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NEDBANK
GROUP

NEDBANK GROUP LIMITED

NEDBANK BOARD GOVERNANCE ROADSHOW

16 – 17th April 2015

Dr Reuel Khoza (Chairman) | Malcolm Wyman (Senior Independent Director)

Vassi Naidoo (Chairman designate)

A Member of the  **OLDMUTUAL** Group

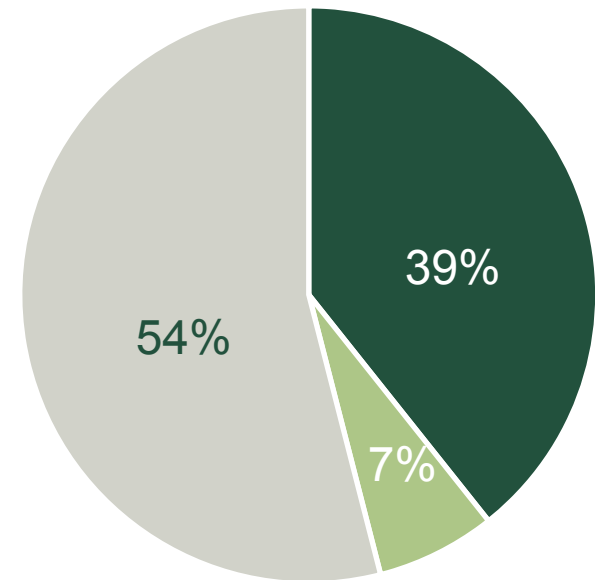
Objectives of the governance roadshow

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Nedbank Group shareholder base

- Nedbank Group's 2nd Governance roadshow
- Build strong relationships between the Nedbank Board & minority shareholders
- Proactively engage on governance matters ahead of the Nedbank Group AGM (11 May 2015)
- An opportunity to obtain minority shareholder input



- Minority shareholders
- Nedbank related
- Old Mutual Plc

Key areas of discussions during 2014 governance roadshow

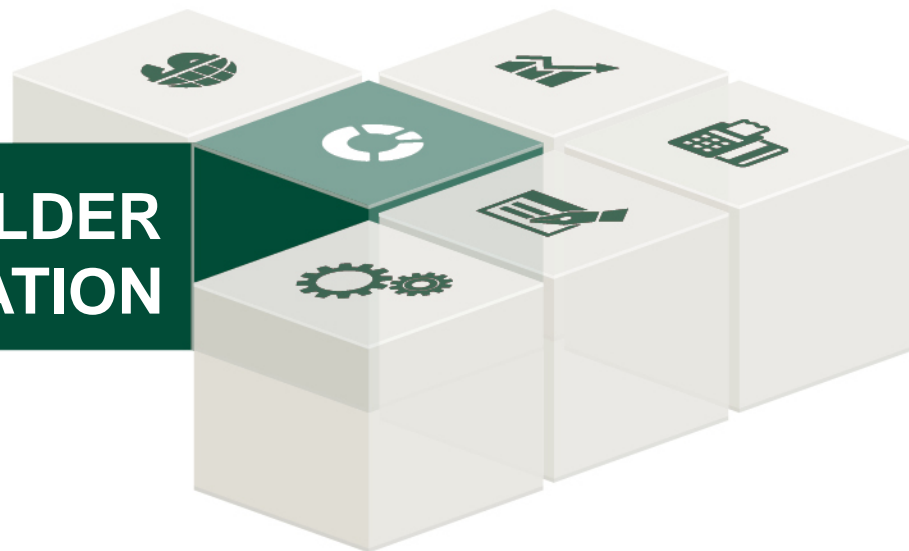
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Discussions	Developments
Minority interests	<ul style="list-style-type: none"> ▪ Maintained & strengthened Board independence through the appointment of 3 new independent board members
Board composition, skills & succession planning	<ul style="list-style-type: none"> ▪ Majority of Board independent post May 2015 retirements (currently majority is non-executive) ▪ Added experience in areas of IT, energy, financial services & Africa ▪ Chairman elect nominated (will be appointed to the Nedbank Boards as a non-executive director on 1 May 2015 & subject to election at the 11 May 2015 AGM will assume role as Chairman) ▪ Various appointments to Group Exco – depth of skills & experience, smooth succession planning processes
Ecobank rights	<ul style="list-style-type: none"> ▪ ETI addressing governance issues – new Board, CEO, action plan ▪ Acquired 20% in ETI for R5,9bn at less than 1,0x price to book ▪ Graham Dempster appointed to the ETI Board ▪ Constructive ETI shareholder engagements
Remuneration	<ul style="list-style-type: none"> ▪ Old Mutual Africa Champion LTI proposal ▪ Nedbank LTI scheme <p>Not implemented in draft format – Nedbank LTI scheme now reflecting strategic initiatives</p> <p>Changes to performance conditions: Strategic initiatives incorporated</p>

- Creating value for shareholders
- Nedbank Group strategy
- Board matters
- Relationship with shareholders
- Remuneration policy
- Corporate citizenship
- Resolutions to be voted on at AGM

**FOCUS ON SHAREHOLDER
VALUE CREATION**



Continued focus on drivers of shareholder value creation

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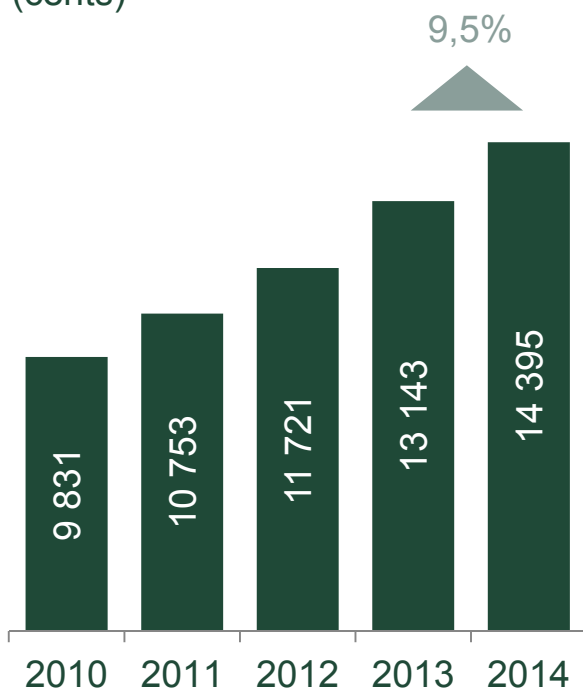


NAV

ROE > COE

Dividends

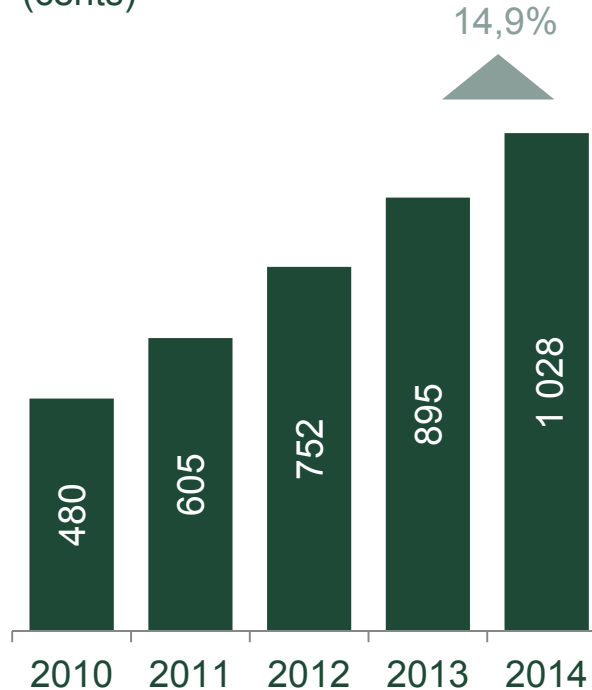
NAV per share
(cents)



ROE & Cost of Equity
(%)



Full-year dividend per share
(cents)



Underpinned by solid CET1, surplus liquidity & high coverage

Medium-to-long-term targets

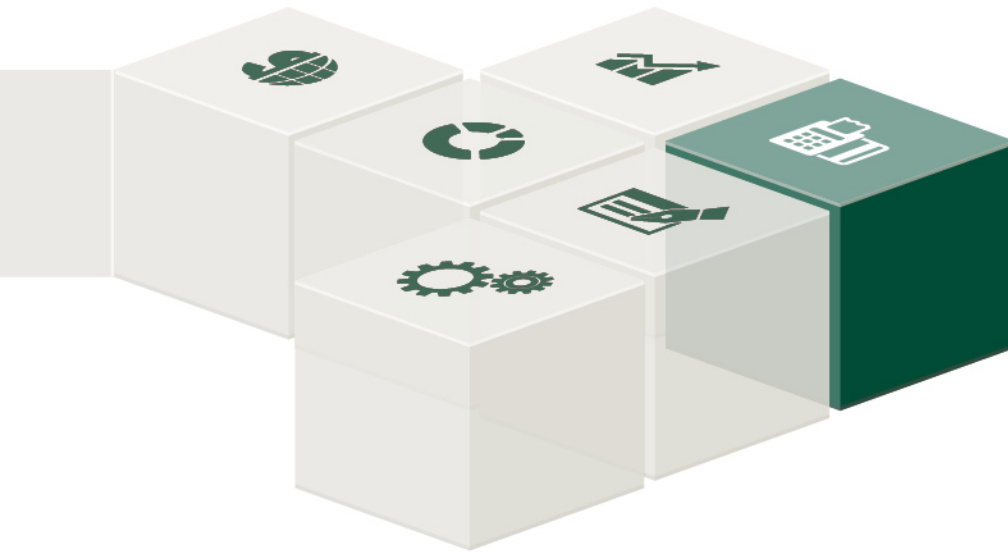
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Metric	2014		Medium-to-long-term target	2015 outlook ¹
ROE (excl goodwill)	17,2%	✘	5% above COE	Below target
Diluted HEPS growth	13,0%	✓	≥ CPI + GDP growth + 5%	> CPI + GDP growth
Credit loss ratio	79bps	✓	80 – 120 bps	At the lower end of our target range
NIR : expenses	82,8%	✘	> 85%	Below target
Efficiency ratio ²	56,5%	✘	50% - 53%	Above target
CET 1 CAR Tier 1 CAR Total CAR	B III 11,6% 12,5% 14,6%	✓	Basel III basis: 10,5% - 12,5% 11,5% - 13,0% 14,0% - 15,0%	Within target range
Dividend cover	2,07	✓	1,75 to 2,25 times	

¹ 2015 outlook based on current economic forecasts

² Efficiency ratio includes associate income & going forward this target will be reviewed in line with this change



NEDBANK GROUP STRATEGY

Strategic focus areas

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TO BE AFRICA'S MOST ADMIRABLE BANK

Grow
transactional
banking franchise

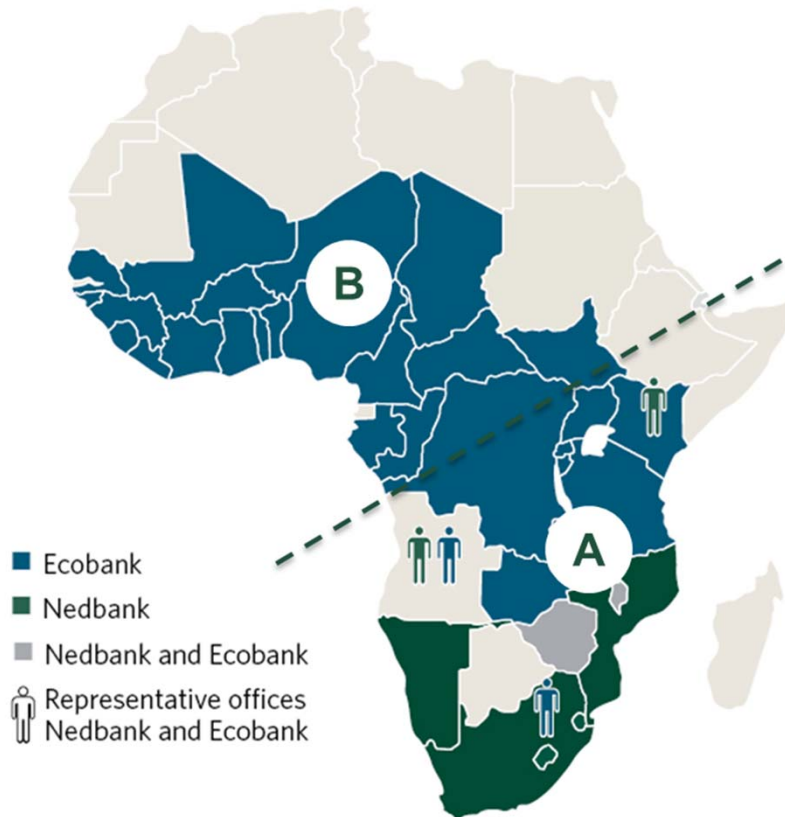
Optimise
and
invest

Client-centred
innovation

Strategic
portfolio
tilt

Pan-African
banking
network

A client-centred, risk-mitigated, capital-efficient, longer-term strategy



SADC & East Africa (A)

- Grow presence from 6 to 10 countries in the medium-term
- Standardised operating model & IT system
- Banco Unico (Mozambique): acquired 36,4% stake for R252m (with pathway to control)
- Coverage bankers in East & West Africa

West & Central Africa (B)

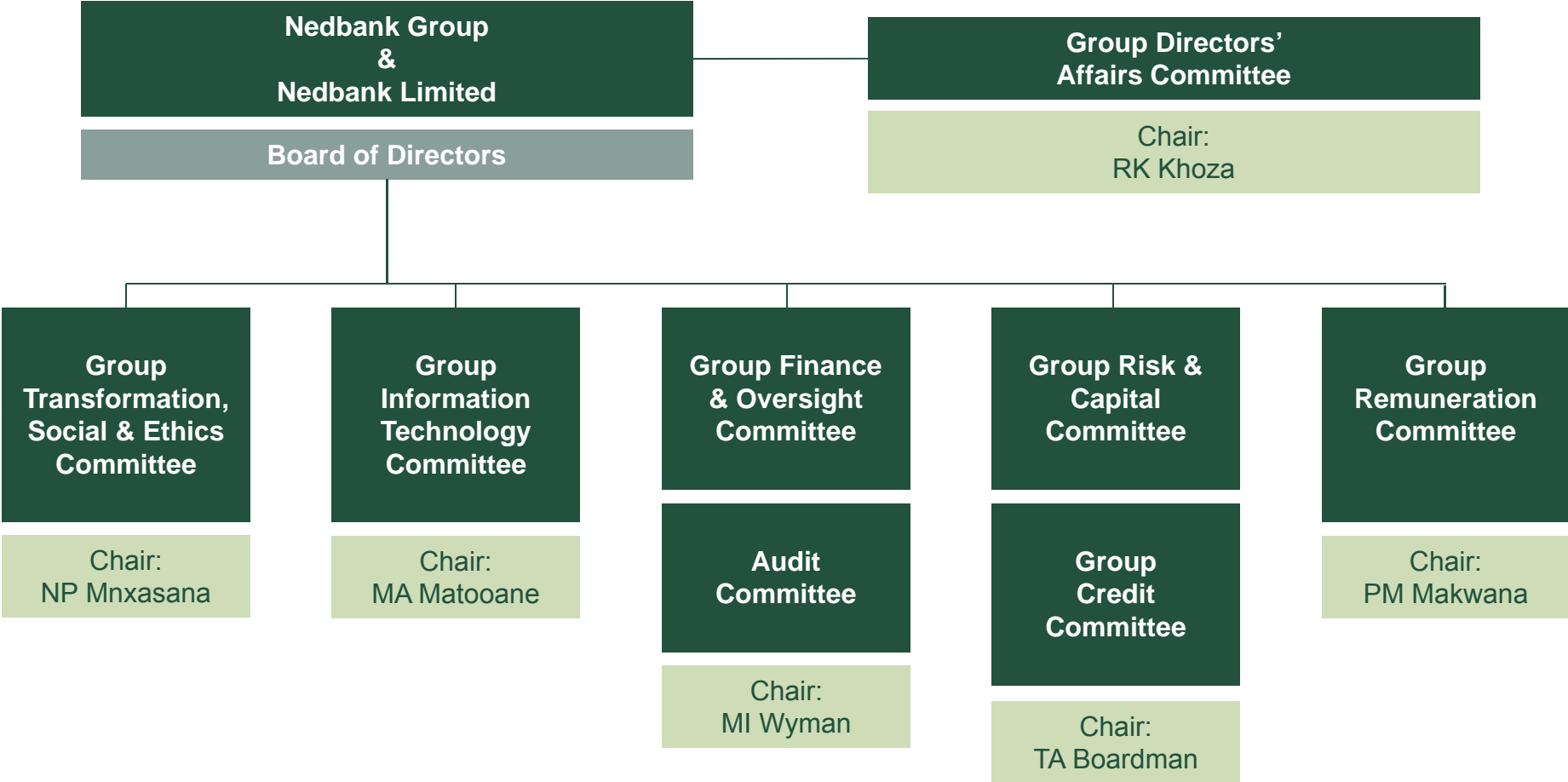
- Acquired 20% equity stake in ETI for \$493m in October 2014
- Ecobank strengthening its franchise
 - Presence in 36 countries
 - #1 in 6, top 3 in 14 countries
 - New Board, Chairman & CEO
- 70 Nedbank wholesale banking clients now bank with Ecobank

'One bank' experience for clients across 39 countries & >2 000 staffed outlets

BOARD MATTERS



Nedbank Board Governance



How the Nedbank Board engages with management

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▪ Board & membership & meeting participation

- Executive directors: Mike Brown, Mfundo Nkuhlu, Raisibe Morathi & Graham Dempster (retiring end May 2015)
- Management are permanent invitees to present & talk to their relevant businesses
- Management are recused from meetings when board members wish to hold closed sessions

▪ Annual strategic planning process

- Two-day Group Exco / Board offsite strategy retreat in June & approval in July
- Challenge & approval of three-year business plan presented by Group Exco in November
- Cluster executives provide regular strategic updates to Board

▪ Other

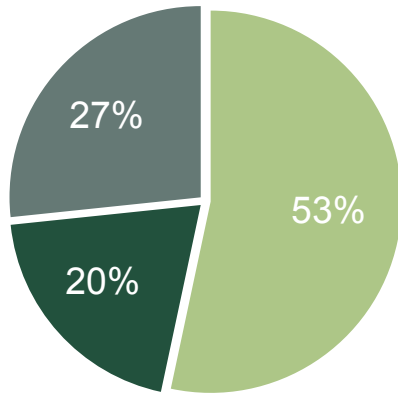
- Board onsite visits to various bank operations & business units (e.g. visits to operations in rest of Africa commence in 2015)
- One-to-one meetings may be requested by individual directors
- CEO Report prepared monthly provides a comprehensive feedback to the Board
- Increased interaction between Board & the bank's clients – boardmembers are invitees to client functions

Board composition as at 11 May 2015

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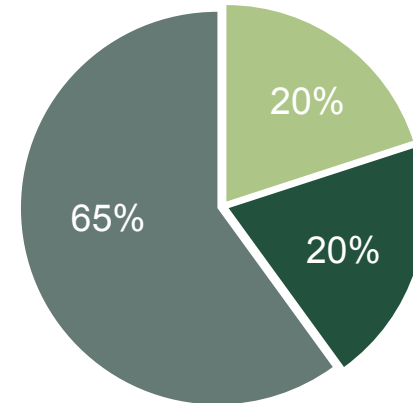


Independence of board (%)



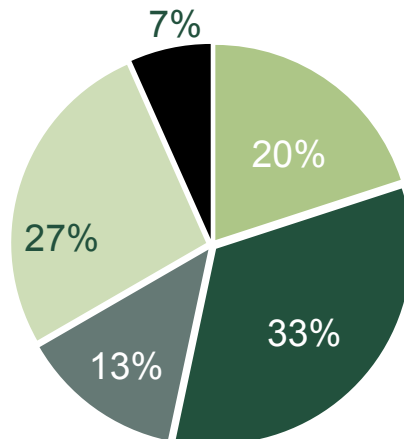
■ Independent ■ Executive ■ Non-executive

Old Mutual (OM) Plc & Nedbank Group (%)



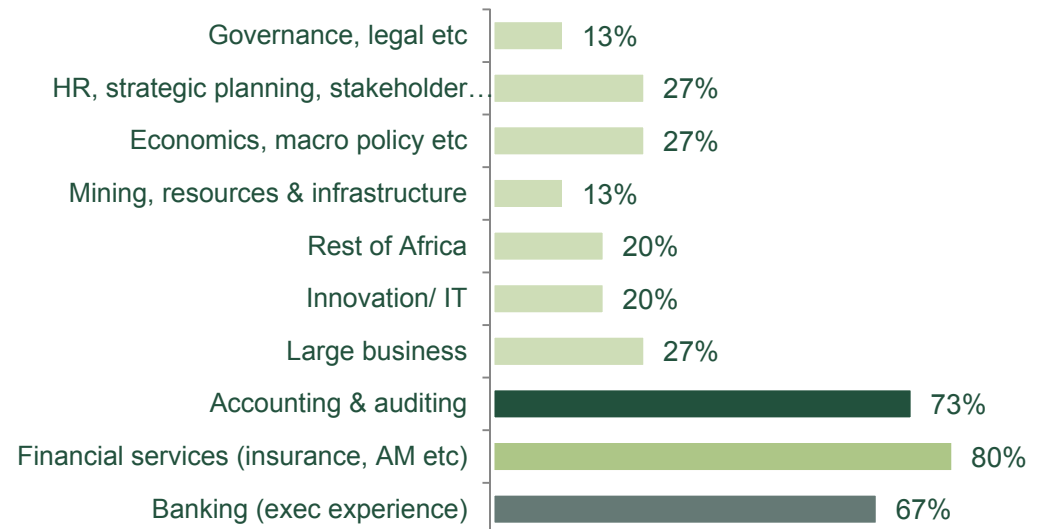
■ Old Mutual Plc ■ Nedbank Group ■ Other

Transformation (%)



■ SA EE (Female) ■ SA EE (Male)
 ■ SA (Non-EE) ■ UK
 ■ Africa

Skills (%)



- **Board directors scheduled to retire in May 2015**
 - Graham Dempster – *retiring from Board at 60 years as required*
 - Reuel Khoza – *may not serve on Board beyond 9 year term*
 - Mustaq Enus-Brey – *may not serve on Board beyond 9 year term*
 - Gloria Serobe – *may not serve on Board beyond 9 year term*

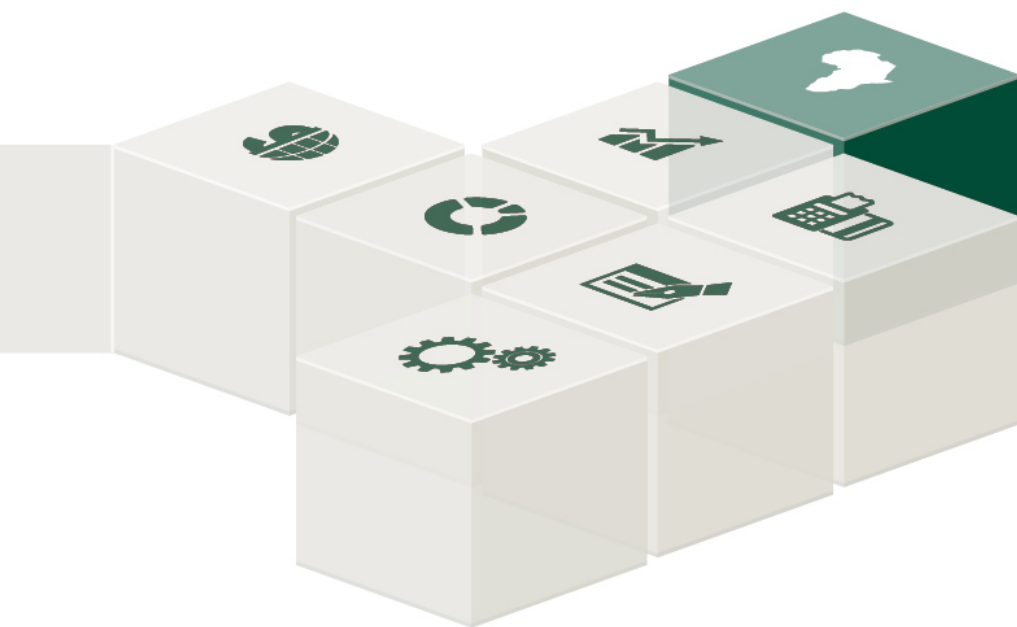
- **New Board members appointed in 2014 /5**
 - Vassi Naidoo (Non-Executive Director & Chairman designate – 1 May 2015, Chairman – 11 May 2015)
 - Mantsika Matookane (Independent Non-Executive Director)
 - Brian Dames (Independent Non-Executive Director)
 - David Adomakoh (Independent Non-Executive Director)
 - Paul Hanratty (Non-Independent Non-Executive Director)
 - Mfundo Nkuhlu (Executive Director)

- **Formal board continuity programme**
 - Focus on Board composition: expertise, diversity, retirement dates
 - Oversight from Group Directors' Affairs Committee & Board meetings

- **Size of Nedbank board impacted by the following requirements**
 - Additional independent directors
 - OM Plc board members (& previously BEE partners) deemed not independent
 - Reuel Khoza (Vassi Naidoo in the future) not deemed independent due to being on the board of OM Plc
 - Malcom Wyman fulfils the role of senior independent director
 - Resourcing various board committees
- **Added to the skillset in 2014 /5 to complement incumbent board members**
 - Vassi Naidoo – Financial Services, Rest of Africa / Global experience
 - Mantsika Matoane – IT experience
 - Brian Dames – Energy & Public Sector experience
 - David Adomakoh – Rest of Africa & Financial Services experience

- **Group Executive Committee (EXCO) members scheduled to retire in 2015**
 - Graham Dempster (Chief Operating Officer) – replaced by Mfundo Nkuhlu
 - John Bestbier (Group Executive: Strategic Planning & Economics) – to be replaced by Priya Naidoo (6 month handover in progress)

- **Changes to Group Exco**
 - Mfundo Nkuhlu (Managing Executive: Nedbank Corporate) – replaced by Brian Kennedy (integrated Nedbank Capital & Nedbank Corporate)
 - Ingrid Johnson (Managing Executive: Retail & BB) – replaced by Philip Wessels
 - Philip Wessels (CRO) – replaced by Trevor Adams
 - Trevor Adams (Group Executive: BSM) – replaced by Mike Davis
 - Dave Macready (Managing Executive: Nedbank Wealth) – to be replaced by Iolanda Ruggiero (1 May 2015)



OUR RELATIONSHIP WITH OUR SHAREHOLDERS

Relationship agreement between Nedbank Group & Old Mutual Plc

The close involvement of Nedbank Group in the Old Mutual group is for the **benefit of all Nedbank Group's shareholders** & thus the parties consider that there is an identity of the **interests of all shareholders** of Nedbank Group (i.e. the **majority & the minority shareholders**).

Engagement with minority shareholders (examples)

- Corporate action:
 - 2009: Acquisition of OM joint venture companies
 - 2010: Acquisition of minority shareholding in Imperial Bank
 - 2010: Proposal from HSBC to acquire a majority stake in Nedbank Group
- Business as usual, in 2014 held 350 individual meetings through various investor forums

Top 10 minority shareholders (at 31 December 2014)

- | | |
|--|---|
| ▪ Coronation Fund Managers (SA): 6,56% | ▪ Sanlam Investment Management (SA): 1,53% |
| ▪ Public Investment Corporation (SA): 6,37% | ▪ GIC (Singapore): 1,28% |
| ▪ Lazard Asset Management (US & UK): 2,70% | ▪ The Vanguard Group Inc (US): 1,21% |
| ▪ Dimensional Fund Advisors (US & UK): 1,58% | ▪ Allan Gray Investment council (SA): 0,89% |
| ▪ Blackrock Inc. (US & UK): 1,58% | ▪ Abax (SA): 0,81% |

- **OM Plc is a 54% majority shareholder of Nedbank Group**
- **Board members on both OM Plc & Nedbank Group Boards**
 - Nedbank Group board members on OM Plc Board/ Exco:
 - Dr Reuel Khoza (Chairman of Nedbank Group) on OM Plc Board (Vassi Naidoo)
 - Mike Brown (Chief Executive) on OM Plc Exco
 - OM Plc Board/ Exco members on Nedbank Group Board:
 - Julian Roberts (OM Plc Chief Executive)
 - Ian Gladman (OM Plc Exco member)
 - Paul Hanratty (OM Plc Exco member)
- **Nedbank Group engages with Old Mutual Plc group on inter alia:**
 - Planning & reporting e.g. Annual strategic & business planning; Monthly & quarterly financial reporting
 - Business opportunities & synergies e.g. Africa deal pipeline; Joint funding; Collaboration across asset management, insurance & wealth; Procurement etc
 - Learning & development e.g. OM Plc Group annual global executive leadership conference
 - Relationship agreement: <http://www.nedbankgroup.co.za/aboutOldmutual.asp>

REMUNERATION



Objectives of remuneration policy

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Attract, motivate, retain people with right experience, skills & knowledge

Support & reinforce desired culture & values

Ensure balance & alignment to stakeholder needs, expectations & risk exposures

Incentivise high levels of performance, execution of strategy within risk parameters

Transparent, equitable remuneration

Enable the group to remain competitive

Remuneration framework



Guaranteed package (GP) for Executive Directors

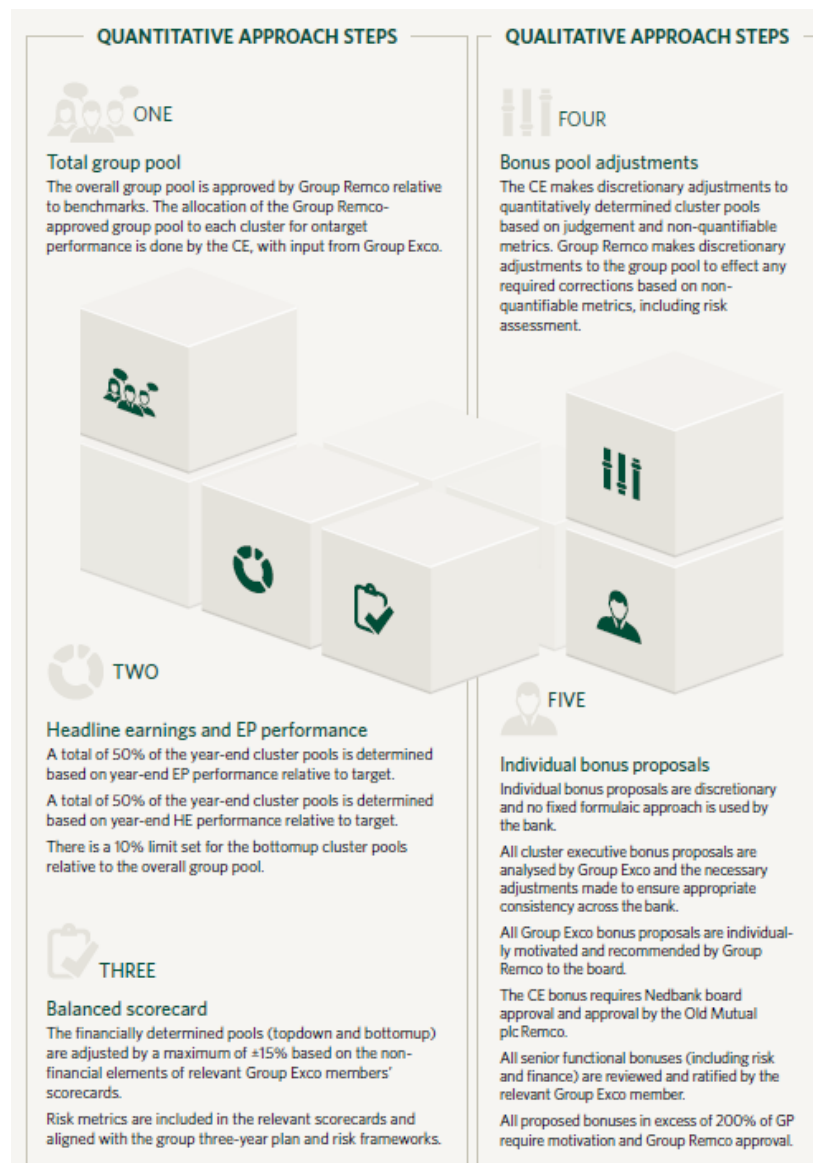
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- **End-to-end benchmarking conducted with Mercer South Africa:**
 - Executive director & Prescribed officer roles re-evaluated together with detailed role size benchmarking
 - Independent validation of evaluation outcomes against international & local firms
 - Quantitative benchmarking against peer group (5 financial, 5 non-financial), relative to market median
 - Qualitative review of competitiveness relative to peer group of financial services firms
- **GP increases based on:**
 - Relative size of Group Executive roles
 - Position relative to median & earnings range (spread about median)
 - Growth scope inherent in specific roles (newer incumbents may be lower in market range relative to longer serving individuals, subject to performance relative to role requirements)
- **GP at executive level must be competitive, but a “hygiene factor”, STI & LTI larger proportion of pay mix**

Short-term incentives (STIs)

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Key features

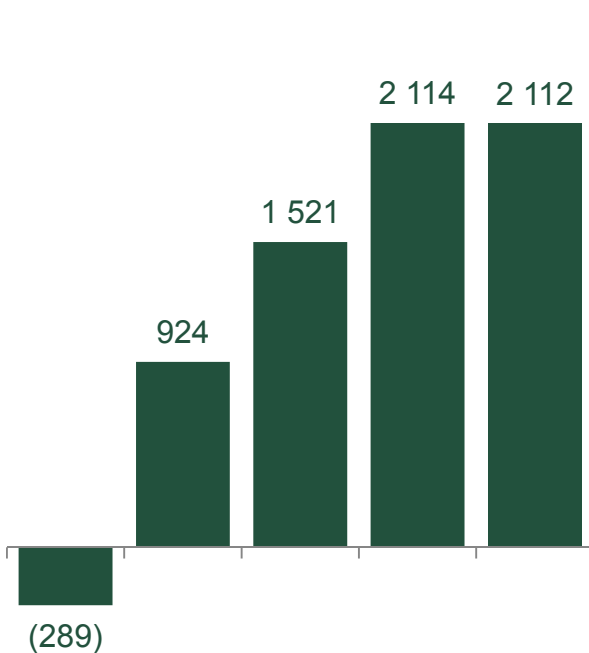
- Quantitative & qualitative factors applied
- Pool size benchmarked to industry practice
- Remco has absolute discretion in final pool size approval
- HE & EP performance primary driver of cluster pool size
- Chief Executive discretion applied to cluster pool allocation, based on financial & non-financial considerations
- Individual exception checking for awards above 200% of GP

Short-term incentives – linking performance & reward

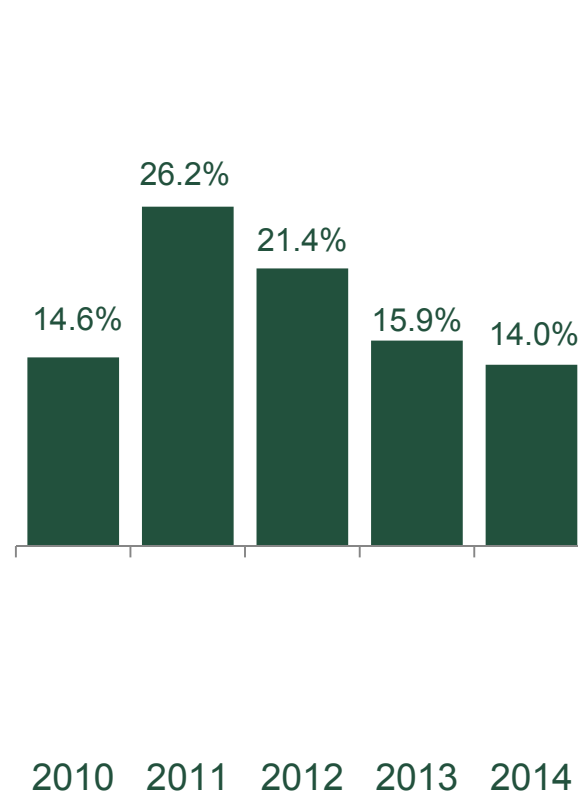
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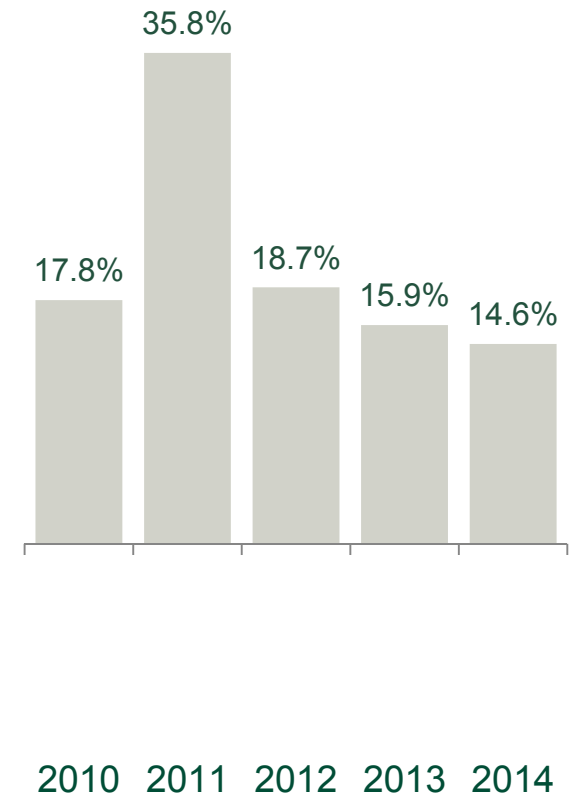
Economic Profit (Rm)



Headline earnings growth (%)



Change in STI pool (%)



2010 2011 2012 2013 2014

2010 2011 2012 2013 2014

2010 2011 2012 2013 2014

STI discretionary | Remco: 3 independent directors & 1 non-exec

Long-term incentive (LTI) schemes

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Corporate Performance

Targets:

Metric		Executive directors	Group and cluster exco members	All other Nedbank LTIP participants
% of award vesting with CPTs	ROE (excl goodwill) vs COE	40%	20%	25%
	Share price vs Fini 15	40%	20%	25%
	Strategic initiative	20%	20%	-
% of award vesting with no target		-	40%	50%

Vesting ratios based on ROE (excluding goodwill):

ROE (Internal measure):

COE	COE	COE	COE	COE	COE	COE	COE
+0% or worse	+1,25%	+2,5%	+3,75%	+5%	+6%	+7%	+8% or better
0%	25%	50%	75%	100%	110%	120%	130%

Vesting ratios based on share price relative to the Fini 15 Index:

FINI 15 (External measure):

Fini 15	Fini 15	Fini 15	Fini 15	Fini 15	Fini 15	Fini 15	Fini 15
-20% or worse	-15%	-10%	-5%		+10%	+20%	+30% or better
0%	25%	50%	75%	100%	110%	120%	130%

Total Africa Collaboration synergy benefit (applicable to LTI awards in 2015 vesting in 2018)

Strategic initiatives (new):

Total benefits realised	Minimum	Target	Maximum
Africa Collaboration synergy target (Rm)	600	1 000	1 200
% of this portion of the award vesting	0%	100%	130%

Linear interpolation will apply between the points in the above table.

At least R170m of the benefits accrue to Nedbank

Long-term incentive (LTI) schemes (*continued*)

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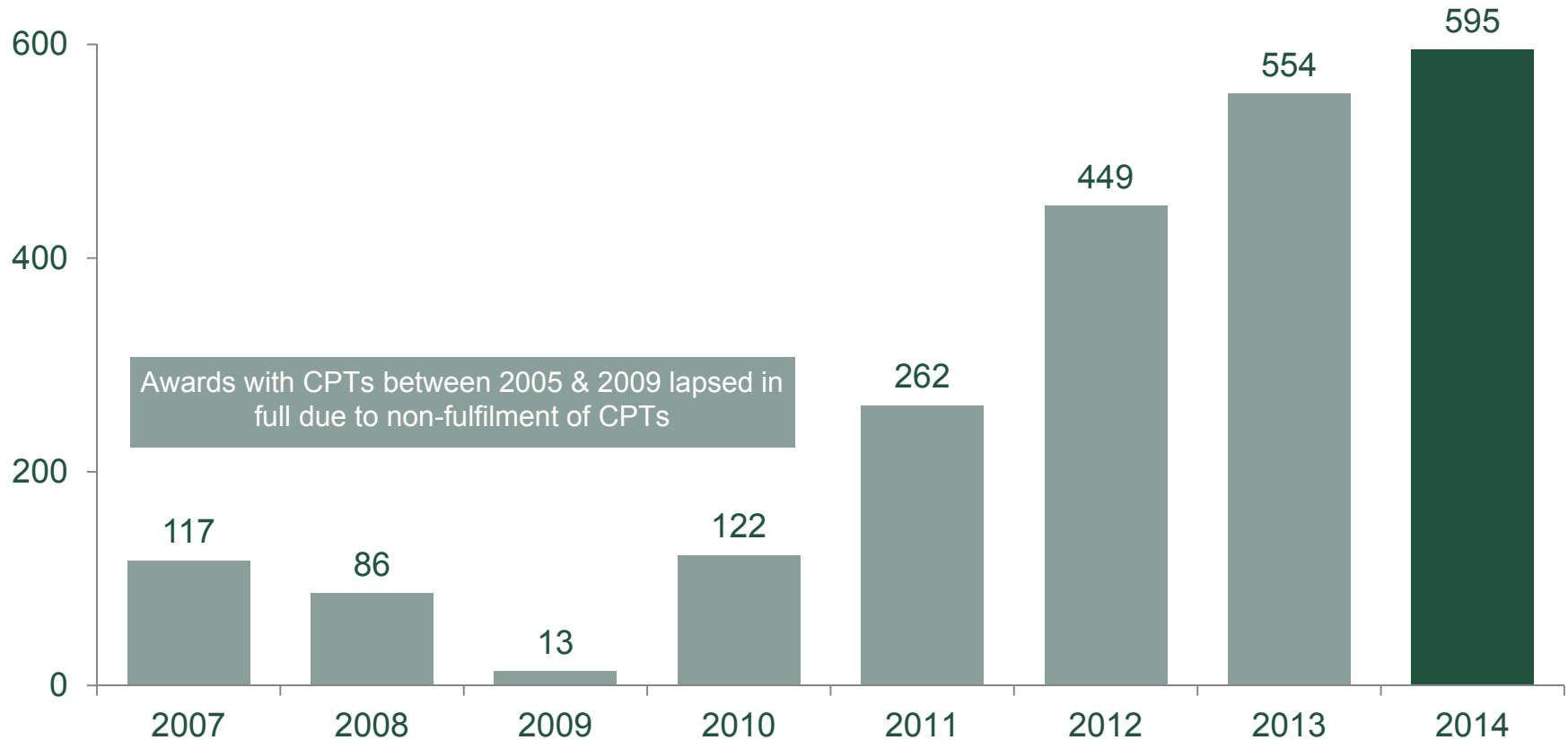
- **Time based vesting**
 - Applies to 50% of LTI award (except for executive directors)
 - Applies to 40% of LTI award for Group exco and cluster exco members
 - Ensures a balance between retention imperative & “pay at risk”, whilst still being inherently risk adjusted due to link to Nedbank share price
- **Matched share scheme (MSS)**
 - Matching available on compulsory & voluntary deferral of STI payments
 - 0.5:1 match based on remaining in scheme for 36 months; 0.5:1 match based on an ROE (excl. goodwill) \geq COE+2%, subject to 36 month retention period in scheme
 - Creates a longer term focus for participants, with ongoing underlying exposure to Nedbank share price
 - MSS has potential to increase pre-tax STI by 15 or 30% depending on time-based & performance based condition of RoE (ex Gwill more than 2% above CoE avg over 3 years)
- **Forfeiture clause**
 - The board has absolute discretion as to the quantum and the nature of any forfeiture or *malus* triggers related to the compulsory deferral of STI awards.

Historically LTI driven by ROE (internal measure) & Nedbank share performance relative to Fini 15 (external measure).

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Long-term incentive charges (Rm)



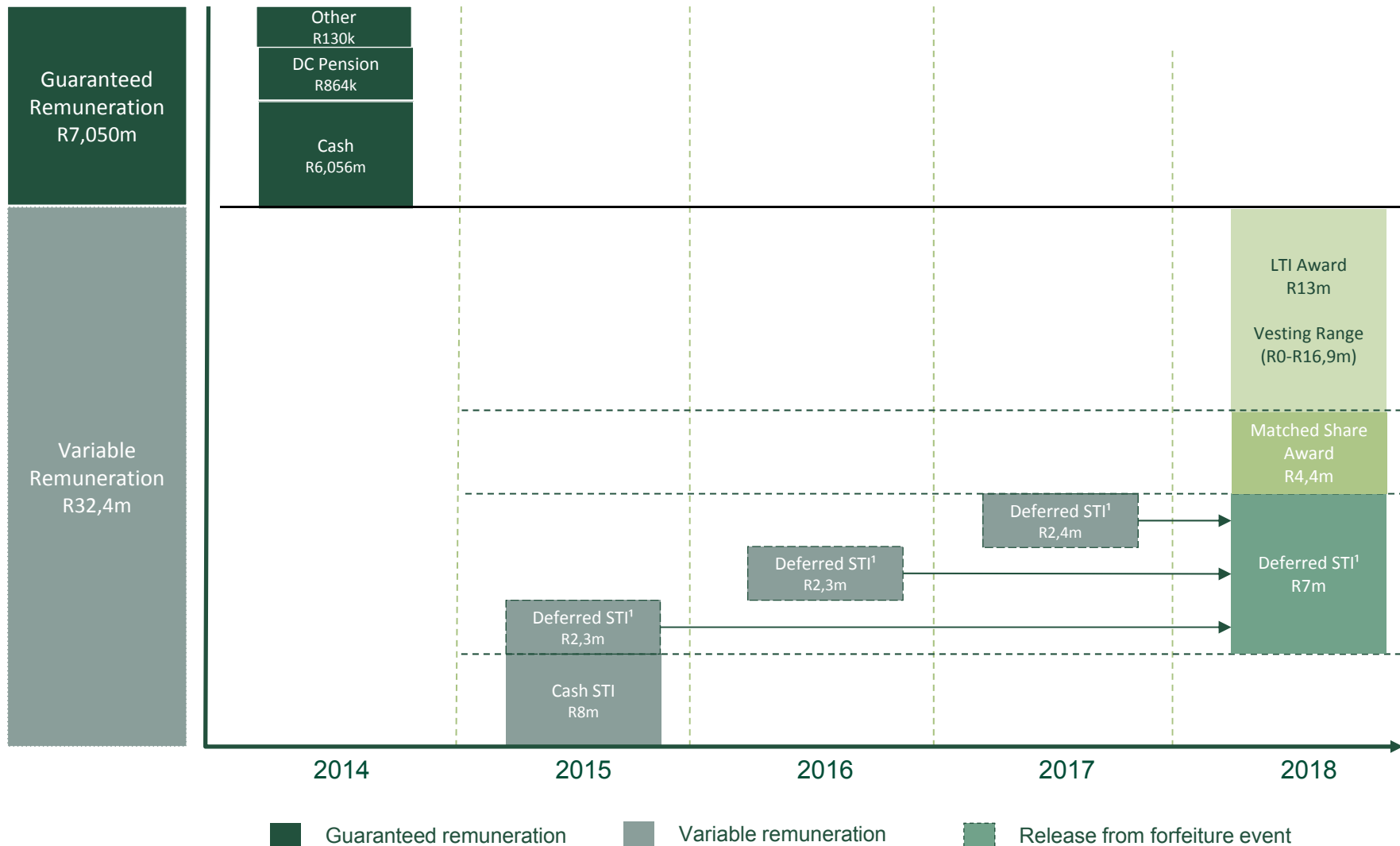
Shares
forfeited (m)



CE's remuneration as illustration of deferred vesting

Full match on compulsory deferral included

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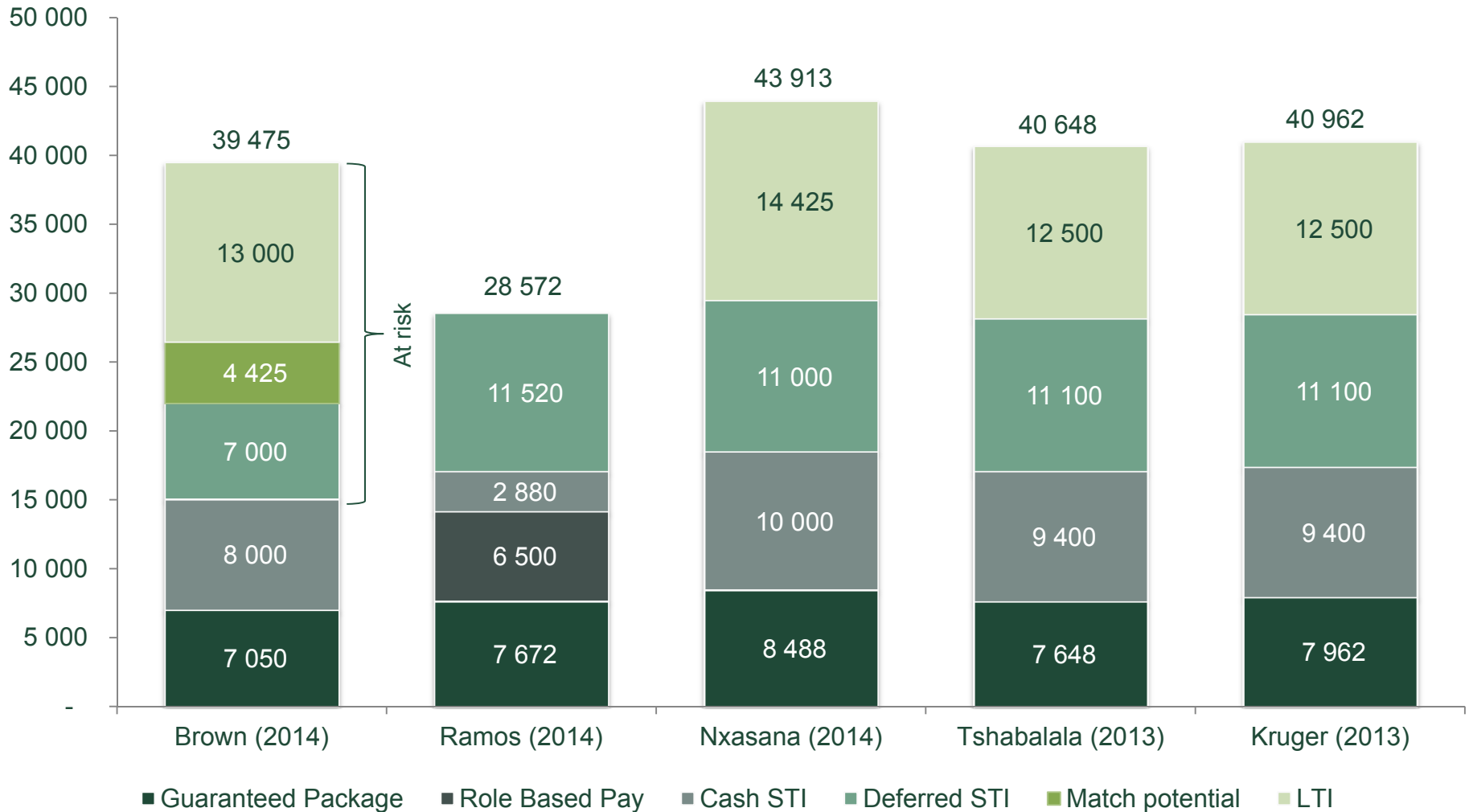
¹ Deferred STI into shares

Chief Executive remuneration comparisons

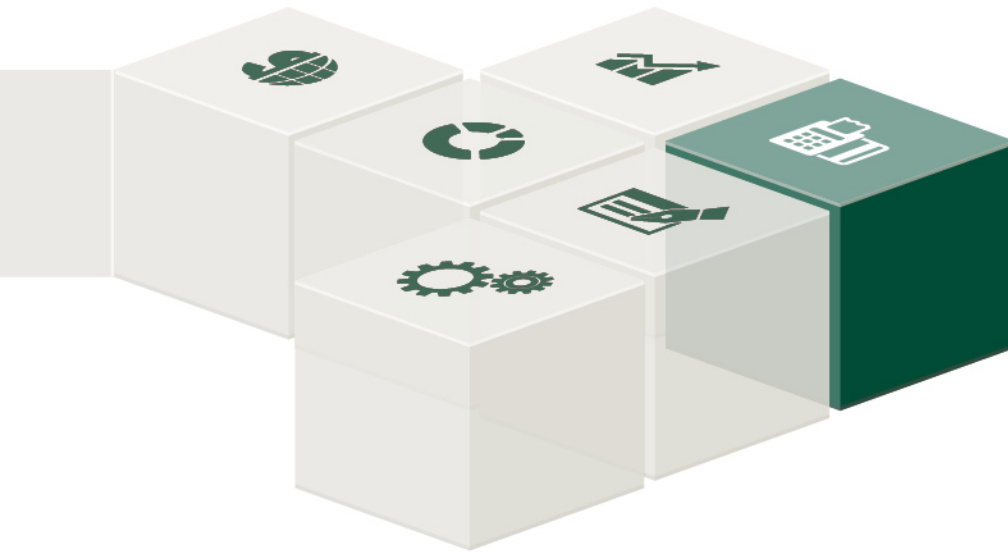
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Chief Executives' Remuneration



Note: The Standard Bank 2014 Remuneration Report not released at the time this document was prepared. 2013 figures used.



**CORPORATE
CITIZENSHIP**

Delivering value to all stakeholders

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STAFF

- Created 380 new permanent jobs in SA
- Top 3 corporate values of accountability, client satisfaction & brand reputation align with strategy
- High staff morale

SHAREHOLDERS



- ROE (excl goodwill): 17,2%
- Full-year dividend of 1028c, up 14,9%
 - Invested R5,9bn to become a c20% shareholder in *ETI* (Ecobank)
 - Up to R8,2bn value created for SA BBBEE shareholders
 - Total shareholder return: 23,2%



CLIENTS

- New loan payouts R167bn
- AUM up 11% to R212bn – top 3 rated SA fund manager
- Upgraded 174 'branch of the future' stores, 22 new outlets & 304 new owned ATMs
- Total client numbers up 7% to 7,1m
- Digitally enabled clients up 48% & value of AppSuite™ transactions up 66% to R58bn
- Fair Share 2030 pilot successes
- 2014 *FT & Banker Magazine SA* Bank of the year

TO BE AFRICA'S
MOST ADMIRABLE
BANK

BY OUR:

REGULATORS



- Strong capital, liquidity & coverage ratios
- Commitment to sustainable banking practices
- One of SA's largest tax contributors: R8,0bn

COMMUNITIES

- Made banking more accessible & affordable
- Sourcing 87% or R8,5bn of our procurement locally
- Maintained level 2 BBBEE for 6th year & one of the most transformed companies on the JSE
- For 9th consecutive year included in the *Dow Jones Sustainability Index*
- Leader in socially responsible banking (*African Banker awards*)



SA's Top 10 Most Empowered Companies 2013

Mail & Guardian: 30 May 2014 including peer ratings

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Rank	Company	Sector	Total BEE score	Scorecard used
1	Oceana Group Ltd	Food & beverages	95.17	DTI Generic Scorecard
2	Old Mutual South Africa ²	Financials	76.58	Financial Sector Code
3	Standard Bank of SA Ltd	Financials	94.52	Financial Sector Code
4	Adcorp Holdings Ltd	Services	92.00	DTI Generic Scorecard
5	Nedbank Ltd ¹	Financials	91.21	Financial Sector Code
6	Tsogo Sun Holdings Ltd	Travel & Leisure	90.18	DTI Generic Scorecard
7	Hosken Consolidated Investments Ltd	Financials	89.44	DTI Generic Scorecard
8	Basil Read Holdings	Basis Industrials	89.43	Contractor Generic Government Gazette No 32305
9	Group Five Ltd	Basis Industrials	89.14	Contractor Generic Government Gazette No 32305
10	Liberty Holdings	Financials	89.07	Financial Sector Code
11	FirstRand Ltd	Financials	89.02	Financial Sector Code
51	Investec Ltd	Financials	76.95	Financial Sector Code
63	ABSA Group Ltd	Financials	75.16	Financial Sector Code

Notes:

¹ Nedbank is number 5 overall, noting that different scorecards have been used and number 2 based on a like for like comparison against the Financial Sector Code.

² Subsequent to the release of the M&G survey OMSA achieved a score of (89.17 of 100) when including all 9 elements of the FSC relative to their score of (94.54 of 100 if calculated against the 76.58 of 81 per M&G Survey) when including only 7 elements of the FSC i.e. Access and Empowerment Financing account for 19 points, which they received exemption from.

Financial Sector Code (FSC)

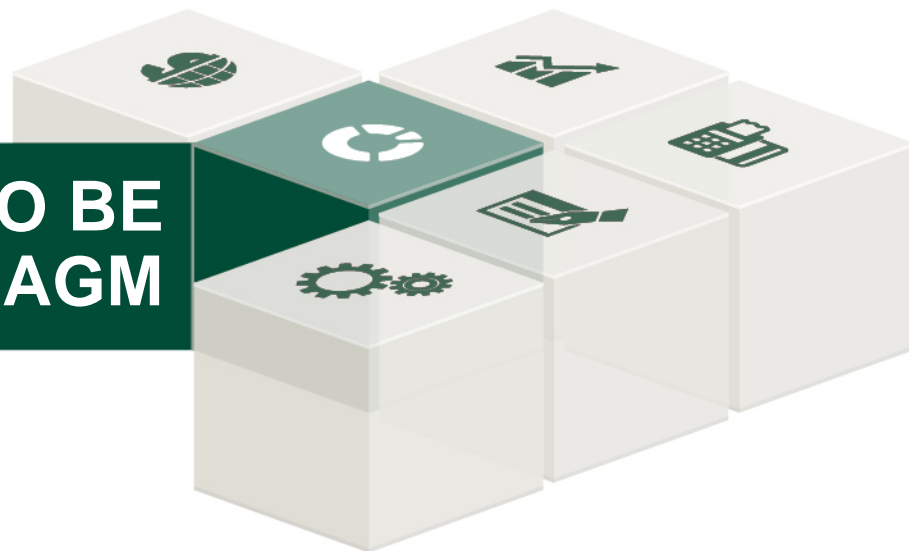
FY 2014 Peer analysis based on available results

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Company name	ABSA		FirstRand		Nedbank		Standard Bank	
	2013	2014	2013	2014	2013	2014	2013	2014
Ownership	6.62	8.73	15.27	16.52	16.92	17.00	17.00	17.00
Management Control	3.04	3.24	5.85	6.33	6.91	6.97	5.78	5.60
Employment Equity	9.70	9.87	9.87	10.23	11.29	11.38	11.44	11.66
Skills Development	9.07	9.12	9.03	8.88	9.21	9.23	8.78	8.36
Preferential Procurement	14.92	15.28	15.23	15.43	14.56	14.75	15.85	16.00
Empowerment Financing	13.91	14.80	15.00	15.00	13.86	15.00	16.69	15.00
Enterprise Development	5.00	5.00	4.12	5.00	5.00	5.00	5.00	5.00
Socio-Economic Develop.	3.00	3.00	3.00	3.00	3.00	3.00	2.92	3.00
Access to Financial Services	9.90	10.40	11.65	12.40	10.47	13.32	13.06	12.60
Overall Score	75.16	79.44	89.02	92.80	91.21	95.65	94.52	94.25
B-BBEE Status (Level)	3	3	2	2	2	2	2	2
Variance	+4.28		+3.78		+4.44		-0.27	

**RESOLUTIONS TO BE
VOTED ON AT 2015 AGM**



- **Ordinary Resolution 1**
Re-election of directors of the company: PM Makwana, NP Mnxasana, RK Morathi, JVF Roberts
Election of directors of the company: PB Hanratty, Mr V Naidoo, MC Nkuhlu
- **Ordinary resolution 2**
Reappointment of external auditors: Deloitte & Touche and KPMG
- **Ordinary resolution 3**
External auditor's remuneration
- **Ordinary resolution 4**
Control of authorised, but unissued, ordinary shares (issuing of shares granted under this authority will be restricted and also limited to 5% of the number of Nedbank Group ordinary shares in issue as at 1 January 2015)
- **Ordinary resolution 5**
Control of authorised, but unissued, cumulative redeemable non-participating preference shares ('preference shares') (none issued to date)
- **Special resolution 1**
Remuneration of Non-executive directors
- **Special resolution 2**
General authority to repurchase shares
- **Special resolution 3**
General authority to provide financial assistance to related and interrelated companies

Contact us

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Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'.

Forward-looking statements are not statements of fact, but statements by the management of Nedbank Group based on its current estimates, projections, expectations, beliefs and assumptions regarding the group's future performance.

No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

The risks and uncertainties inherent in the forward-looking statements contained in this document include, but are not limited to: changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; domestic and international business and market conditions such as exchange rate and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational, social, economic and political risks; and the effects of both current and future litigation.

Nedbank Group does not undertake to update any forward-looking statements contained in this document and does not assume responsibility for any loss or damage whatsoever and howsoever arising as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits, or consequential loss or damage.†

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