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• Pillar 3 Risk and Capital Management Report
• Tax Report

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

Integrated Report 2019

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.

O UR PURPOSE

To use our financial expertise to do good for individuals, families, businesses and society.
INTRODUCTION
ABOUT OUR INTEGRATED REPORT

This report is prepared in accordance with the International <IR> Framework of the International Integrated Reporting Council (IIRC) and provides our stakeholders with a concise and transparent assessment of our ability to use our financial expertise to do good and create sustainable value.

SCOPE AND BOUNDARY OF REPORTING

Reporting period
This report is produced and published annually. It provides material information relating to our strategy and business model, operating context, material risks, stakeholders, performance, prospects and governance, covering the year 1 January 2019 to 31 December 2019. Any material events after this date and up to the board approval date of 14 April 2020 have also been included.

Operating businesses
The report covers the primary activities of the group, our business clusters, key support areas and subsidiaries in our African and international operations.

Financial and non-financial reporting
The report extends beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders, which have a significant influence on our ability to create value.

Goals and target setting
The report covers the strategy progress made during 2019, and provides insight into the group’s strategy and financial and non-financial targets for the short, medium (two to three years) and long term (more than five years). Given the impact of the Covid-19 pandemic, the guidance for 2019 has subsequently been withdrawn and key targets are under review.

Targeted readers
This report is primarily intended to address the information requirements of long-term investors (our equity and preference shareholders, bondholders and prospective investors). We also present information relevant to the way we create value for other key stakeholders, including our staff, customers, regulators and society.

Risk and ESG reporting
To align with our governance and risk management approaches we have integrated these aspects throughout our integrated report. We have included key stakeholders’ data that illustrate key performance indicators and where a specific risk range within the group’s key performance indicators. We have also addressed material risks in our operating environment.

Approvals by the Board
The board acknowledges its responsibility of ensuring the integrity of this integrated report, which is in the board’s opinion addresses all the issues that are material to the group’s ability to create value and fairly presents the integrated performance of Nedbank Group. The board has applied its collective mind to the preparation and presentation of this report and believes that it has been prepared in accordance with the IIRC <IR> Framework. This report was approved by the board of directors of Nedbank Group on 14 April 2020.

KEY CONCEPTS
Our value creation process
Value creation is the consequence of how we apply and leverage our capitals in delivering financial performance (outcome) and optimising value (outcomes and outputs) for all our stakeholders. Our value creation process is embedded in our purpose (page 16), described as part of our business model on pages 10 and 11, and integrated into the way we think and make decisions.

Materiality and material matters
We apply the principle of materiality in assessing what information should be included in our integrated report. This report therefore focuses particularly on those issues, opportunities and challenges that impact materially on Nedbank Group and its ability to be a sustainable business that consistently delivers value to shareholders and key stakeholders.

Our material matters, as described on pages 35 to 44, influence our strategy and inform the content of this report. However, responding to the Covid-19 pandemic that emerged in SA during March 2020 (followed by Moody’s and Fitch’s downgrades of SA’s sovereign credit rating) has become our primary focus and will significantly impact all our material matters. We discuss this on pages 32 to 34 and highlight our preliminary views of the impact of the Covid-19 pandemic on our material matters.

Identifying potential material matters
We have considered potential material matters in a groupwide responsibility and requires input from all business units and divisions and an assessment of the risks and opportunities in our operating environment, and input and feedback from all our stakeholders is considered.

Identifying material matters
Our material matters are considered on a long-term business strategy, and those that are short-term to medium-term business plans. The identified issues in order of relevance and potential impact is important to assess our strategy and targets.

Assessing continuous processes
We assess continuous processes to ensure our strategy remains relevant in an evolving operating environment.

APPROVAL BY THE BOARD

REPORTING FRAMEWORKS AND COMBINED ASSURANCE

This report is prepared in accordance with the International <IR> Framework, IFRS and the King Code of Governance Principles for South Africa (King IV), and in accordance with the core option of the Global Reporting Initiative (GRI) standard. As a SA bank and a company listed on the JSE, we align with the JSE Listings Requirements, the Companies Act, 71 of 2008, and the Banks Act, 94 of 1990.

We employ a co-ordinated assurance model to assess and assure various aspects of the business operations, including elements of external reporting. These assurances are provided by management and the board and the internal audit and independent external assurance providers, including: Ernst & Young and Deloitte, our external auditors, and the providers of limited assurance on selected sustainability information and Moody’s and S&P/NasdaqGlobodds Rating Agency, providers of limited assurance on our application of the Amended FSC and the group’s BBBEE status.

Further information on the reports of the services performed by our external assurance providers refer to the Nedbank Group Annual Financial Statements, the Nedbank Limited Annual Financial Statements, the Nedbank Group and subsidiaries’ BBBEE certificate, and the independent assurance Providers’ Limited Assurance Report on Selected Sustainability Information, which are available at nedbankgroup.co.za.

NAVIGATION ICONS

Our capitals
Our relevance as a bank today and in the future and our ability to create long-term value are interrelated and fundamentally dependent on the forms of capital available to us (inputs). How we use them (value-adding activities), our impact on them and the value we deliver (outputs and outcomes). We also make trade-offs between our capitals, as discussed on pages 60 and 61.

Financial
Our shareholders’ equity, deposits and funding from investors and clients that are used to support our business and operational activities, including credit extension.

Intelectual
Our brand and franchise value, research and development, innovation capacity, reputation and strategic partnerships.

Human
Our culture and people, our collective knowledge, skills and experience to enable innovative and competitive solutions for our clients and value for all stakeholders.

Manufactured
Our brand and intellectual property, our premises and equipment, the direct use of natural capital in our operations and our influence through our business activities.

Social and relationships
Our stakeholders, including our staff, clients, regulators and society.

Other icons

Our strategic focus areas
Delivering innovative, market-leading client experiences
Managing scarce resources to optimise economic outcomes
Growing our transactional-banking franchise faster than the market
Being operationally excellent in all we do
Providing our clients with access to the best financial services network in Africa

Our stakeholders
Staff
Clients
Shareholders
Regulators
Society

Top 12 risk
Covid-19

This icon directs the reader to pages or supplementary reports with more information.
NEDBANK GROUP AT A GLANCE

OVERVIEW OF NEDBANK GROUP

Nedbank Group is one of the largest financial services groups in Africa, offering wholesale and retail banking services as well as insurance, asset management and wealth management. In SA we have a strong franchise evidenced by a 19% deposit and 19% advances market share.

Outside SA we operate in five countries in SADC, through subsidiaries and banks in Lesotho, Mozambique, Namibia, eSwatini (Swaziland) and Zimbabwe (during 2019 we sold our operations in Malawi). In Central and West Africa we have a strategic alliance with Ecobank Transnational Incorporated (ETI) and we have representative offices in Angola and Kenya.

Outside Africa we have a presence in key global financial centres to provide international financial services for Africa-based multinational and high-net-worth clients, in Guernsey, Isle of Man, Jersey and London, and we have a representative office in Dubai.

WHAT DIFFERENTIATES NEDBANK?

- We are a purpose-led business, underpinned by a unique corporate culture and progress towards being more client-centred and innovative
- Leadership positions in renewable-energy finance, corporate and commercial property lending, small business services, retail vehicle finance, card acquiring, digital client value propositions, asset management and wealth management
- Technology strategies and innovations that position Nedbank to be more digital, agile and competitive
- Good governance and ESG leadership
- Experienced management teams
- Selective origination and sound risk management
- Prudent management of our expenses over time and continuing to lower our cost-to-income ratio through cost optimisation initiatives
- Top-tier ESG rankings and practices
- Improving and, in many cases, leading client satisfaction metrics
- A wholesale-biased business model positions us well to benefit from an increase in business confidence and economic growth
- Access to the largest banking network in Africa through our own operations in SADC and our strategic alliance with ETI in 39 countries
- Well positioned to benefit from a recovery in economic growth
- Strong position as a bank that is committed to doing business in a manner that positively builds society at large
- Improving and, in many cases, leading client satisfaction metrics
- Access to the largest banking network in Africa through our own operations in SADC and our strategic alliance with ETI in 39 countries
NEDBANK GROUP IN CONTEXT

Nedbank Group is the fourth-largest bank in Africa as measured by assets and tier 1 capital.

The SA banking sector has approximately R4 trillion in advances, of which Nedbank has a 19% share. We also have a 19% share of the R5 trillion SA deposit market, an important indicator of franchise strength. We have R331bn total assets under management (AUM) and are the fifth-largest unit trust manager in SA.

SA banks are well-capitalised and generate good returns (ROE) instead of COE (around 14%). While cost-to-income ratios are generally above 50%, they are expected to trend lower over time. Credit extension has been prudent, as reflected in low, but cyclically increasing CLRs. Nedbank aims to improve our ROE and cost-to-income ratios by delivering on our strategy.

**Targets are under review given the impact of the Covid-19 pandemic.**

SA TOTAL ASSETS MARKET SHARE (%).

SA DEPOSIT MARKET SHARE (%).

SA ADVANCES MARKET SHARE (%).

Source: SARB BA900 at 31 December 2019

CREDIT LOSS RATIO (Bps).

CET 1 RATIO (%).

Source: Nedbank, Absa, Standard Bank December 2019 annual results. FirstRand December 2019 interim results

1 Nedbank reports ROE on a headline earnings basis. Absa Group and FirstRand report ROE on a normalised basis.

2 Nedbank and FirstRand include associate income in the calculation of the cost-to-income ratio, whereas Absa and Standard Bank exclude associate income. Nedbank’s cost-to-income ratio, excluding associate income, is <57.3%.

3 Nedbank fully phased in the IFRS 9 day 1 impact, while peers will be phasing in the impact over a three-year period.

15,0 15,8 21,2 16,8

Medium-term target > 17

Medium-term target < 53

56,5 58,0 52,1 56,0

Medium-term target < 53

5 0 000 4 000 6 000 8 000 10 000 12 000

South African

North African

West African

Source: The Banker magazine, July 2019

LARGEST BANKS IN AFRICA BY TIER 1 CAPITAL (US$bn, 2019)

1 Nedbank reports ROE on a headline earnings basis. Absa Group and FirstRand report ROE on a normalised basis.

2 Nedbank and FirstRand include associate income in the calculation of the cost-to-income ratio, whereas Absa and Standard Bank exclude associate income. Nedbank’s cost-to-income ratio, excluding associate income, is <57.3%.

3 Nedbank fully phased in the IFRS 9 day 1 impact, while peers will be phasing in the impact over a three-year period.

19

COVID-19 Targets are under review given the impact of the Covid-19 pandemic.
OUR ORGANISATIONAL STRUCTURE, PRODUCTS AND SERVICES

We deliver our products and services through four main business clusters.

**NEDBANK CORPORATE AND INVESTMENT BANKING**

Corporates, institutions and parastatals with a turnover of over R750m per annum.

**NEDBANK RETAIL AND BUSINESS BANKING**

Individual clients and businesses.

**NEDBANK WEALTH**

High-net-worth individuals, as well as other retail, business and corporate clients.

**NEDBANK AFRICA REGIONS**

Retail, small and medium enterprises, and business and corporate clients across the countries we operate in.

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**OUR ORGANISATION**

**OUR ORGANISATION**

**OUR ORGANISATION**

**OUR ORGANISATION**

**OUR ORGANISATION**

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**OUR AREAS OF STRENGTH AND DIFFERENTIATION**

### NEDBANK CORPORATE AND INVESTMENT BANKING

- Strong franchise providing good returns.
- Market leader with strong expertise in commercial property, corporate advances, advisory and renewable-energy financing.
- Leading industry expertise in public sector, mining and resources, infrastructure and telecoms.
- Solid advances pipeline (growth opportunities when business confidence improves).
- Integrated model delivering improved client service and better coverage/deeper client penetration.
- Ability to attract and retain high-quality intellectual capital.
- Efficient franchise (best cost-to-income ratio) and high-quality portfolio (low CLR).

### NEDBANK RETAIL AND BUSINESS BANKING

- A leader in business banking, underpinned by an accountable, empowered, decentralised business service model.
- Differentiated and disruptive CVPs across our different client segments, including UnlockMyLife, MobiMoney, Home-banking Toolkit, Karri school payments app, SimplyBiz® and API_MARKETPLACE.
- Digital on-boarding capability for transactional products across various channels.
- Awarded accolades for the best innovation in retail banking in SA, the best customer service provider in Africa, and most innovative Retail Bank South Africa in 2019.
- Highly competitive relationship banking offering for our affluent (Professional Banking) and small-business clients.
- Continued and strong improvement in the annual Consulta SAcci survey, NPS and social media sentiment.

### NEDBANK WEALTH

- Nedbank Insurance.
- Access to Nedbank clients – opportunities for greater penetration and collaboration.
- Market-leading digital innovations.
- Nedbank Wealth.
  - Locally, first place for ESG/social impact investing in SA and philanthropic advice.
  - Internationally, Best Boutique Private Bank at the 2019 WealthBriefing MENA Region Awards.
  - Unique Best of Breed™ asset management model.
  - Nedgroup Investments has maintained its top three ranking in offshore asset management companies in SA for the fifth consecutive year.

### NEDBANK AFRICA REGIONS

- SADC (own, manage and control banks).
  - Presence in five SADC countries – well positioned for growth with a standard approach to business customised to fit each market context.
  - Technology investments to enhance CVPs and achieve scale (Banco Único winner of ‘best internet bank’ in Mozambique).
  - Winner of the fastest growing bank in Mozambique (Banco Único) at the Global Banking & Finance Awards.
  - Ability to attract and retain high-quality intellectual capital.
  - Efficient franchise (best cost-to-income ratio) and high-quality portfolio (low CLR).

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**KEY METRICS**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>ADVANCES</th>
<th>HE CONTRIBUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>R544bn</td>
<td>R6167m</td>
<td>17.7%</td>
</tr>
<tr>
<td>R378bn</td>
<td>R293m</td>
<td>17.3%</td>
</tr>
<tr>
<td>R331bn</td>
<td>R1042m</td>
<td>24.8%</td>
</tr>
<tr>
<td>R384bn</td>
<td>R457m</td>
<td>7.7%</td>
</tr>
</tbody>
</table>
NEDBANK GROUP INTEGRATED REPORT 2019

**OUR VALUE-CREATING BUSINESS MODEL**

**Key drivers of change in our business model**

For a discussion of our material matters refer to pages 35 to 44.

**Outputs**

- Distributed R7,1bn in dividends
- 3,8% trading value at risk
- Deposits R404bn
- New loan payouts R208bn
- New products and services R3,1bn
- 11,4% assets under management

**Inputs**

- Equity of R92bn (2018: R91bn)
- Significant CET1 capital ratio: 15,5% (2018: 15,5%)
- Bank advances R764bn (2018: R713bn)
- Deposits R404bn (2018: R828bn)

**Human**

- A total of 29,405 employees (2018: 31,277), embracing a culture that is:
  - Client driven and people centred
  - Increasingly innovative and competitive
  - Strong in compliance and governance
  - Reward structures linked to performance and value creation

**Legal**

- Ten-thousand valuable SA brand (2018: 9,970) and four-thousand valuable SA banking brand (2018: 4,782)
- A leader in renewable-energy finance, corporate and commercial property lending, small business services, retail vehicle finance, card acquiring, digital client value propositions, asset management and wealth management

**Transactions**

- 22,9bn transactions processed
- 3,4% positive outcome
- 7,2% negative outcome
- 9,5% neutral outcome

**Technological**

- Distributed R9,6bn invested in our technology platform since 2010 (2018: R7,4bn)
- 692 outlets (covering more than 84% of the population in SA), 4,398 ATMs and 10,000 point-of-sale devices (2018: 800, 4,442 and 16,000 respectively)
- Market-leading digital products, services and client value propositions

**Social and relationship**

- 7,6m total clients (2018: 7,9m)
- Embracing sustainable development financing to meet the SDGs as well as responsible ESG practices
- One of SA’s most transformed banks
- Solid relationships across all stakeholders

**Natural**

- We impact the natural environment directly in our operations and indirectly through the financing of client activities
- Leader in renewable-energy finance
- Total of new Green Star-rated buildings

**Strategic focus areas**

- New loan payouts
- Credit
- New products and services
- Trading
- Funding and deposits
- Assessment
- Technology
- Operations
- Human resources
- Manufactured
- Social and relationship
- Natural

**For our clients**

- Providing crop with financial products and services
- Financial products
- Digital and traditional banking
- Transactional
- Trading
- Financial advice
- Collections

**Managed by**

- Risk management
- Compliance
- IT
- Operations
- Human resources

**Inputs... Enable value-adding... Activities that create... Value for our stakeholders... Outcomes...**

**NRG vs. profitability**

- Return on average capital employed (ROCE)
- Return on equity (ROE)
- Net interest margin
- Cost income ratio

**Sustainable finance and responsible business**

- Responsible collateral selection
- Sustainable ESG rating

**Digital transformation**

- New loan payouts
- Credit
- New products and services
- Trading
- Funding and deposits
- Assessment
- Technology
- Operations
- Human resources
- Manufactured
- Social and relationship
- Natural

**For our clients**

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**Inputs... Enable value-adding... Activities that create... Value for our stakeholders... Outcomes...**

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- Return on average capital employed (ROCE)
- Return on equity (ROE)
- Net interest margin
- Cost income ratio

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- Responsible collateral selection
- Sustainable ESG rating

**Digital transformation**

- New loan payouts
- Credit
- New products and services
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- Technology
- Operations
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**For our clients**

- Providing crop with financial products and services
- Financial products
- Digital and traditional banking
- Transactional
- Trading
- Financial advice
- Collections

**Managed by**

- Risk management
- Compliance
- IT
- Operations
- Human resources
OUR STAKEHOLDERS – THEIR NEEDS AND EXPECTATIONS

As a financial services provider we are deeply connected to the environment we operate in and the societies we serve. Our ability to deliver value is dependent on our relationships and the contributions and activities of our stakeholders. By providing for their needs and meeting their expectations we create value for our stakeholders and for Nedbank.

Staff

- 63% female
- 37% male
- 90% SA-based
- 10% Africa and international
- 29,403 employees
- 20% under the age of 30

Their needs and expectations:
- Fair remuneration, effective performance management, and recognition.
- Challenging work, with opportunities to make a difference.
- Career development and advancement opportunities.
- Employment at a company with a strong brand.
- An empowering and enabling environment that embraces diversity and inclusivity.
- A safe and healthy work environment.

Key objectives and metrics we track:
- A culture that is client-centred and innovative.
- A diverse and inclusive staff profile.

Clients

7.8 million retail, wealth, SME, business banking and corporate clients:
- Individuals from children to seniors and from entry-level clients to high-net-worth individuals.
- Various legal entities such as trusts, non-governmental entities and associations, small businesses, large corporates and the public sector.

- > 7.5 million retail clients
- > 17,200 wealth clients

- > 14,700 BB clients
- > 600 corporate clients

- > 296,000 SME clients
- > 336,000 Nedbank Africa Regions clients

Their needs and expectations:
- Innovative solutions and services, including lending, deposit-taking, transactional and advisory services, global markets, wealth management, asset management and insurance.
- Convenient access to banking (channel of choice), increasingly through digital channels.
- Excellence in client service.
- Value-for-money banking that is competitive and transparent in pricing.
- Responsible banking services and solutions, and a trusted financial partner.

Key objectives and metrics we track:
- Brand value among SA companies and banking peers.
- NPS and client satisfaction ratings.
- Client complaints.
- Wholesale league tables.
- SA asset manager rankings (Raging Bull Awards).
- Impactful solutions that make a difference (eg aligned to SDGs).

Regulators

- SARB
- Prudential Authority
- Financial Sector Conduct Authority (FSCA)
- National Credit Regulator (NCR)
- National Treasury
- SAPRC
- FIC
- FSCA
- SARS
- Department of Labour
- JSE
- Central banks and local financial services regulators of countries in which we have representation or operations.

Their needs and expectations:
- Compliance with all legal and regulatory requirements.
- Being a responsible taxpayer in all jurisdictions where we conduct business.
- Active participation and contribution to industry and regulatory working groups.

Key objectives and metrics we track:
- Effective delivery of compliance with regulatory change and meet minimum regulatory requirements.
- Basel III capital ratios, as well as LCR and NSFR compliance, exceed the minimum SARB requirements with suitable buffers.
- CLR within our 60 bps to 100 bps TTC target range.
- Direct and indirect tax contributions.
- BBBEE contributor status (Amended FSCA).

For more details on how we delivered for our stakeholders and on our targets refer to pages 74 to 87.
In a difficult environment, the beginning of a new year always brings with it a sense of renewed hopefulness and optimism that things will be better in the year ahead. In 2018, Cyril Ramaphosa became President and the year for South Africa in 2019 was a good one. We had great expectations that the right medication (no matter how bitter) would be found and that South Africa would not be reeling from the impacts of state capture. It was not to be in 2019.

The factors largely responsible for most of SA’s economic woes are not new. They have been chronic for a decade and now, as a result, economic growth has continued to trend downwards.

The ‘slow squeeze’ in economic growth and sagging tax revenues, has in large part been attributed to the lack of growth in the mining industry, as well as structural reform, compounded by the rapid growth in the public sector wage bill, increasing government spending commitments and the required impact of wasteful and corrupt spending on state-owned enterprises. Most recently, the partial financial and operational state of most major SOEs has declined significantly, as has the country’s economic growth and increasingly expensive electricity supply has come at a huge economic cost.

Legislative, regulatory and policy uncertainties continue to weigh on business and investor confidence. While government has promised to bring clarity, progress has been frustratingly slow. Uncertainties persist and disputes continue to have a bad impact. National Health Insurance, the mining charter, the new competition policy, further amendments to the Constitution, as well as proposed legislation and institutional property rights.

The controversial and damaging visa regulations for adults travelling with children more than six years old, were long overdue. President Ramaphosa reiterated the importance of creating a welcoming and friendly environment, as well as a country that is open for business.

The Minister of Energy released the long-awaited Integrated Resource Plan that envisions a greater role for renewable energy and independent power producers although traditional coal-fired power and Eskom are still expected to play a dominant role.

Economists and analysts worldwide are preparing to be future-fit. As a trusted brand with a growing footprint in Africa and innovative new products and services, Nedbank is well positioned to build on the last year’s achievements and to continue to build a sustainable bank.

A TRANSITIONING SKILLSET AND WORKFORCE

New technologies are impacting customer behaviour and how they consume banking services. A constantly learning workforce that is adaptable to these changes is a key competitive advantage and resilience for an organisation that is facing tough times. This means, among other things, that much uncertainty can be expected to be made. As a result, 2019 required of us step up our efforts of reskilling and upskilling, to ensure that redundancies and relocations were done responsibly and stayed true to our commitment to only retrench as the last resort. SA managed to stave off a sovereign-risk-rating downgrade by Moody’s in 2019. The Minister of Energy released the long-awaited Integrated Resource Plan that envisions a greater role for renewable energy and independent power producers although traditional coal-fired power and Eskom are still expected to play a dominant role.

In 2018, the President called on business to play an active role in the fight against poverty, unemployment and inequality to help build an inclusive, growing and transformed economy for the benefit of all South Africans. Given the challenges facing SA, we know this requires collaboration from civil society in realising the vision and goals, set out in our country’s Constitution and the National Development Plan.

Many challenges as it does opportunities. Today we have digital capabilities that have the power to transform experiences; improve connectivity and knowledge sharing between humans, creating access, improving lives and indeed customer outcomes. I would like to take this opportunity to welcome Professor Tshilidzi Marwala to the Nedbank board, who brings extensive knowledge and experience in these specific digital capabilities and insights.

The Nedbank board has spent a lot of time on Nedbank’s strategic response to this changing landscape, ensuring that we have a customer-focused culture, staff and client point of view. We recognise that the challenge of the digital talent gap is no longer just an organisational challenge. The result is that talent acquisition, training and development are critical. To meet this new requirement in particular, I am confident in our ability to continue to build a sustainable bank.

At the time of concluding this note, the Covid-19 pandemic had reached our shores and all indications point to a global human and economic catastrophe.

Economists and analysts worldwide are predicting a global recession for 2020. Central banks have already started introducing fiscal and monetary actions, and with the banking sector likely to be one of the most impacted, banking regulators have begun to introduce capital and liquidity relief measures.

For SA, this will be another blow to an already stagnant economy. There is no doubt that turbulent times lie ahead and we will all have to adjust to the new normal post the pandemic.

Thank you to our Chief Executive, Mike Brown, and the executive team for their leadership and skillfully steering the ship in choppy waters. The team quickly pivoted to manage the crisis brought on by Covid-19 and I am confident in the leadership team’s ability to successfully navigate us through this extraordinary time.

Thank you to my fellow board members for their support and a special word of appreciation to Joel Netshitenzhe. His wisdom, guidance, intellect and experience will be missed during our board meeting, but I would like to thank you to Peter Myra for his contribution and involvement with the group since January 2018, in particular with respect to the relationship agreement between Old Mutual Limited and Nedbank Group.

In Charles Dickens’ novel Great Expectations, the author was persuaded to write a happier ending to the book after the original ending was deemed too sad. Our country is at such a turning point and difficult time. The leadership is needed to implement some of the good policies, as well as the relationship agreements, presented in the country’s Constitution and the National Development Plan.

A NEW NORMAL

New technologies are impacting customer behaviours and how they consume banking services. A constantly learning workforce that is adaptable to these changes is a key competitive advantage and resilience for an organisation that is facing tough times. This means that many roles continue to be impacted by digitisation. As a result, 2019 required of us step up our efforts of reskilling and upskilling, to ensure that redundancies and relocations were done responsibly and stayed true to our commitment to only retrench as the last resort.

The Nedbank board has spent a lot of time on Nedbank’s strategic response to this changing landscape, ensuring that we have a customer-focused culture, staff and client point of view. We recognise that the challenge of the digital talent gap is no longer just an organisational challenge. The result is that talent acquisition, training and development are critical. To meet this new requirement in particular, I am confident in our ability to continue to build a sustainable bank.
OUR PURPOSE, VISION AND VALUES

OUR PURPOSE
To use our financial expertise to do good for individuals, families, businesses and society

OUR VISION
To be the most admired financial services provider in Africa by our staff, clients, shareholders, regulators and society

OUR BRAND PROMISE
see money differently

NEDBANK SUSTAINABLE DEVELOPMENT FRAMEWORK

Our purpose guides our strategy, behaviours and actions towards delivery of long-term value. We are aware that operating a successful and sustainable business requires a thriving economy, a well-functioning society and a healthy environment. We also know that we have a responsibility and an opportunity to contribute to these.

As such, our response cannot be a secondary aspect of our business – it must be central to it, with a commitment to sustainable development as the only reasonable response. We believe that this approach is not only desirable but also achievable. For Nedbank, this is the future we want. And we are committed to seeing our share to realize it.

Mike Brown, Chief Executive

OUR EMPLOYEE VALUE PROPOSITION: BEING THE DIFFERENCE THAT IMPACTS OUR WORLD

Purpose-led Service excellence High performance Growth and development Diversity and inclusion

MAKING A PURPOSE LED IMPACT MAKES OUR DIFFERENCE

GOING THE DISTANCE MAKES THE DIFFERENCE
WE DELIVER WITH IMPACT
YOUR POTENTIAL CAN MAKE A DIFFERENCE
IN OUR WORLD WITH OUR GOAL IS GOOD

OUR VALUES
Integrity Respect Accountability People-centred Client-driven

Read more about our value creation for our stakeholders on pages 74 to 87.

DELIVERING VALUE BY DELIVERING ON OUR PURPOSE

We understand that our success depends on the degree to which we deliver value to society. It is therefore important to understand our role in society and how society can be different, because Nedbank is a part of it. Banks play a crucial role in facilitating economic activity and enabling sustainable growth and development by moving capital from where it is to where it is required. A deep understanding of one’s purpose helps to guide strategy and decisionmaking in this regard and should result in an optimal balance between long-term value creation and short-term results.

STAFF
Our 29,403 staff are key to making Nedbank a great place to work and bank. Motivated and skilled staff, together with efficient and value-creating solutions, services and operations, offer value to our clients. Staff, as part of society, contribute materially to the communities in which they live and work.

Value is created through …
- employing citizens in the jurisdictions in which we operate;
- rewarding staff for the value they add;
- creating job opportunities as we grow;
- encouraging our staff to embrace technological changes, further their careers and improve our services and products; and
- contributing to the transformation towards an inclusive society through employment equity and gender equality.

NEDBANK GROUP
A strong and profitable business enables continued investment in our staff and operations, which in turn creates value for our clients, shareholders and society at large. Trust is core to our relationships with all our stakeholders and to creating value.

Value is created through …
- contributing meaningful tax to government budgets through our own corporate taxes and staff paying personal taxes; and
- investing in government and public sector bonds as required by prudential regulation, thereby supporting the funding needs of government.

CLIENTS
Our clients remain our largest source of deposits, which enable us to fund lending activities. Getting more clients and deepening existing relationships result in greater revenue growth, while responsible banking practices and workplace risk management mitigate bad debts.

Value is created through …
- safeguarding deposits, investments and wealth, while growing returns;
- providing credit that enables wealth creation, sustainable development and job creation in line with the SDGs;
- facilitating transactions that are the backbone of economic value exchange;
- enabling financial inclusion by providing the previously unbanked with access to affordable products; and
- providing financial education and advice; and
- developing innovative solutions that meet our clients’ specific needs.

SHAREHOLDERS
The financial capital we source from our equity and debt investors and our retained earnings enable business continuity and growth, including strategic investments.

Value is created through …
- increasing net asset value, returns, dividends and share price;
- maintaining a strong balance sheet to protect against downside risk;
- sustainability investing in and growing our client franchises and our people; and
- following good governance and sustainable business practices that ensure a sustainable business for the long term.

GOVERNMENT
The taxes we pay and investments in bonds we make as part of our statutory liquid asset requirements are imperative for the economic and social development of the countries in which we operate.

Value is created through …
- contributing meaningfully to government budgets, through our own corporate taxes and staff paying personal taxes; and
- investing in government and public sector bonds as required by prudential regulation, thereby supporting the funding needs of government.

REGULATORS
Regulation ensures a sound and stable banking system, which reduces systemic risk and promotes the healthy functioning of an economy in which all stakeholders prosper. Good governance and compliance support client confidence in Nedbank and reduce the potential for reputational risk. We have a responsibility to comply fully with the regulations of the countries in which we operate.

Value is created through …
- embracing sustainable banking practices and regulatory compliance, which enable a safe and stable banking system and a thriving society.

BROADER SOCIETY
We embrace our role in society as an active contributor to building a thriving society and can do this only with engaged communities that have aligned values.

Value is created through …
- transforming economies and society positively through our lending and transactional activities, which are increasingly aligned with the SDGs;
- playing a meaningful role in the broader society as a procurer and consumer of goods and services; and
- making a difference through our partnerships and CSI activities.

As such, our response cannot be a secondary aspect of our business – it must be central to it, with a commitment to sustainable development as the only reasonable response. We believe that this approach is not only desirable but also achievable. For Nedbank, this is the future we want. And we are committed to seeing our share to realize it.

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LEADING THE WAY FOR VALUE CREATION THROUGH GOOD GOVERNANCE

The board and group executive strive to create maximum shared value by delivering on our purpose and ensuring relevance and sustainability of the business model by monitoring the macro environment, the availability of capital, and stakeholder needs, all aligned with the strategy of the group. This strategy, through our strategic focus areas, enables the group to maintain focus in conducting operations underpinned by good governance, and at the same time delivering our financial targets.

OUR GOVERNANCE PHILOSOPHY

Nedbank is committed to the highest standards of governance, ethics and integrity. We embrace world-class banking practices, guided by our institutional governance and risk frameworks to ensure our banking services are secure and stable. We constantly review these practices and frameworks, being mindful of the dynamic landscape, influenced by, among other factors, cultural shifts in the workplace, digital trends such as artificial intelligence, geopolitics, enhanced data safety and security requirements, and climate change risks, to ensure that we act in the best interest of our stakeholders.

Banks are expected to adapt to regulatory changes quickly, which means we have to entrenched good governance practices, while retaining the flexibility to respond proactively to the fast-changing regulatory environment. However, governance within Nedbank Group entails far more than legislative compliance and best practice principles.

We believe that good governance can contribute to long-term value creation, based on enhanced accountability, strong risk management and performance, transparency and effective leadership.

VALUES-DRIVEN OBJECTIVES – ROOTED IN KING IV PRINCIPLES

The board’s governance oversight is guided by its commitment to its responsibilities and governance objectives. The objectives provide a mechanism to measure and evaluate performance in relation to the King IV principles and outcomes.

Leadership, ethics and corporate citizenship

The board will set the tone and lead the group ethically, effectively and responsibly. This means that, in discharging our duties, board members act with independence and integrity, competence, diligence and courage, and with the necessary awareness, insight and information. The board will ensure that the group plays a key role in society as a major employer, taxpayer, supplier and facilitator of economic growth, to name a few (Principles I to 3).

Strategy, performance and reporting

The board will take accountability for the performance of the group. In so doing, the board will support the group in setting its purpose and achieving its strategic objectives. Information related to required disclosures will be contained in, among other reports, the integrated report and the supplementary reports available at nedbankgroup.co.za (Principles 4 and 5).

Governing structures and delegation

The board will provide guidance and oversight to the group on the management of compliance risk, remuneration governance, as well as the enterprise-wide risk management function, which fully support good governance practices. Strategies are in place for technology enhancements through both Managed Evaluation execution and Digital Fast Lane, ensuring separate governance structures for IT (Principles 6 to 10).

Governing functional areas

The board will provide leadership and vision to the group. This ensures sustainable growth and delivery on our purpose for the benefit of all stakeholders of the group (Principles I to 15).

Stakeholder relationships

The board will ensure a stakeholder-inclusive approach. (Principles 16 and 17).

COLLECTIVE RESPONSIBILITIES OF THE BOARD

The board worked to fulfill the primary governance roles and responsibilities recommended in the King IV Report, namely to:

• set and deliver strategic direction;
• approve and monitor policy;
• provide oversight and monitoring; and
• ensure accountability.

In doing so, the board has committed to fulfilling the following responsibilities:

• Delegate management of the group to a competent executive management team.
• Ensure that a robust strategy process is defined and executed by management.
• Provide oversight and monitoring; and
• Ensure compliance with appropriate legislation (including regulations), supervisory codes and appropriate best practices.
• Govern disclosures so that stakeholders can effectively assess the performance of the group.
• Protect the interests of the group’s stakeholders and ensure fair, responsible and transparent practices.
• Oversee the risk management function and ensure that it informs management’s development and implementation of the strategy.

ENGAGING WITH THE BUSINESS ON STRATEGIC MATTERS – ENSURING A DEEP UNDERSTANDING OF THE BUSINESS AND GUIDING STRATEGY

Although the board maintains its independence, it is important for it to have a deep understanding of the business by investigating, monitoring and engaging with management on multiple levels. In addition to the three executive boardmembers, the other Group Executives report to the board. The board serves on various board committees and engage in strategy sessions and other specific matters such as results presentations.

Following the annual strategy session between the board and Group Execos, the board debates and approves the strategy framework, group business plan and relevant risks applicable to focus areas include fraction of client experiences enabled by technology and people, transactional and main-banked client growth, cost containment, particularly driven by the utilisation, operational, and regulatory pressures, heightened levels of risk, organisational change, through people and brand, and technology acceleration, including a focus on ecosystems and payment platforms, strategic portfolio tilt and social compaction. The board conducts onsite visits to various bank operations and business units, from time to time, by one-on-one meetings may be requested by individual directors.

• A monthly CEO Report provides the board with comprehensive feedback on the performance of the business across various disciplines, including finance, strategic progress, risk management and stakeholder performance. This report is aligned with the group’s annual integrated report.
• There is increased interaction between the board and our stakeholders, and boardmembers are invited to selected client functions.

2019 KEY BOARD DISCUSSIONS

Over and above our regular agenda items, such as detailed feedback from the chairs of board committees on the deliberations of those committees, comprehensive presentations by the CEO on top-of-mind items, presentations by the CFO on our financial results for regular intervals, the following important discussions were held by our board in 2019.

JAN/FEB

• Considered the market’s assessment of Nedbank’s performance.

• Considered reputational risks in the wake of the Zondo Commission of Inquiry.

• Considered the financial impact of Eismon on Nedbank and SA.

• Assessed client exposures given the stressed domestic macroeconomic environment.

• Enhanced oversight on Nedbank’s exposure to the Zimbabwe currency devaluation.

• Received training on, among others, risk management of digital banks, the PIC Amendment Act, liquidity impacts and managing regulatory uncertainty.

MAR/APR

• Approved the 2018 annual financial results and final dividend.

• Reviewed key financial industry matters, including trends, the new competitive landscape and Nedbank’s strategic response.

• Approved the 2018 Integrated Report.

• Approved the 2018 Pillar 3 Report.

• Approved the group’s 2019–2021 forecasts.

• Approved YES CEO pledge for commencement in May.

MAY/JUN

• Provided oversight of the rollout of Eclipse (digital onboarding platform) and PICAA compliance.

• Considered the impact of digitisation on staffmembers and clients.

• Managed progress on the new SDGs adopted.

• Approved the annual appointment of the Group Chairman.

• Attended an annual strategy planning session, focusing on the SA macroeconomic environment, client experiences enabled by technology and people, open banking, platforms and ecosystems, strategic portfolios lift opportunities, the refreshed loyalty and rewards value proposition, bancassurance products and scaling of the SADC businesses.

• Approved the appointment of the Nedbank Africa Regions board subcommittee.

JUL/AUG

• Approved the 2019 interim results and interim dividend.

• Discussed and approved the group’s strategic planning framework 2020–2022.

• Conducted a deep dive into the group’s refreshed loyalty and rewards programme.

• Approved the 2017 Internal Capital Adequacy Assessment Process (ICAAP) report.

• Approved the increase of Nedbank’s shareholding in Banco Uno (Mozambique).

SEPT/OCT

• Held annual meeting with the SARB Prudential Authority (PA), discussing our strategy, financial forecasts for the next 12 months, risk management and the PA’s focused annual–the–year topic: the creation and institutionalisation of a culture of ethics and awareness.

• Managed the process made on Nedbank’s digital engagement platform.

• Approved the Board Ethics Statement.

• Approved the Enterprise-wide Risk Management Framework (ERMF).

• Focused on cyber risk, the SA macroeconomic environment and watchlist items.

• Endorsed management plans to sell Nedbank Malawi.

NOV/DEC

• Interrogated and approved the Nedbank Group business plan for 2020–2022.

• Received training on Nedbank’s recovery and resolution plan.
LEADING THE WAY FOR VALUE CREATION THROUGH GOOD GOVERNANCE

continued

INDEPENDENCE – PROTECTING THE INTERESTS OF ALL SHAREHOLDERS

The majority of Nedbank’s boardmembers are independent directors, which is in compliance with King IV and global best-practice governance. An independent board committee, the Group-Nominated Directors Committee, chaired by our Lead Independent Director, is in place to consider, review, evaluate and provide oversight of related-party transactions to ensure transactions are fair and in the best interests of Nedbank.

EXECUTIVE AND NON-EXECUTIVE DIRECTORS (%)

- Independent non-executive directors
- Non-executive directors
- Executive directors

Nedbank policy: Maintain board structure comprising a majority of non-executive directors, of whom a majority should be independent non-executive directors.

BALANCE OF KNOWLEDGE, SKILLS, EXPERIENCE – WELL DIVERSIFIED TO ADD VALUE TO ALL ASPECTS OF NEDBANK GROUP

Banks and financial services companies need a broad range of skills to ensure and create value in the interest of all stakeholders. The board determines the required composition of skills in response to the rapidly changing environment and shifts in Nedbank’s own long-term strategy. Having the appropriate mix of skills and experience ensures that the board as a collective is well equipped to guide and drive the bank’s strategy into the future and thereby create value.

Over the past three years we have expanded and strengthened our board skills and expertise specifically in retail and investment banking, other financial services such as insurance, large corporates, accounting and auditing, HR, strategic planning, mining, resources and infrastructure, IT innovation, digital and cyber resilience, and doing business in emerging economies.

Directors regularly attend courses, conferences and seminars to ensure that they keep up to date with changes and trends. In 2019 directors received updates and training, amongst others, on statutory and regulatory obligations (FIC Amendment Act, LofI 2017), executive directors’ obligations and responsibilities, Netbank’s ESRP; the group recovery plan; impacts of liquidity and credit, artificial intelligence, regtech and fintech, and remuneration best practices.

BOARD DIVERSITY – PROTECTING RELIANT IN A TRANSFORMING SOCIETY

In a fast-transforming society, board diversity is important to remain relevant and sustainable. Studies have shown that diversity matters as companies that embrace gender, race and ethnic diversity achieve better financial performance. Nedbank is committed to promoting diversity at board level, with diversity and inclusion being key considerations in our board selection processes. We strive for a transformed board that clearly reflects the demographics of SA as we continue to meet our diversity targets on black and female board representation. In line with the new JSE Listings Requirements we will be updating our diversity policy in 2020.

The group’s policy on the promotion of gender and race diversity at board level has been incorporated into the board continuity programme. The targets are informed by the Amended FSC. At 31 March 2020 our results exceeded the targets and were as listed below:

<table>
<thead>
<tr>
<th>Gender</th>
<th>Boardmembers</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td>73.3%</td>
<td>70%</td>
</tr>
<tr>
<td>Female</td>
<td>40%</td>
<td>50%</td>
</tr>
</tbody>
</table>

The majority of Nedbank’s boardmembers are independent directors, which is in compliance with King IV and global best-practice governance. An independent board is required to retire from the board at age 60 unless otherwise agreed by the board.

Nedbank policy: Non-executive directors must retire at the first AGM that follows their reaching the age of 70 or after nine years of being on the board as a non-executive, unless agreed otherwise by the board.

Joel Netshitenzhe has been on the board for over nine years and retire at the conclusion of the Nedbank Group AGM on 22 May 2020, while Mpilo Makawana is scheduled to retire in 2022.

Peter Moye tendered his resignation as a non-executive of Nedbank Group and Nedbank with effect 19 March 2020. Peter was appointed in 2018 in terms of the relationship agreement between Old Mutual Limited (OML) and Nedbank Group that provides for OML to nominate one director for as long as OML’s shareholding is equal to or greater than 15%.

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 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

- Prof. Tshilidzi Marwala
- Retirement: Malcolm Wyman (2019)
- Resignation: Peter Moye (2020)

Board nominees for 53rd AGM on 22 May 2020

- Election: Prof. Tshilidzi Marwala
- Re-election: Hubert Brody, Errol Kruger, Linda Makalima, Mpho Mkwana, Mantshika Motseane

YOUR VOTE IS NEEDED ON Director elections

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ENSURING AND PROTECTING VALUE
Group Directors’ Affairs Committee (DAC)

The promotion of a culture of compliance throughout the group is of prime importance so that operationalising regulatory requirements becomes accepted behaviour and not merely a formal exercise.

Ensuring and protecting value in 2019

- Approved the refreshed Compliance Framework to transition to a principles-based, outcomes-focused framework.
- Reviewed compliance monitoring findings to assess and track the level of compliance risk.
- Overseas the activities of the Group Reputational Risk Committee, including deliberations on issues of potential reputational risk by association.
- Overseas continued cooperation with the Zondo Commission.
- Approved the four-tiered framework for escalation of material reputational risk matters (the fourth tier being to DAC).
- Tracked Nedbank’s compliance with market conduct regulatory requirements.
- Maintained oversight of AML, CFT and sanctions compliance levels.
- Conducted board succession planning and provided input into the succession plans for executive directors and other senior executives.
- Provided a full review of the composition of the board and its board committees.

Focus for 2020 and beyond

- Monitor the implementation of the Regulatory Advocacy Office.
- Receive quarterly updates on reputational risk matters.
- Review developments in laws that may impact market conduct and reputational risk.
- Assess and monitor compliance findings relating to existing consumer legislation to avoid regulatory sanctions and ensure a solid foundation for requirements of the Conduct of Financial Institutions Act.
- Enhance reputational risk management.
- Refresh the Group Governance Framework and monitor the group’s application of King IV.
- Review the Board Continuity Programme.

A comprehensive DAC report is available online in our 2019 Governance and Ethics Review at nedbankgroup.co.za.

OUR APPROACH TO COMPLIANCE – ADHERING TO ALL APPLICABLE LAWS AND REGULATIONS

Our board-approved Nedbank Risk Appetite Policy commits us to act as a model citizen and to adhere to all laws and regulations applicable to our businesses. We monitor and report on such compliance through the Group Director Affairs’ Committee (DAC), which is one of the board committees established in terms of the Banks Act, 94 of 1990.

In addition, we comply with various codes and regulatory requirements. As a member of BASA we subscribe to the Code of Banking Practice, which is a voluntary code that governs all relationships with authorities, clients, competitors, employees, shareholders, local communities and other primary stakeholders. Appropriate procedures and mechanisms are in place to ensure full adherence to the code and we work with the Banking Ombudsmans Office to ensure that client complaints are resolved appropriately and timeously. The Board Committee on Banking Supervision published a guideline in July 2015, Corporate Governance Principles for Banks, and governance and compliance custodians are ensuring continuous compliance with this guideline.

ETHICS AND HUMAN RIGHTS – DOING BUSINESS RESPONSIBLY MEANS DOING BUSINESS ETHICALLY

The board sets the tone at the top and leads the group ethically, effectively, and responsibly within acceptable risk parameters. This is aligned to the King IV principle that ‘the governing body should lead ethically and effectively, and formally constitutes one of the ‘Board Corporate Governance Objectives’ against which the board is measured on an annual basis.

A continued enhancement of Nedbank’s ethical culture remains top of mind (through relevant board committees) and executive management (through relevant board committees) especially against the backdrop of state capture, the various commissions of inquiry and recent corporate failures. In addition, due to material matters such as the impact of the Fourth Industrial Revolution, a challenging macroeconomic environment, increased emphasis on treating clients fairly, and the fight against corruption, there is a heightened focus on the institutionalisation of ethics and human rights at Nedbank.

The board assumes ultimate responsibility for the group’s ethics performance and adherence to human rights principles. This responsibility is delegated to executive management, which uses various tools to fulfil its mandate, including, but not limited to:

- Board Ethics Statement and ad hoc declarations
- Code of Ethics and Conduct
- Channels for reporting unethical behaviour
- Remuneration Policy
- Letter of Representation process
- Participation of Nedbank’s Ethics Office in high risk/high value lenders as an independent observer
- Social and Environmental Management System (SEMS) assessments and due diligence for clients
- Supplier due diligence and Supplier Code of Ethics and Conduct
- Group Reputational Risk Committee

Key actions and initiatives undertaken in 2019 included, but were not limited to, the following:

- Nedbank commissioned The Ethics Institute to conduct an independent ethics risk and opportunity assessment of Nedbank’s SA operations, which commenced towards the end of 2019 and the outcomes will be available in 2020. These assessments are conducted every three to four years and recommendations are incorporated into our ethics risk management processes. The assessment was conducted in our Nedbank Africa Regions subsidiaries in 2018.
- A total of 199 employees received face-to-face ethics awareness training (in addition to our electronic training and awareness campaigns).
- Through supplier training initiatives, we engaged with more than 220 suppliers and potential suppliers on the topics of ethics, human rights, governance, and ethical tender practices.
- Altogether 142 employees were dismissed in disciplinary enquiries held pursuant to investigations conducted by ourforensic division and the Ethics Office.
- Over 15 300 suspicious transactions were reported to the Financial Intelligence Centre.

The SARB’s ‘Reputation-of-the-year’ topic of discussion for banks to present on was ‘The creation and institutionalisation of a culture of ethics and awareness’. This presentation to SARB was made by the Chair of the Group Transformation, Social and Ethics Committee with the Group Chief Compliance Officer as the lead executive.

More details on our approach to ethics and human rights are disclosed in our supplementary 2019 Governance and Ethics Review available at nedbankgroup.co.za.
A director or prescribed officer is prohibited from using their position or confidential and price-sensitive information to benefit themselves or any related third party. A director or prescribed officer is prohibited from using their position or confidential and price-sensitive information to benefit themselves or any related third party. 

The board strives to ensure that remuneration is fair and transparent, promoting positive outcomes aligned with legitimate expectations of all stakeholders. Remuneration of executives and staff members is linked to sustainable value creation objectives in line with the group’s strategy and is based on clear performance targets that have adequate stretch and market benchmarking, at the same time being mindful of the wealth gap in SA.

In compliance with SARB directive 4/2018 relating to the maximum number and/or type of boards a non-executive director may serve on, a non-executive director should not hold more than five directorships of listed and/or significant unlisted operating companies, including the Nedbank boards. This governance rule is also in line with the requirements of our remuneration policy. The board’s leadership and sectoral experts are monitored annually for effectiveness and transparency. Decisions are reviewed for the value that they add to the bank and the society.

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Board meeting attendance (2019)

<table>
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<tr>
<th>Total number of board and board committee meetings</th>
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<td>• Excluding Peter Moyo</td>
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Nedbank Group Limited and Nedbank Limited
Board of directors Chairman: Vusi Nadoop

**Group Credit Committee (GCC)**
Chair: Errol Kruger
- Assists the board in fulfilling its credit oversight responsibilities, particularly with regard to the evaluation of credit mandates and governance policies and credit risk
- Confirms the adequacy and efficient implementation of the transition to IFRS 9 in 2018
- Acts as the designated committee appointed by the board to monitor, challenge and ultimately approve all material aspects of the group’s credit rating and risk assessment systems and processes

**Group Information Technology Committee (GETCC)**
Chair: Mmakana Matsoane
- Oversees the execution of the board’s approved IT and digital strategy
- Performs reviews and monitors to ensure appropriate frameworks, procedures, structures and governance are in place for the consolidation, monitoring management and reporting of IT risks and exposures on a group basis (e.g. cyberthreats and other regulatory risks)
- Ensures alignment and implementation of a well-coordinated, effective and properly measured IT strategy, which enables the organisation to remain highly competitive
- Assumes ultimate accountability for the effectiveness of all governance functions pertaining to the group’s technology capability, as required by the Banks Act, 94 of 1990, and in support of the requirements of the Group Audit Committee.

**Group Remuneration Committee (GRC)**
Chair: Hubert Brody
- Enables the board to achieve its responsibilities in relation to the group’s remuneration policy, processes and procedures, and specifically enables the group to meet the requirements of section 64C of the Banks Act.
- operates remuneration structures that are aligned with best market practice
- Conducts a thorough analysis and ultimately approves the executive committee’s remuneration for the year
- Assumes ultimate accountability for the effectiveness of all governance functions pertaining to the group’s technology capability, as required by the Banks Act, 94 of 1990, and in support of the requirements of the Group Audit Committee.

**Group Audit Committee (GAC)**
Chair: Stanley Subramoney
- Assists the board in its evaluation of the integrity of the financial statements through evaluation of the adequacy and efficiency of our internal control systems, accounting practices, information systems and internal auditing applied in the day-to-day management of the business.
- Manages the relationship with the external auditors and assesses their independence and effectiveness.
- Facilitates and promotes communication between the board, executive management, the external auditors and the Chief Internal Auditor.
- Introduces mechanisms to ensure the credibility and objectivity of financial statements and reports.
- Recommends the appointment of the external auditors to shareholders.

**Group Risk and Capital Management Committee (GRCMC)**
Chair: Errol Kruger
- The board, the executive committee and the audit committee are allocated to Group Exco members who champion groupwide responses to the SGDs.
- Refer to pages 82 and 83 for our progress on sustainable development finance.

**Group Related-party Transactions Committee (GRPTCC)**
Chair: Mpho Makwana
- Considers, reviews, evaluates and oversees related-party transactions of all types and approves, ratifies, disapproves or rejects related-party transactions
- Determines whether related-party transactions are fair and in the best interests of Nedbank
- Reviews, renews, formulaizes and approves policies on related-party transactions
- At least once a year conducts a review of all related-party transactions concluded throughout the group.

**Group Transformation, Social and Ethics Committee (GTSEC)**
Chair: Mpho Makwana
- Advises on, oversees and monitors Nedbank Group’s activities with regard to social and economic development, ethics, transformation, sustainability, corporate citizenship, environment, health, public safety, stakeholder relationship, labour and employment matters
- Applies the recommended practices and key performance indicators as outlined in King IV and the Companies Act in executing its mandate.

**Group Directors’ Affairs Committee (DAC)**
Chair: Mpho Makwana
- Considers, monitors and reports to the board on reputational risk and compliance risk, application of King IV and the corporate governance provisions of the Banks Act, 94 of 1990
- Acts as the Nominees Committee for the board.

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

**Total number of board and board committee meetings**
- Excluding Peter Moyo

**Our Group Executive Committee**
In March 2020, just as we closed the chapter on our 2019 financial year, the rapid escalation of the Covid-19 pandemic and the Moody’s and Fitch downgrades of the SA sovereign credit ratings combined to place unprecedented challenges on the SA economy. 2020 will require us to focus on keeping our staff safe and supporting our clients in managing through this difficult period, while maintaining our responsibilities to all our stakeholders and the economies where we operate. While it is not possible to outline all the strategic and operational challenges these health and economic challenges may be for our country or our industry, Nedbank is well prepared to play our part.

Mike Brown, Chief Executive

A VERY DIFFICULT OPERATING ENVIRONMENT

In my 10 years as Chief Executive and six years as Chief Financial Officer before that, outside of the global financial crisis a decade ago, the operating environment in 2019 was the most difficult I have experienced in SA and in Africa. Given recent events, 2020 will be significantly more difficult.

Economic growth in SA during 2019 was much slower than expected as necessary conditions prevailed and GDP growth ended the year at 0.2% compared to our expectations of 1.3% at the start of the year.

SA is now in the largest economic downturn since records began in 1945. This was mainly due to severe hyperinflation and frequent power outages, the unsustainable fiscal trajectory and ongoing policy uncertainty, combined with a deteriorating global outlook. Under these difficult domestic conditions, company profits and household finances deteriorated during the year, resulting in subdued credit demand, lower transactional volume growth, downward revaluations of equity portfolios and rising defaults across the SA banking industry.

In our Nedbank Africa Regions’ operations, hyperinflation eroded the value of the Zimbabwean dollar as the country transitioned from a dual-currency system to a monorency, Zimbabwean dollar system, with the inflation index reaching 552% in December 2019. Elsewhere in Sub-Saharan Africa, conditions were similarly challenging given their dependency and integration with the SA economy. Further north, conditions in Nigeria remained difficult for our associate investment in Ecobank Transnational Incorporated (ETI), from both an economic and regulatory perspective.

In this environment, Nedbank Group’s financial performance was below expectations as headline earnings declined 7.3% to R12.5bn and the group produced an ROE of 15.0%, above our cost of equity of 14.1%. In addition to the challenging environment, headline earnings were impacted by additional items in the second half of the year including accounting for the effects of hyperinflation in Zimbabwe, the early exercise of an option that will increase our shareholding in Banco Uno to 87.5% (subject to regulatory approval), the downward revaluation of a number of private-equity investments and the increase in impairments off a low base to just above the mid-point of our target range of 60 bps to 100 bps.

The underlying franchise performance was solid and we produced good balance sheet growth with lending advances up 7.2%, deposits up 9.5% and assets under management increased 11.4%. Good cost management, due to lower variable remuneration and the ongoing benefits from optimisation of processes and operations as part of our digital journey, resulted in our cost-income ratio improving from 57.2% to 56.5%. Our IRFS 9 fully shadowed CET1 capital ratio of 13.5%, average LCR for the fourth quarter of 125% and an NSFR of 135% are all Basel III-compliant, well above regulatory norms and reflective of a strong balance sheet.

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When you manage money well, you can make a difference in Africa and the world, and the launch of our refreshed loyalty and rewards platform in the second half of 2019 embodies our purpose of using our financial expertise to do good. The program is designed to engage and rewards the right money management behaviours while doing good for society. In 2020 we will expand this program to offer more benefits to clients.

We are also innovating around ecosystems and will roll out a new platform to the market in the year ahead. To enable this, we have made investments in data platforms and APIs. Another example in 2019 was Nedbank becoming the first bank in Africa to roll out a programmable interface (API) platform that is aligned with International Open Banking Standards, making it possible for approved African fintechs to develop innovative digital services. To date, over 100 fintechs and clients of Nedbank have received access and have successfully launched integrated solutions in our personal loans business.

These innovations, along with many others, position us as the best at scale and grow our revenues and compete against existing competitors as well as new entrants. Doing good for clients also means focusing on improvements in key performance levels, leading to more clients doing more of their banking with us and, in turn, leading to a more sustainable and valuable Nedbank business. Our successes in 2019 have been acknowledged by our clients as well as independent surveys and league tables. A few highlights include:

- Nedbank being the only SA bank to improve its Net Promoter Score during the year and becoming the second-highest-rated bank in the Consulta customer satisfaction index.
- The Nedbank Money and Private Wealth app continues to be rated at the top-end of the SA peer group.
- On wholesale league tables, CIB continued to lead industry league tables in various categories, coming first in dealflow for M&A advisors and third in deal value for M&A sponsors, as well as winning the DealMakers MLA BEE deal of the year.

In this context, we continue to optimise our portfolio in SADC to position us for the long term:

- Following a strategic review, we disposed of our 100% stake in BCI in 2019, experienced GDP in its operations in Nigeria.
- In this context, we continue to optimise our portfolio in SADC to position us for the long term:
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- We continue to lead industry league tables in various categories, coming first in dealflow for M&A advisors and third in deal value for M&A sponsors, as well as winning the DealMakers MLA BEE deal of the year.

As a bank, while we cannot control the economic environment around us, we have to do all that we can control. In this regard, meaningful progress was made in 2019 with overall headcount reducing by 1,874, mainly through natural attrition and attrition.

We are currently strategising about a TOM 2.0, which will look at the shape of our branch infrastructure in the context of an increasingly digital world. Our digital strategy has evolved from a focus on large clients to becoming more client-centric, as well as shared services optimisation across the group. We anticipate targets for TOM 2.0 will be communicated to the market in early 2020.

Looking ahead to the challenges of 2020

In recent weeks we have seen the impact of the Covid-19 pandemic on individuals, families, businesses, societies and countries as infection rates escalate around the world and here in SA. In response to this, governments have been implementing emergency lockdown measures to curb the spread of the virus and these in turn have enormous impacts on everyday life. The duration and impact of these lockdowns are quite uncertain but it is possible to forecast accurately. I would like to assure stakeholders that we are working tirelessly to ensure that we are able to deal with this escalating challenge. While our number-one focus is on the health and safety of our staff as we continue to serve our clients given that banking is an essential service, we have invoked our strategy to increase focus on managing liquidity, capital, market and credit risk alongside ongoing scenario modelling and stress testing.

In early March 2020, at the time we released our 2019 results, the Nedbank Economic Unit forecast SA’s GDP growth prospects to remain subdued at 0.7% in 2020 and 1.1% in 2021, underpinned by persistent energy constraints, weak government finances and slow progress in structural reforms. As highlighted in our results, the financial guidance that we released on 3 March 2020 for growth in DHEPS for the full year 2020 to be around nominal GDP growth was based on this macroeconomic outlook.

As a result of the rapid escalation in the impact of the Covid-19 pandemic since 3 March 2020 and the 35-day lockdown in SA, together with the Moody’s downgrade and noting the high degree of forecast risk in this environment, on 1 April 2020 the Nedbank Group Economic Unit updated our macroeconomic outlook and we now expect a GDP decline of 7% to 10% in 2020. Growth in 2021 is expected at 2% or below. As a result of this, the financial guidance released as part of our 2019 financial results announcement on 3 March 2020. Revised guidance will be provided when economic outcomes and regulatory interventions become more certain.

The SA banks through the Banking Association of South Africa (BASA) are actively engaged with SARB and have agreed to do all in their power to play their role in supporting their clients and the economy in this period while at the same time preserving the safety and soundness of the financial system. We commend SARB on the proactive stance they have taken in amending certain prudential regulations and guidelines to enable banks to increase their support of clients and the economy in these difficult times.

Nedbank Capital’s portfolio remains solid with large liquidity buffers, having reported a CET1 capital ratio of 11.5%, well above the regulatory minimum of 10.5%. As of December 2019, CET1 capital was 11.7%, up 0.2% from year-end 2018.

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While our material matters on the following pages set the agenda for our strategic actions over the coming years, from March 2020 we witnessed the impact of the Covid-19 pandemic on individuals, families, businesses, and societies in unprecedented ways. Over the coming months, we continued to take appropriate actions to ensure the health and safety of our staff and our clients, alongside the continuous and uninterrupted provision of world-class banking and other financial services to our clients.

Despite various scientific and forecasting models, the real-time impact of these events on economic growth will only emerge over time – but in the short-term, economic activity in many places has dropped materially and financial markets are likely to continue to be volatile as more on data on infections rates and economic activity emerge. It is this uncertainty that is particular in the case in SA as our economy was already under stress, so these events could not have come at a worse time for our country.

**SA GOVERNMENT’S RESPONSE**

President Ramaphosa announced a nationwide lockdown effective from midnight, 26 March 2020, resulting in non-essential services being closed for a period of 35 days. Banks have been declared an essential service during the 35-day lockdown. As a result, all Nedbank essential banking services remain open to serve our clients. To ensure our clients can access essential financial services while keeping our staff safe through the significant health and safety measures taken.

The banks through the Banking Association of South Africa are calling on their clients to stay in this period of enormous challenge for all South Africans while at the same time preserving the safety and soundness of the financial system.

Similar measures have been taken by governments in other African countries.

**WHAT WE HAVE DONE IN RESPONSE**

While the circumstances leading to this outbreak are largely out of our control, at Nedbank we manage the escalating spread by being proactive and responsible. We have implemented precautionary and preventative actions to help ensure the health and wellbeing of all our staff, clients, and other stakeholders, and to ensure Nedbank’s business continuity and continuous service to our valued clients.

We have established the Market Crisis 2020 and Covid-19 Exco Committee to oversee our actions and manage the unfolding risks. This committee is supported by the Pandemic Steering Committee, focusing on operational matters, including managing business continuity plans, the Liquidity Covid-19 Crisis Steering Committee focusing on maintaining a healthy liquidity position and the Credit Covid-19 Crisis Committee focusing on managing credit risks as they emerge and working with BOSA on regulatory relief required to enable banks to continue supporting their clients through the crisis. In addition, our various clusters have specific working groups in place to manage through the crisis.

**Staff**

- We activated our business continuity plans, tailored for the Covid-19 pandemic and the 21-day lockdown.
- All staff who are able to work from home have been allowed to do so – 85% of our staff were equipped to work remotely because of our continued focus on technology enablement.
- Various critical functions that cannot function remotely continue to operate at Nedbank premises, and we split up teams between offices, different floors and resumption sites.
- A dedicated Nedbank Covid-19 portal was established to provide information on our policies, health precautions, ICAS support, FAQs and other staff updates regularly.
- We reassess our strategic and other events were prohibited.
- The health and safety of our staff remain paramount and we have increased focus on sanitation and health practices.

**Clients**

While there will be changes to how we operate, providing excellent service to all our clients and maintaining all Nedbank’s business operations and services at the highest level possible continue as before.

- Although with reduced physical presence, we continue to enable and educate our clients around banking through our mobile and web capabilities. Clients are encouraged to use Nedbank’s digital channels and other self-service options, so they stay safe by doing their banking at home with all the security they require. The implementation of our digital onboarding, sales and servicing capabilities has been accelerated in this time and we continue to focus on further rollout during the year.
- Nedbank is committed to supporting clients during this time of uncertainty, allowing them to be prepared and assist to position clients in good standing who are impacted by this pandemic. We are working alongside our clients who have taken advantage of the various support measures announced by the South African authorities and continue to use our continued focus on technology enablement.
- To add liquidity to the financial system, SARB will buy government securities with the aim of supporting the banking system to operate smoothly and maintain lending activity. As part of these measures, SARB will allow banks to sell eligible collateral to SARB under the repo facility.
- The health and safety of our staff remain paramount and we have increased focus on sanitation and health practices.

**Regulators**

- SARB and the Prudential Authority (PA) announced various measures to support the banking system in SA. These include:
  - Liquidity - a number of changes were made to SARB’s current liquidity management strategy to assist domestic banks in their role of supporting the domestic financial system, including individuals, SMEs, cooperatives and asset managers. Some of the changes include:
    - SARB will provide supplementary overnight repos, inject more liquidity into the system if required and give banks access to standing facilities as provided for in times of market stress. Domestic banks will use these facilities as and when required to assist with the orderly transmission of liquidity through the banking system.
    - To add liquidity to the financial system, SARB will inject government securities in the secondary market across the yield curve.
  - Guidance notes and directives – the PA additionally announced various guidance notes and directives to support the SA banking system. These include:
    - Matters related to the application of International Financial Reporting Standards (IFRS) 9 in response to the Covid-19 pandemic – The PA has implemented measures to reduce the negative impact of the Covid-19 pandemic, including the extension of the recognition of non-performing loans (NPLs) and the recognition of impairment charges (ICAS) for these loans.
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    - Matters related to the treatment of restructured credit exposures due to the Covid-19 pandemic. The PA is supportive of Covid-19-related relief initiatives, such as payment holidays being offered by banks, in order to provide relief to certain borrowers who were up to date as of 29 February 2020 in an effort to mitigate the impact of the pandemic. Consequently, the PA has implemented measures to ensure that these initiatives, such as holidays, do not result in unintended consequences such as inappropriate higher capital requirements. In response, the PA has issued temporary relief for qualifying loans from portfolios. Directive 7/2020 dealing with distressed restructuring. Importantly, this relief covers retail SME and corporate loans, including all specialist asset classes such as commercial property.

**SDGs IMPACTED:**

- Society

If ever there was a time to be the difference that impacts our world, if ever there was a time to be the difference that impacts the world, it is now. At Nedbank we will continue to use our financial expertise, in this difficult time of Covid-19:

- All Nedbankers are called upon to embrace our Nedbank Pledge – to be mindful and to set an example not only for other Nedbankers, but for our families, clients and communities in preventing the spread of Covid-19.
- We will continue to pay our exempt micromanagers within seven days and qualifying SMEs within 30 days from invoice for services rendered.
- Our market-leading digital banking solutions support clients to do payments remotely and from home as we support efforts to flatten the curve.
- Nedbank is one of the four leading banks that will administer the South African Future Trust scheme (established by Nicky and Jonathan Oppenheimer) to facilitate the distribution of grants to eligible beneficiaries.
- We have also waived our normal credit fees for all loans approved under the scheme to maximise the funds available to recipients.

We will be donating R21 million towards Covid-19 relief efforts – of which R12 million is due to Nedbank’s support to the South African Future Trust scheme (established by Nicky and Jonathan Oppenheimer) to facilitate the distribution of grants to eligible beneficiaries. In this context we expect impairments to increase.
Given the unfolding impact of the Covid-19 pandemic, our targets and guidance are at risk. On 14 April 2020 we have withdrawn our financial guidance until we have more clarity and certainty of the impact on our business.

WHAT WE HAVE DONE IN RESPONSE continued

Shareholders

Our focus in this uncertain period remains on credit, liquidity and capital. We are managing emerging risks, monitoring our exposures/positions given material market movements, managing liquidity and capital levels, as well as working with regulators to ensure a stable banking system (see key regulatory actions on the previous page).

As at 14 April 2020, Nedbank has complied with all minimum regulatory requirements, including LCR, NSFR and capital ratios. Shareholder concerns around credit risk have increased. To this end, we have reviewed key risk portfolios and continue to manage emerging risks through the crisis:

- Oil and gas – a review of Nedbank exposures highlights no immediate issues at US$25–US$30/barrel and many clients have hedges in place for the next 6–18 months and/or their cost of production ensures profitability at these lower oil prices.

- Aircraft finance – general pressure is experienced, and we expect to support clients through this difficult period. Our exposure to SAA, which is the largest proportion of our exposure, is government guaranteed.

- Key sectors are being monitored, including hospitality, hotels, SMEs, retail shopping centres (and the broader commercial property portfolio), exporters and mining companies. Consumers are likely to be under pressure, but will likely benefit from lower petrol prices and reduced interest rates. As noted, we will continue to work closely with our clients to assist them through this period.

- Single stock futures, contracts for difference and share-based lending deals show no material issues.

- From a trading perspective we remain profitable and have benefited from increased volatility and hedging activity into the lockdown. We expect client volumes to drop off as a result of both the lockdown and the slowdown in economic activity.

- ETI Nigeria is likely to be impacted by lower oil prices and there is now an increased risk of impairment on Nedbank’s ETI investment.

- We continue to conduct stress testing and analysis to understand the potential impact on the bank and our clients.

While confidence and client activity are likely to be negatively impacted, we are focusing on what we can control, in particular costs and progressing strategic initiatives that support revenue growth and efficiencies through the cycle.

AS WE ENTER THE COVID-19 CRISIS WE ARE IN A STRONGER POSITION THAN AT THE TIME OF THE GLOBAL FINANCIAL CRISIS

HEADLINE EARNINGS

(Blm)

Global financial crisis

<table>
<thead>
<tr>
<th>Year</th>
<th>Loan Growth (CAGR %)</th>
<th>Number of Clients</th>
<th>Stage 3 Overage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>16.3</td>
<td>20.1</td>
<td>Wholesale</td>
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<tr>
<td>2018</td>
<td>8.3</td>
<td>6.0</td>
<td>6.3</td>
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<tr>
<td>2008</td>
<td>4.4</td>
<td>4.2</td>
<td>1.6</td>
</tr>
<tr>
<td>2019</td>
<td>8.3</td>
<td>6.0</td>
<td>6.3</td>
</tr>
</tbody>
</table>

Strong Liquidity Position (% as at 31 December 2019)

<table>
<thead>
<tr>
<th>Year</th>
<th>LCR</th>
<th>NSFR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>125</td>
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</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>CET1R</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>4.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Funding Tenor (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>LT: 19.2 MT: 21.0 ST: 22.9</td>
</tr>
</tbody>
</table>

SA MACROECONOMIC ENVIRONMENT

As a financial services provider we are highly connected to and interdependent on the macroeconomic environment, especially in SA, where we currently generate more than 90% of our earnings. Our ability to create value is dependent on key economic drivers, our response to them and their impact on our stakeholders.

A key recurring topic during our discussions with the investment community over the past five years has been the subdued level of economic growth in SA and Nedbank’s outlook for the macroeconomic environment. Rather than an instantaneous acceleration in economic growth, the turnaround story for SA is that we are in the early stages of an institutional turnaround. To build both business and consumer confidence and to attract local and foreign investment, which would support higher levels of inclusive growth, SA needs policy certainty and structural reforms to be implemented. These are dependent on the progress we make on the political and institutional turnaround that is currently underway and the extent to which we, as a country, manage various risks and uncertainties such as electricity supply stability, policy certainty and the country’s fiscal position. The endgame is higher levels of inclusive growth, which will support job creation and reduced levels of unemployment, poverty and inequality.
Managing through the Covid-19 crisis (April 2020)

In the context of challenging macroeconomic dynamics we have created scenarios that represent the underlying assumptions for our three-year planning (2020 to 2022), stress testing and communication to the investment community.

The January 2020 base case scenario formed the foundation of our initial financial planning. In this scenario the pace of structural reforms remains slow. The fight against corruption continues, but ideological and other divisions within the ruling ANC party persists, undermining policy clarity and decision making on key regulation, legislation and infrastructure. While some concessions are made towards allowing greater private sector involvement in energy generation and other systemically important infrastructure markets, the status quo largely persists. Electricity constraints, coupled with weak government finances and persistent policy uncertainty, keep confidence fragile. Fixed-investment activity and job creation limited. A Moody's downgrade of the SA sovereign credit rating to subinvestment grade was expected, and materialised in March 2020. Its impact was largely discounted as COVID-19 pandemics and isolates already trusted foreign countries with similar ratings. Its impact is largely discounted and investors seek higher yields. However, sentiment ossings between risk-on risk-off conditions, while a Chinese economic recovery is expected in H2 2020 post the Covid-19 impact. Economic growth in SA recovers only slowly to slightly below potential levels of less than 1.5% per annum over the next three years, primarily given the shortage of electricity supply and broadbanding at stage 2 for the next 18 months. These subdued demand conditions affect inflation, which is forecast to hover around the 4.3% midpoint of SARB's target range. While scope for further rate cuts exists, there remains the precedent of adverse consequences of heightened fiscal and ratings risks, keeping the rand vulnerable to sudden changes in foreign investor sentiment. Interest rates are assumed to remain steady at current lower levels throughout the forecast period (with some probability of further decreases), providing some relief to indebted consumers.

More of the same’ scenario – January 2020

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Scenarios for the short to medium term

In the context of challenging macroeconomic dynamics we have created scenarios that represent the underlying assumptions for our three-year planning (2020 to 2022), stress testing and communication to the investment community.

For more details on our strategic focus areas and strategic enablers refer to pages 45 to 59.

For more details on our top 12 risks refer to pages 62 to 64.

How does this material matter impact our business model?

In a difficult SA macroeconomic environment, we are accelerating delivery of digital innovations and the drive for greater levels of digital sales and service to improve client satisfaction, explore new revenue streams beyond banking and reduce costs. The focus on risk management, and credit risk, in particular, increases. The behavioural outcomes of the Covid-19 pandemic is likely to drive increased levels of digital adoption and promote greater levels of flexible work practices.

Managing through the Covid-19 crisis (April 2020)

In this January 2020 scenario government embraces the need for structural reforms and policy certainty. The state not only presents a pragmatic strategy for structural reform but also starts implementation in a determined systematic and pragmatic manner, with misplacement and other costs well managed and controlled. Confidence improves and fixed-investment activity gradually picks up around the second half of 2021, resulting in some recovery in job creation. As the economy slowly gathers some pace, government finances strengthen moderately, and Moody’s maintains the country’s investment grade credit risk rating. The rand is supported by greater investor confidence and helps to keep inflation in check, creating some scope for lower and steadily interest rates. Credit demand recovers as household and business confidence and finances improve, and defaults decrease. Globally, trade wars subside and commodity prices gain momentum, while we experience a resumption of capital inflows and an improvement in ratings risks.

More of the same’ scenario – April 2020

The global economy enters recession in 2020 and growth recovers off a low base thereafter. Capital flows are erratic due to a risk-off environment. Default pressures mount given the slump in oil prices. Major central banks keep interest rates low and continue to inject liquidity. Locally, we see temporary cohesion around Covid-19 containment but concerns around corruption and direction around economic policies return. The State of disaster eases some pressure on the Finance Minister in the year power outages return. State reforms are limited and government finances deteriorate further. The lockdown is assumed to last 25 days and economic activity slowly builds up. Economic growth enters recession with GDP declining in 2020 by 7% before recovering off a low base. The Moody’s sovereign-credit rating downgrade is discouraged by the market. Inflation declines to below the mid-point of the MPC’s target range (3.0%) in 2020 and remains subdued thereafter. Interest rates in 2020 decline by 250 basis points and moderate tightening is only expected from late 2021. Credit growth declines despite discontinuation (COVID-19) support measures. Corporates are bearish on future demand and increase levels of precautionary cash reserves. How does this material matter impact our business model?

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MANAGING GROWTH OPPORTUNITIES VERSUS VOLATILITY IN THE REST OF AFRICA

Against a muted SA economic outlook, sub-Saharan Africa (SSA) is considered to be an attractive long-term investment region, fuelled by strong economic growth, with potential to address some of the most urgent global risks effectively. The lack of progress in addressing these risks is driving greater levels of sociopolitical tension.

Environmental risks remain among the same top global risks identified by the WEF, both in terms of likelihood and potential impact. These include extreme weather, natural disasters, water crises and failure of climate change mitigation and adaptation. The interconnectedness of these risks with human wellbeing means that they pose increasing systemic challenges to communities, corporations and governments.

In this scenario the Western Cape's brush with Day Zero and the continued extreme water shortages being experienced in many other parts of the country have significantly increased the need for clear policy and framework to ensure water-wise, resilient and sustainable methods are used.

In this scenario the Northern Cape is no longer commercially viable for agriculture as is much of the Western Cape, due to severe water shortages. Extremely high temperatures in northern Limpopo and the northern part of North West would require farmers to use expensive irrigation methods.

Increasing our exposure to the rest of Africa requires investment for the future and this will be realised only in the medium to long term. To date we have replaced our core banking system in our subsidiaries, rolled out new products and are leveraging our SA digital innovations for deployment in these countries. We are increasing our shareholding in Banco Único (Mozambique) to 87,5% and have sold our operations in Malawi (where we had a 1% market share) to position the group for the future.

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CHANGING RELATIONSHIPS BETWEEN BUSINESS, GOVERNMENT, LABOUR AND CIVIL SOCIETY

Government, business, labour and civil society all understand the imperative to address weak economic conditions and high levels of unemployment, avert further sovereign-credit-rating downgrades and increase levels of inclusive growth to ensure a better life for all. Working together towards a common goal will assist the SA economy in reaching its full potential and reducing inequality and poverty.

CEO initiative and other areas of focus

The value-adding outcomes to date include, among others:

- Of the R1.5bn committed by the private sector for investment in small enterprises to drive job creation, the SME Fund has capitalised R1.2bn of investable capital to date.
- The YES initiative has registered 575 companies to date, with 32,360 committed work opportunities provided for by business for youth interns.
- Considerable investment in the REDIPPP’s funds has led to 357 MW of energy generation, and round 5 is expected to be concluded in 2020 or early 2021.
- Improvement of governance in some SOEs and working on a resolution to address operational and funding challenges at Eskom.
- Regular meetings to update credit rating agencies on the progress made to avert further sovereign-credit-rating downgrades. However, given the deterioration in the country’s fiscal and economic outlook, this requires key stakeholders, including the Office of the Minister of Health and the Board of Healthcare Funders, to discuss the pros and cons of introducing national health insurance as well as make proposals in relation to the practical approach to the rollout thereof.

The Covid-19 pandemic could be a catalyst for closer working relationships between business, government, labour and civil society as we all work together towards a common goal of slowing the spread of the virus, and implement social and economic actions to manage through the crisis.

Our opportunities

Conscious capital – Opportunities for Nedbank include initiatives that drive inclusive and sustainable economic growth. This will place SA in a stronger position over the medium to long term and create a supportive environment for banks to improve returns and growth. At Nedbank, we will continue to contribute to important opportunities on key issues, work closely with government, labour to ensure positive outcomes for our citizens, and contribute our fair share through the SDGs and the SME Fund.

Accounting for resources to optimise economic outcomes

For more details on our strategic focus areas and strategic enablers refer to pages 51 to 59.

Our key risks and mitigating actions

Sovereign-credit-rating downgrade – Nedbank is well-positioned to deal with a higher-stress environment, such as the Moody’s downgrade of SA’s sovereign-credit rating on 27 March 2020, and therefore consequent bank credit ratings downgrades will have a limited direct impact. Our readiness to deal with any potential shocks compares favourably with our readiness during the 2007/08 global financial crisis (a prior high-risk event).

For more details on our top 12 risks refer to pages 62 to 64.

DISRUPTIVE TECHNOLOGIES AND DIGITAL ADOPTION

As the world becomes increasingly digitised, all industries are feeling the impact of the pervasiveness of technology. Financial institutions have seen leading indicators of this revolution as it changes all aspects of providing financial products and services – from commissioning new financial services, enhanced client experiences and new products and channels, to evolving organisational structures and internal processes, as well as new staffing and skills requirements. Digital adoption is likely to accelerate to mitigate the impact of reduced mobility due to the Covid-19 pandemic.

New digital technologies are reshaping the value proposition of existing financial products and services and how these are delivered to and consumed by clients.

The digitisation of banks includes embracing and leveraging mobile technology, fintech partnerships, cloud computing, big data, advanced analytics, machine learning, blockchain technology, artificial intelligence, robotics and biometrics in the optimisation of legacy IT infrastructure as well as in pursuit of new revenue channels and opportunities. Banks (which have both the scale and position of trust with clients) are increasingly partnering with fintechs, enabling faster delivery of new innovations.

The adoption and application of modern tooling enable more rapid software engineering development and scaling of delivery, which allow for faster innovation and digitalisation.

In SA and the rest of Africa, internet and smartphone penetration remains low, and mobile phone penetration is higher. As penetration increases over the next five years, driven by increased bandwidth, a reduction in data costs and the introduction of more affordable smartphones, usage of digital banking products and services should increase.

The dark side of the global technology revolution is that financial crime has increased dramatically, evidenced by the increase in the number, intensity and sophistication of high-profile cyberattacks. These attacks are usually aimed at accessing, changing or destroying sensitive information, extracting money from users or interrupting normal business processes. Banks have become attractive targets for cyberattacks because of their key role in payment and settlement systems, the volume of sensitive client information they hold and the potential adverse impact of interfering with the smooth functioning of banking services. A survey conducted by the WEF has indicated that globally cyberattacks are among the top five risks, while our Internal Risk and Governance Framework similarly includes cybercrime as a key priority.

For more details on our top 12 risks refer to pages 62 to 64.
The past two years saw the launch of value propositions by various new entrants in the SA banking system. SARB has granted banking licences to Discovery Bank, TymeBank, PostBank and Bank Zero. Some of these new entrants focus primarily on transactional services and deposits and they are challenging existing banks with innovative digital solutions.

- Innovative partnerships must be explored
- Leaders need to be equipped to embrace new ways of working, taking on roles that may be different from the current ones
- Organisations should address skill shortages and the need for proactive investment in new capabilities and skills required to develop new functionalities
- Employee stress, health and safety have become increasingly important as companies respond to Covid-19 through alternative work practices and implementing business continuity plans.

### INCREASED COMPETITION AND THREAT OF NEW ENTRANTS

Competitors in the banking sector have evolved to include new entrants, fintech disruptors and big-tech disruptors. These disruptors are redefining the banking experience for clients, but many banks are looking to achieve financial sustainability with innovative digital solutions.

- Discovery Bank – Its proposed differentiation is around behavioural banking, underpinned by ‘Vitality Money’, which aims to help clients improve their financial standing. Discovery Bank aims to integrate with other Discovery products; clients may reap rewards in more affordable life insurance, faster growing investments, smarter insurance and convenient health payments.
- TymeBank – A digital bank founded on simplicity, transparency and affordability with no branches and its core banking system is hosted securely in the Cloud. TymeBank continues to expand its range of transactional services (money transfers, and current and savings accounts). It differentiates itself through its efficient client onboarding, low fees and higher interest rates on deposits. It is currently testing an unsecured lending offering.
- Bank Zero – As a mutual bank, clients can become shareholders and include individuals and businesses. Focuses on app-based banking solutions, with transactional banking services set to commence through the launch of a debit card in H2 2020.


Source: www.tymebank.co.za/about/

Source: www.bankzero.co.za/about/

Source: Fin 24 - Mboweni approves Capitec acquisition of Mercantile

Our opportunities

Creating a Strong EVP – At Nedbank, we continue to evolve our values, purpose and people practices towards delivering a more positive employee experience as we aim to attract, develop and retain scarce skills. Read more on pages 57 to 72.

How does this material matter impact our business model?

New Ways of Work, introduced into Nedbank during 2017, continues to change the way we work and organise ourselves. Read more about this on page 5.

### SA EMPLOYMENT (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>29.1</td>
</tr>
<tr>
<td>2019</td>
<td>29.1</td>
</tr>
</tbody>
</table>

2010 2019

Reskilling and upskilling

- As skills relateness and development are crucial to improving SA's global competitiveness, it is critical that we take an active role in supporting the existing workforce through reskilling and upskilling. Companies need to create enabling environments, and individuals need to adopt a proactive approach to their own learning.
- Innovative partnerships must be explored with non-financial services sectors to absorb reskilled individuals in their respective sectors. External partnerships and funding opportunities with BANKSETA are some of the avenues banks are already leveraging to assist in the reskilling and upskilling of the workforce.

- Leaders need to be equipped to embrace and lead the change, as the growth of workforce analytics continues to accelerate and with new data analytics tools now available, companies are better equipped to identify skill gaps.

### COVID-19 IMPACT

Flexible work practices, health and safety and employee wellbeing have become increasingly important as companies respond to Covid-19 through alternative work practices and implementing business continuity plans.

The new world of work is rapidly becoming a reality and entails a difficult transition for thousands of workers and companies in SA and around the world. New roles are emerging and require capabilities and skills that are scarce and critical to the future success of businesses. Existing roles will change and therefore the need for proactive investment in new roles is required to develop new capabilities and skilled talent globally within organisations and at graduate levels.

- SA has approximately 1.6 million youth (15–24 years) who are unemployed. Nedbank is committed to our role in the broader SA society and is now one of many companies, as agreed between business leaders, CEOs and the government, that are participating and carrying the costs of employment opportunities to previously unemployed youth as part of the YES initiative.

### REQUIREMENTS FOR SCARCE AND EVOLVING SKILLS

- Increasing competition and threat of new entrants, fintech disruptors and big-tech disruptors. These disruptors are redefining the banking experience for clients, but many banks are looking to achieve financial sustainability with innovative digital solutions.
-灵活的工作方式、健康和安全以及员工福利已经成为越来越重要的问题，因为公司在应对COVID-19时通过替代性工作实践和实施业务连续性计划。

- 领导者需要准备好并引领变革，因为工作力量分析的持续发展，以及新的数据分析工具的可用性，使得公司能够更好地识别技能差距。

### COVID-19 IMPACT

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- SA有大约160万的15至24岁的年轻人处于失业状态。Nedbank承诺在我们的社会角色中发挥作用，现在是我们公司中的一员，作为同意执行商业领导人、CEO和政府签署的协议，参与承担寻求为之前失业青年提供就业机会的成本。作为YES倡议的一部分。

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**DEMANDS ON GOVERNANCE, REGULATION AND RISK MANAGEMENT**

The financial services industry worldwide has seen an exponential increase in regulations since the global financial crisis. These regulations have placed new demands on banks, resulting in, among others, increased cost of banking. We support the intention of increased global regulations to protect our stakeholders from potential bank failures, therefore regulatory compliance and alignment with emerging risk management practices are our key strategic imperatives.

Looking forward, the focus of SA regulations, in line with global trends and regulations, is to shift the culture and behaviours within the industry to reinforce financial stability and to maintain the soundness of financial institutions while serving and protecting clients. Below are a few top-of-mind items for the financial services industry:

- **Financial Sector Conduct Authority (FSCA)** - SAIFSCA has issued a number of draft regulatory instruments that seek to regulate the conduct of financial institutions in the SA market. These include the Conduct of Financial Institutions (COFI) and the draft Conduct Standards for Banks (Conduct Standards), which are currently under redrafting pursuant to extensive public consultation processes, with Nedbank providing substantive input into.

- **Resolution Regime** - The National Treasury and SARB have released the Financial Sector Laws Amendment Bill, which once promulgated will give effect to the Resolution Framework. In 2019 SARB released a discussion paper regarding that the Deposit Insurance Scheme (DIS) will be created with the establishment of the Corporation for Insurance Scheme (COIS), which will collect deposit insurance levies and deposit insurance premiums. In addition first-loss-after-capital (FLAC) debt instruments would be introduced in the future, but only after SARB has finalised its feasibility assessment relating to the introduction of bail-in debt instruments designed to recapitalise a bank in resolution. This is expected to be promulgated in H1 2020 and the assumed costs associated with DIS will be incurred from H2 2021.

  - **National Credit Amendment Act (NCAA)** - Signed into law in 2019, the act aims to provide relief to over-indebted, low-income clients who have exhausted all other means of removing themselves from over-indebtedness. Once operational, the debt intervention provisions will impact consumers with gross monthly income less than or equal to R7,500, unsecured debt of less than or equal to R50,000 and who are considered ‘critically indigent’ by the NCRS. An independent socio-economic impact assessment study found that the impact of the act is net-positive for the SA economy and consequently an industry working group has been tasked with giving effect to the aims of the Amendment Act, i.e. debt relief for low-income, financially distressed individuals in a cost-effective and equitable manner. Nedbank, as a member of BASA, is actively participating in the operationalisation of this process.

  - **Basel III reforms** - Basel III reforms were announced in December 2017, including:
    - placing a floor on certain model inputs for portfolios subject to the standardised approach; introducing new regulatory, accounting and compliance risk
    - regulatory sanctions and fines – fines relating to market conduct and non-adherence to legislation have increased significantly as seen across the globe. Regulators are increasing pressure on the financial services industry to comply with various regulations and treat clients fairly and we have increased our focus to comply and implemented corrective actions where we fall short.
    - regulatory risk – the implementation of new regulations, such as the NCA, COFI, DIS and Basel III reforms, are manageable within existing time frames and we do not foresee any material negative financial impact on the group as a result thereof.

**Our opportunities**

Leverage strengths – A key opportunity for Nedbank is implementing regulatory requirements in a client-centred, integrated and synergistic manner. Our Case in Point on page 81 illustrates how we have leveraged technology to comply with regulation.

Managing scarce resources to optimise economic outcomes

Being operationally excellent in all we do

For more details on our strategic focus areas and strategic enablers refer to pages 43 to 59.

**Our key risks and mitigating actions**

Regulatory, accounting and compliance risk

Revenue growth

Cost savings

Operating efficiencies

For more details on our top 12 risks refer to pages 62 to 64.

**OUR STRATEGIC FOCUS AREAS AND ENABLERS**

In response to the rapidly changing operating environment and needs and expectations of our stakeholders, we developed five strategic focus areas that drive the activities in our value-creating business model. These strategic focus areas are underpinned by strategic enablers, which are catalysts for delivering our strategy and achieving our short-, medium- and long-term targets.
Delivering Innovative Market-Leading Client Experiences

Financial services providers that respond best to the digital challenge in a client-centred manner will continue to improve client satisfaction and as a result gain a disproportionate share of client revenues. Technological developments at the same time provide opportunities for improving efficiency, thereby bringing new digital offerings to the market quicker, and lowering the cost to serve, as well as optimising the overall cost base through the reduction of branch sizes and ancillary costs.

Our aspiration is to be Africa’s number-one digital financial services provider, aiming to achieve 75% of our sales through digital channels, 70% of our clients being digitally active, an NPS (client satisfaction) of at least 60% and a reduction in our cost-to-income ratio to less than 53% over the medium term and less than 50% over the longer term. These aspirations are informed by global benchmarks, derived from financial services providers that are regarded as leaders in digital transformation, such as Swedbank, DBS and ING. Our strategy is underpinned by technology and people as key enablers (refer to pages 55 to 57), and three key outcomes, namely to digitise, to delight and to discover or disrupt.

Reflecting on 2019 and looking ahead

Our strategy is underpinned by technology and people as key enablers ( refer to pages 55 to 57), and three key objectives to digitise, to delight and to discover or disrupt.

**Digitalise**

In RBB we have proactively enabled 6.2 million clients to do their banking on our digital channels and are now focusing on increasing active usage; currently 1.8 million clients, up 16% yoy, as we enhance functionality and ease of use. To increase digital activity we plan on launching campaigns and initiatives such as HeyNed, a digital concierge that gives clients a 24/7 personal assistant in their pockets and the ability to purchase funeral policies on the app.

The Nedbank Private Wealth app, which had been ranked second-best globally by Cutter Associates International Research, increased app downloads by 58% yoy.

In Nedbank Africa Regions we launched the Nedbank Money app in Namibia, eSwatini and Lesotho, leveraging off the Nedbank Money app platform in SA. The new app... the Nedbank App Suite, and has been well received by clients, registering a 94% increase in active app users.

**Delight**

Reflecting on 2019 and looking ahead... The Money app, which makes banking more convenient for our retail clients, has been downloaded 3.9 million times, with more than 832 000 clients using it actively, up 85% yoy.

**Disrupt**

Our strategy is underpinned by technology and people as key enablers ( refer to pages 55 to 57), and three key objectives to digitise, to delight and to discover or disrupt.

Additional self-service options for... digital functions that were previously only in branches or through staffed channels were released on the Nedbank Money app and the new Nedbank Online Banking site, taking the total digital functions to 114 (compared with 70 in 2018). We aim to...
Through our digital innovations we aim to deliver innovative market-leading client experiences. The outcomes of these are described in more detail on page 49.

### Recent innovations and client value propositions

**Value for clients**

<table>
<thead>
<tr>
<th>Innovation</th>
<th>Value for clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stokvel Account</td>
<td>A safe, effective, and simple solution with no transactional fees allowing groups of individuals to manage group savings better.</td>
</tr>
<tr>
<td>Karri app</td>
<td>An integrated payment collection and reconciliation capability enabling parents and educators to make school-related payments without visits - at the same time relieving schools from the burden of cash payments and management.</td>
</tr>
<tr>
<td>MobileMoney</td>
<td>A mobile-based account with zero monthly fees that anyone with a valid SA identity number can open anywhere in a few seconds.</td>
</tr>
<tr>
<td>Extraordinary Life chatbot</td>
<td>A fast, easy-to-use chatbot providing information and answers to key queries on a monthly basis for free, increasing user engagement.</td>
</tr>
<tr>
<td>unlockedMe</td>
<td>An ecosystem that addresses multiple aspects of consumers' lives - work, lifestyle, and money, and includes access to technologies, job opportunities, and general working life tips.</td>
</tr>
<tr>
<td>EcoBank–Nedbank crossborder remittance solution</td>
<td>A fast, low-cost, and convenient solution for sending money between people without borders.</td>
</tr>
</tbody>
</table>

**Value for Nedbank**

<table>
<thead>
<tr>
<th>Innovation</th>
<th>Value for Nedbank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stokvel Account</td>
<td>Market penetration into segments where Nedbank did not have a strong presence.</td>
</tr>
<tr>
<td>Karri app</td>
<td>A good starting point to accelerate our ecosystem-based solution for schools, thereby solidifying our relationships with schools and expanding our offering across the ecosystem.</td>
</tr>
<tr>
<td>MobileMoney</td>
<td>Market penetration into segments where Nedbank did not have a strong presence.</td>
</tr>
<tr>
<td>Extraordinary Life chatbot</td>
<td>Reduced account-opening costs and as a source of additional revenue.</td>
</tr>
<tr>
<td>unlockedMe</td>
<td>Our first exploration into platforms, aimed at growing our youth market share by changing the perception about Nedbank and creating new revenue streams with beyond-lending offerings.</td>
</tr>
</tbody>
</table>

Our approach to deliver the innovative ‘gold standard’ (the best globally) and motive clients in the product development process (design thinking) motivates the initiative and we are continuously adding new value-adding services to ensure that products and services evolve as clients’ needs change.

## Case in point

**Leveraging digital innovations to fundamentally change our personal-loan business**

In 2019, Nedbank became the first bank to introduce an API platform, which allows our partners and financiers to use our APIs to integrate banking solutions into their channels to pay, access transactions, and create a new channel, a source of additional revenue. This digital capability has now enabled us to build a personal loan API that external partners can plug into their frontends to offer a Nedbank digital loan experience seamlessly and securely to drive sales on both online and offline channels. A few clients went live in 2019, including Cashbud, SwitchPay, and Karri, with many more to follow in 2020.

Key challenges to the implementation of the strategy

Innovations fail to deliver market-leading client experiences - Client satisfaction measures indicate that Nedbank is highly rated and scores are improving. Our approach to adopt the international ‘gold standard’ (the best globally) and motive clients in the product development process (design thinking) motivates the initiative and we are continuously adding new value-adding services to ensure that products and services evolve as clients’ needs change.

### Shortage of key skills globally

Shaping and making the workforce of the future are evolving. The development of a workforce with the right skills that are in-demand in SA is an ongoing priority in our people agenda, with many key skills in short supply. The high digital skills deficiency is particularly acute in critical segments and continues to intensify, particularly in areas such as technology, data, user design, and engineering disciplines. We have developed a Strategic Workforce Plan to address these skills gaps proactively, through developing, retaining, and hiring critical skills to achieve our strategic objectives.
MANAGING SCARCE RESOURCES TO OPTIMISE ECONOMIC OUTCOMES

Through managing scarce resources to optimise economic outcomes, we leverage our areas of strength, while reducing downside risk in higher-risk products or businesses. Maintaining a solid balance sheet ensures that we remain resilient in tough times and are able to leverage new growth opportunities.

This strategic focus area centres on managing scarce resources such as capital, long-dated liquidity and costs to optimise economic outcomes and thereby increase our economic profit, being the excess of ROE above COE through cycles. Internally, this is referred to as portfolio tilt.

Financing activities that support the SDGs is a specific tilt that will receive increased focus in the years to come as we deliver on our purpose and contribute positively to society and the environment.

Reflecting on 2019 and looking ahead

• We have tilted our portfolio to grow selectively in key advances categories. After having derisked our home loan and personal-loan books in previous years, we are now growing in line with the market. We are also growing our vehicle finance market share, where we have a competitive advantage. Looking forward, we will continue to tilt our portfolio over the medium to long term to grow in home loans and the lower-risk segments of personal loans. In personal loans we are leveraging digital channels to reach a greater part of the market without changing our risk appetite.

• Corporate credit growth has accelerated up from 2018 levels and we were seeing some improvement in loan payouts before the impact of the Covid-19 pandemic. As business confidence improves in the medium-to-long term off a low base, we expect stronger growth in years to come. In commercial-property finance, where we have a market-leading position, we will continue to be selective, given the underlying stresses in the market, such as increased levels of vacancies.

• On the following pages we illustrate our primary focus on growing our transactional advances, deposits and revenues, through continuing our focus on growing our transactional franchise.

• The ability to grow our transactional-banking franchise and tilt our portfolio, as noted above, will be impacted this year by the Covid-19 pandemic as we shift our focus to supporting our existing clients through these challenging times.

• The ultimate measure of optimisation of economic outcomes is in our ROE (excluding goodwill), which decreased to 16.0% as impairments increased off a low base and revenues were impacted by a difficult macroeconomic environment in SA. Given our focus on revenue growth drivers and cost optimisation initiatives, we expect to see continued ROE improvement in the medium and long term.

• Future details on how we pivot our strategy to be confirmed once we have more certainty around the medium-to-long-term impacts of the Covid-19 pandemic.

Sustainable development financing

• In the second half of 2019 Nedbank engaged Steward Reid-Raj in an international strategy consultancy to help us understand how the bank’s lending portfolio may be impacting the sustainable development agenda positively and negatively. This was done to help inform our strategic portfolio tilt so that we continue to increase financial flows in support of activities that positively correlate to the SDGs, while mitigating the potential negative impacts of our funding.

• Drawing on an extensive body of academic research, the methodology used begins by identifying the positive and negative impact potential of almost 1,000 economic activities (as defined by standardised industry codes) against the 17 SDGs and 169 underlying targets and then maps these on to Nedbank’s book to create an impact map. The impact map demonstrates the potential positive and negative impacts of the industries that we finance.

• This impact map provides us with new insights that will help to inform target-setting and business appetite. These insights will also allow us to engage proactively with clients to develop new products and services that will address the sustainable development agenda.

Key risks in implementing the strategy

Weaker macroeconomic environment leading to slower revenue growth and an increase in bad debts – In 2019 this key risk did play out in our business and will continue to be a risk particularly in light of the Covid-19 pandemic as described on pages 36 and 37.

Exposure to SOEs – Our exposure to SOEs remains at less than R10bn in 2019 (or less than 2% of advances), 40% of which has government guarantees. Through collaborative engagement across the industry, we are supporting SOEs where good governance and clear strategies are in place, however Covid-19 has placed additional strain on these SOEs and government’s ability to provide financial support.

ENSURING AND PROTECTING VALUE

The challenging macroeconomic and political environments in SA and globally, exacerbated by loadshedding, low economic growth and policy uncertainty, adversely affected Nedbank’s credit portfolio by increasing consumer distress, therefore impairments, across all industries.

The GCC provides independent oversight of credit risk, to ensure a high-quality and adequately impaired credit portfolio. We continue to support our clients while managing the capital and impairment impact, particularly given the new challenges of Covid-19.

Focus for 2020 and beyond

• Overseas initiatives to support clients during the Covid-19 crisis, in conjunction with regulatory guidance.

• Assess the impact on IFRS 9 (impairments) and RWA (regulatory capital) in conjunction with regulatory guidance.

• Assess the impact of the Moody’s sovereign-credit-rating downgrade of SA on the credit portfolio.

• Oversee the implementation of the revised Strategic Portfolio Tilt strategy (2020–2022).

• Review and refresh the group’s CLR target range.

• Review policies and procedures for DebiCheck.

• Ensure the enhancement of climate risk policies.

The Nedbank VORTEX framework and risk appetite

Nedbank looking ahead (based on Credit Risk Portfolio - currently under review)

<table>
<thead>
<tr>
<th>Market share %</th>
<th>Other</th>
<th>Standard Bank</th>
<th>FirstRand</th>
<th>Absa</th>
<th>Nedbank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home loans</td>
<td>14.4%</td>
<td>23.1%</td>
<td>21.0%</td>
<td>33.9%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Vehicle &amp; asset finance</td>
<td>34.4%</td>
<td>19.7%</td>
<td>28.6%</td>
<td>13.7%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Credit card</td>
<td>13.0%</td>
<td>25.1%</td>
<td>27.4%</td>
<td>25.1%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Personal loans</td>
<td>10.2%</td>
<td>11.1%</td>
<td>23.6%</td>
<td>16.3%</td>
<td>38.8%</td>
</tr>
<tr>
<td>Core corporate loans</td>
<td>21.2%</td>
<td>21.0%</td>
<td>21.5%</td>
<td>19.1%</td>
<td>17.1%</td>
</tr>
<tr>
<td>Commercial mortgage loans</td>
<td>38.7%</td>
<td>15.2%</td>
<td>7.0%</td>
<td>16.9%</td>
<td>22.2%</td>
</tr>
<tr>
<td>Household deposits</td>
<td>16.9%</td>
<td>22.0%</td>
<td>21.9%</td>
<td>18.9%</td>
<td>20.3%</td>
</tr>
<tr>
<td>Non-financial corporate deposits</td>
<td>16.5%</td>
<td>17.0%</td>
<td>24.7%</td>
<td>27.3%</td>
<td>14.5%</td>
</tr>
<tr>
<td>Top 12 risks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Business (global and country) risk</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Credit risk</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>3. Regulatory, accounting and compliance risk</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>4. Climate risks</td>
<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Top 12 risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>1. Business (global and country) risk</td>
</tr>
<tr>
<td>Shareholders</td>
<td>2. Credit risk</td>
</tr>
<tr>
<td>Clients</td>
<td>3. Regulatory, accounting and compliance risk</td>
</tr>
<tr>
<td>Regulators</td>
<td>4. Climate risks</td>
</tr>
</tbody>
</table>

Errol Kruger (Chair)

A comprehensive GCC report is available online in our 2019 Governance and Ethics Review at nedbankgroup.co.za
OUR STRATEGIC FOCUS AREAS AND ENABLERS continued

GROWING OUR TRANSACTIONAL-BANKING FRANCHISE FASTER THAN THE MARKET

Our transactional-banking strategy starts by creating market-leading client experiences that will lead to growing and retaining our clients, and deepening our share of wallet as we convert new and existing clients into mass-banked and transactional-banking clients. Growing our transactional-banking franchise faster than the market improves our ROE over time, as deposits and transactional revenue consumption less capital and add to our funding pool. At the same time, earnings volatility is reduced as more stable sources of income are increased.

Reflecting on 2019 and looking ahead

Growing our transactional-banking franchise remains a major focus in RBB. We have grown our client base since 2015 despite increasing competition and new entrants. Of our 7,5 million retail clients in SA, 5,9 million have some form of transactional product with Nedbank. The current cross-sell ratio of 13 (number of products per customer) means there is still significant opportunity to provide holistic customer value propositions.

In 2019 our focus shifted towards increasing cross-selling and deepening our share of wallet, despite survey data showing an overall lesser loss of market share to 12,1% retail transactional NRB growth of 6,3% in Retail remained solid, reflective of our existing clients along more business with us.

- Under our strict definition of retail main-banked clients we have 2,95 million clients who regularly bank with us. Although overall slightly down on 2018, we grew strongly in the middle, professional and small-business client segments, and lost some market share in entry-level and youth segments. Our focus to grow and win brick market share includes initiatives such as Unlocked for the youth, launched in January 2019. It delivers banking value through a zero-monthly fee account and lifestyle value through great deals on tech and fashion and assisting clients to unlock their career potential with job search support including access to up to 500 jobs online.

- This growth, along with improved levels of client satisfaction, positions us well to compete against new entrants. As a bank for all, we will continue to focus on the youth and EBL, leveraging digital while ensuring effective migration to a rising middle market, where we focus on retention and on the deepening of relationship through cross-selling.

Key risks in implementing the strategy

New entrants – New entrants are positioning themselves to capture a share of retail deposits and transactional-banking revenues. We welcome competition, as it drives us to focus even more on our clients, their needs and delivering innovative solutions. The new innovations we launched in 2019, as shown on pages 4 to 49, enable Nedbank to remain highly competitive.

BEING OPERATIONALY EXCELLENT IN ALL WE DO

Our strategic approach to cost management is to invest sustainably in the franchise to unlock future growth potential, at the same time managing our expenses by delivering synergies and efficiencies to reduce our cost-to-income ratio over time. Over the past few years we have invested significantly in the franchise to support long-term growth, and by extracting efficiencies we have been able to maintain expenses growth at or below the levels of our peer group.

Some of the investments we have made include completing key foundation projects as part of the technology journey and investing in digital and core systems as well as in regulatory compliance.

Reflecting on 2019 and looking ahead

We have identified key business areas for reducing our cost-to- income ratio to assist the group in meeting its ≤53% target in the medium term and ≤50% in the long term (these targets are under review given the economic impact of the Covid-19 pandemic). The key developments in 2019 include the following:

- Cost-efficiency programmes and adoption of digital solutions enabled us to reduce headcount by 1,827 (mainly through natural attrition) and optimised our staffed points of presence by closing 21 outlets, resulting in the net reduction of physical points of presence by 19,1% (reflected in the reduction of points of presence from 2018’s 29,2 13 312 to 2019’s 29,2 13 213). Our cost-to-income ratio reduced to 6,28 compared to 6,31 in 2018.

- Additional self-service options for functions that were previously only available in branches or through staffed channels were released on the Nedbank Money app and the new Nedbank Online Banking site, taking the total digital alliances to 11 (from 7 in 2018).

- Benefits of increasing the number of self-service devices illustrated in the increasing volumes of cash being handled by our Intelligent Deposit devices, now at 73,1% of cash in 2018.

- We deployed 27 new self-service kiosks across our branch network, enabling clients to undertake a range of self-service transactions, including ATM linked cash advances and overseas travel notifications. Along with the increased services available on the app, these investments enabled us to reduce teller activity by 24,5%, while freeing up capacity in our branches and staffed channels.

Total employees

Permanent staff

Gross operating income growth rate

Less expenses growth rate

(%)
Nedbank’s African client base and SA clients are a significant source of income for the Group. Much of Africa seeks to diversify economic conditions through increased foreign currency as a medium of exchange in response to the economic challenges heightened by Covid-19.

We have made progress by achieving R1bn in cumulative efficiencies towards meeting our long-term incentive scheme targets to unlock R0.6bn of savings by 2019 and R2.6bn by 2020. We are currently strategising about a TOM 2.0, which will allow us to utilise our already digitalised core banking systems and have reduced these from 250 in 2010 to 117 on our journey to have 85% of all technology projects delivered leveraging agile methodologies (either hybrid or the new SA Water) for our clients.

Our approach to innovation delivery through our aligned technology strategies adopting a ‘managed evolution’ approach enabled us to commercialise market-leading and innovative new products and services. We are currently strategising about a TOM 2.0 which will be communicated to the market in early 2021. This will support us reaching our cost-to-income targets of 53% in the medium term and 55% in the longer term.

## Technology enablers (manufactured and intellectual capital)

### Digital Fast Lane – capability to accelerate the launch of new innovations

In 2017 we launched a capability to accelerate the launch of innovative CVPs – we call this our Digital Fast Lane. This capability has enabled the delivery of various new innovations in quick succession by leveraging agile development methodologies (including scrum, Scrum Agile Framework, Kanban, and Lean) and partnering with fintechs, integrating client feedback in the development process and adopting a ‘gold-hoarding’ approach (building and innovating around world’s best standards and client experiences). Our IT foundations, along with this capability, are enabling us to bring new client-centric innovations to market much quicker.

Most of the innovations described on page 48 have been delivered through our Digital Fast Lane. In 2019 approximately 86% of all technology projects were delivered leveraging agile development methodologies (including scrum, Scrum Agile Framework, Kanban, and Lean), compared with only 21% two years earlier.

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NEDBANK GROUP INTEGRATED REPORT 2019
ENSURING AND PROTECTING VALUE

Group Information Technology Committee (GITCO)

‘GITCO ensures alignment and implementation of an effective and properly resourced IT strategy that enables the organisation to remain competitive, and monitors the effectiveness of all governance processes pertaining to the group’s technological capabilities. The ability to enable staff to work remotely during the COVID-19 pandemic in a short period of time is evidence of Nedbank’s technology leadership.’

ENSURING AND PROTECTING VALUE in 2019

Digitalization

- Monitor system availability and stability.
- Oversee the implementation of Eclipse, Nedbank’s new cloud transformation solution.
- Monitor the implementation of digital transformation.

Delight

- Monitor IT resource and skills levels.
- Oversee the readiness of the group’s digital capability.
- Monitor the effective implementation of digital transformation.

Focus for 2020 and beyond

Digitalization

- Monitor the material completion of the Managed Evolution IT strategy.
- Monitor the implementation of wholesale clients onboarding using Eclipse.

Disrupt

- Ensure alignment and prioritization to advance the group’s digital capability.
- Monitor the implementation of wholesale clients onboarding using Eclipse.

Delight

- Monitor the successful deployment of the group’s platform.

Ensuring and protecting value in 2019

Brand 2020 (intellectual capital)

Brand 2020 is aimed at refreshing Nedbank’s new brand positioning of ‘see money differently’. The repositioned brand was inspired by the evocative, meaningful brand ambition of ‘money experts who do good’. Our unique brand is shining in a rapidly evolving technology landscape. We continue to invest in our brand to help the brand thrive and grow, with the ultimate objective of enabling a better life for all.

Nedbank’s cloud migration

- Implemented the group’s cloud migration.

Nedbank’s cyber risk culture and improvements

- Monitored the first phase of Nedbank’s cloud migration.

The launch of Nedbank’s EVP aligns well with our required culture and includes the following five themes:

- Purpose-led

- Service excellence

- High performance

- Growth and development

- Diversity and inclusion

People 2020 (human and intellectual capital)

Our staff and corporate culture remain key competitive differentiators and we acknowledge the importance of positioning Nedbank as an employer of choice. Our employee experience and people practices are evolving as we are executing against our People 2020 strategy (in response to the changing context within which we operate, our people strategy was refreshed to ensure that our direction remains relevant and supportive of our strategy).

- Talent – We recognise that proactivity is required to ensure a steady supply of right-fit talent, especially when new roles are introduced with scarce-skill requirements. Our integrated talent management practice (launched in 2018) has resulted in solid succession pipelines. In 2019 we completed a diagnostic exercise to understand the barriers to achieving representation of underrepresented race groups and the attrition of African talent at senior- and middle-management levels. Remediation plans were developed to address these root causes and will be a key focus going forward.

- Leadership – Our leadership development programmes are constantly evolving to align with the required organisational capabilities to execute the strategy. They are aimed at equipping leaders to lead in environments of ambiguity and exponential change. The Nedbank leadership, evolution and development (SEALD) journey is the vehicle through which we enable Nedbank leaders to create strategic alignment and build the necessary leadership capabilities. During 2019, 26 senior leadership participants participated in a variety of immersive learning experiences, including local and international development programmes.

- Culture – An important driver for retaining key talent is to ensure that the right-fit culture is translated into a positive lived experience for staffmembers. Our Compass survey, conducted in 2019 (introduced in 2017), indicated that Nedbank staffmembers held high levels of pride in the Nedbank brand and purpose. The high levels of change in the organisation and the turbulent context we find ourselves in, contributed to increased levels of stress, impacting our ability to manage change and innovation.

- Employee value proposition (EVP) – In 2019 we developed a compelling and differentiated EVP to attract talent with scarce skills, top graduates and young professionals. This EVP defines the essence of Nedbank – what makes us unique and what we stand for – articulates what staffmembers are proud and motivated to work here. What Nedbank expects from them and what they can expect from Nedbank. Our EVP promotes the concept that, as a purpose-led organisation, our staffmembers can be the difference that impacts our world.

Digitalization

- Monitor the material completion of the Managed Evolution IT strategy.
- Monitor the group’s IT Risk, Cybersecurity and Regulatory Change Portfolio.
- Ensure improved availability and stability for clients.
- Monitor the implementation of wholesale clients onboarding using Eclipse.

Disrupt

- Ensure alignment and prioritization to advance the group’s digital capability.

Delight

- Monitor the acceleration of Nedbank Africa Regions’ IT strategy.

Disrupt

- Ensure the successful deployment of the group’s platform.

Delight

- Ensure alignment and prioritization to advance the group’s digital capability.
- Monitor the implementation of wholesale clients onboarding using Eclipse.

Disrupt

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# STRATEGIC FOCUS AREAS – KEY PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th>Key performance indicators</th>
<th>How it links to:</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>Benchmark</th>
<th>2020</th>
<th>Outlook/Target</th>
<th>Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Delivering innovative market-leading client experiences</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digitally active clients (% of total clients)</td>
<td>Enabling more entrenched clients and more cost-efficient channels</td>
<td>GCC</td>
<td>▲</td>
<td>24</td>
<td>20</td>
<td>18</td>
<td>N/A</td>
<td>Increase</td>
</tr>
<tr>
<td>Digital sales (% of total sales)</td>
<td>Enabling more entrenched clients and more cost-efficient channels</td>
<td>GCC</td>
<td>▲</td>
<td>21</td>
<td>12</td>
<td>&lt; 1</td>
<td>&gt; 35</td>
<td>Increase</td>
</tr>
<tr>
<td>Managed Evolution completion (%)</td>
<td>Increase client satisfaction and market share by delivering innovative technology ecosystems</td>
<td>GCC</td>
<td>▲</td>
<td>70</td>
<td>60</td>
<td>52</td>
<td>N/A</td>
<td>80</td>
</tr>
<tr>
<td><strong>Growing our transactional banking faster than the market</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail main-banked clients (m)</td>
<td>Driver of revenue growth</td>
<td>GCC</td>
<td>▲</td>
<td>2.95</td>
<td>2.98</td>
<td>2.78</td>
<td>N/A</td>
<td>Increase</td>
</tr>
<tr>
<td>Main-banked market share (%)</td>
<td>Driver of revenue growth</td>
<td>CPT</td>
<td>▼</td>
<td>11.2</td>
<td>13.1</td>
<td>12.7</td>
<td>14 peer average</td>
<td>&gt; 15 (target)</td>
</tr>
<tr>
<td>Retail cross-sell ratio (%)</td>
<td>Number of products per client (holistic client value proposition)</td>
<td>CPT</td>
<td>▲</td>
<td>1.33</td>
<td>1.33</td>
<td>1.32</td>
<td>&lt; 3.0</td>
<td>Increase</td>
</tr>
<tr>
<td>Household deposit market share (%)</td>
<td>Attractive source of funding in a Basel III world</td>
<td>CPT</td>
<td>▼</td>
<td>16.9</td>
<td>18.0</td>
<td>18.9</td>
<td>20.9 peer average</td>
<td>Increase</td>
</tr>
<tr>
<td>Commercial transactional-deposits market share (%)</td>
<td>Attractive source of funding in a Basel III world</td>
<td>CPT</td>
<td>▼</td>
<td>14.0</td>
<td>14.5</td>
<td>13.4</td>
<td>24.7 peer average</td>
<td>Increase</td>
</tr>
<tr>
<td>CIB NIR-to-advances ratio (%)</td>
<td>Leveraging our strong position in lending to grow NIR</td>
<td>GCC</td>
<td>▼</td>
<td>2.1</td>
<td>2.4</td>
<td>2.0</td>
<td>N/A</td>
<td>&gt; 2.0</td>
</tr>
<tr>
<td>NIR-to-expenses ratio (%)</td>
<td>Extent to which NIR covers expenses</td>
<td>GCC</td>
<td>▼</td>
<td>80.8</td>
<td>82.1</td>
<td>80.7</td>
<td>76.2 peer average</td>
<td>Increase</td>
</tr>
<tr>
<td><strong>Being operationally excellent in all we do</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Branch floor optimisation (m²)</td>
<td>Cost savings through smaller, more efficient branches</td>
<td>GCC</td>
<td>▲</td>
<td>41,156</td>
<td>32,971</td>
<td>24,485</td>
<td>N/A</td>
<td>Increase</td>
</tr>
<tr>
<td>Self-service cash deposits (%)</td>
<td>Shift to convenient self-service channels and downsizing physical footprint</td>
<td>GCC</td>
<td>▲</td>
<td>73</td>
<td>61</td>
<td>60</td>
<td>N/A</td>
<td>Increase</td>
</tr>
<tr>
<td>Digitised services rollout</td>
<td>Shift from physical to cost-efficient digital channels</td>
<td>GCC</td>
<td>▲</td>
<td>114</td>
<td>70</td>
<td>N/A</td>
<td>N/A</td>
<td>180 Complete</td>
</tr>
<tr>
<td>Core IT system optimisation</td>
<td>Reducing complexity and enabling digitisation of IT systems in a risk- mitigated and cost-efficient manner</td>
<td>GCC</td>
<td>▲</td>
<td>117</td>
<td>119</td>
<td>128</td>
<td>N/A</td>
<td>85</td>
</tr>
<tr>
<td>Corporate real estate savings (m²)</td>
<td>Space optimisation resulting in lower occupation and accommodation costs</td>
<td>GCC</td>
<td>▲</td>
<td>53,531</td>
<td>25,385</td>
<td>14,683</td>
<td>N/A</td>
<td>Increase</td>
</tr>
<tr>
<td>Targeted Operating Model savings (Rbm)</td>
<td>Improved efficiencies</td>
<td>CPT</td>
<td>▲</td>
<td>1167</td>
<td>680</td>
<td>283</td>
<td>N/A</td>
<td>R1,2bn (To be disclosed early 2021)</td>
</tr>
<tr>
<td>Cost-to-income ratio</td>
<td>Key driver of ongoing sustainable profitability</td>
<td>CPT</td>
<td>▼</td>
<td>56.6</td>
<td>57.2</td>
<td>58.6</td>
<td>55.4</td>
<td>Improve</td>
</tr>
<tr>
<td><strong>Managing scarce resources to optimise economic outcomes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROE (%)</td>
<td>Returns shareholders receive on their capital</td>
<td>CPT</td>
<td>▼</td>
<td>15.0</td>
<td>16.8</td>
<td>15.3</td>
<td>N/A</td>
<td>Guidance withdrawn on 14 April 2020</td>
</tr>
<tr>
<td>Economic profit</td>
<td>Profit generated after adjusting for the expected returns from investors (cost of capital)</td>
<td>STI</td>
<td>▼</td>
<td>1442</td>
<td>2 866</td>
<td>1 695</td>
<td>N/A</td>
<td>Guidance withdrawn on 14 April 2020</td>
</tr>
<tr>
<td>We are increasingly tilting financing of SDGs. See pages 50 and 81 for more details</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Providing our clients with access to the best financial services network in Africa</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nedbank Africa Regions number of clients (000)</td>
<td>Client gains support revenue growth</td>
<td>GCC</td>
<td>▼</td>
<td>336</td>
<td>353</td>
<td>336</td>
<td>N/A</td>
<td>Increase over time</td>
</tr>
<tr>
<td>Financing deals with ETI</td>
<td>Financing opportunities with Ecobank involvement</td>
<td>GCC</td>
<td>▼</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>N/A</td>
<td>Increase over time</td>
</tr>
<tr>
<td>Clients doing transactional banking with Ecobank</td>
<td>Servicing and protecting our client relationships</td>
<td>GCC</td>
<td>▼</td>
<td>118</td>
<td>110</td>
<td>85</td>
<td>N/A</td>
<td>Increase over time</td>
</tr>
</tbody>
</table>

1 GCC – considered as part of aligned goal commitment contracts, which impact STI and LTI allocations for executives.
2 CPT = Corporate Performance Target impacts LTI vesting percentages.
3 STI = considered in the build-up and distribution of the STIPool.
4 Peer average is the simple-average for Absa, FirstRand and Standard Bank.

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**Assurance indicators**

- **LA** | Limited assurance on selected sustainability information and the application of the FSC and the group’s BBBEE status. Related opinions are available at nedbankgroup.co.za.
- **MO** | Management and board oversight through rigorous internal reporting governed by the group’s ERMF.
- **IN** | Information sourced from external sources, eg independent surveys, independent oversight by regulatory bodies, including SARB, the FSCA and various financial sector ombudsman offices.
- **OV** | Financial information extracted from the 2019 Nedbank Group Limited Audited Annual Financial Statements.
- **FS** | Peer average is the simple-average for Absa, FirstRand and Standard Bank.
Making strategic tradeoffs is key to ensuring we are well positioned for the future. We assess the availability and quality of capital inputs, balance the short and long-term and take tough decisions in order to create long-term value. Below are key tradeoffs we made and the rationale behind our decisions.

Digital banking versus traditional banking
As financial products and services (manufactured capital) are increasingly digitised there is a tradeoff between staff (human capital), physical outlets (manufactured capital) and digital products and services (manufactured and intellectual capital). Through automation and increased client adoption of digital solutions that drove improved client experiences (social and relationship capital), the need for direct human interaction is reduced.

A reduction in overall headcount and outlets (branch numbers and size) are offset by increased IT investment (financial capital).

Transition towards the workforce of the future
The number of employees (human capital) required for traditional and administrative roles are reducing as we digitise and automate processes, embrace digital innovations (manufactured and intellectual capital) and invest in skills required (human and intellectual capital) in the Fourth Industrial Revolution.

In this context we are conscious of our role in society, and to grow and protect jobs we invested approximately R134m (financial capital) in the YES initiative to assist SA in creating one million job opportunities for the youth (social and relationship capital).

Portfolio tilt in line with our purpose and the SDGs
Strategic portfolio tilt, in the context of scarce capital and liquidity (financial capital), is an ongoing and conscious tradeoff between business and product opportunities that are highly capital and liquidity consuming with low economic profit, and those that are less consumptive and more economic profit generative. We are tilting our portfolios in areas that will optimise risk-adjusted returns over time. With regard to the SDGs, for example, we are supporting the diversification of SA’s electricity supply (natural capital) and reducing our impact on the environment (natural capital).

Managing risks in the rest of Africa
Operating in the rest of Africa remains volatile and challenging. While GDP growth in various Africa regions is higher than SA, operating in these markets remain volatile with the Covid-19 pandemic likely to put pressure on economic growth. In this context a diversified portfolio, built over time, remains a key focus.

In SADC we have sold our business in Malawi (small market share player) and will be increasing our share in Banco Único (Mozambique) to 87.5% in 2020. Our operations in Zimbabwe were challenged by economic conditions and the hyperinflationary environment.

ETI has a well-diversified business across 36 countries and is benefiting from strong growth in its operations in Francophone West Africa, Anglophone and Central, Eastern and Southern Africa, but this is offset by its Nigerian operating segment due to economic conditions.
NEDBANK'S TOP 12 RISKS

Reflection on top 10 risks for 2019

The top 10 risks have been successfully managed in all material respects despite the difficult external macroeconomic environment, and recently increased risk and regulatory environments. The overall state of NEDBANK's risk management and regulatory balance sheet profiles and environments, and risk management position across the enterprise has remained in good shape.

Top 12 risks for 2020

In this unprecedented environment, NEDBANK has positioned the strategy by increasing focus on key risks to concentrate efforts on the health and safety of staff and clients, and capital and liquidity focus to prevent systemic risk.

As a purpose-led organisation NEDBANK has done sound climate-related work over the past three decades, and in recent times the focus on climate-related risks has increased globally and the exponential increase of risks relating to climate change is why NEDBANK adjusted the group's risk structure to incorporate climate risks specifically.

Climate change is one of the most defining issues of this century, alongside poverty, requiring urgent and unprecedented actions. NEDBANK has taken a proactive approach as being a purpose-led bank to ensure that climate change is managed enterprise-wide and spans across several clusters and functions within NEDBANK.

Established the Climate Task Group and the Climate Risk Leadership Group (CRLG) with representation across the enterprise and is in the process of developing a Climate-related Risk Framework in alignment with best global practice, more specifically, Task Force on Climate-related Financial Disclosure (TCFD) recommendations.

Increasing focus on cybersecurity

For the past four years cybersecurity has been identified and listed as a NEDBANK top 10 risk and it has become more even more important given the digitisation of products and services. To offer protection cybersecurity capabilities are continually being enhanced, even though NEDBANK is leading in cybersecurity statistics in the market. NEDBANK’s top 10 risks for 2020 include cybersecurity.

For 2020 business (and country) risk has moved to number one, reflective of the pervasive adverse macroeconomic and political climate generally. The only risk in NEDBANK's risk, internal control, regulatory and balance sheet profiles and environments, and risk management position across the enterprise has remained in good shape.

For 2020 business (global and country) risk

- The Nedbank Strategic Risk Framework, incorporating the key themes of the 2020–2022 Risk Management Plan to engrave the evolution of risk management, compliance, internal audit and regulation strategies across NEDBANK, and ensure NEDBANK remains ‘fit-for-purpose’ successfully.

- Robust stress testing is to be done to ensure resilience.

- Climate risk principles are being developed gradually as the climate and political environments, and radically increased risk and regulatory universes. The overall state of NEDBANK's risk management and regulatory balance sheet profiles and environments, and risk management position across the enterprise has remained in good shape.

- We remain resilient with capital buffers remaining above regulatory required levels.

- We will embark on financial crime risk management automation and analytics enhancements.

- We continue to work towards achieving the desired impact of the board-approved People Strategy for 2020–2022.

- We remain committed to the safety, health and wellbeing of our staff as the utmost priority, and we will continue to take significant measures to achieve this during the Covid-19 pandemic.

- Given the current situation, a subcommittee of the Liquidity Steering Committee (LSC) is currently meeting biweekly to monitor the group’s funding profile and liquidity position.

- We ensure continued compliance with all key liquidity risk ratios and all other regulatory and primary liquidity risk limits.

- NEDBANK will coordinate and track the group’s Strategic Portfolio Tier 1 objectives to take advantage of opportunities identified without compromising risk appetite.

- We have successfully adopted the Basel III reforms with the focus turning to the phasing-in of Basel IV.

- The group is embarking on a credit concentration risk refresh to align to NEDBANK’s strategic focus areas.

- A Credit Covid-19 Cross Committee consisting of senior risk and business executives across the enterprise has been established and meets weekly to manage credit-related risks in the current uncertain environment.

- Careful management of our exposure to oil-market risks in this uncertain and volatile environment.

- Capital forecasts are being monitored actively through stress and scenario testing.

- The group is integrating market risk with conduct and reputational risk.

- The group is focusing on the top 12 risks identified in the Group’s strategic portfolio.

- The group is focusing on the top 12 risks identified in the Group’s strategic portfolio.

- We have established market risk management functions that assume responsibility for the measurement, analysis and reporting of market risk and that are independent of the group’s trading operations.

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- The group is actively involved in ensuring deliverables on requirements, as stipulated by the BCBS and the Prudential Authority (PA).

- We have participated in initiatives to perform local interest rate benchmarks and have also participated in impact assessments of global benchmark reforms on the group.
Cyber risk

Cyber risk remains an inherently high and escalating risk due to accelerated advances in technology and digital landscapes. Fourth Industrial Revolution technologies and connectedness. Cyber risk remained number two on Nedbank’s top 10 risks for 2019 as the group faced a significant escalation in cyberattacks for the second year in a row. However, to date all-tack targeting systems under Nedbank’s content have been successfully defended without any known material impact to Nedbank or clients.

As a result of the Covid-19 pandemic many staff members are working remotely, increasing the risk of potential cyber-related threats. Controls and monitoring related to these potential threats are in place.

Regulatory, accounting and compliance risk

Generally, outcomes from engagements with regulators have been favourable in 2019, however anti-money-laundering remains top of mind. The SARB’s FICA audit outcome is ongoing and scheduled for completion by the end of calendar 2020.

As a result of the Covid-19 pandemic regulators are looking to banks to provide relief to affected customers and businesses. To enable this, there is an accelerated pace of regulatory change to, among others, release capital and liquidity pressure from the banks.

Reputational (and association) risk

Reputational risk is elevated mainly on the back of the Judicial Commission of Inquiry into Allegations of State Capture, but outcomes have generally been positive for 2019. Historical allegations against Nedbank, which has been previously responded to, appeared in the media. A declarant that occurred at a time when a vendor was secured and identified information held by the third party was secured and destroyed proactively with no known losses to Nedbank clients.

Conduct risk

Conduct risk is also generally heightened due to the increased regulatory focus, the increase in higher-profile and more sophisticated financial investigation journalism, adverse SA-macro-political environments, the Judicial Commission of Inquiry into Allegations of State Capture and general negative sentiment towards banks. Nevertheless, outcomes of conduct risk were generally positive in 2019.

In the context of the Covid-19 pandemic, conduct risk and treating our clients fairly remain a key priority focus area.

Strategic execution risk

Strategy execution risk remained naturally elevated in 2019 given the unprecedented pace of change underway at Nedbank, critical in response to the Fourth Industrial Revolution, the abnormal regulatory change agenda, and delivery on 2020 strategic objectives, and beyond.

Key factors impacting 2020 strategic plans have continued to deteriorate in Q1 2020, primarily driven by the impact of Covid-19. The group is navigating through an unprecedented black swan event and focusing on material matters and risks that have emerged and pivoted in strategy.

Climate risks

One very significant, but often misunderstood, risk that financial institutions face today is climate change. Climate risks span the breadth of Nedbank’s risk universe with potential physical, transition and/or liability risks requiring ongoing identification, assessment and management. Globally, the focus on climate-related risks is increasing, with several organisations and institutions requiring more action and disclosure around banks’ climate-related risk management.

Monitoring and reporting

Nedbank’s management and control framework for measuring climate-related risks continues to evolve, with over 30% of our reporting staff now responsible for this risk area.

Looking ahead, the key priorities for the reporting year are:

• We will approve and operationalise the Nedbank Climate Management Framework.
• Climate resilience will remain a key strategic priority with the climate at the heart of everything we do.
• We will continue to adapt as climate-related client preferences, legislation and regulation evolve.

ENSURING AND PROTECTING VALUE

Group Risk and Capital Management Committee (GRMCmC)

The GRMCmC remains focused on Nedbank’s organisational resilience in this ever-expanding risk universe, with traditional risks such as credit, market, operational, capital and liquidity risks being impacted by externally driven trends. These trends include increasing adverse geopolitical and macroeconomic risks as well as the new major C-Suite risks, ie cyber, conduct, crime/corruption, change, climate and Covid-19 risks. Nedbank is also faced with the Abnormal Regulatory Change Agenda, the Fourth Industrial Revolution and change risks linked to internal programmes.

Ensuring and protecting value in 2019

• Monitored Nedbank’s risk universe heatmap and risk trends, together with the key issues controlling risk and the Chief Risk Officer’s ‘Top of Mind report’. • Ensured Nedbank’s ERMI remain fit for purpose including monitoring the evolution/maturity of the major C-Suite risks and other emerging risks.
• Monitored that the board-approved 2019 Risk Strategy and Risk appetite, aids, and top 10 risks were successfully managed in all material respects.
• Encouraged management’s evolution of combined assurance.
• Supported Nedbank’s balance sheet management risk.
• Oversees the progress relating to the digitisation of audit, audit and compliance across the enterprise (Digi-RACE).
• The vision of Digi-RACE is to win and maintain clients’ trust and improve operational excellence within risk audit and compliance across the enterprise.

Focus for 2020 and beyond

• Oversees and manages the impact of the Market Crisis 2020/ Covid-19, with specific focus on how these events affect Nedbank’s top 12 risks. This will include concentrated efforts on the health and safety of staff (and customers), operational resilience, people risks as well as capital and liquidity risks.
• Oversees the 2020 Internal Capital and Liquidity Adequacy Assessment Programme.
• Update thinking on AML, CFT and sanctions, cyber, climate, conduct risks, Covid-19 and change risks associated with the Fourth Industrial Revolution.
• Continues to watch closely the risk universe heatmap and changing risk trends and management’s response.

Monitor progress of Nedbank’s current Regulatory Change Programme.
A VERY DIFFICULT MACROECONOMIC ENVIRONMENT

SA economic growth in 2019 was much slower than we expected as recessionary conditions prevailed. This was due mainly to severe and frequent power outages, the unsustainably high trajectory and ongoing policy uncertainty, combined with a deteriorating global outlook. Under these difficult domestic conditions, company profits and household finances deteriorated during the year, resulting in subdued credit demand, lower transactional volume growth and rising defaults in the SA banking industry. When we started 2019, our forecast for SA GDP growth was to bounce off the low 2018 base of 0.8% to around 2.5% during the year. During the year we consistently revisited our forecasts down as issues such as the impact of slower domestic demand and lower food prices, which offset the impact of a moderately weaker rand and volatile oil prices. In response to the benign inflation outlook, SARB’s Monetary Policy Committee cut interest rates by 26 bps in July 2019, followed by another cut of 22 bps in January 2020 and two 10 bps cuts in March and April, with the possibility of further rate cuts in the remainder of 2020.

The overall conditions in the banking sector remained very challenging in 2019, with the weak economic environment resulting in subdued credit demand for most categories of credit and a slowdown in transactional-banking activity and dealflow. Credit risk increased, given the ongoing pressures on household incomes and company profits.

Growth in consumer spending slowed down significantly, impacted by rising unemployment, slower wage growth, higher taxes and slowing disposable income growth. Encouragingly, household balance sheets were little changed, as the ratio of household debt to disposable income was relatively steady at 72.1% throughout 2019.

Inflation surprised on the downside in 2019, ending the year at a subdued 0.6%, mainly driven by weak domestic demand and lower food prices, which offset the impact of a moderately weaker rand and volatile oil prices. In response to the benign inflation outlook, SARB’s Monetary Policy Committee cut interest rates by 26 bps in July 2019, followed by another cut of 22 bps in January 2020 and two 10 bps cuts in March and April, with the possibility of further rate cuts in the remainder of 2020.

The overall conditions in the banking sector remained very challenging in 2019, with the weak economic environment resulting in subdued credit demand for most categories of credit and a slowdown in transactional-banking activity and dealflow. Credit risk increased, given the ongoing pressures on household incomes and company profits.
Slow revenue growth, impacted by the macroeconomic environment

- Significant macroeconomic headwinds have impacted revenue growth and profitability.
- CPI growth remained in the range of 4.7% to 5.3%.
- Oil prices increased by 11.6%.
- Global manufacturing and transport industries faced challenges.
- Productivity growth remained subdued.

A responsible taxpayer

- The tax we pay is important to the economic and social development of the countries we operate in.
- We are committed to being a responsible taxpayer.
- We contribute significantly to the economic and social development of the countries we operate in.
- We are committed to transparency and accountability.

FINANCIAL OUTLOOK OVER THE SHORT, MEDIUM AND LONG TERM 2020 outlook

- SA’s economic growth prospects before the Covid-19 pandemic emerged were subdued, undermined by persistent energy constraints, weak government finances and slow progress on reforms.
- Our medium-term financial targets for ROE and the cost-to-income ratio in 2020 were communicated to the market in early 2018.
- In line with our commitment to our 2019 financial year cash contribution was R6.1bn, comprising Nedbank’s direct and indirect tax contributions, as well as taxes paid on behalf of our staff (e.g. PAYE) and shareholders (dividend withholding tax).

ACCOUNTING CHANGES

- The group’s financial statements for 2019 have been restated to reflect the application of IFRS 16.
- The group has adopted IFRS 16, which requires entities to recognize right-of-use assets for leases.
- The group’s financial statements for 2019 have been restated to reflect the application of IFRS 16.
- The impact of the restatement of financial statements for 2019 was reflected in the financial statements for 2019.

HYPERINFLATION ACCOUNTING IN ZIMBABWE

- For the first time in these results is the impact of hyperinflation accounting for our operations in Zimbabwe.
- The 2019 financial year was significant in terms of external-auditor independence matters and the oversight of the external-audit process.
- The 2019 financial year was significant in terms of external-auditor independence matters and the oversight of the external-audit process.
- The 2019 financial year was significant in terms of external-auditor independence matters and the oversight of the external-audit process.

TARGETS are under review due to the Covid-19 pandemic

<table>
<thead>
<tr>
<th>Metric</th>
<th>2019</th>
<th>Medium-term target 2–3 years</th>
<th>Long-term target (5+ years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth (in DHEDPS)</td>
<td>(6.3%)</td>
<td>≥ consumer price index + GDP growth</td>
<td>% above COE</td>
</tr>
<tr>
<td>Credit loss ratio</td>
<td>0.8%</td>
<td>Between 0.6% and 10% of average banking advances</td>
<td>Between 0.6% and 10% of average banking advances</td>
</tr>
<tr>
<td>NII-to-expenses ratio</td>
<td>80.8%</td>
<td>≥ 85%</td>
<td>&gt; 85%</td>
</tr>
<tr>
<td>Cost-to-income ratio (excluding associate income)</td>
<td>56.5%</td>
<td>≤ 5%</td>
<td>≤ 5%</td>
</tr>
<tr>
<td>CET1 capital adequacy ratio (Basel 3)</td>
<td>11.5%</td>
<td>10.5–12.5%</td>
<td>10.5–12.5%</td>
</tr>
<tr>
<td>Dividend cover</td>
<td>1.84 times</td>
<td>175–225 times</td>
<td>175–225 times</td>
</tr>
</tbody>
</table>

ENSURING AND PROTECTING VALUE Group Audit Committee (GAC)

The fundamental role of the GAC is to assist the board in effecting its oversight responsibilities in the areas of internal and external audit, internal controls and financial reporting. While formal meetings of the GAC are at the heart of our work, our contact goes beyond the boardroom through engagements with various stakeholders, including meetings with the auditors (internal and external), working closely with other board subcommittees and achieving synergies across our coordinated assurance process.

Ensuring and protecting value in 2019

- Monitored the transition and onboarding of the newly appointed audit firms for 2019.
- Continued to monitor reputational risk concerns related to the external auditors and received regular updates from the external audit firms’ senior leadership.
- Reviewed the findings and recommendations of the external auditors and confirmed that there were no material unresolved matters.
- Monitored and challenged, where appropriate, actions taken by management regarding adverse internal-audit findings.
- Assessed compliance with all regulatory requirements in terms of the Companies Act, 7 of 2008.
- Reviewed the implementation of the amended JSE Listings Requirements, particularly the requirements regarding internal controls.
- Reviewed the IFRS 9 accounting implications related to Covid-19, including the provision of payment holidays.

Focus for 2020 and beyond

- Continue to focus on ensuring that the group’s financial systems, processes and internal controls are operating effectively.
- Monitor the accounting implications arising from hyperinflation accounting.
- Review the implementation of the amended JSE Listings Requirements, particularly the requirements regarding internal controls.
- Review the implementation of the amended JSE Listings Requirements, particularly the requirements regarding internal controls.
- Review the implementation of the amended JSE Listings Requirements, particularly the requirements regarding internal controls.

A comprehensive GAC report is available online in our 2020 annual report and Ethics Review at nedbankgroup.co.za.
DELIVERING AND CREATING VALUE IN A SUSTAINABLE MANNER THROUGH OUR STRATEGY

Net interest income

Key drivers: Net interest income increased by 4.7%, supported by AIEBA growth of 8.6%, which was driven by solid growth in advances and higher levels of HQLA held in the banking book. NIM decreased by 13 bps to 3.32% as a result of negative endowment impact due to lower net endowment business and asset pricing pressure as a result of pressures in Personal Loans (NCA pricing caps) and competitive pricing on wholesale advances, as well as the implementation of FRBS 16 on 1 January 2019.

Impairments charge on loans and advances

Key drivers: Impairments charge on loans and advances increased by 66.2% and the CLR increased from 53 bps to 82 bps to slightly above the midpoint of our TTC range of 60 bps to 100 bps, impacted by cyclical increases in RBB impairments from a few large CIB watchlist clients in Q4 and an increase in our central provision. We continue to pursue our selective origination strategies and portfolio lift initiatives to strengthen and grow our portfolio in the challenging macroeconomic environment.

Non-interest revenue

Key drivers: Net interest income was flat, with commission and fee income growth of 2.5%, supported by solid-managed client growth in the more profitable mobile, professional and SME client segments in RBB. However, it was severely impacted by subdued client activity in CIB. Insurance income was slightly down due to higher weather-related claims in H1 2019 and lower life reserve releases, partly offset by improved investment returns and volume growth. Trading income increased by 2.5% despite lower volatility and decreased volumes from a high base. Private equity income declined, primarily due to the downward revaluation of unrealised investments as the subadvised macroeconomic environment impacted the profitability of certain counterparties. Other NIR declined, mainly as a result of Nedbank accounting for the exercise of an option that will increase our shareholding in Banco Unico from 50% plus one share to 87.5% (subject to regulatory approval).

Total operating expenses

Key drivers: Expenses grew by 1.7%, driven by reduced incentives which decreased faster than earnings growth. IT investments in the business continue to drive costs growth but were partially offset by ongoing efficiencies. In the first half of the year we finalised a final pre-tax credit of R354m with regard to FRBS obligations and benefits, in comparison with R259m in the prior year, while other costs also included Nedbank’s first-time participation in the YES initiative to the value of R134m pre-tax.

Dividend declared per share (cents)

Key drivers: On the back of our solid capital and liquidity position, a final dividend of 695 cents was declared, with the total dividend for the year of 1455 cents being in line with the prior year. Our full-year dividend cover was 18.4 times, towards the bottom of our target range of 17.5-22.5 times.

Loans and advances

Key drivers: Total banking loans and advances increased by 7.2%, driven by continued solid growth in RBB and an increase in CIB banking advances growth. Term loans increased strongly, supported by growth in CIB as a result of ongoing drawdowns coupled with new transactions completed in 2019. Commercial property grew at 8%, slightly behind market, as we focused on selective origination at appropriate pricing. The growth momentum of retail advances continued as seen in strong growth in vehicle finance and personal loans, while growth in home loans is reflective of slow industry growth.

CET1 ratio

Key drivers: The group remains well capitalised, at levels significantly above the minimum regulatory requirements. The CET1 ratio of 11.5% was impacted by the implementation of FRBS 16 on 1 January 2019 (845bps reduction in equity and 844bps increase in RWA); the ongoing investment in software development costs as part of the group’s Managed Evolution programme; the adverse impact of changes in foreign currency translation reserves, an increase in RWA due to migration in certain credit portfolios; credit model updates; and capital optimisation initiatives.

2020 outlook at 3 March 2020

NIM to stay similar to the 2019 level of 3.32%

Key risks going forward

- Risk of slower advances growth and net interest margin decline in response to lower interest rates
- Risk of higher RWA partially offset by the PA directives

2020 outlook

NIR to grow at around mid-single digit growth

Within target range of 1.75 to 2.25 times

Expenses to grow at below mid-single-digit growth

Continue to be well managed with focus on lower discretionary spend

The PA issued guidance recommending banks no longer make dividends distributions on ordinary shares in order to conserve capital, in light of the COVID-19 pandemic and the temporary regulatory capital relief provided. The guidance will impact Nedbank and the industry going forward.

Risk of lower growth as confidence levels reduce

Rapid economic recovery and improving economic conditions will increase our core earnings over the year

CET1 ratio to be within our target range of 10.5-12.5%

Risk of higher RWA partially offset by the PA directives

2020 outlook is based on January 2020 economic forecasts. Given recent developments around the COVID-19 pandemic, we withdrew our financial guidance on 14 April 2020.

We withdrew our financial guidance on 30 April 2020.

1 2020 outlook is based on January 2020 economic forecasts. Given recent developments around the COVID-19 pandemic, we withdrew our financial guidance on 14 April 2020.

Consolidated statement of comprehensive income

Consolidated statement of financial position

Change

Rm

% 2019 2018 2017

Net interest income 4.7 30 167 28 819 27 624

Impairments charge on financial instruments 66.2 (4 329) (3 688) (3 304)

Income from lending activities 14.3 24 038 23 131 24 320

Non-interest revenue 0.1 25 997 25 976 24 063

Total operating expenses 1.7 (32 179) (31 632) (29 822)

Zimbabwean hyperinflation 29.6 (296) (296) (296)

Indirect taxation 16.3 (1 094) (942) (1 001)

Share of income/(losses) of associate companies 50.2 793 528 (838)

Headline profit before direct taxation (9.5) 17 257 19 046 16 732

Direct taxation (18.0) (3 942) (4 807) (4 267)

Non-controlling interest 6.7 (809) (758) (678)

Headline earnings (7.3) 12 506 13 495 11 787

Dividends declared per share (cents) (6.3) 2 565 2 738 2 408

Dividend cover (times) (5.6) 1.84 1.97 1.91

CASH AND SECURITIES

Change

Rm

% 2019 2018 2017

Cash and securities 14.3 242 353 212 007 188 820

Loans and advances 8.2 796 833 736 305 710 329

Other assets 9.0 104 163 95 600 84 165

Total assets 9.5 1 143 349 1 043 912 983 314

Equity attributable to equity holders of the parent 4.6 87 597 83 778 81 823

Non-controlling interest 4.4 10 852 7 493 6 716

Amounts owed to depositors 9.5 904 382 825 804 771 584

Provisions and other liabilities 13.4 80 805 71 250 71 615

Long-term debt instruments 7.4 59 713 55 587 51 576

Total equity and liabilities 9.5 1 143 349 1 043 912 983 314

Assets under management 11.4 331 136 297 338 312 333

Key ratios (%) RDB 15.0 16.8 15.3

ROE excluding goodwill 16.0 17.9 16.4

Return on assets 1.3 1.3 1.2

NIM 3.5 3.6 3.6

CLR 0.8 0.5 0.4

Cost-to-income ratio 56.5 57.2 58.6

JAWS ratio 1.3 2.7 3.0

CET1 ratio 11.5 11.7 12.6

NEDBANK GROUP INTEGRATED REPORT 2019

NEDBANK GROUP INTEGRATED REPORT 2019

70

71
**NEDBANK CORPORATE AND INVESTMENT BANKING**

- CIB HE declined by 8.1% to R6.2bn while delivering an ROE of 17.7%.
- HE was primarily impacted by an increase in the CLR to 26 bps from 4 bps in the prior year, as well as lower private-equity revaluations. NII growth of 2.0% was underpinned by solid growth in SEF, which improved revenue streams to R22bn from R18.8bn.

- The lower headline earnings was mainly due to cyclically higher impairments charges. The CLR increased to 138 bps and is within CIB’s TTC target range of 15 bps to 45 bps, credit quality remained sound and the lower impairments charges are a reflection of our strong risk management and close monitoring and management of specific counters and exposures to stressed sectors of the economy, such as cement, construction, retail and selected SOEs.

**NEDBANK RETAIL AND BUSINESS BANKING**

- Headline earnings in RBB declined by 1.6% to R5.3bn and ROE was 17.3%.
- The lower headline earnings was mainly due to cyclically higher impairment charges. The CLR increased to 138 bps and is within the lower half of the cluster’s TTC target range of 130 bps to 180 bps. Revenue growth was solid as NI increased by 6.1%, while NII increased by 3.8% as main-banked clients in the middle and professional segments grew, while main-banked clients in the entry-level and youth segments decreased. Losses growth was enabled by ongoing optimisations of processes and operations, including headcount reductions of 18.7%, largely through natural attrition.

- RBB delivered a strong preprovisioning profit increase of 11.4%, reflecting continuing growth of the franchise.

**NEDBANK WEALTH**

- Nedbank Wealth headline earnings was down by 8.2% to R1.1bn, with ROE of 24.8% due to a 0.3% revenue decline in a challenging macroeconomic environment and poor market conditions.

- Negative investor confidence and lacklustre GDP growth in SA impacted revenue streams in the local wealth management businesses. The international wealth management business achieved good underlying growth despite being adversely impacted by declining interest rates. The insurance business was negatively affected by an increase in weather-related claims in the first half of the year. Asset management was impacted by AUM outflows experienced in the latter part of 2018 as well as changing investor behaviour towards lower-margin and lower-risk asset classes.

- Nedbank Wealth’s headline earnings decreased by 35.0% to R457m and ROE declined to 7.7% mainly due to the impact of hyperinflation accounting in Q3 2019, as we accounted for ETI’s Q3 2019 results.

- The SADC business performance was affected by continued macroeconomic pressures across the region, especially in Zimbabwe, where the application of hyperinflation accounting resulted in a net monetary loss of R296m and a headline earnings loss of R142m.

**NEDBANK AF RICA REGIONS**

- Nedbank Africa Regions’ headline earnings decreased by 8.0% to R1.0bn, with ROE of 24.8% due to a 0.3% revenue decline in a challenging macroeconomic environment and poor market conditions.

- Negative investor confidence and lacklustre GDP growth in SA impacted revenue streams in the local wealth management businesses. The international wealth management business achieved good underlying growth despite being adversely impacted by declining interest rates. The insurance business was negatively affected by an increase in weather-related claims in the first half of the year. Asset management was impacted by AUM outflows experienced in the latter part of 2018 as well as changing investor behaviour towards lower-margin and lower-risk asset classes.
VALUE FOR STAKEHOLDERS

Nedbank is part of a greater socioeconomic ecosystem and we recognise that we are dependent on robust relationships with all other stakeholders. We appreciate the role played by all of our stakeholders and are committed to nurturing impactful relationships that deliver mutual benefits.

**Delivering value to staff in 2019**

- We paid R17,3bn in remuneration and benefits.
- There was an ongoing reduction in the wage gap between unionised staff (7.0% average increase) and management (average below 4.5% increase). In 2020, continuing this trend and indicative of the difficult environment, executive management will receive no increases.
- We refreshed our EVP by launching our exciting People Promise (shown on page 57).
- There are positive indicators of the Nedbank culture shifting to be more commercially focused, client-centred and innovative, (evident in the client satisfaction metrics on page 76 and new market-leading innovations on page 48).
- Transformation metrics continue to improve as we become a more diverse and inclusive employer. Female staff representation is at 62% and black staff at 79%.

**Case in Point:** The Nedbank Agility Centre

In line with our purpose we make every effort to mitigate against the adverse impact of the Fourth Industrial Revolution and, in particular, the digitisation of products and services and its effect on the nature of work and skills. Redeployment of impacted staffmembers takes precedence, with retrenchment being a last resort.

- During 2019 we improved our redeployment process and operationalised the Agility Centre to support staffmembers impacted by restructuring. As a result, we redeployed 620 staffmembers into alternative roles within Nedbank.
- Reskilling and upskilling are provided and our learning strategy was redesigned to enable a lifelong learning culture, and create a workplace where staffmembers can realise their potential.
- Nedbank offers severance pay that is set above the legislated minimum of one week’s pay per completed year of service.

**Quality of relationship:**

- Falling short
- Excelling
Delivering value to clients in 2019

We made R208bn (up 15% yoy) in new loan payouts to enable clients to finance their homes, vehicles and education, and grow their businesses.

Improved levels of client satisfaction as evidenced by Nedbank being the only large bank to have recorded an increase in Net Promoter Score and now ranks number one among the large SA banks in the NPS index.

Nedbank’s apps are rated at the top end of SA banks in both the Apple App and Google Play stores.

We launched three zero-monthly-fee accounts and kept annual fee increases at inflation.

We made banking more convenient, with further enhancements to functionality across self-service and online channels.

We launched various innovations, including end-to-end digital client onboarding of individuals, new loyalty and rewards programme, API, MARKETPLACE and many more.

We improved the Nedbank brand value ranking among SA banks, moving from fifth to fourth position.

In wholesale league tables continued to lead in various categories, including first by dealflow for mergers and acquisitions (M&A), third by deal value for merger-and-acquisition sponsors, and won the Dealmakers M&A & drilling the deal of the Year.

Our asset management business Nedgroup Investments, was named offshore management Company of the year for the fifth consecutive year at the Raging Bull Awards.

Given the extent of new digital innovations, we have seen a slight decrease in system uptime, although it is still well above the 10-year average.

A data incident at a third-party service provider in early 2020 exposed some of our clients’ data. While the data included personal information of some clients, our clients’ bank accounts have not been compromised in any manner whatsoever. Nedbank remains vigilant in its efforts to contain cybercrime.

Delivering value to shareholders in 2019

We assess the quality of the relationship with our shareholders through the value we created in 2019, including the performance against specific key performance indicators discussed below. Our assessment is subjective but informed by our positive AGM outcomes, independent reporting and financial disclosures, high ESG ratings and an attractive dividend yield, offset by a falls short of expectations.

In 2019 (full leading in 2019 impacted by a weaker than expected financial performance.

Delivering consistently to our shareholders

We proactively communicate our strategy and activities to shareholders through an active investor relations programme. Our management meets regularly with the investment community while our board, through our Chairman and Lead Independent, engages on ESG-related matters. The following were the key topics discussed during our more than 300 engagements in 2019:

**Key issues we engaged on**

- The impact of new challenger banks in 2019 and some peers being more aggressive around their lending practices needs to be kept in mind.
- Increased competition – Banks are well positioned to compete for and gain share of client’s wallet, given our technology investments over the past few years and the launch of various digital innovations. Our simplified digital client onboarding solution, as well as our new loyalty and rewards programme, positions us well against new competitive threats. In addition, in 2019 we launched three zero-monthly-fee accounts, which enabled Nedbank to improve its affordability rating among SA banks to second best (Consultants).
- Impairments increasing off a low base – Banks were concerned about increases in impairments and risks related to the group’s commercial property exposures and SOEs.
- Although impairments increased sharply off a low prior year base, our low level of risk, our retail and wholesale portfolios, the group’s CLR at 82% remains within the group’s target range of 40% to 100%.

In response to investor concerns around industry challenges in commercial property, we hosted an investor day in August 2019 to demonstrate the benefits of our market-leading commercial property finance business, prudent valuation processes and methodologies, low loan-to-values across the portfolio and that impairments are adequate. While we acknowledge that the CLR will increase in this business, we have confidence that our quality portfolio will stand us in good stead over time.

**Case in point**

Making Nedbank Greenbacks even more rewarding and inclusive

The past year saw us extensively revamping our loyalty and rewards programme – Greenbacks.

The focus of Greenbacks has shifted from a pure points-based redemption programme to one that equips our clients with the tools, information and incentives to enable them to become better money managers.

- Linked to a range of Nedbank products such as transactional, savings and loans accounts, the programme encourages and incentivises better banking behaviours, including the use of card payments as a safer, more easily traceable alternative to cash, greater use of digital banking channels, which are cheaper and more convenient, and the development of savings and investment habits.

Greenbacks has no inbuilt limitations on rewards earnings based on programme tiers or levels. Instead, Greenbacks gives every programme member access to the full spectrum of partner deals from the outset.

- The charitable component of the Greenbacks programme has also been enhanced. Members are still able to donate their Greenbacks value to causes close to their hearts, but every member also has the opportunity to link their Greenbacks membership to one of the four Nedbank affiliations (Green, Children, Sport and Art) which means that, as long as they use any of their Nedbank products, we make contributions on their behalf but at no cost to them, to a vast range of social and environmental projects across the country.

- Performance financial below expectations in a difficult macroeconomic environment as reflected in a 3.3% decline in the DHEPS. The ROC of 15.0% remained above COE (14.1%).

- The share price was down by 22%, reflecting investor concerns around Nedbank’s relatively larger exposure to the SA economy, corporate SA (including commercial property financials) and interbank rates. This underperformance follows on from the Nedbank share being the best performing bank share in 2018, up by 7%.

**Main 2019 topics of discussion**

**Our response and actions**

- We welcome competition as it drives continued focus on innovation, client satisfaction and competitive pricing.
- We are well positioned to compete for and gain share of client’s wallet, given our technology investments over the past few years and the launch of various digital innovations. Our simplified digital client onboarding solution, as well as our new loyalty and rewards programme, positions us well against new competitive threats. In addition, in 2019 we launched three zero-monthly-fee accounts, which enabled Nedbank to improve its affordability rating among SA banks to second best (Consultants).

**CASE IN POINT**

Nedbank Africa Regions – Ongoing ETI recovery is seen as positive, but a declining ETI share price prompted investors to raise questions about potential future impairments.

ETI has delivered II consecutive quarters of profits to October 2019 but continues to deliver a robust performance in many of its businesses.
In 2019, we noted a reduction in our international shareholding, primarily driven by reduced appetite by foreign investors for SA macroeconomic conditions. We believe these changes are a result of our continued focus on value creation through our strategy.

Our CET1 ratio at 11.5% remains well above regulatory requirements of 7.5%, and is within our board-approved target range of 10.5% to 12.5%. We estimate that the Moody’s credit-rating downgrade will impact Nedbank. Given the deteriorating SA macroeconomic environment and increased risk such as energy security and the risk of a Moody’s sovereign credit-rating downgrade, we have revised our financial guidance on 14 April 2020 and our medium- and long-term targets are under review.

Our Remuneration Policy remains a focus and we continue to engage proactively with our shareholders to get their feedback.

Some shareholders early-adopted MAFR principles in their proxy voting. Following a tender process, Ernst & Young was appointed as Nedbank and Nedbank Group’s new joint external auditor alongside Deloitte, effective 7 May and 10 May 2019 respectively. Shareholders approved Deloitte and Ernst & Young as auditors for 2019 at Nedbank Group’s 52nd AGM with 84.4% and 99.9% votes of approval, respectively. We continue to reiterate our commitment to fully implement MAFR for our 2020/21 financial year. However, we believe there are risks in concurrent change in external auditors given the size and complexity of a banking institution. SA102 of the Companies Act is also an impediment to MAFR.

Following engagements with shareholders and enhancements to our remuneration practices, we are pleased that resolutions relating to our Remuneration Policy and implementation report received more than 98% of votes of support at our 52nd AGM. We had further discussions with shareholders on enhancements to our CTDs for 2020 and concluded that there was broad shareholder support for the cost-to-income ratio to replace the existing strategic KPIs (transactional-banking market share and Target Operating Model), with a 20% weighting to align with our strategic intent and industry developments of improving cost-to-income ratios in the context of the digitisation of financial services.

Nedbank contributes 8.3% (2018: 8.6%) of our total group advances to renewable-energy generation projects. Our climate journey is evolving and our metrics will evolve and develop in line with our new Thermal Coal Policy. The Thermal Coal Policy translates into our total committed thermal coal facilities being 0.7% of total group advances. Our Climate Change Policy excludes lending to Eskom. Your vote is required – please refer to page 79 for further details.

Climate change is becoming increasingly important. The board endorses two resolutions for shareholders to vote on. The first relates to disclosing Nedbank’s thermal policy by 2024 and the second relates to disclosing our group’s financial exposure to climate-related risks.

Our Remuneration Policy remains a focus and we continue to engage proactively with our shareholders to get their feedback.

Shareholders will be asked to approve Ernst & Young and Deloitte as Nedbank’s auditors for 2020.
ENSURING AND PROTECTING VALUE

Group Related-party Transactions Committee (GRPTC)

2019 marked the first year for Nedbank without a controlling shareholder and a free float of approximately 80%. A special thanks to Mr Wyman, the former Chair of GRPTC, for his stewardship of the managed-separation (MS) process.

Ensuring and protecting value in 2019

• The GRPTC oversaw the Nedbank and Old Mutual commercial business transactions undertaken by Old Mutual’s strategic shareholding in Nedbank.
• Post the successful implementation of the odd-lot offer in December 2018, the GRPTC ensured that it monitored and advised on unclaimed odd-lot offer fundholders.
• The GRPTC ensured the accurate disclosure of on-balance-sheet transactions in the annual financial report in terms of IAS24: Related-party Disclosures.

Focus for 2020 and beyond

• Continue to monitor and review of related-party transactions with Old Mutual Limited.
• Monitor and review all related-party transactions above R50m and those below R50m at the GRPTC’s discretion, if required to do so.

Delivering on our regulatory commitments in 2019

Regulatory scrutiny

In line with international and local trends we observed an increase in regulatory scrutiny and inspections. Regulatory reviewers were aligned to significant attention to detail, professionalism and prompt reaction to matters raised.

Our strategic response to the high execution risk and regulatory-change agenda comprises a comprehensive regulatory-change programme under the leadership of the Group Technology Executive, facilitating the evolution from short-term to long-term sustainable solutions, with regulatory risks being managed through various steering committees, change programmes and Exco and board committees.

As part of strengthening our approach to regulatory change, we have refreshed the Nedbank Regulatory Risk and Compliance Forum which is chaired by the Group Chief Compliance Officer. This is a Group Executive Forum that is aimed at, among others, identifying upcoming regulatory changes across all jurisdictions in which the Nedbank Group operates and making decisions in relation to the establishment and tracking of regulatory programmes for the Nedbank Group in order to deal proactively with upcoming regulatory changes. In addition, we have established a Regulatory Advisory Office that is aimed at directly engaging with regulators, policy makers, Parliament and other stakeholders in relation to regulatory change matters that impact the bank, its clients and other stakeholders and also lobby on matters of national importance such as nation building. This has strengthened our ability to have constructive discussions with our regulators on matters of common interest.

We continued to work closely with all our regulators to ensure delivery of the various regulatory programmes, with solid results achieved in 2019 across various regulatory requirements, including a focus on the Financial Intelligence Centre Amendment Act (FICAA), IFRS 9, data aggregation and risk reporting (SIDARR), and legislation on anti-money-laundering (AML), combating the financing of terrorism (CFT) and sanctions.

Regulatory fines

Nedbank Africa Regions received fines to the total of R 1,5m (0,7% of total Nedbank Africa Regions expenses) in Namibia, Mozambique (Banco Único), Lesotho and Malawi relating to regulatory non-compliance and we have remedial actions in place. We maintain and continuously enhance our control environment to ensure that we have the appropriate controls in place to manage our compliance risk and minimise regulatory fines.

Regulatory compliance

We complied with all key aspects of Basel III requirements, with a CET1 ratio of 11,5%, which is above the SARB requirement of 7,5% and within the target range of 10,5–12,5%. With regard to the LCR we have achieved (25%) and NSFR at 130% both above the 100% regulatory minimum requirement.

We paid R1,6bn in direct, indirect and staff taxes to support the governments and societies in which we operate.

BBEEE

We retained our level 1 BBBEE contributor status measured under the Amended FSC, for the second consecutive year in 2019.

BBEEE CONTRIBUTOR STATUS

SDG IMPACTED:

<table>
<thead>
<tr>
<th>SDG IMPACTED</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 2</th>
<th>Level 2</th>
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</tr>
</thead>
<tbody>
<tr>
<td>BBEEE</td>
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</tbody>
</table>
Delivering value to society by delivering on our purpose

SDG 1: No Poverty

• We provided R1,1bn for the development of affordable housing for lower-income households, bringing our five-year investment in this key sector to R4,2bn. Nedbank Home Loans also provided R102,4bn worth of home loans to clients in the affordable-housing market.

• We provided funding of R790m for the construction of buildings that conform to green building standards, supplementing the R500m lent over the past five years. Nedbank also occupies nine Green Star-rated buildings with 14 Green Star ratings across various rating certifications.

• We invested a minority equity interest in WhereIsMyTransport, a big data platform for sustainable mobility in urban transport systems.

SDG 2: Zero Hunger

• We provided funding of R790m for the construction of buildings that conform to green building standards, supplementing the R500m lent over the past five years. Nedbank also occupies nine Green Star-rated buildings with 14 Green Star ratings across various rating certifications.

• We invested a minority equity interest in WhereIsMyTransport, a big data platform for sustainable mobility in urban transport systems.

SDG 6: Clean Water and Sanitation

• We helped deliver a US$294m buyers’ credit facility for the government of Zambia under UK Export Finance’s Direct Lending scheme, which will be used to fund the design, construction and equipping of three district hospitals and 108 minihospitals throughout Zambia.

• We concluded deals worth over R700m with leading developers in the embedded energy generation space as well as our commercial and agriculture clients, in the process establishing ourselves as a leading financier in this sector.

• We saw increasing numbers of clients transacting online, primarily through their mobile devices, with growth in digitally enabled clients has increased to over 6.1 million, with approximately 95% of our Business Banking clients digitally enabled.

SDG 8: Decent Work and Economic Growth

• Banking solutions for individuals and small groups included three zero-fee propositions for individuals, a stokvel product with unique funeral benefits and discounts on goods for stokvel members, and a concierge service called HeyNed that links clients to a range of suppliers (including small businesses and BEE suppliers).

• We advanced R3,4bn (2018: R2,8bn) to small-business clients served in our Small Business Services division.

• We provided funding of R790m for the construction of buildings that conform to green building standards, supplementing the R500m lent over the past five years. Nedbank also occupies nine Green Star-rated buildings with 14 Green Star ratings across various rating certifications.

• We invested a minority equity interest in WhereIsMyTransport, a big data platform for sustainable mobility in urban transport systems.

SDG 9: Industry, Innovation and Infrastructure

• We participated in a syndicated loan facility, providing US$30m for the Ethiopian Railways Corporation (ERC) to help with the construction of a 404-km strategic railway corridor.

• We provided R400m in funding to aid the expansion of Community Investment Ventures Holdings (CVH), an emerging Africa telecommunications powerhouse that is investing in new infrastructure on the continent to increase telecommunications access.

• We funded Africa’s first commercial floating solar park on the dam of a fruit farm outside Franschhoek. It can produce up to 60 kW of power, effectively allowing the uninterrupted functioning of the farm and generating significant energy savings.

• We have reached just over 7.5 million people across SA through various financial education initiatives, including workshops and mass media.

• For full details, please refer to the 2019 Nedbank Sustainable Development Review available at nedbankgroup.co.za.
We have been carbon-neutral since 2010, and follow a ‘reduce first, then offset’ approach. As such, our own carbon footprint was 188 443 tCO₂eq in 2018, and emissions per square metre of office space increased by 2.28%. In 2019 we generated approximately 687 MWh of our own energy which equates to 0.5% of our total electricity use.

**NEDBANK GROUP 2019 CARBON FOOTPRINT**

- **0.65**
- **0.77**
- **1**
- **1.88**
- **2.4**
- **2.42**
- **3**
- **3.77**
- **4.97**
- **6.64**
- **7.39**
- **10.78**

**Responsible investment**

With R33bn in assets under management, we acknowledged the far-reaching implications of how we invest. We embarked on an extensive responsible investment (RI) review of assets under management in 2019. The aim is to advance the RI standards across the full range of Nedgroup Investments’ funds. The review saw R27bn of clients’ assets being assessed against these RI pillars.

**CASE IN POINT**

**Green bond first for SA**

With this certified green bond, Nedbank is taking a leadership role on green finance in SA. Building climate-based and sustainable investment markets to help nations achieve their NDC targets requires financial institutions – banks, insurers and pension funds – to step up. Nedbank has done just that.

**Sean Kennedy**
CEO of Climate Bonds Initiative

**Corporate social investment**

During 2019 we continued to refine our strategy of investing in fewer, high-impact, SDG-aligned projects. While the number of projects supported has consequently reduced by 70% over the past three years, the total number of beneficiaries has increased substantially, as has the positive impact of our investment on the lives of those beneficiaries. In 2019 the total value of CSI support and investment delivered across our group was R330m.

In the 2019 Nedbank Affinity Programme was integrated into the current Nedbank Greenbacks programme. During the period, Nedbank Affinity donations totalled R33.5m (2018: R27.3m).

**TOTAL CSI**

<table>
<thead>
<tr>
<th>Class</th>
<th>2019</th>
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</thead>
<tbody>
<tr>
<td>Education</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>Skills development (including Children’s Affinity donations)</td>
<td>17</td>
<td>28</td>
</tr>
<tr>
<td>Community development</td>
<td>34</td>
<td>21</td>
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<tr>
<td>Staff volunteerism</td>
<td>8</td>
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<td>Green</td>
<td>21</td>
<td>33</td>
</tr>
<tr>
<td>Sports</td>
<td>18</td>
<td>23</td>
</tr>
<tr>
<td>Arts</td>
<td>4</td>
<td>11</td>
</tr>
</tbody>
</table>

**Ensuring and protecting value in 2019**

- Conducted an independent review of the governance and institutionalisation of ethics.
- Monitored progress on employment equity, focusing on underrepresentation and higher attrition rates of Africans in senior and middle management.
- Overseen the YES initiative, providing first-employment opportunities for 3 315 youths.
- Overseen employee wellbeing initiatives.
- Reviewed shifts in Nedbank’s culture agenda using the Compass Survey results to address areas of vulnerability.

**SDGs IMPACTED:**

- **Education**
- **Skills development**
- **Community development** including Children’s Affinity donations
- **Staff volunteerism**
- **Green**
- **Sports**
- **Arts**

**Focus for 2020 and beyond**

- Guide the enhancement of the culture of ethics and ethical leadership at Nedbank.
- Ensure employee wellbeing.
- Oversee implementation of the People Change Plan.
- Review the development of the bank’s sustainable finance offering as part of delivering on the bank’s purpose.
- Monitor the building of a client-focused organisational culture.
- Oversee the bank’s approach to climate-related risks.

**ENSURING AND PROTECTING VALUE**

Group Transformation, Social and Ethics Committee (GTSEC)

‘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 corporate philosophy underpins a relationship of trust with our internal and external stakeholders and our actions demonstrate that we act in their best interests.’

**Mpho Makwana**
Chair

**Stakeholders**

- **Clients**
- **Regulators**
- **Society**

**Top 12 risks**

- 2 People and operational risk
- 3 Regulatory, accounting and compliance risk
- 9 Reputation and associated risk
- 10 Conduct risk
- 11 Strategic execution risk
- 12 Climate risks

**Value for stakeholders**

Bankers and other financiers have used our financial expertise – in 2019

- To do good for society
- For Nedbank the debt

**Activities**

- Responsible investment – In 2019

**Education**

- 3 skills development

**Regulators**

- 9 reputational and associated risk

**NEDBANK GROUP INTEGRATED REPORT 2019**

**IV**

A comprehensive GTSEC report is available online in our 2019 Governance and Ethics Review on our group website at nedbankgroup.co.za
### Stakeholder Value Creation – Key Performance Indicators

<table>
<thead>
<tr>
<th>Key performance indicators</th>
<th>How it links to value</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>Benchmark</th>
<th>Outlook/Target</th>
<th>Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Staff</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff costs and benefits (Rbn)</td>
<td>Remuneration and benefits to staff</td>
<td>17.3</td>
<td>17.5</td>
<td>16.5</td>
<td>N/A</td>
<td>Maintain competitive remuneration</td>
<td>(MD/FS)</td>
</tr>
<tr>
<td>Salary increase - unionised staff (%)</td>
<td>Salary increases for bargaining unit staff</td>
<td>6.3</td>
<td>7.0</td>
<td>8.0</td>
<td>N/A</td>
<td>Above the increase for management</td>
<td>(MD)</td>
</tr>
<tr>
<td>Training spend (Rbn)</td>
<td>Investment in staff development</td>
<td>760</td>
<td>468</td>
<td>355</td>
<td>N/A</td>
<td>Continue to invest in staff (LA)</td>
<td>(LA)</td>
</tr>
<tr>
<td>Staff attrition (%)</td>
<td>Ability to retain and rotate skills</td>
<td>10.8</td>
<td>10.9</td>
<td>10.6</td>
<td>&gt; 10%</td>
<td>Maintain or below industry levels (MD/FA)</td>
<td>(LA)</td>
</tr>
<tr>
<td>Staff engagement</td>
<td>Staff engagement drives higher levels of productivity</td>
<td>7.5</td>
<td>7.9</td>
<td>7.6</td>
<td>9.3</td>
<td>Improve (IN – Compass survey)</td>
<td>(LA)</td>
</tr>
<tr>
<td>Transformation - black staff</td>
<td>Transformation of Nedbank staff profile broadly in line with demographics of society</td>
<td>78.5</td>
<td>77.4</td>
<td>76.9</td>
<td>Not publicly available for all peers</td>
<td>Continue driving transformation (LA)</td>
<td>(LA)</td>
</tr>
<tr>
<td>Transformation - female staff</td>
<td>Progressing gender diversity</td>
<td>64.8</td>
<td>61.8</td>
<td>62.2</td>
<td>Not publicly available for all peers</td>
<td>Continue driving transformation (LA)</td>
<td>(LA)</td>
</tr>
<tr>
<td><strong>Clients</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan payouts (Rbn)</td>
<td>New loan payouts to clients</td>
<td>208</td>
<td>181</td>
<td>153</td>
<td>N/A</td>
<td>Continue to extend credit responsibly</td>
<td>(MD)</td>
</tr>
<tr>
<td>Consumer – Net Promoter Score (NPS)</td>
<td>Quality of service experience reflected in reputation NPS</td>
<td>38</td>
<td>37</td>
<td>36</td>
<td>N/A</td>
<td>4% industry average</td>
<td>Improve (IN – Consultants)</td>
</tr>
<tr>
<td>System availability</td>
<td>System uptime to enable uninterrupted financial processing</td>
<td>99.1</td>
<td>92.5</td>
<td>91.1</td>
<td>&gt; 95%</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Average annual price increase</td>
<td>Value for money banking</td>
<td>At inflation</td>
<td>At inflation</td>
<td>Below inflation</td>
<td>N/A</td>
<td>Below inflationary increases</td>
<td>(MD)</td>
</tr>
<tr>
<td>Service high-net-worth ranking</td>
<td>Quality of service to high-net-worth individual clients</td>
<td>5th</td>
<td>4th</td>
<td>3rd</td>
<td>1st Investec</td>
<td>Not in the industry</td>
<td>(LA)</td>
</tr>
<tr>
<td>Investment performance in asset management business</td>
<td>Investment performance for clients</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Top offshore manager in SA</td>
<td>(IN – Raging Bull awards)</td>
</tr>
<tr>
<td><strong>Regulatory</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CET ratio – Basel III (%)</td>
<td>Strength of capital position</td>
<td>11.5</td>
<td>11.7</td>
<td>12.6</td>
<td>10 – 12.5%</td>
<td>SARB = 7.5</td>
<td>(MD/OCV)</td>
</tr>
<tr>
<td>LCR ratio – Basel III (%)</td>
<td>Strength of liquidity position</td>
<td>125.0</td>
<td>109.4</td>
<td>108.2</td>
<td>100% SARB for 2019</td>
<td>SARB = 100%</td>
<td>(MD/OCV)</td>
</tr>
<tr>
<td>NFR ratio – Basel III (%)</td>
<td>Strength of stable funding</td>
<td>113.0</td>
<td>112.4</td>
<td>112.1</td>
<td>Pro forma complaint</td>
<td>SARB = 100%</td>
<td>(MD/OCV)</td>
</tr>
<tr>
<td>Regulatory fines or penalties (Rbn)</td>
<td>Indicator of adherence to regulatory requirements</td>
<td>17.5</td>
<td>8.7</td>
<td>1</td>
<td>N/A</td>
<td>Zero, although risk of fines has increased</td>
<td>(MD)</td>
</tr>
<tr>
<td>Taxes – direct, indirect and staff (Rbn)</td>
<td>Contribution to the fiscus</td>
<td>11.6</td>
<td>10.6</td>
<td>9.8</td>
<td>N/A</td>
<td>Responsible taxpayer</td>
<td>(SDY)</td>
</tr>
<tr>
<td>BBBEE contributor status</td>
<td>Reflection of corporate transformation</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>Niedbank: no bank</td>
<td>Top-tier bank, but still level impacted by new codes</td>
<td>(MC/OCV)</td>
</tr>
<tr>
<td><strong>Shareholders</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-price performance (%)</td>
<td>Share-price appreciation</td>
<td>(12.0)</td>
<td>7.3</td>
<td>7.5</td>
<td>8.4% SARB = 7.5</td>
<td>Perform above peers</td>
<td>(IN – JSE)</td>
</tr>
<tr>
<td>Full-year dividend per share (cents)</td>
<td>Dividend for shareholders</td>
<td>1.415</td>
<td>1.145</td>
<td>1.285</td>
<td>N/A</td>
<td>Within our 1.5 times to 2.25 times target range</td>
<td>(MD/FS)</td>
</tr>
<tr>
<td>Full-year dividend per share cover (times)</td>
<td>Dividends for shareholders</td>
<td>1.84</td>
<td>1.97</td>
<td>1.91</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price-to-book ratio</td>
<td>Valuation indicator of the Niedbank share</td>
<td>1.2</td>
<td>1.6</td>
<td>1.5</td>
<td>2.1 times peer average</td>
<td>No 2 bank by 2020</td>
<td>(IN – JSE)</td>
</tr>
<tr>
<td><strong>Society</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer finance education (participants)</td>
<td>Value through education</td>
<td>175,500</td>
<td>175,000</td>
<td>200,000</td>
<td>N/A</td>
<td>Maximum alignment of impact with strategy</td>
<td>(MD/LA)</td>
</tr>
<tr>
<td>Total socioeconomic spend (Rbn)</td>
<td>Contribution to society</td>
<td>130</td>
<td>124</td>
<td>168</td>
<td>N/A</td>
<td>Niedbank top Performer in Financing CSI Handbook</td>
<td>(MD/LA)</td>
</tr>
<tr>
<td>Local procurement spend (% of total)</td>
<td>Supporting local suppliers</td>
<td>&gt; 75</td>
<td>&gt; 75</td>
<td>&gt; 75</td>
<td>According to FIC</td>
<td>&gt; 75%</td>
<td>(MD)</td>
</tr>
<tr>
<td>Renewable-energy lending (Rbn)</td>
<td>Commitment to renewable-energy deals</td>
<td>27.0</td>
<td>22.8</td>
<td>18.4</td>
<td>Niedbank: no bank</td>
<td>Niedbank committed to R40bn committed (MD)</td>
<td></td>
</tr>
<tr>
<td>Carbon footprint offset to neutral (tCO2e)</td>
<td>The impact of our business on the environment</td>
<td>188,441</td>
<td>196,992</td>
<td>205,569</td>
<td>Niedbank market leader</td>
<td>Maintain carbon neutrality</td>
<td>(LA)</td>
</tr>
<tr>
<td>Social and environmental management system (SEMS)</td>
<td>The impact of our business on the environment and society</td>
<td>526</td>
<td>688</td>
<td>632</td>
<td>Leader in disclosure</td>
<td>Enhance SEMS integration</td>
<td>(LA)</td>
</tr>
<tr>
<td>Finance assessed under Equator Principles (US$m)</td>
<td>The impact of our business on the environment and society</td>
<td>75</td>
<td>5.5</td>
<td>75</td>
<td>Leader in disclosure</td>
<td>Enhance Equator Principles integration</td>
<td>(LA)</td>
</tr>
<tr>
<td>Carbon footprint per full-time-equivalent employee (tCO2e)</td>
<td>The impact of our business on the environment</td>
<td>6.09</td>
<td>6.30</td>
<td>6.37</td>
<td>Leader in performance on the Carbon Disclosure Project</td>
<td>Continue to reduce our impact through reduction targets</td>
<td>(LA)</td>
</tr>
</tbody>
</table>

**Sustainability and ESG**
- MSCI ESG rating: 11,7
- SARB: > 7.5
- LCR ratio: Basel III: 114,0
- Niedbank: no 1 bank
- Niedbank Private Wealth app average rating: 80.2
- Transformation – female staff: 61.8
- transformation – black staff: 78.5
- Staff costs and benefits (Rbn): 17.3
- Annual salary increase - unionised staff (%) | 6.3
- Training spend (Rbn) | 760
- Staff attrition (%) | 10.8
- Staff engagement | 7.5
- Transformation - black staff | 78.5
- Transformation - female staff | 64.8
- Average annual price increase | At inflation
- Service high-net-worth ranking | 5th
- Investment performance in asset management business | Top offshore manager in SA

**Managing Risk**
- Risk management through rigorous internal reporting and assurance
- External assurance on selected sustainability information and the application of the EIC’s and the group’s BBBEE status
- Management and board oversight through rigorous internal reporting governed by the group’s ERMF
- Financial information extracted from the 2019 Nedbank Group Limited Audited Annual Financial Statements

**Conclusion**
Given the unfolding impact of the Covid-19 pandemic, our targets and guidance are at risk. On 14 April 2020 we have withdrawn our financial guidance until we have more clarity and certainty of the impact on our business.

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**REMUNERATION OUTCOMES**

The board, through the Group Remco, strives to ensure total remuneration is aligned with sustainable value-creating strategic objectives and the legitimating strategic expectations of all stakeholders, while being mindful of the income gap in SA. The Group Remco also endeavours to ensure remuneration reporting is straightforward, yet comprehensive and transparent.

In this regard, our 2018 Remuneration Report won the South African Reward Association’s award for the Best Remuneration Report, which is a pleasing testimony to these endeavours.

Read more about the remuneration outcomes in the 2019 Remuneration Report available at nedbankgroup.co.za.

**NEDBANK’S REMUNERATION FRAMEWORK**

Our Remuneration Framework is made up as follows:

- **Guaranteed remuneration**
- **Short-term incentives** (including deferral and forfeiture)
- **Special-purpose short-term arrangements**
- **LTI plan** (including share matching)

**Variable remuneration**

- **Short-term incentives**
  - The total STIs approved by the Group Remco in respect of the 2019 financial year was R1 980m, compared with R2 625m in 2018. In accordance with its charter, the Group Remco also approved 16 individual STI payments in excess of 200% of GP, compared with 32 in 2018.
  - STI awards for 2019 were based on a combination of actual performance measured against predetermined targets in respect of the level of group and respective cluster economic profit and headline earnings performance and performance against their individual goal commitment contracts, incorporating financial and non-financial measures.

- **Long-term focus, ownership orientation**
- **Performance management**
  - Following negotiations with Sasbo, the total GP of employees in the bargaining unit was increased by 7% effective from April 2019, compared with 4% for the non-bargaining-unit staff members and executives.
  - The minimum GP for permanent, full-time employees in SA was increased to R60 000 per annum in 2019, up from R50 000 in 2018, and is significantly higher than the minimum wage in SA.

- **Fair and responsible remuneration**
  - As evidenced in the graphic alongside, the GP increases of executive management is considerably lower than the overall mandated increase by Sasbo.
  - The minimum GP for permanent, full-time employees in SA was increased to R60 000 per annum in 2019, up from R50 000 in 2018, and is significantly higher than the minimum wage in SA.

- **Remuneration outcomes in 2019**
  - Guaranteed package increases in 2019 following negotiations with Sasbo, the total GP of employees in the bargaining unit was increased by 7% effective from April 2019, compared with 4% for the non-bargaining-unit staff members and executives.
  - The minimum GP for permanent, full-time employees in SA was increased to R60 000 per annum in 2019, up from R50 000 in 2018, and is significantly higher than the minimum wage in SA.
  - Guaranteed package increases in 2019 following negotiations with Sasbo, the total GP of employees in the bargaining unit was increased by 7% effective from April 2019, compared with 4% for the non-bargaining-unit staff members and executives.

- **Approved the STI pool and STI awards of Group Exco members, and the LTI pool and LTI awards.**
EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

The performance for 2019 of the Chief Executive and other executive directors and prescribed officers is outlined below:

**Mike Brown** Chief Executive

**Financial performance**

HE of R12,5bn down 7.3% and ROE (excluding goodwill) decreased to 16.0% but remained above our estimated cost of equity of 14.1%.

**Environmental, social and governance (ESG)**

- **Environmental**
  - Continued to drive Nedbank’s overall leadership in climate-change-related matters (SDI 2).
  - Social – Paying a leading role in the CEO Initiative and co-chairman of BASA. Acted on the promise of the CEO Initiative to deliver a healthy, sustainable, diversified economy.
  - Governance, compliance and risk management practices – Group CPTs increased with a low CPT outcome in 2019, compared with 130% in 2018.

**Strategy**

Deliver innovative market-leading client experiences – Progressed foundational technology (ME) programmes to 70% completion and launched various market-leading innovations. Executed the strategy to the plan and in all cases exceeded our NPS score and CPTs position on various wholesale trade lines.

**Raisibe Morathi** Chief Financial Officer

**Financial performance**

HE of R12,5bn down 7.3% and RDE (excluding goodwill) decreased to 16.0% but remained above our estimated cost of equity of 14.1%.

**Environmental, social and governance (ESG)**

- **Environmental**
  - Continued achieving sustainability through efficiencies through 5% reduction in electricity consumption and 6% decrease in landfill. Water consumption increased but was offset through recycling and decreased by 55%.
  - Total of 74% of Nedbank buildings are Green Star-rated (SDI 1).
- **Social**
  - Chartered accountants (SA) and Quants programmes continue to be a flagship program with 100% pass rate and 95% retention rate of CAs (SA).
  - The management of procurement, 76% of the spend was used to support local SA businesses (SDI 2).

**Strategy**

Manage scarce resources to optimise economic outcomes – The bank’s liquidity position and key balance sheet metrics remained strong, including capital ratios within board-approved target ranges and above regulatory minima.

Provide clients with access to the best financial services network in Africa – Good progress in optimising the Nedbank Africa Regions portfolio reflected in approved measures to increase the bank’s shareholding in Banco Único and dispose of Nedbank Malawi. Continued to deepen our relationship with ETI.

**Raisibe Morathi** Chief Financial Officer

**Financial performance**

HE of R12,5bn down 7.3% and RDE (excluding goodwill) decreased to 16.0% but remained above our estimated cost of equity of 14.1%.

**Environmental, social and governance (ESG)**

- **Environmental**
  - Continued achieving sustainability through efficiencies through 5% reduction in electricity consumption and 6% decrease in landfill. Water consumption increased but was offset through recycling and decreased by 55%.
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Financial performance
In addition to Nedbank Group HE being down 7.3% and ROE declining to 16.2%, NB Africa Regions’ HE decreased by 35.0% to R437m and ROE declined to 7.7% with SADC adversity impacted by developments and hyperinflation accounting in Zimbabwe.

Environmental, social, and governance (ESG)
Social – Continued participation and leadership on SISA and BASA forums. In Africa Regions implemented digital solutions with a strong social impact: launched a new app, don’t you go account with zero maintenance fees in Namibia (SDG 9). NB Africa Regions’ Group maintained level 1B/BEE under FSC (SDG 10). Activated support for the YES initiative to address the youth-time job appraisals for more than 3 300 youth (SDG 8). Developed a refined employee value proposition (People Promise) to position NB as an employer of choice.

Governance, compliance and risk management practices – Africa Regions CLR increased to 10.0%, marginally outside the top end of its 75 bps and 100 bps range, while subsidiaries improved their risk controls and governance environment. As Nedbank representative on the ETI Board, was an active participant as Chairman of the ETI risk committee.

Provide clients with access to the best financial services network in Africa
Progress in optimising the portfolio reflected in approval to increase NB Africa Regions’ shareholding in Banco Unico, from 51% plus one share to 87.5%, to tap into growth opportunities in Mozambique. The transaction is subject to regulatory approval and is expected to be completed in Q1 2020.

After the strategic review of NB Malawi for strategic fit, executed a sale of the franchise. The transaction was completed in Q4 2019.

Focussed on commercialising collaborative initiatives with ETI, such as the cross-border remittance transfer solution and increasing business flows.

Guaranteed remuneration (R000)

- Guaranteed Remuneration
- Total STI
- Total LTI at face value
- Single figure LTI

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>5 300</td>
<td>7 100</td>
<td>9 600</td>
</tr>
<tr>
<td>Bonus</td>
<td>1 000</td>
<td>1 700</td>
<td>2 900</td>
</tr>
<tr>
<td>Total STI</td>
<td>6 300</td>
<td>8 800</td>
<td>12 500</td>
</tr>
<tr>
<td>Total LTI at face value</td>
<td>10 800</td>
<td>15 900</td>
<td>24 250</td>
</tr>
<tr>
<td>Single figure LTI</td>
<td>9 400</td>
<td>12 900</td>
<td>18 250</td>
</tr>
</tbody>
</table>

Financial performance
BBBE HE decreased by 1.6% to R55.0bn with strong revenue growth negatively impacted by the higher impairment charge, while ROE at 17.3% remained well above the group’s cost of equity.

Environmental, social and governance (ESG)
Environmental – Funding of R790m for construction of buildings conforming to green-building standards (SDG 11) and renewable energy transactions. Power purchase agreement (PPA) with a renewable-energy bond and has disbursed R27.0bn towards renewable-energy transactions (SDG 7).

Social – Launched a new stockbroking website and new single-client website for asset management. Recognised by Celent as the Model Insurer of the Year in the category Legacy and Ecosystem Transformation for NB’s single-policy administration system.

Goverance, compliance and risk management practices – CLR at 18.8% was within the CIB’s TTC target range of 15 to 17%.

Deliver innovative market-leading client experiences – Continuous enhancements of client intelligence platforms provide good insights for cross-selling, improved client value propositions and stronger client relationships.

Grow transactional banking franchise faster than the market – AUM increased 11% to R331bn off a low base in 2017.

Manage real estate to optimise economic outcomes – AUM increased 11% to R331bn.

Be operationally excellent in all we do – Operational efficiency ratio for CIB businesses of 42.1%.

Manage scarce resources to optimise economic outcomes – AUM increased 11% to R331bn.

Strategic
Deliver innovative market-leading client experiences – Continuous enhancements of client intelligence platforms provide good insights for cross-selling, improved client value propositions and stronger client relationships.

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Be operationally excellent in all we do – Operational efficiency ratio for CIB businesses of 42.1%.

Manage scarce resources to optimise economic outcomes – AUM increased 11% to R331bn.
NON-EXECUTIVE DIRECTOR REMUNERATION

In the current environment of unprecedented economic challenges that have arisen as a result of the Covid-19 pandemic, no increases to the Chairman’s fee, board fees or to non-executive fees are proposed for 2020.

Non-executive director remuneration (excluding VAT) for the years ended 31 December 2019 and 31 December 2018 was as follows:

<table>
<thead>
<tr>
<th>Non-executive director</th>
<th>Note</th>
<th>Nedbank and Nedbank Group board fees (£000)</th>
<th>Committee fees* (£000)</th>
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* Where applicable, board committee fees include travel reimbursements for business mileage.

Read more about the underlying components for the elements of remuneration in the 2019 Remuneration Report available at nedbankgroup.co.za.
COMPANY DETAILS

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

Registered office
Nedbank Group Limited, Nedbank 135 Rivonia Campus, 135 Rivonia Road, Sandton, Sandton, 2196
PO Box 144, Johannesburg, 2000

Transfer secretaries in SA
Link Market Services South Africa Proprietary Limited, 19 Ameshoff Street, Braamfontein, Johannesburg, 2000, SA.
PO Box 4844, Marshalltown, 2000, SA.

Namibia
Transfer Secretaries Proprietary Limited
Robert Mugabe Avenue No 4, Windhoek, Namibia
PO Box 240, Windhoek, Namibia

INSTRUMENT CODES
Nedbank Group ordinary shares
JSE share code: NED
NSX share code: NBE
ISIN: ZAE000004875
ADR code: NDBKY
ADR CUSIP: 63975K104

Nedbank Limited non-redeemable
non-cumulative preference shares
JSE share code: NBKP
ISIN: ZAE000043AA7

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This announcement is available on the group’s website at nedbankgroup.co.za, together with the following additional information:
- Financial results presentation to analysts.
- Link to a webcast of the presentation to analysts.

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

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