

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

COMPOSITION OF CAPITAL DISCLOSURE FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2015

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	18 046	a
Retained earnings	46 361	b
Accumulated other comprehensive income (and other reserves)	6 583	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)	365	c
CET1 capital before regulatory adjustments	71 355	
CET1 capital: regulatory adjustments		
Prudential valuation adjustments		
Goodwill (net of related tax liability)	5 257	e
Other intangibles other than mortgage-servicing rights (net of related tax liability)	3 689	f
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	122	g
Cash-flow hedge reserve		
Shortfall of provisions to expected losses	1 791	i - j
Securitisation gain on sale		
Gains and losses due to changes in own credit risk on fair valued liabilities	200	n
Defined-benefit pension fund net assets	1 768	k
Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	3	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)	5 017	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		
of which:	17 847	
Regulatory adjustments applied to CET1 due to insufficient additional tier 1 and tier 2 to cover deductions		
Total regulatory adjustments to CET1	17 847	
CET1 capital (CET1)	53 508	

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)	3 359	d
of which: instruments issued by subsidiaries subject to phase out	5 313	
Additional tier 1 capital (AT1) before regulatory adjustments	3 359	
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)	3 359	
Tier 1 capital (T1 = CET1 + AT1)	56 867	
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)	10 329	l
of which: instruments issued by subsidiaries subject to phase out	3 082	
Provisions	108	m
Tier 2 capital before regulatory adjustments	10 437	
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)	10 437	
Total capital (TC = T1 + T2)	67 304	
RWA in respect of amounts subject to pre-Basel III treatment		
of which:		
Total RWA	501 243	
Capital ratios		
CET1 (as a percentage of RWA)	10,7	
Tier 1 (as a percentage of RWA)	11,3	
Total capital (as a percentage of RWA)	13,4	
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)	9,0	
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)	(2,3)	
National Minima (if different from Basel III)		
National CET1 minimum ratio (if different from Basel III minimum)	6,5	
National tier 1 minimum ratio	8,0	
National total capital minimum ratio	10,0	

Amounts below the threshold for deductions (before risk weighting)		
Non-significant investments in the capital of other financials	1 242	
Significant investments in the common stock of financials	5 852	
Mortgage servicing rights (net of related tax liability)	-	
Deferred tax assets arising from temporary differences (net of related tax liability)	51	h
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	610	
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	2 058	
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.

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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	18 571	a
Retained earnings	33 949	b
Accumulated other comprehensive income (and other reserves)	335	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	52 855	
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)	3 471	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	1 807	f - g
Securitisation gain on sale		
Gains and losses due to changes in own credit risk on fair valued liabilities	200	n
Defined-benefit pension fund net assets	1 768	h
Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	3	
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	1 264	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	9 923	
CET1 capital (CET1)	42 932	

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	3 561	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		
Additional tier 1 capital (AT1) before regulatory adjustments	3 561	
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)	3 561	
Tier 1 capital (T1 = CET1 + AT1)	46 493	
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	6	l
Tier 2 capital before regulatory adjustments	10 831	
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)	10 831	
Total capital (total capital = tier 1 + tier 2)	57 324	
RWA in respect of amounts subject to pre-Basel III treatment		
of which:		
Total RWA	416 543	

Capital ratios	
CET1 (as a percentage of RWA)	10,3
Tier 1 (as a percentage of RWA)	11,2
Total capital (as a percentage of RWA)	13,8
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)	9,0
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)	(2,7)
National minima (if different from Basel III)	
National CET1 minimum ratio (if different from Basel III minimum)	6,5
National tier 1 minimum ratio	8,0
National total capital minimum ratio	10,0
Amounts below the threshold for deductions (before risk weighting)	
Non-significant investments in the capital of other financials	221 780
Significant investments in the common stock of financials	1 262 285
Mortgage servicing rights (net of related tax liability)	
Deferred tax assets arising from temporary differences (net of related tax liability)	
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)	6
Cap on inclusion of provisions in tier 2 under standardised approach	20
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	1 980
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)	

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