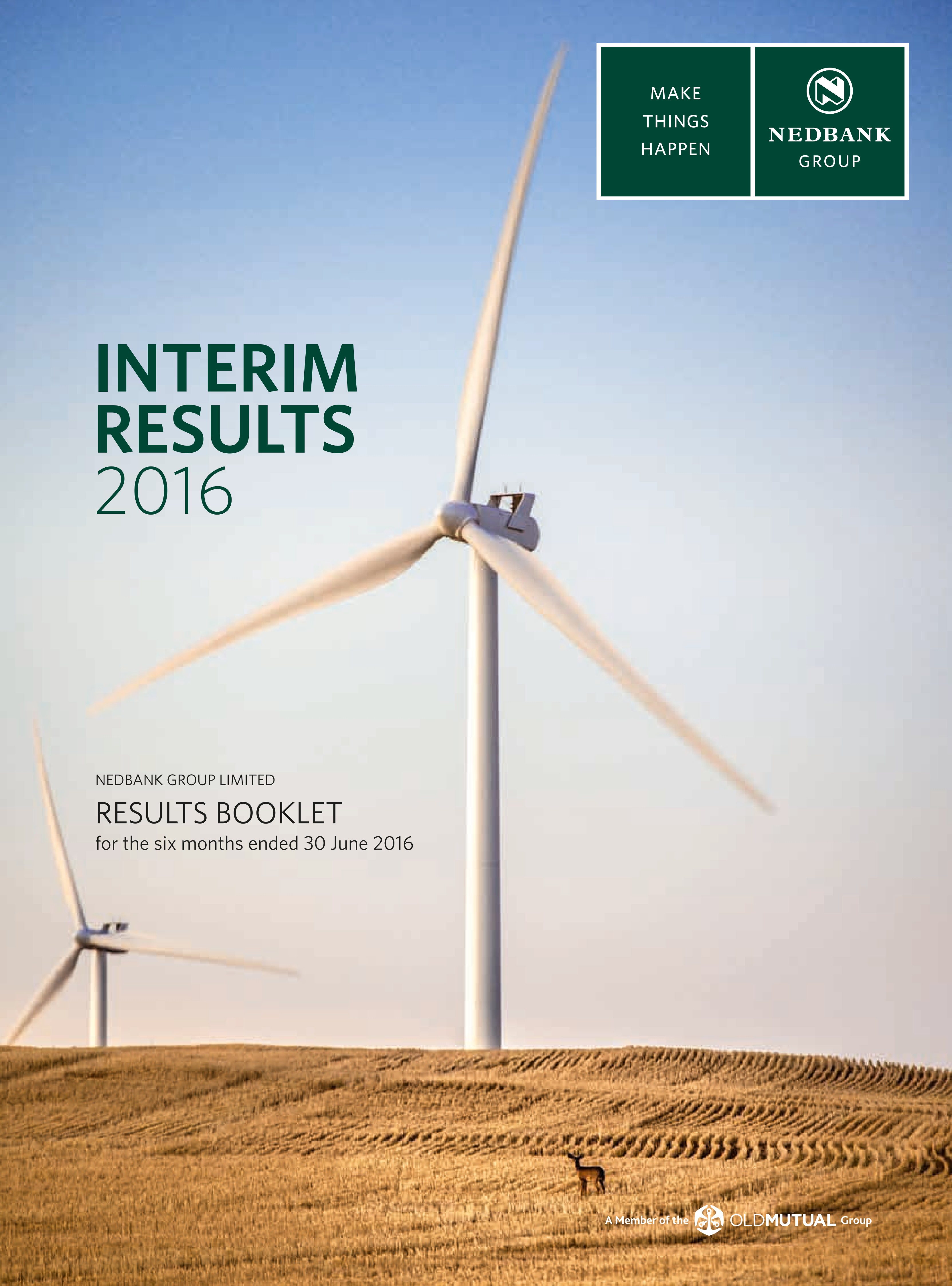

MAKE THINGS HAPPEN

NEDBANK GROUP

INTERIM RESULTS 2016

NEDBANK GROUP LIMITED

RESULTS BOOKLET

for the six months ended 30 June 2016

A Member of the OLDMUTUAL Group

2016 INTERIM HIGHLIGHTS

Headline earnings
▲ **2,0%**
R5 427m

Headline earnings excl ETI
▲ **20,1%**
R6 030m

Diluted HEPS
▲ **1,6%**
1 119 cents

Interim dividend per share
▲ **6,1%**
570 cents

Common-equity tier 1 ratio
▲ **11,6%**
(Dec 2015: 11,3)

ROE (excl goodwill)
▼ **15,7%**
(H1 2015: 17,3%)

ROE (excl goodwill and ETI)
▲ **18,4%**

NAV per share
▲ **9,7%**
15 826 cents

Credit loss ratio
▼ **67 bps**
(H1 2015: 77 bps)

Portfolio coverage on performing book
▲ **0,71%**
(H1 2015: 0,68)

NIR growth
▲ **8,7%**
R11 357m

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

VERY STRONG PERFORMANCE FROM NEDBANK GROUP'S MANAGED OPERATIONS IN SA IN A DIFFICULT MACRO ENVIRONMENT

'Nedbank Group's managed operations, excluding Ecobank Transnational Incorporated (ETI), produced a very strong performance for the first six months of the year. Headline earnings growth was underpinned by strong revenue generation and an improved credit loss ratio of 67 basis points, while strengthening our portfolio impairment coverage ratios.

Our focus on growing our transactional banking franchise continues to unlock benefits. The integration of our CIB Cluster last year resulted in an enhanced client offering, which increased cross-sell activities. Our RBB Cluster made good progress in gaining clients through its innovative digital and other offerings, resulting in an increase of 7,3% in main-banked clients and an increase in the ROE from 15,9% to 18,3%. Our Wealth Cluster grew earnings strongly, with good performances from Private Wealth, Asset Management and Insurance.

Strong growth from our managed operations in SA was offset by a weak performance in the Rest of Africa and, in particular, the impact of equity-accounting in Nedbank's first quarter (Q1) 2016 associate income for our share of ETI's loss in its fourth quarter (Q4) 2015, as we have already reported on in our Q1 2016 performance update in May. ETI continues to navigate a difficult operating environment and following its comprehensive review of processes and portfolios, which led to elevated impairment charges in Q4 2015, ETI has produced a much-improved performance in Q1 2016. We believe in the long-term growth potential of the Rest of Africa and remain supportive of ETI's management and board in their strategy to enhance the focus of the business on delivering a ROE ahead of its COE.

Our guidance for organic growth in diluted headline earnings per share for 2016 remains unchanged. We continue to expect positive growth in this metric, albeit that in the current economic environment this is expected to be lower than the growth we achieved in 2015 and below our medium-to-long-term target of the consumer price index plus GDP growth plus 5%.'

Mike Brown

Chief Executive

CONTENTS

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

NOTES:

STRATEGY & OVERVIEW

MIKE BROWN

Very strong operational performance from Nedbank in SA, offset by weakness in Rest of Africa & impact of ETI Q4 2015 in particular.

NOTES:

Difficult macro environment evident in declining GDP growth

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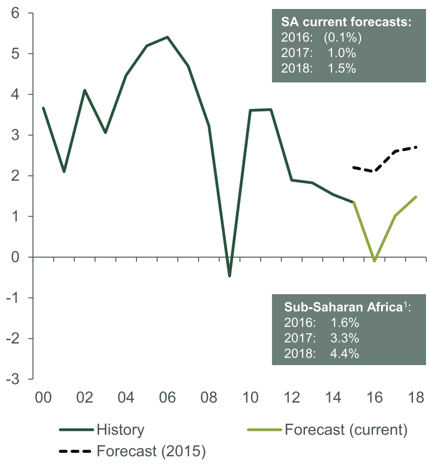
SA GDP growth
(%)



Business, government & labour working together to stimulate growth & employment

1 Preventing a sovereign credit ratings downgrade to below investment grade

2 Catalysing the growth of SMEs

3 Identifying & highlighting sectoral investment opportunities & blockages

Source: Nedbank Group Economic Unit | 1 IMF updated on 19 July 2016.

3

NOTES:

Volatility & uncertainty evident in currencies, bond yields, credit spreads & commodities

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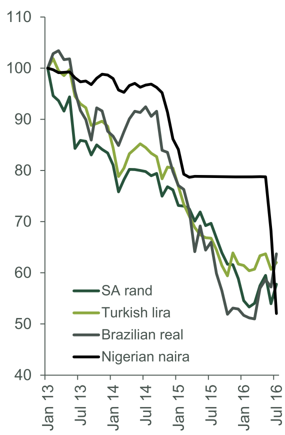
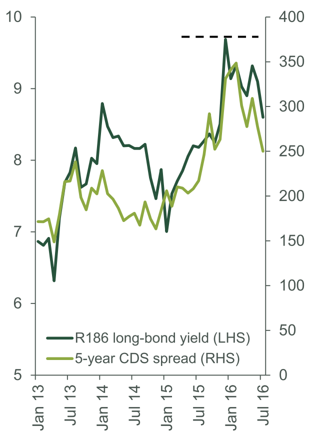
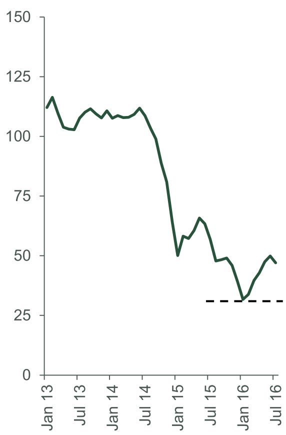
Currencies
(vs US$ based to 100)



Bond yields & CDS spreads
(R186, 5-year CDS, %)



Commodities
(Brent oil US$/barrel)



Source: Nedbank Group Economic Unit.

4

NOTES:

Higher interest rates & weaker economic environment resulting in slower credit growth

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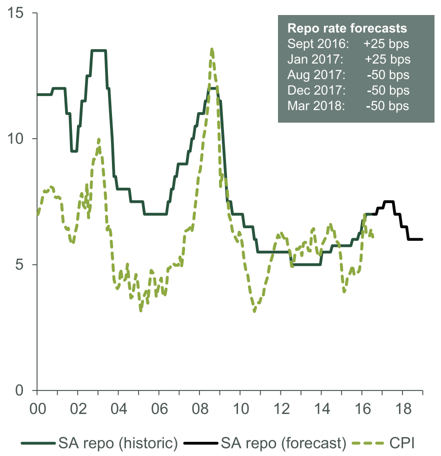
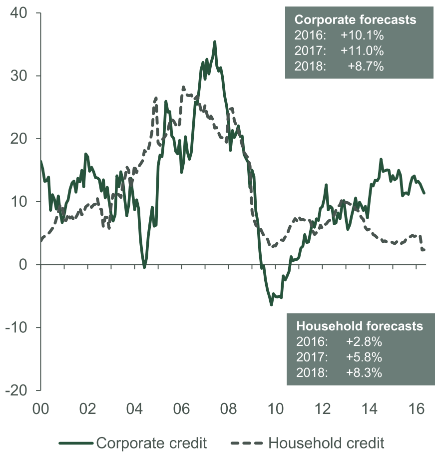
SA interest rates & inflation
(%)



Credit growth
(%)



Source: Nedbank Group Economic Unit.

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NOTES:

Strategic highlights

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Client-centred innovation

Growing our transactional banking franchise	Retail main-banked clients +7% Retail transactional NIR growth +9%	RBB ROE 18.3% Retail ROE 17.0%	Integration of CIB supporting NIR growth +14%
Strategic Portfolio Tilt	Retail household deposit market share gains	Selective origination resulting in high-quality book & low CLR of 67 bps	Wholesale > retail advances growth 61% wholesale
Optimise & invest	Core systems reduced since 2010 (Managed evolution) -84 systems	CIB, RBB & Insurance restructuring Complete	OMGSA – R1bn synergies by 2017 (~30% to Nedbank) On track
Pan-African banking network	SADC & East Africa Flexcube core system implemented 2 countries	SADC & East Africa Banco Único control in H2 (est cost: R112m)	West & Central Africa NPL deep dive in Q4 2015 & revised ETI strategy

6

NOTES:

Delivering value to all stakeholders

BOOKLET SLIDE

MAKE THINGS HAPPEN | NEDBANK GROUP

TO BE AFRICA'S MOST ADMIRED BANK

BY OUR:

STAFF

- Leadership & structural changes well executed
- 1 176 new permanent staff
- Ongoing progress on staff transformation

CLIENTS

- New loan payouts of R75bn
- Top-ranked investment manager, AUM up 9.8% to R256,5bn
- Retail main-banked clients up 7.3% & transactional banking gains across all clusters
- 96 additional depositor ATMs, > 8 000 POS devices & 75 additional branches of the future
- Digitally enabled clients up 26% & value of AppSuite™ transactions up 55%

SHAREHOLDERS

- NAV per share up 9.7%
- ROE (excl goodwill): 15.7% (above average monthly cost of equity of 14.4%)
- Interim dividend of 570c, up 6.1%
- Good AGM voting outcomes

REGULATORS

- Strong capital, liquidity & coverage ratios
- AML remediation of high-risk clients
- Focus on compliance & sustainable banking practices

COMMUNITIES

- Maintained level 2 BBBEE for 7th consecutive year
- 75% of procurement sourced locally
- More than R1bn Fair Share 2030 to support student accommodation & embedded energy in the commercial & farming sectors

7

NOTES:

Delivering value to shareholders

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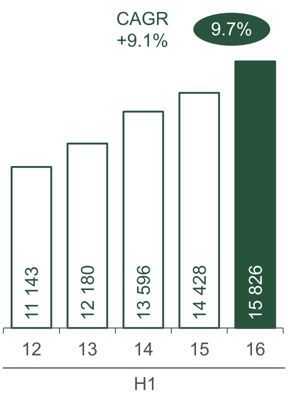
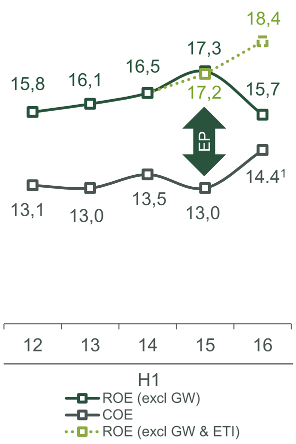
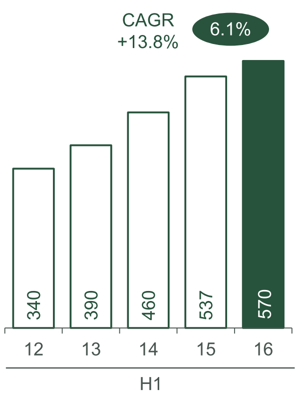
NAV	ROE > COE	Dividends
NAV per share (cents)	**ROE & cost of equity** (%)	**Interim dividend per share** (cents)







1 Monthly average for H1 2016 only.

8

NOTES:

RAISIBE
MORATHI

FINANCIAL OVERVIEW

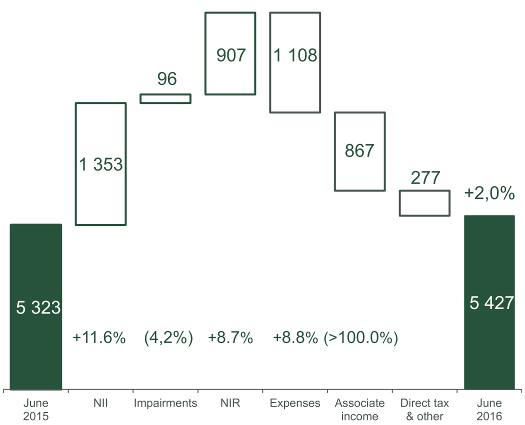
Strong revenue growth & well-managed risk environment.

NOTES:

Growth driven by strong revenue performance & good credit risk management

MAKE THINGS HAPPEN | NEDBANK GROUP

Headline earnings
(Rm)



Solid performance, despite …

- Interest rate increases lower & slower than expected (75 vs 100 bps increase)
- SA GDP growth slower than expected (Q1 2016: -1.2%)
- Uncertainty around sovereign ratings downgrade
- ETI H1 2016 loss in associate income of R446m (H1 2015: R426m profit)
- High earnings base in H1 2015 (15.7% growth on H1 2014)

10

NOTES:

Key performance indicators

MAKE THINGS HAPPEN NEDBANK GROUP

	H1 2016	H1 2015	Excluding ETI[1] H1 2016	Excluding ETI[1] H1 2015
Headline earnings (Rm)	5 427	5 323	6 030	5 019
ROE (excl goodwill)	15.7%	17.3%	18.4%	17.2%
Diluted HEPS growth	1.6%	14.1%	19.7%	7,6%
Preprovisioning profit growth	1.5%	10.4%	11.6%	7,4%
Net interest margin	3,37%	3,36%		
Credit loss ratio	0.67%	0.77%		
NIR-to-expenses ratio	83.0%	83.1%		
Common-equity tier 1 CAR	11.6%	11.4%		
Dividend per share (cents)	570	537		

1 Excluding associate income/ losses, as well as funding costs.

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NOTES:

Adjusted ROE, excluding ETI, continued to increase & gearing reduced further

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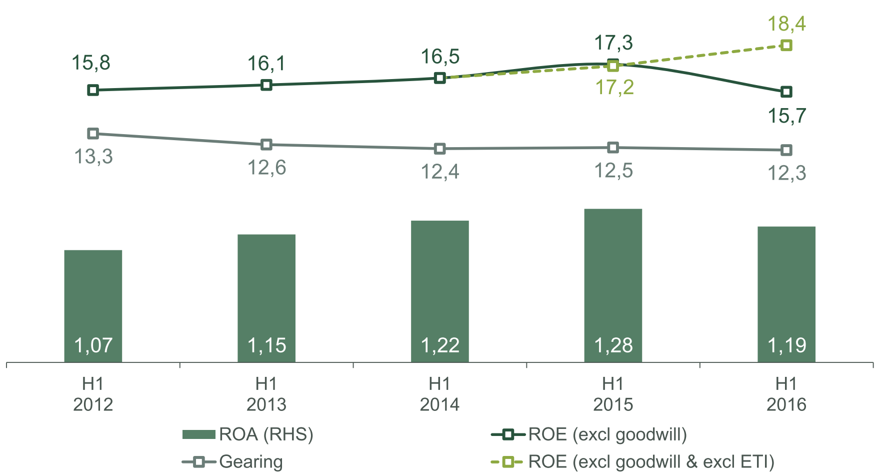
ROE (excl goodwill), ROA & gearing
(%, x)



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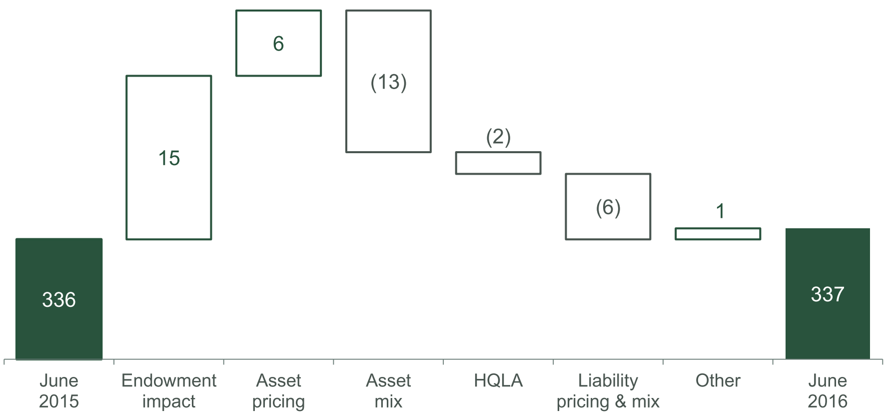
NOTES:

Net interest margin – benefit from endowment, reduced asset mix impact & improved pricing

Net interest margin
(bps)

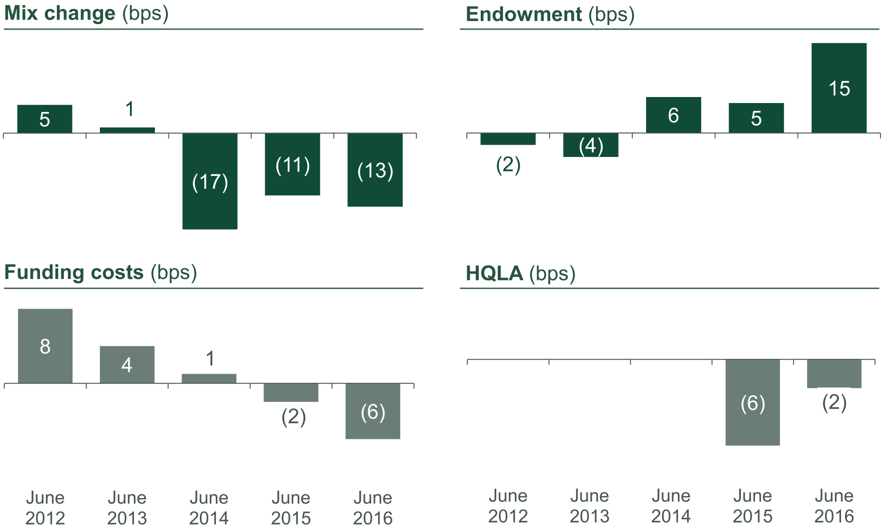


Note: NIM for FY 2015 was 330 bps.

13

NOTES:

Net interest margin – driven by asset mix change & endowment over time with increasing impact from Basel III requirements



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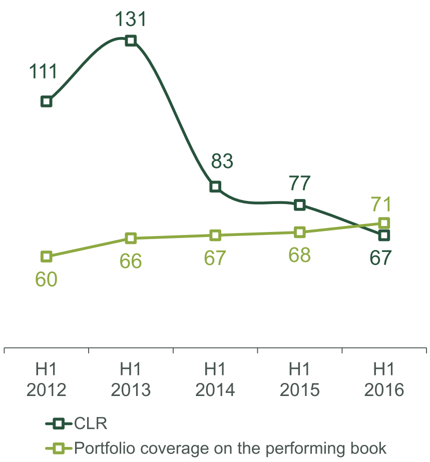
NOTES:

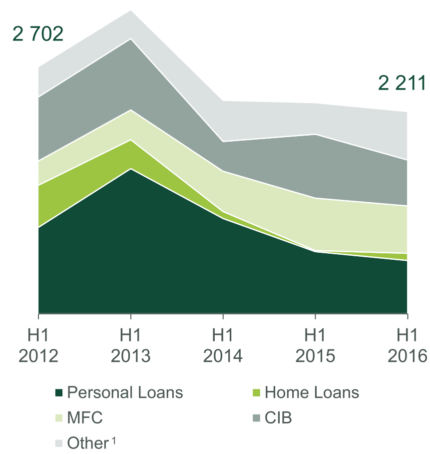
Credit loss ratio – reflective of quality portfolio while maintaining high coverage

MAKE THINGS HAPPEN | NEDBANK GROUP

Group credit loss ratio & portfolio coverage
(bps)



Impairments charge
(Rm)



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

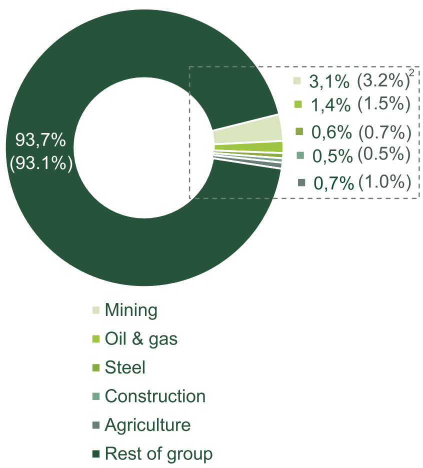
15

NOTES:

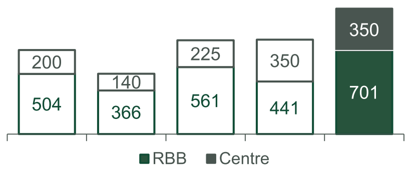
Managing our risks & industry exposures – bolstering portfolio provisioning & overlays

MAKE THINGS HAPPEN | NEDBANK GROUP

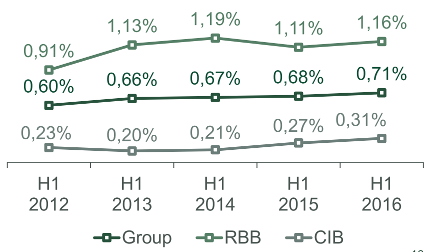
Nedbank Group industry exposures[1]
(%)



Overlays & central provision
(Rm)



Portfolio coverage
(%)



1 Nedbank Group on-balance-sheet exposures: R783bn at 31 May 2016.
2 Represents exposures at 31 December 2015.

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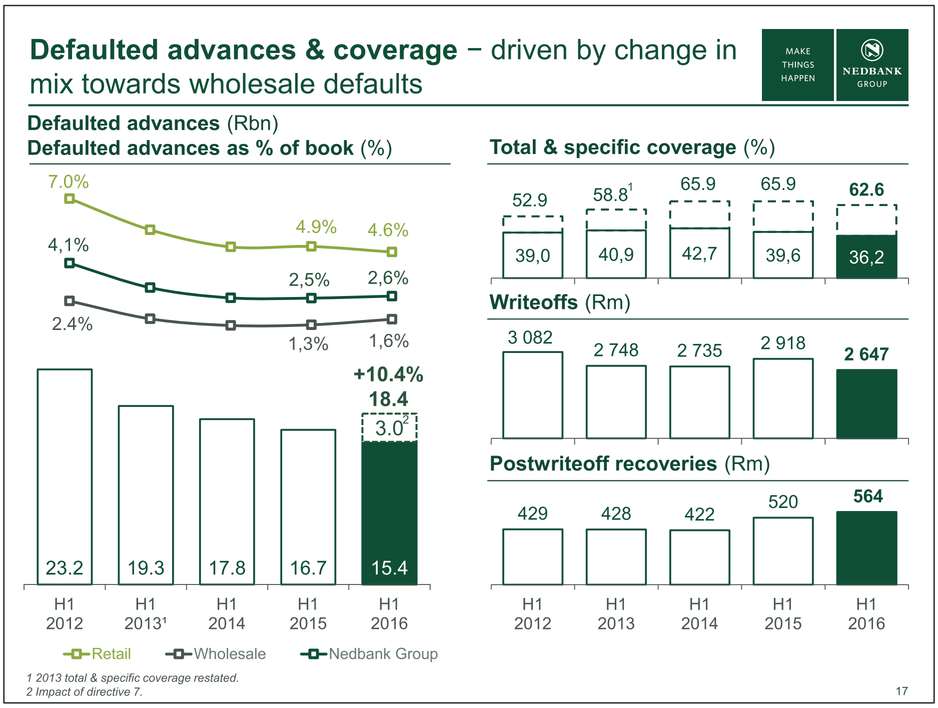
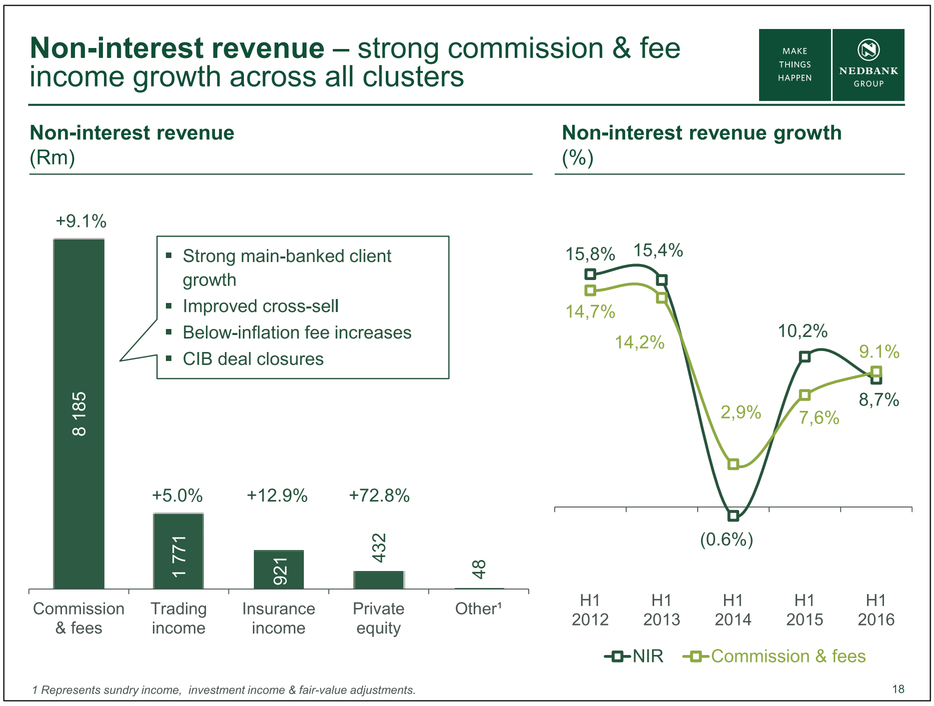
NOTES:


Defaulted advances & coverage – driven by change in mix towards wholesale defaults
MAKE THINGS HAPPEN
NEDBANK GROUP
Defaulted advances (Rbn)
Defaulted advances as % of book (%)
7.0%
4.9%
4.6%
4,1%
2,5%
2,6%
2.4%
1,3%
1,6%
+10.4%
18.4
3.0²
23.2
19.3
17.8
16.7
15.4
H1 2012
H1 2013¹
H1 2014
H1 2015
H1 2016
Retail
Wholesale
Nedbank Group
Total & specific coverage (%)
52.9
58.8¹
65.9
65.9
62.6
39,0
40,9
42,7
39,6
36,2
Writeoffs (Rm)
3 082
2 748
2 735
2 918
2 647
Postwriteoff recoveries (Rm)
429
428
422
520
564
H1 2012
H1 2013
H1 2014
H1 2015
H1 2016
1 2013 total & specific coverage restated.
2 Impact of directive 7.
17

NOTES:


Non-interest revenue – strong commission & fee income growth across all clusters
MAKE THINGS HAPPEN
NEDBANK GROUP
Non-interest revenue (Rm)
+9.1%
8 185
Strong main-banked client growth
Improved cross-sell
Below-inflation fee increases
CIB deal closures
+5.0%
1 771
+12.9%
921
+72.8%
432
48
Commission & fees
Trading income
Insurance income
Private equity
Other¹
Non-interest revenue growth (%)
15,8%
15,4%
14,7%
14,2%
10,2%
9.1%
8,7%
2,9%
7,6%
(0.6%)
H1 2012
H1 2013
H1 2014
H1 2015
H1 2016
NIR
Commission & fees
1 Represents sundry income, investment income & fair-value adjustments.
18

NOTES:

Expenses – well managed & aligned to key drivers

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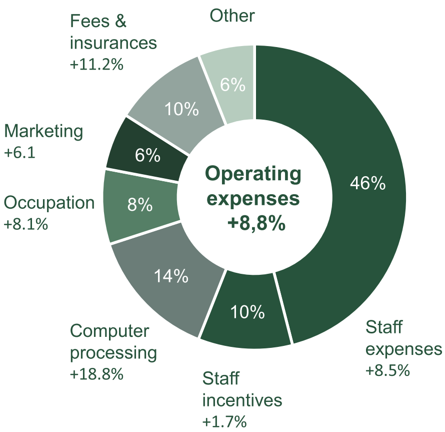

Expense drivers

- **Staff**
  - Headcount +3.8% (regulatory demands)
  - Average annual salary increase of 6.3%
  - Incentives linked to CPTs
- **Computer processing**
  - Increased spend on client innovation & regulation (IT projects)
  - Amortisation +11%
- **Fees & insurances**
  - Increased volumes of revenue-related activities (eg cash handling & card)
- **Occupation**
  - Regional consolidation & ongoing investment in distribution

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NOTES:

Expenses – Growth adjusted downwards as revenues slowed, with flexibility in a tougher environment

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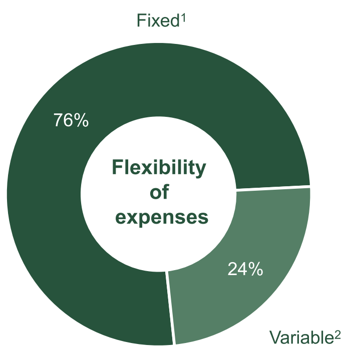
Expense growth vs CPI (inflation)
(%)

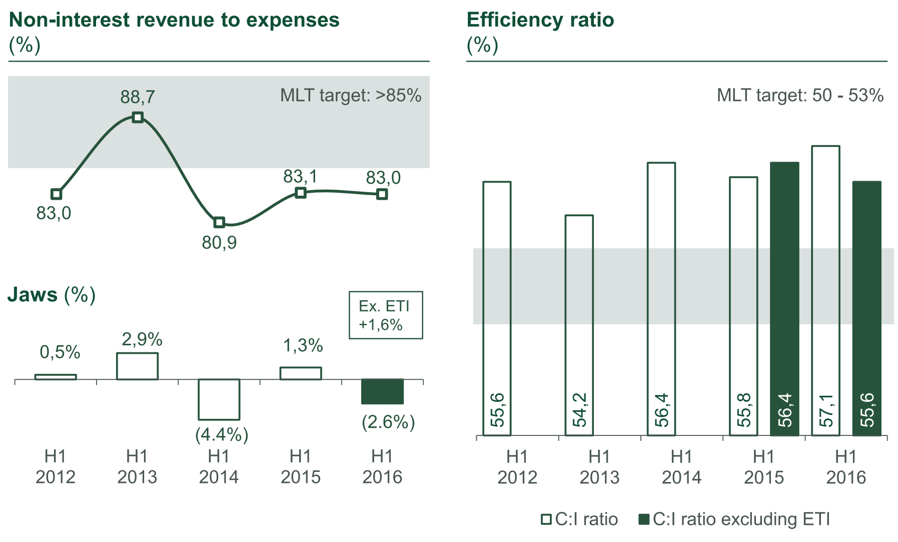


1 Fixed, mostly staff & infrastructure – can be adjusted through deliberate action such as staff attrition (9% at Nedbank).
2 Variable expenses include incentives & direct volume-related expenses & costs that can be adjusted or delayed over time, eg some training, travel, maintenance & marketing-related fees.

20

NOTES:

Efficiency metrics impacted by associate income – focus remains on our medium-to-long-term targets



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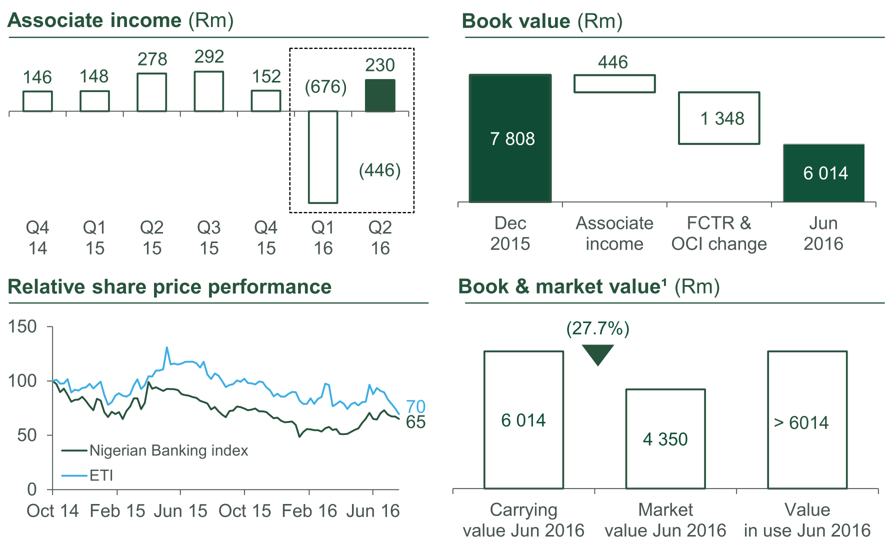
NOTES:

Associate income – ETI recovery in progress but naira devaluation introduces uncertainty



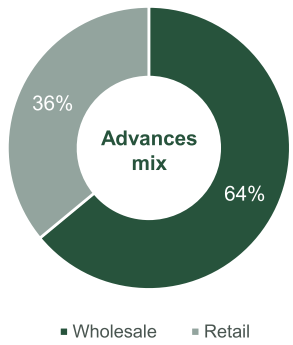
1 Market value based on ETI share price.

22

NOTES:

Advances mix still favours wholesale

Gross advances (Rbn)	% change	**Jun 2016**	Jun 2015
CIB	**8.5**	**360.8**	**332.5**
Commercial property	9.7	**117.4**	107.0
Other corporate loans	12.2	**209.6**	186.9
Trading advances	(12.5)	**33.8**	38.6
RBB	**3.4**	**293.6**	**283.9**
Home loans	2.1	**109.1**	106.9
Motor finance	6.9	**83.2**	77.8
Card	3.5	**14.5**	14.0
Personal loans	3.4	**16.8**	16.2
Business Banking	2.0	**70.0**	65.7
Other	(6.5)	**3.0**	3.3
Nedbank Wealth	**11.3**	**29.8**	26.8
Rest of Africa	**14.9**	**18.5**	16.1
Centre	> 100	**2.1**	0.5
Impairments on advances	4.5	**(11.5)**	(11.0)
Net total advances	**6.9**	**693.3**	648.8



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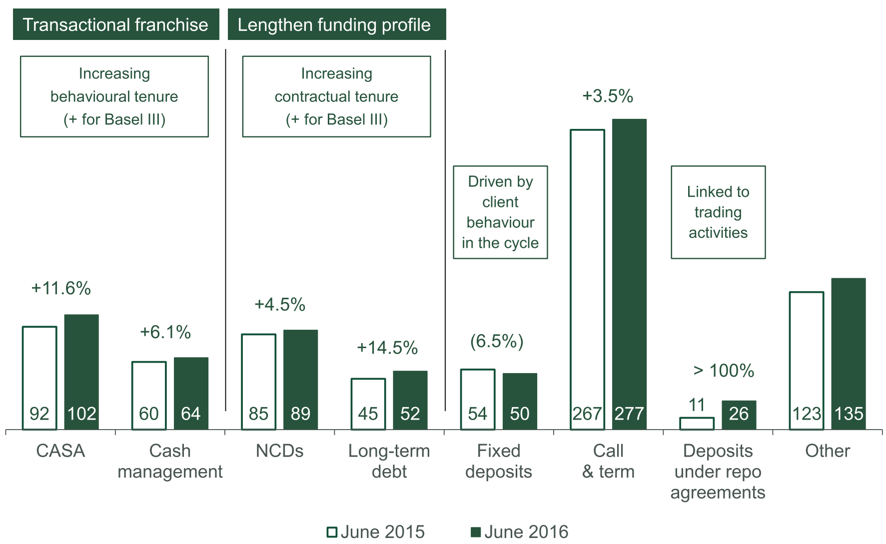
NOTES:

Strong deposit & funding growth in Basel III– friendly categories



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NOTES:

Growing market share in key deposit categories

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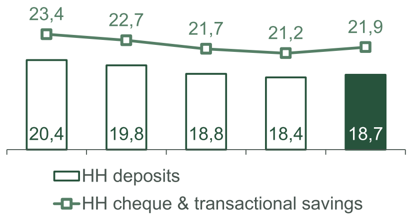
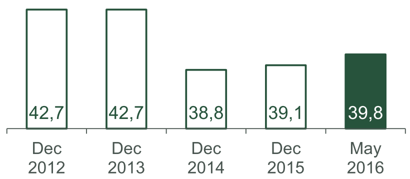
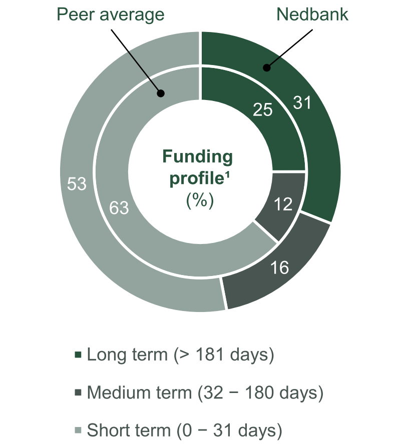
Household & transactional market share gains (%)



Institutional funding contribution to group declined over time (%)



Funding duration longer than industry average (%)



1 Funding profile at May 2016 for peers.

25

NOTES:

Capital well positioned for Basel III regulatory environment

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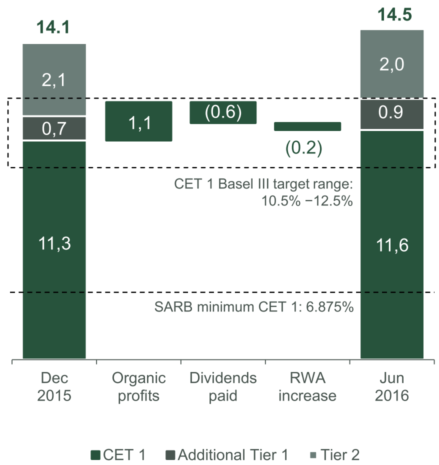
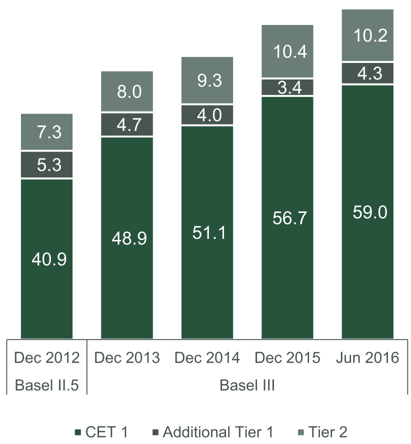
Capital ratios (%)



Capital stack (Rbn)



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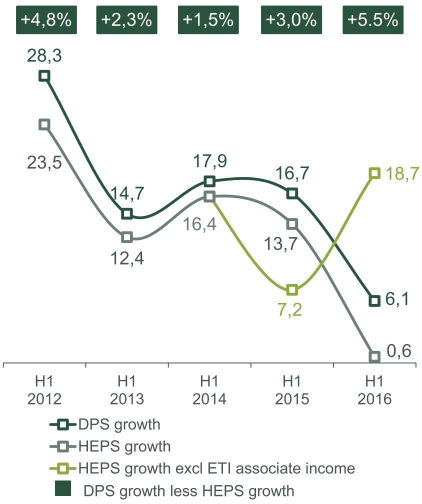
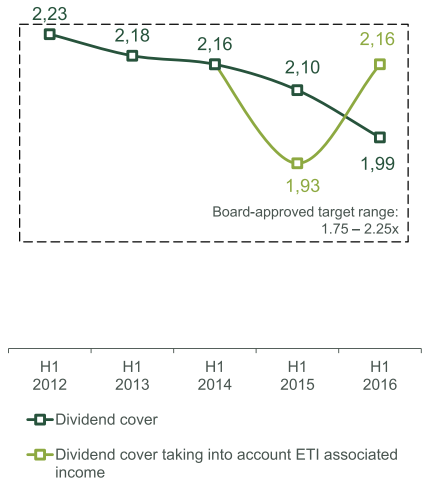
NOTES:

Dividend growth ahead of HEPS growth

DPS vs HEPS growth
(%)



Interim dividend cover
(x times)



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NOTES:

Strong performance from Nedbank operations excluding ETI

	% change	Headline earnings (Rm)			ROE (%)	
		H1 2016	H1 2015		**H1 2016**	H1 2015
CIB	20,9	3 004	2 485		21.3	22.9
RBB	11,2	2 371	2 132		18.3	15.9
Wealth	18,3	614	519		35.9	38.9
Rest of Africa subsidiaries	32,5	53	40		2.7	5.0
Centre	92,4	(12)	(157)			
Nedbank managed businesses	20,1	6030	5019	▲	16.0	14.2
ETI	> (100,0)	(603)	304	▼	(35.8)	35.5
Total	2,0	5 427	5 323		14,6	16,0

Note: Internal capital allocation increased – CIB, Wealth & Rest of Africa .

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NOTES:

BRIAN KENNEDY

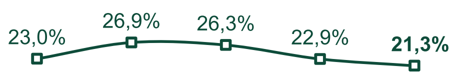
NEDBANK CORPORATE & INVESTMENT BANKING

Building an integrated corporate & investment bank.

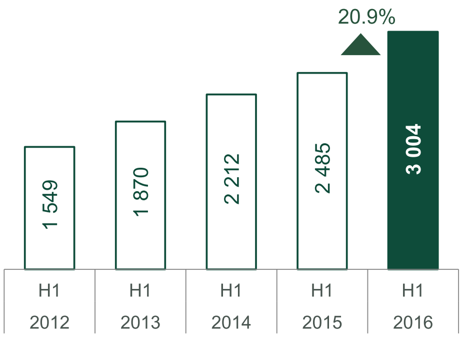
NOTES:

Continuing to deliver good returns

ROE (%)



Headline earnings (Rm)



Key drivers

- The benefits being derived from the integrated wholesale model are enabling deeper client penetration
- PPOP up 15.5% from good pipeline conversion
- Controlled expense growth & maintained expense benefits from integration
- ROE at 21.3%, with allocated capital growing by 29.7%

30

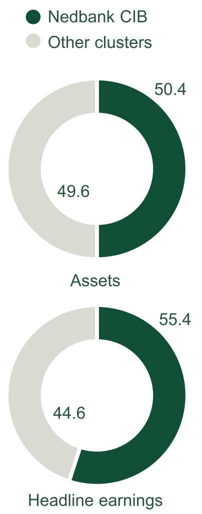
NOTES:

Corporate & Investment Banking
Financial highlights

BOOKLET SLIDE

MAKE THINGS HAPPEN | NEDBANK GROUP

Year ended	% change	Jun 2016	Jun 2015
Headline earnings (Rm)	20.9	**3 004**	2 485
Operating income (Rm)	15.4	**6 688**	5 793
PPOP (Rm)	15.5	**4 431**	3 837
Net interest margin (%)		**1.97**	1.99
NIR-to-expenses ratio (%)		**130.1**	124,7
Efficiency ratio (%)		**37.5**	38.9
Credit loss ratio (%)		**0.31**	0.38
Average banking advances (Rm)	13.6	**324 519**	285 610
Average deposits (Rm)	4.8	**340 140**	324 449
Headline economic profit (Rm)	(10.9)	**959**	1 076
Average allocated capital (Rm)	29.7	**28 329**	21 848
ROE (%)		**21.3**	22.9



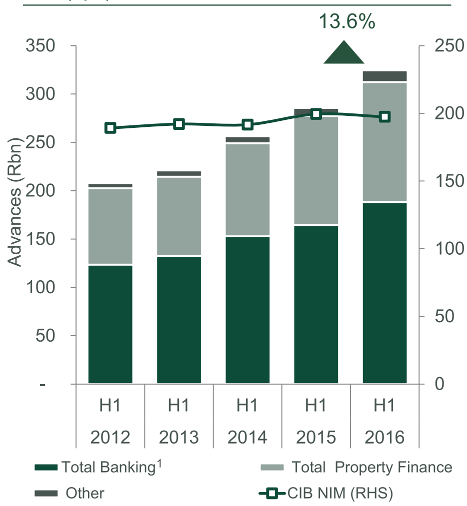
31

NOTES:

Good growth in advances, with focus on quality

MAKE THINGS HAPPEN | NEDBANK GROUP

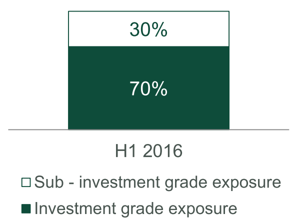
Average loans & advances (Rbn)
NIM (bps)



Key drivers

- Converting strong pipeline in key selected sectors
- Continuing to focus on strategic growth sectors & opportunities on the continent
- Slight decline in NIM as competition for high-quality assets increases

Total CIB book quality



1 Total banking defined as IB & Client Coverage combined.

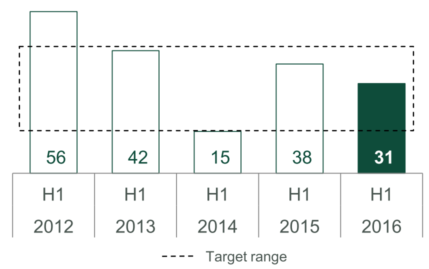
32

NOTES:

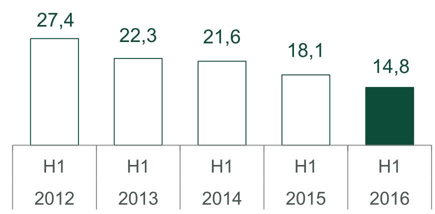
Improved CLR with good progress in distressed sectors

MAKE THINGS HAPPEN | NEDBANK GROUP

CLR (bps)



Default coverage ratio (%)



Overview of selected portfolios

Portfolio	Concentration risk[1]	Migration risk	Downside risk
Oil & Gas	L (=)	M (↓)	M (=)
Mining	M (=)	M (↓)	M (=)
Steel	L (=)	M (=)	M (=)
Agriculture	L (=)	L (=)	L (=)
Equity-based transactions	L (↓)	H (↑)	L (=)
CPF	H (=)	L (=)	L (=)

Change on prior period:
(↓) Risk decrease (=) No change (↑) Risk increase

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

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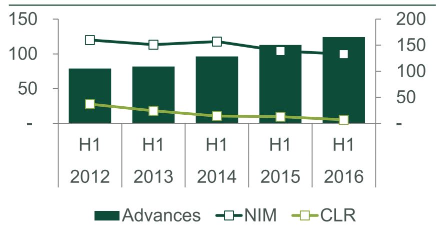
NOTES:

Property Finance

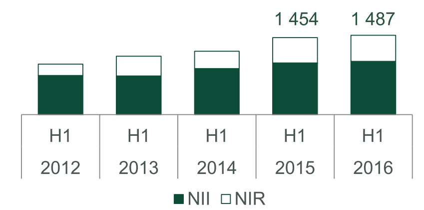
BOOKLET SLIDE

MAKE THINGS HAPPEN | NEDBANK GROUP

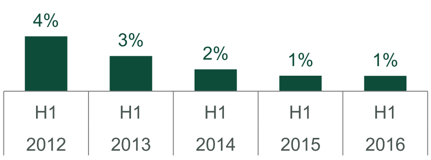
Average loans & advances (Rbn)
NIM (bps)



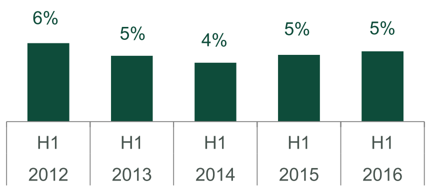
Total revenue
(Rm)



Defaulted loans
(%)



Development loans
(% of book)

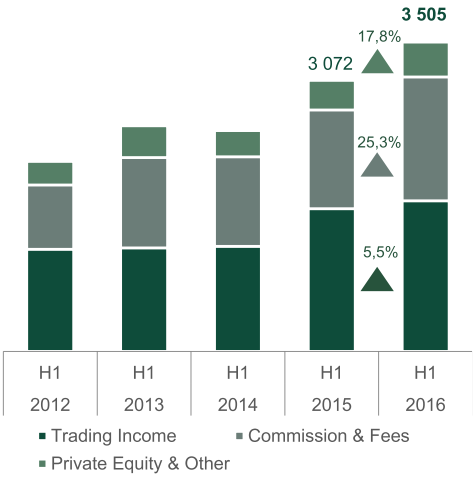


34

NOTES:

NIR – up 14,1% year-on-year

Total NIR (Rm)



Key drivers

- Effective cross-sell continues to produce positive results
- Commission & fee growth mainly originating from Transactional & Investment Banking
- Strong private-equity performance maintained, largely through realisations

35

NOTES:

Prospects for Corporate & Investment Banking

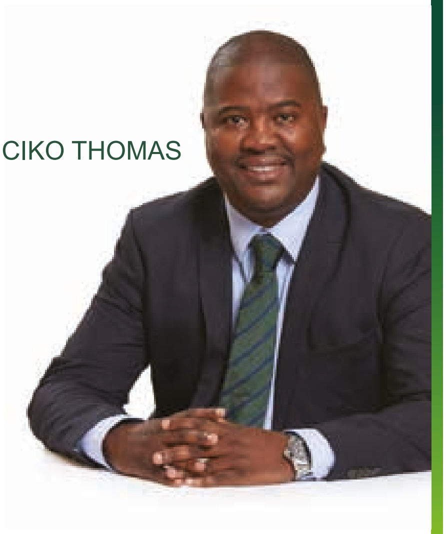
A powerful, scalable client-facing wholesale business

- Continued focus on deeper client penetration
- Convert strong pipeline, in particular REIPPP, in later half of 2016
- Grow transactional deposits to diversify funding base for group
- Continuing to invest in processes & systems
- Maintaining our strategic & proactive approach to acquiring & retaining top talent

36

NOTES:

CIKO THOMAS



NEDBANK RETAIL & BUSINESS BANKING

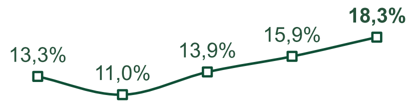
Improving returns on equity, while growing the franchise.

NOTES:

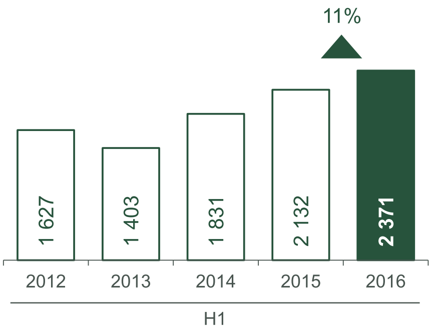
Resilient performance in a challenging macro environment

MAKE THINGS HAPPEN | NEDBANK GROUP

ROE (%)



Headline earnings (Rm)



Key drivers

- NIM improvements due to endowment benefits & rigour in asset & deposit pricing
- CLR flat as improvements in personal loans book & Business Banking are offset by increases in secured lending
- NIR growth driven mainly by growth in main-banked clients
- Ongoing active cost management balancing investments into digital & distribution
- Risk-weighted asset reductions now reflective of lower risk & contributing to improved ROEs

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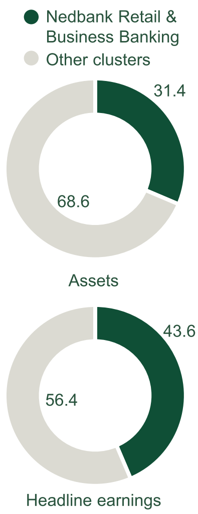
NOTES:

Nedbank Retail & Business Banking
Financial Highlights

BOOKLET SLIDE

MAKE THINGS HAPPEN | NEDBANK GROUP

Six months ended	% change	Jun 2016	Jun 2015
Headline earnings (Rm)	11.2	**2 371**	2 132
Operating income (Rm)	9.7	**12 477**	11 369
PPOP (Rm)	9.0	**5 088**	4 668
Net interest margin (%)		**6.12**	5.78
Credit loss ratio (%)		**1.23**	1.22
NIR-to-expenses ratio (%)		**63.5**	64.1
Efficiency ratio (%)		**62.8**	63.2
Average banking advances (Rm)	3.8	**280 914**	270 690
Average deposits (Rm)	10.9	**251 187**	226 559
Average allocated capital (Rm)	(3.7)	**26 040**	27 043
Headline economic profit (Rm)	26.2	**491**	389
ROE (%)		**18.3**	15.9



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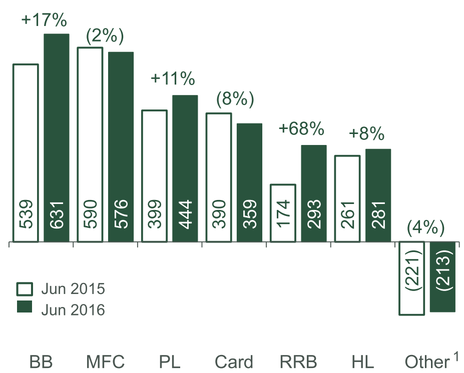
NOTES:

Underlying business showed improved performance given the market dynamics

MAKE THINGS HAPPEN | NEDBANK GROUP

Headline earnings (Rm)



ROE (%)

	BB	MFC	PL	Card	RRB	HL	Other
Jun 2016	23.4	18.3	29.7	22.3	24.7	16.5	n/a
Jun 2015	19.9	17.0	26.4	24.6	15.9	13.5	n/a

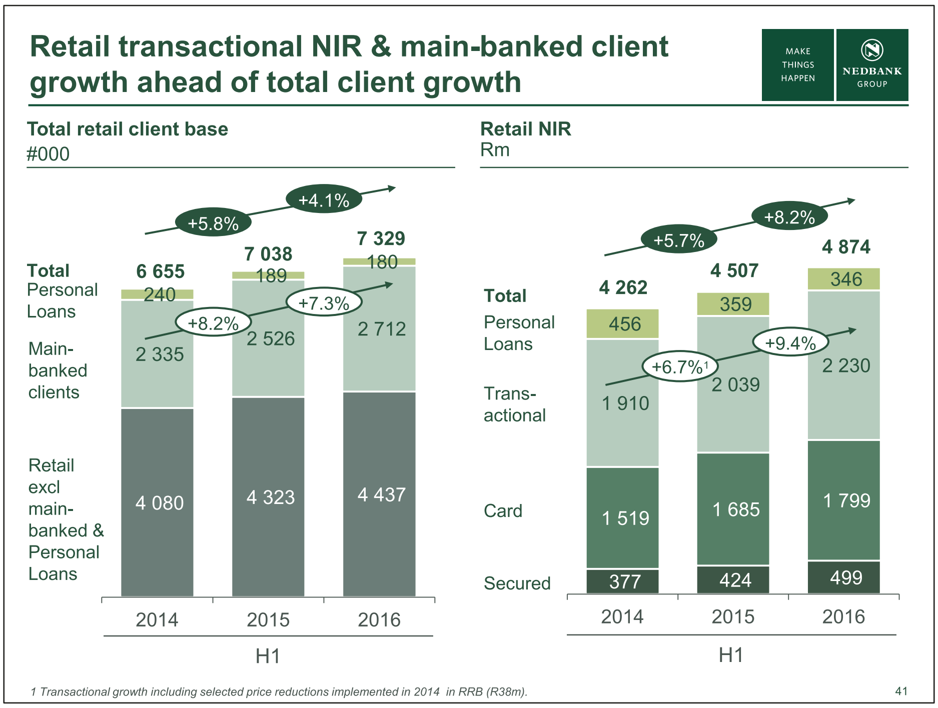
Key drivers

- **BB:** excellent momentum, benefiting from higher endowment
- **MFC:** new business volume growth slowing despite market share gains
- **Personal Loans**: advances growth with benefits from lower impairments as book risk profile continues to improve
- **Card**: good underlying NIR growth offset by residual interchange impact & higher funding costs
- **RRB**: strong growth in earnings across all lines with higher endowment revenue
- **Home Loans**: improved new-business pricing & runoff of lower-margin book. CLR still below target range

1 Includes Client Engagement improvement in HE loss of 34% to R101m.

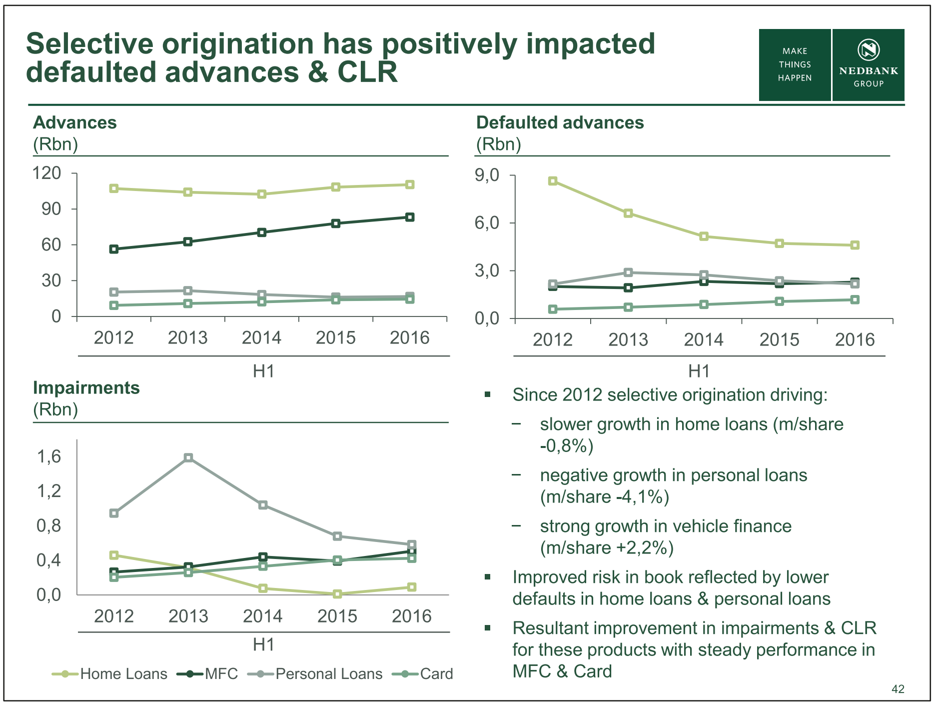
40

NOTES:



Retail transactional NIR & main-banked client growth ahead of total client growth
MAKE THINGS HAPPEN
NEDBANK GROUP
Total retail client base
#000
Retail NIR
Rm
+5.8%
+4.1%
Total
Personal Loans
Main-banked clients
Retail excl main-banked & Personal Loans
6 655
240
2 335
4 080
7 038
189
2 526
4 323
7 329
180
2 712
4 437
+8.2%
+7.3%
2014
2015
2016
H1
+5.7%
+8.2%
Total
Personal Loans
Trans-actional
Card
Secured
4 262
456
1 910
1 519
377
4 507
359
2 039
1 685
424
4 874
346
2 230
1 799
499
+6.7%1
+9.4%
2014
2015
2016
H1
1 Transactional growth including selected price reductions implemented in 2014 in RRB (R38m).
41

NOTES:



Selective origination has positively impacted defaulted advances & CLR
MAKE THINGS HAPPEN
NEDBANK GROUP
Advances
(Rbn)
120
90
60
30
0
2012
2013
2014
2015
2016
H1
Defaulted advances
(Rbn)
9,0
6,0
3,0
0,0
2012
2013
2014
2015
2016
H1
Impairments
(Rbn)
1,6
1,2
0,8
0,4
0,0
2012
2013
2014
2015
2016
H1
Home Loans
MFC
Personal Loans
Card
Since 2012 selective origination driving:
slower growth in home loans (m/share -0,8%)
negative growth in personal loans (m/share -4,1%)
strong growth in vehicle finance (m/share +2,2%)
Improved risk in book reflected by lower defaults in home loans & personal loans
Resultant improvement in impairments & CLR for these products with steady performance in MFC & Card
42

NOTES:

Prospects for Retail & Business Banking

Building sustainable, profitable businesses through the cycle

- Main-banked client growth through acquisition, retention & cross-sell, enabled by:
  - Continued focus on quality-client acquisition driving main-banked client growth and deposit market share gains
  - Building and enhancing our systems and processes to enable an improved client experience with digital focus in everything we do
  - Consistent investment for sustainable growth in distribution, marketing & client-centered innovation
- Continued prudent risk management & selective origination to meet CLR target levels, which in the current environment are expected to increase into the target range
- Ongoing active cost optimisation to balance investment needs

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NOTES:

IOLANDA
RUGGIERO

NEDBANK WEALTH

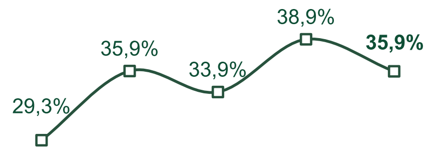
Strong performance & return on equity in challenging times.

NOTES:

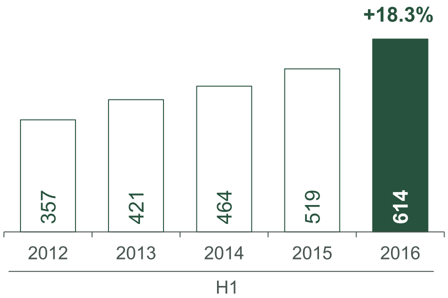
Nedbank Wealth
Financial highlights

MAKE THINGS HAPPEN
NEDBANK GROUP

ROE (%)



Headline earnings (Rm)



Key drivers

- NII up 27.5% supported by strong balance sheet growth
- NIM increased to 2.07%
- NIR growth of 9.1% driven by Wealth & Asset Management, supported by currency depreciation
- Expense growth of 9.7% mainly due to a weaker rand & continued investment in IP & systems
- Increase in allocated capital of 28.0%

45

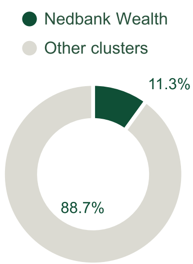
NOTES:

Nedbank Wealth
Financial highlights

BOOKLET SLIDE

MAKE THINGS HAPPEN
NEDBANK GROUP

Six months ended	% change	Jun 2016	Jun 2015
Headline earnings (Rm)	18.3	**614**	519
Operating income (Rm)	12.5	**2 247**	1 997
PPOP (Rm)	16.2	**816**	702
Net interest margin (%)		**2.07**	2.01
Credit loss ratio (%)		**0.16**	0.18
NIR-to-expenses ratio (%)		**129.1**	129.8
Efficiency ratio (%)		**61.5**	63.0
Assets under management (Rm)	9.8	**256 325**	233 481
Life embedded value (Rm)	29.9	**3 110**	2 395
Life value of new business (Rm)	33.3	**172**	129
Average allocated capital (Rm)	28.0	**3 445**	2 691
Headline economic profit (Rm)	5.8	**366**	346
ROE (%)		**35.9**	38.9



Headline earnings

- **Net inflows** **R2.2bn**
- **Life APE** **+47.1%**
- **Non-life GWP** **+4.0%**

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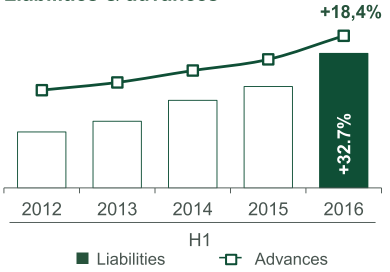
NOTES:

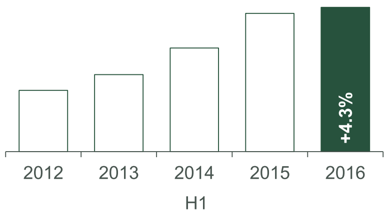
Wealth Management
Continued growth

MAKE THINGS HAPPEN | NEDBANK GROUP

Liabilities & advances



Stockbroking AUA



Key drivers

- Strong liability & advances growth locally & internationally
- Continued lower levels of impairment
- Stockbroking AUA up 4.3%
- Increased financial planner productivity & ongoing investment in distribution
- Noteworthy local & international awards

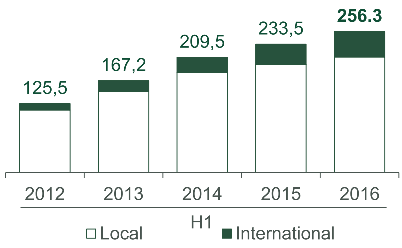
47

NOTES:

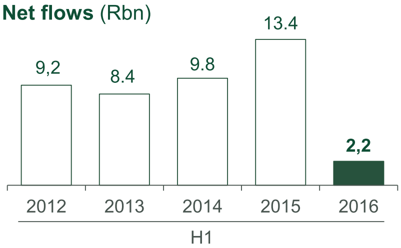
Asset Management
Excellent investment performance

MAKE THINGS HAPPEN | NEDBANK GROUP

Assets under management (Rbn)



Net flows (Rbn)



Key drivers

- Ranked one of SA's top asset management companies
- Steady AUM growth of 9.8%
- Net inflows of R2.2bn impacted by volatile markets & investor appetite
- Increased market share growth across offerings
- Enhancements to mobile & digital through investment in technology

PlexCrown Fund Ratings

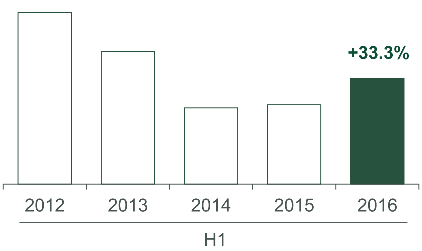
48

NOTES:

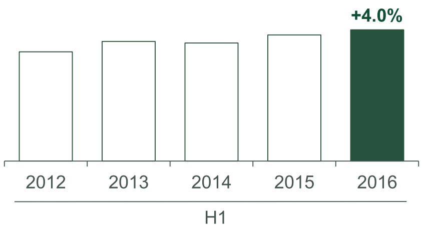
Insurance
Increasing value contribution

MAKE THINGS HAPPEN | NEDBANK GROUP

Life value of new business



Non-life gross written premiums



Key drivers

- Life VNB up 33.3% as a result of growth in single-premium investment products & methodology changes
- Higher weather-related claims impacted non-life earnings
- Non-life gross written premiums grew by 4%
- Client-centred journey continues through investment in systems

49

NOTES:

Prospects for Nedbank Wealth

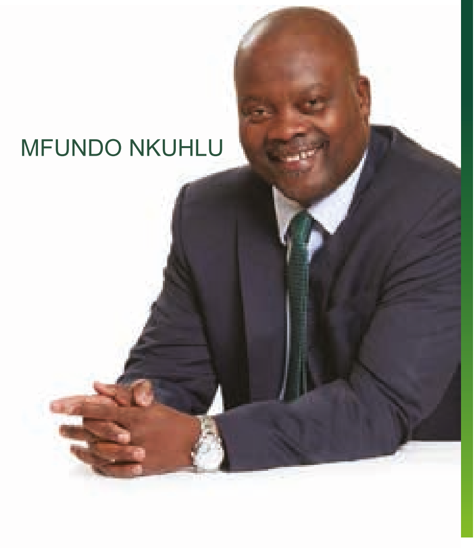
MAKE THINGS HAPPEN | NEDBANK GROUP

Investing in tougher times

- Maintain momentum & performance
- Ongoing investment in brand positioning & systems
- Deliver seamless & integrated digital propositions
- Enhance client value propositions to unlock value
- Leverage group collaboration & identify new opportunities for growth
- Focus on meeting regulatory requirements

50

NOTES:



MFUNDO NKUHLU

REST OF AFRICA

Building a regional champion with access to a pan-African network.

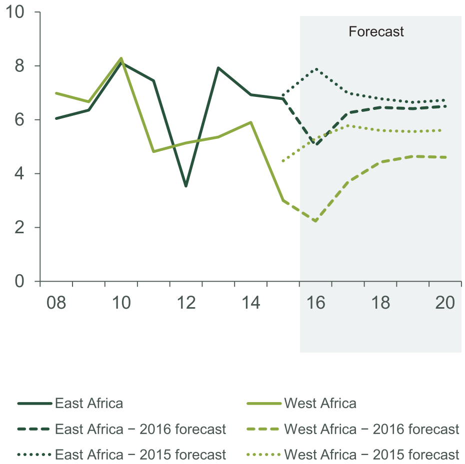
NOTES:

The long-term opportunity in Rest of Africa

MAKE THINGS HAPPEN

NEDBANK GROUP

Gradual recovery in GDP growth …
GDP growth[1] (%)



Key drivers

- One of the fastest growing regions globally since the 2008 financial crisis
- Positive demographic shifts with significant labour & consumer potential:
  - Only continent with growing youth population
- Infrastructure potential
- Deepening of regional ties to boost intra-Africa trade
- Digital penetration presents leapfrog opportunities in financial services

Source: 1 IMF (2016).

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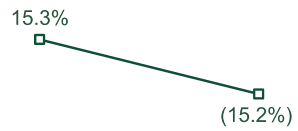
NOTES:

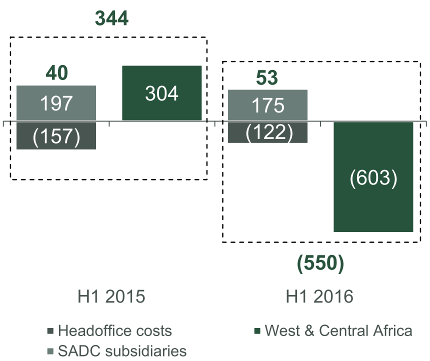
Rest of Africa – financial highlights

MAKE THINGS HAPPEN | NEDBANK GROUP

ROE (%)



Headline earnings (Rm)



Key drivers

- Headline earnings decline primarily driven by accounting for our share of the ETI Q4 2015 loss
- SADC & East Africa performance (Headline earnings up 33%), driven by:
  - reduction in headoffice costs from lower staff costs & lower impairments
  - strong advances growth on the back of an improved client service model
  - reduced NIR reflecting difficult economic conditions & lower transactional volumes

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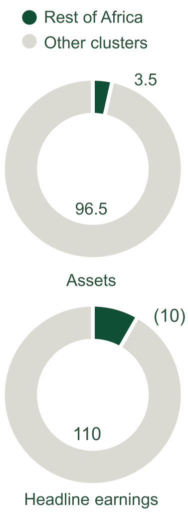
NOTES:

Rest of Africa
Financial highlights

BOOKLET SLIDE

MAKE THINGS HAPPEN | NEDBANK GROUP

Six months ended	% change	2016	2015
Headline earnings (Rm)	> (100)	**(550)**	344
Operating income (Rm)	6.7	**713**	668
PPOP (Rm)	> (100)	**(540)**	383
Net interest margin (%)		**3.65**	3.11
Credit loss ratio (%)		**0.76**	0.86
NIR-to-expenses ratio (%)		**43.8**	57.8
Efficiency ratio (%)		**238.8**	63.5
Average banking advances (Rm)	12.1	**16 544**	14 754
Average deposits (Rm)	16.9	**22 345**	19 112
Average allocated capital (Rm)	60.9	**7 287**	4 528
Headline economic profit (Rm)	> (100)	**(1 077)**	52
ROE (%)	> (100)	**(15.2)**	15.3



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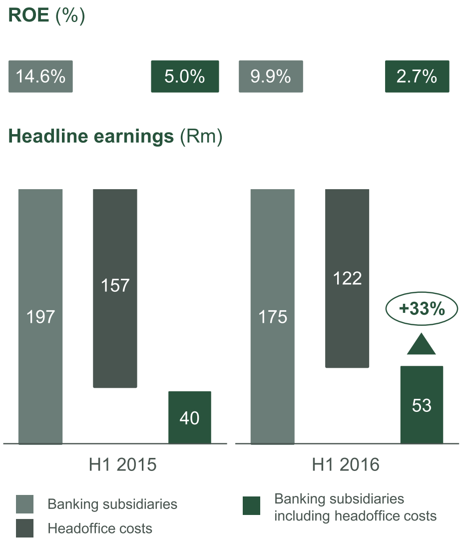
NOTES:

SADC banking operations & head office – financial performance

BOOKLET SLIDE

MAKE THINGS HAPPEN | NEDBANK GROUP

Financial performance



Key drivers

- Headline earnings up 32.5% on the back of strong growth in advances & cost control
- SADC (excluding headoffice costs) showed a decline of 11.2% reflecting tough conditions in the subsidiaries
- CLR declined to 0.76% (0.88%: Jun 2015)
- Continued to invest in the business for future growth, including:
  - roll out of Flexcube (core banking system)
  - optimising distribution channels
  - new CVPs

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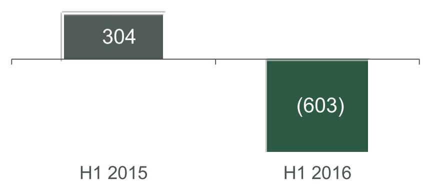
NOTES:

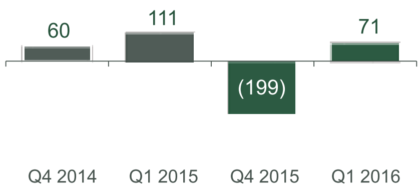
West & Central Africa – Ecobank strategic investment & partnership

MAKE THINGS HAPPEN | NEDBANK GROUP

Headline earnings (Rm)



ETI attributable profit (US$)



Strategic positioning

- New CEO & key executive (new team)
- ETI strategy review:
  - Top 3 (in 14 markets): Defend competitive position
  - Top 4–10: Opportunities for growth
  - > Top 10: Revisit investment strategy
- ETI commitment to generate ROE > COE
- Nedbank to generate business flows over & above equity investment

	Q4 2014	Q1 2015	Q4 2015	Q1 2016
ETI revenues	630	534	508	502
ETI impairment losses on loans	89	42	277	62
ETI expenses	393	335	343	332

Note: Extracted from ETI disclosures.

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NOTES:

Prospects for Rest of Africa

MAKE THINGS HAPPEN
NEDBANK GROUP

Outlook remains challenging in the short term, with our focus on optimising operations & investing through the cycle

- **SADC & East Africa**
  - Roll out core banking system in Lesotho
  - Roll out revamped retail transactional CVPs & deploy mobile
  - Optimise distribution (focus on alternative distribution pilots)
  - Enhance control environment & manage impairment pressure
  - Integrate Banco Único on attaining regulatory approvals (at a cost of R112m)
- **West & Central Africa**
  - Impact of ETI Q4 2015 loss on Nedbank results now behind us
  - ETI focus on strategy execution & unlock value through ‘capital planning’, cost optimisation & digital banking
  - Economic headwinds likely to persist driven by currency weakness, but FX liquidity expected to improve over time
  - Strengthen collaboration with Ecobank across all clusters
  - Nedbank to generate business flows over & above equity investment (eg opportunities in energy, infrastructure, trade finance & payments)

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NOTES:

MIKE BROWN

SUMMARY & PROSPECTS

A strong franchise, performing well in a difficult environment.

NOTES:

Managed separation update

Managed Separation update provided by OM plc at its AGM on 28 June 2016 in respect of Nedbank Group is in line with our expectations of the process and confirms that it remains business as usual for Nedbank. The boards of directors and management teams of Old Mutual and Nedbank continue to work closely together.

Key components of the OM plc update as it relates to Nedbank Group:

- **Creation of a new SA holding company for Old Mutual**
- **Distribute, in an orderly manner**, a significant proportion of the OM Group´s shareholding in Nedbank **to shareholders of the new SA holding company** at an appropriate time
- Through its ownership of OMLACSA, the **new SA group will retain an appropriate strategic minority stake** in Nedbank
- The **exact ownership level still to be determined** together with Nedbank based on OMEM´s **commercial relationship with Nedbank** & influenced by the **implications of the incoming Twin Peaks regulation** (strategic minority shareholding)

We remain committed to the R1bn (pretax) Old Mutual in South Africa synergies in 2017, of which ~30% accrue to Nedbank

Note: OMLACSA is a 100% owned subsidiary of OMEM.

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NOTES:

Macro & industry environment

Global macro environment

- Mixed outlook for developed economies – Brexit implications remain uncertain
- Emerging market weakness likely to continue
- Impact of lower oil & commodity prices continues to play out, although off their lows
- Rest of Africa higher growth than SA, but volatile, particularly in oil-exporting countries USD shortages, currency weakness & fiscal challenges in many countries

Domestic macro environment

- 2016 GDP growth forecast: -0.1%
- Inflation increasing: average 6.7% for 2016
- Repo rate: further 1 x 25 bps increase forecast for 2016
- Consumers have been resilient, but remain highly indebted
- Business, government & labour working together to improve growth & create jobs

SA banking industry

- Advances growth around nominal GDP (wholesale growth > retail growth)
- NIM pressure from mix changes, increasing LCR compliance & NSFR preparation, offset by endowment benefit
- Consumer advances & transactional volume growth under pressure
- Capital market volatility to continue
- Regulatory change remains intense & competition fierce

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NOTES:

2016 guidance – updated

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

NII	▪ Average advances to grow at mid-to-upper single digits (no change) ▪ NIM to be slightly above the 2015 level of 3.30% (from 'in line with 2015 level')
CLR	▪ Below the midpoint of our target range of 60–100 bps (from 'within our target range')
NIR	▪ Above mid-single digit growth (excluding fair-value adjustments) (no change)
Expenses	▪ Mid-to-upper single-digit growth (no change)
DHEPS	**Growth in DHEPS positive, but below 2015 growth & our medium-to-long-term target of GDP growth + CPI + 5%**

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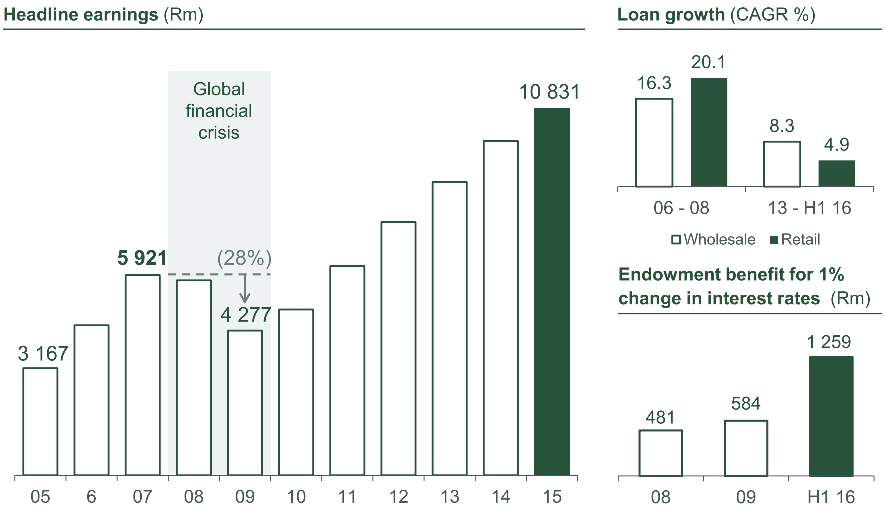
NOTES:

NOTES:

Nedbank Group in a strong position

BOOKLET SLIDE



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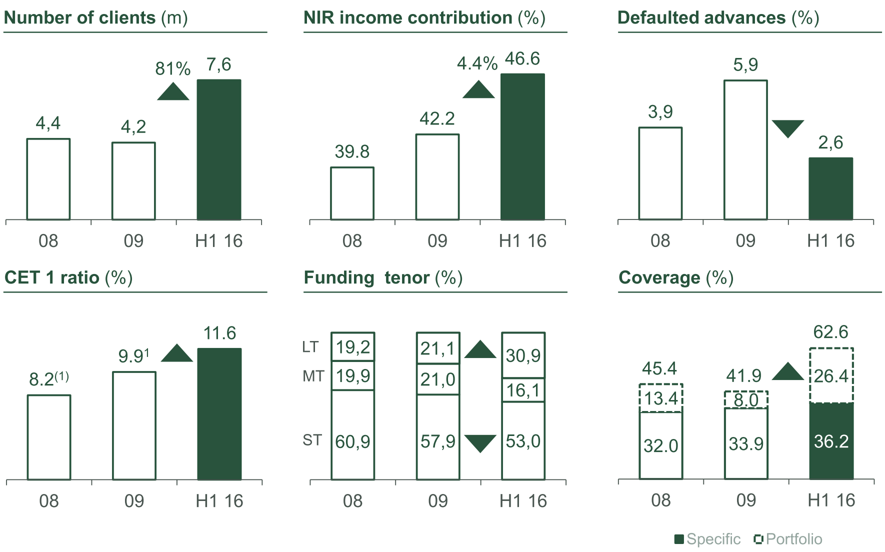
NOTES:

Nedbank Group in a strong position

BOOKLET SLIDE



1 Core equity tier 1.

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NOTES:

Attractive valuation metrics

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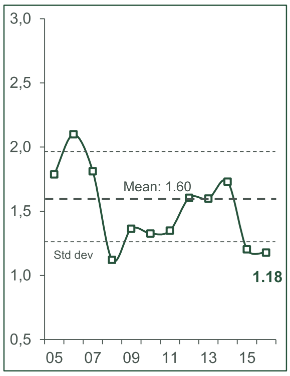
NEDBANK GROUP

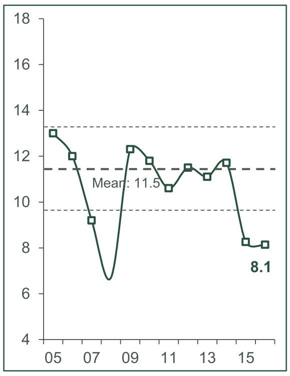
Price-to-book ratio

Share price to NAV/share
(times)



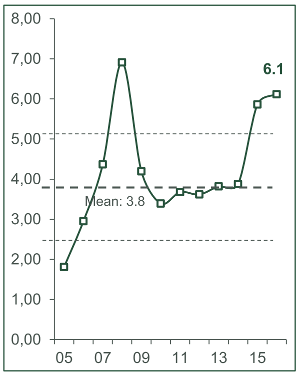
Price/earnings ratio

Share price to HEPS
(times)



Dividend yield

Dividends paid/share price
(%)



Note: Share prices at 31 December each year, except for H1 2016: 30 June 2016: R186,40. | 12-month rolling HEPS & dividend used for H1 2016.

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NOTES:

Medium-to-long-term targets

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NEDBANK GROUP

Metric	**H1 2016** (excl ETI)	vs MLT	**H1 2016**	vs MLT	**Medium-to-long-term target**	**2016 outlook**[1]
ROE (excl goodwill)	18.4%	×	15.7%	×	5% above COE	Below target
Diluted HEPS growth	20.1%	✓	1.6%	×	≥ CPI + GDP growth + 5%	Positive, but below 2015 growth & below target
Credit loss ratio			67 bps	✓	60–100 bps	Below the midpoint of target range
NIR-to-expenses ratio			83.0%	×	> 85%	Below target
Efficiency ratio[2]	55.6%	×	57.1%	×	50%−53%	Above target
CET 1 CAR Tier 1 CAR Total CAR			B III 11.6% 12.5% 14.5%	✓	Basel III basis: 10.5% − 12.5% 11.5% − 13.0% 14.0% − 15.0%	Within target range
Dividend cover			1.99x	✓	1.75 to 2.25 times	Within target range

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

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NOTES:

Nedbank Retail & Business Banking
Digital channels growing in usage as more clients become digitally active

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Digitally active clients
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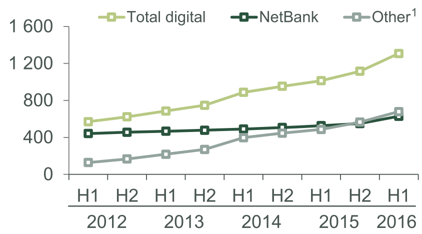
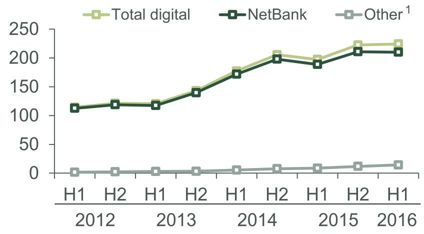
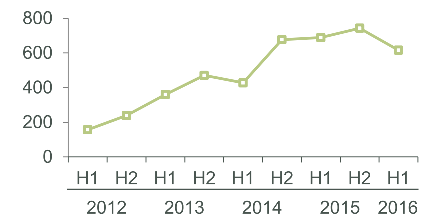


Transaction values through digital channels
000



Home loan online grants
Rm



- Good growth across all digital channels, specifically in the last 6 months, with total transaction values now at R224bn & digitally active clients at 1,1m for H1 2016
- Home loans online channel has experienced good growth, with 13% of grants now coming through this channel

1 Includes WAP, USSD, the Nedbank App, MyFinancialLife, balance enquiry & Airtime-without-Airtime

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NOTES:

Nedbank Retail & Business Banking
NIR growth supported by good volume growth, but muted by strategic choices & other factors

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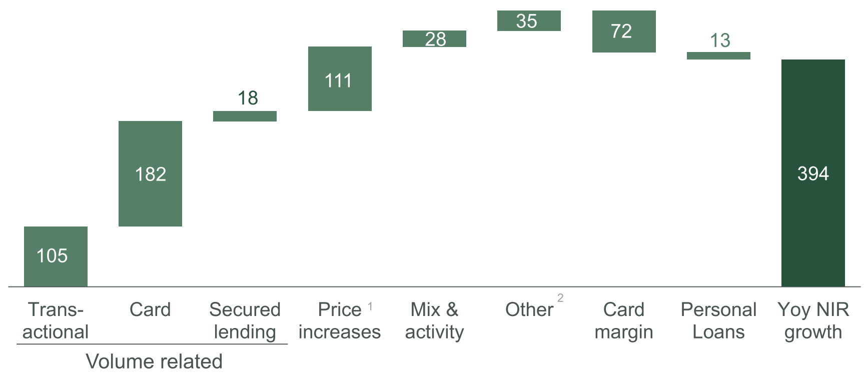
NIR growth (Rm)



2015 NIR growth (Rm)

+77	+164	+24	+79[3]	(62)	(7)	19	(97)	198

1 Includes average price increase of 4.3% implemented on 1 January 2016.
2 Includes non-transactional banking in BB and fair value swaps in MFC & BB.
3 Includes average price increase of 5.6% implemented in January 2015 and repricing in BB (R70m) and RRB (R38m) implemented in H2 2014.

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NOTES:

Nedbank Retail & Business Banking
Transactional income per retail client impacted by strategic choices

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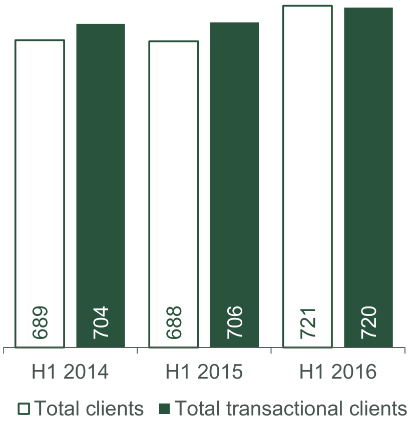
Service charges & commissions per client
Rand per annum annualised



Key drivers

- Steady increase in main-banked client numbers
  - Kids & youth +9%
  - Entry level +8%
  - Middle market +6%
  - Professional +4%
  - Small business +6%
  - Business Banking +3%
- Average 5.6% price increases in 2015
- Average 4.3% price increase in 2016

Note: NIR annualised . | Transactional client metric excludes NIR earned on lending products as well as non -transactional clients.

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NOTES:

Nedbank Retail & Business Banking
Building more enduring client relationships through transactional products cross-sell

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# 000	Total retail clients Jun-11	Total retail clients Jun-16	% CAGR growth Jun-11 – Jun-16	Number of product line clients with transactional products H1 Jun-11	Number of product line clients with transactional products H1 Jun-16	% CAGR growth Jun-11 – Jun-16
Investments	715	1 406	14,5	74%	74%	14,7
Card[1]	709	921	5,4	53%	56%	6,5
Personal Loans	633	486	(5,1)	41%	50%	(1,4)
MFC	507	553	1,8	24%	24%	1,5
Home Loans	353	310	(2,5)	32%	38%	1,1
TP	3 616	5 847	10,1	Transactional clients with product line: 29%	27%	8,6

1 Client definition in Card change din Feb 16 affecting -184k Card clients.

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NOTES:

Nedbank Retail & Business Banking

Defaulted advances ratio reduced – portfolio coverage maintained

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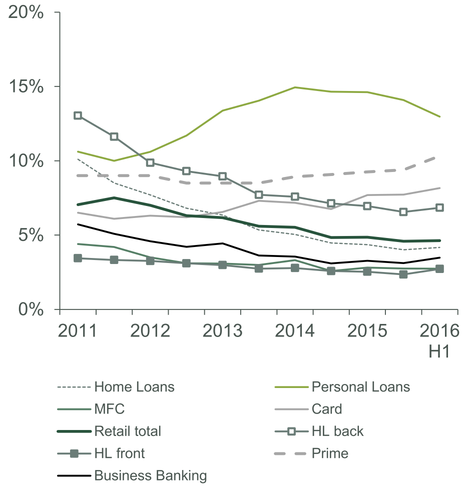
Defaults over time

Default % of total advances



Total coverage per product

%

	Dec 15	Jun 15	Jun 16
Home Loans	1,56	1,71	1,53
MFC[1]	2,31	2,49	2,39
Personal Loans	13,88	14,00	13,62
Card	8,34	8,09	8,73
Overdrafts	12,86	12,67	13,96
Total Retail	3,25	3,40	3,30
Business Banking	2,17	2,14	2,25
Total	3,00	3,11	3,06

- Coverage levels maintained
- Defaulted advances at R12,8bn have increased slightly
- Prudent provisioning, coverage on performing advances increased to 0,74%

1 The implementation of SARB directive 7/2015 in 2015 has resulted in distressed restructures being held in default for longer than six months rather than the previous three months. This has resulted in a drop in the impaired and defaulted coverage ratios as these balances have grown by a further R146m year on year.

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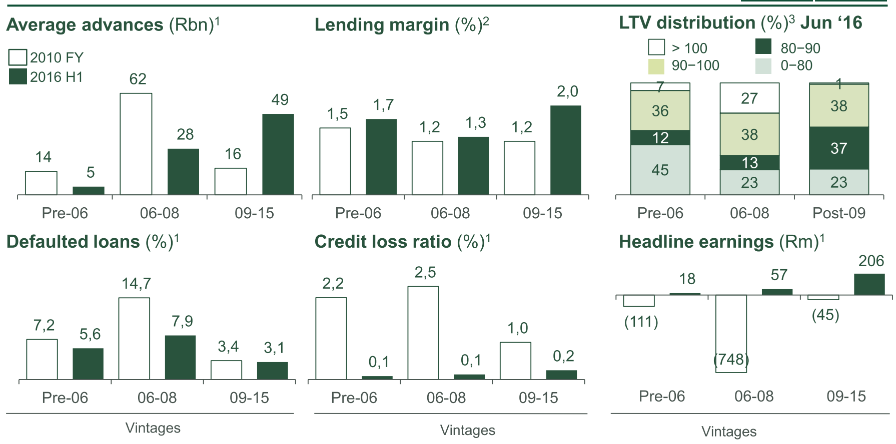
NOTES:

Nedbank Retail – Home Loans

Turnaround of Home Loans since mid 2009 complete, with back book reduced to R33bn

BOOKLET SLIDE

MAKE THINGS HAPPEN | NEDBANK GROUP



- The post-2008 frontbook now generates an ROE of 20.9%, compared with 10.3% from the pre-2008 backbook, which continues to impact negatively on overall performance.
- However, R11bn of advances in the backbook (2015: R13bn) are loans that would pass current credit policy utilising current pricing but are mispriced by 112 bps.

1 Retail Home loan book excluding Retail Relationship Banking & Business Banking.
2 Based on Nedbank MMFTP, liquidity & balance sheet management charges, excluding endowment on ECAP.
3 LTV based on original loan amount & valuation at point of registration.

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NOTES:

Disclaimer

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

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

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

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

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

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

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NOTES:

MAKE THINGS HAPPEN

NEDBANK GROUP

FINANCIAL RESULTS

FINANCIAL RESULTS

for the six months ended 30 June 2016

CONTENTS

FINANCIAL RESULTS

2016
INTERIM RESULTS COMMENTARY

BANKING AND ECONOMIC ENVIRONMENT

The global economic environment remains under pressure. Expectations earlier in the year of an economic recovery and interest rate normalisation in the US have softened. The UK's vote to leave the European Union (EU) has triggered increased volatility across markets and added further uncertainty to a fragile economic environment in the UK and Eurozone. These factors have led to the International Monetary Fund (IMF) downgrading its 2016 global real gross domestic product (GDP) growth forecast to 3,1% from 3,8% a year ago. Given continued economic pressures in developed economies and low economic growth in China, there remains downside risk for commodity-driven economies, although prices have stabilised since the beginning of the year. The IMF has also downgraded the GDP growth forecast for the sub-Saharan Africa region to 1,6%, from 5,1% in July 2015.

The SA economy deteriorated in 2016 off an already low 2015 base. The GDP contraction of 1,2% in the first quarter of 2016 was largely driven by the sharp declines in mining and agriculture output, as well as lower export levels despite the weak rand. Lower levels of consumer spending and private sector fixed investment in addition to rising inflation further contributed to the economic slowdown.

The reaffirmation of SA's sovereign risk ratings at an investment grade of Baa2 by Moody's Investor Service and BBB- by Standard & Poor's was a positive outcome of the work done by government, business and labour in the first six months of the year. Both rating agencies maintained a negative outlook, reflecting the potential adverse consequences of low GDP growth and signalling that SA ratings could be lowered if policy measures are not instituted to be more supportive of inclusive growth. Fitch's rating, although revised down to BBB- from BBB with a stable outlook, also remained above investment grade. These ratings acknowledge the fiscal consolidation achieved; the 2016/17 budget and medium-term plan to reduce government debt; the underlying strength of SA's institutions; as well as the structural and legislative reforms that the SA government, businesses and labour have been working on together to restore confidence in the country to encourage private sector investment and higher levels of inclusive growth in the economy. Evidence of delivery on these plans will be needed before December 2016 to prevent any downgrade at the next round of ratings reviews.

REVIEW OF RESULTS

Nedbank Group produced headline earnings of R5 427m[1], an increase of 2,0%[1] for the six months ended 30 June 2016 ('the period'). This earnings growth was underpinned by strong net interest income (NII) and non-interest revenue (NIR) growth, as well as impairments remaining below the midpoint of our through-the-cycle target range.

Headline earnings includes a loss in associate income of R446m[1] (June 2015: R426m profit) relating to our 21,8%[1] share of the Q4 2015 loss of USD199m and Q1 2016 profit of USD71m in ETI. Associate income from ETI is equity-accounted one quarter in arrear using ETI's publicly disclosed results. Excluding both the loss in associate income of R446m[1] and funding costs of R157m relating to ETI, headline earnings from Nedbank Group's managed operations grew strongly by 20,1% to R6 030m.

Diluted headline earnings per share (DHEPS) increased 1,6%[1] to 1 119 cents[1] (June 2015: 1 101 cents) and headline earnings per share (HEPS) grew by 0,6%[1] to 1 135 cents[1] (June 2015: 1 128 cents). Excluding ETI, DHEPS was up 19,7% and HEPS was up 18,7%.

Return on average ordinary shareholders' equity (ROE), excluding goodwill, of 15,7% (June 2015: 17,3%) and ROE of 14,6% (June 2015: 16,0%), reflect a lower return on assets (ROA) of 1,19% (June 2015: 1,28%) resulting from the above loss in equity-accounted earnings from ETI. Excluding the loss in ETI, ROA was 1,32%. Our economic profit decreased to R408m (June 2015: R1 328m), largely as a function of the impact of ETI and the group's cost of equity (COE) increasing to 14,4% (monthly average for the period) from 13,0%. This follows the increase in the SA long-bond yield earlier in the year. In more recent months the SA long-bond rate and our COE have decreased from their peak in December 2015.

Our Basel III common-equity tier 1 (CET1) ratio improved to 11,6% (December 2015: 11,3%) and remained within our Basel III 2019 internal target range, reflecting a well-capitalised balance sheet. Our liquidity coverage ratio (LCR) of 93,1% for the second quarter of 2016 (December 2015: 88,5%) is above the regulatory requirements of 70% for 2016 and incorporates an appropriately sized buffer for volatility in this ratio. The group's portfolio of high-quality liquid assets (HQLA) and other sources of quick liquidity amounted to R167,7bn (December 2015: R160,7bn).

DELIVERING SUSTAINABLY TO ALL OUR STAKEHOLDERS

Nedbank Group is committed to 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 clients –

providing innovative offerings and improving client access by rolling out an additional 93 Intelligent Depositor ATMs and 8 060 new point-of-sale devices, and converting a further 75 branches to smaller and more digitally focused branches of the future since June 2015. Retail main-banked clients increased 7,3% and digitally enabled clients by 26% with digitally active clients increasing by 29% and driving up the value of Nedbank App Suite™ transactions by 58,0% to R10,5bn. IT system stability was maintained at exceptionally high levels, with no major severity incidents. In June 2016 we processed 1,4bn transactions, our highest ever in a single month in the first half of the year. We advanced R74,8bn (June 2015: R88,5bn) of new loans to clients. Assets under management grew by 9,8%[1] to R256,3bn[1] (June 2015: R233,5bn) as Nedgroup Investments continued to deliver excellent investment performance, remaining among the top three in the quarterly PlexCrown Unit Trust Survey over seven years, including maintaining our top position in the offshore category and achieving second place in the domestic category. In addition, Nedbank Private Wealth ranked third overall in the 2016 SA's Top Private Banks and Wealth Managers Survey and achieved first place in the entrepreneur category.

For staff –

creating 1 176 new permanent-employment opportunities, mainly in our regulatory change programme support areas and in the Rest of Africa; investing R127m in training, with more than 3 739 staff participating in learning interventions; and supporting 61 external bursars across 15 universities and 413 learners across our learnership programmes during the period. Nedbank's leading position as a top empowerment company in the financial services sector and a leader of transformational change in SA was recognised at the 15th annual Oliver Empowerment Awards where we were honoured as Legend of Empowerment and Transformation.

REGULATORS

For regulators –

maintaining full compliance with Basel III phase-in requirements, achieving an improved CET1 ratio of 11,6%, an average long-term funding ratio of 30,9% and an average LCR ratio of 93,1% in the second quarter; making cash taxation contributions of R4,6bn relating to direct, indirect, pay-as-you-earn and other taxation; maintaining transparent relationships and working closely with all regulators to ensure efficient delivery of the various regulatory programmes and achieving anti-money-laundering remediation of high-risk clients by the planned due dates.

For shareholders –

growing net asset value per share by 9,7%[1] to 15 826 cents[1] (June 2015: 14 428 cents); delivering EP of R408m; and increasing the interim dividend by 6,1%. Engaging constructively with shareholders during our third annual governance roadshow, resulting in all resolutions being passed with more than 90% votes of approval at our 49th annual general meeting. Ensuring transparent, relevant and timeous reporting, and disclosure to shareholders as acknowledged by Nedbank's ranking in the top quartile of JSE-listed companies by Nkonki and Chartered Secretaries.

SHAREHOLDERS

For communities –

supporting local businesses and the SA economy, purchasing 76% of our procurement spend locally and winning the Best Supplier and Enterprise Development Project Award in recognition of our support of local small and medium enterprises (SMEs). Advancing R27,6bn in new loans to retail clients, contributing R564m to socioeconomic development since 2011 and investing R100m over three years with our black business partners, Wiphold, Brimstone and Izingwe, in initiatives aligned with the Financial Sector Code and National Development Plan, seeking to create sustainable, self-funding opportunities. Our Fair Share 2030 strategy enabled more than R1bn of new lending to support student accommodation and embedded energy in the commercial and farming sectors. This is in addition to our investment in sustainable development such as renewable-energy lending and support for green buildings. We have committed R35bn towards renewable-energy deals, of which R11,4bn has been disbursed to date. Our pipeline for the funding of green buildings continues to grow with more than R5bn committed over the next two years. We have maintained our level 2 broad-based black economic empowerment (BBBEE) contributor status for the seventh consecutive year.

CLUSTER FINANCIAL PERFORMANCE

Our Corporate Investment Banking (CIB), Retail and Business Banking (RBB) and Wealth Clusters generated headline earnings growth of 16,6%[1] to R5 989m[1] (June 2015: R5 136m) and delivered an ROE of 20,8%. Rest of Africa's headline earnings was impacted by our 21,8%[1] share of the Q4 2015 losses in ETI.

		Headline earnings (Rm)		ROE (%)	
	% change	**Jun 2016**	Jun 2015	**Jun 2016**	Jun 2015
CIB	20,9	**3 004**	2 485	**21,3**	22,9
RBB	11,2	**2 371**	2 132	**18,3**	15,9
Wealth	18,3	**614**	519	**35,9**	38,9
Rest of Africa	> (100,0)	**(550)**	344	**(15,2)**	15,3
Business clusters	(0,7)	**5 439**	5 480	**16,8**	19,7
Centre	92,4	**(12)**	(157)		
Total	2,0	**5 427**	5 323	**14,6**	16,0

Nedbank CIB's integrated franchise achieved excellent headline earnings growth of 20,9%[1], driven by good cross-sell and client flows, particularly in the global markets business. This was reflected in robust revenue growth as well as in an improvement in impairments.

Nedbank RBB generated strong earnings growth and an ongoing ROE improvement to 18,3%, now well in excess of the group's COE of 14,4%. This was underpinned by strong NII and NIR growth and a strong performance in credit risk management and collections while increasing portfolio provisions.

Nedbank Wealth produced good earnings growth at an attractive ROE. These results were underpinned by strong balance sheet growth and continued low levels of impairments in Wealth Management. Despite market volatility, assets under management increased 9,8%[1]. Higher sales of single-premium investment products supported Insurance earnings growth.

Rest of Africa's earnings were largely impacted by our 21,8%[1] share of the Q4 2015 losses in ETI that amounted to R676m, reflected as a loss in associate income. Our subsidiaries in the Southern African Development Community (SADC) grew headline earnings by 32,5% to R53m (June 2015: R40m) off a low base, mostly from lower head office costs and improved impairments, offset by lower transactional volumes and continued investment in staff, systems, distribution channels and regulatory compliance.

The decrease in losses in the Centre was largely due to a portfolio impairment reversal of R150m[1] and changes in internal capital allocation.

FINANCIAL PERFORMANCE

Net interest income

Strong NII growth of 11,6%[1] to R13 028m[1] (June 2015: R11 675m) was underpinned by growth in average interest-earning banking assets of 10,9% and slight net interest margin (NIM) expansion to 3,37% (June 2015: 3,36%). In December the NIM was 3,30%.

The NIM improved 21 basis points (bps) from the combined benefit of endowment income of 15 bps, as average interest rates increased by 107 bps during the period, and improved asset pricing of 6 bps. This was partially offset by margin compression of 21 bps, comprised of an advances mix change of 13 bps as lower-margin wholesale advances continued to grow faster than higher-margin retail advances; and a further compression of 8 bps due to Basel III compliance costs related to higher funding costs for transitioning to net stable funding ratio (NSFR) requirements and holding higher levels of low-yielding HQLA for increasing LCR requirements.

Impairments charge on loans and advances

Impairments declined 4,2%[1] to R2 211m[1] (June 2015: R2 307m) and the credit loss ratio (CLR) improved to 0,67% (June 2015: 0,77%) due to a lower specific impairments charge of 0,64% (June 2015: 0,73%) while the portfolio impairments charge for the period remained similar at 0,03% (June 2015: 0,04%).

The CLR includes the release of R150m[1] from central provisions raised in the second half of 2015. Excluding this release, the CLR was 0,72%. The improvement in CIB's impairments was driven by a combination of oil and commodity prices stabilising at higher levels, as well as the successful settlement or restructuring of certain counters during the period. RBB's CLR remained below the lower end of its target range due to reduced impairments in Personal Loans and in Business Banking. Postwriteoff recoveries increased to R564m (June 2015: R520m), of which R196m (June 2015: R196m) was attributable to Personal Loans.

Credit loss ratio (%)	% banking advances	**Jun 2016**	Jun 2015	Dec 2015	Through-the-cycle target ranges
CIB	**49,0**	**0,31**	0,38	0,40	0,15 – 0,45
RBB	**43,8**	**1,23**	1,22	1,14	1,30 – 1,80
Wealth	**4,5**	**0,16**	0,18	0,15	0,20 – 0,40
Rest of Africa	**2,5**	**0,76**	0,86	1,25	0,75 – 1,00
Group		**0,67**	0,77	0,77	0,60 – 1,00

Total defaulted advances increased to R18 437m (June 2015: R16 695m), representing 2,6% of advances (June 2015: 2,5%). The increase was largely as a result of certain wholesale counters within the stressed sectors of the economy and the seasonal effects in Home Loans, MFC and Card. The South African Reserve Bank (SARB) directive 7/2015, which was implemented in the second half of 2015 and requires that distressed restructures be classified as defaulted advances for a minimum period of six months after being restructured, contributed to the increase in defaulted advances. Excluding the effect of directive 7/2015, defaulted advances were R15 397m.

The total coverage ratio decreased to 62,6% (June 2015: 65,9%), driven by a lower specific coverage of 36,2% (June 2015: 39,6%) largely as a result of the impact of directive 7/2015 and partial writeoffs in CIB as well as the abovementioned improvement in impairments. CIB-specific coverage is determined on a deal-by-deal basis. Wholesale advances are generally secured with collateral and we hold deep security pools against our commercial property finance portfolio, resulting in relatively lower-loss expectations in the event of default and, accordingly, lower specific impairments and coverage levels.

The portfolio coverage ratio increased to 0,71% (June 2015: 0,68%). Additional overlays in Retail increased to R701m (June 2015: R441m) and central portfolio provisions were R350m (June 2015: R350m) to take account of risks, including in commodities and in the rest of Africa, that have been incurred but have not yet emerged. In December 2015 our overlays were at R699m in RBB and the central provisions were R500m.

Non-interest revenue

NIR grew 8,7%[1] to R11 357m[1] (June 2015: R10 450m), primarily driven by:

- Commission and fee income growth of 9,1% to R8 185m (June 2015: R7 499m), supported by quality-client gains, an increased focus on cross-sell leading to good main-banked client conversion, together with below-inflation annual fee increases in RBB in January 2016.
- Insurance income increasing 12,9% to R921m (June 2015: R816m), led by good growth in single-premium income, partly offset by higher weather-related claims.
- Trading income growth of 5,0% to R1 771m (June 2015: R1 686m) off a high 2015 base, following increased market volatility and improved cross-sell in CIB.
- Private-equity income increasing to R432m (June 2015: R250m), largely from property private equity gains, the majority of which were realised.

Expenses

Expenses continue to be managed within expectations and increased 8,8%[1] to R13 686m[1] (June 2015: R12 578m), mainly as a result of –

- Staff-related costs increasing 7,5%, consisting of –
  - 8,8% growth in remuneration and other staff costs, driven by a 6,3% average annual salary increase and additional staff hires, mainly for regulatory change programmes; and
  - a 1,7% combined increase in short-term and long-term incentives, aligned with the group's performance.
- Computer processing costs up 18,8% to R1 985m, including amortisation costs increasing 11,1% to R400m following the capitalisation of equipment for distribution and reformatting of branches and an increase in IT project costs.
- Fees and insurance costs being 11,2% higher at R1 381m following increased volumes of revenue-generating activities such as cash handling and card issuing and acquiring.
- Occupation and accommodation costs growing 8,1% to R1 098m relating to regional consolidation and ongoing investment in distribution.

The group's growth in operating income of 11,9%[1] exceeded growth in expenses. However, including the loss from ETI in associate income, the Jaws ratio was -2,6%[1] (June 2015: 1,3%). Excluding ETI, the Jaws ratio was 1,6%. The efficiency ratio increased to 57,1%[1] (June 2015: 55,8%) and, excluding ETI, this metric improved to 55,6% (June 2015: 56,4%).

Associate income

Associate income declined to a negative R431m[1] (June 2015: R436m profit). This mainly comprised the equity-accounting of our 21,8%[1] share of ETI's Q4 2015 loss of R676m and Q1 2016 profit of R230m, in line with our policy of accounting for ETI earnings a quarter in arrear. The total headline earnings impact of ETI in the period was a negative R603m, including the R157m impact of funding costs, offset by endowment on average allocated capital.

STATEMENT OF FINANCIAL POSITION

Capital

The group remains strongly capitalised and operates well within our Basel III 2019 capital adequacy targets. The CET1 ratio improved to 11,6%, from the 11,3% reported at the 2015 year-end, largely due to lower credit risk-weighted assets (RWA). This resulted from improved credit parameters across certain wholesale portfolios and RWA optimisation initiatives within certain retail portfolios.

Our tier 1 and total capital ratios further reflect the effects of the issuance of a new-style (Basel III-compliant) additional tier 1 capital instrument of R1,5bn in May 2016, in line with the group's capital plan.

Basel III (%)[2]	Jun 2016	Dec 2015	Jun 2015	Internal target range	Regulatory minimum[2]
CET1 ratio	**11,6**	11,3%	11,4%	10,5% – 12,5%	6,875
Tier 1 ratio	**12,5**	12,0%	12,1%	11,5% – 13,0%	8,375
Total capital ratio	**14,5**	14,1%	14,5%	14,0% – 15,0%	10,375

(Ratios calculated include unappropriated profits.)

[2] The Basel III regulatory requirements are being phased in between 2013 and 2019, and exclude any idiosyncratic or systematically important bank minimum 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 was consistently below 100% and a low reliance on interbank and foreign-currency funding.

At June 2016 the group's quarterly average LCR of 93,1% (December 2015: 88,5%) exceeded the minimum regulatory requirement of 70%, as a buffer of a minimum of 10,0% is maintained to ensure daily compliance given the volatility of flows. The group will continue to position proactively for the phase-in period as the LCR requirement increases by 10% per annum to 100% by 1 January 2019.

Nedbank Group Limited LCR	Jun 2016	Dec 2015	Jun 2015
High-quality liquid assets (Rm)	**127 114**	117 997	109 060
Net cash outflows (Rm)	**136 469**	133 272	143 029
Liquidity coverage ratio (%)[3]	**93,1**	88,5	76,3
Regulatory minimum (%)	**70,0**	60,0	60,0

[3] Average for the quarter.

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

Nedbank's portfolio of LCR compliant HQLA increased to R127,1bn (December 2015: quarterly average R118,0bn). Together with our portfolio of quick-liquidity sources, the total available quick liquidity amounted to R167,7bn (December 2015: R160,7bn), representing 17,8% of total assets.

We also maintained a strong, well-diversified funding profile. Our three-month average long-term funding ratio of 30,9% for the second quarter of 2016 (December 2015: quarterly average of 28,7%) represents a slightly more conservative funding profile than the last reported industry average. The strong funding profile was supported by growth in Nedbank Retail Savings Bonds of R2,0bn to R16,4bn and Nedbank having successfully issued R8,8bn in senior unsecured debt in the first half of 2016.

Following the finalisation of the NSFR calibration in October 2014, the SARB released a directive on 18 November 2015 increasing the available stable funding factor applicable to wholesale deposits in the 0-to-6-month bucket from 0% to 35% to better reflect the stability of these deposits in the SA context. This directive positions all SA banks favourably to achieve NSFR compliance from the effective date of 1 January 2018.

Loans and advances

Loans and advances increased by 6,9%[1] to R693,3bn[1] (June 2015: R648,8bn), largely underpinned by growth in banking advances of 8,6%.

Loans and advances by cluster are as follows:

Rm	% change	Jun 2016	Jun 2015
CIB	8,4	**359 041**	331 069
Banking activities	11,2	**325 258**	292 457
Trading activities	(12,5)	**33 783**	38 612
RBB	3,5	**284 617**	275 079
Wealth	11,3	**29 677**	26 652
Rest of Africa	14,8	**18 199**	15 849
Centre	> 100,0	**1 798**	195
Group	6,9	**693 332**	648 844

Advances growth in CIB was mostly from term loans increasing 12,5% and commercial-mortgage advances growing 9,7%. This was led by the drawdown on existing deals in investment banking and commercial property finance. The decline in trading advances relates to a decrease in USD-denominated loans during the period.

Growth in RBB's advances was led by the increase of 7,2% in MFC and of 3,8% in Personal Loans, while Card grew 2,8%. Home Loans increased by 2,1%, with growth in new-asset payouts partially offset by the rolloff of the backbook. Since December 2015 total loans and advances have grown by an annualised 3,5%.

Deposits

Deposits grew 7,4%[1] to R741,7bn[1] (June 2015: R690,5bn), underpinned by deposit growth in RBB of 12,2% to R256,7bn. The loan-to-deposit ratio improved to 93,5% (December 2015: 93,9%).

Increasing household and commercial liabilities remains a priority for the group. Our strategy of growing our transactional banking franchise continued to gain traction, as reflected in our household deposit market share increasing to 18,7% in May 2016, from 18,4% in December 2015, supported by market share gains in current accounts to 19,0% in May 2016 (June 2015: 18,0%). Our current accounts increased 8,4% and savings accounts by 19,4%, and cash management deposits grew 6,2%. Since December 2015 total deposits grew by an annualised 4,4%.

Group strategic focus

Good progress continued to be made in our current five key strategic focus areas, positioning us well in the tough macroeconomic environment:

- *Client-centred innovation:* We are in the process of delivering a new digital platform with a user-centred design approach that focuses on creating a leading digital client experience. We launched the competitive Nedbank Pay-as-you-use Account and MyPocket, a savings pocket linked to transactional accounts and providing immediate access to cash. We also deployed LOTTO Plus on nedbank.co.za and implemented standalone prepaids for airtime, SMS bundles, data bundles and prepaid electricity. A cash advance solution, Nedbank GAP Access™, was launched, allowing merchants to grow their business off the back of their transactional flows. In addition, Nedbank Card and Payments is rolling out mobile payment solutions to consumers in partnership with MasterCard®, using the innovative MasterPass™ mobile payments platform. In 2016 we issued our contactless cards, which incorporate tap-and-go card acceptances and transaction banking. Digitally enabled retail clients increased 26% and digitally active clients increased 29%, which drove up the value of Nedbank App Suite™ transactions by 58% to R10,5bn. Client satisfaction levels of our banking app increased to 81,3%. The app is now ranked second in the market in the annual South African Customer Satisfaction Index for 2015, which is compiled by Consulta. To date we have converted 272 outlets to branches of the future, representing 39% of the total and plan to have 56% of all outlets converted by 2017. These outlets are smaller and more effective than traditional branches.
- *Growing our transactional banking franchise:* Nedbank's retail franchise attracted 7,3% additional main-banked clients, increasing to a total of 2,7m and translating into 9,4% retail transactional NIR growth. Altogether 71,6% of the retail main-banked client base have more than two other products (up from 70,9% in the prior year). Our transactional banking progress was reflected in market share gains in household and transactional deposits to 18,7% and 21,9% respectively. Our brand value and client relationships strengthened further, as reflected in the Nedbank Brand Tracker results, the Consulta annual retail reputational Net Promotor Score (NPS), which improved to 21%, and our South African Customer Satisfaction Index score, which increased to 74%. We continued to maintain high levels of full-service recovery and remain ranked first among the banks in respect of the hellopeter.com index.
- *Optimise and invest:* Cost discipline remains an imperative, with ongoing initiatives such as our strategy to decrease the number of core systems from 250 to 60, of which 84 have been decommissioned to date and a further six are targeted for 2016; the elimination of duplicative processes; the reduction in the cost to serve and acquire clients; as well as the reduction of our branch space by 25 000 m², of which 15 965 m² has already been saved. We relocated and consolidated offices, with approximately 6 000 employees relocated on completion of the Newtown and Lakeview Campuses in Johannesburg. This saved 10 000 m² of space, reducing our office vacancy ratio to worldclass levels of below 4%. Efficiencies continued to be generated from the integration within RBB and CIB. We remain on track for delivery by the Old Mutual Group of the full target of R1bn of pretax run rate synergies in 2017, of which approximately 30% should accrue to Nedbank .
- *Strategic portfolio tilt:* We maintained our focus on growing activities that generate EP, such as transactional deposits with current and savings accounts up 11,6%, transactional banking activity with commission and fees up 9,1%, and earnings growth of 20,9% in CIB and 18,3% in Nedbank Wealth. Our selective origination of personal loans, home loans and commercial property finance has proactively limited downside risk in this challenging operating climate, enabling a CLR of 67 bps, below the midpoint of our through-the-cycle range. At the same time our balance sheet metrics remain strong and we continue to deliver dividend growth.
- *Pan-African banking network:* The macroeconomic environment in the rest of Africa remains challenging due to slowing economic growth, foreign exchange and liquidity shortages, and increasing regulatory pressure across a number of jurisdictions.
  - In Central and West Africa, since the establishment of our alliance with Ecobank, 183 accounts have been opened in 24 countries for 76 of our wholesale clients that bank with Ecobank. We work closely with Ecobank on joint pipeline deals in the power and infrastructure sectors, and opportunities in trade and commodity finance. At 30 June 2016 the carrying value of our long-term strategic investment in ETI was R6,0bn[1] and the market value based on ETI's share price, albeit in largely illiquid markets, was R4,3bn. A value-in-use test was performed to assess the carrying value for impairment. The value in use, while having decreased from December 2015, still exceeds the carrying value, and as a result there was no requirement to impair our investment. We will continue to assess the indicators of impairment in future reporting periods. In the event of an impairment this would fall outside of headline earnings and have an immaterial impact on regulatory capital.
  - In SADC and East Africa we successfully implemented our Flexcube core banking system in Namibia and Swaziland, and we continued to launch new products and grow our distribution footprint. Our shareholding in Banco Único will be increased by 11% to 50% plus one share during the second half of 2016 to progress the transaction consummated in 2014. This will cost approximately R112m.

Despite these macroeconomic challenges, we believe in the long-term growth potential of Africa and we remain confident of our strategy and investments in the rest of Africa. We continue to support ETI as our partner in Central and West Africa. ETI is a strategic investment for the group, providing our clients with a pan-African transactional banking network across 39 countries. Our expectation is that ETI will generate an ROE in excess of its COE in the medium-to-long-term and our 21,8%[1] shareholding continues to offer our shareholders the opportunity to participate in this growth over time.

Old Mutual plc managed separation

A further update on the managed separation was provided on 28 June 2016, with Old Mutual plc (OM) stating that, following the creation of a new SA holding company, it intends to distribute, in an orderly manner, a significant proportion of the group's shareholding in Nedbank to the shareholders on the register of the new SA holding company at that time, leaving Old Mutual Emerging Markets (OMEM) as the principal business in the group. Through its ownership of Old Mutual Life Assurance Company South Africa the new SA group will retain an appropriate strategic minority stake in Nedbank, with the exact level still to be determined together with Nedbank based on OMEM's commercial relationship with Nedbank and influenced by the implications of the incoming Twin Peaks regulation. The boards of directors and management teams of OM and Nedbank continue to work closely together on the managed separation. Shareholders are referred to the OM and Nedbank Group SENS announcements released on 28 June 2016 for further details on the managed separation.

Economic outlook

The local economy is expected to remain under pressure for the remainder of 2016. Rising domestic inflation and the increase in interest rates earlier this year are expected to contain consumer spending. The global economy is also likely to remain generally unsupportive of growth, complicated further by the UK's vote to leave the EU and growing tensions in some key emerging economies. Given the sharper-than-expected decline in SA's GDP in the first quarter, stronger and more consistent growth is needed over the next three quarters to produce a favourable outcome for 2016. The SA economy is currently expected to contract by 0,1% in 2016 with risk remaining to the downside.

Interest rates are currently anticipated to increase by a further 25 bps, compared with earlier projections of a further 50 bps increase, resulting in a cumulative 100 bps increase for 2016. This is largely due to expectations that global uncertainties following the 'Brexit' vote will lead to a delay in the normalisation of US monetary policy, that core inflation in SA will breach 6% only in the fourth quarter of 2016, that SA's investment grade ratings in the June reviews will be maintained, and that the rand will be steadier, boosted by the global search for yield.

Corporate credit demand will continue to be affected by softer global demand, weak commodity prices, rising domestic production costs and limited infrastructure, offsetting the competitive benefit of a weaker rand. Restructuring is anticipated to continue as a result, with lower capital expenditure and retrenchments taking place in the private sector.

Consequently, household credit demand will remain weak, impacted by the weak job market, softer income growth and increasing levels of consumer indebtedness due to rising cost pressures from food inflation and higher fuel prices contributing to rising debt service costs.

Consumption expenditure by general government will be boosted by election-related spending in the short term and public sector investment in infrastructure and development projects in the medium term.

Prospects

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

- Average advances to grow at mid-to-upper single digits.
- NIM to be slightly above the 2015 level of 3,30%.
- CLR to be below the midpoint of our target range of 60 bps to 100 bps.
- NIR (excluding fair-value adjustments) to grow above mid-single digits.
- Expenses to increase by mid-to-upper single digits.

Our financial guidance for organic growth in diluted HEPS in 2016 and our medium-to-long-term targets remain unchanged. We expect growth in diluted HEPS in 2016 to be positive, but lower than the growth achieved in 2015 and below our medium-to-long-term target of consumer price index plus GDP growth plus 5%.

The outlook for our medium-to-long-term targets in 2016 is as follows:

Metric	Jun 2016 performance	2016 full-year outlook	Medium-to-long-term targets
ROE (excluding goodwill)	**15,7%**	Below target	5% above cost of ordinary shareholders' equity[4]
Growth in DHEPS	**1,6%[1]**	Positive but below 2015 growth and target	≥ consumer price index + GDP growth + 5%
CLR	**0,67%**	Below midpoint of target range	Between 0,6% and 1,0% of average banking advances
NIR-to-expenses ratio	**83,0%[1]**	Below target	> 85%
Efficiency ratio (including associate income)	**57,1%[1]**	Above target	50,0% to 53,0%
CET1 capital adequacy ratio (Basel III)	**11,6%**	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	**1,99 times**	Within target range	1,75 to 2,25 times

[4] *The COE is 14,4%, calculated on a monthly average for the period.*

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 and group executive changes

Following his retirement from Old Mutual plc, Paul Hanratty stepped down as a non-executive director of Nedbank Group and Nedbank on 12 March 2016. Errol Kruger was appointed as an independent non-executive director of Nedbank Group and Nedbank with effect from 1 August 2016.

Ciko Thomas, who has been a part of the RBB leadership team and the Group Executive Committee for the past six years, was appointed as Managing Executive of Nedbank RBB with effect from 1 April 2016 following the early retirement of Philip Wessels, as was previously announced on 1 March 2016.

Accounting policies[1]

Nedbank Group Ltd is a company domiciled in SA. The reviewed condensed consolidated interim financial results of the group at and for the period ended 30 June 2016 comprise the company and its subsidiaries (the 'group') and the group's interests in associates and joint arrangements.

The condensed consolidated interim financial results contained in the SENS announcement have been extracted from the reviewed condensed consolidated interim financial statements, which have been prepared in accordance with the provisions of the JSE Ltd Listings Requirements for interim reports. The condensed consolidated interim financial statements comprise the condensed consolidated statement of financial position at 30 June 2016, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cashflows for the period then ended and selected explanatory notes, which are indicated by the following symbol[1].

The JSE Ltd Listings Requirements require interim reports to be prepared in accordance with and containing the information required by International Financial Reporting Standards, international accounting standard 34: Interim Financial Reporting, the 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 SA. The accounting policies applied in the preparation of the reviewed condensed consolidated interim financial statements are in terms of the International Financial Reporting Standards and are consistent with the accounting policies that were applied in the preparation of the previous consolidated financial statements.

The condensed consolidated interim financial results have been prepared under the supervision of Raisibe Morathi CA(SA), the Chief Financial Officer. 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 statements for inclusion in the 2016 interim results booklet and SENS announcement.

Events after the reporting period[1]

Following our reporting date on 30 June 2016, the Nigerian naira continued to depreciate against the dollar and the market value of the group's investment in ETI based on its quoted share price in a thinly traded market has decreased further. These events are not indicative of conditions that existed at our reporting date on 30 June 2016. The group will continue to monitor developments and their possible impact on the value in use of our ETI investment and any possible impairment to our carrying value in the second half of 2016.

Reviewed condensed consolidated interim financial statements – independent auditors' conclusion

The condensed consolidated interim financial statements for the period ended 30 June 2016 have been reviewed by KPMG Inc and Deloitte & Touche, who expressed an unmodified review conclusion thereon.

A copy of the auditors' review report on the condensed consolidated interim financial statements is available for inspection at the company's registered office, together with the condensed consolidated interim financial statements identified in the auditors' review report.

The auditors' review report does not necessarily report on all of the information contained in the condensed consolidated 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' review report, together with the accompanying financial statements from Nedbank Group Ltd's registered office.

Forward-looking statements

This announcement contains certain forward-looking statements with respect to the financial condition and results of operations of Nedbank Group and its group companies 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 570 cents per ordinary share has been declared, payable to shareholders for the six months ended 30 June 2016. 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 85,50 cents per ordinary share, resulting in a net dividend of 484,50 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 Ltd's tax reference number is 9375/082/71/7 and the number of ordinary shares in issue at the date of declaration is 495 865 721.

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

Event	Date
Last day to trade (cum dividend)	Tuesday, 6 September 2016
Shares commence trading (ex dividend)	Wednesday, 7 September 2016
Record date (date shareholders recorded in books)	Friday, 9 September 2016
Payment date	Monday, 12 September 2016

Share certificates may not be dematerialised or rematerialised between Wednesday, 7 September 2016, and Friday, 9 September 2016, both days inclusive.

On Monday, 12 September 2016, the dividend will be electronically transferred to the bank accounts of shareholders. Holders of dematerialised shares will have their accounts credited at their participant or broker on Monday, 12 September 2016.

The above dates 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

1 August 2016

FINANCIAL HIGHLIGHTS
for the period ended

		% change	Jun 2016	Jun 2015	Dec 2015
Statistics					
Number of shares listed	m		**495,9**	494,4	494,4
Number of shares in issue, excluding shares held by group entities	m		**478,3**	476,0	476,6
Weighted-average number of shares	m		**478,0**	472,1	474,2
Diluted weighted-average number of shares	m		**485,0**	483,5	483,1
Headline earnings	Rm	2,0	**5 427**	5 323	10 831
Profit attributable to equity holders of the parent	Rm	2,1	**5 442**	5 328	10 721
Total comprehensive income	Rm	(21,9)	**3 695**	4 733	13 311
Preprovisioning operating profit	Rm	1,5	**9 593**	9 450	19 170
Economic profit	Rm	(69,3)	**408**	1 328	2 525
Headline earnings per share	cents	0,6	**1 135**	1 128	2 284
Diluted headline earnings per share	cents	1,6	**1 119**	1 101	2 242
Basic earnings per share	cents	0,8	**1 138**	1 129	2 261
Diluted basic earnings per share	cents	1,8	**1 122**	1 102	2 219
Ordinary dividends declared per share	cents		**570**	537	1 107
Interim		6,1	**570**	537	537
Final					570
Ordinary dividends paid per share	cents		**570**	568	1 105
Dividend cover	times		**1,99**	2,10	2,06
Total assets administered by the group	Rm	9,1	**1 200 513**	1 100 105	1 183 021
Total assets	Rm	9,0	**944 188**	866 624	925 726
Assets under management	Rm	9,8	**256 325**	233 481	257 295
Life insurance embedded value	Rm	29,9	**3 110**	2 395	2 657
Life insurance value of new business	Rm	33,3	**172**	129	247
Net asset value per share	cents	9,7	**15 826**	14 428	15 685
Tangible net asset value per share	cents	10,1	**13 853**	12 587	13 794
Closing share price	cents	(22,9)	**18 640**	24 180	18 861
Price:earnings ratio	historical		**8,2**	10,6	8,3
Market capitalisation	Rbn	(22,7)	**92,4**	119,5	93,2
Number of employees (permanent staff)		3,8	**31 915**	30 739	31 312
Number of employees (permanent and temporary staff)		2,8	**32 522**	31 405	31 689
Key ratios (%)					
Return on ordinary shareholders' equity (ROE)			**14,6**	16,0	15,7
ROE (excluding goodwill)			**15,7**	17,3	17,0
Return on tangible equity			**16,8**	18,3	18,1
Return on total assets (ROA)			**1,19**	1,28	1,25
Return on risk-weighted assets			**2,12**	2,35	2,30
Net interest income to average interest-earning banking assets			**3,37**	3,36	3,30
Non-interest revenue to total income			**46,6**	47,2	47,7
Non-interest revenue to total operating expenses			**83,0**	83,1	83,3
Credit loss ratio – banking advances			**0,67**	0,77	0,77
Efficiency ratio			**57,1**	55,8	56,1
Gross operating income growth less expense growth rate (Jaws ratio)			**(2,6)**	1,3	0,6
Effective taxation rate			**25,8**	24,8	24,0
Group capital adequacy ratios (including unappropriated profits):					
– Common equity tier 1			**11,6**	11,4	11,3
– Tier 1			**12,5**	12,1	12,0
– Total			**14,5**	14,5	14,1
Exchange rates used					
UK£ at period end	R	2,7	**19,66**	19,15	23,16
UK£ average rate	R	18,2	**21,56**	18,24	19,74
US$ at period end	R	20,7	**14,65**	12,14	15,62
US$ average rate	R	27,2	**15,19**	11,94	12,94
US$ at period end	NGN	41,7	**282,07**	199,00	199,56
US$ average rate	NGN	8,3	**213,03**	196,65	197,87

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended

Rm	Note	% change	Jun 2016	Jun 2015	Dec 2015
Interest and similar income		16,5	**33 212**	28 513	60 289
Interest expense and similar charges		19,9	**20 184**	16 838	36 404
Net interest income	1	11,6	**13 028**	11 675	23 885
Impairments charge on loans and advances	2	(4,2)	**2 211**	2 307	4 789
Income from lending activities		15,5	**10 817**	9 368	19 096
Non-interest revenue	3	8,7	**11 357**	10 450	21 748
Operating income		11,9	**22 174**	19 818	40 844
Total operating expenses	4	8,8	**13 686**	12 578	26 110
Indirect taxation		42,1	**466**	328	783
Profit from operations before non-trading and capital items		16,1	**8 022**	6 912	13 951
Non-trading and capital items		(20,0)	**4**	5	(141)
Profit on sale of subsidiaries, investments and property and equipment			**38**	5	(23)
Net impairment of investments, property and equipment and capitalised development costs			**(34)**		(118)
Profit from operations		16,0	**8 026**	6 917	13 810
Share of profits of associate companies and joint arrangements		> (100)	**(431)**	436	871
Profit from operations before direct taxation		3,3	**7 595**	7 353	14 681
Total direct taxation	5	6,8	**1 944**	1 820	3 519
Profit for the period		2,1	**5 651**	5 533	11 162
Other comprehensive income net of taxation		> 100	**(1 956)**	(800)	2 149
Exchange differences on translating foreign operations			**(1 221)**	440	3 203
Fair-value adjustments on available-for-sale assets			**(38)**		(4)
Actuarial profit/(losses) on long-term employee benefit assets			**58**	90	298
Share of other comprehensive income of investments accounted for using the equity method			**(758)**	(1 331)	(1 515)
Gains on property revaluations			**3**	1	167
Total comprehensive income for the period		(21,9)	**3 695**	4 733	13 311
Profit attributable to:					
– Equity holders of the parent		2,1	**5 442**	5 328	10 721
– Non-controlling interest – ordinary shareholders	6	18,5	**32**	27	70
– Non-controlling interest – preference shareholders	7	(0,6)	**177**	178	371
Profit for the period		2,1	**5 651**	5 533	11 162
Total comprehensive income attributable to:					
– Equity holders of the parent		(22,9)	**3 500**	4 537	12 820
– Non-controlling interest – ordinary shareholders			**18**	18	120
– Non-controlling interest – preference shareholders	7	(0,6)	**177**	178	371
Total comprehensive income for the period		(21,9)	**3 695**	4 733	13 311
Headline earnings reconciliation					
Profit attributable to equity holders of the parent		2,1	**5 442**	5 328	10 721
Less: Non-headline earnings items			**15**	5	(110)
Non-trading and capital items			**4**	5	(141)
Taxation on non-trading and capital items			**11**		31
Headline earnings		2,0	**5 427**	5 323	10 831

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at

Rm	Note	Jun 2016	Jun 2015	Dec 2015
Assets				
Cash and cash equivalents		**22 232**	28 892	22 840
Other short-term securities		**82 033**	66 083	75 614
Derivative financial instruments		**19 819**	14 732	30 488
Government and other securities		**51 996**	37 649	43 060
Loans and advances	8	**693 332**	648 844	681 632
Other assets		**11 505**	6 386	8 984
Current taxation assets		**1 253**	451	1 032
Investment securities	9	**13 254**	19 449	13 155
Non-current assets held for sale		**3**	13	2
Investments in private-equity associates, associate companies and joint arrangements	11	**7 968**	7 146	9 579
Deferred taxation assets		**338**	307	227
Investment property		**31**	300	32
Property and equipment		**8 908**	7 526	8 784
Long-term employee benefit assets		**5 317**	4 721	5 055
Mandatory reserve deposits with central banks		**16 759**	15 358	16 232
Intangible assets	10	**9 440**	8 767	9 010
Total assets		**944 188**	866 624	925 726
Equity and liabilities				
Ordinary share capital		**478**	476	477
Ordinary share premium		**18 062**	17 467	17 569
Reserves		**57 157**	50 736	56 708
Total equity attributable to equity holders of the parent		**75 697**	68 679	74 754
Non-controlling interest attributable to:				
– Ordinary shareholders	6	**443**	334	436
– Preference shareholders		**3 222**	3 561	3 561
– Additional tier 1 capital instruments		**1 524**		
Total equity		**80 886**	72 574	78 751
Derivative financial instruments		**19 587**	15 016	33 628
Amounts owed to depositors	12	**741 712**	690 495	725 851
Other liabilities		**28 208**	22 954	23 240
Current taxation liabilities		**370**	256	412
Deferred taxation liabilities		**1 646**	800	1 182
Long-term employee benefit liabilities		**3 177**	3 059	3 074
Investment contract liabilities		**13 245**	12 196	10 988
Insurance contract liabilities		**3 552**	4 044	3 618
Long-term debt instruments	13	**51 805**	45 230	44 982
Total liabilities		**863 302**	794 050	846 975
Total equity and liabilities		**944 188**	866 624	925 726

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended

Rm	Number of ordinary shares	Ordinary share capital	Ordinary share premium	Foreign currency translation reserve	Property revaluation reserve
Balance at 31 December 2014	465 642 918	466	16 781	1 615	1 741
Shares issued in terms of employee incentive schemes	3 332 101	3	842		
Shares (acquired)/no longer held by group entities and BEE[4] trusts[3]	6 978 181	7	(156)		
Preference share dividend paid					
Dividends paid to ordinary shareholders					
Total comprehensive income for the period				(881)	1
Transfer (to)/from reserves				(20)	(37)
Share-based payment reserve movements					
Regulatory risk reserve provision					
Other movements					
Balance at 30 June 2015	475 953 200	476	17 467	714	1 705
Shares delisted – BEE schemes	(8 916 159)	(9)	(327)		
Treasury shares no longer held by BEE[4] schemes	8 916 159	9	327		
Shares (acquired)/no longer held by group entities and BEE trusts[3]	602 587	1	102		
Preference share dividend paid					
Dividends paid to ordinary shareholders					
Total comprehensive income for the period				2 604	166
Transfer (to)/from reserves					14
Share-based payment reserve movements					
Regulatory risk reserve provision					
Other movements					
Balance at 31 December 2015	**476 555 787**	**477**	**17 569**	**3 318**	**1 885**
Additional tier 1 capital instruments issued[5]					
Shares issued in terms of employee incentive schemes	**1 453 764**	**1**	**275**		
Shares (acquired)/no longer held by group entities and BEE trusts[3]	**289 383**		**218**		
Preference shares held by group entities					
Preference share dividend paid					
Dividends paid to ordinary shareholders					
Total comprehensive income for the period				**(2 178)**	**3**
Transfer (to)/from reserves					**(49)**
Share-based payment reserve movements					
Balance at 30 June 2016	**478 298 934**	**478**	**18 062**	**1 140**	**1 839**

[1] *Represents other non-distributable revaluation surplus on capital items and non-distributable reserves transferred from other distributable reserves in order to comply with the Banks Act of 1990.*
[2] *Represents the accumulated profits after distribution to shareholders and appropriations of retained earnings to other non-distributable reserves.*
[3] *Shares acquired by group entities and black economic empowerment trusts R178m (Dec 2015: R751m) less shares that vested and are no longer held by group entities R396m (Dec 2015: R704m).*
[4] *Black economic empowerment.*
[5] *The group issued a new-style (Basel III-compliant) additional tier 1 capital instrument of R1,5bn in May 2016 at JIBAR + 7%. In line with the bank regulations, subject to regulatory approval, the instruments are callable only at the option of the issuer on 21 May 2021 and any interest payment date thereafter.*

	Share-based payment reserve	Other non-distributable reserves[1]	Available-for-sale reserve	Other distributable reserves[2]	Total equity attributable to equity holders of the parent	Non-controlling interest attributable to ordinary shareholders	Non-controlling interest attributable to preference shareholders	Non-controlling interest attributable to additional tier 1 capital instruments	Total shareholders' equity
	1 654	167	178	44 422	67 024	326	3 561		70 911
					845				845
				(571)	(720)				(720)
					–		(178)		(178)
				(2 775)	(2 775)	(10)			(2 785)
			(179)	5 596	4 537	18	178		4 733
	(392)	14	1	434	–				–
	(218)				(218)				(218)
		(15)			(15)				(15)
				1	1				1
	1 044	166	–	47 107	68 679	334	3 561	–	72 574
					(336)				(336)
					336				336
				(4)	99				99
					–		(193)		(193)
				(2 620)	(2 620)				(2 620)
			35	5 478	8 283	102	193		8 578
	(32)	18			–				–
	300				300				300
		15			15				15
				(2)	(2)				(2)
	1 312	**199**	**35**	**49 959**	**74 754**	**436**	**3 561**	**–**	**78 751**
								1 524	**1 524**
					276				**276**
					218				**218**
					–		**(339)**		**(339)**
					–		**(177)**		**(177)**
				(2 806)	**(2 806)**	**(11)**			**(2 817)**
			188	**5 487**	**3 500**	**18**	**177**		**3 695**
	(91)	**13**		**127**	**–**				**–**
	(245)				**(245)**				**(245)**
	976	**212**	**223**	**52 767**	**75 697**	**443**	**3 222**	**1 524**	**80 886**

RETURN ON EQUITY DRIVERS
for the period ended

	Jun 2016	Jun 2015	Dec 2015
Net interest income	**13 028**	11 675	23 885
Impairment of loans and advances	**(2 211)**	(2 307)	(4 789)
Non-interest revenue	**11 357**	10 450	21 748
Income from normal operations	**22 174**	19 818	40 844
Total operating expenses	**(13 686)**	(12 578)	(26 110)
Share of profits of associate companies and joint arrangements	**(431)**	436	871
Net profit before taxation	**8 057**	7 676	15 605
Indirect taxation	**(466)**	(328)	(783)
Direct taxation	**(1 955)**	(1 820)	(3 550)
Net profit after taxation	**5 636**	5 528	11 272
Non-controlling interest	**(209)**	(205)	(441)
Headline earnings	**5 427**	5 323	10 831
Daily average interest-earning banking assets	**777 358**	701 125	724 080
Daily average total assets	**919 901**	836 896	863 381
Daily average shareholders' funds	**74 676**	67 121	69 076
Daily average shareholders' funds, excluding goodwill	**69 523**	61 976	63 896

Averages calculated on a 365/366-day basis.

	Jun 2016		Jun 2015		Dec 2015	
Net interest income/average interest-earning banking assets	**3,37%**	**Impairments/NII**	3,36%	Impairments/NII	3,30%	Impairments/NII
	less	**16,9%**	*less*	19,6%	*less*	20,0%
Impairments/average interest-earning banking assets	**0,57%**		0,66%		0,66%	
	add	**NIR/Expenses**	*add*	NIR/Expenses	*add*	NIR/Expenses
Non-interest revenue/average interest-earning banking assets	**2,94%**	**83,0%**	3,01%	83,1%	3,00%	83,3%
	5,74%		5,71%		5,64%	
	less	**Efficiency ratio**	*less*	Efficiency ratio	*less*	Efficiency ratio
Total expenses/average interest-earning banking assets	**3,54%**	**57,1%**	3,62%	55,8%	3,61%	56,1%
	add		*add*		*add*	
Associate income/average interest-earning banking assets	**(0,09)%**		0,11%		0,10%	
	2,11%		2,20%		2,13%	
	multiply		*multiply*		*multiply*	
1 – effective direct and indirect taxation rate	**0,70**		0,72		0,72	
	multiply		*multiply*		*multiply*	
Income attributable to minorities	**0,96**		0,96		0,96	
Headline earnings	**1,42%**		1,52%		1,47%	
	multiply		*multiply*		multiply	
Interest-earning banking assets/daily-average total assets	**84,5%**		83,8%		83,9%	
	=		=		=	
Return on total assets	**1,19%**		1,28%		1,25%	
	multiply		*multiply*		*multiply*	
Gearing	**12,32**		12,47		12,50	
	=		=		=	
Return on ordinary shareholders' equity	**14,6%**		16,0%		15,7%	
Return on ordinary shareholders' equity, excluding goodwill	**15,7%**		17,3%		17,0%	

OPERATIONAL SEGMENTAL REPORTING

for the period ended

	Nedbank Group			Nedbank Corporate and Investment Banking		
	Jun 2016	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015
Consolidated statement of financial position (Rm)						
Assets						
Cash and cash equivalents	**38 991**	44 250	39 072	**13 583**	20 490	12 910
Other short-term securities	**82 033**	66 083	75 614	**38 251**	27 565	35 005
Derivative financial instruments	**19 819**	14 732	30 488	**19 746**	14 535	30 102
Government and other securities	**51 996**	37 649	43 060	**32 217**	21 228	24 950
Loans and advances	**693 332**	648 844	681 632	**359 041**	331 069	355 784
Other assets	**58 017**	55 066	55 860	**13 387**	8 003	11 816
Total assets	**944 188**	866 624	925 726	**476 225**	422 890	470 567
Equity and liabilities						
Total equity	**80 886**	72 574	78 751	**28 329**	21 848	23 096
Average allocated capital	**75 350**	67 121	69 417	**28 329**	21 848	23 096
Non-controlling interest	**5 189**	3 895	3 997			
Other equity[2]	**347**	1 558	5 337			
Derivative financial instruments	**19 587**	15 016	33 628	**19 379**	14 903	32 987
Amounts owed to depositors	**741 712**	690 495	725 851	**341 995**	334 615	346 868
Provisions and other liabilities	**50 198**	43 309	42 514	**21 771**	16 536	18 176
Long-term debt instruments	**51 805**	45 230	44 982	**1 465**	1 216	1 563
Intergroup liabilities	**–**	–	–	**63 286**	33 772	47 877
Total equity and liabilities	**944 188**	866 624	925 726	**476 225**	422 890	470 567
Consolidated statement of comprehensive income (Rm)						
Net interest income	**13 028**	11 675	23 885	**3 685**	3 257	6 781
Impairments charge on loans and advances	**2 211**	2 307	4 789	**502**	536	1 188
Income from lending activities	**10 817**	9 368	19 096	**3 183**	2 721	5 593
Non-interest revenue	**11 357**	10 450	21 748	**3 505**	3 072	6 508
Operating income	**22 174**	19 818	40 844	**6 688**	5 793	12 101
Total operating expenses	**13 686**	12 578	26 110	**2 694**	2 464	5 105
Indirect taxation	**466**	328	783	**52**	34	78
Profit/(Loss) from operations	**8 022**	6 912	13 951	**3 942**	3 295	6 918
Share of profits of associate companies and joint arrangements	**(431)**	436	871	**(11)**	6	(1)
Profit/(Loss) before direct taxation	**7 591**	7 348	14 822	**3 931**	3 301	6 917
Direct taxation	**1 955**	1 820	3 550	**925**	816	1 702
Profit/(Loss) after taxation	**5 636**	5 528	11 272	**3 006**	2 485	5 215
Profit attributable to non-controlling interest:						
– Ordinary shareholders	**32**	27	70	**2**		7
– Preference shareholders	**177**	178	371			
Headline earnings	**5 427**	5 323	10 831	**3 004**	2 485	5 208
Selected ratios						
Average interest-earning banking assets (Rm)	**777 358**	701 125	724 080	**375 398**	329 373	342 898
Return on assets (%)	**1,19**	1,28	1,25	**1,31**	1,25	1,24
Return on equity (%)	**14,6**	16,0	15,7	**21,3**	22,9	22,6
Interest margin (%)[1]	**3,37**	3,36	3,30	**1,97**	1,99	1,98
Non-interest revenue to total income (%)	**46,6**	47,2	47,7	**48,7**	48,5	49,0
Non-interest revenue to total operating expenses (%)	**83,0**	83,1	83,3	**130,1**	124,7	127,5
Credit loss ratio – banking advances (%)	**0,67**	0,77	0,77	**0,31**	0,38	0,40
Efficiency ratio, including associate income (%)	**57,1**	55,8	56,1	**37,5**	38,9	38,4
Effective taxation rate (%)	**25,8**	24,8	24,0	**23,5**	24,7	24,6
Contribution to group economic profit/(loss) (Rm)	**408**	1 328	2 525	**959**	1 076	2 205
Number of employees (permanent staff)	**31 915**	30 739	31 312	**2 754**	2 788	2 728

[1] *Cluster margins include internal assets.*
[2] *Other equity includes the variance between actual equity and average allocated capital.*

	Nedbank Retail and Business Banking			Nedbank Wealth			Rest of Africa			Centre		
	Jun 2016	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015
	2 850	2 676	3 161	**1 612**	2 017	1 774	**4 025**	3 893	4 438	**16 921**	15 174	16 789
				15 410	10 353	15 161	**2 355**	1 963	1 801	**26 017**	26 202	23 647
				7	10	5	**30**	10	76	**36**	177	305
	3 881	665	3 839				**301**	340	327	**15 597**	15 416	13 944
	284 617	275 079	279 929	**29 677**	26 652	28 206	**18 199**	15 849	16 515	**1 798**	195	1 198
	5 144	4 568	5 631	**15 962**	22 426	16 176	**7 824**	7 195	9 784	**15 700**	12 874	12 453
	296 492	282 988	292 560	**62 668**	61 458	61 322	**32 734**	29 250	32 941	**76 069**	70 038	68 336
	26 040	27 043	26 924	**3 445**	2 691	2 734	**7 287**	4 528	6 799	**15 785**	16 464	19 198
	26 040	27 043	26 924	**3 445**	2 691	2 734	**7 287**	4 528	6 799	**10 249**	11 011	9 864
										5 189	3 895	3 997
										347	1 558	5 337
				64	8	10	**143**	34	172	**1**	71	459
	256 713	228 854	248 135	**34 943**	28 487	34 083	**23 412**	19 826	21 208	**84 649**	78 713	75 557
	3 298	3 599	3 686	**19 767**	18 833	16 884	**765**	775	808	**4 597**	3 566	2 960
	6 660	3 866	6 816				**5**	5	5	**43 675**	40 143	36 598
	3 781	19 626	6 999	**4 449**	11 439	7 611	**1 122**	4 082	3 949	**(72 638)**	68 919	(66 436)
	296 492	282 988	292 560	**62 668**	61 458	61 322	**32 734**	29 250	32 941	**76 069**	70 038	68 336
	8 567	7 765	15 955	**468**	367	766	**404**	306	740	**(96)**	(20)	(357)
	1 773	1 686	3 212	**24**	22	39	**63**	64	201	**(151)**	(1)	149
	6 794	6 079	12 743	**444**	345	727	**341**	242	539	**55**	(19)	(506)
	5 683	5 290	10 972	**1 803**	1 652	3 593	**372**	426	819	**(6)**	10	(144)
	12 477	11 369	23 715	**2 247**	1 997	4 320	**713**	668	1 358	**49**	(9)	(650)
	8 956	8 250	17 077	**1 397**	1 273	2 730	**850**	737	1 526	**(211)**	(146)	(328)
	173	98	302	**58**	44	95	**16**	15	29	**167**	137	279
	3 348	3 021	6 336	**792**	680	1 495	**(153)**	(84)	(197)	**93**	–	(601)
							(420)	430	872			
	3 348	3 021	6 336	**792**	680	1 495	**(573)**	346	675	**93**	–	(601)
	944	850	1 781	**178**	161	361	**(53)**	(25)	(79)	**(39)**	18	(215)
	2 404	2 171	4 555	**614**	519	1 134	**(520)**	371	754	**132**	(18)	(386)
							30	27	63			
	33	39	95							**144**	139	276
	2 371	2 132	4 460	**614**	519	1 134	**(550)**	344	691	**(12)**	(157)	(662)
	281 420	271 041	274 162	**45 532**	36 740	39 612	**22 243**	19 840	20 934	**52 765**	44 131	46 474
	1,64	1,53	1,57	**1,97**	1,77	1,84	**(3,43)**	2,46	2,31			
	18,3	15,9	16,6	**35,9**	38,9	41,5	**(15,2)**	15,3	10,2			
	6,12	5,78	5,82	**2,07**	2,01	1,93	**3,65**	3,11	3,53			
	39,9	40,5	40,7	**79,4**	81,8	82,4	**47,9**	58,2	52,5			
	63,5	64,1	64,3	**129,1**	129,8	131,6	**43,8**	57,8	53,7			
	1,23	1,22	1,14	**0,16**	0,18	0,15	**0,76**	0,86	1,25			
	62,8	63,2	63,4	**61,5**	63,0	62,6	**238,8**	63,5	62,8			
	28,2	28,1	28,1	**22,5**	23,7	24,1	**9,2**	(7,2)	(11,7)			
	491	389	960	**366**	346	778	**(1 077)**	52	(193)	**(331)**	(535)	(1 225)
	21 247	20 450	20 921	**2 182**	2 092	2 107	**1 935**	1 725	1 812	**3 797**	3 684	3 744

Rm	Nedbank Group		
	Jun 2016	Jun 2015	Dec 2015
Consolidated statement of financial position			
Assets			
Cash and cash equivalents	**38 991**	44 250	39 072
Other short-term securities	**82 033**	66 083	75 614
Derivative financial instruments	**19 819**	14 732	30 488
Government and other securities	**51 996**	37 649	43 060
Loans and advances	**693 332**	648 844	681 632
Other assets	**58 017**	55 066	55 860
Total assets	**944 188**	866 624	925 726
Equity and liabilities			
Total equity	**80 886**	72 574	78 751
Derivative financial instruments	**19 587**	15 016	33 628
Amounts owed to depositors	**741 712**	690 495	725 851
Provisions and other liabilities	**50 198**	43 309	42 514
Long-term debt instruments	**51 805**	45 230	44 982
Intergroup liabilities	**–**	–	–
Total liabilities	**944 188**	866 624	925 726
Consolidated statement of comprehensive income			
Net interest income	**13 028**	11 675	23 885
Impairments charge on loans and advances	**2 211**	2 307	4 789
Income from lending activities	**10 817**	9 368	19 096
Non-interest revenue	**11 357**	10 450	21 748
Operating income	**22 174**	19 818	40 844
Operating expenses	**13 686**	12 578	26 110
Indirect taxation	**466**	328	783
Profit from operations	**8 022**	6 912	13 951
Share of profits of associate companies and joint arrangements	**(431)**	436	871
Profit before direct taxation	**7 591**	7 348	14 822
Direct taxation	**1 955**	1 820	3 550
Profit after taxation	**5 636**	5 528	11 272
Profit attributable to non-controlling interest:			
– Ordinary shareholders	**32**	27	70
– Preference shareholders	**177**	178	371
Headline earnings	**5 427**	5 323	10 831

[1] *Includes all group eliminations.*
[2] *The Rest of Africa geographical segmental income statement and balance sheet consist of the SADC banking subsidiaries and the investments in ETI and Banco Único. These statements do not include transactions concluded with clients resident in the rest of Africa by other group entities within CIB, nor transactional banking revenues. For example, CIB have a credit exposure to clients resident in the rest of Africa of R28,6bn (December 2015: R22,5bn, June 2015: R15,4bn).*
[3] *The group changed its geographical reporting to align with its internal risk-adjusted performance measurement methodology, which resulted in certain balances being transferred between geographic segments. The balances at June 2015 and December 2015 have accordingly been restated to be comparable.*

South Africa[1]			Rest of Africa[2]			Rest of world		
Jun 2016	Jun 2015[3]	Dec 2015[3]	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015[3]	Dec 2015[3]
31 236	33 188	30 056	**4 025**	3 893	4 438	**3 730**	7 169	4 578
79 678	54 908	60 625	**2 355**	1 963	1 801		9 212	13 188
19 251	14 097	28 279	**30**	10	76	**538**	625	2 133
47 244	30 974	35 822	**301**	340	327	**4 451**	6 335	6 911
641 825	595 839	621 029	**18 199**	15 849	16 515	**33 308**	37 156	44 088
46 958	43 488	40 615	**7 824**	7 195	9 784	**3 235**	4 383	5 461
866 192	772 494	816 426	**32 734**	29 250	32 941	**45 262**	64 880	76 359
72 888	67 578	71 459	**7 287**	4 528	6 799	**711**	468	493
18 888	14 359	31 418	**143**	34	172	**556**	623	2 038
697 116	623 513	653 874	**23 412**	19 826	21 208	**21 184**	47 156	50 769
49 034	42 060	41 058	**765**	775	808	**399**	474	648
51 800	45 225	44 977	**5**	5	5		–	–
(23 534)	(20 241)	(26 360)	**1 122**	4 082	3 949	**22 412**	16 159	22 411
866 192	772 494	816 426	**32 734**	29 250	32 941	**45 262**	64 880	76 359
12 349	11 067	22 439	**404**	306	740	**275**	302	706
1 896	1 880	3 768	**63**	64	201	**252**	363	820
10 453	9 187	18 671	**341**	242	539	**23**	(61)	(114)
10 705	9 630	20 140	**372**	426	819	**280**	394	789
21 158	18 817	38 811	**713**	668	1 358	**303**	333	675
12 679	11 483	23 825	**850**	737	1 526	**157**	358	759
448	308	743	**16**	15	29	**2**	5	11
8 031	7 026	14 243	**(153)**	(84)	(197)	**144**	(30)	(95)
(11)	6	(1)	**(420)**	430	872			–
8 020	7 032	14 242	**(573)**	346	675	**144**	(30)	(95)
1 989	1 880	3 710	**(53)**	(25)	(79)	**19**	(35)	(81)
6 031	5 152	10 532	**(520)**	371	754	**125**	5	(14)
2		7	**30**	27	63			–
177	178	371						–
5 852	4 974	10 154	**(550)**	344	691	**125**	5	(14)

OUR ORGANISATIONAL STRUCTURE

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

OLD MUTUAL PLC

NEDBANK GROUP LIMITED

NEDBANK LIMITED

Client-facing clusters

OUR CLIENTS

Cluster	Our clients
NEDBANK CORPORATE AND INVESTMENT BANKING (CIB)	SA corporates, institutions and parastatals with a turnover of over R700m per annum. > 600 large corporate clients
NEDBANK RETAIL AND BUSINESS BANKING (RBB)	Individual clients, as well as businesses with an annual turnover of less than R700m per annum. > 7m retail clients and small business clients. > 22 000 business banking client groups.
NEDBANK WEALTH	High-net-worth individuals as well as other retail, business and corporate clients. > 14 800 high-net-worth clients locally and internationally
REST OF AFRICA	Retail, small and medium enterprises (SMEs), and business and corporate clients across the countries we operate in. > 275 000 retail clients

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

Shared services clusters (Exco member)

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

OUR PRODUCTS AND SERVICES	OUR AREAS OF STRENGTH AND DIFFERENTIATION	KEY METRICS AND LEADERS
Nedbank Corporate and Investment Banking (CIB) Full suite of wholesale banking solutions, including investment banking and lending; global markets and treasury; commercial property finance; deposit-taking; and transactional banking.	■ Leading industry expertise in infrastructure, mining and resources, oil and gas, telecoms and energy. ■ Market leadership in commercial property finance and renewable-energy financing. ■ Strong corporate banking relationships.	**Assets** R476,2bn **HE** R3 004m **ROE** 21,3% **Brian Kennedy** 2 754 staffmembers
Nedbank Retail and Business Banking (RBB) Full range of services, including transactional banking; card solutions; lending solutions; deposit-taking; risk management; investment products; and card-acquiring services for business.	■ A leader in Business Banking, underpinned by an accountable, empowered, decentralised business service model. ■ Leader in Corporate Saver deposits and debtor management. ■ Strong positioning in household motor finance, household deposits and card acquiring. ■ Nedbank won the 2015 Best African Retail Bank of the Year award at the 2016 Retail Banking Global Conference and Awards held in London in May this year. ■ Nedbank was awarded the EFMA Accenture award for best global analytics and big data product and the Best analytics product in Africa from Asian Banker for its big data payment innovation, Market Edge™.	**Assets** R296,5bn **HE** R2 371m **ROE** 18,3% **Ciko Thomas** **Sandile Shabalala** 21 247 staffmembers
Nedbank Wealth Wide range of financial services, including high-net-worth banking and wealth-management solutions, as well as asset management and insurance offerings.	■ Integrated International high-net-worth proposition. ■ Nedbank Private Wealth won numerous awards including being voted best UK Private Bank. Locally Nedbank Private Wealth ranked third overall in the 2016 SA's Top Private Banks and Wealth Managers Survey and achieved first place in the Entrepreneur category. At the Euromoney Awards Nedbank Private Wealth won first place for Philanthropic Advice, Social Impact Investing and Succession Planning. ■ Unique Best of Breed™ asset management model. ■ Nedgroup Investments won both the SA and offshore Asset Management Company of the Year awards for 2015 – Annual Raging Bull Awards.	**AUM** R256,3bn **HE** R614m **ROE** 35,9% **Iolanda Ruggiero** 2 182 staffmembers
Rest of Africa Full range of banking services, including transactional, lending, deposit-taking and card products.	■ The Ecobank–Nedbank Alliance: Footprint across 39 countries; the largest in Africa. ■ Representative offices in Angola and Kenya. ■ Banco Único: Fastest Growing Retail Bank and Best Internet Bank Mozambique 2015 – Global Banking and Finance Review Awards. ■ Nedbank Namibia: Best Customer Service Bank in Namibia – Customer Service Management Africa Awards. ■ Nedbank Malawi: Best Customer Service Bank in Malawi in 2015, as well as the Best Internet Bank in Malawi – Global Banking and Finance Review Awards.	**Assets** R32,7bn **HE** (R550m) **ROE** (15,2%) **Mfundo Nkuhlu** 1 935 staffmembers

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

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

NEDBANK CORPORATE AND INVESTMENT BANKING

Nedbank Corporate and Investment Banking (CIB) grew headline earnings 20,9% to R3 004m (June 2015: R2 485m), while economic profit decreased by 10,9% to R959m (June 2015: R1 076m). Return on equity (ROE) of 21,3% (June 2015: 22,9%) was impacted by an increase in average allocated capital of 29,7%. The strong growth in headline earnings is evidence of the benefits being derived from an integrated CIB franchise, particularly enabling deeper client penetration.

Net interest income (NII) increased 13,1% to R3 685m (June 2015: R3 257m). Banking advances grew by 13,6% to R325bn (June 2015: R286bn) due to good pipeline conversion rates across our sector-focused businesses as well as currency fluctuations that affected our balance sheet. The net interest margin (NIM) decreased to 1,97% (June 2015: 1,99%) as a result of the increased cost-of-funding impact from Basel III regulations as well as increased levels of competition in the marketplace, with average deposits growing 4,8% to R340bn.

Impairments decreased to R502m (June 2015: R536m) and the credit loss ratio (CLR) declined to 0,31% (June 2015: 0,38%), remaining within our through-the-cycle (TTC) target range of 0,15% to 0,45%. Our exposure to the oil and gas sector represents 2,6% of CIB's book. The increase in oil prices has resulted in positive reratings across our exposures and we continue to monitor this portfolio closely. Our advances reflect a low concentration and downside risk against the tough economic environment.

Non-interest revenue (NIR) grew 14,1% to R3 505m (June 2015: R3 072m), with good contributions from all our businesses, increasing the NIR-to-expenses ratio to 130,1% (June 2015: 124,7%). Growth in NIR continues to be supported by the increase in trading income, commission and fees earned as well as private-equity income. Increased trading activity and cross-sell across CIB continue to drive growth in trading income, increasing 5,5%. Private-equity and other income increased 17,8% due to equity realisations and dividend income.

Cost savings generated through the integration of Corporate and Capital in 2015 have been maintained for the current period. We have improved our efficiency ratio to 37,5% and continue to manage total expense growth, which increased 9,3% to R2 694m (June 2015: R2 464m).

The Property Finance business grew average advances 10,1% to R123,4bn (June 2015: R112,1bn) due to growth in the commercial mortgage book. Gross operating income increased over the period with NII growth driven by increased margin earned and higher levels of endowment, partly offset by increased funding costs related to Basel III regulations. NIR was positively driven by strong growth in returns on the investment book of 36%. The business's CLR decreased to 7 bps (June 2015: 13 bps) in line with the reduction of impaired advances over the recent years, which now comprise 1,02% of the total book. In addition, strong cost containment has resulted in an efficiency ratio of 30,8%.

FINANCIAL HIGHLIGHTS

	Nedbank Corporate and Investment Banking			Property Finance			Other[1]		
	Jun 2016	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015
Net interest income (Rm)	**3 685**	3 257	6 781	**998**	974	2 005	**2 687**	2 283	4 776
Impairments charge on loans and advances (Rm)	**502**	536	1 188	**41**	71	97	**461**	465	1 091
Non-interest revenue (Rm)	**3 505**	3 072	6 508	**489**	480	971	**3 016**	2 592	5 537
Gross operating income (Rm)	**7 190**	6 329	13 289	**1 487**	1 454	2 976	**5 703**	4 875	10 313
Operating expenses (Rm)	**2 694**	2 464	5 105	**459**	438	878	**2 235**	2 026	4 227
Headline earnings (Rm)	**3 004**	2 485	5 208	**760**	683	1 430	**2 244**	1 802	3 778
Return on equity (%)	**21,3**	22,9	22,6	**22,7**	20,7	21,2			
Return on assets (%)	**1,31**	1,25	1,24	**0,99**	0,97	0,97			
Credit loss ratio (%)	**0,31**	0,38	0,40	**0,07**	0,13	0,08			
Non-interest revenue to total expenses (%)	**130,1**	124,7	127,5	**107,0**	109,6	110,7			
Efficiency ratio (%)	**37,5**	38,9	38,4	**30,8**	30,0	29,5			
Interest margin (%)	**1,97**	1,99	1,98	**1,33**	1,41	1,39			
Total assets (Rm)	**476 225**	422 890	470 567	**160 205**	149 429	155 318	**316 020**	273 461	15 249
Average total assets (Rm)	**462 260**	402 240	418 919	**154 373**	142 688	146 921	**307 887**	259 552	271 998
Total advances (Rm)	**359 041**	331 069	355 784	**127 458**	116 452	122 118	**231 583**	214 617	233 666
Average total advances (Rm)	**355 729**	316 505	327 529	**123 443**	112 136	116 141	**232 286**	204 369	211 388
Total deposits (Rm)	**341 995**	334 615	346 868	**1 583**	1 828	1 561	**340 412**	332 787	345 307
Average total deposits (Rm)	**340 140**	324 449	329 881	**1 401**	1 838	1 718	**338 739**	322 611	328 163
Average allocated capital (Rm)	**28 329**	21 848	23 096	**6730**	6 656	6 754	**21 599**	15 192	16 342

[1] *Nedbank Corporate and Investment Banking excluding Property Finance.*

Looking forward

2016 continues to present a tough economic environment for SA and the rest of Africa. Building an effective integrated CIB franchise model remains our key priority as we continue to focus on deeper client and market penetration.

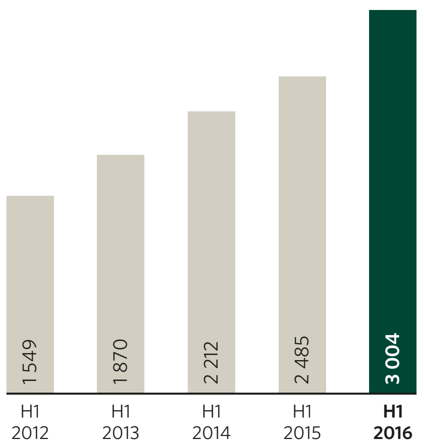
We will focus on maintaining our position as market leaders in promoting sustainable energy in SA and aim to convert our strong renewable-energy pipeline in the second half of 2016 and in 2017. As we achieve selected book growth on the continent, we simultaneously aim to grow our transactional deposits to create a further competitive advantage for our business and diversify our funding base for the group.

We will continue to guide our business as we emphasise proactive risk management and ensure that we remain compliant with regulatory requirements.

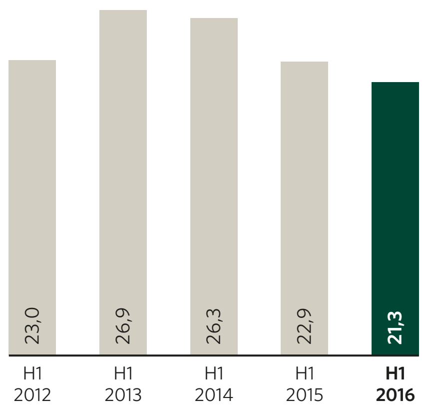
As a key enabler for our strategies, we will apply our strategic and proactive approach to attract and retain top talent in our businesses.

Favourable	Unfavourable
■ Strong growth in headline earnings of 20,9%. ■ Decrease in impairments and reduced CLR. ■ Maintaining our leading position in commercial property finance as demonstrated by being the sole funder of Mall of Africa. ■ Strong financial performance from Investment Banking. ■ Continuing to drive cross-sell across products. ■ Good advances growth and strong pipeline. ■ Efficient management of costs and systems to enhance efficiencies. ■ Continued investment in people and talent management.	■ Slower gross domestic product (GDP) growth and increasing interest rates. ■ Volatile market conditions in SA and the rest of the world as a result of Brexit. ■ Pricing pressure as a result of increased regulatory and compliance demands. ■ Increased competition environment for high-quality assets.

HEADLINE EARNINGS
(Rm)



RETURN ON EQUITY
(%)



CIB BUSINESSES

Investment Banking	■ The Investment Banking franchise of CIB is a lending and advisory business that provides services to corporate clients, offering debt and equity capital raisings, investing activities and specialised financing solutions in all sectors (excluding property) where funding is required for longer than 12 months. Investment Banking's strategic focus is primarily on the growth and economic development in SA (including the rest of the African continent) and its people.
Property Finance	■ The Property Finance franchise is focused exclusively on the commercial property sector and within this sector undertakes lending and investing activities. In Lending, the business provides finance for existing properties and development finance, as well as funding solutions for listed/unlisted property funds. The business also invests in minority stakes in both the listed and unlisted property sectors and owns and develops property.
Markets	■ The Markets business undertakes trading activities and provides products to institutional and corporate clients, as well as the provision of treasury services to the broader Nedbank Group to facilitate funding and liquidity. The Markets trading and treasury activities are enabled by leading technology.
Short-term and Transactional Services	■ Short-term and Transactional Services include all short-term loans and transactional products.

FINANCIAL HIGHLIGHTS

	Investment Banking			Property Finance			Markets			Short-term and Transactional Services		
	Jun 2016	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015
Gross operating income (Rm)	**1 984**	1 556	3 848	**1 487**	1 454	2 976	**2 237**	1 952	3 703	**1 482**	1 367	2 762
Average total advances (Rm)	**157 915**	127 350	133 409	**123 443**	112 136	116 141	**37 350**	38 426	38 604	**30 370**	36 607	35 856

NEDBANK RETAIL AND BUSINESS BANKING

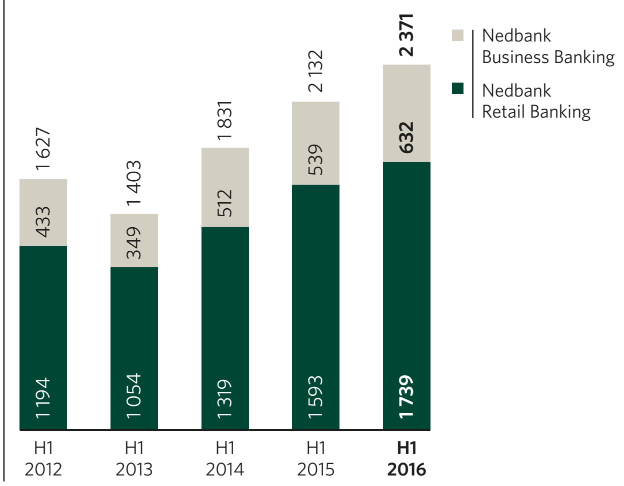
Retail and Business Banking's headline earnings grew 11,2% to R2 371m (June 2015: R2 132m) and generated an ROE of 18,3% (June 2015: 15,9%), well above the cost of capital of 14,4%.

Operating income improved by 9,7% to R12 477m (June 2015: R11 369m), benefiting from additional endowment revenues in a cycle of rising interest rates, improved interest margin and good NIR growth on the back of a 7,3% increase in main-banked clients. Both NII and NIR have continued to grow in excess of inflation, despite the combined impact of marginally lower average personal-loan advances and the remaining impact of lower interchange revenue in Q1 2016.

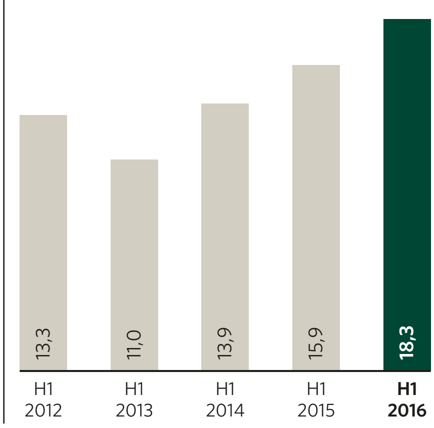
The continued strategy of quality selective origination across all asset classes, combined with proactive risk management, is reflected in the CLR remaining flat, which also leaves Nedbank Retail and Business Banking well positioned should further interest rate increases materialise.

Regulatory changes impacting affordability and an overall challenging external environment have resulted in slower growth in all asset classes, but market share has remained consistent. In line with our ongoing strategic focus to grow the transactional banking franchise, increase our main-banked market share and build sustainable businesses we continued to invest in physical and digital distribution, marketing and client-centred innovation while managing costs diligently and extracting efficiencies.

HEADLINE EARNINGS
(Rm)



RETURN ON EQUITY
(%)



FINANCIAL HIGHLIGHTS
for the period ended

	Total Nedbank Retail and Business Banking			Nedbank Business Banking			Nedbank Retail Banking[1]			Relationship Banking		
	Jun 2016	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015
Net interest income (Rm)	**8 567**	7 765	15 955	**1 972**	1 809	3 714	**6 595**	5 956	12 241	**947**	763	1 632
Impairments charge on loans and advances (Rm)	**1 773**	1 686	3 212	**118**	163	320	**1 655**	1 523	2 892	**20**	20	34
Non-interest revenue (Rm)	**5 683**	5 290	10 972	**809**	783	1 651	**4 874**	4 507	9 321	**517**	474	982
Operating expenses (Rm)	**8 956**	8 250	17 077	**1 765**	1 666	3 416	**7 191**	6 584	13 661	**1 035**	974	2 047
Headline earnings (Rm)	**2 371**	2 132	4 460	**632**	539	1 146	**1 739**	1 593	3 314	**293**	174	381
Return on equity (%)	**18,3**	15,9	16,6	**23,4**	19,9	21,6	**17,0**	14,9	15,3	**24,7**	15,9	16,4
Return on assets (%)[2]	**1,64**	1,53	1,57	**1,03**	0,95	0,98	**1,55**	1,50	1,52	**1,10**	0,77	0,79
Credit loss ratio (%)	**1,23**	1,22	1,14	**0,36**	0,49	0,48	**1,49**	1,44	1,34	**0,13**	0,15	0,12
Non-interest revenue to total expenses (%)	**63,5**	64,1	64,3	**45,8**	47,0	48,3	**67,8**	68,5	68,2	**49,9**	48,7	48,0
Efficiency ratio (%)	**62,9**	63,2	63,4	**63,5**	64,3	63,7	**62,7**	62,9	63,4	**70,7**	78,8	78,3
Interest margin (%)[2]	**6,12**	5,78	5,82	**3,23**	3,21	3,18	**6,11**	5,84	5,85	**3,56**	3,40	3,39
Total advances (Rm)	**284 617**	275 079	279 929	**65 487**	64 297	64 735	**219 130**	210 782	215 194	**30 764**	29 791	30 284
Average total advances (Rm)	**280 914**	270 690	273 517	**64 633**	65 597	65 023	**216 281**	205 093	208 494	**30 530**	26 044	28 082
Total deposits (Rm)	**256 713**	228 854	248 135	**114 944**	104 663	115 074	**141 769**	124 191	133 061	**48 652**	42 632	46 315
Average total deposits (Rm)	**251 187**	226 559	234 162	**116 973**	108 064	111 182	**134 214**	118 495	122 980	**46 383**	40 524	42 146
Average allocated capital (Rm)	**26 040**	27 043	26 924	**5 412**	5 450	5 321	**20 628**	21 593	21 603	**2 384**	2 203	2 320

[1] *Retail includes unallocated costs relating to channel and shared services, which are not reflected separately.*
[2] *ROA and margin have been restated for prior periods due to movement of the elimination entries into the cluster.*

Key drivers of the 2016 financial performances

NII increased 10,3% to R8 567m (June 2015: R7 765m). Overall margin increased by a net 35 bps to 6,12%. This increase is primarily driven by endowment-related benefits (29 bps) from the interest rate increases since June 2015 offset by higher funding costs, mainly from diversification (15 bps).

Average banking advances increased 3,8% to R281bn (June 2015: R271bn), with new-loan payouts declining slightly to R37,3bn (June 2015: R38,7bn) as a result of the slower-growth environment, particularly stemming from Business Banking.

Average deposits increased 10,9% to R251,2bn (June 2015: R226,6bn), with Nedbank's share of household deposits increasing to 18,7% in May 2016 (June 2015: 18,5%). The strength of our transactional banking franchise resulted in our share of the current-account deposit market increasing to 19,0% in May 2016, from 18,0% in June 2015. Household deposits remain a key focus area for Nedbank, specifically as we transition towards full-liquidity requirements under Basel III.

Defaulted advances at R12,8bn have increased slightly (June 2015: R12,7bn) and represent 4,4% (June 2015: 4,5%) of the advances portfolio. We continue to focus on our collection efforts and effective client rehabilitations (including restructures and rearrangements). The ongoing allocation of certain restructured impaired advances as defaulted advances in terms of the South African Reserve Bank (SARB) directive 7/2015 led to R272m of additional defaulted advances, specifically in Home Loans and MFC, being reflected under defaulted loans in the current reporting period. Overall, balance sheet impairments decreased slightly to 3,06% of total advances (June 2015: 3,11%) in line with the overall change in mix of advances.

Coverage on performing advances was increased to 0,74% (June 2015: 0,67%), confirming continued conservatism in provisioning.

The CLR of 1,23% (June 2015: 1,22%) has remained flat and well below our target range. This was driven by lower impairments in unsecured lending as the better-quality frontbook was offset by higher provisions in secured lending off a low base. The strong collections focus further reduced the CLR in Personal Loans to 7,01% (June 2015: 8,12%). The Business Banking CLR has also improved to 0,36% (June 2015: 0,49%), well below the target range.

NIR grew 7,4% to R5 683m (June 2015: R5 290m) as strong underlying growth in quality transactional clients of 8,3% was partly offset by the residual R88m gross impact due to revised interchange rates implemented on 17 March 2015. Average transactional product price increases of 4,3% were introduced with effect from 1 January 2016.

Good progress in quality-client acquisition and improving client retention is reflected in 7 329m individuals, 240k small and medium enterprises (SMEs), and 21 985 business banking clients choosing to bank with Nedbank. Main-banked clients increased 7,3%.

Expense growth of 8,6% (June 2015: 6,4%) includes the investment in distribution (R95m) and turnover-related costs (R88m), as well as the reduction through active cost management, resulting in R154m of additional cost savings. The growth of residual organic cost was tightly managed at 6,3%, with headcount increasing slightly to 21 395 (June 2015: 20 945), mainly due to the increase of staff in response to the higher workload generated by increased regulatory requirements.

The growth in distribution includes deployment of an additional 41 self-service devices, including 60 Intelligent Depositor ATMs. Cash dispensed has increased by 9,3% to R49bn year to date. We upgraded 12 branches and inretailer outlets, and built five new branches and one new inretailer outlet. This expansion has been offset by 11 closures, as we continue to optimise our distribution network. At 30 June 2016 we have completed 272 upgrades to our new-format branches, which now represents 39% of our total branch footprint. We continue to execute on our plan to reformat branches and to deliver a range of integrated banking channels for our clients. We are on track to reduce 25 000 m² (10% of total branch space) by 2020, while continuing to improve our coverage of the market. Our branch reformat strategy includes a total of 176 video banking stations, which support five official national languages. Financial planning and global trade are delivered through the inbranch video-banking stations as well as most other client-servicing functions. In support of our digital and self-service strategy, 257 internet stations and 50 internet kiosks are also available across our branch footprint.

	Personal Loans			Client Engagement			Secured Lending			Home Loans			MFC			Card		
	Jun 2016	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015
	1 558	1 499	3 003	**1 144**	935	1 986	**2 449**	2 226	4 557	**824**	706	1 462	**1 625**	1 520	3 095	**616**	613	1 228
	583	680	1 244	**33**	27	53	**596**	392	838	**79**	17	48	**517**	375	790	**424**	404	723
	346	359	697	**1 746**	1 587	3 275	**466**	397	848	**136**	117	251	**330**	280	597	**1 799**	1 685	3 518
	689	621	1 274	**2 988**	2 700	5 688	**1 040**	960	1 970	**479**	442	906	**561**	518	1 064	**1 472**	1 334	2 770
	444	399	842	**(101)**	(152)	(366)	**857**	851	1 719	**281**	261	540	**576**	590	1 179	**359**	390	879
	29,7	26,4	28,0	**(10,8)**	(15,7)	(18,5)	**17,7**	15,8	15,9	**16,5**	13,5	14,0	**18,3**	17,0	17,0	**22,3**	24,6	28,2
	5,25	4,72	5,24	**(0,23)**	(0,39)	(0,45)	**1,00**	1,05	1,06	**0,65**	0,62	0,64	**1,37**	1,53	1,53	**3,86**	4,29	4,97
	7,01	8,12	7,48	**5,90**	5,29	5,16	**0,75**	0,51	0,54	**0,19**	0,04	0,06	**1,32**	1,03	1,06	**5,86**	5,83	5,12
	50,2	57,7	54,7	**58,4**	58,8	57,6	**44,8**	41,3	43,0	**28,3**	26,5	27,7	**58,9**	54,0	56,1	**122,3**	126,3	127,0
	36,2	33,4	34,4	**103,4**	107,1	108,1	**35,7**	36,6	36,5	**49,9**	53,7	52,9	**28,7**	28,8	28,8	**60,9**	58,0	58,4
	18,58	17,91	18,88	**2,59**	2,39	2,43	**2,91**	2,80	2,87	**1,93**	1,69	1,75	**3,93**	4,03	4,10	**7,48**	7,63	7,86
	14 471	13 940	14 036	**740**	796	762	**159 862**	153 300	157 266	**80 835**	79 592	80 097	**79 027**	73 708	77 169	**13 286**	12 923	12 810
	14 438	14 538	14 330	**960**	895	877	**157 024**	150 633	152 130	**80 314**	79 194	79 525	**76 710**	71 439	72 605	**13 310**	12 964	13 048
	4	3	10	**91 609**	80 415	85 259	**33**	27	42	**2**	2	2	**31**	25	40	**1 537**	1 147	1 522
	65	71	75	**86 026**	76 131	78 992	**37**	41	42	**2**	2	2	**35**	39	40	**1 715**	1 741	1 747
	3 004	3 046	3 005	**1 884**	1 960	1 984	**9 761**	10 898	10 801	**3 422**	3 914	3 847	**6 339**	6 984	6 954	**3 238**	3 198	3 120

Looking forward

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

Some of the headwinds include changes to interest rate caps following the revision of the National Credit Act (NCA) promulgated by the Department of Trade and Industry (dti) in November 2015 as well as pressure on impairments as we are now firmly in an upward rate cycle, although our prudent historic credit granting should result in relative outperformance in the market. Growth will, however, continue to be supported through delivery on various cost-efficiency strategies, such as the reduction in the cost to acquire and serve clients.

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

NEDBANK RETAIL AND BUSINESS BANKING SEGMENTAL REVIEW

Nedbank Business Banking

Business Banking delivered a strong performance, with headline earnings increasing by 17,1% to R632m (June 2015: R539m) at an increased ROE of 23,4% (2015: 19,9%), thereby generating a 29,5% higher economic profit at R243m (June 2015: R188m). These results have been delivered despite the contracted economy, where we are seeing lower levels of business confidence that result in business owners delaying key investment decisions and managing their cashflows more carefully. Average advances have been reduced by 1,5% [this has been normalised to 4,5%, after adjusting for the impact of client moves to the CIB Cluster and Retail and Relationship Banking (RRB) business], and liabilities have grown by 8,2%, contributing to the 9,0% growth in NII to R1 972m (2015: R1 809m). This was further aided by higher endowment earnings of R89m, given the increase in the prime interest rate. Business Banking remains a strong generator of funding, with R117,0bn in average total deposits (2015: R108,1bn) resulting in the generation of R59,0bn of net surplus funds (2015: R50,4bn).

The overall margin improved to 3,23% (2015: 3,21%) as the benefit of a 20 bps increase in endowment earnings was largely offset by a change in product mix as liabilities, at lower margins, grew faster than assets (net of client moves).

NIR increased by 3,3% (2015: 5,6% decrease) and was largely impacted by lower transactional volumes, given slower economic activity. Excluding the impact of client migrations to CIB, NIR would have increased by 5,1% year on year.

The CLR at 0,36% (June 2015: 0,49%) remains below the TTC target range of 50 to 70 bps and continues to reflect proactive, effective and disciplined risk management practices that benefit from our decentralised model.

Total expenses increased by 5,9%, after absorbing the costs of continued system enhancements, product innovation and development of self-service capability, as well as compliance with new regulatory requirements.

Key Business Banking initiatives implemented to date in 2016 include:

- NetBank Business mobile enhancements, with Nedbank being the only local bank offering a business application on both tablet and smartphone devices. Further enhancements were made to simplify and improve the user experience, thereby facilitating client mobility and banking-on-the-go. Changes were made to the look and feel and additional functionality has also been added, eg clients can now capture batches of up to 20 transactions compared with single payments previously.
- Online service requests enabling clients to do more through digital channels. The service allows clients to perform functions/requests that were previously only available in branches. Clients are now able to perform these functions remotely, at their convenience, by making use of the web-based portal or mobile devices.
- The new Plug and Transact token, a portable security device that enables clients to transact more securely and confidently. This has reached 92% of all clients, with the remainder being addressed by business-as-usual processes.

Secured Lending

Headline earnings for Secured Lending increased 0,7% to R857m (June 2015: R851m) at an improved ROE of 17,7% (June 2015: 15,8%).

MFC delivered headline earnings of R576m (June 2015: R590m) at an ROE of 18,3% (June 2015: 17,0%). Average advances grew 7,4% to R76,7bn, with BA900 market share increasing to 31,1% at May 2016 (June 2015: 30,1%). New-business volumes continue to be impacted negatively by the stifled growth in the vehicle sales market; however, this is offset by lower attrition on the existing book and MFC's leading position in the market for second and lower-value vehicles. The business operating model and service excellence, enabled by a robust frontend system, remain strong differentiators that continue to set benchmark credit approval turnaround times. The results reflect a lower margin of 3,93% (June 2015: 4,03%) due to increased competitive market pressures and rolloff of the higher margin backbook. However, the business remains well positioned to take advantage of its competitive efficiency ratio of 28,7% (June 2015: 28,8%) and its solid share of the preowned-vehicle finance market. The CLR increased to 1,32% (June 2015: 1,03%), due to an increase in early arrears. The non-performing loan ratio remained flat at 2,8%. The specific coverage ratio on defaulted loans decreased to 42,7% (June 2015: 47,1%) due to an increase in the number of restructures as well as the implementation of SARB directive 7/2015. Excluding the growth of R146m in restructured loans reflected under defaulted advances in terms of SARB directive 7/2015 and the related provisions, specific coverage would have been 45,6%.

In addition, the following key MFC initiatives were implemented in 2016:

- A new self-service website where clients can access statements, request border letters, eNaTIS copies and settlement figures.
- The total replacement of the motor dealer frontend system, preparing for a move to electronic and non-printed contracts.
- Strengthening of alliances with selective car brands and motor franchises to ensure sustainability in a contracting market.
- The launch of the MFC Auction House early in 2016, enabling MFC to manage its auction of repossessed vehicles from a single site in Gauteng and to host monthly auctions.

Home Loans headline earnings increased 7,7% to R281m (June 2015: R261m) at an ROE of 16,5% (June 2015: 13,5%), which is above the group's cost of capital. This improved result has been driven by an increase in margin to 1,93% (June 2015: 1,69%) due to higher new-business pricing and the continued runoff of lower-margin advances, despite the CLR normalising to 0,19% (June 2015: 0,04%). The post-2008 frontbook now generates an ROE of 20,9%, compared with 10,3% from the pre-2008 backbook. The backbook of R33bn has declined to 40,3% of the overall book, and R11bn of these advances (2015: R13bn) are loans that would meet the current credit policy requirements using current pricing. This book is still mispriced by 112 bps and, as advances run off, overall margin will improve. Loans and advances to clients increased 1,4%, while new business written declined 3,2% off slower market activity. The business continues to maintain a consistent approach to originating higher-quality business as evidenced by new-business default vintages performing below expectations at 0,70%. New business granted through the online channel contributes 10% of total registrations. Our commitment to providing our clients with an easy-to-use home loan application process, enhanced with the launch of the Instant Bond Indicator, gives prospective homeowners a real-time credit and affordability indication before they complete a full online application. In addition, the digital channel has resulted in over 1 million printed pages saved since the launch in 2012.

The defaulted portfolio decreased to 4,8% of home loan advances (June 2015: 4,9%) and remains at R4,0bn (June 2015: R4,0bn). Impairment coverage on the defaulted book decreased to 22,0% (June 2015: 24,1%) due to mix changes and the SARB directive 7/2015 on the categorisation of restructured accounts. Early arrears increased to 3,78% of advances (June 2015: 3,50%), given the increasing trend in consumer indebtedness and worsening economic conditions.

Nedbank remains committed to helping clients facing financial hardship and provides a website to educate clients about their options should they fall behind on their home loan repayments. The website, Home Loans Payment Solution, has been viewed over 80 000 times. In addition, over 26 500 families have been able to retain their homes as a result of loan restructures, offering an effective rehabilitation process, with the redefault rate on these loans being only 13,9%. In addition, over 3 500 financially distressed clients were given a fresh start through the Nedbank-assisted Sales programme. The programme gives clients the option to sell their house in the private market through an estate agent allocated by Nedbank, thereby avoiding the repossession and distressed sale of the house through a sheriff auction.

Card and Payments

Nedbank Card and Payments delivered headline earnings of R359m (June 2015: R390m) at an ROE of 22,3% (June 2015: 24,6%). Credit metrics remain stable and within our risk appetite, notwithstanding the moderation in card advances growth and a slightly higher CLR of 5,86% (June: 2015: 5,83%). Cost growth of 10,3% is reflective of our continuing investment in new point-of-sale (POS) infrastructure for growth and upgrading of the existing footprint, coupled with further investments in EMV contactless and emerging payment solutions. NIR growth of 6,8% was underpinned by good growth in card acquiring turnover of 14% and card issuing turnover of 11%. The Greenbacks Rewards Programme continues to provide value for our clients, with membership having increased 16% and the value of redemptions having increased 17% year on year. The innovative Nedbank Greenbacks SHOP Card has significantly improved the ease of accessing rewards and increased the redemption options available.

Advances in mobile technology, changing client needs and new transaction and payment opportunities continue to drive our payments innovation agenda. The launch of Nedbank's award-winning big-data payment innovation, Nedbank Market Edge™, saw the bank being awarded two prestigious international accolades: the Efma Accenture award for best global analytics and big-data product and the best analytics product in Africa from *Asian Banker*. Notably, the product has played a significant role in growing merchant acquisition and retention in the acquiring base.

Consumer Banking

Consumer Banking headline earnings increased to R281m (June 2015: R187m) at an ROE of 11,0% (June 2015: 7,4%). The investment in distribution continued in line with the strategic direction set in prior years.

Revenues of R4,7bn were generated (June 2015: R4,3bn) in delivering the 'I know you' client experience, against which R0,6bn (June 2015: R0,7bn) was charged for impairments and a further R3,6bn for operating costs (June 2015: R3,3bn).

Digitally enabled clients are up 26% year on year and engaged users on all Nedbank social platforms are up 31%, with Nedbank having the second highest number of 'likes' on Facebook, Twitter, Google+, Instagram and YouTube relative to our peers.

Our retail franchise continued to strengthen with main-banked clients increasing 7,3% to 2,7m and transactional penetration growing by 1,8% to 80% of the Retail base (5,85m clients). We further simplified our pay-as-you-use product offerings by launching the single price-competitive Nedbank Pay-as-you-use Account, which is attractive across all client segments. In addition, we landed MyPocket, a savings pocket linked to the client's transactional account, giving immediate access to cash. Clients can open up to 10 MyPockets at a branch and earn a great interest rate on credit balances.

We deployed Lotto Plus on nedbank.co.za and implemented standalone prepaids for airtime, SMS bundles, data bundles and prepaid electricity. We are delivering a new digital platform with a user-centred design approach that focuses on a digital client experience that is right for clients. Since its launch last year the 32Day Notice Account and Tax-free Savings Account have shown impressive growth and were pivotal in our gains of retail deposit market share. Retail has stemmed the losses on household market share that we experienced over the past few years and saw a 19 bps increase this year. We continue to maintain high levels of full-service recovery and remain ranked first among the banks in respect of the hellopeter.com index. Nedbank won the 2015 Best African Retail Bank of the Year award at the 2016 Retail Banking Global Conference and Awards held in London in May this year.

Management actions contributed to an 11,3% increase in headline earnings from Personal Loans to R444m (June 2015: R399m) at an ROE of 29,7% (June 2015: 26,4%) as the CLR ratio declined to 7,01% (June 2015: 8,12%), thereby offsetting the marginally lower personal-loan average advances. Including the economics reflected in Nedbank Wealth, Personal Loans has increased headline earnings 5,81% to R546m (June 2015: R516m) and generated an ROE of 35,3% (June 2015: 32,81%) on an allocated economic-capital ratio of 18,6%.

Overall margins for the personal-loans book increased by 67 bps to 18,6% (June 2015: 17,9%). Although average advances are marginally down year on year, period-end advances are up 3,4% from R16,21bn in June 2015 to R16,75bn in June 2016. Increased disbursements, driven by an enhanced value proposition (increased maximum loan size to R200k and automation of tailored consolidation offerings for best-risk clients), improving sales effectiveness and productivity, increased marketing presence as well as an improved onboarding process will contribute to market share growth in targeted low-risk segments into the future. Further innovations in respect of product offerings, channels and client onboarding will continue throughout 2016 and beyond, enabling sustainable growth within current risk appetite. Client retention has remained stable over the period, with improved penetration and takeup rates for lower-risk clients. The recent changes to maximum interest rates, promulgated through the dti, has resulted in an overall margin squeeze on new business, which was previously priced above the new maximum. A related tightening of credit policy in terms of which more risky clients can no longer be priced profitably and are now declined, adds to the margin squeeze. Mitigating actions to offset approximately 70% of the impact have been identified and are progressing well, with an immaterial overall impact in 2016.

Personal-loan defaults peaked in May 2013 and are now 8,3% lower than in June 2015. Specific actions have ensured that the impairments charge has remained below the level of June 2013, with management continuing to be vigilant about the dynamics of the unsecured-lending industry. Postwriteoff recoveries remain stable year on year at R196m as growth in gross recoveries have been offset by increased collections costs (June 2015: R196m).

Given current consumer health levels as well as ongoing industry concerns and regulatory change, credit risk optimisation and collections performance remain a priority. The overall book quality continues to improve, with only R30m (June 2015: R88m) of the existing book outside our current risk appetite range. A further R220m is underpriced relative to new business; however, this specific portfolio is continuing to decline and both portfolios are performing in line with expectations. The non-performing loan coverage ratio has strengthened marginally to 66,4% (June 2015: 65.8%). An additional R123m impairment provision has been raised in anticipation of further macro stress, including exposure to the mining sector.

Retail Relationship Banking

RRB serves small businesses and their owners as well as salaried individuals seeking a professional, relationship banking experience.

The business generated headline earnings of R293m (2015: R174m) at an ROE of 24,7% (2015: 15,9%). Focus on new-client acquisition and investments have yielded double-digit liability growth, increased payouts and core NIR growth of 9,1%. At the same time, risk remains well managed at a CLR of 0,13% (June 2015 0,15%).

The redefined Professional Banking proposition for the affluent market (including young professionals transitioning from university to business and the medical profession) is now well established and the focus remains on streamlining Nedbank's internal processes for an optimal client experience. This, coupled with a proactive upsell strategy into the existing Nedbank base, provides significant opportunities for future growth.

We continue to invest in the development of small business not only for Nedbank, but also for a stronger and more sustainable SA. The small-business sales force inbranch was increased by approximately 15% in the first quarter to ensure greater accessibility and more manageable portfolio sizes. Two new products tailored to the needs of small business were launched in 2016. These are GAP Access (cash advance on the back of the merchant's turnover through a POS device) and CIPC online (an integrated business registration and account opening service). RRB also continues to support various enterprise development initiatives, such as Business Accelerator, Small Business Index, Small Business Friday and seminars.

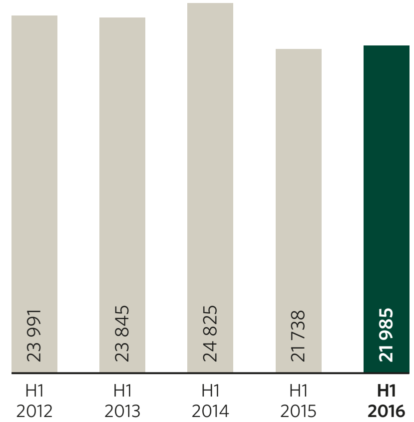
Favourable	Unfavourable
■ Quality origination across all asset classes at appropriate risk-based pricing. ■ Flat provisions driven by lower impairments in Personal Loans, offset by higher charges in Secured Lending. The CLR remains below our TTC target range. ■ Main-banked client growth of 7,3% driving Retail transactional NIR growth of 9,4%. ■ Cost-efficiency gains through consolidation of roles, removal of duplication and increased technological enablement. ■ Consistent investment in distribution and client-centred innovation.	■ Muted credit growth from highly indebted consumers. ■ Slowdown in the unsecured-lending market in the formal sector given the recent regulatory changes. ■ Increased expense growth driven by regulatory and turnover-related costs.

RETAIL AND BUSINESS BANKING: KEY BUSINESS STATISTICS

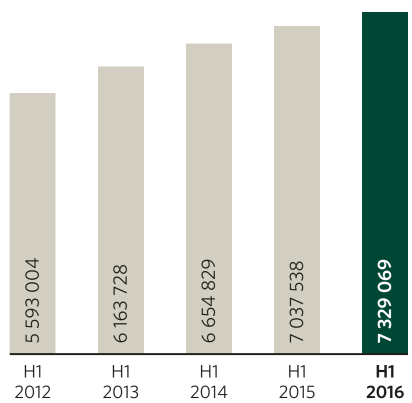
		Jun 2016	Jun 2015	Dec 2015
Business Banking				
New-client acquisitions – groups/clients[1]		**674**	2 535	5 030
Cross-sell product holding[2]		**93 710**	90 337	94 165
Home Loans				
Number of applications received	thousands	**77**	54	112
Average loan-to-value (LTV) of new business registered	%	**89**	90	90
Average balance-to-original-value (BTV) of portfolio	%	**77**	77	77
Proportion of new business written through own channels	%	**62**	69	70
Proportion of book written since 2009	%	**60**	53	55
Owned-properties book	Rm	**167**	185	167
Vehicle finance				
Number of applications received	thousands	**679**	661	1 394
Sale of used vehicles	%	**75,1**	67,7	62,9
Personal Loans				
Number of applications received	thousands	**614**	510	1 096
Disbursal rate	%	**19,9**	21,8	21,3
Average loan size	thousands	**41,5**	35,2	36,8
Average term	months	**40**	38	39
Retail deposits				
Number of deposits	thousands	**127**	128	130
Value of incoming deposits	Rbn	**270**	243	486
Number of clients at period end				
Retail main-banked clients	thousands	**2 712**	2 526	2 703
Business Banking Groups		**21 985**	21 738	22 244
Small Business Services	thousands	**240**	231	236
Home Loans	thousands	**310**	326	316
MFC	thousands	**553**	541	549
Personal Loans	thousands	**486**	517	495
Card issuing	thousands	**921**	1 051	1 045
Investment products	thousands	**1 406**	1 281	1 311
Transactional products	thousands	**5 847**	5 489	5 514
Impact of small-balance account closures	thousands			(359)
Distribution				
Number of Business Banking locations		**70**	70	70
Number of Retail outlets		**703**	734	708
Number of branches of the future outlets[3]		**272**	197	255
Number of ATMs[4]		**3 736**	3 624	3 695
Number of ATMs with cash-accepting capabilities[5]		**610**	517	550
Digitally enabled Retail clients	thousands	**3 415**	2 712	3 112
Digitally active Retail clients	thousands	**1 307**	1 013	1 115
POS devices	thousands	**79**	71	78

[1] *Methodology change in 2016 to count of groups, whereas prior years counted clients of which more than one could belong to the same group.*
[2] *Year-on-year reduction mainly due to new methodology of treating the global forex product.*
[3] *Included in the Retail outlet number – shown separately for additional disclosure.*
[4] *Includes 15 Corporate cash devices.*
[5] *Cash-accepting devices included in total number of ATMs.*

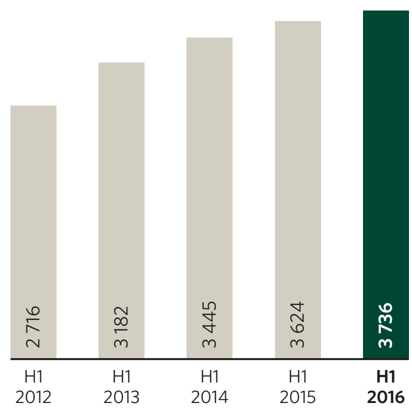
NUMBER OF BUSINESS BANKING CLIENTS



NUMBER OF RETAIL CLIENTS



NUMBER OF ATMs



Nedbank Retail and Business Banking – advances and impairments

for the period ended

	Daily gross average advances Rm			Current %			Impaired %			Defaulted %			% of total advances		
	Jun 2016	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015
Home Loans	**109 665**	104 516	106 676	**92,6**	92,7	93,2	**3,2**	3,0	2,8	**4,2**	4,4	4,0	**37,6**	38,2	37,9
MFC	**80 780**	75 468	76 604	**93,7**	94,2	94,0	**3,6**	3,0	3,2	**2,7**	2,8	2,8	**28,3**	27,4	28,1
Personal Loans	**16 746**	16 904	16 656	**80,3**	78,5	79,6	**6,7**	6,9	6,3	**13,0**	14,6	14,1	**5,7**	5,7	5,7
Card	**14 414**	13 866	14 031	**88,1**	88,5	88,8	**3,8**	3,8	3,5	**8,2**	7,7	7,7	**4,9**	4,9	4,8
Overdrafts and other loans	**2 081**	2 078	2 041	**84,9**	86,0	86,1	**1,4**	1,3	1,4	**13,6**	12,7	12,5	**0,7**	0,7	0,6
Total Retail	**223 686**	212 832	216 008	**91,7**	91,8	92,2	**3,6**	3,3	3,2	**4,6**	4,9	4,6	**77,2**	76,9	77,1
Business Banking[2]	**66 109**	66 973	66 423	**92,6**	92,8	92,9	**4,0**	3,9	4,0	**3,5**	3,3	3,1	**22,8**	23,1	22,9
Total RBB	**289 795**	279 805	282 431	**91,9**	92,1	92,3	**3,7**	3,5	3,4	**4,4**	4,5	4,2	**100,0**	100,0	100,0

Balance sheet impairment as a % of book

	Total impairments Rm			Current %			Impaired %			Defaulted %			% of total		
	Jun 2016	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015
Home Loans	**1 690**	1 854	1 710	**0,41**	0,42	0,40	**6,12**	7,34	6,46	**22,90**	25,31	25,29	**1,53**	1,71	1,56
MFC[1]	**1 989**	1 935	1 879	**0,81**	0,82	0,85	**12,88**	12,94	12,80	**42,68**	47,15	39,86	**2,39**	2,49	2,31
Personal Loans	**2 283**	2 270	2 264	**3,27**	2,32	2,68	**35,39**	37,06	37,30	**66,38**	65,79	66,70	**13,62**	14,00	13,88
Card	**1 262**	1 130	1 158	**0,59**	0,61	0,58	**13,17**	12,99	12,66	**94,63**	91,87	95,64	**8,73**	8,09	8,34
Overdrafts and other loans	**245**	236	224	**0,42**	0,50	0,46	**37,52**	39,56	35,83	**95,94**	92,17	95,80	**13,96**	12,67	12,86
Total Retail	**7 469**	7 425	7 235	**0,75**	0,70	0,72	**13,13**	14,26	13,70	**45,97**	47,14	46,70	**3,30**	3,40	3,25
Business Banking[2]	**1 505**	1 408	1 437	**0,69**	0,57	0,72	**6,54**	8,61	6,22	**38,69**	39,25	40,40	**2,25**	2,14	2,17
Total RBB	**8 974**	8 833	8 672	**0,74**	0,67	0,72	**11,53**	12,78	11,69	**44,64**	45,81	45,64	**3,06**	3,11	3,00

Balance sheet

	Total advances Rm			Performing Rm			Defaulted Rm			Portfolio impairments Rm			Specific impairments Rm		
	Jun 2016	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015
Home Loans	**110 433**	108 322	109 299	**105 828**	103 606	104 916	**4 605**	4 716	4 383	**636**	660	602	**1 054**	1 194	1 108
MFC[1]	**83 190**	77 845	81 192	**80 909**	75 654	78 958	**2 281**	2 191	2 234	**1 015**	902	989	**974**	1 033	890
Personal Loans	**16 762**	16 218	16 309	**14 588**	13 848	14 012	**2 174**	2 370	2 297	**840**	711	732	**1 443**	1 559	1 532
Card	**14 455**	13 962	13 885	**13 276**	12 888	12 813	**1 179**	1 074	1 072	**146**	143	132	**1 116**	987	1 026
Overdrafts and other loans	**1 759**	1 860	1 744	**1 520**	1 624	1 526	**240**	236	218	**15**	18	15	**230**	218	209
Total Retail	**226 599**	218 207	222 429	**216 121**	207 620	212 225	**10 479**	10 587	10 204	**2 652**	2 434	2 470	**4 817**	4 991	4 765
Business Banking	**66 992**	65 705	66 172	**64 665**	63 559	64 113	**2 327**	2 145	2 059	**605**	566	604	**900**	842	833
Total RBB	**293 591**	283 912	288 601	**280 786**	271 179	276 338	**12 806**	12 732	12 263	**3 257**	3 000	3 074	**5 717**	5 833	5 598

Income statement

	Income statement impairments charge Rm			Portfolio impairment Rm			Specific impairment Rm			Postwriteoff recoveries Rm			Credit loss ratio %		
	Jun 2016	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015
Home Loans	**91**	10	50	**35**	(79)	(138)	**95**	126	260	**(39)**	(37)	(72)	**0,17**	0,02	0,05
MFC	**507**	391	804	**26**	(79)	7	**656**	582	1 077	**(175)**	(112)	(280)	**1,26**	1,05	1,05
Personal Loans	**583**	680	1 244	**107**	(17)	5	**672**	893	1 637	**(196)**	(196)	(398)	**7,00**	8,11	7,47
Card	**424**	404	724	**14**	22	11	**516**	484	937	**(106)**	(102)	(224)	**5,91**	5,88	5,16
Overdrafts and other loans	**50**	38	70		3	1	**67**	56	110	**(17)**	(21)	(41)	**4,81**	3,65	3,41
Total Retail	**1 655**	1 523	2 892	**182**	(150)	(114)	**2 006**	2 141	4 021	**(533)**	(468)	(1 015)	**1,49**	1,44	1,34
Business Banking	**118**	163	320	**5**	56	95	**129**	121	263	**(16)**	(13)	(38)	**0,36**	0,49	0,48
Total RBB	**1 773**	1 686	3 212	**187**	(94)	(19)	**2 135**	2 262	4 284	**(549)**	(481)	(1 053)	**1,23**	1,22	1,14

[1] *The implementation of SARB directive 7/2015 in 2015 has resulted in distressed restructures being held in default for greater than six months rather than the previous three months. This has resulted in a drop in the impaired and defaulted coverage ratios as these balances have grown by a further R146m year on year.*

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

NEDBANK WEALTH

Nedbank Wealth headline earnings increased by 18,3% to R614m (June 2015: R519m). These results include once-off revenue of £2,5m as proceeds received for the sale of a share held by Nedbank Private Wealth as a principal member of Visa Europe. Excluding this, headline earnings would have grown by 8,7%. Economic-profit growth slowed to 5,8% due to an increase in the allocation as well as the cost of capital. Despite this, ROE remains strong at 35,9% (June 2015: 38,9%).

NII grew strongly by 27,5% as a result of balance sheet growth both locally and internationally. The net interest margin widened to 2,07% (June 2015: 2,01%), while the cluster's overall CLR improved to 0,16% (June 2015: 0,18%), remaining below the TTC target range.

Overall, NIR grew by 9,1% (June 2015: 4,3%) driven predominantly by Wealth and Asset Management as well as currency depreciation. Expenses increased by 9,7%, mainly due to the weaker rand as well as ongoing investment in capacity and systems. This resulted in a slightly lower NIR-to-expenses ratio of 129,1% (June 2015: 129,8%). The efficiency ratio improved marginally to 61,5% (June 2015: 63,0%).

Wealth Management continues to grow despite a tougher economic and regulatory environment. Strong growth in liabilities and advances, up 32,7% and 18,4% respectively, together with lower impairments supported an uplift in Nedbank Private Wealth earnings.

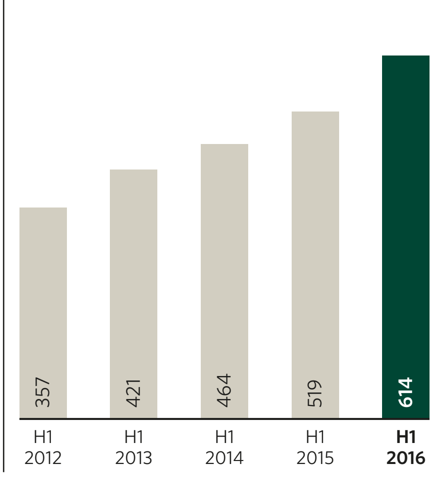
Nedbank Private Wealth won numerous awards and was recognised as Best UK Private Bank in the 2015 City of London Wealth Management Awards. Locally Nedbank Private Wealth ranked third overall in the 2016 SA's Top Private Banks and Wealth Managers Survey and achieved first place in the Entrepreneur category. At the annual Euromoney Private Banking and Wealth Management Awards Nedbank Private Wealth won first place for Philanthropic Advice, Social Impact Investing and Succession Planning.

Increased planner productivity with continued investment in distribution supported results from Nedbank Financial Planning and Stockbroking assets under administration grew by 4,3%.

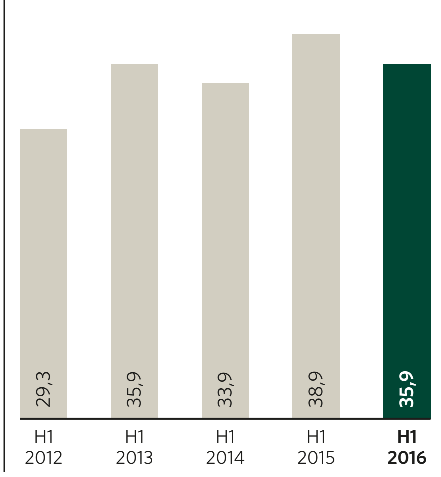
Despite volatile markets and investor uncertainty, Asset Management delivered a steady performance, with net inflows of R2,2bn and assets under management growth of 9,8% to R256,3bn (June 2015: R233,5bn). In the recent quarterly PlexCrown Unit Trust Survey Nedgroup Investments maintained its top position in the offshore category and achieved second place in the domestic category.

Non-life insurance gross written premiums grew marginally by 4,0% and earnings were impacted by higher weather-related claims. Life value of new business increased 33,3% to R172m (June 2015: R129m) due to the growth in single-premium investment products as well as a methodology change. Embedded value increased by 29,9% to R3 110m (June 2015: R2 395m).

HEADLINE EARNINGS
(Rm)



RETURN ON EQUITY
(%)



FINANCIAL HIGHLIGHTS
for the period ended

	Jun 2016	Jun 2015	Dec 2015
Net interest income (Rm)	**468**	367	766
Impairments charge on loans and advances (Rm)	**24**	22	39
Non-interest revenue (Rm)	**1 803**	1 652	3 593
Operating expenses (Rm)	**1 397**	1 273	2 730
Headline earnings (Rm)	**614**	519	1 134
Return on equity (%)	**35,9**	38,9	41,5
Return on assets (%)	**1,97**	1,77	1,84
Credit loss ratio (%)	**0,16**	0,18	0,15
Non-interest revenue to total expenses (%)	**129,1**	129,8	131,6
Efficiency ratio (%)	**61,5**	63,0	62,6
Interest margin (%)	**2,07**	2,01	1,93
Assets under management (Rm)	**256 325**	233 481	257 295
Life insurance embedded value (Rm)	**3 110**	2 395	2 657
Life insurance value of new business (Rm)	**172**	129	247
Total assets (Rm)	**62 668**	61 458	61 322
Average total assets (Rm)	**62 655**	59 113	61 729
Total advances (Rm)	**29 677**	26 652	28 206
Average total advances (Rm)	**29 780**	25 152	26 588
Total deposits (Rm)	**34 943**	28 487	34 083
Average total deposits (Rm)	**35 103**	26 461	29 125
Average allocated capital (Rm)	**3 445**	2 691	2 734

Looking forward

The outlook for the second half of the year remains challenging, with growing regulatory pressure, increased consumer strain, subdued market and investor sentiment and uncertainty related to the UK's decision to exit the European Union.

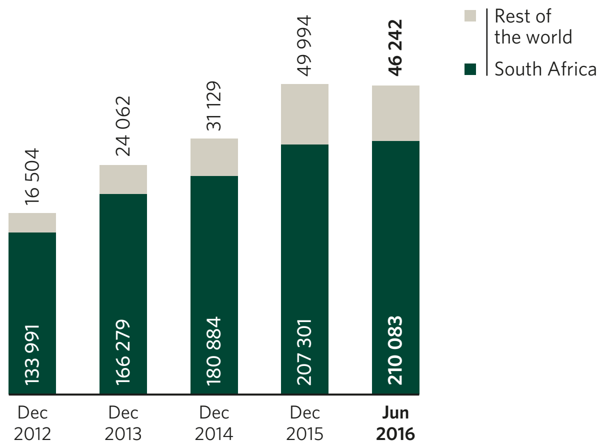
Wealth Management will invest in profiling its Nedbank Private Wealth brand as well as improve client value propositions to include digital capabilities with a view to supporting client growth.

Asset Management will focus on maintaining long-term fund performance, growing market share across all offerings and continuing to enhance technology that makes it easier for clients to invest.

In Insurance the next phase of the client-centred journey is to continue the implementation of a single-policy administration system for both the life and non-life insurance offerings as well as to redefine client value propositions and engagement models.

Nedbank Wealth remains well positioned to continue delivering value to the group through a diversified portfolio of financial services.

ASSETS UNDER MANAGEMENT
(Rm)



Favourable	Unfavourable
■ Momentum in Wealth and Asset Management.	■ Global economic uncertainty and market volatility.
■ Balance sheet growth, locally and internationally.	■ Continued low-interest-rate environment in the UK.
■ Continued low CLR.	■ Currency depreciation impacting cost growth.
■ Excellent investment performance.	■ Higher weather-related insurance claims.
■ Once-off Visa share income.	■ Increased regulatory pressure and associated costs.

ASSETS UNDER MANAGEMENT

at

Rm	Jun 2016	Jun 2015	Dec 2015
Fair value of funds under management – by type			
Unit trusts	**198 633**	173 839	197 308
Third party	**378**	1 994	2 290
Private clients	**57 314**	57 648	57 697
	256 325	233 481	257 295
Fair value of funds under management – by geography			
South Africa	**210 083**	196 773	207 301
Rest of the world	**46 242**	36 708	49 994
	256 325	233 481	257 295

Rm	Unit trusts	Third party	Private clients	Total
Reconciliation of movement in funds under management – by type				
Opening balance at 31 December 2015	**197 308**	**2 290**	**57 697**	**257 295**
Inflows	**142 678**	**14**	**5 834**	**148 526**
Outflows	**(138 580)**	**(1 777)**	**(6 015)**	**(146 372)**
Mark-to-market value adjustment	**303**	**45**	**387**	**735**
Foreign currency translation differences	**(3 076)**	**(194)**	**(589)**	**(3 859)**
Closing balance – 30 June 2016	**198 633**	**378**	**57 314**	**256 325**

Rm	South Africa	Rest of the world	Total
Reconciliation of movement in funds under management – by geography			
Opening balance at 31 December 2015	**207 301**	**49 994**	**257 295**
Inflows	**143 150**	**5 376**	**148 526**
Outflows	**(141 103)**	**(5 269)**	**(146 372)**
Mark-to-market value adjustment	**735**		**735**
Foreign currency translation differences		**(3 859)**	**(3 859)**
Closing balance – 30 June 2016	**210 083**	**46 242**	**256 325**

REST OF AFRICA

Our commitment to markets in Africa remains unchanged. We anticipate a gradual return to the pre-2016 growth rates across the continent, with East Africa recovering earlier than West and Central Africa. Overall we still anticipate real GDP growth rates in sub-Saharan Africa to be two to three times that of SA.

Our strategy remains to own, manage and control banking operations in the Southern African Development Community (SADC) and East Africa (where we have six operations and aspire to increase to 10), and to provide shareholders with access to a banking network in West and Central Africa through our investment and alliance with the pan-African banking group Ecobank, which operates in 36 countries. Changes in Ecobank's management have resulted in a focus on improving its own profitability and a renewed commitment to deepen the alliance with Nedbank.

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

- rollout of the core banking system (Flexcube) in Namibia and Swaziland;
- strengthening of risk and control environment; and
- deployment of enhanced cash value propositions in Malawi.

We progressed with the transaction of acquiring control of Banco Único and expect regulatory processes to be completed before the year-end. Our postacquisition integration plan for Banco Único is far advanced, with a focus on enhancing the control environment, optimising technology-related costs and extending compelling value propositions to South African-banked corporates in Mozambique.

Financial highlights

Rest of Africa reported a headline loss of R550m, which is down on the prior periods earnings of R344m. The poor performance is due mainly to the associate loss recognised from our investment in Ecobank Transactional Incorporated (ETI) of R446m (June 2015: R426m income). Our SADC banking subsidiaries grew headline earnings by 32,5% to R53m (June 2015: R40m), with ROE muted at 2,7% (June 2015: 5,0%). Excluding headoffice costs, headline earnings from the SADC banking subsidiaries were down 11,2%.

NII increased by 32,0% to R404m (June 2015: R306m) on the back of strong average advances growth of 12,1%, underpinned by the embedding of our revised client-centred wholesale service model. Net interest margin increased to 3,66% (June 2015: 3,11%).

NIR declined by 12,7% to R371m (June 2015: R426m) due to lower transactional volumes in SADC banking subsidiaries, which were compounded by tough economic conditions.

The CLR improved to 0,76% (June 2015: 0,86%) on the back of a slight decrease in impairments to R63m (June 2015: R63,9m). The CLR remains well within our target range (0,75% and 1,00%), despite deteriorating economic conditions.

Expenses increased by 15,3% to R850m (June 2015: R737m), reflecting continued investment in infrastructure rollout, including investment in staff. The efficiency ratio at 238,8% was worse than the 63,5% in the comparable period in 2015. Excluding the impact of ETI the efficiency ratio increased from 81,6% to 83,3%.

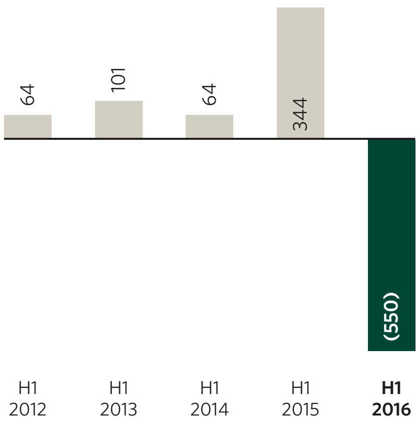
FINANCIAL HIGHLIGHTS

for the period ended

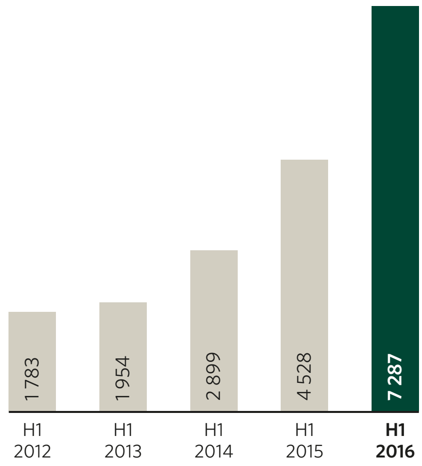
	Total Rest of Africa Cluster			SADC and East Africa			West and Central Africa		
	Jun 2016	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015
Net interest income (Rm)[1]	**404**	306	740	**621**	523	1 098	**(217)**	(217)	(358)
Impairments charge on loans and advances (Rm)	**63**	64	201	**63**	64	201			
Non-interest revenue (Rm)[2]	**372**	426	819	**372**	374	771		52	48
Operating expenses (Rm)	**850**	737	1 526	**850**	737	1 526			
Headline earnings (Rm)	**(550)**	344	691	**53**	40	47	**(603)**	304	644
Return on equity (%)	**(15,2)**	15,3	10,2	**2,7**	5,0	1,4	**(35,8)**	35,5	18,1
Return on assets (%)	**(3,43)**	2,46	2,31	**0,47**	0,74	0,23	**(12,61)**	6,84	6,65
Credit loss ratio (%)	**0,76**	0,86	1,25	**0,76**	0,88	1,27			
Non-interest revenue to total expenses (%)	**43,8**	57,8	53,7	**43,8**	54,5	50,5			
Efficiency ratio (%)	**238,8**	63,5	62,8	**83,3**	76,7	81,6			
Interest margin (%)	**3,65**	3,11	3,53	**6,36**	5,84	6,26	**(16,93)**	(29,12)	(10,57)
Total assets (Rm)	**32 734**	29 250	32 941	**23 119**	21 142	23 158	**9 615**	8 107	9 783
Average total assets (Rm)	**32 257**	28 219	29 879	**22 642**	20 263	20 196	**9 615**	7 956	9 683
Total advances (Rm)	**18 199**	15 849	16 515	**18 199**	15 501	16 515		348	
Average total advances (Rm)	**16 544**	14 754	15 828	**16 544**	14 443	15 543		311	285
Total deposits (Rm)	**23 412**	19 826	21 208	**23 412**	19 826	21 208			
Average total deposits (Rm)	**22 345**	19 112	20 100	**22 345**	19 112	20 100			
Average allocated capital (Rm)[3]	**7 287**	4 528	6 799	**3 901**	2 995	3 245	**3 386**	1 533	3 554

[1] *NII for the period was R217m less taxation charge of R60m, which equates to R157m.*
[2] *NIR consists of fair-value gain from equity-related instrument.*
[3] *Average allocated capital for ETI was held in the Centre up to June 2015. This was allocated to Rest of Africa Cluster as from July 2015.*

HEADLINE EARNINGS
(Rm)

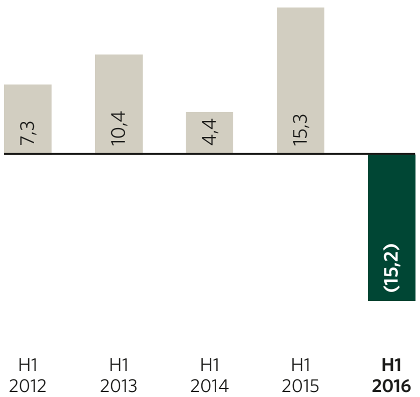


AVERAGE ALLOCATED CAPITAL[1]
(Rm)



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

RETURN ON EQUITY
(%)



Looking forward

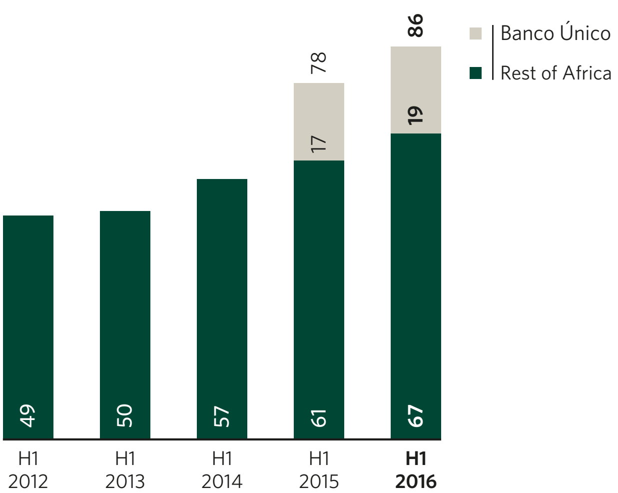
We expect tough economic conditions to prevail in the next two to three years, which will impact business performance as a result. However, the long-term potential in the rest of Africa remains intact.

Our focus remains to grow the business by:

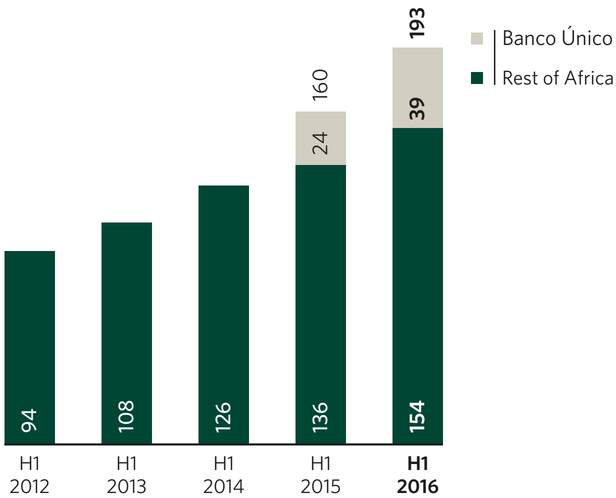
- rolling out our new core banking system in Lesotho in 2016;
- deploying appropriate and competitive client value propositions in both wholesale and retail;
- continuing to focus on cost management, especially at headoffice;
- deploying our digital platform, including mobile, starting with Namibia, Swaziland and Lesotho;
- progressing the integration of Banco Único on attaining control; and
- continuing to leverage and improve collaboration with Ecobank and the greater Nedbank Group.

Favourable	Unfavourable
■ Consistent investment in distribution and client-centred innovation.	■ Our share of ETI's Q4 2015 losses.
■ Investing in our people and strengthening our leadership.	■ Devaluation of the naira.
■ Improved business performance from our subsidiaries in the rest of Africa, with robust growth in advances.	■ Tough economic conditions driving lower transactional volumes.
	■ Increased regulatory requirements driving costs of compliance.

NUMBER OF BRANCHES



NUMBER OF ATMs



1 AVERAGE BANKING STATEMENT OF FINANCIAL POSITION AND RELATED INTEREST

	Jun 2016			Jun 2015			Dec 2015		
	Average balance	Margin statement interest		Average balance	Margin statement interest		Average balance	Margin statement interest	
Rm	Assets	Received	%	Assets	Received	%	Assets	Received	%
Average prime rate			**10,32**			9,25			9,39
Assets									
Loans and advances:									
Home loans (including properties in posession)	**143 165**	**6 604**	**9,28**	138 869	5 617	8,16	140 418	11 651	8,30
Commercial mortgages	**138 049**	**6 675**	**9,72**	125 370	5 477	8,81	129 866	11 576	8,91
Finance lease and instalment debtors	**99 033**	**5 579**	**11,33**	94 086	4 827	10,35	95 240	9 996	10,50
Credit card balances	**14 622**	**1 044**	**14,36**	14 078	957	13,72	14 251	1 949	13,68
Overdrafts	**16 935**	**878**	**10,43**	16 115	762	9,54	16 212	1 553	9,58
Term loans and other[1]	**231 091**	**5 983**	**5,21**	197 860	5 438	5,54	206 371	12 322	5,97
Personal loans	**18 285**	**2 193**	**24,12**	18 233	2 070	22,89	18 040	4 181	23,18
Impairment of loans and advances	**(11 413)**			(11 436)			(11 292)		
Government and public sector securities	**47 486**	**1 949**	**8,25**	40 145	1 642	8,25	42 697	3 441	8,06
Short-term funds and trading securities	**80 105**	**2 307**	**5,79**	67 805	1 723	5,13	72 277	3 620	5,01
Interest-earning banking assets	**777 358**	**33 212**	**8,59**	701 125	28 513	8,20	724 080	60 289	8,33
Net interdivisional assets – trading book	**(67 569)**			(46 832)			(57 465)		
Revaluation of FVTPL[3]-designated assets	**733**			826			768		
Cash and banknotes	**5 430**			4 559			4 912		
Derivative financial instruments	**115**			123			124		
Other assets	**11 877**			11 318			11 540		
Insurance assets	**10 697**			16 415			15 964		
Associates and investments	**12 122**			10 569			11 217		
Property and equipment	**8 097**			8 018			7 678		
Mandatory reserve deposit with central banks	**16 124**			14 849			14 945		
Intangible assets	**9 762**			8 380			9 243		
Total assets	**784 746**	**33 212**	**8,51**	729 350	28 513	7,89	743 006	60 289	8,11
	Liabilities	Paid	%	Liabilities	Paid	%	Liabilities	Paid	%
Deposit and loan accounts	**389 933**	**12 492**	**6,44**	372 826	10 163	5,50	377 466	21 013	5,57
Current and savings accounts	**96 227**	**453**	**0,95**	85 211	336	0,80	88 998	707	0,79
Negotiable certificates of deposit	**92 615**	**3 545**	**7,70**	87 760	2 959	6,80	89 105	6 192	6,95
Other interest-bearing liabilities[2]	**49 227**	**1 394**	**5,69**	43 483	1 768	8,20	42 599	4 915	11,54
Long-term debt instruments	**47 853**	**2 300**	**9,67**	38 282	1 612	8,48	41 554	3 577	8,61
Interest-bearing banking liabilities	**675 855**	**20 184**	**6,01**	627 562	16 838	5,41	639 722	36 404	5,69
Revaluation of FVTPL[3]-designated liabilities	**733**			826			768		
Derivative financial instruments	**848**			1 613			1 315		
Other liabilities	**13 749**			12 938			13 309		
Investment contract liabilities	**15 422**			16 213			16 337		
Ordinary shareholders' equity	**74 140**			66 297			67 634		
Minority shareholders' equity	**3 999**			3 901			3 921		
Total shareholders' equity and liabilities	**784 746**	**20 184**	**5,17**	729 350	16 838	4,66	743 006	36 404	4,90
Interest margin on average interest-earning banking assets	**777 358**	**13 028**	**3,37**	701 125	11 675	3,36	724 080	23 885	3,30

[1] *Including term loans, preference shares, factoring debtors, other lending-related instruments and interest on derivatives.*
[2] *Includes foreign currency liabilities and the fluctuation in the yield is attributable to a change in funding mix between banking and trading portfolios.*
[3] *Fair value through profit and loss.*

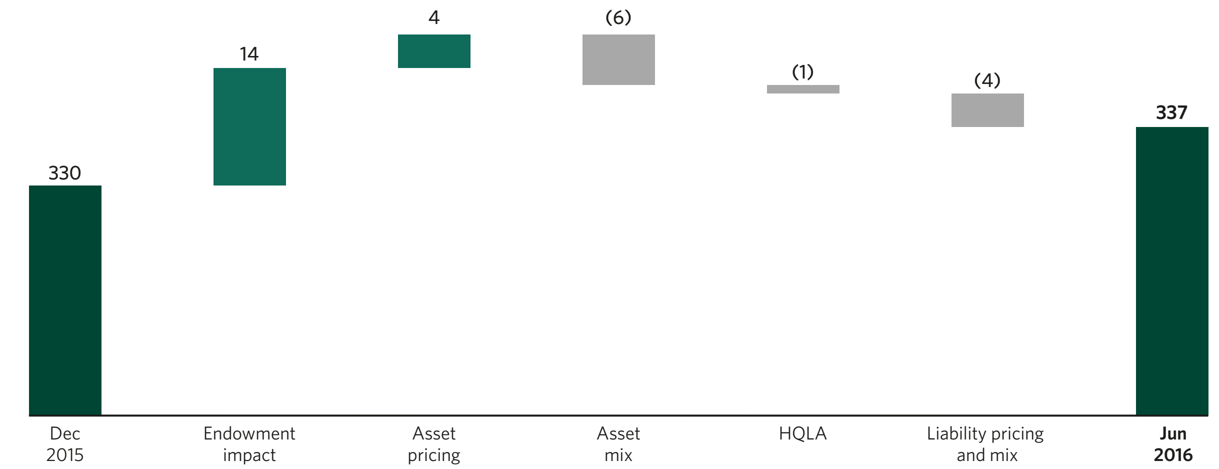
MARGIN MANAGEMENT

Margin summary analysis

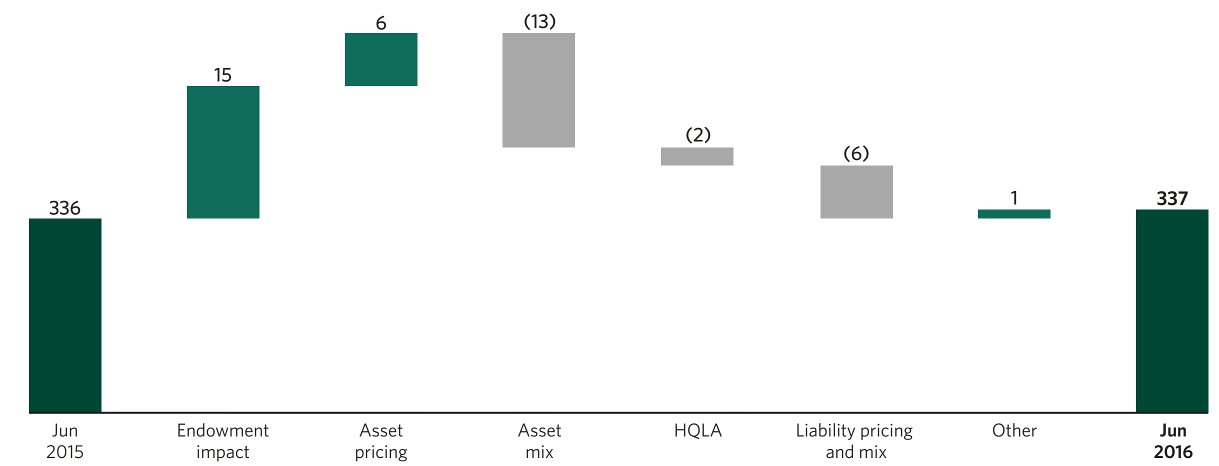
	Jun 2016[1]		Jun 2015[1]		Dec 2015	
Nedbank Group	**Bps**	**Rm**	**Bps**	**Rm**	**Bps**	**Rm**
Interest-earning banking assets (year-to-date average)[2]		**777 358**		701 125		724 080
Opening net interest margin (NIM)/net interest income (NII)	**330**	**23 885**	352	22 961	352	22 961
Growth in banking assets		**1 757**		1 723		2 531
Asset margin pricing and mix	**(2)**	**(195)**	(7)	(492)	(9)	(655)
Impact due to pricing	**4**	**294**	2	109	3	244
Impact due to mix change	**(6)**	**(489)**	(9)	(601)	(12)	(899)
Endowment	**14**	**1 099**	3	177	5	346
Capital, net of working capital	**9**	**714**		(4)		2
Deposits	**5**	**385**	3	181	5	344
Liability margin pricing and mix[3]	**(4)**	**(260)**	(3)	(204)	(10)	(720)
Change in marginal cost of wholesale funding		**(5)**	(3)	(203)	(3)	(255)
Prime/Johannesburg Interbank Agreed Rate (JIBAR) basis squeeze				(9)	(6)	(421)
Cost of enhancing funding profile (Basel III)	**(4)**	**(289)**	(1)	(76)	(2)	(151)
Other pricing and mix movements		**34**	1	84	1	107
Ecobank Transnational Incorporated (ETI) funding		**(8)**	(5)	(363)	(4)	(291)
Increased levels of high-quality liquid assets (HQLA)	**(1)**	**(58)**	(4)	(278)	(5)	(378)
Other		**(21)**		20	1	91
Closing NIM/NII for the period ended	**337**	**26 199**	336	23 544	330	23 885

[1] *NII for the six months is annualised.*
[2] *The year-to-date average is disclosed for June 2015 and June 2016.*
[3] *June 2015 has been restated to disclose prime/JIBAR basis squeeze separately.*

NET INTEREST MARGIN (DECEMBER 2015 TO JUNE 2016) (Bps)



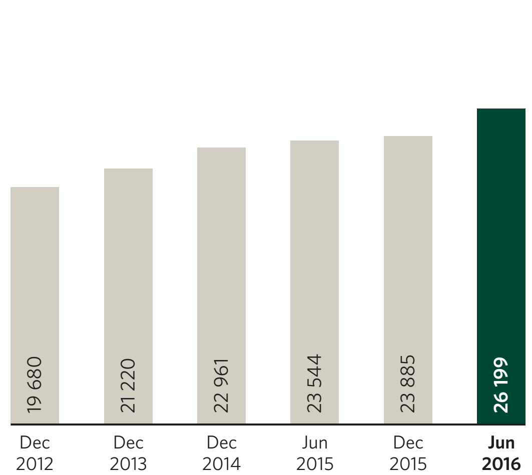
NET INTEREST MARGIN (JUNE 2015 TO JUNE 2016) (Bps)



Net interest income

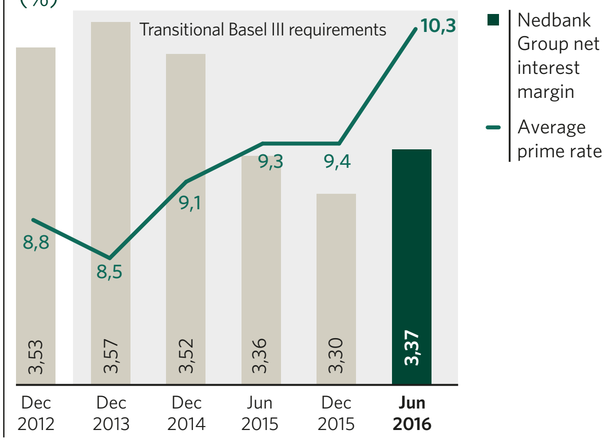
Favourable	Unfavourable
■ Endowment benefit from the full-year run rate impact of the 2015 interest rate increases and further increases of 50 bps and 25 bps on 29 January and 18 March 2016 respectively. ■ Improved risk-based pricing, with specific reference to home loans and personal loans. ■ Short-end reprice benefit as prime-linked assets repriced immediately for changes in the repo rate, while the repricing of the term funding base lagged by up to three months post hedging. The short-end repricing benefit experienced during the first quarter of 2016 was however largely offset during the second quarter of 2016 as further anticipated rate changes remained on hold during this period.	■ Muted retail consumer demand, resulting in weak retail advances growth with higher growth in lower-yielding wholesale advances. ■ Pressure on funding costs as a result of increased competition for Basel III-friendly deposits and the increased cost associated with the timeous transition to Basel III compliance, including the lengthening of the overall funding profile. ■ Higher levels of HQLA yielding a negative carry, in line with the LCR transitional requirements.

NET INTEREST INCOME[1]
(Rm)

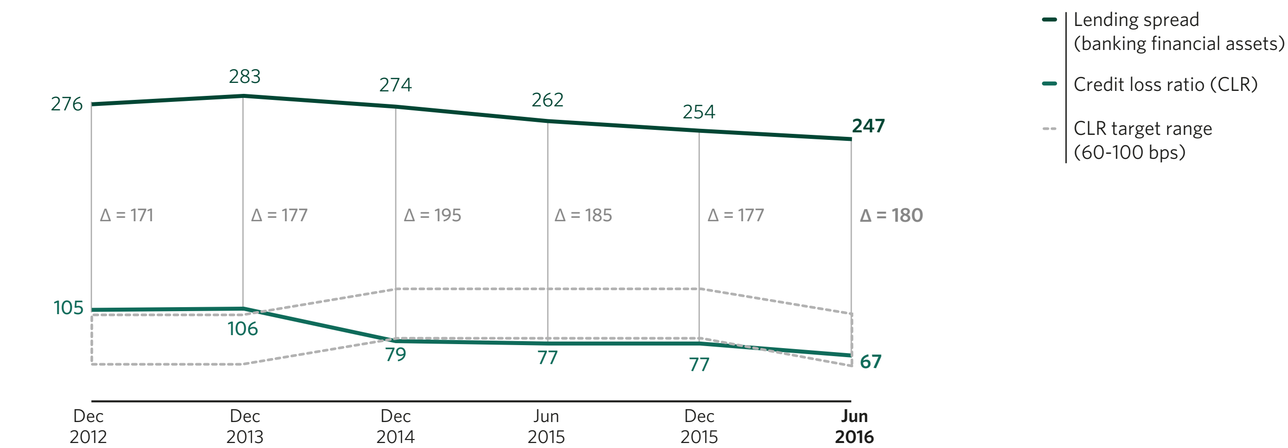


[1] *June annualised.*

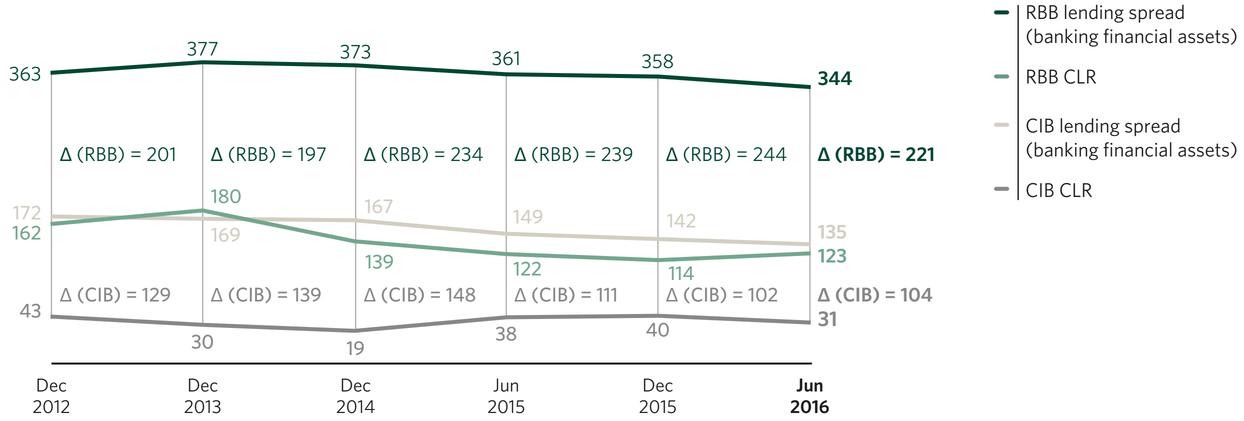
INTEREST MARGIN TRENDS VERSUS PRIME RATE OF NEDBANK GROUP
(%)



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



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



- The Nedbank Group CLR improved to 67 bps (June 2015: 77 bps) and remains at the bottom end of the TTC CLR target range of 60 bps to 100 bps. This was driven by higher impairments in Nedbank Retail, which were largely offset by lower impairments in Nedbank Corporate and Investment Banking (CIB), as well as the release of a R150m central impairment overlay following the recognition of emerging risks in Africa.
- Nedbank Retail and Business Banking (RBB) CLR was stable at 1,23% (June 2015: 1,22%), with an increase from 1,14% since December 2015, but remains below the TTC target range. This was driven by lower impairments in unsecured lending as the better-quality frontbook was offset by higher provisions in secured lending off a low base.
- The decrease in RBB lending spread to 344 bps (June 2015: 361 bps) is due to an adverse advances mix, as higher-yielding products such as the personal loans mix contribution decreased and from increasing Basel III compliance costs.
- The decrease in CIB lending spread to 135 bps (June 2015: 149 bps), is due mainly to the negative mix within CIB including strong growth in low-yielding renewable-energy loans, together with increasing Basel III compliance costs.

2 IMPAIRMENT OF LOANS AND ADVANCES

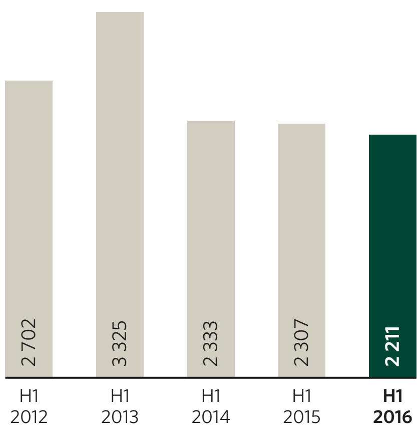
Rm	Nedbank Corporate and Investment Banking	Nedbank Retail and Business Banking
Opening balance	1 735	8 672
Specific impairment	696	5 598
Specific impairment, excluding discounts	396	4 956
Specific impairment for discounted cashflow losses	300	642
Portfolio impairment	1 039	3 074
Impairments charge	509	2 322
Statement of comprehensive income charge net of recoveries	502	1 773
Specific impairment	319	1 551
Net increase/(decrease) in impairment for discounted cashflow losses	113	35
Portfolio impairment	70	187
Recoveries	7	549
Amounts written off/Other transfers	(475)	(2 020)
Specific impairment	(477)	(2 016)
Portfolio impairment	2	(4)
Total impairments	1 769	8 974
Specific impairment	658	5 717
Specific impairment, excluding discounts	245	5 040
Specific impairment for discounted cashflow losses	413	677
Portfolio impairment	1 111	3 257
Total gross loans and advances	360 810	293 591

Details on segmental impairments and defaulted loans and advances are disclosed in the Risk and Balance Sheet Management Review – Credit Risk section.

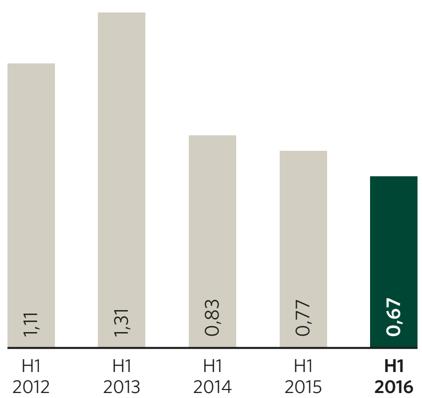
Reconciliation of specific impairment for discounted cashflow losses

Rm		
Opening balance	300	642
Net increase/(decrease) in impairment for discounted cashflow losses	113	35
Interest on specifically impaired loans and advances	(141)	(407)
Net specific impairments charge for discounted cashflow losses	254	442
Closing balance	413	677

IMPAIRMENTS CHARGE ON LOANS AND ADVANCE (Rm)



CREDIT LOSS RATIO – BANKING ADVANCES (%)



	Nedbank Wealth	Rest of Africa	Centre	Jun 2016	Jun 2015	Dec 2015
	155	368	481	**11 411**	11 095	11 095
	122	264	(16)	**6 664**	6 832	6 832
		105	(16)	**5 441**	5 673	5 673
	122	159		**1 223**	1 159	1 159
	33	104	497	**4 747**	4 263	4 263
	28	67	(151)	**2 775**	2 826	5 926
	24	63	(151)	**2 211**	2 307	4 789
	33	41	(1)	**1 943**	2 153	4 291
	(11)	18		**155**	46	64
	2	4	(150)	**113**	108	434
	4	4		**564**	519	1 137
	(40)	(132)	20	**(2 647)**	(2 917)	(5 610)
	(40)	(129)	19	**(2 643)**	(2 932)	(5 660)
		(3)	1	**(4)**	15	50
	143	303	350	**11 539**	11 004	11 411
	108	198	2	**6 683**	6 618	6 664
	(3)	21	2	**5 305**	5 413	5 441
	111	177		**1 378**	1 205	1 223
	35	105	348	**4 856**	4 386	4 747
	29 820	18 502	2 148	**704 871**	659 848	693 043

	122	159		**1 223**	1 159	1 159
	(11)	18	–	**155**	46	64
	(16)	(26)		**(590)**	(438)	(983)
	5	44		**745**	484	1 047
	111	177	–	**1 378**	1 205	1 223

Impairments

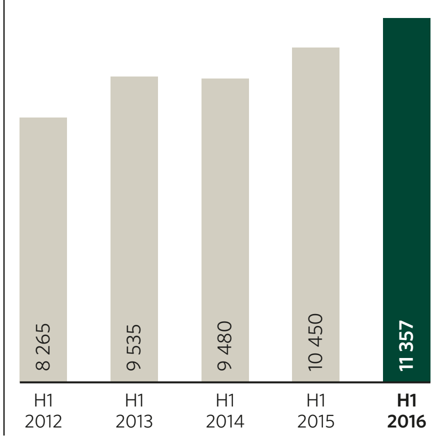
Favourable	Unfavourable
■ Benefits from early actions in Personal Loans and improvement in Business Banking CLR. ■ Improvement in CIB's CLR as commodity prices stabilised. ■ Impact of mix change as wholesale advances grew faster than retail advances. ■ Increased levels of postwriteoff recoveries. ■ Released R150m central provision.	■ Increase in CLRs within homeloans. ■ Additional portfolio overlays raised in RBB.

3 NON-INTEREST REVENUE

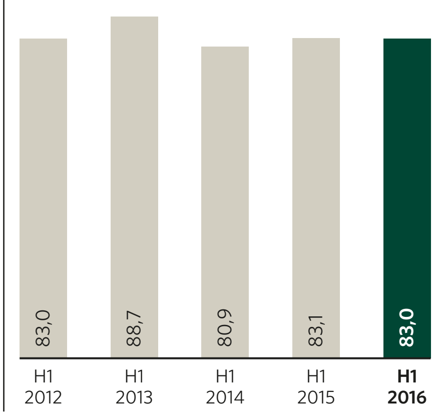
Rm	Nedbank Group			Nedbank Corporate and Investment Banking			Nedbank Retail and Business Banking		
	Jun 2016	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015
Commission and fee income	**8 185**	7 499	15 627	**1 402**	1 119	2 431	**5 500**	5 105	10 574
Administration fees	**523**	417	899	**4**	11	20	**253**	215	444
Cash-handling fees	**463**	428	883	**94**	80	170	**341**	301	623
Insurance commission	**299**	343	679				**219**	224	433
Exchange commission	**277**	246	522	**79**	73	155	**108**	106	226
Other fees	**1 321**	1 238	2 587	**719**	502	1 154	**41**	31	65
Guarantees income	**93**	92	187	**69**	62	127	**23**	24	48
Card income	**1 670**	1 562	3 272				**1 654**	1 548	3 243
Service charges	**1 980**	1 818	3 706	**23**	20	39	**1 819**	1 690	3 452
Other commission	**1 559**	1 355	2 892	**414**	371	766	**1 042**	966	2 040
Insurance income	**921**	816	1 830				**137**	155	319
Fair-value adjustments	**(94)**	8	(9)	**(66)**	22	81	**41**	(23)	(74)
Fair-value adjustments	**(98)**	(38)	(99)	**(66)**	22	81	**41**	(23)	(74)
Fair-value adjustments – long-term own debt	**4**	46	90						
Trading income	**1 771**	1 686	3 167	**1 708**	1 619	3 009	**38**	32	75
Foreign exchange	**700**	566	1 306	**627**	499	1 148	**38**	32	75
Debt securities	**912**	941	1 545	**912**	941	1 545			
Equities	**147**	165	296	**157**	165	296			
Commodities	**12**	14	20	**12**	14	20			
Private-equity income	**432**	250	886	**432**	250	909	**–**	–	–
Security dealing – realised[1]	**26**	363	394	**26**	363	417			
Security dealing – unrealised[1]	**213**	(268)	(157)	**213**	(268)	(157)			
Dividends received	**31**	20	384	**31**	20	384			
Other income[2]	**54**	59	76	**54**	59	76			
Interest and distribution[2]	**108**	76	189	**108**	76	189			
Investment income	**16**	15	58	**8**	6	28	**6**	2	11
Dividends received	**10**	13	43	**8**	6	28			1
Long-term assets sales	**6**	2	15				**6**	2	10
Sundry income[2]	**126**	176	189	**21**	56	50	**(39)**	19	67
Total non-interest revenue	**11 357**	10 450	21 748	**3 505**	3 072	6 508	**5 683**	5 290	10 972

[1] *During the period R91m (June 2015: R275m) previously reported as unrealised income, was realised, resulting in a reversal of unrealised income to realised income.*
[2] *June 2015 restated to reflect a R135m income from property partners' reclassification of other sundry income to private-equity income.*

NON-INTEREST REVENUE
(Rm)



NON-INTEREST REVENUE TO TOTAL OPERATING EXPENSES
(%)



Nedbank Wealth			Rest of Africa			Centre		
Jun 2016	Jun 2015	Dec 2015	Jun 2016	Jun 2015	Dec 2015	Jun 2016	Jun 2015	Dec 2015
982	956	2 047	314	347	622	(13)	(28)	(47)
235	166	377	24	21	52	7	4	6
1	1	2	27	46	88			
64	105	216	16	14	30			
52	41	82	36	26	57	2		2
589	671	1 395	1	74	45	(29)	(40)	(72)
			1	6	12			
			16	14	28			1
15	12	26	123	96	189			
26	(40)	(51)	70	50	121	7	8	16
781	693	1 527	25	(32)	56	(22)		(72)
–	–	–	(2)	(1)	4	(67)	10	(20)
			(2)	(1)	4	(71)	(36)	(110)
			–			4	46	90
(10)	–	–	35	35	83	–	–	–
			35	35	83			
(10)								
–	–	–	–	–	–	–	–	(23)
								(23)
–	–	9	2	1	2	–	6	8
		1	2	1	2		6	11
		8						(3)
50	3	10	(2)	76	52	96	22	10
1 803	1 652	3 593	372	426	819	(6)	10	(144)

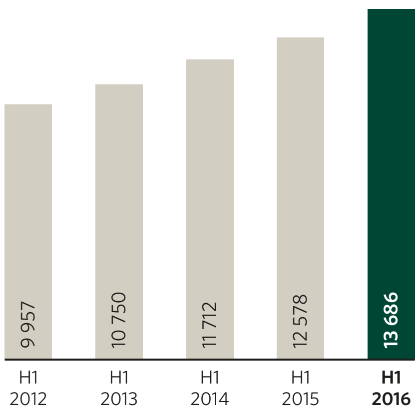
Non-interest revenue

Favourable	Unfavourable
■ Continued increase in main-banked client numbers, transactional wins and cross-sell across the group, driving commission and fee growth. ■ Strong uptake of digital channels. ■ Solid performance in trading off a high based in the previous period. ■ Insurance growth led by good growth in single premium income. ■ Ongoing private-equity realisations.	■ Residual impact of card interchange in the first quarter of 2016. ■ Below inflationary fee increases in RBB. ■ Higher weather related insurance claims.

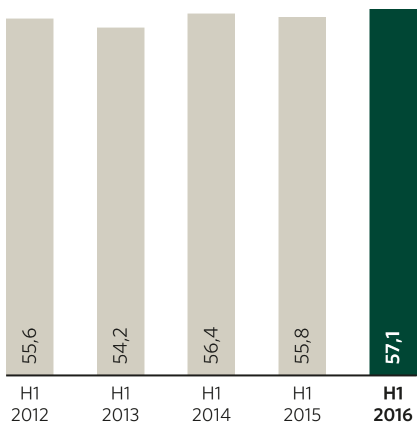
4 EXPENSES

Rm	Nedbank Group			Nedbank Corporate and Investment Banking			Nedbank Retail and Business Banking		
	Jun 2016	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015
Staff costs	**7 552**	7 023	14 296	**1 239**	1 239	2 433	**3 674**	3 439	7 031
Salaries and wages	**6 318**	5 689	11 700						
Short-term incentives	**1 086**	1 092	2 163						
Long-term employee benefits	**(82)**	40	21						
Share-based payment expenses – employees	**230**	202	412						
Computer processing	**1 985**	1 671	3 543	**264**	247	486	**433**	391	794
Depreciation for computer equipment	**278**	194	445						
Amortisation of computer software	**400**	360	718						
Operating lease charges for computer equipment	**188**	144	320						
Other computer processing expenses	**1 119**	973	2 060						
Communication and travel[1]	**412**	393	856	**135**	116	251	**171**	182	390
Occupation and accommodation[2]	**1 098**	1 016	2 041	**129**	113	228	**888**	826	1 700
Marketing and public relations	**802**	756	1 595	**28**	36	76	**430**	383	892
Fees and insurances	**1 381**	1 242	2 801	**362**	314	718	**574**	522	1 094
Office equipment and consumables[3]	**281**	271	579	**63**	48	90	**135**	139	296
Other sundries	**143**	173	334	**29**	28	60	**58**	79	178
Amortisation of intangible assets	**32**	33	65						
Activity-justified transfer pricing	**–**	–	–	**445**	323	763	**2 593**	2 289	4 702
Total operating expenses	**13 686**	12 578	26 110	**2 694**	2 464	5 105	**8 956**	8 250	17 077
Included in expenses are depreciation changes for:									
[1] *Vehicles*	**3**	2	5						
[2] *Buildings*	**181**	173	136						
[3] *Furniture*	**120**	105	393						

TOTAL OPERATING EXPENSES
(Rm)

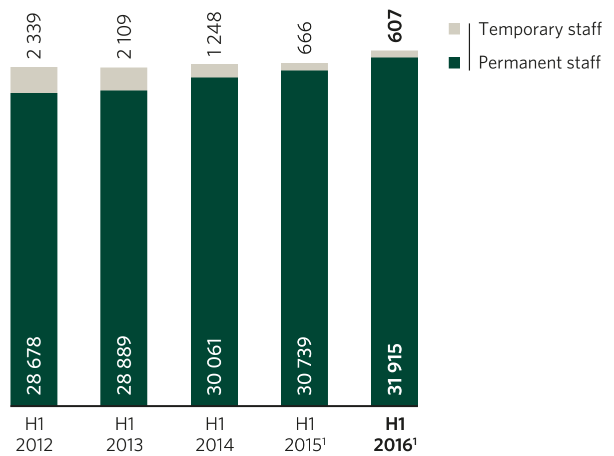


EFFICIENCY RATIO
(%)



	Nedbank Wealth			Rest of Africa			Centre		
	Jun 2016	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015
	728	648	1 341	**433**	383	753	**1 478**	1 314	2 738
	78	55	121	**32**	43	90	**1 178**	935	2 052
	37	32	66	**22**	23	46	**47**	40	103
	64	55	115	**78**	66	137	**(61)**	(44)	(139)
	63	57	108	**24**	19	48	**257**	261	471
	94	137	364	**75**	61	119	**276**	208	506
	11	8	16	**18**	6	30	**54**	70	147
	11	11	33	**5**	13	32	**40**	42	31
	32	33	64			1			
	279	237	502	**163**	123	270	**(3 480)**	(2 972)	(6 237)
	1 397	1 273	2 730	**850**	737	1 526	**(211)**	(146)	(328)

TOTAL EMPLOYEES (PERMANENT AND TEMPORARY STAFF)



[1] *During the year temporary staff were transferred to permanent staff due to regulatory compliance.*

Expenses

Favourable	Unfavourable
■ Synergies and cost savings realised across the bank. ■ Managing our costs wisely across discretionary spend items. ■ As part of '250 to 60' IT system rationalisation a reduction of core systems by 84 to date. ■ Lower variable performance-related incentives.	■ Distribution and system investments in the rest of Africa. ■ Continued investment in retail innovation and infrastructure. ■ Continued cost of regulatory compliance. ■ Higher volume related costs from revenue-generating activities such as cash-handling and card issuing and acquiring.

5 TAXATION CHARGE

	Jun 2016	Jun 2015	Dec 2015
SA normal taxation (Rm)			
Current	**1 904**	1 797	3 463
Deferred	**(56)**	(41)	19
Foreign taxation	**124**	57	62
Current and deferred taxation on income	**1 972**	1 813	3 544
Prior year (over)/under provision – current	**(15)**	9	1
Prior year (over)/underprovision – deferred	**(2)**	(2)	5
Total taxation on income	**1 955**	1 820	3 550
Tax on non-trading and capital items	**(11)**		(31)
Total	**1 944**	1 820	3 519
Taxation rate reconciliation (excluding non-trading and capital items) (%)			
Standard rate of SA normal taxation	**28,0**	28,0	28,0
Reduction of taxation rate:			
– Dividend income	**(1,3)**	(0,7)	(1,6)
– Capital items	**(0,2)**	(0,3)	0,1
– Foreign income and in terms of 9D	**(0,9)**		(0,1)
– Associate (income)/loss	**1,6**	(1,7)	(1.6)
– Other	**(1,4)**	(0,5)	(0,8)
Total taxation on income as percentage of profit before taxation	**25,8**	24,8	24,0

6 NON-CONTROLLING INTEREST – ORDINARY SHAREHOLDERS

	Jun 2016		Jun 2015		Dec 2015	
Rm	**Balance sheet**	**Income statement**	Balance sheet	Income statement	Balance sheet	Income statement
Nedbank (Swaziland)	**209**	**21**	174	18	198	40
Nedbank (Namibia) – various subsidiaries	**13**		13	(1)	14	
Nedbank (Malawi)			4		4	
MBCA Bank (Zimbabwe)	**194**	**9**	125	9	196	23
Ideas Nedbank AIIF Investors Trust	**27**	**2**	18	1	24	7
	443	**32**	334	27	436	70

7 PREFERENCE SHARES

Dividends declared	Number of shares	Cents per share	Amount Rm
2015			
Nedbank – final (dividend no 24) declared for 2014 – paid March 2015	358 277 491	38,76140	139
Nedbank – interim (dividend no 25) declared for 2015 – paid September 2015	358 277 491	38,22487	137
			276
2016			
Nedbank – final (dividend no 26) declared for 2015 – paid 4 April 2016	**358 277 491**	**40,01711**	**143**
Nedbank – interim (dividend no 27) declared for 2016 – payable September 2016	**358 277 491**	**42,75385**	**153**

Dividends declared calculations	Days	Rate %	Amount Rm
2016			
Nedbank – 1 January 2016 to 30 June 2016	**182**		**153,1**
1 January 2016 to 31 January 2016	**31**	**8,165**	**24,8**
1 February 2016 to 29 February 2016	**29**	**8,542**	**24,2**
1 March 2016 to 31 March 2016	**31**	**8,636**	**26,2**
1 April 2016 to 30 June 2016	**91**	**8,750**	**77,9**
Total declared			**153,1**
Less: Dividends declared in respect of shares held by group entities			**(15,9)**
Declared net of shares held by group entities			**137,2**

Dividends paid calculations	Days	Rate %	Amount Rm
2014 (Paid March 2015)			
Nedbank – 1 July 2014 to 31 December 2014	184		138,9
1 July 2014 to 17 July 2014	17	7,500	12,5
18 July 2014 to 31 December 2014	167	7,708	126,4
Nedbank (MFC) – participating preference shares[1]			39,2
Profit attributable to preference shareholders			178,1
2015 (Paid September 2015)			
Nedbank – 1 January 2015 to 30 June 2015	181	7,708	136,9
Nedbank (MFC) – participating preference shares[1]			55,5
Profit attributable to preference shareholders			192,4
2015 (Paid April 2016)			
Nedbank – 1 July 2015 to 31 December 2015	**184**		**143,4**
1 July 2015 to 23 July 2015	**23**	**7,708**	**17,4**
24 July 2015 to 19 November 2015	**119**	**7,917**	**92,5**
20 November 2015 to 31 December 2015	**42**	**8,125**	**33,5**
Nedbank (MFC) – participating preference shares[1]			**33,1**
Profit attributable to preference shareholders			**176,5**

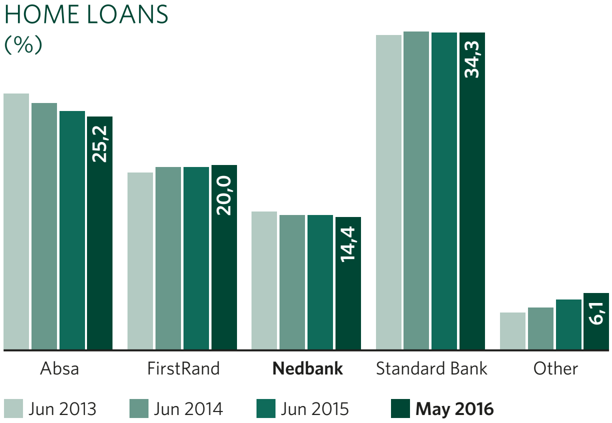
[1] *Profit share calculated on an annual basis.*

8 LOANS AND ADVANCES

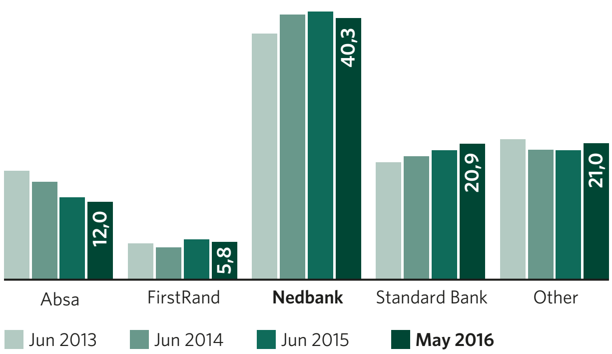
Segmental breakdown	Nedbank Group			Nedbank Corporate and Investment Banking			Nedbank Retail and Business Banking		
Rm	Jun 2016	Jun 2015	Dec 2015	Jun 2016	Jun 2015	Dec 2015	Jun 2016	Jun 2015	Dec 2015
Home loans	143 661	140 207	142 773	8	8	8	123 235	121 103	122 060
Commercial mortgages	142 379	130 254	136 793	117 378	107 045	112 281	17 228	16 242	16 648
Properties in possession	339	570	354	190	388	210	102	143	101
Credit cards	14 667	14 160	14 063				14 625	14 124	14 025
Overdrafts	17 931	16 218	15 833	2 281	2 172	1 766	12 543	11 464	11 161
Term loans	121 203	109 379	110 318	99 528	88 457	88 897	18 653	18 296	18 308
Personal loans	18 369	17 593	17 842				16 763	16 219	16 311
Other term loans	102 834	91 786	92 476	99 528	88 457	88 897	1 890	2 077	1 997
Overnight loans	22 676	23 239	27 527	21 805	22 365	26 509	718	470	584
Other loans to clients	94 901	87 233	99 313	75 810	72 034	83 736	6 760	6 546	7 053
Foreign client lending	22 614	20 414	22 772	20 801	18 683	21 221	236	333	491
Remittances in transit	1 396	295	201	20	8	2	119	125	101
Other loans	70 891	66 524	76 340	54 989	53 343	62 513	6 405	6 088	6 461
Leases and instalment debtors	101 064	96 567	99 863	3 243	3 430	3 280	94 635	90 165	93 332
Preference shares and debentures	21 098	16 991	20 698	20 716	16 690	20 659		260	
Factoring accounts	5 097	5 099	5 329	5			5 092	5 099	5 329
Deposits placed under reverse repurchase agreements	19 846	19 927	20 173	19 846	19 927	20 173			
Trade, other bills and bankers' acceptances	9	4	6						
Loans and advances before impairments	704 871	659 848	693 043	360 810	332 516	357 519	293 591	283 912	288 601
Impairment of advances	(11 539)	(11 004)	(11 411)	(1 769)	(1 447)	(1 735)	(8 974)	(8 833)	(8 672)
Total loans and advances	693 332	648 844	681 632	359 041	331 069	355 784	284 617	275 079	279 929
Comprises:									
– Loans and advances to clients	674 571	625 528	663 314	336 072	301 060	329 576	293 472	283 787	288 500
– Loans and advances to banks	30 300	34 320	29 729	24 738	31 456	27 943	119	125	101
Loans and advances before impairments	704 871	659 848	693 043	360 810	332 516	357 519	293 591	283 912	288 601

Market share as per BA900

HOME LOANS
(%)

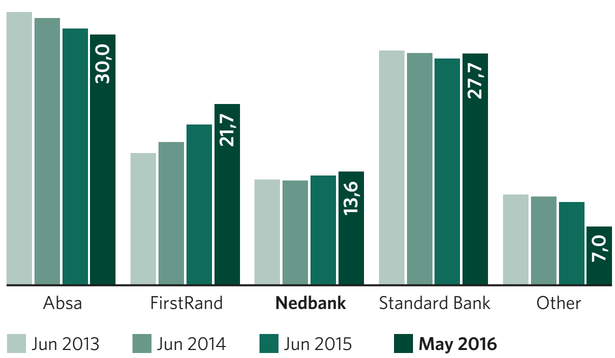


COMMERCIAL MORTGAGE LOANS
(%)

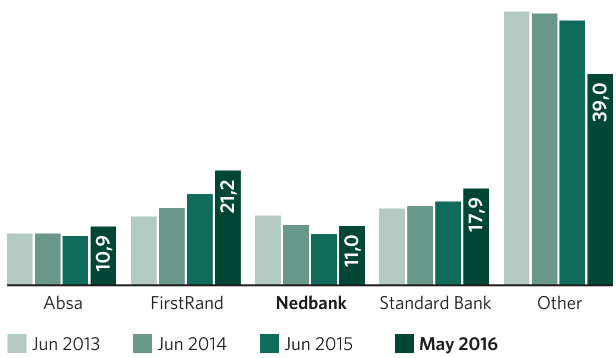


Nedbank Wealth			Rest of Africa			Centre		
Jun 2016	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015
15 314	14 874	15 995	**5 302**	4 415	4 908	**(198)**	(193)	(198)
7 217	6 054	6 892	**817**	1 162	1 244	**(261)**	(249)	(272)
47	39	43						
			42	36	38			
156	132	155	**2 951**	2 450	2 751			
1 422	1 234	1 587	**1 603**	1 395	1 529	**(3)**	(3)	(3)
27	7	26	**1 579**	1 367	1 505			
1 395	1 227	1 561	**24**	28	24	**(3)**	(3)	(3)
			153	404	434			
5 640	4 187	3 424	**4 462**	3 502	2 947	**2 229**	964	2 153
			1 577	1 398	1 060			
			1 137	141	77	**120**	21	21
5 640	4 187	3 424	**1 748**	1 963	1 810	**2 109**	943	2 132
23	276	264	**3 163**	2 729	3 026		(33)	(39)
1	1	1				**381**	40	38
			9	4	6			
29 820	26 797	28 361	**18 502**	16 097	16 883	**2 148**	526	1 679
(143)	(145)	(155)	**(303)**	(248)	(368)	**(350)**	(331)	(481)
29 677	26 652	28 206	**18 199**	15 849	16 515	**1 798**	195	1 198
27 094	25 063	27 566	**15 905**	15 113	16 012	**2 028**	505	1 660
2 726	1 734	795	**2 597**	984	871	**120**	21	19
29 820	26 797	28 361	**18 502**	16 097	16 883	**2 148**	526	1 679

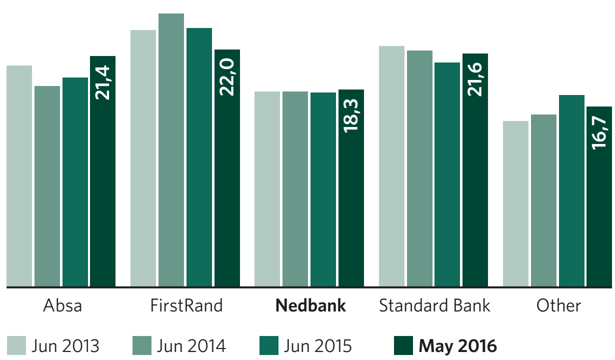
CREDIT CARDS
(%)



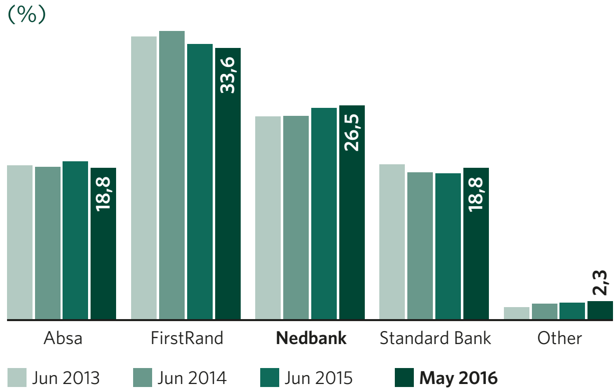
PERSONAL LOANS[1]
(%)



CORPORATE LOANS
(%)



INSTALMENT CREDIT
(%)



[1] *The increase in market share for all the big four banks is impacted by the restatement of ABIL data, which reduced industry personal loans by approximately R30bn; excluding the impact of ABIL by retrospectively adjusting for the decline from June 2015, Nedbank's market share will result in a decrease from 11,4% (June 2015 restated) to 11,0% at May 2016.*

9 INVESTMENT SECURITIES

Rm	Jun 2016	Jun 2015	Dec 2015
Listed investments	**54**	52	449
Private-equity portfolio	**36**	38	66
Other	**18**	14	383
Unlisted investments	**3 146**	3 146	3 107
Taquanta Asset Managers portfolio	**475**	425	433
Strate Ltd	**66**	57	57
Private-equity portfolio	**760**	1 054	706
Other	**1 845**	1 610	1 911
Total listed and unlisted investments	**3 200**	3 198	3 556
Listed policyholder investments at market value	**8 576**	10 998	8 212
Equities	**63**	78	57
Government, public and private sector stock	**1 127**	777	848
Unit trusts	**7 386**	10 143	7 307
Unlisted policyholder investments at directors' valuation	**1 590**	5 341	1 467
Negotiable certificates of deposit, money market and other short-term funds	**1 590**	5 341	1 467
Net policyholder liabilities	**(112)**	(88)	(80)
Total policyholder investments	**10 054**	16 251	9 599
Total investment securities	**13 254**	19 449	13 155
Summary of total private-equity investments			
Investment securities	**796**	1 092	772
Property investments	**36**	38	66
Listed investments	**36**	38	66
Other investments	**760**	1 054	706
Unlisted investments	**760**	1 054	706
Investment in associates	**1 433**	1 026	1 155
Unlisted property investments	**834**	590	668
Unlisted other investments	**599**	436	487
Private-equity shareholder loans and mezzanine debt facilities	**3 830**	3 399	3 619
Total private-equity investments	**6 059**	5 517	5 546

10 INTANGIBLE ASSETS

Rm	Note	Jun 2016	Jun 2015	Dec 2015
Computer software and capitalised development costs	10.1	**4 030**	3 339	3 523
Goodwill	10.2	**5 212**	5 166	5 257
Client relationships, contractual rights and other		**198**	262	230
		9 440	8 767	9 010

10.1 Computer software and capitalised development costs – carrying amount

Rm	Amortisation periods	Jun 2016	Jun 2015	Dec 2015
Computer software	2–10 years	**2 825**	2 292	2 343
Client product systems		**656**	626	644
Infrastructure and supporting systems		**1 147**	1 150	916
Risk management systems		**423**	284	291
Channel systems		**599**	232	492
Capitalised development costs	none[1]	**1 205**	1 047	1 180
Client product systems		**243**	314	260
Infrastructure and supporting systems		**509**	502	536
Risk management systems		**307**	102	254
Channel systems		**146**	129	130
		4 030	3 339	3 523
Computer software				
Opening balance		**2 343**	2 318	2 318
Additions		**234**	259	164
Commissioned during period		**687**	75	621
Amortisation charge for the period		**(400)**	(360)	(718)
Impairments		**(39)**		(42)
Closing balance		**2 825**	2 292	2 343
Capitalised development costs				
Opening balance		**1 180**	827	827
Additions		**713**	295	1 042
Commissioned during period		**(687)**	(75)	(621)
Foreign exchange and other moves		**(1)**		
Impairments				(68)
Closing balance		**1 205**	1 047	1 180

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

10.2 Goodwill – carrying amount

Rm	Jun 2016	Jun 2015	Dec 2015
Carrying amount at the beginning of the year	**5 257**	5 141	5 141
Foreign currency translation	**(45)**	25	116
Carrying amount at the end of the year	**5 212**	5 166	5 257

10.3 Intangible assets – ratios

Rm	Jun 2016	Jun 2015	Dec 2015
Total assets	**944 188**	866 624	925 726
Ordinary shareholders' equity	**75 697**	68 679	74 754
Intangible assets	**9 440**	8 767	9 010
Capitalised software (Refer note 10.1)	**4 030**	3 339	3 523
Goodwill (Refer note 10.2)	**5 212**	5 166	5 257
Other intangible assets	**198**	262	230
Intangible assets/Total assets (%)	**1,00**	1,01	0,97
Intangible assets/Ordinary shareholders' equity (%)	**12,5**	12,8	12,1

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

at

	Percentage holding		Acquisition	
Name of company and nature of business	**Jun 2016**	Dec 2015	Date	Year-end
Private-equity associates and associate companies				
Listed				
Ecobank Transnational Incorporated (Togo)	**21,8**	21,8	Oct 14	Dec
Unlisted				
Century City JV	**50**	50	Dec 10	Dec
Masingita Property Investment Holdings (Pty) Ltd	**35**	35	Aug 05	Feb
Odyssey Developments (Pty) Ltd[1]	**49**	49	Aug 07	Feb
Individually immaterial associates[2]				
Private-equity associates (manufacturing, industrial, leisure and other)				
Private-equity associates (property investment associates)				
Other				
Joint arrangements				
Unlisted				
Banco Único, SA (Mozambique)	**38,7**	38,3	Jun 14	Dec
Individually immaterial joint arrangements				

[1] *The group's proportion of ownership in the entity is 49% while its voting right equates to 35%.*
[2] *Represents various investments that are not individually material.*

Ecobank Transnational Incorporated is a pan-African bank and its shares are listed on the stock exchanges of Nigeria, Ghana and Ivory Coast. Unless otherwise stated above, all entities are domiciled and incorporated in SA. The group has the same proportion of voting rights as its proportion of ownership interest, unless stated otherwise and has not incurred any contingent liabilities with regard to the associates or joint arrangements listed above.

	Equity-accounted earnings Rm		Carrying amount Rm		Net indebtedness of loans to/(from) associates Rm	
	Jun 2016	Dec 2015	**Jun 2016**	Dec 2015	**Jun 2016**	Dec 2015
	(446)	870	**6 014**	7 808	**167**	209
			55	55		
			201	172	**74**	74
			57	56	**52**	49
			600	487	**151**	226
			455	318	**1 867**	1 633
	(12)	1	**220**	232	**4**	5
	27		**275**	359		
			91	92	**139**	140
	(431)	871	**7 968**	9 579	**2 454**	2 336

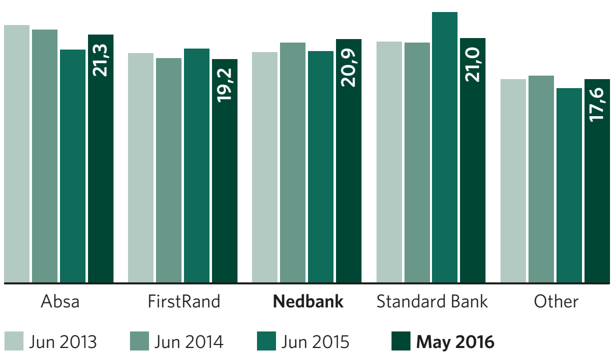
12 AMOUNTS OWED TO DEPOSITORS

Segmental breakdown	Nedbank Group			Nedbank Corporate and Investment Banking			Nedbank Retail and Business Banking		
Rm	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015
Current accounts	**70 612**	65 126	70 757	**6 367**	4 446	4 947	**57 873**	54 298	59 328
Savings accounts	**31 615**	26 479	30 542	**4**	3	5	**9 466**	9 335	9 390
Other deposits and loan accounts	**489 233**	465 770	481 402	**280 099**	286 406	285 932	**184 554**	161 403	174 897
Call and term deposits	**276 731**	267 366	276 200	**119 592**	129 676	126 425	**141 878**	124 558	134 469
Fixed deposits	**50 024**	53 464	48 806	**11 623**	20 784	13 089	**35 511**	30 056	32 766
Cash management deposits	**64 008**	60 270	61 908	**56 253**	52 707	53 820	**5 093**	4 923	5 495
Other deposits	**98 470**	84 670	94 488	**92 631**	83 239	92 598	**2 072**	1 866	2 167
Foreign client liabilities	**36 190**	37 834	45 475	**30 207**	33 157	40 297	**4 820**	3 818	4 520
Negotiable certificates of deposit	**88 585**	84 805	82 144		122	156			
Deposits received under repurchase agreements	**25 477**	10 481	15 531	**25 318**	10 481	15 531			
Total amounts owed to depositors	**741 712**	690 495	725 851	**341 995**	334 615	346 868	**256 713**	228 854	248 135
Comprises:									
– Amounts owed to clients	**680 080**	638 902	672 122	**286 673**	290 987	296 517	**256 014**	228 596	247 458
– Amounts owed to banks	**61 632**	51 593	53 729	**55 322**	43 628	50 351	**699**	258	677
Total amounts owed to depositors	**741 712**	690 495	725 851	**341 995**	334 615	346 868	**256 713**	228 854	248 135

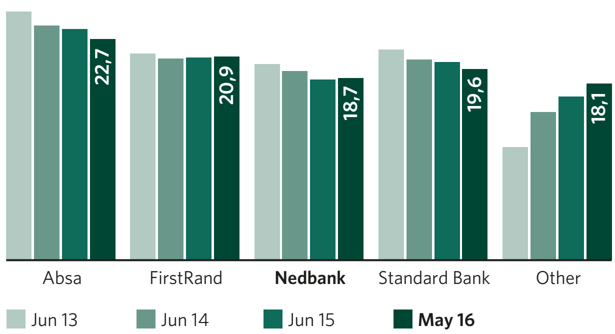
[1] *Elimination of inter alia other short-term debt issued by Treasury reported under other deposits and held by Corporate and Investment Banking as other short-term securities.*

Market share as per BA900

WHOLESALE DEPOSITS
(%)



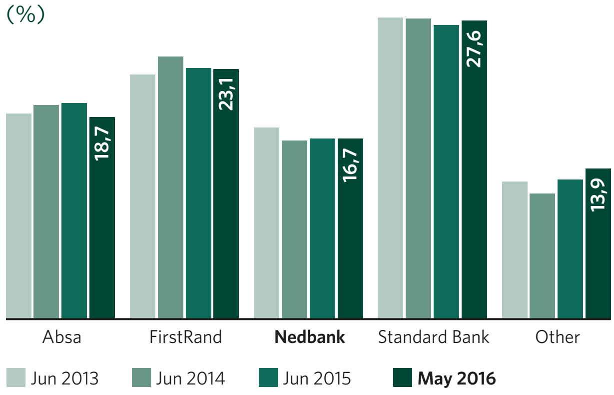
HOUSEHOLD DEPOSITS[1]
(%)



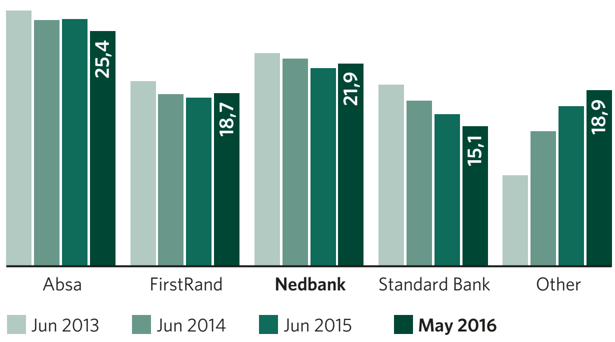
[1] *Includes 'households' as per the South African Reserve Bank BA900 return.*

	Nedbank Wealth			Rest of Africa			Centre		
	Jun 2016	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015
	1 679	1 567	1 572	**4 628**	4 687	4 770	**65**	128	140
	21 074	16 235	20 179	**1 071**	906	968			
	12 190	10 685	12 332	**13 834**	9 258	10 261	**(1 444)**	(1 982)	(2 020)
	10 587	9 033	10 720	**4 765**	4 327	4 848	**(91)**	(228)	(262)
	264	195	258	**2 626**	2 429	2 693			
	1 450	1 457	1 364	**1 140**	1 104	1 157	**72**	79	72
	(111)		(10)	**5 303**	1 398	1 563	**(1 425)**[1]	(1 833)	(1 830)
				1 163	859	658			
				2 557	4 116	4 551	**86 028**	80 567	77 437
				159					
	34 943	28 487	34 083	**23 412**	19 826	21 208	**84 649**	78 713	75 557
	34 943	28 487	34 083	**21 309**	16 988	19 434	**81 141**	73 844	74 630
				2 103	2 838	1 774	**3 508**	4 869	927
	34 943	28 487	34 083	**23 412**	19 826	21 208	**84 649**	78 713	75 557

COMMERCIAL DEPOSITS
(%)



HOUSEHOLD CASA AND DEMAND[2]
(%)



[2] *Includes 'households', 'non-profit organisations serving households' and 'unincorporated' business enterprises as per the South African Reserve Bank BA900 return.*

13 LONG-TERM DEBT INSTRUMENTS

Instrument code	Date callable	Date repayable	Nominal value	Instrument terms up to callable date	Instrument terms after callable date	Interest on notes payable	Jun 2016	Jun 2015	Dec 2015
Subordinated debt							**11 418**	12 123	11 500
			Rm				**9 948**	10 902	9 932
Callable notes (rand-denominated)									
NED9	6 Jul 2017	6 Jul 2022	2 000	JIBAR + 0,47%	JIBAR + 2,20%	Quarterly	**2 035**	2 030	2 032
NED11	17 Sept 2015	17 Sept 2020	1 000	10,54% per annum	JIBAR + 2,85%	Biannually		1 037	
NED13	25 Jul 2018	25 Jul 2023	1 800	JIBAR + 2,75	JIBAR + 2,75%	Quarterly	**1 833**	1 828	1 829
NED14	29 Nov 2018	29 Nov 2023	1 200	JIBAR + 2,55%	JIBAR + 2,55%	Quarterly	**1 210**	1 209	1 209
NED15	8 Apr 2019	8 Apr 2024	450	10,49% per annum	10,49% per annum	Biannually	**461**	461	461
NED16	8 Apr 2019	8 Apr 2024	1 737	JIBAR + 2,55%	JIBAR + 2,55%	Quarterly	**1 776**	1 771	1 772
NED17	14 Oct 2019	14 Oct 2024	300	JIBAR + 2,75%	JIBAR + 2,75%	Quarterly	**306**	306	306
NED18	16 Jan 2020	16 Jan 2025	225	JIBAR + 2,75%	JIBAR + 2,75%	Quarterly	**230**	229	229
NED19	1 Jul 2020	1 Jul 2025	1 624	JIBAR + 3,50%	JIBAR + 3,50%	Quarterly	**1 667**	1 624	1 664
NED20	1 Jul 2020	1 Jul 2025	407	11,29% per annum	11,29% per annum	Biannually	**430**	407	430
Long-term debenture (Namibian dollar-denominated)			**NAM$m**						
Namibia 2030		15 Sept 2030	40	17% per annum until 15 September 2000 – thereafter zero coupon			**5**	5	5
Callable notes (rand-denominated)			**US$m**						
EMTN01	3 Mar 2017	3 Mar 2022	100	USD LIBOR	USD LIBOR + 3,00%		**1 465**	1 216	1 563
Securitised liabilities									
Callable notes (rand-denominated)			**Rm**				**2 476**	2 745	2 679
GRH1A2	25 Oct 2017	25 Oct 2039	336	JIBAR + 1,25%	JIBAR + 1,69%	Quarterly	**64**	276	161
GRH1A3	25 Oct 2017	25 Oct 2039	900	JIBAR + 1,54%	JIBAR + 2,08%	Quarterly	**914**	912	913
GRH1B	25 Oct 2017	25 Oct 2039	110	JIBAR + 1,90%	JIBAR + 2,57%	Quarterly	**112**	111	112
SUBLOAN 2	25 Oct 2017	25 Oct 2039	227	JIBAR + 0,58%	JIBAR + 0,58%	Quarterly	**1**		1
GH31A1	25 Feb 2018	25 Feb 2042	650	JIBAR + 1,2%	JIBAR + 1,62%	Quarterly	**452**	507	558
GH31A2	25 Feb 2020	25 Feb 2042	400	JIBAR + 1,45%	JIBAR + 1,96%	Quarterly	**101**	102	101
GH31A3	25 Feb 2020	25 Feb 2042	680	JIBAR + 1,55%	JIBAR + 2,09%	Quarterly	**685**	690	685
GH31B	25 Feb 2020	25 Feb 2042	80	JIBAR + 2,2%	JIBAR + 2,97%	Quarterly	**81**	81	81
GH31C	25 Feb 2020	25 Feb 2042	65	JIBAR + 3,0%	JIBAR + 4,05%	Quarterly	**65**	66	66
SUBLOAN 1	25 Feb 2020	25 Feb 2042	180	JIBAR + 10,0%	JIBAR + 10,0%	Quarterly	**1**		1

13 LONG-TERM DEBT INSTRUMENTS

Instrument code	Date callable	Date repayable	Nominal value	Instrument terms up to callable date	Instrument terms after callable date	Interest on notes payable	Jun 2016	Jun 2015	Dec 2015
Senior unsecured debt									
Senior unsecured notes (rand-denominated)			**Rm**				**37 891**	30 346	30 785
NBK2A		15 Sept 2015	3 244	10,55% per annum		Biannually		3 347	
NBK2B		15 Sept 2015	1 044	JIBAR + 2,20%		Quarterly		1 054	
NBK3A		9 Sept 2019	1 273	11,39% per annum		Biannually	**1 366**	1 378	1372
NBK4		28 Oct 2024	660	Zero coupon			**278**	262	244
NBK7B		19 Apr 2020	80	JIBAR + 2,15%		Quarterly	**81**	81	81
NBK9A		23 Mar 2016	1 137	9,36% per annum		Biannually		1 166	1166
NBK9B		23 Mar 2016	677	JIBAR + 1,25%		Quarterly		678	678
NBK10A		25 Jul 2016	151	6,91% per annum		Biannually	**155**	155	156
NBK11A		28 Nov 2020	1 888	8,92% per annum		Biannually	**1 903**	1 903	1903
NBK12A		19 Mar 2021	855	9,38% per annum		Biannually	**878**	877	878
NBK13A		19 Mar 2024	391	9,73% per annum		Biannually	**402**	402	402
NBK13B		21 Feb 2017	405	JIBAR + 1,30%		Quarterly	**408**	408	408
NBK14A		25 Jun 2021	500	9,29% per annum		Biannually	**501**	501	501
NBK14B		27 Aug 2015	250	JIBAR + 1,00%		Quarterly		252	
NBK15A		11 Feb 2022	215	8,79% per annum		Biannually	**222**	222	222
NBK15B		27 Aug 2017	786	JIBAR + 1,31%		Quarterly	**714**	700	700
NBK16A		12 Feb 2025	2 607	9,44% per annum		Biannually	**2 701**	2 700	2702
NBK16B		25 Jul 2016	3 056	JIBAR + 0,8%		Quarterly	**3 075**	3 068	3070
NBK17A		22 Apr 2026		9,95% per annum		Biannually	**815**	815	815
NBK17B		28 Nov 2016	694	JIBAR + 0,75%		Quarterly	**699**	698	698
NBK18A		1 Jun 2020	380	9,26% per annum		Biannually	**383**	383	383
NBK18B		20 Mar 2017	1 035	JIBAR + 0,85%		Quarterly	**1 037**	1 037	1037
NBK19A		1 Jun 2022	280	9,64% per annum		Biannually	**282**	282	282
NBK19B		26 Jun 2017	806	JIBAR + 0,9%		Quarterly	**807**	806	806
NBK20A		1 Jun 2026	1 739	10,36% per annum		Biannually	**1 753**	1 753	1754
NBK20B		24 Jun 2021	650	JIBAR + 1,3%		Quarterly	**650**	650	650
NBK21A		21 Jul 2027	2 000	10,63% per annum		Biannually	**2 094**		2095
NBK21B		10 Nov 2017	241	JIBAR + 1,12%		Quarterly	**244**	243	244
NBK22A		19 Nov 2022	952	10,07% per annum		Biannually	**963**		963
NBK22B		12 Feb 2018	472	JIBAR + 1,25%		Quarterly	**477**	477	477
NBK23A		19 Nov 2025	884	10,69% per annum		Biannually	**895**		895
NBK23B		12 Feb 2020	90	JIBAR + 1,45%		Quarterly	**91**	91	91
NBK24A		19 Nov 2027	666	10,94% per annum		Biannually	**674**		674
NBK24B		11 Feb 2022	12	JIBAR + 1,55%		Quarterly	**12**	12	12
NBK25A	18 Feb 2016	17 Feb 2023	250	10,66% per annum	fixed at 10,66%	Biannually	**260**		
NBK25B		12 Feb 2025	1 980	JIBAR + 2,00%		Quarterly	**2 005**	2 002	2002
NBK26A	10 May 2016	10 May 2023	417	10,68% per annum	fixed at 10,68%	Biannually	**423**		
NBK26B		22 Apr 2026	500	JIBAR + 2,10%		Quarterly	**509**	508	508
NBK27A	10 May 2016	10 May 2026	360	11,15% per annum	fixed at 11,15%	Biannually	**366**		
NBK27B		1 Jun 2018	1 427	JIBAR + 1,30%		Quarterly	**1 437**	1 435	1436
NBK28B		19 Nov 2020	476	JIBAR + 1,55%		Quarterly	**481**		480
NBK29B	18 Feb 2016	18 Feb 2019	927	JIBAR + 8,435%	JIBAR + 8,435%	Quarterly	**937**		
NBK30B	18 Feb 2016	18 Feb 2021	830	JIBAR + 8,783%	JIBAR + 8,783%	Quarterly	**839**		
NBK31B	18 Feb 2016	18 Feb 2023	270	JIBAR + 8,983%	JIBAR + 8,983%	Quarterly	**273**		
NBK32B	18 Feb 2016	18 Feb 2019	500	JIBAR + 1,45%	JIBAR + 1,45%	Quarterly	**504**		
NBK33B	10 May 2016	10 May 2019	1 472	JIBAR + 8,75%	JIBAR + 8,75%	Quarterly	**2 514**		
NBK34B	10 May 2016	10 May 2021	1 054	JIBAR + 9,10%	JIBAR + 9,10%	Quarterly	**1 488**		
NBK35B	10 May 2016	10 May 2023	528	JIBAR + 9,30%	JIBAR + 9,30%	Quarterly	**535**		
NBK36B	10 May 2016	10 May 2026	750	JIBAR + 9,55%	JIBAR + 9,55%	Quarterly	**760**		
Other									
Unsecured debentures (rand-denominated)			**Rm**						
		30 Nov 2029	200	Zero coupon			**20**	16	18
Total long-term debt instruments in issue							**51 805**	45 230	44 982

During the year there were no defaults or breaches of principal, interest or any other terms and conditions of long-term debt instruments.
Coupon holders are entitled, in the event of interest default, to put the coupon covering such interest payments to Nedbank Group Ltd.
The US dollar subordinated-debt instruments are either matched by advances to clients or covered against exchange rate fluctuations.
In accordance with the group's articles of association, the borrowing powers of the company are unlimited.

EARNINGS PER SHARE AND WEIGHTED-AVERAGE SHARES

Earnings per share	Basic	Diluted basic	Headline	Diluted headline
Jun 2016				
Earnings for the year	**5 442**	**5 442**	**5 427**	**5 427**
Weighted-average number of ordinary shares	**477 997 501**	**484 950 845**	**477 997 501**	**484 950 845**
Earnings per share (cents)	**1 138**	**1 122**	**1 135**	**1 119**
Jun 2015				
Earnings for the year	5 328	5 328	5 323	5 323
Weighted-average number of ordinary shares	472 072 317	483 523 423	472 072 317	483 523 423
Earnings per share (cents)	1 129	1 102	1 128	1 101
Dec 2015				
Earnings for the year	10 721	10 721	10 831	10 831
Weighted-average number of ordinary shares	474 151 635	483 128 835	474 151 635	483 128 835
Earnings per share (cents)	2 261	2 219	2 284	2 242

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

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

Potential shares are the total number of shares arising from historic grants, schemes or awards available for distribution.
The number of potential shares, the strike price at issuance date, potential funding charges and imputed costs, the future share-based payments (SBP) charge, allocated compared with unallocated, and the date of issuance are taken into account to determine the weighted-average dilutive shares.

	Jun 2016		Jun 2015	Dec 2015
	Potential shares	Weighted-average dilutive shares	Weighted-average dilutive shares	Weighted-average dilutive shares
Traditional schemes	**11 840**	**4 768**	7 799	6 075
Nedbank Group Restricted-share Scheme (2005)	**8 932**	**3 404**	6 603	4 709
Matched-share Scheme	**2 908**	**1 364**	1 196	1 366
Total BEE schemes	**3 913**	**2 184**	3 653	2 902
Black economic empowerment schemes – South Africa	**3 217**	**2 109**	3 302	2 635
Community	**1 690**	**1 690**	2 127	1 690
Black executives	**820**	**233**	463	428
Black management	**707**	**186**	712	517
Black economic empowerment schemes – Namibia	**696**	**75**	351	267
Black business partners	**340**	**45**	171	129
Affinity groups	**125**	**14**	62	48
Education	**110**		57	43
Discretionary	**121**	**16**	61	47
Total	**15 753**	**6 952**	11 452	8 977

NEDBANK GROUP EMPLOYEE INCENTIVE SCHEMES

for the period ended

Nedbank Group employee incentive schemes	Jun 2016		Jun 2015		Dec 2015	
Summary by scheme						
Nedbank Group Restricted-share Scheme (2005)	**9 916 380**		9 548 145		9 234 438	
Nedbank Group Matched-share Scheme (2005)	**2 349 761**		1 994 324		1 917 097	
Instruments outstanding at the end of the period	**12 266 141**		11 542 469		11 151 535	
Analysis						
Performance-based – restricted shares	**5 388 208**	**P**	5 026 811	P	4 849 946	P
Non-performance-based – restricted shares	**4 528 172**		4 521 334		4 384 492	
Performance-based – matched shares (CBSS[1])	**1 568 275**	**P**	997 162	P	1 230 105	P
Non-performance-based – matched shares (VBSS[2])	**781 486**		997 162		686 992	
Instruments outstanding at the end of the period	**12 266 141**		11 542 469		11 151 535	
Movements						
Instruments outstanding at the beginning of the period	**11 151 535**		11 518 340		11 518 340	
Granted	**4 901 504**		3 743 558		3 860 561	
Exercised	**(3 531 066)**		(3 619 449)		(3 680 138)	
Surrendered	**(255 832)**		(99 980)		(547 228)	
Instruments outstanding at the end of the period	**12 266 141**		11 542 469		11 151 535	

[1] *Compulsory Bonus Share Scheme.*
[2] *Voluntary Bonus Share Scheme.*

Nedbank Group (2005) restricted- and Matched-share Schemes

Restricted shares[3]

Details of instruments granted and not exercised at 30 June 2016 and the resulting dilutive effect:

Instrument expiry date	Number of shares	
15 Aug 16	**39 775**	**P**
16 Aug 16	**39 775**	
07 Mar 17	**1 603 100**	**P**
08 Mar 17	**1 468 085**	
15 Aug 17	**9 837**	**P**
16 Aug 17	**9 837**	
14 Nov 17	**19 616**	**P**
14 Nov 17	**19 616**	
13 Mar 18	**1 532 055**	**P**
14 Mar 18	**1 214 596**	
13 Aug 18	**60 216**	**P**
14 Aug 18	**46 950**	
18 Mar 19	**2 123 609**	**P**
19 Mar 19	**1 729 313**	
Restricted shares not exercised at 30 June 2016	**9 916 380**	
Unallocated shares	**430 637**	
Treasury shares	**10 347 017**	
Average shares exercised or forfeited during the period	**(1 415 363)**	
Total potential shares	**8 931 654**	
Weighted-average dilutive shares applicable for the period	**3 404 532**	

[3] *Restricted shares are issued at a market price for no consideration to participants, and are held by the scheme until expiry date (subject to achievement of performance conditions). Participants have full rights and receive dividends.*
[P] *Performance-based instruments.*

Matched shares

The obligation to deliver the matched shares issued under the voluntary and cumpulsory share scheme is subject to time and other performance criteria. This obligation exists over 30 June 2016 and therefore has a dilutive effect.

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

Instrument expiry date	Number of shares
01 Apr 16	**639 627**
01 Apr 17	**721 485**
01 Apr 18	**988 649**
Matched shares outstanding not exercised at 30 June 2016	**2 349 761**
Movements due to shares exercised or forfeited during the period	**558 660**
Total potential shares	**2 908 421**
Weighted-average dilutive shares applicable for the period	**1 364 466**

SHAREHOLDERS' ANALYSIS

Register date:	30 June 2016
Authorised share capital:	600 000 000 shares
Issued share capital:	495 865 720 shares

	Number of shares	**Jun 2016 % holding**	Jun 2015 % holding	Dec 2015 % holding
Major shareholders/managers				
Old Mutual Life Assurance Company (SA) Ltd and associates (includes funds managed on behalf of other beneficial owners)	268 033 414	**54,05**	55,43	54,11
Nedbank Group treasury shares	17 566 786	**3,54**	3,73	3,61
BEE trust	7 172 257			
Eyethu scheme — Nedbank SA	6 357 453	**1,28**	1,42	1,31
Omufima scheme — Nedbank Namibia	814 804	**0,16**	0,16	0,16
Nedbank Group (2005) Restricted- and Matched-share Scheme	10 347 017	**2,09**	2,14	2,13
Nedbank Namibia Limited	47 512	**0,01**	0,01	0,01
Coronation Fund Managers (SA)	33 948 817	**6,85**	7,96	7,57
Public Investment Corporation (SA)	30 506 680	**6,15**	6,29	6,24
Allan Gray Investment Council	21 394 001	**4,31**	1,07	0,89
Lazard Asset Management (US and UK)	15 665 398	**3,16**	2,72	2,64
Dimensional Fund Advisors (US, UK and AU)	7 990 373	**1,61**	1,62	1,59
BlackRock Inc (US and UK)	7 265 272	**1,47**	1,60	1,56
Government Singapore Investment Corporation	6 724 409	**1,36**	1,17	1,28
The Vanguard Group Inc	6 315 406	**1,27**	1,29	1,21
Major beneficial shareholders				
Old Mutual Life Assurance Company (SA) Ltd and associates (SA)	265 532 199	**53,55**	55,43	53,66
Government Employees Pension Fund (SA)	32 275 756	**6,51**	7,42	6,65
Geographical distribution of shareholders				
Domestic	420 277 675	**84,75**	86,27	86,22
South Africa	411 709 880	**83,03**	83,48	83,30
Namibia	6 740 112	**1,36**	2,00	2,09
Swaziland	218 100	**0,04**	0,79	0,02
Unclassified	1 609 583	**0,32**		0,81
Foreign	75 588 045	**15,25**	13,73	13,78
United States of America	44 409 689	**8,96**	7,73	7,49
United Kingdom and Ireland	6 580 317	**1,33**	1,91	1,20
Europe	8 400 489	**1,69**	1,04	1,80
Other countries	16 197 550	**3,27**	3,05	3,29
Total shares listed	495 865 720	**100,00**	100,00	100,00
Less: treasury shares held	17 566 786			
Net shares reported	478 298 934			

NEDBANK GROUP CATEGORIES OF FINANCIAL INSTRUMENTS

at 30 June 2016

Rm	Total	At fair value through profit or loss						
		Held for trading	Designated	Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables	Financial liabilities at amortised cost	Non-financial assets, liabilities and equity
Assets								
Cash and cash equivalents	**22 232**					22 232		
Other short-term securities	**82 033**	11 191	21 996	13 093	35 753			
Derivative financial instruments	**19 819**	19 819						
Government and other securities	**51 996**	13 034	17 152	1 441	20 369			
Loans and advances	**693 332**	34 765	64 186	42		594 339		
Other assets	**11 505**	5 489				6 016		
Current taxation assets	**1 253**							1 253
Investment securities	**13 254**		12 370	884				
Non-current assets held for sale	**3**							3
Investment in private-equity associates, associate companies and joint arrangements	**7 968**		1 441					6 527
Deferred taxation assets	**338**							338
Investment property	**31**							31
Property and equipment	**8 908**							8 908
Long-term employee benefit assets	**5 317**							5 317
Mandatory reserve deposits with central bank	**16 759**					16 759		
Intangible assets	**9 440**							9 440
Total assets	**944 188**	84 298	117 145	15 460	56 122	639 346	–	31 817
Total equity and liabilities								
Ordinary share capital	**478**							478
Ordinary share premium	**18 062**							18 062
Reserves	**57 157**							57 157
Total equity attributable to equity holders	**75 697**	–	–	–	–	–		75 697
Non-controling interest attributable to:								
– Ordinary shareholders	**443**							443
– Preference shareholders	**3 222**							3 222
– Additional tier 1 capital instruments	**1 524**							1 524
Total equity	**80 886**	–	–	–	–	–		80 886
Derivative financial instruments	**19 587**	19 587						
Amounts owed to depositors	**741 712**	104 962	64 311				572 439	
Other liabilities	**28 208**	17 971					8 818	1 419
Current taxation liabilities	**370**							370
Deferred taxation liabilities	**1 646**							1 646
Long-term employee benefit liabilities	**3 177**							3 177
Investment contract liabilities	**13 245**		13 245					
Insurance contract liabilities	**3 552**							3 552
Long-term debt instruments	**51 805**		433				51 372	
Total liabilities	**863 302**	142 520	77 989	–	–	–	632 629	10 164
Total equity and liabilities	**944 188**	142 520	77 989	–	–	–	632 629	91 050

Classifications in terms of IAS 39

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

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

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

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

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

Non-financial assets and liabilities are all other assets and liabilities that fall outside of the scope of IAS39.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – BANKING/TRADING CATEGORISATION

at

	Jun 2016				Jun 2015				Dec 2015			
Rm	Banking	Trading	Elimina-tions	Total	Banking	Trading	Elimina-tions	Total	Banking	Trading	Elimina-tions	Total
Assets												
Cash and cash equivalents	**22 232**			**22 232**	28 888	4		28 892	22 836	4		22 840
Other short-term securities	**72 226**	**19 543**	**(9 736)**	**82 033**	55 699	16 348	(5 964)	66 083	66 267	18 563	(9 216)	75 614
Derivative financial instruments	**81**	**20 862**	**(1 124)**	**19 819**	157	15 743	(1 168)	14 732	212	30 498	(222)	30 488
Government and other securities	**48 049**	**13 271**	**(9 324)**	**51 996**	45 125	7 318	(14 794)	37 649	47 669	10 912	(15 521)	43 060
Loans and advances	**659 549**	**33 783**		**693 332**	610 232	38 612		648 844	647 547	34 085		681 632
Other assets	**5 695**	**5 810**		**11 505**	4 175	2 211		6 386	4 356	4 628		8 984
Current taxation assets	**1 067**	**186**		**1 253**	433	18		451	1 008	24		1 032
Investment securities	**13 254**			**13 254**	19 449			19 449	13 155			13 155
Non-current assets held for sale	**3**			**3**	13			13	2			2
Investments in private-equity associates, associate companies and joint arrangements	**7 968**			**7 968**	7 146			7 146	9 579			9 579
Deferred taxation assets	**229**	**109**		**338**	163	144		307	118	109		227
Property and equipment	**8 937**	**2**		**8 939**	7 824	2		7 826	8 814	2		8 816
Long-term employee benefit assets	**5 317**			**5 317**	4 721			4 721	5 055			5 055
Mandatory reserve deposits with central banks	**16 759**			**16 759**	15 358			15 358	16 232			16 232
Intangible assets	**9 440**			**9 440**	8 761	6		8 767	9 008	2		9 010
Interdivisional assets		**69 470**	**(69 470)**	**-**		64 116	(64 116)	-		77 451	(77 451)	-
Total assets	**870 806**	**163 036**	**(89 654)**	**944 188**	808 144	144 522	(86 042)	866 624	851 858	176 278	(102 410)	925 726
Total equity and liabilities												
Average allocated capital	**71 521**	**4 176**		**75 697**	65 760	2 919		68 679	70 875	3 879		74 754
Non-controlling interest attributable to:												
– Ordinary shareholders	**443**			**443**	334			334	436			436
– Preference shareholders	**3 222**			**3 222**	3 561			3 561	3 561			3 561
– Additional tier 1 capital instruments	**1 524**			**1 524**								
Total equity	**76 710**	**4 176**	**-**	**80 886**	69 655	2 919		72 574	74 872	3 879	-	78 751
Derivative financial instruments	**1 245**	**19 466**	**(1 124)**	**19 587**	1 221	14 963	(1 168)	15 016	374	33 476	(222)	33 628
Amounts owed to depositors	**642 159**	**109 978**	**(10 425)**	**741 712**	600 252	97 570	(7 327)	690 495	626 498	109 867	(10 514)	725 851
Other liabilities	**7 590**	**29 253**	**(8 635)**	**28 208**	7 425	28 960	(13 431)	22 954	8 499	28 964	(14 223)	23 240
Current taxation liabilities	**135**	**235**		**370**	213	43		256	371	41		412
Other liabilities held for sale				**-**								
Deferred taxation liabilities	**1 718**	**(72)**		**1 646**	733	67		800	1 131	51		1 182
Long-term employee benefit liabilities	**3 177**			**3 177**	3 059			3 059	3 074			3 074
Investment contract liabilities	**13 245**			**13 245**	12 196			12 196	10 988			10 988
Insurance contract liabilities	**3 552**			**3 552**	4 044			4 044	3 618			3 618
Long-term debt instruments	**51 805**			**51 805**	45 230			45 230	44 982			44 982
Interdivisional liabilities	**69 470**		**(69 470)**	**-**	64 116		(64 116)		77 451		(77 451)	-
Total liabilities	**794 096**	**158 860**	**(89 654)**	**863 302**	738 489	141 603	(86 042)	794 050	776 986	172 399	(102 410)	846 975
Total equity and liabilities	**870 806**	**163 036**	**(89 654)**	**944 188**	808 144	144 522	(86 042)	866 624	851 858	176 278	(102 410)	925 726

NEDBANK LIMITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended

Rm	Jun 2016	Jun 2015	Dec 2015
Interest and similar income	**31 774**	26 613	55 128
Interest expense and similar charges	**19 663**	15 632	32 724
Net interest income	**12 111**	10 981	22 404
Impairments charge on loans and advances	**1 967**	2 226	4 608
Income from lending activities	**10 144**	8 755	17 796
Non-interest revenue	**9 257**	8 387	17 514
Operating income	**19 401**	17 142	35 310
Total operating expenses	**12 157**	11 345	23 459
Indirect taxation	**402**	277	668
Profit from operations before non-trading and capital items	**6 842**	5 520	11 183
Non-trading and capital items	**(143)**	3	(144)
Profit from operations	**6 699**	5 523	11 039
Share of profits of associate companies and joint arrangements	**(12)**	6	(1)
Profit before direct taxation	**6 687**	5 529	11 038
Total direct taxation	**1 634**	1 487	2 828
Profit for the period	**5 053**	4 042	8 210
Other comprehensive income net of taxation	**(44)**	73	578
Exchange differences on translating foreign operations	**(97)**	(15)	190
Fair-value adjustments on available-for-sale assets	**(5)**	(2)	(9)
Actuarial losses on long-term employee benefit assets	**58**	90	279
Gains on property revaluations			118
Total comprehensive income for the period	**5 009**	4 115	8 788
Profit attributable to:			
– Ordinary and preference equity holders	**5 030**	4 024	8 163
– Non-controlling interest – ordinary shareholders	**23**	18	47
Profit for the period	**5 053**	4 042	8 210
Total comprehensive income attributable to:			
– Ordinary and preference equity holders	**4 986**	4 097	8 739
– Non-controlling interest – ordinary shareholders	**23**	18	49
Total comprehensive income for the period	**5 009**	4 115	8 788
Headline earnings reconciliation			
Profit attributable to ordinary and preference equity holders	**5 030**	4 024	8 163
Less: Non-headline earnings items net of taxation	**(132)**	3	(112)
Non-trading and capital items	**(143)**	3	(144)
Taxation on non-trading and capital items	**11**		32
Headline earnings attributable to ordinary and preference equity holders	**5 162**	4 021	8 275

NEDBANK LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at

Rm	Jun 2016	Jun 2015	Dec 2015
Assets			
Cash and cash equivalents	**18 407**	24 451	18 151
Other short-term securities	**65 813**	54 835	60 078
Derivative financial instruments	**19 906**	14 911	30 948
Government and other securities	**51 695**	37 296	42 733
Loans and advances	**677 672**	632 016	666 807
Other assets	**4 785**	3 490	3 925
Current taxation assets	**1 083**	342	904
Investment securities	**1 744**	1 662	1 648
Non-current assets held for sale	**3**	13	2
Investments in private-equity associates, associate companies and joint arrangements	**1 667**	1 272	1 400
Deferred taxation assets	**58**	169	67
Property and equipment	**8 265**	7 201	8 114
Long-term employee benefit assets	**5 151**	4 560	4 885
Mandatory reserve deposits with central banks	**16 732**	15 302	16 190
Intangible assets	**5 387**	4 702	4 881
Total assets	**878 368**	802 222	860 733
Total equity and liabilities			
Ordinary share capital	**28**	28	28
Ordinary share premium	**19 182**	18 532	18 532
Reserves	**39 898**	34 862	37 610
Total equity attributable to equity holders of the parent	**59 108**	53 422	56 170
Preference share capital and premium	**3 561**	3 561	3 561
Non-controlling interest attributable to:			
– Ordinary shareholders	**235**	192	223
– Additional tier 1 capital instruments	**1 524**		
Total equity	**64 428**	57 175	59 954
Derivative financial instruments	**19 611**	15 032	33 996
Amounts owed to depositors	**729 920**	672 521	708 036
Other liabilities	**8 128**	8 843	9 911
Current taxation liabilities	**109**	132	87
Deferred taxation liabilities	**1 251**	305	763
Long-term employee benefit liabilities	**3 121**	2 988	3 009
Long-term debt instruments	**51 800**	45 226	44 977
Total liabilities	**813 940**	745 047	800 779
Total equity and liabilities	**878 368**	802 222	860 733

FINANCIAL HIGHLIGHTS

for the period ended

Rm	Jun 2016	Jun 2015	Dec 2015
Return on ordinary shareholders' equity (ROE) (%)	**18,1**	15,4	15,4
Return on total assets (ROA) (%)	**1,24**	1,05	1,05
Net interest income to average interest-earning banking assets (%)	**3,37**	3,36	3,30
Credit loss ratio – banking advances (%)	**0,63**	0,78	0,78

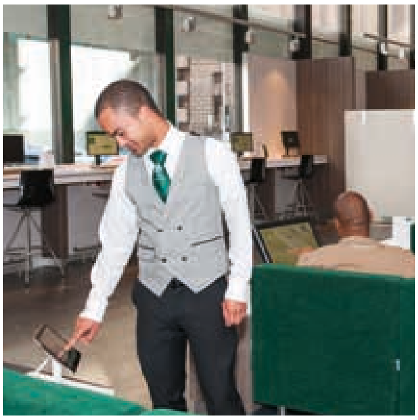
MAKE THINGS HAPPEN

NEDBANK GROUP

RISK AND BALANCE SHEET **MANAGEMENT REVIEW**

for the six months ended 30 June 2016

RISK AND BALANCE SHEET MANAGEMENT REVIEW



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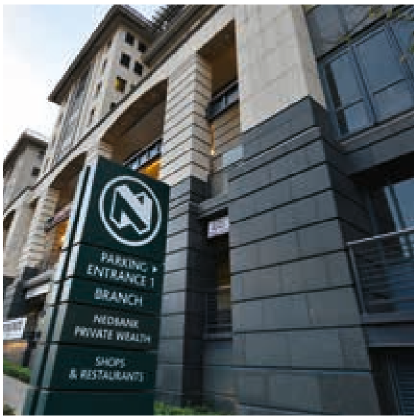


RISK AND BALANCE SHEET MANAGEMENT REVIEW

COMPREHENSIVE PUBLIC DISCLOSURE REPORT (PILLAR 3)

The summary in this Interim Results Booklet focuses on the key risks and balance sheet management components of Nedbank Group. For the group's comprehensive public disclosure on risk and balance sheet management, in line with regulation 43 of the regulations relating to banks in SA, kindly refer to the group's updated Pillar 3 Report that will be updated on the group's website, nedbankgroup.co.za, on 30 September 2016.

HIGHLIGHTS

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

Long-term funding ratio
30,9%
(Jun 15: 27,6%)
(Dec 15: 28,7%)

Postwriteoff recoveries
R564m
(Jun 15: R520m)
(Dec 15: R1 137m)

Defaulted advances as a % of gross advances
2,62%
(Jun 15: 2,53%)
(Dec 15: 2,53%)

Portfolio coverage
0,71%
(Jun 15: 0,68%)
(Dec 15: 0,70%)

Liquidity coverage ratio
93,1%
(Jun 15: 76,3%)
(Dec 15: 88,5%)

Trading book –
low risk

Credit loss ratio
0,67%
(Jun 15: 0,77%)
(Dec 15: 0,77%)

Specific coverage
36,2%
(Jun 15: 39,6%)
(Dec 15: 38,0%)

Loan-to-deposit-ratio
93,5%
(Jun 15: 94,0%)
(Dec 15: 93,9%)

IRRBB % ordinary shareholders' equity
1,66%
(Jun 15: 1,61%)
(Dec 15: 1,61%)
well positioned

Common-equity tier 1
11,6%
(Jun 15: 11,4%)
(Dec 15: 11,3%)

Total tier 1
12,5%
(Jun 15: 12,1%)
(Dec 15: 12,0%)

Total capital adequacy ratio
14,5%
(Jun 15: 14,5%)
(Dec 15: 14,1%)

Available financial resources:economic capital
125%
(Jun 15: 125%)
(Dec 15: 120%)

- Strong capital ratios, across all tiers and well positioned for Basel III transitional requirements.
- Successful issuance of an inaugural new-style (Basel III-compliant) additional tier 1 capital instrument.
- Stronger funding profile through higher levels of funding tenor and larger liquid asset buffers.
- Well positioned for Basel III transitional liquidity requirements through the proactive management of the liquidity coverage ratio (LCR) requirements, with a pragmatic approach adopted for the net stable funding ratio (NSFR) requirements.
- Loan-to-deposit ratio consistently below 100%.
- Improved portfolio provisioning, with increasing portfolio coverage.
- Credit loss ratio (CLR) remains at the lower end of the target range benefiting from early risk management intervention and active portfolio tilt.
- Favourable advances growth in a deteriorating economic environment.
- Banking book interest rate sensitivity is well positioned for the current interest rate cycle.
- Low proprietary trading risk, has positioned the group favourably through a period of increased domestic and global volatility.
- Well-positioned for Fundamental Review of the Trading Book (FRTB) implementation.
- Stable operational risk environment, with a cautionary outlook.
- No anticipated impact on Nedbank's capital and liquidity positions as a result of Old Mutual's managed separation. Nedbank Group is supportive of the managed separation strategy and its board and management are working closely with Old Mutual plc on its orderly execution.

CAPITAL MANAGEMENT

REGULATORY CAPITAL ADEQUACY AND LEVERAGE

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

		SARB minimum[2]	Internal targets[3]	Jun 2016	Jun 2015	Dec 2015
Nedbank Group						
Including unappropriated profits						
Common-equity tier 1 (CET1)	(%)		**10,5 – 12,5**	**11,6**	11,4	11,3
Total tier 1	(%)		**11,5 – 13,0**	**12,5**	12,1	12,0
Total	(%)		**14,0 – 15,0**	**14,5**	14,5	14,1
Surplus CET1 capital[4]	(Rm)			**24 083**	22 769	24 147
Total risk-weighted assets (RWA)	(Rm)			**507 466**	465 544	501 243
Total RWA:total assets	(%)		**> 50**	**54**	54	54
Leverage	(times)	**< 25**	**< 20**	**15,7**	15,9	16,3
Dividend cover	(times)		**1,75 – 2,25**	**1,99**	2,10	2,06
Excluding unappropriated profits						
Common-equity tier 1	(%)	**6,875**		**10,4**	10,3	10,7
Total tier 1	(%)	**8,375**		**11,3**	11,0	11,3
Total	(%)	**10,375**		**13,3**	13,4	13,4
Nedbank Limited						
Including unappropriated profits						
Common-equity tier 1	(%)		**10,5 – 12,5**	**11,0**	10,6	10,6
Total tier 1	(%)		**11,5 – 13,0**	**12,1**	11,5	11,5
Total	(%)		**14,0 – 15,0**	**14,7**	14,6	14,1
Surplus CET1 capital[4]	(Rm)			**17 388**	15 779	17 125
Total RWA	(Rm)			**421 874**	386 051	416 543
Excluding unappropriated profits						
Common-equity tier 1	(%)	**6,875**		**10,2**	10,0	10,3
Total tier 1	(%)	**8,375**		**11,3**	11,0	11,2
Total	(%)	**10,375**		**13,9**	14,0	13,8

1 In line with regulation 38(10) of the Banks Act profits do not qualify as regulatory capital, unless formally appropriated by the board by way of a resolution. Accordingly, capital ratios are shown above, both including and excluding unappropriated profits.
2 South African Reserve Bank (SARB) minimum requirements for 2016 have increased in line with Basel III transitional requirements and exclude bank-specific Pillar 2b and the domestic systemically important bank (D-SIB) capital requirements.
3 Nedbank's internal through-the-cycle (TTC) target ranges are based on the final minimum regulatory requirements of 2019 for CET1 and consider the 2016 minimum regulatory phasing requirements for the total tier 1 and total capital ratios and are set on the basis of including unappropriated profits.
4 Excluding the bank-specific Pillar 2b and D-SIB capital requirements.

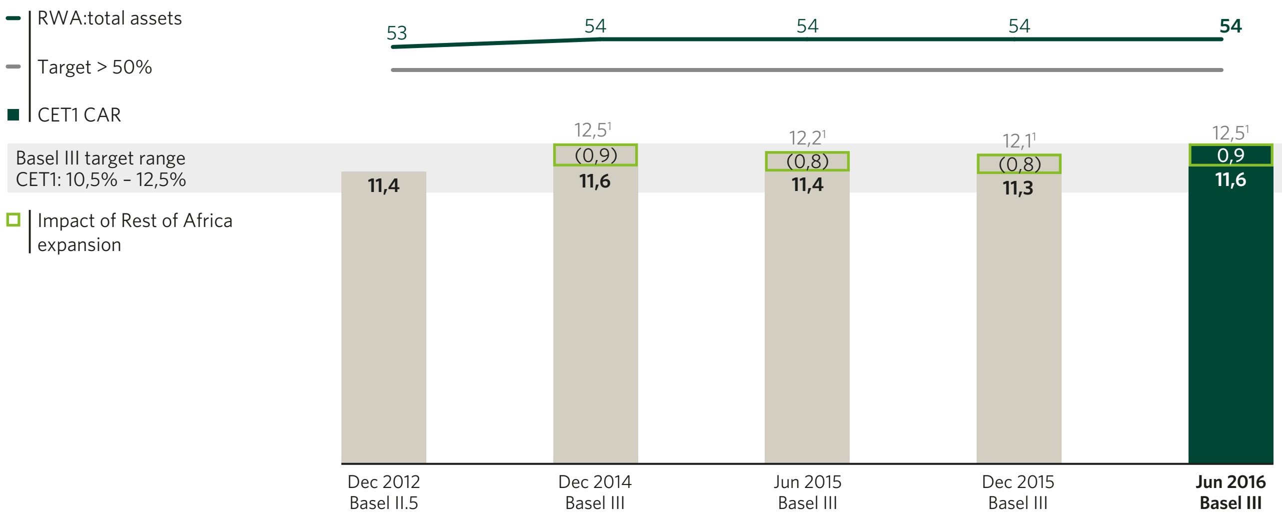
Nedbank Group subsidiaries are well capitalised for the environments in which they operate

	Jun 2016				Jun 2015			Dec 2015		
	Total capital requirement (host country) %	RWA Rm	CET1 ratio %	Total capital ratio %	RWA Rm	CET1 ratio %	Total capital ratio %	RWA Rm	CET1 ratio %	Total capital ratio %
Rest of Africa										
Nedbank Namibia Limited	**10,0**	**10 872**	**12,9**	**14,1**	9 206	13,3	14,9	9 678	12,7	14,8
Nedbank (Swaziland) Limited	**8,0**	**2 789**		**22,4**	2 626		19,9	2 859		20,7
Nedbank (Lesotho) Limited	**8,0**	**1 546**		**24,9**	1 508		23,1	1 619		21,8
Nedbank (Malawi) Limited	**15,0**	**349**		**21,5**	382		17,5	506		15,4
MBCA Bank Limited (Zimbabwe)	**12,0**	**2 479**		**26,6**	2 968		21,6	2 700		25,2
United Kingdom										
Nedbank Private Wealth (IOM) Limited	**10,0**	**8 055**	**14,7**	**14,7**	6 910	15,6	15,6	8 703	14,7	14,7

- Nedbank Group remains well capitalised with a strong capital adequacy position at June 2016. This is supported by:
  - A strong capital stack, with a continued focus on the CET1 capital base making up 80% of the group's total capital.
  - Active management of the capital stack, with a well-diversified additional tier 1 and tier 2 capital profile, including the successful issuance of a new-style (Basel III-compliant) additional tier 1 capital instrument of R1,5bn in May 2016, in line with the group's capital plan.
  - A conservative RWA density of 54% (RWA:total assets), which compares favourably with local and international peers.
  - An appropriate CET1 capital surplus of R24,1bn, above the minimum regulatory requirements, incorporating future requirements.

- Nedbank Group has performed extensive and comprehensive stress testing this period (refer to the Stress Testing section on page 10c) and concludes that the group's capital levels and capital buffers remain appropriate and that Nedbank Group is strongly capitalised relative to its business activities, strategy, risk appetite, risk profile and the external environment in which the group operates.
- Nedbank Group's gearing (including unappropriated profits) under the Basel III Leverage Ratio Framework and disclosure requirements has strengthened to 15,7 times (or 6,4%) from 16,3 times or 6,1% in December 2015. The leverage position strengthened largely as a result of an increase in the capital measure, primarily driven by organic capital generation with relatively low balance sheet growth during the period as well as the issuance of a new-style (Basel III-compliant) additional tier 1 capital instrument of R1,5bn in May 2016.

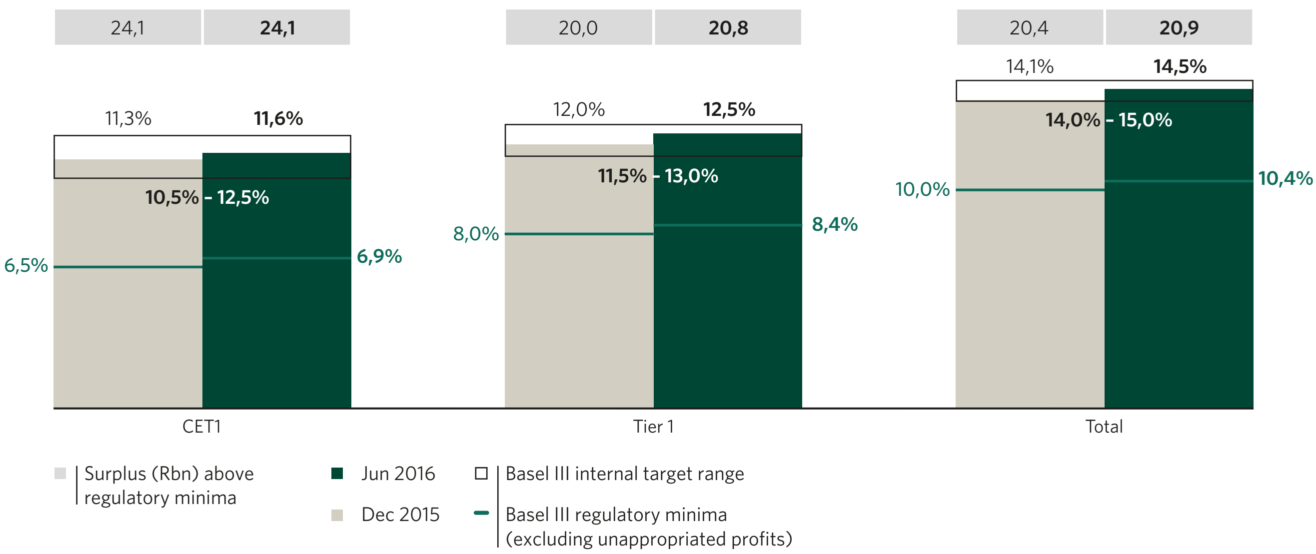
NEDBANK GROUP'S CET1 CAPITAL ADEQUACY RATIO REMAINS STRONG (%)



[1] *CET1 capital adequacy ratio (CAR) excluding the impact of Rest of Africa expansion.*

- Nedbank Group's CET1 ratio improved to 11,6% from 11,3% in December 2015 due to an increase in qualifying capital and reserves as a result of organic earnings generated, offset by the payment of the 2015 final dividend of R2,8bn.
  - This was offset to a degree by a R6,2bn increase in RWA, largely as a result of:
    - Other assets RWA (excluding threshold deduction items) growth of R2,5bn due to balance sheet movements.
    - Trading market RWA growth of R6,0bn due to an increase in market volatility and the capital requirements for XVA hedges.
    - Operational RWA growth of R3,5bn due to an increase in the three-year average gross operating income (GOI) parameters.
    - These RWA increases were offset by a decrease in credit RWA (including counterparty credit and securitisation) of R6,2bn mainly due to the use of improved models in the MFC portfolio.

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



- Nedbank Group's total tier 1 CAR of 12,5% (December 2015: 12,0%) has been further enhanced by the issuance of a new-style (Basel III-compliant) additional tier 1 capital instrument of R1,5bn in May 2016 in line with the group's capital plan.
- Nedbank Group's total CAR also strengthened to 14,5% (December 2015: 14,1%) as a result.

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

Risk type	Jun 2016 RWA Rm	Jun 2016 Mix %	Jun 2016 MRC[1] Rm	Jun 2015 RWA Rm	Jun 2015 Mix %	Jun 2015 MRC[1] Rm	Dec 2015 RWA Rm	Dec 2015 Mix %	Dec 2015 MRC[1] Rm
Credit risk	**368 609**	**73**	**38 243**	349 386	76	34 939	376 760	75	37 676
Advanced Internal Ratings-based Approach (AIRB)	**323 130**	**64**	**33 525**	310 000	67	31 000	331 843	66	33 184
Corporate, sovereign, banks, SME[2]	**187 867**	**37**	**19 491**	170 322	37	17 032	189 395	38	18 939
Residential mortgages	**55 457**	**11**	**5 754**	50 850	11	5 085	52 792	10	5 279
Qualifying revolving retail	**13 290**	**3**	**1 379**	13 140	3	1 314	12 738	3	1 274
Other retail	**66 516**	**13**	**6 901**	75 688	16	7 569	76 918	15	7 692
The Standardised Approach (TSA)	**26 573**	**5**	**2 757**	26 268	6	2 627	27 012	5	2 701
Corporate, sovereign, banks, SME[2]	**17 285**	**3**	**1 793**	17 794	4	1 779	17 800	3	1 780
Retail exposures	**9 288**	**2**	**964**	8 474	2	847	9 212	2	921
Non-regulated entities	**18 906**	**4**	**1 961**	13 118	3	1 312	17 905	4	1 791
Counterparty credit risk (CCR)									
Current Exposure Method (CEM)	**13 450**	**3**	**1 395**	10 104	2	1 010	11 410	2	1 141
Securitisation risk									
Internal Ratings-based (IRB) Approach	**1 725**	**< 1**	**179**	2 212	< 1	221	1 834	< 1	183
Equity risk									
Market-based Simple Risk Weight Approach (SRWA)	**13 694**	**3**	**1 421**	11 822	3	1 182	13 011	3	1 301
Listed (300% risk weighting)	**113**	**< 1**	**12**	123	< 1	12	1 366	< 1	137
Unlisted (400% risk weighting)	**13 581**	**3**	**1 409**	11 699	3	1 170	11 645	2	1 164
Trading market risk									
Internal Model Approach[3] (IMA)	**15 979**	**3**	**1 658**	7 060	1	706	10 020	2	1 002
Operational risk	**61 792**	**12**	**6 411**	56 334	12	5 633	58 318	12	5 832
Advanced Measurement Approach (AMA)	**57 029**	**11**	**5 917**	52 585	11	5 258	53 948	11	5 395
The Standardised Approach	**4 763**	**1**	**494**	3 749	1	375	4 370	1	437
Other assets	**32 217**	**6**	**3 343**	28 626	6	2 863	29 890	6	2 989
100% risk weighting	**17 651**	**3**	**1 832**	15 577	3	1 558	15 132	3	1 513
Threshold deduction items: 250% risk weighting[4]	**14 566**	**3**	**1 511**	13 049	3	1 305	14 758	3	1 476
Total	**507 466**	**100**	**52 650**	465 544	100	46 554	501 243	100	50 124
Total MRC[1]			**52 650**			46 554			50 124
Pillar 1 MRC[5]			**40 597**			37 243			40 099
Pillar 2a MRC[6]			**8 881**			9 311			10 025
Capital conservation buffer MRC[7]			**3 172**						
Total qualifying capital and reserves[8]			**73 519**			67 628			70 524
Total surplus capital over MRC			**20 869**			21 074			20 400
Analysis of total surplus capital[8]									
CET1			**24 083**			22 769			24 147
Total tier 1			**20 769**			19 178			19 988
Total			**20 869**			21 074			20 400

[1] Total minimum required capital (MRC) is measured at 10,375% in line with the phasing-in of Basel III minimum regulatory capital requirements.
[2] Small- and medium-sized enterprises.
[3] TSA is immaterial (approximately 5% of trading market risk RWA); hence it has been aggregated with the IMA portion.
[4] Includes the aggregate of 'investments in common stock of other financial entities' and other items that fall within the Basel III '10% of CET1 capital threshold' according to regulation 38(5)(i).

Rm	Jun 2016	Jun 2015	Dec 2015
Threshold deduction items: 250% risk weighting	**14 566**	13 049	14 758
Ecobank Transnational Incorporated (ETI)	**9 481**	8 765	10 510
Investments in other financial entities	**873**	874	861
Other	**4 212**	3 410	3 387

[5] Pillar 1 MRC is measured at 8% in line with the phasing-in of Basel III minimum regulatory capital requirements.
[6] Pillar 2a MRC is measured at 1,75% (2% in 2015) in line with the phasing-in of Basel III minimum regulatory capital requirements.
[7] Capital conservation buffer MRC is measured at 0,625% in line with the phasing-in of Basel III minimum regulatory capital requirements.
[8] Includes unappropriated profits.

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

	Jun 2016			Jun 2015			Dec 2015		
Risk type	RWA Rm	Mix %	MRC[2] Rm	RWA Rm	Mix %	MRC[2] Rm	RWA Rm	Mix %	MRC[2] Rm
Credit risk	**312 293**	**74**	**32 400**	298 200	77	29 820	320 022	77	32 002
Advanced Internal Ratings-based Approach	**310 776**	**74**	**32 243**	296 414	77	29 641	318 392	76	31 839
Corporate, sovereign, banks, SME[3]	**175 511**	**42**	**18 209**	156 734	41	15 673	175 943	42	17 594
Residential mortgages	**55 457**	**13**	**5 754**	50 850	13	5 085	52 792	13	5 279
Qualifying revolving retail	**13 290**	**3**	**1 379**	13 140	3	1 314	12 738	3	1 274
Other retail	**66 518**	**16**	**6 901**	75 690	20	7 569	76 919	18	7 692
The Standardised Approach	**1 517**	**< 1**	**157**	1 786	< 1	179	1 630	1	163
Corporate, sovereign, banks, SME[3]	**772**	**< 1**	**80**	916	< 1	92	834	< 1	83
Retail exposures	**745**	**< 1**	**77**	870	< 1	87	796	< 1	80
Counterparty credit risk									
Current Exposure Method	**12 612**	**3**	**1 308**	9 883	3	988	10 727	3	1 073
Securitisation risk									
Internal Ratings-based Approach	**1 725**	**< 1**	**179**	2 212	1	221	1 834	< 1	183
Equity risk									
Market-based Simple Risk Weight Approach	**10 034**	**2**	**1 041**	8 615	2	862	9 910	2	991
Listed (300% risk weighting)	**113**	**< 1**	**12**	123	< 1	12	1 366	< 1	137
Unlisted (400% risk weighting)	**9 921**	**2**	**1 029**	8 492	2	849	8 544	2	854
Trading market risk									
Internal Model Approach[4]	**14 127**	**3**	**1 466**	5 262	1	526	8 411	2	841
Operational risk	**53 198**	**13**	**5 519**	48 502	13	4 850	49 918	12	4 992
Advanced Measurement Approach	**53 122**	**13**	**5 511**	48 401	13	4 840	49 828	12	4 983
The Standardised Approach	**76**	**< 1**	**8**	101	< 1	10	90	< 1	9
Other assets	**17 885**	**4**	**1 856**	13 377	3	1 338	15 721	4	1 572
100% risk weighting	**14 733**	**3**	**1 529**	12 381	3	1 238	12 565	3	1 256
Threshold deduction items: 250% risk weighting	**3 152**	**1**	**327**	996	< 1	100	3 156	1	316
Total	**421 874**	**100**	**43 769**	386 051	100	38 605	416 543	100	41 654
Total MRC[2]			**43 769**			38 605			41 654
Pillar 1 MRC[5]			**33 750**			30 884			33 323
Pillar 2a MRC[6]			**7 383**			7 721			8 331
Capital conservation buffer MRC[7]			**2 636**						
Total qualifying capital and reserves[8]			**61 910**			56 268			58 592
Total surplus capital over MRC			**18 141**			17 663			16 938
Analysis of total surplus capital[8]									
CET1			**17 388**			15 779			17 125
Total tier 1			**15 748**			13 549			14 438
Total			**18 141**			17 663			16 938

[1] Nedbank Limited refers to the SA reporting entity in terms of regulation 38 (BA 700) of the SA Banking Regulations.
[2] Total minimum required capital (MRC) is measured at 10,375% in line with the phasing-in of Basel III minimum regulatory capital requirements.
[3] Small- and medium-sized enterprises.
[4] TSA is immaterial (approximately 5% of trading market risk RWA); hence it has been aggregated with the IMA portion.
[5] Pillar 1 MRC is measured at 8% in line with the phasing-in of Basel III minimum regulatory capital requirements.
[6] Pillar 2a MRC is measured at 1,75% (2% in 2015) in line with the phasing-in of Basel III minimum regulatory capital requirements.
[7] Capital conservation buffer MRC is measured at 0,625% in line with the phasing-in of Basel III minimum regulatory capital requirements.
[8] Includes unappropriated profits.

Summary of regulatory qualifying capital and reserves[1]

Rm	Nedbank Group Jun 2016	Nedbank Group Jun 2015	Nedbank Group Dec 2015	Nedbank Limited Jun 2016	Nedbank Limited Jun 2015	Nedbank Limited Dec 2015
Including unappropriated profits						
Total tier 1 capital	**63 269**	56 422	60 087	**51 080**	44 433	47 761
Common-equity tier 1 capital	**58 971**	53 029	56 728	**46 392**	40 872	44 200
Ordinary share capital and premium	**18 540**	17 943	18 046	**19 221**	18 571	18 571
Minority interest: ordinary shareholders'	**326**	269	365			
Reserves	**56 600**	50 150	56 164	**37 818**	31 874	35 552
Deductions[2]	**(16 495)**	(15 333)	(17 847)	**(10 647)**	(9 573)	(9 923)
Goodwill	**(5 212)**	(5 166)	(5 257)	**(1 410)**	(1 410)	(1 410)
Other intangible assets	**(4 172)**	(3 527)	(3 689)	**(3 977)**	(3 291)	(3 471)
Gross value	**(4 228)**	(3 600)	(3 753)	**(3 977)**	(3 291)	(3 471)
Related deferred tax liability	**56**	73	64			
Excess of downturn expected loss (dEL) over provisions	**(1 630)**	(1 833)	(1 791)	**(1 597)**	(1 844)	(1 807)
Impairments	**(3 572)**	(3 206)	(5 342)	**(1 754)**	(1 427)	(1 467)
Capital requirement in respect of foreign branches				**(1 498)**	(1 352)	(1 228)
Deferred tax assets, excluding temporary differences net of deferred tax liabilities	**(62)**	(136)	(122)			
Total derivative debit valuation adjustment	**(220)**	(39)	(200)	**(220)**	(39)	(200)
Investments in the common stock of financial entities (amount above 10% threshold)[3]	**(3 290)**	(3 031)	(5 017)			
Qualifying instruments held in banks or other regulated institutions			(3)	**(36)**	(36)	(39)
Defined-benefit pension fund assets	**(1 909)**	(1 601)	(1 768)	**(1 909)**	(1 601)	(1 768)
Gross value	**(2 651)**	(2 977)	(2 456)	**(2 651)**	(2 977)	(2 456)
Related deferred tax liability	**742**	1 376	688	**742**	1 376	688
Additional tier 1 capital	**4 298**	3 393	3 359	**4 688**	3 561	3 561
Preference share capital and premium	**3 188**	3 561	3 561	**3 188**	3 561	3 561
Perpetual subordinated-debt instruments	**1 500**			**1 500**		
Minority interest deduction	**(390)**	(168)	(202)			
Tier 2 capital	**10 250**	11 206	10 437	**10 830**	11 835	10 831
Subordinated-debt instruments	**10 825**	11 825	10 825	**10 825**	11 825	10 825
Minority interest deduction[4]	**(683)**	(746)	(496)			
General allowance for credit impairments	**108**	127	108	**5**	10	6
Total qualifying capital and reserves[1]	**73 519**	67 628	70 524	**61 910**	56 268	58 592
Excluding unappropriated profits						
Common-equity tier 1 capital	**52 872**	47 821	53 508	**42 925**	38 722	42 932
Total tier 1 capital	**57 169**	51 214	56 867	**47 612**	42 283	46 493
Total qualifying capital and reserves	**67 418**	62 420	67 304	**58 442**	54 117	57 324

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

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

[3] *Nedbank Group 'investments in the common stock of other financial entities' (amount above 10% threshold) declined from December 2015 due to a decrease in the carrying value of our investment in ETI. Summarised as follows:*

Rm	Jun 2016	Jun 2015	Dec 2015
Investments in the common stock of financial entities (amount above 10% threshold)	**(3 290)**	3 031	(5 017)
ETI	**(2 222)**	(2 090)	(3 604)
Investments in other financial entities	**(204)**	(208)	(295)
Other	**(864)**	(733)	(1 118)

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

Insurance entity capital adequacy

- Insurance risk predominantly arises in Nedbank Insurance [Nedgroup Life, Nedgroup Structured Life and Nedgroup Insurance Company (NedIC)], which is within the Nedbank Wealth Cluster. Nedbank Wealth also provides banking and asset management services, and is a capital and liquidity 'light' business that generates high returns off a low-risk profile. Accordingly, it is considered a high-growth area in the group's strategic portfolio tilt strategy. Nedbank Insurance consumes only 1,8% (December 2015: 1,6%) of the group's allocated capital requirement.
- The high solvency ratios are reflected in the following table:

Solvency ratios

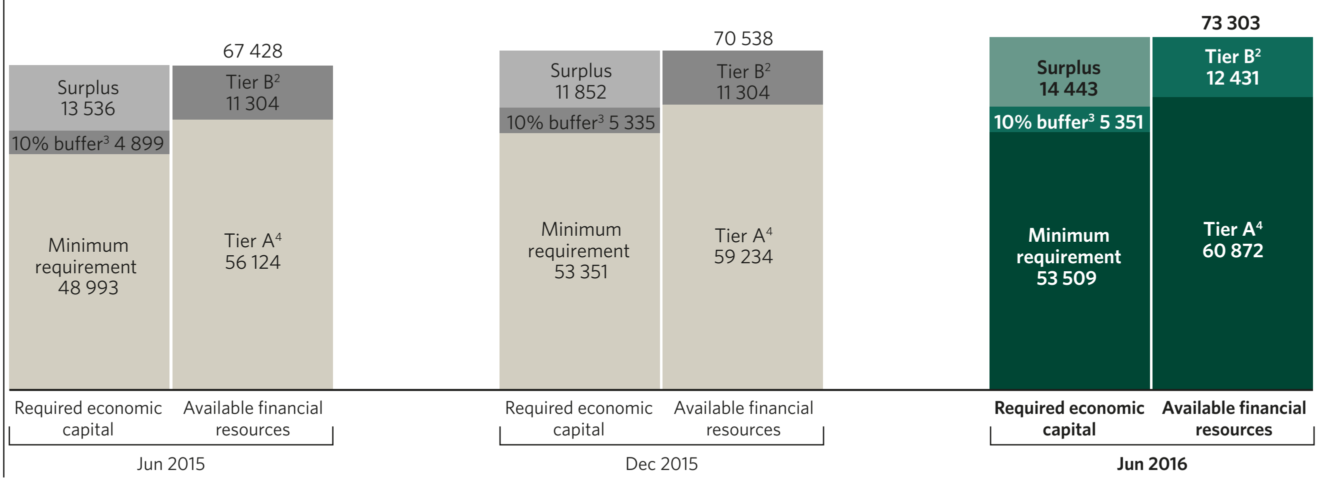
Times	Regulatory minimum	Management target[1]	Jun 2016	Jun 2015[2]	Dec 2015
Long-term insurance (Nedgroup Life and Nedgroup Structured Life)	**1,00**	**> 1,5**	**12,5**	9,4	11,8
Non-life insurance (NedIC)	**1,00**	**> 1,3**	**2,3**	2,3	2,7

[1] Management target is based on the greater of regulatory and economic capital.
[2] The June 2015 numbers were previously disclosed prior to a dividend payment to Nedbank Limited, this has been adjusted to now account for the dividend payment.

- The insurance businesses are on track with their Solvency Assessment and Management (SAM) implementation, which has been embedded in the risk management frameworks, strategic initiatives and system enhancements. The businesses are currently engaged in the SAM comprehensive parallel run, during which they are required to report to the Financial Services Board (FSB) on both the current regulatory regime and the SAM regulatory regime.
- Implementation of the SAM regime is not expected until January 2017.
  - These requirements are already a core part of business-as-usual (BaU) processes and reporting.
  - The approach taken by the businesses is to ensure strategic alignment of SAM by using risk management in the business decisionmaking framework and business planning processes through Own Risk and Solvency Assessments (ORSA), which are being embedded in the existing reporting structures.

ECONOMIC CAPITAL ADEQUACY

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



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

- Economic capital is the group's comprehensive internal measurement of risk and related capital requirements, and forms the basis of the group's ICAAP and allocation of risk-based capital to the business clusters.
- Nedbank's ICAAP confirms that both Nedbank Group and Nedbank Ltd are well capitalised above their current 'A' or 99,93% target debt rating (solvency standard) in terms of the group's proprietary economic capital methodology.
  - Nedbank Group's ICAAP reflects surplus available financial resources (AFR) of R14,4bn (December 2015: R11,9bn) after a 10% capital buffer is added. This is determined in accordance with the group's comprehensive Stress and Scenario Testing Framework, and compared with the minimum required economic capital. The increase in surplus AFR during the period is mainly driven by organic earnings growth as well as the issuance of a new-style (Basel III-compliant) additional tier 1 capital instrument of R1,5bn in May 2016, in line with the group's capital plan.
  - Nedbank Ltd's ICAAP reflects a surplus AFR of R14,1bn (December 2015: R10,4bn) after a 10% capital buffer is added. The positive movement in Nedbank Ltd's surplus AFR in 2016 is as explained above for Nedbank Group.
  - With effect from January 2016 the only material change implemented for capital allocation purposes and ICAAP was the application of a regulatory capital floor at a business unit level. Total economic capital is now compared to regulatory capital, and the higher of the two (economic or regulatory capital) is now being allocated to the business unit.

Nedbank Group economic capital requirement versus available financial resources

	Jun 2016		Jun 2015		Dec 2015	
	Rm	Mix %	Rm	Mix %	Rm	Mix %
Credit risk	**33 656**	**63**	31 268[1]	64	34 572	65
Counterparty credit risk	**310**	**1**	236[1]	< 1	384	< 1
Securitisation risk	**56**	**< 1**	160	< 1	59	< 1
Transfer risk	**54**	**< 1**	14	< 1	33	< 1
Market risk	**8 194**	**15**	6 996	14	7 829	15
Trading market risk	**266**	**< 1**	266	< 1	266	< 1
IRRBB	**3 972**	**7**	3 343	7	3 802	7
Property risk	**1 173**	**2**	1 018	2	995	2
Equity investment risk	**2 783**	**5**	2 369	5	2 766	5
Business risk	**6 365**	**12**	5 844	12	5 954	11
Operational risk	**2 928**	**5**	2 755	6	2 778	5
Insurance risk	**362**	**1**	384	< 1	341	< 1
Other assets risk	**1 584**	**3**	1 336	3	1 401	3
Minimum economic capital requirement	**53 509**	**100**	48 993	100	53 351	100
Add: stress-tested capital buffer (10%)	**5 351**		4 899		5 335	
Total economic capital requirement	**58 860**		53 892		58 686	
Available financial resources	**73 303**	**100**	67 428[2]	100	70 538	100
Tier A capital	**60 872**	**83**	56 124	83	59 234	84
Ordinary share capital and premium	**18 540**		17 943		18 046	
Reserves	**56 600**		50 150		56 164	
Deductions	**(14 865)**		(13 500)		(16 056)	
Excess of IFRS[3] provisions over TTC expected loss	**597**		1 531		1 080	
Tier B capital	**12 431**	**17**	11 304	17	11 304	16
Preference share	**3 188**		3 561		3 561	
Tier 2 debt instruments	**7 743**		7 743		7 743	
Perpetual subordinated-debt instruments	**1 500**					
Total surplus AFR	**14 443**		13 536		11 852	
AFR: total economic capital requirement (%)	**125**		125		120	

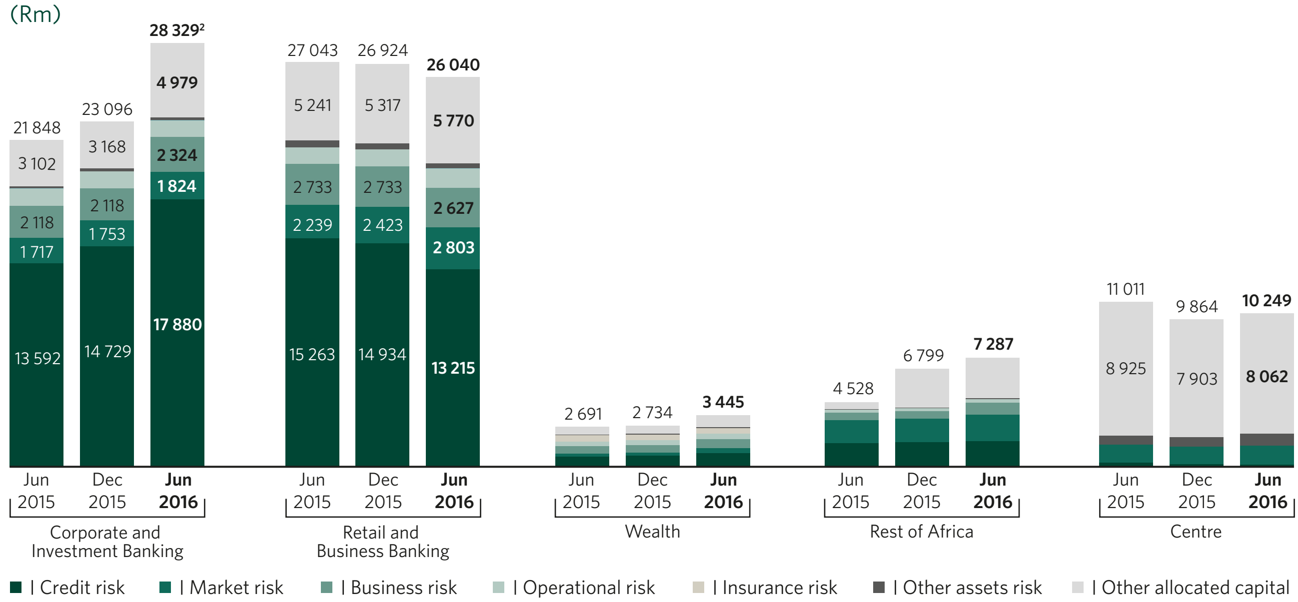
[1] *Restated to reallocate credit valuation adjustment (CVA) from counterparty credit to credit risk.*
[2] *Minority interest excluded as AFR in June 2015, following the revision of AFR definition.*
[3] *International Financial Reporting Standard.*

- Nedbank Group's total economic capital requirement (including a 10% stress-tested buffer) increased by R174m from December 2015, mainly due to:
  - A R411m increase in business risk economic capital, which was largely driven by parameter updates in 2016, in line with Nedbank's business risk model.
  - A R183m increase in other assets risk economic capital, mainly as a result of balance sheet growth.
  - A R178m increase in property risk economic capital, mainly driven by gains on property revaluations.
  - A R170m increase in IRRBB economic capital, mainly due to organic balance sheet growth and the position of short-end repricing risk.

  The increases were offset by a R916m decrease in credit risk economic capital, which was mainly driven by the implementation of refined models in the Retail and Business Banking (RBB) Cluster, specifically used for the internal assessment of credit risk.

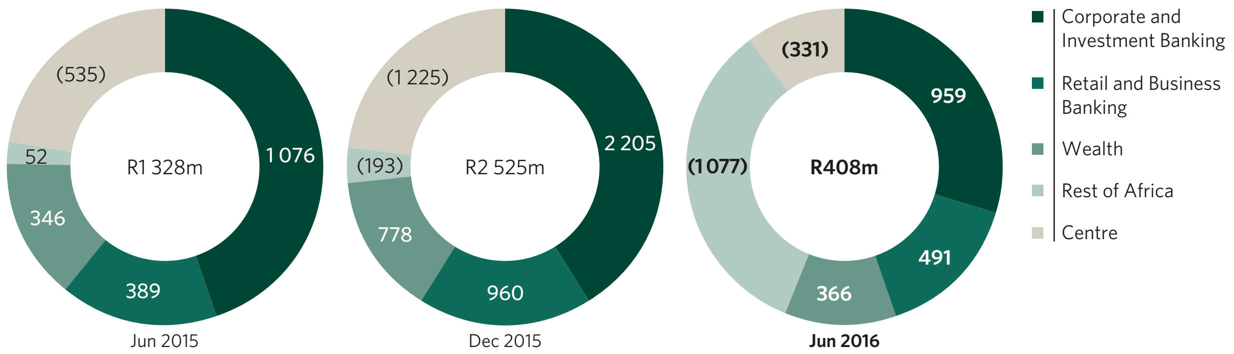
- Nedbank Group's total AFR increased by R2,8bn from R70,5bn in December 2015 to R73,3bn in June 2016 due to:
  - A R1,7bn increase in tier A AFR, driven by organic earnings growth during the period.
  - A R1,1bn increase in tier B AFR, following the issuance of a new-style (Basel III-compliant) additional tier 1 capital instrument of R1,5bn in May 2016.

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



[1] *Summary of average year-to-date cluster capital allocation.*
[2] *The significant increase in allocated capital for the Corporate and Investment Banking (CIB) Cluster was largely driven by the move to the higher of economic or regulatory capital that is particularly penal on wholesale portfolios, year-to-date average asset growth, as well as ratings migrations due to the prevailing economic conditions.*

ECONOMIC PROFIT
(Rm)



COST OF EQUITY

- The cost of equity (COE) metric was historically set annually in advance, and was estimated for 2016 at 15%.
- Given the significant subsequent strengthening in long-bond rates, despite increased global volatility, Nedbank Group has revised its COE to 14,4% for June 2016, better reflecting the actual long-bond rates during the period. In future COE will be calculated monthly.

STRESS AND SCENARIO TESTING

- Nedbank Group has a comprehensive Stress and Scenario Testing Framework that is used, inter alia, to stress its base case projections in order to assess the adequacy of Nedbank Group's and Nedbank Ltd's capital levels, buffers and target ratios. The framework is an integral part of the group's ICAAP under Basel III, strategy and business planning.
- The group's Stress and Scenario Testing Framework recognises and estimates the potential volatility of the capital requirements and base case (expected) three-year business plan projections, including the key assumptions and sensitivities contained therein, which themselves are subject to fluctuation.
- Stress and scenario testing is performed and reported quarterly, or more regularly, if required. Macroeconomic scenarios of different severities are considered, ranging from a mild stress to severe inflationary and severe deflationary scenarios. In addition to the quarterly stress testing process, a comprehensive set of relevant scenarios were evaluated during this period and presented during the annual ICAAP. The scenarios considered were:
  - A continuum of macroeconomic scenarios considering different stress severities.
  - The impact of a sovereign downgrade in June 2016 and/or delayed towards the end of 2016.
  - Benchmarking to relevant international stress scenarios such as the European Banking Authority, Bank of England and US Federal Reserve stress testing exercises.
  - Additional stress in high risk industries (such as mining, oil and gas, steel and construction) in CIB.
  - The impact of a sudden operational risk loss event in the form of a cyber-attack.
  - Reverse stress testing.
  - Stress in state-owned enterprises and public sector strikes.
- The possibility of an SA ratings downgrade remains high (despite the decision by rating agencies to leave ratings unchanged in June 2016) given the continued slowdown in growth, political and labour sensitivities, pressure on commodity prices and a loss of investment in emerging markets, resulting in increased prospects of lower growth and higher inflation.
- Nedbank Group has defined certain key trigger events that may move SA closer to a ratings downgrade, prior to the announcement by Standard & Poor's of their ratings review in December 2016. Moody's and Fitch do not perform rating reviews on fixed future dates and may announce a review at any time.
  - Nedbank has performed comprehensive stress testing on the possibility of a further SA ratings downgrade, at a group and bank level, at the request of the Nedbank board.
  - Nedbank has considered a response to such an event as part of its proactive contingency planning in order to mitigate potential adverse consequences. As Nedbank's ratings are capped at the sovereign ceiling, any downgrade of the sovereign would lead to a downgrade of Nedbank and all SA banks.
- A possible one-notch downgrade to subinvestment grade may precipitate (or be indicative of) a high stress event and may lead further to (or be indicative of) a severe inflation scenario. Therefore, a further SA ratings downgrade can be seen as being in between a high stress and a severe inflation stress scenario. The level of stress along this continuum is likely to be determined by the level of stress in the macroeconomic environment.
- In conclusion, Nedbank Group is strongly capitalised relative to its business activities, strategy, risk appetite, risk profile and the external environment in which the group operates.

EXTERNAL CREDIT RATINGS

- Nedbank engages two credit rating agencies, whose ratings are summarised below:
  - In December 2015 Standard & Poor's affirmed Nedbank's global scale rating. However, they lowered Nedbank's long-term national scale rating and revised the CCR outlook from stable to negative, which is a reflection of the sovereign rating and a negative view of the economic risk trend for the SA banking industry. The affirmation balances Nedbank's resilient financial performance, despite continuing economic headwinds and industry turbulence. In June 2016 Standard & Poor's affirmed SA's ratings on the basis of the negative outlook due to weak economic growth and rising political tensions that accentuate vulnerabilities in the country's sovereign credit profile. Improvements in the energy sector as well as the finalisation of labour and mining reforms are expected to reduce economic bottlenecks and generate a positive confidence shock.
  - In May 2016 Moody's recalibrated SA's national scale rating and repositioned the national scale ratings of banks and financial institutions. Moody's also confirmed Nedbank's global scale ratings. The rating is driven primarily by the confirmation of the SA government's debt rating at Baa2 and also takes into account the expectation that banks will show relative resilience in their financial performance within a lower-growth environment. SA banks have been performing well in recent years and are thus well prepared and positioned to weather the headwinds ahead. Moody's confirmed SA's Baa2 long-term government bond and issuer ratings, as well as its (P)Baa2/(P)P-2 shelf and medium-term-notes (MTN) programme ratings. Moody's assigned a negative outlook due to risks associated with the growth, fiscal and political outlook, and the possibility of renewed volatility in global financial markets, which could increase external imbalances and disrupt growth. This rating action concludes a review for downgrade that commenced on 8 March 2016.

Standard & Poor's ratings

	Nedbank Ltd Dec 2015	Sovereign rating SA Jun 2016
Counterparty credit risk	**BBB-/A-3**	
Outlook – counterparty credit risk	**Negative**	
SA national scale	**ZaAA-/ZaA-1**	
Foreign currency deposit ratings		
Long-term		**BBB-**
Short-term		**A-3**
Outlook		**Negative**
Local currency deposit ratings		
Long-term		**BBB+**
Short-term		**A-2**
Outlook		**Negative**

Moody's Investor Service ratings

	Nedbank Ltd May 2016	Sovereign rating SA May 2016
Global Scale Rating (GSR)		
Foreign currency deposit ratings		
Long-term	**Baa2**	**A2**
Short-term	**P-2**	**P-1**
Outlook	**Negative**	**Negative**
Local currency deposit ratings		
Long-term	**Baa2**	**Baa2**
Short-term	**P-2**	**P-2**
Senior unsecured MTN	**(P)Baa2**	
Subordinated MTN	**(P)Baa3**	
Outlook	**Negative**	**Negative**
Counterparty risk assessment	**Baa1/P-2**	
National Scale Rating (NSR)		
Long-term deposits	**Aa1.za**	
Short-term deposits	**P-1.za**	
Subordinated MTN	**Aa3.za**	
Senior unsecured MTN	**Aa1.za**	
Preferred stock non-cumulative	**Baa1.za (hyb)**	
Outlook	**Negative**	

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

LIQUIDITY RISK AND FUNDING

Summary of Nedbank Group liquidity risk and funding profile

		Jun 2016	Jun 2015	Dec 2015
Total sources of quick liquidity[1]	(Rm)	**167 716**	148 376	160 666
Total high-quality liquid assets (HQLA)	(Rm)	**127 114**	109 060	117 997
Other sources of quick liquidity[2]	(Rm)	**40 602**	39 316	42 669
Total sources of quick liquidity as a % of total assets	(%)	**17,8**	17,1	17,4
Long-term funding ratio (three-month average)	(%)	**30,9**	27,6	28,7
Retail Savings Bond[3]	(Rm)	**16 444**	13 442	14 476
Senior unsecured debt	(Rm)	**37 881**	30 325	30 797
Total capital market issuance[4]	(Rm)	**53 329**	45 230	44 982
Reliance on negotiable certificates of deposit[5] (NCD)	(%)	**11,9**	12,3	11,3
Reliance on foreign funding[5]	(%)	**4,9**	5,5	6,3
Loan-to-deposit ratio	(%)	**93,5**	94,0	93,9
Basel III liquidity ratios				
Liquidity coverage ratio (effective date – 1 January 2015)[6]	(%)	**93,1**	76,3	88,5
Minimum regulatory LCR requirement[7]	(%)	**70**	60	60
Net stable funding ratio (effective date – 2018)	(%)	**WIP[8]**	WIP[8]	WIP[8]

[1] *According to the Basel disclosure requirements, the HQLA portfolio must be reported as the quarterly average of month-end balances at each reporting date.*

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

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

[4] *Nedbank issued a new-style (Basel III-compliant) additional tier 1 capital instrument of R1,5bn in May 2016.*

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

[6] *Only banking and/or deposit-taking entities are included in the group LCR and the group ratio represents an aggregation of the relevant individual net cash outflows and the individual HQLA portfolios across all banking and/or deposit-taking entities, where surplus HQLA holdings in excess of the minimum requirement of 70% have been excluded from the aggregated HQLA number in the case of all non-SA banking entities. The above figures reflect the simple average of the month-end values at April 2016, May 2016 and June 2016, based on the regulatory submissions to SARB.*

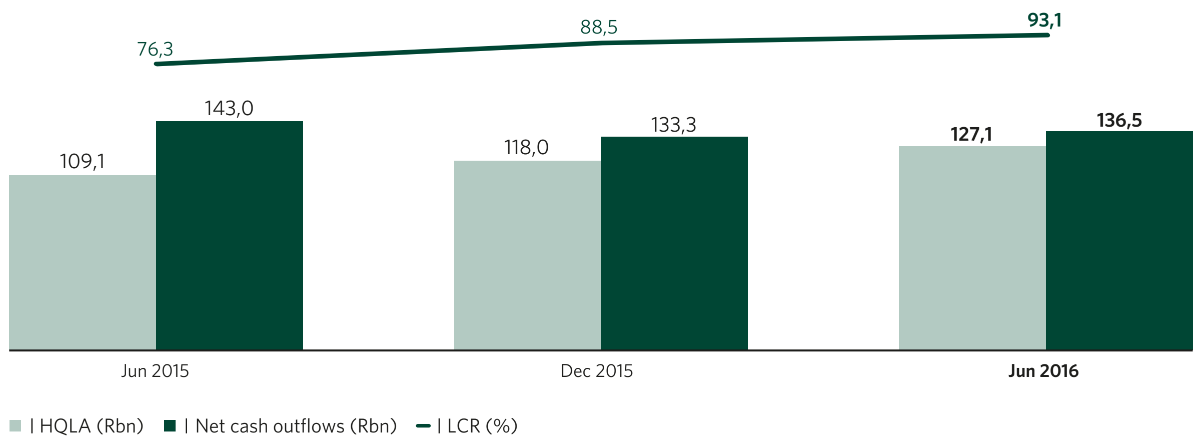
[7] *A 60% minimum LCR was required from 1 January 2015, increasing 10% per annum to 100% by 1 January 2019, with 70% required for 2016.*

[8] *Work in progress.*

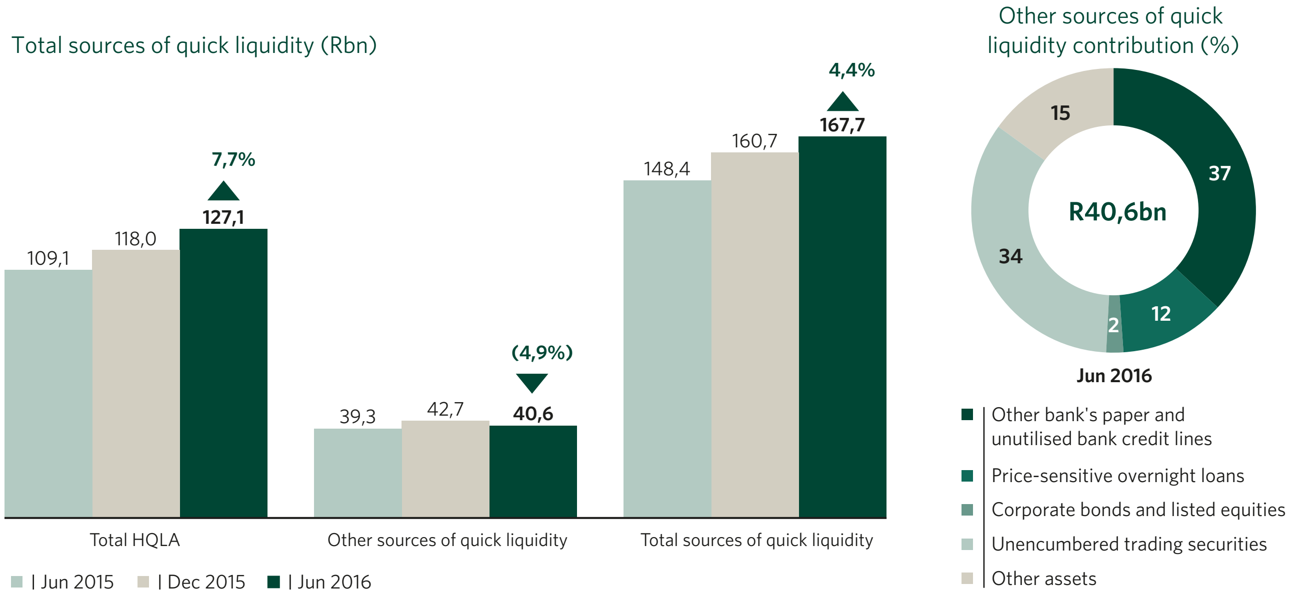
- Nedbank Group remains well funded with a strong liquidity position, underpinned by a significant quantum of long-term funding, an appropriately sized surplus liquid-asset buffer, a strong loan-to-deposit ratio consistently below 100% and a low reliance on interbank and foreign-currency funding.
- From a Basel III perspective Nedbank has successfully implemented the LCR, exceeding the minimum regulatory requirement of 70% from 1 January 2016. Having embedded this ratio into BaU processes, Nedbank is well positioned to exceed the minimum requirement throughout the phase-in period, as the LCR requirement increases by 10% per annum to 100% by 1 January 2019.
- The Basel Committee released its final version of the NSFR in October 2014. On 18 November 2015 SARB released a proposed directive relating to the NSFR, in which it proposed that the available stable funding (ASF) factor applicable to wholesale deposits in the 0-to-6-month bucket be increased from 0% to 35% to better reflect the stability of these deposits within the SA context. Taking cognisance of the finalised Basel Committee NSFR standard and the proposed directive issued by SARB, all SA banks are better positioned to achieve compliance from the effective date of 1 January 2018. In terms of moving towards full NSFR compliance, the key areas of focus will centre around enhanced data inputs into the NSFR, finalising various interpretational matters relating to this liquidity standard and ensuring that compliance is achieved within the context of balance sheet optimisation.
- Nedbank's strong funding and liquidity position is illustrated by the following:
  - The June 2016 LCR, calculated using the simple average of the month-end values for April 2016, May 2016 and June 2016, was 93,1% compared with the December 2015 quarterly average of 88,5%, well exceeding the minimum regulatory requirement of 70%.
    - The total HQLA portfolio increased from a quarterly average of R118,0bn at December 2015 to R127,1bn at June 2016, while the LCR net cash outflows increased from R133,3bn to R136,5bn over the same period.
    - Nedbank's higher LCR is attributable to a strategy of positively prepositioning Nedbank against any adverse market conditions that could have arisen had the rating agencies decided to downgrade SA's sovereign credit rating in June 2016. This was achieved by holding slightly larger liquidity buffers while lengthening the funding profile during the months leading up to June 2016.
    - Based on internal risk modelling, Nedbank targets an LCR operational level above the minimum regulatory requirement, designed to absorb normal seasonal and cyclical volatility inherent in the domestic financial system, which consequently impacts the LCR. The actual LCR may therefore fluctuate above or below the operational target from time to time.
    - Nedbank will procure additional HQLAs to support balance sheet growth and the LCR phase-in from the minimum regulatory requirement of 60% in 2015 to 100% by 1 January 2019, while continuing to maintain appropriately sized surplus liquid-asset buffers.

- In addition to the HQLA portfolio maintained for LCR purposes, Nedbank also identifies other sources of stress liquidity, which can be accessed in times of stress. These sources of quick liquidity include corporate bonds, listed equities, other marketable securities, price-sensitive overnight loans and other assets, which can be used to access funding. Nedbank's combined portfolio of HQLA and other sources of quick liquidity amounted to R167,7bn at June 2016, representing 17,8% of total assets.

NEDBANK GROUP LCR EXCEEDS MINIMUM REQULATORY REQUIREMENTS



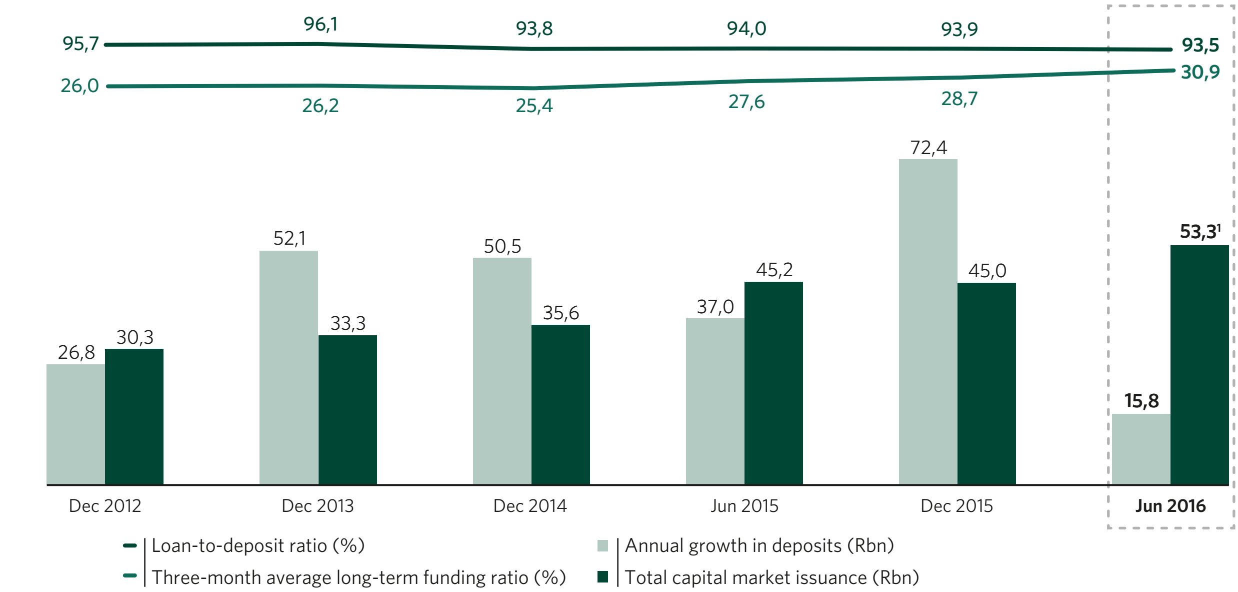
NEDBANK GROUP SIGNIFICANT SOURCES OF QUICK LIQUIDITY



- A strong funding profile has been maintained in the first half of 2016, with Nedbank recording a three-month average long-term funding ratio of 30,9% in the second quarter of 2016 (quarterly average December 2015: 28,7%), in line with its strategy of strengthening the liquidity risk profile and prepositioning for a timeous transition to full Basel III compliance.
  - Nedbank Retail Savings Bonds growth of R2,0bn contributed positively to the longer-term funding profile, as well as the strategy of diversifying Nedbank's funding base, bringing the total amount issued to R16,4bn.
  - In addition, Nedbank successfully issued R8,8bn in senior unsecured debt in the first half of 2016, while R1,8bn matured during the first half of the year.
  - Nedbank issued a new-style (Basel III-compliant) additional tier 1 capital instrument of R1,5bn in May 2016, in line with the group's capital plan.
- The loan-to-deposit ratio remains consistently below 100% at 93,5% (December 2015: 93,9%).
- Nedbank's reliance on foreign currency deposits as a percentage of total deposits remained small at 4,9% (December 2015: 6,3%), however increasing foreign currency deposits remains a key component of Nedbank's strategy in diversifying its funding sources and to match-fund foreign advances growth.

- The annual Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) together with the group's updated Recovery Plans were signed off by the Nedbank board of directors through the Group Risk and Capital Management Committee (GRCMC) in July 2016 and have been submitted to SARB. For the ICAAP, the ILAAP and the Recovery Plans appropriate consideration was given to Old Mutual's decision to separate its four businesses and the announcement to reduce its controlling stake in Nedbank Group Ltd to a strategic minority shareholding (managed separation). Nedbank Group is supportive of the managed separation strategy and the Nedbank board and management are working closely with Old Mutual plc on its orderly execution. This decision will have no impact on the strategy, day-to-day management or operations of Nedbank, and there is no anticipated impact on the capital and liquidity positions of Nedbank.

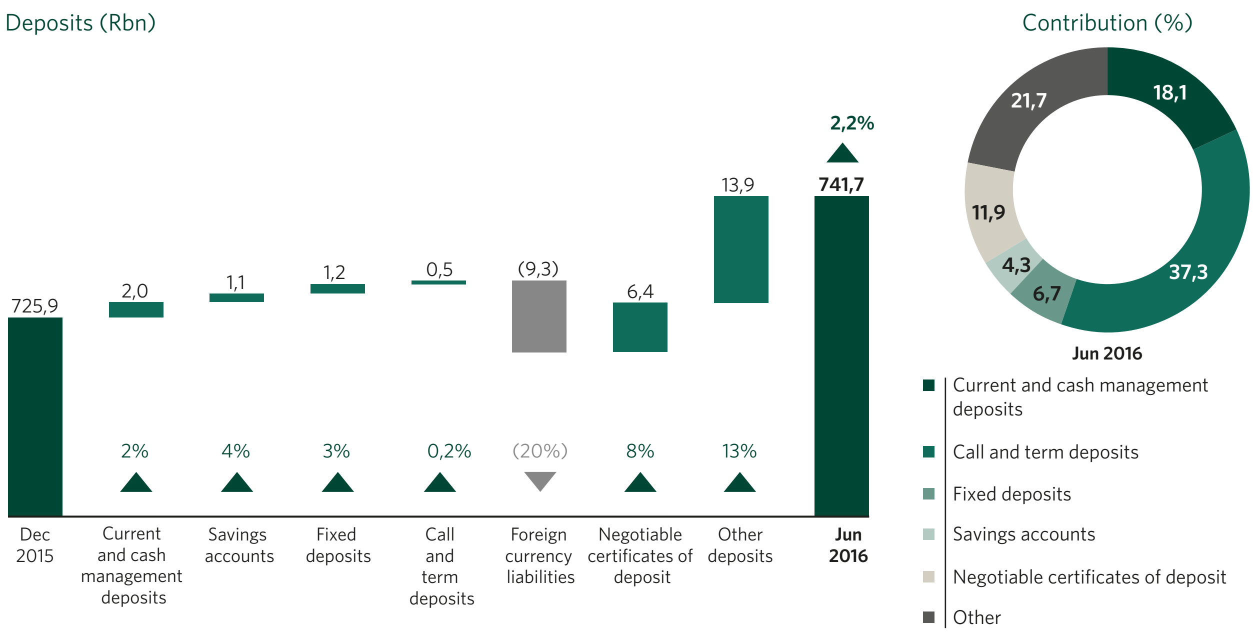
NEDBANK GROUP FUNDING AND LIQUIDITY PROFILE, UNDERPINNED BY COMPETITIVE CAPITAL MARKETS ISSUANCE



[1] *Nedbank issued a new-style (Basel III-compliant) additional tier 1 capital instrument of R1,5bn in May 2016.*

- Deposits grew 2,2% (4,4% annualised) to R741,7bn from R725,9bn in December 2015, while total funding-related liabilities grew 3,1% (6,3% annualised) to R795,0bn from R770,8bn.
  - With 93,3% of all funding-related liabilities emanating from deposits, Nedbank continued to grow its retail and commercial banking franchise with deposit-funding contributions from the CIB, RBB and Wealth Clusters.
  - In addition, Nedbank continued to provide competitive and innovative transactional and investment products, with an ongoing emphasis on meeting client needs through product, pricing and innovation. This will continue to be a key focus area as Nedbank seeks to grow the transactional banking franchise to an optimal market share, which currently represents an opportunity to grow net interest income (NII) and non-interest revenue (NIR) further.
  - Current and cash management accounts, savings and fixed deposits, together with call and term deposits, have all grown during the first half of 2016. However, NCDs and other deposits (including structured long-term products) have grown faster on the back of interest rate expectations driving demand for longer-term deposit products, combined with Nedbank's strategy to optimally preposition for NSFR compliance by lengthening the funding profile.
  - While foreign currency funding has decreased, partly as a result of lower nominal foreign currency values and partly as a result of a stronger rand, Nedbank remains focused on diversifying its funding base and normalising the proportional contribution of foreign funding to total funding in line with the market, which remains low.
  - Growth in Nedbank Retail Green Savings Bonds (included in fixed deposits) contributed positively to funding renewable-energy projects, lengthening and diversifying the funding profile.

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



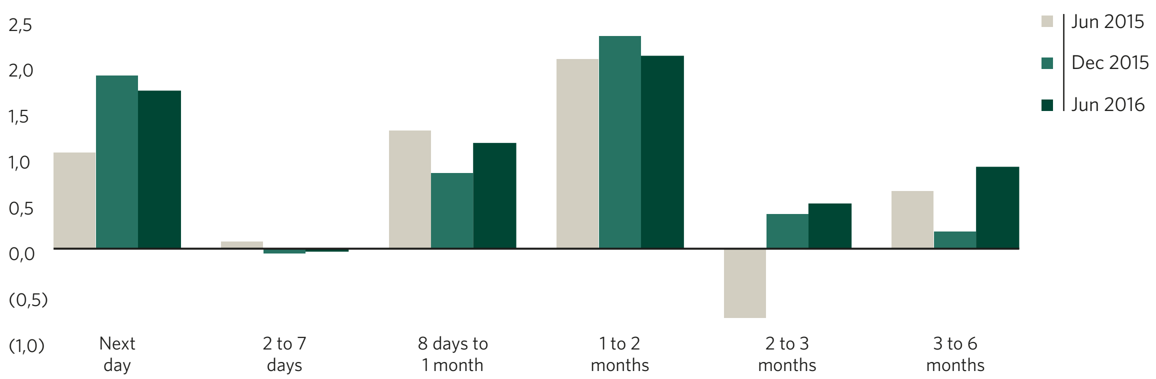
- The BaU liquidity gap of Nedbank Ltd is presented below. The table shows the expected liquidity mismatch under normal market conditions after taking into account the behavioural attributes of stable deposits, savings and investment products and rollover assumptions associated with term deals, but excluding BaU management actions. Based on client behavioural attributes, it is estimated that 93% (December 2015: 94%) of the amounts owed to depositors are stable.

Nedbank Ltd business-as-usual liquidity gap

Rm	Next day	2 to 7 days	8 days to 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 to 12 months	> 12 months	Total
June 2016									
BaU maturity of assets	**16 549**	**9 689**	**50 971**	**30 479**	**19 439**	**42 773**	**77 833**	**591 158**	**838 891**
Loans and advances	**15 264**	**2 272**	**27 182**	**13 318**	**13 704**	**37 242**	**71 216**	**412 357**	**592 555**
Trading, hedging and other investment instruments	**1 285**	**7 417**	**23 789**	**17 161**	**5 735**	**5 531**	**6 617**	**122 413**	**189 948**
Other assets								**56 388**	**56 388**
BaU maturity of liabilities	**2 206**	**9 844**	**41 430**	**12 912**	**15 437**	**35 350**	**86 251**	**635 461**	**838 891**
Stable deposits	**195**	**1 171**	**9 933**	**7 144**	**11 971**	**27 292**	**58 005**	**467 538**	**583 249**
Volatile deposits	**711**	**3 849**	**15 632**	**3 535**	**1 594**	**2 613**	**10 882**	**6 281**	**45 097**
Trading and hedging instruments	**1 300**	**4 824**	**15 865**	**2 233**	**1 872**	**5 445**	**17 364**	**91 715**	**140 618**
Other liabilities								**69 927**	**69 927**
Net liquidity gap – June 2016	**14 343**	**(155)**	**9 541**	**17 567**	**4 002**	**7 423**	**(8 418)**	**(44 303)**	**–**
Net liquidity gap – June 2015	7 944	(566)	9 745	15 716	(5 813)	4 712	3 098	(34 834)	-
Net liquidity gap – December 2015	15 366	(42)	6 660	18 845	2 989	1 479	8 172	(53 469)	-

- As illustrated below, Nedbank Ltd's cumulative inflows exceed outflows in the next-day to six-month time buckets, highlighting the strength of Nedbank's retail and commercial deposit franchise and the effective management of the funding profile and asset-liability composition from a behavioural perspective.

NEDBANK LTD BEHAVIOURAL LIQUIDITY MISMATCH[1]
(%)



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

CREDIT RISK

OVERVIEW

- The South African economy deteriorated in 2016 off an already low 2015 base. The gross domestic product (GDP) contraction of 1,2% in the first quarter of 2016 was largely driven by the sharp declines in mining and agriculture output, as well as lower export levels despite the weak rand. Lower levels of consumer spending and private sector fixed investment in addition to rising inflation further contributed to the economic slowdown.
- As part of our strategic portfolio tilt initiatives, our selective growth approach in personal loans, home loans and commercial property finance has proactively limited downside risk in this challenging operating climate, enabling a CLR of 0,67%, below the midpoint of our TTC target range.
  - Overall CIB CLR improved to 0,31% (June 2015: 0,38%) and was driven by a combination of oil and commodity prices stabilising at higher levels as well as the successful settlement or restructuring of certain counters during the period. Within CIB the Property Finance CLR decreased to 0,07% (June 2015: 0,13%) supported by postwriteoff recoveries and remains below the TTC target range.
  - RBB CLR was stable at 1,23% (June 2015: 1,22%) and is well below the TTC target range. This was driven by lower impairments in unsecured lending due to the better-quality frontbook. This was offset by higher provisions in secured lending off a low base.
- Gross loans and advances grew by 6,8% to R704 871m (June 2015: R659 848m), with banking advances increasing by 8,0%, while trading advances decreased by 12,5%.
  - Advances growth in Nedbank CIB was driven by converting strong pipeline in key selected sectors in Investment Banking and commercial property finance.
  - Growth in Nedbank RBB advances was driven by MFC and Card.
- Impairments decreased by 4,2% to R2 211m (June 2015: R2 307m) with improvements in the wholesale clusters, which were offset by increased impairments in Retail.
  - The improvement in CIB's impairments was driven by successful settlement or restructuring of certain counters during the period.
  - Nedbank RBB impairments increased to R1 773m (June 2015: R1 686m) with an increase in overlays to R701m (June 2015: R441m).
- Portfolio coverage increased to 0,71% (June 2015: 0,68%).
  - In Nedbank RBB additional overlays were raised to R701m (June 2015: R441m) as deteriorating economic conditions prompted further strengthening of provisioning levels in the second half of 2015, and the central overlay was maintained at R350m (June 2015: R350m).
- Defaulted advances increased to R18 437m (June 2015: R16 695m) largely as a result of certain wholesale counters within the stressed sectors of the economy and the seasonal effects in Home Loans, MFC and Card.
  - SARB directive 7/2015, implemented in H2 2015, requires that distressed restructures be classified as defaulted advances for a minimum period of six months after restructure and also contributed to the increase in defaulted advances. Excluding the effect of directive 7/2015, defaulted advances was R15 397m.
- The specific coverage ratio declined to 36,2% (June 2015: 39,6%) largely as a result of settlements and partial writeoffs in CIB as well as the mentioned improvement in impairments. CIB-specific coverage is determined on a deal-by-deal basis.

LOANS AND ADVANCES

- Nedbank CIB gross loans and advances increased by 8,5% to R360 810m (June 2015: R332 516m).
  - Gross banking advances increased by 11,3% to R327 027m (June 2015: R293 904m) as a result of good pipeline conversion rates across sector-focused businesses as well as currency fluctuations that affected the balance sheet.
  - Gross trading advances decreased by 12,5% to R33 783m (June 2015: R38 612m), driven by a decrease in USD-denominated loans during the period.
  - Continued growth in Nedbank Property Finance loans and advances can be ascribed to large disbursements, with advances increasing by 9,4% to R128 177m (June 2015: R117 111m).
- Nedbank Retail gross loans and advances grew 3,8%:
  - Home Loans gross loans and advances increased by 1,4% to R82 336m (June 2015: R81 221m).
  - MFC (vehicle finance) gross loans and advances increased by 7,1% to R80 954m (June 2015: R75 556m), increasing market share to 31,5% (June 2015: 29,7%).
  - Personal Loans gross loans and advances had positive growth to R16 753m (June 2015: R16 210m), up by 3,3% from June 2015.
  - Card gross loans and advances increased by 3,5% to R14 548m (June 2015: R14 053m) by making use of selective growth opportunities, which increased market share to 13,6%.
- Nedbank Business Banking gross loans and advances increased by 2,0% to R66 992m (June 2015: R65 705m).

Summary of loans and advances by cluster and business line

	Gross loans		Balance sheet impairments		Net		
	Rm	Change %[1]	Rm	Mix %	Rm	Mix %	Change %[1]
June 2016							
Nedbank CIB[2]	**360 810**	**8,5**	**(1 769)**	**15,3**	**359 041**	**51,8**	**8,4**
Trading book	**33 783**	**(12,5)**			**33 783**	**4,9**	**(12,5)**
Banking book	**327 027**	**11,3**	**(1 769)**	**15,3**	**325 258**	**46,9**	**11,2**
Nedbank CIB excluding Property Finance	**198 850**	**12,5**	**(1 050)**	**9,1**	**197 800**	**28,5**	**12,4**
Property Finance	**128 177**	**9,4**	**(719)**	**6,2**	**127 458**	**18,4**	**9,5**
Nedbank RBB[3]	**293 591**	**3,4**	**(8 974)**	**77,8**	**284 617**	**41,0**	**3,5**
Nedbank Business Banking	**66 992**	**2,0**	**(1 505)**	**13,0**	**65 487**	**9,4**	**1,9**
Nedbank Retail	**226 599**	**3,8**	**(7 469)**	**64,8**	**219 130**	**31,6**	**4,0**
Home Loans[4]	**82 336**	**1,4**	**(1 501)**	**13,0**	**80 835**	**11,7**	**1,6**
MFC	**80 954**	**7,1**	**(1 927)**	**16,7**	**79 027**	**11,4**	**7,2**
Consumer Banking	**17 659**	**2,8**	**(2 450)**	**21,2**	**15 209**	**2,2**	**3,0**
Personal Loans	**16 753**	**3,3**	**(2 283)**	**19,8**	**14 470**	**2,1**	**3,8**
Client Engagement	**907**	**(4,7)**	**(167)**	**1,4**	**740**	**0,1**	**(7,0)**
Other[5]	**(1)**	**< (100,0)**			**(1)**	**< 0,1**	**< (100,0)**
Relationship Banking[6]	**31 093**	**3,0**	**(329)**	**2,9**	**30 764**	**4,4**	**3,3**
Card	**14 548**	**3,5**	**(1 262)**	**11,0**	**13 286**	**1,9**	**2,8**
Other[5]	**9**	**< 0,1**			**9**	**< 0,1**	**0,0**
Nedbank Wealth	**29 820**	**11,3**	**(143)**	**1,3**	**29 677**	**4,3**	**11,3**
Rest of Africa	**18 502**	**14,9**	**(303)**	**2,6**	**18 199**	**2,6**	**14,8**
Centre	**2 148**	**> 100,0**	**(350)**	**3,0**	**1 798**	**0,3**	**> 100,0**
Nedbank Group	**704 871**	**6,8**	**(11 539)**	**100,0**	**693 332**	**100,0**	**6,9**
Trading book	**33 783**	**(12,5)**			**33 783**	**4,9**	**(12,5)**
Banking book	**671 088**	**8,0**	**(11 539)**	**100,0**	**659 549**	**95,1**	**8,1**
June 2015							
Nedbank CIB[2]	332 516	7,8	(1 447)	13,1	331 069	51,0	7,7
Trading book	38 612	(13,7)			38 612	6,0	(13,7)
Banking book	293 904	11,4	(1 447)	13,1	292 457	45,0	11,4
Nedbank CIB excluding Property Finance	176 793	8,5	(788)	7,1	176 005	27,1	8,5
Property Finance	117 111	16,2	(659)	6,0	116 452	17,9	16,2
Nedbank RBB[3]	283 912	5,1	(8 833)	80,3	275 079	42,4	5,6
Nedbank Business Banking	65 705	0,9	(1 408)	12,8	64 297	9,9	0,9
Nedbank Retail	218 207	6,4	(7 425)	67,5	210 782	32,5	7,1
Home Loans[4]	81 221	0,6	(1 629)	14,8	79 592	12,3	1,0
MFC	75 556	10,4	(1 848)	16,8	73 708	11,4	11,4
Consumer Banking	17 185	(11,0)	(2 426)	22,0	14 759	2,3	(11,3)
Personal Loans	16 210	(11,7)	(2 270)	20,6	13 940	2,1	(11,9)
Client Engagement	952	2,1	(156)	1,4	796	0,1	0,8
Other[5]	23	(25,8)			23	< 0,1	(25,8)
Relationship Banking[6]	30 183	24,2	(392)	3,6	29 791	4,6	24,9
Card	14 053	14,2	(1 130)	10,3	12 923	2,0	13,8
Other[5]	9	12,5			9	< 0,1	12,5
Nedbank Wealth	26 797	8,2	(145)	1,3	26 652	4,1	8,4
Rest of Africa	16 097	3,3	(248)	2,3	15 849	2,4	3,1
Centre	526	(12,3)	(331)	3,0	195	< 0,1	(53,5)
Nedbank Group	659 848	6,5	(11 004)	100,0	648 844	100,0	6,7
Trading book	38 612	(13,7)			38 612	6,0	(13,7)
Banking book	621 236	8,0	(11 004)	100,0	610 232	94,0	8,3

Summary of loans and advances by business cluster and business line (continued)

	Gross loans		Balance sheet impairments		Net		
	Rm	Change %[1]	Rm	Mix %	Rm	Mix %	Change %[1]
December 2015							
Nedbank CIB[2]	357 519	16,6	(1 735)	15,2	355 784	52,2	16,6
Trading book	34 085	26,2			34 085	5,0	26,2
Banking book	323 434	15,7	(1 735)	15,2	321 699	47,2	15,7
Nedbank CIB excluding Property Finance	200 638	19,2	(1 056)	9,2	199 582	29,3	19,2
Property Finance	122 796	11,8	(679)	6,0	122 117	17,9	11,9
Nedbank RBB[3]	288 601	3,9	(8 672)	76,0	279 929	41,1	4,1
Nedbank Business Banking	66 172	(1,5)	(1 437)	12,6	64 735	9,5	(1,6)
Nedbank Retail	222 429	5,6	(7 235)	63,4	215 194	31,6	6,0
Home Loans[4]	81 613	0,9	(1 516)	13,3	80 097	11,8	1,2
MFC	78 975	7,2	(1 806)	15,8	77 169	11,3	7,6
Consumer Banking	17 246	(4,6)	(2 418)	21,2	14 828	2,2	(4,7)
Personal Loans	16 300	(4,5)	(2 264)	19,8	14 036	2,1	(4,5)
Client Engagement	916	(6,1)	(154)	1,4	762	0,1	(8,1)
Other[5]	30	11,1			30	< 0,1	11,1
Relationship Banking[6]	30 621	24,2	(337)	3,0	30 284	4,4	24,7
Card	13 968	4,6	(1 158)	10,1	12 810	1,9	3,3
Other[5]	6	(33,3)			6	< 0,1	(33,3)
Nedbank Wealth	28 361	13,5	(155)	1,4	28 206	4,1	13,6
Rest of Africa	16 883	18,5	(368)	3,2	16 515	2,4	17,4
Centre	1 679	> 100,0	(481)	4,2	1 198	0,2	> 100,0
Nedbank Group	693 043	11,0	(11 411)	100,0	681 632	100,0	11,2
Trading book	34 085	26,2			34 085	5,0	26,2
Banking book	658 958	10,4	(11 411)	100,0	647 547	95,0	10,5

1 *The percentage change is calculated on a year-on-year basis.*
2 *Corporate and Investment Banking.*
3 *Retail and Business Banking.*
4 *Home Loans represents a specific business unit within Nedbank Retail. This excludes Home Loans in the Nedbank Retail Relationship Banking business unit.*
5 *The Other line item includes Retail Central Unit, Human Resources, Risk, Prospects and Strategy, Finance and Divisional Management.*
6 *Nedbank Retail Relationship Banking includes Small Business Services and Personal Relationship Banking.*

Summary of loans and advances by product

Nedbank Group	Jun 2016 Gross Rm	Jun 2016 Mix %	Jun 2016 Change[1] %	Jun 2015 Gross Rm	Jun 2015 Mix %	Dec 2015 Gross Rm	Dec 2015 Mix %	Dec 2014 Gross Rm	Dec 2014 Mix %
Residential mortgages	**143 661**	**20,4**	**2,5**	140 207	21,2	142 773	20,6	137 449	22,0
Commercial mortgages	**142 379**	**20,2**	**9,3**	130 254	19,7	136 793	19,7	123 652	19,8
Leases and instalment sales	**101 064**	**14,3**	**4,7**	96 567	14,6	99 863	14,4	94 237	15,1
Card	**14 667**	**2,1**	**3,6**	14 160	2,1	14 063	2,0	13 404	2,2
Overdrafts	**17 931**	**2,5**	**10,6**	16 218	2,5	15 833	2,3	16 141	2,6
Properties in possession	**339**	**< 0,1**	**(40,5)**	570	0,1	354	0,1	596	0,1
Term loans	**121 203**	**17,2**	**10,8**	109 379	16,6	110 318	15,9	106 175	17,0
Personal loans	**18 369**	**2,6**	**4,4**	17 593	2,7	17 842	2,6	18 346	2,9
Other term loans	**102 834**	**14,6**	**12,0**	91 786	13,9	92 476	13,3	87 829	14,1
Overnight loans	**22 676**	**3,2**	**(2,4)**	23 239	3,5	27 527	4,0	21 638	3,5
Other loans to clients	**94 901**	**13,5**	**8,8**	87 233	13,2	99 313	14,3	69 161	11,1
Foreign correspondents	**22 614**	**3,2**	**10,8**	20 414	3,1	22 772	3,3	12 512	2,0
Remittances in transit	**1 396**	**0,2**	**> 100,0**	295	< 0,1	201	< 0,1	195	< 0,1
Other loans	**70 891**	**10,1**	**6,6**	66 524	10,1	76 340	11,0	56 454	9,0
Preference shares and debentures	**21 098**	**3,0**	**24,2**	16 991	2,6	20 698	3,0	18 098	2,9
Factoring accounts	**5 097**	**0,7**	**< (0,1)**	5 099	0,8	5 329	0,8	4 986	0,8
Deposits placed under reverse repurchase agreements	**19 846**	**2,8**	**(0,4)**	19 927	3,0	20 173	2,9	18 291	2,9
Trade, other bills and bankers' acceptances	**9**	**< 0,1**	**> 100,0**	4	< 0,1	6	< 0,1	288	< 0,1
Gross loans and advances	**704 871**	**100,0**	**6,8**	659 848	100,0	693 043	100,0	624 116	100,0
Total impairments	**(11 539)**			(11 004)		(11 411)		(11 095)	
Net loans and advances	**693 332**			648 844		681 632		613 021	

[1] *All change percentages are year on year.*

Basel III balance sheet credit exposure

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

	Nedbank Corporate and Investment Banking[1,2] Rm	Nedbank CIB[1] excluding Property Finance Rm	Property Finance Rm	Nedbank RBB[3] Rm	Nedbank Business Banking Rm	Nedbank Retail Rm
Advanced Internal Ratings-based Approach	421 598	294 441	127 157	287 288	66 999	220 289
Corporate	174 792	137 672	37 120	15 758	15 140	618
Specialised lending – HVCRE[5]	7 128		7 128			
Specialised lending – IPRE[6]	76 575		76 575	1 371	1 371	
Specialised lending – project finance	20 559	20 559				
SME – corporate	7202	1 390	5 812	20 534	20 526	8
Public sector entities	19 872	19 872		293	293	
Local governments and municipalities	9 580	9 580		1 120	1 120	
Sovereign	49 086	49 086				
Banks	55 677	55 677		16	16	
Securities firms	200	200				
Retail mortgage				107 921	5 519	102 402
Retail revolving credit				14 634		14 634
Retail – other				94 698		94 698
SME – retail	83	83		30 274	23 014	7 260
Securitisation exposure	844	322	522	669		669
The Standardised Approach[7]				2 665	567	2 098
Corporate						
SME – corporate				743	200	543
Public sector entities						
Local government and municipalities						
Sovereign						
Banks						
Retail mortgage				1907	352	1 555
Retail revolving credit						
Retail – other				8	8	
SME – retail				7	7	
Properties in possession	190		190	102	3	99
Non-regulated entities	25 769	25 769		3 595	1	3 594
Total Basel III balance sheet exposure[8]	447 557	320 210	127 347	293 650	67 570	226 080
Less: Assets included in Basel III asset classes	(81 090)	(81 920)	830	38	(481)	519
Derivatives	(23 069)	(23 069)				
Government stock and other dated securities	(37 947)	(37 947)				
Short-term securities	(26 126)	(26 126)				
Call money						
Deposits with monetary institutions						
Remittances in transit				119	8	111
Fair-value adjustments				161	(10)	171
Other assets net of fair-value adjustments on assets	6 052	5 222	830	(242)	(479)	237
Setoff of accounts within IFRS total gross loans and advances[9]	(5 657)	(5 657)		(97)	(97)	
Total gross loans and advances – June 2016	360 810	232 633	128 177	293 591	66 992	226 599
Total gross loans and advances – June 2015	332 516	215 405	117 111	283 912	65 705	218 207
Total gross loans and advances – December 2015	357 519	234 723	122 796	288 601	66 172	222 429

[1] *Corporate and Investment Banking.*
[2] *Corporate and Investment Banking include London branch (AIRB Approach).*
[3] *Retail and Business Banking.*
[4] *Risk weighting is shown as a percentage of EAD for the AIRB Approach and as a percentage of total credit extended for TSA.*
[5] *High-volatility commercial real estate.*
[6] *Income-producing real estate.*
[7] *A portion of the legacy Imperial Bank book in Nedbank RBB, Nedbank Private Wealth (UK) and the non-SA banking entities in Africa are covered by TSA.*
[8] *Balance sheet credit exposure includes on-balance-sheet, repurchase and resale agreements and derivative exposure (refer to summary of the components of the total Basel III balance sheet exposure and asset class table for details).*
[9] *Relates to the difference in the level of setoff applied under IFRS when compared with the setoff applied to the balance sheet credit exposure under Basel III.*
[10] *The percentage change is calculated on a year-on-year basis.*

- Nedbank Ltd and the Nedbank London branch make up 94% of the total credit extended by Nedbank Group and are on the AIRB Approach. Fairbairn Private Bank (UK), the non-SA subsidiaries credit portfolios and some of the legacy Imperial Bank portfolio in Nedbank RBB remain on TSA.
- The growth in AIRB exposure was driven by:
  - An increase in total exposure to wholesale asset classes by 1,4% to R522 595m (December 2015: R515 297m) was largely driven by growth in government bonds in the sovereign asset class (R16 356m) and commercial mortgages (R5 748m). This was offset by a decrease of R12 156m from derivatives largely driven by valuation of foreign exchange and interest rate products attributable to the relative strengthening of the rand against major currencies and a slight flattening of the yield curves.
  - An increase in total retail exposure by 1,7% to R258 559m (December 2015: R254 344m) was mainly due to growth in MFC and residential mortgages.
- The increase in TSA exposure is mainly due to Fairbairn Private Bank (UK) and advances growth in the African subsidiaries.

Nedbank Wealth Rm	Rest of Africa Rm	Centre Rm	Nedbank Group Jun 2016 Rm	Mix %	Change[10] %	Risk weighting[4] %	Nedbank Group Jun 2015 Rm	Mix %	Nedbank Group Dec 2015 Rm	Mix %
17 285	**117**	**54 863**	**781 151**	**90,3**	**9,1**	**38,7**	716 261	90,1	769 803	89,8
1	**117**		**190 668**	**22,0**	**8,8**	**46,8**	175 324	22,1	195 067	22,8
11			**7 139**	**0,8**	**12,8**	**108,5**	6 330	0,8	7 295	0,9
3 848			**81 794**	**9,5**	**12,4**	**40,0**	72 765	9,2	76 782	9,0
			20 559	**2,4**	**31,1**	**38,2**	15 685	2,0	19 793	2,3
2 477			**30 213**	**3,5**	**9,9**	**43,2**	27 481	3,5	29 102	3,4
			20 165	**2,3**	**13,8**	**28,3**	17 719	2,2	16 291	1,9
			10 700	**1,3**	**7,2**	**14,4**	9 984	1,2	10 641	1,2
		54 860	**103 946**	**12,0**	**39,7**	**4,4**	74 414	9,3	84 581	9,9
		3	**55 696**	**6,4**	**(12,7)**	**23,0**	63 776	8,0	74 306	8,7
			200	**< 0,1**	**(13,8)**	**11,7**	232	< 0,1	164	< 0,1
9 592			**117 513**	**13,6**	**3,4**	**38,4**	113 695	14,3	115 266	13,4
75			**14 709**	**1,7**	**2,4**	**61,5**	14 371	1,8	14 351	1,7
223			**94 921**	**11,0**	**5,0**	**53,7**	90 403	11,4	93 026	10,9
1 058			**31 415**	**3,6**	**(3,3)**	**37,4**	32 482	4,1	31 701	3,7
			1 513	**0,2**	**(5,4)**	**47,3**	1 600	0,2	1 437	0,1
23 978	**25 194**		**51 837**	**6,0**	**12,2**	**49,9**	46 194	5,8	50 266	5,9
3	**3 919**		**3 922**	**0,5**	**(28,2)**	**81,3**	5 462	0,7	4 119	0,5
1 619	**1 031**		**3 393**	**0,4**	**9,2**	**58,3**	3 107	0,4	3 778	0,4
	422		**422**	**< 0,1**	**0,0**	**69,0**	422	0,1	389	< 0,1
	42		**42**	**< 0,1**	**16,7**	**80,7**	36	< 0,1	58	< 0,1
3 574	**3 961**		**7 535**	**0,9**	**39,1**	**53,4**	5 418	0,7	6 818	0,8
12 734	**6 115**		**18 849**	**2,2**	**22,4**	**36,6**	15 399	1,9	16 667	1,9
5 496	**5 286**		**12 689**	**1,5**	**5,0**	**41,0**	12 090	1,5	13 348	1,6
	369		**369**	**< 0,1**	**3,9**	**63,7**	355	< 0,1	351	< 0,1
552	**4 049**		**4 609**	**0,5**	**18,8**	**61,6**	3 880	0,5	4 724	0,6
			7	**< 0,1**	**(72,0)**	**48,4**	25	< 0,1	14	< 0,1
47			**339**	**< 0,1**	**(40,7)**		570	0,1	354	< 0,1
2 265	**130**	**501**	**32 260**	**3,7**	**2,0**		31 618	4,0	36 949	4,3
43 575	**25 441**	**55 364**	**865 587**	**100,0**	**8,9**		794 643	100,0	857 372	100,0
(13 755)	**(6 939)**	**(53 216)**	**(154 962)**				(131 075)		(159 623)	
(125)	**(28)**	**(3)**	**(23 225)**				(17 568)		(37 443)	
	(602)	**(19 107)**	**(57 656)**				(35 867)		(46 927)	
(13 093)	**(2 355)**	**(35 753)**	**(77 327)**				(75 269)		(76 339)	
	1 137	**120**	**1 376**				295		201	
			161				(613)		1 094	
(537)	**(5 091)**	**1 527**	**1 709**				(2 053)		(209)	
			(5 754)				(3 720)		(4 706)	
29 820	**18 502**	**2 148**	**704 871**				659 848		693 043	
26 797	16 097	526	659 848							
28 361	16 883	1 679	693 043							

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

	On-balance-sheet exposure		Off-balance-sheet exposure		Repurchase and resale exposure		Derivative exposure	
	Jun 2016		Jun 2016		Jun 2016		Jun 2016	
Rm	**AIRB**	**TSA**	**AIRB**	**TSA**	**AIRB**	**TSA**	**AIRB**	**TSA**
Nedbank CIB	378 345		107 352		20 186		23 067	
Nedbank CIB excluding Property Finance	251 188		101 357		20 186		23 067	
Corporate	126 437		76 070		7 473		3 762	
Specialised lending – HVCRE								
Specialised lending – IPRE								
Specialised lending – project finance	18 912		5 353				1 647	
SME – corporate	1 184		718				206	
Public sector entities	16 532		7 151		787		2 553	
Local governments and municipalities	8 941		1 262				639	
Sovereign	45 685		3 370		3 313		88	
Banks	33 135		3 842		8 459		14 083	
Securities firms	23		1 425		154		23	
Retail – other								
SME – retail	17		30				66	
Securitisation exposure	322		2 136					
Property Finance	127 157		5 995					
Corporate	37 120		3 282					
Specialised lending – HVCRE	7 128		340					
Specialised lending – IPRE	76 575		1 939					
SME – corporate	5 812		434					
Securitisation exposure	522							
Nedbank RBB	287 288	2665	64 704	601				
Nedbank Business Banking	66 999	567	22 542	121				
Corporate	15 140		4 778					
Specialised lending – IPRE	1 371		159					
SME – corporate	20 526	200	7 981	42				
Public sector entities	293		13					
Local governments and municipalities	1 120		12					
Banks	16		8					
Retail mortgage	5 519	352	1 980	79				
Retail – other		8						
SME – retail	23 014	7	7 611					
Nedbank Retail	220 289	2 098	42 162	480				
Corporate	618		1 770					
SME – corporate	8	543	1	131				
Retail mortgage	102 402	1 555	18 568	349				
Retail revolving credit	14 634		16 188					
Retail – other	94 698		851					
Banks			51					
SME – retail	7 260		4 733					
Securitisation exposure	669							

Total credit extended[1]				Total Basel III balance sheet credit exposure[2]				Exposure at default		Downturn expected loss (dEL)[3]		BEEL[4]	
Jun 2016		Jun 2015		**Jun 2016**		Jun 2015		**Jun 2016**	Jun 2015	**Jun 2016**	Jun 2015	**Jun 2016**	Jun 2015
AIRB	**TSA**	AIRB	TSA	**AIRB**	**TSA**	AIRB	TSA	**AIRB**	AIRB	**AIRB**	AIRB	**AIRB**	AIRB
528 950		486 352		**421 598**		375 422		**464 926**	425 429	**1 344**	988	**658**	515
395 798		380 063		**294 441**		274 574		**323 085**	313 765	**954**	676	**245**	135
213 742		210 784		**137 672**		126 336		**174 298**	169 340	**648**	494	**161**	68
		6				6			6				
		12 006				11 773			12 687		37		
25 912		20 475		**20 559**		15 684		**23 265**	18 346	**57**	48	**84**	66
2 108		3 445		**1 390**		2 562		**1 933**	3 391	**27**	32		1
27 023		24 150		**19 872**		17 438		**23 646**	19 769	**15**	11		
10 842		9 580		**9 580**		8 710		**10 391**	9 256	**1**	1		
52 456		28 477		**49 086**		27 775		**47 375**	25 561	**24**	6		
59 519		67 281		**55 677**		63 763		**39 229**	51 332	**180**	46		
1 625		232		**200**		232		**369**	343	**1**			
113		68		**83**		35		**121**	75	**1**	1		
2 458		3 629		**322**		260		**2 458**	3 629				
133 152		106 289		**127 157**		100 848		**141 841**	111 664	**390**	312	**413**	380
40 402		36 379		**37 120**		33 883		**44 144**	38 623	**14**	13		
7 468		6 661		**7 128**		6 311		**7 468**	6 661	**103**	67	**222**	234
78 514		58 642		**76 575**		56 368		**82 746**	61 420	**265**	225	**191**	146
6 246		4 084		**5 812**		3 763		**6 961**	4 437	**8**	7		
522		523		**522**		523		**522**	523				
351 992	**3 266**	341 295	3 748	**287 288**	**2 665**	277 962	3 134	**334 962**	324 791	**4 936**	5 002	**5 664**	5 755
89 541	**688**	87 571	835	**66 999**	**567**	65 444	706	**84 570**	82 699	**535**	563	**873**	801
19 918		18 548		**15 140**		14 041		**18 628**	17 397	**94**	88	**68**	75
1 530		1 838		**1 371**		1 574		**1 517**	1 822	**6**	3		
28 507	**242**	26 132	313	**20 526**	**200**	19 134	265	**26 727**	24 547	**142**	165	**168**	158
306		296		**293**		281		**301**	291	**1**			
1 132		1 281		**1 120**		1 274		**1 130**	1 279		1	**7**	
24		8		**16**		3		**21**	6				
7 499	**431**	7 404	474	**5 519**	**352**	5 376	393	**7 093**	6 971	**43**	41	**118**	131
	8	129	23		**8**	100	23		104		2		10
30 625	**7**	31 935	25	**23 014**	**7**	23 661	25	**29 153**	30 282	**249**	263	**512**	427
262 451	**2 578**	253 724	2 913	**220 289**	**2 098**	212 518	2 428	**250 392**	242 092	**4 401**	4 439	**4 791**	4 954
2 388		2 739		**618**		795		**946**	1 158	**31**	35		
9	**674**	10	746	**8**	**543**	10	632	**9**	10				
120 970	**1 904**	116 804	2 167	**102 402**	**1 555**	98 952	1 796	**123 371**	119 232	**965**	854	**980**	1 102
30 822		30 607		**14 634**		14 300		**21 027**	20 767	**761**	719	**1 255**	1 122
95 549		90 700		**94 698**		89 859		**95 365**	90 556	**2 483**	2 647	**2 356**	2 528
51		36				10		**51**	36				
11 993		12 011		**7 260**		7 775		**8 954**	9 516	**161**	184	**200**	202
669		817		**669**		817		**669**	817				

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

Rm	On-balance-sheet exposure Jun 2016 AIRB	On-balance-sheet exposure Jun 2016 TSA	Off-balance-sheet exposure Jun 2016 AIRB	Off-balance-sheet exposure Jun 2016 TSA	Repurchase and resale exposure Jun 2016 AIRB	Repurchase and resale exposure Jun 2016 TSA	Derivative exposure Jun 2016 AIRB	Derivative exposure Jun 2016 TSA
Nedbank Wealth	17 285	23 853	5 215	611				125
Corporate	1	3						
Specialised lending – HVCRE	11							
Specialised lending – IPRE	3 848		485					
SME – corporate	2 477	1 619	298					
Sovereign		3 574						
Banks		12 684						50
Retail mortgage	9 592	5 496	3 848					
Retail revolving credit	75		229					
Retail – other	223	477	121	611				75
SME – retail	1 058		234					
Rest of Africa	117	25 167		3 567				27
Corporate	117	3 916		2 197				3
SME – corporate		1 022		365				9
Public sector entities		422		65				
Local governments and municipalities		42		3				
Sovereign		3 961						
Banks		6 100		1				15
Retail mortgage		5 286		651				
Retail revolving credit		369		277				
SME – Retail		4 049		8				
Centre	54 860						3	
Corporate								
Sovereign	54 860							
Banks							3	
Total	737 895	51 685	177 271	4 779	20 186		23 070	152
Downturn expected loss (AIRB Approach)								
Expected loss performing book								
BEEL on defaulted advances								
IFRS impairment on AIRB loans and advances								
Excess of downturn expected loss over eligible provisions								

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

	Total credit extended[1]				Total Basel III balance sheet credit exposure[2]				Exposure at default		Downturn expected loss (dEL)[3]		BEEL[4]	
	Jun 2016		Jun 2015		**Jun 2016**		Jun 2015		**Jun 2016**	Jun 2015	**Jun 2016**	Jun 2015	**Jun 2016**	Jun 2015
	AIRB	**TSA**	AIRB	TSA	**AIRB**	**TSA**	AIRB	TSA	**AIRB**	AIRB	**AIRB**	AIRB	**AIRB**	AIRB
	22 500	**24 589**	21 001	19 820	**17 285**	**23 978**	15 970	19 465	**26 312**	23 755	**64**	64	**100**	104
	1	**3**	3	8	**1**	**3**	2	8	**1**	4				
	11		15		**11**		13		**11**	15	**1**			
	4 333		3 377		**3 848**		3 050		**5 433**	4 008	**17**	19	**1**	1
	2 775	**1 619**	2 358	1 479	**2 477**	**1 619**	2 012	1 479	**3 208**	2 625	**9**	5	**16**	7
		3 574		1 826		**3 574**		1 826						
		12 734		10 333		**12 734**		10 333						
	13 440	**5 496**	13 171	5 405	**9 592**	**5 496**	9 367	5 405	**14 634**	14 192	**29**	26	**68**	81
	304		298		**75**		71		**598**	590	**2**	2	**5**	4
	344	**1 163**	555	769	**223**	**552**	444	414	**420**	632	**1**	8	**3**	5
	1 292		1 224		**1 058**		1 011		**2 007**	1 689	**5**	4	**7**	6
	117	**28 761**		25 611	**117**	**25 194**		23 595						
	117	**6 116**		6 273	**117**	**3 919**		5 454						
		1 396		1 132		**1 031**		731						
		487		434		**422**		422						
		45		36		**42**		36						
		3 961		3 592		**3 961**		3 592						
		6 116		5 170		**6 115**		5 066						
		5 937		4 734		**5 286**		4 496						
		646		797		**369**		355						
		4 057		3 443		**4 049**		3 443						
	54 863		46 923		**54 863**		46 907		**55 019**	46 930	**4**	9	**18**	17
			284				268		**157**	291	**3**	8	**18**	17
	54 860		46 639		**54 860**		46 639		**54 861**	46 639	**1**	1		
	3				**3**				**1**					
	958 422	**56 616**	895 571	49 179	**781 151**	**51 837**	716 261	46 194	**881 219**	820 905	**6 348**	6 063	**6 440**	6 391
													12 788	12 454
													6 348	6 063
													6 440	6 391
													(11 158)	(10 621)
													1 630	1 833

DEFAULTED ADVANCES

- Defaulted advances increased to R18 437m (June 2015: R16 695m) as continued stress in the resources and mining sectors impacted the wholesale portfolio, this was offset by a reduction in the Personal Loans. This drove an increase in the defaulted advances as a percentage of gross loans to 2,62% (June 2015: 2,53%). Excluding the effect of directive 7/2015, defaulted advances were R15 397m or 2,18% of gross loans and advances.
- The increase in Nedbank CIB to R4 437m (June 2015: R3 134m) was largely as a result of certain counters within stressed sectors of the economy, however Property Finance remained stable year on year.
- Nedbank RBB accounts for 69,5% (June 2015: 76,2%) of total defaulted advances and increased to R12 806m (June 2015: R12 732m) or 4,36% of gross loans and advances (June 2015: 4,48%).
  - Nedbank Retail was impacted by seasonal effects in Home Loans, MFC and Card, while Personal Loans defaulted advances decreased to R2 174m (June 2015: R2 370m), benefiting from lower-risk new business, as well as the improved quality of the book.
  - Business Banking defaulted advances increasing to R2 327m (June 2015: R2 145m) or 3,47% (June 2015: 3,27%) of gross loans and advances.

Nedbank Group key defaulted advances metrics

	Dec 2012	Dec 2013	Dec 2014	Jun 2015	Dec 2015	Jun 2016
Gross loans and advances (Rm)	538 036	590 828	624 116	659 848	693 043	**704 871**
Defaulted advances (Rm)	19 273	17 848	15 846	16 695	17 559	**18 437**
Wholesale[1] defaulted advances	6 141	5 740	4 846	5 279	6 133	**6 764**
Retail defaulted advances	12 449	11 402	10 179	10 587	10 204	**10 479**
Group defaulted advances excluding Personal Loans[2]	16 666	15 020	13 344	14 325	15 262	**16 263**
Personal Loans[2] defaulted advances	2 607	2 828	2 502	2 370	2 297	**2 174**
Defaulted advances as a % of gross loans and advances (%)	3,58	3,02	2,54	2,53	2,53	**2,62**
Wholesale[1]	1,99	1,64	1,30	1,33	1,45	**1,58**
Retail	6,27	5,60	4,83	4,85	4,59	**4,62**
Retail excluding Personal Loans[2]	5,58	4,67	3,97	4,07	3,84	**3,96**
Properties in possession as a % of total gross loans and advances (%)	0,11	0,13	0,10	0,09	0,05	**0,05**

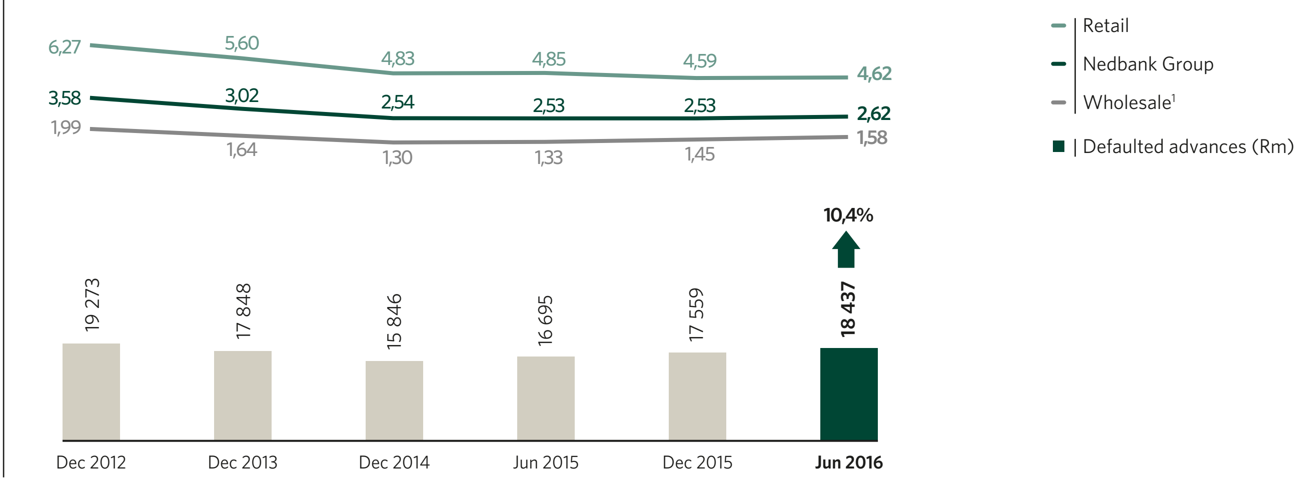
[1] *Wholesale includes Nedbank CIB and Nedbank Business Banking.*
[2] *Personal Loans represents a specific business unit within Nedbank Retail.*

Nedbank Group defaulted advances by business cluster

	Dec 2012		Dec 2013		Dec 2014		Jun 2015		Dec 2015		Jun 2016	
	Rm	Mix %	Rm	Mix %	Rm	Mix %	Rm	Mix %	Rm	Mix %	Rm	Mix %
Nedbank CIB[1]	3 544	18,4	3 406	19,1	2 759	17,4	3 134	18,8	4 074	23,2	**4 437**	**24,1**
Nedbank CIB excluding Property Finance	976	5,1	1 389	7,8	950	6,0	1 409	8,5	2 636	15,0	**2 676**	**14,5**
Property Finance	2 568	13,3	2 017	11,3	1 809	11,4	1 725	10,3	1 438	8,2	**1 761**	**9,6**
Nedbank RBB[2]	15 046	78,1	13 736	77,0	12 266	77,4	12 732	76,2	12 263	69,8	**12 806**	**69,5**
Nedbank Business Banking	2 597	13,5	2 334	13,1	2 087	13,2	2 145	12,8	2 059	11,7	**2 327**	**12,6**
Nedbank Retail[3]	12 449	64,6	11 402	63,9	10 179	64,2	10 587	63,4	10 204	58,1	**10 479**	**65,9**
Home Loans[4]	6 242	32,4	4 746	26,6	4 053	25,6	4 141	24,8	3 869	22,0	**4 088**	**22,2**
MFC	1 707	8,9	1 933	10,8	1 898	12,0	2 120	12,7	2 182	12,4	**2 227**	**12,1**
Personal Loans[5]	2 607	13,5	2 828	15,8	2 502	15,8	2 370	14,2	2 297	13,1	**2 174**	**11,8**
Card	614	3,2	824	4,6	892	5,6	1 074	6,4	1 072	6,1	**1 179**	**6,4**
Nedbank Wealth	555	2,9	525	2,9	599	3,8	567	3,4	587	3,4	**626**	**3,4**
Rest of Africa	128	0,6	181	1,0	222	1,4	262	1,6	635	3,6	**568**	**3,1**
Nedbank Group	19 273	100,0	17 848	100,0	15 846	100,0	16 695	100,0	17 559	100,0	**18 437**	**100,0**

[1] *Corporate and Investment Banking.*
[2] *Retail and Business Banking.*
[3] *Only Nedbank Retail business units that contribute significantly to defaulted advances are reflected.*
[4] *Home Loans represents a specific business unit within Nedbank Retail.*
[5] *Personal Loans represents a specific business unit within Nedbank Retail.*

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



[1] *Wholesale includes Nedbank CIB and Nedbank Business Banking.*

CREDIT LOSS RATIO

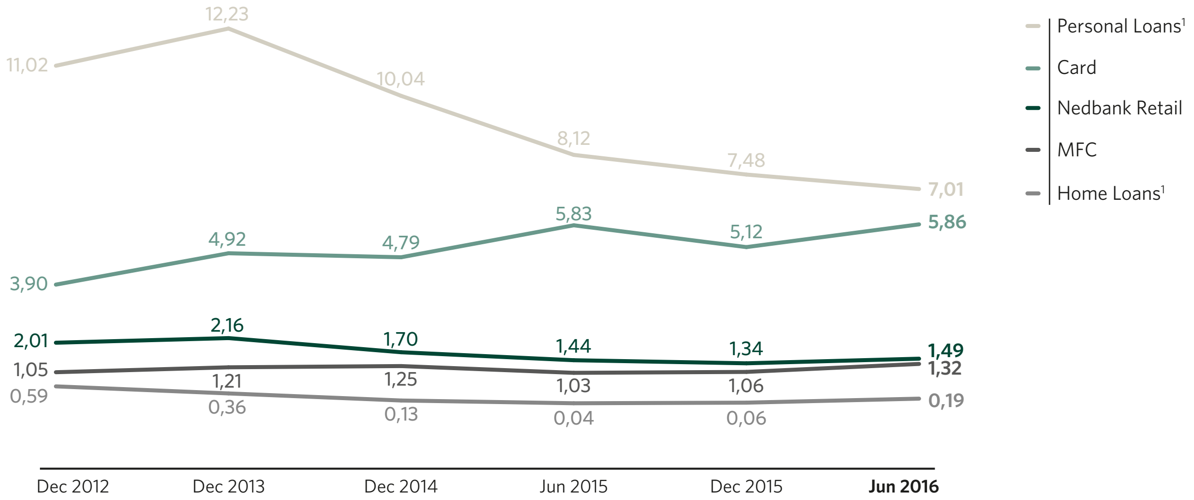
- The Nedbank Group CLR improved to 0,67% (June 2015: 0,77%) and remains at the bottom end of the TTC target range of 0,60% to 1,00%. This was driven by lower impairments in Nedbank CIB, which were largely offset by higher impairments in Nedbank Retail.
  - The portfolio CLR remained at similar levels of 0,03% (June 2015: 0,04%), while specific CLR decreased to 0,64% (June 2015: 0,73%).
- The Nedbank RBB CLR remained stable at 1,23% (June 2015: 1,22%) with decreases in the specific CLR to 1,10% (June 2015: 1,28%) driven by the improvement in Personal Loans default profile distribution and positive collections.
  - Nedbank RBB portfolio CLR increased to 0,13% (June 2015: (0,06%)), driven by higher arrears in Home Loans, MFC and overlays raised to take into account the impact of the tough macroeconomic environment on clients.
  - The Business Banking CLR at 0,36% (June 2015: 0,49%) remains below the TTC target range of 0,50% to 0,70% and continues to reflect proactive, effective and disciplined risk management practices that benefit from the decentralised model.
- The Nedbank CIB CLR decreased to 0,31% (June 2015: 0,38%), with the Property Finance CLR decreasing to 0,07% (June 2015: 0,13%) supported by postwriteoff recoveries , while the remainder of the portfolio's CLR reduced to 0,46% (June 2015:0,54%) due to the resolution of distressed exposures in the portfolio.
- Nedbank Wealth CLR remains below the TTC target range at 0,16% (June 2015: 0,18%).
- The Rest of Africa CLR improved to 0,76% (June 2015: 0,86%) on the back of a slight decrease in impairments to R63m (June 2015: R64m). The CLR remains well within the TTC target range (0,75% and 1,00%), despite deteriorating economic conditions.

Credit loss ratio per business cluster

%	Nedbank CIB[1]	Nedbank CIB[1] excluding Property Finance	Property Finance	Nedbank RBB[2]	Nedbank Business Banking	Nedbank Retail	Nedbank Wealth	Rest of Africa	Nedbank Group
2016 through-the-cycle target ranges	**0,15 - 0,45**		**0,20 - 0,40**	**1,30 - 1,80**	**0,50 - 0,70**	**1,90 - 2,60**	**0,20 - 0,40**	**0,75 - 1,00**	**0,60 - 1,00**
June 2016									
Total credit loss ratio	**0,31**	**0,46**	**0,07**	**1,23**	**0,36**	**1,49**	**0,16**	**0,76**	**0,67**
Specific credit loss ratio	**0,27**	**0,36**	**0,12**	**1,10**	**0,35**	**1,32**	**0,15**	**0,70**	**0,64**
Portfolio credit loss ratio	**0,04**	**0,10**	**(0,05)**	**0,13**	**0,01**	**0,17**	**0,01**	**0,06**	**0,03**
June 2015									
Total credit loss ratio	0,38	0,54	0,13	1,22	0,49	1,44	0,18	0,86	0,77
Specific credit loss ratio	0,27	0,41	0,05	1,28	0,32	1,59	0,16	0,30	0,73
Portfolio credit loss ratio	0,11	0,13	0,08	(0,06)	0,17	(0,15)	0,02	0,56	0,04
December 2015									
Total credit loss ratio	0,40	0,61	0,08	1,14	0,48	1,34	0,15	1,25	0,77
Specific credit loss ratio	0,30	0,50		1,14	0,34	1,39	0,12	1,26	0,70
Portfolio credit loss ratio	0,10	0,11	0,08		0,14	(0,05)	0,03	(0,01)	0,07

[1] *Corporate and Investment Banking.*
[2] *Retail and Business Banking.*

NEDBANK RETAIL CREDIT LOSS RATIO PER BUSINESS UNIT (%)



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

Summary of the credit loss ratio by business unit

	Mix of average banking advances			Impairment charge						Credit loss ratio		
	Jun 2016 %	Jun 2015 %	Dec 2015 %	**Jun 2016 Rm**	**Jun 2016 Mix %**	Jun 2015 Rm	Jun 2015 Mix %	Dec 2015 Rm	Dec 2015 Mix %	**Jun 2016 %**	Jun 2015 %	Dec 2015 %
Nedbank Group[1]	**100,0**	100,0	100,0	**2 211**	**100,0**	2 307	100,0	4 789	100,0	**0,67**	0,77	0,77
Nedbank CIB[2, 3]	**49,0**	47,2	47,6	**502**	**22,7**	536	23,2	1 188	24,8	**0,31**	0,38	0,40
Nedbank CIB[2, 3] excluding Property Finance	**30,3**	28,6	28,8	**460**	**20,8**	465	20,1	1 091	22,8	**0,46**	0,54	0,61
Property Finance	**18,7**	18,6	18,8	**42**	**1,9**	71	3,1	97	2,0	**0,07**	0,13	0,08
Nedbank RBB[4]	**43,8**	46,2	45,5	**1 773**	**80,2**	1 686	73,1	3 212	67,1	**1,23**	1,22	1,14
Nedbank Business Banking	**10,0**	11,0	10,7	**118**	**5,3**	163	7,1	320	6,7	**0,36**	0,49	0,48
Nedbank Retail[3]	**33,8**	35,2	34,8	**1 655**	**74,9**	1 523	66,0	2 892	60,4	**1,49**	1,44	1,34
Home Loans	**12,4**	13,4	13,1	**79**	**3,6**	17	0,7	48	1,0	**0,19**	0,04	0,06
MFC	**11,9**	12,1	12,0	**517**	**23,4**	375	16,2	790	16,5	**1,32**	1,03	1,06
Consumer Banking	**2,7**	3,0	2,8	**616**	**27,9**	707	30,7	1 297	27,1	**6,94**	7,94	7,34
Personal Loans	**2,5**	2,8	2,7	**583**	**26,4**	680	29,5	1 244	26,0	**7,01**	8,12	7,48
Client Engagement	**0,2**	0,2	0,1	**33**	**1,5**	27	1,2	53	1,1	**5,90**	5,29	5,16
Relationship Banking	**4,7**	4,4	4,6	**20**	**0,9**	20	0,9	34	0,7	**0,13**	0,15	0,12
Card	**2,2**	2,3	2,3	**424**	**19,1**	404	17,5	723	15,1	**5,86**	5,83	5,12
Nedbank Wealth	**4,5**	4,2	4,3	**24**	**1,1**	22	0,9	39	0,8	**0,16**	0,18	0,15
Rest of Africa	**2,5**	2,4	2,6	**63**	**2,8**	64	2,8	201	4,2	**0,76**	0,86	1,25

[1] *Nedbank Group includes a R151m central overlay release.*
[2] *Corporate and Investment Banking.*
[3] *The central units in CIB and Retail do not contribute to CLR and are excluded from the table.*
[4] *Retail and Business Banking.*

IMPAIRMENTS

- Total impairments to gross loans and advances decreased slightly to 1,64% (June 2015: 1,67%) due to the increase in wholesale to 0,77% (June 2015: 0,72%) offset by decrease in Nedbank Retail to 3,30% (June 2015: 3,40%) driven by personal loans.
- The income statement impairments charge decreased by 4,2% to R2 211m (June 2015: R2 307m), with higher impairments in Retail offset by continued improvements in the wholesale business.
  - Nedbank Retail specific impairments decreased by R200m to R1 473m (June 2015: R1 673m), driven by the improvement in book profile in the Personal Loans.
  - Postwriteoff recoveries increased 8,5% to R564m (June 2015: R520m), including recoveries in Retail of R533m (June 2015: R469m), largely driven by increases in MFC to R170m (June 2015: R108m) while Personal Loans and Card remained stable. This quantum of postwriteoff recovery is indicative of ongoing conservative provisioning levels.
- Total balance sheet impairments increased to R11 539m (June 2015: R11 004m), with portfolio impairments increasing to R4 856m (June 2015: R4 386m).

Nedbank Group summary of key impairment trends

	Dec 2012	Dec 2013	Dec 2014	Jun 2015	Dec 2015	Jun 2016
Total income statement impairments net of recoveries (Rm)	5 199	5 565	4 506	2 307	4 789	**2 211**
Specific impairments	4 517	5 091	4 143	2 199	4 355	**2 098**
Portfolio impairments	682	474	363	108	434	**113**
Total balance sheet impairments (Rm)	10 870	11 456	11 095	11 004	11 411	**11 539**
Specific impairments	7 443	7 543	6 832	6 618	6 664	**6 683**
Portfolio impairments	3 427	3 913	4 263	4 386	4 747	**4 856**
Total impairments to gross loans and advances (%)	2,02	1,94	1,78	1,67	1,65	**1,64**
Total Wholesale[1]	0,84	0,77	0,75	0,72	0,75	**0,77**
Nedbank Retail	3,98	4,05	3,61	3,40	3,25	**3,30**

[1] *Wholesale includes Nedbank CIB and Nedbank Business Banking.*

Nedbank Group balance sheet impairments by business cluster

Rm	Jun 2015	Dec 2015	Jun 2016
Nedbank Group	11 004	11 411	**11 539**
Nedbank CIB[1]	1 447	1 735	**1 769**
Nedbank CIB[1] excluding Property Finance	788	1 056	**1 050**
Property Finance	659	679	**719**
Nedbank RBB[2]	8 833	8 672	**8 974**
Nedbank Business Banking	1 408	1 437	**1 505**
Nedbank Retail	7 425	7 235	**7 469**
Nedbank Wealth	145	155	**143**
Rest of Africa	248	368	**303**
Centre	331	481	**350**

[1] *Corporate and Investment Banking.*
[2] *Retail and Business Banking.*

Nedbank Group impairment ratio by business cluster

%	Dec 2012	Dec 2013	Dec 2014	Jun 2015	Dec 2015	Jun 2016
Total impairments to gross loans and advances	2,02	1,94	1,78	1,67	1,65	**1,64**
Nedbank CIB[1]	0,53	0,49	0,48	0,44	0,49	**0,49**
Nedbank CIB[1] excluding Property Finance	0,45	0,45	0,42	0,37	0,45	**0,45**
Property Finance	0,69	0,58	0,60	0,56	0,55	**0,56**
Nedbank RBB[2]	3,52	3,56	3,22	3,11	3,00	**3,06**
Nedbank Business Banking	2,05	2,00	1,98	2,14	2,17	**2,25**
Nedbank Retail	3,98	4,05	3,61	3,40	3,25	**3,30**
Home Loans[3]	2,92	2,56	2,18	2,01	1,86	**1,82**
MFC	3,19	3,23	2,69	2,45	2,29	**2,38**
Personal Loans[4]	9,80	12,66	13,92	14,00	13,89	**13,63**
Card	7,04	7,79	7,21	8,04	8,29	**8,67**
Nedbank Wealth	0,56	0,76	0,67	0,54	0,54	**0,48**
Rest of Africa	1,16	1,26	1,26	1,54	2,18	**1,64**

[1] *Corporate and Investment Banking.*
[2] *Retail and Business Banking.*
[3] *Home Loans represents a specific business unit within Nedbank Retail.*
[4] *Personal Loans represents a specific business unit within Nedbank Retail.*

BALANCE SHEET COVERAGE RATIOS

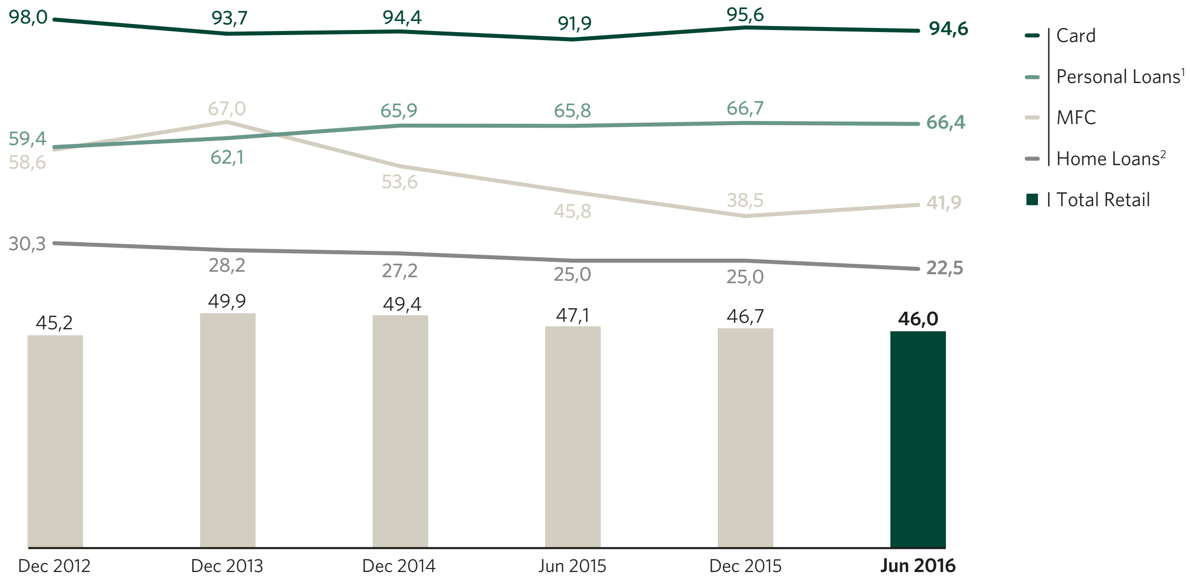
- The group specific coverage ratio decreased to 36,2% (June 2015: 39,6%) year on year driven by higher growth in defaulted advances in the wholesale portfolios compared with those in the retail portfolio, while the portfolio coverage ratio improved to 0,71% (June 2015: 0,68%).
- Wholesale portfolio coverage increased to 0,41% (June 2015: 0,37%), while specific coverage decreased to 23,1% (June 2015: 26,7%).
  - The wholesale specific coverage is typically lower due to lower specific impairments raised on wholesale advances, which are predominantly secured with collateral resulting in relatively lower loss expectations in the event of default. Specific impairments on defaulted wholesale advances are evaluated on a deal-by-deal basis.
- The Nedbank Retail specific coverage decreased to 46,0% (June 2015: 47,1%) due to higher defaults in the secured portfolios and sustained improvement in personal loans driven by the better quality of the portfolio.
  - The MFC specific coverage ratio decreased to 41,9% (June 2015: 45,8%) due to an increase in the number of restructures as well as the implementation of SARB directive 7/2015. Excluding the impact of SARB directive 7/2015 the specific coverage ratio would be 48,9%.
  - Portfolio coverage on Nedbank Retail increased to 1,23% (June 2015: 1,17%), confirming continued conservatism in provisioning.

Nedbank Group coverage ratios by business cluster

%	Dec 2012	Dec 2013	Dec 2014	Jun 2015	Dec 2015	Jun 2016
Specific coverage ratio	38,6	42,3	43,1	39,6	38,0	**36,2**
Nedbank CIB[1]	22,3	23,6	27,7	18,1	17,1	**14,8**
Nedbank CIB[1] excluding Property Finance	37,9	33,7	36,4	13,3	13,4	**9,2**
Property Finance	22,2	20,9	25,8	24,5	29,4	**23,5**
Nedbank RBB[2]	43,4	47,5	47,6	45,8	45,6	**44,6**
Nedbank Business Banking	34,4	35,8	38,5	39,2	40,5	**38,7**
Nedbank Retail	45,2	49,9	49,4	47,1	46,7	**46,0**
Nedbank Wealth	15,9	26,9	23,9	20,8	20,8	**17,3**
Rest of Africa	43,8	47,0	47,3	44,3	41,6	**34,9**
Portfolio coverage ratio	0,66	0,68	0,70	0,68	0,70	**0,71**
Nedbank CIB[1]	0,22	0,21	0,24	0,27	0,29	**0,31**
Nedbank CIB[1] excluding Property Finance	0,22	0,21	0,24	0,28	0,30	**0,35**
Property Finance	0,20	0,22	0,22	0,24	0,28	**0,24**
Nedbank RBB[2]	1,07	1,18	1,17	1,11	1,11	**1,16**
Nedbank Business Banking	0,62	0,72	0,82	0,89	0,94	**0,93**
Nedbank Retail	1,21	1,33	1,28	1,17	1,16	**1,23**
Nedbank Wealth	0,12	0,12	0,10	0,10	0,12	**0,12**
Rest of Africa	0,72	0,70	0,53	0,83	0,64	**0,59**

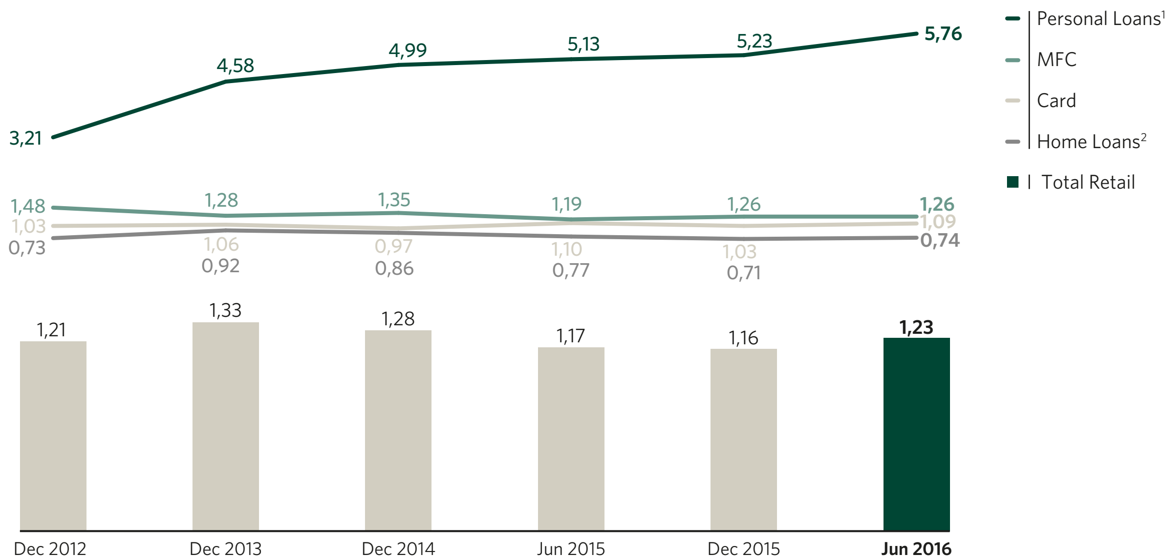
[1] *Corporate and Investment Banking.*
[2] *Retail and Business Banking.*

RETAIL SPECIFIC COVERAGE RATIO
(%)



1 Personal Loans represents a specific business unit within Nedbank Retail.
2 Home Loans represents a specific business unit within Nedbank Retail. This excludes home loans in the Nedbank Retail Relationship Banking business unit.

RETAIL PORTFOLIO COVERAGE RATIO
(%)



1 Personal Loans represents a specific business unit within Nedbank Retail.
2 Home Loans represents a specific business unit within Nedbank Retail. This excludes home loans in the Nedbank Retail Relationship Banking business unit.

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

	Jun 2016							
	Defaulted loans and advances		Expected recoveries	Specific impairments				Specific coverage ratio
	Rm	as % of total	Rm	Rm	as % of total	on defaulted advances Rm	for discounted-cashflow losses Rm	%
Nedbank CIB	4 437	24,1	3 779	658	9,9	246	412	14,8
Nedbank CIB excluding Property Finance	2 676	14,5	2 431	245	3,7	92	153	9,6
Leases and instalment debtors	2	< 0,1	(1)	3		3		150,0
Other loans and advances	2 674	14,5	2 432	242	3,7	89	153	8,6
Property Finance	1 761	9,5	1 348	413	6,2	154	259	23,5
Commercial mortgages	1 526	8,3	1 113	413	6,2	154	259	27,0
Properties in possession	190	1,0	190					
Other loans and advances	45	0,2	45					
Nedbank Retail and Business Banking	12 806	69,4	7 090	5 717	85,6	5 040	677	44,6
Nedbank Business Banking	2 327	12,6	1 427	900	13,5	674	226	38,7
Residential mortgages	849	4,6	633	216	3,2	125	91	25,4
Commercial mortgages	449	2,4	353	96	1,5	27	69	21,4
Leases and instalment debtors	332	1,8	139	193	2,9	172	21	58,1
Cards	9	< 0,1	1	8	0,1	8		88,9
Properties in possession	3	< 0,1	3					
Other loans and advances	685	3,7	298	387	5,8	342	45	56,5
Nedbank Retail	10 479	56,8	5 662	4 817	72,1	4 366	451	46,0
Residential mortgages	4 479	24,3	3 439	1 040	15,6	872	168	23,2
Commercial mortgages	27	0,1	13	14	0,2	12	2	51,9
Leases and instalment debtors	2 282	12,4	1 308	974	14,6	912	62	42,7
Cards	1 179	6,4	63	1 116	16,7	1 104	12	94,6
Personal loans	2 174	11,8	731	1 443	21,6	1 237	206	66,4
Properties in possession	99	0,5	99					
Other loans and advances	239	1,3	9	230	3,4	229	1	95,8
Nedbank Wealth	626	3,4	518	108	1,6	(3)	111	17,3
Residential mortgages	436	2,4	365	71	1,1	(40)	111	16,3
Commercial mortgages	123	0,7	94	29	0,4	29		23,6
Leases and instalment debtors	11	0,1	9	2	< 0,1	2		18,2
Properties in possession	47	0,2	47					
Other loans and advances	9	< 0,1	3	6	0,1	6		66,7
Rest of Africa	568	3,1	370	198	3,0	(55)	253	34,9
Residential mortgages	144	0,8	112	32	0,5	(15)	47	22,2
Commercial mortgages	2	< 0,1	1	1	< 0,1	(11)	12	50,0
Leases and instalment debtors	92	0,5	48	44	0,7	5	39	47,8
Cards	6	< 0,1	2	4	< 0,1		4	66,7
Personal loans	55	0,3	23	32	0,5		32	58,2
Other loans and advances	269	1,5	184	85	1,3	(34)	120	31,6
Centre			(2)	2	< 0,1	2		
Other loans and advances			(2)	2	< 0,1	2		
Nedbank Group	18 437	100,0	11 754	6 683	100,0	5 229	1 454	36,2
Residential mortgages	5 908	32,0	4 549	1 359	20,4	942	417	23,0
Commercial mortgages	2 127	11,5	1 574	553	8,3	211	342	26,0
Leases and instalment debtors	2 719	14,8	1 503	1 216	18,2	1 094	122	44,7
Cards	1 194	6,5	66	1 128	16,8	1 112	16	94,5
Personal loans	2 229	12,1	754	1 475	22,1	1 237	238	66,2
Properties in possession	339	1,8	339					
Other loans and advances	3 921	21,3	2 969	952	14,2	633	319	24,2

Jun 2015								Dec 2015							
Defaulted loans and advances		Expected re-coveries	Specific impairments				Specific coverage ratio	Defaulted loans and advances		Expected re-coveries	Specific impairments				Specific coverage ratio
Rm	as % of total	Rm	Rm	as % of total	on defaulted advances Rm	for dis-counted-cash-flow losses Rm	%	Rm	as % of total	Rm	Rm	as % of total	on defaulted advances Rm	for dis-counted-cash-flow losses Rm	%
3 134	18,8	2 567	567	8,5	265	302	18,1	4 074	23,2	3 378	696	10,4	396	300	17,1
1 409	8,5	1 221	188	2,8	115	73	13,3	2 636	15,0	2 282	354	5,0	282	72	13,4
76	0,5	70	6	0,1	6		7,9	4	< 0,1	1	3	< 0,1	3		75,0
1 333	8,0	1 151	182	2,7	109	73	13,7	2 632	15,0	2 281	351	5,0	279	72	13,3
1 725	10,3	1 346	379	5,7	150	229	22,0	1 438	8,2	1 323	342	5,1	114	228	23,8
1 337	8,0	958	379	5,7	150	229	28,3	1 228	7,0	1 113	342	5,1	114	228	27,9
388	2,3	388						210	1,2	210					
12 732	76,3	6 899	5 833	88,3	5 145	688	45,8	12 263	69,8	6 665	5 598	84,0	4 956	642	45,6
2 145	12,9	1 303	842	12,6	657	185	39,2	2 059	11,7	1 226	833	12,5	644	189	40,5
796	4,8	584	212	3,2	136	76	26,6	777	4,5	576	201	3,0	122	79	25,9
371	2,2	290	81	1,2	33	48	21,8	373	2,1	297	76	1,1	25	51	20,4
338	2,0	117	221	3,3	207	14	65,4	305	1,7	108	197	3,0	182	15	64,6
9	0,1		9	0,1	9		100,0	7	< 0,1		7	0,1	7		100,0
2	< 0,1	2						5	< 0,1	5					
629	3,8	310	319	4,8	272	47	50,7	592	3,4	240	352	5,3	308	44	59,5
10 587	63,4	5 596	4 991	75,7	4 488	503	47,1	10 204	58,1	5 439	4 765	71,5	4 312	453	46,7
4 545	27,2	3 369	1 176	17,8	1 020	156	25,9	4 258	24,2	3 163	1 095	16,4	938	157	25,7
30	0,2	12	18	0,3	17	1	60,0	29	0,2	16	13	0,2	12	1	44,8
2 191	13,2	1 158	1 033	15,7	967	66	47,1	2 234	12,8	1 344	890	13,4	824	66	39,8
1 074	6,4	87	987	15,0	971	16	91,9	1 072	6,1	46	1 026	15,4	1 017	9	95,7
2 370	14,2	811	1 559	23,6	1 296	263	65,8	2 297	13,1	765	1 532	23,0	1 313	219	66,7
141	0,8	141						96	0,5	96					
236	1,4	18	218	3,3	217	1	92,4	218	1,2	9	209	3,1	208	1	95,9
567	3,4	449	118	1,8	10	108	20,8	587	3,3	465	122	1,8		122	20,8
395	2,4	303	92	1,4	(16)	108	23,3	390	2,2	302	88	1,3	(34)	122	22,6
111	0,7	93	18	0,3	18		16,2	136	0,8	111	25	0,4	25		18,4
13	0,1	10	3		3		23,1	11	0,1	9	2	< 0,1	2		18,2
39	0,2	39						43	0,2	43					
9	< 0,1	4	5	0,1	5		55,6	7	< 0,1		7	0,1	7		100,0
262	1,5	146	116	1,6	9	107	44,3	635	3,7	371	264	4,0	105	159	41,6
81	0,5	60	21	0,3	(2)	23	25,9	101	0,6	80	21	0,3	(8)	29	20,8
1	< 0,1		1		(1)	2	100,0	1	< 0,1	1			(12)	12	
40	0,2	19	21	0,3	2	19	52,5	63	0,4	29	34	0,5	2	32	54,0
4	< 0,1	1	3			3	75,0	5	< 0,1	2	3	< 0,1		3	60,0
38	0,2	11	27	0,4	(1)	28	71,1	44	0,3	15	29	0,5	4	25	65,9
98	0,6	55	43	0,6	11	32	43,9	421	2,4	244	177	2,7	119	58	42,0
		16	(16)	(0,2)	(16)					16	(16)	(0,2)	(16)		
		16	(16)	(0,2)	(16)					16	(16)	(0,2)	(16)		
16 695	100,0	10 077	6 618	100,0	5 413	1 205	39,6	17 559	100,0	10 895	6 664	100,0	5 441	1 223	38,0
5 817	34,8	4 316	1 501	22,7	1 138	363	25,8	5 526	31,5	4 121	1 405	21,0	1 018	387	25,4
1 850	11,1	1 353	497	7,5	217	280	26,9	1 767	10,1	1 311	456	6,8	164	292	25,8
2 658	15,9	1 374	1 284	19,4	1 185	99	48,3	2 617	15,0	1 491	1 126	16,9	1 013	113	43,1
1 087	6,5	88	999	15,1	980	19	91,9	1 084	6,1	48	1 036	15,5	1 024	12	95,5
2 408	14,4	822	1 586	24,0	1 295	291	65,9	2 341	13,4	780	1 561	23,5	1 317	244	66,7
570	3,4	570						354	1,9	354					
2 305	13,9	1 554	751	11,3	598	153	32,6	3 870	22,0	2 790	1 080	16,3	905	175	27,9

CREDIT CONCENTRATION RISK

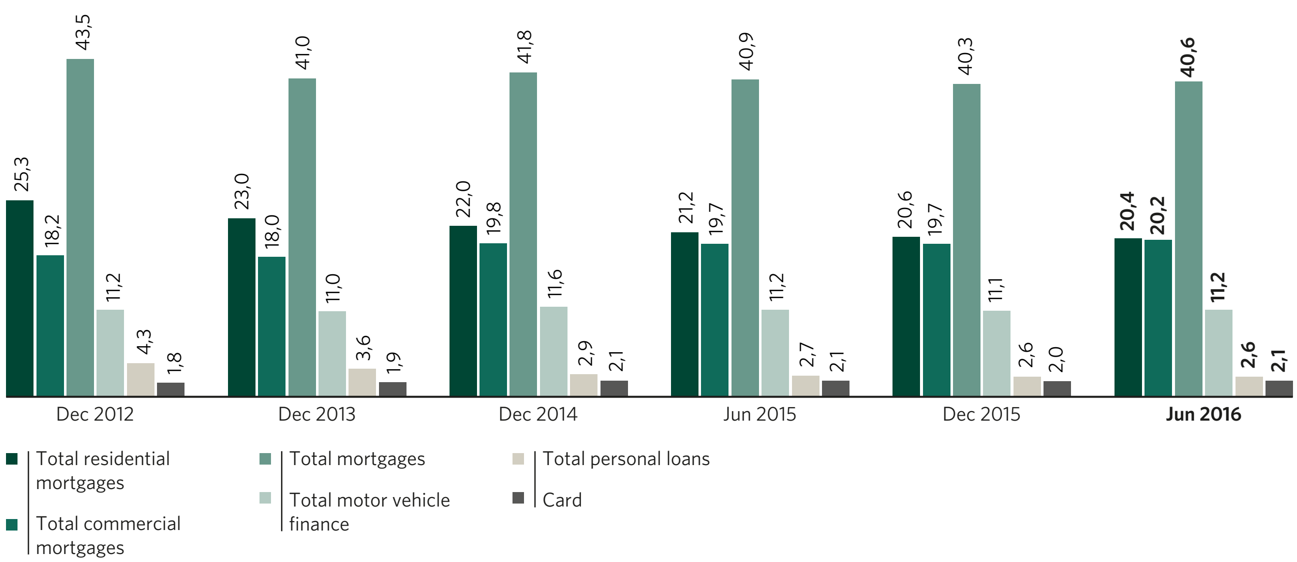
- Unmanaged risk concentrations are potentially a cause of major risk in banks. Concentration risk is therefore considered separately as part of Nedbank's Risk Appetite Framework.

Single-name credit concentration risk

- The group's credit concentration risk measurement incorporates the asset size of obligors/borrowers into its calculation of credit economic capital. Single-name credit concentration, including the applicable regulatory and economic capital per exposure, is monitored at all credit committees within the group's Enterprisewide Risk Management Framework (ERMF).
- Of total group credit economic capital, only 6,7% (June 2015: 5,7%) is attributable to the top 20 largest exposures, excluding banks and government exposure, highlighting that Nedbank Group does not have material single-name credit concentration risk.
  - This increase is due to good pipeline conversion rates within strategic growth sectors.
- Direct exposure to the SA government relates mainly to statutory liquid-asset requirements, and Basel III liquidity buffers, and constitutes 10,6% (June 2015: 8,4%) of total balance sheet credit exposure.
  - This increase relates to the buildup of HQLA, in line with the group's planning for the transitional LCR requirements that became effective on 1 January 2015. In line with these increasing transitional requirements, exposure to the SA government will continue to increase through to 2019.

Product concentration risk

% OF TOTAL GROSS LOANS AND ADVANCES BY MAJOR CREDIT PORTFOLIOS

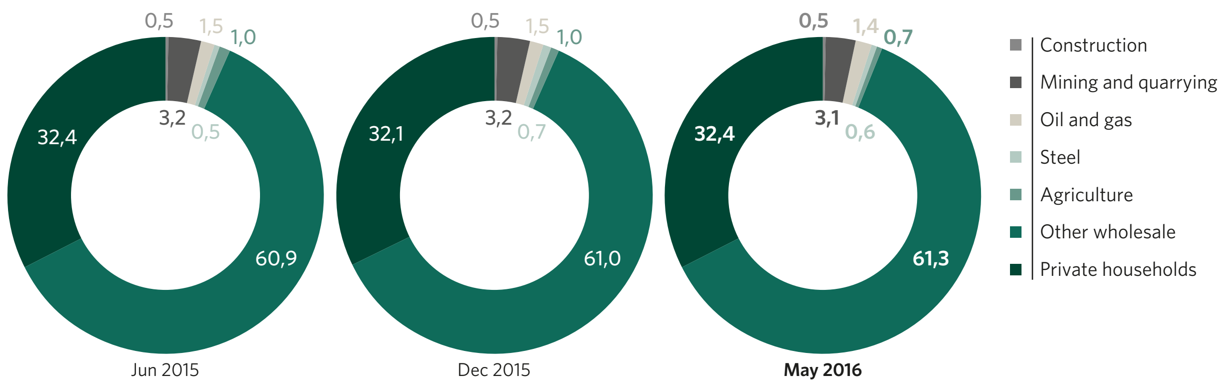


- Nedbank Group has adopted a selective origination, client-centred growth emphasis as a core part of its strategic portfolio tilt strategy.
- Nedbank's approach to managing its mortgages (or property portfolio) is to take a holistic approach across both residential and commercial-mortgages, preferring a leading market share in commercial-mortgages given the better risk-based economics and returns.
  - Commercial-mortgage lending has increased since 2012 from 18,2% to 20,2% (June 2015: 19,7%) of gross loans and advances, and consequently Nedbank Group has maintained its leading local market share position, currently at 40,3%. This potentially high concentration is mitigated by good-quality assets, high levels of collateral, a low average loan-to-value ratio (approximately 50%), the underpinning of corporate leases, and a highly experienced management team considered to be the leader in property finance in SA.
  - While Nedbank Group has the smallest residential-mortgage portfolio among the local peer group at 14,4% of market share, the contribution of these advances as a percentage of total gross loans and advances was still substantial at 20,4% in June 2016 (June 2015: 21,2%). However, this level of contribution to the balance sheet is lower than that of its peers.
  - The focus in Home Loans since 2009 has been lending through our own channels, including branch, own sales force and more recently Nedbank's new on-line home loan application, and to a far lesser degree, compared with the industry, through mortgage originators. This enables a better quality risk profile, more appropriate risk-based pricing and therefore more appropriate returns, with a client-centred approach.
  - When including residential mortgages, Nedbank's total mortgage market share is in line with that of its peers at 21,5%.
- Total retail motor vehicle finance exposure within Nedbank Group has remained flat at 11,2% of gross loans and advances since 2012, while current market share is approximately 31,5%, which is second of the big four banks in SA.
- Personal loans advances have decreased from its peak of 4,3% in 2012 and are now at 2,6% of gross loans and advances. Personal loans gross loans and advances increased by 3,3% from June 2015 for the first time since 2012.
- As a percentage of total gross loans and advances, Card loans and advances have increased moderately from 1,8% in 2012 to 2,1% in June 2016 (June 2015: 2,1%).

Industry concentration risk

- The group has low concentration risk to the agriculture sector (affected by the recent drought) as well as those portfolios impacted by commodity prices that have stabilised at higher levels. These industries are a small component of the overall portfolio representing 6,3% of the group's on-balance-sheet exposure, down from 6,7% in June 2015.
  - The increase in oil and commodity prices has resulted in positive ratings across the book. The portfolio reflects low concentration and downside risk against the tough economic environment.
- All impacted portfolios are closely monitored by Nedbank, and the quality thereof is assessed on an ongoing basis to ensure that the levels of credit impairments on portfolios are adequate.
  - Comprehensive deep dives and sensitivity analyses have been performed on the portfolio to obtain deeper insight of the changes experienced in the client base in the difficult economic environment, as well as quantify the impact of further potential economic stress.

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



[1] *Nedbank Group on-balance-sheet exposure R783bn (June 2015: R746bn).*

SECURITISATION RISK

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

Assets securitised and retained securitisation exposure

	Year initiated	Rating agency	Transaction type	Asset type	Assets securitised[1]			Assets outstanding			Amount retained/ purchased			Risk-weighted assets[2]		
Rm					**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015
Greenhouse I	2007	Moody's[3]	Traditional securitisation	Home loans	**2 049**	2 049	2 049	**1 249**	1 459	1 356	**377**	377	376	**282**	339	295
Precinct	2013	Moody's	Traditional securitisation	Commercial-property loans	**2 344**	2 344	2 344	**1 113**	1 391	1 280	**522**	523	519	**327**	497	438
Greenhouse III	2014	Moody's[3]	Traditional securitisation	Home loans	**2 052**	2 052	2 052	**1 818**	2 011	1 931	**293**	440	288	**439**	480	327

[1] *This includes all assets identified for securitisation at the transaction close.*
[2] *The regulatory capital held against these securitisation exposures is capped at the Internal Ratings-based (IRB) Approach capital that the bank would have held against the underlying assets had they not been securitised.*
[3] *Previously rated by Fitch Ratings, Greenhouse I and Greenhouse III are now rated by Moody's Investor Ratings Services.*

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

	Year initiated	Rating agency	Transaction type	Asset type	Programme size	Face value of notes outstanding			Liquidity facilities			Risk-weighted assets[1]		
Rm						**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015	**Jun 2016**	Jun 2015	Dec 2015
Synthesis	2004	Global Credit Ratings[2]	ABCP programme	Asset-backed securities, corporate term loans and bonds	15 000	**2 102**	3 338	2 761	**2 104**	3 341	2 763	**446**	708	586

[1] *The regulatory capital held against these securitisation exposures is capped at the IRB Approach capital that the bank would have held against the underlying assets had they not been securitised, subject to a 20% risk-weighting floor.*
[2] *Previously rated by Fitch Ratings, Synthesis is now rated by Global Credit Ratings Co (GCR). On 20 April 2016, GCR accorded a short-term credit rating of 'A1+(ZA)(sf)' to the securities mentioned above.*

- There have been no downgrades of any of the commercial paper or notes issued by Nedbank Group's securitisation transactions and the performance of the underlying portfolios of assets remains sound.
- Nedbank Group also fulfils a number of secondary roles as liquidity facility provider, hedge counterparty and investor to third-party securitisation transactions.
- All securitisation transactions entered into thus far have involved the sale of the underlying assets to the special-purpose vehicles. Nedbank Group has not originated or participated in synthetic securitisations.
- Nedbank Group complies with IFRS in recognising and accounting for securitisation transactions.
  - In particular, the assets transferred to the Greenhouse securitisation vehicles and the Precinct securitisation vehicle continue to be recognised on the balance sheet of the bank and the securitisation vehicles are consolidated under Nedbank Group for financial reporting purposes, as is Synthesis.
  - Securitisations are treated as sale transactions (rather than financing transactions). The assets are sold to the special-purpose vehicles at carrying value and no gains or losses are recognised.
  - In line with Nedbank's strategy to diversify its funding base while proactively managing its funding profile Nedbank is likely to securitise a further portion of commercial mortgages in the second half of 2016, assuming pricing and market conditions permit.

MARKET RISKS

- Other than IRRBB, Nedbank does not have a significant risk appetite for, or exposure to, market risk.
  - Nedbank's IRRBB is positioned for an upward interest rate cycle and is predominantly managed in line with impairment sensitivity for similar rate change expectations. Nedbank maintains an appropriate level of interest rate sensitivity and has benefited from the cycle of rising interest rates.
  - The focus of the trading businesses is to continue to develop the flow model, by leveraging the dealflow from clients.
  - Equity risk in the banking book is low relative to the rest of the balance sheet. The key strategic investments (ETI and Banco Único) are accounted for under the equity method of accounting. The total equity portfolio that is fair-valued is R4 641m (June 2015: R4 224m).
  - Foreign currency translation (FCT) risk does not have a material impact on the group's total regulatory CAR as a result of the inclusion of foreign currency translation reserves (FCTR) in qualifying capital and reserves since 1 January 2013. FCT risk remains relatively low, even after the acquisition of equity stakes in ETI and Banco Único in 2014.

Summary of Nedbank Group market risk profile

		Jun 2016	Jun 2015	Dec 2015
Interest rate risk in the banking book (high)				
NII sensitivity to 1% decline in interest rates (equal and opposite positive NII impact for an increase in interest rates)[1]	(Rm)	**(1 259)**	(1 104)	(1 204)
NII sensitivity to 2% decline in interest rates (equal and opposite positive NII impact for an increase in interest rates)[1]	(Rm)	**(2 462)**	(2 181)	(2 316)
% of ordinary shareholders' equity (OSE) (board limit: < 2,25%)[2]	(%)	**1,66**	1,61	1,61
Trading market risk (low)				
% of group minimum economic capital requirement	(%)	**0,5**	0,5	0,5
Total value at risk (VaR) (99%, one-day VaR) exposure (average)[3]	(Rm)	**33,3**	11,1	13,6
Total stressed VaR exposure (99%, one-day VaR at the end of the period)	(Rm)	**37,8**	21,4	53,3
Foreign currency translation risk (low)				
Impact on group's total regulatory capital ratio for 10% change in the value of the rand	(%)	**0,2**	0,2	0,3
Equity risk in the banking book (low)				
Total equity portfolio	(Rm)	**11 168**	10 343	13 136
Disclosed at fair value	(Rm)	**4 641**	4 224	4 719
Equity-accounted	(Rm)	**6 527**	6 119	8 417
% of total assets	(%)	**1,2**	1,2	1,4
% of group minimum economic capital requirement	(%)	**5,2**	4,8	5,2

[1] *Positioned for an upward interest rate cycle.*
[2] *Measured for a 1% decline in interest rates.*
[3] *The increase in average VaR is due to the inclusion of credit valuation adjustments (CVA) and debit valuation adjustments (DVA) hedging activity included in the Nedbank Market Risk Framework during the period, which was subsequently removed at the end of May 2016, and is now monitored in a separate CVA Framework.*

INTEREST RATE RISK IN THE BANKING BOOK

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

Sensitivity analysis

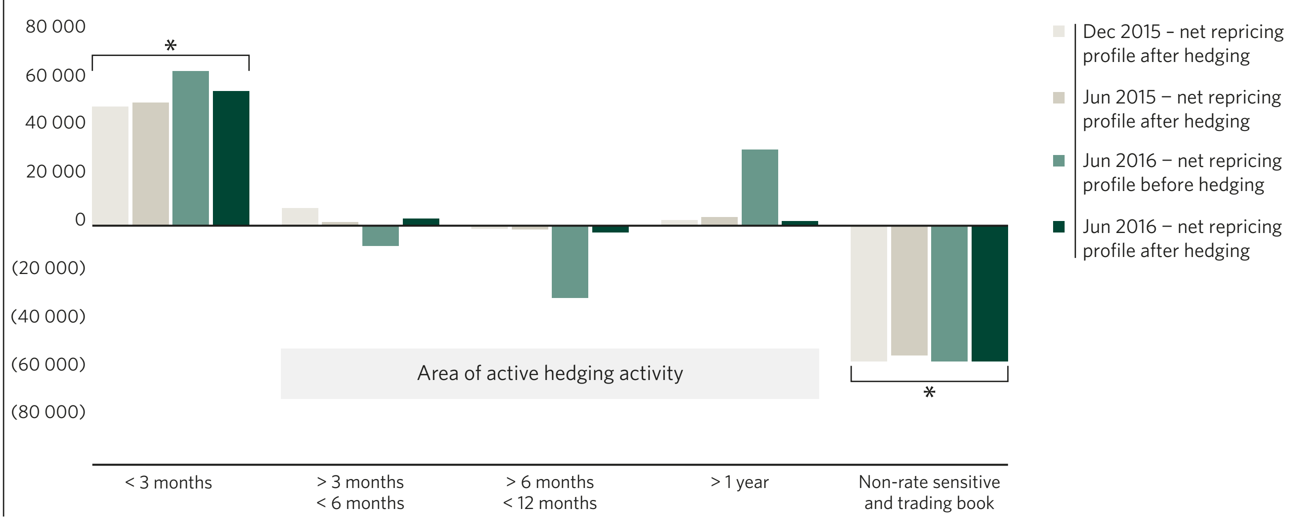
- At June 2016 the NII sensitivity of the group's banking book for a 1% parallel reduction in interest rates measured over 12 months is 1,66% of total group OSE (December 2015: 1,61%), which is well within the board's approved risk limit of < 2,25%.

- This exposes the group to a decrease in NII of approximately R1 259m before tax should interest rates fall by 1%, measured over a 12-month period.
  - The NII sensitivity, as currently modelled, exhibits very little convexity and will therefore also result in an increase in pretax NII of approximately similar amounts should interest rates increase by 1%.
- The group's NII sensitivity is actively managed through on- and off-balance-sheet interest rate risk management strategies for the group's expected interest rate view and impairment sensitivity.
- Nedbank Ltd's economic value of equity (EVE), measured for a 1% parallel decrease in interest rates, remains at a low level of -R33m at June 2016 (December 2015: R188m).
  - The low level of EVE is the result of the group's risk management strategies, whereby assets and liabilities are typically positioned to reprice in the < 3-month repricing bucket and net working capital largely offsets the non-rate-sensitive transactional balances from an interest rate sensitivity perspective, thereby positioning OSE to be repriced as interest rates change.

Nedbank Ltd interest rate repricing gap

Rm	< 3 months	> 3 months < 6 months	> 6 months < 12 months	> 1 year	Non-rate sensitive and trading book
June 2016					
Net repricing profile before hedging	**63 972**	**(8 644)**	**(30 285)**	**31 486**	**(56 529)**
Net repricing profile after hedging	**55 780**	**2 635**	**(2 962)**	**1 076**	**(56 529)**
Cumulative repricing profile after hedging	**55 780**	**58 415**	**55 453**	**56 529**	**-**
June 2015					
Net repricing profile before hedging	46 688	(15 623)	(9 416)	32 554	(54 203)
Net repricing profile after hedging	50 912	1 234	(1 343)	3 400	(54 203)
Cumulative repricing profile after hedging	50 912	52 146	50 803	54 203	-
December 2015					
Net repricing profile before hedging	36 319	(568)	(11 289)	32 106	(56 568)
Net repricing profile after hedging	49 224	7 023	(650)	971	(56 568)
Cumulative repricing profile after hedging	49 224	56 247	55 597	56 568	-

NEDBANK LTD INTEREST RATE REPRICING PROFILE (Rm)



Non-rate-sensitive capital, working capital and transactional deposit accounts expose the balance sheet to sensitivity as the rest of the balance is positioned to be repriced in < 3 months.

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

EQUITY RISK IN THE BANKING BOOK

- Equity investments in the banking book are primarily undertaken by Nedbank CIB. Additional investments are undertaken as a result of operational or strategic requirements.
- The Nedbank board sets the overall risk appetite and strategy of the group for equity risk, and business compiles portfolio objectives and investment strategies for its investment activities. These address the types of investments, expected business returns, desired holding periods, diversification parameters and other elements of sound investment management oversight.
- Key strategic investments (ETI and Banco Único) are accounted for under the equity method of accounting and are therefore not included in this fair-value disclosure. Equity investments that are accounted for under the equity method of accounting total R6 527m (June 2015: R6 119m).

Equity accounted investments

Rm	Jun 2016	Jun 2015	Dec 2015
Banco Único	**275**	269	359
Bond Choice (Pty) Ltd	**25**	25	25
Ecobank Transnational Incorporated	**6 014**	5 596	7 808
Namclear (Pty) Ltd	**5**	3	4
S.B.V. Services (Pty) Ltd	**73**	103	92
South African Bankers Services Company Ltd	**135**	123	129
Total	**6 527**	6 119	8 417

- At 30 June 2016 the carrying value of our long-term strategic investment in ETI was R6 014m and the market value based on ETI's share price, albeit in largely illiquid markets, was R4 350m.
- A value-in-use test was performed to assess the carrying value for impairment. The value in use, while having decreased from December 2015, still exceeds the carrying value, and as a result there was no requirement to impair our investment.
- Nedbank will continue to assess the indicators of impairment in future reporting periods. In the event of an impairment this would fall outside of headline earnings and have an immaterial impact on regulatory capital.

Fair value of equity investments

- The total equity portfolio that is fair-valued is R4 641m (June 2015: R4 224m), and is a very small component of the group's balance sheet, comprising only 0,5% of the group's total assets.

	Publicly listed			Privately held			Total		
Rm	Jun 2016	Jun 2015	Dec 2015	Jun 2016	Jun 2015	Dec 2015	Jun 2016	Jun 2015	Dec 2015
Fair value disclosed in balance sheet[1]	**54**	52	449	**3 146**	3 146	3 107	**3 200**	3 198	3 556
Fair value disclosed in balance sheet[2]	**54**	52	449	**4 587**	4 172	4 270	**4 641**	4 224	4 719

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

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

Rm	Jun 2016	Jun[1] 2015	Dec 2015
Securities dealing	**401**	230	502
Investment income – dividends received	**31**	20	384
Total	**432**	250	886
Realised	**219**	518	1 043
Unrealised	**213**	(268)	(157)
Total	**432**	250	886

[1] *June 2015 NIR has been restated to include income previously reported in sundry income.*

TRADING MARKET RISK

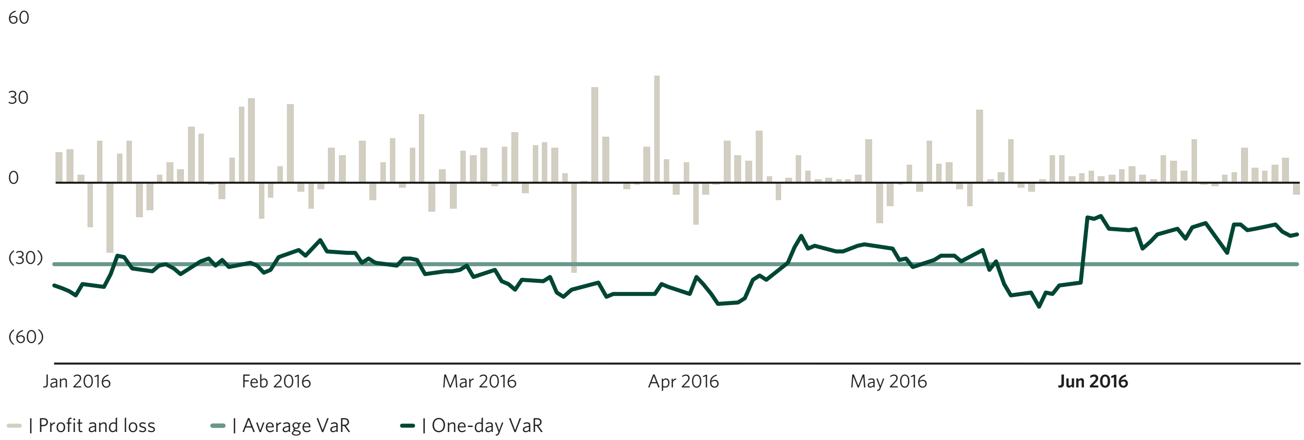
- Most of Nedbank Group's trading activity is managed in Nedbank CIB and is primarily focused on client activities and flow trading. This includes marketmaking and the facilitation of client business in the foreign exchange, interest rate, equity, credit and commodity markets.
- The final version of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

	Trading book VaR				Trading book stressed VaR			
	Historical VaR (99%, one-day VaR)				Historical stressed VaR (99%, 10-day sVaR)[1]			
Risk type Rm	Average	Minimum[2]	Maximum[2]	End of period	Average	Minimum[2]	Maximum[2]	End of period
January – June 2016								
Foreign exchange	**15,8**	**1,8**	**25,4**	**3,0**	**65,9**	**13,6**	**104,2**	**16,0**
Interest rate	**19,0**	**9,2**	**34,1**	**9,4**	**110,1**	**61,5**	**157,1**	**93,3**
Equity	**5,3**	**1,9**	**8,2**	**5,3**	**70,5**	**27,3**	**94,7**	**81,0**
Credit	**8,5**	**6,4**	**10,9**	**6,6**	**40,8**	**27,1**	**69,5**	**53,1**
Commodity	**0,6**	**< 0,1**	**2,7**	**0,1**	**1,1**	**0,1**	**5,6**	**0,3**
Diversification[3]	**(15,9)**			**(10,7)**	**(106,5)**			**(124,2)**
Total VaR exposure	**33,3**	**13,6**	**51,2**	**13,7**	**181,9**	**78,2**	**301,0**	**119,5**
January – June 2015								
Foreign exchange	2,0	0,6	5,2	3,3	24,6	4,2	58,0	44,5
Interest rate	6,0	3,7	11,8	4,4	58,6	37,2	76,8	54,1
Equity	1,9	0,6	5,9	2,0	14,4	3,3	32,6	5,3
Credit	6,2	4,9	7,9	7,4	36,7	22,9	50,2	49,0
Commodity	0,3	< 0,1	1,1	< 0,1	0,3	< 0,1	1,8	0,1
Diversification[3]	(5,3)			(6,2)	(57,5)			(85,3)
Total VaR exposure	11,1	7,5	22,3	10,9	77,1	57,5	101,0	67,7
January – December 2015								
Foreign exchange	3,2	0,6	17,8	17,7	27,7	4,2	76,0	70,9
Interest rate	7,4	3,7	23,4	22,4	76,7	37,2	135,3	116,0
Equity	3,4	0,6	11,1	6,3	43,1	3,3	89,4	65,1
Credit	7,0	4,9	11,6	9,2	50,1	22,9	115,8	43,9
Commodity	0,4	< 0,1	2,4	1,7	0,6	< 0,1	5,9	5,2
Diversification[3]	(7,8)			(15,0)	(82,8)			(132,4)
Total VaR exposure	13,6	7,5	44,6	42,3	115,4	57,5	311,7	168,7

[1] A summary of the 10-day 99% stressed VaR from January 2016 to June 2016. Stressed VaR is calculated weekly and is included on the daily BA325 and monthly BA320 that are submitted to SARB. It is calculated using a 99% confidence interval for a one-day holding period and then scaled to a 10-day holding period.
[2] The minimum and maximum VaR values reported for each of the different risk factors do not necessarily occur on the same day. As a result, a diversification number for the minimum and maximum values have been omitted from the table.
[3] Diversification benefit is the difference between the aggregate VaR and the sum of VaRs for the five risk types. This benefit arises because the simulated 99% one-day loss for each of the five primary market risk types occurs on different days.

- The average daily VaR exposures increased during 2016, as the trading desk continued to hedge CVA/DVA sensitivities. Under the Basel II.5 Market Risk Framework, no offset is recognised between CVA/DVA sensitivities and the corresponding hedges traded to reduce income volatility. At the end of May 2016 these hedges were removed from the Nedbank Market Risk Framework and are now monitored in a separate CVA Framework, resulting in the end-of-period VaR exposure decreasing. Equity VaR increased on the back of continued growth in client facilitation and volatility in the underlying risk factor. Credit VaR decreased due to a reduction in risk appetite.
- The first six months of 2016 were characterised by both local as well as global macroeconomic factors driving higher levels of volatility across all asset classes. The SA rand reached its lowest level against the major currencies during the first quarter of 2016, with a recovery in the second quarter. Emerging-market economies, including SA, attracted capital inflows supporting local interest rates and currencies.
- The graph on the next page illustrates the daily normal VaR for the six-month period ended June 2016. Nedbank Group remained within the approved risk appetite and VaR limits allocated by the board, which remain low, with trading market risk consuming only 0,5% and 3,1% of group economic capital and regulatory capital respectively.

NEDBANK GROUP VaR VERSUS PROFIT AND LOSS FOR THE SIX MONTHS ENDED JUNE 2016 (99%, ONE-DAY VaR)
(Rm)



- VaR is an important measurement tool and the performance of the model is regularly assessed through backtesting. This is done by reviewing the daily VaR over a one-year period (on average 250 trading days) and comparing the actual and hypothetical daily trading revenue (including NII but excluding commissions and primary revenue) with the VaR estimate, and counting the number of times the trading loss exceeds the VaR estimate.
  - Nedbank had no backtesting exceptions in the period under review.
- The first six months of 2016 were characterised by a positive contribution from most business lines, which resulted in strong financial performance, notably from the fixed-income and foreign exchange areas.
- Nedbank Group's trading businesses (including NII, commissions and primary revenue credited to Nedbank Group's trading businesses) produced a daily revenue distribution that is skewed to the profit side, with trading revenue being realised on 102 days out of a total of 123 days in the period.
- The average daily trading revenue generated for the period, excluding revenue related to investment banking, was R12,0m (December 2015: R11,1m).

FOREIGN CURRENCY TRANSLATION RISK IN THE BANKING BOOK

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

Nedbank Group offshore capital split by functional currency

	Jun 2016			Jun 2015			Dec 2015		
$m (US dollar equivalent)	**Forex-sensitive**	**Non-forex-sensitive**	**Total**	Forex-sensitive	Non-forex-sensitive	Total	Forex-sensitive	Non-forex-sensitive	Total
US dollar	**543**		**543**	631		631	651		651
Pound sterling	**141**		**141**	146		146	145		145
Malawi kwacha	**5**		**5**	6		6	5		5
Mozambican metical	**19**		**19**	22		22	23		23
Other		**530**	**530**		560	560		521	521
Total	**708**	**530**	**1 238**	805	560	1 365	824	521	1 345
Limit	**1 100**			1 000			1 000		

- Foreign-denominated equity in subsidiaries and associates has decreased by 14,1% to US$708m in June 2016 (December 2015: US$824m), mainly due to a decrease in the value of the investment made in ETI (-US$111m) as a result of the aggregation of Nedbank's share of ETI's earnings in Q4 2015 of -R676m (-US$43,4m) and Q1 2016 of R230m (US$15,5m) (reporting one quarter in arrears) and Nedbank's share of their own FCT losses (largely due to the weakness in the Nigerian and Ghanaian currencies against the US dollar) and other comprehensive income changes of -R1 348m. The value of the investment in ETI decreased to R6,0bn incorporating the impact of the decision by the Central Bank of Nigeria to unpeg the Nigerian naira from the US dollar and adopt a market-driven exchange rate system.
- FCT risk remains relatively low and is aligned with the appropriate offshore capital structure of the group.
- The total RWA for the group's foreign entities is R41,9bn, which is low at approximately 8,3% of total RWA.
- As FCTR qualifies as regulatory capital, any foreign exchange rate (ZAR to foreign currencies) movement will have a minimal effect on Nedbank Group's capital adequacy, as a result of translation movements impacting both the supply- and demand-side of the capital components of the capital ratio.

COUNTERPARTY CREDIT RISK

- Counterparty credit limits are set at an individual counterparty level and approved within the Group Credit Risk Management Framework. Counterparty credit risk (CCR) exposures are reported and monitored at both a business unit and group level. There is continued emphasis on the use of credit risk mitigation strategies, such as netting and collateralisation of exposures. Nedbank Group and its large bank counterparties have International Swaps and Derivatives Association, International Securities Market Association and International Securities Lending Association master agreements as well as credit support (collateral) agreements in place to support netting and the bilateral margining of exposures.
- Netting is only applied to underlying exposures where supportive legal opinion is obtained as to the enforceability of the relevant netting agreement in the particular jurisdiction.
- Nedbank Group applies the CEM for Basel III CCR. The CEM results are also used as input into the economic-capital calculations to determine credit economic capital.
- The Basel III regulatory standards for CCR contain significant enhancements. Included is the introduction of a standalone CVA capital charge for potential loss due to deterioration in the credit quality of the over-the-counter (OTC) derivative counterparties.
  - CVA RWA increased from R6,9bn in December 2015 to R8,9bn in June 2016, largely as a result of new client hedging activities, in part related to Nedbank's participation in renewable-energy funding.
- SA, as a member of the G20, has committed itself to OTC derivative reform aimed at reducing systemic risk and Nedbank actively engages with the local industry and its regulators to achieve this objective.
- Wrong-way risk is identified and monitored in line with internal risk processes. Wrong-way risk is not excessive within Nedbank Group and is monitored by stress testing that is run on both a portfolio and counterparty level. Wrong-way risk is currently mitigated through the following mechanisms:
  - The predominant use of cash collateralisation in order to mitigate CCR.
  - The low- or zero-margin thresholds with counterparties.
- Potential collateral calls or postings are monitored with our various counterparties under a range of market movements and stress scenarios to provide senior management with a forward-looking view of future collateral requirements that may be incurred or imply liquidity risk for the bank. Under a credit rating downgrade scenario it is estimated that collateral placed would increase by less than US$20,0m.
- During July 2015 the Bank for International Settlements (BIS) released the first draft of the Review of the Credit Valuation Adjustment Risk Framework for comment. At a high level it has the following aims:
  - A complete overhaul of the current Basel III CVA regulatory regime, addressing a number of key shortcomings in the current standard.
  - Alignment of the revised CVA Framework with the changes that will be implemented under the FRTB.
  - Closer alignment of CVA regulatory capitalisation with the risk management frameworks banks employ in this regard.
  - The inclusion of exposure hedging into the capitalisation calculation to incentivise prudent risk reduction strategies.
  - Enhancing governance framework standards for CVA in line with those of market and credit risk requirements.
- Nedbank participated in the fourth FRTB QIS exercise conducted in September 2015, which included a QIS relating to the proposed revision of the CVA Regulatory Framework.
- In April 2014, the Basel Committee published a revision to the paper 'The Standardised Approach for measuring CCR exposures', which outlines the Basel Committee's formulation of its Standardised Approach (SA-CCR) for measuring EAD for CCR. The SA-CCR will replace both the CEM and the Standardised Method and will become effective on 1 January 2017.
- As seen in the table below, the decrease in gross positive fair value in interest rate and foreign exchange derivative products since December 2015 was driven by the valuation of these products, attributable to the relative strengthening of the rand against major currencies and a slight flattening of the yield curves.

Nedbank Group over-the-counter derivative products

	Jun 2016		Jun 2015		Dec 2015	
Rm	Notional value	Gross positive fair value	Notional value	Gross positive fair value	Notional value	Gross positive fair value
Credit derivatives	**27 455**	**520**	32 356	703	29 442	658
Credit default swaps	**25 795**	**492**	32 356	703	29 442	658
Embedded derivatives	**3 907[1]**	**160**	4 944	85	4 369	143
Proprietary trading	**21 888**	**332**	27 412	618	25 073	515
Markit iTraxx Europe	**15 786[2]**	**268**	21 812	594	19 052	459
Third party	**6 102[3]**	**64**	5 600	24	6 021	56
Total return swaps	**1 660**	**28**				
Equities	**2**	**4**	3 044	446	246	182
Foreign exchange	**436 576**	**12 419**	342 193	7 426	463 459	22 081
Interest rates	**1 179 441**	**10 164**	741 288	9 041	1 121 829	14 462
Total	**1 643 474**	**23 107**	1 118 881	17 616	1 614 976	37 383

[1] *Credit default swaps embedded in credit-linked notes issued by Nedbank Group whereby credit protection of R3 827m is purchased or whereby credit protection of R80m is sold.*
[2] *Trading positions Markit iTraxx Europe through the purchase (R7 893m) and sale (R7 893m) of credit protection.*
[3] *Trading positions third party transactions through the purchase (R759m) and sale (R5 343m) of credit protection.*

Nedbank Group over-the-counter derivative netting

Rm	Gross positive fair value	Current netting benefits	Netted exposure (before mitigation)	Collateral	Netted exposure (after mitigation)	Exposure at default	Risk-weighted assets
June 2016	**23 107**	**13 788**	**9 319**	**3 763**	**5 556**	**11 710**	**13 450**[1]
June 2015	17 616	11 591	6 025	2 111	3 914	10 579	10 104[2]
December 2015	37 383	22 532	14 851	7 672	7 179	13 608	11 410[3]

[1] *RWA for June 2016 consist of CCR of R4 539m and CVA RWA of R8 911m.*
[2] *RWA for June 2015 consist of CCR of R3 362m and CVA RWA of R6 742m.*
[3] *RWA for December 2015 consist of CCR of R4 506m and CVA RWA of R6 904m.*

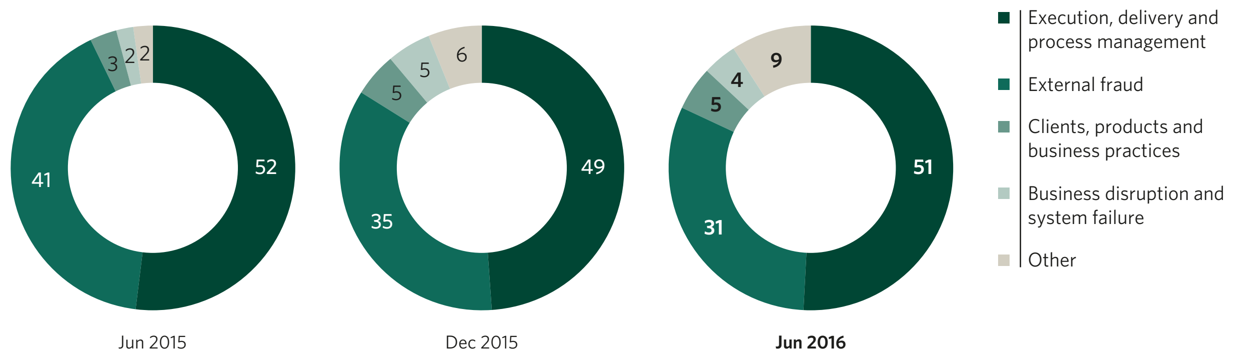
Nedbank Group securities financing transactions

Rm	Gross positive fair value	Collateral value after haircut	Netted current credit exposure (after mitigation)	Exposure at default	Risk-weighted assets
June 2016					
Repurchase agreements	**20 187**	**21 106**	**759**	**759**	**175**
Securities lending	**14 659**	**21 470**	**629**	**629**	**106**
Total	**34 846**	**42 576**	**1 388**	**1 388**	**281**
June 2015					
Repurchase agreements	19 856	24 742	882	882	112
Securities lending	10 531	12 715	1 484	1 484	520
Total	30 387	37 457	2 366	2 366	632
December 2015					
Repurchase agreements	20 166	19 148	1 018	1 466	214
Securities lending	9 903	10 050	673	673	87
Total	30 069	29 198	1 691	2 139	301

OPERATIONAL RISK

- The operational risk profile within Nedbank remains stable with a cautionary outlook.
- Targeted efforts continue to be invested in managing Nedbank's top operational risks and enhancing the control environment.
- The top and emerging operational risk themes for the first half of 2016 were execution-related risks, information/cybersecurity, the intense regulatory environment, information technology risk, conduct risk, outsourcing/third-party risk and financial crime.
- The strained macroeconomic environment, characterised by volatility and uncertainty, continued to exert negative pressure on operational risk drivers, therefore keeping the exposure at inherently high levels.
- The Basel Committee on Banking Supervision closed its consultation on the Standardised Measurement Approach to determine operational risk for regulatory capital purposes and the final rules are expected to be published at the end of 2016. Nedbank continues to work closely with industry bodies and regulators to ensure that the group remains abreast of reforms.
- The development of a second-generation operational risk model with enhanced capabilities (eg to estimate economic capital and to evaluate our internal capital adequacy), including a review of methodology and technology, continued to receive focus.
- Nedbank Group's gross and net losses, earnings at risk and operational risk capital to gross income ratio metrics remained within prescribed limits. All single material loss events of more than R5m are reported to the Group Operational Risk Committee (GORC) and Group Risk and Capital Management Committee (GRCMC), with a focus on identifying root causes and enhancing mitigating actions.
- Events relating to external fraud and execution, delivery and process management (EDPM) remained the primary reasons for internal losses in terms of frequency and severity. The EDPM event-type category's contribution to the operational risk loss profile decreased slightly to 51% in June 2016 (June 2015: 52%), while external fraud decreased to 31% in June 2016 (June 2015: 41%).

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



COMPANY DETAILS

NEDBANK GROUP LIMITED

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

Registered address

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

Transfer secretaries in SA

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70 Marshall Street, Johannesburg, 2001, SA
PO Box 61051, Marshalltown, 2107, SA

Namibia

Transfer Secretaries (Pty) Ltd
Robert Mugabe Avenue No 4
Windhoek, Namibia
PO Box 2401, Windhoek, Namibia

INSTRUMENT CODES

Nedbank Group ordinary shares

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

Nedbank Limited non-redeemable non-cumulative preference shares

JSE share code	NBKP
ISIN code	ZAE000043667

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

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

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

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MAKE THINGS HAPPEN

NEDBANK GROUP

LEGEND OF EMPOWERMENT AND TRANSFORMATION

Nedbank was honoured as a Legend of Empowerment and Transformation at the 15th annual Oliver Empowerment Awards held on 14 April 2016.

The award recognises Nedbank's outstanding achievement as a top empowered company in the financial services sector; for fostering the spirit of empowerment and becoming a leader of transformational change in South Africa.