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NEDBANK GROUP LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1966/010630/06

JSE share code: NED

NSX share code: NBK

ISIN: ZAE000004875

('Nedbank Group' or 'the group')

NEDBANK LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1951/000009/06

JSE share code: NBKP

ISIN: ZAE000043667

("Nedbank Limited" or "the bank")

PILLAR 3 BASEL III CAPITAL ADEQUACY, LEVERAGE AND LIQUIDITY RATIOS AS AT 30 SEPTEMBER 2016

BASEL III CAPITAL ADEQUACY

In terms of the requirements under Regulation 43(1)(e)(iii) of the regulations relating to banks and Directive 4/2014 issued in terms of section 6(6) of the Banks Act (Act No. 94 of 1990), minimum disclosure on the capital adequacy of the group and its leverage ratio is required on a quarterly basis. This disclosure is in accordance with Pillar 3 of the Basel III accord.

Both the group and the bank remain well capitalised at levels significantly above the minimum regulatory requirements. The common equity tier 1 ratios of 11,5% and 10,9%, respectively is reflective of organic capital generation, movements in risk weighted assets and the payment of interim dividends in September 2016. The tier 1 ratios benefitted from the issuance of R1,5bn of new style additional tier 1 capital in May 2016. The group's total capital ratio was positively impacted by the issuance of R2,0bn of new style tier 2 capital in September 2016.

The following table sets out the regulatory capital as at 30 September 2016:

	Nedbank Group		Nedbank Limited	
	Rm	%	Rm	%
Including unappropriated profits				
Tier 1 capital	63 021	12,4%	51 500	12,0%
Common-equity tier 1 capital	58 669	11,5%	46 812	10,9%
Share capital and premium	18 518		19 221	
Reserves	55 491		38 273	
Minority interest:				
Ordinary shareholders	416		0	
Goodwill	(5 190)		(1 410)	
Excess of expected loss over eligible provisions	(1 781)		(1 783)	
Defined benefit pension fund assets	(1 931)		(1 931)	
Capitalised software and development costs	(4 230)		(4 233)	
Investments in the common stock of financial entities (amount above 10% threshold)	(2 217)		0	
Other regulatory differences and non-qualifying reserves	(407)		(1 325)	
Additional tier 1 capital	4 352	0,9%	4 688	1,1%
Preference share capital and premium	3 188		3 561	
Perpetual subordinated debt instruments	1 500		1 500	
Grandfathering and other regulatory adjustments	(336)		(373)	

Tier 2 capital	12 372	2,4%	10 829	2,5%				
Subordinated debt instruments	12 825		10 825					
General allowance for credit impairment	99		4					
Grandfathering and other adjustments	(552)		0					
Total capital	75 393	14,8%	62 329	14,5%				
Excluding unappropriated profits								
Tier 1 capital	57 064	11,2%	47 660	11,1%				
Common-equity tier 1 capital	52 712	10,4%	42 972	10,0%				
Total capital	69 436	13,6%	58 489	13,6%				
Minimum required capital and reserve funds per risk type	Nedbank Group				Nedbank Limited			
Rm	Pillar 1	Pillar 2a	Capital Conservation Buffer	Total	Pillar 1	Pillar 2a	Capital Conservation Buffer	Total
Minimum ratios (%) ¹	8,0	1,75	0,625	10,375	8,0	1,75	0,625	10,375
Credit risk	30 700	6 716	2 398	39 814	26 477	5 792	2 068	34 336
Equity risk	1 131	248	88	1 467	842	184	66	1 092
Market risk	1 302	285	102	1 689	1 202	263	94	1 559
Operational risk	4 943	1 081	386	6 410	4 256	931	332	5 519
Other	2 663	583	208	3 454	1 529	334	120	1 983
Total minimum required capital and reserve funds	40 739	8 913	3 182	52 834	34 305	7 504	2 679	44 489

Notes:

1. Minimum required capital and reserve funds have been reported at 10,375%, in line with the phasing-in of Basel III minimum regulatory capital requirements.

LEVERAGE RATIO

The leverage ratio is a supplementary measure to risk-based capital requirements. Nedbank Group's and Nedbank Limited's leverage ratios are well above minimum regulatory requirements.

Leverage ratio		Nedbank Group	Nedbank Limited
Tier 1 capital (including unappropriated profit)	(Rm)	63 021	51 500
Tier 1 capital (excluding unappropriated profit)	(Rm)	57 064	47 660
Total exposures	(Rm)	995 056	902 609
Leverage ratio (including unappropriated profit)	(%)	6,3%	5,7%
Leverage ratio (excluding unappropriated profit)	(%)	5,7%	5,3%
Minimum required leverage ratio	(%)	4%	4%

LIQUIDITY COVERAGE RATIO (LCR)

In accordance with the provisions of section 6(6) of the Banks Act, 1990 (Act No. 94 of 1990), banks are directed, to comply with the relevant LCR disclosure requirements, as set out in Directive 6/2014 and Directive 11/2014.

The LCR aims to ensure that a bank holds an adequate stock of unencumbered high quality liquid assets (HQLA) to cover total Net Cash Outflows over a 30-day period under a prescribed stress scenario. Based on the final revisions announced by the Basel Committee in January 2013, the LCR is being phased-in starting at 60% on 1 January 2015 and increasing by 10% each year to 100% on 1 January 2019.

The LCR for Nedbank Group and Nedbank Limited are well above minimum regulatory requirements. These are set out in the following table:

		Nedbank Group¹	Nedbank Limited
High quality liquid assets ²	(Rm)	130 475	127 115
Net cash outflows ²	(Rm)	139 876	133 075
Liquidity coverage ratio ²	(%)	93,3%	95,5%
Minimum requirement ²	(%)	70%	70%

Notes:

¹ Only banking and/ or deposit-taking entities are included and the group data represents an aggregation of the relevant individual net cash outflows and the individual HQLA portfolios, where surplus HQLA holdings in excess of the minimum requirement of 70% have been excluded from the aggregated HQLA number in the case of all non-SA banking entities.

² The above figures reflect the simple average of the month-end values at 31 July 2016, 31 August 2016 and 30 September 2016, based on the regulatory submissions to SARB.

Shareholders are advised that the Pillar 3 reporting for the period have not been reviewed or reported on by the group's auditors.

Sandton
11 November 2016

Sponsors to Nedbank Group in South Africa:

Merrill Lynch South Africa (Pty) Limited

Nedbank CIB

Sponsor to Nedbank Group in Namibia:

Old Mutual Investment Services (Namibia) (Pty) Limited