Financial Results

for the year ended 31 December 2004

NEDCOR

For more information contact:

Mike Brown

Chief Financial Officer

Tel: +27 11 294 9999

Mobile: +27 83 777 8002

Fax: +27 11 295 9999

E-mail: mikeb@nedcor.com

Don Bowden

Tier 1 Investor Relations

Tel: +27 21 702 3102

Mobile: +27 82 555 8721

Fax: +27 21 702 3107

E-mail: don@tier1ir.co.za

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www.nedcor.com

Financial Results

for the year ended 31 December 2004

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Overview

2004 was a year of delivering on commitments made to shareholders, reducing earnings volatility, improving risk management and establishing a competitive and sustainable base for growth. A detailed recovery programme was implemented with clear priorities and the directors are pleased to report that all key objectives of this programme have been achieved so far.

Headline earnings per share (excluding foreign currency translation losses) of 504 cents (2003: 502 cents) were ahead of the group's expectations. Headline earnings per share of 401 cents were significantly up from 19 cents in 2003. The group made attributable earnings per share of 270 cents (2003: attributable loss of 546 cents).

Management remains committed to a targeted return on equity (RoE) of 20% in 2007. Detailed plans for the next three years are in place to meet this target.

Delivering on commitments to shareholders

Nedcor gave shareholders a commitment to resolve the strategic, financial and risk management issues that had affected the performance of the group. Highlights of the year included:

- a thorough review of the balance sheet and the successful capital raising through the rights issue;
- a substantial reduction of the risk profile;
- appointment of a new and effective management team;
- setting a clear strategic direction for the group;
- a comprehensive restructure of the group to ensure improved accountability and better service to clients;
- delivery of the merger; and
- improved management information systems and financial reporting.

Balance sheet review and capital raising

Following the 2003 balance sheet review the group undertook a rights issue in May 2004, which was successful in raising R5,15 billion of Tier 1 capital and strengthening the group's capital base.

The group repaid R2,5 billion of subordinated debt (Tier 2 capital) from the rights issue proceeds. This improved the balance between Tier 1 and Tier 2 capital. The balance was used to reduce expensive funding.

Nedcor set a target of reaching a group Tier 1 capital adequacy ratio of at least 7,5% by the year-end and is pleased to report that, through the rights issue and proactive capital management, the group Tier 1 capital adequacy ratio at year-end was 8,1% and total group capital adequacy was 12,1%.

This provides the group with a strong foundation for future growth.

Substantially reduced risk profile

Significant steps have been taken to reduce a number of risks inherent in the group at the end of 2003:

- The improved capital position stabilised the group's credit ratings.
- The capital and earnings volatility arising from foreign exchange movements was substantially reduced. The group repatriated, converted and/or hedged R5 058 million of capital sensitive to foreign exchange movements. The foreign exchange translation loss reduced to R372 million in 2004 (2003: R1 416 million) within the income statement and from R181 million to R57 million within reserves.
- Interest rate risk was significantly reduced. An active hedging programme was implemented, swapping new term fixed-rate deposits to floating rates. In addition, the group's R6 billion fixed-rate subordinated debt issued in 2001 and 2002 was hedged against further interest rate movements from July 2004. Interest rate risk was further reduced, with the expensive unhedged fixed-rate negotiable certificates of deposit (NCDs), promissory notes (PNs) and retail fixed deposits in issue at December 2003 having matured by April 2004.
- The recovery programme, initiated to reverse the deterioration in the group's efficiency ratio, is starting to show positive results, which will impact in 2005.

A number of structural and operational improvements have been made to the group enterprise-wide risk management framework.

- The roles of the Chief Financial Officer and Chief Risk Officer were separated.
- Capital management was placed under the control of the Chief Financial Officer. This enabled the group to improve the allocation of capital to divisions to ensure optimum use of capital and enhance long-term capital planning.
- The Asset and Liability Management Committee (ALCO) was restructured to allow for a more effective and efficient decision- making process. The ALCO responsibilities were extended to include all interest rate risk management as well as the management of capital, foreign exchange, investment and market risks.
- Management processes have been redesigned to ensure a logical and streamlined framework to monitor risk and ensure governance.

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- The group has completed its Financial Advisory and Intermediary Services Act (FAIS) licensing requirements. Progress has been made in complying with the Financial Intelligence Centre Act (FICA).
- The group is on track to meet its January 2008 Basel ll commitments.

Management team in place

Additional appointments were made to the Group Executive Committee (Exco). Philip Wessels was appointed Chief Risk Officer in May and Mike Brown Chief Financial Officer in June, while Advocate Selby Baqwa was appointed Head of Group Compliance and Corporate Governance and joined Exco in November. Pete Backwell, Head of Nedbank Retail, resigned to follow business interests in the agricultural sector and the Human Resources Director, Ivan Mzimela, left for a position in the leisure sector.

Rob Shuter was appointed Head of Nedbank Retail to replace Pete Backwell. Nolitha Fakude took on the responsibility for Corporate Strategy, Communications and Marketing from Rob Shuter and Derek Muller has assumed the additional portfolio of Human Resources until a new Head of Human Resources is appointed.

As a result of the internal appointments to the Exco, the group restructure and the retrenchment programme, all management positions in the group were reviewed and 70 of the top 100 managers were appointed to new positions during 2004. Throughout this process the group has been conscious of its employment equity commitments. While we acknowledge the transformation challenges facing the group, it is pleasing that the percentage of black managers improved from 23,3% to 26,8% during the year. At December 2004, 25% of the Exco was black and 19% of the top 100 managers was black. The number of women in the top 100 management group also improved from 8% to 20%.

Detailed balanced score cards with performance measures directly linked to the three year plan are in place for all top managers. These drive the calculation of management incentives.

Clear strategic direction

In Nedcor's interim report the following strategic focus areas were identified:

- to focus on the basics of banking by disposing of non-core assets, simplifying the brand strategy, optimising the asset and liability management and improving management information systems;
- to focus on growing the retail business and transactional banking in particular, while building on the group's strengths in the corporate and commercial sector;
- to focus on Southern Africa and retain only core offshore operations;
- to attract, retain and develop staff, while building a client-centred culture, with an improvement in staff morale remaining a key focus;
- to align products and processes to optimise client service;
- to monitor client satisfaction on a constant basis, with client retention strategies firmly embedded in the recovery programme;
- to expand bancassurance; and
- to drive transformation and sustainability and to comply with the spirit of the Financial Sector Charter (FSC).

These focus areas have not changed, but the group conducted indepth scenario planning to test their appropriateness. The strategic direction of the group has been communicated through staff workshops, roadshows and internal publications. The group has consolidated its brand portfolio from 14 at the beginning of 2004 to eight brands in December. The group also plans, subject to shareholder approval, to change its name from Nedcor Limited to Nedbank Group Limited. This proposal will be put to shareholders at the group's annual general meeting in May 2005.

The planned disposal of non-core operations and assets is progressing well.

Offshore subsidiaries sold include:

Subsidiary	Proceeds Rm	Book value Rm	Profit/(loss) Rm
Chiswell Associates	244	104	140
BoE Life International	62	149	(87)
BoE International Fund Services and BoE International Fund Managers	44	23	21
Stenham Group	238	318	(80)
Total	588	594	(6)

A review of the international businesses resulted in the closure of the Asian operations, which reduced risk and will improve the return on ordinary shareholders' funds. Advances have been reduced to US$26 million (from over US$400 million), with no additional losses.

Notes

Repatriation of the capital from the Asian businesses commenced in October 2004 with the first US$1 million, followed by US$19 million in January 2005, and the balance is expected to be remitted in May 2005.

Onshore investments and subsidiaries disposed include:

Investment/Subsidiary	Proceeds Rm	Book value Rm	Profit/(loss) Rm
Century City – vacant land	82	80	2
NUEP*	38	17	21
Edward Nathan and Friedland	50	70	(20)
Endowment policies	1 252	1 280	(28)
Other	17	13	4
Total	1 439	1 460	(21)

** Following the partial sale and restructuring of Net1 Applied Technology Holdings (Aplitec) into Net1 UEPS Technologies (NUEP) Nedcor has reduced its shareholding in this group from 25% to 15%.*

The group has remaining non-core assets of approximately R1,1 billion that are earmarked for disposal.

The group reduced its office space needs and disposed of 17 buildings for R93,8 million at a profit of R20,0 million.

A reevaluation was conducted of all alliances and joint ventures and their role in the group's strategy. As a result, the alliance with the JD Group was terminated by mutual agreement and the group acquired Capital One's interests in the American Express and Peoples Lending joint ventures.

Comprehensive restructure

To align the group's structure with its strategy a comprehensive restructure was completed. The aim was to ensure better client focus and client service, while ensuring clear accountability, faster response times and an emphasis on improving the return on ordinary shareholders' equity.

The restructure was also designed to devolve product design and process, the credit approval function and branch and card operations to the line units.

The single biggest change to the group structure was the integration of areas of the former Technology and Operations Division into the client-facing divisions, and in particular into Nedbank Retail. Branch operations were fully integrated within Nedbank Retail. This entailed 850 interviews, with 454 new branch managers being appointed in 72 days and the transfer of more than 5 000 staff from the Central Operations Division to Nedbank Retail. In addition, several other functions, including card operations and the group call centres, were consolidated in Nedbank Retail. Product and process staff were transferred into client-facing divisions.

The restructure has not only achieved a more focused organisation, but resulted in operational efficiencies. The staff headcount (excluding temporary staff) was reduced by 3 102 people from 24 205 to 21 103. This was achieved through the voluntary retrenchment of 1 439 people, business-initiated retrenchment of a further 596 people, the sale of certain businesses and net natural attrition.

Divisions within the group are working well together, with a notable example being the new coverage model developed between Nedbank Corporate and Nedbank Capital to ensure that larger clients are effectively serviced through a single channel.

The minority interests in Peoples Bank were acquired and the management and the head office functions integrated into Nedbank Retail. Regulatory approval to integrate the Peoples Bank clients into Nedbank with effect from 1 February 2005 was received in December 2004 and the group will complete this integration during 2005.

Merger delivered

The remaining client migrations from the BoE merger were completed on time and within budget. A total of 115 000 BoE Business Banking clients, with loans of R10 billion and deposits of R4 billion, were migrated on to Nedbank systems, with a client loss of less than 3% (5% was expected at the time of the merger). 700 000 NBS clients, with deposits amounting to R7 billion, were migrated on to Nedbank and Peoples Bank systems, with minimal client loss. 12 600 contracts for Property Finance clients, with loans of R8 billion, were migrated on to the Property Finance SAP system, also with minimal client loss.

Improved management information systems (MIS)

The group committed itself to enhance financial disclosure and has achieved improved market and segmental disclosures.

Notes

A new internal funds transfer pricing system has been implemented and pro forma 2004 segmental results have been adjusted to reflect this.

The group also implemented an improved activity-justified transfer pricing process between divisions to allocate costs on a more accurate basis. While there are still central costs that could be charged to divisions, the process is substantially complete. This will facilitate more accurate product, channel and client profitability measures.

A risk-weighted capital allocation and charging methodology was introduced. This is being used as a foundation for more sophisticated risk-adjusted economic capital allocation, which will be implemented in 2006.

Liquid assets and cash reserving costs are no longer held at the centre, but are being charged to divisions.

These processes have resulted in more accurate and meaningful segmental analysis, improving the group's ability to evaluate and manage capital and helping management and investors to measure and benchmark divisional performance. 2003 segmental results have been restated for the above improvements to afford better comparability.

The group is in the process of redesigning its long-term financial architecture process framework.

Financial performance

Income attributable to shareholders of R974 million shows a significant turnaround from the loss of R1 600 million for the year to 31 December 2003.

Headline earnings of R1 447 million increased from the R55 million for the year to 31 December 2003. Headline earnings (excluding foreign currency translation losses) of R1 819 million was 23,7% above the R1 471 million reported in 2003.

Net interest income

Net interest income (NII) for the group increased by 11,1% from R6 808 million for the 2003 year to R7 567 million. The group's net interest margin for the year to December 2004 was 3,13%, up from 3,04% in 2003 (the group's previously reported margin for 2003 of 2,95% has been restated to give a more accurate reflection of the margin by changing the calculation of average interest-earning assets to exclude certain assets that do not generate margin income).

Margins are likely to improve further as a result of

- the expensive, unhedged short-dated fixed rate funding having matured by the end of April 2004;
- the positive endowment effect of the rights offer proceeds for the full year from 2005 onwards;
- offshore capital being repatriated and earning higher yields in rands;
- the hedging of the fixed-rate subordinated debt and its maturity profile; and
- the settlement of the expensive empowerment funding for Peoples Bank in April 2005.

Non-interest revenue

Non-interest revenue (NIR), excluding foreign currency translation losses, increased by 3,1% from R7 953 million in 2003 to R8 197 million. NIR before the AC133 adjustment increased by 8,3% from R7 441 million to R8 057 million, with commission and fees increasing by 9,8% from R5 208 million to R5 716 million.

The major factors that have contributed to the movement in NIR are set out below.

	2004	2003
	Rm	Rm
AC133 fair-value adjustment	**140**	512
Exchange and securities trading	**816**	1 201
Private equity revaluation	**170**	
Consolidation of Fasic Limited	**136**	
Consolidated for the first time during second half of 2003	**228**	140
Sale of Canal Walk and Virgin Active		145
Realisation of endowment policies	**114**	
Subsidiaries sold	**220**	269

Nedcor's three-year plan has a major focus on growing transactional NIR. This includes gaining more primary banking relationships with clients, increasing cross-sell and upsell actions and bancassurance initiatives. The group was awarded a number of significant corporate and business banking transactional mandates in 2004.

Notes

Foreign exchange translation losses

The group incurred a foreign currency translation loss of R372 million (2003: R1 416 million) as the rand strengthened during 2004 from R6,63 to US$1,00 on 31 December 2003 and to R5,63 to US$1,00 on 31 December 2004. The group historically held excess levels of capital in its offshore operations and repatriated, restructured and/or hedged foreign capital during the year, reducing exposure to foreign currency translation movements by 71%, as set out below.

Rm	FX sensitive	Non-FX sensitive	Total
December 2003 FX exposure	7 146	2 122	9 268
Capital repatriated and foreign dividends	(760)		(760)
Preference funding repatriated	(1 956)		(1 956)
Sale of subsidiaries and foreign restructuring	(1 605)	(118)	(1 723)
Loss on translation	(372)		(372)
Hedge of future capital repatriation	(365)		(365)
December 2004 FX exposure	2 088	2 004	4 092

Note: FX = foreign exchange

If the group had not taken these active steps, foreign currency translation losses would have amounted to R929 million.

The adoption of International Financial Reporting Standards (IFRS) from 2005 onwards will lead to a larger portion of the foreign currency translation profits or losses being treated as movements in the balance sheet foreign currency translation reserve rather than as income statement profits and losses.

Credit impairments

In line with the favourable credit environment the bad debt experience within Nedcor improved, with non-performing assets reducing from R8 444 million in December 2003 to R7 488 million, including disposals and write-downs of R627 million of properties in possession. Recoveries of bad debts increased from R98 million in 2003 to R227 million. The only major credit impairment was in Peoples Bank, where a once-off adjustment in the first six months of some R90 million resulted from the refinement of AC133 default ratios and the recognition of certain concentration risks in the mortgage book.

All minimum regulatory provision requirements were met.

In the absence of any significant deterioration in economic conditions, the credit outlook remains positive.

Expenses

Operating expenses increased by R736 million (7,1%) from R10 305 million in 2003 to R11 041 million. This movement is mainly attributable to the following:

Factors resulting in an increase/(decrease) in expenses	Rm
First-time consolidation of subsidiaries	69
Decrease in expenses from subsidiaries disposed of	(106)
Increase in Nedbank Namibia and Tando (Swisscard) consolidated for the first time during the second half of 2003	135
Normalisation of bonus provision in 2004	462
Excess of actual costs over 2003 estimates	75
Increase in fees paid to originators	109
Additional regulatory costs for Basel II and FICA	103
Increase in provision for transaction taxes	112
Benefit from expense merger synergies	(117)
Benefit from expense recovery synergies	(531)
	311
Other movement mainly due to inflation	425
Total increase in expenses	736

The group will continue its focus on costs to ensure revenue growth exceeds expense growth.

Notes

Alliance partner fees moved from payment of a profit share of R4 million to R70 million, primarily as a result of the profitability of the Capital One alliances prior to their termination.

Recovery expenditure of R379 million includes retrenchment costs of R298 million. As indicated in November 2004, certain recovery costs were held over to 2005 and the group estimates that further restructuring costs of R59 million will be incurred in 2005.

Merger costs during the period amounted to R246 million, slightly below the original estimate for the year. A final contingency of R107 million is projected for 2005. The group will complete the merger in the first quarter of 2005, within the R868 million once-off costs previously communicated to the market. The group has realised R634 million of synergies from the merger to date and is on track to realise in 2005 the balance of the R700 million initially anticipated.

The cost-to-income ratio, excluding foreign exchange translation losses, was 74,5% (2003: 72,5%). Significant improvements to this ratio are anticipated as a result of the recovery programme from 2005 onwards. When the once-off recovery and merger costs are excluded, the efficiency ratio is 70,5%.

Taxation

The effective tax rate of 26% is higher than initially anticipated, as R126 million of additional provisions have been raised for potential taxation liabilities. The tax rate was impacted positively by a R342 million (2003: R356 million) credit on the tax line arising from AC102 treatment of structured finance transactions. This credit is offset by lower reported margin income on these transactions.

The taxation charge is also lower as a result of a saving in secondary tax on companies (STC) due to the high acceptance rate of the 2003 final capitalisation award.

The tax rate should be lower in 2005, but the sustainable tax rate will trend to between 25% and 30%, once historical structured finance transactions have wound down.

Capital items

The capital items comprise:

Rm	2004	2003
Goodwill amortisation	**251**	424
Goodwill impairment	**123**	1 379
Impairment of software and development costs	**90**	134
Impairment of fixed assets and equipment	**23**	105
Profit on sale of buildings	**(20)**	(29)
Disposal of the various subsidiaries and other non-core investments	**43**	(320)
Total before taxation	**510**	1 693
Taxation	**37**	38
Total	**473**	1 655

The adoption of IFRS from 2005 onwards will result in goodwill no longer being amortised, but being subject to an impairment assessment at each reporting period.

Balance sheet

Capital

The rights issue raised capital of R5,15 billion. This, together with improved earnings, the realisation of non-core investments, the focus on managing advances growth and the reduction of foreign currency exposures, all contributed to increasing the group's Tier 1 capital adequacy ratio from 5,0% at 31 December 2003 to 8,1% at 31 December 2004.

Deposits

All expensive unhedged fixed-rate funding, in the form of NCDs, PNs and retail fixed deposits amounting to approximately R24 billion in December 2003, matured in the first half of the year. Structural shifts in the group's funding mix reduced the cost of funds.

Advances

Advances increased by 5,3% from R210,1 billion in December 2003 to R221,1 billion at 31 December 2004. The group actively reduced certain categories of low-yielding corporate short-term loans and followed a generally cautious approach to asset growth prior to the completion of the rights issue.

Notes

The overall loss of market share was disappointing, with retail average advances growing by 13,4%, but lagging competitor growth, and corporate average advances reducing by 6,3%, mainly as a result of the R6,2 billion balance sheet efficiency programme initiated to optimise the use of capital and generally slow demand for credit in the corporate environment.

Divisional overview

Divisional management reporting has been enhanced with the introduction of liquid assets and cash reserving charges, improved activity-justified cost transfer pricing and better capital allocation methodologies. The inclusion of funds transfer pricing from 2005 and the establishment of an improved baseline will allow for more meaningful segmental reporting.

Nedbank Capital

Nedbank Capital achieved a 5% growth in headline earnings from R837 million to R878 million and an RoE of 31%, in an environment of more subdued trading conditions. Strategic recovery and merger programme expenses of R52 million (2003: R27 million) also negatively impacted Nedbank Capital's results.

Activity accelerated during the second half of the year, particularly in respect of BEE transactions. These included Telkom, Incwala Platinum, Metropolitan Life and Dimension Data. Private Equity had an excellent year.

Nedbank Capital was restructured to create focus and optimise client service. A new Executive Committee was established, the component businesses collocated into the head office building and the division streamlined to eliminate duplication and optimise resources.

A focused debt and equity capital markets business was created to align the trading and structuring functions. Good progress was made in delivering a single house approach to add value to the client base. The minority interests in NIB Namibia were bought out and the business consolidated. A more rigorous process was put in place for developing, monitoring and converting the transaction pipeline.

A closer working relationship was developed with both Nedbank Corporate and Old Mutual to focus on improved client service and cross-sell opportunities. During August Nedbank Capital took responsibility for the Nedbank London branch. Staff were collocated with Old Mutual Plc and a matrix reporting structure with Nedbank Corporate introduced.

The consolidated Nedbank Capital brand is starting to achieve recognition in the market, which is reflected in the major investment banking league tables. The division has a strong pipeline of potential deals for 2005.

Nedbank Corporate

Nedbank Corporate increased headline earnings by 14,7% from R1 841 million to R2 112 million, despite the asset reduction programme and the endowment impact of the lower interest rate environment. Nedbank Corporate improved its RoE from 19,0% in 2003 to 23,4%.

This increase in earnings can be mainly attributed to:

- growth in business volumes;
- improvement in the funding margin;
- price increase in non-interest revenues;
- first-time full-year consolidation of Nedbank Namibia, as well as the consolidation of Fasic;
- improvement in credit impairments driven by healthy recoveries, effective credit management and the favourable interest rate environment;
- uplift in listed property loan stock valuations; and
- containment of operating expenses.

A focus on asset quality, both in terms of credit and RoE, gave rise to a proactive reduction in the loan book of approximately R6,2 billion, primarily in Corporate Banking. Nedbank Corporate has used the low interest rate environment to reduce its exposure to potentially higher-risk advances, leading to a significant reduction in the level of risk and overall bad-debt experiences in 2004.

Strategic recovery and merger programme expenses of R145 million (2003: R7 million) impacted on Nedbank Corporate's results.

Nedbank Corporate's Executive Committee was restructured, which resulted in the appointment of a skilled team with experience in client value management and risk management methodologies aligned with the Basel II framework. The restructure also resulted in the consolidation of Asset-based Finance into Business Banking, and the establishment of a focused Transactional Banking Sales Division to enhance cross-selling and increase market share of clients to whom we are the primary banker. The review of the international operations has resulted in the closure of the Asian activities, which has reduced the risk profile and will improve the group's RoE.

A major project was initiated to consolidate and improve the bank's electronic banking systems to grow transactional banking market share and enhance NIR. The cluster successfully completed the migration of R10 billion of advances and

R4 billion of deposits of ex-BoE Business Banking clients on to Nedbank systems as well as the remaining R8 billion migration of Nedbank and ex-NIB Property Finance clients on to the Property Finance SAP system. This process largely completed the merger-related client migration in Nedbank Corporate.

Nedbank Retail

Nedbank Retail increased headline earnings by 41% from R455 million to R641 million. However, RoE remains low at 12,8% (2003: 9,7%). The performance of Nedbank Retail, including Peoples Bank, was negatively impacted by the cost of expensive fixed-rate deposits and the additional impairments required in Peoples Bank, as well as recovery programme expenses of R79 million.

Following the appointment of Rob Shuter as Head of Nedbank Retail in August 2004 the cluster was reorganised to improve client service, reduce resource duplication and improve accountability. This resulted in the appointment of a new divisional executive team, the integration of the operational and support structures into Retail and the formation of integrated standalone card, home loan and personal lending businesses.

A detailed review was undertaken of Nedbank's alliances:

- The Go Banking alliance with Pick 'n Pay is fulfilling the objectives of growing the client base, as well as providing a low-cost platform for enhancing transactional banking services;
- The Old Mutual Bank Division of Nedbank continues to provide excellent service and the division is working well with Old Mutual to increase the relevance of this business to the Old Mutual client base and intermediary network. Old Mutual Bank recorded a loss for the full year due to marketing and client acquisition activities.
- The alliance relationships with Capital One and the JD Group were terminated. Capital One's share of the alliances were acquired for approximately R160 million, facilitating the integration of the card business within Nedbank Retail under one management team. The alliance with the JD Group was terminated by mutual agreement.

The restructuring of the local and international businesses of the Wealth Management Division is largely complete. As referred to earlier, Chiswell Associates, the Stenham Group, BoE Life International, BoE International Fund Services and BoE International Fund Managers have all been sold.

The integration of Peoples Bank into Nedbank Limited will reduce costs, streamline business activities and focus the group's retail growth initiatives.

New frontline credit systems were implemented in the second quarter, which improved turnaround times significantly.

While Nedbank Retail has created a solid growth platform, performance is still below expectations and considerable effort is required to improve the RoE, cost-to-income ratio and client satisfaction.

Imperial Bank

Results for 2004 were disappointing, primarily due to large credit impairments in the Aviation Finance book and expenses growth. This is the first year in which the bank has not shown earnings growth on the previous financial year, with Imperial Bank's contribution to Nedcor earnings dropping from R116 million to R83 million.

The Motor Finance Corporation (MFC) was the strongest performer, doubling profit before tax. The Medical Division, which is in a startup phase, made strong inroads into its niche market. Residential Development Property Finance had another strong year, but penetration into the commercial market was significantly below expectations. Cost growth impacted negatively on results.

Asset-based Finance experienced reasonable performances from Corporate Asset Finance and Supplier Finance, but suffered significant losses in the aviation sector. These losses are directly related to the strengthening of the rand and the continued weakness in the global aviation market. This affected Imperial Bank's aviation charter clients in particular and resulted in a second year of losses for this division. It is anticipated that 2005 will be better, but the division will continue to be at risk while the aviation sector is weak.

Shared Services, Capital Management and Central Funding

The central service divisions have all reduced costs, with the exception of Group Risk, which incurred additional regulatory expenses on the group's money laundering projects and Basel II implementation. Approximately 6 913 staff were moved from the Central Operations and Group Business Innovation Divisions into client-facing businesses and this will reflect in the 2005 segmental reporting.

Achievements over the period include:

- Swisscard is now fully operational in Switzerland.
- An additional call centre was commissioned in new premises in Durban.
- A tracking and storage infrastructure was set up to accommodate the FICA documentation and legislative requirements.
- Extensive improvements were made to the group's disaster recovery ability and the most comprehensive test ever undertaken by the bank was successfully concluded.

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- New core network switches that significantly improve client service in terms of availability and response times were installed.
- Nedcor's intranet site was voted the best in the financial services industry at the Computer Society of SA annual awards.
- In the global ranking and awards for investor relations websites (the MZ Awards) Nedcor was placed first in the online financial reporting category in the Asia, Pacific and Africa region and third in South Africa for its investor relations website.
- Good progress was made on the implementation of an economic capital model, in conjunction with Old Mutual, scheduled for completion in 2006.
- The low number of armed robberies and burglaries was maintained.
- The focus on reducing the high level of card fraud was sustained and yielded pleasing results, particularly in the last quarter.
- A remuneration policy focusing on specific performance measures was implemented throughout the group.

Sustainability

Nedcor continues to be recognised for its corporate social investment (CSI) activities. In the 2004 Trialogue CSI ratings non-profit organisations rated Nedcor third among 70 corporates in the category 'Good Corporate Grantmaker'. Nedbank was also ranked third among 48 corporates as 'Most widely recognised corporate grantmaker'. In the Mail & Guardian, Investing in the Future awards, Nedcor won the best corporate responsibility report for its 2003 Sustainability Report and was a finalist in the best corporate employee involvement programme.

Nedcor is included in the JSE Socially Responsible Investment (SRI) Index and is one of only four South African companies to be included in the Dow Jones World Sustainability Index.

Prospects

As the benefits of the increased focus on client service become evident, the group expects to show growth in advances and anticipates bringing asset growth back into line with market growth in the second half of 2005.

Margins should continue to improve as a result of:

- the expensive, unhedged short-dated fixed rate funding having matured by the end of April 2004;
- the positive endowment effect of the rights offer proceeds for the full year from 2005 onwards;
- offshore capital being repatriated and earning higher yields in rands;
- the hedging of the fixed-rate subordinated debt and its maturity profile; and
- the settlement of the expensive empowerment funding for Peoples Bank in April 2005.

The group will focus on growing transactional revenue. Revenue is anticipated to continue to improve and costs to reduce as the group's initiatives under its three-year plan are implemented. The group will also benefit from a significant reduction in once-off merger and recovery programme costs.

The directors and management are aware that a considerable amount of effort lies ahead in the recovery programme and that not all the fruits of these endeavours will be reflected in 2005. The business is, however, well-placed to deliver improved earnings in 2005.

The detailed three-year plan anticipates that the group will maintain its asset market share from the second half of 2005. Using 2004 as a base, the next three years total expense growth is targeted to grow at 9% below revenue growth on a compound annual growth rate basis. However, this differential is expected to be bigger in 2005, given the once-off merger and recovery costs in 2004. The plan focuses on growing transactional revenue through a combination of focused teams, cross-selling, upselling, improving client service, consistent pricing and bancassurance initiatives. Nedbank Retail has been identified as the major growth area. Importantly, the plan focuses on the transformation process within Nedcor.

The group continues to pursue its target of achieving a return on average ordinary shareholders' equity of 20% and an efficiency ratio of 55% or better in 2007.

Thanks

The directors and management express their thanks to clients and other stakeholders for their continued support, and particularly thank all staff members for the incredible job they have done during this difficult period.

Accounting policies

The consolidated financial statements are prepared in accordance with, and comply with, South African Statements of Generally Accepted Accounting Practice and the requirements of the South African Companies Act and Banks Act. The accounting policies adopted are in all material respects consistent with those applied for the year ended 31 December 2003. Certain restatements for 2003 are reflected in these financial statements, being the reclassification of transaction taxes from taxation to operating expenses and the gross up of assets and liabilities relating to certain pension fund

Notes

assets and liabilities amounting to R529 million. The disclosures within the 2003 segmental reports have been restated to take into account the changes for the improved profitability measurements during 2004 as noted above.

Cautionary announcement pertaining to Black Economic Empowerment Transaction

Shareholders are advised that Nedcor is in the process of finalising a broad-based black economic empowerment (BEE) ownership transaction. Accordingly, shareholders are advised to exercise caution in dealing in their shares until Nedcor announces further detail on its BEE transaction.

Dividend – Nedcor ordinary

Notice is hereby given that a final dividend of 76 cents per ordinary share has been declared in respect of the year ended 31 December 2004.

Trading in the STRATE environment requires settlement within five business days. In accordance with the settlement procedures of STRATE Nedcor has determined the last day for trading to participate in the final dividend to be Wednesday, 23 March 2005. The shares will commence trading ex-dividend on Thursday, 24 March 2005, and the record date will be Friday, 1 April 2005. Payment will be made on Monday, 4 April 2005.

Share certificates may not be dematerialised or rematerialised between Thursday, 24 March 2005, and Friday, 1 April 2005, both days inclusive.

For and on behalf of the board

WAM Clewlow
Chairman

TA Boardman
Chief Executive

22 February 2005

Registered office
Nedcor Limited, Nedcor Sandton, 135 Rivonia Road, Sandown, 2196
PO Box 1144, Johannesburg, 2000

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

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

Company Secretary
GS Nienaber

Registration number
1966/010630/06 (Incorporated in the Republic of South Africa)

Share code: NED   ISIN code: ZAE000004875

This announcement is available on the group's website – www.nedcor.com – together with the following additional information:

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

For further information kindly contact Nedcor Investor Relations by email at nedcorir@nedcor.com

Lead sponsor to Nedcor

Merrill Lynch
Global Markets & Investment Banking Group
Merrill Lynch South Africa (Pty) Ltd
Registration number 1995/001805/07
Registered Sponsor and Member of the
JSE Securities Exchange South Africa

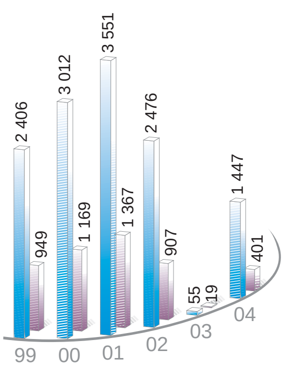
Sponsor to Nedcor

NEDBANK CAPITAL

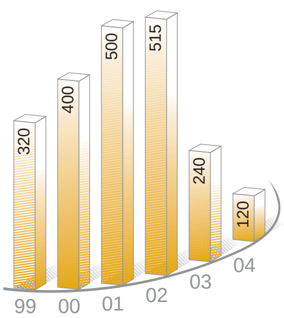
Financial highlights

for the year ended 31 December

Headline earnings and headline earnings per share



Dividends per share
(cents)



	2004 Reviewed	2003 Audited
Headline earnings reconciliation (Rm)		
Income/(loss) attributable to shareholders	**974**	(1 600)
Less: Non-headline earnings items	**(473)**	(1 655)
Non-trading and capital items	**(510)**	(1 693)
Taxation on non-trading and capital items	**37**	38
Headline earnings	**1 447**	55
Headline earnings (excluding foreign currency translation losses)	**1 819**	1 471
Share statistics		
Number of shares in issue (m)	**394,0**	274,8
Weighted average number of shares (m)**	**360,9**	293,0
Fully diluted weighted average number of shares (m)**	**361,8**	293,4
Headline earnings per share (cents)**	**401**	19
Headline earnings per share, excluding foreign currency translation losses (cents)**	**504**	502
Fully diluted headline earnings per share (cents)**	**400**	19
Attributable earnings per share (cents)**	**270**	(546)
Fully diluted attributable earnings per share (cents)**	**269**	(545)
Dividends declared per share (cents)	**120**	240
Dividend paid per share (cents)	**79**	515
Dividend cover (times)	**3,3**	0,1
Net asset value per share (investments at market value) (cents)	**4 590**	4 240
Tangible net asset value per share (investments at market value) (cents)	**3 357**	2 247
Share price (cents)	**7 780**	6 203
Market capitalisation (Rbn)	**30,7**	17,0
Key ratios		
Return on ordinary shareholders' equity (%)	**9,2**	0,4
Return, excluding foreign currency translation losses, on ordinary shareholders' equity (%)	**11,6**	10,3
Return, excluding foreign currency translation losses, merger and recovery expenses, on ordinary shareholders' equity (%)	**14,4**	12,5
Return on total assets (%)	**0,45**	0,02
Return, excluding foreign currency translation losses, on total assets (%)	**0,57**	0,46
Net interest income to interest-earning assets (%)	**3,13**	3,04
Non-interest revenue to total income (%)	**50,8**	49,0
Impairments to total advances (%)	**2,9**	3,4
Efficiency ratio (%)	**76,3**	80,2
Efficiency ratio, excluding foreign currency translation losses (%)	**74,5**	72,5
Group capital adequacy ratio	**12,1**	10,1
Number of employees	**21 103**	24 205
Balance sheet (Rm)		
Ordinary shareholders' equity	**18 095**	11 647
Total shareholders' equity	**21 586**	15 101
Deposit and current accounts	**254 125**	238 404
Advances	**221 128**	210 096
Gross	**227 707**	217 404
Impairment of advances	**(6 579)**	(7 308)
Total assets	**327 238**	313 113
Assets under management	**68 982**	102 090
Total asset administered by the group	**396 220**	415 203

*** 2003 restated for rights issue*

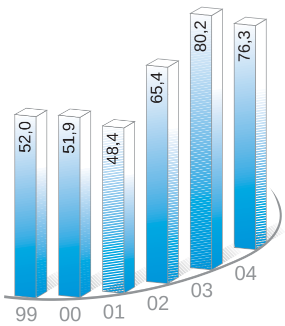
Income statement

for the year ended 31 December

Rm	Note	% change	2004 Reviewed	2003 Audited*
Interest income		(15)	**23 825**	28 141
Interest expense		(24)	**16 258**	21 333
Net interest income	1	11	**7 567**	6 808
Non-interest revenue	2	3	**8 197**	7 953
Foreign currency translation losses	3	(74)	**(372)**	(1 416)
Gross operating income		15	**15 392**	13 345
Impairment of advances	4		**1 416**	2 063
Income after impairment of advances		24	**13 976**	11 282
Operating expenses	5	7	**11 041**	10 305
Fees due to alliance partners	5		**70**	4
Merger expenses	5	(38)	**246**	394
Recovery programme expenses	5		**379**	
Profit from operations before non-trading and capital items		>100	**2 240**	579
Non-trading and capital items		(70)	**(510)**	(1 693)
Amortisation and impairment of goodwill			**(374)**	(1 803)
(Loss)/profit on sale of subsidiaries, investments and property and equipment			**(23)**	349
Net impairment of investments, property and equipment, computer software and capitalised development costs			**(113)**	(239)
Profit/(loss) from operations			**1 730**	(1 114)
Attributable earnings of associates and joint ventures	10	11	**147**	132
Profit/(loss) before taxation			**1 877**	(982)
Taxation	6	48	**576**	390
Taxation on non-trading and capital items	6	(3)	**(37)**	(38)
Profit/(loss) after taxation			**1 338**	(1 334)
Minority interest income attributable to				
– ordinary shareholders	7		**(135)**	(133)
– preference shareholders	8		**(229)**	(133)
Income/(loss) attributable to shareholders			**974**	(1 600)

** Restated*

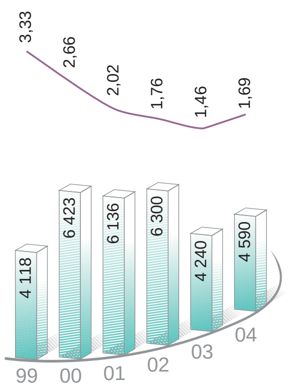
Efficiency ratio
(%)



Balance sheet

as at 31 December

Net asset value per share



Net asset value per share (cents)
Price to book ratio

Rm	Note	2004 Reviewed	2003 Audited*
Assets			
Cash and short-term funds		**10 050**	12 227
Other short-term securities		**16 310**	10 610
Government and other securities		**26 224**	21 333
Derivative instruments		**27 560**	28 496
Advances	9	**221 128**	210 096
Sundry debtors		**7 881**	7 463
Deferred taxation asset		**1 172**	3 074
Current taxation prepaid		**196**	256
Investments in associate companies and joint ventures	10	**1 043**	1 627
Other investments	11	**3 456**	3 788
Insurance assets		**3 109**	5 152
Property and equipment	12	**2 740**	2 684
Computer software and capitalised development costs	13	**1 419**	1 710
Goodwill	14	**3 441**	3 762
Customers' indebtedness for acceptances		**1 509**	835
Total assets		**327 238**	313 113
Shareholders' equity and liabilities			
Ordinary share capital		**394**	275
Ordinary share premium		**9 892**	4 801
Reserves		**7 809**	6 571
Ordinary shareholders' equity		**18 095**	11 647
Minority shareholders' equity attributable to preference shareholders		**2 770**	2 802
Minority shareholders' equity attributable to ordinary shareholders		**721**	652
Total shareholders' equity and minority interest		**21 586**	15 101
Derivative instruments		**28 055**	28 206
Deposit and current accounts and other liabilities	15	**254 125**	238 404
Sundry creditors		**10 054**	12 454
Deferred taxation liabilities		**1 125**	2 731
Current taxation liabilities		**193**	144
Insurance funds		**3 109**	5 152
Long-term debt instruments	16	**7 482**	10 086
Liabilities under acceptances		**1 509**	835
Total liabilities		**305 652**	298 012
Total shareholders' equity and liabilities		**327 238**	313 113
Guarantees on behalf of customers excluded from assets		**10 770**	12 403

AC133: Balance sheet classification of financial instruments

	2004 Reviewed		2003 Audited*	
Rm	**Assets**	**Liabilities**	Assets	Liabilities
Fair value	**80 706**	**55 967**	75 741	35 749
Held for trading	**77 551**	**55 967**	73 774	35 749
Available for sale	**3 155**		1 967	
Amortised cost	**237 564**	**248 367**	225 886	259 388
Originated loans and receivables	**230 491**		224 563	
Held to maturity	**7 073**		1 323	
Non-trading liabilities		**248 367**		259 388
Other assets and liabilities	**8 968**	**1 318**	11 486	2 875
Total shareholders' funds, equity and minority interest		**21 586**		15 101
	327 238	**327 238**	313 113	313 113

** Restated*

Cash flow statement

for the year ended 31 December

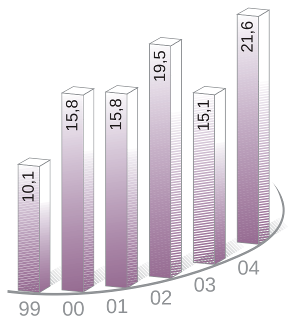
Rm	2004 Reviewed	2003 Audited
Cash flows from operating activities	**5 723**	5 643
Change in working funds	**(11 978)**	(14 124)
Cash utilised by operating activities before taxation	**(6 255)**	(8 481)
Taxation paid	**(835)**	(616)
Net cash utilised by operating activities	**(7 090)**	(9 097)
Cash flows from investment activities	**2 836**	2 654
Cash flows from financing activities	**2 077**	2 063
Net decrease in cash and short-term funds	**(2 177)**	(4 380)
Cash and short-term funds at beginning of period	**12 227**	16 607
Cash and short-term funds at end of period	**10 050**	12 227

Notes

Statement of changes in shareholders' equity

for the year ended 31 December

Shareholders' equity
(Rbn)



	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Reserves not available for distribution	Foreign currency translation reserve
Balance at 31 December 2002	270 577 653	271	4 536	97	(28)
Impairment of advances					
Fair value adjustment					
Taxation					
Minority interest					
Restated balance at 31 December 2002	270 577 653	271	4 536	97	(28)
Shares issued for options exercised under the Nedcor Group (1994) Employee Incentive Scheme	4 079 105	4	377		
Shares sold by subsidiary	97 667		(111)		
Preference shares issued					
Preference share issue expenses			(1)		
Preference share dividend paid					
Net loss for the year					
Transfer from/(to) reserves				266	
Release of reserve previously not available*				(357)	
Foreign currency translation differences					(181)
Dividends to shareholders					
AC133 available for release					
Acquisition of subsidiaries					
Other					
Balance at 31 December 2003	274 754 425	275	4 801	6	(209)
Shares issued for options exercised under the Nedcor Group (1994) Employee Incentive Scheme	**2 766 258**	**3**	**168**		
Shares issued in terms of rights offer	**114 481 010**	**114**	**5 037**		
Other share issues	**2 209 697**	**2**	**102**		
Share issue expenses			**(215)**		
Shares acquired by subsidiary	**(240 000)**		**(1)**		
Preference share dividend paid					
Preference share cumulative dividend					
Net profit for the year					
Transfer from/(to) reserves				**98**	
Release of reserve previously not available				**(48)**	
Foreign currency translation differences					**(57)**
Dividends to shareholders					
Adjustment for AC133 available for sale reserve					
Acquisition of subsidiaries					
Other					
Balance at 31 December 2004	**393 971 390**	**394**	**9 892**	**56**	**(266)**

** 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 current year.*

Notes

Other non-distributable reserves	AC133 available for sale reserve	Other distributable reserves	Total ordinary shareholders' equity	Minority shareholders' interest	Preference share capital and premium	Total shareholders' equity
147	–	12 023	17 046	503	1 987	19 536
		(1 700)	(1 700)			(1 700)
	28	(1 205)	(1 177)			(1 177)
	(8)	795	787			787
	(5)	1	(4)			(4)
147	15	9 914	14 952	503	1 987	17 442
			381			381
			(111)			(111)
					825	825
			(1)		(10)	(11)
					(133)	(133)
		(1 600)	(1 600)	133	133	(1 334)
(40)		(226)	–			–
			(357)			(357)
			(181)			(181)
		(1 395)	(1 395)			(1 395)
	(15)		(15)			(15)
			–	36		36
		(26)	(26)	(20)		(46)
107	–	6 667	11 647	652	2 802	15 101
			171			**171**
			5 151			**5 151**
			104			**104**
			(215)			**(215)**
			(1)			**(1)**
			–		**(229)**	**(229)**
			–		**(32)**	**(32)**
		974	**974**	**135**	**229**	**1 338**
39		**(137)**	**–**			**–**
			(48)			**(48)**
			(57)			**(57)**
		(269)	**(269)**	**(15)**		**(284)**
	621		**621**			**621**
				(38)		**(38)**
22		**(5)**	**17**	**(13)**		**4**
168	**621**	**7 230**	**18 095**	**721**	**2 770**	**21 586**

Income drivers

for the year ended 31 December

Notes

	2004	2003	
Net interest income	7 567	6 808	Net interest income/average interest-earning assets
Non-interest revenue	8 197	7 953	Non-interest revenue/average interest-earning assets
Income from normal operations	15 764	14 761	
Impairment of advances	(1 416)	(2 063)	Impairments/average interest-earning assets
Total expenses	(11 736)	(10 703)	Total expenses/average interest-earning assets
Attributable earnings of associates	147	132	Associate income/average interest-earning assets
Net profit before taxation	2 759	2 127	
Taxation	(576)	(390)	1 – Effective tax rate
Net profit after taxation	2 183	1 737	
Minority interest	(364)	(266)	Income attributable to minorities
			Headline earnings (excluding translation losses)
Translation losses	(372)	(1 416)	Translation losses/average interest-earning assets
Headline earnings	1 447	55	Headline earnings
Daily average interest-earning assets	242 069	223 785	Interest-earning assets/simple average total assets
Daily average total assets	299 016	291 348	
Simple average total assets	320 176	318 940	Return on total assets
Simple average shareholders' equity	15 694	14 347	Gearing
			Return on equity

Note: FX = foreign exchange

2004				2003			
3,13%				3,04%			
add	6,52%			*add*	6,59%		
3,39%			Cost/income	3,55%			Cost/income
			76,3%				80,2%
	less				*less*		
	0,58%				0,92%		
	less		Impairments/NII		*less*		Impairments/NII
	4,85%		18,5%		4,78%		30,3%
	add				*add*		
	0,06%				0,06%		
		1,15%				0,95%	
		multiply				*multiply*	
		0,79				0,82	
		multiply				*multiply*	
		0,83				0,85	
	0,75%		0,75%		0,66%		0,66%
			add				*add*
			(0,15%)				(0,63%)
			=				=
	0,75%		0,60%		0,66%		0,03%
	multiply		*multiply*		*multiply*		*multiply*
	75,6%		75,6%		70,2%		70,2%
	=		=		=		=
	0,57%		0,45%		0,46%		0,02%
	multiply		*multiply*		*multiply*		*multiply*
	20,4		20,4%		22,23		22,23
	=		=		=		=
	11,6%		9,2%		10,3%		0,4%
	Excluding FX losses		Including FX losses		Excluding FX losses		Including FX losses

Notes

Segmental analysis

at 31 December

Notes

	Pro forma 2004 Headline earnings Rm	Pro forma 2004 Actual assets Rbn
Nedbank Corporate	**2 093**	**115**
Imperial Bank	**83**	**17**
Nedbank Capital	**906**	**67**
Nedbank Retail	**581**	**79**
Shared Services	**(742)**	**10**
Capital Management and Central Funding	**(1 474)**	**54**
Eliminations		**(15)**
Total	**1 447**	**327**

Operational statistics

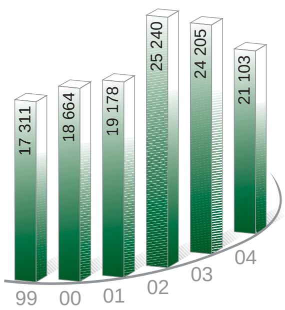
as at 31 December 2004

Retail and Wealth Management Rm	BoE Private Clients	Nedbank Private	Nedbank Personal
Classification of clients	Assets >R3 million or Income >R1 million		
Number of clients	26 279	20 675	84 526
Number of branches			
Number of ATMs			
Number of SSTs			
Number of retail outlets	14	6	10
Number of employees	468	183	214

Corporate Banking Rm	Corporate Banking	Business Banking
Classification of clients	Turnover >R400 million	Turnover >R7,5 million
Number of clients	687	158 133
Market share (%)	20	23
Number of branches		74
Number of employees	260	2 076

2004 Total average assets Rbn	2003 Total average assets Rbn	2004 Gross operating income Rm	2003 Gross operating income Rm	2004 Headline earnings Rm	2003 Headline earnings Rm
118	108	**6 229**	5 715	**2 112**	1 841
15	10	**836**	786	**83**	116
61	68	**2 440**	2 305	**878**	837
76	73	**7 662**	7 145	**641**	455
10	11	**196**	(139)	**(751)**	(1 116)
39	41	**(1 583)**	(2 125)	**(1 516)**	(2 078)
(20)	(20)	**(388)**	(342)		
299	291	**15 392**	13 345	**1 447**	55

Staff complement
(Number of staff)



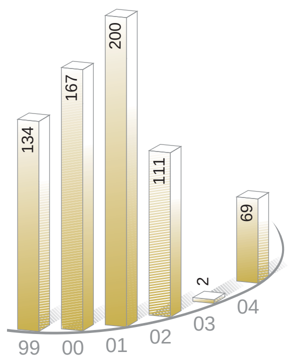
Nedbank Retail	Nedbank SME	Peoples Bank	Old Mutual Bank	Pick 'n Pay Go Banking	**Total**
	Turnover <R7,5 million				
1 109 792	107 696	1 708 915	182 330	96 515	**3 336 728**
225		202	46	261	**734**
703		469	55		**1 227**
284		46			**330**
					30
1 350	7	1 520	318	77	**4 137**

Property Finance	International/ Africa	Imperial	**Total**
8 520	6 756	119 204	**293 300**
37	18		
	22	18	**114**
773	822	733	**4 664**

Operational segmental reporting

for the year ended 31 December

Headline earnings per employee
(Rm)

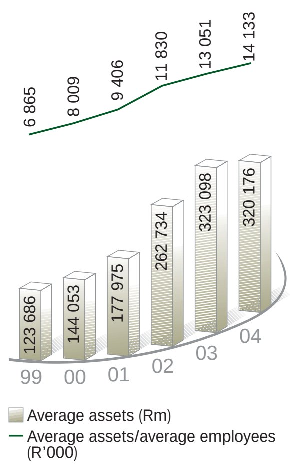


Rbn	Pro forma 2004	Nedcor 2004	Nedcor 2003
Balance sheet (Rbn)	**Actual**	**Average**	**Average**
– Cash and short term funds	**10**	**13**	12
– Other short term securities	**16**	**11**	15
– Government and public sector securities	**27**	**21**	12
– Derivative instruments	**28**	**26**	28
– Mortgage loans	**97**	**90**	79
– Leases and instalment debtors	**29**	**27**	21
– Loans and overdrafts	**95**	**93**	100
– Other assets	**25**	**18**	24
Total assets	**327**	**299**	291
Total interest-earning assets		**242**	224
– Current and savings accounts	**45**	**44**	38
– Deposit and other accounts	**228**	**203**	199
– Long term debt	**8**	**9**	7
– Derivative instruments	**28**	**24**	28
– Allocated capital	**18**	**19**	19
Total liabilities	**327**	**299**	291
Income statement (Rm)			
Net interest income	**7 567**	**7 567**	6 808
Non-interest revenue	**8 197**	**8 197**	7 953
Foreign currency translation losses	**(372)**	**(372)**	(1 416)
Gross operating income	**15 392**	**15 391**	11 282
Impairment of advances	**1 416**	**1 416**	2 063
Income after impairment of advances	**13 976**	**13 976**	13 345
Operating expenses	**11 041**	**11 041**	10 305
Fees due to alliance partners	**70**	**70**	4
Merger expenses	**246**	**246**	394
Recovery programme expenses	**379**	**379**	
Profit/(loss) from operations	**2 240**	**2 240**	579
Attributable earnings of associates and joint ventures	**147**	**147**	132
Profit/(loss) before taxation	**2 387**	**2 387**	711
Taxation	**576**	**576**	390
Profit/(loss) after taxation	**1 811**	**1 811**	321
Minority interest income attributable to			
– ordinary shareholders	**135**	**135**	133
– preference shareholders	**229**	**229**	133
Headline earnings	**1 447**	**1 447**	55
Selected ratios			
Return on average assets (%)		**0,48**	0,02
Return on average equity (%)		**9,11**	0,36
Interest margin (%)		**3,13**	3,04
Impairments to net interest income (%)		**18,7**	30,3
Non-interest revenue to gross income (%)		**52,0**	53,9
Efficiency ratio (%)*		**74,5**	72,5
Effective tax rate (%)*		**20,9**	18,3
Staff complement		**21 103**	24 205

** Excluding foreign currency translation losses.*

Nedbank Corporate			Nedbank Capital			Imperial Bank		
Pro forma 2004	**2004**	2003	**Pro forma 2004**	**2004**	2003	**Pro forma 2004**	**2004**	2003
	Average	**Average**		**Average**	**Average**		**Average**	**Average**
	1		**3**	**6**	6			
1	**1**	1	**12**	**7**	11			
2	**2**	2	**12**	**13**	10	**1**		
39	**37**	32				**5**	**4**	4
11	**11**	10				**11**	**10**	6
44	**49**	62	**32**	**27**	21		**1**	
18	**17**	1	**8**	**8**	20			
115	**118**	108	**67**	**61**	68	**17**	**15**	10
	117	107		**54**	63		**14**	10
15	**17**	13	**1**	**1**	1			
91	**92**	85	**63**	**57**	64	**15**	**13**	9
						1	**1**	
9	**9**	10	**3**	**3**	3	**1**	**1**	1
115	**118**	108	**67**	**61**	68	**17**	**15**	10
4 035	**4 061**	4 001	**971**	**931**	585	**619**	**619**	575
2 168	**2 168**	1 714	**1 509**	**1 509**	1 720	**217**	**217**	211
6 202	**6 229**	5 715	**2 480**	**2 440**	2 305	**836**	**836**	786
266	**266**	564	**65**	**65**	182	**245**	**245**	232
5 936	**5 963**	5 151	**2 415**	**2 375**	2 123	**591**	**591**	554
2 944	**2 944**	2 704	**1 090**	**1 090**	902	**402**	**402**	339
			19	**19**	36			
31	**31**	7			27			
114	**114**		**52**	**52**				
2 847	**2 874**	2 440	**1 254**	**1 214**	1 158	**189**	**189**	215
33	**33**	5						
2 880	**2 907**	2 445	**1 254**	**1 214**	1 158	**189**	**189**	215
760	**768**	603	**346**	**334**	321	**24**	**24**	(17)
2 120	**2 139**	1 842	**908**	**880**	837	**165**	**165**	232
27	**27**	1	**2**	**2**		**82**	**82**	116
2 093	**2 112**	1 841	**906**	**878**	837	**83**	**83**	116
	1,79	1,70		**1,44**	1,23		**0,55**	1,16
	23,43	18,96		**30,87**	33,42		**11,33**	11,55
	3,47	3,73		**1,71**	0,94		**4,47**	5,53
	6,6	14,1		**7,0**	31,1		**39,6**	40,4
	34,8	30,0		**61,8**	74,6		**26,0**	26,8
	49,6	47,4		**47,6**	41,9		**48,1**	43,1
	26,4	24,7		**27,5**	27,7		**12,8**	(7,9)
	4 074	4 651		**602**	853		**753**	643

Assets per employee



Notes

Rbn	Nedbank Retail Pro forma 2004	2004	2003
Average assets		Average	Average
Cash and short-term funds	1	1	1
Other short-term securities	3	3	3
Government and public sector securities			
Derivative instruments			
Mortgage loans	53	49	43
Leases and instalment debtors	7	6	5
Loans and overdrafts	9	12	12
Other assets	6	5	9
Total assets	79	76	73
Total interest-earning assets		69	64
Current and savings accounts	29	26	24
Deposit and other accounts	45	45	44
Long-term debt			
Derivative instruments			
Allocated capital	5	5	5
Total liabilities	79	76	73
Income statement			
Rm			
Net interest income	3 730	3 816	3 672
Non-interest revenue	3 846	3 846	3 473
Foreign currency translation losses			
Gross operating income	7 576	7 662	7 145
Impairment of advances	930	930	937
Income after impairment of advances	6 647	6 732	6 208
Operating expenses	5 742	5 742	5 562
Fees due to alliance partners	51	51	(32)
Merger expenses	17	17	91
Recovery programme expenses	79	79	
Profit/(loss) from operations	758	843	587
Attributable earnings of associates and joint ventures	10	10	18
Profit/(loss) before taxation	768	853	605
Taxation	169	194	135
Profit/(loss) after taxation	599	659	470
Minority interest income attributable to			
– ordinary shareholders	18	18	15
– preference shareholders			
Headline earnings	581	641	455
Selected ratios			
Return on average assets (%)		0,84	0,62
Return on average equity (%)		12,79	9,74
Interest margin (%)		5,56	5,78
Impairments to net interest income (%)		24,4	25,5
Non-interest revenue to gross income (%)		50,2	48,6
Efficiency ratio (%)		76,9	78,7
Effective tax rate (%)		22,7	22,3
Staff complement		6 696	7 263

	Shared Services			Capital Management and Central Funding			Eliminations		
	Pro forma 2004	**2004**	2003	**Pro forma 2004**	**2004**	2003	**Pro forma 2004**	**2004**	2003
		Average	Average		**Average**	Average		**Average**	Average
	1	**1**	1	**5**	**4**	4			
				7	**5**		**5**	**1**	
				28	**26**	28			
				6	**4**	5	**4**		
	9	**9**	10	**8**		4	**(24)**	**(21)**	(20)
	10	**10**	11	**54**	**39**	41	**(15)**	**(20)**	(20)
		1	2		**9**	3		**(22)**	(24)
	9	**9**	10	**18**	**6**	5	**(13)**	**(19)**	(18)
				7	**8**	7			
				28	**24**	28			
	1	**1**	1	**1**	**1**	1	**(2)**	**(1)**	(2)
	10	**10**	11	**54**	**39**	41	**(15)**	**(20)**	(20)
	(362)	**(375)**	(536)	**(1 426)**	**(1 485)**	(1 489)			
	571	**571**	397	**274**	**274**	780	**(388)**	**(388)**	(342)
				(372)	**(372)**	(1 416)			
	210	**196**	(139)	**(1 524)**	**(1 583)**	(2 125)	**(388)**	**(388)**	(342)
	25	**25**	(2)	**(115)**	**(115)**	150			
	185	**171**	(137)	**(1 409)**	**(1 468)**	(2 275)	**(388)**	**(388)**	(342)
	1 102	**1 102**	843	**149**	**149**	297	**(388)**	**(388)**	(342)
	198	**198**	267			2			
	134	**134**							
	(1 251)	**(1 263)**	(1 247)	**(1 558)**	**(1 617)**	(2 574)	**–**	**–**	–
	103	**103**	109	**1**	**1**	0			
	(1 148)	**(1 160)**	(1 138)	**(1 557)**	**(1 616)**	(2 574)	**–**	**–**	–
	(407)	**(411)**	(23)	**(316)**	**(333)**	(629)			
	(741)	**(749)**	(1 115)	**(1 241)**	**(1 283)**	(1 945)	**–**	**–**	–
	2	**2**	1	**4**	**4**	0			
				229	**229**	133			
	(742)	**(751)**	(1 116)	**(1 474)**	**(1 516)**	(2 078)	**–**	**–**	–
		8 959	10 762		**19**	33			

Notes

Geographical segmental reporting

for the year ended 31 December

Notes

Rm	Nedcor 2004	Nedcor 2003	South Africa 2004	South Africa 2003	Rest of Africa 2004	Rest of Africa 2003	Rest of world 2004	Rest of world 2003
Income statement								
Net interest income	**7 567**	6 808	**6 995**	6 322	**301**	163	**271**	323
Non-interest revenue	**8 197**	7 953	**7 613**	7 055	**46**	144	**538**	754
Foreign currency translation losses	**(372)**	(1 416)	**(372)**	(1 416)				
Gross operating income	**15 392**	13 345	**14 236**	11 961	**347**	307	**809**	1 077
Impairment of advances	**1 416**	2 063	**1 352**	2 033	**35**	6	**29**	24
Income after impairment of advances	**13 976**	11 282	**12 884**	9 928	**312**	301	**780**	1 053
Operating expenses	**11 041**	10 305	**10 215**	9 408	**266**	167	**560**	730
Fees due to alliance partners	**70**	4	**70**	4				
Merger expenses	**246**	394	**246**	394				
Recovery programme expenses	**379**		**359**				**20**	
Profit from operations	**2 240**	579	**1 994**	122	**46**	134	**200**	323
Attributable earnings of associates and joint ventures	**147**	132	**106**	38	**41**	94		
Profit before taxation	**2 387**	711	**2 100**	160	**87**	228	**200**	323
Taxation	**576**	390	**541**	337	**27**	24	**8**	29
Profit/(loss) after taxation	**1 811**	321	**1 559**	(177)	**60**	204	**192**	294
Minority interest income attributable to								
– ordinary shareholders	**(135)**	(133)	**(114)**	(112)	**(11)**	(6)	**(10)**	(15)
– preference shareholders	**(229)**	(133)	**(229)**	(133)				
Headline earnings	**1 447**	55	**1 216**	(422)	**49**	198	**182**	279

Notes to the income statement

for the year ended 31 December

1. Average balance sheet and related interest

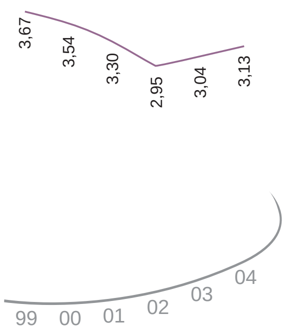
Rm	2004 Average balance sheet	2004 %	2004 Interest	2003 Average balance sheet	2003 %	2003 Interest
Assets						
Advances						
Mortgage advances	**89 717**	**11,0**	**9 869**	84 333	13,2	11 130
Lease and instalment debtors	**26 655**	**11,1**	**2 963**	24 250	13,9	3 377
Credit card balances	**3 388**	**11,7**	**395**	3 349	13,1	438
Bills and acceptances	**5 967**	**7,4**	**441**	5 225	10,0	523
Overdrafts	**15 421**	**10,4**	**1 608**	23 241	12,5	2 915
Term loans and other*	**58 692**	**9,2**	**5 378**	52 859	12,0	6 318
Impairment of advances	**(7 219)**			(6 496)		
Government and public sector securities	**20 927**	**6,6**	**1 374**	11 763	9,3	1 093
Short-term funds and trading securities	**28 521**	**6,3**	**1 797**	25 261	7,6	1 923
Interest reserve						424
Interest-earning assets	**242 069**	**9,8**	**23 825**	223 785	12,6	28 141
Derivative gross up	**25 974**			28 496		
Insurance assets	**4 064**			8 634		
Cash and bank notes	**1 425**			1 418		
Deposit with SARB	**4 838**			6 923		
Debtors and other accounts	**7 735**			9 023		
Associates and investments	**5 014**			4 943		
Fixed assets	**2 573**			1 617		
Intangible assets	**5 323**			6 510		
Total assets	**299 016**	**8,0**	**23 825**	291 348	9,7	28 141
Liabilities						
Deposit and loan accounts	**136 674**	**7,2**	**9 792**	133 559	9,8	13 046
Current and savings accounts	**44 166**	**3,0**	**1 346**	38 102	4,9	1 851
Negotiable certificates of deposit	**27 643**	**8,4**	**2 324**	35 337	11,8	4 155
Other liabilities**	**35 917**	**4,8**	**1 729**	22 420	6,0	1 335
Subordinated debt	**8 782**	**12,1**	**1 067**	7 604	12,4	946
Interest-bearing liabilities	**253 182**	**6,4**	**16 258**	237 022	9,0	21 333
Derivative gross up	**23 658**			28 206		
Insurance funds	**4 064**			8 634		
Total shareholders' equity	**18 112**			17 486		
Total shareholders' equity and liabilities	**299 016**	**5,4**	**16 258**	291 348	7,3	21 333
Margin on total average assets		**2,60**	**7 567**		2,40	6 808
Net interest to weighted average interest-earning assets	**242 069**	**3,13**	**7 567**	223 785	3,04	6 808

Where possible, averages are calculated on daily balances.

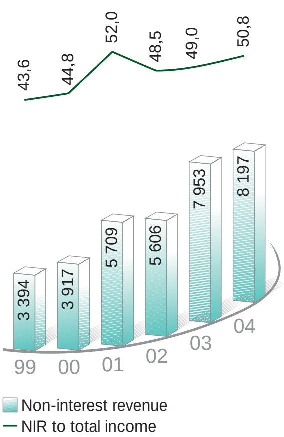
* *Includes: term loans, preference shares, factoring debtors, other lending-related instruments and customers' indebtedness for acceptances.*

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

Net interest margin
(%)



Non-interest revenue to total income



2. Non-interest revenue

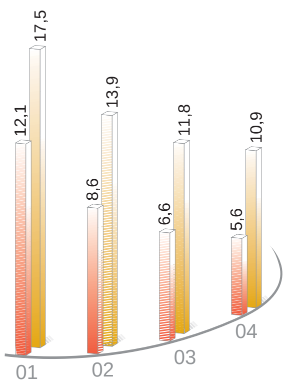
Rm	2004	2003
Commission	**4 139**	3 569
Fees	**1 578**	1 639
Securities and exchange trading	**986**	1 201
AC133 fair value adjustment	**140**	512
Admin fees	**124**	44
Surplus on sale of banking investments	**97**	243
Rents received (external)	**93**	126
Rents received (PIPs)	**12**	74
Communication recoveries	**5**	3
Life assurance surplus/(loss)	**16**	(83)
Endowment policy income	**117**	51
Other income	**747**	421
Dividends from investments	**143**	153
Total non-interest revenue	**8 197**	7 953

Segmental breakdown	Nedcor		Nedbank Corporate	
Rm	2004	2003	2004	2003
Commission	**4 139**	3 569	**1 456**	1 226
Cash handling	**298**	262	**229**	197
Insurance commission	**216**	208	**18**	9
Exchange commission	**200**	176	**217**	196
Guarantees	**70**	65	**67**	60
Security handling	**6**	3	**3**	1
Service charges	**1 476**	1 266	**409**	403
Other commissions	**1 873**	1 589	**513**	360
Fees	**1 578**	1 639	**241**	202
Securities and exchange trading	**986**	1 201	**105**	75
AC133 fair value adjustment	**140**	512	**10**	8
Admin fees	**124**	44	**38**	37
Surplus on sale of banking investments	**97**	243	**7**	46
Rents received (external)	**93**	126	**22**	56
Rents received (PIPs)	**12**	74		
Communication recoveries	**5**	3	**17**	12
Other income	**880**	389	**249**	47
First time consolidation – Tando	**89**	19		
– Acturis	**6**	11		
Endowment policy MTM	**117**	51		
Other income	**668**	308	**249**	47
Dividends from investments	**143**	153	**23**	5
Total non-interest revenue	**8 197**	7 953	**2 168**	1 714

	Nedbank Capital		Imperial Bank		Nedbank Retail		Other	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003
	24	(11)	**18**	62	**2 695**	2 335	**(54)**	(43)
					69	65		
					179	197	**19**	2
	(125)	(112)			**105**	92	**3**	
	2	3			**1**	2		
					3	2		
					1 062	863	**5**	
	147	98	**18**	62	**1 276**	1 114	**(81)**	(45)
	390	369	**152**	135	**741**	906	**54**	27
	874	989			**51**	58	**(44)**	79
	70	186	**(5)**	7		(3)	**65**	314
	1				**99**	25	**(14)**	(18)
	92	19			**6**		**(8)**	178
	4	3			**25**	29	**42**	38
					8	10	**4**	64
	3	3			**22**	30	**(37)**	(42)
	(62)	62	**52**	7	**199**	81	**442**	192
							89	19
							6	11
					168	8	**(52)**	43
	(62)	62	**52**	7	**31**	73	**399**	119
	113	100				2	**7**	46
	1 509	1 720	**217**	211	**3 846**	3 473	**457**	835

Notes

Exchange rates



3. Forex currency exposure analysis

(December 2003 – R6,63 vs December 2004 – R5,63)	Total offshore capital Rm	Total offshore capital $m equivalent	Non-FX sensitive $m equivalent	FX sensitive $m equivalent	FX loss Rm
Non-rand/offshore capital per currency balance sheet December 2003	7 312	1 105	320	785	
Preference share capital		295		295	
FX exposure as at 31 December 2003		1 400	320	1 080	987
Repatriation					
NTS investment (R6,295/$)		(100)		(100)	(67)
Preference share capital (R6,63/$)		(295)		(295)	(295)
Foreign restructure (6,48/$)			64	(64)	(54)
Offshore branch closures (various rates)		(31)		(31)	(15)
Capital changes on restructure (R6,48/$)		(89)		(89)	(76)
Repaid via foreign dividend (R6,48/$)		(20)		(20)	(17)
Other net capital moves*		(73)	(28)	(45)	(34)
FX exposure as at 31 December 2004	4 457	792	356	436	429

Net reduction in foreign currency translation losses	FX loss Rm
Exposure of December 2003 balance sheet at December 2004 rates	987
Actual exposure at December 2004	(429)
– FCTR in equity	(57)
– Translation losses in income statement	(372)
Reduction exposure	558
Add: Hedge held against future repatriations (recorded as part of NIR income)	52
Net uplift to headline earnings	610

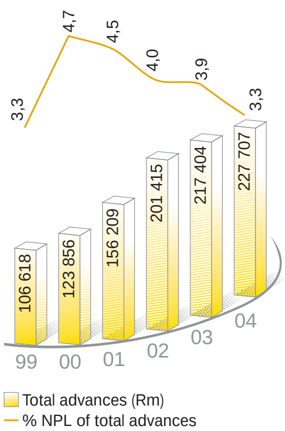
** Net of offshore profits, sale of subsidiaries and preference share capital redemption.*

Note: FX = foreign currency

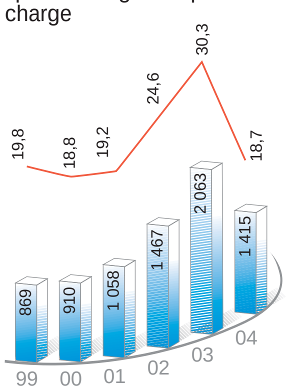
4. Impairments and non-performing advances

Rm	Nedbank Capital 2004	Nedbank Corporate 2004	Imperial Bank 2004	Nedbank Retail 2004	Capital management and Central Funding 2004	2004	2003
Opening balance	353	2 740	549	3 108	558	**7 308**	6 553
Income statement charge							
– impairment of advances	65	266	245	930	(90)	**1 416**	2 063
Bad debts recovered		124	3	100		**227**	98
AC133 transitional adjustment							1 701
Bad debts written off/ other transfers	(48)	(936)	(139)	(1 184)	(65)	**(2 372)**	(3 364)
Acquisition of subsidiaries							257
Total impairments	370	2 194	658	2 954	403	**6 579**	7 308
Impairments of advances							
Portfolio impairments	68	674	6	249	(9)	**988**	679
Specific impairments	302	1 520	652	2 705	412	**5 591**	6 629
Total impairments	370	2 194	658	2 954	403	**6 579**	7 308
Total advances	32 932	95 981	15 888	71 921	10 985	**227 707**	217 404
Non-performing advances							
Mortgage advances		722	351	1 607		**2 680**	3 204
Lease and instalment debtors		225	550	331		**1 106**	926
Credit card balances		4		248		**252**	368
Other loans and advances	147	678	67	757	1 042	**2 691**	2 666
Total non-performing advances	147	1 629	968	2 943	1 042	**6 729**	7 164
Properties in possession		246	16	499		**761**	1 280
Total non-performing loans	147	1 875	984	3 442	1 042	**7 490**	8 444
Expected recoveries		729	428	1 279	566	**3 002**	3 660
Expected loss	147	1 146	557	2 163	476	**4 488**	4 784
Ratio of impairments to advances (%)	1,1	2,3	4,1	4,1	3,7	**2,9**	3,4
Non-performing loans as % of advances	0,4	2,0	6,2	4,8	9,5	**3,3**	3,9
Properties in possessions as % of advances	–	0,3	0,1	0,7	–	**0,3**	0,6
Non-performing advances as % of advances	0,4	1,7	6,1	4,1	9,5	**3,0**	3,3

Gross NPLs as a % of total loans and advances



Impairment of advances/ specific and general provisions charge



4. Impairments and non-performing advances continued

Rm	Nedbank Capital 2004	Nedbank Corporate 2004	Imperial Bank 2004	Nedbank Retail 2004	Capital management and Central Funding 2004	**Reviewed 2004**	Audited 2003
Adequacy of impairments							
Gross coverage (%) (impairments over non-performing loans)	253	117	67	174	39	**88**	87
Net coverage (%) (impairments over expected losses)	253	192	118	448	84	**147**	153

Properties in possession	**2004**	2003
Balance at beginning of year	**1 280**	1 068
Unsold	**972**	950
Sold awaiting transfer	**308**	118
Disposals/write downs/revaluations	**(627)**	212
PIPs added during the year	**108**	n/a
Balance at end of year	**761**	1 280
Unsold	**391**	972
Sold awaiting transfer	**370**	308

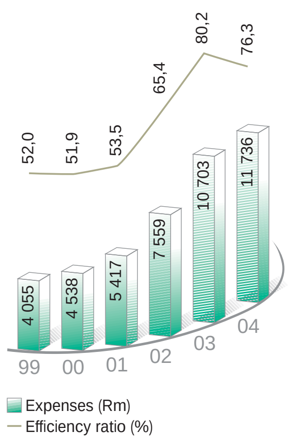
4. Impairments and non-performing advances continued

Notes

Rm	Standard	Special-mention	Sub-standard	Doubtful	Loss	PIPs	Total
	Classification categories						
December 2004							
Mortgage advances	**89 517**	**2 393**	**1 291**	**1 022**	**1 658**		**95 881**
Lease and instalment debtors	**27 254**	**757**	**225**	**367**	**739**		**29 342**
Credit card balances	**2 957**	**234**	**40**	**123**	**129**		**3 483**
Other loans and advances	**92 435**	**2 169**	**945**	**1 300**	**1 391**		**98 240**
Properties in possession (PIPs)						**761**	**761**
Total gross balances	**212 163**	**5 553**	**2 501**	**2 812**	**3 917**	**761**	**227 707**
% of total advances	**93,3**	**2,4**	**1,1**	**1,2**	**1,7**	**0,3**	**100,0**
December 2003							
Mortgage advances	80 540	1 949	2 018	1 168	2 036		87 711
Lease and instalment debtors	24 345	404	205	217	709		25 880
Credit card balances	2 596	195	45	180	188		3 204
Other loans and advances	94 435	782	1 446	1 472	1 194		99 329
Properties in possession (PIPs)						1 280	1 280
Total gross balances	201 916	3 330	3 714	3 037	4 127	1 280	217 404
% of total advances	92,9	1,5	1,7	1,4	1,9	0,6	100,0

for the year ended 31 December

Expenses



5. Expenses

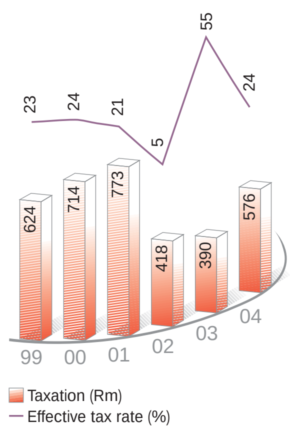
Rm	% change	2004	2003
Staff	(7)	**5 350**	4 949
Computer processing	3	**1 234**	1 270
Communication and travel	9	**434**	473
Occupation and accommodation	(4)	**1 005**	969
Marketing and public relations	11	**502**	559
Fees	(19)	**1 106**	895
Insurances	(15)	**213**	182
Office equipment and requisites	1	**317**	321
Other sundries	(20)	**410**	328
Transaction taxes	(24)	**470**	359
Total operating expenses	(7)	**11 041**	10 305
Fees to alliance partners		**70**	4
Capital One (Peoples)		**18**	(9)
Capital One (Amex)		**21**	
JD Group		**18**	(8)
Old Mutual Bank		**(6)**	(15)
Macquarie		**19**	36
Merger expenses	60	**246**	394
Recovery programme expenses		**379**	–
Staff retrenchment costs		**298**	
Consulting and fees		**19**	
Property related		**23**	
Office equipment		**17**	
Computer and migration		**4**	
Other		**18**	
Total	(9)	**11 736**	10 703
Efficiency ratio (%)		**76,3**	80,2

6. Taxation

Rm	% change	2004	2003
Taxation		**594**	289
STC		**(18)**	101
	48	**576**	390
Tax on non-trading and capital items	(3)	**(37)**	(38)
Total	53	**539**	352
Effective tax rate pre-non-trading and capital items (%)	(56)	**24**	55
Effective tax rate excluding foreign currency translation losses (%)		**21**	18

%	2004	2003
Taxation rate reconciliation (excluding non-trading and capital items)		
Standard rate of South African normal taxation	**30**	30
Dividend income	**(7)**	(26)
Differences between foreign tax rates and South African tax rate	**3**	(5)
Non-taxable investment income	**(1)**	(15)
Translation losses	**5**	60
Recognition of tax loss	**(1)**	(12)
Other	**(5)**	23
Total taxation on income as percentage of profit before taxation (excluding non-trading and capital items)	**24**	55

Taxation



Notes

7. Minority interest

Rm	Balance sheet	Income statement
Bastion	5	2
Imperial Bank Limited	533	84
Nedbank Swaziland	26	6
Canal Walk		4
Commercial Bank of Namibia	13	5
Nedbank Malawi	1	
Fairbairn Private Bank	117	15
BoE – bank subsidiaries	11	16
NIB – bank subsidiaries	10	10
NIB – group subsidiaries	5	2
Other (including AC133 adjustment)		(9)
	721	135

8. Preference shares

	Days	Rate	Amount
Dividends paid			
31 Jul 2003 – 17 Aug 2003	48	11,63%	30 575 342
18 Aug 2003 – 14 Sept 2003	28	10,88%	16 684 932
15 Sept 2003 – 19 Oct 2003	35	10,13%	19 417 808
20 Oct 2003 – 14 Dec 2003	56	9,00%	31 684 932
15 Dec 2003 – 30 Jun 2004	199	8,63%	130 280 032
			228 643 046

	Number of shares	Cents per share	Amount
Dividends declared			
Final declared for 2003 – paid March 2004	277 298 896	51,16438	141 878 261
Cum Div Payment – March 2004			(32 166 881)
			109 711 380
Interim declared for 2004 – paid Aug 2004	277 298 896	42,88934	118 931 666
			228 643 046

9. Advances

Notes

Rm	% change	**2004**	2003
Category analysis			
Homeloans	9	**61 796**	56 733
Commercial mortgages	10	**34 085**	30 978
Properties in possession	(41)	**761**	1 280
Credit cards	9	**3 483**	3 204
Overdrafts	(6)	**9 600**	10 248
Other loans to clients	–	**78 139**	78 130
Leases and instalment debtors	13	**29 341**	25 880
Prefs, debentures and other investments	7	**5 990**	5 596
Trade and other bills	(37)	**4 106**	5 135
Remittances in transit	85	**406**	220
Impairment of advances	(10)	**(6 579)**	(7 308)
	5	**221 128**	210 096

Notes

10. Investments in associate companies and joint ventures

Name of company and nature of business	Percentage holding **2004**	2003	Acquisition date	Year-end
Listed				
Banking				
State Bank of Mauritius Limited	**20,1**	20,1	Nov '97	Jun
Technology				
Net 1 Applied Technology Holdings Limited***		25,4	Jul '00	Jun
Other				
SA Retail**		38,2	Nov '01	Mar
Unlisted				
Banking				
Banque SBM Madagascar	**20,0**	20,0	Dec '99	Dec
Commercial Bank of Namibia Limited****			Dec '94	Dec
SBM Nedbank International Limited	**50,0**	50,0	Jul '99	Jun
Technology				
Acturis Limited†		69,4	Mar '01	Sep
Hatch Investments (Mauritius) Limited	**37,5**	37,5	Mar '01	Mar
Miraculum (Proprietary) Limited			Jul '00	Jul
Internet Solutions (Proprietary) Limited/ Linx Holdings (Proprietary) Limited	**20,0**	20,0	Jun '00	Sep
The IQ Business Group (Proprietary) Limited	**20,0**	46,1	Jul '00	Jun
Other				
Blue Cloud Investments 40 (Proprietary) Limited**		45,0	Jul '02	Dec
BoE (Proprietary) Limited******	**50,0**	50,0	Jan '03	Dec
BoE Life Assurance Company Limited******	**50,0**	50,0	Jan '03	Dec
Boness Development Phase 3 (Proprietary) Limited***		100,0	Jan '92	Dec
Bridgeport Properties (Proprietary) Limited	**48,0**	48,0	Jul '02	Sep
Capricorn Science and Technology Park (Proprietary) Limited†		10,4	Nov '98	Sep
Catalyst Holdings (Proprietary) Limited†		30,0	Jan '99	Dec
Corovest – NIB Property Asset Management	**40,0**	35,0	May '00	Dec
Erf 787 Lakefield (Proprietary) Limited	**50,0**	50,0	Jul '02	Jun
G & C Shelf 31 (Proprietary) Limited	**40,0**		May '04	Feb
Growthpoint & Toontjiesrivier JV†		49,9	Oct '02	Dec
Inclub Properties (Proprietary) Limited	**28,0**	28,0	Jul '02	Jun
Kimberly Clark	**50,0**		Aug '04	Dec
Lyric Rose (Proprietary) Limited	**36,8**	25,0	Jul '02	Feb
Off The Shelf Investment Forty One (Proprietary) Limited	**33,3**		Dec '03	Feb
Retail Investment Holdings (Proprietary) Limited**		50,0	Jul '02	Jun
Robow Investments No 47 (Proprietary) Limited	**50,0**	50,0	Dec '02	Feb
Sanbona Properties (Proprietary) Limited	**50,0**		Oct '03	Sept
Sandton Square Portion 8 (Proprietary) Limited	**25,0**	25,0	Jul '02	Apr
Steenberg Office Development (Proprietary) Limited	**25,0**	25,0	Jul '02	Feb
Stowaway Self Storage South Africa (Proprietary) Limited	**50,0**	50,0	Jul '02	Dec
Superbia Four (Proprietary) Limited	**30,0**	30,0	Jul '02	Feb
Tokai Development (Proprietary) Limited	**25,0**	25,0	Jul '02	Jun
Western Cape Property Company Limited**		23,0	Nov '98	Dec
Other*****				

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

* *Represents an amount less than R1 million*
** *Disposed of in 2004*
*** *Disposed of in 2004, but still reflects equity income*
**** *Consolidated as a subsidiary from 1 September 2003*
***** *Various other associates with income less than R1 million*
****** *Joint ventures (formerly subsidiaries)*
† *No Longer accounted for as an associate*

Notes

	Equity-accounted earnings		Carrying amount		Market value/ Directors' valuation		Net indebtedness of loans to/(from) associates	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003
	51	61	**336**	382	**356**	458		
	22	35		171		321		
				372		367		
	6	33	**70**	85	**60**	85	**–**	–
	1	1	**8**	8	**4**	8		
		27						
	5	5	**62**	77	**56**	77		
	22	5	**127**	138	**275**	207	**55**	55
			23		**27**			
		(6)						
		(1)						
	21	17	**70**	105	**200**	200	**23**	22
	1	(5)	**34**	33	**48**	7	**32**	33
	46	(2)	**510**	479	**665**	464	**142**	338
				5		5		6
	22	11	**107**	107	**107**	107		
	(12)	6	**47**	49	**43**	20	**(12)**	6
	12	(12)		32		43		32
	(1)			11		11		11
		(2)		7		7		10
		1		32		32		37
	*		**7**	6	7	6	**7**	6
	*			5		5		5
	*		**11**		**11**		**10**	
				106		106		106
	(2)	(2)		4		4		12
	26		**214**		**349**			
	1	*	**6**	4	**6**	4	**6**	4
	*		**7**		7		**7**	
				6		6		
	*		**7**	7	**7**	7	**7**	7
	(7)		**29**		**43**		**51**	
	*		**28**	15	**28**	15	**28**	15
	*		**1**	1	**1**	1	1	1
	1	(1)		12		12		12
	(1)	1		1		1		
		(5)	*	2	*	2	*	2
				2		2		11
	7	1	**46**	65	**56**	68	**37**	55
	147	132	**1 043**	1 627	**1 356**	1 902	**197**	393

Notes

11. Other investments

Rm	2004	2003
Listed investments		
Acucap (Proprietary) Limited	**89**	77
Aquila Growth Fund Limited		15
Eagles Bond	**9**	60
Growthpoint (Proprietary) Limited	**65**	80
Imperial Holdings Bonds	**20**	
Lyons Financial Solutions Holdings Limited		10
McCarthy Retail		10
NIB Funds Investments	**110**	
NIB Unit Trusts	**29**	27
Octodec Investments Limited		17
Resilient (Proprietary) Income Fund Limited	**103**	80
SAIL Group Limited	**15**	
Shops for Africa Limited		23
Imperial	**11**	
Massmart	**12**	
Barloworld	**14**	
ABSA	**19**	
JD Group	**90**	
Vukile Property Fund	**68**	
Others*	**120**	225
Unlisted investments		
African Infrastructure Finance Trust	**14**	
AKA Capital (Proprietary) Limited	**16**	7
Cape Gate Regional Shopping Centre J/V	**28**	3
Catalyst Holding (Proprietary) Limited	**24**	32
Crossroads Distribution (Proprietary) Limited	**33**	
Endowment Policies	**164**	1,323
Eveready (Proprietary) Limited	**41**	
Growthpoint & Toontjies Joint Venture	**106**	
Inzalo Investment Holdings Limited	**26**	
Kagiso Investments Trust	**155**	67
Kunene Finance Company (Proprietary) Limited	**40**	22
Monex Limited		56
Net 1 U.E.P.S Technologies Inc	**620**	
New Limpopo Bridge	**103**	131
NIBi Fund	**733**	740
NIB-MDM Private Equity Fund 1	**37**	38
Rapid Dawn 271 (Proprietary) Limited	**53**	
Royal Bank of Scotland	**20**	
STRATE Limited	**29**	29
Treacle Trust Fund	**45**	72
World Wide African Investment Holdings Limited	**65**	65
Others*	**330**	579
	3 456	3 788

Notes

12. Property and equipment

Rm	Freehold land and buildings	Leasehold premises	Computer equipment	Furniture and other equipment	Vehicles	Total
Carrying amount at 31 December 2002	1 731	76	465	562	20	2 854
Additions	188	14	177	264	13	656
Disposals	(184)	(2)	(30)	(24)	(7)	(247)
Depreciation charge for the year	(107)	(8)	(262)	(173)	(5)	(555)
Impairments	(24)					(24)
Carrying amount at 31 December 2003	**1 604**	**80**	**350**	**629**	**21**	**2,684**
Additions	**316**	**8**	**205**	**311**	**16**	**856**
Disposals	**(156)**	**(28)**	**(61)**	**(85)**	**(2)**	**(332)**
Depreciation charge for the year	**(50)**	**(10)**	**(210)**	**(176)**	**(8)**	**(454)**
Impairments	**(26)**			**12**		**(14)**
Carrying amount at 31 December 2004	**1 688**	**50**	**284**	**691**	**27**	**2 740**

13. Computer software and development costs

Rm	Amortisation periods	**2004 Carrying amount**	2003 Carrying amount
Computer software	2 – 5 years	**1 315**	1 335
Customer product systems		**715**	688
Infrastructure and supporting systems		**199**	156
Risk management systems		**182**	228
Channel systems		**153**	193
Customer information systems		**66**	70
Computer development costs	none	**104**	375
Customer product systems		**47**	99
Infrastructure and supporting systems		**44**	95
Risk management systems		**11**	60
Channel systems		**2**	72
Customer information systems			49
		1 419	1 710

	2004	2003
Computer software		
Opening balance	**1 335**	1 143
Additions	**50**	42
Commissioned during year	**380**	541
Disposals	**(49)**	(5)
Amortisation charge for the year	**(395)**	(347)
Impairments	**(6)**	(39)
Closing balance	**1 315**	1 335
Computer development cost		
Opening balance	**375**	587
Additions	**195**	424
Commissioned during year	**(380)**	(541)
Disposals	**(2)**	
Impairments	**(84)**	(95)
Closing balance	**104**	375

Notes

14. Goodwill

Rm	2004 Carrying amount	2003 Carrying amount
Carrying amount at beginning of year	**3 762**	4 457
Arising on business combinations	**191**	1 293
Realised through disposals	**(164)**	(245)
Amortisation charge recognised in the income statement	**(196)**	(347)
Impairments recognised in the income statement	**(126)**	(1 379)
Foreign currency translation and other	**(26)**	(17)
Carrying amount at end of year	**3 441**	3 762

Rm	Amortisation period 5 – 20 years	2004 Cost	2004 Accumulated amortisation and losses	2004 Carrying amount	2003 Cost	2003 Accumulated amortisation and losses	2003 Carrying amount
Fairbairn Private Bank/Fairbairn Trust Company		**382**	**98**	**284**	477	146	331
Peoples Bank SPVs		**38**	**38**	**–**			–
Peoples Bank		**198**	**198**	**–**	198	198	–
Imperial Bank		**285**	**41**	**244**	283	25	258
Acturis					79	79	–
BoE Limited		**3 756**	**1 087**	**2 669**	3 727	901	2 826
BoE (Proprietary) Limited (formerly FTNiBAM)		**4**	**4**	**–**	4	4	–
Nedcor Investment Bank		**375**	**375**	**–**	375	375	–
Commercial Bank of Namibia		**122**	**8**	**114**	118	2	116
BoE Investment Management					74	43	31
Stenham Gestinor Limited					381	183	198
Capital One		**82**		**82**			
Amex		**81**		**81**			
Fasic		**(34)**	**(1)**	**(33)**			
Other					69	67	2
		5 289	**1 848**	**3 441**	5 785	2 023	3 762

15. Deposits, current accounts and other liabilities

Notes

Rm	% change	2004	2003
Analysis			
Current accounts	(5)	**34 401**	36 392
Savings accounts	1	**10 532**	10 411
Other deposits and loan accounts	16	**158 711**	136 267
Call and term deposits	39	**85 684**	61 612
Fixed deposits	(25)	**24 622**	32 645
Cash management deposits	2	**29 691**	28 971
Other deposits	44	**18 714**	13 039
Foreign currency liabilities	(4)	**9 928**	10 323
Negotiable certificates of deposit	(13)	**27 882**	31 897
Deposits received under repurchase agreements	(3)	**12 671**	13 114
	6	**254 125**	238 404

Notes

16. Long-term debt instruments

Rm	Instrument terms	2004 Reviewed	2003 Restated
Rand-denominated	Instrument terms		
R140 million repayable on 15 May 2003 – guaranteed by Nedcor Limited	14% per annum on R120 million of nominal value. 17% per annum on R20 million of nominal value		
Compulsorily convertible loans maturing on 31 December 2005*	18,12% per annum	**47**	87
Compulsorily convertible loans maturing on 6 November 2005*	13,75% per annum	**20**	37
R515 million (R350 million) bonds repayable on 4 December 2008	13,5% per annum	**592**	575
R2 billion callable notes repayable on 20 September 2011**	11,3% per annum	**2 064**	2 064
R4 billion callable notes repayable on 9 July 2012**	13,15% per annum	**4 253**	4 254
R200 million unsecured debentures repayable on 30 November 2029	16% per annum until 15 September 2000 – thereafter interest-free	**3**	2
Subordinated debt instruments repayable at Nedcor's discretion	Interest-free		175
R2 billion repayable on 22 December 2008	3-month Jibar 1,65%		2 005
R500 million repayable on 30 September 2009	3-month Jibar 1,3%	**502**	500
		7 481	9 699
US dollar-denominated			
US$40 million repayable on 17 April 2008	6-month Libor on nominal value		266
US$18 million repayable on 31 August 2009	1,5 basis points below 6-month Libor on nominal value		120
			386
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		**7 482**	10 086

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

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

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

Assets under management

as at 31 December

Notes

Rm	2004 Reviewed	2003 Audited
Managed funds		
Fair value of funds under management – by type		
Unit trusts	**21 632**	18 765
Third party	**17 488**	28 482
Private clients	**17 768**	29 046
Other financial services	**12 094**	25 797
	68 982	102 090
Fair value of funds under management – by geography		
South Africa	**49 270**	43 393
United Kingdom	**1 130**	40 702
Rest of World	**18 582**	17 995
	68 982	102 090

Rm	Unit trusts	Third party	Other financial services	Total
Reconciliation of movement in funds under management – by type				
Opening balance	18 765	57 528	25 797	102 090
Group transfers		(915)	915	–
Disposals	(1 194)	(20 404)	(15 175)	(36 773)
Inflows	9 316	10 593	2 649	22 558
Outflows	(7 541)	(12 844)	(753)	(21 138)
Mark-to-market value adjustment	3 255	2 535		5 790
Foreign currency translation differences	(969)	(1 237)	(1 339)	(3 545)
Closing balance	**21 632**	**35 256**	**12 094**	**68 982**

Rm	South Africa	United Kingdom	Rest of world	Total
Reconciliation of movement in funds under management – by geography				
Opening balance	43 393	40 702	17 995	102 090
Group transfers	(915)		915	–
Disposals		(36 773)		(36 773)
Inflows	19 591	441	2 526	22 558
Outflows	(19 085)	(360)	(1 693)	(21 138)
Mark-to-market value adjustment	5 272		518	5 790
Foreign currency translation differences	1 014	(2 880)	(1 679)	(3 545)
Closing balance	**49 270**	**1 130**	**18 582**	**68 982**

Currency representation of balance sheet

as at 31 December

Notes

2004	Rand Rm	UK£ Rm	US$ Rm	Other Rm	Total Rm
Total assets	**289 470**	**7 231**	**21 464**	**9 073**	**327 238**
Cash and short-term funds	**8 746**	**248**	**731**	**325**	**10 050**
Other short-term securities	**12 936**	**2 033**	**613**	**728**	**16 310**
Government and other securities	**23 817**	**51**	**818**	**1 538**	**26 224**
Advances and other assets	**230 595**	**4 541**	**18 327**	**6 215**	**259 678**
Deferred taxation assets	**1 169**	**2**		**1**	**1 172**
Current taxation prepaid	**178**			**18**	**196**
Customers' indebtedness for acceptances	**1 509**				**1 509**
Other investments	**3 078**	**343**	**949**	**129**	**4 499**
Property, equipment and intangible assets	**7 442**	**13**	**26**	**119**	**7 600**
Total liabilities	**274 922**	**6 207**	**17 750**	**6 773**	**305 652**
Subordinated debt instruments	**7 482**		**0**	**1**	**7 482**
Deposits and current accounts other creditors	**264 684**	**6 199**	**17 739**	**6 721**	**295 343**
Deferred taxation liabilities	**1 075**		**1**	**49**	**1 125**
Current taxation liabilities	**173**	**8**	**10**	**2**	**193**
Liabilities under acceptances	**1 509**				**1 509**
Net assets	**14 548**	**1 024**	**3 714**	**2 300**	**21 586**
Capital	**17 129**	**1 315**	**2 543**	**599**	**21 586**
	2 581	**291**	**(1 171)**	**(1 701)**	**–**

2003	Rand Rm	UK£ Rm	US$ Rm	Other Rm	Total Rm
Total assets	268 540	9 161	24 827	10 585	313 113
Cash and short-term funds	10 464	604	766	393	12 227
Other short-term securities	7 351	1 533	232	1 494	10 610
Government and other securities	17 711	86	1 861	1 675	21 333
Advances and other assets	214 296	4 398	20 761	6 600	246 055
Deferred taxation assets	3 071			3	3 074
Current taxation prepaid	256				256
Customers' indebtedness for acceptances	768	1	54	12	835
Other investments	6 695	2 467	1 117	288	10 567
Property, equipment and intangible assets	7 928	72	36	120	8 156
Total liabilities	262 208	6 240	21 437	8 137	298 012
Subordinated debt instruments	9 699		386	1	10 086
Deposits and current accounts other creditors	248 963	6 211	20 980	8 062	284 216
Deferred taxation liabilities	2 689			42	2 731
Current taxation liabilities	89	28	17	10	144
Liabilities under acceptances	768	1	54	12	835
Net assets	6 332	2 921	3 390	2 458	15 101
Capital	7 787	2 069	4 582	663	15 101
	1 455	(852)	1 192	(1 795)	–

The 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

as at 31 December

Notes

Nedcor domestic 2004	Rand Rm	UK£ Rm	US$ Rm	Other Rm	Total Rm
Total assets	288 128	626	13 468	890	303 112
Cash and short-term funds	8 480				8 480
Other short-term securities	12 936				12 936
Government and other securities	23 779				23 779
Advances and other assets	229 558	626	13 468	890	244 542
Deferred taxation assets	1 169				1 169
Current taxation prepaid	178				178
Customers' indebtedness for acceptances	1 509				1 509
Other investments	3 077				3 077
Property, equipment and intangible assets	7 442				7 442
Total liabilities	273 875	15	14 688	409	288 987
Subordinated debt instruments	7 481				7 481
Deposits, current accounts other creditors	263 637	15	14 688	409	278 749
Deferred taxation liabilities	1 075				1 075
Current taxation liabilities	173				173
Liabilities under acceptances	1 509				1 509
Net assets	14 253	611	(1 220)	481	14 125
Inter-company	(2 876)	611	(1 220)	481	(3 004)
Capital	17 129				17 129
	–	–	–	–	–

Nedcor offshore 2004	Rand Rm	UK£ Rm	US$ Rm	Other Rm	Total Rm
Total assets	1 342	6 605	7 996	8 183	24 126
Cash and short-term funds	266	248	731	325	1 570
Other short-term securities		2 033	613	728	3 374
Government and other securities	38	51	818	1 538	2 445
Advances and other assets	1 037	3 915	4 859	5 325	15 136
Deferred taxation assets		2		1	3
Current taxation prepaid				18	18
Customers' indebtedness for acceptances					
Other investments	1	343	929	129	1 422
Property, equipment and intangible assets		13	26	119	158
Total liabilities	1 045	6 193	3 062	6 365	16 665
Subordinated debt instruments				1	1
Deposits, current accounts other creditors	1 045	6 185	3 051	6 313	16 594
Deferred taxation liabilities			1	49	50
Current taxation liabilities		8	10	2	20
Liabilities under acceptances					
Net assets	297	412	4 934	1 818	7 461
Inter-company	297	(903)	2 391	1 219	3 004
Capital		1 315	2 543	599	4 457
	–	–	–	–	–

The 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 continued

as at 31 December

Notes

Nedcor domestic 2003	Rand Rm	UK£ Rm	US$ Rm	Other Rm	Total Rm
Total assets	267 868	713	11 800	650	281 031
Cash and short-term funds	9 868				9 868
Other short-term securities	7 351				7 351
Government and other securities	17 711				17 711
Advances and other assets	214 222	713	11 800	650	227 385
Deferred taxation assets	3 071				3 071
Current taxation prepaid	256				256
Customers' indebtedness for acceptances	768				768
Other investments	6 694				6 694
Property, equipment and intangible assets	7 927				7 927
Total liabilities	261 501	155	13 062	268	274 986
Subordinated debt instruments	9 699				9 699
Deposits, current accounts other creditors	248 256	155	13 062	268	261 741
Deferred taxation liabilities	2 689				2 689
Current taxation liabilities	89				89
Liabilities under acceptances	768				768
Net assets	6 367	558	(1 262)	382	6 045
Inter-company	1 422	(558)	1 262	(382)	1 744
Capital	7 789				7 789
	–	–	–	–	–

Nedcor offshore 2003	Rand Rm	UK£ Rm	US$ Rm	Other Rm	Total Rm
Total assets	671	8 450	13 027	9 934	32 082
Cash and short-term funds	596	604	766	393	2 359
Other short-term securities		1 533	232	1 494	3 259
Government and other securities		86	1 861	1 675	3 622
Advances and other assets	74	3 686	8 961	5 949	18 670
Deferred taxation assets				3	3
Current taxation prepaid					–
Customers' indebtedness for acceptances		1	54	12	67
Other investments	1	2 467	1 117	288	3 873
Property, equipment and intangible assets		73	36	120	229
Total liabilities	706	6 085	8 376	7 859	23 026
Subordinated debt instruments			386	1	387
Deposits, current accounts other creditors	706	6 056	7 919	7 794	22 475
Deferred taxation liabilities				42	42
Current taxation liabilities		28	17	10	55
Liabilities under acceptances		1	54	12	67
Net assets	(35)	2 365	4 651	2 075	9 056
Inter-company	35	(297)	(70)	(1 412)	(1 744)
Capital		2 068	4 581	663	7 312
	–	–	–	–	–

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

Capital adequacy

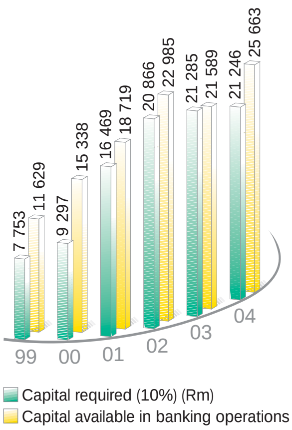
The group's capital adequacy ratio and risk weighted assets are based on the aggregation of the banks within the group. The requirement of capital adequacy is not a group concept but is a requirement of each bank. The table below is indicative of the group as a whole, as if it were a bank.

	Percentage weighting	Weighted assets 2004 Rm	Weighted assets 2003 Rm
Money, interbank deposits and claims on central government			
Land bank and other public sector bodies	10	**101**	79
Trade transactions with recourse to other banks	20	**4 580**	5 463
Residential mortgage loans	50	**25 050**	21 019
All other banking assets excluding intragroup	100	**136 448**	135 334
Notional trading assets	100	**11 947**	11 077
All other non-banking assets	100	**20 973**	23 971
Total on-balance-sheet items	–	**199 099**	196 943
Counterparty risk	0–100	**4 946**	4 960
Off-balance-sheet items	0–100	**7 957**	10 680
Large exposure requirements	1 000	**457**	267
Total risk weighted assets		**212 459**	212 850

Nedcor group	2004 Capital Rm	2004 Capital %	2003 Capital Rm	2003 Capital %
Tier 1 capital (primary)	**17 274**	**8,1**	10 593	5,0
Share capital and reserves	**18 095**	**8,5**	11 647	5,5
Minority interest: ordinary shareholders	**721**	**0,3**	652	0,3
: preference shareholders	**2 770**	**1,3**	2 802	1,3
Impairments	**(20)**		(39)	
Goodwill	**(3 441)**	**(1,6)**	(3 762)	(1,8)
Other	**(851)**	**(0,4)**	(707)	(0,3)
Tier 2 capital (secondary)	**8 095**	**3,8**	10 516	4,9
Long-term debt instruments	**7 482**	**3,5**	10 086	4,7
Items not qualifying as Tier 2 capital	**(257)**	**(0,1)**	(178)	(0,1)
Provision for performing loans	**880**	**0,4**	648	0,3
Impairments	**(10)**		(40)	
Tier 3 capital (tertiary)	**294**	**0,2**	480	0,2
	25 663	**12,1**	21 589	10,1

Capital adequacy analysis by bank (solo supervision)	Weighted assets Rm 2004	Capital % 2004	Weighted assets Rm 2003	Capital % 2003
Nedbank Limited	**184 872**	**12,5**	186 298	11,2
Imperial Bank Limited	**15 467**	**10,2**	11 978	12,0
Peoples Bank	**5 439**	**25,5**	5 877	24,0
Nedbank (Lesotho) Limited	**211**	**38,5**	170	46,7
Nedbank (Swaziland) Limited	**395**	**15,2**	386	16.6
Nedbank (Malawi) Limited	**129**	**13,4**	50	36,1
Nedbank (Namibia) Limited	**1 863**	**10,4**	1 765	15,8
SBM Nedbank International Limited	**228**	**28,3**	172	42,7
Fairbairn Private Bank (Jersey) Limited	**1 105**	**12,9**	978	15,8
Fairbairn Private Bank (IOM) Limited	**1 703**	**13,5**	1 684	14,7

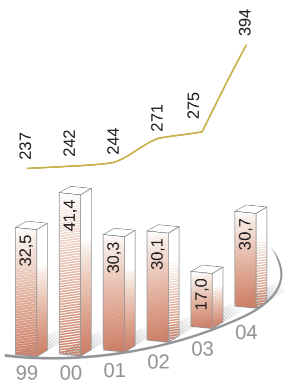
Capital required and available in banking operations



Shareholders' analysis

as at 31 December

Market capitalisation and shares in issue



	Number of shareholders	%	Number of shares	%
Register date: 31 December 2004				
Issued share capital: 394 211 390 shares				
Public/non-public shareholders				
Non-public shareholders	72	0,38	206 721 661	52,44
Directors and associates of the company	10	0,05	64 906	0,02
Old Mutual Life Assurance Company (SA) Limited and associates	29	0,15	204 666 239	51,92
Nedcor pension funds	5	0,03	125 031	0,03
Nedcor Limited and associates	28	0,15	1 865 485	0,47
Public shareholders	18 902	99,62	187 489 729	47,56
	18 974	100,0	394 211 390	100,00

	Number of shares	31 Dec 2004 % holding	30 June 2004 % holding	31 Dec 2003 % holding
Managers				
Old Mutual Asset Managers (SA)	211 610 497	53,68	53,65	53,16
Allan Gray Investment Management (SA)	30 120 740	7,64	3,95	0,06
Sanlam Investment Management (SA)	22 607 965	5,73	3,90	3,36
STANLIB Asset Management (SA)	17 863 473	4,53	3,80	4,24
Boston Company Asset Management (US)	12 184 724	3,09	3,13	3,04
Julius Baer Investment Management (US)	8 830 194	2,24	1,05	–
Franklin Templeton Investments (US)	7 989 115	2,03	1,50	1,08
Major beneficial shareholders				
Name				
Old Mutual Life Assurance Company Limited & Associates (SA)	204 666 239	51,92	51,58	51,02
Public Investment Commissioner (SA)	22 918 445	5,81	4,73	5,83
Liberty Life Association of Africa (SA)	5 209 381	1,32	1,12	1,09
Geographical distribution of shareholders				
Country				
South Africa	320 025 028	81,18	77,25	79,70
USA	50 043 566	12,69	14,01	12,42
England and Wales	8 433 753	2,14	3,94	2,30
Netherlands	3 277 637	0,83	0,68	0,19
Luxembourg	2 309 039	0,59	1,32	1,71
Other countries	10 122 367	2,57	2,80	3,68

Group employee incentive scheme

as at 31 December

	Nedcor share incentive trust		Ex-NIB incentive trust		Total	
	2004	2003	**2004**	2003	**2004**	2003
Movements						
Options outstanding at beginning of period	**22 346 816**	20 263 081	**2 743 023**	2 900 907	**25 089 839**	23 163 988
Granted	**14 318 772**	3 918 830			**14 318 772**	3 918 830
Exercised	**2 772 393**	203 505		98 628	**2 772 393**	302 133
Surrendered	**7 186 594**	1 631 590	**553 801**	59 256	**7 740 395**	1 690 846
Options outstanding at end of period	**26 706 601**	22 346 816	**2 189 222**	2 743 023	**28 895 823**	25 089 839
Performance based options	**12 793 099**	10 214 775			**12 793 099**	10 214 775
Non-performance based options	**13 913 502**	12 132 041	**2 189 222**	2 743 023	**16 102 724**	14 875 064
	26 706 601	22 346 816	**2 189 222**	2 743 023	**28 895 823**	25 089 839

Notes

Group employee incentive scheme continued

as at 31 December

Notes

Nedcor share incentive trust

The following options granted had not been exercised at 31 December 2004

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	4 295 834	b/f	5 312 996	
1 Jan '05	700	123,60	27 Sep '05	1 500	125,00	2 Mar '06	10 000	88,00
1 Jan '05	4 600	125,00	27 Sep '05	1 000	136,20	2 Mar '06	7 200	125,00
1 Jan '05	1 400	128,60	1 Oct '05	7 500	88,00	2 Mar '06	2 000	136,20
1 Jan '05	2 350	136,20	1 Oct '05	2 707	102,65	1 Apr '06	5 300	88,00
1 Feb '05	73 050	125,00	1 Oct '05	28 600	117,60	1 Apr '06	1 500	102,65
1 Feb '05	25 800	136,20	1 Oct '05	14 000	123,60	1 Apr '06	23 900	123,60
14 Feb '05	938	63,00	1 Oct '05	24 980	125,00	1 Apr '06	25 560	125,00
14 Feb '05	2 500	125,00	1 Oct '05	10 800	133,20	1 Apr '06	88 000	133,20
14 Feb '05	2 000	130,80	1 Oct '05	15 285	136,20	1 Apr '06	13 630	136,20
14 Feb '05	2 000	136,20	1 Oct '05	10 000	142,00	9 Apr '06	3 200	123,60
1 Mar '05	30 000	111,80	1 Nov '05	12 000	88,00	1 May '06	9 000	60,01
1 Mar '05	102 040	117,60	1 Nov '05	16 600	123,60	1 May '06	33 050	88,00
1 Mar '05	55 975	125,00	1 Nov '05	17 470	125,00	1 May '06	500	102,65
1 Mar '05	16 770	136,20	1 Nov '05	12 560	136,20	1 May '06	8 300	123,60
1 Mar '05	2 800	137,60	1 Nov '05	5 000	155,20	1 May '06	40 900	125,00
1 Mar '05	16 627	146,00	17 Nov '05	4 000	88,00	1 May '06	25 194	136,20
1 Mar '05	558	134,00	17 Nov '05	5 200	123,60	2 May '06	4 900	128,60
1 Mar '05	339	146,00	30 Nov '05	6 000	88,00	1 Jun '06	7 200	88,00
1 Mar '05	789	150,00	30 Nov '05	7 000	125,00	1 Jun '06	3 000	102,65
1 Mar '05	117	151,00	30 Nov '05	4 700	133,20	1 Jun '06	1 800	123,60
31 Mar '05	25 900	137,60	30 Nov '05	3 000	136,20	1 Jun '06	21 700	125,00
1 Apr '05	2 900	117,60	1 Dec '05	47 000	88,00	1 Jun '06	1 300	130,80
1 Apr '05	5 900	125,00	1 Dec '05	91 100	123,60	1 Jun '06	10 100	136,20
1 Apr '05	8 800	136,20	1 Dec '05	57 550	125,00	1 Jun '06	3 000	152,00
30 Apr '05	400	125,00	1 Dec '05	15 250	136,20	1 Jul '06	3 750	88,00
30 Apr '05	200	136,20	1 Jan '06	3 500	69,20	1 Jul '06	1 500	125,00
1 May '05	10 000	88,00	1 Jan '06	74 500	88,00	22 Aug '06	111 500	152,00
1 May '05	78 500	123,60	1 Jan '06	1 500	102,65	1 Oct '06	2 920	131,45
1 May '05	50 000	125,00	1 Jan '06	49 500	123,60	1 Oct '06	30 000	155,20
31 May '05	4 500	102,19	1 Jan '06	146 630	125,00	1 Nov '06	15 700	142,00
1 Jun '05	10 100	123,60	1 Jan '06	2 250	130,80	1 Mar '07	87 200	157,00
1 Jun '05	2 904 000	125,00	1 Jan '06	2 500	133,20	1 Mar '07	385	150,00
1 Jun '05	3 800	136,20	1 Jan '06	54 708	136,20	1 Mar '07	98	151,00
1 Jun '05	3 000	152,00	1 Jan '06	8 300	157,00	31 Mar '07	1 065 697[P]	136,20
1 Jul '05	1 700	44,00	2 Jan '06	30 488	63,00	1 Jun '07	3 100	132,00
1 Jul '05	1 326	44,50	29 Jan '06	200	125,00	27 Sep '07	6 000	130,80
1 Jul '05	21 200	88,00	1 Feb '06	33 650	88,00	27 Sep '07	54 385[P]	130,80
1 Jul '05	22 500	94,00	1 Feb '06	2 000	102,65	28 Sep '07	96 094	130,80
1 Jul '05	3 000	102,65	1 Feb '06	21 200	123,60	28 Sep '07	10 950[P]	130,80
1 Jul '05	1 200	123,50	1 Feb '06	39 025	125,00	2 Nov '07	21 347	123,00
1 Jul '05	17 800	123,60	1 Feb '06	1 250	130,80	19 Nov '07	15 800	125,00
1 Jul '05	77 120	125,00	1 Feb '06	21 100	136,20	14 Feb '08	23 700	115,00
1 Jul '05	43 000	131,00	1 Mar '06	8 000	60,01	15 Apr '08	305 700	125,00
1 Jul '05	91 900	136,00	1 Mar '06	20 500	88,00	15 Apr '08	2 782 974[P]	125,00
1 Jul '05	34 500	136,20	1 Mar '06	4 000	102,65	2 Jul '08	2 092 000	123,60
1 Aug '05	8 850	125,00	1 Mar '06	16 500	123,60	15 Oct '08	272 200	102,65
1 Aug '05	4 900	136,20	1 Mar '06	24 850	125,00	15 Oct '08	182 279[P]	102,65
26 Aug '05	2 234	96,06	1 Mar '06	5 800	128,60	27 Nov '08	155 800	123,60
26 Aug '05	32 065	120,22	1 Mar '06	500	130,80	25 Feb '09	131 500	102,19
26 Aug '05	4 000	126,90	1 Mar '06	17 121	136,20	1 Apr '09	41 050	88,00
1 Sep '05	81 320	121,00	1 Mar '06	3 000	152,00	1 Apr '09	2 514 650[P]	88,00
1 Sep '05	250	130,80	1 Mar '06	533	129,20	1 Oct '09	383 350	69,20
1 Sep '05	500	136,20	1 Mar '06	368	130,60	1 Oct '09	57 080[P]	69,20
5 Sep '05	1 000	125,00	1 Mar '06	512	134,00	11 May '10	699 400	60,01
5 Sep '05	650	136,20	1 Mar '06	313	139,00	11 May '10	3 243 800[P]	60,01
12 Sep '05	51 789	44,50	1 Mar '06	62	150,00	11 May '10	25 000[P]	61,40
27 Sep '05	343 677	111,80	2 Mar '06	2 000	60,01	10 Aug '10	289 100	55,75
						10 Aug '10	112 000[P]	55,75
	4 295 834			**5 312 996**			**20 501 239**	

P Performance based options

Options granted in respect of the rights offer

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	1 358 653		b/f	2 436 181	
1 Jan '05	250	45,00	7 Feb '06	13 890	60,00	2 Nov '07	3 472	60,00
1 Feb '05	41 675	45,00	1 Mar '06	38 164	45,00	19 Nov '07	6 584	45,00
1 Mar '05	24 340	45,00	2 Mar '06	7 999	45,00	1 Dec '07	417	45,00
31 Mar '05	3 211	45,00	1 Apr '06	51 408	45,00	6 Feb '08	5 973	45,00
1 Apr '05	7 505	45,00	9 Apr '06	1 334	45,00	14 Feb '08	9 876	45,00
1 May '05	6 416	45,00	1 May '06	43 521	45,00	1 Apr '08	5 556	45,00
31 May '05	1 876	45,00	2 May '06	2 042	45,00	8 Apr '08	834	45,00
1 Jun '05	471 187	45,00	1 Jun '06	13 542	45,00	15 Apr '08	1 125 463[P]	45,00
1 Jun '05	152 084	60,00	21 Jun '06	3 483	45,00	15 Apr '08	128 000	45,00
1 Jul '05	75 489	45,00	26 Jul '06	18 305	45,00	15 Apr '08	34 166	60,00
1 Aug '05	3 585	45,00	22 Aug '06	36 860	45,00	21 Jun '08	2 778	45,00
26 Aug '05	217 557	45,00	1 Oct '06	12 341	45,00	1 Jul '08	15 277	45,00
1 Sep '05	16 979	45,00	1 Nov '06	4 796	45,00	2 Jul '08	762 505	45,00
5 Sep '05	686	45,00	29 Nov '06	24 999	45,00	2 Jul '08	109 210	60,00
12 Sep '05	15 295	45,00	8 Feb '07	19 022	45,00	15 Oct '08	113 420	45,00
27 Sep '05	71 419	45,00	1 Mar '07	29 137	45,00	15 Oct '08	75 893[P]	45,00
1 Oct '05	18 482	45,00	31 Mar '07	426 363[P]	45,00	27 Nov '08	64 919	45,00
22 Oct '05	6 040	45,00	31 Mar '07	17 708[P]	60,00	25 Feb '09	54 800	45,00
1 Nov '05	13 689	45,00	16 May '07	12 400	45,00	1 Apr '09	988 692[P]	45,00
17 Nov '05	3 832	45,00	24 Jul '07	26 576	45,00	1 Apr '09	18 666	45,00
1 Dec '05	42 252	45,00	27 Sep '07	22 653[P]	45,00	1 Apr '09	59 168[P]	60,00
1 Jan '06	108 883	45,00	27 Sep '07	2 083	45,00	1 Oct '09	159 730	45,00
2 Jan '06	3 833	45,00	28 Sep '07	4 562[P]	45,00	1 Oct '09	23 782[P]	45,00
29 Jan '06	84	45,00	28 Sep '07	29 417	45,00			
1 Feb '06	52 004	45,00	2 Nov '07	214 923	45,00			
	1 358 653			**2 436 181**			**6 205 362**	
Total options outstanding							**26 706 601**	

P Performance based options

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

The following options granted had not been exercised at 31 December 2004

Option expiry date	Number of shares	Issue price	Option expiry date	Number of shares	Issue price	Option expiry date	Number of shares	Issue price R
			b/f	71 693		b/f	1 386 449	
1 Jan '05	8 361	79,50	26 Aug '05	1 097 287	79,50	29 Nov '06	60 000	79,50
1 Jan '05	1 639	86,40	22 Oct '05	14 493	79,50	8 Feb '07	51 562	96,00
1 Feb '05	1 666	89,70	1 Jan '06	33 195	86,40	16 May '07	29 762	84,00
1 Feb '05	1 666	89,70	1 Feb '06	42 719	86,40	24 Jul '07	71 834	89,70
1 Mar '05	31 053	79,50	1 Feb '06	18 937	96,00	2 Nov '07	515 616	86,40
1 Apr '05	1 708	79,50	1 Feb '06	17 172	97,50	1 Dec '07	1 000	86,40
1 Apr '05	1 267	86,40	7 Feb '06	33 335	79,50	6 Feb '08	14 333	90,90
1 Jul '05	11 250	79,50	1 May '06	830	86,40	1 Apr '08	3 333	81,00
1 Jul '05	12 083	86,40	21 Jun '06	11 148	79,50	1 Apr '08	10 000	90,90
1 Aug '05	1 000	86,40	26 Jul '06	45 640	79,50	8 Apr '08	2 000	81,00
						21 Jun '08	6 667	111,00
						1 Jul '08	36 666	111,00
	71 693			**1 386 449**			**2 189 222**	

Notes

Definitions

Notes

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.

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 10% of risk-weighted assets. Non-South African banks within the group have similar requirements.

Primary (Tier 1) capital

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

Secondary (Tier 2) capital

Secondary capital is made up of compulsorily convertible loans, the portfolio provision for non-performing loans and 50% of revaluation reserves.

Tertiary (Tier 3) capital

"Tertiary Capital" means

a accrued current-period uncapitalised net profits derived from trading activities;
and

b capital obtained by means of unsecured subordinated loans negotiated, subject to such conditions as may be prescribed.

Cash flow

Financing activities

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

Investing activities

Activities relating to the acquisition, holding and disposal of fixed assets and long-term investments.

Operating activities

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

Deferred taxation assets

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

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

Deferred taxation liabilities

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

Dividend cover

Headline earnings per share divided by dividends per share.

Dividend per share

Dividend per share is the actual interim dividend paid and the final dividend declared for the year under consideration, expressed in cents.

Dividend yield

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

Earnings per share

Attributable earnings basis

Net profit for the year divided by the weighted average number of ordinary shares in issue during the year.

Notes

Headline earnings basis

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

Fully diluted basis

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

Effective tax rate

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

Efficiency ratio (cost-to-income ratio)

Operating expenses as a percentage of income from normal operations. The efficiency ratio relating to core activities excludes items of a non-core nature.

Headline earnings

Headline earnings is not a measure of maintainable earnings. For purpose of the definition and calculation, the opinion on 'Headline earnings' as Issued by the Institute of Investment Management and Research in the UK has been used. Headline earnings consist of the earnings attributable to ordinary shares, excluding non-trading and capital items.

Headline earnings per employee

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

Impairment of advances

Impairments of advances are made where there is objective evidence that the group will not be able to collect an amount due. The impairment is the difference between the carrying amount and the recoverable amount.

King II ('the code')

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

Market capitalisation

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

Net asset value per share

Share capital and reserves adjusted by the difference between the book and market value of investments divided by the number of shares in issue, less any treasury shares held.

Net interest income to interest-earning assets (net interest margin)

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

Non-interest revenue to total income

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

Non-performing advances

Advances are classified as non-performing when:

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

Non-trading and capital items

Comprise the following:

- surpluses and losses on disposal of long-term investments, subsidiaries, joint ventures and associates;
- amortisation and impairments of goodwill arising on acquisition of subsidiaries, joint ventures and associates;
- surpluses and losses on the sale or termination of an operation;

Notes

- capital cost of fundamental reorganisation or restructuring having a material effect on the nature and focus of the operations of the reporting entities;
- impairments of investments, property and equipment, computer software and capitalised development costs; and
- other items of a capital nature.

Off-balance-sheet assets
Assets managed on behalf of third parties on a fully discretionary basis.

Ordinary shareholders' equity
Ordinary share capital, share premium and reserves.

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

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

Properties in possession
Properties acquired through payment defaults on an advance secured by the property.

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

Return on ordinary shareholders' equity
Headline earnings expressed as a percentage of average ordinary shareholders' equity.

Return on total assets
Headline earnings expressed as a percentage of average total assets.

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

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

Tangible net asset value per share
Total shareholders' equity less goodwill, computer software and capitalised development costs, divided by the number of shares in issue, less any treasury shares held.

Treasury shares
Ordinary shares in Nedcor Limited acquired by group companies.

Weighted average number of shares
The number of shares in issue increased by shares issued during the year, weighted on a time basis for the period during which they participated in the income of the group, less treasury shares held by entities in the group, weighted on a time basis for the period during which the entities held these shares.

These definitions should be read in conjunction with the group's accounting policies, which also clarify certain terms used.

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