NEDBANK GROUP

A Member of the OLD MUTUAL Group

'2010 saw our headline earnings grow for the first time since 2007, ending the year marginally above our expectations as set out in the third-quarter trading update. Earnings momentum built during the year, with earnings in the second half up strongly on the first half. These results were driven by improving economic conditions and the group's strategic focus on growing non-interest revenue (NIR). Our wholesale businesses remained resilient and the performance of Nedbank Retail improved as impairments decreased and we began to realise the benefits of the Imperial Bank acquisition. Nedbank Wealth grew strongly following the integration of the former joint ventures and pleasing growth in new business.

While the global economic recovery remains fragile, we believe the worst of the cycle is behind us and expect continued earnings growth in 2011.'

Mike Brown
Chief Executive Officer

ECONOMIC ENVIRONMENT

Real gross domestic product (GDP) in South Africa grew by 2,8% in 2010 compared with a decline of 1,7% in 2009. The local economy had a strong start to the year, primarily driven by improved global demand for commodities and a rebound in manufacturing production off the depressed levels of 2009. Economic activity was also boosted by strong infrastructural spending ahead of the FIFA 2010 World Cup and by the event itself, with consumer spending rising steadily for most of the year. However, fixed investment by the private sector contracted for the second year off the elevated levels seen in 2008.

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

Household finances improved in South Africa as debt started to decrease and interest rates eased to the lowest levels in 36 years. The recovery in the credit cycle has proved to be more modest compared with previous cycles. Household demand for credit was contained by the consumer debt burden remaining relatively high, increased regulatory requirements, policy uncertainty and employment growth only resuming late in the year. Against this background the ratio of household debt to disposable income declined marginally to 78,2% from just over 80% at the end of 2009. At the same time debt service costs decreased to 7,5%, the lowest level since June 2006, and are now at a level that is more conducive to improving economic growth in the consumer sector.

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

REVIEW OF RESULTS[1]

Nedbank Group showed solid earnings growth in a challenging economic environment. After a strong fourth quarter the group finished the year with earnings marginally ahead of management's expectations set out in the third-quarter trading update. Headline earnings increased by 14,6% from R4 277 million to R4 900 million. Diluted headline earnings per share increased by 8,7% from 983 cents to 1 069 cents, slightly above the forecast range of 0% to 8% provided in the third-quarter trading update. Diluted earnings per share (DEPS) decreased by 5,3% from 1 109 cents to 1 050 cents. As previously reported, 2009 DEPS included a once-off International Financial Reporting Standards (IFRS) revaluation gain of R547 million (after taxation) from the acquisition and consolidation of the Nedbank Wealth joint ventures.

The group recorded a return on average ordinary shareholders' equity (ROE), excluding goodwill, of 13,4% and a ROE of 11,8%.

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

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

CLUSTER PERFORMANCE

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

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

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

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

Nedbank Retail delivered a turnaround in performance, with headline earnings increasing from a R27 million loss to a R760 million profit and ROE growing to 4,6% (2009: -0,2%). Improved earnings were achieved following the acquisition of the Motor Finance Corporation business from Imperial Bank and through outperformance in the card and personal loans businesses, good quality growth in transactional clients, improved risk-based pricing and lower impairment levels following a step change improvement in collections, asset realisations and restructured loans. This stabilisation of Retail, combined with the repositioning of the cluster to an integrated and client-centred business, should contribute to a sustainable momentum in earnings growth.

The wholesale businesses and Nedbank Wealth recorded strong ROEs and Nedbank Retail much improved earnings.

Further segmental information is available on the group's website www.nedbankgroup.co.za.

FINANCIAL PERFORMANCE

Net Interest Income (NII)

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

Margin compression was less than expected. Margin pressure primarily resulted from a smaller endowment from lower average interest rates and the cost of lengthening the funding profile. This was partially offset by:

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

Impairments charge on loans and advances

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

The reduction in the impairments charge was driven mostly by Nedbank Retail, particularly in the secured portfolios that had lagged the recovery in the unsecured portfolios. Lower interest rates and the stabilising of job losses contributed to the retail credit loss ratio improving significantly from 3,17% in 2009 to 2,67%. The group further strengthened its provisioning by reducing certain security assumptions in specific impairments, increasing levels of portfolio provisioning on debt restructures of R97 million and lengthening the bad debt emergence period assumptions within Nedbank Retail home loans at an additional cost of R114 million within portfolio impairments.

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

Credit loss ratio (%)	Year to December 2010	H2 2010	H1 2010	Year to December 2009*
Nedbank Capital	1,27	1,72	0,80	0,36
Nedbank Corporate	0,20	0,10	0,31	0,25
Nedbank Business Banking	0,40	0,48	0,32	0,52
Nedbank Retail	2,67	2,42	2,93	3,17
Nedbank Wealth	0,15	0,05	0,24	0,47
	1,36	1,27	1,46	1,52

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

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

NIR

The group's focus on NIR generated growth across all the clusters. NIR increased 11,0% to R13 215 million (2009: R11 906 million).[1] On a comparable basis NIR growth was 10,5% after adjusting for the acquisitions in 2009 of the Nedbank Wealth joint ventures and before fair-value adjustments. The ratio of NIR to expenses improved to 79,6% (2009: 78,8%).

Core fee and commission income grew strongly by 13,7% (like-for-like growth of 11,2%, adjusting for the Nedbank Wealth joint ventures) through volume growth, new products and new client acquisitions. The group reduced its retail transactional banking charges in 2006 and 2007. Since then price increases have been modest, with 2010 increases in line with inflation, resulting in current banking charges being similar to 2005 levels.

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

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

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

NIR from private equity (Rm)	December 2010	December 2009
Nedbank Capital	**149**	269
Nedbank Corporate Property Finance	**79**	35
Total NIR from private equity	**228**	304

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

Expenses

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

Expenses grew by 9,9% to R16 598 million (2009: R15 100 million)[1]. The increase was partly due to the acquisition of the Nedbank Wealth joint ventures and the consolidation of Merchant Bank of Central Africa. Expenses increased by 8,5% on a comparable basis.

- Staff expenses increased by 11,3% (9,8% on a comparable basis), due to annual salary increases and an increase in staff numbers of 1,8%. Staff numbers increased mostly towards the end of 2010 in line with the group's growth strategy, with most staff placements in the frontline sales force and credit areas. All staffmembers from Imperial Bank were transferred to Nedbank without any retrenchments. Short-term incentives increased by 17,8%, slightly ahead of headline earnings growth as a result of outperformance on non-financial measures included in the calculations. Long-term incentive costs include a reversal of prior periods' costs where performance targets were not met.
- Fees and insurance increased by 13,1% (12,3% like-for-like) as NIR grew and following an increase in card, membership association and cash fees linked to the growth in cash handling and deployment of ATMs.
- Strategic marketing and public relations costs grew by 17,2% (16,4% like-for-like) mostly from the launch of products within Nedbank Wealth and Nedbank Retail, cross-selling initiatives and the increased visibility around the FIFA 2010 World Cup. These efforts are indicative of the group's investing for growth.

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

Taxation[1]

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

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

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

Non-trading and capital items[1]

Income after taxation from non-trading and capital items decreased to a R89 million loss from a R549 million profit in 2009. The main component of this was an anticipated R34 million writedown on Imperial Bank computer software following the acquisition. The 2009 profit arose from the accounting-related revaluation of BoE (Pty) Limited and Nedgroup Life Assurance Company Limited on the acquisition of the remaining shares in the joint ventures.

STATEMENT OF FINANCIAL POSITION

Capital

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

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

Ratios calculated including unappropriated profits.

Further detail will be available in the group's Pillar 3 Report to be published in April 2011 on the group's website www.nedbankgroup.co.za.

Risk methodologies and capital allocation

Nedbank Limited received approval from the South African Reserve Bank (SARB) to use, for regulatory capital purposes, the Advanced Measurement Approach for operational risk, effective from 2010, and to use the Internal Model Approach for market trading risk, effective from 2011. Nedbank Limited now has approval for all three of the major Pillar 1 risk approaches under Basel II, having received approval for using the Advanced Internal Ratings-based Approach for credit risk from the implementation date of Basel II in January 2008.

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

Funding and liquidity

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

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

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

Basel III developments

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

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

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

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

Loans and advances

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

The group grew advances ahead of the industry at 5,5% to R475 billion (2009: R450 billion).[1] The advances by cluster are as follows:

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

Core banking advances in Nedbank Capital grew by 2,6% from December 2009, with R10,8 billion of new advances largely offset by repayments. Nedbank Corporate advances grew by 8,0%. Nedbank Business Banking advances ended marginally up, with R12 billion of new advances being offset to a large extent by repayments of other loans. The repositioning of Nedbank Retail and the focus on growing advances that potentially generate higher economic profits resulted in home loans decreasing, as planned, by 0,3%, with stronger growth in personal loans, cards and motor finance of 39,1%, 7,9% and 9,8% respectively. Properties in possession decreased by 25,4%. The strength of the rand and the investment in UK Treasury bills, compared with previous placements with other banks, led to a decrease in advances in Nedbank Wealth.

Deposits

Deposits increased by 4,5% to R490 billion (2009: R469 billion).[1]

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

OUTLOOK

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

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

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

PROSPECTS

Nedbank is well placed for earnings growth in 2011 and remains on track to meet its medium- to long-term financial targets in 2013. The group will continue to invest to generate sustainable revenue growth, underpinned by ongoing cost optimisation and efficiency improvements. Growing the bank's overall franchise and maintaining momentum on the turnaround in the Retail Cluster, supported by a liquid and well-capitalised balance sheet, are key to delivering sustainable growth.

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

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

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

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

Metric	2010 performance	Medium-to-long-term targets	2011 outlook
ROE (excl goodwill)	13,4%	5% above monthly weighted average cost of ordinary shareholders' equity	Improving, remaining below target.
Growth in diluted headline earnings per share (EPS)	8,7%	At least consumer price index + GDP growth + 5%	Improving, forecast to exceed target.
Impairments charge (credit loss ratio)	1,36%	Between 0,6% and 1,0% of average banking advances	Improving, remaining above target.
NIR:expenses ratio	79,6%	> 85%	Improving, remaining below target.
Efficiency ratio	55,2%	< 50,0%	Improving, remaining above target.
Basel II core Tier 1 capital adequacy ratio	10,1%	7,5% to 9,0%	Improving, remaining above top end of target range.
Basel II Tier 1 capital adequacy ratio	11,7%	8,5% to 10,0%	Improving, remaining above top end of target range.
Basel II total capital adequacy ratio	15,0%	11,5% to 13,0%	Improving, remaining above top end of target range.
Economic capital	Capitalised to 99,93% confidence interval on economic capital basis (target debt rating A including 10% buffer)		
Dividend cover policy	2,30%	2,25 to 2,75 times	2,25 to 2,75 times.

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

SUBSEQUENT EVENTS – BEE SCHEME SHARE REPURCHASE[1]

The lock-in period for participants in certain of Nedbank's BEE schemes ended on 1 January 2011. In terms of these schemes Nedbank Group was entitled to repurchase 9,9 million Nedbank Group ordinary shares at a nominal value and on 6 January 2011 exercised such entitlement. The financial effects of this transaction are immaterial.

BOARD CHANGES DURING THE YEAR

Bob Head and Jabu Moleketi resigned from the board with effect from 19 February 2010 and 1 March 2010 respectively. Tom Boardman was appointed a non-executive director with effect from 1 March 2010. Joel Netshitenzhe was appointed an independent non-executive director with effect from 5 August 2010.

ACCOUNTING POLICIES[1]

Nedbank Group Limited is a company domiciled in South Africa. The summarised consolidated financial results of the group at and for the year ended 31 December 2010 comprise the company and its subsidiaries (the 'group') and the group's interests in associates and jointly controlled entities.

Nedbank Group's principal accounting policies have been prepared in terms of IFRS and have been applied consistently over the current and prior financial years.

Nedbank Group's summarised consolidated financial results have been prepared in accordance with the recognition and measurement criteria of IFRS, interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the presentation and disclosure requirements of International Accounting Standard (IAS) 34: Interim Financial Reporting, as well as the AC 500 standards as issued by the Accounting Practices Board.

In the preparation of these summarised consolidated financial results the group has applied key assumptions concerning the future and other inherent uncertainties in recording various assets and liabilities. These assumptions were applied consistently to the financial results for the year ended 31 December 2010. These assumptions are subject to ongoing review and possible amendments.

RESTATEMENTS[1]

The ratios for ROE and return on assets (ROA) have been restated with the denominator changing from simple average to daily average for equity and total asset values respectively. The calculation of the credit loss ratio has been changed from simple-average advances to daily-average banking advances (thereby excluding trading advances from the calculation). Comparatives for ROE and ROA changes do not affect the segmental ratios, but do affect the group ratios, while credit loss ratio changes affect both.

The comparative results for the operations segment reporting at 31 December 2009 have been restated in line with the group's implementation of a revised economic capital allocation methodology as well as the integration of Imperial Bank Limited within various operating segments. These restatements have no effect on the group results and ratios, and only changes segment cluster results and ratios.

AUDITED RESULTS – AUDITORS' REPORT

KPMG Inc and Deloitte & Touche, Nedbank Group's independent auditors, have audited the consolidated annual financial results of Nedbank Group Limited from which the summarised consolidated financial results have been derived, and have expressed an unmodified audit opinion on the consolidated annual financial statements. The summarised consolidated financial results comprise the consolidated statement of financial position at 31 December 2010, consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cashflow for the 12 months then ended, and selected explanatory notes. The selected explanatory notes are marked with[1]. The audit report is available for inspection at Nedbank Group'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 that, by their nature, involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, global, national and regional economic conditions; levels of securities markets; interest rates; credit or other risks of lending and investment activities; as well as competitive and regulatory factors. By consequence, all forward-looking statements have not been reviewed or reported on by the group's auditors.

FINAL DIVIDEND DECLARATION

Notice is hereby given that a final dividend of 268 cents per ordinary share has been declared, payable to shareholders for the year ended 31 December 2010. In accordance with the provisions of STRATE, the electronic settlement and custody system used by JSE Limited, the relevant dates for the dividend are as follows:

Event	Date
Last day to trade (cum dividend)	Friday, 1 April 2011
Shares commence trading (ex dividend)	Monday, 4 April 2011
Record date (date shareholders recorded in books)	Friday, 8 April 2011
Payment date	Monday, 11 April 2011

Share certificates may not be dematerialised or rematerialised between Monday, 4 April 2011, and Friday, 8 April 2011, both days inclusive.

On Monday, 11 April 2011, the dividend will be electronically transferred to the bank accounts of all certificated shareholders where this facility is available. Where electronic funds transfer is either not available or not elected by the shareholder, cheques dated Monday, 11 April 2011, will be posted on that date.

Holders of dematerialised shares will have their accounts credited at their participant or broker on Monday, 11 April 2011.

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.

For and on behalf of the board

Dr Reuel J Khoza — *Chairman*
Michael WT Brown — *Chief Executive Officer*

28 February 2011

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Reg No: 1966/010630/06
JSE share code: NED **NSX share code**: NBK
ISIN: ZAE000004875
Sponsors in South Africa: Merrill Lynch South Africa (Pty) Limited, Nedbank Capital
Sponsor in Namibia: Old Mutual Investment Services (Namibia) (Pty) Limited

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

- Detailed financial information in HTML and PDF formats.
- Financial results presentation to analysts.
- Link to a webcast of the presentation to analysts.

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

AUDITED SUMMARISED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2010

These results and additional information are available at www.nedbankgroup.co.za.

- Net asset value per share increased 8,0% to 9 831 cents
- Capital adequacy further strengthened (core Tier 1: 10,1%)
- ROE (excluding goodwill) 13,4% and ROE 11,8%
- Full-year dividend per share of 480 cents, up 9,1%

Headline earnings
R4,9bn ▲ 14,6%

Diluted headline earnings per share
1 069 cents ▲ 8,7%

Strong NIR growth to
R13,2bn ▲ 11,0%

FINANCIAL HIGHLIGHTS

at 31 December		2010	2009
STATISTICS			
Number of shares listed	m	514,9	498,7
Number of shares in issue, excluding shares held by group entities	m	448,6	435,7
Weighted average number of shares	m	443,9	423,4
Diluted weighted average number of shares	m	458,2	435,1
Headline earnings per share	cents	1 104	1 010
Diluted headline earnings per share	cents	1 069	983
Ordinary dividends declared per share	cents	480	440
– Interim	cents	212	210
– Final	cents	268	230
Ordinary dividends paid per share	cents	442	520
Dividend cover	times	2,30	2,30
Net asset value per share	cents	9 831	9 100
Tangible net asset value per share	cents	8 160	7 398
Closing share price	cents	13 035	12 405
Price/earnings ratio	historical	12	12
Market capitalisation	Rbn	67,1	61,9
Number of employees		27 525	27 037
KEY RATIOS (%)			
ROE*		11,8	11,8
ROE, excluding goodwill*		13,4	13,4
ROA*		0,82	0,76
Net interest income to average interest-earning banking assets		3,35	3,39
Non-interest revenue to total income		44,3	42,2
Credit loss ratio – banking advances*		1,36	1,52
Non-interest revenue to total operating expenses		79,6	78,8
Efficiency ratio		55,7	53,5
Effective taxation rate		20,7	20,2
Group capital adequacy ratios: Basel II (including unappropriated profits)			
– Core Tier I		10,1	9,9
– Tier 1		11,7	11,5
– Total		15,0	14,9
STATEMENT OF FINANCIAL POSITION STATISTICS (Rm)			
Total equity attributable to equity holders of the parent		44 101	39 649
Total equity		47 814	44 984
Amounts owed to depositors		490 440	469 355
Loans and advances		475 273	450 301
– Gross		486 499	460 099
– Impairment of loans and advances		(11 226)	(9 798)
Total assets administered by the group		711 288	657 907
– Total assets		608 718	570 703
– Assets under management		102 570	87 204
Life assurance embedded value		1 031	795
Life assurance value of new business		295	187

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Rm	Total equity attributable to equity holders of the parent	Non-controlling interest attributable to ordinary shareholders	Non-controlling interest attributable to preference shareholders	Total equity
Balance at 31 December 2008	34 913	1 881	3 279	40 073
Ordinary non-controlling shareholders' share of preference dividend		(9)	9	–
Dividend to shareholders	(2 253)	(5)		(2 258)
Preference share dividend			(353)	(353)
Issues of shares net of expenses	2 664		361	3 025
Shares issued/delisted by BEE trusts	296			296
Shares acquired/cancelled by group entities and BEE trusts	(576)			(576)
Total comprehensive income for the year	4 603	237	344	5 184
Net income/(expense) recognised directly in equity	2	(255)	(154)	(407)
– Share-based payment reserve movement	28			28
– Regulatory risk reserve provision	(4)			(4)
– Acquisition of subsidiaries		26		26
– Buyout of non-controlling interests	(17)	(281)		(298)
– Preference shares acquired by group entities			(154)	(154)
– Other movements	(5)			(5)
Balance at 31 December 2009	39 649	1 849	3 486	44 984
Dividend to shareholders	(2 042)	(8)		(2 050)
Preference share dividend	(5)		(281)	(286)
Issues of shares net of expenses	2 283		92	2 375
Shares acquired/cancelled by group entities and BEE trusts	(476)			(476)
Dilution of shareholding in subsidiary	(13)	13		–
Total comprehensive income for the year	4 734	59	266	5 059
Net expense recognised directly in equity	(29)	(1 760)	(3)	(1 792)
– Liquidation of subsidiaries	(4)			(4)
– Additional capitalisation of subsidiaries		2		2
– Share-based payment reserve movement	70			70
– Buyout of non-controlling interests	(91)	(1 762)	(3)	(1 856)
– Regulatory risk reserve provision	(3)			(3)
– Other movements	(1)			(1)
Balance at 31 December 2010	44 101	153	3 560	47 814

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December Rm	2010	2009
Interest and similar income	44 377	50 537
Interest expense and similar charges	27 769	34 231
Net interest income	16 608	16 306
Impairments charge on loans and advances	6 188	6 634
Income from lending activities	10 420	9 672
Non-interest revenue	13 215	11 906
Operating income	23 635	21 578
Total operating expenses	16 598	15 100
– Operating expenses	16 450	14 974
– BEE transaction expenses	148	126
Indirect taxation	447	438
Profit from operations before non-trading and capital items	6 590	6 040
Non-trading and capital items	(91)	624
– Net (loss)/profit on sale of subsidiaries, investments, and property and equipment	(4)	635
– Net impairment of investments, property and equipment, and capitalised development costs	(87)	(11)
Profit from operations	6 499	6 664
Share of profits of associates and joint ventures	1	55
Profit before direct taxation	6 500	6 719
Total direct taxation	1 364	1 307
– Direct taxation	1 366	1 232
– Taxation on non-trading and capital items	(2)	75
Profit for the year	5 136	5 412
Other comprehensive loss net of taxation	(77)	(228)
– Exchange differences on translating foreign operations	(246)	(335)
– Fair-value adjustments on available-for-sale assets	(3)	21
– Gains on property revaluations	172	86
Total comprehensive income for the year	5 059	5 184
Profit attributable to:		
Equity holders of the parent	4 811	4 826
Non-controlling interest – ordinary shareholders	59	242
Non-controlling interest – preference shareholders	266	344
Profit for the year	5 136	5 412
Total comprehensive income attributable to:		
Equity holders of the parent	4 734	4 603
Non-controlling interest – ordinary shareholders	59	237
Non-controlling interest – preference shareholders	266	344
Total comprehensive income for the year	5 059	5 184
Basic earnings per share (cents)	1 084	1 140
Diluted earnings per share (cents)	1 050	1 109

HEADLINE EARNINGS RECONCILIATION

for the year ended 31 December	2010		2009	
Rm	Gross	Net of taxation	Gross	Net of taxation
Profit attributable to equity holders of the parent		4 811		4 826
Less: Non-trading and capital items	(91)	(89)	624	549
– Net (loss)/profit on sale of subsidiaries, investments, and property and equipment	(4)	(2)	635	560
– Net impairment of investments, property and equipment, and capitalised development costs	(87)	(87)	(11)	(11)
Headline earnings		4 900		4 277

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

for the year ended 31 December Rm	2010	2009
Cash generated by operations	15 288	14 915
Change in funds for operating activities	(12 891)	(14 603)
Net cash from operating activities before taxation	2 397	312
Taxation paid	(2 093)	(2 318)
Cashflows from/(utilised by) operating activities	304	(2 006)
Cashflows utilised by investing activities	(4 438)	(3 171)
Cashflows from financing activities	5 504	4 878
Net increase/(decrease) in cash and cash equivalents	1 370	(299)
Cash and cash equivalents at the beginning of the year*	18 375	18 674
Cash and cash equivalents at the end of the year*	19 745	18 375

** Including mandatory reserve deposits with central banks.*

CONDENSED SEGMENTAL REPORTING

for the year ended 31 December	Total assets		Operating income		Headline earnings	
Rm	2010	2009	2010	2009	2010	2009
Nedbank Capital	215 189	198 260	2 930	3 355	1 202	1 452
Nedbank Corporate	170 274	157 741	4 565	4 475	1 496	1 722
Total for Nedbank Retail and Nedbank Business Banking	273 219	266 216	13 644	11 914	1 585	1 094
– Nedbank Retail	193 394	185 971	10 082	8 180	760	(27)
– Nedbank Business Banking	79 825	80 245	3 562	3 734	825	1 121
Nedbank Wealth	33 920	33 909	2 338	1 858	592	502
Shared Services	6 791	7 686	244	201	255	111
Central Management	37 322	35 782	(5)	(148)	(230)	(604)
Eliminations	(127 997)	(128 891)	(81)	(77)		
Total	608 718	570 703	23 635	21 578	4 900	4 277

The comparative results for the segmental reporting for the year ended 31 December 2009 have been restated in line with the group's implementation of a revised economic capital allocation methodology and as a result of the Imperial Bank Limited integration. The restatement has no effect on the group results and ratios and only changes segment results and ratios.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December Rm	2010	2009
ASSETS		
Cash and cash equivalents	8 650	7 867
Other short-term securities	27 044	18 550
Derivative financial instruments	13 882	12 710
Government and other securities	31 824	35 983
Loans and advances	475 273	450 301
Other assets	10 014	5 455
Clients' indebtedness for acceptances	1 953	2 031
Current taxation receivable	483	602
Investment securities	11 918	11 025
Non-current assets held for sale	5	12
Investments in associate companies and joint ventures	936	924
Deferred taxation asset	284	282
Investment property	199	211
Property and equipment	5 612	4 967
Long-term employee benefit assets	2 052	1 860
Mandatory reserve deposits with central banks	11 095	10 508
Intangible assets	7 494	7 415
Total assets	608 718	570 703
EQUITY AND LIABILITIES		
Ordinary share capital	449	436
Ordinary share premium	15 522	13 728
Reserves	28 130	25 485
Total equity attributable to equity holders of the parent	44 101	39 649
Non-controlling interest attributable to:		
– Ordinary shareholders	153	1 849
– Preference shareholders	3 560	3 486
Total equity	47 814	44 984
Derivative financial instruments	12 052	11 551
Amounts owed to depositors	490 440	469 355
Provisions and other liabilities	18 245	11 252
Liabilities under acceptances	1 953	2 031
Current taxation liabilities	191	315
Deferred taxation liabilities	1 804	1 945
Long-term employee benefit liabilities	1 414	1 304
Investment contract liabilities	7 309	6 749
Insurance contract liabilities	1 392	1 133
Long-term debt instruments	26 104	20 084
Total liabilities	560 904	525 719
Total equity and liabilities	608 718	570 703
Guarantees on behalf of clients	29 614	28 161

CONDENSED GEOGRAPHICAL SEGMENTAL REPORTING

for the year ended 31 December	Operating income		Headline earnings	
Rm	2010	2009	2010	2009
South Africa	21 578	19 867	4 162	3 800
– Business operations	21 578	19 867	4 574	4 260
– BEE transaction expenses			(146)	(116)
– Profit attributable to non-controlling interest – preference shareholders			(266)	(344)
Rest of Africa	1 034	860	232	213
Rest of world – business operations	1 023	851	506	264
Total	23 635	21 578	4 900	4 277

ACQUISITION OF REMAINING STAKE IN IMPERIAL BANK LIMITED

On 5 February 2010 (the effective date of the transaction) the group obtained approval from the SARB for the acquisition of the remaining 49,9% shareholding in Imperial Bank Limited from non-controlling shareholders.

The merging entities are Nedbank Limited and Imperial Bank Limited. Imperial Bank Limited's business segments have been combined with the following segments:

– The Motor Finance Corporation, Supplier Asset Finance and Professional Finance have been included in Nedbank Retail.

– Property Finance has been included in Nedbank Corporate.

The purchase price was R1 853 million (R1 775 million plus a JIBAR factor applied up to 5 February 2010), which excludes total transaction costs of R6 million recognised in the statement of comprehensive income. These transaction costs exclude costs associated with the integration of the above business units into the group and tax on the transfer of securities.

The SARB granted a section 54 approval in terms of the Banks Act to Nedbank Limited for the transfer of the banking assets from Imperial Bank Limited, a fully consolidated subsidiary, to Nedbank Limited effective 1 October 2010

Directors: Dr RJ Khoza *(Chairman)*, MWT Brown* *(Chief Executive Officer)*, CJW Ball**, TA Boardman, TCP Chikane, GW Dempster* *(Chief Operating Officer)*, MA Enus-Brey, Prof B de L Figaji, DI Hope *(New Zealand)*, A de VC Knott-Craig, WE Lucas-Bull, NP Mnxasana, RK Morathi* *(Chief Financial Officer)*, JK Netshitenzhe, JVF Roberts *(British)*, GT Serobe, MI Wyman *(British)*.

* Executive
** Senior independent non-executive director

Company Secretary: GS Nienaber
Registered office: Nedbank Group Limited, Nedbank Sandton, 135 Rivonia Road, Sandown, Sandton, 2196; PO Box 1144, Johannesburg, 2000.
Transfer secretaries in South Africa: Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001, South Africa; PO Box 61051, Marshalltown, 2107, South Africa.

Transfer secretaries in Namibia: Transfer Secretaries (Pty) Limited, Shop 8, Kaiserkrone Centre, Post Street Mall, Windhoek, Namibia; PO Box 2401, Windhoek, Namibia.

Reg No: 1966/010630/06 **ISIN:** ZAE000004875

JSE share code: NED **NSX share code:** NBK

Sponsors in South Africa:
Merrill Lynch South Africa (Pty) Limited, Nedbank Capital.

Sponsor in Namibia: Old Mutual Investment Services (Namibia) (Pty) Limited.

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

- Detailed financial information in HTML and PDF formats.
- Financial results presentation to analysts.
- Link to a webcast of the presentation to analysts.

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

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