

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 9 of this Circular have, where necessary, been used below. If you are in any doubt as to what action you should take, please consult your broker, CSDP, banker, attorney, accountant or other professional adviser immediately.

Action required

If you have disposed of all of your Ordinary Shares in Nedbank Group please forward this Circular to the purchaser of such shares or to the broker, CSDP, banker, attorney or other agent through whom the disposal was effected.

Members are referred to the page 1 which sets out the action required by them.



NEDBANK
GROUP

Nedbank Group Limited

(Incorporated in the Republic of South Africa)

(Registration number 1966/010630/06)

Share code JSE: NED ISIN: ZAE000004875

("Nedbank Group" or the "Company")

Circular to members of Nedbank Group

regarding the introduction of black ownership into NedNamibia Holdings Limited involving:

- a specific issue of Ordinary Shares for cash;
- the specific repurchase by Nedbank Group of Ordinary Shares at one or more future dates for cash;
- the specific issue of Ordinary Shares for cash relating to annual Performance Fees; and
- the specific issue of Ordinary Shares for cash, equivalent to the number of Ordinary Shares which may be repurchased by Nedbank Group, at one or more future dates;

and incorporating

- a notice convening a general meeting; and
- a form of proxy (for use by members who hold certificated ordinary shares and members who hold dematerialised ordinary shares with "own name" registration only).

Investment bank, transaction adviser
and joint sponsor



Lead sponsor



Joint reporting accountants
and auditors



Corporate law advisers



CORPORATE INFORMATION AND ADVISERS

Secretary and registered office

Company secretary: G S Nienaber
Ground Floor
Block A
Nedbank Group Limited
(Registration number 1966/010630/06)
135 Rivonia Road
Sandown, 2196
(PO Box 1144, Johannesburg, 2000)

Investment bank, transaction adviser and joint sponsor

Nedbank Capital
(a division of Nedbank Limited)
(Registration number 1951/000009/06)
135 Rivonia Road
Sandown, 2196
(PO Box 1144, Johannesburg, 2000)

Joint reporting accountants and auditors

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

KPMG Inc
(Registration number 1999/021543/21)
KPMG Crescent
85 Empire Road
Parktown, 2193
(Private Bag X9, Parkview, 2122)

Transfer secretaries to Nedbank Group

Computershare Investor Services 2004
(Proprietary) Limited
(Registration number 2004/003647/07)
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Corporate law advisers

Edward Nathan Sonnenbergs Inc
(Registration number 2006/018200/21)
150 West Street
Sandown, 2196
(PO Box 783347, Sandton, 2146)

Lead sponsor

Merrill Lynch South Africa (Proprietary) Limited
(Member of the Merrill Lynch Group)
(Registration number 1995/001805/07)
138 West Street
Sandown, 2196
(PO Box 651987, Benmore, 2010)

ACTION REQUIRED BY MEMBERS WHO HOLD ORDINARY SHARES

The definitions and interpretations commencing on page 9 of this Circular have where necessary been used below.

Please take careful note of the following provisions regarding the action required by members who hold Ordinary Shares:

1. If you are in any doubt as to what action you should take in relation to this Circular, consult your broker, CSDP, banker, attorney, accountant, or other professional adviser immediately.
2. If you have disposed of all of your Ordinary Shares, this Circular should be handed to the purchaser of such Ordinary Shares or the broker, CSDP, banker, attorney, accountant, professional adviser or other agent through whom the disposal was effected.
3. The Circular contains information relating to the Proposed Transaction. You should carefully read through this Circular and decide how you wish to vote on the resolutions to be proposed at the general meeting.
4. The general meeting, convened in terms of the notice incorporated in this Circular, will commence at 09:00 on Thursday, 7 December 2006 in the Auditorium, Retail Place West, Nedbank Sandton, 135 Rivonia Road, Sandown, Sandton, 2196.

5. IF YOU HAVE DEMATERIALISED YOUR ORDINARY SHARES

5.1 Own-name registration

You are entitled to attend, or be represented by proxy, at the general meeting.

If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 09:00 on Wednesday, 6 December 2006.

5.2 Other than own-name registration

You are entitled to attend, or be represented by proxy, at the general meeting. You must not, however, complete the attached form of proxy. You must advise your CSDP or broker timeously if you wish to attend, or be represented at the general meeting.

If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

If you do wish to attend or be represented at the general meeting, your CSDP or broker will be required to issue the necessary Letter of Representation to you to enable you to attend or to be represented at the general meeting.

6. IF YOU HOLD CERTIFICATED SHARES

6.1 You are entitled to attend, or be represented by proxy, at the general meeting.

6.2 If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 09:00 on Wednesday, 6 December 2006.

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SALIENT FEATURES

The definitions and interpretations commencing on page 9 of this Circular bear the same meaning herein.

1. INTRODUCTION

In line with Nedbank Group's commitment to transformation within the entire organisation, the Company is proposing, subject to approval by the members at the general meeting referred to in this Circular, a transaction that will result in the introduction of broad-based Black Namibian ownership into NedNamibia Holdings which transaction is based upon the principles of the Nedbank Group South African BEE Transaction and to a large extent emulates it.

Due to the absence of any legislative framework for BEE in Namibia there would be no legal consequences for the Company if the Proposed Transaction were not implemented. Rather, it is an industry-led commitment to which many major financial institutions are party. The Namibian financial sector is in the process of developing a charter which aims to achieve transformation within the sector along similar lines to those outlined in the South African FSC and an assumption has been made that a Namibian FSC which will not differ substantially from the South African FSC will be adopted in Namibia in due course. The Proposed Transaction has been constructed in order to be consistent with the expected Namibian FSC, which the Board believes will ensure that the Company is not at a competitive disadvantage to other financial services companies in Namibia.

2. PURPOSE OF THIS CIRCULAR

The purpose of this Circular is to provide Nedbank Group shareholders with relevant information regarding the Nedbank Group Transaction:

- the specific issues of Ordinary Shares for cash as detailed in paragraph 2 of this Circular, which amounts to approximately 0.15% in aggregate of the Company's issued share capital post the Proposed Transaction;
- the specific repurchase of all or some of the new Nedbank Group Shares detailed above at a future date for cash, pursuant to the exercise by the Company of the Nedbank Group Call Option;
- the specific issue from time to time during the subsistence of the Performance Agreement of Nedbank Group Shares for cash;
- the specific issue of Nedbank Group Shares detailed above in relation to the External Stakeholder SPVs pursuant to the exercise of the SPV Call Options at one or more future dates; and
- to convene a general meeting of Ordinary Shareholders, in terms of the notice of general meeting forming part of this Circular, at which meeting the special and ordinary resolutions required to approve and implement the Proposed Transaction will be proposed.

3. THE NEDBANK GROUP TRANSACTION

The Nedbank Group Transaction comprises the participation of the following key groupings:

- Employees through the Employee Schemes;
- Strategic Business Partners through the Strategic Business Partners Scheme;
- Strategic Community Partners through the Strategic Community Partners Scheme;
- an Education Trust through the Education Trust Scheme; and
- a Long-term Strategic Allocation through the NedNamibia Holdings Discretionary Trust.

The implementation of the Nedbank Group Transaction is subject to the various conditions precedent as set out in paragraph 7 of these salient features. The table below sets out the total deal size at Nedbank Group as well as the effective black ownership at NedNamibia Holdings utilising the enlarged issued share capital of Nedbank Group to facilitate the Nedbank Group Transaction. Nedbank Group has opted to utilise Nedbank Group shares instead of NedNamibia Holdings shares for the purposes of the Proposed Transaction due to the Nedbank Group share being listed on the JSE with the resultant ease of tradeability and price determination.

Using Nedbank Group shares				
	Total deal		Shareholding in Nedbank Group	Effective Black ownership in NedNamibia Holdings
	Number of shares	Deal value (N\$m/Rm)	Shareholding (post-issue of new shares) (%)	Shareholding (post-issue of new shares) (%)
Employee Schemes	211 283	21.40	0.05	3.47
LTIP	81 749	8.28	0.02	1.38
Black Management Scheme	95 176	9.64	0.02	1.61
Broad-based Employee Scheme	34 358	3.48	0.01	0.48
Strategic Business Partners	199 929	20.25	0.04	3.37
Central Consortium	118 476	12.00	0.02	2.00
Manmar	44 429	4.50	0.01	0.75
Northern Empowerment Investments	37 024	3.75	0.01	0.62
Strategic Community Partners	74 048	7.50	0.02	1.24
WAD	37 024	3.75	0.01	0.62
Churches	37 024	3.75	0.01	0.62
Education Trust	98 730	10.00	0.02	1.67
NedNamibia Holdings Discretionary Trust	81 452	8.25	0.02	1.38
TOTAL	665 442	67.40	0.15	11.13

Notes:

1. Exchange rate: ZAR1: N\$1
2. Total new effective shareholding in NedNamibia Holdings post-issue of new shares, is 11.23% with effective Black ownership in NedNamibia Holdings, post-issue of new shares, being 11.13%.
3. The number of shares was calculated using the 10-day volume weighted average price (ex dividend) to 31 August 2006 of R101.29 per share.

4. THE SPECIFIC ISSUES OF SHARES FOR CASH

Nedbank Group will issue in aggregate 665 442 new Nedbank Group Shares, as follows:

- 81 749 new Nedbank Group Shares to the NedNamibia Holdings LTIP Trust, at R101.29 per new Nedbank Group Share;
- 95 176 new Nedbank Group Shares to the Black Management Trust, at R101.29 per new Nedbank Group Share;
- 34 358 new Nedbank Group Shares to the Broad-based Employee Trust, at R101.29 per new Nedbank Group Share;
- 98 730 new Nedbank Group Shares to the Education Trust, at R1.00 per new Nedbank Group Share;
- 118 476 new Nedbank Group Shares to the Central Consortium SPV, at R2.53 per new Nedbank Group Share;
- 44 429 new Nedbank Group Shares to the Manmar SPV, at R2.53 per new Nedbank Group Share;
- 37 024 new Nedbank Group Shares to the Northern Empowerment Investments SPV, at R2.53 per new Nedbank Group Share;
- 37 024 new Nedbank Group Shares to the Churches SPV, at R1.00 per new Nedbank Group Share;
- 37 024 new Nedbank Group Shares to the WAD SPV, at R1.00 per new Nedbank Group Share; and
- 81 452 new Nedbank Group Shares to the NedNamibia Holdings Discretionary Trust, at R1.00 per new Nedbank Group Share;

which amounts to approximately 0.15% in aggregate of the Company's issued share capital post the Proposed Transaction. In addition the Company may at one or more future dates issue an unknown number of shares under the following conditions:

- As and when the Strategic Business Partners, the Strategic Community Partners and the NedNamibia Holdings Discretionary Trust apply a portion of the Performance Fee to subscribe for more shares in the Company, the Company will issue new Nedbank Group shares in respect of the Performance Fee at the then Market Value per share, over the term of the Strategic Business Partner Scheme, the Strategic Community Partner Scheme and the Long term Strategic Allocation to the SPVs, amounting in aggregate to a maximum of R2 774 000 per annum. The amount of R2 774 000 is the maximum value of shares that may be issued per annum to the SPVs in aggregate, is based on the performance of the partners and is determined after taking into consideration taxes that may be payable by the SPVs in respect of the Performance Fee as well as an amount to be retained by the SPVs for working capital purposes; and
- If any of the SPV Call Options are exercised, the Company will issue new Nedbank Group shares at the then Market Value per share to such External Stakeholder SPV exercising its SPV Call Option.

5. SPECIFIC REPURCHASE OF SHARES FOR CASH

Pursuant to the exercise of the Nedbank Group Call Option, the Company will be entitled to repurchase, at one or more future dates, at no more than the Subscription Price as many shares from the External Stakeholder SPVs (based on the then Market Value per share), as equates in value to the Notional Terminal Amount of each of the respective External Stakeholder SPVs. The number of shares repurchased will range potentially between one and all of the shares issued to the External Stakeholder SPVs in terms of the External Stakeholder Schemes.

6. UNAUDITED *PRO FORMA* FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The table below sets out the unaudited *pro forma* financial effects of the Proposed Transaction for the six-month period ended 30 June 2006. The unaudited *pro forma* financial effects are presented for illustrative purposes only and because of their nature may not give a fair reflection of the Company's results, financial position and changes in equity after the Proposed Transaction. It has been assumed for purposes of the unaudited *pro forma* financial effects that the Proposed Transaction took place with effect from 1 January 2006 for income statement purposes and 30 June 2006 for balance sheet purposes. The directors of the Company are responsible for the preparation of the unaudited *pro forma* financial effects.

	Before the Nedbank Group Transaction (cents)	<i>Pro forma</i> adjustments	After the Nedbank Group Transaction (cents)	Change (%)
Basic EPS ^{(1) (2) (5) (6)}	577	(4)	573	(0.7)
Fully diluted basic EPS ^{(5) (6)}	562	(4)	558	(0.7)
HEPS ^{(1) (2) (5) (6)}	522	(4)	518	(0.8)
Fully diluted HEPS ⁽⁵⁾⁽⁶⁾	509	(5)	504	(1.0)
Ordinary shareholders equity (R'm)	23 910	(2)	23 908	0.0
NAV per share ^{(3) (4) (7)}	5 982	(2)	5 980	0.0
NTAV per share ^{(3) (4) (7)}	5 044	(2)	5 042	0.0

Notes:

1. The 'Before the Nedbank Group Transaction' column reflects the basic EPS and HEPS for the six-months ended 30 June 2006 on an IFRS basis.
2. The 'After the Nedbank Group Transaction' column reflects the basic EPS and HEPS adjusted for the financial effects of the various schemes, based on the assumption that the Transaction was implemented from 1 January 2006.
3. The 'Before the Nedbank Group Transaction' column reflects the NAV and NTAV per Nedbank Group share for the six-months ended 30 June 2006.
4. The 'After the Nedbank Group Transaction' column reflects the NAV and NTAV per Nedbank Group share after the consideration received from the various schemes and an enlarged number of shares, based on the assumption that the Transaction was implemented on 30 June 2006.
5. The 'Before the Nedbank Group Transaction' column weighted average number of shares in issue in calculating EPS and HEPS was 402.9 million and in calculating fully diluted EPS and fully diluted HEPS was 413.6 million.
6. The 'After the Nedbank Group Transaction' column weighted average number of shares in issue used in calculating EPS and HEPS was 403.0 million and in calculating fully diluted EPS and fully diluted HEPS was 413.7million.
7. In calculating NAV and NTAV per Nedbank Group share 'Before the Nedbank Group Transaction' the number of shares in issue at 30 June 2006 was 399.7 million and in determining the NAV and NTAV per share 'After the Nedbank Group Transaction', the number of shares in issue was 399.8 million.
8. The pro forma financial effects exclude the effects of the repurchase which will be conducted at a future date.

7. CONDITIONS PRECEDENT TO THE NEDBANK GROUP TRANSACTION

The implementation of the Nedbank Group Transaction is subject to the fulfilment of the following conditions precedent:

- 7.1 approval by the requisite majority of members in general meeting of all of the ordinary and special resolutions set out in the notice of general meeting attached to this Circular; and
- 7.2 Nedbank Group obtaining the necessary regulatory approvals.

8. GENERAL MEETING AND MEMBERS' APPROVAL

8.1 Notice of general meeting

The notice convening the general meeting is attached to this Circular. The general meeting will be held in, the Auditorium, Retail Place West, Nedbank Sandton, 135 Rivonia Road, Sandown, Sandton, on Thursday, 7 December 2006 commencing at 09:00. Special and Ordinary resolutions are to be proposed at the general meeting to sanction and enable the implementation of the Proposed Transaction.

8.2 Dematerialised shareholders, other than own-name shareholders

If you have not been contacted by your CSDP or broker, it would be advisable for you to contact your CSDP or broker, and furnish them with your instructions. If your CSDP or broker does not obtain instructions from you timeously, they will be obliged to act in terms of your mandate furnished to them. You must not complete the attached form of proxy. Unless you advise your CSDP or broker by the cut-off time requested by them that you wish to attend the general meeting or be represented thereat, your CSDP or broker will assume you do not wish to attend the general meeting or be represented thereat. If you wish to attend the general meeting, you must request your CSDP or broker to issue the necessary Letter of Representation to you, to enable you to attend the general meeting.

8.3 Dematerialised own-name shareholders and certificated shareholders

You may attend and vote at the general meeting in person. If you are unable to attend the general meeting and wish to be represented thereat, you must complete the attached form of proxy, to be received by no later than 09:00 on Wednesday, 6 December 2006.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 9 of this Circular have where necessary been used below.

2006

Circular posted to Ordinary Shareholders on	Wednesday, 8 November
Forms of proxy for the general meeting to be received by 09:00 on	Wednesday, 6 December
General meeting of Ordinary Shareholders to be held at 09:00 on	Thursday, 7 December
Results of the general meeting to be released on SENS on	Thursday, 7 December
Results of the general meeting to be published in the South African press on	Friday, 8 December
Issue of new Nedbank Group Shares	Thursday, 14 December
Commencement of listing of all new Nedbank Group Shares	Thursday, 14 December

Notes:

1. These dates and times are South African dates and times and are subject to amendment. Any such amendment will be released on SENS and published in the South African press.
2. Copies of this Circular may be obtained in English only at Nedbank Group's registered office during normal business hours from Wednesday, 8 November 2006 until Thursday, 7 December 2006.

DEFINITIONS AND INTERPRETATIONS

In this Circular and its appendices, 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 " or "Companies Act"	the Companies Act, 1973 (Act No. 61 of 1973), as amended;
"AGM"	Annual General Meeting;
"Banks Act"	the South African Banks Act, No. 94 of 1990, as amended;
"BEE"	Black Economic Empowerment as defined in the FSC, and if and when the Namibian FSC comes into force, and such phrase is defined therein, it will instead have such meaning;
"BEE Partners" or "Scheme Participants"	collectively, the Strategic Business Partners, the Strategic Community Partners, the NedNamibia Holdings Discretionary Trust, the Education Trust and the Employee Trusts;
"BEE Scheme Agreements"	the agreements with the External Stakeholder SPVs;
"Black Management Scheme"	the scheme in terms of which the Company will issue new Nedbank Group Shares to the Black Management Trust for the benefit of Black middle and senior management who are permanent employees of NedNamibia Holdings, as identified by the Remuneration Committee on the recommendation of EXCO;
"Black Management Trust"	NedNamibia Holdings Black Management Trust (in the process of formation), which is being established to operate and manage the Black Management Scheme;
"Black People" or "Black"	shall have the meaning ascribed to that term in the FSC, and if and when the Namibian FSC comes into force, and such phrase is defined therein, it will instead have such meaning;
"BoE Limited"	BoE Limited (Registration number 1987/003281/06), a public company registered and incorporated in South Africa, previously listed on the JSE;
"BoE"	the legacy businesses of BoE Limited, as they were before the merger with the Nedbank Group and which are currently operating within the Nedbank Group;
"Broad-based Employee Scheme"	the scheme in terms of which the Company will issue new Nedbank Group Shares to all permanently employed employees of NedNamibia Holdings who are not participating in any other equity scheme operated by the Nedbank Group;
"Broad-based Employee Trust"	NedNamibia Holdings Broad-based Employee Trust (in the process of formation), which is being established to operate and manage the Broad-based Employee Scheme;
"Business Day"	a day other than a Saturday, Sunday or a public holiday in South Africa;
"Calculation Period"	the 30 (thirty) trading days ending on the second Business Day immediately prior to the date on which the Company gives written notice to any of the External Stakeholder SPVs that it intends exercising the Nedbank Group Call Option; and the 30 (thirty) trading days ending on the second Business Day immediately prior to the date on which any of the External Stakeholder SPVs gives written notice to the Company that it intends exercising its SPV Call Option;

"Capitalisation Shares"	Ordinary Shares of R1.00 each in the Company issued from time to time to the External Stakeholder SPVs as fully paid up out of the Company share premium account or reserves;
"Central Consortium"	Central Consortium Investment Holdings (Proprietary) Limited (Registration number 2006/358), a private company registered and incorporated in Namibia;
"Central Consortium SPV"	Central Consortium SPV Three Investments (Proprietary) Limited (Registration number 2006/363), a private company registered and incorporated in Namibia, which is a wholly owned subsidiary of the Central Consortium;
"Certificated Ordinary Shareholders"	Ordinary Shareholders who have not dematerialised their shares and thus hold paper share certificates or other physical Documents of title;
"Churches"	the Namibian Special Consortium of Churches Investment Trust (Master's Reference number T296/06) the beneficiaries of which are: African Methodist Episcopal Church, Evangelical Lutheran Church in the Republic of Namibia and the Evangelical Lutheran Church in Namibia;
"Churches SPV"	Southern Consortium SPV Three Investments (Proprietary) Limited (Registration number 2006/356), a private company registered and incorporated in Namibia, which is wholly owned by the Churches;
"Circular"	this bound Circular, dated 8 November 2006, including all appendices, the notice of general meeting and form of proxy contained herein;
"Closing Date"	the date of fulfillment of the conditions precedent relating to the External Stakeholder Schemes being the 7th Business Day after the day on which the last of the conditions precedent as detailed in this Circular are fulfilled or waived;
"CoGHB"	Cape of Good Hope Financial Services Limited (formerly Cape of Good Hope Bank Limited) (Registration number 1958/000018/06), a public company incorporated in South Africa;
"Common Monetary Area"	consists of, Namibia, South Africa and the Kingdoms of Lesotho and Swaziland;
"Competing Business"	the business of a financial institution as defined in the Financial Services Board Act, No. 97 of 1990, that competes directly or indirectly with the business of any member of the Nedbank Group;
"Competitor"	a person or business carrying on a Competing Business;
"CPT"	Corporate Performance Target as determined from time to time by the Nedbank Group Remuneration Committee;
"CSDP"	a Central Securities Depository Participant appointed by individual shareholders for purposes of and in regard to dematerialisation, in terms of the Securities Services Act, No. 36 of 2004;
"Deloitte & Touche" or "Joint independent reporting accountants"	Deloitte & Touche, Registered Auditors;
"Dematerialised Ordinary Shareholders"	Ordinary Shareholders who hold Dematerialised Shares;
"Dematerialised Shares"	those Ordinary Shares that have been incorporated into the STRATE system and which are held on a company's sub-ledger in electronic form in terms of the Securities Services Act, No. 36 of 2004;
"Documents of title"	share certificate(s), certified transfer deed(s) or forms, balance receipts or any other Documents of title acceptable to the Company in respect of Certificated Ordinary Shareholders;

"Employee"	any person as defined in the scheme rules in the full-time permanent employ of NedNamibia Holdings or any of its subsidiaries from time to time;
"Education Trust"	the Old Mutual and Nedbank Namibia Education Trust (in the process of formation). The New Nedbank Group Shares will either be held by the Education Trust or alternatively by a wholly-owned SPV. Accordingly any reference in this Circular to Education Trust shall be read either as a reference to the trust itself or, if applicable, to the SPV;
"Education Trust Scheme"	the scheme in terms of which the Company will issue new Nedbank Group shares to the Education Trust;
"Edward Nathan Sonnenbergs Inc" or "Corporate law advisers"	Edward Nathan Sonnenbergs Inc (Registration number 2006/018200/21);
"Employee Schemes"	collectively, the Black Management Scheme, the Broad-based Employee Scheme and the LTIP;
"Employee Trusts"	collectively, the NedNamibia Holdings LTIP Trust, the Black Management Trust and the Broad-based Employee Trust;
"Enlarged Share Capital"	the Company's issued share capital post the Proposed Transaction;
"EPS"	earnings per share;
"EXCO"	the Nedbank Group Executive Committee, from time to time;
"External Stakeholder Schemes"	collectively the schemes relating to, the Strategic Business Partners, Strategic Community Partners, NedNamibia Holdings Discretionary Trust, and the Education Trust;
"External Stakeholder SPVs"	collectively, the Strategic Business Partner SPVs, the Strategic Community Partner SPVs, the NedNamibia Holdings Discretionary Trust and the Education Trust;
"FSC" or "South African FSC"	the Financial Sector Charter adopted by the Association of Black Securities and Investment Professionals, the Banking Council of South Africa, the Foreign Bankers Association of SA and other persons on 17 October 2003, as amended from time to time;
"HEPS"	headline earnings per share;
"IFRS"	International Financial Reporting Standards;
"Implementation Date"	on or about Thursday, 14 December 2006, the date on which the new Nedbank Group Shares will be issued;
"I-Net Bridge"	I-Net Bridge (Proprietary) Limited, a private company registered and incorporated in South Africa (Registration number 1998/005987/07), specialising in the provision of online financial information, and a subsidiary of Johnnic Communications Limited (Registration number 1889/000352/06), a public company registered and incorporated in South Africa, all the issued shares of which are listed on the JSE;
"JSE"	JSE Limited, a company duly registered and incorporated with limited liability under the company laws of South Africa under registration number 2005/0222939/06 and licensed as an exchange under the Securities Services Act (Act No. 36 of 2004), as amended;
"Key Individual(s)"	in the case of the Strategic Business Partners: Central Consortium: Hosea Angula, Anne Thandeka Gebhardt, Dr Tjama Tijvikua, Erastud Hoveka, Patrick Uaurikirua Kauta, Hilda Basson-Namundjebo, Lucia Hamutenga, Norah Appolus and Linnea Shaetonhodi; Manmar: Zebra Kasete and Dr Dean Aubrey Kock;

	Northern Empowerment Investments: Joseph Endjala, Jesay NaKuumba, Sackey Namuhuya, Ndaambe NeKwaya, Eliaser Negumbo, Isai Nhinda, Nangula E Pea, and Sion Paulus Sheehamba;
	in the case of the Strategic Community Partners:
	Churches: Rev. Albert E Biwa, Rev. Charles D Fredericks, Deputy Bishop Ernst //Gamxamub, Rev. H Kamho, and Rev. Dr S V V Nambaia;
	WAD: Veronica de Klerk, Heike Schulz and Collin Usurua;
"King Code"	King Report on Corporate Governance for South Africa 2002 (Code of Corporate Practices and Conduct);
"KPMG" or "Joint independent reporting accountants"	KPMG Inc, Chartered Accountants (SA) (Registration number 1999/021543/21);
"Last Practicable Date"	the last practicable date prior to finalisation of this Circular, being 2 November 2006;
"Listings Requirements"	the JSE Listings Requirements, as amended from time to time;
"Lock-in Period"	generally the period between Implementation Date and Vesting Date of Scheme Shares, which in the case of the Strategic Business Partner Scheme, the Strategic Community Partner Scheme, the NedNamibia Holdings Discretionary Trust and the Education Trust Scheme is the period from the Closing Date to 31 December 2016;
"Long-term Strategic Allocation"	that segment of the Proposed Transaction that relates specifically to the NedNamibia Holdings Discretionary Trust;
"LTIP" or "NedNamibia Holdings LTIP"	NedNamibia Holdings' long term incentive plan(s) in place from time to time;
"Manmar"	Manmar Investments Thirty Five (Proprietary) Limited (Registration number 2006/302), a private company registered and incorporated in Namibia;
"Manmar SPV"	Coastal Consortium SPV Three Investments (Proprietary) Limited (Registration number 2006/33), a private company registered and incorporated in Namibia, which is a wholly-owned subsidiary of Manmar;
"Market Value"	with reference to the Nedbank Group Call Option and the SPV Call Option means the volume weighted average price per Nedbank Group Share as published by I-Net Bridge and quoted on the JSE for the Calculation Period and with reference to the Reinvestment Shares, the volume weighted average price per Nedbank Group share as quoted on the JSE for 30 trading days ending on the second last Business Day of February of each year during which the Performance Fee is payable;
"Merrill Lynch" or "Lead sponsor"	Merrill Lynch South Africa (Proprietary) Limited (a member of the Merrill Lynch Group) (Registration number 1995/001805/07), a private company registered and incorporated in South Africa;
"Mutual & Federal"	Mutual & Federal Insurance Company Limited (Registration number 1970/006619/06), a public company registered and incorporated in South Africa, all the issued shares of which are listed on the JSE and the NSX;
"Mutual & Federal Namibia"	Mutual & Federal Insurance Company of Namibia Limited (Registration number (89/459) a company incorporated in terms of Namibian law and a wholly-owned subsidiary of Mutual & Federal;
"NACA"	nominal rate compounded annually in arrears;

"NACS"	nominal rate compounded semi-annually in arrears;
"Namibia"	the Republic of Namibia;
"Namibian dollar" or "N\$"	Namibian dollar, the lawful currency of Namibia;
"Namibian FSC"	the proposed Namibian Financial Sector Charter;
"NAV"	net asset value;
"NTAV"	net tangible asset value;
"Nedbank"	Nedbank Limited (Registration number 1951/000009/06), a public company registered and incorporated in South Africa and a subsidiary of the Company, the issued preference shares of which are listed on the JSE;
"Nedbank Capital" or "investment bank, transaction adviser and joint sponsor"	Nedbank Capital, a division of Nedbank;
"Nedbank Group" or "the Company"	Nedbank Group Limited (Registration number 1966/010630/06), a public company registered and incorporated in South Africa, all the issued Ordinary Shares of which are listed on the JSE;
"Nedbank Group Board" or "Board"	the board of directors of the Company, the members of which are listed in paragraph 21 of this Circular;
"Nedbank Group Call Option"	a call option granted by each of the External Stakeholder SPVs ("the option grantors") to the Company in terms of which the Company is entitled, but not obliged, to purchase at the Subscription Price and cancel, at the end of the Lock-in Period, that number of the Nedbank Group Shares held by the option grantors at their then Market Value as equates to the Notional Terminal Amount;
"Nedbank Namibia"	Nedbank Namibia Limited (Registration number 73/04561) a company incorporated in terms of Namibian law and a subsidiary of NedNamibia Holdings;
"NedNamibia Holdings"	NedNamibia Holdings Limited (Registration number 91/075) and its subsidiaries, a public company registered and incorporated in Namibia and a subsidiary of Nedbank Group;
"NedNamibia Holdings Discretionary Trust"	a trust to be set up to administer the Long-term Strategic Allocation. The new Nedbank Group Shares will either be held by the NedNamibia Holdings Discretionary Trust or alternatively by wholly owned SPVs. These SPVs may be disposed of by Nedbank Group to capitalise on strategic opportunities that may arise in the future which could add value to NedNamibia Holdings. Accordingly any reference in this Circular to NedNamibia Holdings Discretionary Trust shall be read either as a reference to the trust itself or, if applicable, to the SPVs;
"NedNamibia Holdings Discretionary Trust Agreement"	the agreement in terms of which the NedNamibia Holdings Discretionary Trust will subscribe for new Nedbank Group Shares and Nedbank Group will allot and issue the shares against payment of the aggregate Subscription Price;
"NedNamibia Holdings LTIP Trust"	NedNamibia Holdings Long-term Incentive Plan Trust (in the process of formation) which is being established to operate and manage the LTIP;
"new Shares" or "new Nedbank Group Shares"	665 442 new ordinary shares in the share capital of Nedbank Group with a par value of R1.00 each ranking <i>pari passu</i> in all respects with the existing issued ordinary shares of Nedbank Group, to be issued in terms of the Proposed Transaction;
"NGOs"	Non-Governmental Organisations;

"NIB"	Nedcor Investment Holdings 101 Limited (formerly Nedcor Investment Bank Holdings Limited) (Registration number 1963/003972/06), a public company incorporated in South Africa, but no longer listed on the JSE;
"Non-executive directors"	non-executive directors of the Company;
"Northern Empowerment Investments"	Northern Empowerment Investments (Proprietary) Limited (Registration number 2006/349), a private company registered and incorporated in Namibia;
"Northern Empowerment Investments SPV"	Northern Empowerment SPV Three Investments (Proprietary) Limited (Registration number 2006/350), a private company registered and incorporated in Namibia, which is a wholly-owned subsidiary of Northern Empowerment Investments;
"Notional Commencement Amount"	<ul style="list-style-type: none"> • for the Strategic Business Partner Scheme R19.74 million (being 97.5% of the value of the Scheme Shares at the Scheme Price); • for the Strategic Community Partner Scheme R7.43 million (being the value of the Scheme Shares at the Scheme Price less payment of the Par Value); • for the NedNamibia Holdings Discretionary Trust R8.17 million (being the value of the Scheme Shares at the Scheme Price less payment of the Par Value); and • for the Education Trust Scheme R9.90 million (being the value of the Scheme Shares at the Scheme Price less payment of the Par Value);
"Notional Dividend Rate"	the notional fixed dividend rate of 9.5% NACS per annum, for purposes of determining the Notional Terminal Amount as per the BEE Scheme Agreements;
"Notional Penalty Rate"	the notional fixed rate of the higher of 13% NACA or 110% of the prevailing Prime Rate at the time;
"Notional Terminal Amount"	<p>a notional amount arithmetically derived according to the BEE Scheme Agreements for each of the External Stakeholder Schemes, which will essentially reflect:</p> <ul style="list-style-type: none"> • the Notional Commencement Amount, plus • the aggregate consideration paid by the Company pursuant to the exercise by the Company of the Nedbank Group Call Option, plus • an amount determined for each year (and compounded annually in arrears) by multiplying the Notional Dividend Rate by the Notional Commencement Amount, plus • in the case of the Strategic Business Partners and Strategic Community Partners only, an amount determined for each year (and compounded annually in arrears) by multiplying the value of the Scheme Shares at the Scheme Price by 2.5%;
"NSX"	the Namibian Stock Exchange;
"Old Mutual Group"	Old Mutual plc and its subsidiaries from time to time, including Mutual & Federal and the Company and their respective subsidiaries;
"Old Mutual Group Company"	any one of Old Mutual plc and its subsidiaries, other than Nedbank Group and its subsidiaries;
"Old Mutual Holdings"	Old Mutual Holdings (Namibia) Limited (Registration number 97/076), a public company registered and incorporated in Namibia and a subsidiary of Old Mutual plc;
"Old Mutual Namibia"	Old Mutual Life Assurance Company (Namibia) Limited (Registration number 97/081), a public company registered and incorporated in Namibia and a subsidiary of Old Mutual plc;

"Old Mutual plc"	Old Mutual plc (Registration number 03591559), a public company registered and incorporated in England and Wales, all the issued shares of which are listed on the London Stock Exchange and registered as an external company in each of South Africa (Registration number 1999/004855/10), Malawi (Registration number 5282), Namibia (Registration number F/3591559) and Zimbabwe (Registration number EI/99);
"Old Mutual (SA)"	Old Mutual (South Africa) Limited (Registration number 1998/012276/06), a company registered and incorporated in South Africa and a wholly-owned subsidiary of Old Mutual plc;
"Option Date"	the date on which an option is granted to an employee;
"Ordinary Share" or "Nedbank Group Share"	ordinary shares of R1.00 each in the issued share capital of the Company;
"Ordinary Shareholders" or "members"	holders of Ordinary Shares on the Register of shareholders of the Company;
"Par Value"	R1.00 per Ordinary Share;
"Performance Agreement(s)"	agreements entered into or to be entered into between NedNamibia Holdings and each of the Strategic Business Partners, the Strategic Community Partners and the NedNamibia Holdings Discretionary Trust which govern the setting of the performance criteria, the evaluation thereof and the Performance Fee arising there from;
"Performance Fee"	the fees payable from time to time by NedNamibia Holdings to the Strategic Business Partners, the Strategic Community Partners and the NedNamibia Holdings Discretionary Trust in terms of the Performance Agreements;
"Preference Shares"	non-redeemable, non-cumulative preference shares of R0.01 each in the share capital of Nedbank;
"Prime Rate"	means the publicly quoted prime rate of interest which Nedbank Namibia charges on overdraft facilities from time to time, nominal annual compounded monthly in arrear;
"Proposed Transaction" or "Nedbank Group Transaction"	<ul style="list-style-type: none"> • the issuing of 665 442 new Nedbank Group Shares for the purposes of BEE, which will be equal to approximately 0.15% in aggregate of the Company's issued share capital post the issue of the Scheme Shares and equating to black ownership of 11.13 % of the value of NedNamibia Holdings; • the specific repurchase by Nedbank Group of Ordinary Shares at one or more future dates for cash; • the specific issue of Ordinary Shares for cash relating to annual Performance Fees; and • the specific issue of Ordinary Shares for cash, equivalent to the number of Ordinary Shares which may be repurchased by Nedbank Group at one or more future dates;
"Rand"	South African Rand, the official currency of South Africa;
"Register"	the register of holders of Ordinary Shares;
"Reinvestment Shares"	shares of the Company subscribed for at the then Market Value by the Strategic Business Partner SPVs, the Strategic Community Partner SPVs and the NedNamibia Holdings Discretionary Trust, in an aggregate amount equal to a fixed portion of any Performance Fee paid by NedNamibia Holdings in terms of the Performance Agreement, as provided for in the BEE Scheme Agreements;
"Remuneration Committee"	the Nedbank Group Remuneration Committee from time to time;

"Review Period"	in respect of the Performance Agreement, performance will be measured at no less than two formal joint sessions per annum between the Strategic Business Partner SPVs, Strategic Community Partner SPVs and the NedNamibia Holdings Discretionary Trust, and the relevant business units of NedNamibia Holdings to review performance, progress and agree issues and strategies going forward;
"ROE"	return on equity;
"RSP"	restricted share plan;
"SA GAAP"	Statements of South African Generally Accepted Accounting Practice;
"Scheme Participants"	the parties that may participate in the Proposed Transaction;
"Scheme Price"	a value of R101.29 per Ordinary Share measured with reference to the 10-day volume weighted average price per Nedbank Group Share (ex dividend) for the period leading up to and including 31 August 2006;
"Scheme Shares"	<p>Ordinary Shares with a Par Value of R1.00 that will be issued pursuant to the Proposed Transaction and ranking <i>pari passu</i> (including voting and dividend rights) in all respects with the existing issued Ordinary Shares, on the following basis:</p> <ul style="list-style-type: none"> • 81 749 to the NedNamibia Holdings LTIP Trust; • 95 176 to the Black Management Trust; • 34 358 to the Broad-based Employee Trust; • 98 730 to the Education Trust; • 81 452 to the NedNamibia Holdings Discretionary Trust; • 118 476 to Central Consortium SPV; • 44 429 to Manmar SPV; • 37 024 to Northern Empowerment Investments SPV; • 37 024 to Churches SPV; and • 37 024 to WAD SPV;
"SENS"	the Securities Exchange News Service of the JSE;
"South Africa"	the Republic of South Africa;
"South African BEE Transaction"	Nedbank Group's BEE transaction which was approved by shareholders in 2005 and which focused primarily on the issuing of shares for the purposes of BEE, equating to 9.33% of total share capital and equating to black ownership of 11.5% of the value of Nedbank Group's South African Business;
"Specific repurchase of the Ordinary Shares for cash"	the repurchase of an unknown quantity of Nedbank Group Shares at a price not exceeding R1.00 per new Nedbank Group Share in terms of the Nedbank Group Call Option, save in the case of the Strategic Business Partner Scheme where the price shall not exceed R2.53 per Nedbank Group Share; and/or – an unknown quantity of Capitalisation Shares and/or Reinvestment Shares at an aggregate price of R1.00 for all Capitalisation Shares and all Reinvestment Shares so re-purchased;
"SPV"	any special purpose vehicle which has been established by Scheme Participants and/or the Company for purposes of the Nedbank Group Transaction;
"SPV Call Option"	a call option granted by the Company in favour of the External Stakeholder SPVs ("the grantees"), in terms of which the grantees are entitled, but not obliged, to subscribe for up to such number of new Ordinary Shares as is equal

	to the aggregate number of Ordinary Shares that the Company has acquired pursuant to the Nedbank Group Call Option, for a consideration per Nedbank Group Share equal to the then Market Value per share;
"STRATE"	STRATE Limited (Registration number 1998/022242/06), a company incorporated in South Africa and the electronic settlement system for transactions that take place on the JSE and off-market trades;
"Strategic Business Partner"	a participant in the Strategic Business Partner Scheme being each of Central Consortium, Manmar and Northern Empowerment Investments as the context may require;
"Strategic Business Partner Agreement"	the subscription and share ownership agreement between the Company and each of the Strategic Business Partners and each of the Strategic Business Partner SPVs;
"Strategic Business Partner Scheme"	the scheme in terms of which the Company will issue new Nedbank Group Shares to the Strategic Business Partner SPVs for the benefit of the Strategic Business Partners;
"Strategic Business Partner SPV"	each of the Central Consortium SPV, Manmar SPV and Northern Empowerment Investments SPV as the context may require;
"Strategic Community Partner"	a participant in the Strategic Community Partner Scheme being Churches and WAD as the context may require;
"Strategic Community Partner Agreement"	the subscription and share ownership agreement between the Company and each of the Strategic Community Partners and each of the Strategic Community Partner SPVs;
"Strategic Community Partner Scheme"	the scheme in terms of which the Company will issue new Nedbank Group Shares to the Strategic Community Partner SPVs for the benefit of the Strategic Community Partners;
"Strategic Community Partner SPV"	each of the Churches SPV and WAD SPVs as the context may require;
"Strike Price"	the price at which the options are exercised by employees, being: <ul style="list-style-type: none"> • R101.29 in the case of options granted on Implementation Date; and • in respect of options allocated at a future date, the 3-day volume weighted average price of Ordinary Shares as published by the JSE for the 3-day period prior to the Option Date, or as approved by the Remuneration Committee;
"Subscription Price"	means R2.53 per new Nedbank Group Share in the case of the Strategic Business Partners, and R1.00 per new Nedbank Group Share in the case of each of the Strategic Community Partners, the NedNamibia Holdings Discretionary Trust and the Education Trust;
"Transfer Secretaries"	Computershare Investor Services 2004 (Proprietary) Limited (Registration number 2004/003647/07), a private company registered and incorporated in South Africa;
"Vesting Date"	the date of vesting of Scheme Shares in the hands of Scheme Participants;
"WAD"	Women's Action for Development, a Namibian NGO which is formally known as The WAD Investment Trust (Masters' Reference number T295/06), registered in Namibia; and
"WAD SPV"	Eastern Consortium SPV Three Investments (Proprietary) Limited (Registration number 2006/359), a private company registered and incorporated in Namibia, which is a wholly-owned subsidiary of WAD.



NEDBANK
GROUP
Nedbank Group Limited

(Incorporated in the Republic of South Africa)

(Registration number 1966/010630/06)

Share code JSE: NED ISIN: ZAE000004875

("Nedbank Group" or the "Company")

Directors

R J Khoza* (*Chairman*)

M M Katz* (*Vice-Chairman*)

M L Ndlovu* (*Vice-Chairman*)

T A Boardmant † (*Chief Executive Officer*)

C J W Ball ‡

M W T Brown† (*Chief Financial Officer*)

T C P Chikane‡

R G Cottrell‡

B E Davison‡

N Dennis‡ (*British*)

M A Enus-Brey*

B de L Figaji‡

R M Head* (*British*)

J B Magwaza‡

M E Mkwanazi‡

C M L Savage‡

G T Serobe*

J H Sutcliffe* (*British*)

† Executive

* *Non-executive*

‡ Independent non-executive

CIRCULAR TO MEMBERS OF NEDBANK GROUP

PART 1 – PROPOSED TRANSACTION OVERVIEW

1. INTRODUCTION

In line with Nedbank Group's commitment to transformation within the entire organisation, the Company is proposing, subject to approval by the members at the general meeting referred to in this Circular, a transaction that will result in the introduction of broad-based Black Namibian ownership into NedNamibia Holdings which transaction is based upon the principles of the Nedbank Group South African BEE Transaction and to a large extent emulates it.

Due to the absence of any legislative framework for BEE in Namibia there would be no legal consequences for the Company if the Proposed Transaction were not implemented. Rather, it is an industry-led commitment to which many major financial institutions are party. The Namibian financial sector is in the process of developing a charter which aims to achieve transformation within the sector along similar lines to those outlined in the South African

FSC and an assumption has been made that a Namibian FSC, which will not differ substantially from the South African FSC, will be adopted in Namibia in due course. The Proposed Transaction has been constructed in order to be consistent with the expected Namibian FSC, which the Board believes will ensure that the Company is not at a competitive disadvantage to other financial services companies in Namibia.

Further information on the Proposed Transaction is set out in this Circular, which also convenes a meeting of Ordinary Shareholders at which the Proposed Transaction will be considered. Please read this Circular carefully and exercise your right to vote.

The table below shows the value of the Proposed Transaction and sets out how this equates to effective Black Namibian ownership, in percentage terms, in NedNamibia Holdings.

Using Nedbank Group shares				
	Total deal		Shareholding in Nedbank Group	Effective Black ownership in NedNamibia Holdings
	Number of shares	Deal value (N\$m/Rm)	Shareholding (post-issue of new shares) (%)	Shareholding (post-issue of new shares) (%)
Employee Schemes	211 283	21.40	0.05	3.47
LTIP	81 749	8.28	0.02	1.38
Black Management Scheme	95 176	9.64	0.02	1.61
Broad-based Employee Scheme	34 358	3.48	0.01	0.48
Strategic Business Partners	199 929	20.25	0.04	3.37
Central Consortium	118 476	12.00	0.02	2.00
Manmar	44 429	4.50	0.01	0.75
Northern Empowerment Investments	37 024	3.75	0.01	0.62
Strategic Community Partners	74 048	7.50	0.02	1.24
WAD	37 024	3.75	0.01	0.62
Churches	37 024	3.75	0.01	0.62
Education Trust	98 730	10.00	0.02	1.67
NedNamibia Holdings Discretionary Trust	81 452	8.25	0.02	1.38
TOTAL	665 442	67.40	0.15	11.13

Notes:

1. Exchange rate: ZAR1: N\$1.
2. Total new effective shareholding in NedNamibia Holdings post-issue of new shares, is 11.23% with effective Black ownership in NedNamibia Holdings, post-issue of new shares, being 11.13%.
3. The number of shares was calculated using the 10-day volume weighted average price (ex dividend) to 31 August 2006 of R101.29 per share.

The basis on which this table has been prepared is set out in paragraph 6 of this Circular. If the Proposed Transaction is implemented there will be a dilution of the current Ordinary Shareholders' shareholding in the Company due to the issue of the new Nedbank Group Shares. Nedbank Group has opted to utilise Nedbank Group Shares instead of NedNamibia Holdings shares for the purposes of the Proposed Transaction due to the Nedbank Group share being listed on the JSE with the resultant ease of tradeability and price determination.

2. PURPOSE OF THIS CIRCULAR

The purpose of this Circular is to provide members with relevant information regarding the Proposed Transaction and in particular:

- the specific issues of Ordinary Shares for cash detailed as follows:
 - 81 749 new Nedbank Group Shares to the NedNamibia Holdings LTIP Trust, at R101.29 per new Nedbank Group Share;
 - 95 176 new Nedbank Group Shares to the Black Management Trust, at R101.29 per new Nedbank Group Share;
 - 34 358 new Nedbank Group Shares to the Broad-based Employee Trust, at R101.29 per new Nedbank Group Share;
 - 98 730 new Nedbank Group Shares to the Education Trust, at R1.00 per new Nedbank Group Share;
 - 118 476 new Nedbank Group Shares to the Central Consortium SPV, at R2.53 per new Nedbank Group Share;
 - 44 429 new Nedbank Group Shares to the Manmar SPV, at R2.53 per new Nedbank Group Share;
 - 37 024 new Nedbank Group Shares to the Northern Empowerment Investments SPV, at R2.53 per new Nedbank Group Share;
 - 37 024 new Nedbank Group Shares to the Churches SPV, at R1.00 per new Nedbank Group Share;
 - 37 024 new Nedbank Group Shares to the WAD SPV, at R1.00 per new Nedbank Group Share; and
 - 81 452 new Nedbank Group Shares to the NedNamibia Holdings Discretionary Trust, at R1.00 per new Nedbank Group Share;

which amounts to approximately 0.15% in aggregate of the Company's issued share capital post the Proposed Transaction;

- the specific repurchase of all or some of the new Nedbank Group Shares detailed above in relation to the External Stakeholder SPVs at a future date for cash, at a price per share not exceeding their issue price as set out above and all or some of the Capitalisation Shares awarded to the External Stakeholder SPVs from time to time and Reinvestment Shares beneficially owned by the External Stakeholder SPVs, at an aggregate price of R1.00, pursuant to the exercise by the Company of the Nedbank Group Call Option;
- the specific issue from time to time during the subsistence of the Performance Agreement of an unknown number of Nedbank Group Shares for cash, at the then Market Value per share, to the Strategic Business Partner SPVs, the Strategic Community Partner SPVs and the NedNamibia Holdings Discretionary Trust, to accommodate the requirements in the Strategic Business Partner Agreements, the Strategic Community Partner Agreements and the NedNamibia Holdings Discretionary Trust Agreements that the Strategic Business Partners, Strategic Community Partners and the NedNamibia Holdings Discretionary Trust reinvest into the Reinvestment Shares an amount equal to a specified portion of any Performance Fee paid to them by NedNamibia Holdings, for and on behalf of the Strategic Business Partners, the Strategic Community Partners and the NedNamibia Holdings Discretionary Trust, respectively;
- the specific issue of Nedbank Group Shares detailed above in relation to the External Stakeholder SPVs pursuant to and to give effect to the exercise of the SPV Call Options, provided that such issue will not exceed the number of the Nedbank Group Shares which are the subject of an exercised Nedbank Group Call Option; and
- to convene a general meeting of Ordinary Shareholders, in terms of the notice of general meeting forming part of this Circular, at which meeting the special and ordinary resolutions required to approve and implement the Proposed Transaction will be proposed.

3. THE FSC

The FSC was signed in South Africa on 17 October 2003 and contains a commitment by the South African financial services industry to BEE. The FSC requires that each financial institution shall have a target for Black direct ownership equating in value to a minimum of 10% of its South African based business by 2010. Institutions and stakeholders engaged in the Financial Sector in Namibia are currently formulating a Namibian FSC which is expected to be based upon the principles of the South African FSC but may have variations that accommodate the uniqueness of the Namibian market.

Unlike South Africa where the FSC and the South African Department of Trade and Industry's Codes of Good Practice on Broad-Based Black Economic Empowerment set out certain BEE ownership requirements for South African financial services companies, there is currently no such legislation or industry agreement in Namibia.

4. BACKGROUND AND RATIONALE

The Nedbank Group is committed to the delivery of innovative banking products and outstanding service that results in real benefit to its clients, suppliers, employees and shareholders whilst ensuring commitment to good corporate governance and upholding the highest ethical standards and values. The Nedbank Group, through its subsidiary NedNamibia Holdings, is committed to the long-term growth of the Namibian economy, in which the majority of Namibians were previously excluded from participation. In this regard, Nedbank Group is committed to playing its part in redressing the legacy of the past and the creation of a sustainable economy that meets the needs of all Namibian people.

The Proposed Transaction involves an upfront economic cost. The Board believes that the long-term commercial benefits to be gained should exceed the initial and ongoing costs of implementing the Proposed Transaction, and that the Proposed Transaction will, if implemented, enhance Nedbank Group's profile together with that of NedNamibia Holdings in the Namibian market and be likely to increase the motivation and retention of its staff in Namibia. Moreover, the Board believes that the Proposed Transaction is likely, in the longer term, to strengthen NedNamibia Holdings' growth prospects within Namibia, to attract additional business and bring about benefits for NedNamibia Holdings that it would otherwise be denied. Several of NedNamibia Holdings' competitors in Namibia have already concluded BEE deals and therefore have a commercial and competitive advantage over their competitors who have not concluded BEE deals. The Board believes that if Ordinary Shareholders do not vote in favour of the Proposed Transaction and BEE ownership is not introduced into NedNamibia Holdings, there could be a material adverse impact on the business, including the potential loss of NedNamibia Holdings employees, certain existing business and the risk of not attracting certain new business.

The Proposed Transaction has been structured to include true broad-based participation through the inclusion of employees and management, entrepreneurs, as well as women's and community groupings throughout Namibia. The Proposed Transaction has been designed to complement NedNamibia Holdings' overall strategic objectives of implementing broad-based empowerment in its business, which are consistent with those of Nedbank Group.

Nedbank Group and its subsidiaries embrace the need for broad-based BEE and seek to go beyond targets and mere compliance in a manner that will create meaningful broad-based change and stability in the Namibian economy.

5. PRINCIPLES OF THE PROPOSED TRANSACTION

In designing the Proposed Transaction, the following set of principles, aimed at sustainable broad-based empowerment, were adopted:

- **Transformation** – The Proposed Transaction has been designed to accelerate operational transformation. This extends to employment equity, particularly at management level, client acquisition, strategies for under-served markets and profiling of NedNamibia Holdings. The Proposed Transaction is being implemented as part of Nedbank Group's comprehensive, overarching approach to rapid transformation;
- **Broad-based approach** – The Proposed Transaction is designed to, directly and indirectly, benefit black Namibians throughout the country, including, employees, entrepreneurs and communities. Nedbank Group has sought to achieve an equitable balance between individuals that are internal and external to the Company. In the process, the ultimate beneficiaries of the Proposed Transaction have been reviewed to ensure that no individual benefits unduly. Employees will be the prime beneficiaries of the Proposed Transaction;
- **Alignment of value added by the Strategic Business Partners and Strategic Community Partners to benefits received** – No one individual or ultimate beneficiary will be rewarded out of proportion to the value that he adds.
 - Performance Agreements have been negotiated with the Strategic Business Partners and Strategic Community Partners to ensure mutually beneficial, enduring partnerships. The Performance Agreements have been designed to incentivise the Strategic Business Partners and Strategic Community Partners by aligning the rewards which they receive under the Performance Agreements to the value that they add to NedNamibia Holdings; and
 - The Proposed Transaction aims to balance the economic participation by internal and external individuals, and seeks to ensure that benefits are earned incrementally over the term of the agreements;
- **Full economic benefits and voting rights** – From the inception of the Proposed Transaction, shareholders will have full voting rights and economic benefits attached to equity ownership; and

- **Estimated benefits to exceed estimated costs of the Proposed Transaction** – In designing the Proposed Transaction, the Company sought to ensure that, over time, the commercial benefits of implementing the Proposed Transaction will outweigh the costs pertaining thereto. The estimated economic cost of the Proposed Transaction equates to approximately 0.05% of the value of Nedbank Group based on the 10-day volume weighted average price (ex dividends) to 31 August 2006 of R101.29 per share or 4.13% of the value of NedNamibia Holdings.

6. BASIS OF CALCULATIONS

The value of NedNamibia Holdings is estimated to be R600 million as at 31 August 2006. This is based on a valuation performed by Nedbank Capital. The total value of ownership under the Proposed Transaction is R67.4 million based on a transaction size of 11.23% of the value of NedNamibia Holdings. The total value of black Namibian ownership equates to R66.77 million. On this basis, the value of new Nedbank Group Shares allocated to Black Namibians equates to 0.15% of the value of Nedbank Group.

7. SUMMARY OF THE PROPOSED TRANSACTION

The Proposed Transaction comprises the following key groups and is subject to the various conditions precedent set out in paragraph 10.

7.1 Employees

The Nedbank Group recognises the importance of creating an employee and management complement that is representative of Namibia's demographics. Acknowledging that NedNamibia Holdings is not yet fully representative and that transformation must come from within the Nedbank Group, it is proposed to set aside R21.4 million worth of new Nedbank Group Shares to recruit and retain Black management and employees. At least forty percent of the new Nedbank Group Shares will initially be distributed to an estimated 457 employees, of whom approximately 379 are Black, with the balance held in the Employee Trusts for distribution at a later stage. Further information on the Employee Schemes can be found in paragraph 9.5.

7.2 Education Trust

In recognition of the role played by certain trade unions and other groups in the Namibian economy and the potentially positive influence of these groups on the business of NedNamibia Holdings, an Education Trust will be established in conjunction with Old Mutual Holdings, which will have an initial duration of ten years. Due to the importance of education in Namibia amongst the Black communities, the Education Trust will provide meaningful benefits to members of such groups and complement the community focus of the Old Mutual Group's Namibian businesses on training and education. The Education Trust will subscribe for new Nedbank Group Shares with a value of R10 million, which is equivalent to 1.67% of the value of NedNamibia Holdings. Further information on the Education Trust can be found in paragraph 9.3.

7.3 Strategic Business Partners

Central Consortium, Manmar and Northern Empowerment Investments have been chosen as active Strategic Business Partners to assist in growing and repositioning the business and driving its internal transformation. It is proposed that an aggregate of R20.25 million worth of new Nedbank Group Shares will be issued to the Strategic Business Partners. Further information on the Strategic Business Partners can be found in paragraph 9.1.

7.4 Strategic Community Partners

The Churches and WAD have been chosen as Strategic Community Partners to assist in growing and repositioning the business and driving its internal transformation. It is proposed that an aggregate of R7.5 million worth of new Nedbank Group Shares will be issued to the Strategic Community Partners. Further information on the Strategic Business Partners can be found in paragraph 9.2.

7.5 NedNamibia Holdings Discretionary Trust

An allocation of new Nedbank Group Shares has been made to assist with future long-term strategic initiatives in Namibia amounting to R8.25 million. These shares will be used by NedNamibia Holdings to capitalise on strategic opportunities that may arise in the future which could add value to NedNamibia Holdings.

8. OVERVIEW OF THE PROPOSED TRANSACTION

8.1 Creation of the External Stakeholder SPVs

Each of the External Stakeholder SPVs will subscribe for the relevant number of new Nedbank Group Shares. Each External Stakeholder SPV has been established for the specific purpose of subscribing for and holding the new Nedbank Group Shares, subscribing for Reinvestment Shares, receiving Capitalisation Shares and exercising the rights attached to the new Nedbank Group Shares. The External Stakeholder SPVs may engage in matters ancillary to these activities but may not undertake any other activities without the Company's written consent. The External Stakeholder SPVs will subscribe for the new Nedbank Group Shares as follows:

- the Central Consortium SPV will subscribe at R2.53 per share for 118 476 new Nedbank Group Shares amounting to approximately 0.02% of the Company's share capital after the implementation of the Proposed Transaction which equates to 2.0% of NedNamibia Holdings;
- the Manmar SPV will subscribe at R2.53 per share for 44 429 new Nedbank Group Shares amounting to approximately 0.01% of the Company's share capital after the implementation of the Proposed Transaction which equates to 0.75% of NedNamibia Holdings;
- the Northern Empowerment Investments SPV will subscribe at R2.53 per share for 37 024 new Nedbank Group Shares amounting to approximately 0.01% of the Company's share capital after the implementation of the Proposed Transaction which equates to 0.62% of NedNamibia Holdings;
- the Churches SPV will subscribe at R1.00 per share for 37 024 new Nedbank Group Shares amounting to approximately 0.01% of the Company's share capital after the implementation of the Proposed Transaction which equates to 0.62% of NedNamibia Holdings;
- the WAD SPV will subscribe at R1.00 per share for 37 024 new Nedbank Group Shares amounting to approximately 0.01% of the Company's share capital after the implementation of the Proposed Transaction which equates to 0.62% of NedNamibia Holdings;
- the NedNamibia Holdings Discretionary Trust will subscribe at R1.00 per share for 81 452 new Nedbank Group Shares amounting to approximately 0.02% of the Company's share capital after the implementation of the Proposed Transaction which equates to 1.38% of NedNamibia Holdings; and
- the Education Trust will subscribe at R1.00 per share for 98 730 new Nedbank Group Shares amounting to approximately 0.02% of the Company's share capital after the implementation of the Proposed Transaction which equates to 1.67% of NedNamibia Holdings.

Collectively the External Stakeholder SPVs will subscribe for 454 159 new Nedbank Group Shares. In addition, three Employee Trusts will be established for the benefit of current and future employees and management of NedNamibia Holdings and funded directly by Nedbank Namibia, by way of interest-free loans, grants or a combination of both as discussed in paragraph 16, 17 and 18 below. Dividends will be applied to paying down the capital portion of the loan, or distributed to beneficiaries in the case of grant-funded new Nedbank Group Shares. These three Employee Trusts will together subscribe for 211 283 new Nedbank Group Shares at R101.29 per share, resulting in a 0.05% shareholding in the Enlarged Share Capital of the Company which equates to 3.47% of NedNamibia Holdings. The individual shareholdings will be as follows:

- the NedNamibia Holdings LTIP Trust will subscribe for 81 749 new Nedbank Group Shares. This comprises 0.02% in the Enlarged Share Capital of the Company, and equates to 1.38% of the value of NedNamibia Holdings;
- the Black Management Trust will subscribe for 95 176 new Nedbank Group Shares. This comprises 0.02% in the Enlarged Share Capital of the Company, and equates to 1.61% of the value of NedNamibia Holdings; and
- the Broad-based Employee Trust will subscribe for 34 358 new Nedbank Group Shares. This comprises 0.01% in the Enlarged Share Capital of the Company, and equates to 0.48% of the value of NedNamibia Holdings excluding the white participants.

8.2 Funding for the subscription of the new Nedbank Group Shares

The Strategic Business Partner SPVs will receive a capital contribution from their respective consortium members to fund the Subscription Price of the new Nedbank Group Shares. In the case of the Strategic Community Partner SPVs, the NedNamibia Holdings Discretionary Trust and the Education Trust, payment of the Subscription Price of the new Nedbank Group Shares will be funded entirely by loans, which will not

be provided by Nedbank Group or its subsidiaries, and repaid according to the provisions in paragraph 14, which fully describe the funding mechanics. The three Employee Trusts will be funded by interest-free loans (in the case of the NedNamibia Holdings LTIP Trust) or grants (in the case of the Broad-based Employee Trust) or a combination of an interest-free loan and a grant (in the case of the Black Management Trust) provided by Nedbank Namibia. All Nedbank Namibia loans will be repaid out of the dividends received on the new Nedbank Group Shares subscribed for or on receipt by the Employee Trusts of the Strike Price on the options exercised by the relevant Scheme Participants.

8.3 Economic cost of the Proposed Transaction

The estimated economic cost of the Proposed Transaction using recognised financial risk pricing and valuation methodologies is R24.75 million. This translates to 0.05% of the value of Nedbank Group and 4.13% of the value of NedNamibia Holdings as at 31 August 2006 and is broadly in line with other BEE transactions already concluded in the financial sector to date.

9. FURTHER DETAILS OF THE SCHEME PARTICIPANTS

9.1 Strategic Business Partner Scheme

Central Consortium

The consortium consists of four separate groups, namely Fox Investments (Proprietary) Limited which is the consortium leader with an effective 45% shareholding in the consortium, Ripanga Investment Holdings (Proprietary) Limited which has a 25% shareholding in the consortium, Latenda Investment Holdings (Pty) Limited which is a 15% shareholder in the consortium and Prudent Investments (Proprietary) Limited which has 15% shareholding in the consortium. All four consortium members have shareholders of high standing in the Namibian business and state sector who are prominent and credible individuals who can add value to NedNamibia Holdings and in particular in relation to aspects such as profiling and stakeholder involvement. Mr Hosea Angula, is a Key Individual who is also a director of Old Mutual Namibia and Chairman and director of Mutual & Federal Namibia. Women's participation equates to 46% of this consortium.

Manmar

The consortium comprises Key Individuals from Namibia's coastal business community who occupy influential positions in the construction, fishing, media, medical and mining sectors. The consortium intends to expand to include other groups within the coastal region. This consortium will add value to the NedNamibia Holdings in the corporate and retail areas.

Northern Empowerment Investments

A group of eight businessmen and women who are prominent in Namibia's northern regions have formed Northern Empowerment Investments as their consortium vehicle for the Proposed Transaction. The northern regions of Namibia are home to more than half of the population of the country and this region is expected to offer significant growth prospects to NedNamibia Holdings. Women's participation equates to 25% of this consortium.

Conflicts of interest

During the initial evaluation of the consortium, the parties were required to submit to a limited due diligence evaluation and to participate in an intensive information exchange process, during which process detailed questionnaires were circulated requiring shareholders and directors to supply lists of directorships and interests so as to determine potential conflicts of interest. Conflicts of interest were defined at three levels, namely political, commercial and dual representation in competing groups.

All of the entities were then engaged to discuss potential Old Mutual Group as well as individual conflicts and sensitivities. The partners were requested to address those conflicts with the result that many of the conflicts were dealt with, which resulted in some changes to the composition of the consortia. The consortium members have each subsequently provided a declaration which states all their current involvement in other entities and confirms that they have no conflicts of interest.

9.2 Strategic Community Partner Scheme

Women's Action for Development

WAD, a non-profit organisation with a membership base of 15 000 women, represents the interests of predominantly rural women in Namibia and has a high profile in many regions of Namibia. WAD was included due to their social focus in particular, women's upliftment and skills development which encourage financial independence. WAD provides a major development and advocacy platform for social and developmental issues and promises to be a powerful partner for NedNamibia Holdings.

Churches

Churches were included due to their strong social focus, their particular focus on the upliftment of the most disadvantaged Namibians and also to acknowledge the role played by churches in the liberation of Namibia. This group comprises three of the largest churches in Namibia. Over 90% of Namibians consider themselves Christians and, as such, NedNamibia Holdings believes that properly organised church entities can add substantial value, especially in the areas of marketing and the retail business of NedNamibia Holdings. A significant feature of the interface with the Churches will be that the majority of the cooperation will be channeled through the women's desk of the respective Churches.

9.3 Education Trust Scheme

In recognition of the important role played by certain trade unions and other groups in the Namibian economy and the potentially positive influence of these groups on the business of NedNamibia Holdings, an Education Trust will be established in conjunction with Old Mutual Holdings as part of the Proposed Transaction. Due to the importance of education in Namibia amongst the black communities, the Education Trust will provide meaningful benefits to members of such groups and complement the community focus of NedNamibia Holdings on training and education. The Education Trust will subscribe for Nedbank Group Shares with a value of R10 million, which is equivalent to 1.67% of the value of NedNamibia Holdings. The trust will be funded on the basis described in paragraph 14 below.

A number of trade unions and other groups with which Old Mutual Namibia and NedNamibia Holdings have business relationships will be invited to participate, and black members of such participating unions will benefit directly from the Education Trust. The following trade unions have already registered their support for the Education Trust initiative:

- Mine Workers Union of Namibia;
- Metal and Allied Namibian Workers Union;
- Teachers Union of Namibia;
- Namibia Food and Allied Workers Union;
- Public Service Union of Namibia;
- National Union of Namibian Workers;
- Namibia Transport and Allied Workers Union;
- Namibia National Teachers Union;
- Namibia Public Workers Union; and
- Namibia Financial Institutions Union.

9.4 NedNamibia Holdings Discretionary Trust

An allocation of new Nedbank Group Shares has been made to assist with future long-term strategic initiatives in Namibia amounting to R8.25 million. These shares will be used by NedNamibia Holdings to capitalise on strategic opportunities that may arise in the future which could add value to NedNamibia Holdings.

9.5 Employee Schemes

NedNamibia Holdings LTIP

The NedNamibia Holdings LTIP will be NedNamibia Holdings' long-term incentive scheme and will operate for the benefit of permanent employees, both black and white, presently earning in excess of N\$289 454 per annum unless otherwise determined by the Remuneration Committee. Allocations will be made on

appointment and on an annual basis. The LTIP will comprise two components, namely, a share option element and a RSP component, although the RSP component has not yet been approved for implementation by the Remuneration Committee. Participation in the LTIP will be based on individual performance ratings and subject to any additional criteria deemed fit by the NedNamibia Holdings Board and subject to the approval of the allocations by the Remuneration Committee. Options will vest after three years and participants will have five years from date of issue in which to exercise their options. The LTIP is being introduced as NedNamibia Holdings did not previously have a long-term incentive plan in place and to enable its employment policies to be in line with those of Nedbank Group. The LTIP in the table in paragraph 1 relates only to the black component of the scheme. The Remuneration Committee reserves the right to introduce CPTs linked to the vesting conditions of options at any time in future.

Broad-based Employee Scheme

The Broad-based Employee Scheme will operate for the benefit of all qualifying employees who do not participate in any other share incentive scheme operated by the Nedbank Group. This scheme will operate for the benefit of both black and white employees currently earning less than N\$289 454 per annum unless otherwise determined by the Remuneration Committee. Approximately 82% of the Scheme Participants will be black. A free grant of new Nedbank Group Shares to the value of R8 000 (net of any possible taxes) per employee will be made to all qualifying participants, with no vesting conditions applying, but participants are subject to a five year holding period.

Black Management Scheme

The Black Management Scheme will operate for the benefit of Black senior and middle management presently earning more than N\$289 454 per annum unless otherwise determined by the Remuneration Committee. The trustees, on instruction from the Remuneration Committee based on recommendations from the NedNamibia Holdings Board, will grant restricted shares and share options at the ruling Strike Price to existing (approximately 52% of the new Nedbank Group Shares held by the Black Management Trust) and future (approximately 48% of the new Nedbank Group Shares held by the Black Management Trust) qualifying participants for retention and attraction purposes. The entitlement of participating employees to the new Nedbank Group Shares (i.e. restricted shares) and options is conditional upon remaining in the Nedbank Group employ over the vesting period during which 33% of the new Nedbank Group Shares awarded or options granted will vest in each of years 4 and 5 and 34% in year 6 from the date of grant. The options will have a life of 7 years. Vesting will not be linked to the achievement of any CPTs.

10. CONDITIONS PRECEDENT TO THE PROPOSED TRANSACTION

The implementation of the Proposed Transaction is subject to the fulfilment of the following conditions precedent:

10.1 approval by the requisite majority of members in general meeting of all of the ordinary and special resolutions set out in the notice of general meeting attached to this Circular; and

10.2 Nedbank Group obtaining the necessary regulatory approvals.

11. EFFECT ON DIRECTORS' INTERESTS

The effect of the Proposed Transaction on the interests of the directors who hold shares in the Company, details of which are set out in paragraph 22 to this Circular, does not differ from its effect on the like interests of any other holder of Nedbank Group Shares, namely, the same dilution will affect the holdings of the directors.

12. OPINIONS AND RECOMMENDATIONS IN RESPECT OF THE PROPOSED TRANSACTION

12.1 Directors' recommendations

The Board recommends that the members of the Company vote in favour of the Proposed Transaction and the resolutions to be proposed at the general meeting of members to be held to consider the Proposed Transaction. In respect of their personal holdings in Nedbank Group, the relevant Board members intend to vote their Ordinary Shares in favour of the Proposed Transaction and the resolutions to be proposed at the aforementioned general meeting.

12.2 Position of Old Mutual plc

The Old Mutual Group intends voting its Nedbank Group Shares in favour of the Proposed Transaction and the resolutions to be proposed at the general meeting of members to be held to consider the Proposed Transaction. The shareholder funds in the Old Mutual Group beneficially own 51% of Nedbank Group as at 30 September 2006.

PART 2 – DETAILS AND MECHANICS OF THE EXTERNAL STAKEHOLDER SCHEMES

13. STRUCTURE

The Company has developed a mechanism for the External Stakeholder Schemes that largely eliminates the need for Scheme Participants to raise or access funding for their participation. This involves the Company issuing the new Nedbank Group Shares to the External Stakeholder SPVs at R1.00 per share other than the Strategic Business Partner SPVs who are issued shares at R2.53 per share. At the end of the Lock-in Period of the External Stakeholder Schemes, the Company will, in terms of the Nedbank Group Call Option, be entitled to call back as many of the Nedbank Group Shares as, based on their then Market Value, equates in value to the Notional Terminal Amount, which will be determined according to the BEE Scheme Agreements. The fundamental parameters of the structure for each of the Schemes are set out below:

	Long-term Strategic Allocation	Strategic Business Partners Scheme	Strategic Community Partners Scheme	Education Trust Scheme
Participants	NedNamibia Holdings Discretionary Trust	Central Consortium Manmar Northern Empowerment Investments	Churches WAD	Education Trust
Scheme Price of Scheme Shares	R101.29	R101.29	R101.29	R101.29
Subscription Price paid by participants (in the case of Strategic Community Partners, Education Trust and NedNamibia Holdings Discretionary Trust, the Subscription Price is funded by an Old Mutual Group Company)	R1.00	R2.53	R1.00	R1.00
Term	10 years	10 years	10 years	Initial period of 10 years
Notional Commencement Amount	R8.17 million	R19.74 million	R7.43 million	R9.90 million
Notional Dividend Rate (fixed rate NACS)	9.5%	9.5% PLUS 2.5% of value of Scheme Shares at Scheme Price	9.5% PLUS 2.5% of value of Scheme Shares at Scheme Price	9.5%
Performance Fee payable (dependant on level of performance delivered)	Yes	Yes	Yes	No

14. FUNDING MECHANICS

Separate Black-controlled Namibian SPVs have been established for each consortium in the Strategic Business Partner Scheme as well as for WAD and the Churches in the Strategic Community Partner Scheme. Separate Black-controlled special purpose Namibian trusts have been established for each of the Education Trust and the

NedNamibia Holdings Discretionary Trust. The SPVs have been set up so as to constitute a Black Person for FSC purposes and governed by the directors of the consortium members or the trustees of the trusts, the majority of whom will be Black Namibians. All Nedbank Group Shares held in the trusts can only be voted once the beneficiaries have appointed these trustees, and in the case of the companies they can be voted immediately after the implementation of the Proposed Transaction. The Strategic Business Partner SPVs will subscribe for new Nedbank Group Shares at R2.53 per share, which represents the 2.5% at-risk investment to be made by them. The Strategic Community Partner SPVs, the Education Trust and NedNamibia Holdings Discretionary Trust will subscribe for their shares at R1.00 per share. In the case of the Strategic Community Partners, the Education Trust and the NedNamibia Holdings Discretionary Trust, the at-risk investment will be funded by an arms' length floating rate loan from an Old Mutual Group Company. The aggregate advance required for the Education Trust, the NedNamibia Holdings Discretionary Trust, and the Strategic Community Partners equates to R254 230. The capital together with interest is to be repaid as a first charge against any cash dividends received on the new Nedbank Group Shares.

In terms of the Performance Agreements, the Strategic Business Partner SPVs and the Strategic Community Partner SPVs will receive a cash Performance Fee (paid by NedNamibia Holdings). The Strategic Business Partners and Strategic Community Partners will be entitled to retain in cash a portion thereof (commencing at 25% and increasing to 30% in the case of the Strategic Business Partner SPVs and Churches SPV and commencing at 50% and increasing to 55% in the case of the WAD SPV) to settle their working capital requirements, plus an amount representing the tax liability on such fees. The Strategic Business Partners and the Strategic Community Partners will be required to apply the balance of the Performance Fee as a capital contribution to their respective SPVs, who will in turn be obliged to apply such capital contributions to subscribe for Reinvestment Shares at the then market price.

The Strategic Business Partner SPVs, the Strategic Community Partner SPVs, the Education Trust and the NedNamibia Holdings Discretionary Trust will each grant the Nedbank Group Call Option to the Company to acquire, at a price not exceeding the Subscription Price, so many of the initial Scheme Shares, Capitalisation Shares and Reinvestment Shares which at the then Market Value, equate to the Notional Terminal Amount. The Nedbank Group Call Option is exercisable after the expiry of the Lock-in Period. The effect of this option is that, subject to certain early trigger events, within a period of 20 Business Days after the end of the Lock-in Period, the Company will be entitled, but not obliged, to exercise the Nedbank Group Call Option, failing which, the Nedbank Group Call Option shall lapse.

The Company will in turn grant the SPV Call Option to the Strategic Business Partner SPVs, Strategic Community Partner SPVs, the Education Trust and the NedNamibia Holdings Discretionary Trust to subscribe for, at the then Market Value, up to the equivalent number of Nedbank Group Shares as acquired by the Company in exercising the Nedbank Group Call Option. The purpose of this call option is to enable the shareholding of the Strategic Business Partner SPVs, the Strategic Community Partner SPVs, the Education Trust and the NedNamibia Holdings Discretionary Trust in the Company to be restored to up to 100 percent of the original issue. The Company's obligations under this call option will be settled by a fresh issue of Ordinary Shares, at their then Market Value. This call option may only be exercised in the event and to the extent that the Company exercises the Nedbank Group Call Option, and the Strategic Business Partner SPVs, the Strategic Community Partner SPVs, the Education Trust and the NedNamibia Holdings Discretionary Trust shall, within a period of 20 Business Days thereafter (failing which the SPV Call Option shall lapse), be entitled but not obliged to exercise the SPV Call Option.

In relation to any future dividends, the Company will, through the period of the External Stakeholder Schemes, undertake semi-annual awards of Capitalisation Shares, with a cash dividend election. The External Stakeholder SPVs will be required upfront to elect to receive Capitalisation Shares and to forego the cash dividend alternative. However, cash dividends will initially be paid to the NedNamibia Holdings Discretionary Trust, the Education Trust and the Strategic Community Partner SPVs, to enable them to settle the Old Mutual Group Company for the Par Value funding in full.

15. BEE SCHEME AGREEMENTS

15.1 Nominee:

- All new Nedbank Group Shares will be issued and allotted to a nominee which will hold such new Nedbank Group Shares on behalf of the External Stakeholder SPVs during the Lock-in Period;
- The nominee will hold the new Nedbank Group Shares subject to a nominee mandate which will, *inter alia*, provide that the share will not be capable of disposal or encumbrance, unless the External Stakeholder SPVs instructs the nominee in writing to do so and Nedbank Group has countersigned such notice;
- Nedbank Nominees Limited will be the nominee and administrator of such shares; and

- All new Nedbank Group Shares issued to the nominee, on behalf of the External Stakeholder SPVs, will carry the right to, and rank in full, for all dividends or other distributions of Nedbank Group which are declared, paid or made after the date of allotment and shall rank *pari passu* in all respects with Ordinary Shares in issue on date of allotment, including the right to vote at meetings of the members of Nedbank Group. Beneficial ownership of the new Nedbank Group Shares shall reside in the External Stakeholder SPVs, including the aforementioned voting and dividend rights though such shares will be registered in the name of a nominee.

15.2 Representations, Undertakings and Warranties by the External Stakeholder SPVs include *inter alia* that:

- The External Stakeholder SPVs are Black Namibian SPVs;
- The External Stakeholder SPVs will use their reasonable endeavours to assist NedNamibia Holdings to maximise its ownership points in terms of the FSC and the proposed Namibian FSC; and
- At least 50.1% of the ultimate economic beneficiaries of the External Stakeholder SPVs will be Black Namibians.

15.3 Key Individuals have been identified as the following persons:

For Central Consortium:

- Hosea Angula;
- Anne Thandeka Gebhardt;
- Dr Tjama Tijvikua;
- Erastud Hoveka;
- Patrick Uaurikirua Kauta;
- Hilda Basson-Namundjebo;
- Lucia Hamutenga;
- Norah Appolus; and
- Linnea Shaetonhodi.

For Manmar:

- Zebra Kasete; and
- Dr Dean Aubrey Kock.

For Northern Empowerment Investments:

- Joseph Endjala;
- Jesay NaKuumba;
- Sackey Namuhuya;
- Ndaambe NeKwaya;
- Eliaser Negumbo;
- Isai Nhinda;
- Nangula E Pea; and
- Sion Paulus Sheehamba.

For Churches Consortium:

- Rev. Albert E Biwa;
- Rev. Charles D Fredericks;
- Deputy Bishop Ernst //Gamxamub;
- Rev. H Kamho; and
- Rev. Dr S V V Nambaia.

For WAD:

- Veronica de Klerk;
- Heike Schulz; and
- Collin Usurua.

15.4 Events resulting in early termination include *inter alia*:

- The External Stakeholder SPVs or any Key Individual or representatives of these groups, during the Lock-in Period:
 - making an investment in any Competing Business;
 - carrying on a Competing Business; and
 - entering into an agreement with any third party which will create a conflict of interest with any of the businesses of the Nedbank Group, except as permitted specifically by the Company in the BEE Scheme Agreements.
- Any Competitor becoming a shareholder of the External Stakeholder SPVs or acquiring an indirect economic benefit in respect of any Nedbank Group Shares acquired by the External Stakeholder SPVs in terms of the BEE Scheme Agreements; and
- Until the Performance Agreement is terminated or cancelled, fifty percent or more of the Key Individuals of the Strategic Business Partner SPVs and Strategic Community Partner SPVs having been removed or departed from positions of influence or control over their respective vehicles without being replaced by an acceptable replacement.

15.5 Consequence of early termination:

Early termination events during the Lock-in Period as described above, which are not remedied or do not cease to exist, entitle the Company, subject to the terms and conditions of the BEE Scheme Agreements, to:

- Apply the Notional Penalty Rate until the termination event is remedied or ceases to exist; or
- Exercise the Nedbank Group Call Option to terminate the participation of the External Stakeholder SPVs in the Proposed Transaction. Depending on the nature and/or timing of the early termination event, this will entail the forfeiture by the External Stakeholder SPVs of between 10% and 100% of their respective holding of Nedbank Group Shares and capital appreciation thereon. Further details are included in the BEE Scheme Agreements which are available for inspection as per paragraph 38.

15.6 Performance Agreements:

- Performance Agreements have been entered into by each of the Strategic Business Partners and Strategic Community Partners and NedNamibia Holdings;
- The performance criteria and evaluation thereof applicable to each of the Strategic Business Partners and Strategic Community Partners for the first review period, being the period from 1 January 2007 to 31 December 2007, will be reflected in the Performance Agreements; and
- The performance criteria and evaluation for each subsequent review period will be determined in joint planning sessions between the Strategic Business Partners and Strategic Community Partners and the relevant NedNamibia Holdings business unit.

15.7 Corporate Actions:

In the event of any corporate action which affects the Company or its shareholders:

- where an offer is made, or a scheme is proposed which could result in a change of control of the Company, then the External Stakeholder SPVs are entitled to offer the remaining Scheme Shares to the offeror subject to the offeror succeeding in effecting the change of control, and if the offer is successful, each of the External Stakeholder SPVs shall be entitled to oblige the Company to exercise the Nedbank Group Call Option to enable each of the External Stakeholder SPVs to comply with the foregoing;
- where it results in a dilution of the percentage effective interest of the External Stakeholder SPVs in the share capital of the Company, shall have no effect on the BEE Scheme Agreements;
- where it results in the number of Nedbank Group Shares changing as a result of a sub-division or consolidation of Nedbank Group Shares, have the effect of adjusting accordingly the number of Nedbank Group Shares acquired by each of the External Stakeholder SPVs;
- where it results in the External Stakeholder SPVs being allocated nil paid rights pursuant to a rights issue by the Company or the right to acquire additional shares pursuant to an open offer by the Company, they shall sell such rights in the market or to the shareholders or beneficiaries, as the case may be, of the External Stakeholder SPVs, at the Market Value thereof; and

- where it has any result other than as set out in the BEE Scheme Agreements, be considered by the Company and External Stakeholder SPVs to determine an equitable outcome. If consensus cannot be reached, it will be referred to independent advisers and if no agreement can be reached then the BEE Scheme Agreements will continue to be in force and effect as affected by the corporate action.

15.8 Consolidation of business

Should a situation arise that results in NedNamibia Holdings being combined with the business of an Old Mutual Group Company or that of Nedbank Group or its subsidiary, then the External Stakeholder SPVs may be required to dispose of their Nedbank Group shares to the Company after written notice has been provided to such External Stakeholder SPVs that they are required to sell their Scheme Shares to the Company and subscribe for new shares in the combined entity. Such subscription shall be on terms that are substantially the same as those envisaged in the Proposed Transaction. The Market Value of the Scheme Shares at the time will determine the subscription price in the combined business.

PART 3 – EMPLOYEE SCHEMES

Independent Employee Trusts will be established for each of the Employee Schemes described in this section. The majority of the trustees of each of the Employee Trusts will be Black individuals whose responsibilities will include the administration of each of the Employee Trusts in accordance with their rules.

16. NEDNAMIBIA HOLDINGS LTIP

16.1 Introduction

The LTIP will be NedNamibia Holdings' long-term incentive scheme and all permanent employees, white and black, earning in excess of the earnings threshold (currently N\$289 454 per annum, based on the threshold for the 2006 South African FSC remuneration band for middle management unless otherwise determined by the Remuneration Committee) will be eligible for participation. The Nedbank Group Shares issued to the NedNamibia Holdings LTIP Trust described in paragraph 16.4 will be in respect of the LTIP's existing and future Black participants only.

16.2 Beneficiaries

The beneficiaries of the LTIP will be individuals of all races permanently employed by NedNamibia Holdings earning in excess of the earnings threshold which is currently N\$289 454 per annum unless otherwise determined by the Remuneration Committee.

16.3 Trustees

The initial trustees appointed upon formation of the trust will be individuals nominated by the NedNamibia Holdings Board. These trustees will be obliged in terms of the trust deed to facilitate the election of three trustees, all of whom have to be appointed by the beneficiaries and have to be Black Namibian individuals. Only once these trustees have been appointed can the trustees vote the Nedbank Group Shares held by the NedNamibia Holdings LTIP Trust. Once this election has occurred, the initial trustees are obliged to resign once letters of authority are issued for the elected trustees by the Master of the High Court. An election of trustees occurs every three years, with the incumbent trustees resigning upon the issue of letters of authority to the newly elected trustees. The trustees will be required to act in the interests of the beneficiaries at all times.

16.4 Funding and subscription

Nedbank Namibia will extend an interest-free loan of R8.28 million to the NedNamibia Holdings LTIP Trust. The total amount will be applied by the trustees towards the subscription for new Nedbank Group Shares, and will be immediately allotted and issued at the price of R101.29 per share to the NedNamibia Holdings LTIP Trust for administration in terms of its rules. Upon subscription, the NedNamibia Holdings LTIP Trust will own the Nedbank Group Shares outright, and will therefore receive all dividends in respect of those shares, and the trustees will vote those shares in accordance with paragraph 16.7 below.

16.5 Awards and benefits

Participation in the LTIP will be based on individual performance ratings and subject to any additional criteria deemed fit by the NedNamibia Holdings Board and subject to the approval of the allocations by the Remuneration Committee. The maximum value of an award, if any, shall be determined by the Remuneration Committee. Awards will be made at the commencement of the beneficiary's participation in the NedNamibia Holdings LTIP and annually to eligible employees and will consist of options to acquire new Nedbank Group Shares at the Strike Price. The Remuneration Committee reserves the right to introduce CPTs linked to the vesting conditions of options, at any time in the future. In addition the NedNamibia Holdings LTIP may in future have a component that consists of RSP awards. Once approved by the Remuneration Committee for implementation, RSP awards will be made to selected employees based upon their individual performance targets and CPTs. The RSP awards allow scheme participants to receive a portion of their allocations in fully paid up shares which effectively equates to a nil strike price, as opposed to options with an exercise price.

In respect of each award, options may be exercised and the new Nedbank Group Shares will become unrestricted (subject to CPTs where applicable) in accordance with the following vesting periods:

- 100% after 3 years; and
- if applicable, RSP awards will be delivered to the employee on the third anniversary of the date of the award.

All options must be exercised before the fifth anniversary of the date of the award. Beneficiaries will be liable to pay the Strike Price for the new Nedbank Group Shares that are the subject of any option on the exercise date of the option, and thereafter those new Nedbank Group Shares will be transferred from the NedNamibia Holdings LTIP Trust into the name of the beneficiary concerned. On each Vesting Date the new Nedbank Group Shares, that are the subject of an RSP award previously granted, will be transferred from the NedNamibia Holdings LTIP Trust into the name of the beneficiary.

A beneficiary will cease to participate in the NedNamibia Holdings LTIP and will forfeit his or her unvested rights under any award if such beneficiary's employment with the Nedbank Group terminates before the date upon which those rights vest, other than in circumstances such as the retirement, retrenchment, redundancy, death, permanent disability or permanent incapacity of the beneficiary.

16.6 Distributions

All dividends paid or other cash distributions made in respect of the new Nedbank Group Shares held by the NedNamibia Holdings LTIP Trust which are not the subject of an RSP award, will be applied towards the repayment of the loan from Nedbank Namibia and thereafter, once the loan from Nedbank Namibia has been settled in full, dividends will be applied towards the acquisition of Nedbank Group Shares on the open market so as to increase the base number of Scheme Shares which will be used to meet the NedNamibia Holdings LTIP Trust's objectives. Non-cash distributions in respect of these Scheme Shares will be sold by the trustees and the proceeds used for the same purposes.

16.7 Control

Other than for RSP awards to beneficiaries, the trustees of the NedNamibia Holdings LTIP Trust will be entitled to exercise the voting rights in respect of all Nedbank Group Shares held in the NedNamibia Holdings LTIP Trust (i.e. for allocated and unallocated options) for the period that the NedNamibia Holdings LTIP Trust remains the registered owner of such Scheme Shares. The trustees will be entitled to vote such Nedbank Group Shares in such manner as they may determine at their discretion, in accordance with their fiduciary duties and the Company shall have no influence on the manner in which those shares are voted.

16.8 Duration

It is intended that the NedNamibia Holdings LTIP Trust shall be in operation for an indefinite period whilst it is the optimum manner of attracting and retaining employees of NedNamibia Holdings.

16.9 Adjustment of awards

In the event of a rights offer, a consolidation, subdivision, conversion, reduction or any other alteration of the issued share capital of the Company which the Board believes justifies an adjustment to the awards made under the NedNamibia Holdings LTIP, it shall be entitled to direct that the trustees adjust the number and/or the nominal value of the new Nedbank Group Shares awarded subject to the vesting restrictions, and/or those new Nedbank Group Shares in respect of which options have been granted.

16.10 Changes in control

Should an offer be made to the members of Nedbank Group or a scheme of arrangement between Nedbank Group and its members be proposed, by virtue of which control of Nedbank Group would pass to another person or company, the Board will use its best endeavours to procure, insofar as they are able, that the same or a similar offer be made or scheme of arrangement proposed to all LTIP participants in respect of all options and restricted shares. If the Company becomes a subsidiary of any company as a result of a take-over, reconstruction or amalgamation which makes provision for the trustees or the beneficiaries to receive shares in the new company in exchange for the Scheme Shares in the NedNamibia Holdings LTIP Trust, irrespective of whether they are the subject of an award or not, those Scheme Shares shall be exchanged at the same price and upon the same terms and conditions and in the same proportion as the majority shareholders sell or dispose of their Ordinary Shares. All awards to beneficiaries shall be adjusted by the trustees accordingly. The trust deed also makes provision for the acceleration of vesting rights in the case of the terms of a substitution of rights being determined by auditors to be on less favourable terms.

17. THE BLACK MANAGEMENT SCHEME

17.1 Introduction

The Black Management Scheme will assist NedNamibia Holdings in attracting and retaining senior and middle managerial-level permanent Black Namibian employees. Awards made under the Black Management Scheme will be in addition to any awards participants may receive under the NedNamibia Holdings LTIP or any other Nedbank incentive scheme.

17.2 Beneficiaries

The beneficiaries of the Black Management Trust will be black individuals currently earning more than N\$289 454 per annum (i.e. the 2006 entry level remuneration band for middle management as per the South African FSC) unless otherwise determined by the Remuneration Committee and selected, from time to time, by the Remuneration Committee on the recommendation of the NedNamibia Holdings Board from the ranks of senior and middle level Black managerial employees within NedNamibia Holdings. It is envisaged that approximately 49 Black employees will ultimately benefit from the Black Management Scheme.

17.3 Trustees

As with the NedNamibia Holdings LTIP, the initial trustees of the Black Management Trust will be individuals nominated by the NedNamibia Holdings Board. These trustees will be obliged in terms of the trust deed to facilitate the election of three trustees, all of whom have to be appointed by the beneficiaries and have to be Black Namibian individuals. Only once these trustees have been appointed can the trustees vote the Nedbank Group Shares held by the Black Management Trust. Once this election has occurred, the initial trustees are obliged to resign once letters of authority are issued for the elected trustees by the Master of the High Court. An election of trustees occurs every three years, with the incumbent trustees resigning upon the issue of letters of authority to the newly elected trustees. The trustees will be required to act in the interests of the beneficiaries at all times.

17.4 Funding and subscription

Nedbank Namibia will extend R9.64 million to the Black Management Trust of which R2.22 million will be in the form of a grant and R7.42 million as an interest-free loan. The total amount will be applied by the trustees towards the subscription of new Nedbank Group Shares, which will be immediately allotted and issued at R101.29 per share to the Black Management Trust for administration in terms of its rules. Upon subscription, the Black Management Trust will own Nedbank Group Shares outright and will therefore receive all dividends in respect of those shares and will vote those shares in accordance with paragraph 17.7 below.

17.5 Awards and benefits

The value of all awards will be determined, or established in accordance with guidelines set, by the Remuneration Committee as referred to in paragraph 17.2. The maximum value of any award, if any, shall be determined by the Remuneration Committee. Every award will be made at the commencement of the beneficiary's participation in the Black Management Scheme and will consist partly of new Nedbank Group

Shares granted free of consideration, but subject to restrictions (i.e. restricted shares), and partly of options to acquire new Nedbank Group Shares at the Strike Price. In respect of each award, options may be exercised and the new Nedbank Group Shares granted free of consideration will become unrestricted in accordance with the following vesting period:

- 33% on the fourth anniversary of the date of the award;
- 33% on the fifth anniversary of the date of the award; and
- 34% on the sixth anniversary of the date of the award.

All options that are the subject of an award must be exercised before the seventh anniversary of the date of the award. Beneficiaries will be liable to pay the Strike Price per share for the new Nedbank Group Shares that are the subject of any option on the exercise date of the option, and thereafter ownership of the new Nedbank Group Shares will be transferred from the Black Management Trust into the name of the beneficiary concerned. On each Vesting Date the new Nedbank Group Shares that are granted free of consideration in an award subject to restriction will be transferred from the Black Management Trust into the name of the beneficiary.

A beneficiary will cease to participate in the Black Management Scheme and will forfeit his or her unvested rights under any award if such beneficiary's employment with the Nedbank Group terminates before the date upon which those rights vest, other than in circumstances such as retirement, retrenchment, redundancy, death, permanent disability or permanent incapacity of the beneficiary.

17.6 Distributions

All dividends paid or other cash distributions made in respect of the Scheme Shares held by the Black Management Trust which are not the subject of a share award granted free of consideration, will be applied towards the repayment of the loan from Nedbank Namibia. Once the loan from Nedbank Namibia has been settled in full, dividends will be applied towards the acquisition of Nedbank Group Shares on the open market so as to increase the base number of Scheme Shares which will be used to meet the Black Management Trust's objectives. Non-cash distributions in respect of these Scheme Shares will be sold by the trustees and the proceeds used for the same purposes.

All dividends or other distributions made in respect of Scheme Shares granted in an award free of consideration subject to restrictions shall be paid or distributed to the beneficiaries to whom those new Nedbank Group Shares were awarded.

17.7 Control

Other than for restricted shares awarded to beneficiaries, the trustees of the Black Management Trust will be entitled to exercise the voting rights in respect of all Nedbank Group shares held by the Black Management Trust for the period that the Black Management Trust remains the registered owner of such Scheme Shares. The trustees will be entitled to vote all the Scheme Shares held in the Black Management Trust in such manner as they may determine at their discretion in accordance with their fiduciary duties and the Company shall have no influence on the manner in which those shares are voted.

17.8 Duration

It is intended that the Black Management Scheme shall only remain open for new beneficiaries until the total number of Scheme Shares in the Black Management Trust have been awarded to beneficiaries or until the tenth anniversary of the date upon which the Black Management Scheme is established, whichever occurs sooner. All surplus Scheme Shares in the Black Management Trust will thereafter be transferred to another new or existing trust established for the benefit of Black employees of NedNamibia Holdings. Under no circumstance will surplus shares revert to the Company.

17.9 Adjustment of awards

In the event of a rights offer, a consolidation, subdivision, conversion, reduction or any other alteration of the issued share capital of the Company which the Board believes justifies an adjustment to the awards made under the Black Management Scheme, it shall be entitled to direct that the trustees adjust the number and/or the nominal value of the Nedbank Group Shares awarded subject to restrictions and/or those Nedbank Group Shares in respect of which options have been granted.

17.10 Changes in control

If the Company becomes a subsidiary of any company as a result of a take-over, reconstruction or amalgamation which makes provision for the trustees or the beneficiaries to receive shares in the new company in exchange for the Scheme Shares in the Black Management Trust, irrespective of whether they are the subject of an award or not, those Scheme Shares shall be exchanged at the same price and upon the same terms and conditions and in the same proportion as the majority shareholders sell or dispose of their Ordinary Shares in the Company. All awards to beneficiaries shall be adjusted by the trustees accordingly.

18. BROAD-BASED EMPLOYEE SCHEME

18.1 Introduction

The Broad-based Employee Scheme is intended as a grant to all permanent employees of NedNamibia Holdings as at the date of the implementation of the Broad-based Employee Scheme below middle management, to create a sense of inclusion within the overall Proposed Transaction.

18.2 Beneficiaries

The beneficiaries of the Broad-based Employee Trust will be all permanent employees of NedNamibia Holdings, of which 82% are black, who are classified below middle management level as per the remuneration band defined in the South African FSC, and who do not participate in any other equity share incentive scheme within the Nedbank Group.

18.3 Trustees

The trustees will be independent individuals nominated by the NedNamibia Holdings Board. The nature of the Broad-based Employee Trust is such that beneficial ownership of the Nedbank Group Shares passes to the employee beneficiaries from the outset, and the function of the trustees is simply to ensure that the terms of the trust are adhered to. The trustees will not have discretion to vote any shares registered in the name of the trust if they do not receive voting instructions from the beneficiaries. Dividends will be paid to beneficiaries.

18.4 Funding and subscription

Nedbank Namibia will grant to the Broad-based Employee Trust R3.48 million. This amount will be applied by the trustees towards the subscription for Scheme Shares, which will immediately allot and issue that number of Scheme Shares, at R101.29 per share, to the Broad-based Employee Trust for allocation to beneficiaries in terms of the trust deed.

18.5 Awards

On the implementation of the Broad-based Employee Scheme, the trustees will grant to each beneficiary, free of consideration, so many new Nedbank Group Shares as equates to R8 000 (net of any possible taxes) at the Scheme Price of R101.29 based on the 10 day volume weighted average price (ex dividend) of Nedbank Group Shares to 31 August 2006.

All awards made by the Broad-based Employee Trust will vest in the beneficiaries immediately, provided that as a condition to their acceptance of the benefit under the Broad-based Employee Scheme, all beneficiaries will agree not to trade or otherwise deal with or encumber the Scheme Shares awarded to them in any way for a period of five years after the date on which the awards are made. During this five-year period the Broad-based Employee Trust will remain the registered owner of the Scheme Shares acting as nominee for the beneficiaries.

18.6 Distributions

All dividends paid or other cash distributions made in respect of the Scheme Shares that are awarded to beneficiaries will accrue to the benefit of the beneficiaries, provided that non-cash distributions will be subject to a 5-year restriction period from Implementation Date.

18.7 Control

The beneficiaries shall, in the proportions in which new Nedbank Group Shares have been awarded to them, be entitled to direct the manner in which the trustees shall exercise their voting rights for the period that the Broad-based Employee Trust remains the registered owner of such Scheme Shares. The trustees will not be entitled to vote any of the new Nedbank Group Shares held in the Broad-based Employee Trust in respect of which they do not receive directions.

18.8 Duration

It is intended that the Broad-based Employee Scheme will be wound up as soon as possible after all the Scheme Shares are transferred to beneficiaries or sold on their behalf, which will take place five years after Implementation Date.

PART 4 – FINANCIAL INFORMATION

19. ACCOUNTING TREATMENT OF THE PROPOSED TRANSACTION

In accordance with the requirements of the JSE, the underlying accounting treatment of the *pro forma* information is in accordance with the accounting policies forming the basis of the financial information for the six months ended 30 June 2006 and published on 7 August 2006.

The accounting treatments adopted may require the Proposed Transaction to be accounted for in a different manner to its legal substance and form. It is important to note that the financial information has been prepared in accordance with IFRS statements.

The following accounting principles are applicable:

Because control is deemed to remain within the Company, the Employee Trusts (with the exception of the Broad-based Employee Trust) and the External Stakeholder SPVs are regarded as subsidiaries and consolidated by the Company. In instances where the new Nedbank Group Shares are viewed as issued, the acquisition of new Nedbank Group Shares by the consolidated Employee Trusts and External Stakeholder SPVs are regarded as issues of treasury shares (and therefore consolidated in the financial statements of the Company). The weighted average number of new Nedbank Group Shares is impacted by the Proposed Transaction only to the extent that new Nedbank Group Shares are viewed as issued.

20. UNAUDITED *PRO FORMA* FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The table below sets out the unaudited *pro forma* financial effects of the Proposed Transaction for the six-month period ended 30 June 2006. The unaudited *pro forma* financial effects are presented for illustrative purposes only and because of their nature may not give a fair reflection of the Company's results, financial position and changes in equity after the Proposed Transaction. It has been assumed for purposes of the unaudited *pro forma* financial effects that the Proposed Transaction took place with effect from 1 January 2006 for income statement purposes and 30 June 2006 for balance sheet purposes. The directors of the Company are responsible for the preparation of the unaudited *pro forma* financial effects.

	Before the Nedbank Group Transaction (cents)	<i>Pro forma</i> adjustments (cents)	After the Nedbank Group Transaction (cents)	Change (%)
Basic EPS ^{(1) (2) (5) (6)}	577	(4)	573	(0.7)
Fully diluted basic EPS ^{(5) (6)}	562	(4)	558	(0.7)
HEPS ^{(1) (2) (5) (6)}	522	(4)	518	(0.8)
Fully diluted HEPS ^{(5) (6)}	509	(5)	504	(1.0)
Ordinary shareholders equity (R'm)	23 910	(2)	23 908	0.0
NAV per share ^{(3) (4) (7)}	5 982	(2)	5 980	0.0
NTAV per share ^{(3) (4) (7)}	5 044	(2)	5 042	0.0

Notes:

1. The 'Before the Nedbank Group Transaction' column reflects the basic EPS and HEPS for the six-months ended 30 June 2006 on an IFRS basis.
2. The 'After the Nedbank Group Transaction' column reflects the basic EPS and HEPS adjusted for the financial effects of the various schemes, based on the assumption that the Transaction was implemented from 1 January 2006.

3. The 'Before the Nedbank Group Transaction' column reflects the NAV and NTAV per Nedbank Group share for the six-months ended 30 June 2006.
4. The 'After the Nedbank Group Transaction' column reflects the NAV and NTAV per Nedbank Group share after the consideration received from the various schemes and an enlarged number of shares, based on the assumption that the Transaction was implemented on 30 June 2006.
5. The 'Before the Nedbank Group Transaction' column weighted average number of shares in issue in calculating EPS and HEPS was 402.9 million and in calculating fully diluted EPS and fully diluted HEPS was 413.6 million.
6. The 'After the Nedbank Group Transaction' column weighted average number of shares in issue used in calculating EPS and HEPS was 403.0 million and in calculating fully diluted EPS and fully diluted HEPS was 413.7 million.
7. In calculating NAV and NTAV per share 'Before the Nedbank Group Transaction' the number of shares in issue at 30 June 2006 was 399.7 million and in determining the NAV and NTAV per share 'After the Nedbank Group Transaction', the number of shares in issue was 399.8 million.
8. The pro forma financial effects exclude the effects of the repurchase which will be conducted at a future date.

The report of the reporting accountants on the unaudited *pro forma* financial information is set out in Appendix 2.

PART 5 – DIRECTORS' INFORMATION

21. DIRECTORS' DETAILS AND EXPERIENCE

Dr Reuel Jethro Khoza (56) (*Non-executive Chairman*) (appointed 2005)

Business address: Aka Capital, 1st Floor, Block A, 28 Sloane Street, Bryanston, 2021

Qualifications: IPMD – IMD (Lausanne, Switzerland), PMD (Harvard Business School, USA), MA Marketing Management (University of Lancaster, UK), BA (Hons) Psychology (UNIN), EngD (Warwick, UK)

Occupation: Businessman and Director of Companies

Reuel Khoza is Chairman of Aka Capital and Nepad Business Foundation and a non-executive director of Corobrik, Nampak Limited, Protea Hospitality Group, Murray & Roberts Cementation, Old Mutual plc, Gold Reef City Casino and JSE Limited. He is a president of the Institute of Directors and in this capacity served on the King II committee on Corporate Governance. He is a founding director of the Black Management Forum and a former Chairman of Eskom Holdings.

Professor Michael Mervyn Katz (62) (*non-executive Vice-chairman*) (appointed 1997)

Business address: Edward Nathan Sonnenbergs Inc, 150 West Street, Sandown, 2196

Qualifications: BCom, LLB, LLM (Harvard Law School), LLD (hc)

Occupation: Corporate law adviser and consultant

Michael Katz is a non-executive Vice-chairman of the Company and Chairman of Edward Nathan Sonnenbergs Inc. He is also Chairman of the Commission of Inquiry into the Tax System of South Africa and the Tax Advisory Committee, as well as honorary professor of company law at the University of the Witwatersrand. In addition, he is also a non-executive director of Nampak Limited.

Maduke Lot Ndlovu (55) (*non-executive Vice-chairman*) (appointed 1994)

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

Qualifications: DipLR (Unisa), MAP (Wits), EDP (North Western U.S.A.), AMP (Harvard Business School)

Occupation: Non-executive Vice-Chairman

Lot Ndlovu is non-executive Vice-chairman of the Company and is a director of Mutual & Federal. He is non-executive Chairman of Lafarge South Africa (Proprietary) Limited, South African National Roads Agency, Nakatomi Corporation, NestLife Assurance Corporation Limited, Mpumalanga Economic Empowerment Corporation, Community Growth Management Company Limited, Lefika Holdings, Barak Mining Services, Crystal View Consulting, St. Anthony's Education Centre and November Ten Charities. He is also a non-executive director of Nampak Limited and a member of the Independent Commission on the Remuneration of Public Office Bearers and a trustee of The Business Trust on Job Creation and Hope in Victory.

Thomas Andrew Boardman (56) (*Chief Executive*) (appointed 2002 as director and 10 December 2003 as Chief Executive)

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

Qualifications: BCom, CA(SA)

Occupation: Chief Executive, the Company and Nedbank

Tom Boardman is Chief Executive of the Company. He was formerly the Chief Executive and an executive director of BoE Limited. Past directorships include the Banking Council, Boardmans and Sam Newman Limited as well as BoE International Holdings Limited and Northwind Investments (Proprietary) Limited. He is a non-executive director of Mutual & Federal and The Banking Association of South Africa.

Christopher John Watkins Ball (66) (*Independent non-executive*) (appointed 2002)

Business address: 4 Gardenia Lane, Constantia, 7800

Qualifications: Dip Iuris, MA

Occupation: Director of companies

Chris Ball was previously a non-executive director of BoE Limited and was a non-executive director of five BoE Limited subsidiary companies including Century City Limited. He is a non-executive director of Mutual & Federal and Imperial Bank Limited.

Michael William Thomas Brown (40) (*Chief Financial Officer*) (appointed 2004)

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

Qualifications: BCom, Dip Acc, CA(SA)

Occupation: Chief Financial Officer, the Company and Nedbank

Mike Brown is the Chief Financial Officer of the Company. He was a past executive director of BoE Limited, and after the merger between the Company, BoE, NIB and CoGHB, he was appointed to Head of Property Finance in Nedbank Limited.

Thenjiwe Claudia Pamela Chikane (40) (*independent non-executive*) (appointed 2006)

Business address: Suite 10 Mulberry Office Park, Broad Acres Drive, Fourways

Qualifications: CA(SA)

Occupation: Chief Executive Officer of MGO Consulting and non-executive director of the Development Bank of Southern Africa and PetroSA.

Thenjiwe Chikane is a Chartered Accountant by profession and is chief executive officer of MGO Consulting. She was previously head of the Gauteng Department of Finance and Economic Affairs. She is also a non-executive director of the Development Bank of Southern Africa and PetroSA.

Richard Gray Cottrell (70) (*Independent non-executive*) (appointed 2002 and retiring from the Board with effect from 30 November 2006.)

Business address: 18 Rivonia Road, Illovo, 2196

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

Occupation: Director of companies

Rick Cottrell is a non-executive director of Glenrand MIB Limited and Imperial Bank Limited. He is also a director of Munich Reinsurance Company of Africa Limited and STRATE. He is a past Executive Officer of the Financial Services Board, Deputy-Chairman and Managing Partner of Coopers & Lybrand and member of the then Policy Board for Financial Services and Regulation. He is also past President of the South African Institute of Chartered Accountants.

Barry Erskine Davison (61) (*Independent non-executive*) (appointed 2002)

Business address: 14th Floor, 55 Marshall Street, Johannesburg, 2001

Qualifications: BA (Law and Economics)

Occupation: Non-executive Chairman of Anglo American Platinum Corporation Limited

Barry Davison is the non-executive Chairman of Anglo American Platinum Corporation Limited, non-executive director of Anglo American Corporation of South Africa Limited, the Tongaat-Hulett Group Limited, Kumba Resources Limited and Samancor Limited.

Nicholas Dennis (59) (British) (*Independent non-executive*) (appointed 2002)

Business address: 3010 William Nicol Drive, Bryanston, 2191

Qualifications: BCom (Hons)

Occupation: Chief Executive, Tiger Brands Limited

Nick Dennis is Chief Executive of Tiger Brands Limited and non-executive director of Oceana Group Limited.

Mustaq Ahmed Enus-Brey (52) (*Independent non-executive*) (appointed August 2005)

Business address: 1st Floor, Slade House, Boundary Terraces, 1 Mariendahl Lane, Newlands, 7700

Qualifications: BCompt (Hons), CA(SA)

Occupation: Chief Executive Officer, Brimstone Investment Corporation Limited

Mustaq Enus-Brey is a director of Brimstone Investment Corporation Limited, MICC Property Fund Limited and Oceana Group Limited.

Professor Brian de Lacy Figaji (62) (*Independent non-executive*) (appointed 2002)

Business address: 118 Upper Kenridge Avenue, Durbanville, 7550

Qualifications: BSc(Eng), Dip Tertiary Educ, Med, Ded (Coventry University UK) D Litt (hc) (California State University)

Occupation: Former Vice-Chancellor of the Peninsula Technikon

Brian Figaji is Chairman of HHO Africa (Proprietary) Limited, I&J Limited and MARIB Holdings and the former principal and vice-chancellor of the Peninsula Technikon. He is a member of the Council on Higher Education. He is also a director of PetroSA and Cape Lime (Proprietary) Limited, ASSET (Educational Trust) (Trustee) and the Development Bank of South Africa.

Robert Michael Head (48) (British) (*non-executive*) (appointed 2005)

Business address: Old Mutual plc, 5th Floor, Old Mutual Place, 2 Lambeth Hill, London, EC4V 4GG

Qualifications: BA (Oxon, UK), ACA, ACII, FCIB

Occupation: Group Director of Southern Africa, Old Mutual plc

Bob Head is a non-executive director of the Company, Old Mutual Life Assurance Company South Africa Limited and Mutual & Federal. He joined Old Mutual plc in February 2003. Prior to that he was Chief Executive of smile.co.uk, Finance Director of egg.com (both UK internet banks) and held various directorships.

Johannes Bhekumuzi Magwaza (64) (*Independent non-executive*) (appointed 1996)

Business address: 42 Addison Avenue, La Lucia Ridge, 4051

Qualifications: BA, MA (Warwick, UK)

Occupation: Director of companies

J B Magwaza is chairman of Mutual & Federal. He is also a non-executive director of Dorbyl Limited, Ithala Development Finance Corporation Limited, Rainbow Chicken Limited and Tongaat-Hulett Group Limited and Kap International.

Mafika Edmund Mkwanzazi (52) (*Independent non-executive*) (appointed 1999)

Business address: 54 Epton Chase, Saddlebrook Estate, Kyalami, Midrand

Qualifications: BSc (Maths), BSc (Elec Eng)

Occupation: Director of companies

Mafika Mkwanzazi was previously Group Chief Executive of Transnet Limited. He is currently Chairman of Letseng Investment Holdings and Letseng Diamonds (Lesotho). He is also a director of Matodzi Resources Limited and Saatchi and Saatchi.

Cedric Michael Langton Savage (67) (Independent non-executive) (appointed 2002)

Business address: Amanzimnyama Hill, Tongaat, 4400
Qualifications: BSc (Eng), MBA, ISMP (Harvard)
Occupation: Non-executive Chairman, Tongaat-Hulett Group Limited

Cedric Savage is non-executive Chairman of the Tongaat-Hulett Group Limited. He is a non-executive director of Datatec Limited, Harmony Gold Mining Company Limited, Hulett Aluminium (Proprietary) Limited and Kumba Resources Limited. He also served as a non-executive director of BoE Limited and Chairman of NBS.

Gloria Tomatoe Serobe (47) (non-executive) (appointed August 2005)

Business address: 61 Central Street, Houghton, 2041
Qualifications: BComm (Unitra), MBA (Rutgers)
Occupation: Chief Executive Officer, Wipcapital

Gloria Serobe is the Chief Executive of Wipcapital. She was previously the Executive Director – Finance at Transnet. Gloria serves on several boards, including that of JSE Limited and Export Credit Insurance Corporation, and sits on the FSC Council. She is also a non-executive director of Old Mutual Life Assurance Company South Africa Limited.

James Harry Sutcliffe (50) (British) (non-executive) (appointed 2001)

Business address: Old Mutual plc, 5th Floor, Old Mutual Place, 2 Lambeth Hill, London EC4V 4GG
Qualifications: BSc, FIA
Occupation: Chief Executive, Old Mutual plc

Jim Sutcliffe is the Chief Executive of Old Mutual plc. He is a Fellow of the Institute of Actuaries. He was previously deputy chairman of Liberty International plc and past Chief Executive Officer of Prudential plc's UK division.

22. DIRECTORS' INTERESTS IN ORDINARY SHARES

The directors' interests in Ordinary Shares of Nedbank Group as at 31 December 2005 were as follows:

Director	Beneficial		Non-beneficial		Total holding
	Direct	Indirect	Direct	Indirect	
C J W Ball	10 000	–	–	–	10 000
T A Boardman	15 098	–	–	–	15 098
M W T Brown	9 803	909	–	–	10 712
W A M Clewlow	–	2 849	–	–	2 849
R G Cottrell	529	–	–	–	529
M A Enus-Brey	–	1 592	–	546	2 138
B de L Figaji	–	99 789	–	2 296	102 085
M M Katz	–	4 325	–	–	4 325
R J Khoza	–	1 031	–	1 031	2 062
J B Magwaza	150	99 739	–	549	100 438
M E Mkwanazi	1 667	99 789	–	1 148	102 604
M L Ndlovu	–	215 768	–	–	215 768
C M L Savage	8 452	–	–	–	8 452
G T Serobe	–	972	–	2 458	3 430
Total	45 699	526 763	–	8 028	580 490

Note:

1. Mr W A M Clewlow retired from the Board with effect from 4 May 2006.

The directors' interests in Ordinary Shares of Nedbank Group as at the last Practicable Date were as follows:

Director	Beneficial		Non-beneficial		Total holding
	Direct	Indirect	Direct	Indirect	
C J W Ball	10 000	–	–	–	10 000
T A Boardman	25 098	–	–	–	25 098
M W T Brown	17 203	909	–	–	18 112
R G Cottrell	548	–	–	–	548
M A Enus-Brey	–	1 610	–	546	2 156
B de L Figaji	–	103 364	–	2 296	105 660
M M Katz	–	4 482	–	–	4 482
R J Khoza	–	1 031	–	1 031	2 062
J B Magwaza	153	103 314	–	549	104 016
M E Mkwanazi	1 728	103 364	–	1 148	106 240
M L Ndlovu	–	222 917	–	–	222 917
C M L Savage	8 452	–	–	–	8 452
G T Serobe	–	972	–	2 458	3 430
TOTAL	63 182	541 963	–	8 028	613 173

The directors' total shareholding in the Company is approximately 0.14%.

23. DIRECTORS' INTEREST IN PREFERENCE SHARES

The directors' interests in Preference Shares of Nedbank as at 31 December 2005 and as at the Last Practicable Date were as follows:

Director	Beneficial		Non-beneficial		Total holding
	Direct	Indirect	Direct	Indirect	
C J W Ball	144 300	–	–	–	144 300
T A Boardman	–	–	–	85 000	85 000
R G Cottrell	–	–	–	29 363	29 363
N Dennis	47 500	–	–	–	47 500
M M Katz	475 000	–	–	105 000	580 000
C M L Savage	–	212 700	–	–	212 700
TOTAL	666 800	212 700	–	219 363	1 098 863

24. DIRECTORS' INTEREST IN TRANSACTIONS

The directors have not had any material beneficial interests, whether direct or indirect, in transactions that were effected by Nedbank Group during the current or immediately preceding financial year other than those that have previously been disclosed. Further to this, they have had no material beneficial interests in a transaction during an earlier financial year that remain in any respect outstanding or unperformed.

25. DIRECTORS' SERVICE AGREEMENTS AND REMUNERATION

The following information pertains to directors' service agreements and remuneration:

- the directors have not been paid any monies to induce them to become directors of Nedbank Group in the three years preceding the date of this Circular;
- Nedbank Group and its subsidiaries have not made loans or provided security for the benefit of any of the directors or managers otherwise than in the normal course of business;
- the remuneration of directors will not be varied as a result of the Proposed Transaction;
- the composition of the board will not change as a result of the Proposed Transaction; and
- as at the Last Practicable Date, there were no service contracts with any of the directors or alternate directors of the Company with the exception of Messrs T A Boardman, M W T Brown and a consultancy contract with M L Ndlovu. Mr T A Boardman's employment is governed by a service contract, the terms of which are considered by the Remuneration Committee to provide a proper balance of duties and securities between the respective parties. Mr T A Boardman's service contract runs with effect from 10 December 2003 for a period not

exceeding five years, and stipulates a maximum notice period of six months under most circumstances. A similar service contract was agreed at the time of the appointment of Mr M W T Brown on 17 June 2004. This service contract is effective until Mr M W T Brown reaches the normal retirement age and a notice period of six months is required under most circumstances. Mr M L Ndlovu's employment is governed by a consultancy contract, agreed at the time of the appointment of Mr M L Ndlovu as non-executive Vice-chairman of the Company on 1 May 2005. Mr M L Ndlovu has also undertaken, in addition to his board duties, to provide certain consultancy services to Nedbank Group. 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. Directors' service contracts contain terms and conditions which are normal for agreements of this nature and do not contain any restraint of trade provisions.

PART 6 – ADDITIONAL INFORMATION

26. AFFECTED TRANSACTION

The specific issue of Ordinary Shares for cash is not an affected transaction in terms of the Securities Regulation Code on Takeovers and Mergers.

27. SALIENT INFORMATION ON NEDBANK GROUP

27.1 Incorporation and history

The Company can trace its origins back to the late 19th century, and the Company's Ordinary Shares have been listed on the JSE since 1969. The original banking operations went through a series of corporate transformations including, in 1986, the acquisition by Nedbank Limited of Finansbank Limited and CoGHB and the integration of its operations with those of South African Permanent Building Society in 1988 to form NedPerm Bank. Nedbank Limited changed its name to Nedcor Bank Limited in 1989. In 1992, Finansbank Limited, SA Perm and Nedbank Limited (including the Perm and Nedbank divisions of NedPerm Bank), together with their support divisions, became known as Nedcor Bank Limited, a wholly owned subsidiary of the Company.

In April 1995, SA Perm split its operations into two separate banks, Permanent Bank and Peoples Bank, and the two newly formed banks began operating in June of that year. In 1997, the Company formed NIB through the merger of its various merchant-banking businesses.

In 1999, the South African Mutual Life Assurance Society, the Company's majority shareholder at that time, was demutualised, and Old Mutual plc was formed. Its registered office was located in the UK and it was listed on the London Stock Exchange and the JSE as Old Mutual plc. In August 1999, NIB was listed on the JSE and the NSX, with Nedcor maintaining a majority shareholding. Edward Nathan & Friedland was acquired by NIB in 1999 and disposed of by the Nedbank Group in 2005.

In 2000, Nedcor Bank Limited acquired FBC Fidelity Bank Limited and integrated Peoples Bank into that entity, and in 2001 the Company and Old Mutual (SA) announced the proposed merger of Permanent Bank and Old Mutual Bank to form a new banking operation focused on wealth management and financial planning. The merged operation, that maintained the name Old Mutual Bank, is a specialised bancassurance institution focused on the retail middle market in South Africa.

As of 1 January 2002, a BEE consortium held a 30% minority interest in Peoples Bank. In July 2002, Nedcor Limited acquired BoE Limited, the sixth largest bank in South Africa by assets. Nedcor Limited acquired the NIB minority shares in October 2002 and NIB was subsequently delisted. Nedcor Bank Limited changed its name to Nedbank Limited in November 2002.

On 1 January 2003, following approval from the South African Reserve Bank the banking operations of BoE, NIB and CoGHB were merged into the newly constituted Nedbank Limited. In 2004, Nedcor Limited entered into agreements with the BEE consortia to acquire the special purpose vehicles through which their 30% interest in Peoples Bank was held for total consideration of R20 million. Nedcor Limited changed its name to Nedbank Group Limited with effect from the close of business on 13 May 2005.

27.2 Prospects

27.2.1 Earnings forecasts to December 2006

As communicated to shareholders in the SENS announcement on the Company's interim results on 7 August 2006, the directors expect headline earnings for the 12 months to 31 December 2006 to be between 22% and 42% higher than the R3 167 million reported for the year to 31 December 2005. Headline earnings per share is anticipated to be between 20% and 40% greater than the 797 cents per share reported for December 2005.

Based on the forecast range of headline earnings per share above, basic earnings per share for the year to 31 December 2006 is estimated to be between 5% and 22% higher than the 966 cents per share reported for December 2005. This range is at a lower level than headline earnings per share because of the higher capital profits from disposals of non-core assets in the prior year.

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

27.2.2 2007 financial targets

The Company has targeted an ROE of 20% and an efficiency ratio of 55% in 2007. Strong revenue growth, disciplined expense and credit management, together with active management of excess capital will be required to achieve these targets. The group's performance to 30 June 2006 – the most recent reported results – demonstrate good progress towards reaching the targets from both a revenue and cost perspective, while the share buyback programme and reduced dividend cover show progress in managing capital to a more optimal level. While the Company is unwavering in its commitment to meet the 20% ROE target, the planned investment in distribution of R1 billion will make the 55% efficiency ratio target more challenging.

27.2.3 Results for the nine months to 30 September 2006

Shareholders are advised that Nedbank Group's results for the nine months ended 30 September 2006 will be released on SENS on 14 November 2006. These results will provide an update on the group's most recent financial performance.

28. EXCHANGE CONTROL REGULATIONS

The following summary is intended only as a guide and is therefore not comprehensive. The utilisation of any proceeds for investment outside the Common Monetary Area requires prior approval of the Exchange Control Department of the South African Reserve Bank. New certificates issued to any emigrant in terms of the Proposed Transaction will be restrictively endorsed and deposited with the authorised dealer controlling such emigrant's blocked assets. In terms of the Exchange Control Regulations, such new Nedbank Group Shares are not freely transferable from the Common Monetary Area. The CSDP or broker will ensure that all requirements of Exchange Control are adhered to in respect of their clients falling into this category of investor, whether Ordinary Shares are held in dematerialised or certificated form. In terms of the Exchange Control Regulations of South Africa, non-residents will receive new Nedbank Group Shares that will be endorsed "non-resident". The CSDP or broker will ensure that all requirements of Exchange Control are adhered to in respect of their clients falling into this category of investor, whether Ordinary Shares are held in dematerialised or certificated form. The issue of new Nedbank Group Shares to residents in, or citizens or nationals of jurisdictions outside South Africa or custodians, nominees or trustees for residents in, or citizens or nationals of other countries may be prohibited or affected by the laws of the relevant jurisdictions. Such persons should acquaint themselves with and observe any applicable legal requirement.

29. SHARE CAPITAL

The table below sets out the authorised and issued share capital of Nedbank Group at the Last Practicable Date before and after the Proposed Transaction.

	R'm
Before the Proposed Transaction	
<i>Authorised share capital</i>	
600 000 000 ordinary shares of R1.00 each	600
<i>Issued share capital</i>	
449 407 668 ordinary shares of R1.00 each	449
Share premium	12 887
Total issued share capital	13 336
After the Proposed Transaction	
<i>Authorised share capital</i>	
600 000 000 ordinary shares of R1.00 each	600
<i>Issued share capital</i>	
450 073 110 ordinary shares of R1.00 each	450
Share premium	12 908
Total issued share capital	13 358

30. MAJOR ORDINARY SHAREHOLDERS

Insofar as is known to Nedbank Group, the major shareholders who beneficially held 5% or more of the issued ordinary share capital of Nedbank Group at 30 September 2006, were as follows:

Major shareholders	Number of shares	Percentage held
Old Mutual Life Assurance Company (South Africa) Limited and associates	228 363 949	51

31. MATERIAL CONTRACTS

Acquisitions or disposals of or by the Company in the last two years, and material contracts entered into by the Company, are summarised below. These documents are available for inspection at the Company's office at 135 Rivonia Road, Sandown:

31.1 The relationship agreement

On 20 February 2004, the Company and Old Mutual plc entered into the relationship agreement to record formally the terms of their relationship. The agreement is effective from 23 February 2004 and will continue, unless otherwise agreed, for so long as the Company is a subsidiary of Old Mutual plc by virtue of Old Mutual plc owning more than 50% of the Company's issued Ordinary Shares. Among other things, the relationship agreement provides that:

- the Company will consult with Old Mutual plc and have regard to Old Mutual plc's strategic plans in devising its own strategy. The Company's strategy is to be aligned with that of Old Mutual plc and designed to maximise the long-term shareholder value of both entities;
- the Company will update its strategic plan and business plan annually to accord with the Old Mutual Group's three year planning cycle;
- the Company will not commit itself to a strategy that would entail the raising of additional ordinary share capital (other than in the ordinary course of satisfying normal employee option holders' rights) or dilute the Old Mutual Group's stake in its ordinary share capital below 50.1% without Old Mutual plc's written consent. If additional ordinary share capital is required and Old Mutual plc agrees, the Company will liaise with Old Mutual plc over the timing and arrangements for the proposed issue with a view to accommodating Old Mutual plc's reasonable requirements;
- the Company will consult with Old Mutual plc prior to making any material changes to its dividend policy;

- the Company will report to Old Mutual plc appropriate financial and operational information on the Nedbank Group’s activities and will put in place and maintain appropriate arrangements for coordinating flows of information required by Old Mutual plc;
- the Company will provide such confirmation, certificates and assurances to Old Mutual plc as it may reasonably require to discharge its obligations under any governance or regulatory obligations or best practice to which it is subject, whether in the UK or elsewhere;
- the Company will consult with Old Mutual plc and obtain its consent before publicly announcing any material proposed change to the terms and conditions of employment, remuneration or share incentive arrangements applicable to its directors or senior management employees or before appointing or dismissing (i) the Chairman of the Board or of the Audit, Remuneration or Directors’ Affairs Committees of the Company; (ii) the Chief Executive or Group Finance Director of the Company; (iii) any non-executive director of the Company; (iv) the Company’s auditors;
- the Company will actively seek to identify, develop and exploit, among other things, synergies, joint ventures and opportunities for the secondment of personnel and sharing of knowledge and expertise with other businesses in the Old Mutual Group, particularly with Old Mutual (SA) and its subsidiaries and in the area of bancassurance. Priorities will be agreed in respect to bancassurance initiatives. In the case of joint management arrangements documented in formal joint venture agreements, Old Mutual plc agrees that it will cooperate with the Company to achieve these objectives and, as far as is reasonably practicable, keep the Company informed of its proposals for the Old Mutual Group strategy, insofar as these may impinge directly on the Nedbank Group;
- day-to-day management decisions and regulatory banking relationships in South Africa will remain the sole responsibility of the Company’s management and the Board;
- Old Mutual plc and the Company will treat all unpublished information of a price sensitive nature that is received from the other with appropriate confidentiality;
- pursuant to the Companies Act 1985 in the United Kingdom, the Company and its subsidiaries are generally precluded (except in the areas of third party asset management and in providing fiduciary services to third parties) from acquiring any interest or otherwise dealing in the shares of Old Mutual plc. The Company undertakes that it will procure that the Nedbank Group will be made aware of and abide by the restriction. Where shares in Old Mutual plc may be dealt in by the Nedbank Group in accordance with the exceptions mentioned above, the Company will ensure that any price sensitive or confidential information relating to Old Mutual plc is protected from those involved in such dealings by the use of “Chinese walls” or other appropriate mechanisms. The Company will also ensure that its directors and any of its other senior employees who are designated as “Relevant Employees” in terms of the UK Model Code on Securities Dealings of Old Mutual plc, are made aware of the restrictions on freely dealing in securities of Old Mutual plc and its listed subsidiaries from time to time;
- both parties acknowledge that where a conflict of interest arises or is perceived to arise, they will liaise with each other to ensure appropriate arrangements are put in place to deal with the situation by establishing, where thought fit, committees of their respective Boards comprising only independent directors and the taking of independent advice;
- save for the purposes of giving effect to the relationship agreement, all relationships between the Company and Old Mutual plc shall be on an arm’s length basis unless otherwise agreed; and
- nothing in the relationship agreement shall relieve the Company or Old Mutual plc of their respective disclosure obligations in terms of the JSE.

31.2 Old Mutual Bank Limited

With effect from 1 January 2003, Nedbank and the Company entered into a shareholders agreement with Old Mutual (SA) and Old Mutual Finance Limited (previously Old Mutual Bank Limited) in terms of which the various parties agreed that the banking activities of Old Mutual Finance Limited, as well as a portion of those banking activities conducted by Permanent Bank Limited (as it was then), be constituted as a separate division within Nedbank and Nedbank be licensed to use the “Old Mutual Bank” brand. The agreement further regulates the relationship of the parties in relation to the business operations of the business.

32. LITIGATION STATEMENT

The directors of the Company are not aware of any legal or arbitration proceedings (including any such proceedings that are pending or threatened), which may have, or have had, a material effect on the Company’s financial position or that of any of its subsidiaries during the last 12 months preceding the date of this Circular.

33. MATERIAL CHANGE STATEMENT

The directors report that there has been no material change in the financial or trading position of the Company and its subsidiaries since the last financial period dated 31 December 2005 for which audited financial statements have been published.

34. CORPORATE GOVERNANCE

The directors are of the opinion that Nedbank Group substantially complies with the significant principles incorporated within the King II Report on Corporate Governance. Nedbank Group's salient corporate governance policies are set out in Appendix 4 to this Circular.

35. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are set out under paragraphs 21 above:

- have considered all statements of fact and opinion in this Circular;
- collectively and individually, accept full responsibility for the accuracy of the information given;
- 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;
- have made all reasonable enquiries in this regard; and
- certify that, to the best of their knowledge and belief, the Circular contains all information required by law and the Listings Requirements.

36. EXPENSES RELATING TO THE PROPOSED TRANSACTION

The estimated costs relating to the Proposed Transaction are set out below:

Description	R'000
Nedbank Capital – investment bank, transaction adviser and joint sponsor (acting under a joint mandate)	3 388
Joint reporting accountants and auditors	250
Edward Nathan Sonnenbergs – corporate law advisers	450
Ince (Pty) Limited – Printing and postage	600
JSE – Inspection and Listing fees	51
Merrill Lynch – lead sponsor	100
Tier 1 – Investor and media relations	62
Other	198
TOTAL	5 099

37. CONSENTS

Each of the investment bank, transaction adviser and joint sponsor, the corporate law advisers, the joint independent reporting accountants, the lead sponsor and the Transfer Secretaries to the Company have consented to the inclusion of their names in this Circular in the context and form in which they appear and have not withdrawn their consent as at the date of this Circular.

38. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered offices of the Company during normal business hours (excluding Saturdays, Sundays and public holidays) from the date of issue of this Circular up to and including 7 December 2006:

- the memorandum and articles of association of the Company;
- all material contracts as described in paragraph 31 above;
- the draft BEE Scheme Agreements;
- the draft Employee Scheme Trust deeds;

- copies of service agreements with directors entered into during the last three years;
- the consolidated audited annual financial statements of the Company as of and for the years ended 31 December 2003, 2004 and 2005 together with the 2006 interim results;
- the reporting accountants' report on the unaudited *pro forma* financial information and the financial effects of the Company;
- copies of this Circular dated 8 November 2006 relating to the general meeting to be held on 7 December 2006;
- written consents of the investment bank, transaction adviser and joint sponsor, the corporate law advisers, the joint independent reporting accountants, the lead sponsor and the Transfer Secretaries to the Company for the inclusion of their names in this Circular in the context and form in which they appear and confirming that such consents have not been withdrawn as at the date of this Circular; and
- a signed copy of this Circular.

Please note that signed copies of the BEE Scheme Agreements and the Employee Schemes trust deeds will be available for inspection as of Thursday, 16 November 2006.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE COMPANY

INTRODUCTION

The unaudited pro forma financial information has been prepared for illustrative purposes only, in order to provide information on how the Proposed Transaction might have affected the financial results and position of the Nedbank Group consolidated results from 1 January 2006 for income statement effects and at 30 June 2006 for balance sheet effects. Because of their nature, the *pro forma* financial information may not provide a realistic picture of the effect on Nedbank Group's financial position and results of operations after the Proposed Transaction. The directors of Nedbank Group are responsible for the preparation of the unaudited pro forma financial information.

PRO FORMA INCOME STATEMENT:

The "Before the Proposed Transaction" column reflects the financial position of the Company for the six-month period ended 30 June 2006 as announced on 7 August 2006. The "After the Proposed Transaction" column reflects the financial position of the Company, adjusted for the financial effects of the Proposed Transaction based on the assumption that the Proposed Transaction was implemented from 1 January 2006.

	Notes	Before the Proposed Transaction R'm	<i>Pro forma</i> Adjustments R'm	After the Proposed Transaction R'm
Interest income	6	12 827		12 827
Interest expense		(7 788)		(7 788)
Net interest income		5 039		5 039
Impairment losses on loans and advances		(806)		(806)
Income from lending activities		4 233		4 233
Non-interest revenue		4 591		4 591
Foreign currency translation losses		0		0
Operating income		8 824	0	8 824
Operating expenses	3 and 4	(5 450)	(20)	(5 470)
BEE transaction expenses		(66)		(66)
Indirect taxation		(155)		(155)
Profit from operations before non-trading and capital items		3 153	(20)	3 133
Non-trading and capital items		255		255
Profit/(Loss) from operations		3 408	(20)	3 388
Attributable earnings of associates and joint ventures		59		59
Profit/(Loss) before direct taxation		3 467	(20)	3 447
Direct taxation	5	(885)	1	(884)
Profit/(Loss) for the year		2 582	(19)	2 563
HEPS		522	(4)	518
Basic EPS		577	(4)	573

PRO FORMA BALANCE SHEET:

The "Before the Proposed Transaction" column reflects the financial position at 30 June 2006 as announced on 7 August 2006. The "After the Proposed Transaction" column reflects the financial position after the Proposed Transaction based on the assumption that the Proposed Transaction was implemented on 31 December 2005.

	Notes	Before the Proposed Transaction R'm	Pro forma Adjustments R'm	After the Proposed Transaction R'm
ASSETS				
Cash and short-term funds	1	9 092	1	9 093
Other short-term securities		27 707		27 707
Derivative financial instruments		14 364		14 364
Government and other securities		20 673		20 673
Loans and advances		273 398		273 398
Other assets		14 277		14 277
Clients indebtedness for acceptances		1 646		1 646
Current taxation receivable		138		138
Investment securities		6 700		6 700
Non-current assets held for sale		150		150
Investments in associate companies and joint ventures		573		573
Deferred tax asset	2	214	1	215
Investment property		146		146
Property and equipment		3 183		3 183
Post-employment assets		1 279		1 279
Computer software and capitalised development costs		1 269		1 269
Mandatory reserve deposits with central bank		6 049		6 049
Goodwill		3 750		3 750
Total assets		384 608	2	384 610
EQUITY AND LIABILITIES				
Ordinary share capital	1	400	1	401
Ordinary share premium	1	10 231	0	10 231
Reserves		13 279	(3)	13 276
Ordinary shareholders' equity		23 910	(2)	23 908
Minority shareholders' equity attributable to:				
Ordinary shareholders		1 058	(1)	1 057
Preference shareholders		3 070		3 070
Total equity		28 038	(3)	28 035
Derivative financial instruments		15 051		15 051
Amounts owed depositors		280 633		280 633
Other liabilities	3	42 902	5	42 907
Liabilities under acceptance		1 646		1 646
Current taxation liabilities		567		567
Deferred taxation liabilities		879		879
Post employment liabilities		1 129		1 129
Investment contract liabilities		4 547		4 547
Long-term debt instruments		9 216		9 216
Total liabilities		356 570	5	356 575
Total shareholders equity and liabilities		384 608	2	384 610
NAV per share		5 982	(2)	5 980
NTAV per share		5 044	(2)	5 042

NOTES TO THE UNAUDITED PRO FORMA BALANCE SHEET AND INCOME STATEMENT

1. Issue of shares at R2.53 per share to Strategic Business Partner SPVs and R1.00 per share to the Education Trust, Strategic Community Partner SPVs and the NedNamibia Holdings Discretionary Trust.
2. Deferred taxation adjustments in respect of the Broad-based Employee Scheme.
3. Professional fees payable in respect of the Proposed Transaction.
4. Share based payment charge for shares issued in terms of the Proposed Transaction and Performance Fees incurred.
5. Tax effect of Performance Fees incurred and the Broad-based Employee Scheme.
6. Interest earned on cash received on subscription of shares by Strategic Business Partner SPVs, Strategic Community Partner SPVs, the Education Trust and the NedNamibia Holdings Discretionary Trust.

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE
UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF THE COMPANY

"The Directors
Nedbank Group Limited
135 Rivonia Road
Sandown
Sandton
2195

1 November 2006

Dear Sir

INDEPENDENT REPORTING ACCOUNTANTS ASSURANCE REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF THE COMPANY

The definitions and interpretations set out on pages 9 to 17 have been used in this report.

We have performed our limited assurance engagement in respect of the unaudited *pro forma* before and after balance sheet and income statement (collectively, "the *pro forma* financial information") of the Company set out in the salient features, paragraph 20 and Appendix 1 of this Circular to be dated 8 November 2006 issued in connection with the Proposed Transaction that is the subject of this Circular.

The *pro forma* financial information has been prepared in accordance with the requirements of the JSE Listings Requirements, for illustrative purposes only, to provide information about how the Proposed Transaction might have affected the reported historical financial information presented, had the corporate action been undertaken on 1 January 2006 for income statement purposes and 30 June 2006 for balance sheet purposes.

Directors' responsibilities

The directors of the Company are responsible for the compilation, contents and presentation of the *pro forma* financial information contained in this Circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the *pro forma* financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of the Company; and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express a limited assurance conclusion on the *pro forma* financial information included in this Circular. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Revised Guide on Pro Forma Financial Information* issued by the South African Institute of Chartered Accountants.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures, consisted primarily of comparing the unadjusted historical financial information of the Company with the source documents, considering the *pro forma* adjustments in light of the accounting policies of the Company, considering the evidence supporting the *pro forma* adjustments, recalculating the amounts based on the information

obtained and discussing the *pro forma* financial information with the directors of the Company, in respect of the corporate actions that are the subject of this Circular. In arriving at our conclusion, we have relied upon financial information prepared by the directors of the Company and other information from various public, financial and industry sources.

Whilst our work performed has involved an analysis of the historical published reviewed financial information, and other information provided to us, our assurance engagement does not constitute, an audit or review of any of the underlying financial information undertaken in accordance with *International Standards on Auditing or International Standards on Review Engagements* and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement the evidence – gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of the Company; and
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed pursuant to Section 8.30 of the JSE Listings Requirements.

Yours faithfully

KPMG Inc.

per Mickey Bove
Chartered Accountant (SA)
Registered Auditor
Director
KPMG Crescent
85 Empire Road
Parktown, 2193

Deloitte & Touche

Registered Auditors
per Casper Troskie
Partner
Deloitte & Touche Place
The Woodlands
20 Woodlands Drive
Woodmead, 2196"

ORDINARY SHARE PRICE HISTORY

The high, low and closing price of Ordinary Shares on the JSE, and the aggregated quarterly volumes and values traded since September 2004 were as follows:

Quarter ended	High (cents per share)	Low (cents per share)	Close (cents per share)	Volume (number of shares)
30 September 2004	6 200	5 240	5 950	61 649 714
31 December 2004	7 999	5 900	7 780	56 618 867
31 March 2005	8 320	6 700	7 520	42 108 062
30 June 2005	8 080	7 000	7 439	49 676 182
30 September 2005	9 530	7 344	9 220	48 188 804
31 December 2005	10 280	8 300	10 000	28 157 201
31 March 2006	13 880	9 790	12 845	50 736 749
30 June 2006	13 950	10 010	11 300	53 197 199
30 September 2006	12 050	10 000	11 420	52 712 034

The high, low and closing price of Ordinary Shares on the JSE, and the aggregated monthly volumes and values traded since September 2004 were as follows:

Month ended	High (cents per share)	Low (cents per share)	Close (cents per share)	Volume (number of shares)
30 September 2004	5 960	5 610	5 950	21 843 032
31 October 2004	6 810	5 900	6 660	25 249 478
30 November 2004	7 620	6 500	7 600	22 544 412
31 December 2004	7 999	7 290	7 780	8 824 977
31 January 2005	7 770	6 700	7 280	9 426 416
28 February 2005	8 070	6 910	8 002	15 008 015
31 March 2005	8 320	7 255	7 520	17 673 631
30 April 2005	7 850	7 000	7 500	12 157 620
31 May 2005	7 840	7 390	7 580	26 822 881
30 June 2005	8 080	7 351	7 439	10 695 681
31 July 2005	8 750	7 344	8 500	12 656 825
31 August 2005	9 195	8 315	8 789	22 096 457
30 September 2005	9 530	8 615	9 220	13 435 522
31 October 2005	9 200	8 300	8 550	9 394 572
30 November 2005	9 400	8 355	8 750	10 871 311
31 December 2005	10 280	8 690	10 000	7 891 318
31 January 2006	10 950	9 790	10 700	11 797 918
28 February 2006	12 401	10 410	11 950	16 206 811
31 March 2006	13 880	11 900	12 845	22 732 020
30 April 2006	13 050	12 350	12 555	11 383 778
31 May 2006	13 950	11 301	11 500	17 390 064
30 June 2006	12 200	10 010	11 300	24 423 357
31 July 2006	12 050	10 500	11 001	12 372 136
31 August 2006	11 295	10 000	11 045	23 401 351
30 September 2006	11 599	10 213	11 420	16 938 547
31 October 2006	12 190	10 905	12 190	11 605 349

The high, low and closing price of Ordinary Shares on the JSE for each trading day commencing from 1 July 2006 until the last practicable date, and the daily trading volumes were as follows:

Daily	High (cents per share)	Low (cents per share)	Close (cents per share)	Volume number of shares)
03 July 2006	11 660	11 001	11 410	268 799
04 July 2006	11 700	11 422	11 500	100 166
05 July 2006	11 500	11 200	11 300	272 256
06 July 2006	11 450	11 175	11 300	346 498
07 July 2006	11 400	11 200	11 301	265 893
10 July 2006	11 865	11 200	11 800	254 173
11 July 2006	11 988	11 651	11 850	767 026
12 July 2006	12 050	11 900	11 950	374 797
13 July 2006	11 950	11 600	11 650	1 038 057
14 July 2006	11 585	11 300	11 400	565 660
17 July 2006	11 400	10 717	10 747	816 587
18 July 2006	10 998	10 550	10 565	1 719 096
19 July 2006	10 775	10 501	10 701	1 488 964
20 July 2006	11 099	10 620	10 620	503 809
21 July 2006	10 840	10 550	10 601	454 879
24 July 2006	10 899	10 500	10 701	248 600
25 July 2006	11 099	10 705	10 800	845 116
26 July 2006	10 971	10 750	10 971	451 670
27 July 2006	11 199	10 901	11 070	778 559
28 July 2006	11 100	10 904	10 910	545 213
31 July 2006	11 164	10 910	11 001	266 318
01 August 2006	11 295	10 746	10 801	495 391
02 August 2006	10 950	10 501	10 580	682 354
03 August 2006	10 800	10 500	10 800	810 440
04 August 2006	10 990	10 650	10 800	506 364
07 August 2006	10 920	10 455	10 500	312 084
08 August 2006	10 770	10 500	10 525	635 432
10 August 2006	10 600	10 205	10 578	840 099
11 August 2006	10 666	10 351	10 500	307 599
14 August 2006	10 645	10 480	10 510	1 438 542
15 August 2006	10 401	10 111	10 250	1 204 603
16 August 2006	10 350	10 100	10 300	1 066 961
17 August 2006	10 540	10 320	10 540	1 052 412
18 August 2006	10 620	10 375	10 400	905 567
21 August 2006	10 400	10 173	10 200	1 355 465
22 August 2006	10 270	10 000	10 200	2 069 938
23 August 2006	10 200	10 100	10 149	1 944 927
24 August 2006	10 150	10 050	10 150	2 447 602
25 August 2006	10 345	10 140	10 300	1 269 285
28 August 2006	10 450	10 250	10 400	1 153 404
29 August 2006	10 598	10 400	10 525	617 314
30 August 2006	10 940	10 520	10 911	668 456
31 August 2006	11 094	10 600	11 045	1 617 112
01 September 2006	11 050	10 750	10 950	539 444
04 September 2006	11 248	10 800	11 200	354 404
05 September 2006	11 400	11 100	11 335	713 785
06 September 2006	11 599	11 200	11 340	629 221
07 September 2006	11 300	10 902	10 965	1 948 886
08 September 2006	11 071	10 700	11 000	799 167
11 September 2006	10 890	10 300	10 375	649 875
12 September 2006	10 802	10 386	10 715	496 271
13 September 2006	10 870	10 213	10 706	382 141
14 September 2006	11 000	10 400	10 480	437 440

Daily	High (cents per share)	Low (cents per share)	Close (cents per share)	Volume (number of shares)
15 September 2006	10 750	10 396	10 727	1 069 052
18 September 2006	10 990	10 601	10 980	584 420
19 September 2006	11 085	10 801	10 970	329 145
20 September 2006	11 080	10 789	11 080	633 156
21 September 2006	11 450	11 100	11 450	2 680 182
22 September 2006	11 340	11 100	11 200	1 171 814
26 September 2006	11 461	11 200	11 400	861 799
27 September 2006	11 550	11 351	11 500	1 395 180
28 September 2006	11 489	11 306	11 400	407 620
29 September 2006	11 579	11 387	11 420	855 545
02 October 2006	11 440	11 131	11 200	296 642
03 October 2006	11 200	11 051	11 070	1 116 061
04 October 2006	11 120	10 905	11 020	340 071
05 October 2006	11 180	11 010	11 150	1 017 120
06 October 2006	11 300	10 984	11 122	183 420
09 October 2006	11 185	10 956	11 113	926 112
10 October 2006	11 298	10 960	11 000	825 803
11 October 2006	11 091	10 951	11 050	510 892
12 October 2006	11 214	10 950	11 100	975 231
13 October 2006	11 390	11 150	11 390	699 275
16 October 2006	11 800	11 401	11 800	534 584
17 October 2006	11 800	11 243	11 243	588 464
18 October 2006	11 579	11 200	11 475	239 660
19 October 2006	11 675	11 310	11 595	308 583
20 October 2006	11 865	11 500	11 625	527 599
23 October 2006	11 700	11 500	11 621	291 758
24 October 2006	11 850	11 522	11 850	233 337
25 October 2006	11 830	11 550	11 580	293 575
26 October 2006	11 850	11 441	11 452	211 629
27 October 2006	11 500	11 235	11 410	474 822
30 October 2006	11 600	11 251	11 500	412 797
31 October 2006	12 190	11 530	12 190	597 914
01 November 2006	12 450	12 000	12 400	690 848
02 November 2006	12 350	12 000	12 000	595 967

CORPORATE GOVERNANCE

1. GENERAL

The Company endorses the King Code and has developed a comprehensive implementation and monitoring plan to meet its requirements and recommendations. The implementation plan also incorporates the corporate governance requirements of the Regulations to the Banks Act and the recommendations of the Myburgh Report. The plan has been approved by the Board and its implementation is facilitated by the Enterprise Governance and Compliance division and monitored by the Directors' Affairs Committee. Nedbank Group is in substantial compliance with the King Code and as at 30 September 2006 forty-seven percent of the Board comprised independent non-executive directors.

2. AREAS OF NON-COMPLIANCE

The only areas of non-compliance with the King Code, which the Board is satisfied does not impair the governance integrity or perceptions of it, are as follows:

- the chairman of the Group Transformation and Sustainability Committee, M L Ndlovu, is a non-executive director, but not an independent director as defined by the King Code;
- the non-executive chairman and chairman of the Directors' Affairs Committee, R J Khoza, is a non-executive director, but not independent, as defined by the King Code, by virtue of the fact that he represents Aka Capital as a strategic business partner in Nedbank Group's South African BEE Transaction and also serves on the board of the Company's holding company, Old Mutual plc, although he does not represent the interests of Old Mutual plc on the Nedbank Group's Board; and
- the chairman of the Risk Committee, Michael Katz, is a non-executive, but not an independent director, as defined by the King Code.

3. APPOINTMENTS TO THE BOARD

Board appointments are conducted in a formal and transparent manner, in line with the Board appointment policy, by the Board as a whole, assisted by the Company's Directors' Affairs Committee. Any appointments to the Board are made taking into account the need for ensuring that the Board provides a diverse range of skills, knowledge and expertise, the necessity of achieving a balance between skills and expertise and the professional and industry knowledge necessary to meet the Company's strategic objectives, as well as the need for ensuring demographic representivity.

4. DIVISION OF RESPONSIBILITY

The Company conducts an annual evaluation of its Board, its committees and individual directors and is confident that this process raises concerns should any particular individual have too much influence. The non-executive directors all have a high degree of integrity and credibility, and the strong independent composition of the Board provides for objective input into the decision-making process, thereby ensuring no one director holds unfettered decision making powers. The directors come from diverse backgrounds and bring to the Board a wide range of experience in commerce and banking. The directors have access to management whenever required. In addition, it is unlikely that any director could have undue influence on a board such as the Company, which has 17 directors, with the majority being non-executive and each having significant experience in carrying out the fiduciary responsibilities of a director. The Company constantly reviews its governance practices in line with best practice and is highly receptive to engage with both institutional and private shareholders.

5. GROUP AUDIT COMMITTEE

The functions of the Group Audit Committee are primarily to assist the Board of directors in its evaluation and review of the adequacy and efficiency of the internal control systems, accounting practices, information systems and auditing processes applied within a bank in the day-to-day management of its business, and to introduce

measures to enhance the credibility and objectivity of financial statements and reports prepared with reference to the affairs of a banking group. The Group Audit Committee has satisfied its objectives for the year in accordance with its terms of reference. Meetings are held at least quarterly, and 7 meetings were held during 2005.

A policy, in line with that of Old Mutual plc, regarding the provision of non-audit services by the Company's auditors is in place. This process is structured between management and the external auditors to ensure that the guidelines, requiring approval by the Chief Financial Officer, Chief Executive or Audit Committee, depending on the amount of fees involved, are adhered to and monitored by the Audit Committee and the Old Mutual plc Audit Committee on a six monthly basis.

The Group Audit Committee, which is composed of a majority of independent non-executive directors, is chaired by R G Cottrell and includes C J W Ball, B E Davison, J B Magwaza, C M L Savage, M A Enus-Brey, G T Serobe, and R M Head as members.

6. GROUP REMUNERATION COMMITTEE

The committee is authorised to approve the aggregate of adjustments to the remuneration of employees below executive director and divisional director level. Adjustments to the total remuneration of members of EXCO are individually approved by the Remuneration Committee. Adjustments to executive directors' total remuneration are individually approved by the Board following recommendations made by the Remuneration Committee. This committee is also charged with the supervision of the Nedbank Group employee incentive scheme, and is involved in executive officer succession policy. The Remuneration Committee considers remuneration in its totality in an integrated and holistic manner, thereby assisting the Board in discharging its corporate governance duties related to remuneration strategy, structure and costs. The committee is required to meet at least four times a year, and met four times in 2005.

The Remuneration Committee, which is composed of a majority of independent non-executive directors, is chaired by J B Magwaza and includes C J W Ball, B de L Figaji, C M L Savage and J H Sutcliffe as members.

7. GROUP RISK COMMITTEE

In terms of the Banks Act, a risk committee is required to assist a board of directors in evaluating the adequacy and efficiency of risk policies, procedures, practices and controls, identifying the build-up and concentration of risk, developing risk mitigation techniques, ensuring formal risk assessment, identifying and monitoring key risks, facilitating and promoting communication through reporting structures and ensuring the establishment of an independent risk management function and other related functions. The Group Risk Committee's primary focus is therefore the monitoring across the group of the management and assessment of risk, including market and trading risks, financial instruments (derivatives) usage, Asset and Liability Management Division (ALM) risks, the Group Asset and Liability and Executive Risk Committee (Group ALCO) process and functions, intragroup investment exposures and risks related to the underwriting of share issues.

The Group Risk Committee meets at least quarterly. The Group Risk Committee, which is composed of a majority of independent non-executive directors, is chaired by M M Katz and includes N Dennis, M L Ndlovu, C J W Ball, R G Cottrell, R M Head, and M E Mkwanazi as members.

8. GROUP DIRECTORS' AFFAIRS COMMITTEE

The primary role of the Group Directors' Affairs Committee is to consider, monitor and report to the Board on strategic risk, reputational and compliance risk, compliance with the King Code and the corporate governance provisions of the Banks Act and the regulations issued thereunder, as well as to act as a nomination committee. The Group Directors' Affairs Committee meets at least quarterly, and met seven times in 2005.

The Group Directors' Affairs Committee consists of non-executive directors is chaired by R J Khoza and includes C J W Ball, R G Cottrell, M M Katz, J B Magwaza, M E Mkwanazi, M L Ndlovu and J H Sutcliffe as members.

9. GROUP CREDIT COMMITTEE

The primary role of the Group Credit Committee is to approve credit policies and philosophy, set credit limits and guidelines, confirm that procedures are in place to manage and control credit risk, approve the adequacy of interim and year-end provisions and ensure that the quality of the Company's credit portfolio is in accordance with these requirements by monitoring various credit risk information, processes and disclosure.

This primary role is a monitoring function. An important secondary role of this committee is the approval of advances above sanctioned and regulatory authority levels.

The Group Credit Committee is chaired by independent non-executive director C J W Ball and consists B de L Figaji, M M Katz, M L Ndlovu, the CEO and CFO. The heads of Group Risk and Credit Risk are members for the purposes of approvals of large exposures only.

10. GROUP FINANCE OVERSIGHT COMMITTEE

As of 1 March 2004 the Company established the Group Finance Oversight Committee under the chairmanship of C J W Ball. The mandate of this committee is to ensure that the Company's accounting and control systems meet the highest standards. The Group Finance Oversight Committee's objective is to act primarily as a Board discussion forum to ensure that the Company's risk universe, spectrum of activities, organisational structure and management methodologies are appropriate and effective.

The Group Finance Oversight Committee is chaired by independent non-executive director C J W Ball and consists of non-executive directors R G Cottrell, M M Katz, M E Mkwanzazi and R M Head.

11. GROUP TRANSFORMATION AND SUSTAINABILITY COMMITTEE

The Group Transformation and Sustainability Committee is charged to assist the Board in discharging its responsibility to ensure the Company proactively addresses the requirements/recommendations for integrated sustainability reporting as laid out in King II and the Global Reporting Initiative, an international multi-shareholder process whose mission is to develop guidelines for sustainability reporting, as well as to give the needed attention at Board level to the FSC, BEE, transformation and social and environmental responsibility issues.

The Group Transformation and Sustainability Committee is chaired by M L Ndlovu and also consists of non-executive directors C J W Ball, B de L Figaji, J B Magwaza, M M Katz and B E Davison.

12. BOARD STRATEGIC INNOVATION MANAGEMENT COMMITTEE ("BOARD SIMCO")

The Board SIMCO has the broad responsibility to monitor all issues pertaining to information technology, both operational and strategic, in as much as these may impact the business strategy, financial, performance, risk profile and information technology strategy of the Company. This committee aims to ensure alignment of the prioritisation and magnitude of IT development spend, and investment with overall strategy and direction of the Company.

The Board SIMCO consists entirely of non-executive directors, the majority of whom are independent, is chaired by M E Mkwanzazi, and consists of M M Katz, N Dennis, C J W Ball and C M L Savage.



NEDBANK GROUP

Nedbank Group Limited

(Incorporated in the Republic of South Africa)
(Registration number 1966/010630/06)
Share code JSE: NED ISIN: ZAE000004875
("Nedbank Group" or the "Company")

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of members of the Company will be held in the Auditorium, Retail Place West, Nedbank Sandton, 135 Rivonia Road, Sandown on Thursday, 7 December 2006 commencing at 09:00 for the purpose of considering and, if deemed fit, passing with or without modification (which modification is capable of being substantive in nature and provided that any such substantive modification made shall not have the effect of diminishing the rights that accrue to registered members holding ordinary shares as envisaged in the Ordinary and Special Resolutions set out in this notice of general meeting) such Ordinary and Special Resolutions set out in this notice of general meeting.

Each resolution is subject to the condition precedent that the conditions precedent reflected in Part 1, paragraph 10 of the Circular dated 8 November 2006, tabled at the general meeting, the provisions of which are deemed to be incorporated herein, are fulfilled or waived. In addition, each resolution is subject to the passing, and where appropriate, registration of the immediately preceding resolution.

ORDINARY RESOLUTION NUMBER 1

1. RESOLVED THAT –

The NedNamibia Holdings LTIP detailed in the Circular dated 8 November 2006, to which this notice of general meeting is attached and the material terms of which, are contained in The NedNamibia Holdings LTIP Trust, the draft trust deed of which a copy has been tabled at the general meeting and initialled by the chairman of the general meeting for purposes of identification, be and is hereby approved and adopted by the Company with effect from 7 December 2006.

ORDINARY RESOLUTION NUMBER 2

2. RESOLVED THAT –

The Black Management Scheme detailed in the Circular dated 8 November 2006, to which this notice of general meeting is attached and the material terms of which are contained in The NedNamibia Holdings Black Management Trust, the draft trust deed of which a copy has been tabled at the general meeting and initialled by the chairman of the general meeting for purposes of identification, be and is hereby adopted by the Company with effect from 7 December 2006.

ORDINARY RESOLUTION NUMBER 3

3. RESOLVED THAT –

The Broad-based Employee Scheme detailed in the Circular dated 8 November 2006, to which this notice of general meeting is attached and the material terms of which are contained in The NedNamibia Holdings Broad-based Employee Trust, the draft trust deed of which a copy has been tabled at this general meeting and initialled by the chairman of the general meeting for purposes of identification, be and is hereby and adopted by the Company with effect from 7 December 2006.

ORDINARY RESOLUTION NUMBER 4

4. RESOLVED THAT –

The Education Trust Scheme detailed in the Circular dated 8 November 2006, to which this notice of general meeting is attached and the material terms of which, are contained in The Old Mutual and Nedbank Namibia Education Trust, the draft trust deed of which a copy has been tabled at the general meeting and initialled by the chairman of the general meeting for purposes of identification, be and is hereby approved and adopted by the Company with effect from 7 December 2006.

ORDINARY RESOLUTION NUMBER 5

5. RESOLVED THAT –

The Long-term Strategic Allocation detailed in the Circular dated 8 November 2006, to which this notice of general meeting is attached and the material terms of which are contained in The NedNamibia Holdings Discretionary Trust, the draft trust deed of which a copy has been tabled at the general meeting and initialled by the chairman of the general meeting for purposes of identification, be and is hereby adopted by the Company with effect from 7 December 2006.

ORDINARY RESOLUTION NUMBER 6

6. RESOLVED THAT the Company be and is hereby authorised with effect from 7 December 2006, by way of a specific authority in terms of section 221 of the Companies Act 1973 (Act 61 of 1973), as amended ("the Companies Act") and the Rules and Regulations of the JSE to allot and issue:

- 6.1 118 476 ordinary shares of R1.00 each in the authorised, but unissued ordinary share capital of the Company to Central Consortium SPV pursuant to the terms and conditions of the Proposed Transaction detailed in the Circular dated 8 November 2006, tabled at the general meeting;
- 6.2 44 429 ordinary shares of R1.00 each in the authorised, but unissued ordinary share capital of the Company to Manmar SPV pursuant to the terms and conditions of the Proposed Transaction detailed in the Circular dated 8 November 2006, tabled at the general meeting;
- 6.3 37 024 ordinary shares of R1.00 each in the authorised, but unissued ordinary share capital of the Company to Northern Empowerment Investments SPV pursuant to the terms and conditions of the Proposed Transaction detailed in the Circular dated 8 November 2006, tabled at the general meeting;
- 6.4 37 024 ordinary shares of R1.00 each in the authorised, but unissued ordinary share capital of the Company to Churches SPV pursuant to the terms and conditions of the Proposed Transaction detailed in the Circular dated 8 November 2006, tabled at the general meeting;
- 6.5 37 024 ordinary shares of R1.00 each in the authorised, but unissued ordinary share capital of the Company to WAD SPV pursuant to the terms and conditions of the Proposed Transaction detailed in the Circular dated 8 November 2006, tabled at the general meeting;
- 6.6 98 730 ordinary shares of R1.00 each in the authorised, but unissued ordinary share capital of the Company to the Education Trust pursuant to the terms and conditions of the Proposed Transaction detailed in the Circular dated 8 November 2006, tabled at the general meeting;
- 6.7 81 452 ordinary shares of R1.00 each in the authorised, but unissued ordinary share capital of the Company to the NedNamibia Holdings Discretionary Trust pursuant to the terms and conditions of the Proposed Transaction detailed in the Circular dated 8 November 2006, tabled at the general meeting;
- 6.8 a variable number of ordinary shares of R1.00 each in the authorised, but unissued ordinary share capital of the Company to the NedNamibia Holdings LTIP Trust pursuant to the terms and conditions of Proposed Transaction detailed in the Circular dated 8 November 2006, tabled at the general meeting, provided that the number of ordinary shares issued in terms hereof, when aggregated with the number of ordinary shares issued in terms of paragraph 4.9 below, shall not exceed 116 107 ordinary shares;
- 6.9 a variable number of ordinary shares of R1.00 each in the authorised, but unissued ordinary share capital of the Company to the NedNamibia Holdings Broad-Based Employee Trust pursuant to the terms and conditions of Proposed Transaction detailed in the Circular dated 8 November 2006, tabled at the general meeting, provided that the number of ordinary shares issued in terms hereof, when aggregated with the number of ordinary shares issued in terms of paragraph 4.8 above, shall not exceed 116 107 ordinary shares; and

6.10 95 176 ordinary shares of R1.00 each in the authorised, but unissued ordinary share capital of the Company to the NedNamibia Holdings Black Management Trust pursuant to the terms and conditions of the Proposed Transaction detailed in the Circular dated 8 November 2006, tabled at the general meeting.

In terms of the Listings Requirements of the JSE Limited the passing of this ordinary resolution is achieved by the attainment of a 75% majority of the votes cast in favour of such resolution by all members present in person or by proxy or represented at the general meeting, excluding any members and their associates participating in the specific issue for cash.

SPECIAL RESOLUTION NUMBER 1

7. RESOLVED THAT the Company be and is hereby authorised by way of a specific authority, in accordance with section 85 of the Companies Act, the South African Banks Act, No. 94 of 1990, as amended, any Rules and Regulations of the JSE Limited and article 10 of the Company's articles of association to:

- 7.1 exercise the call option granted to it by the Central Consortium SPV to repurchase a variable number of Nedbank Group shares at no more than the Subscription Price per share pursuant to the terms and conditions of the Strategic Business Partner scheme detailed in the Circular dated 8 November 2006, tabled at the general meeting;
- 7.2 exercise the call option granted to it by the Manmar SPV to repurchase a variable number of Nedbank Group shares at no more than the Subscription Price per share pursuant to the terms and conditions of the Strategic Business Partner Scheme detailed in the Circular dated 8 November 2006, tabled at the general meeting;
- 7.3 exercise the call option granted to it by the Northern Empowerment Investments SPV to repurchase a variable number of Nedbank Group shares at no more than the Subscription Price per share pursuant to the terms and conditions of the Strategic Business Partner Scheme detailed in the Circular dated 8 November 2006, tabled at the general meeting;
- 7.4 exercise the call option granted to it by the Churches SPV to repurchase a variable number of Nedbank Group shares at no more than the Subscription Price per share pursuant to the terms and conditions of the Strategic Community Partner Scheme detailed in the Circular dated 8 November 2006, tabled at the general meeting;
- 7.5 exercise the call option granted to it by the WAD SPV to repurchase a variable number of Nedbank Group shares at no more than the Subscription Price per share pursuant to the terms and conditions of the Strategic Community Partner Scheme detailed in the Circular dated 8 November 2006, tabled at the general meeting;
- 7.6 exercise the call option granted to it by the NedNamibia Holdings Discretionary Trust to repurchase a variable number of Nedbank Group shares at no more than the Subscription Price per share pursuant to the terms and conditions of the Long-term Strategic Allocation detailed in the Circular dated 8 November 2006, tabled at the general meeting; and
- 7.7 exercise the call option granted to it by the Education Trust to repurchase a variable number of Nedbank Group shares at no more than the Subscription Price per share pursuant to the terms and conditions of the Education Trust Scheme detailed in the Circular dated 8 November 2006, tabled at the general meeting.

In terms of the Listings Requirements of the JSE Limited the passing of this special resolution is achieved by the attainment of a 75% majority of the votes cast in favour of such resolution by all members present in person or by proxy or represented at the general meeting, excluding any members and their associates participating in the specific repurchase.

REASON AND EFFECT

The reason for and the effect of Special Resolution Number 1 is to give the directors of the Company the specific authority to repurchase a certain number of ordinary shares in the Company's issued ordinary share capital on the termination of the respective schemes from the entities that are formed for the operation of such schemes and the terms set forth in the Circular.

ORDINARY RESOLUTION NUMBER 7

8. RESOLVED THAT the Company be and is hereby authorised by way of a specific authority in terms of section 221 of the Companies Act:
- 8.1 subject to Central Consortium SPV exercising its right of subscription in terms of the Strategic Business Partner Scheme detailed in the Circular dated 8 November 2006, tabled at the general meeting, to allot and issue to Central Consortium SPV that number of Nedbank Group shares in the authorised, but unissued ordinary share capital of the Company that equals the number of Nedbank Group shares that the Company repurchases from Central Consortium SPV pursuant to the exercise of its call option in accordance with the terms of the Strategic Business Partner Scheme, at the then Market Value per Nedbank Group share;
 - 8.2 subject to Manmar SPV exercising its right of subscription in terms of the Strategic Business Partner Scheme detailed in the Circular dated 8 November 2006, tabled at the general meeting, to allot and issue to Manmar SPV that number of Nedbank Group shares in the authorised, but unissued ordinary share capital of the Company that equals the number of Nedbank Group shares that the Company repurchases from Manmar SPV pursuant to the exercise of its call option in accordance with the terms of the Strategic Business Partner Scheme, at the then Market Value per Nedbank Group share;
 - 8.3 subject to Northern Empowerment Investments SPV exercising its right of subscription in terms of the Strategic Business Partner Scheme detailed in the Circular dated 8 November 2006, tabled at the general meeting, to allot and issue to Northern Empowerment Investments SPV that number of Nedbank Group shares in the authorised, but unissued ordinary share capital of the Company that equals the number of Nedbank Group shares that the Company repurchases from Northern Empowerment Investments SPV pursuant to the exercise of its call option in accordance with the terms of the Strategic Business Partner Scheme, at the then Market Value per Nedbank Group share;
 - 8.4 subject to Churches SPV exercising its right of subscription in terms of the Strategic Community Partner Scheme detailed in the Circular dated 8 November 2006, tabled at the general meeting, to allot and issue to Churches SPV that number of Nedbank Group shares in the authorised, but unissued ordinary share capital of the Company that equals the number of Nedbank Group shares that the Company repurchases from Churches SPV pursuant to the exercise of its call option in accordance with the terms of the Strategic Community Partner Scheme, at the then Market Value per Nedbank Group share;
 - 8.5 subject to WAD SPV exercising its right of subscription in terms of the Strategic Community Partner Scheme detailed in the Circular dated 8 November 2006, tabled at the general meeting, to allot and issue to WAD SPV that number of Nedbank Group shares in the authorised, but unissued ordinary share capital of the Company that equals the number of Nedbank Group shares that the Company repurchases from WAD SPV pursuant to the exercise of its call option in accordance with the terms of the Strategic Community Partner Scheme, at the then Market Value per Nedbank Group share;
 - 8.6 subject to the Education Trust exercising its right of subscription in terms of the Education Trust Scheme detailed in the Circular dated 8 November 2006, tabled at the general meeting, to allot and issue to the Education Trust that number of Nedbank Group shares in the authorised, but unissued ordinary share capital of the Company that equals the number of Nedbank Group shares that the Company repurchases from the Education Trust pursuant to the exercise of its call option in accordance with the terms of Education Trust Scheme, at the then Market Value per Nedbank Group share; and
 - 8.7 subject to the NedNamibia Holdings Discretionary Trust exercising its right of subscription in terms of the NedNamibia Holdings Discretionary Trust detailed in the Circular dated 8 November 2006, tabled at the general meeting, to allot and issue to the NedNamibia Holdings Discretionary Trust that number of Nedbank Group shares in the authorised, but unissued ordinary share capital of the Company that equals the number of Nedbank Group shares that the Company repurchases from the NedNamibia Holdings Discretionary Trust pursuant to the exercise of its call option in accordance with the terms of NedNamibia Holdings Discretionary Trust, at the then Market Value per Nedbank Group share.

In terms of the Listings Requirements of the JSE Limited the passing of this ordinary resolution is achieved by the attainment of a 75% majority of the votes cast in favour of such resolution by all members present in person or by proxy or represented at the general meeting, excluding any members and their associates participating in the specific issue for cash.

ORDINARY RESOLUTION NUMBER 8

9. RESOLVED THAT the Company be and is hereby authorised, by way of a specific authority in terms of section 221 of the Companies Act and the Rules and Regulations of the JSE Limited to allot and issue:
- 9.1 a variable number of ordinary shares of R1.00 each in the authorised, but unissued ordinary share capital of the Company, subject to a maximum of R924 000 of ordinary shares each year at the then Market Value until the termination of the Strategic Business Partner Scheme, to Central Consortium SPV in discharge of a portion of the Performance Fee which may be payable by NedNamibia Holdings to the Central Consortium pursuant to the terms and conditions of the Performance Agreement detailed in the Circular dated 8 November 2006, tabled at the general meeting;
 - 9.2 a variable number of ordinary shares of R1.00 each in the authorised, but unissued ordinary share capital of the Company, subject to a maximum of R347 000 of ordinary shares each year at the then Market Value until the termination of the Strategic Business Partner Scheme, to Manmar SPV in discharge of a portion of the Performance Fee which may be payable by NedNamibia Holdings to Manmar pursuant to the terms and conditions of the Performance Agreement detailed in the Circular dated 8 November 2006, tabled at the general meeting;
 - 9.3 a variable number of ordinary shares of R1.00 each in the authorised, but unissued ordinary share capital of the Company, subject to a maximum of R289 000 of ordinary shares each year at the then Market Value until the termination of the Strategic Business Partner Scheme, to Northern Empowerment Investments SPV in discharge of a portion of the Performance Fee which may be payable by NedNamibia Holdings to Northern Empowerment Investments pursuant to the terms and conditions of the Performance Agreement detailed in the Circular dated 8 November 2006, tabled at the general meeting;
 - 9.4 a variable number of ordinary shares of R1.00 each in the authorised, but unissued ordinary share capital of the Company, subject to a maximum of R289 000 of ordinary shares each year at the then Market Value until the termination of the Strategic Community Partner Scheme, to Churches SPV in discharge of a portion of the Performance Fee which may be payable by NedNamibia Holdings to the Churches pursuant to the terms and conditions of the Performance Agreement detailed in the Circular dated 8 November 2006, tabled at the general meeting; and
 - 9.5 a variable number of ordinary shares of R1.00 each in the authorised, but unissued ordinary share capital of the Company, subject to a maximum of R289 000 of ordinary shares each year at the then Market Value until the termination of the Strategic Community Partner Scheme, to WAD SPV in discharge of a portion of the Performance Fee which may be payable by NedNamibia Holdings to WAD pursuant to the terms and conditions of the Performance Agreement detailed in the Circular dated 8 November 2006, tabled at the general meeting.
 - 9.6 a variable number of ordinary shares of R1.00 each in the authorised, but unissued ordinary share capital of the Company, subject to a maximum of R636 000 of ordinary shares each year at the then Market Value until the termination of the Long Term Strategic Allocation, to the NedNamibia Holdings Discretionary Trust in discharge of a portion of the Performance Fee which may be payable by NedNamibia Holdings to the NedNamibia Holdings Discretionary Trust pursuant to the terms and conditions of the Performance Agreement detailed in the Circular dated 8 November 2006, tabled at the general meeting.

ORDINARY RESOLUTION NUMBER 9

10. RESOLVED THAT any two directors of the Company or a director and the company secretary be and hereby are authorised to do all such things and sign all documents including Company forms and take all such actions as they consider necessary to give effect to and implement the above mentioned resolutions with effect from 7 December 2006.

VOTING AND PROXIES

Members who hold Ordinary Shares in the Company are entitled to attend and vote at the general meeting, or may appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. On a show of hands a member present in person or by proxy is entitled to one vote irrespective of the number of shares he/she holds or represents, provided that a proxy will only have one vote irrespective of the number of members he/she represents.

On a poll, a member present in person or by proxy is entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the Nedbank Group Shares held by him/her bears to the aggregate amount of the nominal value of all the Nedbank Group Shares issued by the Company and carrying the right to vote.

A member holding Dematerialised Shares should furnish his/her CSDP or broker with his/her instructions for voting at the general meeting. If a CSDP or broker does not obtain instructions from members, they will be obliged to act in terms of the mandate furnished to them. A member holding Dematerialised Shares, other than own name Dematerialised Shares, must NOT complete the attached form of proxy. Unless members advise their CSDP or broker in the manner and time stipulated in the agreement between them and their CSDP or broker that they wish to attend the general meeting or send a proxy, the CSDP or broker will assume that they do not wish to attend the general meeting or send a proxy. If members wish to attend the general meeting, they are required to request that their CSDP or broker issue the necessary Letter of Representation to them to enable them to attend and vote at the general meeting.

Members holding Dematerialised Shares in their "own name", or holding certificated shares, who are unable to attend the general meeting and wish to be represented thereat, should complete the attached form of proxy in accordance with the instructions therein and lodge it with or post it to the Transfer Secretaries of the Company:

Hand deliveries to:

Computershare Investor Services 2004
(Proprietary) Limited
Ground Floor, 70 Marshall Street
Johannesburg, 2001

Postal deliveries to:

Computershare Investor Services 2004
(Proprietary) Limited
PO Box 61051
Marshalltown, 2107

to be received by no later than 09:00 on Wednesday, 6 December 2006 (or 24 hours before any adjourned meeting of which the date, if necessary, will be published on SENS and in the press).

By order of the Board

G S Nienaber

Company Secretary

8 November 2006

Nedbank Group Limited
Registration number 1966/010630/06
Registered Office:
135 Rivonia Road
Sandown, 2196
PO Box 1144
Sandton, 2146



NEDBANK
GROUP

Nedbank Group Limited

(Incorporated in the Republic of South Africa)
(Registration number 1966/010630/06)
Share code JSE: NED ISIN: ZAE000004875
("Nedbank Group" or the "Company")

FORM OF PROXY

For use by members holding Certificated Ordinary Shares in the Company or members holding Dematerialised Ordinary Shares in the Company registered with "own-name" registration only, at the general meeting of members to be held in the Auditorium, Retail Place West, Nedbank Sandton, 135 Rivonia Road, Sandown, Sandton at 09:00 on Thursday, 7 December 2006 ("general meeting").

Members who hold Dematerialised Ordinary Shares in the Company who are not "own-name" registered members, must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the general meeting and request their CSDP or broker to issue them with the necessary authorisation to attend the general meeting in person and vote or provide their CSDP or broker with their voting instructions should they not wish to attend the general meeting in person. These members who hold Dematerialised Ordinary Shares in the Company who are not "own-name" registered members must not use this form of proxy, but must contact their CSDP or broker as the Company will take no responsibility for Ordinary Shareholders who do not contact their CSDP or broker timeously.

I/We (full name/s in BLOCK LETTERS)

of (address)

being the holders of Ordinary Shares in the capital of the Company do hereby appoint (see notes):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. The Chairman of the general meeting,

as my/our proxy to act for me/us at the general meeting for purposes of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at each adjournment thereof; and to abstain from voting for and/or against such resolutions in respect of the Ordinary Shares in the Company registered in my/our name in accordance with the following instructions:

Resolutions	For	Against	Abstain
Ordinary Resolution Number 1 – the approval of the NedNamibia Holdings LTIP			
Ordinary Resolution Number 2 – the approval of the Black Management Scheme			
Ordinary Resolution Number 3 – the approval of the Broad-based Employee Scheme			
Ordinary Resolution Number 4 – the approval of the Education Trust Scheme			
Ordinary Resolution Number 5 – the approval of the Long-term Strategic Allocation			
Ordinary Resolution Number 6 – specific authority to issue shares			
Special Resolution Number 1 – specific authority to repurchase shares			
Ordinary Resolution Number 7 – specific authority to issue shares			
Ordinary Resolution Number 8 – specific authority to issue shares relating to annual Performance Fees			
Ordinary Resolution Number 9 – authorising the directors to give effect to the resolutions			

Signed at _____ on _____ 2006

Signature _____

Assisted by (where applicable) _____

Each member is entitled to appoint one or more proxies (who need not be a member of the Company) to attend, speak and vote in place of that member in the Company at the general meeting.

Please read the notes on the reverse hereof.

Notes to form of proxy:

1. Each Certificated Ordinary Shareholder and "own-name" registered Dematerialised Ordinary Shareholder is entitled to appoint one or more proxies (who need not be a Certificated Ordinary Shareholder and "own-name" registered Dematerialised Ordinary Shareholder) to attend, speak and vote in place of that Certificated Ordinary Shareholder and "own-name" registered Dematerialised Ordinary Shareholder at the general meeting.
2. Certificated Ordinary Shareholder and "own-name" registered Dematerialised Ordinary Shareholder may insert the name of a proxy or the names of two alternative proxies of the Certificated Ordinary Shareholder and "own-name" registered Dematerialised Ordinary Shareholder's choice in the space provided, with or without deleting the chairman of the general meeting. The person whose name stands first on the form of proxy and who is present at the general meeting shall be entitled to act as proxy to the exclusion of the persons whose names follow.
3. A Certificated Ordinary Shareholder and "own-name" registered Dematerialised Ordinary Shareholders instructions to the proxy have to be indicated by the insertion of the relevant number of votes exercisable by that Certificated Ordinary Shareholder and "own-name" registered Dematerialised Ordinary Shareholder in the appropriate box provided. Failure to comply with this shall be deemed to authorise the chairman of the general meeting, if the chairman is the authorised proxy, to vote in favour of the ordinary and special resolutions at the general meeting or the appointed proxy to vote or to abstain from voting at the general meeting, as he/she deems fit, in respect of all the Certificated Ordinary Shareholder and "own-name" registered Dematerialised Ordinary Shareholder's votes exercisable thereat.
4. A Certificated Ordinary Shareholder and "own-name" registered Dematerialised Ordinary Shareholder or his/her proxy is not obliged to vote in respect of all the Ordinary Shares held by such Certificated Ordinary Shareholder and "own-name" registered Dematerialised Ordinary Shareholder or represented by such proxy, but the total number of votes for or against the ordinary and special resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the Certificated Ordinary Shareholder and "own-name" registered Dematerialised Ordinary Shareholder or his/her proxy is entitled.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity has to be attached to this form of proxy, unless previously recorded by the Company's Transfer Secretaries or waived by the chairman of the general meeting.
6. The Chairman of the general meeting may reject or accept any form of proxy that is completed and/or received, other than in compliance with these notes.
7. Any alterations or corrections to this form of proxy shall be initialled by the signatory(ies)
8. The completion and lodging of this form of proxy shall not preclude the relevant Certificated Ordinary Shareholder and "own-name" registered Dematerialised Ordinary Shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Certificated Ordinary Shareholder and "own-name" registered Dematerialised Ordinary Shareholder wish to do so.
9. Forms of proxy have to be lodged with or posted to Computershare Investor Services 2004 (Proprietary) Limited ("Computershare"), 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received no later than 09:00 on Wednesday, 6 December 2006. Proxy forms can also be submitted by fax to Computershare (fax number +27 (0) 11 688 5238), subject to the proxy instruction form meeting all other criteria.
10. This proxy form is to be completed only by those Certificated Ordinary Shareholders and "own-name" registered Dematerialised Ordinary Shareholders who are:
 - holding Ordinary Shares in certificated form; or
 - recorded in the sub register in dematerialised electronic form in their own name.

Holders of Nedbank Group Ordinary Shares (whether certificated or dematerialised) through a nominee should timeously make the necessary arrangements with that nominee or, if applicable, CSDP or broker (as the case may be) on how they wish their votes to be cast at the general meeting on their behalf. As far as holdings in a CSDP are concerned, this will be guided by the terms of the agreement entered into with the CSDP.

