Nedbank Group Limited

(Incorporated in the Republic of South Africa)

Registration number: 1966/010630/06

JSE share code: NED

NSX share code: NBK

ISIN: ZAE000004875

('Nedbank Group' or 'the Group')

MAKE THINGS HAPPEN

NEDBANK

AUDITED SUMMARY CONSOLIDATED FINANCIAL RESULTS FOR THE 12 MONTHS ENDED 31 DECEMBER 2014

- Headline earnings increased 14,0% to R9 880m[1]
- Diluted headline earnings per share up 13,0% to 2 066 cents[1]
- Growth in tangible net asset value per share of 10,6%[1]
- Return on equity (excluding goodwill) at 17,2%[1]
- Common-equity tier 1 ratio: 11,6%
- Full-year dividend per share up 14,9% to 1 028 cents

'Nedbank Group produced a strong set of results in 2014. Headline earnings growth of 14% was driven by good net interest income growth and a lower credit loss ratio – despite strengthened central provisions and increased coverage levels.

We made a number of important changes during 2014 to position the group for continued growth into the future. Our strong internal talent pipelines enabled us to implement a successful succession process in a number of executive roles. We also announced the creation of an integrated corporate and investment bank to enable better client service and unlock additional revenue growth opportunities. Our Pan-African banking network strategy was strengthened through the investment of R5,9bn to secure a shareholding of approximately 20% in our longstanding alliance partner, Ecobank.

The group is resilient, with diversified income streams and strong balance sheet metrics, and is well positioned to continue to grow despite economic headwinds. Although forecast risk remains high, for the year ahead we again expect organic growth in diluted headline earnings per share to be above nominal GDP growth'.

Mike Brown
Chief Executive

BANKING AND ECONOMIC ENVIRONMENT

The operating environment in 2014 remained challenging for consumers, with global markets reflecting a mixed performance, and the local economy remained under pressure from strike action and electricity supply constraints. SA's gross domestic product (GDP) is forecast to grow at 1,4% for 2014, but in the absence of strike action, economic growth would have been 1% higher according to the South African Reserve Bank (SARB).

Weak economic conditions, the twin deficits and SA's resultant dependency on foreign capital inflows translated into rand depreciation and heightened inflationary pressures in the early part of the year, prompting an increase of 75 basis points in interest rates. These domestic factors contributed to Standard & Poor's reaffirming SA's sovereign risk rating at BBB negative with the outlook remaining stable (placing SA one notch above investment grade), Fitch Ratings revising its outlook on its BBB rating to negative and Moody's downgrading SA's debt rating to Baa2 with a stable outlook.

The SA banking industry was also tested by the collapse of African Bank Limited ('Abil'), the country's largest unsecured lender. The combined strength of the system ensured that Abil's resolution was successfully managed and that the bank was placed under curatorship with no significant consequences for the rest of the SA financial system.

Overall the credit environment remained muted, with wholesale credit demand continuing to outpace retail demand as poor employment prospects, high levels of indebtedness, increased interest rates and weak confidence levels weighed against consumers. Wholesale credit demand was supported by renewable-energy projects, corporate action and increased dealflow from the rest of Africa. Wholesale activity is expected to moderate as corporates remain hesitant to make long-term investments and increase production capacity given the weak economic outlook.

REVIEW OF RESULTS

Nedbank Group produced strong headline earnings growth of 14,0% to R9 880m (2013: R8 670m) for the year ended 31 December 2014. Growth was driven by an increase in net interest income (NII), improvements in impairments and growth in non-interest revenue (NIR), particularly in the second half. Headline earnings included associate income from our shareholding in Ecobank Transnational Incorporated (ETI) effective for the last quarter of the year.[1]

Diluted headline earnings per share (DHEPS) increased 13,0% to 2 066 cents (2013: 1 829 cents) and diluted earnings per share increased 12,5% to 2 049 cents (2013: 1 822 cents). Excluding associate income from ETI and the related funding costs, the group's organic DHEPS increased 12,3%.[1]

Economic profit (EP) of R2 112m (2013: R2 114m) was achieved against a higher cost of equity of 13,5% (2013: 13,0%). Return on average ordinary shareholders' equity (ROE) increased to 15,8%[1] (2013: 15,6%)[1] and ROE excluding goodwill was 17,2%[1] (2013: 17,2%)[1], supported by a higher return on assets (ROA) of 1,27%[1] (2013: 1,23%).[1]

The group's balance sheet is well positioned. Our Basel III common-equity tier 1 (CET1) ratio of 11,6% (2013: 12,5%) after acquiring approximately 20% of ETI is above the mid-point of our Basel III 2019 internal target range. Funding and liquidity levels remained sound, with statutory liquid assets and cash reserves increasing 18,5% to R82,6bn (2013: R69,7bn). The group met the 60% minimum liquidity coverage ratio (LCR) requirement on 1 January 2015. The LCR will be increased 10% annually to reach 100% on 1 January 2019.

Net asset value per share continued to increase, growing 9,5% to 14 395 cents (2013: 13 143 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 as follows in 2014:

For staff – creating 380 new employment opportunities and converting 606 temporary positions to permanent positions; providing exciting career growth opportunities as we grew the franchise into the rest of Africa; investing R489m in training and 1 538 staff attending our Leading for Deep Green programme; supporting 125 external bursars across 18 universities; improving staff transformation and continuing the positive shift in corporate culture; embedding our top three culture values of accountability, client satisfaction and brand reputation.

For clients – investing in exciting client-centred innovations such as Send-iMali™ (mobile money send/cardless cash withdrawal capability) and Market Edge™ (an analytics tool for merchants). Value-adding enhancements were made to our App Suite (including instant payments) and to ApproveIT™ (including secure card-not-present transactions and SIM swap detection). Our progress in innovation was acknowledged with Nedbank's receiving the 2014 *African Banker* Award for Innovation. As regards our physical distribution channels, we made banking more accessible, increasing new outlets by 22 and owned ATMs by 304, as well as converting, to date, 171 outlets to the 'branch of the future' format. We advanced R167bn (2013: R159bn) of new loans to clients and assets under management grew 11,4% to R212bn (2013: R190bn). For the sixth consecutive year Nedgroup Investments was placed third overall in the Domestic Management Company category at the annual Raging Bull Awards. All of these have resulted in group client numbers increasing 7% to 7,1m since December 2013.

For shareholders – increasing the full year dividend 14,9% ahead of the 12,9% growth in HEPS and generating a total shareholder's return (TSR) of 23,2%. We acquired an initial 36,4% stake (with a pathway to control in 2016) of Banco Único in Mozambique and a shareholding of approximately 20% in ETI. Economic growth in the rest of Africa is faster than in SA and these investments offer our shareholders access to earnings growth in these markets while also providing the diversification benefits of having a presence across 39 countries. For our SA broad-based black economic empowerment (BBBEE) shareholders we have unlocked an estimated R8,2bn of value for more than 500 000 beneficiaries since inception.

For regulators – full compliance with Basel III phase-in requirements, including maintaining strong capital levels with a CET1 ratio of 11,6% and an average long-term funding ratio of 25,4%; making cash taxation payments of R8,0bn, relating to direct, indirect, pay as you earn (PAYE) and other taxation; participating in the Abil resolution and underwriting; maintaining strong, transparent relationships with all regulators; contributing to working groups on new regulation and continuing to support responsible banking practices.

For communities – contributing R126m to socioeconomic development, including R75m towards education. We also advanced R54bn in new loans to retail clients, R1,2bn to affordable-housing developments across the country and R113m to enterprise development. Our Fair Share 2030 pilot delivered various successes, a highlight being a loan to a healthcare group that will enable a projected cost-saving to our client from reduced energy consumption of R1bn over 10 years. From an operational perspective we sourced 87% or R8,5bn of our procurement locally. We continued our commitment to managing our operational impact and maintained our carbon-neutral status, and also attracted shareholder investment by remaining on the Dow Jones Sustainability Index for the ninth consecutive year. We maintained our level 2 BBBEE contributor status for the sixth consecutive year. Together with Old Mutual, we pledged a combined US$1m towards the African Union–Private Sector Ebola Fund.

Delivering value to all our stakeholders assisted Nedbank in once again being awarded SA Bank of the Year for 2014 by the *Financial Times* and the *Banker* magazine, matching the achievements of 2011 and 2013.

CLUSTER FINANCIAL PERFORMANCE

Our business clusters have developed competitive client value propositions and strong market positioning as reflected in headline earnings growth of 19,3%[1] and an increased ROE of 19,7%[1] (2013: 18,7%)[1] against a higher average total capital allocated at R51,4bn (2013: R45,5bn).

	% change	Headline earnings (Rm)[1]		ROE (%)[1]	
		2014	2013	**2014**	2013
Nedbank Capital	23,3	**2 128**	1 726	**30,9**	29,4
Nedbank Corporate	15,8	**2 599**	2 245	**24,5**	26,4
Nedbank Business Banking	17,8	**1 094**	929	**20,1**	19,4
Nedbank Retail	15,7	**2 937**	2 539	**13,3**	11,6
Nedbank Wealth	15,8	**1 042**	900	**36,8**	36,2
Rest of Africa Division	106,4	**357**	173	**10,1**	8,7
Business clusters	19,3	**10 157**	8 512	**19,7**	18,7
Centre	>(100)	**(277)**	158		
Total	14,0	**9 880**	8 670	**15,8**	15,6

Nedbank Capital grew headline earnings 23,3%, with this strong performance driven by good NII growth and improvements in impairments. Lower NIR growth reflects the high 2013 base in trading income related to renewable-energy transactions. Preprovisioning operating profit growth was 12,0%.

Headline earnings growth of 15,8% in Nedbank Corporate was underpinned by strong NII and NIR growth. The increase in NII was supported by commercial mortgage and corporate lending activities and endowment benefits. The growth in NIR was from core transactional income and private-equity investments. Low levels of impairments continue to reflect good risk management across the portfolio.

Nedbank Business Banking's strong increase of 17,8% in headline earnings and improving ROE follow the normalisation of impairments from a large single-client default in 2013 and solid NII growth from increased product volumes and higher endowment earnings. Lower NIR reflects the impact of maintaining transactional fees at 2013 levels as well as the proactive reduction of transactional banking fees in alignment with market practices. Preprovisioning operating profit was up 5,8%.

Headline earnings in Nedbank Retail grew 15,7% and benefited from an improvement in impairments in personal loans and home loans. NIR was influenced by the strategic decision to slow down personal loans and maintain transactional fees at 2013 levels. Consequently, preprovisioning operating profit decreased by 4,1%.

Nedbank Wealth's headline earnings growth of 15,8% was off a high 2013 base. This was largely due to record earnings growth in Wealth Management and continued momentum in Asset Management, partially offset by relatively slower growth from Insurance. The performance in Insurance resulted from lower levels of sales of traditional insurance products, including homeowner's cover and personal-loan-related insurance products.

The Rest of Africa Division, previously included in the Centre, reported earnings of R357m (2013: R173m), showing strong growth, including associate income from ETI as estimated by Nedbank on a prudent basis effective from the fourth quarter, as ETI reports later than Nedbank. The division also reported stronger performance from all five of our regional subsidiaries.

Headline earnings at the Centre includes net endowment on surplus capital and fair-value gains in the hedged portfolios, offset by additional portfolio impairment provisions for ongoing economic uncertainties, with the central portfolio provision increased by R150m to R350m.

*Detailed segmental information is available in the results booklet and on the group's website at **nedbankgroup.co.za** under the 'Financial information' section.*

FINANCIAL PERFORMANCE

NET INTEREST INCOME

NII grew 8,2%[1] to R22 961m[1] (2013: R21 220m)[1], benefiting from 9,7% growth in average interest-earning banking assets.

The net interest margin (NIM) narrowed to 3,52% (2013: 3,57%). The endowment income benefit from higher interest rates was offset by asset and liability margin compression. Asset margins were impacted by the change in asset mix as lower-yielding wholesale advances grew faster than higher-yielding retail advances, including the reduction in our personal-loans book, and by holding higher levels of lower-yielding high-quality liquid assets for Basel III LCR requirements. Liability margin compression arose from higher levels of competition for Basel III-friendly deposits.

IMPAIRMENTS CHARGE ON LOANS AND ADVANCES

Impairments decreased 19,0% to R4 506m (2013: R5 565m) and the credit loss ratio (CLR) declined to 0,79% (2013: 1,06%), despite increased coverage levels and the strengthening of central provisions to R350m (2013: R200m) in line with the group's view of a protracted weak economic environment.[1]

Credit loss ratio (%)	Dec 2014[1]	H2 2014	H1 2014	Dec 2013[1]
Specific impairments	**0,72**	0,67	0,78	0,97
Portfolio impairments	**0,07**	0,07	0,05	0,09
Total credit loss ratio	**0,79**	0,74	0,83	1,06

CLRs decreased across all clusters as a result of ongoing improvements in asset quality, prudent credit granting and strong collections. Higher levels of postwriteoff recoveries of R941m (2013: R888m) were recorded, including personal-loan recoveries of R343m (2013: R276m).

Credit loss ratio (%)	% banking advances	Dec 2014[1]	H2 2014	H1 2014	Dec 2013[1]	Through-the-cycle target ranges
Nedbank Capital	12,8	**0,14**	0,32	(0,04)	0,51	0,10 – 0,55
Nedbank Corporate	33,1	**0,21**	0,21	0,22	0,23	0,20 – 0,35
Nedbank Business Banking	11,4	**0,42**	0,39	0,44	0,65	0,55 – 0,75
Nedbank Retail	36,0	**1,70**	1,50	1,90	2,16	1,90 – 2,60
Nedbank Wealth	4,2	**0,17**	0,13	0,21	0,28	0,20 – 0,40
Rest of Africa Division	2,6	**0,23**	0,06	0,42	0,37	
Group		**0,79**	0,74	0,83	1,06	0,80 – 1,20

Total group defaulted advances decreased by 11,2% to R15 846m (2013: R17 848m), driven by continued improvements in the residential-mortgage and personal-loans books. Total defaulted advances now constitutes 2,5% of the book (2013: 3,0%).

Coverage ratios for total and specific impairments strengthened to 70,0% (2013: 64,2%) and 43,1% (2013: 42,3%) respectively. Portfolio coverage improved to 0,70% (2013: 0,68%).

NON-INTEREST REVENUE

During the year a number of strategic actions were implemented to position the group for growth into the future. These actions included the slowdown in growth of personal loans, reducing the pricing of our credit life product (but with increased benefits), maintaining transactional fees at 2013 levels, and implementing selected fee reductions in Retail Relationship Banking and Business Banking.

As a result NIR increased by 4,9%[1] to R20 312m[1] (2013: R19 361m)[1], with strong growth of 10,2% in the second half of the year.

The underlying drivers of NIR growth included:

- Commission and fee income increasing 3,9%[1] to R14 570m[1] (2013: R14 023m)[1], driven by good transactional-banking volume growth and ongoing client acquisition, notwithstanding the effect of no fee increases and fee reductions amounting to R355m.

- Insurance income growing 3,1%[1] to R1 986m[1] (2013: R1 927m)[1], which was achieved mainly in the second half of the year, through a better claims experience and continued momentum in non-traditional insurance, offset by retail volumes.
- Trading income growing 3,3%[1] to R2 648m[1] (2013: R2 564m)[1] off a high 2013 base.
- Private-equity income increasing 88,0%[1] to R423m[1] (2013: R225m)[1] following higher profits realised on listed investments of R434m (2013: R192m).
- Fair-value gains of R35m[1] (2013: R40m)[1], which were recognised primarily as a result of basis risk on centrally hedged banking book positions and accounting mismatches in the hedged fixed-rate advances portfolios.

EXPENSES

Expenses growth of 9,4%[1] to R24 534m[1] (2013: R22 419m)[1] is reflective of continued investment in the group's franchises.

The main contributors were:

- staff-related costs increasing 9,6%, comprising growth in remuneration of 8,8% and an increase in variable incentives;
- computer processing costs growing 13,9% to R3 097m, including amortisation costs of R654m, up 12,0%.
- fees and insurance costs increasing 10,7% in line with higher volumes of revenue-generating activities such as cash handling, card issuing and acquiring, and client acquisition costs in Nedbank Wealth.

Associate income

Associate income increased to R161m (2013: R27m), largely driven by the estimated income from our shareholding of approximately 20% in ETI, effective from 1 October 2014.[1] The group's results includes Nedbank's own conservative estimate of ETI's earnings, as the publication dates of ETI results are not aligned to Nedbank Group.

STATEMENT OF FINANCIAL POSITION

CAPITAL

The group remains well capitalised, with all capital adequacy ratios well above the Basel III minimum regulatory capital requirements and within the group's Basel III internal target ranges.

Basel III[1]	Dec 2014	Jun 2014	Dec 2013	Internal target range	Regulatory minimum*
CET1 ratio	**11,6%**	12,1%	12,5%	10,5% – 12,5%	5,5%
Tier 1 ratio	**12,5%**	13,1%	13,6%	11,5% – 13,0%	7,0%
Total capital ratio	**14,6%**	15,0%	15,7%	14,0% – 15,0%	10,0%

(Ratios calculated include unappropriated profits.)

[1] *The Basel III regulatory requirements (excluding unappropriated profits) are being phased in between 2013 and 2019 and exclude the Pillar 2b add-on.*

Our CET1 ratio of 11,6% (2013: 12,5%) is above the mid-point of our Basel III 2019 internal target range. The decrease in the ratio since June 2014 is largely as a result of the expected 0,9% capital impact from our investments in ETI and Banco Único.

The tier 1 and total capital ratios reflect the progressive grandfathering of old-style instruments in accordance with Basel III transitional arrangements. Because of this only 80% of Nedbank's preference shares and hybrid debt qualified as tier 1 capital in 2014. In addition, NED 8, a R1,7bn old-style tier 2 subordinated-debt instrument, was called in February 2014 and replaced with R2,5bn of new-style Basel III-complaint tier 2 instruments.

Further details on risk and capital management will be available in the 'Risk and Balance Sheet Management review' section of the group's analyst booklet and the Pillar 3 Report to be published on the website at ***nedbankgroup.co.za*** *in March 2015.*

FUNDING AND LIQUIDITY

The group's balance sheet remains well funded, with deposits increasing 8,4%[1] to R653,5bn[1] (2013: R603,0bn)[1] and the loan-to-deposit ratio strengthening to 93,8%[1] (2013: 96,1%).[1]

Our strategy of growing retail and commercial deposits and maintaining a conservative term funding profile continues to be reflected in the group's average long-term funding ratio for the fourth quarter of 25,4% (average fourth quarter 2013: 26,2%), which has tended to be above the industry average.

The group maintained a sound liquidity position, with contingent liquidity well in excess of prudential liquidity requirements. The statutory liquid assets and cash reserves, combined with the surplus liquid-asset portfolio of R37,0bn (2013: R28,0bn), increased 18,5% to R82,6bn (2013: R69,7bn).

LIQUIDITY COVERAGE RATIO

SARB adopted the Basel Committee's LCR phase-in arrangements where, from 1 January 2015, SA banks must meet the minimum regulatory requirement of 60%, which increases by 10% annually to reach 100% on 1 January 2019.

Nedbank has met the minimum LCR requirement of 60%, and implemented an appropriately conservative buffer. The group is well positioned to meet the ongoing LCR requirements throughout the transitional period.

LOANS AND ADVANCES

Loans and advances grew 5,8%[1] to R613,0bn[1] (2013: R579,4bn)[1]. Excluding low yielding trading advances, banking advances growth was 8,1%, underpinned by gross new payouts of R166,8bn (2013: R158,9bn).

Loans and advances by cluster are as follows:

Rm	% change	2014[1]	2013[1]
Nedbank Capital	(3,6)	**105 601**	109 549
Banking activities	9,1	**78 596**	72 066
Trading activities	(28,0)	**27 005**	37 483
Nedbank Corporate	13,9	**199 557**	175 274
Nedbank Business Banking	4,8	**65 819**	62 785
Nedbank Retail	3,9	**203 063**	195 435
Nedbank Wealth	12,4	**24 819**	22 082
Rest of Africa Division	(4,3)	**14 073**	14 700
Centre	>100	**89**	(453)
	5,8	**613 021**	579 372

Banking advances growth was primarily driven by strong growth from Nedbank Capital and Nedbank Corporate, which together contribute 47,5% of total banking advances and 49,7% of the year-on-year growth.

Nedbank Retail's slower advances growth reflects the 16,3% decrease in personal loans, which largely offset stronger growth in Card and MFC (vehicle finance) of 17,1% and 12,1% respectively.

Advances growth decreasing in the Rest of Africa Division resulted from growth in the regional subsidiaries of 17,2% more than offset by the repayment of the ETI loan of US$285m.

Total assets administered by the group has surpassed the R1,0tn level for the first time, having increased 8,7% for the year (2013: R939,9m). Assets under management increased 11,4% to R212m (2013: R190,3m) following good market performance.[1]

GROUP STRATEGIC FOCUS

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

- **Client-centred innovation**: We continue to introduce innovative products such as Send-iMali™, the My**Financial**Life™ retirement calculator, our Greenbacks Rewards Programme SHOP Card and, for wholesale clients, our worldclass Plug and Transact™ token and Market Edge, a merchant analytics tool. Altogether 171 outlets in the 'branch of the future' format have been converted to date and we currently plan to have converted 75% of all outlets by 2017. Digital channels remain important and digitally enabled clients increased by 48% while the value of Nedbank App Suite transactions increased 66% to R58bn. Our ability to launch additional functionality without clients having to reinstall the Nedbank AppSuite™ once again contributed to Nedbank being a finalist for the MTN Best Android Consumer App award in 2014. Our progress in innovative banking solutions was further acknowledged by our receiving the 2014 *African Banker* Award for Innovation. The implementation of our new transactional switch in 2014 will enhance our electronic transactional capabilities into the future.
- **Growing our transactional banking franchise**: The strategic decision taken to build our franchise and client relationships through maintaining our transactional fees at 2013 levels, and reducing selected fees in some businesses, has seen early successes as client attrition metrics improved, cross-sell increased and client gains continued in both total and main banked categories. Our brand value increased 15% to R12,6bn in 2014 as reported by Brand Finance SA's Top 50 Most Valuable Brands Survey and Nedbank was rated the third-most-valuable bank brand in SA.
- **Optimise and invest**: Across Nedbank Group we have initiated various cost and efficiency optimisation initiatives. Through our 'rationalise, standardise and simplify' information technology strategy we are decreasing our core systems from 250 to 60, 18 of which have been decommissioned in 2014 and 74 to date. On 1 January 2015 we went live successfully with our SAP enterprise resource planning (ERP) replacement system for finance and procurement – on time, on budget and within scope – with human resources to follow later in the year. In addition, we are working on a range of alliances and synergies with the Old Mutual Group in SA and have made substantial progress towards the 2017 Old Mutual Group target of R1bn for collaborative initiatives. We currently expect that less than 30% of this will accrue to Nedbank.
- **Strategic portfolio tilt**: The benefits from the early action taken in reducing our home loan and personal-loan portfolios have been evident in our 2014 results. Our focus on growing activities that generate economic profit, such as transactional deposits, transactional banking and investment in the rest of Africa, remains high on the agenda. The benefit of our actions over the past four years has enabled the group to maintain a sound balance sheet and reduce impairments, while delivering dividend growth ahead of HEPS growth.
- **Pan-African banking network**: During the period we concluded the acquisition of an initial 36,4% shareholding (with a pathway to control in 2016) of Banco Único in Mozambique. In our Rest of Africa subsidiaries we have made good progress in implementing a standardised operating model and our Flexcube information technology system is planned to be implemented in Namibia in 2015. This has strengthened Nedbank's franchise and client proposition in the Southern African Development Community (SADC) and East Africa.

  In West and Central Africa our alliance with ETI continues to deliver value for the group. During October 2014 we exercised our rights to subscribe for a 20% shareholding in ETI for a consideration of US$493,4m. Our alliance with Bank of China has progressed and since inception we have concluded a number of deals together. Additional disclosure of our progress in the rest of Africa is contained in the segmental commentary of the results booklet.

VALUE CREATED THROUGH BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Nedbank Group's South African broad-based black economic empowerment ('BBBEE') transaction introduced in 2005 included over 500 000 direct and indirect beneficiaries. The BBBEE transaction was aligned and implemented in collaboration with Old Mutual Group's BBBEE transaction. The BBBEE transaction facilitated broad-based black ownership equating to 11,5% of the then value of Nedbank Group's SA businesses. The objective was to create sustainable value for a broad base of diverse beneficiaries, including strategic black business partners, employees, non-executive directors, clients and community interest groups affiliated with the company.

The group's strong financial performance over the ensuing nine-year period has benefited its BBBEE stakeholders by an estimated R8,2bn, based on current market prices. Valuing this benefit at the time that shares became unrestricted, during the lifetime of the BBBEE schemes, the aggregate value created for the BBBEE stakeholders would be R5,5bn.

Further information on the specific repurchase and issue relating to the BBBEE transaction will be included in the JSE SENS announcement published on 23 February 2015, which will also be available on the group's website at ***nedbankgroup.co.za****.*

ECONOMIC OUTLOOK

The SA economy is forecast to improve modestly off a low base, although growth will be constrained by disruptions to power supply and weaker growth anticipated in key export markets, particularly in the Eurozone and China.

Growth in GDP is currently forecast at 2,5% for 2015 as the economy recovers from the effects of strike action and exports are boosted by a weaker rand. Risk to this appears to be on the downside. The sharp drop in global fuel prices has improved the inflation outlook, and interest rates are expected to remain unchanged at current levels until late in the year. The softer interest rate outlook and lower borrowing costs should support consumer credit demand and limit credit defaults in 2015, notwithstanding the weak job market and still high consumer debt levels.

Retail banking conditions are therefore likely to improve modestly, but growth in wholesale banking may moderate from current levels as fixed-investment plans and credit demand will be limited by the severity and extent of infrastructure constraints, rising production costs, soft global demand and low international commodity prices.

PROSPECTS

Our guidance on financial performance for the full 2015 year is as follows:

- Advances to grow at mid-single digits.
- NIM to be below the 2014 level of 3,52%.
- CLR to be at the lower end of the through-the-cycle target range of 80 to 120 basis points.
- NIR (excluding fair-value adjustments) to grow above mid-single digits.
- Expenses to increase above mid-single digits.

Although forecast risk remains high, for the year ahead we once again expect organic growth in DHEPS to be above nominal GDP growth.

Our medium-to-long-term targets and performance outlook for 2015 for these are as follows:

Metric	2014 performance	Medium-to-long-term targets	2015 full-year outlook
ROE (excluding goodwill)	17,2%	5% above cost of ordinary shareholders' equity	Below target
Growth in DHEPS	13,0%	≥ consumer price index + GDP growth + 5%	> consumer price index + GDP growth
Growth in organic DHEPS	12,3%		
CLR	0,79%	Between 0,8% and 1,2% of average banking advances	At lower end of target range
NIR-to-expense ratio	82,8%	>85%	Below target
Efficiency ratio[1]	56,5%	50,0% to 53,0%[2]	Above target
CET1 capital adequacy ratio (Basel III)	11,6%	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	2,07 times	1,75 to 2,25 times	1,75 to 2,25 times

[1] *Includes associate income in line with industry accounting practices.*
[2] *Target will be reviewed for the impact of inclusion of associate income*

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 APPOINTMENTS

During the period David Adomakoh, Mantsika Matooane and Brian Dames were appointed as independent non-executive directors with effect from 21 February, 15 May and 30 June 2014 respectively.

Paul Hanratty, Chief Operating Officer (COO) of Old Mutual plc was appointed as non-independent non-executive director with effect from 8 August 2014.

Mfundo Nkuhlu, previously Managing Executive of Nedbank Corporate, succeeded Graham Dempster as COO and joined the board as executive director with effect from 1 January 2015. In his new role Mfundo has overall responsibility for the Rest of Africa Division, Balance Sheet Management, Information Technology, Human Resources, Marketing, Communications and Corporate Affairs, and Strategic Planning. Graham will continue to focus on strategic initiatives in the Rest of Africa until his retirement on 31 May 2015.

Dr Reuel Khoza, the current Chairman, reached his nine-year term in August 2014 and in line with Nedbank Group policy retires at the close of the annual general meeting (AGM) on 11 May 2015. Vassi Naidoo will be appointed non-executive director of the companies with effect from 1 May 2015. The boards of Nedbank Group and Nedbank have resolved to elect Vassi as Chairman of the companies immediately following the conclusion of the Nedbank Group AGM scheduled to be held on 11 May 2015.

GROUP EXECUTIVE APPOINTMENTS

The group announced a number of executive appointments during the year. All the appointments were internal and are evident of our well-thought-out succession planning processes and the depth of our talent pipelines.

Philip Wessels was appointed Managing Executive of Retail and Business Banking, following the appointment of Ingrid Johnson as Financial Director of our parent, Old Mutual plc. Trevor Adams succeeded Philip as Chief Risk Officer with effect from 1 August 2014 and Mike Davis joined the Group Executive Committee as Group Executive of Balance Sheet Management with effect from 1 January 2015 to fill Trevor's previous role.

Following the announcement in November 2014 that Nedbank Capital and Nedbank Corporate will be integrated into a single client-facing, wholesale business cluster, Brian Kennedy, Managing Executive of Nedbank Capital, will be accountable for the combined corporate and investment bank, including the implementation of the business structure and operating model with effect from 1 January 2015. This newly formed cluster will offer the full spectrum of wholesale products under one brand and one leadership team. Our objective is to create a wholesale business that combines the strengths of Nedbank Capital and Nedbank Corporate to build a market-leading franchise with an even stronger client-centred focus.

Priya Naidoo joined the Group Executive Committee on 1 January 2015 and will succeed John Bestbier, Group Executive for Strategic Planning and Economics, on his scheduled retirement date of 30 June 2015.

ACCOUNTING POLICIES[1]

Nedbank Group Limited is a company domiciled in SA. The summary consolidated financial results of the group at and for the year ended 31 December 2014 comprise the company and its subsidiaries (the 'group') and the group's interests in associates and joint arrangements.

The financial results contained in the SENS announcement has been extracted from the consolidated financial statements, which have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act applicable to summary financial statements. The 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), Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncement as issued by the Financial Reporting Standards Council and also, as a minimum, to contain the information required by IAS 34: Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which the summary consolidated financial results were derived, are in terms of IFRS and are consistent with the accounting policies 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, the Chief Financial Officer.

EVENTS AFTER THE REPORTING PERIOD[1]

The various BBBEE schemes that reached their maturity dates on 1 January 2015 will be rationalised through a specific repurchase of Nedbank Group shares. The repurchased shares will not have a significant impact on the consolidated financial position of the group and will be delisted, cancelled and reinstated as authorised but unissued shares. Following this, the Community Trust, which matures only in 2030, will subscribe for Nedbank Group shares to maintain its shareholding in the group.

On 15 January 2015 Nedbank Limited's unsecured subordinated NEDH1A and NEDH1B notes were redeemed and R225m of new-style tier 2 debt instruments issued. A further R5,4bn of senior unsecured debt was issued on 12 February 2015.

At 31 December the carrying value of our long-term strategic investment in ETI was R6,2bn. Based on the ETI share price at year-end the market value was R5,5bn. We assessed the indicators of impairment as at 31 December 2014 in terms of International accounting Standard (IAS) 39 and, inter alia, took into consideration ETI shares trade in low volume, the price is therefore subject to volatility and does not reflect the underlying financial and strategic value of the investment to the Nedbank Group. Therefore we did not impair the carrying value of our investment at 31 December 2014. Subsequent to the year-end on 19 February 2015 the market value of ETI based on the share price, was R4,4bn. We will continue to assess the indicators of impairment in future reporting periods.

AUDITED SUMMARY CONSOLIDATED FINANCIAL RESULTS – INDEPENDENT AUDITORS' REPORT

KPMG Inc and Deloitte & Touche, Nedbank Group's independent auditors, have audited the consolidated financial results of Nedbank Group Limited from which the summary consolidated financial results have been derived, and have expressed an unmodified audit opinion on the financial statements. These summary consolidated financial results comprise the summary consolidated statement of financial position at 31 December 2014, 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. The related notes are marked with[1]. Both audit reports are available for inspection at Nedbank Group's registered office.

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. The directors take full responsibility for the preparation of the summarised consolidated financial results and that the financial information has been correctly extracted from the underlying audited consolidated financial results.

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 that, 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 568 cents per ordinary share has been declared, payable to shareholders for the year ended 31 December 2014. 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 85,20000 cents per ordinary share, resulting in a net dividend of 482,80000 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 499 257 807.

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)	Thursday, 26 March 2015
Shares commence trading (ex dividend)	Friday, 27 March 2015
Record date (date shareholders recorded in books)	Thursday, 2 April 2015
Payment date	Tuesday, 7 April 2015

Share certificates may not be dematerialised or rematerialised between Friday, 27 March 2015, and Thursday, 2 April 2015, both days inclusive.

On Tuesday, 7 April 2015, 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 Tuesday, 7 April 2015.

For and on behalf of the board

Reuel Khoza
Chairman

Mike Brown
Chief Executive

23 February 2015

REGISTERED OFFICE

Nedbank Group Limited, Nedbank 135 Rivonia Campus, 135 Rivonia Road, Sandown, Sandton, 2196
PO Box 1144, Johannesburg, 2000

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

Dr RJ Khoza (Chairman), MWT Brown* (Chief Executive), DKT Adomakoh (Ghanaian), TA Boardman, BA Dames, GW Dempster*, MA Enus-Brey, ID Gladman (British), PB Hanratty (Irish), PM Makwana, Dr MA Matooane, NP Mnxasana, RK Morathi* (Chief Financial Officer), JK Netshitenzhe, MC Nkuhlu* (Chief Operating Officer), JVF Roberts (British), GT Serobe, 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 Capital
Sponsor in Namibia:	Old Mutual Investment Services (Namibia) (Pty) Ltd

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

- Detailed financial information in HTML and PDF formats.
- 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.

FINANCIAL HIGHLIGHTS

at

	Change (Audited) %		31 December 2014 (Audited)	31 December 2013 (Audited)
Statistics				
Number of shares listed	(2,2)	m	**499,3**	510,3
Number of shares in issue, excluding shares held by group entities	1,0	m	**465,6**	461,2
Weighted average number of shares	0,9	m	**464,4**	460,2
Diluted weighted average number of shares	0,9	m	**478,2**	474,1
Preprovisioning operating profit	3,5	Rm	**17 873**	17 268
Economic profit[1]	(0,1)	Rm	**2 112**	2 114
Headline earnings per share	12,9	cents	**2 127**	1 884
Diluted headline earnings per share	13,0	cents	**2 066**	1 829
Ordinary dividends declared per share	14,9	cents	**1 028**	895
Interim	17,9	cents	**460**	390
Final	12,5	cents	**568**	505
Ordinary dividends paid per share	20,3	cents	**965**	802
Dividend cover		times	**2,07**	2,11
Net asset value per share	9,5	cents	**14 395**	13 143
Tangible net asset value per share	10,6	cents	**12 553**	11 346
Closing share price	18,6	cents	**24 900**	21 000
Price/earnings ratio		historical	**11,7**	11,1
Market capitalisation	16,0	Rbn	**124,3**	107,2
Number of employees	3,3		**30 499**	29 513
Key ratios (%)				
Return on ordinary shareholders' equity (ROE)			**15,8**	15,6
ROE, excluding goodwill			**17,2**	17,2
Tangible ROE			**18,2**	18,3
Return on total assets (ROA)			**1,27**	1,23
Net interest income to average interest-earning banking assets			**3,52**	3,57
Credit loss ratio – banking advances			**0,79**	1,06
Gross operating income growth rate less expense growth rate (Jaws ratio)			**(2,5)**	0,7
Non-interest revenue to total operating expenses			**82,8**	86,4
Non-interest revenue to total income			**46,9**	47,7
Efficiency ratio			**56,5**	55,2
Effective taxation rate			**25,3**	25,2
Return on risk-weighted assets[1]			**2,24**	2,21
Group capital adequacy ratios (including unappropriated profits):[1]				
– Common-equity tier 1			**11,6**	12,5
– Tier 1			**12,5**	13,6
– Total			**14,6**	15,7
Statement of financial position statistics (Rm)				
Total equity attributable to equity holders of the parent	10,6		**67 024**	60 617
Total equity	10,2		**70 911**	64 336
Amounts owed to depositors	8,4		**653 450**	602 952
Loans and advances	5,8		**613 021**	579 372
Gross	5,6		**624 116**	590 828
Impairment of loans and advances	(3,2)		**(11 095)**	(11 456)
Total assets administered by the group	8,7		**1 021 326**	939 935
Total assets	8,0		**809 313**	749 594
Assets under management	11,4		**212 013**	190 341
Life assurance embedded value	12,0		**2 393**	2 137
Life assurance value of new business	(27,0)		**257**	352
Foreign currency conversion rates				
Pound sterling at the end of the year	3,9	R	**18,04**	17,36
Pound sterling average rate for the year	17,9	R	**17,88**	15,17
US dollar at the end of the year	10,3	R	**11,58**	10,50
US dollar average rate for the year	11,8	R	**10,87**	9,72

[1] *These ratios have not been audited by the group's auditors.*

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended

	Change (Audited) %	31 December 2014 (Audited) Rm	31 December 2013 (Audited) Rm
Interest and similar income	14,2	**52 619**	46 087
Interest expense and similar charges	19,3	**29 658**	24 867
Net interest income	8,2	**22 961**	21 220
Impairments charge on loans and advances	(19,0)	**4 506**	5 565
Income from lending activities	17,9	**18 455**	15 655
Non-interest revenue	4,9	**20 312**	19 361
Operating income	10,7	**38 767**	35 016
Total operating expenses	9,4	**24 534**	22 419
Indirect taxation	5,7	**635**	601
Profit from operations before non-trading and capital items	13,4	**13 598**	11 996
Non-trading and capital items	94,6	**(109)**	(56)
Net (loss)/profit on sale of subsidiaries, investments, and property and equipment	<-100	**(12)**	11
Net impairment of investments, property and equipment, and capitalised development costs	44,8	**(97)**	(67)
Fair-value adjustments of investment properties	–	**6**	6
Profit from operations	13,0	**13 495**	11 946
Share of profits of associate companies and joint arrangements	>100	**161**	27
Profit before direct taxation	14,1	**13 656**	11 973
Total direct taxation	15,0	**3 468**	3 016
Direct taxation	15,0	**3 487**	3 033
Taxation on non-trading and capital items	5,6	**(19)**	(18)
Taxation on revaluation of investment properties	(100,0)		1
Profit for the year	13,7	**10 188**	8 957
Other comprehensive income net of taxation	(61,4)	**647**	1 675
Items that may be reclassified subsequently to profit or loss			
– Exchange differences on translating foreign operations	(43,5)	**390**	690
– Fair-value adjustments on available-for-sale assets	(34,4)	**21**	32
Items that may not be reclassified subsequently to profit or loss			
– Gains on property revaluations	(9,0)	**202**	222
– Remeasurements on long-term employee benefit assets	(95,3)	**34**	731
Total comprehensive income for the year	1,9	**10 835**	10 632
Profit attributable to:			
– Equity holders of the parent	13,4	**9 796**	8 637
– Non-controlling interest – ordinary shareholders	>100	**69**	28
– Non-controlling interest – preference shareholders	10,6	**323**	292
Profit for the year	13,7	**10 188**	8 957
Total comprehensive income attributable to:			
– Equity holders of the parent	1,3	**10 431**	10 295
– Non-controlling interest – ordinary shareholders	80,0	**81**	45
– Non-controlling interest – preference shareholders	10,6	**323**	292
Total comprehensive income for the year	1,9	**10 835**	10 632
Basic earnings per share (cents)	12,4	**2 109**	1 877
Diluted earnings per share (cents)	12,5	**2 049**	1 822

HEADLINE EARNINGS RECONCILIATION

for the year ended

	Change (Audited) %	Gross 31 December 2014 (Audited) Rm	Net of taxation 31 December 2014 (Audited) Rm	Gross 31 December 2013 (Audited) Rm	Net of taxation 31 December 2013 (Audited) Rm
Profit attributable to equity holders of the parent	13,4		**9 796**		8 637
Less: Non-headline earnings items		**(103)**	**(84)**	(50)	(33)
Net (loss)/profit on sale of subsidiaries, investments, and property and equipment		**(12)**	**7**	11	11
Net impairment of investments, property and equipment, and capitalised development costs		**(97)**	**(97)**	(67)	(49)
Fair-value adjustments of investment properties		**6**	**6**	6	5
Headline earnings	14,0		**9 880**		8 670

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at

	Change (Audited) %	31 December 2014 (Audited) Rm	31 December 2013 (Audited) Rm
Assets			
Cash and cash equivalents	(36,0)	**13 339**	20 842
Other short-term securities	58,4	**67 234**	42 451
Derivative financial instruments	16,3	**15 573**	13 390
Government and other securities	(15,3)	**27 177**	32 091
Loans and advances	5,8	**613 021**	579 372
Other assets	0,5	**8 715**	8 673
Current taxation assets	(48,5)	**291**	565
Investment securities	3,5	**20 029**	19 348
Non-current assets held for sale	33,3	**16**	12
Investments in private-equity associates, associate companies and joint arrangements	>100	**7 670**	1 101
Deferred taxation assets	43,1	**309**	216
Investment property	(39,3)	**130**	214
Property and equipment	14,0	**7 773**	6 818
Long-term employee benefit assets	52,6	**4 546**	2 980
Mandatory reserve deposits with central banks	12,7	**14 911**	13 231
Intangible assets	3,5	**8 579**	8 290
Total assets	8,0	**809 313**	749 594
Equity and liabilities			
Ordinary share capital	1,1	**466**	461
Ordinary share premium	2,7	**16 781**	16 343
Reserves	13,6	**49 777**	43 813
Total equity attributable to equity holders of the parent	10,6	**67 024**	60 617
Non-controlling interest attributable to:			
– Ordinary shareholders	32,5	**326**	246
– Preference shareholders	2,5	**3 561**	3 473
Total equity	10,2	**70 911**	64 336
Derivative financial instruments	(6,7)	**15 472**	16 580
Amounts owed to depositors	8,4	**653 450**	602 952
Provisions and other liabilities	(6,1)	**13 788**	14 682
Current taxation liabilities	(55,5)	**134**	301
Deferred taxation liabilities	18,0	**931**	789
Long-term employee benefit liabilities	66,7	**3 071**	1 842
Investment contract liabilities	1,9	**11 747**	11 523
Insurance contract liabilities	25,6	**4 171**	3 321
Long-term debt instruments	7,1	**35 638**	33 268
Total liabilities	7,8	**738 402**	685 258
Total equity and liabilities	8,0	**809 313**	749 594

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Total equity attributable to equity holders of the parent Rm	Non-controlling interest attributable to ordinary shareholders Rm	Non-controlling interest attributable to preference shareholders Rm	Total equity Rm
Audited balance at 31 December 2012	53 601	213	3 561	57 375
Dividend to shareholders	(3 821)	(9)		(3 830)
Preference share dividend			(292)	(292)
Issues of shares net of expenses	475			475
Shares (acquired)/no longer held by group entities and BEE trusts	(132)			(132)
Total comprehensive income for the year	10 295	45	292	10 632
Share-based payment reserve movement	206			206
Preference shares held by group entities			(88)	(88)
Disposal of subsidiary		(3)		(3)
Regulatory risk reserve provision	(4)			(4)
Other movements	(3)			(3)
Audited balance at 31 December 2013	**60 617**	**246**	**3 473**	**64 336**
Dividend to shareholders	**(4 643)**	**(9)**		**(4 652)**
Preference share dividend			**(323)**	**(323)**
Issues of shares net of expenses	**771**			**771**
Shares delisted in terms of BEE transaction	**(1 613)**			**(1 613)**
Shares (acquired)/no longer held by group entities and BEE trusts	**1 306**			**1 306**
Acquisition of additional shareholding in subsidiary		**8**		**8**
Total comprehensive income for the year	**10 431**	**81**	**323**	**10 835**
Share-based payment reserve movement	**151**			**151**
Regulatory risk reserve provision	**7**			**7**
Preference shares no longer held by group entities			**88**	**88**
Other movements	**(3)**			**(3)**
Audited balance at 31 December 2014	**67 024**	**326**	**3 561**	**70 911**

SUMMARISED CONSOLIDATED STATEMENT OF CASHFLOWS

for the year ended

	31 December 2014 (Audited) Rm	31 December 2013 (Audited) Rm
Cash generated by operations	**21 332**	20 553
Change in funds for operating activities	**(11 231)**	(4 507)
Net cash from operating activities before taxation	**10 101**	16 046
Taxation paid	**(4 283)**	(3 890)
Cashflows from operating activities	**5 818**	12 156
Cashflows utilised by investing activities	**(9 455)**	(4 341)
Cashflows utilised by financing activities	**(2 132)**	(800)
Effects of exchange rate changes on opening cash and cash equivalents (excluding foreign borrowings)	**(54)**	(64)
Net (decrease)/increase in cash and cash equivalents	**(5 823)**	6 951
Cash and cash equivalents at the beginning of the year[1]	**34 073**	27 122
Cash and cash equivalents at the end of the year[1]	**28 250**	34 073

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

SUMMARISED SEGMENTAL REPORTING

for the year ended

	Total assets		Total liabilities		Operating income		Headline earnings	
	31 December 2014 (Audited) Rm	31 December 2013 (Audited) Rm	**31 December 2014 (Audited) Rm**	31 December 2013 (Audited) Rm	**31 December 2014 (Audited) Rm**	31 December 2013 (Audited) Rm	**31 December 2014 (Audited) Rm**	31 December 2013 (Audited) Rm
Nedbank Capital	**168 172**	180 708	**161 281**	174 845	**5 037**	4 380	**2 128**	1 726
Nedbank Corporate	**213 069**	188 363	**202 463**	179 849	**5 838**	5 084	**2 599**	2 245
Total Nedbank Retail and Nedbank Business Banking	**323 840**	302 371	**296 275**	275 688	**21 975**	19 929	**4 031**	3 468
Nedbank Retail	**211 904**	203 155	**189 795**	181 252	**17 040**	15 502	**2 937**	2 539
Nedbank Business Banking	**111 936**	99 216	**106 480**	94 436	**4 935**	4 427	**1 094**	929
Nedbank Wealth	**57 609**	50 911	**54 779**	48 424	**3 986**	3 553	**1 042**	900
Rest of Africa Division	**27 428**	20 117	**23 879**	18 119	**1 631**	1 426	**357**	173
Centre	**19 195**	7 124	**(275)**	(11 667)	**300**	644	**(277)**	158
Total	**809 313**	749 594	**738 402**	685 258	**38 767**	35 016	**9 880**	8 670

The 2013 comparative results for the segmental reporting have been restated. The Rest of Africa Division is now reported separately, and Central Management and Shared Services are collectively reported as the Centre. The restatement has had no effect on the group results and ratios, and only affects segment results and ratios.

OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In accordance with the requirements of IFRS 7 Financial Instruments: Disclosures, the table below sets out the impact of:

- recognised financial instruments that are set off in the statement of financial position in accordance with the requirements of IAS 32 Financial Instruments: Presentation; and
- financial instruments that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions that did not qualify for presentation on a net basis.

The group reports financial assets and financial liabilities on a net basis in the statement of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Certain master netting arrangements may not meet the criteria for offsetting in the statement of financial position because:

- these agreements create a right of setoff that is enforceable only following an event of default, insolvency or bankruptcy; and
- the group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Master netting arrangements and similar agreements include derivative clearing agreements, global master repurchase agreements and global master securities lending agreements.

Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements, and securities borrowing and lending agreements. Financial instruments such as loans and deposits are not disclosed in the table below unless they are offset in the statement of financial position.

31 December 2014 (Audited)	Effects of netting on the statement of financial position			Related amounts not set off in the statement of financial position				
Rm	**Gross amounts**	**Amounts set off in the statement of financial position in accordance with IAS 32**	**Net amounts included in the statement of financial position[1]**	**Amounts that may be netted off on the occurrence of a future event**	**Financial collateral**	**Net amounts reflecting the effect of master netting arrangements**	**Amounts not subject to IFRS 7 offsetting disclosure[2]**	**Total amounts recognised in the statement of financial position**
Derivative financial instruments	**(2 677)**	**2 788**	**111**	**(111)**			**(10)**	**101**
– Assets			**15 540**				**33**	**15 573**
– Liabilities			**(15 429)**				**(43)**	**(15 472)**
Assets excluding derivative financial instruments	**5 387**	**(2 874)**	**2 513**	**–**	**–**	**2 513**	**610 508**	**613 021**
– Loans and advances	**5 387**	**(2 874)**	**2 513**			**2 513**	**610 508**	**613 021**
Liabilities excluding derivative financial instruments	**(88 695)**	**29 516**	**(59 179)**	**–**	**–**	**(59 179)**	**(594 271)**	**(653 450)**
– Amounts owed to depositors	**(88 695)**	**29 516**	**(59 179)**			**(59 179)**	**(594 271)**	**(653 450)**

31 December 2013 (Audited)	Effects of netting on the statement of financial position			Related amounts not set off in the statement of financial position				
Rm	Gross amounts	Amounts set off in the statement of financial position in accordance with IAS 32	Net amounts included in the statement of financial position[1]	Amounts that may be netted off on the occurrence of a future event	Financial collateral	Net amounts reflecting the effect of master netting arrangements	Amounts not subject to IFRS7 offsetting disclosure[2]	Total amounts recognised in the statement of financial position
Derivative financial instruments[3]	(2 956)		(2 956)	506		(2 450)	(234)	(3 190)
– Assets			13 004				386	13 390
– Liabilities			(15 960)				(620)	(16 580)
Assets excluding derivative financial instruments[3]	2 885	(831)	2 054	–	–	2 054	577 318	579 372
– Loans and advances	2 885	(831)	2 054			2 054	577 318	579 372
Liabilities excluding derivative financial instruments[3]	(71 322)	16 187	(55 135)	–	–	(55 135)	(547 817)	(602 952)
– Amounts owed to depositors	(71 322)	16 187	(55 135)			(55 135)	(547 817)	(602 952)

[1] *Includes the net amount of financial assets and financial liabilities where offsetting has been applied in terms of IAS 32 and financial instruments that are subject to master netting agreements but where no offsetting has been applied. Excludes financial instruments that are neither subject to setoff nor master netting agreements.*
[2] *Includes financial instruments that are neither subject to setoff nor master netting agreements.*
[3] *During 2014 the group enhanced its accounting processes and management information and expanded the disclosure relating to the offsetting of financial assets and liabilities in its consolidated financial statements. This expanded disclosure resulted in a restatement to 2013 comparative information.*

CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities and undrawn facilities

	31 December 2014 (Audited) Rm	31 December 2013 (Audited) Rm
Guarantees on behalf of clients	**23 778**	35 806
Letters of credit and discounting transactions	**3 262**	3 205
Irrevocable unutilised facilities and other	**104 429**	95 255
	131 469	134 266

The group, in the ordinary course of business, enters into transactions that expose the group to tax, legal and business risks. Provisions are made for known liabilities that are expected to materialise. Possible obligations and known liabilities where no reliable estimate can be made or it is considered improbable that an outflow would result are reported as contingent liabilities. This is in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

There are a number of legal or potential claims against Nedbank Group Ltd and its subsidiary companies, the outcome of which cannot at present be foreseen.

Commitments

Capital expenditure approved by directors

	31 December 2014 (Audited) Rm	31 December 2013 (Audited) Rm
Contracted	**1 294**	247
Not yet contracted	**1 286**	889
	2 580	1 136

Funds to meet capital expenditure commitments will be provided from group resources. In addition, capital expenditure is incurred in the normal course of business throughout the year.

Operating lease commitments

Companies in the group have entered into leases over fixed property, furniture and other equipment for varying periods. The group is a major lessor of properties, which are subject to individual contracts that specify the group's option to renew leases, escalation clauses and purchase options, if applicable. Due to the large number of lease agreements entered into by the group, this information has not been provided in the annual financial statements, but is available from the group on request. The following are the minimum lease payments under non-cancellable leases:

31 December 2014 (Audited)	2015 Rm	2016 – 2019 Rm	Beyond 2019 Rm
Land and buildings[1]	**726**	**2 033**	**2 598**
Furniture and equipment	**286**	**173**	
	1 012	**2 206**	**2 598**

31 December 2013 (Audited)	2014 Rm	2015 – 2018 Rm	Beyond 2018 Rm
Land and buildings[1]	756	2 002	2 682
Furniture and equipment	246	410	2
	1 002	2 412	2 684

[1] *The group may from time to time enter into subleases of properties where it is the lessee. These subleases are considered to be immaterial in the context of the group's overall leasing arrangements.*

Commitments under derivative instruments

The group enters into option contracts, financial futures contracts, forward rate and interest rate swap agreements and other financial agreements in the normal course of business.