NEDBANK GROUP LIMITED SEVEN-YEAR ECONOMIC, ENVIRONMENTAL, SOCIAL AND CULTURAL REVIEW – STATISTICS AND RATIOS

SHARE STATISTICS		Six-year CAGR* %	2010	2009	2008	2007	2006	2005	2004
ECONOMIC									
Earnings per share									
Headline	cents	14, 8	**1 104**	1 010	1 422	1 485	1 110	797	483
Diluted headline	cents	14,2	**1 069**	983	1 401	1 429	1 076	791	482
Basic	cents	17,0	**1 084**	1 140	1 581	1 511	1 135	966	423
Diluted basic	cents	16,4	**1 050**	1 109	1 558	1 454	1 099	958	422
Dividends/Distributions									
Declared per share	cents	26,0	**480**	440	620	660	493	290	120
Paid/capitalised per share	cents	33,2	**442**	520	660	594	394	181	79
Dividend/Distribution cover		(8,8)	**2,30**	2,30	2,29	2,25	2,25	2,75	4,00
Net asset value per share	cents	15,3	**9 831**	9 100	8 522	7 513	6 363	5 597	4 654
Tangible net asset value per share	cents	15,9	**8 160**	7 398	7 179	6 207	5 106	4 351	3 361
Shares									
Gross number in issue	m		**515**	499	469	459	451	443	394
Treasury shares	m		**(66)**	(63)	(59)	(57)	(56)	(41)	##
Net number in issue	m		**449**	436	410	402	395	402	394
Weighted average number	m		**444**	423	405	399	400	397	361
Fully diluted weighted average	m		**458**	435	412	414	412	400	362

SHARE PRICE AND RELATED STATISTICS								
ECONOMIC								
Nedbank Group traded price								
Closing	cents	**13 035**	12 405	9 550	13 600	13 350	10 000	7 780
High	cents	**15 000**	12 900	13 975	15 810	13 950	10 280	7 999
Low	cents	**11 725**	6 492	7 498	12 325	9 790	6 700	5 240
JSE Banks Index – closing		**40 985**	36 675	30 566	35 876	36 121	29 234	22 975
JSE All-share Index – closing		**32 119**	27 666	21 509	28 958	24 915	18 097	12 657
Market capitalisation	Rbn	**67,1**	61,9	44,8	62,5	60,2	44,3	30,7
Number of shares traded	m	**265,2**	272,7	305,4	232,2	191,7	168,1	245,8
Number traded to weighted average number of shares	%	**59,7**	64,5	75,4	58,2	48,0	42,3	68,1
Value of shares traded	Rm	**35 379**	27 512	31 237	31 954	22 219	13 709	15 345
Value traded to market capitalisation	%	**52,7**	44,5	69,8	51,1	36,9	31,0	50,0
Price/Earnings ratio	historical	**12**	12	7	9	12	13	16
Price to book	times	**1,3**	1,4	1,1	1,8	2,1	1,8	1,7
Dividend yield	%	**3,7**	3,5	6,5	4,9	3,7	2,9	1,5
Earnings yield	%	**8,5**	8,1	14,9	10,9	8,3	8,0	6,2
Closing price/Tangible net asset value	times	**1,6**	1,7	1,3	2,2	2,6	2,3	2,3

PERFORMANCE RATIOS								
ECONOMIC								
Net interest income to interest-earning banking assets	%	**3,35**	3,39	3,66	3,94	3,94	3,55	3,18
Non-interest revenue to total income	%	**44,3**	42,2	39,9	42,5	46,3	49,8	53,1
Credit loss ratio – banking advances**	%	**1,36**	1,52	1,17	0,62	0,52	0,49	0,55
Non-interest revenue to total operating expenses	%	**79,6**	78,8	78,1	77,4	79,7	76,9	74,0
Efficiency ratio								
Including black economic empowerment (BEE) transaction expense**	%	**55,7**	53,5	51,1	54,9	58,2	64,8	71,8
Excluding BEE transaction expense**	%	**55,2**	53,1	50,4	54,2	57,5	62,5	71,8
Expenses to average assets	%	**2,81**	2,65	2,60	2,95	3,06	3,24	3,41
Effective taxation rate	%	**20,7**	20,2	21,6	26,3	27,8	23,4	24,2
Return on total assets**	%	**0,82**	0,76	1,09	1,30	1,14	0,93	0,54
Return on risk-weighted assets	%	**1,51**	1,31	1,62	1,76	1,60	1,40	0,82
Return on equity (excluding goodwill)**	%	**13,4**	13,4	20,1	24,8	22,1	18,9	14,4
Return on equity**	%	**11,8**	11,8	17,7	21,4	18,6	15,5	11,0

ASSETS AND RELATED RATIOS		Six-year CAGR* %	2010	2009	2008	2007	2006	2005	2004
ECONOMIC									
Advances									
Performing advances	Rm	13,1	**459 734**	433 054	424 791	370 125	306 004	249 318	220 202
Defaulted/Impaired loans and advances***	Rm		**26 765**	27 045	17 301	9 909	7 743	4 304	7 490
Gross advances	Rm	13,5	**486 499**	460 099	442 092	380 034	313 747	253 622	227 692
Impairment of advances	Rm		**(11 226)**	(9 798)	(7 859)	(6 078)	(5 184)	(5 214)	(6 684)
Net advances	Rm		**475 273**	450 301	434 233	373 956	308 563	248 408	221 008
Non-performing assets to gross advances	%		**5,5**	5,9	3,9	2,6	2,5	1,7	3,3
Impairment of advances to gross advances	%		**2,3**	2,1	1,8	1,6	1,7	2,1	2,9
Assets									
Total assets on statement of financial position	Rm	10,9	**608 718**	570 703	567 023	488 856	424 912	352 258	327 840
Assets under management[+]	Rm		**102 570**	87 204	84 381	85 438	86 212	63 925	60 369
Total assets administered by the group	Rm	10,6	**711 288**	657 907	651 404	574 294	511 124	416 183	388 209

CAPITAL AND RELATED RATIOS									
ECONOMIC									
Total equity attributable to equity holders of the parent	Rm	15,7	**44 101**	39 649	34 913	30 193	25 116	22 490	18 337
Regulatory capital****									
Tier 1	Rm		**36 861**	36 627	33 967	26 611	22 932	21 151	17 274
Total qualifying capital	Rm		**47 372**	47 538	44 120	37 421	32 683	29 099	25 663
Risk-weighted assets****	Rm		**323 437**	326 466	355 235	334 876	276 914	225 756	212 459
Group capital adequacy ratio****									
Core Tier 1	%		**10,1**	9,9	8,2	7,2			
Tier 1	%		**11,7**	11,5	9,6	8,2	8,3	9,4	8,1
Total	%		**15,0**	14,9	12,4	11,4	11,8	12,9	12,1
ENVIRONMENTAL									
Electricity consumption[++]	kWh		**83 341 027**	95 546 670	98 710 927	100 580 577			
Water consumption[++]	kl		**263 876**	276 481[#]	373 935	445 459			
Waste reduction: Landfill[++]	tonnes		**497**	552	674	774			
Total recycled materials[++]	tonnes		**500**	455	419	396			
Paper consumption[+++]	tonnes		**1 917**	1 932	1 928	2 019			
Total carbon emissions	tonnes		**213 428**	213 081	135 469	129 946			
SOCIAL									
Corporate social investment (CSI) spend	Rm		**70,2**	68,3	38,0	37,1	36,2	40,5	
Socioeconomic development spend	Rm		**79,9**	72,6	66,9	45,3			
Overall BEE spend ratio	%		**85,1**	83,4	62,0	48,1	46,0	34,9	
CULTURAL									
Number of employees			**27 525**	27 037	27 570	26 522	24 034	22 188	21 103
Revenue per employee	R'000		**859**	798	801	846	788	713	665
Expenses per employee	R'000		**603**	558	498	509	495	497	518
Headline earnings per employee	R'000		**178**	158	209	223	185	143	83
Training and skills development spend	% of payroll		**3,6**	4,3	4,1	2,0	2,7	2,3	
Compliance to Occupational Health and Safety (OHS) Programme	%		**Above 95**	Above 95	93,6	91,2	94,3	Above 95	

Refer to page 417 for definitions of terms used.

* *Compound annual growth rate.*

** *2010 and 2009 are calculated using a daily-average denominator. 2008 and prior are calculated using a simple-average denominator.*

*** *The amounts for 2007 to 2010 represent defaulted advances, while those for 2004 to 2006 represent impaired advances.*

**** *Ratios and balances for 2007 to 2010 were calculated according to Basel II principles, while ratios and balances for prior years were calculated according to Basel I principles.*

[+] *Restated for 2009 and 2008.*

[++] *Campus sites only.*

[+++] *Previously reported only campus site usage. Reporting now includes total consumption across the group. 2010 number also includes Imperial staffmembers.*

[#] *2009 figure was 310 210 kl. This has been restated to remove the water used during the construction of the Phase 2 building.*

[##] *Less than R1 million.*

NEDBANK GROUP LIMITED SEVEN-YEAR FINANCIAL REVIEW – STATEMENT OF COMPREHENSIVE INCOME

Rm	Six-year CAGR* %	2010	2009	2008	2007	2006	2005	2004
Interest and similar income	11,7	**44 377**	50 537	57 986	42 001	28 521	23 234	22 789
Interest expense and similar charges	10,0	**27 769**	34 231	41 816	27 855	17 558	14 705	15 644
Net interest income	15,1	**16 608**	16 306	16 170	14 146	10 963	8 529	7 145
Impairments charge on loans and advances	31,1	**6 188**	6 634	4 822	2 164	1 483	1 189	1 217
Income from lending activities	9,9	**10 420**	9 672	11 348	11 982	9 480	7 340	5 928
Non-interest revenue	8,5	**13 215**	11 906	10 729	10 446	9 468	8 469	8 099
Operating income	9,1	**23 635**	21 578	22 077	22 428	18 948	15 809	14 027
Total operating expenses	7,2	**16 598**	15 100	13 741	13 489	11 886	11 017	10 939
Operating expenses	8,1	**16 450**	14 974	13 547	13 341	11 740	10 469	10 314
Merger and recovery programme expenses							155	625
Black economic empowerment transaction expenses		**148**	126	194	148	146	393	
Indirect taxation	(0,8)	**447**	438	374	305	345	223	470
Profit from operations before non-trading and capital items	16,6	**6 590**	6 040	7 962	8 634	6 717	4 569	2 618
Non-trading and capital items		**(91)**	624	756	111	124	701	(254)
Profit from operations	18,4	**6 499**	6 664	8 718	8 745	6 841	5 270	2 364
Share of profits of associates and joint ventures	(56,5)	**1**	55	154	239	153	167	147
Profit before direct taxation	17,2	**6 500**	6 719	8 872	8 984	6 994	5 437	2 511
Direct taxation	13,8	**1 364**	1 307	1 868	2 343	1 933	1 140	629
Profit for the year	18,2	**5 136**	5 412	7 004	6 641	5 061	4 297	1 882
Profit attributable to:								
Equity holders of the parent	21,1	**4 811**	4 826	6 410	6 025	4 533	3 836	1 528
Non-controlling interest – ordinary shareholders	(11,8)	**59**	242	257	344	309	233	125
– preference shareholders	2,5	**266**	344	337	272	219	228	229
	18,2	**5 136**	5 412	7 004	6 641	5 061	4 297	1 882
Headline earnings	18,8	**4 900**	4 277	5 765	5 921	4 435	3 167	1 743

** Compound annual growth rate.*

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

Rm	Six-year CAGR* %	2010	2009	2008	2007	2006	2005	2004
ASSETS								
Cash and cash equivalents	11,0	**8 650**	7 867	8 609	10 344	12 267	11 142	4 630
Other short-term securities	8,8	**27 044**	18 550	18 589	25 793	25 756	17 014	16 310
Derivative financial instruments	(10,6)	**13 882**	12 710	22 321	9 047	15 273	16 176	27 276
Government and other securities	3,3	**31 824**	35 983	42 138	29 637	22 196	22 658	26 224
Loans and advances	13,6	**475 273**	450 301	434 233	373 956	308 563	248 408	221 008
Other assets	5,9	**10 014**	5 455	6 084	9 313	12 468	11 601	7 101
Clients' indebtedness for acceptances	4,4	**1 953**	2 031	3 024	2 251	2 577	1 291	1 509
Current taxation receivable	16,2	**483**	602	346	59	161	134	196
Investment securities	10,5	**11 918**	11 025	8 455	8 318	7 155	6 875	6 561
Non-current assets held for sale	(31,4)	**5**	12	10	31	490	385	48
Investments in associate companies and joint ventures	(1,4)	**936**	924	1 167	978	907	657	1 019
Deferred taxation asset	(22,0)	**284**	282	200	25	120	680	1 258
Investment property	2,3	**199**	211	213	171	158	163	174
Property and equipment	12,1	**5 612**	4 967	4 327	3 929	3 377	3 095	2 828
Long-term employee benefit assets	9,6	**2 052**	1 860	1 741	1 393	1 444	1 225	1 183
Mandatory reserve deposits with central bank	12,7	**11 095**	10 508	10 065	8 364	7 039	5 747	5 420
Intangible assets	6,6	**7 494**	7 415	5 501	5 247	4 961	5 007	5 095
Total assets	10,9	**608 718**	570 703	567 023	488 856	424 912	352 258	327 840
EQUITY AND LIABILITIES								
Ordinary share capital	2,2	**449**	436	410	402	395	402	394
Ordinary share premium	7,8	**15 522**	13 728	11 370	10 721	9 727	10 465	9 892
Reserves	23,2	**28 130**	25 485	23 133	19 070	14 994	11 623	8 051
Total equity attributable to equity holders of the parent	15,7	**44 101**	39 649	34 913	30 193	25 116	22 490	18 337
Non-controlling interest attributable to:								
– ordinary shareholders	(22,0)	**153**	1 849	1 881	1 511	1 202	1 049	680
– preference shareholders	4,3	**3 560**	3 486	3 279	3 421	3 070	2 770	2 770
Total equity	14,0	**47 814**	44 984	40 073	35 125	29 388	26 309	21 787
Derivative financial instruments	(13,0)	**12 052**	11 551	23 737	11 432	12 904	17 055	27 781
Amounts owed to depositors	11,8	**490 440**	469 355	466 890	384 541	324 685	261 311	250 747
Provisions and other liabilities	5,6	**18 245**	11 252	9 829	34 225	37 847	32 357	13 153
Liabilities under acceptances	4,4	**1 953**	2 031	3 024	2 251	2 577	1 291	1 509
Current taxation liabilities	(0,2)	**191**	315	235	337	434	466	193
Other liabilities held for sale						417		
Deferred taxation liabilities	7,9	**1 804**	1 945	2 100	1 616	1 649	959	1 143
Long-term employee benefit liabilities	4,1	**1 414**	1 304	1 231	1 157	1 215	1 071	1 109
Investment contract liabilities	15,3	**7 309**	6 749	5 843	5 846	5 278	4 166	3 109
Insurance contract liabilities		**1 392**	1 133					
Long-term debt instruments	23,6	**26 104**	20 084	14 061	12 326	8 518	7 273	7 309
Total liabilities	10,6	**560 904**	525 719	526 950	453 731	395 524	325 949	306 053
Total equity and liabilities	10,9	**608 718**	570 703	567 023	488 856	424 912	352 258	327 840
Guarantees on behalf of clients	18,4	**29 614**	28 161	25 226	20 579	15 250	11 064	10 770

** Compound annual growth rate.*

CHAIRMAN'S REPORT

MARKET CAPITALISATION

R67,1bn

(2009: R61,9bn)

NET ASSET VALUE PER SHARE

9 831 cents

▲ 8,0%

DOW JONES WORLD SUSTAINABILITY INDEX

Only SA bank

(since 2004)

NEDBANK GROUP STRIVES TO BE A LEADER IN SUSTAINABILITY, NOT ONLY FOR THE STRATEGIC POSITIONING OF THE GROUP BUT, MOST IMPORTANTLY, BECAUSE IT MAKES SOUND BUSINESS AND MORAL SENSE.

GOVERNANCE AND KING III

One of the most dominant themes on the corporate agenda in the past year has been the King Report on corporate governance (King III) that has introduced profound changes to reporting through a heightened focus on organisational sustainability.

We welcomed the introduction last year of King III, as we believe this will be a catalyst to enhance governance and reporting standards of local companies further. Our governance standards are already highly rated internationally, as evidenced by South Africa being ranked first for auditing and reporting standards out of 139 countries in the World Economic Forum Global Competitiveness Report 2010 – 2011.

Since the inception of King III, Nedbank Group has endeavoured to apply the principles of the code and reviewed governance practices against these principles. The board is satisfied with the group's compliance with King III and that alternate governance controls are in place and are appropriately explained in cases where the principles have not been applied.

INTEGRATED SUSTAINABILITY REPORTING

Sustainability is a function of the balance of economic, environmental and social forces and should create value for staff, clients, investors, the communities in which we operate and the environment. King III introduces behaviours and governance practices that require reporting across these areas. Nedbank Group has a fourth dimension of cultural sustainability, as we believe employees have a critical role to play in building a sustainable group and supporting our efforts in the other three areas.

An example of how the imbalance of these forces can have disastrous consequences was the collapse of many international companies during the global financial crisis of the past few years, which can be ascribed to a lack of social sustainability. In certain instances executives engaged in self-enrichment and high-risk practices, and lost sight of their responsibility to their clients and the society in which they operate.

An integrated approach balances the interests of all stakeholder groups, demonstrating that all are as important as shareholders, and company reporting and disclosure now need to reflect this. It is therefore with pleasure that Nedbank Group presents this first integrated report to its stakeholders.

LEADERSHIP IN SUSTAINABILITY

By creating an equitable balance between the four pillars of sustainability we can make a valuable contribution not only to the economic wellbeing of our country, but also to the future of the country, uplifting and empowering people and preserving our natural resources. Companies operate in an economic ecosystem and, unless there is balance, they cannot generate returns on a sustainable, long-term basis.

Nedbank Group has been widely acknowledged for its progress in sustainability, from being the first SA bank to be included in the Dow Jones World Sustainability Index and the first local bank to commit itself to the Equator Principles to being recognised as a leading performer in the South African Carbon Disclosure Leadership Index.

In July 2010 Nedbank Group became the first financial services group in Africa to achieve carbon neutrality, highlighting the group's commitment to playing a leading role in sustainability.

Carbon neutrality provides a powerful platform for Nedbank Group to support national government in its efforts to drive the sustainable development of the country through the green economy. Our sustainability progress is addressed throughout the report, but group details may be found in the Chief Executive's Report and in the Sustainability Development Performance section.

ECONOMIC AND BANKING ENVIRONMENT

The local economy had a strong start to the year primarily driven by improved global demand for commodities and a rebound in manufacturing production off the depressed levels of 2009. Economic activity was also boosted by strong infrastructural spending ahead of the FIFA 2010 World Cup and by the event itself, with consumer spending rising steadily for most of the year. However, fixed investment by the private sector contracted for the second year off the elevated levels seen in 2008.

Growth in both the emerging and some parts of the developed world surprised on the upside, supported by China's economic strength and continued demand for commodities and capital goods. Massive liquidity injections by major central banks and historically low interest rates helped to stimulate economic growth further, particularly in emerging economies. In contrast, the underlying economic and financial environment remained fragile in the developed world, with fiscal difficulties in parts of Europe and America, continued weakness in credit markets, limited employment growth and inflationary concerns returning in emerging economies.

Household finances improved in South Africa as debt started to decrease and interest rates eased to the lowest levels in 36 years. The recovery in the credit cycle has proved to be more modest compared with previous cycles. Household demand for credit was contained by the consumer debt burden remaining relatively

high, increased regulatory requirements, policy uncertainty and employment growth only resuming late in the year. Against this background the ratio of household debt to disposable income declined marginally to 78,2% from just over 80,0% at the end of 2009. At the same time debt service costs decreased to 7,5%, the lowest level since June 2006, and are now at a level that is more conducive to improving economic growth in the consumer sector.

In the corporate sector excess capacity and uncertainty over the sustainability of the local and global recovery limited spending. Government fixed-investment spending, although continuing to contract, emerged as the main foundation for growth.

Real gross domestic product (GDP) in South Africa grew by 2,8% in 2010, compared with a decline of 1,7% in 2009.

OUR POLITICAL ECONOMY

South Africa's political economy is predicated on a few key pillars. At a political level we adhere to the rule of law, while freedom of speech and association are largely respected, and this makes our political environment commendable.

Our fiscal policies and practices are firmly entrenched and operate at a worldclass level. The Finance Ministry has been resolute in managing inflation and respecting the sound economic mechanisms that are in place, rather than artificially intervening to manipulate the relative strength and weakness of the rand. This approach augurs well for the economy.

In mid-year South Africa hosted the most successful football World Cup in history. The event showcased the country and its people to the world and boosted our image as a destination for direct investment and for the hospitality industry. More importantly, it showed that serious issues such as crime, in particular violent crime, can be contained and demonstrated that we have the capacity to manage these issues.

The World Cup taught our country numerous lessons and showed just what can be achieved when we apply our collective minds.

As outlined to shareholders in last year's annual report, our political leadership faces the challenge of creating jobs and restoring the country to a sustainable growth path. The government's recent focus on job creation is commendable and in a country where almost a quarter of our potentially economically active population is unemployed our priority must be to find employment for as many people as we can. This conflicts with the views of organised labour who are campaigning for the creation of 'decent' jobs.

In recent times there have been signs that some leaders are intent on eroding the credibility of our political system. Government appointments have been made that could not be justified in a mature democracy and restrictions have been placed on freedom of expression and association, while a concerning trend is the monetisation of politics in our country where access to and influence of the governing party can be turned into instant wealth. Politics becomes powerful currency by allowing access to political largesse, and this can only undermine the essence and soundness of our political economy.

BOARD OF DIRECTORS

Our board was strengthened with the appointment of Joel Netshitenzhe as an independent non-executive director. We are fortunate to have attracted a director with his strategic ability and experience of social policy, economics and politics.

Tom Boardman became a non-executive director following his retirement as Chief Executive and we are delighted to have retained his extensive knowledge and experience, together with his true passion for and commitment to the group.

During the year we said farewell to Bob Head from Old Mutual plc and Jabu Moleketi, who resigned after a brief tenure on the board following his appointment as Deputy Chairman of the Development Bank of Southern Africa and Chairman of Brait.

One of our longest-serving boardmembers and senior independent director, Chris Ball, steps down at the annual general meeting in May after reaching the mandatory retirement age for directors. We are pleased to advise shareholders that Malcolm Wyman will succeed Chris as Chairman of the Group Audit Committee.

The board currently comprises 17 directors, with 14 being non-executive and eight of these being classified as independent in terms of King III. We are currently canvassing potential candidates to appoint two further independent non-executive directors to the board.

There are two areas of board governance where the group does not adhere to the recommendations of King III and we have therefore applied alternate governance processes. As Chairman of the board, I am not classified as independent owing to my directorship of the group's parent company, Old Mutual plc, and through my relationship with Aka Capital, one of the shareholding partners in the group's black economic empowerment transaction. In response to this situation the position of lead independent director was created in 2007.

The board has also deliberated over the King III requirement that non-executive remuneration should comprise a base fee and an attendance-per-meeting fee. Our collective view is that this requirement is less relevant to our non-executive directors owing to the responsibilities of being a director of a bank and the need for boardmembers to provide input on an ongoing basis outside of board meetings.

SHAREHOLDING

The group has established a credible strategy for growth with the key thrusts being the repositioning of Nedbank Retail, growing the group's non-interest revenue, focusing on areas that yield higher economic profit and a greater focus on the rest of Africa. We recognise that having a strong global bank as a controlling shareholder could accelerate delivery of this strategy and therefore welcomed HSBC Holdings plc approaching Old Mutual plc to acquire a controlling stake in the bank.

Our bank is robust and adaptable, and following HSBC's decision to end the negotiations our people have acquitted themselves admirably in continuing to focus on our strategy and vision of building Africa's most admired bank. The group's results, ending the year slightly above our expectations at the time of the HSBC approach, are further testament to this.

Old Mutual plc has indicated that it would reduce its stake in Nedbank Group if it was in the best interests of all stakeholders.

MACRO-OUTLOOK

The lower domestic interest rates and rising levels of income should boost consumer spending. Together with improving global demand, this is expected to increase confidence levels and lead to better consumer demand and capital formation in 2011 and further momentum in 2012.

Retail banking credit growth should fare better as household credit demand improves, house prices edge higher and impairments moderate. Corporate markets are expected to show modest improvement, while the small and medium enterprise market is likely to remain under pressure until fixed-investment activity improves.

Government spending should continue to underpin growth, although this is expected to be limited by the reduction in fiscal deficits over the medium term. Government's stronger focus on job creation is also positive and much will depend on the ability to create a more enabling environment for business growth. Key to this will be improvements in the building of infrastructure and a more conducive and certain regulatory and policy environment to reduce the medium-term constraints on economic growth.

The group's prospects across economic, environmental, social and cultural sustainability are covered in the Financial Report and the Sustainable Development Perfomance section.

APPRECIATION

In closing, I thank my board colleagues for their insight and counsel over the past year as well as their commitment to the affairs of the group in an increasingly demanding governance, regulatory and legislative environment.

Thank you to Mike Brown and his Group Executive Committee for their leadership of the group. Mike is a most worthy successor to Tom Boardman and has demonstrated his leadership authority in the face of serious challenges. He has the wisdom and understanding of one many years older and has ensured that the members of the executive team are aligned and focused on a common goal.

Leadership can only succeed over the longer term by sharing the values and aspirations of the followers, and this means being able to distinguish between that which is expedient and populist, and that which is serviceable and honest. It takes insight, empathy and discipline to achieve resonance with followers – and these are the personal and group qualities that we seek to promote.

On behalf of the board we thank the Banking Regulator for the constructive manner in which he engages with the bank, and for his oversight of the complex banking sector.

My gratitude knows no bounds for our staffmembers who have again demonstrated their commitment, and it is most pleasing to see the benefits of their hard work reflecting in the group's improving performance.

Dr Reuel Khoza
Chairman
Sandton
24 February 2011

BOARD OF DIRECTORS

AT 1 JANUARY 2011

Dr Reuel Jethro Khoza (61)
Non-executive Chairman

Appointed August 2005 as a director and May 2006 as non-executive Chairman.

BA(Hons) Psychology (UNIN), MA Marketing Management (Lancaster, UK), EngD (Warwick, UK), IPBM-IMD (Lausanne, Switzerland), PMD (Harvard Business School, USA), LLD(hc) (Rhodes).

Nationality South African.

Reuel was appointed the non-executive Chairman of the group in May 2006. He is also Chairman of Aka Capital, a non-executive director of Nampak Limited, Protea Group Limited and Old Mutual plc. He is president of the Institute of Directors and in this capacity served on the King II and King III Committees on corporate governance. He is a founding director of the Black Management Forum and the former Chairman of Eskom Holdings. Reuel is also the Chancellor of the University of Limpopo.

Committees **Group Directors' Affairs Committee (Chairman).**

Shares

Nedbank Group Limited ordinary shares:	*1 374 beneficial indirect.*
Nedbank Limited preference shares:	*0.*

Christopher John Watkins Ball (71)
Senior Independent Non-executive Director

Appointed November 2002 as a director/February 2007 as a senior independent director.

Dip Iuris, MA.

Nationality South African.

Chris was appointed independent non-executive director of Nedbank Limited and Nedbank Group Limited during November 2002 and senior independent director in February 2007. He was previously a non-executive director of BoE Limited and five of its subsidiary companies.

Committees **Group Finance and Oversight Committee (Chairman), Group Audit Committee (Chairman), Group Remuneration Committee, Group Credit Committee, Group Directors' Affairs Committee, Group Risk and Capital Management Committee, Group Transformation and Sustainability Committee, Group Information Technology (IT) Committee.**

Shares

Nedbank Group Limited ordinary shares:	*10 000 beneficial direct.*
Nedbank Limited preference shares:	*144 300 beneficial direct.*

Thomas Andrew Boardman (61)
Non-executive Director

Appointed November 2002 as a director and March 2010 as a non-executive director.

BCom, CA (SA).

Nationality South African.

Tom was Chief Executive of Nedbank Group Limited from December 2003 to February 2010. He was previously Chief Executive and an executive director of BoE Limited. He was the founding shareholder and Managing Director of retail housewares chain Boardmans, which was sold to Pick n Pay in 2006. Prior to this he was Managing Director of Sam Newman Limited and worked for the Anglo American Corporation for three years. He is a non-executive director of Nedbank Group, Vodacom Limited, Woolworths Holdings and Mutual and Federal Insurance Company Limited. He is a director of the World Wide Fund for Nature South Africa and The Peace Parks Foundation and Chairman of the David Rattray Foundation, and serves as a trustee on a number of other charitable foundations.

Committees **Group Information Technology (IT) Committee, Group Credit Committee.**

Shares

Nedbank Group Limited ordinary shares:	*65 662 beneficial direct and 251 715 beneficial indirect.*
Nedbank Limited preference shares:	*85 000 beneficial indirect.*

Michael William Thomas Brown (44)
Chief Executive

Appointed June 2004 as director and March 2010 as Chief Executive.

BCom, Dip Acc, CA (SA), AMP (Harvard Business School, USA).

Nationality South African.

Mike was previously the Chief Financial Officer of the group. Prior to this he was an executive director of BoE Limited and, after the merger between Nedbank Limited, BoE Limited, Nedbank Investment Bank Limited and Cape of Good Hope Bank Limited, was appointed Head of Property Finance at Nedbank Limited.

Committees

Shares

Nedbank Group Limited ordinary shares:	*54 379 beneficial direct and 327 430 beneficial indirect.*
Nedbank Limited preference shares:	*0.*

Thenjiwe Claudia Pamela Chikane (45)
Non-executive Director

Appointed November 2006.

Chartered Accountant.

Nationality South African.

Thenjiwe was previously the Chief Executive of MGO Consulting and the Head of the Gauteng Department of Finance and Economic Affairs. She is a boardmember of Datacentrix Limited and of the Institute of Directors and a member of the Rice Africa Board. She was previously a non-executive director of the Development Bank of Southern Africa, Telkom, PetroSA and Chairperson of the State Information Technology Agency.

Committees **Group Transformation and Sustainability Committee (Chairman), Group Audit Committee, Group Information Technology (IT) Committee, Group Directors' Affairs Committee.**

Shares

Nedbank Group Limited ordinary shares:	*95 319 beneficial indirect.*
Nedbank Limited preference shares:	*0.*

Graham Wayne Dempster (55)
Chief Operating Officer

Appointed August 2009.

BCom, CTA, CA (SA), AMP (Harvard Business School, USA).

Nationality South African.

Graham joined the group in 1980 in the Corporate Finance Division of UAL Merchant Bank Limited. He was appointed General Manager in 1987 and Joint Head of the International Division. He assumed responsibility for the Corporate Banking Division in 1999 and was appointed Managing Director of Nedbank Corporate in 2003. Graham was appointed as the Chief Operating Officer of Nedbank Group Limited in August 2009.

Committees

Shares

Nedbank Group Limited ordinary shares:	*11 881 beneficial direct and 215 229 beneficial indirect.*
Nedbank Limited preference shares:	*0.*

Mustaq Ahmed Enus-Brey (56)
Non-executive Director

Appointed August 2005.

BCompt(Hons), CA (SA).

Nationality South African.

Mustaq was appointed as director in August 2005. He is also a director of Brimstone Investment Corporation Limited and Oceana Group Limited.

Committees **Group Risk and Capital Management Committee (Chairman), Group Directors' Affairs Committee, Group Credit Committee, Executive Credit Committee, Group Finance and Oversight Committee.**

Shares

Nedbank Group Limited ordinary shares:	*2 113 beneficial indirect.*
Nedbank Limited preference shares:	*0.*

Prof Brian De Lacy Figaji (66)
Non-executive Director

Appointed November 2002.

BSc(Eng), Dip Tertiary Edu Med, DEd (Coventry, UK), DLitt(hc) (California, USA).

Nationality South African.

Brian is Chairman of I&J Limited and MARIB Holdings. He is the former principal and vice-chancellor of the Peninsula Technikon. He is also a director of Cape Lime (Pty) Limited and the Development Fund of the Development Bank of Southern Africa. He became a Nedbank Group director in November 2002.

Committees **Group Remuneration Committee (Chairman), Group Credit Committee, Group Directors' Affairs Committee, Group Transformation and Sustainability Committee, Group Audit Committee.**

Shares

Nedbank Group Limited ordinary shares:	*125 933 beneficial indirect and 1 530 non-beneficial indirect.*
Nedbank Limited preference shares:	*0.*

Donald Ian Hope (54)
Non-executive Director

Appointed December 2009.

Member of the Association of Corporate Treasurers 1989.

Nationality New Zealand.

Don was appointed Head of Strategy Development at Old Mutual plc in March 2009. He joined the Old Mutual Group as Group Treasurer in May 1999 with responsibility for developing the group's international treasury function. Don is Chairman of Old Mutual (Bermuda) Limited.

Committees **Group Risk and Capital Management Committee, Group Remuneration Committee, Group Finance and Oversight Committee.**

Shares

Nedbank Group Limited ordinary shares:	*0.*
Nedbank Limited preference shares:	*0.*

Alan De Villiers Charles Knott-Craig (58)
Non-executive Director

Appointed January 2009.

BSc(Eng) (Elec), MBL, DBL(hc), DBA(hc).

Nationality South African.

Alan served as Managing Director of Vodacom Limited from 1993 and was Chief Executive of Vodacom Group from 1996 until his retirement at the end of September 2008. He is currently an independent non-executive director of Murray and Roberts Holdings Limited, a member of the Board of the Council for Scientific and Industrial Research, an independent non-executive director of Right to Care and a Governor of the Lebone II School.

Committees **Group Information Technology (IT) Committee (Chairman), Group Finance and Oversight Committee, Group Risk and Capital Management Committee, Group Directors' Affairs Committee.**

Shares

Nedbank Group Limited ordinary shares:	*0.*
Nedbank Limited preference shares:	*0.*

Wendy Elizabeth Lucas-Bull (57)
Non-executive Director

Appointed August 2009.

BSc.

Nationality South African.

Wendy is a member of empowerment investment company, Peotona Group Holdings. She was previously Chief Executive of FirstRand's retail business and prior to that an executive director of Rand Merchant Bank. She is currently an independent non-executive director of Eskom, the Development Bank of Southern Africa, BSA, Anglo Platinum and Dimension Data plc. Wendy is also a member of the President's Advisory Council on Black Economic Empowerment.

Committees **Group Credit Committee (Chairman), Executive Credit Committee (Chairman), Group Risk and Capital Management Committee, Group Director's Affairs Committee, Group Finance and Oversight Committee.**

Shares

Nedbank Group Limited ordinary shares:	*0.*
Nedbank Limited preference shares:	*0.*

Nomavuso Patience Mnxasana (54)
Non-executive Director

Appointed October 2008.

BCompt(Hons), CA (SA).

Nationality South African.

Nomavuso is a director at Winhold Group, Optimum Coal Limited and Land Bank Limited. She was a senior partner and member of the executive committee of SizweNtsaluba before serving as Group Audit and Risk Executive at Imperial Holdings Limited.

Committees **Group Audit Committee, Group Remuneration Committee, Group Risk and Capital Management Committee.**

Shares

Nedbank Group Limited ordinary shares:	*51 242 beneficial indirect.*
Nedbank Limited preference shares:	*0.*

Raisibe Kgomaraga Morathi (41)
Chief Financial Officer

Appointed September 2009.

BCompt(Hons), CA (SA), H Dip Tax, AMP (Insead).

Nationality South African.

Raisibe has held senior positions in banking and insurance. Prior to joining Nedbank Limited she was an executive director of Sanlam Limited and a non-executive director of Santam Limited. She previously held several executive positions at the Industrial Development Corporation of South Africa Limited, the last position being Chief Operating Officer.

Committees

Shares

Nedbank Group Limited ordinary shares:	*91 472 beneficial direct.*
Nedbank Limited preference shares:	*0.*

Joel Khathutshelo Netshitenzhe (54)
Non-executive Director

Appointed	August 2010. *MSc (University of London, UK).*
Nationality	South African.
	Joel is an executive director of the Mapungubwe Institute (MISTRA) and a member of the National Planning Commission. He has been a member of the National Executive Committee of the African National Congress (ANC) since 1991, and is a member of the ANC's Economic Transformation and Political Education Subcommittees. He served as Head of Policy Coordination and Advisory Services in the Presidency from 2001 to December 2009. He was previously Chief Executive of the Government Communication and Information System and also served as Head of Communication in the President's Office. He was appointed to the board of Life Healthcare Group Holdings Limited as non-executive director with effect from 30 November 2010.
Committees	**Group Risk and Capital Management Committee.**
Shares	Nedbank Group Limited ordinary shares: *0.*
	Nedbank Limited preference shares: *0.*

Julian Victor Frow Roberts (53)
Non-executive Director

Appointed	December 2009. *Fellow of Institute of Chartered Accountants, member of Association of Corporate Treasurers, Accountancy and Business Law (University of Stirling, Scotland).*
Nationality	British.
	Julian was appointed Group Chief Executive of Old Mutual plc in September 2008. Prior to this he was Chief Executive of the group's Skandia business. Julian originally joined Old Mutual plc as Group Finance Director in August 2000. Before joining Old Mutual, Julian was Group Finance Director of Sun Life & Provincial Holdings plc (now part of AXA) and previously Chief Financial Officer of Aon UK Holdings Limited.
Committees	**Group Directors' Affairs Committee.**
Shares	Nedbank Group Limited ordinary shares: *0.*
	Nedbank Limited preference shares: *0.*

Gloria Tomatoe Serobe (51)
Non-executive Director

Appointed	August 2005. *BCom (Unitra), MBA (Rutgers, USA).*
Nationality	South African.
	Gloria is the Chief Executive of Wipcapital Limited and also the founder and an executive director of Wiphold Limited. She was previously the Executive Director, Finance, at Transnet. Gloria serves on several boards, including that of JSE Limited. She is also a non-executive director of Old Mutual Life Assurance Company (SA) Limited.
Committees	**Group Transformation and Sustainability Committee and Group Credit Committee.**
Shares	Nedbank Group Limited ordinary shares: *1 296 beneficial indirect and 1 296 non-beneficial indirect.*
	Nedbank Limited preference shares: *0.*

Malcolm Ian Wyman (64)
Non-executive Director

Appointed	August 2009. *CA (SA) AMP (Harvard Business School, USA).*
Nationality	British.
	Malcolm is an executive director and the Chief Financial Officer of SABMiller plc, a position he has held since 2001. He was previously executive director responsible for corporate finance, planning and development.
Committees	**Group Audit Committee, Group Remuneration Committee.**
Shares	Nedbank Group Limited ordinary shares: *350 non-beneficial indirect.*
	Nedbank Limited preference shares: *0.*

GROUP EXECUTIVE COMMITTEE

Trevor Adams (48)
Group Executive: Balance Sheet Management

Service: 14 years
BCom(Hons), CA (SA)

Appointed to the Group Excecutive in August 2009, Trevor directs the group's credit portfolio, asset and liability (liquidity and funding), margin, capital and shareholder value-based management, ultimately integrated group balance sheet management. Trevor also lead the group's successful Basel II and Basel III implementation and is responsible for the significant enhancement of risk, capital and value-based management across the group. Trevor was appointed a partner at Deloitte & Touche in 1996, but left shortly thereafter to join Nedbank Group.

Selby Baqwa SC (59)
Group Executive: Enterprise Governance and Compliance

Service: 8 years
BIuris, LLB, MBA (De Montfort University, UK), AMP (Harvard Business School, USA), Diploma in Maritime Law, Certificate in Constitutional Law

Selby had over 20 years' experience as both an attorney and an advocate prior to being appointed to the position of Public Protector of the Republic of South Africa in 1995. He then joined Nedbank Group in 2002 to head a new corporate governance function, and at the beginning of 2005 also assumed responsibility for compliance.

John Bestbier (55)
Group Executive: Strategic Planning

Service: 15 years
BBusSci Actuarial, CA (SA)

John was appointed to the Group Executive on 1 January 2010 as Group Executive: Strategic Planning, having previously been with the group for 14 years. John is an investment banker with extensive experience in the financial services industry, having led a number of large corporate finance transactions both for clients and for the group. He joined the group in 1995 as a director of its investment banking subsidiary UAL. During his tenure he has served in various capacities and subsidiary boards in Corporate Finance, Asset Management and Stock Broking.

Ingrid Johnson (44)
Managing Executive: Retail and Business Banking

Service: 17 years
BCom, BAcc, CA (SA), AMP (Harvard Business School, USA)

Ingrid joined Nedbank Group in 1993 to set up the foreign currency financing operations in several offshore jurisdictions, and carried operational responsibility for the group's banking businesses in London and Asia. Ingrid introduced balance sheet management in the Corporate Banking Division, and thereafter moved into line management in Corporate Banking. In 2004 Ingrid was appointed the Managing Director of Corporate Banking and in 2005 the Managing Director of Business Banking. Ingrid was appointed to the Nedbank Group Executive Committee in 2008. In August 2009 Ingrid assumed the additional responsibility for the turnaround of the Retail Banking Cluster and the integration of Imperial Bank in her new role of running a group of businesses as the Group Managing Executive of Retail and Business Banking.

Brian Kennedy (50)
Managing Executive: Nedbank Capital

Service: 15 years
MSc(Eng)(Elec), MBA, AMP (Harvard Business School, USA)

Brian started his career in engineering before joining FirstCorp Merchant Bank in 1988. He joined BoE Merchant Bank in 1996 and was appointed Managing Director in 1998. He was appointed an executive director of BoE in 2001. Brian led Capital Markets following the merger and in November 2003 was appointed to the Group Executive Committee of Nedbank Group and Managing Executive of Nedbank Capital. He has 22 years of investment banking experience.

Dave Macready (52)
Managing Executive: Nedbank Wealth

Service: 13 years
BCom(Hons), CA (SA), SEP (Harvard Business School, USA)

Dave joined Nedcor Investment Bank in 1997 after being a partner at Deloitte & Touche for more than 10 years in both London and South Africa. He assumed responsibility for Syfrets Private Bank and NIB International and was appointed Managing Director of Nedcor Retail Investments three years later. In 2004 Dave took on the role of Managing Executive for the Bancassurance and Wealth Division. In 2009 Nedbank Wealth became the fifth client-facing cluster within the Nedbank Group and Dave was appointed to the Group Executive Committee.

Note: Mike Brown, Graham Dempster and Raisibe Morathi serve on the Nedbank Group Board of Directors. Their CVs are included with those of the rest of the board on page 40.

Mfundo Nkuhlu (44)
Managing Executive: Nedbank Corporate

Service: 7 years

BA(Hons), Strategic Management in Banking (Insead Business School), AMP (Harvard Business School, USA)

Mfundo started his career in 1994 at the Department of Trade and Industry as a consultant on southern African trade relations. He was appointed Chief Director of Africa Trade Relations in 1996 and was charged with the responsibility for managing trade, economic policy and programmes covering Africa and the Middle East, and the New Partnership for Africa's Development (NEPAD). He joined the South African Revenue Service in 2004 as the General Manager for Strategy and Planning responsible for corporate strategy, revenue and economic analysis. He joined Nedbank in 2005 as the Managing Executive for Nedbank Africa. He subsequently became the Managing Executive of Nedbank Corporate Banking later in 2005, and was appointed Managing Executive of Nedbank Corporate in 2009.

Sandile Shabalala (44)
Managing Executive: Business Banking

Service: 15 years

BAdmin, National Higher Diploma: Management Practice, CAIB (SA), MBL, Strategic Management in Banking (Insead Business School)

Sandile has over 22 years' banking experience, including 15 years at Nedbank. Prior to joining Nedbank he worked for Barclays Bank, NBS Bank and Telkom SA. He has vast experience in retail, small-business, corporate and business banking in both sales and credit banking functions. Prior to his appointment in October 2009 as Managing Executive, Business Banking, Sandile had been leading and managing the Northern Business Unit in Business Banking as Divisional Executive.

Fred Swanepoel (47)
Chief Information Officer

Service: 14 years

BCom(Hons), MBA, SEPSA, AMP (Harvard Business School, USA)

Fred has more than 20 years' experience in finance, banking and information technology. He joined Nedbank in 1996 as Assistant General Manager of Western Cape Operations. Since 2004 Fred has gained experience at the highest levels of Nedbank Group's Operations and Technology Cluster, holding the position of Divisional Director for Finance, Risk and Compliance; Projects and Programme Management; and Group Software Services. Fred was appointed to his current role in November 2008.

Ciko Thomas (41)
Managing Executive: Consumer Banking, Nedbank Retail

Service: 1 year

BSc, MBA

Ciko joined the group with effect from 18 January 2010 as Group Executive: Group Marketing, Communications and Corporate Affairs. Ciko has wide-ranging marketing and business experience in financial services and in the consumer goods and motor industries. He joined Nedbank from Barloworld where he was the Group Marketing Director of the Automotive Division. Ciko was previously General Manager of Retail Banking Marketing at Absa Group. Before 2003 he held various management positions at SA Breweries, Unilever, British American Tobacco and M-Net. In November 2010 Ciko was appointed as Managing Executive, Consumer Banking, in the Retail Cluster.

Abe Thebyane (51)
Group Executive: Group Human Resources

Appointed: 1 February 2011

BAdmin, Postgraduate Diploma in Management (Human Resources), MBA

Abe has 25 years' experience in Human Resources, which he acquired through the various senior and executive positions held in large corporations in South Africa. Prior to joining Nedbank, Abe was Executive Head, Human Resources, at Anglo Platinum for six years and before that he was Executive Director, Human Resources, at Iscor. He joined Nedbank Group in February 2011 as Head of Group Human Resources.

Philip Wessels (52)
Chief Risk Officer

Service: 15 years

BCom, CTA, CA (SA), Diploma in Advanced Banking Law, Institute of Stockbrokers

Philip Wessels has held the position of Chief Risk Officer for Nedbank Group over the past seven years. Through Philip's leadership, together with the commitment and support from management and staff within the group, Nedbank has become well recognised and highly regarded for its effective risk management processes and governance principles. Prior to his appointment as Chief Risk Officer in 2004 Philip was a divisional director in Nedbank Business Banking and Nedbank Corporate. In addition, he was an executive director of BoE Limited, Managing Director of BoE Securities, Chief Executive of BoE International (London) and Managing Director of BoE Bank, Business Banking and Boland Bank between 1995 and 2003. Philip was also a former partner at Deloitte & Touche between 1989 and 1995.

Note: Details of the full executive management team can be found on pages 206 and 207.

CHIEF EXECUTIVE'S REPORT

DILUTED HEADLINE EARNINGS PER SHARE

1 069 cents

▲ 8,7%

DIVIDEND PER SHARE

480 cents

(2009: 440 cents)

CREDIT LOSS RATIO – BANKING ADVANCES

1,36%

(2009: 1,52%)

CARBON STATUS

Neutral

(Africa's first financial services organisation)

IT IS PLEASING TO REPORT ON THE IMPROVING PERFORMANCE AND PROSPECTS OF THE GROUP AS I COMPLETE MY FIRST FULL YEAR AS CHIEF EXECUTIVE. WE HAVE MADE ENCOURAGING PROGRESS DURING 2010 AND OUR YEAR-ON-YEAR PERFORMANCE RELATIVE TO THAT OF OUR PEERS IS GOOD, ALTHOUGH OUR ABSOLUTE FINANCIAL PERFORMANCE REMAINS BELOW MANY OF OUR MEDIUM- TO LONG-TERM TARGETS MOSTLY AS A RESULT OF THE ELEVATED CREDIT LOSS RATIO.

While the economic recovery remains fragile, we believe the worst of a very difficult cycle for banks is behind us. SA banks and regulators have emerged from the crisis with their reputations enhanced on the global front.

In this report I focus primarily on the group's performance, strategy, sustainability and prospects for 2011 and beyond. The Chairman in his report has covered several issues on a macrolevel as well as commented specifically on governance, sustainability and the proposal from HSBC plc to Old Mutual plc to acquire a controlling shareholding in Nedbank Group. I urge you to read this report in conjunction with the Chairman's Report.

The adoption of the King III principles on integrated sustainability reporting ensures that we not only report on our performance in financial and economic terms, but also across the key tenets of environmental, social and cultural sustainability.

2010 PERFORMANCE IN REVIEW

Improved results in recovering economic conditions

2010 saw the group's headline earnings grow for the first time since 2007 when the banking sector globally and locally was hit by a crisis of unprecedented magnitude in recent times. The 14,6% growth in headline earnings for the financial year was marginally above our expectations outlined to shareholders in the third-quarter trading update. Earnings momentum built during the year, with earnings in the second half up 27% on the first half following strong fourth-quarter performance. These results were driven by the improving economic conditions, the group's strategic focus on growing non-interest revenue (NIR) and efficient management of costs.

Interest rates are currently at their lowest levels in over three decades, which is creating strong endowment pressure and have resulted in a reduction in net interest income (NII) of R925 million. It is, however, most encouraging that we experienced the first signs of improving impairments, particularly in the retail home loan portfolios that were so badly impacted during the downturn. Overall impairment charges improved by R446 million. We often speak about endowment pressure being 'short-term pain for longer-term gain' and it is pleasing to see some gains emerging in an impairment trend we believe is likely to improve into 2011.

We have demonstrated tight cost discipline over a number of years and this has been balanced with investment in the sustainable growth of our business. In the past year headline earnings grew by almost 15%, with comparable expense growth being contained at 8,5%, despite the challenges of wage settlements above the level of inflation. Pleasingly we expanded our distribution network by adding 409 ATMs, 17 branches, 13 personal loans branches, 70 personal loans kiosks and a further 69 points of presence in retail outlets.

While year-on-year growth rates are pleasing, our performance in absolute terms, as measured by return on equity relative to our cost of equity, remains below medium- to long-term targets owing to the endowment effect of lower rates on NII, a high credit loss ratio and insufficient transactional income.

NIR is a key focus area and comparable growth of 10,5% before fair-value adjustments should be a strong result relative to that of our peers. While the ratio of NIR to expenses has improved to 79,6%, there remains a great deal of work to be done to achieve our medium- to long-term target of 85%.

The R3 billion invested in 2009 to acquire the remaining 49,9% of Imperial Bank and full ownership of the wealth management joint ventures is proving to be a solid investment for our shareholders. This is evidenced through the contribution of Motor Finance Corporation (MFC) to Nedbank Retail's improved performance and the excellent growth and returns achieved within Nedbank Wealth. It is important to note that the integration of Imperial Bank was completed without any job losses.

The group maintained its well-capitalised balance sheet, with core Tier 1 capital at 10,1% (2009: 9,9%). Advances grew by 5,5%, with market share gains in most lending classes besides home loans. We have taken a strategic decision to reduce home loan market share in the current environment and focus rather on the quality of the home loan portfolio, given the challenging economics in this product line.

Net asset value per share grew by 8,0% to 9 831 cents. This is a pleasing result given the increase in the average number of shares in issue following the acquisition of the joint ventures from Old Mutual and scrip dividend payments last year.

PERFORMANCE OF BUSINESS CLUSTERS

Our business clusters delivered strong NIR growth, improved impairment levels and contained costs below the original forecasts that we gave to the market.

The banking clusters' results were impacted by the increased allocation of central costs and negative endowment earnings from lower average interest rates, which were 198 basis points lower when compared with 2009. The capital optimisation exercises in Nedbank Retail and Nedbank Business Banking continued and resulted in more efficient use of capital. The lower levels of capital used resulted in lower endowment-related interest revenue in these clusters.

Nedbank Retail reported an encouraging improvement in impairments, particularly in home loans, and solid NIR growth.

Impairments improved in most businesses, with Nedbank Corporate, Nedbank Wealth and Nedbank Business Banking again recording credit loss ratios within or below through-the-cycle target ranges. Nedbank Capital incurred a higher level of impairments in its private equity portfolio.

The businesses generated strong growth in core fee and commission income, driven primarily by volume growth, new primary clients and a number of innovative products focused on growing NIR. Nedbank Capital recorded improved trading income, particularly in the equity businesses. Nedbank Wealth performed very well and increased both headline earnings and the return on ordinary shareholders' funds (ROE). The business benefited from the integration of the former joint ventures and strong growth in new business, particularly in insurance and asset management.

Nedbank Retail delivered a turnaround in performance, with headline earnings increasing from a loss of R27 million to a R760 million profit. ROE at 4,6% (2009: -0,2%) remains well below the cost of equity, resulting in economic losses for the cluster. The stabilisation of Retail, combined with the repositioning of the cluster to an integrated and client-centred business, should contribute to a sustainable momentum in earnings growth and a return to economic profit in the next three to four years.

VISION AND GROWTH STRATEGY

During the year we refined our vision to 'building Africa's most admired bank by our staff, clients, shareholders, regulators and communities'. To be Africa's most admired bank we need to become South Africa's most admired bank and, while we made progress in 2010, we still have much work ahead. This vision also highlights the increasing focus on growing our business reach across the African continent and not just in South Africa.

To achieve our vision we need to deliver the following key strategic drivers:

REPOSITION NEDBANK RETAIL

Nedbank Retail is both our biggest challenge and our biggest opportunity. The management team has worked hard in 2010 to develop a strategy to ensure sustainable growth in Retail. This essentially covers three areas: harnessing the strengths of Nedbank by building on corporate and business banking relationships to grow Retail; growing primary clients by focusing on households, the youth and small businesses, and integrating the high-net-worth offering under Nedbank Wealth; and managing for value by elevating all risk management practices and adopting a more discerning approach to home loans origination, which will lead to reductions in market share but improved economics on new business written.

NON-INTEREST REVENUE GROWTH

NIR levels are below those of our peers, which results in our ROE and valuation in price-to-book terms being lower than that of our peers. The 11% growth in NIR in 2010 reflects progress in all areas of electronic banking, mobile products, equity trading and new products in Nedbank Wealth, including the introduction of credit life cover in the MFC portfolio. We continue to work on product innovation, system enhancements and bundling to enhance NIR growth.

PORTFOLIO TILT

This strategy relates to the allocation of scarce resources such as capital and liquidity to the business to measure them effectively and enable us proactively to grow businesses we believe are strategically attractive and generate higher levels of economic profit. Importantly, with reward mechanisms appropriately linked to performance, short-term incentive payments in 2010 were 17% higher, which is largely in line with headline earnings growth of 15%, together with some outperformance on non-financial measures.

BUILDING AFRICA'S MOST ADMIRED BANK

Based on the current distribution of economic profit pools in financial services on the continent, to be Africa's most admired bank we firstly need to be South Africa's most admired bank. Our strategy for the rest of Africa is built on four pillars:

- Growing and expanding the operations in the five countries in which we operate, where we need to achieve ROEs greater than in South Africa.
- Expanding the advisory business of Nedbank Capital, including structured trade finance, with the emphasis on mining, telecommunications and infrastructure.
- Strengthening our alliance with Ecobank to provide clients with a one-bank experience in 35 African countries (we have made solid progress in 2010 by attracting a number of new clients).
- Being alert to acquisition opportunities that align with our strategy, culture and financial return hurdles.

BECOMING CLIENT-DRIVEN

Our clients are the reason we are in business. We continually strive to improve service levels across the bank by putting our clients at the centre of everything we do. In the past year we have improved scores and ratings in leading independent client service and banking industry surveys across the retail and wholesale businesses.

As discussed earlier, we also made a significant investment in extending our retail distribution channels and footprint. Nedbank Retail attracted some 96 000 new primary clients, increasing the total client base to 4,5 million. The number of Mzansi clients reached 1 million. In partnership with Vodacom, Nedbank launched the M-PESA mobile banking solution in South Africa, which is a complementary product to Mzansi as an entry-level offering that is affordable and easy to use.

One of the group's strategic objectives is to become client-driven and, in striving to achieve this, we aim to transform retail banking to be more client-focused, become the leader in business banking and the public sector bank of choice, and maintain our position as a top-two wholesale bank.

EXECUTIVE REMUNERATION

In the aftermath of the global financial crisis there has been a heightened focus from shareholders and other stakeholders on remuneration practices. Several of the high-profile companies that failed during the crisis could no doubt claim to have had remuneration policies that linked reward to performance and drove shareholder value creation. However, their practices clearly rewarded short-term performance and ignored behaviour and risk management that would ensure the longer-term sustainability of the business.

We believe our remuneration practices are aligned with the interests of all stakeholders in a manner that does not encourage excessive risk taking. Quantitative and qualitative performance targets are linked to variable remuneration to drive the correct behaviour.

Nedbank Group is well positioned in relation to emerging best practice in financial services remuneration. Corporate performance targets were introduced into the long-term incentive schemes for all staff as far back as 2007, and we have had compulsory deferral and clawback arrangements for short-term incentives since 2009. In line with the spirit of King III the group introduced a split in long-term incentive allocations in 2010, where a portion is allocated for performance, with associated performance targets, and a portion for retention only, with time-based vesting.

Importantly, our remuneration practices are aligned with the performance of the business within the board-approved risk appetite and contribute to the achievement of the group's business objectives. The disclosure in our Remuneration Report has been further enhanced and can be found on pages 224 to 247.

SUSTAINABILITY

Nedbank Group's approach to integrated sustainability is holistic and as such balances stakeholder interests across the following areas:

- **Economic sustainability** – ensuring the delivery of lasting stakeholder value.
- **Environmental sustainability** – minimising usage of, and impact on, natural resources.
- **Social sustainability** – building societal capital in southern Africa.
- **Cultural sustainability** – developing a resilient corporate culture.

ACHIEVING CARBON NEUTRALITY

In September 2009 we announced our commitment to working towards carbon neutrality and less than a year later became the first African bank – and the first large SA corporate – to achieve zero carbon status.

Our decision to pursue carbon neutrality was not one to achieve short-term marketing advantage. It was the culmination of more than 20 years of focusing on environmental issues and positioning ourselves as the green and caring bank.

Stakeholders should note that we have not achieved neutrality by simply buying carbon offsets. The process included ongoing awareness and behaviour change, supported by intensity reduction targets and driving operational efficiencies that have been incorporated into performance scorecards.

The cost of achieving carbon neutrality is two-fold. Direct costs relating to carbon credits purchased and the indirect costs to achieve intensity reduction targets. As a result of the carbon reduction initiatives and operational efficiencies achieved, Nedbank Group saved R36 million over three years. This highlights that, in addition to the environmental and social benefits, carbon neutrality is economically sustainable.

However, carbon neutrality is not an end in itself and we are committed to reducing our footprint even further and maintaining our carbon-neutral status.

We also plan to focus more closely on water issues in 2011, as water is becoming a major sustainability challenge in South Africa. Our focus will include water quality, supply and access.

ACCELERATING TRANSFORMATION

On the transformation front we were pleased to be rated as the third most empowered company in the 2010 *Financial Mail* Top Empowerment Companies Survey with a score of 86,6 [based on the 2009 Department of Trade and Industry (dti) scores]. This survey covers the top 200 companies listed on JSE Limited. Nedbank is the only bank with level 2 contributor status based on scores from the dti Codes of Good Practice. Nedbank Group was rated first against its peers in every category, except ownership, where we were ranked second.

In 2010 we improved our overall score to 89,5, notwithstanding the integration of Imperial Bank and slower headcount growth as well as less attrition.

BASEL III DEVELOPMENTS

The majority of the Basel III proposals have recently been finalised, although some significant aspects remain to be completed in 2011. In South Africa the details of exactly how Basel III will be adopted will be determined by the South African Reserve Bank in due course.

For Nedbank Group the impact of the new capital requirements is expected to be manageable. On a Basel III pro forma basis for 2010 the group is in a position to absorb the Basel III capital implications, with all capital ratios still remaining above the top end of current internal target ranges. These should improve further by the end of 2013 from projected earnings, continuing capital and risk-weighted asset optimisation, and the impact of the group's active portfolio management strategy.

Once Basel III has been finalised, Nedbank Group will review its target capital ratios.

In respect of the two proposed liquidity ratios, the liquidity coverage ratio for implementation in 2015 and the net stable funding ratio (NSFR) for implementation in 2018, the impact of compliance by the SA banking industry would be punitive if implemented as they currently stand, particularly the NSFR in the light of structural constraints within the SA financial market. This is the case for many emerging-market jurisdictions around the world, and the negative effect on economic growth and employment would be significant. The group anticipates that a pragmatic approach to this issue will be applied prior to the finalisation in 2018.

PROSPECTS FOR 2011

Nedbank Group is well placed for earnings growth in 2011. The group will continue to invest to generate sustainable NIR growth, underpinned by ongoing cost optimisation and efficiency improvements. Growing the bank's overall franchise and maintaining momentum on the turnaround in the Retail Cluster, supported by a liquid and well-capitalised balance sheet, are key to delivering sustainable growth.

Margins should widen slightly, given that interest rates are expected to remain unchanged, and hence the negative effect of assets repricing quicker than liabilities out to three months will decrease. In addition, the cost of term liquidity is expected to decline as more expensive deposits mature and as below-trend economic growth continues, albeit at higher levels than last year. Overall advances growth is expected to be in the mid to upper single digits.

Impairments are expected to continue reducing in line with the improved quality of assets supported by asset pricing on new advances that appropriately reflects risk and the related cost of funds. The credit loss ratio is currently expected to decrease, but to remain above the group's target range for 2011.

Transactional volumes are expected to increase as the economy improves and the group focus on growing primary clients is maintained.

GROUP TARGETS

The group's medium- to long-term financial targets remain unchanged. These targets, together with an outlook for performance for 2011, are detailed in the Financial Report. The high credit loss ratio and the impact of endowment were the key factors in most of the targets not being met in 2010, as expected at this point in the cycle. Based on the group's current macroeconomic outlook, management expects to achieve all these targets by 2013 as the credit loss ratio unwinds and the NIR/expense ratio improves.

FINANCIAL DRIVERS

Against this background we expect asset growth in line with nominal gross domestic product in the mid to upper single digits and some margin expansion, assuming no further cuts in interest rates.

Impairments should decrease, but the credit loss ratio is estimated to remain above 1%, which is the top of our target range.

The momentum in NIR is expected to continue with double-digit growth before any fair-value movements. We will continue to invest in our business and optimise costs in a way that we anticipate will lead to a positive 'jaws ratio' and a small reduction in the efficiency ratio.

On the capital front we will operate above current targets in anticipation of Basel III.

ACKNOWLEDGEMENTS

Nedbank Group performed well in 2010, which in many ways was a difficult year for the business, and I thank all my fellow stakeholders for their role in delivering these results.

I thank our Chairman, Reuel Khoza, for his guidance and the benefit of his wisdom during my first year as Chief Executive, as well as my board colleagues for their commitment and active participation in the group's affairs. I have also been fortunate to benefit from the counsel of Tom Boardman, who has remained on the board as a non-executive director, which has ensured continuity and facilitated a seamless succession process.

It is a privilege to lead a fantastic executive team at Nedbank. The teammembers work well together and I thank them for their support. During the year Ciko Thomas and John Bestbier joined the Group Executive Committee, while sadly we said farewell to Shirley Zinn and Saks Ntombela who resigned from the group. Early in 2011 we welcomed Abe Thebyane as Group Executive, Human Resources, to the team.

After a tough period for the banking sector our staffmembers are beginning to see the results of their efforts, which have not always been evident in the performance in recent years. Thank you for your loyalty and commitment as, together, we strive to build Africa's most admired bank.

Mike Brown
Chief Executive

24 February 2011

FINANCIAL REPORT

'IT IS PLEASING, AFTER A STRONG FOURTH QUARTER, TO HAVE FINISHED THE YEAR WITH EARNINGS MARGINALLY AHEAD OF MANAGEMENT'S EXPECTATIONS SET OUT IN THE THIRD-QUARTER TRADING UPDATE. THIS ALSO SAW THE GROUP RECORDING DOUBLE-DIGIT EARNINGS GROWTH FOR THE FIRST TIME SINCE 2007. IMPORTANTLY, THIS EARNINGS GROWTH WAS ACHIEVED DESPITE CHALLENGING ECONOMIC CIRCUMSTANCES WHILE THE GROUP CONTINUED TO INCREASE TANGIBLE NET ASSET VALUE AND CONTINUED STRENGTHENING ITS PROVISIONING AND CAPITAL LEVELS.'

HEADLINE EARNINGS

R4,9bn

▲14,6%

EFFICIENCY RATIO

55,7%

(2009: 53,5%)

RETURN ON EQUITY (EXCLUDING GOODWILL)

13,4%

(2009: 13,4%)

CAPITAL ADEQUACY RATIO – CORE TIER 1

10,1%

(2009: 9,9%)

Graham Dempster
Chief Operating Officer

Raisibe Morathi
Chief Financial Officer

Note: Further details on the global and domestic banking and economic environment have been outlined in the Chairman's Statement, Chief Executive's Report and Economic Review.

FINANCIAL OVERVIEW OF 2010

Headline earnings increased by 14,6% to R4,9 billion. Diluted headline earnings per share increased by 8,7% to 1 069 cents – the lower increase caused by the dilution from the issue of shares for the joint ventures acquired from Old Mutual in 2009 and a higher-than-usual acceptance level of the scrip dividend for the 2009 final dividend. Diluted basic earnings per share decreased by 5,3% to 1 050 cents, as 2009 basic earnings were boosted by a once-off International Financial Reporting Standards (IFRS) revaluation gain of R547 million from the consolidation of the joint ventures. The higher average capital, from the issue of shares for the joint ventures and the higher scrip takeup, reduced gearing, resulting in return on ordinary shareholder's equity (ROE) excluding goodwill and ROE remaining flat at 13,4% and 11,8% respectively.

A final cash dividend was declared at 268 cents, with the cover ratio of 2,3 times similar to the 2009 ratio. The total dividend for the year grew by 9,1% to 480 cents per share.

FINANCIAL REPORTING

Nedbank Group continues to strive for best-practice communication with stakeholders. This was acknowledged through a number of awards:

- The group was ranked first in the banks/financial services category in the Investment Analysts Society Awards for best reporting and communication.

- The Nedbank Group Annual Report was again, for the second year in succession, ranked third out of the top 100 companies listed on JSE Limited at Ernst & Young's 2010 Excellence in Corporate Reporting Awards. This ranking is adjudicated by the accounting department of the University of Cape Town in conjunction with Ernst & Young.
- Nedbank Group also won the JSE Top 40 Award for its 2009 Annual Report at the Annual Chartered Secretaries Southern Africa and JSE Limited Awards.

These awards are highly regarded and set the benchmark for measuring corporate governance and transparency in communication.

DETAILED REVIEW OF RESULTS

Headline earnings increased by 14,6% from R4 277 million to R4 900 million. Diluted headline earnings per share increased by 8,7% from 983 cents to 1 069 cents, slightly above the forecast range of 0% to 8% provided in the third-quarter trading update. Basic earnings decreased by 0,3% from R4 836 million to R4 811 million, with diluted earnings per share (DEPS) decreasing by 5,3% from 1 109 cents to 1 050 cents. As previously reported, 2009 basic earnings included a once-off IFRS revaluation gain of R547 million (after taxation) from the acquisition and consolidation of the Nedbank Wealth joint ventures.

The group recorded a ROE, excluding goodwill of 13,4% and a ROE of 11,8%. With the respective ROE metrics remaining flat and the cost of equity increasing from 13,25% to 14,15%, the group showed an economic loss of R289 million [2009: economic profit R57 million (restated)].

The group maintained its well-capitalised balance sheet with core Tier 1 capital at 10,1% (2009: 9,9%), while advances grew by 5,5%, with market share gains in most lending classes aside from home loans.

Net asset value per share grew by 8,0% from 9 100 cents in December 2009 to 9 831 cents in December 2010. This is a pleasing result, given the increase in the average number of shares in issue following the acquisition of the joint ventures from Old Mutual and scrip dividend payments last year.

KEY FINANCIAL INDICATORS

FOR THE YEAR ENDED 31 DECEMBER	% change	2010	2009
Headline earnings (Rm)	14,6	**4 900**	4 277
Diluted headline earnings per share (EPS) (cents)	8,7	**1 069**	983
Diluted basic EPS (cents)	(5,3)	**1 050**	1 109
Core Tier 1 capital adequacy* (%)		**10,1**	9,9
Tier 1 capital adequacy* (%)		**11,7**	11,5
Total Basel II capital adequacy* (%)		**15,0**	14,9
ROE (%)***		**11,8**	11,8
ROE (excluding goodwill) (%)***		**13,4**	13,4
Return on assets (ROA) (%)***		**0,82**	0,76
Net asset value (NAV) per share (cents)	8,0	**9 831**	9 100
Tangible net asset value (NAV) per share (cents)	10,3	**8 160**	7 398
Dividend per share (cents)	9,1	**480**	440
Margin (%)		**3,35**	3,39
Credit loss ratio – banking advances (%)		**1,36**	1,52
Preprovisioning operating profit** (Rm)	2,6	**12 454**	12 143
Non-interest revenue (NIR)/expenses ratio (%)		**79,6**	78,8
Efficiency ratio (%)		**55,7**	53,5
Assets under management (Rm)+	17,6	**102 570**	87 204
Life assurance embedded value (Rm)	29,7	**1 031**	795
Life assurance value of new business (Rm)	57,8	**295**	187
Headline economic (loss)/profit***		**(289)**	57

* *Including unappropriated profits.*

** *Profit before taxation and impairments.*

*** *Certain of the group's reporting ratio calculations have been adjusted. The 2009 ratios for ROE and ROA have been restated with the denominator changing from simple average to daily average for equity and total assets values respectively. The calculation of the credit loss ratio has been changed from simple-average advances to daily-average banking advances (thereby excluding trading advances from the calculation). Comparatives have been restated accordingly.*

\+ *Restated.*

RETURN ON EQUITY DRIVERS

FOR THE YEAR ENDED 31 DECEMBER

	2010	2009	
	Rm	Rm	
Net interest income (NII)	16 608	16 306	Net interest income/average interest-earning banking assets
Impairment of loans and advances	(6 188)	(6 634)	Impairments/average interest-earning banking assets
NIR	13 215	11 906	NIR/average interest-earning banking assets
Income from normal operations	23 635	21 578	
Total operating expenses	(16 598)	(15 100)	Total expenses/average interest-earning banking assets
Share of profits of associates and joint ventures	1	55	Associate income/average interest-earning banking assets
Net profit before taxation	7 038	6 533	
Indirect taxation	(447)	(438)	
Direct taxation	(1 366)	(1 232)	1 – effective taxation rate
Net profit after taxation	5 225	4 863	
Non-controlling interest	(325)	(586)	Income attributable to minorities
Headline earnings	4 900	4 277	Headline earnings
Daily average interest-earning banking assets	495 930	481 378	
Daily average total assets	579 306	564 921	Interest-earning banking assets/daily average total assets
			ROA
Daily average shareholders’ funds	41 551	36 388	Gearing (ROE/ROA)
			ROE
			ROE excluding goodwill

	2010		2009
	3,35%		3,39%
less	1,25%	less	1,38%
add	2,66%	add	2,47%
	4,76%		4,48%
Impairments/ NII	37,3%	Impairments/ NII	40,7%
NIR/expenses	79,6%	NIR/expenses	78,8%
less	3,35%	less	3,14%
add	0,00%	add	0,01%
Efficiency ratio	55,7%	Efficiency ratio	53,5%
	1,41%		1,35%
multiply	0,74	multiply	0,74
multiply	0,94	multiply	0,88
	0,98%		0,88%
multiply	85,6%	multiply	85,2%
=	0,82%	=	0,76%
multiply	14,27	multiply	15,52
=	11,8%	=	11,8%
	13,4%		13,4%

CLUSTER PERFORMANCE

The business clusters delivered strong NIR growth, improved impairments and contained costs below original forecasts given to the market, through continued cost discipline and optimisation, while expanding the group's footprint.

The banking clusters' results were impacted by increased allocation of central costs and negative endowment earnings from lower average interest rates, which were 198 basis points lower compared with 2009. The capital optimisation exercises in Nedbank Retail and Nedbank Business Banking continued and resulted in more efficient use of capital, while the lower levels of capital used resulted in a lower endowment of interest revenue in these clusters.

Nedbank Retail reported an encouraging improvement in impairments, particularly in home loans. Impairments improved in most other businesses, with Nedbank Corporate, Nedbank Wealth and Nedbank Business Banking again recording credit loss ratios within or below through-the-cycle target ranges. Nedbank Capital incurred a higher level of impairments in shareholders' loans in its private equity portfolio.

The businesses generated strong growth in core fee and commission income, driven primarily by volume growth, primary client acquisition and a number of innovative products focused on growing NIR. Nedbank Capital recorded improved trading income, particularly in the equity businesses. Nedbank Wealth's earnings benefited from the integration of the former joint ventures and strong growth in new business, particularly in the insurance and asset management businesses.

These factors are reflected in the strong ROEs in the wholesale businesses and Nedbank Wealth, and the much-improved earnings in Nedbank Retail.

STATEMENT OF COMPREHENSIVE INCOME			
Rm – year ended	% change	2010	2009
NII	1,9	16 608	16 306
Impairments	(6,7)	(6 188)	(6 634)
Income from lending activities	7,7	10 420	9 672
NIR	11,0	13 215	11 906
Total expenses	9,9	(16 598)	(15 100)
Indirect taxation	2,1	(447)	(438)
Associate income	<(100)	1	55
Headline profit before taxation	8,1	6 591	6 095
Direct taxation	10,9	(1 366)	(1 232)
Minorities and preference shares	(44,5)	(325)	(586)
Headline earnings	14,6	4 900	4 277
Basic earnings	(0,3)	4 811	4 826

The key components of the moves on the statement of comprehensive income are reflected in the following tables.

NET INTEREST INCOME

NII increased by 1,9% to R16 608 million (2009: R16 306 million) and the group's net interest margin held up well at 3,35% (2009: 3,39%), despite the impact of lower interest rates. Average interest-earning banking assets increased by 3,0% (2009 growth: 9,0%).

Margin compression was less than expected. Margin pressure primarily resulted from reduced endowment from lower average interest rates and the higher cost of lengthening the funding profile. Endowment included net capital endowment of 4 basis points arising from the 1,98% reduction in average interest rates and a drop of 14 basis points in margins on low-rate deposits. Lengthening of the funding profile cost the group 6 basis points. This was partially offset by:

- the widening of margins from asset pricing improvements and a change in asset mix, including strong growth in the group's retail motor finance and personal loans businesses;
- a relative prime/Johannesburg Interbank Agreed Rate (JIBAR) reset benefit as a result of less aggressive interest rate cuts during 2010 compared with 2009; and
- a decline in the market cost of term liquidity during the last quarter of the year.

NET INTEREST INCOME – MARGIN ANALYSIS		
% of daily average interest-earning banking assets	%	Rm
December 2009	3,39	16 306
Growth in banking assets		492
Net capital endowment	(0,04)	(222)
Prime/JIBAR reset risk	0,05	263
Liability mix and price movement	(0,18)	(876)
Endowment on deposits	(0,14)	(703)
Cost of lengthening funding profile	(0,06)	(273)
Change in marginal cost of funds	0,02	100
Asset mix and margin improvement	0,12	586
Other	0,01	59
December 2010	3,35	16 608

IMPAIRMENTS CHARGE ON LOANS AND ADVANCES

The credit loss ratio on the banking book improved to 1,36% for the period [2009: 1,52% (restated)].

The reduction in the impairment charge was driven mostly by Nedbank Retail, particularly in the secured portfolios, which had lagged the recovery in the unsecured portfolios. Lower interest rates and the stabilising of job losses contributed to the retail credit loss ratio improving significantly from 3,17% in 2009 to 2,67%. From the table on the next page it is clear the second half was better than the first.

The group further strengthened its provisioning by reducing certain security assumptions in specific impairments, increasing levels of portfolio provisioning on debt restructures of R97 million and lengthening the bad debt emergence period assumptions within Nedbank Retail home loans at an additional cost of R114 million within portfolio impairments.

The credit portfolios in Nedbank Corporate, Nedbank Business Banking and Nedbank Wealth are of high quality and credit loss ratios remained within or below the respective clusters' through-the-cycle levels. Nedbank Capital impairments increased in the risk private equity portfolio.

CREDIT LOSS RATIO (%)	Year to December 2010	Second half 2010	First half 2010	Year to December 2009*
Nedbank Capital	1,27	1,72	0,80	0,36
Nedbank Corporate	0,20	0,10	0,31	0,25
Nedbank Business Banking	0,40	0,48	0,32	0,52
Nedbank Retail	2,67	2,42	2,93	3,17
Nedbank Wealth	0,15	0,05	0,24	0,47
	1,36	1,27	1,46	1,52

** Restated for average interest-earning banking advances and integration of Imperial Bank.*

Defaulted advances decreased by 1,04% to R26 765 million (2009: R27 045 million). Defaulted advances to total advances decreased from its peak in June 2010, of 6,01%, to 5,63%. Total impairment provisions increased by 14,6% to R11 226 million (2009: R9 798 million), resulting in strengthened coverage ratios.

NON-INTEREST REVENUE

The group's focus on NIR generated growth across all the clusters. NIR increased 11,0% to R13 215 million (2009: R11 906 million). On a comparable basis NIR growth was 9,8% after adjusting for the acquisitions in 2009 of the Nedbank Wealth joint ventures and before fair-value adjustments to the group's subordinated debt. The ratio of NIR to expenses improved to 79,6% (2009: 78,8%).

Core fee and commission income grew strongly by 13,7% (like-for-like growth of 11,2%, adjusting for the Nedbank Wealth joint ventures) through volume growth, new products and new client acquisitions.

Insurance income grew 39,8% (18,4% on a like-for-like basis, adjusting for the Nedbank Wealth joint ventures) primarily as a result of the provision of insurance on a fast-growing personal loans book as well as the introduction of new products and improved levels of cross-selling.

Trading income increased by 13,9% to R2 096 million (2009: R1 841 million). In 2009 interest rates decreased at a rapid pace and created favourable trading conditions. Low volatility in the first half of 2010 resulted in difficult conditions for global markets and continued pressure on foreign exchange volumes and margins. This was offset by improved equity trading in the second half of the year.

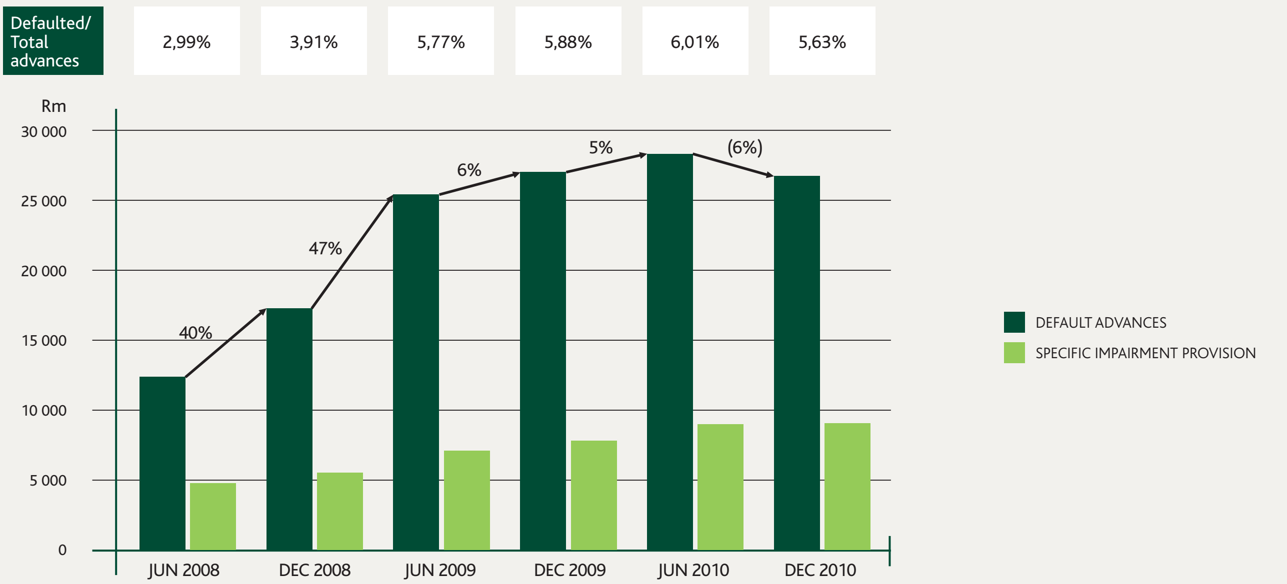
Private equity markets remained constrained throughout the year. Listed-property private equity investments showed some modest gains. Overall NIR from the private equity portfolios decreased by 25,0%.

NON-INTEREST REVENUE FROM PRIVATE EQUITY Rm	December 2010	December 2009
Nedbank Capital	149	269
Nedbank Corporate Property Finance	79	35
Total NIR from private equity	228	304

NIR was negatively impacted by R213 million (2009: R6 million profit) over the period as a result of the adverse fair-value adjustments from the narrowing of the credit spreads on the group's subordinated debt. Nedbank Corporate also reflected a negative fair-value adjustment of R55 million (2009: R72 million profit) due to a downward movement in the yield curve and related convexity in the fixed-rate advances book and associated interest rate swaps.

NON-INTEREST REVENUE Rm – year ended	% change like-for-like*	% change	2010	2009
Commission and fees	11,2	13,7	9 758	8 583
Insurance income	18,4	39,8	860	615
	11,6	15,4	10 618	9 198
Trading income		13,9	2 096	1 841
Private equity income		(25,0)	228	304
Non-banking subsidiary income		(9,3)	185	204
Other income		9,8	346	315
	10,5	13,6	13 473	11 862
Fair-value adjustments		>(100)	(258)	44
Credit spread on bonds/swaps			(213)	6
Basis and other net IFRS adjustments			(45)	38
	8,0	11,0	13 215	11 906

DEFAULTED ADVANCES



NIR remains a core focus of the group, as it consumes less capital while providing a buffer to the interest rate cycles.

At the end of 2009 the group announced that it was setting a medium- to long-term target for the NIR-to-expenses ratio of greater than 85%, which is used to monitor progress across the group.

Reporting 79,6% at December 2010, the group continues to close this gap gradually as a result of strong NIR generation, while still investing for growth in innovation, systems and footprint.

EXPENSES

The group has maintained a strong cost discipline over an extended period, resulting in the increase in expenses remaining below the market guidance given at the beginning of 2010.

Expenses grew by 9,9% to R16 598 million (2009: R15 100 million). The increase was partly due to the acquisition of the Nedbank Wealth joint ventures and the consolidation of Merchant Bank of Central Africa. Expenses increased by 8,5% on a comparable basis.

- Staff expenses increased by 11,3% (9,8% on a comparable basis), due to annual salary increases and an increase in staff numbers of 1,8%. Staff numbers increased mostly towards the end of 2010 in line with the group's growth strategy, with most staff placements in the frontline sales force and credit areas. All staff from Imperial Bank were transferred to Nedbank without any retrenchments. Short-term incentives increased by 17,8%, slightly ahead of earnings growth as a result of outperformance on non-financial measures included in the calculations. Long-term incentive costs include a reversal of prior periods' costs where performance targets were not met. Further details on remuneration are included in the Remuneration Report on pages 224 to 247.
- Fees and insurance increased by 13,1% (12,3% like-for-like) as NIR grew and following an increase in card, membership association and cash fees linked to the growth in cash handling and deployment of ATMs.
- Strategic marketing and public relations costs grew by 17,2%, mostly from the launch of products within Nedbank Wealth and Nedbank Retail, cross-selling initiatives and the increased visibility around the FIFA 2010 World Cup. These efforts are indicative of the group investing for growth.

EXPENSES

Rm – year ended	% change like-for-like*	% change	2010	2009
Staff costs	9,8	11,3	**8 794**	7 898
Remuneration and other staff costs	7,5	9,1	**7 691**	7 052
Short-term incentive		17,8	**981**	833
Long-term incentive		>100	**122**	13
Computer processing	6,3	7,1	**2 135**	1 993
Marketing and public relations	16,4	17,2	**1 009**	861
Fees and insurance	12,3	13,1	**1 592**	1 407
Other	2,1	4,3	**3 068**	2 941
	8,5	9,9	**16 598**	15 100

** Including BoE and Nedgroup Life in full for 2009.*

EFFICIENCY RATIO

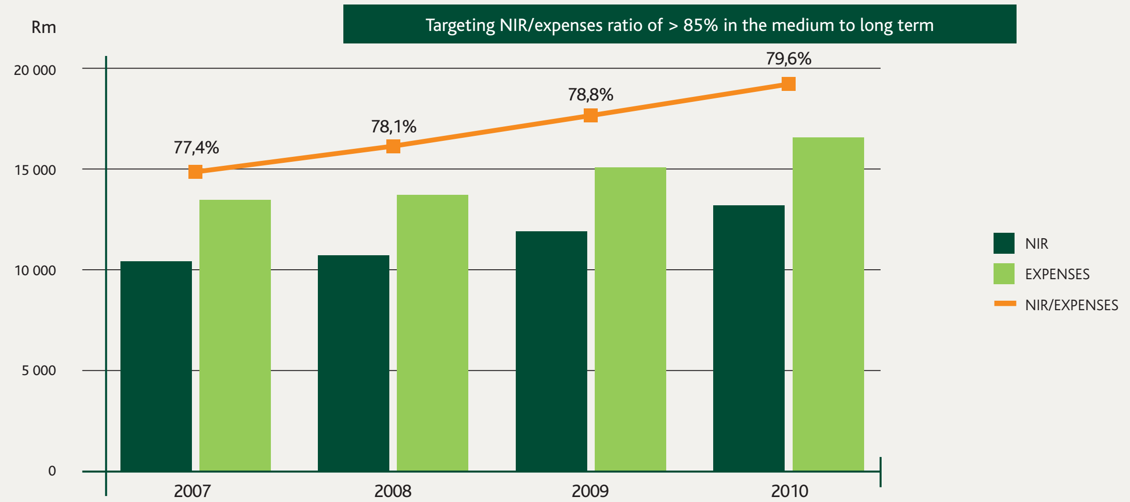
Pressure on NII from endowment-related margin compression was again, as in 2009, the main contributor, which led to the efficiency ratio deteriorating from 53,5% to 55,7%.

TAXATION

The taxation charge (excluding taxation on non-trading and capital items) increased by 10,9% to R1 366 million (2009: R1 232 million), arising from profit growth adjusted for:

- dividend income as a proportion of total income being lower than in 2009;

NON-INTEREST-REVENUE/EXPENSES TREND



- lower provision for secondary tax on companies, owing to an increase of shareholders (81,5%) who elected to take scrip for the 2009 final dividend distribution (2008 final dividend distribution: 32,0%); and
- reduced accounting effect from structured finance transactions that continued to unwind.

The effective tax rate increased marginally from 20,2% to 20,7%.

NON-TRADING AND CAPITAL ITEMS

Income after taxation from non-trading and capital items decreased to a R89 million loss from a R547 million profit in 2009. The main component of this was an anticipated R34 million writedown on Imperial Bank computer software following the acquisition. The 2009 accounting profit arose from the revaluation of BoE (Pty) Limited and Nedgroup Life on the acquisition of the remaining shares in the joint ventures.

CAPITAL

The group's capital adequacy ratios remained well above the group's internal targets and marginally ahead of December 2009. This resulted from ongoing capital and risk-weighted asset optimisation, a strategic focus on 'managing for value' and a 0,6% increase in capital from higher levels of scrip takeup and other share issues for staff incentives and black economic empowerment structures. This growth was offset by the approximately 1,3% negative impact on the group's capital adequacy ratios from the cash acquisition of 49,9% of Imperial Bank and the treatment of capitalised software as an intangible asset rather than as a fixed asset for capital adequacy purposes.

CAPITAL ADEQUACY (%)	2010	2009	Internal target range	Regulatory minimum
Core Tier 1 ratio	**10,1**	9,9	7,5 to 9,0	5,25
Tier 1 ratio	**11,7**	11,5	8,5 to 10,0	7,00
Total capital ratio	**15,0**	14,9	11,5 to 13,0	9,75

Ratios calculated including unappropriated profits.

A number of enhancements relating to the internal capital allocation to business clusters were implemented in 2010. A major effect of these enhancements has been to allocate most of the surplus capital held at a group level to the clusters, and the comparative results for the operational clusters have been restated accordingly. These enhancements aligning cluster and group have had no impact on the group's overall capital levels and ROE, but have impacted the ROEs recorded by the clusters on a restated basis.

FUNDING AND LIQUIDITY

Nedbank Group's liquidity position remains sound. The group continues to focus on diversifying its funding base, lengthening its funding profile and maintaining appropriate liquidity buffers.

Nedbank Group increased its long-term funding ratio partially from increased capital market issuances under the domestic medium-term note programme (R6,23 billion) and has increased the duration in the money market book.

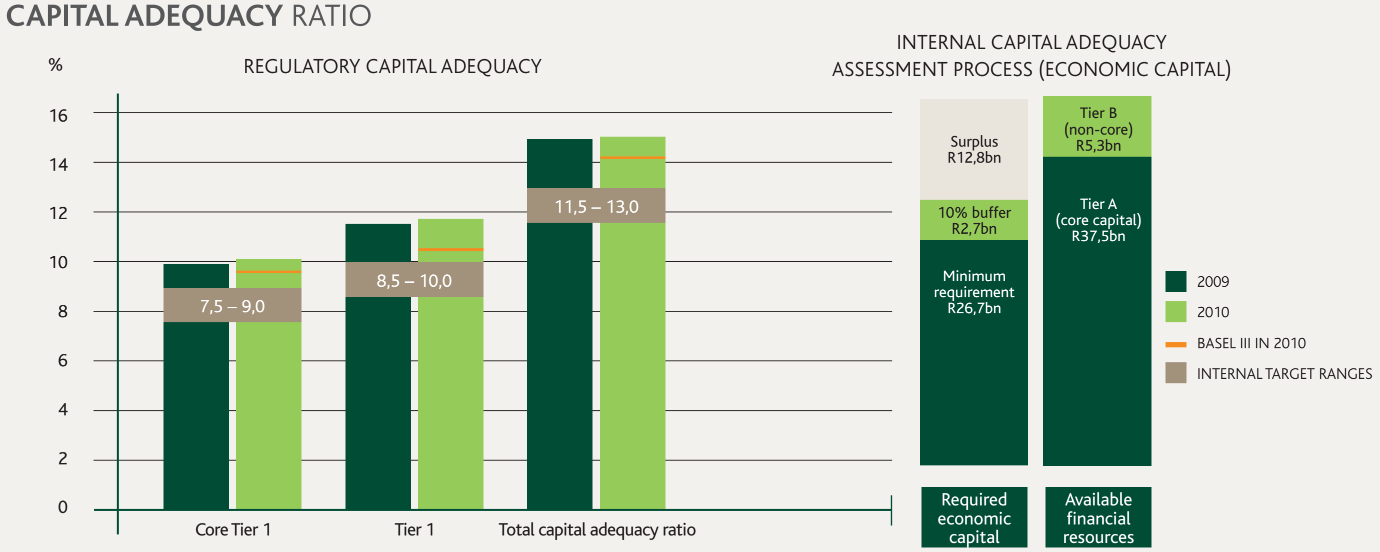
The group's liquidity position is further supported by a strong loan-to-deposit ratio of 97% and a low reliance on interbank and foreign currency funding. Nedbank Group is able to leverage off its favourable retail, commercial and wholesale deposit mix, which compares well with domestic industry averages.

BASEL III DEVELOPMENTS

The majority of the Basel III proposals have recently been finalised, although some significant aspects remain to be completed in 2011. In South Africa the details of exactly how Basel III will be adopted will be determined by the South African Reserve Bank (SARB).

For Nedbank Group, the impact of the new capital requirements is expected to be manageable. On a pro forma basis for 2010 the group is in a position to absorb the Basel III capital implications, with all capital ratios still remaining above the top end of current internal target ranges. These should improve further by the end of 2013 from projected earnings, continuing capital and risk-weighted assets optimisation, and the impact of the group's active portfolio management strategy.

CAPITAL ADEQUACY RATIO



STATEMENT OF FINANCIAL POSITION – BANKING/TRADING CATEGORISATION

AT 31 DECEMBER

	2010				2009			
Rm	Total	Banking	Trading	Elimi-nations	Total	Banking	Trading	Elimi-nations
ASSETS								
Cash and cash equivalents	8 650	8 621	29		7 867	7 860	7	
Other short-term securities	27 044	18 067	12 306	(3 329)	18 550	9 151	14 411	(5 012)
Derivative financial instruments	13 882	258	15 673	(2 049)	12 710	250	13 796	(1 336)
Government and other securities	31 824	31 571	4 313	(4 060)	35 983	35 448	4 594	(4 059)
Loans and advances	475 273	455 595	19 678		450 301	436 536	13 765	
Other assets	10 014	4 446	5 568		5 455	4 406	1 049	
Clients' indebtedness for acceptances	1 953	1 953			2 031	2 031		
Current taxation receivable	483	483			602	602		
Investment securities	11 918	11 604	314		11 025	10 748	277	
Non-current assets held for sale	5	5			12	12		
Investments in associate companies and joint ventures	936	936			924	924		
Deferred taxation asset	284	15	269		282	82	200	
Property and equipment	5 811	5 799	12		5 178	5 163	15	
Long-term employee benefit assets	2 052	2 044	8		1 860	1 860		
Mandatory reserve deposits with central banks	11 095	11 095			10 508	10 508		
Intangible assets	7 494	7 492	2		7 415	7 415		
Interdivisional assets	–		12 022	(12 022)	–		10 087	(10 087)
Total assets	608 718	559 984	70 194	(21 460)	570 703	532 996	58 201	(20 494)
EQUITY AND LIABILITIES								
Total equity attributable to equity holders of the parent	44 101	41 543	2 558		39 649	37 298	2 351	
Non-controlling interest attributable to:								
– ordinary shareholders	153	153			1 849	1 849		
– preference shareholders	3 560	3 560			3 486	3 486		
Total equity	47 814	45 256	2 558	–	44 984	42 633	2 351	–
Derivative financial instruments	12 052	2 168	11 933	(2 049)	11 551	1 502	11 385	(1 336)
Amounts owed to depositors	490 440	454 648	39 129	(3 337)	469 355	439 536	34 839	(5 020)
Provisions and other liabilities	18 245	5 887	16 410	(4 052)	11 252	5 735	9 568	(4 051)
Liabilities under acceptances	1 953	1 953			2 031	2 031		
Current taxation liabilities	191	191			315	315		
Deferred taxation liabilities	1 804	1 640	164		1 945	1 887	58	
Long-term employee benefit liabilities	1 414	1 414			1 304	1 304		
Investment contract liabilities	7 309	7 309			6 749	6 749		
Insurance contract liabilities	1 392	1 392			1 133	1 133		
Long-term debt instruments	26 104	26 104			20 084	20 084		
Interdivisional liabilities	–	12 022		(12 022)	–	10 087		(10 087)
Total liabilities	560 904	514 728	67 636	(21 460)	525 719	490 363	55 850	(20 494)
Total equity and liabilities		559 984	70 194	(21 460)	570 703	532 996	58 201	(20 494)

AVERAGE BANKING BALANCE SHEET AND RELATED INTEREST

FOR THE YEAR ENDED 31 DECEMBER

Rm	2010 Average balance	2010 Margin statement interest		2009 Average balance	2009 Margin statement interest	
	Assets	Received	%	Assets	Received	%
Average prime rate			9,90			11,88
Advances and clients' indebtedness for acceptances:						
– Home loans (including properties in possession)	146 426	11 962	8,2	144 197	14 456	10,0
– Commercial mortgages	81 936	7 686	9,4	76 648	8 330	10,9
– Lease and instalment debtors	65 400	7 303	11,2	61 539	7 655	12,4
– Credit card balances	7 733	1 106	14,3	7 347	1 188	16,2
– Bills and acceptances*	1 955	20	1,0	2 598	41	1,6
– Overdrafts	13 230	1 331	10,1	13 366	1 577	11,8
– Term loans and other**	139 256	11 304	8,1	133 519	13 040	9,8
– Impairment of loans and advances	(10 628)			(8 917)		
Government and public sector securities	34 923	2 929	8,4	36 815	3 442	9,3
Short-term funds and trading securities	15 699	736	4,7	14 266	808	5,7
Interest-earning banking assets	495 930	44 377	8,9	481 378	50 537	10,5
Net inter divisional assets – trading book	(666)			762		
Revaluation of FVTPL***-designated assets	1 442			606		
Trading investments	(12)			(129)		
Derivative financial instruments	93			148		
Insurance assets	8 435			6 796		
Cash and banknotes	2 083			1 867		
Other assets	7 123			5 649		
Associates and Investments	2 984			2 842		
Property and equipment	5 399			4 689		
Intangible assets	7 387			6 571		
Mandatory reserve deposit with central banks	11 766			11 055		
Total banking assets	541 964	44 377	8,2	522 234	50 537	9,7
	Liabilities	Paid	%	Liabilities	Paid	%
Deposit and loan accounts	238 284	13 955	5,9	249 736	19 585	7,8
Current and savings accounts	56 878	788	1,4	55 623	1 188	2,1
Negotiable certificates of deposit	111 230	8 319	7,5	100 163	9 656	9,6
Other interest-bearing liabilities****	42 264	2 420	5,7	40 623	2 161	5,3
Long-term debt instruments	25 696	2 287	8,9	16 478	1 641	10,0
Interest-bearing banking liabilities	474 352	27 769	5,9	462 623	34 231	7,4
Other liabilities	11 317			10 340		
Revaluation of FVTPL***-designated liabilities	1 442			606		
Derivative financial instruments	1 445			1 052		
Investment contract liabilities	8 257			6 702		
Ordinary shareholders' equity	41 305			35 697		
Minority shareholders' equity	3 846			5 214		
Total shareholders' equity and banking liabilities	541 964	27 769	5,1	522 234	34 231	6,6
Interest margin on average interest-earning banking assets	495 930	16 608	3,35	481 378	16 306	3,39

Where possible, averages are calculated on daily balances.

* *Includes clients' indebtedness for acceptances.*

** *Includes term loans, preference shares, factoring debtors, other lending-related instruments and interest on derivatives.*

*** *FVTPL fair value through profit and loss.*

**** *Includes foreign currency liabilities and liabilities under acceptances.*

Once Basel III has been finalised, Nedbank Group will review its target capital ratios.

In respect of the two proposed liquidity ratios, the liquidity coverage ratio for implementation in 2015 and the net stable funding ratio (NSFR) for implementation in 2018, the impact of compliance by the SA banking industry would be punitive if implemented as they currently stand, particularly the NSFR in the light of structural constraints within the SA financial market. This is the case for many emerging-market jurisdictions around the world as the negative effect on economic growth and employment would be significant. The group anticipates that a pragmatic approach will be followed by the SARB on this issue.

ADVANCES

Nedbank Group continued to make good progress in improving asset quality and active management of the bank's portfolios towards higher economic profit businesses resulted in slower asset growth in selected areas.

The group grew advances ahead of the industry at 5,5% to R475 billion (2009: R450 billion). The advances by cluster are as follows:

ADVANCES (Rm)	% change	December 2010	December 2009
Nedbank Capital	12,7	**62 328**	55 315
Banking activity	2,6	**42 650**	41 550
Trading activity	43,0	**19 678**	13 765
Nedbank Corporate	8,0	**157 703**	146 035
Nedbank Business Banking	1,3	**50 765**	50 115
Nedbank Retail	4,1	**187 334**	179 885
Nedbank Wealth	(11,6)	**16 869**	19 089
Other	>100	**274**	(138)
Total advances	5,5	**475 273**	450 301

Core banking advances in Nedbank Capital grew by 2,6% from December 2009, with R10,8 billion of new advances largely offset by repayments. Nedbank Corporate advances grew by 8,0%. Nedbank Business Banking advances ended marginally up with R12 billion of new advances being offset to a large extent by repayments of other loans. The repositioning of Nedbank Retail and the focus on growing advances that potentially generate higher economic profits resulted in home loans decreasing, as planned, by 0,2%, with stronger growth in personal loans, cards and motor finance of 37,7%, 7,9% and 13,3% respectively. Properties in possession decreased by 25,4%. The strength of the rand and the investment in UK Treasury bills, compared with previous placements with other banks, led to a decrease in advances in Nedbank Wealth.

DEPOSITS

Deposits increased by 4,5% to R490 billion (2009: R469 billion). Optimising the mix of the deposit book remains a key focus in reducing the high cost of longer-term and professional funding. This is critical as banks compete more aggressively for lower-cost deposit pools with longer behavioural duration and as banks start to take cognisance of the possible Basel III liquidity ratios. Low interest rates coupled with low domestic savings levels and the deleveraging of consumers led to modest growth in retail deposits during 2010. Relatively higher deposit growth in the wholesale sector indicated increasing working capital and available capacity among corporates. Demand for higher-yielding negotiable certificates of deposit (NCDs) remained strong throughout the year within the professional funds and corporate markets.

Rm	% change	2010	2009
Current accounts	7,0	**47 672**	44 539
Savings accounts	(3,5)	**14 756**	15 294
Term deposits and other	3,4	**293 467**	283 829
Call and term deposits	(6,7)	**166 386**	178 424
Fixed and other deposits	20,6	**127 081**	105 405
Foreign currency liabilities	39,2	**9 781**	7 027
NCDs and floating-rate notes	6,6	**110 584**	103 731
Deposit repurchase agreements	(5,1)	**14 180**	14 935
Total deposits	4,5	**490 440**	469 355

PROSPECTS

The group's medium-term targets remain unchanged and are included, with our current outlook for performance against these targets for the 2011 year, in the table below:

	Medium- to long-term targets	2011 outlook
ROE (excluding goodwill)	5% above monthly weighted average cost of ordinary shareholders' equity	Improving, remaining below target.
Growth in diluted headline EPS	At least consumer price index + gross domestic product growth + 5%	Improving, forecast to exceed target.
Credit loss ratio	Between 0,6% and 1,0% of average advances	Improving, remaining above target.
NIR/expenses ratio	> 85%	Improving, remaining below target.
Efficiency ratio	< 50,0%	Improving, remaining above target.
Basel II core Tier 1 capital adequacy ratio	7,5% to 9,0%	Improving, remaining above top end of target range.
Basel II Tier 1 capital adequacy ratio	8,5% to 10,0%	Improving, remaining above top end of target range.
Basel II total capital adequacy ratio	11,5% to 13,0%	Improving, remaining above top end of target range.
Economic capital	Capitalised to 99,93% confidence interval on economic capital basis (target debt rating A including 10% buffer).	
Dividend cover policy	Range of 2,25 to 2,75 times	Range of 2,25 to 2,75 times.

LEVERS FOR GROWTH

- Economy recovering
- Strong management team in place
- NIR strategy starting to deliver
- Good cost discipline
- Ongoing credit loss ratio improvements
- Strong capital and liquidity
- Strong wholesale base and retail potential
- Good staff morale
- Sustainable business model

Diluted HEPS growth

Medium-term target:
> CPIX* + GDP growth + 5%

2011 forecast:
to exceed target

Shareholders are advised that these forecasts have not been reviewed or reported on by the group's auditors.

** Consumer price index excluding impact of mortgage interest costs.*

REPORTING CHANGES

- In 2009 the group acquired the remaining shares in Nedgroup Life Assurance Company, BoE Private Clients and Fairbairn Private Bank (the previous joint ventures with Old Mutual). These assets, previously accounted for as associates, together with other insurance and wealth management businesses, led to the creation of Nedbank Wealth as a separate business cluster in August 2009. The new businesses were consolidated into Nedbank from June 2009. This cluster, which reported as part of Nedbank Retail in 2009, is now reporting separately and therefore the comparatives have been adjusted accordingly.
- The remaining 49,9% shareholding in Imperial Bank was acquired by the group and the transaction approved in February 2010. A further approval for business integration and cancellation of its banking licence was granted by the SARB in October 2010. This business, which was previously fully consolidated, has been fully integrated into Nedbank Retail and Nedbank Corporate respectively. Imperial Bank is therefore no longer shown as a separate segment.
- The ratios for ROE and ROA have been restated with the denominator changing from simple-average to daily-average for equity and total asset values respectively. The calculation of the credit loss ratio has been changed from simple-average advances to daily-average banking advances (thereby excluding trading advances from the calculation). Comparatives for ROE and ROA changes do not affect the segmental ratios, but do affect the group ratios, while credit loss ratio changes affect both.
- The comparative results for the cluster segment reporting at 31 December 2009 have been restated in line with the group's implementation of a revised economic capital allocation methodology as well as the integration of Imperial Bank Limited within various operating segments. These restatements have no effect on the group results and ratios, and changes only segment cluster results and ratios.
- Economic profit for the group was restated as a result of changing the calculation of economic profit for cost of equity from simple-average equity to daily-average equity. The revised economic capital allocation and the effect of the integration of Imperial Bank Limited therefore change the clusters' allocated capital and economic profit.

FORWARD-LOOKING STATEMENTS

This integrated report contains certain forward-looking statements with respect to the financial condition and results of operations of Nedbank Group and its group companies that, by their nature, involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, global, national and regional economic conditions; levels of securities markets; interest rates; credit or other risks of lending and investment activities; as well as competitive and regulatory factors. By consequence, all forward-looking statements have not been reviewed or reported on by the group's auditors.

ACKNOWLEDGEMENTS

I would like to thank the finance teams within Nedbank Group who have, once again, shown tremendous commitment continually to enhancing disclosure and working tirelessly to complete the results for the year. I would also like to acknowledge the support of our shareholders, both locally and internationally, through what has been an extremely trying economic period.

Raisibe Morathi
Chief Financial Officer