

**CREATING VALUE
BY USING OUR
FINANCIAL
EXPERTISE
TO DO GOOD.**

**TRANSFORMATION
REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2019



see money differently



Covid-19

At the time of publishing, many governments were implementing emergency measures to curb the spread of the virus, including a full lockdown in SA. At Nedbank, we are working tirelessly to ensure that we do all we can to ensure stakeholders are prepared to deal with this escalating challenge. Our primary focus is on the health and safety of our staff alongside the continuous and uninterrupted provision of worldclass banking and other financial services to our clients.



Please refer to nedbank.co.za or our 2019 Integrated Report for further details on our response.

‘ At Nedbank we are financial experts who do good – we are committed to authentic organisational transformation by creating an empowering and ethical culture, and delivering innovative, market-leading client experiences. We do business responsibly and ethically. Our ethics philosophy envisages a relationship of trust with our internal and external stakeholders and our actions demonstrate that we act in their best interests. ’

Mpho Makwana, Chair: GTSEC



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Our Integrated Report is supplemented by our full suite of online publications, which caters for the diverse needs of our broad stakeholder base as part of our comprehensive integrated reporting. These can be accessed at nedbankgroup.co.za.



INTEGRATED REPORT 2019



FINANCIAL AND RISK MANAGEMENT REPORTING

- Results booklet and presentation
- Nedbank Group Annual Financial Statements
- Pillar 3 Risk and Capital Management Report
- Approach to tax



SUSTAINABLE DEVELOPMENT REPORTING

- Sustainable Development Review
- Stakeholder Engagement Report
- People Report
- Transformation Report and BBBEE certificate
- Global Reporting Initiative Standards
- ESG disclosures



GOVERNANCE REPORTING

- Governance and Ethics Review
- Director and executive profiles
- Remuneration Report
- Key policies



SHAREHOLDER INFORMATION

- Notice of 53rd AGM
- Form of proxy
- Shareholding profile

INTRODUCTION

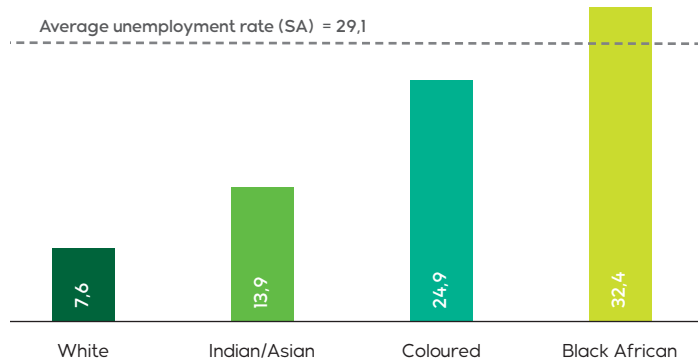
6 Last year was an exceptionally tough year. We have been faced with challenging international and local economic landscapes, leaving businesses and consumers struggling. We continued to see significant regulatory changes and a few new competitors entered the market. As a bank we cannot control the economic environment around us or the impact on our clients. That is why we must do all we can to focus on what we can control. 9

Mike Brown, Nedbank Chief Executive

The economy has been stuck in the longest economic downward cycle since 1945, strained by political and policy instability, poor business and consumer confidence, rising government debt and electricity cuts, with gross domestic product (GDP) growth decreasing to 0,4% in 2019 from 0,8% in 2018, according to the South African Reserve Bank (SARB). National Treasury and the central bank have forecast GDP to increase by 1,2% in 2020, while the World Bank and International Monetary Fund have forecast growth of below 1%.

Within the present democratic context, the combination of high inequality and rising unemployment remained unchanged in the fourth quarter of 2019, with unemployment reaching 29,1% – the highest rate in over 16 years. Unemployment among the black African population group remains higher than the national average and other population groups as depicted below. This implies that SA's economic trajectory is unsustainable.

OFFICIAL UNEMPLOYMENT RATE BY POPULATION GROUP (%)



Source: Stats SA.

Small, medium, and microenterprises (SMMEs) have been identified as a potential to drive economic growth and employment in SA. The Small Business Institute estimates that approximately 98% of all registered businesses in the country are SMMEs. However, SMMEs make up less than 28% of jobs. According to the Organisation for Economic Co-operation and Development, large companies with over 250 employees remain the anchor for job creation and account for just under 70% of companies that employ 10 or more people.

The 2018/2019 Commission for Employment Equity (CEE) report showed that 66,5% (2017/2018: 67,7%) of overall top management positions are held by white South Africans. Black Africans held 7,6% (2017/2018: 7,2,2%) of the positions in government and 11,8% (2017/2018: 10,9%) of the positions in the private sector. The slow pace of transformation has led to the government now promising to introduce 'punitive measures' in workplaces.

Financial inclusion is core to the business of banking in SA. In 2016/2017, the FinScope survey showed that the percentage of adults with a transactional bank account, a global measure of financial inclusion, had remained static at 77% and then increased to 80% in 2018. Comparably, according to the Fourth Southern Africa Development Community (SADC) Financial Inclusion Forum Report published in July 2019, only 68% of adults in the SADC region are financially included while 34,2% of adults in sub-Saharan Africa have a bank account (2017 World Bank's Global Findex Financial Inclusion Data).

The 2019 Transformation in Banking Report, commissioned by the Banking Association South Africa (BASA) and the studies that underpin it, showed that while much work still lies ahead, the industry exceeded many of the key transformation targets set out in the Financial Sector Code (FSC) and contributed more broadly to economic growth and transformation in SA.

In 2018 large banks' balance sheet exposure to black SMMEs increased by 13% to R28,8bn; black agricultural financing increased by 41% to R4,5bn and spending on supplier development almost doubled to R795m. The increase in financing for SMMEs, black agricultural enterprises and supplier development is more transformational and better for the economy and job creation than many ownership schemes.

The FSC target for black ownership is 25%. Voting rights for black ownership declined over the past three years with 32,8% in 2016, 29,7% in 2017 and 29,0% in 2018, while black economic interest decreased from 28,7% in 2016, 24,8% in 2017 and to 24,2% in 2018. While banks' ownership measures deteriorated during 2018, on aggregate banks remain above the FSC targets except for black economic interest, which fell slightly below the 25% target. The decline in black interests is mostly due to a continued exit of shareholders who received shares through empowerment schemes established by the large banks in 2005. Most of those matured in 2015, at which point beneficiaries were free to dispose of their interests. Shareholders sell to realise value, which many broad-based black economic empowerment (BBBEE) shareholders achieved. For many BBBEE shareholders, their bank shares were their only real asset, so selling also makes sense from a diversification point of view. Research agency Intellidex estimates that at the end of 2015, R57bn in net value was created to beneficiaries of bank empowerment schemes. Large banks are capital intensive and all around the world their ownership is almost entirely institutional, with low levels of direct individual ownership.

The proportion of black board directors increased from 43% to 51% in 2018. In addition, junior management in banks is now 85% black. This is important as it means there is a pipeline of young black talent and experience that will transform the management and executive ranks of the industry in the coming years. Opportunities for advancement in the industry remain, despite a reduction in headcount in some operations. SARB has issued new banking licenses, increasing competition and expanding the banking industry.

In 2018 banks spent R119bn on procurement of goods from local and international suppliers. Over R20bn of this was spent on black-controlled companies (at least 51% black-owned) and just over R16bn on businesses that are at least 30% controlled by black women. R28bn was spent on small businesses.

Source: Transformation in banking 2016–2018.

The need for more inclusive growth has been recognised in SA, and it is therefore critical to drive transformation as part of a healthy and sustainable society and business environment to reduce inequality, poverty and unemployment.

EVOLVING BROAD-BASED BLACK ECONOMIC EMPOWERMENT LANDSCAPE

The legislative framework that government has put in place to guide BBBEE has evolved significantly to drive transformation in SA.

The initial transformation vehicle to address economic disparity was the Reconstruction and Development Programme (RDP) followed by Growth, Employment and Redistribution (GEAR), the Accelerated and Shared Growth Initiative for South Africa (ASGISA) and currently the National Development Plan (NDP).

These initiatives are complemented by the Black Economic Empowerment Commission's first attempt at broadly defining black economic empowerment (BEE) in 2000, which paved the way for transformation over the years:

2000–2005

- **BBBEE Act promulgated in 2003.**
- **FSC signed** in 2003.
- **FSC came into effect** in 2004.
- Drafting of the first phase of the **Codes of Good Practice (COGP)** approved by Cabinet in 2005.
- **Phase 1** was the drafting of ownership and management control (**MC**) of enterprises by black people.
- **Phase 2** was the drafting of the remaining five elements, ie employment equity (**EE**), skills development (**SD**), preferential procurement (**PP**), enterprise development (**ED**) and socioeconomic development (**SED**).

2006–2010

- **First annual review of transformation** in the financial sector published in 2006.
- **COGP promulgated in 2007.**
- A total of **56%** of deals concluded against an attractive macro, as corporates aim to comply with legislation between 2002 and 2007. (Source: Rothschild).
- The Department of Trade and Industry (dti) launched the **Black Business Supplier Development Programme** in 2010.

2011–2015

- KPMG BBBEE survey results showed an **industry average level 4** contributor status in 2011, relative to **level 5** contributor status in 2012.
- **New FSC gazetted** in November 2012.
- **Major revision to BBBEE in 2013:**
 - » Emphasis on EE and SD with black females having separate measurement indicators.
 - » SD considering the training of employees and unemployed people.
 - » PP element heavily weighted towards procuring from black-owned businesses.
- SED contributions focused only on support that facilitates income-generating activities in the hands of the beneficiaries.
- **COGP** was published in 2013 and came into effect in 2015.
- **After 10 years of BBBEE policy implementation significant achievements were made, including:**

500 publicly announced BBBEE ownership transactions worth at least **R533bn**.

Support given to the **creation of 44 000 jobs**.

Transactions worth more than **R5bn** approved by the **National Empowerment Fund**, with **60%** of beneficiaries being SMMEs.

2016–2019

- **Amended FSC** gazetted in 2017, ie the introduction of priority elements including ownership, SD, enterprise and supplier development (**ESD**) and empowerment financing (**EF**).
- **Discounting of one level** on the total scorecard for not meeting the 40% subminimum on each of the priority elements.
- New requirement for supplier development and increased target for ED.
- Introduction of **Black Business Growth Funding**.
- **BBBEE Commission** became operational in 2016.
- **Parliamentary Committee hearings** on transformation in financial sector conducted for the first time in 2017.
- **Highlights based on 2019 BASA Transformation in Banking Report** (all figures reflect growth between 2017 and 2018) show:

Top black senior managers increased from **32% to 36%**.

6% increase in spend on SED up to R666m.

23% increase in spend on black SD up to R3,3bn.

24% increase in spend on consumer education up to R180m.

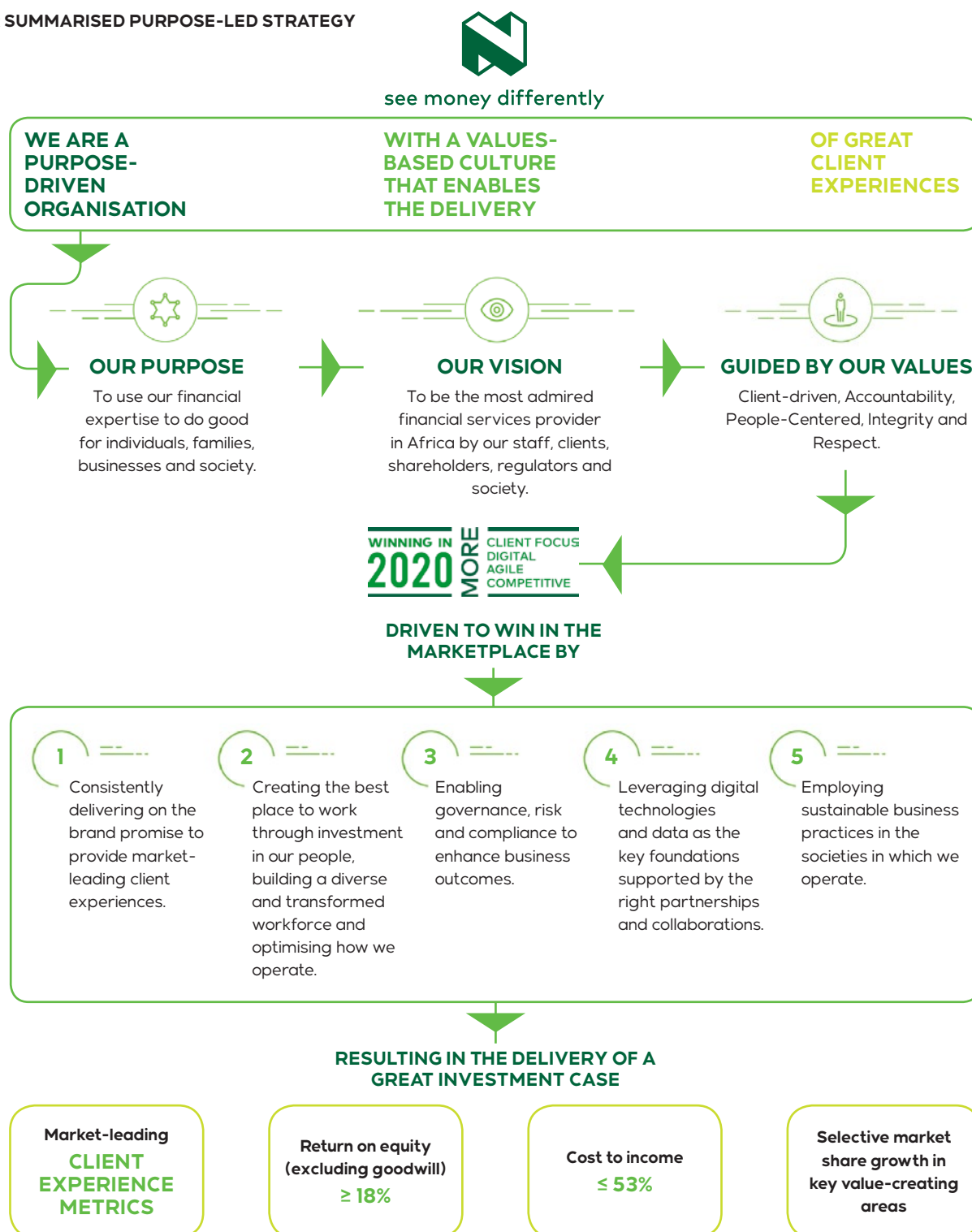
- The Youth Employment Service (YES) initiative was gazetted in October 2018.
- New five-year industry targets allocated for empowerment financing and access to financial services in 2018.
- Review of Amended FSC started in March 2019.

OUR APPROACH TO TRANSFORMATION

Nedbank operates as an integral part of SA society, representing a microcosm of the global environment, and its operations and interactions are therefore intricately linked to the very fibre of society. To ensure the future sustainability of Nedbank operations it is therefore imperative that the deliberately and carefully managed balance required for the society in which it operates, is maintained and enhanced.

Transformation remains a key enabler of Nedbank's ability to achieve our vision of being the most admired financial services provider in Africa and creates a solid basis from which to drive sustainability for all our stakeholders.

OUR SUMMARISED PURPOSE-LED STRATEGY



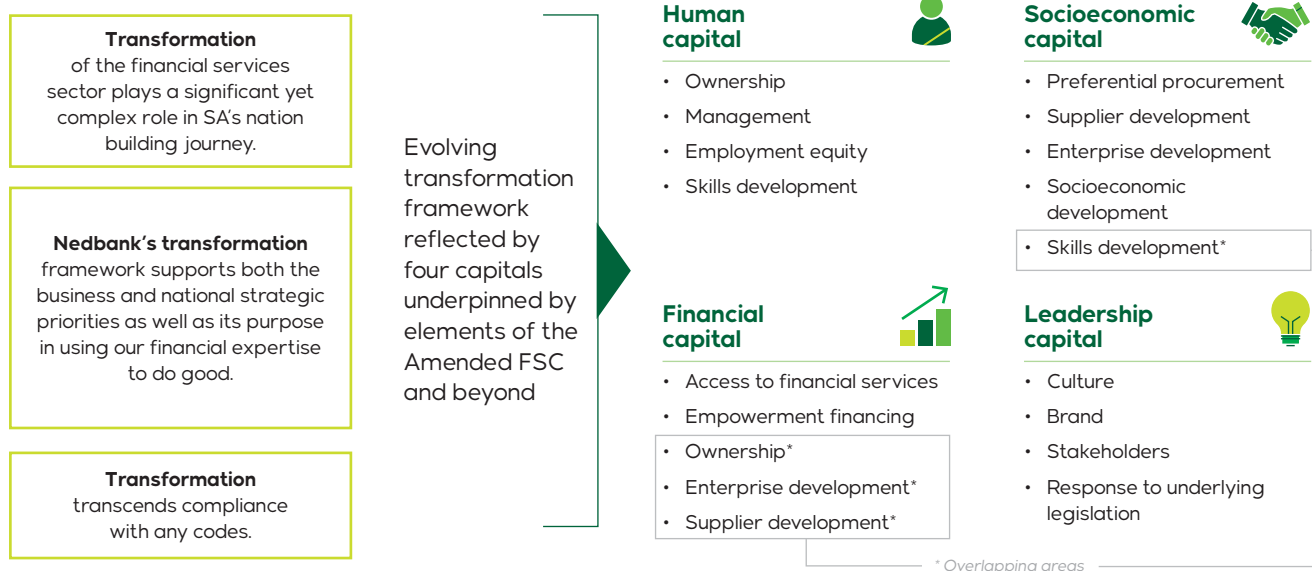
Our transformation framework supports the national imperative while transcending mere compliance. Our strategic intent is linked to our purpose, which is to use our financial expertise to do good and will enable us to build a nationally relevant bank and contribute to a better life for all in SA.

OUR APPROACH TO TRANSFORMATION

continued

NEDBANK GROUP'S PURPOSE AND TRANSFORMATION APPROACH

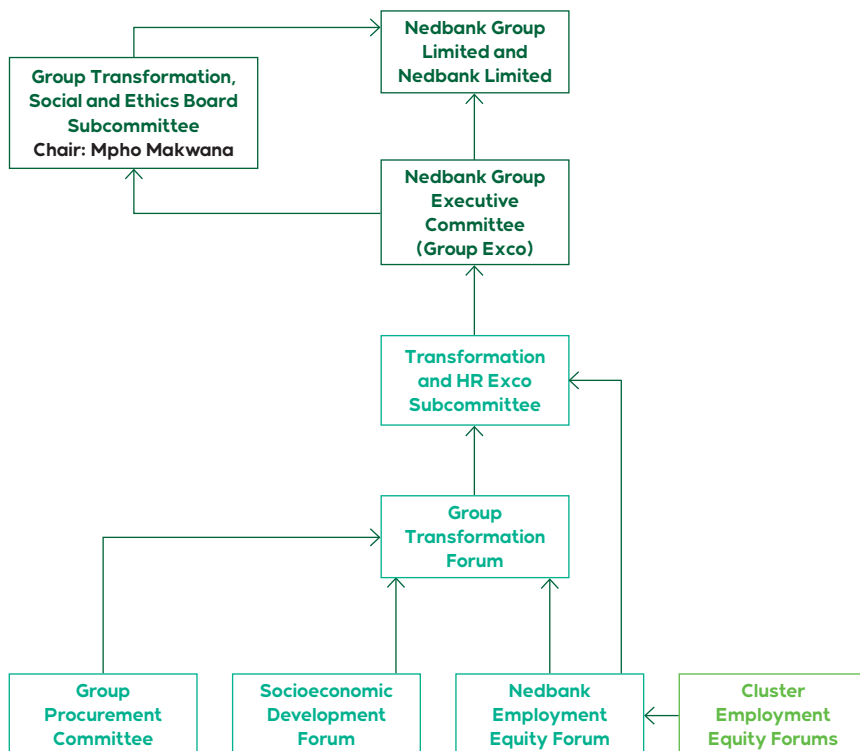
Our purpose is to use our financial expertise to do good for individuals, families, businesses and society.



A robust governance approach is applied to our transformation efforts and there are therefore several structures that debate, critique and approve transformation initiatives. This receives full support of the board and the Nedbank Group Executive Committee (Group Exco).

GOVERNANCE STRUCTURE

Ensuring oversight and execution of the bank's transformation programme



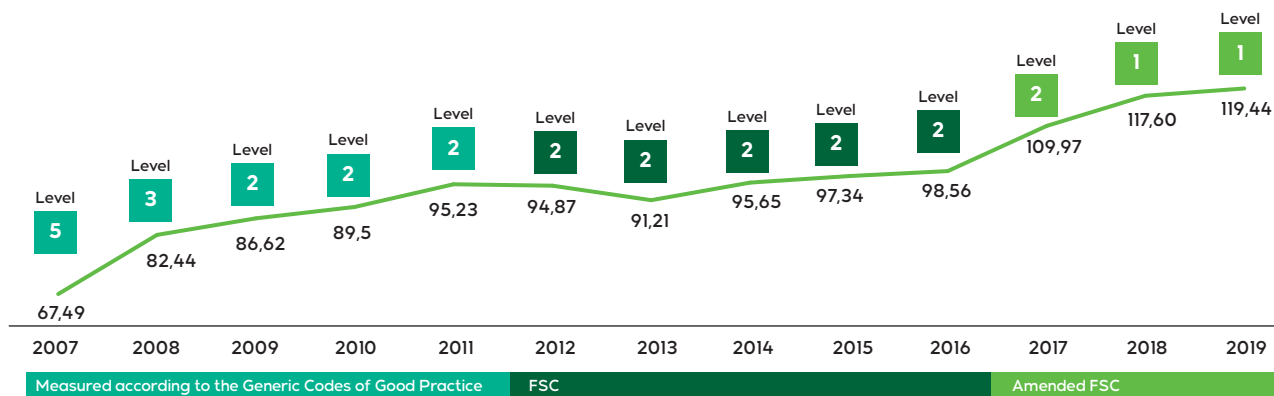
- The Nedbank board of directors continues to provide prudent leadership and strategic guidance to safeguard stakeholder value creation within a framework of robust and effective controls. This makes it possible to assess and manage continuously emerging risks and opportunities to ensure long-term sustainable development and growth. The board retains ultimate accountability and responsibility for the performance and affairs of the company and ensures that the group adheres to high standards of ethical behaviour.
- The Nedbank Transformation and Human Resources Committee (TRAHRCO) is a subcommittee of Group Exco and responsible for implementing the transformation programme of the bank, ensuring that there is full integration of all transformation and human resources processes and initiatives in the group.
- The Group Transformation, Social and Ethics Committee (GTSEC) is a subcommittee of the Nedbank Limited Board and provides an oversight of the group's activities in relation to transformation, human capital development and sustainability and monitors progress in terms of the transformation agenda for the group.

OUR APPROACH TO TRANSFORMATION

continued

Level 1 retained for financial year 2019

Nedbank has retained a level 1 BBBEE contributor status for the second consecutive year in financial year 2019 under the Amended FSC, gazetted in terms of section 9(1) of the BBBEE Act, 53 of 2003, having retained level 2 BBBEE contributor status for 10 consecutive years since 2009. This result is a culmination of our ongoing commitment to sustainable transformation as highlighted in the table below:



| EMPLOYMENT EQUITY | 2010 | 2019 |
|--------------------------------|--------|--------|
| Total workforce | 26 236 | 27 932 |
| Black top management | 35,71% | 41,18% |
| Black senior management | 30,52% | 43,09% |
| Black middle management | 49,79% | 62,34% |
| Black junior management | 76,80% | 88,59% |
| Black people with disabilities | 1,09% | 1,48% |
| Total black staff | 58,00% | 79,47% |



| SKILLS DEVELOPMENT | 2010 | 2019 |
|---|-------|-------|
| Spend on black staff | R174m | R603m |
| Spend on black female staff | R104m | R362m |
| Spend on black people with disabilities (PWD) | R3m | R11m |
| Total learnerships for black staff intake | 763 | 1 536 |



| OWNERSHIP | 2010 | 2019 |
|-----------------------------------|--------|--------|
| Black ownership | 30,71% | 41,63% |
| Economic interest of black people | 28,05% | 33,63% |



| ACCESS TO FINANCIAL SERVICES | 2010 | 2019 |
|------------------------------|-------|-------|
| Total number of clients | 3,5m | 7,8m |
| Number of ATMs | 2 283 | 4 398 |



| MANAGEMENT CONTROL | 2010 | 2019 |
|---------------------------------|--------|--------|
| Black boardmembers | 47,06% | 68,75% |
| Black female boardmembers | 23,53% | 25,00% |
| Black executive directors | 33,33% | 66,67% |
| Black women executive directors | 33,33% | 33,33% |



| SOCIOECONOMIC DEVELOPMENT | 2010 | 2019 |
|---|------|------|
| SED spend | R78m | R85m |
| Consumer education | R3m | R41m |
| Enterprise development spend on developing small black businesses | R9m | R25m |



| PREFERENTIAL PROCUREMENT | 2010 | 2019 |
|---|--------|---------|
| Total measured procurement spend | R6,7bn | R18,1bn |
| BBBEE procurement spend from exempted microenterprises | R547m | R1,3bn |
| BBBEE procurement spend from qualifying small enterprises | R1,3bn | R1,7bn |
| BBBEE procurement spend from suppliers > 51% BO | R860m | R5,5bn |
| BBBEE procurement spend from suppliers > 30% BWO | R354m | R3,1bn |



| EMPOWERMENT FINANCING | 2010 | 2019 |
|---------------------------------|--------|--------|
| Transformational infrastructure | R1,9bn | R3,3bn |
| Black SMME financing | R1,6bn | R2,4bn |
| Affordable housing | R2,0bn | R3,4bn |
| BBBEE transaction financing | R6,0bn | R6,1bn |
| Black agriculture financing | R70m | R73m |

OUR APPROACH TO TRANSFORMATION

continued

The table below gives a breakdown of Nedbank Group's 2018 and 2019 scores against the main elements set out by the Amended FSC.

| Element | Amended FSC (gazetted 2017) | | |
|------------------------------|-------------------------------|-----------------|-----------------|
| | Weighting points plus (bonus) | FY 2019 Audited | FY 2018 Audited |
| Ownership | 23 + 5 | 27,00 | 26,00 |
| Management control | 20 + 0 | 16,02 | 15,64 |
| Skills development | 20 + 3 | 15,67 | 14,37 |
| Preferential procurement | 15 + 4 | 18,73 | 18,61 |
| Supplier development | 7 + 2 | 5,25 | 5,58 |
| Empowerment financing | 15 + 0 | 15,00 | 15,00 |
| Enterprise development | 3 + 2 | 5,00 | 5,00 |
| Socioeconomic development | 5 + 3 | 6,99 | 6,00 |
| Access to financial services | 12 + 0 | 9,78 | 11,40 |
| Total | 120 + 19 bonus | 119,44 | 117,60 |
| BBBEE level | | 1 | 1 |

HIGHLIGHTS FOR 2019

FUNDED TWO RENEWABLE GREEN BONDS OF **R1,7bn** and R1bn each.

FUNDED TWO EMBEDDED GENERATION TRANSACTIONS OF **R400m** for Energy Partners and R250m for Sola Group and African Infrastructure Investment Managers.

PROVIDED A **R550m** general banking facility to Rand Water for water security.

DISBURSED **R1,1bn** to affordable housing, creating over 2 476 units.

FACILITATED THE INVESTMENT OF **R276m** for the development of green buildings.

FINANCED A SOLUTION OF **R800m** for SA Taxi.

PLACED **73%** of banking out-of-home (or outdoor) advertising with black-owned media companies – an increase from 43% in 2018.

PLACED **35%** of Nedbank's billboard advertising spend with 100% black-owned media companies – an increase from 7% in 2018.

DISBURSED **R187,43m** through the Black Business Partners (BBPs) Legacy Programme since 2015.

REACHED A WORKFORCE COMPOSITION OF **62%** female in the context of an economically active population of 45%.

ACHIEVED **top spot** for the first time in the BrandsEye 2019 banking sentiment survey.

CONSIDERED AS THE **number one** brand in the SA market (up from the third position).

Recognised by the South African Board for People Practices (SABPP) as the **winner of the gender equity** employer award.

BUSINESSES SUPPORTED through enterprise development have employed **564** people with a total wage bill of **R67m** (333 were reported as new jobs).

PROVIDED ALMOST **R7bn** worth of funding for over 23 000 student beds since 2015. In 2019, we invested a total of R1,8bn, which delivered an additional 8 292 beds.

Following the success of Nedbank Group's BBBEE Eyethu transaction that came to maturity at the end of 2015, Nedbank Group and Old Mutual Group committed to continuing their transformational legacy by partnering with their black business partners (WIPHOLD, Brimstone and Izingwe) to establish three sustainable legacy funds worth R100m each with a view to funding suitable transformational business projects over three years. Nedbank's contribution to these funds amounts to R100m (R33m per year).

YOUTH EMPLOYMENT SERVICE INITIATIVE

6 As a responsible business that is committed to playing our part in building a sustainable future for our country, we know that nothing is more urgent than giving our people hope for a better future – this is the glue that binds successful societies. At Nedbank we believe we are uniquely positioned to play our part to help ensure that our economy works for every South African. We have embraced our role as change agents and active contributors to building a thriving society and are extremely proud to welcome 3 315 YES recruits to Nedbank. 9

Mike Brown, Nedbank Chief Executive

YES was borne out of the CEO Initiative that Nedbank cofounded alongside the SA SMME Fund and the Ratings workstream. YES is a business-led collaboration with government and labour. Its intention is to stimulate demand-side job creation through company investment and by leveraging government's existing recognitions such as the Employment Tax Incentive and BBBEE recognition for broad-based transformation.

CORE OBJECTIVES



- Creation of one million new work opportunities in existing firms intended specifically for unemployed youth aged between 18 to 35 years, noting that the ETI is only applicable for salaries under R6 000 per month and to youth aged between 18 and 29.
- Promoting the capacity of SMMEs with paid youth labour.
- Creating new cohorts of SMMEs through value chain initiatives and knowledge sharing in collaboration with industry champions.

On 26 April 2019 we celebrated a significant milestone in our transformation journey when Nedbank Chief Executive, Mike Brown, signed the YES CEO Pledge on behalf of Nedbank in Tembisa, east of Johannesburg, committing to go beyond business as usual and create meaningful job opportunities for our youth.







On 2 May 2019 we welcomed 3 315 YES recruits to receive training from Nedbank and our implementation partners by investing 1,5% of our average three-year SA net profit after tax per annum based on the terms set out in Gazette 41866 from the dti. This investment will ensure the recruits are equipped with skills to help enable them to enter the job market or become entrepreneurs once the one-year programme has been completed.



Nedbank Chief Executive, Mike Brown, signing the YES CEO Pledge with Dr Tashmia Ismail-Saville, YES CEO.

YOUTH EMPLOYMENT SERVICE INITIATIVE

continued

| |  |  |  |  |  |  |
|------------------------|---|--|--|--|---|---|
| | WILDTRUST | Unlock'D | ORT SA | Tradeway Promotions | Youth at Work | Internal placement at Nedbank |
| HIGH-LEVEL DESCRIPTION | Focuses on terrestrial conservation and underwriting the sustainable development of the green economy. The Wildoceans programme concentrates on marine and coastal conservation and underwriting the sustainable development of the blue economy. | Focuses on unemployed youth from under-resourced communities with skill sets that allow them to gain relevant experience. | Focuses on administrative support functions at public schools in Gauteng. | Focuses on placing youth at various Nedbank branches or Boxer stores where they promote the MobiMoney and Stokvel products to clients. | Places youth in the Partners for Possibility (PfP) school network in Gauteng and collaborates with the Click Foundation where youth run literacy and numeracy programmes. | Youth are deployed in various clusters across Nedbank. |
| GEOGRAPHIC OVERVIEW | KwaZulu-Natal, Eastern Cape, Western Cape and Mpumalanga. | Gauteng, Western Cape, Limpopo, North West and Mpumalanga. | Gauteng townships: Ekurhuleni, Vaal Triangle, West Rand, Soweto, Alexandra and Soshanguve. | Gauteng, Cape Town and KwaZulu-Natal. | Ekurhuleni townships. | Gauteng, Pretoria, Western Cape, Mpumalanga, Limpopo, KwaZulu-Natal. |
| WORK EXPERIENCE | Biodiversity, economy, ecological restoration, green schools, sustainable livelihoods, oceans and coastal support. | Healthcare projects, community upliftment, small-business development, business process outsourcing, agriculture, digitisation and coding. | Administration functions, including document control, data capturing, information technology, reception, and assistant teachers. | Field marketers that promote Nedbank offerings, specifically MobiMoney and Stokvel products. | Strengthening the human resource structure in schools, developing IT support, maintenance services to school and early-childhood-development practitioners. | Call centre agents, consumer banking, card and payments, information technology, Corporate and Investment Banking, Marketing, Wealth, Finance, Risk and Compliance, Human Resources and Balance Sheet Management. |
| ABSORPTION | Absorbed 8% against the YES target of 2,5%. | | | | | |

Nedbank hosted President Cyril Ramaphosa, key officials in the Presidency, several captains of industry and the media who joined us for an induction ceremony on 2 May 2019 to honour and recognise the youth. With the YES initiative we had the privilege of giving these youth their first job to improve their and their families' lives and to become inspiring leaders and entrepreneurs who will also create job opportunities for others in the future.

Nedbank has taken on the YES project in the true spirit of country-building. They have gone over and above their own recruitment needs to create thousands of jobs in the most vulnerable of communities, thereby bolstering community-based programmes with deep impacts. This will extend into the capillaries of our nation through YES partnerships at community level.

Dr Tashmia Ismail-Saville, YES CEO



CASE IN POINT

Nedbank partners with YES on urban farming initiatives to create new youth entrepreneurs in Tembisa

In 2018 Nedbank, in partnership with YES and Afgri, invested R5,9m to launch a new urban farming aquaponics and hydroponics facility in Tembisa to support the development of hub infrastructure and youth agritraining, which are key elements in our strategy of enabling local, community-level enterprise development.

Tembisa is the first YES hub and Nedbank's financial support has been instrumental in enabling YES to showcase a physical, working hub model to several key stakeholders, including the following:

- The Duke and Duchess of Sussex, accompanied by the British High Commissioner (BHC), leading to a funding proposal to the BHC.
- Political and government stakeholders and institutions, including the World Bank, National Treasury (which held an Ekurhuleni private meeting at the hub), the mayor of the Free State, the Development Bank of South Africa board and Transnet.
- Multiple international and local corporates, including Google (as part of the Google Africa Summit), Microsoft, IBM, Ford and MMI.
- Several business schools, including GIBS (hosting Kelley Business School MBA students – USA) and the London Business School.

The Tembisa hub has 3 023 registered youth. A total of 1 232 youth and community members have been trained at the hub, including 126 youth and community members trained on consumer education funded by Nedbank. A further 240 youth have been trained on digital skills through Google-facilitated training. A total of 33 SMMEs have registered at the hub and the hub has created 56 direct work opportunities. In addition to consumer education, Nedbank specifically funded the Tembisa Green Engine project, which is split into two key initiatives namely: (i) infrastructure installation and (ii) the training of 25 youth.



CASE IN POINT

Nedbank 2019 golf challenge

YES candidates had the opportunity to facilitate and manage four different touchpoints, which offered the candidates a unique working experience at Africa's biggest golfing event. They could learn new skills and network with thousands of people attending the tournament. The President commended Nedbank for being the single biggest contributor of the YES initiative.

- 6 It troubles me and keeps me awake at night to know that there are millions of unemployed youth who have embraced tertiary education but haven't been able to find jobs. It is encouraging that several companies are now responding to this urgent need. But more companies need to come on board to help unlock the potential for energetic and ambitious young people. ”

Cyril Ramaphosa, President of South Africa



OWNERSHIP

One of the main objectives of the Amended FSC is to drive the continued growth of real black ownership of SA's financial assets. The primary method of achieving this is by promoting a steady increase in the number of black people in the country who have direct and indirect access to equity in economic assets and, equally important, empowering these individuals or groups to take control of how these assets are used for the benefit of everyone in the country.

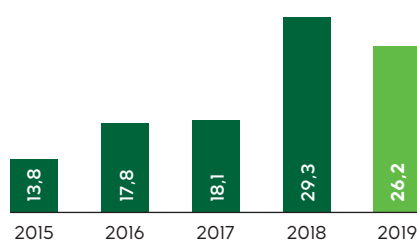
Large banks are capital-intensive and require shareholders who themselves are able to access deep pools of capital and as a result globally large bank ownership is almost entirely institutional, with low levels of direct individual ownership. We should not expect SA to be materially different.

Nedbank Group Limited is a public company listed on the Johannesburg Stock Exchange. As a listed company, the owners of the company are the registered shareholders on the company's share register. Below is a major shareholder analysis compiled by VACO Stakeholder Intelligence:

| | Number of shares | 2019 % holding | 2018 % holding |
|--|------------------|-------------------|-------------------|
| Major shareholders/managers | | | |
| Old Mutual Life Assurance Company (SA) Limited and associates (includes funds managed on behalf of other beneficial owners) ¹ | 119 908 542 | 24,12 | 24,54 |
| Nedbank Group treasury shares | 15 879 157 | 3,19 | 3,26 |
| BEE trusts | 6 619 088 | 1,33 | 1,32 |
| Eyethu scheme – Nedbank SA | 6 466 786 | 1,30 | 1,29 |
| Omufima scheme – Nedbank Namibia | 152 302 | 0,03 | 0,03 |
| Nedbank Group (2005) Restricted- and Matched-share Schemes | 9 212 557 | 1,85 | 1,93 |
| Nedbank Namibia Limited | 47 512 | 0,01 | 0,01 |
| Public Investment Corporation (SA) | 53 464 674 | 10,76 | 9,38 |
| Coronation Fund Managers (SA) | 37 407 848 | 7,53 | 7,31 |
| Allan Gray Investment Council (SA) | 27 048 653 | 5,44 | 5,14 |
| BlackRock Incorporated (International) | 17 839 104 | 3,59 | 3,71 |
| The Vanguard Group Incorporated (international) | 14 888 988 | 3,00 | 2,91 |
| Sanlam Investment Management Proprietary Limited (SA) | 11 741 655 | 2,36 | 1,88 |
| Dimensional Fund Advisors (US, UK and AU) | 10 597 596 | 2,13 | 1,62 |
| Lazard Asset Management (International) | 10 590 138 | 2,13 | 2,96 |
| GIC Asset Management Proprietary Limited (international) | 10 437 041 | 2,10 | 2,65 |
| Major beneficial shareholders | | | |
| Old Mutual Life Assurance Company (SA) Limited and associates (SA) ¹ | 119 764 615 | 24,09 | 24,51 |
| Government Employees Pension Fund (SA) | 54 095 899 | 10,88 | 9,66 |
| GIC Asset Management Proprietary Limited (SG) | 10 437 041 | 2,10 | 2,67 |
| Geographical distribution of shareholders | | | |
| Domestic | | | |
| | 366 809 012 | 73,79 | 70,69 |
| South Africa | 351 196 730 | 70,65 | 67,38 |
| Namibia | 9 095 314 | 1,83 | 1,47 |
| Unclassified | 6 516 968 | 1,31 | 1,84 |
| Foreign | | | |
| | 130 244 524 | 26,21 | 29,31 |
| United States | 65 892 178 | 13,26 | 14,89 |
| Asia | 22 306 373 | 4,49 | 5,06 |
| Europe | 22 173 199 | 4,46 | 4,78 |
| United Kingdom and Ireland | 10 181 196 | 2,05 | 2,96 |
| Other countries | 9 691 578 | 1,95 | 1,62 |
| Total shares listed | 497 053 536 | 100,00 | 100,00 |
| Less: Treasury shares held | 15 879 157 | | |
| Net shares reported | 481 174 379 | | |

¹ Old Mutual Limited retains a strategic minority shareholding of 19,9% in Nedbank Group, held through its shareholder funds, under the terms of the relationship agreement. The above shareholding is inclusive of funds held on behalf of other beneficial owners and increased after the Old Mutual Managed Separation had been completed as a result of the subsequent odd-lot offer and due to movements in shares held on behalf of policyholders. The relationship agreement with Old Mutual Limited is available at <https://www.nedbank.co.za/content/dam/nedbank/site-assets/AboutUs/About%20Nedbank%20Group/Old%20Mutual/Nedbank%20Old%20Mutual%20Limited%20Relationship%20Agreement%202018.pdf>.

FOREIGN SHAREHOLDING (December, %)



**CASE
IN POINT**

Continuing to create an enduring legacy

The Nedbank and Old Mutual BBP Legacy Programme launched in 2015 continues to forge strong relationships. Nedbank established the Nedbank BBP Legacy Trust to manage its R100m commitment to the BBP Legacy Programme. The programme comprises three broad-based investment streams: (i) commercialisation of small-scale farming and food security led by WIPHOLD; (ii) job creation and support of entrepreneurs led by Brimstone; and (iii) the development of township economies and urban renewal led by Izingwe. The parties have committed a total endowment of R300m. To date R187,43m (2019: R26m) has been disbursed across the three streams.

Some of the projects and initiatives supported by the funds:

- **Pick n Pay township economy revitalisation programme** – This public-private partnership between the Gauteng Department of Economic Development, Pick n Pay and local spaza shop owners is working to upgrade participating spaza stores to meet the needs of customers and communities, thereby helping to grow a new generation of modern retail entrepreneurs and boost economic revitalisation and job creation in townships. Since it started, the programme has disbursed R17,8m to 13 supported spaza shops in Gauteng and the Western Cape. In turn, these small businesses have created 163 job opportunities for members of their surrounding communities.
- **Pay 4 Performance** – This pilot project involves the upskilling and active transitioning of young people, who have previously been excluded economically, into entry-level jobs with contracts of at least 12 months. It is a first in SA and is modelled on the concept of a social impact bond. It is scalable and replicable, and once proven, can be rolled out as a sustainable multistakeholder solution to youth unemployment in SA. In the first year of the pilot the BBP Legacy Programme provided R11,3m for skills development to 600 participants. In year two (2019), through an additional investment of R20m, the programme was expanded to provide skills training to a further 1 400 young people.
- **The Centane/Mbashe Agricultural Initiative (CMAI)** – CMAI is a commercial predominantly dryland maize operation on 2 500 ha of communal land in rural Eastern Cape. It is a partnership between 2 318 communal landowners from 34 villages and WIPHOLD, as part of the BBP Legacy Programme. The programme has delivered steadily improving results, with growth in farm size, improvements in soil quality and a steady improvement in crop yields. There has been steady growth in participation from 649 beneficiaries in 2014 to 2 318 in 2020. A total of 30 permanent and 1 486 seasonal job opportunities have been created since 2014.
- **Agriqua Taung** – Agriqua Holdings (Pty) Ltd is an incubator that was established by GWK to provide business development support to emerging farmers. It also works to develop irrigation-based crop rotation farming through a coordinated integrated full value chain strategy. Each farmer is allocated a 10-ha plot and, through organised coordinated farming, following the latest technology and farming practices, Taung has an opportunity to produce better than the commercial farmers in the area. To date R6m of working capital has been provided by the BBP Legacy Programme, which has enabled participants to access R20m in commercial funding from Land Bank. The results that have already been achieved are very promising in terms of yield enhancement of wheat and cotton crops, capacity building and technical expertise transfer, as well as job creation.



MANAGEMENT CONTROL (INCLUDING EMPLOYMENT EQUITY)

Great vision without great people is irrelevant.

Jim Collins

Nedbank continues to make good strides in terms of the ongoing transformation in top management executive structures. Significant progress has been made in ensuring transformation of the board of directors and this is highlighted through exceeding the Amended FSC targets set for 2019. We welcomed Professor Tshilidzi Marwala to the board to further the goal of a sustainable Nedbank.

Composition of the Nedbank Group Limited Board and the Nedbank Group Exco for the financial year 2019.

BOARD OF DIRECTORS

Independent non-executive



VASSI NAIDOO ⁶⁵
Chairman: Nedbank Group and Nedbank Limited
4 years on the board



MPHO MAKWANA ⁴⁹
Lead Independent Director
Chair: DAC, GRPTC, GTSEC
8 years on the board



HUBERT BRODY ⁵⁵
Chair: Remco
2 years on the board



BRIAN DAMES ⁵⁴
5 years on the board



NEO DONGWANA ⁴⁷
2 years on the board



ERROL KRUGER ⁶²
Chair: GRCMC, GCC
3 years on the board



LINDA MAKALIMA ⁵¹
2 years on the board



TSHILIDZI MARWALA ⁴⁸
< 1 year on the board



MANTSIKA MATOOANE ⁴⁴
Chair: GITCO
5 years on the board



JOEL NETSHITENZHE ⁶³
9 years on the board



STANLEY SUBRAMONEY ⁶¹
Chair: GAC
4 years on the board

Non-executive



ROB LEITH ⁵⁷
3 years on the board



PETER MOYO ⁵⁷
1 year on the board

Executive



MIKE BROWN ⁵³
Chief Executive
15 years on the board



RAISIBE MORATHI ⁵⁰
CFO
10 years on the board

Non-executive directors are given no fixed term of appointment, and all directors are subject to retirement by rotation in terms of the company's memorandum of incorporation. An executive director is required to retire from the board at age 60 and, unless otherwise agreed by the board.

Executive directors are subject to six-month notice periods. This excludes the CE, who is subject to a 12-month notice period. Executive directors are discouraged from holding significant directorships outside the group.

Board changes since 52nd AGM

Additions Peter Moyo, Rob Leith

Retirement Malcolm Wyman (2019), **Resignation:** Peter Moyo (2020)

Board nominees for 53rd AGM on 22 May 2020

Election Prof Tshilidzi Marwala

Reelection Hubert Brody, Errol Kruger, Mpho Makwana, Mantsika Matooane

YOUR VOTE IS NEEDED ON
Director elections



MFUNDO NKUHLU ⁵³
COO
5 years on the board

Board representation as at 31 December 2019.

MANAGEMENT CONTROL (INCLUDING EMPLOYMENT EQUITY)

continued

OUR GROUP EXECUTIVE COMMITTEE

The Nedbank Group Executive Committee is a diverse and experienced management team that comprises the Chief Executive (CE), Chief Operating Officer (COO), Chief Financial Officer (CFO) and 10 other members of top management.

Our nine prioritised SDGs are allocated to Group Exco members who champion groupwide responses to the SDGs.



MIKE BROWN ⁵³
CE
Exco member since:
17 June 2004
Appointed CE: March 2010
26 years' service at Nedbank



RAISIBE MORATHI ⁵⁰
CFO
Exco member since:
1 September 2009
10 years' service at Nedbank



MFUNDO NKUHLU ⁵³
COO
Exco member since:
1 December 2008
15 years' service at Nedbank



BRIAN KENNEDY ⁶⁰
Group Managing
Executive: CIB
Exco member since:
14 November 2003
23 years' service at Nedbank



CIKO THOMAS ⁵¹
Group Managing
Executive: RBB
Exco member since:
18 January 2010
9 years' service at Nedbank



IOLANDA RUGGIERO ⁴⁹
Group Managing
Executive: Wealth
Exco member since:
1 May 2015
16 years' service at Nedbank



TREVOR ADAMS ⁵⁷
Chief Risk Officer
Exco member since:
5 August 2009
23 years' service at Nedbank



MIKE DAVIS ⁴⁸
Group Executive:
Balance Sheet Management
Exco member since:
1 January 2015
23 years' service at Nedbank



DEB FULLER ⁴⁷
Group Executive:
Group HR
Exco member since:
25 June 2018
1 year's service at Nedbank



ANNA ISAAC ⁵⁰
Group Chief Compliance
Officer
Exco member since:
1 January 2019
22 years' service at Nedbank



PRIYA NAIDOO ⁴⁶
Group Executive: Strategy
Exco member since:
1 January 2015
18 years' service at Nedbank

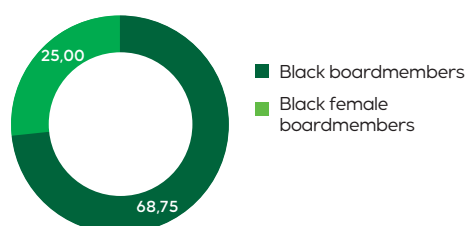


KHENSANI NOBANDA ⁴¹
Group Executive: Group
Marketing and Corporate
Affairs
Exco member since:
15 May 2018
2 years' service at Nedbank

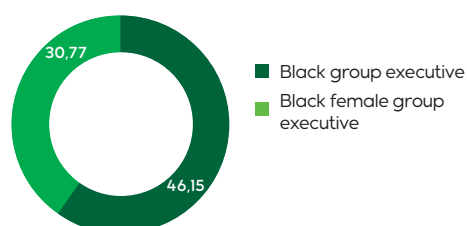


FRED SWANEPOEL ⁵⁶
Chief Information Officer
Exco member since:
1 November 2008
23 years' service at Nedbank

BLACK REPRESENTATION ON THE NEDBANK LIMITED GROUP BOARD FOR THE FINANCIAL YEAR 2019



BLACK REPRESENTATION ON THE NEDBANK GROUP EXCO FOR THE FINANCIAL YEAR 2019



PEOPLE TRANSFORMATION

As a purpose-led organisation, Nedbank is committed to nation-building and contributing to a more transformed SA. We believe that a more diverse workforce results in greater innovation and value creation for Nedbank.

Nedbank has a five-year EE plan that incorporates goals and targets as required by the EE Act. Structures are in place to ensure broad participation across the group to promote equal opportunity and fair treatment among all employees. This is achieved through EE forums at each business unit and at enterprise level. Our Group Exco also monitors progress on employment equity commitments every month. Collectively, these structures have strengthened our focus, commitment and accountability for implementing the EE Plan and facilitating positive and inclusive change within the business.

6 Advancing black and female employees must be a cornerstone of any company's operations. This must move beyond merely ensuring compliance, and towards succession planning, mentoring, training and skills transfer, and towards giving employees a meaningful stake in the companies they work for. 9


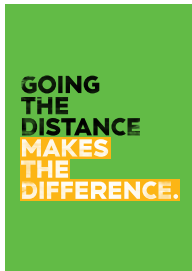



Cyril Ramaphosa, President of South Africa

EMPLOYEE VALUE PROPOSITION

During 2019, using feedback from our staffmembers, we developed an employee value proposition (EVP) that defines the essence of Nedbank – what makes us unique and what we stand for. It articulates why we are proud and motivated to work here, what Nedbank expects from staffmembers and what they can expect in return.

A compelling EVP and employer brand will strengthen our position in the market as an employer of choice. The Nedbank employer brand and employee experience also serves as an enabler to attract and retain the necessary talent and skills. Despite several credible and authentic strengths, Nedbank's EVP needed to be articulated clearly to make it easier for current and potential staffmembers to understand our differentiators and what we offer our people.

The Nedbank EVP promotes the concept that, as a purpose-led organisation, our staffmembers can be the difference that impacts our world. The launch of Nedbank's People Promise in January 2020 aligns well with our required culture and includes the following five themes:

| Purpose-led | Service excellence | High performance | Growth and development | Diversity and inclusion |
|---|--|--|---|---|
|  |  |  |  |  |
| <p>Our purpose is clear: to use our financial expertise to do good.</p> <p>This is what drives us to be the difference that impacts our world every day. Integrity, good ethics and values-based behaviour are our way of life. We act with purpose in every step, spreading the Nedbank magic to bring about positive change, because managing money with purpose makes a real difference in people's lives and in our world.</p> | <p>We are one team and we deliver worldclass service with purpose.</p> <p>Our clients are our everything. Together, we show up for them in big and small ways, rewarding the trust they've placed in us.</p> <p>The extra mile? It's the new standard, because going the distance makes the difference.</p> | <p>It's in our nature to look at the world differently. Our purpose fuels us to make an impact and this drives us to perform better, work smarter and reach higher.</p> <p>This strong results orientation is supported by our developmental approach to performance management. When we're good at what we do, our clients see money differently and live better lives as a result. That's the impact we're after.</p> | <p>Growth comes from striving to be a better version of ourselves each day.</p> <p>We never stop developing ourselves, bringing our potential to life by making the most of every learning opportunity and facing challenges with courage.</p> <p>With our finger on the pulse and our eyes on tomorrow, we seize every opportunity to make an impact, with an unshakeable shared passion.</p> | <p>We strive to create a culture of inclusion and belonging.</p> <p>Celebrating diversity, we welcome everyone and anyone who shares our passion for our purpose.</p> <p>We treat each colleague, stakeholder and client with care, respect and integrity – because that's who we are.</p> <p>When things go wrong, we communicate openly to learn from mistakes, reminding ourselves to be the difference that impacts our world.</p> |

PEOPLE TRANSFORMATION

continued

The five themes of our EVP, with purpose-led as our core theme, form the basis for engagement with our staffmembers, using social collaboration and strategic communication to engage with our staffmembers about matters that are important to them – what makes them proud to work at Nedbank.

IMPACT BEYOND THE WORKPLACE

As a bank committed to doing good, we have continued to prioritise initiatives and programmes that impact and transform our communities beyond the workplace:

ADDRESSING DISCRIMINATION AGAINST LGBTQI COMMUNITY

Nedbank has been at the forefront of diversity and inclusion and continues to respond to the challenges faced by marginalised groups in the workplace and society. Recognising the plight of the LGBTQI (lesbian, gay, bisexual, transgender, queer and intersex) community, Nedbank has embarked on an awareness campaign to highlight the rights of this community of our society. Following the campaign, which was supported by the Human Rights Commission and attended by many Nedbank employees in 2019, we established the Nedbank LGBTQI Forum, which also participates in the bank's EE Forum. To further enhance diversity and inclusion, awareness sessions were held in Johannesburg, Cape Town and Durban among our staff. Nedbank also participated in the 2019 South African Workplace Equality Index survey, where the bank attained bronze status as an indication of progress in this field.

CREATING OPPORTUNITIES FOR GENDER EQUITY

In the context of an economically active population of 45%, the composition of our workforce is 62% female. The representation of women at all occupational levels is strong, including in junior and middle management where they are in the majority, presenting an opportunity to increase representation at senior management through internal succession. In 2019 Nedbank was recognised as winner of the Gender Equity Employer award by the SABPP.

CELL C TAKE A GIRL CHILD TO WORK

On 6 June 2019 Nedbank hosted grade 11 learners from Thuto-Ke-Maatla Secondary School in Tembisa, covering topics such as education on drug abuse and teenage pregnancies, as well as career guidance, future skills and financial fitness. A followup session at the school ran a career expo for grades 8 to 11 learners, where they were exposed to different careers and skills.



In the Western Cape over 80 children were hosted at an entrepreneurship workshop at Zeekoevlei Primary School (an underprivileged school in the southern suburbs of Cape Town), inspired by the Take a Girl Child to Work programme. Besides key messages, the workshop sought to help the children with financial and entrepreneurial skills, while also dealing with the challenges of their socioeconomic circumstances.



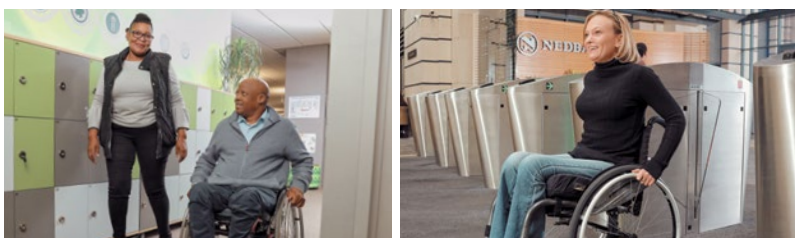
VOICES OF CHANGE

With the scourge of gender-based violence being so rife, the Voices for Change initiative seeks to encourage both men and women to be active agents for gender equality. Nedbank's Women's Forum partnered with Accenture and MTN to host a Voices of Change event, which is part of a series of global events to illustrate the importance of collaboration to accelerate the United Nations Sustainable Development Goals (SDGs), especially SDG 5: Gender Equity. Over 400 women attended the event, which focused on empowerment of authentic leadership, inclusion and diversity, as well as countering gender-based violence.



CREATING OPPORTUNITIES FOR PEOPLE WITH DISABILITIES

Nedbank remains committed to the representation and reasonable accommodation of persons with disabilities, with employees with disabilities representing 2.9% of our workforce. In the first week of December 2019 we held disability awareness sessions in Durban and Cape Town. The year also saw Nedbank's Disability Forum and Desk championing reasonable accommodation for people with disabilities, including staff and visitors. The SABPP also recognised Nedbank as a runnerup in the Disability Equity Employer award, as part of the SABPP Employment Equity, Diversity and Transformation Awards for 2019.



EMPLOYEE BENEFITS

Nedbank provides a comprehensive benefit offering to our staffmembers and their families. We constantly review and adjust our employee benefits to keep pace with our staffmembers' changing needs and expectations.

Below are examples of our employee benefits, highlighting some of the benefit improvements made in 2019:

| Benefit enhancements | Description |
|--|---|
| Retirement funds and life insurance | <p>We offer retirement funds, life insurance, financial planning and staff banking complements, social security and private savings as staff benefits.</p> <p>Our retirement funds have flexible contribution options and an additional voluntary contribution option where additional funds towards retirement savings can be invested.</p> <p>We have a variety of life insurance and savings products on a compulsory and voluntary basis for our staffmembers. We enhanced our life insurance cover for spouses by adding more multiples for wider choice and increasing the cover limit.</p> |
| Nedgroup Medical Aid Scheme (NMAS) | <p>Nedbank has a dedicated closed medical scheme, with compulsory membership for permanent staffmembers, unless they belong to a partner's medical scheme. Our medical scheme currently has 27 507 principal members. Additional contribution levels, based on revised income levels, were implemented to make contributions more affordable to staffmembers.</p> |
| Leave | <p>Parental leave</p> <p>Our parental leave provisions were improved ahead of labour law amendments to adopt a progressive and family-friendly framework.</p> <p>We believe our parental leave provisions should be inclusive of as many family arrangements as possible.</p> <p>We also implemented the impending legislative amendments relating to adoption leave and surrogacy leave in 2019, even though these changes were not yet effective.</p> <p>Adoption leave</p> <p>For the purposes of adoption leave, the maximum eligible age of adopted children has been increased from six to 18 years old. This aligns with the broad SA definition of a child being any person under the age of 18 years old.</p> <p>Improved adoption leave for mothers will be paid for four months, which may be extended to a maximum of six months by using unpaid leave (similar to the maternity leave provisions), and fathers are eligible for 10 days paternity leave.</p> <p>Surrogacy commissioning leave</p> <p>The parent of a surrogate child is entitled to four months of paid maternity leave (can be extended to six months under certain conditions).</p> <p>Surrogacy maternity leave</p> <p>Maternity leave will be available to the surrogate mother who bears the child. The surrogate mother will be entitled to six weeks of paid maternity leave after the birth.</p> |
| Flexible work practices | <p>Nedbank offers and supports a range of flexible work practices, subject to workplace requirements.</p> |
| Minion Kids Crèche | <p>Nedbank supports access to child care. Minion Kids Crèche at Nedbank 135 Rivonia Campus caters for children from three months to grade R, making it easier for some of our staffmembers to achieve work-life integration. In 2019 the crèche had between 160 and 174 children.</p> |

In alignment with our EVP we review our suite of employee benefit offerings on an ongoing basis.

PEOPLE TRANSFORMATION

continued

At 31 December 2019 the Nedbank Group employee profile was as follows:

| Headcount | Male | | | | Female | | | | Foreign nationals | | Total |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|------------|---------------|
| Occupational levels | African | Coloured | Indian | White | African | Coloured | Indian | White | Male | Female | |
| Top management | 2 | - | 1 | 7 | 2 | - | 2 | 3 | - | - | 17 |
| Senior management | 91 | 42 | 122 | 378 | 79 | 26 | 86 | 174 | 29 | 8 | 1 035 |
| Middle management | 1 165 | 519 | 840 | 1 526 | 1 366 | 668 | 906 | 1 595 | 113 | 67 | 8 765 |
| Junior management | 2 808 | 834 | 689 | 541 | 6 066 | 1 817 | 1 325 | 1 143 | 20 | 39 | 15 282 |
| Semiskilled | 761 | 137 | 26 | 16 | 1 433 | 330 | 39 | 50 | 2 | 6 | 2 800 |
| Total permanent | 4 827 | 1 532 | 1 678 | 2 468 | 8 946 | 2 841 | 2 358 | 2 965 | 164 | 120 | 27 899 |
| Temporary employees | 8 | 2 | - | 1 | 14 | 5 | 2 | 1 | - | - | 33 |
| Grand total | 4 835 | 1 534 | 1 678 | 2 469 | 8 960 | 2 846 | 2 360 | 2 966 | 164 | 120 | 27 932 |

Note: The workforce profile excludes all non-payroll contractors, temporary non-payroll employees, international seconders and employees from external entities.

At 31 December 2018 the Nedbank Group employee profile was as follows:

| Headcount | Male | | | | Female | | | | Foreign nationals | | Total |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|------------|---------------|
| Occupational levels | African | Coloured | Indian | White | African | Coloured | Indian | White | Male | Female | |
| Top management | 3 | - | 1 | 7 | 2 | - | 1 | 3 | - | - | 17 |
| Senior management | 73 | 41 | 107 | 391 | 67 | 26 | 80 | 158 | 27 | 11 | 981 |
| Middle management | 1 150 | 525 | 841 | 1 656 | 1 334 | 686 | 957 | 1 680 | 131 | 79 | 9 039 |
| Junior management | 2 945 | 881 | 712 | 588 | 6 205 | 1 854 | 1 365 | 1 248 | 49 | 87 | 15 934 |
| Semiskilled | 397 | 86 | 32 | 33 | 856 | 342 | 82 | 155 | 3 | 10 | 1 996 |
| Total permanent | 4 568 | 1 533 | 1 693 | 2 675 | 8 464 | 2 908 | 2 485 | 3 244 | 210 | 187 | 27 967 |
| Temporary employees | 19 | 6 | 4 | 4 | 34 | 10 | 5 | 5 | 3 | 3 | 93 |
| Grand total | 4 587 | 1 539 | 1 697 | 2 697 | 8 498 | 2 918 | 2 490 | 3 249 | 213 | 190 | 28 060 |

Note: The workforce profile excludes all non-payroll contractors, temporary non-payroll employees, international seconders and employees from external entities.

At 31 December 2019 the Nedbank Group employee profile for persons with disabilities was as follows:

| Headcount | Male | | | | Female | | | | Foreign nationals | | Total |
|------------------------|-----------|-----------|-----------|------------|------------|-----------|-----------|------------|-------------------|----------|------------|
| Occupational levels | African | Coloured | Indian | White | African | Coloured | Indian | White | Male | Female | |
| Top management | - | - | - | - | - | - | - | - | - | - | - |
| Senior management | 3 | 2 | 2 | 18 | 1 | - | - | 4 | 1 | - | 31 |
| Middle management | 17 | 9 | 17 | 77 | 26 | 21 | 26 | 86 | - | 1 | 280 |
| Junior management | 51 | 11 | 22 | 32 | 97 | 44 | 41 | 74 | - | - | 372 |
| Semiskilled | 10 | 2 | 1 | 3 | 6 | - | 3 | 5 | - | - | 30 |
| Total permanent | 81 | 24 | 42 | 130 | 130 | 65 | 70 | 169 | 1 | 1 | 713 |
| Temporary employees | - | - | - | - | - | - | - | - | - | - | - |
| Grand total | 81 | 24 | 42 | 130 | 130 | 65 | 70 | 169 | 1 | 1 | 713 |

At 31 December 2018 the Nedbank Group employee profile for persons with disabilities was as follows:

| Headcount | Male | | | | Female | | | | Foreign nationals | | Total |
|------------------------|-----------|-----------|-----------|------------|------------|-----------|-----------|------------|-------------------|----------|------------|
| Occupational levels | African | Coloured | Indian | White | African | Coloured | Indian | White | Male | Female | |
| Top management | - | - | - | - | - | - | - | - | - | - | - |
| Senior management | 3 | 2 | 2 | 19 | 2 | - | - | 5 | - | 1 | 34 |
| Middle management | 15 | 9 | 21 | 91 | 22 | 23 | 30 | 101 | - | - | 312 |
| Junior management | 53 | 12 | 25 | 34 | 104 | 49 | 44 | 91 | - | 1 | 413 |
| Semiskilled | 15 | 2 | 1 | 4 | 11 | 6 | 8 | 23 | - | - | 70 |
| Total permanent | 86 | 25 | 49 | 148 | 139 | 78 | 82 | 220 | - | 2 | 829 |
| Temporary employees | - | - | - | - | - | - | - | 1 | - | - | 1 |
| Grand total | 86 | 25 | 49 | 148 | 139 | 78 | 82 | 221 | - | 2 | 830 |

SKILLS DEVELOPMENT

In support of our aspiration to lead in transformation, skills development remains a strategic focus area within Nedbank. Our increase in SD investment is a testament to Nedbank's commitment to the growth and development of our people, as well as differentiated and prioritised learning investment in the development of black (and especially black female) staffmembers.

CASE IN POINT

Data science learnership

Explore Software, trading as Explore Data Science Academy, entered into partnership with Nedbank Foundation in 2019 for 18 fully sponsored learnerships. These learners were recruited based on aptitude and attitude tests, against SA's 'economically active population' criteria. All learners graduated with above-average class scores – a third of the cohort graduated as 'blackbelts' (top 10%). The objective of the programme is to recruit talented SA youths into a one-year learnership, equipping them with the skills required to be a data scientist in corporate SA and ensuring they are gainfully employed within three months of graduation. From our first cohort that ended in December 2018, there was a 95% graduation rate and a 93% placement rate where the average starting salary was R360 000 a year.

The programme itself is an intensive 12-month learnership facilitated at the Explore campus, delivered on our training platform and supervised by Explore's large faculty of data scientists. The curriculum consists of six months, learning the fundamentals of data science in a practical manner, followed by six months of practical work experience at Nedbank. This is augmented by our soft skills programme – The Way of the Explorer.

This commitment is also reflected in the training investment for 2019:

| | 2019 ytd December | 2018 ytd December |
|---|------------------------|----------------------|
| Total basic payroll | R15 082 586 997 | R14 131 011 851 |
| Total training spend | R760 071 387 | R468 128 368 |
| Training spend as % of basic payroll | 5,0% | 3,3% |
| Training spend for black staff as % of basic payroll | 4,0% | 2,6% |
| Training spend for black female staff as % of basic payroll | 2,4% | 1,6% |
| Training spend for black staff with disabilities as % of basic payroll | 0,07% | 0,04% |
| Training spend for black female staff with disabilities as % of basic payroll | 0,05% | 0,03% |

PARTNERSHIP WITH THE UNIVERSITY OF JOHANNESBURG

The partnership was initiated to address the future skills pipeline focusing on STEM (Science, Technology, Engineering, Mathematics) in line with our digital-first strategy.

A total of 24 students were funded for 2019 to address our scarce, critical and future skills requirement. Of those, some were undertaking research for master's degree dissertations focused on business issues such as:

- Investigating real-estate opportunities within a certain class of clients.
- Using Six Sigma to improve automated teller machine infrastructure.
- The impact of humanoid and software robotics advancement on the quality of the workforce.
- Sentiments analysis: Predicting the effects of news and social media sentiments on companies on the Johannesburg Stock Exchange.

eSwatini Project – Africa Regions

The New Manager Development Programme was an initiative to grow leadership skills in eSwatini. This was facilitated by the University of Stellenbosch Business School. Participants were from various areas across the eSwatini business such as Retail, Human Resources, Risk, Legal, Credit, IT and Wholesale Banking. A total of 20 participants took part in the programme. This initiative will increase profitability in the long term, and we will have new managers who are equipped to perform in their management roles.

CIB VACATION PROGRAMME

The Corporate and Investment Banking (CIB) Vacation Programme is a five-day programme aimed at introducing graduates to the world of corporate and investment banking. The programme was attended by 14 graduates (85,7% black and 71% African).

Student accommodation

The availability of affordable accommodation close to tertiary institutions is critical in enabling students to succeed in their studies, however this remains an ongoing challenge in SA. To help address this issue Nedbank has provided almost R7bn worth of funding for over 23 000 student beds since 2015. In 2019 we invested a total of R1,8bn (2018: R446m), which delivered an additional 8 292 beds.

PREFERENTIAL PROCUREMENT

Nedbank is committed to strengthening the participation of small businesses – not only within our value chain, but also within the marketplace. Rapid change is taking place within our society, and with it a new business landscape is emerging – one in which small businesses have greater opportunities than ever before. However, securing and leveraging these opportunities require partnerships with big companies – smart partnerships built on strong relationships. At Nedbank we aim to strengthen our relationships with strategic suppliers and explore potential avenues for growth and added value for our business.

Although great progress has been made in achieving excellent performance across all areas of the procurement scorecard, buying from black-women-owned (BWO) organisations remains a challenge. Despite our efforts, the lack of BWO suppliers in significant categories of our supply chain remains elusive. To address this situation the procurement department was restructured, enabling resources to focus mainly on BWO suppliers to achieve set goals. Special emphasis has been placed on the tendering process, as well as on information programmes instituted to advocate the need to increase BWO suppliers. These efforts are slowly showing signs of success.

Our policies and practices in preferential procurement remain a key strategy for enabling transformation, job creation and community upliftment. They are thus designed to maximise our contribution to the development and economic transformation of the country. The group policy is mandated to give preference to local suppliers over foreign suppliers, with more emphasis on SMMEs.

To empower and develop SMMEs we entered into a strategic partnership with SAP Ariba to empower and develop small black-owned suppliers. Selected suppliers received a standard Nedbank account, which gives them access to the Ariba platform to market their businesses and participate in the sourcing opportunities.

In addition, we remain a signatory to the Prompt Payment Code, which means that small suppliers (exempted microenterprises) are paid within seven days and all other SMMEs within 30 days of receipt of their invoice. This gives SMMEs quicker access to their funds to remain operationally viable.

| | 2019 | 2018 |
|---|----------------|---------|
| Number of suppliers engaged or supported | 6 580 | 6 877 |
| Total procurement spend | R18,1bn | R17,9bn |
| Total procurement spend on exempt microenterprises | R1,3bn | R1,2bn |
| Total procurement spend on qualifying small enterprises | R1,7bn | R1,6bn |
| Total procurement spend on ≥ 51% black-owned companies | R5,5bn | R4,3bn |
| Total procurement spend on ≥ 30% black-owned companies | R3,1bn | R2,3bn |
| Primary supplier locations and relative % of spend | | |
| Gauteng | 86% | 87% |
| KwaZulu-Natal | 6% | 5% |
| Western Cape | 4% | 4% |
| Other regions | 4% | 4% |

ADDING VALUE THROUGH A SUSTAINABLE SUPPLY CHAIN

Government's quest to foster the creation of a sustainable economy by increasing local business development forms an integral part of the transformation and enterprise development agenda in SA. Nedbank's community of suppliers are far more than the stakeholders who are dependent on our business. They are important enablers in the attainment of our strategies and objectives. This understanding has allowed transformation in supplier engagement and ensured the realisation of significant benefits for all parties involved. Various procurement functions work closely with suppliers to promote and enable shared growth, strong relationships and greater sustainability across the entire supply chain.

CASE IN POINT

S & B Sales and Cleaning Services CC

S & B Sales and Cleaning Services CC is a 100% BWO cleaning enterprise based in the Eastern Cape. After a successful tender process, they have been awarded a cleaning contract for the whole of our Eastern Cape branch network. At the time of engaging the supplier, the company had approximately 25 staffmembers, but has since increased its workforce to over 100. Since our partnership started, the owner has been recognised by regional bodies as a leading job creator in the Eastern Cape.

The owner admits that, whenever she finds the opportunity, she mentions Nedbank, and that this has helped her to get more contracts. Her business is on a steady growth trajectory and, as a Nedbank client, she would like to do more business with us through funding for business expansion.



S & B Sales and Cleaning Services awarded for being the largest small-business employer by the Eastern Cape government.

PREFERENTIAL PROCUREMENT

continued

CASE IN POINT

TSK Interiors (construction company)

TSK Interiors is owned by two dynamic young black entrepreneurs. About five years ago we approached this supplier for interior decoration and general construction purposes. A year later they were chosen for the Nedbank ESD Programme. During the programme TSK acquired another construction company to expand its business, and some of the big blue-chip companies on the JSE are on its books.

When the CEO Circle announced the new fund to sponsor up-and-coming black entrepreneurs, TSK Interiors was one of the suppliers we nominated. Out of 143 nominees TSK made it through a series of interviews and was chosen as one of the final seven entrepreneurs, together with another Nedbank nominee and supplier Signcraft Africa (corporate signage company).



Company executives from TSK Interiors receiving the CEO Circle award for 2019.

CASE IN POINT

Signcraft Africa (corporate signage company)

This is a one-stop shop that manufactures, installs, delivers and maintains corporate signage and which has recently been awarded a tender following a successful tender process. They have presence in 14 African countries, including our SADC neighbouring countries. The business shows sustained growth, with some of the big five banks on the books.

All seven recipients of CEO Circle Entrepreneur awards for 2019 will get special support and funding to enable them to grow with a wide network of industry experts. This initiative has support and encouragement from the government to grow small enterprises into local big businesses.



Company executives from Signcraft Africa receiving the CEO Circle award for 2019.

NEDBANK LEVERAGES ITS ADVERTISING SPEND TO HELP DRIVE SA'S MEDIA INDUSTRY TRANSFORMATION

While many SA businesses are committed to enabling transformation through appropriate investment of their procurement and enterprise development budgets, the media sector is often overlooked as part of these industry transformation strategies.

In 2019 we made a concerted effort to ensure that our media spend, particularly our out-of-home (OOH or outdoor) and community radio media advertising budget, delivered real transformation outcomes for the media industry.

During 2019 we placed 73% of OOH advertising with black-owned media companies, a significant increase from 45% in 2018.

The increase in black-owned media company spend attests to our recognition of the importance to transform SA's media sector and secure its continued survival and effectiveness as a vital enabler of such business and economic growth. In 2018 only 7% of Nedbank's billboard advertising spend was with 100% black-owned media companies, and 35% was with 51% black-owned businesses. However, as a result of our recognition of the importance of investing to facilitate media transformation, these figures increased to 35% and 38% respectively in 2019. We intend to improve on these achievements to include digital media suppliers as part of our 2020 and beyond focus, and to empower suppliers through sustainable business programmes.

ENTERPRISE AND SUPPLIER DEVELOPMENT

Nedbank launched the inhouse ESD Programme in 2015. The programme is a combination of business mentorship, business acumen and specialist training, as well as personal coaching. In 2019 a total of 10 new suppliers, which stem from various industries and life cycle stages, started with the programme. The programme provided customised tailored solutions to address specific needs extending to mentorship, system intervention, growth and expansion strategies and diversification.

Nedbank has extensive experience in serving the small-business segment in SA and is ideally geared to grow and support this important engine of our economy. Nedbank's Small Business Services offering is designed to deliver seamless, streamlined and easy-to-access banking solutions to the lower end of small business (typically ranging from startups to businesses with a turnover of R30m). Business owners enjoy the support and guidance of a dedicated relationship banker, while being able to access self-service functionality through our digital platforms. Credit policy and processes are tailored for this segment and free access to a range of education and business tools is also available to provide additional support in the early phases of the business life cycle.

Business Banking focuses exclusively on more established companies (businesses with a turnover of R30m to R700m) and provides a far more tailored service and sophisticated range of banking solutions, leveraging the expertise of transactional banking, investment and lending specialists. Across these two areas, Nedbank offers a range of tailored propositions for the following areas: franchising; agriculture; medical businesses; the public sector; schools and legal firms.

We are committed to delivering meaningful transformation by using finance opportunities presented to us by Nedgroup Mogale ESD. The fund is geared towards empowering businesses that have shown potential for high growth but may not have the means to secure funding through transactional commercial banking methods. Retail Relationship Banking has helped five qualifying clients through a risk sharing funding solution with Nedgroup Mogale ESD to the value of R14m in the period under review.

The following represents a summary of initiatives, sponsorships and activities driven by Nedbank aimed at contributing to the growth and wellbeing of our small-business clients, our communities and the country.

Our 2019 focus areas extend to providing access to finance and appropriate capacity-building and support to qualifying businesses, and to implement interventions that will develop and nurture emerging businesses in line with market opportunities.

NEDBANK SUPPORTS THE RIVERSANDS INCUBATION HUB

Nedbank has been a key sponsor of the Riversands Incubation Hub initiative since 2016, providing over R2m to Riversands that catalysed support for 59 entrepreneurs. This covered a range of interventions, including group training, business coaching, marketing support, financial management and vital backoffice support systems.

Through this enterprise development support, Nedbank has played a vital role in boosting sustainability in these high-potential businesses. From October 2018 to September 2019, these businesses employed 564 people (333 new jobs) with a total wage bill of R67m. This job growth is significant at a time when many SA small businesses are freezing or reducing headcount. The total annual turnover of the sponsored businesses is more than R97m.

MUNICIPALITY FINANCIAL MANAGEMENT AND TENDER TRAINING

Nedbank implemented SMME training programmes in 10 municipalities across the country, which benefitted 250 entrepreneurs. The training focused on how to use financial information to make strategic decisions within the business. It was practical and created awareness and an understanding of financial disciplines as a business tool. In addition, delegates were taken through key challenges that SMMEs experience when completing tender documents. It also included acumen around the essential components of responding to tenders, pricing and compliance and governance.

FIX FORWARD

Fix Forward focuses on equipping tradesmen from low-income communities with the necessary skills to help them grow from the informal to the formal arena and to realise their potential as entrepreneurs. In addition, Fix Forward

connects homeowners and businesses wanting to renovate with hand-picked quality tradesmen, providing market access for those tradesmen.

Since the initial support of R3,4m for 100 business owners to participate in the programme in 2017, Fix Forward has achieved great success. Contractors that have gone through the Fix Forward programme have grown from strength to strength.

From a recent survey done with 29 of the 100 Nedbank-funded contractors in 2019, the following results were significant:

- These businesses have created 88 new jobs.
- Extrapolated 29 out of the full 100 contractors we have supported this year, that is over 300 new jobs in 2019.
- The average number of employees per contractor has increased from five to eight.
- One out of eight employees is female.

NEDBANK LABS INNOVATION AND ENTREPRENEURSHIP PROGRAMME

RLabs is a SA and award-winning enterprise that was established in 2009. The main aim of RLabs is to create systems and environments where people can be impacted, empowered and transformed through technology and innovation, training and economic opportunities. RLabs has since expanded to 23 countries across five continents, impacting more than 10 million people.

The aim of this innovation and entrepreneurial programme (IEP) is to help 50 enterprises with support and resources to drive economic growth. The goal is to see an increase in revenue and job creation for each of these enterprises over 12 months to ensure an improved quality of life for the entrepreneurs, to create jobs and to contribute to the local economy. RLabs offers facilities, facilitation, human resources, materials, support and equipment for the duration of the project, ensuring ongoing monitoring and evaluation of the programme by working closely with the entrepreneurs.

An update on the programme is as follows:

- A total of 10 IEP businesses have increased their revenue by 50% or more.
- A total of 34 of the IEP businesses have acquired new customers.
- An estimated R2m was paid in salaries or wages.
- Indirectly 440 people have benefitted from an increase in their household income during this period.

ENTERPRISE AND SUPPLIER DEVELOPMENT

continued

CASE IN POINT

Zlto

Zlto (a blockchain platform for incentivisation) has raised over R12m from the Michael & Susan Dell Foundation and Allan Gray Orbis ESquared. Zlto was also recognised by Google as a leading innovation, leveraging mobile and web technologies. Zlto has employed seven additional youth from previously disadvantaged communities (six female and one male) and through its platform have directly impacted more than 1,5 million beneficiaries through work and services on its platform. Zlto also signed up YES4Youth as a client and started the onboarding of their beneficiaries.

CASE IN POINT

GapX

GapX (a digital financial services platform) has signed up with the Nedbank application programming interface (API) marketplace, a platform that allows approved technical partners to create innovative solutions for clients. It launched its lending product, GapLend, and will follow this up by launching a mobile money service in partnership with the Nedbank Mobile Money API team. GapX have already secured Property24, Moya and Kandura as possible partners for its launch.

CASE IN POINT

PetroConnect Readiness Programme

PetroConnect (PC) is a company formed by two experienced fuel retailers, Sbonelo Mbatha and Mark Harper, with a vision of providing end-to-end solutions in the SA fuel retail industry. PC was founded on the vision of playing a proactive role in helping all players in the fuel industry to reach transformation objectives in a sustainable manner.

The readiness programme was formulated by PC and is a platform for training and mentorship for fuel retail franchisees in SA. Among many activities, they design transformation strategies and connect the right people to form mutually beneficial partnerships.

Nedbank provided enterprise development funding to enable 45 potential fuel site owners to undergo intensive training and mentorship. They are part of an ongoing engagement process between their mentors, the oil companies and the bank around their entrepreneurial journey in the fuel industry.

EXPANDED PUBLIC WORKS PROGRAMME VUK'UPHILE LEARNERSHIP PROGRAMME

Nedbank is the appointed financial services provider for the Expanded Public Works Programme's (EPWP's) Vuk'uphile Learnership Programme. The aim of the programme is to develop emerging contractors to be fully fledged contractors that can execute labour-intensive contracts in civil works and general building. Over the past seven years Nedbank has successfully collaborated with the National Department of Public Works in rolling out the EPWP Vuk'uphile Learnership Programme, through which the following has been achieved:

- Nedbank has helped with the development of over 679 learner contractors (small businesses) who will become sustainable small enterprises. Part of this process involved funding using a credit matrix that is designed and fit for purpose for emerging contractors, supported by ongoing mentorship and the development of their financial skills with the help of the appointed service provider.
- A total of R55m (cumulative since inception) in credit facilities has been advanced to 208 learner contractors.
- Nedbank has committed R1,5m in the period under review towards the mentorship of learner contractors in the Vuk'uphile Learnership Programme. This has helped us to mitigate the risks associated with lending to this programme and there has been no impairment so far. In 2017 Nedbank was reawarded the tender for an additional five-year period.

NEDBANK CONTINUES CONTRACT WITH FINFIND

Initiated in 2015 Finfind is an online one-stop solution for access to finance for small businesses. The solution helps business owners seeking funding to improve their readiness for finance and includes educational tools and links to various financial solutions for their financial needs. The partnership with Finfind extends this value further by matching potential clients to Nedbank Small Business Services through a lending portal. The Nedbank team then engages the client on their need in the most effective way.

NEDBANK SPONSORS PITCH & POLISH FOR THE FOURTH YEAR

Pitch & Polish is a national initiative offering free workshops for entrepreneurs and startups to pitch their business ideas in front of an audience and judges, including representatives from Engen, Raizcorp and Nedbank. Finalists go through various rounds and the top three finalists benefit from startup funding. Nedbank provides financial training and sponsorship, and agrees to provide funding to the business owners, where possible. In 2019 there were 2 300 participants nationally (17% increase on 2018) who enjoyed publicity to the value of R22m.

NEDBANK BUSINESS IGNITE

Previously known as the Nedbank Business Accelerator and hosted in conjunction with Primedia, this sponsorship property is now in its seventh year. The platform gives entrepreneurs access to a business incubation expert and the opportunity to talk to an engaged audience about their challenges while promoting their business. There were two winners – one from Gauteng and one from Cape Town, who each won an incubation programme for one year valued at R100 000, plus airtime at their respective radio stations to the value of R200 000.

SMALL-BUSINESS EXHIBITIONS

Key to Nedbank's strategy is engaging with business owners and entrepreneurs at selected small-business expos. In 2019 Nedbank participated in the following:

- The National Small Business Chamber show, which attracted over 25 000 visitors over two days. A total of 420 registrations onto SimplyBiz (a market place, networking and engagement platform for business owners by business owners, powered by Nedbank) were recorded, with 92 new business leads being generated.
- The Durban Business Expo, which attracted over 48 500 visitors over three days. Nedbank primarily focused on how we support small businesses with tools and solutions to grow. A total of 178 registrations on SimplyBiz were recorded.
- Africa Women Innovation & Entrepreneurship Forum (AWEIF) conference, which created a platform for networking with entrepreneurs from SA and abroad. A total of 25 business opted for our incubator programme.

SIMPLYBIZ (POWERED BY NEDBANK)

SimplyBiz is a platform for business owners (launched in 2010) and revamped in 2019. It now offers five pillars aimed at fuelling business owners with the support they need to start and/or grow:

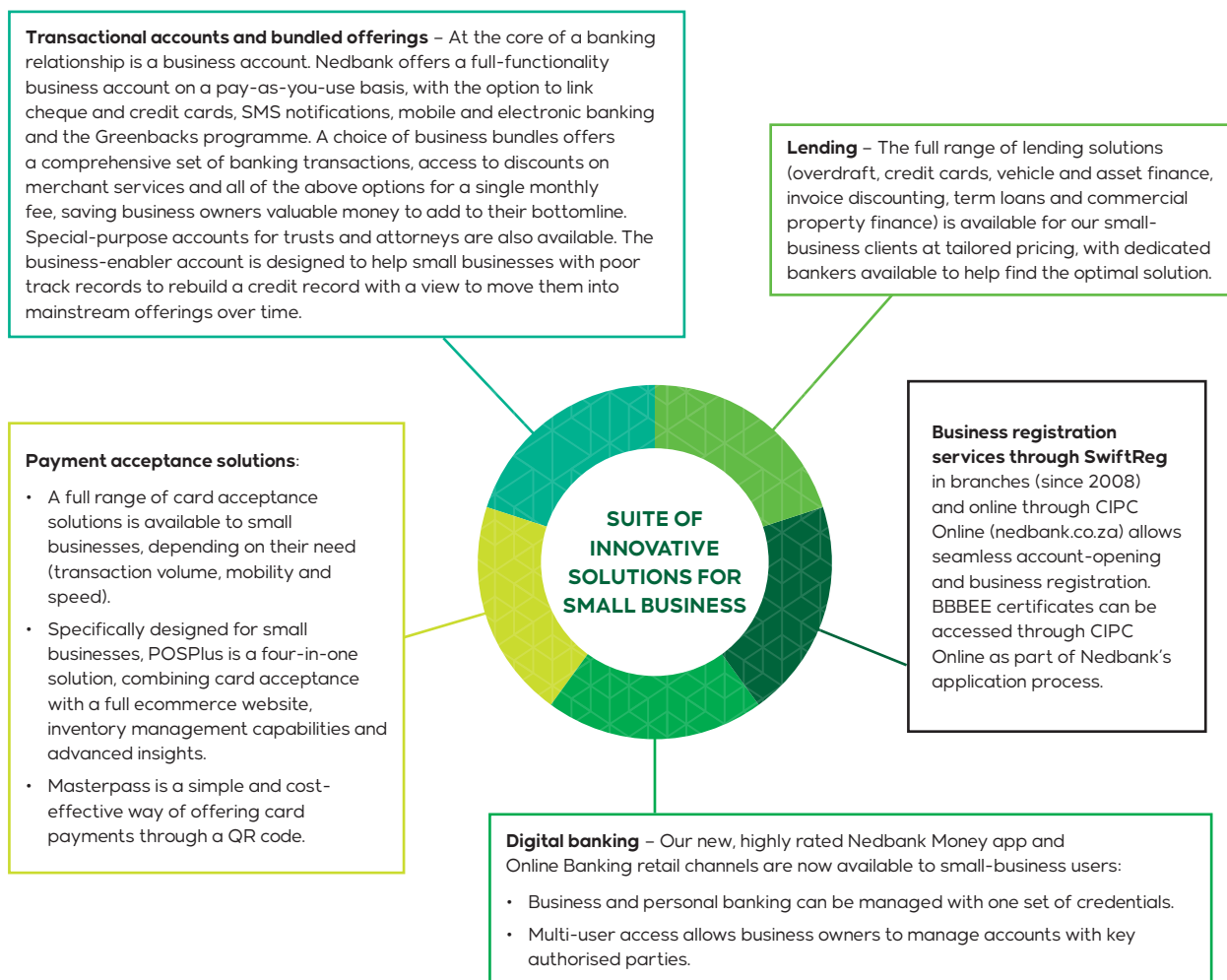
- **Community:** Business owners can post questions and give advice to other business owners on pressing business matters. They can also find interesting articles and templates, polls and webinars to download.
- **Directory:** Allows a business to be advertised to other business owners.
- **Business solutions:** Includes a range of curated product and service vouchers, such as laptops, software, access to specialists and data deals.
- **Marketplace:** Businesses can generate leads and create new business opportunities for members.
- **Funding:** Includes information on various funding options, such as traditional banking (with Nedbank), crowdfunding, angel investors and venture capitalists.

THE ESSENTIAL GUIDE FOR SMALL-BUSINESS OWNERS

This guide includes everything a business owner should know about starting a business. From business basics (like choosing a business entity and registering a business) to keeping financial information up to date, this guide is available from relationship bankers and is used at our business literacy workshops.

OTHER NEDBANK PARTNERSHIPS/SPONSORSHIPS

Nedbank's banking offering for small businesses includes a suite of innovative solutions to support the financial and day-to-day transactional needs of our clients:



GAP Access is an innovative merchant advance solution that gives more established businesses access to working capital based on card turnover, with flexible repayment terms.

EMPOWERMENT FINANCING

Nedbank prioritises creating real economic opportunities for black businesses in SA, partnering with them to ensure their success as viable, productive participants in the country's socioeconomic development.

By continuing with a holistic approach our empowerment financing model has led us to provide funding for a range of initiatives, including transformational infrastructure projects, affordable housing, black agriculture, and black SMME and BBBEE transaction financing.

We recognise the focus of continued commitment towards empowerment financing as a priority element.

CASE IN POINT

Thebe Investment Corporation

Nedbank CIB provided approximately R1,4bn empowerment financing to Thebe Investment Corporation by way of a term loan for the acquisition of Compass Southern Africa, since renamed Empact Group. Thebe increased its equity interest in Compass SA from 41% to 100%, transforming it from a foreign-owned company, then majority-owned by Compass plc (listed on the London Stock Exchange) into an SA BO enterprise.

Founded in 1992 Thebe has grown to become one of SA's leading BO investment companies, managing assets of over R6bn. Compass SA is one of SA's leading facilities management and food services companies, employing more than 18 000 staff in over 450 corporates, hospitals, mining villages, schools and various higher-educational institutions. Nedbank is also a key corporate client of Compass SA, as it manages the catering services of most Nedbank office campuses countrywide.

In addition to the funding provided to Thebe, Nedbank CIB also provided a R850m general banking facility to Compass SA and became its primary transactional banker.

OUR EMPOWERMENT FINANCING APPROACH

TRANSFORMATIONAL INFRASTRUCTURE

Projects that support economic development in underdeveloped areas and contribute towards equitable access to economic resources.

AFFORDABLE HOUSING

Make quality, affordable housing more readily available and accessible to many people.

BLACK AGRICULTURE

Key driver of SA's sustainable and food-secure future.

BLACK SMALL AND MEDIUM ENTERPRISE (BSME)

Partner with our clients for growth for a greater SA.

BBBEE TRANSACTION FINANCING

Provide financing to BO businesses through our innovative and flexible solutions.

BLACK BUSINESS GROWTH FUNDING

Provide financing that supports new and existing BO companies that create jobs within the economy.

ENABLED BY SPECIALIST TEAMS

Nedbank CIB issued two green bonds of R1,7bn and R1bn and it also closed two groundbreaking embedded generation transactions of R400m for Energy Partners and R250m for Sola Group and African Infrastructure Investment Managers.

AFFORDABLE HOUSING

During 2019 the unit disbursed a record R1,1bn towards new affordable- and social housing developments and recorded more than R769m in sales. New development funded in 2019 totalled R590m and has facilitated delivery of 2 476 affordable- and social housing units. The following two notable projects known as The Block in Cape Town and The Village undertaken by International Housing Solutions (IHS) were delivered in 2019.

THE BLOCK

This development project is located in Glenhaven, Cape Town and comprises 253 affordable-housing rental units. The size of the units range from 34 m² to 46 m², with monthly rental ranging from R4 700 to R6 200.

MATLOSANA SOCIAL HOUSING SCHEME

This development project is located in Klerksdorp in North West, comprising 1 168 social housing units with monthly rental ranging from R875 to R5 400.



SOCIOECONOMIC DEVELOPMENT AND CONSUMER EDUCATION

Nedbank Foundation, the primary corporate social investment wing of the bank, is committed to contributing towards the social wellbeing of the people of SA. The foundation focuses on two core areas to support communities for greater impact – education, which is in line with sustainable development goal (SDG) 4 (Quality Education) and skills development, which aligns with SDG 8 (Decent Work and Economic Growth).

To measure outcomes and impact the foundation has developed a monitoring and evaluation framework, measuring social return on our investments. Benefits of monitoring and evaluation includes:

- Better programme conceptualisation.
- Improved overall programme performance.
- High level of transparency.
- Enhanced work performance.
- Better value for money.
- Improved information management.

INVESTING IN SCIENCE TECHNOLOGY ENGINEERING AND MATHEMATICS

The Eyethu Community Trust provided R2,8m to allow 20 students to attend an intensive 12-month data science-accredited skills programme at the Explore Data Science Academy that will open better opportunities for employment. From July 2019 these young data scientists were placed at Nedbank Group Technology, Group Risk and Group Human Resources for practical training. Nedbank has made five permanent offers to these students and seven other students have started working at other companies. We have 12 of the 18 permanently employed. The Eyethu Community Trust has committed to train an additional 20 data scientists in 2020.

The ORT SA coding and robotics project gives learners from historically disenfranchised communities the opportunity to harness technology in creative ways and deliver outcomes that can improve their futures and help transform society. The project gives educators and learners a strong foundation for learning programming languages, with the aim being to train them in application development and text

coding principles. In 2019 the Nedbank Foundation invested R1,5m (2018: R1,3m), directly benefitting 42 teachers and 240 learners (2018: 24 teachers and 220 learners).

BUHLE FARMERS ACADEMY

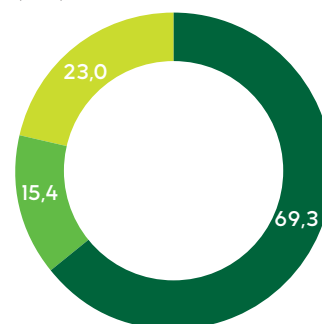
Nedbank has committed to help emerging farmers become commercial farmers. This three-year programme, which started in 2018, will see farmers fully participating in the food value chain, contributing to general local economic development and food security as well as local employment. In partnership with Buhle Farmers Academy, the programme addresses specific constraints emerging farmers face and supports them through training, skills transfer coaching, mentoring and startup assistance.

Year one of the project was aimed at setting up these businesses and ensuring that farmers have the necessary infrastructure through small grants, technical support, training and mentoring. To a large extent the farmers appear to be deploying learnt skills in cultivating a variety of crops. Apart from one farmer who cultivated only butternut, the rest of the farmers have cultivated two to five crops, including cabbage, chili, tomato, okra, mustard spinach, green pepper and onion. This broad range of cultivated crops bears ample testimony of the agricultural dexterity of the farmers. To this end it can be inferred that the agriculture training they are being exposed to is yielding results. The potency of the agricultural training is further corroborated by the fact that all the farmers have witnessed an increase in the hectares of land cultivated when a comparison is made between the preproject and current state.

There certainly have been positive results on this intervention – all the set objectives were met in year one, and of course there were challenges and lessons learned. The project aims to improve business performance, farm productivity, job creation, income and access to formal markets. In relation to these objectives, production increased, and farmers cultivated different crops per cycle, gained access to formal markets (from three to 18) and 21 jobs were created. All the farm businesses were registered with CIPC, bank accounts were opened, and five market-networking platforms were created.

Financial recording and management were challenging, and Buhle Farmers Academy appointed an accountant to support the farmers.

BREAKDOWN OF EDUCATION INVESTMENT SPEND (Rm)



- Total basic and tertiary education
- Undergraduate bursaries
- Postgraduate bursaries

THE WWF NEDBANK GREEN TRUST

Invested over R300m since the trust's inception in support of over 200 environmental projects throughout SA. Over the past five years more than R93m has been invested in 41 water and conservation type projects. With 11 of those projects and an investment of nearly R23m particularly focused on water (fresh and marine).

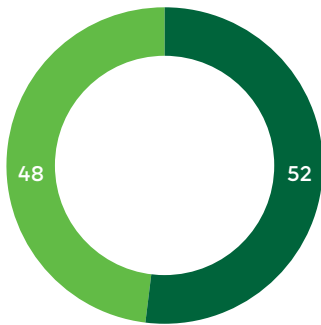
NEDBANK EXTERNAL BURSARY FUND

Our bursary programme funds students based on academic merit and financial need. This equal-opportunity programme is aimed at encouraging and rewarding bright young people with learning potential from lower-income families to study towards a first degree at a SA public university or university of technology.

Nedbank awards bursaries to address scarce skills in the banking sector and the greater good of SA. The bursary covers the following: registration and tuition fees; prescribed textbooks (capped at R7 000); accommodation and meal allowances for students living on campus and at approved off-campus facilities (for 10 months, excluding accommodation deposits); a monthly stipend of R800 for 10 months and a laptop allowance of R7 000 for first-year bursars. Bursars who have an academic average of above 75% at the end of each funded academic year are awarded a Top Achiever award of R5 000. In 2019 a total of 93 bursaries were awarded to undergraduate students towards a first degree across 13 SA public universities and universities of technology, at a cost of R12m.

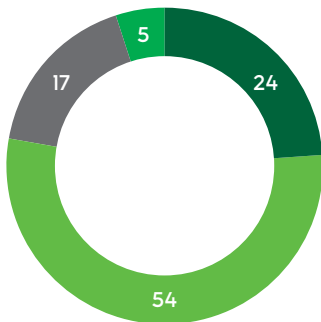
ACCESS TO FINANCIAL SERVICES

BURSARIES GENDER SPLIT



■ Male
■ Female

BURSARIES RACE SPLIT



■ Indian
■ African
■ White
■ Coloured

Financial inclusion is imperative for SA's social transformation. Nedbank remains committed to improving access to inclusive financial services, particularly to the low-income market, by continuously innovating to offer low-cost products and services to these markets. Our Access to Financial Services Model continues to be multifaceted to respond to the needs of our clients, incorporating products and access.

In 2019 the focus has been on engineering and delivering client-centred solutions that provide them with maximum value. It is an approach that saw the business achieving numerous highlights, as outlined below:

DELIVERING SUCCESS THROUGH 'DIGITAL FIRST'

Significant progress was achieved in accelerating our digital journey in 2019. Various enhancements to the Nedbank Money app helped increase enrolment to 1.1 million clients, while the migration of branches onto Eclipse has enabled staff to help clients onboard digitally. These various innovations have led to 21% of products being sold digitally. The business has now digitised 110 of 186 services identified as

part of its digital-first strategy, and 23% of clients are digitally active across our digital channels (including USSD).

DISRUPTING TO ADD VALUE TO CLIENTS

We landed several key client value propositions (CVPs) aimed at directing and retaining clients. The Professional Banking CVP was enhanced, with the number of cards reduced from five to two to improve quality and convenience for clients. We also removed barriers to entry in the banking sector and embedded the SDG principles in our CVPs. As a result, three zero-monthly-fee accounts have been launched, which can all be accessed digitally.

ACHIEVING THROUGH EXCELLENCE

For the second year in a row Nedbank posted the largest improvement in the Net Promoter Score (NPS) out of the top five retail banks in SA. In fact, Nedbank was the only bank to improve its NPS in 2019. We landed the new Core+ tool that enables staff to offer and cross-sell relevant products and launched our revised loyalty and rewards money management programme, which is designed to reward client behaviour. The client-centred score has also improved by 11% to 59% overall in the past 12 months.



LOOKING FORWARD

Given the unsustainable levels of unemployment, poverty and inequality in SA, banks understand that there will always be a demand for them to do more to contribute to the higher levels of inclusive economic growth that we all desire for our country.

While we accept this challenge, it must always be balanced against the ultimate responsibility banks have to safeguard the deposits entrusted to them by South Africans and ensure the safety and soundness of the financial system. As a vital part of the country's economic infrastructure, banks must operate in a way that ensures they contribute to transforming the economy and at the same time remain sustainable businesses that offer competitive banking products, safeguard deposits and can offer their investors an appropriate return, in excess of their cost of capital.

“ In March 2020, just as we closed the chapter on our 2019 financial year, the combination of falling oil prices, the rapid escalation of the Covid-19 pandemic and the Moody's downgrade of the SA sovereign credit rating combined to place unprecedented challenges on all aspects of the SA economy. 2020 will require us to focus on our responsibilities to keep our staff safe and to provide our clients in good standing with support in managing their finances through this difficult period, while managing our responsibilities to all our other stakeholders and the economy. While it is not possible at this stage to accurately predict what the outcomes of these health and economic challenges may be for our country or our industry, Nedbank is well prepared to play our part. ”

Mike Brown, Nedbank Chief Executive

Leading transformation remains a strategic priority for Nedbank, as this will enable us to achieve our vision to be the most admired financial services provider in Africa by our staff, clients, shareholders, regulators and communities. While it will be important for our country to make much faster progress on the structural economic reforms needed to increase our economic growth rate, we are committed to supporting the national agenda and playing our part to improve the lives of all South Africans.

DEFINITIONS

| | | | |
|---|--|------------------------|--------------------------------|
| BBBEE recognition level | The BBBEE status for companies based on Amended FSC scorecard percentages achieved as outlined below: | | |
| | Contributor level | BBBEE score (%) | BBBEE recognition level |
| | 1 | ≥ 110 | 135% |
| | 2 | ≥ 105 but < 110 | 125% |
| | 3 | ≥ 99 but < 105 | 110% |
| | 4 | ≥ 88 but < 99 | 100% |
| | 5 | ≥ 83 but < 88 | 80% |
| | 6 | ≥ 77 but < 83 | 60% |
| | 7 | ≥ 61 but < 77 | 50% |
| | 8 | ≥ 44 but < 61 | 10% |
| | Not compliant | < 44 | 0% |
| Black-owned (BO) | Suppliers that are at least 51% black-owned. | | |
| Black-women-owned (BWO) | Suppliers that are at least 30% black-women-owned. | | |
| Black designated groups | <p>Unemployed black people not attending, and not required by law to attend, an educational institution and not awaiting admission to an educational institution.</p> <p>Black youth as defined in the National Youth Commission Act, 19 of 1996.</p> <p>Black persons with disabilities, as defined in the Code of Good Practice on employment of persons with disabilities issued under the Employment Equity Act, 55 of 1998, as amended.</p> <p>Black people living in rural and underdeveloped areas.</p> <p>Black military veterans who qualify in terms of the Military Veterans Act, 18 of 2011.</p> | | |
| Direct ownership | Ownership of an equity interest, together with control over all the voting rights attached to that equity interest other than through mandated investment, which may include equity equivalents. | | |
| Employment Equity Act | The Employment Equity Act, 55 of 1998, as amended. | | |
| Exempted microenterprise (EME) | An entity with a total annual revenue of up to R10m. | | |
| Financial institutions | Banks, long-term insurers, short-term insurers, reinsurers, managers of formal collective investment schemes in securities, investment managers and other entities that manage funds on behalf of the public, including members of any exchange licensed to trade equities or financial instruments in this country and entities listed as part of the financial index of a licensed exchange. | | |
| Priority elements | Ownership, skills development and empowerment financing and enterprise and supplier development are priority elements for banks under the Amended FSC. Failure to meet the 40% subminimum thresholds, as prescribed, will result in the measured entity being discounted by one level on the overall scorecard until the next verification period, in which the measured entity can demonstrate compliance with the 40% subminimum requirements. | | |
| PWD | Persons with disabilities. | | |
| Qualifying enterprise and supplier development contributions | A collective term describing enterprise development and supplier development contributions targeting exempted microenterprises, qualifying small enterprises and qualifying small financial institutions that are at least 51% black-owned or at least 51% black-women-owned. | | |
| Qualifying small financial institution (QSFI) | An entity that qualifies for measurement in the qualifying small-financial-institution scorecard, having total annual revenue of more than R10m but less than R50m. | | |
| Skills development expenditure | Legitimate training expenses on skills development, excluding the skills development levy payable under the Skills Development Levies Act, 9 of 1999. | | |

CONTACT DETAILS

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