

Pricing Supplement

NEDBANK LIMITED

(incorporated with limited liability under registration number 1951/000009/06 in the Republic of South Africa)

ZAR15 BILLION DOMESTIC MEDIUM TERM NOTE PROGRAMME

issue of ZAR460,000,000 Notes under the Programme

This document constitutes the Pricing Supplement relating to Tranche 1 of Series 2 of the Notes (listed or to be listed on BESA under stock code number NEDH1A as from 20 May 2008) to be issued by Nedbank Limited (the "Issuer") under the Nedbank Limited ZAR15 billion Domestic Medium Term Note Programme (the "Programme").

General

References in this Pricing Supplement to (a) the "Programme Memorandum" are to the programme memorandum, dated 15 December 2003, as amended by the supplement, dated 19 September 2005, to the programme memorandum and as further amended by the supplement, dated 30 August 2007, to the programme memorandum; (b) the "Terms and Conditions" are to Section 5 of the Programme Memorandum headed "Terms and Conditions of the Notes"; (c) any Condition are to that Condition of Part A of the Terms and Conditions headed "General" and (d) the "Applicable Terms and Conditions" are to the Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of this Tranche of Notes set out in this Pricing Supplement.

Save as is set out in this Pricing Supplement, any capitalised terms not defined in this Pricing Supplement shall have the meaning ascribed to them in the Terms and Conditions, unless separately defined in the Programme Memorandum.

This Pricing Supplement must be read in conjunction with the Programme Memorandum. To the extent that there is any conflict or inconsistency between the provisions of this Pricing Supplement and the Programme Memorandum, the provisions of this Pricing Supplement shall prevail.

Definitions

For purposes of this Pricing Supplement and the Applicable Terms and Conditions:

- a) "Banks Act" means the Banks Act, 1990, as amended;
- b) "Capital Adequacy Requirements" means the capital adequacy requirements set out in the Banks Act and the Regulations applicable to the Issuer (on a solo and/or consolidated basis), and all requirements, guidelines and policies from time to time of the Registrar of Banks relating to such capital adequacy requirements whether or not such requirements, guidelines or policies have the force of law and whether they are applied generally or specifically to the Issuer (on a solo and/or consolidated basis);
- c) "Capital Deficiency Event" means the occurrence of any event which results (or will result) in the Issuer (on a solo and/or consolidated basis) being in non-compliance with the Capital Adequacy Requirements;
- d) "Capital Disqualification Event" means the occurrence of any event which results (or will result) in the Notes not, or no longer, qualifying as Primary Capital Notes and/or the proceeds of the issue of the Notes not, or no longer, qualifying as Primary Capital for inclusion in the Primary Capital of the Issuer on a solo and/or consolidated basis (save where such non-qualification is only as a result of the applicable quantitative limits on the amount of such Primary Capital).

- e) **"Group Company"** means any company within the Nedbank Group;
- f) **"Holding Company"** means Nedbank Group Limited (incorporated with limited liability under registration number 1966/010630/06 in South Africa);
- g) **"Interest Step-Up Date"** means the date specified in Item E(29) below;
- h) **"Junior Securities"** means:
 - A. the Ordinary Shares;
 - B. the ordinary shares in the share capital of the Holding Company;
 - C. any other shares in the share capital of the Issuer (and any other securities of the Issuer) (a) which rank or are expressed to rank, whether contractually or structurally, junior to the Notes or (b) which benefit from a guarantee or credit support agreement entered into by any other Group Company which ranks or is expressed to rank junior to the Notes;
 - D. any other shares in the share capital (and any other securities) of any Group Company (including the Holding Company but excluding the Issuer) (a) which rank or are expressed to rank, whether contractually or structurally, junior to the non-redeemable non-cumulative preference shares in the issued share capital of the Holding Company or (b) which benefit from a guarantee or credit support agreement entered into by any Group Company (other than the issuer of such shares or securities) which ranks or is expressed to rank junior to the non-redeemable non-cumulative preference shares in the issued share capital of the Holding Company;
- i) **"Make Whole Amount"** means, in respect of each Note in this Tranche, the higher of (a) the Outstanding Principal Amount of the Note and (b) the price, expressed as a percentage (rounded to four decimal places, 0.00005 being rounded upwards), at which the gross redemption yield on the Note on the Reference Date (assuming for this purpose that the Note is to be redeemed at its Outstanding Principal Amount on the Interest Step-Up Date) is equal to the gross redemption yield (determined by reference to the middle market price) at 11h00 (South African time) on the Reference Date of the South African Reference Bond plus 2.76%, all as determined by the Calculation Agent;
- j) **"Nedbank Group"** means the Holding Company, the Issuer and any of their respective wholly-owned consolidated subsidiaries (as defined in the Companies Act, 1973);
- k) **"Non-Redeemable Non-Cumulative Preference Shares"** means the non-redeemable non-cumulative preference shares in the issued share capital of the Issuer the proceeds of which qualify as Primary Capital;
- l) **"Ordinary Shares"** means the ordinary shares in the share capital of the Issuer;
- m) **"Other Capital Securities"** means:
 - A. the Non-Redeemable Non-Cumulative Preference Shares;



- B. the non-redeemable non-cumulative preference shares in the issued share capital of the Holding Company;
 - C. any other shares in the share capital of the Issuer (and any other securities of the Issuer) (a) the proceeds of which qualify as Primary Capital (on a solo and/or consolidated basis) and which rank or are expressed to rank, whether contractually or structurally, equally as to payment with the Notes or (b) which benefit from a guarantee or credit support agreement entered into by any other Group Company which ranks or is expressed to rank equally as to payment with the Notes;
 - D. any other shares in the share capital (and any other securities) of any Group Company (including the Holding Company but excluding the Issuer) (a) which rank or are expressed to rank, whether contractually or structurally, equally as to payment with the non-redeemable non-cumulative preference shares in the issued share capital of the Holding Company or (b) which benefit from a guarantee or credit support agreement entered into by any Group Company (other than the issuer of such shares or securities) which ranks or is expressed to rank equally as to payment with the non-redeemable non-cumulative preference shares in the issued share capital of the Holding Company;
- n) **"Primary Capital"** means *"primary share capital"* as defined in the Banks Act;
 - o) **"Primary Capital Notes"** means the "hybrid-debt instruments" contemplated in Regulation 38(13) of the Regulations;
 - p) **"Reference Date"** means, for purposes of the Make Whole Amount, the date which is 3 (three) Business Days prior to (a) the Tax Event Redemption Date (as defined in Item C(16) below) where this Tranche of Notes is redeemed pursuant to Item C(16) below or (b) the Capital Disqualification Event Redemption Date (as defined in Item C(17) below) where this Tranche of Notes is redeemed pursuant to Item C(17) below, as the case may be;
 - q) **"Regulations"** means the *"Regulations Relating to Banks"* promulgated under the Banks Act as Government Notice No. R.3 and published in *Government Gazette* No. 30629 of 1 January 2008;
 - r) **"relevant Interest Amount"** means any Interest Amount due under the Notes in this Tranche in respect of any Interest Period;
 - s) **"relevant Interest Payment Date"** means (i) the Interest Payment Date on which the relevant Interest Amount becomes due and payable to the Noteholders or (ii) if the Issuer elects not to pay the relevant Interest Amount, the Interest Payment Date on which, in the absence of such election, the relevant Interest Amount would otherwise have become due and payable to the Noteholders, as the case may be;
 - t) **"Secondary Capital"** means *"secondary capital"* as defined in the Banks Act;
 - u) **"South African Reference Bond"** means, for purposes of the Make Whole Amount, such South African government bond as is selected by the Calculation Agent, having a maturity date as near as possible to the Interest Step-Up Date and an outstanding principal amount in excess of ZAR10 billion, and which would ordinarily be utilized, at the time of its selection by the Calculation Agent and in accordance with customary financial practice, in pricing new issues of debt securities of comparable maturity;
 - v) **"Tertiary Capital"** means *"tertiary capital"* as defined in the Banks Act.

A. DESCRIPTION OF THE NOTES		
1.	Issuer	Nedbank Limited
2.	Tranche number	1
3.	Series number	2
4.	Form of Notes	The Notes in this Tranche will initially be represented by a single registered Global Certificate (subject to Condition 13.1)
5.	Status of Notes	Unsecured Subordinated Notes (see Item I below)
6.	Aggregate Principal Amount of this Tranche	ZAR460,000,000
7.	Principal Amount (nominal amount) per Note	ZAR1 million
8.	Interest and Interest Step-up	<p>The Notes in this Tranche will bear interest at the Fixed Interest Rate (subject to and in accordance with Item D below) from and including the Issue Date to but excluding the Interest Step-Up Date (or the Actual Redemption Date, if the Actual Redemption Date falls before the Interest Step-Up Date).</p> <p>If this Tranche is not redeemed in full on or before the Interest Step-Up Date, the Notes in this Tranche will bear interest at the Floating Interest Rate (subject to and in accordance with Item E below) from and including the Interest Step-Up Date to but excluding the Actual Redemption Date.</p>
9.	Applicable Business Day Convention	Modified Following
B. PROGRAMME LIMIT		
10.	Total aggregate Principal Amount of the Programme	ZAR15 billion
11.	Aggregate Outstanding Principal Amount of all of the Notes issued under the Programme as at the Issue Date	ZAR10.07 billion, excluding the aggregate Principal Amount of this Tranche of Notes and each other Tranche of Notes issued on the Issue Date.
C. ISSUE AND REDEMPTION		
12.	Issue Date	20 May 2008
13.	Issue Price	ZAR460,000,000
14.	Issue Currency	ZAR
15.	Call Option	The Issuer may at its option, but subject to the prior written approval of the Registrar of Banks, having given not less than 30 nor more than 60 days' notice to the Transfer Secretary, the Calculation Agent, the Paying Agent, and the Noteholders (in the manner set out in Condition 17) (which notice shall be irrevocable) redeem all, but not only some, of the Notes in this Tranche, on

		the Interest Step-Up Date or on any Interest Payment Date falling after the Interest Step-Up Date (which date for redemption (the "Call Option Date") shall be stipulated in such notice), at the aggregate Outstanding Principal Amount, together with interest (if any) accrued to the Call Option Date.
16.	Tax Event	<p>The Issuer may at its option, but subject to the prior written approval of the Registrar of Banks, having given not less than 30 nor more than 60 days' notice to the Transfer Secretary, the Calculation Agent, the Paying Agent, and the Noteholders (in the manner set out in Condition 17) (which notice shall be irrevocable) redeem all, but not only some, of the Notes in this Tranche, on the date for redemption stipulated in such notice (the "Tax Event Redemption Date"), at the aggregate Outstanding Principal Amount (in the circumstance envisaged in (a) below and, if the Tax Event Redemption Date falls on or after the Interest Step-Up Date, in the circumstance envisaged in (b) below) or at the aggregate Make Whole Amount (in the circumstance envisaged in (b) below if the Tax Event Redemption Date falls before the Interest Step-Up Date), as the case may be, together with interest (if any) accrued to the Tax Event Redemption Date, if the Issuer, prior to the giving of such notice, has been provided with a legal opinion from a reputable firm of lawyers in South Africa to the effect that there is a substantial likelihood that, by reason of the occurrence (after the Issue Date) of any event(s) described in paragraphs (a) to (d) inclusive of Condition 6.2, on the next following Interest Payment Date:</p> <ul style="list-style-type: none"> a) the Issuer will be required to pay additional amounts in respect of the Notes in accordance with Condition 11; or b) in respect of the Issuer's obligations to pay interest under the Notes, the Issuer will not be entitled to claim a deduction for purposes of computing its taxation liabilities or such entitlement is materially reduced, <p>and the circumstances in (a) above or (b) above (as the case may be) cannot be avoided by the Issuer taking measures reasonably available to it.</p> <p>From the date of publication of any notice of redemption pursuant to this Item C(16), the Issuer shall make available at its Specified Office, for inspection by any holder of Notes to be so redeemed, (i) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) a copy of the legal opinion referred to in this Item C(16) above.</p>
17.	Capital Disqualification Event	<p>The Issuer may at its option, but subject to the prior written approval of the Registrar of Banks, having given not less than 30 nor more than 60 days' notice to the Transfer Secretary, the Calculation Agent, the Paying Agent, and the Noteholders (in the manner set out in Condition 17) (which notice shall be irrevocable) redeem all, but not only some, of the Notes in this Tranche on the</p>

		<p>date for redemption stipulated in such notice (the "Capital Disqualification Event Redemption Date"), at the aggregate Outstanding Principal Amount (if the Capital Disqualification Event Redemption Date falls on or after the Interest Step-Up Date) or at the aggregate Make Whole Amount (if the Capital Disqualification Event Redemption Date falls before the Interest Step-Up Date), as the case may be, together with interest (if any) accrued to the Capital Disqualification Event Redemption Date if the Issuer, prior to the giving of such notice, has been provided with a legal opinion from a reputable firm of lawyers in South Africa to the effect that (after the Issue Date) a Capital Disqualification Event has occurred and is continuing.</p> <p>From the date of publication of any notice of redemption pursuant to this Item C(17), the Issuer shall make available at its Specified Office, for inspection by any holder of Notes to be so redeemed, (i) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) a copy of the legal opinion referred to in this Item C(17) above.</p>
18.	Maturity and Redemption	<p>The Notes in this Tranche are issued without a maturity date. The Issuer is under no obligation to redeem the Notes in this Tranche at any time other than in a winding-up or liquidation of the Issuer.</p> <p>Subject to the preceding paragraph of this Item C(18), if the Issuer, at its option and with the prior written approval of the Registrar of Banks, elects to redeem this Tranche of Notes in accordance with the Applicable Terms and Conditions, then "Actual Redemption Date" will mean the date upon which this Tranche of Notes is actually redeemed in full by the Issuer and the full amount due and payable by the Issuer to the Noteholders has been paid, being the earlier of (i) the date on which such amount is paid to the Noteholders and (ii) the date on which such amount is paid to the CSD's Nominee.</p>
19.	Redemption Amount	Subject to Item C(16)(b) above and Item C(17) above (which provide for redemption of the Notes prior to the Interest Step-Up Date at the aggregate Make Whole Amount), the aggregate Outstanding Principal Amount plus interest (if any) accrued to the Actual Redemption Date.
20.	Prior written consent of the Registrar of Banks required for any redemption of the Notes	Yes
D. FIXED INTEREST RATE		
21.	Payment of Interest Amount	The Issuer shall be obliged to pay the relevant Interest Amount to the Noteholders on the relevant interest Payment Date unless the Issuer elects (as contemplated in Item F(42) below) or is obliged to elect (as contemplated in Item F(43) below), as the case may be, not to pay the relevant Interest Amount (or any portion thereof) on the relevant Interest Payment Date.

22.	Fixed Interest Rate	The Notes in this Tranche will bear interest at the Fixed Interest Rate equal to 15.05% per annum (nominal annual compounded semi-annually) for the period from and including the Issue Date to but excluding the Interest Step-Up Date.
23.	Fixed Interest Payment Dates	Semi-annually in arrear on 20 November and 20 May of each year.
24.	First Fixed Interest Payment Date	20 November 2008
25.	Fixed Rate Periods	Each successive six-month period commencing on and including a Fixed Interest Payment Date and ending on but excluding the following Fixed Interest Payment Date. The first Fixed Rate Period will commence on and include the Issue Date and the last Fixed Rate Period will end on but exclude the Interest Step-Up Date (or the Actual Redemption Date, if the Actual Redemption Date falls before the Interest Step-Up Date).
26.	Initial Broken Amount	Not applicable
27.	Final Broken Amount	Not applicable
E.	FLOATING INTEREST RATE	
28.	Payment of Interest Amount	The Issuer shall be obliged to pay the relevant Interest Amount to the Noteholders on the relevant Interest Payment Date unless the Issuer elects (as contemplated in Item F(42) below) or is obliged to elect (as contemplated in Item F(43) below), as the case may be, not to pay the relevant Interest Amount (or any portion thereof) on the relevant Interest Payment Date.
29.	Interest Step-Up Date	20 November 2018
30.	Floating Interest Rate	If this Tranche is not redeemed in full on or before the Interest Step-Up Date, the Notes in this Tranche will bear interest at the Floating Interest Rate per annum (nominal annual compounded quarterly) equal to the sum of the Reference Rate (see Item E(37) below) plus the Initial Margin (see Item E(38) below) plus the Step-Up Margin (see Item E(39) below) (determined by the Calculation Agent in accordance with Condition 7.2) for the period from and including the Interest Step-Up Date to but excluding the Actual Redemption Date.
31.	Floating Interest Payment Dates	Quarterly in arrear on 20 February, 20 May, 20 August and 20 November of each year.
32.	First Floating Interest Payment Date	20 February 2018
33.	Floating Rate Periods	Each successive three-month period commencing on and including a Floating Interest Payment Date and ending on but excluding the following Floating Interest Payment Date. The first Floating Rate Period will commence on and include the Interest Step-Up Date and the last Floating Rate Period will end on but exclude the Actual Redemption Date.
34.	Interest Determination Dates	20 November, 20 February, 20 May and 20 August of each year, being the first day of each Floating Rate Period. If any such date is not a Business

		Day, the Interest Determination Date will be first following day that is a Business Day, unless it would thereby fall into the next calendar month, in which event the Interest Determination Date will be brought forward to the first preceding Business Day.
35.	Manner in which the Floating Interest Rate is to be determined	Screen Rate Determination
36.	Relevant Screen Page and Reference Code	Reuters Screen SAFEY page as the "SFX 3M YIELD"
37.	Reference Rate	The JIBAR Rate being, subject to Condition 7.2D, the average mid-market yield rate per annum for 3-month deposits in Rand which appears on the Reuters Screen SAFEY page as the "SFX 3M YIELD" at or about 12h00 (South African time) on the Interest Determination Date, determined by the Calculation Agent in accordance with Condition 7.2.
38.	Initial Margin	4.75%
39.	Step-Up Margin	2.375%
40.	Minimum Interest Rate	Not applicable
41.	Maximum Interest Rate	Not applicable
F. PAYMENT OF THE RELEVANT INTEREST AMOUNT		
42.	Election not to pay Interest Amount	<p>The Notes are non-cumulative, that is, any interest payable in respect of the Notes shall be non-cumulative.</p> <p>The Issuer may elect not to pay the relevant Interest Amount or any portion of the relevant Interest Amount (the "relevant portion") to the Noteholders by giving written notice thereof to the Transfer Secretary, the Calculation Agent, the Paying Agent, and the Noteholders (in the manner set out in Condition 17) (the "Waiver Notice").</p> <p>The Waiver Notice shall be given no later than the Last Day to Register applicable to the relevant Interest Payment Date. The Issuer will, prior to giving the Waiver Notice, procure that all such steps are or will be taken as are necessary to ensure that, on and following the relevant Interest Payment Date, effect is given to the restrictions set out in Item F(44) below.</p> <p>Upon the giving of the Waiver Notice, the obligation that the Issuer would have had, in the absence of such election, to pay the relevant Interest Amount (or the relevant portion) to the Noteholders on the relevant Interest Payment Date shall be extinguished in its entirety, and the Issuer shall have no obligation, and incur no liability, whatsoever to pay any or all of the relevant Interest Amount (or the relevant portion) to the Noteholders at any time.</p> <p>Without limiting the generality of the foregoing, neither the Issuer's election not to pay the relevant Interest Amount (or the relevant portion) nor the non-</p>

		<p>payment of the relevant Interest Amount (or the relevant portion) shall be (or shall be construed to be) an Event of Default for any purpose. The relevant Interest Amount (or the relevant portion) shall not be carried forward or rolled over to any future Interest Period and will not be deemed to have accrued or to have been earned for any purpose.</p>
43.	Obligatory non-payment of Interest Amount	<p>The Issuer shall elect not to pay the relevant Interest Amount if, on or before the Last Day to Register applicable to the relevant Interest Payment Date, in the reasonable opinion of the Issuer, a Capital Deficiency Event has occurred and is continuing.</p> <p>If on or before the Last Day to Register applicable to the relevant Interest Payment Date, in the reasonable opinion of the Issuer, payment of the relevant Interest Amount or any portion of the relevant Interest Amount (the "relevant portion") would, after such payment, result in a Capital Deficiency Event to the extent of and/or in an amount equivalent to the relevant Interest Amount (or the relevant portion), the Issuer shall elect not to pay the relevant Interest Amount (or the relevant portion).</p> <p>For purposes of determining whether payment of the relevant Interest Amount (or the relevant portion) would, after such payment, result in a Capital Deficiency Event, the Issuer shall take into account all amounts payable, on the relevant Interest Payment Date, in respect of (i) the Non-Redeemable Non-Cumulative Preference Shares and (ii) any other shares in the share capital of the Issuer (and any other securities of the Issuer) (a) the proceeds of which qualify as Primary Capital (on a solo and/or consolidated basis) and which rank or are expressed to rank, whether contractually or structurally, equally as to payment with the Notes or (b) which benefit from a guarantee or credit support agreement entered into by any other Group Company which ranks or is expressed to rank equally as to payment with the Notes.</p> <p>The provisions of Item F(42) above shall apply <i>mutatis mutandis</i> if the Issuer is obliged to elect not to pay the relevant Interest Amount (or the relevant portion) pursuant to this Item F(43).</p>
44.	Restrictions following election not to pay Interest Amount	<p>If the Issuer elects (as contemplated in Item F(42) above) or is obliged to elect (as contemplated in Item F(43) above), as the case may be, not to pay the relevant Interest Amount (or any portion of the relevant Interest Amount) on the relevant Interest Payment Date:</p> <p>a) the Issuer shall not declare or pay any distribution or dividend or make any other payment on (and will procure that no Group Company declares or pays any distribution or dividend or makes any other payment on) any Junior Securities or Other Capital Securities; provided that the restrictions set out in this paragraph (a) shall not apply to:</p> <p>A. any dividend which has been declared on any Junior Securities and/or Other Capital Securities prior to the date of receipt, by the</p>

		<p>Noteholders, of the Waiver Notice given in respect of the relevant Interest Amount pursuant to Item F(42) above or Item F(43) above, as the case may be;</p> <p>B. intra-group dividends on any Junior Securities and/or Other Capital Securities (other than Non-Redeemable Non-Cumulative Preference Shares and Ordinary Shares the proceeds of which qualify as Primary Capital) between any Group Company and any other Group Company;</p> <p>C. any Junior Securities and/or Other Capital Securities (other than Non-Redeemable Non-Cumulative Preference Shares and Ordinary Shares the proceeds of which qualify as Primary Capital) the terms of which do not allow the issuer of such Junior Securities and/or Other Capital Securities not to declare or not to pay any distribution or dividend on or not to make any other payment on such Junior Securities and/or Other Capital Securities; and</p> <p>b) the Issuer shall not redeem, purchase, cancel, reduce or otherwise acquire (and will procure that no Group Company redeems, purchases, cancels, reduces or otherwise acquires) any Junior Securities and/or Other Capital Securities,</p> <p>in each case until such time as the Issuer next pays, in full, an Interest Amount to the Noteholders (or an amount equal to the Interest Amount has been duly set aside or provided for in full for the benefit of the Noteholders).</p>
G.	CAPITAL DISQUALIFICATION EVENT	
45.	Obligatory payment of Interest Amount following a Capital Disqualification Event	<p>The Issuer shall (subject to its right to redeem this Tranche of Notes in terms of Item C(17) above) pay the relevant Interest Amount on the relevant Interest Payment Date if (i) a Capital Disqualification Event has occurred and is continuing and (ii) a Capital Deficiency Event is not continuing or a Capital Deficiency Event would not occur as a result of such payment, subject to those provisions of the Banks Act which allow or require, as the case may be, the Issuer to defer payment of the relevant Interest Amount if, as a result of the occurrence of a Capital Disqualification Event, the proceeds of the issue of this Tranche of Notes then qualify as Secondary Capital or Tertiary Capital, as the case may be.</p>
H.	FUNDING OF INTEREST PAYMENTS	
46.	Alternative Coupon Satisfaction Mechanism ("ACSM")	<p>The Issuer may fund its obligation to pay the relevant Interest Amount to the Noteholders through the issue of Ordinary Shares to the Holding Company (in the manner and on the terms set out below), by giving written notice thereof to the Holding Company, the Transfer Secretary, the Calculation Agent, the Paying Agent, and the Noteholders (in the manner set out in Condition 17) (the "ACSM Notice"). The ACSM Notice shall be given no later</p>

than the 10th Business Day prior to the relevant Interest Payment Date.

The Issuer will, at least six weeks prior to the relevant Interest Payment Date, issue to the Holding Company such number of Ordinary Shares (the "**Issuer Shares**") as, in the determination of the Holding Company, will have a market value at least equal to (and not less than) the relevant Interest Amount (subject as set out below).

The Holding Company has agreed to subscribe for the Issuer Shares for a consideration equal to the market value of the Issuer Shares (the "**Share Subscription Price**"). The Issuer will procure that:

- a) the Holding Company subscribes for the Issuer Shares for a consideration equal to the Share Subscription Price; and
- b) the Issuer Shares are issued to the Holding Company (or its nominee) against payment to the Paying Agent (acting as agent for and on behalf of the Issuer) of the Share Subscription Price.

If, after the operation of the procedure contemplated above, the Share Subscription Price is or, in the opinion of the Calculation Agent, will be, less than the relevant Interest Amount, the procedure contemplated above will be repeated, and the Issuer shall issue (and continue to issue) such number of further Issuer Shares as are required to ensure that the total Share Subscription Price is at least equal to (and not less than) the full relevant Interest Amount, provided that such repeat procedure(s) shall terminate at the close of business on the second Business Day prior to the relevant Interest Payment Date.

Following receipt of the total Share Subscription Price by the Paying Agent (acting as agent for and on behalf of the Issuer), the Paying Agent will procure that the total Share Subscription Price is distributed to the Noteholders, *pro rata* to the aggregate Outstanding Principal Amount of the Notes held by each Noteholder, by no later than the close of business on the relevant Interest Payment Date.

Notwithstanding anything to the contrary contained in this Item H(46) if, for any reason whatsoever, the total Share Subscription Price received by the Paying Agent (by close of business on the second Business Day prior to the relevant Interest Payment Date) is less than the relevant Interest Amount (as determined by the Calculation Agent) (such deficiency being the "**Shortfall Amount**") then, provided the Issuer is not obliged to pay the Shortfall Amount to the Noteholders in accordance with Item G(45) above, the Issuer may elect not to pay the Shortfall Amount to the Noteholders by giving written notice thereof to the Transfer Secretary, the Calculation Agent, the Paying Agent, and the Noteholders (in the manner set out in Condition 17) (the "**Shortfall Waiver Notice**"). The Shortfall Waiver Notice shall be given as soon as may be practicable, but in any event by no later than the 2nd Business Day following the relevant Interest Payment Date. Subject to the

		<p>foregoing provisions of this paragraph, the provisions of Item F(42) above shall apply <i>mutatis mutandis</i> if the Issuer elects not to pay the Shortfall Amount to the Noteholders pursuant to the provisions of this paragraph; provided that (i) all references in Item F(42) above to "Waiver Notice" shall be construed as references to the Shortfall Waiver Notice and (ii) all references in Item F(42) above to "the relevant Interest Amount (or the relevant portion)" shall be construed as references to the Shortfall Amount.</p> <p>The provisions of this Item H(46) are subject to the provisions of Item H(47) below.</p> <p>If the Issuer elects (as contemplated in Item F(42) above) or is obliged to elect (as contemplated in Item F(43) above), as the case may be, not to pay any portion of the relevant Interest Amount on the relevant Interest Payment Date, the Issuer may elect to fund its obligation to pay the balance of the relevant Interest Amount to the Noteholders through the operation of the ACSM contemplated in this Item H(46). In this event, the provisions of this Item H(46) shall apply <i>mutatis mutandis</i> in respect of the Issuer's obligation to pay the balance of the relevant Interest Amount to the Noteholders.</p>
47.	Insufficiency	<p>The Issuer shall not be entitled to exercise its rights under Item H(46) above unless it has available for issue, and the directors of the Issuer have the corresponding authority to issue, a sufficient number of Issuer Shares to enable the Issuer to satisfy its obligations under Item H(46) above through the operation of the ACSM.</p> <p>The Issuer shall use all reasonable endeavours to obtain and maintain all corporate authorisations required for the issue and allotment of such number of Issuer Shares as are reasonably required to be issued to enable the Issuer to satisfy its obligations under Item H(46) above through the operation of the ACSM for twelve consecutive months.</p>
48.	Suspension	<p>If, following any take-over offer or any reorganisation, restructuring or scheme of arrangement, the Issuer ceases to be a majority owned subsidiary of the Holding Company, then the Issuer shall be under no obligation, but shall endeavour, to take such steps as may be required to replicate the operation of the ACSM (as contemplated in Item H(46) above) in the context of the capital structure of the new holding company.</p> <p>If, in the opinion of the Issuer, it is not possible to replicate the operation of the ACSM (as contemplated in Item H(46) above) in the context of the capital structure of the new holding company neither the Issuer nor the Holding Company nor the Calculation Agent nor the Paying Agent shall incur any liability or be under any obligation to any Noteholder to satisfy or fulfil or procure the operation (or continued operation) of the ACSM (as contemplated in Item H(46) above).</p>
I.	STATUS AND SUBORDINATION	

49.	Status	<p>The Notes in this Tranche are direct, unsecured and (in accordance with Item I(50) below) subordinated obligations of the Issuer and rank <i>pari passu</i> without any preference among themselves. The Notes in this Tranche rank <i>pari passu</i> with all subordinated debt issued by the Issuer the proceeds of which subordinated debt qualify as Primary Capital and all Non-Redeemable Non-Cumulative Preference Shares. The Notes in this Tranche rank senior only to Ordinary Shares.</p>
50.	Subordination	<p>The claims of each Noteholder entitled to be paid amounts due in respect of the Notes in this Tranche shall:</p> <ul style="list-style-type: none"> a) be subordinated to (i) the claims of Senior Creditors and (ii) the claims of the holders of Subordinated Debt; b) rank <i>pari passu</i> with (i) the claims of the holders of subordinated debt issued by the Issuer the proceeds of which subordinated debt qualify as Primary Capital and (ii) the claims of the holders of Non-Redeemable Non-Cumulative Preference Shares; c) rank senior only to the claims of the holders of Ordinary Shares. <p>Subject to Applicable Laws, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation or wound-up, the claims of the Noteholders shall be subordinated to the claims of Senior Creditors and the claims of the holders of Subordinated Debt and, in any such event, no amount shall be payable to any Noteholder entitled to be paid amounts due under the Notes in this Tranche until the claims of Senior Creditors and the claims of the holders of Subordinated Debt which are admissible in any such dissolution, insolvency or winding-up have been paid or discharged in full.</p> <p>The sole remedy against the Issuer available to the Noteholders for the recovery of amounts due and payable in respect of the Notes in this Tranche will be the institution of proceedings for the liquidation or winding-up of the Issuer.</p> <p>No amount due under the Notes in this Tranche shall be eligible for set-off, counterclaim, abatement or other similar remedy which a Noteholder might otherwise have in respect of the Notes.</p> <p>For purposes of this Item I(50):</p> <ul style="list-style-type: none"> a) "Senior Creditors" means (a) creditors of the Issuer who are unsubordinated creditors of the Issuer (including creditors having claims against the Issuer in respect of "deposits" (as defined in the Banks Act)) and (b) creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors, whether subordinated or unsubordinated, of the Issuer other than those whose claims rank, or are expressed to rank, <i>pari passu</i> with, or junior to, the claims of the holders of the Notes in this Tranche; b) "Subordinated Debt" means all subordinated debt issued by the Issuer

		the proceeds of which subordinated debt qualify as Secondary Capital or Tertiary Capital, as the case may be.
J.	BANKS ACT PROVISIONS	
51.	Proceeds of this Tranche of Notes qualify as Primary Capital	As at the Issue Date, (i) the Notes in this Tranche qualify as Primary Capital Notes and (ii) the proceeds of the issue of this Tranche of Notes qualify as Primary Capital.
52.	Additional Banks Act provisions	<p>The conditions set out in Regulation 38(13) of the Regulations apply to this Tranche of Notes.</p> <p>Any direct or indirect acquisition of any of the Notes in this Tranche by a bank or controlling company as defined in the Banks Act, or by a non-bank subsidiary of a bank or controlling company, shall be regarded as a deduction against the capital of the acquiring bank or controlling company in question, in an amount equal to the book value of the said investment in such Notes.</p>
K.	AGENTS AND SPECIFIED OFFICES	
53.	Calculation Agent	Nedbank Capital, a division of Nedbank Limited
54.	Specified Office of the Calculation Agent	135 Rivonia Road, Sandown, Sandton, 2196, Republic of South Africa
55.	Paying Agent	Nedbank Limited
56.	Specified Office of the Paying Agent	Braampark Forum IV, 2 nd Floor, 33 Hoofd Street, Braamfontein, 2001, Republic of South Africa
57.	Transfer Secretary	Computershare Investor Services 2004 (Proprietary) Limited
58.	Specified Office of the Transfer Secretary	Ground Floor, 70 Marshall Street, Johannesburg, 2001, Republic of South Africa
59.	Business centre	Johannesburg
60.	Additional business centre	Not applicable
L.	REGISTER CLOSED	
61.	Last Day to Register	Up until 17h00 (South African time) on the eleventh day (whether such is a Business Day or not) preceding each Interest Payment Date and the Actual Redemption Date being, in each instance, the last date on which the Transfer Secretary will accept Transfer Forms and record in the Register the transfer of Notes represented by Certificates.
62.	Register Closed Period	The Register will be closed during the 10 days preceding each Interest Payment Date and the Actual Redemption Date from 17h00 (South African time) on the Last Day to Register until 17h00 (South African time) on the day preceding the Interest Payment Date and the Actual Redemption Date.
M.	GENERAL	

63.	Additional selling restrictions	Not applicable
64.	International Securities Numbering (ISIN)	ZAG000053703
65.	Stock Code Number	NEDH1A
66.	Financial exchange	The Bond Exchange of South Africa Limited
67.	Dealers	Nedbank Capital, a division of Nedbank Limited JP Morgan Securities South Africa (Proprietary) Limited
68.	Credit rating assigned to this Tranche of Notes as at the Issue Date	Moody's Investor Services Limited has assigned a rating of Aa2.za (on the South African national scale) to this Tranche of Notes.
69.	Credit rating of the Issuer as at the Issue Date	As at the Issue Date, the Issuer has a domestic long-term credit rating of (i) AA(zaf) from Fitch Southern Africa (Proprietary) Limited and (ii) Aa1.za from Moody's Investor Services Limited.
70.	Governing law	South African law
71.	Other banking jurisdiction	Not applicable
72.	Use of proceeds	The proceeds of the issue of this Tranche of Notes qualify as Primary Capital, and such proceeds shall be available to the Issuer without any limitation.

Application is hereby made to list Tranche 1 of Series 2 of the Notes, under stock code number NEDH1A, as from 20 May 2008 pursuant to the Nedbank Limited ZAR15 billion Domestic Medium Term Note Programme.

Nedbank Limited

By: _____

duly authorised

Date: 16 May 2008

By: _____

duly authorised

Date: 16 May 2008