

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

IMPERIAL BANK

OVERVIEW

Imperial Bank Limited (Imperial Bank or the Bank), was incorporated in 1996 and is primarily engaged in asset-based financing. Nedbank Limited (Nedbank) and Imperial Holdings Limited (Imperial Holdings) respectively hold 50.1% and 49.9% of the ordinary share capital. In terms of a Memorandum of Understanding signed by the shareholders in 2001, Nedbank provides the funding for the Bank, as well as risk management support and Imperial Holdings provides the Bank with access to its extensive South African footprint. A new shareholders' agreement has been concluded by Nedbank and Imperial Holdings which will come into effect on 1 January 2011 when the current agreement ends. The new agreement is for an indefinite period.

The Bank has four operating divisions. Motor Finance is the largest division comprising 62.7% of group loans and advances, followed by Property Finance with 17.9%, Professional Finance (formerly Medical Finance) with 11.1% and Supplier Asset Finance with 8.3%.

These financial results are published to provide information to the holders of Imperial Bank's listed non-redeemable, non-participating, non-cumulative preference shares.

REVIEW OF THE YEAR

2008 has been an extremely challenging year characterised by high interest rates, high food, electricity and oil prices and in the final quarter this was combined with a rapidly deteriorating world economy and slowing domestic economy. Under these circumstances, the Bank produced a net profit after tax of R361.2 million, down 24.6% from the R479.2 million in the previous year. Return on equity declined from 23.9% to 13.2%, however the efficiency ratio improved from 30.2% to 28.8%. Loans and advances grew from R35.3 billion to R44.7 billion as the Bank continued to attract good quality new business.

Motor Finance had a testing year. Although loans and advances grew 29.0% from R21.7 billion to R28.0 billion, impairment losses on loans and advances increased 63.7% and represent 2.5% of average gross loans and advances compared to 1.9% in the previous year. The Board confirmed through an in-depth independent analysis that the Motor Finance business model remains sound in a tough market, evidenced by the efficiency ratio improving from 29.5% to 27.3% in the current year. Net profit after tax declined 35.0% from R206.8 million to R134.5 million. Motor Finance strengthened its position in its market.

Property Finance achieved good results, benefiting from a pipeline of business approved in the latter half of 2007. In line with the current strategy, the commercial and industrial mortgage book grew 50.0% from R3.8 billion to R5.7 billion. Net profit after tax decreased 11.2% from R170.5 million to R151.4 million.

Supplier Asset Finance disposed of the debt collection business and repositioned itself to take advantage of financing equipment. Loans and advances growth of 37.0% and net profit after tax of R32.1 million were in line with forecasts.

Medical Finance, which changed its name to Professional Finance, had a disappointing year. Impairment losses on loans and advances increased from R3.8 million to R26.7 million while margins remained under pressure and the efficiency ratio was well above target. During the last quarter, the division commenced a restructuring initiative which should improve the efficiency ratio and restore margins to levels required to achieve an acceptable return. Net profit after tax declined 33.2% from R19.6 million to R13.1 million.

The effective tax rate has increased from 30.0% to 33.5% due to a change in the estimated liability for deferred tax in a subsidiary company.

No material events have occurred subsequent to 31 December 2008 which may have an impact on the group's reported financial position at this date.

PROSPECTS

Recent months saw a dramatic change in the world economy. The speed and severity of the decline is unprecedented and has inevitably had a severe impact on the South African economy. Although interest rates are anticipated to decline through the year, bringing welcome relief to hard-pressed consumers, it is possible that the effects of retrenchments will overshadow the benefits of lower interest rates. Accordingly, trading conditions are likely to remain difficult and unpredictable.

Motor Finance will focus on managing the growth of the book within the constraints of the market, while ensuring that risk-based pricing is further enhanced.

Property Finance will continue to focus on growing the book of commercial and industrial loans and advances while selectively servicing the residential development market. Demand for property finance has significantly reduced and is unlikely to be restored during 2009.

Professional Finance will focus on improving margins and efficiencies and on maintaining a good quality book, while expanding the market footprint to include other professions.

Supplier Asset Finance will focus on increasing its presence in the financing of equipment and assets related to infrastructural spend, while continuing to serve its traditional office equipment, trucking and aviation markets.

CAPITAL MANAGEMENT

During the year, the Bank successfully implemented the requirements of Basel II, adopting the standardised approach for both credit and operating risk. As part of this process the Bank reviewed its capital position, as well as its targeted capital adequacy. The Bank intends to increase the capital adequacy ratio from the current 11.1% to 12.0% and thereafter to maintain capital adequacy within a range of 12.0% to 12.5%. The IPB1 Imperial Bank Tier II bond was redeemed on 4 December 2008 at its callable date. A new Tier II bond, IPB3, with a nominal value of R300 million was listed on BESA on the redemption of IPB1. In addition, the shareholders contributed R450 million of ordinary equity capital on 4 December 2008 in order to support the Bank's continued growth and to progress towards the capital adequacy target range.

CHANGES TO BOARD OF DIRECTORS

During the reporting period the following changes were made to the Imperial Bank board:

- Mr M A Enus-Brey resigned on 31 January 2008.
- Mr P K Ward was appointed as an independent, non-executive director on 14 August 2008.

ACCOUNTING POLICIES

The accounting policies applied for the year are consistent with those of the prior year. The group financial results, from which these condensed financial statements were derived, are prepared in accordance with International Financial Reporting Standards and have been prepared on a historical cost basis except for the fair value of certain financial instruments. These condensed financial statements have been prepared in terms of IAS 34: Interim Financial Reporting.

IMPERIAL BANK NON-REDEEMABLE, NON-PARTICIPATING, NON-CUMULATIVE PREFERENCE SHARES – DECLARATION OF DIVIDEND NO. 5

Notice is hereby given that preference dividend No. 5 of 545,328,777 cents per share has been declared for the period from 1 July 2008 to 31 December 2008, payable on Monday, 16 March 2009, to shareholders of the non-redeemable, non-participating, non-cumulative preference shares recorded in the books of the company at the close of business on Friday, 13 March 2009.

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

Last day to trade cum dividend Friday, 6 March 2009
Shares trade ex dividend Monday, 9 March 2009
Record date Friday, 13 March 2009
Payment date Monday, 16 March 2009

Share certificates may not be dematerialised or rematerialised between Monday, 9 March 2009 and Friday, 13 March 2009, both days inclusive.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders. Shareholders who have dematerialised their share certificates will have their accounts, at their CSDP or broker, credited on Monday, 16 March 2009.

For and on behalf of the Board

H R Brody
Chairman

R van Wyk
Chief Executive Officer

18 February 2009

KEY RATIOS

At		Audited December 2008	Audited December 2007
Net interest income to average interest-earning banking assets	%	4.2	4.6
Impairment losses on loans and advances as a percentage of average gross loans and advances	%	1.7	1.3
Non-interest revenue as a percentage of operating income	%	7.8	10.6
Efficiency ratio	%	28.8	30.2
Return on ordinary shareholders' equity	%	13.2	23.9
Return on total average assets	%	0.8	1.4
Capital adequacy			
– Tier 1	%	11.5	6.9
– Total	%	8.1	10.6

SHARE STATISTICS

Number of shares in issue			
– Ordinary shares	m	393.7	340.0
– Preference shares	m	3.0	3.0
Preference share traded price (closing)	R	72.4	89.0
Net asset value per ordinary share	R	8.5	7.9

AUDIT OPINION

The auditors, Deloitte & Touche, have audited these results and their unmodified audit opinion is available for inspection at the company's registered office.

CORPORATE INFORMATION

Registered office: Imperial Bank Limited, 24 Achter Road, Paulshof, 2191.
PO Box 6093, Rivonia, 2128.
Transfer secretaries: Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001.
PO Box 61051, Marshalltown, 2107.
Directors: H R Brody: Chairman, R van Wyk: Chief Executive Officer*, O S Arbee, C J W Ball, L E Bakoro, M J Croucamp, P C W Hibbit*, N P Mnxasana, P K Ward, P A Wessels. * Executive
Company Secretary: G Tyusha
Sponsor: Nedbank Capital
Reg No: 1995/012641/06, Incorporated in the Republic of South Africa
Preference share code: IBLP ISIN: ZAE000081675

These results are available on our website
www.imperialbank.co.za

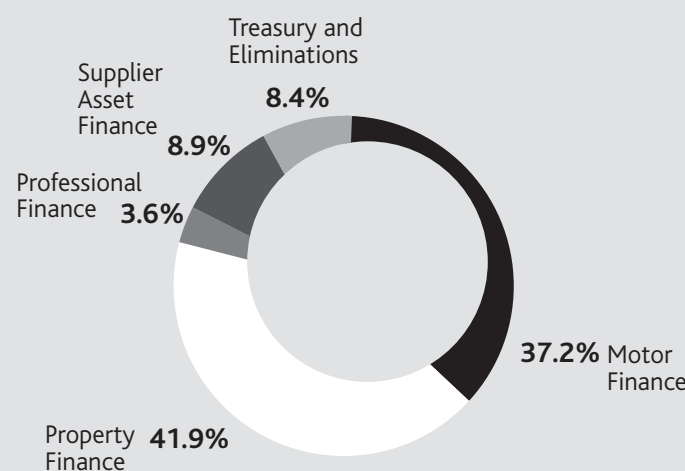
CONDENSED GROUP INCOME STATEMENT

For the year ended	Audited December 2008 R'000	Audited December 2007 R'000
Interest and similar income	6 431 739	4 469 435
Interest expense and similar charges	4 699 196	2 978 076
Net interest income	1 732 543	1 491 359
Impairment losses on loans and advances	700 538	412 049
Income from lending activities	1 032 005	1 079 310
Non-interest revenue	87 609	128 144
Operating income	1 119 614	1 207 454
Operating expenditure	524 846	489 321
Net operating income	594 768	718 133
Indirect taxation	51 310	34 049
Profit from operations before direct taxation	543 458	684 084
Direct taxation	182 245	204 930
Net profit for the year	361 213	479 154

CONDENSED GROUP BALANCE SHEET

At	Audited December 2008 R'000	Audited December 2007 R'000
Assets		
Cash and cash equivalents	46 693	4 468
Other short-term securities	1 563 385	1 105 594
Derivative financial instruments	37 619	74 630
Government and other securities	529 163	330 985
Loans and advances to customers	44 734 236	35 319 543
Other assets	504 787	397 463
Investment securities	5 183	6 151
Property and equipment	279 484	181 395
Mandatory deposits with central bank	1 067 545	808 109
Total assets	48 768 095	38 228 338
Equity and liabilities		
Ordinary share capital	3 937	3 400
Ordinary share premium	1 097 747	648 284
Reserves	1 960 630	1 745 502
Total ordinary shareholders' equity	3 062 314	2 397 186
Preference share capital and premium	298 047	298 047
Total shareholders' equity	3 360 361	2 695 233
Total liabilities	45 407 734	35 533 105
Bank overdraft	–	32 269
Derivative financial instruments	357 171	90 207
Amounts owed to depositors	43 934 979	34 047 864
Other liabilities	110 712	183 069
Provisions	45 403	67 703
Current taxation	5 706	2 392
Deferred taxation	162 013	109 512
Long-term debt instruments	791 750	1 000 089
Total equity and liabilities	48 768 095	38 228 338
Contingent liabilities	2 515 567	1 540 059

OPERATING DIVISIONS % OF NET PROFIT FOR THE YEAR ENDED 31 DECEMBER 2008



CONDENSED GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended	Number of ordinary shares	Ordinary share capital R'000	Ordinary share premium R'000	Revaluation reserve R'000	General credit risk reserve R'000*	Accumulated profit R'000	Total ordinary shareholders' equity R'000	Preference share capital and premium R'000	Total shareholders' equity R'000
Balance at 31 December 2006	288 222 599	2 882	348 802	–	180 821	1 076 169	1 608 674	298 062	1 906 736
Transfer to/(from) reserves					48 550	(48 550)	–		–
Net profit for the year						479 154	479 154		479 154
Preference dividends paid						(26 003)	(26 003)		(26 003)
Revaluation of land and buildings				35 361			35 361		35 361
Ordinary shares issued	51 787 025	518	299 482				300 000		300 000
Share issue and repurchase expenses								(15)	(15)
Balance at 31 December 2007	340 009 624	3 400	648 284	35 361	229 371	1 480 770	2 397 186	298 047	2 695 233
Transfer (from)/to reserves					(229 371)	229 371	–		–
Net profit for the year						361 213	361 213		361 213
Ordinary dividends paid						(128 013)	(128 013)		(128 013)
Preference dividends paid						(29 895)	(29 895)		(29 895)
Revaluation of land and buildings				11 823			11 823		11 823
Ordinary shares issued	53 673 165	537	449 463				450 000		450 000
Balance at 31 December 2008	393 682 789	3 937	1 097 747	47 184	–	1 913 446	3 062 314	298 047	3 360 361

* Represents non-distributable reserves transferred from other distributable reserves in order to comply with the Banks Act, 1990.

OPERATIONAL AND SEGMENTAL REPORTING

For the year ended	Total assets (Rbn)		Operating income (Rm)		Net profit for the year (Rm)	
	Audited December 2008	Audited December 2007	Audited December 2008	Audited December 2007	Audited December 2008	Audited December 2007
Motor Finance	28.5	22.2	549.7	607.7	134.5	206.8
Property Finance	8.0	6.5	286.1	325.8	151.4	170.5
Professional Finance	4.9	4.2	78.5	89.9	13.1	19.6
Supplier Asset Finance	3.7	2.7	120.9	140.9	32.1	50.5
Treasury and Eliminations	3.7	2.6	84.4	43.2	30.1	31.8
Total	48.8	38.2	1 119.6	1 207.5	361.2	479.2