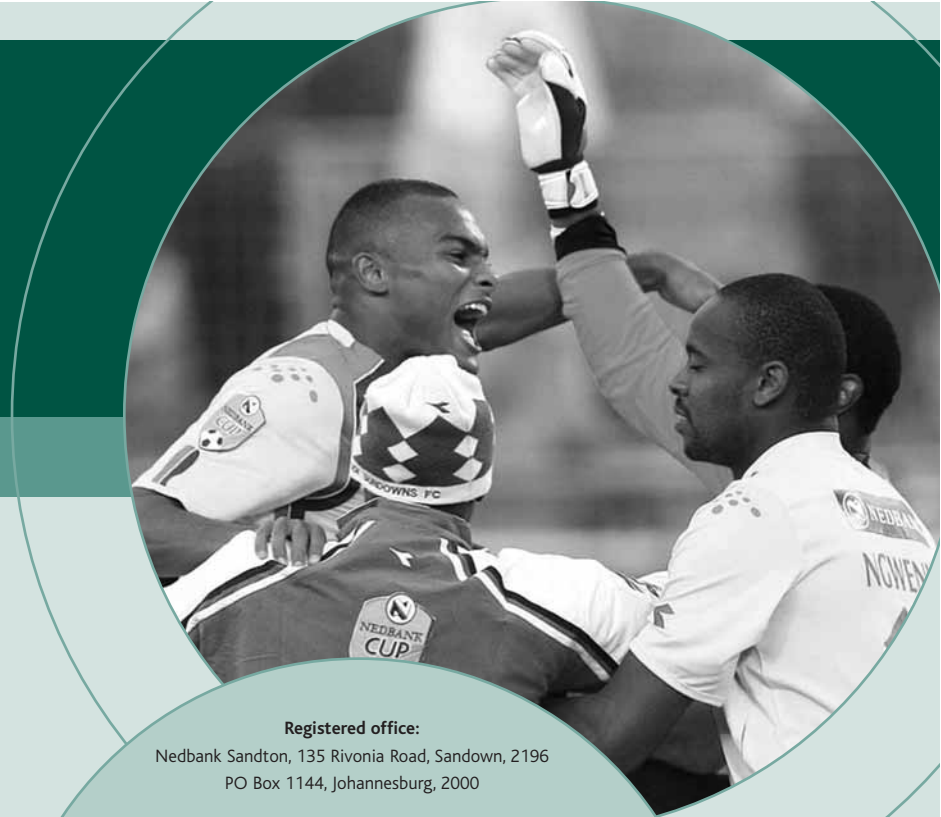




# NEDBANK

## Reviewed interim financial results for the six months ended 30 June 2008

A Member of the OLD MUTUAL Group



### Overview

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

Commentary relating to the Nedbank consolidated interim financial results is included in the Nedbank Group Limited group results, as presented to shareholders on 6 August 2008. Further information is provided on the website [www.nedbankgroup.co.za](http://www.nedbankgroup.co.za).

### Board changes during the year

Cedric Savage retired as an independent non-executive director (14 May 2008) and Barry Davison resigned as an independent non-executive director (2 August 2008).

### Accounting policies

Nedbank is a company domiciled in South Africa. The consolidated interim financial results of the company at and for the half year ended 30 June 2008 comprised those of the company and its subsidiaries (together referred to as the 'group') and the group's interests in associates and jointly controlled entities.

Nedbank's principal accounting policies have been applied consistently over the current and prior financial years, except for the adoption of IFRIC 11: IFRS 2 – Group and Treasury Share Transactions in the current year. The prior years' comparative figures have been restated.

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

In the preparation of these consolidated interim financial results the group has applied key assumptions concerning the future and other indeterminate sources in recording various assets and liabilities. These assumptions were applied consistently to the group consolidated interim financial results for the six months ended 30 June 2008. These assumptions are subject to ongoing review and possible amendments.

### Reviewed results – auditors' opinion

KPMG Inc and Deloitte & Touche, Nedbank's independent auditors, have reviewed the consolidated interim financial results contained in this interim report and have expressed an unmodified conclusion on the consolidated interim financial results. The review report is available for inspection at Nedbank's registered office.

### Nedbank non-redeemable non-cumulative preference shares – declaration of dividend no 11

Notice is hereby given that preference dividend no 11 of 55,02048 cents per share has been declared for the period from 1 January 2008 to 30 June 2008, payable on Monday, 1 September 2008, to shareholders of the non-redeemable non-cumulative preference shares recorded in the books of the company at the close of business on Friday, 29 August 2008.

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

Last day to trade cum dividend	Friday, 22 August 2008
Shares trade ex dividend	Monday, 25 August 2008
Record date	Friday, 29 August 2008
Payment date	Monday, 1 September 2008

Share certificates may not be dematerialised or rematerialised between Monday, 25 August 2008, and Friday, 29 August 2008, both days inclusive.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders. Shareholders who have dematerialised their share certificates will have their accounts, at their participant or broker, credited on Monday, 1 September 2008.

For and on behalf of the board

**RJ Khoza** Chairman  
**TA Boardman** Chief Executive  
6 August 2008

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

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

**Directors:** Dr RJ Khoza (Chairman), Prof MM Katz (Vice-chairman),  
ML Ndlovu (Vice-chairman), TA Boardman\* (Chief Executive), CJW Ball\*\*,  
MWT Brown\* (Chief Financial Officer), TCP Chikane, MA Enus-Brey,  
Prof B de L Figaji, R Harris (British), RM Head (British), JB Magwaza,  
ME Mkwana, GT Serobe, JH Sutcliffe (British)

\* Executive \*\*Senior independent non-executive director

**Company Secretary:** GS Nienaber

**Sponsors:** Investec Bank Limited, Nedbank Capital

**Nedbank Limited Reg No 1951/000009/06**  
Incorporated in the Republic of South Africa

**JSE share code:** NBKP  
**ISIN:** ZAE000043667

### Consolidated income statement

for the period ended	Reviewed June 2008	Reviewed June 2007	Audited December 2007
<b>Rm</b>			
Interest and similar income	25 477	18 319	40 185
Interest expense and similar charges	17 942	11 961	26 631
<b>Net interest income</b>	<b>7 535</b>	<b>6 358</b>	<b>13 554</b>
Impairment charge on loans and advances	1 865	1 009	2 115
<b>Income from lending activities</b>	<b>5 670</b>	<b>5 349</b>	<b>11 439</b>
Non-interest revenue	4 541	4 679	9 725
<b>Operating income</b>	<b>10 211</b>	<b>10 028</b>	<b>21 164</b>
<b>Total expenses</b>	<b>6 191</b>	<b>5 943</b>	<b>12 768</b>
Operating expenses*	6 087	5 873	12 633
BEE transaction expenses	104	70	135
Indirect taxation	182	129	298
<b>Profit from operations before non-trading and capital items</b>	<b>3 838</b>	<b>3 956</b>	<b>8 098</b>
Non-trading and capital items	766	19	25
Profit on sale of subsidiaries, investments and property and equipment	766	21	27
Net impairment of investments, property and equipment, and capitalised development costs		(2)	(2)
<b>Profit from operations</b>	<b>4 604</b>	<b>3 975</b>	<b>8 123</b>
Share of profits of associates and joint ventures	7	55	54
<b>Profit before direct taxation</b>	<b>4 611</b>	<b>4 030</b>	<b>8 177</b>
Total direct taxation	1 068	1 054	2 185
Direct taxation*	958	1 056	2 185
Taxation on non-trading and capital items	110	(2)	
<b>Profit for the period</b>	<b>3 543</b>	<b>2 976</b>	<b>5 992</b>
<b>Attributable to:</b>			
Profit attributable to equity holders of the parent	3 434	2 830	5 681
Profit attributable to minority interest – ordinary shareholders	102	139	298
– preference shareholders	7	7	13
<b>Profit for the period</b>	<b>3 543</b>	<b>2 976</b>	<b>5 992</b>

\* June and December 2007 restated.

### Earnings reconciliation

for the period ended	Reviewed June 2008		Reviewed June 2007		Audited December 2007
<b>Rm</b>	Gross	Net	Gross	Net	Net
Profit attributable to equity holders of the parent	3 434	2 830	2 830	2 830	5 681
Less: non-trading and capital items	766	656	19	21	25
Net profit on sale of subsidiaries, investments and property and equipment	766	656	21	23	27
Net impairment of investments, property and equipment, and capitalised development costs			(2)	(2)	(2)
<b>Headline earnings</b>	<b>2 778</b>	<b>2 809</b>	<b>2 809</b>	<b>2 809</b>	<b>5 656</b>

### Condensed consolidated cashflow statement

for the period ended	Reviewed June 2008	Reviewed June 2007	Audited December 2007
<b>Rm</b>			
Cash generated by operations*	6 219	5 649	11 882
Change in funds for operating activities*	(2 675)	(1 670)	(10 560)
Net cash generated from operating activities before taxation	3 544	3 979	1 322
Taxation paid	(1 127)	(1 245)	(2 126)
Cashflows from/(utilised in) operating activities	2 417	2 734	(804)
Cashflows utilised in investing activities	(236)	(930)	(1 418)
Cashflows (utilised in)/from financing activities	(478)	1 780	1 927
Net increase/(decrease) in cash and cash equivalents	1 703	3 584	(295)
Cash and cash equivalents at the beginning of the period**	17 896	18 191	18 191
Cash and cash equivalents at the end of the period**	19 599	21 775	17 896

\* June and December 2007 restated.

\*\* Including mandatory reserve deposits with central bank.

### Adoption of IFRIC 11: IFRS 2 – Group and Treasury Share Transactions

IFRIC 11 is an interpretation of IFRS 2 – Share-based Payment and requires that, where the parent grants rights to its equity instruments to employees of its subsidiary and the share-based payment arrangement is accounted for as equity settled in the consolidated financial statements of the parent, it should be treated as equity settled at the subsidiary level. Rights to Nedbank Group Limited shares under three share-based payment arrangements were historically treated as cash-settled in the Nedbank Limited financial statements and as equity-settled in the Nedbank Group Limited consolidated financial statements. The adoption of IFRIC 11 has required that the Nedbank Limited financial statements for prior years be restated. The resultant effects can be summarised as follows:

for the period ended	Audited December 2006	Reviewed June 2007	Audited December 2007
<b>Rm</b>			
<b>Balance sheet</b>			
Increase in share-based payment reserve	(259)	(294)	(352)
Increase in retained income	(278)	(252)	(262)
Decrease in share-based payment liability	537	546	614
<b>Income statement</b>			
Decrease in share-based payment expense		(75)	(159)
Increase in direct taxation		22	46
Effect after taxation		(53)	(113)

### Consolidated balance sheet

at	Reviewed June 2008	Reviewed June 2007	Audited December 2007
<b>Rm</b>			
<b>Assets</b>			
Cash and cash equivalents	10 122	14 046	9 545
Other short-term securities	16 517	14 175	11 775
Derivative financial instruments	18 082	9 189	9 924
Government and other securities	36 188	25 107	29 271
Loans and advances	408 325	346 299	373 185
Other assets	6 547	5 021	4 920
Clients' indebtedness for acceptances	3 121	2 651	2 236
Current taxation receivable	2	832	29
Investment securities	2 667	2 850	2 739
Non-current assets held for sale		25	
Investments in associate companies and joint ventures	788	839	735
Deferred taxation asset	78	85	65
Investment property	75	66	75
Property and equipment	3 757	3 411	3 757
Long-term employee benefit assets	1 528	1 409	1 305
Computer software and capitalised development costs	4 473	1 235	1 323
Mandatory reserve deposits with central bank	9 477	7 729	8 351
Goodwill	1 390	1 369	1 392
<b>Total assets</b>	<b>520 137</b>	<b>436 338</b>	<b>460 627</b>
<b>Equity and liabilities</b>			
Ordinary share capital	27	27	27
Ordinary share premium	14 422	14 422	14 422
Reserves*	15 691	12 232	13 954
<b>Total equity attributable to equity holders of the parent</b>	<b>30 140</b>	<b>26 681</b>	<b>28 403</b>
Preference share capital and premium	3 122	3 131	3 122
Minority shareholders' equity attributable to			
– ordinary shareholders	1 307	1 230	1 307
– preference shareholders	300	300	300
<b>Total equity</b>	<b>34 869</b>	<b>31 342</b>	<b>33 132</b>
Derivative financial instruments	16 952	10 089	10 336
Amounts owed to depositors	438 728	368 233	389 290
Other liabilities*	10 388	9 588	10 419
Liabilities under acceptances	3 121	2 651	2 236
Current taxation liabilities	210	249	275
Deferred taxation liabilities	1 670	1 933	1 470
Long-term employee benefit liabilities	1 251	1 225	1 145
Long-term debt instruments	12 948	11 028	12 324
<b>Total liabilities</b>	<b>485 268</b>	<b>404 996</b>	<b>427 495</b>
<b>Total equity and liabilities</b>	<b>520 137</b>	<b>436 338</b>	<b>460 627</b>
Guarantees on behalf of clients	20 287	18 524	20 564

\* June and December 2007 restated.

### Condensed operational segmental reporting

for the period ended	Reviewed June 2008	Reviewed June 2007	Audited December 2007	Reviewed June 2008	Reviewed June 2007	Audited December 2007	Reviewed June 2008	Reviewed June 2007	Audited December 2007
<b>Rm</b>									
	Total assets	Total assets	Total assets	Operating income	Operating income	Operating income	Headline earnings	Headline earnings	Headline earnings
Nedbank Corporate	228 331	183 220	208 387	3 954	3 939	8 215	1 503	1 344	2 632
Nedbank Capital	173 075	149 412	143 419	1 349	1 178	2 655	600	500	1 174
Nedbank Retail	166 839	142 448	154 144	4 926	4 690	10 024	728	894	1 876
Imperial Bank	43 560	34 004	38 195	543	541	1 207	88	107	227
Shared Services	6 217	6 452	6 683	59	65	162	27	41	(15)
Central Management	38 104	18 935	20 580	225	11	412	(3)	(111)	27
Eliminations	(107 119)	(73 639)	(82 552)	(36)	(130)	(247)			
Total per Nedbank Group	549 007	460 832	488 856	11 020	10 294	22 428	2 943	2 775	5 921
Fellow-subsidary adjustments	(28 870)	(24 494)	(28 229)	(809)	(266)	(1 264)	(165)	34	(265)
<b>Total</b>	<b>520 137</b>	<b>436 338</b>	<b>460 627</b>	<b>10 211</b>	<b>10 028</b>	<b>21 164</b>	<b>2 778</b>	<b>2 809</b>	<b>5 656</b>

Segmental comparatives have been restated in line with the group's implementation of economic-value-based management. From 2008 economic profit (EP) replaces ROE as the primary internal financial performance measure in the group. EP is a best-practice measure since it incentivises an appropriate balance between return and growth, and better aligns with shareholder value creation.

### Condensed geographical segmental reporting

for the period ended	Reviewed June 2008	Reviewed June 2007	Audited December 2007	Reviewed June 2008	Reviewed June 2007	Audited December 2007
<b>Rm</b>						
Operating income				Headline earnings	Headline earnings	Headline earnings
South Africa	10 224	9 627	21 024	2 769	2 631	5 623
Business operations	10 224	9 627	21 024	3 042	2 839	6 039
BEE transaction expenses				(105)	(79)	(144)
Profit attributable to minority interest – preference shareholders				(168)	(129)	(272)
Rest of Africa	379	288	669	70	50	116
Business operations	379	288	669	71	51	119
BEE transaction expenses				(1)	(1)	(3)
Rest of world – business operations	417	379	735	104	94	182
Total per Nedbank Group	11 020	10 294	22 428	2 943	2 775	5 921
Fellow-subsidary adjustments	(809)	(266)	(1 264)	(165)	34	(265)
<b>Total</b>	<b>10 211</b>	<b>10 028</b>	<b>21 164</b>	<b>2 778</b>	<b>2 809</b>	<b>5 656</b>

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