



Dear Clients

We would like to advise you about the announcement that was made by Nedbank Group's parent company, Old Mutual plc, on Monday 23 August 2010.

Old Mutual announced it received a proposal from HSBC, one of the largest global banks, in terms of which HSBC could acquire a controlling shareholding in Nedbank Group. The proposal is subject to a number of regulatory and other conditions, which if fulfilled, could result in HSBC making a partial offer to Nedbank Group shareholders. This offer would include acquiring all or part of Old Mutual's stake, and could lead to a change in the controlling shareholder of Nedbank Group.

Nedbank Group issued the following media release which provides more detail on the proposed transaction:

Nedbank Group's majority shareholder, London listed Old Mutual plc, today (23 August 2010) announced it has received a proposal from HSBC, one of the largest and most respected global banking organisations, to acquire a controlling shareholding in Nedbank Group.

HSBC is the number one ranked global banking brand and the fourth largest global banking group, with a market capitalisation of \$170 billion (R1.3 trillion).

Should the proposed transaction go ahead, Nedbank Group will remain listed on the JSE and the Namibian Stock Exchange.

Nedbank Group chairman, Dr Reuel Khoza, said Old Mutual, which holds a 53% stake, has been a supportive parent and together the companies have contributed to the growth in their respective businesses.

"Earlier this year Old Mutual announced a change in strategy to build a long-term savings, protection and investment group. This led to Old Mutual re-evaluating several of its investments which may not be aligned with its new vision and strategy, including the investment in Nedbank Group," he said. In addition Old Mutual believes that the proposed transaction would have numerous benefits for South Africa.



NEDBANK

CEO'S OFFICE

135 Rivonia Road Sandown 2196 PO Box 1144 Johannesburg 2000 South Africa
Tel +27 11 294 4444 Fax +27 11 295 1111 www.nedbank.co.za

Nedbank Limited Reg No 1951/00009/06, 135 Rivonia Road, Sandown, Sandton, 2196, South Africa.
Directors: Dr RJ Khoza (Chairman) MWT Brown (Chief Executive) CJW Ball TA Boardman TCP Chikane GW Dempster (Chief Operating Officer) MA Enus-Brey Prof B de L Figaji DI Hope** A de VC Knott-Craig WE Lucas-Bull NP Mnxasana RK Morathi (Chief Financial Officer) JK Netshitenzhe JVF Roberts* GT Serobe MI Wyman* (*British) (**New Zealand)
Company Secretary: GS Nienaber 05.08.2010

We subscribe to the Code of Banking Practice of The Banking Association South Africa and, for unresolved disputes, support resolution through the Ombudsman for Banking Services. We are an authorised financial services provider. We are a registered credit provider in terms of the National Credit Act (NCR Reg No NCRCP16).

A Member of the OLD MUTUAL Group

Nedbank Client Communication vFinal Page 1 of 3

Chief executive, Mike Brown, said Nedbank Group has built a solid platform from which it can grow and service its clients. “Our vision is to build Africa’s most admired bank by strategically focusing on areas with strong economic profit potential in South Africa and in Africa.

“We believe a strong international banking partner could accelerate the delivery of our vision. A global bank as a controlling shareholder could provide access to financial, technical and operational support to improve our competitive position in South Africa and the greater African continent for the benefit of all its stakeholders, including employees, customers and investors,” he said.

The transaction is subject to a due diligence process and regulatory approvals, including the South African Reserve Bank and the Minister of Finance. Dr Khoza said the regulators in South Africa have a proven track record of ensuring the stability of South African banks and the banking system as a whole.

HSBC has been granted a period of exclusivity by Old Mutual to conduct a due diligence exercise. Following this process HSBC may approach Nedbank Group’s board to make a partial offer to all shareholders (including Old Mutual) to acquire control of Nedbank Group.

Dr Khoza said Nedbank Group has a strong and independent board to guide it through the proposed transaction.

“The board and management believe having a large global banking group as a controlling shareholder could be in the best long term interests of Nedbank Group and all its stakeholders. However, should the transaction with HSBC not go ahead for some reason, the group’s vision, strategy and growth prospects remain compelling.”

The board has appointed Credit Suisse as independent advisors to help ensure the interests of stakeholders are protected.

Brown stressed there are a number of moving parts to be addressed in the proposed transaction and until these are resolved, there cannot be certainty that the proposal will proceed.

Our commitment to you

We are committed to continuing to focus on your banking requirements. To this end we have set up a dedicated project team to manage the process with HSBC which will ensure that our existing client service channels are not impacted by the proposed transaction and accordingly remain focused on providing you with the highest standard of service we aspire towards. We also undertake to keep stakeholders appropriately informed of developments relating to the transaction as they unfold.

Kind regards



Mike Brown
Chief Executive
Nedbank Group Limited

Information on HSBC

HSBC is ranked as the number one global banking brand and is one of the top four global banks (measured by assets) with a market capitalisation of \$170 billion (R1,3 trillion). It has some 8 000 offices in 87 countries, including Europe, Hong Kong, Rest of Asia-Pacific, the Middle East, North America and Latin America. Through an international network linked by advanced technology, including a rapidly growing e-commerce capability, HSBC provides a comprehensive range of financial services: personal financial services; commercial banking; corporate, investment banking and markets; private banking; and other activities. It recently reported first half earnings of \$6,8 billion (R50 billion), with total assets of \$2,4 trillion (R17,6 trillion), more than 60% of profit before taxation coming from emerging markets, and a strong core Tier1 CAR of 9,9% and total CAR of 14,4%.