



Reviewed financial results

for the six months ended 30 June 2005

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Commentary

Overview

Headline earnings per share increased by 44,5% to 354 cents (2004: 245 cents) in line with the revised forecast provided to the market on 21 July 2005. Fully diluted headline earnings per share increased from 243 cents to 354 cents. Basic earnings (previously known as attributable earnings) also grew strongly, rising from 247 cents per share to 356 cents per share for the period. The directors have resolved, in line with the circular to shareholders on the black economic empowerment (BEE) scheme, to offer a capitalisation award with a cash dividend alternative amounting to 105 cents per share, up from the dividend of 44 cents per share announced in August 2004. The group's return on ordinary shareholders' equity (ROE) continued to improve, increasing from 11,7% for the period to June 2004 to 14,6% for the six months to June 2005.

The improved performance for the six months was driven mainly by:

- the continued realisation of benefits from the recovery programme, which are reflected in the growth in operating income and the containment of expenses, resulting in the efficiency ratio (excluding foreign currency translation gains/losses) improving from 77,9% for the period to June 2004 to 68,6% for the six months to June 2005;
- significantly improved performance from Nedbank Retail, with headline earnings growing 105,1% to R439 million and return on average equity improving from 9,2% to 18,3%;
- a strong performance from Nedbank Capital, with headline earnings growing 25,9% to R447 million;
- a 5,9% growth in advances, compared with December 2004;
- a continuation of the good credit environment resulting in an improvement in the overall quality of advances; and
- the weakening of the rand, resulting in a foreign exchange translation gain of R165 million, compared with a loss of R98 million for the period to June 2004.

Nedbank Group is reporting in accordance with International Financial Reporting Standards (IFRS) with effect from 1 January 2005. The group's 2004 results have been restated to reflect the requirements of reporting under IFRS.

Progress against three-year plan

In the 2004 year-end results announced in February 2005, Nedbank Group outlined five major action plans that form the foundation of the group's three-year plan. To provide shareholders with an update on the group's progress delivery against each of these actions is detailed below:

- **Ensure that income growth is at least 9% higher than expense growth (on a three-year compound annual growth rate (CAGR) basis with 2004 as the base)**
Good progress has been made towards achieving this target, with total income (excluding foreign exchange gains) growing by 9,2%, while total expenses declined by 3,9% for the period. However, the group anticipates that, although income is expected to continue to grow ahead of expenses, the difference will not be as large in future reporting periods as in the current period.
- **Maintain market share from the second half of 2005**
There has been a slowdown in the rate at which the group has been losing market share, particularly in the key area of home loans in Nedbank Retail. Market shares are still expected to stabilise in the second half of the year.
- **Grow non-interest revenue through a focus on transactional revenue**
To grow transactional revenue the group has created focused teams and started to implement a range of initiatives to improve cross-selling, upselling, client service, pricing and bancassurance. The group recognises, however, that this is a longer-term goal and the full benefits are expected to be realised only from 2006.
- **Build Nedbank Retail**
Nedbank Retail has historically generated ROEs significantly below those of its retail banking peers. A key focus of the group is to deliver a financial turnaround of Nedbank Retail, while improving client service. Following the restructuring of Nedbank Retail in 2004, good progress has been made in growing revenue and containing expenses, resulting in headline earnings increasing by 105% and return on average equity increasing from 9,29% to 18,3%. The integration of Nedbank and Peoples Bank is progressing according to plan and remains on track for completion by the end of 2005. The restructuring and a focus on staff training will deliver improved client service.
- **Transform the business beyond the Financial Sector Charter (FSC) targets**
Nedbank Group's groundbreaking BEE transaction announced in April will see a broad range of black stakeholders acquire direct ownership worth 11,5% of the value of Nedbank Group's South African businesses. The transaction, worth more than R3 billion, was approved by an overwhelming majority of shareholders on 22 July 2005. The scheme shares are due to be issued to the respective BEE trusts on 8 August 2005. The group will then focus on implementing the schemes for employees, retail and corporate clients and community groups, as well as developing its working relationship with the strategic black business partners, based on their performance agreements. Appropriate emphasis still remains on other areas of transformation such as employment equity, skills development, procurement, access to financial services, empowerment financing and social responsibility.

Strategy

Nedbank Group remains committed to its strategy of:

- focusing on the **basics of banking** to meet the financial services needs of clients;
- being a **full-spectrum bank**, providing a comprehensive range of banking and related services to investment banking, corporate and retail clients across all client segments; and
- adopting a **Southern African focus**, while also meeting the international banking needs of our Southern African clients and servicing multinational clients doing business in South Africa.

The key strategic focus areas remain:

- continuing to drive growth in transactional banking;
- building a high-performance culture through the empowerment of employees and ensuring accountability throughout the organisation;
- optimising the business mix by growing Nedbank Retail and improving the product and client mix;
- moving beyond transformation as a business imperative and demonstrating the group's commitment to South Africa; and
- instilling a client-driven business model by creating a client-focused structure and simplifying processes to speed up delivery to clients.

By listening, understanding client needs and delivering to our stakeholders the group strives to become Southern Africa's most highly rated and respected bank by employees, clients, shareholders, regulators and communities.

Business environment

The environment for the banking sector remained positive throughout the period. Stable, low interest rates and low inflation continued to drive consumer spending and retail advances growth. The positive economic conditions also stimulated equity markets and ensured a continuation of the positive credit environment. While the demand for credit in business banking and commercial property finance remains steady, and the initial signs of an increase in infrastructure spend are being noted, the demand for large corporate debt has been muted. The investment banking markets continued to experience strong deal flows, driven primarily by BEE transactions.

Financial performance

Nedbank Group continued to show a turnaround in performance, with headline earnings growing by 74,3% from R802 million to R1 398 million. Basic earnings grew by 73,3% from R810 million to R1 404 million.

Net interest income

Net interest income (NII) increased by 21,2% from R3 319 million to R4 024 million. The group's net interest margin for the period was 3,45%, up from 2,99% for the period to June 2004 and 3,18% for the twelve months to December 2004.

To reflect more accurately the banking margin on banking assets by excluding trading activities and to facilitate easier peer group comparison the group has reclassified certain trading revenues from NII to non-interest revenue (NIR). As a result, the previously reported NII of R3 595 million for the period to June 2004 has decreased by R276 million to R3 319 million. The previously reported comparative for NIR has consequently increased by R276 million from R3 495 million to R3 771 million.

The margin increase can be attributed to:

- the uplift created from a full six months of the rights offer proceeds received in May 2004;
- reduced funding drag as a result of the low levels of interest rate risk in the banking book following the hedging strategy implemented last year;
- income on the proceeds from the sale of non-core investments;
- the repatriation of certain foreign capital during 2004; and
- the settlement of the expensive empowerment funding for Peoples Bank in April 2005.

However, margin was negatively impacted by the 1% reduction in the taxation rate for companies, which resulted in a R54 million reduction in margin arising from the treatment of structured finance deals. This reduction is offset by a corresponding reduction in the taxation line. Margins have also been compressed by the impact of the lower-interest-rate environment and resulting drop in the endowment income earned on capital and the net of non-interest paying liabilities and non-interest earning assets.

% of daily average interest-earning assets – unaudited	%	Rm
December 2004 reported	3,13	7 582
Trading revenue and assets excluded from margin	0,05	(437)
Adjusted 2004 margin	3,18	7 145
H1 2005 asset growth		719
Net endowment effect	0,18	166
- Rights issue	0,13	122
- Other	0,05	44
Current and savings accounts margin compression	(0,10)	(93)
Market margin compression	(0,16)	(151)
Expensive funding drag	0,11	100
Foreign capital repatriated	0,06	56
Subordinated debt hedge	0,05	46
Expensive empowerment funding for Peoples Bank	0,07	70
Tax structured deals impact	0,06	64
Other		(7)
June 2005 annualised	3,45	8 115

Non-interest revenue

NIR, excluding foreign currency translation gains/losses, decreased by 1,5% from R3 771 million for the period to June 2004 to R3 716 million for the six months to June 2005.

NIR growth was negatively impacted by the sale of subsidiaries during 2004. In the six months to June 2004 the group generated R228 million of NIR from these subsidiaries. Commission and fee income in the remaining businesses continued to grow steadily, increasing by 11,1%. Trading revenue increased from R554 million for the first half of 2004 to R657 million for the first half of 2005. Exchange and non-interest dealings income is R216 million down on the June 2004 comparative, of which R153 million relates to fair value adjustments.

Other factors that contributed to the movement in NIR are set out below:

Major changes to NIR (Rm) – unaudited	June 2005	June 2004
BondChoice	138	63
Realisation of endowment policies	3	32
Subsidiaries sold during 2004		228
First-time and pro rata consolidations	68	6

Taking the above factors into account, on a directly comparable basis, NIR increased by 1,0%.

Foreign currency translation gains

In line with the strategy of focusing on the basics of banking and reducing earnings volatility the group reduced its exposure to foreign currency movements during 2004, retaining sufficient capital to support the offshore businesses. Owing to the 18% decline in the value of the rand, which weakened from R5,63:US\$1,00 on 31 December 2004 to R6,67:US\$1,00 on 30 June 2005, the group benefited from translation gains of R165 million on the remaining capital held in its foreign subsidiaries and treated as rand-functional currency for accounting purposes under IFRS.

The adoption of IFRS has led to an increased portion of the foreign currency translation gains/losses being treated as movements in the balance sheet foreign currency translation reserve rather than through the income statement. During the period the group recorded balance sheet translation gains of R48 million.

After further planned restructuring of offshore subsidiaries in the next six months and the associated repatriation of capital, the relative proportion of translation movements flowing through the balance sheet, as opposed to the income statement, is anticipated to increase further. This will further reduce the volatility of earnings resulting from exchange rate movements.

Impairment losses on loans and advances

The introduction of IFRS means that all banks now provide for credit impairments on an incurred loss basis, as opposed to an expected loss basis. In addition, the discount rate used to calculate the recoverable amount now excludes any allowance for a credit spread. This will create more volatility in the reporting of impairment losses on loans and advances in the income statement charge.

As reported in May 2005, the impact of IFRS requirements on the impairments charge for the period to June 2004 was a reduction from the previously reported R719 million to R409 million. A major portion of the change to the June 2004 impairment charge for reporting in terms of IFRS was due to the improving credit environment at that time, combined with the move from reporting on an expected to an incurred loss basis. This improved environment was sustained throughout 2004 and in the first half of 2005, with the resulting impairment charge for the six months to June 2005 of R620 million.

Non-performing loans and properties in possession improved, as reflected in the table below.

Non-performing advances (Rm) – unaudited	June 2005	Dec 2004	% change
Non-performing loans	5 820	6 729	(13,5)
Properties in possession	528	761	(30,6)
Total non-performing advances	6 348	7 490	(15,2)

These non-performing advances represent 2,7% of gross advances (December 2004: 3,3%). The group's gross coverage ratio improved from 89% at 31 December 2004 to 97% at 30 June 2005 and the net coverage ratio improved from 149% at 31 December 2004 to 157% at 30 June 2005.

Expenses

Expenses were well-controlled and declined by 3,9% from R5 524 million to R5 311 million, with the efficiency ratio (excluding foreign currency translation gains/losses) improving from 77,9% to 68,6%.

This decline in expenses is mainly attributable to the following:

Factors resulting in an increase/(decrease) in expenses – unaudited	Rm
First-time consolidation of subsidiaries	35
Subsidiaries disposed in 2004	168
Reduction in fees due to the buyout of alliance partners	(53)
Reduction in one-off recovery and merger costs	(275)
Increase in fees (largely in BondChoice)	56
Other movements, mainly due to inflation	192
Total decrease in expenses	(213)

Excluding the one-off merger and recovery expenses from 2004, base expense growth was held at 1,2%. Approximately R48 million of recovery programme expenses have been deferred from the first half of 2005 to the second half of the year. Combined recovery programme and merger expenses are expected to be about R150 million for the year ending December 2005.

Taxation

The tax rate for companies was reduced from 30% to 29% during the reporting period. While tax on earnings decreased as a result, the downward revaluation of the deferred taxation and structured finance assets has resulted in the reduction of headline earnings by approximately R80 million. R54 million of this decrease was reflected as a reduction in NII, as outlined above. The balance of R26 million increased the taxation charge. This, together with a smaller relative impact on taxation from structured deals and an increase in Secondary Tax on companies (STC), has resulted in the effective taxation rate increasing from 14% to 22%.

Balance sheet

Capital

The group continues to be well-capitalised, with the Tier 1 group capital adequacy ratio increasing from 8,1% in December 2004 to 8,5% in June 2005. The total group capital adequacy ratio has remained stable at 12,2% (December 2004: 12,1%).

Advances

Although asset growth rates are behind the rest of the market, advances increased by 5,9% to R228 billion on an annualised basis compared with December 2004. Residential home loan advances grew by 22,3%, with home loans in Nedbank Retail growing at 19%, narrowing the gap between Nedbank's growth and that of its competitors in this sector.

The breakdown of the advances growth is as follows:

Loans and advances – unaudited	June 2005 (Rm)	Dec 2004 (Rm)	Annualised increase (%)
Nedbank Retail	73 252	69 736	10,2
Nedbank Corporate	98 085	93 123	10,7
Nedbank Capital	34 395	32 606	11,1
Other	22 010	25 810	(29,7)
Total	227 742	221 275	5,9

Deposits

Deposits have remained stable and the group has maintained a strong liquidity position.

Divisional performance

Management information systems and reporting continue to be enhanced, with matched-maturity funds transfer pricing now operational and activity-justified funds transfer pricing refined to allocate additional costs from the centre to the respective operating divisions. The segmental reports have been adjusted to reflect these changes as well as other changes as a result of the group reorganisation completed in late 2004. Good progress has also been made in implementing economic capital measurement, which is currently being run in parallel with the existing reporting systems, with a view to full implementation for 2006.

Nedbank Capital

Nedbank Capital increased headline earnings by 25,9% from R355 million to R447 million, and ROE improved from 23,5% to 28,2%. This was driven by 18,6% growth in trading revenue in Treasury due to favourable market conditions as well as good deal flow and a strong performance from Debt Capital Markets, Equity Capital Markets, Nedcor Securities, Investment Banking and Specialised Finance. Expenses have reduced despite higher joint-venture fees paid to Macquarie as a result of higher earnings. The expense reduction was aided by the sale of Edward Nathan & Friedland and lower rental costs following the relocation of the London offices to premises shared with Old Mutual plc.

The benefits of an integrated investment bank with a strong focus on specific sectors is becoming evident and the transaction pipeline remains strong.

Nedbank Corporate

Nedbank Corporate increased headline earnings by 14,2% from R812 million to R927 million, while ROE increased from 17,7% to 19,1%. NII was negatively impacted by lower endowment levels, while margins (excluding endowment) were unchanged. Corporate loan growth is muted as clients remain cash flush, and the market is highly competitive. Growth in Business Banking assets in KwaZulu-Natal and the Western Cape is below average and some market share has been lost in these regions following the merger integration process. Property Finance continues to perform strongly and Nedbank Africa performed in line with expectations.

NIR was boosted by the consolidation of Fasic (not included in the comparative period for 2004), a strong performance from BondChoice and growth in transactional banking. Fee generation on foreign exchange commission was lower than expected and there is increasing pressure on specialised fees.

The impairment environment continues to be favourable, reflecting the current positive economic cycle.

Operating expenses remain well-controlled. However, the expected appointment of further sales staff to improve client service is expected to result in a slight increase in staff expenses in the second half of 2005.

New managing directors were appointed in Corporate Banking, Business Banking and Nedbank Africa at the start of the year. In addition, five divisional directors were appointed head up geographically based business units established in Business Banking to enhance client service, accountability and performance through decentralised and empowered management. Our commitment to going 'beyond transformation' is reflected through five of the eight appointments being either black or female executives.

Pressure on margins in the current low-interest-rate environment, competitive pricing, disintermediation and corporate clients being cash flush will continue to impact earnings growth, particularly within Corporate Banking.

Nedbank Corporate continues to build strong relationships with its core clients and to work closely with both Nedbank Retail (card acquiring and schemes) and Nedbank Capital to leverage client relationships and broaden the range of products and services to add greater value for clients.

Nedbank Retail

Nedbank Retail increased headline earnings by 105,1% from R214 million to R439 million, and ROE increased from 9,2% to 18,3%. Despite the negative endowment impact from the interest rate cut in April, NII was driven by strong advances growth primarily due to the 19% year-on-year growth in home loans. NIR benefited from increased volumes, insurance commissions and increased stockbroking activity in BoE Private Clients.

The growth in credit impairments is distorted by the prior-year IAS39 restatements that caused a R206 million reduction in the restated first half of 2004. Adjusting for this restatement, impairments reduced by 2,5% year on year.

Expense growth, on a comparable basis, has remained flat, due to operational efficiencies and delays in marketing spend. Marketing spend is planned to increase in the second half of 2005.

The rate of market share losses continues to slow, particularly in the key home loans sector. This has been driven by improved channel management and process and structural changes made in Nedbank Retail.

The Nedbank/Peoples Bank integration is progressing well. The Peoples Bank and Nedbank branches are operating on a common IT platform and Peoples Bank is scheduled to convert fully to the Nedbank systems in August 2005. It is anticipated that 146 branches will be rebranded to Nedbank, 56 closed and 24 new branches opened. 11 branches have been closed to date, with the remaining 45 earmarked for closure by the end of 2005. The rationalisation and rebranding costs will amount to approximately R52 million, of which R10 million has already been incurred. Following this integration Nedbank Retail will have 443 Nedbank branches, 46 Old Mutual Bank branches, 1 119 Nedbank ATMs and 55 Old Mutual Bank ATMs.

Nedbank Retail is currently replacing and upgrading all ATMs and self-service terminals at a capital cost of approximately R160 million. This is planned for completion by the second half of 2006.

Good progress has been made in the first half of 2005 towards setting the foundation for the turnaround of Nedbank Retail. The key future focus areas in Nedbank Retail are client service, advances growth, reduction in impairments, bancassurance and staff morale.

Imperial Bank

Imperial Bank increased headline earnings by 19,1% from R47 million to R56 million. NII grew by 17,0%, despite the negative endowment impact of the interest rate cut. This was driven by strong growth of Motor Vehicle Finance, while advances growth in Property Finance slowed due to a more conservative approach to this sector of the business. Impairments declined by 12,5% due to a more favourable credit environment and to a reduction in provisioning requirements in both Property Finance and Aviation.

Nedbank Group and Imperial Holdings each contributed R70 million of additional capital to Imperial Bank in March 2005. This has resulted in an initial dilution of ROE (measured on Nedbank Group's investment) from 14,2% to 10,3%, but will support future growth.

During the six months to June 2005 a new Chief Executive, Chief Financial Officer and chief risk officer were appointed. This new management team has settled down well and staff morale is good. The outlook for the remainder of the year remains robust, with continued strong advances growth in the motor sector and a good credit environment expected to continue.

Central Services

Costs in central services divisions in 2004 have been restated to reflect the reorganisation, which saw a number of previously centralised functions moving to the operating divisions, including the move of all branch operations to Nedbank Retail. Overall the headline loss from shared services has reduced from R128 million (R432 million pre-IFRS and that to the abovementioned restatements) to R94 million.

The headline loss of R377 million (June 2004: R498 million or R987 million pre-IFRS and prior to the abovementioned restatements) from Capital Management and Central Funding comprises primarily the preference share dividend, the funding of the group's goodwill, the cost of the expensive empowerment funding for Peoples Bank, the excess cost of the subordinated debt and the deferred tax rate adjustment, offset by the foreign exchange translation gain.

Sustainability

Nedbank Group continues to focus on sustainable development for the long-term benefit of the company and the communities it serves. The group has again been included in the JSE Socially Responsible Investment (SRI) Index for 2005 and was rated among the top three companies in its category.

Prospects

Nedbank Group reaffirms its targets of achieving a return on average ordinary shareholders' equity of 20% and an efficiency ratio of 55% for 2007.

Assuming a stable interest rate environment, the performance in the second half of the year is likely to be impacted by the following:

- margin will benefit from the settlement of the expensive empowerment funding for Peoples Bank in the first half, but could be negatively influenced by the continued industry pressure on margins; and
- expense growth will continue to be contained as the group focuses on extracting operational efficiencies, but will increase as a result of the branch rationalisation and rebranding costs of Peoples Bank (approximately R42 million), increased second-half marketing expenditure (approximately R100 million), the share-based payment cost of the BEE transaction (approximately R156 million) and one-off merger and recovery costs (approximately R150 million for 2005).

The group continues to invest in technology- and infrastructure-related projects. Strategic initiatives are in progress to upgrade several legacy systems while at the same time preparing for the Basel II systems requirements. Projects to upgrade transactional banking systems and consolidate multiple Corporate Banking channels are in progress. New financial processing systems and client information projects have been approved to support the client-centric strategy of the bank. All data and voice networks in the group have been outsourced, in conjunction with Old Mutual (SA), to a Telkom/CSC consortium, which will replace all existing network infrastructure with up-to-date technology. This outsourcing contract will save Nedbank approximately R700 million over the next five years, with savings of R60 million in 2005. The group is in the process of centralising information technology in the Group Technology and Support Services Cluster.

As previously reported, the detailed three-year plan envisages:

- the group maintaining its advances market share from the second half of 2005 expecting this to be achieved particularly in the key category of residential home loans, although categories such as credit cards may take longer;
- continued growth in revenue ahead of growth in expenses;
- a focus on growing transactional revenue;
- nedbank Retail being a major growth area for the group; and
- continued transformation of the group.

Full-year earnings forecast

As a result of the improved performance to date and expected earnings for the balance of the year – and assuming that exchange rates remain constant – the group forecasts headline earnings of between 58% and 78% higher than the R1 742 million restated results under IFRS for 2004. Headline earnings per share are estimated to be between 44% and 62% greater than the IFRS-restated 483 cents per share reported for December 2004. Basic earnings per share for the full year will be between 65% and 85% higher than the IFRS-restated 423 cents per share reported for December 2004.

These forecasts have not been audited or reviewed by the company's auditors.

Post-balance-sheet event – BEE transaction

On 19 April 2005 the group announced its intention to implement a BEE ownership transaction, which would increase black shareholding by 11,5% of the value of Nedbank's South African businesses.

The proposals involve the issue of new ordinary shares in Nedbank Group to various share trusts for the benefit of black employees within the group, black clients and black business partners in South Africa. The proposals were approved by shareholders at a general meeting held on 22 July 2005.

Implementation of the proposals will take place during August 2005, resulting in the listing of 41 268 130 new ordinary shares. Of these, 39 843 139 ordinary shares are to be accounted for as treasury shares.

The total economic cost of this transaction is expected to be R968 million. Share-based payment costs in accordance with IFRS 2, which are required to be recognised on issue of the company's shares, are estimated at R933 million, of which R156 million is expected to be incurred in the second half of 2005.

Changes to board of directors

During the period under review the following changes were made to the board of Nedbank Group:

- Bob Head was appointed as a non-executive director (1 January 2005);
- Hixonia Nyasulu resigned as an independent non-executive director and vice-chairman (26 January 2005);
- Phuthuma Nhleko resigned as a non-executive director (21 April 2005); and
- Lot Ndlovu changed status from an executive director to non-executive director (1 May 2005).

Accounting policies

The Nedbank Group financial results have been prepared in accordance with International Financial Reporting Standards (IFRS), as expected to be effective for the year ending 31 December 2005. These standards are subject to ongoing review and possible amendment in terms of interpretive guidance from the International Financial Reporting Interpretations Committee (IFRIC). The results may therefore be subject to change at future reporting dates.

Restatement of comparatives:

1. The group's results for the June and December 2004 reporting dates have been restated to reflect the requirements of reporting under IFRS. These restated results for 2004 were disclosed in an announcement on 3 May 2005. The material adjustments for reporting under IFRS are noted in the reconciliation of results, as reported below
2. Income reclassification – during the period under review the group changed its disclosure in respect of income and the 2004 results have been restated accordingly. The components of net interest income (NII) and non-interest revenue (NIR) were analysed and the nature and classification of interest income and non-interest revenue was refined. In essence, all income earned in respect of banking activities (ie transactions entered into for the purpose of earning a margin between interest earned and interest paid) is classified as either interest income or interest expense and included in NII. By the same token all transactions entered into for the purpose of trading activities are classified as part of NIR. The effect of this change in disclosure is to decrease NII by R276m for the period ended 30 June 2004 and R437m for the year ended 31 December 2004, with a simultaneous increase in NIR in the relevant periods.
3. Balance sheet reclassifications – certain provisions for leave pay and onerous lease totalling R425m have been reclassified, for the reporting period ended 30 June 2004, from the 'Amounts owed to depositors category to Other liabilities category.
4. Segmental reporting comparative results for 2004 have been restated to take into account the changes in improved profitability measurement and group restructures implemented late in 2004. The restatements include the new internal funds transfer pricing system, improved activity-justified transfer pricing process and a risk-weighted capital allocation and charging methodology, while liquid assets and cash reserving costs are no longer held at the centre, but are charged to the operating segments.

Operating lease costs – the historical accounting and interpretation in South Africa of AC105/IAS17 has not been in line with international interpretation and application. Interpretive guidance by the South African Institute of Chartered Accountants' Accounting Practices Committee – Circular 7/2005 issued on 2 August 2005 – required minimum lease payments, which are subject to a fixed rate escalation, to be spread over the life of the lease and the escalation not to be accounted for in the year of occurrence. The group has assessed the materiality of any adjustment in terms of this requirement, and does not expect this adjustment of the materially affect the current reported results.

The impact on opening shareholders' equity is presently being assessed and, should this be material, the group will inform the market of any prior year adjustment required.

Reviewed results – auditors' opinion

The group's auditors, KPMG Inc and Deloitte & Touche, have reviewed these results and the review opinion is available for inspection at the company's registered office.

Capitalisation award with a cash dividend alternative

Notice is hereby given that the directors of the company have resolved to issue fully paid ordinary shares in the company as a capitalisation award to ordinary shareholders. Ordinary shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive new fully paid ordinary shares which shares will be issued only to those ordinary shareholders who elect in respect of all or part of their shareholding, on or before 12:00 Friday, 9 September 2005, to receive the capitalisation award shares. Shareholders not electing to receive new fully paid ordinary shares in respect of all or part of their shareholding will be entitled to receive a cash dividend alternative of 105 cents per ordinary share (the cash dividend alternative).

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

Last day to trade to participate in the capitalisation award or the cash dividend alternative	Friday, 2 September
Shares trade ex the capitalisation award election and the cash dividend alternative on	Monday, 5 September
Listing of the maximum number of new ordinary shares that could be taken up in terms of the capitalisation award on	Monday, 5 September
Last day to elect to receive capitalisation award shares, failing which you will receive the cash dividend alternative to be reviewed by 12:00 on	Friday, 9 September
Record date to participate in the capitalisation award or receive the cash dividend alternative	Friday, 9 September
Payment of the cash dividend alternative to shareholders who have elected not to participate in the capitalisation award or have participated in the capitalisation award in respect of only part of their shareholding	Monday, 12 September
New shares issued and posted or duly appointed central securities depository participant (CSDP) or broker accounts credited regarding the shares to be issued to shareholders participating in the capitalisation award in respect of all or part of their shareholding on	Monday, 12 September
The maximum number of new shares listed in terms of the capitalisation award adjusted to reflect the actual number of shares issued in terms of the capitalisation award on or about September	Thursday, 15

Shares may not be dematerialised or rematerialised between Monday, 5 September, and Friday, 9 September 2005, both days inclusive. The above dates and times are subject to change. Any changes will be published on SENS and in the press.

The number of capitalisation shares to which shareholders are entitled will be determined in the ratio that 105 cents per ordinary share bears to the 30-day volume-weighted average price for the company's share, to be determined by no later than Friday, 26 August 2005. Details of the ratio will be published on SENS no later than Friday, 26 August 2005, and in the financial press the following business day. Trading in the STRATE environment does not permit fractions and fractional entitlements. Accordingly, where a shareholder's entitlement to new ordinary shares calculated in accordance with the above formula gives rise to a fraction of a new ordinary share, such fraction will be rounded up to the nearest whole number where the fraction is greater than or equal to 0,5 and rounded down to the nearest whole number where the fraction is less than 0,5.

A circular relating to the capitalisation award and the cash dividend alternative will be posted to shareholders on or about Monday, 22 August 2005.

Note: Dematerialised shareholders are required to notify their CSDP or broker of his/her election in terms of the capitalisation award in the manner and at the time stipulated in the agreement governing the relationship between the shareholder and his/her CSDP or broker.

For and on behalf of the board

WAM Clewlow – *Chairman*

TA Boardman – *Chief Executive*

4 August 2005

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

Transfer secretaries: Computershare Investor Services 2004 (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001. PO Box 61051, Marshalltown, 2107.

Directors: WAM Clewlow (*Chairman*), Prof MM Katz (*Vice-chairman*), ML Ndlovu (*Vice-chairman*), TA Boardman (*Chief Executive*), CJW Ball, MWT Brown (*Chief Financial Officer*), RG Cottrell, BE Davison, N Dennis (*British*), Prof B Figaji, RM Head (*British*), JB Magwaza, ME Mkwanazi, JVF Roberts (*British*), CML Savage, JH Sutcliffe (*British*)

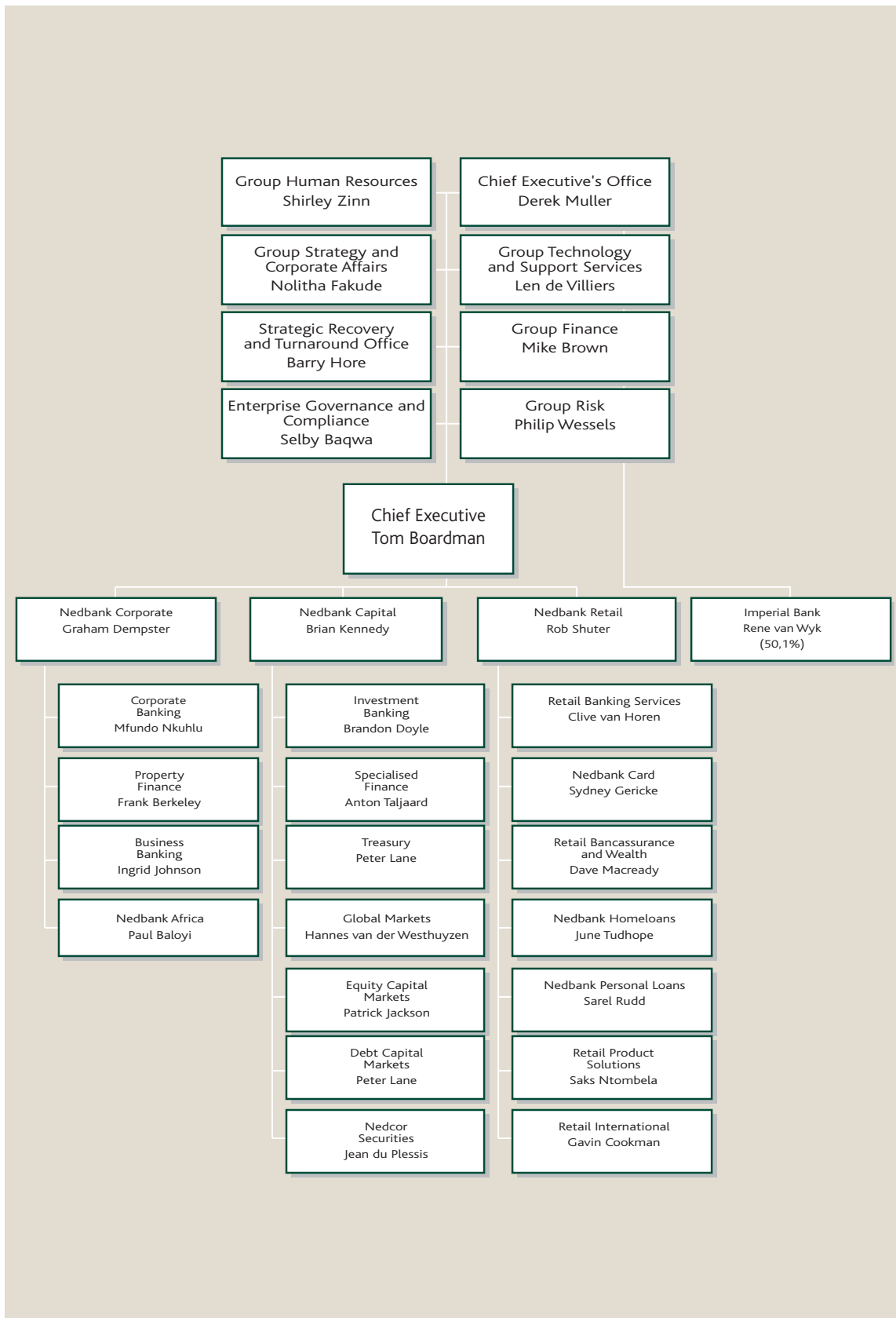
Company secretary: GS Nienaber **Reg No:** 1966/010630/06 **Share code:** NED **ISIN code:** ZAE000004875

This announcement is available on the group's website – www.nedbankgroup.co.za – together with the following additional information:

- detailed financial information in HTML, PDF and Excel formats;
- financial results presentation to analysts; and
- link to a webcast of the presentation to analysts.

For further information kindly contact Nedbank Group Investor Relations by e-mail at nedbankgroupir@nedbank.co.za.

Group structure



Financial highlights

for the period ended

		Reviewed June 2005	Restated June 2004	Restated December 2004
Share statistics				
Number of shares listed	m	395,3	392,9	394,2
Weighted average number of shares	m	394,4	327,8	360,9
Fully diluted weighted average number of shares	m	394,5	330,1	361,8
Headline earnings per share	cents	354	245	483
Headline earnings per share (excluding foreign currency translation gains/losses)	cents	313	275	560
Fully diluted headline earnings per share	cents	354	243	481
Basic earnings per share (previously attributable earnings per share)	cents	356	247	423
Fully diluted basic earnings per share	cents	356	245	422
Dividend declared per share	cents	105	44	120
Dividend paid per share	cents	76	35	79
Dividend cover	times	3,4	5,6	4,0
Net asset value per share (investments at market value)	cents	5 067	4 499	4 692
Tangible net asset value per share (investments at market value)	cents	3 803	3 162	3 400
Closing share price	cents	7 439	6 170	7 780
Price earnings ratio	historical	21	25	16
Market capitalisation	Rbn	29,4	24,2	30,7
Key ratios				
Return on ordinary shareholders' equity	%	14,6	11,7	11,0
Return, excluding foreign currency translation gains/losses, on ordinary shareholders' equity	%	12,9	13,1	12,7
Return, excluding foreign currency translation gains/losses, merger and recovery expenses, on ordinary shareholders' equity	%	13,5	17,8	16,7
Return on total assets	%	0,85	0,53	0,54
Return, excluding foreign currency translation gains/losses, on total assets	%	0,75	0,58	0,62
Net interest income to interest-earning assets	%	3,45	2,99	3,18
Non-interest revenue to total income	%	49,1	52,5	53,1
Impairments to total loans and advances	%	2,6	3,2	2,9
Efficiency ratio	%	67,2	79,0	74,8
Efficiency ratio (excluding foreign currency translation gains/losses)	%	68,6	77,9	73,5
Effective taxation rate	%	22,1	14,0	24,2
Group capital adequacy ratio:				
Tier 1	%	8,5	7,7	8,1
Total	%	12,2	12,0	12,1
Number of employees		21 266	23 172	21 103
Balance sheet				
Total equity attributable to equity holders	Rm	20 028	17 677	18 497
Total shareholders' equity	Rm	23 658	21 112	21 948
Amounts owed to depositors	Rm	262 946	236 193	254 299
Loans and advances to customers	Rm	227 742	206 553	221 275
Gross	Rm	233 913	213 363	227 959
Impairment of loans and advances	Rm	(6 171)	(6 810)	(6 684)
Total assets	Rm	336 158	300 801	327 900
Assets under management	Rm	73 686	87 574	68 982
Total assets administered by the group		409 844	388 375	396 882
Earnings reconciliation				
Income attributable to equity holders	Rm	1 404	810	1 527
Less: Non-headline earnings items	Rm	6	8	(215)
Non-trading and capital items	Rm	6	(9)	(254)
Taxation on non-trading and capital items	Rm		17	39
Headline earnings	Rm	1 398	802	1 742
Headline earnings (excluding foreign currency translation gains/losses)	Rm	1 233	900	2 022

Income statement

for the period ended

Rm	Note	% change	Reviewed June 2005	Restated June 2004	Restated December 2004
Interest and similar income		(5)	10 818	11 350	22 789
Interest expense and similar charges		(15)	6 794	8 031	15 644
Net interest income	1	21	4 024	3 319	7 145
Impairment charge on loans and advances	2		620	409	1 217
Income from lending activities		17	3 404	2 910	5 928
Non-interest revenue	3	(1)	3 716	3 771	8 373
Foreign currency translation gains/(losses)	4	>100	165	(98)	(280)
Operating income		11	7 285	6 583	14 021
Total expenses			5 311	5 524	11 404
Operating expenses	5	2	5 064	4 943	10 239
Transaction taxes	5	(4)	164	170	470
Fees due to Alliance Partners	5	(64)	30	83	70
Merger expenses	5	(44)	53	94	246
Recovery programme expenses	5			234	379
Profit from operations before non-trading and capital items		86	1 974	1 059	2 617
Non-trading and capital items		>100	6	(9)	(254)
Impairment of goodwill				(91)	(87)
Profit/(loss) on sale of subsidiaries, investments and property and equipment		(96)	6	137	(74)
Net impairment of investments, property and equipment and capitalised development costs				(55)	(93)
Profit from operations		89	1 980	1 050	2 363
Share of profits of associates and joint ventures	10	(4)	77	80	147
Profit before taxation		82	2 057	1 130	2 510
Total taxation			454	142	629
Taxation	6	>100	454	159	668
Taxation on non-trading and capital items	6			(17)	(39)
Profit for the period		62	1 603	988	1 881
Minority interest income attributable to					
– ordinary shareholders	7	22	(83)	(68)	(125)
– preference shareholders	8		(116)	(110)	(229)
Income attributable to equity holders		73	1 404	810	1 527
			Basic fully diluted	Headline	Headline fully diluted
Earnings per share					
June 2005					
Net earnings for the period (Rm)		1 404	1 404	1 398	1 398
Weighted average number of ordinary shares		394 437 650	394 517 082	394 437 650	394 517 082
Earnings per share (cents)		356	356	354	354
December 2004					
Net earnings for the period (Rm)		1 527	1 527	1 742	1 742
Weighted average number of ordinary shares		360 878 724	361 753 888	360 878 724	361 753 888
Earnings per share (cents)		423	422	483	481
June 2004					
Net earnings for the period (Rm)		810	810	802	802
Weighted average number of ordinary shares		327 817 574	330 135 499	327 817 574	330 135 499
Earnings per share (cents)		247	245	245	243

Basic earnings and headline earnings per share are calculated by dividing the relevant earnings amount by the weighted average number of shares in issue. Basic fully diluted earnings and headline fully diluted earnings per share are calculated by dividing the relevant earnings by the weighted average number of shares in issue after taking the dilutive impact of potential ordinary shares to be issued into account.

Balance sheet

as at

Rm	Note	Reviewed June 2005	Restated June 2004	Restated December 2004
Assets				
Cash and balances with central banks		14 032	11 809	10 050
Other short-term securities		20 776	9 549	16 310
Government and other securities		24 320	22 322	26 224
Derivative financial instruments		22 146	21 509	27 560
Loans and advances to customers	9	227 742	206 553	221 275
Other assets		7 447	8 391	6 816
Current taxation receivable		200	174	196
Investments in associate companies and joint ventures	10	1 287	1 464	1 089
Investment securities	11	6 618	8 167	6 565
Post-employment assets		974	506	992
Deferred taxation asset		1 258	1 245	1 169
Investment property		174	133	174
Property, plant and equipment		2 745	2 704	2 828
Non-current assets held for sale		48	13	48
Computer software and capitalised development costs	12	1 322	1 558	1 419
Goodwill	13	3 673	3 695	3 676
Customers' indebtedness for acceptances		1 396	1 009	1 509
Total assets		336 158	300 801	327 900
Shareholders' equity and liabilities				
Ordinary share capital		395	393	394
Ordinary share premium		9 976	9 832	9 892
Reserves		9 657	7 452	8 211
Total equity attributable to equity holders		20 028	17 677	18 497
Minority shareholders' equity attributable to – ordinary shareholders	7	860	665	681
– preference shareholders	8	2 770	2 770	2 770
Total shareholders' equity		23 658	21 112	21 948
Derivative financial instruments		22 633	19 856	28 055
Amounts owed to depositors	14	262 946	236 193	254 299
Other liabilities		12 224	9 413	9 117
Deferred revenue		246	225	257
Current taxation liabilities		276	189	193
Deferred taxation liabilities		1 092	864	1 125
Post-employment liability		961	640	979
Investment contract liabilities		3 395	3 803	3 109
Long-term debt instruments	15	7 331	7 497	7 309
Liabilities under acceptances		1 396	1 009	1 509
Total liabilities		312 500	279 689	305 952
Total shareholders' equity and liabilities		336 158	300 801	327 900
Guarantees on behalf of customers excluded from assets		9 352	10 429	10 770

IAS 39: Balance sheet classification of financial instruments

as at

Rm	June 2005		June 2004		December 2004	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Fair value	59 491	34 399	56 939	27 137	66 438	36 153
Financial assets and liabilities at fair value through profit and loss	54 287	34 399	54 369	27 137	63 283	36 153
Available for sale	5 204		2 570		3 155	
Amortised cost	267 247	276 733	234 340	251 499	251 952	268 481
Loans and receivables	260 440		232 990		244 879	
Held to maturity	6 807		1 350		7 073	
Non-trading liabilities		276 733		251 499		268 481
Other assets and liabilities	9 420	1 368	9 522	1 053	9 510	1 318
Total shareholders' equity		23 658		21 112		21 948
	336 158	336 158	300 801	300 801	327 900	327 900

Statement of changes in shareholders' equity

Rm	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Reserves not* available for distribution	Foreign currency translation reserve	Loan loss reserve
Balance at 31 December 2003 as previously reported	274 754 425	275	4 801	6	(209)	
IAS transitional adjustment					209	
Restated balance at 31 December 2003	274 754 425	275	4 801	6	–	–
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						
Income attributable to equity holders						
Preference share dividend paid						
Transfer from/(to) reserves				63		430
Release of reserve previously not available				(25)		
Foreign currency translation reserve movements					(116)	
Revaluation of property						
Share-based payments reserve movements						
Acquisition of subsidiaries						
Disposals of subsidiaries						
Dividends to shareholders						
Available for sale reserve						
Other						
Balance at 30 June 2004	392 939 814	393	9 832	44	(116)	430
Shares issued for options exercised under the Nedcor Group (1994) Employee Incentive Scheme	1 237 746	1	76			
Other share issues	33 830		3			
Share issue expenses			(18)			
Shares held by subsidiaries	(240 000)		(1)			
Preference share dividend paid						
Income attributable to equity holders						
Transfer from/(to) reserves				35		(430)
Release of reserve previously not available				(23)		
Foreign currency translation reserve movements					(32)	
Revaluation of property						
Share-based payments reserve movements						
Dividends to shareholders						
Available for sale reserve						
Acquisition of subsidiaries						
Disposals of subsidiaries						
Other						
Balance at 31 December 2004	393 971 390	394	9 892	56	(148)	–
Shares issued for options exercised under the Nedcor Group (1994) Employee Incentive Scheme	1 107 800	1	85			
Share issue expenses			(1)			
Preference dividend paid						
Income attributable to equity holders						
Transfer from/(to) reserves						
Release of reserve previously not available				(28)		
Foreign currency translation reserve movements					48	
Foreign currency movements						
Share-based payments reserve movements						
Dividends to shareholders						
Available for sale reserve						
Recapitalisation of Imperial Bank						
Disposals of subsidiaries						
Other						
Balance at 30 June 2005	395 079 190	395	9 976	28	(100)	

*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.

Property revaluation reserve	Share-based payment reserve	Other non-distributable reserves	Available for sale reserve	Other distributable reserves	Total equity attributable to equity holders	Minority shareholders' interest	Preference share capital and premium	Total shareholders' equity
296	9	107	–	6 667 (619)	11 647 (105)	652 (30)	2 802	15 101 (135)
296	9	107	–	6 048	11 542	622	2 802	14 966
					94			94
					5 151			5 151
					101			101
					(197)			(197)
					–		(32)	(32)
				810	810	68	110	988
					–		(110)	(110)
		83		(576)	–			–
					(25)			(25)
					(116)			(116)
(13)					(13)			(13)
	5				5			5
					–	(10)		(10)
					–	(5)		(5)
				(97)	(97)			(97)
			416		416			416
				6	6	(10)		(4)
283	14	190	416	6 191	17 677	665	2 770	21 112
					77			77
					3			3
					(18)			(18)
					(1)			(1)
					–		(119)	(119)
				717	717	57	119	893
		(44)		439	–			–
					(23)			(23)
					(32)			(32)
(21)					(21)			(21)
	21				21			21
				(172)	(172)	(15)		(187)
			205		205			205
					–	(28)		(28)
					–	5		5
		22		42	64	(3)		61
262	35	168	621	7 217	18 497	681	2 770	21 948
					86			86
					(1)			(1)
					–		(116)	(116)
				1 404	1 404	83	116	1 603
		7		(7)	–			–
					(28)			(28)
					48			48
					–	23		23
	38				38			38
				(300)	(300)			(300)
			242		242			242
					–	70		70
					–	(10)		(10)
				42	42	13		55
262	73	175	863	8 356	20 028	860	2 770	23 658

revised in the current year.

Cash flow statement

for the period ended

Rm	Reviewed June 2005	Restated June 2004	Restated December 2004
Cash flows from operating activities	3 019	2 663	5 723
Change in working funds	1 688	(6 345)	(11 804)
Cash generated/(utilised) by operating activities before taxation	4 707	(3 682)	(6 081)
Taxation paid	(360)	(285)	(835)
Net cash generated/(utilised) by operating activities	4 347	(3 967)	(6 916)
Cash flows from investment activities	(127)	1 228	2 836
Cash flows from financing activities	(238)	2 321	1 903
Net increase/(decrease) in cash and cash equivalents	3 982	(418)	(2 177)
Cash and balances with central banks at beginning of period	10 050	12 227	12 227
Cash and balances with central banks at end of period	14 032	11 809	10 050

Reconciliation of restated income attributable to equity holders as reported under IFRS

Reviewed for the period ended

Rm	Note	31 December 2004	30 June 2004
As previously reported		974	380
Adjustments for:			
Credit impairment	1	140	215
Revenue recognition and deferred acquisition costs	2	(31)	(14)
Goodwill	3	281	127
Foreign exchange	4	91	116
Share-based payments	5	(15)	(4)
Post-employment benefits	6	131	
Property, plant and equipment	7	(44)	(10)
As reported under IFRS		1 527	810

Reconciliation of restated assets, liabilities and equity as reported under IFRS

Reviewed for the period ended

Rm	Note	Assets		Liabilities		Equity	
		31 December 2004	30 June 2004	31 December 2004	30 June 2004	31 December 2004	30 June 2004
As previously reported		327 238	300 353	305 652	279 421	21 586	20 932
Adjustments for:							
Credit impairment	1	107	185			107	185
Revenue recognition and deferred acquisition costs	2	81	69	257	225	(176)	(156)
Goodwill	3	281	127			281	127
Share-based payments	5	18	8			18	8
Post-employment benefits	6	(45)	(176)	43	43	(88)	(219)
Property, plant and equipment	7	220	235			220	235
As reported under IFRS		327 900	300 801	305 952	279 689	21 948	21 112

Reconciliation of restated statement of changes in shareholders' equity as reported under IFRS

Rm	Note	Ordinary share capital	Ordinary share premium	Reserves	Minority shareholders' equity	Preference share capital and premium	Total
As at 1 January 2004							
As previously reported		275	4 801	6 571	652	2 802	15 101
Income statement movements:							
Credit impairments	1			(28)	(5)		(33)
Revenue recognition and deferred acquisition costs	2			(115)	(20)		(135)
Goodwill	3						–
Foreign exchange	4						–
Share-based payments	5			7			7
Post-employment benefits	6			(216)	(3)		(219)
Property, plant and equipment	7			247	(2)		245
As reported under IFRS		275	4 801	6 466	622	2 802	14 966
As at 30 June 2004							
As previously reported		393	9 832	7 238	699	2 770	20 932
Income statement movements:							
Credit impairments	1			187	(2)		185
Revenue recognition and deferred acquisition costs	2			(129)	(27)		(156)
Goodwill	3			127			127
Foreign exchange	4						–
Share-based payments	5			8			8
Post-employment benefits	6			(216)	(3)		(219)
Property, plant and equipment	7			237	(2)		235
As reported under IFRS		393	9 832	7 452	665	2 770	21 112
As at 31 December 2004							
As previously reported		394	9 893	7 808	721	2 770	21 586
Income statement movements:							
Credit impairments	1			112	(5)		107
Revenue recognition and deferred acquisition costs	2			(146)	(30)		(176)
Goodwill	3			281			281
Foreign exchange	4						–
Share-based payments	5			18			18
Post-employment benefits	6			(85)	(3)		(88)
Property, plant and equipment	7			222	(2)		220
As reported under IFRS		394	9 893	8 210	681	2 770	21 948

Material adjustments

The basis of the material adjustments, net of the associated tax impact, as shown in the tables for Reconciliation of restated income attributable to equity holders and Reconciliation of restated statement of changes in shareholders' equity are noted below:

Note 1: Credit impairment

Previously the group calculated its impairment losses on loans and advances on an "expected loss" basis. Credit impairments were calculated using historical data and trends. The discount rate used to calculate the recoverable amount included an allowance for a credit spread.

Under IFRS the group has moved to an "incurred loss" basis. Impairment losses are incurred only if there is objective evidence of impairment as a result of one or more past events that have occurred since initial recognition. IFRS also allows for the creation of a credit impairment for incurred but not reported ("IBNR") losses in order to provide for latent losses in a portfolio of loans that have not yet been individually evidenced. The discount rate used to calculate the recoverable amount now excludes any allowance for a credit spread.

Note 2: Revenue recognition and deferred acquisition costs

Previously fees charged and certain related acquisition costs for originating loans were recognised immediately in the income statement.

In accordance with IFRS, fees charged for loans are recognised as revenue as the services are provided. Initial fees, which relate to the future provision of services, are deferred and amortised over the anticipated period in which the services will be provided.

Similarly costs that are directly attributable to securing a loan are deferred as an asset and amortised as the related revenue is recognised.

Note 3: Goodwill

Previously, the group recognised acquired goodwill at cost and amortised it on a straight-line basis over its expected useful life. Goodwill was subject to review for indications of impairment and any impairment losses were recognised in the income statement.

IFRS requires that goodwill is not amortised but is subject to impairment reviews, both annually and when there are indications that the carrying value may not be recoverable. Negative goodwill is no longer recognised on the balance sheet but in the income statement as it arises.

The 2004 goodwill amortisation previously recognised in the income statement has been reversed, resulting in a corresponding increase in equity. All goodwill has been tested for impairment at 1 January 2004, 30 June 2004, and 31 December 2004 in accordance with IFRS with no further impairment being recognised on transition. Negative goodwill that was previously held on the balance sheet at the transition date was released to reserves.

Note 4: Foreign exchange

Previously the group classified the assets and liabilities of all foreign subsidiaries and branches as either foreign entities or integrated operations. The foreign currency adjustments arising from the translation of foreign entities were recognised directly in equity, in the Foreign Currency Translation Reserve ("FCTR"), while those of the integrated operations were recognised in the income statement.

IFRS requires the group to determine the "functional currency" for all entities and the distinction between foreign entities and integrated operations has been removed. An entity, which has a non-rand functional currency, is translated at the closing exchange rate and the differences arising are reported directly to equity, whilst all other entities classified as having a rand-functional currency report foreign currency translation differences in the income statement.

The group has elected to apply the exemption afforded to it by IFRS 1 and reset the balance of the FCTR to zero at the date of transition to IFRS.

Note 5: Share-based payments

The group grants share options to employees under employee share incentive schemes. Other than costs incurred in administering the schemes, which were expensed as incurred, the schemes did not result in any expense to the group, other than a dilution in earnings per share when the shares were issued.

In accordance with the requirements of IFRS, the group has recognised an expense in the income statement, with a corresponding credit to equity, representing the fair value of outstanding employee share options with regard to its equity settled schemes. The fair value at the date of granting the options is charged to income over the relevant option vesting periods, adjusted to reflect actual and expected levels of vesting.

Note 6: Post-employment benefits

Previously the group elected to use the corridor method for the recognition of actuarial gains and losses. Only cumulative actuarial gains or losses in excess of 10% of the surplus or deficit in the fund were amortised in the income statement. Cumulative gains or losses inside this corridor were carried on the balance sheet and recognised over the expected remaining working lives of the employees.

Under IFRS 1 the group has applied the option to eliminate its pension fund corridor against opening retained income at the date of transition. The asset has been eliminated, and the adjustment taken to retained earnings as at 1 January 2004.

Future actuarial gains or losses will continue to be recognised using the corridor method.

Note 7: Property, plant and equipment

Previously property, plant and equipment were measured at cost less accumulated depreciation and impairment losses.

Under IFRS, equipment (principally computer equipment, motor vehicles, fixtures and furniture), is still stated at cost less accumulated depreciation and impairment losses.

Owner-occupied property has been recognised at revalued amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation and accumulated impairment losses. Increases in valuation of the properties are taken to a revaluation reserve. This revaluation reserve is amortised over the remaining useful life of the property.

Land is not depreciated.

Investment properties are stated at revalued amounts, being fair value at the date of revaluation less accumulated impairment losses. Increases or decreases in valuation are recognised in the income statement and investment properties are not depreciated.

ROE drivers

for the period ended

	June 2005 Unaudited	June 2004 Restated Unaudited	
Net interest income	4 024	3 319	Net interest income/average interest-earning assets
Non-interest revenue	3 716	3 771	Non-interest revenue/average interest-earning assets
Income from normal operations	7 740	7 090	
Impairment of advances	(620)	(409)	Impairments/average interest-earning assets
Total expenses	(5 311)	(5 524)	Total expenses/average interest-earning assets
Attributable earnings of associates	77	80	Associate income/average interest-earning assets
Net profit before taxation	1 886	1 237	
Taxation	(454)	(159)	1 – Effective tax rate
Net profit after taxation	1 432	1 078	
Minority interest	(199)	(178)	Income attributable to minorities
Headline earnings (excl. translation gains/(losses))	1 233	900	Headline earnings (excluding translation gains/(losses))
Translation gains/(losses)	165	(98)	Translation gains/(losses)/average interest-earning assets
Headline earnings	1 398	802	Headline earnings
Daily average interest-earning assets	235 536	223 279	Interest-earning assets/daily average total assets
Daily average total assets	325 943	290 119	Interest-earning assets/simple average total assets
Simple average total assets	332 029	306 957	Return on total assets
Simple average shareholders' equity	19 262	13 839	Gearing
			Return on equity

* Averages calculated on a 365/366 day balance

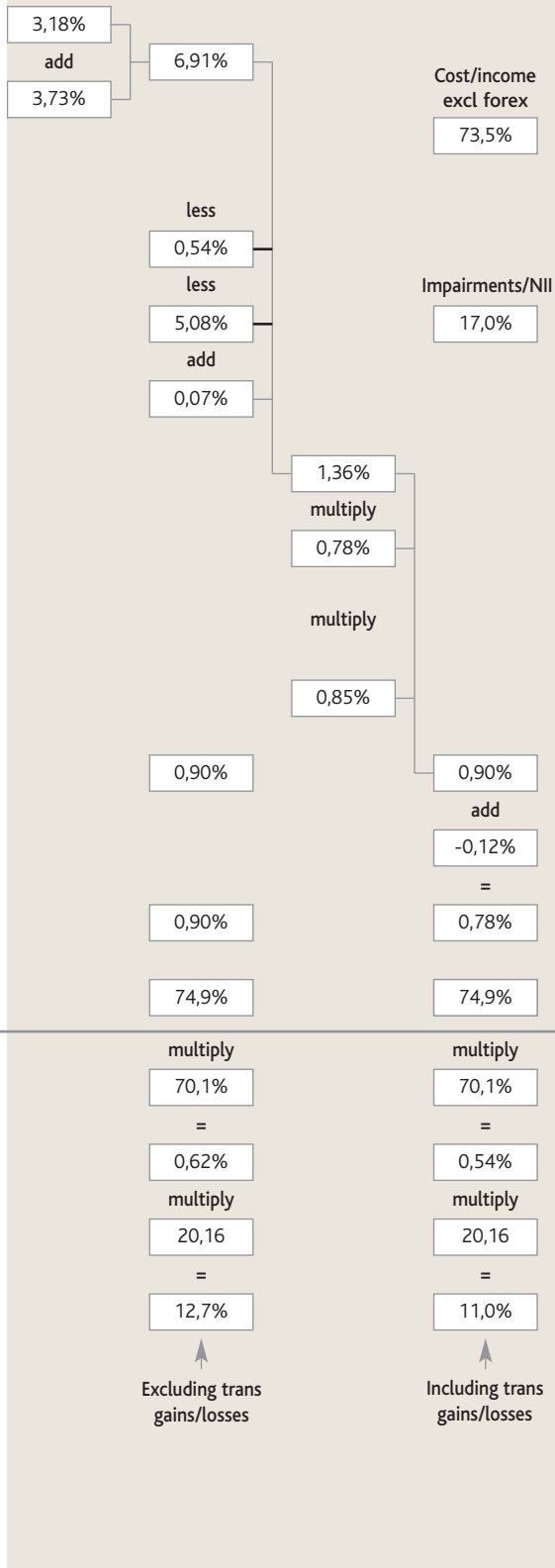
ROE drivers

for the period ended

	December 2004 Restated Unaudited	
Net interest income	7 145	Net interest income/average interest-earning assets
Non-interest revenue	8 373	Non-interest revenue/average interest-earning assets
Income from normal operations	15 518	
Impairment of advances	(1 217)	Impairments/average interest-earning assets
Total expenses	(11 404)	Total expenses/average interest-earning assets
Attributable earnings of associates	147	Associate income/average interest-earning assets
Net profit before taxation	3 044	
Taxation	(668)	1 – Effective tax rate
Net profit after taxation	2 376	
Minority interest	(354)	Income attributable to minorities
Headline earnings (excl. translation losses)	2 022	Headline earnings (excluding translation losses)
Translation losses	(280)	Translation (losses)/average interest-earning assets
Headline earnings	1 742	Headline earnings
Daily average interest-earning assets	224 598	Interest-earning assets/daily average total assets
Daily average total assets	299 817	Interest-earning assets/simple average total assets
Simple average total assets	320 507	Return on total assets
Simple average shareholders' equity	15 895	Gearing
		Return on equity

* Averages calculated on a 366 day balance

December 2004



Operational segmental reporting – unaudited

for the period ended

Balance sheet Rbn	Nedbank Group			Nedbank Corporate			Nedbank Capital		
	June 2005	June 2004*	December 2004	June 2005	June 2004*	December 2004	June 2005	June 2004*	December 2004
Assets									
Cash and balances with central banks	14	14	10	1	1		6	7	3
Other short-term securities	21	10	16	1	1	1	15	6	12
Government and other securities	24	17	26	2	2	2	13	13	12
Derivative financial instruments	22	23	28						
Mortgage loans	104	89	97	40	34	38			
Leases and instalment debtors	32	25	29	12	11	11			
Loans and overdrafts	98	95	102	48	52	46	34	25	32
Other assets	21	17	20	1		2	3	2	3
Intergroup assets				24	23	23	14	1	8
Total assets	336	290	328	129	124	123	85	54	70
Average interest-earning assets	236	223	225	124	123	122	39	38	36
Current and savings accounts	45	45	45	13	18	15	1	1	1
Other deposits and loan accounts	237	200	226	106	97	99	81	49	66
Derivative financial instruments	23	20	28						
Intergroup liabilities								1	
Long-term debt	7	10	7						
Allocated capital	24	15	22	10	9	9	3	3	3
Total liabilities	336	290	328	129	124	123	85	54	70
Income statement									
Rm									
Net interest income	4 024	3 319	7 145	1 985	2 057	4 091	357	225	527
Impairment charge on loans and advances	620	409	1 217	119	122	259	72	34	77
Income from lending activities	3 404	2 910	5 928	1 866	1 935	3 832	285	191	450
Non-interest revenue	3 716	3 771	8 373	1 006	862	2 112	850	874	2 080
Foreign currency translation gains/(losses)	165	(98)	(280)						
Operating income	7 285	6 583	14 021	2 872	2 797	5 944	1 135	1 065	2 530
Total expenses	5 311	5 524	11 404	1 634	1 665	3 433	560	565	1 271
Operating expenses	5 064	4 943	10 239	1 609	1 582	3 260	508	502	1 160
Transaction taxes	164	170	470	22	11	28	18	15	40
Fees due to alliance partners	30	83	70				34	38	19
Merger expenses	53	94	246	3	3	31			
Recovery programme expenses		234	379		69	114		10	52
Profit/(loss) from operations	1 974	1 059	2 617	1 238	1 132	2 511	575	500	1 259
Attributable earnings of associates and joint ventures	77	80	147	18	(1)	33			
Profit/(loss) before taxation	2 051	1 139	2 764	1 256	1 131	2 544	575	500	1 259
Taxation	454	159	668	315	310	674	129	144	351
Profit/(loss) for the period	1 597	980	2 096	941	821	1 870	446	356	908
Minority interest income attributable to – ordinary shareholders	83	68	125	14	9	26	(1)	1	2
– preference shareholders	116	110	229						
Headline earnings	1 398	802	1 742	927	812	1 844	447	355	906
Return on average assets (%)	0,9	0,53	0,54	1,5	1,3	1,5	1,1	1,3	1,3
Return on average equity (%)**	14,6	11,7	11,0	19,1	17,7	19,4	28,2	23,5	30,7
Interest margin (%)	3,45	2,99	3,18	3,2	3,4	3,4	1,8	1,2	1,5
Impairments to net interest income (%)	15,4	12,3	17,0	6,0	5,9	6,3	20,2	14,9	14,5
Impairments to advances (%)									
Non interest revenue to gross income (%)	49,1	52,5	53,1	33,6	29,5	34,0	70,4	79,5	79,8
Efficiency ratio (%) (Excluding foreign currency translation gains/losses)	68,6	77,9	73,5	54,6	57,0	55,3	46,3	51,4	48,7
Effective tax rate (%)	22,1	14,0	24,2	25,0	27,3	26,5	22,5	28,8	27,9
Staff complement (Actual)	21 266	23 172	21 103	4 843	5 150	4 825	603	780	602

* Year to date average Balance Sheet

** ROE calculated pre minority for Imperial Bank is 20,57% for June 2005; 28,25% for June 2004; 20,25 for Dec 2004

June 2005	Imperial Bank			Nedbank Retail			Shared Services			Capital Management and Central Funding			Eliminations		
	June 2004*	December 2004	June 2005	June 2004*	December 2004	June 2005	June 2004*	December 2004	June 2005	June 2004*	December 2004	June 2005	June 2004*	December 2004	
			1	1	1		1		6	4	6				
		1	4	3	3				1						
5	4	5	59	49	54				9	2	11				
12	8	11	7	6	7				22	23	28				
1	1	1	9	13	12	1	1	1	1	2					
(1)		(1)	6	7	4	7	7	7	5	3	10				
1	1	1				7	7	7	5	1	5				
						1				1		(40)	(26)	(32)	
18	14	18	86	79	81	9	9	8	49	36	60	(40)	(26)	(32)	
17	13	14	77	69	71	1	1	1	13	4	8	(35)	(25)	(27)	
			31	26	29										
	1	1	40	45	39	2	2	3	8	6	18				
16	11	15	10	3	8	6	6	4	23	20	28				
1	1	1							8	5	5	(40)	(26)	(32)	
1	1	1	5	5	5	1	1	1	6	9	6				
18	14	18	86	79	81	9	9	8	4	(4)	3	(40)	(26)	(32)	
360	307	639	2 038	1 771	3 687	(161)	(154)	(273)	(555)	(887)	(1 526)				
63	72	243	416	245	725	(83)	31	(7)	33	(95)	(80)				
297	235	396	1 622	1 526	2 962	(78)	(185)	(266)	(588)	(792)	(1 446)				
25	32	86	1 724	1 737	3 725	240	246	772	(105)	164	(133)	(24)	(144)	(269)	
									165	(98)	(280)				
322	267	482	3 346	3 263	6 687	162	61	506	(528)	(726)	(1 859)	(24)	(144)	(269)	
180	154	324	2 752	2 988	5 915	259	240	891	(50)	56	(161)	(24)	(144)	(269)	
171	148	316	2 672	2 808	5 591	153	19	372	(25)	28	(191)	(24)	(144)	(269)	
9	6	8	81	81	177	58	28	187	(24)	29	30				
			(3)	45	51				(1)						
			2	2	17	48	90	198		(1)					
				52	79		103	134							
142	113	158	594	275	772	(97)	(179)	(385)	(478)	(782)	(1 698)				
			20	22	9	38	59	103	1		2				
142	113	158	614	297	781	(59)	(120)	(282)	(477)	(782)	(1 696)				
29	19	15	161	72	188	35	7	(139)	(215)	(393)	(421)				
113	94	143	453	225	593	(94)	(127)	(143)	(262)	(389)	(1 275)				
57	47	72	14	11	18		1	6	(1)	(1)	1				
									116	110	229				
56	47	71	439	214	575	(94)	(128)	(149)	(377)	(498)	(1 505)				
0,6	0,7	0,4	1,0	0,6	0,7										
10,3	14,2	10,0	18,3	9,2	12,4										
4,4	4,8	4,6	5,3	5,2	5,2										
17,4	23,3	38,1	20,4	13,9	19,7										
6,5	9,4	11,8	45,8	49,5	50,3										
46,6	45,7	44,7	73,2	85,2	79,8										
20,0	16,5	9,3	26,3	24,4	24,1										
765	705	753	11 655	11 965	11 232	3 383	4 546	3 672	17	26	19				

Geographical segmental reporting – unaudited

for the period ended

Income statement Rm	Nedbank Group		
	June 2005	June 2004	December 2004
Net interest income	4 024	3 319	7 145
Impairment charge on loans and advances	620	409	1 217
Income from lending activities	3 404	2 910	5 928
Non-interest revenue	3 716	3 771	8 373
Foreign currency translation gains/(losses)	165	(98)	(280)
Operating income	7 285	6 583	14 021
Total expenses	5 311	5 524	11 404
Operating expenses	5 064	4 943	10 239
Transaction taxes	164	170	470
Fees due to alliance partners	30	83	70
Merger expenses	53	94	246
Recovery programme expenses		234	379
Profit from operations	1 974	1 059	2 617
Attributable earnings of associates and joint ventures	77	80	147
Profit before taxation	2 051	1 139	2 764
Taxation	454	159	668
Profit for the period	1 597	980	2 096
Minority interest income attributable to – ordinary shareholders	(83)	(68)	(125)
– preference shareholders	(116)	(110)	(229)
Headline earnings	1 398	802	1 742

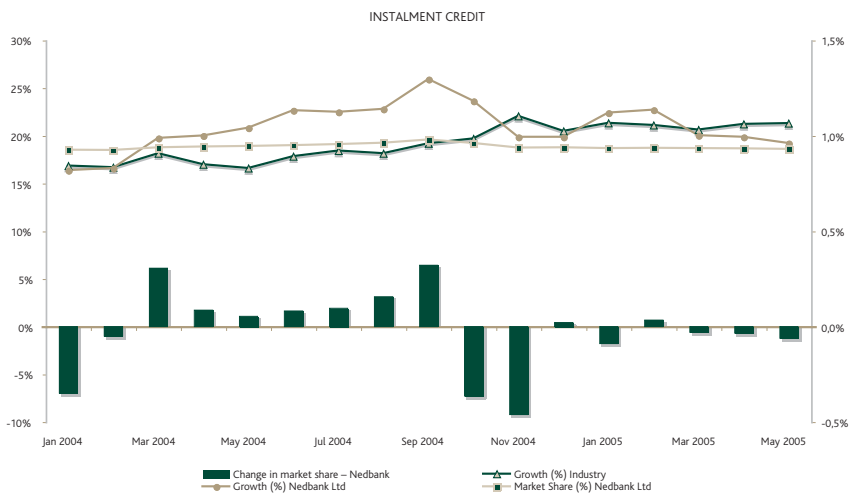
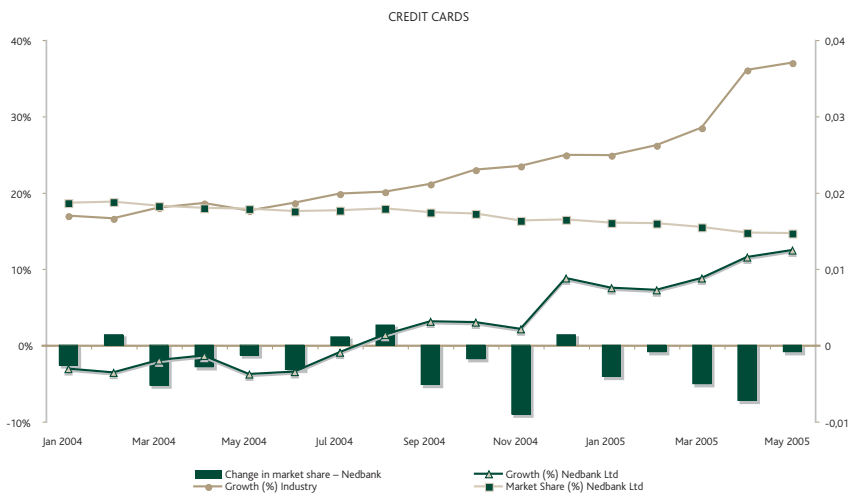
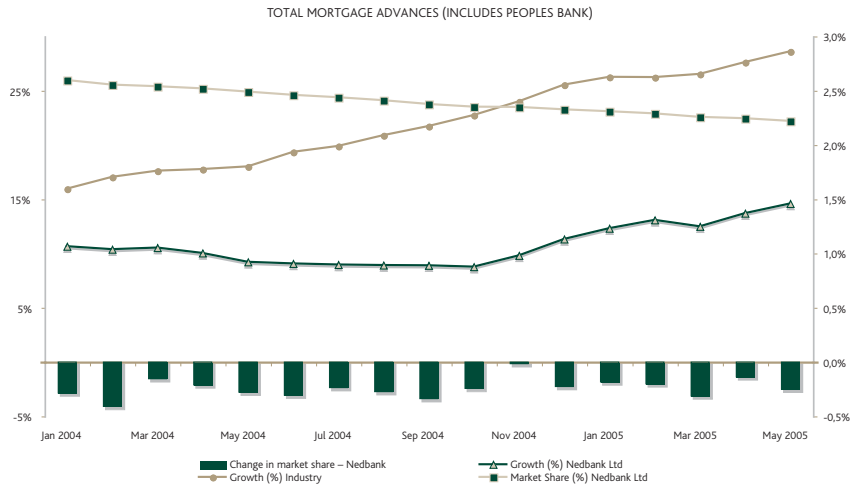
Geographical contribution to headline earnings – unaudited

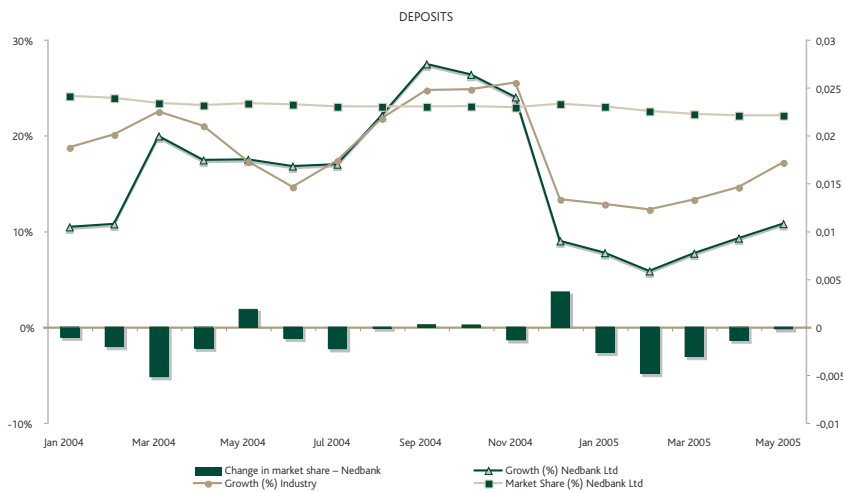
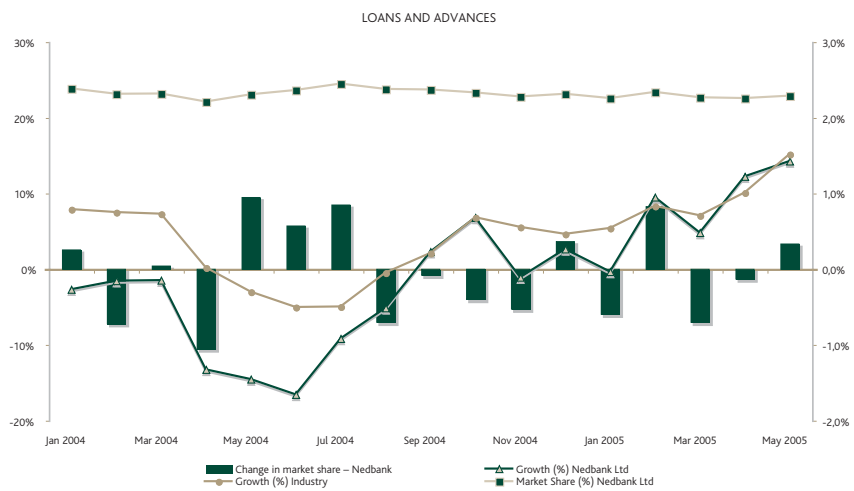
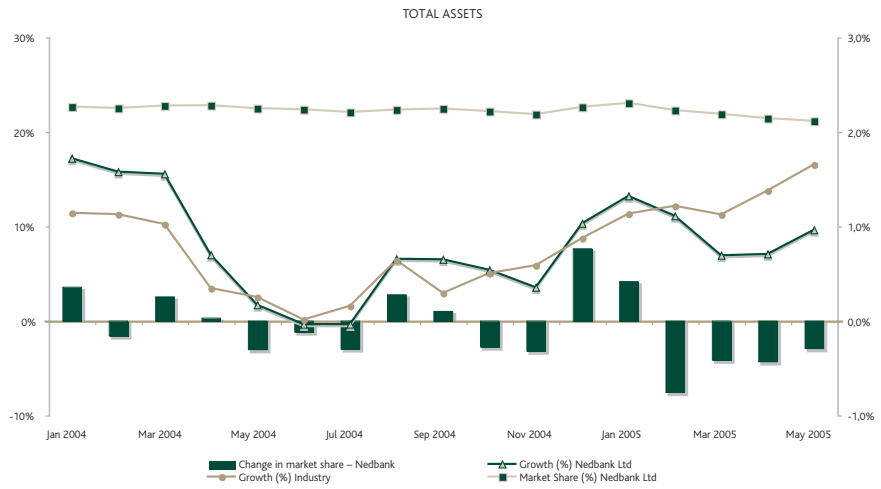
for the period ended

Rm	June	Restated	Restated
	2005	June 2004	December 2004
South Africa	1 210	526	1 513
– Business operations	1 214	1 062	2 647
– Merger and recovery programme expenses	(53)	(328)	(625)
– Foreign currency translation gains/(losses)	165	(98)	(280)
– Minority interest income attributable to preference shareholders	(116)	(110)	(229)
Rest of Africa	79	83	45
– Namibia	28	36	52
– Swaziland	8	6	12
– Lesotho	4	4	13
– Other	39	37	(32)
Rest of World	109	193	184
– Asia	2	7	(11)
– European Union including United Kingdom	107	186	195
Headline earnings	1 398	802	1 742

	South Africa			Rest of Africa			Rest of World		
	June 2005	June 2004	December 2004	June 2005	June 2004	December 2004	June 2005	June 2004	December 2004
	3 647	3 006	6 594	143	157	301	234	156	250
	609	385	1 155	10	20	34	1	4	28
	3 038	2 621	5 439	133	137	267	233	152	222
	3 501	3 296	7 747	104	69	37	111	406	589
	165	(98)	(280)						
	6 704	5 819	12 906	237	206	304	344	558	811
	4 932	5 038	10 506	157	138	283	222	348	615
	4 689	4 459	9 386	155	138	280	220	346	573
	160	168	463	2		1	2	2	6
	30	83	70						
	53	94	246						
		234	341			2			36
	1 772	781	2 400	80	68	21	122	210	196
	51	50	91	26	30	56			
	1 823	831	2 491	106	98	77	122	210	196
	429	141	644	21	9	22	4	9	2
	1 394	690	1 847	85	89	55	118	201	194
	(68)	(54)	(105)	(6)	(6)	(10)	(9)	(8)	(10)
	(116)	(110)	(229)						
	1 210	526	1 513	79	83	45	109	193	184

Market share





Notes to the income statement – unaudited

1. Average balance sheet and related interest

Rm	Average balance sheet	June 2005 %	Interest
Assets			
Advances			
Mortgage loans	99 253	10,2	5 028
Lease and instalment debtors	30 409	10,6	1 592
Credit card balances	3 641	12,1	218
Bills and acceptances	4 720	7,0	163
Overdrafts	16 825	9,8	820
Term loans and other*	58 448	8,3	2 420
Impairment of advances	(6 456)		
Government and other securities	24 876	6,6	816
Short-term funds and trading securities	35 848	5,6	997
Interest-earning assets	267 564	9,1	12 054
Derivative gross up	25 008		
Insurance assets	3 286		
Cash and bank notes	1 484		
Debtors and other accounts	10 008		
Associates and investments	5 268		
Property, plant and equipment	2 957		
Intangible assets	5 168		
SARB Deposit	5 200		
Total assets	325 943	7,5	12 054
Liabilities			
Deposit and loan accounts	137 284	6,5	4 408
Current and savings accounts	43 127	2,3	499
Negotiable certificates of deposit	33 217	7,3	1 199
Other liabilities **	54 741	3,4	927
Long-term debt	6 962	13,8	477
Interest-bearing liabilities	275 331	5,5	7 510
Derivative gross up	24 857		
Insurance funds	3 286		
Ordinary shareholders' equity	19 699		
Minority shareholders' equity	2 770		
Total shareholders' equity and liabilities	325 943	4,6	7 510
Margin on total average assets		2,90	4 544
Total interest	267 564	3,42	4 544
Net trading interest disclosed in NIR	32 028	3,27	520
Net interest income	235 536	3,45	4 024

Where possible, averages are calculated on daily balances.

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

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

	June 2004			December 2004		
Average balance sheet	%	Interest	Average balance sheet	%	Interest	
88 908	10,4	4 584	89 717	11,0	9 869	
25 249	11,3	1 421	26 655	11,1	2 963	
3 279	11,6	189	3 388	11,7	395	
6 093	7,9	238	5 967	7,4	441	
14 973	10,7	799	15 421	10,4	1 608	
58 547	10,7	3 111	58 849	9,3	5 457	
(7 427)			(7 213)			
17 089	7,7	656	20 927	6,6	1 374	
29 481	5,1	746	28 521	6,3	1 797	
236 192	10,0	11 744	242 232	9,9	23 904	
23 077			25 974			
4 754			4 064			
1 376			1 379			
6 920			8 018			
4 660			5 046			
2 921			2 874			
5 450			5 391			
4 769			4 839			
290 119	8,1	11 744	299 817	8,0	23 904	
133 949	6,7	4 465	136 674	7,2	9 792	
45 336	3,4	765	44 166	3,0	1 346	
28 628	8,9	1 264	27 643	8,4	2 324	
32 359	6,7	1 075	36 636	4,9	1 793	
9 925	11,8	580	8 782	12,1	1 067	
250 197	6,5	8 149	253 901	6,4	16 322	
19 856			23 658			
4 754			4 064			
12 210			15 244			
3 102			2 950			
290 119	5,6	8 149	299 817	5,4	16 322	
	2,50	3 595		2,60	7 582	
236 192	3,06	3 595	242 232	3,13	7 582	
12 913	4,30	276	17 634	2,48	437	
223 279	2,99	3 319	224 598	3,18	7 145	

d interest on derivatives

Notes to the income statement – unaudited (continued)

2. Impairments and non-performing advances

Rm	Nedbank Capital 2005	Nedbank Corporate 2005
Opening balance	323	2 063
Income statement charge – impairment of advances	72	119
Bad debts recovered		40
Bad debts written off/other transfers	(43)	(199)
Total impairments	352	2 023
Impairment of advances		
Portfolio impairments	7	582
Specific impairments	345	1 441
Total impairments	352	2 023
Total advances	34 746	100 108
Non-performing advances		
Non-performing loans		
Mortgage advances		536
Lease and instalment debtors	264	219
Credit card balances		4
Other loans and advances	220	841
Total non-performing loans	484	1 600
Properties in possession		130
Total non-performing advances	484	1 730
Expected recoveries	168	623
Expected loss	316	1 107
Ratio of impairments to advances (%)	1,0	2,0
Non-performing advances as % of total advances	1,4	1,7
Properties in possession as % of total advances		0,1
Non-performing loans as % of total advances	1,4	1,6
Adequacy of provisions		
Gross coverage (%) (Impairments over non-performing advances)	73	117
Net coverage (%) (Impairments over expected losses)	111	183
Properties in possession		
Balance at beginning of period		247
Disposal/write downs/revaluations		(124)
PIPs added during the period		7
Balance at end of period		130
Unsold		65
Sold awaiting transfer		65

Imperial Bank 2005	Nedbank Retail 2005	Capital; Management and Central Funding 2005	June 2005	June 2004	December 2004
927	2 973	398	6 684	7 746	7 746
63	416	(50)	620	409	1 218
5	46		91	60	227
(165)	(815)	(2)	(1 224)	(1 405)	(2 507)
830	2 620	346	6 171	6 810	6 684
1	66	(2)	654	678	988
829	2 554	348	5 517	6 132	5 696
830	2 620	346	6 171	6 810	6 684
17 641	75 872	5 546	233 913	213 363	227 959
299	1 218		2 053	2 668	2 680
361	289		1 133	922	1 106
	176		179	336	252
69	572	753	2 455	2 336	2 691
729	2 255	753	5 820	6 262	6 729
14	384		528	1 089	761
743	2 639	753	6 348	7 351	7 490
303	950	361	2 406	3 084	3 002
440	1 689	392	3 942	4 267	4 488
4,7	3,5	6,2	2,6	3,2	2,9
4,2	3,5	13,6	2,7	3,4	3,3
0,1	0,5		0,2	0,5	0,3
4,1	3,0	13,6	2,5	2,9	3,0
112	99	46	97	93	89
189	155	88	157	160	149
16	497	1	761	1 280	1 280
(2)	(127)	(1)	(254)	(244)	(627)
	14		21	53	108
14	384		528	1 089	761
11	218		294	534	391
3	166		234	555	370

Notes to the income statement – unaudited (continued)

2. Impairments and non-performing advances (continued)

Rm	Standard
Mortgage advances	97 726
Lease and instalment debtors	30 111
Credit card balances	3 263
Other loans and advances	88 826
Properties in possession (PIPs)	
Total gross balances	219 926
% of total advances	94,0

Rm	Standard
Mortgage advances	82 939
Lease and instalment debtors	26 000
Credit card balances	2 756
Other loans and advances	87 654
Properties in possession (PIPs)	
Total gross balances	199 349
% of total advances	87,4

Category	Definition
(i) Standard (or current)	Items that are fully current, the continued repayment of which are without doubt and for which full repayment is expected.
(ii) Special mention	Items that are subject to conditions that, if left uncorrected, could raise concerns about timely and full repayment and, as such, require more than normal attention.
(iii) Substandard	Items showing weaknesses that could lead to probable loss, if not corrected, or in respect of which full repayment is in doubt owing to the primary sources of repayment being insufficient.

3. Non-interest revenue

Rm	June 2005	June 2004	December 2004
Commission and fees	2 722	2 606	5 586
Exchange and securities dealing	29	311	505
Trading revenue	657	554	1 244
Sale of assets	3	37	87
Rents received	40	40	92
Other sundry income	167	191	807
Dividends received	98	32	52
Total non-interest revenue	3 716	3 771	8 373

s

Classification categories June 2005					
Special-mention	Sub-standard	Doubtful	Loss	PIPs	Total
1 684	1 661	623	1 429		103 123
772	334	450	683		32 350
189	50	106	73		3 681
2 044	907	1 413	1 041		94 231
				528	528
4 689	2 952	2 592	3 226	528	233 913
2,0	1,3	1,1	1,4	0,2	

Classification categories June 2004					
Special-mention	Sub-standard	Doubtful	Loss	PIPs	Total
1 661	1 465	1 129	1 539		88 733
440	169	215	707		27 531
170	34	158	178		3 296
1 855	869	1 436	900		92 714
				1 089	1 089
4 126	2 537	2 938	3 324	1 089	213 363
1,8	1,1	1,3	1,5	0,5	

(iv) Doubtful

Items that exhibit all the weaknesses inherent in items classified as substandard, with the added characteristic that the items are not adequately secured.

(v) Loss

Items that are considered uncollectable and of such little value that the items should no longer be included in advances.

Notes to the income statement – unaudited (continued)

4. Forex currency exposure analysis

	Total offshore capital		FX sensitive	FX sensitive	Non FX sensitive	Non FX sensitive	Translation gains
	Rm	\$m equivalent	Rm	\$m equivalent	Rm	\$m equivalent	
(Dec'04 - R5.63 vs Jun'05 - R6.67)							
Non-Rand/Offshore capital per currency balance sheet December 2004	4 457	792	2 640	469	1 817	323	(373)
Current period movements							
Capitalisation of foreign holding company (R6.05/\$)		190		190			(59)
Capitalisation of foreign company (R5.79/\$)		40				40	
Repatriations (various rates)		(225)		(225)			175
Uplift from profits (R6.24/\$)		42		35		7	(15)
Other net capital moves		(11)		(8)		(3)	3
30 June 2005 - Balance sheet	5 520	828	3 073	461	2 447	367	(269)
Hedge held against future capital repatriations (FCTR in equity)	(300)	(45)	(300)	(45)			56
Net forex exposure as at 30 June 2005	5 220	783	2 773	416	2 447	367	(213)
FCTR in equity			1 658	249			(48)
Gains on translation			1 115	167			(165)
Net reduction in foreign currency translation gains							
Exposure of Dec 2004 balance sheet at Jun 2005 rates							(373)
Actual exposure at June 2005							213
- FCTR in equity							48
- Translation gains in Income Statement							165
Net reduction of forex exposure effects							(160)

Notes to the income statement –unaudited (continued)

5. Expenses

Rm	June 2005	December 2004
Staff	2 575	5 185
Computer processing	639	1 234
Depreciation for computer equipment	280	210
Amortisation of computer software	11	395
Operating lease charges for computer equipment	61	112
Other computer processing expenses	287	517
Communication and travel	215	448
Occupation and accommodation	449	910
Depreciation for freehold land and buildings	15	50
Depreciation for leasehold improvements	53	10
Operating lease charges for land and buildings	169	255
Other occupation and accommodation expenses	212	595
Marketing and public relations	232	502
Fees	563	1 012
External audit fees	58	121
Other fees	505	891
Insurances	104	213
Office equipment and requisites	139	303
Depreciation for furniture and other equipment	52	176
Depreciation for vehicles	1	8
Operating lease charges for furniture and other equipment	21	48
Operating lease charges for vehicles	3	6
Other office equipment and requisites expenses	62	65
Other sundries	148	432
Total operating expenses	5 064	10 239
Transaction taxes	164	470
Total operating expenses and transaction taxes	5 228	10 709
Fees to alliance partners	30	70
Capital One (Peoples)		18
Capital One (Amex)		21
JD Group		18
Old Mutual Bank	(3)	(6)
Macquarie	33	19
Merger expenses	53	246
Recovery programme expenses		379
Staff/retrenchment costs		298
Property related		23
Consulting and fees		19
Office equipment		17
Computer and migration		4
Other		18
Total	5 311	11 404
Efficiency ratio (%)	67,2	74,8

Notes to the income statement – unaudited (continued)

5. Expenses (continued)

Total operating expenses and transaction taxes
for the period ended 30 June

Segmental breakdown	Nedbank Group		Nedbank Corporate		Nedbank Capital	
	2005	2004	2005	2004	2005	2004
Rm						
Staff	2 575	2 589	526	557	173	183
Computer processing	639	605	69	67	20	20
Communication and travel	215	214	34	36	20	22
Occupation and accommodation	449	446	32	61	3	20
Marketing and public relations	232	232	14	15	4	5
Fees	563	480	181	86	81	27
Insurances	104	106	9	12	1	1
Office equipment and requisites	139	148	22	27	4	6
Other sundries	148	123	40	21	19	9
Transfer pricing	–	–	682	700	183	209
Transaction taxes	164	170	22	11	18	15
Total operating expenses	5 228	5 113	1 631	1 593	526	517

6. Taxation

Rm	June	Restated	Restated
	2005	June 2004	December 2004
South African normal taxation			
Current	128	72	309
Deferred	184	(1)	246
Secondary tax on companies	35	2	(38)
Foreign taxation	42	46	65
Current and deferred taxation on income	389	119	582
Prior year underprovision – current	65	40	86
Total taxation on income	454	159	668
Tax on non-trading and capital items		(17)	(39)
Total	454	142	629
Effective taxation rate excluding non-trading and capital items (%)	22	14	24

%	June	Restated	Restated
	2005	June 2004	December 2004
Taxation rate reconciliation (excluding non-trading and capital items)			
Standard rate of South African normal taxation	29	30	30
Dividend income	(4)	(6)	(6)
Differences between foreign tax rates and South African tax rate	(2)	(2)	3
Non-taxable investment income	(1)	(1)	0
Translation (gains)/losses	(2)	6	4
Recognition of tax loss	(1)	(2)	0
Other	3	(11)	(7)
Total taxation on income as percentage of profit before taxation (excluding non-trading and capital items)	22	14	24

Imperial Bank		Nedbank Retail		Management and Central Funding		Eliminations		Shared Services	
2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
109	91	954	1 064	24	41	(5)	(3)	794	656
4	14	107	101			(4)	(19)	443	422
10	8	98	101		1	(13)	(25)	66	71
18	12	236	277		(1)		(95)	160	172
6	4	140	127	(15)	(3)			83	84
12	8	141	171	(31)	(3)	(1)	(1)	180	192
1	1	8	35		(1)		(1)	85	59
1	1	77	80			1		34	34
9	10	67	84		1	(2)	(1)	15	(1)
1	(1)	844	768	(3)	(6)			(1 707)	1 670
9	6	81	81	(24)	28		1	58	28
180	154	2 753	2 889	(49)	57	(24)	(144)	211	47

7. Minority interest

Rm	June 2005		June 2004	
	Balance sheet	Income statement	Balance sheet	Income statement
Bastion Limited	6	1	4	1
Imperial Bank Limited	624	57	465	46
Nedbank (Swaziland) Limited	27	4	19	3
CW Investments			30	
Nedbank (Namibia) Limited	17	3	17	3
Nedbank (Malawi) Limited	2		2	
Fairbairn Private Bank	150	9	113	8
BoE – bank subsidiaries	18	8	3	3
NIB – bank subsidiaries	14	4	6	5
NIB – group subsidiaries	3	(2)	6	1
Other	(1)	(1)		(2)
	860	83	665	68

8. Preference shares

	Days	Rate	Amount (Rm)
Dividends paid: 1 Jul 2004 – 15 Aug 2004	46	8,63%	30
16 Aug 2004 – 31 Dec 2004	138	8,25%	86
			116
	Number of shares	Cents per share	Amount (Rm)
Dividends declared			
Final declared for 2004 – paid March 2005	277 298 896	41,94672	116
Interim declared for 2005 – payable August 2005	2277 298 896	40,15068	111

Notes to the balance sheet – unaudited

9. Advances

Rm	June 2005	June 2004	December 2004
Category analysis			
Homeloans	68 699	56 610	61 795
Commercial mortgages	34 424	32 123	34 085
Properties in possession	528	1 089	761
Credit cards	3 681	3 296	3 483
Overdrafts	12 248	15 734	11 228
Other loans to clients	67 297	57 160	72 233
Leases and instalment debtors	32 350	27 531	29 341
Preference shares and debentures	6 857	5 535	5 990
Factoring accounts	494	416	579
Trade, other bills and bankers' acceptances	2 603	3 061	4 106
Remittances in transit	174	102	406
Deposits placed under reverse repurchase agreements	4 558	10 706	3 952
Impairment of advances	(6 171)	(6 810)	(6 684)
Advances	227 742	206 553	221 275

Rm	Nedbank Group		Nedbank Corporate		Nedbank Capital	
	June 2005	December 2004	June 2005	December 2004	June 2005	December 2004
Segmental breakdown						
Homeloans	68 699	61 795	9 411	7 729	7	48
Commercial mortgages	34 424	34 085	30 048	29 758	56	6
Properties in possession	528	761	130	247		
Credit cards	3 681	3 483	46	40		
Overdrafts	12 248	11 228	10 198	8 569	732	662
Other loans to clients	67 297	72 233	34 713	33 232	23 085	22 521
Leases and instalment debtors	32 350	29 341	12 301	11 288	429	431
Preference shares and debentures	6 857	5 990	2 648	2 982	3 291	1 949
Factoring accounts	494	579	494	579		
Trade other bills and bankers' acceptances	2 603	4 106		379	2 589	3 360
Remittances in transit	174	406	119	383		
Deposits placed under reverse repurchase agreements	4 558	3 952			4 558	3 952
Impairment of advances	(6 171)	(6 684)	(2 023)	(2 063)	(352)	(323)
Total advances	227 742	221 275	98 085	93 123	34 395	32 606

	Imperial Bank		Nedbank Retail		Capital Management and Central Funding		Shared Services	
	June 2005	December 2004	June 2005	December 2004	June 2005	December 2004	June 2005	December 2004
	622	529	58 661	53 489				
	4 000	4 064	320	257				
	14	16	384	497		1		
			3 635	3 443				
			1 215	1 883	95	107	8	7
	575	735	4 330	6 049	4 482	9 557	112	139
	12 304	10 677	7 315	6 945			1	
			(25)	124		34	817	777
			3	4	11	363		
			34	18			21	5
	(830)	(927)	(2 620)	(2 973)	(14)	75	(332)	(473)
	16 811	15 218	73 252	69 736	4 574	10 137	627	455

Notes to the balance sheet – unaudited (continued)

10. Investments in associate companies and joint ventures

as at 30 June

Name of company and nature of business	Percentage holding		Acquisition date	Year-end
	2005	2004		
Listed				
Banking				
State Bank of Mauritius Limited	20,1%	20,1%	Nov 97	Jun
Technology				
Net 1 Applied Technology Holdings Limited****			Jul 00	Jun
Other				
SA Retail**		38,2%	Nov 01	Mar
Unlisted				
Banking				
Banque SBM Madagascar	20,0%	20,0%	Dec 99	Jul
Merchant Bank of Central Africa Limited	27,8%	27,8%	Dec 93	Dec
SBM Nedbank International Limited	50,0%	50,0%	Jul 99	Dec
Technology				
Acturis Limited	70,1%	68,7%	Mar 01	Sep
Hatch Investments (Mauritius) Limited	50,0%	37,5%	Mar 01	Mar
The Internet Solutions (Pty) Limited/Linx Holdings (Pty) Limited	20,0%	20,0%	Jun 00	Sep
The IQ Business Group (Pty) Limited	41,4%	46,1%	Jul 00	Jun
Other				
Blue Cloud Investments 40 (Pty) Limited**		45,0%	Jul 02	Dec
BoE Life Assurance Company Limited†	50,0%	50,0%	Jan 03	Dec
Boness Development Phase 3 (Pty) Limited**		100,0%	Jan 92	Dec
Bridgeport Properties (Pty) Limited***			Jul 02	Sep
Century Square Development Trust†	35,0%	35,0%	May 01	Feb
Corovest – NIB Property Asset Management**		35,0%	May 00	Dec
Erf 787 Lakefield (Pty) Limited**		50,0%	Jul 02	Jun
Factaprops 148 (Pty) Limited†	30,0%	30,0%	April 99	Feb
G&C Shelf 31 (Pty) Limited†	40,0%		May 04	Feb
Good Cape Limited**		50,0%	Nov 02	Jun
Grapnel Property Group (Pty) Limited†	40,0%	40,0%	Mar 03	Sept
Growthpoint & Toontjiesrivier JV (Longbeach Mall)**		49,9%	Oct 02	Dec
Inclub Properties (Pty) Limited**		38,5%	Jul 02	Jun
Ixia Trading 630 (Pty) Limited†	35,0%		Aug 03	Feb
Kimberly Clark SA Holdings (Pty) Limited	50,0%		Aug 04	Dec
Lyric Rose (Pty) Limited†	48,8%	36,8%	Jul 02	Feb
Off The Shelf Investment Forty One (Pty) Limited†	33,3%	67,0%	Dec 02	Feb
Retail Investment Holdings (Pty) Limited**		50,0%	Jul 02	Jun
Robow Investments No 47 (Pty) Limited†	50,0%	50,0%	Dec 02	Feb
Sanbona Properties (Pty) Limited†	50,0%	50,0%	Oct 03	Apr
Sandton Square Portion 8 (Pty) Limited†	25,0%	25,0%	Jul 02	Apr
Stowaway Self-Storage South Africa (Pty) Limited***			Jul 02	Dec
Strubensvalley (Pty) Limited**		50,0%	Mar 03	Feb
Tokai Development (Pty) Limited		25,0%	Jul 02	Jun
Other				

All associates and joint ventures are equity accounted and equity income is as at 31 December 2004

* All investments in associates are accounted for on the equity method

** Disposed of in 2005

*** Disposed of in 2004, but still reflects equity income

**** No longer accounted for as an associate, but still reflects equity income

† Joint ventures (formerly subsidiaries)

Equity-accounted earnings*		Carrying amount		Market value/ Directors' valuation		Net indebtedness of loans to/(from) associates	
2005	2004	2005	2004	2005	2004	2005	2004
22	28	465	346	391	336		
	18		372		372		
5	2	88	81	95	67	0	0
		9	7	5	5		
5	2	78	74	67	62		
12	9	194	184	282	255	80	50
		32	48	32	48		
7	9	123	104	210	200	48	6
5		39	32	40	7	32	44
38	23	540	481	695	455	155	330
8	(1)	46	4	63	4	(16)	6
	10		36		20		16
			33		33		45
1	(1)	3	3	3	3	2	2
	1		6		6		6
		5	5	5	5		5
		20	4	20	4	4	4
		7	1	7	1	7	1
			107		107		107
	(2)		7				17
18		4		4		4	
		216		349			
	1	6	8	6		6	6
		9	5	9	5	9	4
			6		6		
		7	7	7	7	7	7
(1)		29	45	29	45	55	48
		28	22	28	22	28	22
	1						
			(2)		(2)		(2)
12	14	160	184	165	189	29	1
							35
77	80	1 287	1 464	1 463	1 485	235	380

Notes to the balance sheet – unaudited (continued)

11. Investment securities

Rm	June 2005	June 2004	December 2004
Listed investments			
Absa Group Limited			19
Acucap Properties Limited†	106	67	89
Barloworld Limited			14
Eagles Bonds			9
Growthpoint Properties Limited†	39	16	65
Imperial Holdings Limited		40	11
JD Group Limited			90
Lyons Financial Solutions Holdings Limited		10	
Massmart Holdings Limited			12
NEUPS		581	
NIB Funds Investments			110
NIB Unit Trusts		27	29
Resilient Property Income Fund Limited†	115	76	103
SAIL Group Limited		11	15
Shops for Africa Limited		22	
Supergroup Bonds	20		20
Vukile Property Fund Managers Limited†	48	20	68
Other*	141	72	120
	469	942	774
Unlisted investments			
African Infrastructure Finance Trust	13		14
AKA Capital (Pty) Limited†	20		16
Cape Gate Regional Shopping Centre Joint Venture	30		28
Catalyst Holding (Pty) Limited†	24	24	24
Clearwater Joint Venture		76	
Crossroads Distribution (Pty) Limited†	33		33
Enaleni Pharmaceuticals	15		
Endowment Policies	164	712	164
Eveready (Pty) Limited†	41		41
Fasic Africa (Pty) Limited		128	
Fedsure (Pty) Limited		95	
Growthpoint & Toontjies Joint Venture†	106		106
Inzalo Investment Holdings Limited†	28	18	26
Kagiso Investments Trust	199	69	155
Kunene Finance Company (Pty) Limited†	39	22	40
Momentum Insurance Policy		119	
Msele Investments		12	
Nedquants Core Equity	77		
NEUPS	892		620
New Limpopo Bridget†	108	178	103
NIBI Fund	467	757	733
NIB-MDM Private Equity Fund 1†	37	38	37
Norwich Funds		498	
Rapid Dawn 271 (Pty) Limited†	59		53
Strate Limited	29	29	29
Treacle Fund†	51	60	45
World Wide African Investment Holdings Limited		65	65
Other*	323	522	350
	2 755	3 422	2 682
Policyholder (liabilities)/assets	(33)	83	(17)
Policyholder investments	3 427	3 720	3 126
Listed investments at market value	2 769	2 529	2 443
Equity other than property	563	946	499
Government, public and private sector stock	111	158	96
Unit trusts	2 095	1 425	1 848
Unlisted investments at directors' valuation	658	1 191	683
Equity other than property	18	194	22
NCDs, money market and other short-term funds	640	997	661
Insurance assets	3 394	3 803	3 109
	6 618	8 167	6 565

* Less than R10 million per investment.

† Investments for Private Equity

Notes to the balance sheet – unaudited (continued)

12. Computer software and development costs

Rm	Amortisation periods	June Carrying amount 2005	Restated June Carrying amount 2004	Restated December Carrying amount 2004
Computer software	2 – 5 years	1 134	1 230	1 315
Customer product systems		646	661	715
Infrastructure and supporting systems		165	100	199
Risk management systems		149	216	182
Channel systems		133	179	153
Customer information systems		41	74	66
Computer development costs	none	188	328	104
Customer product systems		95	125	47
Infrastructure and supporting systems		83	77	44
Risk management systems		8	33	11
Channel systems		2	63	2
Customer information systems			30	
		1 322	1 558	1 419
Computer software				
Opening balance		1 315	1 335	1 335
Additions		13		50
Commissioned during period		18	138	380
Disposals			(28)	(49)
Amortisation charge for the period		(212)	(197)	(395)
Impairments			(18)	(6)
Closing balance		1 134	1 230	1 315
Computer development costs				
Opening balance		104	375	375
Additions		102	121	195
Commissioned during period		(18)	(138)	(380)
Disposals				(2)
Impairments			(30)	(84)
Closing balance		188	328	104

Notes to the balance sheet – unaudited (continued)

13. Goodwill

Rm	June Carrying amount 2005	Restated December Carrying amount 2004
Carrying amount at beginning of period	3 676	3 762
Arising on business combinations		191
Realised through disposals	(8)	(164)
Impairments recognised in the income statement		(87)
Foreign currency translation and other	5	(26)
Carrying amount at end of period	3 673	3 676

Rm	Amortisation periods	2005 Accumulated impairment		Carrying amount	2004 Accumulated impairment		Carrying amount
		Cost	losses		Cost	losses	
Major subsidiaries	5 - 20 years						
Fairbairn Private Bank/Fairbairn Trust Company		382	69	313	382	76	306
Peoples Bank SPVs		38	38	–	38	38	–
Peoples Bank		198	198	–	198	198	–
Imperial Bank		285	26	259	285	27	258
BoE Limited		3 756	936	2 820	3 756	936	2 820
BoE (Pty) Limited (formerly FTNiBAM)		4	4	–	4	4	–
Nedcor Investment Bank		375	375	–	375	375	–
Commercial Bank of Namibia		115	2	113	129	8	121
Peoples lending		82		82	82		82
American Express		81		81	81		81
Other		5		5	8		8
		5 321	1 648	3 673	5 338	1 662	3 676

Notes to the balance sheet – unaudited (continued)

14. Deposits, current accounts and other liabilities

Rm	June 2005	June 2004	December 2004
Current accounts	33 796	34 005	34 401
Savings accounts	11 265	10 560	10 532
Other deposits and loan accounts	165 329	151 481	158 885
Call and term deposits	86 607	84 918	85 684
Fixed deposits	24 376	24 365	24 796
Cash management deposits	28 969	22 130	29 691
Other deposits	25 377	20 068	18 714
Foreign currency liabilities	9 385	10 529	9 928
Negotiable certificates of deposit	32 127	22 478	27 882
Deposits received under repurchase agreements	11 044	7 140	12 671
	262 946	236 193	254 299

Notes to the balance sheet – unaudited (continued)

14. Deposits, current accounts and other liabilities (continued)

Segmental breakdown	Nedbank Group		Nedbank Corporate		Nedbank Capital	
	June 2005	December 2004	June 2005	December 2004	June 2005	December 2004
Current accounts	33 796	34 401	12 658	14 588	275	401
Savings accounts	11 265	10 532	535	530	272	273
Other deposits and loan accounts	165 329	158 885	95 398	88 290	23 197	24 186
Call and term deposits	86 607	85 684	60 443	54 946	11 499	15 224
Fixed deposits	24 376	24 796	5 488	3 316	(624)	1 469
Cash management deposits	28 969	29 691	28 977	29 641	55	60
Other deposits	25 377	18 714	490	387	12 267	7 433
Foreign currency liabilities	9 385	9 928	4 522	4 880	4 696	641
Negotiable certificates of deposit	32 127	27 882	294	96	31 704	27 611
Deposits received under repurchase agreements	11 044	12 671			3 733	3 930
Total deposits, current accounts and other liabilities	262 946	254 299	113 407	108 384	63 877	57 042

	Imperial Bank		Nedbank Retail		Capital Management and Central Funding		Shared Services	
	June 2005	December 2004	June 2005	December 2004	June 2005	December 2004	June 2005	December 2004
			20 718	19 290	142	110	3	12
			10 444	9 725	14	4		
	164	206	34 851	35 921	11 631	10 205	88	77
	130	170	14 506	15 031	1	251	28	62
	20	20	19 235	19 915	223	76	34	
	-	-	4	27	(67)	(37)		
	14	16	1 106	948	11 474	9 915	26	15
			166	149	1	4 258		
					129	175		
					7 114	8 741	197	
	164	206	66 179	65 085	19 031	23 493	288	89

Notes to the balance sheet – unaudited (continued)

15. Long-term debt instruments

Rm		June 2005	Restated June 2004	Restated December 2004
Rand-denominated	Instrument terms			
Compulsorily convertible loans maturing on 31 December 2005*	18,12% per annum	25	68	47
Compulsorily convertible loans maturing on 6 November 2005*	13,75% per annum	10	29	20
R515 million (R350 million) bonds repayable on 4 December 2008	13,5% per annum	588	547	593
R2 billion callable notes repayable on 20 September 2011**	11,3% per annum	2 063	2 063	2 064
R4 billion callable notes repayable on 9 July 2012**	13,15% per annum	4 251	4 252	4 253
R200 million unsecured debentures repayable on 30 November 2029	16% per annum until 15 September 2000 – thereafter interest-free	3	3	3
Subordinated debt instruments repayable at Nedbank Group's discretion	Interest-free		175	
R2 billion repaid on 13 May 2004	3-month Jibar 1,65%			
R500 million repaid on 29 June 2004	3-month Jibar 1,3%			
		6 940	7 137	6 980
US dollar-denominated				
US\$40 million repayable on 17 April 2008	6-month Libor on nominal value	267	247	225
US\$18 million repayable on 31 August 2009	1,5 basis points below 6-month Libor on nominal value	123	112	103
		390	359	328
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	1	1
Total long-term debt instruments in issue		7 331	7 497	7 309

Coupon holders are entitled, in the event of interest default, to put the coupon covering such interest payments to Nedbank Group. The US dollar subordinated debt instruments are either matched by advances to clients or covered against exchange rate fluctuations.

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

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

** Callable by the issuer, Nedbank Limited, after five years from date of issue, being 20 September 2001 and 9 July 2002, at which time the interest converts to a floating three-month Jibar rate.

Notes to the balance sheet – unaudited (continued)

16. Trading balance sheet

Rm	Actual June 2005	Average June 2004	Actual December 2004
Assets			
Other short-term securities	10 156	596	5 144
Government and other securities	5 252	217	721
Bills and acceptances	667	213	204
Term loans and other	15 283	12 739	11 795
	31 358	13 765	17 864
Liabilities			
Current and savings accounts		7	4
Deposit and loan accounts	6 312	7 572	5 730
Negotiable certificates of deposit		124	101
Other liabilities	4 933	6 431	5 262
Intergroup funding	20 113	(369)	6 767
	31 358	13 765	17 864

Assets under management – unaudited

Managed funds

Rm	June 2005	Restated June 2004	Restated December 2004
Fair value of funds under management – by type			
Unit trusts	23 262	17 104	21 632
Third party	17 711	34 190	17 488
Private clients	23 230	24 339	17 768
Other financial services	9 483	11 941	12 094
	73 686	87 574	68 982
Fair value of funds under management – by geography			
South Africa	54 472	44 572	49 270
United Kingdom		23 562	1 130
Rest of World	19 214	19 440	18 582
	73 686	87 574	68 982

Rm	Unit trusts	Third party and private clients	Other financial services	Total
Reconciliation of movement in funds under management – by type				
Opening balance – December 2004	21 632	35 256	12 094	68 982
Group transfers		3 480	(3 480)	–
Acquisitions				
Disposals				
Inflows	5 520	5 146		10 666
Outflows	(4 242)	(4 806)		(9 048)
Mark-to-market value adjustment	600	1 133		1 733
Foreign currency translation differences	(248)	732	869	1 353
Closing balance – June 2005	23 262	40 941	9 483	73 686

Rm	South Africa	United Kingdom	Rest of World	Total
Reconciliation of movement in funds under management – by geography				
Opening balance – December 2004	49 270	1 130	18 582	68 982
Group transfers		(1 130)	1 130	
Acquisitions				
Disposals				
Inflows	9 902		764	10 666
Outflows	(6 484)		(2 564)	(9 048)
Mark-to-market value adjustment	1 784		(51)	1 733
Foreign currency translation differences			1 353	1 353
Closing balance – June 2005	54 472	–	19 214	73 686

Currency representation of balance sheet – unaudited

as at 30 June

	Rand Rm	UK £ Rm	US\$ Rm	Other Rm	Total Rm
2005					
Total assets	298 177	8 575	20 459	8 947	336 158
Cash and balances with central banks	12 076	778	559	619	14 032
Other short-term securities	15 721	3 997	535	523	20 776
Government and other securities	21 903	55	1 007	1 355	24 320
Loans and advances and other assets	231 815	2 716	17 614	6 212	258 357
Deferred taxation assets	1 237	15	0	6	1 258
Current taxation receivable	200	0	0	0	200
Customers' indebtedness for acceptances	1 356	1	34	5	1 396
Other investments	6 095	1 003	708	99	7 905
Property, equipment and intangible assets	7 774	10	2	128	7 914
Total liabilities	281 870	7 345	16 532	6 753	312 500
Long-term debt instruments	6 940	0	390	1	7 331
Deposits and current accounts other creditors	272 312	7 318	16 097	6 678	302 405
Deferred taxation liabilities	1 041	3	1	47	1 092
Current taxation liabilities	221	23	10	22	276
Liabilities under acceptances	1 356	1	34	5	1 396
Net assets	16 307	1 230	3 927	2 194	23 658
Capital	18 138	1 421	3 357	742	23 658
	1 831	191	(570)	(1 452)	–

	Rand Rm	UK £ Rm	US\$ Rm	Other Rm	Total Rm
2004					
Total assets	262 711	8 725	20 753	8 612	300 801
Cash and balances with central banks	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
Loans and advances and other assets	210 334	5 225	16 282	5 131	236 972
Deferred taxation assets	1 238	9		(2)	1 245
Current taxation receivable	174				174
Customers' indebtedness for acceptances	943	1	55	10	1 009
Other investments	7 155	1 171	1 010	295	9 631
Property, equipment and intangible assets	7 897	34	27	132	8 090
Total liabilities	249 500	7 697	16 181	6 311	279 689
Long-term debt instruments	7 136		360	1	7 497
Deposits and current accounts other creditors	240 486	7 662	15 748	6 234	270 130
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	13 211	1 028	4 572	2 301	21 112
Capital	15 495	1 708	3 233	676	21 112
	2 284	680	(1 339)	(1 625)	–

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 – unaudited

30 June 2005	Rand Rm	UK £ Rm	US\$ Rm	Other Rm	Total Rm
Nedbank Group domestic					
Total assets	298 000	708	11 101	824	310 633
Cash and balances with central banks	12 032				12 032
Other short-term securities	15 721				15 721
Government and other securities	21 891				21 891
Loans and advances and other assets	231 694	708	11 101	824	244 327
Deferred taxation assets	1 237				1 237
Current taxation receivable	200				200
Customers' indebtedness for acceptances	1 356				1 356
Other investments	6 095				6 095
Property, equipment and intangible assets	7 774				7 774
Total liabilities	281 815	495	12 013	236	294 559
Long-term debt instruments	6 940				6 940
Deposits, current accounts and other creditors	272 257	495	12 013	236	258 001
Deferred taxation liabilities	1 041				1 041
Current taxation liabilities	221				221
Liabilities under acceptances	1 356				1 356
Net assets	16 185	213	(912)	588	16 074
Intercompany	(1 953)	213	(912)	588	(2 064)
Capital	18 138				18 138
	–	–	–	–	–

30 June 2005	Rand Rm	UK £ Rm	US\$ Rm	Other Rm	Total Rm
Nedbank Group offshore					
Total assets	175	7 867	9 359	8 124	25 525
Cash and balances with central banks	44	778	559	619	2 000
Other short-term securities		3 997	535	523	5 055
Government and other securities	12	55	1 007	1 355	2 429
Loans and advances and other assets	119	2 008	6 514	5 389	14 030
Deferred taxation assets		15		6	21
Current taxation receivable					
Customers' indebtedness for acceptances		1	34	5	40
Other investments		1 003	708	99	1 810
Property, equipment and intangible assets		10	2	128	140
Total liabilities	55	6 850	4 520	6 516	17 941
Long-term debt instruments			390	1	391
Deposits, current accounts and other creditors	55	6 823	4 085	6 441	17 404
Deferred taxation liabilities		3	1	47	51
Current taxation liabilities		23	10	22	55
Liabilities under acceptances		1	34	5	40
Net assets	120	1 017	4 839	1 608	7 584
Intercompany	120	(404)	1 482	866	2 064
Capital		1 421	3 357	742	5 520
	–	–	–	–	–

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 – unaudited

30 June 2004	Rand Rm	UK £ Rm	US\$ Rm	Other Rm	Total Rm
Nedbank Group domestic					
Total assets	261 471	717	9 362	682	272 262
Cash and balances with central banks	8 852				8 852
Other short-term securities	6 067				6 067
Government and other securities	19 601				19 601
Loans and advances and other assets	209 545	717	9 362	682	220 306
Deferred taxation assets	1 238				1 238
Current taxation receivable	174				174
Customers' indebtedness for acceptances	943				943
Other investments	7 154				7 154
Property, equipment and intangible assets	7 897				7 897
Total liabilities	248 431	73	10 372	242	259 118
Long-term debt instruments	7 136				7 136
Deposits, current accounts and other creditors	239 417	73	10 372	242	250 104
Deferred taxation liabilities	820				820
Current taxation liabilities	115				115
Liabilities under acceptances	943				943
Net assets	13 040	644	(1 010)	440	13 114
Intercompany	(2 455)	644	(1 010)	440	(2 381)
Capital	15 495				15 495
	–	–	–	–	–

30 June 2004	Rand Rm	UK £ Rm	US\$ Rm	Other Rm	Total Rm
Nedbank Group offshore					
Total assets	1 240	7 993	11 391	7 930	28 569
Cash and balances with central banks	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
Loan and advances and other assets	789	4 508	6 920	4 449	16 666
Deferred taxation assets		9		(2)	7
Current taxation receivable					–
Customers' indebtedness for acceptances		1	55	10	66
Other investments	1	1 171	1 010	295	2 477
Property, equipment and intangible assets		34	27	132	193
Total liabilities	1 068	7 624	5 810	6 069	20 571
Long-term debt instruments			360	1	361
Deposits, current accounts and other creditors	1 068	7 589	5 377	5 992	20 026
Deferred taxation liabilities			1	43	44
Current taxation liabilities		34	17	23	74
Liabilities under acceptances		1	55	10	66
Net assets	172	384	5 581	1 861	7 998
Intercompany	172	(1 324)	2 348	1 185	2 381
Capital		1 708	3 233	676	5 617
	–	–	–	–	–

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

Capital adequacy – unaudited

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.

	Percentage weighting	Weighted assets		
		June 2005 Rm	June 2004 Rm	December 2004 Rm
Money, interbank deposits and claims on central government				
Land bank and other public sector bodies	10	80	90	101
Trade transactions with recourse to other banks	20	5 369	4 949	4 580
Residential mortgage loans	50	24 821	22 449	25 050
All other banking assets excl intragroup	100	140 271	127 284	136 448
Notional trading assets	100	8 305	11 180	11 947
All other non-banking assets	100	28 421	27 575	20 973
Total on-balance-sheet items		207 267	193 527	199 099
Off-balance-sheet items	0–100	8 752	9 638	7 957
Counterparty risk	0–100	3 236	3 658	4 946
Large exposure requirements	1 000	874	975	457
Total risk weighted assets		220 129	207 798	212 459

Nedbank Group	June 2005		June 2004	
	Capital Rm	%	Capital Rm	%
Tier 1 capital (primary)	18 733	8,5	16 381	7,9
Share capital and reserves	20 028	9,1	17 677	8,5
Minority interest	860	0,4	665	0,4
Shareholders' funds not qualifying as Tier 1 capital, Preference share capital and premium	2 770	1,3	2 770	1,3
Impairments	(84)		(20)	
Goodwill	(3 673)	-1,7	(3 695)	-1,8
Other	(1 168)	-0,5	(1 016)	-0,5
Tier 2 capital (secondary)	7 924	3,6	8 595	4,1
Tier 2 bonds	7 331	3,3	7 497	3,6
Tier 2 bonds not qualifying as Tier 2 capital	(15)		(157)	-0,1
Provision for performing loans	618	0,3	1 265	0,6
Impairments	(10)		(10)	
Tier 3 capital (tertiary)	293	0,1	571	0,3
	26 950	12,2	25 547	12,3

Capital adequacy analysis by bank	Weighted assets		Weighted assets		Weighted assets	
	Rm	Capital %	Rm	Capital %	Rm	Capital %
(solo supervision)	30 June 2005	2005	30 June 2004	2004	31 December 2004	2004
Nedbank Limited	192 109	12,8	180 940	11,8	184 872	12,5
Imperial Bank Limited	17 074	10,3	13 887	10,9	15 467	10,2
Peoples Bank			5 634	25,7	5 439	25,5
Nedbank (Lesotho) Limited	727	13,1	258	31,0	211	38,5
Nedbank (Swaziland) Limited	420	17,3	458	13,1	395	15,2
Nedbank (Malawi) Limited	137	13,4	78	24,2	129	13,4
Nedbank (Namibia) Limited	2 378	11,6	1 748	15,4	1 863	10,4
SBM Nedbank International Limited	138	55,4	237	30,7	228	28,3
Fairbairn Private Bank (Jersey) Limited	1 257	13,5	1 204	12,3	1 105	12,9
Fairbairn Private Bank (IOM) Limited	1 589	18,6	1 688	14,1	1 703	13,5

Credit ratings

Fitch

	Nedbank Group June 2005	Nedbank June 2005
Individual	C/D	C/D
Support	2	2
Foreign currency		
Short-term	F3	F3
Long-term	BBB-	BBB-
Long-term rating outlook	Stable	Stable
Local currency		
Long-term senior	BBB	BBB+
National		
Short-term	F1 (zaf)	F1+ (zaf)
Long-term	A+ (zaf)	AA- (zaf)

Individual and support

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

D = A bank, which has weaknesses of internal and/or external origin.

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

Foreign and local currency (capped by sovereign limits)

F3 = Fair credit quality. The capacity for timely payment of financial commitments is adequate.

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

National

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

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

A = Denotes a strong credit risk relative to other issuers or issues in the same country. However, changes in circumstances or economic conditions may affect the capacity for timely repayment of these financial commitments to a greater degree than for financial commitments denoted by a higher rated category.

CA-Ratings

	Nedbank Group December 2004
Long-term	zaAA-
Short-term	zaA1+
Outlook	Stable

Long-term

zaAA = Indicates very strong capacity of the issuer to pay interest and repay capital relative to other South African obligors.

Short-term

zaA1 = Indicates that the degree of safety regarding timely payment is overwhelmingly strong, relative to other South African obligors. Issues determined to possess overwhelming safety characteristics are denoted with a plus (+) sign designation.

Moody's

	Nedbank January 2005
Financial strength	C
Outlook – Financial strength	Stable
Foreign currency – long-term bank deposits	Baa1
Foreign currency – short-term bank deposits	Prime-2
Outlook – Deposits	Positive

Financial strength

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

Long-term (capped by sovereign rating)

Baa = Obligations rated Baa are subject to moderate credit risk. They are considered medium grade and as such may possess certain speculative characteristics.

Short-term

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

Nedbank Group employee incentive schemes

as at

	Total	
	30 June 2005	31 December 2004
Movements		
Options outstanding at beginning of period	28 895 823	25 089 839
Granted	5 767 770	14 318 772
Exercised	1 168 500	2 772 393
Surrendered	7 983 170	7 740 395
Options outstanding at end of period	25 511 923	28 895 823
Performance based options	8 618 772	12 793 099
Non-performance based options	16 893 151	16 102 724
	25 511 923	28 895 823

Nedcor share incentive trust

The following options granted had not been exercised at 30 June 2005

Option expiry date	No of shares	Issue price R	Option expiry date	No of shares	Issue price R	Option expiry date	No of shares	Issue price R
			b/f	1 611 213		b/f	2 418 861	
1 Jul 05	21 200	88,00	29 Jan 06	200	125,00	21 Jul 06	200	125,00
1 Jul 05	22 500	94,00	1 Feb 06	33 650	88,00	1 Aug 06	3 750	88,00
1 Jul 05	3 000	102,65	1 Feb 06	2 000	102,65	1 Aug 06	1 000	102,65
1 Jul 05	1 200	123,50	1 Feb 06	27 100	123,60	1 Aug 06	3 100	123,60
1 Jul 05	17 800	123,60	1 Feb 06	39 025	125,00	1 Aug 06	4 500	125,00
1 Jul 05	77 120	125,00	1 Feb 06	1 250	130,80	1 Aug 06	750	136,20
1 Jul 05	43 000	131,00	1 Feb 06	21 100	136,20	22 Aug 06	105 500	152,00
1 Jul 05	91 900	136,00	1 Mar 06	368	130,60	1 Sep 06	7 500	60,01
1 Jul 05	33 650	136,20	1 Mar 06	512	134,00	1 Sep 06	8 000	88,00
1 Aug 05	8 850	125,00	1 Mar 06	313	139,00	1 Sep 06	2 900	123,60
1 Aug 05	4 900	136,20	1 Mar 06	20 500	88,00	1 Sep 06	4 000	125,00
18 Aug 05	500	111,80	1 Mar 06	4 000	102,65	1 Oct 06	18 000	60,01
26 Aug 05	2 234	96,06	1 Mar 06	16 500	123,60	1 Oct 06	35 000	88,00
26 Aug 05	32 065	120,22	1 Mar 06	24 850	125,00	1 Oct 06	40 900	123,60
26 Aug 05	4 000	126,90	1 Mar 06	5 800	128,60	1 Oct 06	14 250	125,00
1 Sep 05	81 320	121,00	1 Mar 06	500	130,80	1 Oct 06	2 920	131,45
1 Sep 05	250	130,80	1 Mar 06	17 121	136,20	1 Oct 06	30 000	155,20
1 Sep 05	500	136,20	1 Mar 06	3 000	152,00	1 Nov 06	5 400	60,01
1 Sep 05	1 980	152,00	2 Mar 06	2 000	60,01	1 Nov 06	13 000	88,00
5 Sep 05	1 000	125,00	2 Mar 06	10 000	88,00	1 Nov 06	1 000	102,65
5 Sep 05	650	136,20	2 Mar 06	7 200	125,00	1 Nov 06	12 800	123,60
12 Sep 05	41 339	44,50	2 Mar 06	2 000	136,20	1 Nov 06	3 115	125,00
27 Sep 05	337 177	111,80	1 Apr 06	5 300	88,00	1 Nov 06	15 700	142,00
1 Oct 05	7 500	88,00	1 Apr 06	1 500	102,65	1 Dec 06	900	123,60
1 Oct 05	2 707	102,65	1 Apr 06	23 900	123,60	1 Dec 06	1 500	125,00
1 Oct 05	28 600	117,60	1 Apr 06	25 560	125,00	1 Mar 07	90 900	157,00
1 Oct 05	14 000	123,60	1 Apr 06	85 100	133,20	1 Mar 07	385	150,00
1 Oct 05	24 980	125,00	1 Apr 06	13 630	136,20	1 Mar 07	98	151,00
1 Oct 05	10 800	133,20	9 Apr 06	3 200	123,60	1 Jun 07	3 100	132,00
1 Oct 05	15 285	136,20	1 May 06	9 000	60,01	27 Sep 07	55 379 ^p	130,80
1 Oct 05	10 000	142,00	1 May 06	33 050	88,00	28 Sep 07	69 900	130,80
1 Nov 05	12 000	88,00	1 May 06	500	102,65	28 Sep 07	12 650 ^p	130,80
1 Nov 05	16 600	123,60	1 May 06	8 300	123,60	2 Nov 07	21 347	123,00
1 Nov 05	17 470	125,00	1 May 06	42 400	125,00	19 Nov 07	15 800	125,00
1 Nov 05	12 560	136,20	1 May 06	26 194	136,20	14 Feb 08	23 700	115,00
1 Nov 05	5 000	155,20	2 May 06	4 900	128,60	15 Apr 08	307 700	125,00
17 Nov 05	4 000	88,00	3 May 06	2 000	88,00	15 Apr 08	1 273 337 ^p	125,00
17 Nov 05	5 200	123,60	3 May 06	250	125,00	2 Jul 08	1 883 200	123,60
30 Nov 05	6 000	88,00	3 May 06	250	130,80	15 Oct 08	245 900	102,65
30 Nov 05	7 000	125,00	1 Jun 06	7 200	88,00	15 Oct 08	164 679 ^p	102,65
30 Nov 05	4 700	133,20	1 Jun 06	3 000	102,65	27 Nov 08	129 900	123,60
30 Nov 05	3 000	136,20	1 Jun 06	1 800	123,60	25 Feb 09	131 500	102,19
1 Dec 05	47 000	88,00	1 Jun 06	21 700	125,00	1 Apr 09	44 800	88,00
1 Dec 05	99 000	123,60	1 Jun 06	1 300	130,80	1 Apr 09	2 242 100 ^p	88,00
1 Dec 05	57 550	125,00	1 Jun 06	10 100	136,20	1 Oct 09	306 050	69,20
1 Dec 05	15 250	136,20	1 Jun 06	3 000	152,00	1 Oct 09	57 080 ^p	69,20
1 Jan 06	3 500	69,20	17 Jun 06	7 600	123,60	11 May 10	2 994 400 ^p	60,01
1 Jan 06	74 500	88,00	1 Jul 06	39 000	60,01	11 May 10	693 200	60,01
1 Jan 06	1 500	102,65	1 Jul 06	71 900	88,00	11 May 10	25 000 ^p	61,40
1 Jan 06	49 500	123,60	1 Jul 06	2 500	102,65			
1 Jan 06	129 630	125,00	1 Jul 06	1 300	123,60	10 Aug 10	112 000 ^p	55,75
1 Jan 06	2 250	130,80	1 Jul 06	65 050	125,00	10 Aug 10	281 500	55,75
1 Jan 06	2 500	133,20	1 Jul 06	24 375	130,80	20 Apr 11	538 600	74,40
1 Jan 06	54 708	136,20	1 Jul 06	22 850	136,20	25 Apr 11	100 000 ^p	73,00
1 Jan 06	8 300	157,00	13 Jul 06	950	125,00			
2 Jan 06	30 488	63,00						
	1 611 213			2 418 861			14 578 751	

^p Performance based options

Nedcor share incentive trust (continued)

Options granted in respect of the rights offer

Option expiry date	No of shares	Issue price R	Option expiry date	No of shares	Issue price R	Option expiry date	No of shares	Issue price R
			b/f	547 981		b/f	1 058 510	
1 Jul 05	4 792	45,00	3 May 06	1 042	45,00	2 Nov 07	3 472	60,00
1 Aug 05	3 585	45,00	1 Jun 06	13 542	45,00	19 Nov 07	6 584	45,00
18 Aug 05	209	45,00	21 Jun 06	3 483	45,00	1 Dec 07	417	45,00
26 Aug 05	126 259	45,00	1 Jul 06	48 840	45,00	6 Feb 08	5 973	45,00
1 Sep 05	17 805	45,00	13 Jul 06	396	45,00	14 Feb 08	9 876	45,00
12 Sep 05	11 689	45,00	21 Jul 06	84	45,00	1 Apr 08	1 389	45,00
27 Sep 05	49 265	45,00	26 Jul 06	18 305	45,00	8 Apr 08	556	45,00
1 Oct 05	9 647	45,00	1 Aug 06	500	45,00	15 Apr 08	513 501 ^p	45,00
22 Oct 05	6 040	45,00	22 Aug 06	32 706	45,00	15 Apr 08	17 083 ^p	60,00
1 Nov 05	13 689	45,00	1 Sep 06	6 208	45,00	15 Apr 08	108 979	45,00
17 Nov 05	3 832	45,00	1 Oct 06	42 410	45,00	21 Jun 08	2 778	45,00
1 Dec 05	45 544	45,00	1 Nov 06	9 018	45,00	1 Jul 08	15 277	45,00
1 Jan 06	96 791	45,00	29 Nov 06	13 888	45,00	2 Jul 08	675 497	45,00
2 Jan 06	3 833	45,00	1 Dec 06	1 265	45,00	2 Jul 08	109 210	60,00
29 Jan 06	84	45,00	8 Feb 07	17 575	45,00	15 Oct 08	68 563 ^p	45,00
1 Feb 06	29 195	45,00	1 Mar 07	21 992	45,00	15 Oct 08	102 462	45,00
7 Feb 06	13 890	60,00	16 May 07	12 400	45,00	27 Nov 08	54 127	45,00
1 Mar 06	31 038	45,00	24 Jul 07	25 187	45,00	25 Feb 09	54 800	45,00
2 Mar 06	7 999	45,00	27 Sep 07	20 570 ^p	45,00	1 Apr 09	875 126 ^p	45,00
1 Apr 06	45 546	45,00	27 Sep 07	2 083	45,00	1 Apr 09	59 168 ^p	60,00
9 Apr 06	1 334	45,00	28 Sep 07	4 354 ^p	45,00	1 Apr 09	18 666	45,00
1 May 06	23 873	45,00	28 Sep 07	22 021	45,00	1 Oct 09	23 782 ^p	45,00
2 May 06	2 042	45,00	2 Nov 07	192 660	45,00	1 Oct 09	127 522	45,00
	547 981			1 058 510			3 913 318	

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

The following options granted had not been exercised at 30 June 2005

Option expiry date	No of shares	Issue price R
	b/f	1 087 565
	b/f	1 271 571
1 Jul 05	11 250	79,50
1 Jul 05	12 083	86,40
1 Aug 05	1 000	86,40
26 Aug 05	935 050	79,50
22 Oct 05	14 493	79,50
1 Nov 05	1 666	86,40
1 Jan 06	33 195	86,40
1 Feb 06	42 719	86,40
1 Feb 06	18 937	96,00
1 Feb 06	17 172	97,50
7 Feb 06	33 335	79,50
1 May 06	830	86,40
1 Jun 06	1 666	89,70
21 Jun 06	11 148	79,50
1 Jul 06	26 667	79,50
1 Jul 06	19 734	86,40
26 Jul 06	45 640	79,50
1 Oct 06	11 020	86,40
29 Nov 06	33 333	79,50
1 Dec 06	633	86,40
8 Feb 07	51 562	96,00
16 May 07	29 762	84,00
24 Jul 07	71 834	89,70
2 Nov 07	475 817	86,40
1 Dec 07	1 000	86,40
6 Feb 08	14 333	90,90
1 Apr 08	3 333	81,00
8 Apr 08	2 000	81,00
21 Jun 08	6 667	111,00
1 Jul 08	36 666	111,00
	1 087 565	
	1 271 571	
	1 964 545	

Nedbank group options scheme (2005)

The following options granted had not been exercised at 30 June 2005

Option expiry date	Number of shares	Issue price R
30 Jun 10	5 055 309	76,79
	5 055 309	
TOTAL OPTIONS OUTSTANDING	25 511 923	

Shareholders' analysis

Register date:	24 June 2005
Authorised share capital:	600 000 000 shares
Issued share capital:	395 319 190 shares

Major managers

	Number of shares	30 Jun 2005 % Holding	31 Dec 2004 % Holding	30 Jun 2004 % Holding
Old Mutual Group	221 908 833	56,13	51,92	51,58
Old Mutual Life Assurance Company Limited and associates (SA)	219 598 462	55,55	51,92	51,58
Old Mutual Asset Managers (SA)	2 310 371	0,58		
Allan Gray Investment Council (SA)	29 409 090	7,44	7,64	3,95
Sanlam Investment Management (SA)	18 764 932	4,75	5,73	3,90
Boston Company Asset Management (US)	15 669 091	3,96	3,09	3,13
STANLIB Asset Management (SA)	11 092 378	2,81	4,53	3,80
Franklin Templeton Investments (US)	10 413 854	2,63	2,03	1,50
Julius Baer Investment Management (US)	6 405 737	1,62	2,24	1,05

Major beneficial shareholders

	Number of shares	30 Jun 2005 % Holding	31 Dec 2004 % Holding	30 Jun 2004 % Holding
Old Mutual Life Assurance Company Limited and associates (SA)	219 598 462	55,55	51,92	51,58
Public Investment Corporation (SA)	22 525 507	5,70	5,81	4,73

Geographical distribution of shareholders

	Number of shares	30 Jun 2005 % Holding	31 Dec 2004 % Holding	30 Jun 2004 % Holding
South Africa	318 705 738	80,62	81,18	77,25
USA	57 079 583	14,44	12,69	14,01
United Kingdom	6 719 306	1,70	2,14	3,99
Netherlands	2 720 500	0,69	0,83	0,68
Norway	2 432 625	0,62	0,31	0,26
Other countries	7 661 438	1,93	2,85	3,81

Definitions

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.

Group capital adequacy

Group capital adequacy is the ratio of Group net qualifying capital and reserve funds to total group risk weighted assets as calculated per the regulations relating to banks.

Capital adequacy ratio

The capital adequacy of South African banks is measured in terms of the South African Banks Act requirements. The ratio is calculated by dividing the 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.

Tertiary (Tier 3) capital

Tertiary capital means

- accrued current-period uncapitalised net profits derived from trading activities; and
- capital obtained by means of unsecured subordinated loans, subject to such conditions as may be prescribed.

Cash flow

Financing activities

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

Investment activities

Activities relating to the acquisition, holding and disposal of 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 in cents.

Dividend yield

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

Earnings per share

Basic earnings basis

Income attributable to equity holders for the period divided by the weighted average number of ordinary shares in issue during the period.

Headline earnings basis

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

Fully diluted basis

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

Earnings yield

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

Definitions (continued)

Effective tax rate

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

Efficiency ratio (cost-to-income ratio)

Operating expenses as a percentage of income from normal operations.

Headline earnings

Headline earnings is not a measure of maintainable earnings. For purposes of the definition and calculation, the opinion on headline earnings as issued by the UK Society of Investment Professionals (UKSIP) has been used.

Headline earnings consist of the earnings attributable to ordinary shareholders, excluding non-trading and capital items.

Headline earnings per employee

Headline earnings divided by the number of employees in service at the year-end.

Impairment of advances

Impairments of advances are made where there is objective evidence that the group will not be able to collect an amount due.

The impairment is the difference between the carrying amount and the recoverable amount.

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 multiplied by the number of shares in issue.

Net asset value per share

Share capital and reserves adjusted by the difference between the book and market value of investments 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 assets earning income, which is included in net margin.

Non-interest revenue to total income

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

Non-performing advances

Advances are classified as non-performing when:

- categorised as 'doubtful' and 'loss' per the bank regulatory credit risk classification system;
- a counterparty is under judicial management or declared insolvent; or
- management is doubtful about the collection of future cash flows.

Non-trading and capital items

These comprise the following:

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

Off-balance-sheet assets

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

Total equity attributable to equity holders

Ordinary share capital, share premium and reserves.

Equity holders return per share

The dividends per share added to the difference between the opening and closing share price for the period.

Price/Earnings ratio

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

Price to book

The group's closing share price relative to the net asset value.

Properties in possession

Properties acquired through payment defaults on a loan secured by the property.

Definitions (continued)

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 equity

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

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.

Tangible net asset value per share

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

Treasury shares

Ordinary shares in Nedbank Group Limited acquired by group companies.

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.