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 AND LIQUIDITY COVERAGE RATIO AT 31 MARCH 2015

The quarterly report on the group's Pillar III Capital adequacy is 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 is included in Nedbank Group's trading update for the three month period to 31 March 2015.

The group remains well capitalised with our common equity tier 1 ratio at 11,7% (December 2014: 11,6%). Our Tier 1 and Total capital adequacy ratios of 12,4% (2014: 12,5%) and 14,5% (2014: 14,6%), respectively reflect the effects of Basel III regulatory requirements in respect of the grandfathering of old style instruments and the redemption of Nedbank Limited's hybrid debt instrument, as well as the deduction of surplus capital attributable to minority interests.

Nedbank Limited's common equity tier 1 ratio increased to 11,1% (2014: 11,0%) as a result of organic capital generation. The bank's Tier 1 ratio decreased to 12,0% (2014: 12,1%) and Total CAR to 14,6% (2014: 14,7%) following the effects of Basel III regulatory requirements as mentioned above.

The following table sets out the available capital as at 31 March 2015:

	Nedbank Group		Nedbank Limited	
Including unappropriated profits	Rm	%	Rm	%
Tier 1 Capital	56 135	12,4%	45 457	12,0%
Common Equity Tier 1 Capital	52 813	11,7%	41 896	11,1%
Share capital and premium	17 900		18 571	
Reserves	50 764		32 150	
Minority interest:				
Ordinary shareholders	257		0	
Goodwill	(5 140)		(1 410)	
Excess of expected loss over eligible provisions	(1 736)		(1 763)	
Defined benefit pension fund assets	(2 182)		(2 182)	
Capitalised software and development costs	(2 844)		(2 874)	
Investments in the common stock of financial entities (amount above 10% threshold)	(3 785)		0	
Other regulatory differences and non- qualifying reserves	(421)		(596)	
Additional Tier 1 Capital	3 322	0,7%	3 561	0,9%
Preference share capital and premium	3 561		3 561	
Hybrid debt capital	0		0	
Grandfathering and other	(239)		0	

regulatory adjustments				
Tier 2 Capital	9 396	2,1%	9 813	2,6%
Long-term liabilities	9 794		9 794	
General allowance for credit impairment	122		19	
Grandfathering and other adjustments	(520)		0	
Total Capital	65 531	14,5%	55 270	14,6%
Excluding unappropriated profits				
Tier 1 Capital	52 816	11,7%	43 095	11,4%
Common Equity Tier 1 Capital	49 495	11,0%	39 534	10,4%
Total Capital	62 212	13,8%	52 908	14,0%

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	27 766	6 941	34 707	24 247	6 062	30 309
Equity Risk	1 018	255	1 273	764	191	955
Market Risk	555	139	694	404	101	505
Operational risk	4 415	1 104	5 519	3 773	943	4 716
Other	2 376	594	2 970	1 141	285	1 426
Total Minimum required capital and reserve funds	36 130	9 033	45 163	30 329	7 582	37 911

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 11 May 2015.*

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 following table sets out the LCR for the group and bank:

	Nedbank Group[1] R'm	Nedbank Limited R'm
High Quality Liquid Assets[2]	103 827	101 178
Net Cashflows[2]	143 182	137 252
Liquidity Coverage Ratio %[2]	72,5%	73,7%
Minimum requirement	60%	60%

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 January 2015, 28 February 2015 and 31 March 2015, based on the regulatory submissions to SARB.*

The LCR is comprised of the value of the stock of High Quality Liquid Assets (HQLA) and total net cash outflows. The aim of the LCR is to ensure that an adequate stock of unencumbered High Quality Liquid Assets is held by banks to cover total net cash outflows over a 30-day period under a prescribed stress scenario. The LCR was phased in at 60% on 1 January 2015 and will increase by 10% each year to 100% on 1 January 2019.

HIGH QUALITY LIQUID ASSETS

Assets that can readily be converted into cash at little or no loss of value are considered to be HQLA. There are two categories of assets that can be included in the stock of HQLA. Level 1 assets, which can be included in the stock of HQLA without limit at no haircut, comprising of coins and banknotes, cash reserves, Treasury Bills, Government bonds and Debentures. Level 2 assets, which may in aggregate account for no more than 40% of the total stock of HQLA, may comprise certain government securities, public sector and corporate bonds. Given the limited supply of level 2 assets in South Africa, the South African Reserve Bank has undertaken to provide banks with Committed Liquidity Facilities of up to 40% of the HQLA requirement.

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.

Nedbank met the minimum regulatory LCR requirement of 60% for 2015, and implemented an appropriately conservative buffer. Additional HQLAs will be procured to support balance sheet growth and the LCR minimum requirement of 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 future liquidity requirements.

Sandton

11 May 2015

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