

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

COMPOSITION OF CAPITAL DISCLOSURE FOR THE SIX MONTHS ENDED 30 JUNE 2017

Basel III common disclosure template to be used during the transition of regulatory adjustments
(ie from 1 January 2013 to 1 January 2018)

Rm	Jun 2017	Amounts subject to pre-Basel III treatment	Ref ¹
CET1 capital: instruments and reserves			
1			
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	19 179	a
2	Retained earnings	49 193	b
3	Accumulated other comprehensive income (and other reserves)	1 924	b
4	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		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	741	c
6	CET1 capital before regulatory adjustments	71 037	
CET1 capital: regulatory adjustments			
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)	5 142	e
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	5 387	f
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	46	g
11	Cash-flow hedge reserve		
12	Shortfall of provisions to expected losses	1 888	i – j
13	Securitisation gain on sale		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	241	n
15	Defined-benefit pension fund net assets	2 024	k
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		p
17	Reciprocal cross-holdings in common equity		
18	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)		
19	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)		o
20	Mortgage servicing rights (amount above 10% threshold)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		
22	Amount exceeding the 15% threshold		
23	of which: significant investments in the common stock of financials		
24	of which: mortgage servicing rights		
25	of which: deferred tax assets arising from temporary differences		
26	National specific regulatory adjustments (Minority interest CET1 adjustment) Regulatory adjustments applied to CET1 in respect of amounts subject to pre-Basel III treatment of which:	35	c
27	Regulatory adjustments applied to CET1 due to insufficient additional tier 1 and tier 2 to cover deductions		
28	Total regulatory adjustments to CET1	14 763	
29	CET1 capital (CET1)	56 274	
Additional tier 1 capital: instruments			
30	Directly issued qualifying additional tier 1 instruments plus related stock surplus		
31	of which: classified as equity under applicable accounting standards	600	d
32	of which: classified as liabilities under applicable accounting standards		
33	Directly issued capital instruments subject to phase out from additional tier 1		
34	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)	4 656	d
35	of which: instruments issued by subsidiaries subject to phase out	2 656	

Basel III common disclosure template to be used during the transition of regulatory adjustments (ie from 1 January 2013 to 1 January 2018)		Jun 2017	Amounts subject to pre-Basel III treatment	Ref ¹
Rm				
36	Additional tier 1 capital (AT1) before regulatory adjustments	5 256		
	Additional tier 1 capital: regulatory adjustments			d
37	Investments in own additional tier 1 instruments			
38	Reciprocal cross-holdings in additional tier 1 instruments			
39	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)			
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)			
41	National specific regulatory adjustments (Minority interest AT1 adjustment)	(841)		
	Regulatory adjustments applied to CET1 in respect of amounts subject to pre-Basel III treatment of which:			
42	Regulatory adjustments applied to additional tier 1 due to insufficient tier 2 to cover deductions			
43	Total regulatory adjustments to additional tier 1 capital	(841)		
44	Additional tier 1 capital (AT1)	4 415		
45	Tier 1 capital (T1 = CET1 + AT1)	60 689		
	Tier 2 capital and provisions			
46	Directly issued qualifying tier 2 instruments plus related stock surplus	4 500		q
47	Directly issued capital instruments subject to phase out from tier 2			
48	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)	9 790		l
49	of which: instruments issued by subsidiaries subject to phase out	2 047		
50	Provisions	157		m
51	Tier 2 capital before regulatory adjustments	14 447		
	Tier 2 capital: regulatory adjustments			
52	Investments in own tier 2 instruments			
53	Reciprocal cross-holdings in tier 2 instruments			
54	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)			
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)			
56	National specific regulatory adjustments: Surplus capital relating to instruments not subject to transitional arrangements	(1 142)		r
	Regulatory adjustments applied to common equity tier 2 in respect of amounts subject to pre-Basel III treatment of which: Surplus capital relating to instruments subject to transitional arrangements			r
57	Total regulatory adjustments to tier 2 capital	(1 142)		
58	Tier 2 capital (T2)	13 305		
59	Total capital (TC = T1 + T2)	73 994		
	RWA in respect of amounts subject to pre-Basel III treatment of which:			
60	Total RWA	516 051		
	Capital ratios			
61	CET1 (as a percentage of RWA)	10,9		
62	Tier 1 (as a percentage of RWA)	11,8		
63	Total capital (as a percentage of RWA)	14,3		
64	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)	7,0		
65	of which: capital conservation buffer requirement	2,5		
66	of which: bank specific CCB requirement			
67	of which: G-SIB buffer requirement			
68	CET1 available to meet buffers (as a percentage of RWA)	10,9		

Basel III common disclosure template to be used during the transition of regulatory adjustments
(ie from 1 January 2013 to 1 January 2018)

Rm

	Jun 2017	Amounts subject to pre-Basel III treatment	Ref ¹
National Minima (if different from Basel III)			
69	National CET1 minimum ratio (if different from Basel III minimum)	7,3	
70	National tier 1 minimum ratio	8,8	
71	National total capital minimum ratio	10,8	
Amounts below the threshold for deductions (before risk weighting)			
72	Non-significant investments in the capital of other financials	2 091	
73	Significant investments in the common stock of financials	5 568	
74	Mortgage servicing rights (net of related tax liability)		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	308	h
Applicable caps on the on the inclusion of provisions in tier 2			
76	Provisions eligible for inclusion in tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	157	
77	Cap on inclusion of provisions in tier 2 under standardised approach	499	
78	Provisions eligible for inclusion in tier 2 in respect of exposures subject to IRB approach (prior to application of cap)		
79	Cap for inclusion of provisions in tier 2 under IRB approach	1 910	
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2018 and 1 January 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
85	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 2017

Basel III common disclosure template to be used during the transition of regulatory adjustments
(ie from 1 January 2013 to 1 January 2018)

Rm	Jun 2017	Amounts subject to pre-Basel III treatment	Ref ¹
CET1 capital: instruments and reserves			
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	19 221	a
2	Retained earnings	38 537	b
3	Accumulated other comprehensive income (and other reserves)	247	b
4	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>		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	CET1 capital before regulatory adjustments	58 005	
CET1 capital: regulatory adjustments			
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)	1 410	d
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	5 091	e
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)		
11	Cash-flow hedge reserve		
12	Shortfall of provisions to expected losses	1 921	f – g
13	Securitisation gain on sale		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	241	n
15	Defined-benefit pension fund net assets	2 024	h
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		m
17	Reciprocal cross-holdings in common equity		
18	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)		
19	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)		
20	Mortgage servicing rights (amount above 10% threshold)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		
22	Amount exceeding the 15% threshold		
23	of which: significant investments in the common stock of financials		
24	of which: mortgage servicing rights		
25	of which: deferred tax assets arising from temporary differences		
26	National specific regulatory adjustments	642	i
	Regulatory adjustments applied to CET1 in respect of amounts subject to pre-Basel III treatment of which:		
27	Regulatory adjustments applied to CET1 due to insufficient additional tier 1 and tier 2 to cover deductions		
28	Total regulatory adjustments to CET1	11 329	
29	CET1 capital (CET1)	46 676	
Additional tier 1 capital: instruments			
30	Directly issued qualifying additional tier 1 instruments plus related stock surplus	5 256	c
31	of which: classified as equity under applicable accounting standards	5 256	c
32	of which: classified as liabilities under applicable accounting standards		
33	Directly issued capital instruments subject to phase out from additional tier 1	2 656	
34	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)		
35	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)

Rm

	Jun 2017	Amounts subject to pre-Basel III treatment	Ref ¹
36 Additional tier 1 capital (AT1) before regulatory adjustments	5 256		
Additional tier 1 capital: regulatory adjustments			
37 Investments in own additional tier 1 instruments			
38 Reciprocal cross-holdings in additional tier 1 instruments			
39 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)			
40 Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)			
41 National specific regulatory adjustments			
Regulatory adjustments applied to CET1 in respect of amounts subject to pre-Basel III treatment of which:			
42 Regulatory adjustments applied to additional tier 1 due to insufficient tier 2 to cover deductions			
43 Total regulatory adjustments to additional tier 1 capital			
44 Additional tier 1 capital (AT1)	5 256		
45 Tier 1 capital (tier 1 = CET1 + AT1)	51 932		
Tier 2 capital and provisions			
46 Directly issued qualifying tier 2 instruments plus related stock surplus	12 243		j
47 Directly issued capital instruments subject to phase out from tier 2	2 047		k
48 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)			
49 of which: instruments issued by subsidiaries subject to phase out (Base amount)			
50 Provisions	4		l
51 Tier 2 capital before regulatory adjustments	14 294		
Tier 2 capital: regulatory adjustments			
52 Investments in own tier 2 instruments			
53 Reciprocal cross-holdings in tier 2 instruments			
54 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)			
55 Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)			
56 National specific regulatory adjustments			
Regulatory adjustments applied to common-equity tier 2 in respect of amounts subject to pre-Basel III treatment of which:			
57 Total regulatory adjustments to tier 2 capital			
58 Tier 2 capital (tier 2)	14 294		
59 Total capital (total capital = tier 1 + tier 2)	66 226		
RWA in respect of amounts subject to pre-Basel III treatment of which:			
60 Total RWA	421 467		
Capital ratios			
61 CET1 (as a percentage of RWA)	11,1		
62 Tier 1 (as a percentage of RWA)	12,3		
63 Total capital (as a percentage of RWA)	15,7		
64 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)	7,0		
65 of which: capital conservation buffer requirement	2,5		
66 of which: bank specific CCB requirement			
67 of which: G-SIB buffer requirement			
68 CET1 available to meet buffers (as a percentage of RWA)	11,1		

Basel III common disclosure template to be used during the transition of regulatory adjustments
(ie from 1 January 2013 to 1 January 2018)

Rm

	Jun 2017	Amounts subject to pre-Base I treatment	Ref ¹
National minima (if different from Basel III)			
69	National CET1 minimum ratio (if different from Basel III minimum)	7,3	
70	National tier 1 minimum ratio	8,8	
71	National total capital minimum ratio	10,8	
Amounts below the threshold for deductions (before risk weighting)			
72	Non-significant investments in the capital of other financials	1 142	
73	Significant investments in the common stock of financials	762	
74	Mortgage servicing rights (net of related tax liability)		
75	Deferred tax assets arising from temporary differences (net of related tax liability)		
Applicable caps on the on the inclusion of provisions in tier 2			
76	Provisions eligible for inclusion in tier 2 in respect of exposures subject to Standardised Approach (prior to application of cap)	4	
77	Cap on inclusion of provisions in tier 2 under standardised approach	17	
78	Provisions eligible for inclusion in tier 2 in respect of exposures subject to IRB Approach (prior to application of cap)		
79	Cap for inclusion of provisions in tier 2 under IRB Approach	1 893	
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2018 and 1 January 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on tier 2 instruments subject to phase out arrangements		
85	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.