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NEDBANK GROUP LIMITED

NEDBANK BOARD GOVERNANCE ROADSHOW

15 – 16th April 2014

Dr Reuel Khoza (Chairman)

Malcolm Wyman (Senior Independent Director)

NGL Internal Use Only

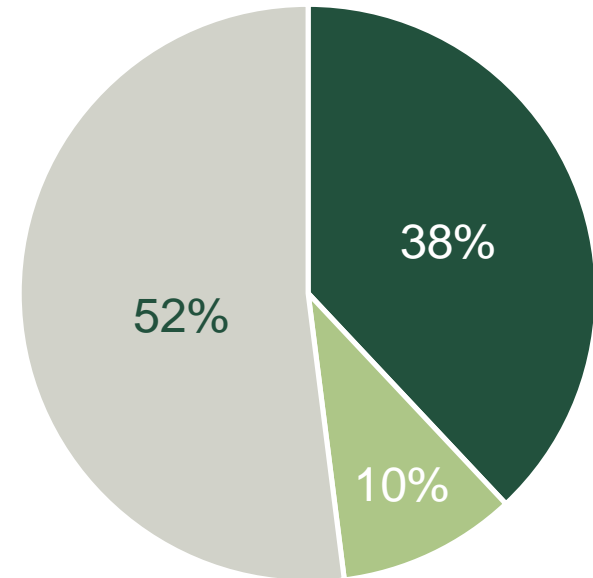
A Member of the  **OLDMUTUAL** Group

Objectives of the governance roadshow

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- Build strong relationships between the Nedbank Board & minority shareholders
- Proactively engage on governance matters ahead of the Nedbank Group AGM (13 May 2014)
- An opportunity to obtain minority shareholder input



- Minority shareholders
- Nedbank related
- Old Mutual Plc

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

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**CREATING VALUE FOR
SHAREHOLDERS**

Creating value for our shareholders

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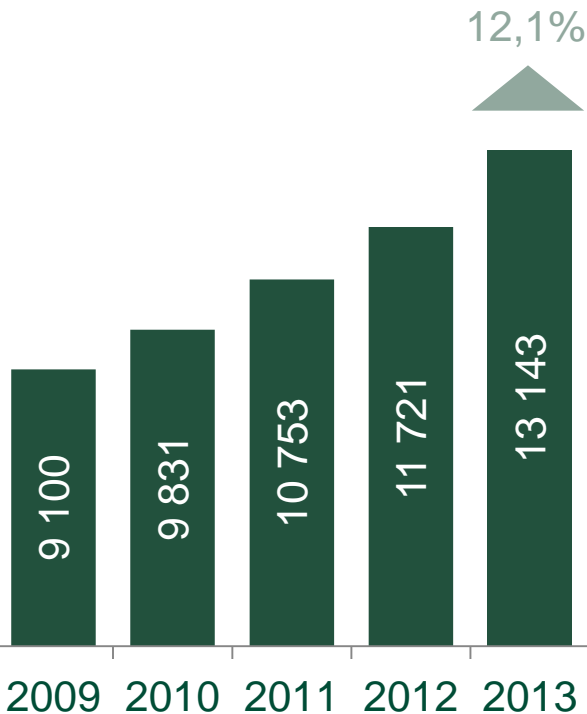


NAV

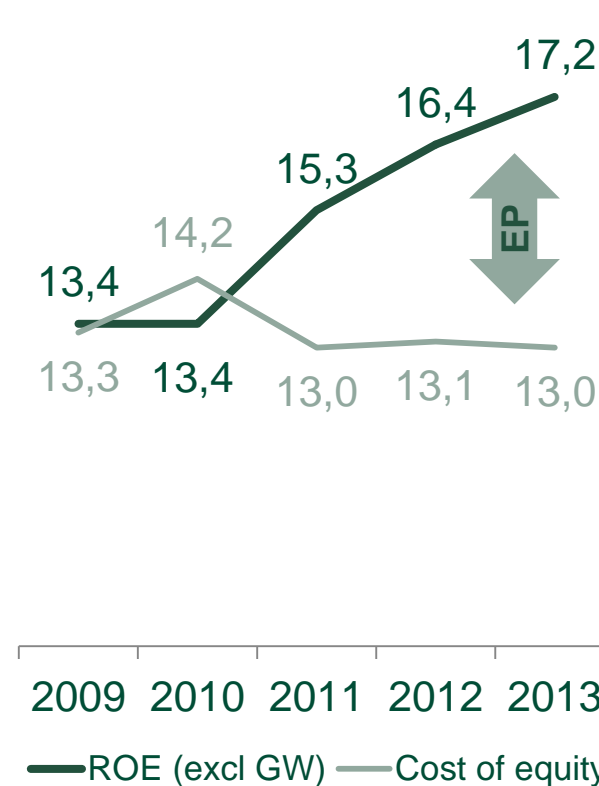
ROE > COE

Dividends

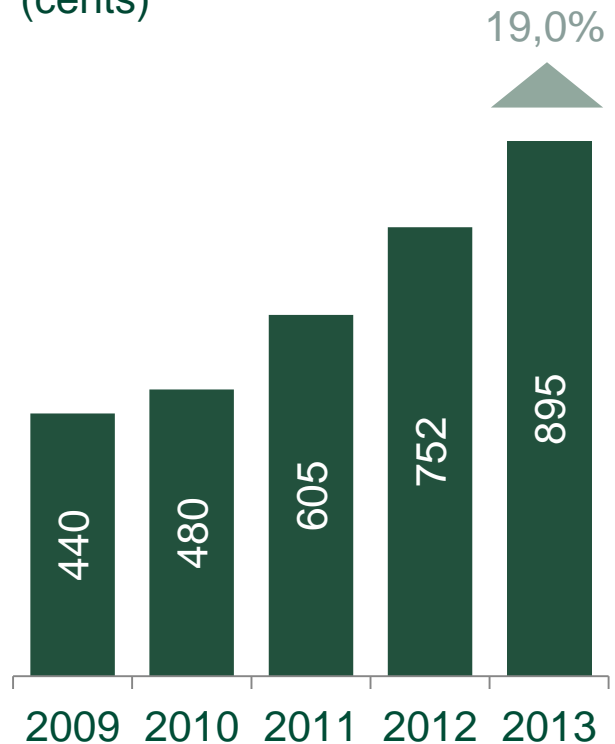
NAV per share
(cents)



ROE & Cost of Equity
(%)



Dividend per share
(cents)



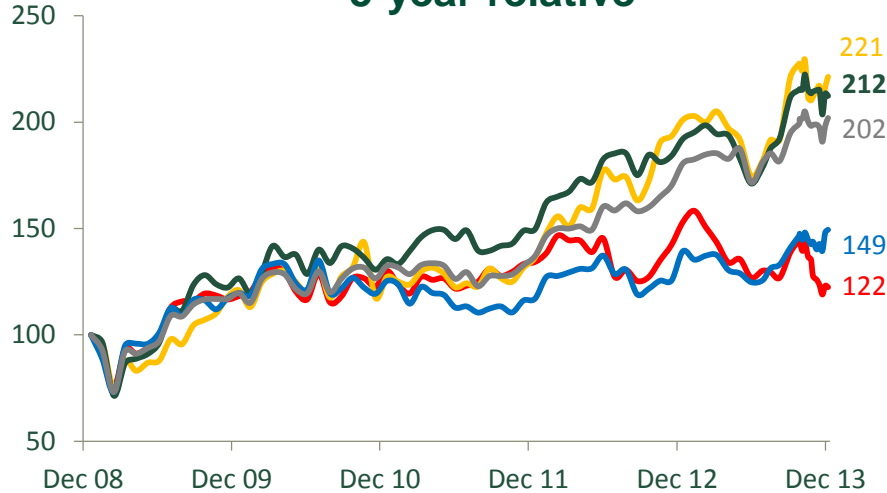
Underpinned by strong CET1, surplus liquidity & increased coverage

Relative share price performance

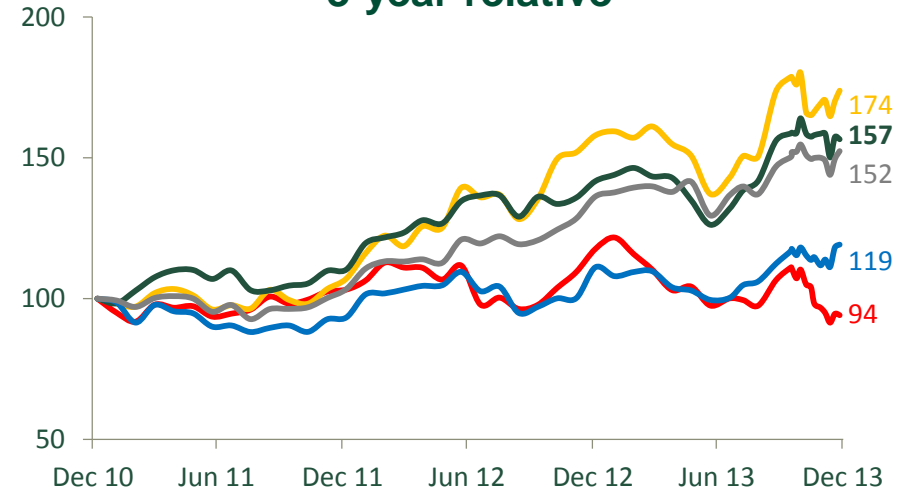
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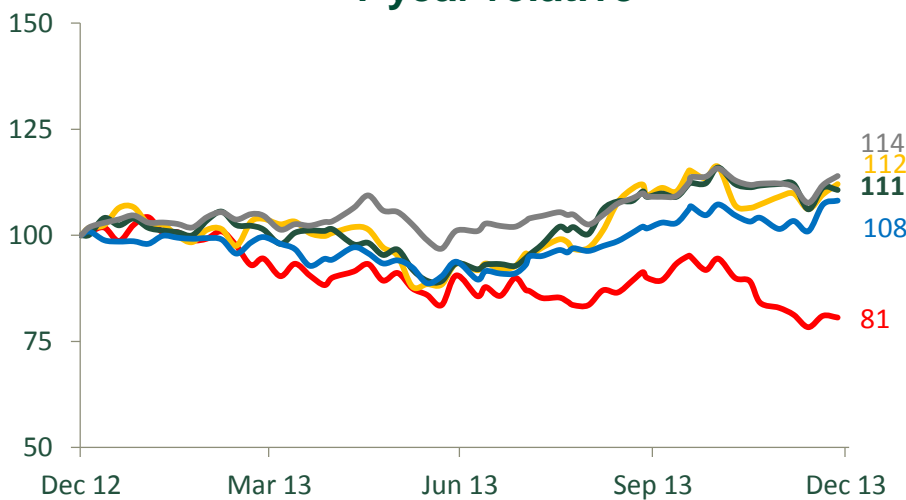
5-year relative



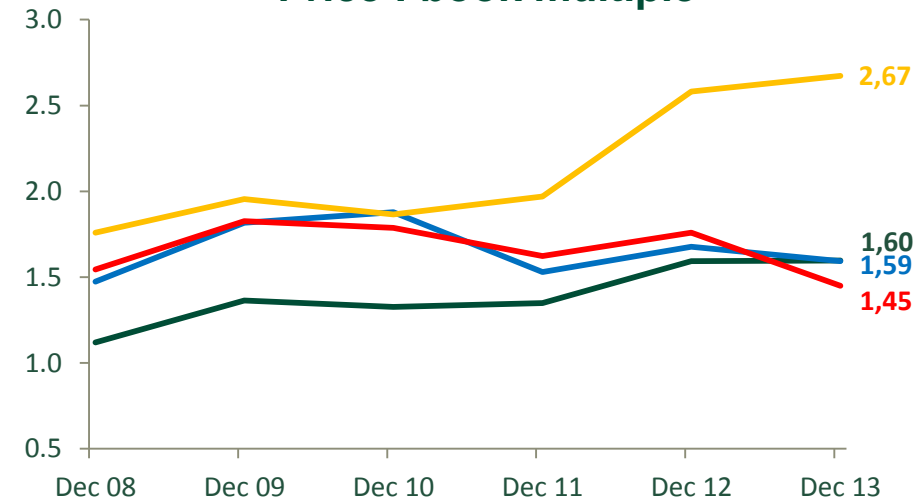
3-year relative



1-year relative



Price : book multiple



— Nedbank
 — Standard
 — Barclays Africa
 — FirstRand
 — FINI 15

Medium-to-long-term targets

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Metric	2013		Medium-to-long-term target	2014 outlook ¹
ROE (excl goodwill)	17,2%	✓	5% above COE	Below target
Diluted HEPS growth	15,0%	✓	≥ CPI + GDP growth + 5%	≥ CPI + GDP growth
Credit loss ratio	1,06%	✗	0,80% - 1,20% (0,60% - 1,00% old) Revised	Meet target, improving slightly on 2013
NIR : expenses	86,4%	✓	> 85%	At target
Efficiency ratio	55,2%	✗	50% - 53% (< 50% old) Revised	Above target
Common Tier 1 CAR	B III 12,5%	✓	Basel III basis: 10,5% - 12,5% 11,5% - 13,0% 14,0% - 15,0%	At or above top end of target
Tier 1 CAR	13,6%			
Total CAR	15,7%			
Economic capital	✓	✓	Internal Capital Adequacy Assessment Process (ICAAP): A debt rating (including 10% capital buffer)	
Dividend cover	2,11x	✓	1,75 to 2,25 times	

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NEDBANK GROUP STRATEGY

Strategic focus areas

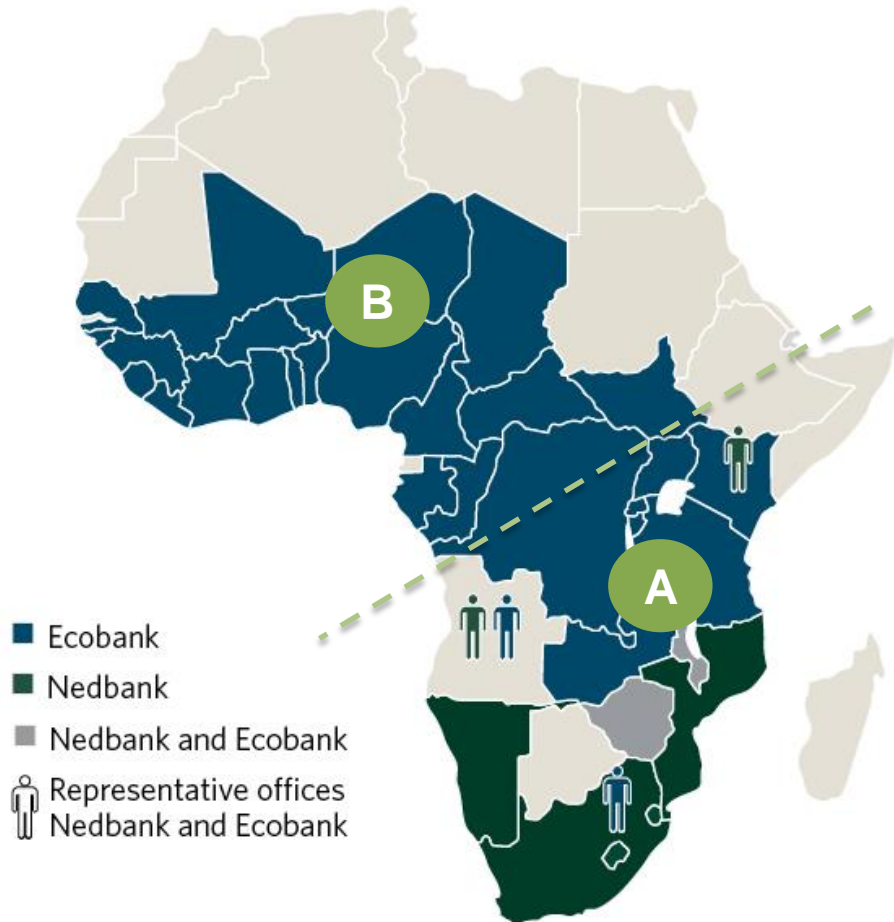


Rest of Africa – client-centred, risk-mitigated, capital-efficient, longer-term strategy

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‘One bank’ experience for clients across 37 countries & >2 000 staffed outlets



A. SADC & East Africa

- Expand from 6 to 10 countries over the next 3 to 5 years
- Standardised operating model & IT system approach
- Banco Unico - Mozambique: Approval obtained for initial 36,4% stake – completion targeted for end Q1

B. Central & West Africa

- Rights to acquire up to 20% equity stake in ETI (decision during 2014)
- Ecobank building its franchise & governance
 - profit attributable to ordinary shareholders of US\$217m for 9 months to 30 Sept 2013 at ROE of 15%
 - increasing number of Nedbank wholesale clients now transacting with Ecobank

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BOARD MATTERS

Nedbank Board Governance

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Nedbank Group & Nedbank Limited

Board of Directors

- Group strategy & performance in tough economic environment
- Expansion into Africa
- Stakeholder interests

Group Directors' Affairs Committee

Chair: RK Khoza

- Board continuity & succession planning
- Board structure, size & composition
- Ethics & Governance

Group Transformation, Social & Ethics Committee

Chair: GT Serobe

- BBBEE Act & FSC Codes
- BBBEE performance
- Carbon neutrality
- Fair Share 2030

Group Information Technology Committee

Chair: TA Boardman

- IT strategy
- IT trends on banking: social media; mobile banking
- cybersecurity
- Stability of systems
- Project 4321

Group Finance & Oversight/Audit Committee

Chair: MI Wyman

- Internal control systems, accounting practices & assurance processes
- Financial reporting, internal audit & finance transformation project

Group Risk & Capital Committee

Chair: MA Enus-Brey

- Capital & liquidity management
- Regulatory compliance, money laundering & fraud prevention

Group Credit Committee

Chair: TA Boardman

- Unsecured lending
- Stress in consumer & business banking environment
- Systemic risk of protracted strikes across multiple industries

Group Remuneration Committee

Chair: PM Makwana

- Competitive remuneration
- Regulatory compliance on delivery & disclosure of remuneration
- Remuneration policies & practices
- Reward for performance principles

How the Nedbank Board engages with management

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- **Board & membership & meeting participation**
 - Executive directors: Mike Brown, Graham Dempster & Raisibe Morathi
 - 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

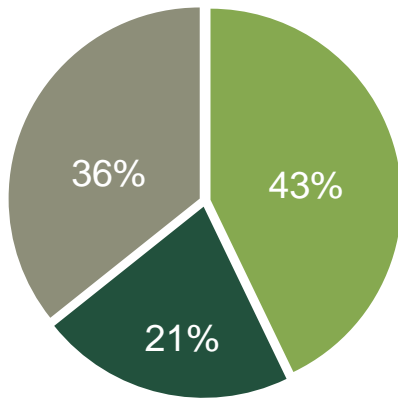
- **Other**
 - Board onsite visits to various bank operations & business units (e.g. visits to operations in rest of Africa commence in 2015)
 - One-to-one meetings may be requested by individual directors
 - CEO Report prepared monthly provides a comprehensive feedback to the board
 - Increased interaction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

Board composition as at 28 February 2014

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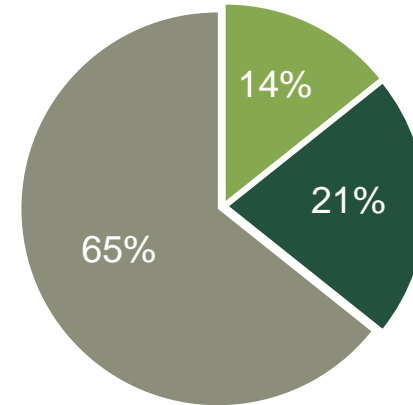


Independence of board (%)



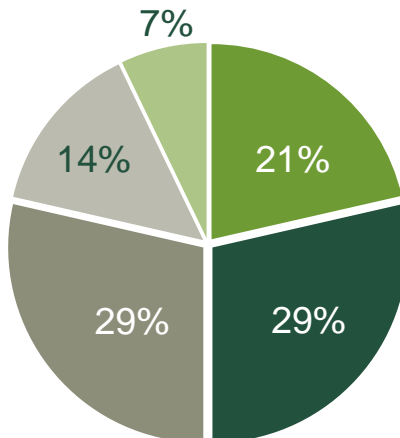
■ Independent ■ Executive ■ Non-executive

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



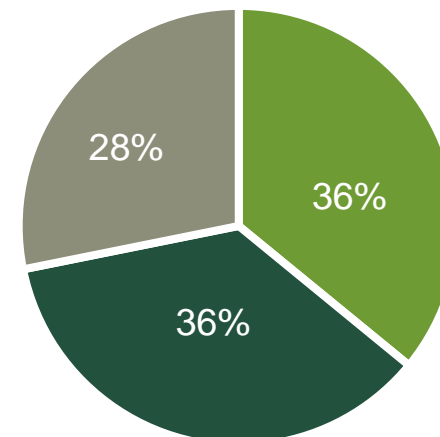
■ Old Mutual Plc ■ Nedbank Group ■ Other

Transformation (%)



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

Skills (%)



■ Banking ■ Financial services ■ Other

- **Board directors scheduled to retire in 2015**
 - Graham Dempster – *retiring from Exco 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*
- **Chairman Selection Committee constituted in 2012**
 - Chaired by Malcolm Wyman comprising members: Julian Roberts, Gloria Serobe & Mike Brown
 - Both internal & external candidates being considered & professional consultants assisting process
- **Formal board continuity programme**
 - Focus on Board composition: expertise, diversity, retirement dates
 - Oversight from Group Directors' Affairs Committee & Board meetings
- **Further board appointments anticipated in 2014, subject to regulatory approval**

- **Size of Nedbank board impacted by the following requirements**
 - Additional independent directors
 - OM board members & BEE partners are deemed not independent
 - Reuel Khoza not deemed independent & Malcom Wyman fulfils the role of senior independent director
 - Resourcing various board committees
 - New directors to be appointed ahead of 2015 retirements

- **Current desired skillset to complement incumbent board members**
 - Banking (Non-Nedbank), legal, IT/technology, mining & resources, rest of Africa
 - Recent appointment of David Adomakoh addresses a number of these areas, particularly rest of Africa & banking

- **Group Executive Committee (EXCO) members scheduled to retire in 2015**
 - Graham Dempster (Chief Operating Officer)
 - John Bestbier (Group Executive: Strategic Planning & Economics)

- **Potential changes to structures & associated risks overseen by Chief Executive**

- **Announcement anticipated at or before May 2015 AGM**

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OUR RELATIONSHIP WITH 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 2013 held 344 individual meetings through various investor forums

Top 10 minority shareholders (at 31 December 2013)

- | | |
|---|---|
| ▪ Public Investment Corporation (SA): 6,37% | ▪ Dimensional Fund Advisors (US): 1,46% |
| ▪ Coronation Fund Managers (SA): 5,99% | ▪ Allan Gray Investment council (SA): 1,32% |
| ▪ Lazard Asset Management (US & UK): 3,15% | ▪ The Vanguard Group Inc (US): 1,20% |
| ▪ Sanlam Investment Management (SA): 1,95% | ▪ GIC (Singapore): 1,04% |
| ▪ Blackrock Inc. (US): 1,66% | ▪ Investec Asset Management (SA): 1,01% |

- **OM Plc is a 52% 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
 - Mike Brown (Chief Executive) on OM Plc Exco
 - OM Plc Board members on Nedbank Group Board:
 - Julian Roberts (OM Plc Chief Executive)
 - Ian Gladman (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 e.g. Africa deal pipeline; Joint funding; Collaboration across asset management, insurance & wealth
 - Learning & development e.g. OM Plc Group annual global executive leadership conference
 - Relationship agreement: <http://www.nedbankgroup.co.za/aboutOldmutual.asp>

Old Mutual Plc Africa Champion LTI proposal

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Background

- OM Plc has proposed an LTI applicable to its African businesses (Old Mutual Emerging Markets, Nedbank and M&F) to optimise synergies that exist
- OM Plc Board believes performance delivery should be rewarded with a cohesively structured plan with appropriate measures & targets

Current action

- Nedbank Board evaluating the Old Mutual proposal & impact on existing & future Nedbank remuneration practices
- Consultation with major minority shareholders prior to any implementation

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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

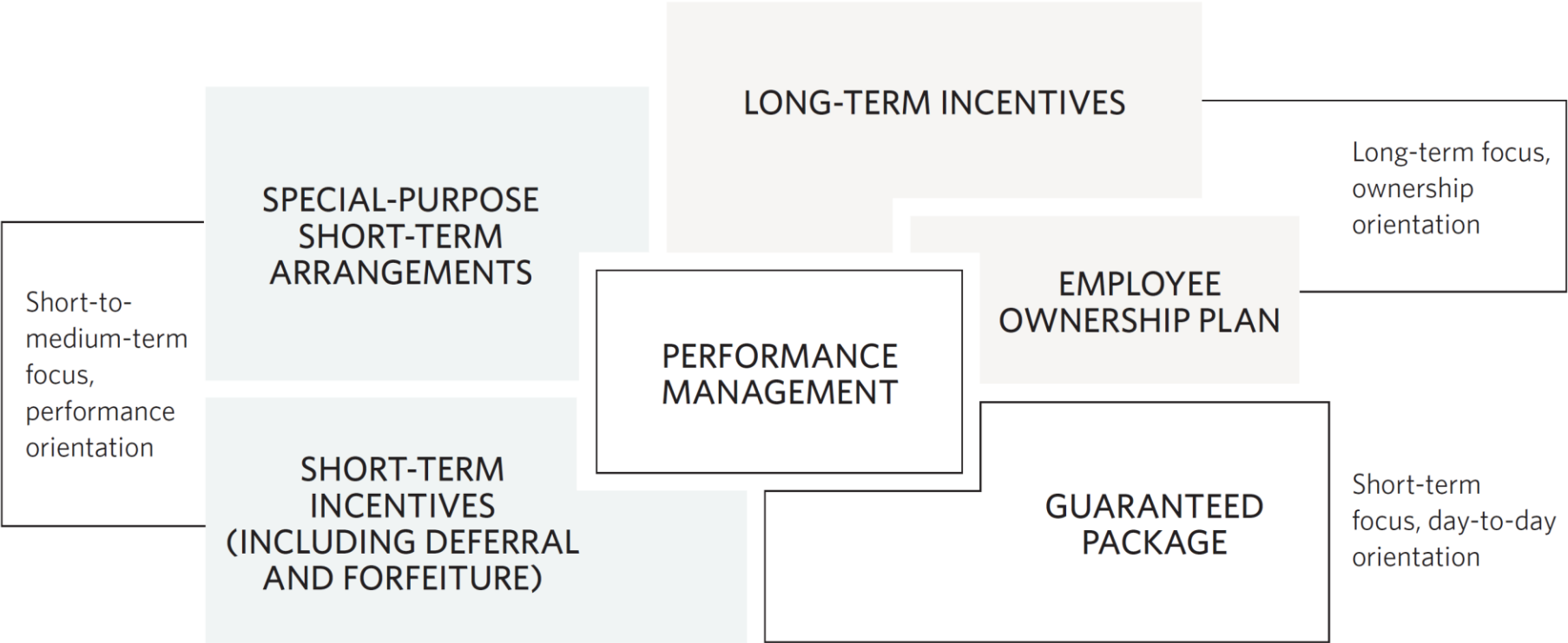
Incentivise high levels of performance, execution of strategy within risk parameters

Transparent, equitable remuneration

Enable the group to remain competitive

Remuneration framework

RECOGNITION



Guaranteed package (GP) for Executive Directors

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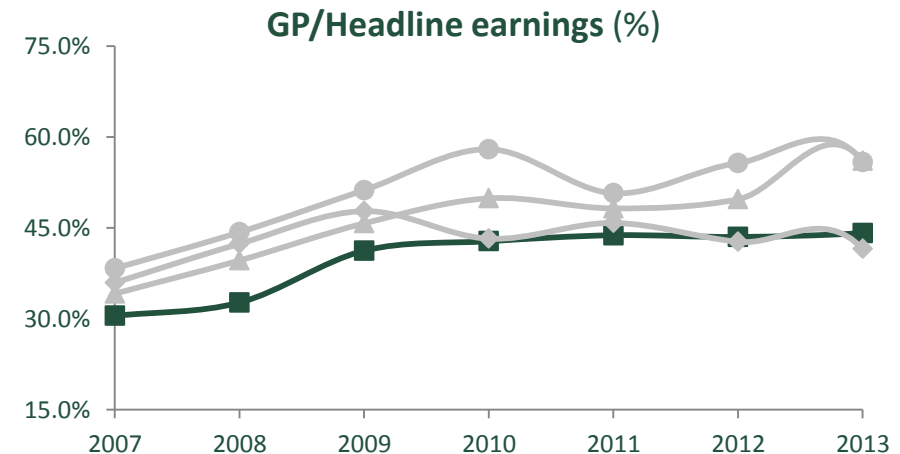
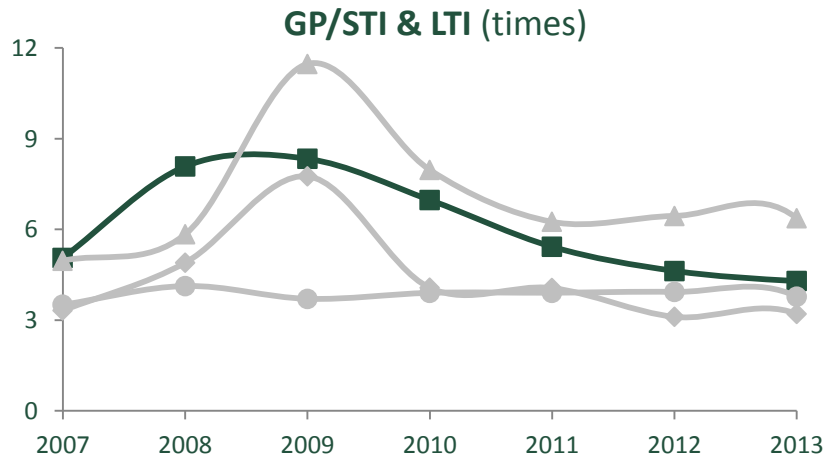
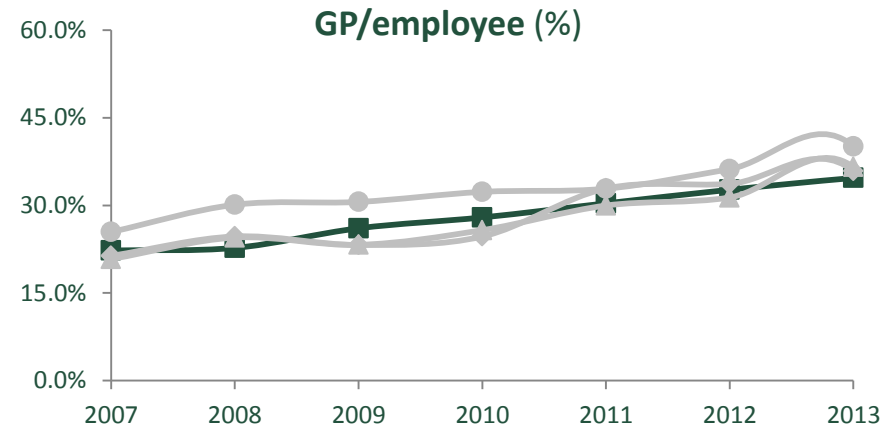
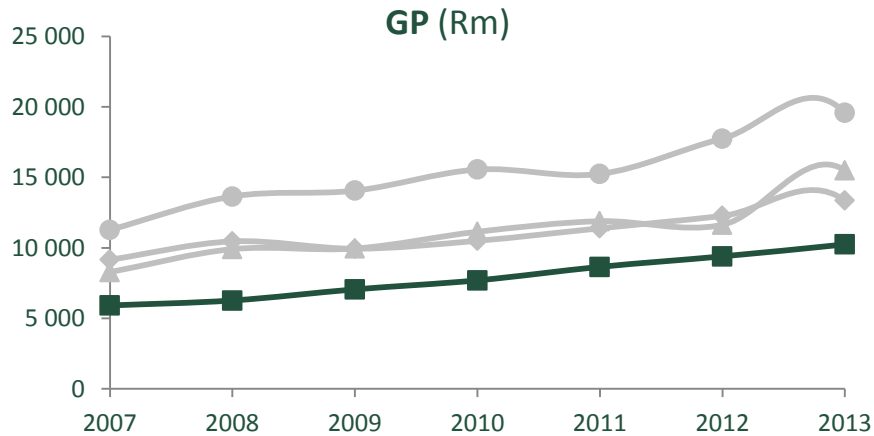
- **End-to-end benchmarking conducted with Mercer South Africa:**
 - Executive director & Prescribed officer roles re-evaluated together with detailed role size benchmarking
 - Independent validation of evaluation outcomes against international & local firms
 - Quantitative benchmarking against peer 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**

Comparative peer analysis of Guaranteed Package for employees across the group

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Fixed remuneration increases skewed to bargaining unit



■ Nedbank

■ SA peers

ASR: Management 5,5% : Bargaining unit 8,1% : Overall 6,5%

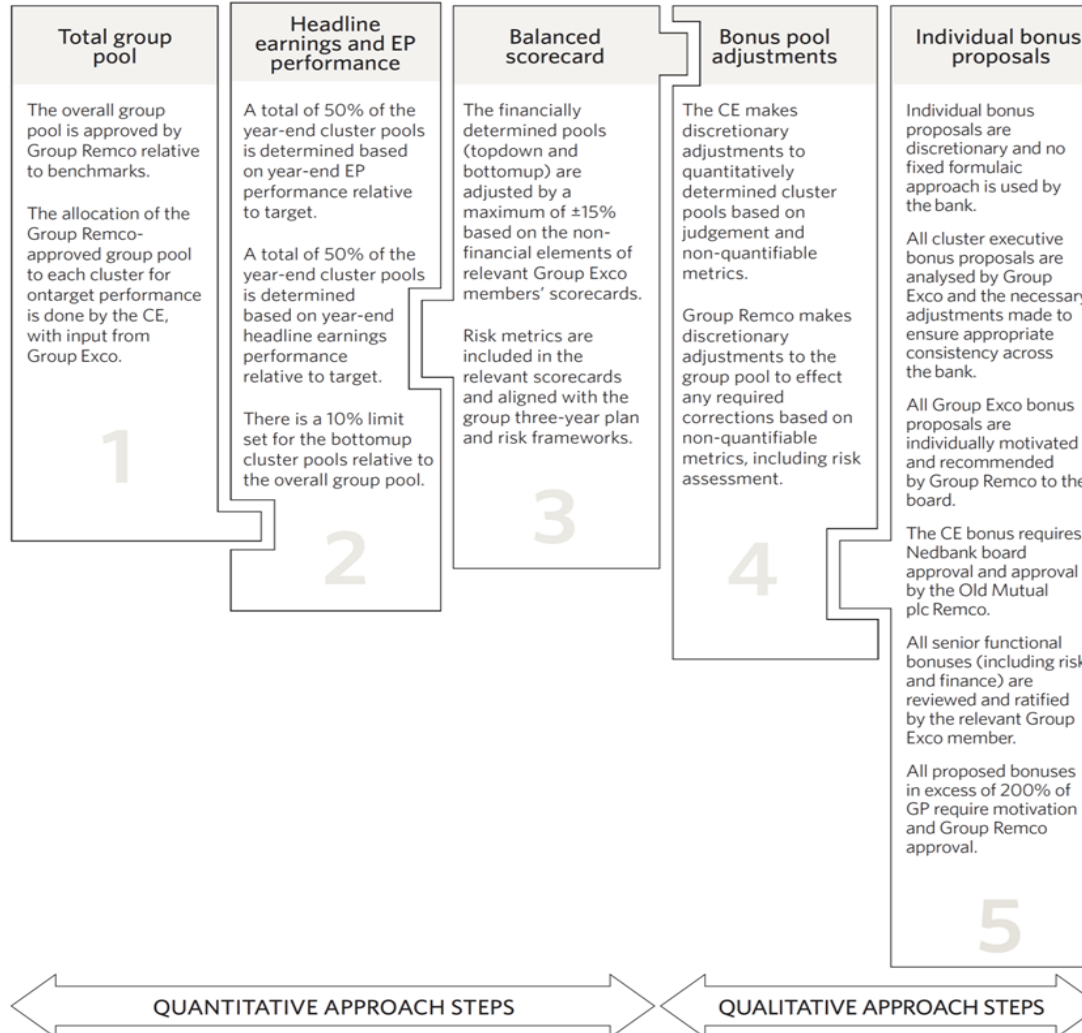
Short-term incentives (STIs)

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Linking performance and reward

The annual STI process is indicated in the diagram below, which describes the process of STI pools creation and distribution based on individual performance and discretion, using both quantitative and qualitative steps in the process.



Key features

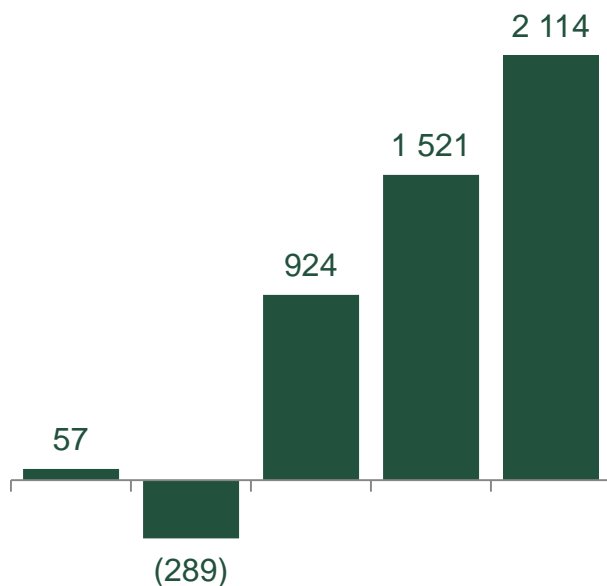
- Quantitative & qualitative factors applied
- Pool size benchmarked to industry practice
- HE & EP performance primary driver of cluster pool size
- Chief Executive discretion applied to cluster pool allocation, based on financial & non-financial considerations
- Remco has absolute discretion in final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

Short-term incentives – linking performance & reward

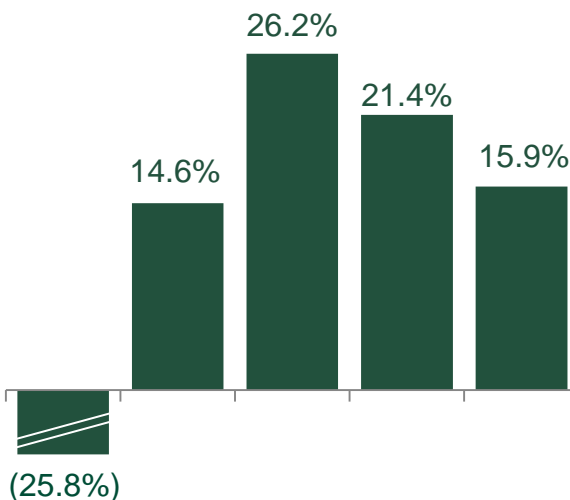
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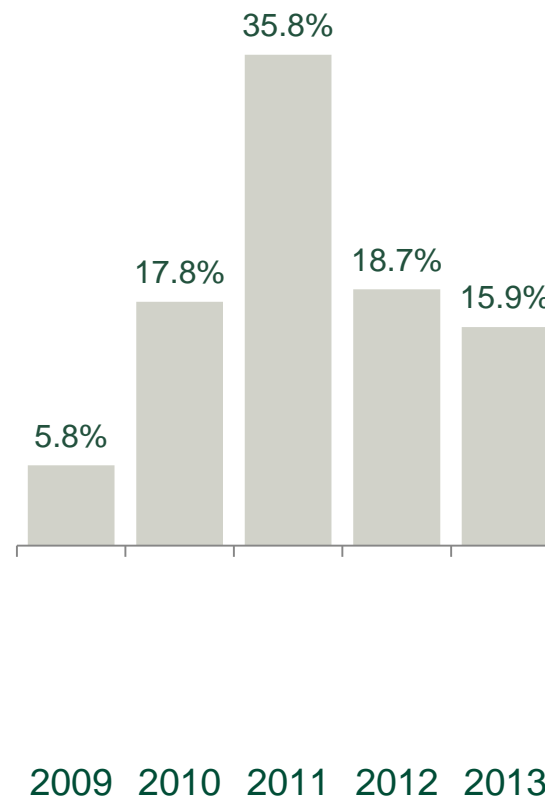
Economic Profit (Rm)



Headline earnings growth (%)



Change in STI pool (%)



2009 2010 2011 2012 2013

2009 2010 2011 2012 2013

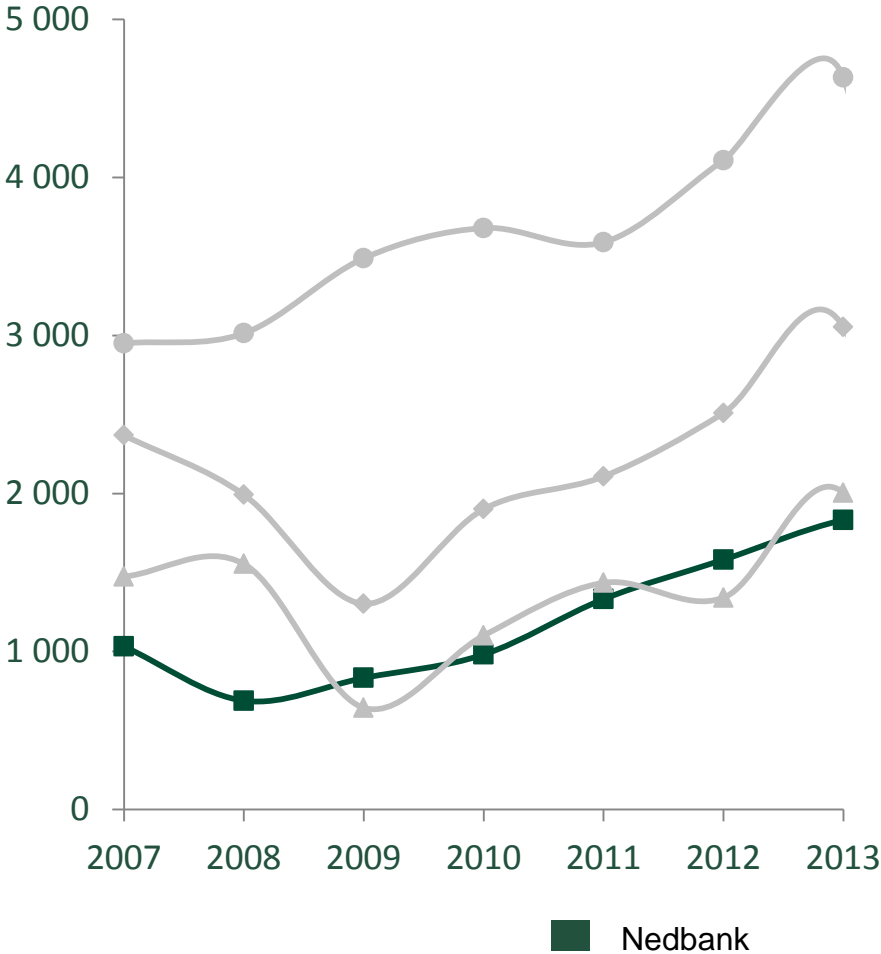
2009 2010 2011 2012 2013

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

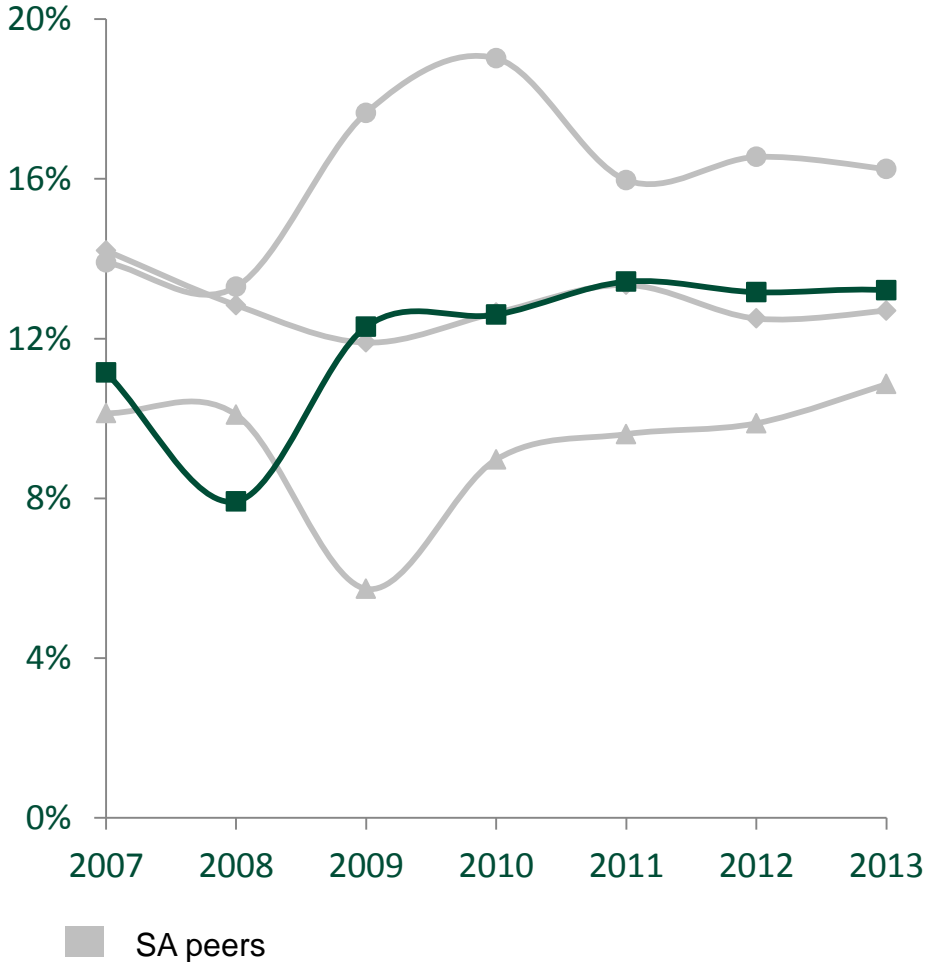
2007 pool based on RoE target, 2008 pool based on EP only

Comparative peer analysis of STIs

Bonus (Cash & Deferred) (Rm)



% Bonus / Headline Earnings (pre bonus & pre tax)



Source: Calculated based on firms' 2013 annual reports

Long-term incentive (LTI) schemes

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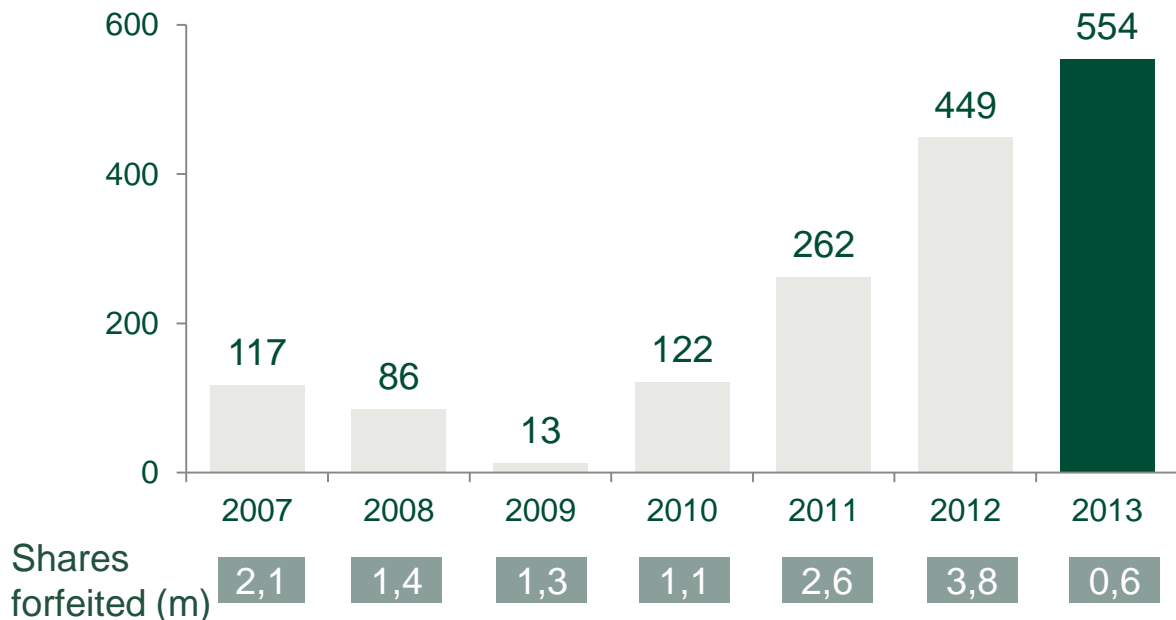
- **Corporate Performance Targets (CPTs)**
 - 50% performance based (3 years)
 - External: Relative to FINI 15
 - Internal: ROE excl goodwill vs. Cost of equity (COE) target
 - Sliding scale for vesting: 0% - 130%
 - Executive directors on 100% CPTs on all future awards
 - All other employees on 50% CPTs
- **Time based vesting**
 - Applies to 50% of LTI award (except for executive directors)
 - 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)

LTI driven by ROE & Nedbank share performance relative to Fini 15

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Long-term incentive charges (Rm)



Key factors

- Discretionary allocation
- 50% of share-based awards granted as retention shares
- Remaining 50% carries vesting criteria based on ROE (excl. goodwill) & share price relative to Fini 15
- Awards with CPTs between 2005 & 2009 lapsed in full due to non-fulfilment of CPTs

COE	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%	

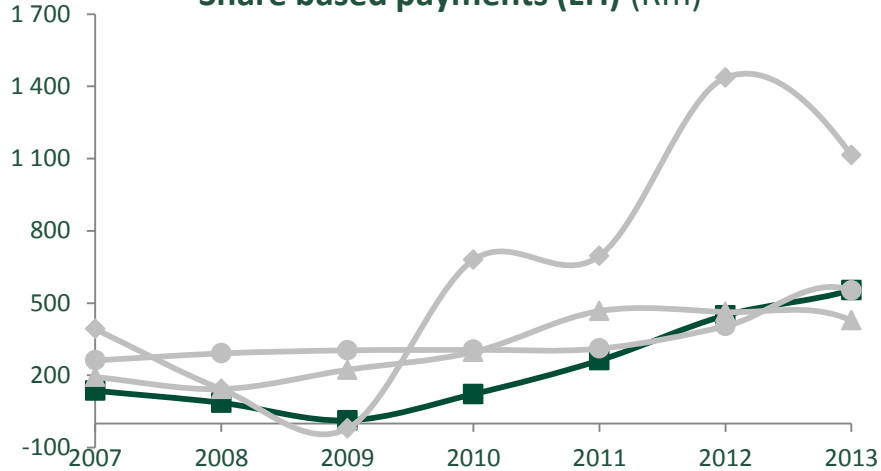
Fini 15	Fini 15	Fini 15	Fini 15	Fini 15	Fini 15	Fini 15	Fini 15	Fini 15
-20% or worse	-15%	-10%	-5%	0%	+10%	+20%	+30% or better	
0%	25%	50%	75%	100%	110%	120%	130%	

Comparative peer analysis of LTIs

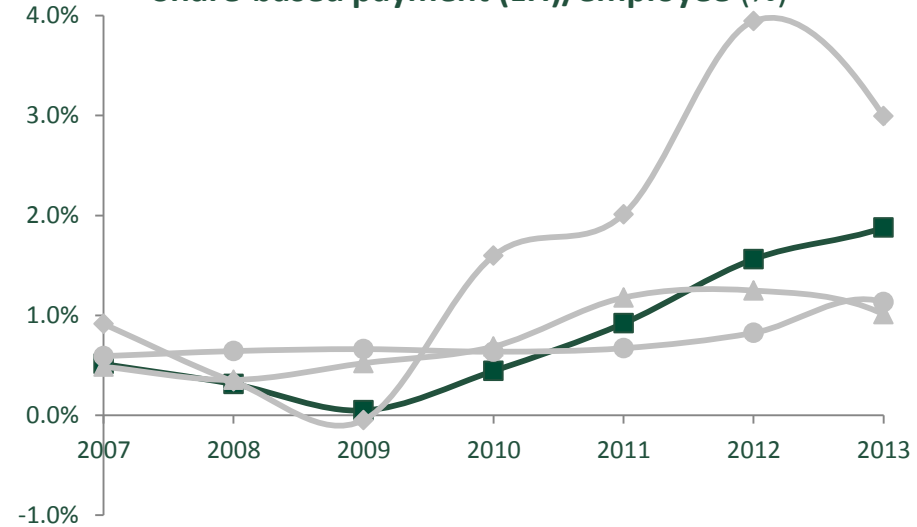
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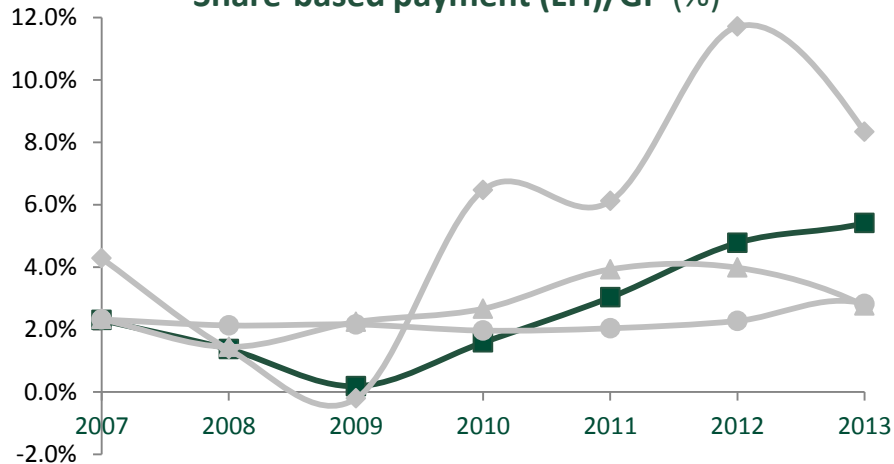
Share based payments (LTI) (Rm)



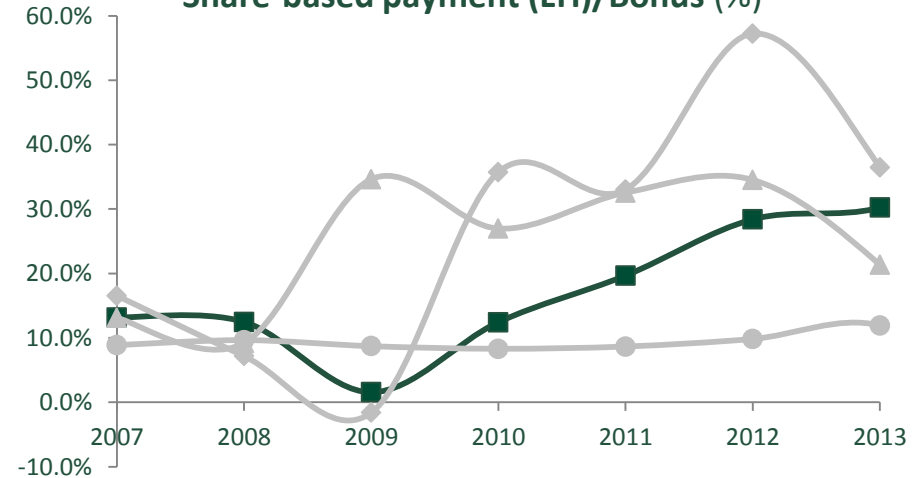
Share-based payment (LTI)/employee (%)



Share-based payment (LTI)/GP (%)



Share-based payment (LTI)/Bonus (%)



■ Nedbank

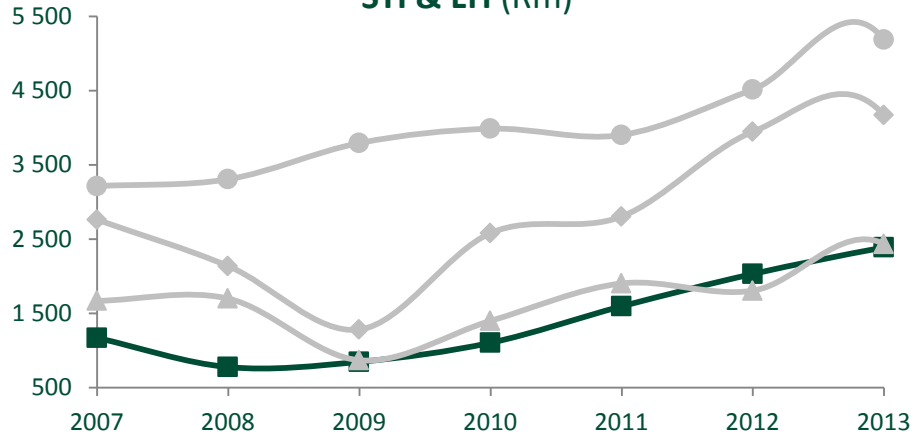
■ SA peers

Comparative peer analysis of STIs & LTIs

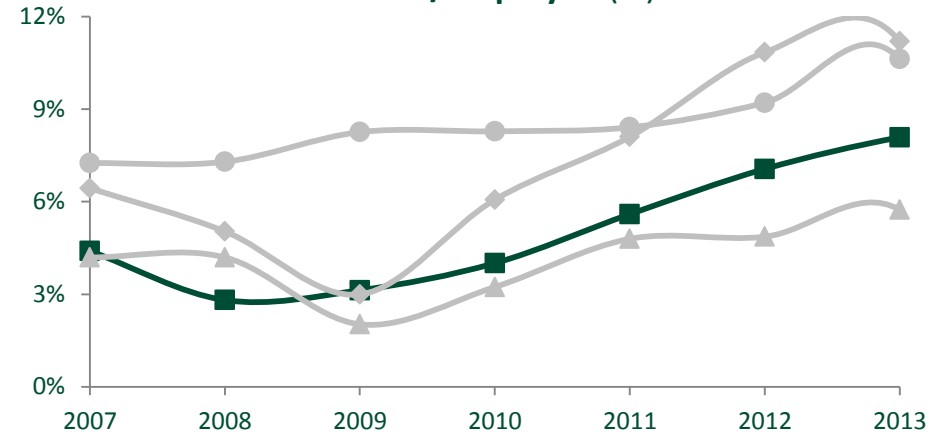
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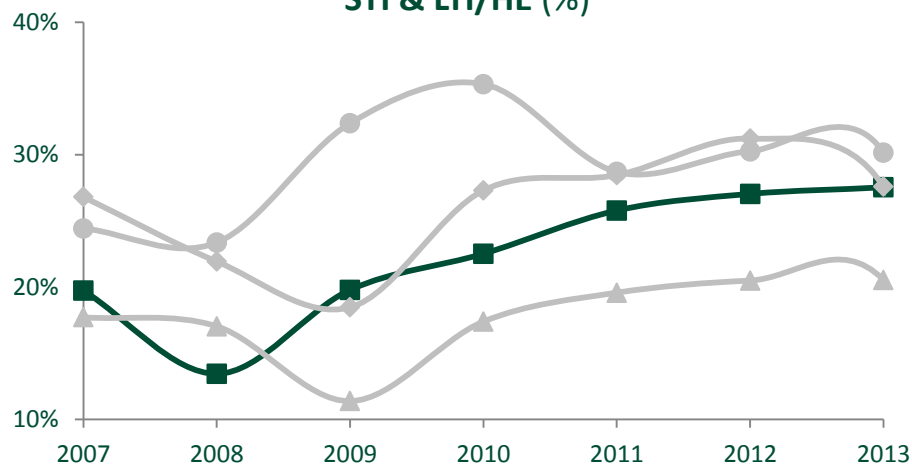
STI & LTI (Rm)



STI & LTI/employee (%)



STI & LTI/HE (%)



STI & LTI/Dividends (%)



■ Nedbank

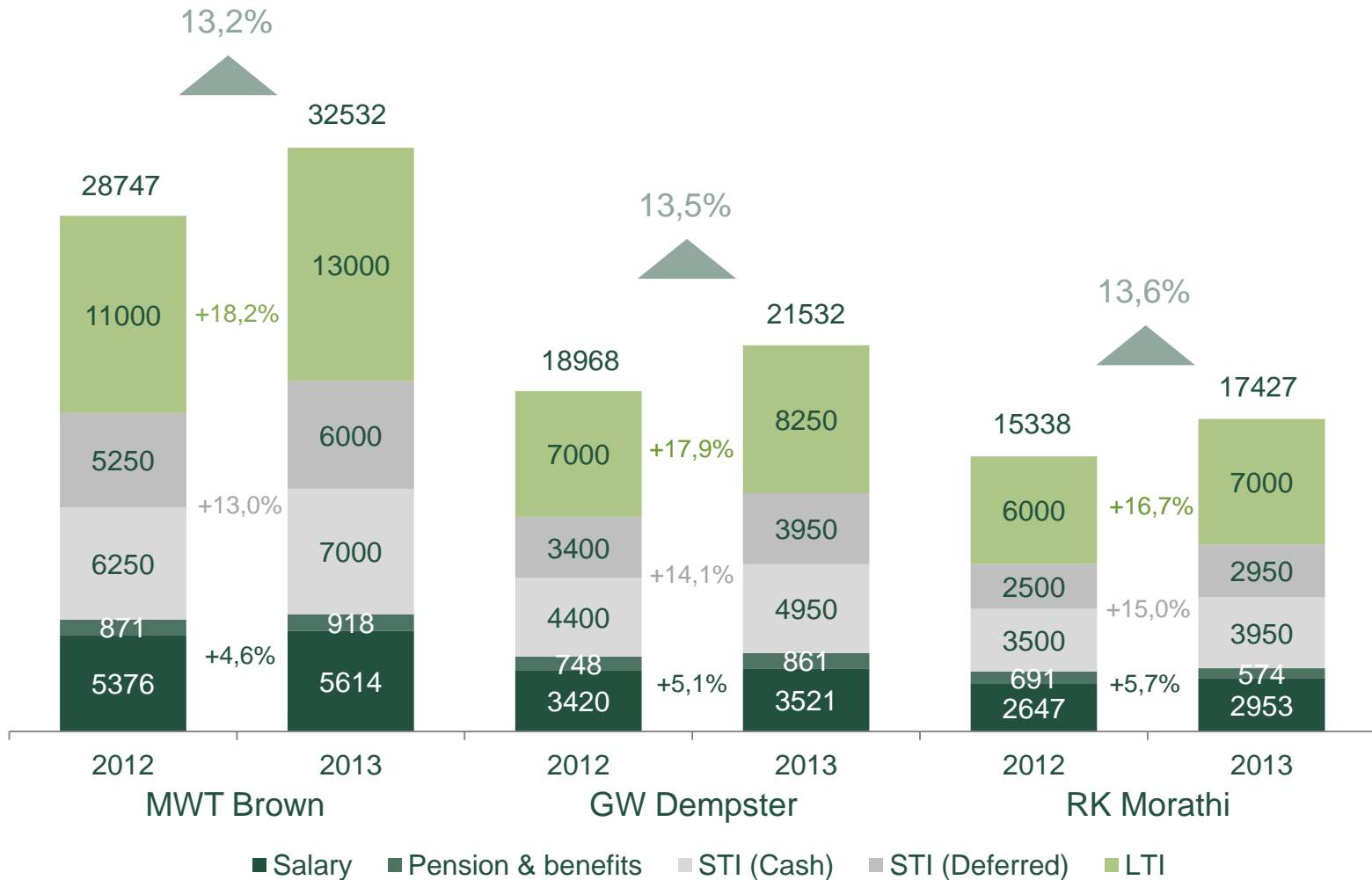
■ SA peers

Total remuneration of Executive Directors & Prescribed Officers

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Total direct remuneration (Rm)

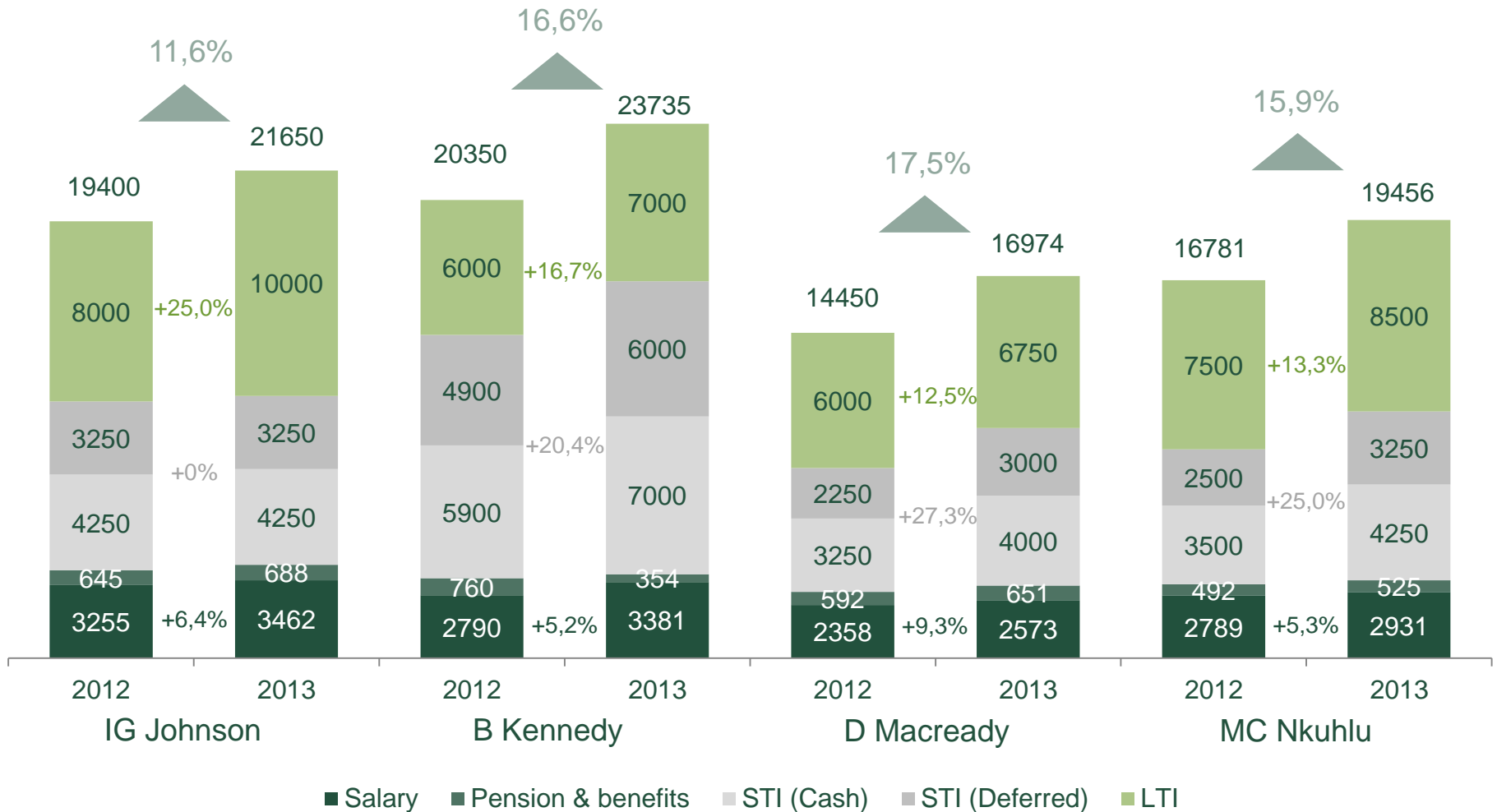


Total remuneration of Executive Directors & Prescribed Officers

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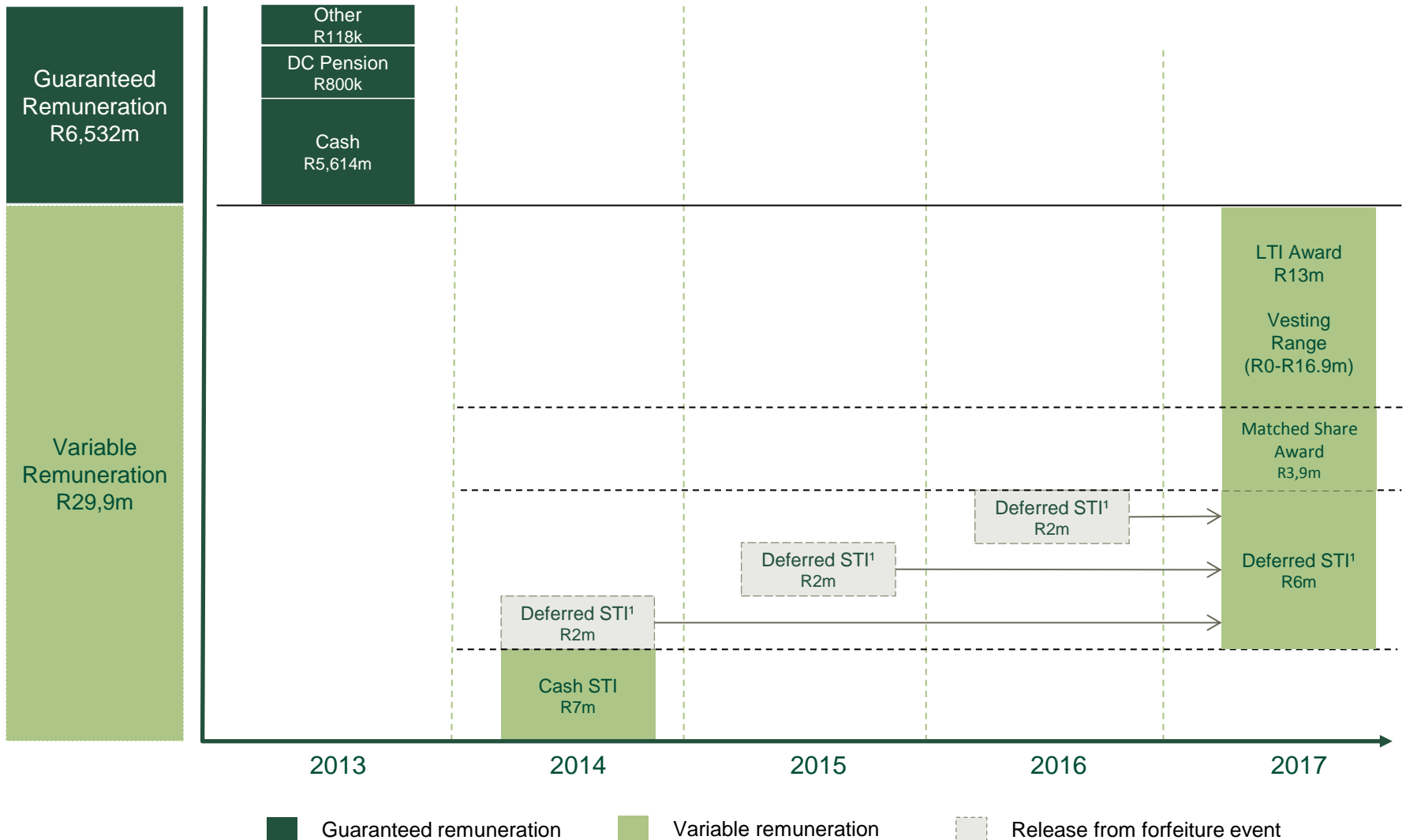
Total direct remuneration (Rm)



CE's remuneration as illustration of deferred vesting

Full match on compulsory deferral included

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¹ Deferred STI into shares

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**CORPORATE
CITIZENSHIP**

Our vision: to be Africa's most admired bank by delivering sustainably to all stakeholders

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STAFF

- Employed 29 000 & created 588 new permanent jobs in SA
- R396m training spend
- Long-term focus on corporate culture
- High staff morale



CLIENTS

- New loan payouts R159bn
- AUM up 26,5% to R190bn
- Rolled out 28 'branch of the future' stores & 334 ATMs
- New innovations: My eBills™, PocketPOS™
- Client satisfaction & systems uptime at multi-year highs
- Total client numbers, up 10% to 6,7m
- *FT & Banker* 2013 SA Bank of the year

SHAREHOLDERS

- ROE (excl goodwill): 17,2%
- Dividend of 895c, up 19,0%
 - Rights to 20% in ETI
- Approval to acquire 36,4% stake in Banco Unico



REGULATORS

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



**TO BE
AFRICA'S
MOST
ADMIRABLE
BANK**

BY OUR:

COMMUNITIES

- Servicing 10,000 more areas & suburbs since 2009
- Level 2 B-BBEE contributor for 5th year
- #1 in M&G *Most Empowered Companies* survey
- Africa's only carbon neutral bank
- Leader in socially responsible banking (*African Banker Awards & Sunday Times CSI Awards*)



Nedbank's transformation journey

Top 10 FM empowerment out of all companies 2012

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Position	Company Name	Score
1	Nedbank	94.87
2	Oceana	93.98
3	Adcorp	92.11
4	Old Mutual	92.01
5	Sun International	90.07
6	PPC	90.04
7	Group Five	89.40
8	Liberty Holdings	89.32
9	Standard Bank	89.01
10	WBHO	88.58
17	FirstRand	85.58
61	ABSA	72.78
64	Investec	71.58

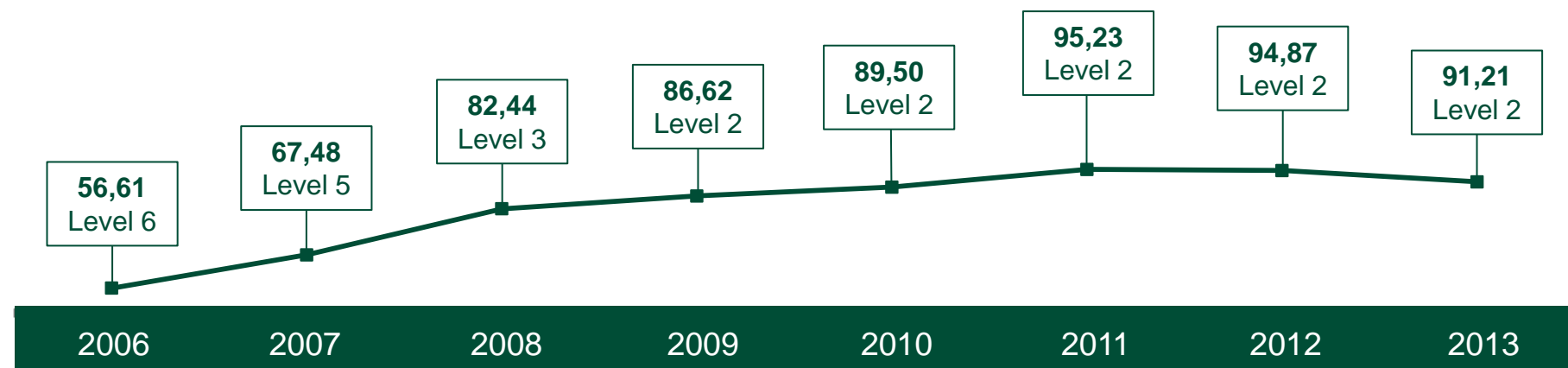


Our BBBEE score performance

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	Total score	Weighting
Ownership	16,92	0,14
Management Control	6,91	0,08
Employment Equity	11,29	0,15
Skills Development	9,21	0,10
Preferential Procurement	14,56	0,16
Empowerment Financing	13,86	0,15
Enterprise Development	5,00	0,05
Socio-Economic Empowerment	3,00	0,03
Access to Financial Services	10,47	0,14
Total BBBEE Score (Unaudited)	91,21	1,00
BBBEE status	2	

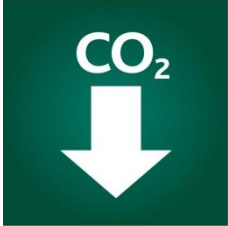


Fair Share 2030

Changing context requires step change



Long-term goals



Nedbank's response

FAIR SHARE
2030

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**RESOLUTIONS TO BE
VOTED ON AT 2014 AGM**

- **Ordinary Resolution 1**
Re-election of directors of the company: TA Boardman, MWTB Brown, MA Enus-Brey, JK Netshitenzhe
- **Ordinary Resolution 2**
Election of directors of the company: DKT Adomakoh
- **Ordinary resolution 3**
Reappointment of external auditors: Deloitte & Touche and KPMG
- **Ordinary resolution 4**
External auditor's remuneration
- **Ordinary resolution 5**
Control of authorised, but unissued, ordinary shares
- **Ordinary resolution 8**
Advisory endorsement of remuneration policy
- **Special resolution 1**
Remuneration of Non-executive directors
- **Special resolution 2**
General authority to repurchase shares
- **Special resolution 3**
Item 11: General authority to provide financial assistance to related and interrelated companies

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Nedbank Group has acted in good faith & has made every reasonable effort to ensure the accuracy & completeness of the information contained in this document, including all information that may be defined as 'forward-looking statements' within the meaning of United States securities legislation.

Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' & '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 & assumptions regarding the group's future performance.

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

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

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