

NEDBANK
(and its subsidiaries)

FINANCIAL STATEMENTS 2002



NEDBANK

Contents

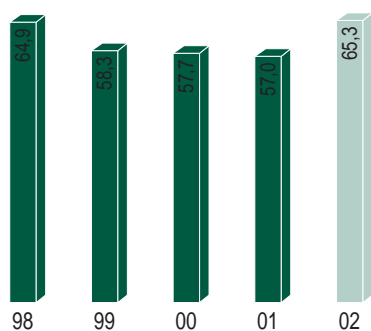
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Financial highlights

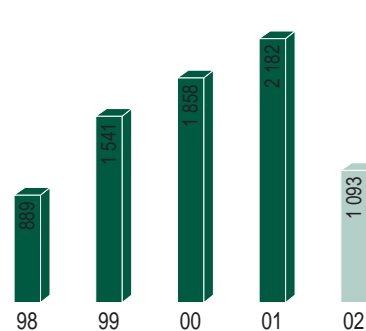
for the year ended 31 December

2002 Rm	2001 Rm	% growth		2002 US\$m	2001 US\$m	% growth
KEY BALANCE SHEET ITEMS						
23	22	4	Ordinary share capital	3	2	45
1 987		100	Preference share capital and premium	231		100
13 056	11 796	11	Total shareholders' equity and minority interest	1 518	979	55
151 867	146 876	3	Deposits, current accounts and other creditors	17 659	12 189	45
7 372	3 828	93	Long-term debt instruments	857	318	170
174 828	164 984	6	Total assets	20 329	13 692	48
			Cash, short-term funds and other short-term securities	2 032	1 306	56
17 479	15 741	11	Advances and other debtors	16 075	10 858	48
138 245	130 839	6	Customers' indebtedness for acceptances	130	81	61
1 120	973	15	Specific provision for bad and doubtful advances	412	276	49
3 544	3 323	7	General provision	124	125	-
1 069	1 502	(29)	Specific and general provisions	536	400	34
4 613	4 825	(4)				
KEY INCOME STATEMENT ITEMS						
8 007	9 560	(16)	Total income	931	793	17
1 658	982	69	Specific and general provisions	193	81	138
741	3 352	(78)	Profit from operations before exceptional capital items	86	278	(69)
(860)	(898)	(4)	Net loss for the year	(100)	(75)	33
447	2 878	(84)	Headline earnings	52	239	(78)
1 093	2 182	(50)	Core earnings	127	181	(30)
Rand/US\$ exchange rate				8,600	12,050	

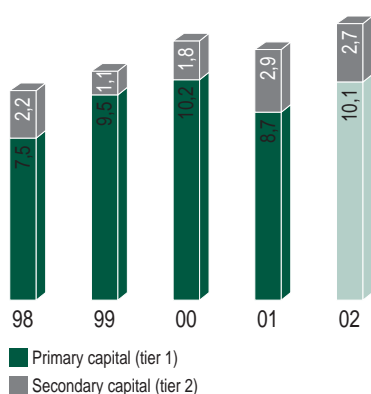
Efficiency ratio – core (%)



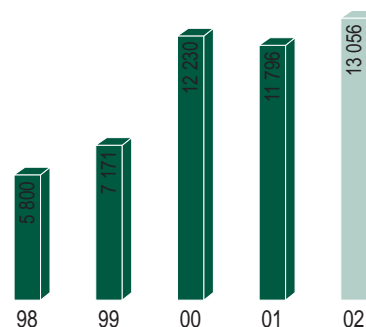
Core earnings (Rm)



Total weighted capital to risk-weighted assets (%)



Total shareholders' funds (Rm)



■ Primary capital (tier 1)
■ Secondary capital (tier 2)

Multicurrency balance sheet

as at 31 December

	2002 Rm	2001 Rm
ASSETS		
Cash and short-term funds	9 699	6 872
Other short-term securities	7 780	8 869
Government and public sector securities	10 491	8 596
Advances and other debtors	138 245	130 839
Deferred taxation assets	189	2
Current taxation prepaid	363	151
Investments:		
Investments in associate companies	1 310	1 806
Other investments	1 675	2 400
Property and equipment	2 161	2 048
Intangible assets:		
Computer software and development costs	1 460	1 163
Goodwill	335	1 265
Customers' indebtedness for acceptances	1 120	973
	174 828	164 984
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Ordinary share capital	23	22
Ordinary share premium	2 681	2 047
Non-distributable reserves	288	471
Distributable reserves	7 127	8 871
Ordinary shareholders' equity	10 119	11 411
Preference share capital and premium	1 987	
Shareholders' equity	12 106	11 411
Minority shareholders' interest	950	385
<i>Total shareholders' equity and minority interest</i>	13 056	11 796
Liabilities		
Deposits, current accounts and other creditors	151 867	146 876
Deferred taxation liabilities	1 371	1 446
Current taxation liabilities	42	65
Long-term debt instruments	7 372	3 828
Liabilities under acceptances	1 120	973
Total liabilities	161 772	153 188
	174 828	164 984
Guarantees on behalf of customers excluded from assets	8 176	8 134
Exchange rate as at 31 December for R1	1	1

2002 \$m	2001 \$m	2002 £m	2001 £m	2002 m	2001 m
1 128	570	700	393	1 076	645
905	736	562	508	863	832
1 220	713	757	492	1 165	806
16 075	10 858	9 980	7 493	15 343	12 274
22		14		21	
42	13	26	9	40	14
152	150	95	103	145	169
195	199	121	137	186	225
251	170	156	117	240	192
170	97	105	67	162	109
39	105	24	72	37	119
130	81	81	56	124	91
20 329	13 692	12 621	9 447	19 402	15 476
3	2	2	1	3	2
312	170	194	117	298	192
33	39	21	27	32	44
829	736	514	508	791	832
1 177	947	731	653	1 124	1 070
231		143		221	
1 408	947	874	653	1 345	1 070
110	32	69	22	105	36
1 518	979	943	675	1 450	1 106
17 660	12 189	10 963	8 410	16 853	13 778
159	120	99	83	152	136
5	5	3	4	5	6
857	318	532	219	818	359
130	81	81	56	124	91
18 811	12 713	11 678	8 772	17 952	14 370
20 329	13 692	12 621	9 447	19 402	15 476
951	675	590	466	907	763
0,1163	0,0830	0,0722	0,0573	0,1110	0,0938

Multicurrency income statement

for the year ended 31 December

	2002 Rm	2001 Rm
Interest income	16 048	13 920
Interest expense	11 514	9 229
Net interest income	4 534	4 691
Non-interest revenue	4 336	3 773
Foreign exchange translation (losses)/gains	(863)	1 096
Total income	8 007	9 560
Specific and general provisions	1 658	982
Additional general provision (reversed)/raised	(400)	400
Income after specific and general provisions	6 749	8 178
Operating expenses	5 796	4 826
Merger and reorganisation expenses	212	
Profit from operations before exceptional capital items	741	3 352
Exceptional capital items	(1 478)	(3 605)
Loss from operations	(737)	(253)
Attributable earnings of associate companies	142	163
Loss before taxation	(595)	(90)
Taxation	241	592
Taxation: Merger and reorganisation expenses	(29)	
Exceptional capital items	(171)	171
Loss after taxation	(636)	(853)
Income attributable to minority shareholders	(224)	(45)
Net loss for the year	(860)	(898)
Adjusted for:		
Exceptional capital items	1 478	3 605
Taxation: Exceptional capital items	(171)	171
Headline earnings	447	2 878
Adjusted for:		
Exceptional non-core items	675	(696)
Taxation: Merger and reorganisation expenses	(29)	
Core earnings	1 093	2 182
Average exchange rate for the year ended 31 December for R1	1	1

2002 \$m	2001 \$m	2002 £m	2001 £m	2002 m	2001 m
1 552	1 589	1 032	1 104	1 639	1 783
1 113	1 054	740	732	1 176	1 182
439	535	292	372	463	601
419	431	279	299	443	483
(83)	125	(55)	87	(88)	140
775	1 091	516	758	818	1 224
160	112	107	78	169	126
(39)	46	(26)	32	(41)	51
654	933	435	648	690	1 047
560	551	373	383	592	618
21		14		22	
73	382	48	265	76	429
(143)	(412)	(95)	(286)	(151)	(462)
(70)	(30)	(47)	(21)	(75)	(33)
14	19	9	13	15	21
(56)	(11)	(38)	(8)	(60)	(12)
23	68	15	47	25	76
(3)		(2)		(3)	
(17)	20	(11)	14	(17)	22
(59)	(99)	(40)	(69)	(65)	(110)
(22)	(5)	(14)	(4)	(23)	(6)
(81)	(104)	(54)	(73)	(88)	(116)
143	412	95	286	151	462
(17)	20	(11)	14	(17)	22
45	328	30	227	46	368
65	(79)	43	(55)	69	(89)
(3)		(2)		(3)	
107	249	71	172	112	279
0,0967	0,1142	0,0643	0,0793	0,1022	0,1281

Five-year review

	31 Dec 2002	31 Dec 2001	31 Dec 2000	31 Dec 1999	31 Dec 1998+
KEY BALANCE SHEET ITEMS (Rm)					
Ordinary share capital	23	22	22	22	20
Total shareholders' equity	13 056	11 796	12 230	7 171	5 800
Deposit, current accounts and other creditors	151 867	146 876	119 041	99 852	88 347
Total assets	174 828	164 984	132 852	108 533	96 337
Cash and short-term funds	17 479	15 741	15 965	13 146	8 051
Advances and other debtors	138 245	130 839	101 707	88 412	81 793
Customers' indebtedness for acceptances	1 120	973	851	866	898
Specific provisions for bad and doubtful advances	3 544	3 323	2 901	1 612	1 277
General provision	1 069	1 502	877	944	394
Specific and general provision	4 613	4 825	3 778	2 556	1 671
KEY INCOME STATEMENT ITEMS (Rm)					
Total income	8 007	9 560	7 540	6 565	5 878
Specific and general provisions	1 658	982**	841	787	673
Profit from operations before exceptional capital items	741	3 352	2 563	2 006	1 640
Headline earnings	447	2 878	2 233	1 632#	1 329
Core earnings	1 093	2 182	1 858	1 541	889
Net (loss)/profit for the year	(860)	(898)	5 518	1 148	1 329
SELECTED RETURNS AND RATIOS (%)					
Based on core earnings					
Return on average shareholders' equity and minority interest	11,5	18,5	19,2	23,8	17,2
Return on average total assets	0,78	1,50	1,54	1,51	1,00
Net interest income to interest-earning assets***	2,80	3,36	3,67	3,88	4,93
Non-interest revenue to total income	48,9	44,6**	41,7	40,4	36,8
Efficiency ratio	65,3	57,0**	57,7	58,3	64,9
Based on headline earnings					
Return on average shareholders' equity and minority interest	5,9	24,3	23,0	25,2	25,8*
Return on average total assets	0,39	1,96	1,85	1,59	1,49*
Net interest income to interest-earning assets***	2,80	3,36	3,67	3,88	3,99
Non-interest revenue to total income	43,4	50,9**	44,6	41,2	41,1
Efficiency ratio	72,4	50,5**	54,9	57,5	60,6
CAPITAL ADEQUACY					
Primary capital to risk-weighted assets	10,1	8,7	10,2	9,5	7,5
Total capital to risk-weighted assets	12,8	11,6	12,0	10,6	9,7
EMPLOYEES (number)					
	17 390	18 005	17 455	16 023	17 063
RAND/US\$ EXCHANGE RATE					
	8,600	12,050	7,550	6,150	5,880

* Annualised

** Excluding exceptional items

*** Based on year-on-year simple averages

+ Represent results for the 15 months ended 31 December 1998

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

Directors' responsibility

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

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

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

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

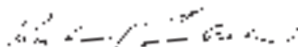
The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and incorporate responsible disclosures in line with the accounting philosophy of the group. The financial statements are based on appropriate accounting policies consistently applied,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

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



CF Liebenberg
Chairman

Sandown
10 March 2003



RCM Laubscher
Chief Executive

Certificate from the Company Secretary

In terms of section 268G(d) of the Companies Act, 61 of 1973, as amended, I certify that, to the best of my knowledge and belief, the company has lodged with the Registrar of Companies for the financial year ended 31 December 2002 all such returns as are required of a public company in terms of the Companies Act, and that all such returns are true, correct and up to date.



WJ Kruger
Company Secretary

Sandown
10 March 2003

Report of the independent auditors

TO THE MEMBERS OF NEDBANK LIMITED

We have audited the group annual financial statements, set out on pages 8 to 50, for the year ended 31 December 2002. These financial statements are the responsibility of the group's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

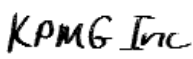
We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

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

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

Audit opinion

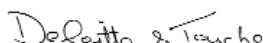
In our opinion the financial statements fairly present, in all material respects, the financial position of the group at 31 December 2002 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act, in South Africa.



KPMG Inc

Registered Accountants and Auditors
Chartered Accountants (SA)

Sandown
10 March 2003



Deloitte & Touche

Registered Accountants and Auditors
Chartered Accountants (SA)

Statutory report

for the year ended 31 December 2002

NATURE OF BUSINESS

Nedbank Limited, formerly Nedcor Bank Limited ('Nedbank' or 'the company'), is a registered bank that, through its operations and subsidiaries, provides a wide range of financial services.

FINANCIAL RESULTS

Full details of the consolidated financial results are set out on pages 10 to 50.

SHARE CAPITAL

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

OWNERSHIP

Nedbank's holding company is Nedcor Limited, which holds 100% of the company's ordinary shares. The ultimate holding company is Old Mutual plc, incorporated in England and Wales.

DIVIDENDS

Details of the dividends appear in note 23.9 to the financial statements.

DIRECTORS

Details of the directors are given on pages 51 and 52 of this annual report. The following changes have taken place since the previous annual report:

Resignations: Mr MJ Leeming (executive) with effect from 31 May 2002, Mr PTW Curtis (non-executive) with effect from 31 October 2002, Mr JF de Blanche (executive) with effect from 31 October 2002, Mr E Molobi (non-executive) with effect from 31 October 2002, Mr CC Parker (non-executive) with effect from 31 October 2002, Mr GS van Niekerk (non-executive) with effect from 31 October 2002, Dr WP Venter (non-executive) with effect from 31 October 2002.

Statutory report

for the year ended 31 December 2002

New appointments: Ms TH Nyasulu (non-executive) with effect from 29 July 2002, Mr TA Boardman (executive) with effect from 1 November 2002, Mr CJW Ball (non-executive) with effect from 1 November 2002, Dr IJ Botha (executive) with effect from 1 November 2002, Mr CML Savage (non-executive) with effect from 1 November 2002, Mr BE Davison (non-executive) with effect from 25 November 2002, Prof BD Figaji (non-executive) with effect from 25 November 2002, Mr PF Nhleko (non-executive) with effect from 25 November 2002, Mr RG Cottrell (non-executive) with effect from 25 November 2002, Mr N Dennis (non-executive) with effect from 25 November 2002.

COMPANY SECRETARY AND REGISTERED OFFICE

The Company Secretary is Mr WJ Kruger and his address and that of the registered office is Nedcor Limited, Nedcor Sandton, 135 Rivonia Road, Sandown, 2196.

CONTRACTS

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

SUBSIDIARY COMPANIES

Details of principal subsidiary companies are reflected on page 50.

POST-BALANCE SHEET EVENTS

As at 1 January 2003 the group acquired the banking assets of BoE Bank Limited, Nedcor Investment Bank Limited and Cape of Good Hope Bank Limited at their respective carrying amounts by means of an intergroup transaction in terms of section 54 of the Banks Act, 94 of 1990, as amended, as part of the Nedcor Group merger with BoE, NIB and CoGHB. Further details are available in the Nedcor Limited annual report.

DIRECTORS' INTERESTS

As at 31 December 2002 the directors' interests in respect of the non-redeemable, non-cumulative preference shares of R0,001 each in Nedbank Limited were as follows:

	Beneficial		Non-beneficial	Total
	Direct	Indirect	Indirect	
CJW Ball		135 000		135 000
TA Boardman			85 000	85 000
IJ Botha				
WAM Clewlow				
RG Cottrell		10 000	10 000	20 000
BE Davison				
N Dennis	47 500			47 500
B Figaji				
BJ S Hore				
PG Joubert				
MM Katz	475 000		105 000	580 000
RCM Laubscher				
MJ Levett				
CF Liebenberg		135 000		135 000
JB Magwaza				
ME Mkwanazi		10 000		10 000
SG Morris	10 000			10 000
DGS Muller				
ML Ndlovu				
PF Nhleko				
TH Nyasulu				
JVF Roberts				
AA Routledge	264 752		264 752	529 504
CML Savage		142 500		142 500
JH Sutcliffe				
Total	797 252	432 500	464 752	1 694 504

Balance sheet

as at 31 December

	Notes	2002 Rm	2001 Rm
ASSETS			
Cash and short-term funds	3	9 699	6 872
Other short-term securities	4	7 780	8 869
Government and public sector securities	5	10 491	8 596
Advances and other debtors	6	138 245	130 839
Deferred taxation assets	15	189	2
Current taxation prepaid	16	363	151
Investments:			
Investments in associate companies	8	1 310	1 806
Other investments	9	1 675	2 400
Property and equipment	10.3	2 161	2 048
Intangible assets:			
Computer software and development costs	11.1	1 460	1 163
Goodwill	11.2	335	1 265
Customers' indebtedness for acceptances		1 120	973
		174 828	164 984
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Ordinary share capital	12.1	23	22
Ordinary share premium		2 681	2 047
Non-distributable reserves		288	471
Distributable reserves		7 127	8 871
Ordinary shareholders' equity		10 119	11 411
Preference share capital and premium	12.3	1 987	
Shareholders' equity		12 106	11 411
Minority shareholders' interest	13	950	385
<i>Total shareholders' equity and minority interest</i>		13 056	11 796
Liabilities			
Deposits, current accounts and other creditors	14	151 867	146 876
Deferred taxation liabilities	15	1 371	1 446
Current taxation liabilities	16	42	65
Long-term debt instruments	17	7 372	3 828
Liabilities under acceptances		1 120	973
Total liabilities		161 772	153 188
		174 828	164 984
Guarantees on behalf of customers excluded from assets	21	8 176	8 134

Income statement

for the year ended 31 December

	Notes	2002 Rm	2001 Rm
Interest income		16 048	13 920
Interest expense		11 514	9 229
Net interest income		4 534	4 691
Non-interest revenue	18.1	4 336	3 773
Foreign exchange translation (losses)/gains		(863)	1 096
Total income		8 007	9 560
Specific and general provisions	7.4	1 658	982
Additional general provision (reversed)/raised	7.4	(400)	400
Income after specific and general provisions		6 749	8 178
Operating expenses	18.2	5 796	4 826
Merger and reorganisation expenses		212	
Profit from operations before exceptional capital items		741	3 352
Exceptional capital items	20.1	(1 478)	(3 605)
Loss from operations		(737)	(253)
Attributable earnings of associate companies		142	163
Loss before taxation		(595)	(90)
Taxation	19.1	241	592
Taxation: Merger and reorganisation expenses	19.2	(29)	
Exceptional capital items	19.3	(171)	171
Loss after taxation		(636)	(853)
Income attributable to minority shareholders		(224)	(45)
Net loss for the year		(860)	(898)
Adjusted for:			
Exceptional capital items	20.1	1 478	3 605
Taxation: Exceptional capital items	19.3	(171)	171
Headline earnings		447	2 878
Adjusted for:			
Exceptional non-core items	20.2	675	(696)
Taxation: Merger and reorganisation expenses	19.2	(29)	
Core earnings		1 093	2 182

Statement of changes in shareholders' equity

for the year ended 31 December

	Notes	2002 Rm	2001 Rm
ANALYSIS			
Ordinary share capital	12.1	23	22
Balance at beginning of year		22	22
Shares issued during year		1	
Ordinary share premium		2 681	2 047
Balance at beginning of year		2 047	1 387
Shares issued during year		635	663
Share issue expenses		(1)	(3)
Preference share capital and premium	12.3	1 987	
Shares issued during year		2 000	
Share issue expenses		(13)	
Non-distributable reserves		288	471
Foreign currency translation reserve		134	370
Balance at beginning of year		370	112
Foreign currency translation differences for current year		(236)	258
Other		154	101
Balance at beginning of year		101	83
Transfer from distributable reserves		53	14
Other			4
Distributable reserves		7 127	8 871
Balance at beginning of year restated		8 871	10 599
Balance at beginning of year as previously stated		8 889	10 612
Change in accounting policy	18.3	(18)	(13)
Net loss for year		(860)	(898)
Transfers to non-distributable reserves		(53)	(14)
Dividends to shareholders	23.9	(836)	(802)
Other movements		5	(14)
Total shareholders' equity		12 106	11 411

Cash flow statement

for the year ended 31 December

	Notes	2002 Rm	2001 Rm
Cash flows from operating activities	23.1	2 327	5 173
Cash received from clients	23.2	19 330	18 573
Cash paid to clients, staff and suppliers	23.3	(17 039)	(13 671)
Dividends received on investments			1
Recoveries on loans previously written off		36	270
Changes in working funds		(3 503)	(9 369)
Increase in operating assets	23.4	(24 754)	(26 500)
Increase in operating liabilities	23.5	21 251	17 131
Cash utilised by operating activities before taxation		(1 176)	(4 196)
Taxation paid	23.6	(641)	(365)
Net cash utilised by operating activities		(1 817)	(4 561)
Cash flows from investment activities		(97)	(2 216)
Acquisition of property and equipment		(1 734)	(1 200)
Proceeds on disposal of property and equipment		878	31
Net income on investment banking assets		191	215
Net acquisition of investments in associate companies and other investments		(2)	(241)
Disposal of investments in subsidiary companies net of cash	23.7	1 268	
Acquisition of investments in subsidiary companies net of cash	23.8	(698)	(1 021)
Cash flows from financing activities		5 330	2 106
Proceeds from issue of ordinary shares		635	660
Proceeds from issue of preference shares		1 987	
Net increase in subordinated debt instruments		3 544	2 248
Dividends paid	23.9	(836)	(802)
Effects of exchange rate changes on cash and short-term funds (excluding foreign borrowings)		(589)	473
Net increase/(decrease) in cash and short-term funds		2 827	(4 198)
Cash and short-term funds at beginning of year		6 872	11 070
Cash and short-term funds at end of year		9 699	6 872

Notes to the financial statements

for the year ended 31 December

1 ACCOUNTING POLICIES

The consolidated financial statements are prepared in accordance with, and comply with, South African Statements of Generally Accepted Accounting Practice and the requirements of the South African Companies Act. The financial statements are prepared on the historical-cost basis, except for certain investments, and trading assets and liabilities that are carried at fair values. The accounting policies adopted and applied are set out below and are in all material respects consistent with those of the previous year, except as referred to in note 18.3 (change in accounting policy). The accounting policies of the subsidiaries are consistent with those of the holding company.

1.1 Consolidated financial statements

The group financial statements comprise the financial statements of Nedbank Limited and its subsidiaries (referred to as the group) and reflect the group's interest in associates.

1.1.1 *Investments in subsidiary companies*

Subsidiary companies are those enterprises controlled by the group. Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Special-purpose entities are consolidated when the substance of the relationship between the group and the special-purpose entity indicates that the special-purpose entity is controlled by the group. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. Where necessary, the accounting policies of subsidiaries are changed at acquisition to ensure consistency with the policies adopted by the group.

1.1.2 *Investments in associate companies*

Associate companies are those enterprises in which the group has a long-term interest and significant influence, but not control, over the financial and operating policies. The equity method of accounting for associates is adopted in the group financial statements. In applying the equity method, the group financial statements include the group's share of the accumulated retained earnings and movements in reserves of associates from the date significant influence commences until the date significant influence ceases. When the group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the group has incurred obligations in respect of the associate.

Goodwill arising on the acquisition of an associate is included in the carrying amount of the associate and is treated in accordance with the group's accounting policy for goodwill. The carrying values of investments in associate companies are adjusted for the amortisation of goodwill.

The group's share of associate retained earnings and reserves is determined from the associates' latest audited or unaudited financial statements. Where financial statements of an associate with a different reporting date are used, adjustments are made for the effects of any significant events or transactions between the investor and the associate that occur between the date of the associate's financial statements and the date of the investor's financial statements.

1.1.3 *Investments in joint ventures*

Joint ventures are those enterprises over which the group exercises joint control in terms of a contractual agreement. Joint ventures are proportionately consolidated, whereby the group's share of the joint venture's assets, liabilities, income and expenses is combined with similar items, on a line-by-line basis, in the group financial statements. Adjustments are made to bring the accounting policies of jointly controlled entities in line with those of the group, where appropriate.

1.1.4 *Transactions eliminated on consolidation*

Intragroup balances and transactions, and any unrealised gains arising from intragroup transactions, are eliminated in preparing the group financial statements.

1.2 Financial instruments

Financial instruments are carried on the balance sheet and include the following:

1.2.1 *Cash and short-term funds*

Cash and short-term funds comprise coins and bank notes, money at call and short notice and balances with central banks.

1.2.2 *Securities and other investments*

Securities having a fixed redemption value are stated at cost, adjusted for the difference between cost and redemption value, which is brought to account over the period to redemption date. No provision is made for the impairment of fixed-redemption-value securities where the group intends holding these securities until redemption. Securities and other investments held for trading purposes are stated at market value. Gains and losses on the remeasurement to market value are recognised in the income statement in the period in which the change arises.

Other investments held for long-term investment purposes are stated at cost, less any impairment adjustments. Realised gains and losses on these investments are recognised in the income statement and are disclosed as part of exceptional items. Unrealised losses and the subsequent recovery of those unrealised losses are recognised in the income statement and are disclosed as part of exceptional items. Where there is evidence that the recoverable amount of long-term investments is below the carrying amount thereof, an impairment loss is recognised.

Securities and other investments held by life assurance operations are stated at market value. Gains and losses on the remeasurement to market value are included in the insurance underwriting surplus, which forms part of non-interest revenue in the income statement. Gains and losses realised on those investments are also included in the insurance underwriting surplus.

1.2.3 *Advances*

Advances are stated net of amounts that, in the opinion of the directors, are required for specific and general provisions for bad and doubtful advances to reflect the estimated recoverable amounts thereof.

1.2.4 *Instalment credit agreements*

Instalment credit assets are recognised in the balance sheet at an amount equal to the net investment in the agreement, and are included in advances. The net investment is determined as the difference between the gross investment and unearned finance charges. Finance charges are recognised as income on a basis that reflects a constant periodic rate of return on the group's net investment outstanding in respect of the agreement. Instalment credit payments relating to the accounting period, excluding costs for services, are applied against the gross investment to reduce both the principal and the unearned finance income.

1.2.5 *Derivative financial instruments*

Derivative financial instruments include foreign exchange contracts, financial futures contracts, forward rate agreements, currency and interest rate swaps and currency and interest rate options (both written and purchased). The net carrying values of derivatives are included in the advances or deposits line item in the balance sheet.

Trading transactions include transactions undertaken for market making, for servicing client needs and for proprietary purposes. Trading positions on derivative financial instruments are marked to market value (fair value) and the resultant gains and losses are recognised in the income statement in the period in which the change arises. Non-trading transactions are undertaken for hedging purposes. Gains and losses on derivative financial instruments used for hedging purposes are deferred and recognised as income or expense on the same basis and over the same accounting period as those of the hedged items to which they relate. When it is not practicable, owing to constraints of timeliness or cost, to determine the fair value of a derivative financial instrument with sufficient reliability, such derivative is accounted for on an accrual basis. In terms of the latter basis, the carrying amount of the derivative instrument is determined by taking into account the original cost of the derivative and only subsequently realised gains and losses.

1.2.6 *Discounting transactions*

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

1.2.7 *Acceptances*

Liabilities under acceptances comprise undertakings by the group to pay bills of exchange drawn on clients. The group expects most acceptances to be settled simultaneously with the reimbursement from clients. Acceptances are accounted for and disclosed as a liability with an equal corresponding asset.

Notes to the financial statements

for the year ended 31 December

1.2.8 Repurchase and resale agreements

Where securities are sold under an agreement to repurchase those securities at a future date, the securities are retained in the financial statements and the corresponding liability to repurchase those securities is included in the deposits and current accounts line item in the balance sheet. Securities subject to repurchase agreements are valued in terms of the accounting policy set out in note 1.2.2. Securities purchased under an agreement to resell those securities at a future date are recorded as secured loans and included in the advances line item in the balance sheet. Profits and losses arising from the transaction are accounted for over the period of the contracts.

1.2.9 Properties in possession

Unsold properties in possession are included under advances and valued at the lower of cost and net realisable value. Cost includes the outstanding balance on repossession, which may or may not include capitalised interest incurred by the client, together with other charges relating to the repossession, provided that it is probable these charges will result in the increase of future economic benefits expected from these properties.

1.3 Specific and general provisions for bad and doubtful advances

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

In addition, a general provision is maintained against significant unforeseen losses and, in particular, against advances not specifically identified as doubtful, in order to reflect the potential inherent losses that may be present in any portfolio of advances. The provisions, both specific and general, made during the year, less recoveries of advances previously written off, are charged to the income statement.

1.4 Provisions

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

1.4.1 Onerous contracts

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

1.4.2 Leave pay

The provision for leave pay represents the amount the group has a present obligation to pay as a result of employees' services provided up to the balance sheet date. The provision is measured as the additional amount that the group expects to pay as a result of the unused leave entitlement that has accumulated as at the balance sheet date, taking into account the undiscounted amount of current costs to employer per employee.

1.5 Property and equipment

Freehold land is carried at cost less accumulated impairment losses. Other items of property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on the straight-line basis on all items of property and equipment, other than freehold land, over the estimated useful lives of these assets.

The relevant estimated useful lives of items of property and equipment are as follows:

Freehold buildings	50 years
Leasehold improvements	10 – 20 years
Computer equipment	3 – 5 years
Furniture and other equipment	4 – 10 years
Vehicles	3 – 6 years

Subsequent expenditure relating to an item of property or equipment is capitalised when it is probable that future economic benefits from the use of the asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred. Surpluses or deficits on the disposal of property and equipment are recognised in the income statement. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

1.6 Intangible assets

1.6.1 Computer software and development costs

Expenditure on research activities, undertaken with the prospect of gaining new or technical knowledge and understanding, and expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as it is incurred.

Expenditure on computer software and other development activities, whereby set procedures and processes are applied to a project for the production of new or substantially improved products and processes, is capitalised if the computer software and other developed products or processes are technically and commercially feasible and the group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct and indirect staff costs and an appropriate proportion of overheads. Computer development expenditure is capitalised and amortised only once the relevant software has been commissioned. Capitalised computer development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses. In the case of computer development that has not yet been commissioned, expenditure is stated at cost.

Amortisation of computer software and development costs is charged to the income statement on a straight-line basis over the estimated useful lives of these assets, not exceeding seven years.

Subsequent expenditure relating to computer software is capitalised when it is probable that future economic benefits from the use of the asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred. Surpluses or deficits on the disposal of computer software are recognised in the income statement. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

1.6.2 Goodwill and negative goodwill

Goodwill arises as the excess of the cost of an acquisition over the group's interest in the fair value of the identifiable assets and liabilities of subsidiaries and associates acquired. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses, and is amortised on a straight-line basis over its estimated useful life with a maximum of 20 years. Any gain or loss on the disposal of an interest in an entity includes the carrying amount of goodwill relating to the disposal of that interest.

Negative goodwill arising on an acquisition represents any excess of the fair value of the group's share of the identifiable net assets acquired over the cost of the acquisition. To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which do not represent identifiable liabilities as at the date of acquisition, it is recognised in the income statement when the future losses and expenses are recognised. Any remaining negative goodwill not exceeding the fair values of the non-monetary assets acquired is recognised in the income statement over the weighted average useful life of depreciable assets with a maximum of 20 years. The balance of negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the income statement.

1.7 Impairment of assets

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

An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount. A previously recognised impairment loss will be reversed if the recoverable amount increases as a result of a change in the estimates used previously to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in prior periods. For goodwill a recognised impairment loss is not reversed, unless the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur and the increase in goodwill relates clearly to the reversal of the effect of that specific event.

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

Notes to the financial statements

for the year ended 31 December

1.8 Leases

The following accounting policies apply in respect of leases where a group company is the lessee:

1.8.1 Finance leases

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the group are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payment at inception of the lease, and amortised over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the balance sheet.

1.8.2 Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are recognised in the income statement over the period of the lease.

1.9 Taxation

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

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

A deferred tax asset is recognised to the extent that it is probable that future taxable income will be available against which the associated unutilised tax losses and deductible temporary differences can be used. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised. This reduction is recognised in either the income statement or the balance sheet, depending on how the asset was initially raised.

1.10 Foreign currency

1.10.1 Foreign currency transactions

Transactions in foreign currencies are recorded at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Gains and losses arising on translation are recognised in the income statement. Foreign exchange trading positions, including spot and forward exchange contracts, are valued at current market rates taking maturity profiles into account, and resultant profits or losses are recognised in the income statement.

1.10.2 Foreign-entity financial statements

Foreign-entity financial statements are translated into the reporting currency as follows:

- Assets and liabilities are translated at rates of exchange ruling at the balance sheet date; and
- Income, expenditure and cash flow items are translated at the weighted average exchange rates for the period.

Exchange differences arising from the translation of a foreign entity are taken directly to a foreign currency translation reserve. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are considered to be non-monetary foreign currency items of the acquiring company and are reported at the exchange rate ruling at the transaction date.

1.10.3 Integrated foreign-operation financial statements

Integrated foreign-operation financial statements are translated into the reporting currency as follows:

- Transactions and resulting non-monetary items are translated at the exchange rate ruling at the transaction date;
- Income statement items are translated at the appropriate weighted average exchange rates for the period; and
- Monetary assets and liabilities are translated at rates of exchange ruling at the balance sheet date.

Translation gains and losses arising from the translation of integrated foreign operations are recognised in the income statement for the period in which the change arises.

1.11 Borrowing costs

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

1.12 Segment reporting

A segment is defined as a distinguishable component of the group engaged in providing products or services that are subject to risks and rewards that are different from those of other segments. Segments with a majority of revenue earned from charges to external clients and whose revenue, results or assets are 10% or more of all segments are reported separately.

Segment results include revenue, provisioning, expenses and taxes directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from external transactions or from transactions with other group segments. Intersegment transfer pricing is based on cost. Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to a segment or can be allocated to the segment on a reasonable basis.

1.13 Employee benefits

The group offers post-employment benefits, comprising retirement benefits and post-retirement medical benefits, to employees and their dependants in terms of various defined-contribution and defined-benefit plans.

1.13.1 Defined-contribution plans

Benefits offered in terms of defined-contribution plans comprise retirement benefits. Contributions to defined-contribution plans are recognised as an expense in the income statement as incurred.

1.13.2 Defined-benefit plans

Benefits offered in terms of defined-benefit plans comprise retirement benefits and post-retirement medical benefits. The group's defined-benefit obligation in respect of each plan is calculated by estimating the amount of future benefit that employees have earned in terms of each plan in return for their service in the current and prior periods. That benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at balance sheet date on government bonds that have maturity dates approximating the term of the group's obligation. The calculation is performed by a qualified actuary using the projected-unit credit method. The present value of the defined-benefit obligation and the fair value of any plan assets are determined with sufficient regularity for the amounts recognised in the financial statements not to differ materially from the amounts that would be determined at the balance sheet date.

In calculating the group's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss at the beginning of the year exceeds 10% of the greater of the present value of the defined-benefit obligation (before deducting the fair value of plan assets) and the fair value of plan assets at the beginning of the year, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation results in a benefit to the group, the recognised asset is limited to the total of any cumulative unrecognised net actuarial losses and past-service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The following are recognised immediately to the extent that they arise while a defined-benefit asset is determined:

- Net actuarial losses and past-service cost of the current period to the extent that they exceed any reduction in the present value of the economic benefits specified above. If there is no change or an increase in the present value of the economic benefits, the entire net actuarial losses of the current period and past-service cost of the current period are recognised immediately; and
- Net actuarial gains of the current period after the deduction of past-service cost of the current period to the extent that they exceed any increase in the present value of the economic benefits specified above. If there is no change or a decrease in the present value of the economic benefits, the entire net actuarial gains of the current period, after the deduction of past-service cost of the current period, are recognised immediately.

1.13.3 Equity compensation benefits

The group grants share options to employees under two employee share incentive schemes. Other than costs incurred in administering the schemes, which are expensed as incurred, the schemes do not result in an expense to the group.

Notes to the financial statements

for the year ended 31 December

1.14 Managed funds and trust activities

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

1.15 Share capital

1.15.1 Preference share capital

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary at the option of the directors. Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, and dividends thereon are recognised in the income statement as an interest expense.

1.15.2 Dividends

Dividends are recognised as a liability in the period in which they are declared.

1.16 Revenue recognition

The group's revenue relates mainly to banking activities and comprises the following:

1.16.1 Interest income and expense

Interest income and expense are recognised in the income statement as they accrue, taking into account the effective interest rates applied to lending-related assets, investments and liabilities. The accrual of interest on lending-related assets is suspended when the recovery thereof is considered to be doubtful. Interest income and expense include the amortisation of any discount or premium or other difference between the initial carrying amount of an interest-bearing instrument and its amount at maturity, calculated on an effective interest rate basis. Interest income includes income in respect of government grants received as compensation for subsidised interest on advances to exporters, in line with the conditions set out in the SA Export Credit Support Agreement.

1.16.2 Non-interest revenue

Non-interest revenue includes commission and fees, exchange and securities trading income, dividends from investments, and net gains on the sale of investment banking assets. The net income from non-banking activities, which comprise property development, insurance-related activities, portfolio management activities and computer-related services, is included in non-interest revenue.

1.17 Offsetting

Financial assets and liabilities are offset, and the net amount reported in the balance sheet, when there is a legally enforceable right to set off the recognised amounts and the intention is to settle the amounts on a net basis or realise the asset and settle the liability simultaneously, except for derivative financial instruments as described in note 1.2.5.

1.18 Comparative figures

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

2 RELATED-PARTY INFORMATION

2.1 Parent company

The holding company of Nedbank Limited is Nedcor Limited, which holds 100% of the company's ordinary shares. The ultimate holding company is Old Mutual plc, incorporated in England and Wales.

2.2 Identity of related parties with whom material transactions have occurred

Material subsidiaries of the group are identified on page 50 and the associates on page 48. All of these entities are related parties.

2.3 Material related-party transactions

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

- Loans to and from related parties with the company: Nedbank Limited advanced R5,7 billion to its holding company Nedcor Limited. This loan is interest free and has no terms of repayment.
- Dividends received from related parties total R154 million.
- Dividends paid to holding company: R836 million (2001: R802 million).
- The group sold its subsidiary, Gerrard Private Bank (Jersey), to its holding company Nedcor Limited at net investment value on 21 February 2002.

2.4 Director and director-related entities

Details of directors' shareholdings in the company are disclosed in the statutory report (see page 8). There are no material contracts with directors other than regarding the directors' emoluments.

Notes to the financial statements

for the year ended 31 December

	2002 Rm	2001 Rm
3 CASH AND SHORT-TERM FUNDS		
Coin and banknotes	1 084	3 141
Money at call and short notice	2 375	1 304
Balance with central banks	6 240	2 427
	9 699	6 872
Money at short notice constitutes amounts withdrawable in 32 days or less.		
4 OTHER SHORT-TERM SECURITIES		
4.1 Analysis		
Negotiable certificates of deposit	1 434	5 085
Treasury bills	4 671	2 956
Other	1 675	828
	7 780	8 869
4.2 Carrying amount		
Investment portfolio	6 314	8 744
Trading portfolio	1 466	125
	7 780	8 869
4.3 Market valuation		
Investment portfolio	6 319	8 931
Trading portfolio	1 466	125
	7 785	9 056
5 GOVERNMENT AND PUBLIC SECTOR SECURITIES		
5.1 Analysis		
Government and government-guaranteed securities	7 833	8 195
Other dated securities	2 658	401
	10 491	8 596
Securities sold subject to repurchase commitments included in the above total	1 671	783
5.2 Carrying amount		
Investment portfolio	10 320	8 550
Trading portfolio	171	46
	10 491	8 596
5.3 Maturity structure		
Maturing within one year	1 410	1 108
Maturing after one year	9 081	7 488
	10 491	8 596
5.4 Valuation		
Listed securities		
– Carrying amount	10 297	7 669
– Market value	10 412	7 736
Unlisted securities		
– Carrying amount	194	927
– Directors' valuation	204	927
Total market/directors' valuation	10 616	8 663
Total redemption value	10 508	8 596

	2002 Rm	2001 Rm
6 ADVANCES AND OTHER DEBTORS		
6.1 Category analysis		
Homeloans	42 731	35 658
Properties in possession	552	672
Other loans to clients and overdrafts	70 720	75 043
Net investment in instalment sale agreements	19 678	16 572
Gross investment	24 054	19 591
Less: Unearned finance charges	(4 376)	(3 019)
Preference shares and debentures	2 658	2 471
Factoring accounts	399	357
Trade, other bills and bankers' acceptances	1 461	913
Derivatives – net carrying amount (refer note 26)	1 453	866
Remittances in transit	41	77
Sundry debtors and accrued interest	3 165	3 035
	142 858	135 664
Provisions for bad and doubtful advances (refer note 7.1)	4 613	4 825
	138 245	130 839
6.2 Sectoral analysis		
Individuals	68 200	58 125
Homeloans	42 731	36 330
Credit cards	3 057	3 987
Other	22 412	17 808
Financial services, insurance and real estate	12 354	14 478
Banks	21 469	12 770
Manufacturing	10 410	10 401
Transport, storage and communication	3 903	4 681
Building and property development	5 055	4 569
Wholesale and trade	2 762	4 133
Mining and quarrying	1 695	2 723
Retailers, catering and accommodation	1 810	1 418
Government and public sector	322	889
Agriculture, forestry and fishing	774	561
Other services	14 104	20 916
	142 858	135 664
6.3 Maturity structure		
Repayable on demand or at short notice	54 086	40 076
Three months or less but not repayable on demand or at short notice	2 633	12 706
One year or less but over three months	4 661	9 273
Five years or less but over one year	40 374	34 423
Over five years	41 104	39 186
	142 858	135 664
6.4 Geographical analysis		
South Africa	134 554	117 739
Other African countries	2 700	2 951
Europe	3 232	12 524
Asia	1 197	1 378
USA	417	387
Other	758	685
	142 858	135 664

Notes to the financial statements

for the year ended 31 December

	2002 Rm	2001 Rm
7 PROVISIONS FOR BAD AND DOUBTFUL ADVANCES		
7.1 Analysis of provisions		
Specific provision for bad and doubtful advances	3 544	3 323
General provision	1 069	1 502
Provisions at end of year	4 613	4 825
Total provision	4 613	4 825
Specific provision in respect of non-performing advances (refer note 7.6)	3 321	3 323
Specific and general provision in respect of performing advances	1 292	1 502
7.2 Specific provision for bad and doubtful advances		
Balance at beginning of year	3 323	2 901
Income statement charge (refer note 7.4)	1 650	724
Amounts written off against the provision	(1 683)	(1 364)
Recoveries of amounts previously written off against the provision	36	128
Transfer from interest reserved	211	270
Acquisition of subsidiary	8	664
Disposal of subsidiary	(1)	
Provision at end of year	3 544	3 323
7.3 General provision		
Balance at beginning of year	1 502	877
Income statement charge (refer note 7.4)	8	154
Additional income statement (reversal)/charge (refer note 7.4)	(400)	400
Acquisition of subsidiary	1	47
Disposal of subsidiary	(45)	
Other transfers	3	24
Provision at end of year	1 069	1 502
7.4 Analysis of income statement charge		
Specific provision for bad and doubtful advances (refer note 7.2)	1 650	724
General provision (refer note 7.3)	8	154
Credit insurance premium		104
Specific and general provisions charge in income statement	1 658	982
Additional general provision (refer note 7.3)	(400)	400
Income statement charge for the year	1 258	1 382
7.5 Ratio of provisions to advances		
Provisions at end of year	4 613	4 825
Total advances and other accounts	142 858	135 817
Ratio (%)	3,2	3,6

	2002			2001		
	Out-standing balance Rm	Expected recovery Rm	Provision raised Rm	Out-standing balance Rm	Expected recovery Rm	Provision raised Rm
7 PROVISIONS FOR BAD AND DOUBTFUL ADVANCES (continued)						
7.6 Non-performing advances						
Sectoral analysis						
Individuals	2 604	1 021	1 583	1 530	684	846
Homeloans	1 020	571	449	584	331	253
Credit cards	488	90	398	455	155	300
Other	1 096	360	736	491	198	293
Manufacturing	134	72	62	374	269	105
Wholesale and trade	348	133	215	947	618	329
Retailers, catering and accommodation	339	118	221	202	134	68
Agriculture, forestry and fishing	76	61	15	60	48	12
Mining and quarrying	18	8	10	37	20	17
Banks				8	7	1
Financial services, insurance and real estate	418	300	118	892	606	286
Government and public sector	3	1	2	10	4	6
Building and property development	737	222	515	885	294	591
Transport, storage and communication	228	103	125	284	178	106
Other services	989	534	455	1 453	497	956
	5 894	2 573	3 321	6 682	3 359	3 323
				2002 Rm		2001 Rm
8 INVESTMENTS IN ASSOCIATE COMPANIES						
8.1 Carrying amount						
Listed investments				639		773
Unlisted investments				671		1 033
				1 310		1 806
8.2 Valuation						
Listed at market value				525		582
Unlisted at directors' valuation				759		1 073
				1 284		1 655
8.3 Movement in carrying amount						
Carrying amount at beginning of year				1 806		1 374
Share of associate companies' profit after tax for the current year				142		163
Dividends received				(59)		(58)
Amortisation of goodwill				(169)		(226)
Impairment losses				(49)		
Net acquisitions of associate companies at cost				(67)		159
Foreign exchange translation differences				(294)		394
Carrying amount at end of year				1 310		1 806

Notes to the financial statements

for the year ended 31 December

	2002 Rm	2001 Rm
8 INVESTMENTS IN ASSOCIATE COMPANIES (continued)		
8.4 Goodwill – associate companies		
The carrying amount of investments includes the following amount in respect of goodwill:		
Carrying amount at beginning of year	476	552
Cost	912	818
Accumulated amortisation and impairment losses	(436)	(266)
Arising on acquisitions	39	150
Amortisation charge recognised in the income statement	(169)	(226)
Impairment losses	(49)	
Foreign exchange translation differences	(106)	
Carrying amount at end of year	191	476
Cost	896	912
Accumulated amortisation and impairment losses	(705)	(436)
8.5 Analysis of carrying amount		
Associate investments – on acquisition		
Listed: Net asset value	244	244
Goodwill	154	184
Unlisted: Net asset value	330	411
Goodwill	742	728
Share of retained earnings since acquisition	516	376
Goodwill written off	(705)	(436)
Dividends received	(154)	(95)
Foreign exchange movements	183	394
	1 310	1 806
Information relating to investments in associate companies appears on pages 47 to 49.		
9 OTHER INVESTMENTS		
9.1 Carrying amount		
Listed investments	552	1 523
Unlisted investments	1 123	877
	1 675	2 400
9.2 Valuation		
Listed at market value	557	1 527
Unlisted at directors' valuation	1 123	877
	1 680	2 404
Information relating to other investments appears on page 47.		

	Depreciation periods	2002 Accumulated depreciation and Cost or impairment valuation losses Carrying amount Rm Rm Rm			2001 Accumulated depreciation and impairment losses Carrying amount Rm Rm Rm		
		Cost or valuation Rm	impairment losses Rm	Carrying amount Rm	Cost or valuation Rm	ment losses Rm	Carrying amount Rm
10 PROPERTY AND EQUIPMENT							
10.1 Property							
Freehold land and buildings	50 years	1 485	106	1 379	1 447	73	1 374
Leasehold premises	10 – 20 years	96	74	22	100	77	23
		1 581	180	1 401	1 547	150	1 397
10.2 Equipment							
Computer equipment	3 – 5 years	1 097	814	283	1 047	751	296
Furniture and other equipment	4 – 10 years	902	439	463	808	465	343
Vehicles	3 – 6 years	22	8	14	20	8	12
		2 021	1 261	760	1 875	1 224	651
10.3 Total property and equipment		3 602	1 441	2 161	3 422	1 374	2 048

Registers providing the information regarding land and buildings, as required in terms of Schedule 4 of the Companies Act of 1973, are available for inspection at the companies' registered offices.

Freehold land and buildings were previously considered to be investment property and were carried at cost and not depreciated. The accounting policy in respect of these assets was changed during the financial year ended 31 December 2002. (Refer to note 18.3 – change in accounting policy.)

During the financial year ended 31 December 2002 an impairment loss of R45 million (2001: nil) was recognised in respect of freehold land and buildings owing to the recoverable amount of these assets being below their carrying amount.

The aggregate amount of leasehold equipment held by the group is included in equipment (refer note 10.2) and does not exceed R10 million.

10.4 Borrowing costs

Borrowing costs that are directly attributable to qualifying assets are capitalised. Capitalised borrowing costs incurred during the year are calculated at the group's average funding cost and are included in freehold land and buildings.

	Expected date for commission	Borrowing costs capitalised during the year		Accumulated capitalised borrowing costs Rm
		2002 Rm	2001 Rm	
Freehold buildings				
New head office – phase I	1 November 2002		43	170
New head office – phase II	1 January 2003	9		9
Foreshore development	1 April 2003	9	1	10

Notes to the financial statements

for the year ended 31 December

		Freehold land and buildings Rm	Lease- hold premises Rm	Computer equip- ment Rm	Furniture and other equip- ment Rm	Vehicles Rm	Total Rm	
10	PROPERTY AND EQUIPMENT (continued)							
10.5	Reconciliation of carrying amounts 2002							
	<i>Carrying amount at beginning of year as restated</i>	1 374	23	296	343	12	2 048	
	Additions	892	3	155	251	7	1 308	
	Disposals	(873)		(12)	(35)	(2)	(922)	
	Acquisitions through business combinations	95			3	1	99	
	Depreciation charge for the year	(64)	(4)	(156)	(99)	(4)	(327)	
	Impairment losses	(45)					(45)	
	<i>Carrying amount at end of year</i>	1 379	22	283	463	14	2 161	
	2001							
	<i>Carrying amount at beginning of year as previously stated</i>	1 127	23	301	303	6	1 760	
	Change in accounting policy (refer note 18.3)	(19)					(19)	
	<i>Carrying amount at beginning of year as restated</i>	1 108	23	301	303	6	1 741	
	Additions	316	5	194	139	10	664	
	Disposals	(37)		(16)	(7)	(1)	(61)	
	Depreciation charge for the year	(13)	(5)	(183)	(92)	(3)	(296)	
	<i>Carrying amount at end of year</i>	1 374	23	296	343	12	2 048	
			2002			2001		
			Accumulated amortisation and impairment losses	Carrying amount		Accumulated amortisation and impairment losses	Carrying amount	
	Amortisation periods	Cost or valuation Rm	Rm	Rm	Cost or valuation Rm	Rm	Rm	
11	INTANGIBLE ASSETS							
11.1	Computer software and development costs							
	Computer software	2 – 7 years	1 358	383	975	605	247	358
	Computer development costs	none	485	485		805		805
			1 843	383	1 460	1 410	247	1 163
11.2	Goodwill							
	Goodwill	5 – 20 years	429	94	335	1 312	47	1 265
			429	94	335	1 312	47	1 265

11 INTANGIBLE ASSETS (continued)

11.3 Borrowing costs

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

	Expected date for commission	Borrowing costs capitalised during the year		Accumulated capitalised borrowing costs Rm
		2002 Rm	2001 Rm	
Software development costs	2003 – 2005	65	52	117

	Computer software Rm	Computer development costs Rm	Goodwill Rm
11.4 Reconciliation of carrying amounts 2002			
<i>Carrying amount at beginning of year</i>	358	805	1 265
Additions	88	376	
Comissioned development costs	696	(696)	
Disposals	(11)		(941)
Acquisitions through business combinations			158
Arising on business combinations			(70)
Amortisation charge for the year	(156)		(77)
<i>Carrying amount at end of year</i>	975	485	335
2001			
<i>Carrying amount at beginning of year</i>	205	472	
Additions	245	333	1 312
Disposals	(7)		
Amortisation charge for the year	(85)		(47)
<i>Carrying amount at end of year</i>	358	805	1 265

	2002 Rm	2001 Rm
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12 SHARE CAPITAL

12.1 Ordinary share capital

Authorised

30 000 000 (2001: 30 000 000) ordinary shares of R1 each

	30	30
<i>Issued</i>		
22 818 000 (2001: 22 018 000) fully paid ordinary shares of R1 each	23	22
	23	22

	2002 Number	2001 Number
--	-------------	-------------

12.2 Ordinary share movements during the year

Ordinary share capital at beginning of year	22 018 000	21 518 000
Shares issued during year	800 000	500 000
Ordinary share capital at end of year	22 818 000	22 018 000

Subject to the restrictions imposed by the Companies Act, 1973, the unissued shares are under the control of the directors until the forthcoming annual general meeting.

Notes to the financial statements

for the year ended 31 December

	2002 Rm	2001 Rm
12 SHARE CAPITAL (continued)		
12.3 Preference share capital and premium		
<i>Authorised</i>		
300 000 000 (2001: nil) non-redeemable, non-cumulative preference shares of R0,001 each	*	
<i>Issued</i>		
200 000 000 (2001: nil) non-redeemable, non-cumulative preference shares of R0,001 each	*	
Preference share premium	1 987	
	1 987	
<i>* Less than R1 million</i>		
The preference shares were issued during the financial year ended December 2002 at a price of R10 per share. These shares are classified as equity instruments. The cash preference dividend will be calculated on a daily, non-compounding basis at 75% of the prime interest rate ruling at the date on which the dividend is declared.		
13 MINORITY SHAREHOLDERS' INTEREST		
Balance at beginning of year	385	14
Current year income attributable to minorities	224	45
Acquisition of subsidiaries	(1)	327
Disposals of subsidiaries	321	
Other movements	21	(1)
Balance at end of year	950	385
14 DEPOSITS, CURRENT ACCOUNTS AND OTHER CREDITORS		
14.1 Analysis		
Current accounts	24 605	20 803
Savings deposits	4 078	6 986
Other deposits and loan accounts	83 691	74 409
Foreign currency liabilities	14 409	26 910
Negotiable certificates of deposit	19 073	12 312
Provision for onerous contracts	41	63
Provision for leave pay (refer note 14.2)	233	219
Creditors and other accounts	3 852	4 023
Deposits received under repurchase agreements	1 885	1 151
	151 867	146 876
14.2 Provision for leave pay		
Balance at beginning of year	219	194
Movement for year	14	25
Balance at end of year	233	219
Deposit products include cheque accounts, savings accounts, call and notice deposits, fixed deposits and negotiable certificates of deposit. Term deposits vary from six months to five years in both the wholesale and retail markets. The maturity analysis below is based on the remaining period to contractual maturity from year-end.		
Foreign currency liabilities are either matched by advances to clients or covered against exchange rate fluctuations. Deposits received under repurchase agreements are secured by pledge of the assets sold.		

	2002 Rm	2001 Rm
14 DEPOSITS, CURRENT ACCOUNTS AND OTHER CREDITORS (continued)		
14.3 Sectoral analysis		
Banks	29 142	25 095
Government and public sector	3 947	6 123
Individuals	46 622	48 926
Business sector	72 156	68 251
	151 867	148 395
14.4 Maturity structure		
Repayable on demand	60 784	76 299
Three months or less but not repayable on demand	44 925	43 002
One year or less but over three months	35 159	20 696
Five years or less but over one year	6 215	6 999
Over five years	4 784	1 399
	151 867	148 395
14.5 Geographical analysis		
South Africa	136 761	116 599
Other African countries	2 439	3 273
Europe	7 435	21 901
Asia	2 535	2 108
USA	709	1 833
Other	1 988	2 681
	151 867	148 395
15 DEFERRED TAXATION		
15.1 Reconciliation of deferred taxation balance		
Balance at beginning of year as previously stated	1 452	985
Deferred tax liability	1 454	1 059
Deferred tax asset	(2)	(74)
Change in accounting policy (refer note 18.3)	(8)	(6)
Balance at beginning of year as restated	1 444	979
Deferred tax liability	1 446	1 053
Deferred tax asset	(2)	(74)
Current year temporary differences	(345)	471
Client credit agreements	251	395
General provision for bad and doubtful advances	10	(70)
Income and expenditure accruals	(287)	(107)
(Recognition)/Utilisation of taxation losses	(173)	71
Other	(146)	182
Other movements	83	(6)
Balance at end of year	1 182	1 444
Deferred tax liability	1 371	1 446
Deferred tax asset	(189)	(2)
15.2 Analysis of deferred taxation		
Client credit agreements	2 377	2 043
General provision for bad and doubtful advances	(321)	(331)
Income and expenditure accruals	(709)	(422)
Taxation losses	(173)	
Other	8	154
	1 182	1 444

Notes to the financial statements

for the year ended 31 December

		2002 Rm	2001 Rm
16	CURRENT TAXATION		
	Normal South African taxation		
	Current taxation prepaid	363	151
	Current taxation liability	(42)	(65)
		321	86
17	LONG-TERM DEBT INSTRUMENTS		
	Rand denominated		
	R80 million repayable on 15 May 2002		
	– guaranteed by Nedcor Ltd: 14% per annum on nominal value		80
	R850 million compulsorily convertible debentures maturing 12 March 2002: 16% per annum		850
	R140 million repayable on 15 May 2003		
	– guaranteed by Nedcor Ltd: 14% per annum on R 120 million of nominal value. 17% per annum on R20 million of nominal value	139	137
	R240 million bonds repayable on 4 December 2008: 14% per annum	239	
	R2 billion callable notes repayable on 20 September 2011: 11,3% per annum	2 064	2 062
	R4 billion callable notes repayable on 9 July 2012: 13% per annum	4 254	
	Subordinated debt instruments repayable at Nedcor's discretion: Interest-free	175	
		6 871	3 129
	US-dollar-denominated		
	US\$40 million repayable on 17 April 2008: 6 month Libor on nominal value.	344	482
	US\$18 million repayable on 31 August 2009: 1.5 basis points below 6 month Libor on nominal value.	157	217
	Total subordinated debt instruments in issue	7 372	3 828
	Couponholders are entitled, in the event of interest default, to put the coupon covering such interest payments to Nedcor Limited.		
	The US\$ subordinated debt instruments are either matched by advances to clients or covered against exchange rate fluctuations.		
18	ANALYSIS OF INCOME AND EXPENSES		
18.1	Non-interest revenue		
	Commission and fees	3 032	2 660
	Investment income (excluding interest)	191	216
	Dividends from other investments		1
	Net income on investment banking assets	191	215
	Trading income	816	687
	Securities trading	216	219
	Exchange trading	600	468
	Other income	297	210
		4 336	3 773

	2002 Rm	2001 Rm
18 ANALYSIS OF INCOME AND EXPENSES (continued)		
18.2 Operating expenses		
Auditors' remuneration	18	12
Audit fees: Current	16	10
: Prior	1	
Other services	1	2
Depreciation and amortisation	483	381
Depreciation	327	296
Freehold land and buildings	64	13
Leasehold improvements	4	5
Computer equipment	156	183
Furniture and other equipment	99	92
Vehicles	4	3
Amortisation – Computer software	156	85
Staff costs	3 081	2 588
Operating lease charges	352	302
Land and buildings	228	197
Computer equipment	88	73
Furniture and other equipment	36	32
Other operating expenses	1 862	1 543
	5 796	4 826

18.3 Change in accounting policy

Freehold land and buildings were previously classified as investment property and were carried at cost including any revaluations and less any impairment losses. Buildings were not depreciated. These properties are all used by group companies in the supply of goods or services or for administrative purposes and are considered "owner-occupied" properties in terms of AC 135, Investment Property, which became effective for financial periods commencing on or after 1 April 2001. These properties are now accounted for in accordance with AC 123, Property, Plant and Equipment. As a result the group has changed its accounting policy to carry such properties at cost less accumulated depreciation and accumulated impairment losses. This change has been accounted for by restating comparatives and adjusting the opening balance of retained earnings at 1 January 2001. The impact of the change in accounting policy on the results previously reported in 2001 was as follows:

	2002 Rm	2001 Rm
Distributable reserves		
Balance at beginning of year as previously reported		10 612
Change in accounting policy		
Depreciation on owner-occupied property previously classified as investment property		(19)
Taxation – deferred		6
Balance at beginning of 2001 as restated		10 599
Net loss for the year prior to change in accounting policy		(893)
Change in accounting policy		
Depreciation on owner-occupied property previously classified as investment property		(7)
Taxation – deferred		2
Net loss for 2001 after change in accounting policy		(898)

	2002 %	2001 %
19 TAXATION (continued)		
19.5 Taxation rate reconciliation (excluding exceptional capital items)		
Standard rate of South African normal taxation	30	30
Dividend income	(18)	(3)
Differences between foreign tax rates and South African taxation rate	(7)	(2)
Non-taxable investment income	(17)	(1)
Translation losses/(gains)	42	(6)
Recognition of tax loss	(42)	
Other	7	(2)
Total taxation on income as percentage of profit before taxation (excluding exceptional capital items)	(5)	16
Total taxation as percentage of profit before taxation (excluding exceptional items)	27	18
19.6 Future taxation relief		
The group has estimated taxation losses of R576 million (2001: R649 million) that can be set off against future taxable income, of which R576 million (2001: nil) has been applied to reduce the deferred taxation balance. A deferred tax asset of R18 million has been raised on STC credits available of R144 million. Furthermore, the group has accumulated STC credits amounting to R3 million at the year-end (2001: nil), which have arisen as a result of dividends received exceeding dividends paid. The taxation effect of these STC credits has not been raised as an asset.		
	2002 Rm	2001 Rm
20 EXCEPTIONAL ITEMS		
20.1 Exceptional capital items		
Net capital loss on investment in Dimension Data	(1 080)	(3 298)
Amortisation and impairment of goodwill	(247)	(273)
Loss on sale of investments and operations	(22)	
Merger and reorganisation costs	(35)	
Impairment of investments	(49)	
Impairment of property and equipment	(45)	(34)
	(1 478)	(3 605)
20.2 Exceptional non-core items		
Foreign exchange translation (losses)/gains	(863)	1 096
Additional general provision reversed/(raised)	400	(400)
Merger and reorganisation costs	(212)	
	(675)	696
21 CONTINGENT LIABILITIES		
Liabilities under guarantees	8 176	8 134
Confirmed letters of credit and discounting transactions	1 998	2 303
Unutilised facilities and other	10 486	5 545
	20 660	15 982

Notes to the financial statements

for the year ended 31 December

		2002 Rm	2001 Rm
22 COMMITMENTS			
22.1 Capital expenditure approved by directors			
Contracted		139	576
Not yet contracted		89	443
		228	1 019
Funds to meet capital expenditure commitments will be provided from group resources. In addition, capital expenditure is incurred in the normal course of business throughout the year.			
22.2 Operating lease commitments			
Companies in the group have entered into leases over fixed property, furniture and other equipment for varying periods. The charges will increase in future in line with negotiated escalations and expansions.			
	2007 and thereafter Rm	2006 Rm	2005 Rm
		2004 Rm	2003 Rm
		2002 Rm	2001 Rm
Land and buildings	752	330	305
Furniture and equipment	328	147	137
Total operating lease commitments	1 080	477	442
		409	383
		352	370
22.3 Commitments under derivative instruments			
The group enters into option contracts, financial futures contracts, forward rate and interest rate swap agreements and other financial agreements in the normal course of business. (Refer note 26.)			
		2002 Rm	2001 Rm
23 CASH FLOW INFORMATION			
23.1 Reconciliation of profit from operations to cash flow from operating activities			
Loss from operations		(737)	(253)
Adjusted for:			
Depreciation (refer note 18.2)		327	296
Amortisation: Computer software (refer note 18.2)		156	85
: Goodwill (refer note 20.1)		247	273
Movement in specific and general provision for bad and doubtful advances		1 294	1 652
Loss on disposal of property and equipment		35	37
Net income on investment banking assets		(191)	(215)
Impairment of long-term investments		1 080	3 298
Impairment losses on property and equipment		94	
Other non-cash flow items		22	
Cash flow from operating activities		2 327	5 173
23.2 Cash received from clients			
Interest income and dividends from finance facilities		16 048	13 920
Commission and fees		3 032	2 664
Trading income		816	
Other		(566)	1 989
		19 330	18 573

	2002 Rm	2001 Rm
23 CASH FLOW INFORMATION (continued)		
23.3 Cash paid to clients, staff and suppliers		
Interest expense	11 514	9 229
Staff costs	3 081	2 588
Other operating expenses	2 444	1 854
	17 039	13 671
23.4 Increase in operating assets		
Other short-term securities	2 130	3 791
Government and public sector securities	1 892	4 421
Advances and other accounts	20 732	18 288
	24 754	26 500
23.5 Increase in operating liabilities		
Current and savings accounts	894	5 645
Other deposit, loan and foreign currency liabilities	12 715	6 561
Negotiable certificates of deposit	6 761	3 486
Liabilities in respect of repurchase agreements	734	805
Creditors and other liabilities	147	634
	21 251	17 131
23.6 Taxation paid		
Amounts prepaid at beginning of year	86	79
Income statement charge (excluding deferred tax)	(377)	(298)
Other movements	5	(25)
Disposal of subsidiary	24	
Acquisition of subsidiaries	7	(17)
Portion of taxation on fixed assets acquired to be depreciated in future years	(65)	(18)
Amounts prepaid at end of year	(321)	(86)
	(641)	(365)
23.7 Disposal of subsidiaries		
Cash and short-term funds	148	
Other short-term securities	3 219	
Advances and other debtors	12 667	
Other investments	61	
Property and equipment	20	
Deposits, current accounts and other creditors	(15 999)	
Current taxation liabilities	(24)	
Minority shareholders' interest	321	
Net assets disposed of	413	
Goodwill realised	1 011	
	1 424	
Loss on disposal	(8)	
Consideration received	1 416	
Less: Cash and short-term funds disposed of	(148)	
Net cash inflow	1 268	

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for the year ended 31 December

	2002 Rm	2001 Rm
23 CASH FLOW INFORMATION (continued)		
23.8 Acquisition of subsidiaries		
Cash and short-term funds		(161)
Government and public sector securities	(3)	
Advances and other debtors	(782)	(12 789)
Other investments		(67)
Property and equipment	(72)	(24)
Deposits, current accounts and other creditors	325	12 328
Current taxation liabilities	(7)	
Minority shareholders' interest	(1)	850
Net assets acquired	(540)	137
Goodwill	(158)	(1 319)
Consideration paid	(698)	(1 182)
Less: Cash and short-term funds acquired		161
Net cash outflow	(698)	(1 021)
23.9 Dividends paid		
Recognised in the statement of changes in equity	(836)	(802)
	(836)	(802)
24 MANAGED FUNDS		
24.1 Fair value of funds under management – by type		
Unit trusts	385	629
Third party		1 137
Private clients		2 308
Other financial services		11 212
	385	15 286
24.2 Fair value of funds under management – by geography		
South Africa	385	636
Rest of Africa		556
United Kingdom		605
United States		168
Rest of world		13 321
	385	15 286

	Unit trusts Rm	Third party Rm	Other financial services Rm	Total Rm
24 MANAGED FUNDS (continued)				
24.3 Reconciliation of movement in funds under management – by type				
Opening balance	629	1 137	13 520	15 286
Acquisitions		(235)	(2 797)	(3 032)
Disposals		(586)	(10 572)	(11 158)
Inflows	162		9 114	9 276
Outflows	(376)	(251)	(9 135)	(9 762)
Mark-to-market value adjustment	(30)	(65)	(130)	(225)
Closing balance	385	–	–	385

	South Africa Rm	Rest of Africa Rm	United Kingdom Rm	United States Rm	Rest of world Rm	Total Rm
24.4 Reconciliation of movement in funds under management – by geography						
Opening balance	635	556	605	168	13 322	15 286
Acquisitions	(1)	(115)	(125)	(35)	(2 756)	(3 032)
Disposals	(3)	(348)	(5 225)	(4 281)	(1 301)	(11 158)
Inflows	162		4 890	4 225	(1)	9 276
Outflows	(376)	(46)	(106)	(77)	(9 157)	(9 762)
Mark-to-market value adjustment	(32)	(47)	(39)		(107)	(225)
Closing balance	385	–	–	–	–	385

The group, through a number of subsidiaries, operates unit trusts, holds and invests funds on behalf of clients and acts as a trustee in a number of fiduciary capacities. In addition, companies in the group operate securities and custodial services on behalf of clients. Commissions and fees earned in respect of trust and management activities performed are included in the income statement.

25 EMPLOYEE BENEFITS

The group has a number of defined-benefit and defined-contribution plans whereby it provides pension and post-retirement medical benefits to employees and their dependants on retirement or death. All eligible employees and former employees are members of trustee-administered or underwritten pension schemes within the group, financed by company and employee contributions. All South African plans are governed by the Pension Funds Act, 1956. The defined-benefit funds are actuarially valued using the projected unit credit method. Any deficits are funded to ensure the ongoing financial soundness of the funds.

The benefits provided for by the defined-benefit schemes are based on years of membership and/or salary levels. These benefits are provided from contributions by employees and the group, and income from the assets of these schemes. The benefits provided for by the defined-contribution schemes are determined by the accumulated contributions and investment earnings. The benefits are provided from contributions by employees, the group, and income from the assets of these schemes. At the dates of the latest valuations the group pension funds were in sound financial position in terms of section 16 of the Pension Funds Act. During 1998 active members in the Nedcor (defined benefit) Pension Fund were granted a further option to transfer to one of the defined-contribution funds and approximately three quarters of the then valuation surplus was allocated to members and pensioners.

Notes to the financial statements

for the year ended 31 December

25 EMPLOYEE BENEFITS (continued)

25.1 Group defined-benefit plans

The group has recorded an asset of R275 million (2001: R275 million) in advances and other debtors in respect of defined-benefit plans in accordance with the requirements of AC 116.

Nedcor

At 31 December 2002, the date of the latest actuarial calculation, the Nedcor Pension Fund had assets totalling R2 212 million at market value. The actuarial valuation of the liabilities was R1 879 million resulting in a surplus of R333 million.

Nedbank London

At 31 December 2002, the date of the latest actuarial calculation, the Nedcor Pension Fund had assets totalling R158 million at market value. The actuarial value of the liabilities was R246 million resulting in a net liability of R88 million.

Nedbank Swaziland

At 31 December 2002, the date of the latest actuarial calculation, the Nedbank Swaziland Pension Fund had assets totalling R29 million at market value. The actuarial valuation of the liabilities was R19 million resulting in a net surplus of R10 million.

Nedbank Lesotho

At 31 December 2002, the date of the latest actuarial calculation, the Nedbank Lesotho Pension Fund had assets totalling R27 million at market value. The actuarial value of the liabilities was R25 million, resulting in a surplus of R2 million.

	2002 Rm	Defined-benefit pension plans 2001 Rm
25.2 Amounts recognised in the balance sheet		
Present value of funded obligations	2 169	1 733
Fair value of plan assets	(2 425)	(2 238)
Funded status	(256)	(505)
Unrecognised actuarial losses	(268)	(34)
Unrecognised asset due to application of asset ceiling in paragraph 59 of AC 116	249	264
Net asset in balance sheet	(275)	(275)
25.3 Amounts recognised in the income statement		
Current service costs	28	19
Interest on obligation	199	196
Expected return on plan assets	(270)	(265)
Net actuarial gains recognised during the year	(9)	
Effect of applying the asset ceiling	81	63
Total included in employee remuneration costs	29	13

		Defined-benefit pension plans	
		2002 Rm	2001 Rm
25	EMPLOYEE BENEFITS (continued)		
25.4	Movements in the net asset recognised in the balance sheet are		
	Net asset at beginning of year	(275)	(275)
	Net expense recognised in the income statement	29	13
	Contributions	(29)	(13)
	Net asset recognised at end of year	(275)	(275)
		Nedbank London 2002	All other pension funds 2001
25.5	Principal actuarial assumptions at balance sheet date		
	Interest rate used to discount liabilities (%)	6,50	11,50
	Price inflation (%)	2,50	6,50
	Salary inflation (%)	4,00	8,00
	Expected rates of return on plan assets (%)	6,25	6,62 – 15,00
	Pensions in payment and deferred-pensions' inflation (%)	3,00	11,00 – 12,10

26 DERIVATIVE FINANCIAL INSTRUMENTS

26.1 Derivative financial instruments

These transactions have been entered into in the normal course of business and no material losses are anticipated other than those for which provision has been made in the income statement. There are no commitments or contingent commitments under derivative instruments that are settled other than with cash.

	Gross carrying value of assets 2002 Rm	Gross carrying value of liabilities 2002 Rm	Net carrying value 2002 Rm	Gross carrying value of assets 2001 Rm	Gross carrying value of liabilities 2001 Rm	Net carrying value 2001 Rm
26.2 Summary						
Trading contracts (refer note 26.6)	10 189	(8 702)	1 487	11 339	(10 524)	815
Non-trading contracts (refer note 26.6)	24 141	(24 641)	(500)	36 902	(37 210)	(308)
Total carrying value of derivative financial instruments	34 330	(33 343)	987	48 241	(47 734)	507
Less: Carrying value of off-balance sheet derivatives	(1 296)	1 762	466	(2 685)	3 044	359
Total carrying value of derivative financial instruments (incl in advances – refer note 6.1)	33 034	(31 581)	1 453	45 556	(44 690)	866

The total net carrying value of derivative instruments is included in the balance sheet in the advances line item (2001: deposits, current accounts and other creditors). A detailed breakdown of the notional principal and fair value of the various types of derivative financial instruments held by the group is presented in the table below. This table includes both off-balance sheet derivatives and on-balance sheet derivatives.

Notes to the financial statements

for the year ended 31 December

26 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

26.3 Notional principal

Represents the gross notional amounts of all outstanding contracts as at 31 December 2002. This gross notional amount is the sum of the absolute value of all purchases and sales of derivative instruments. The notional amounts do not represent amounts exchanged by the parties and therefore represent only the measure of involvement by the group in derivative contracts and not its exposure to market or credit risks arising from such contracts. The amounts actually exchanged are calculated on the basis of the notional amounts and other terms of the derivative, which related to interest rates, exchange rates, securities, prices or financial and other indices.

	Trading contracts			Non-trading contracts		
	Notional principal Rm	Positive value Rm	Negative value Rm	Notional principal Rm	Positive value Rm	Negative value Rm
26.4 Notional principal of derivative financial instruments 2002						
<i>Exchange rate contracts</i>						
Spot	2 079	828	1 251	220	220	
Forwards	23 046	13 268	9 778	94 390	46 259	48 131
Futures						
Currency swaps	9 733	4 488	5 245			
Options purchased						
Options written	17		17			
	34 875	18 584	16 291	94 610	46 479	48 131
<i>Interest rate contracts</i>						
Interest rate swaps	75 110	36 895	38 215	5 902	2 778	3 124
Forward rate agreements	77 072	37 598	39 474			
Options purchased						
Options written						
Futures	2 272	721	1 551			
Caps	876	395	481			
Collars						
Floors	18	9	9			
Credit linked notes	1 436	1 323	113			
Credit default swaps				86	86	
	156 784	76 941	79 843	5 988	2 864	3 124
<i>Total notional principal</i>	191 659	95 525	96 134	100 598	49 343	51 255
2001						
<i>Exchange rate contracts</i>						
Spot	399	156	243	135		135
Forwards	21 803	12 216	9 587	123 398	63 336	60 062
Futures						
Currency swaps	10 552	4 049	6 503			
Options purchased	464	464		246	246	
Options written	388		388	246	246	
	33 606	16 885	16 721	124 025	63 828	60 197
<i>Interest rate contracts</i>						
Interest rate swaps	83 643	42 357	41 286	6 152		6 152
Forward rate agreements	56 790	27 835	28 955			
Options purchased	301	301				
Options written						
Futures	872	603	269			
Caps	1 127	370	757			
Collars						
Floors	18	9	9			
Credit linked notes	1 908	1 750	158			
Credit default swaps				36	36	
	144 659	73 225	71 434	6 188	36	6 152
<i>Total notional principal</i>	178 265	90 110	88 155	130 213	63 864	66 349

26 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

26.5 Carrying value of derivative financial instrument assets and liabilities

The amounts disclosed represent the value of all derivative instruments held as at 31 December 2002. The fair value of a derivative financial instrument is the amount at which it could be exchanged in a current transaction between willing parties, other than a forced liquidation or sale. Fair values are obtained from quoted market prices, discounted cash flow models and market accepted option-pricing models. When it is not practicable, owing to constraints of timeliness or cost, to determine the fair value of a derivative instrument with sufficient reliability such derivative is included in the following table at a value calculated on an accrual basis. In terms of the latter basis a value is obtained by taking into account the original cost of the derivative and only the realised gains or losses in respect of the instrument.

	Trading contracts			Non-trading contracts		
	Net carrying value Rm	Carrying value of assets Rm	Carrying value of liabilities Rm	Net carrying value Rm	Carrying value of assets Rm	Carrying value of liabilities Rm
26.6 Carrying value of derivative financial instrument assets and liabilities 2002						
<i>Exchange rate contracts</i>						
Spot	(11)	8	19	1	1	24 362
Forwards	(34)	1 754	1 788	(222)	24 140	
Currency swaps	(919)	4 333	5 252			
Options purchased	2	2				
	(962)	6 097	7 059	(221)	24 141	24 362
<i>Interest rate contracts</i>						
Interest rate swaps	(41)	1 296	1 337	(279)		279
Forward rate agreements	3	88	85			
Options purchased						
Options written						
Futures	(5)	1	6			
Caps	(1)	3	4			
Collars						
Floors		1	1			
Credit linked notes	2 493	2 703	210			
	2 449	4 092	1 643	(279)		279
<i>Total carrying value</i>	1 487	10 189	8 702	(500)	24 141	24 641
2001						
<i>Exchange rate contracts</i>						
Spot	8	10	2			
Forwards	(11)	1 996	2 007	185	36 902	36 717
Currency swaps	(2 293)	4 240	6 533			
Options purchased	44	44				
Options written	(42)		42			
	(2 294)	6 290	8 584	185	36 902	36 717
<i>Interest rate contracts</i>						
Interest rate swaps	33	1 627	1 594	(493)		493
Forward rate agreements	(1)	56	57			
Options purchased						
Options written						
Futures	(5)	1	6			
Caps		3	3			
Floors		1	1			
Credit linked notes	3 082	3 361	279			
	3 109	5 049	1 940	(493)		493
<i>Total carrying value</i>	815	11 339	10 524	(308)	36 902	37 210

Notes to the financial statements

for the year ended 31 December

	Trading contracts			Non-trading contracts		
	Exchange rate contracts Rm	Interest rate contracts Rm	Total Rm	Exchange rate contracts Rm	Interest rate contracts Rm	Total Rm
26 DERIVATIVE FINANCIAL INSTRUMENTS (continued)						
26.7 Analysis of trading derivative instruments						
<i>26.7.1 Replacement value of over-the-counter derivatives</i>						
2002						
<i>Maturity analysis</i>						
Under one year	1 954	226	2 180	22 073		22 073
One to five years	1 958	1 457	3 415	2 031		2 031
Over five years	2 185	2 409	4 594	37		37
	6 097	4 092	10 189	24 141		24 141
<i>Counterparty analysis</i>						
Financial institutions	6 045	4 043	10 088	24 141		24 141
Non-financial institutions	52	49	101			
	6 097	4 092	10 189	24 141		24 141
2001						
<i>Maturity analysis</i>						
Under one year	2 055	289	2 344	34 032		34 032
One to five years	1 934	1 970	3 904	2 825		2 825
Over five years	2 301	2 790	5 091	45		45
	6 290	5 049	11 339	36 902		36 902
<i>Counterparty analysis</i>						
Financial institutions	6 130	4 945	11 075	36 868		36 868
Non-financial institutions	160	104	264	34		34
	6 290	5 049	11 339	36 902		36 902
<i>26.7.2 Negative value of over-the-counter derivatives</i>						
2002						
<i>Maturity analysis</i>						
Under one year	1 939	212	2 151	22 358	11	22 369
One to five years	2 327	819	3 146	1 967	162	2 129
Over five years	2 793	612	3 405	37	106	143
	7 059	1 643	8 702	24 362	279	24 641
<i>Counterparty analysis</i>						
Financial institutions	7 041	1 619	8 660	24 362	95	24 457
Non-financial institutions	18	24	42		184	184
	7 059	1 643	8 702	24 362	279	24 641
2001						
<i>Maturity analysis</i>						
Under one year	2 065	265	2 330	33 814	22	33 836
One to five years	2 824	1 108	3 932	2 858	269	3 127
Over five years	3 695	567	4 262	45	202	247
	8 584	1 940	10 524	36 717	493	37 210
<i>Counterparty analysis</i>						
Financial institutions	8 245	1 909	10 154	36 709	67	36 776
Non-financial institutions	339	31	370	8	426	434
	8 584	1 940	10 524	36 717	493	37 210

	Trading contracts			Non-trading contracts		
	Exchange rate contracts Rm	Interest rate contracts Rm	Total Rm	Exchange rate contracts Rm	Interest rate contracts Rm	Total Rm
26 DERIVATIVE FINANCIAL INSTRUMENTS (continued)						
<i>26.7.3 Notional principal of over-the-counter derivatives</i>						
2002						
<i>Maturity analysis</i>						
Under one year	26 247	104 496	130 743	86 065	877	86 942
One to five years	4 556	42 610	47 166	8 426	2 504	10 930
Over five years	4 072	9 678	13 750	119	2 607	2 726
	34 875	156 784	191 659	94 610	5 988	100 598
<i>Counterparty analysis</i>						
Financial institutions	33 951	153 546	187 497	75 224	3 121	78 345
Non-financial institutions	924	3 238	4 162	19 386	2 867	22 253
	34 875	156 784	191 659	94 610	5 988	100 598
2001						
<i>Maturity analysis</i>						
Under one year	23 092	92 184	115 276	115 889	3 381	119 270
One to five years	5 341	41 810	47 151	7 974	1 441	9 415
Over five years	5 173	10 665	15 838	162	1 366	1 528
	33 606	144 659	178 265	124 025	6 188	130 213
<i>Counterparty analysis</i>						
Financial institutions	31 035	140 123	171 158	83 769	709	84 478
Non-financial institutions	2 571	4 536	7 107	40 256	5 479	45 735
	33 606	144 659	178 265	124 025	6 188	130 213
			Gains Rm	Losses Rm		Total Rm

26.8 Risk monitoring

Details of the group's risk monitoring structure, policies and methods are noted on pages 100 to 129 and the interest rate risk analysis is detailed on pages 149 and 150 of the Nedcor Limited 2002 annual report.

27 FOREIGN CURRENCY CONVERSION GUIDE

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

	2002	2001
United States dollar	0,1163	0,0830
Pound sterling	0,0722	0,0573
Euro	0,1110	0,0938
Deutschmark	0,2577	0,1835
Japanese yen	13,8058	10,8988

Segmental analysis

for the year ended 31 December

Earnings	% change	2002 Rm	%	2001 Rm	%
BY OPERATION					
South Africa		973	89	1 990	92
<i>Retail banking</i>	70	653	60	384	18
Nedbank		354	33	189	9
Peoples Bank		299	27	195	9
<i>Commercial banking</i>	(47)	328	30	616	29
Nedbank		256	23	579	27
Imperial Bank*		72	7	37	2
<i>Nedbank Corporate and investment banking</i>	(8)	866	79	945	43
<i>Strategic technology investments</i>		(32)	(3)	45	2
<i>Internal funding and group operations</i>	>(100)	(842)	(77)		
International (including Africa)	(38)	120	11	192	8
Nedbank International (including Africa)		112	10	161	7
Gerrard Private Bank*		8	1	31	1
Core earnings	(50)	1 093	100	2 182	100
Non-core items (refer note 20.2)		(646)		696	
Headline earnings	(84)	447		2 878	
BY GEOGRAPHY					
South Africa	(51)	973	89	1 990	91
Rest of Africa	(3)	127	12	131	6
Rest of the world	>(100)	(7)	(1)	61	3
Core earnings	(50)	1 093	100	2 182	100
Non-core items		(646)		696	
Headline earnings	(84)	447		2 878	

* Net of minorities.

Details of additional segmental information is noted on pages 202 to 205 of the Nedcor Limited annual report.

Associate and other investments

Analysis

as at 31 December

	Banking	Technology	Other	Total
	Rm	Rm	Rm	Rm
ASSOCIATE				
Analysis				
2002				
Listed shares, at cost				
– Net asset value	198	46		244
– Goodwill	76	78		154
Unlisted shares, at cost				
– Net asset value	150	180		330
– Goodwill	115	567	60	742
Share of retained earnings since acquisition	435	58	23	516
Goodwill written off/impairments	(239)	(405)	(61)	(705)
Dividends received	(147)	(7)		(154)
Foreign exchange movements	182		1	183
Net interest in associate companies	770	517	23	1 310
2001				
Listed shares, at cost				
– Net asset value	198	46		244
– Goodwill	106	78		184
Unlisted shares, at cost				
– Net asset value	195	157	59	411
– Goodwill	111	563	54	728
Share of retained earnings since acquisition	335	28	13	376
Goodwill written off	(111)	(271)	(54)	(436)
Dividends received	(95)			(95)
Foreign exchange movements	393		1	394
Net interest in associate companies	1 132	601	73	1 806
Summarised financial information				
2002				
Total assets	15 182	1 046	134	16 362
Total liabilities	12 793	398	104	13 295
Operating results	1 416	114	5	1 535
2001				
Total assets	22 069	991	151	23 211
Total liabilities	19 435	289	132	19 856
Operating results	364	143	(64)	443
OTHER INVESTMENTS				
			2002	2001
			Rm	Rm
<i>Listed</i>				
Dimension Data Plc			414	1 495
Apexhi			94	
Others*			44	28
			552	1 523
<i>Unlisted</i>				
Insurance policies			762	702
Others*			361	175
			1 123	877

* Less than R50 million.

Associate and other investments

Associate company analysis

as at 31 December

Name of company and nature of business [†]	Percentage holding		Acquisition date	Year-end
	2002 %	2001 %		
LISTED				
Banking				
State Bank of Mauritius Ltd	20,1	20,1	Nov 97	Jun
Technology				
Net 1 Applied Technology Holdings Ltd	25,7	26,1	Jul 00	Jun
UNLISTED				
Banking				
Merchant Bank of Central Africa Ltd ^{†††}	29,3	29,3	Dec 93	Dec
HSBC Equator Holdings plc	40,0	40,0	May 94	Dec
Commercial Bank of Namibia Ltd	47,3	43,6	Dec 94	Dec
Finance Corporation of Malawi Ltd ^{****}		45,3	Jul 99	Dec
BNP Nedbank Mozambique SARL ^{**}		40,0	Oct 99	Dec
Banque SBM Madagascar	20,0	20,0	Dec 99	Jul
SBM Nedbank International Ltd	50,0	50,0	Jul 99	Dec
Technology				
The Internet Solution (Pty) Limited/Linx Holdings (Pty) Ltd ^{*****}	20,0	20,0	Jun 00	Sep
The IQ Business Group (Pty) Ltd	23,5	25,1	Jul 00	Mar
Miraculum (Pty) Ltd	31,7	31,7	Jul 00	Sep
Nashua NedTel Communications (Pty) Ltd ^{***}			Jan 99	Sep
Acturis Ltd	60,0	40,0	Mar 01	Sep
Hatch Investments (Mauritius) Ltd	37,5	74,9	Mar 01	Mar
Other				
Syfrets Trust Ltd	50,0	50,0	Oct 99	Dec
Virgin Active ^{††}		30,0	Mar 01	Dec
Other				

* Represents an amount less than R1 million.

** Disposed of in 2002.

*** Disposed of in 2001, but still reflects equity income.

**** Consolidated as a subsidiary from 1 January 2002.

***** The Group's former 33,3% interest in Linx Holdings (Pty) Ltd was effectively sold as part payment to acquire a 20% interest in The Internet Solution (Pty) Ltd.

† All investments in associates are accounted for on the equity method.

†† No longer accounted for as an associate.

††† As of 1 July 2001 income from this Zimbabwean associate was no longer accounted for.

Date to which equity income accounted for	Equity-accounted earnings		Carrying amount		Market value/directors' valuation		Net indebtedness of loans to/(from) associates	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm	2002 Rm	2001 Rm	2002 Rm	2001 Rm
Dec 02	61	55	482	630	327	377		
Dec 02	31	27	157	143	198	204		176
	43	50	287	502	288	507	17	70
Dec 02		8	43	94	43	94		
Dec 02	(2)	9	50	111	50	116		
Dec 02	32	26	93	71	93	71	17	70
Dec 02	3	(4)	(1)	39	*	39		
Dec 02	*	2		34		34		
Dec 02	2	3	9	13	9	13		
Dec 02	8	6	93	140	93	140		
	-	22	361	458	416	458	31	(46)
Dec 02	12	8	145	200	200	200	19	(46)
Dec 02	(6)	8	62	127	62	127		
Dec 02	(3)	(5)	*	3	*	3		
Dec 02		24						
Dec 02			139	60	139	60	6	
Dec 02	(3)	(13)	15	68	15	68	6	
	7	9	23	73	55	109	9	167
Dec 02	4	2	9	5	9	5		
Dec 02				57		57		156
Dec 02	3	7	14	11	46	47	9	11
	142	163	1 310	1 806	1 284	1 655	57	367

Subsidiary companies

as at 31 December

	GROUP			
	Issued capital		Effective holdings	
	Dec 2002 Rm	Dec 2001 Rm	Dec 2002 Rm	Dec 2001 Rm
BANKING				
Imperial Bank Ltd	3	2	50	50
Nedbank Lesotho Ltd	20	20	100	100
Nedbank Swaziland Ltd	12	12	67	67
Nedcor Asia Ltd	202	283	100	100
Peoples Bank Ltd	26	26	70	100
Fincom Bank of Malawi Ltd	20		73	
TRUST AND PARTICIPATION BOND ADMINISTRATION AND OTHER COMPANIES				
Syfrets Participation Bond				
Managers Ltd	1	1	100	100
Nedbank Africa Investments Ltd	*	*	100	100
Nedcor Trade Services Ltd	3	2	100	100
Note 1				
Net income after taxation earned by subsidiaries (after eliminating intercompany transactions)				
Aggregate headline earnings			550	2 987
Aggregate losses			103	109

Note 2

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

* Less than R1 million.

Directorate

as at 1 March 2003

NEDBANK LIMITED

CF Liebenberg[†] (Chairman), aged 68 (reappointed 1997), CAIB(SA), FIBSA, AMP(Harvard), DCom(hc), is the former Minister of Finance in the South African Government of National Unity and past Chief Executive of Nedcor Limited. He is also Chairman of Nedcor Limited, as well as a Director of Old Mutual plc, Old Mutual Life Assurance Company (SA) Limited, Mutual and Federal Insurance Company Limited and Macsteel Holdings (Pty) Limited.

PG Joubert[†] (Deputy Chairman), aged 69 (appointed 2000), BA, DPWM, AMP(Harvard), is the Deputy Chairman of Nedcor Limited and Nedbank Limited. He is Chairman of BDFM Publishers (Pty) Limited, Delta Electrical Industries Limited, Delta Motor Corporation (Pty) Limited, Foodcorp Holdings (Pty) Limited, Impala Platinum Holdings Limited, Munich Reinsurance Company of Africa Limited, NEI Africa Limited and Sandvik (Pty) Limited. Other directorships include Old Mutual plc, Hudaco Industries Limited, Murray & Roberts Holdings Limited and South African Mutual Life Assurance Company (SA) Limited. He is past Chairman of African Oxygen Limited.

Prof MM Katz^{*}, aged 58 (appointed 1994), BCom, LLB, LLM, LLD(hc), is a Director of Nedcor Limited and Chairman of Edward Nathan & Friedland (Pty) Limited. He is also Chairman of the Commission of Inquiry into the Tax System of South Africa and the Tax Advisory Committee, as well as an Honorary Professor of Company Law at the University of the Witwatersrand.

RCM Laubscher^{*}, aged 51 (appointed 1990), BCom(Hons), AMP (Harvard), FIBSA, is Chief Executive of Nedcor Limited and Nedbank Limited and a Director of Old Mutual plc, Old Mutual Financial Services (UK) plc and Old Mutual Life Assurance Company (SA) Limited.

CJW Ball[¥], aged 63 (appointed 2002), Dip Iuris, MA, is a Director of Nedcor Limited. He was previously a Director of BoE and BoE Bank Limited, and is a Director of Canal Walk Limited, Century City Limited, PG Bison Holdings (Pty) Limited, PG Bison Limited and Premier Foods Limited.

Dr IJ Botha^{*}, aged 53 (appointed 2002), DCom, is a Director of Nedcor Limited and various subsidiary companies.

TA Boardman^{*}, aged 53 (appointed 2002), BCom, CA(SA), is Chief Executive of Retail and Wealth Management and a Director of Nedcor Limited. Formerly Chief Executive of BoE Limited. Previous directorships include the Banking Council, Boardmans and Sam Newman Limited.

WAM Clewlow[†], aged 66 (appointed 2000), OMSG, CA(SA), DEcon(hc), is a Director of Nedcor Limited. He is also a Non-executive Director and Chairman of the Compliance Committee of Old Mutual plc. He has been Chairman of Barloworld Limited since 1991. He was previously Chairman of the State President's Economic Advisory Council and Chief Executive of the Barlow Group and has managed many of its diverse divisions. He is also a Non-executive Director of Sasol Limited, Comparex Limited and Deputy Chairman of Old Mutual Life Assurance Company (SA) Limited.

RG Cottrell[¥], aged 67 (appointed 2002), CA(SA), FCA, SEP(Stanford), is a Director of Nedcor Limited. Other directorships include African Oxygen Limited, Afrox Healthcare Limited, Glenrand MIB Limited, Imperial Bank Limited and Iscor Limited and he was previously Executive Officer of the Financial Services Board, Deputy Chairman and managing partner of Coopers & Lybrand and member of the Policy Board for Financial Services and Regulation, the Financial Markets Advisory Board and the Public Accountants' and Auditors' Board.

BE Davison[¥], aged 57 (appointed 2002), BA(Law and Economics), is a Director of Nedcor Limited and Executive Chairman of Anglo American Platinum Corporation Limited, Director of Anglo American Corporation of SA Limited and President of the SA Chamber of Mines.

N Dennis (British)[¥], aged 56 (appointed 2002), BCom(Hons), is a Director of Nedcor Limited and Chief Executive Officer of Tiger Brands Limited.

Prof B de L Figaji[¥], aged 58 (appointed 2002), BSc(Eng), Dip Tertiary Educ, MEd, is a Director of Nedcor Limited. He is also Principal and Vice-chancellor of the Peninsula Technikon and member of the Council on Higher Education.

BJS Hore^{*}, aged 42 (appointed 1999), BCom, AMP(Harvard), is Chief Executive of T&O and a Director of Nedcor Limited. Other directorships include Linx Holdings (Pty) Limited and Net 1 Applied Technology Holdings Limited.

MJ Levett[†], aged 63 (appointed 1987), DEconSc(hc), BCom, FFA, FIA, is a Director of Nedcor Limited. He is Chairman of Old Mutual plc and Deputy Chairman of Mutual & Federal Insurance Company Limited. He is also a Director of Barloworld Limited, Old Mutual South African Trust plc and SAB Miller plc.

JB Magwaza[¥], aged 60 (appointed 2000), BA, MA (Warwick UK), is a Director of Nedcor Limited and Executive Director of Tongaat-Hulett Group Limited. He is Non-executive Chairman of Peoples Bank Limited. He also serves as a Non-executive Director of Dorbyl Limited and is on the boards of the Development Bank of Southern Africa and Ithala Development Finance Corporation Limited.

ME Mkwanzai[¥], aged 49 (appointed 2000), BSc(Maths), BSc(Elec Eng), is a Director of Nedcor Limited and Group Executive Officer of Transnet Limited. Directorships include Freight Logistics International Inc, Transnet Limited and SAA.

SG Morris^{*}, aged 57 (appointed 1999), BCom, CA(SA), is the Group Financial Director of Nedcor Limited. He is also a Director of Peoples Bank Limited and Imperial Bank Limited.

DGS Muller^{*}, aged 50 (appointed 1999), BCom, CA(SA), AMP(Harvard), is the Chief Executive of Nedbank Corporate and a Director of Nedcor Limited. He is a Director of Peoples Bank Limited and Net 1 Applied Technology Holdings Limited.

Directorate

as at 1 March 2003

ML Ndlovu^{*}, aged 51 (appointed 2001), Dip LR(Unisa), MAP(Wits), EDP(North Western USA), AMP(Harvard Business School), is a Director of Nedcor Limited and the Chief Executive Officer of Peoples Bank Limited. He is Non-executive Chairman of Africa Milestone Investments Limited, Lafarge South Africa (Pty) Limited, Nest Life Assurance Corporation Limited, Nest Life Funeral Administrators (Pty) Limited and the Environmental & Infrastructure Development Trust. He is a Director (Non-executive) of Nampak Limited, the South African National Roads Agency and the Community Growth Management Company Limited. He is the Deputy-Chairman of the Council of the Technikon Witwatersrand. He is a Member/Trustee of the Business Trust (Job Creation), the He Atid Leadership Programme, the Multicultural Development Programme (Deloitte & Touche), the National Engagement for Ethics Development and St Anthony's Adult Education Centre. He is a member of the advisory board of the Otis Elevator Company and serves as a Commissioner for the Office of the Banking Adjudicator.

PF Nhleko[†], aged 42 (appointed 2002), BSc, MBA, is a Director of Nedbank Limited. He is the Chief Executive of MTN Group Limited, a Director of Johnnic Holdings Limited and former Executive Chairman and founding member of Worldwide African Investment Holdings Limited.

TH Nyasulu[¥], aged 48 (appointed 2002), is a Director of Nedcor Limited. She is the Sole Proprietor of TH Nyasulu & Associates, a marketing and research company. She is Chairman of DBSA Development Fund and Director of AECL Limited, Anglovaal Industries Limited, Development Bank of Southern Africa, Sheer Quality (Pty) Limited, Tongaat-Hulett Group Limited, Tongaat-Hulett Sugar Limited, Turner Logistics (Pty) Limited and immediate past Chairman of the board of Ithala Development Finance Corporation.

JVF Roberts[†] (British), aged 45 (appointed 2001), BA(Hons)(Stirling), FCA, is the Group Financial Director of Old Mutual plc. He is also a Fellow of the Institute of Chartered Accountants of England and a member of the Association of Corporate Treasurers. Other directorships include Mutual & Federal Insurance Company Limited, Old Mutual (US) Holdings and King & Shaxton. He was previously the Group Finance Director of Sun Life and Provincial Holdings plc.

AA Routledge^{*}, aged 55 (appointed 1998), BCom, CA(SA), is a Director of Nedcor Limited. He is also a Non-executive Director of Murray & Roberts Holdings Limited.

CML Savage[¥], aged 64 (appointed 2002), BSc(Eng), MBA, ISMP (Harvard), is a Director of Nedcor Limited and previously a Director of BoE Limited. He is Chairman of the Tongaat-Hulett Group Limited and a Director of AECL Limited, African Rainbow Minerals Gold Limited, Delta Motor Corporation (Pty) Limited, Datatec Limited, Hulett Aluminium (Pty) Limited and Kumba Resources Limited.

JH Sutcliffe[†] (British), aged 46 (appointed 2001), BSc, is a Fellow of the Institute of Actuaries. He is also Chief Executive of Old Mutual plc. Previously Deputy Chairman of Liberty International Property and Financial Services and Chief Executive of Prudential UK.

Company Secretary

WJ Kruger, aged 51 (appointed 1989), BA, BProc, LLB, Dip Adv Banking.

^{*} Executive

[†] Non-executive

[¥] Independent non-executive

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