

Nedbank Group – composition of capital disclosure (together with consolidated statement of financial position)

Composition of capital disclosure for the six months ended 30 June 2016

| Basel III common disclosure template to be used during the transition of regulatory adjustments (ie from 1 January 2013 to 1 January 2018) Rm | Amounts subject to pre-Basel III treatment | Ref ¹ |
|---|--|------------------|
| CET1 capital: instruments and reserves | | |
| Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus | 18 540 | a |
| Retained earnings | 46 242 | b |
| Accumulated other comprehensive income (and other reserves) | 4 258 | b |
| Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies) | - | |
| Public sector capital injections grandfathered until 1 January 2018 | | |
| Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1) | 326 | c |
| CET1 capital before regulatory adjustments | 69 366 | |
| CET1 capital: regulatory adjustments | | |
| Prudential valuation adjustments | | |
| Goodwill (net of related tax liability) | 5 212 | e |
| Other intangibles other than mortgage-servicing rights (net of related tax liability) | 4 172 | f |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | 62 | g |
| Cash-flow hedge reserve | | |
| Shortfall of provisions to expected losses | 1 630 | i – j |
| Securitisation gain on sale | | |
| Gains and losses due to changes in own credit risk on fair valued liabilities | 220 | n |
| Defined-benefit pension fund net assets | 1 909 | k |
| Investments in own shares (if not already netted off paid-in capital on reported balance sheet) | | p |
| Reciprocal cross-holdings in common equity | | |
| Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | | |
| Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) | 3 290 | o |
| Mortgage servicing rights (amount above 10% threshold) | | |
| Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) | | |
| Amount exceeding the 15% threshold | | |
| of which: significant investments in the common stock of financials | | |
| of which: mortgage servicing rights | | |
| of which: deferred tax assets arising from temporary differences | | |
| National specific regulatory adjustments | | |
| Regulatory adjustments applied to CET1 in respect of amounts subject to pre-Basel III treatment | 16 495 | |
| of which: | | |
| Regulatory adjustments applied to CET1 due to insufficient additional tier 1 and tier 2 to cover deductions | | |
| Total regulatory adjustments to CET1 | 16 495 | |
| CET1 capital (CET1) | 52 872 | |
| Additional tier 1 capital: instruments | | |
| Directly issued qualifying additional tier 1 instruments plus related stock surplus | | |
| of which: classified as equity under applicable accounting standards | | |
| of which: classified as liabilities under applicable accounting standards | | |
| Directly issued capital instruments subject to phase out from additional tier 1 | | |
| Additional tier 1 instruments (and CET1 instruments not included in line 5) issued by subsidiaries and held by third parties (amount allowed in group AT1) | 4 298 | d |
| of which: instruments issued by subsidiaries subject to phase out | 3 188 | |

| Basel III common disclosure template to be used during the transition of regulatory adjustments (ie from 1 January 2013 to 1 January 2018) | Amounts subject to pre-Basel III treatment | Ref ¹ |
|--|--|------------------|
| Rm | | |
| Additional tier 1 capital (AT1) before regulatory adjustments | 4 298 | |
| Additional tier 1 capital: regulatory adjustments | | |
| Investments in own additional tier 1 instruments | | |
| Reciprocal cross-holdings in additional tier 1 instruments | | |
| Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) | | |
| Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) | | |
| National specific regulatory adjustments | | |
| Regulatory adjustments applied to CET1 in respect of amounts subject to pre-Basel III treatment | | |
| of which: | | |
| Regulatory adjustments applied to additional tier 1 due to insufficient tier 2 to cover deductions | | |
| Total regulatory adjustments to additional tier 1 capital | | |
| Additional tier 1 capital (AT1) | 4 298 | |
| Tier 1 capital (T1 = CET1 + AT1) | 57 169 | |
| Tier 2 capital and provisions | | |
| Directly issued qualifying tier 2 instruments plus related stock surplus | | |
| Directly issued capital instruments subject to phase out from tier 2 | | |
| Tier 2 instruments (and CET1 and AT1 instruments not included in lines 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group tier 2) | 10 142 | l |
| of which: instruments issued by subsidiaries subject to phase out | 3 082 | |
| Provisions | 108 | m |
| Tier 2 capital before regulatory adjustments | 10 250 | |
| Tier 2 capital: regulatory adjustments | | |
| Investments in own tier 2 instruments | | |
| Reciprocal cross-holdings in tier 2 instruments | | |
| Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) | | |
| Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) | | |
| National specific regulatory adjustments | | |
| Regulatory adjustments applied to common equity tier 2 in respect of amounts subject to pre-Basel III treatment | | |
| of which: | | |
| Total regulatory adjustments to tier 2 capital | | |
| Tier 2 capital (T2) | 10 250 | |
| Total capital (TC = T1 + T2) | 67 418 | |
| RWA in respect of amounts subject to pre-Basel III treatment | | |
| of which: | | |
| Total RWA | 507 466 | |
| Capital ratios | | |
| CET1 (as a percentage of RWA) | 10,4 | |
| Tier 1 (as a percentage of RWA) | 11,3 | |
| Total capital (as a percentage of RWA) | 13,3 | |
| Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus CCB requirements plus G-SIB buffer requirement, expressed as a percentage of RWA) | 9,4 | |
| of which: capital conservation buffer requirement | 2,5 | |
| of which: bank specific CCB requirement | | |
| of which: G-SIB buffer requirement | | |
| CET1 available to meet buffers (as a percentage of RWA) | (0,5) | |
| National Minima (if different from Basel III) | | |
| National CET1 minimum ratio (if different from Basel III minimum) | 6,9 | |
| National tier 1 minimum ratio | 8,4 | |
| National total capital minimum ratio | 10,4 | |
| Amounts below the threshold for deductions (before risk weighting) | | |
| Non-significant investments in the capital of other financials | 1 272 | |
| Significant investments in the common stock of financials | 5 616 | |
| Mortgage servicing rights (net of related tax liability) | - | |
| Deferred tax assets arising from temporary differences (net of related tax liability) | 210 | h |

| Basel III common disclosure template to be used during the transition of regulatory adjustments (ie from 1 January 2013 to 1 January 2018) Rm | Amounts subject to pre-Basel III treatment | Ref ¹ |
|---|--|------------------|
| Applicable caps on the on the inclusion of provisions in tier 2 | | |
| Provisions eligible for inclusion in tier 2 in respect of exposures subject to standardised approach (prior to application of cap) | 108 | |
| Cap on inclusion of provisions in tier 2 under standardised approach | 568 | |
| Provisions eligible for inclusion in tier 2 in respect of exposures subject to IRB approach (prior to application of cap) | | |
| Cap for inclusion of provisions in tier 2 under IRB approach | 2 030 | |
| Capital instruments subject to phase-out arrangements (only applicable between 1 January 2018 and 1 January 2022) | | |
| Current cap on CET1 instruments subject to phase out arrangements | | |
| Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | | |
| Current cap on AT1 instruments subject to phase out arrangements | | |
| Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | | |
| Current cap on T2 instruments subject to phase out arrangements | | |
| Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | | |

¹ Refer to the Nedbank Group – Balance Sheet under Pillar 3/regulatory consolidation for note references.

Nedbank Limited – composition of capital disclosure (together with consolidated statement of financial position)

Composition of capital disclosure for the six months ended 30 June 2016

| Basel III common disclosure template to be used during the transition of regulatory adjustments (ie from 1 January 2013 to 1 January 2018) Rm | Amounts subject to pre-Basel III treatment | Ref ¹ |
|---|--|------------------|
| CET1 capital: instruments and reserves | | |
| Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus | 19 221 | a |
| Retained earnings | 34 165 | b |
| Accumulated other comprehensive income (and other reserves) | 186 | b |
| Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies) <i>Public sector capital injections grandfathered until 1 January 2018</i> | | |
| Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1) | | |
| CET1 capital before regulatory adjustments | 53 572 | |
| CET1 capital: regulatory adjustments | | |
| Prudential valuation adjustments | | |
| Goodwill (net of related tax liability) | 1 410 | d |
| Other intangibles other than mortgage-servicing rights (net of related tax liability) | 3 977 | e |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | | |
| Cash-flow hedge reserve | | |
| Shortfall of provisions to expected losses | 1 597 | f – g |
| Securitisation gain on sale | | |
| Gains and losses due to changes in own credit risk on fair valued liabilities | 220 | n |
| Defined-benefit pension fund net assets | 1 909 | h |
| Investments in own shares (if not already netted off paid-in capital on reported balance sheet) | | |
| Reciprocal cross-holdings in common equity | | |
| Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | | |
| Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) | | |
| Mortgage servicing rights (amount above 10% threshold) | | |
| Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) | | |
| Amount exceeding the 15% threshold | | |
| of which: significant investments in the common stock of financials | | |
| of which: mortgage servicing rights | | |
| of which: deferred tax assets arising from temporary differences | | |
| National specific regulatory adjustments | 1 534 | i |
| Regulatory adjustments applied to CET1 in respect of amounts subject to pre-Basel III treatment | | |
| of which: | | |
| Regulatory adjustments applied to CET1 due to insufficient additional tier 1 and tier 2 to cover deductions | | |
| Total regulatory adjustments to CET1 | 10 647 | |
| CET1 capital (CET1) | 42 925 | |
| Additional tier 1 capital: instruments | | |
| Directly issued qualifying additional tier 1 instruments plus related stock surplus | 1 500 | c |
| of which: classified as equity under applicable accounting standards | 1 500 | |
| of which: classified as liabilities under applicable accounting standards | | |
| Directly issued capital instruments subject to phase out from additional tier 1 | 3 188 | c |
| Additional tier 1 instruments (and CET1 instruments not included in line 5) issued by subsidiaries and held by third parties (amount allowed in group AT1) | | |
| of which: instruments issued by subsidiaries subject to phase out | | |

| Basel III common disclosure template to be used during the transition of regulatory adjustments (ie from 1 January 2013 to 1 January 2018) | Amounts subject to pre-Basel III treatment | Ref ¹ |
|--|--|------------------|
| Rm | | |
| Additional tier 1 capital (AT1) before regulatory adjustments | 4 688 | |
| Additional tier 1 capital: regulatory adjustments | | |
| Investments in own additional tier 1 instruments | | |
| Reciprocal cross-holdings in additional tier 1 instruments | | |
| Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) | | |
| Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) | | |
| National specific regulatory adjustments | | |
| Regulatory adjustments applied to CET1 in respect of amounts subject to pre-Basel III treatment | | |
| of which: | | |
| Regulatory adjustments applied to additional tier 1 due to insufficient tier 2 to cover deductions | | |
| Total regulatory adjustments to additional tier 1 capital | | |
| Additional tier 1 capital (AT1) | 4 688 | |
| Tier 1 capital (tier 1 = CET1 + AT1) | 47 612 | |
| Tier 2 capital and provisions | | |
| Directly issued qualifying tier 2 instruments plus related stock surplus | 7 743 | j |
| Directly issued capital instruments subject to phase out from tier 2 | 3 082 | k |
| Tier 2 instruments (and CET1 and AT1 instruments not included in lines 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group tier 2) | | |
| of which: instruments issued by subsidiaries subject to phase out | | |
| Provisions | 5 | l |
| Tier 2 capital before regulatory adjustments | 10 830 | |
| Tier 2 capital: regulatory adjustments | | |
| Investments in own tier 2 instruments | | |
| Reciprocal cross-holdings in tier 2 instruments | | |
| Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) | | |
| Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) | | |
| National specific regulatory adjustments | | |
| Regulatory adjustments applied to common-equity tier 2 in respect of amounts subject to pre-Basel III treatment | | |
| of which: | | |
| Total regulatory adjustments to tier 2 capital | | |
| Tier 2 capital (tier 2) | 10 830 | |
| Total capital (total capital = tier 1 + tier 2) | 58 442 | |
| RWA in respect of amounts subject to pre-Basel III treatment | | |
| of which: | | |
| Total RWA | 421 874 | |
| Capital ratios | | |
| CET1 (as a percentage of RWA) | 10,2 | |
| Tier 1 (as a percentage of RWA) | 11,3 | |
| Total capital (as a percentage of RWA) | 13,9 | |
| Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus CCB requirements plus G-SIB buffer requirement, expressed as a percentage of RWAs) | 9,4 | |
| of which: capital conservation buffer requirement | 2,5 | |
| of which: bank specific CCB requirement | | |
| of which: G-SIB buffer requirement | | |
| CET1 available to meet buffers (as a percentage of RWA) | (0,7) | |
| National minima (if different from Basel III) | | |
| National CET1 minimum ratio (if different from Basel III minimum) | 6,9 | |
| National tier 1 minimum ratio | 8,4 | |
| National total capital minimum ratio | 10,4 | |
| Amounts below the threshold for deductions (before risk weighting) | | |
| Non-significant investments in the capital of other financials | 539 | |
| Significant investments in the common stock of financials | 1 261 | |
| Mortgage servicing rights (net of related tax liability) | | |
| Deferred tax assets arising from temporary differences (net of related tax liability) | | |

| Basel III common disclosure template to be used during the transition of regulatory adjustments (ie from 1 January 2013 to 1 January 2018) Rm | Amounts subject to pre-Basel III treatment | Ref ¹ |
|---|--|------------------|
| Applicable caps on the on the inclusion of provisions in tier 2 | | |
| Provisions eligible for inclusion in tier 2 in respect of exposures subject to Standardised Approach (prior to application of cap) | 5 | |
| Cap on inclusion of provisions in tier 2 under standardised approach | 19 | |
| Provisions eligible for inclusion in tier 2 in respect of exposures subject to IRB Approach (prior to application of cap) | | |
| Cap for inclusion of provisions in tier 2 under IRB Approach | 1 951 | |
| Capital instruments subject to phase-out arrangements (only applicable between 1 January 2018 and 1 January 2022) | | |
| Current cap on CET1 instruments subject to phase out arrangements | | |
| Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | | |
| Current cap on AT1 instruments subject to phase out arrangements | | |
| Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | | |
| Current cap on tier 2 instruments subject to phase out arrangements | | |
| Amount excluded from tier 2 due to cap (excess over cap after redemptions and maturities) | | |

¹ Refer to the Nedbank Limited – Balance Sheet under Pillar 3/regulatory consolidation for note reference.