



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')

(collectively the 'group')

Nedbank Limited

(Incorporated in the Republic of South Africa)

Registration number: 1951/000009/06

JSE share code: NBKP

ISIN: ZAE000043667

JSE alpha code: BINBK

NEDBANK GROUP AND NEDBANK LIMITED PILLAR 3 BASEL III DISCLOSURE AT 30 SEPTEMBER 2020

The quarterly Pillar 3 disclosure covers the operations of Nedbank Group Limited (group) as well as Nedbank Limited (bank) and complies with the Basel Committee on Banking Supervision's (BCBS) revised Pillar 3 disclosure requirements and regulation 43 of the regulations relating to banks issued in terms of the Banks Act (Act No 94 of 1990).

BASEL III CAPITAL ADEQUACY AND LEVERAGE

Both the group and bank remain solidly capitalised at levels well above the minimum regulatory requirements, with CET1 ratios including unappropriated profits of 10,7% (September 2019: 10,9%) and 10,0% (September 2019: 10,6%), respectively. The CET1 ratios are reflective of organic capital generation after accounting for the impact of growth in RWA during the period.

The group's tier 1 capital position was positively impacted by the issuance of new-style additional tier 1 instruments of R2,4bn during the period, offset by the further grandfathering of preference shares in January 2020, in line with the Basel III transitional arrangements.

The group's total capital position was further impacted by the redemption of new-style tier 2 capital instruments of R2,2bn and the issuance of new-style tier 2 capital instruments of R4,05bn during the period, as well as the surplus arising between provisions and expected losses recognised as tier 2 capital.

The group's Basel III leverage ratio remained at 6,4% (September 2019: 6,4%).

LIQUIDITY COVERAGE RATIO

The group's quarterly average LCR exceeded the revised minimum regulatory requirement of 80% applicable in Q3 2020 and the group maintains appropriate operational buffers designed to absorb seasonal and cyclical volatility in the LCR. On a year-on-year basis the September 2020 LCR at 125,6% is slightly higher (September 2019: 121,2%).

Nedbank's portfolio of LCR-compliant HQLA (comprising mainly of government bonds and treasury bills) averaged R209,8bn for the quarter, and increased from the June 2020 quarterly average of R187,0bn.

The higher LCR observed in the current quarter (125,6%), compared with the previous quarter (114,5%), is due to Nedbank's response to proactively increase the HQLA liquidity buffers to absorb the increase in short-dated deposits from financial and non-financial corporates experienced during the previous quarter. Nedbank will continue to manage the HQLA portfolio within risk appetite targets, taking into account balance sheet growth while maintaining appropriately sized surplus liquid-asset buffers based on market conditions.

Shareholders and noteholders are referred to <https://www.nedbank.co.za/content/nedbank/desktop/gt/en/investor-relations/information-hub/capital-and-risk-management-reports.html>, for the publication of the group's full Pillar 3 disclosure at 30 September 2020. This disclosure has not been audited or reviewed by the group's auditors.

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27 November 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