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")

BASEL III PILLAR 3 DISCLOSURE AS AT 30 SEPTEMBER 2015

The Basel III Pillar 3 disclosure is in accordance with the requirements of the Banks Act, No. 94 of 1990 (the "Banks Act").

Quarterly disclosure is required on the capital adequacy and leverage ratio of the group and the bank under Regulation 43(1)(e)(iii) relating to Banks and Directive 4/2014 issued in terms of section 6 (6) of the Banks Act. Certain of the information required to be disclosed is included in the group's trading update for the three month period to 30 September 2015 that was released on 2 November 2015.

CAPITAL ADEQUACY AND LEVERAGE RATIO

Both the group and the bank remain well capitalised at levels significantly above the minimum regulatory requirements. The common equity tier 1 ratio decreased since 30 June as organic capital generation was offset by the payment of the interim dividends in September 2015. The total capital ratios were impacted by the redemption of the old-style NED11 subordinated-debt instruments during the period. The capital positions of the group and the bank are set out in the following tables:

Regulatory capital adequacy	Nedbank Group		Nedbank Limited	
Including unappropriated profits	Rm	%	Rm	%
Tier 1 Capital	56 556	11,8%	43 990	11,2%
Common Equity Tier 1 Capital	53 179	11,1%	40 429	10,3%
Share capital and premium	17 940		18 571	
Reserves	51 410		31 367	
Minority interest:				
Ordinary shareholders	300		0	
Goodwill	(5 209)		(1 410)	
Excess of expected loss over eligible provisions	(1 822)		(1 812)	
Defined benefit pension fund assets	(1 541)		(1 541)	
Capitalised software and development costs	(3 249)		(3 265)	
Investments in the common stock of financial entities (amount above 10% threshold)	(4 200)		0	
Other regulatory differences and non- qualifying reserves	(450)		(1 481)	
Additional Tier 1 Capital	3 377	0,7%	3 561	0,9%
Preference share capital and premium	3 561		3 561	
Hybrid debt capital	0		0	
Grandfathering and other regulatory adjustments	(184)		0	
Tier 2 Capital	10 395	2,2%	10 837	2,8%
Long-term liabilities	10 825		10 825	
General allowance for credit impairment	118		12	
Grandfathering and other adjustments	(548)		0	

Total Capital	66 951	14,0%	54 827	14,0%
Excluding unappropriated profits				
Tier 1 Capital	53 075	11,1%	43 418	11,1%
Common Equity Tier 1 Capital	49 698	10,4%	39 857	10,1%
Total Capital	63 470	13,2%	54 254	13,8%

Minimum required capital and reserve funds per risk type	Nedbank Group			Nedbank Limited		
	Pillar 1	Pillar 2a	Total	Pillar 1	Pillar 2a	Total
Minimum ratios	8,0%	2,0%	10,0%	8,0%	2,0%	10,0%
Credit Risk	29 679	7 420	37 099	25 110	6 277	31 387
Equity Risk	958	240	1 198	678	169	847
Market Risk	578	145	723	437	109	546
Operational risk	4 507	1 127	5 634	3 880	970	4 850
Other	2 662	665	3 327	1 316	329	1 645
Total minimum required capital and reserve funds	38 384	9 597	47 981	31 421	7 854	39 275

Notes:

1. *Minimum required capital and reserve funds have been reported at 10,0%, in terms of Directive 05/2011 issued in terms of section 6(4) of the Banks Act, 1990.*
2. *Regulation requires details of any risk exposure or other item that is subject to rapid or material change. These are detailed in the trading update released on 2 November 2015.*

LEVERAGE RATIO

The leverage ratio is a supplementary measure to risk-based capital requirements.

Leverage ratio	Nedbank Group	Nedbank Limited
Tier 1 Capital (including unappropriated profit) (Rm)	56 556	43 990
Tier 1 Capital (excluding unappropriated profit) (Rm)	53 075	43 418
Total exposures (Rm)	922 651	805 509
Leverage ratio (including unappropriated profit) (Rm)	6,13%	5,46%
Leverage ratio (excluding unappropriated profit) (Rm)	5,75%	5,39%
Minimum required leverage ratio	4,0%	4,0%

LIQUIDITY COVERAGE RATIO (LCR)

In accordance with the provisions of section 6(6) of the Banks Act, quarterly disclosure of the LCR is required, 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 following table sets out Nedbank's LCR at aggregated group and bank levels:

	Nedbank Group[1]	Nedbank Limited
High Quality Liquid Assets[2] (Rm)	118 235	114 811
Net Cashflows[2]	143 662	135 979
Liquidity Coverage Ratio %[2]	82,3%	84,4%
Minimum requirement	60%	60%

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 60% 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 2015, 31 August 2015 and 30 September 2015, based on the regulatory submissions to the South African Reserve Bank.*

HIGH QUALITY LIQUID ASSETS (HQLA)

HQLA can be easily and immediately converted into cash at little or no loss of value. There are two categories of assets included in the stock of HQLA. Level 1 assets that can be included without limit at no haircut, comprising notes and coins, cash reserves, treasury bills, government bonds and debentures. Level 2 assets which may not account for more than 40% of the total stock of HQLA in aggregate, comprising certain government securities, public sector and corporate bonds. The South African Reserve Bank has undertaken to provide Committed Liquidity Facilities of up to 40% of the HQLA requirement due to the limited supply of level 2 assets in South Africa.

NET CASH OUTFLOWS

Net cash outflows are defined as the total expected cash outflows minus total expected cash inflows during a 30 day stress period.

NEDBANK'S LCR PROGRAMME

Based on internal risk modelling, Nedbank targets an LCR operational level above the minimum regulatory requirement to absorb normal seasonal volatility inherent in the domestic financial system and consequently in the LCR.

During 2015 Nedbank will procure additional HQLAs to support balance sheet growth and the LCR phase-in from a minimum regulatory requirement of 60% in 2015 to 70% in 2016, while continuing to maintain appropriately sized surplus liquid-asset buffers to absorb seasonal volatility in the LCR.

Stress testing and scenario analysis is conducted at both a bank and industry level with the aim of appropriately sizing the liquidity buffer portfolio in the most optimal manner for seasonal, cyclical and/or stress events. The stress testing and scenario analysis focuses on estimating if-and-when the LCR liquidity buffer could be significantly consumed beyond tolerable levels in order to pre-emptively facilitate the formulation of mitigating actions designed to ensure that the size of the liquidity buffer always remains appropriate for forecast liquidity requirements.

Sandton
3 November 2015

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