Interim Results 2017 FOR THE SIX MONTHS ENDED 30 JUNE

Definitions, Abbreviations and acronyms

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NEDBANK
Definitions

Assets under administration (AUA) (Rm) Market value of assets held in custody on behalf of clients.

Assets under management (AUM) (Rm) Market value of assets managed on behalf of clients.

Common equity tier 1 (CET1) capital adequacy ratio (%) CET1 regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.

Credit loss ratio (CLR) – banking advances (%) Impairments charge on loans and advances in the consolidated statement of comprehensive income as a percentage of daily average gross loans and advances.

Default Default occurs in respect of a particular client in the following instances:
- When the bank considers that the client is unlikely to pay its credit obligations to the bank in full without the bank having recourse to actions such as realising security (if held).
- When the client is past due for more than 90 days on any material credit obligation to the bank. Overdrafts will be considered as being past due if the client has breached an advised limit or has been advised of a limit smaller than the current outstanding amount.
- In terms of Nedbank’s Group Credit Policy, when the client is placed under business rescue in terms of the Companies Act (Act No 71 of 2008) and when the client requests a restructure of his facilities as a result of financial distress.

Defaulted loans and advances (non-performing defaulted advances) Any advance or group of loans and advances that has triggered the Basel III definition of default criteria and is in line with the revised SA banking regulations. For retail portfolios this is product-centred and a default would therefore be specific to a client or borrower account (a specific advance). For all other portfolios, except specialised lending, it is client- or borrower-centred, meaning that should any transaction within a borrowing group default, all transactions within the borrowing group would be treated as having defaulted.

At a minimum a default is deemed to have occurred where a material obligation is past due for more than 90 days or a client has exceeded an advised limit for more than 90 days. A specific impairment is raised against such a credit exposure due to a significant perceived decline in the credit quality.

Diluted headline earnings per share (DHEPS) (cents) Headline earnings divided by the weighted average number of ordinary shares, adjusted for potential dilutive ordinary shares.

Dividend cover (times) Headline earnings per share divided by dividend per share.

Economic profit (EP) (Rm) Calculated as total equity attributable to equity holders of the parent, less goodwill, multiplied by the group’s cost of equity percentage.

Effective taxation rate (%) Direct taxation as a percentage of profit before direct taxation, excluding non-trading and capital items.

Efficiency ratio (%) Total operating expenses as a percentage of total income, being net interest income, non-interest revenue and share of profits or losses from associates and joint arrangements.

Earnings per share (EPS) (cents) Earnings attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue.

Gross operating income growth rate less expenses growth rate (jaws ratio) (%) Measure of the extent to which the total income growth rate exceeds the total operating expenses growth rate.

Headline earnings (Rm) The profit attributable to equity holders of the parent, excluding specific separately identifiable remeasurements, net of related tax and non-controlling interests.

Headline earnings per share (HEPS) (cents) Headline earnings divided by the weighted average number of ordinary shares in issue.

Life insurance embedded value (Rm) The embedded value (EV) of the covered business is the discounted value of the projected future after-tax shareholder earnings arising from covered business in force at the valuation date, plus the adjusted net worth.

Life insurance value of new business (Rm) A measure of the value added to a company as a result of writing new business.

Value of new business (VNB) is calculated as the discounted value, at the valuation date, of projected after-tax shareholder profit from covered new business that commenced during the reporting period, net of frictional costs and the cost of non-hedgeable risk associated with writing new business, using economic assumptions at the start of the reporting period.

Net asset value (NAV) (Rm) Total equity attributable to equity holders of the parent.

Net asset value (NAV) per share (cents) NAV divided by the number of shares in issue, excluding shares held by group entities at the end of the period.
**Net interest income (NII) to average interest-earning banking assets (AIEBA) (%)**  
NII as a percentage of daily average total assets, excluding trading assets. Also called net interest margin (NIM).

**Non-interest revenue (NIR) to total income (%)**  
NIR as a percentage of operating income, excluding the impairments charge on loans and advances.

**Number of shares listed (number)**  
Number of ordinary shares in issue, as listed on JSE Limited.

**Ordinary dividends declared per share (cents)**  
Total dividends to ordinary shareholders declared in respect of the current period.

**Performing defaulted loans and advances (Rm)**  
Loans that would otherwise not be in default, but are classified as defaulted due to regulatory requirements, ie directive 7 and the new curing definition.

**Portfolio coverage (%)**  
Portfolio impairments in the statement of financial position as a percentage of gross loans and advances, excluding defaulted advances.

**Portfolio impairments (Rm)**  
Impairment for latent losses inherent in groups of loans and advances that have not yet been specifically impaired.

The standard portfolio represents all the loans and advances that have not been impaired. These loans and advances have not yet individually evidenced a loss event, but there are loans and advances in the standard portfolio that may have an impairment without the bank being aware of it yet.

A period of time will elapse between the occurrence of an impairment event and objective evidence of the impairment becoming evident. This period is generally known as the emergence period. For each standard portfolio an emergence period is estimated as well as the probability of the loss trigger and the loss given events occurring. These estimates are applied to the total exposures of the standard portfolio to calculate the portfolio impairment.

**Preprovisioning operating profit (PPOP) (Rm)**  
Headline earnings plus direct taxation plus an impairments charge on loans and advances.

**Profit attributable to equity holders of the parent (Rm)**  
Profit for the period less non-controlling interests pertaining to ordinary shareholders, preference shareholders and additional tier 1 capital instrument noteholders.

**Profit for the period (Rm)**  
Income statement profit attributable to ordinary shareholders of the parent, before non-controlling interests.

**Return on equity (ROE) (%)**  
Headline earnings as a percentage of daily average ordinary shareholders’ equity.

**Return on equity (ROE) (excluding goodwill) (%)**  
Headline earnings as a percentage of daily average ordinary shareholders’ equity less goodwill.

**Return on tangible equity (%)**  
Headline earnings as a percentage of daily average ordinary shareholders’ equity less intangible assets.

**Risk-weighted assets (RWA) (Rm)**  
On-balance-sheet and off-balance-sheet exposures after applying prescribed risk weightings according to the relative risk of the counterparty.

**Specific impairments (Rm)**  
Impairment for loans and advances that have been classified as total defaults and specifically impaired, net of the present value of estimated recoveries.

**Specific coverage (%)**  
Specific impairments in the statement of financial position as a percentage of total defaulted advances.

**Tangible net asset value (Rm)**  
Equity attributable to equity holders of the parent, excluding intangible assets.

**Tangible net asset value per share (cents)**  
Tangible net asset value (NAV) divided by the number of shares in issue, excluding shares held by group entities at the end of the period.

**Tier 1 capital adequacy ratio (CAR) (%)**  
Tier 1 regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.

**Total capital adequacy ratio (CAR) (%)**  
Total regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.

**Value in use (VIU) (Rm)**  
The present value of the future cashflows expected to be derived from an asset or cash-generating unit.

**Weighted average number of shares (number)**  
The weighted average number of ordinary shares in issue during the period listed on the JSE.
Abbreviations and acronyms

AFR available financial resources
AIEBA average interest-earning banking assets
AIRB Advanced Internal Ratings-based
AUA assets under administration
AUM assets under management
BBBEE broad-based black economic empowerment
BEE black economic empowerment
bn billion
bps basis point(s)
CAGR compound annual growth rate
CAR Capital adequacy ratio
CET1 common equity tier 1
CIB Corporate and Investment Banking
CLR credit loss ratio
CPF commercial-property finance
DHEPS diluted headline earnings per share
D-SIB domestic systematically important bank
EP economic profit
EPS earnings per share
EV embedded value
ETI Ecobank Transnational Incorporated
GDP gross domestic product
group Nedbank Group Limited
HE headline earnings
HEPS headline earnings per share
HQLA high-quality liquid asset(s)
IAS International Accounting Standard(s)
ICAAP Internal Capital Adequacy Assessment Process
IFRS International Financial Reporting Standard(s)
ILAAP Internal Liquidity Adequacy Assessment Process
JIBAR Johannesburg Interbank Agreed Rate
JSE JSE Limited
LAP liquid-asset portfolio
LCR liquidity coverage ratio
LIBOR London Interbank Offered Rate
m million
MFC Motor Finance Corporation (vehicle finance lending division of Nedbank)
MRC minimum required capital
NCA National Credit Act (Act No 34 of 2005)
NGN Nigerian naira
NII net interest income
NIM net interest margin
NIR non-interest revenue
NPL non-performing loan(s)
NSFR net stable funding ratio
OM Old Mutual
plc public listed company
PPOP preprovisioning operating profit
R rand
RRB Retail and Business Banking
Rbn South African rands expressed in billions
Rm South African rands expressed in millions
RoA Rest of Africa
ROA return on total assets
ROE return on equity
RORWA return on risk-weighted assets
SA South Africa
SADC Southern African Development Community
SAICA South African Institute of Chartered Accountants
SARB South African Reserve Bank
TTC through the cycle
UK United Kingdom
US United States
VAF vehicle and asset finance
VoR value at risk
VIU value in use
VNB value of new business
yoy year on year
ytd year to date
ZAR South African rand (currency code)