio would be 11,5% as at 31 December 2008, compared to the actual of 9,6%.

Economic capital

- Available Financial Resources (AFR) surplus (after 10% capital buffer) increased from R6,9 billion (06/2008) to R9,6 billion (12/2008) to R10,6 billion (06/2009).

Stress and scenario testing

- Best practice framework and process followed to stress test and confirm the robustness of the group's capital adequacy. Recent international developments incorporated.

LIQUIDITY

Remains sound.

RISK MANAGEMENT SYSTEMS

Proving effective.

SOUTH AFRICAN BANKS AND FINANCIAL SYSTEM

Remains structurally sound, liquid and well capitalised.

The protracted global financial crisis and its continuing developments in 2009, as well as increasing concerns in the more traditional loan books of banks, are naturally of major concern to us. Nevertheless, our continuing solid profitability albeit at lower levels have generated strong capital levels and, together with our strong risk management systems, have appropriately positioned the group to weather the challenges prevailing in the external environment.

The group's strategy was further refined by anticipating changing global and local events and conducting scenario planning exercises to identify the appropriate course of action. As a result the focus areas of the group for 2009 were refined as follows:

- Managing for value (growing our share of economic profit);
- Become client-driven;
- Manage risk as an enabler;
- Enhance productivity and execution;
- Build a unique culture;
- Accelerate transformation; and
- Lead as a corporate citizen.

More specifically around the disciplines of risk and capital management and in response to the turmoil in the global financial markets and the slower domestic economy, Nedbank Group adopted a more conservative approach and intensified its focus on the following:

- Increasing capital adequacy levels;
- Growing deposits and liquidity;
- Proactive risk management;
- Selectively growing assets in businesses that are well positioned to increase economic profit;
- Continuing to manage for value in those businesses that have lower economic profit profiles;
- Managing down positions in riskier lines of business;
- Risk and capital optimisation (including risk-weighted assets);
- Risk-based pricing of loans and advances;
- Excellence in collections;
- Refining credit and credit risk parameters; and
- Excellence in data and building superior business intelligence.

RISK APPETITE VS RISK PROFILE VS CAPITAL ADEQUACY

Nedbank's conservative risk appetite

The global financial crisis has highlighted that the appropriate level of capital for a bank is a direct function of its risk appetite, strategy and existing risk profile. This aligns directly with one of the key objectives of Basel II and that is to differentiate capital requirements, and adequacy of capital buffers above the regulatory minimum, to reflect the unique risk profile on a bank by bank basis, rather than the 'one-size-fits-all' approach amongst all banks that Basel I engendered. The Basel Committee confirmed this in January 2009.

In Nedbank risk appetite is an articulation and allocation of the risk capacity or quantum of risk we are willing to accept in pursuit of our strategy, duly set and monitored by the board, and integrated into our strategy, business, risk and capital plans.

Nedbank has cultivated and embedded a prudent and conservative risk appetite, focused on the basics and core activities of banking. This is illustrated by reference to the following:

- No direct exposure to US sub-prime credit assets nor associated credit derivative transactions.
- Conservative credit underwriting practices which have culminated in a high quality, well collateralised wholesale book and further tightening of our retail book since 2007 in anticipation of the economic downturn and introduction of the National Credit Act.
- Reasonable credit concentration risk levels:
 - Large individual (single name) exposure risk is low. Refer page 94b for details.
 - Geographic exposure risk is high (refer page 99b which highlights that 98% of the group's loans and advances originate in South Africa) but in reality this concentration was positive for Nedbank given the current international crisis and reflects focus in an area of core competence.
 - Industry exposure risk is reasonably well diversified. Refer page 99b for details.
 - At first sight our property exposure appears high but this is in line with our domestic peer group and most banks world-wide. As a result of this perceived risk, we undertook a more detailed analysis, assisted by international risk consultants, of our commercial property exposures.

RISK AND CAPITAL MANAGEMENT REVIEW

The conclusions and recommendations that resulted from this detailed analysis were:

- potential credit losses in a stressed scenario would remain within Nedbank's risk appetite;
- the portfolio is well balanced, and higher risk loans are closely monitored; and
- the most appropriate business strategy is one of selective origination, sacrificing business volumes and market share growth for risk-based pricing, economic profit and margin management. This is broadly in line with our approach over the last few years.

Stemming from this detailed analysis were several useful benchmarks derived from the experience that international banks had, where we compare favourably.

The analysis has been useful not only from the business perspective of shaping our commercial property loan origination and deal pricing approach for the future, but also from the credit risk management perspective of providing us with additional relevant benchmarks against which to monitor our commercial property exposures and of highlighting risky exposures on which to focus increased risk management.

- Counterparty credit risk is almost exclusively restricted to non-complex banking transactions. There is continued emphasis on the use of credit mitigation strategies, such as netting and collateralisation of exposures.

Credit derivatives activities have been restricted to single-name trades of South African exposures and biased towards providing risk mitigation. Refer page 95b for further details on our relatively low counterparty credit risk exposure.

- A strong, well diversified funding deposit base and a low reliance on offshore funding. Additionally, Nedbank's reliance on its top 10 depositors is not concentrated.

Refer to page 102b for our analysis in support of this and our prudent liquidity risk management.

- Low level of securitisation exposure which reduced during 2008.

Refer page 100b for summary detail on this exposure.

- Low leverage ratio (total assets to shareholder equity) of 14,9 times (16,2 times: 31 December 2008) which compares very favourably on an international benchmarking basis.
- High risk-weighted assets (RWAs) to total assets ratio of 62,8% indicative of our conservative Basel II implementation and measurement of risk which compares very favourably on a local and international benchmarking basis.

- Low risk of assets and liabilities exposed to the volatility of IFRS fair value (MTM) accounting. Refer page 20b 'Nedbank Group: categories of financial instruments' and page 38b 'Balance sheet banking/trading categorisation' for details.

The trading book is fair valued and the impact taken through the income statement.

The crisis and the consequent impact on the South African sovereign credit spreads have impacted on the value of certain assets within the trading portfolio. However, Nedbank's holding of foreign assets in the trading portfolio has been constrained by our low risk appetite for foreign credit risk, and consequently the portfolio was and remains relatively small with mainly shorter-dated assets with a bias to financial institutions and large corporate exposures.

The trading portfolio has limited exposure to the credit derivatives market and has been focused mainly on the provision of protection on South African corporate names. This, coupled with our conservative risk appetite, has restricted losses incurred in the portfolio in the current period.

In the Lehman Brothers default, Nedbank held incidental exposure, which had been mark to market during the run-up to their 15 September 2008 Chapter 11 filing. All other exposures in Lehman Brothers were covered by margining agreements and were successfully unwound in terms of the supporting legal documents.

- Market trading risk is small in relation to total bank operations (economic capital held is only 1,7% of total and is conservatively based on limits rather than utilisation, plus a 10% capital buffer).

The risk appetite within the trading business has remained largely unchanged over the past two years. Trading activities have focused on the domestic market with a bias towards local interest rate and forex products.

The overall performance of the trading business was sound, an indication that the impacts from the 'credit crunch' and difficult equity markets were successfully navigated, and our risk systems sound. In addition, over the past year Nedbank Capital proactively managed and reduced the risk pertaining to 'single stock futures' and 'contracts for difference', and the forfeiting business was closed with the existing exposure being managed over the maturity of the book.

Refer page 108b for more details.

- Low interest rate risk in the banking book as reflected by the sensitivity analysis provided in page 106b.
- Low equity (investment) risk exposure. The total equity risk exposure, including our private equity business, is

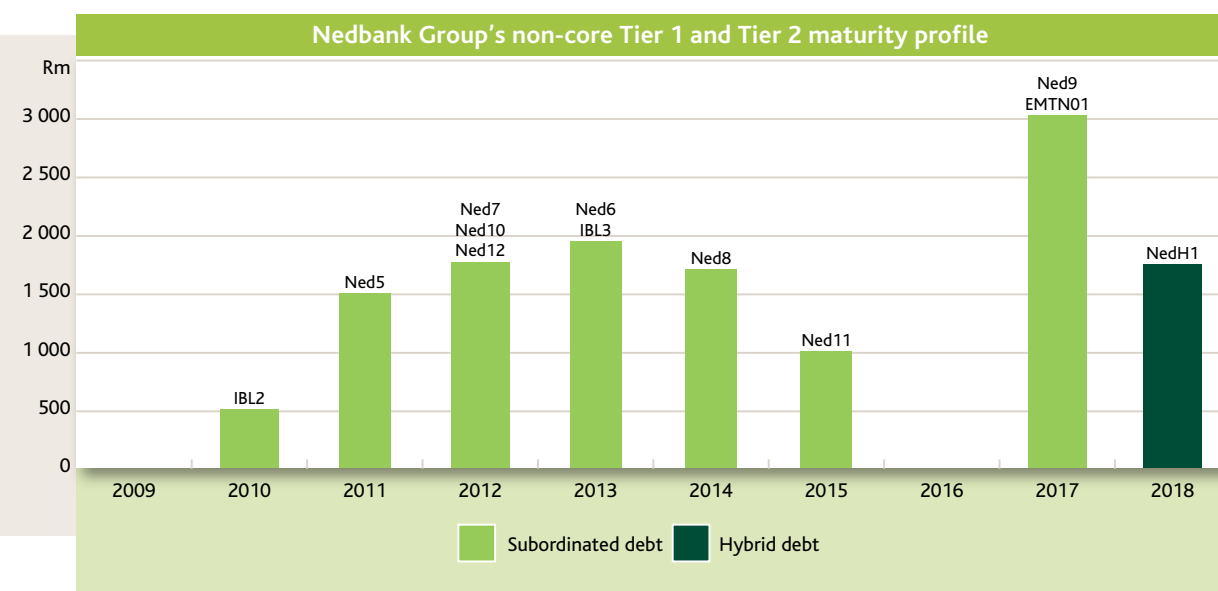
R3,5 billion comprising only 0,6% of total assets. Further, within this a wide range of individual investments exist and many are linked to a wider client relationship.

Refer page 112b for further details.

- Assets non-core to the business of banking are immaterial.
- Low foreign currency translation risk to the rand's volatility, which is in line with Nedbank's appropriate offshore capital structure.

Refer page 107b for more details.

- Well diversified earnings streams. Most of the group's earnings are generated by traditional, vanilla, annuity-based income in wholesale and retail banking, and specialised finance.
- Well diversified subordinated debt profile, with no maturity of any existing Tier 2 regulatory capital until 2010 (Imperial Bank Limited) and 2011 (Nedbank Limited). Despite the difficult international markets, Nedbank successfully raised Tier 2 subordinated debt in March 2009 in the amount of US\$100 million and at acceptable pricing levels (ie LIBOR + 150 bps).



- Comprehensive stress and scenario testing to confirm the adequacy of our capital ratios and accompanying capital buffers (refer page 113b for details).
- We also measure and express risk appetite in terms of quantitative risk metrics as well as qualitatively. The quantitative metrics include credit loss ratio and earnings-at-risk (EaR) (based on earnings volatility) and, related to this, the 'chance of regulatory insolvency', 'chance of experiencing a loss' and economic capital adequacy. These, together with several others comprise our 'group-level risk appetite metrics', and have been cascaded down to business cluster level.

In addition, a large variety of risk limits, triggers, mandates, and guidelines are in place for all the financial risks (eg credit, market and ALM risks).

One of the risk appetite metrics that we are currently in excess of due to the current economic recession, and which is in line with our peer group, is the credit loss ratio range of 0,55% – 0,85%, the actual ratio being 1,57% at 30 June 2009. This ratio showed a slight improvement from the 1,67% reflected in the group's first quarter trading update. Prudent provisioning for this is reflected in our credit impairments, details of which may be found on page 91b. We currently expect to remain outside the range in 2009 but addressing this will be a key component of the 2010 to 2012 business planning process, and expect to be back within the range within that three-year window.

Qualitatively, we also express risk appetite in terms of policies, procedures, statements and controls to limit risks that may or may not be quantifiable.

- In our proactive response to the global financial crisis we have had a strong focus and high success since the beginning of 2008 on strengthening our capital ratios and liquidity, and selective asset growth.

RISK AND CAPITAL MANAGEMENT REVIEW

NEDBANK'S STRONG CAPITAL ADEQUACY AND SOUND RISK PROFILE

Further to Nedbank's conservative risk appetite discussed on the previous page, set out below is an overview of the salient features of the group's risk and capital profile.

Actual regulatory capital ratios*

%	Target (revised in 2009)	Nedbank Group			Nedbank Limited		
		Basel II			Basel II		
		Jun 2009	Dec 2008	Jun 2008	Jun 2009	Dec 2008	Jun 2008
Core Tier 1	7,5 – 9,0	8,6	8,2	7,6	8,4	8,0	7,2
Tier 1	8,5 – 10,0	10,0	9,6	8,9	10,2	9,8	8,7
Total	11,5 – 13,0	13,2	12,4	11,9	13,9	13,1	11,9

* Includes unappropriated profits.

Leverage ratio	14,9 times	16,2 times	16,6 times
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Nedbank Group Limited has strengthened its regulatory capital ratios significantly, with a Tier 1 capital adequacy ratio of 10,0% (December 2008: 9,6%; June 2008: 8,9%) and a total capital adequacy ratio of 13,2% (December 2008: 12,4%; June 2008: 11,9%). The core Tier 1 capital adequacy ratio was 8,6% (December 2008: 8,2%; June 2008: 7,6%).

The group currently holds a surplus of R10,6 billion (December 2008: R9,6 billion; June 2008: R6,9 billion) against its internally calculated economic capital requirements calibrated to an A- or 99,9%(solvency standard). A surplus of R10,7 billion (including Basel II capital floor) and R11,9 billion (excluding Basel II capital floor) over the total regulatory capital adequacy requirements exists at 30 June 2009.

Nedbank Limited has also significantly strengthened regulatory capital ratios, with a Tier 1 capital adequacy ratio of 10,2% (December 2008: 9,8%; June 2008: 8,7%) and a total capital adequacy ratio of 13,9% (December 2008: 13,1%; June 2008: 11,9%). The core Tier 1 capital adequacy ratio was 8,4% (December 2008: 8,0%; June 2008: 7,2%).

The bank currently holds a surplus of R10,2 billion against its internally calculated economic capital requirements calibrated to the same solvency standard as group. A surplus of R10,1 billion (including the Basel II capital floor) and R11,3 billion (excluding the Basel II capital floor) over the total regulatory capital adequacy requirements exists at 30 June 2009.

All capital adequacy ratios are now at or above the group's target ranges, except core Tier 1 which is nearing the top end. They include unappropriated profits at the half year end to the extent that these are not expected to reverse and are expected to be appropriated subsequent to the half year end.

Nedbank's capital adequacy ratios increased significantly over the past 18 months due to a strong focus on the optimisation of risk-weighted assets, enabled by enhancing data quality and more selective asset growth using our economic profit-based 'managing for value' philosophy, the retention of earnings, the profits made on the disposal of Visa shares, the issue in 2008 of the first Hybrid Tier 1 capital instruments in South Africa (amounting to R1,75 billion) and the private placement of a 13 year (non-call eight year) US\$100 million Tier 2 subordinated debt with an international investor in March 2009.

The group's leverage ratio (total assets to ordinary shareholders' equity) at 14,9 times is also conservative by international standards and in line with the local peer group.

Against the background of the group's conservative risk appetite discussed earlier, the group believes that its capital levels (both regulatory capital and its internal capital assessment, economic capital) and provisioning for credit impairments are appropriate and conservative, and that the group and its subsidiaries are strongly capitalised relative to our business activities, strategy, risk appetite, risk profile and the external environment in which we operate. Additionally, the group is currently not holding excess capital for major acquisitions.

EXTERNAL CREDIT RATINGS

In July 2009, Moody's Investors Service took a number of rating actions on the leading South African banks, including the ratings of Nedbank Limited (Nedbank), the 100%-owned subsidiary of Nedbank Group Limited (Nedbank Group).

According to Moody's these rating actions have been triggered by the following three factors:

- The deteriorating macroeconomic conditions and the resultant challenges for the South African banking sector that has led to Moody's changing the outlook on the entities' bank financial strength ratings (BFSRs) to negative from stable, which has affected Nedbank;
- The expected change in the systemic support indicator for the banking system in South Africa that has not impacted Nedbank; and
- Moody's upgrade of South Africa's foreign currency deposit ceiling from Baa1/P-2 to A3/P-2 that has led to an upgrade of Nedbank's long-term foreign currency deposit ratings, since these ratings were constrained by the country's ceiling. Similarly, the upgrade of South Africa's foreign currency debt ceiling to A1, with a stable outlook, from A2 has also triggered a rating upgrade in respect of Nedbank's senior unsecured debt rated under its European Medium Term Note programme (EMTN).

The specific impact on Nedbank's ratings is as follows:

- The foreign currency deposit ratings have been upgraded to A3/P-2 from Baa1/P-2.
- With regards to Nedbank's EMTN programme, the rating for senior unsecured debt has been raised to A1 (negative outlook) from A2; and to A2 (negative outlook) for subordinated notes.
- The outlook on the C BFSR has been changed to negative from stable.
- The outlook on the A1 GLC deposit rating has been changed to negative from stable.
- Nedbank's national scale debt ratings (relating to its domestic medium-term note programme) are unchanged, but now all carry a negative outlook. The outlook on the Aa1.za national scale rating has also been changed to negative from stable.

Nedbank's other ratings are not affected by this rating action by Moody's.

In addition during July 2009 there was credit rating action by Fitch Ratings. Fitch Ratings has affirmed the ratings of Nedbank Group Limited (Nedbank Group) at long-term foreign and local

currency Issuer Default Rating (IDR) BBB, and national long-term rating at AA-(zaf), respectively. The short-term foreign currency IDR has been upgraded to 'F2' from 'F3'. The outlook on all three ratings has been revised to stable from negative.

Fitch Ratings has downgraded Nedbank Limited's (Nedbank) long-term foreign and local currency Issuer Default Ratings (IDRs) to 'BBB' from 'BBB+', and the national long-term rating to 'AA-(zaf)' from 'AA(zaf)', respectively. The outlook on the three ratings has been revised upward to stable from negative.

In aligning Nedbank Limited's ratings with the Nedbank Group's ratings, Fitch has also reviewed the level of integration between the holding company and its bank subsidiary and believes there is very little difference in the credit quality of the two entities. The agency considers the overall levels of integration between the two entities to be high, with insignificant external obligations within the holding company and inter-group obligations interest-free and without repayment dates.

The rating actions are as follows:

Nedbank Group Limited

Long-term foreign currency IDR: affirmed at 'BBB'; outlook revised to stable from negative.

Long-term local currency IDR: affirmed at 'BBB'; outlook revised to stable from negative.

Short-term foreign currency IDR: upgraded to 'F2' from 'F3'.

National long-term rating: affirmed at 'AA-(zaf)'; outlook revised to stable from negative.

National short-term rating: affirmed at 'F1+(zaf)'.

Individual rating: affirmed at 'C'.

Support rating: affirmed at '2'.

Nedbank Limited

Long-term foreign currency IDR: downgraded to 'BBB' from 'BBB+'; outlook revised to stable from negative.

Long-term local currency IDR: downgraded to 'BBB' from 'BBB+'; outlook revised to stable from negative.

Short-term foreign currency IDR: affirmed at 'F2'.

National long-term rating: downgraded to 'AA-(zaf)' from 'AA(zaf)'; outlook revised to stable from negative.

National short-term rating: affirmed at 'F1+(zaf)'.

Individual rating: affirmed at 'C'.

Support rating: affirmed at '2'.

RISK AND CAPITAL MANAGEMENT REVIEW

REVIEW OF NEDBANK'S FINANCIAL RISK PROFILE

Credit risk

In the first quarter of 2009 the South African economy contracted at its fastest rate since the third quarter of 1984. The deterioration in the South African banking environment, as indicated in the group's first quarter trading update in May, has been more severe than was anticipated at the time of the release of the 2008 financial results in February. The risk remains high that the recovery in economic growth may be slow and protracted, and that retrenchments will increase and house prices will continue to decline into the second half of the year.

While lower interest rates are positive for consumers – as reflected in the slower rate at which retail impairments are increasing – this has a negative impact on bank earnings in the short term. Wholesale banking, which has been resilient, even at the peak of the interest rate cycle, is starting to show increased signs of credit stress reflecting the economic strain being experienced by some client's.

Advances are 1,1% (annualised) lower than at December 2009, reducing from R434 billion to R432 billion at June 2009 with the reduction being mainly attributable to lower levels of trading assets flowing from a more cautious approach to risk appetite. Overall, growth has slowed down as result of subdued demand as well as the group's focus on more selective advances growth and improving margins. The advances by division are as follows:

	June 2009 Rm	December 2008 Rm	Increase/ (decrease) (%)
Nedbank Capital	43 897	47 686	(16,1)
Banking activity	38 679	37 274	7,6
Trading activity	5 218	10 412	<(100)
Nedbank Corporate	135 079	136 222	(1,7)
Nedbank Business Banking	52 354	55 321	(10,8)
Nedbank Retail	154 106	150 107	5,4
Imperial Bank	46 772	44 734	9,2
Other	(255)	163	<(100)
Total	431 953	434 233	(1,1)

The group reduced its exposure to foreign correspondents, overnight loans and trading advances. Excluding these categories core banking advances grew by 5,7% (annualised) from December 2008. Home loans grew by 6,2% (annualised) and vehicle and asset finance loans by a more muted 1,9% (annualised) with market share increasing in both of these categories.

The credit loss ratio reflects the very tough economic conditions and increased to 1,57% for June 2009 compared to 0,96% for the same period in 2008 and 1,36% for the second half of 2008. It is encouraging that this ratio showed a slight improvement from the 1,67% reflected in the group's first quarter trading update.

Given the recessionary environment, South African businesses are experiencing increased levels of stress which has resulted in higher levels of impairments in the wholesale advances books but within the through the cycle range for this sector.

The group's credit loss ratio is anticipated to remain above the medium- to long-term target range of between 0,55% and 0,85% for 2009 and 2010. Nedbank Group's long-run average EL range (on an EAD weighted basis) for its credit portfolio is estimated at 0,6% – 0,7%.

Defaulted advances increased by 94,8% (annualised) to R25 437 million from R17 301 million reported in December 2008 and total impairment provisions increased by 32,9% (annualised) to R9 142 million for the same period. Approximately R1 billion of the defaulted advances are technical in nature and are directly as a result of applying a reduced instalment to historic arrears balances as interest rates fall.

Management has maintained a strong focus on risk management and improving asset quality, particularly in retail home loans. Good progress has been made and average loan-to-value ratios for new home loans at grant stage have reduced to 80%.

The majority of the group's exposure to BEE and other loans and advances secured by shares continue to be within their default cover ratios. Loans and advances that are below these cover ratios continue to service their debts and are considered to have appropriate impairment provisions.

Initially the domestic economy was resilient during the international financial crisis but has increasingly succumbed to the effects of the global recession. Consequently we believe the recovery will be more protracted than previously anticipated, with gross domestic product (GDP) growth currently forecast by the group to decrease by 2,0% during 2009 with a modest expansion of 1,7% in 2010.

New business volumes in retail remain constrained by low levels of consumer confidence and consumer concerns around falling asset prices and increasing unemployment. Lower local demand, international trade activity and commodity prices together with the strong rand have increased the pressure on businesses and led to declining corporate demand and confidence.

In addition to the 400 basis point cut in interest rates this year to date, a further 100 basis point cut in interest rates is currently anticipated during the remainder of 2009. The reduced endowment effect on banking interest margins will increase during the second half, whilst a reversal in the impairment trend is currently only anticipated to begin to positively impact bank earnings growth in the next 12 to 18 months.

The group remains cautious in its outlook for the remainder of 2009 and performance is likely to reflect the following advances growth in the mid-single digits and with the group's credit loss ratio improving marginally from the 1,56% for the period to June 2009.

The tables below and on the following pages summarise Nedbank Group's credit portfolio quality and level of impairments.

SUMMARY OF LOANS AND ADVANCES

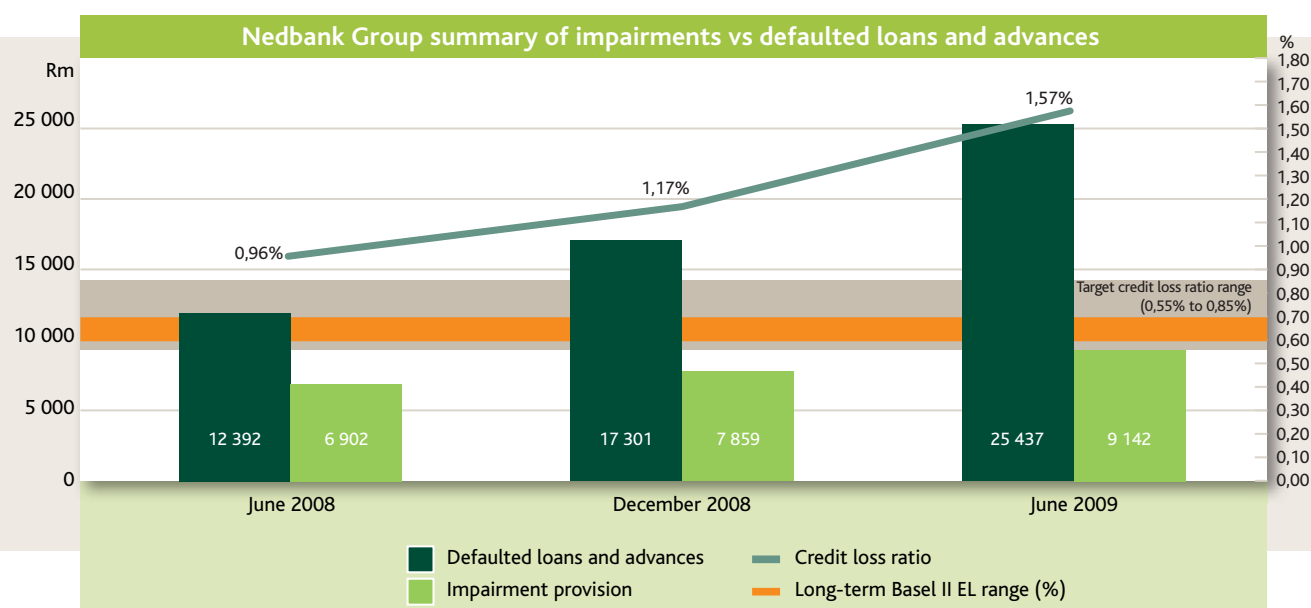
Rm	Annualised % change	June 2009	June 2008	December 2008
Home loans	6,2	147 732	134 535	143 342
Commercial mortgages	2,7	73 995	65 076	73 031
Properties in possession	38,2	941	575	791
Term loans	1,9	64 752	45 789	64 144
Credit cards	(2,2)	7 170	7 486	7 248
Overnight loans	(46,6)	12 127	18 355	15 760
Overdrafts	13,9	13 317	13 781	12 461
Other loans to clients	(23,7)	39 349	52 737	44 581
Leases and instalment sales	1,9	61 930	57 237	61 362
Preference shares and debentures	11,9	16 593	12 112	15 667
Trade and other bills	<(100)	433	2 118	1 075
Reverse repurchase agreements	9,7	2 756	5 172	2 630
Gross loans and advances	(0,5)	441 095	414 973	442 092
Impairment of loans and advances	32,9	(9 142)	(6 902)	(7 859)
Net loans and advances	(1,1)	431 953	408 071	434 233

SUMMARY OF IMPAIRMENT CHARGE AND CREDIT LOSS RATIO (%)

	% of average loans and advances	June 2009	June 2008	December 2008
Impairment charge (Rm)		3 435	1 894	4 822
As % of NII		42,0	23,8	29,8
Nedbank Group		1,57	0,96	1,17
Nedbank Capital	12,1	0,44	0,12	0,06
Nedbank Corporate*	31,0	0,25	0,05	0,12
Nedbank Business Banking	12,6	0,79	0,34	0,59
Nedbank Retail	35,7	3,00	2,00	2,47
Imperial Bank	10,6	2,50	1,75	1,71

* Comparatives restated to exclude Business Banking.

RISK AND CAPITAL MANAGEMENT REVIEW



The key definitions related to credit risk are set out below.

DEFAULTED LOANS AND ADVANCES

Any advance or group of loans and advances that has triggered the Basel II definition of default criteria and which is in line with the revised South African banking regulations, effective 1 January 2008.

For retail portfolios this is product-centric and therefore a default would be specific to a client-or-borrower account (a specific advance). For all other portfolios it is client-or-borrower centric, meaning that should any transaction within a borrowing group default, then all transactions within the borrowing group would be treated as defaulted.

At a minimum, a default is deemed to have occurred where, for example, a specific impairment is raised against a credit exposure due to a significant perceived decline in the credit quality, a material obligation is past due for more than 90 days or an obligor exceeded an advised limit for more than 90 days.

IMPAIRED LOANS AND ADVANCES AND SPECIFIC IMPAIRMENTS

Impaired loans and advances are defined as loans and advances in respect of which the bank has raised a specific impairment (accounting/IAS 39 definition).

A specific impairment is raised in respect of an asset that has triggered a loss event where the collateral held against the advance is insufficient to cover the total expected losses. Such a loss event may be, for example, significant financial difficulty of the issuer or obligor, a breach of contract, such as a default

or delinquency in interest or principal payments, with ageing arrears as the primary driver.

PORTFOLIO IMPAIRMENT

The standard portfolio represents all the loans and advances that have not been impaired. These loans and advances have not yet individually evidenced a loss event, but loans and advances exist within the standard portfolio which may have an impairment without the bank being aware of it yet.

A period of time will elapse between the occurrence of an occurred impairment event and objective evidence of the impairment becoming evident. This period is generally known as the emergence period. For each standard portfolio an emergence period is estimated as well as the probability of the loss-trigger and the loss-given events occurring. These estimates are applied to the total exposures of the standard portfolio to calculate the portfolio impairment. Alternatively the portfolio impairment is known as the impairment calculation based on "incurred but not yet reported" (IBNR) methodology.

NON-PERFORMING LOANS AND ADVANCES

Non-performing loans and advances are the same as defaulted loans and advances (as defined above). To adhere to the SARB's Basel II requirements and align with the banking industry, we have reclassified retail impairments raised in the 30 to 90 days past due window as "portfolio impairment" instead of "specific impairment".

BALANCE SHEET CREDIT EXPOSURE³ PER BASEL II ASSET CLASS AND BUSINESS CLUSTER

Regulated Rm	Nedbank Business Banking	Nedbank Corporate ²	Nedbank Capital ²	Nedbank Retail ²	Imperial Bank	Central Management	June 2009	Dec 2008
Advanced internal rating-based approach (AIRB)	54 241	144 909	65 083	147 217	–	21 366	432 816	469 860
Corporate	6 169	82 870	15 851			12	104 902	136 101
Specialised lending – high volatility commercial real estate		8 017					8 017	8 301
Specialised lending – income producing real estate	1 978	38 176					40 154	38 507
Specialised lending – object finance			906				906	449
Specialised lending – commodities finance			60				60	62
Specialised lending – project finance			5 230				5 230	2 897
SME – corporate	20 560	2 967	410				23 937	23 798
Public sector entities	1	10 436	3 055			1 873	15 365	12 705
Local governments and municipalities	183	1 985	464				2 632	2 444
Sovereign			7 541			19 481	27 022	27 653
Banks	2	312	30 248				30 562	43 326
Securities firms		136	561				697	2 091
Retail mortgages	4 662	10	3	118 496			123 171	119 853
Retail revolving credit				6 822			6 822	6 832
Retail – other	3 302		11	18 254			21 567	23 520
SME – retail	17 384		514	3 645			21 543	21 091
Securitisation exposure			229				229	230
Standardised approach (SA)	–	7 380	–	11 805	49 666	–	68 851	67 692
Corporate		2 175			1 880		4 055	1 628
SME – corporate		1 034			11 951		12 985	12 729
Public sector entities		20					20	21
Local government and municipalities		33			38		71	26
Sovereign		138			2 436		2 574	2 245
Banks		36		9 067	117		9 220	10 456
Securities firms		302					302	303
Retail mortgages		2 116		1 628	2 628		6 372	3 286
Retail – other		1 357		1 110	27 177		29 644	30 678
SME – retail		169			3 138		3 307	3 677
Securitisation exposure					301		301	283
Other								2 360
Properties in possession	16	3		922			941	791
Non-regulated	123	8 224	15 224	5 318		129	29 018	30 481
On-balance sheet exposure (Basel II)	54 380	160 516	80 307	165 262	49 666	21 495	531 626	568 824
Less assets included in Basel II asset classes							(71 223)	(87 224)
Derivatives							(19 601)	(25 218)
Government stock and other dated securities							(33 886)	(34 105)
Short-term securities							(15 441)	(13 969)
Other assets net of fair value adjustments on assets							(2 295)	(13 932)
Set-off of accounts within IFRS total gross loans and advances ¹							(19 308)	(39 508)
Total gross loans and advances							441 095	442 092

1. The set-off mainly relates to the 'Corporate' asset class within Nedbank Corporate cluster in respect of cash management accounts.

2. Nedbank Corporate, Capital and Retail include London Branch (AIRB approach).

3. Balance sheet exposure includes on-balance sheet exposure and derivatives.

RISK AND CAPITAL MANAGEMENT REVIEW

SUMMARY OF ADVANCED INTERNAL RATINGS-BASED APPROACH (AIRB) FOR NEDBANK LIMITED SOLO BASEL II CREDIT EXPOSURES BY CLUSTER AND ASSET CLASS

June 2009 Rm	AIRB on-balance sheet exposure	AIRB off-balance sheet exposure	Repurchase and resale exposure	Derivative exposure	Total credit extended*	Exposure at default (EAD)	Downturn expected loss (performing)	Best estimate of expected loss (non- performing)
Nedbank Business Banking	54 241	18 098	–	–	72 339	71 597	601	884
Corporate	6 169	2 320			8 489	7 943	93	6
Specialised lending – income producing real estate	1 978	213			2 191	2 242	8	4
SME – corporate	20 560	7 453			28 013	27 614	201	317
Public sector entities	1	3			4	2		
Local government and municipalities	183	25			208	207		
Banks	2	62			64	63		
Retail mortgages	4 662	1 275			5 937	5 911	46	90
Retail – other	3 302	504			3 806	3 900	60	161
SME – retail	17 384	6 243			23 627	23 715	193	306
Nedbank Corporate	138 123	60 886	–	–	199 009	170 367	396	291
Corporate	76 083	50 913			126 996	99 140	171	115
Specialised lending – high volatility commercial real estate	8 017	1 023			9 040	9 213	77	12
Specialised lending – income producing real estate	38 176	2 177			40 353	41 744	113	160
SME – corporate	2 967	716			3 683	3 496	28	3
Public sector entities	10 436	4 670			15 106	13 349	6	
Local government and municipalities	1 985	417			2 402	2 420		
Banks	312	955			1 267	843	1	
Securities firms	136	15			151	150		
Retail mortgages	10				10	11		
Retail – other	1				1	1		1
Nedbank Capital	41 568	14 595	2 757	18 809	77 729	59 267	194	17
Corporate	11 110	620	474	4 741	16 945	15 626	163	17
Specialised lending – object finance	906				906	944	5	
Specialised lending – commodities finance	60				60	62		
Specialised lending – project finance	5 230				5 230	5 426	8	
SME – corporate			199	410	609	470	3	
Public sector entities	1 890		989	1 042	3 921	3 137	1	
Local government and municipalities	412			52	464	499		
Sovereign	6 950				6 950	6 951	1	
Banks	14 437	700	1 054	11 833	28 024	18 170	10	
Securities firms	8	5 701	41	539	6 289	1 371		
Retail mortgages				3	3	3		
Retail – other				11	11	12		
SME – retail	336			178	514	545	2	
Securitisation exposure	229	7 574			7 803	6 051	1	
Nedbank Retail	147 217	42 142	–	–	189 359	183 331	2 462	4 161
Corporate	1	230			231	231	6	
Banks		7			7	7		
Retail mortgages	118 496	19 398			137 894	143 007	1 158	1 938
Retail revolving credit	6 822	16 815			23 637	11 618	443	570
Retail – other	18 253	4 484			22 737	23 212	740	1 332
SME – retail	3 645	1 208			4 853	5 256	115	321
Central Management	21 366	–	–	–	21 366	21 368	–	–
Corporate	12				12	13		
Public sector entities	1 873				1 873	1 873		
Sovereign	19 481				19 481	19 481		
Banks						1		
Intercompany	69 467	–	–	–	69 467	68 021	93	–
Total	471 982	135 721	2 757	18 809	629 269	573 951	3 746	5 353

* Total credit extended is AIRB on-balance sheet exposure, derivatives and off-balance sheet exposures (includes unutilised facilities).

Downturn expected loss (AIRB approach)	9 099
IFRS impairment on loans and advances	7 504
Excess of downturn expected loss over eligible provisions	1 595

SUMMARY OF IMPAIRMENTS AND DEFAULTED LOANS AND ADVANCES – NEDBANK GROUP

Rm	Nedbank Business Banking	Nedbank Corporate	Nedbank Capital	Nedbank Retail	Imperial Bank	Central Manage- ment	June 2009	June 2008	December 2008
Opening balance	1 377	774	433	4 465	812	(2)	7 859	6 078	6 078
Specific impairment	791	191	381	3 614	565		5 542	4 063	4 063
Specific impairment excluding discounts	595	105	381	3 013	472		4 566	3 384	3 384
Specific impairment for discounted cash flow losses	196	86		601	93		976	679	679
Portfolio impairment	586	583	52	851	247	(2)	2 317	2 015	2 015
Income statement impairment charge (net of recoveries)	218	170	117	2 350	579	1	3 435	1 894	4 822
Specific impairment	217	148	108	2 570	514	1	3 558	1 731	4 209
Net increase in impairment for discounted cash flow losses	28	102	(1)	2	3		134	40	297
Portfolio impairment	(27)	(80)	10	(222)	62		(257)	123	316
Recoveries	9	18		149	22		198	146	379
Amounts written off/other transfers	(158)	(23)	(122)	(1 704)	(339)	(4)	(2 350)	(1 216)	(3 420)
Specific impairments	(140)	(27)	(113)	(1 696)	(340)	(4)	(2 320)	(1 218)	(3 406)
Portfolio impairment	(18)	4	(9)	(8)	1		(30)	2	(14)
Total impairments	1 446	939	428	5 260	1 074	(5)	9 142	6 902	7 859
Specific impairment	905	432	375	4 639	764	(3)	7 112	4 762	5 542
Specific impairment excluding discounts	681	244	376	4 036	668	(3)	6 002	4 043	4 566
Specific impairment for discounted cash flow losses	224	188	(1)	603	96		1 110	719	976
Portfolio impairment	541	507	53	621	310	(2)	2 030	2 140	2 317
Total loans and advances	53 800	136 018	44 325	159 366	47 845	(259)	441 095	414 973	442 092
Total average loans and advances	55 609	136 932	53 523	157 722	46 696	(204)	441 593	397 505	411 063
Defaulted loans and advances									
Residential mortgage loans and advances	1 036	58		14 213	70		15 377	6 132	9 969
Commercial mortgage loans and advances	291	1 053		36	520		1 900	462	889
Lease and instalment debtors	537	42		845	910		2 334	1 880	1 839
Credit card balances	4			612			616	537	583
Personal loans		25		1 172	16		1 213	1 090	1 035
Properties in possession	16	3		922			941	575	791
Other loans and advances	662	610	1 046	738			3 056	1 716	2 195
Total defaulted loans and advances	2 546	1 791	1 046	18 538	1 516	–	25 437	12 392	17 301
Less: Expected recoveries	1 641	1 359	671	13 899	752	3	18 325	7 630	11 759
Net uncovered position after discounting	905	432	375	4 639	764	(3)	7 112	4 762	5 542
Specific impairments	905	432	375	4 639	764	(3)	7 112	4 762	5 542
Specific impairments on defaulted loans and advances	681	244	376	4 036	668	(3)	6 002	4 043	4 566
Specific impairments for discounted cash flow losses	224	188	(1)	603	96		1 110	719	976
Value at risk	–	–	–	–	–	–	–	–	–

RISK AND CAPITAL MANAGEMENT REVIEW

SUMMARY OF IMPAIRMENTS AND DEFAULTED LOANS AND ADVANCES – NEDBANK GROUP (CONTINUED)

%	Nedbank Business Banking	Nedbank Corporate	Nedbank Capital	Nedbank Retail	Imperial Bank	Central Manage- ment	June 2009	June 2008	December 2008
Ratios									
Impairments to total loans and advances	2,69	0,69	0,97	3,30	2,24		2,07	1,66	1,78
Specific impairments	1,68	0,32	0,85	2,91	1,60		1,61	1,15	1,26
Portfolio impairments	1,01	0,37	0,12	0,39	0,64		0,46	0,52	0,52
Credit loss ratio	0,79	0,25	0,44	3,00	2,50		1,57	0,96	1,17
Credit loss ratio – specific	0,89	0,37	0,40	3,29	2,23		1,69	0,88	1,09
Credit loss ratio – portfolio	(0,10)	(0,12)	0,04	(0,29)	0,27		(0,12)	0,08	0,08
Defaulted loans and advances to total loans and advances	4,73	1,32	2,36	11,63	3,17		5,77	2,99	3,91
Properties in possession to total loans and advances	0,03			0,58			0,21	0,14	0,18

Product analysis – June 2009 Rm	Residential mortgage loans and advances	Commercial mortgage loans and advances	Lease and instalment debtors	Credit card balances	Personal loans and advances	Other loans and advances	June 2009 total
Defaulted loans and advances	15 377	1 900	2 334	616	1 213	3 997	25 437
Expected recoveries	12 877	1 571	927	55	564	2 331	18 325
Net uncovered position before discounting	2 500	329	1 407	561	649	1 666	7 112
Specific impairments	2 500	329	1 407	561	649	1 666	7 112
Specific impairments on defaulted loans and advances	2 066	193	1 248	550	432	1 513	6 002
Specific impairments for discounted cash flow losses	434	136	159	11	217	153	1 110
Value at risk	–	–	–	–	–	–	–
Expected recoveries as a % of defaulted loans and advances	84	83	40	9	46	58	72

SUMMARY OF IMPAIRMENTS AND DEFAULTED LOANS AND ADVANCES – NEDBANK GROUP (CONTINUED)

Product analysis – June 2008 Rm	Residential mortgage loans and advances	Commercial mortgage loans and advances	Lease and instalment debtors	Credit card balances	Personal loans and advances	Other loans and advances	June 2008 total
Defaulted loans and advances	6 132	462	1 880	537	1 090	2 291	12 392
Expected recoveries	4 958	355	419	40	561	1 297	7 630
Net uncovered position before discounting	1 174	107	1 461	497	529	994	4 762
Specific impairments	1 174	107	1 461	497	529	994	4 762
Specific impairments on defaulted loans and advances	974	38	1 307	492	320	912	4 043
Specific impairments for discounted cash flow losses	200	69	154	5	209	82	719
Value at risk	–	–	–	–	–	–	–
Expected recoveries as a % of defaulted loans and advances	81	77	22	7	51	57	62

Product analysis – December 2008 Rm	Residential mortgage loans and advances	Commercial mortgage loans and advances	Lease and instalment debtors	Credit card balances	Personal loans and advances	Other loans and advances	December 2008 total
Defaulted loans and advances	9 969	889	1 839	583	1 035	2 986	17 301
Expected recoveries	8 220	556	770	38	422	1 753	11 759
Net uncovered position before discounting	1 749	333	1 069	545	613	1 233	5 542
Specific impairments	1 749	333	1 069	545	613	1 233	5 542
Specific impairments on defaulted loans and advances	1 300	240	924	541	411	1 150	4 566
Specific impairments for discounted cash flow losses	449	93	145	4	202	83	976
Value at risk	–	–	–	–	–	–	–
Expected recoveries as a % of defaulted loans and advances	81	63	42	7	41	59	68

PROPERTIES IN POSSESSION (PIPs)

Rm	Nedbank Business Banking	Nedbank Corporate	Nedbank Capital	Nedbank Retail	Imperial Bank	Central Manage- ment	June 2009	June 2008	December 2008
Balance at beginning of period	18	3		770			791	308	308
Disposal/write downs/revaluations	(4)			(226)			(230)	(75)	(76)
PIPs acquired during the period	2			378			380	342	559
Balance at end of period	16	3	–	922	–	–	941	575	791
Unsold	14	3		675			692	439	655
Sold awaiting transfer	2			247			249	136	136

RISK AND CAPITAL MANAGEMENT REVIEW

DEFAULTED LOANS AND ADVANCES AND RELATED SECURITY AND IMPAIRMENTS – BY BUSINESS AND ASSET CLASS

Regulated Rm	Nedbank Business Banking	Nedbank Corporate	Nedbank Capital	Nedbank Retail	Imperial Bank	Central Management	June 2009	December 2008
Advanced internal ratings-based approach (AIRB)	2 530	1 547	30	17 547	–	–	21 654	14 710
Corporate	66	484	30				580	263
Specialised lending – high volatility commercial real estate		444					444	202
Specialised lending – income producing real estate	45	612					657	335
SME – corporate	730	6					736	468
Retail mortgages	373			14 249			14 622	8 573
Retail revolving credit				601			601	427
Retail – other	407	1		2 257			2 665	2 343
SME – retail	909			440			1 349	2 099
Standardised approach	–	–	–	–	1 516	–	1 516	918
SME – corporate					549		549	142
Retail mortgages					67		67	36
Retail – other					759		759	632
SME – retail					141		141	108
Other regulated entities		161					161	225
Properties in possession	16	3		922			941	791
Non-regulated		80	1 016	69			1 165	657
Total defaulted loans and advances	2 546	1 791	1 046	18 538	1 516	–	25 437	17 301
Less: Expected recoveries	1 641	1 359	671	13 899	752	3	18 325	11 759
Net uncovered position after discounting	905	432	375	4 639	764	(3)	7 112	5 542
Specific impairments	905	432	375	4 639	764	(3)	7 112	5 542
Specific impairments on defaulted loans and advances	681	244	376	4 036	668	(3)	6 002	4 566
Specific impairments for discounted cash flow losses	224	188	(1)	603	96		1 110	976
Value at risk	–	–	–	–	–	–	–	–

COUNTERPARTY CREDIT RISK

Counterparty credit limits are set at an individual counterparty level and approved within the Group Credit Risk Management Framework. Counterparty credit exposures are reported and monitored at a business unit level. In order to ensure that appropriate limits are allocated to large transactions, scenario analysis is performed within a specialised counterparty risk unit. Based on the outcome of such analysis, proposals regarding potential risk mitigating structures are made prior to final limit approval.

There is continued emphasis on the use of credit risk mitigation strategies, such as netting and collateralisation of exposures. Nedbank and its large bank counterparties have International Swaps and Derivatives Association ('ISDA') and International Securities Market Association ('ISMA') master agreements as well as credit support (collateral) agreements in place to support bi-lateral margining of exposures. Limits and appropriate collateral are determined on a risk-centred basis.

Netting is only applied to underlying exposures where supportive legal opinion is obtained as to the enforceability of the relevant netting agreement in the particular jurisdiction. Margining and collateral arrangements are entered into in order to mitigate counterparty credit risk. Haircuts, appropriate for the specific collateral type, are applied in order to determine collateral value. Margining agreements are pursued with interbank trading counterparties on a proactive basis. Margining thresholds constitute unsecured exposure to the counterparty and are assessed as such. In order to deal with a potential deterioration of counterparty credit risk over the life of transactions, thresholds are typically linked to the counterparty external credit rating. Limits for our Corporate and Business Banking businesses favour a nominal limit to facilitate monitoring.

Nedbank applies the Basel II Current Exposure Method (CEM) for counterparty credit risk. Economic capital calculations also currently utilise the Basel II CEM results as input in the determination of credit economic capital.

Over-the-counter (OTC) derivatives for Nedbank Limited solo and London branch

OTC derivative products	June 2009		December 2008	
	Notional value Rm	Gross positive fair value Rm	Notional value Rm	Gross positive fair value Rm
Credit-default swaps	1 559	7	2 104	2
Equities	2	628	4 497	778
FX and gold	181 867	12 609	215 724	14 807
Interest rates	291 844	5 936	324 480	8 598
Other commodities	3	170	13	599
Precious metals except gold	—*	32	4	36
Total	475 275	19 382	546 822	24 820

* Amount not shown as value is less than R1 million.

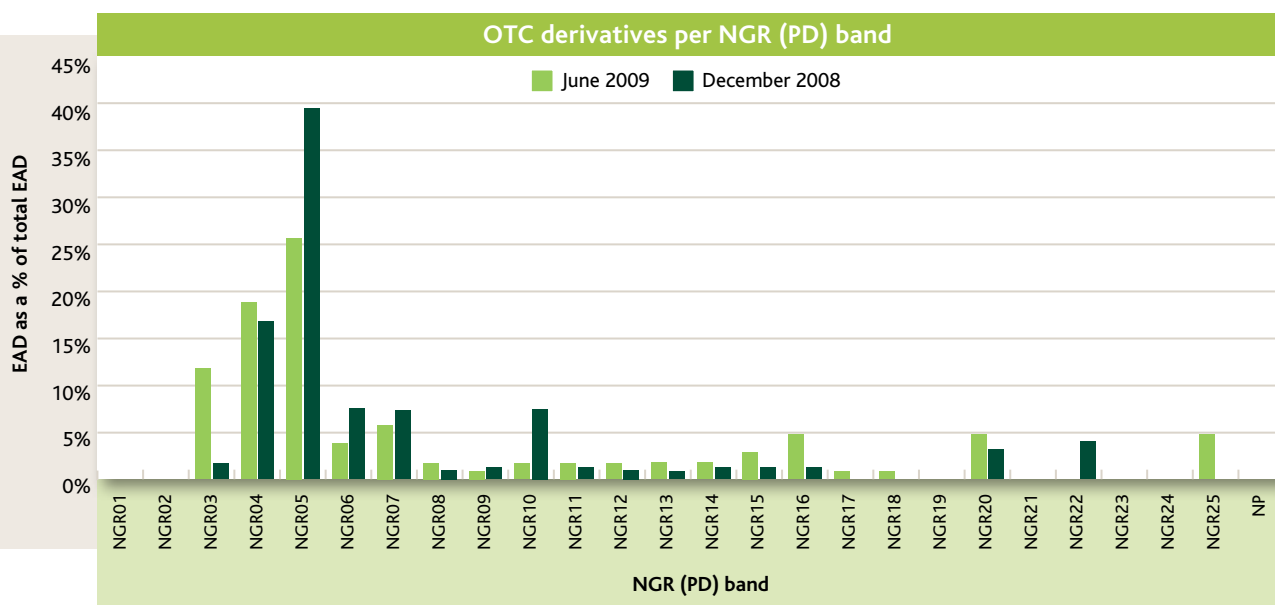
OTC derivative products

	Gross positive fair value Rm	Current netting benefits Rm	Netted current credit exposure (pre-mitigation) Rm	Collateral amount Rm	Netted current credit exposure (post-mitigation) Rm	EAD value Rm	Risk-weighted exposure Rm
June 2009							
Total	19 382	10 851	9 218	562	8 717	10 549	3 282
December 2008							
Total	24 820	13 272	10 581	1 796	8 996	12 861	3 138

RISK AND CAPITAL MANAGEMENT REVIEW

OTC derivatives per NGR (PD) band

	June 2009			December 2008		
	Notional value Rm	Gross positive fair value Rm	EAD value Rm	Notional value Rm	Gross positive fair value Rm	EAD value Rm
NGR01						
NGR02						
NGR03	15 039	1 114	1 253	12 741	241	236
NGR04	165 452	5 189	2 079	187 234	8 198	2 187
NGR05	183 074	7 907	2 824	239 191	10 601	5 114
NGR06	31 428	1 497	403	33 544	1 885	990
NGR07	15 921	565	582	23 213	896	968
NGR08	3 558	156	181	2 846	123	142
NGR09	7 328	114	148	4 216	163	181
NGR10	6 053	158	214	10 093	909	994
NGR11	5 649	146	183	4 154	162	178
NGR12	6 776	193	250	1 878	108	121
NGR13	2 896	205	227	2 561	145	116
NGR14	2 236	169	187	2 955	142	168
NGR15	6 983	216	289	3 566	123	143
NGR16	5 295	645	508	5 861	109	201
NGR17	1 155	60	72	1 546	58	74
NGR18	456	78	82	797	15	19
NGR19	545	36	41	135	6	7
NGR20	14 628	430	518	9 506	367	444
NGR21	133	2	3	144	3	5
NGR22	36	3	3	72	539	539
NGR23	194	10	11	190	15	17
NGR24	73	3	3	319	2	6
NGR25	229	479	480	2		
NP	138	7	8	58	10	11
Total	475 275	19 382	10 549	546 822	24 820	12 861

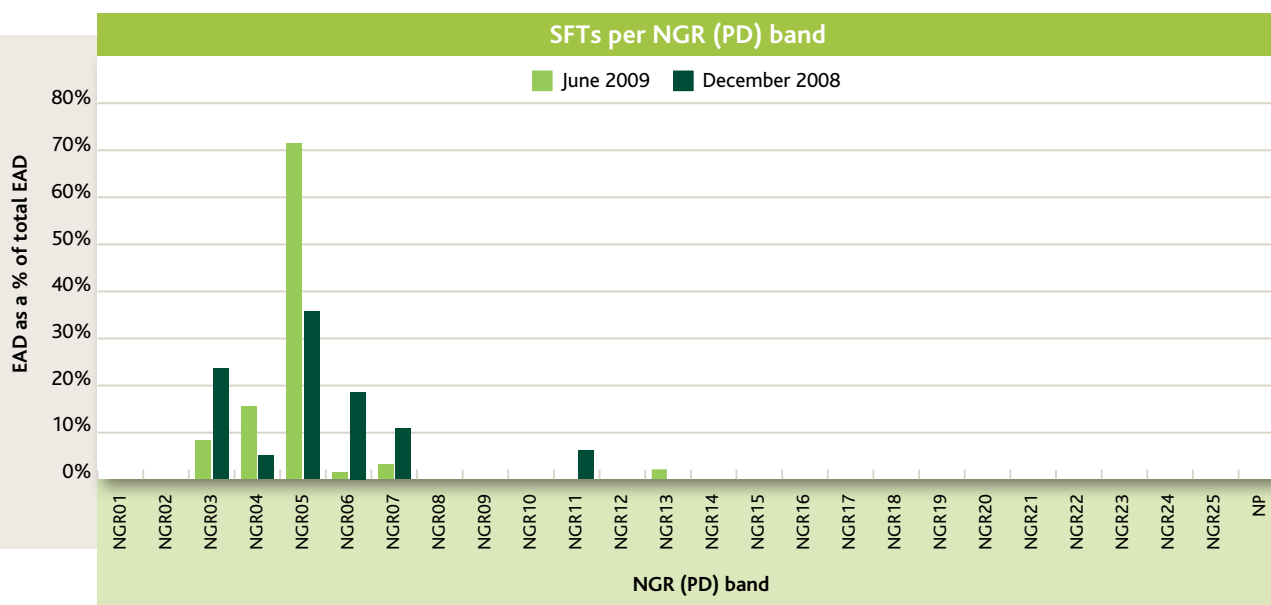


Securities financing transactions (SFTs) for Nedbank Limited solo and London branch

SFTs	Gross positive fair value Rm	Collateral value after haircut Rm	Netted current credit exposure (post-mitigation) Rm	EAD value Rm	Risk-weighted exposure Rm
June 2009					
Repurchase agreements (repos)	2 756	4 448	173	173	12
Securities lending	6 326	5 677	661	661	48
Total	9 082	10 125	834	834	60
December 2008					
Repurchase agreements (repos)	2 630	2 529	101	101	8
Securities lending	4 686	4 672	14	14	1
Total	7 316	7 201	115	115	9

SFTs per NGR (PD) band

	June 2009		December 2008	
	Gross exposure Rm	EAD value Rm	Gross exposure Rm	EAD value Rm
NGR03	989	68	725	27
NGR04	783	128	185	6
NGR05	6 404	588	5 155	41
NGR06	126	10	729	21
NGR07	512	21	430	13
NGR08			10	
NGR11	41	3	82	7
NGR13	199	13		
NGR20	28	3		
Total	9 082	834	7 316	115



RISK AND CAPITAL MANAGEMENT REVIEW

CREDIT CONCENTRATION RISK

Single-name credit concentration

Our 'top 20' exposure analysis, in particular the 'percentage of total group credit economic capital' by individual borrower, confirms that Nedbank does not have undue single-name credit concentration risk. Nedbank's credit concentration risk measurement incorporates the asset size of obligors/borrowers into its calculation of credit economic capital. We also include stress testing of single-name large exposures, and their potential impact on capital ratios, in our stress and scenario testing in assessing capital buffers.

Top 20 Nedbank Group exposures

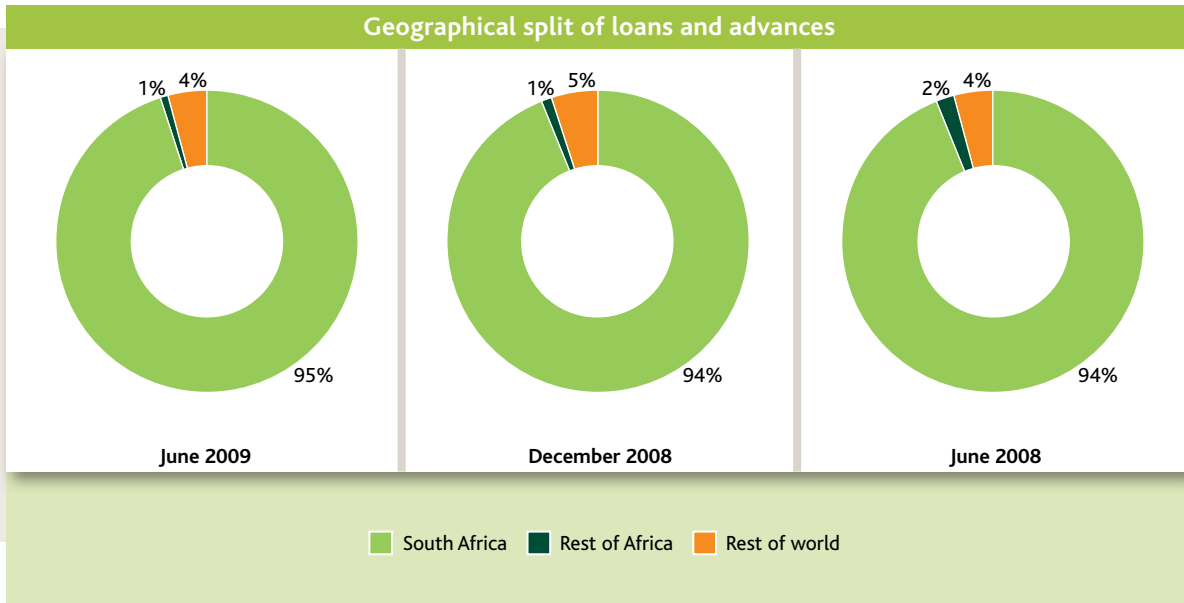
June 2009

No.	Internal rating	EAD Rm	% of total group credit ECap (% EAD) %
1	NGR06	4 306	0,12
2	NGR08	3 519	0,19
3	NGR03	3 248	0,02
4	NGR04	2 907	0,09
5	NGR15	2 890	0,45
6	NGR03	2 843	0,01
7	NGR09	2 696	0,03
8	NGR03	2 655	0,01
9	NGR03	2 454	0,01
10	NGR04	2 334	0,05
11	NGR07	2 314	0,12
12	NGR10	2 117	0,04
13	NGR08	1 994	0,08
14	NGR10	1 916	0,19
15	NGR03	1 910	0,01
16	NGR16	1 902	0,30
17	NGR10	1 882	0,18
18	NGR04	1 856	0,04
19	NGR10	1 800	0,08
20	NGR07	1 556	0,04
Total of top 20 exposures		49 099	2,06

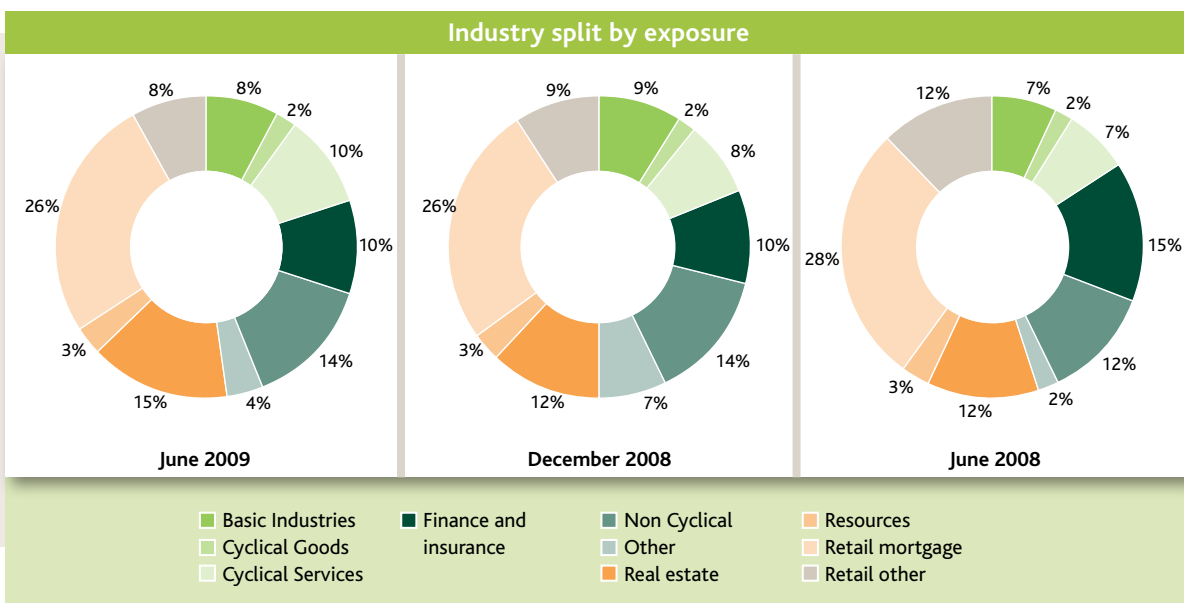
Exposure to banks and the South African government is excluded from the table above.

Geographic concentration risk

Geographically, almost all of Nedbank Group's credit exposure originates in South Africa (non-South African exposure is approximately 5%). This geographical and industry concentration risk is built into Nedbank's concentration risk measurement for economic capital purposes. Refer page 36b for a detailed analysis of Nedbank's geographical segmental analysis.



Industry concentration risk



We conclude that credit concentration risk is adequately measured, managed, controlled, and ultimately capitalised. There is no undue single-name concentration. Nedbank is also a well diversified banking group in the South African context, split across its four major business clusters.

RISK AND CAPITAL MANAGEMENT REVIEW

SECURITISATION RISK

Nedbank primarily uses securitisation as a funding diversification tool and to assist with the management of asset-liability mismatches.

During the past 18 months, no new securitisation transactions were concluded by the group. Nedbank concluded two securitisation transactions in 2007, namely GreenHouse Funding (Pty) Ltd ("GreenHouse"), a residential mortgage-backed securitisation programme and Octane ABS 1 (Pty) Ltd ("Octane"), a securitisation programme of motor vehicle loans advanced by subsidiary Imperial Bank Limited. Nedbank also has an asset-backed commercial paper mortgage programme, Synthesis Funding Limited ("Synthesis") which was established in 2004. These vehicles are the full extent of the group's current securitisation exposure.

Amidst the adverse external environment, although credit quality deteriorated, all securitisation vehicles continued to perform within the specified parameters detailed in the transaction documentation applicable to the respective transactions and no securitisation assets were subject to early amortisation. As a consequence the group has not suffered any losses in respect of these securitisation exposures.

The group's securitisation initiatives are ultimately overseen by the Group ALCO. All securitisation transactions are subject to the stringent South African regulatory securitisation framework.

From an IFRS accounting perspective the assets transferred to GreenHouse and Octane vehicles continue to be recognised and consolidated in the balance sheet of the group. Synthesis is also consolidated into Nedbank Group.

On-balance sheet securitisation exposure

Transaction Rm	Year initiated	Rating agency	Transaction type	Assets type	June 2009		June 2008		December 2008	
					Assets securitised	Carrying amount of assets	Assets securitised	Carrying amount of assets	Assets securitised	Carrying amount of assets
GreenHouse	2007	Moody's and Fitch	Traditional securitisation	Retail mortgages	2 000	1 991	2 000	1 533	2 000	1 972
Octane	2007	Fitch	Traditional securitisation	Auto loans	2 000	1 776	2 000	1 796	2 000	1 781
Total					4 000	3 767	4 000	3 329	4 000	3 753

Off-balance sheet securitisation exposure

Transaction Rm	Transaction type	Exposure type	Exposure		
			June 2009	June 2008	December 2008
<i>Own transactions</i>					
Synthesis	ABCP Conduit	Liquidity facility	7 006	8 463	7 806
<i>Third parties</i>					
Private Residential Mortgages (Pty) Ltd	Securitisation	Liquidity facility	100	100	100
Private Mortgages 2 (Pty) Limited	Securitisation	Liquidity facility	40	40	40
Private Mortgages 2 (Pty) Limited	Securitisation	Redraw facility	428	452	436
Total			7 574	9 055	8 382

The table below contains a summary of Synthesis, Nedbank's asset-backed commercial paper mortgage programme (ABCP).

Transaction Rm	Year initiated	Rating agency	Transaction type	Assets type	Programme size	Conduit size		
						June 2009	June 2008	December 2008
Synthesis	2004	Moody's and Fitch	ABCP Conduit	Asset-backed securities, corporate term loans and bonds	15 000	7 001	8 458	7 801
Total					15 000	7 001	8 458	7 801

The various roles fulfilled by Nedbank Group in the securitisation transactions mentioned above is indicated in the table below.

Transaction	Originator	Investor	Servicer	Liquidity provider	Credit enhancement provider	Swap counterparty
GreenHouse	✓	✓	✓		✓	✓
Octane	✓	✓	✓		✓	✓
Synthesis		✓	✓	✓		✓
Private Residential Mortgages (Pty) Ltd				✓		
Private Mortgages 2 (Pty) Limited				✓		

The table below shows the Basel II IRB consolidated group capital charges per risk band for securitised exposures retained or purchased by Nedbank Group.

Risk band	Capital charge		
	June 2009 Rm	June 2008 Rm	December 2008 Rm
AAA or A1/P1	3,9	4,0	3,9
AA+ to AA-	1,1	1,1	1,1
A+			1,0
A or A2/P2			
A-	5,8	5,8	5,7
BBB+			
BBB or A3/P3	9,8	9,9	7,2
BBB-	9,5	9,6	9,4
BB+	15,8	15,9	15,9
BB			
BB-			
Unrated			
Unrated liquidity facilities to ABCP programme	39,7	47,7	44,4
Total	85,6	94,0	88,6

RISK AND CAPITAL MANAGEMENT REVIEW

ASSET AND LIABILITY MANAGEMENT (ALM) RISKS

ALM addresses two of the group's key risk types, namely liquidity risk and market risk in the banking book which in turn includes, interest rate risk in the banking book and foreign currency translation risk on foreign based capital, investments, loans and/or borrowings.

LIQUIDITY RISK

There are two types of liquidity risk, being market liquidity risk and funding liquidity risk.

The international market turbulence that has and continues to affect many financial markets around the world has sharply focused attention on the crucial role liquidity plays in assuring the effective functioning of the banking sector and related markets. The significant reduction of liquidity in short-term international money markets and virtual drying-up of liquidity in the securitisation and covered bonds market coupled with problems in accessing funding in the secured financing markets, even for highly rated assets, has caused severe liquidity difficulties for many international companies in funding their on- and off-balance sheet requirements. This has prompted significant action by central banks and governments around the world including equity stakes, special liquidity facilities and the acquisition of tainted assets.

The change in market liquidity since the start of this crisis has highlighted how quickly liquidity can evaporate and how illiquidity can last for prolonged periods of time, having catastrophic consequences on what have been seen as strong, mature organisations as well as economic growth rates. This crisis has further highlighted that many banks around the world failed to adopt basic principles of sound liquidity risk management.

Nedbank manages the market risk exposure to illiquid instruments by setting sensitivity, term and concentration limits. Nedbank Market Risk reviews all deals over a certain size, profitability or exposure prior to these trades being executed. This approach proactively ensures all potential exposure to

illiquid instruments is approved prior to execution. The exposure to illiquid trading instruments is monitored daily by Nedbank Capital Market Risk and Group Market Risk Monitoring. The information is summarised in an illiquid dashboard and is produced monthly for the Trading Risk Committee and quarterly for Group ALCO and the Group Risk and Capital Management Committee.

As these events continue to develop and unfold the result continues to play out with devastating consequence. This has led to financial institutions increasing capital bases (including significant de-leverage); unprecedented government intervention and support; a refocus on the money-in side of the business and a shift back to vanilla banking books and products (rather than complex financial products).

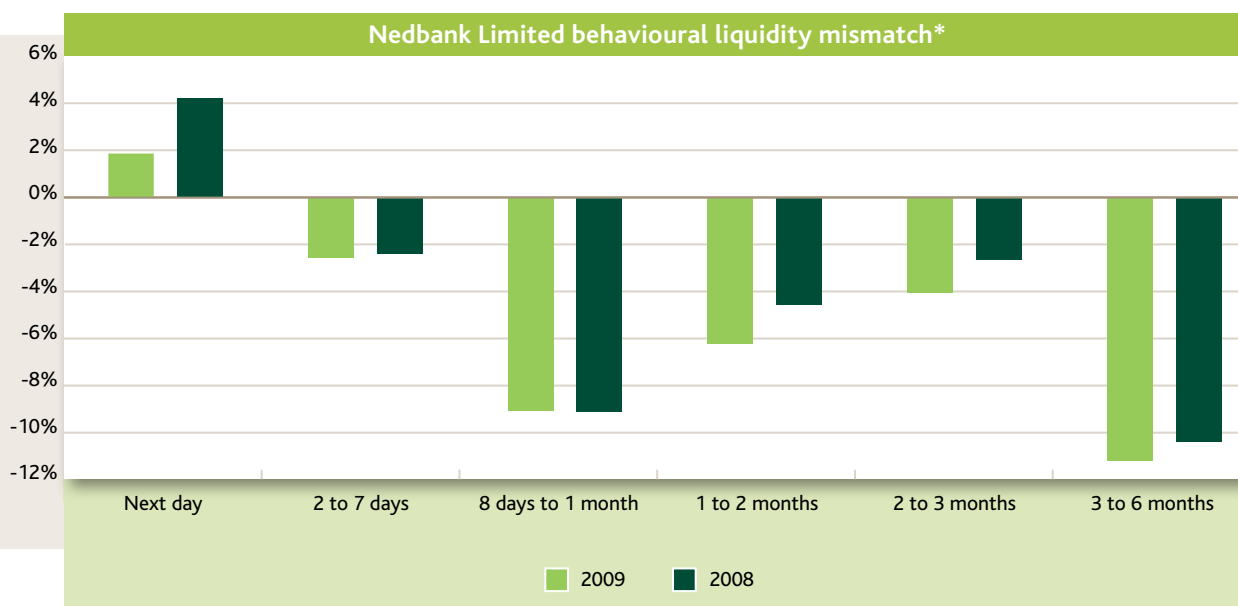
By contrast the South African banking system has remained resilient to these adverse global market conditions and remains structurally sound in a tough economic and financial environment. To date, global contagion has largely been restricted to the domestic capital markets, foreign markets and the real economy and has significantly reduced domestic banks access to the foreign funding markets albeit that these markets are improving, but these funds remain expensive. This has resulted in a repricing of securitised funding and a decline in appetite for this asset class and has caused Tier 1 and Tier 2 capital initiatives to become a lot more expensive and resulted in a decrease in the size of these programmes.

Importantly, the domestic financial market continues to clear efficiently and effectively as the South African banks have not lost trust in one another.

Specifically in Nedbank:

- Liquidity management is a vital risk management function in all entities across all jurisdictions and currencies, and is a key focus of the Nedbank Group.
- A bank's role in financial intermediation is the transformation of short-term deposits into longer-term loans. This makes Nedbank inherently susceptible to liquidity mismatches that are managed through a combination of strategic initiatives.

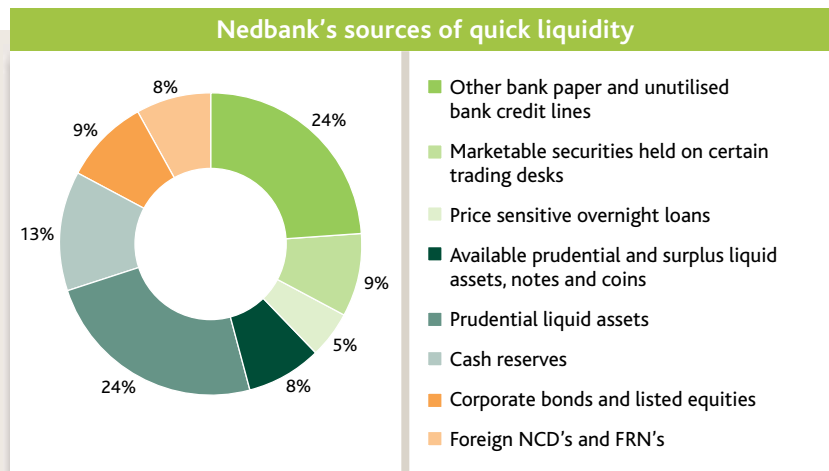
Nedbank Limited behavioural liquidity mismatch



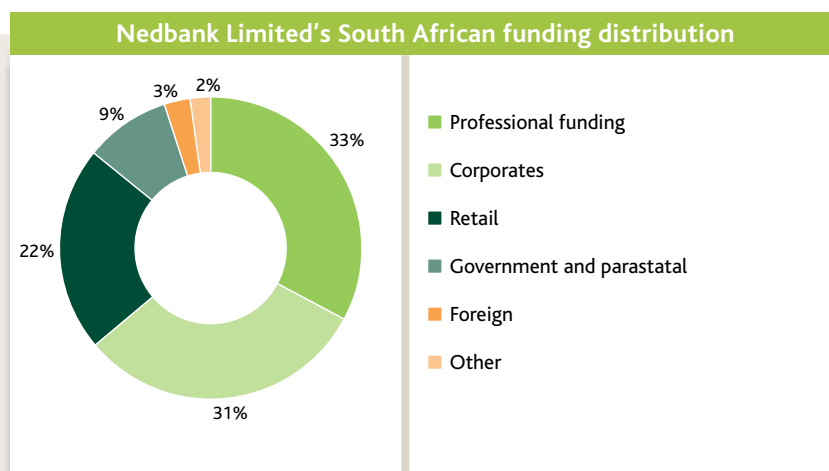
* Expressed on total assets and based on maturity assumptions before rollovers and risk management.

- The impact of the global liquidity events on Nedbank has not been material – primarily because these events have not impacted the domestic funding market. Nedbank has an immaterial foreign funding requirement, a small international footprint and a relatively small conduit business that has no foreign balance sheet components. Nedbank has no direct exposure to the US sub-prime market.
- Although the impact of these ongoing global liquidity developments has not been significant for the Nedbank Group, the appropriate risk management resources and forums continue to monitor these developments closely to identify any early signs of contagion within the South African markets in order to manage such risk appropriately.
- Ultimate responsibility for liquidity risk management rests with the board of directors, which has approved an appropriate liquidity risk management framework for the management of the group's funding requirements and liquidity mismatches. This framework includes, inter alia, appropriately constituted non-executive and executive risk committees, a funding strategy forum, a centralised funding desk and divisional pricing/interest rate committees. It also includes appropriately defined charters for these forums as well as supporting policies and limits defining risk appetite.
- The group's daily liquidity requirements are managed by an experienced centralised funding team in Group Treasury.
- Strategic liquidity initiatives are motivated to and approved by Group ALCO before execution.
- Group ALCO monitors all liquidity strategies to ensure compliance with the Liquidity Risk Management Framework and their successful implementation.
- Nedbank has established a number of liquidity contingency triggers, which are monitored regularly to facilitate early warning. This process is supported by an appropriate liquidity risk contingency plan and framework to ensure an immediate response and process should the need arise.
- Group ALCO separately identified deposits that are deemed to be potential funds at risk in a 'break-the-bank' stress scenario. These funds are adequately covered by sources of quick liquidity, including prudential reserves and liquid assets. Sources of quick liquidity totalled R67,7 billion at 30 June 2009 including prudential liquidity holdings of R29,4 billion.

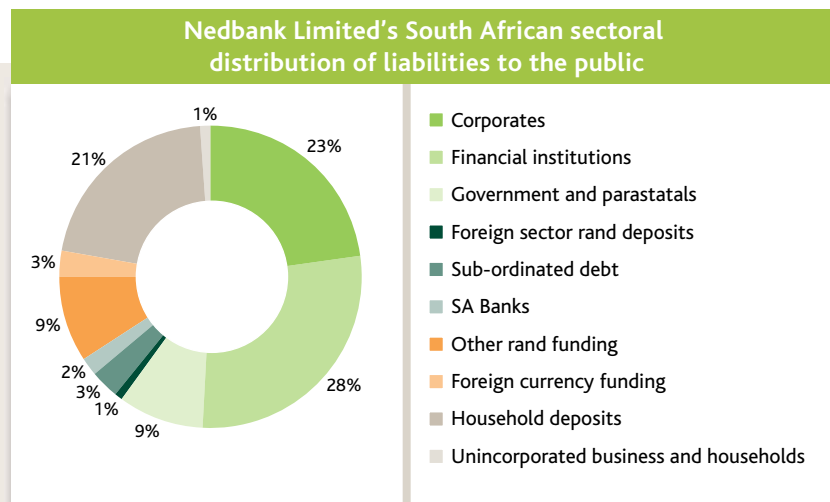
RISK AND CAPITAL MANAGEMENT REVIEW



- Portfolios of marketable and highly liquid assets that can be liquidated to meet unforeseen or unexpected funding requirements are held in the group in terms of the Liquidity Risk Management Framework (refer pie chart above).
- Liquidity risk reporting, including appropriately designed dashboards, provides the Group ALCO, as well as the board's Group Risk and Capital Management Committee, with appropriate liquidity risk information. This includes measures of compliance with approved policies and limits.
- Behavioural modelling and stress analysis to identify business-as-usual as well as potential stress cash flow requirements are carried out regularly.
- Net daily funding requirements are forecast by estimating daily rollovers and withdrawals, managing pipeline deal flow and actively managing daily settlements.
- The centralised funding desk maintains regular interaction with the group's larger depositors to understand and manage their cash flow requirements.
- Close liaison is maintained with the retail banking, business banking and corporate banking deposit-raising activities, through separate direct dealing desks within this team, ensuring that stable sources of funds are maximised and priced correctly, and client rollovers and flows are understood. Nedbank has strong retail, business banking and corporate deposit bases.



- Funding mismatches are managed by currency denomination and a focus is placed on managing short-term funding maturities, daily settlements and collateral management processes. Nedbank Group does not run large funding mismatches in its foreign operations.
- Liabilities are appropriately diversified, including by product, market and maturity.
- Funding is sourced from a large variety of depositors representing a cross-section of South African public and private economic sectors, industries, commercial enterprises and individuals with a wide range of maturities and using a large number of investment and transactional banking products. Concentration risk within the deposit base is appropriately diversified.



- Group ALCO continues to identify diversified sources of funding and continue to pursue other markets, for example the capital markets and foreign banks to diversify funding sources during 2009.
- Scenario analysis is used in the management of the bank's liquidity risk, including plausible stress scenarios.
- The management of liquidity risk and particularly cash flows is strongly focused on the short to medium term to ensure that risk management is quick to respond to the immediate cash flow requirements under different stress scenarios.

RISK AND CAPITAL MANAGEMENT REVIEW

INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Nedbank Group is exposed to IRRBB primarily because:

- The bank writes a large quantum of prime-linked assets;
- Funding is prudently raised across the curve at fixed term deposit rates that reprice only on maturity;
- Three-month JIBAR linked swaps and forward rate agreements are typically used in the risk management of term deposits and fixed rate advances;
- Short-term demand funding products reprice to different short-end base rates;
- Certain ambiguous-maturity accounts are non-rate sensitive; and
- The bank has a mismatch in net non-rate sensitive balances, including shareholders' funds that do not reprice for interest rate changes.

The table below highlights the group's and bank's exposure to interest rate risk measured for normal and stressed interest rate changes:

30 June 2009 Rm	Note	Nedbank Limited	Other group companies	Nedbank Group
Net interest income sensitivity	1			
1% instantaneous decline in interest rates		(306)	(170)	(476)
2% instantaneous decline in interest rates		(611)	(341)	(952)
Linear path space	2			
Lognormal interest rate sensitivity		(310)	n/a	n/a
Basis interest rate risk sensitivity	3			
0,25% narrowing of prime/call differential		(117)	(61)	(178)
Economic value of equity sensitivity	4			
1% instantaneous decline in interest rates		155	n/a	n/a
2% instantaneous decline in interest rates		336	n/a	n/a
Stress testing				
Net interest income sensitivity				
Instantaneous stress shock	5	(1 221)	n/a	n/a
Stress shock modelled as a ramp	6	(1 858)	n/a	n/a
Linear path space	2			
Absolute-return interest rate sensitivity		(1 578)	n/a	n/a

n/a: not modelled.

Notes

- 1 **Net interest income sensitivity**, as currently modelled, exhibits very little convexity. In certain cases the comparative figures have been estimated assuming a linear risk relationship to the interest rate moves.
- 2 **Linear path space** is a stochastic method used to generate random interest rate paths. These paths are then modelled and a probabilistic impact of interest rate changes on NII is derived. The 'Lognormal interest rate sensitivity' uses two years of interest rate movements to derive interest rate volatility. The stress scenario 'Absolute-return interest rate sensitivity' is based on the volatility of interest rates over nine years.
- 3 **Basis interest rate risk sensitivity** is quantified using a narrowing in the prime/call interest rate differential of 0,25% and is an indication of the sensitivity of the margin to a squeeze in short-term interest rates.
- 4 **Economic value of equity sensitivity** is calculated as the net present value (npv) of asset cash flows less the net present value of liability cash flows.
- 5 The **instantaneous stress shock** is derived from the principles espoused in the bank for International Settlements paper 'Principles for the Management and Supervision of Interest Rate Risk'.

6 The **stress shock modelled as a ramp** uses the same interest rate shock as the instantaneous stress shock described above, but the rate shock is phased in over a nine-month period.

The Group ALCO has maintained the Group's sensitivity at approximately 2008 year end levels of around 1,12% of equity at 30 June 2009.

FOREIGN CURRENCY TRANSLATION RISK IN THE BANKING BOOK

Currency translation risk arises as a result of Nedbank's investments in foreign companies that have issued foreign equity. This foreign equity is translated into rand for domestic reporting purposes recording a profit where the rand exchange rate has deteriorated between periods and a loss where the rand exchange rate has strengthened between periods.

Currency translation risk remains relatively low and currently aligns with an appropriate offshore capital structure. Risk limits are based on the normal level of currency-sensitive foreign capital of approximately US\$218 million at 30 June 2009 (31 December 2008: US\$193 million).

Offshore capital split by functional currency – 30 June 2009

Rm	Income statement	USD equivalent (\$ millions)			Total
		Equity	FX sensitivity	Non-FX sensitivity	
US Dollar		101	101		101
Pound Sterling	3	98	101		100
Swiss Franc		10	10		10
Malawi Kwacha		6	6		6
Other				431	431
Total	3	215	218	431	649

FX sensitive portion of offshore capital

	\$m
FX sensitive portion of offshore capital	218
Limit	250

The effective average capitalisation rate of the foreign denominated business is 25%. The total foreign RWA as a percentage of Nedbank Group total is very low at 1,9% (R6,7 billion out of the total group RWA of R350 billion). Therefore any foreign exchange rate movement will have a minimal effect on Nedbank Group's capital adequacy ratio.

High rand volatility has a minimal effect on capital adequacy as a 10% depreciation in the rand will decrease capital adequacy by only 0,05%.

RISK AND CAPITAL MANAGEMENT REVIEW

TRADING MARKET RISK

The potential for changes in the market value of trading positions is referred to as market risk. Such positions result from market-making and proprietary trading. All material positions are mark-to-market on a daily basis.

Categories of market risk include exposure to interest rates, equity prices, currency rates and credit spreads. A description of each market risk category is set forth below:

- Interest rate risks primarily result from exposure to changes in the level, slope and curvature of the yield curve.
- Equity price risk results from exposure to changes in prices and volatilities of individual equities and equity indices.
- Currency rate risk results from exposure to changes in spot, forward prices and volatilities of currency rates.
- Credit spread risk results from exposure to changes in the rate that reflects the spread investors receive for bearing credit risk.

In addition to applying business judgement, senior management use a number of quantitative measures to manage the exposure to market risk. These measures include:

- Risk limits based on a portfolio measure of market risk exposure referred to as VaR.
- Scenario analyses, stress tests, concentration limits and other analytical tools that measure the potential effects on the trading revenue of various market events.

VaR is the potential loss in pre-tax profit due to adverse market movements over a defined holding period with a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognising offsetting positions and correlations between products and markets. VaR facilitates the consistent measurement of risk across all markets and products, and risk measures can be aggregated to arrive at a single risk number. The one-day, 99% VaR number used by the group reflects a 99% confidence level that the daily loss will not exceed the reported VaR. Daily losses exceeding the VaR figure are likely to occur, on average, once in every 100 business days.

VaR is an important measurement tool and the performance of the model is regularly assessed. The approach to assessing whether the model is performing adequately is known as backtesting. Backtesting is simply a historical test of the accuracy of the VaR model. To conduct a backtest, the bank reviews its actual daily value at risk (VaR) over one year (about 250 trading days) and compares the actual daily trading revenue (includes net interest but excludes commissions and primary revenue) outcomes to its VaR estimate and counts the number of times the trading loss exceeds the VaR estimate.

The group uses a holding period of one day with a confidence level of 99%. Nedbank Group Limited had no backtesting exceptions for the first half of 2009. This suggests that VaR, as currently implemented, has been a conservative measure of the potential net revenue variability on the daily trading activities.

While VaR captures the group's exposure under normal market conditions, sensitivity and stress-scenario analyses (and in particular stress-testing) are used to add insight to the possible outcomes under abnormal market conditions.

Trading market risk profile

The tables above reflect the VaR statistics for the Nedbank Group's Trading Book activities for the year ended 31 December 2008 and half-year ended 30 June 2009.

The group's trading market risk exposure, expressed as average daily VaR, increased by 25% from R19,7 million to R24,8 million from December 2008 to June 2009. The increase was mainly due to a strategic decision to increase exposure to interest rates in 2009.

Group trading book VaR for June 2009⁽ⁱ⁾

Historical VaR (99%, one-day) by risk type

Risk categories Rm	Average	Minimum ⁽ⁱⁱ⁾	Maximum ⁽ⁱⁱ⁾	June 2009
Foreign exchange	4,3	1,0	9,8	8,6
Interest rate	21,3	13,2	28,7	13,5
Equity	6,1	2,7	13,3	8,9
Credit	6,1	4,1	11,1	7,2
Diversification ⁽ⁱⁱⁱ⁾	(13,0)			(21,1)
Total VaR exposure	24,8	14,6	33,1	17,1

Group trading book VaR for December 2008⁽ⁱ⁾

Historical VaR (99%, one-day) by risk type

Risk categories Rm	Average	Minimum ⁽ⁱⁱ⁾	Maximum ⁽ⁱⁱ⁾	December 2008
Foreign exchange	6,1	2,3	20,1	3,4
Interest rate	13,8	7,4	25,0	19,3
Equity	7,8	3,3	21,2	6,5
Credit	6,2	3,4	8,7	6,6
Diversification ⁽ⁱⁱⁱ⁾	(14,2)			(11,8)
Total VaR exposure	19,7	10,3	36,5	24,0

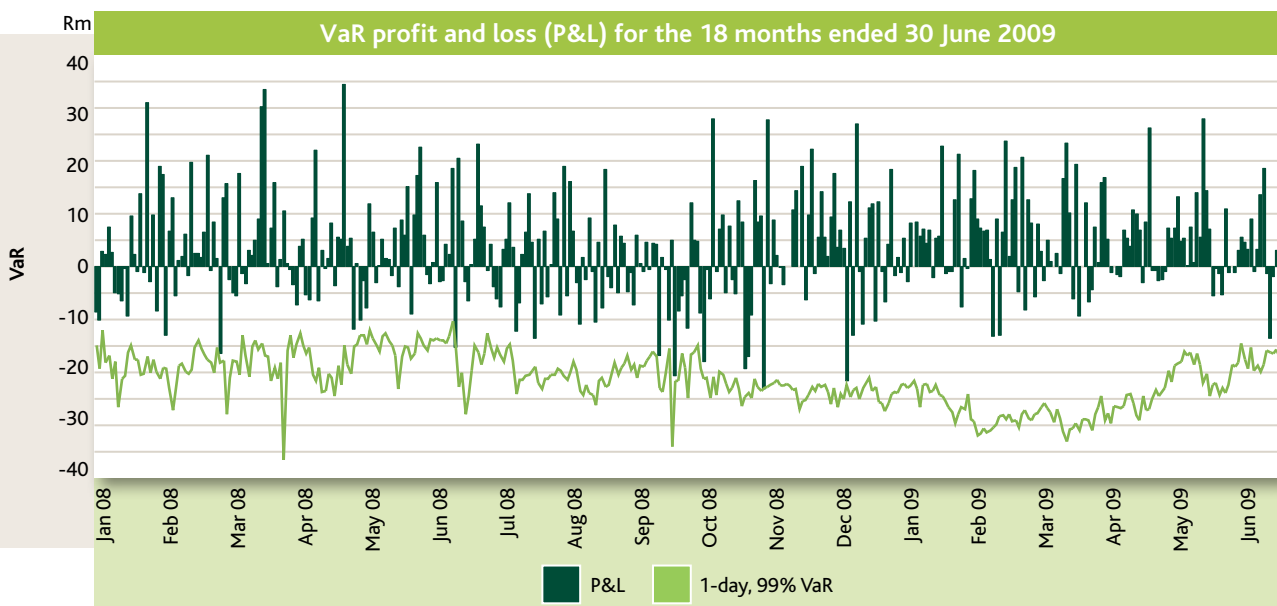
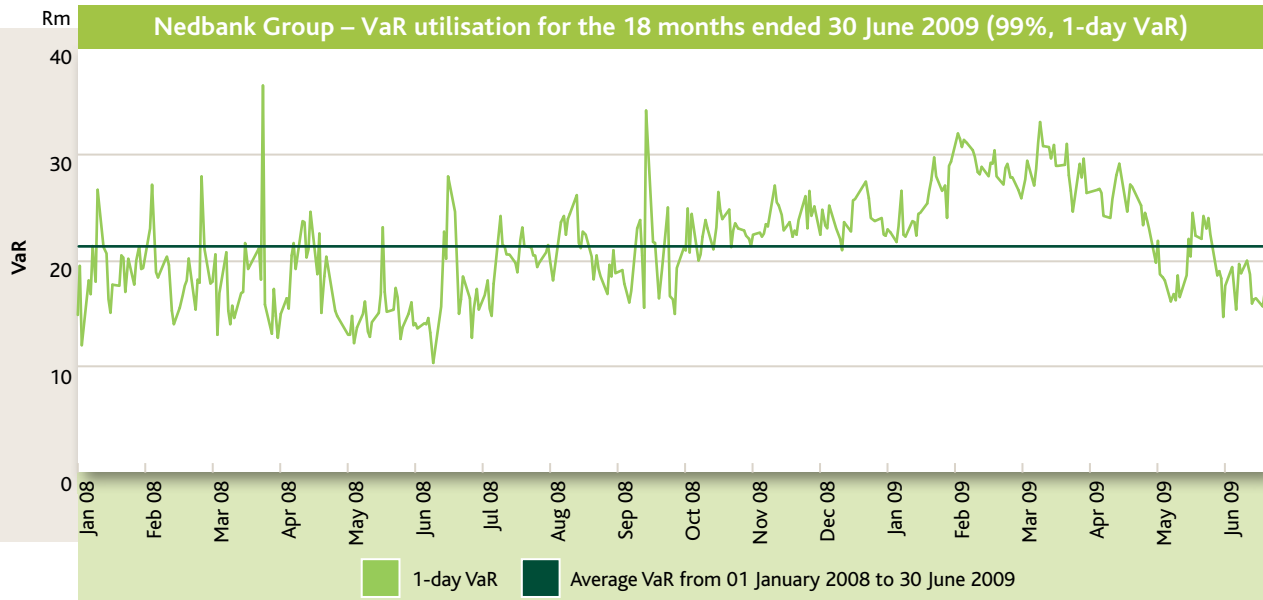
(i) Certain positions are illiquid and VaR may not always be the most appropriate measure of risk (later on we summarise the 'other market risk measures' we apply to mitigate this).

(ii) The maximum and minimum VaR values reported for each of the different risk factors did not necessarily occur on the same day. As a result a diversification number for the maximum and minimum values have been omitted from the table.

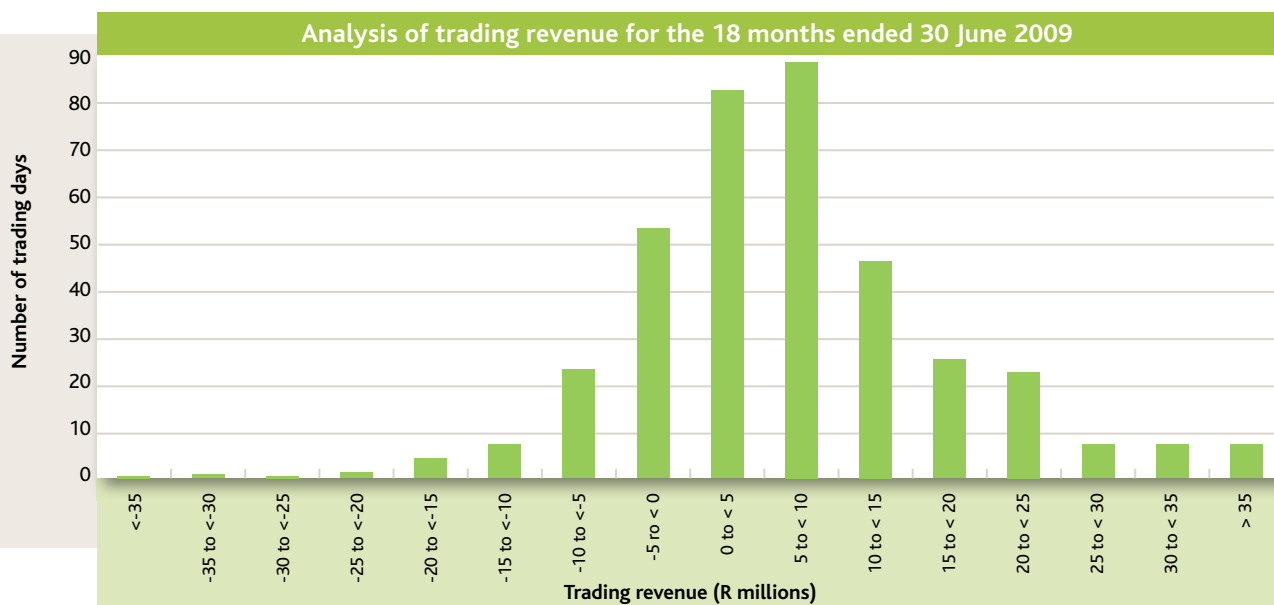
(iii) Diversification benefit is the difference between the aggregate VaR and the sum of VaRs for the four risk categories. This benefit arises because the simulated 99%/one-day loss for each of the four primary market risk categories occurs on different days.

RISK AND CAPITAL MANAGEMENT REVIEW

The graph below illustrates the daily VaR for the 18 months ended 30 June 2009. The daily VaR has increased due to higher levels of exposure to interest rates and the increased levels of volatility observed in the market.



The histogram below illustrates the distribution of daily revenue for Nedbank's trading businesses (including net interest, commissions and primary revenue income of the trading businesses). The distribution is skewed to the profit side and the graph shows that trading revenue was realised on 284 days out of a total of 373 days in the trading businesses. The average daily trading revenue generated for the 18 months was R6,9 million.



Nedbank Capital uses a number of stress scenarios to measure the impact on portfolio values of extreme moves in markets, based on historical experience as well as hypothetical scenarios. The stress-testing methodology assumes that all market factors move adversely at the same time and that no actions are taken during the stress events to mitigate risk, reflecting the decreased liquidity that frequently accompanies market shocks. Stress test results are reported daily to senior management and monthly to the Trading Risk Committee.

In addition, other risk measures are used to monitor the individual trading desks and these include performance triggers, approved trading products, concentration of exposures, maximum tenor limits and market liquidity constraints.

Market risk is governed by a number of policies which cover management, identification, measurement and monitoring. In addition, all market risk models are subject to periodic independent validation in terms of the Group Market Risk Management Framework.

Market risk reports are available at a variety of levels and detail ranging from individual trader level right through to a group level view.

RISK AND CAPITAL MANAGEMENT REVIEW

EQUITY RISK (INVESTMENT RISK) IN THE BANKING BOOK

The total equity portfolio for investment risk is R3 536 million (December 2008: R3 779 million). R2 686 million (December 2008: R2 716 million) is held for capital gain while the rest is mainly strategic investments.

Equity investments held for capital gain are generally classified as fair value through profit and loss, with fair value gains and losses reported in non-interest revenue. Strategic investments are generally classified as available-for-sale with fair value gains and losses recognised directly in equity.

Investments	Publicly listed			Privately held			Total		
	June 2009	June 2008	December 2008	June 2009	June 2008	December 2008	June 2009	June 2008	December 2008
Fair value disclosed in balance sheet (excluding associates and JV's)	486	498	525	2 136	2 072	2 087	2 622	2 570	2 612
Fair value disclosed in balance sheet (including associates and JV's)	486	498	525	3 050	3 079	3 254	3 536	3 577	3 779

MAJOR CONCENTRATION RISKS

Credit concentration risk is addressed on page 98b. Property concentration risk was discussed on page 81b, in particular the 'deep dive' into the Property Finance division in 2008, and is incorporated in the quantification of credit economic capital.

The one other potential major concentration risk in Nedbank Group is liquidity risk. The management of this, including diversification of the funding base, contingency planning of sources of funding, related governance, etc is covered on page 102b.

Concentration risk is also a key feature of the Nedbank Group Market Risk Framework. However, undue concentration risk is not considered to prevail in the group's trading, IRRBB, forex and equity risk portfolios (evident in the low % contributions to group economic capital, see page 118b, nor assets and liabilities subject to mark-to-market fair value accounting.

STRESS- AND SCENARIO-TESTING

A comprehensive stress and scenario-testing framework and process is followed to stress the base case projections, and so assess and ultimately conclude upon the adequacy of Nedbank's capital buffers and target capital adequacy ratios.

The group's strategic planning process, rolling forecasts and integrated capital planning include three-year projections of expected (base case) financial performance, Basel II and economic capital risk parameters and capital requirements which are compared to projected available financial resources and the board approved risk appetite metrics. The three-year projections and base case capital planning are derived from the group's three-year business plans (currently 2009 to 2011) which are updated quarterly during the year.

The main objective of our stress-testing is to assess the effect of possible unexpected events on Nedbank's base case projections, including the capital requirements, resources and adequacy of capital buffers for both regulatory and economic capital. In addition, stress-testing is an important tool for analysing Nedbank's risk profile and risk appetite.

The stress scenarios below are based on the current macro environment. Therefore the base case already incorporates the significantly deteriorated economic conditions and so the stress scenarios are particularly harsh with the severe stress scenario more severe than a 1 in 25-year event. We expect the current economic downturn to continue for another 12 to 18 months.

Nedbank's strategy to comprehensively cover stress- and scenario-testing, both for regulatory and economic capital purposes, comprises five main levels. The 2009 Stress Testing Programme for the group, including arriving at the 'additional scenarios' below, was discussed and finalised at an executive management level by Group ALCO and then with the board of directors. The five levels are as follows:

- **Macroeconomic stress-testing (pillar 2)** ie normal (quarterly) business-as-usual scenarios provided by the Group Economic Unit covering the following:
 - Mild stress (1 in 4-year scenario worse than base case).
 - High stress (1 in 10-year scenario worse than base case).
 - Severe stress (1 in 25-year scenario worse than base case).
 - Positive stress (1 in 4-year positive scenario better than base case).

- **Additional scenarios**

- Prolonged recession.
- Property price crash (incorporating property concentration risk):
 - Overall for the group's property related debt exposure.
 - Specific commercial real estate focus.
 - Specific retail home loans focus.
- Liquidity crisis.
- Credit concentration risk.
- Derivatives market meltdown.
- BEE exposure stress-testing.
- Inability to raise new capital.
- Reputational risk event.
- Impact of material defaults by counterparties specifically related to the group's foreign debt and equity exposures.
- Material rise in current unemployment levels in SA.

- **Reverse stress-testing** (ie what would 'break the bank')

The 'Perfect Storm' scenarios of a severe stress test, a prolonged recession, property price crash, liquidity crisis, derivative market meltdown and major reputation event are all potential candidates for reverse stress testing.

In addition, for our reverse stress testing we run an 'extreme' scenario (which is essentially a combination of a prolonged recession and a property price crash) and 'breaking the bank' scenario and benchmarked these against the stress-testing done in the USA and UK (FSA).

- **Procyclicality tests**

- **Specific risk type stress tests** (incorporating **Pillar 1** stress-testing within business clusters and specialist risk functions at group level).

Management and the board, after finalisation of the group's 2009 Internal Capital Adequacy Assessment Process (ICAAP) which is then submitted to SARB, have concluded that Nedbank's current capital planning and base case projected regulatory and economic capital levels, ratios, targets and buffers, incorporating the results and impacts of the stress- and scenario-testing applied, are sound and don't currently require any adjustment.

RISK AND CAPITAL MANAGEMENT REVIEW

CAPITAL MANAGEMENT

Nedbank's Capital Management Framework reflects the integration of risk, capital, strategy and performance measurement (and incentives) across the group. This contributes significantly to successful enterprise-wide risk management.

A summary overview of the group and bank's capital ratios was provided on page 84b. Further detail behind those ratios is provided below.

Regulatory capital adequacy

Consolidation of entities for regulatory purposes is performed in accordance with the requirements of Basel II, the Banks Act and accompanying regulations. Some differences exist in the basis of consolidation for accounting and regulatory purposes. These include the exclusion of certain accounting reserves (eg Foreign Currency Translation Reserve (FCTR), Share-based Payments Reserve (SBPR) and Available for Sale Reserve (AFSR)), deduction of insurance entities and the exclusion of trusts which are consolidated in terms of IFRS but are not subject to regulatory consolidation.

The FCTR, SBPR and AFS reserves that arise in the consolidation of entities in terms of IFRS amounted to R1,3 billion at 30 June 2009 and are excluded from qualifying regulatory capital. Restrictions on the transfer of funds and regulatory capital within the group are not a material factor. These restrictions mainly relate to those entities, which operate in countries other than South Africa where there are exchange control restrictions in place.

Summary of risk-weighted assets (by risk type)

Risk type	Nedbank Group			Nedbank Limited		
	June 2009 Rm	June 2008 Rm	December 2008 Rm	June 2009 Rm	June 2008 Rm	December 2008 Rm
Credit risk	277 599	278 227	285 457	215 280	225 330	221 969
Credit portfolios subject to AIRB approach	227 745	232 833	238 480	211 366	219 446	218 142
<i>Corporate, sovereign and bank (including SME)</i>	120 505	125 229	131 955	106 398	114 451	114 050
<i>Residential mortgage</i>	71 516	69 292	70 401	69 244	66 683	67 968
<i>Qualifying revolving retail</i>	7 214	6 893	6 554	7 214	6 893	6 554
<i>Other retail</i>	28 510	31 419	29 570	28 510	31 419	29 570
Credit portfolios subject to standardised approach	45 583	39 320	42 829			
<i>Corporate, sovereign and bank</i>	17 676	15 700	16 849			
<i>Retail exposures</i>	27 907	23 620	25 980			
Counterparty credit risk	3 342	5 159	3 169	3 245	5 099	3 109
Securitisation exposures	929	915	979	669	785	718
Equity risk (market-based simple risk-weight approach)	10 791	14 895	13 035	9 121	27 786	10 190
– <i>Listed (300% risk-weighting)</i>	1 459	687	1 574	1 449	1 281	1 471
– <i>Unlisted (400% risk-weighting)</i>	9 332	14 208	11 461	7 672	26 505	8 719
Market risk (standardised approach)	5 947	7 529	7 049	4 513	4 555	5 445
Operational risk (standardised approach)	42 473	33 731	36 497	34 655	28 854	30 559
Other assets (100% risk-weighting)	13 064	16 399	13 197	10 244	11 336	10 170
Total risk-weighted assets	349 874	350 781	355 235	273 813	297 861	278 333
Total minimum regulatory capital requirements*	35 289	34 201	34 635	27 873	29 041	27 137
Qualifying capital and reserves**	46 032	41 910	44 119	38 002	35 441	36 577
Total surplus capital over minimum requirements	10 743	7 709	9 484	10 129	6 400	9 440
Analysis of total surplus capital						
Core Tier 1 capital	11 683	8 298	10 285	8 540	5 914	7 695
Tier 1 capital	10 625	6 768	9 100	8 622	5 011	7 699
Total capital	10 743	7 709	9 484	10 129	6 400	9 440

* Includes Basel II capital floor from February 2009.

** Includes unappropriated profit.

Summary of risk-weighted assets (by risk type and business cluster)

Risk type and business cluster	June 2009 Rm	Mix %	December 2008 Rm	Mix %
	Credit risk	277 599	79	285 457
Nedbank Corporate	38 297	11	112 568	32
Nedbank Business Banking	64 818	18	Note 1	–
Nedbank Capital	15 346	4	17 309	5
Nedbank Retail	91 618	26	87 721	25
Imperial Bank	36 972	11	35 377	10
Africa, UK and other	30 548	9	32 482	9
Equity risk	10 791	3	13 035	4
Market risk	5 947	2	7 049	2
Operational risk	42 473	12	36 497	10
Other assets	13 064	4	13 197	3
Total risk-weighted assets	349 874	100	355 235	100

Note 1: In 2009 Business Banking became a separate cluster, previously part of Nedbank Corporate.

RISK AND CAPITAL MANAGEMENT REVIEW

Summary of qualifying capital and reserves

Rm	Nedbank Group			Nedbank Limited		
	June 2009	June 2008	December 2008	June 2009	June 2008	December 2008
Tier 1 capital (primary)	34 043	30 485	33 458	27 153	25 457	27 031
Core Tier 1 capital	28 978	25 877	28 427	22 279	21 148	22 156
Ordinary share capital	428	406	410	27	27	27
Ordinary share premium	12 907	11 204	11 370	14 434	14 434	14 433
Reserves	24 196	21 517	23 133	14 707	13 058	14 298
Minority interest: ordinary shareholders	1 656	1 550	1 881	–	–	–
Deductions	(10 209)	(8 800)	(8 367)	(6 889)	(6 371)	(6 602)
<i>Impairments</i>	(7)	(118)	(6)	(3 426)	(3 095)	(3 608)
<i>Goodwill</i>	(5 023)	(3 940)	(3 894)	(1 126)	(1 126)	(1 126)
<i>Excess of expected loss over eligible provisions (50%)</i>	(798)	(814)	(588)	(798)	(814)	(588)
<i>Unappropriated profits</i>	(1 375)	(852)	(658)	(938)	(419)	(300)
<i>Foreign currency translation reserves</i>	(295)	(528)	(545)	(9)	(9)	(9)
<i>Share-based payment reserves</i>	(910)	(922)	(949)	82	(294)	(281)
<i>Property revaluation reserves</i>	(933)	(843)	(951)	(652)	(592)	(668)
<i>Surplus capital held in insurance entities (50%)</i>	(466)	(357)	(387)	–	–	–
<i>Other regulatory differences</i>	(402)	(426)	(389)	(22)	(22)	(22)
Non-core Tier 1 capital	5 065	4 608	5 031	4 874	4 309	4 874
Preference share capital and premium	3 313	3 421	3 279	3 122	3 122	3 122
Hybrid debt capital instruments	1 752	1 187	1 752	1 752	1 187	1 752
Tier 2 capital (secondary)	10 916	10 287	10 153	10 213	9 280	9 395
Long-term debt instruments	11 499	10 876	10 464	10 848	9 811	9 812
Revaluation reserves (50%)	466	422	476	326	296	334
Deductions	(1 049)	(1 011)	(787)	(961)	(827)	(751)
<i>Surplus capital held in insurance and financial entities (50%)</i>	(466)	(357)	(387)	–	–	–
<i>Excess of expected loss over eligible provisions (50%)</i>	(798)	(814)	(588)	(798)	(814)	(588)
<i>General allowance for credit impairment</i>	249	192	212	–	–	–
<i>Other regulatory differences</i>	(34)	(32)	(24)	(163)	(13)	(163)
Tier 3 capital (tertiary)	–	300	–	–	300	–
Total	44 959	41 072	43 611	37 366	35 037	36 426

Including unappropriated profits

Rm	Nedbank Group			Nedbank Limited		
	June 2009	June 2008	December 2008	June 2009	June 2008	December 2008
Core Tier 1 capital	30 051	26 714	28 935	22 915	21 552	22 307
Tier 1 capital (primary)	35 116	31 323	33 966	27 789	25 861	27 182
Total capital	46 032	41 910	44 119	38 002	35 441	36 577

In line with a specific provision of the Banks Act regulations, profits do not qualify as regulatory capital unless formally appropriated by the board. Accordingly, we show below our capital ratios excluding unappropriated profits, noting that these profits could be appropriated at any time if needed.

Actual capital ratios (excluding unappropriated profits) %	Nedbank Group			Nedbank Limited		
	June 2009	June 2008	December 2008	June 2009	June 2008	December 2008
Core Tier 1	8,3	7,4	8,0	8,1	7,1	8,0
Tier 1	9,7	8,7	9,4	9,9	8,6	9,7
Total	12,9	11,7	12,3	13,7	11,8	13,1

Summary of regulatory capital adequacy of all banking subsidiaries of Nedbank Group

A summary of all the group's banking subsidiaries' Basel II regulatory capital positions as at 30 June 2009 is provided below.

Bank	June 2009		December 2008	
	Risk-weighted assets Rm	Basel II capital ratio %	Risk-weighted assets Rm	Basel II capital ratio %
Nedbank Limited	273 813	13,7	278 333	13,1
Imperial Bank Limited	40 235	10,7	38 074	11,1
Nedbank (Namibia) Limited	4 518	10,3	3 264	13,9
Fairbairn Private Bank (IOM) Limited	2 826	15,9	2 526	16,1
Fairbairn Private Bank Limited	1 587	16,5	1 722	14,5
Nedbank (Swaziland) Limited	1 417	11,9	619	17,4
Nedbank (Lesotho) Limited	801	20,4	320	23,3
Nedbank (Malawi) Limited	353	12,2	80	23,0

Note: The capital ratios for the African subsidiaries shown above are on a pro-forma basis and contribute to Nedbank Group ratios, as Basel II is still to be implemented in these jurisdictions.

Capital impact of Nedbank's outright purchase of JVs with Old Mutual and proposed 100% Imperial Bank Limited (IBL) buy out

The capital impact on the Nedbank Group of these transactions is negligible. The transaction with Old Mutual is effective 1 June 2009 and is included in these results. The IBL transaction with Imperial Holdings is still pending.

DIVIDEND COVER

The group has a dividend cover policy range of 2,25 – 2,75, covered by headline earnings per share. Historically the effective cover has been higher as a result of take up under a scrip dividend alternative and also the reinvestment of dividend proceeds by BEE shareholder trusts.

RISK AND CAPITAL MANAGEMENT REVIEW

ECONOMIC CAPITAL

Nedbank's 'Economic Capital Framework' is the core basis of the group's Internal Capital Adequacy Assessment Process (ICAAP) required under Basel II. Economic capital is embedded in the business management and performance culture of Nedbank Group and is fundamental in the assessment of risk/return at various levels.

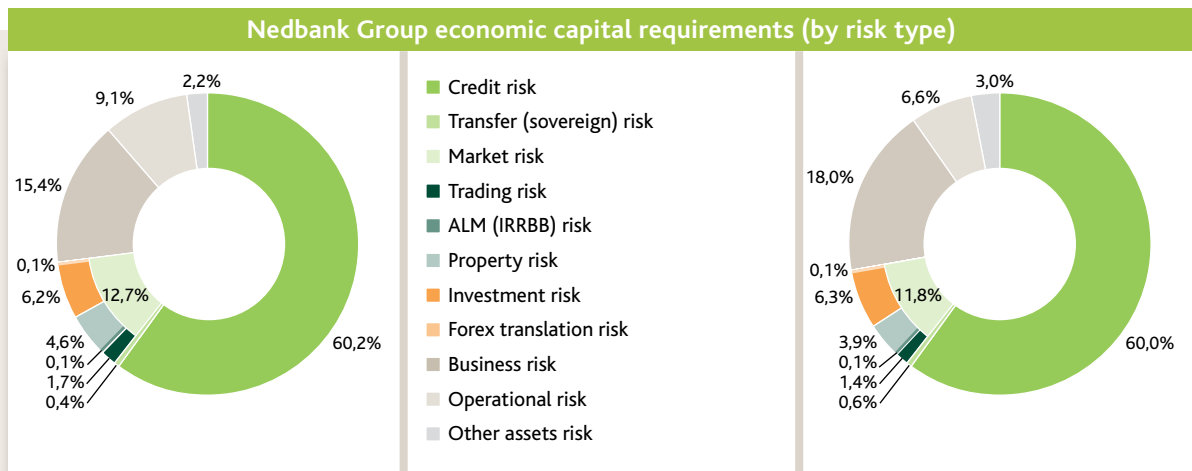
Nedbank Group's economic capital model and methodology is covered in detail in the group's Pillar 3 disclosure available on the Nedbank website. Set out below is Nedbank Group's economic capital adequacy and capital allocation to the business clusters.

Economic capital requirements and available financial resources

(by risk type)

Rm	Nedbank Group		
	June 2009	June 2008	December 2008
Credit risk*	14 754	15 771	15 605
Transfer (sovereign) risk	92	365	166
Market risk	3 105	2 926	3 066
Trading risk	427	360	352
IRRBB risk	16	33	33
Property risk	1 114	956	1 019
Investment risk	1 519	1 534	1 635
Forex translation risk	29	43	27
Operational risk	2 223	1 385	1 682
Business risk	3 776	4 202	4 798
Other assets	532	768	689
Minimum economic capital requirement	24 482	25 417	26 005
+ Capital Buffer (10%)	2 448	2 542	2 601
= Total economic capital requirement	26 930	27 959	28 606
vs Available financial resources	37 504	34 893	38 216
Tier A capital (shareholders' equity)	29 169	25 371	28 336
Tier B capital (non-core Tier 1 type capital)	8 335	9 522	9 880
= Surplus available after capital buffer	10 574	6 934	9 610

* Credit risk economic capital incorporates counterparty credit risk and securitisation risk.



In conclusion, Nedbank's economic capital adequacy is very strong at its A- (99,9%) target debt rating (solvency standard), with surpluses of R10,6 billion and R10,2 billion at group and bank level, respectively. This after providing for a 10% economic capital buffer.

RISK AND CAPITAL MANAGEMENT REVIEW

Summary of economic capital requirement at half/year end (by business cluster)

Risk type	Nedbank Group		Nedbank Corporate		Nedbank Business Banking		Nedbank Capital	
	June	December	June	December	June	December	June	December
	2009	2008	2009	2008	2009	2008	2009	2008
Rm								
Credit risk	14 754	15 605	3 642	3 897	2 557	3 182	795	934
Transfer (sovereign) risk	92	166	46	64	–	–	46	102
Market risk	3 105	3 066	508	529	8	14	1 211	1 218
Trading risk	427	352	–	–	–	–	427	352
ALM (IRRBB) risk	16	33	4	9	3	8	1	2
Property risk	1 114	1 019	34	34	5	5	–	–
Investment risk	1 519	1 635	468	484	–	1	772	853
Forex translation risk	29	27	2	2	–	–	11	11
Operational risk	2 223	1 682	382	284	355	275	262	251
Business risk	3 776	4 798	649	745	548	676	579	1 241
Other assets risk	532	688	50	176	–	35	25	21
Total	24 482	26 005	5 277	5 695	3 468	4 182	2 918	3 767

COST OF EQUITY

The cost of equity was revised at the beginning of 2009 to 13,25% as a result of a lower 10-year risk-free rate expected for the year. In line with international trends, long term government rates were trending downwards in South Africa. This was due to the higher than normal risk aversion and the expectation of lower rates on the back of lower inflation expectations.

Capital Asset Pricing Model*	Risk-free rate (R157) %	Beta	Equity risk premium %	After-tax cost of ordinary shares %
2006	7,46	1,00	5,13	12,59
2007	7,73	1,02	5,30	13,14
2008	8,43	1,00	5,44	13,87
2009	7,75	1,00	5,50	13,25

	Nedbank Retail		Imperial Bank		Other	
	June 2009	December 2008	June 2009	December 2008	June 2009	December 2008
	6 384	6 122	1 364	1 450	12	20
	-	-	-	-	-	-
	431	413	13	13	934	879
	-	-	-	-	-	-
	8	14	-	-	-	-
	257	212	13	13	805	755
	152	174	-	-	127	123
	14	13	-	-	2	1
	1 115	803	88	51	21	18
	1 855	2 009	145	127	-	-
	165	174	12	1	280	282
	9 950	9 521	1 622	1 642	1 247	1 199

RISK AND CAPITAL MANAGEMENT REVIEW

EXTERNAL CREDIT RATINGS – JUNE 2009

Fitch Ratings	Nedbank Group	Nedbank Limited	Imperial Bank Limited
Individual	C	C	
Support	2	2	2
Foreign currency			
Short-term	F2	F2	
Long-term	BBB	BBB	
Long-term rating outlook	Stable	Stable	
Local currency			
Long-term senior	BBB	BBB	
Long-term rating outlook	Stable	Stable	
National			
Short-term	F1+ (zaf)	F1+ (zaf)	F1 (zaf)
Long-term	AA- (zaf)	AA- (zaf)	A+ (zaf)
Long-term rating outlook	Stable	Stable	Stable

Individual and support

C = An adequate bank which, however, possesses one or more troublesome aspects.

2 = A bank for which there is a high probability of external support, and the potential provider of support is highly rated in its own right.

Foreign and local currency (capped by sovereign risk limits of BBB+ for foreign long-term, F2 for foreign short-term and A for local long-term)

F2 = Good credit quality. The capacity for timely payment of financial commitments is satisfactory.

BBB = Good credit quality. Indicates that there is currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate.

The modifiers '+' or '-' denote relative status within major categories.

National

F1 = Indicates the strongest capacity for timely payment of financial commitments relative to other issuers or issues in the same country.

A = Denotes a strong credit risk relative to other issues in the same country.

AA = Denotes a very strong credit risk relative to other issuers or issues in the same country.

The modifiers '+' or '-' denote relative status within major rating categories.

Moody's Investors Service	Nedbank Limited	Imperial Bank Limited
Bank financial strength rating	C	
Outlook – financial strength rating	Negative	
Global local currency – long-term deposits	A1	Aa3
Global local currency – short-term deposits	Prime-1	Prime-1
Foreign currency – long-term bank deposits	A3	
Foreign currency – short-term bank deposits	Prime-2	
Outlook – foreign current deposit rating	Negative	
National scale rating – long-term deposits	Aa1.za	
National scale rating – short-term deposits	Prime-1.za	
Outlook – national scale rating	Negative	

Bank financial strength rating

C = Banks rated C possess good intrinsic financial strength. Typically, they will be institutions with valuable and defensible business franchises. These banks will demonstrate either acceptable financial fundamentals within a stable operating environment, or better than average financial fundamentals within an unstable operating environment.

Long-term (capped by sovereign rating)

A = Obligations rated A are subject to low credit risk and considered upper-medium grade.

Aa = Obligations rated Aa are subject to very low credit risk and are considered to be of high quality.

Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category.

Short-term

P-1 = Issuers rated Prime-1 have a superior ability to repay short-term debt obligations.

P-2 = Issuers rated Prime-2 have a strong ability to repay short-term debt obligations.

SUMMARISED DTI CODES AND FSC SCORECARDS

as at 31 December 2008*

Ownership	Voting rights		Economic interest			Employee schemes/ broad-based schemes etc	Net equity value	Total score	Weighting
	Black people	Black women	Black people	Black women	Designated groups				
B-BBEE Codes	21,48%	3,67%	21,48%	3,67%	9,25%	1,00%	21,48%	16,81	20
FS Charter			18,40%	5,11%			18,40%	15,00	12 + 4

Management control	Board	Black executive directors	Senior top management	Top other management	Bonus: independent directors	Total score	Weighting
B-BBEE Codes	50,00%	0,00%	33,33%	25,00%	83,33%	8,13	10
FS Charter	69,23%	0,00%	30,00%			8,00	8

Employment equity	Senior management	Middle management	Junior management	Disabled as % of total	Total score	Weighting
B-BBEE Codes	23,29%	45,27%	70,38%	0,43%	10,38	15
FS Charter	24,66%	40,48%	53,72%		14,00	15

Skills development	Skills spend %	Disabled skills spend %	Category B,C,D black learners	Total score	Weighting
B-BBEE Codes	2,14%	0,01%	1,80%	9,14	15
FS Charter	2,87%		1,80%	4,20	5

Preferential procurement	% Spend	% Spend on QSE's and EME's	% Spend black-owned	% Black women-owned	Total score	Weighting
B-BBEE Codes	62,07%	19,30%	8,64%	0,29%	17,98	20
FS Charter	53,73%				15,00	15

Enterprise development	% Contributions – non-recoverable	% Contributions – recoverable	Total score	Weighting
B-BBEE Codes	7,71%	9,27%	15,00	15
FS Charter				

Social economic development / CSI	% Contributions	Total score	Weighting
B-BBEE Codes	1,02%	5,00	5
FS Charter	0,90%	3,00	3

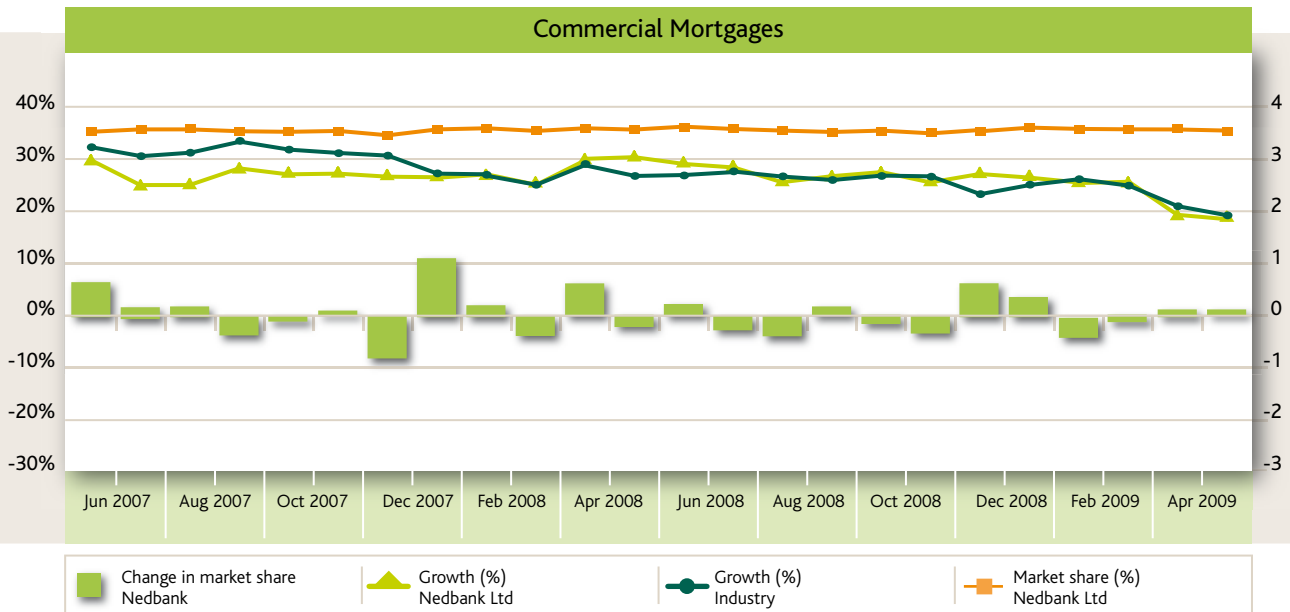
Access to financial services	Products (active accounts)	Services (branches)	Low-income housing (R million)	Black SME financing (R million)	Agriculture financing (R million)	Consumer education	Total score	Weighting
FSC 2008 target	391 307	8	R8 800	R1 000	R225	0,20%		
Nedbank	642 477	8	R8 503	R3 560	R339	0,20%	17,87	18

Empowerment financing	Empowerment financing (R million)	Transformational infrastructure (R million)	Low-income housing (R million)	Black SME financing (R million)	Agriculture financing (R million)	BEE financing (R million)	Total score	Weighting
FSC 2008 target	R5 739	R2 000	R2 460	R1 000	R225	R4 555		
Nedbank	R12 489	R1 926	R6 665	R3 560	R339	R29 396	22,00	22

Total B-BBEE score	Verified as at 31 December 2008					dti Level 3	82,44	100
Total FSC score	Verified as at 31 December 2008 – to be ratified by FSC Council						99,07	100

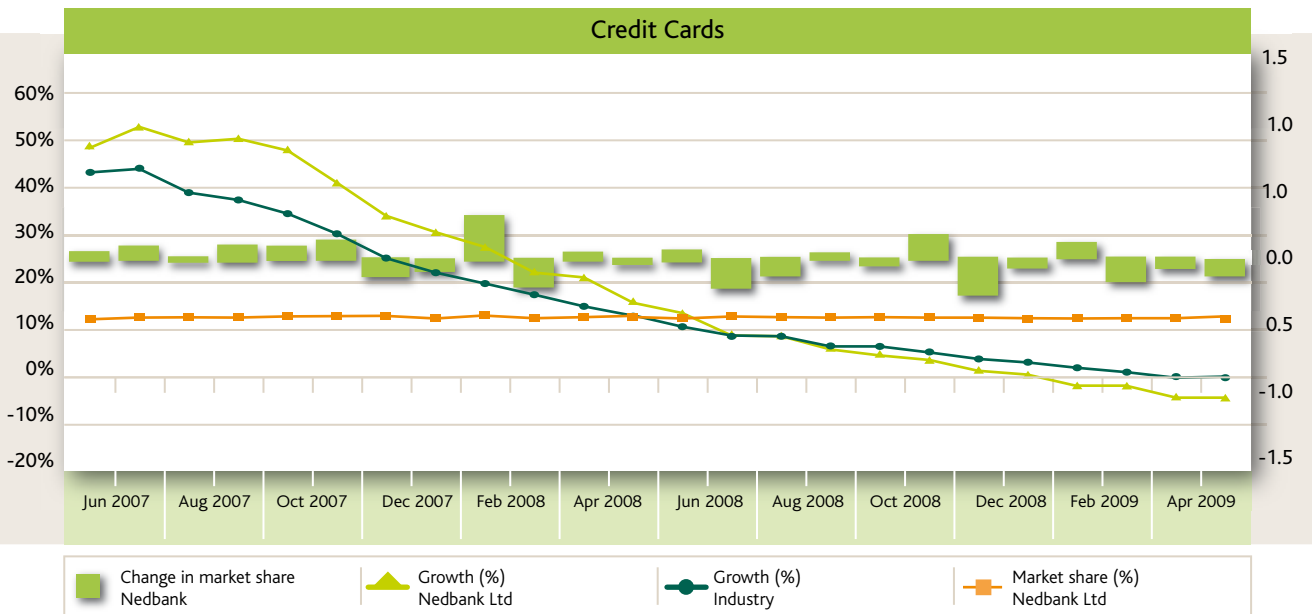
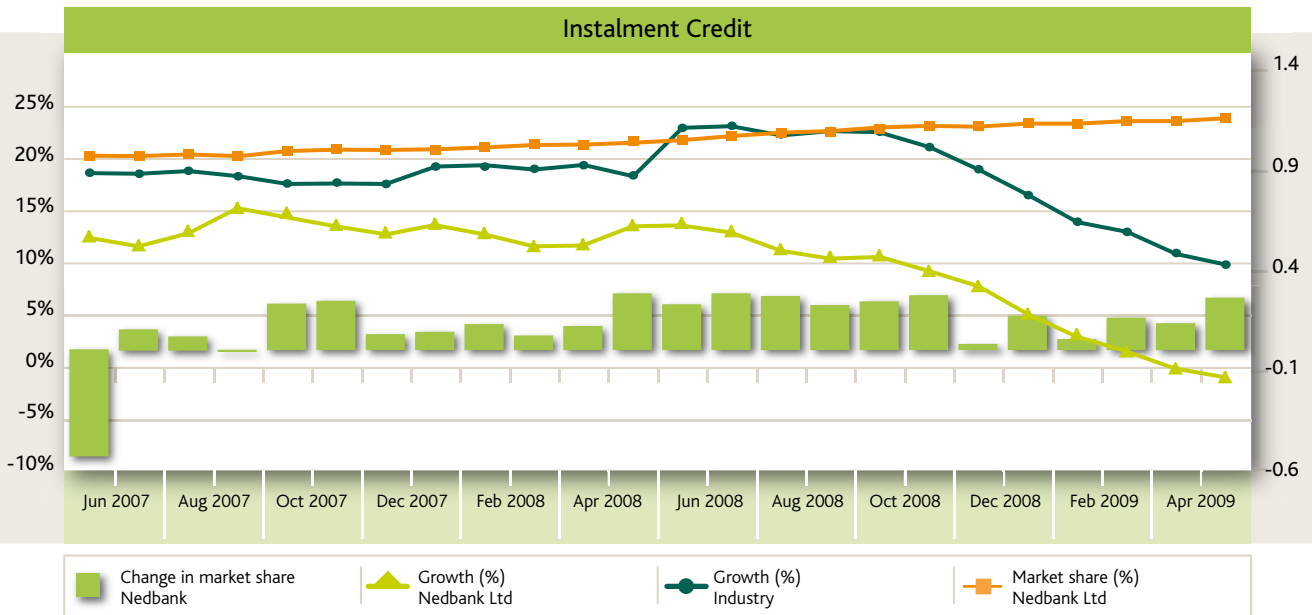
* Updated annually.

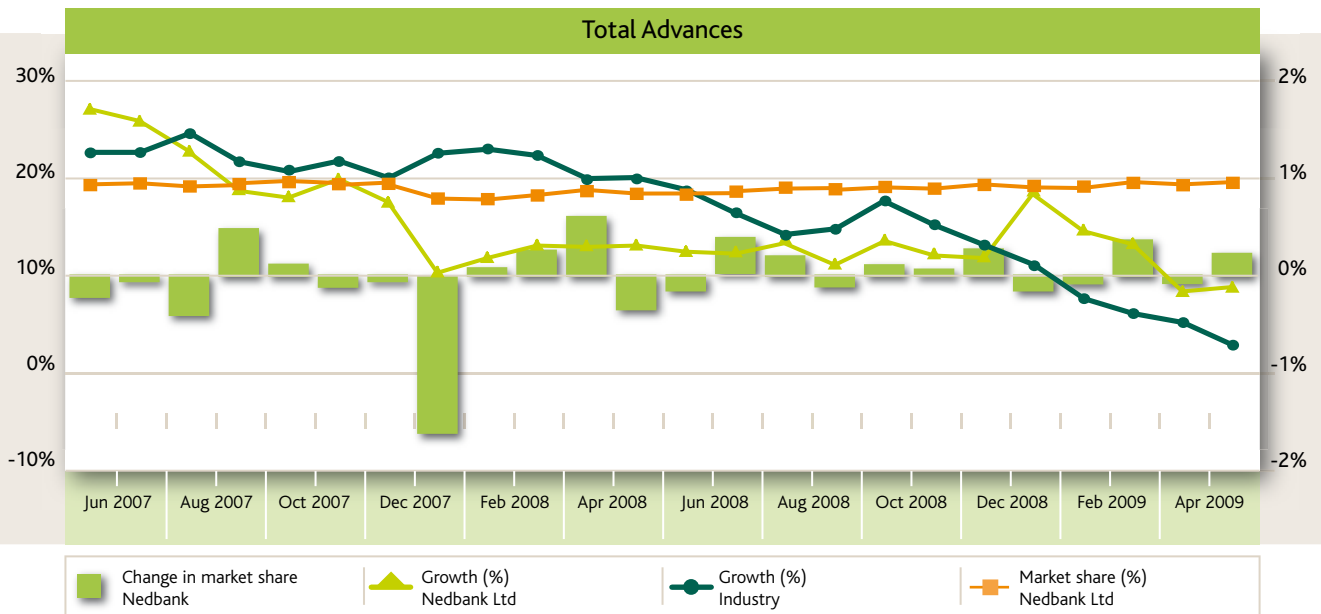
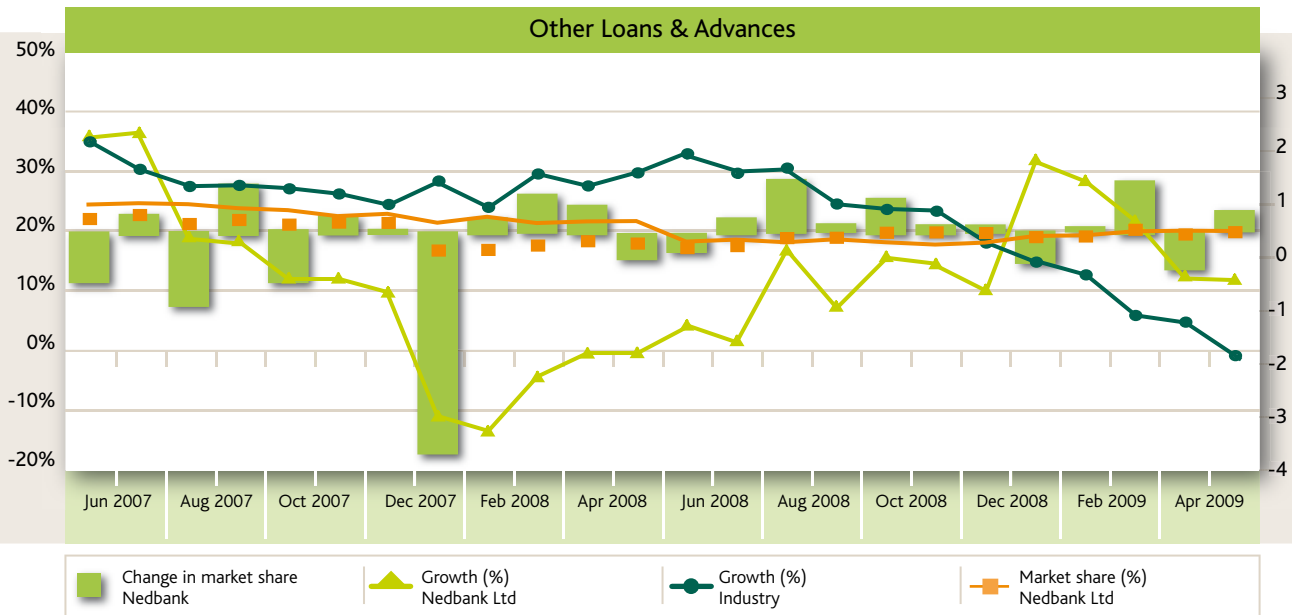
MARKET SHARE



MARKET SHARE

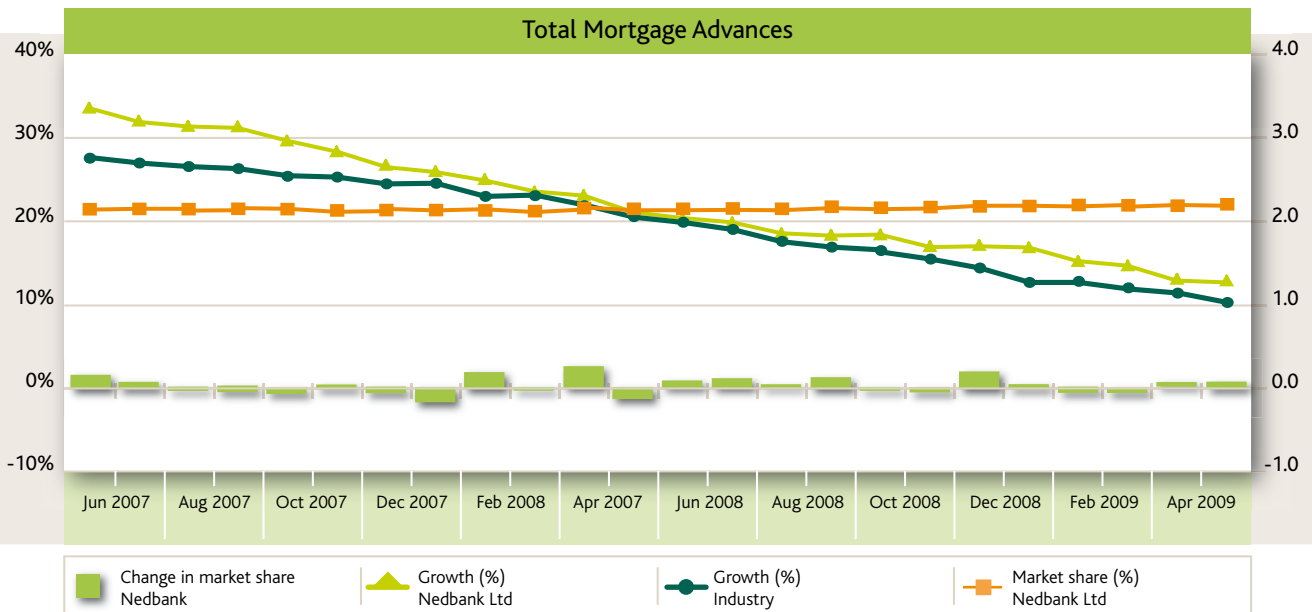
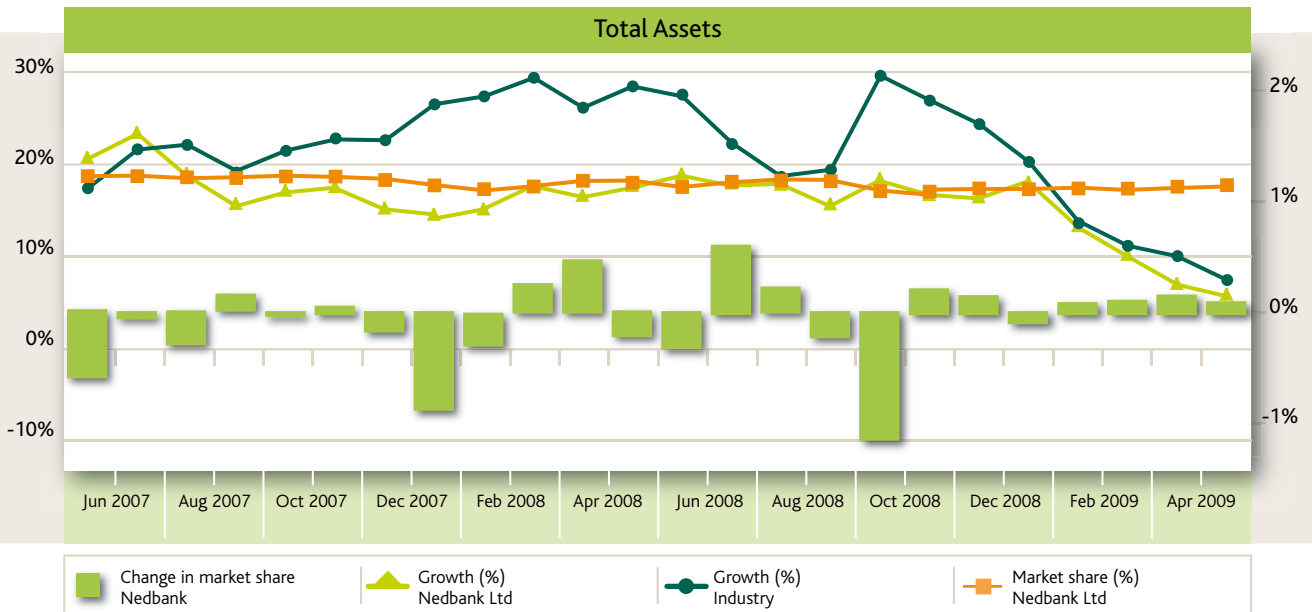
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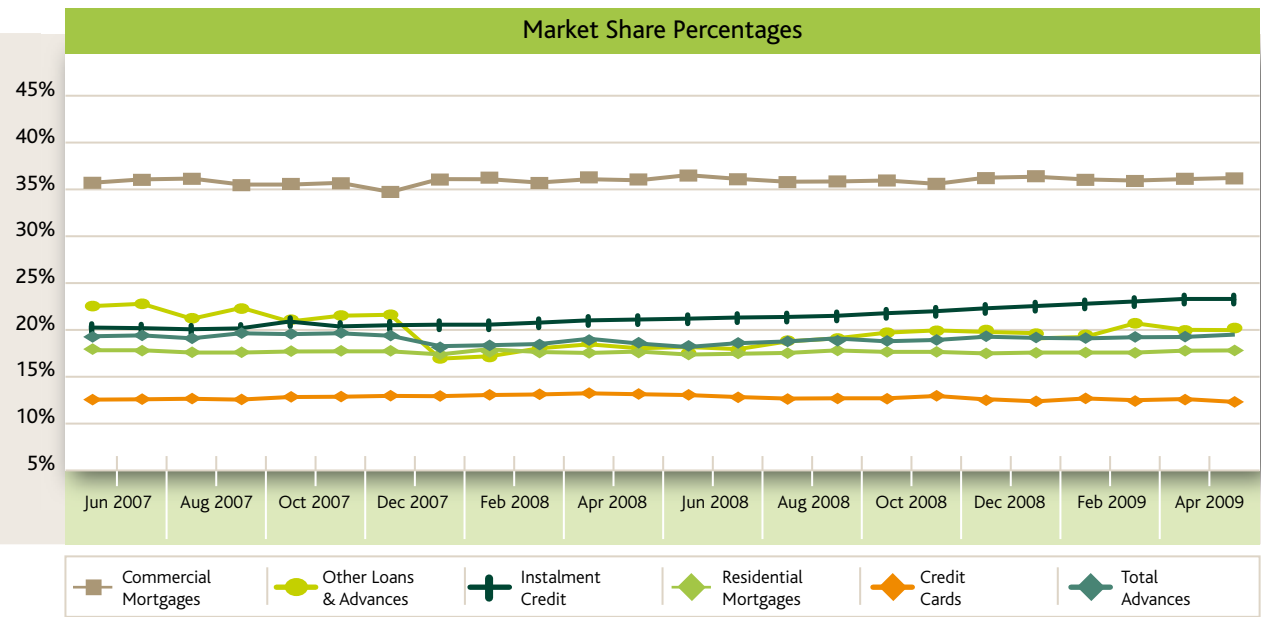
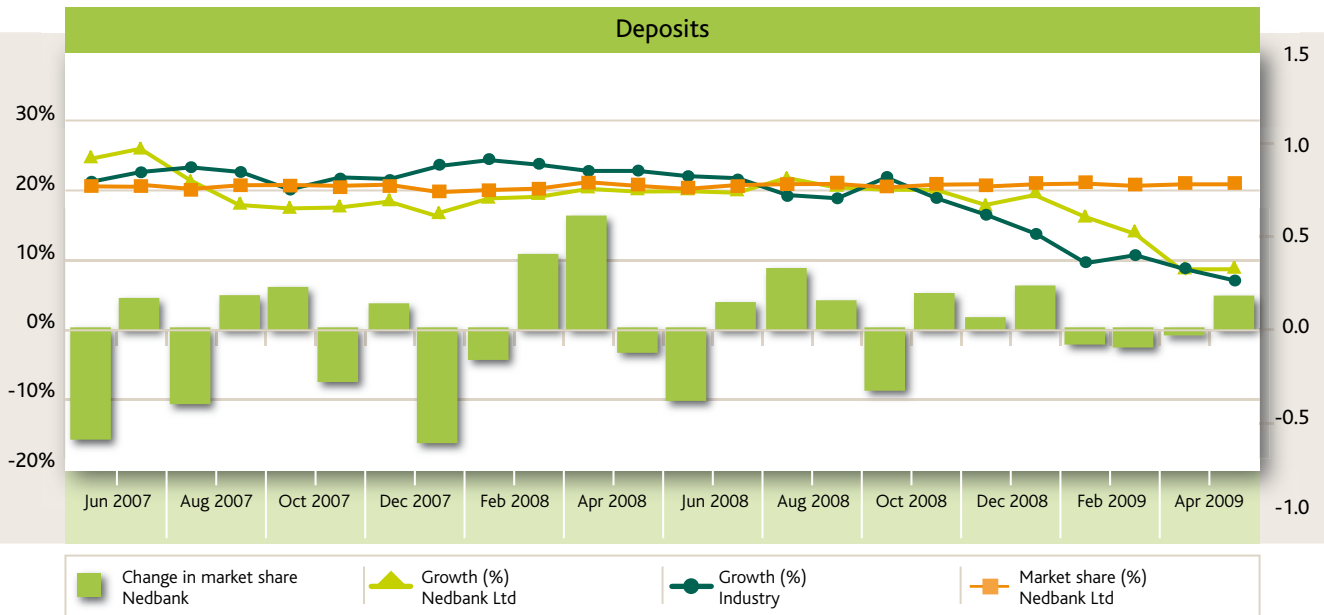




MARKET SHARE

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DEFINITIONS

ADVANCED INTERNAL RATING-BASED APPROACH (AIRB)

Advanced Internal Rating-based – subject to Supervisory approval a bank may use its internal developed credit risk measurement systems to calculate the capital requirements for credit risk.

ASSETS UNDER MANAGEMENT

Assets managed by Nedbank Group, which are beneficially owned by clients and are therefore not reported on the consolidated balance sheet. The service provided in respect of these assets is discretionary portfolio management on behalf of clients.

ATM

Automated teller machine. A cash machine or free-standing device dispensing cash, which may also provide other information or services to clients who have a card and a personal identification number, password or other personal identification.

BANKS

This asset class covers all exposures to counterparties treated as banks.

BASEL CAPITAL ACCORD (BASEL II)

The new Basel Capital Accord (Basel II) of the Bank for International Settlements is an improved capital adequacy framework accomplished by closely aligning banks' capital requirements with improved modern risk management practices and sophisticated risk assessment capabilities. It further ensures the risk sensitivity of the minimum capital requirements by including supervisory reviews and market discipline through enhanced disclosure.

BASEL ASSET CLASSES (AS CATEGORISED IN THE BA 200 RETURN)

CORPORATE EXPOSURES

Corporate

Corporate exposures are defined as a debt obligation of a corporation, partnership, or proprietorship. Banks are permitted to distinguish separately exposures to small- and medium-sized entities.

Specialised lending – High volatility commercial real estate (Property development)

High volatility commercial real estate (HVCRE) lending is the financing of commercial real estate that exhibits higher loss rate volatility compared to other types of Specialised Lending.

Specialised lending – Income-producing real estate

Income-producing real estate (IPRE) refers to a method of providing funding to real estate (such as office buildings to let, retail space, multifamily residential buildings, industrial or warehouse space, and hotels) where the prospects for repayment and recovery on the exposure depend primarily on the cash flows generated by the asset. The primary source of these cash flows would generally be lease or rental payments or the sale of the asset.

Specialised lending – Object finance

Object finance (OF) refers to a method of funding the acquisition of physical assets (eg ships, aircraft, satellites, railcars, and fleets) where the repayment of the exposure is dependent on the cash flows generated by the specific assets that have been financed and pledged.

Specialised lending – Commodities finance

Commodities finance (CF) refers to structured short-term lending to finance reserves, inventories, or receivables of exchange-traded commodities (eg crude oil, metals, or crops), where the exposure will be repaid from the proceeds of the sale of the commodity.

Specialised lending – Project finance

Project finance (PF) is a method of funding in which the lender looks primarily to the revenues generated by a single project, both as the source of repayment and as security for the exposure. This type of financing is usually for large, complex and expensive installations, for example power plants, chemical processing plants, mines, etc.

SME Corporate

This asset class covers all exposures to small and medium enterprises that are classified as corporate, based on criteria prescribed by the Regulator.

Purchased receivables – Corporate

This asset class covers all receivables classified as corporate exposures, which are purchased for inclusion in asset-backed securitisation structures, but banks may also use this approach, with the approval of national supervisors, for appropriate on-balance-sheet exposures that share the same features.

PUBLIC SECTOR ENTITIES

This asset class covers all exposures to enterprises that are wholly or majority-owned by the Central Government, eg Eskom, Transnet, etc.

LOCAL GOVERNMENTS AND MUNICIPALITIES

This asset class covers all exposures to Enterprises that are wholly or majority owned by the Central Government, eg Eskom, Transnet, etc

SOVEREIGN (INCLUDING CENTRAL GOVERNMENT AND CENTRAL BANK)

This asset class covers all exposures to counterparties treated as Central Government.

SECURITIES FIRMS

This asset class covers all exposures to enterprises regulated by a recognised authority, and which trades in securities.

RETAIL EXPOSURES

Retail mortgages (including home equity line of credit). This asset class covers all mortgage advances or credit lines to individuals, which are fully secured by a mortgage over residential property.

Retail revolving credit

Exposures to individuals, that is revolving, unsecured, and uncommitted (both contractually and in practice). In this context, revolving exposures are defined as those where customers' outstanding balances are permitted to fluctuate based on their decisions to borrow and repay, up to a limit established by the bank.

Retail – Other

This asset class covers all non-revolving exposures (excluding mortgage advances) to individuals.

SME Retail

This asset class covers all exposures to small and medium enterprises that are classified as corporate, based on criteria prescribed by the Regulator.

Purchased receivables – Retail

This asset class covers all receivables classified as retail exposures, which are purchased for inclusion in asset-backed securitisation structures, but banks may also use this approach, with the approval of national supervisors, for appropriate on-balance-sheet exposures that share the same features.

BEE

Black economic empowerment, as defined in the Financial Sector Charter. It means the economic empowerment of all black people (Africans, coloureds and Indians who are South African citizens), including women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socioeconomic strategies.

BEE TRANSACTION

Nedbank Group's BEE transaction, which focused primarily on the issuing of shares to BEE partners for the purposes of BEE, equating to approximately 9,3% (43 618 748 shares) of total share capital and equating to black ownership of 11,5% of the value of Nedbank Group's South African businesses in 2005. Nedbank Namibia's BEE transaction, which focused primarily on the issuing of shares to BEE partners and affinity groups for the purposes of BEE in Namibia, equating to approximately 0,14% (665 680 shares) of total share capital of Nedbank Group Limited and equating to black ownership of 11,13% of the value of NedNamibia Holdings Limited, Nedbank Group's Namibian business in 2006.

BORROWING GROUP

A group of clients and their underlying loans and advances according to the per person definition of the 'Regulations Related to Banks'.

CAPITAL ADEQUACY RATIO

The capital adequacy of South African banks is measured in terms of the South African Banks Act requirements. The ratio is calculated by dividing the Tier 1, secondary (Tier 2) and tertiary (Tier 3) capital by the risk-weighted assets.

Group capital adequacy ratio

Group capital adequacy is the ratio of group net qualifying capital and reserve funds to total group risk-weighted assets as calculated per the South African Banks Act requirements.

Primary (Tier 1) capital

Primary capital consists of issued ordinary share capital and perpetual preference share capital, qualifying perpetual callable hybrid capital, retained earnings and reserves, less regulatory deductions.

DEFINITIONS

(continued)

Core Tier 1 capital

Core Tier 1 capital is primary capital less any amount on non-core Tier 1 capital, being perpetual preference share capital and qualifying perpetual callable hybrid capital.

Secondary (Tier 2) capital

Secondary capital is made up of subordinated dated debt and certain types of perpetual callable debt, excess amount in respect of eligible provisions, 50% of any revaluation surplus less regulatory deductions.

Tertiary (Tier 3) capital

Tertiary capital consists of capital obtained by way of unsecured subordinated loans, subject to such conditions as may be prescribed.

CASH FLOW

Financing activities

Activities that result in changes to the capital structure of the group.

Investment activities

Activities relating to the acquisition, holding and disposal of property and equipment and long-term investments.

Operating activities

Activities that are not financing or investing activities and arise from the operations conducted by the group.

CREDIT LOSS RATIO

Credit loss ratio is the impairments charge as a percentage of average advances.

DEFAULTED ADVANCE

Any advance or group of advances that has triggered relevant definition of default criteria for that portfolio which is in line with the amended BA regulations relating to banks. For retail portfolios it is transaction-centric and therefore a default would be specific to an account (specific advance). For wholesale portfolios it is client- or borrower-centric, meaning that in the event of any transaction within a borrowing group default, then all transactions within the borrowing group would be defaulted.

DEFINITION OF DEFAULT

At a minimum, a default is deemed to have occurred where a material obligation is overdue for more than 90 days or an obligor exceeds an advised limit for more than 90 days.

DEFERRED TAXATION ASSETS

Deferred taxation assets are the amounts of income taxation recoverable in future periods in respect of:

- deductible temporary differences arising due to differences between the taxation and accounting treatment of transactions; and
- the carry forward of unused taxation losses.

DEFERRED TAXATION LIABILITIES

Deferred taxation liabilities are the amounts of income taxation payable in future periods due to differences between the taxation and accounting treatment of transactions.

DIRECT TAXATION

Direct taxation includes normal taxation on income, capital gains taxation (CGT) and secondary taxation on companies (STC).

DIVIDEND/DISTRIBUTION COVER

Headline earnings per share divided by the dividend/distribution declared per share.

DIVIDEND/DISTRIBUTION DECLARED PER SHARE

Dividend/distribution declared per share is the actual interim dividend paid/capitalisation award issued and the final dividend declared/capitalisation award declared for the period under consideration, expressed in cents.

DIVIDEND/DISTRIBUTION PAID/CAPITALISED PER SHARE

Dividend/distribution paid/capitalised per share is the actual final dividend paid/capitalisation award issued for the prior year and the interim dividend paid/capitalisation award issued for the period under consideration, expressed in cents.

DIVIDEND YIELD

Dividend/capitalisation award declared per ordinary share as a percentage of the closing share price of ordinary shares.

DOWNTURN EXPECTED LOSS

A stress-tested value for expected loss under downturn economic conditions that could have unfavourable effects on a bank's credit exposures.

DTI CODES

The Codes of Good Practice as promulgated on 9 February 2007 under section 9(1) of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003), establishes the rules, targets and stipulations for the measurement of Broad-Based Black Economic Empowerment within South Africa based on three scorecard classifications for organisations: Emerging Micro Enterprise (EME), Qualifying Small Enterprise (QSE), or Generic Enterprise. Nedbank is scored as a Generic Enterprise under the published codes.

EARNINGS PER SHARE (EPS)

Basic earnings basis

Income attributable to equity holders for the period divided by the weighted average number of ordinary shares in issue (net of shares held by group entities) during the period.

Headline earnings basis

Headline earnings divided by the weighted average number of shares in issue (net of shares held by group entities) during the period.

Fully diluted basis

The relevant earnings figure is adjusted for the assumed adjustments to income that would have been earned on the issue of shares issued from dilutive instruments. The resultant earnings are divided by the weighted average number of ordinary shares and other dilutive instruments (ie potential ordinary shares) outstanding at the period-end, assuming they had been in issue for the period.

EARNINGS YIELD

Headline earnings per share as a percentage of the closing price of ordinary shares.

ECONOMIC CAPITAL (ECAP)

Economic capital is the quantification of risk and an internal assessment of the amount of capital required to protect the group against economic losses with a desired level of confidence (solvency standard or default probability) over a one-year time horizon. In other words, it is the magnitude of economic losses the group could withstand while still remaining solvent.

EFFECTIVE TAXATION RATE

The taxation charge in the income statement, excluding taxation relating to non-trading and capital items, as a percentage of profit before taxation.

EFFICIENCY RATIO (COST-TO-INCOME RATIO)

Total operating expenses (excluding indirect taxation) as a percentage of income from normal operations (net interest income plus non-interest revenue).

EXPOSURE AT DEFAULT

EAD is an estimation of the extent to which a bank may be exposed to a counterparty in the event of, and at the time of, that counterparty's default.

EXPECTED LOSS

EL is the expected value of portfolio losses due to default over a specified time horizon.

FINANCIAL SECTOR CHARTER (FSC)

A transformation charter, as contemplated in the broad-based BEE legislation, that was voluntarily developed by the financial sector and constitutes a framework and establishes the principles on which BEE will be implemented in the financial sector.

FOREIGN EXCHANGE TRANSLATION GAINS/LOSSES

The results and assets/liabilities of all foreign entities controlled by the group that have a rand-functional currency are translated at the closing exchange rate and the differences arising are recognised in the income statement as foreign exchange translation gains/losses.

HEADLINE EARNINGS

Headline earnings is not a measure of maintainable earnings. For purposes of the definition and calculation, the guidance given on headline earnings, as issued by the South African Institute of Chartered Accountants in circular 07/02 of December 2002, has been used. Headline earnings consist of the earnings attributable to ordinary shareholders excluding non-trading and capital items.

IFRS

International Financial Reporting Standards, as adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB. Nedbank Group's consolidated financial results are prepared in accordance with IFRS.

DEFINITIONS

(continued)

IMPAIRMENT CHARGE TO AVERAGE ADVANCES

Impairment charge on loans and advances for the period divided by average advances. Also known as the credit loss ratio or impairment ratio.

IMPAIRMENT OF LOANS AND ADVANCES

Impairment of loans and advances arises where there is objective evidence that the group will not be able to collect an amount due. The impairment is the difference between the carrying amount and the estimated recoverable amount.

INDIRECT TAXATION

Value added taxation (VAT) and other taxes, levies and duties paid to government, excluding direct taxation.

'JAWS' RATIO

The difference between the rate of growth in total income from normal operations and the rate of total expense growth.

JIBAR

Johannesburg Interbank Agreement Rate, which is the rate that South African banks charge each other for wholesale money.

KING II (THE CODE)

The King Report on Corporate Governance 2002, which sets out principles of good corporate governance for South African companies and organisations.

LIBOR

London Interbank Offered Rate, which is the rate that banks participating in the London money market offer each other for short-term deposits.

MARKET CAPITALISATION

The group's closing share price multiplied by the number of shares in issue including shares held by group entities.

NET ASSET VALUE PER SHARE

Total equity attributable to equity holders of the parent divided by the number of shares in issue, excluding shares held by group entities.

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

Net interest income expressed as a percentage of average net interest-earning banking assets. Net interest-earning banking assets are used, as these closely resemble the quantum of assets earning income that is included in net margin.

NON-INTEREST REVENUE TO TOTAL INCOME

Income from normal operations, excluding net interest, as a percentage of total income from normal operations.

NON-TRADING AND CAPITAL ITEMS

These comprise the following:

- surpluses and losses on disposal of long-term investments, subsidiaries, joint ventures and associates;
- impairment of goodwill arising on acquisition of subsidiaries, joint ventures and associates;
- surpluses and losses on the sale or termination of an operation;
- capital cost of fundamental reorganisation or restructuring having a material effect on the nature and focus of the operations of the reporting entities;
- impairment of investments, property and equipment, computer software and capitalised development costs; and
- other items of a capital nature.

OFF-BALANCE-SHEET ASSETS

Assets managed on behalf of third parties on a fully discretionary basis.

ON-BALANCE-SHEET EXPOSURE

Advances that have either been fully or partially utilised by a borrower.

PRICE/EARNINGS RATIO

The closing price of ordinary shares divided by headline earnings (for the previous 12 months) per share.

PROPERTIES IN POSSESSION (PIPS)

Properties acquired through payment defaults on loans secured by properties.

RETURN ON ORDINARY SHAREHOLDERS' EQUITY (ROE)

Headline earnings expressed as a percentage of average equity attributable to equity holders of the parent.

RETURN ON ORDINARY SHAREHOLDERS' EQUITY (ROE) EXCLUDING GOODWILL

Headline earnings expressed as a percentage of average equity attributable to equity holders of the parent less goodwill.

RETURN ON RISK-ADJUSTED CAPITAL (RORAC)

Headline earnings expressed as a percentage of economic capital.

RETURN ON TOTAL ASSETS (ROA)

Headline earnings expressed as a percentage of average total assets.

RISK-WEIGHTED ASSETS

Risk-weighted assets are determined by applying risk weights to balance sheet assets and off-balance-sheet financial instruments according to the relative credit risk of the counterparty. The risk weighting for each balance sheet asset and off-balance-sheet financial instrument is regulated by the South African Banks Act or by regulations in the respective countries of the other banking licences.

SARB REGULATIONS RELATED TO BANKS AND THE BA RETURNS

The regulations relating to banks were amended with effect from 01/01/2008, based on the revised Basel Capital Accord (Basel II). The new Basel Capital Accord of the Bank of International Settlements is an improved capital adequacy framework accomplished by closely aligning banks' capital requirements with improved modern risk management practices and sophisticated risk assessment capabilities. It further ensures the risk sensitivity of the minimum capital requirements by including supervisory reviews and market discipline through enhanced disclosure. The new Banks Act regulatory returns (BA).

SEGMENTAL REPORTING

Operational segment

A distinguishable component of the group, based on the market on which each business area focuses, which is subject to risks and returns that are different from those of other operating segments.

Geographical segment

A distinguishable component of the group that is engaged in providing services within a particular economic environment and is subject to risks and returns that are different from those of components operating in other economic environments.

SECURITISATION EXPOSURES

This asset class covers all exposures to tradable, interest-bearing commercial paper, which is secured by an underlying asset, eg mortgage loans.

SHARE-BASED PAYMENTS

Transfers of a company's equity instruments by its shareholders to parties that have supplied goods or services to the company (including employees).

SHARES HELD BY GROUP ENTITIES (TREASURY SHARES)

Ordinary shares in Nedbank Group Limited acquired/held by group companies, including ordinary shares held in share trusts as part of the BEE transaction.

SST

Self-service terminal, similar to an ATM, but designed for non-cash transactions.

STANDARD(ISED) APPROACH

A standard approach (foundation approach) to calculate capital requirements for banks, prescribed by the Supervisor, used in lieu of the AIRB approach.

TANGIBLE NET ASSET VALUE PER SHARE

Total equity attributable to equity holders of the parent less goodwill, computer software and capitalised development costs, divided by the number of shares in issue, excluding shares held by group entities.

TOTAL COLLATERAL

Total monetary value of all collateral held by a bank as security for an advance(s), limited to exposure.

TOTAL CREDIT EXTENDED

Total of all advances extended by a bank, including unutilised facilities.

DEFINITIONS

(continued)

TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Ordinary share capital, share premium and reserves.

WEIGHTED AVERAGE NUMBER OF SHARES

The number of shares in issue increased by shares issued during the period, weighted on a time basis for the period during which they participated in the income of the group, less shares held by group entities, weighted on a time basis for the period during which the entities held these shares.

These definitions should be read in conjunction with the group's accounting policies, which also clarify certain terms used.

DISCLAIMER

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

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

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

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

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

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

SHARE AND BOND INFORMATION

COMPANY DETAILS

Nedbank Group Limited

Incorporated in the Republic of South Africa

Registration number: 1966/010630/06

Registered address:

Nedbank Sandton, 35 Rivonia Road, Sandown, 2196, Johannesburg

PO Box 1144, Johannesburg, 2000

Transfer secretaries:

South Africa:

Computershare Investor Services (Pty) Limited

70 Marshall Street, Johannesburg, 2001

PO Box 61051, Marshalltown, 2107

Namibia:

Transfer Secretaries (Pty) Limited

Shop 8, Kaiserkrone Centre, Post Street Mall, Windhoek, Namibia

PO Box 2401, Windhoek, Namibia

INSTRUMENT CODES

Nedbank Group ordinary shares

JSE share code:	NED
NSX share code:	NBK
ISIN code:	ZAE00004875
ADR code:	NDBKY
ADR CUSIP:	63975K104

Nedbank Limited non-redeemable, non-cumulative preference shares

JSE share code:	NBKP
ISIN code:	ZAE000043667

Imperial Bank Limited non-redeemable, non-cumulative preference shares

JSE share code:	IBLP
ISIN code:	ZAE000081675

Nedbank Limited subordinated debt

Listed on the Bond Exchange of South Africa	ISIN code:
NED5	ZAG000029810
NED6	ZAG000033358
NED7	ZAG000036831
NED8	ZAG000036849
NED9	ZAG000041120
NED10	ZAG000043191
NED11	ZAG000044272
NED12A	ZAG000047937
NED12B	ZAG000047945
NEDH1A	ZAG000053703
NEDH1B	ZAG000053711

SHARE AND BOND INFORMATION

(continued)

Listed on the London Stock Exchange

USD100m 13 NC 8 (EMTN01) XS0415508307

Imperial Bank Limited subordinated debt

Listed on the Bond Exchange of South Africa ISIN code:

IPB2 ZAG000029422

IPB3 ZAG000062605

Imperial Bank securitisation issue

Listed on the Bond Exchange of South Africa ISIN code:

OCT1A1 ZAG000040361

OCT1A2 ZAG000040379

OCT1A3 ZAG000040387

OCT1A4 ZAG000040395

OCT1B1 ZAG000040403

OCT1C1 ZAG000040411

OCT1D1 ZAG000040429

OCT1E1 ZAG000040437

Nedbank Limited securitisation issue

Listed on the Bond Exchange of South Africa ISIN code:



GR1A2A ZAG000047218

GRN1A1 ZAG000047192

GRN1B ZAG000047234

GRN1C ZAG000047176

GRN1D ZAG000047184

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These results and additional information are available on
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