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Annual financial results

for the year ended 31 December 2006



MAKE THINGS HAPPEN

NEDBANK
GROUP

A Member of the  **OLD MUTUAL** Group

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2006

'2006 has been a year of growth for Nedbank Group.

This is reflected in improved financial performance and in the growth of our distribution network, client base and market share.

We have created a strong platform for sustainable growth.

The Old Mutual Group's vision is to provide all South Africans with access to high quality financial products and services.

Nedbank Group is committed to playing its part in the realisation of this vision.'

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Annual financial results

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Reviewed preliminary financial results

HIGHLIGHTS

- Growth strategy reflected in performance
- Headline earnings up 40,0% to R4 435 million
- Fully diluted HEPS up 36,0% to 1 076 cents
- Efficiency ratio improved from 64,8% to 58,2%
- ROE increased from 15,5% to 18,6%
- Group capital adequacy of 11,8%
- Strong performance from all business clusters
- Realising synergies from Old Mutual Group strategy
- Final dividend per share up 53,5% to 284 cents

Overview

Nedbank Group maintained good momentum throughout the year, ending with a strong performance in the final quarter. The financial results for the year were again ahead of management's initial expectations. All business clusters recorded pleasing growth and an improved return on equity (ROE).

The group has started to show some early signs of market share gains. This can be attributed to a number of factors, including:

- improved staff morale;
- faster turnaround times in a number of areas;
- reductions in several retail banking charges;
- improvements in service levels for both clients and external distribution channels, particularly mortgage originators;
- increased brand awareness following the repositioning of Nedbank as a bank for all southern Africans;
- the launch of a number of new retail products;
- a sound performance from Nedbank Capital as it continues to benefit from its integrated investment banking strategy;
- pleasing growth from Nedbank Corporate, with key transactional banking client gains, including new public sector clients; and
- enhanced credit risk management and pricing technologies across the business clusters.

The relationship between the three Old Mutual Group companies in South Africa – Old Mutual (SA), Nedbank Group and Mutual & Federal – has strengthened over the past year, with revenue-generating and cost-saving opportunities starting to be a growth driver for all three businesses.

Shareholders will again be offered a capitalisation award with a cash dividend alternative. The award is 284 cents per share, up 53,5% from the 185 cents per share declared in February 2006.

Banking environment

The overall economic environment for banks remains positive despite the 200 basis points rise in interest rates during 2006. While the endowment effect of this increase has improved the group's interest margin, the resultant increased level of credit stress in parts of the retail environment is starting to affect impairments. Advances growth remains robust, although it is anticipated that retail advances growth will slow as a result of the higher interest rate environment.

The industry faces continued pressure on fees, both through increased consumerism and the Competition Commission's inquiry into bank fees. Nedbank continues to be one of the most affordable of the big four banks for entry-level banking products and supports the Competition Commission's inquiry. The bank reduced its retail transactional fees by an average of over 13% in the past year.

Banks also face increased regulatory requirements with the associated costs of compliance, including preparation for the introduction of the National Credit Act (NCA); increased activity relating to the Financial Intelligence Centre Act (FICA); the ongoing responsibilities under the Financial Advisory and Intermediary Services Act (FAIS); and finalisation of systems ahead of the implementation of Basel II in South Africa in January 2008.

Financial performance

Headline earnings increased by 40,0% to R4 435 million. Basic earnings grew by 18,2% to R4 533 million.

Headline earnings per share increased by 39,3% to 1 110 cents (2005: 797 cents). Fully diluted headline earnings per share increased by 36,0% from 791 cents to 1 076 cents, the 2006 dilution being impacted by accounting for the black economic empowerment (BEE) scheme under International Financial Reporting Standards (IFRS). Basic earnings per share grew by 17,5% from 966 cents in 2005 to 1 135 cents in 2006.

These results are at the upper end of the earnings forecast ranges provided in the group's third-quarter results announcement on 14 November 2006.

The group's return on average ordinary shareholders' equity (ROE) improved from 15,5% to 18,6% for the year and is now comfortably ahead of the group's cost of capital. ROE excluding goodwill improved from 18,9% to 22,1%.

Net interest income (NII)

NII grew 28,5% to R10 963 million. The group's margin for the year improved to 3,92% from 3,55% in 2005. This margin is similar to that reported in the third-quarter results.

This margin increase reflects:

- the benefit from the increased endowment together with the higher interest rate environment;
- mix changes from the growth in higher-margin retail and business banking advances, as well as a change in the advances mix within Nedbank Retail resulting from higher growth in high-margin personal loans; and
- the interest on the proceeds from the sales of the remaining holdings in Net1 UEPS Technologies Inc (NUEPS) and State Bank of Mauritius (SBM) during the year.

NII benefited from this increase in the margin together with growth in loans and advances of 24,2% (average interest-earning banking assets grew by 16,5%).

The group anticipates some margin reduction during 2007 as a result of new asset growth being funded largely by wholesale deposits. This will be partially offset by the remaining endowment effect from the historic interest rate increases.

Impairment losses on loans and advances

The impairments charge rose by 24,7% to R1 483 million for the year. The impairments charge to average advances improved from 0,61% for the half year to June 2006 to 0,52% for the full year. Impairments were negatively impacted by the mix change in advances, referred to above, with higher-margin retail advances and personal loans attracting appropriately higher levels of impairments.

In Nedbank Retail an 'incurred but not reported' (IBNR) impairments charge of R70 million was raised for the impact of the NCA on collection periods. In addition, refinements to assumptions were made for certain classes of retail lending assets in Nedbank Retail resulting in an increase in the IBNR impairment of R143 million. These included adjustments following the observance of statistical default trends at 30 days and the refinement of certain methodologies. The IBNR impairment in Nedbank Retail also increased following the transfer of part of a data provision from specific impairments amounting to R92 million. These three amounts were largely offset by specific impairment releases of R226 million arising from refinements to the methodologies for probability of default and loss given default and the R92 million transfer from specific impairments relating to the data provisions.

In response to the benign wholesale credit environment in Corporate Banking and Property Finance, Nedbank Corporate lengthened the emergence periods and refined the probability of default and loss given default metrics in the impairment calculations, resulting in an additional IBNR impairments charge of R53 million. Wholesale impairments benefited from continued recoveries of corporate debts.

The group anticipates that the impairment charge will increase in the medium to long term as a result of the recent interest rate increases, combined with higher levels of household indebtedness. Nedbank Corporate's impairment levels are also currently at unsustainably low levels.

Non-interest revenue (NIR)

NIR for the period increased by 11,8% to R9 468 million (excluding translation gains, NIR increased by 13%). This growth was driven by:

- volume growth in Nedbank Corporate and Nedbank Retail resulting in an increase of 13,3% in commissions and fees;
- property private equity revaluations and realisations and dividends received on private equity investments in Nedbank Corporate amounting to R287 million (2005: R241 million);
- private equity revaluations and realisations and dividends received on private equity investments in Nedbank Capital amounting to R291 million (2005: R230 million);
- improved trading income in Nedbank Capital, particularly in the fourth quarter;
- fees received from outside the group by Bond Choice growing by 47,6% from R416 million to R614 million; and
- the group's bancassurance operations growing new business premiums by 13% from R5 090 million to R5 729 million.

The group has changed its disclosure of trading instrument transaction costs for instruments held at fair value and these costs, in line with industry practice, have now been disclosed within NIR. The effect is that trading income for 2005 was reduced by R140 million from R1 431 million to R1 291 million (2005 operating expenses being reduced by the same amount). Trading income for the year showed an improvement over the third quarter, with the fourth quarter up by 137,2% to R536 million (third quarter: R226 million). Trading results for the year were R1 647 million (after reclassification of related transaction costs of R160 million) representing a 27,6% increase on 2005.

NIR growth was impacted by the more competitive pricing structure adopted in Nedbank Retail, and in July 2006 retail transactional fees were reduced by an average of 13%. Furthermore, fees were largely kept constant in 2005. Service fees for Nedbank Retail's Small Business Services clients remained unchanged for the fourth successive year. Nedbank Mzansi Account fees were also substantially reduced to make these products more accessible to new entrants to the banking environment. The reductions in transactional fees are estimated to have a further impact of approximately R50 million in 2007.

Expenses

Total expenses continue to be well managed, increasing by 7,9% to R11 886 million. Operating expenses increased by 12,1%. Staff expenses increased by 14,5%, reflecting the investment the group has made in client-facing staff and an increase in variable pay as a result of the continued improvement in operating performance. Marketing costs increased, as planned, by 36,2% off the low base set in 2005 as the group invested in repositioning the Nedbank brand.

Bond Choice's total expenses grew by 42,3% from R378 million to R538 million.

BEE transaction expenses were R146 million (2005: R393 million), including IFRS 2 costs of R23 million for the BEE transaction in Namibia. There were no further merger and recovery expenses (2005: R155 million).

The 'jaws' ratio continued to improve, with total revenue growth of 20,2% being 12,3% above expense growth of 7,9%, resulting in the efficiency ratio improving from 64,8% for 2005 to 58,2%. As expected, the efficiency ratio is above the level reported in June 2006 of 57,3% as a result of a planned increase in marketing expenditure in the last quarter, including marketing costs for the SAA Voyager cobrand credit card and the initial costs for the expansion of the distribution network.

Direct taxation

The effective taxation rate increased from 23,4% to a more normalised 27,8%, as the prior-year rate included the benefits of non-taxable foreign exchange translation gains and credits arising from accounting for past structured finance transactions, both of which had a more marginal impact in the current year.

The group also increased taxation provisions for several historic matters amounting to R174 million.

Non-trading and capital items

Income after taxation from non-trading and capital items amounted to R98 million for the year (2005: R669 million). The main component was a profit of R221 million on the sale of the remaining shares in NUEPS in the first half of the year. During the year the group also wrote down its goodwill in Fairbairn Trust by R64 million. As a result of the decreasing appetite for offshore trusts

Fairbairn Trust's earnings are projected to decrease, requiring a partial impairment of the R92 million goodwill raised on the acquisition of Fairbairn Trust in 2001 (adjusted for foreign currency translation changes).

In 2005 the sale of the major portion of the investment in NUEPS (6,65 million shares) realised a R793 million profit when the company was listed on NASDAQ.

Balance sheet

Capital

The group remains well capitalised, with a Tier 1 group capital adequacy of 8,3% and total group capital adequacy ratio of 11,8%, following the share buybacks that took place in 2006 and strong advances growth.

Advances

Advances at R309 billion are ahead of original expectations and average interest-earning banking assets grew by 16,5% to R280 billion. Details of advances growth by major category are shown below:

Rm	December 2006	December 2005	Increase (%)
Home loans	98 944	75 333	31,3
Commercial mortgages	46 213	37 993	21,6
Properties in possession	131	309	(57,6)
Term loans	33 948	25 314	34,1
Credit cards	5 283	4 074	29,7
Loans to banks	17 465	17 180	1,7
Overdrafts	13 761	11 604	18,6
Leases and instalment debtors	43 358	34 935	24,1
Preference shares and debentures	6 840	5 918	15,6
Trade and other bills	1 752	3 850	(54,5)
Reverse repurchase agreements	6 703	3 066	118,6
Other loans to clients	39 349	34 046	15,6
Impairments of advances	(5 184)	(5 214)	(0,6)
Total	308 563	248 408	24,2

This strong advances growth was the primary contributor to the increase in total assets of 20,6% to R425 billion.

The group recorded some market share growth in certain categories of advances in the second half of 2006:

- Home loan market share grew in each of the last four months of the year.
- Card advances growth exceeded the internal target of 25% with growth of 29,7%. Although this was less than the market growth for the year, there were market share gains month-on-month in November and December after the launch of balance transfer and budget/straight consolidations together with the SAA cobranded cards.
- The group showed some gains in leases and instalment sales, although Nedbank's growth was slow in this area, with Imperial Bank gaining market share.
- Generally wholesale advances growth was slightly ahead of the market growth rate, driven by strong growth in advances to Corporate Banking clients.

Deposits

Deposits increased by 24,3% from December 2005, although growth in wholesale deposits has outpaced retail deposits. The group maintained a strong liquidity position throughout the year.

Cluster performance

Nedbank Capital

Nedbank Capital increased headline earnings by 17,9% to R1 145 million and improved its ROE to 31,3% (2005: 27,9%).

Despite the higher endowment on capital from higher interest rates, NII declined by 3,3% to R675 million owing to the inclusion of a once-off benefit on the unwinding of a preference share deal in the prior year.

NIR was up 17,2% to R2 048 million, with strong growth in trading and pleasing private equity revaluations and realisations. Total trading income was up 28,6%, with debt securities trading up 57,0% and equity derivatives trading up 28,7%. Trading activities benefited from increased flows and the implementation of improved trading systems. During the last quarter the impairments charge improved with recoveries from a number of outstanding advances. The impairments charge for the year as a percentage of average advances improved from 0,43% in 2005 to 0,28% for 2006.

All business units benefited from a greater outward focus, the strong deal pipeline built up towards the end of 2005 and the coverage model that facilitates client solutions through multidisciplinary teams consisting of investment bankers, corporate bankers and product experts.

The outlook for 2007 remains positive, with favourable market conditions and a strong deal pipeline having been built up during 2006.

Nedbank Corporate

Nedbank Corporate increased headline earnings by 34,8% to R2 553 million. ROE increased to 21,9% (2005: 18,9%) mostly as a result of pleasing revenue growth, a reduction in the impairments charge and well-controlled expenses.

NII and NIR showed double-digit growth, reflecting the momentum being established in the underlying business units and the improved growth in wholesale advances being experienced by the industry as a whole. Nedbank Corporate has had success in gaining a number of new transactional mandates, the full impact of which will be reflected only in 2007. Average loans and advances increased by 17% and core transactional fee income grew by over 8%, despite the continued impact of disintermediation on the cheque business as clients switch to cheaper electronic platforms and credit cards. Compared with the previous year, NIR from lending activities was more than 12% higher. Electronic banking volumes grew by 62% owing to successful client conversions to high-volume platforms and the continued decline in cheque volumes.

Despite changes to the IBNR assumptions referred to earlier, the impairment charge remained low due to reduced specific impairment charges and benefits arising from bad debt recoveries through effective credit management. Expenses remained well controlled.

The new channel convergence platform for the electronic banking needs of Corporate and Business Banking clients was implemented. This product consolidated the different business electronic banking platforms into a state-of-the-art delivery platform that was installed at 2 429 clients by year-end, with the rollout to remaining clients progressing well.

Nedbank Retail

Nedbank Retail increased headline earnings by 63,3% to R1 463 million and ROE increased from 17,6% to 23,0%. Nedbank Retail's ROE was slightly lower than reported at the half-year as the division incurred compliance costs ahead of the introduction of the NCA, increased marketing spend in the last quarter and started with the expansion of its distribution network. In spite of this additional expenditure, disciplined expense management and tracking of the expenditure relating to Retail's distribution rollout plan saw the efficiency ratio improving from 71,7% for 2005 to 66,3% for 2007.

All the business units performed strongly, despite margin compression in home loans due to the influence of mortgage originators and increased impairments as a result of the mix change in advances with the growth in personal loans ahead of other retail advances.

The cluster's focus on client service as a key differentiator continues and recent client service surveys show a significant improvement over last year. Turnaround times for new applications have improved in most business areas. This focus on client service and efficiency has resulted in a significant improvement in asset growth and an increase in the number of primary clients for the first time in three years.

A highlight of the year was the implementation of more competitive pricing across key asset, liability and transactional products. Nedbank Retail's pricing had become uncompetitive in a number of areas in recent years and the bank is now well positioned to compete as the consumer focuses on the level of bank charges.

In August 2006 Nedbank Retail announced a plan to expand the bank's retail footprint. This is expected to address the underinvestment in distribution over the last 10 years, as well as the lack of representation in certain areas, and to position the bank for profitable and sustainable growth. From 2006 to 2008 Nedbank Retail will upgrade and expand its distribution footprint, including opening an additional 400 new outlets (including 100 branches) and upgrading and increasing its ATM network by 50%. During the second half of the year the group started implementing this programme by installing 147 ATMs, half of which are in previously underserved areas, as well as opening 10 new branches, 19 outlets in retailers and Old Mutual distribution centres, and 26 new personal loan kiosks at merchants and introducing a further 18 portable bootkits for opening Mzansi Accounts. The capital outlay for the second half of the year amounted to R53,7 million, with a negligible impact on current year expenses.

The implementation of the NCA remains an industry and bank-specific challenge and priority.

Imperial Bank

Imperial Bank Limited increased headline earnings by 31,3% to R386 million, and improved ROE from 23,2% to 24,7%. Nedbank Group's share of these earnings was R193 million (2005: R147 million), also up 31,3%. NII grew by 34,2% and expenses by 14,7%, resulting in the efficiency ratio improving from 41,3% to 35,4%. Loans and advances grew 40,8%. Advances growth was driven by a strong performance from the Motor Vehicle Finance Division. The impairments charge to average advances increased from 0,63% to 0,86%, largely as a result of a slowdown in recoveries in Property Finance and increased impairments in the Motor Vehicle Finance Division.

Imperial Bank restructured its capital base during the year to improve returns to shareholders and to allow for future growth. The bank issued a subordinated (Tier 2) bond (IBL2) of R500 million and preference share capital amounting to R300 million. Imperial Bank also bought back R300 million of ordinary shares during the year, with Nedbank Group receiving proceeds of R150 million.

Central Services

The headline loss in Central Services was R919 million and, excluding foreign exchange translation gains, this increased by 6,3% from R868 million to R923 million.

The initial upgrades of the Financial Processing Architecture and the Basel II programme are on track for delivery and implementation during 2007, in anticipation of the introduction of Basel II in 2008.

Capital management

The group has substantially completed preparations for the implementation of Basel II in 2008 and has been using this programme as the catalyst to elevate its risk and capital management to worldclass standards.

During the period the group:

- concluded a subordinated debt issue (NED5) of R1,5 billion in the first half of the year;
- concluded a subordinated debt issue (NED6) of R1,5 billion in the third quarter;
- redeemed the NED1 R2,0 billion bond on 20 September 2006; and
- executed share buybacks amounting to 5,5 million shares at a cost of R616 million in the first half of the year and a further 8,2 million shares at a cost of R898 million during the third quarter. No further buybacks were conducted during the last quarter as capital was required to fund asset growth.

In February 2007 the group simultaneously concluded two further subordinated debt issues, the NED7 of R650 million and NED8 of R1 billion, both of which qualify as Tier 2 capital. In February Nedbank also announced its intention to issue up to R1 billion in non-redeemable, non-cumulative, non-participating preference share capital, qualifying as Tier 1 capital.

With the recovery now firmly established and taking into account organic growth together with current Basel I and future Basel II capital levels, the group has decided to reduce its dividend cover policy from 2,5 to 3 times to 2,25 to 2,75 times.

These initiatives are part of the group's ongoing long-term capital management programme that seeks to achieve an optimal and prudent capital structure. The group currently has a Basel I target minimum total capital adequacy ratio of 12% and a target minimum Tier 1 ratio of 8%.

In addition to ongoing organic growth expectations the following issues, which are expected to be finalised soon, will influence the scope of future capital management actions:

- Amendments to section 38 of the Companies Act.
- Finalisation of the draft Basel II regulations by the South African Reserve Bank (SARB).
- Asset securitisation.

The group expects to issue further Tier 2 capital and alternative forms of Tier 1 capital in 2007, during which time the R4 billion NED2 bond is currently expected to be redeemed on its call date in July 2007 (subject to regulatory approval). Nedbank is committed to improving its profile as an issuer in the debt capital markets and this should result in a more robust subordinated-debt yield curve for the group.

Strategic objectives

The group achieved good momentum across the 12 short- and medium-term strategic objectives set out in the 2005 annual report:

Achieve financial objectives to meet 2007 targets

Progress was made in returning the group closer to benchmark financial performance and meeting the short-term 2007 financial targets of an ROE of 20% and an efficiency ratio of 55%. While the ROE of 18,6% and the efficiency ratio of 58,2% were both ahead of the internal 2006 targets, the increased investment in distribution and sales capacity makes the 55% efficiency ratio target more challenging in 2007.

Build credible three-year plans to ensure a long-term focus

While the group has been unwavering in its commitment to achieve the 2007 targets, it has also been cognisant not to adopt an overly short-term focus. We have developed medium- to long-term financial targets to be achieved after 2007, which have been set out below. These are supported by strategic business plans that build on the solid foundations laid during the turnaround over the past three years.

Build a high-performance culture

A positive shift in staff morale was reported in the 2006 employee survey results. These results showed improvements of up to 11,1 percentage points in the categories measured by the group, with the highest improvements in the leadership and transformation categories. All areas in Nedbank Group worked hard on communicating with staff, ensuring strategies were clear, addressing performance and remuneration issues, and motivating people. The shift in morale was also significantly impacted by the successful implementation of two programmes:

- Leading for Deep Green focused on building competencies around leadership and strategy as well as personal transformation among the top leadership in the group; and
- Project Catalyst saw the implementation of foundational people practices, which were underpinned by the principles of fairness and equity.

Achieve profitable asset growth in line with the market

Market share improvements were below original targets in the early stages of the year. However, as the year progressed improvements were achieved in several key categories, particularly retail mortgages, card and other private sector loans (mainly corporate lending). The impact of initially growing at a slower rate than the market did not have a significant effect on the group's progress against its three-year plan as the market as a whole, and particularly the retail banking sector, grew more than initially expected.

Drive quality transactional banking growth

Net new primary clients increased for the first time in three years. The group has created focused transactional banking teams and is implementing a range of initiatives to improve cross-selling, upselling, client service, client retention, pricing and bancassurance.

Nedbank Corporate launched the first phase of its integrated electronic banking offering in the third quarter of 2006 and this is rapidly being rolled out to commercial clients. This new offering has enabled Nedbank to acquire a number of new clients, including clients in sectors where it has not been competitive in the past such as the provincial governments, where it recently won the tender for the Western Cape.

Nedbank Retail's expanding branch and outlet footprint has improved accessibility and reach, which together with a more outward focus, positions the group to grow transactional revenue. The group's bancassurance revenue continued to grow, with new business premiums increasing by 13% in 2006.

Deliver worldclass service

Foundations are being laid to deliver worldclass service. In addition to existing service initiatives showing good progress, the Nedbank Retail cluster completed a client management assessment, showing Nedbank Retail marginally above the average global service benchmark. A project team is currently analysing areas in need of improvement and compiling a holistic strategy to ensure service becomes the group's primary differentiator.

For wholesale clients the group continued to embed its coverage model, drive strategic account planning and optimise various supporting processes. During the year international distribution and servicing capability has been enhanced with, among others, an alliance concluded with ABN AMRO (Europe).

Corporate Banking, Nedbank Investor Services and Property Finance continued to be the top-rated financial service providers in their respective segments as measured by internal and independent external client surveys.

Mfundo Nkuhlu, Managing Director of the Corporate Banking Division of Nedbank Corporate, was recognised as the 'Top Corporate Banker in South Africa for 2006' by the Association of Black Securities and Investment Professionals. This is the second consecutive year that a Nedbank executive has won the award.

Nedbank Capital has retained its 'top two' position in corporate finance and advisory business.

Nedbank received the award for the 'Business Map BEE Top Commercial Financier' in 2006.

Transform beyond Financial Sector Charter (FSC) targets

The group continues to make strides in all aspects of transformation. Good progress was made in meeting employment equity targets across all management levels. Black representation on the Nedbank Group Board has increased to 47% and Reuel Khoza was appointed as the group's first black chairman. Of the Group Executive Committee 30% is black.

In 2005 the group concluded a broad-based BEE transaction, with a value of more than R3 billion, which resulted in a broad range of black stakeholders acquiring direct ownership worth 11,5% of the value of the group's South African businesses. The group's strategic black business partners have identified and assisted in leveraging several business opportunities.

BEE procurement spending showed a significant increase, from 34,9% in 2005 to 46,0% in 2006.

The 2008 industry target of opening eight FSC branches was achieved in December 2006, while at the same time exceeding the 2008 target for black small and medium enterprise (SME) financing during November 2006.

Nedbank substantially exceeded industry BEE transaction financing targets for the second year in succession.

Nedbank's Mzansi market share has increased from 11,4% in 2005 to above 15% at December 2006.

During the year the group launched an affordable housing development investment unit that has several projects in the pipeline. In addition, Nedbank concluded a 40 million affordable housing development agreement with Agence Française de Développement.

The Nedbank Foundation shifted its focus to early-childhood development and education projects. During 2006 the group contributed more than R42 million to a broad range of community projects.

Nedbank received the international award for 'Emerging Markets Corporate Social Responsibility Bank of the Year' for the second consecutive year and the award for 'Bank of the Year in South Africa' at The Banker's 2006 awards in London. During 2006 Nedbank was also rated first in its category in the JSE Socially Responsible Investment Index and again included in the Dow Jones World Sustainability Index.

Nedbank received an 'AAA' rating (the highest category) from Innovest Strategic Value Advisors Inc, the global leader in providing 'non-traditional' research including drivers of risk and shareholder value in the environmental, social, and strategic governance space, in its latest Global Sector Report covering 263 banks and diversified financial companies from around the world.

Unleash group synergies

A joint southern Africa strategy for the three Old Mutual Group companies was initiated to identify revenue-generating and cost-saving opportunities across the combined retail client base of over six million individuals. Projects in which Nedbank is involved include the outsourcing of all data and voice networks in conjunction with Old Mutual (South Africa), joint procurement spending using the group's greater bargaining power, and bancassurance.

Optimise risk and capital

Nedbank has maintained a sound framework of enterprise-wide risk management.

Credit, economic capital, earnings-at-risk, risk-based pricing and various other models, largely all built by the end of 2005, have been implemented across the group to enhance the management and optimisation of risk and return. These credit models also form the basis of the group's readiness to adopt the Advanced Internal Ratings Based (AIRB) approach for credit risk from the implementation date of Basel II (1 January 2008).

Both the FICA and Basel II implementations are on track.

Active capital management was executed in line with the Strategic Capital Plan mandated and closely monitored by the board.

The market risk management functions were restructured and strengthened to assign the Nedbank Capital cluster with first-line accountability for market risk management, while the independent Group Market Risk Monitoring function acts as a second line of defence.

The risk framework for Imperial Bank and the African subsidiaries was updated and strengthened during the year.

Improve innovation

2006 was a year in which the group has become significantly externally client-focused following the inward focus during the recovery programme.

The Nedbank Corporate Channel Conversion Project has progressed well during the year with over 2 400 clients converted to the new worldclass system.

Nedbank Capital delivered various innovative product solutions across its portfolio (including a new derivative product, Contracts for Difference).

Nedbank Retail launched various innovative products including the Nedbank Transactor Account, Nedbank Everyday Account, Small Business Services Startup Account, Balance Transfer, iMPi (cellphone-based payment solution), the Nedbank Positive Return Fund and the SAA Voyager Card.

The Nedbank Affordable-housing Development Investment Unit referred to above has been operationalised and the outlook appears promising.

Improve management information system

A general improvement in key business metrics and reporting is evident and the Financial Planning Architecture Programme has progressed well. The primary characteristics of the solution are the integration of financial and risk architectures, a single-enterprise data warehouse ensuring consistency of data used for reporting, standardisation across the group to reduce manual-intensive reconciliation processes, groupwide integrated planning, budgeting and forecasting solutions, a financial consolidation process that facilitates greater accountability at business cluster level and the ability to respond timeously and cost-effectively to evolving statutory and regulatory reporting requirements such as Basel II and IFRS. The first two phases of the project will be completed during 2007.

The economic capital implementation, reported last year, has facilitated both cluster and client profitability measurement on a risk-adjusted return on capital basis.

Reposition the brand

With the introduction of a new brand expression Make Things Happen early in the year the group intensified and increased its national advertising campaigns to position the Nedbank brand in a more relevant and approachable manner – as a bank that demonstrates a deeper understanding of financial needs and cares about communities and the country. Brand measures have shown significant improvements in Nedbank's positioning in the market in both awareness and acceptance, and steady progress has been made towards the group's stated aspiration of being the most respected and admired banking brand.

Namibia

In September 2006 the three Old Mutual Group companies concluded a simultaneous broad-based BEE transaction in Namibia. This included the introduction of black equity ownership to the value of 11,13% of Nedbank's Namibian business. Nedbank Group will maintain a secondary listing on the Namibian Stock Exchange with effect from tomorrow, Friday 23 February, which will see all Old Mutual Group entities being dual-listed in Namibia.

Medium- to long-term financial targets

The group has set out the following medium- to long-term targets in addition to the short-term targets of a 20% ROE and 55% efficiency ratio in 2007.

	Performance in 2006	Medium- to long-term financial targets after 2007
Return on shareholders' equity	18,6% (22,1% excluding goodwill)	ROE greater than 20% and ROE (excluding goodwill) 10% above the group's monthly weighted average cost of ordinary shareholders' equity
Efficiency ratio	58,2%	Maintain an efficiency ratio of less than 55%
Fully diluted HEPS	36,0%	A growth in fully diluted HEPS of at least average CPIX plus GDP growth plus 5%
Impairments charge as a % of average advances	0,52%	An impairments charge of between 0,55% and 0,85% of average advances
Capital adequacy ratios (Basel II)	n/a n/a	Tier 1 8,0% – 9,0% Total 11,0% – 12,0%
Economic capital adequacy	A-	Adequately capitalised to a 99,9% (A-) confidence on an economic capital basis plus a 15% buffer
Dividend cover	2,25 times	2,25 to 2,75 times cover

Prospects

Currently management believes performance in 2007 is likely to be influenced by:

- growth in retail advances remaining robust but slowing, together with ongoing growth in wholesale advances – this is forecast to result in overall advances growth in the mid-teens;
- continued market pressure on retail funding volumes;
- an endowment benefit in the margin from historic interest rate increases;
- a slight worsening of the impairment charge following signs of increased levels of credit stress in parts of the retail environment, together with fewer impairment recoveries from Nedbank Capital and Nedbank Corporate;
- the ongoing effects of the Nedbank Retail price reductions and industry fee pressure;
- pressure on revenues and costs associated with the introduction of the NCA;
- the momentum from transactional banking mandates received by Nedbank Corporate and a strong pipeline built up by Nedbank Capital;
- lower positive property private equity revaluations;
- additional operating efficiencies;
- investment in retail distribution and continued marketing spend on the new brand position;
- finalisation of Basel II on 1 January 2008; and
- asset securitisation and ongoing capital management activities.

Board changes during the year

- Warren Clewlow retired as a non-executive director and Chairman after reaching the mandatory retirement age (4 May 2006).
- Chairman designate, Dr Reuel Khoza, succeeded Warren Clewlow as Chairman (4 May 2006).
- Julian Roberts resigned as a non-executive director (5 May 2006) following his appointment as Chief Executive Officer and a director of Old Mutual plc's subsidiary, Skandia.
- Thenjiwe Chikane was appointed as an independent non-executive director (1 November 2006).
- Rick Cottrell retired as an independent non-executive director after reaching the mandatory retirement age (30 November 2006).

Accounting policies

Nedbank Group Limited (the 'company') is a company domiciled in South Africa. The reviewed financial results of the company at and for the year ended 31 December 2006 comprise the company and its subsidiaries (together referred to as the 'group'), and the group's interests in associates and jointly controlled entities.

The group's principal accounting policies have been applied consistently with those of the prior year, except where otherwise stated. These Nedbank Group reviewed financial results have been prepared in accordance with the recognition and measurement principles of IFRS. In the preparation of these financial results the group has assumed certain key sources of estimation in recording various assets and liabilities. These sources of estimation were the same as those applied to the consolidated financial statements at 31 December 2005. These standards are subject to ongoing review and possible amendments and the results may therefore be subject to change at future reporting dates.

Restatement of 2005 results

Reclassification of transaction costs in NIR

Expenses amounting to R160 million (2005: R140 million), directly related to NIR, have been reclassified from operating expenses, consistent with industry practice, and have been included in NIR.

These expenses represent transaction costs directly attributable to the acquisition of trading instruments recorded at fair values, which do not include transaction costs. The carrying amount of trading instruments, other than those at fair value through profit or loss, generally includes transaction costs. Consequently, transaction costs that would be included in the determination of the effective interest rate of the instruments and the interest attributable to the instrument have been disclosed within NIR. Comparative results have been restated accordingly.

Segmental reporting comparative results

Segmental reporting comparative results were restated for 2005 to take account of the ongoing changes for improved profitability measurement. The restatements relate to the introduction, during 2006, of the group's STC costs in respect of dividends payable to each cluster, based on profitability, and the alignment of Imperial Bank's contribution, net of minorities, to exclude all group profitability measurement adjustments.

Subsequent events

As of the date of this announcement there are no post-balance-sheet events to report.

Reviewed results – auditors' opinion

The group's auditors, KPMG Inc and Deloitte & Touche, have reviewed the condensed consolidated preliminary financial statements which comprise the balance sheet of Nedbank Group and its subsidiaries at 31 December 2006, and the related consolidated income statement, condensed statement of changes in equity and condensed cash flow statement for the year then ended, and their unmodified review opinion is available for inspection at the company's registered office.

Forward-looking statements

This announcement contains certain forward-looking statements with respect to the financial condition and results of operations of Nedbank Group and its group companies, which by their nature involve risk and uncertainty because they relate to events and depend on circumstances that may 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, and competitive and regulatory factors.

Capitalisation award with a cash dividend alternative

Notice is hereby given that the directors of the company have resolved to issue fully paid ordinary shares in the company as a capitalisation award to ordinary shareholders. Ordinary shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive new fully paid ordinary shares, which will be issued only to those ordinary shareholders who, in respect of all or part of their shareholding, elect on or before 12:00 on Thursday, 5 April 2007, to receive the capitalisation award shares. Shareholders not electing to receive new fully paid ordinary shares in respect of all or part of their shareholding will be entitled to receive a cash dividend alternative of 284 cents per ordinary share (the cash dividend alternative).

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

2007

Last day to trade to participate in the capitalisation award or the cash dividend alternative	Thursday, 29 March
Shares trade ex the capitalisation award election and the cash dividend alternative on	Friday, 30 March
Listing of the maximum number of new ordinary shares that may be taken up in terms of the capitalisation award on	Friday, 30 March
Last day to elect to receive capitalisation award shares, failing which the cash dividend alternative will be received by 12:00	Thursday, 5 April
Record date to participate in the capitalisation award or receive the cash dividend alternative on	Thursday, 5 April
Payment of the cash dividend alternative to shareholders who have not elected to participate in the capitalisation award or have participated in the capitalisation award in respect of only part of their shareholding on	Tuesday, 10 April
New shares issued and posted or central securities depository participant ('CSDP') or broker accounts credited regarding the shares to be issued to shareholders participating in the capitalisation award in respect of all or part of their shareholding on	Tuesday, 10 April
The maximum number of new shares listed in terms of the capitalisation award, adjusted to reflect the actual number of shares issued in terms of the capitalisation award on or about	Friday, 13 April
Share certificates may not be dematerialised or rematerialised between Friday, 30 March 2007, and Thursday, 5 April 2007, both days inclusive.	

The above dates and times are subject to change. Any changes will be published on the Securities Exchange News Service (SENS) and in the press.

The number of capitalisation shares to which shareholders are entitled will be determined in the ratio that 284 cents per ordinary share bears to the 30-day volume-weighted average price for the company's share, to be determined by no later than Tuesday, 20 March 2007. Details of the ratio will be published on SENS no later than Thursday, 22 March 2007, at 12:00 and in the financial press the following business day. Trading in the STRATE environment does not permit fractions and fractional entitlements. Accordingly, where a shareholder's entitlement to new ordinary shares calculated in accordance with the above formula gives rise to a fraction of a new ordinary share, such fraction will be rounded up to the nearest whole number, where the fraction is greater than or equal to 0,5, and rounded down to the nearest whole number, where the fraction is smaller than 0,5.

A circular relating to the capitalisation award and the cash dividend alternative will be posted to shareholders on or about Wednesday, 14 March 2007.

Note:

Dematerialised shareholders are required to notify their duly appointed CSDP or broker of their election in terms of the capitalisation award in the manner and at the time stipulated in the agreement governing the relationship between shareholders and their CSDP or broker.

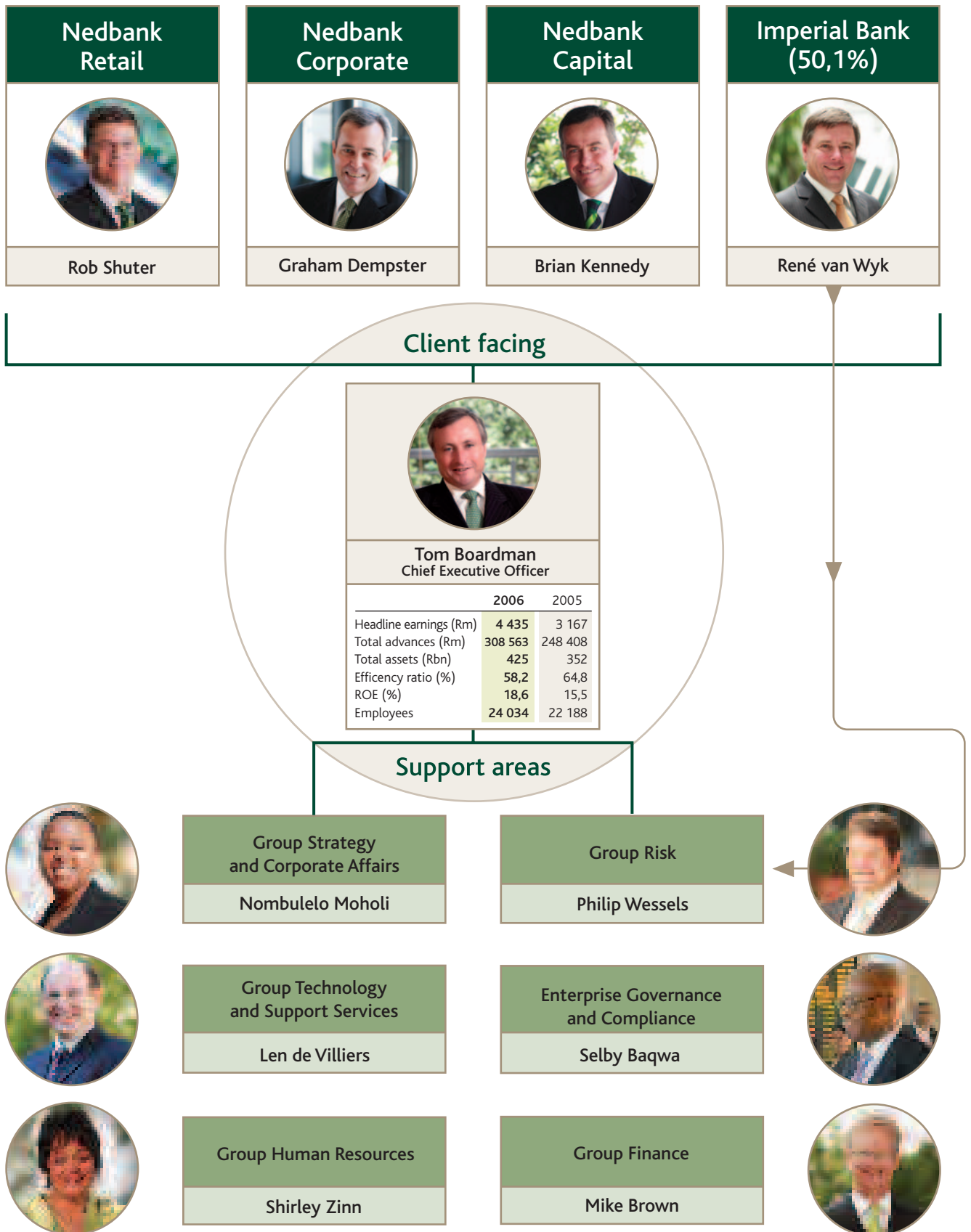
For and on behalf of the board

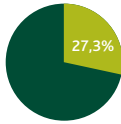
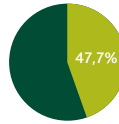
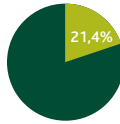
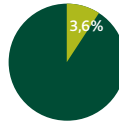
Dr RJ Khoza
Chairman

TA Boardman
Chief Executive

21 February 2007

Group structure



	Nedbank Retail	Nedbank Corporate	Nedbank Capital	Imperial Bank (50,1%)																																																																							
KEY FIGURES	Contribution to operating division headline earnings:	Contribution to operating division headline earnings:	Contribution to operating division headline earnings:	Contribution to operating division headline earnings:																																																																							
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BUSINESS PROFILE	<ul style="list-style-type: none">Nedbank Retail provides full-service retail banking and wealth management services to individuals and small businesses.It currently has 3,2 million clients in South Africa and in the UK through Fairbairn Private Bank.Cluster comprises: Retail Banking Services Nedbank Card Retail Bancassurance and Wealth Nedbank Home Loans Nedbank Personal Loans Retail VAF and TIP	<ul style="list-style-type: none">Nedbank Corporate provides full-service corporate and business banking, including commercial and industrial property finance solutions to small, medium and large corporates.Included in the cluster are the group's African operations servicing both retail and corporate market segments in Lesotho, Malawi, Namibia, Swaziland and Zimbabwe.Cluster comprises: Corporate Banking Business Banking Property Finance Nedbank Africa	<ul style="list-style-type: none">Nedbank Capital provides comprehensive merchant and investment banking solutions to institutional and corporate clients.Offices in SA and London, and representative offices in Africa.Cluster comprises: Investment Banking Specialised Finance Treasury Equity Capital Markets Debt Capital Markets Global Markets Nedcor Securities London Office	<ul style="list-style-type: none">Imperial Bank is a joint venture with Imperial Holdings Limited and provides predominantly asset-based finance, with most advances comprising vehicle finance and selected niche markets.Cluster comprises: Motor Finance Corporation Property Finance Supplier Asset Finance Medical Finance																																																																							
	BUSINESS STRATEGY	<ul style="list-style-type: none">Nedbank Retail through its 'Building South Africa's fastest growing retail bank' strategy will be driving profits and growth through people, innovation, worldclass service, expanded distribution, increased brand loyalty, risk management, exploiting synergies and a continued focus on transformation.Become a bank for all.Client-centric model.Leveraging Nedbank and Old Mutual Group synergies.	<ul style="list-style-type: none">Improve primary banker status.Expand in mid-market segments (property finance, corporate and business banking).Focus on the public sector. Deliver worldclass solutions.Drive collaborative model to support service excellence and cross-sell.Expand African operations through a three-tiered approach.Leverage Old Mutual Group SA capabilities.Client value management.	<ul style="list-style-type: none">Integrated investment banking business model – leveraging unique combination of industry and product expertise with a single client interface.International and African expansion.Collaborative model within Capital, with Nedbank clusters and Old Mutual.Expand product scope and business ventures.	<ul style="list-style-type: none">Leverage Imperial Holdings footprint, dealership and network.Niche market approach.Client service excellence.Nimbleness.																																																																						
MARKET POSITION	<ul style="list-style-type: none">SA's fourth largest retail bank17,1% Home Loans market share5,8% Vehicle and Asset Finance market share12,1% Card market share>15% Mzansi market share	<ul style="list-style-type: none">ABSIP Corporate Banker of the Year 2005 and 2006.Global Custodian of the Year for Southern Africa.Largest property finance provider (of all banks).Leading market share in other private sector loans: >24% (excl FCLs).	<ul style="list-style-type: none">Top Commercial BEE Financier (Nedbank).Top two Ernst & Young Corporate Financier.Top two M&A player by volume.Top three domestic institutional broker.	<ul style="list-style-type: none">Vehicle finance market share in excess of 9% and growing.Niche operations in residential property development finance; commercial property finance; medical finance; aviation, truck and yellow-goods finance; office equipment finance; and specialised debt collection.																																																																							
KEY DEVELOPMENTS IN 2006	<ul style="list-style-type: none">63% growth in headline earnings with ROE improving from 17,6% to 23,0% and efficiency ratio from 71,7% to 66,3%.Delivered competitive pricing: 13,1% average reduction in fees.10 key product enhancements.Net growth in primary clients for the first time in three years.Worldclass Client Service Programme launched and CMAT implemented.Improved client satisfaction survey results.Improved staff satisfaction survey results.Segmentation strategy in place.Home loans turnaround.Initiated R1bn distribution expansion including branches, ATMs, etc.	<ul style="list-style-type: none">Implementation of the NetBank Electronic Banking Channel Project (phase 1).Business Banking decentralisation.Increased client understanding, resulting in further service improvements.Delivery of cash solutions.BEE deal in Namibia.Initial public sector successes.Improved staff morale.Primary banker to group companies.Other private sector loans (excl FCLs) market share gains.	<ul style="list-style-type: none">Maintained industry rankings.Expanded London capabilities.Rationalisation of trading systems.More efficient capital utilisation as a result of improved MIS.Increased cooperation with Nedbank Corporate and Old Mutual.Cooperation agreement signed with ABN AMRO.	<ul style="list-style-type: none">Excellent balance sheet growth.Marketing agreement with major retailers.Capital optimisation (R500m secondary capital raised in March 2006; R300m perpetual preference shares issued in June 2006).All core businesses performing well.																																																																							

Financial highlights

for the year ended 31 December

Rm		% Change	Reviewed 2006	Audited 2005
Share statistics				
Number of shares listed	m		450,9	442,8
Number of shares in issue excluding shares held by group entities	m		394,7	401,8
Weighted average number of shares	m		399,5	397,2
Fully diluted weighted average number of shares	m		412,3	400,4
Headline earnings per share	cents	39,3	1 110	797
Fully diluted headline earnings per share	cents	36,0	1 076	791
Basic earnings per share	cents	17,5	1 135	966
Diluted earnings per share	cents	14,7	1 099	958
Dividend declared per share	cents		493	290
– interim			209	105
– final			284	185
Dividend paid per share	cents		394	181
Dividend cover	times		2,25	2,75
Net asset value per share	cents	13,7	6 363	5 597
Tangible net asset value per share	cents	17,4	5 106	4 351
Closing share price	cents	33,5	13 350	10 000
Price earnings ratio	historical		12	13
Market capitalisation	Rbn	35,9	60,2	44,3
Key ratios				
Return on ordinary shareholders' equity (ROE)	%		18,6	15,5
ROE excluding goodwill	%		22,1	18,9
Return on total assets (ROA)	%		1,14	0,93
Net interest income to average interest-earning banking assets	%		3,92	3,55
Non-interest revenue to total income	%		46,3	49,8
Impairments charge to average advances	%		0,52	0,49
Efficiency ratio	%		58,2	64,8
Efficiency ratio (excluding BEE transaction expenses)	%		57,5	62,5
Effective taxation rate	%		27,8	23,4
Group capital adequacy ratio:				
Tier 1	%		8,3	9,4
Total	%		11,8	12,9
Number of employees		8,3	24 034	22 188
Balance sheet statistics (Rm)				
Total equity attributable to equity holders of the parent			25 116	22 490
Total equity			29 388	26 309
Amounts owed to depositors			324 685	261 311
Loans and advances			308 563	248 408
Gross			313 747	253 622
Impairment of loans and advances			(5 184)	(5 214)
Total assets			424 912	352 258
Assets under management			86 212	63 925
Total assets administered by the group			511 124	416 183
Earnings reconciliation (Rm)				
Profit attributable to equity holders of the parent		18,2	4 533	3 836
Less: Non-headline earnings items			98	669
Non-trading and capital items			124	701
Taxation on non-trading and capital items			(26)	(32)
Headline earnings		40,0	4 435	3 167

Consolidated income statement

for the year ended 31 December

Rm	Note	% Change	Reviewed 2006	Audited 2005
Interest and similar income		22.8	28 521	23 234
Interest expense and similar charges		19.4	17 558	14 705
Net interest income	1	28.5	10 963	8 529
Impairment charge on loans and advances	2	24.7	1 483	1 189
Income from lending activities		29.2	9 480	7 340
Non-interest revenue*	3	11.8	9 468	8 469
Operating income		19.9	18 948	15 809
Total expenses	4	7.9	11 886	11 017
Operating expenses*		12.1	11 740	10 469
Merger and recovery programme expenses				155
BEE transaction expenses		(62,8)	146	393
Indirect taxation		54,7	345	223
Profit from operations before non-trading and capital items		47,0	6 717	4 569
Non-trading and capital items			124	701
Impairment of goodwill			(70)	(1)
Profit on sale of subsidiaries, investments and property and equipment			248	904
Net impairment of investments, property and equipment and capitalised development costs			(54)	(202)
Profit from operations		29,8	6 841	5 270
Share of profits of associates and joint ventures	10	(8,4)	153	167
Profit before direct taxation			6 994	5 437
Total direct taxation	5	69,6	1 933	1 140
Direct taxation		72,1	1 907	1 108
Taxation on non-trading and capital items		(18,8)	26	32
Profit for the year		17,8	5 061	4 297
Profit attributable to equity holders of the parent			4 533	3 836
Profit attributable to minority interest – ordinary shareholders	6		309	233
Profit attributable to minority interest – preference shareholders	7		219	228
Profit for the year			5 061	4 297

*Restatement of 2005 results – Reclassification of transaction costs in non-interest revenue (NIR)

Expenses amounting to R160 million (2005: R140 million) directly related to NIR, have been reclassified from operating expenses, consistent with industry practice, and have been included in NIR.

These expenses represent transaction costs directly attributable to the acquisition of trading instruments recorded at fair value, which do not include transaction costs. The carrying amount of trading instruments, other than those at fair value through profit or loss, generally includes transaction costs. Consequently, transaction costs that would be included in the determination of the effective interest rate of the instruments and the interest attributable to the instrument have been disclosed within the NIR. Comparative results have been restated accordingly.

Consolidated balance sheet

at 31 December

Rm	Note	Reviewed 2006	Audited 2005
Assets			
Cash and cash equivalents		12 267	11 142
Other short-term securities		25 756	17 014
Derivative financial instruments		15 273	16 176
Government and other securities		22 196	22 658
Loans and advances	8	308 563	248 408
Other assets		12 468	11 601
Clients' indebtedness for acceptances		2 577	1 291
Current taxation receivable		161	134
Investment securities	9	7 155	6 875
Non-current assets held for sale		490	385
Investments in associate companies and joint ventures	10	907	657
Deferred taxation asset		120	680
Investment property		158	163
Property and equipment		3 377	3 095
Long-term employee benefit assets		1 444	1 225
Computer software and capitalised development costs	11	1 266	1 320
Mandatory reserve deposits with central bank		7 039	5 747
Goodwill	12	3 695	3 687
Total assets		424 912	352 258
Total equity and liabilities			
Ordinary share capital		395	402
Ordinary share premium		9 727	10 465
Reserves		14 994	11 623
Total equity attributable to equity holders of the parent		25 116	22 490
Minority shareholders' equity attributable to			
ordinary shareholders	6	1 202	1 049
preference shareholders	7	3 070	2 770
Total equity		29 388	26 309
Derivative financial instruments		12 904	17 055
Amounts owed to depositors	13	324 685	261 311
Other liabilities		37 847	32 357
Liabilities under acceptances		2 577	1 291
Current taxation liabilities		434	466
Other liabilities held for sale		417	
Deferred taxation liabilities		1 649	959
Long-term employee benefit liabilities		1 215	1 071
Investment contract liabilities		5 278	4 166
Long-term debt instruments	14	8 518	7 273
Total liabilities		395 524	325 949
Total equity and liabilities		424 912	352 258
Guarantees on behalf of clients		15 250	11 064

Contingency note:

Historically a number of group companies entered into structured finance transactions with third parties using the tax base of these companies. Pursuant to the terms of the majority of these transactions, the underlying third party has contractually agreed to accept the risk of any tax being imposed by the South African Revenue Service ("SARS"), although the obligation to pay in the first instance rests with the group companies. It is only in limited cases where, for example, the credit quality of a client becomes doubtful, or where the client has specifically contracted out of the re-pricing of additional taxes, that the recovery from a client could be less than the liability that could arise on assessment, in which case provisions are made. SARS has examined the tax aspects of some of these types of structures and SARS could assess these structures in a manner contrary to that initially envisaged by the contracting parties. As a result group companies could be obliged to pay additional amounts to SARS and recover these from clients under the applicable contractual arrangements.

Condensed consolidated cash flow statement

for the year ended 31 December

Rm	Reviewed 2006	Audited 2005
Cash generated by operations	9 297	6 898
Change in funds for operating activities	(3 739)	2 023
Net cash from operating activities before taxation	5 558	8 921
Taxation paid	(953)	(852)
Cash flows from operating activities	4 605	8 069
Cash flows utilised by investing activities	(1 057)	(927)
Cash flows utilised by financing activities	(1 131)	(303)
Net increase in cash and cash equivalents	2 417	6 839
Cash and cash equivalents at the beginning of the year*	16 889	10 050
Cash and cash equivalents at the end of the year*	19 306	16 889

*Including mandatory reserve deposits with central bank.

Statement of changes in shareholders' equity

for the year ended 31 December

Rm	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Reserves not available for distribution	Foreign currency translation reserve	Property revaluation reserve
Balance at 31 December 2004**	393 971 390	394	9 892	56	(148)	262
Additional affect of adopting IFRS						
Balance at 31 December 2004	393 971 390	394	9 892	56	(148)	262
Net income/(expenses) recognised directly in equity		–	–	3	95	153
Transfer from/(to) reserves				73		
Release of reserve previously not available*				(70)		
Foreign currency translation reserve movements					95	
Revaluation of property						153
Share-based payments reserve movements						
Available-for-sale reserve movements						
Acquisition of subsidiaries						
Capitalisation of minorities						
Disposal of minorities						
Other movements						
Shares issued for options exercised under Employee Incentive Schemes	3 089 336	4	258			
Shares issued in terms of capitalisation award	4 242 512	4	360			
Shares issued in terms of BEE transaction	41 268 130	41	723			
Share issue expenses			(54)			
Shares acquired by group entities	(1 021 381)	(1)	(99)			
Shares acquired by BEE trusts	(39 796 430)	(40)	(615)			
Preference share dividend paid						
Dividends paid to ordinary shareholders						
Profit for the period						
Balance at 31 December 2005	401 753 557	402	10 465	59	(53)	415
Net (expenses)/income recognised directly in equity		–	–	34	334	70
Transfer (to)/from reserves				139		(7)
Release of reserve previously not available*				(105)		
Foreign currency translation reserve movements					334	
Revaluation of property						77
Available-for-sale reserve movements						
Share-based payments reserve movements						
Other movements						
Shares issued for options exercised under Employee Incentive Schemes	2 382 090	2	293			
Shares issue in terms of capitalisation award	5 025 656	5	551			
Shares issued in terms of BEE transaction	665 442	1	24			
Share issue expenses			(1)			
Preference shares issued by subsidiary						
Shares repurchased by subsidiary						
Shares acquired by group entities	(13 699 677)	(14)	(1 499)			
Shares acquired by BEE trusts	(1 441 586)	(1)	(106)			
Preference share dividend paid						
Dividends paid to ordinary shareholders						
Profit for the period						
Balance at 31 December 2006	394 685 482	395	9 727	93	281	485

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

** Balance from the market announcement of 3 May 2005 for restatement of the 2004 results for the first time application of IFRS.

continued

Share-based payment reserve	Other non- distributable reserves	Available-for- sale reserve	Other distributable reserves	Total ordinary shareholders' equity	Minority shareholders' interest	Preference share capital and premium	Total shareholders' equity
35	168	621 (132)	7 217 (28)	18 497 (160)	681 (1)	2 770	21 948 (161)
35	168	489	7 189	18 337	680	2 770	21 787
466	65	(204)	(115)	463	136	–	599
	60		(133)	–			–
				(70)			(70)
				95	10		105
				153			153
466				466			466
		(204)		(204)			(204)
				–	27		27
				–	107		107
				–	(10)		(10)
	5		18	23	2		25
				262			262
				364			364
				764			764
				(54)			(54)
				(100)			(100)
				(655)			(655)
				–		(228)	(228)
			(727)	(727)			(727)
			3 836	3 836	233	228	4 297
501	233	285	10 183	22 490	1 049	2 770	26 309
135	125	(110)	(188)	400	17	–	417
(90)	131		(173)	–			–
				(105)			(105)
				334	21		355
				77			77
		(110)		(110)			(110)
225				225			225
	(6)		(15)	(21)	(4)		(25)
				295			295
				556			556
				25			25
				(1)			(1)
				–		300	300
				–	(150)		(150)
				(1 513)			(1 513)
				(107)			(107)
				–		(219)	(219)
			(1 562)	(1 562)	(23)		(1 585)
			4 533	4 533	309	219	5 061
636	358	175	12 966	25 116	1 202	3 070	29 388

Statement of changes in shareholders' equity

for the year ended 31 December

Ordinary share capital and premium

	Shares 2006 2006 m	Total 2006 Rm	Share capital 2006 Rm	Share premium 2006 Rm	Shares 2005 2005 m	Total 2005 Rm	Share capital 2005 Rm	Share premium 2005 Rm
Rm								
Total shares in issue	450,9	12 498	451	12 047	442,8	11 623	443	11 180
Less treasury shares	56,2	2 376	56	2 320	41,0	756	41	715
Bought back – capital management								
Executed H2 2005	1,0	100	1	99	1,0	100	1	99
Executed H1 2006	5,5	616	6	610				
Executed H2 2006	8,2	897	8	889				
	14,7	1 613	15	1 598	1,0	100	1	99
BEE transaction shares	41,2	762	41	721	39,8	655	40	615
Other shares held by group entities	0,3	1		1	0,2	1		1
Net shares in issue	394,7	10 122	395	9 727	401,8	10 867	402	10 465

Earnings per share and weighted dilutive shares

for the year ended 31 December

	Basic	Basic Fully diluted	Headline	Headline Fully diluted
December 2006				
Earnings for the year	4 533	4 533	4 435	4 435
Weighted average number of ordinary shares	399 509 771	412 288 123	399 509 771	412 288 123
Earnings per share (cents)	1 135	1 099	1 110	1 076
December 2005				
Earnings for the year	3 836	3 836	3 167	3,167
Weighted average number of ordinary shares	397 196 966	400 386 474	397 196 966	400 386 474
Earnings per share (cents)	966	958	797	791

Basic earnings and headline earnings per share are calculated by dividing the relevant earnings amount by the weighted average number of shares in issue. Fully diluted basic earnings and fully diluted headline earnings per share are calculated by dividing the relevant earnings by the weighted average number of shares in issue after taking the dilutive impact of potential ordinary shares to be issued into account (the estimated future dilutive shares arising from the BEE transaction as set out in note 15).

Number of weighted dilutive potential ordinary shares ('000)

Generally, potential shares are dilutive if the strike price + SBP charge to come < average share price for the period of R118,02 (the SBP charge to come represents the value of services to be received by Nedbank group in exchange for these potential shares).

	2006 Potential shares	2006 Weighted dilutive shares	2005 Weighted dilutive shares
Traditional schemes	22 306	4 634	1 783
Nedcor share incentive trust (1994)	10 096	2 817	1 715
Nedbank group options scheme (2005)	11 729	1 537	
Matched shares scheme	481	280	68
BEE schemes	28 290	8 144	1 407
Black Business Partners	7 891	2 992	764
Non-executive directors	344	116	20
Retail	4 769	685	12
Corporate	9 939	3 164	581
Black Executives	890	209	11
Black Management	4 457	978	19
Total	50 596	12 778*	3 190

* Increase from 3 190 000 dilutive shares as at 31 December 2005 is due to weighting of BEE dilutive shares in 2005 (grants were only made in August 2005).

Nedbank Group balance sheet: categories of financial instruments

at 31 December

2006 Rm	Total	At fair value through profit or loss	
		Held for trading	Designated
ASSETS			
Cash and cash equivalents	12 267		
Other short-term securities	25 756	13 301	6 760
Derivative financial instruments	15 273	15 273	
Government and other securities	22 196	3 231	10 220
Loans and advances	308 563	23 084	25 841
Other assets	12 468	4 106	277
Clients' indebtedness for acceptances	2 577		
Current taxation receivable	161		
Investment securities	7 155		6 821
Non-current assets held for sale	490		
Investment in associate companies and joint ventures	907		
Deferred taxation asset	120		
Investment property	158		
Property and equipment	3 377		
Long-term employee benefit assets	1 444		
Computer software and capitalised development costs	1 266		
Mandatory reserve deposits with central bank	7 039		
Goodwill	3 695		
Total assets	424 912	58 995	49 919
TOTAL EQUITY AND LIABILITIES			
Ordinary share capital	395		
Ordinary share premium	9 727		
Reserves	14 994		
Total equity attributable to equity holders of the parent	25 116	–	–
Minority shareholders' equity attributable to ordinary shareholders	1 202		
Minority shareholders' equity attributable to preference shareholders	3 070		
Total equity	29 388	–	–
Derivative financial instruments	12 904	12 904	
Amounts owed to depositors	324 685	18 770	9 647
Other liabilities	37 847	29 769	
Liabilities under acceptances	2 577		
Current taxation liabilities	434		
Other liabilities held for sale	417		
Deferred taxation liabilities	1 649		
Long-term employee benefit liabilities	1 215		
Investment contract liabilities	5 278		5 278
Long-term debt instruments	8 518		4 131
Total liabilities	395 524	61 443	19 056
Total equity and liabilities	424 912	61 443	19 056

CLASSIFICATIONS IN TERMS OF IAS 39

A financial asset or financial liability *at fair value through profit or loss* is an asset or liability held that was either acquired to sell or repurchase in the short term, or is managed on a portfolio basis for short term gains, or is a derivative or is an asset or liability that has been designated for classification and valuation as fair value through profit and loss.

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss and are held at fair value with fair value gains and losses recorded directly within equity and not through profit and loss.

continued

Available-for-sale financial assets	Held-to-maturity investments	Loans and Receivables	Financial liabilities at amortised cost	Non-financial assets and liabilities
		12 267		
5 695				
	3 599	5 146		
		259 638		
		8 085		2 577
				161
334				490
				907
				120
				158
				3 377
				1 444
				1 266
		7 039		
				3 695
6 029	3 599	292 175	–	14 195
				395
				9 727
				14 994
–	–	–		25 116
				1 202
				3 070
–	–	–		29 388
			296 268	
			8 078	
				2 577
				434
				417
				1 649
				1 215
			4 387	
–	–	–	308 733	6 292
–	–	–	308 733	35 680

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity date that an entity has the positive intention and ability to hold to maturity.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are carried at an accrued value and not fair valued.

Financial liabilities at amortised cost are non-derivative liabilities carried at amortised cost and not fair valued.

Non-financial assets and liabilities are all other assets and liabilities, which fall outside of the scope of IAS 39.

Nedbank Group balance sheet: categories of financial instruments

at 31 December

2005 Rm	Total	At fair value through profit or loss	
		Held for trading	Designated
ASSETS			
Cash and cash equivalents	11 142		
Other short-term securities	17 014	11 372	
Derivative financial instruments	16 176	16 176	
Government and other securities	22 658	5 711	2 450
Loans and advances	248 408	24 380	23 812
Other assets	11 601	1 058	121
Clients' indebtedness for acceptances	1 291		
Current taxation receivable	134		
Investment securities	6 875	39	5 855
Non-current assets held for sale	385		
Investment in associate companies and joint ventures	657		
Deferred taxation asset	680		
Investment property	163		
Property and equipment	3 095		
Long-term employee benefit assets	1 225		
Computer software and capitalised development costs	1 320		
Mandatory reserve deposits with central bank	5 747		
Goodwill	3 687		
Total assets	352 258	58 736	32 238
TOTAL EQUITY AND LIABILITIES			
Ordinary share capital	402		
Ordinary share premium	10 465		
Reserves	11 623		
Total equity attributable to equity holders of the parent	22 490	–	–
Minority shareholders' equity attributable to ordinary shareholders	1 049		
Minority shareholders' equity attributable to preference shareholders	2 770		
Total equity	26 309	–	–
Derivative financial instruments	17 055	17 055	
Amounts owed to depositors	261 311	16 265	9 745
Other liabilities	32 357	27 840	
Liabilities under acceptances	1 291		
Current taxation liabilities	466		
Deferred taxation liabilities	959		
Long-term employee benefit liabilities	1 071		
Investment contract liabilities	4 166		4 166
Long-term debt instruments	7 273		580
Total liabilities	325 949	61 160	14 491
Total equity and liabilities	352 258	61 160	14 491

continued

Available-for-sale financial assets	Held-to-maturity investments	Loans and Receivables	Financial liabilities at amortised cost	Non-financial assets and liabilities
		11 142		
1 415		4 227		
	6 340	8 157		
		200 216		
		10 422		
				1 291
				134
498	483			
				385
				657
				680
				163
				3 095
				1 225
				1 320
		5 747		
				3 687
1 913	6 823	239 911	–	12 637
				402
				10 465
				11 623
–	–	–		22 490
				1 049
				2 770
–	–	–		26 309
		–		
			235 301	
			4 517	
				1 291
				466
				959
				1 071
			6 693	
–	–	–	246 511	3 787
–	–	–	246 511	30 096

Return on equity drivers

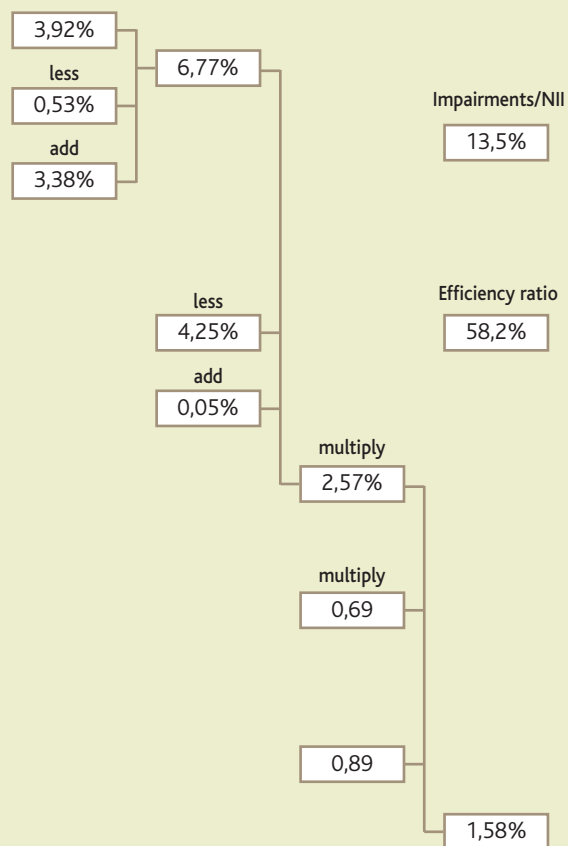
for the year ended 31 December

Rm	2006	2005	
Net interest income	10 963	8 529	Net interest income/average interest-earning banking assets
Impairment charge on loans and advances	(1 483)	(1 189)	Impairments/average interest-earning banking assets
Non-interest revenue	9 468	8 469	Non-interest revenue/average interest-earning banking assets
Income from normal operations	18 948	15 809	
Total operating expenses	(11 886)	(11 017)	Total expenses/average interest-earning banking assets
Share of profits of associates and joint ventures	153	167	Associate income/average interest-earning banking assets
Net profit before taxation	7 215	4 959	
Indirect taxation	(345)	(223)	
Direct taxation	(1 907)	(1 108)	1 – effective taxation rate
Net profit after taxation	4 963	3 628	
Minority interest	(528)	(461)	Income attributable to minorities
Headline earnings	4 435	3 167	Headline earnings
Daily average interest-earning banking assets*	279 733	240 216	Interest-earning banking assets/daily average total assets
Daily average total banking assets*	318 416	291 332	Interest-earning banking assets/simple average total assets
Simple average total assets	388 585	340 049	Return on total assets
Simple average shareholders' funds	23 803	20 414	Gearing
			Return on ordinary shareholders' equity

* Averages calculated on a 365 day basis

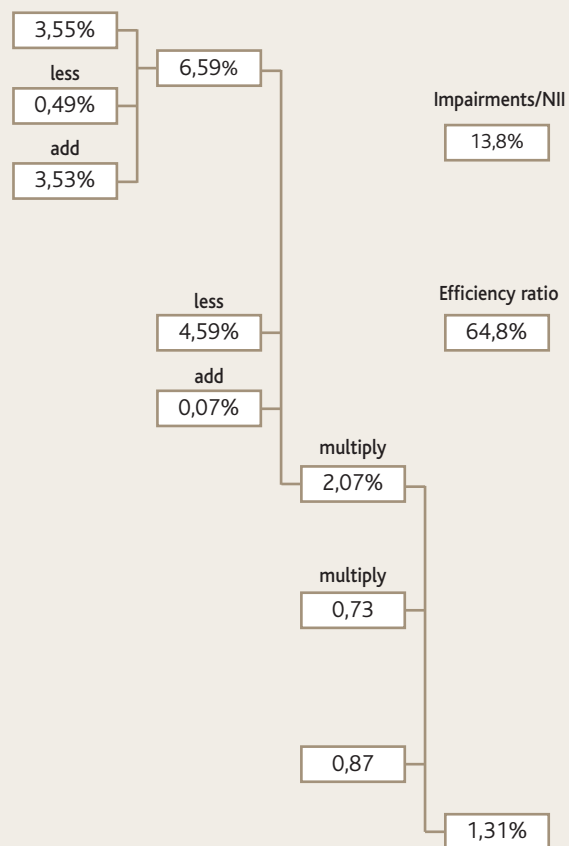
continued

December 2006



multiply
72,0%
=
1,14%
multiply
16,33
=
18,6%

December 2005



multiply
70,6%
=
0,93%
multiply
16,66
=
15,5%

Operational segmental reporting

for the year ended 31 December

	Nedbank Group		Nedbank Corporate		Nedbank Capital	
Balance sheet (Rbn)	2006	2005	2006	2005	2006	2005
Assets						
Cash and cash equivalents	19	17	2	1	8	8
Other short-term securities	26	17	1	1	18	11
Derivative financial instruments	15	16			15	16
Government and other securities	22	23	1	2	17	15
Loans and advances	309	249	133	102	41	44
Other assets*	34	30	5	2	8	8
Intergroup assets	–	–	33	30	31	15
Total assets	425	352	175	138	138	117
Equity and liabilities						
Amounts owed to depositors	325	260	158	125	89	68
Other liabilities	49	42	5	3	32	29
Derivative financial instruments	13	17			13	17
Intergroup liabilities	–	–				
Long-term debt instruments	9	7				
Allocated capital	29	26	12	10	4	3
Total equity and liabilities	425	352	175	138	138	117
Income statement (Rm)						
Net interest income	10 963	8 529	4 921	4 025	675	698
Impairment charge on loans and advances	1 483	1 189	176	228	118	142
Income from lending activities	9 480	7 340	4 745	3 797	557	556
Non-interest revenue	9 468	8 469	2 909	2 426	2 048	1 746
Operating income	18 948	15 809	7 654	6 223	2 605	2 302
Total expenses	11 886	11 017	3 976	3 528	1 171	1 010
Operating expenses	11 740	10 624	3 924	3 495	1 149	1 006
BEE transaction expenses	146	393	52	33	22	4
Indirect taxation	345	223	35	38	29	44
Profit/(loss) from operations	6 717	4 569	3 643	2 657	1 405	1 248
Share of profits of associates and joint ventures	153	167	64	51		
Profit/(loss) before direct taxation	6 870	4 736	3 707	2 708	1 405	1 248
Direct taxation	1 907	1 108	1 091	765	242	270
Profit/(loss) after taxation	4 963	3 628	2 616	1 943	1 163	978
Minority interest income attributable to						
– ordinary shareholders	309	233	63	49	18	7
– preference shareholders	219	228				
Headline earnings	4 435	3 167	2 553	1 894	1 145	971
Selected Ratios**						
Average interest-earning banking assets (Rbn)	280	240	148	125	56	44
Return on average assets (%)	1,1+	0,9+	1,7	1,5	1,0	1,2
Return on average equity (%)	18,6+	15,5+	21,9	18,9	31,3	27,9
Return on equity excluding goodwill (%)	22,1	18,9	21,9	18,9	31,3	27,9
Interest margin (%)	3,92	3,55	3,32	3,21	1,20	1,58
Non-interest revenue to gross income (%)*	46,3	49,8	37,2	37,6	75,2	71,4
Impairments charge to average advances (%)	0,52	0,49	0,15	0,23	0,28	0,43
Efficiency ratio (%)	58,2	64,8	50,8	54,7	43,0	41,3
Efficiency ration (excluding BEE) (%)	57,5	62,5	50,1	54,2	42,2	41,2
Effective taxation rate (%)	27,8	23,4	29,4	28,3	17,2	21,7
Number of employees	24 034	22 188	5 677	5 236	626	616

+ These ratios were calculated on simple average assets and equity

* Other assets are disclosed net of impairment losses on loans and advances.

** These ratios (unless otherwise stated) were calculated using amounts to Rm to provide more accurate information.

Depreciation of R456 million (2005: R444 million) and amortisation of R438 million (2005: R423 million) of property, equipment, computer software and capitalised development costs are charged on an activity-justified transfer pricing methodology by the segment owning the assets to the segment utilising the benefits thereof.

continued

Nedbank Retail		Imperial Bank		Shared Services		Central Management		Eliminations	
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
2 6	1 4	1 1	1	1	1	5	6		
107 10	83 8	28	20 1	8	8	4 3	6 3	(64)	(45)
125	96	30	22	9	9	12	15	(64)	(45)
77 8	67 7			1 4	2		1		
34	17	27	19	3	6		3	(64)	(45)
6	5	1 2	1 2	1	1	8 4	6 5		
125	96	30	22	9	9	12	15	(64)	(45)
5 442 1 047	4 389 887	1 079 211	804 115	(255) (72)	(366) (192)	(899) 3	(1 021) 9		
4 395 4 196	3 502 3 706	868 64	689 51	(183) 411	(174) 480	(902) 43	(1 030) 207	– (203)	– (147)
8 591 6 389	7 208 5 804	932 405	740 353	228 174	306 265	(859) (26)	(823) 204	(203) (203)	(147) (147)
6 346 43	5 705 99	405	353	149 25	256 9	(30) 4	(44) 248	(203)	(147)
157	164	21	14	101	96	2	(133)		
2 045 83	1 240 54	506	373	(47) 6	(55) 61	(835)	(894) 1	–	–
2 128 630	1 294 374	506 120	373 79	(41) 135	6 (99)	(835) (311)	(893) (281)	–	–
1 498 35	920 24	386 193	294 147	(176)	105 1	(524) 219	(612) 228	–	–
1 463	896	193	147	(176)	104	(743)	(845)	–	–
100 1,4 23,0 23,1 5,44 43,5 1,10 66,3 65,9 29,6 13 442	81 1,0 17,6 17,6 5,44 45,8 1,14 71,7 70,5 28,9 12 127	24 1,5 24,7 24,7 4,47 5,6 0,87 35,4 35,4 23,7 873	17 1,5 23,2 23,2 4,38 5,9 0,63 41,2 41,2 21,2 793		1	3	9	(51)	(37)
				3 399	3 398	17	18		

Basis of preparation

Segmental reporting comparative results were restated for 2005 to take account of the ongoing changes for improved profitability measurement. The restatements relate to the introduction, during 2006, of the allocation of the group's STC costs in respect of dividends payable to each cluster, based on profitability, and the alignment of Imperial Bank's contribution, net of minorities, to exclude all group profitability measurement adjustments.

Nedbank Corporate segmental report

for the year ended 31 December

2006	Corporate banking	Business banking
Headline earnings (Rm)	481	958
Return on average equity (%)	12,13	27,33
Return on average assets (%)	0,56	1,53
Impairment ratio (%)	0,04	0,41
Efficiency ratio (%)	49,29	52,47
Number of employees (including temporary staff)	268	2 187
Number of clients – advances	759	29 329
Total assets (Rm)	109 005	67 405
Average total assets (Rm)	85 091	62 728
Total advances (Rm)	45 803	43 641
Average total advances (Rm)	35 192	38 495
Total deposits (Rm)	90 199	59 210
Average total deposits (Rm)	73 223	54 445
Allocated capital (Rm)	3 962	3 505

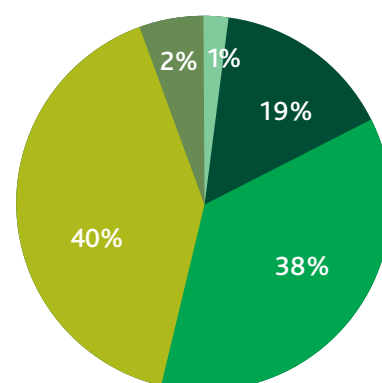
*** Includes Centralised Credit, Risk and Finance and eliminations*

continued

Property finance	Africa	Other **	Total
1 046	71	(3)	2 553
28,42	16,22		21,91
2,46	0,84		1,69
(0,05)	0,41		0,15
41,32	64,20		50,79
810	1 370	1 042	5 677
6 265	175 920		
45 922	7 193	(54 747)	174 778
42 478	6 503	(45 704)	151 096
38 292	4 614	904	133 254
34 537	4 503	307	113 034
123	5 941	2 476	157 949
408	5 137	1 943	135 156
3 679	438	70	11 654

Headline Earnings

- Corporate Banking
- Business Banking
- Property Finance
- Africa
- Other



Nedbank Retail segmental report

for the year ended 31 December

2006	Home loans*	Card
Headline earnings (Rm)	557	284
Efficiency ratio (%)	40,3	64,4
Impairment ratio (%)	0,2	4,4
Number of employees	1 024	824
Total advances (Rm)	60 570	4 468
Home loans	61 321	
Card		4 751
Term loans		
Overdrafts		
Other loans to clients		
Asset based finance		
Other	1	23
Impairments	(752)	(306)
Average total advances (Rm)	51 638	3 828
Total deposits (Rm)		1 031
Assets under management (Rm)		

* Excludes business written in integrated segments.

** Excludes revenues from Bancassurance in Nedbank Corporate and certain revenues in Card and Personal Loans.

*** Vehicle and asset finance and transactional and investment products. Excludes business written in integrated segments.

**** Includes Private Banking, Small Business Services, BoE Private Clients, OMB and Go Banking.

***** Comprises centralised costs per JV agreements, costs related to closed branches and cost of cash not yet transfer priced.

continued

Personal loans	Bancassurance & Wealth**	Asset finance***	Integrated segments****	Other *****	Total
109	225	117	362	(191)	1 463
48,2	61,2	85,6	61,3	<(100)	66,3
12,1	0,1	2,7	0,9	<(100)	1,1
1 221	942	533	1 668	7 230	13 442
4 500	5 323	5 903	26 197	13	106 974
	980		21 932		84 233
	15		468		5 234
5 115	1 987	13	2		7 117
		1 029	989		2 018
	2 350	39	271		2 660
		5 108	2 875		7 983
		(1)	89	3	115
(615)	(9)	(285)	(429)	10	(2 386)
3 367	4 578	6 038	23 285	(101)	92 633
19	11 547	38 740	25 488	51	76 876
	42 478		29 075		71 553

Operational statistics

for the year ended 31 December

Nedbank Retail	Number of	Number of internet	Number of telephone
Classification of clients	clients	banking clients	banking clients
December 2006	3 531 199	278 497	8 640
December 2005	3 179 984	203 020	9 893

Nedbank Corporate	Number of	Number of	Number of	Number of
Classification of clients	clients	electronic	branches	employees
Rm		banking clients		
December 2006				
Corporate Banking (Turnover > R400 million)	759	2 303	4	268
Business Banking (Turnover > R5 million)	29 329	30 314	70	2 187
Property Finance	6 265		6	810
International/Africa	175 920	6 831	30	1 370
Other	119			1 042
Total	212 392	39 448	110	5 677
December 2005				
Corporate Banking (Turnover > R400 million)	682	621	4	298
Business Banking (Turnover > R5 million)	26 700	26 700	56	2 016
Property Finance	7 213		5	778
International/Africa	146 542		27	1 186
Other				958
Total	181 137	27 321	92	5 236

Imperial Bank	Number of	Number of	Number of
Classification of clients	clients	branches	employees
Rm			
December 2006	215 508	17	873
December 2005	179 075	17	793

continued

Number of branches	Number of ATMs	Number of SSTs	Number of personal loans branches	Additional retail outlets	Number of employees	Assets under management Rbn
456	1 283	316	22	660	13 442	72
472	1 174	318	21	350	12 127	51

Geographical segmental reporting

for the year ended 31 December

	South Africa*		Rest of Africa		Rest of world	
	2006	Restated 2005	2006	2005	2006	2005
Balance sheet (Rbn)						
Assets						
Cash and cash equivalents	17	14	1	1	1	2
Other short-term securities	18	12	1	1	7	4
Government and other securities	20	22			2	1
Derivative financial instruments	15	16				
Loans and advances	295	237	5	4	9	8
Other assets	30	26	1	1	3	3
Intergroup assets	(3)	(2)	1		2	2
Total assets	392	325	9	7	24	20
Total equity	24	22	1	1	4	3
Derivative financial instruments	13	16				1
Amounts owed to depositors	301	242	7	5	17	13
Other liabilities	48	42	1			
Intergroup liabilities	(3)	(4)		1	3	3
Long term debt instruments	9	7				
Total liabilities	392	325	9	7	24	20
Income statement (Rm)						
Net interest income	10 158	7 958	513	328	292	243
Impairment charge on loans and advances	1 458	1 190	19	15	6	(16)
Income from lending activities	8 700	6 768	494	313	286	259
Non-interest revenue	8 916	7 926	163	199	389	344
Operating income	17 616	14 694	657	512	675	603
Total operating expenses	10 886	9 890	422	326	432	408
BEE transaction expenses	123	393	23			
Indirect taxation	337	216	2	3	6	4
Profit from operations	6 270	4 195	210	183	237	191
Share of profits of associates and joint ventures	151	122	2	45		
Profit before direct taxation	6 421	4 317	212	228	237	191
Direct taxation	1 778	1 020	101	62	28	26
Profit after taxation	4 643	3 297	111	166	209	165
Minority interest income attributable to						
– ordinary shareholders	(248)	(185)	(35)	(31)	(26)	(17)
– preference shareholders	(219)	(228)				
Headline earnings	4 176	2 884	76	135	183	148

* Includes all group eliminations

Notes to the income statement

for the year ended 31 December

1 Average banking balance sheet and related interest

Rm	2006 Margin statement interest			2005 Margin statement interest		
	Average balance			Average balance		
	Assets	Received	%	Assets	Received	%
Average prime rate			11,13			10,65
Advances and Clients' indebtedness for acceptances						
Homeloans (including PIPs)	85 310	8 208	9,6	67 906	6 271	9,2
Commercial mortgages	40 858	4 419	10,8	34 874	3 693	10,6
Lease and instalment debtors	37 766	4 196	11,1	31 000	3 303	10,7
Credit card balances	4 515	581	12,9	3 754	507	13,5
Bills and acceptances*	3 178	126	4,0	3 826	264	6,9
Overdrafts	11 050	1 242	11,2	10 581	1 120	10,6
Term loans and other**	68 063	7 140	10,5	61 428	6 112	9,9
Impairment of loans and advances	(5 135)			(5 812)		
Government and public sector securities	18 202	1 477	8,1	20 365	1 200	5,9
Short-term funds and trading securities	15 926	1 132	7,1	12 294	764	6,2
Interest-earning banking assets	279 733	28 521	10,2	240 216	23 234	9,7
Net inter divisional assets – trading book	6 454			18 991		
Derivative financial instruments	268			217		
Insurance assets	4 543			3 525		
Cash and bank notes	1 647			1 540		
Other assets	8 682			9 237		
Associates and investments	2 801			4 171		
Property and equipment	3 315			2 907		
Intangible assets	4 891			5 052		
Mandatory reserve deposit with central bank	6 082			5 476		
Total assets	318 416	28 521	9,0	291 332	23 234	8,0
	Liabilities	Paid	%	Liabilities	Paid	%
Deposit and loan accounts	158 546	10 817	6,8	136 249	8 707	6,4
Current and savings accounts	48 790	1 250	2,6	43 686	988	2,3
Negotiable certificates of deposit	36 927	2 820	7,6	33 442	2 428	7,3
Other interest-bearing liabilities***	24 918	1 698	6,8	34 259	1 629	4,8
Long-term debt instruments	8 408	973	11,6	7 111	953	13,4
Interest-bearing banking liabilities	277 589	17 558	6,3	254 747	14 705	5,8
Other liabilities	8 594			8 957		
Derivative financial instruments	1 406			1 740		
Investment contract liabilities	4 543			3 526		
Ordinary shareholders' equity	22 233			18 739		
Minority shareholders' equity	4 051			3 623		
Total shareholders' equity and liabilities	318 416	17 558	5,5	291 332	14 705	5,0
Interest margin on interest-earning banking assets	279 733	10 963	3,92	240 216	8 529	3,55

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

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

Notes to the income statement

for the year ended 31 December

2 Impairments and non-performing advances

Rm	Nedbank Corporate 2006	Nedbank Capital 2006
Opening balance	1 810	424
Specific impairment IBNR	1 116 694	409 15
Income statement impairment charge	176	118
Specific impairment IBNR	(46) 222	122 (4)
Bad debts recovered	95	
Amounts written off/other transfers	(308)	(172)
Total impairments	1 773	370
Specific impairment IBNR	861 912	358 12
Analysis of impairments		
Specific impairments	861	358
Specific impairment on non-performing loans	508	146
Specific impairment on sub-standard	265	212
Specific impairment for discounted cash flow losses IBNR	88 912	
Total impairments	1 773	370
Total advances	135 027	40 930
Total simple average advances	119 594	42 477
Non-performing loans (net of security) covered by a portion of the specific impairment		
Mortgage advances	325	
Lease and instalment debtors	190	239
Credit card balances	5	
Other loans and advances	463	74
Total non-performing advances	983	313
Properties in possession	21	
Total non-performing loans	1 004	313
Security held	496	167
Net uncovered position	508	146
Specific impairment on non-performance loans	508	146
Value at risk/(Excess impairment raised)	–	–
Ratio's		
Impairments to total advances (%)	1,31	0,90
Impairments charge to total simple average advances (%)	0,15	0,28
Non-performing advances to total advances (%)	0,73	0,76
Properties in possession to total advances (%)	0,02	
Non-performing loans to total advances (%)	0,74	0,76
Properties in possession (PIPs)		
Balance at beginning of period	53	
Disposal/write downs/revaluations	(34)	
PIPs acquired during the period	2	
Balance at end of period	21	–
Unsold	6	
Sold awaiting transfer	15	

continued

Nedbank Retail 2006	Imperial Bank 2006	Central management 2006	2006	2005
2 092	730	158	5 214	6 684
2 003	730	160	4 418	6 035
89		(2)	796	649
1 047	211	(69)	1 483	1 189
831	130	(69)	968	1 049
216	81		515	140
196	5		296	226
(949)	(324)	(56)	(1 809)	(2 885)
2 386	622	33	5 184	5 214
1 994	541	33	3 787	4 418
392	81		1 397	796
1 994	541	33	3 787	4 418
1 185	424		2 263	2 523
348	79	33	937	1 421
461	38		587	474
392	81		1 397	796
2 386	622	33	5 184	5 214
109 360	28 357	73	313 747	253 622
97 024	24 393	197	283 685	240 658
1 200	82		1 607	1 564
288	448		1 165	1 057
206			211	161
563	13		1 113	1 212
2 257	543	–	4 096	3 994
110			131	309
2 367	543	–	4 227	4 303
1 182	119		1 964	1 780
1 185	424	–	2 263	2 523
1 185	424		2 263	2 523
–	–	–	–	–
2,18	2,19	44,59	1,65	2,06
1,10	0,86	(35,03)	0,52	0,49
2,06	1,91		1,31	1,57
0,10			0,04	0,12
2,16	1,91		1,35	1,70
253	3		309	761
(184)	(8)		(226)	(497)
41	5		48	45
110	–	–	131	309
35			41	189
75			90	120

Notes to the income statement

for the year ended 31 December

2 Impairments and non-performing advances Analysis of expected losses

December 2006 Rm	Non-performing loans				Performing loans			Total
	Doubtful	Loss	PIPs	Total	Standard	Special- mention	Sub- standard	
Advances	2 202	1 894	131	4 227			3 314	7 541
Less: Security before discounting	1 222	742		1 964			2 377	4 341
Expected loss before discounting	980	1 152	131	2 263			937	3 200
Losses due to discounting cash flows	100	48		148	145	139	155	587
Total expected losses covered by specific impairments below	1 080	1 200	131	2 411	145	139	1 092	3 787

Analysis of how specific impairments cover expected losses

December 2006 Rm	Non-performing loans				Performing loans			Total
	Doubtful	Loss	PIPs	Total	Standard	Special- mention	Sub- standard	
Specific impairment on non-performing loans	980	1 152	131	2 263				2 263
Specific impairment for discounted cash flow losses	100	48		148	145	139	155	587
Specific impairment on substandard							937	937
Total specific impairment	1 080	1 200	131	2 411	145	139	1 092	3 787

Classification categories December 2006 – Nedbank Group

Rm	Non-performing loans				Performing loans			Total
	Doubtful	Loss	PIPs	Total	Standard	Special- mention	Sub- standard	
Mortgage advances	924	682		1 606	138 946	2 611	1 994	145 157
Lease and instalment debtors	537	628		1 165	41 309	622	262	43 358
Credit card balances	171	41		212	4 726	241	104	5 283
Other loans and advances	570	543		1 113	115 558	2 192	955	119 818
Properties in possession (PIPs)			131	131				131
Total gross balances	2 202	1 894	131	4 227	300 539	5 666	3 315	313 747
% of total advances	0,7	0,6		1,3	95,8	1,8	1,1	100,0

Classification categories December 2005 – Nedbank Group

Rm	Non-performing loans				Performing loans			Total
	Doubtful	Loss	PIPs	Total	Standard	Special- mention	Sub- standard	
Mortgage advances	554	1 010		1 564	108 428	1 805	1 529	113 326
Lease and instalment debtors	503	554		1 057	32 841	813	224	34 935
Credit card balances	95	66		161	3 657	184	72	4 074
Other loans and advances	473	739		1 212	97 601	1 347	818	100 978
Properties in possession (PIPs)			309	309				309
Total gross balances	1 625	2 369	309	4 303	242 527	4 149	2 643	253 622
% of total advances	0,7	0,9	0,1	1,7	95,6	1,7	1,0	100,0

continued

Classification categories December 2006 – Nedbank Corporate

Rm	Non-performing loans				Performing loans			Total
	Doubtful	Loss	PIPs	Total	Standard	Special-mention	Sub-standard	
Mortgage advances	179	146		325	52 334	1 124	358	54 141
Lease and instalment debtors	105	85		190	13 958	249	88	14 485
Credit card balances	2	3		5	38	5	1	49
Other loans and advances	123	340		463	64 478	798	592	66 331
Properties in possession (PIPs)			21	21				21
Total gross balances	409	574	21	1 004	130 808	2 176	1 039	135 027
% of total advances	0,3	0,4	–	0,7	96,9	1,6	0,8	100,0

Classification categories December 2005 – Nedbank Corporate

Rm	Non-performing loans				Performing loans			Total
	Doubtful	Loss	PIPs	Total	Standard	Special-mention	Sub-standard	
Mortgage advances	151	231		382	42 761	714	519	44 376
Lease and instalment debtors	112	72		184	11 779	182	70	12 215
Credit card balances	1	3		4	43	2	1	50
Other loans and advances	276	362		638	45 554	748	528	47 468
Properties in possession (PIPs)			53	53				53
Total gross balances	540	668	53	1 261	100 137	1 646	1 118	104 162
% of total advances	0,5	0,6	0,1	1,2	96,1	1,6	1,1	100,0

Classification categories December 2006 – Nedbank Capital

Rm	Non-performing loans				Performing loans			Total
	Doubtful	Loss	PIPs	Total	Standard	Special-mention	Sub-standard	
Mortgage advances								
Lease and instalment debtors	239			239				239
Credit card balances								
Other loans and advances	46	28		74	39 748	869		40 691
Properties in possession (PIPs)								
Total gross balances	285	28		313	39 748	869		40 930
% of total advances	0,7	0,1		0,8	97,1	2,1		100,0

Classification categories December 2005 – Nedbank Capital

Rm	Non-performing loans				Performing loans			Total
	Doubtful	Loss	PIPs	Total	Standard	Special-mention	Sub-standard	
Mortgage advances								
Lease and instalment debtors	268			268	26			294
Credit card balances								
Other loans and advances	48	125		173	43 145	286	128	43 732
Properties in possession (PIPs)								
Total gross balances	316	125		441	43 171	286	128	44 026
% of total advances	0,7	0,3		1,0	98,1	0,6	0,3	100,0

Notes to the income statement

for the year ended 31 December

2 Impairments and non-performing advances Analysis of expected losses

Classification categories December 2006 – Nedbank Retail

Rm	Non-performing loans				Performing loans			Total
	Doubtful	Loss	PIPs	Total	Standard	Special- mention	Sub- standard	
Mortgage advances	745	454		1 199	79 804	1 485	1 636	84 124
Lease and instalment debtors	167	121		288	7 316	215	164	7 983
Credit card balances	169	38		207	4 688	236	103	5 234
Other loans and advances	393	170		563	10 458	525	363	11 909
Properties in possession (PIPs)			110	110				110
Total gross balances	1 474	783	110	2 367	102 266	2 461	2 266	109 360
% of total advances	1,3	0,7	0,1	2,1	93,5	2,3	2,1	100,0

Classification categories December 2005 – Nedbank Retail

Rm	Non-performing loans				Performing loans			Total
	Doubtful	Loss	PIPs	Total	Standard	Special- mention	Sub- standard	
Mortgage advances	403	568		971	61 125	1 047	1 010	64 153
Lease and instalment debtors	95	162		257	7 025	236	131	7 649
Credit card balances	94	63		157	3 614	182	71	4 024
Other loans and advances	148	126		274	7 858	313	162	8 607
Properties in possession (PIPs)			253	253				253
Total gross balances	740	919	253	1 912	79 622	1 778	1 374	84 686
% of total advances	0,9	1,1	0,3	2,3	94,0	2,1	1,6	100,0

Classification categories December 2006 – Imperial Bank

Rm	Non-performing loans				Performing loans			Total
	Doubtful	Loss	PIPs	Total	Standard	Special- mention	Sub- standard	
Mortgage advances		82		82	7 027	2		7 111
Lease and instalment debtors	26	422		448	20 090	158	10	20 706
Credit card balances								
Other loans and advances	8	5		13	527			540
Properties in possession (PIPs)								
Total gross balances	34	509		543	27 644	160	10	28 357
% of total advances	0,1	1,8		1,9	97,5	0,6		100,0

Classification categories December 2005 – Imperial Bank

Rm	Non-performing loans				Performing loans			Total
	Doubtful	Loss	PIPs	Total	Standard	Special- mention	Sub- standard	
Mortgage advances		211		211	4 632	44		4 887
Lease and instalment debtors	28	320		348	14 125	395	23	14 891
Credit card balances								
Other loans and advances		61		61	585			646
Properties in possession (PIPs)			3	3				3
Total gross balances	28	592	3	623	19 342	439	23	20 427
% of total advances	0,2	2,9	0,0	3,1	94,7	2,1	0,1	100,0

continued

Classification categories December 2006 – Central management and Shared services

Rm	Non-performing loans				Performing loans			Total
	Doubtful	Loss	PIPs	Total	Standard	Special-mention	Sub-standard	
Mortgage advances					(219)			(219)
Lease and instalment debtors					(55)			(55)
Credit card balances								
Other loans and advances					347			347
Properties in possession (PIPs)								
Total gross balances					73			73
% of total advances					100,0			100,0

Classification categories December 2005 – Central management and shared services

Rm	Non-performing loans				Performing loans			Total
	Doubtful	Loss	PIPs	Total	Standard	Special-mention	Sub-standard	
Mortgage advances					(90)			(90)
Lease and instalment debtors					(114)			(114)
Credit card balances								
Other loans and advances	1	65		66	459			525
Properties in possession (PIPs)								
Total gross balances	1	65		66	255			321
% of total advances	0,3	20,2		20,5	79,5			100,0

Category	Definition
(i) Standard (or current)	Items that are fully current, the continued repayment of which are without doubt and for which full repayment is expected.
(ii) Special mention	Items that are subject to conditions that, if left uncorrected, could raise concerns about timely and full repayment and, as such, require more than normal attention.
(iii) Substandard	Items showing weaknesses that could lead to probable loss, if not corrected, or in respect of which full repayment is in doubt owing to the primary sources of repayment being insufficient.
(iv) Doubtful	Items that exhibit all the weaknesses inherent in items classified as substandard, with the added characteristic that the items are not adequately secured.
(v) Loss	Items that are considered uncollectable and of such little value that the items should no longer be included in advances.

Notes to the income statement

for the year ended 31 December

3.1 Non-interest revenue

Rm	Nedbank Group		Nedbank Corporate		Nedbank Capital	
	2006	2005	2006	2005	2006	2005
Commission and fees income	6 538	5 771	2 247	1 896	253	323
Administration fees	156	163	52	44	(4)	
Cash handling fees	329	326	243	252		
Insurance commission	411	300	33	23		
Exchange commission	238	213	161	136		
Fees	812	781	223	191	242	288
Guarantees	73	62	68	60	1	1
Other card income	1 463	1 184	33	32		
Bond originator income	1 657	1 731	417	411		
Service charges	487	341	614	416		
Other commission	912	670	403	331	14	34
Exchange and other non-interest income	500	334	247	182	215	118
Derivative Income	221	24			222	24
Exchange	42	114	13	24	(13)	23
Securities dealing	260	358	218	225	24	126
Fair value adjustments	(23)	(162)	16	(67)	(18)	(55)
Trading Income	1 647	1 291	88	75	1 516	1 178
Foreign exchange	719	658	88	75	588	545
Debt Securities	551	351			551	351
Equities	377	293			377	293
Other		(11)				(11)
Rental income	50	65	12	15		
Investment income	179	247	79	24	57	97
Long term assets sales	6	107	6	9		13
Dividends received	173	140	73	15	57	84
Sundry income	550	635	236	234	7	30
Foreign currency translation gains	4	126				
Total non-interest revenue	9 468	8 469	2 909	2 426	2 048	1 746

Rm	Nedbank Group		Nedbank Corporate		Nedbank Capital	
	2006	2005	2006	2005	2006	2005
3.2 Private equity income included in NIR						
Exchange and other non-interest income	448	372	214	226	234	146
Investment income – dividends received	130	99	73	15	57	84
Total private equity NIR	578	471	287	241	291	230

continued

	Nedbank Retail		Imperial Bank		Shared Services		Central Management (including eliminations)	
	2006	2005	2006	2005	2006	2005	2006	2005
	4 059	3 547	35	29	97	88	(153)	(112)
	117	136			7	7	(16)	(24)
	86	74						
	377	275			1	2		
	66	73			12	4	(1)	
	317	253	(8)	5	39	51	(1)	(7)
	4	3						(2)
	1 429	1 152			1			
	1 240	1 320					(127)	(75)
	423	261	43	24	37	24	(8)	(4)
	51	49	–	5	13	12	(26)	(32)
					(2)		1	–
	38	19			9	4	(5)	44
	13	30			5	5		(28)
				5	1	3	(22)	(48)
	43	38	–	–	–	–	–	–
	43	38						
	2	15			37	34	(1)	1
	1	–	–	–	15	79	27	47
						76		9
	1				15	3	27	38
	40	57	29	17	249	267	(11)	30
							4	126
	4 196	3 706	64	51	411	480	(160)	60

Notes to the income statement

for the year ended 31 December

4 Expenses

Rm	2006	2005
Staff costs	6 082	5 312
Salaries and wages	5 855	5 274
Post employment benefits	(13)	(12)
Share-based payment costs – Non BEE schemes	240	50
Computer processing	1 504	1 330
Depreciation for computer equipment	218	200
Amortisation of computer software	438	423
Operating lease charges for computer equipment	119	109
Other computer processing expenses	729	598
Communication and travel	472	459
Occupation and accommodation	963	897
Depreciation for owner-occupied land and buildings	61	57
Operating lease charges for land and buildings	315	322
Other occupation and accommodation expenses	587	518
Marketing and public relations	782	574
Fees and insurances	1 402	1 275
Auditors' remuneration	92	91
Other fees and insurances	1 310	1 184
Office equipment and consumables	258	301
Depreciation for furniture and other equipment	171	181
Depreciation for vehicles	6	6
Operating lease charges for furniture and other equipment	28	41
Other office equipment and consumables	53	73
Other sundries	287	302
Fees to alliance partners	(10)	19
Old Mutual Bank	(10)	(14)
Macquarie		33
Operating expenses	11 740	10 469
Merger and recovery programme expenses		155
BEE transaction expenses	146	393
BEE share-based payment costs	138	371
Fees	8	22
Total operating expenses	11 886	11 017
Efficiency ratio (%)	58,2	64,8

Notes to the income statement

for the year ended 31 December

4 Expenses segmental breakdown

	Nedbank Group		Nedbank Corporate	
	2006	2005	2006	2005
Staff costs	6 082	5 312	1 496	1 288
Computer processing	1 504	1 330	156	138
Communication and travel	472	459	87	76
Occupation and accommodation	963	897	156	168
Marketing and public relations	782	574	105	38
Fees and insurances	1 402	1 275	608	450
Office equipment and consumables	258	301	40	41
Other sundries	287	302	153	107
Fees to alliance partners	(10)	19		
Indirect transfer pricing			1 123	1 186
Operating expenses	11 740	10 469	3 924	3 492
Merger and recovery programme expenses		155		3
BEE transaction expenses	146	393	52	33
Total operating expenses	11 886	11 017	3 976	3 528

continued

Nedbank Capital		Nedbank Retail		Imperial Bank		Shared Services		Central Management and eliminations	
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
634	551	2 537	2 192	244	219	1 205	1 114	(34)	(52)
63	53	244	222	14	13	1 025	909	2	(5)
49	49	206	202	25	23	139	136	(34)	(27)
32	29	650	632	38	37	83	22	4	9
21	11	456	333	39	17	188	203	(27)	(28)
81	94	411	330	21	19	395	438	(114)	(56)
11	12	142	176	5	3	60	69		
18	(17)	79	167	19	22	26	21	(8)	2
	33	(10)	(14)						
240	191	1 631	1 459			(2 972)	(2 802)	(22)	(34)
1 149	1 006	6 346	5 699	405	353	149	110	(233)	(191)
			6				146		
22	4	43	99			25	9	4	248
1 171	1 010	6 389	5 804	405	353	174	265	(229)	57

Notes to the income statement

for the year ended 31 December

5 Taxation

Rm	2006	2005
South African normal taxation		
Current charge at 29%	403	397
Deferred taxation (including capital gains taxation)	1 255	561
Secondary taxation on companies	62	(1)
Foreign taxation	163	97
Current and deferred taxation on income	1 883	1 054
Prior year overprovision – current	(43)	441
Prior year underprovision – deferred	67	(387)
Total taxation on income	1 907	1 108
Taxation on non-trading and capital items	26	32
Total	1 933	1 140
Effective taxation rate excluding non-trading and capital items (%)	27,8	23,4
	%	%
Taxation rate reconciliation (excluding non-trading and capital items)		
Standard rate of South African normal taxation	29	29
Non-taxable dividend income	(4)	(4)
Differences between foreign taxation rates and South African taxation rate	(1)	1
Non-taxable investment income		(1)
Translation gains/(losses)		(1)
Effect of taxation losses utilised	(1)	(1)
Risk provision	3	2
Structured deals	(1)	(5)
STC	1	
Other	2	3
Total taxation on income as percentage of profit before taxation (excluding non-trading and capital items)	28	23

6 Minority interest

	2006		2005	
Rm	Balance sheet	Income statement	Balance sheet	Income statement
Imperial Bank	794	193	749	145
Nedbank (Swaziland)	39	10	32	8
Nedbank (Namibia)	21	3	19	7
Nedbank (Malawi)	1		1	
Fairbairn Private Bank (Jersey)	196	26	144	17
Taquanta	26	17	13	7
MBCA Bank (Zimbabwe)	24	22	19	15
The Lion Match Company/Fasic	51	11	41	10
Bond Choice	15	17	5	8
BoE Private clients	33	10	23	7
Other	2		3	9
	1 202	309	1 049	233

7 Preference shares

	Days	Rate	Amount (Rm)
Dividends paid			
2006			
1 July 2005 – 31 December 2005	184	7,88%	110,1
1 January 2006 – 30 June 2006	181		108,9
1 January 2006 – 8 June 2006	159	7,88%	95,1
9 June 2006 – 30 June 2006	22	8,25%	13,8
	365		219,0
2005			
1 July 2004 – 31 December 2004	184		116,3
1 July 2004 – 15 August 2004	46	8,63%	30,0
16 August 2004 – 31 December 2004	138	8,25%	86,3
1 January 2005 – 30 June 2005	181		111,3
1 January 2005 – 17 April 2005	107	8,25%	67,0
18 April 2005 – 30 June 2005	74	7,88%	44,3
	365		227,6
	Number of shares	Cents per share	Amount (Rm)
Dividends declared			
2006			
Final declared for 2005 – paid March 2006	227 298 896	39,69863	110,1
Interim declared for 2006 – paid August 2006	227 298 896	39,27740	108,9
			219,0
Final declared for 2006 – payable March 2007	227 298 896	44,13699	122,4
2005			
Final declared for 2004 – paid March 2005	277 298 896	41,94672	116,3
Interim declared for 2005 – paid August 2005	277 298 896	40,15068	111,3
			227,6

Notes to the balance sheet

for the year ended 31 December

8 Loans and advances

Segmental breakdown

Rm	Nedbank Group		Nedbank Corporate	
	2006	2005	2006	2005
Homeloans	98 944	75 333	14 025	11 172
Commercial mortgages	46 213	37 993	40 116	33 204
Properties in possession	131	309	21	53
Credit cards	5 283	4 074	49	50
Overdrafts	13 761	11 604	11 509	9 542
Other loans to clients	55 975	50 546	24 507	14 016
Overnight loans	17 392	9 619	17 369	8 021
Classified loans and advances	23	652	23	475
Loans to banks	17 465	17 180	240	119
Other loans	21 095	23 095	6 875	5 401
Leases and instalment debtors	43 358	34 935	14 485	12 215
Preference shares and debentures	6 840	5 918	4 056	3 037
Factoring accounts	839	680	839	680
Deposits placed under reverse repurchase agreements	6 703	3 066		
Trade, other bills and bankers' acceptances	1 752	3 850	24	101
Term loans	33 948	25 314	25 396	20 092
Loans and advances before impairments	313 747	253 622	135 027	104 162
Impairment of advances	(5 184)	(5 214)	(1 773)	(1 810)
Total loans and advances	308 563	248 408	133 254	102 352

continued

Nedbank Capital		Nedbank Retail		Imperial Bank		Shared Services		Central Management and eliminations	
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
		83 410	63 484	1 620	683			(111)	(6)
		714	669	5 491	4 204			(108)	(84)
		110	253		3				
		5 234	4 024						
158	176	2 019	1 794			7	7	68	85
28 517	33 632	2 684	2 560	7	34	89	123	171	181
10	1 570	13	28						
			177						
14 868	14 967	2 364	2 030			(7)	31		33
13 639	17 095	307	325	7	34	96	92	171	148
239	294	7 983	7 649	20 706	14 891			(55)	(114)
2 576	2 629	86	26	122	119		82		25
6 703	3 066								
1 725	3 745	3	4						
1 012	484	7 117	4 223	411	493	12	1		21
40 930	44 026	109 360	84 686	28 357	20 427	108	213	(35)	108
(370)	(424)	(2 386)	(2 092)	(622)	(730)	(9)	(75)	(24)	(83)
40 560	43 602	106 974	82 594	27 735	19 697	99	138	(59)	25

Notes to the balance sheet

for the year ended 31 December

9 Investment securities

Rm	2006	2005
Listed investments	552	691
Eland Platinum Holdings Limited	19	
Enaleni Pharmaceuticals	2	35
Mastercard Incorporated	66	
Net 1 UEPS Technologies Inc		274
Private equity portfolio	382	351
Other *	83	31
Unlisted investments	1 325	2 018
Endowment Policies	390	459
Dr Holsboer Investment Portfolio	205	149
NIBI Fund		483
Strate Limited	20	16
Private equity portfolio	449	714
Other *	261	197
Total listed and unlisted investments	1 877	2 709
Policyholder liabilities	(36)	(33)
Policyholder investments	5 314	4 199
Listed investments at market value	4 433	3 458
Equity other than property	495	596
Government, public and private sector stock	162	97
Unit trusts	3 776	2 765
Unlisted investments at directors' valuation	881	741
Equity other than property	8	8
NCDs, money market and other short-term funds	873	733
Total policy holder investments	5 278	4 166
Total investment securities	7 155	6 875
Summary of total private equity		
Property investments	313	477
Listed investments	282	281
Unlisted investments	31	196
<i>Shareholder loans included in advances</i>	<i>35</i>	<i>157</i>
Other investments	518	588
Listed investments	100	70
Unlisted investments	418	518
<i>Shareholder loans included in advances</i>	<i>603</i>	<i>629</i>
	831	1 065

*Less than R10 million per investment

Notes

Notes to the balance sheet

for the year ended 31 December

10 Investments in associate companies and joint ventures

Name of company and nature of business	Percentage holding		Acquisition date
	2006 %	2005 %	
Listed			
Banking			
State Bank of Mauritius Limited†††		20	Nov-97
Unlisted			
Banking			
SBM Nedbank International Limited***		50	Jul-99
Technology			
Acturis Limited††	53	70	Mar-01
The Internet Solution (Pty) Limited**		20	Jun-00
The IQ Business Group (Pty) Limited†††		41	Jul-00
Other			
BoE (Pty) Limited†	50	50	Jan-03
Nedgroup Life Assurance Company Limited†	50	50	Jan-03
Capegate Lifestyle (Pty) Limited		34	Dec-02
Capricorn Science & Technology Park (Pty) Limited	42	42	Nov-98
Century Square Development Trust	35	35	May-01
Clidet No 683 (Pty) Limited	49		Aug-06
G & C Shelf 31 (Pty) Limited	40	40	May-04
Grapple Property Group (Pty) Limited****		40	Mar-03
Kimberly Clark SA Holdings (Pty) Limited	50	50	Aug-04
Lyric Rose (Pty) Limited	48	49	Jul-02
Masingita Property Investment Holdings (Pty) Limited	35	35	Aug-05
Robow Investments No 47 (Pty) Limited	50	50	Dec-02
Sanbona Properties (Pty) Limited	50	50	Oct-03
Sandton Square Portion 8 (Pty) Limited	25	25	Jul-02
Steenberg Office Development (Pty) Limited	25	25	Jul-02
Visigro Investments (Pty) Limited	30		Jun-06
Whirlprops 33 (Pty) Limited	49	49	Jan-05
Other			

* Represents amounts less than R1 million

** Disposed of in 2005

*** No longer an associate, transferred to non-current assets held for sale as of May 2006

**** Disposed of in 2006

† Joint ventures

†† Investment in preference shares which do not carry voting rights, therefore accounted for as an associate

††† Transferred to non-current assets held for sale in 2005 (Disposed in 2006)

continued

Year-end	Equity- accounted earnings		Carrying amount		Market value/ Directors' valuation		Net indebtedness of loans to/(from) associates	
	2006	2005	2006	2005	2006	2005	2006	2005
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Jun		34						
Dec	2	10		79		79		
	–	16	10	11	10	11	–	–
Sep			10	11	10	11		
Sep		10						
Jun		6						
	151	107	897	567	996	762	404	241
Dec	51	33	158	140	158	140		
Dec	32	21	51	45	51	45		
Aug				24		24		19
Sep			19	30	19	30	18	
Feb			4	3	4	3	1	
Feb			170		170		170	
Feb			88	8	88	28	21	21
Sep				17		7		
Dec	31	28	259	242	349	349		
Feb			10	8	10	8		8
Feb			26	*	26		24	
Feb			*	5		5	7	7
Apr			*	*		12	62	59
Apr						29	32	29
Feb				1		1		
Feb			25		25		25	
Feb	32	22	54	22	54	22		
	5	3	33	22	42	59	44	98
	153	167	907	657	1 006	852	404	241

Notes to the balance sheet

for the year ended 31 December

11 Computer software and capitalised development costs

Rm	Amortisation periods	Carrying amount 2006	Carrying amount 2005
Computer software	2–5 years	947	1 024
Customer product systems		556	583
Infrastructure and supporting systems		256	170
Risk management systems		81	133
Channel systems		48	104
Customer information systems		6	34
Capitalised development costs	none	319	296
Customer product systems		130	181
Infrastructure and supporting systems		149	75
Risk management systems		40	40
		1 266	1 320
Computer software			
Opening balance		1 024	1 315
Additions		64	46
Commissioned during the period		345	91
Transfers		1	
Disposals		(1)	(4)
Movement in foreign exchange		7	
Amortisation charge for the period		(438)	(423)
Impairments		(55)	(1)
Closing balance		947	1 024
Capitalised development costs			
Opening balance		296	104
Additions		374	284
Commissioned during the year		(345)	(91)
Transfers		(6)	
Impairments			(1)
Closing balance		319	296

continued

12 Goodwill

Rm	Carrying amount 2006	Carrying amount 2005
Carrying amount at beginning of the year	3 687	3 676
Arising on business combinations	5	24
Realised through disposals		(8)
Impairments recognised through the income statement	(70)	(1)
Foreign currency translation and other	73	(4)
Carrying amount at end of the year	3 695	3 687

Rm	Percentage Holding	2006 Accumulated impairment losses			2005 Accumulated impairment losses		
		Cost	Carrying amount		Cost	Carrying amount	
Major subsidiaries							
Fairbairn Private Bank/Fairbairn Trust Company	70,24	450	138	312	377	73	304
Special Purpose Entities (formerly Peoples Bank SPVs)					40	40	–
Peoples Mortgage Limited (formerly Peoples Bank)	100	198	198	–	198	198	–
Imperial Bank	50,1	285	25	260	285	25	260
Nedbank Limited	100	3 565	739	2 826	3 565	739	2 826
Nedcor Investment Bank	100	375	375	–	375	375	–
Nedbank Namibia Limited	93,73	115	2	113	115	2	113
SBM Nedbank International	100	5	5	–			
Capital One		82		82	82		82
American Express		81		81	81		81
Lion Match Company (formerly Fasic (Pty) Limited)	82	21		21	21		21
		5 177	1 482	3 695	5 139	1 452	3 687

Notes to the balance sheet

for the year ended 31 December

13 Amounts owed to depositors

Segmental breakdown

Rm

	Nedbank Group		Nedbank Corporate	
	2006	2005	2006	2005
Current accounts	41 349	35 830	18 318	14 176
Savings accounts	13 374	11 188	558	553
Other deposits and loan accounts	203 942	168 547	133 483	105 128
Call and term deposits	119 525	89 525	90 632	64 934
Fixed deposits	22 651	23 389	3 000	4 603
Cash management deposits	39 273	35 183	39 212	35 191
Other deposits and loan accounts	22 493	20 450	639	400
Foreign currency liabilities	9 267	8 832	5 045	4 516
Negotiable certificates of deposit	45 518	33 682	545	357
Deposits received under repurchase agreements	11 235	3 232		
Total amounts owed to depositors	324 685	261 311	157 949	124 730

continued

Nedbank Capital		Nedbank Retail		Imperial Bank		Shared Services		Central Management and eliminations	
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
(19)	87	22 973	21 491			21	4	56	72
22		12 760	10 605					34	30
28 812	28 027	40 952	35 215	144	193	603	224	(52)	(240)
7 710	9 027	20 492	15 392	116	161	573	10	2	1
546	557	19 232	18 569	20	20		34	(147)	(394)
	80	61	43						(131)
20 556	18 363	1 167	1 211	8	12	30	180	93	284
4 033	4 084	191	176					(2)	56
44 955	33 271							18	54
11 002	3 024					233	208		
88 805	68 493	76 876	67 487	144	193	857	436	54	(28)

Notes to the balance sheet

for the year ended 31 December

14 Long-term debt instruments

Rm		2006	2005
Rand-denominated	Instrument terms		
R515 million bonds repayable on 4 December 2008 (IBP1)	13,5% per annum	553	580
R500 million bonds repayable on 30 December 2010 (IBP2)	8,38% per annum	506	
R2 billion callable notes repayable on 20 September 2011 (NED01) ** ^	11,3% per annum*		2 064
R4 billion callable notes repayable on 9 July 2012 (NED02) **	13,15% per annum*	4 254	4 254
R1,5 billion callable notes repayable on 24 April 2011 (NED05) **	7,85% per annum*	1 456	
R1,5 billion callable notes repayable on 20 September 2013 (NED06) ***	9,84% per annum*	1 616	
R200 million unsecured debentures repayable on 30 November 2029	Interest-free	4	3
		8 389	6 901
US dollar-denominated			
US\$40 million repayable on 17 April 2008	6-month Libor on nominal value		253
US\$18 million repayable on 31 August 2009	1,5 basis points below 6-month Libor on nominal value	128	118
		128	371
Namibian dollar-denominated			
N\$40 million long-term debenture issue repayable on 15 September 2030	17% per annum until 15 September 2000 – thereafter interest-free	1	1
		1	1
Total long-term debt instruments in issue		8 518	7 273

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

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

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

*Interest is payable on these notes bi-annually.

** Callable by the issuer, Nedbank Limited, after five years from date of issue, being 20 September 2001, 9 July 2002 and 24 April 2006 (i.e. 20 September 2006, 9 July 2007 and 24 April 2011), at which time the interest converts to a floating three-month Jibar rate plus a spread of 2,49%, 2,60% and 1,70% respectively.

*** Callable by the issuer, Nedbank Limited, after seven years from the date of issue, being 20 September 2006 (ie 20 September 2013), at which time the interest converts to a three-month Jibar rate, plus a spread of 2,05%.

^The debt instrument was redeemed on its call date of 20 September 2006.

Tier 3 capital

Included in fixed deposits on page 62b is a R300 million subordinated debt instrument, issued on 20 September 2005 and callable on 20 September 2008 of which R158 million qualified as Tier 3 capital.

At 31 December 2005, R300 million was included in deposits, which qualified as Tier 3 capital.

Notes to the balance sheet

for the year ended 31 December

15 BEE: Estimated future dilutive shares and IFRS 2 charge

These are purely illustrative examples of the dilutive potential ordinary shares as at the end of each year and the IFRS 2 charge per year. The first scenario is at an illustrative annual share price growth of 10% and sensitivity is illustrated by assuming other growth rates. These examples are not based on any share price growth expectations.

	2005	2006	2007
15.1 Estimated future dilutive shares as at end of each year ('000)			
Dilutive shares at 10% share price growth:			
SA BEE transaction	1 408	8 144	12 080
Black business partners	764	2 992	3 018
Non-executive directors	21	116	148
Retail	12	685	3 236
Corporate	581	3 164	3 980
Black executives	11	209	359
Black management	19	978	1 339
Namibia BEE transaction	–	–	141
Black business partners			90
Affinity Groups			43
Education			
Discretionary			
LTIP			
Black management			8
	1 408	8 144	12 221
Dilutive shares at share price growth of:			
SA BEE transaction			
5%	1 408	8 144	11 406
15%	1 408	8 144	12 702
20%	1 408	8 144	13 277
30%	1 408	8 144	14 309
Namibia BEE transaction			
5%			133
15%			149
20%			156
30%			169

continued

2008	2009	2010	2011	2012	2013	2014	2015	2016
12 715	12 987	12 204	6 588	4 849	4 538	4 228	388	187
3 054	3 096	3 144	3 197	3 255	3 316	3 380		
207	278	342	124	160	122	67		
2 409	1 659							
4 811	5 315	5 720						
497	607	713	775	520	465	330	185	99
1 737	2 032	2 285	2 492	914	635	451	203	88
163	184	197	183	172	140	136	143	–
91	92	93	94	95	96	97	99	
42	42	41	41	40	39	39	38	
							6	
8	17	24	9					
22	33	39	39	37	5			
12 878	13 171	12 401	6 771	5 021	4 678	4 364	531	187
11 061	10 619	9 421	4 701	2 871	2 381	1 908	244	110
14 205	15 017	14 455	8 063	6 312	6 061	5 788	494	242
15 540	16 755	16 287	9 225	7 408	7 151	6 858	573	282
17 803	19 529	19 023	10 883	8 882	8 532	8 133	677	334
137	142	145	142	123	85	74	66	
172	203	226	241	225	194	203	217	
188	227	256	282	278	241	251	266	
216	266	317	358	347	301	308	320	

Notes to the balance sheet

for the year ended 31 December

15 BEE: Estimated future dilutive shares and IFRS 2 charge (continued)

15.2 Estimated share-based payment IFRS 2 BEE charge per year (R'm)

IFRS 2: BEE charge at 10% share price growth

	2005	2006	2007	2008
SA BEE transaction	371,2	116,5	171,0	212,7
Black business partners	214,6			
Non-executive directors	0,6	2,0	2,1	2,8
Retail	1,1	38,0	62,0	79,0
Corporate	14,3	50,7	70,0	84,7
Black executives	2,4	6,7	10,8	15,7
Black management	10,6	19,1	26,1	30,5
Broad-based	127,6			
Namibia BEE transaction	–	21,7	1,4	2,2
Black business partners		9,0		
Affinity Groups		3,3		
Education		4,4		
Discretionary			0,1	0,3
LTIP			0,3	0,8
Black management			1,0	1,1
Broad-based		5,0		
	371,2	138,2	172,4	214,9

15.3 Total estimated IFRS 2 BEE charge (Rm) at varying share price growth assumptions:

Rm	5%	10%	15%	20%
SA BEE transaction	1 329,3	1 350,2	1 370,5	1 392,4
Pegged cost for instruments allocated to date	953,6	953,6	953,6	953,6
Future costs dependant on share price growth	375,7	396,6	416,9	438,8
Namibia BEE transaction	33,6	33,9	34,2	34,5
Pegged cost for instruments allocated to date	26,2	26,2	26,2	26,2
Future costs dependant on share price growth	7,4	7,7	8,0	8,3
	1 362,9	1 384,1	1 404,7	1 426,9

continued

2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
177,8	153,3	90,3	26,2	17,9	9,4	3,5	0,4	–	1 350,2
									214,6
3,6	4,3	3,5	2,2	2,0	1,3	0,5			24,9
40,8	17,8								238,7
84,5	84,5	50,9							439,6
18,4	20,2	17,2	12,6	8,5	4,3	1,6	0,2		118,6
30,5	26,5	18,7	11,4	7,4	3,8	1,4	0,2		186,2
									127,6
2,5	2,2	1,3	0,7	0,4	0,4	0,4	0,4	0,3	33,9
									9,0
									3,3
									4,4
0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,3	3,9
1,0	0,7	0,2							3,0
1,1	1,1	0,7	0,3						5,3
									5,0
180,3	155,5	91,6	26,9	18,3	9,8	3,9	0,8	0,3	1 384,1

30%
1 438,8
953,6
485,2
35,1
26,2
8,9
1 473,9

Nedbank Group – Share-based payments

for the year ended 31 December

Analysis of BEE Schemes – Illustrative roll of shares – based on a 10% increase in share price
to 31 December 2006

15.4 Illustrative vesting outside of group

	Inception	2005	2006	2007	2008	2009	2010	2011
Opening balance		–	1 471 700	1 511 516	1 511 516	3 346 417	8 460 347	13 791 014
SA BEE transaction		1 471 700	–	–	1 834 901	5 113 930	5 251 299	14 168 879
BBP								
NED								491 930
Retail – For sale					1 376 176	2 939 177	2 786 817	
Retail – Free shares					458 725	979 726	928 939	
Corporate Non-Aka								10 160 049
Corporate Aka								1 676 901
Community								
Black executives						211 200	281 177	403 577
Black management						983 827	1 254 366	1 436 422
Broad-based		1 471 700						
Evergreen								
Namibia BEE transaction		–	39 816	–	–	–	79 368	56 842
BBP								
AG								
Education								
Discretionary								
LTIP							54 499	27 250
Black management							24 869	29 592
Broad-based			39 816					
		1 471 700	1 511 516	1 511 516	3 346 417	8 460 347	13 791 014	28 016 735

Treasury shares ie. in Trusts considered to be inside group

Opening balance		–	39 796 430	40 422 056	40 422 056	38 587 155	33 473 225	28 142 558
Inception		41 268 130	665 442					
SA BEE transaction	41 268 130	(1 471 700)	–	–	(1 834 901)	(5 113 930)	(5 251 299)	(14 168 879)
BBP	7 891 300							
NED	789 130							(491 930)
Retail – For sale	7 102 170				(1 376 176)	(2 939 177)	(2 786 817)	
Retail – Free shares	2 367 390				(458 725)	(979 726)	(928 939)	
Corporate Non-Aka	10 160 049							(10 160 049)
Corporate Aka	1 676 901							(1 676 901)
Community	1 531 551							
Black executives	2 093 521					(211 200)	(281 177)	(403 577)
Black management	5 261 076					(983 827)	(1 254 366)	(1 436 422)
Broad-based	1 471 700	(1 471 700)						
Evergreen	923 342							
Namibia BEE transaction	665 442	–	(39 816)	–	–	–	(79 368)	(56 842)
BBP	199 929							
AG	74 048							
Education	98 730							
Discretionary	81 452							
LTIP	81 749						(54 499)	(27 250)
Black management	89 718						(24 869)	(29 592)
Broad-based	39 816		(39 816)					
		39 796 430	40 422 056	40 422 056	38 587 155	33 473 225	28 142 558	13 916 837
Actual cap shares			815 960					
		39 796 430	41 238 016	40 422 056	38 587 155	33 473 225	28 142 558	13 916 837

continued

2012	2013	2014	2015	2016	2017	2018	Total	Illustrative cap shares	Illustrative call option	Illustrative shares
28 016 735	28 957 243	29 778 513	30 511 772	38 841 663	39 397 227	39 437 953	—			
910 123	816 398	733 259	8 329 891	182 857	—	—	38 813 237	9 707 049	(14 735 259)	33 785 027
			7 891 300				7 891 300	5 404 870	(5 947 106)	7 349 064
	99 067	99 067	99 066				789 130	255 262	(605 060)	439 332
							7 102 170			7 102 170
							2 367 390			2 367 390
							10 160 049	3 430 553	(7 019 664)	6 570 938
							1 676 901	616 364	(1 163 429)	1 129 836
316 096	317 333	297 823	169 824	96 491			2 093 521			2 093 521
594 027	399 998	336 369	169 701	86 366			5 261 076			5 261 076
							1 471 700			1 471 700
										—
30 385	4 872	—	—	372 707	40 726	40 726	665 442	220 189	(413 697)	471 934
				199 929			199 929	98 305	(173 828)	124 406
				74 048			74 048	24 148	(44 276)	53 920
				98 730			98 730	32 197	(59 034)	71 893
					40 726	40 726	81 452	65 539	(136 559)	10 432
							81 749			81 749
30 385	4 872						89 718			89 718
							39 816			39 816
28 957 243	29 778 513	30 511 772	38 841 663	39 397 227	39 437 953	39 478 679	39 478 679	9 927 238	(15 148 956)	34 256 961
13 916 837	12 976 329	12 155 059	11 421 800	3 091 909	2 536 345	2 495 619	—			
(910 123)	(816 398)	(733 259)	(8 329 891)	(182 857)	—	—	2 454 893			
			(7 891 300)							
	(99 067)	(99 067)	(99 066)							
							1 531 551			
(316 096)	(317 333)	(297 823)	(169 824)	(96 491)						
(594 027)	(399 998)	(336 369)	(169 701)	(86 366)						
							923 342			
(30 385)	(4 872)	—	—	(372 707)	(40 726)	(40 726)	—			
				(199 929)						
				(74 048)						
				(98 730)						
					(40 726)	(40 726)				
(30 385)	(4 872)									
12 976 329	12 155 059	11 421 800	3 091 909	2 536 345	2 495 619	2 454 893	2 454 893			
12 976 329	12 155 059	11 421 800	3 091 909	2 536 345	2 495 619	2 454 893	2 454 893			

Nedbank Group – Share-based payments

for the year ended 31 December

Illustrative roll of shares – SA BEE transaction

	Inception	2005	2006	2007	2008	2009	2010
Issued outside group		1 471 700	1 471 700	1 471 700	3 306 601	8 420 531	13 671 830
Treasury shares	41 268 130	39 796 430	39 796 430	39 796 430	37 961 529	32 847 599	27 596 300
Original BEE allocation	41 268 130	41 268 130	41 268 130	41 268 130	41 268 130	41 268 130	41 268 130
Cap shares		1 093 969	1 139 958	1 257 517	1 257 517	1 257 517	1 257 517
BBP		540 487	540 487	540 487	540 487	540 487	540 487
NED		20 120	20 120	42 544	42 544	42 544	42 544
Corporate		533 362	579 351	674 486	674 486	674 486	674 486
	41 268 130	42 362 099	42 408 088	42 525 647	42 525 647	42 525 647	42 525 647
Call option shares	–	–	–	–	–	–	–
BBP							
NED							
Corporate							
Shares expected at end	41 268 130	42 362 099	42 408 088	42 525 647	42 525 647	42 525 647	42 525 647
Weighted dilutive shares		1 406 976	8 143 756	12 080 146	12 715 914	12 987 472	12 204 462

Illustrative roll of shares – Namibia BEE transaction

Issued outside group			39 816	39 816	39 816	39 816	119 184
Treasury shares	665 442		625 626	625 626	625 626	625 626	546 258
Original BEE allocation	665 442	–	665 442	665 442	665 442	665 442	665 442
Cap shares	–	–	13 779	17 716	20 311	20 980	21 677
BBP			8 158	8 490	8 837	9 197	9 573
AG			1 637	2 120	2 207	2 297	2 390
Education			2 183	2 827	2 942	3 062	3 187
Discretionary			1 801	4 279	6 325	6 424	6 527
	665 442	–	679 221	683 158	685 753	686 422	687 119
Call option shares	–	–	–	–	–	–	–
BBP							
AG							
Education							
Discretionary							
Shares expected at end	665 442	–	679 221	683 158	685 753	686 422	687 119
Weighted dilutive shares				141 416	154 703	174 466	189 849

continued

2011	2012	2013	2014	2015	2016	2017	2018	Total
27 840 709	28 750 832	29 567 230	30 300 489	38 630 380	38 813 237	38 813 237	38 813 237	38 813 237
13 427 421	12 517 298	11 700 900	10 967 641	2 637 750	2 454 893	2 454 893	2 454 893	2 454 893
41 268 130	41 268 130	41 268 130	41 268 130	41 268 130	41 268 130	41 268 130	41 268 130	41 268 130
704 035	658 045	540 487	540 487					9 707 049
540 487	540 487	540 487	540 487					5 404 870
22 423	22 423							255 262
141 125	95 135							4 046 917
41 972 165	41 926 175	41 808 617	41 808 617	41 268 130	41 268 130	41 268 130	41 268 130	50 975 179
(6 654 776)	(642 776)	(1 338 683)	(6 023 065)	(75 959)	–	–		(14 735 259)
(377 184)		(75 959)	(5 947 106)					(5 947 106)
(6 277 592)	(642 776)	(1 262 724)	(75 959)	(75 959)				(605 061)
								(8 183 092)
35 317 389	41 283 399	40 469 934	35 785 552	41 192 171	41 268 130	41 268 130	41 268 130	36 239 920
6 587 957	4 849 080	4 538 944	4 227 526	388 090	186 809	–	–	
176 026	206 411	211 283	211 283	211 283	583 990	624 716	665 442	665 442
489 416	459 031	454 159	454 159	454 159	81 452	40 726	–	–
665 442	665 442	665 442	665 442	665 442	665 442	665 442	665 442	665 442
22 402	23 158	23 943	24 761	25 613	3 898	1 951	–	220 189
9 963	10 370	10 793	11 233	11 692				98 306
2 488	2 589	2 695	2 805	2 919				24 147
3 317	3 453	3 593	3 740	3 893				32 197
6 634	6 746	6 862	6 983	7 109	3 898	1 951		65 539
687 844	688 600	689 385	690 203	691 055	669 340	667 393	665 442	885 631
–	–	–	–	–	(325 841)	(43 918)	(43 938)	(413 697)
					(173 828)			(173 828)
					(44 276)			(44 276)
					(59 034)			(59 034)
					(48 703)	(43 918)	(43 938)	(136 559)
687 844	688 600	689 385	690 203	691 055	343 499	623 475	621 504	471 934
197 685	180 683	140 327	136 277	142 968				

Balance sheet – banking/trading categorisation

at 31 December

Rm	2006				2005			
	Banking	Trading	Elims	Total	Banking	Trading	Elims	Total
Assets								
Cash and cash equivalents	11 559	708		12 267	10 627	515		11 142
Other short-term securities	12 629	13 127		25 756	5 753	11 261		17 014
Derivative financial instruments	273	15 816	(816)	15 273	213	17 463	(1 500)	16 176
Government and other securities	19 128	7 602	(4 534)	22 196	18 781	4 859	(982)	22 658
Loans and advances	285 512	23 051		308 563	224 249	24 159		248 408
Other assets	5 547	6 921		12 468	4 681	6 920		11 601
Customers' indebtedness for acceptances	2 577			2 577	1 291			1 291
Current taxation receivable	161			161	130	4		134
Investment securities	7 084	71		7 155	6 815	60		6 875
Non-current assets held for sale	42	448		490	385			385
Investments in associate companies and joint ventures	907			907	657			657
Deferred taxation asset	114	6		120	680			680
Property and equipment	3 521	14		3 535	3 238	20		3 258
Post-employment assets	1 444			1 444	1 225			1 225
Mandatory reserve deposits with central banks	7 039			7 039	5 747			5 747
Intangible assets	4 958	3		4 961	5 000	7		5 007
Inter divisional assets		3 010	(3 010)	–	2 900		(2 900)	–
Total assets	362 495	70 777	(8 360)	424 912	292 372	64 286	(4 400)	352 258
Total equity and liabilities								
Allocated capital	23 065	2051		25 116	22 330	2160		22 490
Minority shareholders' equity attributable to:								
ordinary shareholders	1 202			1 202	1 049			1 049
preference shareholders	3 070			3 070	2 770			2 770
Total equity	27 337	2 051		29 388	24 149	2 160		26 309
Derivative financial instruments	1 138	12 582	(816)	12 904	1 824	16 731	(1 500)	17 055
Amounts owed to depositors	305 916	18 769		324 685	246 657	14 654		261 311
Other liabilities	5 561	36 820	(4 534)	37 847	4 658	28 681	(982)	32 357
Non-current liabilities held for sale		417		417				–
Liabilities under acceptances	2 577			2 577	1 291			1 291
Current taxation liabilities	442	(8)		434	445	21		466
Deferred taxation liabilities	1 503	146		1 649	838	121		959
Post-employment liability	1 215			1 215	1 071			1 071
Investment contract liabilities	5 278			5 278	4 166			4 166
Long-term debt instruments	8 518			8 518	7 273			7 273
Inter divisional liabilities	3 010		(3 010)	–		2 900	(2 900)	–
Total liabilities	335 158	68 726	(8 360)	395 524	268 223	62 126	(4 400)	325 949
Total equity and liabilities	362 495	70 777	(8 360)	424 912	292 372	64 286	(4 400)	352 258

Assets under management

for the year ended 31 December

Rm	2006	2005*
Fair value of funds under management – by type		
Unit trusts	32 780	23 866
Third party	23 321	17 893
Private clients	30 111	22 166
	86 212	63 925
Fair value of funds under management – by geography		
South Africa	72 827	52 808
Rest of World	13 385	11 117
	86 212	63 925

Rm	2006			
	Unit trusts	Third party	Private clients	Total
Reconciliation of movement in funds under management – by type				
Opening balance at 31 December 2005	23 866	17 893	22 166	63 925
Inflows	14 197	7 309	7 186	28 692
Outflows	(11 712)	(5 333)	(5 741)	(22 786)
Mark-to-market value adjustment	5 910	3 079	5 594	14 583
Foreign currency translation differences	519	373	906	1 798
Closing balance – December 2006	32 780	23 321	30 111	86 212

Rm	South Africa	Rest of the world	Total
Reconciliation of movement in funds under management – by geography			
Opening balance at 31 December 2005	52 808	11 117	63 925
Inflows	25 074	3 618	28 692
Outflows	(18 623)	(4 163)	(22 786)
Mark-to-market value adjustment	13 568	1 015	14 583
Foreign currency translation differences		1 798	1 798
Closing balance – December 2006	72 827	13 385	86 212

* Restated due to elimination of gross holding of assets under management with the group.

Currency representation of balance sheet

at 31 December

	Rand Rm	UK £ Rm	US\$ Rm	Other Rm	Total Rm
2006					
Total assets	374 794	9 446	30 178	10 494	424 912
Cash and balances with central banks	17 363	104	935	904	19 306
Other short-term securities	18 501	5 968	771	516	25 756
Government and other securities	19 146	204	1 664	1 182	22 196
Loans and advances and other assets	300 673	3 123	26 739	7 703	338 238
Deferred taxation assets	116	1		3	120
Current taxation receivable	155			6	161
Clients' indebtedness for acceptances	2 487	36	38	16	2 577
Other investments	8 010		30	22	8 062
Property and equipment and intangible assets	8 343	10	1	142	8 496
Total liabilities	349 614	8 319	28 016	9 575	395 524
Long-term debt instruments	8 389		128	1	8 518
Deposits, current accounts and other liabilities	336 794	8 268	27 846	9 438	382 346
Deferred taxation liabilities	1 590			59	1 649
Current taxation liabilities	375	15	4	40	434
Liabilities under acceptances	2 466	36	38	37	2 577
Net assets	25 180	1 127	2 162	919	29 388
Capital	24 598	1 778	2 166	846	29 388
	(582)	651	4	(73)	–
2005					
Total assets	312 320	7 886	21 972	10 080	352 258
Cash and balances with central banks	14 512	845	776	756	16 889
Other short-term securities	12 664	3 216	566	568	17 014
Government and other securities	20 022	211	1 296	1 129	22 658
Loans and advances and other assets	247 623	3 600	19 200	7 372	277 795
Deferred taxation assets	672	4		4	680
Current taxation receivable	134				134
Clients' indebtedness for acceptances	1 237		30	24	1 291
Other investments	7 329		104	99	7 532
Property and equipment and intangible assets	8 127	10		128	8 265
Total liabilities	291 954	7 472	19 514	7 009	325 949
Long-term debt instruments	6 901		371	1	7 273
Deposits, current accounts and other liabilities	282 462	7 452	19 108	6 938	315 960
Deferred taxation liabilities	904	2	1	52	959
Current taxation liabilities	450	18	4	(6)	466
Liabilities under acceptances	1 237		30	24	1 291
Net assets	20 366	414	2 458	3 071	26 309
Capital	22 377	1 375	1 924	633	26 309
	2 011	961	(534)	(2 438)	–

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

Geographical currency representation of balance sheet

at 31 December 2006 – Domestic and offshore

2006	Rand Rm	UK £ Rm	US\$ Rm	Other Rm	Total Rm
Nedbank Group domestic					
Total assets	373 303	205	20 109	942	394 559
Cash and balances with central banks	16 670				16 670
Other short-term securities	18 501				18 501
Government and other securities	19 146				19 146
Loans and advances and other assets	299 875	205	20 109	942	321 131
Deferred taxation assets	116				116
Current taxation receivable	155				155
Clients' indebtedness for acceptances	2 487				2 487
Other investments	8 010				8 010
Property and equipment and intangible assets	8 343				8 343
Total liabilities	348 923	85	20 728	358	370 094
Long-term debt instruments	8 389				8 389
Deposits, current accounts and other liabilities	336 103	85	20 728	358	357 274
Deferred taxation liabilities	1 590				1 590
Current taxation liabilities	375				375
Liabilities under acceptances	2 466				2 466
Net assets	24 380	120	(619)	584	24 465
Intercompany	(218)	120	(619)	584	(133)
Capital	24 598	–	–	–	24 598
	Rand Rm	UK £ Rm	US\$ Rm	Other Rm	Total Rm
Nedbank Group offshore					
Total assets	1 492	9 240	10 069	9 552	30 353
Cash and balances with central banks	693	104	935	904	2 636
Other short-term securities		5 968	771	516	7 255
Government and other securities		204	1 664	1 182	3 050
Loans and advances and other assets	799	2 917	6 630	6 761	17 107
Deferred taxation assets		1		3	4
Current taxation receivable				6	6
Clients' indebtedness for acceptances		36	38	16	90
Other investments			30	22	52
Property and equipment and intangible assets		10	1	142	153
Total liabilities	692	8 233	7 288	9 217	25 430
Long-term debt instruments			128	1	129
Deposits, current accounts and other liabilities	692	8 182	7 118	9 080	25 072
Deferred taxation liabilities				59	59
Current taxation liabilities		15	4	40	59
Liabilities under acceptances		36	38	37	111
Net assets	800	1 007	2 781	335	4 923
Intercompany	800	(771)	615	(511)	133
Capital	–	1 778	2 166	846	4 790

Geographical currency representation of balance sheet

at 31 December 2005 – Domestic and offshore

2005	Rand Rm	UK £ Rm	US\$ Rm	Other Rm	Total Rm
Nedbank Group domestic					
Total assets	311 013	581	14 730	1 554	327 878
Cash and balances with central banks	14 490				14 490
Other short-term securities	12 664				12 664
Government and other securities	20 022				20 022
Loans and advances and other assets	246 338	581	14 730	1 554	263 203
Deferred taxation assets	672				672
Current taxation receivable	134				134
Clients' indebtedness for acceptances	1 237				1 237
Other investments	7 329				7 329
Property and equipment and intangible assets	8 127				8 127
Total liabilities	291 239	439	15 544	718	307 940
Long-term debt instruments	6 901				6 901
Deposits, current accounts and other liabilities	281 747	439	15 544	718	298 448
Deferred taxation liabilities	904				904
Current taxation liabilities	450				450
Liabilities under acceptances	1 237				1 237
Net assets	19 774	142	(814)	836	19 938
Intercompany	(2 603)	142	(814)	836	(2 439)
Capital	22 377	–	–	–	22 377
	Rand Rm	UK £ Rm	US\$ Rm	Other Rm	Total Rm
Nedbank Group offshore					
Total assets	1 307	7 305	7 242	8 526	24 380
Cash and balances with central banks	22	845	776	756	2 399
Other short-term securities		3 216	566	568	4 350
Government and other securities		211	1 296	1 129	2 636
Loans and advances and other assets	1 285	3 019	4 470	5 818	14 592
Deferred taxation assets		4		4	8
Current taxation receivable					
Clients' indebtedness for acceptances			30	24	54
Other investments			104	99	203
Property, equipment and intangible assets		10		128	138
Total liabilities	716	7 033	3 969	6 291	18 009
Long-term debt instruments			371	1	372
Deposits, current accounts and other liabilities	716	7 013	3 563	6 220	17 512
Deferred taxation liabilities		2	1	52	55
Current taxation liabilities		18	4	(6)	16
Liabilities under acceptances			30	24	54
Net assets	591	272	3 273	2 235	6 371
Intercompany	591	(1 103)	1 349	1 602	2 439
Capital	–	1 375	1 924	633	3 932

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

Capital adequacy

at 31 December

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

Rm	Percentage weighting	Risk weighted assets	
		2006	2005
Money, interbank deposits and claims on central government			
Land bank and other public sector bodies	10	415	86
Trade transactions with recourse to other banks	20	8 051	7 002
Residential mortgage loans	50	37 892	28 738
All other banking assets excluding intragroup	100	182 948	146 554
Notional trading assets	100	4 905	8 391
All other non-banking assets	100	26 586	23 154
Total on-balance-sheet items		260 797	213 925
Off-balance-sheet items	0 – 100	13 538	9 759
Counterparty risk	0 – 100	2 579	2 072
Large exposure requirements	1 000		
Total risk weighted assets		276 914	225 756

	2006		2005	
	Capital Rm	%	Capital Rm	%
Nedbank Group				
Tier 1 capital (primary)	22 932	8,3	21 151	9,4
Share capital and reserves	25 116	9,1	22 490	10,0
Minority interest: ordinary shareholders	1 202	0,4	1 049	0,5
Minority interest: preference shareholders	3 070	1,1	2 770	1,2
Impairments	(7)			
Goodwill	(3 695)	(1,3)	(3 687)	(1,6)
Other regulatory differences	(2 754)	(1,0)	(1 471)	(0,7)
Tier 2 capital (secondary)	9 593	3,4	7 648	3,4
Long-term debt instruments	8 518	3,1	7 273	3,2
Other regulatory differences	(416)	(0,2)	(591)	(0,3)
Provision for performing loans	1 296	0,4	795	0,4
Other	195	0,1	171	0,1
Tier 3 capital (tertiary)	158	0,1	300	0,1
	32 683	11,8	29 099	12,9

Capital adequacy analysis by bank

		2006		2005	
	Country CAR's	Risk weighted assets Rm	Capital %	Risk weighted assets Rm	Capital %
(solo supervision)					
Nedbank Limited	10,0%	240 307	11,4	194 524	13,3
Imperial Bank Limited	10,0%	27 806	10,5	19 997	10,2
Nedbank (Lesotho) Limited	8,0%	405	23,3	329	28,7
Nedbank (Swaziland) Limited	8,0%	547	16,7	435	17,4
Nedbank (Malawi) Limited	8,0%	77	21,1	55	30,3
Nedbank (Namibia) Limited	10,0%	2 851	11,3	2 516	11,2
SBM Nedbank International Limited	10,0%	76	211,5	116	62,4
Fairbairn Private Bank (Jersey) Limited	11,0%	1 515	14,1	1 184	13,0
Fairbairn Private Bank (IOM) Limited	11,5%	2 447	14,4	1 806	14,8

Credit ratings

Fitch

	Nedbank Group September 2006	Nedbank September 2006
Individual	C	C
Support	2	2
Foreign currency		
Short-term	F3	F3
Long-term	BBB	BBB
Long-term rating outlook	Stable	Positive
Local currency		
Long-term senior	BBB	BBB+
Long-term rating outlook	Stable	Stable
National		
Short-term	F1 (zaf)	F1+ (zaf)
Long-term	A+ (zaf)	AA- (zaf)

Individual and support

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

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

Foreign and local currency (capped by sovereign risk limits of BBB+ for foreign long-term, F2 for foreign short-term and A for local long-term)

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

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

National

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

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

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

CA-Ratings

	Nedbank Group December 2005
Long-term	zaAA-
Short-term	zaA1+
Outlook	Positive

Long-term

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

Short-term

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

Moody's

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

Financial strength

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

Long-term (capped by sovereign rating)

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

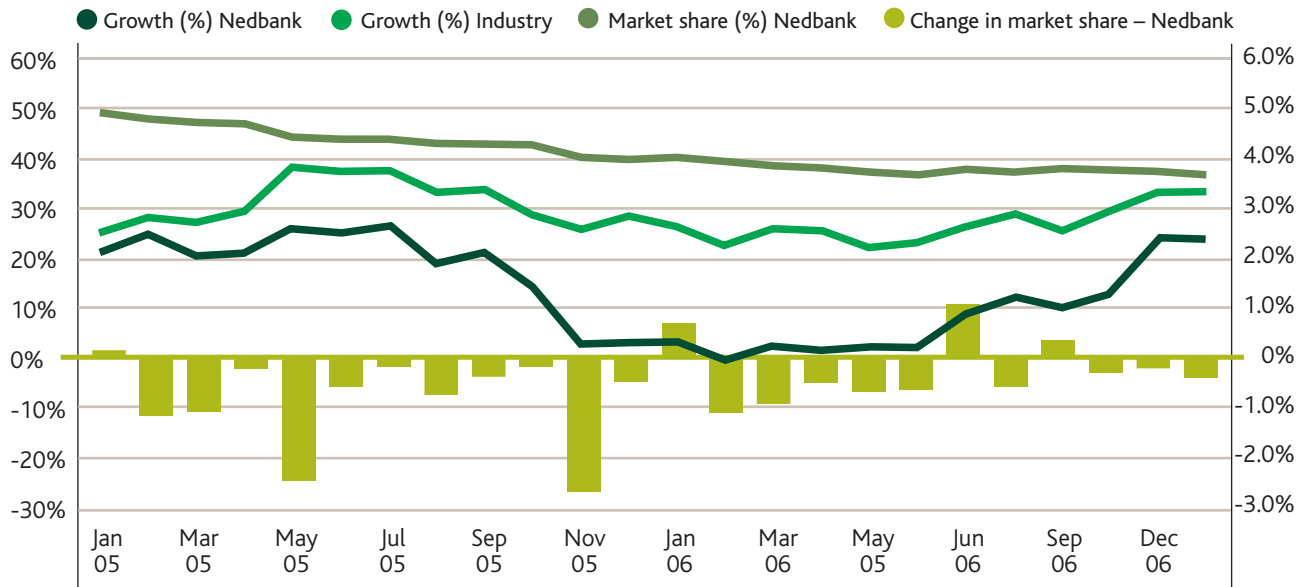
Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category

Short-term

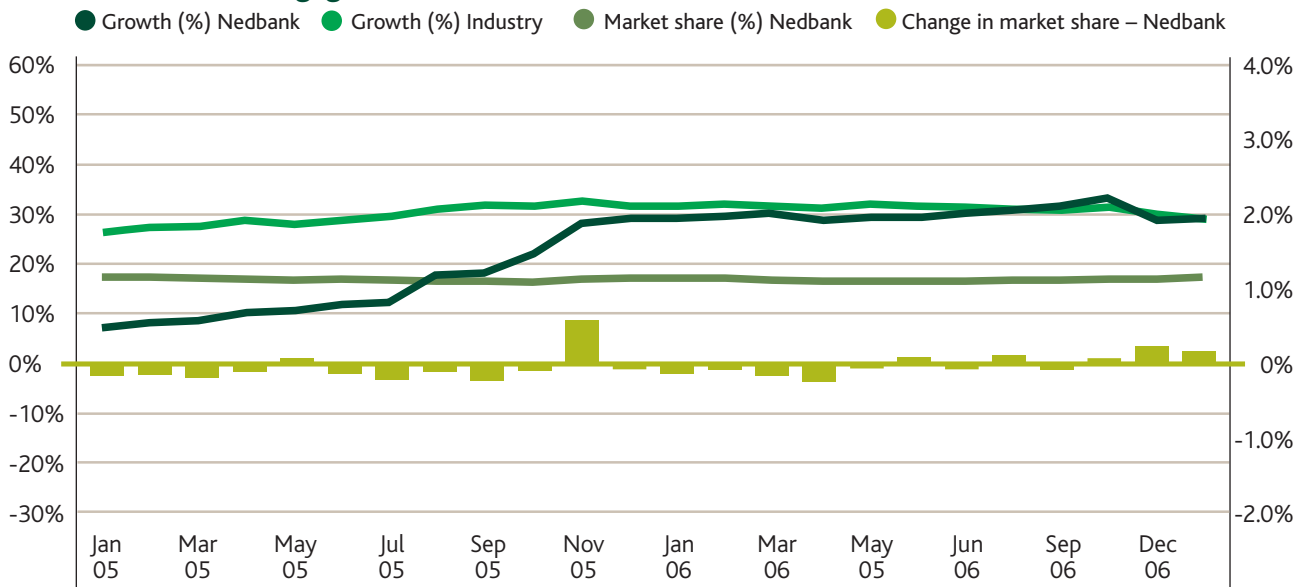
P-2 = Issuers rated Prime-2 have a strong ability to repay short-term debt obligations.

Market share

Commercial Mortgages

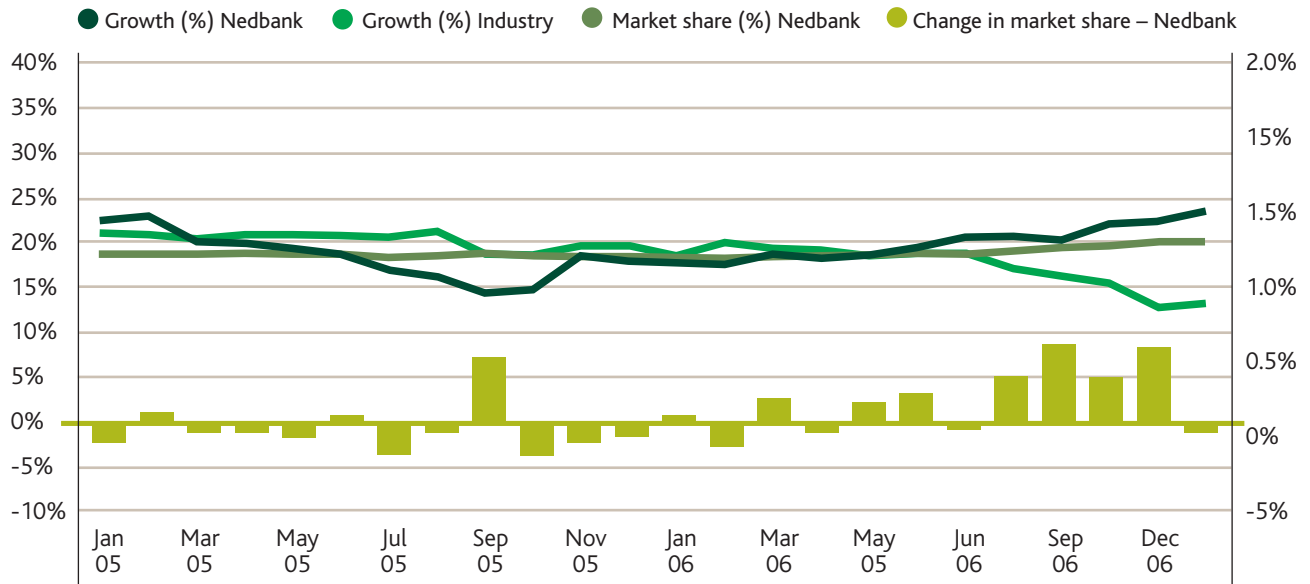


Residential Mortgages

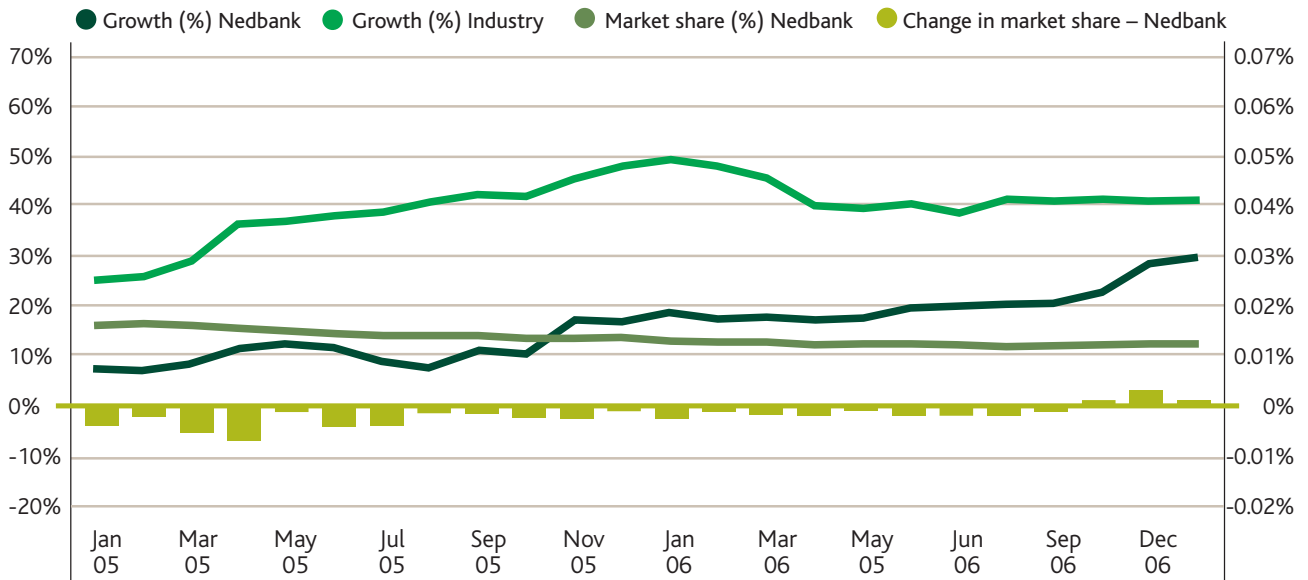


Market share

Instalment Credit

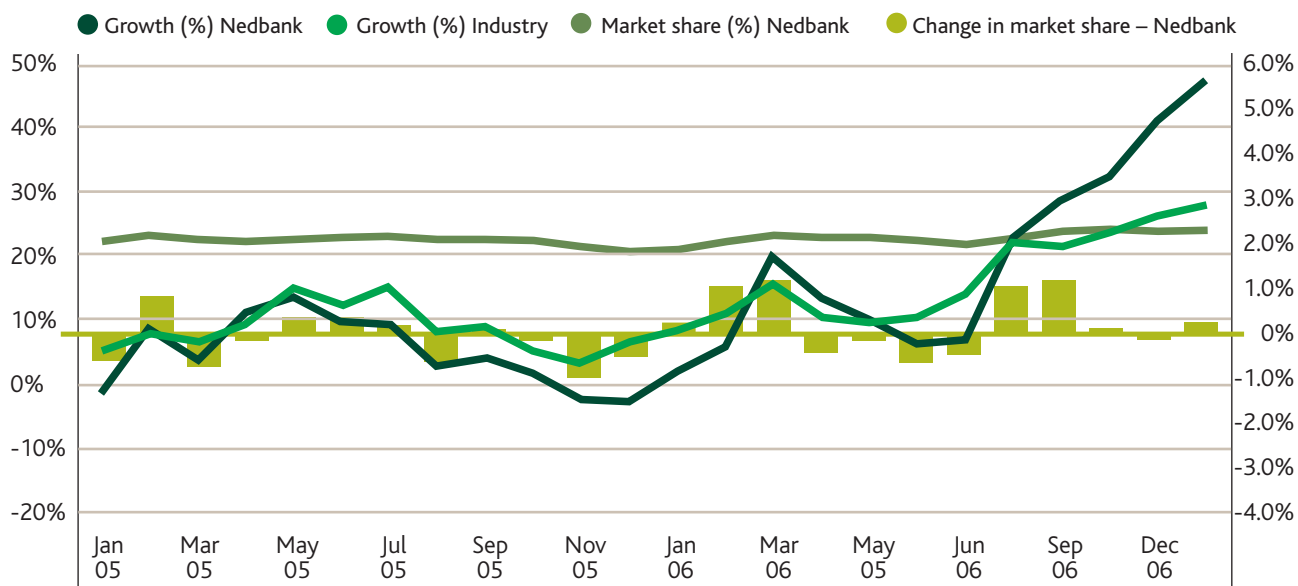


Credit Cards

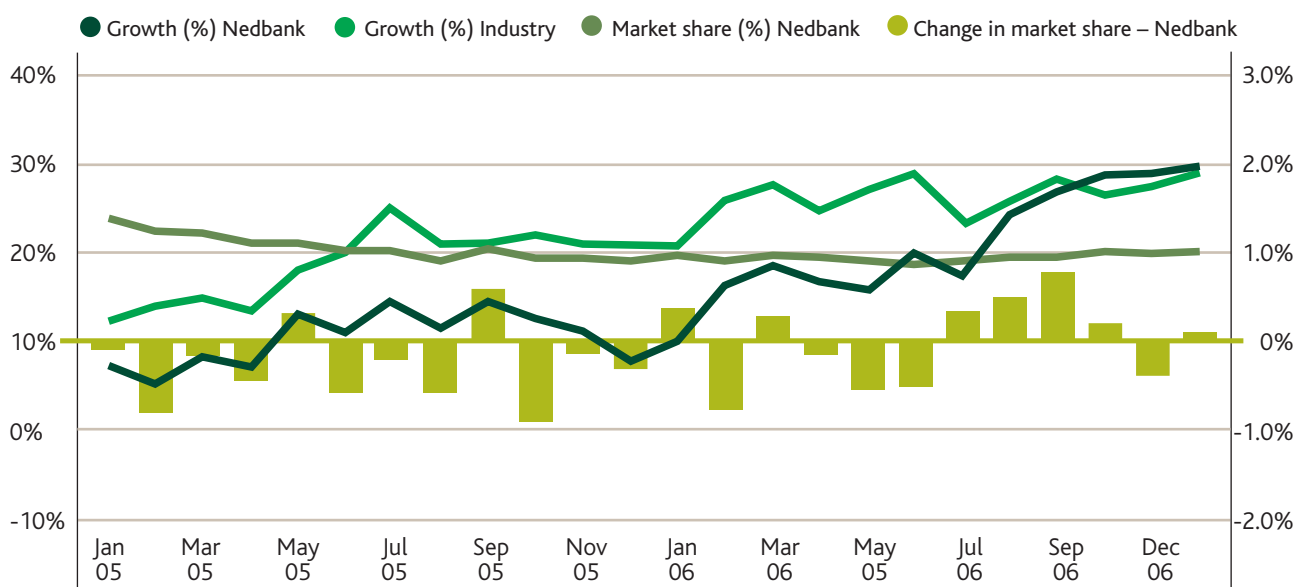


continued

Other Loans and Advances



Total Loans and Advances



Nedbank Group employee incentive schemes

at 31 December

	2006	2005
Movements		
Options outstanding at beginning of year	22 370 999	28 905 173
Granted	6 296 334	6 861 227
Exercised	2 401 148	3 099 459
Expired	4 520 563	
Surrendered	1 361 014	10 295 942
Options outstanding at end of year	20 384 608	22 370 999
Performance-based options – 1994 scheme	4 079 420 ^p	7 953 593 ^p
Non-performance-based options – 1994 scheme	5 044 328	8 503 622
Non-performance-based options – 2005 scheme	10 811 210	5 586 759
Performance based options – matched shares 2005 Scheme	224 825	163 513
Non-performance based options – matched shares 2005 Scheme	224 825	163 512
	20 384 608	22 370 999

Nedcor share incentive trust (1994)

The following options granted had not been exercised at 31 December 2006

Option expiry date	Number of shares	Issue price R	Option expiry date	Number of shares	Issue price R	Option expiry date	Number of shares	Issue price R
1-Jan-07	5 700	123,60	b/f	188 833		b/f	503 755	
1-Jan-07	1 500	125,00	1-Jul-07	3500	60,01	1-Apr-08	2 500	88,00
1-Jan-07	250	130,80	1-Jul-07	8 000	88,00	15-Apr-08	220 600	125,00
1-Feb-07	900	88,00	1-Jul-07	15 000	123,60	1-May-08	500	123,60
1-Feb-07	6 300	123,60	1-Jul-07	5 000	125,00	2-Jul-08	1 537 929	123,60
1-Feb-07	3 425	125,00	27-Sep-07	6 000	130,80	15-Oct-08	82 050	102,65
1-Mar-07	37 300	123,60	28-Sep-07	66 700	130,80	27-Nov-08	50 000	123,60
1-Mar-07	2 825	125,00	1-Oct-07	2 000	60,01	25-Feb-09	84 250	102,19
1-Mar-07	385	150,00	1-Oct-07	7 500	88,00	1-Apr-09	911 164 ^p	88,00
1-Mar-07	98	151,00	1-Oct-07	13 050	123,60	1-Apr-09	25 700	88,00
1-Mar-07	76 600	157,00	1-Oct-07	3 975	125,00	1-Oct-09	25 040 ^p	69,20
6-Mar-07	1 000	60,01	15-Oct-07	16 200	123,60	1-Oct-09	137 075	69,20
31-Mar-07	500	136,20	2-Nov-07	21 347	123,00	11-May-10	2 616 096 ^p	60,01
1-Apr-07	10 300	123,60	19-Nov-07	15 800	125,00	11-May-10	583 200	60,01
1-Apr-07	4 150	125,00	1-Jan-08	55 000	60,01	11-May-10	25 000 ^p	61,40
16-Apr-07	9 800	123,60	1-Jan-08	25 000	88,00	10-Aug-10	112 000 ^p	55,75
1-May-07	4 000	88,00	1-Jan-08	38 400	125,00	10-Aug-10	233 800	55,75
1-May-07	20 400	123,60	15-Jan-08	450	88,00	20-Apr-11	463 500	74,40
1-May-07	2 300	125,00	1-Feb-08	2 000	123,60			
4-May-07	1 100	123,60	1-Apr-08	10 000	60,01			
	188 833			503 755			7 614 159	

Options granted in respect of the rights offer (1994 scheme)

Option expiry date	Number of shares	Issue price R	Option expiry date	Number of shares	Issue price R	Option expiry date	Number of shares	Issue price R
1-Jan-07	2 850	45,00	b/f	77 071		b/f	274 350	
14-Jan-07	278	45,00	2-Nov-07	86 189	45,00	1-May-08	208	45,00
1-Feb-07	4 853	45,00	2-Nov-07	1	60,00	21-Jun-08	2 778	45,00
8-Feb-07	2 171	45,00	19-Nov-07	6 584	45,00	1-Jul-08	12 037	45,00
1-Mar-07	25 586	45,00	1-Dec-07	139	45,00	2-Jul-08	360 794	45,00
1-Apr-07	417	45,00	1-Jan-08	26 416	45,00	2-Jul-08	52 584	60,00
16-Apr-07	2 042	45,00	1-Jan-08	4 167	60,00	15-Oct-08	11 896	45,00
1-May-07	3 332	45,00	15-Jan-08	188	45,00	27-Nov-08	5 000	45,00
1-Jul-07	8 334	45,00	1-Feb-08	834	45,00	25-Feb-09	36 045	45,00
24-Jul-07	5 510	45,00	6-Feb-08	3 195	45,00	1-Apr-09	354 270 ^p	45,00
27-Sep-07	1 250	45,00	1-Apr-08	1 968	45,00	1-Apr-09	25 417 ^p	60,00
28-Sep-07	11 666	45,00	8-Apr-08	278	45,00	1-Apr-09	10 708	45,00
1-Oct-07	8 782	45,00	15-Apr-08	67 320	45,00	1-Oct-09	10 433 ^p	45,00
						1-Oct-09	58 531	45,00
	77 071			274 350			1 215 051	

^p Performance-based options

Ex-NIB share incentive scheme – now part of Nedcor share incentive trust (1994 scheme)

The following options granted had not been exercised at 31 December 2006

Option expiry date	Number of shares	Issue price R	Option expiry date	Number of shares	Issue price R	Option expiry date	Number of shares	Issue price R
			b/f	7 784		b/f	256 092	
1-Jan-07	888	86,40	24-Jul-07	22 058	89,70	1-Apr-08	2 222	81,00
14-Jan-07	666	86,40	2-Nov-07	218 249	86,40	8-Apr-08	668	81,00
1-Feb-07	1 022	86,40	1-Dec-07	334	86,40	21-Jun-08	6 667	111,00
8-Feb-07	5 208	96,00	6-Feb-08	7 667	90,90	1-Jul-08	28 889	111,00
	7 784			256 092			294 538	

Nedbank Group options scheme (2005)

The following options granted had not been exercised at 31 December 2006

Option expiry date	Number of shares	Issue price R
11-May-07	10 000	84,68
1-Jul-07	46 000	76,79
1-Jul-07	15 000	110,98
1-Aug-07	2 000	76,79
1-Sep-07	1 500	76,79
1-Oct-07	7 000	76,79
1-Oct-07	1 600	84,68
1-Oct-07	4 000	110,98
1-Nov-07	1 700	76,79
1-Jan-08	12 000	76,79
1-Jan-08	12 000	110,98
1-Mar-08	4 000	110,98
30-Jun-10	4 429 509	76,79
8-Aug-10	564 800	84,68
28-Feb-11	5 281 201	110,98
10-Aug-11	418 900	107,03
	10 811 210	

Nedbank Group matched share scheme (2005)

The obligation to deliver the following matched shares, subject to time and performance criteria, exists at 31 December 2006

Option expiry date	Number of shares
25-May-08	296 865
01-Apr-09	152 785
Outstanding at end of the year	449 650
Total options outstanding	20 384 608

Shareholders' analysis

Register date: 29 December 2006
 Authorised share capital: 600 000 000 shares
 Issued share capital: 450 884 556 shares

Major managers

	Number of shares	31 Dec 2006 % Holding	31 Dec 2005 % Holding	31 Dec 2004 % Holding
Old Mutual Group	229 718 544	50,95	50,50	53,68
Old Mutual Life Assurance Company Limited and associates (SA)	228 056 826	50,58	50,19	51,92
Old Mutual Asset Managers (SA)	1 661 718	0,37	0,31	1,76
Nedbank Group treasury shares held	56 199 074	12,46	9,63	0,05
BEE trusts:				
Eyethu scheme – Nedbank South Africa	40 612 311	9,01	9,35	
Omufima scheme – Nedbank Namibia	625 705	0,14		
Nedbank group capital management	14 715 049	3,26	0,23	
Holsboer trust – NES (Pty) Limited	246 009	0,05	0,05	0,05
Allan Gray Limited (SA)	42 675 212	9,46	8,17	7,64
Public Investment Corporation (SA)	16 057 236	3,56	1,26	0,68
Boston Company Asset Management (US)	11 438 083	2,54	3,28	3,09
Franklin Templeton Investments (US)	10 984 737	2,44	2,34	2,03
Sanlam Investment Management (SA)	8 225 978	1,82	4,57	5,73
STANLIB Asset Management (SA)	6 589 165	1,46	3,83	4,53
Metropolitan Asset Management (SA)	5 738 003	1,27	1,17	1,16

Major beneficial shareholders

Old Mutual Life Assurance Company (South Africa) Limited and associates (SA)	228 056 826	50,58	50,19	51,92
Public Investment Corporation (SA)	19 279 225	4,28	5,42	5,81

Geographical distribution of shareholders

South Africa	393 241 961	87,22	85,16	85,16
USA	41 262 669	9,15	10,38	10,38
United Kingdom	5 062 605	1,12	1,44	1,44
Netherlands	2 694 939	0,60	0,47	0,47
Other countries	8 622 382	1,91	2,55	2,55
	450 884 556	100,00	100,00	100,00

Nedbank Limited Consolidated income statement

for the year ended 31 December

Rm	Reviewed 2006	Audited 2005
Interest and similar income	27 089	22 574
Interest expense and similar charges	16 600	13 878
Net interest income	10 489	8 696
Impairment charge on loans and advances	1 465	987
Income from lending activities	9 024	7 709
Non-interest revenue*	8 566	7 454
Operating income	17 590	15 163
Total expenses	11 725	10 494
Operating expenses*	11 581	10 316
BEE transaction expenses	144	178
Indirect taxation	334	213
Profit from operations before non-trading and capital items	5 531	4 456
Non-trading and capital items	183	833
Impairment of goodwill	(1)	(1)
Profit on sale of subsidiaries, investments and property and equipment	242	934
Net impairment of investments, property and equipment and capitalised development costs	(58)	(100)
Profit from operations	5 714	5 289
Share of profits of associates and joint ventures	68	67
Profit before direct taxation	5 782	5 356
Total direct taxation	1 669	935
Taxation	1 645	898
Taxation on non-trading and capital items	24	37
Profit for the year	4 113	4 421
Attributable to:		
Profit attributable to equity holders of the parent	3 870	4 228
Profit attributable to minority interest – ordinary shareholders	243	193
Profit for the year	4 113	4 421
Earnings reconciliation		
Profit attributable to equity holders of the parent	3 870	4 228
Less: Non-headline earnings items	159	796
Non-trading and capital items	183	833
Taxation on non-trading and capital items	(24)	(37)
Headline earnings	3 711	3 432

*Restatement of 2005 results – Reclassification of transaction costs in non-interest revenue (NIR).

Expenses amounting to R51 million (2005: R70 million), directly related to NIR, have been reclassified from operating expenses, consistent with industry practice, and have been included in NIR.

These expenses represent transaction costs directly attributable to the acquisition of trading instruments recorded at fair value, which do not include transaction costs. The carrying amount of trading instruments, other than those at fair value through profit or loss, generally includes transaction costs. Consequently, transaction costs that would be included in the determination of the effective interest rate of the instruments and the interest attributable to the instrument have been disclosed within NIR. Comparative results have been restated accordingly.

Nedbank Limited Consolidated balance sheet

at 31 December

Rm	Reviewed 2006	Audited 2005
Assets		
Cash and cash equivalents	11 165	10 586
Other short-term securities	13 855	9 496
Derivative financial instruments	10 314	12 534
Government and other securities	22 031	22 505
Loans and advances*	319 180	249 162
Other assets	5 120	5 088
Clients' indebtedness for acceptances	2 544	1 248
Current taxation receivable	138	119
Investment securities	2 385	2 419
Non-current assets held for sale	41	66
Investments in associate companies and joint ventures	690	397
Deferred taxation asset	48	626
Investment property	66	87
Property and equipment	3 323	3 039
Long-term employee benefit assets	1 357	1 225
Computer software and capitalised development costs	1 236	1 281
Mandatory deposits with central banks	7 026	5 732
Goodwill*	1 369	1 370
Total assets	401 888	326 980
Total equity and liabilities		
Ordinary share capital	27	27
Ordinary share premium	14 422	14 422
Reserves	9 583	6 263
Total equity attributable to equity holders of the parent	24 032	20 712
Preference share capital and premium	2 770	2 770
Minority shareholders' equity attributable to – ordinary shareholders	955	872
– preference shareholders	300	
Total equity	28 057	24 354
Derivative financial instruments	11 549	15 463
Amounts owed to depositors	339 164	271 244
Other liabilities	9 098	5 224
Liabilities under acceptances	2 544	1 248
Current taxation liabilities	338	333
Deferred taxation liabilities	1 410	774
Long-term employee benefit liabilities	1 210	1 067
Long-term debt instruments	8 518	7 273
Total liabilities	373 831	302 626
Total equity and liabilities	401 888	326 980
Guarantees on behalf of clients	15 235	11 064

*On the acquisition of the assets and liabilities of BoE Bank Limited, the excess of the purchase prices over the identifiable assets, liabilities and contingent liabilities was applied to reduce the loan amount owing to BoE Bank Limited. To align the accounting with the purchase agreement, the excess amounting to R807 million has been raised as goodwill. Comparative results have been restated accordingly.

Nedbank Limited Capital adequacy (solo supervision)

at 31 December

Rm	Percentage weighting %	2006 Rm	2005 Rm
Money, interbank deposits and claims on central government			
Land bank and other public sector bodies	10	396	178
Trade transactions with recourse to other banks	20	5 526	5 183
Residential mortgage loans	50	36 287	27 334
All other banking assets excluding intragroup	100	178 239	142 516
Notional trading assets	100	4 905	8 390
All other non-banking assets	100		
Total on-balance-sheet items		225 353	183 601
Off-balance-sheet items	0 – 100	12 465	9 125
Counterparty risk	0 – 100	2 489	1 797
Large exposure requirements	1000		
Total risk-weighted assets		240 307	194 523

	2006 Capital Rm	%	2005 Capital Rm	%
Nedbank Limited				
Tier 1 capital (primary)	18 971	7,9	18 634	9,6
Share capital and reserves	20 488	8,5	17 851	9,2
Preference share capital and premium	2 770	1,2	2 770	1,4
Impairments	(4 287)	(1,8)	(1 987)	(1,0)
Tier 2 capital (secondary)	8 228	3,4	6 903	3,5
Long-term debt instruments	7 274	3,0	6 155	3,1
Provision for performing loans	954	0,4	748	0,4
Tier 3 capital (tertiary)	173	0,1	300	0,2
	27 372	11,4	25 837	13,3

Definitions

ASSETS UNDER MANAGEMENT

Assets managed by Nedbank Group, which are beneficially owned by clients and are therefore not reported on the consolidated balance sheet. The service provided in respect of these assets is discretionary portfolio management on behalf of clients.

ATM

Automated teller machine. A cash machine or free-standing device dispensing cash, which may also provide other information or services to clients who have a card and a personal identification number, password or other personal identification.

BASEL CAPITAL ACCORD (BASEL II)

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

BEE

Black economic empowerment, as defined in the Financial Sector Charter. It means the economic empowerment of all black people (Africans, coloureds and Indians who are South African citizens), including women, workers, youth, people with disabilities and people living in rural areas, though diverse but integrated socioeconomic strategies.

BEE TRANSACTION

Nedbank Group's BEE transaction, which focused primarily on the issuing of shares to BEE partners for the purposes of BEE, equating to approximately 9,33% (41 268 130 shares) of total share capital and equating to black ownership of 11,5% of the value of Nedbank Group's South African businesses.

Nedbank Namibia's BEE transaction, which focused primarily on the issuing of shares to BEE partners and affinity groups for the purposes of BEE in Namibia, equating to approximately 0,15% (665 442 shares) of total share capital of Nedbank Group Limited and equating to black ownership of 11,13% of the value of NedNamibia Holdings Limited, Nedbank Group's Namibian business.

CAPITAL ADEQUACY RATIO

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

GROUP CAPITAL ADEQUACY RATIO

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

Primary (Tier 1) capital

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

Secondary (Tier 2) capital

Secondary capital is made up of subordinated debt, portfolio impairments and 50% of any revaluation reserves.

Tertiary (Tier 3) capital

Tertiary capital means

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

CASH FLOW

Financing activities

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

Investment activities

Activities relating to the acquisition, holding and disposal of property and equipment and long-term investments.

Operating activities

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

DEFERRED TAXATION ASSETS

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

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

DEFERRED TAXATION LIABILITIES

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

DIRECT TAXATION

Direct taxation includes normal taxation on income, capital gains taxation (CGT) and secondary taxation on companies (STC).

DIVIDEND/DISTRIBUTION COVER

Headline earnings per share divided by the dividend/distribution declared per share.

DIVIDEND/DISTRIBUTION DECLARED PER SHARE

Dividend/distribution declared per share is the actual interim dividend paid/capitalisation award issued and the final dividend declared/capitalisation award declared for the period under consideration, expressed in cents.

DIVIDEND/DISTRIBUTION PAID/CAPITALISED PER SHARE

Dividend/distribution paid/capitalised per share is the actual final dividend paid/capitalisation award issued for the prior year and the interim dividend paid/capitalisation award issued for the year under consideration, expressed in cents.

DIVIDEND YIELD

Dividend/capitalisation award declared per ordinary share as a percentage of the closing share price of ordinary shares.

EARNINGS PER SHARE (EPS)

Basic earnings basis

Income attributable to equity holders for the period divided by the weighted average number of ordinary shares in issue (net of shares held by group entities) during the period.

Headline earnings basis

Headline earnings divided by the weighted average number of shares in issue (net of shares held by group entities) during the period.

Fully diluted basis

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

EARNINGS YIELD

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

ECONOMIC CAPITAL (ECAP)

Economic capital is the quantification of risk and an internal assessment of the amount of capital required to protect the group against economic losses with a desired level of confidence (solvency standard or default probability) over a one-year time horizon. In other words, it is the magnitude of economic losses the group could withstand while still remaining solvent.

EFFECTIVE TAXATION RATE

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

EFFICIENCY RATIO (COST-TO-INCOME RATIO)

Total operating expenses (excluding indirect taxation) as a percentage of income from normal operations (net interest income plus non-interest revenue).

FINANCIAL SECTOR CHARTER (FSC)

A transformation charter, as contemplated in the broad-based BEE legislation, that was voluntarily developed by the financial sector and constitutes a framework and establishes the principles on which BEE will be implemented in the financial sector.

FOREIGN EXCHANGE TRANSLATION GAINS/LOSSES

The results and assets/liabilities of all foreign entities controlled by the group that have a rand-functional currency are translated at the closing exchange rate and the differences arising are recognised in the income statement as foreign exchange translation gains/losses.

HEADLINE EARNINGS

Headline earnings is not a measure of maintainable earnings. For purposes of the definition and calculation, the guidance given on headline earnings, as issued by the South African Institute of Chartered Accountants in circular 07/02 of December 2002, has been used. Headline earnings consist of the earnings attributable to ordinary shareholders excluding non-trading and capital items.

IFRS

International Financial Reporting Standards, as adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB. Nedbank Group's consolidated financial results are prepared in accordance with IFRS.

IMPAIRMENT CHARGE TO AVERAGE ADVANCES

Impairment charge on loans and advances for the year divided by average advances. Also known as the credit loss ratio or impairment ratio.

Definitions

IMPAIRMENT OF LOANS AND ADVANCES

Impairment of loans and advances arises where there is objective evidence that the group will not be able to collect an amount due. The impairment is the difference between the carrying amount and the estimated recoverable amount.

INDIRECT TAXATION

Value Added Taxation (VAT) and other taxes, levies and duties paid to government, excluding direct taxation.

'JAWS' RATIO

The difference between the rate of growth in total income from normal operations and the rate of total expense growth.

JIBAR

Johannesburg Interbank Agreement Rate, which is the rate that South African banks charge each other for wholesale money.

KING II (THE CODE)

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

LIBOR

London Interbank Offered Rate, which is the rate that banks participating in the London money market offer each other for short-term deposits.

MARKET CAPITALISATION

The group's closing share price multiplied by the number of shares in issue including shares held by group entities.

NET ASSET VALUE PER SHARE

Total equity attributable to equity holders of the parent divided by the number of shares in issue, excluding shares held by group entities.

NET INTEREST INCOME TO AVERAGE INTEREST-EARNING ASSETS (NET INTEREST MARGIN)

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

NON-INTEREST REVENUE TO TOTAL INCOME

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

NON-PERFORMING ADVANCES (NPAS)

Advances are classified as non-performing when:

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

NON-TRADING AND CAPITAL ITEMS

These comprise the following:

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

OFF-BALANCE-SHEET ASSETS

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

PRICE/EARNINGS RATIO

The closing price of ordinary shares divided by headline earnings (for the previous 12 months) per share.

PROPERTIES IN POSSESSION (PIPS)

Properties acquired through payment defaults on loans secured by properties.

RETURN ON ORDINARY SHAREHOLDERS' EQUITY (ROE)

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

RETURN ON TOTAL ASSETS (ROA)

Headline earnings expressed as a percentage of average total assets.

RISK-WEIGHTED ASSETS

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

SEGMENTAL REPORTING

Operational segment

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

Geographical segment

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

SHARE-BASED PAYMENTS

Transfers of a company's equity instruments by its shareholders to parties that have supplied goods or services to the company (including employees).

SST

Self-service terminal, similar to an ATM, but designed for non-cash transactions.

TANGIBLE NET ASSET VALUE PER SHARE

Total equity attributable to equity holders of the parent less goodwill, computer software and capitalised development costs, divided by the number of shares in issue, excluding shares held by group entities.

TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Ordinary share capital, share premium and reserves.

SHARES HELD BY GROUP ENTITIES (TREASURY SHARES)

Ordinary shares in Nedbank Group Limited acquired/held by group companies, including ordinary shares held in share trusts as part of the BEE transaction.

WEIGHTED AVERAGE NUMBER OF SHARES

The number of shares in issue increased by shares issued during the period, weighted on a time basis for the period during which they participated in the income of the group, less shares held by group entities, weighted on a time basis for the period during which the entities held these shares. These definitions should be read in conjunction with the group's accounting policies, which also clarify certain terms used.

DISCLAIMER

Nedbank Group has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this document, including all information that may be defined as 'forward-looking statements' within the meaning of United States securities legislation.

Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'.

Forward-looking statements are not statements of fact, but statements by the management of Nedbank Group based on its current estimates, projections, expectations, beliefs and assumptions regarding the group's future performance.

No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

The risks and uncertainties inherent in the forward-looking statements contained in this document include, but are not limited to: changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; domestic and international business and market conditions such as exchange rate and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational, social, economic and political risks; and the effects of both current and future litigation.

Nedbank Group does not undertake to update any forward-looking statements contained in this document and does not assume responsibility for any loss or damage whatsoever and howsoever arising as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits, or consequential loss or damage.

Share Information

COMPANY DETAILS

Nedbank Group Limited
Incorporated in the Republic of South Africa
Registration number: 1966/010630/06

Registered address:

Nedbank Sandton, 135 Rivonia Road, Sandown, 2196, Johannesburg
PO Box 1144, Johannesburg, 2000

Transfer secretaries:

South Africa

Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

Namibia

Transfer Secretaries (Pty) Limited
Shop 8, Kaiserkrone Centre, Post Street Mall, Windhoek, Namibia
PO Box 2401, Windhoek, Namibia

INSTRUMENT CODES

Nedbank Group ordinary shares

JSE share code:	NED
NSX share code:	NBK
ISIN code:	ZAE000004875
ADR code:	NDBKY
ADR CUSIP:	63975K104

Nedbank Limited non-redeemable, non-cumulative preference shares

JSE share code:	NBKP
ISIN code:	ZAE000043667

Imperial Bank Limited non-redeemable, non-cumulative preference shares

JSE share code:	IBLP
ISIN code:	ZAE000081675

Nedbank Limited sub-ordinated debt

Listed on the Bond Exchange of South Africa

	ISIN code:
NED2	ZAG000019589
NED3	ZAG000020744
NED4	ZAG000026279
NED5	ZAG000029810
NED6	ZAG000033358
NED7	ZAG000036831
NED8	ZAG000036849