Annexure A1: Nedbank Group – composition of capital disclosure (together with consolidated statement of financial position)

COMPOSITION OF CAPITAL DISCLOSURE FOR THE YEAR ENDED 31 DECEMBER 2014

Basel III common disclosure template to be used during the transition of regulatory adjustments (ie from 1 January 2013 to 1 January 2018) Rm		Amounts subject to pre-Basel III treatment	**Ref**[1]
CET1 capital: instruments and reserves			
Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	17 247		a
Retained earnings	41 675		b
Accumulated other comprehensive income (and other reserves)	5 202		b
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			
Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	258	258	c
CET1 capital before regulatory adjustments	**64 382**		
CET1 capital: regulatory adjustments			
Prudential valuation adjustments			
Goodwill (net of related tax liability)	5 141	5 141	e
Other intangibles other than mortgage-servicing rights (net of related tax liability)	3 356	3 438	f
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	160	160	g
Cash-flow hedge reserve			
Shortfall of provisions to expected losses	1 585	792	i - j
Securitisation gain on sale			
Gains and losses due to changes in own credit risk on fair valued liabilities	34		n
Defined-benefit pension fund net assets	2 056		k
Investments in own shares (if not already netted off paid-in capital on reported balance sheet)			
Reciprocal cross-holdings in common equity			
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)			
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)	3 265	980	
Mortgage servicing rights (amount above 10% threshold)			
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)			
Amount exceeding the 15% threshold			
of which: significant investments in the common stock of financials			
of which: mortgage servicing rights			
of which: deferred tax assets arising from temporary differences			
National specific regulatory adjustments			
REGULATORY ADJUSTMENTS APPLIED TO CET1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT			
OF WHICH:			
Regulatory adjustments applied to CET1 due to insufficient additional tier 1 and tier 2 to cover deductions			
Total regulatory adjustments to CET1	**15 597**		
CET1 capital (CET1)	**48 785**		

Additional tier 1 capital: instruments			
Directly issued qualifying additional tier 1 instruments plus related stock surplus			
of which: classified as equity under applicable accounting standards			
of which: classified as liabilities under applicable accounting standards			
Directly issued capital instruments subject to phase out from additional tier 1			
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)	4 018		d
of which: instruments issued by subsidiaries subject to phase out	4 018		
Additional tier 1 capital (AT1) before regulatory adjustments	**4 018**		
Additional tier 1 capital: regulatory adjustments			
Investments in own additional tier 1 instruments			
Reciprocal cross-holdings in additional tier 1 instruments			
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)			
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)			
National specific regulatory adjustments			
REGULATORY ADJUSTMENTS APPLIED TO CET1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT			
OF WHICH:			
Regulatory adjustments applied to additional tier 1 due to insufficient tier 2 to cover deductions			
Total regulatory adjustments to additional tier 1 capital			
Additional tier 1 capital (AT1)	**4 018**		
Tier 1 capital (T1 = CET1 + AT1)	**52 803**		
Tier 2 capital and provisions			
Directly issued qualifying tier 2 instruments plus related stock surplus			
Directly issued capital instruments subject to phase out from tier 2			
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)	9 161		l
of which: instruments issued by subsidiaries subject to phase out	4 082		
Provisions	94		m
Tier 2 capital before regulatory adjustments	9 255		
Tier 2 capital: regulatory adjustments			
Investments in own tier 2 instruments			
Reciprocal cross-holdings in tier 2 instruments			
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)			
Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		980	
National specific regulatory adjustments			
REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT			
OF WHICH:			
Total regulatory adjustments to tier 2 capital			
Tier 2 capital (T2)	**9 255**		
Total capital (TC = T1 + T2)	**62 058**		
RWA IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT			
OF WHICH:			
Total RWA	**440 696**		
Capital ratios			
CET1 (as a percentage of RWA)	11,1		
Tier 1 (as a percentage of RWA)	12,0		
Total capital (as a percentage of RWA)	14,1		
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)	8,0		
of which: capital conservation buffer requirement	2,5		
of which: bank specific CCB requirement			
of which: G-SIB buffer requirement			
CET1 available to meet buffers (as a percentage of RWA)	0,1		
National Minima (if different from Basel III)			
National CET1 minimum ratio (if different from Basel III minimum)	5,5		
National tier 1 minimum ratio	7,0		
National total capital minimum ratio	10,0		

Amounts below the threshold for deductions (before risk weighting)			
Non-significant investments in the capital of other financials	662		
Significant investments in the common stock of financials	5 205		
Mortgage servicing rights (net of related tax liability)			
Deferred tax assets arising from temporary differences (net of related tax liability)	126		h
Applicable caps on the on the inclusion of provisions in tier 2			
Provisions eligible for inclusion in tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	94		
Cap on inclusion of provisions in tier 2 under standardised approach	518		
Provisions eligible for inclusion in tier 2 in respect of exposures subject to IRB approach (prior to application of cap)			
Cap for inclusion of provisions in tier 2 under IRB approach	1 759		
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2018 and 1 January 2022)			
Current cap on CET1 instruments subject to phase out arrangements			
Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)			
Current cap on AT1 instruments subject to phase out arrangements			
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)			
Current cap on T2 instruments subject to phase out arrangements			
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.*

Annexure A2: Nedbank Limited – composition of capital disclosure (together with consolidated statement of financial position)

COMPOSITION OF CAPITAL DISCLOSURE FOR THE YEAR ENDED 31 DECEMBER 2014

Basel III common disclosure template to be used during the transition of regulatory adjustments (ie from 1 January 2013 to 1 January 2018) Rm		Amounts subject to pre-Basel III treatment	**Ref[1]**
CET1 capital: instruments and reserves			
Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	17 461		a
Retained earnings	29 451		b
Accumulated other comprehensive income (and other reserves)	820		b
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			
Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)			
CET1 capital before regulatory adjustments	**47 732**		
CET1 capital: regulatory adjustments			
Prudential valuation adjustments			
Goodwill (net of related tax liability)	1 410	1 410	d
Other intangibles other than mortgage-servicing rights (net of related tax liability)	3 105	3 105	e
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)			
Cash-flow hedge reserve			
Shortfall of provisions to expected losses	1 606	803	f - g
Securitisation gain on sale			
Gains and losses due to changes in own credit risk on fair valued liabilities	34		n
Defined-benefit pension fund net assets	2 056		h
Investments in own shares (if not already netted off paid-in capital on reported balance sheet)			
Reciprocal cross-holdings in common equity			
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)			
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)			
Mortgage servicing rights (amount above 10% threshold)			
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)			
Amount exceeding the 15% threshold			
of which: significant investments in the common stock of financials			
of which: mortgage servicing rights			
of which: deferred tax assets arising from temporary differences			
National specific regulatory adjustments	691	691	i
REGULATORY ADJUSTMENTS APPLIED TO CET1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT			
OF WHICH:			
Regulatory adjustments applied to CET1 due to insufficient additional tier 1 and tier 2 to cover deductions			
Total regulatory adjustments to CET1	**8 902**		
CET1 capital (CET1)	**38 830**		

Additional tier 1 capital: instruments		
Directly issued qualifying additional tier 1 instruments plus related stock surplus		
of which: classified as equity under applicable accounting standards		
of which: classified as liabilities under applicable accounting standards		
Directly issued capital instruments subject to phase out from additional tier 1	4 250	c
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)		
of which: instruments issued by subsidiaries subject to phase out		
Additional tier 1 capital (AT1) before regulatory adjustments	**4 250**	
Additional tier 1 capital: regulatory adjustments		
Investments in own additional tier 1 instruments		
Reciprocal cross-holdings in additional tier 1 instruments		
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)		
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
National specific regulatory adjustments		
REGULATORY ADJUSTMENTS APPLIED TO CET1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT		
OF WHICH:		
Regulatory adjustments applied to additional tier 1 due to insufficient tier 2 to cover deductions		
Total regulatory adjustments to additional tier 1 capital		
Additional tier 1 capital (AT1)	4 250	
Tier 1 capital (tier 1 = CET1 + AT1)	**43 080**	
Tier 2 capital and provisions		
Directly issued qualifying tier 2 instruments plus related stock surplus	5 487	j
Directly issued capital instruments subject to phase out from tier 2	4 082	k
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)		
of which: instruments issued by subsidiaries subject to phase out		
Provisions	21	l
Tier 2 capital before regulatory adjustments	**9 590**	
Tier 2 capital: regulatory adjustments		
Investments in own tier 2 instruments		
Reciprocal cross-holdings in tier 2 instruments		
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)		
Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
National specific regulatory adjustments		
REGULATORY ADJUSTMENTS APPLIED TO COMMON-EQUITY TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT		
OF WHICH:		
Total regulatory adjustments to tier 2 capital		
Tier 2 capital (tier 2)	**9 590**	
Total capital (total capital = tier 1 + tier 2)	**52 669**	
RWA IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT		
OF WHICH:		
Total RWA	**368 823**	

Capital ratios	
CET1 (as a percentage of RWA)	10,5
Tier 1 (as a percentage of RWA)	11,7
Total capital (as a percentage of RWA)	14,3
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)	8,0
of which: capital conservation buffer requirement	2,5
of which: bank specific CCB requirement	
of which: G-SIB buffer requirement	
CET1 available to meet buffers (as a percentage of RWA)	(0,5)
National minima (if different from Basel III)	
National CET1 minimum ratio (if different from Basel III minimum)	5,5
National tier 1 minimum ratio	7,0
National total capital minimum ratio	10,0
Amounts below the threshold for deductions (before risk weighting)	
Non-significant investments in the capital of other financials	
Significant investments in the common stock of financials	
Mortgage servicing rights (net of related tax liability)	
Deferred tax assets arising from temporary differences (net of related tax liability)	
Applicable caps on the on the inclusion of provisions in tier 2	
Provisions eligible for inclusion in tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	21
Cap on inclusion of provisions in tier 2 under standardised approach	24
Provisions eligible for inclusion in tier 2 in respect of exposures subject to IRB approach (prior to application of cap)	
Cap for inclusion of provisions in tier 2 under IRB approach	1 742
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)	
Current cap on CET1 instruments subject to phase out arrangements	
Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	
Current cap on AT1 instruments subject to phase out arrangements	
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	
Current cap on tier 2 instruments subject to phase out arrangements	
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.