

Quarterly report on Pillar III capital adequacy at 31 March 2012

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")

**QUARTERLY REPORT ON PILLAR III CAPITAL ADEQUACY AT 31 MARCH 2012**

Quarterly Report in terms of Regulation 43(1)(e)(ii) of the Banks Act 94 of 1990(as amended) ("the Regulation").

Certain of the information required to be disclosed in terms of the Regulation is included in Nedbank Group's trading update for the three month period to 31 March 2012.

The Group's capital ratios remained well above current Basel II and anticipated Basel III minimum regulatory requirements, as well as our internal targets.

The group implemented Basel II.5 capital criteria, most notably the 6% scaling factor for credit RWA, with effect from 1 January 2012. In line with the pro-forma ratio disclosed to the market, the 2011 year-end core tier 1 ratio decreased to 10,5% (December 2011: 11,0%). Strong organic earnings and continued RWA optimisation during the first quarter resulted in the core tier 1 ratio strengthening to 10,7% at 31 March 2012.

In addition, the Group's Tier 1 capital adequacy ratio declined to 12,2% (31 December 2011: 12,6%) and Total capital adequacy ratio to 14,6% (31 December 2011: 15,3%), as a result of the reasons discussed above. The Group's Total capital adequacy ratio was also impacted with the redemption of the R650 million, NED7 Tier 2 subordinated note that was called and not replaced in February 2012, as a result of the Group's strong Total capital position.

The following table sets out the available capital as at 31 March 2012:

	Nedbank Group		Nedbank Limited	
	Rm	%	Rm	%
Primary Capital	43 650	12,2	37 783	12,1

Core Primary Capital	38 337	10,7	32 470	10,4
Share capital and premium	16 415		15 461	
Reserves	34 331		21 981	
Minority interest:				
ordinary shareholders	185		-	
Impairments	(3 018)		(2 679)	
Goodwill	(4 990)		(1 410)	
Excess of expected loss over eligible provisions (50%)	( 539)		( 622)	
Other regulatory differences and non-qualifying reserves	(4 047)		( 261)	
Non-core Primary Capital	5 313	1,5	5 313	1,7
Preference share capital and Premium	3 561		3 561	
Hybrid debt capital	1 752		1 752	
Secondary Capital	8 646	2,4	9 062	2,9
Long-term liabilities	8 853		8 850	
Excess of expected loss over eligible provisions (50%)	( 539)		( 622)	
General allowance for credit impairment	399		364	
Other regulatory differences	( 67)		470	
Tier 3 capital (Tertiary)	-		-	
Total	52 296	14,6	46 845	15,1

Nedbank Group

Nedbank Limited

Minimum required capital and reserve funds per risk type	Pillar 1	Pillar 2a	Total	Pillar 1	Pillar 2a	Total
Credit Risk	21 627	4 055	25 682	19 338	3 626	22 964
Equity Risk	1 271	238	1 509	1 158	217	1 375
Market Risk	505	95	600	366	69	435
Operational Risk	3 700	694	4 394	3 085	579	3 664
Other	1 531	287	1 818	948	178	1 126
Total minimum required capital and reserve funds	28 634	5 369	34 003	24 895	4 669	29 564

Notes:

1. The figures above have not been audited.

2. Available capital includes unappropriated profits of R3,7bn in Nedbank Group and R2,8bn in Nedbank Limited.

3. 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 4 May 2012.

Sandton

4 May 2012

Sponsors to Nedbank Group in South Africa:

Merrill Lynch South Africa (Pty) Limited

Nedbank Capital

Sponsor to Nedbank Group in Namibia:

Old Mutual Investment Services (Namibia) (Pty) Ltd

Sponsors to Nedbank Limited in South Africa:

Nedbank Capital

Investec Bank Limited