

Nedbank Group – composition of capital disclosure for the six months ended 30 June 2018

Basel III common disclosure template to be used during the transition of regulatory adjustments

(from 1 January 2013 to 1 January 2018)

Rm	Jun 2018	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	19 816	a
2	Retained earnings	51 793	b
3	Accumulated other comprehensive income (and other reserves)	2 692	b
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	911	c
6	CET1 capital before regulatory adjustments	75 212	
CET1 capital: regulatory adjustments			
7	Prudential valuation adjustments	41	o
8	Goodwill (net of related tax liability)	5 168	e
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	6 987	f
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3	g
11	Cash-flow hedge reserve		
12	Shortfall of provisions to expected losses	438	i – j
13	Securitisation gain on sale		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	317	n
15	Defined-benefit pension fund net assets	739	k
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		
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 (minority interest CET1 adjustment)	2	c
	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	13 695	
29	CET1 capital (CET1)	61 517	
Additional tier 1 capital: instruments			
30	Directly issued qualifying additional tier 1 instruments plus related stock surplus	600	
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)	4 125	d
35	of which: instruments issued by subsidiaries subject to phase out (Base Amount)	2 125	

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36 Additional tier 1 capital (AT1) before regulatory adjustments	4 725	
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)	(572)	
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)	4 153	
45 Tier 1 capital (T1 = CET1 + AT1)	65 670	
Tier 2 capital and provisions		
46 Directly issued qualifying tier 2 instruments plus related stock surplus	6 500	l
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)	7 790	l
49 of which: instruments issued by subsidiaries subject to phase out		l
50 Provisions	318	m
51 Tier 2 capital before regulatory adjustments	14 608	
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	1 188	p
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	7	p
57 Total regulatory adjustments to tier 2 capital		
58 Tier 2 capital (T2)	13 413	
59 Total capital (TC = T1 + T2)	79 083	
RWA in respect of amounts subject to pre-Basel III treatment of which:		
60 Total RWA	552 623	
Capital ratios		
61 CET1 (as a percentage of RWA)	11,1	
62 Tier 1 (as a percentage of RWA)	11,9	
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)	7,375	
65 of which: capital conservation buffer requirement	1,875	
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)	3,8	

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Rm		Jun 2018	Ref ¹
National minima (if different from Basel III)			
69	National CET1 minimum ratio (if different from Basel III minimum)	7,375	
70	National tier 1 minimum ratio	8,875	
71	National total capital minimum ratio	11,125	
Amounts below the threshold for deductions (before risk weighting)			
72	Non-significant investments in the capital of other financials	2 909	
73	Significant investments in the common stock of financials	5 281	
74	Mortgage servicing rights (net of related tax liability)		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	395	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)	318	
77	Cap on inclusion of provisions in tier 2 under standardised approach	507	
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	1 993	
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	2 125	
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.

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Rm	Jun 2018	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	40 702 b
3	Accumulated other comprehensive income (and other reserves)	1 041 b
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	
6	CET1 capital before regulatory adjustments	60 964
CET1 capital: regulatory adjustments		
7	Prudential valuation adjustments	37 m
8	Goodwill (net of related tax liability)	1 410 d
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	6 716 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	452 f – g
13	Securitisation gain on sale	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	317 n
15	Defined-benefit pension fund net assets	739 h
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	
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	605 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	10 276
29	CET1 capital (CET1)	50 688
Additional tier 1 capital: instruments		
30	Directly issued qualifying additional tier 1 instruments plus related stock surplus	4 725 c
31	of which: classified as equity under applicable accounting standards	4 725 c
32	of which: classified as liabilities under applicable accounting standards	
33	Directly issued capital instruments subject to phase out from additional tier 1	2 125
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	

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36	Additional tier 1 capital (AT1) before regulatory adjustments	4 725	
	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)	4 725	
45	Tier 1 capital (tier 1 = CET1 + AT1)	55 413	
	Tier 2 capital and provisions		
46	Directly issued qualifying tier 2 instruments plus related stock surplus	14 243	j
47	Directly issued capital instruments subject to phase out from tier 2	47	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	8	l
51	Tier 2 capital before regulatory adjustments	14 298	
	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)	14 298	
59	Total capital (total capital = tier 1 + tier 2)	69 711	
	RWA in respect of amounts subject to pre-Basel III treatment of which:		
60	Total RWA	451 032	
	Capital ratios		
61	CET1 (as a percentage of RWA)	11,2	
62	Tier 1 (as a percentage of RWA)	12,3	
63	Total capital (as a percentage of RWA)	15,5	
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)	7,375	
65	of which: capital conservation buffer requirement	1,875	
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)	3,9	

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National minima (if different from Basel III)	
69	National CET1 minimum ratio (if different from Basel III minimum) 7,375
70	National tier 1 minimum ratio 8,875
71	National total capital minimum ratio 11,125
Amounts below the threshold for deductions (before risk weighting)	
72	Non-significant investments in the capital of other financials 1 259
73	Significant investments in the common stock of financials 912
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) 8
77	Cap on inclusion of provisions in tier 2 under standardised approach 5
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 1 853
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 2 125
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.