



NEDBANK

Nedbank Limited

(Incorporated in the Republic of South Africa)

(Registration number 1951/000009/06)

(formerly Nedcor Bank Limited)

("Nedbank")

PRE-LISTING STATEMENT

Prepared in terms of the Listings Requirements of the JSE Securities Exchange, South Africa ("JSE") relating to an offer for subscription of a maximum of 100 000 000 non-redeemable non-cumulative Nedbank preference shares

Opening date of offer for subscription (09:00)	Wednesday, 27 November 2002
Closing date of the offer for subscription (16:00)	Friday, 20 December 2002
Proposed listing date (09:00)	Thursday, 9 January 2003

Subscriptions can only be made at an acquisition cost, for a single subscriber acting as principal, of not less than R100 000.

At the date of listing, the authorised share capital of Nedbank will comprise 30 000 000 ordinary shares of a par value of R1,00 each ("the ordinary shares"), and 300 000 000 non-redeemable, non-cumulative preference shares of R0,001 each ("the preference shares"). The issued share capital, of Nedbank will comprise of 21 518 000 ordinary shares and 200 000 000 preference shares (assuming that the offer is fully subscribed).

The preference shares when issued will rank *pari passu* with one another. The JSE has granted Nedbank a listing of a maximum of 200 000 000 preference shares, in the Specialist Securities – "Preference Shares" sector under the name "NEDBANK-P", subject to the condition referred to in paragraph 6.3 of this Pre-Listing Statement. It is anticipated that the listing will be effective as from the commencement of business on Thursday, 9 January 2003.

Preference shares will only be traded in electronic form and accordingly all preference shareholders who elect to receive certificated preference shares will have to dematerialise their certificated preference shares should they wish to trade on the JSE.

All the directors of Nedbank, whose names are set out herein, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable enquiries to ascertain such facts and that this Pre-Listing Statement contains all information required by law.

Each of the investment bank and joint sponsor, corporate law advisers and consultants, lead sponsor and reporting accountants and joint auditors, and the transfer secretaries have consented in writing to act in the capacity stated and to its name being stated and, where applicable, its report(s) being included in this Pre-Listing Statement and has not withdrawn its consent prior to the publication of this Pre-Listing Statement.

An abridged version of this Pre-Listing Statement will be published in the press and on the Securities Exchange News Service of the JSE on Wednesday, 27 November 2002.

Date of issue: 27 November 2002

Investment bank and joint sponsor



NEDCOR
INVESTMENT BANK

Corporate law advisers and consultants



**EDWARD NATHAN
& FRIEDLAND**

CORPORATE LAW ADVISERS & CONSULTANTS
EDWARD NATHAN & FRIEDLAND (PTY) LTD
(REGISTRATION NUMBER 1999/026464/07)

Lead sponsor



Investec
Securities

Investec Securities Limited
Member of the JSE
(Registration number 1972/008905/06)

Joint auditors



**Deloitte
& Touche**

Deloitte & Touche Chartered Accountants (SA)
Registered accountants and auditors

CORPORATE INFORMATION RELATING TO NEDBANK

Secretary and registered office

W J Kruger
Nedcor Sandton
135 Rivonia Road
Sandown, Sandton 2196
(PO Box 1144, Johannesburg 2000)

Investment bank and joint sponsor

Nedcor Investment Bank Limited
(Registration number 1955/003181/06)
1 Newtown Avenue
Killarney 2193
(PO Box 582, Johannesburg 2000)

Corporate law advisers and consultants

Edward Nathan & Friedland (Proprietary) Limited
(Registration number 1999/026464/07)
4th Floor, The Forum
2 Maude Street
Sandown, Sandton 2196
(PO Box 782687, Sandton 2146)

Lead sponsor

Investec Securities Limited
(Registration number 1972/008905/06)
100 Grayston Drive
Sandown, Sandton 2196
(PO Box 785700, Sandton 2146)

Transfer secretaries

Computershare Investor Services Limited
(Registration number 1958/003546/06)
70 Marshall Street
Johannesburg 2001
(PO Box 7184, Johannesburg 2000)

Joint auditors to Nedbank

Deloitte & Touche
Deloitte & Touche Place
The Woodlands
20 Woodlands Drive
Woodmead, Sandton 2196
(Private Bag X6, Gallo Manor 2052)

KPMG Inc.
85 Empire Road
Parktown 2193
(Private Bag X9, Parkview 2122)

CORPORATE INFORMATION RELATING TO NEDCOR

Secretary and registered office

G S Nienaber
Nedcor Sandton
135 Rivonia Road
Sandown, Sandton 2196
(PO Box 1144, Johannesburg 2000)

TABLE OF CONTENTS

The definitions set out on pages 6 and 7 of this Pre-Listing Statement have been used in the table of contents.

	<i>Page</i>
Corporate information relating to Nedbank	3
Corporate information relating to Nedcor	4
Table of contents	5
Definitions and interpretations	6
Salient features	8
1. Introduction and purpose	10
2. Information relating to Nedbank	10
3. Directors	12
4. Share capital of Nedbank	18
5. Controlling and major shareholders	20
6. Details of the offer for subscription	21
7. Expenses of the offer for subscription and listing	24
8. Advisers' interests	24
9. Material changes	24
10. Material contracts, acquisitions or disposals	24
11. Directors' responsibility statement	25
12. Litigation statement	25
13. Experts' consents	25
14. Documents available for inspection	25
Annexure 1 Historical financial information on Nedbank	26
Annexure 2 Extracts from the Articles of Association of Nedbank	60
Annexure 3 Details of Nedcor and Nedbank directors' remuneration	67
Annexure 4 Nedcor trading statement 21 November 2002	71
Application form (green)	Attached

DEFINITIONS AND INTERPRETATIONS

In this Pre-Listing Statement and its annexures, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column and words in the singular shall include the plural and *vice versa*, words importing natural persons shall include corporations and associations of persons and an expression denoting any gender shall include the other genders.

“Act”	the Companies Act, 1973 (Act 61 of 1973), as amended;
“bank(s)”	public companies registered as such under the Banks Act;
“Banks Act”	the Banks Act, 1990 (Act 94 of 1990), as amended;
“BoE”	BoE Limited (Registration number 1987/003281/06), a company incorporated in South Africa;
“business day”	any day other than a Saturday, Sunday or public holiday in South Africa;
“Cape of Good Hope”	Cape of Good Hope Bank Limited;
“CSDP”	Central Securities Depository Participant;
“common monetary area”	South Africa, the Republic of Namibia and Kingdoms of Lesotho and Swaziland;
“Computershare Services” or “Transfer Secretaries”	Computershare Investor Services Limited (Registration number 1958/003546/06), a company incorporated in South Africa and the transfer secretaries of Nedcor and Nedbank;
“directors”	the directors of Nedbank;
“face value”	the reference value of each preference share, for purposes only of calculation of the dividend in respect of each preference share, being a nominal amount of R10,00;
“Gerrard Private Bank”	Gerrard Private Bank Limited registered in the Isle of Man;
“Income Tax Act”	the Income Tax Act, 1962 (Act 58 of 1962), as amended;
“JSE”	the JSE Securities Exchange, South Africa;
“last practicable date”	the last practicable date before the finalisation of this Pre-Listing Statement, being Thursday, 21 November 2002;
“listing”	the listing of the preference shares on the JSE in the Specialist Securities – “Preference Shares” sector under the name NEDBANK-P, subject to the condition referred to in paragraph 6.3 below;
“Nedbank”	Nedbank Limited (Registration number 1951/000009/06), a company incorporated in South Africa and whose entire ordinary share capital is held by Nedcor, formerly Nedcor Bank Limited;

“Nedbank ordinary shares” or “ordinary shares”	ordinary shares of R1,00 each in the issued share capital of Nedbank;
“Nedbank preference shares” or “preference shares”	non-redeemable, non-cumulative preference shares of R0.001 each, the terms and conditions of which are set out in 4.3 and 6.3 below;
“Nedcor”	Nedcor Limited (Registration number 1966/010630/06), a company incorporated in South Africa and listed on the JSE;
“Nedcor Group”	Nedcor and its subsidiaries;
“Nedcor ordinary dividend payment dates”	the dates on which Nedcor pays its dividends, if any, in respect of the periods ending on 30 June and 31 December of each year;
“Nedcor shareholders” or “shareholders”	the holders of Nedcor shares, from time to time;
“Nedcor shares”	ordinary shares of R1,00 each in the issued share capital of Nedcor;
“NIBH”	Nedcor Investment Bank Holdings Limited (Registration number 1963/003972/06), a company incorporated in South Africa and a wholly-owned subsidiary of Nedcor;
“Offer for subscription”	the offer for subscription contained in this Pre-Listing Statement, to subscribe for preference shares at a minimum subscription amount of R100 000,00, per single subscriber acting as principal;
“Old Mutual plc group”	Old Mutual plc (Registration number 3591559), a public company incorporated in England and Wales, the shares of which have a primary listing on the London Stock Exchange and a secondary listing on the JSE, together with all of the subsidiaries of Old Mutual plc, excluding the Nedcor group;
“this Pre-Listing Statement”	this Pre-Listing Statement and its annexures dated 27 November 2002;
“Prime”	the publicly quoted interest rate from time to time at which Nedbank lends on overdraft;
“Registrar”	the Registrar of Companies in South Africa;
“SARB”	South African Reserve Bank;
“SENS”	Securities Exchange News Service of the JSE;
“shares”	collectively, ordinary shares and preference shares;
“South Africa” or “the Republic”	the Republic of South Africa; and
“STRATE”	STRATE Limited (Registration number 1998/022242/06), Share TRANsactions Totally Electronic, an electronic settlement system for transactions that take place in JSE listed securities.

SALIENT FEATURES

1. INTRODUCTION AND PURPOSE

The Registrar of Banks has indicated that banks will be required to hold a minimum level of primary capital. Nedbank believes that it is opportune to increase its primary capital through the issue of the preference shares. In addition, the preference shares represent an attractive alternative investment opportunity for the greater investment community.

The purpose of this Pre-Listing Statement is to:

- provide investors and the market with information relating to Nedbank, its operations and its directors and management;
- enable Nedbank to undertake the offer for subscription up to a maximum of R1 000 000 000 and to bring about the listing of the preference shares; and
- set out the salient dates, terms and times of the offer for subscription and the procedure for completing and returning the application form.

2. DETAILS OF THE OFFER FOR SUBSCRIPTION

2.1 Particulars of the offer for subscription

Issue and offer price per preference share (which represents a premium of R9,999 per preference share)	R10
Minimum Rand value of subscription per subscriber acting as principal	R100 000
Aggregate number of preference shares offered	100 000 000
Amount raised in terms of the offer for subscription (if fully subscribed)	R1 000 000 000

2.2 Time and date of the opening and closing of the offer for subscription

Opening date of offer for subscription (09:00)	Wednesday, 27 November 2002
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2.3 Condition to the listing

Application has been made to the JSE to list 200 000 000 preference shares in the Specialist Securities – “Preference Shares” sector. The listing is subject to the condition that Nedbank meets the requirements of the JSE in respect of the requisite spread of preference shareholders.

3. SALIENT FEATURES OF THE PREFERENCE SHARES

The preference shares are non-redeemable and non-cumulative and dividends, if declared, are payable semi-annually on the earlier of a week prior to the Nedcor ordinary dividend payment dates, if any, and in any event 120 days after 30 June and 31 December.

3.1 Voting rights

The preference shares are non-voting, save for those circumstances prescribed under section 194 of the Act. Preference shareholders will only be entitled to vote during periods when a dividend (which has been declared) or any part of it remains unpaid after the due date for payment and when resolutions are proposed that directly affect any rights attaching to the preference shares or the interests of preference shareholders, including a resolution for the winding up of the company or for the reduction of its capital.

3.2 Entitlements to dividends

Preference shareholders will be entitled to receive out of the profits of the company that it determines to distribute, in priority to any payment of dividends to the holders of any other class of shares in the capital of the company not ranking prior to the preference shares, a non-cumulative preference cash dividend equivalent to 75% of prime multiplied by the face value of the preference shares held by a preference shareholder, payable in two semi-annual instalments.

4. FURTHER COPIES OF THE PRE-LISTING STATEMENT

Copies of the Pre-Listing Statement can be obtained during normal business hours prior to the closing of the offer for subscription from Nedbank and the transfer secretaries, the details of which are set out in the "Corporate Information" section of the Pre-Listing Statement.



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- set out the salient dates, terms and times of the offer for subscription and the procedure for completing and returning the application form.

Potential investors' attention is drawn to the fact that offers for subscription are limited to a minimum acquisition cost, for a single subscriber acting as principal, of R100 000.

2. INFORMATION RELATING TO NEDBANK

2.1 Incorporation

Nedbank, a wholly-owned subsidiary of Nedcor, was incorporated in South Africa in 1951. Nedbank is the main operating subsidiary of Nedcor and is a registered bank. Nedcor Limited is listed on the JSE, in the Financials – "Banks" sector.

2.2 Background

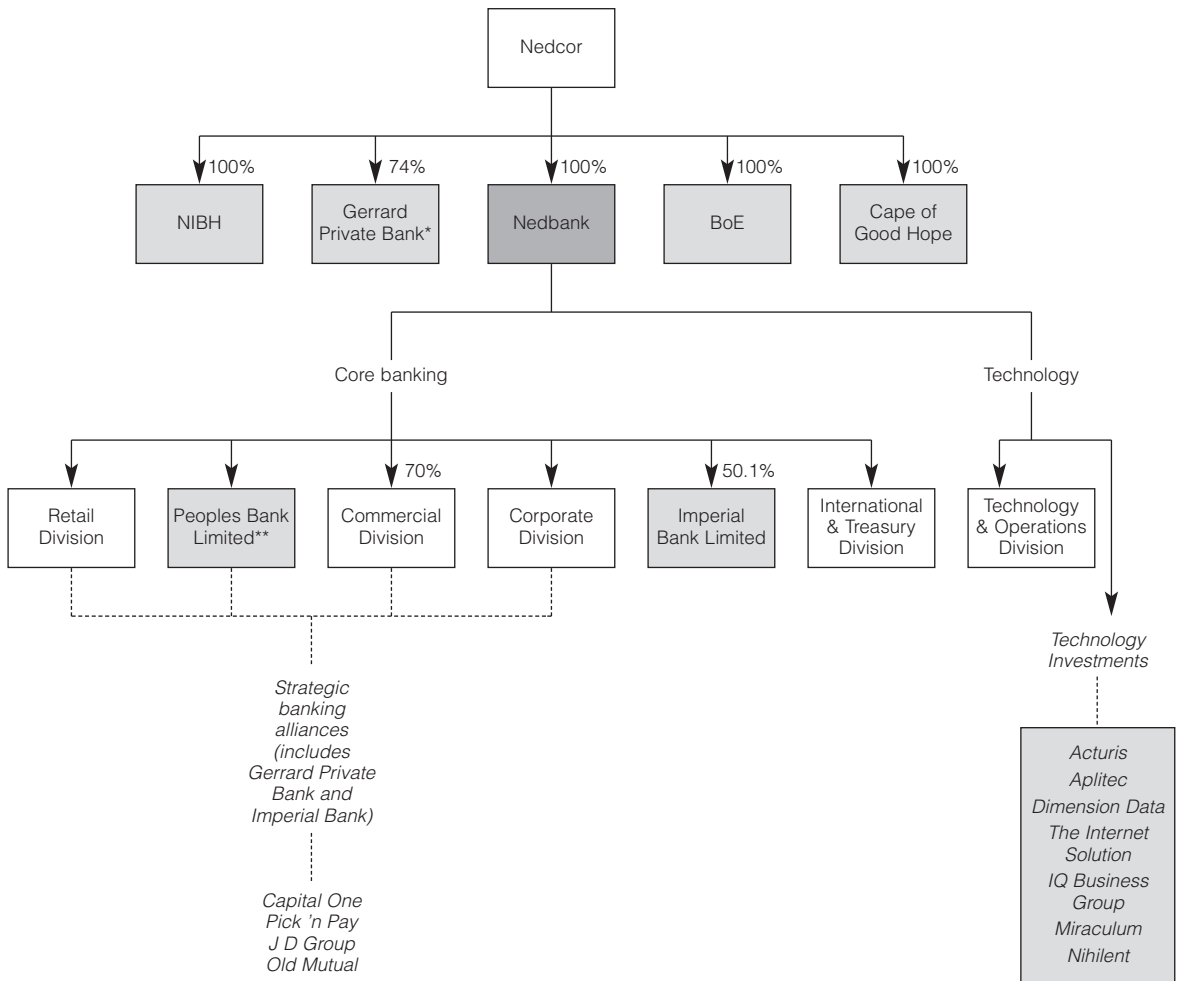
Nedcor had its origins in the Pretoria branch of the Nederlandsche Bank en Creditvereniging (NBCV), which was founded under royal charter in Amsterdam in 1888. In 1903 the first branch of NBCV outside the Transvaal was opened in Cape Town and the name of the bank was changed to Nederlandsche Bank voor Zuid-Afrika (NBZA).

In 1925 NBZA merged with Transvaalsche Bank en Handelsvereniging, which was founded in 1892, and during 1951 NBZA was established as a South African banking company known as the Netherlands Bank of South Africa (NBSA). During 1971 NBSA changed its name to Nedbank Limited (Nedbank). During 1973 Nedbank merged with Union Acceptances Limited (UAL), established in 1955 as South Africa's first merchant bank, and Syfrets, formed in 1951 by E J M Syfret.

Nedcor acquired Finansbank and Cape of Good Hope Bank in 1986 and Nedbank merged with South African Permanent Building Society in 1988. Nedbank changed its name to Nedcor Bank Limited in 1989. In 2002 Nedcor acquired BoE and bought out the minority shareholders in NIBH. In 2002 Nedcor Bank Limited changed its name back to Nedbank Limited.

2.3 Group structure

The Nedcor group structure is illustrated below (legal entities are shaded):



*Registered in the Isle of Man.

**Formerly FBC Fidelity Bank Limited.

2.4 Nature of business

Nedcor is a registered bank-controlling company that, through its subsidiaries, provides a wide range of financial services. Nedcor has focused its activities in specific markets around well-known and highly regarded brands. The broader Nedcor group's activities are currently conducted through the following subsidiaries and joint ventures:

- 2.4.1** Nedbank provides banking services to the retail, commercial, corporate and international markets. Its 70% held subsidiary, Peoples Bank Limited, services the low to middle income retail market. Its 50,1%-owned subsidiary Imperial Bank Limited specialises in automotive and aviation loans.
- 2.4.2** Nedcor Investment Bank Limited, 100% held by Nedcor through NIBH, after the successful implementation of a scheme of arrangement in terms of section 311 of the Act on 21 October 2002, is a leading South African investment bank with strong positions in the corporate, institutional, treasury and property finance markets.
- 2.4.3** Cape of Good Hope Bank Limited (100%) is a niche regional bank offering personal banking, instalment finance, treasury and insurance-broking services, concentrating on mid- to high-net worth individuals and medium-sized businesses primarily in the Western Cape.
- 2.4.4** The 74,5%-owned subsidiary of Nedcor, Gerrard Private Bank provides off-shore banking services to high-net-worth individuals.

2.4.5 Nedcor Technology and Operations provides information technology processing services and operational support to the brands and alliances within the broader Nedcor group.

2.4.6 Through strategic banking alliances with, *inter alia*, Capital One, Pick 'n Pay, JD Group and Old Mutual, Nedcor has succeeded in delivering financial services to significant new markets in an innovative and efficient manner.

On 28 October 2002 Nedcor made various announcements on SENS relating to the restructuring of the Nedcor Group and future branding, subject to certain regulatory approvals. It was announced that Nedcor will incorporate BoE Private Bank, Syfrets Wealth Management, Syfrets Trust, BoE Personal Stockbrokers and the private client asset management component of Franklin Templeton NIB Investments into a 50/50 joint venture with Old Mutual. Old Mutual will acquire 100% of BoE's Edge multi-manager, NIBi multi-manager and BoE Investment Administrators. BoE Life Assurance will be placed in another 50/50 joint venture with Old Mutual. A controlling stake in BoE Asset Management will be sold to AKA Capital, a black empowerment private equity and investment group.

Subject to approval of the Minister of Finance, in terms of section 54 of the Banks Act, the Nedcor Group will hand back four domestic banking licences. The licences that will be retained are Nedbank Limited, Peoples Bank Limited, Imperial Bank Limited and Gerrard Private Bank Limited. Relevant business units and banking operations of BoE, NIBH and Cape of Good Hope will be transferred to Nedbank. The effect of this rationalisation of the Nedcor Group is that the lion's share of Nedcor's operations will be housed in Nedbank.

2.5 Historical financial information

Relevant financial information for Nedbank, extracted from the annual financial statements of Nedbank for the three financial years ending 31 December 2001, are set out in Annexure 1.

3. DIRECTORS

3.1 Directors

The full names, ages, nationalities (if not South African), addresses, occupations and profiles of the directors are set out below. The board of directors of Nedcor is identical to that of Nedbank.

3.1.1 Christo Ferro Liebenberg (68) (Non-executive chairman) (reappointed 1996)

Business address: Nedcor Sandton, 135 Rivonia Road, Sandown 2196

Qualifications: CAIB(SA), FIBSA, AMP (Harvard), DCom (hc)

Occupation: Chairman, Nedcor

Christo is the former Minister of Finance in the South African Government of National Unity and past chief executive of Nedcor. He is also chairman of Nedcor, as well as a director of Old Mutual plc, Old Mutual Life Assurance Company (South Africa) Limited, Macsteel Holdings (Proprietary) Limited, Mutual & Federal Insurance Company Limited, and Nedcor Investment Bank Holdings Limited.

3.1.2 Peter Gowar Joubert (69) (Deputy chairman) (appointed 2000)

Business address: Isle of Houghton, Lower Ground Floor, Harrow Court 1, Boundary Road, Houghton 2198

Qualifications: BA, DPWM, AMP (Harvard)

Occupation: Deputy Chairman, Nedcor

Peter is the deputy chairman of Nedcor. He is chairman of Impala Platinum Holdings Limited, BDFM Publishers (Proprietary) Limited, Delta Electrical Industries Limited, Delta Motor Corporation (Proprietary) Limited, Eagle Freight Holdings (Proprietary) Limited, Foodcorp Holdings (Proprietary) Limited, Munich Reinsurance Company of Africa Limited, NEI Africa Limited and Sandvik (Proprietary) Limited. Other directorships include

Old Mutual plc, Hudaco Industries Limited, Murray & Roberts Holdings Limited, Nedcor Investment Bank Holdings Limited, and South African Mutual Life Assurance Company (South Africa) Limited. He is the past chairman of African Oxygen Limited.

3.1.3 Prof Michael Mervyn Katz (58) (Executive vice-chairman) (appointed 1984)

Business address: Edward Nathan & Friedland, 4th Floor The Forum, 2 Maude Street, Sandown 2196

Qualifications: BCom, LLB, LLM, LLD(hc)

Occupation: Corporate Law Adviser and Consultant

Michael is a director of Nedcor and the Chairman of Edward Nathan & Friedland (Proprietary) Limited. He is also chairman of the Commission of Inquiry into the Tax System of South Africa and the Tax Advisory Committee, as well as an honorary professor of Company Law at the University of Witwatersrand. Other directorships include Nampak Limited, Hunt Leuchars & Hepburn Holdings Limited, New Africa Investments Limited, National Housing Finance Corporation and the Donald Gordon Medical Centre.

3.1.4 Richard Charles Montague Laubscher (51) (Chief executive) (appointed 1990)

Business address: Nedcor Sandton, 135 Rivonia Road, Sandown 2196

Qualifications: BCom (Hons), AMP (Harvard), FIBSA

Occupation: Chief Executive, Nedcor

Richard is Chief Executive of Nedcor. He is Chairman of Peoples Bank Limited as well as a director of Old Mutual plc, Old Mutual Financial Services (UK) plc and Old Mutual Life Assurance Company (South Africa) Limited.

3.1.5 Christopher John Watkins Ball (62) (Independent non-executive) (appointed 2002)

Business address: 4 Gardenia Lane, Constantia

Qualifications: Dip Juris, MA

Occupation: Director of companies

Chris was previously a director of BoE, BoE Bank Limited, and is a director of PG Bison Limited and Premier Foods Limited.

3.1.6 Dr Izak Johannes Botha (53) (Executive) (appointed 2002)

Business address: Nedcor Sandton, 135 Rivonia Road, Sandown 2196

Qualifications: DCom

Occupation: Investment Banker

Izak is Chief Executive of NIBH. He entered the banking industry in 1977 after completing his doctorate in commerce. He first joined Senbank, then Volkskas Merchant Bank and was then, as Managing Director, responsible for the transformation of Finansbank into the Financial Services Division of Nedbank and finally into Nedcor Investment Bank, through the merger with Syfrets and UAL Merchant Bank in 1997 to form Nedcor Investment Bank.

3.1.7 Thomas Andrew Boardman (52) (Executive) (appointed 2002)

Business address: Clock Tower Precinct, V&A Waterfront, Cape Town 8001

Qualifications: BCom, CA(SA)

Occupation: Banker

Tom was previously Chief Executive of BoE, and is currently a director of the Banking Council, SA. Previous directorships include Boardmans and Sam Newman Limited.

3.1.8 **Warren Alexander Morten Clewlow** (65) (Non-executive) (appointed 2000)

Business address: Barlow Park, Katherine Street, Sandton 2199

Qualifications: OMSG, CA(SA), DEcon (hc)

Occupation: Chairman, Barloworld

Warren is a director of Nedcor. He is also non-executive director and chairman of the Compliance Committee of Old Mutual plc. He has been chairman of Barloworld since 1991. He was previously chairman of the State President's Economic Advisory Council and chief executive of the Barlow Group and has managed many of its diverse divisions. He is also non-executive director of Sasol Limited, Comparex Limited, chairman of Iscor Limited and deputy chairman of Old Mutual Life Assurance Company (South Africa) Limited.

3.1.9 **Richard Gray Cottrell** (66) (Independent non-executive) (appointed 2002)

Business address: 23A North Road, Dunkeld West, Johannesburg 2196

Qualifications: CA(SA), FCA, SEP(Stanford)

Occupation: Director of companies

Rick is a director of Afrox Healthcare Limited, Afrox Oxygen Limited, Glenrand MIB Limited, Imperial Bank Limited and NIBH and previously the deputy-chairman and joint managing partner of Coopers & Lybrand and member of the Policy Board for Financial Services and Regulation, the Financial Markets Advisory Board and the Public Accountants' and Auditors' Board.

3.1.10 **Barry Erskin Davison** (57) (Independent non-executive) (appointed 2002)

Business address: 28 Harrison Street, Johannesburg 2001

Qualifications: BA (Law and Economics)

Occupation: Chief Executive Officer, Anglo American Platinum Corporation Limited

Barry is the Chief Executive Officer of Anglo American Platinum Corporation Limited, director of Anglo American Corporation of SA Limited, NIBH and President of the SA Chamber of Mines.

3.1.11 **Nicholas Dennis** (55) (British) (Independent non-executive) (appointed 2002)

Business address: 85 Bute Lane, Sandton, 2146

Qualifications: BCom (Hons)

Occupation: Chief Executive Officer, Tiger Brands Limited

Nick is the Chief Executive Officer of Tiger Brands Limited and director of NIBH.

3.1.12 **Barry John Stuart Hore** (42) (Executive) (appointed 1999)

Business address: 105 West Street, Sandown 2196

Qualifications: BCom, AMP (Harvard),

Occupation: Banker

Barry is a director of Nedcor. Other directorships include Linx Holdings (Proprietary) Limited and Net1 Applied Technology Holdings Limited.

3.1.13 **Prof Brian de Lacy Figaji** (58) (Independent non-executive) (appointed 2002)

Business address: 118 Upper, Kenridge Avenue, Durbanville 7550

Qualifications: BSc (Engineering), Dip Tertiary Ed, Med

Occupation: Vice-chancellor of the Peninsula Technikon

Brian is a director of Cape of Good Hope Bank and principal and vice-chancellor of the Peninsula Technikon and member of the Council of Higher Education.

- 3.1.14 **Michael John Levett** (63) (Non-executive) (appointed 1987)
Business address: Lansdowne House, 57 Berkeley Square, London W1J 6ER
Qualifications: DEcon Sc(hc), BCom, FFA, FIA
Occupation: Chairman, Old Mutual plc
Michael is a director of Nedcor. He is chairman of Old Mutual plc and deputy chairman of Mutual & Federal Insurance Company Limited. He is also a director of Barloworld Limited, Old Mutual South Africa Trust plc and South African Breweries plc.
- 3.1.15 **Johannes Bhekumuzi Magwaza** (60) (Independent non-executive) (appointed 2000)
Business address: Amanzimnyama Hill, Tongaat 4400
Qualifications: BA, MA (Warwick UK)
Occupation: Executive Director, The Tongaat-Hulett Group Limited
JB is a director of Nedcor and executive director of the Tongaat-Hulett Group Limited. He also serves as non-executive director of Dorbyl Limited and is on the boards of the Development Bank of Southern Africa, Ithala Development Finance Corporation Limited, Indoni Yamanzi Investments Holdings Limited and Khulani Holdings Limited.
- 3.1.16 **Mafika Edmund Mkwanzazi** (48) (Independent non-executive) (appointed 2000)
Business address: 49th Floor, Carlton Centre, 150 Commissioner Street, Johannesburg 2001
Qualifications: BSc (Maths), BSc (Electrical Engineering),
Occupation: Group Chief Executive Officer, Transnet Limited
Mafika is a director of Nedcor and group chief executive officer of Transnet Limited. Directorships include Autopax (Proprietary) Limited, Viamax (Proprietary) Limited, Freight Logistics International Inc and South African Airways.
- 3.1.17 **Stuart Grant Morris** (56) (Executive) (appointed 1999)
Business address: Nedcor Sandton, 135 Rivonia Road, Sandown 2196
Qualifications: BCom, CA(SA)
Occupation: Chief Financial Officer
Stuart is the group financial director of Nedcor. He is a director of NIBH, Nedcor Investment Bank Limited, Cape of Good Hope Bank Limited, Peoples Bank Limited and Imperial Bank Limited.
- 3.1.18 **Derek Geoffrey Sidney Muller** (50) (Executive) (appointed 1999)
Business address: Nedcor Sandton, 135 Rivonia Road, Sandown 2196
Qualifications: BCom, CA(SA), AMP (Harvard)
Occupation: Banker
Derek is a director of Nedcor. Other directorships include Net1 Applied Technology Holdings Limited and Peoples Bank Limited.
- 3.1.19 **Maduke Lot Ndlovu** (51) (Executive) (appointed 2001),
Business address: 100 Main Street, Johannesburg 2001
Qualifications: Dip LR (Unisa), MAP (Wits), EDP (North Western USA)
Occupation: Chief Executive Officer, Peoples Bank Limited
Lot is a director of Nedcor and chief executive officer of Peoples Bank Limited. He is non-executive chairman of Africa Milestone Investments Limited, Lafarge South Africa (Proprietary) Limited, Nest Life Assurance Corporation Limited, Nest Life Funeral

Administrators (Proprietary) Limited and the Environmental & Infrastructure Development Trust. He is the deputy chairman of the Council of the Technikon Witwatersrand. He is a non executive director of Nampak Limited, the South Africa National Roads Agency and the Community Growth Management Company Limited. He is a member/trustee of the Business Trust (Job Creation), the He'Atid Leadership Programme, the National Engagement for Ethics Development, St Anthony's Adult Education Centre and the Multicultural Development Programme (Deloitte & Touche) and serves as a commissioner for the Office of the Banking Adjudicator. He is a member of the advisory board of the Otis Elevator Company, and is adviser to the Programme for the Industrialisation of the Nation. He is the patron of the Midrand Graduate Institute and Milpark Business School for the period 2001 to 2002.

3.1.20 Phuthuma Freedom Nhleko (42) (Independent non-executive) (appointed 2002)

Business address: 3 Alice Lane, Sandton 2196

Qualifications: BSc, MBA

Occupation: Chief Executive Officer, MTN Group Limited

Phuthuma is the Chief Executive Officer of MTN Group Limited, director of Johnnic Holdings Limited, NIBH and former executive chairman and founding member of Worldwide African Investment Holdings Limited.

3.1.21 Thembalihle Hixonia Nyasulu (48) (Independent non-executive) (appointed 2002)

Business address: 8 Queen Mary Avenue, Umbilo 4001

Qualifications: BA, EDP

Occupation: Strategic marketer

Hixonia is the Sole Proprietor of TH Nyasulu & Associates, a marketing and research company. She started in 1984 after working for Lever Brothers for six years. Her expertise is in the area of strategic market planning, research and marketing communications. She is Chairman of DBSA Development Fund and director of Anglovaal Industries Limited, Development Bank of Southern Africa, Relyant Retail Limited, Tongaat-Hulett Group Limited, Tongaat-Hulett Sugar Limited, Retail Apparel Group Limited, Turner Logistics (Proprietary) Limited and immediate past Chairman of the board of Ithala Development Finance Corporation.

3.1.22 Julian Victor Frow Roberts (45) (British) (Non-executive) (appointed 2001)

Business address: 3rd Floor, Lansdowne House, 57 Berkeley Square, London W1J 6ER

Qualifications: BA Hons (Stirling), FCA

Occupation: Financial Director, Old Mutual plc

Julian is the group financial director of Old Mutual plc. He is also a Fellow of the Institute of Chartered Accountants of England and a member of the Association of Corporate Treasurers. Other directorships include Mutual & Federal Insurance Company Limited, United Asset Managers and King & Shaxton. He was previously the group finance director of Sun Life and Provincial Holdings plc.

3.1.23 Anthony Adrian Routledge (54) (Executive) (appointed 1998)

Business address: Nedcor Sandton, 135 Rivonia Road, Sandown 2196

Qualifications: BCom, CA(SA)

Occupation: Executive Director: Strategic and Corporate Activities

Tony is a director of Nedcor. He is also a non-executive director of Murray & Roberts Holdings Limited.

3.1.24 Cedric Michael Langton Savage (63) (Independent non-executive) (appointed 2002)

Business address: Amanzimnyama Hill, Tongaat 4400

Qualifications: BSc, MBA, ISMP (Harvard)

Occupation: Chairman, Tongaat-Hulett Group Limited

Cedric is Chairman of the Tongaat-Hulett Group Limited and a director of AECI Limited, African Rainbow Minerals Gold Limited, BoE Limited, BoE Bank Limited, Delta Motor Corporation (Proprietary) Limited, Datatec Limited, Hulett Aluminium (Proprietary) Limited and Kumba Resources Limited.

3.1.25 James Harry Sutcliffe (46) (British) (Non-executive) (appointed 2001)

Business address: 3rd Floor, Lansdowne House, 57 Berkeley Square, London W1J 6ER

Qualifications: BSc

Occupation: Chief Executive, Old Mutual plc

James is a fellow of the Institute of Actuaries. He is also chief executive of Old Mutual plc. Previously deputy chairman of Liberty International Property and Financial Services and chief executive of Prudential UK.

3.2 Qualifications, borrowing powers and appointment of directors

The relevant provisions of the Articles of Association of Nedbank governing the appointment, qualification, remuneration and borrowing powers of directors are set out in Annexure 2.

3.3 Remuneration of directors

Full details of directors' remuneration was included in Nedcor's annual financial statements for the year ended 31 December 2001. The remuneration received by the directors is in respect of their directorships in both Nedcor and Nedbank. Relevant extracts detailing directors' remuneration, as required by the JSE Listings Requirements, are set out in Annexure 3.

3.4 Directors' interests

The directors of Nedbank have no direct, indirect, beneficial and non-beneficial interests in Nedbank shares as at the last practicable date. The directors have the following direct, indirect, beneficial and non-beneficial interests in Nedcor shares as at the last practicable date:

Name	Beneficial		Non-beneficial		Total	%
	Direct	Indirect	Direct	Indirect		
C F Liebenberg	–	–	–	31 462	31 462	0,0012
P G Joubert	–	15 000	–	–	15 000	0,006
R C M Laubscher	360 535	14 515	–	28 318	403 368	0,149
W A M Clewlow	–	2 000	–	–	2 000	*
C J W Ball	–	–	–	204	204	*
I J Botha	–	78 539	–	8 183	86 722	0,032
T A Boardman	–	–	–	–	–	–
R G Cottrell	367	–	–	–	367	*
B E Davison	–	–	–	–	–	–
B de Lacy Figaji	–	–	–	–	–	–
N Dennis	–	–	–	–	–	–
B J S Hore	–	98 423	–	–	98 423	0,036
Prof M M Katz	–	–	3 000	–	3 000	*
M J Levett	12 333	–	–	–	12 333	*
J B Magwaza	105	–	–	–	105	*
M E Mkwanazi	103	–	–	–	103	*
S G Morris	–	23 480	–	–	23 480	0,009

Name	Beneficial		Non-beneficial		Total	%
	Direct	Indirect	Direct	Indirect		
D G S Muller	118 035	21 057	–	–	139 092	0,052
M L Ndlovu	–	12 846	–	–	12 846	*
P F Nhleko	–	–	–	–	–	–
T H Nyasulu	–	–	–	–	–	–
J V F Roberts	–	–	–	–	–	–
A A Routledge	3 467	59 124	–	–	62 591	0,023
C M L I Savage	5 863	–	–	–	–	–
J H Sutcliffe	–	–	–	–	–	–
Total	500 800	324 984	3 000	68 167	896 959	0,332

*Denotes percentages less than 0,005%.

- 3.5 The following changes have taken place in directors' interests between the end of the financial year and the last practicable date:

Options exercised and shares sold

Name	Date	Purchase/Sale	Number of shares
B J S Hore	11/03/2002	Sale	34 020
R C M Laubscher	09/09/2002	Sale	43 500
M L Ndlovu*	15/05/2002	Sale	63 300

*In addition to the above transactions undertaken by M L Ndlovu, he ceded his entitlement to an option for 46 154 shares to the Nedcor Group (1994) Employee Share Purchase Trust on 26 March 2002.

Options exercised and shares retained

Name	Date	Number of shares
B J S Hore	08/03/2002	76 923
B J S Hore	29/05/2002	21 500
R C M Laubscher	29/05/2002	63 000
R C M Laubscher	31/05/2002	92 307
R C M Laubscher	06/09/2002	86 300
R C M Laubscher	06/09/2002	100 000
D G S Muller	29/05/2002	9 588
D G S Muller	29/05/2002	92 307

- 3.6 No directors of Nedbank had any beneficial interest in transactions effected by Nedcor or Nedbank during the current or immediately preceding year, or in a financial year, which remain in any respect outstanding.

4. SHARE CAPITAL OF NEDBANK

4.1 Authorised and issued share capital

The authorised and issued share capital of Nedbank, before and after the offer for subscription, assuming that all the preference shares up to the maximum aggregate value of R1 billion are allotted and issued, is set out below:

	R'000
Before the offer for subscription	
<i>Authorised share capital</i>	
30 000 000 ordinary shares of R1,00 each	30 000
300 000 000 non-redeemable non-cumulative preference shares of R0,001 each	300
<i>Total authorised share capital</i>	30 300

	R'000
<i>Issued share capital</i>	
21 518 000 ordinary shares of R1,00 each	21 518
0 non-redeemable non-cumulative preference shares of R0,001 each*	
Share premium*	2 047 000
Total issued share capital (including share premium)	2 068 518

After the offer for subscription

<i>Authorised share capital</i>	
30 000 000 ordinary shares of R1,00 each	30 000
300 000 000 non-redeemable non-cumulative preference shares of R0,001 each	300
Total authorised share capital	30 300

<i>Issued share capital</i>	
21 518 000 ordinary shares of R1,00 each	21 518
200 000 000 non-redeemable non-cumulative preference shares of R0,001 each*	2 00
Share premium*	4 046 800
Total issued share capital (including share premium)	4 068 518

*100 000 000 preference shares were allotted but not issued to certain institutions prior to the opening of this offer for subscription, further details of which are set out in 4.2.1 below.

All of the preference shares are to be listed on the JSE and are of one class, namely non-redeemable non-cumulative preference shares of R0,001 each, and rank *pari passu* in all respects. The entire issued ordinary share capital of Nedbank is held by Nedcor and is not listed on the JSE.

The shares have been created and issued in terms of the Articles of Association of Nedbank.

4.2 Alterations to share capital

4.2.1 Nedbank Limited

There has been a single offer and allotment of the preference shares in the preceding three years, details of which are set out below. These shares will be issued on the same date as the preference shares subscribed for in terms of this offer for subscription. There have, however, been no consolidations or sub-divisions of the preference shares.

Date of offer	Number of preference shares offered	Offer price	Number of shares issued pursuant to offer	Proposed date of issue
19 November 2002	100 000 000	R10,00 par value R0,001 premium R9,999)	100 000 000	23 December 2002

The preference shares were allotted pursuant to a dutch auction to a number of wholesale investors in accordance with their levels of demand. The reason for the book-build was to determine an appropriate percentage of prime to be used to determine the dividend on the preference shares. The shares will not be issued prior to the closing of the offer for subscription in order to ensure that all listed preference shares have the same entitlement to a dividend for the period ending 30 June 2003. The preference shares rank *pari passu* in all respects with the preference shares offered in this Pre-Listing Statement. A list of the material preference shareholders (to whom the preference shares have been allotted but not yet issued) is set out in paragraph 5 below.

4.2.2 Unissued shares

The authorised but unissued ordinary and preference shares, after the listing, will be under the control of the directors until the Nedbank's next annual general meeting, subject to the provisions of sections 221 and 222 of the Act. Nedbank may from time to time seek to raise additional capital by issuing further preference shares, which will rank *pari passu* with existing preference shares. Application will be made to the JSE for the listing of such preference shares.

4.3 Rights attaching to preference shares

The preference shares are non-redeemable and non-cumulative and dividends, if declared, are payable semi-annually on the earlier of a week prior to the Nedcor ordinary dividend payment date, if any, and in any event 120 days after 30 June and 31 December.

4.3.1 Voting rights

The preference shares are non-voting, save for those circumstances prescribed under section 194 of the Act. Preference shareholders will only be entitled to vote during those periods when a dividend (which has been declared) or any part of it remains unpaid, after the due date for payment, and when resolutions are proposed that directly affect any rights attaching to the preference shares or the interests of the preference shareholders, including a resolution for the winding up of the company or reduction of its capital.

4.3.2 Entitlements to dividends

Preference shareholders will be entitled to receive out of the profits of the company that it determines to distribute, in priority to any payment of dividends to the holders of any other class of shares in the capital of the company not ranking prior to the preference shares, a non-cumulative preference cash dividend equivalent to 75% of prime multiplied by the face value of the preference shares held by a preference shareholder, payable in two semi-annual instalments. The dividend will not compound, and, if declared, will be payable in respect of the periods from 1 January to 30 June and 1 July to 31 December, save that the dividend in respect of the preference shares issued pursuant to the listing shall be payable in respect of the period from 21 December 2002 to 30 June 2003. Preference shares issued after the listing will be entitled to a *pro rata* portion of any dividend declared for the first period in which they were issued.

4.3.3 Changes to tax status

If there is a change to the Income Tax Act that results in dividends being taxable in the hands of recipients, and there is a further change making the payment of a dividend a deductible expense for the company paying the dividend, Nedbank will increase the percentage of prime payable as a dividend. The aggregate increase will be limited to the aggregate benefit gained by Nedbank pursuant to the change to the Income Tax Act. Preference shareholders will bear all other risk due to changes in laws or regulations.

The entire terms and conditions of the preference shares, as set out in the Articles of Association of Nedbank, have been included in Annexure 2.

5. CONTROLLING AND MAJOR SHAREHOLDERS

Nedbank's entire ordinary share capital was held by Nedcor as at the last practicable date. The following are the only preference shareholders to whom more than 5% of Nedbank's preference share capital has been allotted:

Name	Number of preference shares allotted	Percentage of initial allocation
Stanlib Asset Management	25 000 000	25,0
Old Mutual Specialised Finance	20 000 000	20,0
Public Investment Commissioners	20 000 000	20,0
Nedbank Syfrets Private Bank	12 700 000	12,7
BoE Private Bank	7 800 000	7,8
Melville Douglas	6 500 000	6,5
Eskom Pension Fund	5 000 000	5,0

Nedcor's entire issued ordinary share capital is listed on the JSE. So far as Nedbank is aware, at the last practicable date, the following are the only shareholders holding more than 5% of Nedcor's issued share capital:

Name	Number of preference shares held	Percentage shareholding
Old Mutual plc group	130 560 916	50,99
Public Investment Commissioners SA	18 603 386	7,60

6. DETAILS OF THE OFFER FOR SUBSCRIPTION

6.1 Particulars of the offer for subscription

Issue and offer price per preference share (which represents a premium of R9,999 per preference share)	R10
Minimum Rand value of subscription per subscriber acting as principal	R100 000
Aggregate number of preference shares offered	100 000 000
Amount raised in terms of the offer for subscription (if fully subscribed)	R1 000 000 000

6.2 Time and date of the opening and closing of the offer for subscription

Opening date of offer for subscription (09:00)	Wednesday, 27 November 2002
Closing date of the offer for subscription (16:00)	Friday, 20 December 2002
Proposed listing date (09:00)	Thursday, 9 January 2003

6.3 Condition to the listing

Application has been made to the JSE to list a maximum of 200 000 000 preference shares in the Specialist Securities – "Preference Shares" sector. The listing is subject to the condition that Nedbank meets the requirements of the JSE in respect of the requisite spread of preference shareholders.

6.4 Applications

Applications to subscribe for preference shares in terms of the offer for subscription must be made in accordance with the application procedure set out below:

6.4.1 Application form

Applications for certificated shares may only be made on the application form (*green*), which accompanies this Pre-Listing Statement, and in accordance with the requirements, terms and conditions set out in the application form and this Pre-Listing Statement. Applications for preference shares submitted through CSDPs or brokers, must be made in accordance with the agreement governing the relationship with the CSDP or broker.

Application forms and further copies of this Pre-Listing Statement can be obtained during normal business hours prior to the closing of the offer for subscription from Nedbank, NIB, the Lead Sponsor and the transfer secretaries, the details of which are set out in the "Corporate Information" section of this Pre-Listing Statement.

6.4.2 Minimum number and multiples

Applications must be for a minimum number of 10 000 preference shares per subscriber acting as principal.

6.4.3 Applications irrevocable

Applications will be irrevocable and may not be withdrawn once received by Nedbank and/or the transfer secretaries.

6.4.4 Copies

Copies or reproductions of the application form will be accepted.

6.4.5 Reservation of rights

The directors of Nedbank reserve the right to accept or refuse any application(s), either in whole or in part in accordance with the procedure set out in 6.7 below, or to abate any or all application(s) (whether or not received timeously) in such manner as they may, in their sole and absolute discretion, determine.

6.4.6 Receipts

Receipts will not be issued for applications, application monies or supporting documents received.

6.4.7 Minors and deceased estates

Preference shares may not be applied for in the name of a deceased estate. No documentary evidence of capacity to apply need accompany the application form, but Nedbank reserves the right to call upon any applicant to submit such evidence for noting, which evidence will be held on file with the transfer secretaries or returned to the applicant at the applicant's risk.

6.4.8 Submission of application forms

6.4.8.1 Certificated preference shares

Submission of application forms may only be made either by hand delivery or postal delivery as set out below:

Hand delivery

Application forms must be delivered by hand in a sealed envelope, marked "Nedbank: Offer for Subscription", together with the payment referred to below, to Computershare Investor Services Limited, 70 Marshall Street, Johannesburg 2001, so as to be received by no later than 16:00 on Friday, 20 December 2002.

Postal delivery

Application forms must be posted, at the risk of the applicant concerned, in a sealed envelope, marked "Nedbank: Offer for Subscription" together with the payment referred to below, to Computershare Investor Services Limited, PO Box 7184, Johannesburg 2000, so as to be received by no later than 16:00 on Friday, 20 December 2002.

6.4.8.2 Dematerialised preference shares

In respect of those placees opting for dematerialised preference shares, application forms must be sent to the placees' duly appointed CSDP or broker, in the manner stipulated in the agreement governing their relationship with such CSDP or broker, together with the method of payment as stipulated in such agreement. The CSDP or broker will then process such applications electronically with the transfer secretaries.

No late applications will be accepted, unless approved by the directors of Nedbank.

6.4.9 Payment

6.4.9.1 Certificated preference shares

Each application form must be accompanied by payment of the total monetary value of the preference shares applied for by way of a cheque or banker's draft, crossed "not negotiable not transferable" and drawn in favour of "Nedbank – Offer for Subscription". Such cheques and/or banker's drafts will be deposited immediately for payment. Should any cheque or banker's draft be dishonoured, the directors of Nedbank, in their absolute discretion, may regard the relevant application as revoked or take such other steps in regard thereto as they deem fit.

6.4.9.2 Dematerialised preference shares

Each application form must be made to the subscriber's CSDP or broker in terms of the relevant custody agreement. Payment of the total monetary value of the preference shares applied for will be made in terms of the existing agreement with the appointed CSDP or broker.

6.4.10 Application monies

The amount payable in respect of the application for preference shares in terms of the offer for subscription is payable in full in the currency of the Republic.

All monies received in respect of applications will be held by Nedbank in a designated "trust" account with a registered South African bank. If the condition referred to in paragraph 6.3 above is not met by the business day following the closing of the offer for subscription, such monies will be refunded, together with interest at the daily call deposit rate of Nedbank less bank charges within seven business days of such date.

The application moneys in respect of those applicants who have requested the preference shares to be issued in dematerialised form will be made by the respective CSDP on a delivery versus payment basis.

6.4.11 Issue of preference shares

Preference shares applied for and subscribed for in terms of this Pre-Listing Statement will be issued at the expense of Nedbank.

All preference shares issued in terms of this Pre-Listing Statement will be allotted subject to the provisions of the Articles of Association of Nedbank and will rank *pari passu* with all other preference shares issued by Nedbank.

The JSE's introduction of STRATE was designed to eliminate the many risks inherent in the previous method of clearing and settling transactions executed on the JSE. The principal features of STRATE are as follows:

- trades executed on the JSE must be settled within five business days;
- there will be penalties for late settlement;
- electronic record of ownership replaces share certificates and physical delivery thereof; and
- all investors are required to appoint either a broker or CSDP to act on their behalf and to handle their settlement requirements.

However, should a preference shareholder require a certificate for his preference shares, the requisite certificate will be issued within five business days of Nedbank or the transfer secretaries receiving written notification of such request.

6.5 Exchange Control Regulations

The following summary is intended as a guide and is therefore not comprehensive. If you are in any doubt in regard hereto, please consult your professional adviser:

6.5.1 South African Exchange Control Regulations

In terms of the South African Exchange Control Regulations:

- 6.5.1.1 a former resident of the common monetary area who has emigrated may use emigrant blocked funds to subscribe for preference shares in terms of this Pre-Listing Statement;
- 6.5.1.2 all payments in respect of subscriptions for preference shares by an emigrant using emigrant blocked funds must be made through the authorised dealer in foreign exchange controlling the blocked assets;
- 6.5.1.3 any preference share certificates that might be issued pursuant to the use of emigrant blocked funds will be endorsed "non-resident" and will be sent to the authorised dealer in foreign exchange through whom the payment was made; and
- 6.5.1.4 if applicable, refund monies payable in respect of unsuccessful applications or partly successful applications, as the case may be, for certificated preference shares in terms of this Pre-Listing Statement emanating from emigrant blocked accounts will be returned to the authorised dealer in foreign exchange through whom the payments were made, for credit to such applicants' blocked accounts. Applicants resident outside the common monetary area should note that, where preference share certificates are in fact issued, such preference share certificates will be endorsed "non-resident" in terms of the Exchange Control Regulations.

6.5.2 Applicants resident outside the common monetary area

6.5.2.1 A person who is not resident in the common monetary area should obtain advice as to whether any governmental and/or legal consent is required and/or whether any other formality must be observed to enable a subscription to be made in terms of the offer for subscription.

6.5.2.2 This Pre-Listing Statement is not an offer in any area of jurisdiction in which it is illegal to make such an offer. In such circumstances, this Pre-Listing Statement and application form are sent for information purposes only.

6.6 Underwriting and minimum subscription

The offer for subscription is not underwritten. The offer for subscription is not conditional on the raising of a minimum aggregate amount. The listing will occur, regardless of the amount raised, subject only to the condition referred to in paragraph 6.3 above. Subscriptions can only be made at an acquisition cost, for a single subscriber acting as principal, of not less than R100 000.

6.7 Over-subscriptions

Nedbank will not accept subscriptions totalling more than R1 billion.

If the offer for subscription is over-subscribed, all applications will be reduced *pro rata* on an equitable basis, in Nedbank's sole discretion, subject to the minimum subscription amount of R100 000.

6.8 Brokerages and commissions

Commissions of 0.25% will be payable to authorised brokers and/or agents who place preference shares. Save for the above, no commission or consideration has been paid by Nedbank in respect of the allotment or issue of shares during the three years preceding the date of this Pre-Listing Statement.

7. EXPENSES OF THE OFFER FOR SUBSCRIPTION AND LISTING

The cash expenses of the offer for subscription and the listing are estimated to be R7 600 000, and relate, *inter alia*, to the printing, publication and distribution costs of this Pre-Listing Statement and other related announcements R320 000, fees payable to professional advisers R4 500 000 and share issue duty on the shares to be issued in terms of the offer for subscription R2 500 000 and JSE documentation and listing fees of R27 000 and R211 034, respectively.

8. ADVISERS' INTERESTS

None of the advisers of Nedbank have an interest in the issued share capital of Nedbank at the last practicable date.

9. MATERIAL CHANGES

Other than in the ordinary course of business or as set out in this Pre-Listing Statement, there have been no material changes between the financial or trading position of Nedcor or Nedbank since the release of Nedcor's unaudited interim results for the half year ended 30 June 2002, and the last practicable date.

Nedcor released a trading statement on 21 November 2002, the content of which is set out in Annexure 4.

Old Mutual plc issued a trading statement for the four months ended 30 April 2002 in which it referred to its 51%-owned banking subsidiary, Nedcor, indicating that Nedcor's asset base has grown at a satisfactory rate and its underlying profits also have remained satisfactory.

10. MATERIAL CONTRACTS, ACQUISITIONS OR DISPOSALS

All material contracts, acquisitions or disposals by Nedbank in the past three years, appear in the financial statements of Nedcor Limited for the period in question. Copies of the audited annual financial statements of Nedcor for the four financial years ended 31 December 2001 are available on request.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of Nedbank, whose names and details are given in paragraph 3.1 of this Pre-Listing Statement, collectively and individually, accept full responsibility for the accuracy of the information contained in this Pre-Listing Statement and certify that, to the best of their knowledge and belief, there are no omissions of material facts or other considerations which would make any statement herein false or misleading and that they have made all reasonable enquiries in this regard and that this Pre-Listing Statement contains all information required by law.

12. LITIGATION STATEMENT

Save as set out below, the board of directors of Nedbank is not aware of any legal or arbitration proceedings (including any such proceedings that are pending or threatened), which may have or have had a significant impact on the financial position of Nedcor during the 12 months preceding the date of this Pre-Listing Statement.

Nedbank has recently received a claim in respect of Securefin Limited relating to an alleged fraud perpetrated by David and Lynne Alexander, which is currently being investigated by Nedbank's legal and other advisers and its insurance underwriters. Nedcor and Nedbank will provide greater information, if necessary, as and when it becomes available in terms of its ongoing obligations under the Listings Requirements of the JSE.

There are no legal or arbitration proceedings, including any such proceedings that are pending or threatened of which the board of directors of Nedbank is aware, which may have or have had in the recent past a material effect on BoE's financial position, other than relating to BoE's exposure to Macmed Health Care Group through a former subsidiary Intramed. Macmed Healthcare Group has been liquidated. The exposure of R127 million (R115 million plus interest) as disclosed in the annual financial statements of BoE for the financial year ended 30 September 2001 is secured by certain assets. Although BoE has received an advance dividend from the sale of these assets in an amount to extinguish BoE's claim in full, BoE's security has been disputed by the liquidator. Opinion from senior counsel is that BoE's claim is secure, and accordingly no provisions have been raised.

13. EXPERTS' CONSENTS

Each of the investment bank and joint sponsor, corporate law advisers and consultants, lead sponsor, reporting accountants, information agent and transfer secretaries have consented in writing to act in the capacities stated and to their names being included in this Pre-Listing Statement and have not withdrawn their consent prior to the publication of this circular.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of Nedbank during normal business hours (excluding Saturdays, Sundays and public holidays) from the date of issue of this Pre-Listing Statement up to and including Friday, 20 December 2002:

- 14.1** the memorandum and articles of association of Nedbank;
- 14.2** the audited annual financial statements of Nedbank for the three years ending 31 December 2001;
- 14.3** the audited annual financial statements of Nedcor for the four financial years ended 31 December 2001;
- 14.4** the unaudited interim results of BoE for the six months ended 31 March 2002 and the audited annual financial statements of BoE for the four financial years ended 30 September 2001;
- 14.5** written consents of the investment bank and joint sponsor, the corporate law advisers and consultants, lead sponsor, joint auditors, and transfer secretaries to the inclusion of their names in this document in the context and form in which they appear; and
- 14.6** a signed copy of this Pre-Listing Statement.

**SIGNED IN JOHANNESBURG BY OR ON BEHALF OF ALL THE DIRECTORS OF NEDBANK LIMITED
ON OR ABOUT 26 NOVEMBER 2002**

HISTORICAL FINANCIAL INFORMATION ON NEDBANK

1. FINANCIAL RESULTS OF NEDCOR BANK LIMITED AT 31 DECEMBER 2001

The information set out in this section has been extracted from the annual financial statements of Nedcor Bank for the year ended 31 December 2001.

FINANCIAL HIGHLIGHTS

For the year ended 31 December

2001 Rm	2000 Rm	% growth		2001 US\$m*	2000 US\$m*	% growth
			Key balance sheet items			
22	22		Share capital	2	3	(33)
11 814	12 230	(3)	Total shareholders' funds	980	1 620	(40)
148 395	119 041	25	Deposit, current and other accounts	12 315	15 767	(22)
165 010	132 852	24	Total assets	13 694	17 596	(22)
15 741	15 965	(1)	Cash, short-term funds and securities	1 306	2 115	(38)
130 992	101 707	29	Advances and other accounts	10 871	13 471	(19)
973	851	14	Acceptances	81	113	(28)
3 323	2 901	15	Specific provisions for bad and doubtful debts	276	384	(28)
1 502	877	71	General provision	125	116	8
4 825	3 778	28	Specific and general provisions	400	500	(20)
			Key income statement items			
9 560	7 540	27	Total income	793	999	(21)
982†	841	17	Specific and general provisions	81	111	(27)
3 359	2 563	31	Net income before exceptional items	279	339	(18)
2 883	2 233	29	Headline earnings	239	296	(19)
			Rand/US\$ exchange rate	12.050	7.550	

* US dollar information is presented using year-end rates for illustrative purposes

† Excluding exceptional items

FIVE-YEAR REVIEW

		GROUP				
		31 Dec 2001	31 Dec 2000	31 Dec 1999	31 Dec 1998†	30 Sept 1997
Key balance sheet items						
Shareholders' funds	(Rm)	11 814	12 230	7 171	5 800	4 508
Deposit, current and other accounts	(Rm)	148 395	119 041	99 852	88 347	75 569
Total assets	(Rm)	165 010	132 852	108 533	96 337	81 663
Cash and short-term funds and securities	(Rm)	15 741	15 965	13 146	8 051	9 637
Advances and other accounts	(Rm)	130 992	101 707	88 412	81 793	67 093
Acceptances	(Rm)	973	851	866	898	1 109
Specific provisions for bad and doubtful debts	(Rm)	3 323	2 901	1 612	1 277	962
General Provision	(Rm)	1 502	877	944	394	390
Specific and general provisions	(Rm)	4 825	3 778	2 556	1 671	1 352
Key income statement items						
Total income	(Rm)	9 560	7 540	6 565	5 878	5 059
Specific and general provisions	(Rm)	982‡	841	787	673	421
Net income before exceptional items	(Rm)	3 359	2 563	2 006	1 640	1 471
Headline earnings	(Rm)	2 883	2 233	1 632#	1 329	1 015
Income attributable to shareholders	(Rm)	(893)	5 518	1 148	1 329	1 015
Selected returns and ratios						
Return on average shareholders' funds (ROE)	(%)	24,4	23,0	25,2	25,8*	25,3
Return on average total assets	(%)	1,94	1,85	1,59	1,49*	1,35
Net interest income to interest-earning assets§	(%)	3,36	3,67	3,88	3,99	4,14
Non-interest revenue total income	(%)	48,6‡	44,6	41,2	41,1	39,6
Expenses to total income	(%)	52,8‡	54,9	57,5	60,6	62,6
Capital adequacy						
Primary capital to risk-weighted assets	(%)	8,7	10,2	9,5	7,5	7,2
Total capital to risk-weighted assets	(%)	11,6	12,0	10,6	9,7	8,5
Employees	(number)	18 005	17 455	16 023	17 063	16 459
Rand/US\$ exchange rate		12,050	7,550	6,150	5,880	4,675

* Annualised

‡ Excluding exceptional items

§ Based on year – on – year simple averages

† Represents results for the 15 months ended 31 December 1998

Adjusted headline earnings for 1999 have been calculated excluding exceptional items to ensure comparability

INCOME STATEMENTS

For the year ended 31 December

	Notes	GROUP			
		2001 Rm	2000 Rm	1999 Rm	15 months 1998 Rm
Interest income		13 920	12 232	13 031	16 451
Interest expense		9 229	8 054	9 174	12 171
Net interest income		4 691	4 178	3 857	4 280
Non-interest revenue	17.1	4 428	3 362	2 708	2 933
Exceptional non-interest revenue	17.1	441			
Total income		9 560	7 540	6 565	7 213
Specific and general provisions	7.4	982	841	787	784
Exceptional general risk provision	7.4	400			
Net income		8 178	6 699	5 778	6 429
Expenses	17.2	4 819	4 136	3 772	4 396
Net operating income before exceptional capital items		3 359	2 563	2 006	2 033
Exceptional capital items		(3 605)	3 261	(484)	
Net capital (loss)/profit on investment in Dimension Data		(3 298)	3 663		
Net capital profit on sale of long-term investments				193	
Amortisation of goodwill and investment writedown/loss	8.3, 9.4	(273)	(296)		
Writedown of fixed assets		(34)	(106)		
Writedown of fixed property				(225)	
Specific general provision supplement (net of tax)				*452)	
Net (loss)/income before taxation		(246)	5 824	1 522	2 033
Taxation	18.1	594	551	485	495
Taxation on exceptional capital items	18.2	171	(24)		
Net (loss)/income after taxation		(1 011)	5 297	1 037	1 538
Attributable earnings of associates	8.3	163	223	113	66
Income attributable to minority shareholders	12	(45)	(2)	2	
(Loss)/income attributable to shareholders		(893)	5 518	1 148	1 604
Appropriations:					
Dividends	19.8	802	461	385	
Transfer to/(from) non-distributable reserves		14	(23)	5	
Balance of retained (loss)/income		(1 709)	5 080	758	1 604
Headline earnings		2 883	2 233		
After excluding					
Exceptional capital items		(3 605)	3 261		
Taxation on exceptional capital items		(171)	24		

BALANCE SHEETS

For the year ended 31 December

	Notes	GROUP			
		2001 Rm	2000 Rm	1999 Rm	1998 Rm
ASSETS					
Cash and short-term funds	3	6 872	11 070	6 641	4 153
Other short-term securities	4	8 869	4 895	6 505	3 898
Government and public sector securities	5	8 596	4 163	2 713	2 953
Advances and other accounts	6	130 992	101 707	88 412	81 793
Associate and other investments	8	4 206	7 729	1 680	966
Fixed property	9.1	1 423	1 150	879	865
Equipment	9.2	651	610	837	811
Intangible assets	9.3	1 163	677		
Goodwill	9.4	1 265			
Customers' indebtedness for acceptances		973	851	866	898
Total Assets		165 010	132 852	108 533	96 337
SHAREHOLDERS' FUNDS AND LIABILITIES					
Share capital	11	22	22	22	20
Reserves		11 407	12 194	7 137	5 780
Ordinary shareholders' interest		11 429	12 216	7 159	5 800
Minority shareholders' interest	12	385	14	12	
Total shareholders' funds		11 814	12 230	7 171	5 800
Subordinated debt instruments	13	3 828	730		
Long-term debt				644	1 292
Deposit, current and other accounts	14	148 395	119 041	99 852	88 347
Liabilities under acceptances		973	851	866	898
Capital, reserves and liabilities		165 010	132 852	108 533	96 337
Guarantees on behalf of clients excluded from assets	15	8 134	6 392	5 594	5 552

STATEMENT OF CHANGES IN ORDINARY SHAREHOLDERS' INTEREST

For the year ended 31 December

	GROUP			
	2001 Rm	2000 Rm	1999 Rm	15 months 1998 Rm
Analysis				
Share capital	22	22	22	20
Balance at beginning of year	22	22	20	20
Issued during the year			2	
Foreign exchange movement				
Share premium	2 047	1 387	1 387	18
Balance at beginning of year	1 387	1 387	18	18
Issue of shares	663		1 516	
Share issue expenses	(3)		(4)	
Goodwill written off			(144)	
Other			1	
Foreign exchange movement				
Distributable reserves	8 889	10 612	5 643	5 668
Balance at beginning of year	10 612	5 643	5 668	4 376
Change in accounting policy (note 17.3)		(115)		
Balance of retained (loss)/income	(1 709)	5 080	758	1 604
Goodwill written off			(785)	(308)
Other	(14)	4	2	(4)
Foreign exchange movement				
Non-distributable reserves	471	195	107	94
Foreign currency translation reserve	370	112		
Balance at beginning of year	112			
Foreign currency translation current year	258	112		
Foreign exchange movement				
Other	101	83	107	100
Balance at beginning of year	83	107	100	99
Transfer from/(to) distributable reserves	14	(23)	5	1
Other	4	(1)	2	
Foreign exchange movement				
Goodwill				(6)
Balance at beginning of year			(6)	(5)
Goodwill acquired				(1)
Goodwill written off			6	
Ordinary shareholders' interest	11 429	12 216	7 159	5 800
Summary				
Share capital	22	22	22	20
Reserves	11 407	12 194	7 137	5 780
Share premium	2 047	1 387	1 387	18
Distributable reserves	8 889	10 612	5 643	5 668
Non-distributable reserves	471	195	107	94
Ordinary shareholders' interest	11 429	12 216	7 159	5 800

CASH FLOW STATEMENTS

For the year ended 31 December

		GROUP			
					15 months
Notes		2001	2000	1999	1998
		Rm	Rm	Rm	Rm
Cash flow from operating activities		5 173	3 806	3 144	3 190
Cash received from clients	19.1	18 573	15 556	15 656	19 432
Cash paid to clients, staff and suppliers	19.2	(13 671)	(11 826)	(12 668)	(16 283)
Dividends received on investments	17.1	1	1	67	4
Recoveries on loans previously written off	7.2	270	75	89	37
Change in working funds		(9 369)	4 318	(882)	(3 464)
Increase in operating assets	19.3	(26 500)	(8 709)	(12 201)	(19 113)
Increase in operating liabilities	19.4	17 131	13 027	11 319	15 649
Cash (utilised)/generated by operating activities		(4 196)	8 124	2 262	(274)
Taxation paid	19.5	(365)	(204)	(210)	(509)
Cash flow from investment activities		(2 216)	(3 354)	(716)	(1 322)
Investment in fixed assets	10, 19.5, 19.7	(1 200)	(1 145)	(611)	(672)
Proceeds on sale of fixed assets	10	31	20	47	56
Net proceeds on sale of investment banking assets	19.6	215	51		
Net surplus on the sale of long-term assets				24	18
Net acquisition of associate and other investments		(241)	(2 291)	(318)	(728)
Acquisition/disposal of subsidiaries	19.7	(1 021)	11	142	4
Cash provided/(utilised) by financing activities		2 106	(375)	1 129	(14)
Net proceeds of ordinary shares issued		660		1 514	
Net increase in subordinated debt instruments		2 248	86		
Dividends paid	19.8	(802)	(461)	(385)	(14)
Effects of exchange rate changes on cash and cash equivalents (excluding foreign borrowings)		473	238	23	404
Net cash (utilised)/generated		(4 198)	4 429	2 488	(1 715)
Cash and short-term funds at beginning of year		11 070	6 641	4 153	5 868
At end of year	3	6 872	11 070	6 641	4 153

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

1. ACCOUNTING POLICIES

The consolidated financial statements are prepared in accordance with, and comply with, South African Statements of Generally Accepted Accounting Practice. The financial statements are prepared on the historical-cost basis, except for certain investments that are carried at fair values. The accounting policies adopted and applied are set out below and are in all material respects consistent with those of the previous year, unless otherwise indicated.

1.1 Consolidated financial statements

The group financial statements incorporate the assets, liabilities and results of the company, its subsidiaries, joint ventures and associate companies. Subsidiary companies are companies in which the group can exercise control at either equity or board level. The results of subsidiaries, joint ventures and associate companies are dealt with from the effective dates of acquisition until the effective dates of disposal.

1.2 Investments in joint ventures

Joint ventures are those enterprises over which the group exercises joint control in terms of a contractual agreement, except those entered into in the course of lending-related activities. Joint ventures are proportionately consolidated, whereby the group's share of the joint ventures' assets, liabilities, income and expenses is combined with similar items, on a line-by-line basis, in the group's financial statements.

1.3 Associate companies

Associate companies are those companies in which the group holds between 20% and 50% equity interest and exercises significant influence over their financial and operating policies. The share of associated retained earnings and reserves is determined from the associates' latest audited financial statements or the latest unaudited financial results. No significant changes occurred between these dates and the group's year-end.

1.4 Securities and other investments

Securities having a fixed redemption value are stated at cost, adjusted for the difference between cost and redemption value, which are brought to account over the period to redemption date. No provision is made for any shortfall between the market value of securities held for investment purposes and the carrying value, as determined above, where it is intended they be held to redemption. Securities held for trading purposes are stated at market value. Other investments are stated at cost and provision is made where, in the opinion of the directors, there has been a permanent diminution in value.

1.5 Derivative instruments

Trading positions on financial futures, option contracts and forward rate agreements are marked-to-market value and the resultant profits and losses are accounted for in the income statement in the year in which they arise. Profits and losses on contracts entered into for the purpose of hedging are recognised in the income statement on the same basis and over the same accounting period as those of the hedged items to which they relate.

1.6 Repurchase and resale agreements

Where securities are sold under an agreement to repurchase those securities at a future date, the securities are recorded in the annual financial statements with the corresponding liability to repurchase those securities. Securities subject to repurchase agreements are valued in terms of the accounting policy set out in note 1.4.

Securities purchased under an agreement to resell those securities at a future date are treated as secured loans and reflected on the balance sheet. Profits and losses arising from the transactions are accounted for over the period of the contracts.

1.7 Instalment transactions

Instalment credit agreements are regarded as financing transactions and total instalments, less unearned finance charges, are included in advances and other accounts.

Lease income and finance charges are precomputed at the commencement of the contractual periods and are recognised in income in proportion to the capital balances outstanding. Unearned lease income and finance charges are carried forward as deferred income and deducted from advances.

1.8 Discounting transactions

Acceptances, promissory notes and other bills drawn by clients and discounted by banking subsidiaries are included under advances. Amounts rediscounted are included under the contra items for acceptances.

1.9 Properties in possession

Unsold properties in possession are included under advances and valued at the lower of cost and net realisable value. Cost includes the outstanding balance on repossession, which may or may not include capitalised interest incurred by the client, together with other charges relating to the repossession.

1.10 Specific and general provisions

Specific provisions for bad and doubtful debts are made against identified doubtful advances, including amounts in respect of interest that is not serviced, and are deducted from advances.

In addition, a general provision is maintained against significant unforeseen losses and, in particular, on advances not specifically identified as doubtful and is deducted from advances. The provisions, both specific and general, made during the year, less recoveries of advances previously written off, are charged to the income statement.

1.11 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted and the discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

1.12 Fixed assets and depreciation

1.12.1 Fixed property and equipment

Freehold land and buildings are considered to be investment properties and are not depreciated. Other equipment and fixed assets are stated at cost and are depreciated on a straight-line basis at rates appropriate to their estimated useful lives.

1.12.2 Intangible assets

Computer software and development costs are stated at cost and are depreciated on a straight-line basis at rates appropriate to their estimated useful lives not exceeding seven years. The carrying value of each intangible asset is assessed annually and revisions are made where it is considered necessary.

1.13 Impairment of assets

The carrying amounts of the group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment, in which case their recoverable amounts are estimated.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount. A previously recognised impairment loss will be reversed if the recoverable amount increases as a result of a change in the estimates used previously to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised. For goodwill a recognised impairment loss is not reversed.

The recoverable amount is the higher of its net realisable value and its value in use. Net realisable value is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset. In assessing value-in-use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset whose cash flows are largely dependent on those of other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

1.14 Goodwill

Goodwill arises as a result of the excess of the cost of an acquisition over the group's interest in the fair value of the identifiable assets and liabilities of subsidiaries and associates acquired. Goodwill is carried at cost less accumulated amortisation and is amortised on a straight-line basis over its estimated useful life. Any gain or loss on the disposal of an interest in an entity includes the unamortised balance of goodwill relating to the disposal of that interest.

1.15 Taxation

Current taxation comprises taxation payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted at the balance sheet date, and any adjustment of taxation payable for previous years.

Deferred taxation is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date. Deferred taxation is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred taxation of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred-tax asset is recognised to the extent that it is probable that future taxable income will be available, against which the unutilised tax losses and deductible temporary differences can be used. Deferred-tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.16 Foreign currency transactions

Transactions in foreign currencies are recorded at the rate of exchange ruling at the transaction date. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date or at the relevant rates at which forward exchange contracts were concluded. Gains and losses arising on translation are credited to or charged against income. Foreign exchange trading positions, including spot and forward exchange contracts, are valued at current market rates taking maturity profiles into account, and resultant profits or losses are accounted for in the income statement.

1.17 Foreign operation financial statements

Foreign entity financial statements are translated into the reporting currency as follows: assets and liabilities are translated at rates of exchange ruling at year-end and income, expenditure and cash flow items are translated at the weighted average exchange rates for the period. Exchange differences arising from the translation of a foreign entity are taken directly to a foreign currency translation reserve.

Integrated foreign operation financial statements are translated into the reporting currency as follows: transactions and resulting non-monetary items are translated at the exchange rate ruling at the transaction date. Income statement items are translated at the appropriate weighted average exchange rates for the year and monetary assets and liabilities are translated at rates of exchange ruling at year-end. Translation gains and losses arising from the translation of integrated foreign operations are taken to income for the year.

1.18 Borrowing costs

Borrowing costs that are directly attributable to qualifying assets are capitalised. Qualifying assets are those that necessarily take a substantial period to prepare for their intended use or sale. Capitalisation of borrowing costs continues up to the date that the assets are commissioned for use. All other borrowing costs are expensed in the period in which they are incurred.

1.19 Employee benefits

Defined-contribution plans

Obligations for contributions to defined-contribution pension plans are recognised as an expense in the income statement as incurred.

Defined-benefit plan

The group's net obligation in respect of the defined-benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine the present value, and the fair value of any plan asset is deducted. The discount rate is the yield at balance sheet date on government bonds that have maturity dates approximating to the terms of the group's obligations. The calculation is performed by a qualified actuary using the projected-unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

In calculating the group's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10% of the greater of the present value of the defined-benefit obligation and the fair value of the plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation results in a benefit to the group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past-service costs and the present value of any future refunds from the plan or reduction in future contributions to the plan.

1.20 Post-retirement medical benefits

The group makes provision for post-retirement medical benefits in the form of medical aid schemes for eligible employees and pensioners. The provision made principally represents the annual funding, determined on actuarial advice, to provide for future obligations in respect of post-retirement medical aid benefits.

1.21 Managed funds and trust activities

Certain companies in the group operate unit trusts, hold and invest funds on behalf of clients and act as trustees in a number of fiduciary capacities. Assets and liabilities representing such activities are not reflected on the balance sheet, as these relate directly to clients. Income from these activities is brought to account over the period to which the service relates.

1.22 Turnover

The group's turnover relates mainly to its banking activities and comprises net interest income and non-interest revenue. Net interest income comprises interest income and expenditure relating to the effective interest rates applied to lending-related assets and liabilities. Interest income includes interest earned on lending-related investments. The accrual of interest on lending-related assets is suspended when its recovery is considered to be doubtful. Net interest income includes income in respect of government grants received as compensation for subsidised interest on advances to exporters in line with the conditions set out in the South African export credit support agreement. Non-interest revenue includes dividends from investments, fees and commissions from banking and related transactions, net income from exchange and securities dealing and net gains on the sale of investment banking assets. Non-banking activities include property development and computer-related services, and the net income derived from these activities is included in non-interest revenue.

1.23 Comparative figures

Comparative figures are restated, where necessary, to afford a proper comparison.

2. RELATED-PARTY INFORMATION

2.1 Parent company

The holding company of Nedcor Bank Limited is Nedcor Limited, which holds 100% of the company's ordinary shares. The ultimate holding company is Old Mutual plc, incorporated in the United Kingdom.

2.2 Identity of related parties with whom material transactions have occurred

Associates of the group are identified on pages 58 and 59. All of these entities, Nedcor Limited and its subsidiaries and Old Mutual plc are related parties. There are no other related parties with whom material transactions have taken place.

2.3 Material related-party transactions

Nedcor Bank Limited and its subsidiaries, in the ordinary course of business, enter into various financial services transactions with associates and other entities within the greater Nedcor and Old Mutual group. These transactions are governed by terms no less favourable than those arranged with third parties.

- Dividends received from related parties (note 8.3).
- Dividends paid to holding company – R802 million (2000: R461 million).

2.4 Director and director-related entities

There are no material contracts with directors other than regarding the directors' emoluments (see note 17.4).

	Group			
	2001 Rm	2000 Rm	2001 \$m	2000 \$m
3. CASH AND SHORT-TERM FUNDS				
Coin and banknotes	3 141	1 599	261	212
Money at call and short notice	1 304	2 637	108	349
Balance with central banks	2 427	6 834	201	905
	6 872	11 070	570	1 466
4. OTHER SHORT-TERM SECURITIES				
4.1 Analysis				
Negotiable certificates of deposit	5 085	1 006	422	133
Treasury bills	2 956	3 451	245	457
Other	828	438	69	58
	8 869	4 895	736	648
4.2 Book value				
Investment portfolio	8 744	4 689	726	621
Trading portfolio	125	206	10	27
	8 869	4 895	736	648
4.3 Market valuation				
Investment portfolio	8 931	4 696	741	622
Trading portfolio	125	206	10	27
	9 056	4 902	751	649
5. GOVERNMENT AND PUBLIC SECTOR SECURITIES				
5.1 Book value				
Government and government-guaranteed securities	8 195	4 162	680	551
Other dated securities	401	1	33	
	8 596	4 163	713	551
5.2 Maturity structure				
Maturing within one year	1 108	237	92	31
Maturing after one year but within three years	1 517	2 740	126	363
Maturing after three years	5 971	1 186	495	157
	8 596	4 163	713	551
5.3 Book value				
Investment portfolio	8 550	4 163	709	551
Trading portfolio	46		4	
	8 596	4 163	713	551

	Group			
	2001 Rm	2000 Rm	2001 \$m	2000 \$m
5.4 Valuation				
Listed Securities				
– Book value	7 669	3 784	636	501
– Market value	7 736	3 843	642	509
Unlisted Securities				
– Book value	927	379	77	50
– Directors' valuation	927	379	77	50
Total market/directors' valuation	8 663	4 116	719	545
Total redemption value	8 596	4 222	713	559

5.5 Repurchase commitments

Securities sold subject to repurchase commitments	783	292	65	39
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6. ADVANCES AND OTHER ACCOUNTS

6.1 Category analysis

Home loans	36 330	33 474	3 015	4 434
Other loans and overdrafts	75 909	55 016	6 300	7 286
Leases and instalment debtors	19 591	14 650	1 626	1 940
Less: Unearned finance charges on lease and instalment debtors	(3 019)	(2 974)	(251)	(394)
Preference shares and debentures	2 471	1 691	205	224
Factoring accounts	357	345	30	46
Trade, other bills and bankers' acceptances	913	549	76	73
Remittances in transit	77	125	6	16
Deferred-tax asset (note 14.5)	2	74		10
Taxation	151	97	13	13
Sundry debtors and accrued interest	3 035	2 438	252	323
	135 817	105 485	11 272	13 971
Provision (note 7)	4 825	3 778	400	500
	130 992	101 707	10 872	13 471

6.2 Sectoral analysis

Individuals	58 125	44 025	4 824	5 831
Home loans	36 330	33 474	3 015	4 434
Credit cards	3 987	3 858	331	511
Other	17 808	6 693	1 478	886
Manufacturing	10 401	14 911	863	1 975
Wholesale and trade	4 133	3 325	343	440
Retailers, catering and accommodation	1 418	1 018	118	135
Agriculture, forestry and fishing	561	772	47	102
Mining and quarrying	2 723	1 615	226	214
Banks	12 770	7 440	1 060	985
Financial services, insurance and real estate	14 478	10 139	1 202	1 343
Government and public sector	1 042	2 471	86	327
Building and property development	4 569	3 329	379	441
Transport, storage and communication	4 681	1 945	388	258
Other services	20 916	14 495	1 736	1 920
	135 817	105 485	11 272	13 971

	Group			
	2001 Rm	2000 Rm	2001 \$m	2000 \$m
6.3 Maturity structure				
Repayable on demand or at short notice	40 227	28 459	3 339	3 769
Three months or less but not repayable on demand or at short notice	12 706	12 368	1 054	1 638
One year or less but over three months	9 273	7 658	770	1 014
Five years or less but over one year	34 423	47 850	2 857	6 338
Over five years	39 188	9 150	3 252	1 212
	135 817	105 485	11 272	13 971

6.4 Geographical analysis

South Africa	117 892	99 987	9 785	13 243
Other African countries	2 951	1 190	245	158
Europe	12 524	2 673	1 039	354
Asia	1 378	1 160	114	154
USA	387	34	32	4
Other	685	441	57	58
	135 817	105 485	11 272	13 971

	Group					
	2001 Rm			2000 Rm		
	Outstanding balance	Security	Provision Raised	Outstanding balance	Security	Provision raised

6.5 Non-performing advances

Sectoral analysis

Individuals	1 530	684	846	1 860	750	1 110
Home loans	584	331	253	712	364	348
Credit cards	455	155	300	454	149	305
Other	491	198	293	694	237	457
Manufacturing	374	269	105	341	197	144
Wholesale and trade	947	618	329	280	176	104
Retailers, catering and accommodation	202	134	68	100	51	49
Agriculture, forestry and fishing	60	48	12	43	32	11
Mining and quarrying	37	20	17	15	8	7
Banks	8	7	1			
Financial services, insurance and real estate	892	606	286	559	319	240
Government and public sector	10	4	6	39	11	28
Building and property development	885	294	591	692	272	420
Transport, storage and communication	284	178	106	213	168	45
Other services	1 453	497	956	1 201	458	743
	6 682	3 359	3 323	5 343	2 442	2 901

	Group					
	2001			2000		
	Outstanding balance	Security \$m	Provision Raised	Outstanding balance	Security \$m	Provision Raised
<i>Sectoral analysis</i>						
Individuals	127	57	70	246	99	147
Home loans	48	27	21	94	48	46
Credit cards	38	13	25	60	20	40
Other	41	17	24	92	31	61
Manufacturing	31	22	9	45	26	19
Wholesale and trade	78	51	27	37	23	14
Retailers, catering and accommodation	17	11	6	13	7	6
Agriculture, forestry and fishing	5	4	1	6	4	2
Mining and quarrying	3	2	1	2	2	
Banks	1	1				
Financial services, insurance and real estate	74	50	24	74	42	32
Government and public sector	1		1	5	1	4
Building and property development	73	24	49	92	36	56
Transport, storage and communication	24	15	9	28	22	6
Other services	121	42	79	159	61	98
	555	279	276	707	323	384

	Group			
	2001 Rm	2000 Rm	2001 \$m	2000 \$m

7. PROVISIONS

7.1 Analysis of provisions

Specific provision for bad and doubtful debts	3 323	2 901	275	384
General provision	1 502	877	125	116
Provisions at end of year (note 6.1)	4 825	3 778	400	500
Insurance policy cover available		284		38
Provisions available	4 825	4 062	400	538

7.2 Specific provision for bad and doubtful debts

Balance at beginning of year	2 901	1 612	384	262
Income statement charge (note 7.4)	724	836	60	111
Debts written off	(1 364)	(693)	(113)	(92)
Transfer from interest reserve	128	157	11	21
Debts recovered	270	75	22	10
Acquisition of subsidiary	664	914	55	121
Foreign exchange movement			(143)	(49)
Provision at end of year	3 323	2 901	276	384

	Group			
	2001 Rm	2000 Rm	2001 \$m	2000 \$m
7.3 General provision				
Balance at beginning of year	877	944	116	154
Income statement charge/(release) (note 7.4)	154	(95)	13	(13)
Income statement charge – exceptional (note 7.4)	400		33	
Acquisition of subsidiary	47	23	4	3
Other transfers	24	5	2	1
Foreign exchange movement			(43)	(29)
Provision at end of year	1 502	877	125	116
7.4 Specific and general provisions – income statement charge				
Specific provision for bad and doubtful debts (note 7.2)	724	836	60	111
General provision (note 7.3)	154	(95)	13	(13)
Exceptional general risk provision (note 7.3)	400		33	
Credit insurance premium	104	100	9	13
Income statement charge for the year	1 382	841	115	111
7.5 Ratio of provisions to advances				
Provisions available at end of year (note 7.1)	4 825	4 062	400	538
Total advances and other accounts	135 817	105 485	11 272	13 971
Ratio (%)	3,6	3,9	3,6	3,9

8. ASSOCIATE AND OTHER INVESTMENTS

8.1 Book value

Associate investments	1 806	1 374	150	182
Listed	773	494	64	65
Unlisted	1 033	880	86	117
Other investments	2400	6 355	199	842
Listed	1 523	5 694	126	754
Unlisted	877	661	73	88
	4 206	7 729	349	1 024

8.2 Valuation

Associate investments	1 655	1 718	137	228
Listed at market value	582	473	48	63
Unlisted at directors' valuation	1 073	1 245	89	165
Other investments	2 404	6 398	200	847
Listed at market value	1 527	5 737	127	760
Unlisted at directors' valuation	877	661	73	87
	4 059	8 116	337	1 075

	Group			
	2001 Rm	2000 Rm	2001 \$m	2000 \$m
8.3 Analysis of associate investments				
Book value at beginning of year	1 374	812	182	132
– Share of current-year retained income	163	223	14	30
– Dividends received	(58)	(55)	(5)	(7)
– Goodwill amortised	(226)	(185)	(19)	(25)
– Net additions	159	435	13	58
– Foreign exchange	394	144	(35)	(6)
	1 806	1 374	150	182
8.4 Net interest in associated companies				
Associate investments – on acquisition				
Listed: Net asset value	244	240	20	32
Goodwill	184	126	15	17
Unlisted: Net asset value	411	223	34	29
Goodwill	728	692	60	92
Share of distributable reserves since acquisition	799	359	67	47
Goodwill amortised/written off	(560)	(266)	(46)	(35)
	1 806	1 374	150	182
8.5 Analysis of other investments				
Book value at beginning of year	6 355	868	842	141
– Writedown of investment	(3 758)		(312)	
– Net (disposal)/ additions	(197)	5 487	(16)	727
– Foreign exchange			(315)	(26)
	2 400	6 355	199	842

Information relating to associate and other investments appears on pages 58 and 59.

	Group					
	2001 Rm		Book value	2000 Rm		
	Cost or valuation	Accumulated depreciation/ amortisation		Cost or valuation	Accumulated depreciation/ amortisation	Book value
9. FIXED AND INTANGIBLE ASSETS						
9.1 Fixed property						
Freehold land and buildings	1 447	47	1 400	1 219	67	1 152
Leasehold premises	100	77	23	83	60	23
Writedown of fixed property				(25)		(25)
	1 547	124	1 423	1 277	127	1 150
US dollar (millions)						
Freehold land and buildings	120	4	116	162	9	153
Leasehold premises	8	6	2	11	8	3
Writedown of fixed property				(3)		(3)
	128	10	118	170	17	153

Registers giving details required by the Companies Act, 1973, are available for inspection at the registered office of the companies concerned.

Freehold land and buildings in the group, which are considered to be long-term investments, with a book value of R1 400 million were valued by independent valuers at R1 433 million as at 31 December 2001.

During 2000 R106 million before taxation was written off properties and leasehold premises to recognise the permanent diminution of value resulting mainly from the reconfiguration of the retail branch network (see note 14.1 – provision for onerous contracts).

Borrowing costs that are directly attributable to qualifying assets are capitalised. Capitalised borrowing costs incurred during the year are calculated at the group's average funding cost and are included in the fixed-asset categories above.

	Expected date for commissioning of asset	Capitalised interest		Accumulated capitalised interest Rm
		2001 Rm	2000 Rm	
Fixed property : new head office	2003 – 2004	43	60	170
: foreshore development	2002 – 2003	1		1
Software development costs	2002 – 2003	52	17	69

Group					
2001 Rm			2000 Rm		
Accumulated Cost or depreciation/ valuation	amortisation	Book value	Cost or valuation	Accumulated depreciation/ amortisation	Book value

9.2 Equipment

Computer equipment	1 047	751	296	1 001	700	301
Furniture and other equipment	808	465	343	728	425	303
Vehicles	20	8	12	11	5	6
	1 875	1 224	651	1 740	1 130	610

US dollar (millions)

Computer equipment	87	62	25	133	93	40
Furniture and other equipment	67	39	28	96	56	40
Vehicles	2	1	1	2	1	1
	156	102	54	231	150	81

The aggregate amount of leasehold equipment held by the group is included in the above.

	Group					
	2001 Rm			2000 Rm		
	Cost or valuation	Accumulated depreciation/ amortisation	Book value	Cost or valuation	Accumulated depreciation/ amortisation	Book value
9.3 Intangible Assets						
Computer software	605	247	358	388	183	205
Computer development costs	805		805	472		472
	1 410	247	1 163	860	183	677
US dollar (millions)						
Computer software	50	20	30	51	24	27
Computer development costs	67		67	63		63
	117	20	97	114	24	90
9.4 Goodwill	1 312	47	1 265			
US dollar (millions)						
Goodwill	109	4	105			

For purposes of calculating depreciation the useful lives of fixed assets are considered to be three to five years for computer and other equipment, two to seven years for computer software and development costs, three to six years for vehicles, four to ten years for furniture and other equipment and ten to twenty years for improvements to fixed property.

Goodwill on acquisitions of subsidiary companies is capitalised in accordance with South African Statements of Generally Accepted Accounting Practice (SA GAAP) and amortised over the estimated useful life, which is considered to be seven to twenty years.

During the 2000 year computer development costs were capitalised in line with SA GAAP and the estimated useful life for depreciating

- (a) computer equipment was changed from a maximum of five years to three years, and
- (b) computer software was changed from three years to a maximum of seven years. The net effect of these changes was not considered material.

	December 2000 Rm Book value	Additions/ Capitalisation	Disposals		Depreciation/ Amortisation	December 2001 Rm Book value
			Proceeds	Profit/(loss)		
10. MOVEMENTS IN FIXED AND INTANGIBLE ASSETS						
Freehold land and buildings	1 127	316	(26)	(11)	(6)	1 400
Leasehold premises	23	5			(5)	23
Fixed property (note 9.1)	1 150	321	(26)	(11)	(11)	1 423
Computer equipment	301	194	4	(20)	(183)	296
Furniture and other equipment	303	139	(1)	(6)	(92)	343
Vehicles	6	10	(1)		(3)	12
Equipment (note 9.2)	610	343	2	(26)	(278)	651
Computer software	205	245	(7)		(85)	358
Computer development costs	472	333				805
Intangible assets (note 9.3)	677	578	(7)		(85)	1 163
Goodwill (note 9.4)		1 312			(47)	1 265
Total 2001	2 437	2 554	(31)	(37)	(421)	4 502
Total 2000	1 716	1 213	(20)	(14)	(433)	2 437
US dollar (millions)						
Freehold land and buildings	148	(29)	(1)	(1)		116
Leasehold premises	4	(2)				2
Fixed property (note 9.1)	152	(31)	(1)	(1)		118
Computer equipment	39	3			(2)	25
Furniture and other equipment	40	(4)			(8)	28
Vehicles	2	(1)				1
Equipment (note 9.2)	81	(2)			(2)	54
Computer software	27	11	(1)		(7)	30
Computer development costs	63	4				67
Intangible assets (note 9.3)	90	15	(1)		(7)	97
Goodwill (note 9.4)		109			(4)	105
Total 2001	323	91	(2)	(3)	(34)	374
Total 2000	279	108	(1)	(2)	(58)	323

	Group			
	2001 Rm	2000 Rm	2001 \$m	2000 \$m
11. SHARE CAPITAL				
11.1 Issued				
21 518 000 (2000: 21 518 000) fully paid ordinary shares of R1 each	22	22	2	3
11.2 Authorised				
30 000 000 (2000: 30 000 000) ordinary shares of R1 each	30	30	2	4
11.3 Subject to the restrictions imposed by the Companies Act, 1973, the unissued shares are under the control of the directors until the forthcoming annual general meeting.				

12. MINORITY SHAREHOLDERS' INTEREST

Balance at beginning of year	14	12	2	2
Current-year income attributable to minorities	45	2	4	
Acquisition of subsidiaries	327		27	
Share of other movements	(1)			
Foreign exchange			(1)	
Balance at end of year	385	14	32	2

13. SUBORDINATED DEBT INSTRUMENTS

Subordinated debt instruments issued:

R80 million repayable on 15 May 2001		80		11
R80 million repayable on 15 May 2002	80	78	7	10
R850 million repayable on 12 March 2002	850		71	
R140 million repayable on 15 May 2003	137	134	11	18
US\$40 million repayable on 17 April 2008	482	302	40	40
US\$18 million repayable on 31 August 2009	217	136	18	18
R2 billion repayable on 20 September 2011	2 062		171	
	3 828	730	318	97

The instruments repayable between 15 May 2002 and 2003 bear interest at the rate of 14% per annum on the nominal value and are guaranteed by Nedcor Limited. The subordinated compulsory convertible debentures repayable on 12 March 2002 bear interest at 16% per annum. The instruments repayable in US dollars on 17 April 2008 and 31 August 2009 bear interest at the six-month Libor rate and at 1,5 basis points below the six-month Libor rate respectively on the nominal value of the instrument. The subordinated callable notes repayable on 20 September 2011 bear interest at 11,3% per annum. Couponholders are entitled, in the event of interest default, to put the coupon covering such interest payment to Nedcor Limited.

	Group			
	2001 Rm	2000 Rm	2001 \$m	2000 \$m

14. DEPOSIT, CURRENT AND OTHER ACCOUNTS

14.1 Analysis

Current accounts	20 803	18 576	1 726	2 460
Savings deposits	6 986	3 563	580	472
Other deposits and loan accounts	74 409	61 896	6 176	8 198
Foreign currency liabilities	26 910	21 589	2 233	2 860
Negotiable certificates of deposit	12 312	8 477	1 022	1 123
Liabilities in respect of repurchase agreements	1 151	346	96	46
Taxation	65	18	5	3
Deferred-tax liability (note 14.5)	1 454	1 059	120	140
Provision for onerous contracts	63	81	5	11
Provision for leave pay	219	194	18	26
Creditors and other accounts	4 023	3 242	334	428
	148 395	119 041	12 315	15 767

Foreign currency liabilities, including the US dollar subordinated debt instruments, are either matched by advances to clients or covered against exchange rate fluctuations. Liabilities in respect of repurchase agreements are secured by pledge of the assets sold.

14.2 Sectoral analysis

Banks	25 095	11 322	2 083	1 500
Government and public sector	6 123	5 395	508	715
Individuals	48 926	36 389	4 060	4 820
Business sector	68 251	65 935	5 664	8 732
	148 395	119 041	12 315	15 767

14.3 Maturity structure

Repayable on demand	76 299	58 277	6 331	7 718
Three months or less but not repayable on demand	43 002	33 316	3 569	4 413
One year or less but over three months	20 696	22 047	1 718	2 920
Five years or less but over one year	6 999	4 823	581	639
Over five years	1 399	578	116	77
	148 395	119 041	12 315	15 767

14.4 Geographical Analysis

South Africa	116 599	105 100	9 676	13 921
Other African countries	3 273	1 879	272	249
Europe	21 901	7 682	1 818	1 017
Asia	2 108	1 967	175	261
USA	1 833	1 128	152	149
Other	2 681	1 285	222	170
	148 395	119 041	12 315	15 767

	Group			
	2001 Rm	2000 Rm	2001 \$m	2000 \$m
14.5 Deferred taxation				
Balance at beginning of year	985	734	130	122
Deferred-tax liability	1 059	786	140	128
Adjustment for change in accounting policy		(49)		(6)
Deferred-tax asset	(74)	(3)	(10)	
Current-year temporary differences	473	341	39	45
Client credit agreements	395	270	33	36
General provision	(70)	20	(6)	3
Income and expenditure accruals	(107)	(67)	(9)	(9)
Taxation losses	71	47	6	6
Other	184	71	15	9
Acquisition of subsidiary		(118)		(16)
Other movements	(6)	28	(1)	4
Foreign exchange movement			(48)	(25)
Balance at end of year	1 452	985	120	130
Deferred-tax liability (note 14.1)	1 454	1 059	120	140
Deferred-tax asset (note 6.1)	(2)	(74)		(10)

14.6 Analysis of deferred taxation

Client credit agreements	2 043	1 648	169	218
General provision	(331)	(263)	(27)	(35)
Income and expenditure accruals	(422)	(315)	(35)	(42)
Taxation losses		(71)		(9)
Other	162	(14)	13	(2)
	1 452	985	120	130

15. CONTINGENT LIABILITIES

Confirmed letters of credit and discounting transactions	2 303	937	191	124
Liabilities under guarantees	8 134	6 392	675	847
Unutilised facilities and other	5 545	4 995	460	661
	15 982	12 324	1 326	1 632

16. COMMITMENTS

16.1 Capital expenditure approved by directors

Contracted	576	575	48	76
Not yet contracted	443	358	37	47
	1 019	933	85	123

Funds to meet capital expenditure commitments will be provided from group resources.

In addition, capital expenditure is incurred in the normal course of business throughout the year.

16.2 Operating lease commitments

Companies in the group have entered into leases over fixed property, furniture and other equipment for varying periods. The charges will increase in future in line with negotiated escalations and expansions.

	2006 and thereafter Rm	2005 Rm	2004 Rm	2003 Rm	2002 Rm	2001 Rm	2000 Rm
Land and buildings	635	272	248	228	214	197	105
Furniture and other equipment	319	143	133	123	115	173	77
	954	415	381	351	329	370	182

Group

	2001 Rm	2000 Rm	2001 \$m	2000 \$m
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17. INCOME AND EXPENSES

17.1 Non-interest revenue

Commission and fees	2 660	2 192	221	289
Securities trading	219	210	18	28
Exchange trading	468	398	39	53
Translation gains	655	375	54	50
Translation gains – exceptional	441		36	
Surplus on sale of investment banking assets	215	51	18	7
Other income	210	135	18	18
Dividends from other investments	1	1		
	4 869	3 362	404	445

17.2 Expenses

Auditors' remuneration				
Audit fee	10	9	1	1
Other services	2	1		
Depreciation	374	433	31	58
Fixed property	11	15	1	2
Equipment	275	350	23	47
Intangible assets	85	66	7	9
Vehicles	3	2		
Staff costs	2 588	2 175	215	288
Operating lease charges				
Fixed property	197	173	16	23
Computer equipment	73	51	6	7
Furniture and other equipment	32	26	3	3
Other expenses	1 543	1 268	128	168
	4 819	4 136	400	548

17.3 Change in accounting policy

The change in accounting policy arose on the adoption of the accounting statement AC116, Employee Benefits, which has resulted in the creation of additional leave pay provisions. Comparative figures have been appropriately restated. The effects of the adoption of the statement are as follows:

Group

	Gross amount	Distributable reserves	Deferred tax
Income statement charge : 2001	17	12	5
: 2000	22	15	7
Prior year's opening balance reserves restatement	164	115	49
	203	142	61

	Group			
	2001 Rm	2000 Rm	2001 \$m	2000 \$m
17.4 Directors' emoluments				
From the company for services as non-executive directors	6	5		1
From subsidiary companies for services as executive directors	30	26	2	3
Salaries	13	11	1	1
Bonuses	17	15	1	2
Gains on exercise of share options	6	39		5
	42	70	2	9

17.5 Company expenses

Certain expenses incurred by the company on behalf of subsidiary companies are recovered from subsidiary companies.

18. TAXATION

18.1 Charge for the year

Taxation on income:

South African normal taxation – current	33	3	2	1
– deferred	383	395	32	52
Secondary tax on companies (STC)	68	22	6	3
Foreign taxation	30	16	2	2
Current and deferred taxation on income	514	436	42	58
Prior-year overprovision – deferred	(87)	(30)	(7)	(4)
Total taxation on income	427	406	35	54
<i>Transaction and other taxation</i>				
Regional Services Council levies	27	24	2	3
Value-added tax charge in respect of current expenditure net of input credits	115	104	10	14
Stamp duty	25	17	2	2
Total transaction and other taxation	167	145	14	19
Total taxation, excluding exceptional capital items	594	551	49	73

18.2 Taxation – exceptional capital items

Provision for onerous contracts		(24)		(3)
Foreign exchange gains	171		14	
Total taxation – exceptional capital items	171	(24)	14	(3)

18.3 Total taxation, including exceptional capital items

765	527	63	70
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	Group	
	2001 %	2000 %
18.4 Tax rate reconciliation (excluding exceptional items)		
<i>Standard rate of SA normal taxation</i>	30	30
The standard rate has been affected by:		
Dividend income	(3)	(3)
Other permanent differences	(11)	(9)
Differences in foreign tax rates and SA tax rate	(2)	(2)
Non-taxable investment income and translation gains	(7)	(5)
Other	(2)	(2)
Current and deferred taxation on income as a percentage of income before taxation and exceptional items	16	18
Total taxation as a percentage of income before taxation (excluding all exceptional items)	18	21

18.5 Future tax relief

The group has estimated tax losses of R649 million (2000: R643 million) that can be set off against future taxable income, of which nil (2000: R237 million) has been applied to reduce the deferred-taxation balance. The group has no accumulated STC credits at the year-end (2000:nil).

	Group			
	2001 Rm	2000 Rm	2001 \$m	2000 \$m
19. CASH FLOW INFORMATION				
19.1 Cash receipts from clients				
Interest income and dividends from finance facilities	13 920	12 232	1 156	1 620
Commission and fees	2 664	2 192	221	290
Other income	1 989	1 132	165	150
	18 573	15 556	1 542	2 060
19.2 Cash payments to clients, staff and suppliers				
Interest expense	9 229	8 054	766	1 067
Staff costs	2 588	2 016	215	267
Other payments	1 854	1 756	154	232
	13 671	11 826	1 135	1 566
19.3 Increase in operating assets				
Other short-term securities	3 791	(1 761)	315	(233)
Government and public sector securities	4 421	1 444	367	191
Advances and other accounts	18 288	9 026	1 517	1 194
	26 500	8 709	2 199	1 152
19.4 Increase in operating liabilities				
Current and savings accounts	5 645	1 966	468	260
Other deposit, loan and foreign currency liabilities	6 561	9 578	545	1 269
Negotiable certificates of deposit	3 486	839	289	111
Liabilities in respect of repurchase agreements	805	269	67	36
Creditors and other liabilities	634	375	53	50
	17 131	13 027	1 422	1 726

	Group			
	2001 Rm	2000 Rm	2001 \$m	2000 \$m
19.5 Taxation paid				
Amounts prepaid at beginning of year	79	20	7	3
Income statement charge	(298)	(185)	(25)	(25)
Other movements	(25)	61	(2)	8
Acquisition of subsidiary	(17)		(1)	
Portion of taxation on fixed assets acquired to be depreciated in future years	(18)	(21)	(2)	(3)
Amounts prepaid at end of year	(86)	(79)	(7)	(10)
	(365)	(204)	(30)	(27)
19.6 Cash inflow from operating activities – reconciliation				
Net income before taxation	(246)	5 824	(22)	771
Add: depreciation (note 10)	374	433	30	58
loss on sale of fixed assets (note 10)	37	14	3	2
provision for bad and doubtful debts (notes 7.2 and 7.4)	1 652	916	137	121
goodwill amortised (note 8.3 and 10)	273	185	23	25
writedown of property and leasehold premises (note 9.1)		106		14
Less: net capital profit/(loss) on sale of long-term investments	3 298	(3 621)	276	(480)
surplus on sale of investment banking assets (note 17.1)	(215)	(51)	(18)	(7)
	5 173	3 806	429	504
19.7 Acquisition of subsidiaries				
Operating assets	(12 789)	(5 288)	(1 061)	(700)
Cash and cash equivalents	(161)	(11)	(13)	(2)
Other investments	(67)	(99)	(6)	(13)
Fixed assets	(24)	(48)	(2)	(6)
Intangible assets	(1 327)		(110)	
Subordinated debt	850		71	
Operating liabilities	12 336	5 446	1 024	721
Consideration paid	(1 182)		(97)	
Less: Cash and cash equivalent acquired	161	11	13	2
Net cash (outflow)/inflow	(1 021)	11	(84)	2
19.8 Dividends paid				
Amounts unpaid at beginning of year				
Income statement charge	(802)	(461)	(67)	(61)
Amounts unpaid at end of year				
	(802)	(461)	(67)	(61)
20. MANAGED FUNDS				
Portfolio management	3 446		286	
Trusts and estates	11 212		930	
Unit trusts	628	624	52	83
	15 286	624	1 268	83

The group, through a number of subsidiaries, operates unit trusts, holds and invests funds on behalf of clients and acts as trustee in a number of fiduciary capacities. In addition, companies in the group operate securities and custodial services on behalf of clients.

21. RETIREMENT BENEFIT INFORMATION

The group has a number of funds providing either defined benefits or accumulated benefits (defined contribution) for employees and their dependents on retirement or death. All eligible employees and former employees are members of trustee-administered or underwritten pension schemes within the group, financed by company and employee contributions. All South African plans are governed by the Pension Funds Act, 1956. Contributions to the defined-benefit funds, which are charged against operating income, are based on actuarial advice following periodic valuations of the funds at intervals not exceeding three years, using a projected-benefit method. Any deficits are funded to ensure the ongoing financial soundness of the funds.

The benefits provided for by the defined-benefit schemes are based on years of membership and/or salary levels. These benefits are provided from contributions by employees, and the group, and income from the assets of these schemes. The benefits provided for by the accumulated-benefit (defined-contribution) schemes are determined by the accumulated contributions and investment earnings. The benefits are provided from contributions by employees, and the group, and income from the assets of these schemes. At the dates of the latest valuation the group pension funds were in sound financial position in terms of section 16 of the Pension Funds Act. During 1998 active members in the Nedcor (defined-benefit) Pension Fund were granted a further option to transfer to one of the defined-contribution funds and approximately three quarters of the then valuation surplus was allocated to members and pensioners.

At 30 September 2000, the date of the latest actuarial valuation, the Nedcor Pension Fund had assets totalling R2 043 million at market value. The actuarial valuation of the assets was R1 739 million and that of the liabilities R1 487 million, resulting in an actuarial surplus of R252 million and a market value surplus of R556 million.

The surplus calculated as at 31 December 2001 (see note 21.1) was based on actuarial assumptions as at that date, but does not take into account the impact of the Pension Fund Second Amendment Act recently promulgated. Of this surplus, the group has accounted for R275 million (2000: R275 million), which is recorded as an asset in the balance sheet.

	31 December 2001	
	Rm	\$m
21.1 Employee benefit obligations: Defined-benefit pension plan		
21.1.1 Net assets of pension plan		
Present value of funded obligations	(1 733)	(144)
Fair value of plan assets	2 238	186
	505	42
Unrecognised actuarial losses	34	3
Unrecognised asset due to the application of asset ceiling as required by paragraph 59 of AC116	(264)	(22)
Net assets at end of year	275	23
21.1.2 Amounts recognised in the income statement		
Current service costs	19	2
Interest on obligation	196	16
Expected return on plan assets	(265)	(22)
Effect of applying the asset ceiling	63	5
Total recognised employee remuneration costs	13	1
Actual return on plan assets	(256)	(21)
21.1.3 Movements in the net assets of pension plan		
Net assets at beginning of year	275	23
Net expense recognised in the income statement	(13)	(1)
Contributions	13	1
Net assets at end of year	275	23

21.1.4 Principal actuarial assumptions at balance sheet date	%
Price inflation	6,5
Salary inflation	8,0
Pensions in payment and deferred-pensions inflation	6,5
Interest rate used to discount liabilities	11,5
Expected rates of return on plan assets	12,1

22. FOREIGN CURRENCY CONVERSION GUIDE

Monetary figures in these financial statements are expressed to the nearest million South African rand. The approximate value of South African rand at 31 December against the following currencies was:

	2001	2000
United States dollar	0,083	0,1325
Pound sterling	0,0573	0,0887
Euro	0,0938	0,1426
Deutschmark	0,1835	0,2790
Japanese yen	10,8988	15,1950

	Group			
	Trading contracts			Non-trading
	Notional principal Rm	Positive value Rm	Negative value Rm	Notional principal Rm
	2001			

23. COMMITMENTS UNDER DERIVATIVE FINANCIAL INSTRUMENTS

23.1 The notional principal amount of instruments entered into with third parties

Exchange rate contracts

Spot, forwards and futures	27 747	15 143	12 604	119 827
Currency swaps	10 858	4 202	6 656	
Options purchased	379	379		246
Options written	133		133	246
	39 117	19 724	19 393	120 319

Interest rate contracts

Interest rate swaps	82 502	40 674	41 828	6 556
Forward rate agreements	56 840	27 885	28 955	
Caps, collars and floors	1 332	566	766	
Options purchased	301	301		
Futures	872	603	269	
	141 847	70 029	71 818	6 556
Total	180 964	89 753	91 211	126 875

	Group			
	Trading contracts			Non-trading
	Notional principal Rm	Positive value Rm	Negative value Rm	Notional principal Rm
	2000			
<i>Exchange rate contracts</i>				
Spot, forwards and futures	20 154	10 701	9 453	100 336
Currency swaps	5 055	2 404	2 651	
Options purchased	548	488	60	11
Options written	479		479	11
	26 236	13 593	12 643	100 358
<i>Interest rate contracts</i>				
Interest rate swaps	63 548	30 068	33 480	1 271
Forward rate agreements	11 230	5 490	5 740	
Options purchased	704	282	422	
Futures	2 909	1 510	1 399	
	78 391	37 350	41 041	1 271
Total	104 627	50 943	53 684	101 629

	Group			
	Trading contracts			Non-trading
	Net fair value Rm	Fair value of assets Rm	Fair value of liabilities Rm	Net fair value Rm
	2001			

23.2 Fair value assets and liabilities in respect of derivative financial instruments

<i>Exchange rate contracts</i>				
Spot, forwards and futures	20	2 328	2 308	3 057
Currency swaps	(2 293)	4 273	6 566	
Options purchased	22	22		
Options written	(40)		40	
	(2 291)	6 623	8 914	3 057
<i>Interest rate contracts</i>				
Interest rate swaps	(489)	1 367	1 856	
Forward rate agreements		57	57	
Caps, collars and floors	5	8	3	
Futures	(5)		5	
	(489)	1 432	1 921	
Total	(2 780)	8 055	10 835	3 057
	2000			
<i>Exchange rate contracts</i>				
Spot, forwards and futures	576	1 298	722	47
Currency swaps	2	2 563	2 561	
Options purchased	11	11		
Options written	(15)		15	
	574	3 872	3 298	47
<i>Interest rate contracts</i>				
Interest rate swaps	(337)	994	1 331	
Forward rate agreements	(6)	12	18	
	(343)	1 006	1 349	
Total	231	4 878	4 647	47

	Group		Total Rm
	Exchange rate contracts Rm	Interest rate contracts Rm	
2001			
23.3 Analysis of trading derivative financial instruments			
23.3.1 Fair value of assets			
<i>Maturity analysis</i>			
Under one year	2 355	277	2 632
One to five years	1 964	748	2 712
Over five years	2 304	407	2 711
	6 623	1 432	8 055
<i>Counterparty analysis</i>			
Financial institutions	6 465	1 328	7 793
Non-financial institutions	158	104	262
	6 623	1 432	8 055
2000			
<i>Maturity analysis</i>			
Under one year	1 297	129	1 426
One to five years	731	624	1 355
Over five years	1 844	253	2 097
	3 872	1 006	4 878
<i>Counterparty analysis</i>			
Financial institutions	3 679	919	4 598
Non-financial institutions	193	87	280
	3 872	1 006	4 878
2001			
23.3.2 Notional principal			
<i>Maturity analysis</i>			
Under one year	28 610	90 088	118 698
One to five years	5 357	42 664	48 021
Over five years	5 150	9 095	14 245
	39 117	141 847	180 964
<i>Counterparty analysis</i>			
Financial institutions	36 586	136 823	173 409
Non-financial institutions	2 531	4 536	7 067
	39 117	141 359	180 476
2000			
<i>Maturity analysis</i>			
Under one year	20 742	36 097	56 839
One to five years	1 513	33 996	35 509
Over five years	3 981	8 298	12 279
	26 236	78 391	104 627
<i>Counterparty analysis</i>			
Financial institutions	24 627	73 815	98 442
Non-financial institutions	1 609	4 576	6 185
	26 236	78 391	104 627

	Group	
	Notional principal	
	2001	2000
	Rm	Rm
23.4 Analysis of non-trading derivative financial instruments		
<i>Exchange rate contracts</i>		
Under one year	115 058	103
One to five years	5 261	99 791
Over five years		464
	120 319	100 358
<i>Interest rate contracts</i>		
Under one year	1 449	1 018
One to five years	4 322	196
Over five years	785	57
	6 556	1 271

23.5 Derivative financial instruments

These transactions have been entered into in the normal course of business and no material losses are anticipated other than those for which provision has been made in the income statement. There are no commitments or contingent commitments under derivative financial instruments that are settled other than with cash.

23.6 Notional principal

Represents the gross value of all outstanding contracts as at 31 December 2001. This gross notional value is the sum of the absolute value of all purchases and sales of derivative instruments. This amount will not reflect the amount receivable or payable under a derivative contract. The notional amount represents only the measure of involvement by the group in derivative contracts and not its exposure to market or credit risks arising from these contracts.

23.7 Fair value of assets and liabilities

The amounts disclosed represent the fair value of all derivative financial instruments held as at 31 December 2001. The fair value of a derivative financial instrument represents the market value if the rights and obligations arising from that instrument were closed out by the group in normal trading conditions as at 31 December 2001. Fair values are obtained from quoted market prices, discounted cash flow models, and market-accepted option-pricing models.

ASSOCIATES AND OTHER INVESTMENTS

		GROUP													
		Method used to account for investment	Percentage Holding		Acquisition Date	Year-end	Date to which equity income accounted for	Equity-accounted earnings		Carrying amount		Market value/ Directors' valuation		Net indebtedness of loans to/(from) associates	
2001 %	2000 %		2001 Rm	2000 Rm				2001 Rm	2000 Rm	2001 Rm	2000 Rm	2001 Rm	2000 Rm	2001 Rm	2000 Rm
LISTED															
Banking															
State Bank of Mauritius Ltd	Equity	20,1	20,1	Nov 97	Jul	Dec 01	55	46	630	375	377	328			(6)
Technology															
Net 1 Applied Technology Holdings Ltd	Equity	26,1	25,1	Jul 00	Jun	Dec 01	27	9	143	119	204	145	176		
UNLISTED															
Banking															
Merchant Bank of Central Africa Ltd	Equity	29,3	29,3	Dec 93	Dec	Dec 01	8	18	94	54	94	54			31
HSBC Equator Holdings plc	Equity	40,0	40,0	May 94	Dec	Dec 01	9	(3)	111	75	116	75			(198)
Commercial Bank of Namibia Ltd	Equity	43,6	43,6	Dec 94	Dec	Dec 01	26	19	71	74	71	74	70		
Finance Corporation of Malawi Ltd	Equity	45,3	45,3	Jul 99	Dec	Dec 01	(4)	2	39	12	39	11			6
BNP Nedbank Mozambique SARL	Equity	40,0	40,0	Oct 99	Dec	Dec 01	2	1	34	20	34	20			15
Banque SBM Madagascar	Equity	20,0	20,0	Dec 99	Jul	Dec 01	3	2	13	7	13	7			*
SBM Nedbank International Ltd	Equity	50,0	50,0	Jul 99	Dec	Dec 01	6	5	140	82	140	82			
Technology															
Dimension Data International Ltd †	Equity			Oct 97	Sep	Dec 01		91							
The Internet Solution (Pty) Ltd	Equity	20,0	20,0	Jun 00	Sep	Dec 01	8	3	200	375	200	476	(46)		
Linx Holdings (Pty) Ltd	Equity	25,1	28,9	Jul 00	Mar	Dec 01	8	3	127	139	127	146			
The IQ Business Group (Pty) Ltd	Equity	31,7	31,7	Jul 00	Sep	Dec 01	(5)	(2)	3	7	3	7			
Miraculum (Pty) Ltd	Equity	37,3	37,3	Jan 99	Sep	Dec 01	24	26		22		223			
Nashua NedTel Communications (Pty) Ltd‡	Equity														
Other															
Syfrets Trust Limited	Equity	50,0	50,0	Oct 99	Dec	Dec 01	2	2	5	3	5	3			18
Virgin Active	Equity	30,0		Mar 01	Dec	Dec 01	(6)	1	57	10	57	67	156		
Other	Equity					Dec 01			139		175		11		
							163	223	1 806	1 374	1 655	1 718	367		(134)

*Less than R1 million

†Disposed of on 31 December 2000

‡Disposed of on 1 December 2001

ASSOCIATE AND OTHER INVESTMENTS

Analysis
as at 31 December

	Banking Rm	Technology Rm	Other Rm	Total Rm
Associate				
Analysis				
<i>2001</i>				
Listed shares, at cost – Net asset value	198	46		244
– Goodwill	106	78		184
Unlisted shares, at cost – Net asset value	195	42	174	411
– Goodwill	111	534	83	728
Share of retained earnings since acquisition	335	42	(1)	376
Goodwill written off	(111)	(269)	(56)	(436)
Dividends received	(95)			(95)
Foreign exchange movements	393		1	394
Net interest in associate companies	1 132	473	201	1 806
<i>2000</i>				
Listed shares, at cost – Net asset value	198	42		240
– Goodwill	54	72		126
Unlisted shares, at cost – Net asset value	176	47		223
– Goodwill	57	600	35	692
Share of retained earnings since acquisition	230	53	3	286
Goodwill written off	(111)	(120)	(35)	(266)
Dividends received	(45)	(26)		(71)
Foreign exchange movements	140	4		144
Net interest in associate companies	699	672	3	1 374
Summarised financial information				
<i>2001</i>				
Total assets	22 049	991	151	23 191
Total liabilities	19 435	289	132	19 856
Operating results	364	143	(64)	443
<i>2000</i>				
Total assets	14 235	1 218	5	15 458
Total liabilities	12 328	657	53	13 038
Operating results	326	752	4	1 082
OTHER INVESTMENTS				
		% Held	2001 Rm	2000 Rm
Listed				
Dimension Data plc – 103 134 329 shares held (2000: 103 134 329)		8.2	1 495	5 253
Nedcor Limited				303
Others *			28	138
			1 523	5 694
Unlisted				
Insurance policies			623	528
Goldman Sachs International				49
Momentum Insurance Policy			79	
Others *			175	84
			877	661

*Less than R50 million.

EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF NEDBANK

1. BORROWING POWERS

- “35.** The board of directors may, from time to time, and in such manner and on such terms as they deem fit exercise all the powers of the Company to borrow, raise or secure the payment of money, either with or without any specific security on the undertaking or property of the Company; provided, however, that if the Company has a holding Company whose shares are listed on the Johannesburg Stock Exchange the total amount at any one time owing by the Company in respect of moneys so borrowed, raised or secured shall not exceed the amount authorised by such holding Company.
- 36.** The directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable debentures or debenture stock, or any mortgage, charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future), provided that no special privileges as to allotment of shares or stock, attending and voting at general meetings, appointment of directors or otherwise shall be given, save with the sanction of the company in general meeting.”

2. NUMBER OF DIRECTORS

- “65.** Unless and until otherwise determined by the company in general meeting, the number of directors excluding alternate directors shall not be less than 9 (nine) and not more than 25 (twenty-five), subject to the provisions of the Banks Act, 1965. If the Company has a holding company, one of the directors shall be a representative of the holding company. The first directors shall be appointed in writing by a majority of the subscribers to the Memorandum.
- 66.** The Company in general meeting may, from time to time, increase or reduce the number of directors and may also determine in what rotation the directors of such increased or reduced number shall retire from office. Whenever an increase in the number of directors is made the members at the same meeting may elect directors to take the new offices created.”

3. FILLING OF CASUAL VACANCIES ON AND ADDITIONS TO BOARD OF DIRECTORS

- “67.** The directors shall have power at any time to appoint any other person as a director, either to fill a casual vacancy or as an addition to the board, but so long as the total number of directors shall not at any time exceed the maximum number laid down in Article 65; and provided that every appointment made in terms of this Article shall be subject to confirmation at the annual general meeting succeeding such appointment.
- 68.** Any person appointed director to fill a casual vacancy or as an additional director shall retain office only until the next ordinary meeting of the Company following such appointment, but shall then be eligible for election. No director who retires under this regulation shall be taken into account in determining the directors who are to retire by rotation at such meeting.
- 69.** When the directors intend either to fill a casual vacancy on, or to appoint an additional director to, the board of directors no appointment shall take effect unless at least seven (7) clear days notice of the intention to propose any person as a director shall have been given to all directors prior to the meeting of the directors called to make the decision. Such notice shall set out the full names, occupation and address of the person to be proposed at such meeting.”

4. QUALIFICATION OF DIRECTORS

“70. It shall not be necessary for a director to hold any shares in the Company in order to qualify him to act as such.”

5. REMUNERATION OF DIRECTORS

“71. The directors shall be entitled to and shall be paid out of the funds of the Company such remuneration for their services and such additional remuneration as the Company in general meeting shall, from time to time, determine, and such remuneration shall be divided among the directors in such manner and such proportions as the board of directors may determine, or in default of such determination, equally, except that in such event any director holding office less than one year shall rank in such division only in proportion to the period during which he has held office during that year.

72. An alternate director shall look for his remuneration to the director appointing him and not to the Company unless the Company shall be instructed in writing by the director concerned to pay any portion of his remuneration to such alternate director.

73. Each director shall be entitled to be reimbursed his travelling and all reasonable out-of-pocket expenses properly incurred by him in and about the business of the Company and including expenses of travelling to and from meetings of the Company and meetings of the directors or of any committee, as the board of directors may determine.

74. Any director, local or otherwise, who shall perform at the request of the Company or of the board of directors any special services or duties or who shall be required for the purposes of the Company's affairs to go or reside abroad, shall, unless otherwise expressly resolve by the Company in general meeting, be entitled to receive and shall be paid therefore such extra remuneration by way of a fixed sum annually or otherwise or in such other manner as the board of directors may determine, which remuneration shall, unless the board of directors shall otherwise resolve, be charged as part of the Company's ordinary working expenses.

75. With the concurrence of the board of directors and approval of the Company in general meeting, any managing director, whether or not he remains a director of the Company after ceasing to be managing director, may be included and participate in any pension or assurance scheme for the benefit of the Company's employees, whether the Company contributes thereto or not. In addition or alternatively, the board of directors with the approval of the Company in general meeting, may make such grant or pay such pension, superannuation allowance or retirement allowance or similar payment, whether in one sum or by way of periodic payment, to any managing director or such of his relatives, connections or dependants as it may decide and upon such terms as it may think fit. Any managing director may vote as a director on any resolution affecting or relating to any matter dealt with under this regulation notwithstanding his interest therein.”

6. DISQUALIFICATION OF DIRECTORS

“77. The office of director shall *ipso facto* be vacated:

77.1 if he becomes insolvent, is sequestered, assigns his estate, suspends payment or compounds with his creditors;

77.2 if he becomes lunatic or of unsound mind;

77.3 if he absents himself from the meetings of the directors for a period of 6 (six) months without special leave of absence from the board, and is not represented at any such meeting by an alternate director, and the board resolves that his office be vacated, provided that the board of directors shall have power to grant any director leave of absence for any period not exceeding one (1) year;

77.4 if by notice in writing to the Company he resigns his office;

77.5 if he be removed from office on a resolution of the board of directors in favour of which at least 4/5ths (four-fifths) of the total number of directors for the time being, shall have voted;

- 77.6 if he is directly or indirectly interested in any contract with the Company or participates in the profits of any contract with the Company, subject, however, to the provisions of Article 79 hereof;
- 77.7 if he becomes prohibited from being a director by reason of any order made pursuant to section 219 of the Act;
- 77.8 If he reaches the retirement age determined from time to time by the board of directors.

78. A director may:

- 78.1 Hold any other office or place of profit in the Company;
- 78.2 Act as a director of and/or hold any other office or place of profit in any subsidiary company of the Company;
- 78.3 Act by himself or by his firm in a professional capacity (other than as auditor) for the Company or any subsidiary company of the Company;
- 78.4 Act as a director of any company promoted by the Company or in which the Company is interested; or
- 78.5 Subscribe for, guarantee the subscription of, or otherwise acquire shares in any such company as is referred to in sub-Articles 78.2 and 78.4 above,

and shall be entitled to receive remuneration, profit or benefits therefore which he shall not be obliged to account for or pay over to the Company provided always, however, that a director shall not be otherwise employed by the Company nor shall he act as a director of or be otherwise employed by any subsidiary company of the Company unless his appointment and remuneration in any such respect shall have been determined or approved by a majority of the disinterested directors of the Company.

79. Subject to the provisions of Article 77.6, no director shall be disqualified by his office from holding any office or place of profit in the Company (except as auditor) or in any other company, and no director or officer of the Company who has been authorised by the directors of the Company to enter into any contract or proposed contract, which is of significance in relation to the Company's business, shall be disqualified by his office from contracting or dealing with the Company or any other company, nor shall any contract or arrangement entered into by or on behalf of the Company in which any director or such officer shall be in any way directly or indirectly interested be avoided, nor shall any director or such officer be liable to account to the Company for any profit arising from any such office or place of profit or any such contract or arrangement, and any director or such officer may vote as such or act on behalf of the Company in respect of any such contract or arrangement between the Company and himself or any other person including any other company in which he is in any way directly or indirectly interested or of which he is a director, officer or employee and in respect of any matter relating to or arising out of such contract or arrangement, and any officer of the Company may within the limits of his authority as such cause the Company to enter into any contract or arrangement with any such person (except himself) or with any other such company in which he is in any way directly or indirectly interested or of which he is a director, officer or employee, provided always that in the case of every contract or proposed contract or arrangement between the Company and any director or officer aforesaid or any other company in which any director or officer aforesaid of this Company is or becomes in any way directly or indirectly interested or of which any director or officer aforesaid of this Company is or becomes a director, officer or employee, the director or officer aforesaid concerned, makes full disclosure in the manner and at the times required by sections 234 to 238 inclusive of the Act of the nature and extent of his direct or indirect interest in any such contract or arrangement and/or of the fact that he is a director, officer or employee of such other company."

7. PERIOD OF OFFICE OF DIRECTORS

"80. The Company in general meeting may, from time to time, determine the number of directors, their terms of office and the manner of their retirement, provided that the number shall not be less than the minimum number and not more than the maximum number laid down in Article 65, one of whom shall be a representative of the holding Company."

8. REMOVAL OF DIRECTORS

“81. Notwithstanding the provisions of any contract for the time being existing, the company may by ordinary resolution remove any director from office and may by ordinary resolution appoint another person in his stead. The provisions of section 220 of the Act shall be complied with in connection with the removal of a director.”

9. NOMINATION OF NEW DIRECTORS

“82. Save as provided in Article 67, new directors shall be appointed by ordinary resolution of the Company in general meeting, provided, however, that no such resolution for the appointment of a new director shall be passed except at a meeting in respect of which sufficient notice of the intention to pass a resolution for the appointment of a new director has been given to enable nominations for the new director made after receipt of such notice to reach the Company’s Office at least 7 (seven) days before the date of the meeting from any part of the Republic of South Africa.”

10. MANAGING DIRECTORS

“83. A disinterested quorum of directors may, from time to time, appoint one or more of their body to the office of managing director or managing directors or manager for such term and at such remuneration as they may think fit, and may revoke such appointment subject to the terms of any agreement entered into in any particular case, provided that the period of office of a managing director appointed in terms of an agreement shall be for a maximum period of 5 (five) years at any one time. A director so appointed shall be subject to retirement in the same manner as the other directors except during the period of his agreement, and his appointment shall terminate if he ceased for any reason to be a director.

84. A managing director shall, while he continues to hold that office, unless otherwise provided in any contract between him and the Company or in the terms of his appointment, be subject to the same provisions as to retirement by rotation and as to removal from office as the other directors of the Company, and if he ceased to hold office as director from any cause he shall *ipso facto* and immediately cease to be a managing director.

85. The board of directors may, from time to time, entrust to and confer upon a managing director, for the time being, such of the powers exercisable under these presents by the directors as it may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions, as it may think expedient and it may confer such powers either collaterally with or to the exclusion of an in substitution for all or any of the powers of the directors in that behalf, and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.”

11. ROTATION OF DIRECTORS

“101. Save as otherwise provided in any contract between the Company and a managing director, at the first ordinary meeting of the Company to be held all the directors of the Company shall retire from office. Thereafter, subject to the provisions of Article 67 of these Articles, at every ordinary meeting of the Company one-third of the directors for the time being, or if the number of directors for the time being, or if the number of directors be not a multiple of three then the number nearest to but not less than one-third thereof, shall retire from office. The directors so to retire in each year shall be those who have been longest in office since their election, but as between persons elected directors on the same day, those to retire, unless they otherwise agree among themselves, shall be determined by lot, provided that notwithstanding anything herein contained, if, at the date of any ordinary meeting any director shall have held office for a period of three (3) years since his last election he shall retire at such meeting, either as one of the directors to retire in pursuance of the foregoing provisions, or additionally thereto. The length of time a director has been in office shall, subject to the provisions of these Articles, be computed from his last election. A retiring director shall hold office until the conclusion of the meeting at which he retires.

102. A person other than an elected director retiring by rotation at an ordinary meeting shall not be eligible for election at such meeting to fill the vacancy occasioned by such retirement unless, within thirty (30) days after the financial year end of the Company, a nomination signed by five members shall have been lodged with the secretary at the Office and been accepted in writing within the said period by the person so nominated.
103. The Company at the general meeting at which any director shall retire shall, subject to any resolution reducing the number of directors, fill all of the vacated office by electing a like number of directors.
104. The Company in general meeting may by an ordinary resolution remove any director before the expiration of his period of office and may at the same meeting or by another ordinary resolution appoint another director in his stead. The director so appointed shall hold office during such time only as the director in whose place he is appointed would have held the same if he had not been removed, but this provision shall not prevent him from being eligible for re-election.”

12. TERMS OF THE NON-REDEEMABLE, NON-CUMULATIVE, NON-PARTICIPATING PREFERENCE SHARES

- “142. The following are the rights, privileges, restrictions and conditions which attach to the non-redeemable, non-cumulative, non-participating, preference shares in the capital of the company (“the preference shares”):
- 142.1 Each preference share will rank as regards dividends and a repayment of capital on the winding up of the company prior to the ordinary shares and any other class of shares in the capital of the company not ranking prior to or *pari passu* with the preference shares;
 - 142.2 For the purpose of this article 142.2, the “prime rate” means the publicly quoted basic rate per annum ruling from time to time at which the company lends on overdraft. Each preference share will confer upon the holder thereof the right to receive out of the profits of the company which it shall determine to distribute, in priority to any payment of dividends to the holders of any other class of shares in the capital of the company not ranking prior to or *pari passu* with the preference shares, a non-cumulative preference cash dividend. The rate of such preference dividend will not exceed 75% of the prime rate multiplied by the “deemed value” of the preference shares, calculated daily during the appropriate period referred to in article 142.3, but never compounded. The deemed value of each preference share, for purposes of calculation of the preference dividend, shall always be an amount of R10,00 (ten Rand) notwithstanding the actual issue price of the preference share (that is the nominal value of the preference share plus a premium thereon) which may vary because of a difference in the premium at which the preference shares are issued from time to time.
 - 142.3 The preference dividends shall, if declared, accrue half yearly in arrear on 30 June and 31 December each year (“preference dividend accrual date”), and if declared shall be payable, in respect of the appropriate period ending on those dates, on dates being 7 (seven) business days prior to the dates on which Nedcor Limited pays its ordinary dividends (if any) in respect of the same periods but in any event, if declared shall be payable not later than 120 (one hundred and twenty) business days after 30 June and 31 December respectively (“preference dividend payment dates”) and, if declared, failing payment by the relevant dividend payment date will be considered to be in arrear. “Business days” shall mean all days, excluding Saturdays, Sundays and public holidays in the Republic of South Africa. Preference shares issued between the dates on which the preference dividends accrue shall, if declared, accrue on the first preference dividend accrual date after their issue and shall be calculated from the date of their issue until the

date on which they accrue. Notwithstanding the foregoing, the first preference dividend on the preference shares issued prior to 31 December 2002 shall, if declared, accrue on 30 June 2003 and shall be calculated from the date on which the preference shares were issued until 30 June 2003 (both dates inclusive).

- 142.4** If a preference dividend is not declared by the company in respect of the period to which such preference dividend accrual date relates, the preference dividend will not accumulate and will accordingly never become payable by the company whether in preference to payments to any other class of shares in the company or otherwise. Notwithstanding the foregoing, the company shall, if it fails to declare a preference dividend in respect of any applicable period, be obliged to retain in reserve an amount equivalent to the aggregate amount of profits generated by the company during such applicable period.
- 142.5** If there is an amendment (or amendments) to the Income Tax Act, No 58 of 1962 ("the Income Tax Act") that results in the preference dividends being taxable in the hands of the preference shareholders and which results in payment of the preference dividends becoming a deductible expense for the company then, (provided such amendment is uniformly applicable to all corporate tax payers and not only because of the particular circumstances of the company or any preference shareholder) the percentage of the prime rate referred to in Article 142.2 will be increased by the company. The extent of such increase will be limited to an increase such that the company does not incur savings in the costs of servicing the preference shares which savings it would not have incurred but for such amendments to the Income Tax Act. If such amendments to the Income Tax Act do not result the company incurring lesser costs in servicing the preference shares then, notwithstanding that such amendment may result in a decrease in the returns of any preference shareholder on its preference share investment, no amendment shall be made to the percentage of the prime rate contemplated in Article 142.2. The company shall be entitled to require its auditors to verify whether it is obliged to increase the percentage of the prime rate referred to in Article 142.2 in accordance with this Article 142.5. The auditors in deciding whether such increase is required in terms of this Article 142.5 shall act as experts and not as arbitrators and their decision shall be final and binding on the company and all preference shareholders. The costs of such auditors shall be borne and paid by the company.
- 142.6** Each preference share shall confer on the holder the right on a return of capital on the winding-up of the company, in priority to any payment in respect of any other class of shares in the company's capital, of an amount equal to the issue price thereof.
- 142.7** Save as set out in article 142.2, article 142.3, article 142.4, article 142.5 and article 142.6, the preference shares shall not be entitled to any further participation in the profits or assets of the company nor on a winding up to any surplus assets of the company.
- 142.8** The holders of the preference shares shall not be entitled to be present or to vote, either in person or by proxy, at any meeting of the company, by virtue of or in respect of the preference shares, unless either or both of the following circumstances prevail at the date of the meeting –
- 142.8.1** the preference dividend or any part thereof remains in arrear and unpaid after 6 (six) months from the due date thereof;
- 142.8.2** a resolution of the company is proposed (in which event the preference shareholders shall be entitled to vote only on such resolution), which directly affects the rights attached to the preference shares or the interests of the holders thereof, including a resolution for the winding up of the company or for the reduction of its capital.

- 142.9 At every general meeting of the company at which holders of preference shares as well as other classes of shares are present and entitled to vote, a preference shareholder shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the shares held by him bear to the aggregate amount of the nominal value of all shares issued by the company.
- 142.10 Notwithstanding the provisions of article 142.6, no shares in the capital of the company ranking, as regards rights to dividends or, on a winding-up as regards return of capital, in priority to the preference shares, shall be created or issued, without the prior sanction of a resolution passed at a separate class meeting of the holders of the preference shares in the same manner *mutatis mutandis* as a special resolution. At every meeting of the holders of the preference shares, the provisions of these Articles relating to general meetings of ordinary members shall apply *mutatis mutandis*, except that a quorum at any such general meeting shall be any person or persons holding or representing by proxy at least 2 of the preference shares, provided that if at any adjournment of such meeting a quorum is not so present, the provisions of the Articles relating to adjourned general meetings shall apply *mutatis mutandis*.”

DETAILS OF NEDCOR AND NEDBANK DIRECTORS' REMUNERATION

The following are relevant extracts from Nedcor's annual financial statements for the year ended 31 December 2001 regarding directors' remuneration.

Remuneration philosophy

The purpose of remuneration is to attract, retain, motivate and reward staff to achieve the bank's objectives. Remuneration is reviewed at appropriate intervals to motivate staff to perform to a required quality standard and to retain their services by offering and maintaining at least market-related remuneration in line with their performance and outputs for particular jobs. It is the bank's intention to move progressively over the next few years to a position where a greater portion of remuneration is linked to variable pay as opposed to guaranteed pay.

Directors' remuneration summary

The committee's independent remuneration advisor compared Nedcor's executive directors' remuneration with that of peer groups of banks who had already disclosed their directors' remuneration, as well as with external executive remuneration surveys, and was satisfied that Nedcor was overall in line with the market and consistently implemented a sound reward strategy and good governance.

Executive directors' guaranteed remuneration

Since 1999 executives' guaranteed remuneration increases, on a per annum basis have been paid on the achievement of predetermined financial targets (refer to Table 1).

Executive directors received the following fees from Nedcor's offshore subsidiaries:

Mr Laubscher – US\$30 000 (2000: US\$30 000 and UK£1 507) and Mr Muller – UK£1 507 in 2000. Mr Laubscher also received UK£58 333 as benefits, salary and fees in respect of his executive responsibilities with Old Mutual plc, which commenced on 1 January 2001.

Executive directors' guaranteed remuneration – Table 1

Name	Benefits, salary and fees (R'000)	Retirement fund contributions (R'000)	Other benefits (R'000)	Guaranteed remuneration 2001** (R'000)	Guaranteed remuneration 2000* (R'000)	Percentage change
B J S Hore	1 160	232	55	1 447	1 410	2,6
M M Katz	2 289	436	–	2 725	2 500	9,0
R C M Laubscher***	2 032	394	37	2 463	2 376	3,7
M J Leeming	1 289	304	120	1 713	1 676	2,3
S G Morris	1 035	222	128	1 385	1 345	2,9
D G S Muller	1 111	238	145	1 494	1 461	2,3
M L Ndlovu****	1 090	213	30	1 333	1 304	2,2
A A Routledge	1 192	231	24	1 447	1 412	2,5
Total	11 198	2 270	539	14 007	13 484	3,9

* Includes backdated payments made in 2001 in respect of the 2000 remuneration increases that were paid on meeting the agreed earnings per share target.

** Increases for 2001 will be determined only after the 2001 financial results are finalised. Unless the agreed-on earnings per share target is achieved, no increases will be paid. Should these be paid, the overall increase will be some 10%.

*** From 1 January 2001 director's fees in terms of a directorship of Nedcor Investment Bank Holdings Limited (NIBH) and Cape of Good Hope Bank Limited (COGHB) are paid to Nedcor Limited.

**** Received at R50 000 director's fee in 2000. Not included in figures above.

Executive directors' performance bonuses – Table 2

Name	2001 R'000	2000 R'000	Percentage change	Percentage of guaranteed remuneration
B J S Hore	1 747	1 500	16,5	120,8
M M Katz	2 000	–	–	73,3
R C M Laubscher	2 389	3 011	(20,7)	97,0
M J Leeming	1 500	1 500	–	87,6
S G Morris	1 750	1 000	75,0	126,5
D G S Muller	1 248	1 476	(15,5)	83,5
M L Ndlovu	1 650	1 484	11,2	123,7
A A Routledge	1 750	1 500	16,7	121,0
Total	14 034	11 471	22,3	100,2

Executive directors' performance bonuses

Nedcor has an organisational bonus scheme that offers short-term incentives to executives and management, subject to determined group performance levels. (Refer to Table 2.)

Executive directors' deferred bonus payments

Deferred bonus payments were approved in 1997 as a lock-in for key executives for the period 1997 to 2000. 50% of the amount was due on 31 December 1999 (paid in 2000), and the balance became payable on 31 December 2000 (paid in 2001). These are disclosed in addition to the normal performance bonuses paid.

Name	2000 (Paid in 2001) R'000	1999 (Paid in 2000) R'000
B J S Hore	500	500
R C M Laubscher	1 500	1 500
M J Leeming	500	500
D G S Muller	500	500
M L Ndlovu	375	375
Total	3 375	3 375

Executive directors' share option grants

Share option allocations to executives are considered annually. Since November 2000 these allocations have been linked to performance-based vesting principles, based on earnings per share growth targets, and will vest only if the group meets the performance criteria established. (Refer to table 3.)

Annual bonus conversion options

Executives have the option of substituting a portion or all of their performance bonuses for Nedcor share options. During 2001 certain executives exercised options that were converted from performance bonuses allocated in previous years. (Refer to table 4.)

Service contracts

Generally directors have no fixed term of appointment, but executive directors are subject to short-term notice periods (usually 30 days). An executive director is required to retire from the board at age 60, while a non-executive director is required to retire at age 70.

Severance arrangements

In the event of an executive's services being terminated due to reasons beyond his control, the following formula will apply with regard to the calculation of a severance package: two weeks' pensionable remuneration per completed year of service, with a minimum of two months and a maximum of 12 months. In addition, the executive will receive one month's notice, which he may/may not be required to work.

Non-executive directors' remuneration

Name	2001 R'000	2000 R'000
E E Anstee**	–	85
G H Bulterman	110	150
W A M Clewlow	130	30
P T W Curtis	245	129
R J Goss	–	175
Dr J de V Graaff	–	20
P G Joubert	366	130
M J Levett**	150	120
C F Liebenberg*	1 420	1 420
J B Magwaza	132	58
M E Mkwanazi	173	89
E Molobi***	100	–
C C Parker	218	122
J V F Roberts**	150	–
J H Sutcliffe**	–	–
A J Trahar	33	73
G S van Niekerk	125	90
Dr W P Venter	105	86
Total	3 457	2 777

* Directors' fees paid in respect of Mr C F Liebenberg's directorship of NIBH are paid to Nedcor Limited.

** Directors' fees are paid to Old Mutual Life Assurance Company (SA) Limited.

*** Director's fees are paid to Kagiso Trust Investment Company (Pty) Limited.

Share options (excluding annual bonus conversions) – Table 3

Name	Number of options as at Dec 2000	Number of options exercised during 2001	Gains on options exercised R'000	Number of options issued during 2001	Issue price R	Issue date	Number of options as at Dec 2001
B J S Hore	383 143	7 600	917	25 000	136,20	31 Mar 01	400 543
R C M Laubscher*	711 007			43 000	131,00	6 Nov 01	754 007
M J Leeming	185 775						185 775
S G Morris	91 900			30 000	136,20	31 Mar 01	121 900
D G S Muller	278 495			25 000	136,20	31 Mar 01	303 495
M L Ndlovu	267 154			25 000	136,20	31 Mar 01	292 154
AA Routledge	170 000			22 500	136,20	31 Mar 01	192 500

*R C M Laubscher also received 92 500 Old Mutual plc share options with a strike price of UK£1,6225, with effect from 8 March 2001, in respect of his role as executive director of Old Mutual plc.

Share options – annual bonus conversion options – Table 4

Name	Number of options as at Dec 2000	Number of options exercised during 2001	Gains on options exercised R'000	Number of options issued during 2001	Issue price R	Issue date	Number of options as at Dec 2001
R C M Laubscher	62 306	62 306	2 604				
M J Leeming	13 153			8 392	142,00	31 Mar 01	21 545
D G S Muller	3 188						3 118
M L Ndlovu	10 711	10 711	126				

Share options – six-year review

Name	Total number of options exercised in the period 1 Jan 1996 to 31 Dec 2001	Total number of options exercised in the period 1 Jan 1996 to 31 Dec 2001 (excluding bonus options)	Total number of options exercised (1 Jan 1996 to 31 Dec 2001) as a percentage of options granted	Total number of options exercised (1 Jan 1996 to 31 Dec 2001) as a percentage of options granted (excluding bonus options)
B J S Hore	164 609	93 845	29,13	18,98
R C M Laubscher	186 437	103 362	19,82	12,06
M J Leeming	325 120	293 472	61,06	61,24
S G Morris	23 076	23 076	15,92	15,92
D G S Muller	217 896	184 712	41,54	37,83
M L Ndlovu	48 599	40 076	13,83	12,06
A A Routledge	57 692	57 692	23,06	23,06

NEDCOR TRADING STATEMENT 21 NOVEMBER 2002

In line with international best practice and for the reasons set out below, a trading update is provided for the benefit of Nedcor's shareholders. A further update on the integration of BoE is also provided. This information will be contained in the trading update to be released by holding company Old Mutual plc on 25 November 2002.

2002 has been an eventful year for Nedcor, and for the South African banking sector. There has been extreme volatility in the value of the Rand, four successive interest rate hikes, troubles in the micro-lending industry, liquidity stress in or failure of some smaller banks, referred difficulties from unsettled global and other markets and competitiveness in the investment bank arena.

Nedcor is pleased to have played its part in the return of stability to the South African banking sector by its successful acquisition of BoE Limited ("BoE") with effect from 2 July 2002. The acquisition of BoE then became a catalyst for an overall Nedcor Group re-organisation. Furthermore, in October 2002 Nedcor acquired the outstanding minority shareholders' interests in Nedcor Investment Bank Holdings Limited ("NIB") which will enhance the Group's ability to extract potential synergies from the integration of Nedbank, BoE, NIB, Cape of Good Hope Bank Limited and parts of Peoples Bank Limited.

It is pleasing to note that the Group's core operations are performing satisfactorily during these challenging times and are producing sound growth. Average organic advances growth of 15%, excluding BoE, has been achieved year-on-year to October 2002, and retail deposit growth has likewise been positive.

As indicated at the update on 28 October 2002, the BoE integration is proceeding well and we anticipate that annualised cost synergy savings and rationalisation benefits of some R900 million before tax will be achieved in 2005. BoE was under stress when it was acquired and we are pleased to report strong returns of deposit flows and good progress in most areas in its return towards expected profit levels.

We have now concluded our initial review of the fair value of BoE assets at acquisition. The fair value of BoE's net assets at acquisition has been assessed and will be written down by some R700 million. The largest adjustment is the write-off of R287 million unamortised goodwill raised by BoE when it acquired Credcor, a consumer finance/micro-lender. Furthermore, one-off downward adjustments to bring BoE accounting policies into line with Nedcor's will amount to some R170 million. These adjustments are consistent with the findings of the due diligence exercise conducted at the time of the acquisition. After these adjustments, resultant goodwill arising on the acquisition of BoE will be approximately R2,6 billion, giving a price/book ratio of approximately 1,6 on acquisition.

The BoE acquisition was paid for mainly in cash which reduced Nedcor's capital adequacy surplus. This provided an opportunity for Nedcor to simultaneously change the capital mix in favour of secondary capital, which is less expensive than traditional primary capital. An attractive alternative to traditional primary capital has now been identified in the form of non-redeemable non-cumulative preference shares, and this avenue is being pursued as a new source of capital to add beneficial diversity to the capital mix and to replenish the capital adequacy surplus.

Nedbank's Business Banking division currently and historically has adopted a provisioning policy of Legal Certainty, which structures the income statement charge at the end of the collection cycle and usually leads to improved recoveries. A number of factors, including higher interest rates, deterioration of the book with age and poor security realisations, exacerbated by a slower court execution process, have led to declining collections in a portion of the non-performing book. This necessitated a re-evaluation of this book, conducted since the half year, which concludes that collections are likely to be below those previously anticipated. In these circumstances, it is appropriate to move towards a more dynamic policy of provisioning which inherently recognises provisions at an earlier stage.

Provisions will therefore be accelerated this year, which will cause an additional charge against 2002 earnings of some R280m after tax. This will also achieve better consistency with the BoE portfolio, after having effected the pre-acquisition write-downs, which will make for an easier integration. In addition, both portfolios will be more in line with the loan loss impairment requirements of new accounting statement AC 133, which is effective from 1 January 2003.

Nedcor's exposure to the micro-loan industry is held through Peoples Bank, where the exposure is shared with Capital One, and through BoE's Credcor. The Group's net micro-loan exposure of R1,2 billion, after provisioning, represents less than one half percent of total group assets of approximately R270 billion. Both micro-loan operations are adopting a cautious approach to new lending and provide dynamically at an early stage for potential bad debts. Despite this cautious lending approach, the micro-loan operations are currently reporting losses, against originally budgeted profits, reflecting the difficult conditions of the micro-lending market. The impact on Nedcor's earnings of additional provisions raised in 2002 will be some R50 million after tax.

Nedcor intends to account for the above largely once-off bad debt provisions in its 2002 results. While this will adversely impact upon 2002 results, core operational earnings exclusive of these factors are currently satisfactory. The recognition now of the financial impact of these provisions is expected to position Nedcor favourably in the 2003 financial year. Headline earnings, which include the effects of losses arising on translation of integrated foreign operations, are currently depressed by the continuing strength in the value of the Rand.

The investment in Dimension Data was written down to R6,45 per share at 30 June 2002 and will again be marked to market at year-end. At Dimension Data's current market price of R4,00, a further exceptional loss of some R250 million would be incurred.

On a longer term basis, the anticipated ongoing benefits of the integration and consolidation process recently announced, and the strength of the combined Group, provide a sound foundation for future growth. Subject to regulatory approval, the integration is on schedule and restructuring is anticipated to commence from January 2003.

With the BoE merger, our primary focus remains on banking in South Africa. Given a stronger and more stable Rand and higher levels of growth, we remain positive about the period ahead."



NEDBANK

Nedbank Limited

(Incorporated in the Republic of South Africa)

(Registration number 1951/000009/06)

(formerly Nedcor Bank Limited)

("Nedbank")

APPLICATION FORM

An offer for subscription of Nedbank non-redeemable non-cumulative preference shares at an issue price of R10,00 per preference share subject to a minimum subscription of R100 000 per single subscriber acting as principal

Please refer to the instructions overleaf before completing this application form. This application form, when completed, should be sent to the relevant addresses below.

Certificated preference shares:

In respect of those placees opting for certificated preference shares, to Computershare Investor Services Limited in an envelope marked "**Nedbank Offer for Subscription**" together with a cheque (crossed "not negotiable" and "not transferable") or banker's draft in South African currency and drawn in favour of "**Nedbank Limited – Offer for Subscription**" either by post (PO Box 7184, Johannesburg, 2000), or by hand marked "**Nedbank Offer for Subscription**" (70 Marshall Street, Johannesburg, 2001) to be received by no later than 16:00 on Friday, 20 December 2002.

Dematerialised preference shares:

In respect of those placees opting for dematerialised preference shares, to their duly appointed CSDP, or broker, in the manner stipulated in the agreement governing their relationship with their CSDP or broker, the method of payment will be in terms of the relevant agreement with such CSDP or broker.

Each application submitted must be in one name only and show only one address. The directors of Nedbank reserve the right to accept any application, in whole or in part (in accordance with the procedure set out in paragraph 6.7 of the Pre-Listing Statement), particularly if the instructions overleaf and as set out in the Pre-Listing Statement are not properly complied with.

The offer for subscription is for a minimum subscription amount of R100 000.00, per single subscriber acting as principal. Nedbank will reject any application that does not comply with this condition.

To the directors:

Nedbank Limited

I/We, the undersigned, confirm that I/we have full legal capacity to contract and, having read the Pre-Listing Statement, hereby irrevocably apply for and request you to accept my/our application for the undermentioned number of preference shares in Nedbank or any lesser number that may, in accordance with the procedure set out in paragraph 6.7 of the Pre-Listing Statement, be allotted to me/us subject to the Articles of Association of Nedbank.

I/We enclose a crossed cheque/banker's draft made out in favour of "**Nedbank Limited – Offer for Subscription**", for the appropriate amount due in terms of this application. (This does not apply to applicants wishing to receive their allocated shares in dematerialised form).

I/We understand that the issue of preference shares in terms of the Pre-Listing Statement is conditional on the granting of a listing, by Thursday, 9 January 2003, or such later date as the directors may determine, in the Specialist Securities – "Preference Shares" sector of the JSE Securities Exchange South Africa lists, of the preference shares of Nedbank, as more fully set out in the Pre-Listing Statement.

Dated

2002

Telephone number (office hours) ()

Signature

Assisted by

(where applicable)

Surname of individual or Name of corporate body	Mr Mrs Miss Other title
First names in full (if an individual)	
Postal address (preferably PO Box address) Refund cheque (if any) and preference share certificate (if applicable) will be sent to this address	Postal code:
Total number of preference shares applied for SUBSCRIPTIONS MUST BE FOR AT LEAST 10 000 PREFERENCE SHARES	(Enter figures only – not words)
Total amount of cheque or banker's draft to cover the number of preference shares applied for herein at R10,00 per preference share (This does not apply to applicants applying for dematerialised preference shares).	R (Enter figures only – not words)

Please note the preference shares that will be allocated relative to this application will be in uncertificated form, unless you indicate in the space

provided overleaf that you wish to receive certificated preference shares.

To ensure that the preference shares are correctly allocated to your account this application form must be handed to your chosen CSDP or broker. They will make application for the preference shares on your behalf.

If you do not wish to receive the allocated preference shares in uncertificated form kindly insert your details in the space provided and the preference share certificate will be sent to you, per registered post at your own risk.

N.B. Preference shares will only be traded on the JSE in electronic form and, as such, all preference shareholders who elect to receive certificated preference shares will have to dematerialise their certificated preference shares should they wish to trade therein.

SUBSCRIBERS WISHING TO RECEIVE CERTIFICATED SHARES

I wish to receive my preference shares in certificated form and I acknowledge that these preference shares will not be tradable on the JSE until dematerialised.

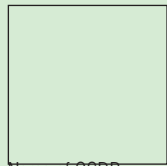
Kindly post the preference share certificate to the following address

Name: _____

Address: _____

SUBSCRIBERS WANTING TO RECEIVE UNCERTIFICATED SHARES

I wish to receive my preference shares in uncertificated form.



Name of CSDP: _____

Name of broker: _____

Kindly forward any refund payment by cheque to the following address:

Name: _____

SCA number: _____

Address: _____



Client account name: _____

SCA number: _____

Reference number: _____

CSDP signature _____

If preference shares were subscribed for due to the efforts of an authorised agent or broker, insert name of authorised agent or broker and reference number: _____

INSTRUCTIONS:

1. Applications for certificated shares may be made on this application form only. Copies or reproductions of the application form will be accepted.
2. Applications are irrevocable and may not be withdrawn once submitted to the transfer secretaries.
3. Please refer to the terms and conditions of the offer for subscription set out in paragraph 6 of the Pre-Listing Statement. Applicants should consult their stockbroker, banker or other professional adviser in case of doubt as to the correct completion of this application form.
4. Applicants must submit only one application form and one cheque or banker's draft in respect of each application.
5. Receipts will be issued for application forms, application monies or any supporting documentation.
6. If any cheque or banker's draft is dishonoured, Nedbank may, in its sole discretion, regard the relevant application as invalid or take such other steps in regard thereto as it may deem fit.
7. All alterations on this application form must be authenticated by a full signature.
8. Blocked Rand may be used by former residents of the common monetary area (comprising the Republics of South Africa and Namibia and the Kingdoms of Swaziland and Lesotho) for payment in terms of this offer and reference should be made to paragraph **[6.5]** of the Pre-Listing Statement which deals with South African Exchange Control Regulations.
9. If the condition referred to in paragraph [6.3] of the Pre-Listing Statement is not met, all monies, if applicable, will be appropriately refunded within seven days of the closing of the offer.

