
NEDCOR



Interim Financial Results
for the six months ended
30 June 2004

For more information contact

Mike Brown

Chief Financial Officer

Tel: +27 11 294 9999

Mobile: +27 83 777 8002

Fax: +27 11 295 9999

E-mail: mikeb@nedcor.com

Don Bowden

Tier 1 Investor Relations

Tel: +27 21 702 3102

Mobile: +27 82 555 8721

Fax: +27 21 702 3107

E-mail: don@tier1ir.co.za

This and additional information is available on our website:

www.nedcor.com

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Financial Results

for the six months ended 30 June 2004

Financial highlights

Notes

for the period ended

	Reviewed 30 June 2004	Restated 30 June 2003	Audited 30 December 2003
Earnings reconciliation			
Income/(loss) attributable to shareholders (Rm)	380	404	(1 600)
Less: Non-headline earnings items (Rm)	(120)	(309)	(1 655)
Exceptional items (Rm)	(137)	(309)	(1 693)
Taxation on exceptional items (Rm)	17	-	38
Headline earnings (Rm)	500	713	55
Headline earnings (excluding foreign currency translation losses) (Rm)	713	1 448	1 471
Share statistics			
Number of shares in issue (m)	392,9	274,7	274,8
Weighted average number of shares (m)	327,8	292,3	293,0
Fully diluted weighted average number of shares (m)	330,1	292,5	293,4
Headline earnings per share (cents)	153	244	19
Headline earnings per share (excluding foreign currency translation losses) (cents)	217	495	502
Fully diluted headline earnings per share (cents)	151	244	19
Attributable earnings per share (cents)	116	138	(546)
Fully diluted attributable earnings per share (cents)	115	138	(545)
Dividends declared per share (cents)*		205	240
Dividend paid per share cents	35	310	515
Dividend cover (times)		1,2	0,1
Net asset value per share (investments at market value) (cents)	4 444	5 154	4 240
Tangible net asset value per share (investments at market value) (cents)	3 132	3 206	2 247
Share price (cents)	6 170	8 950	6 203
Price earnings ratio (historical)	40	37	326
Market capitalisation (Rbn)	24,2	24,6	17,0
Key ratios			
Return on ordinary shareholders' equity (%)	7,3	9,2	0,4
Return, excluding foreign currency translation losses, on ordinary shareholders' equity (%)	10,4	19,0	10,3
Return on total assets (%)	0,33	0,45	0,02
Return, excluding foreign currency translation losses, on total assets	0,47	0,91	0,46
Net interest income to interest-earning assets (%)	3,05	2,96	2,95
Non-interest revenue to total income (%)	48,7	51,0	49,0
Impairments to total advances (%)	3,3	3,4	3,4
Efficiency ratio (%)	79,9	72,6	80,2
Efficiency ratio (excluding foreign currency translation losses) (%)	77,6	65,4	72,5
Balance sheet			
Ordinary shareholders' equity (Rm)	17 463	14 157	11 647
Total shareholders' equity (Rm)	20 932	16 700	15 101
Deposits, current accounts and other liabilities (Rm)	236 618	240 978	238 813
Advances (Rm)	206 294	204 580	210 096
Gross (Rm)	213 233	211 675	217 404
Impairment – specific (Rm)	(6 012)	(5 931)	(6 629)
Impairment – portfolio (Rm)	(927)	(1 164)	(679)
Total assets (Rm)	300 353	316 123	313 113
Assets under management (Rm)	87 574	94 219	102 090
Total assets administered by the Group	387 927	410 342	415 203

* Not yet declared at time of print

Income statement

Notes

for the period ended

Rm	% change	Reviewed 30 June 2004	Restated 30 June 2003	6 months to 31 December 2003	Audited 31 December 2003
Interest income	(19)	11 707	14 474	13 667	28 141
Interest expense	(28)	8 122	11 228	10 105	21 333
Net interest income	10	3 585	3 246	3 562	6 808
Non-interest revenue	(12)	3 617	4 119	3 834	7 953
Foreign currency translation losses	(71)	(213)	(735)	(681)	(1 416)
Gross operating income	5	6 989	6 630	6 715	13 345
Impairment of advances		719	891	1 172	2 063
Income after impairment of advances	9	6 270	5 739	5 543	11 282
Operating expenses	10	5 175	4 722	5 618	10 340
Fees due to alliance partners	>(100)	83	(41)	10	(31)
Merger expenses	(30)	94	134	260	394
Recovery programme expenses		234			
Profit from operations before exceptional items	(26)	684	924	(345)	579
Exceptional items	(56)	(137)	(309)	(1 384)	(1 693)
Amortisation and impairment of goodwill	12	(235)	(209)	(1 594)	(1 803)
Profit/(loss) on sale of subsidiaries, investments and property and equipment	>(100)	153	(100)	449	349
Net impairment of investments, property and equipment and capitalised development costs		(55)		(239)	(239)
Profit/(loss) from operations	(11)	547	615	(1 729)	(1 114)
Attributable earnings of associates and joint ventures	13	79	70	62	132
Profit/(loss) before taxation	(9)	626	685	(1 667)	(982)
Taxation	(61)	80	205	185	390
Taxation: exceptional items		(17)		(38)	(38)
Profit/(loss) after taxation	17	563	480	(1 814)	(1 334)
Minority interest income attributable to					
– ordinary shareholders	(4)	(73)	(76)	(57)	(133)
– preference shareholders		(110)		(133)	(133)
Income/(loss) attributable to shareholders	(6)	380	404	(2 004)	(1 600)

Balance sheet

Notes

for the period ended

Rm	Reviewed 30 June 2004	Restated 30 June 2003	Audited 31 December 2003
Assets			
Cash and short-term funds	11 809	9 405	12 227
Other short-term securities	9 549	19 385	10 610
Government and other securities	22 322	15 282	21 333
Derivative instruments	21 509	37 132	28 496
Advances	206 294	204 580	210 096
Sundry debtors	9 161	7 875	7 463
Deferred taxation asset	1 253	1 156	3 074
Current taxation prepaid	174	396	256
Investments in associate companies and joint ventures	1 433	1 547	1 627
Other investments	4 364	5 064	3 788
Insurance assets	3 803	5 276	5 152
Property and equipment	2 517	2 851	2 684
Computer software and capitalised development costs	1 558	1 471	1 710
Goodwill	3 598	3 881	3 762
Customers' indebtedness for acceptances	1 009	822	835
Total assets	300 353	316 123	313 113
Shareholders' equity and liabilities			
Ordinary share capital	393	271	275
Ordinary share premium	9 832	4 625	4 801
Reserves	7 238	9 261	6 571
Ordinary shareholders' equity	17 463	14 157	11 647
Minority shareholders' equity attributable to preference shareholders	2 770	1 982	2 802
Minority shareholders' equity attributable to ordinary shareholders	699	561	652
Total shareholders' equity and minority shareholders' equity	20 932	16 700	15 101
Derivative instruments	19 856	38 094	28 206
Deposit, current accounts and other liabilities	236 618	240 978	238 813
Sundry creditors	9 585	6 295	12 045
Deferred taxation liabilities	864	336	2 731
Current taxation liabilities	189	175	144
Insurance funds	3 803	5 276	5 152
Long-term debt instruments	7 497	7 447	10 086
Liabilities under acceptances	1 009	822	835
Total shareholders' equity and liabilities	300 353	316 123	313 113
Guarantees on behalf of customers excluded from assets	10 429	10 703	12 403

AC133: Balance sheet classification as at 30 June 2004

Rm	Assets	Liabilities
Fair value	56 939	27 137
Held for trading	54 369	27 137
Available for sale	2 570	
Amortised cost	243 414	252 284
Originated loans and receivables	232 458	
Held to maturity	1 350	
Non-trading liabilities		250 725
Other assets and liabilities	9 606	1 559
Total shareholders' equity and minority shareholders' equity		20 932
	300 353	300 353

Cash flow statement

for the period ended

Notes

Rm	Reviewed 30 June 2004	Restated 30 June 2003	Audited 31 December 2003
Cash flows from operating activities	2 663	2 344	5 281
Cash received from clients	15 235	17 698	35 699
Cash paid to clients, staff and suppliers	(12 743)	(15 472)	(30 668)
Dividends received on investments	52	71	152
Recoveries on loans previously written off	119	47	98
Increase in working funds	(6 345)	(9 655)	(13 762)
Cash utilised by operating activities before taxation	(3 682)	(7 311)	(8 481)
Taxation paid	(285)	(307)	(616)
Net cash utilised by operating activities	(3 967)	(7 618)	(9 097)
Cash flows from investment activities	1 228	1 287	2 654
Cash flows from financing activities	2 321	(871)	2 063
Net decrease in cash and short-term funds	(418)	(7 202)	(4 380)
Cash and short-term funds at beginning of period	12 227	16 607	16 607
Cash and short-term funds at end of period	11 809	9 405	12 227

Statement of changes in shareholders' equity

Notes

Rm	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Reserves not available for distribution	Foreign currency translation reserve
Balance at 31 December 2002	270 577 653	271	4 536	97	(28)
Impairment of advances					
Fair value adjustment					
Taxation					
Minority interest					
Restated balance at 31 December 2002	270 577 653	271	4 536	97	(28)
Shares issued for options exercised under the Nedcor Group (1994)					
Employee Incentive Scheme		3	370		
Shares acquired by subsidiary		(3)	(281)		
Preference share issue expenses					
Net profit for the period					
Transfer from/(to) reserves				290	
Release of reserve previously not available*				(356)	
Foreign currency translation differences					(84)
Dividends to shareholders					
AC133 available for sale reserve					
Acquisition of subsidiaries					
Other					
Restated balance at 30 June 2003	270 577 653	271	4 625	31	(112)
Shares issued for options exercised under the Nedcor Group (1994)					
Employee Incentive Scheme	4 079 105	4	7		
Shares acquired by subsidiary			281		
Shares sold by subsidiary	97 667		(111)		
Preference shares issued					
Preference share issue expenses			(1)		
Net profit for the period					
Preference share dividend paid					
Transfer (to)/from reserves				(24)	
Release of reserve previously not available*				(1)	
Foreign currency translation differences					(97)
Dividends to shareholders					
AC133 available for sale reserve					
Acquisition of subsidiaries					
Other					
Balance at 31 December 2003	274 754 425	275	4 801	6	(209)
Shares issued for options exercised under the Nedcor Group (1994)					
Employee Incentive Scheme	1 528 512	2	92		
Shares issued in terms of rights offer	114 481 010	114	5 037		
Other share issues	2 175 867	2	99		
Share issue expenses			(197)		
Preference share cumulative dividend					
Net profit for the period					
Preference share dividend paid					
Transfer from/(to) reserves				63	
Release of reserve previously not available*				(25)	
Foreign currency translation differences					(1)
Acquisition of subsidiaries					
Disposal of subsidiaries					
Dividends to shareholders					
AC133 available for sale reserve					
Other					
Balance at 30 June 2004	392 939 814	393	9 832	44	(210)

* Release of reserve previously not available relates to the differences between the market price and the exercise price of options granted to employees that were exercised in the current year

Notes

Loan loss reserve	Other non-distributable reserves	AC133 available for sale reserve	Other distributable reserves	Total ordinary shareholders' equity	Minority shareholders' interest	Preference share capital and premium	Total shareholders' equity
	147	–	12 023	17 046	503	1 987	19 536
			(1 700)	(1 700)			(1 700)
		28	(1 205)	(1 177)			(1 177)
		(8)	795	787			787
		(5)	1	(4)			(4)
	147	15	9 914	14 952	503	1 987	17 442
				373			373
				(284)			(284)
				–		(5)	(5)
			404	404	76		480
410	(10)		(690)	–			–
				(356)			(356)
				(84)			(84)
			(839)	(839)			(839)
		(1)		(1)			(1)
				–	(10)		(10)
			(8)	(8)	(8)		(16)
410	137	14	8 781	14 157	561	1 982	16 700
				11			11
				281			281
				(111)			(111)
				–		825	825
				(1)		(5)	(6)
			(2 004)	(2 004)	57	133	(1 814)
				–		(133)	(133)
(410)	(30)		464	–			–
				(1)			(1)
				(97)			(97)
			(556)	(556)			(556)
		(14)		(14)			(14)
			(23)	(23)	46		23
			5	5	(12)		(7)
–	107	–	6 667	11 647	652	2 802	15 101
				94			94
				5 151			5 151
				101			101
				(197)			(197)
				–		(32)	(32)
			380	380	73	110	563
				–		(110)	(110)
430	83		(576)	–			–
				(25)			(25)
				(1)			(1)
				–	(10)		(10)
				–	(5)		(5)
			(97)	(97)			(97)
		416		416			416
			(6)	(6)	(11)		(17)
430	190	416	6 368	17 463	699	2 770	20 932

Segmental analysis

Notes

for the period ended

	June 2004 Reviewed average assets Rbn	June 2003 Restated average assets Rbn	December 2003 Audited average assets Rbn
Corporate Banking	124	112	133
Nedbank Capital	58	61	142
Imperial Bank	14	10	11
Retail and Wealth Management	77	75	95
Shared Services	30	28	14
Capital Management and Central Funding	25	29	35
Preference share dividend paid			
Foreign currency translation losses	(58)	(56)	(167)
	270	259	263

Geographic – contribution to headline earnings analysis

for the period ended

Rm	Reviewed 2004 June	Restated 2003 June	Audited 2003 December
South Africa	249	432	(422)
Business operations	500	432	(289)
Recovery programme expenses	(141)		
Minority interest income attributable to preference shareholders	(110)		(133)
Rest of Africa	101	68	198
Rest of World	150	213	279
Business operations	173	213	279
Recovery programme expenses	(23)		
Headline earnings	500	713	55

Notes

June 2004 Reviewed operating income Rm	June 2003 Restated operating income Rm	December 2003 Audited operating income Rm	June 2004 Reviewed Headline earnings Rm	June 2003 Restated Headline earnings Rm	December 2003 Audited Headline earnings Rm
3 224	3 303	6 063	1 149	1 365	1 931
1 087	1 370	1 511	448	697	359
393	307	785	52	67	116
3 616	3 720	7 597	270	437	584
50	(108)	5 642	(432)	(396)	(972)
(1 005)	(1 078)	(6 837)	(664)	(722)	(108)
(376)	(884)	(1 416)	(110)	(133)	(133)
(376)	(884)	(1 416)	(213)	(735)	(1 722)
6 989	6 630	13 345	500	713	55

Income drivers

Notes

for the period ended 30 June	Reviewed 2004	Restated 2003	
Net interest income	3 585	3 246	Net interest income/average interest-earning assets
Non-interest income	3 617	4 119	Non-interest income/average interest-earning assets
Income from normal operations	7 202	7 365	
Impairment of advances	(719)	(891)	Impairments/average interest-earning assets
Total expenses	(5 586)	(4 815)	Total expenses/average interest-earning assets
Attributable earnings of associates and joint ventures	79	70	Associate income/average interest-earning assets
Net profit before taxation	976	1 729	
Taxation	(80)	(205)	1 – Effective tax rate
Net profit after taxation	896	1 524	
Minority interest	(183)	(76)	Income attributable to minorities
			Headline earnings (excluding translation losses)
			Foreign currency translation losses/average interest-earning assets
Foreign currency translation losses	(213)	(735)	
Headline earnings	500	713	Headline earnings
Daily average interest-earning assets	236 307	221 070	Interest-earning assets/simple average total assets
Daily average total assets	294 219	295 894	Return on total assets
Simple average total assets	306 733	320 445	
Simple average shareholders' funds	13 729	15 602	Gearing
			Return on equity

2004		2003	
3,05%		2,96%	
add	6,13%	add	6,72%
3,08%		3,76%	
	<i>Cost/income</i>		<i>Cost/income</i>
	77,6%		65,4%
less		less	
0,61%		0,81%	
less	<i>Impairments/nil</i>	less	<i>Impairments/nil</i>
4,75%	20,0%	4,39%	27,4%
add		add	
0,07%		0,06%	
	0,84%		1,58%
	multiply		multiply
	0,92%		0,88%
	multiply		multiply
	0,80%		0,95%
0,61%	0,61%	1,32%	1,32%
	add		add
	(0,18%)		(0,67%)
	=		=
0,61%	0,43%	1,32%	0,65%
	multiply		multiply
77,0%	77,0%	69,0%	69,0%
=	=	=	=
0,47%	0,33%	0,91%	0,45%
	multiply		multiply
22,34%	22,34%	20,54%	20,54%
=	=	=	=
10,4%	7,3%	19,0%	9,2%
<i>Excluding trans losses</i>	<i>Including trans losses</i>	<i>Excluding trans losses</i>	<i>Including trans losses</i>

Operational segmental reporting

Notes

for the period ended 30 June								
Rbn	Nedcor		Nedbank Corporate		Nedbank Capital		Imperial Bank	
	2004	2003	2004	2003	2004	2003	2004	2003
Average assets								
Short-term funds and trading securities	38	41	5	5	21	25	1	1
Mortgage loans	59	52	8	7			4	3
Credit card balances	3	3						
Leases and instalment debtors	32	27	18	16			8	6
Loans and overdrafts	90	97	68	76	10	10	1	
Other assets (including intergroup loans)	48	39	25	8	27	26		
Total assets	270	259	124	112	58	61	14	10
Total interest-earning assets	236	221	119	107	56	59	13	9
Current and savings accounts	45	35	19	12				
Deposit and loan accounts (including intergroup funding)	197	199	94	89	55	59	12	9
Long-term debt	10	8					1	
Share capital reserves and preference shares	18	17	11	11	3	2	1	1
Total liabilities	270	259	124	112	58	59	14	10
Income statement								
Rm								
Net interest income	3 585	3 246	2 288	2 308	507	243	296	225
Non-interest revenue	3 617	4 119	936	995	580	1 127	97	82
Foreign currency translation losses	(213)	(735)						
Gross operating income	6 989	6 630	3 224	3 303	1 087	1 370	393	307
Impairment of advances	719	891	197	214	31	12	79	50
Income after impairment of advances	6 270	5 739	3 027	3 089	1 056	1 358	314	257
Fees due to alliance partners	83	(41)			38			
Operating expenses	5 175	4 722	1 405	1 295	380	410	188	134
Merger expenses	94	134	3	4		6		
Recovery programme expenses	234	-	69		10			
Profit/(loss) from operations	684	924	1 550	1 790	628	942	126	123
Attributable earnings of associates and joint ventures	79	70	30	51				
Profit/(loss) before taxation	763	994	1 580	1 841	628	942	126	123
Taxation	80	205	422	473	179	245	23	(6)
Profit/(loss) after taxation	683	789	1 158	1 368	449	697	103	129
Minority interest income attributable to								
- ordinary shareholders	73	76	9	3	1		51	62
- preference shareholders	110	-						
Headline earnings	500	713	1 149	1 365	448	697	52	67
Selected ratios (including foreign currency translation losses)								
Return on average assets (%)			1,9	2,5	1,6	2,3	0,8	1,4
Return on average equity (%)			21,7	24,8	31,6	73,2	15,0	20,0
Selected ratios (excluding foreign currency translation losses)								
Interest margin (%)	3,05	2,96	3,83	4,33	1,81	0,83	4,65	4,89
Impairments to net interest income (%)	20,0	27,4	8,6	9,3	6,2	5,1	26,8	22,0
Impairments to advances (%)	3,3	3,4	2,9	3,7	1,0	1,4	5,6	5,8
Non-interest revenue to gross income (%)	48,7	51,0	29,0	30,1	53,3	82,2	24,6	26,7
Efficiency ratio (%)	77,6	65,4	45,8	39,3	39,5	30,4	47,8	43,5
Effective tax rate (%)	8	12	27	26	29	26	18	(4)
Staff complement (actual)	23 172	24 150	4 576	4 261	701	784	705	540

Rbn	Nedbank Retail and Wealth		Shared Services		Capital Management and Central Funding		Foreign currency translation losses and eliminations	
	2004	2003	2004	2003	2004	2003	2004	2003
Average assets								
Short-term funds and trading securities	4	4	1	1	6	5		
Mortgage loans	47	42						
Credit card balances	3	3						
Leases and instalment debtors	6	5						
Loans and overdrafts	8	8			3	3		
Other assets (including intergroup loans)	9	13	29	27	16	21	(58)	(56)
Total assets	77	75	30	28	25	29	(58)	(56)
Total interest-earning assets	66	64	1	1	16	16	(35)	(35)
Current and savings accounts	26	23						
Deposit and loan accounts (including intergroup funding)	43	44	16	18	12	17	(35)	37
Long-term debt					9	8		
Share capital reserves and preference shares	8	8	14	10	4	4	(23)	(19)
Total liabilities	77	75	30	28	25	29	(58)	(56)
Income statement								
Rm								
Net interest income	1 845	2 125	(168)	(309)	(1 183)	(1 346)		
Non-interest revenue	1 771	1 595	218	201	178	268	(163)	(149)
Foreign currency translation losses							(213)	(735)
Gross operating income	3 616	3 720	50	(108)	(1 005)	(1 078)	(376)	(884)
Impairment of advances	454	468	4	12	(46)	135		
Income after impairment of advances	3 162	3 252	46	(120)	(959)	(1 213)	(376)	(884)
Fees due to alliance partners	45	(41)						
Operating expenses	2 726	2 625	559	341	81	65	(164)	(148)
Merger expenses	2	26	89	98				
Recovery programme expenses	52		103					
Profit/(loss) from operations	337	642	(705)	(559)	(1 040)	(1 278)	(212)	(736)
Attributable earnings of associates and joint ventures	21	4	28	15				
Profit/(loss) before taxation	358	646	(677)	(544)	(1 040)	(1 278)	(212)	(736)
Taxation	77	181	(246)	(149)	(376)	(1 535)	1	(1)
Profit/(loss) after taxation	281	465	(431)	(395)	664	(740)	(213)	(735)
Minority interest income attributable to – ordinary shareholders	11	28	1	1		(18)		
– preference shareholders					110			
Headline earnings	270	437	(432)	(346)	(774)	(722)	(213)	(735)
Selected ratios (including foreign currency translation losses)								
Return on average assets (%)	0,7	1,2						
Return on average equity (%)	6,9	10,8						
Selected ratios (excluding foreign currency translation losses)								
Interest margin (%)	5,64	6,72						
Impairments to net interest income (%)	24,6	22,0						
Impairments to advances (%)	4,9	6,7						
Non-interest revenue to gross income (%)	49,0	42,9						
Efficiency ratio (%)	78,1	70,2						
Effective tax rate (%)	23	28						
Staff complement (actual)	6 596	7 721	10 594	10 844				

Operational segmental reporting – Retail and Wealth Management

Notes

for the period ended 30 June						
Rbn	Retail, Wealth and Peoples Bank		Wealth Management		Banking and bancassurance	
	2004	2003	2004	2003	2004	2003
Income statement						
Rm						
Net interest income	1 845	2 125	78	74	1 767	2 051
Non-interest revenue	1 771	1 595	285	300	1 486	1 295
Foreign currency translation losses						
Gross operating income	3 616	3 720	363	374	3 253	3 346
Impairment of advances	454	468	3	2	451	466
Income after impairment of advances	3 162	3 252	360	372	2 802	2 880
Fees due to alliance partners	45	(41)			45	(41)
Operating expenses	2 726	2 625	264	289	2 462	2 336
Merger expenses	2	26			2	26
Recovery programme expenses	52				52	
Profit/(Loss) from operations	337	642	96	83	241	559
Attributable earnings of associates and joint ventures	21	4	11	8	10	(4)
Profit/(Loss) before taxation	358	646	107	91	251	555
Taxation	77	181	13	11	64	170
Profit/(Loss) after taxation	281	465	94	80	187	385
Minority interest income attributable to						
– ordinary shareholders	11	28	11	7		21
– preference shareholders						
Headline earnings	270	437	83	73	187	364
Headline earnings						
Segmental analysis						
Banking and Insurance	187	364				
Nedbank	280	227				
Peoples Bank	(157)	(65)				
Go Banking	(27)	(35)				
Old Mutual Bank	1	(16)				
Capital One Joint Ventures	17	(20)				
American Express	8	(6)				
Peoples Bank Lending	9	(14)				
Other Retail Businesses	(3)	(13)				
Merger recovery program costs	(38)	(18)				
ALM - Interest rate risks	(60)	38				
Endowment on capital deployed in banking businesses	174	266				
Wealth Management	83	73				
Nedcor retail investments	15	5				
BOE private clients	16	11				
Offshore wealth management businesses	52	57				
Headline earnings – Retail and Wealth Management	270	437				

Geographical segmental reporting

Notes

for the period ended 30 June	Nedcor Limited		South Africa		Rest of Africa		Rest of World	
Rbn	2004	2003	2004	2003	2004	2003	2004	2003
Income statement								
Rm								
Net interest income	3 585	3 246	3 263	2 986	156	58	166	202
Non-interest revenue	3 617	4 119	3 167	3 646	69	27	381	446
Foreign currency translation losses	(213)	(735)	(213)	(735)				
Gross operating income	6 989	6 630	6 217	5 897	225	85	547	648
Impairment of advances	719	891	706	874	8	3	5	14
Income after impairment of advances	6 270	5 739	5 511	5 023	217	82	542	634
Operating expenses	5 175	4 722	4 689	4 275	124	57	362	390
Fees due to alliance partners	83	(41)	83	(41)				
Merger expenses	94	134	94	134				
Recovery programme expenses	234		201				33	
Profit from operations	684	924	444	655	93	25	147	244
Attributable earnings of associates and joint ventures	79	70	49	18	30	52		
Profit before taxation	763	994	493	673	123	77	147	244
Taxation	80	205	72	175	16	6	(8)	24
Profit after taxation	683	789	421	498	107	71	155	220
Minority interest income attributable to								
– ordinary shareholders	(73)	(76)	(62)	(66)	(6)	(3)	(5)	(7)
– preference shareholders	(110)		(110)					
Headline earnings	500	713	249	432	101	68	150	213

Average balance sheet and related interests

Notes

as at	Reviewed 30 June 2004			Restated 30 June 2003		
Rm	Average balance sheet	%	Interest	Average balance sheet	%	Interest
Assets						
Advances						
Mortgage loans	59 433	10,6	3 128	52 038	15,4	3 976
Lease and instalment debtors	31 336	11,1	1 727	22 979	15,4	1 751
Credit card balances	3 279	11,6	189	3 355		231
Bills and acceptances	5 216	9,2	238	4 096	10,3	209
Overdrafts	10 175	11,3	571	10 274	15,5	792
Term loans and other*	97 263	8,2	3 986	104 478	11,4	5 919
Impairment of advances	(7 459)			(8 340)		
Government and other securities	16 623	9,8	814	11 141	8,8	487
Short-term funds and trading securities	20 441	10,4	1 054	21 049	10,6	1 109
Interest-earning assets	236 307	10,0	11 707	221 070	13,2	14 474
Derivative gross up	24 031			37 132		
Cash, investments and property and equipment	33 881			37 692		
Total assets	294 219	8,0	11 707	295 894	9,9	14 474
Liabilities						
Deposit and loan accounts	154 713	6,4	4 951	142 843	10,9	7 705
Current and savings accounts	32 559	2,9	463	25 095	4,2	525
Negotiable certificates of deposit	28 641	8,9	1 264	34 622	12,1	2 076
Other liabilities**	26 173	6,6	864	31 231	3,0	469
Long-term debt instruments	9 920	11,8	580	7 542	12,1	453
Interest-bearing liabilities	252 006	6,5	8 122	241 333	9,4	11 228
Derivative gross up	24 031			37 132		
Ordinary shareholders' equity	15 468			15 370		
Minority shareholders' equity	2 714			2 059		
Total shareholders' equity and liabilities	294 219	5,6	8 122	295 894	7,7	11 228
Margin on total average assets		2,40		-	2,20	
Net interest income to weighted average interest-earning assets	236 307	3,05	3 585	221 070	2,96	3 246

Where possible, averages are calculated on daily balances.

* Includes: term loans, preference shares, factoring debtors, other lending-related instruments and customers' indebtedness for acceptances.

** Includes: foreign currency liabilities, liabilities under acceptances, creditors and other accounts.

Assets under management

as at 30 June

Rm	2004	2003	2002	
Managed funds				
Fair value of funds under management – by type				
Unit trusts	17 104	13 157	18 765	
Third party	34 190	54 357	28 482	
Private clients	24 339		29 046	
Other financial services	11 941	26 705	25 797	
	87 574	94 219	102 090	
Fair value of funds under management – by geography				
South Africa	44 572	38 140	43 393	
Rest of Africa		258		
United Kingdom	23 562	38 683	40 702	
United States		3 723		
Rest of world	19 440	13 415	17 995	
	87 574	94 219	102 090	
Rm	Unit trusts	Third party	Other financial services	Total
Reconciliation of movement in funds under management – by type				
Opening balance	18 765	57 528	25 797	102 090
Group transfers		(915)	915	
Acquisitions				
Disposals	(1 188)	(3 581)	(15 100)	(19 869)
Inflows	3 586	9 332	1 528	14 446
Outflows	(3 281)	(4 610)	(832)	(8 723)
Mark-to-market value adjustment	369	956		1 325
Foreign currency translation differences	(1 147)	(181)	(367)	(1 695)
Closing balance	17 104	58 529	11 941	87 574
Rm	South Africa	United Kingdom	Rest of world	Total
Reconciliation of movement in funds under management – by geography				
Opening balance	43 393	40 702	17 995	102 090
Group transfers	(763)	(915)	1 678	
Acquisitions				
Disposals		(19 869)		(19 869)
Inflows	8 657	4 482	1 307	14 446
Outflows	(7 395)	(945)	(383)	(8 723)
Mark-to-market value adjustment	680	185	460	1 325
Foreign currency translation differences		(78)	(1 617)	(1 695)
Closing balance	44 572	23 562	19 440	87 574

Impairments, provisions and non-performing advances

Notes

as at

Rm	% change	Reviewed 30 June 2004	Restated 30 June 2003	Audited 31 December 2003
Opening balance		7 308	6 553	6 553
Income statement charge – impairment of advances		719	891	2 063
Bad debts recovered		119	47	98
AC133 transitional adjustment			963	1 701
Bad debts written off/other transfers		(1 207)	(1 359)	(3 364)
Acquisition of subsidiaries				257
Total impairments	(2)	6 939	7 095	7 308
Impairment of advances				679
Portfolio provisions	(20)	927	1 164	
Specific provisions	1	6 012	5 931	6 629
Total impairments	(2)	6 939	7 095	7 308
Total advances	1	213 233	211 675	217 404
Non-performing advances				
Non-performing loans				
Mortgage advances		2 668	3 346	3 204
Lease and instalment debtors		922	929	926
Credit card balances		336	496	368
Other loans and advances		2 336	2 423	2 666
Properties in possession		1 089	1 074	1 280
Total non-performing advances	(11,5)	7 351	8 268	8 444
Expected recoveries		3 084	3 591	3 660
Expected loss	(9,5)	4 267	4 677	4 784
Ratio of provisions to advances (%)		3,3	3,4	3,4
Non-performing loans as % of advances		2,8	3,2	3,1
Properties in possession as % of advances		0,5	0,5	0,6
Non-performing advances as % of advances		3,4	3,9	3,9
Adequacy of provisions				
Gross coverage (%) (provisions over non-performing advances)		94	86	87
Net coverage (%) (provisions over expected losses)		163	152	153

Rm	Classification categories 2004						Total
	Standard	Special- mention	Sub- standard	Doubtful	Loss	PIPs	
Mortgage advances	84 785	1 661	1 465	1 129	1 539		90 579
Lease and instalment debtors	25 891	440	169	215	707		27 422
Credit card balances	2 756	170	34	158	178		3 296
Other loans and advances	85 787	1 855	869	1 436	900		90 847
Properties in possession (PIPs)						1 089	1 089
Total gross balances	199 219	4 126	2 537	2 938	3 324	1 089	213 233
% of total advances	93,4	1,9	1,2	1,4	1,6	0,5	

Rm	Classification categories 2003						Total
	Standard	Special- mention	Sub- standard	Doubtful	Loss	PIPs	
Mortgage advances	79 865	1 949	2 018	1 168	2 036		87 036
Lease and instalment debtors	17 487	404	205	217	709		19 022
Credit card balances	2 591	195	45	180	188		3 199
Other loans and advances	101 973	782	1 446	1 472	1 194		106 867
Properties in possession (PIPs)						1 280	1 280
Total gross balances	201 916	3 330	3 714	3 037	4 127	1 280	217 404
% of total advances	92,9	1,5	1,7	1,4	1,9	0,6	

Impairments, provisions and non-performing advances *continued*

Notes

Rm	Mortgage advances	Instalment sales and leases	Credit cards	Other loans and advances	PIPs	Total non-performing advances	Expected recoveries	Expected loss
Non-performing advances								
Corporate Banking	1 062	217	3	692	462	2 436	1 327	1 109
Imperial Bank	304	486		29	31	850	463	387
Retail and Wealth Management	661	104	333	277	429	1 804	522	1 282
Peoples Bank	641	115		388	128	1 272	458	814
Capital Management and Central Funding				950	39	989	314	675
	2 668	922	336	2 336	1 089	7 351	3 084	4 267
	2004 June Rm	% adv		2003 June Rm	% adv		Dec 2003 Rm	% adv
Non-performing loans (gross)	7 351	3,4		8 268	4,0		8 444	4,0
Expected recoveries	3 084	1,4		3 591	2,0		3 660	2,0
Expected losses (net)	4 267	2,0		4 677	2,0		4 784	2,0
Impairments (coverage)	6 939	3,3		7 095	3,4		7 308	3,4
Adequacy of provisions								
Gross coverage (%)	94			86			87	
Net coverage (%)	163			152			153	

Analysis of deposits and advances

Notes

as at		Reviewed	Restated	Audited
	%	30 June	30 June	31 December
Rm	change	2004	2003	2003
Deposits				
Current accounts	20	34 005	28 225	36 392
Savings accounts	8	10 560	9 817	10 411
Other deposits and loan accounts	3	151 481	147 046	140 273
Foreign currency liabilities	(22)	10 529	13 552	10 323
Negotiable certificates of deposit	(42)	22 478	38 595	31 897
Provision for onerous contracts	>100	57	18	19
Provision for leave pay	49	368	247	390
Deposits received under repurchase agreements	>100	7 140	3 478	9 108
Deposit, current accounts and other liabilities	(2)	236 618	240 978	238 813
Advances				
Homeloans	11	60 434	54 525	56 733
Commercial mortgages	15	30 145	26 287	30 978
Properties in possession	1	1 089	1 074	1 280
Credit cards	(3)	3 296	3 412	3 204
Other loans and overdrafts	(12)	82 149	93 003	88 378
Leases and instalment debtors	12	27 422	24 432	25 880
Prefs, debentures and other investments	4	5 535	5 337	5 596
Trade and other bills	(13)	3 061	3 527	5 135
Remittances in transit	31	102	78	220
Impairment of advances	(2)	(6 939)	(7 095)	(7 308)
Advances	1	206 294	204 580	210 096

Intangible assets/goodwill

as at

Notes

Rm	Amortisation periods	Reviewed 30 June 2004 Carrying amount	Audited 31 December 2003 Carrying amount
Computer software and capitalised development costs			
Computer software	2 – 5 years	1 230	1 335
Customer product systems		661	688
Infrastructure and supporting systems		100	156
Risk management systems		216	228
Channel systems		179	193
Customer information systems		74	70
Computer development costs	none	328	375
Customer product systems		125	99
Infrastructure and supporting systems		77	95
Risk management systems		33	60
Channel systems		63	72
Customer information systems		30	49
		1 558	1 710

Software

Computer software			
Opening balance		1 335	1 143
Additions			42
Commissioned during year		138	541
Disposals		(28)	(5)
Amortisation charge for the year		(197)	(347)
Impairment		(18)	(39)
Closing balance		1 230	1 335
Capitalised development costs			
Opening balance		375	587
Additions		121	424
Commissioned during year		(138)	(541)
Impairment		(30)	(95)
Closing balance		328	375

Rm	Amortisation periods	2004			2003		
		Cost	Accumulated amortisation and impairment	Carrying amount	Cost	Accumulated amortisation and impairment	Carrying amount
Goodwill							
Major subsidiaries							
	5 – 20 years						
Gerrard Private Bank/ Fairbairn Trust Company		489	158	331	477	146	331
BEE SPV's		37		37			
Peoples Bank		198	198		198	198	
Imperial Bank		283	29	254	283	25	258
Acturis					79	79	
BoE Limited		3 707	976	2 731	3 727	901	2 826
BoE (Pty) Limited (formerly FTNIBAM)		4	4		4	4	
Nedcor Investment Bank		375	375		375	375	
Commercial Bank of Namibia		118	5	113	118	2	116
BoE Investment Management Limited		74	54	20	74	43	31
Stenham Gestinor Limited		381	279	102	381	183	198
Other		77	67	10	69	67	2
		5 743	2 145	3 598	5 785	2 023	3 762

Taxation

Notes

for the period ended 30 June

Rm	% change	June 2004	June 2003	December 2003 Actuals
Taxation				
Normal	(51)	80	162	289
STC			43	101
Total	(61)	80	205	390
Effective tax rate (%)	(52)	10	21	55
Effective tax rate excluding foreign currency translation losses (%)		8	12	18
		2004	2003	2003
		%	%	%
Taxation rate reconciliation (excluding exceptional items)				
Standard rate of South African normal taxation		30	30	30
Dividend income		(10)	(2)	(26)
Differences between foreign tax rates and South African tax rate		(3)	(2)	(5)
Non-taxable investment income		(6)	(32)	(15)
Translation losses		8	14	60
Recognition of tax loss		(4)		(12)
Other		(5)	13	23
Total taxation on income as percentage of profit before taxation (excluding exceptional items)		10	21	55

Non-interest revenue

for the period ended 30 June

Notes

Rm	% change	Reviewed 30 June 2004	Restated 30 June 2003	Audited 31 December 2003
Commission	20	1 840	1 535	3 386
Fees	(17)	786	949	1 822
Securities and exchange trading	(45)	479	865	1 713
AC133 fair value adjustment	(67)	114	344	105
Admin fees	>100	56	10	44
Surplus on sale of banking investments	(82)	37	203	243
Rents received (external)	(33)	45	67	200
Communication recoveries	100	2	1	3
Other income	>100	206	74	284
Dividends from investments	(27)	52	71	153
Total non-interest revenue	(12)	3 617	4 119	7 953

Segmental breakdown

	Nedcor		Nedbank Corporate		Nedbank Capital		Imperial Bank		Nedbank Retail and Wealth		Other	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Commission	1 840	1 535	698	524	(52)	(26)	9	27	1 198	1 069	(13)	(59)
Fees	786	949	92	184	154	209	74	53	433	440	33	63
Securities and exchange trading	479	865	17	28	362	781			20	27	80	29
AC133 fair value adjustment	114	344	42	134	58	103	1		(7)	(5)	20	112
Admin fees	56	10	18	16					45	6	(7)	(12)
Surplus on sale of banking investments	37	203	12	45	19	11			4	1	2	146
Rents received (external)	45	67	18	31					18	5	9	31
Communication recoveries	2	1	9	7					16	14	(23)	(20)
Other income	206	74	22	24	18	7	13	2	44	37	109	4
Dividends from investments	52	71	8	2	21	42				1	23	26
Total non-interest revenue	3 617	4 119	936	995	580	1 127	97	82	1 771	1 595	233	320

Expenses

Notes

for the period ended

Rm	% change	Reviewed 30 June 2004	Restated 30 June 2003	Audited 31 December 2003
Staff	10	2 544	2 305	4 949
Computer processing	(7)	605	654	1 270
Communication and travel	(4)	215	225	473
Occupation and accommodation	6	486	459	969
Marketing and Public Relations	1	232	229	559
Fees	70	518	304	895
Insurances	18	106	90	182
Office equipment and requisites	(1)	148	149	321
Other sundries	18	151	128	363
Transaction taxes	6	170	180	359
Total operating expenses	10	5 175	4 722	10 340
Fees to alliance partners	>(100)	83	(41)	(31)
Merger expenses	(30)	94	134	394
Recovery programme expenses		234		
Total	16	5 586	4 815	10 703
Efficiency ratio (%)		79,9	72,6	80,2

Review of expenses

	Reviewed Actual 2004	First time consol
Staff	2 544	45
Computer processing	605	39
Communication and travel	215	2
Occupation and accommodation	486	5
Marketing and Public Relations	232	1
Fees	518	10
Insurances	106	1
Office equipment and requisites	148	3
Other sundries	151	2
Transaction taxes	170	
Total operating expenses	5 175	108

Notes

Reclass N/R vs Exp Y/E tidy up 2003	Money laundering and Basel II	Under accrual of expenses 2003	Abnormal increase in originator commissions	Cash bonus accrual	Adjusted 2004	Restated Actual 2003
	1	38		150	2 310	2 305
					566	654
					213	225
					481	458
	13				218	229
43	46	31	43		345	304
					105	90
					145	149
					149	128
	2				168	180
43	62	69	43	150	4 700	4 722

Currency representation of balance sheet

Notes

	Rand Rm	UK£ Rm	US\$ Rm	Other Rm	Total Rm
30 June 2004					
Total assets	262 293	8 710	20 753	8 597	300 353
Cash and short-term funds	9 302	473	1 740	294	11 809
Other short-term securities	6 067	1 732	496	1 254	9 549
Government and other securities	19 601	80	1 143	1 498	22 322
Advances and other assets	210 334	5 217	16 282	5 131	236 964
Deferred taxation assets	1 250	2		1	1 253
Current taxation prepaid	174				174
Customers' indebtedness for acceptances	943	1	55	10	1 009
Investments	7 124	1 171	1 010	295	9 600
Property, equipment and intangible assets	7 498	34	27	114	7 673
Total liabilities	249 273	7 664	16 181	6 303	279 421
Long-term debt instruments	7 136		360	1	7 497
Deposits, current accounts and other creditors	240 259	7 629	15 748	6 226	269 862
Deferred taxation liabilities	820		1	43	864
Current taxation liabilities	115	34	17	23	189
Liabilities under acceptances	943	1	55	10	1 009
Net assets	13 020	1 046	4 572	2 294	20 932
Capital	15 304	1 726	3 233	669	20 932
	2 284	680	(1 339)	(1 625)	-
31 December 2003					
Total assets	268 540	9 161	24 827	10 585	313 113
Cash and short-term funds	10 464	604	766	393	12 227
Other short-term securities	7 351	1 533	232	1 494	10 610
Government and other securities	17 711	86	1 861	1 675	21 333
Advances and other assets	214 296	4 398	20 761	6 600	246 055
Deferred taxation assets	3 071			3	3 074
Current taxation prepaid	256				256
Customers' indebtedness for acceptances	768	1	54	12	835
Investments	6 695	2 467	1 117	288	10 567
Property, equipment and intangible assets	7 928	72	36	120	8 156
Total liabilities	262 208	6 240	21 437	8 127	298 012
Long-term debt instruments	9 669		386	1	10 086
Deposits, current accounts and other creditors	248 963	6 211	20 980	8 062	284 216
Deferred taxation liabilities	2 689			42	2 731
Current taxation liabilities	89	28	17	10	144
Liabilities under acceptances	768	1	54	12	835
Net assets	6 332	2 921	3 390	2 458	15 101
Capital	7 787	2 069	4 582	663	15 101
	1 455	(852)	1 192	(1 795)	-

This balance sheet provides a view of the currency in which group balance sheet items are represented, expressed in ZAR.

Geographical currency representation of balance sheet

Notes

30 June 2004	Rand Rm	UK£ Rm	US\$ Rm	Other Rm	Total Rm
NEDCOR – DOMESTIC					
Total assets	261 053	717	9 362	682	271 814
Cash and short-term funds	8 852				8 852
Other short-term securities	6 067				6 067
Government and other securities	19 601				19 601
Advances and other assets	209 545	717	9 362	682	220 306
Deferred taxation assets	1 250				1 250
Current taxation prepaid	174				174
Customers' indebtedness for acceptances	943				943
Investments	7 123				7 123
Property, equipment and intangible assets	7 498				7 498
Total liabilities	248 204	73	10 372	242	258 891
Long-term debt instruments	7 136				7 136
Deposits, current accounts and other creditors	239 190	73	10 372	242	249 877
Deferred taxation liabilities	820				820
Current taxation liabilities	115				115
Liabilities under acceptances	943				943
Net assets	12 849	644	(1 010)	440	12 923
Inter-company	(1 383)	1	(1 094)	126	(2 350)
Capital	15 304				15 304
	1 072	(643)	(84)	(314)	31
NEDCOR – OFFSHORE					
Total assets	1 240	7 993	11 391	7 915	28 539
Cash and short-term funds	450	473	1 740	294	2 957
Other short-term securities		1 732	496	1 254	3 482
Government and other securities		80	1 143	1 498	2 721
Advances and other assets	789	4 500	6 920	4 449	16 658
Deferred taxation assets		2		1	3
Current taxation prepaid					
Customers' indebtedness for acceptances		1	55	10	66
Investments	1	1 171	1 010	295	2 477
Property, equipment and intangible assets		34	27	114	175
Total liabilities	1 068	7 591	5 810	6 061	20 530
Long-term debt instruments			360	1	361
Deposits, current accounts and other liabilities	1 068	7 556	5 377	5 984	19 985
Deferred taxation liabilities			1	43	44
Current taxation liabilities		34	17	23	74
Liabilities under acceptances		1	55	10	66
Net assets	172	402	5 581	1 854	8 009
Inter-company	164	(1 623)	2 642	1 167	2 350
Capital	-	1 726	3 233	669	5 628
	(8)	(299)	294	(18)	(31)

This balance sheet provides a view of the currency in which group balance sheet items are represented, expressed in ZAR.

Geographical currency representation of balance sheet *continued*

Notes

	Rand Rm	UK£ Rm	US\$ Rm	Other Rm	Total Rm
31 December 2003					
NEDCOR – DOMESTIC					
Total assets	267 868	713	11 800	650	281 031
Cash and short-term funds	9 868				9 868
Other short-term securities	7 351				7 351
Government and other securities	17 711				17 711
Advances and other assets	214 222	713	11 800	650	227 385
Deferred taxation assets	3 071				3 071
Current taxation prepaid	256				256
Customers' indebtedness for acceptances	768				768
Investments	6 694				6 694
Property, equipment and intangible assets	7 927				7 927
Total liabilities	261 501	155	13 062	268	274 986
Long-term debt instruments	9 699				9 699
Deposits, current accounts and other creditors	248 256	155	13 062	268	261 741
Deferred taxation liabilities	2 689				2 689
Current taxation liabilities	89				89
Liabilities under acceptances	768				768
Net assets	6 367	558	(1 262)	382	6 045
Inter-company	1 432	(9)	330	(2)	1 751
Capital	7 789				7 789
	10	549	(932)	380	7
31 December 2003					
NEDCOR – OFFSHORE					
Total assets	671	8 450	13 027	9 934	32 082
Cash and short-term funds	596	604	766	393	2 359
Other short-term securities		1 533	232	1 494	3 259
Government and other securities		86	1 861	1 675	3 622
Advances and other assets	74	3 686	8 961	5 949	18 670
Deferred taxation assets				3	3
Current taxation prepaid					-
Customers' indebtedness for acceptances		1	54	12	67
Investments	1	2 467	1 117	288	3 873
Property, equipment and intangible assets		73	36	120	229
Total liabilities	706	6 085	8 376	7 859	23 026
Long-term debt instruments			386	1	387
Deposits, current accounts and other creditors	706	6 056	7 919	7 794	22 475
Deferred taxation liabilities				42	42
Current taxation liabilities		28	17	10	55
Liabilities under acceptances		1	54	12	67
Net assets	(35)	2 365	4 651	2 075	9 056
Inter-company	141	249	(601)	(1 540)	(1 751)
Capital		2 068	4 581	663	7 312
	106	546	(531)	(128)	(7)

This balance sheet provides a view of the currency in which group balance sheet items are represented, expressed in ZAR.

Foreign currency exposure analysis

Notes

(Dec 03 – R6,63 vs June 04 – R6,185)	Total off-shore capital		Non-FX sensitive		Translation loss Rm
	Rm	\$m equivalent	\$m equivalent	\$m equivalent	
Non-rand/offshore capital per currency balance sheet December 2003	7 312	1 105	320	785	
Preference share capital		295		295	
Forex exposure as at 31 December 2003		1 400	320	1 080	396
Repatriation					
NTS investment (R6,295/\$)		(100)		(100)	(11)
Preference share capital (R6,63/\$)		(295)		(295)	(131)
Other net capital moves*		(95)	8	(103)	(41)
Forex exposure as at 30 June 2004	5 630	910	328	582	213
Net reduction in foreign currency translation losses					
Exposure of December 2003 balance sheet at June 2004 rates					396
Less: Actual exposure at June 2004					(213)
Reduction of exposure in forex					183
Add: Hedge held against future repatriations (Recorded as part of NIR income)					21
Net uplift to headline earnings					204

* Net of offshore profits, sale of subsidiaries and preference share capital redemption

Capital adequacy

Notes

as at 30 June

The group's capital adequacy ratio and risk weighted assets are based on the aggregation of the banks within the group. The requirement of capital adequacy is not a group concept but is a requirement of each bank. The table below is indicative of the group as a whole, as if it were a bank.

	30 June 2004 Rm	Average assets 30 June 2003 Rm	31 December 2003 Rm
Money, interbank deposits and claims on central government	65 255	32 967	60 079
Land Bank and other public sector bodies	895	620	787
Trade transactions with recourse to other banks	24 743	22 864	27 314
Residential mortgage loans	44 897	38 461	42 037
All other banking assets	154 861	160 180	159 273
Notional trading assets	11 180	9 755	11 077
All other non-banking assets		7 455	
Total on-balance-sheet items	301 831	272 302	300 567
Counterparty risk	9 125	15 953	13 915
Off-balance-sheet items	459 251	309 599	371 812
Large exposure	98	32	27
Total average assets	770 305	597 886	686 321

	30 June 2004 Capital Rm	%
Nedcor Group		
Tier 1 capital	16 381	7,9
Tier 2 capital	8 595	4,1
Tier 3 capital	571	0,3
	25 547	12,3
Risk weighted assets	207 798	

	30 June 2004	Nedbank	
Capital adequacy analysis by bank (solo supervision)		30 June 2003	31 Dec 2003
Primary capital	7,2	6,5	5,7
Secondary and tertiary capital	4,6	4,2	5,5
	11,8	10,7	11,2

Analysis of associates and joint ventures

Notes

as at 30 June

Name of company and nature of business	Percentage holding		Acquisition date	Year-end
	2004	2003		
Listed				
Banking				
State Bank of Mauritius Ltd	20,1%	20,1%	Nov 97	Jun
Technology				
Net 1 Applied Technology Holdings Ltd		25,7%	Jul 00	Jun
Other				
SA Retail	38,2%		Nov 01	Mar
Unlisted				
Banking				
Banque SBM Madagascar	20,0%	20,0%	Dec 99	Jul
Commercial Bank of Namibia Ltd		47,3%	Dec 94	Dec
Merchant Bank of Central Africa Ltd	27,8%	29,3%	Dec 93	Dec
SBM Nedbank International Ltd	50,0%	50,0%	Jul 99	Dec
Technology				
Acturis Ltd****	68,7%	60,3%	Mar 01	Sep
Business Connexion Solutions Holdings (Pty) Ltd**		45,0%	Jul 02	Feb
Evolve Internet Incubator (Pty) Ltd**		35,0%	Jul 02	Jun
FutureKids SA (Pty) Ltd**		39,6%	Jul 02	Mar
Hatch Investments (Mauritius) Ltd		37,5%	Mar 01	Mar
Internet Solutions (Pty) Ltd/Linx Holdings (Pty) Ltd	20,0%	20,0%	Jun 00	Sep
The IQ Business Group (Pty) Ltd	46,1%	23,5%	Jul 00	Jun
Other				
Aka Capital (Pty) Ltd**		25,0%	Jul 02	Sep
Blue Cloud Investments 40 (Pty) Ltd	45,0%	45,0%	Jul 02	Dec
BoE Life Assurance Company Ltd*****	50,0%		Jan 03	Dec
Boness Development Phase 3 (Pty) Ltd	100,0%		Jan 92	Dec
Bridgeport Properties (Pty) Ltd		40,0%	Jul 02	Sep
Catalyst Holdings (Pty) Ltd		30,0%	Jan 99	Dec
Corobrik (Pty) Ltd – Aka Capital**		25,0%	Jul 02	Jun
Corovest – NIB Property Asset Management	35,0%	40,0%	May 00	Dec
Erf 787 Lakefield (Pty) Ltd	50,0%	50,0%	Jul 02	Jun
Finsourse (Pty) Ltd		20,0%	Mar 01	Sep
Forecourt Television Network**	40,0%	17,3%	Jul 02	Feb
Good Cape Limited**		50,0%	Jul 02	Jun
Growthpoint & Toontjiesrivier JV (Longbeach Mall)	49,9%		Oct 02	Dec
Inclub Properties (Pty) Ltd	38,5%	28,0%	Jul 02	Jun
Lyric Rose (Pty) Ltd	36,8%	25,0%	Jul 02	Feb
Off the Shelf Investment Forty One (Pty) Ltd	67,0%		Dec 02	Feb
Retail Investment Holdings (Pty) Ltd	50,0%	49,0%	Jul 02	Jun
Robow Investments No 47 (Pty) Ltd	50,0%		Dec 02	Feb
Sanbona Properties (Pty) Ltd	50,0%		Oct 03	Apr
Sandton Square Portion 8 (Pty) Ltd	25,0%	25,0%	Jul 02	Apr
Stowaway Self-Storage South Africa (Pty) Ltd	50,0%	50,0%	Jul 02	Dec
Strubensvalley (Pty) Ltd	50,0%	50,0%	Mar 03	Feb
Tokai Development (Pty) Ltd	25,0%	25,0%	Jul 02	Jun
Western Cape Property Company Ltd		23,0%	Nov 98	Dec
Other*****				

* Various other associates with income less than R1 million.

** Disposed of in 2003.

*** Disposed of in 2002, but still reflects equity income.

**** Consolidated as a subsidiary from 1 January 2003.

***** Joint ventures (formerly subsidiaries).

All associates and joint ventures are equity accounted and equity income is as at 30 June 2004.

Notes

Equity-accounted earnings		Carrying amount		Market value/ Directors' valuation		Net indebtedness of loans to/(from) associates	
2004	2003	2004	2003	2004	2003	2004	2003
28	30	346	432		444		
18	15		166		240		
		372		372			
2	22	81	237	67	237		
	19	7	8	5	8		
2	3	74	112	62	112		
9	1	156	360	255	432	50	64
	(4)	48	155	48	155		
9	7	75	13		7		
	(2)	33	2		2		
22	2	478	3		5		
			8		8	6	5
			124	200	200	44	59
			55		55		
			352	452	386	331	109
(1)		4	9	4	4	6	5
10	(3)	36	5	20	5	16	
(1)		33	6	33	6	45	5
			37		37		
			43		32		
		6	6	6	11	6	6
		5	4	5	4	5	5
			7		8		
			6		6		
		1	7	1	7	1	7
		107		107		107	
(2)		7	10		10	17	11
1		8	4		4	6	4
		5		5		4	
		6	6	6	6		
		7		7		7	
		45		45		48	
		22	13	22	13	22	13
1			11		11		12
		(2)	14	(2)	14	(2)	14
			8		8	1	3
			10		10		
14	5	188	146	193	190	42	24
79	70	1 433	1 547	1 482	1 739	381	173

Shareholders' analysis

Notes

Register date: 25 June 2004

Issued share capital: 392 939 671 shares

	Number of shareholders	%	Number of of shares	%
Public/non-public shareholders				
Non-public shareholders	57	0,28	205 721 098	52,35
Directors and associates of the company	10	0,05	55 197	0,01
Old Mutual Life Assurance Company (SA) Limited and associates	22	0,11	204 032 451	51,92
NES Investments	1	-	190 000	0,05
Nedcor pension funds	3	0,01	130 759	0,03
Nedcor Limited and associates	21	0,10	1 312 691	0,33
Public shareholders	19 991	99,72	187 218 573	47,65
	20 048	100,00	392 939 671	100,00
Beneficial shareholders with an interest of 5% or more in shares				
Old Mutual Life Assurance Company (SA) Limited and associates			204 032 451	51,92
Public Investment Commissioners			18 572 272	4,73

Income statement (restated)

for the period ended 30 June 2003

Notes

Rm	As previously reported	AC133 restate- ments	Peoples Bank put option	Change in basis of accounting relating to AC105/ AC102	Change in basis of accounting to joint ventures	Re- classifi- cation of trans- action taxes	Change in treatment of Nedbank pref- erence share	Change in depre- ciation rate from 7 to 5 years	Restated
Interest income	14 669			(178)	(17)				14 474
Interest expense	11 180		48						11 228
Net interest income	3 489		(48)	(178)	(17)				3 246
Non-interest revenue	4 239	(20)			(100)				4 119
Foreign exchange translation losses	(735)								(735)
Gross operating income	6 993	(20)	(48)	(178)	(117)				6 630
Impairment of advances	891								891
Income after impairment of advances	6 102	(20)	(48)	(178)	(117)				5 739
Operating expenses	4 603				(109)	(180)		48	4 722
Fees due to alliance partners	(41)								(41)
Merger expenses	134								134
Profit from operations before exceptional items	1 406	(20)	(48)	(178)	(8)	(180)		(48)	924
Exceptional items	(309)								(309)
(Loss)/profit from operations	1 097	(20)	(48)	(178)	(8)	(180)		(48)	615
Attributable earnings of associates and joint ventures	70								70
Profit before taxation	1 167	(20)	(48)	(178)	(8)	(180)		(48)	685
Taxation	592	(6)		(178)	(8)	(180)		(15)	205
Taxation: exceptional items									
Profit after taxation	575	(14)	(48)					(33)	480
Minority interest income attributable to									
– ordinary shareholders	(90)	(4)	18						(76)
– preference shareholders	(133)						133		
Income attributable to ordinary shareholders	352	(18)	(30)	–	–	–	133	(33)	404

Group employee incentive scheme

Notes

as at 30 June

	Nedcor share incentive trust		Ex NIB share incentive trust		Total	
	2004	2003	2004	2003	2004	2003
Movements						
Options outstanding at beginning of period	22 346 816	20 263 081	2 743 023	2 900 907	25 089 839	23 163 988
Granted	13 902 854	3 918 830			13 902 854	3 918 830
Exercised	1 540 812	203 505		98 628	1 540 812	302 133
Surrendered	2 912 593	1 631 590	183 143	59 256	3 095 736	1 690 846
Options outstanding at end of period	31 796 265	22 346 816	2 559 880	2 743 023	34 356 145	25 089 839

Nedcor share incentive trust

The following options granted had not been exercised at 30 June 2004

Option expiry date	Number of shares	Issue price R	Option expiry date	Number of shares	Issue price R	Option expiry date	Number of shares	Issue price R
1 Jul 04	3 600	123,50	b/f	6 117 239		b/f	7 164 939	
14 Aug 04	2 516 804	98,75	26 Aug 05	4 000	126,90	1 Mar 07	98	151,00
1 Oct 04	13 400	95,25	12 Sep 05	64 462	44,50	31 Mar 07	1 239 044 P	136,20
5 Nov 04	450	97,00	27 Sep 05	387 069	111,80	31 Mar 07	181 490	136,20
5 Nov 04	280	107,00	1 Oct 05	133 540	117,60	1 Jun 07	3 100	132,00
5 Nov 04	2 686	120,00	2 Jan 06	31 426	63,00	28 Sep 07	146 548 P	130,80
8 Nov 04	100 000	35,25	1 Mar 06	62	150,00	28 Sep 07	122 144	130,80
1 Mar 05	789	150,00	1 Mar 06	533	129,20	2 Nov 07	21 347	123,00
1 Mar 05	117	151,00	1 Mar 06	368	130,60	6 Nov 07	43 000	131,00
1 Mar 05	558	134,00	1 Mar 06	512	134,00	19 Nov 07	15 800	125,00
1 Mar 05	339	146,00	1 Mar 06	313	139,00	14 Feb 08	23 700	115,00
1 Mar 05	20 297	146,00	1 Apr 06	113 261	133,20	15 Apr 08	3 190 053 P	125,00
31 Mar 05	28 700	137,60	2 May 06	12 100	128,60	15 Apr 08	585 132	125,00
1 Jun 05	3 220 000	125,00	22 Aug 06	123 490	152,00	15 Oct 08	202 579 P	102,65
1 Jul 05	1 700	44,00	1 Oct 06	2 920	131,45	15 Oct 08	277 907	102,65
1 Jul 05	91 900	136,00	1 Oct 06	40 000	155,20	2 Jul 08	2 765 150	123,60
26 Aug 05	32 065	120,22	1 Nov 06	29 759	142,00	27 Nov 08	50 000	123,60
26 Aug 05	2 234	99,06	1 Mar 07	103 500	157,00	25 Feb 09	136 000	102,19
1 Sep 05	81 320	121,00	1 Mar 07	385	150,00	1 Apr 09	2 784 450 P	88,00
						1 Apr 09	160 000	88,00
						11 Jun 09	22 500	94,00
						25 Jun 09	12 800	90,50
						1 Oct 09	555 650 P	69,20
						1 Oct 09	73 680	69,20
						11 May 10	1 015 900	60,01
						11 May 10	3 091 000 P	60,01
	6 117 239			7 164 939			23 884 011	

P = Performance-based options.

Options granted in respect of the rights offer

Option expiry date	Number of shares	Issue price R	Option expiry date	Number of shares	Issue price R	Option expiry date	Number of shares	Issue price R
			b/f	1 689 927		b/f	3 178 780	
9 Jun 04	2 042	45,00	1 Jul 05	141 078	45,00	1 Jun 07	1 291	45,00
1 Jul 04	5 567	45,00	1 Aug 05	5 959	45,00	24 Jul 07	58 403	45,00
15 Jul 04	4 126	45,00	26 Aug 05	292 831	45,00	11 Sep 07	7 156	45,00
31 Jul 04	9 040	45,00	1 Sep 05	34 195	45,00	27 Sep 07	52 963	45,00
1 Aug 04	2 705	45,00	12 Sep 05	22 405	45,00	28 Sep 07	57 294	45,00
14 Aug 04	391 167	45,00	27 Sep 05	99 226	45,00	2 Nov 07	3 472	60,00
14 Aug 04	80 107	60,00	30 Sep 05	1 458	45,00	2 Nov 07	326 428	45,00
31 Aug 04	6 040	45,00	1 Oct 05	22 272	45,00	19 Nov 07	6 584	45,00
1 Sep 04	11 962	45,00	22 Oct 05	6 040	45,00	1 Dec 07	417	45,00
4 Sep 04	8 876	45,00	1 Nov 05	19 938	45,00	6 Feb 08	5 973	45,00
15 Sep 04	6 459	45,00	17 Nov 05	3 832	45,00	14 Feb 08	9 876	45,00
30 Sep 04	2 166	45,00	1 Dec 05	42 252	45,00	1 Apr 08	5 556	45,00
1 Oct 04	5 290	45,00	1 Jan 06	19 500	45,00	8 Apr 08	834	45,00
30 Oct 04	28 806	45,00	2 Jan 06	4 584	45,00	15 Apr 08	41 250	60,00
31 Oct 04	312	45,00	7 Feb 06	13 890	60,00	15 Apr 08	1 413 380	45,00
1 Nov 04	555	45,00	1 Apr 06	28 286	45,00	21 Jun 08	2 778	45,00
8 Nov 04	41 665	45,00	2 May 06	4 460	45,00	1 Jul 08	19 444	45,00
1 Dec 04	7 180	45,00	21 Jun 06	24 155	45,00	2 Jul 08	109 210	60,00
4 Dec 04	1 650	45,00	26 Jul 06	23 647	45,00	2 Jul 08	844 139	45,00
1 Jan 05	542	45,00	22 Aug 06	46 730	45,00	15 Oct 08	197 765	45,00
1 Feb 05	41 189	45,00	1 Oct 06	12 341	45,00	27 Nov 08	66 127	45,00
1 Mar 05	41 720	45,00	1 Nov 06	4 796	45,00	10 Jan 09	262 222	45,00
31 Mar 05	5 420	45,00	29 Nov 06	24 999	45,00	25 Feb 09	54 800	45,00
1 Apr 05	7 321	45,00	8 Feb 07	26 078	45,00	1 Apr 09	65 418	60,00
1 May 05	6 416	45,00	1 Mar 07	32 595	45,00	1 Apr 09	1 113 530	45,00
31 May 05	1 876	45,00	31 Mar 07	20 833	60,00	25 Jun 09	5 334	45,00
1 Jun 05	817 644	45,00	31 Mar 07	498 073	45,00	1 Mar 06	522	45,00
1 Jun 05	152 084	60,00	16 May 07	12 400	45,00	5 Nov 04	1 308	45,00
	1 689 927			3 178 780			7 912 254	
Total options outstanding							31 796 265	

Notes

Group employee incentive scheme *continued*

Notes

Ex NIB share incentive scheme – now part of the Nedcor share scheme

The following options granted had not been exercised at 30 June 2004

Option expiry date	Number of shares	Issue price R
26 Aug 05	1 188 567	79,50
22 Oct 05	14 493	79,50
7 Feb 06	33 335	79,50
21 Jun 06	69 119	79,50
26 Jul 06	58 460	79,50
29 Nov 06	60 000	79,50
8 Feb 07	77 096	96,00
16 May 07	29 762	84,00
24 Jul 07	140 168	89,70
11 Sep 07	17 172	97,50
2 Nov 07	787 709	86,40
1 Dec 07	1 000	86,40
6 Feb 08	14 333	90,90
1 Apr 08	3 333	81,00
1 Apr 08	10 000	90,90
8 Apr 08	2 000	81,00
21 Jun 08	6 667	111,00
1 Jul 08	10 000	105,00
1 Jul 08	36 666	111,00
	2 559 880	

Long-term debt instruments

Notes

as at		30 June 2004 Rm	30 June 2003 Rm	December 2003 Rm
Rand-denominated				
	Instrument terms			
Compulsorily convertible loans maturing on 31 December 2005*	18,12% per annum	68	124	87
Compulsorily convertible loans maturing on 6 November 2005*	13,75% per annum	29	46	37
R515 million (R350 million) bonds repayable on 4 December 2008	13,5% per annum	547	349	575
R2 billion callable notes repayable on 20 September 2011**	11,3% per annum	2 063	2 062	2 064
R4 billion callable notes repayable on 9 July 2012**	13,15% per annum	4 252	4 251	4 254
R200 million unsecured debentures repayable on 30 November 2029	16% per annum until 15 September 2000 – thereafter interest-free	3	2	2
Subordinated debt instruments repayable at Nedcor's discretion	Interest-free	175	175	175
R2 billion repayable on 22 December 2008	3-month Jibar 1,65%			2 005
R500 million repayable on 30 September 2009	3-month Jibar 1,3%			500
		7 137	7 009	9 699
US dollar-denominated				
US\$40 million repayable on 17 April 2008	6-month Libor on nominal value	247	301	266
US\$18 million repayable on 31 August 2009	1,5 basis points below 6-month Libor on nominal value	112	137	120
		359	438	386
Namibian dollar-denominated				
N\$40 million long-term debenture issue repayable on 15 September 2030	17% per annum until 15 September 2000 – thereafter interest-free	1		1
		1		1
Total long-term debt instruments in issue		7 497	7 447	10 086

Coupon holders are entitled, in the event of interest default, to put the coupon covering such interest payments to Nedcor Limited.

The US dollar long-term debt instruments are either matched by advances to clients or covered against exchange rate fluctuations.

In accordance with the group's articles of association, the borrowing powers of the company are unlimited.

* The debt instruments are convertible into BoE Bank Limited ordinary shares and BoE Bank Holdings has acquired the option to purchase the ordinary shares in respect of these instruments.

** Callable by the issuer, Nedbank Limited.

Definitions

Notes

Basel Capital Accord (Basel II)

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

Capital adequacy ratio

The capital adequacy of South African banks is measured in terms of the South African Banks Act requirements. The ratio is calculated by dividing the primary (Tier 1), secondary (Tier 2) and tertiary (Tier 3) capital by the risk-weighted assets. The minimum South African total capital adequacy ratio for banks is now 10% of risk-weighted assets. Non-South African banks within the group have similar requirements.

Primary (Tier 1) capital

Primary capital consists of issued ordinary share capital and perpetual preference share capital, retained earnings and the reserves. This amount is then reduced by the portion of capital that is allocated to trading activities.

Secondary (Tier 2) capital

Secondary capital is made up of compulsorily convertible loans, the general bad-debt provision and 50% of any revaluation reserves.

Cash flow

Financing activities

Activities that result in changes to the capital structure of the group, as well as long-term funding movements.

Investing activities

Activities relating to the acquisition, holding and disposal of subsidiaries, fixed assets and long-term investments.

Operating activities

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

Deferred taxation assets

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

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

Deferred taxation liabilities

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

Dividend cover

Earnings per share divided by dividends per share.

Dividend per share

Dividend per share is the actual interim dividend paid and the final dividend declared for the year under consideration, expressed as cents per share.

Dividend yield

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

Advances impairment

Advances impairments are made where there is objective evidence that the group will not be able to collect all amounts due. The impairment is the difference between the carrying and recoverable amount.

Earnings per share

Attributable earnings basis

Net profit for the year divided by the weighted average number of ordinary shares in issue during the year.

Headline earnings basis

Headline earnings divided by the weighted average number of shares in issue during the year.

Fully diluted basis

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

Earnings yield

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

Effective tax rate

The taxation charge in the income statement, excluding taxation relating to exceptional items, as a percentage of earnings, excluding the share of earnings of associate companies.

Efficiency ratio (cost-to-income ratio)

Operating expenses as a percentage of income from operations.

Exceptional items

Are exceptional by value of their nature and amount and comprise:

- surpluses and losses on disposal of long-term investments, subsidiaries, joint ventures and associates;
- amortisation of goodwill arising on acquisition of subsidiaries, joint ventures and associates;
- surpluses and losses on the sale or termination of an operation;
- impairments of investments and property and equipment.

Headline earnings

Headline earnings is not a measure of maintainable earnings. Headline earnings reflect the trading performance of the group separated from profits and losses on capital items.

King II ('the code')

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

Market capitalisation

The group's closing share price times the number of shares in issue.

Net asset value per share

Total shareholders' equity excluding minority shareholders' equity divided by the number of shares in issue, less any treasury shares held.

Net interest income to interest-earning assets (net interest margin)

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

Non-interest revenue to total income

Income from operations, excluding net margin as a percentage of income from operations.

Ordinary shareholders' funds

Ordinary share capital, share premium and reserves.

Price-earnings ratio

The closing price of ordinary shares divided by headline earnings per share.

Definitions *continued*

Notes

Properties in possession

Properties acquired through payment defaults on an advance secured by the property.

Risk-weighted assets

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

Return on ordinary shareholders' equity

Headline earnings expressed as a percentage of average ordinary shareholders' equity.

Return on total assets

Headline earnings expressed as a percentage of average total assets.

Segmental reporting**Operational segment**

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

Geographical segment

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

Operational segmental reporting – ratios**Average assets**

Daily balances for the year are added and divided by 365 days to get a daily average asset.

Return on average assets

Headline earnings expressed as a percentage of average assets.

Return on average equity

Headline earnings expressed as a percentage of allocated capital.

Interest margin

Net interest income expressed as a percentage of total average interest earning assets.

Tangible net asset value per share

Total shareholders' equity less goodwill, software and capitalised development cost, divided by the number of shares in issue, less any treasury shares held.

Total income

Income from operations.

Weighted average number of shares

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

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



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