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 GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

- Headline earnings increased 15,7% to R5 323m
- Diluted headline earnings per share up 14,1% to 1 101 cents
- Growth in net asset value per share of 6,1%
- NIR-to-expenses ratio improved to 83,1%
- Return on equity (excluding goodwill) increased to 17,3%
- Common-equity tier 1 ratio at 11,4%
- Interim dividend per share up 16,7% to 537 cents

'Nedbank Group delivered a strong set of results for the first half of 2015, achieving an increase of 15,7% in headline earnings and a return on equity (excluding goodwill) of 17,3%.

Headline earnings growth was supported by strong non-interest revenue generation and disciplined expense management resulting in a higher NIR-to-expenses ratio of 83,1%. The credit loss ratio continued to improve and, following our R6bn investment in October 2014 to acquire approximately 20% of Ecobank Transnational Incorporated, earnings from our activities in the rest of Africa grew strongly.

The strategic choices we have made continue to support our ability to grow in an increasingly demanding macro and regulatory environment. We have simplified our businesses and are generating synergies from integrating our Retail and Business Banking Clusters and from combining our wholesale businesses to form Nedbank Corporate and Investment Banking. Our transactional banking franchise continues to strengthen with growth of 8% in main banked retail clients.

Our expectation of organic growth in diluted headline earnings per share for the year ending 31 December 2015 to be above nominal gross domestic product growth remains unchanged.'

Mike Brown
Chief Executive

BANKING AND ECONOMIC ENVIRONMENT

Global economic headwinds have increased as the Greek debt crisis intensified and heightened concerns around the sustainability of growth in China led to weakness in commodity prices and volatility in the Chinese stock market. While advanced economies recorded a gradual recovery, growth in emerging economies remained below expectations. The International Monetary Fund downgraded its global gross domestic product (GDP) growth forecast to 3,3% in 2015 from the 3,5% projected earlier this year.

In SA, growth in GDP expanded by only 1,3% in the first quarter of 2015, supported by marginally stronger growth in household consumption expenditure and growth in gross fixed-capital formation.

Underlying credit demand was moderate, with retail credit demand remaining weak as household debt to disposable income increased to 78,4%. In the wholesale sector conditions for production remained challenging. Although export growth was supported by the weaker rand and lower crude oil price, these have been offset by a combination of power shortages, higher input costs, an uncertain regulatory environment, lower international commodity prices and weak demand in key export markets, which together have had a negative impact on business confidence. Growth in the wholesale sector has largely been driven by government infrastructure projects.

Pleasingly, international credit rating agencies Fitch and Standard & Poor's reaffirmed SA's sovereign risk ratings at an investment grade of BBB with a negative outlook and BBB- with a stable outlook respectively. While electricity constraints remain the greatest threat to domestic economic prospects, the credit rating agencies acknowledge the progress made in the tightening of fiscal policy and reduction of the budget deficit, as well as maintaining inflation within the target range of 3% to 6%.

REVIEW OF RESULTS

Headline earnings for the six months ended 30 June 2015 ('the period') grew 15,7% to R5 323m (June 2014: R4 599m), underpinned by strong non-interest revenue (NIR) growth, disciplined expenses growth, ongoing improvement in impairments and faster growth from our activities in the rest of Africa, including associate income from our shareholding in Ecobank Transnational Incorporated (ETI).

Diluted headline earnings per share (HEPS) increased 14,1% to 1 101 cents (June 2014: 965 cents) and headline earnings per share grew by 13,7% to 1 128 cents (June 2014: 992 cents).

The increases in the return on average ordinary shareholders' equity (ROE), excluding goodwill to 17,3% (June 2014: 16,5%) and of the ROE to 16,0% (June 2014: 15,1%), were driven by a higher return on assets (ROA) of 1,28% (June 2014: 1,22%). Economic profit (EP) increased by 59,4% to R1 328m (June 2014: R833m) against a cost of equity (COE) of 13,0% (June 2014: 13,5%).

The group remained well capitalised with our Basel III common-equity tier 1 (CET1) ratio at 11,4% (Dec 2014: 11,6%). The liquidity coverage ratio (LCR) at 76,3% in the second quarter of 2015 (Dec 2014: 66,4%) is well above the 60% requirement in 2015 and is reflective of strong funding and liquidity levels. The group's portfolio of high-quality liquid assets and other sources of quick liquidity amounted to R148,4bn (Dec 2014: R126,0bn).

DELIVERING SUSTAINABLY TO ALL OUR STAKEHOLDERS

Nedbank Group is committed to operating on a sustainable basis and creating long-term value for all our stakeholders as embodied in our vision to be Africa's most admired bank by our staff, clients, shareholders, regulators and communities.

For staff –bedding down leadership and structural changes and embedding the core values of accountability, integrity, respect, being people-centred and pushing beyond boundaries; improving staff transformation; and investing R230m in training, with more than 2 000 staff participating in learning academy programmes, more than 400 unemployed youth participating in various specialised learnerships and 111 external bursars across 19 universities being supported.

For clients – investing in client-centred innovation such as the Nedbank Instant Bond Indicator to assist clients with the home loan application process and create internal process efficiencies. 'Easy to do credit' was implemented in Business Banking, improving turnaround times and removing paper from the credit approval process. To improve client access through our distribution channels, we have rolled out 200 Intelligent Depositors, 8 195 point-of-sale devices and 179 net new ATMs since June 2014, as well as a further 145 branches in the 'branch of the future' format. Digitally enabled clients increased 31%, supporting 69% growth in the value of Nedbank App Suite™ transactions to R7bn. Group client numbers increased 5,8% to 7,3m since June 2014 and main banked clients were up 8,2%. We advanced R88,5bn (June 2014: R86,1bn) of new loans to clients, and assets under management grew by 11,4% to R233,5bn (June 2014: R209,5bn). For the sixth consecutive year Nedgroup Investments was placed third overall in the Domestic Management Company category at the Raging Bull Awards and ranked as the top unit trust company in SA in the March 2015 Plexcrown quarterly ratings.

For shareholders – growing net asset value per share by 6,1% to 14 428 cents (June 2014: 13 596 cents), improving the ROE to 17,3% (June 2014: 16,5%), delivering EP of R1 328m (up 59,4%) and increasing the interim dividend by 16,7%, ahead of the 13,7% growth in HEPS. We remain focused on our vision to be Africa's most admired bank by judiciously expanding into the rest of Africa, where economic growth is faster than in SA. In West and Central Africa our R6bn investment in ETI provides our shareholders with access to higher earnings growth potential in these markets.

For regulators – achieving full compliance with Basel III phase-in requirements, including maintaining strong capital levels with a CET1 ratio of 11,4%, an average long-term funding ratio of 27,6% and a second-quarter LCR ratio of 76,3% (above the 1 January 2015 minimum SARB requirement of 60,0%); maintaining strong, transparent relationships with all regulators; contributing to industry working groups on new regulation; and continuing to support responsible banking practices. We continue to work with Old Mutual plc and our regulators in SA on the implications of the proposed Twin Peaks regulations, which are planned to be implemented in 2016.

For communities – advancing R26,8bn in new loans to retail clients, expanding our footprint and making banking more accessible to all. Since 2010 we have contributed R560m to socioeconomic development, including R52m in the first half of 2015. Following the maturity of our Broad Based Black Economic Empowerment Schemes in February 2015, and in conjunction with our black business partners, Nedbank and Old Mutual Emerging Markets have each committed R100m over 3 years to invest in initiatives aligned to the National Development Plan. We have maintained our level 2 broad-based black economic empowerment contributor status for the sixth consecutive year and once again ranked first among our peer group. Through our Fair Share 2030 initiative we have developed solutions for the healthcare, agriculture and manufacturing sectors that contribute to building a prosperous country.

CLUSTER FINANCIAL PERFORMANCE

During the period under review we completed the integration of the support areas in Nedbank Retail and Business Banking (RBB) and our wholesale clusters, Nedbank Corporate and Nedbank Capital, into Nedbank Corporate and Investment Banking (CIB). In total and before central profits and losses the business clusters reported headline earnings growth of 19,9% to R5 480m (June 2014: R4 571m) and an ROE of 19,7% (June 2014: 18,7%).

	% change	Headline earnings (Rm)[1]		ROE (%)	
		June 2015	June 2014	**June 2015**	June 2014
CIB	12,3	**2 485**	2 212	**22,9**	26,3
Capital	17,9	**1 242**	1 053	**32,3**	31,6
Corporate	7,2	**1 243**	1 159	**17,8**	22,8
RBB	16,4	**2 132**	1 831	**15,9**	13,9
Business Banking	5,3	**539**	512	**19,9**	19,5
Retail	20,8	**1 593**	1 319	**14,9**	12,5
Wealth	11,9	**519**	464	**38,9**	33,9
Rest of Africa	> 100,0	**344**	64	**15,3**	4,4
Business clusters	19,9	**5 480**	4 571	**19,7**	18,7
Centre	> (100,0)	**(157)**	28		
Total	15,7	**5 323**	4 599	**16,0**	15,1

Nedbank CIB performed well, with strong growth in our Markets business and Commercial Property Finance, and enhanced efficiencies as a result of integration synergies. The ROE was lower than in the prior period as a result of higher economic capital allocations. Earnings growth was supported by CIB's strong franchise, reflected in preprovisioning operating profit increasing 26,3% to R3 837m (June 2014: R3 037m). This was underpinned by strong net interest income (NII) growth, enabled by good advances growth from commercial property finance and investment banking, while NIR growth was driven by good performance in trading income and property private-equity investments.

Nedbank RBB produced strong headline earnings growth and an improved ROE. This reflects a higher earnings contribution from the Retail business, with its ROE in excess of the group's cost of equity and that of the prior period. Overall, growth in earnings was underpinned by an increase in NIR despite selected price reductions and interchange headwinds, lower impairment charges and well-controlled expense growth.

Nedbank Wealth continued to generate good earnings growth at an attractive ROE. These results were attributed to continued growth momentum in Asset Management and Wealth Management, offset by a marginal decline in Insurance earnings as a result of our selective origination strategies for personal loans.

The strong growth in earnings in the Rest of Africa Cluster was driven by associate income generated from our approximately 20% investment in ETI, less funding costs, as well as a sound performance from our subsidiaries in the South African Development Community (SADC). This was partially offset by ongoing central investment costs.

FINANCIAL PERFORMANCE

Net interest income

NII increased 3,7% to R11 675m (June 2014: R11 263m) as the 9,6% growth in average interest-earning banking assets was partially offset by the narrowing of the net interest margin (NIM) to 3,36% (June 2014: 3,55%). In December 2014 NIM was 3,52%.

Margin pressure resulted as the 7 basis points (bps) benefit from endowment income and improved asset pricing was offset by a negative impact of:

- 11 bps due to changes in the advances mix as lower-margin wholesale advances grew faster than higher-margin retail advances;
- 6 bps from holding higher levels of low-yielding, high-quality liquid assets in line with increasing regulatory requirements; and
- 7 bps related to the cost of funding our investment in ETI.

Impairments charge on loans and advances

Impairments remained flat at R2 307m (June 2014: R2 333m), while the credit loss ratio (CLR) improved to 0,77% (June 2014: 0,83%) as a result of a lower specific impairments charge of 0,73% (June 2014: specific: 0,78%) and the decrease in the portfolio impairments charge to 0,04% (June 2014: portfolio: 0,05%).

Credit loss ratio (%)	Jun 2015	Jun 2014	Dec 2014
Specific impairments	**0,73**	0,78	0,72
Portfolio impairments	**0,04**	0,05	0,07
Total credit loss ratio	**0,77**	0,83	0,79

The improvement of the CLR was largely attributable to RBB's CLR remaining below target range, demonstrating the outcome of selective asset origination and strong collections management. Postwriteoff recoveries increased to R520m (June 2014: R422m), of which R196m (June 2014: R153m) was attributable to personal loans. CIB experienced an increase in its CLR as we exited a single-client exposure as well as increased portfolio impairments as a result of ratings migration following market conditions worsening.

Credit loss ratio (%)	% banking advances	Jun 2015	Jun 2014	Dec 2014	Through-the-cycle target ranges
CIB	47,2	**0,38**	0,15	0,19	
Capital	13,7	**0,41**	(0,04)	0,14	0,10–0,55
Corporate	33,5	**0,36**	0,22	0,21	0,20–0,35
RBB	46,2	**1,22**	1,55	1,39	
Business Banking	11,0	**0,49**	0,44	0,42	0,55–0,75
Retail	35,2	**1,44**	1,90	1,70	1,90–2,60
Wealth	4,2	**0,18**	0,21	0,17	0,20–0,40
Rest of Africa	2,4	**0,86**	0,42	0,23	
Group		**0,77**	0,83	0,79	0,80–1,20

Total defaulted advances declined to R16 695m (June 2014: R17 409m) as the residential-mortgage and personal-loan books continued to improve.

The coverage ratio for total impairments was maintained at 65,9% (June 2014: 65,9%), declining in specific impairments to 39,6% (June 2014: 42,7%), while portfolio coverage on the performing book was maintained at 0,7% (June 2014: 0,7%).

Non-interest revenue

NIR increased 10,2% to R10 450m (June 2014: R9 480m). Growth was primarily driven by:

- Commission and fee income growth of 7,6% to R7 498m (June 2014: R6 970m) led, inter alia, by net client gains, higher transactional volumes and inflation-related annual fee increases in RBB.
- Insurance income declining 11,0% to R816m (June 2014: R917m) owing to lower personal-loan volumes and reduced credit life pricing with improved client product benefits.
- Trading income growth of 30,3% to R1 685m (June 2013: R1 293m) following strong performance from our markets business on the back of increased client flows.
- Private-equity income decreasing to R115m (June 2014: R145m) as a result of lower valuations, while the increase in sundry income was mostly comprised of property partners increasing to R125m (June 2014: R79m) as a result of realised gains on the sale of property stock.

Expenses

Expenses grew 7,4% to R12 578m (June 2014: R11 712m), reflecting disciplined cost management and traction gained from our 'optimise and invest' strategy to deliver efficiencies through simplifying processes and rationalising systems.

The main underlying drivers include:

- Staff-related costs increasing 6,1%, consisting of –
  - 7,1% growth in remuneration and other staff costs;
  - 12,6% increase in short-term incentives; and
  - a 33,1% reduction in long-term incentives.
- Computer processing costs up 10,3% to R1 671m, including amortisation costs increasing 10,1% to R360m.
- Fees and insurance costs 18,7% higher at R1 242m due to increased volumes of revenue-generating activities such as cash handling and card issuing and acquiring.
- Occupation and accommodation costs growing 11,3% to R1 016m as we continued to invest in the reformatting of retail branches to the 'branch of the future' format.

Overall, growth in gross operating income (excluding impairments and including associate income) of 8,7% exceeded that of expenses, resulting in a positive jaws of 1,3% (June 2014: negative jaws of 4,4%), while the efficiency ratio improved to 55,8% (June 2014: 56,4%).

Associate income

Associate income increased to R436m (June 2014: R11m) and is mainly comprised of the equity accounting of our share of approximately 20% of ETI's fourth-quarter attributable income, as reported in its 2014 full-year results, and first-quarter attributable income, as reported in its 2015 first-quarter trading update, in line with our policy of accounting for ETI earnings a quarter in arrear. The related pretax funding costs of R246m are accounted for in NII.

STATEMENT OF FINANCIAL POSITION

Capital

Nedbank Group remains well capitalised and operated well within our Basel III capital adequacy targets. The CET1 ratio of 11,4% is lower than the 11,6% reported at the 2014 year-end due mainly to an increase in risk-weighted assets (RWA) and foreign currency translation reserve (FCTR) losses relating to our share of ETI's own Other Comprehensive Income (OCI) FCTR losses.

The increase in RWA resulted from a higher credit RWA, partly offset by a modest decrease in equity risk. The higher credit RWA primarily relates to:

- an industrywide South African Reserve Bank (SARB) requirement for a credit valuation adjustment (CVA) capital charge for over-the-counter ZAR and local derivatives not cleared through a central counterparty; and
- increased conservatism applied in rating corporate banking and commercial property finance client exposures given the weak macro environment.

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

(Ratios calculated include unappropriated profits.)

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

Our tier 1 and total capital ratios reflect the effects of redeeming R1,8bn of hybrid debt in January 2015 and the issue of R2,3bn of Basel III-compliant tier 2 subordinated debt, in line with the group's capital plan and Basel III transitional requirements.

Funding and liquidity

Nedbank Group maintained a strong funding profile and liquidity position, underpinned by a significant quantum of long-term funding, a large surplus liquid-asset buffer, a strong loan-to-deposit ratio that is consistently below 100%, and a low reliance on interbank and foreign-currency funding.

At June 2015 the group's quarterly average LCR of 76,3% (Dec 2014: 66,4%) exceeded the minimum regulatory requirement of 60%. The group 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.

Nedbank Group Limited Liquidity coverage ratio	Jun 2015	Dec 2014	Jun 2014
High-quality liquid assets (Rm)	**109 060**	91 423	78 358
Net cash outflows (Rm)	**143 029**	137 725	152 255
Liquidity coverage ratio (%)	**76,3**	66,4	51,5
Regulatory minimum (%)	**60,0**	N/A	N/A

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

Nedbank's portfolio of LCR-compliant, high-quality liquid assets increased to R109,1bn (Dec 2014: quarterly average R91,4bn). Together with our portfolio of quick-liquidity sources, the total available quick liquidity amounted to R148,4bn (Dec 2014: R126,0bn), representing 17,1% of total assets.

We also maintained a strong, well-diversified funding profile. Our three-month-average long-term funding ratio of 27,6% for the second quarter of 2015 (Dec 2014: quarterly average of 25,4%) represents a slightly more conservative funding profile than the last reported industry average. The strong funding profile was supported by growth in the Nedbank Retail Savings Bonds of R1,6bn to R13,4bn and Nedbank having successfully issued R10,5bn in senior unsecured debt in the first half of 2015.

Further details on risk and capital management is available in the 'Risk and Balance Sheet Management review' section of this results booklet.

Loans and advances

Loans and advances grew 11,8% (annualised) to R648,8bn (Dec 2014: R613,0bn), with banking and trading assets increasing 11,4% and 31,0% respectively.

Loans and advances by cluster are as follows:

Rm	% change (annualised)	Jun 2015	Dec 2014
CIB	17,1	**331 069**	305 158
Capital	28,7	**120 646**	105 601
Banking activities	8,8	**82 034**	78 596
Trading activities	86,7	**38 612**	27 005
Corporate	11,0	**210 423**	199 557
RBB	4,6	**275 079**	268 882
Business Banking	(4,7)	**64 297**	65 819
Retail	7,7	**210 782**	203 063
Wealth	14,9	**26 652**	24 819
Rest of Africa	25,4	**15 849**	14 073
Centre	> 100	**195**	89
Group	11,8	**648 844**	613 021

Advances growth in CIB was mostly from higher term loan growth of 18,3% (annualised) and commercial-mortgage growth (annualised) of 10,8%. Growth in trading advances comprised mostly of surplus foreign-currency placements and deposits placed under reverse repurchase agreements.

RBB's annualised advances growth of 4,6% was impacted by the 10,4% decrease in Personal Loans, although offset by growth in new payouts, resulting in growth in Home Loans of 1,2% and Card of 8,6%. MFC's growth slowed to 5,6% due to lower volumes in April and May 2015 as a result of the system changes relating to the National Credit Amendment Act. The decrease in advances in Business Banking was mainly due to the migration of Professional Banking's medical book to the Small Business Services Division in Retail. Excluding this migration, Business Banking's and Retail's advances grew 10,4% and 2,8% respectively.

Deposits

Deposits grew 11,4% (annualised) to R690,5bn (Dec 2014: R653,5bn) resulting in a loan-to-deposit ratio of 94,0% (Dec 2014: 93,8%).

Total funding-related liabilities grew 13,6% (annualised) to R735,7bn (Dec 2014: R689,1bn) following R10,5bn of long-term capital market funding issued in the first half of 2015.

The group's focus on growing household and commercial liabilities led to the introduction of a number of new, innovative savings and deposit products during the period such as our tax-free savings offering and 32-day fixed deposit. These initiatives, together with the increase in demand for longer-term deposit products, supported strong growth of 50,2% in fixed deposits, 8,7% in savings accounts and 7,6% in call and term deposits.

Group strategic focus

We have made good progress with our five key strategic focus areas and this positions us well for continued growth in a demanding macroeconomic environment with an escalating regulatory agenda:

- **Client-centred innovation:** We continue to introduce innovative products such as Market Edge™, Instant Bond Indicator, standalone prepaids, Webtickets NedApp™ payment functionality, Nedbank Tax-free Savings Account and the Nedbank 32Day Notice Account that does not incur any fees or commissions. Our progress in innovation was acknowledged with Nedbank receiving the Best Mortgage and Home Loans Product in Africa award for 2015 at The Asian Banker's 2nd Annual Middle East and Africa Awards Ceremony. Altogether 197 outlets in the 'branch of the future' format have been converted to date to improve client experiences and we plan to reformat all branches by the end of 2019.
- **Growing our transactional banking franchise:** The investments in our franchise over the past few years and the strategic action taken in 2014 to keep fees at 2013 levels and selected reductions in Business Banking and Small Business Services have proved to be beneficial as main banked client numbers grew 8,2% to 2,53m. In our wholesale business we recently won the eThekwini Metropolitan Municipality transactional account. This acquisition joins the Western Cape provincial government and various municipal accounts that have been acquired in the public sector since 2007, indicative of the highly innovative transactional banking solutions in CIB. Nedbank's relatively lower share of primary clients in both retail and wholesale continues to be an attractive opportunity for future growth.
- **Optimise and invest:** A focus on driving efficiencies is particularly relevant given the environment of slower GDP and hence income growth. Our managed evolution approach in technology aims to enhance systems over time, deliver business benefits and manage costs within a predetermined cashflow budget. Our strategy to 'rationalise, standardise and simplify' our information technology environment from 250 to 60 systems has resulted in 81 systems being decommissioned since 2010 and a further 13 are planned for the remainder of 2015. Our expense optimisation programme aims to unlock R900m of cost savings in 2015 through initiatives such as the rationalisation of RBB backoffice operations, the CIB integration, cost optimisation and efficiency initiatives. Within the greater Old Mutual group in SA (Nedbank, OMSA, and Mutual & Federal) we are on track collectively to unlock cost and revenue synergies of R1bn before tax in 2017. We currently expect that just less than 30% of this will accrue to Nedbank.

- **Strategic portfolio tilt:** We continue to benefit from the early actions taken in reducing the backbook of our home loan and personal-loan portfolios. Derisking these portfolios has positioned Nedbank well for market-related growth going forward, while retaining our selective origination credit criteria. We continue to strengthen our focus on growing EP-generative aspects such as transactional deposits, transactional banking and the rest of Africa. The actions taken over the past four years have strengthened our balance sheet, impairments have declined to the lower end of our target range, and we have delivered dividend growth ahead of HEPS growth.
- **Pan-African banking network:** In Central and West Africa we are following a partnership approach through our strategic alliance with ETI. In 2014 we invested approximately R6bn to obtain approximately 20% of ETI, thereby enabling our clients to grow with us and our partners on the continent and our shareholders to participate in the higher growth opportunity in the rest of Africa. More than 70 of our wholesale clients now conduct their transactional banking with Ecobank and we have concluded two joint deals in 2015 and are working closely together on building a strong deal pipeline. In the SADC and East Africa we continued to invest in our existing subsidiaries, by implementing the Flexcube core banking system in Namibia, investing in skills and distribution, while bedding down the acquisition of approximately 37% of Banco Único in Mozambique, with a pathway to control in 2016. We continue to explore acquisition opportunities in the SADC and East Africa as we plan to increase from 6 to 10 countries over time.

Economic outlook

The local economy is expected to improve slightly in 2015 off the low 2014 base, supported by household spending and a modest improvement in global demand. Growth in GDP for SA is currently forecast at 2,0% for 2015, with risk remaining to the downside, given ongoing electricity constraints and commodity price weakness.

In view of inflationary factors due to the weaker rand and the anticipated normalisation of US interest rates, we currently expect the Reserve Bank to increase interest rates by a further 25 bps in September 2015.

Growth in loans to households will remain constrained due to the weak job market and high debt levels, increasing only moderately off last year's low base. Corporate credit demand will continue to be affected by the soft economic environment and many uncertainties relating to power supply, labour relations, commodity prices and economic policies, which negatively impact business confidence. Growth in the corporate sector will largely be driven by downstream government infrastructure projects and global demand.

PROSPECTS

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

- Advances to grow above mid-single digits.
- NIM to be slightly below the level reported in the 2015 interim results of 3,36%.
- CLR to be at the lower end of the through-the-cycle target range of 80 bps to 120 bps.
- NIR (excluding fair-value adjustments) to grow above mid-single digits.
- Expenses to increase above mid-single digits.

Our financial guidance for organic growth in diluted HEPS in 2015 to be greater than nominal GDP growth and our medium-to-long-term targets remain unchanged. The outlook for these in 2015 is as follows:

Metric	Jun 2015 performance	2015 full-year outlook	Medium-to-long-term targets
ROE (excluding goodwill)	17,3%	Below target	5% above cost of ordinary shareholders' equity
Growth in diluted HEPS	14,1%	≥ consumer price index + GDP growth	≥ consumer price index + GDP growth + 5%
CLR	0,77%	At lower end of target range	Between 0,8% and 1,2% of average banking advances
NIR-to-expense ratio	83,1%	Below target	> 85%
Efficiency ratio (including associate income)	55,8%	Above target	50,0% to 53,0%
CET1 capital adequacy ratio (Basel III)	11,4%	Within target range	10,5% to 12,5%
Economic capital	Internal Capital Adequacy Assessment Process (ICAAP): A debt rating (including 10% capital buffer)		
Dividend cover	2,10 times	1,75 to 2,25 times	1,75 to 2,25 times

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

Board appointments

With effect from 1 May 2015 Vassi Naidoo was appointed Non-executive Director of Nedbank Group and Nedbank, and Chairman from 11 May 2015.

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.
- Graham Dempster, Executive Director.

Group executive appointments

Iolanda Ruggiero was appointed Managing Executive of Nedbank Wealth and joined our Group Executive Committee with effect from 1 May 2015.

Accounting policies

Nedbank Group Limited is a company domiciled in SA. The condensed consolidated interim financial results of the group at and for the six months ended 30 June 2015 comprise the company and its subsidiaries (the 'group') and the group's interests in associate companies and joint arrangements.

The financial results contained in the SENS announcement have been prepared in accordance with International Financial Reporting Standard (IAS) 34: Interim Financial Reporting, excluding paragraph 16A(j) as permitted by the JSE listings requirements; the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. A full analysis of the results for the six months, which includes full IAS 34 disclosure, is available from the company's registered office upon request. The financial results contained in the SENS announcement have been extracted from the condensed consolidated interim financial statements.

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the previous annual financial statements.

The condensed consolidated interim financial results have been prepared under the supervision of Raisibe Morathi, the Chief Financial Officer.

Events after the reporting period

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

Reviewed results – auditors' conclusion

While these condensed consolidated interim financial results are neither audited nor reviewed, KPMG Inc and Deloitte & Touche, Nedbank Group's independent auditors, have reviewed and expressed an unmodified review conclusion on the condensed consolidated interim financial statements of Nedbank Group Limited, from which the financial results contained in the SENS announcement have been extracted.

The auditors' review report does not necessarily report on all the information contained in this announcement as it excludes information pursuant to paragraph 16A(j) as permitted by the JSE listings requirements and includes additional commentary. 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 condensed consolidated interim financial results and for correctly extracting the financial information from those underlying reviewed condensed consolidated interim financial results for inclusion in the SENS announcement.

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 or reported on by the group's auditors.

Interim dividend declaration

Notice is hereby given that a gross interim dividend of 537 cents per ordinary share has been declared, payable to shareholders for the six months ended 30 June 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 80,55 cents per ordinary share, resulting in a net dividend of 456,45 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, 4 September 2015
Shares commence trading (ex dividend)	Monday, 7 September 2015
Record date (date shareholders recorded in books)	Friday, 11 September 2015
Payment date	Monday, 14 September 2015

Share certificates may not be dematerialised or rematerialised between Monday, 7 September 2015, and Friday, 11 September 2015, both days inclusive.

On Monday, 14 September 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 Monday, 14 September 2015.

The above dates and times are subject to change. Any changes will be published on SENS and in the press.

For and on behalf of the board

Vassi Naidoo
Chairman

Mike Brown
Chief Executive

4 August 2015

NEDBANK GROUP LIMITED

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

REGISTERED OFFICE

Nedbank 135 Rivonia Campus, 135 Rivonia Road, Sandown, 2196, Johannesburg
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

V Naidoo (Chairman), MWT Brown* (Chief Executive), DKT Adomakoh (Ghanaian), TA Boardman, BA Dames, 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), 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 %		30 June 2015 (Reviewed)	30 June 2014 (Reviewed)	31 December 2014 (Audited)
Statistics					
Number of shares listed	(3,8)	m	**494,4**	514,0	499,3
Number of shares in issue, excluding shares held by group entities	2,3	m	**476,0**	465,2	465,6
Weighted average number of shares	1,9	m	**472,1**	463,4	464,4
Diluted weighted average number of shares	1,5	m	**483,5**	476,5	478,2
Preprovisioning operating profit	10,4	Rm	**9 450**	8 559	17 873
Economic profit[1]	59,4	Rm	**1 328**	833	2 112
Headline earnings per share	13,7	cents	**1 128**	992	2 127
Diluted headline earnings per share	14,1	cents	**1 101**	965	2 066
Ordinary dividends declared per share	16,7	cents	**537**	460	1 028
Interim		cents	**537**	460	460
Final		cents			568
Ordinary dividends paid per share	12,5	cents	**568**	505	965
Dividend cover		times	**2,10**	2,16	2,07
Net asset value per share	6,1	cents	**14 428**	13 596	14 395
Tangible net asset value per share	6,7	cents	**12 587**	11 795	12 553
Closing share price	5,5	cents	**24 180**	22 917	24 900
Price/earnings ratio		historical	**10,6**	11,5	11,7
Market capitalisation	1,4	Rbn	**119,5**	117,8	124,3
Number of employees (permanent staff)	2,3		**30 739**	30 061	30 499
Number of employees (permanent and temporary staff)	0,3		**31 405**	31 309	31 422
Key ratios (%)					
Return on ordinary shareholders' equity (ROE)			**16,0**	15,1	15,8
ROE, excluding goodwill			**17,3**	16,5	17,2
Tangible ROE			**18,3**	17,4	18,2
Return on total assets (ROA)			**1,28**	1,22	1,27
Return on risk-weighted assets[1]			**2,35**	2,25	2,24
Net interest income to average interest-earning banking assets			**3,36**	3,55	3,52
Credit loss ratio – banking advances			**0,77**	0,83	0,79
Gross operating income growth rate less expense growth rate (Jaws ratio)			**1,3**	(4,4)	(2,5)
Non-interest revenue to total operating expenses			**83,1**	80,9	82,8
Non-interest revenue to total income			**47,2**	45,7	46,9
Efficiency ratio (including share of profits of associate companies and joint arrangements)			**55,8**	56,4	56,5
Effective taxation rate			**24,8**	25,4	25,3
Group capital adequacy ratios (including unappropriated profits)[1]:					
– Common-equity tier 1			**11,4**	12,1	11,6
– Tier 1			**12,1**	13,1	12,5
– Total			**14,5**	15,0	14,6
Statement of financial position statistics (Rm)					
Total equity attributable to equity holders of the parent	8,6		**68 679**	63 247	67 024
Total equity	8,2		**72 574**	67 078	70 911
Amounts owed to depositors	9,3		**690 495**	631 663	653 450
Loans and advances	6,7		**648 844**	608 210	613 021
Gross	6,5		**659 848**	619 686	624 116
Impairment of loans and advances	(4,1)		**(11 004)**	(11 476)	(11 095)
Total assets administered by the group	10,8		**1 100 105**	993 293	1 021 326
Total assets	10,6		**866 624**	783 792	809 313
Assets under management	11,4		**233 481**	209 501	212 013
Life insurance embedded value	10,8		**2 395**	2 162	2 393
Life insurance value of new business	4,0		**129**	124	257
Foreign currency conversion rates					
Pound sterling at the end of the period	5,5	R	**19,15**	18,15	18,04
Pound sterling average rate for the period	1,7	R	**18,24**	17,93	17,88
US dollar at the end of the period	14,2	R	**12,14**	10,63	11,58
US dollar average rate for the period	11,7	R	**11,94**	10,69	10,87

[1] *These metrics have not been reviewed by the group's auditors.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended

	Change %	30 June 2015 (Reviewed) Rm	30 June 2014 (Reviewed) Rm	31 December 2014 (Audited) Rm
Interest and similar income	12,8	**28 513**	25 282	52 619
Interest expense and similar charges	20,1	**16 838**	14 019	29 658
Net interest income	3,7	**11 675**	11 263	22 961
Impairments charge on loans and advances	(1,1)	**2 307**	2 333	4 506
Income from lending activities	4,9	**9 368**	8 930	18 455
Non-interest revenue	10,2	**10 450**	9 480	20 312
Operating income	7,6	**19 818**	18 410	38 767
Total operating expenses	7,4	**12 578**	11 712	24 534
Indirect taxation	9,3	**328**	300	635
Profit from operations before non-trading and capital items	8,0	**6 912**	6 398	13 598
Non-trading and capital items	< (100)	**5**	(1)	(109)
Net profit/(loss) on sale of subsidiaries, investments, and property and equipment		**5**	6	(12)
Net impairment of investments, property and equipment, and capitalised development costs			(7)	(97)
Fair-value adjustments of investment properties				6
Profit from operations	8,1	**6 917**	6 397	13 495
Share of profits of associate companies and joint arrangements	> 100	**436**	11	161
Profit before direct taxation	14,7	**7 353**	6 408	13 656
Total direct taxation	11,9	**1 820**	1 627	3 468
Direct taxation		**1 820**	1 627	3 487
Taxation on non-trading and capital items				(19)
Profit for the period	15,7	**5 533**	4 781	10 188
Other comprehensive income net of taxation	< (100)	**(800)**	115	647
Items that may subsequently be reclassified to profit or loss				
– Exchange differences on translating foreign operations		**440**	99	390
– Fair-value adjustments on available-for-sale assets			22	21
– Share of other comprehensive income of investments accounted for using the equity method		**(1 509)**		
Items that may not subsequently be reclassified to profit or loss				
– Gains on property revaluations		**1**	(6)	202
– Remeasurements on long-term employee benefit assets		**90**		34
– Share of other comprehensive income of investments accounted for using the equity method		**178**		
Total comprehensive income for the period	(3,3)	**4 733**	4 896	10 835
Profit attributable to:				
– Equity holders of the parent	15,9	**5 328**	4 598	9 796
– Non-controlling interest – ordinary shareholders	8,0	**27**	25	69
– Non-controlling interest – preference shareholders	12,7	**178**	158	323
Profit for the period	15,7	**5 533**	4 781	10 188
Total comprehensive income attributable to:				
– Equity holders of the parent	(3,6)	**4 537**	4 706	10 431
– Non-controlling interest – ordinary shareholders	(43,8)	**18**	32	81
– Non-controlling interest – preference shareholders	12,7	**178**	158	323
Total comprehensive income for the period	(3,3)	**4 733**	4 896	10 835
Basic earnings per share (cents)	13,8	**1 129**	992	2 109
Diluted earnings per share (cents)	14,2	**1 102**	965	2 049

HEADLINE EARNINGS RECONCILIATION

for the period ended

	Change %	30 June 2015 (Reviewed) Rm Gross	30 June 2015 (Reviewed) Rm Net of taxation	30 June 2014 (Reviewed) Rm Gross	30 June 2014 (Reviewed) Rm Net of taxation	31 December 2014 (Audited) Rm Gross	31 December 2014 (Audited) Rm Net of taxation
Profit attributable to equity holders of the parent	15,9		**5 328**		4 598		9 796
Less: Non-headline earnings items		**5**	**5**	(1)	(1)	(103)	(84)
Net profit/(loss) on sale of subsidiaries, investments, and property and equipment		**5**	**5**	6	6	(12)	7
Net impairment of investments, property and equipment, and capitalised development costs				(7)	(7)	(97)	(97)
Fair-value adjustments of investment properties						6	6
Headline earnings	15,7		**5 323**		4 599		9 880

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at

	Annualised change %	30 June 2015 (Reviewed) Rm	30 June 2014 (Reviewed) Rm	31 December 2014 (Audited) Rm
Assets				
Cash and cash equivalents	> 100	**28 892**	13 687	13 339
Other short-term securities	(3,5)	**66 083**	50 487	67 234
Derivative financial instruments	(10,9)	**14 732**	13 393	15 573
Government and other securities	77,7	**37 649**	30 551	27 177
Loans and advances	11,8	**648 844**	608 210	613 021
Other assets	(53,9)	**6 386**	11 331	8 715
Current taxation assets	> 100	**451**	241	291
Investment securities	(5,8)	**19 449**	20 532	20 029
Non-current assets held for sale	(37,8)	**13**	12	16
Investments in private-equity associates, associate companies and joint arrangements	(13,8)	**7 146**	1 427	7 670
Deferred taxation assets	(1,3)	**307**	224	309
Investment property	> 100	**300**	120	130
Property and equipment	(6,4)	**7 526**	7 042	7 773
Long-term employee benefit assets	7,8	**4 721**	4 219	4 546
Mandatory reserve deposits with central banks	6,0	**15 358**	13 938	14 911
Intangible assets	4,4	**8 767**	8 378	8 579
Total assets	14,3	**866 624**	783 792	809 313
Equity and liabilities				
Ordinary share capital	4,3	**476**	465	466
Ordinary share premium	8,2	**17 467**	16 805	16 781
Reserves	3,9	**50 736**	45 977	49 777
Total equity attributable to equity holders of the parent	5,0	**68 679**	63 247	67 024
Non-controlling interest attributable to:				
– Ordinary shareholders	4,9	**334**	270	326
– Preference shareholders		**3 561**	3 561	3 561
Total equity	4,7	**72 574**	67 078	70 911
Derivative financial instruments	(5,9)	**15 016**	14 829	15 472
Amounts owed to depositors	11,4	**690 495**	631 663	653 450
Provisions and other liabilities	> 100	**22 954**	14 197	13 788
Current taxation liabilities	> 100	**256**	106	134
Deferred taxation liabilities	(28,4)	**800**	813	931
Long-term employee benefit liabilities	(0,8)	**3 059**	2 833	3 071
Investment contract liabilities	7,7	**12 196**	12 307	11 747
Insurance contract liabilities	(6,1)	**4 044**	3 846	4 171
Long-term debt instruments	54,3	**45 230**	36 120	35 638
Total liabilities	**15,2**	**794 050**	**716 714**	**738 402**
Total equity and liabilities	**14,3**	**866 624**	**783 792**	**809 313**

CONDENSED 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 2013	60 617	246	3 473	64 336
Dividend to shareholders	(2 433)	(8)		(2 441)
Preference share dividend			(158)	(158)
Issues of shares net of expenses	771			771
Shares (acquired)/no longer held by group entities and BEE trusts	(294)			(294)
Total comprehensive income for the period	4 706	32	158	4 896
Share-based payment reserve movement	(125)			(125)
Preference shares held by group entities			88	88
Regulatory risk reserve provision	5			5
Reviewed balance at 30 June 2014	63 247	270	3 561	67 078
Dividend to shareholders	(2 210)	(1)		(2 211)
Preference share dividend			(31)	(31)
Shares delisted in terms of BEE transaction	(1 613)			(1 613)
Shares (acquired)/no longer held by group entities and BEE trusts	1 600			1 600
Acquisition of additional shareholding in subsidiary		8		8
Total comprehensive income for the period	5 725	49	31	5 805
Share-based payment reserve movement	276			276
Regulatory risk reserve provision	2			2
Other movements	(3)			(3)
Audited balance at 31 December 2014	**67 024**	**326**	**3 561**	**70 911**
Dividend to shareholders	**(2 775)**	**(10)**		**(2 785)**
BEE transaction dividend	**(571)**			**(571)**
Preference share dividend			**(178)**	**(178)**
Issues of shares net of expenses	**1 022**			**1 022**
Shares delisted in terms of BEE transaction	**(336)**			**(336)**
Shares (acquired)/no longer held by group entities and BEE trusts	**10**			**10**
Total comprehensive income for the period	**4 537**	**18**	**178**	**4 733**
Share-based payment reserve movement	**(218)**			**(218)**
Regulatory risk reserve provision	**(15)**			**(15)**
Other movements	**1**			**1**
Reviewed balance at 30 June 2015	**68 679**	**334**	**3 561**	**72 574**

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

for the period ended

	30 June 2015 (Reviewed) Rm	30 June 2014 (Reviewed) Rm	31 December 2014 (Audited) Rm
Cash generated by operations	**10 930**	10 245	21 332
Change in funds for operating activities	**(64)**	(12 986)	(11 231)
Net cash from/(utilised by) operating activities before taxation	**10 866**	(2 741)	10 101
Taxation paid	**(2 200)**	(1 898)	(4 283)
Cashflows from/(utilsed by) operating activities	**8 666**	(4 639)	5 818
Cashflows from/(utilised by) investing activities	**647**	(2 475)	(9 455)
Cashflows from/(utilised by) financing activities	**6 764**	738	(2 132)
Effects of exchange rate changes on opening cash and cash equivalents (excluding foreign borrowings)	**(77)**	(72)	(54)
Net increase/(decrease) in cash and cash equivalents	**16 000**	(6 448)	(5 823)
Cash and cash equivalents at the beginning of the period[1]	**28 250**	34 073	34 073
Cash and cash equivalents at the end of the period[1]	**44 250**	27 625	28 250

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

CONDENSED SEGMENTAL REPORTING

for the period ended

	Total assets			Total liabilities			Operating income/(losses)			Headline earnings/(losses)		
	30 June 2015 (Reviewed)	30 June 2014 (Reviewed)	31 Dec 2014 (Audited)	**30 June 2015 (Reviewed)**	30 June 2014 (Reviewed)	31 Dec 2014 (Audited)	**30 June 2015 (Reviewed)**	30 June 2014 (Reviewed)	31 Dec 2014 (Audited)	**30 June 2015 (Reviewed)**	30 June 2014 (Reviewed)	31 Dec 2014 (Audited)
Nedbank Corporate and Investment Banking	**422 890**	391 953	381 241	**401 042**	374 969	363 744	**5 793**	5 231	10 875	**2 485**	2 212	4 727
Nedbank Retail and Business Banking	**329 174**	311 923	323 840	**302 131**	285 264	296 275	**11 369**	10 420	21 975	**2 132**	1 831	4 031
Nedbank Wealth	**61 458**	55 521	57 609	**58 767**	52 758	54 779	**1 997**	1 863	3 986	**519**	464	1 042
Rest of Africa	**29 250**	21 710	27 428	**24 722**	18 811	23 879	**668**	718	1 631	**344**	64	357
Centre	**23 852**	2 685	19 195	**7 388**	(15 088)	(275)	**(9)**	178	300	**(157)**	28	(277)
Total	**866 624**	783 792	809 313	**794 050**	716 714	738 402	**19 818**	18 410	38 767	**5 323**	4 599	9 880

During the period the Nedbank Corporate and Nedbank Capital Clusters were aggregated to form the Nedbank Corporate and Investment Banking Cluster. Similarly, the Nedbank Retail and Nedbank Business Banking Clusters were aggregated to form the Nedbank Retail and Business Banking Cluster. The comparative segment information previously presented for Nedbank Corporate, Nedbank Capital, Nedbank Retail, and Nedbank Business Banking has been represented based on the new aggregated clusters, ie Nedbank Corporate and Investment Banking and Nedbank Retail and Business Banking.

CONTINGENT LIABILITIES AND COMMITMENTS

for the period ended

Contingent liabilities and undrawn facilities

	30 Jun 2015 (Reviewed) Rm	30 Jun 2014 (Reviewed) Rm	31 Dec 2014 (Audited) Rm
Guarantees on behalf of clients	**25 557**	36 915	23 778
Letters of credit and discounting transactions	**3 287**	3 378	3 262
Irrevocable unutilised facilities and other	**109 631**	98 148	104 429
	138 475	138 441	131 469

The group, in the ordinary course of business, enters into transactions that expose it 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 be foreseen at present.

Commitments

Capital expenditure approved by directors

	30 Jun 2015 (Reviewed) Rm	30 Jun 2014 (Reviewed) Rm	31 Dec 2014 (Audited) Rm
Contracted	**1 600**	212	1 294
Not yet contracted	**1 238**	1 390	1 286
	2 838	1 602	2 580

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 period.

LIQUIDITY COVERAGE RATIO

	Nedbank Group Limited		Nedbank Limited	
Rm	Total unweighted[1] value (average)	Total weighted[2] value (average)	Total unweighted[1] value (average)	Total weighted[2] value (average)
High-quality liquid assets (HQLA)				
Total high-quality liquid assets	–	**109 060**	–	**105 958**
Cash outflows				
Retail deposits and deposits from small business customers, of which	**182 934**	**15 227**	**171 131**	**14 191**
Stable deposits	2 882	144		
Less stable deposits	180 052	15 083	171 131	14 191
Unsecured wholesale funding, of which	**235 977**	**131 467**	**205 939**	**114 763**
Operational deposits (all counterparties) and deposits in institutional networks of cooperative banks	111 056	31 754	96 893	27 857
Non-operational deposits (all counterparties)	124 921	99 713	109 046	86 906
Unsecured debt				
Secured wholesale funding	**12 508**	**9**	**12 508**	**9**
Additional requirements, of which	**156 749**	**19 781**	**138 657**	**17 739**
Outflows related to derivatives exposures and other collateral requirements	345	345	290	290
Outflows related to loss of funding on debt products	1 162	1 162	1 162	1 162
Credit and liquidity facilities	155 242	18 274	137 205	16 287
Other contractual funding obligations	**44 741**	**3 598**	**44 741**	**3 598**
Other contingent funding obligations	**4 280**	**235**		
Total cash outflows	**637 189**	**170 317**	**572 976**	**150 300**
Cash inflows				
Secured lending (eg reverse repos)	**5 058**	**850**	**5 059**	**850**
Inflows from fully performing exposures	**33 828**	**24 182**	**19 334**	**10 359**
Other cash inflows	**4 971**	**4 943**	**2 786**	**2 786**
Total cash inflows	**43 857**	**29 975**	**27 179**	**13 995**

Rm	Total adjusted[3] value	Total adjusted[3] value
Total high quality liquid assets	**109 060**	**105 958**
Total net cash outflows	**143 029**	**136 305**
Liquidity coverage ratio (%)	**76,3%**	**77,7%**

[1] *Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).*
[2] *Weighted values are calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).*
[3] *Note that total cash outflows less total cash inflows may not be equal to total net cash outflows to the extent that regulatory caps have been applied to cash inflows as specified by the regulations.*

This section on liquidity coverage ratio has not been reviewed by the group's auditors.