



Nedbank Group Limited
(Incorporated in the Republic of South Africa)
Registration number: 1966/010630/06
JSE share code: NED
NSX share code: NBK
ISIN: ZAE000004875
JSE alpha code: NEDI
(‘Nedbank Group’)

Nedbank Limited
(Incorporated in the Republic of South Africa)
Registration No. 1951/000009/06
JSE share code: NBKP
ISIN: ZAE000043667
JSE alpha code: BINBK

CREDIT RATINGS ACTION BY STANDARD AND POOR’S

Shareholders and noteholders are referred to the Standard and Poor’s (S&P) press release on 7 May 2020 and ratings action on the South African banks, including the ratings of Nedbank Limited, the 100%-owned subsidiary of Nedbank Group.

S&P downgraded the long-term issuer foreign-currency credit rating on Nedbank Limited to BB- from BB and affirmed the B short-term rating. The outlook is stable. S&P affirmed the zaAA long-term and zaA-1+ short-term South Africa national scale rating of Nedbank Limited.

In line with historic trends, the downgrade on the South African banks was expected and follows S&P’s decision on 29 April 2020 to downgrade its long-term foreign-currency sovereign credit rating on the Republic of South Africa to BB- from BB and affirm the B short-term foreign-currency sovereign credit rating. The outlook is stable. S&P noted that: ‘We do not rate financial institutions in South Africa above the foreign currency sovereign ratings, given the direct and indirect impact that sovereign distress would have on domestic banks’ operations. As a result, we are taking various rating actions on South Africa-based institutions.’ S&P further noted that: ‘Positively, the South African Reserve Bank’s support measures will support the stability of the financial and banking sector.’ and that ‘The stable industry risk trend reflects early adoption of global best practices, effective and proactive regulation and supervision, and good capitalization’.

The specific rating changes for Nedbank Limited are as follows:

- Lowered the long-term issuer foreign-currency rating to ‘BB-’ from ‘BB’ and noted the outlook as stable
- Affirmed the ‘B’ for the short-term foreign-currency rating
- Affirmed the ‘zaAA’ long-term national scale rating
- Affirmed the ‘zaA-1+’ short-term national scale rating

The S&P downgrade, taken in isolation of any other matters, is expected to have an immaterial impact on Nedbank Group’s risk weighted assets (RWA) and therefore the impact on regulatory capital ratios is also expected to be immaterial. In addition, the downgrade is expected to have a small impact on the

group's cost of funds over time, as a result of the group being largely domiciled in SA and raising most of its deposits and funding in the closed rand system, with very little mismatch between foreign denominated funding and foreign denominated assets.

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8 May 2020

Sponsors to Nedbank Group in South Africa:

Nedbank CIB

Merrill Lynch South Africa (Pty) Limited

Sponsor to Nedbank Group in Namibia:

Old Mutual Investment Services (Namibia) (Pty) Ltd

Sponsors to Nedbank Limited in South Africa:

Nedbank CIB

Investec Bank Limited