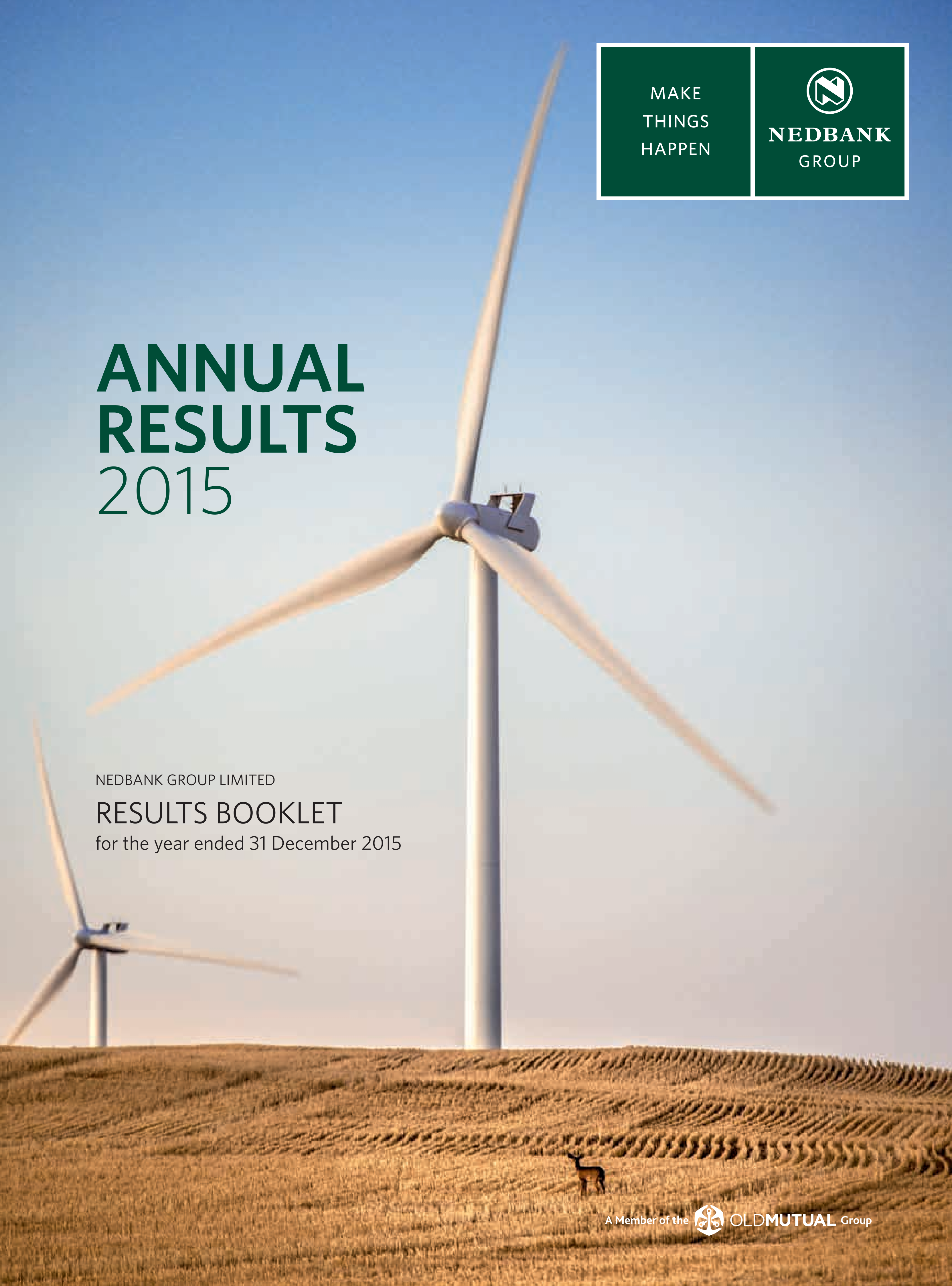

MAKE THINGS HAPPEN

NEDBANK GROUP

ANNUAL RESULTS 2015

NEDBANK GROUP LIMITED

RESULTS BOOKLET

for the year ended 31 December 2015

A Member of the OLDMUTUAL Group

CONTENTS

RESILIENT PERFORMANCE IN A DIFFICULT MACRO ENVIRONMENT

'Nedbank Group produced a resilient performance in an environment of difficult macroeconomic conditions, volatile markets and an escalating regulatory agenda.

We delivered growth in diluted headline earnings per share of 8,5% – ahead of the guidance we gave during the year. Earnings growth was driven by ongoing momentum in non-interest revenue (NIR) and disciplined cost management, combined with the benefit of equity-accounted earnings from our investment in ETI, based on our 20% share of their 12 months of publicly reported results to September 2015.

NIR growth was underpinned by an 8,5% growth in retail main banked clients and from our integrated CIB model that successfully unlocked additional revenue growth and cross-sell opportunities. In response to increasing macroeconomic headwinds, we focused on reducing cost growth, maintaining conservative provisioning levels and increasing liquidity buffers.

Nedbank is committed to long-term value creation for all our stakeholders and we were honoured to win 2015 Bank of the year for both Africa and SA by *The Financial Times* and *The Banker* magazine.

Nedbank Group is in excellent shape to deal with the challenging macroeconomic environment that we expect in both SA and in the rest of Africa. Forecast risk has increased and as a result our guidance for performance in the year ahead is harder than usual to formulate. Against this context we currently forecast that growth in diluted headline earnings per share for 2016 will be lower than the growth we achieved in 2015 and below our medium-to-long-term target of consumer price index + gross domestic product growth + 5%. Given the increased forecast risk we will update this guidance with our June 2016 results'.

Mike Brown
Chief Executive

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Chief Financial Officer

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Alfred Visagie
Executive Head, Investor Relations

Tel: +27 (0) 11 295 6249
Email: alfredv@nedbank.co.za

2015 HIGHLIGHTS

Headline earnings
▲9,6%
R10 831m

Diluted HEPS
▲8,5%
2 242 cents

Full-year dividend per share
▲7,7%
1 107 cents

Common-equity tier 1 ratio
▼11,3%
(2014: 11,6%)

ROE (excl goodwill)
▼17,0%
(2014: 17,2%)

NAV per share
▲9,0%
15 685 cents

DIRECTORS

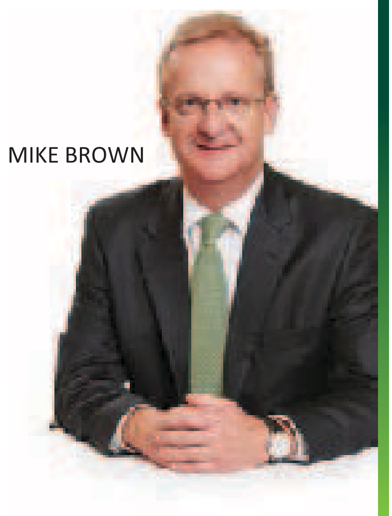
V Naidoo (Chairman), MWT Brown* (Chief Executive), DKT Adomakoh (Ghanaian), TA Boardman, BA Dames, ID Gladman (British), PB Hanratty (Irish), JB Hemphill, PM Makwana, Dr MA Matooane, NP Mnxasana , RK Morathi* (Chief Financial Officer), JK Netshitenzhe, MC Nkuhlu* (Chief Operating Officer), S Subramoney, MI Wyman** (British), Company Secretary: TSB Jali.

** Executive*

*** Senior independent non-executive director*

Credit loss ratio
▼77 bps
(2014: 79 bps)

NOTES:



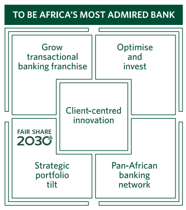
MIKE BROWN

STRATEGY & OVERVIEW

Resilient performance in a difficult macro environment.

NOTES:

Overview

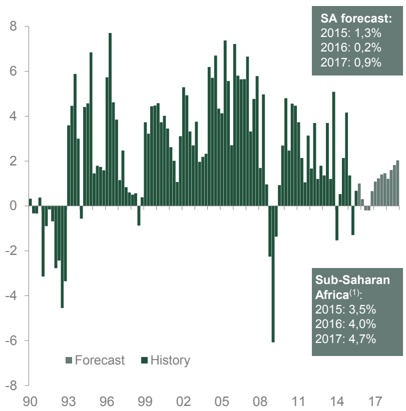
Difficult macro environment	Increasing regulatory agenda	Responding through strategic action	=	Delivering growth & value
▪ Emerging markets under pressure ▪ Slow SA GDP growth ▪ Rest of Africa growing faster than SA, but slowing & uneven ▪ Volatile markets ▪ Business committed to working with Government & Labour to improve growth	▪ Prudential ▪ Conduct			Headline earnings: R10,8bn (+9,6%) NAV per share: +9,0% ROE (excl GW): 17,0% Dividend per share: +7,7%

3

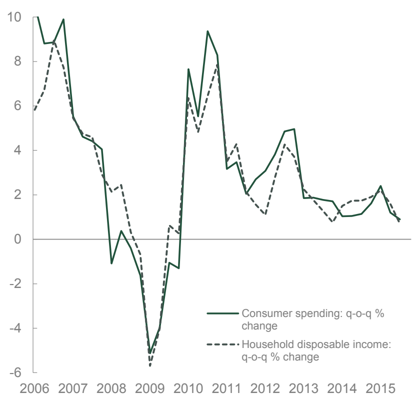
NOTES:

Difficult macro environment

SA GDP growth (qoq %)



Consumer spending (%)



Weaker operating environment, driving lower credit demand & transactional activity as well as increased risk

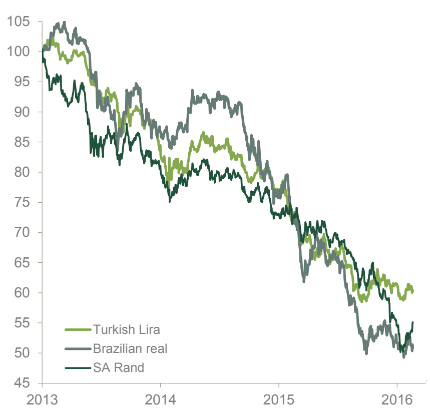
Source: Nedbank Group Economic Unit | 1 IMF

4

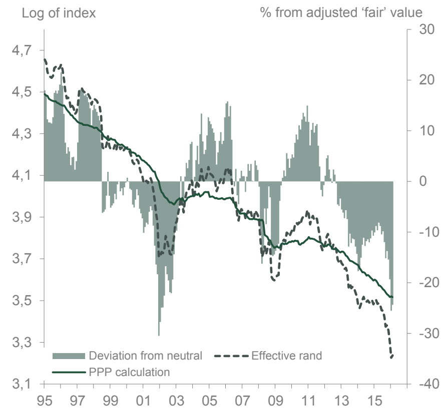
NOTES:

Rand depreciation, now c25% undervalued on PPP basis

Depreciation of the rand (US $)



Rand based on PPP (%)



Rand weakness leading to increasing inflationary pressures

Source: Nedbank Group Economic Unit : As at 20 February 2016

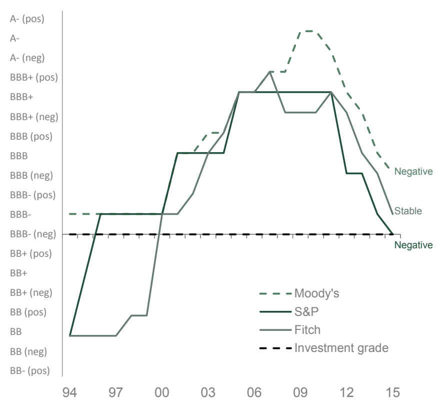
5

NOTES:

Increase in bond yields & sovereign credit rating under pressure

SA 10-yr Government bond (R186) (%)

SA sovereign credit ratings



- Cost of capital increased from higher long-bond yields
- Working with Government to restore fiscal credibility

Source: Nedbank Group Economic Unit

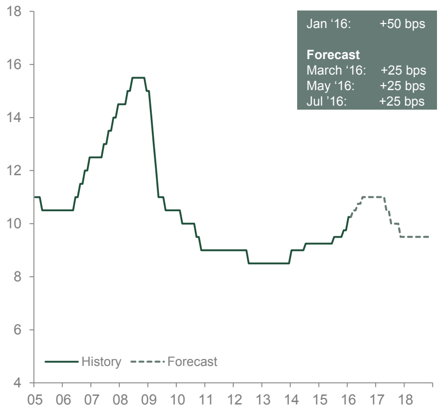
6

NOTES:

Commodity prices & interest rates

Commodity prices a key driver (based to 100)

SA interest rates (%)



Depressed commodities impacting African economies | Pressures on inflation, necessitating SARB action through rate increases – beneficial for endowment income, but rising pressure on consumers.

Source: Nedbank Group Economic Unit

7

NOTES:

Increasing regulatory agenda

Twin Peaks

New SA regulatory structure
- Prudential authority
- Market conduct authority
- Conglomerate supervision

Financial / Systemic stability

Basel III & Solvency II
- CARs | LCR | NSFR | Leverage
- Solvency II/SAM
- Under discussion globally: Trading book review, capital floors, TLAC, AMA review

Other
- Alignment of FSC & dti Codes
- BCBS 239 (RDAR&R)
- IFRS 9 (2018)

Client-driven regulation
- NCAA
- NCR lending caps
- Credit life caps
- Authenticated collections
- Interchange reductions
- AML | POPI | RDR

Implications

Financial
- Higher capital levels, more expensive capital & debt
- Less client lending
- Lower NIM – more HQLA & squeeze in deposit spreads
- Pressure on NIR growth
- Additional opex & IT costs

Clients
- Greater consumer protection
- Higher cost of lending & lower loan payouts
- Unintended consequences of lending caps
- Enterprise client view required

Risk/Return
- Lower risk in the banking system, but higher costs
- Pressure on industry ROEs
- Reduced appetite for multi-jurisdictional operating risk

ROA
- Regulatory rollup: consolidated supervision implications in rest of Africa (Basel I to Basel III transition)

8

NOTES:

Responding through strategic action

Client-centred innovation

Growing our transactional banking franchise

- Main banked retail clients increased +8,5%, middle market +7,0%
- Key wholesale transactional client wins
- Solid underlying NIR growth (C&F up +7,3%)

Strategic Portfolio Tilt

- Revenue & cross-sell opportunities from new CIB model
- Wholesale advances growth > retail
  - Converting strong CIB pipeline
  - Derisked home loan & personal loan portfolios
- Increased portfolio provisions & overlays

Optimise & Invest

- CIB, RBB & Insurance restructuring
- Managed evolution IT programme
- Groupwide regulatory change programme initiated
- Old Mutual Group – on track to unlock R1bn synergies by 2017 (just less than 30% accrue to Nedbank)
- R915m savings, enabling reinvestment of R540m into innovation, systems, footprint, regulatory demands & rest of Africa
- Expense growth: 6,4%

Pan-African banking network

- SADC & East Africa: Invested in governance, core banking systems, distribution & skills | Banco Único pathway to control (2016)
- West & Central Africa: Contribution from ETI investment & continued deepening of the strategic alliance

9

NOTES:

Delivering value to all stakeholders

TO BE AFRICA'S MOST ADMIRED BANK

BY OUR:

STAFF

- Leadership & structural changes
- 714 new permanent staff
- Continued investment in staff development
- Good progress on staff transformation

CLIENTS

- New loan payouts of R185bn
- Top-ranked investment manager, AUM up 21% to R257bn
- Retail main banked clients up 8,5% & transactional banking gains across all clusters
- 84 new 'branch of the future' stores & 110 new ATMs
- Digitally enabled clients up 40% & value of AppSuite™ transactions up 66% to R16bn

SHAREHOLDERS

- Record HE of R10,8bn, up 9,6%
- NAV per share up 9,0%
- ROE (excl goodwill): 17,0%
  - Economic profit up 19,6%
  - Total dividend of 1 107c, up 7,7%

REGULATORS

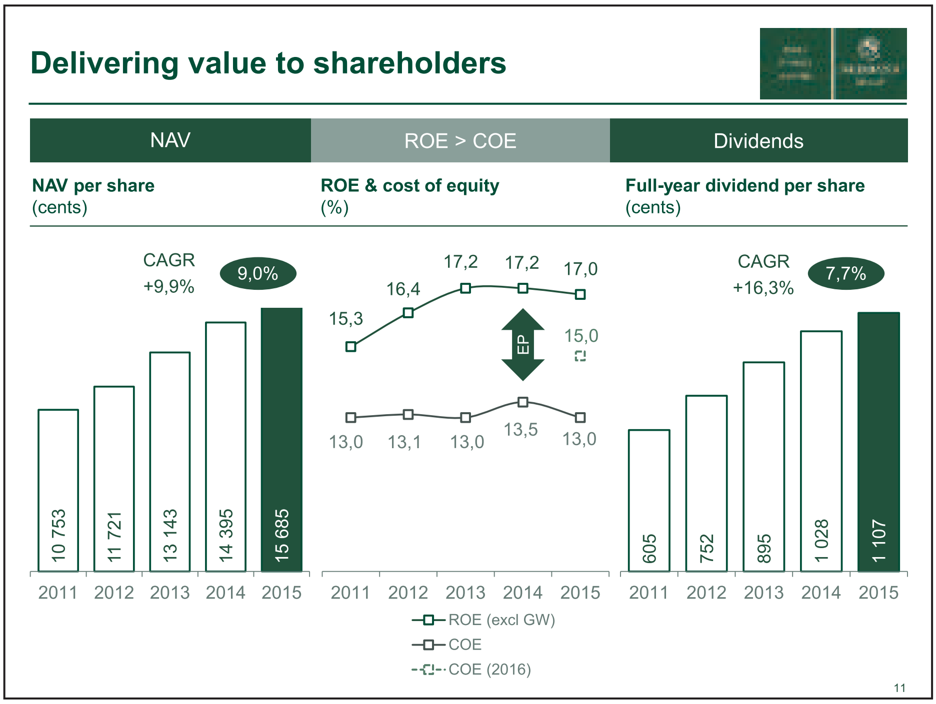
- Strong capital, liquidity & coverage ratios
- Established Regulatory Change Programme Office
- Focus on compliance & sustainable banking practices

COMMUNITIES

- Maintained level 2 BBBEE for 7th consecutive year
- Top Empowered Business of the Year (14th Oliver Awards)
- 75% of procurement sourced locally in SA
- R1,8bn of Fair Share 2030 solutions for health, agriculture & manufacturing industries

10

NOTES:


Delivering value to shareholders
NAV
ROE > COE
Dividends
NAV per share
(cents)
CAGR
+9,9%
9,0%
10 753
11 721
13 143
14 395
15 685
2011 2012 2013 2014 2015
ROE & cost of equity
(%)
15,3
16,4
17,2
17,2
17,0
15,0
EP
13,0
13,1
13,0
13,5
13,0
2011 2012 2013 2014 2015
ROE (excl GW)
COE
COE (2016)
Full-year dividend per share
(cents)
CAGR
+16,3%
7,7%
605
752
895
1 028
1 107
2011 2012 2013 2014 2015
11

NOTES:


RAISIBE
MORATHI
FINANCIAL
OVERVIEW
Delivering to
shareholders.

NOTES:

Key performance indicators

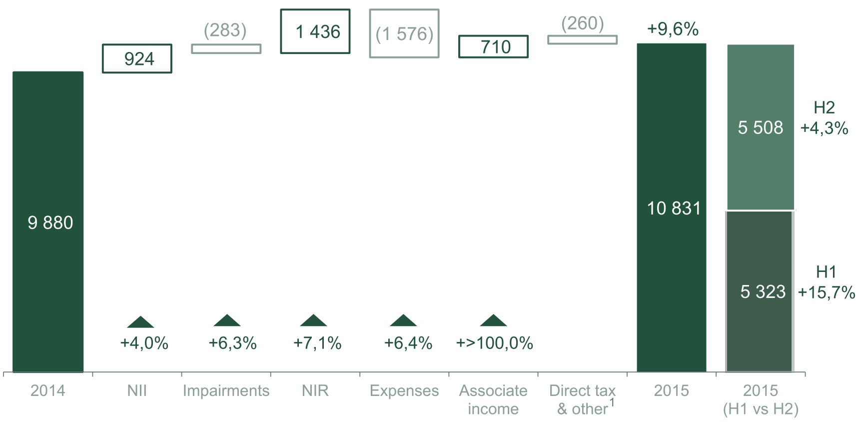
	2015	2014
Headline earnings (Rm)	10 831	9 880
ROE (excl goodwill)	17,0%	17,2%
Diluted HEPS growth	8,5%	13,0%
Preprovisioning profit growth	7,3%	3,5%
Credit loss ratio	0,77%	0,79%
NIR-to-expenses ratio	83,3%	82,8%
Common-equity tier 1 CAR	11,3%	11,6%
Dividend per share (cents)	1 107	1 028

13

NOTES:

Headline earnings growth drivers

Headline earnings (Rm)



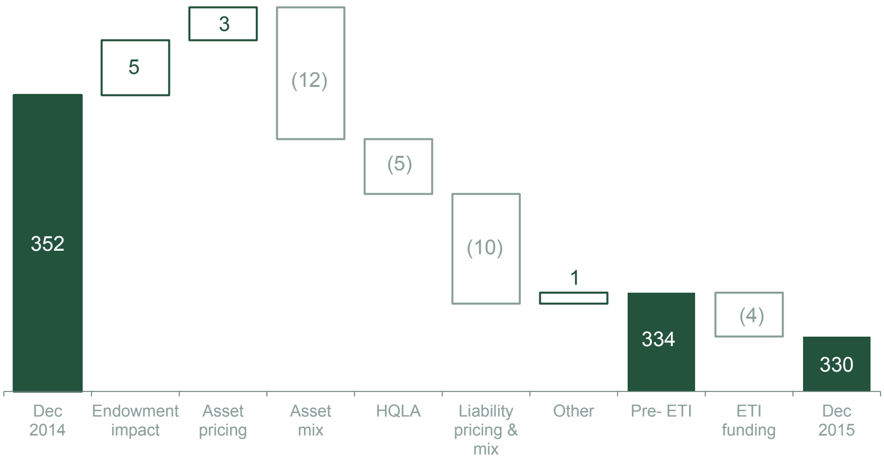
1 Includes R870m associate income from ETI.

14

NOTES:

Net interest margin – endowment & pricing offset by asset mix changes, higher funding costs & HQLA

Net interest margin (bps)

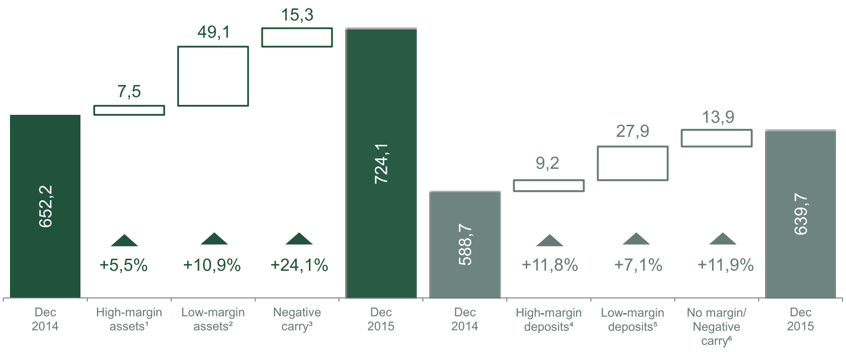


15

NOTES:

Interest-earning assets & bearing liabilities – faster growth in low-margin assets & liabilities driving change in NIM

Interest-earning assets (Rbn) **Interest-bearing liabilities** (Rbn)



Asset margin (%)	5,68	1,99	-

Liabilities margin (%)	5,11	1,05	-

1 Personal loans, cards, vehicle finance, overdrafts.
2 Commercial mortgages, home loans, term loans & other securities & short-term funds & trading securities.
3 HQLA – level 1 assets.

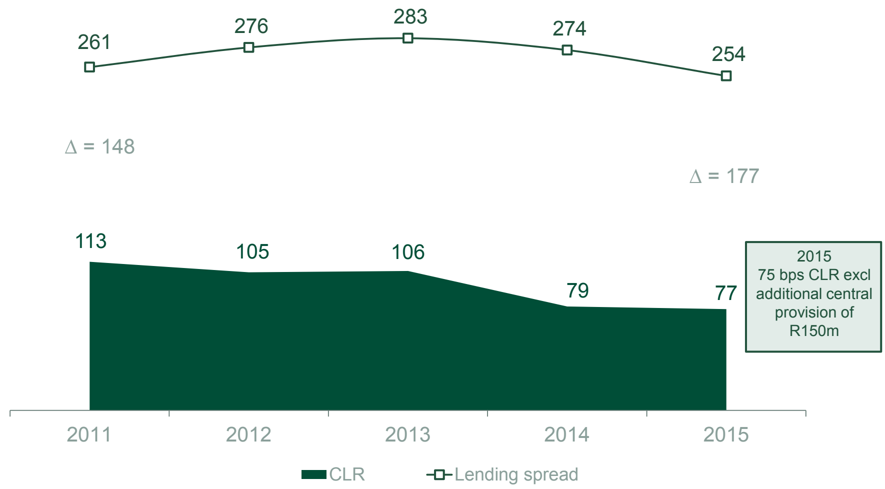
4 High-margin deposit – CASA deposits.
5 Low-margin deposits – deposit & loan accounts: fixed deposits, call & term & cash management including foreign currency liabilities.
6 Other wholesale funding, senior &subordinated debt.

16

NOTES:

NIM compression to some degree offset by lower CLR – illustrated by change in lending spread & CLR

Lending spread (bps) vs **credit loss ratio** (bps)



17

NOTES:

Credit loss ratio

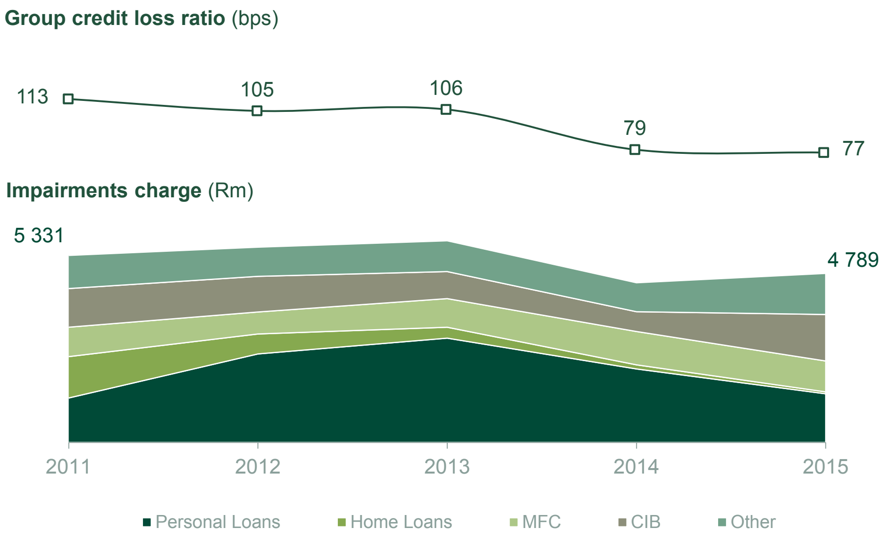
BOOKLET SLIDE

CLR (%)	% of avg banking advances	**2015**	**H2 2015**	**H1 2015**	**FY 2014**	**Revised through-the-cycle target ranges**
Nedbank CIB	47,6	0,40	1,06	0,38	0,19	0,15 – 0,45
Nedbank Capital	14,0	0,83	0,47	0,41	0,14	
Nedbank Corporate	33,6	0,22	0,09	0,36	0,21	
Nedbank RBB	45,5	1,14	1,06	1,22	1,39	1,30 – 1,80
Nedbank Business Banking	10,7	0,48	0,47	0,49	0,42	
Nedbank Retail	34,8	1,34	1,24	1,44	1,70	
Nedbank Wealth	4,3	0,15	0,12	0,18	0,17	0,20 – 0,40
Rest of Africa	2,6	1,25	1,55	0,86	0,23	0,75 – 1,00
Group	100	0,77	0,77	0,77	0,79	0,60 – 1,00

18

NOTES:

Credit loss ratio - reflective of quality portfolio

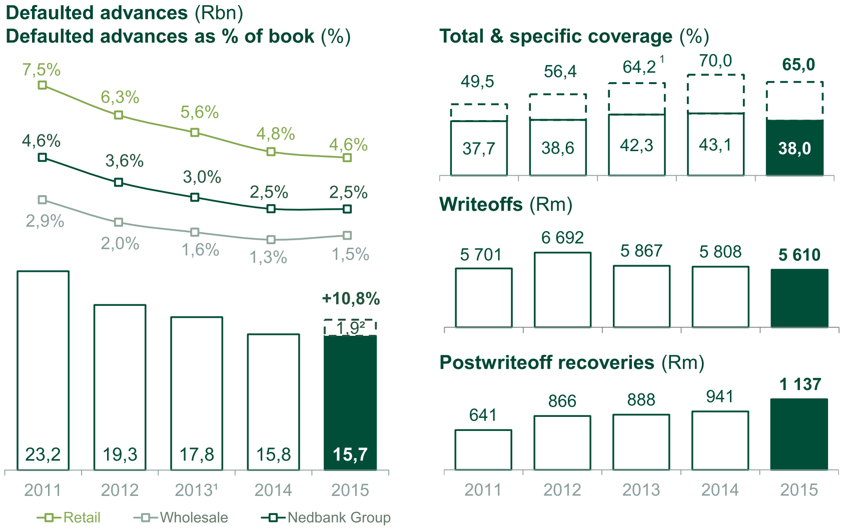


Note: Other includes the rest of RBB, Wealth, Rest of Africa & Centre.

19

NOTES:

Defaulted advances & coverage – driven by change in mix towards wholesale defaults

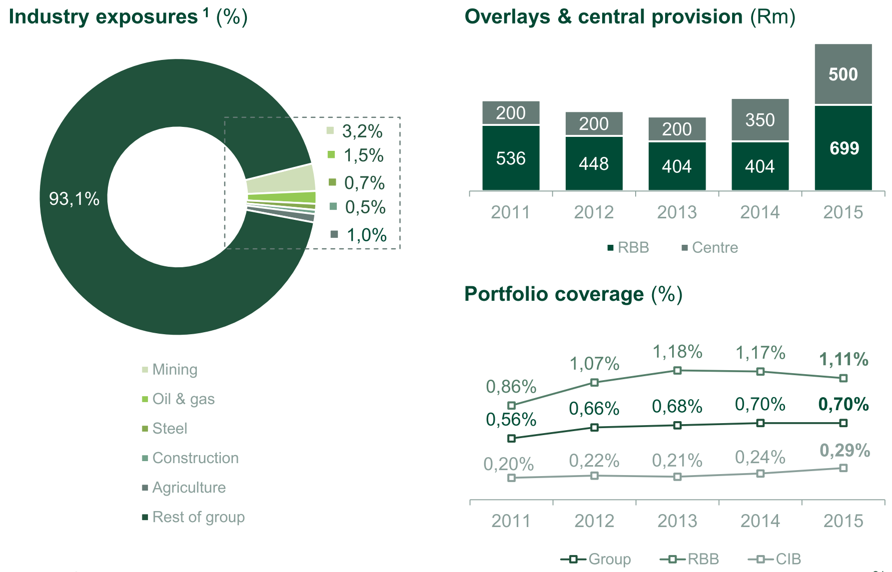


1 2013 total & specific coverage restated.
2 Excluding directive 7, defaulted advances decreased 1,1%.

20

NOTES:

Managing our risks & exposures – bolstering portfolio provisioning & overlays

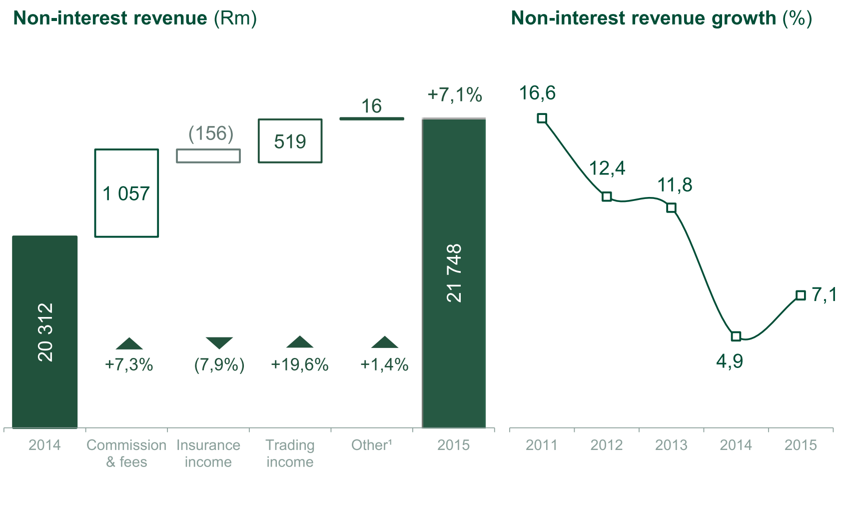


1 Nedbank Group on-balance-sheet exposures: R762bn

21

NOTES:

Non-interest revenue – commission & fee income growth driven by main banked client acquisitions



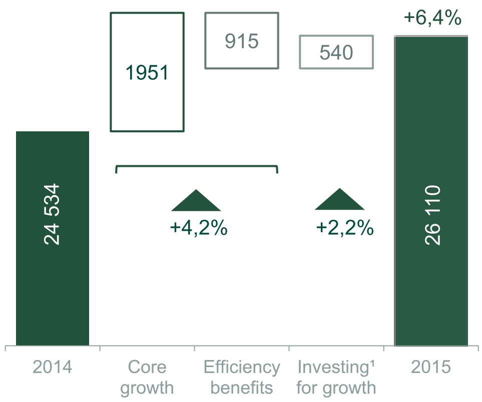
1 Other represents private equity, sundry income, investment income & fair-value adjustments.

22

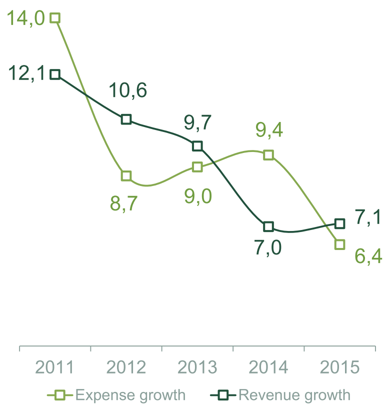
NOTES:

Expenses – costs well managed with efficiency benefits from 'Optimise & invest' strategy

Expenses (Rm)



Revenue[2] & expense growth (%)



***… cost-to-income ratio 56,1%** (2014: 56,5%)*

1 Investing for growth includes: branch of future: R194m; Strategic IT costs: R180m; Compliance cost: R89m; Rest of Africa: R77m.
2 Revenue includes NII, NIR and associate income

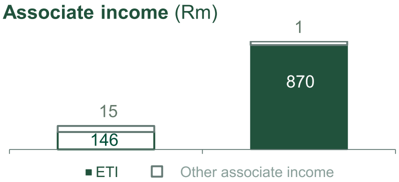
23

NOTES:

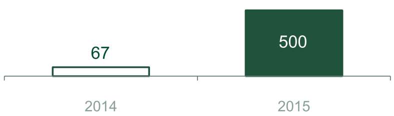
Associate income – diversified income from the Rest of Africa

Funding cost[1] (Rm)

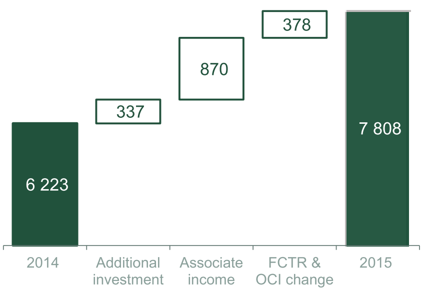
Associate income (Rm)



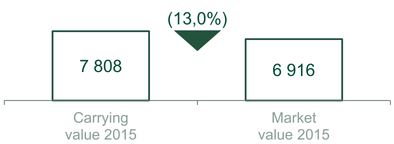
Headline earnings[1] (Rm)



Book value (Rm)



Book & market value[2] (Rm)



1 2014 excludes interest received from the previous ETI loan of R76m (pre-tax) *2 Market value based on ETI share price.*

24

NOTES:

Consolidated statement of financial position

Period ended (Rm)	% change	Dec 2015	Dec 2014
Cash & securities	28,6	**157 746**	122 661
Advances	11,2	**681 632**	613 021
Other	17,3	**86 348**	73 631
Total assets	14,4	**925 726**	809 313
Ordinary shareholders' equity	11,5	**74 754**	67 024
Minorities & preference shareholders	2,8	**3 997**	3 887
Deposits	11,1	**725 851**	653 450
Long-term debt instruments	26,2	**44 982**	35 638
Other	54,4	**76 142**	49 314
Total equity & liabilities	14,4	**925 726**	809 313

… loan-to-deposit ratio of 93,9%

25

NOTES:

Advances

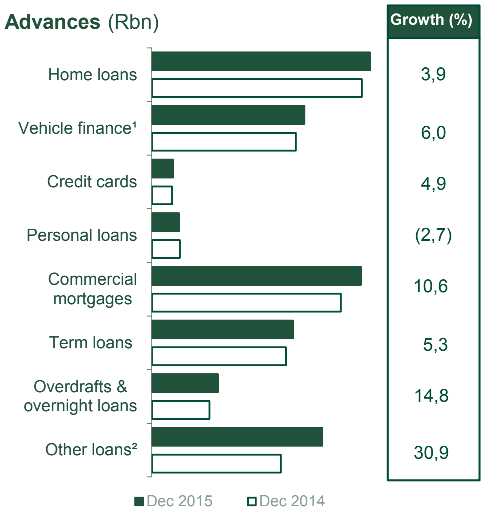
BOOKLET SLIDE

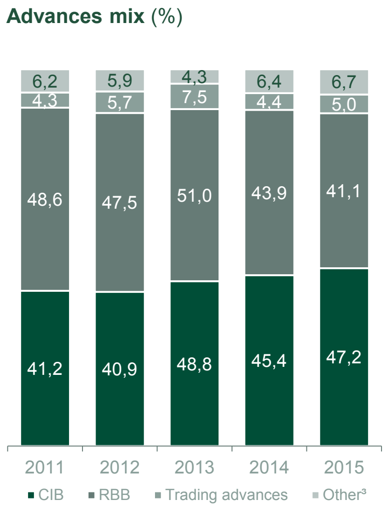
Period ended (Rm)	% change	Dec 2015	Dec 2014
Home loans	3,9	**142 773**	137 449
Commercial mortgages	10,6	**136 793**	123 652
Properties in possession	(40,6)	**354**	596
Term loans	3,9	**110 318**	106 175
Personal loans	(2,7)	**17 842**	18 346
Other term loans	5,3	**92 476**	87 829
Leases & instalment sales	6,0	**99 863**	94 237
Credit cards	4,9	**14 063**	13 404
Overnight loans	27,2	**27 527**	21 638
Overdrafts	(1,9)	**15 833**	16 141
Other	31,3	**145 519**	110 824
Banking advances	32,9	**111 434**	83 819
Trading advances	26,2	**34 085**	27 005
Impairment of advances	2,8	**(11 411)**	(11 095)
	11,2	**681 632**	613 021

26

NOTES:

Advances up 11,2% – wholesale growth ahead of retail growth





1 Leases & instalment debtors.
2 Other loans include PIPs, remittances, factoring accounts, trade bills & other loans in CIB.
3 Other includes Nedbank Wealth, Rest of Africa & Centre.

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NOTES:

Deposits

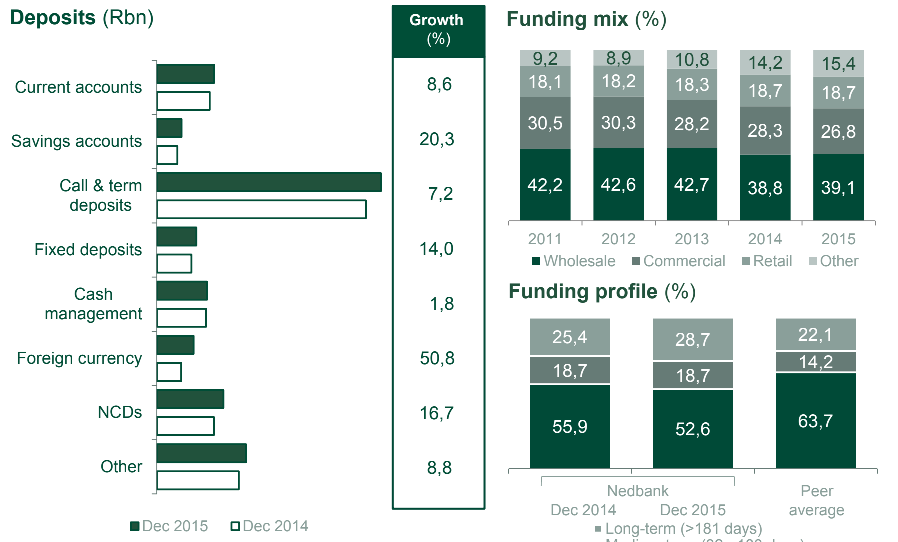
BOOKLET SLIDE

Period ended (Rm)	% change	**Dec 2015**	Dec 2014
Current accounts	8,6	**70 757**	65 170
Savings accounts	20,3	**30 542**	25 386
Term deposits & other	7,0	**481 402**	449 705
Call & term deposits	7,2	**276 200**	257 634
Fixed deposits	14,0	**48 806**	42 800
Cash management deposits	1,8	**61 908**	60 820
Other deposits	6,8	**94 488**	88 451
Foreign currency liabilities	50,8	**45 475**	30 153
NCDs	16,7	**82 144**	70 377
Deposit repurchase agreements	22,7	**15 531**	12 659
	11,1	**725 851**	653 450

28

NOTES:

Deposits up 11,1% – strong growth & improved funding profile



Note: Other deposits include other deposits, positive balances on loan accounts & deposits placed under repurchase agreements. Nedbank funding profile Q4 2015 average. Peers at December 2015 per BA 900.

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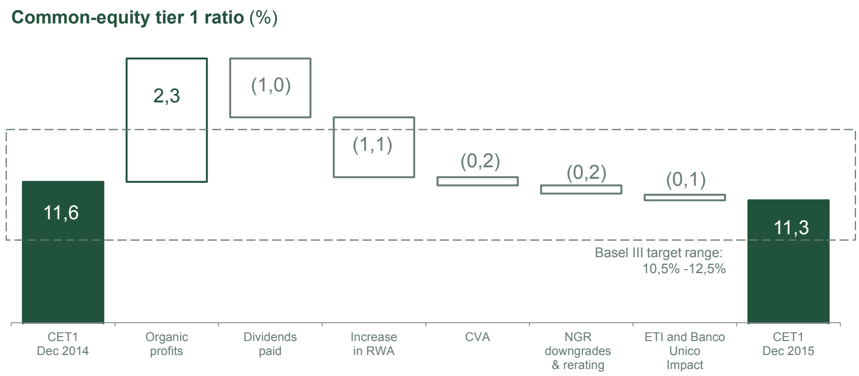
NOTES:

Basel III capital – well positioned for headwinds



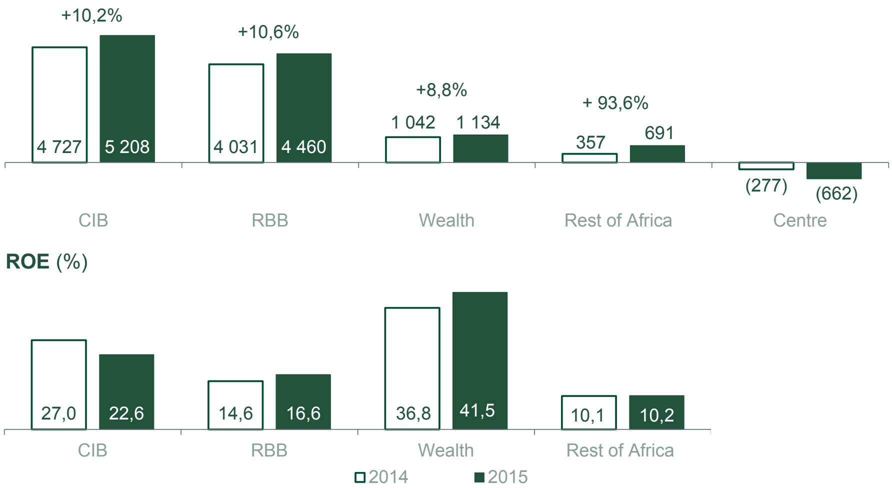
Additional tier 1 & tier 2 capital

- R1,8bn redemption of old-style hybrid debt, in line with the regulatory disqualification event.
- R1bn redemption of old-style tier 2 subordinated-debt instruments.
- R2,3bn new-style Basel III compliant tier 2 subordinated-debt instruments issued.

30

NOTES:

Resilient cluster performance



NOTES:

BRIAN KENNEDY

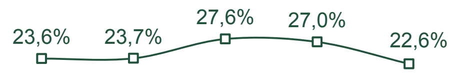
NEDBANK CORPORATE & INVESTMENT BANKING

Building an integrated corporate & investment bank.

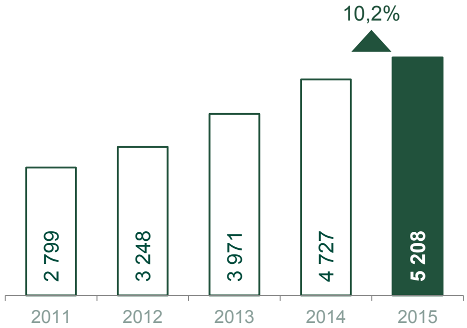
NOTES:

Good returns despite challenging economic environment

ROE (%)



Headline earnings (Rm)



Key drivers

- PPOP increased 21,9%
- Revenue up 16,8%
- Advances growth from conversion of pipeline in commercial property & investment banking
- Trading revenue up 23,6%
- Unlocking > R200m expense benefits from integration & enhanced efficiencies
- CLR increased but within threshold
- ROE down to 22,6% as allocated ECAP grew by 32,0%

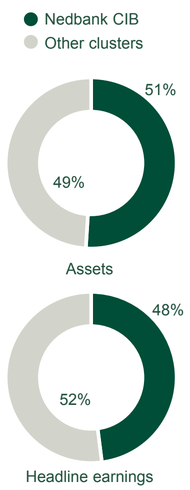
33

NOTES:

Corporate & Investment Banking
Financial highlights

BOOKLET SLIDE

Year ended	% change	Dec 2015	Dec 2014
Headline earnings (Rm)	10,2	**5 208**	4 727
Operating income (Rm)	11,3	**12 101**	10 875
PPOP (Rm)	21,9	**8 098**	6 642
NIR-to-expenses ratio (%)		**127,5**	117,1
Efficienc y ratio (%)		**38,4**	41,0
Credit loss ratio (%)		**0,40**	0,19
Average banking advances (Rm)	12,8	**295 903**	262 429
Average deposits (Rm)	9,1	**329 881**	302 396
Headline economic profit (Rm)	(6,8)	**2 205**	2 365
Allocated economic capital (Rm)	32,0	**23 096**	17 497
ROE (%)		**22,6**	27,0

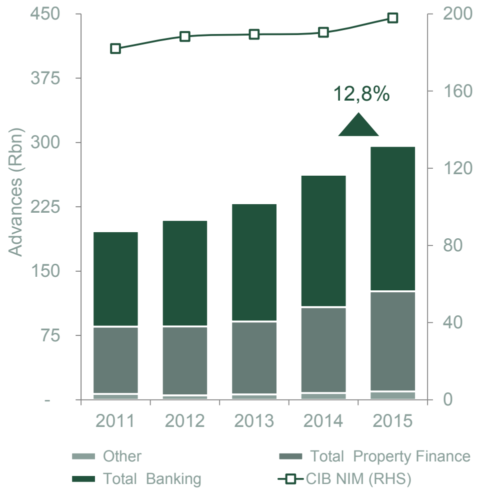


34

NOTES:

Good growth in advances

Average loans & advances (Rbn)
NIM (bps)



* Total banking defined as IB & CB combined.

Key drivers

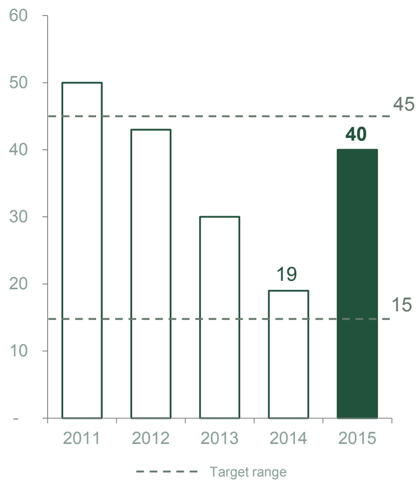
- Converting good pipeline in key selected sectors, including renewable energy & Commercial Property Finance
- Maintained presence in Rest of Africa
- Muted SA corporate lending
- Margin slightly up; however compression expected going forward

35

NOTES:

CLR pressure, but within thresholds

CLR (bps)



Key drivers

- Benefiting from a diversified & high-quality portfolio
- CLR increase reflects stressed industries & rating migration
- Specific coverage ratio at 17,1%

Overview of selected portfolios

Portfolio	Concentration risk	Migration risk	Downside risk
Oil & Gas	L	H	M
Mining	M	H	M
Steel	L	M	M
Agriculture	L	L	L
Equity-based transactions	M	M	L
CPF	H	L	L

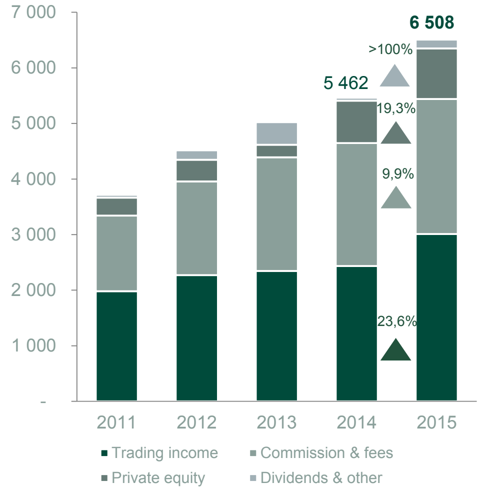
* Concentration risk criteria (as % of total CIB book):
Low: < 5% | Medium: < 5% to 15% | High: > 15%

36

NOTES:

Excellent NIR results – up 19,2%

Total NIR (Rm)



Key drivers

- Improved cross-sell
- Large transactional wins including eThekwini & Ekurhuleni Metros
- Good performance in Markets
- Strong private equity performance

37

NOTES:

Prospects for Corporate & Investment Banking

A powerful, scalable client-facing wholesale business

- Continued focus on revenue generation synergies from integration, as well as cost benefits.
- Convert strong pipeline in Investment Banking business.
- Maintain strong market position in Commercial Property, with moderate growth rates.
- Develop the flow business of Markets & improve trading capabilities across all asset classes.
- Grow & convert primary banked corporate clients to fully utilise transactional products.
- Utilise alliance network across Africa to identify opportunities & drive growth.
- Ensure a holistic, strategic & proactive approach to the acquisition & retention of talent.

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NOTES:

PHILIP WESSELS

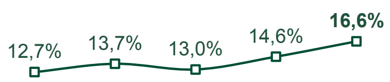
NEDBANK RETAIL & BUSINESS BANKING

Improving returns, while growing the franchise.

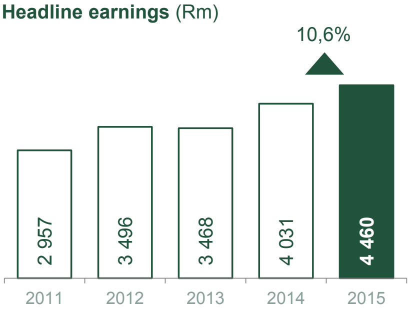
NOTES:

Retail & Business Banking
Financial highlights

ROE (%)



Headline earnings (Rm)



Key drivers

Resilient performance

- ROE improved significantly to 16,6% – well above COE
- Operating income growth of 7,9%
- Defaulted advances flat at R12bn
- CLR improved 25 bps to 114 bps
- Prudent provisioning, portfolio coverage increased to 0,72%
- 8,5% growth in main banked clients
- Ongoing active cost management leading to efficiencies of R560m

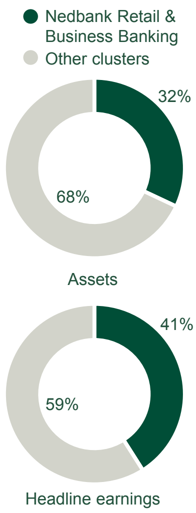
40

NOTES:

Retail & Business Banking
Financial highlights

BOOKLET SLIDE

Year ended	% change	Dec 2015	Dec 2014
Headline earnings (Rm)	10,6	**4 460**	4 031
Operating income (Rm)	7,9	**23 715**	21 975
Preprovisioning operating profit (Rm)	1,0	**9 453**	9 364
Margin (%)		**4,89**	4,97
Credit loss ratio (%)		**1,14**	1,39
NIR-to-expenses ratio (%)		**64,3**	65,5
Efficiency ratio (%)		**63,4**	62,4
Average banking advances (Rm)	4,4	**273 517**	261 936
Average deposits (Rm)	10,0	**234 162**	212 806
Average allocated economic capital (Rm)	(2,3)	**26 924**	27 565
Headline economic profit (Rm)	>100	**960**	310
ROE (%)		**16,6**	14,6



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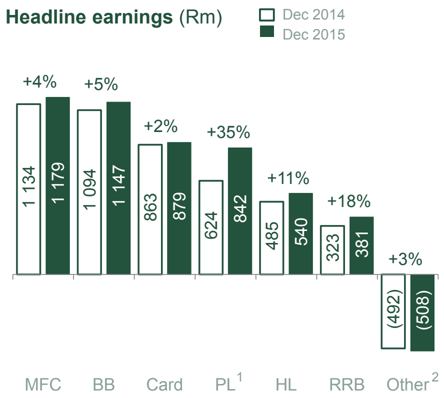
NOTES:

Underlying business showed an improved performance



ROE (%)

17,0	21,6	28,2	28,0	14,0	16,4	n/a
15,7	20,1	28,2	17,9	12,4	15,1	n/a

Key drivers

- **MFC:** temporary dip in new-business volumes due to NCA2; stronger growth in H2
- **BB:** excellent momentum, masked by internal client migrations & 2014 repricing impact
- **Card**: strong NIR growth despite interchange impact
- **Personal Loans**: continued focus on collections & risk driving reduced impairments
- **Home Loans**: reduced impairments & increasing payouts.
- **RRB**: good performance across all lines; 2014 repricing impact balanced with benefits from internal client migrations

1 Profitability relates to the advances book & excludes some transactional, deposit & insurance income derived from strong Personal Loans positioning in the market.
2 Other includes client engagement improvement in HE loss of 11% to R366m.

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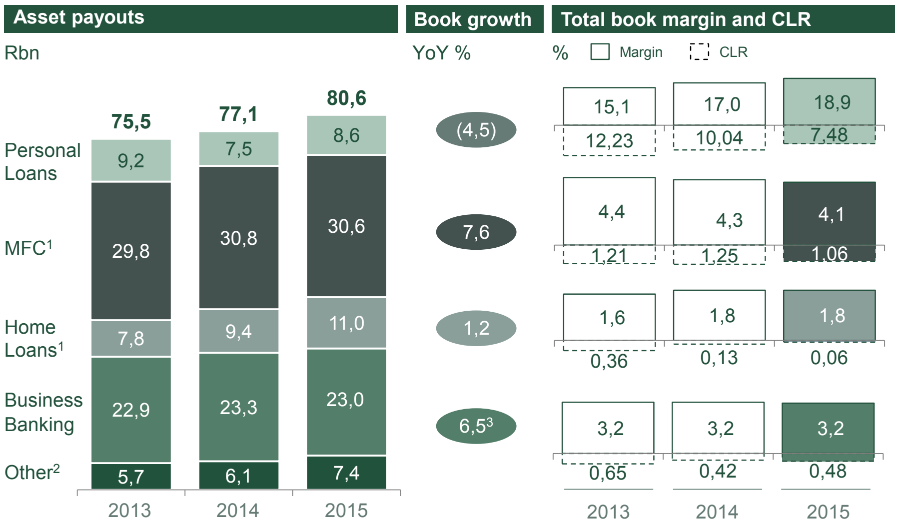
NOTES:

Asset payouts with improved book margins and CLR

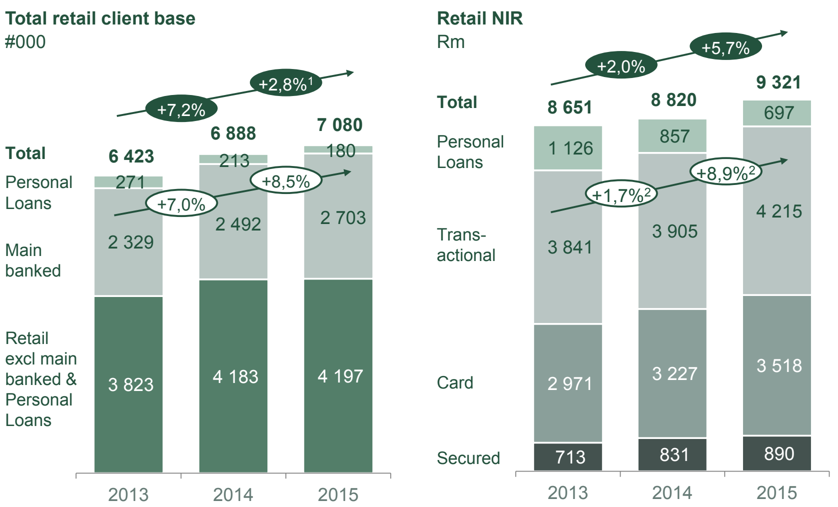


1 Excludes lending products in RRB.
2 Other includes RRB.
3 Excluding the impact of client migrations.

43

NOTES:

Retail client & NIR growth influenced by risk appetite & pricing



1 359k dormant accounts were closed in 2015; adjusted client growth is 8,8%.
2 Transactional growth including selected price reductions implemented in 2014 in RRB (R38m).

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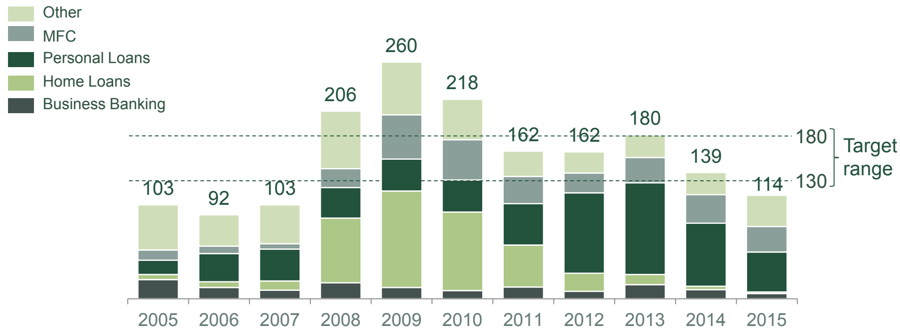
NOTES:

CLR impacted by advances mix & credit cycle

Credit loss ratio
(bps)



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
I/S[1] (Rm)	1 113	1 202	1 664	3 890	5 928	5 169	4 053	4 134	4 765	3 771	3 212
NPLs[2] (%)	4,1	3,4	4,2	7,3	9,2	8,2	6,9	5,8	5,1	4,4	4,2
Total coverage[3] (%)	3,4	2,3	2,2	2,9	3,4	3,6	3,6	3,5	3,6	3,2	3,0

1 Income statement impairments.
2 Percentage defaulted advances including legal & non-legal.
3 2005 to 2008 numbers exclude MFC.

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NOTES:

Prospects for Retail & Business Banking

Building a sustainable, profitable businesses through the cycle

- Quality acquisitions & selective asset origination, enabled by:
  - Consistent investment for sustainable growth: distribution, marketing & innovation;
  - Simplifying client onboarding & ongoing servicing.
- Continued prudent risk management & selective origination to meet CLR target levels.
- Ongoing active cost optimisation to balance investment needs.

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NOTES:

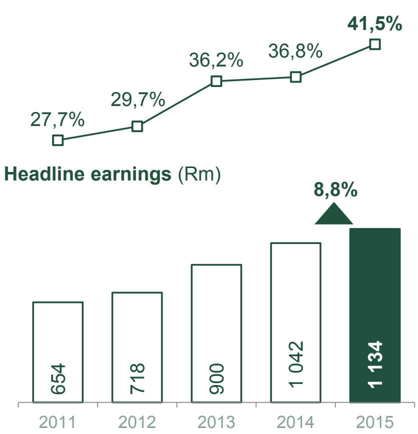
IOLANDA
RUGGIERO

NEDBANK WEALTH

Enhanced returns through cross-sell & superior investment performance.

NOTES:

Nedbank Wealth
Financial highlights



Key drivers

- Good growth in Wealth & Asset Management offset by lower Insurance earnings
- EP up 17,9% to R778m
- NIR growth of 5,7% impacted by historic decline in retail lending volumes
- NII up 22,0% supported by strong advances & liabilities growth
- Expense growth of 9,9% driven by exchange rate & continued investment
- Significant uplift in ROE to 41,5%

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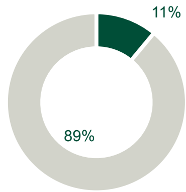
NOTES:

Nedbank Wealth
Financial highlights

BOOKLET SLIDE

Year ended	% change	Dec 2015	Dec 2014
Headline earnings (Rm)	8,8	**1 134**	1 042
Operating income (Rm)	8,4	**4 320**	3 986
Margin (%)		**1,93**	1,94
Credit loss ratio (%)		**0,15**	0,17
NIR-to-expense ratio (%)		**131,6**	136,9
Efficiency ratio (%)		**62,6**	61,7
Assets under management (Rm)	21,4	**257 295**	212 013
Life embedded value (Rm)	11,0	**2 657**	2 393
Life value of new business (Rm)	(3,9)	**247**	257
Allocated economic capital (Rm)	(3,4)	**2 734**	2 830
Headline economic profit (Rm)	17,9	**778**	660
ROE (%)		**41,5**	36,8



- **AUM net inflows** **R24,5bn**
- **Life APE** **+19,2%**
- **ST GWP** **+7,9%**

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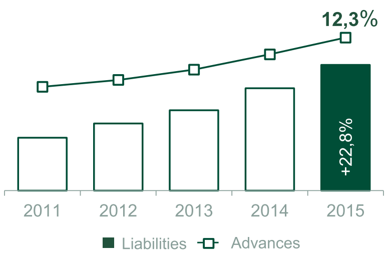
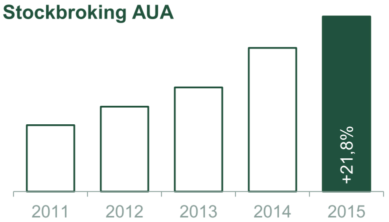
NOTES:

Wealth Management
Growth momentum

Liabilities & advances



Stockbroking AUA



Key drivers

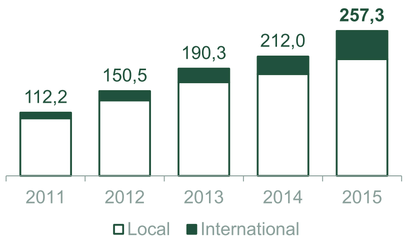
- Increase in financial planner footprint & productivity
- Strong liability & advances growth locally & internationally
- Increase in forex & brokerage income
- Stockbroking AUA up 21,8%
- Top investment performance & awards

50

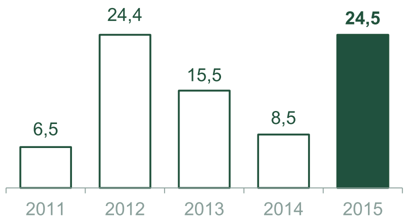
NOTES:

Asset Management
Solid performance

Assets under management (Rbn)



Net flows (Rbn)



Key drivers

- Nedgroup Investments ranked best SA & offshore management company of 2015
- AUM growth of 21,4% on the back of record net inflows
- Strong market share growth across international, low-cost & cash ranges
- Client-centred enhancements to mobile & digital

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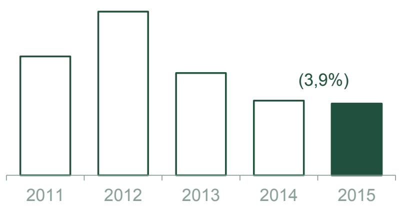
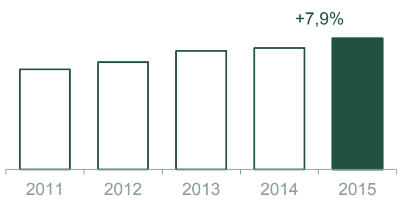
NOTES:

Insurance
Repositioning for growth

Life value of new business



Non-life gross written premiums



Key drivers

- Historic lower retail volumes continue to impact Life earnings
- Life VNB down 3,9% mainly due to lower selected voluntary credit life products
- Non-life (short-term) insurance benefited from favourable weather-related claims
- Insurance reorganisation concluded & Nedbank Insurance brand launched

52

NOTES:

Prospects for Nedbank Wealth

Slower growth in tougher times

- Maintain momentum & performance in Wealth & Asset Management.
- Increase investment in brand profiling & service experience.
- Further enhance client propositions & digital functionality.
- Continue to invest in new products & systems.
- Unlock further value through increased collaboration within Nedbank & wider OM Group.
- Focus on execution of regulatory requirements.

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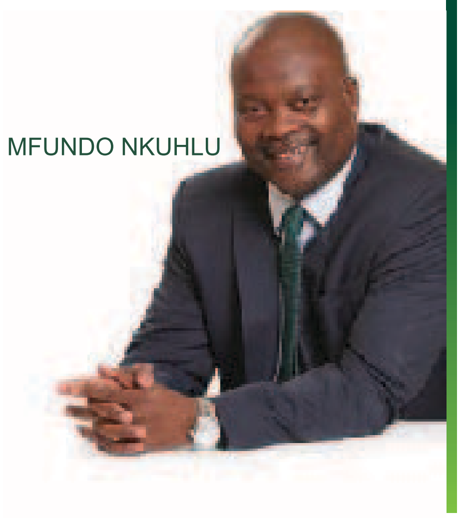
NOTES:



MFUNDO NKUHLU

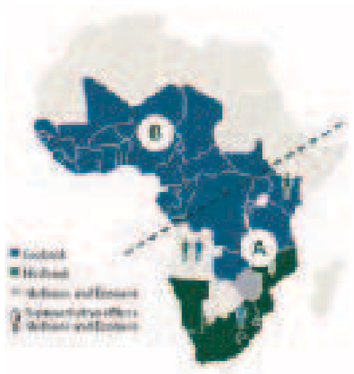
REST OF AFRICA

Building a pan-African banking network.

NOTES:

Building a pan-African banking network

A client-centred, capital-efficient, risk-mitigated, long-term strategy



SADC & East Africa (A)

- Grow presence from 6 to 10 countries in the medium term
- Standardised business, operating model & IT system
- Banco Único (Mozambique): 38,3% shareholding (with pathway to control in 2016)
- Coverage bankers in East & West Africa

West & Central Africa (B)

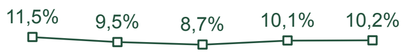
- Partnership approach
- ETI: c20% shareholding, board representation, new CEO, strategic & technical banking alliance
- Ecobank strengthening its franchise
  - #1 in 6 countries
  - Top 3 in 14 countries

55

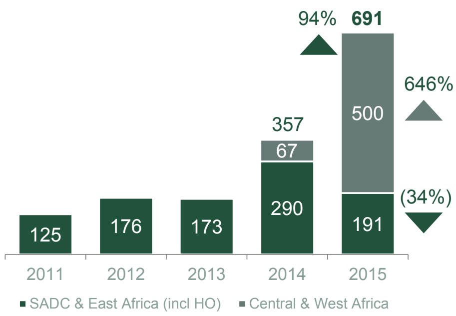
NOTES:

Rest of Africa
Financial highlights

ROE (%)



Headline earnings (Rm)



Note: Total headline earnings unchanged from prior year. However, changed reallocation of investment costs/revenues between regions to align to income flows & management effort. Prior-year split was SADC & East R244m, West & Central R133m.

Key drivers

- Strong headline earnings uplift, but ROE remained flat:
  - Additional capital allocated to Rest of Africa
  - Investment into staff, systems & distribution for growth
  - Single large impairment in SADC & East Africa
- ETI associate income accounted for one quarter in arrear

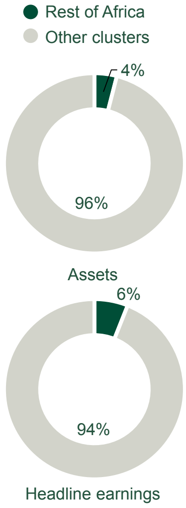
56

NOTES:

Rest of Africa
Financial highlights

BOOKLET SLIDE

Year ended	% change	**2015**	2014
Headline earnings (Rm)	93,6	**691**	357
Operating income (Rm)	(16,7)	**1 358**	1 631
Preprovisioning operating profit (Rm)	70,4	**813**	477
Margin (%)		**3,53**	4,75
Credit loss ratio (%)		**1,25**	0,23
NIR-to-expenses ratio (%)		**53,7**	61,2
Efficiency ratio (%)		**62,8**	69,2
Average banking advances (Rm)	6,8	**15 828**	14 821
Average deposits (Rm)	19,4	**20 100**	16 830
Average allocated economic capital (Rm)	91,6	**6 799**	3 549
Headline economic profit (Rm)	(58,2)	**(193)**	(122)
ROE (%)		**10,2**	10,1



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NOTES:

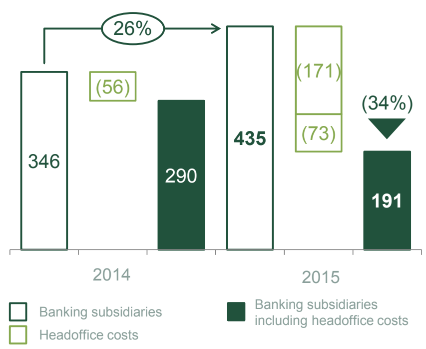
SADC banking operations & headoffice
– financial performance

Financial performance

ROE (%)

16,6% 12,7% 14,8% 5,9%

Headline earnings (Rm)



Key drivers

- Strong advances growth, up 23,9%
- CLR increased to 1,27% (target range: 0,75% – 1,00%)
  - Excluding single large impairment, CLR: 0,55%
- Continued investment in the franchise
- Headoffice costs comprise:
  - Base running costs of R178m (2014: R101m)
  - Investment in technology & risk management of R78m (2014: R29m)
  - Investment revenue of R85m (2014: R66m)
  - Impairments R73m (2014: -R8m)
- 42% increase in allocated capital due to regulatory capital requirement

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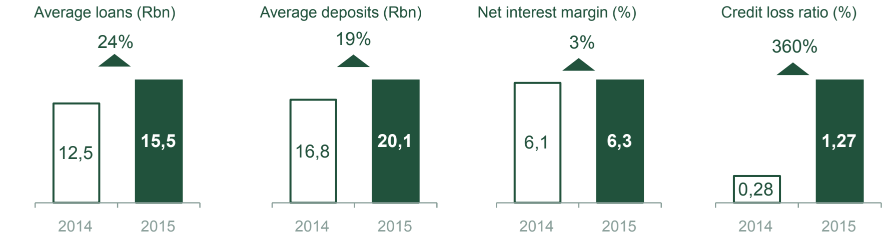
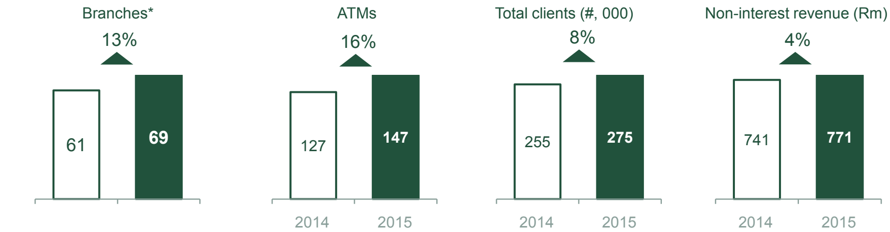
NOTES:

SADC banking operations & headoffice
– business performance indicators

Strong growth in advances & deposits, & improved margins dampened by increased credit loss ratio



Investment in channels for future growth in transactional franchise to address muted growth



* Including agencies.

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NOTES:

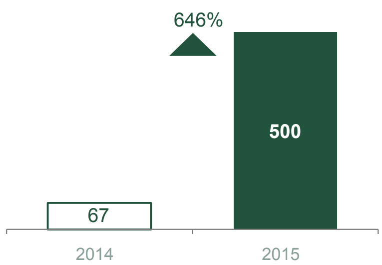
West & Central Africa (Alliance & investments)

Invested to become c20% ETI shareholder

- ETI investment (31 December 2015):
  - Cost: R6,3bn
  - Book value: R7,8bn
  - Market value: R6,9bn
  - Value in use > R7,8bn

Financial performance

Headline earnings (Rm)



Value from Ecobank–Nedbank Alliance

- Value in use in excess of carrying value
- New CEO & board leading strategy review in adverse economic conditions
- Since the establishment of the alliance:
  - 179 accounts in 23 countries
  - 74 SA corporate clients of Nedbank
  - US$250m deal in Ghana
- Ecobank SA representative office moved into Nedbank Johannesburg offices in 2015 to facilitate joint transactions

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NOTES:

Prospects for Rest of Africa

2016 outlook

- **SADC & East Africa**
  - Roll out core banking system in Swaziland & Lesotho.
  - Continue to invest in distribution.
  - Deploy mobile in Namibia, Swaziland & Lesotho.
  - Enhance control environment.
  - Begin integration of Banco Único upon attaining control (at a cost of cR178m).
- **West & Central Africa**
  - Strengthen collaboration across all clusters.
  - Continue to unlock value in core business over & above equity ownership aligned to our long-term commitment.
  - Looming headwinds, particularly in oil-producing countries.

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NOTES:

ETI investment – accounting vs investment value

BOOKLET SLIDE

Return on investment	
a Investment cost	R6 264m
b Associate income for FY 2015	R870m
Q4 2014 share of ETI earnings	R148m
Q1 2015 share of ETI earnings	R278m
Q2 2015 share of ETI earnings	R292m
Q3 2015 share of ETI earnings	R152m
c Return on investment* (b / a)	**13,9%**
Funding cost	
d Funding cost (post tax)	R370m
e Cost of funding* (d / a)	**5,9%**
Carry	
Annualised carry (c – e)	**+8,0%**

Book value	
Carrying value (31 Dec 2014)	R6 223m
Additional investment	R337m
plus Associate income	R870m
Q4 2014 share of ETI earnings	R148m
Q1 2015 share of ETI earnings	R278m
Q2 2015 share of ETI earnings	R292m
Q3 2015 share of ETI earnings	R152m
plus FCTR change	R378m
Nedbank share of ETI FCTR[1]	(R1 514m)
Nedbank FCTR on ETI investment	R1 893m
Carrying value (31 Dec 2015)	**R7 808m**
Market value (based on ETI share price)	
Market value (31 Dec 2014)	R 5 483m
Market value (31 Dec 2015)	**R6 916m**

1 Including other reserves

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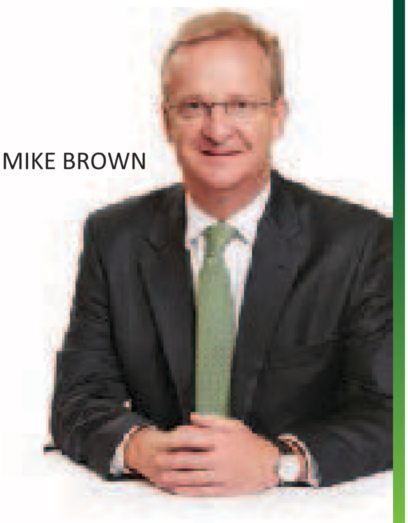
NOTES:

MIKE BROWN



SUMMARY & PROSPECTS

A strong franchise, well prepared for a difficult environment.

NOTES:

Macro & industry environment

Global macro environment	▪ Mixed outlook for developed economies. ▪ Emerging market weakness likely to continue. ▪ Impact of lower oil & commodity prices continues to play out. ▪ Rest of Africa higher growth than SA, but volatile, particularly in oil-exporting countries.
Domestic macro environment	▪ 2016 GDP growth: 0,2% ▪ Inflation increasing: average 6,7% for 2016. ▪ Repo rate: further 3 x 25 bps increases forecast for 2016. ▪ Consumers have been resilient, but remain highly indebted. ▪ Business, government & labour working together to improve growth & create jobs.
SA banking industry	▪ Advances growth around nominal GDP (wholesale growth > retail growth). ▪ Margin pressure from mix changes, increasing LCR compliance & NSFR preparation, offset by endowment benefit. ▪ Consumer advances & transactional volume growth under pressure. ▪ Capital market volatility to continue. ▪ Regulatory change remains intense & competition fierce.

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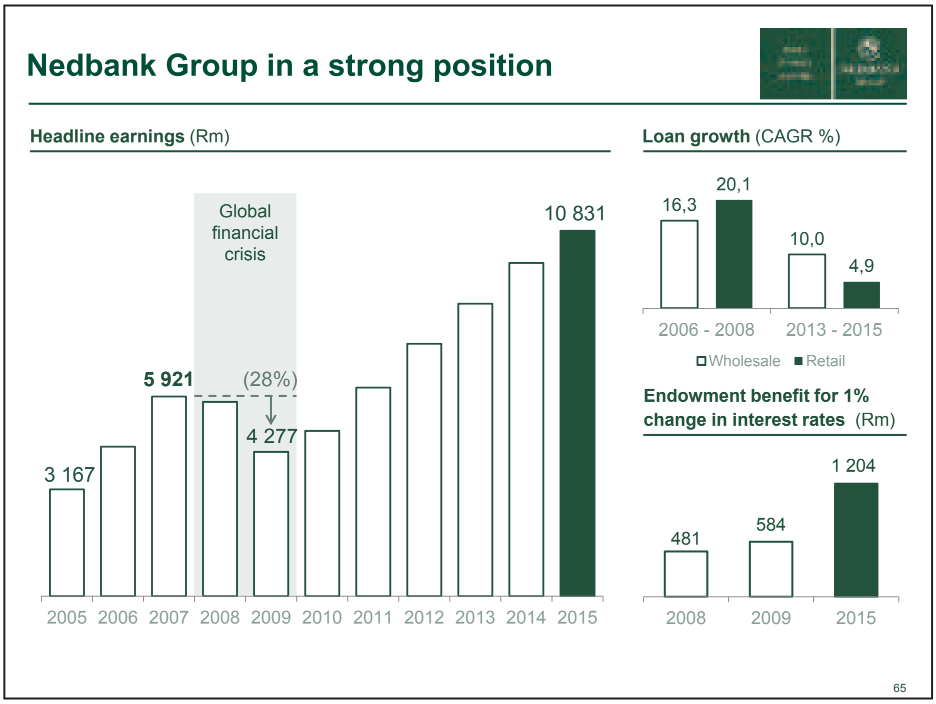
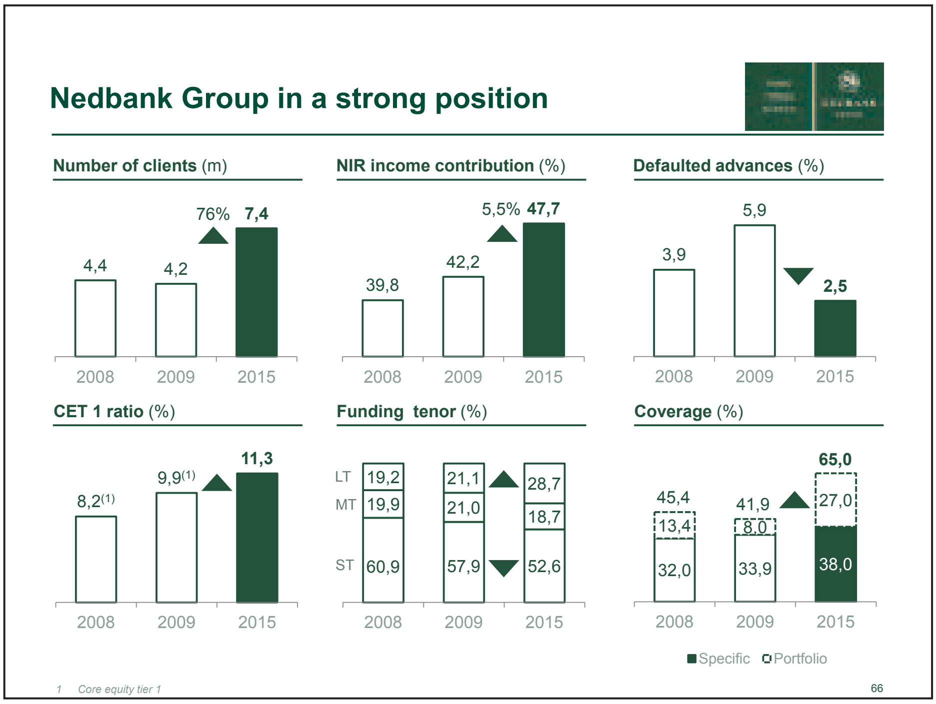
NOTES:


Nedbank Group in a strong position
Headline earnings (Rm)
Global financial crisis
3 167
5 921
(28%)
4 277
10 831
2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015
Loan growth (CAGR %)
16,3
20,1
10,0
4,9
2006 - 2008
2013 - 2015
Wholesale
Retail
Endowment benefit for 1% change in interest rates (Rm)
481
584
1 204
2008 2009 2015
65

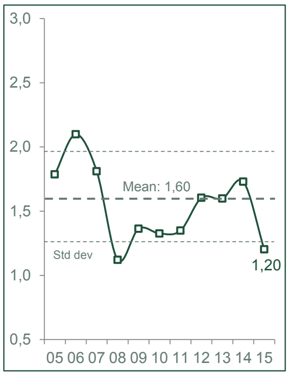
NOTES:

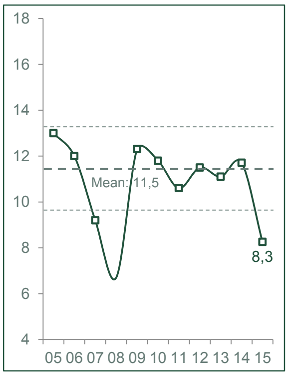

Nedbank Group in a strong position
Number of clients (m)
4,4
4,2
76%
7,4
2008 2009 2015
NIR income contribution (%)
39,8
42,2
5,5%
47,7
2008 2009 2015
Defaulted advances (%)
3,9
5,9
2,5
2008 2009 2015
CET 1 ratio (%)
8,2(1)
9,9(1)
11,3
2008 2009 2015
Funding tenor (%)
LT
MT
ST
19,2
19,9
60,9
21,1
21,0
57,9
28,7
18,7
52,6
2008 2009 2015
Coverage (%)
45,4
13,4
32,0
41,9
8,0
33,9
65,0
27,0
38,0
2008 2009 2015
Specific
Portfolio
1 Core equity tier 1
66

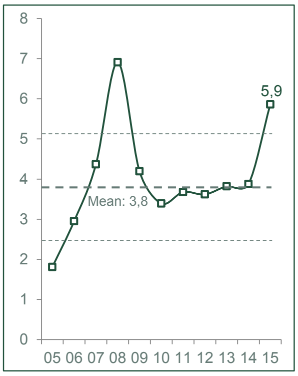
NOTES:

Attractive valuation metrics

Price-to-book ratio	Price/earnings ratio	Dividend yield
Share price to NAV/share (times)	**Share price to HEPS** (times)	**Dividends paid/share price** (%)







Rand undervalued by 25% on PPP basis

Note: Share prices at 31 December each year | 2015: R188,61.

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NOTES:

2016 guidance

Volatile economic environment	Forecast risk increased	Growing our franchise for the long-term

NII
- Advances to grow at mid-to-upper single digits
- NIM in line with the 2015 level of 3,30%

CLR
- To be within our revised target range of 60–100 bps

NIR
- Above mid-single digit growth (excluding fair-value adjustments & prior to the first-time consolidation of Banco Único)

Expenses
- Mid-to upper single-digit growth (prior to the first-time consolidation of Banco Único)

DHEPS — **Growth in DHEPS below 2015 growth & our medium-to-long-term target of GDP growth + CPI + 5%**

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NOTES:

NOTES:

Medium-to-long-term targets

BOOKLET SLIDE

Metric	2015	vs MLT	Medium-to-long-term target	2016 outlook[1]
ROE (excl goodwill)	17,0%	×	5% above COE (to be reviewed during 2016)	Below target
Diluted HEPS growth	8,5%	×	≥ CPI + GDP growth + 5%	Below 2015 growth & below target
Credit loss ratio	77bps	✓	60–100 bps (revised from 80–120bps)	Within target range
NIR-to-expenses ratio	83,3%	×	> 85%	Below target
Efficiency ratio[2]	56,2%	×	50%–53%	Above target
CET 1 CAR Tier 1 CAR Total CAR	B III 11,3% 12,0% 14,1%	✓	Basel III basis: 10,5% – 12,5% 11,5% – 13,0% 14,0% – 15,0%	Within target range
Dividend cover	2,06	✓	1,75 to 2,25 times	Within target range

1 2016 outlook based on current economic forecasts.
2 Efficiency ratio includes associate income.

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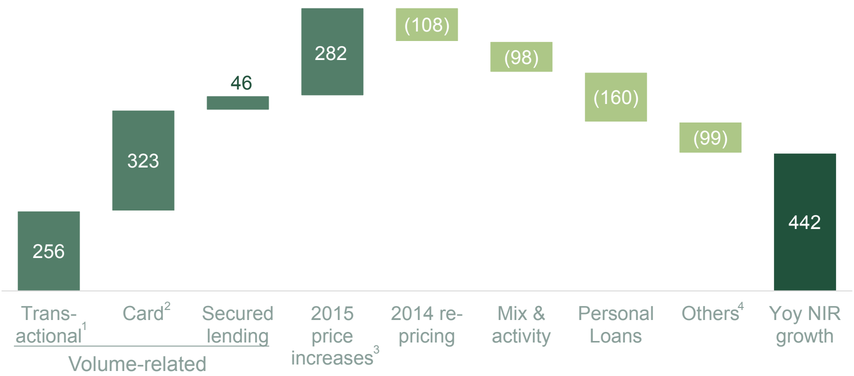
NOTES:

Nedbank Retail & Business Banking

NIR growth supported by good volume growth, but muted by strategic choices & other factors

BOOKLET SLIDE

NIR growth (Rm)



2014 NIR growth (Rm)

+381	+291	+26	(21)	(108)	(211)	(269)	+62	+151

1 Reduced due to R76m revised forex profit-sharing agreement with CIB.
2 Volume growth and proactive management actions compensating for reduced interchange revenues of R261m.
3 Average price increase of 5,6% in January 2015.
4 Includes rate reduction earned on merchant service commission (MSC) in Card, non-transactional banking in BB and fair-value swaps in MFC & BB.

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NOTES:

Nedbank Retail & Business Banking

Transactional income per retail client impacted by strategic choices

BOOKLET SLIDE

Service charges & commissions per client

Rand per annum annualised

Key drivers

- Steady increase in client numbers:
  - Kids & youth +4%
  - Entry level +2%
  - Middle market +3%
  - Professional +6%
  - Small business +5%
  - Cleanup of the dormant base affected 359k clients in 2015. Discounting the closures, growth would have been: Youth +10%, ELB +10%, Middle +5%
- No fee increases & selected fee reductions in 2014 to assist in slowing client attrition.
- Average 5,6% price increases in 2015

Note: Excludes NIR earned on lending products.

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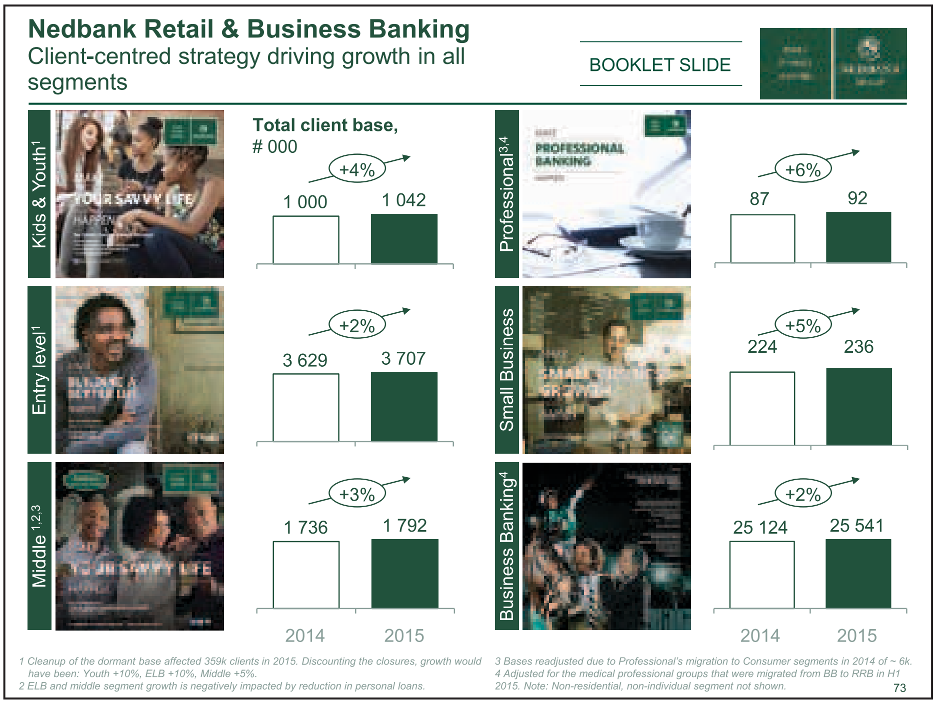
NOTES:


Nedbank Retail & Business Banking
Client-centred strategy driving growth in all segments
BOOKLET SLIDE
Kids & Youth1
Total client base, # 000
+4%
1 000
1 042
Entry level1
+2%
3 629
3 707
Middle 1,2,3
+3%
1 736
1 792
2014
2015
Professional3,4
+6%
87
92
Small Business
+5%
224
236
Business Banking4
+2%
25 124
25 541
2014
2015
1 Cleanup of the dormant base affected 359k clients in 2015. Discounting the closures, growth would have been: Youth +10%, ELB +10%, Middle +5%.
2 ELB and middle segment growth is negatively impacted by reduction in personal loans.
3 Bases readjusted due to Professional's migration to Consumer segments in 2014 of ~ 6k.
4 Adjusted for the medical professional groups that were migrated from BB to RRB in H1 2015. Note: Non-residential, non-individual segment not shown.
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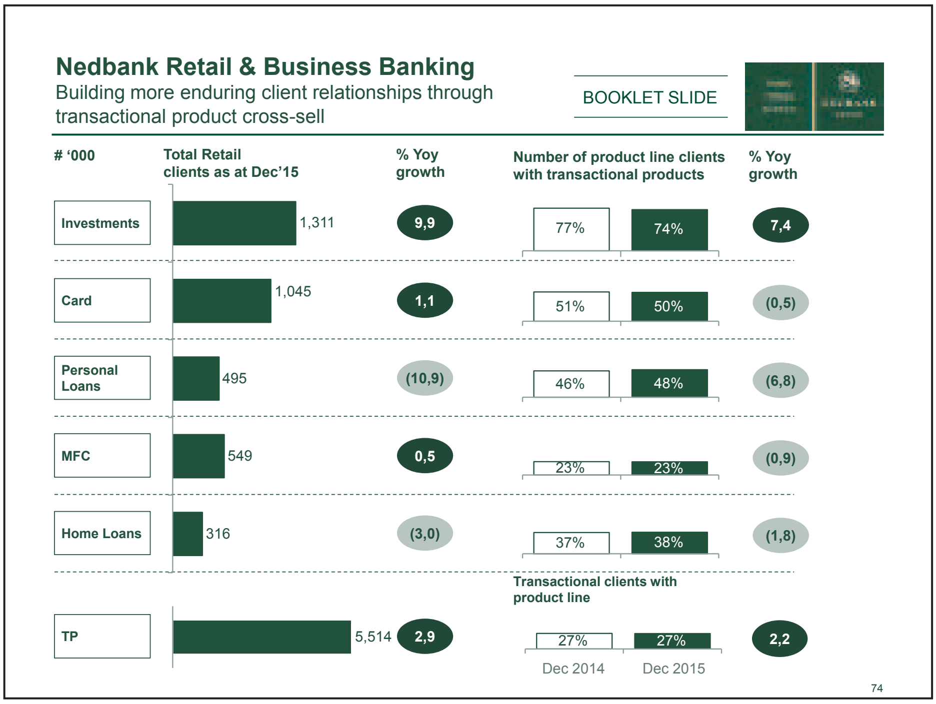
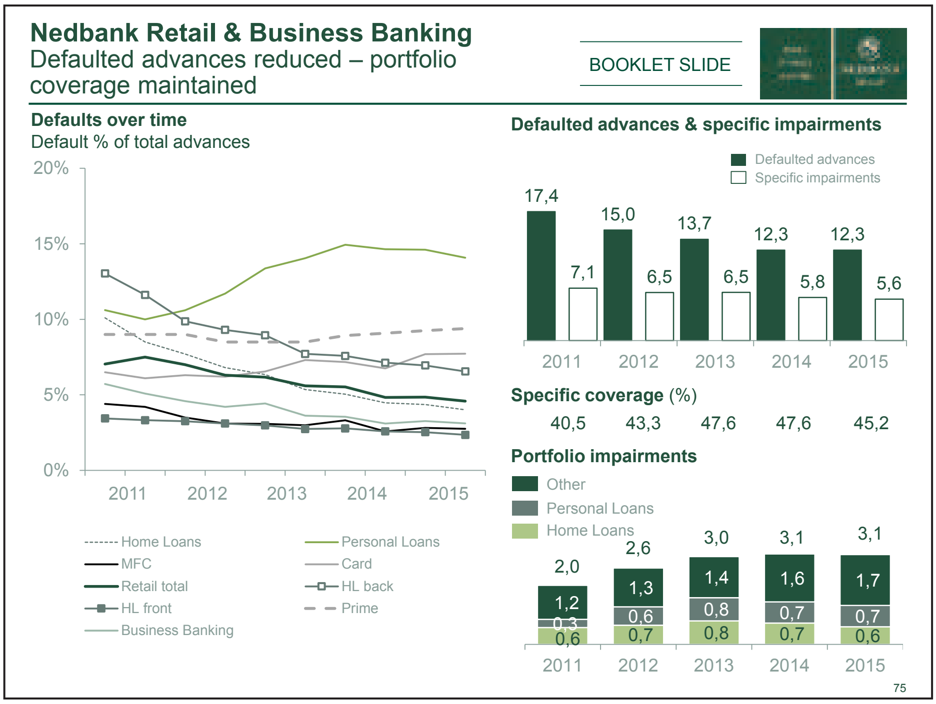
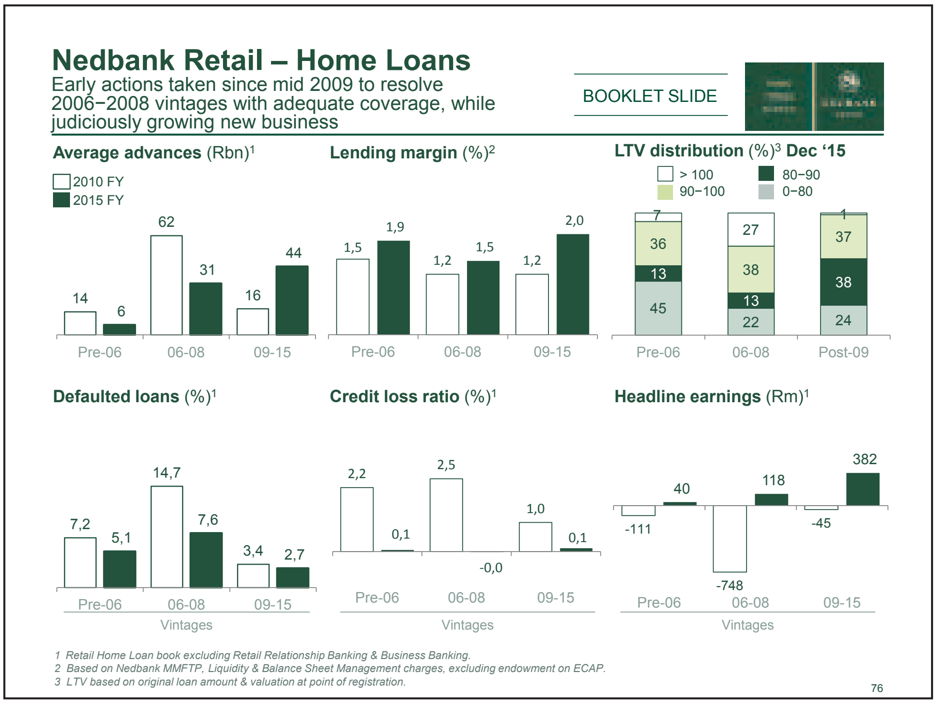
NOTES:


Nedbank Retail & Business Banking
Building more enduring client relationships through transactional product cross-sell
BOOKLET SLIDE
'000
Total Retail clients as at Dec'15
% Yoy growth
Number of product line clients with transactional products
% Yoy growth
Investments
1,311
9,9
77%
74%
7,4
Card
1,045
1,1
51%
50%
(0,5)
Personal Loans
495
(10,9)
46%
48%
(6,8)
MFC
549
0,5
23%
23%
(0,9)
Home Loans
316
(3,0)
37%
38%
(1,8)
Transactional clients with product line
TP
5,514
2,9
27%
27%
2,2
Dec 2014
Dec 2015
74

NOTES:


Nedbank Retail & Business Banking
Defaulted advances reduced – portfolio coverage maintained
BOOKLET SLIDE
Defaults over time
Default % of total advances
20%
15%
10%
5%
0%
2011
2012
2013
2014
2015
Home Loans
Personal Loans
MFC
Card
Retail total
HL back
HL front
Prime
Business Banking
Defaulted advances & specific impairments
Defaulted advances
Specific impairments
17,4
7,1
15,0
6,5
13,7
6,5
12,3
5,8
12,3
5,6
2011
2012
2013
2014
2015
Specific coverage (%)
40,5
43,3
47,6
47,6
45,2
Portfolio impairments
Other
Personal Loans
Home Loans
2,0
1,2
0,3
0,6
2,6
1,3
0,6
0,7
3,0
1,4
0,8
0,8
3,1
1,6
0,7
0,7
3,1
1,7
0,7
0,6
2011
2012
2013
2014
2015
75

NOTES:


Nedbank Retail – Home Loans
Early actions taken since mid 2009 to resolve 2006–2008 vintages with adequate coverage, while judiciously growing new business
BOOKLET SLIDE
Average advances (Rbn)1
2010 FY
2015 FY
14
6
62
31
16
44
Pre-06
06-08
09-15
Lending margin (%)2
1,5
1,9
1,2
1,5
1,2
2,0
Pre-06
06-08
09-15
LTV distribution (%)3 Dec '15
> 100
80–90
90–100
0–80
7
36
13
45
27
38
13
22
1
37
38
24
Pre-06
06-08
Post-09
Defaulted loans (%)1
7,2
5,1
14,7
7,6
3,4
2,7
Pre-06
06-08
09-15
Vintages
Credit loss ratio (%)1
2,2
0,1
2,5
-0,0
1,0
0,1
Pre-06
06-08
09-15
Vintages
Headline earnings (Rm)1
-111
40
-748
118
-45
382
Pre-06
06-08
09-15
Vintages
1 Retail Home Loan book excluding Retail Relationship Banking & Business Banking.
2 Based on Nedbank MMFTP, Liquidity & Balance Sheet Management charges, excluding endowment on ECAP.
3 LTV based on original loan amount & valuation at point of registration.
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NOTES:

Disclaimer

Nedbank Group has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this document, including all information that may be defined as 'forward-looking statements' within the meaning of United States securities legislation.

Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'.

Forward-looking statements are not statements of fact, but statements by the management of Nedbank Group based on its current estimates, projections, expectations, beliefs and assumptions regarding the group's future performance.

No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

The risks and uncertainties inherent in the forward-looking statements contained in this document include, but are not limited to: changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; domestic and international business and market conditions such as exchange rate and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational, social, economic and political risks; and the effects of both current and future litigation.

Nedbank Group does not undertake to update any forward-looking statements contained in this document and does not assume responsibility for any loss or damage whatsoever and howsoever arising as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits or consequential loss or damage.

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NOTES:

MAKE THINGS HAPPEN

NEDBANK GROUP

FINANCIAL RESULTS

FINANCIAL RESULTS

for the year ended 31 December 2015

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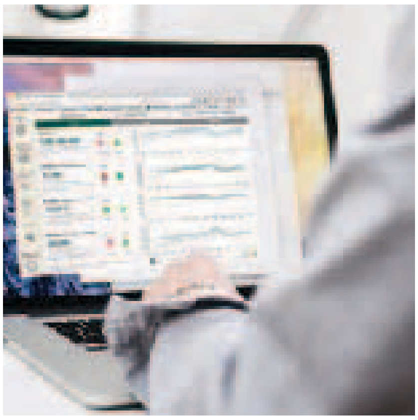


FINANCIAL RESULTS

2015 ANNUAL RESULTS COMMENTARY

BANKING AND ECONOMIC ENVIRONMENT

Globally the economic climate remained challenging, with improved growth in developed markets insufficient to offset the effects on emerging markets of depressed oil and commodity prices and the broader impact of the slowdown in China. Additionally the tightening of US monetary policy has placed further pressure on emerging markets as capital flows are diverted towards developed markets.

Economic conditions in SA have also deteriorated as reflected by our 2015 gross domestic product (GDP) growth forecast of 1,3%. This is considerably less than the 2015 GDP growth of 2,5% we had forecast in February 2015. Various factors, including inadequate infrastructure, economic policy uncertainty, concerns around government debt levels and the drought-related contraction in the agricultural sector, resulted in the USD/ZAR exchange rate depreciating significantly in 2015, notwithstanding interest rate increases of 50 basis points (bps) and inflation remaining below 6,0%.

These and other factors led to Fitch Ratings downgrading the sovereign ratings to one notch above investment grade at BBB- (from BBB) with a stable outlook. Moody's sovereign rating of Baa2/P-2 is currently two notches above investment grade and Standard & Poor's sovereign rating of BBB-/A-3 is one notch above investment grade. Both Moody's and Standard & Poor's revised the outlook on their ratings from stable to negative, indicating a likelihood of a possible downgrade in the next rating review, which could place Standard & Poor's sovereign rating of SA at subinvestment grade.

Against this challenging background wholesale credit demand has slowed, but remains ahead of retail demand, as consumers face increasing pressures from the risk of job losses, high levels of indebtedness, increasing administrative costs and higher interest rates. Wholesale credit demand continues to be supported by infrastructure-related projects.

Government, business and labour are working together to use the challenging economic environment as a catalyst for increased collaboration to accelerate the rate of economic growth and job creation and to strengthen public finances. The group has been and will continue to be an active participant in these discussions.

REVIEW OF RESULTS

Headline earnings grew 9,6%[1] to a record level of R10 831m[1] (2014: R9 880m)[1]. This was largely achieved through growth in non-interest revenue (NIR), strong cost discipline and increased associate income from our investment in Ecobank Transnational Incorporated (ETI), partly offset by an increase in impairments. Preprovisioning operating profit (PPOP) increased 7,3% (2014: 3,5%). Earnings growth was stronger in the first half of the year, boosted by robust trading revenues and a weaker base in 2014. In the second half earnings growth slowed as NIR was impacted by, among others, reduced levels of card-related interchange and increased impairments in Corporate and Investment Banking (CIB)[1].

Other comprehensive income benefited from foreign currency translation gains and as a result total profit attributable to equity holders of the parent increased 22,9% to R12,8bn[1].

Diluted headline earnings per share (DHEPS) grew 8,5% to 2 242[1] cents (2014: 2 066 cents)[1] and diluted basic earnings per share increased 8,3% to 2 219[1] cents (2014: 2 049 cents)[1]. Excluding associate income from our shareholding in ETI and the related funding costs, the group's DHEPS increased 4,8%.

Economic profit (EP) increased 19,6% to R2 525m (2014: R2 112m) relative to a cost of equity (COE) of 13,0% (2014: 13,5%). The COE metric is set annually in advance and therefore the 2015 COE of 13% is not reflective of the movements in long bond rates in December 2015. The COE for 2016 is estimated at closer to 15,0% and, had this been used throughout 2015, EP would have decreased 41,0%. Return on average ordinary shareholders' equity (ROE) (excluding goodwill) and ROE declined slightly to 17,0% (2014: 17,2%) and 15,7% (2014: 15,8%), as a result of the lower return on assets (ROA) of 1,25%[1] (2014: 1,27%), while gearing increased slightly to 12,5 times from 12,4 times.

The group's balance sheet remained strong. Our Basel III common-equity tier 1 (CET1) ratio of 11,3% (2014: 11,6%) continues to be well within our Basel III 2019 internal target range of 10,5% to 12,5%. The liquidity coverage ratio (LCR) increased to 88,5%, above the 60% requirement in 2015 and the 70% requirement in 2016. Our portfolio of LCR-compliant, high-quality liquid assets (HQLA) increased to a fourth-quarter average of R118,0bn (2014: fourth-quarter average R91,4bn). The group's combined portfolio of LCR-compliant HQLA and other sources of quick liquidity amounted to R160,7bn (2014: R126,1bn), representing 17,4% (2014: 15,6%) of total assets.

Net asset value per share continued to increase, growing 9,0%[1] to 15 685 cents[1] (2014: 14 395 cents)[1].

DELIVERING SUSTAINABLY TO ALL OUR STAKEHOLDERS

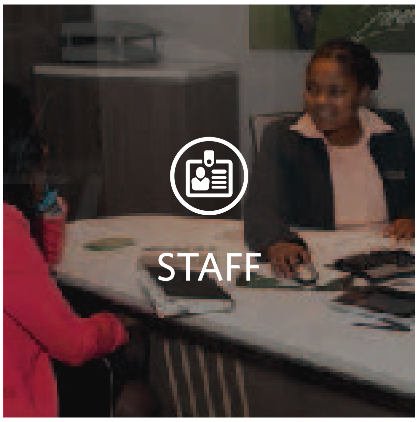
Nedbank Group is committed to long-term value creation for all our stakeholders. In line with our vision to be Africa's most admired bank by staff, clients, shareholders, regulators and communities, we are pleased to report that Nedbank Group was named 2015 Bank of the Year in both Africa and South Africa by *The Financial Times* and *The Banker* magazine. During the period we delivered on a number of initiatives as part of our commitments to our stakeholders:

For shareholders –

growing net asset value per share by 9,0% to 15 685 cents[1] (2014: 14 395 cents)[1], delivering EP of R2 525m, increasing the total dividend by 7,7%, ahead of the 7,4% growth in headline earnings per share (HEPS) and creating R8,2bn in value for over 500 000 of our broad-based black economic empowerment (BBBEE) shareholders with the maturing of our BBBEE schemes in January 2015. Ensuring transparent, relevant and timeous reporting and disclosure to shareholders, as acknowledged by Nedbank's ranking among the top quartile of JSE-listed companies.

For staff –

creating 714 new permanent-employment opportunities, restructuring of CIB, integration of Retail and Business Banking (RBB) backoffices and reorganisation of our insurance businesses; investing R371m in training, with more than 20 000 staff participating in learning programmes; supporting 111 external bursars across 19 universities and 2 924 learners across our learnership programmes. Nedbank's achievement in staff transformation was recognised at the 14th annual Oliver Empowerment Awards where we received the Top Empowered Business of the Year award, and were placed third overall for creating equal employment opportunities and limiting barriers to employment equity in Namibia by the Employment Equity Commission.



For clients –

investing in client-centred innovation such as the Nedbank Instant Bond Indicator™, Market Edge™ and 'Easy to do credit' in Business Banking. To improve client access through our distribution channels, we rolled out an additional 94 Intelligent Depositors, 8 195 new point-of-sale devices and 110 net new ATMs, as well as a further 84 branches in the 'branch of the future' format. Digitally enabled clients increased 40%, supporting 66% growth in the value of App Suite™ transactions to R16bn. Group client numbers increased 3,0% to 7,4m, including the closure of 359 000 dormant accounts and retail main banked clients were up 8,5%. We advanced R185bn (2014: R167bn) of new loans to clients. Assets under management grew by 21,4% to R257bn (2014: R212bn) as Nedgroup Investments continued to produce excellent investment performance for our clients, including winning the Raging Bull Award for both the SA and Offshore Management Company of the Year, in addition to being ranked the top unit trust company in the October 2015 Plexcrown quarterly ratings.

For regulators –

maintaining full compliance with Basel III phase-in requirements, achieving an average long-term funding ratio of 28,7% and an average LCR ratio of 88,5% in the fourth quarter; making cash taxation contributions of R8,2bn relating to direct, indirect, PAYE and other taxation; ensuring we have a comprehensive recovery plan; maintaining transparent relationships and working closely with all regulators; establishing a Regulatory Change Programme Office focused on ensuring efficient delivery against the various regulatory programmes, including the Anti-money-laudering, Treating Clients Fairly, Protection of Personal Information, International Financial Reporting Standard 9, Risk Data Aggregation and Risk Reporting, Twin Peaks and Market Conduct programmes.

For communities –

advancing R57,6bn in new loans to retail clients; contributing R540m to socioeconomic development since 2011, including R125m in 2015; supporting local businesses and purchasing 75% of our procurement spend locally. Investing R100m over three years in conjunction with our black business partners in initiatives aligned with the Financial Sector Code and National Development Plan, including the first disbursement of R11m to the Centane Agricultural Development project in the Eastern Cape focused on creating sustainable, self-funding commercial farms from primarily communally owned land. We maintained our level 2 BBBEE contributor status for the seventh consecutive year. Our Fair Share 2030 initiative has enabled R1,8bn of new lending to support green affordable housing, student accommodation and embedded energy, particularly in the farming sector, and we introduced the Nedbank Insurance Green Property Plan, offering investment opportunities in green properties within a unit-linked fund. Nedbank also contributed towards the country's water and energy security by investing in the Water Balance Programme to release water back into the ecosystem and by committing R35,0bn towards renewable energy deals of which R11,0bn has been disbursed.

CLUSTER FINANCIAL PERFORMANCE

Our business clusters delivered headline earnings growth of 13,2%[1] and an ROE of 19,3% (2014: 19,7%) on an increased average capital allocation of R59,6bn (2014: R51,4bn).

	% change	Headline earnings (Rm)[1]		ROE (%)	
		2015	2014	**2015**	2014
CIB	10,2	**5 208**	4 727	**22,6**	27,0
RBB	10,6	**4 460**	4 031	**16,6**	14,6
Wealth	8,8	**1 134**	1 042	**41,5**	36,8
Rest of Africa	93,6	**691**	357	**10,2**	10,1
Business clusters	13,2	**11 493**	10 157	**19,3**	19,7
Centre	> (100,0)	**(662)**	(277)		
Total	9,6	**10 831**	9 880	**15,7**	15,8

Nedbank CIB's earnings growth of 10,2% was driven by good topline performance, demonstrating the strength of the underlying businesses and well-managed expenses. This was partly offset by an increase in impairments largely relating to clients impacted by the downturn in the commodity cycle. PPOP increased 21,9%. The ROE decreased to 22,6% (2014: 27,0%) following a 32,0% increase in capital allocated. This increase was mainly due to ratings migration across certain portfolios, and the introduction of an industrywide regulatory capital charge for credit value adjustments (CVA) on over-the-counter (OTC) ZAR derivatives and OTC derivatives with local counterparties not cleared through a central counterparty.

Nedbank RBB grew earnings 10,6% and benefited from an ongoing reduction in impairments following a number of years of selective origination strategies across all asset classes, combined with proactive risk management and continued strengthening of balance sheet impairments. Topline growth improved, notwithstanding the deliberate slowdown in personal-loan advances, lower interchange fees, and the run rate effect of selected fee reductions implemented in the second half of 2014. We continued to invest in our distribution channels, marketing and client-centred innovation, while managing costs diligently and extracting efficiencies. The improvement in ROE from 14,6% to 16,6% was particularly pleasing, given the focus we have had on this metric.

Nedbank Wealth achieved headline earnings growth of 8,8% and ROE increased to 41,5%. The strong momentum experienced in the first half of 2015 continued both locally and internationally in our Wealth Management businesses. Nedbank Private Wealth benefited from strong advances and liabilities growth, while stockbroking and financial planning delivered a solid set of results. Asset Management had an outstanding year, with excellent fund performance and record net inflows. Insurance continues to be impacted by the historic slowdown in retail lending volumes.

Rest of Africa's performance was largely driven by associate income from our investment in ETI, while earnings from our African subsidiaries in the Southern African Development Community (SADC) and East Africa were affected by a single once-off impairments charge. We account for our share of ETI's earnings using its publicly disclosed results one quarter in arrears. This means that Nedbank's 2015 results contain our share of ETI's earnings for their 12-month period ended 30 September 2015.

The centre reported a loss of R662m mainly as a result of the R108m after-tax impact of the R150m increase in the central provision to R500m[1], prime/Johannesburg Interbank Agreed Rate (JIBAR) margin squeeze of R184m posttax as a result of short-term funding costs repricing faster than prime-linked assets and accounting mismatch on certain hedged portfolios of R155m posttax that will reverse over time.

FINANCIAL PERFORMANCE

Net interest income

Net interest income (NII) grew 4,0%[1] to R23 885m[1] (2014: R22 961m)[1], with growth in average interest-earning banking assets of 11,0%, including significantly higher levels of HQLA required for regulatory compliance with the LCR. Excluding HQLA, growth in average interest-earning banking assets was 9,6%.

As expected, margins remained under pressure with the net interest margin (NIM) narrowing to 3,30% (2014: 3,52%) as the 10 bps combined benefit of endowment income and asset and liability margin repricing was offset by:

- asset margin compression of 17 bps reflecting,
  - 12 bps from the asset mix change, including the slowdown, albeit at a reduced pace, of our personal-loans book and
  - 5 bps from holding higher levels of lower-yielding HQLA for Basel III LCR requirements; and
- liability margin compression of 15 bps including,
  - 7 bps related to the increased cost of wholesale funding, including 4 bps of ETI funding costs,
  - 6 bps from the relative prime JIBAR reset cost as prime rate changes lagged increases to JIBAR during 2015; and
  - 2 bps linked to the cost of lengthening and diversifying the liquidity risk profile, through capital market and foreign funding sources in preparation for the transition to the Basel III net stable funding ratio in 2018.

Impairments charge on loans and advances

Impairments increased 6,3% to R4 789m (2014: R4 506m) and the credit loss ratio (CLR) improved slightly to 0,77% (2014: 0,79%). Continued improvements in retail impairments were offset by increased impairments in the wholesale clusters. Additional overlays were raised in RBB and at the centre as deteriorating economic conditions prompted further strengthening of provisioning levels in the second half of 2015.

CLR (%)	**Dec 2015**[1]	**H2 2015**	**H1 2015**	Dec 2014[1]
Specific impairments	**0,70**	**0,67**	**0,73**	0,72
Portfolio impairments	**0,07**	**0,10**	**0,04**	0,07
Total CLR	**0,77**	**0,77**	**0,77**	0,79

CLR (%)	% banking advances	**Dec 2015**	H2 2015	H1 2015	Dec 2014	Revised through-the-cycle range
CIB	47,6	**0,40**	0,42	0,38	0,19	0,15–0,45
RBB	45,5	**1,14**	1,06	1,22	1,39	1,30–1,80
Wealth	4,3	**0,15**	0,12	0,18	0,17	0,20–0,40
Rest of Africa	2,6	**1,25**	1,58	0,86	0,23	0,75–1,00
Group	100	**0,77**	0,77	0,77	0,79	0,60–1,00

The group's through-the-cycle target range for the CLR was changed to between 0,6% and 1,0%, from 0,8% and 1,2% of banking advances with effect from 1 January 2016. The lower range reflects the change in advances mix towards a higher proportion of wholesale advances of the total book, as well as the change in mix within Nedbank Retail towards a lower proportion of personal loans. At its peak, personal loans was 4,2% of total gross advances and this has now reduced to 2,7%.

Improvements in retail impairments were driven by home loans, MFC and personal loans. Our strong collections focus led to further reductions in the CLR in personal loans to 7,48% (2014: 10,04%) and in home loans to 0,06% (2014: 0,13%). Postwriteoff recoveries increased 20,8% to R1 137m (2014: R941m), including recoveries in Retail of R1 015m (2014: R854m), largely comprising personal loans of R398m (2014: R343m) and MFC of R280m (2014: R193m). This quantum of postwriteoff recovery is indicative of ongoing conservative provisioning levels.

Lower oil and commodity prices resulted in higher impairments in CIB and the Rest of Africa. In addition, RBB's total impairment overlay increased to R699m (2014: R404m) and takes into consideration, inter alia, an estimate of the impairment impact that has been incurred in our agricultural book as a result of the drought and in our personal loans book due to job losses in the mining sector but are not yet evident. Portfolio provisions in the centre were R350m at the start of 2015 and during the course of the year most of the items for which this provision was held were either satisfactorily resolved or appropriate provisions were raised in the clusters. In the second half of the year this central portfolio provision was further strengthened to R500m to take into account risks, particularly in commodities and in the Rest of Africa, that have been incurred but are only expected to emerge in 2016. Total balance sheet impairments increased to R11 411m[1] (2014: R11 095m)[1].

The group's total coverage ratio of 65,0% (2014: 70,0%) was driven by a lower specific coverage ratio of 38,0% (2014: 43,1%), largely due to the implementation of SARB directive 7/2015 on restructured accounts which reduced specific coverage by 3,5%, improved impairments in retail and the change in mix of retail and wholesale defaulted advances. Wholesale advances are assessed individually and are predominantly secured with collateral resulting in relatively lower loss expectations in the event of default and, accordingly, lower specific impairments and coverage levels. The portfolio coverage ratio for impairments remained stable at 0,70% (2014: 0,70%).

Total defaulted advances to total advances also remained stable at 2,53% (2014: 2,54%) as total defaulted advances increased 10,8% to R17 559m (2014: R15 846m) in line with the growth in advances.

Non-interest revenue

NIR increased 7,1%[1] to R21 748m[1] (2014: R20 312m)[1], underpinned by:

- Commission and fee income growth of 7,3%[1] to R15 627m[1] (2014: R14 570m)[1], supported by continued client acquisitions, cross-sell and annual inflation-related fee increases. Growth was, however, negatively impacted by lower card-related interchange rates amounting to R261m, the slowdown in personal loans and the run rate effect of pricing reductions in the second half of 2014 in Small Business Services and Business Banking.
- Trading income growth of 19,6%[1] to R3 167m[1] (2014: R2 648m)[1] following improved cross-sell and a strong performance from our client-led Markets business.
- Insurance income reduced 7,9%[1] to R1 830m[1] (2014: R1 986m)[1] owing to the historic slowdown in retail unsecured lending volumes, partially offset by a good weather-related claims experience.
- Private-equity income, being of a less predictable nature, increasing 16,3%[1] to R886m[1] (2014: R762m)[1], mostly from realisations.

Expenses

Expenses were well managed and grew at 6,4%[1] to R26 110m[1] (2014: R24 534m)[1], including continued investment in our RBB and Rest of Africa clusters and the ongoing cost of compliance with increasing regulatory demands. Excluding the Rest of Africa Cluster, expenses grew at 5,6%. The main drivers were:

- Staff-related costs rising 3,3% (2014: 9,6%), reflecting an increase in remuneration of 6,7% (2014: 8,8%), additional staff employed in regulatory compliance support functions, and 2,4% lower variable performance-related incentives.
- Computer processing costs growing 14,4% to R3 543m, including amortisation costs increasing 9,6% to R718m.
- Fees and insurance costs increasing 23,9% to R2 801m[1] (2014: R2 260m)[1] due to increased costs associated with cash handling, compliance and higher volumes of card issuing and acquiring.

Our strong cost discipline and focus on efficiency through our 'Optimise and invest' strategy led to cost efficiencies of R915m, supporting ongoing investment for the future and contributing to a positive jaws ratio of 0,6% (2014: -2,5%).

Associate income

Associate income, largely from our share of approximately 20% of ETI's attributable income, increased to R871m[1] (2014: R161m)[1]. Associate income is equity-accounted one quarter in arrears using ETI's publicly disclosed results. The related funding costs of R370m (2014: R79m) are included in NII.

STATEMENT OF FINANCIAL POSITION

Capital

The group maintained a well-capitalised balance sheet. Our CET1 ratio of 11,3% (2014: 11,6%) remains around the mid-point of our Basel III 2019 internal target range. The tier 1 and total capital ratios continue to be affected by the Basel III transitional requirements. Consequently, the tier 1 ratio decreased following the redemption of R1,8bn of old-style hybrid debt, and the total capital ratio decreased with the redemption of NED11, representing R1bn of old-style tier 2 subordinated debt, on its call date in September 2015. This was partially offset by the issuance of R2,3bn of new-style Basel III-compliant tier 2 subordinated-debt instruments.

Basel III[2]	**Dec 2015**	Jun 2015	Dec 2014	Internal target range	Regulatory minimum[2]
CET1 ratio	**11,3%**	11,4%	11,6%	10,5%–12,5%	6,5%
Tier 1 ratio	**12,0%**	12,1%	12,5%	11,5%–13,0%	8,0%
Total capital ratio	**14,1%**	14,5%	14,6%	14,0%–15,0%	10,0%

(Ratios calculated include unappropriated profits.)

2 The Basel III regulatory requirements (excluding unappropriated profits) are being phased in between 2013 and 2019 and exclude the Pillar 2b addon.

The CET1 ratio was impacted by risk-weighted assets (RWA) growing 13,7% to R501,2bn (2014: R440,7bn), largely as a result of an increase in credit RWA due to:

- ratings migration across certain wholesale portfolios in line with the deteriorating economic environment;
- an industrywide CVA capital charge by the South African Reserve Bank for OTC ZAR derivatives and OTC derivatives with local counterparties not cleared through a central counterparty, which increased RWA by R6,5bn; and
- growth in loans and advances.

Overall capital adequacy was further impacted by investments in Rest of Africa resulting in a higher capital impairment.

Funding and liquidity

Our funding profile and liquidity position remains strong and well diversified as reflected by the group's average long-term funding ratio for the fourth quarter of 28,7% (2014: fourth-quarter average 25,4%).

The group's average LCR for the fourth quarter increased to 88,5% (2014: fourth-quarter average 66,4%), exceeding the minimum regulatory requirement, which increased from 60% in 2015 to 70% from 1 January 2016. Our portfolio of LCR-compliant HQLA increased to a fourth-quarter average of R118,0bn (2014: fourth-quarter average R91,4bn). In addition to LCR-qualifying HQLA, Nedbank also holds other sources of quick liquidity, including corporate bonds, listed equities and other marketable securities, that can be accessed in times of stress. Nedbank's combined portfolio of LCR-compliant HQLA and other sources of quick liquidity amounted to a fourth-quarter average of R160,7bn at December 2015, representing 17,4% of total assets.

Nedbank Group Limited LCR	Dec 2015	Jun 2015	Dec 2014
HQLA (Rm)	**117 997**	109 060	91 423
Net cash outflows (Rm)	**133 272**	143 029	137 725
Liquidity coverage ratio (%)[3]	**88,5**	76,3	66,4
Regulatory minimum (%)	**60,0**	60,0	N/A

[3] *Average for the quarter.*

Further details on the LCR are available in the table section of the Securities Exchange News Service (SENS) announcement.

Further information on risk and capital management is available in the 'Risk and Balance Sheet Management Review' section and will be available in the Pillar 3 Report to be published on the website at nedbankgroup.co.za in March 2016.

Loans and advances

Loans and advances grew 11,2%[1] to R681,6bn[1] (2014: R613,0bn)[1]. Excluding lower-yielding trading advances, banking advances growth was 10,5% following gross new payouts of R184,7bn (2014: R166,8bn).

Loans and advances by cluster are as follows:

Rm	% change	Dec 2015	Dec 2014
CIB	16,6	**355 784[1]**	305 158[1]
Banking activities	15,7	**321 699**	278 153
Trading activities	26,2	**34 085**	27 005
RBB	4,1	**279 929[1]**	268 882[1]
Wealth	13,6	**28 206[1]**	24 819[1]
Rest of Africa	17,4	**16 515[1]**	14 073[1]
Centre	> 100	**1 198[1]**	89[1]
Group	11,2	**681 632**	613 021

Banking advances growth was primarily driven by CIB advances increasing 15,7%, mainly as a result of drawdowns in credit extended to clients in the renewable-energy and commercial property sectors, as well as stronger growth in Rest of Africa and Wealth.

RBB grew advances by 4,1%, comprised of MFC (vehicle finance) increasing 7,6%, Home Loans by 1,2%, Card by 3,3% and Relationship Banking by 24,7%. Excluding R4,9bn of advances transferred from Business Banking to Retail Relationship Banking in the first half of the year, Relationship Banking's advances grew 4,7%, while Personal Loans decreased 4,5%.

Advances growth in the Rest of Africa Cluster was driven by growth in the African subsidiaries as a result of footprint expansion, new products and client-value propositions.

Deposits

The group's strategy of building its deposit franchise through innovative products and competitive pricing led to deposit growth of 11,1% to R725,9bn[1] (2014: R653,5bn)[1] resulting in a loan-to-deposit ratio of 93,9%[1] (2014: 93,8%)[1], which has remained consistently below 100%.

We continued to focus on growing Basel III-friendly deposits, emphasising retail and commercial deposits and reducing reliance on wholesale funding. Retail deposit growth was 15,9% and commercial and wholesale deposits grew at 9,7%.

Current accounts increased 8,6%, in line with the 8,5% growth in main banked clients. Our savings accounts grew 20,3%, with good takeup of our tax-free savings product, GoalSave, and foreign currency savings deposits in Nedbank Wealth reflecting higher values as a result of a weaker rand. Growth in fixed deposits of 14,0% and in negotiable certificates of deposit of 16,7% was driven by demand for longer-term deposits on the back of increased interest rate expectations. Call and term deposits increased 7,2%. Nedbank also successfully increased foreign currency funding by 50,8% to support foreign denominated lending and to diversify the funding base.

Total funding-related liabilities grew 11,9% to R770,8bn (2014: R689,1bn), including R15,5bn of long-term debt capital market funding issued as part of our strategy to lengthen the funding profile.

Group strategic focus

We made good progress with our five key strategic focus areas, namely:

- *Client-centred innovation:* We continued to innovate with products such as Market Edge™ – winner of the big data and analytics category at the Efma–Accenture Global Banking Innovation Awards. We deployed WebTickets in the Nedbank App Suite™, implemented Tshwane Prepaid Electricity on WAP, APP and USSD, launched our tax-free savings account - GoalSave - and our 32Day Notice Account and, for wholesale clients, our worldclass Plug and Transact™ token. To date we have converted 255 outlets in the 'branch of the future' format and we currently plan to have converted 77% of all outlets by 2017. Digitally enabled clients increased 40% and the value of Nedbank App Suite™ transactions by 66% to R16bn. As part of our digital experience management programme, we launched the new nedbank.co.za website, which leverages worldclass technology to enhance the client experience, integrate product applications and render seamlessly across all mobile devices. Our progress in innovation was acknowledged with Nedbank receiving *The Banker* magazine's Technology Projects of the Year award and being recognised as The Asian Banker's Best Retail Bank in SA and Best Mortgage and Home Loans Product in Africa for 2015. We also received recognition at the 2015 iCMG Enterprise & IT Architecture Excellence Awards for our Managed Evolution architecture.
- *Growing our transactional banking franchise:* Our retail franchise continued to strengthen, with main banked clients increasing 8,5% to 2,7m and the number of clients with two or more products up 5,5%. Significant progress was made in our brand value and client relationships as reflected in the Nedbank Brand Tracker results, the Consulta annual retail reputational Net Promotor Score (NPS), which improved to 21% from 15%, and our SA client satisfaction index score increasing to 74,3%. In addition, exceptionally high levels of full-service recovery was recorded, as evidenced by Nedbank being ranked first among the banks in respect of the HelloPeter client feedback ratio. CIB successfully acquired the transactional accounts of the eThekwini and Ekurhuleni metropolitan municipalities, demonstrating our strong client relationships, deep skills base and innovative transactional banking solutions.
- *Optimise and invest:* Our expense optimisation programme unlocked R915m of cost savings in 2015 through initiatives such as the rationalisation of RBB backoffice operations, the CIB integration and our strategy to decrease our core systems from 250 to 60, of which eight were decommissioned in 2015 and 84 to date. In response to the evolving regulatory landscape and increasing cost of compliance, we centralised our regulatory change office to ensure economies of scale in terms of efficient delivery and cost management. Across the greater Old Mutual group in SA, Nedbank achieved R112m of synergies across costs and revenues. Old Mutual Emerging Markets incorporating Mutual & Federal outsourced their IT support to Nedbank on a commercial arm's length basis and this is projected to deliver a combined saving of more than R150m over a three-year period. We remain on track for delivery of the full R1bn of pretax run rate synergies in 2017, of which just under 30% should accrue to Nedbank.
- *Strategic portfolio tilt:* Our focus on growing activities that generate EP, such as transactional deposits, transactional banking and investment in the rest of Africa, generated EP growth of 19,6% to R2 525m, a loan-to-deposit ratio of 93,9%, and earnings growth of 93,6% in our Rest of Africa Cluster. All this was achieved while

maintaining strong balance sheet metrics, keeping impairments below our through-the-cycle range, and delivering dividend growth ahead of HEPS growth.

- *Pan-African banking network:*
  - In Central and West Africa our partnership approach through our strategic alliance and approximately 20% shareholding in ETI provides our clients with a pan-African transactional banking network across 39 countries and our shareholders with the opportunity to participate in the higher growth in the rest of Africa. Our close working relationship with Ecobank, supported by Ecobank's Johannesburg team colocating into Nedbank's offices, resulted in the partnership's conclusion of three joint financing deals in 2015, and 74 of our wholesale clients now banking with Ecobank.
  - In SADC and East Africa we continued to invest in our subsidiaries by implementing the Flexcube core banking system, launching new products and rolling out new distribution channels, including the 'branch of the future' format. In terms of our existing contractual agreements we will increase our stake in Banco Único to 50% plus one share at an estimated cost of R178,4m in the first half of 2016.

Economic outlook

Economic conditions are unlikely to improve in 2016. The group's current forecast for 2016 GDP growth is 0,2%. Interest rates are expected to increase by a cumulative 125 bps for 2016, having already increased by 50 bps in January in response to a higher inflation outlook caused by administered price increases, higher food prices and the weaker rand.

Rising interest rates will increase borrowing costs and dampen consumer credit demand. Credit defaults are also expected to increase as a result of rising rates as consumer debt levels remain high, with the job market unlikely to grow meaningfully in the short term. Transactional banking activity is anticipated to grow modestly in line with consumer spending.

Growth in wholesale banking will continue to be limited by infrastructure constraints in SA, poor global demand and low international oil and commodity prices. There remain pockets of growth in infrastructure as well as in renewable-energy projects. Sub-Saharan Africa will still represent an area of growth for many SA corporates as indicated by the International Monetary Fund (IMF) in its 2016 GDP growth forecast of 4,0% for the region.

Prospects

Our guidance on financial performance for the full 2016 year is as follows:

- Advances to grow at mid-to-upper single digits.
- NIM to be in line with the 2015 level of 3,30%.
- CLR to be within the revised through-the-cycle target range of 60 to 100 bps.
- NIR (excluding fair-value adjustments) to grow above mid-single digits, prior to the consolidation of Banco Único.
- Expenses to increase by mid-to-upper single digits, prior to the consolidation of Banco Único.

In the current environment forecast risk remains elevated and as a result our guidance for performance in the year ahead is harder to formulate. In this context we currently forecast that growth in DHEPS for 2016 will be lower than the growth we achieved in 2015 and below our medium-to-long-term target of consumer price index + GDP growth +5%. Given the increased forecast risk, we will update this guidance at the time of our June 2016 results.

Our medium-to-long-term targets remain unchanged, with the exception of the CLR through-the-cycle target range, which changed to between 0,6% and 1,0% from 0,8% and 1,2% of banking advances. The lower range reflects the change in advances mix towards a higher proportion of wholesale advances, as well as the change in mix within Nedbank Retail towards a lower proportion of personal loans. At its peak, personal loans was 4,2% of total gross advances and this has now reduced to 2,7%.

The group's COE for 2016 has been increased from 13,0% to 15,0% to capture the higher cost of capital imputed by the increase in the SA long-bond yield during late 2015. We will take cognisance of this significant change in the COE and during 2016 we will review our medium-to-long-term target for ROE (excluding goodwill), being COE + 5%.

Our medium-to-long-term targets and our current performance outlook for 2016 for these are as follows:

Metric	2015 performance	Medium-to-long-term targets	2016 full-year outlook
ROE (excluding goodwill)	**17,0%**	5% above cost of ordinary shareholders' equity (to be reviewed during 2016)	Below target
Growth in DHEPS	**8,5%**	≥ consumer price index + GDP growth + 5%	Below 2015 growth and below target
CLR	**0,77%**	Revised to between 0,6% and 1,0% of average banking advances	Within target range
NIR-to-expenses ratio	**83,3%**	> 85%	Below target
Efficiency ratio[4]	**56,1%**	50,0% to 53,0%	Above target
CET1 capital adequacy ratio (Basel III)	**11,3%**	10,5% to 12,5%	Within target range
Economic capital		Internal Capital Adequacy Assessment Process (ICAAP): A debt rating (including 10% capital buffer)	
Dividend cover	**2,06 times**	1,75 to 2,25 times	Within target range

[4] *Includes associate income in line with industry accounting practices.*

Shareholders are advised that these forecasts are based on our latest macroeconomic outlook and have not been reviewed or reported on by the group's auditors.

Board changes

During the period the boards of Nedbank Group Limited and Nedbank Limited ('the companies') announced the appointment of:

- Vassi Naidoo as Non-executive Director with effect from 1 May 2015, and Non-executive Chairman from 11 May 2015;
- Stanley Subramoney as Independent Non-executive Director with effect from 23 September 2015; and
- Bruce Hemphill as Non-executive Director with effect from 25 November 2015 following his appointment as CEO of Old Mutual plc.

The following board directors retired at the annual general meeting on 11 May 2015, either having served on the board as a non-executive for nine years or having retired from executive service:

- Dr Reuel Khoza, Non-executive Chairman;
- Mustaq Enus-Brey, Non-executive Director;
- Gloria Serobe, Non-executive Director; and
- Graham Dempster, Executive Director.

On 31 October 2015, subsequent to his retirement from Old Mutual plc, Julian Roberts retired as Non-executive Director from the boards of the companies.

Following the announcement by Old Mutual plc, regarding the stepping down of Mr Paul Hanratty as Chief Operating Officer, the boards of the companies advise that Mr Paul Hanratty will end his term as a Non-executive Director of the companies on 12 March 2016.

Group executive changes

The group's executive leadership team is key to the delivery of our strategic focus areas, and during the period we announced the following appointments:

- With effect from 1 January 2015
  - Mfundo Nkuhlu succeeded Graham Dempster (who retired) as Chief Operating Officer and was appointed to the board as an Executive Director,
  - Brian Kennedy was appointed as Managing Executive of Nedbank Corporate and Investment Banking, which was formed through the integration of our Nedbank Capital and Nedbank Corporate Clusters and
  - Mike Davis was appointed as Group Executive of Balance Sheet Management.
- Iolanda Ruggiero was appointed as Managing Executive of Nedbank Wealth with effect from 1 May 2015, having replaced Dave Macready;```
- Priya Naidoo was appointed as Group Executive for Strategic Planning and Economics with effect from 1 June 2015; and
- Mike Davis, Iolanda Ruggiero and Priya Naidoo were appointed to our Group Executive Committee.

Philip Wessels, Group Managing Executive Nedbank Retail and Business Banking, has requested to take early retirement from Nedbank for personal reasons, which request has been supported by the Board. This will be effective from 31 March 2016, some 2 years ahead of his normal retirement age of 60. Philip has had a long and successful career at Nedbank spanning more than 20 years across various businesses in the group. We thank Philip for his contribution to the group and wish him well in his retirement.

In line with our succession planning, Nedbank is pleased to announce the appointment of Ciko Thomas, to succeed Philip with effect from 1 April 2016, subject to regulatory approval. Ciko is currently Managing Executive of Consumer Banking and has been a part of the RBB leadership team and the Group Executive Committee for six years. He has wide-ranging banking and leadership experience across the group. Ciko's appointment ensures continuity in RBB's leadership and strategy, and he inherits a strong RBB cluster with an experienced management team. Ciko completed the Harvard AMP in 2015, and holds BSc and MBA degrees.

Accounting policies[1]

Nedbank Group Limited is a company domiciled in SA. The audited summary consolidated financial statements of the group at and for the year ended 31 December 2015 comprises the company and its subsidiaries (the 'group') and the group's interests in associates and joint arrangements.

The summary consolidated financial statements contained in the SENS announcement has been extracted from the audited summary consolidated financial statements, which have been prepared in accordance with the provisions of the JSE Limited Listings Requirements for preliminary reports and the Companies Act applicable to summary financial statements. The JSE Limited Listings Requirements require preliminary reports to be prepared in accordance with the framework, concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by the Financial Reporting Standards Council and also, as a minimum, to contain the disclosure required by International Accounting Standard 34: Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which the summary consolidated financial statements results were derived, are in terms of the IFRS and are consistent with the accounting policies that were applied in the preparation of the previous consolidated annual financial results.

The summary consolidated financial results have been prepared under the supervision of Raisibe Morathi CA(SA), the Chief Financial Officer.

EVENTS AFTER THE REPORTING PERIOD[1]

There are no material events after the reporting period to report on.

AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – INDEPENDENT AUDITORS' OPINION

The summary consolidated financial statements comprise the summary consolidated statement of financial position at 31 December 2015, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cashflows for the year then ended and selected explanatory notes, which are indicated by the following symbol[1].

These summary consolidated financial statements for the year ended 31 December 2015 have been audited by KPMG Inc. and Deloitte & Touche, who expressed an unmodified opinion thereon. The auditors also expressed an unmodified opinion on the consolidated financial statements from which these summary consolidated financial statements were derived.

A copy of the auditor's report on the summary consolidated financial statements and of the auditors' report on the consolidated financial statements are available for inspection at the company's registered office, together with the consolidated financial statements identified in the respective auditors' reports.

The auditors' report does not necessarily report on all of the information contained in the financial results. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditors' engagement, they should obtain a copy of the auditors' report together with the accompanying financial information from Nedbank Group's registered office.

Forward-looking statements

This announcement contains certain forward-looking statements with respect to the financial condition and results of operations of Nedbank Group and its group companies, which by their nature, involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include global, national and regional economic conditions; levels of securities markets; interest rates; credit or other risks of lending and investment activities; as well as competitive and regulatory factors. By consequence, all forward-looking statements have not been reviewed, audited or reported on by the group's auditors.

Final-dividend declaration

Notice is hereby given that a gross final dividend of 570 cents per ordinary share has been declared, payable to shareholders for the year ended 31 December 2015. The dividend has been declared out of income reserves.

The dividend will be subject to a dividend withholding tax rate of 15% (applicable in SA) or 85,5000 cents per ordinary share, resulting in a net dividend of 484,5000 cents per ordinary share, unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

Nedbank Group Limited's tax reference number is 9375/082/71/7 and the number of ordinary shares in issue at the date of declaration is 494 411 956.

In accordance with the provisions of Strate, the electronic settlement and custody system used by JSE Limited, the relevant dates for the dividend are as follows:

Event	Date
Last day to trade (cum dividend)	Friday, 8 April 2016
Shares commence trading (ex dividend)	Monday, 11 April 2016
Record date (date shareholders recorded in books)	Friday, 15 April 2016
Payment date	Monday, 18 April 2016

Share certificates may not be dematerialised or rematerialised between Monday, 11 April 2016, and Friday, 15 April 2016, both days inclusive.

On Monday, 18 April 2016, the dividend will be electronically transferred to the bank accounts of shareholders. Holders of dematerialised shares will have their accounts credited at their participant or broker on Monday, 18 April 2016.

For and on behalf of the board

Vassi Naidoo
Chairman

Mike Brown
Chief Executive

2 March 2016

Registered office

Nedbank Group Limited, Nedbank 135 Rivonia Campus, 135 Rivonia Road, Sandown, Sandton, 2196, SA.

PO Box 1144, Johannesburg, 2000, SA.

Transfer secretaries in SA

Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001, SA.

PO Box 61051, Marshalltown, 2107, SA.

Transfer secretaries in Namibia

Transfer Secretaries (Pty) Ltd, Robert Mugabe Avenue No 4, Windhoek, Namibia.

PO Box 2401, Windhoek, Namibia.

Directors

V Naidoo (Chairman), MWT Brown* (Chief Executive), DKT Adomakoh (Ghanaian), TA Boardman, BA Dames, ID Gladman (British), PB Hanratty (Irish), JB Hemphill, PM Makwana, Dr MA Matooane, NP Mnxasana, RK Morathi* (Chief Financial Officer), JK Netshitenzhe, MC Nkuhlu* (Chief Operating Officer), S Subramoney, MI Wyman** (British).

** Executive ** Senior independent non-executive director*

Company Secretary:	TSB Jali
Reg no:	1966/010630/06
JSE share code:	NED
NSX share code:	NBK
ISIN:	ZAE000004875
Sponsors in SA:	Merrill Lynch South Africa (Pty) Ltd
	Nedbank CIB
Sponsor in Namibia:	Old Mutual Investment Services (Namibia) (Pty) Ltd

FINANCIAL HIGHLIGHTS

for the year ended 31 December

		% change	Dec 2015	Dec 2014
Statistics				
Number of shares listed	m		**494,4**	499,3
Number of shares in issue excluding shares held by group entities	m		**476,6**	465,6
Weighted-average number of shares	m		**474,2**	464,4
Diluted weighted-average number of shares	m		**483,1**	478,2
Headline earnings	Rm	9,6	**10 831**	9 880
Profit attributable to equity holders of the parent	Rm	9,4	**10 721**	9 796
Total comprehensive income	Rm	22,9	**13 311**	10 835
Preprovisioning operating profit	Rm	7,3	**19 170**	17 873
Economic profit	Rm	19,6	**2 525**	2 112
Headline earnings per share	cents	7,4	**2 284**	2 127
Diluted headline earnings per share	cents	8,5	**2 242**	2 066
Basic earnings per share	cents	7,2	**2 261**	2 109
Diluted basic earnings per share	cents	8,3	**2 219**	2 049
Ordinary dividends declared per share	cents	7,7	**1 107**	1 028
Interim			**537**	460
Final			**570**	568
Ordinary dividends paid per share	cents	14,5	**1 105**	965
Dividend cover	times		**2,06**	2,07
Total assets administered by the group	Rm	15,8	**1 183 021**	1 021 326
Total assets	Rm	14,4	**925 726**	809 313
Assets under management	Rm	21,4	**257 295**	212 013
Life insurance embedded value	Rm	11,0	**2 657**	2 393
Life insurance value of new business	Rm	(3,9)	**247**	257
Net asset value per share	cents	9,0	**15 685**	14 395
Tangible net asset value per share	cents	9,9	**13 794**	12 553
Closing share price	cents	(24,3)	**18 861**	24 900
Price/earnings ratio	historical		**8,3**	11,7
Market capitalisation	Rbn	(25,0)	**93,2**	124,3
Number of employees (permanent staff)		2,7	**31 312**	30 499
Number of employees (permanent and temporary staff)		0,8	**31 689**	31 422
Key ratios (%)				
Return on ordinary shareholders' equity (ROE)			**15,7**	15,8
ROE (excluding goodwill)			**17,0**	17,2
Tangible ROE			**18,1**	18,2
Return on total assets (ROA)			**1,25**	1,27
Return on average risk-weighted assets			**2,30**	2,34
Net interest income to average interest-earning banking assets			**3,30**	3,52
Non-interest revenue to total income			**47,7**	46,9
Non-interest revenue to total operating expenses			**83,3**	82,8
Credit loss ratio – banking advances			**0,77**	0,79
Efficiency ratio			**56,1**	56,5
Gross operating income growth less expense growth rate (JAWS ratio)			**0,6**	(2,5)
Effective taxation rate			**24,0**	25,3
Group capital adequacy ratios (including unappropriated profits):				
– Common equity tier 1			**11,3**	11,6
– Tier 1			**12,0**	12,5
– Total			**14,1**	14,6
Exchange rates used:				
– UK£ at period end	R	28,4	**23,16**	18,04
– UK£ average rate	R	10,4	**19,74**	17,88
– US$ at period end	R	34,9	**15,62**	11,58
– US$ average rate	R	19,0	**12,94**	10,87

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December

Rm	Note	% change	Dec 2015	Dec 2014
Interest and similar income		14,6	**60 289**	52 619
Interest expense and similar charges		22,7	**36 404**	29 658
Net interest income	1	4,0	**23 885**	22 961
Impairments charge on loans and advances	2	6,3	**4 789**	4 506
Income from lending activities		3,5	**19 096**	18 455
Non-interest revenue	3	7,1	**21 748**	20 312
Operating income		5,4	**40 844**	38 767
Total operating expenses	4	6,4	**26 110**	24 534
Indirect taxation		23,3	**783**	635
Profit from operations before non-trading and capital items		2,6	**13 951**	13 598
Non-trading and capital items		29,4	**(141)**	(109)
Revaluation of investment properties				6
Profit from operations		2,3	**13 810**	13 495
Share of profits of associate companies and joint arrangements		> 100	**871**	161
Profit from operations before direct taxation		7,5	**14 681**	13 656
Total direct taxation	5	1,5	**3 519**	3 468
Profit for the year		9,6	**11 162**	10 188
Other comprehensive income net of taxation		> 100	**2 149**	647
– Exchange differences on translating foreign operations			**3 203**	390
– Fair-value adjustments on available-for-sale assets			**(4)**	21
– Actuarial profit on long-term employee benefit assets			**298**	34
– Share of other comprehensive income of investments accounted for using the equity method			**(1 515)**	
– Gains on property revaluations			**167**	202
Total comprehensive income for the year		22,9	**13 311**	10 835
Profit attributable to:				
– Equity holders of the parent		9,4	**10 721**	9 796
– Non-controlling interest – ordinary shareholders	6	1,4	**70**	69
– Non-controlling interest – preference shareholders	7	14,9	**371**	323
Profit for the year		9,6	**11 162**	10 188
Total comprehensive income attributable to:				
– Equity holders of the parent		22,9	**12 820**	10 431
– Non-controlling interest – ordinary shareholders		48,1	**120**	81
– Non-controlling interest – preference shareholders		14,9	**371**	323
Total comprehensive income for the year		22,9	**13 311**	10 835
Headline earnings reconciliation				
Profit attributable to equity holders of the parent		9,4	**10 721**	9 796
Less: Non-headline earnings items			**(110)**	(84)
Non-trading and capital items			**(141)**	(109)
Taxation on non-trading and capital items			**31**	19
Fair-value adjustments on investment properties				6
Headline earnings		9,6	**10 831**	9 880

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December

Rm	Note	Dec 2015	Dec 2014
Assets			
Cash and cash equivalents		**22 840**	13 339
Other short-term securities		**75 614**	67 234
Derivative financial instruments		**30 488**	15 573
Government and other securities		**43 060**	27 177
Loans and advances	8	**681 632**	613 021
Other assets		**8 984**	8 715
Current taxation assets		**1 032**	291
Investment securities	9	**13 155**	20 029
Non-current assets held for sale		**2**	16
Investments in private-equity associates, associate companies and joint arrangements	11	**9 579**	7 670
Deferred taxation assets		**227**	309
Investment property		**32**	130
Property and equipment		**8 784**	7 773
Long-term employee benefit assets		**5 055**	4 546
Mandatory reserve deposits with central banks		**16 232**	14 911
Intangible assets	10	**9 010**	8 579
Total assets		**925 726**	809 313
Equity and liabilities			
Ordinary share capital		**477**	466
Ordinary share premium		**17 569**	16 781
Reserves		**56 708**	49 777
Total equity attributable to equity holders of the parent		**74 754**	67 024
Non-controlling interest attributable to:			
– ordinary shareholders	6	**436**	326
– preference shareholders		**3 561**	3 561
Total equity		**78 751**	70 911
Derivative financial instruments		**33 628**	15 472
Amounts owed to depositors	12	**725 851**	653 450
Other liabilities		**23 240**	13 788
Current taxation liabilities		**412**	134
Deferred taxation liabilities		**1 182**	931
Long-term employee benefit liabilities		**3 074**	3 071
Investment contract liabilities		**10 988**	11 747
Insurance contract liabilities		**3 618**	4 171
Long-term debt instruments	13	**44 982**	35 638
Total liabilities		**846 975**	738 402
Total equity and liabilities		**925 726**	809 313

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

for the year ended 31 December

Rm	Dec 2015	Dec 2014
Cash generated by operations	**22 455**	21 332
Change in funds for operating activities	**(13 898)**	(11 231)
Net cash from operating activities before taxation	**8 557**	10 101
Taxation paid	**(4 400)**	(4 283)
Cashflows from operating activities	**4 157**	5 818
Cashflows from/(utilised by) investing activities	**3 163**	(9 455)
Cashflows from/(utilised by) financing activities	**3 802**	(2 132)
Effects of exchange rate changes on opening cash and cash equivalents (excluding foreign borrowings)	**(300)**	(54)
Net increase/(decrease) in cash and cash equivalents	**10 822**	(5 823)
Cash and cash equivalents at the beginning of the year[1]	**28 250**	34 073
Cash and cash equivalents at the end of the year[1]	**39 072**	28 250

[1] *Including mandatory reserve deposits with central banks.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December

Rm	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Foreign currency translation reserve	Property revaluation reserve
Balance at 31 December 2013	461 193 459	461	16 343	1 237	1 577
Shares issued in terms of employee incentive schemes	3 670 463	4	767		
Shares delisted – capital management	(14 715 049)	(15)	(1 598)		
Treasury shares no longer held by capital management	14 715 049	15	1 598		
Shares (acquired)/no longer held by group entities and BEE trusts[3]	778 996	1	(329)		
Acquisition of additional shareholding in subsidiary					
Preference shares sold by group entities					
Preference share dividend paid					
Dividends paid to ordinary shareholders					
Total comprehensive income for the period				378	202
Transfer (to)/from reserves					(38)
Share-based payments reserve movements					
Regulatory risk reserve provision					
Other movements					
Balance at 31 December 2014	**465 642 918**	**466**	**16 781**	**1 615**	**1 741**
Shares issued in terms of employee incentive schemes	**3 332 101**	**3**	**843**		
Shares delisted – BEE schemes	**(8 916 159)**	**(9)**	**(327)**		
Treasury shares no longer held by BEE schemes	**8 916 159**	**9**	**327**		
Shares (acquired)/no longer held by group entities and BEE trusts[3]	**7 580 768**	**8**	**(55)**		
Preference share dividend paid					
Dividends paid to ordinary shareholders					
Total comprehensive income for the period				**1 723**	**167**
Transfer (to)/from reserves				**(20)**	**(23)**
Share-based payments reserve movements					
Other movements					
Balance at 31 December 2015	**476 555 787**	**477**	**17 569**	**3 318**	**1 885**

[1] *Represents other non-distributable revaluation surplus on capital items and non-distributable reserves transferred from other distributable reserves to comply with the Banks Act, 1990.*

[2] *Represents the accumulated profits after distributions to shareholders and appropriations of retained earnings to other non-distributable reserves.*

[3] *Shares acquired by group entities and BEE trusts [R751m (2014: R749m)] less shares that vested and are no longer held by group entities [R704m (2014: R420m)].*

Share-based payment reserve	Other non-distributable reserves[1]	Available-for-sale reserve	Other distributable reserves[2]	Total equity attributable to equity holders of the parent	Non-controlling interest attributable to ordinary shareholders	Non-controlling interest attributable to preference shareholders	Total shareholders' equity
1 523	147	158	39 171	60 617	246	3 473	64 336
				771			771
				(1 613)			(1 613)
				1 613			1 613
			21	(307)			(307)
				–	8		8
				–		88	88
				–		(323)	(323)
			(4 643)	(4 643)	(9)		(4 652)
		21	9 830	10 431	81	323	10 835
(20)	13	(1)	46	–			–
151				151			151
	7			7			7
			(3)	(3)			(3)
1 654	**167**	**178**	**44 422**	**67 024**	**326**	**3 561**	**70 911**
				846			**846**
				(336)			**(336)**
				336			**336**
			(575)	**(622)**			**(622)**
				–		**(371)**	**(371)**
			(5 395)	**(5 395)**	**(10)**		**(5 405)**
		(144)	**11 074**	**12 820**	**120**	**371**	**13 311**
(424)	**32**	**1**	**434**	**–**			**–**
82				**82**			**82**
			(1)	**(1)**			**(1)**
1 312	**199**	**35**	**49 959**	**74 754**	**436**	**3 561**	**78 751**

RETURN ON EQUITY DRIVERS

for the year ended 31 December

	Dec 2015	Dec 2014
Net interest income	**23 885**	22 961
Impairment of loans and advances	**(4 789)**	(4 506)
Non-interest revenue	**21 748**	20 312
Income from normal operations	**40 844**	38 767
Total operating expenses	**(26 110)**	(24 534)
Share of profits of associate companies and joint arrangements	**871**	161
Net profit before taxation	**15 605**	14 394
Indirect taxation	**(783)**	(635)
Direct taxation	**(3 550)**	(3 487)
Net profit after taxation	**11 272**	10 272
Non-controlling interest	**(441)**	(392)
Headline earnings	**10 831**	9 880
Daily average interest-earning banking assets	**724 080**	652 194
Daily average total assets	**863 381**	775 337
Daily average shareholders' funds	**69 076**	62 677
Daily average shareholders' funds excluding goodwill	**63 896**	57 540

Averages calculated on a 365-day basis.

	Dec 2015		Dec 2014	
Net interest income/average interest-earning banking assets	**3,30%**	**Impairments/NII**	3,52%	Impairments/NII
	less	**20,0%**	*less*	19,6%
Impairments/average interest-earning banking assets	**0,66%**		0,69%	
	add	**NIR/expenses**	*add*	NIR/expenses
Non-interest revenue/average interest-earning banking assets	**3,00%**	**83,3%**	3,11%	82,8%
	5,64%		5,94%	
	less	**Efficiency ratio**	*less*	Efficiency ratio
Total expenses/average interest-earning banking assets	**3,61%**	**56,1%**	3,76%	56,5%
	add		*add*	
Associate income/average interest-earning banking assets	**0,10%**		0,02%	
	2,13%		2,20%	
	multiply		*multiply*	
1 – effective direct and indirect taxation rate	**0,72**		0,71	
	multiply		*multiply*	
Income attributable to minorities	**0,96**		0,96	
Headline earnings	**1,47%**		1,50%	
Interest-earning banking assets/daily average total assets	***multiply***		*multiply*	
Interest-earning banking assets/daily average total assets	**83,9%**		84,1%	
	=		=	
Return on total assets	**1,25%**		1,27%	
	multiply		*multiply*	
Gearing	**12,50**		12,37	
	=		=	
Return on ordinary shareholders' equity	**15,7%**		15,8%	
Return on equity excluding goodwill	**17,0%**		17,2%	

OPERATIONAL SEGMENTAL REPORTING

for the year ended 31 December

Rm	Nedbank Group		Nedbank Corporate and Investment Banking	
	Dec 2015	Dec 2014	**Dec 2015**	Dec 2014
Consolidated statement of financial position				
Assets				
Cash and cash equivalents	**39 072**	28 250	**12 910**	6 054
Other short-term securities	**75 614**	67 234	**35 005**	29 414
Derivative financial instruments	**30 488**	15 573	**30 102**	15 499
Government and other securities	**43 060**	27 177	**24 950**	16 010
Loans and advances	**681 632**	613 021	**355 784**	305 158
Other assets	**55 860**	58 058	**11 816**	9 106
Total assets	**925 726**	809 313	**470 567**	381 241
Equity and liabilities				
Total equity	**78 751**	70 911	**23 096**	17 497
Average allocated capital	**69 417**	63 306	**23 096**	17 497
Non-controlling interest	**3 997**	3 887		
Other equity[2]	**5 337**	3 718		
Derivative financial instruments	**33 628**	15 472	**32 987**	15 429
Amounts owed to depositors	**725 851**	653 450	**346 868**	319 400
Provisions and other liabilities	**42 514**	33 842	**18 176**	8 184
Long-term debt instruments	**44 982**	35 638	**1 563**	1 159
Intergroup liabilities	**–**	–	**47 877**	19 572
Total equity and liabilities	**925 726**	809 313	**470 567**	381 241
Consolidated statement of comprehensive income				
Net interest income	**23 885**	22 961	**6 781**	5 919
Impairments charge on loans and advances	**4 789**	4 506	**1 188**	506
Income from lending activities	**19 096**	18 455	**5 593**	5 413
Non-interest revenue	**21 748**	20 312	**6 508**	5 462
Operating income	**40 844**	38 767	**12 101**	10 875
Total operating expenses	**26 110**	24 534	**5 105**	4 664
Indirect taxation	**783**	635	**78**	74
Profit/(Loss) from operations	**13 951**	13 598	**6 918**	6 137
Share of profits of associate companies and joint arrangements	**871**	161	**(1)**	12
Profit/(Loss) before direct taxation	**14 822**	13 759	**6 917**	6 149
Direct taxation	**3 550**	3 487	**1 702**	1 409
Profit/(Loss) after taxation	**11 272**	10 272	**5 215**	4 740
Profit attributable to non-controlling interest:				
– ordinary shareholders	**70**	69	**7**	13
– preference shareholders	**371**	323		
Headline earnings	**10 831**	9 880	**5 208**	4 727
Selected ratios				
Average interest-earning banking assets	**724 080**	652 194	**342 898**	310 902
Return on assets (%)	**1,25**	1,27	**1,24**	1,24
Return on equity (%)	**15,7**	15,8	**22,6**	27,0
Interest margin (%)[1]	**3,30**	3,52	**1,98**	1,90
Non-interest revenue to total income (%)	**47,7**	46,9	**49,0**	48,0
Non-interest revenue to total operating expenses (%)	**83,3**	82,8	**127,5**	117,1
Credit loss ratio – banking advances (%)	**0,77**	0,79	**0,40**	0,19
Efficiency ratio including associate income (%)	**56,1**	56,5	**38,4**	41,0
Effective taxation rate (%)	**24,0**	25,3	**24,6**	22,9
Contribution to group economic profit/(loss) (Rm)	**2 525**	2 112	**2 205**	2 365
Number of employees (permanent staff)	**31 312**	30 499	**2 728**	2 788

[1] *Cluster margins include internal assets.*

[2] *Other equity includes the variance between actual equity and average allocated capital.*

Nedbank Retail and Business Banking		Nedbank Wealth		Rest of Africa		Centre	
Dec 2015	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014
3 161	2 932	**1 774**	934	**4 438**	3 328	**16 789**	15 002
		15 161	9 943	**1 801**	1 849	**23 647**	26 028
		5	1	**76**	24	**305**	49
3 839	377			**327**	336	**13 944**	10 454
279 929	268 882	**28 206**	24 819	**16 515**	14 073	**1 198**	89
5 631	5 888	**16 176**	21 912	**9 784**	7 818	**12 453**	13 334
292 560	278 079	**61 322**	57 609	**32 941**	27 428	**68 336**	64 956
26 924	27 565	**2 734**	2 830	**6 799**	3 549	**19 198**	19 470
26 924	27 565	**2 734**	2 830	**6 799**	3 549	**9 864**	11 865
						3 997	3 887
						5 337	3 718
		10	4	**172**	47	**459**	(8)
248 135	224 103	**34 083**	26 122	**21 208**	17 058	**75 557**	66 767
3 686	3 373	**16 884**	17 626	**808**	876	**2 960**	3 783
6 816	1 775			**5**	4	**36 598**	32 700
6 999	21 263	**7 611**	11 027	**3 949**	5 894	**(66 436)**	(57 756)
292 560	278 079	**61 322**	57 609	**32 941**	27 428	**68 336**	64 956
15 955	15 216	**766**	628	**740**	898	**(357)**	300
3 212	3 771	**39**	41	**201**	35	**149**	153
12 743	11 445	**727**	587	**539**	863	**(506)**	147
10 972	10 530	**3 593**	3 399	**819**	768	**(144)**	153
23 715	21 975	**4 320**	3 986	**1 358**	1 631	**(650)**	300
17 077	16 076	**2 730**	2 484	**1 526**	1 256	**(328)**	54
302	243	**95**	102	**29**	30	**279**	186
6 336	5 656	**1 495**	1 400	**(197)**	345	**(601)**	60
				872	149		
6 336	5 656	**1 495**	1 400	**675**	494	**(601)**	60
1 781	1 562	**361**	358	**(79)**	85	**(215)**	73
4 555	4 094	**1 134**	1 042	**754**	409	**(386)**	(13)
				63	52		4
95	63					**276**	260
4 460	4 031	**1 134**	1 042	**691**	357	**(662)**	(277)
325 997	306 401	**39 612**	32 351	**20 934**	18 920	**(5 361)**	(16 380)
1,57	1,49	**1,84**	1,91	**2,31**	1,58		
16,6	14,6	**41,5**	36,8	**10,2**	10,1		
4,89	4,97	**1,93**	1,94	**3,53**	4,75		
40,7	40,9	**82,4**	84,4	**52,5**	46,1		
64,3	65,5	**131,6**	136,9	**53,7**	61,2		
1,14	1,39	**0,15**	0,17	**1,25**	0,23		
63,4	62,4	**62,6**	61,7	**62,8**	69,2		
28,1	27,6	**24,1**	25,6	**(11,7)**	17,2		
960	310	**778**	660	**(193)**	(122)	**(1 225)**	(1 101)
20 921	20 373	**2 107**	2 119	**1 812**	1 605	**3 744**	3 614

OPERATIONAL SEGMENTAL REPORTING (continued)

for the year ended 31 December

	Nedbank Retail and Business Banking	
	Dec 2015	Dec 2014
Consolidated statement of financial position (Rm)		
Assets		
Cash and cash equivalents	**3 161**	2 932
Government and other securities	**3 839**	377
Loans and advances	**279 929**	268 882
Other assets	**5 631**	5 888
Total assets	**292 560**	278 079
Equity and liabilities		
Total equity	**26 924**	27 565
Amounts owed to depositors	**248 135**	224 103
Provisions and other liabilities	**3 686**	3 373
Long-term debt instruments	**6 816**	1 775
Intergroup liabilities	**6 999**	21 263
Total equity and liabilities	**292 560**	278 079
Consolidated statement of comprehensive income (Rm)		
Net interest income	**15 955**	15 216
Impairments charge on loans and advances	**3 212**	3 771
Income from lending activities	**12 743**	11 445
Non-interest revenue	**10 972**	10 530
Operating income	**23 715**	21 975
Total operating expenses	**17 077**	16 076
Indirect taxation	**302**	243
Profit/(Loss) from operations	**6 336**	5 656
Share of profits of associate companies and joint arrangements	**–**	–
Profit/(Loss) before direct taxation	**6 336**	5 656
Direct taxation	**1 781**	1 562
Profit/(Loss) after direct taxation	**4 555**	4 094
Profit attributable to non-controlling interest:		
– preference shareholders	**95**	63
Headline earnings	**4 460**	4 031
Selected ratios		
Average interest-earning banking assets (Rm)	**325 997**	306 401
Return on assests (%)[1]	**1,57**	1,49
Return on equity (%)	**16,6**	14,6
Interest margin (%)[1]	**4,89**	4,97
Non-interest revenue to total income (%)	**40,7**	40,9
Non-interest revenue to total operating expenses (%)	**64,3**	65,5
Credit loss ratio – banking advances (%)	**1,14**	1,39
Efficiency ratio including associate income (%)	**63,4**	62,4
Effective taxation rate (%)	**28,1**	27,6
Contribution to group economic profit/(loss) (Rm)	**960**	310
Number of employees (permanent staff)	**20 921**	20 373

[1] *ROA is calculated on average assets less inter cluster balances*

Nedbank Retail		Nedbank Business Banking	
Dec 2015	Dec 2014	Dec 2015	Dec 2014
3 161	2 932		
3 839	377		
215 194	203 063	64 735	65 819
5 433	5 532	198	356
227 627	211 904	64 933	66 175
21 603	22 109	5 321	5 456
133 061	118 134	115 074	105 969
3 075	2 862	611	511
6 816	1 775		
63 072	67 024	(56 073)	(45 761)
227 627	211 904	64 933	66 175
12 241	11 720	3 714	3 496
2 892	3 500	320	271
9 349	8 220	3 394	3 225
9 321	8 820	1 651	1 710
18 670	17 040	5 045	4 935
13 661	12 689	3 416	3 387
275	215	27	28
4 734	4 136	1 602	1 520
4 734	4 136	1 602	1 520
1 326	1 136	455	426
3 408	3 000	1 147	1 094
95	63		
3 313	2 937	1 147	1 094
209 250	198 343	116 747	108 058
1,52	1,42	1,76	1,71
15,3	13,3	21,6	20,1
5,85	5,91	3,18	3,24
43,2	42,9	30,8	32,9
68,2	69,5	48,3	50,5
1,34	1,70	0,48	0,42
63,4	61,8	63,7	65,1
28,0	27,5	28,4	28,0
505	(48)	455	358
18 645	18 026	2 276	2 347

GEOGRAPHICAL SEGMENTAL REPORTING

for the year ended

	Nedbank Group		
Rm	Dec 2015	Dec 2014	
Consolidated statement of financial position			
Assets			
Cash and cash equivalents	**39 072**	28 250	
Other short-term securities	**75 614**	67 234	
Derivative financial instruments	**30 488**	15 573	
Government and other securities	**43 060**	27 177	
Loans and advances	**681 632**	613 021	
Other assets	**55 860**	58 058	
Total assets	**925 726**	809 313	
Equity and liabilities			
Total equity	**78 751**	70 911	
Derivative financial instruments	**33 628**	15 472	
Amounts owed to depositors	**725 851**	653 450	
Provisions and other liabilities	**42 514**	33 842	
Long-term debt instruments	**44 982**	35 638	
Intergroup liabilities	**–**	–	
Total equity and liabilities	**925 726**	809 313	
Consolidated statement of comprehensive income			
Net interest income	**23 885**	22 961	
Impairments charge on loans and advances	**4 789**	4 506	
Income from lending activities	**19 096**	18 455	
Non-interest revenue	**21 748**	20 312	
Operating income	**40 844**	38 767	
Operating expenses	**26 110**	24 534	
Indirect taxation	**783**	635	
Profit from operations	**13 951**	13 598	
Share of profits of associate companies and joint arrangements	**871**	161	
Profit before direct taxation	**14 822**	13 759	
Direct taxation	**3 550**	3 487	
Profit after direct taxation	**11 272**	10 272	
Profit attributable to non-controlling interest:			
– ordinary shareholders	**70**	69	
– preference shareholders	**371**	323	
Headline earnings	**10 831**	9 880	

[1] *Includes all group eliminations.*

[2] *The Rest of Africa geographical segmental income statement and balance sheet consists of the SADC banking subsidiaries and the investments in ETI and Banco Único. These statements do not include transactions concluded with clients resident in the rest of Africa by other group entities within CIB nor significant transactional banking revenues. For example, CIB have a credit exposure to clients resident in the rest of Africa of R22,5bn (2014:16,9bn).*

South Africa[1]		Rest of Africa[2]		Rest of world	
Dec 2015	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014
31 645	23 786	**4 438**	3 328	**2 989**	1 136
73 244	56 061	**1 801**	1 849	**569**	9 324
28 290	14 843	**76**	24	**2 122**	706
35 822	22 680	**327**	336	**6 911**	4 161
630 111	560 683	**16 515**	14 073	**35 006**	38 265
42 453	47 271	**9 784**	7 818	**3 623**	2 969
841 565	725 324	**32 941**	27 428	**51 220**	56 561
71 458	66 839	**6 799**	3 549	**494**	523
31 429	14 693	**172**	47	**2 027**	732
677 870	594 475	**21 208**	17 058	**26 773**	41 917
41 355	32 431	**808**	876	**351**	535
44 977	35 634	**5**	4		
(25 524)	(18 748)	**3 949**	5 894	**21 575**	12 854
841 565	725 324	**32 941**	27 428	**51 220**	56 561
22 602	21 547	**740**	898	**543**	516
3 761	4 191	**201**	35	**827**	280
18 841	17 356	**539**	863	**(284)**	236
20 561	18 753	**819**	768	**368**	791
39 402	36 109	**1 358**	1 631	**84**	1 027
24 252	22 594	**1 526**	1 256	**332**	684
750	596	**29**	30	**4**	9
14 400	12 919	**(197)**	345	**(252)**	334
(1)	12	**872**	149		
14 399	12 931	**675**	494	**(252)**	334
3 705	3 377	**(79)**	85	**(76)**	25
10 694	9 554	**754**	409	**(176)**	309
7	17	**63**	52		
371	323				
10 316	9 214	**691**	357	**(176)**	309

OUR ORGANISATIONAL STRUCTURE

Nedbank operates under a federal operating model, delivering our products and services through four main business clusters.

OLD MUTUAL PLC

NEDBANK GROUP LIMITED

NEDBANK LIMITED

Client-facing clusters

OUR CLIENTS

Cluster	Our clients
NEDBANK CORPORATE AND INVESTMENT BANKING (CIB)	SA corporates, institutions and parastatals with a turnover of over R700m per annum. > 600 large corporate clients
NEDBANK RETAIL AND BUSINESS BANKING (RBB)	Individual clients, as well as businesses with an annual turnover of less than R700m per annum. > 7m retail clients and 22 000 business banking client groups
NEDBANK WEALTH	High-net-worth individuals as well as other retail, business and corporate clients. > 14 500 high-net-worth clients locally and internationally
REST OF AFRICA	Retail, small and medium enterprises (SMEs), and business and corporate clients across the countries we operate in. > 275 000 retail clients

Our frontline clusters are enabled by well-managed and efficient shared services clusters.

Shared services clusters (Exco member)

Group Finance **(Raisibe Morathi)**	Group Risk **(Trevor Adams)**	Group Human Resources **(Abe Thebyane)**	Group Marketing, Communications and Corporate Affairs **(Thulani Sibeko)**

OUR PRODUCTS AND SERVICES | OUR AREAS OF STRENGTH AND DIFFERENTIATION | KEY METRICS, AND LEADERS

Nedbank Corporate and Investment Banking (CIB)

Full suite of wholesale banking solutions, including investment banking and lending; global markets and treasury; commercial property finance; deposit-taking; and transactional banking.

- Leading industry expertise in infrastructure, mining and resources, oil and gas, telecoms and energy.
- Market leadership in commercial property finance and renewable-energy financing.
- Strong corporate banking relationships.

Assets	R470,6bn
HE	R5 208m
ROE	22,6%

Brian Kennedy

2 728 staffmembers

Nedbank Retail and Business Banking (RBB)

Full range of services, including transactional banking; card solutions; lending solutions; deposit-taking; risk management; investment products; and card-acquiring services for business.

- A leader in Business Banking, underpinned by an accountable, empowered, decentralised business service model.
- Leader in Corporate Saver deposits and debtor management.
- Strong positioning in household motor finance, household deposits and card acquiring.
- Nedbank Contact Centre: Best Contact Centre in South Africa – Contact Centre Management Group Awards.
- Nedbank's innovative Home Loan online application solution was awarded Technology Project of the Year by *The Banker* magazine.

Assets	R292,6bn
HE	R4 460m
ROE	16,6%

Philip Wessels

Sandile Shabalala and Ciko Thomas

20 921 staffmembers

Nedbank Wealth

Wide range of financial services, including high-net-worth banking and wealth-management solutions, as well as asset management and insurance offerings.

- Integrated international high-net-worth proposition.
- Nedbank Private Wealth won numerous awards, including being voted the best UK private bank, best international banking service, as well as ranked first in the entrepreneur category of the 2015 Intellidex Top Private Banks and Wealth Managers Survey. At the annual Euromoney Private Banking and Wealth Management Survey the business won first place for philanthropic advice.
- Unique Best of Breed™ asset management model.
- Nedgroup Investments won both SA and offshore asset management company of the year for 2015 – Annual Raging Bull Awards.

AUM	R257,3bn
HE	R1 134m
ROE	41,5%

Iolanda Ruggiero

2 107 staffmembers

Rest of Africa

Full range of banking services, including transactional, lending, deposit-taking and card products.

- The Ecobank–Nedbank Alliance: Footprint across 39 countries; the largest in Africa.
- Representative offices in Angola and Kenya.
- Banco Único: Fastest Growing Retail Bank and Best Internet Bank Mozambique 2015 – Global Banking and Finance Review Awards.
- Nedbank Namibia: Best Customer Service bank in Namibia – Customer Service Management Africa Awards.
- Nedbank Malawi: Best Customer Service Bank in Malawi in 2015, as well as the Best Internet Bank in Malawi – Global Banking and Finance Review Awards.

Assets	R32,9 bn
HE	R691m
ROE	10,2%

Mfundo Nkuhlu

1 812 staffmembers

HE: heading earnings
ROE: return on equity
AUM: assets under management

Group Technology	Enterprise Governance and Compliance	Balance Sheet Management	Strategic Planning and Economics
(Fred Swanepoel)	**(Thabani Jali)**	**(Mike Davis)**	**(Priya Naidoo)**

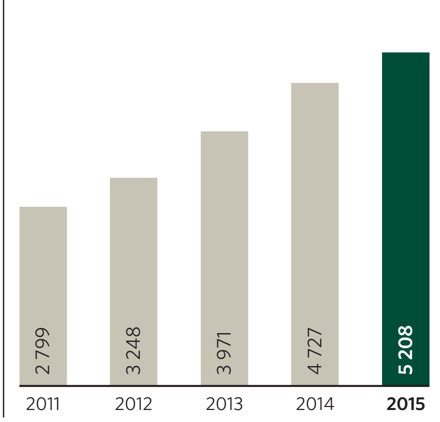
NEDBANK CORPORATE AND INVESTMENT BANKING

Nedbank Corporate and Investment Banking (CIB) grew headline earnings 10,2% to R5 208m (2014: R4 727m), while economic profit decreased by 6,8% to R2 205m (2014: R2 365m). Return on equity (ROE) of 22,6% (2014: 27,0%) was impacted by an increase in allocated capital as well as a persistently tough economic climate. Preprovisioning operating profit increased by 21,9%.

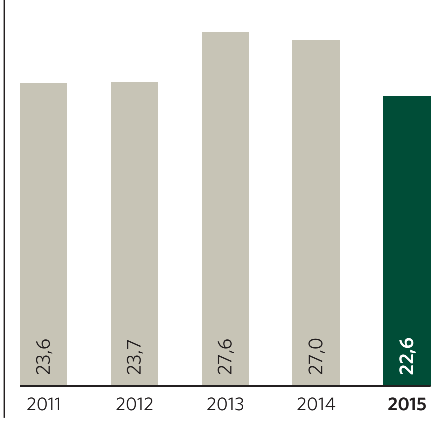
Net interest income (NII) increased 14,6% to R6 781m (2014: R5 919m), driven by growth in gross banking advances of 13,0% to R296bn (2014: R262bn). Banking advances growth was the result of good pipeline conversion rates across our sector-focused businesses, as well as strong growth in Property Finance. Advances growth was muted in Corporate Banking as low business confidence amid weak macroeconomic conditions led to further postponement in fixed capital investments. The net interest margin (NIM) increased to 1,98% (2014: 1,90%), with average deposits growing 9,1% to R330bn.

Impairments increased to R1 188m (2014: R506m) and the credit loss ratio (CLR) rose to 0,40% (2014: 0,19%), but remained within our through-the-cycle target range of 0,15% to 0,45%. The economic downturn and impact on the commodity cycle, in particular lower oil prices, resulted in a single large writeoff in our oil and gas portfolio and

HEADLINE EARNINGS
(Rm)



RETURN ON EQUITY
(%)



FINANCIAL HIGHLIGHTS
for the year ended

	Nedbank Corporate and Investment Banking		Nedbank Capital	
	Dec 2015	Dec 2014	**Dec 2015**	Dec 2014
Headline earnings (Rm)	**5 208**	4 727	**2 504**	2 128
Return on equity (%)	**22,6**	27,0	**30,5**	30,9
Return on assets (%)	**1,24**	1,24	**1,26**	1,18
Credit loss ratio (%)	**0,40**	0,19	**0,83**	0,14
Non-interest revenue to total expenses (%)	**127,5**	117,1	**166,0**	142,1
Efficiency ratio (%)	**38,4**	41,0	**38,4**	43,9
Interest margin (%)	**1,98**	1,90	**1,86**	1,65
Impairments charge on loans and advances (Rm)	**1 188**	506	**726**	106
Total assets (Rm)	**470 567**	381 241	**235 561**	168 172
Average total assets (Rm)	**418 919**	379 598	**198 162**	179 629
Total advances (Rm)	**355 784**	305 158	**136 899**	105 601
Average total advances (Rm)	**327 529**	297 151	**119 888**	108 880
Total deposits (Rm)	**346 868**	319 400	**164 258**	137 391
Average total deposits (Rm)	**329 881**	302 396	**148 811**	121 145
Allocated capital (Rm)	**23 096**	17 497	**8 223**	6 891

[1] *Includes Centralised Credit, Risk, Human Resources, Finance, Shared Services, Transactional Banking and eliminations.*

prompted an increase in both specific and portfolio impairments. Our exposure to the oil and gas sector represents 3,1% of CIB's book and stress testing of this book reflects that the majority of our deals should remain stable if oil prices remain around 30–35 US$ per barrel for 2016. Stress testing on the rest of our portfolio shows that we have low concentration and downside risk against most key sectors, however, there is potential for rating downgrades during 2016, which could impact our portfolio impairments. We continue to hold a diversified high-quality portfolio, currently comprising 68,4% investment grade, which is well collateralised. Our specific coverage ratio of 17,1% is driven by the regulatory requirement to move restructured problematic advances into the defaulted portfolio, as well as our exposures being secured.

Non-interest revenue (NIR) grew 19,2% to R6 508m (2014: R5 462m), with good contributions from all our businesses, increasing the NIR-to-expenses ratio to 127,5% (2014: 117,1%). Growth in NIR was underpinned by the increase in trading income, fees earned as well as private-equity income. Trading income was up 23,6% due to increased trading activity and improved cross-sell across the various CIB businesses and the group. Private-equity income increased 19,3% due to equity realisations and dividend income.

Cost savings of more than R200m were realised during 2015, demonstrating the efficiencies gained from integrating our corporate and capital businesses, improving our efficiency ratio to 38,4%. Total expense growth was well managed and increased 9,5% to R5 105m (2014: R4 664m), while we continued to invest in headcount and systems to enable compliance in the changing regulatory environment.

Looking forward

2016 is set to provide a challenging macroeconomic environment for SA and the rest of Africa. The effects of a tough 2015 year will continue to impact Nedbank CIB in 2016. Despite this, we will continue to pursue our goals of building our business in a sustainable manner and offering client-centred solutions through innovation and a highly integrated partnership approach.

In an environment of increasing risk and regulation, we are focused on proactive risk management, including selective deal origination and distribution, and ensuring that we remain compliant with regulatory requirements.

With growth in SA slowing down, CIB will continue to leverage the relatively faster growth in the rest of Africa. Through our Africa expansion we have extended our alliances and continue to work closely with our strategic partners to capture growth opportunities on the continent.

The benefits from the integration have created opportunities for cost savings in our centralised support functions. A platform has been provided to enhance our ability to serve clients, with continued investment in systems to enhance productivity and regulatory compliance.

Nedbank CIB has excellent people and cohesive teams, as well as excellent indepth client knowledge and relationships that will play a key role in originating, leading and distributing the big-ticket sector deals on the continent.

Favourable	Unfavourable
■ Successful integration of Nedbank Capital and Nedbank Corporate.	■ Increase in impairments.
■ Strong financial performance from the Markets and Property businesses.	■ Weaker-than-expected economic environment and volatile market conditions in SA and the rest of the world.
■ Improved cross-sell across products.	■ Large decrease in oil and commodity prices.
■ Continued asset growth in a tough economic environment.	■ Increased regulatory and compliance demands.
■ Growing our status as primary banker, winning both Ekurhuleni and eThekwini metros.	■ Uncertainty in the market leading to difficult trading conditions.
■ Efficient management of costs and systems to enhance business productivity.	■ Increased competition.
■ Continued investment in people and talent management.	

Nedbank Corporate		Corporate Banking		Property Finance		Other[1]	
Dec 2015	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014
2 704	2 599	**1 062**	1 210	**1 570**	1 318	**72**	71
18,2	24,5	**15,2**	23,5	**21,8**	27,5		
1,22	1,30	**0,49**	0,57	**1,07**	1,11		
0,22	0,21	**0,42**	0,22	**0,08**	0,21		
89,6	93,7	**59,0**	67,2	**141,5**	139,6		
38,4	38,5	**51,2**	47,6	**23,1**	25,1		
2,05	2,06	**1,14**	1,05	**1,39**	1,54		
462	400	**365**	192	**97**	208		
235 006	213 069	**217 643**	206 967	**155 558**	139 595	**(138 195)**	(133 493)
220 757	199 969	**216 030**	213 433	**147 365**	118 835	**(142 638)**	(132 299)
218 885	199 557	**90 975**	87 078	**122 117**	109 134	**5 793**	3 345
207 641	188 271	**86 954**	85 933	**116 141**	99 644	**4 546**	2 694
182 610	182 009	**177 958**	176 157	**1 561**	1 947	**3 091**	3 905
181 070	181 251	**176 244**	176 406	**1 718**	2 073	**3 108**	2 772
14 873	10 606	**6 997**	5 140	**7 198**	4 788	**678**	678

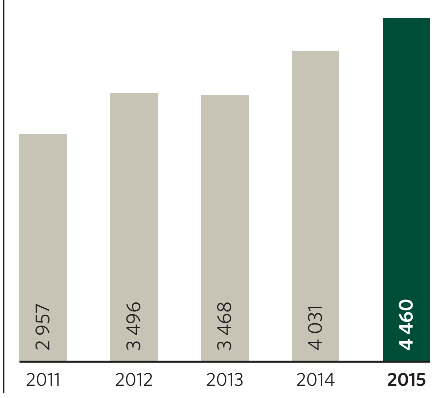
NEDBANK RETAIL AND BUSINESS BANKING

Retail and Business Banking's headline earnings grew 10,6% to R4 460m (2014: R4 031m) and generated a return on equity (ROE) of 16,6% (2014: 14,6%). Operating income improved by 7,9% to R23 715m (2014: R21 975m), benefiting from a significant reduction in impairments as a result of quality selective origination strategies across all asset classes and proactive risk management.

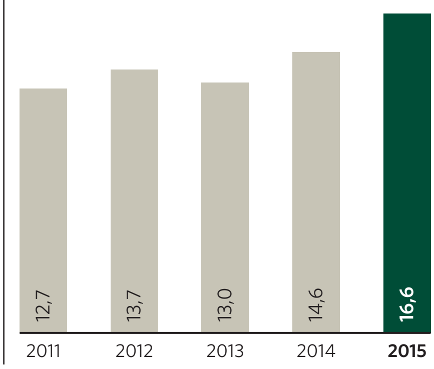
Net interest income (NII) and non-interest revenue (NIR) have also shown encouraging growth despite the combined impact of lower personal-loan advances, lower interchange fees, the run rate effect of selected fee reductions implemented in H2 2014, regulatory changes impacting on affordability and an overall challenging external environment. In line with our strategic focus to grow the transactional banking franchise, increase market share and build sustainable businesses, we continued to invest in physical and digital distribution, marketing and client-centred innovation while managing costs diligently and extracting efficiencies. As a result of these strategies:

- operating income grew by 7,9% to R23 715m (2014: R21 975m);
- transactional NIR grew by 8,9%; and
- return on equity increased to 16,6%.

HEADLINE EARNINGS
(Rm)



RETURN ON EQUITY
(%)



FINANCIAL HIGHLIGHTS

for the year ended

	Total Nedbank Retail and Business Banking		Nedbank Business Banking		Relationship Banking		Personal loans	
	Dec 2015	Dec 2014	Dec 2015	Dec 2014	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Headline earnings (Rm)	**4 460**	4 031	**1 147**	1 094	**381**	323	**842**	624
Return on equity (%)	**16,6**	14,6	**21,6**	20,1	**16,4**	15,1	**28,0**	17,9
Return on assets (%)	**1,57**	1,49	**1,76**	1,71	**1,35**	1,34	**5,81**	3,80
Credit loss ratio (%)	**1,14**	1,39	**0,48**	0,42	**0,12**	0,07	**7,48**	10,04
Non-interest revenue to total expenses (%)	**64,3**	65,5	**48,3**	50,5	**48,0**	48,7	**54,7**	69,0
Efficiency ratio (%)	**63,4**	62,4	**63,7**	65,1	**78,3**	80,4	**34,4**	31,2
Interest margin (%)	**4,89**	4,97	**3,18**	3,24	**3,39**	3,55	**18,88**	17,03
Impairments charge on loans and advances (Rm)	**3 212**	3 771	**320**	271	**34**	18	**1 244**	1 879
Total assets (Rm)	**292 560**	278 079	**64 933**	66 175	**30 329**	24 326	**14 185**	14 864
Average total assets (Rm)	**283 485**	270 194	**65 236**	64 103	**28 141**	24 024	**14 490**	16 416
Total advances (Rm)	**279 929**	268 882	**64 735**	65 819	**30 284**	24 279	**14 036**	14 700
Average total advances (Rm)	**273 517**	261 936	**65 023**	63 969	**28 082**	23 961	**14 330**	16 239
Total deposits (Rm)	**248 135**	224 103	**115 074**	105 969	**46 315**	40 576	**10**	3
Average total deposits (Rm)	**234 162**	212 806	**111 182**	102 265	**42 146**	37 476	**75**	86
Allocated capital (Rm)	**26 924**	27 565	**5 321**	5 456	**2 320**	2 135	**3 005**	3 484

[1] *Includes unallocated costs relating to channel and shared services.*

Key drivers of the 2015 financial performances

NII increased 4,9% to R15 955m (2014: R15 216m). Overall margin decreased by a net 8 basis points (bps) to 4,89%. This decrease is driven mainly by the impact of mix changes due to reduced personal-loan balances (13 bps), higher funding costs (3 bps) mainly from diversification and other net reductions related to mix (12 bps), offset by endowment-related benefits from the interest rate increase of 75 bps in 2014 (12 bps) and net pricing benefits (7 bps), including improved pricing to compensate for lower insurance-related NIR (1 bps).

Average banking advances increased 4,4% to R274bn (2014: R262bn), with new-loan payouts increasing 4,4% to R80,6bn (2014: R77,1bn).

Average deposits increased 10,0% to R234,2bn (2014: R212,8bn), with Nedbank's share of household deposits at 18,4% (2014: 18,8%) reflecting heightened competitive forces partly mitigated by improving our market presence and competitive pricing. The strength of our transactional banking franchise resulted in our share of the current-account market increasing to 18,4% from 17,7% in December 2014. Household deposits remain a key focus area for Nedbank and this valuable funding source will be nurtured further through our growth strategy of offering distinctive, innovative client value propositions and new products that enhance product cross-sell.

Defaulted advances at R12,3bn have remained flat (2014: R12,3bn) and represents 4,2% (2014: 4,4%) of the advances portfolio, as we increased our collection efforts and effective client rehabilitations (including restructures and rearrangements), as well as the proportion of quality new business. The South African Reserve Bank (SARB) directive 7/15 has resulted in R945m of advances being reallocated mainly from impaired to defaulted advances. Adjusting for this reclassification, the defaults in unsecured lending, which peaked in May 2013, continue to show a downward trend. Overall, balance sheet impairments decreased to 3,00% of total advances (2014: 3,22%) in line with the change in mix of advances.

Current coverage was increased to 0,72% (2014: 0,68%), indicating continued conservatism in provisioning.

The credit loss ratio (CLR) of 1,14% (2014: 1,39%) continued to improve to below the through-the-cycle target range, mainly driven by lower impairments in Home Loans, MFC and Personal Loans. The strong collections focus further reduced the CLR in Personal Loans to 7,48% (2014: 10,04%), with Home Loans also improving to 0,06% (2014: 0,13%). The Business Banking CLR has increased slightly to 0,48% (2014: 0,42%), however, it remains below current target ranges.

NIR grew 4,2% to R10 972m (2014: R10 530m) as strong underlying growth in quality transactional clients was partly offset by the following reductions in NIR:

- R108m following selected pricing reductions implemented in Business Banking and Retail Relationship Banking in H2 2014.
- R76m related to cost allocation changes in the forex sharing agreement between Nedbank Corporate and Investment Banking (CIB) and Business Banking.
- R261m gross impact due to revised interchange rates implemented on 17 March 2015.

Adjusting for these reductions, core NIR would have grown 8,4%.

Good progress in gaining quality clients and improving client retention is reflected in 6 844m individuals, 236k small-and-medium-enterprises (SMEs), and 22 244 business banking clients choosing to bank with Nedbank.

Expense growth of 6,2% (2014: 8,4%) includes the investment in distribution (R194m) and turnover-related costs (R223m), as well as a reduction of R123m due to the CIB forex profit-sharing arrangement.

Client engagement		Secured lending		Home loans		MFC		Card		Other[1]	
Dec 2015	Dec 2014	Dec 2015	Dec 2014	Dec 2015	Dec 2014	Dec 2015	Dec 2014	Dec 2015	Dec 2014	Dec 2015	Dec 2014
(366)	(339)	1 719	1 619	540	485	1 179	1 134	879	863	(142)	(153)
(18,5)	(16,8)	15,9	14,6	14,0	12,4	17,0	15,7	28,2	28,2		
(39,52)	(35,20)	1,11	1,10	0,66	0,60	1,59	1,69	5,82	6,46		
5,16	3,98	0,54	0,64	0,06	0,13	1,06	1,25	5,12	4,79		
57,6	58,6	43,0	42,6	27,7	24,3	56,1	57,9	127,0	127,8		
108,1	108,3	36,5	35,6	52,9	52,1	28,8	28,2	58,4	57,9		
2,43	2,34	2,87	2,92	1,75	1,75	4,10	4,27	7,86	7,96		
53	42	838	957	48	105	790	852	723	604		
801	862	162 600	152 824	85 057	80 639	77 543	72 185	14 630	14 378	5 082	4 650
926	963	155 496	147 785	81 380	80 587	74 116	67 198	15 105	13 356	4 091	3 547
762	829	157 266	150 824	80 097	79 118	77 169	71 706	12 810	12 395	36	36
877	918	152 130	145 166	79 525	79 036	72 605	66 130	13 048	11 656	27	28
85 259	76 120	42	45	2	1	40	44	1 522	1 377	(87)	13
78 992	71 300	42	61	2	6	40	55	1 747	1 590	(22)	27
1 984	2 019	10 801	11 110	3 847	3 908	6 954	7 202	3 120	3 066	373	295

Expense growth has been contained through active cost management, resulting in R560m in additional efficiencies. Residual organic cost growth was tightly managed at 4,4%, with headcount decreasing slightly to 21 122 (2014: 21 125), including temps notwithstanding a temporary increase in staff in response to the higher workload generated by increased regulatory requirements.

The growth in distribution includes an additional 110 self-service devices, including the rollout of 94 Intelligent Depositor ATM devices. Cash dispensed is up 12% year to date to R97bn. Altogether 69 branches and inretailer outlets were upgraded, offset by 53 inretailer store closures as we continue to optimise our distribution network. Our 255 new-format branches include the rollout of 10 new branches and 9 outlets in 2015 and represent 36% of our branch footprint as we maintain delivery on our plan to reformat all branches by the end of 2019. A total of 162 video banking stations have been rolled out across the country, which supports five official national languages with financial planning and global trade offered in addition to service functionality. Furthermore, 233 internet stations are now available in branches across the country in alignment with our digital and self-service strategy. The Nedbank Contact Centre (NCC) received the Best Contact Centre in South Africa award at the Contact Centre Management Group Awards. NCC services over 2 million clients through our Direct Connect phone and video banking services.

Looking forward

Consistency of strategic choices, improving the size and quality of our client base, active cost management and steadily improving market perception will contribute to improved returns and sustainable growth of Retail and Business Banking within the challenging economic and regulatory environment.

Some of the headwinds, in addition to the regulatory impact on NIR of the revised interchange rates, include changes to interest rate caps following the revisions to the National Credit Act (NCA) promulgated by the Department of Trade and Industry (dti) in November 2015 as well as pressure on impairments as we are now in an upward rate cycle. Growth will, however, continue to be supported through delivery on various cost-efficiency strategies, such as the elimination of duplicative processes and the reduction in the cost to serve and acquire new clients.

Nedbank Retail and Business Banking remains committed to delivering great client experiences, with friendly, efficient service, competitively priced products and delivering on its client-centered strategy. Altogether R2,1bn will be invested over three years (2016 to 2018) as we expose 84% of our retail clients to the enhanced branch format. Quality-client acquisition, improved attrition and deeper product penetration are expected to result in further growth in the transactional banking franchise.

NEDBANK RETAIL AND BUSINESS BANKING 2015 SEGMENTAL REVIEW

Business transfers

During H1 2015 the Professional Banking medical book was transferred from Business Banking to Retail Relationship Banking. This has had the following impact on results under review:

- R4,9bn of advances (average balance impact of R3,1bn) moving from Business Banking to Retail Relationship Banking.
- R35m headline earnings decrease in Business Banking and increase in Retail Relationship Banking.
- 3 297 client groups moving from Business Banking to Retail Relationship Banking.

Nedbank Business Banking

After internal migrations Business Banking's headline earnings increased by 4,8% to R1 147m (2014: R1 094m) at an increased ROE of 21,6% (2014: 20,1%), generating a 27,2% increase in economic profit (EP) to R455m (2014: R358m). Notwithstanding the internal migration, it was pleasing to see preprovisioning operating profit increase by 7,3% to R1 922m (2014: R1 791bn). This has also been affected by the lower levels of business confidence causing business owners to delay key investment decisions and manage their cashflows more carefully. Excluding the impact of internal client migrations and pricing changes, preprovisioning operating profit would have increased by 13,4%.

Average advances growth of 1,6% and average liabilities growth of 8,6% contributed to the growth of 6,2% in NII to R3 714m (2014: R3 496m). This was further aided by R37m of higher endowment earnings, given the increase in the prime interest rate. Business Banking is a strong generator of funding, with R111,2bn in average total deposits (2014: R102,3bn) and R58,8bn net surplus funds (2014: R48,2bn).

The overall margin declined slightly to 3,18% (2014: 3,24%) as the benefit of an 18 bps increase in endowment earnings was largely offset by a change in product mix as liabilities, at a lower margin, grew faster than assets.

NIR decreased by 3,5% (2014: 1,1% decrease) due to selective fee reductions in H2 2014, which negatively impacted NIR by a further estimated R70m in the first half of 2015, and revised commission and profit share arrangements with CIB, which resulted in a further R76m reduction in the current year. Adjusting for these two items, core NIR would have reflected growth of 4,8%.

The CLR at 0,48% (2014: 0,42%) is below the revised through-the-cycle target range of 50 to 70 bps and continues to reflect effective and disciplined risk management practices.

Total expenses have been well contained and increased by only R29m (0,9%). This follows ongoing headcount savings and judicious expense management, which contributed a further R74m in efficiencies. The expenses also include a R123m reduction (noted above) due to the revised forex profit share arrangement with CIB. Continued system enhancements, product innovation, development of self-service capability and compliance with new regulations have been absorbed into the adjusted expense growth of 4,5%.

Key Business Banking initiatives that were landed in 2015 include:

- Business Registration Online, which allows clients to register their new business as well as open a business current account online;
- CashVault 4000L, a new cash acceptance device that can fit under a counter and is aimed at the small-to-medium cash businesses; and
- Global video banking, allowing smaller business clients to gain access to global banking specialists in our branch channel.

Secured Lending

Secured Lending's headline earnings increased 6,2% to R1 720m (2014: R1 619m) at an ROE of 15,9% (2014: 14,6%).

MFC delivered headline earnings of R1 179m (2014: R1 134m) at an ROE of 17,0% (2014: 15,7%). Average advances grew 9,8% to R72,6bn, with market share increasing to 30,6% (2014: 28,8%). New-business volumes were, however, negatively impacted by the implementation of the National Credit Amendment Act of 2014. The business operating model, including a robust new frontend system, and service excellence remain strong differentiators that continue to set benchmark credit approval turnaround times. Although the results reflect a reduced margin of 4,10% (2014: 4,27%) as a result of increased funding costs and less endowment income on lower capital levels, the business remains well positioned to take advantage of its efficiency ratio of 28,8% and its strong share of the preowned-car finance market. The CLR improved to 1,06% (2014: 1,25%), performing well below the target range. The specific coverage ratio on defaulted loans declined to 39,3% (2014: 54,5%) and the non-performing loan ratio increased to 2,7% (2014: 2,5%) due to the implementation of SARB directive 7/2015 (distressed restructures shown as defaults for six months vs four months in 2014) and an increase in restructures. In addition, MFC proactively rearranged more than 12 000 accounts, enabling these clients to keep their cars rather than us taking legal action or repossessing their vehicles.

In addition the following key MFC initiatives were implemented in 2015:

- A new self-service website where clients can access statements, border letters, eNaTIS copies and settlement figures.
- The total replacement of the motor dealer frontend system, preparing for a move to electronic and not-printed contracts.
- Strengthened alliances with selective car brands and motor franchises to ensure sustainability in a contracting market.

Home Loans delivered headline earnings of R540m (2014: R485m), increasing ROE to 14,0% (2014: 12,4%), which is above the cost of capital and has allowed the Home Loans business to contribute R40m to EP. This result has been driven by an improvement in the CLR to 0,06% (2014: 0,13%) and improved pricing for risk based on geographic location. New business is now priced, on average, at approximately 50 bps above prime compared with well-below prime before 2009. New business granted through the online channel is up 22% and contributes 11% of total registrations. Our commitment to providing our clients with an easy-to-use home loan application process was enhanced with the launch of the Instant Bond Indicator®, which gives prospective homeowners a real-time credit and affordability indication before they complete a full online application.

Nedbank's innovative home loan online application solution, which is a key differentiator of our value proposition and offers clients convenience and bond approval within hours, was named Technology Project of the Year by *The Banker* magazine. This accolade followed the recent Asian Banker's Middle East and Africa Awards held in Dubai, which saw Nedbank being awarded the Best Mortgage and Home Loans Product in Africa for 2015.

Retail's home loan defaulted portfolio continued to improve to 4,6% of home loan advances (2014: 4,8%) and is now at R3,8bn (2014: R3,9bn). Impairment coverage on the defaulted book decreased to 23,9% (2014: 26,4%) mainly due to SARB directive 7/2015 on restructured accounts. Early arrears of R2,6bn have remained stable at 3,2% of home loan advances. The post-2008 frontbook now generates an ROE of 18,6%, compared with 8,9% from the pre-2008 backbook, which continues to impact negatively on overall performance. However, R9bn of advances in the backbook (2014: R16bn) are loans that would pass in terms of current credit policy and utilising current pricing, but they are mispriced by 110 bps. Nedbank remains committed to helping clients facing financial hardship and provides a website to educate clients about their options should they fall behind on their home loan repayments. This website (Home Loans Payment Solution) has been viewed over 63 000 times. In addition, over 25 600 families have been able to retain their homes as a result of loan restructures, which offer an effective rehabilitation process, with the redefault rate on these loans being 14,5%.

Card and payments

Nedbank Card and Payments headline earnings increased by 1,9% to R879m (2014: R863m) at an ROE of 28,2% (2014: 28,2%). Adjusting for the regulatory impact that reduced interchange received, headline earnings would have increased by 15% to R993m. Furthermore, changing credit dynamics saw higher card impairments impacting headline earnings growth. Despite this, the CLR at 5,1% (2014: 4,8%) remains well within risk appetite parameters. NIR growth of 9,0% was underpinned by good growth in acquiring turnover of 17% and issuing turnover of 13%. Adjusting for the interchange reduction, NIR would have increased by 13,9% year on year. The Greenbacks Rewards

Programme remains relevant and continues to provide value for our clients, with membership increasing by 11%, and the value of redemptions by 33% year on year. The innovative Nedbank Greenbacks SHOP Card has significantly improved the ease of accessing rewards and increased the redemption options available. The cost of these higher redemptions as well as other turnover-related costs contributed an additional R203m to the expenses in the Card and payments business in 2015, driving expense growth of 9,8%.

Advances in mobile technology, changing client needs and new transaction and payment opportunities continue to drive our payments innovation agenda. During the year a number of innovative payment solutions were launched, including Nedbank Market Edge™, the international award-winning big-payments data solution, as well as GAP Access™, which provides a business funding solution to merchants.

Consumer Banking

Consumer Banking headline earnings improved to R337m (2014: R166m) at an ROE of 6,5% (2014: 3,0%). Revenues of R8,8bn were generated (2014: R8,6bn) in delivering the 'I know you' client experience, against which R1,3bn (2014: R1,9bn) was charged for impairments and a further R6,9bn for operating costs (2014: R6,3bn). The investment in distribution continued in line with the strategic direction set in prior years.

Digitally enabled clients are up 40% year on year and engaged users on all Nedbank social platforms are up 42%, with Nedbank leading the number of likes on Instagram and coming second on Facebook, Twitter, YouTube and Google+ relative to our peers.

New products launched in the funding space included the 32Day Notice Account, GoalSave and the tax-free savings account. On the marketing front our campaigns continued to be well received, with Nedbank winning numerous awards in 2015 (Loeries, Millward Brown, Pendoring and Assegai). The effort expended on our Winning in Transactional Banking in 2020 strategy has seen a marked improvement in client relationships, demonstrated by Nedbank ending 2015 in first place among the banks in respect of the HelloPeter client feedback ratio. Nedbank Brand Tracker results further illustrate how Nedbank has made progress on the broad range of metrics covered, with significant gains noted in the 'likelihood to purchase' and 'retention' areas. Furthermore, Nedbank has shown the greatest year-on-year improvement in the market in the annual Consulta Survey, with the retail reputational net promoter score (NPS) improving to 21% from 15%. Additionally, the handling of escalated complaints continues at an exceptionally high standard, with full service recovery in most cases.

Management actions contributed to a 35% increase in headline earnings from Personal Loans to R842m (2014: R624m) at an ROE of 28,0% (2014: 17,9%) as the CLR ratio declined to 7,48% (2014: 10,04%), thereby offsetting the lower personal-loan average advances. Including the shared economics reflected in Nedbank Wealth, Personal Loans has increased headline earnings 20,4% to R1 051m (2014: R874m) and generated an ROE of 33,6% (2014: 24,0%) on an allocated economic capital ratio of 18,1%.

Overall margins for the personal-loans book increased by 185 bps to 18,9% (2014: 17,0%).

The personal-loans book has grown for the first time since the fourth quarter of 2012 to R16,3bn, up from R16,2bn in June 2015, although down 4,5% from the prior year at R17,1bn. Increased disbursements, driven by an enhanced value proposition (increased maximum loan size to R200k for best-risk clients), increased marketing presence as well as improved onboarding process will contribute to growth into the future. Further innovations in respect of product offerings, channels and client onboarding will continue into 2016 and beyond, enabling sustainable growth within current risk appetite. Client retention has remained stable over the period, with improved penetration and takeup rates for lower-risk clients. The recent changes to maximum interest rates will, however, have a major impact on the unsecured-lending market.

Personal-loan defaults peaked in May 2013 and are now 8,2% lower than in December 2014. Specific actions have ensured that the impairments charge has remained below the June 2013 level, with management continuing to be vigilant about the dynamics of the unsecured-lending industry. Postwriteoff recovery performance continues to improve and has increased 16,1% year on year to R398m (2014: R343m), highlighting conservative provisioning and writeoff policies as well as excellent collections performance.

Given current consumer health levels as well as ongoing industry concerns and regulatory change, credit risk optimisation and collections performance remain a priority. The overall book quality continues to improve, with only R51m (2014: R160m) of the existing book outside our current risk appetite range. A further R329m is underpriced relative to new business, however, this specific portfolio is continuing to decline and both portfolios are performing in line with expectations. The non-performing loan-coverage ratio has increased marginally to 66,7% (2014: 65,9%) as a result of R82m of provisions made for mining-related exposures.

Retail Relationship Banking

Retail Relationship Banking, which serves small businesses, their owners and salaried individuals seeking a professional relationship banking experience, delivered headline earnings of R381m (2014: R323m) at an ROE of 16,4% (2014: 15,1%). These results include the post-tax effect of internal client migrations (+R35m headline earnings), endowment benefits (+R17m), the run rate impact of pricing changes in H2 2014 (-R27m) and an increase in impairments against an abnormally low CLR of 0,07% in 2014 (-R12m).

The 'open for business' mindset is further evidenced by increased payouts, double-digit liability growth, core NIR growth of 7,3% and 17% preprovisioning operating profit growth year on year after, adjusting for the internal client migrations and the impact of repricing.

Direct expenses remained flat as efficiencies continue to be unlocked following the organisational changes in 2013/14 as well as ongoing diligence in managing down organic cost and headcount. Total expenses have, however, grown by 6,4% as Retail Relationship Banking carries its share of the Nedbank cost base.

Strong focus on collections, the granting of quality loans with the emphasis on primary banked clients and model refinements maintained the CLR at a low 0,12%.

While competition in the professional/upper-middle segment remains fierce, our redefined proposition for professionals is resonating in the market, and our strategies to attract new clients – especially young professionals transitioning from university into business – are showing effect. This, coupled with a proactive upsell strategy into the existing Nedbank base, provides significant opportunities for future growth.

Nedbank's strong positioning in the small-business segment, which has been built over several years, is being leveraged to drive growth in the client base, with market share now estimated at between 15% and 20%. We continue to invest in the development of small business not only for Nedbank, but also for a stronger and more sustainable SA through initiatives such as the Business Accelerator Programme, Small Business Seminars and the Small Business Index. Our ongoing support to the Expanded Public Works Programme, through which we financed 59 entrepreneurs to a value of R19m in 2015, and the provision of business registration services in our branches and online are further examples of this focus.

Favourable	Unfavourable
■ Quality origination across all asset classes at appropriate risk-based pricing. ■ Significantly lower impairments, particularly in Personal Loans and Home Loans, with both Card and Retail Relationship Banking below our through-the-cycle range. ■ Main banked client growth of 8,5% driving transactional NIR growth. ■ Cost-efficiency gains through consolidation of roles, removal of duplication and increased technological enablement. ■ Consistent investment in distribution and client-centred innovation.	■ Muted credit growth from highly indebted consumers. ■ Slowdown in unsecured-lending market with recent regulatory changes. ■ Reduced NIR in Card business due to the impact of new interchange rates. ■ Increase expense growth driven by regulatory and turnover-related costs. ■ Lower transactional volumes/NIR growth in Business Banking's small-and-medium-enterprises business.

Nedbank Retail and Business Banking – Advances and impairments

for the year ended

	Daily gross average advances Rm		Current %		Impaired %		Defaulted %		% of total advances	
	Dec 2015	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014
Home loans	**106 676**	102 638	**93,2**	92,6	**2,8**	2,9	**4,0**	4,5	**37,9**	37,1
MFC	**76 604**	70 233	**94,0**	93,2	**3,2**	4,2	**2,8**	2,6	**28,1**	27,2
Personal loans	**16 656**	18 752	**79,6**	79,1	**6,3**	6,3	**14,1**	14,6	**5,7**	6,2
Card	**14 031**	12 484	**88,8**	89,8	**3,5**	3,4	**7,7**	6,8	**4,8**	4,8
Overdrafts and other loans	**2 041**	2 099	**86,1**	86,4	**1,4**	1,1	**12,5**	12,5	**0,6**	0,7
Total Retail	**216 008**	206 206	**92,2**	91,5	**3,2**	3,7	**4,6**	4,8	**77,1**	75,8
Business Banking[2]	**66 423**	65 300	**92,9**	93,4	**4,0**	3,5	**3,1**	3,1	**22,9**	24,2
Total RBB	**282 431**	271 506	**92,3**	92,0	**3,4**	3,6	**4,2**	4,4	**100,0**	100,0

Balance sheet impairment as a % of book

	Total impairments Rm		Current %		Impaired %		Defaulted %		% of total	
	Dec 2015	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014
Home loans	**1 710**	2 017	**0,40**	0,49	**6,46**	8,51	**25,29**	27,95	**1,56**	1,96
MFC[1]	**1 879**	2 021	**0,85**	0,80	**12,80**	13,16	**39,86**	53,59	**2,31**	2,68
Personal loans	**2 264**	2 377	**2,68**	2,33	**37,30**	38,58	**66,70**	65,93	**13,88**	13,91
Card	**1 158**	962	**0,58**	0,55	**12,66**	12,28	**95,64**	94,31	**8,34**	7,29
Overdrafts and other loans	**224**	223	**0,46**	0,41	**35,83**	41,14	**95,80**	92,01	**12,86**	12,30
Total Retail	**7 235**	7 600	**0,72**	0,74	**13,70**	14,88	**46,70**	49,44	**3,25**	3,61
Business Banking[2]	**1 437**	1 333	**0,72**	0,53	**6,22**	8,34	**40,40**	38,45	**2,17**	1,98
Total RBB	**8 672**	8 933	**0,72**	0,68	**11,69**	13,35	**45,64**	47,57	**3,00**	3,22

Balance sheet

	Total advances Rm		Performing Rm		Defaulted Rm		Portfolio impairments Rm		Specific impairments Rm	
	Dec 2015	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014
Home loans	**109 299**	103 040	**104 916**	98 431	**4 383**	4 609	**602**	728	**1 108**	1 289
MFC[1]	**81 192**	75 509	**78 958**	73 560	**2 234**	1 949	**989**	977	**890**	1 044
Personal loans	**16 309**	17 086	**14 012**	14 584	**2 297**	2 502	**732**	728	**1 532**	1 649
Card	**13 885**	13 215	**12 813**	12 323	**1 072**	892	**132**	120	**1 026**	842
Overdrafts and other loans	**1 744**	1 813	**1 526**	1 586	**218**	227	**15**	15	**209**	208
Total Retail	**222 429**	210 663	**212 225**	200 484	**10 204**	10 179	**2 470**	2 568	**4 765**	5 032
Business Banking	**66 172**	67 152	**64 113**	65 065	**2 059**	2 087	**605**	530	**832**	803
Total RBB	**288 601**	277 815	**276 338**	265 549	**12 263**	12 266	**3 075**	3 098	**5 597**	5 835

Income statement

	Income statement impairments charge Rm		Portfolio impairment Rm		Specific impairment Rm		Postwriteoff recoveries Rm		Credit loss ratio %	
	Dec 2015	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014
Home loans	**50**	97	**(138)**	(77)	**260**	255	**(72)**	(81)	**0,05**	0,09
MFC	**804**	853	**7**	143	**1 077**	903	**(280)**	(193)	**1,05**	1,21
Personal loans	**1 244**	1 879	**5**	(64)	**1 637**	2 286	**(398)**	(343)	**7,47**	10,02
Card	**724**	604	**11**	9	**937**	783	**(224)**	(188)	**5,16**	4,84
Overdrafts and other loans	**70**	67	**1**	(5)	**110**	121	**(41)**	(49)	**3,41**	3,16
Total Retail	**2 892**	3 500	**(114)**	6	**4 021**	4 348	**(1 015)**	(854)	**1,34**	1,70
Business Banking	**320**	271	**95**	85	**263**	205	**(38)**	(19)	**0,48**	0,42
Total RBB	**3 212**	3 771	**(19)**	91	**4 284**	4 553	**(1 053)**	(873)	**1,14**	1,39

[1] *The implementation of SARB directive 7/2015 has resulted in distressed restructures being held in default for greater than six months plus, rather than the previous three months. This has resulted in a drop in the impaired and defaulted coverage ratios.*

[2] *Business Banking classifies and manages its advances by NGR ratings (NGR1–25 and NP), while Retail classifies its advances by arrear status. Business Banking advances have been mapped in the analysis as follows: NGR 1–20 as current; NGR 21–25 as impaired; and non-performing as defaulted.*

Retail and Business Banking: Key Business Statistics

		Dec 2015	Dec 2014	Dec 2013
Business Banking				
New client acquisitions		**5 030**	4 710	4 555
Value of loan payouts	Rbn	**23,0**	23,3	22,9
Cross-sell product holding[1]		**94165**	93 816	89 419
Home Loans				
Number of applications received	thousands	**112**	106	100
Value of loan payouts	Rbn	**15,4**	13,0	11,4
Average loan-to-value (LTV) of new business registered	%	**90**	90	88
Average balance-to-original-value (BTV) of portfolio	%	**77**	77	78
Proportion of new business written through own channels	%	**70**	73	72
Proportion of book written since 2009	%	**58**	51	43
Owned-properties book	Rm	**167**	205	242
Vehicle Finance				
Number of applications received	thousands	**1 394**	1 401	1 371
Value of loan payouts	Rbn	**30,6**	30,8	29,8
Sales used vehicles	%	**62,9**	66,8	64,7
Personal Loans				
Number of applications received	thousands	**1 096**	1 098	1 430
Disbursal rate	%	**21,3**	19,1	18,9
Value of loan pay-outs	Rbn	**8,6**	7,4	9,2
Average loan size	thousands	**36,8**	35,4	34,1
Average term	months	**38,8**	38,7	39,3
Retail deposits				
Number of deposits	thousands	**5 190**	3 995	3 822
Value of incoming deposits	Rbn	**56**	47	43
Number of clients at period end				
Retail main banked clients	thousands	**2 703**	2 492	2 329
Business Banking (groups)[2]		**22 244**	25 124	24 770
Small Business Services	thousands	**236**	224	215
Home Loans	thousands	**316**	326	334
MFC	thousands	**549**	546	536
Personal loans	thousands	**495**	555	658
Card issuing	thousands	**1 045**	1 034	988
Investment products	thousands	**1 311**	1 193	1 074
Transactional products	thousands	**5 514**	5 358	4 880
Impact of small-balance account closures	thousands	**(359)**		
Distribution				
Number of Business Banking locations		**70**	70	71
Number of Retail outlets		**708**	764	763
Number of 'branch of the future'[3]		**255**	171	33
Number of ATMs[4]		**3 695**	3 585	3 382
Number of ATMs with cash-accepting capabilities[5]		**550**	456	158
Retail digitally enabled clients	thousands	**3 112**	2 224	1638
Retail digitally active clients	thousands	**1 115**	1 009	765
POS Devices[6]	thousands	**78**	69	52

[1] *BB product holding increased by 5% yoy when adjusting for product count of 4 470 that related to the Medical Professional Portfolio that was migrated from BB to RRB.*

[2] *BB groups increased by 2% yoy when adjusting for 3 297 medical professional groups that migrated from BB to RRB.*

[3] *Included in the Retail outlet number – shown separately for additional disclosure.*

[4] *Includes 15 Corporate cash devices.*

[5] *Cash-accepting devices included in total number of ATMs.*

[6] *December 2014 restated to include PocketPos™.*

NEDBANK WEALTH

Nedbank Wealth's headline earnings grew by 8,8% to R1 134m (2014: R1 042m), while economic profit grew 17,9% to R778m (2014: R660m). Return on equity (ROE) increased to 41,5% (2014: 36,8%). These results are attributable to continued momentum in Wealth Management and Asset Management, offset by a marginal decline in Insurance.

Net interest income (NII) increased by 22,0% on the back of strong advances and liabilities growth both locally and internationally, with the net interest margin maintained at 1,93% (2014: 1,94%). The credit loss ratio of 0,15% (2014: 0,17%) remains below our through-the-cycle target range of 0,20% to 0,40%.

The ratio of non-interest revenue (NIR) to expenses declined to 131,6% (2014: 136,9%) as a result of the historic slowdown in retail lending volumes and commensurate decline in insurance revenue. Expenses grew by 9,9%, predominantly due to the depreciating rand, as well as ongoing investment in new systems and client-facing capacity. This resulted in a slight deterioration of the efficiency ratio to 62,6% (2014: 61,7%).

The strong momentum experienced in the first half of 2015 continued in our Wealth Management businesses both locally and internationally. Higher brokerage income as well as an increased planner footprint and productivity underpinned an excellent performance in stockbroking and financial planning.

Nedbank Private Wealth benefited from strong growth in advances and liabilities up 12,3% and 22,8% respectively, increased forex income and an improvement in impairments.

Nedbank Private Wealth was recognised internationally as the Best UK Private Bank in the 2015 City of London Wealth Management Awards and rated the Best International Banking Service at the International Fund and Product Awards.

Locally Nedbank Private Wealth ranked first in the Entrepreneur category of the 2015 Intellidex Top Private Banks and Wealth Managers Survey. In the annual Euromoney Private Banking and Wealth Management Survey the business won first place for Philanthropic Advice, Social Impact Investing and Succession Planning Advice and Trust.

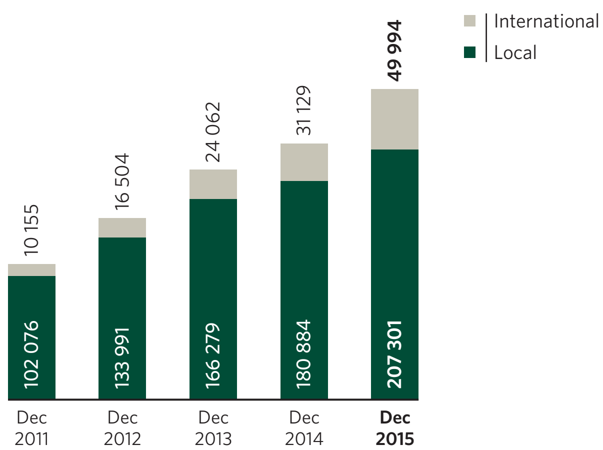
Asset Management had an outstanding year with excellent fund performance and record net inflows of R24,5bn. Despite volatile markets, assets under management grew strongly by 21,4% to R257bn (2014: R212bn).

Nedgroup Investments won both the SA and Offshore Management Company of the Year awards in 2015 at the 20th Annual Raging Bull Awards. This is the seventh consecutive year that Nedgroup Investments has been placed among the top three domestic management companies, demonstrating our commitment to delivering outstanding long-term performance to our clients.

The historic slowdown in retail lending volumes impacted overall insurance earnings during 2015. Life value of new business decreased by 3,9% to R247m (2014: R257m) mainly due to lower selected voluntary credit life products. Life embedded value grew by 11,0% to R2 657m (2014: R2 393m) following a lower dividend payout in line with Solvency Assessment and Management regulatory changes and investment in new products and systems. Significantly lower weather-related claims and an increase in gross written premiums of 7,9% to R1 056m (2014: R979m) supported non-life insurance earnings growth.

The credit life proposition introduced in 2013 is well positioned within the product guidelines currently proposed by the Regulator.

ASSETS UNDER MANAGEMENT
(Rm)



FINANCIAL HIGHLIGHTS
for the year ended

	Dec 2015	Dec 2014
Headline earnings (Rm)	**1 134**	1 042
Return on equity (%)	**41,5**	36,8
Return on assets (%)	**1,84**	1,91
Credit loss ratio (%)	**0,15**	0,17
Non-interest revenue to total expenses (%)	**131,6**	136,9
Efficiency ratio (%)	**62,6**	61,7
Interest margin (%)	**1,93**	1,94
Impairments charge on loans and advances (Rm)	**39**	41
Assets under management (Rm)	**257 295**	212 013
Life insurance embedded value (Rm)	**2 657**	2 393
Life insurance value of new business (Rm)	**247**	257
Total assets (Rm)	**61 322**	57 609
Average total assets (Rm)	**61 729**	54 640
Total advances (Rm)	**28 206**	24 819
Average total advances (Rm)	**26 588**	23 685
Total deposits (Rm)	**34 083**	26 122
Average total deposits (Rm)	**29 125**	23 719
Allocated capital (Rm)	**2 734**	2 830

Looking forward

We expect 2016 to be a challenging year, with continued market volatility, an increase in consumer pressure and international interest rates remaining lower for longer.

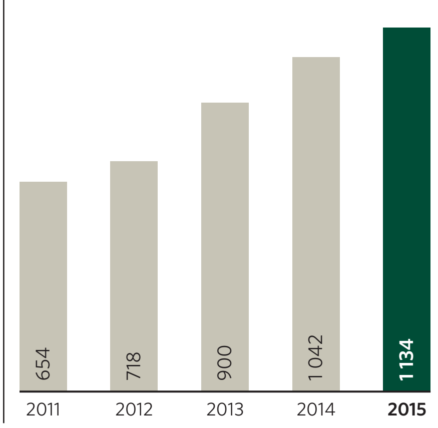
Our focus in Wealth Management will be to profile Nedbank Private Wealth and enhance our client value proposition to include digital and direct capabilities to support client growth.

Asset Management will maintain its focus on fund performance and drive continued growth across our Best of Breed™, passive, cash, institutional and international offerings.

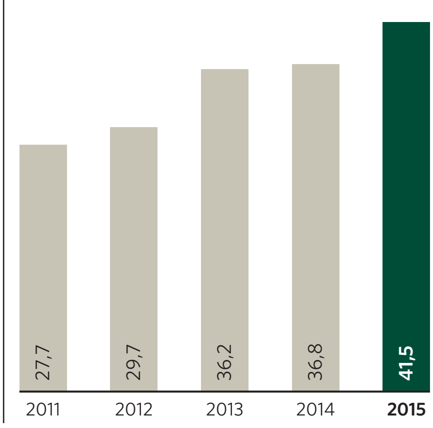
In Insurance we concluded a business reorganisation in 2015, resulting in the merger of our previously separate businesses under Nedbank Insurance. This was the first step towards enabling our client-centred journey. We will build on this strategy by insourcing operational elements of our core product set and start with the implementation of a single policy administration system.

We remain committed to delivering on regulatory requirements and to continuing to identify opportunities for unlocking value through collaboration within the wider group.

HEADLINE EARNINGS
(Rm)



RETURN ON EQUITY
(%)



Favourable	Unfavourable
■ Momentum in Wealth and Asset Management.	■ International interest rates lower for longer.
■ Strong advances and liabilities growth.	■ Exchange rate impacting cost growth.
■ Increase in forex and brokerage income.	■ Historic decline in retail lending volumes.
■ Excellent investment performance.	■ Slower growth in selected voluntary credit life products.
■ Favourable weather-related claims.	■ Increased regulatory pressure and associated costs.

ASSETS UNDER MANAGEMENT

at

Rm	Dec 2015	Dec 2014
Fair value of funds under management – by type		
Unit trusts	**197 308**	154 869
Third parties	**2 290**	1 846
Private clients	**57 697**	55 298
	257 295	212 013
Fair value of funds under management – by geography		
South Africa	**207 301**	180 884
Rest of the world	**49 994**	31 129
	257 295	212 013

Rm	Unit trusts	Third parties	Private clients	Total
Reconciliation of movement in funds under management – by type				
Opening balance at 31 December 2014	**154 869**	**1 846**	**55 298**	**212 013**
Inflows	**251 538**	**19**	**11 171**	**262 728**
Outflows	**(226 625)**	**(117)**	**(11 498)**	**(238 240)**
Mark-to-market value adjustment	**7 054**	**30**	**1 802**	**8 886**
Foreign currency translation differences	**10 472**	**512**	**924**	**11 908**
Closing balance – 31 December 2015	**197 308**	**2 290**	**57 697**	**257 295**

Rm	South Africa	Rest of the world	Total
Reconciliation of movement in funds under management – by geography			
Opening balance at 31 December 2014	**180 884**	**31 129**	**212 013**
Inflows	**250 959**	**11 769**	**262 728**
Outflows	**(233 156)**	**(5 084)**	**(238 240)**
Mark-to-market value adjustment	**8 614**	**272**	**8 886**
Foreign currency translation differences		**11 908**	**11 908**
Closing balance – 31 December 2015	**207 301**	**49 994**	**257 295**

REST OF AFRICA

Our strategy remains to own and manage banking operations in the Southern African Development Community (SADC) and East Africa (where we have six operations and aspire, over time, to have 10), and to provide access to a banking network in West and Central Africa through our investment and alliance with the pan-African banking group Ecobank, which operates in 36 countries. We have built on the success of 2014 and made notable progress in delivering our strategy of building a pan-African network.

In SADC and East Africa we made good progress with our one-bank-model rollout, including:

- Rolling out the core banking system (Flexcube) in Namibia.
- Restructuring our branches for sales effectiveness.
- Deploying the client-friendly, new-look 'branch of the future'.
- Launching new client value propositions (CVPs) and products, including card and cash solutions.

We also laid a foundation for the integration of Banco Único on attaining control in 2016, with a focus on enhancing the control environment, optimising technology-related costs and extending compelling value propositions to SA-banked corporates in Mozambique.

In West and Central Africa we continue to unlock value beyond our equity stake with all Nedbank clusters directly collaborating with their Ecobank counterparts. Since the establishment of the Ecobank Nedbank alliance, 179 accounts have been opened in 23 countries for 74 SA corporate clients of Nedbank. The deepening alliance is further evidenced by joint-financing transactions in East and West Africa. We also continue to support Ecobank Transnational Incorporated (ETI) in a number technical areas such as balance sheet management, risk and information technology, where teams contribute through information sharing and technical skills support.

Financial highlights

Headline earnings grew 93,6% to R691m (2014: R357m), mainly driven by earnings from the investment in ETI of R500m (2014: R67m) for a full year accounted for one quarter in arrear. However, return on equity remained flat at 10,2% due to an additional capital allocation, which grew 91,6% to R6 799m (2014:R3 549m). With effect from January 2015 capital allocated to Rest of Africa comprises the higher of host country regulatory capital, Basel III regulatory capital or economic capital. Group economic capital invested in the Rest of Africa is now approximately 9%.

Net interest income (NII), including funding costs of ETI, declined 17,7% to R740m (2015: R899m). Excluding ETI funding costs NII would have grown 19,6% to R1,1b (2014: R919m) on the back of strong advances growth of 23,9%.

Non-interest revenue (NIR) grew by 6,7% to R818m (2014: R767m), mainly on the back of an 8% growth in clients in the banking subsidiaries.

The credit loss ratio (CLR) increased by 102 basis points to 1,25% (2014: 0,23%) due to a higher impairments charge from a single client. Excluding the unusual increase, CLR would have been 0,55%, reflecting the deteriorating economic climate.

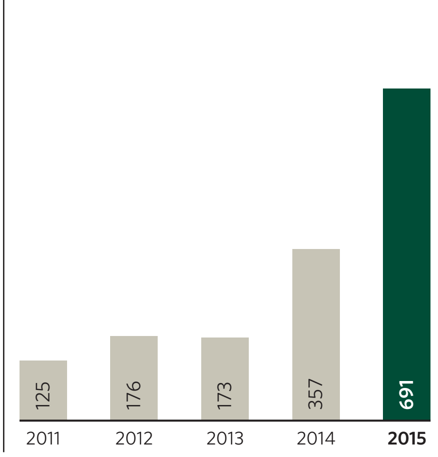
Expenses increased 21, 5% to R1,52bn (2014: R1,25bn) due to our continued investment in the business, including the rollout of new branches and refurbishments, ATMs, card and cash solutions, the deployment of a new core banking platform in Namibia and investment in staff.

The efficiency ratio improved to 62,8% (2014: 69,2%) due to the inclusion of the associate income from ETI.

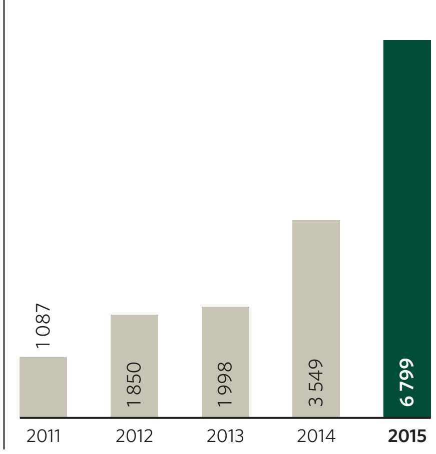
Associate income of R 871m (2014: R148m) was earned from investments in associates ETI and Banco Único. Associate income from ETI is based on 1 October 2014 to 30 September 2015 results due to time differences of announcing results for Nedbank and ETI.

	Total Rest of Africa		SADC and East Africa		West and Central Africa	
	Dec 2015	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014
Headline earnings (Rm)	**691**	357	**191**	290	**500**	67
Return on equity (%)	**10,2**	10,1	**5,9**	12,7	**14,1**	5,2
Return on assets (%)	**2,31**	1,58	**0,95**	1,67	**5,16**	1,25
Credit loss ratio (%)	**1,25**	0,23	**1,27**	0,28		
Non-interest revenue to total expenses (%)	**53,7**	61,2	**50,5**	59,0		
Efficiency ratio (%)	**62,8**	69,2	**81,7**	75,5		
Impairments charge on loans and advances (Rm)	**201**	35	**201**	35		
Total assets (Rm)	**32 941**	27 428	**23 158**	19 947	**9 783**	7 481
Average total assets (Rm)	**29 879**	22 684	**20 196**	17 338	**9 683**	5 346
Total advances (Rm)	**16 515**	14 073	**16 515**	13 785		288
Average total advances (Rm)	**15 828**	14 821	**15 543**	12 544	**285**	2 277
Total deposits (Rm)	**21 208**	17 058	**21 208**	17 058		
Average total deposits (Rm)	**20 100**	16 830	**20 100**	16 830		
Allocated capital (Rm)	**6 799**	3 549	**3 245**	2 273	**3 554**	1 276

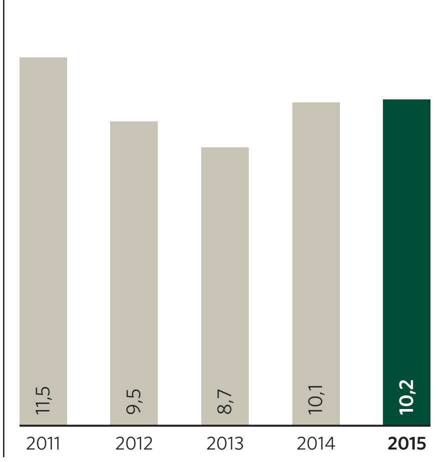
HEADLINE EARNINGS
(Rm)



ALLOCATED CAPITAL
(Rm)



RETURN ON EQUITY
(%)



Looking forward

We continue to see growth opportunities despite the economic headwinds and will continue to grow our existing business by:

- Rolling out our new core banking system to Swaziland and Lesotho.
- Growing our distribution channels (including alternative channels) in a cost-efficient manner.
- Deploying appropriate and competitive CVPs in both wholesale and retail.
- Deploying our digital platform, including mobile, starting with Namibia, Swaziland and Lesotho.
- Starting the integration of Banco Único on attaining control in 2016.
- Improving the control environment.
- Continuing to leverage and improve collaboration with Ecobank and the greater Nedbank Group.

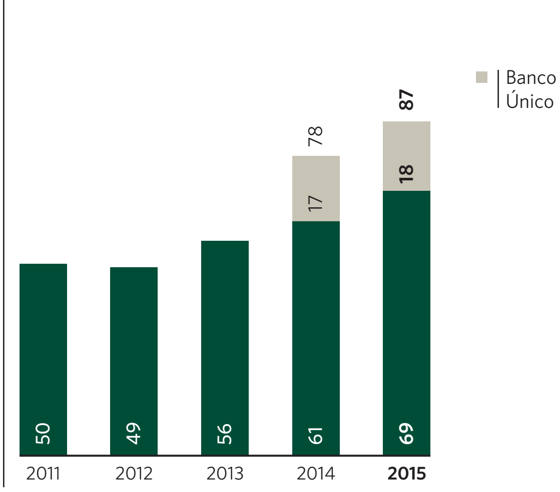
Favourable

- Investment in ETI contributing to growth in headline earnings.
- Deepening and strengthening our strategic and technical alliance to enhance our value proposition for our clients.
- Investing consistently in distribution and client-centered innovation.
- Investing in our people and strengthening our leadership.
- Improving business performance from our Rest of Africa subsidiaries, with robust growth in advances.

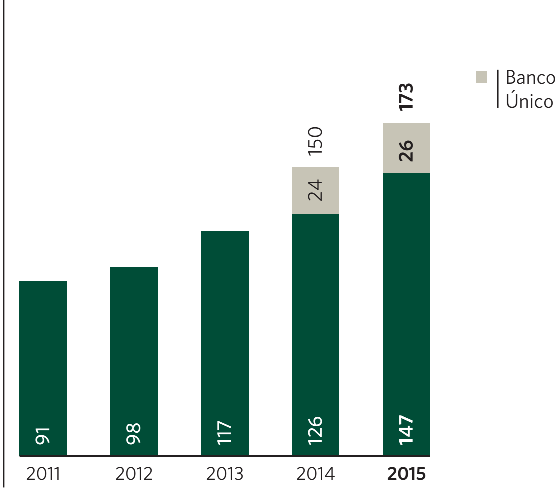
Unfavourable

- Higher socioeconomic risks than developed markets.
- Higher year-on-year impairments.
- Increased regulatory requirements driving costs of compliance.
- Oil and commodity prices impacting clients and economies in Rest of Africa.

BRANCHES



ATMs



Note: Rest of Africa figures include agencies.

1 AVERAGE BANKING STATEMENT OF FINANCIAL POSITION AND RELATED INTEREST

	Dec 2015			Dec 2014		
	Average balance	Margin statement interest		Average balance	Margin statement interest	
Rm	Assets	Received	%	Assets	Received	%
Average prime rate			9,39			9,07
Assets						
Loans and advances						
Home loans (including properties in possession)	140 418	11 651	8,30	136 669	10 764	7,88
Commercial mortgages	129 866	11 576	8,91	113 525	9 811	8,64
Finance lease and instalment debtors	95 240	9 996	10,50	88 119	8 942	10,15
Credit card balances	14 251	1 949	13,68	12 715	1 712	13,47
Overdrafts	16 212	1 553	9,58	15 541	1 432	9,21
Term loans and other[1]	206 371	12 322	5,97	185 310	9 572	5,17
Personal loans	18 040	4 181	23,18	19 838	4 318	21,77
Impairment of loans and advances	(11 292)			(11 536)		
Government and public sector securities	42 697	3 441	8,06	41 692	3 581	8,59
Short-term funds and trading securities	72 277	3 620	5,01	50 321	2 487	4,95
Interest-earning banking assets	724 080	60 289	8,33	652 194	52 619	8,07
Net interdivisional assets – trading book	(57 465)			(34 551)		
Revaluation of FVTPL-designated assets	768			761		
Cash and banknotes	4 912			4 095		
Derivative financial instruments	124			129		
Other assets	11 540			10 739		
Insurance assets	15 964			15 968		
Associates and investments	11 217			7 117		
Property and equipment	7 678			7 143		
Mandatory reserve deposit with central banks	14 945			13 555		
Intangible assets	9 243			8 301		
Total assets	743 006	60 289	8,11	685 451	52 619	7,68
	Liabilities	Paid	%	Liabilities	Paid	%
Deposit and loan accounts	377 466	21 013	5,57	354 275	18 410	5,20
Current and savings accounts	88 998	707	0,79	79 876	672	0,84
Negotiable certificates of deposit	89 105	6 192	6,95	82 210	5 138	6,25
Other interest-bearing liabilities[2]	42 599	4 915	11,54	37 796	2 594	6,86
Long-term debt instruments	41 554	3 577	8,61	34 516	2 844	8,23
Interest-bearing banking liabilities	639 722	36 404	5,69	588 673	29 658	5,04
Derivative financial instruments	1 315			931		
Other liabilities	13 309			13 223		
Investment contract liabilities	16 337			15 765		
Revaluation of FVTPL-designated liabilities	768			761		
Ordinary shareholders' equity	67 634			62 274		
Minority shareholders' equity	3 921			3 824		
Total shareholders' equity and liabilities	743 006	36 404	4,90	685 451	29 658	4,33
Interest margin on average interest-earning banking assets	724 080	23 885	3,30	652 194	22 961	3,52

[1] *Includes: term loans, preference shares, factoring debtors, other lending-related instruments and interest on derivatives.*

[2] *Includes: foreign currency liabilities and the fluctuation in the yield is attributable to a change in funding mix between banking and trading portfolios.*

MARGIN MANAGEMENT

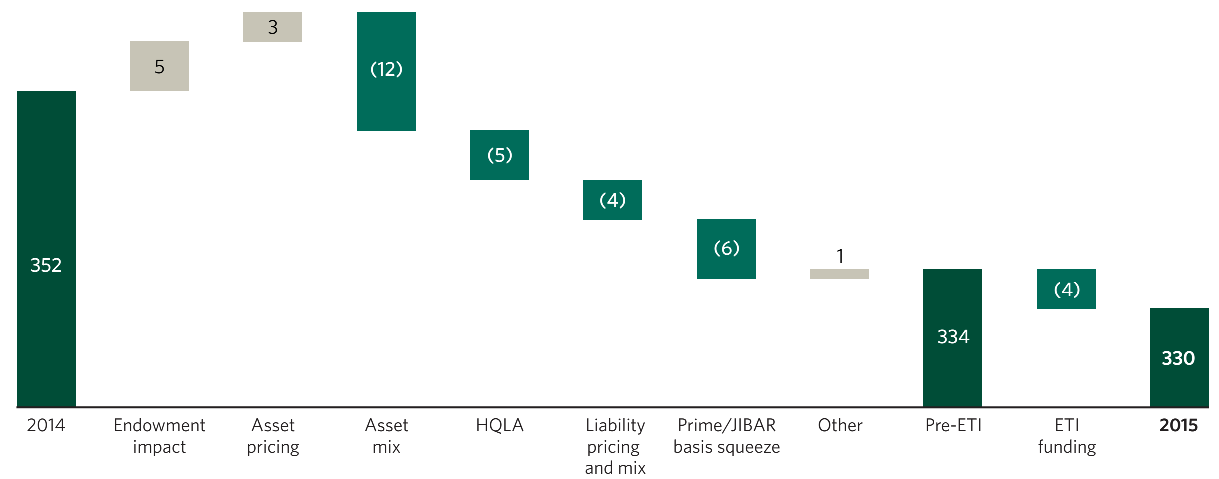
Margin summary analysis

Nedbank Group	2015 Bps	2015 Rm	2014 Bps	2014 Rm
Interest-earning banking assets (year-to-date average)		**724 080**		652 194
Opening net interest margin (NIM)/net interest income (NII)[2]	**352**	**22 961**	357	21 220
Growth in banking assets		**2 531**		2 051
Asset margin pricing and mix[1]	**(9)**	**(655)**	(12)	(799)
Impact due to pricing[1]	**3**	**244**		11
Impact due to mix change	**(12)**	**(899)**	(12)	(810)
Endowment	**5**	**346**	11	743
Capital, net of working capital		**2**	3	219
Deposits	**5**	**344**	8	524
Liability margin pricing and mix[1]	**(10)**	**(720)**	(3)	(206)
Change in marginal cost of wholesale funding	**(3)**	**(255)**		19
Prime/Johannesburg Interbank Agreed Rate (JIBAR) basis squeeze	**(6)**	**(421)**	(2)	(145)
Cost of enhancing funding profile (Basel III)	**(2)**	**(151)**		4
Other pricing and mix movements	**1**	**107**	(1)	(84)
Ecobank Transnational Incorporated (ETI) funding[2]	**(4)**	**(291)**	(1)	(79)
Increased levels of high-quality liquid assets (HQLA)	**(5)**	**(378)**	(3)	(166)
Other[1,2]	**1**	**91**	3	197
Closing NIM/NII for the year ended	**330**	**23 885**	352	22 961

[1] *2014 is restated to disclose prime/JIBAR basis squeeze separately.*

[2] *Nedbank reported associate income from ETI of R870m (2014: R146m), which investment incurred a posttax funding cost of R370m (2014: R79m) reported in NII. In addition, in 2014 Nedbank earned R76m (pre-tax) NII from the loan granted to ETI, which is reported in the opening net interest margin other analysis.*

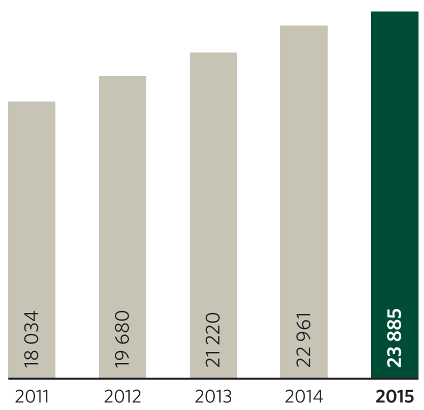
NET INTEREST MARGIN (YEAR ON YEAR)
(Bps)



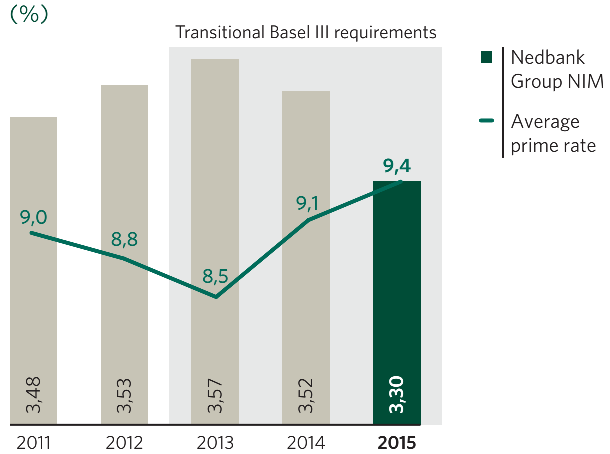
Net interest income

Favourable	Unfavourable
■ Strong advances growth in CIB and Rest of Africa. ■ NIM endowment benefit from the full-year run rate impact of the 2014 interest rate increases and the impact of 25 bps rate increases on 24 July 2015 and on 20 November 2015. ■ Improved risk-based pricing, with specific reference to home loans and personal loans. ■ Pragmatic compliance with transitional regulatory requirements.	■ Muted consumer demand, resulting in weak retail advances growth. ■ Higher growth in lower-yielding wholesale advances. ■ Pressure on funding costs, as a result of increased competition for Basel III-friendly deposits and an increase in the marginal cost of funds. ■ Prime/JIBAR basis squeeze due to the imperfect correlation of the adjustment of rates earned and paid on different instruments with otherwise similar repricing characteristics, in anticipation of increases in the repo rate. ■ ETI funding full-year carry cost (with share of earnings included in associate income). ■ Higher levels of HQLA, in line with the LCR transitional requirements.

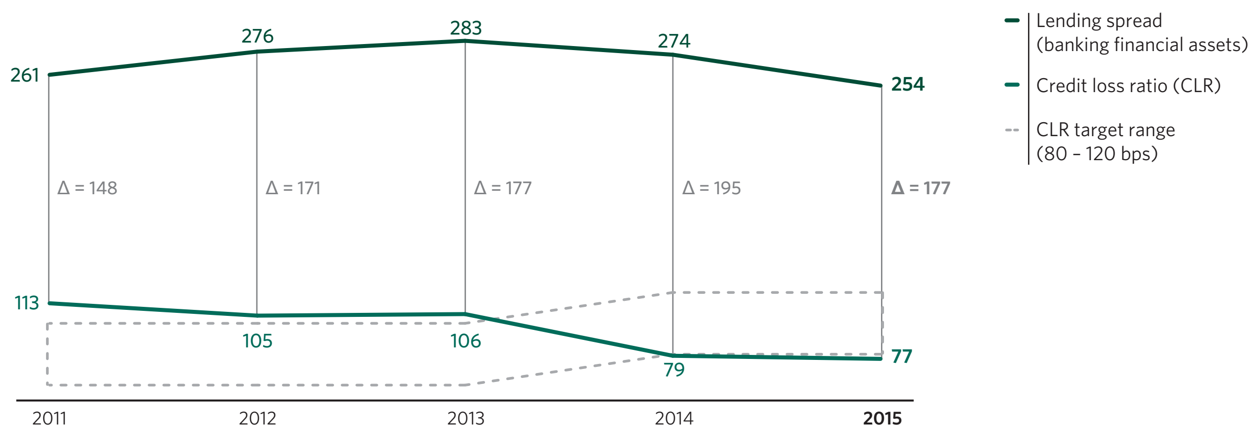
NET INTEREST INCOME
(Rm)



INTEREST MARGIN TRENDS VERSUS PRIME RATE OF NEDBANK GROUP
(%)

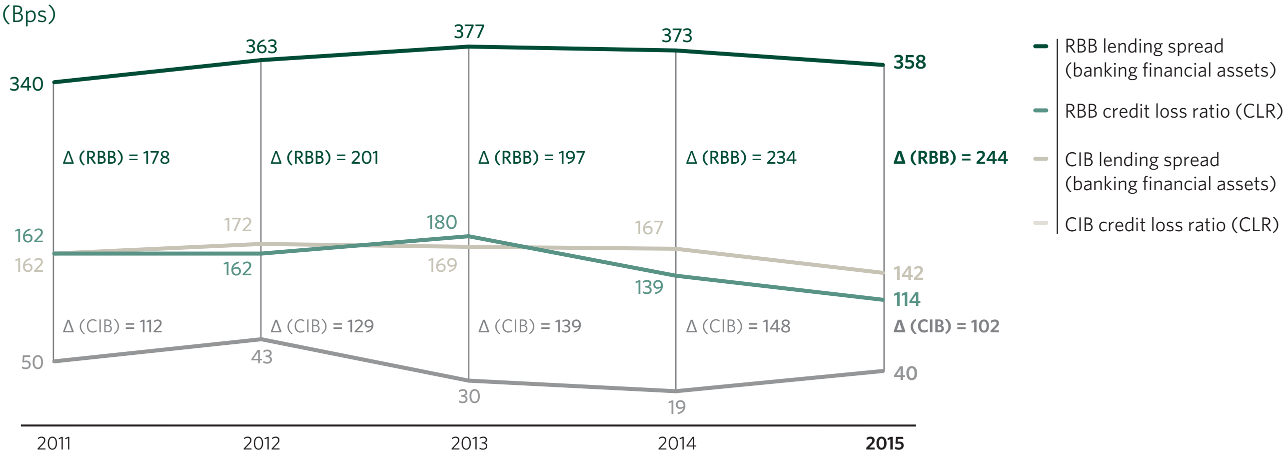


LENDING SPREAD VERSUS CREDIT LOSS RATIO (INCLUDING TARGET RANGE) OF NEDBANK GROUP
(Bps)



LENDING SPREAD VERSUS CREDIT LOSS RATIO OF NEDBANK RETAIL AND BUSINESS BANKING AND NEDBANK CORPORATE AND INVESTMENT BANKING

(Bps)



- While the change in mix towards low-margin wholesale assets and lower levels of high-margin personal loans has reduced Nedbank's NIM, which is partially compensated for by the lower CLR, currently at 77 bps. Over the period net lending spreads have improved to 177 bps (2011: 148 bps), albeit now lower than 2014, predominantly as a result of higher specific impairments in the CIB and Rest of Africa portfolios, largely relating to clients impacted by the downturn in the commodity cycle, as well as lower lending spreads as a result of advances mix changes and the increasing cost of regulation.
  - The improvement in Retail and Business Banking's (RBB's) net lending spread has been driven by enhanced risk-adjusted pricing and overall improved risk management across its lending portfolios.

2 IMPAIRMENT OF LOANS AND ADVANCES

Rm	Nedbank Corporate and Investment Banking	Nedbank Retail and Business Banking
Opening balance	1 481	8 933
Specific impairment	764	5 835
Specific impairment excluding discounts	510	5 160
Specific impairment for discounted cashflow losses	254	675
Portfolio impairment	717	3 098
Impairments charge and recoveries	1 262	4 265
Statement of comprehensive income charge net of recoveries	1 188	3 212
Specific impairment[1]	845	3 264
Nett increase/(decrease) in impairment for discounted cashflow losses	46	(33)
Portfolio impairment[1]	297	(19)
Recoveries	74	1053
Amounts written off/Other transfers	(1 008)	(4 526)
Specific impairment	(1 033)	(4 521)
Portfolio impairment	25	(5)
Total impairments	1735	8 672
Specific impairment	696	5 598
Specific impairment excluding discounts	396	4 956
Specific impairment for discounted cashflow losses	300	642
Portfolio impairment	1 039	3 074
Total gross loans and advances	357 519	288 601

[1] *Details on segmental impairments and defaulted loans and advances are disclosed in the Risk and Balance Sheet Management Review – Credit Risk Section.*

Reconciliation of specific impairment for discounted cashflow losses

Rm		
Opening balance	254	675
Net increase/(decrease) in impairment for discounted cashflow losses	46	(33)
Interest on specifically impaired loans and advances	(198)	(716)
Net specific impairments charge for discounted cashflow losses	244	683
Closing balance	300	642

Nedbank Wealth	Rest of Africa	Centre	Dec 2015	Dec 2014
168	180	333	**11 095**	11 456
143	105	(15)	**6 832**	7 543
18		(15)	**5 673**	6 287
125	105		**1 159**	1 256
25	75	348	**4 263**	3 913
44	206	149	**5 926**	5 447
39	201	149	**4 789**	4 506
35	148	(1)	**4 291**	4 240
(3)	54		**64**	(97)
7	(1)	150	**434**	363
5	5		**1 137**	941
(57)	(18)	(1)	**(5 610)**	(5 808)
(58)	(48)		**(5 660)**	(5 795)
1	30	(1)	**50**	(13)
155	368	481	**11 411**	11 095
122	264	(16)	**6 664**	6 832
	105	(16)	**5 441**	5 673
122	159		**1 223**	1 159
33	104	497	**4 747**	4 263
28 361	16 883	1 679	**693 043**	624 116

125	105		**1 159**	1 256
(3)	54	–	**64**	(97)
(34)	(35)		**(983)**	(893)
31	89		**1 047**	796
122	159	–	**1 223**	1 159

Impairments

Favourable	Unfavourable
■ Benefits from early actions in Personal Loans and Home Loans, and improvement in our retail business in general. ■ Impact of mix change as wholesale advances grew faster than retail advances. ■ Increased levels of postwriteoff recoveries.	■ Increased impairments in CIB from economic downturn and impact on the commodity cycle including lower oil prices. ■ Increased impairments from single large client in Rest of Africa. ■ Additional overlays raised in RBB and at the Centre.

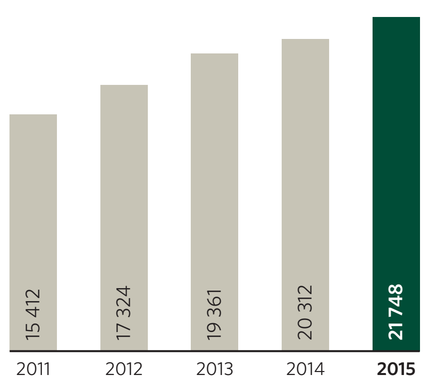
3 NON-INTEREST REVENUE

Rm	Nedbank Group Dec 2015	Nedbank Group Dec 2014	Nedbank Corporate and Investment Banking Dec 2015	Nedbank Corporate and Investment Banking Dec 2014
Commission and fee income	**15 627**	14 570	**2 431**	2 213
Administration fees	**899**	733	**20**	13
Cash-handling fees	**883**	882	**170**	153
Insurance commission	**679**	624		
Exchange commission	**522**	456	**155**	141
Other fees	**2 587**	2 342	**1 154**	917
Guarantees income	**187**	174	**127**	121
Card income	**3 272**	2 996		
Service charges	**3 706**	3 497	**39**	33
Other commission	**2 892**	2 866	**766**	835
Insurance income	**1 830**	1 986		
Fair-value adjustments	**(9)**	35	**81**	(61)
Fair-value adjustments	**(99)**	73	**81**	(61)
Fair-value adjustments – own long-term debt	**90**	(38)		
Trading income	**3 167**	2 648	**3 009**	2 434
Foreign exchange	**1 306**	1 202	**1 148**	988
Debt securities	**1 545**	1 194	**1 545**	1 194
Equities	**296**	227	**296**	227
Commodities	**20**	25	**20**	25
Private-equity income	**886**	762	**909**	762
Security dealing – realised[1]	**394**	350	**417**	350
Security dealing – unrealised[1]	**(157)**	(11)	**(157)**	(11)
Dividends received	**384**	84	**384**	84
Other income[2]	**76**	188	**76**	188
Interest and distribution[2]	**189**	151	**189**	151
Investment income	**58**	105	**28**	39
Dividends received	**43**	92	**28**	39
Long-term-assets sales	**15**	13		
Sundry income[2]	**189**	206	**50**	75
Total non-interest revenue	**21 748**	20 312	**6 508**	5 462

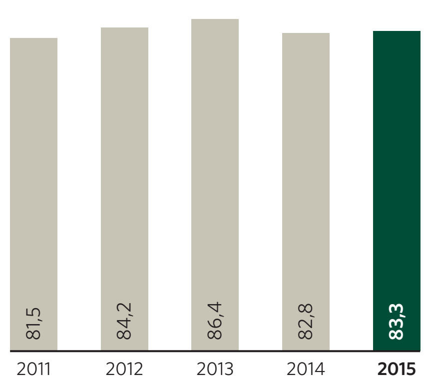
[1] *During the year R277m (Dec 2014: R175m) previously reported as unrealised income was realised, resulting in a reversal of unrealised income to realised.*

[2] *2014 restated to include more granular private equity income disclosure and reclassification of income from property partners (R339m) to private equity income lines.*

NON-INTEREST REVENUE
(Rm)



NON-INTEREST REVENUE TO TOTAL OPERATING EXPENSES
(%)



Nedbank Retail and Business Banking		Nedbank Wealth		Rest of Africa		Centre	
Dec 2015	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014
10 574	9 978	**2 047**	1 783	**622**	609	**(47)**	(13)
444	413	**377**	268	**52**	33	**6**	6
623	611	**2**	2	**88**	116		
433	423	**216**	189	**30**	12		
226	221	**82**	63	**57**	26	**2**	5
65	69	**1 395**	1 240	**45**	157	**(72)**	(41)
48	44			**12**	9		
3 243	2 968			**28**	28	**1**	
3 452	3 314	**26**	17	**189**	133		
2 040	1 915	**(51)**	4	**121**	95	**16**	17
319	354	**1 527**	1 630	**56**	1	**(72)**	1
(74)	22	**–**	–	**4**	–	**(20)**	74
(74)	22			**4**		**(110)**	112
						90	(38)
75	148	**–**	–	**83**	66	**–**	–
75	148			**83**	66		
–	–	**–**	–	**–**	–	**(23)**	–
						(23)	
11	12	**9**	3	**2**	12	**8**	39
1	1	**1**	1	**2**	12	**11**	39
10	11	**8**	2			**(3)**	
67	16	**10**	(17)	**52**	80	**10**	52
10 972	10 530	**3 593**	3 399	**819**	768	**(144)**	153

Net interest revenue

Favourable

- Continued increase in main banked client numbers, transactional wins and cross-sell across the group, driving commission and fee growth.
- Strong takeup of digital channels.
- Strong performance in trading on the back of increased client flows.
- Private equity realisations and dividends.

Unfavourable

- Impact of interchange effective 17 March 2015.
- Run rate effect of bank fee reductions in Business Banking and Retail relationship banking in the second half of 2014.
- Lower personal-loan volumes and credit life pricing.

4 EXPENSES

Rm	Nedbank Group Dec 2015	Nedbank Group Dec 2014	Nedbank Corporate and Investment Banking Dec 2015	Nedbank Corporate and Investment Banking Dec 2014
Staff costs	**14 296**	13 838	**2 433**	2 393
Salaries and wages	**11 700**	11 097		
Short-term incentives	**2 163**	2 100		
Long-term employee benefits	**21**	29		
Share-based payment expenses – employees	**412**	612		
Computer processing	**3 543**	3 097	**486**	501
Depreciation of computer equipment	**445**	412		
Amortisation of computer software	**718**	655		
Operating lease charges for computer equipment	**320**	281		
Other computer processing expenses	**2 060**	1 749		
Communication and travel[1]	**856**	835	**251**	227
Occupation and accommodation[2]	**2 041**	1 987	**228**	220
Marketing and public relations	**1 595**	1517	**76**	88
Fees and insurances	**2 801**	2 260	**718**	561
Office equipment and consumables[3]	**579**	493	**90**	82
Other sundries	**302**	396	**55**	56
Amortisation of intangible assets	**65**	64		
Activity-justified transfer pricing	**–**	–	**763**	530
BEE transaction expenses	**32**	47	**5**	6
Total operating expenses	**26 110**	24 534	**5 105**	4 664

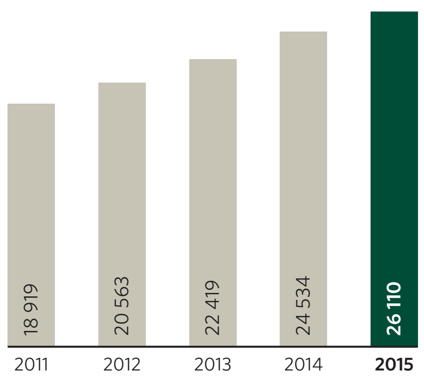
Included in expenses are depreciation charges for:

[1] *Vehicles R5m (R5m).*

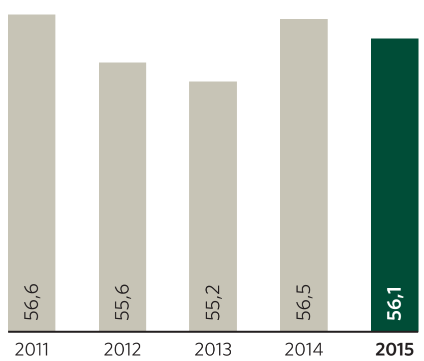
[2] *Buildings R332m (R136m).*

[3] *Furniture R245 (R393m).*

TOTAL OPERATING EXPENSES
(Rm)



EFFICIENCY RATIO
(%)



	Nedbank Retail and Business Banking		Nedbank Wealth		Rest of Africa		Centre	
	Dec 2015	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014
	7 031	6 809	**1 341**	1 261	**753**	632	**2 738**	2 743
	794	695	**121**	109	**90**	69	**2 052**	1 723
	390	394	**66**	64	**46**	43	**103**	107
	1 700	1 560	**115**	122	**137**	112	**(139)**	(27)
	892	825	**108**	104	**48**	37	**471**	463
	1 094	949	**364**	254	**119**	116	**506**	380
	296	260	**16**	16	**30**	36	**147**	99
	171	205	**32**	43	**30**	31	**14**	61
			64	64	**1**			
	4 702	4 371	**502**	444	**270**	179	**(6 237)**	(5 524)
	7	8	**1**	3	**2**	1	**17**	29
	17 077	16 076	**2 730**	2 484	**1 526**	1 256	**(328)**	54

Expenses

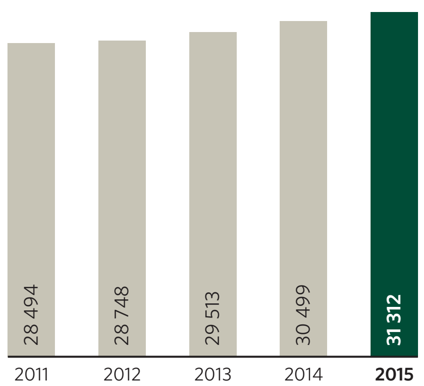
Favourable

- Generating cost efficiencies of R915m from the integration of CIB, RBB and optimising systems.
- As part of '250 to 60' IT system rationalisation, a reduction of core systems by 84 to date.
- Maintaining average salary increases at 6,5%.
- Lower variable performance-related incentives.

Unfavourable

- Staff, distribution and system investments in the rest of Africa.
- Continued investment in retail innovation and infrastructure.
- Growing cost of regulatory compliance.
- Higher volume-related costs from revenue-generating activities such as cash-handling, and card issuing and acquiring.

TOTAL EMPLOYEES
(permanent staff)



5 TAXATION CHARGE

	Dec 2015	Dec 2014
SA normal taxation (Rm)		
Current	**3 463**	3 380
Deferred	**19**	(33)
Foreign taxation	**62**	180
Current and deferred taxation on income	**3 544**	3 527
Prior-year under-/(over-) provision – current	**1**	221
Prior-year (over-)/underprovision – deferred	**5**	(261)
Total taxation on income	**3 550**	3 487
Tax on non-trading and capital items	**(31)**	(19)
Total	**3 519**	3 468
Taxation rate reconciliation (excluding non-trading and capital items) (%)		
Standard rate of SA normal taxation	**28,0**	28,0
Reduction of taxation rate:		
– Dividend income	**(1,6)**	(2,4)
– Capital items	**0,1**	0,1
– Foreign income and 9D	**(0,1)**	(0,5)
– Associate income	**(1.6)**	(0,3)
– Other	**(0,8)**	0,4
Total taxation on income as percentage of profit before taxation	**24,0**	25,3

6 NON-CONTROLLING INTEREST – ORDINARY SHAREHOLDERS

	Dec 2015		Dec 2014	
Rm	**Balance sheet**	**Income statement**	Balance sheet	Income statement
Nedbank (Swaziland)	**198**	**40**	165	38
Nedbank (Namibia) – various subsidiaries	**14**		14	1
Nedbank (Malawi)	**4**		3	
MBCA Bank (Zimbabwe)	**196**	**23**	127	17
Ideas Nedbank AIIF Investors Trust	**24**	**7**	17	13
	436	**70**	326	69

7 PREFERENCE SHARES

Dividends declared	Number of shares	Cents per share	Amount Rm
2014			
Nedbank – Final dividend no 22 declared for 2013 – paid March 2014	358 277 491	35,70775	128
Nedbank – Interim dividend no 23 declared for 2014 – paid September 2014	358 277 491	36,86072	132
			260
2015			
Nedbank – Final dividend no 24 declared for 2014 – paid March 2015	**358 277 491**	**38,76140**	**139**
Nedbank – Interim dividend no 25 declared for 2015 – paid September 2015	**358 277 491**	**38,22487**	**137**
			276
2016			
Nedbank – Final dividend no 26 declared for 2015 – paid 4 April 2016	**358 277 491**	**40,01711**	**143**

Dividends declared calculations	Days	Rate %	Amount Rm
2015			
Nedbank – 1 July 2015 – 31 December 2015	**184**		**143,4**
1 July 2015 – 23 July 2015	**23**	**7,708**	**17,4**
24 July 2015 – 19 November 2015	**119**	**7,917**	**92,5**
20 November 2015 – 31 December 2015	**42**	**8,125**	**33,5**
Total declared			**143,4**

Dividends paid calculations	Days	Rate %	Amount Rm
2013 (paid March 2014)			
Nedbank – 1 July 2013 – 31 December 2013	184	7,083	127,9
2014 (paid September 2014)			
Nedbank – 1 January 2014 – 30 June 2014	181		132,1
1 January 2014 – 29 January 2014	29	7,083	20,2
30 January 2014 – 30 June 2014	152	7,500	111,9
Nedbank (MFC) – Participating preference shares[1]			63,2
Profit attributable to preference shareholders			323,2
2014 (paid March 2015)			
Nedbank – 1 July 2014 – 31 December 2014	**184**		**138,9**
1 July 2014 – 17 July 2014	**17**	**7,500**	**12,5**
18 July 2014 – 31 December 2014	**167**	**7,708**	**126,4**
2015 (paid September 2015)			
Nedbank – 1 January 2015 – 30 June 2015	**181**	**7,708**	**136,9**
Nedbank (MFC) – Participating preference shares[1]			**94,7**
Profit attributable to preference shareholders			**370,5**

[1] *Profit share calculated on a semi annual basis.*

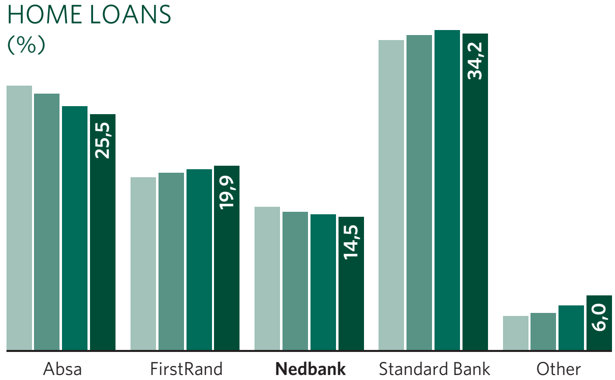
8 LOANS AND ADVANCES

Segmental breakdown	Nedbank Group		Nedbank Corporate and Investment Banking		Nedbank Retail and Business Banking	
Rm	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014
Home loans	**142 773**	137 449	**8**	10	**122 060**	119 561
Commercial mortgages	**136 793**	123 652	**112 281**	101 795	**16 648**	15 784
Properties in possession	**354**	596	**210**	388	**101**	176
Credit cards	**14 063**	13 404			**14 025**	13 376
Overdrafts	**15 833**	16 141	**1 766**	2 144	**11 161**	10 607
Term loans	**110 318**	106 175	**88 897**	84 401	**18 308**	19 009
Personal loans	**17 842**	18 346			**16 311**	17 088
Other term loans	**92 476**	87 829	**88 897**	84 401	**1 997**	1 921
Overnight loans	**27 527**	21 638	**26 509**	20 513	**584**	607
Other loans to clients	**99 313**	69 161	**83 736**	57 613	**7 053**	5 215
Foreign client lending	**22 772**	12 512	**21 221**	11 530	**491**	435
Remittances in transit	**201**	195	**2**	(10)	**101**	158
Other loans[1]	**76 340**	56 454	**62 513**	46 093	**6 461**	4 622
Leases and instalment debtors	**99 863**	94 237	**3 280**	3 436	**93 332**	88 220
Preference shares and debentures	**20 698**	18 098	**20 659**	17 765		269
Factoring accounts	**5 329**	4 986		(5)	**5 329**	4 991
Deposits placed under reverse repurchase agreements	**20 173**	18 291	**20 173**	18 291		
Trade, other bills and bankers' acceptances	**6**	288		288		
Loans and advances before impairments	**693 043**	624 116	**357 519**	306 639	**288 601**	277 815
Impairment of advances	**(11 411)**	(11 095)	**(1 735)**	(1 481)	**(8 672)**	(8 933)
Total loans and advances	**681 632**	613 021	**355 784**	305 158	**279 929**	268 882
Comprises:						
– Loans and advances to clients	**663 314**	602 175	**329 576**	286 736	**288 500**	277 657
– Loans and advances to banks	**29 729**	21 941	**27 943**	19 903	**101**	158
Loans and advances before impairments	**693 043**	624 116	**357 519**	306 639	**288 601**	277 815

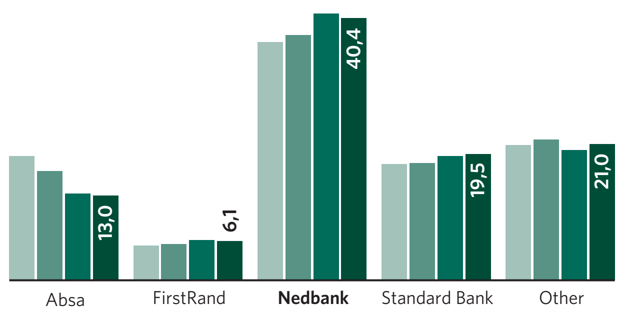
[1] *Represents mainly loans relating to Specialised Finance and Debt Capital Markets in Nedbank Capital.*

Market share as per BA900

HOME LOANS
(%)

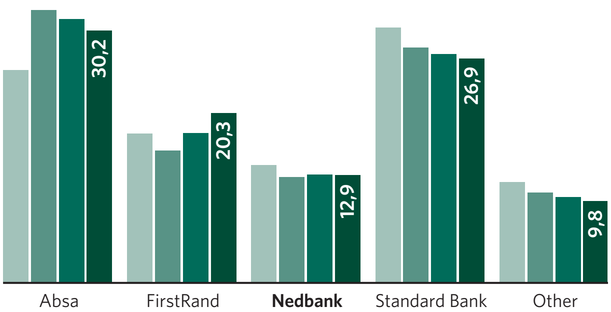


COMMERCIAL MORTGAGE LOANS
(%)

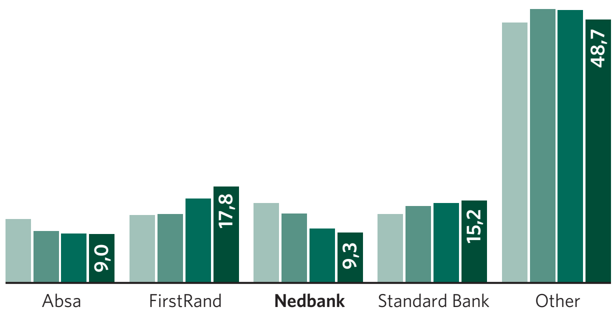


	Nedbank Wealth		Rest of Africa		Centre	
	Dec 2015	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014
	15 995	14 430	**4 908**	3 651	**(198)**	(203)
	6 892	5 608	**1 244**	713	**(272)**	(248)
	43	32				
			38	28		
	155	119	**2 751**	3 271		
	1 587	989	**1 529**	1 779	**(3)**	(3)
	26	7	**1 505**	1 251		
	1 561	982	**24**	528	**(3)**	(3)
			434	518		
	3 424	3 524	**2 947**	1 940	**2 153**	869
			1 060	547		
			77	47	**21**	
	3 424	3 524	**1 810**	1 346	**2 132**	869
	264	284	**3 026**	2 330	**(39)**	(33)
	1	1		23	**38**	40
			6			
	28 361	24 987	**16 883**	14 253	**1 679**	422
	(155)	(168)	**(368)**	(180)	**(481)**	(333)
	28 206	24 819	**16 515**	14 073	**1 198**	89
	27 566	23 421	**16 012**	13 939	**1 660**	422
	795	1 566	**871**	314	**19**	
	28 361	24 987	**16 883**	14 253	**1 679**	422

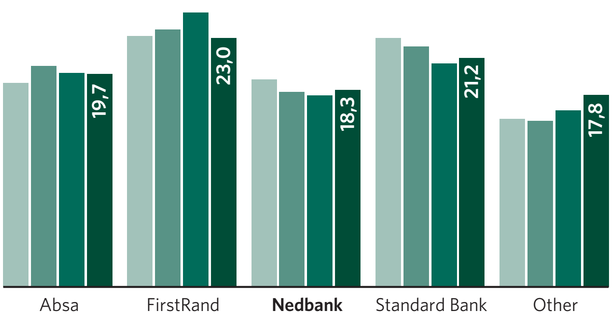
CREDIT CARDS
(%)



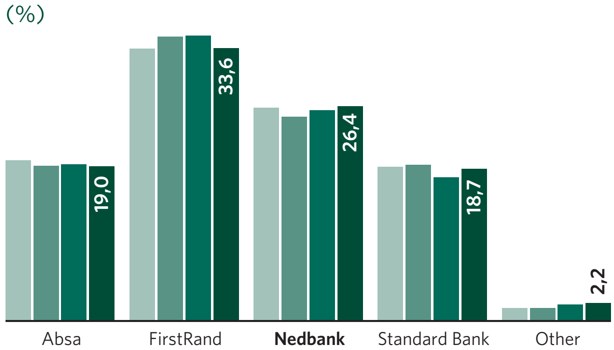
PERSONAL LOANS
(%)



CORPORATE LOANS
(%)



INSTALMENT CREDIT
(%)



9 INVESTMENT SECURITIES

Rm	Dec 2015	Dec 2014
Listed investments	**449**	635
Unlisted investments	**3 107**	3 228
Taquanta Asset Managers portfolio	**433**	424
Strate Limited	**57**	51
Private-equity portfolio	**706**	1 194
Other	**1 911**	1 559
Total listed and unlisted investments	**3 556**	3 863
Listed policyholder investments at market value	**8 212**	11 576
Equities	**57**	193
Government, public and private sector stock	**848**	979
Unit trusts	**7 307**	10 404
Unlisted policyholder investments at directors' valuation	**1 467**	4 658
Negotiable certificates of deposit, money market and other short-term funds	**1 467**	4 658
Net policyholder liabilities	**(80)**	(68)
Total policyholder investments	**9 599**	16 166
Total investment securities	**13 155**	20 029
Summary of total private-equity investments		
Investment securities	**772**	1 818
Property investments	**66**	624
Listed investments	**66**	624
Unlisted investments		
Other investments	**706**	1 194
Listed investments		
Unlisted investments	**706**	1 194
Investment in associates	**1 155**	898
Unlisted property investments	**668**	524
Unlisted other investments	**487**	374
Private-equity shareholder loans and mezzanine debt facilities	**3 619**	2 644
Total private-equity investments	**5 546**	5 360

10 INTANGIBLE ASSETS

Rm	Note	Dec 2015	Dec 2014
Computer software and capitalised development costs	10.1	**3 523**	3 145
Goodwill	10.2	**5 257**	5 141
Client relationships, contractual rights and other		**230**	293
		9 010	8 579

10.1 Computer software and capitalised development costs – carrying amount

Rm	Amortisation periods	Dec 2015	Dec 2014
Computer software	2-10 years	**2 343**	2 318
Client product systems		**644**	884
Infrastructure and supporting systems		**916**	948
Risk management systems		**291**	356
Channel systems		**492**	130
Capitalised development costs	none[1]	**1 180**	827
Client product systems		**260**	230
Infrastructure and supporting systems		**536**	530
Risk management systems		**254**	46
Channel systems		**130**	21
		3 523	3 145
Computer software			
Opening balance		**2 318**	1 984
Additions		**164**	257
Commissioned during period		**621**	766
Disposals and retirements			(2)
Foreign exchange and other moves			1
Amortisation charge for the period		**(718)**	(655)
Impairments		**(42)**	(33)
Closing balance		**2 343**	2 318
Capitalised development costs			
Opening balance		**827**	822
Additions		**1 042**	809
Commissioned during period		**(621)**	(766)
Impairments		**(68)**	(38)
Closing balance		**1 180**	827

[1] *Assets not yet commissioned and only begins amortisation once transferred to computer software.*

10.2 Goodwill – carrying amount

Rm	Dec 2015	Dec 2014
Carrying amount at the beginning of the year	**5 141**	5 126
Foreign currency translation	**116**	15
Carrying amount at the end of the year	**5 257**	5 141

10.3 Intangible assets – ratios

Rm	Dec 2015	Dec 2014
Total assets	**925 726**	809 313
Ordinary shareholders' equity	**74 754**	67 024
Intangible assets	**9 010**	8 579
Capitalised software (Refer note 11.1)	**3 523**	3 145
Goodwill (Refer note 11.2)	**5 257**	5 141
Other intangible assets	**230**	293
Intangible assets/total assets (%)	**0,97**	1,06
Intangible assets/ordinary shareholders' equity (%)	**12,1**	12,8

11 INVESTMENTS IN PRIVATE-EQUITY ASSOCIATES, ASSOCIATE COMPANIES AND JOINT ARRANGEMENTS

at

	Percentage holding		Acquisition	
Name of company and nature of business	**Dec 2015**	Dec 2014	**Date**	Year-end
Private-equity associates and associate companies				
Listed				
Ecobank Transnational Incorporated (Togo)	**21,8**	20,7	Oct 14	Dec
Unlisted				
Century City JV	**50**	50	Dec 10	Dec
Erf 7 Sandown (Pty) Ltd[3]		35	Jul 07	Feb
Friedshelf 113 (Pty) Ltd	**20**	20	Aug 02	Feb
Masingita Property Investment Holdings (Pty) Ltd	**35**	35	Aug 05	Feb
Odyssey Developments (Pty) Ltd[1]	**49**	49	Aug 07	Feb
Individually immaterial associates[2]:				
– Private-equity associates (manufacturing, industrial, leisure and other)				
– Private-equity associates (property investment associates)				
Other				
Joint arrangements				
Unlisted				
Banco Único, S.A. (Mozambique)	**38,3**	36,6	Jun 14	Dec
Individually immaterial joint arrangements				

Ecobank Transnational Incorporated is a pan-African bank and its shares are listed on the stock exchanges of Nigeria, Ghana and Ivory Coast.

Unless otherwise stated above, all entities are domiciled and incorporated in SA. The group has the same proportion of voting rights as its proportion of ownership interest, unless stated otherwise and has not incurred any contingent liabilities with regard to the associates or joint arrangements listed above.

[1] *The group's proportion of ownership in the entity is 49%, while its voting right equates to 35%.*

[2] *Represents various investments that are not individually material.*

[3] *Entity consolidated as a wholly owned subsidiary from 1 October 2015.*

Equity-accounted earnings Rm		Carrying amount Rm		Net indebtedness of loans to/ (from) associates Rm	
Dec 2015	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014
870	146	**7 808**	6 223	**209**	466
		55	55		
			63		5
			85	**1**	43
		172	125	**74**	38
		56	57	**49**	49
		487	373	**226**	235
		318	123	**1 633**	1 270
1	12	**232**	238	**4**	(4)
	3	**359**	286		
		92	42	**140**	55
871	161	**9 579**	7 670	**2 336**	2 157

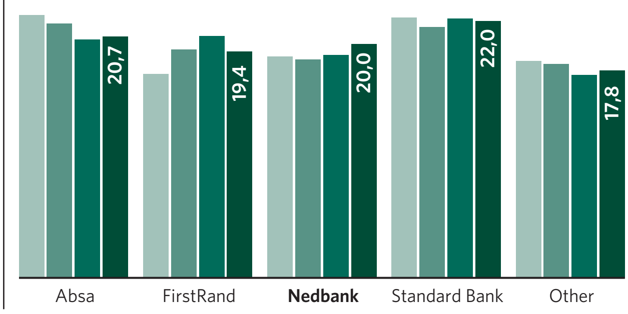
12 AMOUNTS OWED TO DEPOSITORS

Segmental breakdown	Nedbank Group		Nedbank Corporate and Investment Banking	
Rm	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014
Current accounts	**70 757**	65 170	**4 947**	5 393
Savings accounts	**30 542**	25 386	**5**	3
Other deposits and loan accounts	**481 402**	449 705	**285 932**	274 708
Call and term deposits	**276 200**	257 634	**126 425**	124 626
Fixed deposits	**48 806**	42 800	**13 089**	12 149
Cash management deposits	**61 908**	60 820	**53 820**	53 749
Other deposits	**94 488**	88 451	**92 598**	84 184
Foreign client liabilities	**45 475**	30 153	**40 297**	26 553
Negotiable certificates of deposit	**82 144**	70 377	**156**	160
Deposits received under repurchase agreements	**15 531**	12 659	**15 531**	12 583
Total amounts owed to depositors	**725 851**	653 450	**346 868**	319 400
Comprises:				
– Amounts owed to clients	**672 122**	604 294	**296 517**	275 749
– Amounts owed to banks	**53 729**	49 156	**50 351**	43 651
Total amounts owed to depositors	**725 851**	653 450	**346 868**	319 400

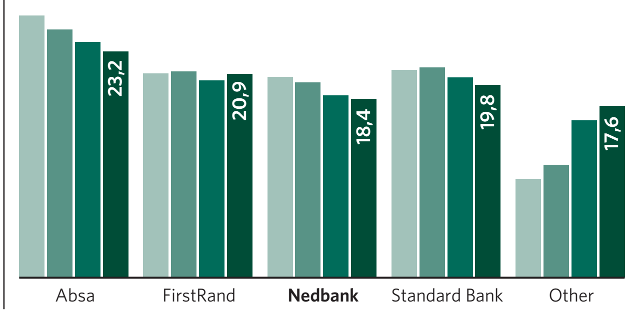
[1] *Elimination of inter alia other short-term debt issued by Treasury reported under other deposits and held by CIB as other short-term securities.*

Market share as per BA900

WHOLESALE DEPOSITS
(%)



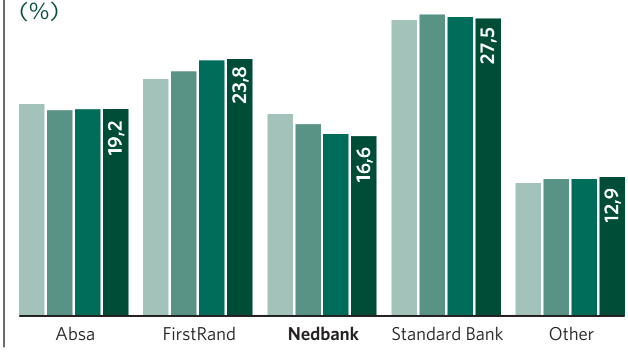
HOUSEHOLD DEPOSITS[1]
(%)



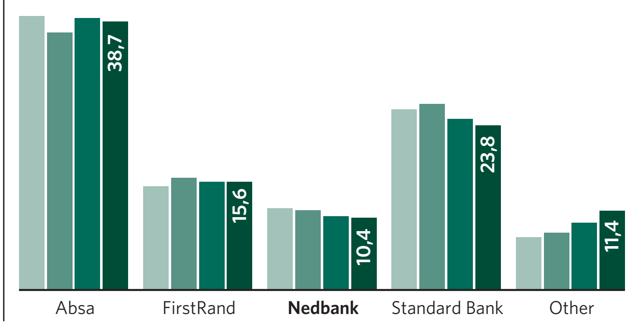
[1] *Includes 'Households' as per SARB BA 900 return.*

	Nedbank Retail and Business Banking		Nedbank Wealth		Rest of Africa		Centre	
	Dec 2015	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014	**Dec 2015**	Dec 2014
	59 328	54 321	**1 572**	1 375	**4 770**	3 999	**140**	82
	9 390	9 244	**20 179**	15 309	**968**	830		
	174 897	157 289	**12 332**	9 438	**10 261**	8 274	**(2 020)**	(4)
	134 469	120 818	**10 720**	8 658	**4 848**	3 816	**(262)**	(284)
	32 766	28 538	**258**	180	**2 693**	1 933		
	5 495	5 666	**1 364**	598	**1 157**	798	**72**	9
	2 167	2 267	**(10)**	2	**1 563**	1 727	**(1 830)**[1]	271
	4 520	3 249			**658**	351		
					4 551	3 528	**77 437**	66 689
						76		
	248 135	224 103	**34 083**	26 122	**21 208**	17 058	**75 557**	66 767
	247 458	223 543	**34 083**	26 122	**19 434**	15 363	**74 630**	63 517
	677	560			**1 774**	1 695	**927**	3 250
	248 135	224 103	**34 083**	26 122	**21 208**	17 058	**75 557**	66 767

COMMERCIAL DEPOSITS
(%)



HOUSEHOLD CASA[2]
(%)



[2] *Includes 'Households', non-profit organisations serving households and unincorporated business enterprises as per SARB BA 900 return.*

13 LONG-TERM DEBT INSTRUMENTS

Instrument code	Date callable	Date repayable	Nominal value	Instrument terms up to callable date	Instrument terms after callable date	Interest on notes payable	**Dec 2015**	Dec 2014
Subordinated debt							**11 500**	9 817
			Rm				**9 932**	8 654
Callable notes (rand-denominated)								
NED9	6 Jul 2017	6 Jul 2022	2 000	JIBAR + 0,47% per annum	floating 3-month JIBAR + 2,20%	Quarterly	**2 032**	2 031
NED11	17 Sept 2015	17 Sept 2020	1 000	10,54% per annum	floating 3-month JIBAR + 2,85%	Biannually		1 048
NED13	25 Jul 2018	25 Jul 2023	1 800	JIBAR + 2,75 per annum	floating 3-month JIBAR + 2,75%	Quarterly	**1 829**	1 828
NED14	29 Nov 2018	29 Nov 2023	1 200	JIBAR + 2,55% per annum	floating 3-month JIBAR + 2,55%	Quarterly	**1 209**	1 209
NED15	8 Apr 2019	8 Apr 2024	450	10,49% per annum	fixed at 10,49% per annum	Biannually	**461**	461
NED16	8 Apr 2019	8 Apr 2024	1 737	JIBAR + 2,55% per annum	floating 3-month JIBAR + 2,55%	Quarterly	**1 772**	1 771
NED17	14 Oct 2019	14 Oct 2024	300	JIBAR + 2,75% per annum	floating 3-month JIBAR + 2,75%	Quarterly	**306**	306
NED18	16 Jan 2020	16 Jan 2025	225	JIBAR + 2,75 per annum	JIBAR + 2,75 per annum	Quarterly	**229**	
NED19	1 Jul 2020	1 Jul 2025	1 624	JIBAR + 3,50 per annum	JIBAR + 3,50 per annum	Quarterly	**1 664**	
NED20	1 Jul 2020	1 Jul 2025	407	11,29% per annum	11,29% per annum	Biannually	**430**	
Long-term debenture (Namibian dollar-denominated)			**NAM$m**					
		15 Sept 2030	40	17% per annum until 15 September 2000 – thereafter zero coupon			**5**	4
Callable notes (US dollar-denominated)			**US$m**					
EMTN01	3 Mar 2017	3 Mar 2022	100	3-month USD LIBOR	3-month USD LIBOR + 3,00%		**1 563**	1 159
Hybrid subordinated debt								
Callable notes (rand-denominated)			**Rm**				**–**	1 900
NEDH1A	20 Nov 2018	20 Nov 2018	487	15,05% per annum	floating 3-month JIBAR + 712,5 bps	Biannually		575
NEDH1B	20 Nov 2018	20 Nov 2018	1 265	JIBAR + 4,75% per annum	floating 3-month JIBAR + 712,5 bps	Quarterly		1 325
Securitised liabilities								
Callable notes (rand-denominated)			**Rm**				**2 679**	1 395
GRH1A1	25 Oct 2017	25 Oct 2039	480	JIBAR + 1,1% per annum	3-month JIBAR + 1,49%	Quarterly		32
GRH1A2	25 Oct 2017	25 Oct 2039	336	JIBAR + 1,25% per annum	3-month JIBAR + 1,69%	Quarterly	**161**	340
GRH1A3	25 Oct 2017	25 Oct 2039	900	JIBAR + 1,54% per annum	3-month JIBAR + 2,08%	Quarterly	**913**	912
GRH1B	25 Oct 2017	25 Oct 2039	110	JIBAR + 1,90% per annum	3-month JIBAR + 2,57%	Quarterly	**112**	111
SUBLOAN 2	25 Oct 2017	25 Oct 2039	227	JIBAR + 0,58% per annum	JIBAR + 0,58% per annum	Quarterly	**1**	
GH31A1	25 Feb 2018	25 Feb 2042	650	JIBAR + 1,2% per annum**	3-month JIBAR + 1,62%	Quarterly	**558**	
GH31A2	25 Feb 2020	25 Feb 2042	400	JIBAR + 1,45% per annum**	3-month JIBAR + 1,96%	Quarterly	**101**	
GH31A3	25 Feb 2020	25 Feb 2042	680	JIBAR + 1,55% per annum**	3-month JIBAR + 2,09%	Quarterly	**685**	
GH31B	25 Feb 2020	25 Feb 2042	80	JIBAR + 2,2% per annum**	3-month JIBAR + 2,97%	Quarterly	**81**	
GH31C	25 Feb 2020	25 Feb 2042	65	JIBAR + 3% per annum**	3-month JIBAR + 4,05%	Quarterly	**66**	
SUBLOAN 1	25 Feb 2020	25 Feb 2042	180	JIBAR + 10,000%	JIBAR + 10,000%	Quarterly	**1**	

13 LONG-TERM DEBT INSTRUMENTS

Instrument code	Date callable	Date repayable	Nominal value	Instrument terms up to callable date	Interest on notes payable	Dec 2015	Dec 2014
Senior unsecured debt							
Senior unsecured notes (rand-denominated)			**Rm**			**30 785**	22 511
NBK2A		15 Sept 2015	3 244	10,55% per annum	Biannually		3 347
NBK2B		15 Sept 2015	1 044	JIBAR + 2,20% per annum	Quarterly		1 054
NBK3A		9 Sept 2019	1 273	11,39% per annum	Biannually	**1 372**	1 385
NBK4		28 Oct 2024	660	Zero coupon		**244**	263
NBK6A		19 Apr 2015	478	9,68% per annum	Biannually		487
NBK6B		19 Apr 2015	1 027	JIBAR + 1,75% per annum	Quarterly		1 043
NBK7B		19 Apr 2020	80	JIBAR + 2,15% per annum	Quarterly	**81**	81
NBK9A		23 Mar 2016	1 137	9,36% per annum	Biannually	**1 166**	1 166
NBK9B		23 Mar 2016	677	JIBAR + 1,25% per annum	Quarterly	**678**	678
NBK10A		25 Jul 2016	151	6,91% per annum	Biannually	**156**	154
NBK11A		28 Nov 2020	1 888	8,92% per annum	Biannually	**1 903**	1 903
NBK12A		19 Mar 2021	855	9,38% per annum	Biannually	**878**	878
NBK12B		20 Feb 2015	1 297	JIBAR + 1,00% per annum	Quarterly		1 307
NBK13A		19 Mar 2024	391	9,73% per annum	Biannually	**402**	402
NBK13B		21 Feb 2017	405	JIBAR + 1,30% per annum	Quarterly	**408**	408
NBK14A		25 Jun 2021	500	9,29% per annum	Biannually	**501**	501
NBK14B		27 Aug 2015	250	JIBAR + 1,00% per annum	Quarterly		252
NBK15A		11 Feb 2022	215	8,79% per annum	Biannually	**222**	
NBK15B		27 Aug 2017	786	JIBAR + 1,31% per annum	Quarterly	**700**	700
NBK16A		12 Feb 2025	2 607	9,44% per annum	Biannually	**2 702**	
NBK16B		25 Jul 2016	3 056	JIBAR + 0,8% per annum	Quarterly	**3 070**	3 068
NBK17A		22 Apr 2026		9,95% per annum	Biannually	**815**	
NBK17B		28 Nov 2016	694	JIBAR + 0,75% per annum	Quarterly	**698**	698
NBK18A		1 Jun 2020	380	9,26% per annum	Biannually	**383**	
NBK18B		20 Mar 2017	1 035	JIBAR + 0,85% per annum	Quarterly	**1 037**	1 037
NBK19A		1 Jun 2022	280	9,64% per annum	Biannually	**282**	
NBK19B		26 Jun 2017	806	JIBAR + 0,9% per annum	Quarterly	**806**	806
NBK20A		1 Jun 2026	1 739	10,36% per annum	Biannually	**1 754**	
NBK20B		24 Jun 2021	650	JIBAR + 1,3% per annum	Quarterly	**650**	650
NBK21A		21 Jul 2027	2 000	10,63% per annum	Semi-annually	**2 095**	
NBK21B		10 Nov 2017	241	JIBAR + 1,12% per annum	Quarterly	**244**	243
NBK22A		19 Nov 2022	952	10,07% per annum	Semi-annually	**963**	
NBK22B		12 Feb 2018	472	JIBAR + 1,25% per annum	Quarterly	**477**	
NBK23A		19 Nov 2025	884	10,69% per annum	Semi-annually	**895**	
NBK23B		12 Feb 2020	90	JIBAR + 1,45% per annum	Quarterly	**91**	
NBK24A		19 Nov 2027	666	10,94% per annum	Semi-annually	**674**	
NBK24B		11 Feb 2022	12	JIBAR + 1,55% per annum	Quarterly	**12**	
NBK25B		12 Feb 2025	1 980	JIBAR + 2,00% per annum	Quarterly	**2 002**	
NBK26B		22 Apr 2026	500	JIBAR + 2,10% per annum	Quarterly	**508**	
NBK27B		1 Jun 2018	1 427	JIBAR + 1,30% per annum	Quarterly	**1 436**	
NBK28B		19 Nov 2020	476	JIBAR + 1,55% per annum	Quarterly	**480**	
Other							
Unsecured debentures (rand-denominated)			**Rm**				
		30 Nov 2029	200	Zero coupon		**18**	15
Total long-term debt instruments in issue						**44 982**	35 638

During the year there were no defaults or breaches of principal, interest or any other terms and conditions of long-term debt instruments.

EARNINGS PER SHARE AND WEIGHTED-AVERAGE SHARES

Earnings per share	Basic	Diluted basic	Headline	Diluted headline
Dec 2015				
Earnings for the year	**10 721**	**10 721**	**10 831**	**10 831**
Weighted-average number of ordinary shares	**474 151 635**	**483 128 835**	**474 151 635**	**483 128 835**
Earnings per share (cents)	**2 261**	**2 219**	**2 284**	**2 242**
Dec 2014				
Earnings for the year	9 796	9 796	9 880	9 880
Weighted-average number of ordinary shares	464 442 212	478 235 002	464 442 212	478 235 002
Earnings per share (cents)	2 109	2 049	2 127	2 066

Basic earnings and headline earnings per share are calculated by dividing the relevant earnings amount by the weighted-average number of shares in issue.

Fully diluted basic earnings and fully diluted headline earnings per share are calculated by dividing the relevant earnings amount by the weighted-average number of shares in issue after taking the dilutive impact of potential ordinary shares to be issued into account.

Number of weighted-average dilutive potential ordinary shares ('000)

Potential shares are the total number of shares arising from historic grants, schemes or awards available for distribution.

The number of potential shares the strike price at issuance date, potential funding charges and imputed costs, the future share-based payments (SBP) charge, allocated compared with unallocated and the date of issuance are taken into account to determine the weighted-average dilutive shares.

	Dec 2015		Dec 2014
	Potential shares	Weighted-average dilutive shares	Weighted-average dilutive shares
Traditional schemes	**11 930**	**6 075**	8 727
Nedbank Group Restricted Share Scheme (2005)	**9 507**	**4 709**	7 685
Matched-share Scheme	**2 423**	**1 366**	1 042
Total BEE schemes	**4 840**	**2 902**	5 066
BEE schemes – South Africa	**4 163**	**2 635**	4 863
Black business partners			2 709
Community	**1 690**	**1 690**	851
Black executives	**1 014**	**428**	484
Black management	**1 459**	**517**	819
BEE schemes – Namibia	**677**	**267**	203
Black business partners	**329**	**129**	109
Affinity groups	**121**	**48**	40
Education	**109**	**43**	53
Discretionary	**118**	**47**	
Black management			1
Total	**16 770**	**8 977**	13 793

NEDBANK GROUP EMPLOYEE INCENTIVE SCHEMES

for the year ended 31 December

Nedbank Group employee incentive schemes	2015		2014	
Summary by scheme				
Nedbank Group-restricted-share-scheme (2005)	**9 234 438**		9 868 390	
Nedbank Group matched-share-scheme (2005)	**1 917 097**		1 649 950	
Instruments outstanding at the end of the period	**11 151 535**		11 518 340	
Analysis				
Performance-based restricted shares	**4 849 946**	P	4 996 285	P
Non-performance-based restricted shares	**4 384 492**		4 872 105	
Performance-based matched shares[2]	**1 230 105**	P	1 053 573	P
Non-performance-based matched shares	**686 992**		596 377	
Instruments outstanding at the end of the period	**11 151 535**		11 518 340	
Movements				
Instruments outstanding at the beginning of the period	**11 518 340**		11 984 918	
Granted	**3 860 561**		4 176 781	
Exercised	**(3 680 138)**		(3 819 118)	
Surrendered	**(547 228)**		(824 241)	
Instruments outstanding at the end of the period	**11 151 535**		11 518 340	

Nedbank Group (2005) Restricted and Matched-share Schemes

Restricted shares[1]

Details of instruments granted and not exercised at 31 December 2015 and the resulting dilutive effect:

Instrument expiry date	Number of shares	
7 Mar 16	**1 525 897**	P
8 Mar 16	**1 526 146**	
15 Aug 16	**40 561**	P
16 Aug 16	**40 561**	
7 Mar 17	**1 630 664**	P
8 Mar 17	**1 495 686**	
15 Sep 17	**9 837**	P
16 Sep 17	**9 837**	
14 Nov 17	**19 616**	P
14 Nov 17	**19 616**	
13 Mar 18	**1 563 155**	P
14 Mar 18	**1 245 696**	
13 Aug 18	**60 216**	P
14 Aug 18	**46 950**	
Restricted shares not exercised at 31 December 2015	**9 234 438**	
Unallocated shares	**1 283 235**	
Treasury shares	**10 517 673**	
Average shares exercised or forfeited during the year	**(1 011 133)**	
Total potential shares	**9 506 540**	
Weighted-average dilutive shares applicable for the year	**4 709 556**	

Matched shares

Details of instruments granted and not exercised at 31 December 2015 and the resulting dilutive effect:

Matched shares are not issued and therefore not recognised as treasury shares; however, until they are issued there remains a potential dilutive effect.

Instrument expiry date	Number of shares
1 April 16	**529 408**
1 April 17	**653 553**
1 April 18	**734 136**
Matched shares outstanding not exercised at 31 December 2015	**1 917 097**
Movements due to shares exercised or forfeited during the year	**506 112**
Total potential shares	**2 423 209**
Weighted-average dilutive shares applicable for the year	**1 365 695**

1 Restricted shares are issued at a market price for no consideration to participants, and are held by the scheme until the expiry date (subject to achievement of performance conditions). Participants have full rights and receive dividends.

2 The obligation to deliver the matched shares issued under the voluntary and compulsory share schemes, is subject to time and other performance criteria. This obligation exists at 31 December 2015, and therefore has a dilutive effect.

P Performance-based instruments.

NEDBANK GROUP ESTIMATED BEE DILUTIVE SHARES AND IFRS 2 CHARGE

for the year ended 31 December

	Dec 2014 m	**Dec 2015 m**	Dec 2016 Forecasted vestings m	Dec 2017 Forecasted vestings m
Treasury shares – actuals	22,8	**7,3**	6,6	6,2
BEE	21,9	**6,5**		
BEE Namibia	0,9	**0,8**		
Potential shares – average	13,1	**4,9**		
BEE	12,7	**4,2**		
BEE Namibia	0,4	**0,7**		
Dilutive shares – average[1]	5,1	**2,9**	2,9	2,9
BEE - South Africa	4,9	**2,6**		
BEE - Namibia	0,2	**0,3**		

Potential shares are the total number of shares arising from historic grants, schemes or awards. The remaining shares in the trusts available for distribution and not distributed after year-end are not recognised as potential shares.

The weighted-average dilutive shares are calculated from the number of potential shares, the strike price at issuance date, potential funding charges and imputed costs, the future share-based payments (SBP) charge, allocated compared with unallocated and the date of issuance.

	Dec 2014 m	**Dec 2015 m**	Dec 2016 Forecasted vestings m	Dec 2017 Forecasted vestings m
Estimated future dilutive BEE shares[2]				
5%		**2,9**	2,9	2,9
10%		**2,9**	2,9	2,9
15%		**2,9**	2,9	2,9
20%		**2,9**	2,9	2,9
30%		**2,9**	2,9	2,9
Number of BEE shares vesting per year		**8,1**	0,7	0,4
Estimated statement of comprehensive income charge[2]	Rm	**Rm**	Rm	Rm
5%	46,7	**32,0**	10,7	5,1
10%	46,7	**32,0**	10,7	5,1
15%	46,7	**32,0**	10,7	5,1
20%	46,7	**32,0**	10,7	5,1
30%	46,7	**32,0**	10,7	5,1

[1] *Forecast calculated on 10% share price growth (one of the factors influencing potential shares).*
[2] *Sensitivity calculated based on current and anticipated BEE shares applying number of shares and share price growth assumptions.*

SHAREHOLDERS' ANALYSIS

Register date: 31 December 2015
Authorised share capital: 600 000 000 shares
Issued share capital: 494 411 956 shares

	Number of shares	Dec 2015 % holding	Dec 2014 % holding
Major shareholders/managers			
Old Mutual Life Assurance Company (SA) Limited and associates (includes funds managed on behalf of other beneficial owners)	267 531 866	**54,11**	54,57
Nedbank Group treasury shares	17 856 169	**3,61**	6,74
BEE trusts:	7 290 984		
– Eyethu scheme – Nedbank South Africa	6 495 276	**1,31**	4,38
– Omufima scheme – Nedbank Namibia	795 708	**0,16**	0,17
Nedbank Group (2005) Restricted- and Matched-share Schemes	10 517 673	**2,13**	2,18
Nedbank Namibia Limited	47 512	**0,01**	0,01
Coronation Fund Managers (SA)	37 432 178	**7,57**	6,62
Public Investment Corporation (SA)	30 875 907	**6,24**	6,56
Lazard Asset Management (US and UK)	13 053 114	**2,64**	2,70
Dimensional Fund Advisors (US, UK and AU)	7 857 545	**1,59**	1,58
BlackRock Inc (US and UK)	7 690 629	**1,56**	1,58
Sanlam Investment Management (SA)	4 674 435	**0,95**	1,53
Major beneficial shareholders			
Old Mutual Life Assurance Company (SA) Limited and associates (SA)	265 302 566	**53,66**	54,04
Government Employees Pension Fund (SA)	32 881 885	**6,65**	7,38
Geographical distribution of shareholders			
Domestic	426 290 505	**86,22**	86,07
– South Africa	411 843 509	**83,30**	83,33
– Namibia	10 325 049	**2,09**	1,95
– Swaziland	109 300	**0,02**	0,01
– Unclassified	4 012 647	**0,81**	0,78
Foreign	68 121 451	**13,78**	13,93
– United States of America	36 968 745	**7,49**	7,47
– United Kingdom and Ireland	5 944 480	**1,20**	1,31
– Europe	8 918 488	**1,80**	2,05
– Other countries	16 289 738	**3,29**	3,10
Total shares listed	494 411 956	**100,00**	100,00
Less: Treasury shares held	17 856 169		
Net shares reported	476 555 787		

NEDBANK GROUP CATEGORIES OF FINANCIAL INSTRUMENTS

at 31 December 2015

Rm	Total	At fair value through profit or loss						
		Held for trading	Designated	Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables	Financial liabilities at amortised cost	Non-financial assets and liabilities
Assets								
Cash and cash equivalents	**22 840**					22 840		
Other short-term securities	**75 614**	10 237	19 327	13 188	32 862			
Derivative financial instruments	**30 488**	30 488						
Government and other securities	**43 060**	9 928	11 318	3 007	18 807			
Loans and advances	**681 632**	34 013	65 127	38		582 454		
Other assets	**8 984**	4 152				4 832		
Current taxation assets	**1 032**							1 032
Investment securities	**13 155**		12 676	479				
Non-current assets held for sale	**2**							2
Investment in private-equity associates, associate companies and joint arrangements	**9 579**		1 162					8 417
Deferred taxation assets	**227**							227
Investment property	**32**							32
Property and equipment	**8 784**							8 784
Postemployment assets	**5 055**							5 055
Mandatory reserve deposits with central bank	**16 232**					16 232		
Intangible assets	**9 010**							9 010
Total assets	**925 726**	88 818	109 610	16 712	51 669	626 358	–	32 559
Total equity and liabilities								
Ordinary share capital	**477**							477
Ordinary share premium	**17 569**							17 569
Reserves	**56 708**							56 708
Total equity attributable to equity holders	**74 754**	–	–	–	–	–		74 754
Non-controling interest attributable to:								
Ordinary shareholders	**436**							436
Preference shareholders	**3 561**							3 561
Total equity	**78 751**	–	–	–	–	–		78 751
Derivative financial instruments	**33 628**	33 628						
Amounts owed to depositors	**725 851**	104 504	65 839				555 508	
Other liabilities	**23 240**	13 904	50				7 988	1 298
Current taxation liabilities	**412**							412
Deferred taxation liabilities	**1 182**							1 182
Postemployment liability	**3 074**							3 074
Investment contract liabilities	**10 988**		10 988					
Insurance contract liabilities	**3 618**							3 618
Long-term debt instruments	**44 982**		401				44 581	
Total liabilities	**846 975**	152 036	77 278	–	–	–	608 077	9 584
Total equity and liabilities	**925 726**	152 036	77 278	–	–	–	608 077	88 335

Classifications in terms of IAS 39

A financial asset or financial liability at fair value through profit or loss is an asset or liability held that was either acquired to sell or repurchase in the short term, or is managed on a portfolio basis for short-term gains, or is a derivative or is an asset or liability that has been designated for classification and valuation as fair value through profit or loss.

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss and are held at fair value with fair-value gains and losses recorded directly within equity and not through profit or loss.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that an entity has the positive intention and ability to hold to maturity.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are carried at an accrued value and not fair-valued.

Financial liabilities at amortised cost are non-derivative liabilities carried at amortised cost and not fair-valued.

Non-financial assets and liabilities are all other assets and liabilities that fall outside the scope of IAS 39.

NEDBANK LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – BANKING/ TRADING CATEGORISATION

at

Rm	Dec 2015 Banking	Dec 2015 Trading	Dec 2015 Eliminations	Dec 2015 Total	Dec 2014 Banking	Dec 2014 Trading	Dec 2014 Eliminations	Dec 2014 Total
Assets								
Cash and cash equivalents	**22 836**	**4**		**22 840**	13 335	4		13 339
Other short-term securities	**66 267**	**18 563**	**(9 216)**	**75 614**	58 787	15 012	(6 565)	67 234
Derivative financial instruments	**212**	**30 498**	**(222)**	**30 488**	116	16 873	(1 416)	15 573
Government and other securities	**47 669**	**10 912**	**(15 521)**	**43 060**	36 486	6 880	(16 189)	27 177
Loans and advances	**647 547**	**34 085**		**681 632**	586 016	27 005		613 021
Other assets	**4 356**	**4 628**		**8 984**	6 159	2 556		8 715
Current taxation assets	**1 008**	**24**		**1 032**	291			291
Investment securities	**13 155**			**13 155**	20 029			20 029
Non-current assets held for sale	**2**			**2**	16			16
Investments in private-equity associates, associate companies and joint arrangements	**9 579**			**9 579**	7 670			7 670
Deferred taxation assets	**118**	**109**		**227**	165	144		309
Property and equipment	**8 814**	**2**		**8 816**	7 900	3		7 903
Long-term employee benefit assets	**5 055**			**5 055**	4 546			4 546
Mandatory reserve deposits with central banks	**16 232**			**16 232**	14 911			14 911
Intangible assets	**9 008**	**2**		**9 010**	8 568	11		8 579
Interdivisional assets		**77 451**	**(77 451)**	**–**		56 793	(56 793)	–
Total assets	**851 858**	**176 278**	**(102 410)**	**925 726**	764 995	125 281	(80 963)	809 313
Total equity and liabilities								
Allocated capital	**70 875**	**3 879**		**74 754**	64 007	3 017		67 024
Non-controlling interest attributable to:								
– ordinary shareholders	**436**			**436**	326			326
– preference shareholders	**3 561**			**3 561**	3 561			3 561
Total equity	**74 872**	**3 879**	**–**	**78 751**	67 894	3 017	–	70 911
Derivative financial instruments	**374**	**33 476**	**(222)**	**33 628**	1 498	15 390	(1 416)	15 472
Amounts owed to depositors	**626 498**	**109 867**	**(10 514)**	**725 851**	576 163	85 403	(8 116)	653 450
Other liabilities	**8 499**	**28 964**	**(14 223)**	**23 240**	7 028	21 398	(14 638)	13 788
Current taxation liabilities	**371**	**41**		**412**	128	6		134
Deferred taxation liabilities	**1 131**	**51**		**1 182**	864	67		931
Long-term employee benefit liabilities	**3 074**			**3 074**	3 071			3 071
Investment contract liabilities	**10 988**			**10 988**	11 747			11 747
Insurance contract liabilities	**3 618**			**3 618**	4 171			4 171
Long-term debt instruments	**44 982**			**44 982**	35 638			35 638
Interdivisional liabilities	**77 451**		**(77 451)**	**–**	56 793		(56 793)	–
Total liabilities	**776 986**	**172 399**	**(102 410)**	**846 975**	697 101	122 264	(80 963)	738 402
Total equity and liabilities	**851 858**	**176 278**	**(102 410)**	**925 726**	764 995	125 281	(80 963)	809 313

NEDBANK LIMITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December

Rm	Dec 2015	Dec 2014
Interest and similar income	**55 128**	50 075
Interest expense and similar charges	**32 724**	28 322
Net interest income	**22 404**	21 753
Impairments charge on loans and advances	**4 608**	4 478
Income from lending activities	**17 796**	17 275
Non-interest revenue	**17 514**	16 196
Operating income	**35 310**	33 471
Total operating expenses	**23 459**	22 031
Indirect taxation	**668**	522
Profit from operations before non-trading and capital items	**11 183**	10 918
Non-trading and capital items	**(144)**	(96)
Profit from operations	**11 039**	10 822
Share of (losses)/profits of associate companies and joint arrangements	**(1)**	12
Profit before direct taxation	**11 038**	10 834
Total direct taxation	**2 828**	2 786
Direct taxation	**2 860**	2 803
Taxation on non-trading and capital items	**(32)**	(17)
Profit for the year	**8 210**	8 048
Other comprehensive income net of taxation	**578**	126
Exchange differences on translating foreign operations	**190**	14
Fair-value adjustments on available-for-sale assets	**(9)**	(113)
Actuarial profits on long-term employee benefit assets	**279**	62
(Loss)/Gains on property revaluations	**118**	163
Total comprehensive income for the year	**8 788**	8 174
Profit attributable to:		
– Ordinary and preference equity holders	**8 163**	7 998
– Non-controlling interest – ordinary shareholders	**47**	50
Profit for the year	**8 210**	8 048
Total comprehensive income attributable to:		
– Ordinary and preference equity holders	**8 739**	8 123
– Non-controlling interest – ordinary shareholders	**49**	51
Total comprehensive income for the year	**8 788**	8 174
Headline earnings reconciliation		
Profit attributable to ordinary and preference equity holders	**8 163**	7 998
Less: Non-headline earnings items net of taxation	**(112)**	(79)
Non-trading and capital items	**(144)**	(96)
Taxation on non-trading and capital items	**32**	17
Headline earnings attributable to ordinary and preference equity holders	**8 275**	8 077

NEDBANK LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December

Rm	Dec 2015	Dec 2014
Assets		
Cash and cash equivalents	**18 151**	10 757
Other short-term securities	**60 078**	56 322
Derivative financial instruments	**30 948**	15 644
Government and other securities	**42 733**	26 828
Loans and advances	**666 807**	603 329
Other assets	**3 925**	5 393
Current taxation assets	**904**	236
Investment securities	**1 648**	2 369
Non-current assets held for sale	**2**	16
Investments in private-equity associates, associate companies and joint arrangements	**1 400**	1 158
Deferred taxation assets	**67**	165
Property and equipment	**8 114**	7 459
Long-term employee benefit assets	**4 885**	4 409
Mandatory reserve deposits with central banks	**16 190**	14 843
Intangible assets	**4 881**	4 516
Total assets	**860 733**	753 444
Total equity and liabilities		
Ordinary share capital	**28**	27
Ordinary share premium	**18 532**	17 422
Reserves	**37 610**	34 787
Total equity attributable to equity holders of the parent	**56 170**	52 236
Preference share capital and premium	**3 561**	3 561
Minority shareholders' equity attributable to ordinary shareholders	**223**	183
Total equity	**59 954**	55 980
Derivative financial instruments	**33 996**	15 479
Amounts owed to depositors	**708 036**	634 623
Other liabilities	**9 911**	8 404
Current taxation liabilities	**87**	35
Deferred taxation liabilities	**763**	287
Long-term employee benefit liabilities	**3 009**	3 002
Long-term debt instruments	**44 977**	35 634
Total liabilities	**800 779**	697 464
Total equity and liabilities	**860 733**	753 444

FINANCIAL HIGHLIGHTS

for the year ended 31 December

Rm	Dec 2015	Dec 2014
Return on ordinary shareholders' equity (ROE) (%)	**15,4**	16,5
Return on total assets (ROA) (%)	**1,05**	1,13
Net interest income to average interest-earning banking assets (%)	**3,30**	3,54
Credit loss ratio – banking advances (%)	**0,78**	0,82

NOTES:

MAKE
THINGS
HAPPEN

NEDBANK
GROUP

RISK AND BALANCE SHEET **MANAGEMENT REVIEW**

for the year ended 31 December 2015

RISK AND BALANCE SHEET MANAGEMENT REVIEW

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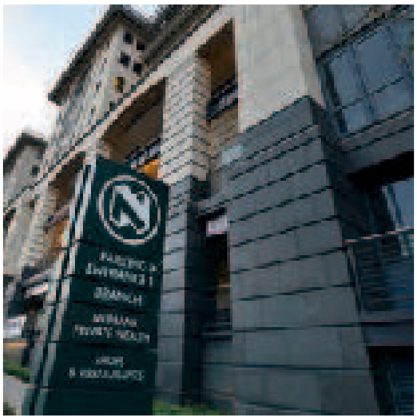
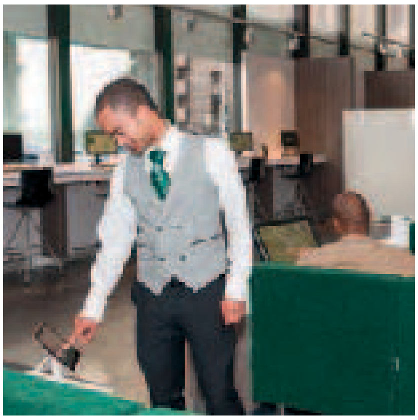




RISK AND BALANCE SHEET MANAGEMENT REVIEW

COMPREHENSIVE PUBLIC DISCLOSURE REPORT (PILLAR 3)

The summary in this Results Booklet focuses on the key risks and balance sheet management components of Nedbank Group. For the group's comprehensive public disclosure on risk and balance sheet management, in line with regulation 43 of the regulations relating to banks in SA, kindly refer to the group's updated Pillar 3 Report that will be updated on the group's website, nedbankgroup.co.za, on 31 March 2016.

HIGHLIGHTS

The financial performance was underpinned by a robust balance sheet, with a strong capital, liquidity and funding position, as well as sound credit asset quality aided by the group's strategic portfolio tilt focus; an enabling but prudent risk appetite; and excellence in risk management.

Postwriteoff recoveries
R1 137m
(Dec 14: R941m)

Defaulted advances as a % of gross advances
2,53%
(Dec 14: 2,54%)

Portfolio coverage
0,70%
(Dec 14: 0,70%)

Long-term funding ratio
28,7%
(Dec 14: 25,4%)

Liquidity coverage ratio
88,5%
(Dec 14: 66,4%)

Trading book –
low risk

Credit loss ratio
0,77%
(Dec 14: 0,79%)

Specific coverage
38,0%
(Dec 14: 43,1%)

Loan-to-deposit-ratio
93,9%
(Dec 14: 93,8%)

IRRBB % ordinary shareholders' equity
1,61%
(Dec 14: 1,52%)
well positioned

Common-equity tier 1
11,3%
(Dec 14: 11,6%)

Total tier 1
12,0%
(Dec 14: 12,5%)

Total capital adequacy ratio
14,1%
(Dec 14: 14,6%)

Available financial resources:economic capital
120%
(Dec 14: 140%;
Dec 14 pro forma: 123%)

Regulatory risk

- The extent of regulatory change across the industry and its impact on our businesses and clients remain pervasive. As these requirements become more onerous, they are likely to change the shape of bank balance sheets, increase the costs of regulatory compliance, adversely impact the price of credit extension and, as a result, will cause banks to revise their strategies.
- The group's strategic focus areas have been designed to incorporate these changing requirements, but the nature and extent of the changes are such that their impact cannot be fully predicted. In addition, the group has established a comprehensive regulatory change programme that is focused on integrating these requirements while creating synergies and efficiencies through a strategic response as well as worldclass governance and programme management.
- Although the group is well positioned to respond to the regulatory changes, they are likely to put pressure on levels of return across the financial services industry as a result of, among others, the increased costs of compliance, increased quality and size of capital buffers, increased liquid-asset portfolios and decreased levels of liquidity transformation. These should in turn lead to lower levels of risk.

CAPITAL MANAGEMENT

REGULATORY CAPITAL ADEQUACY AND LEVERAGE

Strong capital ratios above regulatory minimum requirements and within internal target ranges[1]

		SARB minimum[2]	Internal targets[3]	2015	2014
Nedbank Group					
Including unappropriated profits					
Common-equity tier 1 (CET1)	(%)		**10,5 – 12,5**	**11,3**	11,6
Total tier 1	(%)		**11,5 – 13,0**	**12,0**	12,5
Total	(%)		**14,0 – 15,0**	**14,1**	14,6
Surplus CET1 capital[4]	(Rm)			**24 147**	26 874
Total risk-weighted assets (RWA)	(Rm)			**501 243**	440 696
Total RWA:total assets	(%)		**> 50**	**54**	54
Leverage	(times)	**< 25**	**< 20**	**16,3**	15,1
Dividend cover	(times)		**1,75 – 2,25**	**2,06**	2,07
Excluding unappropriated profits					
Common-equity tier 1	(%)	**6,5**		**10,7**	11,1
Total tier 1	(%)	**8,0**		**11,3**	12,0
Total	(%)	**10,0**		**13,4**	14,1
Nedbank Limited					
Including unappropriated profits					
Common-equity tier 1	(%)		**10,5 – 12,5**	**10,6**	11,0
Total tier 1	(%)		**11,5 – 13,0**	**11,5**	12,1
Total	(%)		**14,0 – 15,0**	**14,1**	14,7
Surplus CET1 capital[4]	(Rm)			**17 125**	20 134
Total RWA	(Rm)			**416 543**	368 823
Excluding unappropriated profits					
Common-equity tier 1	(%)	**6,5**		**10,3**	10,5
Total tier 1	(%)	**8,0**		**11,2**	11,7
Total	(%)	**10,0**		**13,8**	14,3

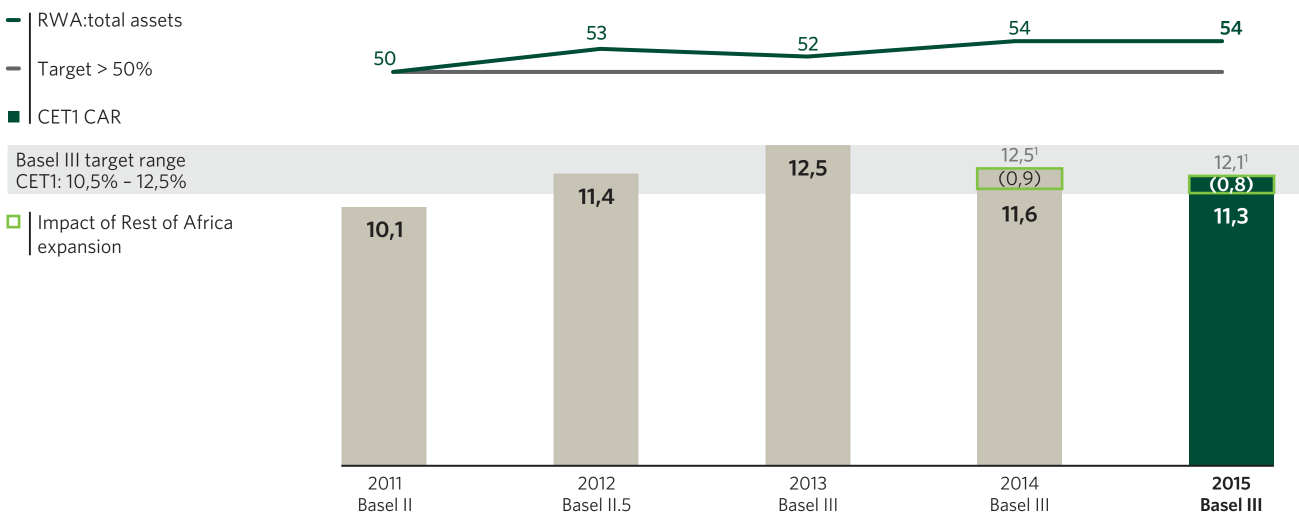
1 *In line with regulation 38(10) of the Banks Act profits do not qualify as regulatory capital, unless formally appropriated by the board by way of a resolution. Accordingly, capital ratios are shown above, both including and excluding unappropriated profits.*
2 *South African Reserve Bank (SARB) minimum requirements for 2015 have increased since 2014 in line with Basel III transitional requirements and exclude bank-specific Pillar 2b capital requirements.*
3 *Nedbank's internal through-the-cycle (TTC) target ranges are based on the final minimum regulatory requirements of 2019 for CET1 and the 2015 minimum regulatory requirements for the total tier 1 and total capital ratios and are set on the basis of including unappropriated profits.*
4 *Excluding the bank-specific Pillar 2b add-on.*

Nedbank Group subsidiaries are well capitalised for the environments in which they operate

	2015				2014		
	Total capital requirement (host country) %	RWA Rm	CET1 ratio %	Total capital ratio %	RWA Rm	CET1 ratio %	Total capital ratio %
Rest of Africa							
Nedbank Namibia Limited	**10,0**	**9 678**	**12,7**	**14,8**	8 364	12,7	15,2
Nedbank (Swaziland) Limited	**8,0**	**2 859**		**20,7**	2 673		18,4
Nedbank (Lesotho) Limited	**8,0**	**1 619**		**21,8**	1 407		22,3
Nedbank (Malawi) Limited	**15,0**	**506**		**15,4**	328		17,2
MBCA Bank Limited (Zimbabwe)	**12,0**	**2 700**		**25,2**	1 860		23,5
United Kingdom							
Nedbank Private Wealth (IOM) Limited	**10,0**	**8 703**	**14,7**	**14,7**	6 801	14,0	14,0

- Nedbank Group remains well capitalised with a strong capital adequacy position at December 2015. This is supported by:
  - A strong capital stack, with a continued focus on the CET1 capital base.
  - Active management of the capital stack, with a well-diversified additional tier 1 and tier 2 capital profile, including an additional R2,3bn of new-style Basel III-compliant tier 2 subordinated-debt instruments issued during the period.
  - A conservative RWA density of 54% (RWA:total assets), which compares favourably with local and international peers.
  - An appropriate CET1 capital surplus of R24,1bn, above the minimum regulatory requirements incorporating future regulatory requirements.
- Nedbank Group has performed comprehensive stress testing on the possibility of a further SA ratings downgrade, with the conclusion that the capital levels and capital buffers remain appropriate and that Nedbank Group is strongly capitalised relative to its business activities, strategy, risk appetite, risk profile and the external environment in which the group operates.
- Nedbank Group's gearing (including unappropriated profits) under the revised Basel III Leverage Ratio Framework and disclosure requirements (which came into effect on 1 January 2015) is 16,3 times (or 6,1%) at 31 December 2015 (2014 pro forma: 15,1 times or 6,6%). The increase in the leverage position is largely as a result of the increase in exposure measure, which was primarily driven by organic on-balance-sheet growth as well as an increase in total derivative exposure.

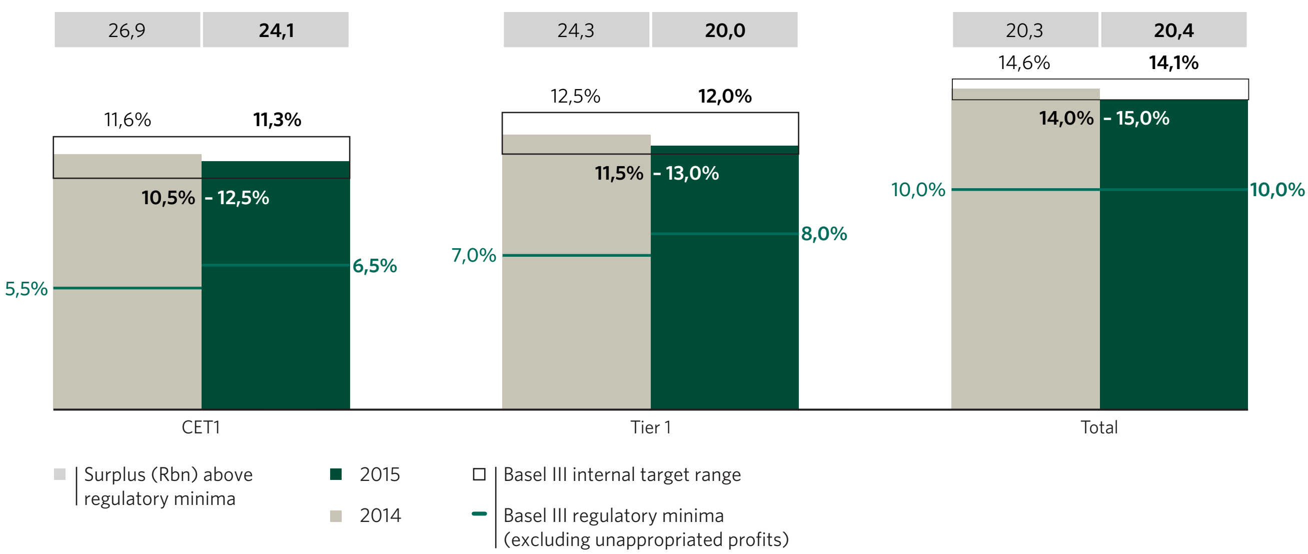
NEDBANK GROUP'S CET1 CAPITAL ADEQUACY RATIO REMAINS STRONG (%)



[1] *CET1 CAR excluding the impact of Rest of Africa expansion.*

- Nedbank Group's CET1 ratio declined to 11,3% from 11,6% in 2014 as a result of:
  - An increase in RWA that was only partially offset by growth in qualifying capital and reserves, which increased as a result of organic earnings for the year (R10,8bn), and after adjusting for the payment of the ordinary dividend of R5,5bn.
- The RWA growth of R60,5bn in 2015 was largely due to the following.
  - An increase in credit RWA of R55,9bn as a result of:
    - growth in loans and advances;
    - the industrywide removal of the zero-risk weighting for credit valuation adjustments (CVA) on over-the-counter (OTC) ZAR-based derivatives and OTC derivatives with local counterparties not cleared through a central counterparty (CCP), as of 1 April 2015 with a R6,5bn impact on RWA; and
    - negative rating migration in the wholesale portfolio, largely relating to clients impacted by the downturn in the commodity cycle.
  - Operational RWA increased by R3,1bn due to an increase in the three-year average gross operating income (GOI) parameter.
  - Trading market RWA increased by R3,1bn due to market volatility and the capitalisation of debit valuation adjustments (DVA) and CVA hedges.

NEDBANK GROUP HAS STRONG CAPITAL RATIOS, ACROSS ALL CLASSES OF CAPITAL WITHIN BASEL III TARGET RANGES



- Nedbank Group's total tier 1 capital adequacy ratio (CAR) of 12,0% (2014: 12,5%) was adversely impacted by the redemption of old-style hybrid debt on 15 January 2015, in line with the regulatory disqualification event, resulting in a R1,8bn reduction in qualifying tier 1 capital in line with capital planning.
- Nedbank Group's total CAR of 14,1% (2014: 14,6%) was further adversely impacted by the redemption of an old-style tier 2 subordinated-debt instrument of R1,0bn (NED11) at its call date in September 2015 in line with capital planning.
- The negative impact of the above capital actions on total CAR was managed through the issuance of new-style Basel III-compliant tier 2 subordinated-debt instruments of R225m (NED18) in January 2015, and R1,6bn (NED19) and R407m (NED20) in June 2015.

Nedbank Group summary of regulatory capital requirements and risk-weighted assets

Risk type	2015 RWA Rm	2015 Mix %	2015 MRC[1] Rm	2014 RWA Rm	2014 Mix %	2014 MRC[1] Rm
Credit risk	**376 760**	**75**	**37 676**	328 154	74	32 815
Advanced Internal Ratings-based (AIRB) Approach	**331 843**	**66**	**33 184**	289 310	66	28 931
Corporate, sovereign, banks, SME[2]	**189 395**	**38**	**18 939**	150 237	34	15 024
Residential mortgages	**52 792**	**10**	**5 279**	49 178	11	4 918
Qualifying revolving retail	**12 738**	**3**	**1 274**	12 244	3	1 224
Other retail	**76 918**	**15**	**7 692**	77 651	18	7 765
The Standardised Approach (TSA)	**27 012**	**5**	**2 701**	23 274	5	2 327
Corporate, sovereign, banks, SME[2]	**17 800**	**3**	**1 780**	15 210	3	1 521
Retail exposures	**9 212**	**2**	**921**	8 064	2	806
Non-regulated entities	**17 905**	**4**	**1 791**	15 570	3	1 557
Counterparty credit risk						
Current Exposure Method (CEM)	**11 410**	**2**	**1 141**	3 929	1	393
Securitisation risk						
Internal Ratings-based (IRB) Approach	**1 834**	**< 1**	**183**	2 048	< 1	205
Equity risk						
Market-based Simple Risk Weight Approach	**13 011**	**3**	**1 301**	13 998	3	1 399
Listed (300% risk weighting)	**1 366**	**< 1**	**137**	1 984	< 1	198
Unlisted (400% risk weighting)	**11 645**	**2**	**1 164**	12 014	3	1 201
Trading market risk						
Internal Model Approach (IMA)[3]	**10 020**	**2**	**1 002**	6 889	2	689
Operational risk	**58 318**	**12**	**5 832**	55 185	13	5 519
Advanced Measurement Approach (AMA)	**53 948**	**11**	**5 395**	51 746	12	5 175
The Standardised Approach	**4 370**	**1**	**437**	3 439	1	344
Other assets	**29 890**	**6**	**2 989**	30 493	7	3 050
100% risk weighting	**15 132**	**3**	**1 513**	17 166	4	1 717
Threshold deduction items: 250% risk weighting[4]	**14 758**	**3**	**1 476**	13 327	3	1 333
Total	**501 243**	**100**	**50 124**	440 696	100	44 070
Total MRC[1]			**50 124**			44 070
Pillar 1 MRC[5]			**40 099**			35 256
Pillar 2a MRC[6]			**10 025**			8 814
Total qualifying capital and reserves[7]			**70 524**			64 385
Total surplus capital over MRC			**20 400**			20 315
Analysis of total surplus capital[7]						
CET1			**24 147**			26 874
Total tier 1			**19 988**			24 282
Total			**20 400**			20 315

1 *Total minimum required capital (MRC) is measured at 10,0% in line with SARB regulations and circular 5/2011.*

2 *SME = Small- and medium-sized enterprises.*

3 *TSA is immaterial (approximately 5% of trading market risk RWA), hence it has been aggregated with the IMA portion.*

4 *Includes the aggregate of investments in other financial entities and other items that fall within the Basel III 10% of CET1 capital threshold according to regulation 38(5)(i).*

Rm	2015	2014
Threshold deduction items: 250% risk weighting	**14 758**	13 327
Ecobank Transnational Incorporated (ETI)	**10 510**	9 559
Investments in other financial entities	**861**	443
Other	**3 387**	3 325

5 *Pillar 1 MRC is measured at 8% in line with the phasing-in of Basel III minimum regulatory capital requirements.*

6 *Pillar 2a MRC is measured at 2% in line with the phasing-in of Basel III minimum regulatory capital requirements.*

7 *Includes unappropriated profits.*

Nedbank Limited[1] summary of regulatory capital requirements and risk-weighted assets

	2015			2014		
Risk type	**RWA Rm**	**Mix %**	**MRC[2] Rm**	RWA Rm	Mix %	MRC[2] Rm
Credit risk	**320 022**	**77**	**32 002**	285 271	77	28 527
Advanced Internal Ratings-based Approach	**318 392**	**76**	**31 839**	283 337	76	28 334
Corporate, sovereign, banks, SME[3]	**175 943**	**42**	**17 594**	144 264	39	14 426
Residential mortgages	**52 792**	**13**	**5 279**	49 178	13	4 918
Qualifying revolving retail	**12 738**	**3**	**1 274**	12 244	3	1 224
Other retail	**76 919**	**18**	**7 692**	77 651	21	7 765
The Standardised Approach	**1 630**	**1**	**163**	1 934	1	193
Corporate, sovereign, banks, SME[3]	**834**	**< 1**	**83**	974	< 1	97
Retail exposures	**796**	**< 1**	**80**	960	< 1	96
Counterparty credit risk						
Current Exposure Method	**10 727**	**3**	**1 073**	3 768	1	377
Securitisation risk						
Internal Ratings-based Approach	**1 834**	**< 1**	**183**	2 048	1	205
Equity risk						
Market-based Simple Risk Weight Approach	**9 910**	**2**	**991**	10 817	3	1 082
Listed (300% risk weighting)	**1 366**	**< 1**	**137**	1 983	1	198
Unlisted (400% risk weighting)	**8 544**	**2**	**854**	8 834	2	884
Trading market risk						
Internal Model Approach[4]	**8 411**	**2**	**841**	4 538	1	454
Operational risk	**49 918**	**12**	**4 992**	47 161	13	4 716
Advanced Measurement Approach	**49 828**	**12**	**4 983**	47 047	13	4 705
The Standardised Approach	**90**	**< 1**	**9**	114	< 1	11
Other assets	**15 721**	**4**	**1 572**	15 220	4	1 522
100% risk weighting	**12 565**	**3**	**1 256**	14 143	4	1 414
Threshold deduction items: 250% risk weighting	**3 156**	**1**	**316**	1 077	< 1	108
Total	**416 543**	**100**	**41 654**	368 823	100	36 882
Total MRC[2]			**41 654**			36 882
Pillar 1 MRC[5]			**33 323**			29 506
Pillar 2a MRC[6]			**8 331**			7 376
Total qualifying capital and reserves[7]			**58 592**			54 259
Total surplus capital over MRC			**16 938**			17 377
Analysis of total surplus capital[7]						
CET1			**17 125**			20 134
Total tier 1			**14 438**			18 851
Total			**16 938**			17 377

1 *Nedbank Limited refers to the SA reporting entity in terms of regulation 38 (BA 700) of the SA banking regulations.*
2 *Total minimum required capital (MRC) is measured at 10,0% in line with SARB regulations and circular 5/2011.*
3 *SME = Small- and medium-sized enterprises.*
4 *TSA is immaterial (approximately 5% of trading market risk RWA), hence it has been aggregated with the IMA portion.*
5 *Pillar 1 MRC is measured at 8% in line with the phasing-in of Basel III minimum regulatory capital requirements.*
6 *Pillar 2a MRC is measured at 2% in line with the phasing-in of Basel III minimum regulatory capital requirements.*
7 *Includes unappropriated profits.*

Summary of regulatory qualifying capital and reserves[1]

Rm	Nedbank Group 2015	Nedbank Group 2014	Nedbank Limited 2015	Nedbank Limited 2014
Including unappropriated profits				
Total tier 1 capital	**60 087**	55 130	**47 761**	44 669
Common-equity tier 1	**56 728**	51 112	**44 200**	40 419
Ordinary share capital and premium	**18 046**	17 247	**18 571**	17 461
Minority interest: ordinary shareholders'	**365**	258		
Reserves	**56 164**	49 204	**35 552**	31 860
Deductions[2]	**(17 847)**	(15 597)	**(9 923)**	(8 902)
Goodwill	**(5 257)**	(5 141)	**(1 410)**	(1 410)
Other intangible assets	**(3 689)**	(3 356)	**(3 471)**	(3 105)
Gross value	**(3 753)**	(3 438)	**(3 471)**	(3 105)
Related deferred tax liability	**64**	82		
Excess of downturn expected loss (dEL) over provisions	**(1 791)**	(1 585)	**(1 807)**	(1 606)
Impairments	**(5 342)**	(3 459)	**(1 467)**	(725)
Capital requirement in respect of foreign branches			**(1 228)**	(655)
Deferred tax assets, excluding temporary differences net of deferred tax liabilities	**(122)**	(160)		
Total derivative debit valuation adjustment	**(200)**	(34)	**(200)**	(34)
Investments in the common stock of financial entities (amount above 10% threshold)[3]	**(5 017)**	(3 265)		
Qualifying instruments held in banks or other regulated institutions	**(3)**		**(39)**	(36)
Defined-benefit pension fund assets	**(1 768)**	(2 056)	**(1 768)**	(2 056)
Gross value	**(2 456)**	(2 855)	**(2 456)**	(2 855)
Related deferred tax liability	**688**	799	**688**	799
Additional tier 1 capital	**3 359**	4 018	**3 561**	4 250
Preference share capital and premium	**3 561**	2 866	**3 561**	2 848
Hybrid debt capital instruments[4]		1 402		1 402
Minority interest deduction	**(202)**	(250)		
Tier 2 capital	**10 437**	9 255	**10 831**	9 590
Subordinated debt instruments[5]	**10 825**	9 569	**10 825**	9 569
Minority interest deduction[6]	**(496)**	(408)		
General allowance for credit impairments	**108**	94	**6**	21
Total qualifying capital and reserves[1]	**70 524**	64 385	**58 592**	54 259
Excluding unappropriated profits				
Common-equity tier 1 capital	**53 508**	48 785	**42 932**	38 830
Total tier 1 capital	**56 867**	52 803	**46 493**	43 080
Total qualifying capital and reserves	**67 304**	62 058	**57 324**	52 669

[1] *For comprehensive 'composition of capital' and 'capital instruments main features' disclosure please refer to nedbank.co.za/content/nedbank/desktop/gt/en/aboutus/information-hub/capital-and-risk-management-reports.html.*

[2] *In terms of regulation 43 disclosure is required for all exposures that are subject to TSA and are deducted from the bank's capital and reserves. None of the group's standardised exposures were deducted from the bank's capital and reserves.*

[3] *Nedbank Group investments in the common stock of financial entities (amount above 10% threshold) consists of the following:*

Rm	2015	2014
Investments in the common stock of financial entities (amount above 10% threshold)	**(5 017)**	(3 265)
ETI	**(3 604)**	(2 399)
Investments in other financial entities	**(295)**	(111)
Other	**(1 118)**	(755)

[4] *The hybrid debt instruments were redeemed on 15 January 2015 in accordance with the regulatory disqualification event and in line with capital planning.*

[5] *A total of R2,3bn new-style subordinated-debt instruments have been issued in the current year.*

[6] *In terms of regulation 38(16) any surplus capital attributable to third-party and/or minority shareholders of fully consolidated subsidiaries must be derecognised as qualifying capital.*

Insurance entity capital adequacy
Solvency ratios

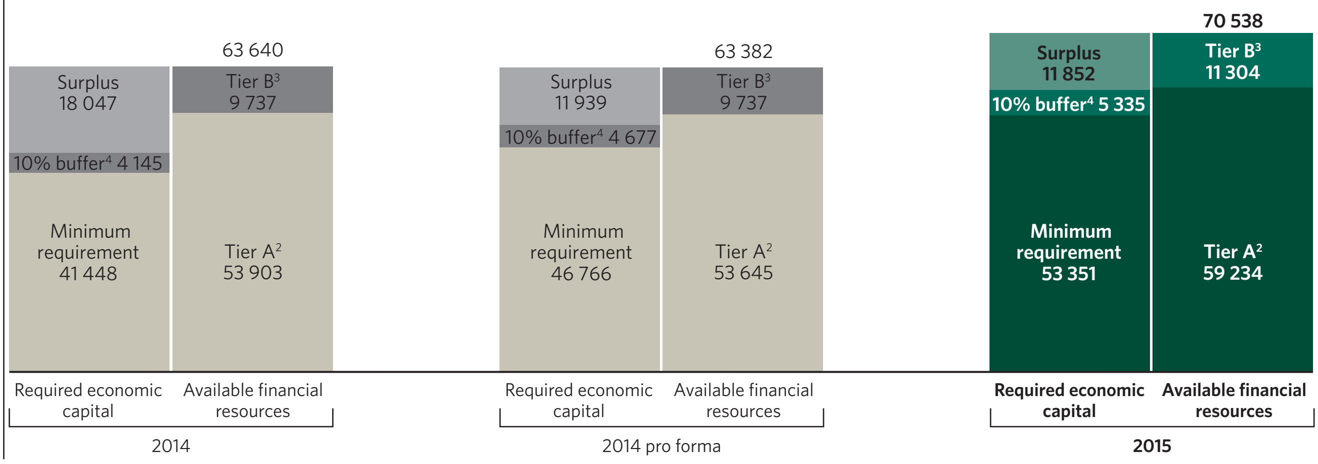
Times	Regulatory minimum	Management target[1]	2015	2014[2]
Long-term insurance (Nedgroup Life and Nedgroup Structured Life)	1,00	> 1,5	11,8	8,0
Non-life insurance (NedIC)	1,00	> 1,3	2,7	2,2

[1] *Management target is based on the greater of regulatory and economic capital.*
[2] *Insurance capital adequacy for 2014 was restated to remove assets inadmissible for solvency purposes in accordance with section 31 of the Long-term Insurance Act and section 30 of the Short-term Insurance Act; consistent with the 2015 results.*

- Insurance underwriting activities are predominantly undertaken by Nedbank Insurance, a division of Nedbank Wealth.
- Insurance risk consumes only 0,6% (2014: 0,9%) of the group's economic capital requirement.
- The insurance businesses are on track with their Solvency Assessment and Management (SAM) implementation, which has been embedded in the risk management frameworks, strategic initiatives and system enhancements. The insurance businesses are currently engaged in the SAM comprehensive parallel run during which the insurance business is required to report to the Financial Services Board (FSB) on both the current regulatory regime and the SAM regulatory regime. Implementation of the SAM regime is not expected until January 2017.
  - These requirements are already a core part of business-as-usual (BaU) processes and reporting.
  - The approach taken by the businesses is to ensure strategic alignment of SAM by using risk management in the business decisionmaking framework and business planning processes through Own Risk and Solvency Assessments (ORSA), which are being embedded in the existing reporting structures.

ECONOMIC CAPITAL ADEQUACY

STRONG NEDBANK GROUP ECONOMIC CAPITAL ADEQUACY[1] AND ICAAP MAINTAINED
(Rm)



[1] *Including unappropriated profits.*
[2] *Tier A = CET1-type regulatory capital.*
[3] *Tier B = Includes Basel II perpetual preference shares and hybrid debt subject to grandfathering under Basel III and new-style Basel III-compliant additional tier 1 and tier 2 capital instruments.*
[4] *10% buffer determined in accordance with the group's comprehensive stress testing and Internal Capital Adequacy Assessment Process (ICAAP).*

- Economic capital is the group's comprehensive internal measurement of risk and related capital requirements, and forms the basis of the group's ICAAP and allocation of risk-based capital to the business clusters.
- Nedbank's ICAAP confirms that both Nedbank Group and Nedbank Limited are well capitalised above their current 'A' or 99,93% target debt rating (solvency standard) in terms of the group's proprietary economic capital methodology.
  - Nedbank Group's ICAAP reflects surplus available financial resources (AFR) of R11,9bn (2014: R18,0bn) after a 10% capital buffer is added. This is determined in accordance with the group's comprehensive Stress and Scenario Testing Framework, and compared with the minimum required economic capital. The decrease in surplus AFR during the period is mainly due to economic capital methodology changes implemented with effect from January 2015, as discussed below. On a like-for-like basis the surplus AFR has decreased by R87m (2014 pro forma: R11,9bn), as result of the total increase in AFR being lower than the increase in minimum economic capital requirement in 2015, due largely to ratings migration in wholesale portfolios, predominantly relating to clients impacted by the downturn in the commodity cycle.
  - Nedbank Limited's ICAAP reflects a surplus AFR of R10,4bn (2014: R16,4bn) after a 10% capital buffer is added. The negative movement in Nedbank Limited's surplus AFR in 2015 is as explained above for Nedbank Group.
- The following material changes were implemented for capital allocation purposes and ICAAP during 2015:
  - A revised business risk methodology, including a top-down quantification approach to determine the group's business risk capital and a scenario-based approach, for the allocation of capital across the business units.
  - Enhancements to the calculation and allocation of credit economic capital, including:
    — Implementation of downturn loss given default (dLGD) effects, utilising a Probability of Default-Loss Given Default (PD-LGD) Correlation Framework, in the Credit Portfolio Model that is used to calculate credit economic capital.
    — Advanced modelling of credit risk for the existing non-performing portfolio to assess specific coverage.
    — Full allocation of excess dEL over provisions to the business units in line with Basel III.

- A new economic capital charge for CVA was implemented to holistically cover counterparty credit risk (CCR), which consists of default risk (ie losses in the event of default), as well as market value losses due to a deterioration in the counterparty's creditworthiness. This aligns with the regulatory implementation of the CVA charge with effect from 1 April 2015.
- Implementation of a revised interrisk diversification methodology.
- Not capitalising for foreign currency translation (FCT) risk following the inclusion of foreign currency translation reserves (FCTR) as qualifying regulatory capital and reserves under Basel III since 1 January 2013.
- A revised residual capital allocation based on 11% of minimum economic capital for the client-facing banking business units.

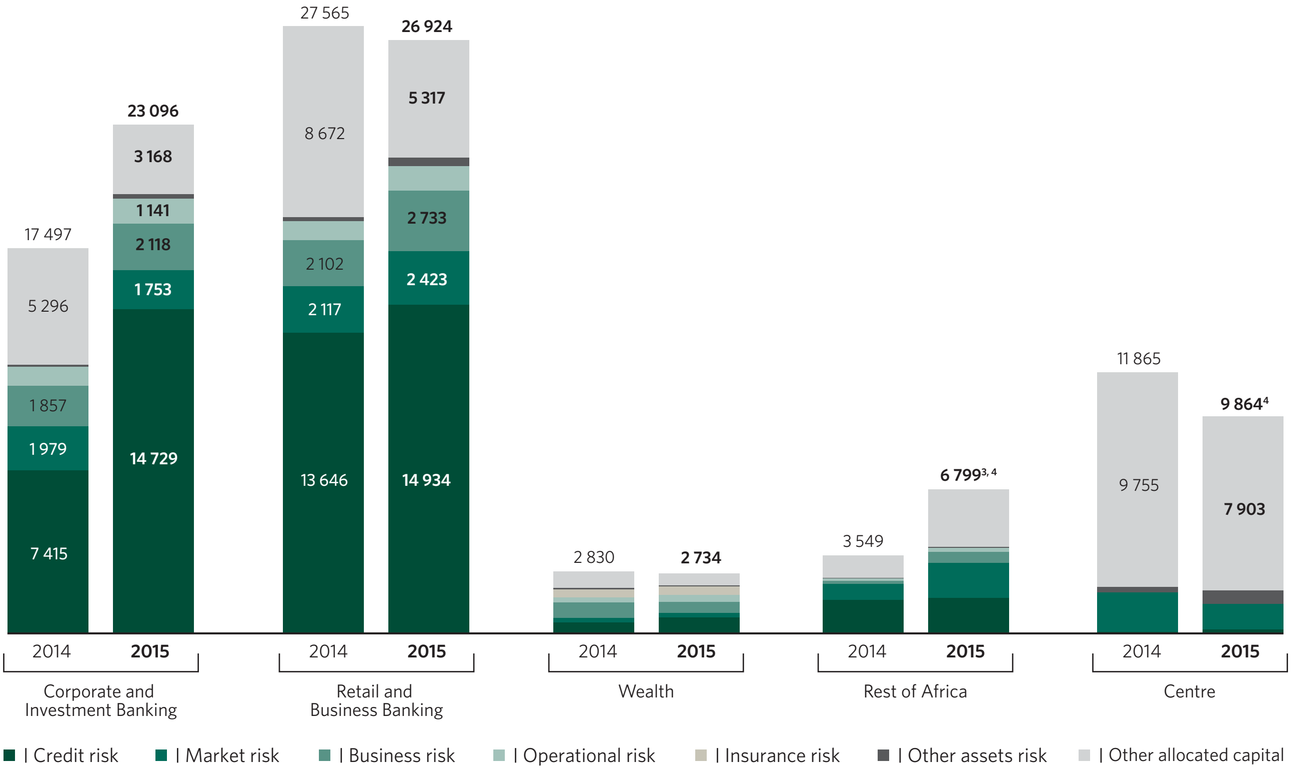
Nedbank Group economic capital requirement versus available financial resources

	2015 New methodology		2014 Pro forma		2014 Old methodology	
	Rm	Mix %	Rm	Mix %	Rm	Mix %
Credit risk[1]	**34 572**	**65**	29 800	64	24 003	58
Counterparty credit risk[1]	**384**	**< 1**	229	< 1	153	< 1
Securitisation risk	**59**	**< 1**	69	< 1	47	< 1
Transfer risk	**33**	**< 1**	53	< 1	53	< 1
Market risk	**7 829**	**15**	6 712	14	9 103	22
Trading risk	**266**	**< 1**	266	< 1	441	1
IRRBB	**3 802**	**7**	3 194	7	3 212	8
Property risk	**995**	**2**	964	2	1 644	4
Equity investment risk	**2 766**	**5**	2 288	5	2 860	7
Foreign currency translation risk					946	2
Business risk	**5 954**	**11**	5 328	11	4 936	12
Operational risk	**2 778**	**5**	2 769	6	2 000	5
Insurance risk	**341**	**< 1**	379	< 1	391	1
Other assets risk	**1 401**	**3**	1 427	3	762	2
Minimum economic capital requirement	**53 351**	**100**	46 766	100	41 448	100
Add: stress-tested capital buffer (10%)	**5 335**		4 677		4 145	
Total economic capital requirement	**58 686**		51 443		45 593	
Available financial resources	**70 538**	**100**	63 382	100	63 640	100
Tier A capital	**59 234**	**84**	53 645	85	53 903	85
Ordinary share capital and premium	**18 046**		17 247		17 247	
Minority interest: ordinary shareholders[2]					258	
Reserves	**56 164**		49 204		49 204	
Deductions	**(16 056)**		(13 977)		(13 977)	
Excess of IFRS[3] provisions over TTC expected loss (EL)	**1 080**		1 171		1 171	
Tier B capital	**11 304**	**16**	9 737	15	9 737	15
Preference share	**3 561**		2 848		2 848	
Tier 2 debt instruments	**7 743**		5 487		5 487	
Hybrid debt capital instruments			1 402		1 402	
Total surplus AFR	**11 852**		11 939		18 047	
AFR:total economic capital requirement (%)	**120**		123		140	

[1] *2014 was restated to reallocate CVA from counterparty credit to credit risk.*
[2] *Minority interest excluded as AFR in 2015, following revision of the AFR definition.*
[3] *IFRS = International Financial Reporting Standard.*

- Nedbank Group's total economic capital requirement (including a 10% stress-tested buffer) increased by R13,1bn from 2014, mainly due to a R5,9bn increase from the economic capital methodology changes implemented in 2015. The total economic capital requirement increased by R7,2bn on a like-for-like basis on the back of:
  - A R4,8bn increase in credit economic capital, which was largely driven by strong asset growth in the wholesale portfolios, in particular the investment banking and commercial property lending businesses, as well as negative ratings migration largely relating to clients impacted by the downturn in the commodity cycle.
  - A R626m increase in business risk economic capital, mainly as a result of the increase in revenue forecasts.
  - A R608m increase in interest rate risk in the banking book (IRRBB) economic capital, mainly driven by organic balance sheet growth.
  - A R478m increase in equity risk economic capital, mainly as a result of the increase in investment exposure to ETI and Banco Único.
- Nedbank Group's total AFR increased by R6,9bn from R63,6bn in 2014 to R70,5bn in 2015 due to:
  - A R5,3bn increase in tier A AFR, driven by organic earnings growth during the period.
  - A R1,6bn increase in tier B AFR, following the issuance of R2,3bn new-style Basel III-compliant tier 2 subordinated-debt during the year, offset by the redemption of hybrid debt and the reversal of grandfathering.

RISK-BASED CAPITAL ALLOCATION TO THE BUSINESS CLUSTERS[1,2]
(Rm)



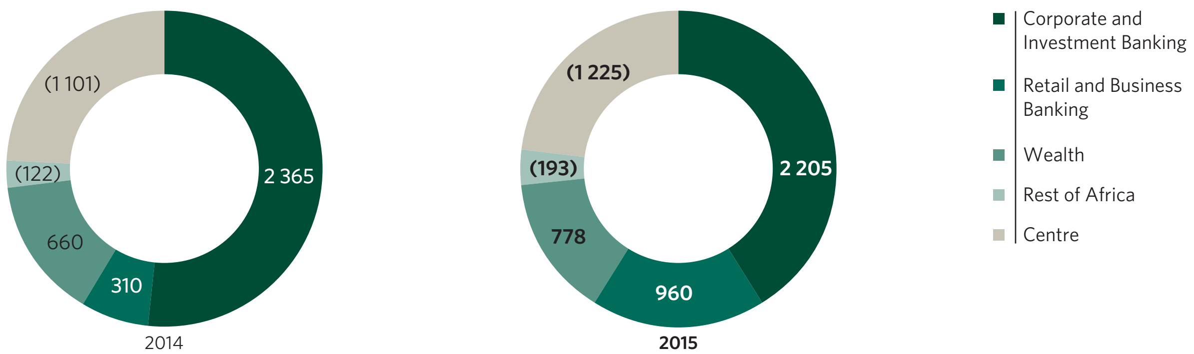
[1] *Summary of average year-to-date cluster capital allocation.*

[2] *2015 business cluster capital allocations are based on the new methodology.*

[3] *With effect from January 2015 capital allocated to Rest of Africa comprises the higher of host country regulatory capital, Basel III regulatory capital or economic capital.*

[4] *The decrease in capital held in the Centre, is largely the result of the allocation of capital associated with the investment in ETI to Rest of Africa.*

ECONOMIC PROFIT
(Rm)



COST OF EQUITY

- Nedbank Group revised its cost of equity (COE) to 13,0% in 2015 (2014: 13,5%) as a result of a lower-than-expected risk-free rate in the Capital Asset Pricing Model and in consideration of the approach followed by the group's parent company (Old Mutual plc), average investment analysts' consensus and management judgement.
- The COE metric is set annually in advance and therefore the 2015 COE is not reflective of the movements in long-bond rates in December 2015. The group's estimated COE for 2016 is 15,0%.

STRESS AND SCENARIO TESTING

- Nedbank Group has a comprehensive Stress and Scenario Testing Framework that is used, among others, to stress its base case projections in order to assess the adequacy of Nedbank Group's and Nedbank Limited's capital levels, buffers and target ratios. The framework is an integral part of the group's ICAAP under Basel III, strategy and business plans.
- The group's Stress and Scenario Testing Framework recognises and estimates the potential volatility of the capital requirements and base case (expected) three-year business plan projections, including the key assumptions and sensitivities contained therein, which themselves are subject to fluctuation.
- Stress and scenario testing is performed and reported quarterly, or more regularly, if required. Macroeconomic scenarios of different severities are considered, ranging from a mild stress to severe inflationary and severe deflationary scenarios. In addition to the quarterly stress testing process, a comprehensive set of relevant scenarios is evaluated and presented during the annual ICAAP.
- The possibility of a further SA credit ratings downgrade has increased materially since the events of December 2015, being exacerbated by the drought, slowing growth in China, prolonged weak commodity prices, and currency weakness among other adverse factors.
- Nedbank has defined key trigger events that may move SA closer towards a ratings downgrade prior to the announcements by Standard & Poor's and Fitch of their ratings reviews in June 2016. Moody's does not perform rating reviews on fixed future dates.
  - Nedbank has considered a response to such an event, in order to mitigate the potential adverse consequences, as part of its proactive contingency planning, as Nedbank's ratings are capped at the sovereign ceiling, any downgrade of the sovereign would lead to a downgrade of Nedbank and all SA banks.
- A possible one notch downgrade to sub-investment grade may precipitate (or be indicative of) a high stress event, and may lead further (or be indicative of) to a severe inflation scenario. Therefore, a further SA ratings downgrade can be seen as being in-between a high stress and a severe inflation stress scenario. The level of stress along this continuum is likely to be determined by the level of stress in the macroeconomic environment.
- In conclusion, Nedbank Group is strongly capitalised relative to its business activities, strategy, risk appetite, risk profile and the external environment in which the group operates.

EXTERNAL CREDIT RATINGS

Nedbank engages two credit rating agencies, whose ratings are summarised below:

- In December 2015 Standard & Poor's affirmed Nedbank's global scale rating. However, they lowered Nedbank's long-term national scale rating and revised the counterparty credit risk outlook from stable to negative, which is a reflection of the sovereign rating and a negative view of the economic risk trend for the SA banking industry. The affirmation balances Nedbank's resilient financial performance, despite continuing economic headwinds and industry turbulence.
- In December 2015 Moody's affirmed Nedbank's ratings, but changed the outlook assigned to deposit ratings from stable to negative. This was based on Nedbank's resilient asset quality, profitability metrics and relatively comfortable capitalisation levels in 2015. Concurrently the ratings also reflect Nedbank's high proportion of short-term wholesale deposit funding and credit risk concentrations (structural issues faced by all major SA banks).
- The FSB cancelled the registration of Fitch Southern Africa (Pty) Limited as a registered credit rating agency with effect from 4 September 2015. This follows Fitch's decision to withdraw their registration with the FSB. In accordance with this decision, Nedbank Limited will no longer use the credit rating services of Fitch Southern Africa (Pty) Limited.

Standard & Poor's ratings

	Nedbank Limited December 2015	Sovereign rating SA December 2015
Counterparty credit risk	**BBB-/A-3**	
Outlook – counterparty credit risk	**Negative**	
SA national scale	**ZaAA-/ZaA-1**	
Foreign currency deposit ratings		
Long-term		**BBB-**
Short-term		**A-3**
Outlook		**Negative**
Local currency deposit ratings		
Long-term		**BBB+**
Short-term		**A-2**
Outlook		**Negative**

Moody's Investor Service ratings

	Nedbank Limited December 2015	Sovereign rating SA December 2015
Foreign currency deposit ratings		
Long-term	**Baa2**	**Baa2**
Short-term	**P-2**	**P-2**
Outlook	**Negative**	**Negative**
Local currency deposit ratings		
Long-term	**Baa2**	**Baa2**
Short-term	**P-2**	
Outlook	**Negative**	**Negative**
National scale		
Long-term deposits	**A1.za**	
Short-term deposits	**P-1.za**	
Counterparty risk assessment	**Baa1/P-2**	

- External rating agencies still view the SA banking sector as resilient, with stable core earnings, sophisticated risk management and good levels of capitalisation and liquidity.
  - Nedbank is regarded as a strong franchise with sound credit metrics, risk and balance sheet management, and satisfactory financial performance over several years.
  - Rating agencies recognise Nedbank's strong capital adequacy position.

LIQUIDITY RISK AND FUNDING

Summary of Nedbank Group liquidity risk and funding profile

		2015	2014
Total sources of quick liquidity[1]	(Rm)	**160 666**	126 057
Total high-quality liquid assets (HQLA)	(Rm)	**117 997**	91 423
Other sources of quick liquidity[2]	(Rm)	**42 669**	34 634
Total sources of quick liquidity as a % of total assets	(%)	**17,4**	15,6
Long-term funding ratio (three-month average)	(%)	**28,7**	25,4
Retail Savings Bond[3]	(Rm)	**14 476**	11 850
Senior unsecured debt	(Rm)	**30 797**	22 478
Total capital market issuance	(Rm)	**44 982**	35 638
Reliance on negotiable certificates of deposit[4]	(%)	**11,3**	10,8
Reliance on foreign funding[4]	(%)	**6,3**	4,6
Loan-to-deposit ratio	(%)	**93,9**	93,8
Basel III liquidity ratios			
Liquidity coverage ratio (LCR) (effective date – 1 January 2015)[5]	(%)	**88,5**	66,4
Minimum regulatory LCR requirement[6]	(%)	**60**	N/A
Net stable funding ratio (NSFR) (effective date – 2018)	(%)	**WIP**[7]	WIP[7]

[1] *According to the Basel disclosure requirements, the HQLA portfolio must be reported as the quarterly average of month-end balances as at each reporting date. Prior to the release of the Basel disclosure requirements document, the December 2014 total sources of quick liquidity, which includes the HQLA portfolio, were reflected as a point-in-time month-end balance. To align with the Basel disclosure requirements the total sources of quick liquidity are now stated as the quarterly average of month-end balances (ie December 2014 sources of quick liquidity have been restated from R121 074m to R126 057m).*

[2] *In addition to the HQLA portfolio maintained for LCR purposes, Nedbank also identifies other sources of stress liquidity that can be accessed in a time of stress, albeit that they don't qualify as HQLA. These sources of quick liquidity include corporate bonds, listed equities, other marketable securities, price-sensitive overnight loans and other assets that can be used to access stress funding.*

[3] *Nedbank has both Retail Savings Bonds and Green Retail Savings Bonds with tenures of two, three and five years. The proceeds of the Green Retail Savings Bonds are earmarked for renewable-energy projects, while the proceeds of ordinary Retail Savings Bonds are applied to the general funding pool.*

[4] *As a % of total deposits.*

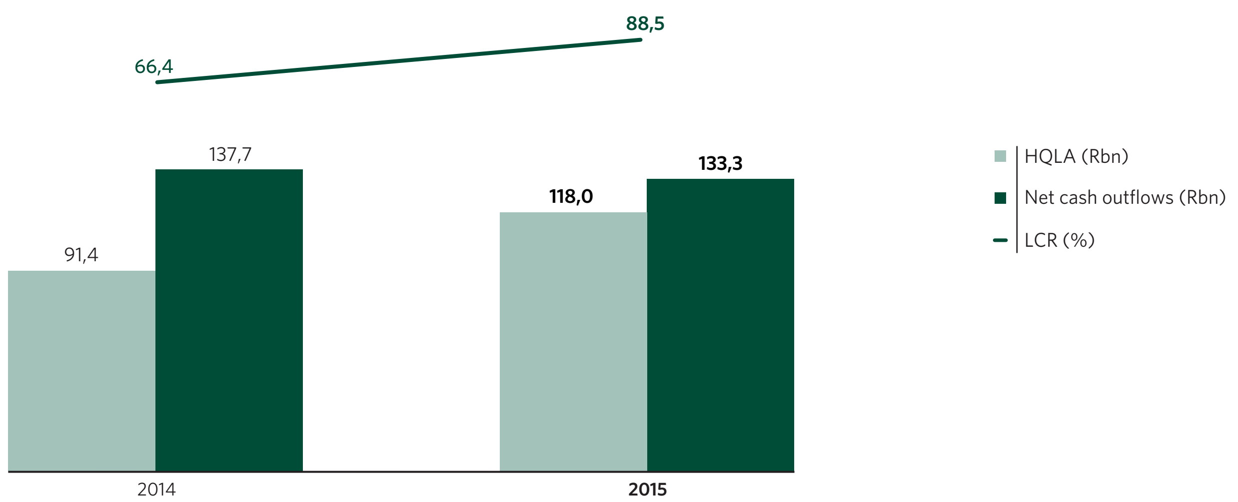
[5] *Only banking and/or deposit-taking entities are included in the group LCR and the group ratio represents an aggregation of the relevant individual net cash outflows and the individual HQLA portfolios across all banking and/or deposit-taking entities, where surplus HQLA holdings in excess of the minimum requirement of 60% have been excluded from the aggregated HQLA number in the case of all non-SA banking entities. The above figures reflect the simple average of the month-end values at October 2015, November 2015 and December 2015, based on the regulatory submissions to SARB.*

[6] *A 60% minimum LCR was required from 1 January 2015, increasing 10% per annum to 100% by 1 January 2019.*

[7] *WIP = work in progress.*

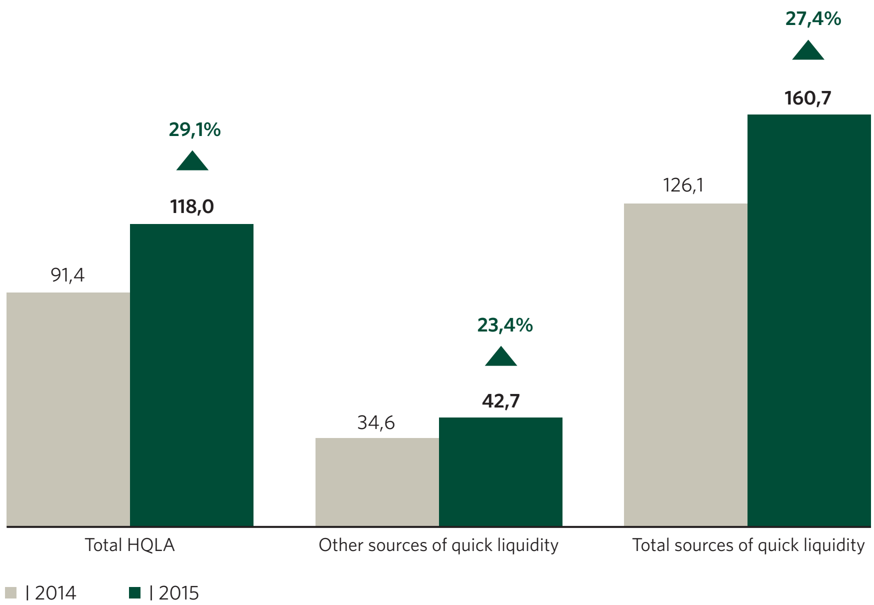
- Nedbank Group remains well funded with a strong liquidity position, underpinned by a significant quantum of long-term funding, an appropriately sized surplus liquid-asset buffer, a strong loan-to-deposit ratio consistently below 100% and a low reliance on interbank and foreign-currency funding.
- From a Basel III perspective Nedbank has successfully implemented the LCR, exceeding the minimum regulatory requirement of 60%, which came into effect on 1 January 2015 and the 70% requirement from 1 January 2016. Having embedded this ratio into BaU processes, Nedbank is well positioned to exceed the minimum requirement throughout the phase-in period, as the LCR requirement increases by 10% per annum to 100% by 1 January 2019.
- The Basel Committee released its final version of the NSFR in October 2014. On 18 November 2015 SARB released a proposed directive relating to the NSFR, where it proposed that the available stable funding (ASF) factor applicable to wholesale deposits in the 0 to 6 month bucket be increased from 0% to 35% to better reflect the stability of these deposits within the SA context. Taking cognisance of the finalised Basel Committee NSFR standard and the proposed directive issued by SARB, all SA banks are better positioned to achieve compliance from the effective date of 1 January 2018. In future the key focus will be on achieving compliance within the context of balance sheet optimisation.
- Nedbank's strong funding and liquidity position is illustrated by the following:
  - The 2015 LCR, calculated using the simple average of the month-end values for October 2015, November 2015 and December 2015, was 88,5% compared with the December 2014 quarterly average of 66,4%, well exceeding the minimum regulatory requirement of 60%.
    - The total HQLA portfolio increased from a quarterly average of R91,4bn at December 2014 to R118,0bn at December 2015, while the LCR net cash outflows decreased from R137,7bn to R133,3bn over the same period as a result of the lengthened funding profile.
    - Based on internal risk modelling, Nedbank targets an LCR operational level above the minimum regulatory requirement, designed to absorb normal seasonal and cyclical volatility inherent in the domestic financial system, which consequently impacts the LCR. The actual LCR may therefore fluctuate above or below the operational target from time to time.
    - 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 100% by 1 January 2019, while continuing to maintain appropriately sized surplus liquid-asset buffers.
  - In addition to the HQLA portfolio maintained for LCR purposes, Nedbank also identifies other sources of quick liquidity, which can be accessed in times of stress. These sources of quick liquidity include corporate bonds, listed equities, other marketable securities, price-sensitive overnight loans and other assets, which can be used to access funding. Nedbank's combined portfolio of HQLA and other sources of quick liquidity amounted to R160,7bn at December 2015, representing 17,4% of total assets.

NEDBANK GROUP LCR EXCEEDS MINIMUM REQULATORY REQUIREMENTS

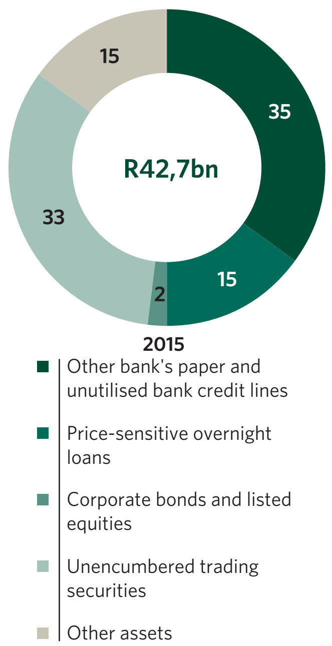


NEDBANK GROUP SIGNIFICANT SOURCES OF QUICK LIQUIDITY

Total sources of quick liquidity (Rbn)



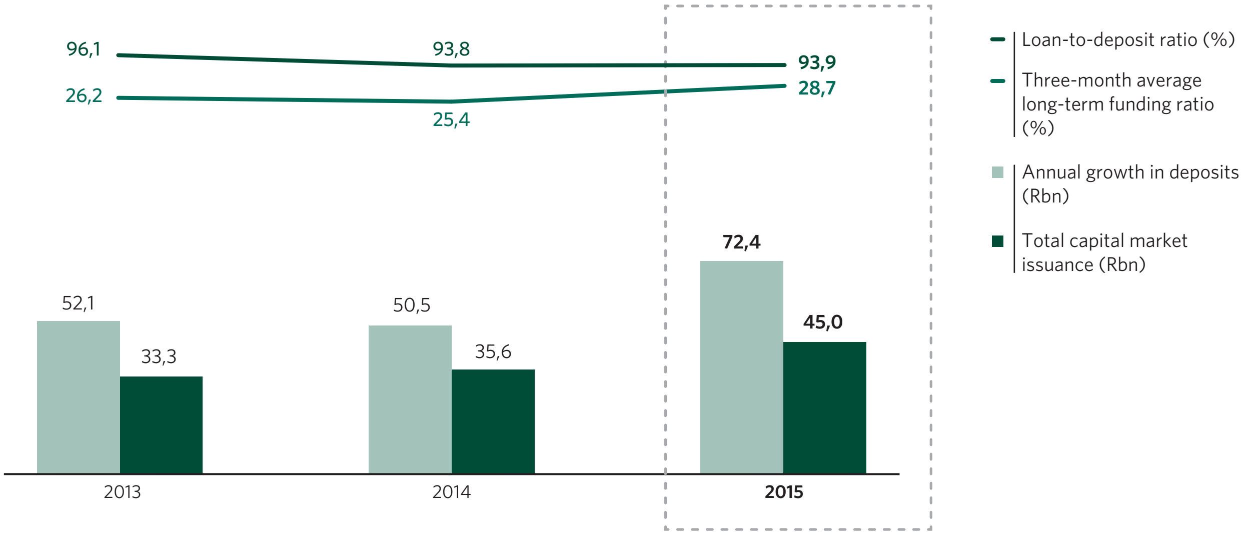
Other sources of quick liquidity contribution (%)



- A strong funding profile has been maintained in 2015, with Nedbank recording a three-month average long-term funding ratio of 28,7% in the fourth quarter of 2015 (quarterly average 2014: 25,4%), in line with its strategy of strengthening the liquidity risk profile and prepositioning for a timeous transition to full Basel III compliance.
  - Nedbank Retail Savings Bonds growth of R2,6bn contributed positively to the longer-term funding bucket, as well as the strategy of diversifying Nedbank's funding base, bringing the total amount issued to R14,5bn.
  - In addition, Nedbank successfully issued R10,5bn in senior unsecured debt in the first half of 2015, followed by R5,0bn in the second half of 2015, while R7,2bn matured during the year.
  - R1,8bn of old-style hybrid debt was redeemed in January 2015, in accordance with the regulatory disqualification event and in line with capital planning. Nedbank issued an additional R2,3bn of new-style Basel III-compliant tier 2 subordinated-debt instruments, while an old-style tier 2 subordinated-debt instrument of R1,0bn (NED11) was redeemed at its call date in September 2015 in line with capital planning.
- The loan-to-deposit ratio remains consistently below 100% at 93,9% (2014: 93,8%), noting that the significant amount of long-term capital market funding issued in 2015, proportionally reduced deposits in relation to loans, albeit that these loans are now funded with more longer-term funding.
- Nedbank's reliance on foreign currency deposits as a percentage of deposits remained small at 6,3%, despite the fact that it has increased (2014: 4,6%) as part of Nedbank's strategy to diversify its funding sources and match-fund foreign advances growth.

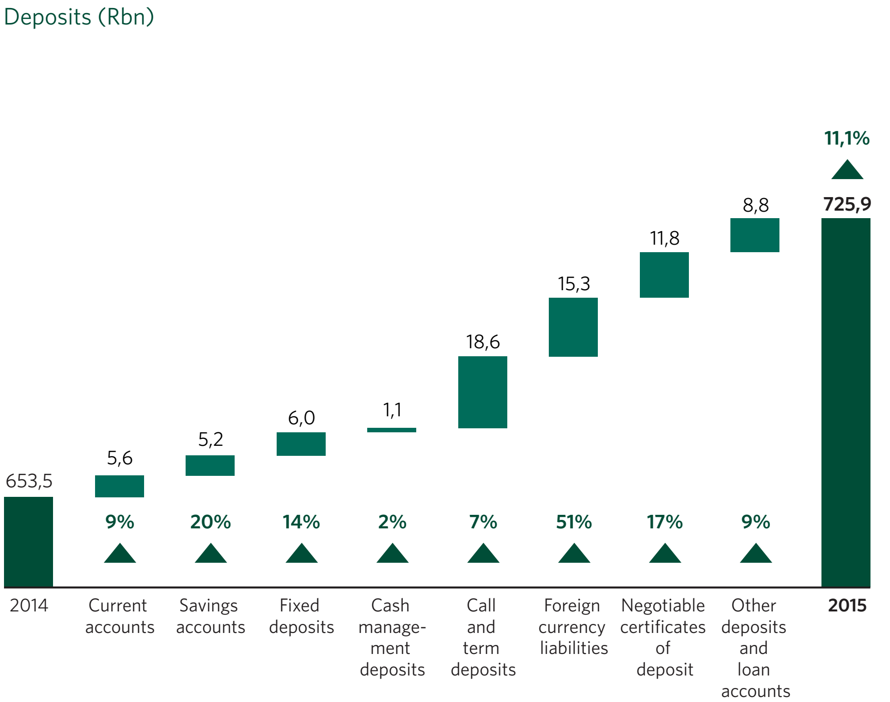
- The annual ICAAP and Internal Liquidity Adequacy Assessment Process (ILAAP) were signed off by the board of directors through the Group Risk and Capital Management Committee (GRCMC) in July 2015 and submitted to SARB. No material issues were raised by SARB during the 2015 ICAAP and ILAAP on-site review.

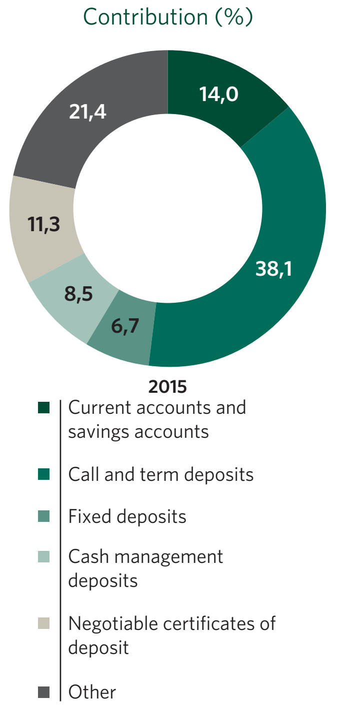
NEDBANK GROUP FUNDING AND LIQUIDITY PROFILE, UNDERPINNED BY COMPETITIVE CAPITAL MARKETS ISSUANCE



- Deposits grew 11,1% to R725,9bn from R653,5bn in 2014, while total funding-related liabilities grew 11,9% to R770,8bn from R689,1bn.
  - With 94,2% of all funding-related liabilities emanating from deposits, Nedbank continued to grow its retail and commercial banking franchise with deposit-funding contributions from the Corporate and Investment Banking (CIB), Retail and Business Banking (RBB) and Wealth Clusters.
  - In addition, Nedbank continued to provide competitive and innovative transactional and investment products, with its ongoing emphasis on meeting client needs through product, pricing and innovation. This will continue to be a key focus area as Nedbank seeks to grow the transactional banking franchise, addressing its suboptimal market share of transactional retail and commercial deposits, which currently represents an opportunity to grow net interest income (NII) and non-interest revenue (NIR) further.
  - Growth in fixed deposits and negotiable certificates of deposit has outperformed growth in current accounts and cash management accounts as longer-term interest rates have edged upwards on the back of interest rate expectations driving demand for longer-term deposit products.
  - While average savings deposit balances have grown, a portion of this growth can be attributed to the increasing value of foreign currency deposits in Nedbank Wealth as a result of a weaker rand. The increase in foreign currency funding is aligned with Nedbank's strategy of diversifying its funding base and normalising the proportional contribution of foreign funding to total funding in line with the market.
  - Growth in Nedbank Retail Green Savings Bonds (included in fixed deposits) contributed positively to funding renewable-energy projects, lengthening and diversifying the funding profile.

NEDBANK GROUP STRONG DEPOSIT GROWTH AND A WELL-DIVERSIFIED DEPOSIT MIX





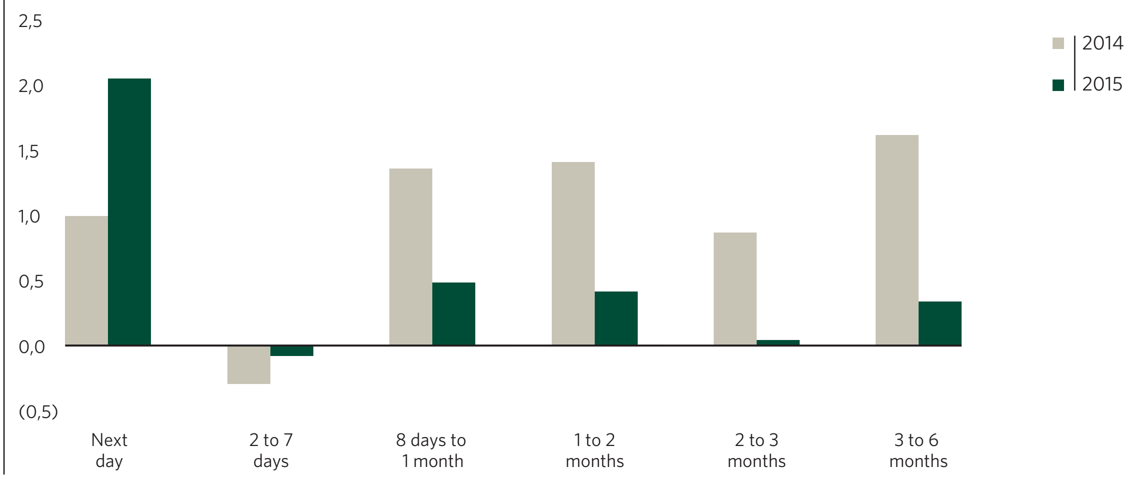
- The BaU liquidity gap of Nedbank Group is presented below. The table shows the expected liquidity mismatch under normal market conditions after taking into account the behavioural attributes of stable deposits, savings and investment products and rollover assumptions associated with term deals, but excluding BaU management actions. Based on client behavioural attributes, it is estimated that 94% (2014: 94%) of the amounts owed to depositors are stable.

Nedbank Group business-as-usual liquidity gap

Rm	Next day	2 to 7 days	8 days to 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 to 12 months	> 12 months	Total
2015									
Cash and cash equivalents								**39 072**	**39 072**
Other short-term securities	**710**	**2 273**	**2 683**	**2 131**	**2 713**	**3 247**	**2 892**	**58 965**	**75 614**
Derivative financial instruments	**97**	**585**	**2 241**	**2 923**	**2 923**	**3 336**	**2 359**	**16 024**	**30 488**
Government and other securities								**43 060**	**43 060**
Loans and advances	**19 349**	**2 486**	**27 813**	**16 344**	**15 235**	**42 801**	**79 329**	**478 275**	**681 632**
Other assets								**55 860**	**55 860**
Total assets	**20 156**	**5 344**	**32 737**	**21 398**	**20 871**	**49 384**	**84 580**	**691 256**	**925 726**
Total equity								**78 751**	**78 751**
Derivative financial instruments	**88**	**535**	**2 051**	**2 675**	**2 675**	**2 884**	**2 445**	**20 275**	**33 628**
Amounts owed to depositors	**771**	**5 550**	**26 166**	**11 450**	**16 025**	**43 360**	**67 849**	**554 680**	**725 851**
Provision and other liabilities								**42 514**	**42 514**
Long-term debt instruments				**3 408**	**1 844**		**3 923**	**35 807**	**44 982**
Total equity and liabilities	**859**	**6 085**	**28 217**	**17 533**	**20 544**	**46 244**	**74 217**	**732 027**	**925 726**
Net liquidity gap – 2015	**19 297**	**(741)**	**4 520**	**3 865**	**327**	**3 140**	**10 363**	**(40 771)**	**–**
Net liquidity gap – 2014	8 191	(2 458)	11 133	11 583	7 131	13 287	21 511	(70 378)	–

- As illustrated below, Nedbank Group's cumulative inflows exceed outflows in the next-day to one-month time bucket, highlighting the strength of Nedbank's retail and commercial deposit franchise and the associated behavioural stability of these deposits. The increase in the next day behavioural mismatch is attributable to a combination of asset and liability movements which then normalise in the 2 to 7 days and 8 days to 1 month buckets.

NEDBANK GROUP BEHAVIOURAL LIQUIDITY MISMATCH[1]
(%)



[1] *Expressed on total assets and based on maturity assumptions before rollovers and risk management.*

CREDIT RISK

OVERVIEW

- The tough economic environment placed financial pressure on our clients, leading to lower levels of credit demand and transactional banking activity – this was particularly prominent in the retail and small business segments of the market. In our wholesale business stresses in the resources, steel and construction sectors continued to impact growth.
- Strategic portfolio tilt has delivered excellent results since it was implemented in 2009, resulting in the improvement of the quality of the book's credit profile, which is evident in the group and RBB credit loss ratios (CLR) remaining at the bottom-end of their target ranges. While there was some pressure on impairments in the wholesale portfolios due to the economic downturn and impact of the commodity cycle, in particular lower oil prices, the CIB CLR remained within its through-the-cycle target range.
- Nedbank has gained market share in the wholesale portfolios through funding initiatives such as renewable energy and infrastructure projects and commercial property lending. Gross loans and advances grew by 11,0% to R693 043m (2014: R624 116m), with banking and trading advances increasing by 10,4% and 26,2% respectively. Derisking and selective origination in the home loan and personal loan portfolios have been successful, improving asset quality and pricing, as well as growth in vehicle finance, particularly of secondhand and lower-value vehicles. These actions have placed the group in a strong position for the tougher macroeconomic environment and contributed to the change in the group CLR target range from 0,80% – 1,20% to 0,60% – 1,00% in 2016.
- Impairments increased by 6,3% to R4 789m (2014: R4 506m) and the CLR improved slightly to 0,77% (2014: 0,79%). Continued improvements in retail impairments were offset by increased impairments in the wholesale clusters.
  - Additional overlays were raised in RBB to R699m (2014: R404m) as deteriorating economic conditions prompted further strengthening of provisioning levels in the second half of 2015.
  - The central portfolio provision was further strengthened to R500m to take into account additional risks, particularly in commodities and in the Rest of Africa, that have been incurred but are only expected to emerge in 2016.
- Portfolio coverage remained stable at 0,70% (2014: 0,70%).
- A key change in the regulatory environment was the implementation of SARB directive 7/2015, which aims to standardise the treatment of distressed restructures across the industry, by adjusting the monitoring period in which an account is held in default to a minimum of six months. The implementation of this change increased defaulted advances and reduced specific coverage.

		2015	2015 pro forma excluding directive 7/2015	2014
Defaulted advances	(Rm)	**17 559**	**15 678**	15 846
Defaulted advances as a % of gross loans and advances	(%)	**2,53**	**2,26**	2,54
Specific coverage ratio	(%)	**38,0**	**41,5**	43,1

- While defaulted advances increased to R17 559m (2014: R15 846m) as the stress in the resources and mining sectors impacted the wholesale portfolio, the increase was offset by reductions in both the home loan and personal-loans portfolios. The largest impact was the implementation of SARB directive 7/2015, which shifted an additional R1 881m into defaulted advances.
- The specific coverage ratio declined to 38,0% (2014: 43,1%) driven mainly by the implementation of SARB directive 7/2015. Restructures tend to have lower coverage as they are expected to cure. The remainder of the coverage changes relate to improved impairments in RBB and the change in mix of retail and wholesale defaulted advances.

LOANS AND ADVANCES

- Group gross banking advances growth was primarily driven by strong performance in Nedbank CIB, which now contributes 49,1% (2014: 46,8%) of total gross banking advances.
  - Banking book payouts increased by 10,8% to R184,7bn (2014: R166,8bn), supported by strong wholesale growth and offset by lower retail payouts as a result of the ongoing selective origination portfolio tilt strategy.
- Nedbank Corporate gross loans and advances increased by 9,6% to R219 951m (2014: R200 697m), which was driven by strong commercial mortgage growth.
- Nedbank Capital gross loans and advances increased by 29,9% to R137 568m (2014: R105 942m).
  - Gross banking advances increased by 31,1% to R103 483m (2014: R78 937m) as a result of good pipeline conversion rates across sector-focused businesses and Renewable Energy Independent Power Producer Procurement (REIPPP) drawdowns.
  - Trading advances increased by 26,2% to R34 085m (2014: R27 005m), driven by an increase in foreign currency placements, other loans and deposits placed under reverse repurchase agreements.
- Nedbank Business Banking recorded a gross loans and advances decrease of 1,5% to R66 172m (2014: R67 152m), mainly due to the migration of the Professional Medical portfolio to Relationship Banking in Nedbank Retail.
- Nedbank Retail gross loans and advances growth was led by the selective origination portfolio tilt strategy.
  - Home Loans gross loans and advances increased 0,9% to R81 613m (2014: R80 885m) for the first time since 2009.
  - MFC (vehicle finance) gross loans and advances increased by 7,2% to R78 975m (2014: R73 687m), increasing market share to 31,0% (2014: 29,5%).
  - Personal Loans gross loans and advances continued to decrease to R16 300m, down by 4,5% from 2014 due to the ongoing selective origination strategy.
  - Card gross loans and advances increased by 4,6% to R13 968m (2014: R13 357m) driven by line management strategies to grow the book.

Summary of loans and advances by business cluster and business line

	Gross loans		Balance sheet impairments		Net		
	Rm	Change %	Rm	Mix %	Rm	Mix %	Change %
2015							
Nedbank Corporate and Investment Banking	**357 519**	**16,6**	**(1 735)**	**15,2**	**355 784**	**52,2**	**16,6**
Nedbank Capital	**137 568**	**29,9**	**(669)**	**5,9**	**136 899**	**20,1**	**29,6**
Trading book	**34 085**	**26,2**			**34 085**	**5,0**	**26,2**
Banking book	**103 483**	**31,1**	**(669)**	**5,9**	**102 814**	**15,1**	**30,8**
Nedbank Corporate	**219 951**	**9,6**	**(1 066)**	**9,3**	**218 885**	**32,1**	**9,7**
Corporate Banking	**91 362**	**4,3**	**(387)**	**3,3**	**90 975**	**13,4**	**4,5**
Property Finance	**122 796**	**11,8**	**(679)**	**6,0**	**122 117**	**17,9**	**11,9**
Other	**5 793**	**73,2**			**5 793**	**0,8**	**73,2**
Nedbank RBB[1]	**288 601**	**3,9**	**(8 672)**	**76,0**	**279 929**	**41,1**	**4,1**
Nedbank Business Banking	**66 172**	**(1,5)**	**(1 437)**	**12,6**	**64 735**	**9,5**	**(1,6)**
Nedbank Retail	**222 429**	**5,6**	**(7 235)**	**63,4**	**215 194**	**31,6**	**6,0**
Home Loans[2]	**81 613**	**0,9**	**(1 516)**	**13,3**	**80 097**	**11,8**	**1,2**
MFC	**78 975**	**7,2**	**(1 806)**	**15,8**	**77 169**	**11,3**	**7,6**
Consumer Banking	**17 246**	**(4,6)**	**(2 418)**	**21,2**	**14 828**	**2,2**	**(4,7)**
Personal Loans	**16 300**	**(4,5)**	**(2 264)**	**19,8**	**14 036**	**2,1**	**(4,5)**
Client Engagement	**916**	**(6,1)**	**(154)**	**1,4**	**762**	**0,1**	**(8,1)**
Other[3]	**30**	**11,1**			**30**		**11,1**
Relationship Banking[4]	**30 621**	**24,2**	**(337)**	**3,0**	**30 284**	**4,4**	**24,7**
Card	**13 968**	**4,6**	**(1 158)**	**10,1**	**12 810**	**1,9**	**3,3**
Other[3]	**6**	**(33,3)**			**6**	**< 0,1**	**(33,3)**
Nedbank Wealth	**28 361**	**13,5**	**(155)**	**1,4**	**28 206**	**4,1**	**13,6**
Rest of Africa	**16 883**	**18,5**	**(368)**	**3,2**	**16 515**	**2,4**	**17,4**
Centre	**1 679**	**> 100,0**	**(481)**	**4,2**	**1 198**	**0,2**	**> 100,0**
Nedbank Group	**693 043**	**11,0**	**(11 411)**	**100,0**	**681 632**	**100,0**	**11,2**
Trading book	**34 085**	**26,2**			**34 085**	**5,0**	**26,2**
Banking book	**658 958**	**10,4**	**(11 411)**	**100,0**	**647 547**	**95,0**	**10,5**
2014							
Nedbank Corporate and Investment Banking	306 639	7,1	(1 481)	13,4	305 158	49,8	7,1
Nedbank Capital	105 942	(3,7)	(341)	3,1	105 601	17,2	(3,6)
Trading book	27 005	(28,0)			27 005	4,4	(28,0)
Banking book	78 937	8,8	(341)	3,1	78 596	12,8	9,1
Nedbank Corporate	200 697	13,9	(1 140)	10,3	199 557	32,6	13,9
Corporate Banking	87 562	7,5	(484)	4,4	87 078	14,2	7,4
Property Finance	109 790	17,8	(656)	5,9	109 134	17,8	17,8
Other	3 345	> 100,0			3 345	0,6	> 100,0
Nedbank RBB[1]	277 815	3,8	(8 933)	80,5	268 882	43,9	4,1
Nedbank Business Banking	67 152	4,8	(1 333)	12,0	65 819	10,7	4,8
Nedbank Retail	210 663	3,4	(7 600)	68,5	203 063	33,2	3,9
Home Loans[2]	80 885	(0,5)	(1 767)	15,9	79 118	12,9	(0,1)
MFC	73 687	12,4	(1 981)	17,9	71 706	11,7	13,0
Consumer Banking	18 079	(14,1)	(2 523)	22,7	15 556	2,5	(15,3)
Personal Loans	17 077	(15,1)	(2 377)	21,4	14 700	2,4	(16,4)
Client Engagement	975	8,3	(146)	1,3	829	0,1	8,8
Other[3]	27	(15,6)			27	< 0,1	(15,6)
Relationship Banking[4]	24 646	0,9	(367)	3,3	24 279	4,0	1,4
Card	13 357	17,7	(962)	8,7	12 395	2,0	18,4
Other[3]	9	(10,0)			9	< 0,1	(10,0)
Nedbank Wealth	24 987	12,3	(168)	1,5	24 819	4,0	12,4
Rest of Africa	14 253	(4,3)	(180)	1,6	14 073	2,3	(4,3)
Centre	422	> 100,0	(333)	3,0	89	< 0,1	> 100,0
Nedbank Group	624 116	5,6	(11 095)	100,0	613 021	100,0	5,8
Trading book	27 005	(28,0)			27 005	4,4	(28,0)
Banking book	597 111	7,9	(11 095)	100,0	586 016	95,6	8,1

[1] *RBB = Retail and Business Banking.*
[2] *Home Loans represents a specific business unit within Nedbank Retail. This excludes Home Loans in the Nedbank Retail Relationship Banking business unit.*
[3] *The Other line item includes Retail Central Unit, Human Resources, Risk, Prospects and Strategy, Finance and Divisional Management.*
[4] *Nedbank Retail Relationship Banking includes Small Business Services and Personal Relationship Banking.*

Summary of loans and advances by product

Nedbank Group	2011 Gross Rm	2011 Mix %	2012 Gross Rm	2012 Mix %	2013 Gross Rm	2013 Mix %	2014 Gross Rm	2014 Mix %	2015 Gross Rm	2015 Mix %	2015 Change %
Residential mortgages	139 923	27,4	136 301	25,3	136 156	23,0	137 449	22,0	**142 773**	**20,6**	**3,9**
Commercial mortgages	92 720	18,2	97 732	18,2	106 325	18,0	123 652	19,8	**136 793**	**19,7**	**10,6**
Leases and instalment sales	71 169	13,9	75 764	14,1	85 038	14,4	94 237	15,1	**99 863**	**14,4**	**6,0**
Card	8 666	1,7	10 019	1,9	11 441	1,9	13 404	2,2	**14 063**	**2,0**	**4,9**
Overdrafts	13 152	2,6	13 694	2,5	15 048	2,5	16 141	2,6	**15 833**	**2,3**	**(1,9)**
Properties in possession	619	0,1	574	0,1	772	0,1	596	0,1	**354**	**0,1**	**(40,6)**
Term loans	77 980	15,3	88 354	16,5	97 528	16,5	106 175	17,0	**110 318**	**15,9**	**3,9**
Personal loans	17 847	3,5	22 969	4,3	21 145	3,6	18 346	2,9	**17 842**	**2,6**	**(2,7)**
Other term loans[1]	60 133	11,8	65 385	12,2	76 383	12,9	87 829	14,1	**92 476**	**13,3**	**5,3**
Overnight loans	19 104	3,7	18 341	3,4	17 927	3,0	21 638	3,5	**27 527**	**4,0**	**27,2**
Other loans to clients[1]	52 461	10,3	51 482	9,6	70 976	12,0	69 161	11,1	**99 313**	**14,3**	**43,6**
Foreign correspondents	9 364	1,8	5 760	1,1	12 658	2,1	12 512	2,0	**22 772**	**3,3**	**82,0**
Remittances in transit	195	< 0,1	193	< 0,1	237	< 0,1	195	< 0,1	**201**	**< 0,1**	**3,1**
Other loans	42 902	8,4	45 529	8,5	58 081	9,8	56 454	9,0	**76 340**	**11,0**	**35,2**
Preference shares and debentures	17 960	3,5	16 948	3,1	18 984	3,2	18 098	2,9	**20 698**	**3,0**	**14,4**
Factoring accounts	3 822	0,7	4 461	0,8	4 796	0,8	4 986	0,8	**5 329**	**0,8**	**6,9**
Deposits placed under reverse repurchase agreements	12 911	2,5	24 338	4,5	25 796	4,4	18 291	2,9	**20 173**	**2,9**	**10,3**
Trade, other bills and bankers' acceptances	33	< 0,1	28	< 0,1	41	< 0,1	288	< 0,1	**6**	**< 0,1**	**(98,0)**
Gross loans and advances	510 520	100,0	538 036	100,0	590 828	100,0	624 116	100,0	**693 043**	**100,0**	**11,0**
Total impairments	(11 497)		(10 870)		(11 456)		(11 095)		**(11 411)**		**2,8**
Net loans and advances	499 023		527 166		579 372		613 021		**681 632**		**11,2**

[1] *An additional view of other term loans and other loans to clients is provided in the summary of other loans by cluster.*

Summary of other term loans and other loans to clients by business cluster

	Other term loans			Other loans to clients		
	2015		2014	2015		2014
	Gross Rm	Change %	Gross Rm	Gross Rm	Change %	Gross Rm
Nedbank Corporate and Investment Banking	88 897	5,3	84 401	83 736	45,3	57 613
Nedbank Capital	25 385	25,1	20 293	76 403	37,6	55 545
Trading book	71	24,6	57	13 841	59,9	8 657
Banking book	25 314	25,1	20 236	62 562	33,4	46 888
Nedbank Corporate	63 512	(0,9)	64 108	7 333	> 100	2 068
Corporate Banking	53 180	(5,8)	56 477	6 894	> 100	2 041
Property Finance	10 310	35,1	7 631			
Other	22			439	> 100	27
Nedbank RBB[1]	1 997	4,0	1 921	7 053	35,2	5 215
Nedbank Business Banking	1 997	4,0	1 921	6 798	38,7	4 900
Nedbank Retail				255	(19,0)	315
Nedbank Wealth	1 561	59,0	982	3 424	(2,8)	3 524
Rest of Africa	24	(95,5)	528	2 947	51,9	1 940
Centre	(3)		(3)	2 153	> 100	869
Nedbank Group	92 476	5,3	87 829	99 313	43,6	69 161

[1] *RBB = Retail and Business Banking.*

Basel III balance sheet credit exposure

Reconciliation of gross loans and advances to Basel III balance sheet credit exposure by business cluster and asset class

	Nedbank Corporate and Investment Banking Rm	Nedbank Capital[1] Rm	Nedbank Corporate[1] Rm	Nedbank RBB[2] Rm	Nedbank Business Banking Rm	Nedbank Retail Rm
Advanced Internal Ratings-based Approach	421 496	198 371	223 125	282 301	66 170	216 131
Corporate	179 480	58 820	120 660	15 371	14 759	612
Specialised lending – HVCRE[4]	7 257		7 257			
Specialised lending – IPRE[4]	71 600		71 600	1 527	1 527	
Specialised lending – project finance	19 793	19 773	20			
SME – corporate	6 827	751	6 076	19 939	19 919	20
Public sector entities	15 981	7 210	8 771	310	310	
Local governments and municipalities	9 462	1 898	7 564	1 179	1 179	
Sovereign	35 836	35 836				
Banks	74 279	73 633	646			
Securities firms	164	164				
Retail mortgage				105 827	5 113	100 714
Retail revolving credit				14 279		14 279
Retail – other				92 578		92 578
SME – retail	44	32	12	30 627	23 363	7 264
Securitisation exposure	773	254	519	664		664
The Standardised Approach[5]				2 864	621	2 243
Corporate						
SME – corporate				803	236	567
Public sector entities						
Local government and municipalities						
Sovereign						
Banks						
Retail mortgage				2 036	360	1 676
Retail revolving credit						
Retail – other				11	11	
SME – retail				14	14	
Properties in possession	210		210	101	5	96
Non-regulated entities[6]	32 981	26 868	6 113	1 358	2	1 356
Total Basel III balance sheet exposure[7]	454 687	225 239	229 448	286 624	66 798	219 826
Less: Assets included in Basel III asset classes	(92 579)	(87 671)	(4 908)	2 094	(509)	2 603
Derivatives	(37 269)	(37 269)				
Government stock and other dated securities	(30 718)	(23 148)	(7 570)			
Short-term securities	(23 234)	(23 234)				
Call money						
Deposits with monetary institutions						
Remittances in transit	2		2	101	4	97
Fair-value adjustments	511	(57)	568	583	50	533
Other assets net of fair-value adjustments on assets	(1 871)	(3 963)	2 092	1 410	(563)	1 973
Setoff of accounts within IFRS total gross loans and advances[8]	(4 589)		(4 589)	(117)	(117)	
Total gross loans and advances – 2015	357 519	137 568	219 951	288 601	66 172	222 429
Total gross loans and advances – 2014	306 639	105 942	200 697	277 815	67 152	210 663

[1] *Nedbank Capital and Nedbank Corporate include London branch (AIRB Approach).*
[2] *Nedbank RBB = Nedbank Retail and Business Banking.*
[3] *Risk weighting is shown as a percentage of exposure at default (EAD) for the AIRB Approach and as a percentage of total credit extended for TSA.*
[4] *HVCRE = High-volatility commercial real estate. IPRE = Income-producing real estate.*
[5] *A portion of the legacy Imperial Bank book in Nedbank RBB, Nedbank Private Wealth (UK) and the non-SA banking entities in Africa are covered by TSA.*
[6] *The table is restated from the December 2014 Results Booklet due to the reclassification of non-regulated-entity exposures.*
[7] *Balance sheet credit exposure includes on-balance-sheet, repurchase and resale agreements and derivative exposure (refer to next page for details).*
[8] *Relates to the difference in the level of setoff applied under IFRS when compared with the setoff applied to the balance sheet credit exposure under Basel III.*

- Nedbank Limited and the Nedbank London branch make up 94% of the total credit extended by Nedbank Group and are on the AIRB Approach. Fairbairn Private Bank (UK), the non-SA subsidiaries credit portfolios and some of the legacy Imperial Bank portfolio in Nedbank RBB remain on TSA.
- The growth in AIRB exposure was driven by:
  - An increase in total exposure to wholesale asset classes by 23% to R515 297m (2014: R417 589m) due to growth in commercial mortgages (R14 092m) and government bonds in the sovereign asset class increasing by R11 732m due to increases in HQLA.
  - An increase in total retail exposure by 2,3% to R254 344m (2014: R248 590m) mainly due to growth in MFC and Card.
- The increase in the corporate asset class risk weights is as a result of ratings migration driven by the economic downturn and pressure on commodity prices.
- The increase in TSA exposure is mainly due to Fairbairn Private Bank (UK) and advances growth in the African subsidiaries.

Nedbank Wealth Rm	Rest of Africa Rm	Centre Rm	Nedbank Group 2015 Rm	Mix %	Change %	Risk weighting[3] %	Nedbank Group 2014 Rm	Mix %
17 021		48 985	769 803	89,8	15,6	41,3	666 179	88,6
3		213	195 067	22,8	19,1	49,9	163 848	21,8
38			7 295	0,9	30,0	109,6	5 613	0,7
3 655			76 782	9,0	13,2	40,9	67 828	9,0
			19 793	2,3	55,2	41,2	12 751	1,7
2 336			29 102	3,4	6,0	44,6	27 459	3,7
			16 291	1,9	(11,5)	27,5	18 413	2,4
			10 641	1,2	21,2	12,7	8 777	1,2
		48 745	84 581	9,9	18,6	3,7	71 305	9,5
		27	74 306	8,7	88,2	22,4	39 481	5,2
			164	< 0,1		96,4		
9 439			115 266	13,4	2,4	37,3	112 534	15,0
72			14 351	1,7	4,2	59,9	13 769	1, 8
448			93 026	10,9	3,5	65,1	89 857	12,0
1 030			31 701	3,7	(2,2)	38,8	32 430	4,3
			1 437	0,1	(32,0)	43,4	2 114	0,3
23 311	24 091		50 266	5,9	16,3	49,1	43 211	5,7
	4 119		4 119	0,5	(27,4)	83,5	5 670	0,8
1 948	1 027		3 778	0,4	71,0	60,4	2 209	0,3
	389		389	< 0,1	2,6	63,5	379	< 0,1
	58		58	< 0,1	20,8	65,3	48	< 0,1
2 671	4 147		6 818	0,8	53,3	64,9	4 448	0,6
11 924	4 743		16 667	1,9	13,6	30,1	14 666	2,0
6 282	5 030		13 348	1,6	12,9	40,1	11 828	1,6
	351		351	< 0,1	(7,4)	68,6	379	< 0,1
486	4 227		4 724	0,6	33,5	54,5	3 540	0,5
			14	< 0,1	(68,2)	45,3	44	< 0,1
43			354	< 0,1	(40,6)		596	0,1
1 814	29	767	36 949	4,3	10,7		32 666[5]	4,4
42 189	24 120	49 752	857 372	100,0	15,3		742 652[5]	100,0
(13 828)	(7 237)	(48 073)	(159 623)				(113 416)[5]	
(44)	(102)	(28)	(37 443)				(17 511)	
	(327)	(15 882)	(46 927)				(25 341)[5]	
(15 161)	(5 082)	(32 862)	(76 339)				(73 485)[5]	
							(178)[5]	
	77	21	201				141[5]	
			1 094					
1 377	(1 803)	678	(209)				2 958[5]	
			(4 706)				(5 120)	
28 361	16 883	1 679	693 043					
24 987	14 253	422	624 116				624 116	

Summary of the components of the total Basel III balance sheet exposure by business cluster and asset class

Rm	On-balance-sheet exposure		Off-balance-sheet exposure		Repurchase and resale exposure		Derivative exposure	
	2015		2015		2015		2015	
	AIRB	TSA	AIRB	TSA	AIRB	TSA	AIRB	TSA
Nedbank Corporate and Investment Banking	364 061		110 496		20 166		37 269	
Nedbank Capital	140 936		37 818		20 166		37 269	
Corporate	45 980		20 141		8 337		4 503	
Specialised lending – project finance	19 568		10 221				205	
SME – corporate					453		298	
Public sector entities	5 238		33		785		1 187	
Local governments and municipalities	663		30				1 235	
Sovereign	35 699		3 169				137	
Banks	33 531		1 431		10 591		29 511	
Securities firms							164	
SME – retail	3						29	
Securitisation exposure	254		2 793					
Nedbank Corporate	223 125		72 678					
Corporate	120 660		57 122					
Specialised lending – HVCRE	7 257		297					
Specialised lending – IPRE	71 600		1 946					
Specialised lending – project finance	20							
SME – corporate	6 076		831					
Public sector entities	8 771		8 179					
Local governments and municipalities	7 564		550					
Securities firms			1 064					
Banks	646		2 672					
SME – retail	12		17					
Securitisation exposure	519							
Nedbank RBB	282 301	2 864	66 002	628				
Nedbank Business Banking	66 170	621	24 112	127				
Corporate	14 759		5 689					
Specialised lending – IPRE	1 527		170					
SME – corporate	19 919	236	8 183	48				
Public sector entities	310		14					
Local governments and municipalities	1 179		12					
Banks			2					
Retail mortgage	5 113	360	1 981	79				
Retail – other		11						
SME – retail	23 363	14	8 061					
Nedbank Retail	216 131	2 243	41 890	501				
Corporate	612		2 232					
SME – corporate	20	567	4	140				
Retail mortgage	100 714	1 676	18 172	361				
Retail revolving credit	14 279		16 304					
Retail – other	92 578		851					
Banks			20					
SME – retail	7 264		4 307					
Securitisation exposure	664							

Total credit extended[1]				Total Basel III balance sheet credit exposure[2]				Exposure at default		Downturn expected loss[3]		BEEL[4]	
2015		2014		**2015**		2014		**2015**	2014	**2015**	2014	**2015**	2014
AIRB	**TSA**	AIRB	TSA	**AIRB**	**TSA**	AIRB	TSA	**AIRB**	AIRB	**AIRB**	AIRB	**AIRB**	AIRB
531 992		437 055		**421 496**		335 138		**456 593**	376 896	**1 289**	993	**554**	511
236 189		159 280		**198 371**		134 175		**176 156**	121 961	**378**	240	**201**	65
78 961		58 432		**58 820**		44 832		**59 842**	42 322	**220**	159	**136**	65
29 994		15 703		**19 773**		12 751		**24 268**	16 150	**63**	26	**65**	
751		138		**751**		138		**436**	734	**1**	1		
7 243		7 678		**7 210**		7 470		**5 917**	4 967	**2**			
1 928		591		**1 898**		591		**949**	326				
39 005		28 729		**35 836**		28 666		**36 999**	26 227	**13**	3		
75 064		44 403		**73 633**		39 443		**44 328**	27 596	**76**	51		
164				**164**				**326**	17	**3**			
32		24		**32**		24		**43**	40				
3 047		3 582		**254**		260		**3 048**	3 582				
295 803		277 775		**223 125**		200 963		**280 437**	254 935	**911**	753	**353**	446
177 782		170 433		**120 660**		105 364		**162 021**	148 681	**463**	437	**10**	24
7 554		5 956		**7 257**		5 613		**7 554**	5 956	**98**	70	**193**	280
73 546		66 156		**71 600**		63 831		**77 639**	69 494	**290**	210	**150**	138
20				**20**				**20**					
6 907		8 801		**6 076**		7 829		**8 442**	8 755	**39**	30		
16 950		13 512		**8 771**		10 666		**14 787**	13 400	**16**	5		
8 114		7 479		**7 564**		7 100		**8 107**	7 543	**1**	1		
1 064								**165**					
3 318		4 888		**646**		37		**1 160**	568	**3**			
29		36		**12**		9		**23**	24	**1**			4
519		514		**519**		514		**519**	514				
348 303	**3 492**	340 437	4 028	**282 301**	**2 864**	272 661	3 384	**330 815**	326 337	**5 031**	4 915	**5 536**	5 752
90 282	**748**	90 490	3 802	**66 170**	**621**	64 200	3 234	**84 881**	88 529	**547**	645	**800**	751
20 448		18 985		**14 759**		13 199		**18 785**	17 939	**91**	97	**43**	114
1 697		1 841		**1 527**		1 557		**1 681**	1 854	**11**	5		93
28 102	**284**	26 500	953	**19 919**	**236**	17 639	829	**26 428**	26 312	**157**	187	**198**	
324		291		**310**		277		**320**	294				
1 191		1 088		**1 179**		1 086		**1 188**	1 126		1	**41**	
2		2				1		**2**	2				
7 094	**439**	7 711	2 756	**5 113**	**360**	5 606	2 312	**6 690**	7 249	**38**	47	**118**	119
	11	575	49		**11**	502	49		543		6		11
31 424	**14**	33 497	44	**23 363**	**14**	24 333	44	**29 787**	33 210	**250**	302	**400**	414
258 021	**2 744**	249 947	226	**216 131**	**2 243**	208 461	150	**245 934**	237 808	**4 484**	4 270	**4 736**	5 001
2 844		2 106	5	**612**		164	5	**973**	500	**28**	13		
24	**707**		179	**20**	**567**		109	**24**					
118 886	**2 037**	115 487	42	**100 714**	**1 676**	97 470	36	**121 330**	117 636	**890**	790	**1 026**	1 195
30 583		30 127		**14 279**		13 701		**20 682**	20 115	**712**	643	**1 156**	960
93 429		89 801		**92 578**		88 930		**93 256**	89 661	**2 674**	2 644	**2 373**	2 653
20		74						**20**	74				193
11 571		11 012		**7 264**		6 856		**8 985**	8 482	**180**	180	**181**	
664		1 340		**664**		1 340		**664**	1 340				

	On-balance-sheet exposure		Off-balance-sheet exposure		Repurchase and resale exposure		Derivative exposure	
	2015		2015		2015		2015	
Rm	**AIRB**	**TSA**	**AIRB**	**TSA**	**AIRB**	**TSA**	**AIRB**	**TSA**
Nedbank Wealth	17 021	23 267	5 357	845				44
Corporate	3		1					
Specialised lending – HVCRE	38		1					
Specialised lending – IPRE	3 655		391					
SME – corporate	2 336	1 948	403					
Sovereign		2 671						
Banks		11 899						25
Retail mortgage	9 439	6 282	3 957					
Retail revolving credit	72		228					
Retail – other	448	467	135	845				19
SME – retail	1 030		241					
Rest of Africa		23 989		3 769				102
Corporate		4 048		2 605				71
SME – corporate		1 026		423				1
Public sector entities		389		23				
Local governments and municipalities		58						
Sovereign		4 147						
Banks		4 713		49				30
Retail mortgage		5 030		233				
Retail revolving credit		351		436				
Retail – other		4 227						
Centre	48 957						28	
Corporate	212						1	
Sovereign	48 745							
Banks							27	
Total	712 340	50 120	181 855	5 242	20 166		37 297	146
Downturn expected loss (AIRB Approach)								
Expected loss performing book								
BEEL on defaulted advances								
IFRS impairment on AIRB loans and advances								
Excess of downturn expected loss over eligible provisions								

[1] *Total credit extended includes on-balance-sheet and off-balance-sheet (including unutilised facilities) repurchase and resale agreements and derivative exposure.*
[2] *Balance sheet credit exposure includes on-balance-sheet repurchase and resale agreements and derivative exposure.*
[3] *dEL is in relation to performing loans and advances.*
[4] *Best estimate of expected loss (BEEL) is in relation to defaulted loans and advances.*

Total credit extended[1]				Total Basel III balance sheet credit exposure[2]				Exposure at default		Downturn expected loss[3]		BEEL[4]	
2015		2014		2015		2014		2015	2014	2015	2014	2015	2014
AIRB	TSA	AIRB	TSA	AIRB	TSA	AIRB	TSA	AIRB	AIRB	AIRB	AIRB	AIRB	AIRB
22 378	24 156	20 378	18 673	17 021	23 311	15 461	18 187	25 485	23 006	62	61	112	130
4		10		3		9		10	11				
39				38				39		2			
4 046		2 739		3 655		2 440		4 879	3 142	14	14	1	
2 739	1 948	2 035	1 208	2 336	1 948	1 853	1 208	3 097	2 289	7	4	7	32
	2 671		1 784		2 671		1 784						
	11 924		9 836		11 924		9 836						
13 396	6 282	13 294	4 932	9 439	6 282	9 458	4 932	14 448	14 337	24	27	80	89
300		294		72		68		591	583	2	2	5	1
583	1 331	556	913	448	486	425	427	672	635	9	9	4	2
1 271		1 450		1 030		1 208		1 749	2 009	4	5	15	6
	27 860		24 819		24 091		21 640						
	6 724		7 927		4 119		5 665						
	1 450		113		1 027		63						
	412		431		389		379						
	58		49		58		48						
	4 147		2 664		4 147		2 664						
	4 792		4 983		4 743		4 830						
	5 263		4 549		5 030		4 548						
	787		1 037		351		379						
	4 227		3 066		4 227		3 064						
48 985		42 919		48 985		42 919		49 010	42 926	6	8	124	
213		280		213		280		265	286	1	7	124	
48 745		42 639		48 745		42 639		48 745	42 639	1	1		
27				27					1	4			
951 658	55 508	840 789	47 520	769 803	50 266	666 179	43 211	861 903	769 165	6 388	5 977	6 326	6 393
												12 714	12 370
												6 388	5 977
												6 326	6 393
												(10 923)	(10 785)
												1 791	1 585

DEFAULTED ADVANCES

- While defaulted advances increased to R17 559m (2014: R15 846m) as the stress in the resources and mining sectors impacted the wholesale portfolio, the increase was offset of reductions in both the home loans and personal loans portfolio. However, the largest impact was the implementation of SARB directive 7/2015 which led to a number of exposures being held in the defaulted portfolio for longer, which resulted in a R1 881m increase in defaulted advances. Excluding this impact, defaulted advances were stable at R15 678m.
- Nedbank Retail accounts for 58,1% (2014: 64,2%) of total defaulted advances and was stable at R10 204m (2014: R10 179m) or 4,59% (2014: 4,83%) of gross loans and advances, as a result of increased collection efforts and effective client rehabilitations (including restructures and rearrangements), as well as the proportion of good quality new business written during the year.
  - The implementation of SARB directive 7/2015 resulted in R945m of advances being reallocated to the defaulted portfolio.
  - Personal Loans defaulted advances decreased to R2 297m (2014: R2 502m), benefiting from lower-risk new business, as well as the improved quality of the personal loans book.
- Nedbank Business Banking defaulted advances were stable at R2 059m (2014: R2 087m) or 3,1% of gross loans and advances.
- Nedbank Capital defaulted advances increased to R2 541m (2014: R209m) mainly due to stress in the resources sector, as well as the reclassification restructured problem advances into the defaulted portfolio driven by regulatory requirement.
- Nedbank Corporate defaulted advances decreased to R1 533m (2014: R2 550m) mainly due to the writeoff of a single large client.

Nedbank Group key defaulted advances metrics

	2011	2012	2013	2014	2015
Gross loans and advances (Rm)	510 520	538 036	590 828	624 116	**693 043**
Defaulted advances (Rm)	23 210	19 273	17 848[3]	15 846	**17 559**
Wholesale[1] defaulted advances	8 219	6 141	5 740	4 846	**6 133**
Retail defaulted advances	14 350	12 449	11 402[3]	10 179	**10 204**
Group defaulted advances excluding Personal Loans[2]	21 485	16 666	15 020[3]	13 344	**15 262**
Personal Loans[2] defaulted advances	1 725	2 607	2 828	2 502	**2 297**
Defaulted advances as a % of gross loans and advances (%)	4,55	3,58	3,02[3]	2,54	**2,53**
Wholesale	2,85	1,99	1,64	1,30	**1,45**
Retail	7,50	6,27	5,60[3]	4,83	**4,59**
Retail (excluding Personal Loans[2])	7,25	5,58	4,67[3]	3,97	**3,84**
Properties in possession as a % of total gross loans and advances (%)	0,12	0,11	0,13	0,10	**0,05**

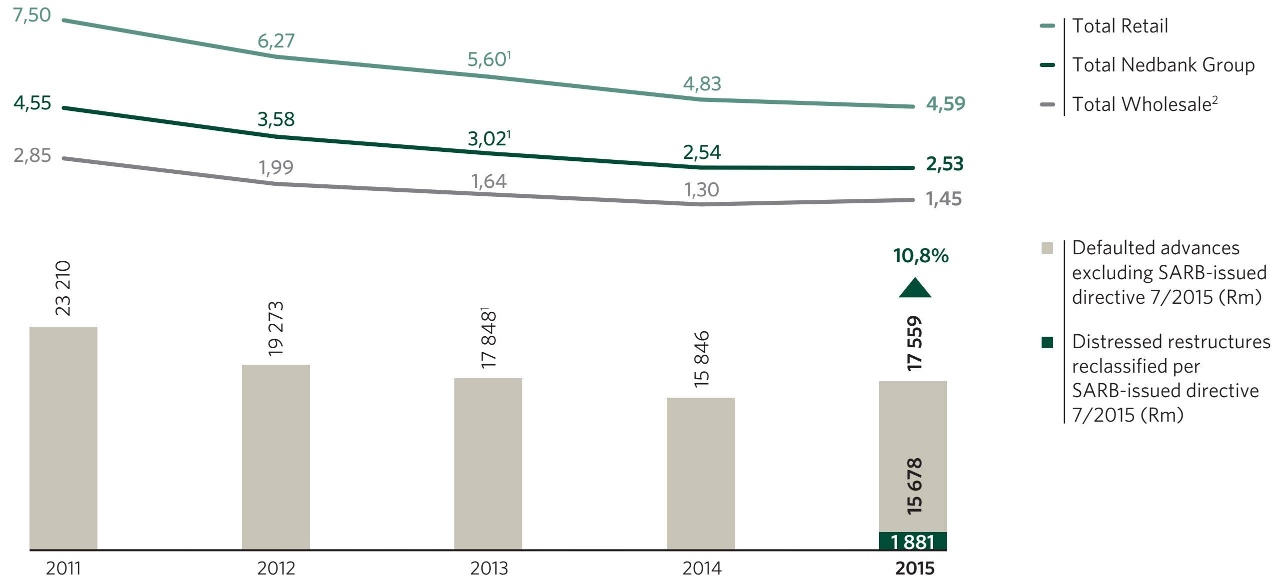
[1] *Wholesale includes Nedbank CIB and Nedbank Business Banking.*
[2] *Personal Loans represents a specific business unit within Nedbank Retail.*
[3] *Restated in the December 2014 Results Booklet.*

Nedbank Group defaulted advances by business cluster

	2011		2012		2013		2014		2015	
	Rm	Mix %	Rm	Mix %	Rm	Mix %[1]	Rm	Mix %[1]	Rm	Mix %
Nedbank Corporate and Investment Banking	5 138	22,2	3 544	18,4	3 406	19,1	2 759	17,4	**4 074**	**23,2**
Nedbank Capital	1 454	6,3	776	4,0	661	3,7	209	1,3	**2 541**	**14,5**
Nedbank Corporate	3 684	15,9	2 768	14,4	2 745	15,4	2 550	16,1	**1 533**	**8,7**
Corporate Banking	86	0,4	200	1,0	728	4,1	741	4,7	**95**	**0,5**
Property Finance	3 598	15,5	2 568	13,4	2 017	11,3	1 809	11,4	**1 438**	**8,2**
Nedbank RBB[2]	17 431	75,1	15 046	78,1	13 736[1]	77,0	12 266	77,4	**12 263**	**69,8**
Nedbank Business Banking	3 081	13,3	2 597	13,5	2 334	13,1	2 087	13,2	**2 059**	**11,7**
Nedbank Retail[3]	14 350	61,8	12 449	64,6	11 402[1]	63,9	10 179	64,2	**10 204**	**58,1**
Home Loans[4]	8 652	37,3	6 242	32,4	4 746	26,6	4 053	25,6	**3 869**	**22,0**
MFC	1 956	8,4	1 707	8,9	1 933	10,8	1 898	12,0	**2 182**	**12,4**
Personal Loans[5]	1 725	7,4	2 607	13,5	2 828	15,8	2 502	15,8	**2 297**	**13,1**
Card	519	2,2	614	3,2	824	4,6	892	5,6	**1 072**	**6,1**
Nedbank Wealth	443	1,9	555	2,9	525	2,9	599	3,8	**587**	**3,4**
Rest of Africa	198	0,8	128	0,6	181	1,0	222	1,4	**635**	**3,6**
Nedbank Group	23 210	100,0	19 273	100,0	17 848[1]	100,0	15 846	100,0	**17 559**	**100,0**

[1] *Restated in the December 2014 Results Booklet.*
[2] *RBB = Retail and Business Banking.*
[3] *Only Nedbank Retail business units that contribute significantly to defaulted advances are reflected.*
[4] *Home Loans represents a specific business unit within Nedbank Retail.*
[5] *Personal Loans represents a specific business unit within Nedbank Retail.*

DEFAULTED ADVANCES AS A PERCENTAGE OF GROSS LOANS AND ADVANCES (%)



[1] *Restated in the December 2014 Results Booklet.*
[2] *Wholesale includes Nedbank CIB and Nedbank Business Banking.*

CREDIT LOSS RATIO

- The Nedbank Group CLR improved to 0,77% (2014: 0,79%) and remains at the bottom end of the 2015 TTC target range of 0,80% to 1,20%. This was driven by lower impairments in Nedbank Retail, which were largely offset by higher impairments in Nedbank CIB.
  - The portfolio CLR at 0,07% (2014: 0,07%) benefited from additional portfolio impairment overlays raised in RBB, increasing the total overlay for the cluster to R699m (2014: R404m) and additional portfolio impairments of R150m raised in the Centre to take into account risks in commodities and in the Rest of Africa that have been incurred, but are only expected to emerge in 2016.
  - The decrease in specific CLR to 0,70% (2014: 0,72%) is in line with decreases in defaulted advances in the Personal Loans and Home Loans portfolios in Nedbank Retail.
- The improvement in the group CLR was driven by Nedbank RBB remaining below their target ranges, demonstrating selective origination and strong collections management.
  - The decrease in the Personal Loans CLR to 7,48% (2014: 10,04%) is due to the improved default profile distribution, positive collections and improved risk performance.
  - The improved Home Loans CLR of 0,06% (2014: 0,13%) is favourable and remains below the target range due to sustained strong collections focus.
  - The MFC CLR improved to 1,06% (2014: 1,25%), performing below the target range and driven by improvement in the book profile.
- The Nedbank Capital CLR increased to 0,83% (2014: 0,14%), driven by lower oil and commodity prices and resulting in higher specific impairments, however, the total CIB CLR at 0,40% remained within their new through-the-cycle target range.
- Nedbank Wealth remains below the TTC target range at 0,15% (2014: 0,17%), and no material movement in impairments was evident over 2015.
- Lower commodity prices resulted in higher specific impairments in Rest of Africa, resulting in the CLR increasing to 1,25% (2014: 0,23%). Impairments raised on a single large counterparty moving into default also contributed to the higher CLR.

Revised credit loss ratio target ranges

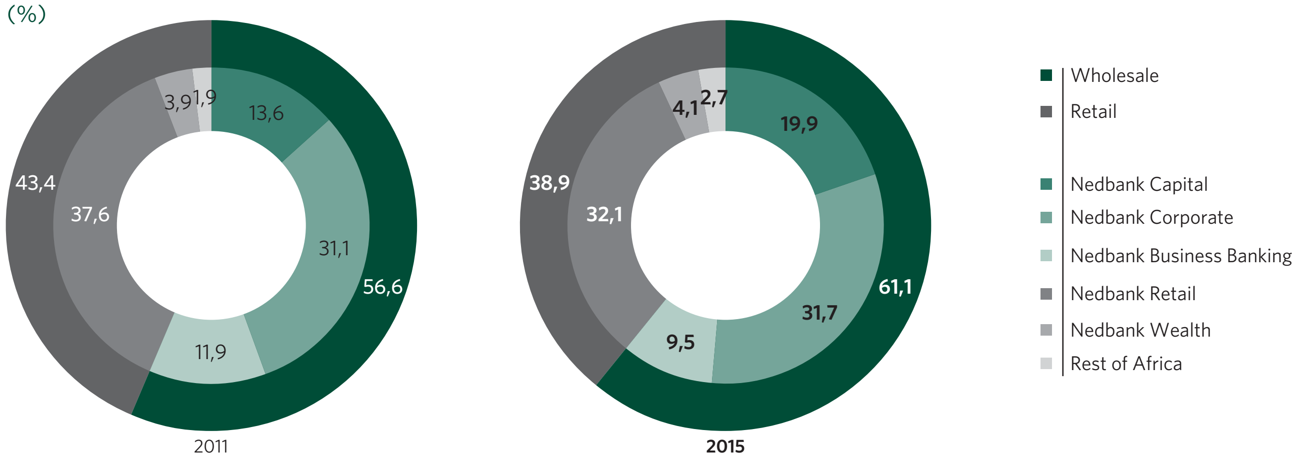
- From 2016 onwards the group has revised the following CLR target ranges:

Through-the-cycle credit loss ratio target ranges

%	2015 TTC CLR target range	2016 TTC CLR target range	Actual 2015 CLR
Nedbank Group	0,80 – 1,20	**0,60 – 1,00**	**0,77**
Nedbank Retail and Business Banking	N/A	**1,30 – 1,80**	**1,14**
Nedbank Corporate and Investment Banking	N/A	**0,15 – 0,45**	**0,40**
Business Banking	0,55 – 0,75	**0,50 – 0,70**	**0,48**

- The revision of the group CLR target range relates to:
  - The change in the retail and wholesale advances mix.
  - The change in mix and risk within Nedbank Retail:
    - Reduction in risk and the change in strategy in the personal loans portfolio since 2012.
    - Change in portfolio quality of the home loans portfolio due to backbook rolloff and the ongoing selective origination strategy.
- The reduction in the Business Banking target range follows a long history of prudent risk management, with CLR being at or below the midpoint of the current target range since 2009.
- New target ranges were introduced for Nedbank RBB and CIB clusters to align to organisational changes in the business clusters.

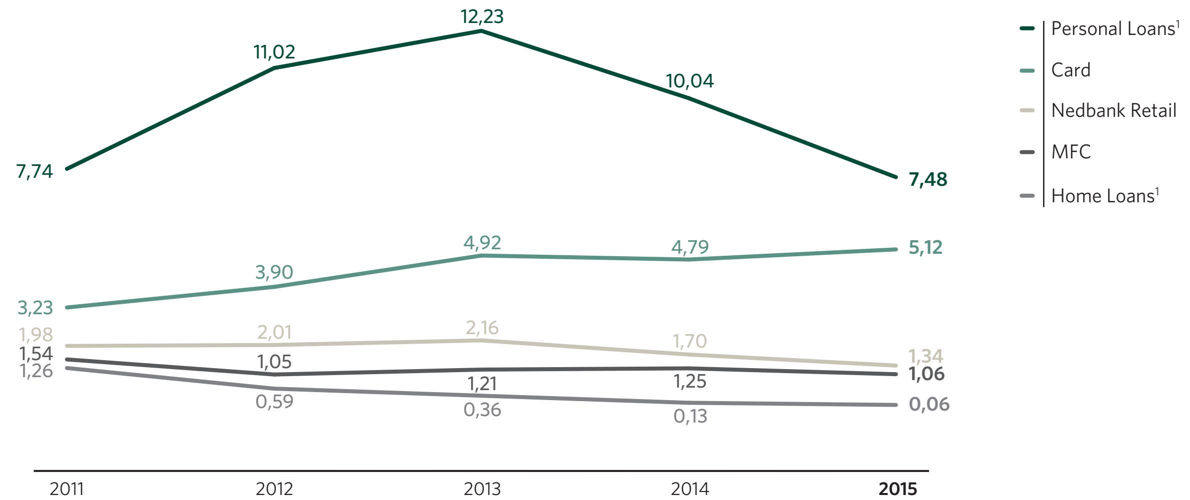
NEDBANK GROUP ADVANCES MIX
(%)



Nedbank Retail advances mix

%	2011	2012	2013	2014	2015
Home loans	56,9	52,9	50,5	48,9	**49,1**
Vehicle finance	28,4	29,9	33,2	35,8	**36,5**
Personal loans	9,0	11,2	9,9	8,1	**7,3**
Card	4,5	5,0	5,5	6,3	**6,2**
Other	1,2	1,0	0,9	0,9	**0,9**
Nedbank Retail	100,0	100,0	100,0	100,0	**100,0**

NEDBANK RETAIL CREDIT LOSS RATIO PER BUSINESS UNIT
(%)



[1] *Personal Loans and Home Loans represent specific business units within Nedbank Retail.*

Credit loss ratio per business cluster

%	Nedbank CIB	Nedbank Capital	Nedbank Corporate	Nedbank RBB	Nedbank Business Banking	Nedbank Retail	Nedbank Wealth	Rest of Africa	Nedbank Group
2016 through-the-cycle target ranges	**0,15 - 0,45**	**0,10 - 0,55**	**0,20 - 0,35**	**1,30 - 1,80**	**0,50 - 0,70**	**1,90 - 2,60**	**0,20 - 0,40**	**0,75 - 1,00**	**0,60 - 1,00**
2015									
Total credit loss ratio	**0,40**	**0,83**	**0,22**	**1,14**	**0,48**	**1,34**	**0,15**	**1,25**	**0,77**
Specific credit loss ratio	**0,30**	**0,76**	**0,11**	**1,14**	**0,34**	**1,39**	**0,12**	**1,26**	**0,70**
Portfolio credit loss ratio	**0,10**	**0,07**	**0,11**	**0,0**	**0,14**	**(0,05)**	**0,03**	**(0,01)**	**0,07**
2014									
Total credit loss ratio	0,19	0,14	0,21	1,39	0,42	1,70	0,17	0,23	0,79
Specific credit loss ratio	0,14	0,06	0,18	1,36	0,29	1,69	0,18	0,24	0,72
Portfolio credit loss ratio	0,05	0,08	0,03	0,03	0,13	0,01	(0,01)	(0,01)	0,07

Summary of the credit loss ratio by business unit

	Mix of average banking advances		impairments charge				Credit loss ratio	
	2015	2014	**2015**		2014		**2015**	2014
	%	%	**Rm**	**Mix %**	Rm	Mix %	**%**	%
Nedbank Group	**100,0**	100,0	**4 789**	**100,0**	4 506	100,0	**0,77**	0,79
Nedbank Corporate and Investment Banking	**47,6**	45,9	**1 188**	**24,8**	506	11,3	**0,40**	0,19
Nedbank Capital	**14,0**	12,8	**726**	**15,2**	106	2,4	**0,83**	0,14
Nedbank Corporate[1]	**33,6**	33,1	**462**	**9,6**	400	8,9	**0,22**	0,21
Corporate Banking	**14,1**	15,2	**365**	**7,6**	192	4,3	**0,42**	0,22
Property Finance	**18,8**	17,5	**97**	**2,0**	208	4,6	**0,08**	0,21
Nedbank RBB	**45,5**	47,4	**3 212**	**67,1**	3 771	83,7	**1,14**	1,39
Nedbank Business Banking	**10,7**	11,4	**320**	**6,7**	271	6,0	**0,48**	0,42
Nedbank Retail[1]	**34,8**	36,0	**2 892**	**60,4**	3 500	77,7	**1,34**	1,70
Home Loans	**13,1**	14,2	**48**	**1,0**	105	2,3	**0,06**	0,13
MFC	**12,0**	11,9	**790**	**16,5**	852	18,9	**1,06**	1,25
Consumer Banking	**2,8**	3,5	**1 297**	**27,1**	1 921	42,7	**7,34**	9,70
Personal Loans	**2,7**	3,3	**1 244**	**26,0**	1 879	41,7	**7,48**	10,04
Client Engagement	**0,1**	0,2	**53**	**1,1**	42	1,0	**5,16**	3,87
Relationship Banking	**4,6**	4,3	**33**	**0,7**	18	0,4	**0,12**	0,07
Card	**2,3**	2,2	**724**	**15,1**	604	13,4	**5,12**	4,79
Nedbank Wealth	**4,3**	4,2	**39**	**0,8**	41	0,9	**0,15**	0,17
Rest of Africa	**2,6**	2,6	**201**	**4,2**	35	0,8	**1,25**	0,23

[1] *The central units in Corporate Banking and Retail do not contribute to CLR and are excluded from the table.*

IMPAIRMENTS

- The income statement impairments charge increased by 6,3% to R4 789m (2014: R4 506m), with higher impairments in the wholesale clusters offset by continued improvements in retail impairments.
  - The Nedbank Retail impairments charge decreased to R2 892m (2014: R3 500m), with specific impairments declining by R488m to R3 006m (2014: R3 494m), driven mainly by an improvement in book profile and lower defaulted advances in the personal loans and home loans portfolios.
  - Postwriteoff recoveries increased 20,8% to R1 137m (2014: R941m), including recoveries in Retail of R1 015m (2014: R854m), largely comprised of personal loans of R398m (2014: R343m) and MFC of R280m (2014: R193m). This quantum of postwriteoff recovery is indicative of ongoing conservative provisioning levels.
- During 2015 the total balance sheet impairments increased to R11 411m (2014: R11 095m), with specific impairments decreasing to R6 664m (2014: R6 832m).
  - Portfolio impairments increased to R4 747m (2014: R4 263m) mainly due to CIB at R1 039m (2014: R718m) and RBB at R3 075m (2014: R3 098m):
    - Additional impairment overlays raised in RBB to R699m (2014: R404m) that take into consideration, inter-alia, the impact losses that may emerge in our agricultural book as a result of the drought and in the personal loans book due to job losses in the mining sector.
    - In the second half of the year the central portfolio provision was further strengthened to R500m to take into account risks, particularly in commodities and in the Rest of Africa, that have been incurred but are expected to emerge only in 2016.
- Nedbank Retail balance sheet impairments as a percentage of gross loans and advances decreased to 3,25% (2014: 3,61%) due to changes in advances mix and lower impairments in Home Loans and Personal Loans, driven by improved ageing in the defaulted portfolio and better credit quality in the performing portfolio.
- Overall balance sheet impairments decreased to 1,65% of total advances (2014: 1,78%) in line with the change in mix of advances and lower defaulted advances in the retail unsecured portfolio.
- The Rest of Africa balance sheet impairments increased to 2,18% of total advances (2014: 1,26%) due to impairments raised against the default of a single large counterparty.

Nedbank Group summary of key impairment trends

	2011	2012	2013	2014	2015
Total income statement impairments net of recoveries (Rm)	5 331	5 199	5 565	4 506	**4 789**
Specific impairments	4 753	4 517	5 091[1]	4 143	**4 356**
Portfolio impairments	578	682	474[1]	363	**433**
Total balance sheet impairments (Rm)	11 497	10 870	11 456	11 095	**11 411**
Specific impairments	8 749	7 443	7 543[1]	6 832	**6 664**
Portfolio impairments	2 748	3 427	3 913[1]	4 263	**4 747**
Total impairments to gross loans and advances (%)	2,25	2,02	1,94	1,78	**1,65**
Total wholesale[2]	1,22	0,84	0,77	0,75	**0,75**
Nedbank Retail	3,97	3,98	4,05	3,61	**3,25**

[1] *Restated in the December 2014 Results Booklet.*
[2] *Wholesale includes Nedbank CIB and Nedbank Business Banking.*

Nedbank Group impairment ratio by business cluster

%	2011	2012	2013	2014	2015
Total impairments to gross loans and advances	2,25	2,02	1,94	1,78	**1,65**
Nedbank Corporate and Investment Banking	0,88	0,53	0,49	0,48	**0,49**
Nedbank Capital	1,18	0,51	0,45	0,32	**0,49**
Nedbank Corporate	0,75	0,55	0,52	0,57	**0,48**
Nedbank Retail and Business Banking	3,62	3,52	3,56	3,22	**3,00**
Nedbank Business Banking	2,50	2,05	2,00	1,98	**2,17**
Nedbank Retail	3,97	3,98	4,05	3,61	**3,25**
Home Loans[1]	3,32	2,92	2,56	2,18	**1,86**
MFC	3,71	3,19	3,23	2,69	**2,29**
Personal Loans[2]	7,30	9,80	12,66	13,92	**13,89**
Card	6,93	7,04	7,79	7,21	**8,29**
Nedbank Wealth	0,39	0,56	0,76	0,67	**0,54**
Rest of Africa	0,97	1,16	1,26	1,26	**2,18**

[1] *Home Loans represents a specific business unit within Nedbank Retail.*
[2] *Personal Loans represents a specific business unit with Nedbank Retail.*

BALANCE SHEET COVERAGE RATIOS

- The lower specific coverage at 38,0% (2014: 43,1%) was driven by the effect of the implementation of SARB directive 7/2015, a change in the retail and wholesale defaulted loans mix and improved impairments in Nedbank Retail.
- The portfolio coverage at 0,70% (2014: 0,70%) also benefited from the change in the retail and wholesale advances mix where the portfolio coverage in Nedbank Retail decreased due to lower impairments in the secured portfolios due to improved mix and impairments in Nedbank CIB increased in line with advances and ratings migration in the business driven by the tough macroeconomic environment and lower commodity prices.
- The implementation of SARB directive 7/2015 had a negative 3,5% impact on the group specific coverage, which drove the specific coverage ratio down to 38,0% instead of 41,5% had the directive not been implemented.
- The Nedbank Retail specific coverage decreased to 46,7% (2014: 49,4%) due to the implementation of SARB directive 7/2015 as well as a change in the secured/unsecured defaulted advances mix.
  - The MFC specific coverage ratio at 38,5% (2014: 53,6%) was diluted by the implementation of SARB directive 7/2015 and comparatively more distressed restructures.
  - Portfolio coverage on Nedbank Retail decreased to 1,16% (2014: 1,28%), driven by changes in portfolio mix and lower impairments in Home Loans and MFC.
- The Business Banking specific coverage increased to 40,5% (2014: 38,5%), indicating continued conservatism in impairments raised.
- Wholesale portfolio coverage increased to 0,39% (2014: 0,34%), while specific coverage decreased to 24,9% (2014: 32,3%).
  - Portfolio coverage increased in Nedbank CIB as a result of the aforementioned macroeconomic stress.
  - Specific coverage ratio decreased to 17,1% (2014: 27,7%) due to the implementation of SARB directive 7/2015 as well as lower specific impairments raised on wholesale advances, which are predominantly secured with collateral resulting in relatively lower loss expectations in the event of default. Specific impairments on defaulted wholesale advances are evaluated on a deal-by-deal basis.
- The Rest of Africa portfolio-coverage ratio increased to 0,64% (2014: 0,53%) due to the ratings migration of a few large clients.

NEDBANK GROUP SPECIFIC COVERAGE RECONCILIATION
(%)

Nedbank Group coverage ratios by business cluster

%	2011	2012	2013	2014	2015
Specific coverage ratio	37,7	38,6	42,3[1]	43,1	**38,0**
Nedbank Corporate and Investment Banking	30,6	22,3	23,6	27,7	**17,1**
Nedbank Capital	49,7	33,4	48,9	47,4	**13,5**
Nedbank Corporate	23,1	19,2	17,6	26,0	**23,0**
Nedbank Retail and Business Banking	40,7	43,4	47,5	47,6	**45,6**
Nedbank Business Banking	38,3	34,4	35,8	38,5	**40,5**
Nedbank Retail	41,2	45,2	49,9[1]	49,4	**46,7**
Nedbank Wealth	12,0	15,9	26,9	23,9	**20,8**
Rest of Africa	25,8	43,8	47,0	47,3	**41,6**
Portfolio coverage ratio	0,56	0,66	0,68[1]	0,70	**0,70**
Nedbank Corporate and Investment Banking	0,20	0,22	0,21	0,24	**0,29**
Nedbank Capital	0,15	0,20	0,16	0,23	**0,24**
Nedbank Corporate	0,22	0,23	0,25	0,24	**0,33**
Nedbank Retail and Business Banking	0,86	1,07	1,18	1,17	**1,11**
Nedbank Business Banking	0,57	0,62	0,72	0,82	**0,94**
Nedbank Retail	0,96	1,21	1,33[1]	1,28	**1,16**
Nedbank Wealth	0,12	0,12	0,12	0,10	**0,12**
Rest of Africa	0,45	0,72	0,70	0,53	**0,64**

[1] *Restated in the December 2014 Results Booklet.*

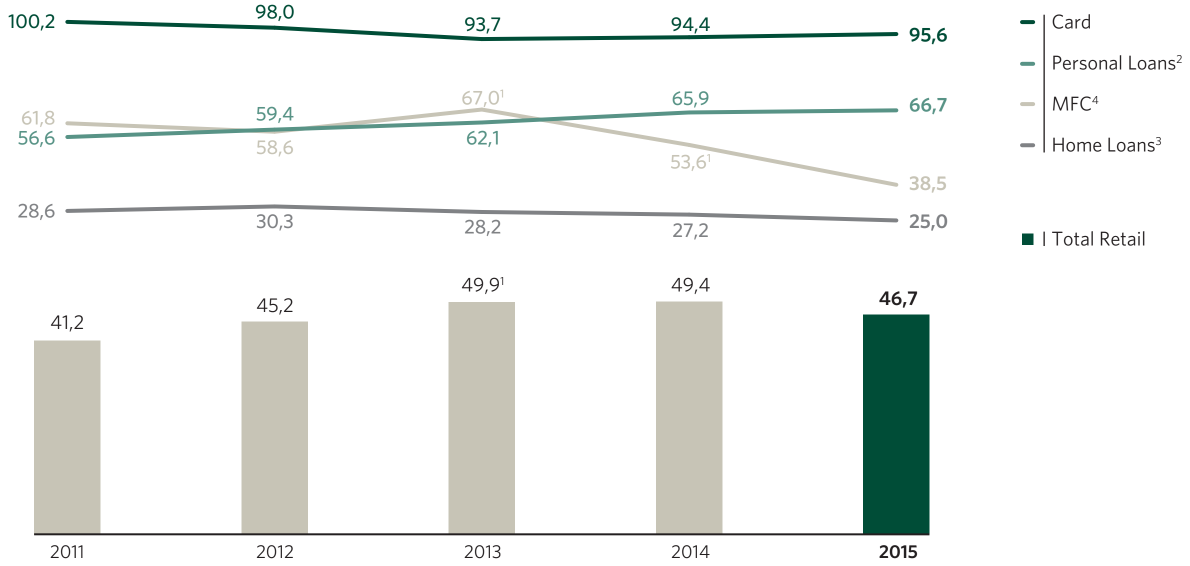
Defaulted advances specific impairments and specific coverage ratio by business cluster and product

	2015						
	Defaulted loans and advances		Expected recoveries	Specific impairments			
	Rm	as % of total	Rm	Rm	as % of total	on defaulted advances Rm	for discounted cashflow losses Rm
Nedbank Corporate and Investment Banking	4 074	23,2	3 378	696	10,4	396	300
Nedbank Capital	2 541	14,5	2 197	344	5,2	299	45
Other loans and advances	2 541	14,5	2 197	344	5,2	299	45
Nedbank Corporate	1 533	8,7	1 181	352	5,2	97	255
Commercial mortgages	1 228	7,0	886	342	5,1	114	228
Leases and instalment debtors	4	< 0,1	1	3	< 0,1	3	
Properties in possession	210	1,2	210				
Other loans and advances	91	0,5	84	7	0,1	(20)	27
Nedbank Retail and Business Banking	12 263	69,8	6 665	5 598	84,0	4 956	642
Nedbank Business Banking	2 059	11,7	1 226	833	12,5	644	189
Residential mortgages	777	4,5	576	201	3,0	122	79
Commercial mortgages	373	2,1	297	76	1,1	25	51
Leases and instalment debtors	305	1,7	108	197	3,0	182	15
Cards	7	< 0,1		7	0,1	7	
Properties in possession	5	< 0,1	5				
Other loans and advances	592	3,4	240	352	5,3	308	44
Nedbank Retail	10 204	58,1	5 439	4 765	71,5	4 312	453
Residential mortgages	4 258	24,2	3 163	1 095	16,4	938	157
Commercial mortgages	29	0,2	16	13	0,2	12	1
Leases and instalment debtors	2 234	12,8	1 344	890	13,4	824	66
Cards	1 072	6,1	46	1 026	15,4	1 017	9
Personal loans	2 297	13,1	765	1 532	23,0	1 313	219
Properties in possession	96	0,5	96				
Other loans and advances	218	1,2	9	209	3,1	208	1
Nedbank Wealth	587	3,3	465	122	1,8		122
Residential mortgages	390	2,2	302	88	1,3	(34)	122
Commercial mortgages	136	0,8	111	25	0,4	25	
Leases and instalment debtors	11	0,1	9	2	< 0,1	2	
Properties in possession	43	0,2	43				
Other loans and advances	7	< 0,1		7	0,1	7	
Rest of Africa	635	3,7	371	264	4,0	105	159
Residential mortgages	101	0,6	80	21	0,3	(8)	29
Commercial mortgages	1	< 0,1	1			(12)	12
Leases and instalment debtors	63	0,4	29	34	0,5	2	32
Cards	5	< 0,1	2	3	< 0,1		3
Personal loans	44	0,3	15	29	0,5	4	25
Other loans and advances	421	2,4	244	177	2,7	119	58
Centre			16	(16)	(0,2)	(16)	
Other loans and advances			16	(16)	(0,2)	(16)	
Nedbank Group	17 559	100,0	10 895	6 664	100,0	5 441	1 223
Residential mortgages	5 526	31,5	4 121	1 405	21,0	1 018	387
Commercial mortgages	1 767	10,1	1 311	456	6,8	164	292
Leases and instalment debtors	2 617	15,0	1 491	1 126	16,9	1 013	113
Cards	1 084	6,1	48	1 036	15,5	1 024	12
Personal loans	2 341	13,4	780	1 561	23,5	1 317	244
Properties in possession	354	1,9	354				
Other loans and advances	3 870	22,0	2 790	1 080	16,3	905	175

[1] *Restated in the December 2014 Results Book.*

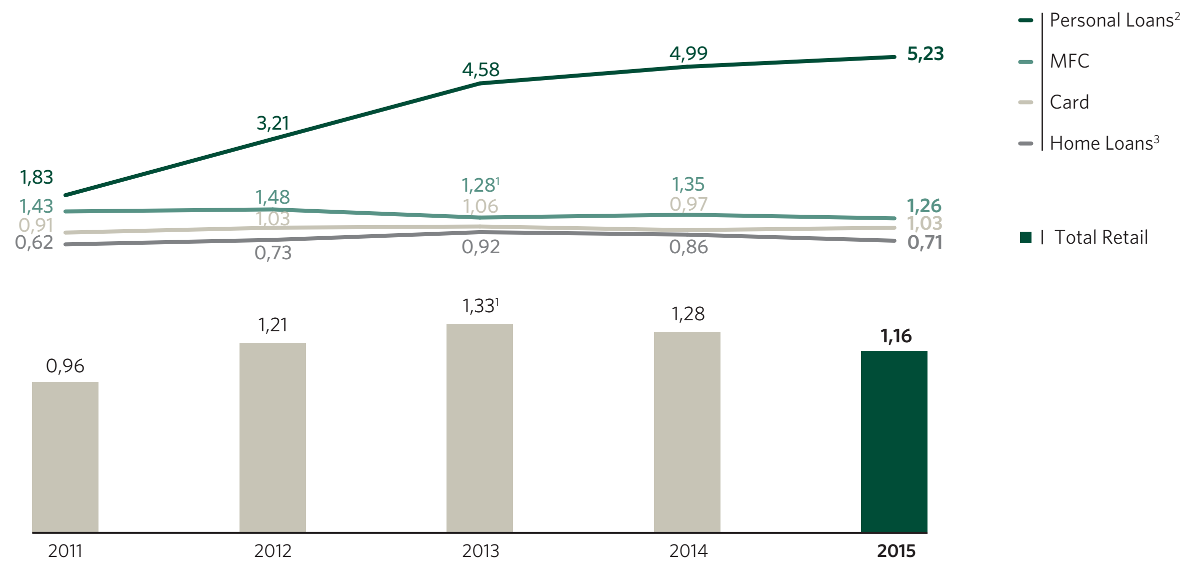
	2014							
Specific coverage ratio	Defaulted loans and advances		Expected recoveries	Specific impairments				Specific-coverage ratio
%	Rm	as % of total	Rm	Rm	as % of total	on defaulted advances Rm	for discounted cashflow losses Rm	%
17,1	2 759	17,4	1 996	763	11,1	509	254	27,7
13,5	209	1,3	110	99	1,4	98	1	47,4
13,5	209	1,3	110	99	1,4	98	1	47,4
23,0	2 550	16,1	1 886	664	9,7	411	253	26,0
27,9	1 421	9,0	1 003	418	6,1	169	249	29,4
75,0	7	< 0,1	4	3		3		42,9
	388	2,4	388					
7,7	734	4,6	491	243	3,6	239	4	33,1
45,6	12 266	77,4	6 431	5 835	85,5	5 160	675	47,6
40,5	2 087	13,2	1 284	803	11,8	621	182	38,5
25,9	763	4,8	541	222	3,2	142	80	29,1
20,4	365	2,3	284	81	1,2	33	48	22,2
64,6	308	1,9	101	207	3,0	192	15	67,2
100,0	9	0,1	1	8	0,1	8		88,9
	9	0,1	9					
59,5	633	4,0	348	285	4,3	246	39	45,0
46,7	10 179	64,2	5 147	5 032	73,7	4 539	493	49,4
25,7	4 408	27,8	3 138	1 270	18,6	1 137	133	28,8
44,8	34	0,2	15	19	0,3	18	1	55,9
39,8	1 949	12,3	905	1 044	15,3	988	56	53,6[1]
95,7	892	5,6	50	842	12,3	832	10	94,4
66,7	2 502	15,8	853	1 649	24,1	1 357	292	65,9
	167	1,1	167					
95,9	227	1,4	19	208	3,1	207	1	91,6
20,8	599	3,8	456	143	2,1	18	125	23,9
22,6	410	2,6	314	96	1,4	(29)	125	23,4
18,4	139	0,9	98	41	0,6	41		29,5
18,2	10	0,1	8	2		2		20,0
	32	0,2	32					
100,0	8	0,1	4	4	0,1	4		50,0
41,6	222	1,4	117	105	1,5		105	47,3
20,8	68	0,4	47	21	0,3	7	14	30,9
						(7)	7	
54,0	35	0,2	14	21	0,3	3	18	60,0
60,0	2	< 0,1	1	1			1	50,0
65,9	34	0,2	12	22	0,3	(3)	25	64,7
42,0	83	0,5	43	40	0,6		40	48,2
			14	(14)	(0,2)	(14)		
			14	(14)	(0,2)	(14)		
38,0	15 846	100,0	9 014	6 832	100,0	5 673	1 159	43,1
25,4	5 649	35,6	4 040	1 609	23,5	1 257	352	28,5
25,8	1 959	12,4	1 400	559	8,2	254	305	28,5
43,1	2 309	14,6	1 032	1 277	18,7	1 188	89	55,3
95,5	903	5,7	52	851	12,4	840	11	94,2
66,7	2 536	16,0	865	1 671	24,5	1 354	317	65,9
	596	3,8	596					
27,9	1 894	11,9	1 029	865	12,7	780	85	45,7

RETAIL SPECIFIC COVERAGE RATIO
(%)



[1] Restated in the December 2014 Results Booklet.
[2] Personal Loans represents a specific business unit within in Nedbank Retail.
[3] Home Loans represents a specific business unit within Nedbank Retail. This excludes home loans in the Nedbank Retail Relationship Banking business unit.
[4] The decrease in the MFC specific coverage in 2015 was driven by the implementation of SARB directive 7/2015 (distressed restructures shown as defaulted advances for six months vs four months in 2014).

RETAIL PORTFOLIO COVERAGE RATIO
(%)



[1] Restated in the December 2014 Results Booklet.
[2] Personal Loans represents a specific business unit within Nedbank Retail.
[3] Home Loans represents a specific business unit within Nedbank Retail. This excludes home loans in the Nedbank Retail Relationship Banking business unit.

CREDIT CONCENTRATION RISK

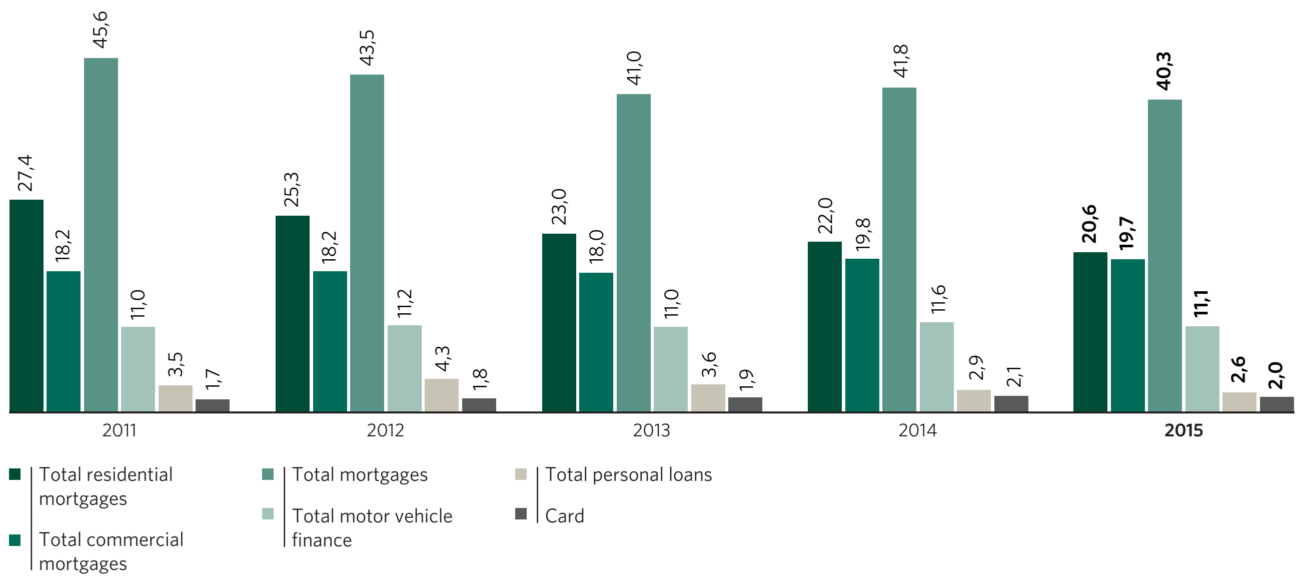
- Unmanaged risk concentrations are potentially a cause of major risk in banks. Concentration risk is therefore considered separately as part of Nedbank's Risk Appetite Framework.

Single-name credit concentration risk

- The group's credit concentration risk measurement incorporates the asset size of obligors/borrowers into its calculation of credit economic capital. Single-name credit concentration, including the applicable regulatory and economic capital per exposure, is monitored at all credit committees within the group's Enterprisewide Risk Management Framework (ERMF).
- Of the total group credit economic capital, only 7,5% (2014: 5,1%) is attributable to the top 20 largest exposures, excluding banks and government exposure, and 2,3% (2014: 1,2%) to the top 20 largest bank exposures in 2015, highlighting that Nedbank Group does not have material single-name credit concentration risk.
  - This increase is mainly due to enhancements to the calculation and allocation of credit economic capital (particularly the implementation of dLGD effects) as discussed in the Capital Management section.
- Direct exposure to the SA government relates mainly to statutory liquid-asset requirements, and Basel III liquidity buffers, and constitutes 9,1% (2014: 8,3%) of total balance sheet credit exposure.
  - This increase relates to the buildup of HQLA, in line with the group's planning for the transitional LCR requirements that became effective on 1 January 2015. In line with these increasing transitional requirements exposure to the SA government will continue to increase through to 2019.

Product concentration risk

% OF TOTAL GROSS LOANS AND ADVANCES BY MAJOR CREDIT PORTFOLIO

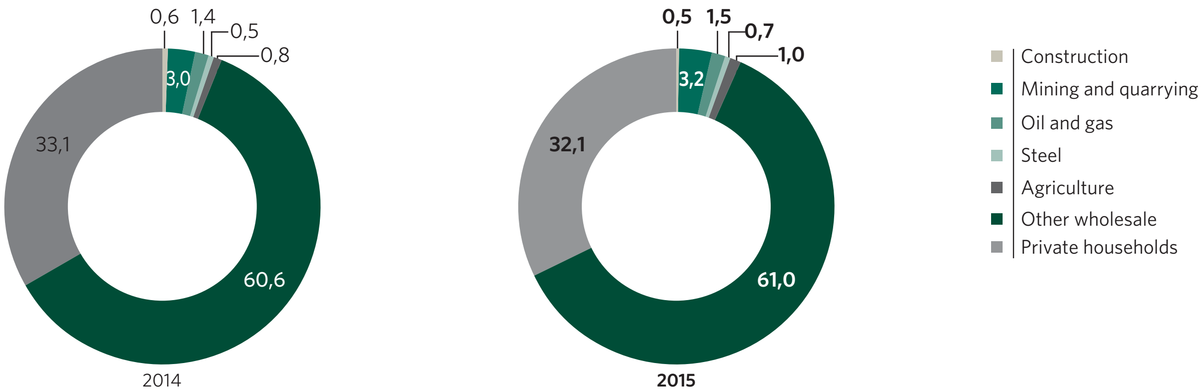


- Nedbank Group has adopted a selective origination, client-centred growth emphasis as a core part of its strategic portfolio tilt strategy.
- Nedbank's approach to managing its mortgages (or property portfolio) is to take a holistic approach across both residential and commercial mortgages, preferring a leading market share in commercial mortgages given the better risk-based economics and returns.
  - Commercial-mortgage lending has increased since 2011 from 18,2% to 19,7% of gross loans and advances, and consequently Nedbank Group has maintained its leading local market share position, currently at 40,4%. This potentially high concentration is mitigated by good-quality assets, high levels of collateral, a low average loan-to-value ratio (approximately 50%), the underpinning of corporate leases, and a highly experienced management team considered to be the leader in property finance in SA.
  - While Nedbank Group has the smallest residential-mortgage portfolio among the local peer group at 14,5% of market share, the contribution of these advances as a percentage of total gross loans and advances was still substantial at 20,6% in December 2015 (2014: 22,0%). However, this level of contribution to the balance sheet is lower than that of its peers.
  - The focus in Home Loans since 2009 has been on lending through our own channels, including branch, own sales force and more recently Nedbank's new on-line home loan application, and to a far lesser degree, compared with the industry, through mortgage originators. This enables a better quality risk profile, more appropriate risk-based pricing and therefore more appropriate returns, with a client-centred approach.
  - When including residential mortgages, Nedbank's total mortgage market share is in line with that of its peers at 21,5%.
- Total retail motor vehicle finance exposure within Nedbank Group has increased slightly since 2011 to 11,1% in 2015 (2011: 11,0%) of gross loans and advances, while current market share is approximately 31,0%, which is second of the big four banks in SA. Sound risk management principles are consistently applied by an experienced management team, with CLR decreasing year on year.
- Personal loans advances have decreased and are now at 2,6% of gross loans and advances, from its peak of 4,3% in 2012.
- As a percentage of total gross loans and advances, Card loans and advances have increased moderately from 1,7% in 2011 to 2,0% in 2015.

Industry concentration risk

- Industries impacted by the economic downturn, drought and low commodity prices are a small component of the overall portfolio representing 6,8% of the group's on-balance-sheet exposure. Comprehensive deep dives and sensitivity analysis have been performed on the portfolio to obtain deeper insight of the changes experienced in the client base in the difficult economic environment as well as quantify the impact of further potential economic stress.
  - The impairment overlay of R699m in RBB takes into account, inter-alia, the impairment impact that may emerge in our agricultural book as a result of the drought.
  - Provisions at the centre were R350m at the start of 2015 and during the course of the year most of the items for which this provision was held were either satisfactorily resolved or appropriate provisions were raised in the clusters. In the second half of the year this central portfolio provision was further strengthened to R500m to take into account risks, particularly in commodities and in the Rest of Africa, that have been incurred but are only expected to emerge in 2016.
- The group's portfolio has low concentration risk to these sectors and the remainder of the portfolio remains well diversified.
- All impacted portfolios are closely monitored by the Nedbank teams. The quality of the portfolios are assessed on an ongoing basis to ensure that the levels of credit impairments on portfolios are adequate.

% OF NEDBANK GROUP ON-BALANCE-SHEET EXPOSURE[1]



[1] *Nedbank Group on balance sheet exposure R762bn (2014: R674bn).*

SECURITISATION RISK

- Nedbank Group uses securitisation as a funding diversification tool and to add flexibility in mitigating structural liquidity risk.
- The group currently has three traditional securitisation transactions and one asset-backed commercial paper (ABCP) programme:
  - Greenhouse Funding (RF) Limited (Greenhouse I), a residential-mortgage-backed securitisation (RMBS) programme that was launched in December 2007 and refinanced in November 2012.
  - Precinct Funding 1 (RF) Limited (Precinct), a commercial-mortgage-backed securitisation (CMBS) programme that was launched in March 2013.
  - Greenhouse Funding III (RF) Limited (Greenhouse III), a second standalone RMBS programme that was launched in April 2015.
  - Synthesis Funding Limited (Synthesis), an ABCP programme that was launched during 2004.

Assets securitised and retained securitisation exposure

Rm	Year initiated	Rating agency	Transaction type	Asset type	Assets securitised[1]		Assets outstanding		Amount retained/ purchased		Risk-weighted assets[2]	
					2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Greenhouse I	2007	Fitch	Traditional securitisation	Home loans	**2 049**	2 049	**1 356**	1 557	**376**	377	**295**	361
Precinct	2013	Moody's	Traditional securitisation	Commercial-property loans	**2 344**	2 344	**1 280**	1 586	**519**	514	**438**	580
Greenhouse III	2014	Fitch	Traditional securitisation	Home loans	**2 052**	962	**1 931**	962	**288**	967	**327**	225

[1] *This includes all assets identified for securitisation at the transaction close.*

[2] *The regulatory capital held against these securitisation exposures is capped at the IRB Approach capital that the bank would have held against the underlying assets had they not been securitised.*

Liquidity facilities provided to Nedbank's asset-backed commercial paper programme

Rm	Year initiated	Rating agency	Transaction type	Asset type	Programme size	Face value of notes outstanding		Liquidity facilities		Risk-weighted assets[1]	
						2015	2014	**2015**	2014	**2015**	2014
Synthesis	2004	Fitch	ABCP programme	Asset-backed securities, corporate term loans and bonds	15 000	**2 761**	3 291	**2 763**	3 293	**586**	698

[1] *The regulatory capital held against these securitisation exposures is capped at the IRB Approach capital that the bank would have held against the underlying assets had they not been securitised, subject to a 20% risk-weighting floor.*

- In terms of Greenhouse III, R2 052m of residential mortgage loans were securitised through the issuance of R1 975m of notes rated by Fitch and a subordinated loan from Nedbank RBB of R180m. Securitisation remains a key part of the group's funding strategy.
- There have been no downgrades of any of the commercial paper or notes issued by Nedbank Group's securitisation transactions and the performance of the underlying portfolios of assets remain sound.
- Nedbank Group also fulfils a number of secondary roles as liquidity facility provider, hedge counterparty and investor to third-party securitisation transactions.
- All securitisation transactions entered into thus far have involved the sale of the underlying assets to the special-purpose vehicles. Nedbank Group has not originated or participated in synthetic securitisations.
- Nedbank Group complies with IFRS in recognising and accounting for securitisation transactions.
  - In particular, the assets transferred to the Greenhouse securitisation vehicles and the Precinct securitisation vehicle continue to be recognised on the balance sheet of the bank and the securitisation vehicles are consolidated under Nedbank Group for financial reporting purposes, as is Synthesis.
  - Securitisations are treated as sale transactions (rather than financing transactions). The assets are sold to the special-purpose vehicles at carrying value and no gains or losses are recognised.

MARKET RISKS

- Other than interest rate risk in the banking book (IRRBB), Nedbank does not have a significant risk appetite for, or exposure to, market risk.
  - Nedbank's IRRBB is positioned for an upward interest rate cycle and is predominantly managed in line with impairment sensitivity for similar rate change expectations.
  - The focus of the trading businesses is to continue to develop the flow model, by leveraging the dealflow from clients.
  - Equity risk in the banking book is low relative to the rest of the balance sheet. The key strategic investments (ETI and Banco Único) are accounted for under the equity method of accounting. The total equity portfolio that is fair-valued is R4 719m (2014: R4 761m).
  - FCT risk remains relatively low, even after the acquisition of equity stakes in ETI and Banco Único in 2014, as a result of the inclusion of FCTR in qualifying capital and reserves since 1 January 2013. Accordingly, FCT risk does not have a material impact on the group's total regulatory CAR.

Summary of Nedbank Group market risk profile

		2015	2014
Interest rate risk in the banking book (high)			
NII sensitivity to 1% decline in interest rates (equal and opposite positive NII impact for an increase in interest rates)[1]	(Rm)	**(1 204)**	(1 019)
NII sensitivity to 2% decline in interest rates (equal and opposite positive NII impact for an increase in interest rates)[1]	(Rm)	**(2 316)**	(2 022)
% of ordinary shareholders' equity (OSE) (board limit: < 2,25%)[2]	(%)	**1,61**	1,52
Trading market risk (low)			
% of group minimum economic capital requirement	(%)	**0,5**	1,1
Total value at risk (VaR) (99%, one-day VaR) exposure (average)	(Rm)	**13,6**	10,7
Total stressed VaR exposure (99%, one-day VaR at the end of the period)	(Rm)	**53,3**	24,2
Foreign currency translation risk (low)			
Impact on group's total regulatory capital ratio for 10% change in the value of the rand	(%)	**0,3**	0,2
Equity risk in the banking book (low)			
Total equity portfolio	(Rm)	**13 136**	11 533
Disclosed at fair value	(Rm)	**4 719**	4 761
Equity-accounted	(Rm)	**8 417**	6 772
% of total assets	(%)	**1,4**	1,4
% of group minimum economic capital requirement	(%)	**5,2**	6,9

[1] *Positioned for an upward interest rate cycle.*
[2] *Measured for a 1% decline in interest rates.*

- The contribution of equity risk in the banking book to the group's minimum economic capital decreased to 5,2% (2014: 6,9%) largely as a result of the economic capital methodology changes in 2015, which resulted in the increase in minimum economic capital from R41,4bn in December 2014 to R53,4bn in December 2015. The impact of the increased minimum economic capital requirement was compounded by a larger interrisk diversification benefit for investment risk (ie lower diversified investment risk economic capital). On a like-for-like basis the contribution for December 2014 would have been 4,9% had the current methodology been in place during 2014.

INTEREST RATE RISK IN THE BANKING BOOK

- Nedbank Group is exposed to interest rate risk in the banking book (IRRBB) primarily due to the following:
  - The bank writes a large quantum of prime-linked advances.
  - To lengthen the funding profile of the bank, term funding is raised across the curve at fixed-term deposit rates that are repriced only on maturity.
  - Three-month repricing swaps and forward rate agreements are typically used in the risk management of term deposits and fixed-rate advances.
  - Short-term demand funding products are repriced to different short-end base rates.
  - Certain non-repricing transactional deposit accounts are non-rate-sensitive.
  - The bank has a mismatch in net non-rate-sensitive balances, including shareholders' funds that are not repriced for interest rate changes.

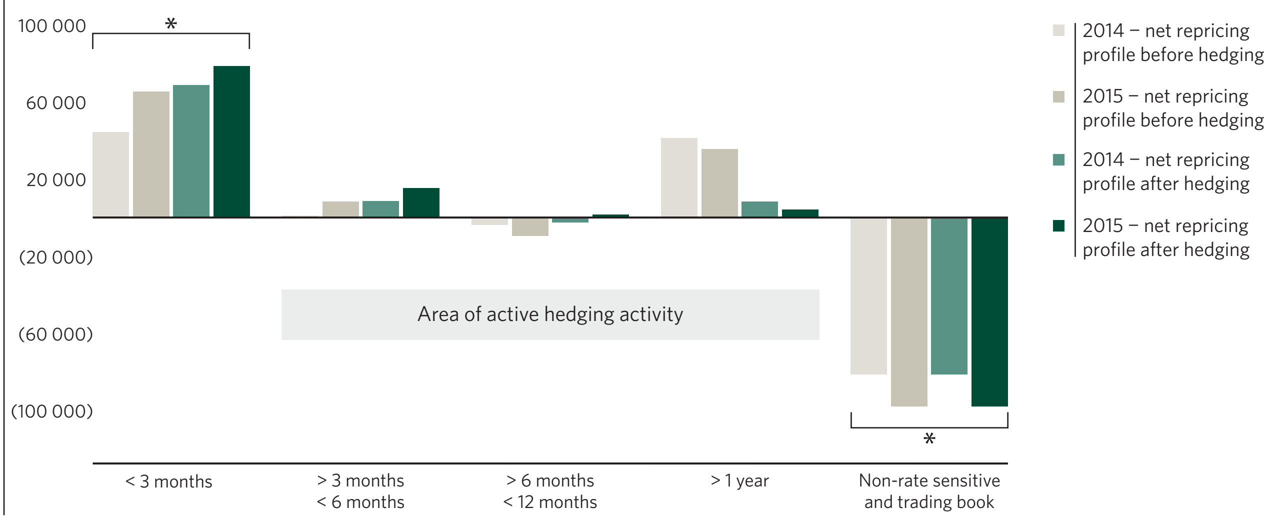
Sensitivity analysis

- At December 2015 the NII sensitivity of the group's banking book for a 1% parallel reduction in interest rates measured over 12 months is 1,61% of total group OSE (2014: 1,52%), which is well within the board's approved risk limit of < 2,25%.
- This exposes the group to a decrease in NII of approximately R1 204m before tax should interest rates fall by 1%, measured over a 12-month period.
  - NII sensitivity, as currently modelled, exhibits very little convexity and will therefore also result in an increase in pretax NII of approximately similar amounts should interest rates increase by 1%.
- The group's NII sensitivity is actively managed through on- and off-balance-sheet interest rate risk management strategies for the group's expected interest rate view and impairment sensitivity.
- Nedbank Limited's economic value of equity (EVE), measured for a 1% parallel decrease in interest rates, remains at a low level of R188m at December 2015 (2014: R105m).
  - The low level of EVE is the result of the group's risk management strategies, whereby assets and liabilities are typically positioned to reprice in the < 3-month repricing bucket and net working capital largely offsets the non-rate-sensitive transactional balances from an interest rate sensitivity perspective, thereby positioning OSE to be repriced as interest rates change.

Nedbank Group interest rate repricing gap

Rm	< 3 months	> 3 months < 6 months	> 6 months < 12 months	> 1 year	Non-rate sensitive and trading book
2015					
Net repricing profile before hedging	**65 001**	**7 991**	**(9 867)**	**35 241**	**(98 366)**
Net repricing profile after hedging	**78 446**	**15 012**	**1 182**	**3 726**	**(98 366)**
Cumulative repricing profile after hedging	**78 446**	**93 458**	**94 640**	**98 366**	**-**
2014					
Net repricing profile before hedging	44 092	593	(3 944)	40 987	(81 728)
Net repricing profile after hedging	68 472	8 121	(2 674)	7 809	(81 728)
Cumulative repricing profile after hedging	68 472	76 593	73 919	81 728	-

NEDBANK GROUP INTEREST RATE REPRICING PROFILE
(Rm)



* *Non-rate sensitive capital, working capital and transactional deposit accounts expose the balance sheet to sensitivity as this net position is positioned to reprice in < 3 months.*

- Group Alco and Executive Risk Committee (Group Alco) typically has strategic appetite for IRRBB out to one year and, largely as a matter of policy, eliminates reprice risk longer than one year, unless Group Alco chooses to lengthen the investment profile of its equity and/or the non-repricing transactional deposit accounts in order to improve the alignment of interest rate sensitivity with impairment sensitivity or position the balance sheet for expected interest rate changes.
- Nedbank's interest rate repricing profile graphically represents the repricing of floating-rate assets and liabilities and the maturity of fixed-rate assets and liabilities through a repricing time series. The net repricing profile before hedging clearly highlights the following:
  - Asset sensitivity in the < 3-month repricing bucket, largely as a result of prime-linked advances.
  - Liability sensitivity in the > 6-month to < 12-month repricing bucket, largely as a result of fixed-rate term funding.
  - Low sensitivity in the > 3-month to < 12-month repricing buckets, largely as a result of fixed-rate term funding being offset with on-balance-sheet treasury bills accumulated as part of the LCR requirements.
  - Asset sensitivity in the > 1-year repricing bucket, as a result of longer-dated fixed-rate advances and government securities partially offset by fixed-rate deposits and debt raised beyond one year.
- The net repricing profile after hedging highlights the impact of hedging that better aligns the repricing of assets and liabilities across the curve.
- The residual risk position consists of a net endowment position, and short-term reprice risk between prime and Johannesburg Interbank Agreed Rate (JIBAR) resets after hedging.

EQUITY RISK IN THE BANKING BOOK

- Equity investments in the banking book are primarily undertaken by Nedbank CIB. Additional investments are undertaken as a result of operational or strategic requirements.
- The Nedbank board sets the overall risk appetite and strategy of the group for equity risk, and business compiles portfolio objectives and investment strategies for its investment activities. These address the types of investments, expected business returns, desired holding periods, diversification parameters and other elements of sound investment management oversight.
- Key strategic investments (ETI and Banco Único) are accounted for under the equity method of accounting and are therefore not included in this fair-value disclosure. Equity investments that are accounted for under the equity method of accounting total R8 417m (2014: R6 772m).
- The total equity portfolio that is fair-valued is R4 719m (2014: R4 761m), and is a very small component of the group's balance sheet, comprising only 0,5% of the group's total assets.

	Publicly listed		Privately held		Total	
Rm	**2015**	2014	**2015**	2014	**2015**	2014
Fair value disclosed in balance sheet[1]	**449**	635	**3 107**	3 229	**3 556**	3 864
Fair value disclosed in balance sheet[2]	**449**	635	**4 270**	4 126	**4 719**	4 761

[1] *Excluding investments in private-equity associates, associate companies and joint arrangements.*

[2] *Including investments in private-equity associates, associate companies and joint arrangements.*

Fair-value gains and losses on equity investments reported in non-interest revenue

Rm	**2015**	2014[1]
Securities dealing	**502**	678
Investment income – dividends received	**384**	84
Total	**886**	762
Realised	**1 043**	773
Unrealised	**(157)**	(11)
Total	**886**	762

[1] *2014 NIR has been restated to include income previously reported in sundry income.*

FOREIGN CURRENCY TRANSLATION RISK IN THE BANKING BOOK

- Foreign currency translation (FCT) risk is the risk that the bank's capital will lose value as a result of shifts in the exchange rate. As Nedbank Group is a rand-reporting entity, its risk is in the strengthening of the rand.

Nedbank Group offshore capital split by functional currency

	2015			2014		
$m (US dollar equivalent)	**Forex-sensitive**	**Non-forex-sensitive**	**Total**	Forex-sensitive	Non-forex-sensitive	Total
US dollar	**651**		**651**	696		696
Pound sterling	**145**		**145**	153		153
Swiss franc				1		1
Malawi kwacha	**5**		**5**	5		5
Mozambican metical	**23**		**23**	25		25
Other		**521**	**521**		559	559
Total	**824**	**521**	**1 345**	880	559	1 439
Limit	**1 000**			1 000		

- Foreign-denominated equity in subsidiaries has decreased by 6,4% to US$824m in 2015 (2014: US$880m), mainly as a result of a decrease in the value of the investments made in ETI (-US$55,9m), as a result of the aggregation of Nedbank's share of their foreign currency translation losses (largely due to the weakness in the Nigerian and Ghanaian currencies against the US dollar).
- FCT risk remains relatively low and is aligned with the appropriate offshore capital structure of the group.
- The total RWA for the group's foreign entities is R45,2bn, which is low at approximately 9,0% of total RWA.
- As FCTR now qualifies as regulatory capital, any foreign exchange rate (ZAR to foreign currencies) movement will have a small effect on Nedbank Group's capital adequacy as a result of translation movements now impacting both the supply- and demand-side of the capital components of the capital ratio.

TRADING MARKET RISK

- Most of Nedbank Group's trading activity is managed in Nedbank CIB and is primarily focused on client activities and flow trading. This includes marketmaking and the facilitation of client business in the foreign exchange, interest rate, equity, credit and commodity markets.
- Since the publication of the Basel Committee's second consultative paper on the Fundamental Review of the Trading Book (FRTB) published in October 2013, Nedbank has participated in various Quantitative Impact Studies (QIS) during the course of 2015. The final version of the regulation was released in January 2016 and Nedbank will participate in any further calibration exercises thereafter.
- In addition to applying business judgement, management uses a number of quantitative measures to manage the exposure to trading market risk. These measures include:
  - Risk limits based on a portfolio measure of market risk exposures referred to as VaR, including expected tail loss (ETL).
  - Scenario analysis, stress tests and other analytical tools that measure the potential effects on trading revenue arising in the event of various unexpected market events.
- While VaR captures Nedbank Group's exposure under normal market conditions, sensitivity and stress and scenario analysis are used to add insight into the possible outcomes under abnormal market conditions.
  - Nedbank CIB uses a number of stress scenarios to measure the impact on portfolio values of extreme moves in markets, based on historical experience as well as hypothetical scenarios. The stress-testing methodology assumes that all market factors move adversely at the same time and that no actions are taken during the stress events to mitigate risk, reflecting the decreased liquidity that frequently accompanies market shocks.
  - Stress-testing results are reported daily to senior management and monthly to the Trading Risk Committee (TRC) and Group Alco. Stress scenarios are periodically, and at least annually reviewed for relevance in ever-changing market environments.

	Trading book VaR					Trading book stressed VaR				
	Historical VaR (99%, one-day VaR)					Historical stressed VaR (99%, 10-day VaR)[1]				
Risk type	**Average**	**Minimum[2]**	**Maximum[2]**	**End of period[3]**	**End of period[4]**	**Average**	**Minimum[2]**	**Maximum[2]**	**End of period[3]**	**End of period[4]**
January – December 2015										
Foreign exchange	**3,2**	**0,6**	**17,8**	**17,7**	**1,0**	**27,7**	**4,2**	**76,0**	**70,9**	**9,5**
Interest rate	**7,4**	**3,7**	**23,4**	**22,4**	**9,2**	**76,7**	**37,2**	**135,3**	**116,0**	**71,4**
Equity	**3,4**	**0,6**	**11,1**	**6,3**	**6,3**	**43,1**	**3,3**	**89,4**	**65,1**	**65,1**
Credit	**7,0**	**4,9**	**11,6**	**9,2**	**9,2**	**50,1**	**22,9**	**115,8**	**43,9**	**43,9**
Commodity	**0,4**	**< 0,1**	**2,4**	**1,7**	**1,7**	**0,6**	**< 0,1**	**5,9**	**5,2**	**5,2**
Diversification[5]	**(7,8)**			**(15,0)**	**(13,8)**	**(82,8)**			**(132,4)**	**(78,3)**
Total VaR exposure	**13,6**	**7,5**	**44,6**	**42,3**	**13,6**	**115,4**	**57,5**	**311,7**	**168,7**	**116,8**
January – December 2014										
Foreign exchange	3,7	0,6	10,7	0,9		41,1	3,5	103,2	4,5	
Interest rate	7,8	5,2	12,1	5,8		57,6	36,3	111,9	59,9	
Equity	2,0	0,6	5,7	1,1		14,8	2,2	45,7	8,0	
Credit	3,8	2,7	5,3	5,3		35,4	20,4	68,6	26,0	
Commodity	0,3	< 0,1	0,9	0,9		0,5	< 0,1	2,0	1,5	
Diversification[5]	(6,9)			(4,8)		(60,8)			(23,5)	
Total VaR exposure	10,7	6,9	16,5	9,2		88,6	44,5	152,2	76,4	

[1] *A summary of the 10-day 99% stressed VaR from January 2015 to December 2015. Stressed VaR is calculated weekly and is included on the daily BA 325 and monthly BA 320 that are submitted to SARB. It is calculated using a 99% confidence interval for a one-day holding period and then scaled to a 10-day holding period.*

[2] *The minimum and maximum VaR values reported for each of the different risk factors do not necessarily occur on the same day. As a result, a diversification number for the minimum and maximum values have been omitted from the table.*

[3] *The end of period VaR and stressed VaR exposures including CVA/DVA hedging positions.*

[4] *The end of period VaR and stressed VaR exposures excluding CVA/DVA hedging positions.*

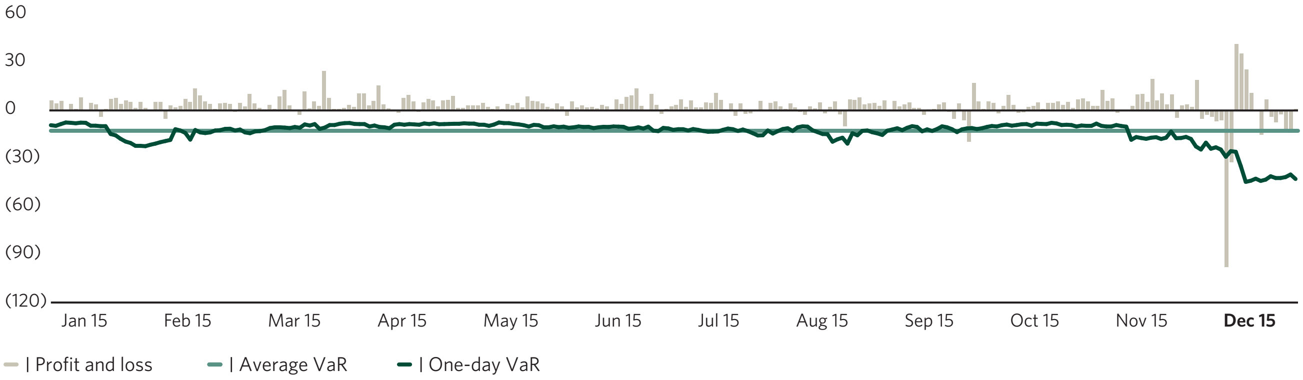
[5] *Diversification benefit is the difference between the aggregate VaR and the sum of VaRs for the five risk types. This benefit arises because the simulated 99% one-day loss for each of the five primary market risk types occurs on different days.*

- The average daily VaR exposures increased during 2015; as both interest rate and foreign exchange VaR exposures increased during November 2015 as the trading desk started to hedge CVA/DVA sensitivities. Under the Basel II.5 Market Risk Framework, no offset is recognised between CVA/DVA sensitivities and the corresponding hedges traded to reduce income volatility. Equity VaR increased in the second half of the year on the back of growth in client facilitation and commodity VaR showed an increase in October 2015, as the business expanded the range of underlying and hedging solutions offered to clients. Credit VaR exposures showed an increase in 2015 largely due to the widening of credit spreads. A notable increase in overall VaR was observed in December 2015 due to the removal of the Finance Minister, which resulted in both local interest rate and foreign exchange rate volatility.

- The year was characterised by significant global financial and commodity market volatility. Waning global demand, an economic slowdown in China and falling commodity prices contributed to weaker economic growth across many emerging markets. After much uncertainty for most of the year, the US Federal Reserve finally raised interest rates in December 2015, adding to further emerging market weakness due to the capital outflows associated with higher US yields and a stronger dollar.
- The graph below illustrates the daily normal VaR for the 12-month period ended December 2015. Nedbank Group remained within the approved risk appetite and VaR limits allocated by the board, which remain low, with trading market risk consuming only 0,5% and 2,0% of group economic capital and regulatory capital respectively.

NEDBANK GROUP VaR VERSUS PROFIT AND LOSS FOR THE 12-MONTHS ENDED DECEMBER 2015 (99%, ONE-DAY VaR)

(Rm)



- VaR is an important measurement tool and the performance of the model is regularly assessed through backtesting. This is done by reviewing the daily VaR over a one-year period (on average 250 trading days) and comparing the actual and hypothetical daily trading revenue (including NII but excluding commissions and primary revenue) with the VaR estimate, and counting the number of times the trading loss exceeds the VaR estimate.
  - Nedbank had two backtesting exceptions in the period under review.
- The year was characterised by a positive contribution from all business lines, which resulted in strong financial performance, notably from the fixed-income and equity areas.
- Nedbank Group's trading businesses (including NII, commissions and primary revenue credited to Nedbank Group's trading businesses) produced a daily revenue distribution that is skewed to the profit side, with trading revenue being realised on 244 days out of a total of 251 days in the period.
- The average daily trading revenue generated for the period, excluding revenue related to investment banking, was R11,1m (2014: R8,9m).

COUNTERPARTY CREDIT RISK

- Counterparty credit limits are set at an individual counterparty level and approved within the Group Credit Risk Management Framework. Counterparty Credit Risk (CCR) exposures are reported and monitored at both business unit and group level. There is continued emphasis on the use of credit risk mitigation strategies, such as netting and collateralisation of exposures. Nedbank Group and its large bank counterparties have International Swaps and Derivatives Association, International Securities Market Association and International Securities Lending Association master agreements as well as credit support (collateral) agreements in place to support netting and the bilateral margining of exposures.
- Netting is applied only to underlying exposures where supportive legal opinion is obtained as to the enforceability of the relevant netting agreement in the particular jurisdiction.
- Nedbank Group applies the CEM for Basel III CCR. The CEM results are also used as input into the economic capital calculations to determine credit economic capital.
- The Basel III regulatory standards for CCR contain significant enhancements. Included is the introduction of a standalone CVA capital charge for potential loss due to deterioration in the credit quality of the OTC derivative counterparties. In line with SA's adoption of Basel III, and in accordance with SARB directive D5/2015, SA banks removed the zero-risk weighting allowance for ZAR-based derivatives and derivatives with local counterparties in the calculation of CVA as of 1 April 2015. Implementing the directive would increase the comparative 31 December 2014 CVA RWA to R6,4bn (2014: R836m), with the 31 December 2015 CVA RWA increasing to R6,9bn.
- SA, as a member of the G20, has committed itself to OTC derivative reform aimed at reducing systemic risk and Nedbank actively engages with the local industry and its regulators to achieve this objective.
- Wrong-way risk is identified and monitored in line with internal risk processes. No excessive wrong-way risk exists within Nedbank Group and is monitored by stress testing that is run on both a portfolio and counterparty level. Wrong-way risk is currently mitigated through the following mechanisms:
  - The predominant use of cash collateralisation in order to mitigate CCR.
  - The low- or zero-margin thresholds with counterparties.

- Potential collateral calls or postings are monitored with our various counterparties under a range of market movements and stress scenarios to provide senior management with a forward-looking view of future collateral requirements that may be incurred or imply liquidity risk for the bank. Under a credit rating downgrade scenario it is estimated that collateral placed would increase by less than US$20,1m.
- During July 2015, the Bank for International Settlements (BIS) released the first draft of the Review of the Credit Valuation Adjustment Risk Framework for comment. At a high level, it has the following aims:
  - A complete overhaul of the current Basel III CVA regulatory regime, addressing a number of key short-comings in the current standard.
  - Alignment of the revised CVA Framework with the changes that will be implemented under the FRTB.
  - Closer alignment of CVA regulatory capitalisation with the risk management frameworks banks employ in this regard.
  - The inclusion of exposure hedging into the capitalisation calculation to incentivise prudent risk reduction strategies.
  - Enhancing governance framework standards for CVA in line with those of market and credit risk requirements.
- Nedbank participated in the fourth FRTB QIS exercise conducted in September 2015, which included a QIS relating to the proposed revision of the CVA Regulatory Framework.
- Nedbank is currently assessing the impact of the second draft of SA OTC Derivative Regulations released by National Treasury during June 2015, which provides greater clarity on forthcoming local derivative regulatory requirements and the impact on the bank's CCR exposure and risk mitigation thereof.
- A noteworthy increase in interest rate derivative products, as seen in the table below, is due to hedge activity resulting from devaluation of the rand and anticipated interest rate increases in 2016.

Nedbank Group over-the-counter derivative products

	2015		2014	
Rm	**Notional value**	**Gross positive fair value**	**Notional value**	**Gross positive fair value**
Credit default swaps	**29 442**	**658**	36 742	1 102
Embedded derivatives	**4 369[1]**	**143**	4 469	28
Trading	**25 073**	**515**	32 273	1 074
MarkIt iTraxx Europe	**19 052[2]**	**459**	26 654	1 044
Third Party	**6 021[3]**	**56**	5 619	30
Equities	**246**	**182**	4 837	498
Foreign exchange	**463 459**	**22 081**	301 581	7 445
Interest rates	**1 121 829**	**14 462**	565 216	8 567
Total	**1 614 976**	**37 383**	908 376	17 612

[1] *Credit default swaps embedded in credit-linked notes issued by Nedbank Group whereby credit protection of R4 344m is purchased and R25m is sold.*
[2] *Trading positions MarkIt iTraxx Europe through the purchase (R9 526m) and sale (R9 526m) of credit protection.*
[3] *Trading positions third-party transactions through the purchase (R1 221m) and sale (R4 800m) of credit protection.*

Nedbank Group over-the-counter derivative netting

Rm	Gross positive fair value	Current netting benefits	Netted exposure (before mitigation)	Collateral	Netted exposure (after mitigation)	Exposure at default	Risk-weighted assets
2015	**37 383**	**22 532**	**14 851**	**7 672**	**7 179**	**13 608**	**11 410[1]**
2014	17 612	11 424	6 188	1 456	4 732	9 447	3 929[2]

[1] *RWA for December 2015 consist of CCR of R4 506m and CVA RWA of R6 904m introduced in Basel III in accordance with SARB directive D5/2015.*
[2] *RWA for December 2014 consist of CCR of R3 093m and CVA RWA of R836m introduced in Basel III in accordance with SARB directive D14/2013.*

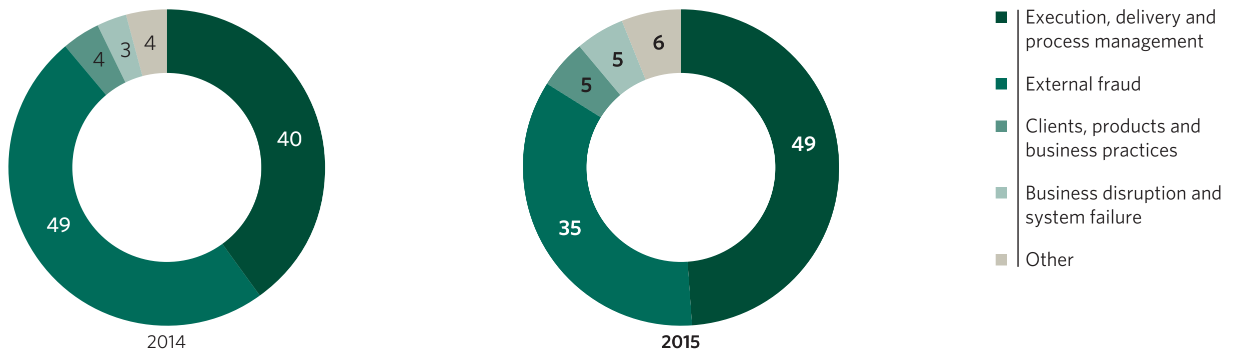
Nedbank Group securities financing transactions

Rm	Gross positive fair value	Collateral value after haircut	Netted current credit exposure (after mitigation)	Exposure at default	Risk-weighted assets
2015					
Repurchase agreements	**20 166**	**19 148**	**1 018**	**1 466**	**214**
Securities lending	**9 903**	**10 050**	**673**	**673**	**87**
Total	**30 069**	**29 198**	**1 691**	**2 139**	**301**
2014					
Repurchase agreements	18 291	17 229	1 062	1 062	163
Securities lending	9 868	14 491	890	890	468
Total	28 159	31 720	1 952	1 952	631

OPERATIONAL RISK

- Nedbank maintained a stable operational risk environment despite an increased inherent operational risk profile. Strong emphasis was placed on the basics of operational risk management, with a focus on both qualitative and quantitative measures.
- The top and emerging operational risk themes for 2015 were information/cybersecurity, the intense regulatory environment, information technology risk, conduct risk, outsourcing/third-party risk, financial crime and business continuity planning (national power crisis).
- The restrained macroeconomic environment illustrated by slow economic growth, combined with pressure on cost reduction, exchange rate fluctuations, low commodity prices and pressure to meet targets, will likely increase the exposure to operational risk in 2016.
- There are significant developments that may have an impact on the current state of the risk-based approaches to measure operational risk for regulatory purposes. Nedbank continues to work closely with industry bodies and regulators to ensure the group remains abreast of reforms.
- The development of a second-generation operational risk model with enhanced capabilities (eg to estimate economic capital and to evaluate our internal capital adequacy), including a review of methodology and technology, continues to receive focus.
- Nedbank Group's net losses, earnings at risk and operational risk capital to gross income ratio metrics remained within prescribed limits. All single material-loss events of more than R5m are reported to the Group Operational Risk Committee (GORC) and Group Risk and Capital Management Committee (GRCMC), where emphasis is placed on identifying root causes and enhancing mitigating actions.
- Events relating to external fraud and execution, delivery and process management (EDPM) remained the primary reasons for internal losses in terms of frequency and severity. The EDPM event-type category's contribution to the operational risk loss profile increased to 49% in 2015 (2014: 40%), while external fraud decreased to 35% in 2015 (2014: 49%).

NEDBANK GROUP OPERATIONAL RISK GROSS LOSS PROFILE FROM INTERNAL LOSS DATA (%)



COMPANY DETAILS

NEDBANK GROUP LIMITED

Incorporated in the Republic of SA
Registration number 1966/010630/06

Registered address

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PO Box 1144, Johannesburg, 2000, SA

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Namibia

Transfer Secretaries Proprietary Limited
Robert Mugabe Avenue No 4
Windhoek, Namibia
PO Box 2401, Windhoek, Namibia

INSTRUMENT CODES

Nedbank Group ordinary shares

Company Secretary:	TSB Jali
Reg no:	1966/010630/06
JSE share code	NED
NSX share code	NBK
ISIN	ZAE000004875
Sponsors in SA:	Merrill Lynch SA (Pty) Ltd Nedbank Capital
Sponsor in Namibia:	Old Mutual Investment Services (Namibia) (Pty) Ltd

Nedbank Limited non-redeemable non-cumulative preference shares

JSE share code	NBKP
ISIN code	ZAE000043667

This announcement is available on the group's website at nedbankgroup.co.za, together with the following additional information:

- Financial results presentation to analysts.
- Link to a webcast of the presentation to analysts.

For further information please contact Nedbank Group Investor Relations at nedbankgroupir@nedbank.co.za.

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GROUP

MAKING

BANK OF THE YEAR - AFRICA 2015

HAPPEN

The Banker
Bank of the Year 2015
AFRICA

When we make the things that really matter happen, it seems things happen for us, too.

We have been voted Bank of the Year - Africa 2015 by The Banker magazine.

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