



**NEDBANK**

**NEDBANK LIMITED**

(Incorporated in the Republic of South Africa)

(Registration No. 1951/000009/06)

Share code: NBKP ISIN: ZAE000043667

("Nedbank" or "the Company")

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## NOTICE OF CLASS MEETING OF THE HOLDERS OF THE NON-REDEEMABLE NON-CUMULATIVE NON-PARTICIPATING PREFERENCE SHARES

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Holders of the non-redeemable non-cumulative non-participating preference shares ("Preference Shares") are referred to the notice of general meeting of Nedbank held on 3 May 2010, in terms of which shareholders were advised that it was the intention of Nedbank to request shareholders to pass the necessary resolutions to enable the existing class A redeemable cumulative preference shares and class B redeemable cumulative preference shares (collectively the "IBL A and B Preference Shares") in IBL Asset Finance and Services Limited (formerly Imperial Bank Limited) ("IBL") held by Imperial Holdings Limited ("Imperial Holdings") and Associated Motor Holdings (Proprietary) Limited ("AMH") (a subsidiary of Imperial Holdings) to be "exchanged" for preference shares in Nedbank with effectively the same rights.

In terms of the Preference Share Subscription and Participation Agreement between Nedbank, IBL, Imperial Holdings and AMH dated 14 September 2009 ("the Preference Share Subscription and Participation Agreement"):

- IBL established a specialist motor vehicle finance division ("the Specialist Division") as a sub-division of its MFC division;
- Imperial Holdings and AMH agreed to refer customers who wished to purchase motor vehicles to IBL for financing of motor vehicles through the Specialist Division;
- Imperial Holdings and AMH would participate in the profits of the Specialist Division through the holding of the IBL A and B Preference Shares, respectively.

Nedbank acquired the business, assets and liabilities of IBL, including the Specialist Division, on 20 August 2010. In terms of clause 24 of the Preference Share Subscription and Participation Agreement, the intention was that, upon the transfer of the business and assets and liabilities of IBL to Nedbank, Nedbank would, if and to the extent possible, be substituted in terms of the Banks Act, 1990 as the issuer of the IBL A and B Preference Shares in place of IBL. It is not possible for Nedbank to be substituted as the issuer of the IBL A and B Preference Shares in place of IBL. Therefore, it is proposed that Nedbank creates, allots and issues to Imperial Holdings and AMH class A and class B redeemable cumulative preference shares ("the Nedbank A and B Preference Shares") with almost identical rights and privileges to the IBL A and B Preference Shares (the changes being necessary due to changed facts or to take account of the fact that Nedbank is issuing the Nedbank A and B Preference Shares). The Nedbank A and B Preference Shares will in all respects rank behind the Preference Shares. IBL will, on, or as soon as possible after, the date of allotment and issue of the Nedbank A and B Preference Shares to Imperial Holdings and AMH, redeem the IBL A and B Preference Shares.

The general purpose of this meeting is to obtain the approvals which might be necessary.

A copy of the Preference Share Subscription and Participation Agreement will be made available for inspection at the meeting in respect of which this notice relates.

A combined general meeting of the holders of the ordinary shares and the Preference Shares in Nedbank ("the General Meeting") has been convened to take place immediately after the separate class meeting referred to below, at which the necessary resolutions for the creation and issue of the Nedbank A and B Preference Shares will be proposed. A copy of that notice of meeting is attached.

Notice is hereby given that a separate class meeting of the holders of the Preference Shares will be held at Nedbank Sandton, 135 Rivonia Road, Sandown, Sandton, in the Executive Boardroom, Ground Floor, Block A, at 17:00 on 11 October 2011 to consider and, if deemed fit (bearing in mind that the Nedbank A and B Preference Shares will rank in all respects behind the Preference Shares and so not affect the rights of the holders of the Preference Shares), pass the following resolutions (of which the first will be passed as if it was a special resolution), with or without modification.

The record date to determine the holders of the Preference Shares entitled to participate in and vote at the class meeting is 5 October 2011.

## **RESOLUTION NUMBER 1**

**RESOLVED THAT** the passing and implementation of special resolution number 1 to be proposed at the general meeting to be held immediately after this class meeting ("the General Meeting") a copy of which notice the holders of the preference shares will receive as it is a combined meeting to which the holders of the preference shares are invited, be approved to the extent necessary.

This resolution shall be required to be passed by the same majority as if it were a special resolution.

The reason for this resolution is in case, which does not appear to be the position, any of the rights of the holders of the Preference Shares might be affected. The effect of the resolution is to obtain the approval of the holders of the Preference Shares for the creation of the Nedbank A and B preference shares.

## **RESOLUTION NUMBER 2**

**RESOLVED THAT** the passing and implementation of ordinary resolution number 1 to be proposed at the General Meeting be approved to the extent necessary.

The reason for this resolution is in case, which does not appear to be the position, any of the rights of the holders of the Preference Shares might be affected. The effect of the resolution is to obtain the approval of the holders of the Preference Shares for the creation of the Nedbank A and B preference shares.

## **VOTING AND PROXIES**

Each person entitled to attend and vote at the class meeting may appoint a proxy or proxies to attend, speak and vote or abstain from voting in his/her/its stead. A proxy need not be a person entitled to vote at the meeting. On a show of hands, a person entitled to vote at the meeting is entitled to only one vote, irrespective of the number of Preference Shares he/she/it holds or represents.

On a poll, each person entitled to vote at the meeting is entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the Preference Shares held by him/her/it bears to the aggregate amount of the nominal value of all the Preference Shares issued by the Company and carrying the right to vote.

A dematerialised holder of Preference Shares should furnish his/her/its Central Securities Depository Participant ("CSDP Participant") or broker with his/her/its instructions for voting at the class meeting. If a CSDP Participant or broker does not obtain instructions from a holder of Preference Shares, it will be obliged to act in terms of the mandate furnished to it. A dematerialised shareholder, other than an "own-name" dematerialised shareholder must NOT complete the attached form of proxy. Unless a dematerialised shareholder advises his/her/its CSDP Participant or broker in the manner and time stipulated in the agreement between them that he/she/it wishes to attend the class meeting or send a proxy, the CSDP Participant or broker will assume that he/she/it does not wish to attend the class meeting or send a proxy. If a dematerialised shareholder wishes to attend the class meeting, he/she/it is required to request that his/her/its CSDP Participant or broker issue the necessary letter of representation to him/her/it to enable him/her/it to attend and vote at the class meeting.

For purposes of section 63(1) of the Companies Act, 2008, any person attending or participating at the class meeting is required to present a reasonably satisfactory identification to the satisfaction of the presiding chairperson. A South African identity document will be acceptable.

Dematerialised shareholders holding dematerialised shares in their "own name", or certificated shareholders, who are unable to attend the class meeting and wish to be represented thereat, must complete the attached form of proxy in accordance with the instructions therein and deliver it to the registered offices of the company or transfer secretaries, the details of which are set out below. The form of proxy must be delivered no later than the date and time by which any proxy may exercise any rights of the shareholder at the Class Meeting.

Shareholders wishing to participate in the meeting through electronic facilities are requested to contact the Company Secretary on (011) 294 9107 by 5 October 2011 in order for reasonable access to be arranged.

A person who holds a beneficial interest in any certificated securities may vote in a matter at a meeting of shareholders, only to the extent that:

1. the beneficial interest includes the right to vote on the matter; and
2. the person's name is on the company's register of disclosures as the holder of a beneficial interest, or the person holds a proxy appointment in respect of that matter from the registered holder of those securities.

### **Hand deliveries to the company to:**

Block A, Ground Floor  
Nedbank Sandton  
135 Rivonia Road  
Sandton, 2196

### **Postal deliveries to the company to:**

Nedbank Sandton  
PO Box 1144  
Johannesburg  
2000

### **Hand deliveries to the transfer secretaries to:**

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

### **Postal deliveries to the transfer secretaries to:**

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

BY ORDER OF THE BOARD OF NEDBANK

### **G S Nienaber**

Sandton  
9 September 2011  
Secretary



# NEDBANK

## NEDBANK LIMITED

(Incorporated in the Republic of South Africa)

(Registration No. 1951/000009/06)

Share code: NBKP ISIN: ZAE000043667

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### FORM OF PROXY

For use by certificated shareholders or dematerialised shareholders registered with "own-name" registration and others entitled to vote who are not the holders of dematerialised non-redeemable non-cumulative non-participating preference shares ("Preference Shares") only, at the separate meeting ("Class Meeting") of the holders of the Preference Shares to be held in the Executive Boardroom, Ground Floor, Block A, Nedbank Sandton, 135 Rivonia Road, Sandown, Sandton, at 17:00 on 11 October 2011.

Dematerialised shareholders who are not "own-name" registered shareholders must inform their CSDP Participant or broker of their intention to attend the Class Meeting and request their CSDP Participant or broker to issue them with the necessary documentation to attend the class meeting in person and vote, or provide their CSDP Participant or broker with their voting instructions should they not wish to attend the class meeting in person. Dematerialised shareholders who are not "own-name" registered shareholders should not use this form of proxy, but must contact their CSDP Participant or broker as the Company will take no responsibility for shareholders who do not contact their CSDP Participant or broker timeously.

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

of (address)

being the holders of  Preference Shares in the capital of the Company do hereby appoint (see note):

1. \_\_\_\_\_ or failing him/her,
2. \_\_\_\_\_ or failing him/her,
3. \_\_\_\_\_ or failing him/her,

the chairman of the Class Meeting,

as my/our proxy to act for me/us at the Class Meeting for purposes of considering and, if deemed fit, passing, with or without modification, the Resolutions to be proposed thereat and at each adjournment thereof; and to abstain from voting for and/or against such resolution in respect of the Preference Shares registered in my/our name in accordance with the following instructions:

Resolution	For	Against	Abstain
<b>Resolution Number 1</b> (Creation of class A and B redeemable cumulative preference shares)			
<b>Resolution Number 2</b> (Authority for the directors of the Company to issue the class A and B redeemable cumulative preference shares)			

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2011

Signature \_\_\_\_\_

Assisted by (where applicable) \_\_\_\_\_

A person entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and vote in place of the shareholder in the Company at the General Meeting. A proxy need not be a person entitled to vote at the meeting.

**Please read the notes on the reverse hereof**

**Notes to form of proxy:**

1. A person entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and vote or abstain from voting in his/her/its stead at the Class Meeting. A proxy need not be person entitled to vote at the meeting.
2. A certificated shareholder and an "own-name" registered dematerialised shareholder may insert the name of a proxy or the names of proxies of the certificated shareholder's or "own-name" registered dematerialised shareholder's choice in the space provided, with or without deleting the chairman of the Class Meeting. The person whose name stands first on the form of proxy and who is present at the Class Meeting shall be entitled to act as proxy to the exclusion of the persons whose names follow.
3. Instructions to the proxy have to be indicated by the insertion of the relevant number of votes exercisable in the appropriate box provided. Failure to comply with this shall be deemed to authorise the chairman of the Class Meeting, if the chairman is the authorised proxy, to vote in favour of the Resolutions at the Class Meeting, or the appointed proxy to vote or to abstain from voting at the Class Meeting, as he/she deems fit, in respect of all the appointer's votes exercisable thereat, 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 appointer's votes exercisable by that proxy.
4. The total number of votes for or against the Resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the person entitled to vote granting the 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 transfer secretaries or waived by the chairman of the Class Meeting.
6. The chairman of the Class 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 person entitled to vote from attending the Class Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such person wish to do so.

Forms of proxy have to be lodged with or posted to the transfer secretaries, Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than the date and time by which any proxy may exercise any rights of the shareholder at the Class Meeting.



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## NOTICE OF COMBINED GENERAL MEETING

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Notice is hereby given that a combined general meeting of the ordinary shareholder and the holders of the non-redeemable non-cumulative non-participating preference shares ("the Preference Shares") (collectively "Shareholders") will be held at Nedbank Sandton, 135 Rivonia Road, Sandown, Sandton, in the Executive Boardroom, Ground Floor, Block A on 11 October 2011 at 17:30 or immediately after the separate class meeting of the holders of the Preference Shares concludes, if that is later, to consider and, if deemed fit, to pass, with or without modification, the following special resolutions and ordinary resolutions of the Company.

The record date to determine the ordinary shareholder and/or the holders of the Preference Shares entitled to participate in and vote at the general meeting is 5 October 2011.

The purpose of the meeting is to obtain the necessary approvals relating to the Class A and Class B preference shares referred to below. The purpose is not in any manner to harmonise the Company's Memorandum of Incorporation with the Companies Act, 2008.

### SPECIAL RESOLUTION NUMBER 1

**RESOLVED THAT** the Company's Memorandum of Incorporation be amended as necessary to reflect that the share capital of the Company includes the 5 000 (five thousand) Class "A" redeemable cumulative preference shares having a par value of R0,0001 (one hundredth of a cent each), and the 5 000 (five thousand) Class "B" redeemable cumulative preference shares having a par value of R0,0001 (one hundredth of a cent) each, with the rights set forth in the new Articles 45 and 46 respectively as follows:

#### 45. RIGHTS AND PRIVILEGES ATTACHING TO THE CLASS "A" REDEEMABLE CUMULATIVE PREFERENCE SHARES

The following rights and privileges shall attach to the class "A" redeemable cumulative preference shares of R0.0001 (one hundredth of a cent) each in the capital of the company ("**the A Preference Shares**"):

45.1 For the purposes of this Article 45 the following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely:

45.1.1 "**A Division**" means the section of the Division, which is separately accounted for, to provide Motor Vehicle Asset Finance in respect of business introduced to the A Division by and/or originated by the Imperial Group, in terms of the Participation Agreement;

45.1.2 "**A Preference Dividend**" means, in respect of each A Preference Share, a cumulative preferential cash dividend payable by the company equal to 50% (fifty percent) of the Net Economic Profits divided by the number of A Preference Shares in issue;

45.1.3 "**AMH**" means Associated Motor Holdings (Proprietary) Limited (Registration No. 1969/002321/07), a subsidiary of Imperial;

45.1.4 "**AMH Group**" means:

45.1.4.1 AMH;

45.1.4.2 AMH's subsidiaries from time to time registered and operating in the Republic of South Africa;

45.1.4.3 AMH's associates registered and operating in the Republic of South Africa; and

45.1.4.4 AMH's business divisions, including, without limiting the generality, the motor divisions and motor-dealership divisions of AMH and its subsidiaries and Independent Dealerships of the AMH Group from time to time;

- 45.1.5 "**Basel Accords**" means the recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision from time to time in terms of which Basel III is the third of the Basel Accords;
- 45.1.6 "**B Preference Shares**" means the class "B" redeemable cumulative preference shares of R0.0001 (one hundredth of a cent) each in the capital of the company ranking *pari passu* with the A Preference Shares;
- 45.1.7 "**Designated Issue Price**" means R0.0001 (one hundredth of a cent) per A Preference Share;
- 45.1.8 "**Dividend Date**" means 30 June or 31 December of each year;
- 45.1.9 "**Dividend Payment Date**" means a date not later than 60 (sixty) days after a Dividend Date, save in respect of the Dividend Period which ends immediately after the expiry of the Wind-down Period, in which event the period shall be 67 (sixty seven) days;
- 45.1.10 "**Dividend Period**" means each period of 6 (six) months ending on a Dividend Date, provided that the first dividend period shall commence on the date on which the company first allots and issues A Preference Shares to Imperial and endure until 30 June or 31 December, whichever date shall first occur, which shall not occur for so long as Imperial holds the class "A" redeemable, cumulative preference shares in IBL;
- 45.1.11 "**Division**" means a specialist finance division established by IBL to provide Motor Vehicle Asset Finance in respect of business introduced and/or originated by the AMH Group and the Imperial Group with effect from 1 March 2010 as a sub-division of MFC and which was separately accounted for by IBL until the Transfer to the company, from which date the company operated it on that basis;
- 45.1.12 "**Funding Cost**" means the cost of the funding (including a charge for capital usage) which will be provided by the company in respect of the Loans, determined in accordance with the company's funding model, which is set out below as **Schedule 1** to this Article 45;
- 45.1.13 "**IFRS**" means International Financial Reporting Standards from time to time;
- 45.1.14 "**Imperial**" means Imperial Holdings Limited (Registration No. 1946/021048/06);
- 45.1.15 "**IBL**" means Imperial Bank Limited (Registration No. 1995/012641/06), which has changed its name to IBL Asset Finance and Services Limited;
- 45.1.16 "**Imperial Customer**" means any person who:
- 45.1.16.1 in respect of a motor vehicle purchase transaction concluded with any member of the Imperial Group, is granted Motor Vehicle Asset Finance by the company or was granted Motor Vehicle Asset Finance by IBL prior to the Transfer through the A Division in respect of that transaction as a result of an introduction by a member of the Imperial Group, but excluding any such customer who, without any intervention on the part of any member of the Imperial Group, obtains prearranged finance from the company in respect of that transaction; or
- 45.1.16.2 concludes a Vehicle Finance Transaction with any member of the Imperial Group, which agreement is subsequently ceded by that member of the Imperial Group to the company;
- 45.1.17 "**Imperial Group**" means:
- 45.1.17.1 Imperial;
- 45.1.17.2 Imperial's subsidiaries from time to time registered and operating in the Republic of South Africa;
- 45.1.17.3 Imperial's associates registered and operating in the Republic of South Africa; and
- 45.1.17.4 Imperial's business divisions, including, without limiting the generality, the motor divisions and motor-dealership divisions of Imperial and its subsidiaries, including Autopedegree (a sub-division of Imperial's car rental and tourism division) and Independent Dealerships of the Imperial Group from time to time,
- but excluding the AMH Group;
- 45.1.18 "**Independent Dealerships**" means motor vehicle dealerships and sub-dealerships (registered or operating within the Republic of South Africa) which retail vehicles that are imported into the Republic of South Africa by any member of the Imperial Group;

- 45.1.19 "**Loan**" means the Motor Vehicle Asset Finance provided by IBL prior to the Transfer and thereafter by the company (through the A Division) to an Imperial Customer referred to in Article 45.1.16.1, or Motor Vehicle Asset Finance by a member of the Imperial Group referred to in Article 45.1.16.2, which is then ceded to the company or was then ceded to IBL prior to the Transfer (including, but not limited to, associated insurance products sold by the company or IBL prior to the Transfer which are ancillary to such loans, such as credit life products, but excluding any such insurance products which are sold and/or placed directly by any member of the Imperial Group referred to in Article 45.1.17.4, or any member of the AMH Group referred to in Article 45.1.4.4, or NGL and any member of its group, including its holding companies and subsidiaries from time to time) and any other products which the company and Imperial agree in writing;
- 45.1.20 "**Loan Administration Costs**" means the origination and aftercare administration costs incurred by the company or IBL prior to the Transfer (through the A Division) in respect of each Loan, determined in accordance with **Schedule 2** to this Article 45;
- 45.1.21 "**MFC**" means Motor Finance Corporation, the vehicle finance division of the company;
- 45.1.22 "**Motor Vehicle Asset Finance**" means the provision of finance in respect of a Vehicle Finance Transaction;
- 45.1.23 "**Net Economic Loss**" means the Specified Income less the Specified Costs in respect of each Dividend Period, if the resultant figure is a negative amount, reduced by the Notional Tax Percentage;
- 45.1.24 "**Net Economic Profits**" means the Specified Income less the Specified Costs in respect of each Dividend Period reduced by the Notional Tax Percentage and then reduced by STC;
- 45.1.25 "**NGL**" means Nedbank Group Limited (Registration No. 1966/010630/06);
- 45.1.26 "**Notional Tax Percentage**" means the statutory tax rate applicable to companies from time to time;
- 45.1.27 "**Participation Agreement**" means the agreement between the company, IBL, Imperial and AMH dated 14 September 2009, as amended;
- 45.1.28 "**Specified Costs**" means the aggregate of the following costs and charges in respect of the A Division:
- 45.1.28.1 the Funding Cost;
  - 45.1.28.2 the Loan Administration Costs;
  - 45.1.28.3 direct costs borne by the company or IBL prior to the Transfer in the provision of the Loans or in relation to the establishment of online access between the company and the Imperial Group or in respect of data management services as contemplated in the Participation Agreement, if agreed to by the holder of the A Preference Shares, failing which any such costs, although any actually incurred by the company or IBL prior to the Transfer, shall not form part of the Specified Costs;
  - 45.1.28.4 provision for those Loans which are irrecoverable or doubtful in accordance with the company's policies from time to time;
  - 45.1.28.5 any impairment charges attributable to the Loans calculated in accordance with IFRS and as required by the Basel Accords and the associated requirements of the South African Reserve Bank and any other regulations, policies and/or methodologies adopted by the company from time to time;
  - 45.1.28.6 any costs, as agreed to by the company and the holder of the A Preference Shares and, failing agreement, as determined by the expert (as defined in the Participation Agreement), whose determination shall be final and binding, incurred by the company in respect of compliance with any additional or changed regulatory requirements which may be imposed on the company subsequent to the issue of the A Preference Shares in terms of any banking legislation and/or amendments to the Basel Accords and the associated requirements of the South African Reserve Bank;
- 45.1.29 "**Specified Income**" means the aggregate of all income from interest, fees and any other charges levied which is generated by and accrues to the A Division in respect of the provision of Loans, calculated in terms of IFRS;

- 45.1.30 "**Specified Shares**" means any class of shares in the capital of the company from time to time other than the ordinary shares and the B Preference Shares;
- 45.1.31 "**STC**" means the fraction, being  $10/(100+10)$ , where 10 represents the current statutory rate of secondary tax on companies, which rate may change and/or any other tax which may be levied or imposed on the company relating to dividends distributed by the company on the A Preference Shares from time to time;
- 45.1.32 "**Transfer**" means the transfer by IBL to the company in accordance with section 54 of the Banks Act, 1990 of the assets and liabilities of IBL in accordance with the terms and conditions of the agreement for the transfer of assets and liabilities (including the business) between the company and IBL dated 13 April 2010;
- 45.1.33 "**VAF Division**" means the motor vehicle finance division of the company;
- 45.1.34 "**Vehicle Finance Transaction**" means any transaction involving the sale or lease or other disposal of a motor vehicle on credit terms;
- 45.1.35 "**Wind-down Period**" means a period of 60 (sixty) months from the termination date (as defined in the Participation Agreement);
- 45.1.36 this Article 45 will be read, subject to the necessary adjustment to the schedules, to take account of changes to the Basel Accords and the associated requirements of the South African Reserve Bank and to banking legislation from time to time;
- 45.1.37 any reference to costs in this Article 45 shall be read subject to the adjustments made to the schedules to this Article 45 from time to time;
- 45.1.38 any references to tax (including STC) in this Article 45 will be subject to the necessary adjustment thereto to take account of changes to tax legislation from time to time as agreed to by the company and the holder of the A Preference Shares and, failing agreement, as determined by the expert (as defined in the Participation Agreement), whose determination shall be final and binding;
- 45.1.39 the term "**subsidiary**" shall bear the meaning assigned to it in the Companies Act;
- 45.1.40 the term "**associate**" shall bear the meaning assigned to it in the International Accounting Standard 28;
- 45.2 each A Preference Share shall rank, as regards dividends and return of capital:
- 45.2.1 *pari passu* with the B Preference Shares, unless at any particular time a dividend is not payable on the B Preference Shares;
- 45.2.2 after the Specified Shares;
- 45.2.3 prior to the ordinary shares in the capital of the company;
- 45.3 save as set out herein, the A Preference Shares will not be entitled to any participation in the profits or assets of the company, nor, on a winding-up or redemption, to any of the surplus assets of the company;
- 45.4 each A Preference Share shall confer on the holder thereof the right, after the dividends payable to the holders of the Specified Shares, but prior to dividends on the ordinary shares and if any dividends are payable on the B Preference Shares, then *pari passu* with the B Preference Shares, to receive a cumulative A Preference Dividend. Subject to first making provision for the dividends payable from time to time to the holders of the Specified Shares, the company shall declare an A Preference Dividend in respect of each A Preference Share for a Dividend Period if there are Net Economic Profits for that Dividend Period and if the company is able to comply with the requirements of solvency and liquidity;
- 45.5 the A Preference Dividends shall, in respect of any Dividend Period, be payable by not later than the relevant Dividend Payment Date. Any A Preference Dividend that is declared, but not paid, by such relevant Dividend Payment Date shall be in arrears;
- 45.6 on a winding-up of the company (but not on repayment of capital), the A Preference Shares shall confer the right on the holder thereof to repayment of an amount equal to the sum of the total Designated Issue Prices of the A Preference Shares and any arrears in A Preference Dividends (whether declared or not) calculated to the date of repayment;
- 45.7 if there is a Net Economic Loss during the period prior to the end of the Wind-down Period, the company shall advise the holder of the A Preference Shares in writing and the holder of the A Preference Shares shall within 60 (sixty) days of the relevant Dividend Period subscribe for 1 (one) A Preference Share for an issue price equal to 50% (fifty percent) of the Net Economic Loss. After the expiry of the Wind-down Period as regards the Dividend Period immediately succeeding the expiry of the Wind-down Period, if a Net Economic



Loss arises, the provisions of this Article 45.7 shall apply, notwithstanding that almost immediately thereafter the A Preference Shares shall be redeemed as contemplated in Article 45.12;

- 45.8 the A Preference Shares shall not be redeemed and the holder of the A Preference Shares shall not be entitled to receive any A Preference Dividends until the holder of the A Preference Shares has complied with its obligations, if any, in Article 45.7;
- 45.9 the registered holders of the A Preference Shares shall have the right to receive notice of and to attend any general meeting of the company but not be entitled to vote, either in person or by proxy, at any general meeting of the company, by virtue of or in respect of the A Preference Shares, unless any one or more of the following circumstances prevail at the date of the meeting:
- 45.9.1 the A Preference Dividend or any part thereof, whether declared or not, remains in arrears and unpaid after 7 (seven) days from the relevant Dividend Payment Date;
- 45.9.2 any redemption payment remains in arrears and unpaid after 7 (seven) days from the due date thereof;
- 45.9.3 a resolution of the company is proposed (in which event the holders of the A Preference Shares shall be entitled to vote only on such resolution) which directly adversely affects the rights attached to the A Preference Shares or interests of the holders thereof, which shall include any resolution for:
- 45.9.3.1 the winding-up of the company;
- 45.9.3.2 the disposal of the Division or greater part of the Division;
- 45.9.3.3 the redemption of the A Preference Shares.
- The rights attaching to the A Preference Shares and the interests of the holders thereof shall not be regarded as being directly or adversely affected by:
- 45.9.3.4 any reduction of capital or any other act of the company contemplated in Article 45.9.3.2 if that does not materially adversely affect the operations of the A Division;
- 45.9.3.5 the creation and issue by the company of any further shares of any class, whether or not ranking in priority to the A Preference Shares, other than those shares which participate in the profits of the company attributable to or the assets of the A Division in priority to the A Preference Shares;
- 45.9.3.6 the disposal of the Division coupled with the right to holders of the A Preference Shares to exchange the A Preference Shares for preference shares in the transferee which are equivalent to or more beneficial than the A Preference Shares;
- 45.10 if each holder of the A Preference Shares is entitled to vote in respect of the A Preference Shares at a combined general meeting, such holder shall be entitled on a poll at the combined general meetings:
- 45.10.1 for so long as the company's issued share capital comprises shares with par value, to that proportion of the total votes in the company which the amount of the nominal value of each A Preference Share held by the holder bears to the aggregate amount of the nominal value of all shares entitled to be voted at such meeting;
- 45.10.2 when the company's issued share capital comprises shares of no par value, each holder shall be entitled on a poll (whether present in person or by proxy) to 1 (one) vote in respect of each A Preference Share held and the holder of each ordinary share shall be entitled to 1 (one) vote in respect of each such ordinary share;
- 45.11 notwithstanding the provisions of Article 45.9, the terms of the A Preference Shares may not be adversely modified, altered, varied, added to or abrogated without the prior written consent of the holders of 75% (seventy five percent) of the A Preference Shares or the prior sanction of a resolution passed at a separate class meeting of the holders of the A Preference Shares in the same manner, *mutatis mutandis*, as a special resolution;
- 45.12 subject to the provisions of the Companies Act, the company shall be obliged to redeem all, but not some, of the A Preference Shares on the Dividend Payment Date which first occurs after the expiry of the Winding-down Period, in full at an amount equal to the Designated Issue Price together with all arrears in and/or accrued dividends up to the date of redemption, whether declared or deemed to be declared and the preference dividends thereon shall cease to accrue from that date unless, upon surrender of the certificate for the A Preference Shares, payment of the redemption monies is not effected by the company;
- 45.13 the company shall not be liable to a holder of an A Preference Share for interest on any unclaimed redemption moneys.

## Schedule 1 – Funding Cost

The cost of the funding provided by the company to the A Division shall be calculated as follows:

an amount equal to the company's Basel III regulatory Total Capital Adequacy Ratio multiplied by the Risk Weighted Asset equivalent of the assets financed shall be funded using the company's weighted average cost of capital (WACC). This WACC shall be recalculated every quarter:

1. the company's Weighted Average Cost of Capital (WACC)

WACC shall be calculated as follows:

1.1  $WACC = ((OE * COC + LT * COLT + PF * COP) / (OE + LT + PF)) / (1 - \text{Tax Rate});$

1.2 OE = Group Total equity attributable to NGL's equity holders;

1.3 COC = Cost of NGL's ordinary equity using the formula: 10-year RSA government bond rate + Equity Risk premium (ERP) of 5.5% \* Beta of 1. ERP and Beta may vary, but only to the extent that they vary in NGL's own internal calculation of COC and the 10-year RSA government bond rate will vary with the RSA bond market;

1.4 LT = NGL's issued Long-Term Subordinated Regulatory Capital (including hybrids);

1.5 PF = Minority Shareholders' equity attributable to Preference Shareholders in NGL and its subsidiaries;

1.6 COP = the company's preference share rate (currently 75% of prime);

1.7 COLT = Weighted Average cost of NGL's and its subsidiaries' issued Long-Term Subordinated debt (including hybrids) expressed as an after-tax yield;

1.8 Tax rate = Marginal corporate tax rate expressed as a decimal (currently 0.28).

2. Subject to the company's credit requirements being met, the company will provide funding to the A Division at the Johannesburg Interbank agreed three-month rate (three-month JIBAR rate) from time to time:

2.1 plus an appropriate liquidity premium from time to time, aligning with the company's match maturity funds transfer pricing methodology. In order to determine the liquidity premium from the company's liquidity curve an appropriate behavioural duration will be determined per product. The behavioural duration is a measure on how long, on average, a loan remains on balance sheet, derived from the average loan profile including payment, prepayment, roll-overs and product optionality. For the purposes of this clause 2.1, the company's liquidity curve is defined as the difference between the marginal cost of funding for the company and the company swap curve. Liquidity premiums above JIBAR are currently quoted on Reuters screen 'NEDMM' out to two years. These premiums will be used as the basis for such pricing;

2.2 plus the cost of reserving as defined, from time to time, by the company. This cost typically includes the negative margin earned on holding liquid assets and cash reserve balances to support the funding of banks' assets.

3. If required, all rate calculations shall be certified by the auditors and a copy provided to the company and Imperial, and shall be subject to reasonable verification thereof as may be required by the company.

## Schedule 2 – Loan Administration Costs

1. The company shall annually, for its entire VAF Division (including the MFC), calculate the:
    - 1.1 origination cost per transaction; and
    - 1.2 the after-care cost per transaction,which will result in a total cost recovery for the VAF Division.
  2. The company shall then apply the derived divisional origination cost referred to in 1.1 above and after-care cost referred to in 1.2 above to the business introduced by the Imperial Group to the A Division in calculating a total cost recovery for the year (T1).
  3. The following factors will be applied to the business introduced to the A Division by the Imperial Group.

Origination cost per new account:  $R1\ 150$  (as at 31 December 2008)  $\times (1 + \text{CPI}_{2009}) \times (1 + \text{CPI}_{2010}) \times (1 + \text{CPI}_{y2011})$   
.....  $(1 + \text{CPI}_{\text{year } n})^*$

After-care cost per account in force:  $R46$  (as at 31 December 2008) per month  $\times (1 + \text{CPI}_{2009}) \times (1 + \text{CPI}_{2010}) \times (1 + \text{CPI}_{2011}) \times (1 + \text{CPI}_{\text{year } n})^*$

to derive a total cost recovery (T2).
  4. The actual cost recovery for the purpose of Article 45.1.28.2 will be the lower of T1 or T2.
- \* CPI for All Urban Areas, being the headline measure of inflation published by Statistics South Africa, being the weighted average consumer price index for all urban areas, with the relevant base being that applicable on the effective date.

46. **RIGHTS AND PRIVILEGES ATTACHING TO THE CLASS "B" REDEEMABLE, CUMULATIVE PREFERENCE SHARES**

The following rights and privileges shall attach to the class "B" redeemable, cumulative preference shares of R0.0001 (one hundredth of a cent) each in the capital of the company ("**the B Preference Shares**"):

46.1 For the purposes of this Article 46, the following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely:

46.1.1 "**A Preference Shares**" means the class "A" redeemable cumulative preference shares of R0.0001 (one hundredth of a cent) each in the capital of the company ranking *pari passu* with the B Preference Shares;

46.1.2 "**AMH**" means Associated Motor Holdings (Proprietary) Limited (Registration No. 1969/002321/07), a subsidiary of Imperial;

46.1.3 "**AMH Customer**" means any person who:

46.1.3.1 in respect of a motor vehicle purchase transaction concluded with any member of the AMH Group, is granted Motor Vehicle Asset Finance by the company or was granted Motor Vehicle Asset Finance by IBL prior to the Transfer through the B Division in respect of that transaction, but excluding any such customer who, without any intervention on the part of any member of the AMH Group, obtains prearranged finance from the company in respect of that transaction; or

46.1.3.2 concludes a Vehicle Finance Transaction with any member of the AMH Group, which agreement is subsequently ceded by that member of the AMH Group to the company;

46.1.4 "**AMH Group**" means:

46.1.4.1 AMH;

46.1.4.2 AMH's subsidiaries from time to time registered and operating in the Republic of South Africa;

46.1.4.3 AMH's associates registered and operating in the Republic of South Africa; and

46.1.4.4 AMH's business divisions, including, without limiting the generality, the motor divisions and motor-dealership divisions of AMH and its subsidiaries and Independent Dealerships of the AMH Group from time to time;

46.1.5 "**Basel Accords**" means the recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision from time to time in terms of which Basel III is the third of the Basel Accords;

46.1.6 "**B Division**" means the section of the Division, which is separately accounted for, to provide Motor Vehicle Asset Finance in respect of business introduced to the B Division by and/or originated by the AMH Group, in terms of the Participation Agreement;

46.1.7 "**B Preference Dividend**" means, in respect of each B Preference Share, a cumulative preferential cash dividend payable by the company equal to 50% (fifty percent) of the Net Economic Profits divided by the number of B Preference Shares in issue;

46.1.8 "**Designated Issue Price**" means R0.0001 (one hundredth of a cent) per B Preference Share;

46.1.9 "**Dividend Date**" means 30 June or 31 December of each year;

46.1.10 "**Dividend Payment Date**" means a date not later than 60 (sixty) days after a Dividend Date, save in respect of the Dividend Period which ends immediately after the expiry of the Wind-down Period, in which event the period shall be 67 (sixty seven) days, which shall not occur for so long as AMH holds the class B redeemable, cumulative preference shares in IBL;

46.1.11 "**Dividend Period**" means each period of 6 (six) months ending on a Dividend Date, provided that the first dividend period shall commence on the date on which the company first allots and issues B Preference Shares to AMH and endure until 31 December or 30 June, whichever date shall first occur;

46.1.12 "**Division**" means a specialist finance division established by IBL to provide Motor Vehicle Asset Finance in respect of business introduced and/or originated by the AMH Group and the Imperial Group with effect from 1 March 2010 as a sub-division of MFC and which was separately accounted for by IBL until Transfer to the company, from which date the company operated it on that basis;

- 46.1.13 "**Funding Cost**" means the cost of the funding of the B Division (including a charge for capital usage) which will be provided by the company in respect of the Loans, determined in accordance with the company's funding model, which is set out below as **Schedule 1** to this Article 46;
- 46.1.14 "**IFRS**" means International Financial Reporting Standards from time to time;
- 46.1.15 "**Imperial**" means Imperial Holdings Limited (Registration No. 1946/021048/06);
- 46.1.16 "**IBL**" means Imperial Bank Limited (Registration No. 1995/012641/06) (which has changed its name to IBL Asset Finance and Services Limited);
- 46.1.17 "**Imperial Group**" means:
- 46.1.17.1 Imperial;
  - 46.1.17.2 Imperial's subsidiaries from time to time registered and operating in the Republic of South Africa;
  - 46.1.17.3 Imperial's associates registered and operating in the Republic of South Africa; and
  - 46.1.17.4 Imperial's business divisions, including, without limiting the generality, the motor divisions and motor-dealership divisions of Imperial and its subsidiaries, including Autopedegree (a sub-division of Imperial's car rental and tourism division) and Independent Dealerships of the Imperial Group from time to time,
- but excluding the AMH Group;
- 46.1.18 "**Independent Dealerships**" means motor vehicle dealerships and sub-dealerships (registered or operating within the Republic of South Africa) which retail vehicles that are imported into the Republic of South Africa by any member of the AMH Group;
- 46.1.19 "**Loan**" means the Motor Vehicle Asset Finance provided by or IBL prior to the Transfer and thereafter by the company (through the B Division) to an AMH Customer referred to in Article 46.1.3.1, or Motor Vehicle Asset Finance by a member of the AMH Group referred to in Article 46.1.3.2, which is then ceded to the company or was then ceded to IBL prior to the Transfer (including, but not limited to, associated insurance products sold by the company or IBL prior to the Transfer which are ancillary to such loans, such as credit life products, but excluding any such insurance products which are sold and/or placed directly by any member of the AMH Group referred to in Article 46.1.4.4, or any member of the Imperial Group referred to in Article 46.1.17.4, or NGL and any member of its group, including its holding companies and subsidiaries from time to time) and any other products which the company and Imperial agree in writing;
- 46.1.20 "**Loan Administration Costs**" means the origination and aftercare administration costs incurred by the company or IBL prior to the Transfer (through the B Division) in respect of each Loan, determined in accordance with **Schedule 2** to this Article 46;
- 46.1.21 "**MFC**" means Motor Finance Corporation, the vehicle finance division of the company;
- 46.1.22 "**Motor Vehicle Asset Finance**" means the provision of finance in respect of a Vehicle Finance Transaction;
- 46.1.23 "**Net Economic Loss**" means the Specified Income less the Specified Costs in respect of each Dividend Period, if the resultant figure is a negative amount, reduced by the Notional Tax Percentage;
- 46.1.24 "**Net Economic Profits**" means the Specified Income less the Specified Costs in respect of each Dividend Period reduced by the Notional Tax Percentage and then reduced by STC;
- 46.1.25 "**NGL**" means Nedbank Group Limited (Registration No. 1966/010630/06);
- 46.1.26 "**Notional Tax Percentage**" means the statutory tax rate applicable to companies from time to time;
- 46.1.27 "**Participation Agreement**" means the agreement between the company, IBL, Imperial and AMH dated 14 September 2009, as amended;
- 46.1.28 "**Specified Costs**" means the aggregate of the following costs and charges in respect of the B Division:
- 46.1.28.1 the Funding Cost;
  - 46.1.28.2 the Loan Administration Costs;

- 46.1.28.3 direct costs borne by the company or IBL prior to the Transfer (in relation to the B Division) in the provision of the Loans or in relation to the establishment of online access between the company and the AMH Group or in respect of data management services as contemplated in the Participation Agreement, if agreed to by the holder of the A Preference Shares, failing which any such costs, although any actually incurred by the company or IBL prior to the Transfer, shall not form part of the Specified Costs;
  - 46.1.28.4 provision for those Loans which are irrecoverable or doubtful in accordance with the company's policies from time to time;
  - 46.1.28.5 any impairment charges attributable to the Loans calculated in accordance with IFRS and, as required by Basel Accords and the associated requirements of the South African Reserve Bank and any other regulations, policies and/or methodologies adopted by the company from time to time;
  - 46.1.28.6 any costs, as agreed to by the company and the holder of the A Preference Shares and, failing agreement, as determined by the expert (as defined in the Participation Agreement), whose determination shall be final and binding, which may be incurred by the company in respect of compliance with any additional or changed regulatory requirements which may be imposed on the company subsequent to the issue of the B Preference Shares, in terms of any banking legislation and/or amendments to the Basel Accords and the associated requirements of the South African Reserve Bank;
- 46.1.29 "**Specified Income**" means the aggregate of all income from interest, fees and any other charges levied which is generated by and accrues to the B Division in respect of the provision of Loans, calculated in terms of IFRS;
  - 46.1.30 "**Specified Shares**" means any class of shares in the capital of the company from time to time other than the ordinary shares and the A Preference Shares;
  - 46.1.31 "**STC**" means the fraction, being  $10/(100+10)$ , where 10 represents the current statutory rate of secondary tax on companies, which rate may change and/or any other tax which may be levied or imposed on the company relating to dividends distributed by the company on the B Preference Shares from time to time;
  - 46.1.32 "**Transfer**" means the transfer by IBL to the company in accordance with section 54 of the Banks Act, 1990 of the assets and liabilities of IBL in accordance with the terms and conditions of the agreement for the transfer of assets and liabilities (including the business) between the company and IBL dated 13 April 2010;
  - 46.1.33 "**VAF Division**" means the motor vehicle finance division of the company;
  - 46.1.34 "**Vehicle Finance Transaction**" means any transaction involving the sale or lease or other disposal of a motor vehicle on credit terms;
  - 46.1.35 "**Wind-down Period**" means a period of 60 (sixty) months from the termination date (as defined in the Participation Agreement);
  - 46.1.36 this Article 46 will be read, subject to the necessary adjustment to the schedules, to take account of changes to the Basel Accords and the associated requirements of the South African Reserve Bank and banking legislation from time to time;
  - 46.1.37 any reference to costs in this Article 46 shall be read subject to the adjustments made to the schedules to this Article 46 from time to time;
  - 46.1.38 any references to tax (including STC) in this Article 46 will be subject to the necessary adjustment thereto to take account of changes to tax legislation from time to time as agreed to by the company and the holder of the A Preference Shares and, failing agreement, as determined by the expert (as defined in the Participation Agreement), whose determination shall be final and binding;
  - 46.1.39 the term "**subsidiary**" shall bear the meaning assigned to it in the Companies Act;
  - 46.1.40 the term "**associate**" shall bear the meaning assigned to it in the International Accounting Standard 28;

- 46.2 each B Preference Share shall rank, as regards dividends and return of capital:
- 46.2.1 *pari passu* with the A Preference Shares, unless at any particular time a dividend is not payable to the A Preference Shares;
  - 46.2.2 after the Specified Shares;
  - 46.2.3 prior to the ordinary shares in the capital of the company;
- 46.3 save as set out herein, the B Preference Shares will not be entitled to any participation in the profits or assets of the company, nor, on a winding-up or redemption, to any of the surplus assets of the company;
- 46.4 each B Preference Share shall confer on the holder thereof the right, after the dividends payable to the holders of the Specified Shares, but prior to dividends on the ordinary shares and if any dividends are payable on the A Preference Shares, then *pari passu* with the A Preference Shares, to receive a cumulative B Preference Dividend. Subject to first making provision for the dividends payable from time to time to the holders of the Specified Shares, the company shall declare a B Preference Dividend in respect of each B Preference Share for a Dividend Period if there are Net Economic Profits for the Dividend Period and if the company is able to comply with the requirements of solvency and liquidity;
- 46.5 the B Preference Dividends shall, in respect of any Dividend Period, be payable by not later than the relevant Dividend Payment Date. Any B Preference Dividend that is declared, but not paid, by such relevant Dividend Payment Date shall be in arrears;
- 46.6 on a winding-up of the company (but not on repayment of capital), the B Preference Shares shall confer the right on the holder thereof to repayment of an amount equal to the sum of the total Designated Issue Prices of the B Preference Shares and any arrears in B Preference Dividends (whether declared or not) calculated to the date of repayment;
- 46.7 if there is a Net Economic Loss during the period prior to the end of the Wind-down Period, the company shall advise the holder of the B Preference Shares in writing and the holder of the B Preference Shares shall within 60 (sixty) days of the relevant Dividend Period subscribe for 1 (one) B Preference Share for an issue price equal to 50% (fifty percent) of the Net Economic Loss. After the expiry of the Wind-down Period as regards the Dividend Period immediately succeeding the expiry of the Wind-down Period, if a Net Economic Loss arises, the provisions of this Article 46.7 shall apply, notwithstanding that almost immediately thereafter the B Preference Shares shall be redeemed as contemplated in Article 46.13;
- 46.8 the B Preference Shares shall not be redeemed and the holder of the B Preference Shares shall not be entitled to receive any B Preference Dividends until the holder of the B Preference Shares has complied with its obligations, if any, in Article 46.7;
- 46.9 the registered holders of the B Preference Shares shall have the right to receive notice of and to attend any general meeting of the company but not be entitled to vote, either in person or by proxy, at any general meeting of the company, by virtue of or in respect of the B Preference Shares, unless any one or more of the following circumstances prevail at the date of the meeting:
- 46.9.1 the B Preference Dividend or any part thereof, whether declared or not, remains in arrears and unpaid after 7 (seven) days from the relevant Dividend Payment Date;
  - 46.9.2 any redemption payment remains in arrears and unpaid after 7 (seven) days from the due date thereof;
  - 46.9.3 a resolution of the company is proposed (in which event the holders of the B Preference Shares shall be entitled to vote only on such resolution) which directly adversely affects the rights attached to the B Preference Shares or interests of the holders thereof, which shall include any resolution for:
    - 46.9.3.1 the winding-up of the company;
    - 46.9.3.2 the disposal of the Division or greater part of the Division;
    - 46.9.3.3 the redemption of the B Preference Shares.

The rights attaching to the B Preference Shares and the interests of the holders thereof shall not be regarded as being directly or adversely affected by:

    - 46.9.3.4 any reduction of capital or any other act of the company contemplated in Article 46.9.3.2 if that does not materially adversely affect the operations of the B Division;

- 46.9.3.5 the creation and issue by the company of any further shares of any class, whether or not ranking in priority to the A Preference Shares, other than those shares which participate in the profits of the company attributable to or the assets of the B Division in priority to the B Preference Shares;
  - 46.9.3.6 the disposal of the Division coupled with the right to holders of the B Preference Shares to exchange the B Preference Shares for preference shares in the transferee which are equivalent to or more beneficial than the B Preference Shares;
- 46.10 if each holder of the B Preference Shares is entitled to vote in respect of the B Preference Shares at a combined general meeting, such holder shall be entitled on a poll at the combined general meetings:
- 46.10.1 for so long as the company's issued share capital comprises shares with par value, to that proportion of the total votes in the company which the amount of the nominal value of each B Preference Share held by the holder bears to the aggregate amount of the nominal value of all shares entitled to be voted at such meeting;
  - 46.10.2 when the company's issued share capital comprises shares of no par value, each holder shall be entitled on a poll (whether present in person or by proxy) to 1 (one) vote in respect of each B Preference Share held and the holder of each ordinary share shall be entitled to 1 (one) vote in respect of each such ordinary share;
- 46.11 notwithstanding the provisions of Article 46.9, if the A Preference Shares are modified, altered, varied, added to or abrogated in accordance with their terms, the B Preference Shares shall also be modified, altered, varied, added to or abrogated in the same manner as the A Preference Shares, *mutatis mutandis*, and the holders of the B Preference Shares shall be deemed to have approved the modification, alteration, addition or abrogation to the B Preference Shares;
- 46.12 unless Article 46.11 applies, the terms of the B Preference Shares may not be adversely modified, altered, varied, added to or abrogated, without the prior written consent of the holders of 75% (seventy five percent) of the B Preference Shares or the prior sanction of a resolution passed at a separate class meeting of the holders of the B Preference Shares in the same manner, *mutatis mutandis*, as a special resolution;
- 46.13 subject to the provisions of the Companies Act, the company shall be obliged to redeem all, but not some, of the B Preference Shares on the Dividend Payment Date which first occurs after the expiry of the Winding-down Period, in full at an amount equal to the Designated Issue Price together with all arrears in and/or accrued dividends up to the date of redemption, whether declared or deemed to be declared and the preference dividends thereon shall cease to accrue from that date unless, upon surrender of the certificate for the B Preference Shares, payment of the redemption monies is not effected by the company;
- 46.14 the company shall not be liable to a holder of a B Preference Share for interest on any unclaimed redemption moneys.



## Schedule 1 – Funding Cost

The cost of the funding provided by the company to the B Division shall be calculated as follows:

an amount equal to the company's Basel III regulatory Total Capital Adequacy Ratio multiplied by the Risk Weighted Asset equivalent of the assets financed shall be funded using the company's weighted average cost of capital (WACC). This WACC shall be recalculated every quarter:

1. the company's Weighted Average Cost of Capital (WACC)

WACC shall be calculated as follows:

1.1 
$$WACC = ((OE * COC + LT * COLT + PF * COP) / (OE + LT + PF)) / (1 - \text{Tax Rate});$$

1.2 OE = Group Total equity attributable to NGL's equity holders;

1.3 COC = Cost of NGL's ordinary equity using the formula: 10-year RSA government bond rate + Equity Risk premium (ERP) of 5.5% \* Beta of 1. ERP and Beta may vary but only to the extent that they vary in NGL's own internal calculation of COC and the 10-year RSA government bond rate will vary with the RSA bond market;

1.4 LT = NGL's issued Long-Term Subordinated Regulatory Capital (including hybrids);

1.5 PF = Minority Shareholders equity attributable to Preference Shareholders in NGL and its subsidiaries;

1.6 COP = the company's preference share rate (currently 75% of prime);

1.7 COLT = Weighted Average cost of NGL's and its subsidiaries' issued Long-Term Subordinated debt (including hybrids) expressed as an after-tax yield;

1.8 Tax rate = Marginal corporate tax rate expressed as a decimal (currently 0.28).

2. Subject to the company's credit requirements being met, the company will provide funding to the B Division at the Johannesburg Interbank Agreed three-month rate (three-month JIBAR rate) from time to time:

2.1 plus an appropriate liquidity premium from time to time, aligning with the company's match maturity funds transfer pricing methodology. In order to determine the liquidity premium from the company's liquidity curve an appropriate behavioural duration will be determined per product. The behavioural duration is a measure on how long, on average, a loan remains on balance sheet, derived from the average loan profile including payment, prepayment, roll-overs and product optionality. For the purposes of this clause 2.1, the company's liquidity curve is defined as the difference between the marginal cost of funding for the company and the company swap curve. Liquidity premiums above JIBAR are currently quoted on Reuters screen 'NEDMM' out to two years. These premiums will be used as the basis for such pricing;

2.2 plus the cost of reserving as defined, from time to time, by the company. This cost typically includes the negative margin earned on holding liquid assets and cash reserve balances to support the funding of banks' assets.

3. If required, all rate calculations shall be certified by the auditors and a copy provided to the company and Imperial and shall be subject to reasonable verification thereof as may be required by the company.

## Schedule 2 – Loan Administration Costs

1. The company shall annually, for its entire VAF Division (including MFC), calculate the:
  - 1.1 origination cost per transaction; and
  - 1.2 the after-care cost per transactionwhich will result in a total cost recovery for the VAF Division.
2. The company shall then apply the derived divisional origination cost referred to in 1.1 above and after-care cost referred to in 1.2 above to the business introduced by the AMH Group to the B Division in calculating a total cost recovery for the year (T1).
3. The following factors will be applied to the business introduced to the B Division by the AMH Group.

Origination cost per new account:  $R1\ 150$  (as at 31 December 2008)  $\times (1+CPI_{2009}) \times (1+CPI_{2010}) \times (1+CPI_{y2011})$   
.....  $(1+CPI_{year\ n})^*$

After-care cost per account in force:  $R46$  (as at 31 December 2008) per month  $\times (1+CPI_{2009}) \times (1+CPI_{2010}) \times (1+CPI_{2011})$  .....  $(1+CPI_{year\ n})^*$

to derive a total cost recovery (T2).
4. The actual cost recovery for the purpose of Article 46.1.28.2 will be the lower of T1 or T2.

\*CPI for All Urban Areas, being the headline measure of inflation published by Statistics South Africa, being the weighted average consumer price index for all urban areas, with the relevant base being that applicable on the effective date.

## REASON FOR AND EFFECT OF SPECIAL RESOLUTION NUMBER 1

The reason for Special Resolution No. 1 is to amend the Memorandum of Incorporation of the Company to provide for the additional shares being authorised, namely 5 000 (five thousand) Class "A" redeemable cumulative preference shares ("A Preference Shares") and 5 000 (five thousand) Class "B" redeemable cumulative preference shares ("B Preference Shares") in the share capital of the Company. As the Company is a bank, it is still permitted, even after coming into force of the Companies Act, 2008, to create par value shares.

The effect of Special Resolution No. 1 is the creation of:

1. the A Preference Shares to enable them to be issued to Imperial Holdings Limited ("Imperial Holdings"). It was intended, in terms of clause 24.3 of the Preference Share Subscription and Participation Agreement entered into between the Company, Imperial Holdings, Associated Motor Holdings (Proprietary) Limited ("AMH") and Imperial Bank Limited (which has changed its name to IBL Asset Finance and Services Limited) ("IBL") on or about 14 September 2009 ("the Preference Share Subscription and Participation Agreement"), that the Company would, if possible, be substituted in place of IBL as the issuer of the Class "A" redeemable cumulative preference shares ("the IBL A Preference Shares") issued by IBL to Imperial Holdings. It is not possible for the Company to be substituted as the issuer of the IBL A Preference Shares in place of IBL. Therefore, it is necessary for the Company to create the necessary A Preference Shares. The Company will, subject to the necessary resolutions proposed at this meeting being passed and, where necessary, filed and other regulatory approvals being obtained, issue the A Preference Shares to Imperial Holdings.
2. the B Preference Shares to enable them to be issued to Associated Motor Holdings (Proprietary) Limited ("AMH"). It was intended, in terms of clause 24.3 of the Preference Share Subscription and Participation Agreement, that the Company would, if possible, be substituted in place of IBL as the issuer of the Class "B" redeemable cumulative preference shares ("the IBL B Preference Shares") issued by IBL to AMH. It is not possible for the Company to be substituted as the issuer of the IBL B Preference Shares in place of IBL. Therefore it is necessary for the Company to create the necessary B Preference Shares. The Company will, subject to necessary resolution proposed at this meeting being passed and, where necessary, filed and other regulatory approvals being obtained, issue the B Preference Shares to AMH.

## ORDINARY RESOLUTION NUMBER 1

**RESOLVED THAT** the directors of the Company be authorised as required by the Company's Memorandum of Incorporation, to allot and issue, from time to time, all or any of the:

1. 5 000 (five thousand) class "A" redeemable, cumulative preference shares with a par value of R0,0001 (one hundredth of a cent) each in the share capital of the Company to Imperial Holdings Limited; and

2. 5 000 (five thousand) class "B" redeemable, cumulative preference shares with a par value of R0,0001 (one hundredth of a cent) each in the capital of the Company to Associated Motor Holdings (Proprietary) Limited,

at such price as may be determined in accordance with and having regard to the provisions of clause 6 of the Preference Share, Subscription and Participation Agreement and the terms of the A and B Preference Shares themselves.

#### **REASON FOR AND EFFECT OF ORDINARY RESOLUTION NUMBER 1**

In terms of the provisions of the Companies Act, 2008, but for the provisions of the Company's Memorandum of Incorporation which requires the approval of the shareholders to be obtained, the directors alone would have had the authority to issue the A and B Preference Shares without the necessity to obtain the approval of the shareholders. The approval which will be granted by the passing of the resolution will comply with the requirements imposed by the Company's Memorandum of Incorporation to enable the directors to issue as many of the A and B Preference Shares as are needed from time to time. The intention is only to issue 100 A Preference Shares and 100 B Preference Shares at the outset. However, if losses are incurred as contemplated in articles 45.7 and 46.7 (see above), further A and B Preference Shares will be issued. The approval of JSE Limited, required in terms of the Company's Memorandum of Incorporation to any issue of shares, has been obtained.

#### **ORDINARY RESOLUTION NUMBER 2**

**RESOLVED THAT** any 2 (two) directors of the Company, whilst signing jointly, together with the company secretary be authorised to do all things necessary and sign all such documents as may be required to give effect to the special resolution and ordinary resolution set forth in this notice of general meeting.

#### **VOTING AND PROXIES**

The General Meeting is a combined meeting at which the holders of the Preference Shares and the holder of the ordinary shares in the Company are entitled to vote.

Each person entitled to attend and vote at the general meeting may appoint a proxy or proxies to attend, speak and vote or abstain from voting in his/her/its stead. A proxy need not be a person entitled to vote at the meeting. On a show of hands a person entitled to vote is entitled to only one vote, irrespective of the number of Preference Shares or ordinary shares he/she/it holds or represents.

On a poll each person entitled to vote at the meeting shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by him/her/it bears to the aggregate amount of the nominal value of all shares issued by the Company and carrying the right to vote.

A dematerialised holder of Preference Shares should furnish his/her/its Central Securities Depository Participant ("CSDP Participant") or broker with his/her/its instructions for voting at the general meeting. If a CSDP Participant or broker does not obtain instructions from a holder of Preference Shares, it will be obliged to act in terms of the mandate furnished to it. A dematerialised shareholder, other than an "own-name" dematerialised shareholder must NOT complete the attached form of proxy. Unless a dematerialised shareholder advises his/her/its CSDP Participant or broker in the manner and time stipulated in the agreement between them that he/she/it wishes to attend the general meeting or send a proxy, the CSDP Participant or broker will assume that he/she/it does not wish to attend the general meeting or send a proxy. If a dematerialised shareholder wishes to attend the general meeting, he/she/it is required to request that his/her/its CSDP Participant or broker issue the necessary letter of representation to him/her/it to enable him/her/it to attend and vote at the general meeting.

For purposes of section 63(1) of the Companies Act, 2008 any person attending or participating at the general meeting is required to present reasonably satisfactory identification to the satisfaction of the presiding chairperson. A South African identity document will be acceptable.

Dematerialised shareholders holding dematerialised shares in their "own-name", or certificated shareholders, who are unable to attend the general meeting and wish to be represented thereat, must complete the attached form of proxy in accordance with the instructions therein and deliver it to the registered offices of the company or transfer secretaries, the details of which are set out below. The form of proxy must be delivered no later than the date and time by which any proxy may exercise any rights of the shareholder at the general meeting.

Shareholders wishing to participate in the meeting through electronic facilities are requested to contact the Company Secretary on (011) 294-9107 by 5 October 2011 in order for reasonable access to be arranged.

A person who holds a beneficial interest in any certificated securities may vote in a matter at a meeting of shareholders, only to the extent that:

1. the beneficial interest includes the right to vote on the matter; and
2. the person's name is on the Company's register of disclosures as the holder of a beneficial interest, or the person holds a proxy appointment in respect of that matter from the registered holder of those securities.

**Hand deliveries to the registered office of the company to:**

Block A, Ground Floor  
Nedbank Sandton  
135 Rivonia Road  
Sandton, 2196

**Hand deliveries to the transfer secretary:**

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

**Postal deliveries to the registered office of the company to:**

Nedbank Sandton  
PO Box 1144  
Johannesburg  
2000

**Postal deliveries to the transfer secretary:**

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

BY ORDER OF THE BOARD OF NEDBANK

**G S Nienaber**

Sandton

9 September 2011

Secretary



# NEDBANK

## NEDBANK LIMITED

(Incorporated in the Republic of South Africa)

(Registration No. 1951/000009/06)

Share code: NBKP ISIN: ZAE000043667

("Nedbank" or "the Company")

### FORM OF PROXY

For use by certificated shareholders or dematerialised shareholders registered with "own-name" registration and others entitled to vote who are not the holders of dematerialised non-redeemable non-cumulative non-participating preference shares ("Preference Shares") only, at the combined general meeting ("General Meeting") of the holders of the Preference Shares and ordinary shares to be held in the Executive Boardroom, Ground Floor, Block A, Nedbank Sandton, 135 Rivonia Road, Sandown, Sandton, at 17:30 on 11 October 2011 or immediately after the separate general meeting of the holders of the Preference Shares concludes, if that is later.

Dematerialised shareholders who are not "own-name" registered shareholders must inform their CSDP Participant or broker of their intention to attend the General Meeting and request their CSDP Participant or broker to issue them with the necessary documentation to attend the general meeting in person and vote, or provide their CSDP Participant or broker with their voting instructions should they not wish to attend the general meeting in person. Dematerialised shareholders who are not "own-name" registered shareholders should not use this form of proxy, but must contact their CSDP Participant or broker as the Company will take no responsibility for shareholders who do not contact their CSDP Participant or broker timeously.

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

of (address)

being the holders of  Preference Shares in the capital of the Company,  
 ordinary shares in the capital of the Company

do hereby appoint (see note):

- \_\_\_\_\_ or failing him/her,
- \_\_\_\_\_ or failing him/her,
- \_\_\_\_\_ or failing him/her,

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 Resolutions and Ordinary Resolutions to be proposed thereat and at each adjournment thereof and to abstain from voting for and/or against such resolution in respect of the Preference Shares and ordinary shares registered in my/our name in accordance with the following instructions:

Resolution	For	Against	Abstain
<b>Special Resolution Number 1</b> (Creation of class A and class B redeemable cumulative preference shares by amendment of the Company's Memorandum of Incorporation)			
<b>Ordinary Resolution Number 1</b> (Authority for the directors of the Company to issue the class A and B redeemable cumulative preference shares)			
<b>Ordinary Resolution Number 2</b> (General authority of the directors of the Company to act)			

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2011

Signature \_\_\_\_\_

Assisted by (where applicable) \_\_\_\_\_

A person entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and vote in place of that shareholder in the Company at the General Meeting. A proxy need not be a person entitled to vote at the meeting.

Please read the notes on the reverse hereof

**Notes to form of proxy:**

1. A person entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and vote or abstain from voting in his/her/its stead at the General Meeting. A proxy need not be a person entitled to vote at the meeting.
2. A certificated shareholder and an "own-name" registered dematerialised shareholder may insert the name of a proxy or the names of proxies of the certificated shareholder's or "own-name" registered dematerialised 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. Instructions to the proxy have to be indicated by the insertion of the relevant number of votes exercisable 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 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 appointer's votes exercisable thereat, 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 appointer's votes exercisable by that proxy.
4. The total number of votes for or against the Resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the person entitled to vote granting the 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 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 initialed by the signatory(ies).
8. The completion and lodging of this form of proxy shall not preclude the relevant person entitled to vote from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such person wish to do so.

Forms of proxy have to be lodged with or posted to the transfer secretaries, Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than the date and time by which any proxy may exercise any rights of the shareholder at the General Meeting.



