

2009 HIGHLIGHTS

SA banks and financial system
remain structurally sound

Resilient performance
in a challenging environment

- Net asset value per share increased 6,8% to 9 100 cents
- R4,3 billion headline earnings

Capital position strengthened

- Core Tier 1 from 8,2% to 9,9%
- Tier 1 from 9,6% to 11,5%
- Total from 12,4% to 14,9%

Liquidity remains sound

Risk management systems proving effective

Significant progress on transformation – level-two broad-based black economic empowerment in terms of dti Codes

GROUP PROFILE

Nedbank Group Limited ('Nedbank Group') is a bank holding company, with its principal banking subsidiary being Nedbank Limited. The company's ordinary shares have been listed on JSE Limited since 1969.

Nedbank Group is South Africa's fourth largest banking group measured by assets, with a strong deposit franchise, the second largest retail deposit base, a client-centric wholesale and retail franchise and a substantial and growing bancassurance and wealth management offering. The group offers a wide range of wholesale and retail banking services through five main business clusters, namely Nedbank Capital, Nedbank Corporate, Nedbank Business Banking, Nedbank Retail and Nedbank Bancassurance and Wealth. Nedbank Group focuses on southern Africa, with

the group positioned as a bank for all – from both a retail and a wholesale banking perspective.

The principal banking services offered by Nedbank Group comprise business, corporate and retail banking, property finance, investment banking, private banking, foreign exchange and securities trading. Nedbank Group also generates income from private equity, credit card issuing and processing services, custodial services, unit trust administration, asset management services and bancassurance.

Nedbank Group's headquarters is in Sandton, Johannesburg, with large operational centres in Durban and Cape Town which are complemented by a regional branch network throughout South Africa and facilities in other southern African countries. These facilities are operated through Nedbank Group's 9 subsidiary and/or affiliated banks, as well as through branches and representative offices in certain key global financial centres that serve to meet international banking requirements of the group's SA-based multinational clients.



FINANCIAL HIGHLIGHTS

		% change 2008 – 2009	2009	2008	2007
Headline earnings	Rm	(25,8)	4 277	5 765	5 921
Income attributable to shareholders	Rm	(24,7)	4 826	6 410	6 025
Diluted earnings per share					
Headline	cents	(29,8)	983	1 401	1 429
Basic	cents	(28,8)	1 109	1 558	1 454
Dividend declared per share	cents	(29,0)	440	620	660
Dividend cover			2,30	2,29	2,25
Net asset value	Rm	12,3	44 984	40 073	35 125
Tangible net asset value per share	cents	3,1	7 398	7 179	6 207
Net interest income (NII) to average interest-earning banking assets	%		3,39	3,66	3,94
Credit loss ratio	%		1,47	1,17	0,62
Non-interest revenue (NIR) to total income	%		42,2	39,9	42,5
NIR to total operating expenses	%		78,8	78,1	77,4
Efficiency ratio	%		53,5	51,1	54,9
Group capital adequacy ratio					
Core Tier 1	%		9,9	8,2	7,2
Tier 1	%		11,5	9,6	8,2
Total	%		14,9	12,4	11,4
Average interest-earning banking assets	Rm	9,0	481 378	441 713	358 823
Total assets	Rm	0,6	570 703	567 023	488 856
Assets under management	Rm	11,0	93 625	84 381	85 438
Total assets under administration	Rm	2,0	664 328	651 404	574 294
Return on total assets	%		0,75	1,09	1,30
Return on shareholders' equity (ROE) (excluding goodwill)	%		13,0	20,1	24,8
ROE	%		11,5	17,7	21,4
Economic profit	Rm	(> 100)	(73)	1 790	2 658
Life assurance embedded value*	Rm	40,5	795	566	
Life assurance value of new business*	Rm	54,5	187	121	

*The 2008 numbers are for comparative purposes only as Nedgroup Life Assurance Company Limited was only acquired on 5 June 2009. Refer to page 397.

Headline earnings reconciliation		2009	2008	2007
Profit attributable to equity holders of the parent	Rm	4 826	6 410	6025
Non-headline earnings items	Rm	549	645	104
Non-trading and capital items	Rm	624	756	111
Taxation on non-trading and capital items	Rm	(75)	(111)	(7)
Headline earnings	Rm	4 277	5 765	5 921

Refer to pages 423 to 431 for definitions of terms used.

INVESTMENT CASE

● Sustainable companies yield superior returns over the longer term as proven by authoritative research and surveys. Nedbank Group's objective of building a sustainable organisation and creating a sustainable future for all South Africans is enabled by an integrated approach to organisational culture, economics in the business, the environment and involvement in society and the communities in which it operates. Nedbank Group has identified sustainable criteria that investors should consider when evaluating any potential investment.

Cultural sustainability

- Nedbank Group has developed an organisational capability to succeed in a tough environment. Organisational learning and experience gained from the group's turnaround in 2004 continue to stand the group in good stead during challenging times.
- There has been a significant shift in staff morale and culture towards a high-performing organisation. Key staff indicators continue to track positively despite the tough economic climate.
- The top 10 cultural values in the group, as measured by the annual Barrett Survey, support the group's strategy. These values include accountability, client satisfaction, being client-driven, cost consciousness, community involvement, achievement, teamwork, employee recognition, being the best and being performance-driven.
- Nedbank Group went through a smooth leadership transition, with the new Executive Committee and the group being among the most transformed in the banking sector.



Economic sustainability

- While the income statement was impacted by impairments, Nedbank Group focused on balance sheet strength, as demonstrated by growth in net asset value and the acquisition of less risky assets, namely joint ventures (BoE, NedLife and Fairbairn Private Bank) and Imperial Bank.
- The group strengthened its credit environment during the recession. While retail impairments are high, the wholesale book remains strong, with better margins and no significant single corporate defaults.
- Nedbank Group is focused on southern Africa. The SA banking system remained structurally sound during the global credit crisis and recession. The group has a significant opportunity to grow in the Southern African Development Community region, which generates more than 65% of the financial services economic profit (EP) in Africa. Currently the group has only an approximate 14% share of the SA banking EP pool.
- The landmark alliance with Ecobank enables Nedbank Group to offer clients access to 33 countries in Africa. In 2009 various tailored banking initiatives have been launched, allowing clients a seamless one-bank experience. In addition, LocalKnowledgeAfrica, the alliance centre of excellence, was launched in August 2009.
- Nedbank Group has built resilient retail and wholesale deposit franchises during adverse market conditions.
- A significant opportunity to grow non-interest revenue (NIR) off a low base has been identified. Nedbank Group has a strong position in wholesale banking with large advances and deposit bases, but a smaller transactional banking market share. Good client relationships, new systems, cross-selling, leveraging the group's price competitiveness and a focus on client service, particularly for retail entry-level clients and middle-income earners, should enable the group to grow its transactional banking market share. Bancassurance is continuing to be a significant contributor, having increased NIR by 5% in 2009.
- Attracting new clients in the public sector is set to continue.
- The retail distribution footprint continued to expand and we saw reasonable growth in the number of clients despite the recession.
- A focused strategy to grow Business Banking is enabled by the group's strong positioning in this market segment, leveraging the high-growth, high-return and single-banked characteristics of this market segment by applying a unique decentralised- accountable- decisionmaking business model that includes being involved in the communities we serve.
- Capital adequacy ratios are well above both regulatory and the upper level of internal targets, while leverage ratios, unlike those of most first-world banks, are relatively low – all supporting a strong balance sheet in an uncertain environment and providing a platform for growth as the economy recovers.
- Optimising risk-weighted assets is likely to continue to release capital as the group enhances data quality and models, improves risk mitigation, manages for value (selective asset growth focused on positive EP generation) and implements the Advanced Measurement Approach for operational risk.
- The ability to manage costs while investing for revenue growth for the future is demonstrated well in the group's expense growth rates in the past few years. The group's efficiency ratio improved from 71,8% in 2004 to 53,5% in 2009.
- A culture of governance and compliance is evident in controls and processes and integrated in the business. The group is compliant with King II, while working towards compliance with King III, which is to be introduced with effect from 1 March 2010.
- Worldclass capital management and risk processes are embedded in the group's culture and are aimed at creating a strong and economically sustainable bank.

INVESTMENT CASE

Environmental sustainability

- Nedbank Group received a four-star rating from the Green Building Council of South Africa for the phase II expansion of its headoffice in Sandton.
- During the year the group continued to reduce its impact on the environment, and Nedbank Group has demonstrated its leadership position in environmental sustainability. Nedbank Group became the first corporate in South Africa to commit itself to becoming carbon-neutral, adopting the Equator Principles to assist our clients to comply with sustainability best practice and cementing its 20-year partnership with the World Wide Fund for Nature.
- Many of the group's initiatives to reduce its impact on the environment, such as Green Affinity accounts, electronic statements and other related activities, have contributed to significant cost savings.
- The 2009 Ask Afrika Trust Barometer Survey rated Nedbank as South Africa's most environmentally responsible company.



Social sustainability

- Nedbank Group's leadership position on transformation received strong affirmation during 2009 when the group was rated as the third most transformed company listed on JSE Limited ('the JSE') and the number one financial services group in the Empowerdex annual survey of JSE-listed top 200 companies. This is an improvement from 15th position in 2008. In addition, the group has met the level-two broad-based black economic requirements of the Department of Trade and Industry (dti) and continued to make progress with all elements of the dti Codes, while still delivering on the Financial Sector Charter elements not included in the dti Codes. Increasingly the group is transforming with regard to all aspects to contribute to and reflect the realities of South Africa.
- Strong social responsibility is embedded in the group, with staff and client contributions to social upliftment.

Nedbank Group has been acknowledged as a leader in sustainability by qualifying for the JSE Socially Responsible Investment (SRI) and the Dow Jones World SRI indices for the past six years. The group has also been recognised as a sustainability leader in emerging markets for the Middle East and Africa on numerous occasions in the past few years.



Firms of Endearment (sustainable companies) outperformed Good to Great companies by 1 184% to 331% over 10 years and by 132% to 77% over five years (Firms of Endearment, Sisodia et al, 2007).

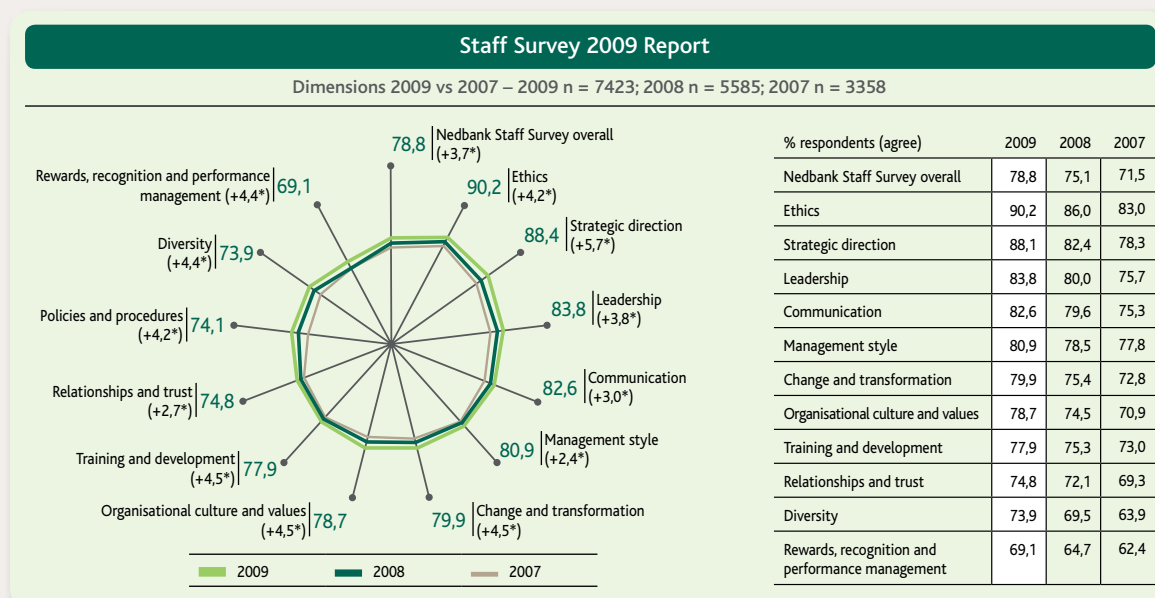
From its inception in February 2005 the Global 100 Most Sustainable Corporations Index has outperformed its benchmark (MSCI World Index) by 480 basis points per annum (Corporate Knights Inc and Innovest Strategic Value Advisors, January 2009).

Companies focused on sustainability outperformed their peers by 15% during the financial crisis. (Green Winners: The Performance of Sustainability-focused Companies in the Financial Crisis, AT Kearney, February 2009.)

REVIEW OF 2009

Staff: 'A great place to work', 'Create a community of leaders' and 'Living our values'.

Objective	Making it happen in 2009	2009 self-assessment
Build an enabling high-performance culture	Limiting values have been eliminated from the top 10 values in the Nedbank Culture Survey and five matches of values from existing culture to ideal culture were recorded, indicating a closer alignment between reality and what staffmembers are seeking. This trend has been consistent over the past five years. Eight out of the top 10 culture sets identified by staff are shared across all race and gender groups.	Exceeded.
Improve staff satisfaction	Staff morale remains positive despite the tough operating environment. The Nedbank Group 2009 Staff Survey scores have shown significant improvements from 75,1% to 78,8%, with the greatest progress in strategic direction, change and transformation, rewards, recognition and performance management and diversity.	Exceeded.
Embed talent management	Staff attrition declined to well below the normal industry average. This decrease was helped by the economic crisis and global job security concerns. At an organisational level the structural changes have been well-received and have resulted in positive employee movements, as most of the new positions were internal appointments. Emigration of staff has declined due to the economic pressures and severity of the economic climate in other countries.	Achieved.
Enable human resources capability and excellence	The HR 2010 programme progressed through two phases in 2009, with many key deliverables having been attained. The programme will continue to run until 2012.	Achieved.
Learn and grow	The continued rollout of the Management Development Programme gained momentum in 2009 and is ahead of target. The Leading for Deep Green leadership transformation initiative continued to build on its gains. Nedbank Group has spent R258 million on training in 2009, which is 4,32% of basic payroll. Of this total amount 2,97% of basic payroll was spent on black staff after the adjusted recognition for gender.	Exceeded.
Accelerate transformation	In 2009 the Nedbank Group employment equity targets were revised upward as a result of strong performance in 2008. This revision was to ensure that, where good progress had been made, there was no capacity for regression. Good headway was made in 2009, especially for the underrepresented African group, as this figure continued to increase.	Achieved.



Clients: 'A great place to bank.'

Objective	Making it happen in 2009	2009 self-assessment
Rebuild Nedbank Retail	<p>Market share was broadly maintained across the board. However, Motor Finance Corporation (Imperial bank) continued to benefit from its focus on the used-vehicle market by growing its share of vehicle lending.</p> <p>The following market share changes occurred for key products: Home loans was flat at 17,1%; vehicle and asset finance, including Imperial, increased from 28,8% to 29,2%; and Nedbank personal loans grew from 14,0% to 14,4%.</p> <p>The deposit market share ended the year at 24,0%.</p> <p>The total number of clients grew by 11,3% to 4,8 million.</p> <p>Mzansi clients increased by 38% to 1,16 million.</p>	Did not achieve.
Retain our leadership position in wholesale banking	<p>Maintained a strong market share in other private sector loans (excluding foreign currency loans).</p> <p>Maintained the largest property finance market share among banks in South Africa.</p> <p>Accolades received included:</p> <ul style="list-style-type: none"> • Top Crossborder and Domestic Custodian of the Year for southern Africa rating by <i>Global Custodian</i>. • Best Subcustodian Bank – Africa and South Africa rating at the Global Finance Awards. • Property Finance number-one ranking by peers in the 2009 PricewaterhouseCoopers Strategic and Emerging Issues in SA Banking Report. • <i>Africa Investor</i> awards for Transport Deal of the Year (Bakwena) and ICT/Telecoms Deal of the Year (Neotel). • <i>African Banker</i> award for Deal of the Year (Bakwena). 	Achieved.
Leader in business banking for South Africa	<p>Investments into the Business Banking franchise continued during 2009, with focus on refining the client service teams to enhance the client's experience when interacting with Nedbank. There were further releases to the NetBank Business electronic platform, which now ranks second overall in the business banking market. Another focus was maintaining positive staff morale despite a tougher external environment.</p> <p>Strong funding position maintained, with Corporate Saver product a market leader.</p> <p>The effective rigorous regional risk management capabilities ensured the credit loss ratio was well-contained, while we remained open for business to support our clients.</p> <p>Client service teams focused on client-centric revenue growth through proactive client engagements, new-client acquisition, cross-selling and full-client economic profitability analytics.</p> <p>Furthermore, highly innovative client value propositions gained traction, including for the public sector, franchising and tourism.</p> <p>The enterprise development offering allowed us to explore and assist emerging business entrepreneurs, while increasing the business pipeline for growing future clients.</p>	Achieved.
Grow primary-client status and transactional income streams	<p>Retail primary clients grew by 9,1% or by 108 000 primary clients.</p> <p>Business Banking gained a net 446 new primary clients.</p> <p>Nedbank Corporate primary clients grew by 19 clients.</p>	Achieved.

REVIEW OF 2009 ... CONTINUED

Clients: 'A great place to bank.'

Objective	Making it happen in 2009	2009 self-assessment
Improve service levels to worldclass standards	<p>Ask Afrika Orange Index on service excellence showed Nedbank posting a 0,55 improvement in score to 66,2. However, while Nedbank made modest improvements in the latest survey, our competitors made more gains and closed on the previous gaps, putting us in number-four position on the banking industry rating.</p> <p>The Client Management Assessment Tool™ score was above the retail average; a score of 47% was achieved, which equates to an improvement of 3%.</p> <p>AskOnce proposition extended to include a specific promise for clients wishing to switch their current accounts to Nedbank. Nedbank promised to move their debit orders hassle-free and free of charge.</p> <p>Fairbairn Private Bank was voted Best International Wealth Manager 2009. Fairbairn Private Bank rose to number 15 overall in the Top 100 Small Companies to Work For Survey. In the UK Best Companies Accreditation Fairbairn Private Bank received a maximum three-star rating, classified 'extraordinary'.</p> <p>BoE Private Clients was rated No 1 for Service and Advice in an independent survey conducted by SMRC Marketing Solutions (Pty) Limited.</p> <p>Corporate Finance was awarded third place by Ernst & Young and <i>Dealmakers</i> (by volume).</p> <p>Good progress was made in Nedbank Corporate by improving most scores in the 2009 StarTrack Client Survey. Nedbank ranked number one in five of the seven most important aspects of client needs.</p> <p>Nedbank Corporate retained and acquired new awards in 2009:</p> <ul style="list-style-type: none"> • Top Crossborder and Domestic Custodian of the Year for southern Africa rating by <i>Global Custodian</i>. • Best Subcustodian Bank – Africa and South Africa rating at the Global Finance Awards. 	<p>Did not achieve.</p> <p>Achieved.</p> <p>Achieved.</p> <p>Exceeded.</p> <p>Exceeded.</p> <p>Achieved.</p> <p>Achieved.</p> <p>Exceeded.</p>
Expand our distribution footprint	In 2009 Nedbank added 10 new branches, 23 new Nedbank in Retailer outlets, 5 new Personal Loans branches, 14 new Personal Loans kiosks, 261 new transacting automated teller machines, 20 new transacting self-service terminals, 12 new consumer sales teams and 1 468 new point-of-sale devices, and closed 21 non-profitable automated teller machines.	Achieved.
Improve our positioning in the public sector	<p>Nedbank Group participated in the majority of public sector business tenders during 2009, and was appointed primary banker by six municipalities and by the Parliament. The business retained its fair share of the public sector liabilities and exceeded the targets for non-interest revenue (NIR) and asset creation.</p> <p>Feedback from various levels of government has indicated that Nedbank Group is now well-recognised as a partner to the public sector.</p>	Achieved.
Selectively expand into Africa and leverage the Ecobank alliance	<p>The implementation of the Nedbank Ecobank alliance presents good prospects for consolidating Nedbank Group's operational presence in sub-Saharan Africa.</p> <p>Progress was made in achieving the compatibility of systems to create a common electronic banking platform. The Business Intelligence Unit was established to provide Nedbank clients with relevant market information and guidance in their endeavours to grow their African business operations.</p>	Achieved.

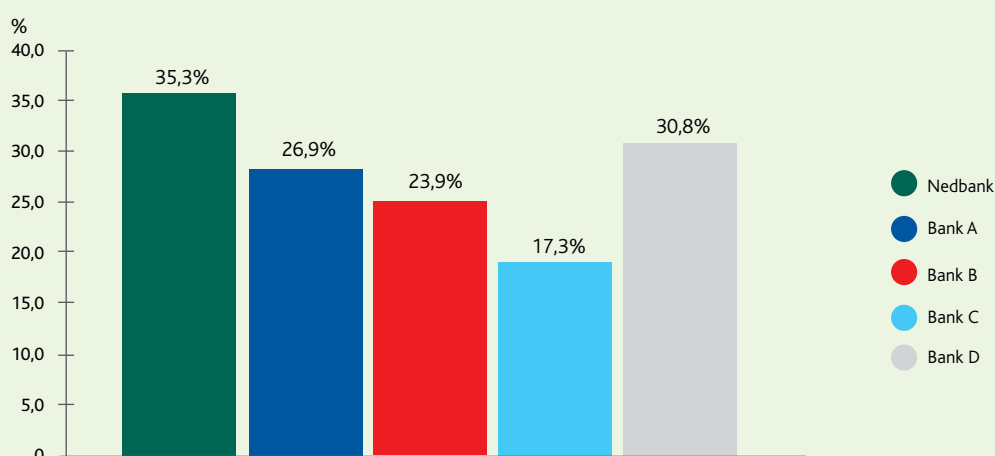
Shareholders: 'A great place to invest.'

Objective	2009	2009 self-assessment	Medium-to-long-term targets	2010 outlook
Return on equity (excl goodwill)	13,0%	Did not achieve.	5% above monthly weighted-average cost of ordinary shareholders' equity (cost of equity).	Improving, but below target.
Efficiency ratio	53,5%	Did not achieve.	< 50%.	Worsening, remaining above target.
Growth in diluted headline earnings per share	(29,8%)	Did not achieve.	At least CPIX + gross domestic product (GDP) growth + 5%.	Improving, forecast to exceed target.
Credit loss ratio	1,47%	Did not achieve.	Between 0,60% and 1,00% of average advances*.	Improving, but above target.
NIR:expense ratio	78,8%	New measure.	> 85%.	Improving, but below target.
Core Tier 1 ratio	9,9%	Exceeded.	7,5% to 9,0%.	Improving, above top end of range.
Tier 1 ratio	11,5%	Exceeded.	8,5% to 10,0%.	Improving, above top end of range.
Total ratio	14,9%	Exceeded.	11,5% to 13,0%.	Improving, above top end of range.
Economic capital	R11,8 billion surplus	Exceeded.	Capitalised to a 99,93% confidence interval on economic capital basis target A debt rating (+ 10% buffer).**	A including 10% buffer.
Dividend cover policy	2,30	Achieved.	2,25 to 2,75 times.	2,25 to 2,75 times.

* Previous target: 0,55% to 0,85%.

** Previous target: A- debt rating.

Total shareholder return – 'big five' South African banks (2009)



Total shareholder return = (price close current year - price close previous year + dividends paid in current year)/price close previous year.

REVIEW OF 2009 ... CONTINUED

Regulators: 'Worldclass at managing risk.'

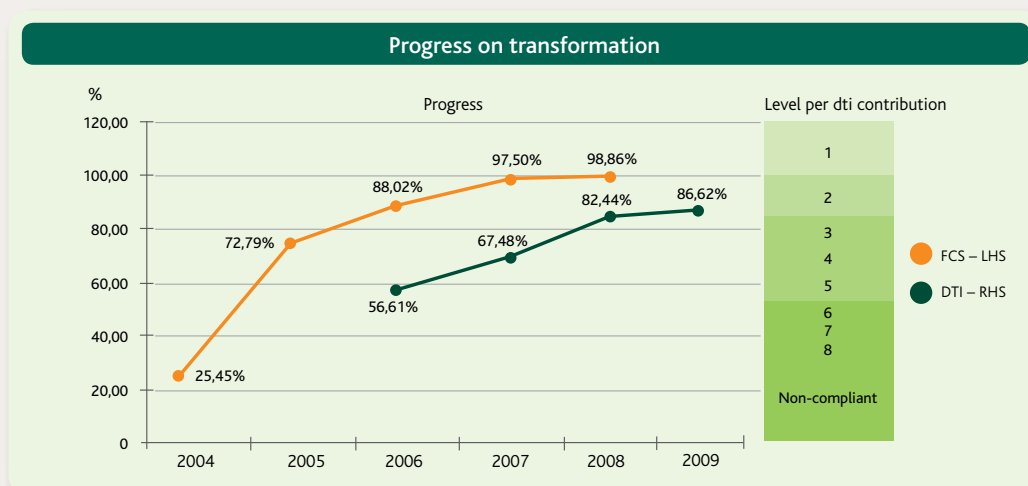
Objective	Making it happen in 2009	2009 self-assessment
Manage risk as an enabler	Developed, sustained and maintained a holistic integrated Enterprisewide Risk Management Framework (ERMF) and provided independent oversight of implementation thereof.	Achieved.
	Prepared for SA Reserve Bank approval of Advanced Management Approach.	Application submitted early 2010.
	Strong risk culture prevailed, underpinned by sound risk governance and endorsed by the ERMF.	Achieved.
	Refined credit parameters and bolstered collection capabilities across the bank.	Achieved.
	Relationships were sound, with good feedback received from regulators and government stakeholders.	Achieved.
	Proactively engaged in and influenced policy development processes.	Achieved.
	Engaged in prudent, proactive risk management practices.	Achieved.
	Embedded and leveraged the principles of economic profit and Basel II.	Achieved.
	Proactive fraud and security risk management measures implemented.	Achieved.
Optimise capital and liquidity	Risk and capital management systems proved to be effective.	Achieved.
	Capital adequacy again increased significantly.	Achieved.
	Liquidity remained sound; successful senior-debt issuances.	
	As regards global regulatory developments response to global financial crisis was proactive and effective.	

Communities: 'Highly involved in the community', 'Become a bank for all South Africans', 'Leading transformation', 'Most respected and aspirational brand' and 'Leading as a corporate citizen'.

Objective	Making it happen in 2009	2009 self-assessment
Build the Nedbank brand and become a bank for all South Africans	Our efforts in building the Nedbank brand and executing our brand strategy continued to receive intense focus in 2009. Our strategically aligned brand communications, flighted through various mediums, continued to reinforce Nedbank Group as a group that is respected, caring, understanding, aspirational and, most importantly, for all South Africans.	Exceeded.
	During the course of the year increased focus was afforded to profiling our green credentials, our community and client involvement, and our range of affinity offerings.	Exceeded.
	Core sponsorship properties (golf, road running and soccer) played an increasingly important role in supporting our brand objectives. In 2009 the Nedbank Cup made a significant contribution to increasing brand salience levels and positively influencing consumer perceptions. Off a zero base in 2008 Nedbank now ranks as one of the major sponsors of soccer in South Africa. Overall awareness of Nedbank as a sponsor of soccer increased to 64% in 2009 (28% in 2008), with awareness in the mass market having doubled since 2008 to 77%.	Exceeded.
	The effectiveness of our overall marketing efforts for the year was reflected in the steady improvement in all key brand metrics as measured by our brand-tracking study, Brand Dynamics, conducted by Millward Brown. Nedbank continues to gain brand equity at the expense of our peers, with good gains in presence, relevance and advantage.	Exceeded.
	There were also significant positive shifts in six out of eight key brand strategy attributes, with significant positive shifts in perceptions relating to Nedbank as a proudly South African bank for all South Africans. Nedbank is currently positioned well among the big four banks to maintain and increase brand equity going forward.	Exceeded.

Communities: **continued**

Objective	Making it happen in 2009	2009 self-assessment
Become South Africa's green and caring bank	<p>Nedbank Group won various environmental sustainability awards:</p> <ul style="list-style-type: none"> SA Carbon Disclosure Leadership Index – 2009 overall winner. First large SA corporate to commit itself to carbon neutrality. Ask Afrika Trust Barometer® 2009 – Leading Green Corporate. Following Nedbank Group's founding signatory commitment to the Climate Neutral Network, 2009 saw Nedbank Group signing the University of Cambridge Prince's Rainforest Project – Copenhagen Communiqué and the United Nations Environmental Programme Finance Initiative (UNEP FI) Statement on Climate Change. Nedbank Group is a member on the UNEP FI African Task Force, the Biodiversity and Ecosystem Services Workstream and the Water and Finance Initiatives Workstream. The Nedbank 135 Rivonia Road phase II building was the first building to receive a Green Building Council rating of four stars for the phase II expansion of its headoffice. <p>Other sustainability indices, representations and awards include the following:</p> <ul style="list-style-type: none"> Included in the Dow Jones World Sustainability Index for 2009 – the sixth year in succession. In 2009 again included in the JSE Social Responsibility Index (included since 2004). Association of Chartered Certified Accountants Sustainability Award for the best Sustainability Report in the financial sector and was encouraged also to receive an Award of Excellence in the Ernst & Young Excellence in Sustainability Reporting Awards. 2009 saw Nedbank Group shortlisted for the <i>Financial Times</i> Sustainable Bank of the Year award for Emerging Markets: Middle East and Africa and Nedbank Group was named Social Responsible Banker of the Year in the <i>African Banker Awards</i> 2009. Nedbank Group is also represented on the National Business Initiative's Sustainable Futures Advisory Committee and The Banking Association South Africa's Sustainable Finance Committee. National business awards – Corporate Social Investment Programme Award for Local Hero Programme. <p>On the Affinities Programme, we:</p> <ul style="list-style-type: none"> grew clients within the Affinity Programme by 10%; grew donations to the affinity partners by 20% year-on-year; and added new products and services, namely the affinity investment accounts, insurance, new Nedbank eStatements and client voluntary donations, all resulting in additional donations being made to the trusts and fund. 	<p>Exceeded.</p> <p>Exceeded.</p> <p>Exceeded.</p>
Accelerate transformation	Nedbank Group managed to achieve a level improvement of the Department of Trade and Industry (dti) scorecard for the fourth consecutive year by moving from level-three to a level-two empowered company, despite the tough economic climate.	Exceeded.



GROUP STRATEGY

Nedbank Group's vision is to become southern Africa's most highly rated and respected bank by our staff, clients, shareholders, regulators and communities.

The vision is supported by the group's long-term objectives, which are referred to internally as our Deep Green aspirations, namely to become a great place to work, a great place to bank and a great place to invest; to unleash synergies; to be worldclass at managing risk; to create a community of leaders; to have the most respected and aspirational financial services brand; to be recognised for being highly involved in the community and environment; to lead in transformation; and to live our values.

Underpinning the vision and strategy are the group's values that drive our decisions and behaviours, namely integrity, respect, accountability, pushing beyond boundaries, and being people-centred.

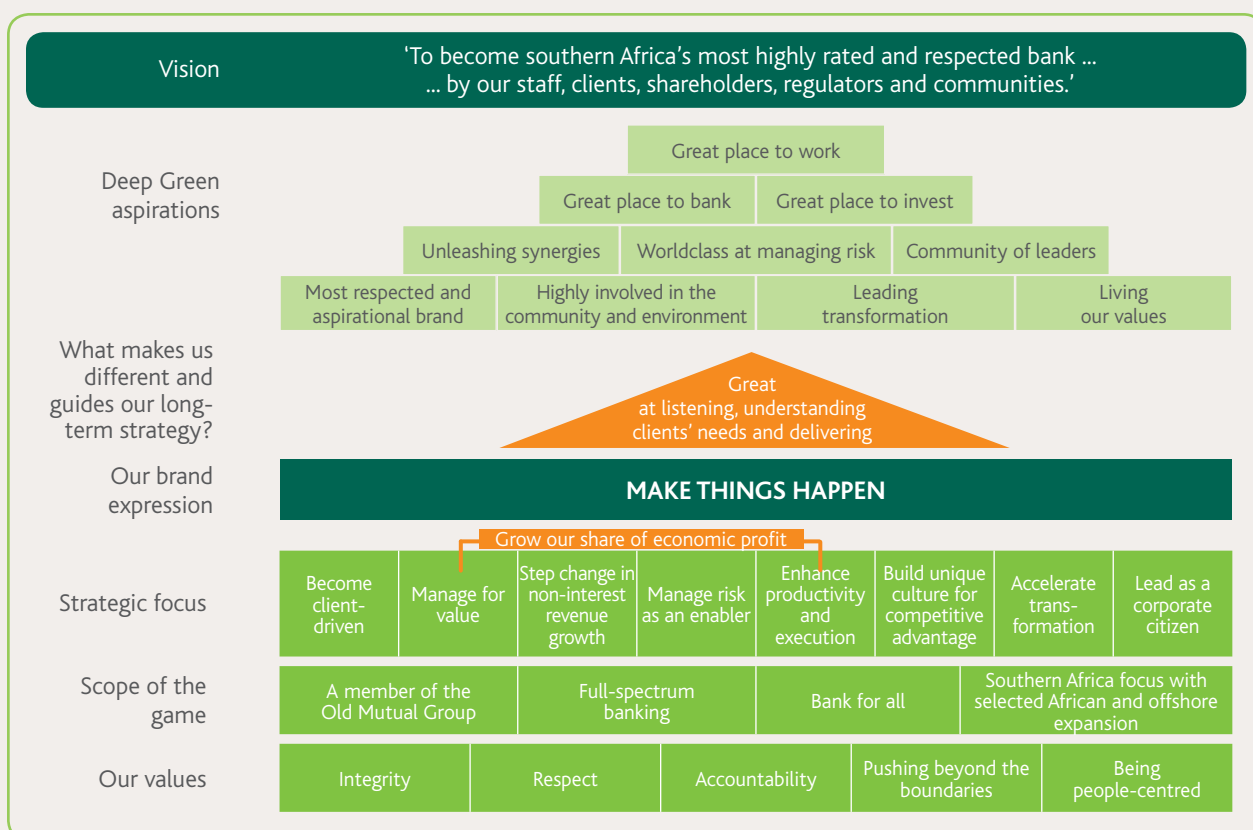
With the SA financial services economic profit (FSEP) share at approximately 65% of the FSEP in Africa, our primary focus is to win in banking in South Africa. This will be achieved by:

- transforming retail banking into a truly SA bank for all;
- becoming the leader in business banking for South Africa;
- becoming the public sector bank of choice;
- being one of the top two wholesale banks;
- ramping up the bancassurance business;
- leveraging the Imperial Bank integration;

- improving our primary banking positioning across all businesses; and
- becoming the leader in client service delivery.

We will continue to evolve our strategy of becoming a leading financial services player in sub-Saharan Africa by:

- implementing the three-tier strategy to grow our physical network in the Southern African Development Community;
- leveraging the Ecobank Alliance to provide our clients with access to a Pan-African network; and
- evaluating selective investment opportunities.



AWARDS WON IN 2009

- **Africa Investor award** – Tom Boardman won African Business Leader of the Year Award
- **African Banker award** – African Banker Deal of the Year – Bakwena toll-road refinancing
- **Investment Analyst's Society** – Best Reporting and Communication for the Banking Sector and overall on JSE Limited
- **Carbon Disclosure Project** – Number One in SA Carbon Disclosure Project Leadership Index
- **African Banker Awards** – Social responsible Bank of the Year Award
- **Financial Mail Top Empowerment Survey** – third in the top empowerment companies survey
- **Association of Chartered Certified Accountants** – Best Sustainability Report
- **Ask Africa Trust Barometer** – Top Green Company in South Africa
- **Fairbairn Private Bank** – voted Best International Wealth Manager 2009



FOCUS AREAS FOR 2010

During 2009 the Nedbank Group strategy was refined by conducting scenario analyses in the aftermath of the credit and economic crisis and having increased strategic conversations with the Nedbank Group board. In addition, we have been more focused on improving areas of weakness and developing plans that will deliver economic-profit (EP) growth, while building the competitiveness of our franchises in an increasingly competitive environment.

Become client-driven

We will continue to become more competitive in all our businesses by putting the client at the centre of everything we do, refine our segmentation strategies and further develop and deliver differentiated offerings based on unique client value propositions. The client's experience with Nedbank Group will be enhanced through delivering worldclass service, streamlining processes and investing in channels and footprint to enhance access and convenience.

Manage for value

Pricing assets appropriately in response to the higher cost of funding and increased risk in the postcrisis environment will continue. A key focus is optimising risk-weighted asset ratios closer to peer levels to unlock capital, and generally optimise risk and capital. We will continue to fix the economics of negative-EP businesses and in particular retail secured lending. Advances growth will be based on EP – not advances market share. We will focus on growing our deposit franchise and exploit opportunities as they arise, including potential acquisitions.

Step change in non-interest revenue (NIR) growth

We will continue to focus on gaining primary clients in all our businesses and improving cross-sell ratios and collaboration between frontline businesses. Our journey of becoming the public sector bank of choice will be advanced, and unlocking the potential of the recent acquisitions (bancassurance joint-venture purchases and Imperial Bank) will be at the

top of the agenda. Innovation will be a key enabler in growing NIR.

A new medium-to-long-term target to achieve an NIR-to-operating-expense ratio of more than 85% has been set to drive these initiatives.

Manage risk as an enabler

We will work towards further embedding the groupwide risk plan and worldclass practices, managing the group within its risk appetite parameters, managing bad debts, focusing on collections and striving to have credit loss ratios below those of the peer group. Furthermore, we will implement the groupwide business intelligence thrust and data management strategy, which is aimed at enabling superior business intelligence to facilitate better decisionmaking that links into other strategic focus areas such as managing for value and managing our risk.

Enhance productivity and execution

Smart cost management across the bank will be maintained while investing for the future. We will improve innovation and execution, streamline project prioritisation and delivery, and make it easier for our clients to do business with us.

Build a unique culture for competitive advantage

A differentiated corporate culture can build sustainable long-term competitive advantage and will help to attract and retain talented staff. The various management and leadership development programmes are key enablers. Nedbank Group needs to become the employer

of choice, recognising that market competition for talent continues to increase. Continued focus remains on making Nedbank a great place to work and able to attract, develop and retain the best people.

Part of this differentiated corporate culture is the acceleration of transformation and embracing diversity. Key focus areas of transformation are meeting the Department of Trade and Industry (dti) and employment equity targets, as well as simultaneously evolving the behaviours and culture.

Accelerate transformation

Transformation remains a business imperative for sustainability in the SA context, will provide business benefit in years to come and is a core part of our strategy. We need to deliver on our stretch dti targets as we maintain our leading position in transformation. Transformation is more than just making the numbers – we embrace diversity in all aspects of our business to become a truly SA bank.

Lead as a corporate citizen

We will embrace the Dinokeng Walk Together scenario by playing our part as a large corporate in the private sector to create a better life for all South Africans. We will continue to lead in corporate social responsibility through partnerships, focused investment and staff and client involvement. Leading as the green and caring bank by making a difference through environmental leadership will be stepped up.

OBJECTIVES FOR 2010 AND BEYOND

Staff

- Accelerate transformation to improve the overall transformation of the bank to enhance the dti Code score and meet stretch employment equity targets (maintain the status of being the most transformed bank).
- Reduce staff turnover rates particularly pertaining to African and Coloured staff. Staff turnover across all demographics to be less than the industry norm.
- Embed talent management, thereby enhancing the employment value proposition and raising the 'stay factor' in engagement.
- Ensure that employees learn and grow to enable superior service delivery to clients and facilitate career advancement.
- Reduce group entropy (energy wasted on unproductive activities) further (towards below 10) and increase additional matches between current and ideal culture values.
- Further embed, expand and develop an integrated culture.
- Review group values and associated behaviour to build a high-performing culture and support enablement of our strategy.
- Align total-reward strategy to support talent and transformation focus areas.
- Enable human resources (HR) capability and excellence (and deliver on HR 2010 programme).

Clients

- Transform retail banking, become the leader in business banking and the public sector bank of choice, and maintain being a top-two wholesale bank.
- Grow our primary-client base and transactional income streams.
- Enhance the client experience by further improving service levels to worldclass standards.

- Deliver on our bancassurance strategy and synergies from the Imperial Bank acquisition.
- Selectively expand into Africa and leverage the Ecobank alliance.
- Continue building the Nedbank brand to be relevant for all South Africans.

Shareholder value creation

- Refine the vision of the bank
- Manage the bank conservatively but profitably through continued economic uncertainty, while exploiting opportunities as they arise.
- Continue to focus on liability growth and innovation for our strong depositor franchise.
- Focus on high-quality, appropriately priced loans, accounting for risk and increased cost of funding.
- Fix the economics of negative-economic-profit businesses.
- Grow the bank's non-interest revenue income streams, with a focus on transactional income.
- Cross-sell into our existing client base.
- Exercise vigilance and focus on proactively managing capital and liquidity as new regulations evolve.
- Enhance productivity, efficiency and execution, and continue smart cost management.

Regulators

- Exercise vigilance and focus on proactively managing capital and liquidity.
- Continually monitor and refine credit and risk parameters as appropriate.
- Further embed and leverage worldclass risk practices.
- Implement business intelligence and data management strategy.
- Maintain good relationships with all regulators.

Communities

- Continue to lead as a corporate citizen in our efforts to ensure that we remain South Africa's leading green and caring bank, thereby building a sustainable business that is relevant in South Africa.
- Continue with a step change focus to integrate sustainability initiatives and considerations more fully and holistically in all business activities, thereby maximising the synergies that exist between economic, cultural, social and environmental sustainability.
- Continue with carbon awareness, measurement and reduction and deliver on our carbon neutrality commitment as part of our climate change leadership journey.
- Address climate adaptation issues, taking water scarcity and quality considerations into account.
- Deliver on our transformation targets and become a truly SA bank.

NEDBANK HISTORY

2009

- Bought out Old Mutual stakes in the bancassurance and wealth joint ventures.
- Received regulatory and Competition Commission approval to acquire the Imperial Bank minorities to create South Africa's second largest vehicle finance business.
- Announced Mike Brown as Nedbank Group's new Chief Executive Officer from March 2010.
- Appointed new leadership team, further transforming management and enhancing client-centric structure.
- Nedbank committed itself to becoming the first SA corporate that is carbon-neutral.
- Significant progress in transformation – attained level-two broad-based black economic empowerment status in terms of dti Codes.

2000s

- 2008** Nedbank rated number one in Ask Afrika Orange Index Client Service Survey for the second successive year.

Announced groundbreaking alliance with Ecobank to strengthen and expand Nedbank's African presence.

Client-focused restructuring and new executive appointments to include Business Banking and Corporate Banking on the Group Executive Committee.

Integrated Go Banking into Nedbank.

Eyethu black economic empowerment (BEE) scheme paid out R63 million to clients.

Introduced the Basel II Advanced Internal Ratings-based (AIRB) Approach for credit risk management in Nedbank.
- 2007** The group successfully delivered on the three-year financial targets set at the start of the strategic recovery programme in 2004 of a 20% return on ordinary shareholders' equity and 55% efficiency ratio.

Secured the Western Cape Government transaction and five municipalities as the first successes of the public sector bank-of-choice strategy.

Integrated Old Mutual Bank into Nedbank Retail.

Nedbank came first in the banking sector in the Ask Afrika Orange Index Client Service Survey.

Nedbank announced its first mass-market sponsorship, namely the Nedbank Cup in the Premier Soccer League.
- 2006** Unveiled Nedbank's BEE transaction in Namibia.
- 2005** Changed the name of the holding company from Nedcor Limited to Nedbank Group Limited.

Announced the group's BEE deal, Eyethu, the first truly broad-based deal with tens of thousands of stakeholders.
- 2004** Watershed year for the group as both structural and strategic changes were implemented to restore the performance of the group and lay a foundation for sustainable growth into the future. Raised R5 billion in a rights issue.
- 2003** The new Nedcor Group was formed, combining Nedcor, BoE, Nedcor Investment Bank (NIB) and Cape of Good Hope Bank.
- 2002** Merger of Nedcor and BoE.

NIB minority shares acquired and NIB delisted.
- 2001** Merger of Permanent Bank and Old Mutual Bank.
- 2000** Acquired FBC Fidelity Bank.

1990s

- 1999** Nedbank Private Bank and Syfrets Private Bank merged to create the largest private bank in South Africa.
BoE merged with Natal Building Society (NBS) and Boland.
- 1998** BoE merged with NBS Boland.
- 1997** Syfrets merged with UAL Merchant Bank and Nedbank Investment Bank Division to form the listed NIB.
- 1995** Perm split its operations into Permanent Bank and Peoples Bank.
- 1992** Nedfin, Perm and Nedbank became known as Nedcor Bank, a wholly owned subsidiary of Nedcor.
- 1990** Nedbank in association with the World Wide Fund for Nature (WWF) launched The Green Trust.

1980s

- 1989** Nedbank Group changed its name to Nedcor.
- 1988** Nedbank merged with Permanent Building Society to form NedPerm Bank.
- 1986** Old Mutual became the major shareholder (53%) of Nedbank.
- 1986** Nedbank Investment Bank was created as a result of the acquisition of Finansbank Limited.
- 1983** Nedbank became the first bank in South Africa to pay interest on current accounts.

1970s

- 1973** Nedbank Group formed from the merger of Syfrets South Africa and Union Acceptances and Nedbank.
- 1971** The Netherlands Bank of South Africa (NBSA) changes its name to Nedbank.
- 1970** The merchant bank Finansbank was established.

1960s

- 1969** The SA shareholding in NBSA increased to 100%. Syfrets SA was listed on JSE Limited ('the JSE'), then known as The Johannesburg Stock Exchange. Boland Bank was listed on the JSE.
- 1967** Introduction, in Nedbank, of American Express Card Service through the issue of the American Express Gold Card.
- 1964** NBSA became the first bank to introduce computerised banking services.

1950s

- 1951** The Nederlandsche Bank voor Zuid-Afrika (NBZA) was established as a SA banking company and changed its name to the NBSA.

1940s

- 1946** The Credit Corporation of South Africa was established. In 1976 this became Nedfin Bank.

1920s

- 1925** NBZA merged with the Transvaalsche Bank en Handelsvereniging, which was founded in 1892.

1900s

- 1903** The Nederlandsche Bank en Credietvereniging voor Zuid-Afrika (NBCV) changed its name to NBZA.
- 1900** Boland Bank was established as a regional general bank.

1890s

- 1892** Transvaalsche Bank en Handelsvereniging was formed.
- 1892** The Kimberley Permanent Mutual Building and Investment Society changed its name to SA Permanent Building and Investment Society, later known as Perm.

1880s

- 1888** NBCV was founded.
- 1882** The NBS was established.

1840s

- 1841** Kimberley Permanent Mutual Building and Investment Society was inaugurated.

1830s

- 1838** The Board of Executors was established in Cape Town as a trust company.
- 1831** Cape of Good Hope Bank was established.

GROUP EXECUTIVE COMMITTEE

AT 24 FEBRUARY 2010

CLIENT-FACING CLUSTERS



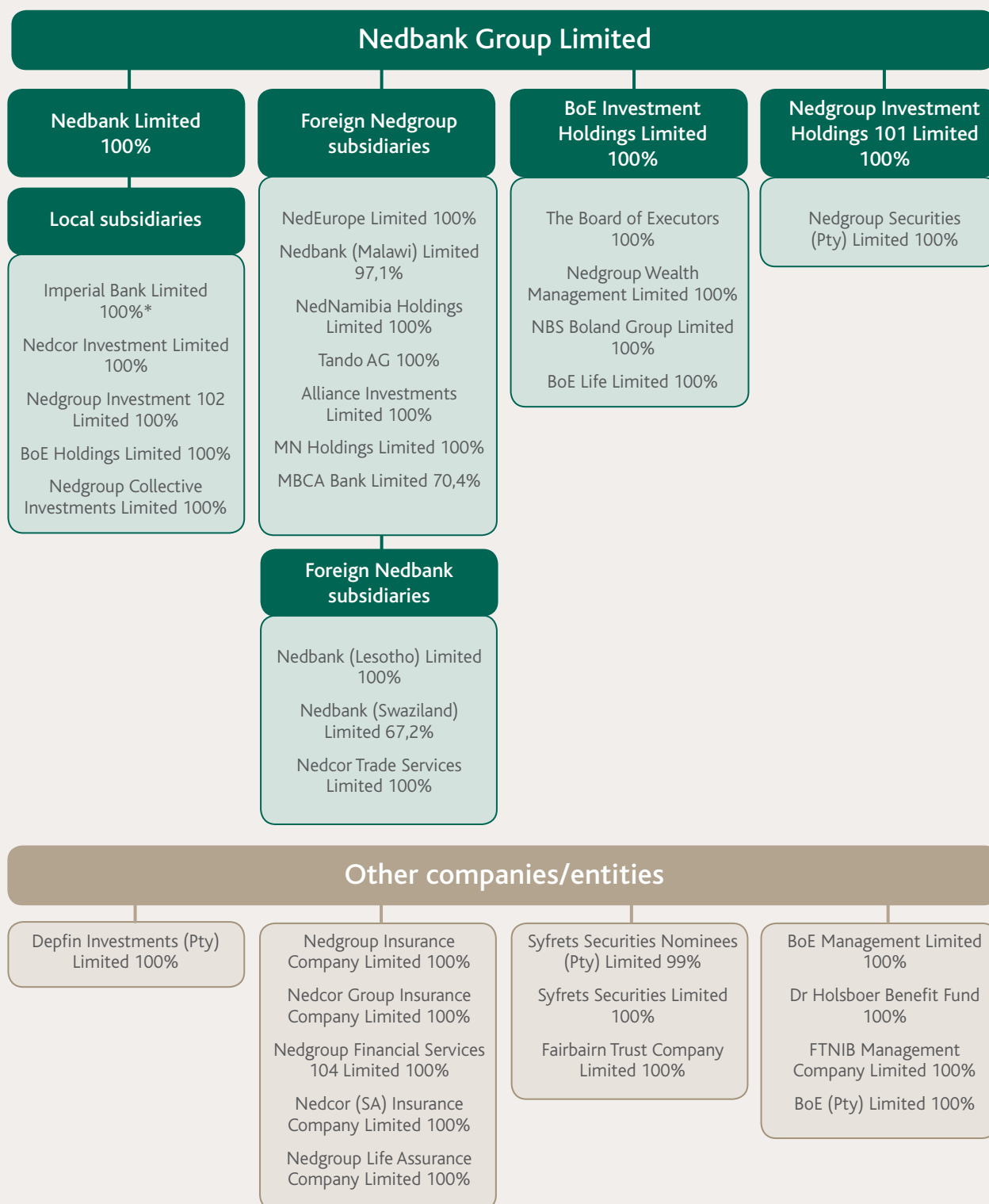
CENTRAL CLUSTERS



* Tom Boardman retired on 28 February 2010 and Mike Brown became CE with the effect from 1 March 2010.



COMPANY STRUCTURE




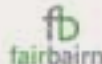
AT 24 FEBRUARY 2010



* Imperial Bank Limited is 100% consolidated as from 5 February 2010.
Refer to note 37.3 on page 354.

BUSINESS PROFILE

	Nedbank Capital		Nedbank Corporate	
Contribution to group earnings	2009	2008	2009	2008
Headline earnings (Rm)	1 349	1 266	1 534	1 564
Economic profit (EP)	955	805	836	749
Total advances (Rbn)	55,3	47,7	137,2	136,2
Total assets (Rbn)	196,6	188,7	148,6	148,5
Credit loss ratio (%)	0,26	0,06	0,24	0,12
Return on risk-adjusted capital (%)	45,3	38,1	29,1	26,6
Employees	695	693	3 779	3 911
Business profile	<p>Nedbank Capital provides comprehensive investment banking solutions to institutional and corporate clients.</p> <p>It has offices in South Africa and London and is setting up representative offices in Africa.</p> <p>The cluster comprises:</p> <ul style="list-style-type: none"> • Investment Banking; • Global Markets; and • Treasury and Balance Sheet Management. 		<p>Nedbank Corporate provides full-service corporate banking to large corporates with an annual turnover in excess of R400 million, including commercial and industrial property finance solutions.</p> <p>The cluster comprises:</p> <ul style="list-style-type: none"> • Corporate Banking; • Transactional Banking; • Property Finance; • Nedbank Africa; • Nedbank Investor Services; and • Corporate Shared Services. <p>Included in the cluster are the group's African operations, servicing both retail and corporate market segments in Lesotho, Malawi, Namibia, Swaziland and Zimbabwe.</p>	
Key brands				
Business strategy	<p>Nedbank Capital follows an integrated investment banking business model – leveraging a unique combination of industry and product expertise with a single client interface.</p> <p>Long-term strategies include:</p> <ul style="list-style-type: none"> • international and African expansion; • collaborative model within Nedbank Capital, other Nedbank clusters and Old Mutual; • product scope and business venture expansion; and • continued focus on transformation. 		<p>Nedbank Corporate aims to retain its top-two position in the corporate market through:</p> <ul style="list-style-type: none"> • improving primary banker status; • growing non-interest income (NIR) across all products; • focusing on the public sector; • delivering worldclass transactional banking solutions; • client value management; • collaboration and cross-selling across Nedbank clusters and with Old Mutual to support service excellence; • expanding selectively in Africa, including leveraging the Ecobank alliance; • positioning itself to be a truly SA bank; and • continuing its focus on transformation in terms of both people and business strategies. 	

Nedbank Business Banking			Nedbank Retail		Nedbank Bancassurance and Wealth
	2009	2008	2009	2008	Nedbank Bancassurance and Wealth has historically been a part of Nedbank Retail, but from August 2009 Bancassurance and Wealth commenced operating as a separate business cluster. Results for the year ended 31 December 2009 are included in Nedbank Retail.
	1 055	1 360	(156)	1 002	
	610	761	(1448)	291	
	50,1	55,3	157,5	150,1	
	79,4	79,6	177,9	171,0	
	0,52	0,59	3,08	2,47	
	31,4	31,5	(1,6)	10,8	
	2 229	2 281	16 058	16 461	
<p>Nedbank Business Banking provides a full range of commercial banking solutions to medium-sized businesses with an annual turnover of between R7,5 and R400 million. The cluster comprises:</p> <ul style="list-style-type: none">• four geographically decentralised client-facing business units,• a strategic business unit, including Specialised Finance, Debtor Management and Client Value Propositions and• specialist services, including Investment Management, Transactional Banking Sales, Finance and Business Intelligence/Client Value Management <p>supported by functional specialists, including Human Resources, Strategy and Marketing, Business process and Innovation and Risk.</p>			<p>Nedbank Retail serves the financial needs of individuals and small businesses up to R7,5 million turnover by providing transactional, card, lending and investment products and services. The Nedbank Retail cluster also services merchants and large corporates in respect of card-acquiring services.</p> <p>The cluster comprises:</p> <ul style="list-style-type: none">• Retail Banking Services,• Retail Small Business Services,• Nedbank Secured Lending (Home Loans and Vehicle Asset Finance),• Nedbank Personal Loans,• Nedbank Card,• Nedbank Private Bank and• Personal Banking and Client Value Management <p>supported by Risk, Human Resources, Finance, Strategy and Information Technology.</p>		<p>The businesses within Nedbank Bancassurance and Wealth encompass life assurance, short-term insurance, financial planning and insurance brokerage, fully fledged private banking and fiduciary services locally and internationally as well as asset management. The cluster comprises:</p> <ul style="list-style-type: none">• Bancassurance;• Asset management (local and international);• Wealth Management Africa; and• Wealth Management Europe and the Middle East.
					 
<p>Business Banking has an aspirational vision of becoming the leader in business banking for South Africa through:</p> <ul style="list-style-type: none">• applying a client-centric approach and leveraging the decentralised-, accountable-business model to partner with clients to grow their business;• leveraging localised empowered client service teams and market positioning to build our strong client base further;• driving primary-banker status through new client acquisitions and cross-sell of transactional banking solutions;• advancing transformation of staff as well as people development and talent management; and• proactively participating in local corporate social investment to make a difference in the communities we serve.			<p>Nedbank Retail aims to become a more client-centred and integrated business while leveraging the efficiencies of the monolines and great staff morale. Our strategic orientation includes:</p> <ul style="list-style-type: none">• growing NIR by focusing on primary clients, reducing client attrition, making quality sales and cross-selling into our existing client base, especially the lending portfolios;• fixing EP-negative businesses by defining the appropriate risk appetite and improving the risk management capability of the lending businesses, particularly home loans;• developing a client segmentation strategy in line with the size of EP pools that also enhances the client experience through reengineering priority processes while optimising technology investments; and• optimising and expanding our footprint, particularly in the mass-market areas to realise our vision to be a bank for all South Africans. Consideration will be given to low-cost physical channels with quicker payback periods and innovative mobile technology.		<p>The strategic focus for 2010 includes:</p> <ul style="list-style-type: none">• aligning and integrating the businesses to a single high-net-worth strategy;• designing and executing a single advice and client value proposition;• working with Business Banking and Retail to develop a strategy for the professional segment that could incorporate Imperial Professional Finance into Bancassurance and Wealth;• consolidating the four asset management operations into a single asset management division focused on best-of-breed, solutions and active management;• increasing the product range of short-term and life assurance products, which will include significant focus on growing short-term offerings selectively beyond homeowner's insurance into personal accident, warranty and topup cover. In addition, we intend expanding the life assurance product range beyond credit and simple life products; and• cross-selling into the existing Bancassurance and Wealth as well as the Nedbank and Imperial Bank client bases.

BUSINESS PROFILE ... CONTINUED

	Nedbank Capital	Nedbank Corporate	
Market position	<ul style="list-style-type: none"> Debt origination: top-three corporate bond issuer. Corporate finance: maintained top-three placing in the mergers and acquisitions rankings. 	<ul style="list-style-type: none"> Strong market share in other private sector loans (excluding foreign currency loans). Largest property finance market share among banks in South Africa. Top Crossborder and Domestic Custodian of the Year for Southern Africa rating by <i>Global Custodian</i>. Best Subcustodian Bank – Africa and South Africa rating at the Global Finance Awards. The first four-star rating from the Green Building Council. 	
Review of 2009	<p>What went well:</p> <ul style="list-style-type: none"> Managed the financial crisis well. No extraordinary large losses experienced. Prudent lending and investment criteria and cost management. Portfolio effect of multiple businesses maintained through the crisis. Systems implementation. <p>Challenges:</p> <ul style="list-style-type: none"> Deal flow slowing and more active origination requirement. Difficult financial markets and availability of appropriately priced funding. 	<p>What went well:</p> <ul style="list-style-type: none"> Business showed resilience by achieving good results with improvement in the core financial metrics. Managing for value and selective lending principles were adopted by all client-facing businesses within the extremely challenging business environment. Impairments well-managed in a difficult environment. Commenced with client migration onto the enhanced electronic transactional banking platform. Successful transition of the management and leadership team. Transformation targets achieved with added focus on business transformation. Enhanced traction on public sector business. Successfully achieved all Financial Sector Charter objectives with particular focus on affordable housing. <p>Challenges</p> <ul style="list-style-type: none"> Unique and challenging 2009 business environment spawned by the global financial and economic crisis. Local recessionary environment impacted client business activities negatively. 	
Prospects for 2010	<ul style="list-style-type: none"> Expectation of some recovery. Expectation of easing volatility in markets. Focus on clients and client relationship management. Greater focus on selected sectors. 	<ul style="list-style-type: none"> Challenging environment continuing with modest advances growth. Continued pressure on property-related returns. Slowing Government infrastructure programme rollout driven by lower revenue collection and high deficit levels. Expected enhancement of business and consumer confidence by the 2010 FIFA World Cup prospects. Full rollout of transactional banking platforms to Corporate client base. 	

	Nedbank Business Banking	Nedbank Retail	Nedbank Bancassurance and Wealth
	<ul style="list-style-type: none"> Approximately 21% primary-banker market share. Strong deposit-taking franchise and leader in Corporate Saver product (management of trust funds). Electronic banking platform, NetBank Business, setting the standard in security and ease of use and ranked second overall (BMI – T Corp). Leader in debtor management. 	<p>South Africa's fourth largest retail bank:</p> <ul style="list-style-type: none"> 17,1% home loans market share. 7,2% (Nedbank only) and 29,2% including Imperial Bank vehicle and asset finance retail market share. 13,3% card-issuing market share; 25% card-acquiring market share. 35,7% Mzansi market share. 14,4% personal loans market share. 21,0% individual deposit market share. Client Management Assessment Tool™ score in the top decile of global banks. 	<ul style="list-style-type: none"> Fairbairn Private Bank voted Best International Wealth Manager 2009. BoE Private Clients rated No 1 for Service and Advice in an independent survey conducted by SMRC Marketing Solutions (Pty) Limited.
	<p>What went well:</p> <ul style="list-style-type: none"> Business Banking effectively managed its risks under tough economic conditions, while not losing sight of its growth aspirations. Rigorous client value management principles further embedded in the business. The client-centric approach together with further enhancements to the decentralised client service model is recognised as a clear differentiator in the market. <p>Challenges:</p> <ul style="list-style-type: none"> Tough economic environment impacting clients as evidenced by slowdown in demand for banking services. 	<p>What went well:</p> <ul style="list-style-type: none"> Continued emphasis placed on becoming a bank for all South Africans, with further innovation in distribution and impactful delivery of the Nedbank Cup. Opened the state-of-the-art client contact centre in Sugar Mill, the home of great conversations with Nedbank. Nedbank card and personal loans fared well. Retail network and product offering became an important generator of new business for Bancassurance and Wealth. <p>Challenges:</p> <ul style="list-style-type: none"> Tough economic conditions and high levels of consumer indebtedness testing effectiveness of lending decisions, risk-based pricing and collection strategies implemented prior to the cycle turning with, high impairments reflecting the consequences of these practices, especially in the home loans business. Lower-than-expected sales volumes. Increased fraud levels. Debt counselling process an industry concern. 	<p>What went well:</p> <ul style="list-style-type: none"> Old Mutual joint-venture buyout. Lifting of product restrictions. Bancassurance and Wealth structural changes. Setting of new vision and 2010 strategy. Strong growth in Bancassurance and Asset Management Divisions. <p>Challenges:</p> <ul style="list-style-type: none"> Weak domestic demand and challenging retail sales conditions. High lapses and claims. Impairments impacting our Wealth businesses. Pressure on margins, particularly in the UK environment of low interest rates.
	<ul style="list-style-type: none"> Leveraging strong foundation for sustainable financial performance at high risk-adjusted returns. Fragile economic recovery impacting on client demand and keeping 2010 earnings under pressure, especially as lower average interest rates impact endowment income. Focusing on topline revenue growth through: <ul style="list-style-type: none"> enhanced sales force effectiveness in growing new primary banked clients and cross-selling into our existing clients (clients do not easily switch banks); and using established risk management disciplines as an enabler of business growth. Ongoing innovation in deposits and transactional banking products while streamlining systems and processes to make it easy to do business with Nedbank. Focusing on building the talent pipeline to facilitate transformation and ensure business continuity as the war for talent is expected to increase as market conditions improve. 	<ul style="list-style-type: none"> Consumer indebtedness remains high and economic recovery is fragile, which means defaulted clients will take longer to cure. Impairments remaining well above the preferred risk appetite and proposed new target ranges. Continuing to emphasize risk management improvement, with more complex collections requiring a client view. Undertaking a detailed review of Retail to guide strategic choices that will align risk appetite, differentiators and strategy to generate sustainable EP through the cycle. 	<ul style="list-style-type: none"> Slow easing of consumer pressure through 2010, with sluggish recoveries across most industries. Better growth opportunities in 2010 than in previous year.

SEGMENTAL OPERATIONAL STATISTICS

FOR THE YEAR ENDED 31 DECEMBER

Nedbank Retail

Classification of clients	Number of clients	Number of internet banking clients	Number of branches	Banking outlets, including kiosks	Private bank suites	Mobile sales
2009	4 831 133	439 609	438	75	18	72
2008	4 368 552	388 387	444	42	19	101
	Number of personal loan kiosks	Number of personal loan branches	Point-of-sale devices enabled for cashback	Number of automated teller machines	Number of self-service-terminals	Number of employees
2009	250	30	3 027	1 874	379	16 058
2008	230	26	3 075	1 747	374	16 461

Nedbank Corporate

Classification of clients

	Number of clients	Number of electronic banking clients/profiles	Number of automated teller machines Africa	Number of locations/branches	Number of employees
2009					
Corporate Banking (turnover > R400m)	526	2 791		5	294
Property Finance	4 658			7	434
Africa	181 594	12 784	68	42	1 133
Other	10 503	3 716	6	5	1 858
Total	197 281	19 291	74	59	3 719
2008					
Corporate Banking (turnover > R400m)	523	2 831		5	302
Property Finance	5 069			7	457
Africa	160 217	10 561	65	41	1 218
Other	20 693	2 956	6	5	1 934
Total	186 502	16 348	71	58	3 911

Nedbank Business Banking

Classification of clients

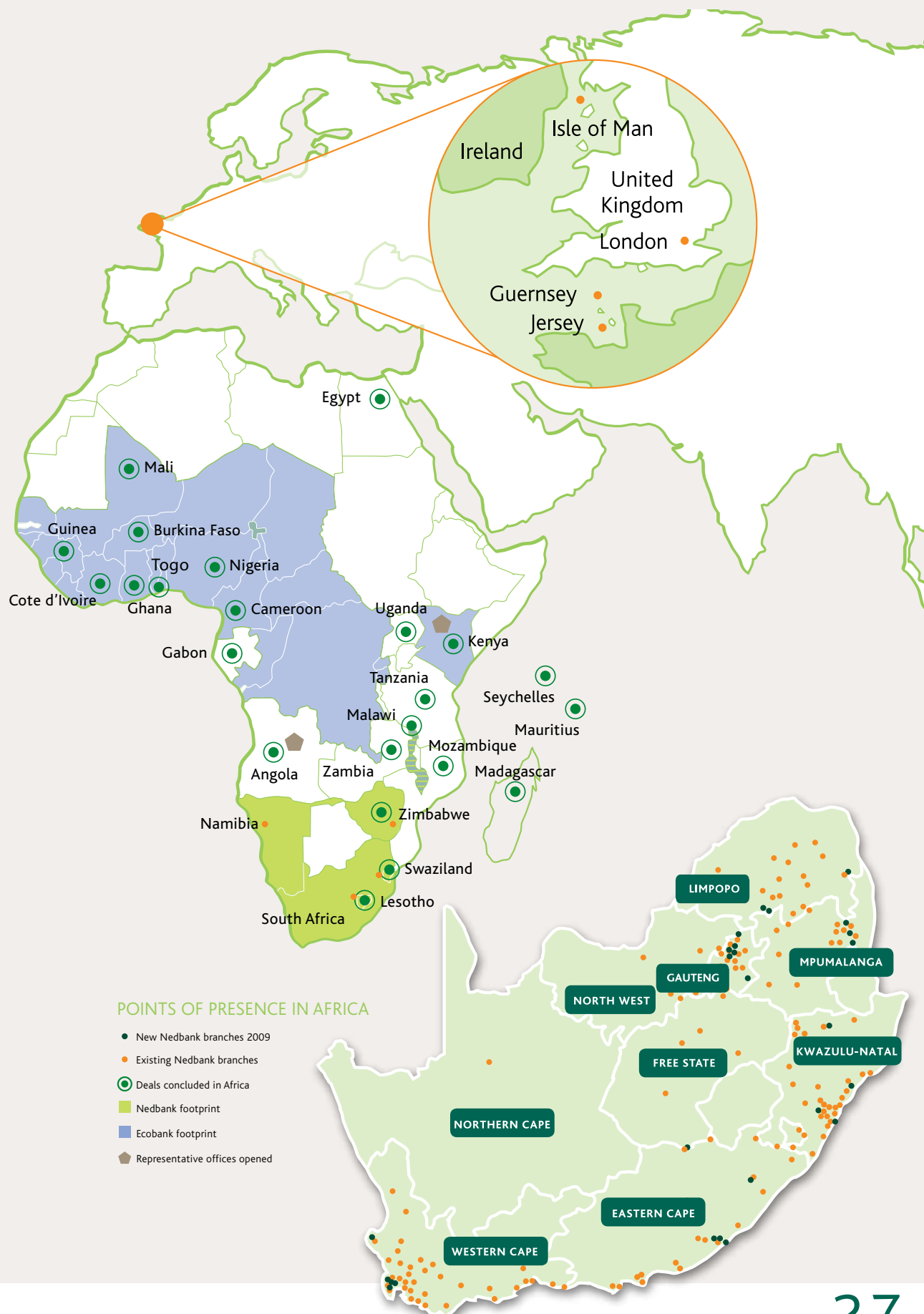
	Number of clients	Number of electronic banking clients/profiles	Number of locations	Number of employees
2009	22 657	19 056	67	2 229
2008	23 996	17 576	73	2 281

Imperial Bank

Classification of clients

	Number of clients	Number of branches	Number of employees
2009	392 888	15	1 107
2008	343 003	15	1 148

OPERATIONAL FOOTPRINT



NEDBANK GROUP LIMITED SIX-YEAR REVIEW – STATISTICS AND RATIOS

Share statistics		Five-year CAGR*	2009	2008	2007	2006	2005	2004
		%						
Earnings per share								
Headline	cents	15,9	1 010	1 422	1 485	1 110	797	483
Diluted headline	cents	15,3	983	1 401	1 429	1 076	791	482
Basic	cents	21,9	1 140	1 581	1 511	1 135	966	423
Diluted basic	cents	21,3	1 109	1 558	1 454	1 099	958	422
Dividends/Distributions								
Declared per share	cents	29,7	440	620	660	493	290	120
Paid/Capitalised per share	cents	45,8	520	660	594	394	181	79
Dividend/Distribution cover	cents		2,30	2,29	2,25	2,25	2,75	4,00
Net asset value per share	cents	14,4	9 100	8 522	7 513	6 363	5 597	4 654
Tangible net asset value per share	cents	17,1	7 398	7 179	6 207	5 106	4 351	3 361
Shares								
Gross number in issue	m		499	469	459	451	443	394
Treasury shares	m		(63)	(59)	(57)	(56)	(41)	**
Net number in issue	m		436	410	402	395	402	394
Weighted average number	m		423	405	399	400	397	361
Fully diluted weighted average	m		435	412	414	412	400	362
Share price and related statistics								
Nedbank Group traded price								
Closing	cents		12 405	9 550	13 600	13 350	10 000	7 780
High	cents		12 900	13 975	15 810	13 950	10 280	7 999
Low	cents		6 492	7 498	12 325	9 790	6 700	5 240
JSE Banks Index – closing			36 675	30 566	35 876	36 121	29 234	22 975
JSE All-share Index – closing			27 666	21 509	28 958	24 915	18 097	12 657
Market capitalisation	Rbn		61,9	44,8	62,5	60,2	44,3	30,7
Number of shares traded	m		272,7	305,4	232,2	191,7	168,1	245,8
Number traded to weighted average number of shares	%		64,5	75,4	58,2	48,0	42,3	68,1
Value of shares traded	Rm		27 512	31 237	31 954	22 219	13 709	15 345
Value traded to market capitalisation	%		44,5	69,8	51,1	36,9	31,0	50,0
Price/earnings ratio	historical		12	7	9	12	13	16
Price to book	times		1,4	1,1	1,8	2,1	1,8	1,7
Dividend yield	%		3,5	6,5	4,9	3,7	2,9	1,5
Earnings yield	%		8,1	14,9	10,9	8,3	8,0	6,2
Closing price/tangible net asset value	times		1,7	1,3	2,2	2,6	2,3	2,3
Performance ratios								
Net interest income to interest-earning assets	%		3,39	3,66	3,94	3,94	3,55	3,18
Non-interest revenue to total income	%		42,2	39,9	42,5	46,3	49,8	53,1
Credit loss ratio	%		1,47	1,17	0,62	0,52	0,49	0,55
Non-interest revenue to total operating expenses	%		78,8	78,1	77,4	79,7	76,9	74,0
Efficiency ratio								
Including BEE transaction expense	%		53,5	51,1	54,9	58,2	64,8	71,8
Excluding BEE transaction expense	%		53,1	50,4	54,2	57,5	62,5	71,8
Expenses to average assets	%		2,65	2,60	2,95	3,06	3,24	3,41
Effective taxation rate	%		20,2	21,6	26,3	27,8	23,4	24,2
Return on total assets	%		0,75	1,09	1,30	1,14	0,93	0,54
Return on risk-weighted assets	%		1,31	1,62	1,76	1,60	1,40	0,82
Return on ordinary shareholders' equity	%		11,5	17,7	21,4	18,6	15,5	11,0

Assets and related ratios		Five-year CAGR* %	2009	2008	2007	2006	2005	2004
Advances								
Performing advances	Rm	14,5	433 054	424 791	370 125	306 004	249 318	220 202
Defaulted/Impaired loans and advances***	Rm		27 045	17 301	9 909	7 743	4 304	7 490
Gross advances	Rm	15,1	460 099	442 092	380 034	313 747	253 622	227 692
Impairment of advances	Rm		(9 798)	(7 859)	(6 078)	(5 184)	(5 214)	(6 684)
Net advances	Rm		450 301	434 233	373 956	308 563	248 408	221 008
NPAs to gross advances	%		5,9	3,9	2,6	2,5	1,7	3,3
Impairment of advances to gross advances	%		2,1	1,8	1,6	1,7	2,1	2,9
Assets								
Total assets on statement of financial position	Rm	11,7	570 703	567 023	488 856	424 912	352 258	327 840
Assets under management	Rm		93 625	84 381	85 438	86 212	63 925	60 369
Total assets administered by the group	Rm	11,3	664 328	651 404	574 294	511 124	416 183	388 209
Capital and related ratios								
Total equity attributable to equity holders of the parent	Rm	16,7	39 649	34 913	30 193	25 116	22 490	18 337
Regulatory capital****								
Tier 1	Rm		37 673	33 967	26 611	22 932	21 151	17 274
Total qualifying capital	Rm		48 584	44 120	37 421	32 683	29 099	25 663
Risk-weighted assets****	Rm		326 466	355 235	334 876	276 914	225 756	212 459
Group capital adequacy ratio****								
Core Tier 1	%		9,9	8,2	7,2			
Tier 1	%		11,5	9,6	8,2	8,3	9,4	8,1
Total	%		14,9	12,4	11,4	11,8	12,9	12,1
Employee statistics and ratios								
Number of employees			27 037	27 570	26 522	24 034	22 188	21 103
Revenue per employee	R'000		798	801	846	788	713	665
Expenses per employee	R'000		558	498	509	495	497	518
Headline earnings per employee	R'000		158	209	223	185	143	83

Refer to pages 423 to 431 for definitions of terms used.

* Compound annual growth rate.

** Represents amounts less than R1 million.

*** The amounts for 2007 to 2009 represent defaulted advances, while those for 2004 to 2006 represent impaired advances.

**** Ratios and balances for 2007 to 2009 were calculated according to Basel II principles, while ratios and balances for previous years were calculated according to Basel I principles.

NEDBANK GROUP LIMITED SIX-YEAR REVIEW –STATEMENT OF COMPREHENSIVE INCOME

Rm	Five-year CAGR* %	2009	2008	2007	2006	2005	2004
Interest and similar income	17,3	50 537	57 986	42 001	28 521	23 234	22 789
Interest expense and similar charges	17,0	34 231	41 816	27 855	17 558	14 705	15 644
Net interest income	17,9	16 306	16 170	14 146	10 963	8 529	7 145
Impairments charge on loans and advances	40,4	6 634	4 822	2 164	1 483	1 189	1 217
Income from lending activities	10,3	9 672	11 348	11 982	9 480	7 340	5 928
Non-interest revenue	8,0	11 906	10 729	10 446	9 468	8 469	8 099
Operating income	9,0	21 578	22 077	22 428	18 948	15 809	14 027
Total operating expenses	6,7	15 100	13 741	13 489	11 886	11 017	10 939
Operating expenses	7,7	14 974	13 547	13 341	11 740	10 469	10 314
Merger and recovery programme expenses						155	625
BEE transaction expenses		126	194	148	146	393	
Indirect taxation	(1,4)	438	374	305	345	223	470
Profit from operations before non-trading and capital items	18,2	6 040	7 962	8 634	6 717	4 569	2 618
Non-trading and capital items	(219,7)	624	756	111	124	701	(254)
Profit from operations	23,0	6 664	8 718	8 745	6 841	5 270	2 364
Share of profits of associates and joint ventures	(17,8)	55	154	239	153	167	147
Profit before direct taxation	21,8	6 719	8 872	8 984	6 994	5 437	2 511
Direct taxation	15,8	1 307	1 868	2 343	1 933	1 140	629
Profit for the year	23,5	5 412	7 004	6 641	5 061	4 297	1 882
Profit attributable to:							
Equity holders of the parent	25,9	4 826	6 410	6 025	4 533	3 836	1 528
Non-controlling interest – ordinary shareholders	14,1	242	257	344	309	233	125
Non-controlling interest – preference shareholders	8,5	344	337	272	219	228	229
	23,5	5 412	7 004	6 641	5 061	4 297	1 882
Headline earnings	19,7	4 277	5 765	5 921	4 435	3 167	1 743

* Compound annual growth rate.

NEDBANK GROUP LIMITED SIX-YEAR REVIEW –STATEMENT OF FINANCIAL POSITION

Rm	Five-year CAGR* %	2009	2008	2007	2006	2005	2004
ASSETS							
Cash and cash equivalents	11,2	7 867	8 609	10 344	12 267	11 142	4 630
Other short-term securities	2,6	18 550	18 589	25 793	25 756	17 014	16 310
Derivative financial instruments	(14,2)	12 710	22 321	9 047	15 273	16 176	27 276
Government and other securities	6,5	35 983	42 138	29 637	22 196	22 658	26 224
Loans and advances	15,3	450 301	434 233	373 956	308 563	248 408	221 008
Other assets	(5,1)	5 455	6 084	9 313	12 468	11 601	7 101
Clients' indebtedness for acceptances	6,1	2 031	3 024	2 251	2 577	1 291	1 509
Current taxation receivable	25,2	602	346	59	161	134	196
Investment securities	10,9	11 025	8 455	8 318	7 155	6 875	6 561
Non-current assets held for sale	(24,2)	12	10	31	490	385	48
Investments in associate companies and joint ventures	(1,9)	924	1 167	978	907	657	1 019
Deferred taxation asset	(25,8)	282	200	25	120	680	1 258
Investment property	3,9	211	213	171	158	163	174
Property and equipment	11,9	4 967	4 327	3 929	3 377	3 095	2 828
Long-term employee benefit assets	9,5	1 860	1 741	1 393	1 444	1 225	1 183
Mandatory reserve deposits with central bank	14,2	10 508	10 065	8 364	7 039	5 747	5 420
Intangible assets	7,8	7 415	5 501	5 247	4 961	5 007	5 095
Total assets	11,7	570 703	567 023	488 856	424 912	352 258	327 840
EQUITY AND LIABILITIES							
Ordinary share capital	2,0	436	410	402	395	402	394
Ordinary share premium	6,8	13 728	11 370	10 721	9 727	10 465	9 892
Reserves	25,9	25 485	23 133	19 070	14 994	11 623	8 051
Total equity attributable to equity holders of the parent	16,7	39 649	34 913	30 193	25 116	22 490	18 337
Non-controlling interest attributable to:							
– ordinary shareholders	22,1	1 849	1 881	1 511	1 202	1 049	680
– preference shareholders	4,7	3 486	3 279	3 421	3 070	2 770	2 770
Total equity	15,6	44 984	40 073	35 125	29 388	26 309	21 787
Derivative financial instruments	(16,1)	11 551	23 737	11 432	12 904	17 055	27 781
Amounts owed to depositors	13,4	469 355	466 890	384 541	324 685	261 311	250 747
Provisions and other liabilities	(3,1)	11 252	9 829	34 225	37 847	32 357	13 153
Liabilities under acceptances	6,1	2 031	3 024	2 251	2 577	1 291	1 509
Current taxation liabilities	10,3	315	235	337	434	466	193
Other liabilities held for sale					417		
Deferred taxation liabilities	11,2	1 945	2 100	1 616	1 649	959	1 143
Long-term employee benefit liabilities	3,3	1 304	1 231	1 157	1 215	1 071	1 109
Investment contract liabilities	16,8	6 749	5 843	5 846	5 278	4 166	3 109
Insurance contract liabilities		1 133					
Long-term debt instruments	22,4	20 084	14 061	12 326	8 518	7 273	7 309
Total liabilities	11,4	525 719	526 950	453 731	395 524	325 949	306 053
Total equity and liabilities	11,7	570 703	567 023	488 856	424 912	352 258	327 840
Guarantees on behalf of clients	21,2	28 161	25 226	20 579	15 250	11 064	10 770

* Compound annual growth rate.

ECONOMIC REVIEW

'The economic climate was exceptionally tough during most of 2009 with South Africa experiencing its first consumer recession since the early 1990s. The economic climate should continue to improve in 2010, helped by relatively low interest rates, slowly rising employment, infrastructure spending and the positive effects emanating from the hosting of the 2010 FIFA World Cup.'



Dennis Dykes (49)
Chief Economist: Nedbank Group
25 years' service

Overview

The economic climate was exceptionally tough during most of 2009. The financial crisis and the worst global recession in the post-Second World War era hurt exports badly and resulted in significant job losses at a time when the domestic economy had already started to slow in response to high interest rates and elevated household debt levels. However, in line with many other countries, the economy bounced back in the second half of the year, although activity levels remained depressed.

The massive deterioration in the global economy in late 2008 and early 2009 followed by the recovery in the second half of the year overrode domestic determinants in 2009. Although South Africa was relatively fortunate given sound public finances, an advanced infrastructure programme and a largely unaffected banking sector, the global downturn hit primary and secondary activity particularly badly. Manufacturing contracted in the first half of the year as demand from key trading partners dried up. Sectors such as motor vehicles, steel and chemicals all experienced sudden slowdowns. Firms

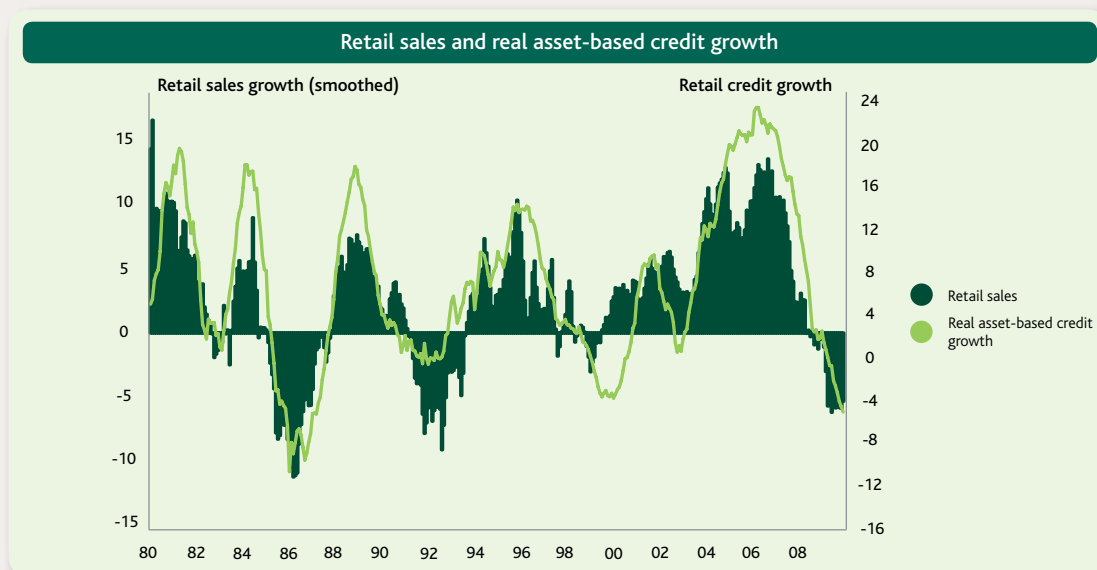
were forced to lay off workers or reduce working hours in order to maintain long-term viability. Fortunately, policy-induced recoveries in key developed and developing economies ensured that the downturn was relatively short-lived. By May manufacturing activity was already starting to recover and the upswing had gained some momentum by the final quarter of the year.

South Africa experienced its first consumer recession since the early 1990s, starting in the middle of 2008 and deepening in 2009. Households were already under pressure before the onset of the global crisis, hampered by high interest rates and debt levels. Rising unemployment then hurt disposable incomes and weakened consumer demand further. From the peak in employment in the final quarter of 2008 to the trough in the third quarter of 2009 numbers employed fell by 6,9%. Fortunately there were early signs towards the end of the year that these negative trends had started to reverse. Employment grew marginally in the fourth quarter and retail spending started to pick up, albeit modestly and from depressed levels.

Capital formation continued to grow in 2009, bolstered by massive spending on transport and energy infrastructure. However, the rate of growth slowed markedly, partly because of the high base established over the past six years, but mainly because of a contraction in private sector capital spending. The private sector cut back investment plans and spending following the dramatic change in local and global circumstances in late 2008.

Balance of payments developments were generally favourable. Although exports were well below the previous year's levels, imports fell at a faster pace, resulting in a substantial narrowing in the trade deficit. Positive terms of trade effects, with export prices outpacing import prices, also reinforced volume changes. Trends in the capital account were also favourable. In contrast to 2008, positive balances on the financial account expanded as 2009 progressed, helped by large foreign purchases of SA securities as risk aversion lifted and enthusiasm over developing economy prospects grew.

Inflation fell as food and energy prices moderated from the peaks in 2008.



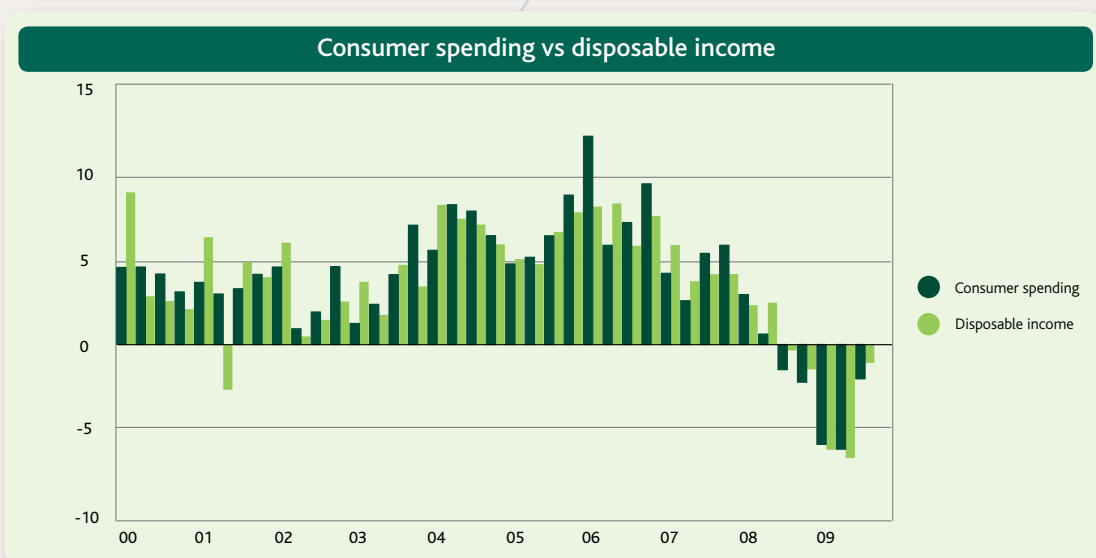
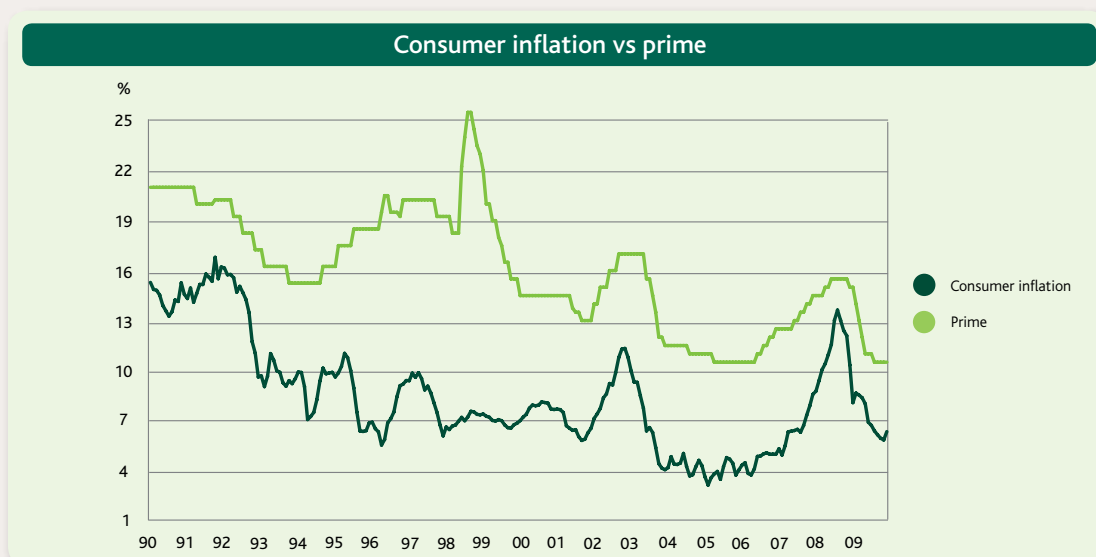
ECONOMIC REVIEW... CONTINUED

The combination of a better inflation outlook and very weak economic activity led to sharp cuts in interest rates. The Reserve Bank added 450 basis points to the 50-basis-point cut in December 2008, taking the key repurchase rate from a peak of 12% to 7% by August. Prime lending rates fell from 15,5% to 10,5%, coincidentally the same as the 2005 low experienced in the previous cycle.

Growth in credit extension to the private sector continued to fall throughout the year and ended the year in negative territory, the first such contraction since the mid-1960s. Credit normally responds with a lag to real economic activity as well as interest rate moves. This cycle has been exaggerated by the severity and nature of the downswing.

Outlook

The economic climate should continue to improve in 2010, helped by relatively low interest rates, slowly rising employment, infrastructure spending and the positive effects emanating from the hosting of the 2010 FIFA World Cup. However, the global and local environment remains fragile, with strong headwinds on medium-term growth prospects. Credit markets are likely to remain impaired given the prospects of tighter regulatory standards and the effect of the recent negative history on financial models. Governments will have to cut back after the largesse of 2008 that has left public debt at unprecedented levels, and central banks will also start to remove excessive liquidity in the system.



**WHEN THE
ELEPHANTS
FIGHT IT IS
THE GRASS
THAT SUFFERS.**

Nigerian Proverb

The African Alliance that provides local business
intelligence and tailored banking solutions.

Ecobank
The Pan African Bank



NEDBANK

The African Champion Banking Network