COUNTRY : REPUBLIC OF SOUTH AFRICA

PROJECT NAME : NEDBANK GROUP PROJECT

SECTOR : Financial Services

CONTRIBUTION OF ADB: ZAR 1 BILLION

PROJECT DESCRIPTION: The total project involves the issuance of up to ZAR 2 billion 15-year subordinated Tier II qualifying bonds by Nedbank that will be listed on the Bond Exchange of South Africa (“BESA”) under Nedbank’s Domestic Medium Term Note (“DMTN”) program. This transaction is part of an overall ZAR 8.5 billion capital raising program for 2007, which includes ZAR 5.5 billion of Tier II capital. Of this NBG raised ZAR 2.35 billion of shorter-dated subordinated debt raised earlier this year. Through the proposed transaction, the ADB and the IFC will assist NBG raise a significant amount of Tier II capital at longer dated maturities that are normally out of its reach. The choice of listed bonds instead of a subordinated loan will provide greater transparency, visibility and potential liquidity for the facility and will create a demonstration effect that will enhance Nedbank’s ability to attract market interest for future long-dated issues.

PROJECT BENEFITS: The project targets an increase in the volume of financing for affordable housing development in addition to an increased volume of financing to support BEE initiatives. It aims to achieve an improved diversification in Nedbank’s funding sources as well as an improvement in the maturity profile of Nedbank’s funding. Meeting the Needs of Under-served Domestic Sectors: Nedbank is pursuing expansion into areas (for example, affordable housing, Black Economic Empowerment and large-scale infrastructure) in which growth has been most elusive and which entail a higher level of risk. Resource Mobilization: Nedbank’s current Tier II capital funding requirements in 2007 amount to ZAR5.5 billion (equivalent to USD785 million), a significant portion of which Nedbank will use to support incremental lending to the targeted sectors.