

United Nations Global Compact Communication of Progress

FOR THE YEAR ENDED 31 DECEMBER 2016

'Using our financial
expertise to do good'

see money differently

NEDBANK

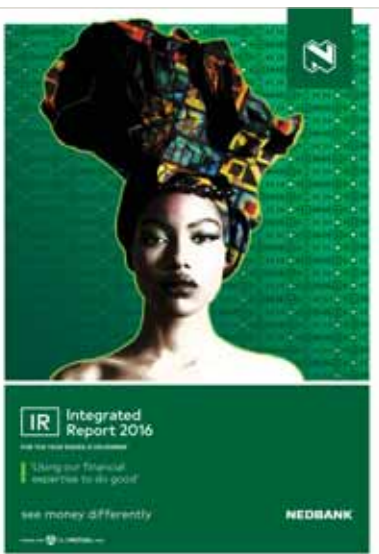
A Member of the  **OLDMUTUAL** Group

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Revitalising our Brand

The story behind our cover:

Through the revitalisation of the Nedbank brand we aim to position ourselves in the hearts and minds of society as the bank that uses its core expertise in financial services to do good and secure positive outcomes for individuals, families, businesses and society.

After extensive research to interrogate what makes Nedbank unique, we know that using our financial expertise to do good is deeply embedded in our DNA. It may be a brand-new campaign, but it is not a new concept for us. We challenge and inspire our clients to See Money Differently.

Whether it is our new-format outlets, innovative digital offerings, the integration of Nedbank CIB to serve corporate clients holistically or Nedgroup Investments being ranked as one of the top-three asset managers in SA for the past eight years, these demonstrate financial expertise and doing good for clients. Nedbank's history and commitment to community development add to our credentials of doing good for society. The duality of financial expertise and doing good for clients and the community are true to who we are and what we do as a business.

Letter from our Chief Executive



Attention: United Nations Global Compact Office

March 2017

Nedbank Group - continued commitment to the United Nations Global Compact

As Chief Executive of Nedbank Group, I reaffirm our commitment to the United Nations Global Compact and the 10 principles that underpin it. In addition, as a Group, we remain a signatory to the Equator Principles and the CEO Water Mandate and we continue to support the UNEP FI Positive Impact working Group.

These commitments form an important part of our overall sustainability journey as we align our core business to deliver on our purpose – to use our financial expertise for the good of individuals, families, businesses and society.

We are proud to support the work undertaken by the UNGC, cognisant of the important role that the private sector plays in this.

Yours sincerely,

Mike Brown
Chief Executive - Nedbank Group

MIKE BROWN | Chief Executive

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Directors: V Naidoo (Chairman) MWT Brown (Chief Executive) DKT Adomakoh** TA Boardman BA Dames ID Gladman* JB Hemphill EM Kruger RAG Leith PM Makwane Dr MA Malooane
NP Mnxasana RK Morathi (Chief Financial Officer) JK Netshitenzhe MC Nkuhlu (Chief Operating Officer) S Subramoney MI Wyman* (* British) (** Ghanaian)
Company Secretary: TSB Jali 13.10.2016

www.nedbankgroup.co.za

A Member of the  **OLDMUTUAL** Group

NEDBANK
GROUP

Nedbank Ltd Reg No 1951/00009/06. Authorised financial services and registered credit provider (NCRCP16).

Overview of Nedbank Group

Nedbank Group is one of Africa's largest banking groups. We are a diversified financial services provider offering a wide range of wholesale and retail banking services as well as insurance, asset management and wealth management solutions.



SA is our primary market and we are expanding across the rest of Africa. Outside of SA, we operate in six countries in the Southern African Development Community (SADC) and East Africa region, through subsidiaries and banks in Lesotho, Malawi, Mozambique, Namibia, Swaziland and Zimbabwe, and we have representative offices in Angola and Kenya.

In West and Central Africa we have a strategic alliance and a shareholding of 21,2% in ETI.

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

Old Mutual Group:
54,6% shareholding
in Nedbank Group

Nedbank Limited –
our principal banking
subsidiary

Market capitalisation
R118bn

Headline earnings
R11,5bn

Employees **32 401**

Staffed outlets **786**

ATMs: **4 052**

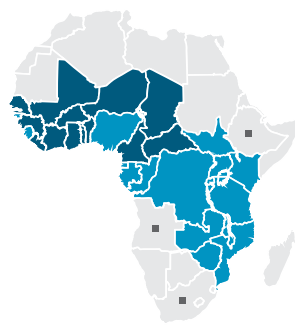
Board is comprised of
**59% independent
directors**

Access to the largest
banking network in Africa:
39 countries (through our
strategic investment in ETI)



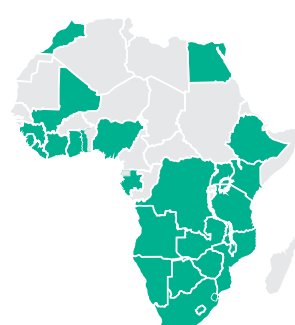
NEDBANK

- Nedbank existing presence
- Expansion opportunities
- Nedbank representative offices



ECOBANK

- Ecobank top three in country
- Ecobank other
- Ecobank representative offices

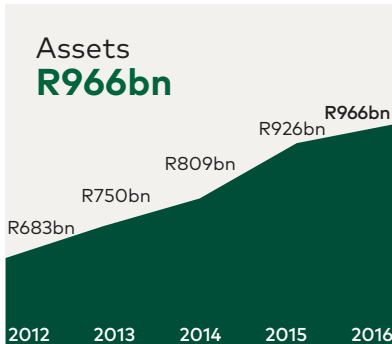


NEDBANK CIB

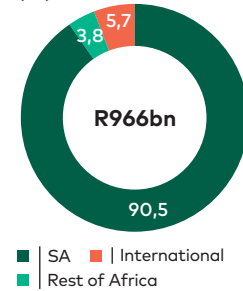
- | Investment banking deals



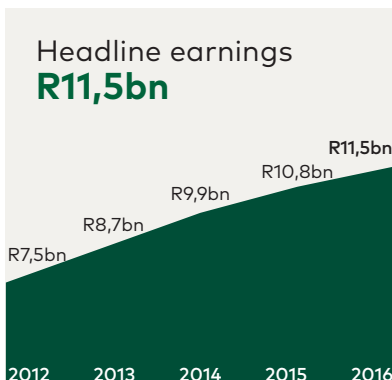
**JSE
Top 40
company**



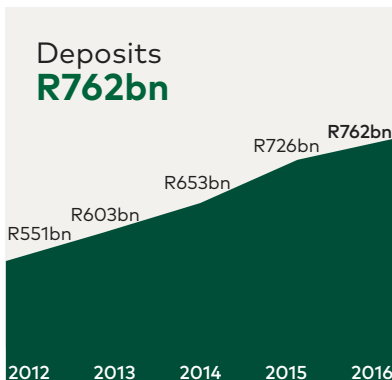
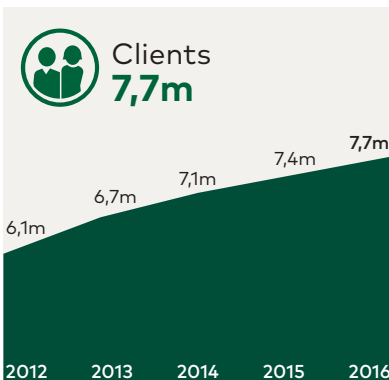
Assets by geographical area (%)



**Assets under
management
R273bn**



**Africa's first
and only carbon-
neutral bank**



**Tier 1 capital ratio
13,0%**
**CET1 capital ratio
12,1%**

Reflections from our Chief Executive



'The economic and geopolitical environment deteriorated in 2016 and the outlook for 2017, although improving, remains uncertain. While much of the external environment is not in our control, operationally we have remained focused on those issues we can control.'

Nedbank Group's managed operations produced excellent headline earnings growth of 16,2%, offset by a disappointing performance from our strategic investment in Ecobank Transnational Incorporated (ETI), which diluted the overall growth in headline earnings to 5,9%. We have also strengthened our balance sheet, with our tier 1 capital adequacy ratio improving to 13,0% from 12,0% in 2015, our liquidity coverage ratio at 109,3%, above the South African Reserve Bank requirement of 70% for 2016, and our net stable funding ratio above 100% on a pro forma basis.

Mike Brown
Chief Executive

A CHALLENGING AND VOLATILE MACRO ENVIRONMENT

The rise of antiglobalisation in many developed countries, demonstrated by the UK's departure from the European Union (Brexit) and the outcome of the US presidential elections, has increased global economic risk and will create further uncertainty in financial markets.

In SA a number of factors contributed to a difficult operating environment characterised by low levels of economic growth and higher interest rates, placing businesses and consumers alike under increasing financial pressure. Added to this, currency and market volatility, stubbornly high inflation and low credit growth made it a particularly challenging environment for banks. The outlook for 2017 does, however, look more promising as GDP growth is expected to pick up slightly, interest rates are at or close to their peak and inflation is expected to decline.

Public discourse was dominated by the Fees Must Fall campaign, the release of the Public Protector's report on allegations of state capture and the charges that were first brought, and then dropped, against Finance Minister Pravin Gordhan. Nedbank has always been a proud corporate citizen and we actively supported the growing calls for good governance, constitutional democracy, inclusive economic growth and social justice. Our 2016 Integrated Report shows the meaningful role we as a bank play in society. I am also proud of Nedbank's role in bringing together our country's leaders from government, business and labour to work together and address issues of inequality and poverty by creating a platform for higher levels of inclusive growth. The progress we have made by working together, including successfully averting a sovereign-credit-rating downgrade to below investment grade, was undoubtedly a highlight for me in 2016, and I look forward to continuing this work in 2017.

Elsewhere in Africa operating conditions remained challenging, particularly in Nigeria where the country is experiencing its worst economic recession in 25 years, liquidity pressures and a sharp devaluation of the naira. These challenges are significant and will take some time to be resolved. It is therefore anticipated that conditions will again be difficult in 2017 before improving from 2018 onwards.

The Fourth Industrial Revolution and rapid advances in technology offer exciting opportunities and will require adeptness and agility of banks to remain competitive. The SA banking industry has built a banking system recognised for its safety and soundness, but must leverage the fintech revolution to stay at the forefront of client experiences. The winners of digitisation and mobile banking will be those that can integrate the new technologies and have the right people with the necessary knowledge and entrepreneurial skills. Our Digital Fast Lane strategy will ensure that we are at the forefront of innovation as we improve our existing businesses and disrupt them at the same time.

After many years of global bankers being very cautious and concerned about the economy and increasing regulation, it is refreshing that some of the largest banks in Europe and the US are talking positively about the year ahead and seeing a pause in the rate of increase in new regulatory obligations.

REFINING AND ADAPTING OUR STRATEGY TO MEET OUR 2020 ASPIRATIONS

To ensure that we meet our 2020 aspirations in a rapidly changing and increasingly challenging environment we must transform our business and become more client-centred, competitive, agile and digital. Our 2016 strategic review produced exciting plans to accelerate our business transformation.

'Responsive and responsible leadership', a key theme at Davos 2017, affirmed our focus on stakeholders and sustainability, which is encapsulated in our purpose statement of using our financial expertise to do good for individuals, families, businesses and society. Our strategy represents how we achieve our purpose of helping to create a thriving bank and society through innovative financial services products.

To be truly successful we must understand our clients, respond to their needs and requirements, and ultimately create exceptional client experiences in all that we do – better than any other financial services provider. Creating value and delightful experiences for our clients that exceed their expectations is encompassed in our value to be client-

driven, which we believe will be a key enabler in delivering on our purpose.

The refinement of our strategic focus areas and introduction of strategic enablers will ensure we deliver on our 2020 aspirations and achieve our medium-to-long-term financial goals of increasing our return on equity (ROE) (excluding goodwill) closer to our target of cost of equity plus 5% (currently estimated around 19%) and reducing our cost-to-income ratio from 56,9% to within our target of 50% to 53%.

A brief reflection on the progress we have made in implementing our strategy in 2016 and the prospects ahead include:

- As far as 'Delivering innovative market-leading client experiences' is concerned, we are streamlining processes and strengthening our culture of innovation. In 2016 digitally active clients increased 73,6%. We will accelerate digital implementation in the years ahead, with exciting market-leading innovations planned for 2017, including improvements to our loyalty programme and the release of a bundled personal loan and transactional product.
- Our strategy of 'Growing our transactional banking franchise faster than the market' led to the number of main-banked clients increasing across all our businesses, translating into non-interest revenue (NIR) growth of 8,1%. Retail main-banked clients grew by 3,0% and the attractive middle market, which has been a focus of ours, grew by 6,3%. This contributed to strong retail deposit growth and an increase in household deposit market share to 18,7% from 18,4%. Pleasingly, our ROE in Retail and Business Banking (RBB) increased from 16,6% to 18,9%. On the wholesale side of our business we are realising the benefits of an integrated Corporate and Investment Banking (CIB) cluster, including better client coverage and deeper client penetration, as we leverage our strong position in wholesale lending to increase NIR. Growing our transactional banking franchise faster than the market remains our primary focus and, despite a tougher macro environment, we believe we are in a good position to continue to gain share of main-banked clients.
- 'Being operationally excellent in all we do' embraces simplifying, rationalising and continuously improving our processes and operations to allow us to save costs and invest in our franchise to unlock new growth opportunities. Unlocking efficiencies is an imperative in a tougher and more competitive environment, but operational excellence also provides benefits to clients as client experiences are enhanced through simplification and optimisation. We will continue to extract synergies by working closely with Old Mutual Emerging Markets (OMEM) and, notwithstanding the managed separation, our joint R1bn target in 2017 remains intact all on arm's length commercial terms and ensuring that the standalone nature of the entities is never compromised.
- 'Managing scarce resources to optimise economic outcomes' has enabled us to improve pricing models and our deliberately conservative credit growth strategies over the past few years have resulted in our credit loss ratio decreasing to the low end of the peer group. Having derisked our home loan and personal-loan books over the past few years, along with leveraging our leadership in areas such as finance for secondhand vehicles, commercial property and corporate lending, we can now shift our focus to slightly

higher asset growth rates in more cyclical asset classes at the top of the interest rate cycle. Our business model bias towards the wholesale market (61% of advances) positions us well in a tough consumer environment, while our expertise in key sectors and strong pipelines should enable us to continue to grow in the year ahead.

- 'Providing our clients with access to the best financial services network in Africa' ensures that we are well positioned to participate in the longer-term growth prospects of financial services on the continent. We are investing in our own operations in the Southern African Development Community (SADC) and during 2016 we moved to acquiring a controlling stake in Banco Único in Mozambique. While our investment in ETI has been impaired by R1,0bn as a result of weaker economic conditions in West Africa and currency weakness, particularly in Nigeria, it remains an important long-term strategic investment for our SA clients operating in these geographies and requiring banking services, as well as for our shareholders through exposure to the long-term growth in financial services in these markets. We currently expect the main markets in which ETI operates to remain difficult in 2017 before improving in 2018 and beyond.

As part of our strategic planning in 2016 we introduced strategic enablers that will underpin delivery in respect of our strategic focus areas, goals and targets by changing the way we operate. These initiatives should serve as catalysts in achieving our 2020 aspirations and include:

- People 2020 – aimed at transforming our leadership, culture and talent capability to enable delivery of our strategy through our people.
- Brand 2020 – building a distinctive and compelling brand that will disrupt, give us greater personality and enhance the belief our stakeholders have in Nedbank.
- Managed Evolution and Digital Fast Lane – an innovative technology transformation creating an agile digital platform.
- Governance and regulatory change – leveraging risk management to be a strategic and competitive differentiator.
- Fair Share 2030 – guiding the creation of financial solutions that deliver on our purpose and making a real difference in society.
- Leading Transformation – actively promoting a globally competitive financial sector while creating a more equitable society and enabling economic transformation.

Underpinning our strategy, we initiated an operating-model review in the latter part of 2016, which we will start implementing in 2017. This will enable us to develop greater agility with a view to innovating quicker and responding to disruptive threats faster, optimally addressing new-client requirements and providing best-in-class client experiences, and creating an enterprise capability with the client at the centre of all we do.

In addition, we aim to organise ourselves, our data and data analytics and information technology to enable differentiation in our clients' universe, respond more effectively to regulatory change and improve our ability to execute our strategy more effectively. Collectively these activities are currently expected to generate approximately R1,0bn of pretax benefits by 2019 and will support our ability to meet our medium-to-long-term targeted cost-to-income ratio of 50–53%.

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OLD MUTUAL RELATIONSHIP

The boards of directors and management teams of Old Mutual and Nedbank continue to work closely together on the managed separation strategy that was announced by Old Mutual in 2016. This is a shareholding transaction, which essentially means that shareholders in the OMEM business to be listed on JSE Limited (the JSE), will receive Nedbank shares by way of an orderly distribution at an appropriate time. OMEM will retain a strategic minority stake in Nedbank to underpin our ongoing commercial relationship.

From a strategic and operational perspective it is business as usual for Nedbank and the managed separation will have no impact on our staff or clients. It is important to note that we have not integrated our systems or brands with those of Old Mutual and, as we have always been an independent listed entity, no complicated untangling is required. We will continue to work together with Old Mutual South Africa on an arm's length commercial basis where there are synergies.

We are confident that Nedbank as an investment offers good prospects for sustainable growth and improving returns, and as such will continue to be an attractive investment opportunity for new and existing investors after the managed separation. In addition, after the managed separation Nedbank's free float will increase, which should increase liquidity and attract additional buyers to the stock.

LOOKING FORWARD

As I look towards 2017, our people, our strong balance sheet, the progress we have made in 2016 and our strategic enablers will underpin our ability to deliver on our strategy and ensure we continue to generate appropriate returns for stakeholders.

- In CIB our aim is to deliver the benefits of an integrated CIB model, leverage our strong lending position to grow NIR and sustain an efficient business model and a high-quality loan book.

- We aim to grow our RBB transactional franchise faster than the market, accelerate the digital journey to drive operational efficiencies and improved client experiences and continue to outperform peers on the cost of risk – these should continue to be beneficial to our ROE expansion over the next few years.
- Our Wealth franchise aims to bring new products to market and deepen cross-selling in our Nedbank client base, leveraging asset management, wealth management and insurance solutions.
- In the rest of Africa we aim to scale up our own SADC operations on the new core banking platform, optimise our cost base and increase cross-business flows between SA and our rest of Africa subsidiaries. In Central and West Africa we need to continue to support the ETI board and management teams to ensure ETI's ROE exceeds its cost of equity (COE), acknowledging that 2017 is likely to be another challenging year.

Finally, we need to extract efficiencies across all our businesses – to fund future investment and to enable improvements in efficiency ratios and ROEs so that we can continue to deliver value to shareholders and meet our medium-to-long-term targets.

APPRECIATION

To the Chairman, the board and my fellow executive team, thank you for helping to shape the group strategy as we set out to achieve our 2020 aspirations, deliver on our purpose and realise our vision of being the most admired financial services provider in Africa. I would also like to express my appreciation to all Nedbankers for their hard work, commitment and dedication in driving our performance this year. Your efforts are the foundation of our success.

In closing, a big thank you to the 7,7m clients who choose to bank with Nedbank, and to our shareholders and other stakeholders for their support in 2016.

MIKE BROWN
Chief Executive

100



NEDBANK



SEE MONEY DIFFERENTLY

Reflections from our Chairman



It gives me great satisfaction to share the Nedbank story of value creation with all our stakeholders.

The year 2016 has been one in which companies around the globe operated in a growth environment that is volatile, uncertain and constrained, and it has been no different for us at Nedbank. I am therefore tremendously proud that this report demonstrates the value that we create by generating sustainable financial returns while playing a meaningful role in society through active corporate citizenship. Value is created through sound strategy and execution, robust risk management and the work of both a skilled leadership team and the committed people who work for Nedbank.

Vassi Naidoo
Chairman

WE LIVE IN RAPIDLY CHANGING TIMES

In reflecting on developments in 2016 and the macroeconomic context in which banks operate, it is clear that the winds of change have swept across the globe. We have witnessed recent global events, such as Brexit and the election of the 45th president of the US, and are analysing the impact of these changes on the fabric of our societies and of new, more nationalist policies on a globalised and increasingly connected world.

Significant change has also taken place in SA and on the rest of the African continent. A challenging SA political and economic environment created a climate of uncertainty and market volatility as international ratings agencies reviewed their position on SA as an investment destination. Other African countries have also been experiencing varying levels of complexity due to political and economic challenges largely driven by the drop in global commodity prices and social changes at play.

In 2016 SA maintained its investment grade status and this is testimony to what SA has achieved with businesses working together with government and labour through the CEO Initiative to restore investor confidence in the country and focus on creating higher levels of inclusive growth in the economy. Importantly, Nedbank's participation in the CEO Initiative is an expression of our confidence in and commitment to SA and the rest of the African continent.

In this volatile sociopolitical environment the banking and broader financial services industry has undergone and continues to experience unprecedented levels of change. The competitive environment has shifted substantially and only those organisations that remain focused on digital innovation, competitive use of data and excellence in client service are likely to survive.

The fast-changing pace of technology, which is in part driving different client needs, has revolutionised the face of banking. Digitisation is a key element in fulfilling client experiences and presents significant opportunities for operating efficiencies and safety enhancements in respect of banking platforms. Data and analytical capability, together with fast turnaround times to market, will be required to remain relevant.

This level of change, while disruptive, brings opportunities. The environment is requiring stronger inclusive growth, diversification of economies from the traditional to the new, innovation and agility to ensure that the Africa Rising narrative is not overshadowed by global politics.

NEDBANK TOO IS CHANGING

Nedbank Group is very well positioned to weather the current economic challenges and help our clients, stakeholders and country do the same. Despite this, we interrogated our role as an organisation across every level as a result of the changing landscape. I am excited to highlight some of the changes that we have undertaken to ensure that we continue to be a sustainable and thriving business into the future.

Our corporate purpose, **'to use our financial expertise to do good for individuals, families, businesses and society'**, goes to the heart of the way we do business at the bank. Making this positive difference is where we will need to focus much of our attention in the coming years.

Clients have always been at the heart of our business and we continue to cement this commitment by adding a client-centred value to our set of corporate values. We know that our clients and their needs and expectations of us are changing, and we are adapting our business model accordingly. This does require alignment with our values and the requisite behavioural shifts to ensure we are able to achieve the desired client outcomes.

As part of the change we are acutely aware that we need to be agile and innovative. I am incredibly encouraged by the vigour and culture of innovation that I see emerging across the organisation.

Nedbank is galvanised by work designed to transform our culture, evolving our brand essence and our business model with the intention of ensuring that we are well positioned for what is needed to remain relevant in a changing world.

Skilled people are at the heart of our business and are the source of our sustainability. Nedbankers are people who care about our clients, one another, our company and the society in which we live. They make Nedbank a great place to bank and work.

A WELL-GOVERNED BANK

During 2016 we once again engaged with our major shareholders through our governance roadshows. Consistent feedback on our risk and governance practices confirms that Nedbank is a well-governed bank with a strong risk management culture. Both the Nedbank board and the Nedbank executive, as the leaders of this great company, agree that building on this position is a great way to deliver on our promises to our millions of existing and future clients.

The board still has work ahead as we deliberate intensely on key issues such as ensuring that we remain well positioned in a tough macroeconomic environment. Our commitment to Africa and our confidence in a positive future for the continent go to the heart of our deliberations in our strategic alliance with Ecobank Transnational Incorporated (ETI). Although ETI did not perform to expectations, it represents 3,4% of our market capitalisation. Notwithstanding, our board and executive are acutely focused on ETI and the potential of extracting appropriate levels of value over the medium to long term.

As a board we are meaningfully engaged on the topic of executive remuneration, mindful of the public discourse on the matter, and already refocusing on the principles in this regard.

I am also pleased to report that the Old Mutual managed separation, as detailed in the Chief Executive review on page 26, is proceeding smoothly. Nedbank as an investment offers good growth and return prospects, which will continue to be attractive for new and existing investors after the managed separation.

RESPONSIVE AND RESPONSIBLE LEADERSHIP

SA's banking industry is still firmly within the top global rankings, thanks to its sound and secure banking and regulatory systems. This is not something we should take for granted and we must continue to work tirelessly to maintain this global confidence in our financial services systems and structures.

We are therefore concerned about an ongoing negative narrative about key institutions, including banks, in our society. At Nedbank we do not shy away from this debate. An integral part of our business strategy is focused on active corporate citizenship and proactive involvement in our communities.

We will continue publicly to highlight the important role that key institutions, including banks, play in creating an environment that is conducive to higher levels of inclusive growth. We also continue to take cognisance of the importance of banking regulation in ensuring that banks play their part in the domestic and global fight against corruption.

We are keenly aware that millions of SA citizens lack access to decent education, formal-employment opportunities, sufficient food, clean water and sanitation, safe and affordable transportation, suitable housing, modern healthcare and financial services. The magnitude and complexity of these structural inequalities in our society have resulted in increasing discontent, and at Nedbank we will continue to play a leading role in working

with our social partners in finding solutions to these challenges so that we create a better life for all South Africans.

Responsive leadership requires a concerted and collaborative effort from all stakeholders in our country. In this regard the silver lining to the negative events that we have seen in SA in recent months is that they have served as a catalyst for real collective positive action by SA businesses, labour and government organisations, individuals and communities. Initiatives such as the collective R1,5bn SME Fund and other programmes of its kind will start to show tangible results in the area of inclusive growth. This kind of leadership also requires that we make space for diverse voices – especially of the youth and the marginalised – to be heard and understood.

Nedbank's commitment to remaining relevant in a transforming society is a business imperative and goes beyond regulatory compliance. By focusing on the economic empowerment of our staff, clients, business partners and suppliers from designated groups we have retained our level 2 broad-based black economic empowerment (BBBEE) rating for the eighth consecutive year. While we recognise that there is more to be done, Nedbank was recognised as the most empowered company in the Financial Services Sector in terms of the JSE Top 10 Most Empowered Companies Empowerdex Survey.

Our empowerment financing model encompasses a holistic approach to delivering economic opportunities and ranges from the provision of funding for transformational infrastructure projects to affordable housing, black agriculture and black small and medium enterprises and BBBEE transaction financing.

In 2016 Nedbank was honoured as a Legend of Empowerment and Transformation at the 15th Annual Oliver Empowerment Awards. The award recognises our outstanding achievement as a top empowered company in the financial services sector for fostering the spirit of empowerment and becoming a leader of transformational change in SA.

APPRECIATION

I would like to express my gratitude to our Chief Executive, Mike Brown, and his executive team, my fellow boardmembers and the 32 401 Nedbank staffmembers for their commitment to building a bank that is future-fit, competitive and a formidable force for good.

In conclusion, Minister Pravin Gordhan in his 2017 budget speech said: 'Transformation must unleash growth, establish a new economic direction, mobilise investment, empower the masses and create new resources for social change.'

We, as Nedbank, are well positioned for this challenge and to play our part in fostering radical social and economic transformation of this kind for the benefit of all in our society.

VASSI NAIDOO

Chairman

Our summarised five-year track record

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Rm	Five-year CAGR ¹ %	2016	2015
Net interest income	7,9	26 426	23 885
Impairments charge on loans and advances	(3,1)	(4 554)	(4 789)
Income from lending activities	11,5	21 872	19 096
Non-interest revenue	8,8	23 503	21 748
Total operating expenses	8,4	(28 366)	(26 110)
Indirect taxation	12,9	(927)	(783)
Share of profits of associate companies and joint arrangements		(105)	871
Headline profit before direct taxation	12,9	15 977	14 822
Direct taxation	12,7	(3 985)	(3 550)
Non-controlling interest	7,5	(527)	(441)
Headline earnings	13,1	11 465	10 831
Economic profit (Rm)		1 565	2 525
Share statistics			
Earnings per share:			
– Headline (cents)	11,9	2 400	2 284
– Diluted headline (cents)	11,9	2 350	2 242
Dividends/distributions:			
– Declared per share (cents)	14,7	1 200	1 107
– Dividend/distribution cover (times)	(2,4)	2,00	2,06

¹ Compound annual growth rate.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

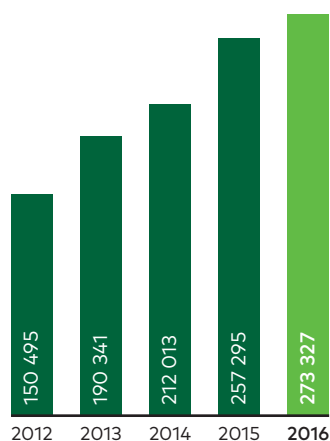
Rm	Five-year CAGR ¹ %	2016	2015
Cash and securities	14,2	179 744	172 002
Loans and advances	7,2	707 077	681 632
Other assets	6,9	79 201	72 092
Total assets	8,3	966 022	925 726
Total equity attributable to equity holders of the parent	9,1	75 733	74 754
Non-controlling interest	9,8	5 978	3 997
Amounts owed to depositors	7,8	761 542	725 851
Provisions and other liabilities	11,0	70 693	76 142
Long-term debt instruments	12,1	52 076	44 982
	8,3	966 022	925 726
Assets:			
– Assets under management	19,5	273 327	257 295
– Total assets administered by the group	10,3	1 239 349	1 183 021
Net asset value per share (cents)	8,0	15 830	15 685
Tangible net asset value per share (cents)	8,7	13 723	13 794
Key ratios (%)			
Return on equity		15,3	15,7
Return on equity (excluding goodwill)		16,5	17,0
Return on total assets		1,23	1,25
Net interest income to interest-earning banking assets		3,41	3,30
Credit loss ratio – banking advances		0,68	0,77
Non-interest revenue to total operating expenses		82,9	83,3
Efficiency ratio		56,9	56,1
Effective taxation rate		24,9	24,0

¹ Compound annual growth rate.

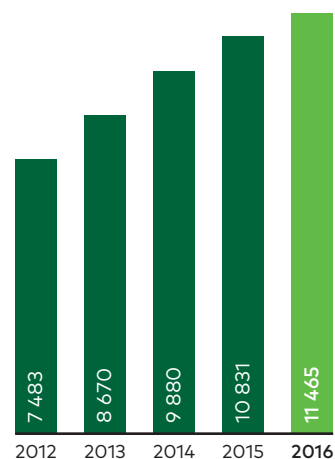
	2014	2013	2012
	22 961	21 220	19 680
	(4 506)	(5 565)	(5 199)
	18 455	15 655	14 481
	20 312	19 361	17 324
	(24 534)	(22 419)	(20 563)
	(635)	(601)	(561)
	161	27	
	13 759	12 023	10 681
	(3 487)	(3 033)	(2 860)
	(392)	(320)	(338)
	9 880	8 670	7 483
	2 112	2 114	1 521
	2 127	1 884	1 640
	2 066	1 829	1 590
	1 028	895	752
	2,07	2,11	2,18

	2014	2013	2012
	123 323	108 774	98 467
	613 021	579 372	527 166
	72 969	61 448	57 325
	809 313	749 594	682 958
	67 024	60 617	53 601
	3 887	3 719	3 774
	653 450	602 952	550 878
	49 314	49 038	44 407
	35 638	33 268	30 298
	809 313	749 594	682 958
	212 013	190 341	150 495
	1 021 326	939 935	833 453
	14 395	13 143	11 721
	12 553	11 346	9 989
	15,8	15,6	14,8
	17,2	17,2	16,4
	1,27	1,23	1,13
	3,52	3,57	3,53
	0,79	1,06	1,05
	82,8	86,4	84,2
	56,5	55,2	55,6
	25,3	25,2	26,8

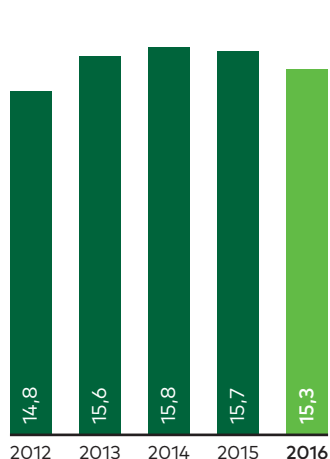
Assets under management
(Rm)



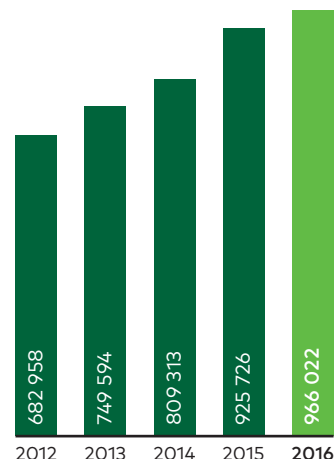
Headline earnings
(Rm)



Return on equity
(%)



Total assets
(Rm)



For more information on key judgements: Associates, Impairment of loans and advances, Valuation of financial instruments held at fair value, Taxation exposures and related provisions, refer to the Nedbank Group Annual Financial Statements.

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 communities.

Our values

- **INTEGRITY**
Being honest, trustworthy, consistent and transparent in all our actions and decisions.
- **RESPECT**
Recognising the inherent worth of every individual and treating everyone with dignity.
- **ACCOUNTABILITY**
Being prepared to take ownership of and be held accountable for our commitments and actions.
- **PEOPLE-CENTRED**
Investing in our people and creating an environment that empowers our people to perform distinctively and to excel.
- **CLIENT-DRIVEN**
Creating value and delightful experiences for our clients that exceed their expectations.

Delivering value by delivering our purpose

Banks play an important role in facilitating economic growth. Being a diversified financial services provider, our purpose is to use our expertise to facilitate the movement of capital and flow of money from where it is to where it is required for the benefit of our clients, other stakeholders and society at large. It is through the considered meeting of societal needs that we do good to enable a thriving society, create long-term value and ensure confidence in the banking system and our brand.



Staff

Our staff are key to making Nedbank a great place to bank and work. 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.
- Developing our staff to further their careers and improve our services and products.
- Transforming to an inclusive society through employment equity and gender equality.
- Motivating and energising our workforce.



Clients

Clients remain the largest source of our deposits, which enable us to fund lending activities. Gaining more clients results in greater revenue growth, while sustainable banking practices and worldclass risk management mitigate against bad debts.

Value is created through ...

- Safeguarding deposits, investments and wealth, while growing returns.
- Providing credit that enables wealth creation, economic development and job creation.
- Facilitating transactions that are the backbone of economic value exchange.
- Enabling financial inclusion by providing access to affordable products to the previously unbanked.
- Providing financial education and advice.
- Developing innovative solutions that meet our clients' specific needs.

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

Shareholders and our broader stakeholder base

Value is created through ...

- Delivering value to our shareholders by increasing net asset value, dividends, share price and earnings.
- Contributing meaningfully to government budgets through our own corporate taxes, staff paying personal taxes and participation in buying government and public sector bonds.
- Embracing sustainable banking practices and regulatory compliance that enable a safe and stable banking system and a thriving society.
- Playing a meaningful part in the broader society as a procurer of goods and services, making a difference through our corporate social investment activities and positively transforming economies and society through our activities and our lending.



Nedbank Group

Value is created through ...

- Generating sustainable financial returns (while respecting environmental limits), enabled by growing revenues, managing risks within an acceptable risk appetite and managing our expenses wisely, while optimising our cost base.
- Maintaining a strong balance sheet, which contributes to a safe and stable banking system that instils confidence and protects against downside risk.



Our Long-term Goals, medium-to-long-term targets and Deep Green aspirations

Long-term Goals

To remain successful in banking over the long term, the socioeconomic context in which we operate, matters enormously. We understand that our future business prospects are greatly improved in a flourishing society. However, human needs must be served within the biophysical constraints imposed by our finite planet.

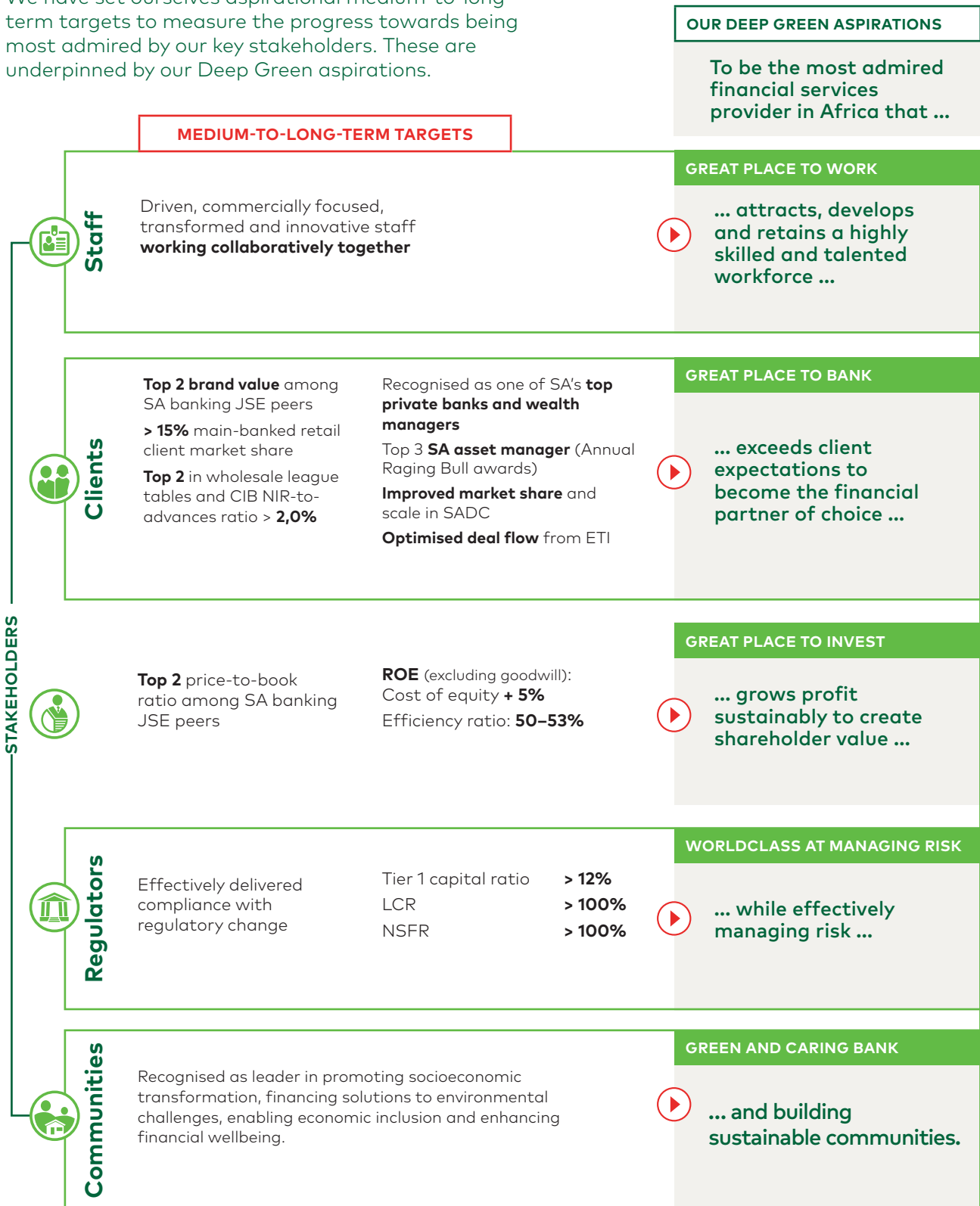
Nedbank's eight Long-term Goals for 2030 act as a useful strategic orientation tool, as well as an opportunity lens to identify unmet client needs and guide innovation. The United Nations Sustainable Development Goals (SDGs), adopted in September 2015, now provide for a universal agreement on development priorities. The SDGs and their associated targets and indicators remove much of the subjectivity that previously hampered the sustainability discourse, offering a much-needed objective assessment of the global development agenda, and a shared platform on which stakeholders may exchange ideas and create solutions. We believe that our Long-term Goals are compatible with the SDGs, and represent a useful subset to which we, as a financial services provider, can deliver a winning strategic response.

Our Fair Share 2030 strategy is designed to ensure that, over time, we use our financial expertise to contribute positively towards meeting the future growth and development needs of individuals, businesses and society. Going forward we will use the SDGs as the guiding framework for Fair Share 2030, as depicted in the figure below:



Medium-to-long-term targets and Deep Green aspirations

We have set ourselves aspirational medium-to-long-term targets to measure the progress towards being most admired by our key stakeholders. These are underpinned by our Deep Green aspirations.



CIB
NIR
ROE

Corporate and Investment Banking
Non-interest revenue
Return on equity

LCR
NSFR

Liquidity coverage ratio
Net stable funding ratio

Drivers guiding our strategy

Our strategy represents our commitment to do good for individuals, families, businesses and society through our financial expertise, thereby realising our vision of being Africa's most admired financial services provider by our stakeholders.

Our Deep Green aspirations, targets and Long-term Goals are achieved through the effective execution of our strategy. At the same time our strategy aims to mitigate the risks (that could diminish value) and exploit the opportunities (that present value) that are presented by our material matters.

Our material matters as described on pages 34 to 39 are shaped primarily through proactive engagement with external and internal stakeholders, the assessment of our competitive positioning, our unique strategic context and our operating environment.

OUR STRATEGIC DRIVERS EMBRACE VALUE CREATION

Our purpose

Creating value by using our financial expertise to do good for individuals, families, businesses and society

Our vision

Creating value by becoming Africa's most admired financial services provider

Our Long-term Goals, targets and Deep Green aspirations

Creating value by achieving our targets and aspirations

Our values

Creating value through the way we behave

Our strategic focus areas

Creating value by delivering on our strategies

Our strategic enablers

Creating value through key enablers that support the delivery of our strategy



Key trends – the environment in which we operate

Unprecedented and accelerated change has resulted in uncertainty and volatility on the political, economic, social, technological and digital, environmental and regulatory fronts.

Political and macroeconomic drivers

Global growth outlook remains lacklustre, with a slowing Chinese economy and nationalistic elements on the rise as evident in Brexit and the outcome of the US presidential elections.

Growth in SA economic output remains weak and confidence low. Political developments and lack of progress on policy reform have led to the ongoing risk of a sovereign-credit-rating downgrade. The rand remains volatile, increasing SA's risk premium.

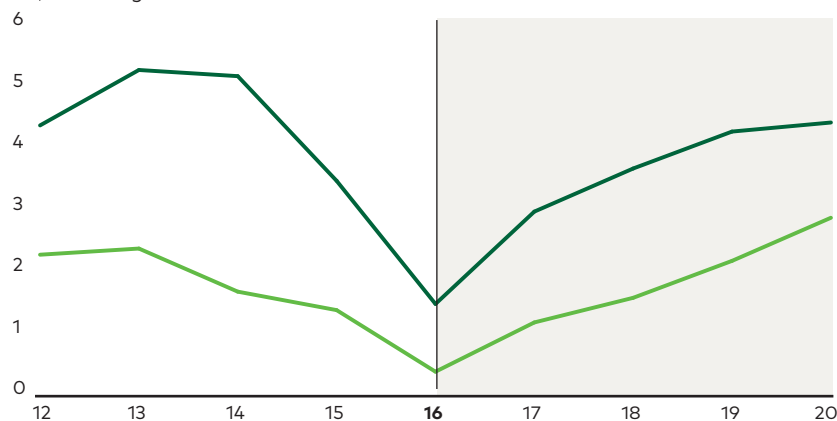
In the rest of Africa most economies are still struggling to address the structural and fiscal implications of lower commodity prices and accompanying lower growth. In the short term we expect continued pressure and volatility, particularly for those countries that are less diversified and overreliant on oil and resource-linked revenues. The timeframe of the 'Africa rising' narrative has become less certain, with varied schools of thought on how soon these economies could recover. In the longer term economic growth in the rest of Africa is estimated to be on a sustainable basis between three to five times that of SA.

GDP in SA is forecast to increase off a low base to 2,8% growth by 2020. This remains well below SA's growth potential to drive job creation and a favourable climate for investment. The International Monetary Fund (IMF) forecasts GDP growth in sub-Saharan Africa to be ahead of that of SA, but risks will remain in oil-exporting countries.

Economic growth in sub-Saharan Africa ahead of SA 2012–2020

(%)

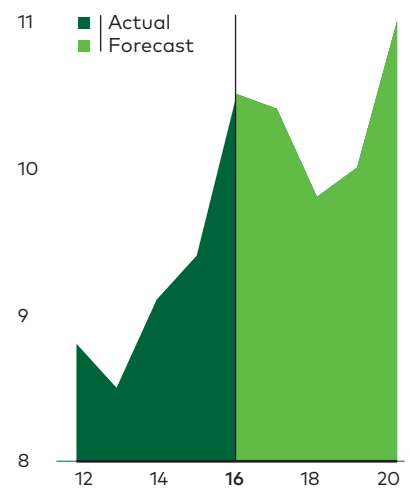
— SSA GDP growth
— SA GDP growth



SSA: sub-Saharan Africa

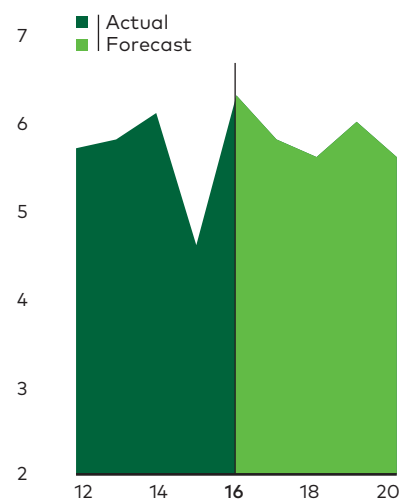
Interest rates in SA are at or close to their peak, and although the US will likely tighten monetary policy, we forecast a decline in domestic interest rates from the second half of 2017. This should benefit consumers.

SA interest rates still relatively benign



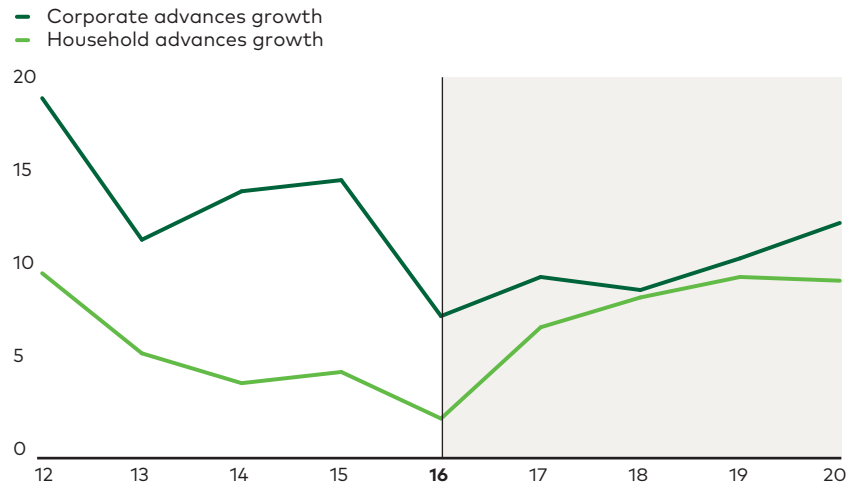
Inflation in SA remains at the top-end of the SARB target band of 3–6%, but should normalise into range in 2017.

Average SA CPI remains high



Growth in corporate advances is forecast to remain ahead of household advances growth. As interest rates decline, we expect an increase in the demand for retail advances from 2018 onwards.

Forecast corporate advances growth to remain ahead of household advances growth



Social drivers

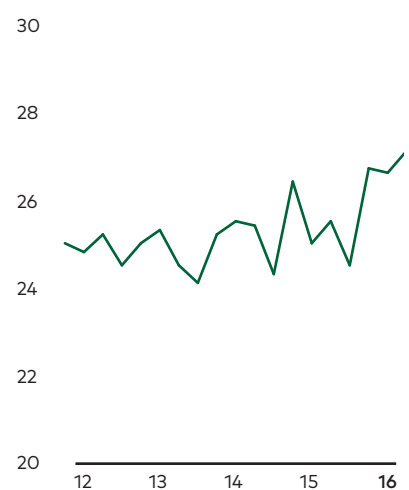
Despite decades of growth and rising income per capita in Africa, social, environmental and economic challenges, such as poverty, inequality, resource constraints and climate change, have persisted.

In sub-Saharan Africa, in particular, many of these issues are growing in both urgency and gravity.

- Millions of citizens lack access to formal employment opportunities, sufficient food, clean water and sanitation, safe and affordable transportation, suitable housing, basic healthcare, education and financial services.
- Skills shortages attributable to the poor outcomes of SA's educational system are a serious threat to economic progress. Skills retention and development are therefore crucial to improving our global competitiveness.
- The Fees Must Fall campaign reflects the financial pressure students face in financing their education. Many students lack financial support and cannot afford to continue with tertiary education, resulting in the large number of low-skilled workers in SA.

The transformation imperative and continued progress to a more equitable representation of the SA economy and workforce remain top of the agenda. To date, transformation has led to a broader and growing middle-market segment and increasing uptake of financial services and products.

SA unemployment rate (%)



Competitive drivers

Competition continues to intensify among financial services providers as both established and new entrants target the same client base. In addition, new entrants from other industries, such as telecommunications and financial technology (fintech), are entering the market.

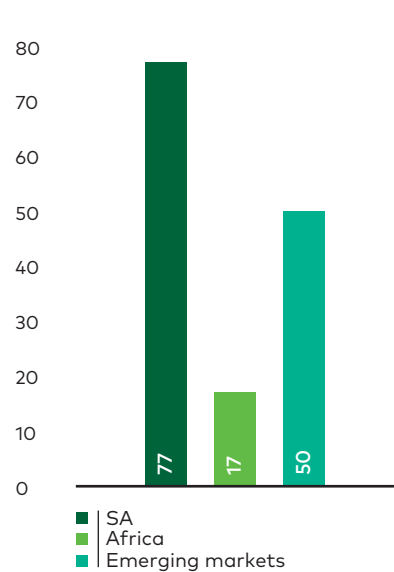
- Technological advances have enabled the entry of non-traditional players as they aim to cross-sell financial services to existing client bases. New entrants include online banks and payment facilitators, medical and insurance providers, microloan providers and virtual-payment and mobile-telephony providers, all offering an increasing array of financial products and services to the consumer.
- Competition is particularly evident in transactional banking across all client segments and in wholesale lending.
- International banks, which face regulatory pressures in their home markets, have been committing less balance-sheet-creating opportunities for SA wholesale banks.

Technological drivers

The Fourth Industrial Revolution is driving an exponential advancement of technology, forcing financial institutions to rethink the way they do business and choose to compete.

- New digital technologies are in the process of reshaping the value proposition of existing financial products and services and how these are delivered to and consumed by clients. Personalisation, convenience and security are top of mind as digital adoption outpaces prediction. It is estimated that over 90% of retail transactions in sub-Saharan Africa are cash-based, creating a significant opportunity for growth in digital banking in years to come.
- Megatrends, innovations and disruptive technologies include the integrated digital ecosystem (mobile-everything and 'always' online), the rise of fintechs, cloud computing, internet of things (IoT), big data and advanced analytics/ machine learning, blockchain technology, artificial intelligence and biometrics, to name a few.
- Africa's relative underdevelopment in digital innovation enables the leveraging of technological development in banking.

Retail banking penetration (%)



Source: Finscope.



Nedbank interactive ATM – a first for Africa.

Regulatory drivers

The global financial crisis brought the onset of increased regulation to ensure the soundness of banks and protect consumers, the most prominent of which are the Basel III regulations on capital adequacy, liquidity and risk data aggregation, anti-money-laundering (AML) regulations, the Retail Distribution Review (RDR), the National Credit Act and International Financial Reporting Standard (IFRS 9): Financial Instruments.

- Greater regulatory requirements have increased the cost of banking and led to a slowdown in loan growth, in turn affecting fixed-capital investment and economic expansion.
- Regulatory burden has resulted in global systemically important banks reducing their capital commitments and exposure to emerging markets.

KEY IMPLEMENTATION DATES FOR KEY REGULATION FROM 2016 TO 2020

Development (drafts to be released)

- Twin Peaks
- Treating-Customers-Fairly (TCF) and conduct risk
- Retail Distribution Review (RDR)

Calibration (workstreams/parallel runs)

- IFRS 9
- Net stable funding ratio (NSFR) (funding)
- Total loss-absorbing capital (TLAC) (capital)
- Risk-weighted assets (RWA) consistency/capital floors
- Foreign Account Tax Compliance Act (FATCA) and common reporting standards
- Anti-money-laundering (AML), combating the financing of terrorism (CFT) and sanctions
- Lighthouse privacy, [Protection of Personal Information (POPI)]
- Solvency 2

Implemented (phase-in basis)

- Basel III capital ratios (2013–2019)
- Basel III liquidity coverage ratio (2015–2019)
- Basel III net stable funding ratio (2018)
- Enterprise Data Programme (EDP) [Risk Data Aggregation and Risk Reporting (RDARR)] – Basel Committee on Banking Supervision (BCBS) 239 (2015–2019)

Environmental drivers

Protecting the environment and contributing to the development of sustainable food and energy resources are imperative. Without them we would compromise the ability of future generations to meet their needs.

- Globally, 2016 was the hottest year on record and the third successive year that a new record was established, causing devastating floods in some places and record-breaking droughts in others. The drought also negatively impacted the food and agriculture sectors, with a decade-low maize harvest leading to excessive prices and pushing up food inflation.
- The rapidly falling costs of new clean technologies in both the energy and transport sectors signal the start of one of the greatest industrial endeavours ever undertaken, given the implied rate and scale of change needed to meet global climate commitments, with billions of dollars being invested in this by governments and leading companies in the private sector.
- There is great contestation over SA's energy future. The draft Integrated Energy Plan (IEP) and Integrated Resource Plan (IRP) published towards the end of 2016 are intended to provide the road map for energy investments up to 2040. Experts have indicated, however, that the IRP base case is neither the lowest-cost option, nor is it compatible with the country's international climate change commitments. In addition, concerns have been expressed around the affordability of nuclear energy, especially as the country must show fiscal responsibility to retain its investment-grade credit rating.

Our material matters

Our material matters represent the issues that have the most impact on our ability to create value. These change over time as new trends and developments shape the macro environment and our stakeholders' needs evolve. We determine our material matters through the following process:

This process prioritised six material matters that are interrelated and inform our strategic focus areas. As a financial services organisation, our impact on the economy, society and the environment through the financial solutions we provide is material and is included within the boundaries of our reporting.

Refinement in 2016

In 2016 we refined our material matters in line with changes in the macro environment and the needs of our stakeholders. 'The changing relationship between business, government, labour and civil society' was added as an additional focus for 2016 and beyond.



Assess the material matters continuously to ensure that our strategy remains relevant.

Assess



Apply

Apply the material matters lens to inform our long-term business strategies and targets as well as short-to-medium-term business plans.



Identify



Identify all issues that have the potential to impact our earnings sustainability and the ability to create value for our stakeholders. The process of identifying potential material matters is a groupwide responsibility requiring input from all business units and divisions, and taking into account input and feedback from all our stakeholders. Areas of potential impact that are assessed include financial, environmental, social, strategic, competitive, legislative, reputational and regulatory matters (including policy matters).



Rank

Rank the issues identified according to greatest relevance and highest potential to impact significantly on the viability of our business and relationships with stakeholders. While this is a collaborative effort, our Group Executive Committee assumes responsibility for approval of the material matters prior to their endorsement by the Group Transformation, Social and Ethics Committee, a board committee of the board, and finally the Nedbank Group Limited Board.





Volatile and uncertain socioeconomic environment characterised by slower growth and rising inequality

As a universal bank, we are deeply connected to and interdependent on the macroeconomic environment. Our ability to create value is dependent on key economic drivers, our response to them and their impact on our stakeholders.

GDP growth – Forecasts suggest muted growth for SA, with upside in the rest of Africa in the medium to long term. This drives consumer spending (retail banking) and public and private sector investment (wholesale banking), which make banks ideally placed to act as facilitator.

Interest rates – Changes in interest rates affect bank margins and are correlated to endowment income, which increases as interest rates rise and decreases as they fall. At Nedbank endowment is viewed as a natural economic hedge against rising interest rates, whereby an increase in endowment income partially offsets the impact of an increase in bad debts that occurs later in the cycle.

Inflation – An increase in inflation driven by rand weakness, the effect of drought on food shortages and higher administrative costs, among others, impact the disposable income of consumers and the growth of business operating expenses.

Employment – Along with interest rate increases, unemployment is the primary threat to bad debts, while job creation drives economic growth and greater financial inclusion. Unless GDP growth picks up to > 3%, we are unlikely to see meaningful job creation.

THE IMPACT ON VALUE CREATION

- The tough economic environment increases financial pressure on our clients, leading to lower levels of credit demand and transactional banking activity – this is particularly prominent in the retail and small-business segments of the market. Retail clients have remained highly indebted since the financial crisis of 2008, compounded by the recent increase in interest rates, higher inflation and administrative costs, as well as high unemployment levels. Lower oil prices, feeding into lower inflation, proved beneficial to consumers in 2016, although transactional activity is slowing, particularly in the entry-level segments.
- In our wholesale business, our clients experience lower demand, delays in infrastructure investment, lower resource prices and electricity constraints, while the longer-term investment appetite in SA remains muted. Pockets of growth in infrastructure, the rest of Africa and merger and acquisition activity are ongoing opportunities.
- For banks this uncertain economic environment has a negative effect on earnings growth potential and capital generation, while increasing the risk of higher levels of bad debts and the cost of funding.
- Transformation of the energy sector globally offers large opportunities for industry, manufacturing, infrastructure and finance.



Disruptive technologies, disintermediation and increased competition

Increased competition for transactional clients and share-of-wallet

means that banks must invest more to defend their competitive advantages while providing 24/7 client service, innovating more rapidly and pricing more competitively – this is relevant across retail and wholesale clients. Consumer behaviour has changed, accentuated by the tough economic environment. In addition, a high unemployment rate shrinks the economically active client pool that everyone is competing for. Clients are often multibanked with technologically sophisticated banking requirements as a result of an increased awareness of the various bank offerings, quality of service and pricing.

The digitisation of banks means that technological developments feature centre stage in banking, including embracing and leveraging mobile technology, fintech partnerships, cloud computing, big data, advanced analytics/machine learning, blockchain technology, artificial intelligence, robotics and biometrics.

THE IMPACT ON VALUE CREATION

- Competition and disintermediation erode revenues. However, they force companies to continue to innovate to remain relevant and competitive, especially in the digital age, and this will be beneficial to clients.
- New technologies provide opportunities to disrupt the market by creating new revenue streams, lowering the cost to serve and delivering general cost efficiencies.
- Banks (who have scale) are increasingly partnering with fintechs, who enable faster delivery to market of new innovations.



Increased demands on governance, regulation and risk management

Given trends in international financial markets, **the risk of potential penalties and fines due to non-compliance has increased** in SA and elsewhere in Africa.

Recent investigation into alleged collusion in currency trading activities highlighted the increased focus on this material matter, with Nedbank being one of the two large SA banks not implicated.

SA's implementation of the Twin Peaks regulatory framework and increased focus on consumer protection will continue to place new demands on financial services organisations. The caps on credit life pricing, lower caps on lending rates, limiting of interchange fees on card transactions, introduction of the liquidity coverage ratio, evolving capital requirements and net stable funding ratios are examples of regulatory changes being adopted.

THE IMPACT ON VALUE CREATION

- Increased regulation has created greater complexity and higher compliance costs for financial services providers. The increase in cost of funding, the NIR decrease and the spend on staff and IT capability to implement and manage the regulatory requirements increase the time to deliver innovative and competitive products.
- We continue to support governance and regulatory frameworks, as these ensure that value in the systems is protected. The frameworks have also made it possible for SA's banking sector to be rated among the top 10 globally in the latest World Economic Forum Global Competitiveness Survey. Our governance and compliance track record is sound and reasonable, and we fully support sustainable banking practices.



Managing growth opportunities vs risks in rest of Africa

The rest of Africa presents longer-term growth opportunities for Nedbank, albeit at a higher cost of capital and cost of risk, and requiring upfront investment. As GDP growth in SA remains muted, the rest of Africa provides a longer-term growth opportunity. Our growing African client base and our SA clients entering the rest of Africa seek to benefit from one-stop financial services solutions.

Shareholders, on the other hand, seek exposure to this higher-growth region through investment in well-managed SA banks that follow a risk-mitigated, capital-efficient approach.

THE IMPACT ON VALUE CREATION

- With Nedbank having strong, specialised skills and our complementary strategic partnerships through Ecobank, Bank of China and Old Mutual, we are in a strong position to play a key role in funding and structuring infrastructure and capital-intensive projects, as well as leveraging incountry and crossborder banking opportunities. However, we have to participate cautiously, as the environment remains uncertain in the short to medium term and is likely to be volatile over time.
- In the short to medium term banks operating in West Africa will be impacted by weak economic conditions and currency weakness, particularly in Nigeria. This will be evident in revenue pressures and higher bad debts. For Nedbank this is evident in the financial performance of ETI.



Transformation of society within environmental constraints

Our planet faces massive economic, social and environmental challenges. These include climate change, income inequality, unemployment, growing disease burdens and food security concerns. The effects of these are increasingly being felt through natural disasters, volatility in commodity prices, social upheaval and governments responding with increasing regulations.

THE IMPACT ON VALUE CREATION

- The UN Sustainable Development Goals (SDGs) represent an unprecedented road map for the transformation of society within environmental constraints. As reflected in our Long-term Goals, they represent a framework to orientate our strategy and identify how we can use our financial expertise to contribute positively in addressing the needs of individuals, businesses and society.
- The SDGs also help to create a common platform for dialogue and cooperation between governments, business and civil society stakeholders.



Scarce and evolving skills requirements

Banks are large employers within the financial services sector and we require highly skilled employees to deliver the services our clients expect.

With highly skilled employees becoming increasingly expensive to recruit and with little evidence that pay correlates with performance, banks are increasingly recruiting and training staff from a broader talent pool and retaining them in new ways. We therefore need to invest in attracting, retaining and developing the skills we need to grow our businesses, because the right people with the right skills are essential for the delivery of our strategy.

We are also acutely aware of the importance of a well-educated labour force for the country's success. SA's economy is plagued by very high levels of unemployment and we continue to struggle to produce graduates from a high proportion of secondary-level students. The challenges in higher education are even greater, with only a relatively small number successfully completing tertiary studies. The pressure on the higher-education sector is being compounded by affordability concerns, which have led to mass protests on campuses throughout 2016. Nedbank is committed to playing a positive role in addressing these problems and a groupwide task team was created in 2016 with the aim of developing a tertiary-funding strategy that combines external and internal funding with innovative products and processes, such as crowd funding, securitisation and blended lending.

THE IMPACT ON VALUE CREATION

- Playing our role in providing affordable financing, bursaries and education support through our foundation remains top of mind for Nedbank. Nedbank has taken a leadership position in transformation and we continue to place this high on our agenda, given our goal to stay at the forefront of transformation.
- Our staff and corporate culture are key competitive advantages and differentiators. We measure staff entropy to understand the level of engagement within the group, while seeking to create a closer fit between the existing and ideal culture.
- There will be an increased expectation on large corporates, such as Nedbank, to offer internships to previously unemployed youth as part of the Youth Employment Scheme (YES initiative) agreed between leading CEOs and the government. Part of the YES initiative will be a package of incentives to enable this take-up.



Changing relationships between business, government, labour and civil society

The ongoing weak economic conditions, high levels of unemployment and events around Nenegate have spurred **business, government, labour and civil society to work together to avert a sovereign-credit-rating downgrade**. Government, business and labour all understand the imperative to reduce these to ensure a better life for all.

THE IMPACT ON VALUE CREATION

- The knock-on impact of a sovereign-credit-rating downgrade will be felt most by the poor as inflation increases on the back of a weaker currency.
- Working together towards a common goal, though, will assist the SA economy in reaching its full potential and reducing inequality and poverty.
- The value-adding outcomes to date include: R1,5bn committed by the private sector for investment in small enterprises; a pledge by companies to offer internships to one million young workseekers; considerable investment in the Renewable Energy Independent Power Producer Procurement programme that has led to 2 500 MW of energy generation; and the improvement of some state-owned enterprises' governance.
- In addition, government has budgeted over R987bn for infrastructure development in terms of the medium-term expenditure framework.



Introducing MTN Zakhele Futhi.

Now is the time to plant seeds for the future.

Prospectus

A copy of this prospectus has been registered with the Companies and Intellectual Property Commission as required by the Companies Act 71 of 2008, as amended.

This prospectus and the documents referred to in paragraph 3 of section 4 of this prospectus were attached to the copy of the prospectus which was filed for registration with the Companies and Intellectual Property Commission.



Working together across all our businesses to find innovative solutions for our clients






The MTN Zakhele Futhi BBBEE deal is a good example of how businesses from across the group work together when having a common strategic goal to deliver innovative solutions to our clients.

Nedbank has always aspired to be at the forefront of transformation, as is evident from our leadership in launching our own BBBEE deal in 2005. In line with this and building on our long-standing relationship with MTN Group, we were successful in leading an integrated, bespoke solution to facilitate the implementation of MTN's new R9,9bn BBBEE scheme, MTN Zakhele Futhi.

This integrated solution demonstrates our ability to advise on, structure, manage, fund and distribute highly complex solutions for our clients, and has further strengthened our partnership with MTN. Nedbank is proud to have been part of this landmark follow-on BBBEE transaction and will continue to act as a key enabler and supporter of BEE principles.

Our strategic focus areas

Our strategy is primarily aimed at creating value for all our stakeholders and is defined by our five key strategic focus areas of:

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

DURING THE YEAR WE REFINED OUR STRATEGY IN LINE WITH THE CHANGE IN MATERIAL MATTERS

The table below highlights the areas and levels of correlation between material matters and our strategic responses (to the risks and opportunities). The material matter 'Volatile and uncertain socioeconomic environment characterised by slower growth and rising inequality' has one of the highest correlations to almost all our strategic responses, as a bank's performance is strongly linked to the environment in which it operates.

	Delivering innovative market-leading client experiences	Growing our transactional banking franchise faster than the market	Being operationally excellent in all we do	Managing scarce resources to optimise economic outcomes	Providing our clients with access to the best financial services network in Africa
Volatile and uncertain socioeconomic environment characterised by slower growth and rising inequality	M	H	H	H	H
Disruptive technologies, disintermediation and increased competition	H	H	H	M	H
Increased demands on governance, regulation and risk management	H	M	H	H	H
Managing growth opportunities vs risks in the rest of Africa	H	M	H	H	H
Transformation of society within environmental constraints	M	M	M	H	M
Scarce- and evolving-skills requirements	H	M	H	H	H
Changing relationships between business, government, labour and civil society	M	M	M	H	M

 High  Medium

Value is created for Nedbank through revenue enhancement, cost optimisation, risk mitigation and balance sheet optimisation. Below we illustrate the key value driver of each of our strategic focus areas:

	Delivering innovative market-leading client experiences	Growing our transactional banking franchise faster than the market	Being operationally excellent in all we do	Managing scarce resources to optimise economic outcomes	Providing our clients with access to the best financial services network in Africa
Revenue enhancement	██████████	██████████		██████████	██████████
Cost optimisation	██████████		██████████	██████████	██████████
Risk mitigation		██████████	██████████	██████████	██████████
Balance sheet optimisation		██████████		██████████	██████████

Delivering innovative market-leading client experiences

We acknowledge that client preferences are unique and fast evolving and continue to challenge us to use our financial expertise to do good and see money differently. To be relevant there is a continuous need for us to understand, anticipate and timeously deliver client experiences that exceed expectations. This is central to all our strategic focus areas, because innovation – whether technology is a driver or not – is a key to retaining existing and attracting new clients, which drives revenue growth. This is a strategic focus area primarily in response to the material matter 'Disruptive technologies, disintermediation and increased competition'.

HOW DOES IT MAKE US DIFFERENT?

The evolution of the banking landscape and technology has resulted in the refinement of our digital strategy. Initiatives are focused on innovative solutions and client education using leading user experience design.

We are recognised for our market-leading digital innovations, such as GAP Access™ (a cash advance solution for merchants based on their point-of-sale device turnover), CIPC Online (an integrated business registration and account-opening service available through nedbank.co.za), Nedbank Masterpass™ (a mobile payment solution), MyPocket (a savings pocket that can be linked to a client's transactional account, allowing the client to manage spending and saving more easily) and NetBank Business mobile enhancements, with Nedbank being the only local bank offering a business banking application on both tablet and smartphone devices. Other innovations include further enhancements to Masterpass™, which is now enabled to transact over SnapScan QR codes, as well as our market-leading Instant Bond Indicator, which allows potential home loan applicants an almost immediate response on their home loan request. Digital client experience was enhanced through introducing contracts for difference (CFDs) on our online stockbroking platform. Nedgroup Investments launched a new online 'Invest with us' tool, which allows investors to follow a simple six-step process to open a new account at their convenience. Other digital enhancements include allowing existing investors to update personal details, open accounts, transact, perform switches and facilitate withdrawals through their secure online profiles. Nedbank Insurance's QuoteMe functionality was introduced for funeral and personal-accident solutions on both the web and mobile channels.

Internally, innovation is increasing the efficiency and cost-effectiveness of our structures, systems and processes, which ultimately benefit our clients.

REFLECTING ON 2016 AND LOOKING AHEAD

- We have made good progress on all aspects of client-centred innovation and service, enabled by streamlined processes and a strong emerging culture of innovation, although much more needs to be done. This is evident in the quantum of digitally active new clients increasing 73,6 % to 1,4m. The launch of the Digital Fast Lane as an enabler (described on page 49) will accelerate delivery of market-leading digital experiences.
- Our strategy aims to deliver delightful client experiences. We continue to focus on simplifying banking interactions to ensure easy, consistent and satisfying client experiences across all channels. We are paying special attention to identifying and removing client 'pain points' and elevating the client experience through innovation, enhanced self-service and new value-added functionalities. Our approach has been enabled by our accelerated progress in leveraging digital capabilities.
- There is an ongoing rollout of new format outlets that are more effective sales and servicing channels due to technologies such as video banking and internet kiosks, which will create further capacity to manage our increasing client base and has reached 44% of all outlets. We target to convert 82% of our outlets by 2020.
- Our being one of SA's most respected brands and our being ranked eighth in SA by Brand Finance (fourth among all banks) was supported by a BrandsEye study that, through analysis of social media activity relating to SA's big five banks, found that Nedbank drew the least amount of negative sentiment and second-most positive feedback (ahead of all the large SA banks). The launch of a new Nedbank brand identity in 2017 is described in more detail on page 50 as part of Brand 2020 – a key strategic enabler.
- Through our Fair Share 2030 strategy we enabled R2,3bn of lending to clients in the areas of embedded renewable energy and student accommodation.
- To enhance our digital client experience in the rest of Africa we implemented mobile banking in Namibia and Swaziland and further increased our mobile value-added services in Namibia.

CASE IN POINT

Nedbank interactive ATMs

Value for clients: The Nedbank interactive ATM, which is the first of its kind in Africa, adds value for our clients by using video capability to link a client to a teller, who is located in a contact centre, to perform transactions. This allows transactions to be processed after traditional banking hours. The interactive ATM also extends the Nedbank self-service offering, enabling the seamless completion of transactions without clients having to visit a branch. Some examples include instances where clients complete large withdrawals and deposits and require their ATM limits to be increased, or when clients wish to complete cash withdrawals without having their cards present.

A further benefit revolves around active staff assistance to clients who may be battling to navigate a transaction. Interactive ATM transactions are simple and easy. Client authentication is done electronically and requires no 'paper' intervention. The interactive ATM will give clients access to a range of broader banking services at an extended number of locations across SA.

Value for Nedbank: There are numerous benefits, including the ability to extend self-service functionality to our clients, which in turn shifts basic services from our branches to self-service devices, resulting in a reduced cost to serve and improved efficiencies (eg more banker time available to spend on value-adding activities with our clients). When fully implemented, the functionality will also assist in reducing the need for physical staffing in remote areas. The interactive ATM can also extend Nedbank's reach into areas previously not served.

Growing our transactional banking franchise faster than the market

Our strategy to grow our transactional banking franchise faster than the market is driven by increasing our main-banked market share and deepening our share of wallet with new and existing clients. There is significant room to grow our approximately 11% retail main-banked market share to more than 15%, and similarly our share in wholesale businesses, although this is more difficult to measure against peers given the absence of independent industry benchmarks.

This is to be achieved in RBB by playing a leading role in a fully digitally transformed RBB that delivers delightful client experiences, simpler processes and cost-effective operational excellence. The rising middle market is our key target market, showing the highest economic potential, greater propensity to switch and the fastest growth rate. We will be driving this strategy through our focused four levers for 'Winning in Transactional' by 2020, namely Digital First, First in Digital, disruptive client value propositions (CVPs); loyalty and rewards and sales and service excellence.

In the wholesale market we are focusing on continuing to improve client coverage and further deepen client penetration, enabled by improved client insights through data integration, and greater collaboration between business units after the integration of Nedbank Corporate and Nedbank Capital into CIB.

HOW DOES IT MAKE US DIFFERENT?

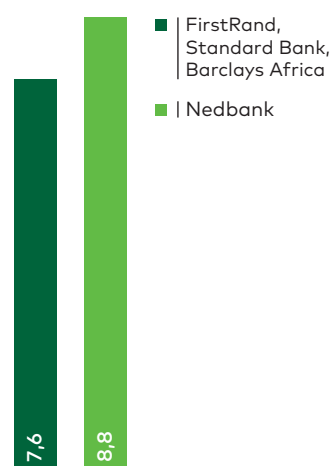
Nedbank has built a track record of delivering on this strategic focus area, growing NIR at or above the SA industry average over an extended period. The exception was in 2014, when we deliberately kept our bank fees at 2013 levels and reduced fees for SME and business banking clients.

We have increased our focus on the retail middle market and our historical focus of growing youth and entry-level clients will benefit us in future as they migrate into the middle-market segment. In the wholesale bank the integrated CIB enables better client coverage, while we leverage our strong position in wholesale lending to increase opportunities for cross-sell. Across our businesses we are adopting a more focused and urgent approach to full digital transformation, supported by our new strategic enablers described on pages 48 to 49.

REFLECTING ON 2016 AND LOOKING AHEAD

- Retail main-banked clients grew 3,0% in 2016, with a 6,3% increase in middle-market clients. Growth in retail deposits remains a key focus area and we were pleased with our increase in household deposit market share to 18,7%, which is enhancing economic profit and is beneficial for NSFR compliance.
- Nedbank Private Wealth onboarded more than 1 200 local and international new high-net-worth clients and CIB gained 39 new primary clients.
- In CIB our NIR-to-advances ratio – a key indicator of cross-sell and ability to leverage our strong balance sheet to grow NIR – increased to 2,1% from 2,0% in 2015, above our target of > 2,0%.
- Growing our transactional banking franchise faster than the market will remain our primary focus going forward, and, despite a tougher macro environment, we believe we are in a good position to gain share of main-banked clients. Our NIR-to-expense target of > 85% therefore remains achievable over the medium to long term.

Nedbank NIR five-year CAGR vs peers



Being operationally excellent in all we do

Simplifying, rationalising and continuously improving our processes and operations save costs and allow us to invest in our franchise and unlock new growth opportunities. Saving costs becomes more important in a tougher macroeconomic and more competitive environment, but operational excellence also provides benefits to clients, as client experiences are enhanced through simplification and optimisation. Our IT system stability is an example of differentiation enabled by operational excellence to ensure client satisfaction.

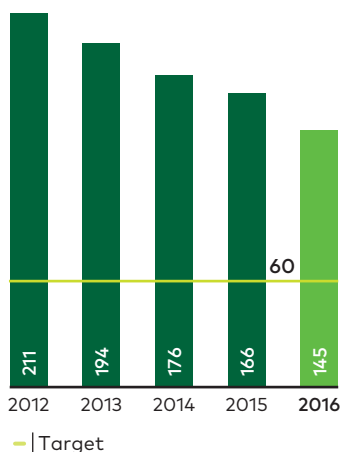
HOW DOES IT MAKE US DIFFERENT?

Our ability to manage our cost base through the years has been an outstanding feature and is acknowledged by the investment community. Our Managed Evolution IT strategy reduces the risk relating to large-scale system implementation and provides systems stability while enabling better control over our expenses. Digitisation of the bank and the revision of our operating model will assist in unlocking efficiencies and providing a more integrated client experience over time.

REFLECTING ON 2016 AND LOOKING AHEAD

- We have done well to unlock synergies in an environment of revenue pressure. In 2016 we reduced branch floor space by 5 000 m² (with a cumulative target of > 30 000 m² by 2020) and unlocked benefits for Nedbank of more than R250m from our arms' length collaboration programme with Old Mutual South Africa and Mutual and Federal.
- We reduced core systems by 106 from 251 systems since inception and are well on our way to reach 60 over the next few years. This will enable reduced licence fees, maintenance and complexity, although upfront investment is required. IT cashflow spend of R2,0bn in 2016 was well controlled.
- These initiatives, along with revenue growth strategies, will help us to improve our cost-to-income ratio from 56,9% to our medium-to-long-term target of 50% to 53%.
- Through various cost optimisations we realised R599m of efficiency savings.
- Our operating-model review, described on page 48, is currently expected to generate pretax benefits of approximately R1,0bn by 2019.

Core IT systems



CASE IN POINT

Operational excellence adding value to our clients

Nedbank provides relationship banking services to our 100 000 affluent clients (also termed 'professionals') and 247 000 small businesses and business owners through the Retail Relationship Banking (RRB) business. As part of our value proposition, clients have access to a dedicated banker who can facilitate their needs across the bank and ensure that they benefit from tailored credit decisioning while enjoying preferential rates on both investments and loans.

To deliver this value proposition consistently it is critical for bankers to have a full view of their clients' dealings with Nedbank, to keep track of the clients' interactions and requests, as well as to store relevant insights into the relationship for reuse in future engagements.

In 2016 a new client relationship management tool, EPIC, was developed with this in mind. The tool leverages deep financial data analytics already developed for Retail (also referred to as the '4-cubed' model, given its four lenses of client, channel, product and geography), collates data from almost every product system in the bank and provides additional functionality for bankers to view their portfolio, to capture information and to action work queue items.

Key to the design of EPIC is a user experience that is intuitive, is quick to navigate so that information can be accessed in the moment, and has the functionality to talk to current pain points of our staff (and indirectly of our clients). Evidence of these principles having been delivered successfully is the quick adoption rate by bankers (all bankers using the system within the first month of its launch), positive feedback received from users (90% likes), and the fact that no system training had to be provided.

With EPIC, relationship bankers are freed up to spend more time on client matters, and line managers are now fully equipped to understand the content and the quality of engagements that take place, including the level of proactiveness from Nedbank in engaging with our clients.

With more functionality to be released in 2017 on this platform, Nedbank is well equipped to continue its growth trajectory in this highly competitive market and to deliver even better experiences for clients and staff alike.

Managing scarce resources to optimise economic outcomes

We seek to optimise our through-the-cycle ROE using proactive portfolio decisions such as judiciously managing groupwide allocation of scarce resources, including capital and liquidity for strategic and optimal financial outcomes.

HOW DOES IT MAKE US DIFFERENT?

Nedbank is widely acknowledged for taking early action in anticipation of industry challenges. This was particularly evident with regard to home loans and personal loans, which we grew selectively, improving asset quality and pricing. We believe that we have significantly reduced the risk in these books and expect that growth in the future will be within our accepted risk profile and will be driven by increased efficiency and innovation in the application process. This should also enable us to outperform the industry on credit loss ratio.

Our business model bias towards the wholesale market (> 60% of advances) positions us well in a tough consumer environment, and expertise in key sectors has enabled us to grow strongly in renewable-energy and infrastructure projects, commercial property and vehicle finance.

REFLECTING ON 2016 AND LOOKING AHEAD

- Strategic portfolio tilt, a focus of the group for a number of years, has delivered excellent results, particularly in the wholesale portfolios where Nedbank has gained share of market in funding initiatives, such as renewable energy and in vehicle finance where Nedbank, through MFC, has a unique positioning in secondhand lower-value vehicles. Our pipelines in our wholesale businesses remain strong. Nedbank grew market share across Basel III-friendly household and commercial deposits in line with our strategic objective.
- Derisking the home loan and personal-loan portfolios has been successful. These actions place the group in a strong position as we head into a more challenging environment, and have already contributed to the group's credit loss ratio outperformance. We anticipate growing more in line with the market going forward.
- Our financial performance as described from page 62 onward reflects the impact of ETI's loss and higher levels of cost of capital after bond yields spiked after Nenegate, offset by strong performance of our managed businesses.

PORTFOLIO TILT STRATEGY

Advances

Retail

Home loans

Backbook	▼
Frontbook	▲

Vehicle finance

Personal loans

< R5k/month segment	▼
Entry-level banking segment	—
Middle market	▲

Wholesale

Property finance

Domestic lending	—
Rest of Africa	▲

Investment banking

Corporate banking

Wealth

	▲
--	---

NIR related

Wholesale and retail transactional/primary clients	▲
Global markets (trading)	▲
Insurance	▲
Private-equity related	—

Deposits

Household	▲
Commercial	▲
Capital market	—
Short-term wholesale funding	▼
Foreign currency liabilities	—

▼ Slower than market growth

▲ Faster than market growth

— In line with market

Providing our clients with access to the best financial services network in Africa

We are positioned to give our clients access to a wide sub-Saharan African geographical financial services network and a compelling value proposition through investing in and expanding on our own Nedbank operations in the SADC and East Africa, and taking a partnership approach, through our 21,2% shareholding in ETI, in Central and West Africa. This approach will give our shareholders access to the faster GDP growth rates in the rest of Africa through a longer-term capital-efficient and risk-mitigated approach.

We have a strategy that is tailored for each region:

- SADC and East Africa – We want to own, manage and control banks. Our network presence in the SADC and East Africa now comprises banks in six countries and two representative offices in Kenya and Angola.
- Central and West Africa – We follow a partnership approach with Ecobank, in which we acquired a shareholding of 20,0% in 2014. Ecobank is the number-one bank in Ghana, is a systemically important bank in Nigeria and is ranked as a top-three bank by assets in 14 countries in Africa.
- Investment banking deals – We are leveraging our strategic relationships, expertise, skills and resources to build a rich deal pipeline in countries across the rest of Africa.

HOW DOES IT MAKE US DIFFERENT?

Our clients benefit from a bank with the largest banking network in sub-Saharan Africa, which is intended to provide them with a seamless banking experience. In addition, we are able to leverage off Ecobank's deep in-country knowledge. We have approached our expansion in a risk-mitigated manner by spreading risk across various countries, as evidenced in the portfolio.

In the context of a changing global regulatory landscape with more stringent regulatory requirements, banks in Africa are expected to comply with Basel III and AML requirements, among others. Nedbank Group's partnership approach with a minority shareholding in ETI mitigates risk from a regulatory compliance perspective. A 21,2% shareholding also mitigates, to some extent, the challenging macro environment given lower commodity prices and exchange rate volatility.

REFLECTING ON 2016 AND LOOKING AHEAD

- Our Africa strategy is expected to take time to deliver and is aimed at building sustainable returns for shareholders over the longer term.
- Operating in the rest of Africa has been challenging over the past 12 months and our financial performance has been a key disappointment, given the impact of equity accounting for our share of ETI's fourth quarter 2015 losses in the first quarter of 2016. In addition we raised a R1,0bn impairment provision against the carrying value of our investment in ETI.
- In the SADC we successfully implemented our core banking system in Lesotho and Swaziland, and on the back of that we are rolling out our mobile offering. On 1 October 2016 we increased our holding in Banco Único to 50% plus one share and have shareholding control. We increased our outlets by four branches and our ATMs by 14 during the year.
- Our market share in key SADC countries remains static and below our target. We expect this to increase on the back of our investments we would anticipate this to increase over time.
- Since the establishment of the alliance 198 accounts have been opened in 25 countries for 82 South African Corporates. We concluded three joint financing deals since inception of the alliance, however due to the tough macroeconomic environment in the rest of Africa there have been no new deals in 2016.
- Risks in the environment, driven by lower commodity prices and currencies, remain a key focus. We will continue to follow a disciplined approach to the allocation of financial resources to optimise portfolio returns and manage risks.
- Despite challenging macroeconomic conditions, which we currently expect to remain 2017 before improving in 2018 and beyond, the long-term growth potential of financial services in the rest of Africa cannot be overlooked. We therefore remain committed to our strategy and investments in the rest of Africa and continue to support ETI as our partner in Central and West Africa.

Flexcube implementation

Value for clients

The Flexcube core banking platform is highly configurable and flexible. We are building on this platform to offer our clients mobile solutions and enhance the wholesale electronic platform to be best in class. This will assist clients to take advantage of richer bundled products and services with simplified pricing structures. It will also allow for enhanced convenient digital banking providing convenient solutions such as prepaid electricity and airtime purchases and bills payment.

Value for Nedbank

The new system ensures the standardisation of the core banking platform among our subsidiaries to drive operational efficiencies and provide the added benefit of a faster time to market on innovations.

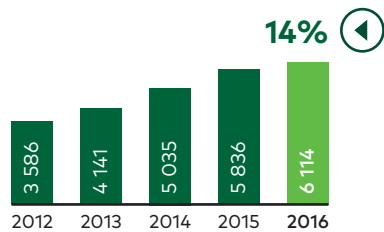
Implementation of Flexcube has resulted in the automation of many processes that were previously manual, eg bank-to-bank transfers.

Value for stakeholders

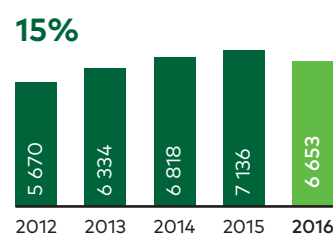
Nedbank is part of a greater socioeconomic ecosystem and we recognise that we are dependent on robust relationships with all other stakeholders. We appreciate the role of our stakeholders and are committed to nurturing impactful relationships that deliver mutual benefits.

$$\begin{array}{|c|} \hline \text{Net interest} \\ \text{income} \\ \hline \mathbf{R26\ 426m} \\ \hline \end{array}
 -
 \begin{array}{|c|} \hline \text{Impairment losses on} \\ \text{loans and advances} \\ \hline \mathbf{(R4\ 554m)} \\ \hline \end{array}
 +
 \begin{array}{|c|} \hline \text{Other banking} \\ \text{income} \\ \hline \mathbf{R22\ 035m} \\ \hline \end{array}
 =
 \begin{array}{|c|} \hline \text{Value added} \\ \hline \mathbf{R43\ 907m} \\ \hline \end{array}$$

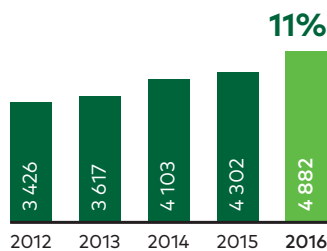
Dividends paid to shareholders
(Rm)



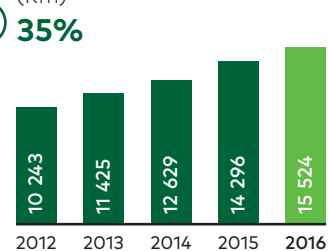
Retentions for growth
(Rm)



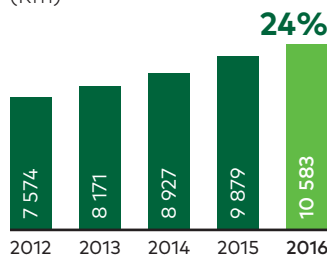
Government (taxes)
(Rm)



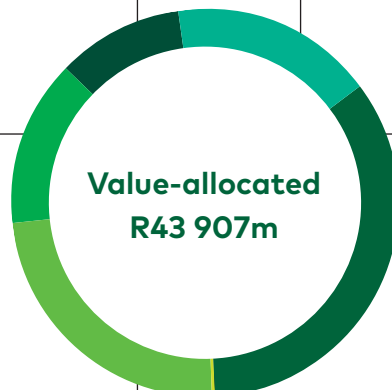
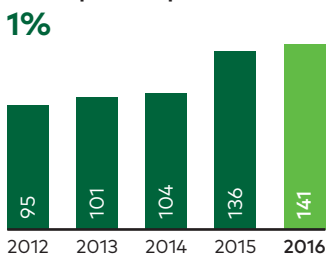
Staff expenses
(Rm)



Other expenditure
(Rm)



Socioeconomic development spend (Rm)



OUR STAKEHOLDER ENGAGEMENT FRAMEWORK

While the Nedbank Group Executive Committee (Group Exco) has ultimate responsibility for our group's stakeholder engagement efforts, the process of engaging with stakeholders is decentralised to form part of the operations of our various clusters and business areas.

Cluster-based stakeholder engagement is governed by a comprehensive group stakeholder engagement framework and policy, which include our corporate identity and communication guidelines. Each business area is required to report regularly on its stakeholder engagements through the Group Exco.

The following pages provide an overview of how we delivered value to our stakeholders in 2016 and prospects for value creation going forward.



Staff Investing in our staff

CASE IN POINT

Engaging with staff

Group HR together with Group Exco called for a Leadership Lekgotla in March 2016 to deliberate, discuss and decide on the type of leaders needed to drive the people strategy with a focus on engagement and dialogue, so that we could lead Nedbank to the desired culture while living the Nedbank Brand.

In March 2016 Nedbank hosted its first Leadership Lekgotla with 400 leaders from across the various businesses. This was preceded by focus groups attended by employees at all levels and from the various business entities. The lekgotla created the opportunity for Nedbank's leaders to discuss and decide on the type of leaders the bank needs to deliver successfully on its strategy.

The Leadership Lekgotla considered both the internal and external changes in the business environment and created tremendous momentum for the leadership of Nedbank to reposition itself. The lekgotla was designed around three key leadership conversations: strategy, brand and culture. Robust conversations led to the identification of the leadership behaviours and capabilities required to realise Nedbank's strategy. A new leadership persona was developed – a refreshed view of the Nedbank leadership development landscape.

The idea is that if an individual starts practising a different mindset, qualities, behaviours and skills, these behaviours would become habits and new capabilities, creating a new person. It is an effective way of working through complex personal change.

The evolving Nedbank leadership persona provides a holistic, aspirational view of leaders at Nedbank and embodies the core qualities needed. This engagement process is currently being cascaded across the organisation to ensure that the engagement with staff is consistent and results in the success of Nedbank. The Leadership Lekgotla approach has become a benchmark for employee engagement.

Engaging with our staff

We engage with our staff on an ongoing basis at all levels. Feedback and input from our staffmembers assist us in understanding and responding to their needs and concerns, and improving their working environment experience. This ultimately improves the performance of the bank. Regular communication also takes place to provide staff with strategic direction and to keep them informed about group activities.

In addition to the regular, direct communication between managers, teams and individuals, specific employee engagements in 2016 included the following:

- Group Exco communication sessions.
- The Barrett Culture Survey and the Nedbank Staff Survey (NSS).
- Nedbank results presentations.
- Chief Executive and cluster head staff roadshows across SA and at the SADC offices.
- 2016 Leadership Lekgotla.
- Regular electronic and printed newsletters.
- Cluster and group recognition functions, which culminated in an international trip for top achievers.
- The annual Employment Equity Summit.

Delivering value to our staff in 2016

- Staff costs, including benefits, increased 8,6% in 2016 to R15,5bn, underpinned by an average salary increase of 6,3% (unionised salary increases were 8,0%) and ongoing job creation (1 089 new permanent staffmembers).
- Training spend increased to R413m, supporting 19 600 staff-learning interventions, bursaries and other types of training.
- Our staff, as our clients, are impacted by a challenging environment and we assist them through difficult times. We assisted 2 379 staff with their children's school and tertiary-fee commitments of R6,7m and 1 127 staff with R4m of medical costs not covered by medical aid or gap cover.
- Staff turnover of 9,6% was again below the industry benchmark of between 11% and 13%. This was supported by high levels of staff morale, as reflected in cultural entropy reducing to 12% (from 13% in 2015).
- Black staff representation increased to 78,3% as we focused on progressing employment equity and meeting our employment equity (EE) targets, although more progress is required at senior management level.
- Female staff representation increased to 62,7%.
- Millennials make up 86,1% of the Nedbank population, which positions us well for the digital transformation that we have embarked on.

Looking ahead

The achievement of our purpose and vision is wholly dependent on the people of Nedbank. That is why we are focused on optimising the way we operate through our People 2020 strategy. This strategy is a key enabler and will be the major focus for the next three years. We have based this strategy on the following key expectations of Nedbank employees:

- Competitive remuneration, effective performance management and recognition.
- Career development and advancement opportunities.
- Challenging and rewarding work in a safe, positive and inspiring work environment.
- A strong brand that resonates with them and is demonstrated through Nedbank's reputation as a good employer.
- Ongoing progress around the transformation of the Nedbank staff profile and the continued promotion of diversity and inclusivity.
- The opportunity to make a difference to the business and our stakeholders.



Clients Exceeding the expectations of our clients

Engaging with our clients

In the fast-changing and competitive environment we operate in, truly understanding our clients' needs and expectations, and delivering value to them are central to all that we do. We are committed to delivering great client experiences with simpler, convenient and efficient service, innovative products, and competitively priced products through our client-centred innovation strategies.

To continuously understand what is important to our clients we engage with them through various mechanisms, including client forums and events, face-to-face personal interviews for Nedbank Brand Tracker and other client surveys. We also utilise the Net Promoter Score (NPS)[®] to measure our service levels and review client feedback from our bankers and financial advisors, service resolution teams, social media centre and website.

Delivering value to our clients in 2016

- Loan payouts of R162bn reflect Nedbank's continued support for our clients, although this is down from 2015 as a result of weak credit demand.
- We processed Nedbank App Suite™ transactions to the value of R25bn, up 60%, enabling our clients to transact through more efficient and cost-effective channels. We expect this growth trend to continue as we enhance our digital offerings further. Digitally enabled and active clients have been restated to include all digital channels and to allow for only the last 90 days of recent activity. Digitally enabled clients increased by 59% to 5,3m, underpinned by the ongoing trend of digital and mobile adoption.
- Our Net Promoter Score of 21%, reflecting client satisfaction in our retail businesses, improved by 1% when benchmarked against the industry average. Of special note was a continued improvement in the ratings in the entry-level banking segment (2016: 45%; 2015: 38%; 2014: 36%).
- We performed especially well in service resolution, with the number of client complaints decreasing by 5%. We also won the 2016 Ombudsman for Banking Service award based on quality, fairness and efficiency of complaint resolution. Part of this success can be ascribed to an improvement in systems uptime as well as solid progress in implementing our Treating Clients Fairly programme. Overall Nedbank once again made good headway towards a leading position in the industry, and being recognised by clients for superior service. However, we acknowledge that more needs to be done in the coming years, and innovative and robust plans are in place to drive this.
- System uptime remained at very high levels of 99,9% and at the top end of the industry, limiting inconvenience to clients by ensuring that they can always transact on our systems and access their funds.
- An average annual bank fee increase of 4,2% in 2016 was again well below inflation and has ensured that Nedbank remains competitive.
- We increased our new-style staffed outlets by 49, making branch engagements more convenient and consistent, while providing self-service enablement through internet kiosks, cash-accepting ATMs and video banking. We migrated in excess of 900 000 transactions a month from teller counters to our network of 769 intelligent depositor devices. Cash-recycling capabilities were also landed during the year. These have facilitated an improvement in cash and device availability to clients.
- Investment performance in our asset management business again ranked among the top three in the industry. This is the eighth consecutive year that Nedgroup Investments has received this ranking and is testimony to our commitment to creating value for clients choosing to invest their money with us.
- In CIB we continued to innovate for our clients and this was evident in numerous awards – Nedbank won nine of the 32 Spire Awards for excellence across the commodity derivatives, currency derivatives, fixed-income derivatives and bond markets.
- New products innovations in the retail space include interactive tellers, GAP Access, CIPC Online, Zero rate App, Investments online and Nedbank Masterpass.
- We are acutely aware of the growing threat of cybercrime to the banking industry and its clients. We counter these risks by implementing comprehensive fraud detection systems as well as client-end security software (Trusteer) and transaction notification services. Gross losses for Nedbank and its clients accounted for only 0,8% of the industry gross losses.
- Our focus on responsible finance continued with the bank further implementing principles for responsible investment and ensuring the social and environmental concerns are considered in our lending decisions.

Looking ahead

- Despite a challenging environment we are well positioned to continue to gain clients and extend credit in line with our portfolio tilt strategy described on page 44.
- We aim to improve client satisfaction and experience by building our capabilities in advanced analytics, user experience design, effective campaign management and a more assertive marketing and commercialisation approach. We are encouraged by the progress of our client onboarding and servicing programme.
- The launch of Digital Fast Lane is also expected to unlock some new technology such as enablement of our single client portal (the new Nedbank app), which we plan to launch in 2017.
- Progress with internet banking refactoring will allow us to have a pipeline of new offerings to take to market, presenting an opportunity to deliver innovative client solutions that are in step with changing needs.
- Bank fees increased on average 5,2% on 1 January 2017, well below inflation.

Delivering value by optimising staffed outlets through technology enhancement

During 2016 we launched the 'interactive teller', that provides clients with extended teller functionality through a video link. A new client relationship management capability was introduced in 2016, further enhancing the contact centre experience as we strive to maintain the 'Top Contact Centre' accolade awarded to our contact centre in 2015. Our contact centre volumes, including voice- and non-voice-based interactions, have increased by 8% year on year, as clients' preference for alternative communication methods increases.

The above innovations are complementary to our inbranch network of 342 internet and 219 video banking stations. The video banking solution includes servicing options for clients in five South African official languages, as well as advice on global trade. We have a clearly articulated strategy for developing self-service banking enablement across our mobile and digital channels, which will create further capacity to manage our increasing client base.

Investment in physical distribution focuses primarily on the reformatting of our branches and outlets to ensure a consistent client experience and to enable and educate clients to adopt and use our self-service devices. Altogether 45 branches and outlets were reformatted, resulting in 44% of our physical footprint in the new design at 31 December 2016. Investment in new distribution continues in high growth micro markets, with an additional six branches and four inretailer outlets being built in 2016. Smaller, cost-effective formats are being explored in remote towns through distribution agreements with Hinterland and Boxer stores. Our distribution investment was offset by 22 branch closures and a reduction of 5 000 m² of floor space, as we continue to optimise our distribution network.



Shareholders

Delivering consistently to our shareholders

Engaging with the investment community

We proactively communicate our strategy and activities to shareholders through a planned investor relations programme:

- Twice a year at the reporting of our annual and interim results – we have ceased quarterly reporting in line with the global trend of focussing on long-term value.
- More than 350 meetings with investment analysts, investors and the media during non-closed periods.
- Seven broker-hosted conferences and non-deal roadshows.
- Two Nedbank-initiated investor days, including our governance roadshow.
- Nedbank AGM held annually in May.
- On an ad hoc basis with financial media.
- Biannually with our credit-rating agencies.
- Through relevant information on our website at nedbankgroup.co.za.
- Regular engagement with Old Mutual plc to align our financial reporting and communications, ensuring that we have a holistic group message and that arm's length collaboration opportunities are maximised.

Delivering value to our shareholders in 2016

- An excellent business and financial performance from our managed operations offset the associate loss from ETI. Excluding ETI, our ROE increased to 18,1% and cost to income declined to 56,4%, showing progress towards our medium-to-long-term targets.
- Our share price increased 26,3%, the second highest growth among the peer group, and dividend per share rose 8,4%. This resulted in a total shareholder return of 32,3%.
- We continued to practise sound corporate governance and maintained good relationships with the investment community, underpinned by regular engagements and transparent reporting, which was acknowledged through a number of industry awards.
- Resolutions at our 2016 AGM were all passed, with approvals well above 90%.

Looking ahead

- Over the past five years we have returned R22,7bn in dividends to our shareholders, maintaining an average dividend cover of 2,1 times, while our share price has risen 64,2% over the same period. Our guidance on pages 60 – 61 and delivery on our targets point to our underlying performance remaining strong.
- We will continue to engage with the investment community to communicate our investment case and the delivery of our strategic focus areas.
- Managed separation would improve the free float of the Nedbank share, which will be attractive for shareholders.
- We aim to broaden our international shareholder base, despite having reached an all-time high of 17,8% in 2016, through sustained engagements in new geographic regions.



Shareholders (continued) Delivering consistently to our shareholders

CASE IN POINT

At Nedbank we engage regularly with the investment community

At Nedbank we engage regularly with the investment community. The following were the main topics discussed during the year:

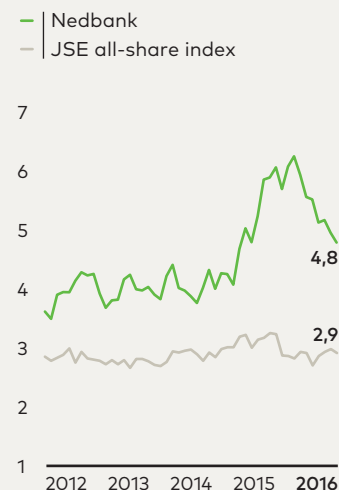
- The impact of a sovereign-credit-rating downgrade: This was a popular topic raised in almost all meetings and the main focus of the RMB Morgan Stanley conference covering the risks to impairments and other key cyclical challenges, as well as the Renaissance Capital Treasury Day. We reiterated that we performed extensive stress-testing on our balance sheet and income statement to test the impacts of high- and severe-stress events. Relative to the period before the global financial crisis, we are in a much stronger position today to weather any potential downturn.
- Old Mutual managed separation: Old Mutual announced its managed separation strategy in 2016 and the key issue for investors is what the implications are for Nedbank from a strategy and business perspective. We have always been a separately listed entity with an independent board. Our business is not integrated into Old Mutual and managed separation will therefore not have a material effect on our strategy, staff and clients, or financial performance and prospects. We will continue to work collaboratively with Old Mutual and Old Mutual Emerging Markets on the managed separation and synergies from our arms' length collaboration initiatives.
- ETI outlook, possible capital raising and impairment of investment value: Our Africa strategy is expected to take time to deliver and is aimed at building sustainable returns for shareholders over the longer term. Refer to page 58 of the CFO review for more information. We will continue to follow a disciplined approach to the allocation of financial resources, such that portfolio returns and risks are optimised.
- Information technology strategy: We shared our Managed Evolution strategy, as described on page 49, at the 19th UBS Financial Services Conference. Investors noted our cost-efficient and risk-mitigating approach.
- Governance matters ahead of our AGM: During our annual governance roadshow we provide shareholders with the opportunity to engage with our Chairman and Lead Independent Director on governance matters. On page 99 we provide feedback on the key topics of discussion and the voting outcomes at our AGM.

Presentations on the abovementioned topics are available at nedbankgroup.co.za.

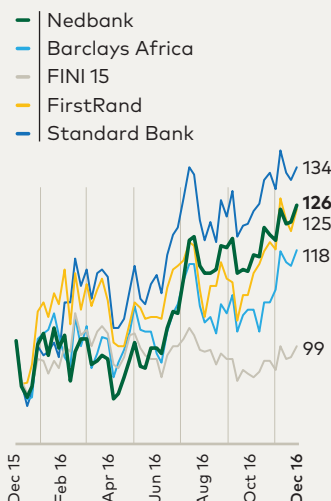
OUR TOP 10 SHAREHOLDERS

Major shareholders/Managers	Number of shares	% holding 2016	% holding 2015
Old Mutual Life Assurance Company (SA) Ltd and associates	270 790 980	54,61	54,11
Nedbank Group treasury shares	17 477 014	3,52	3,61
Public Investment Corporation (SA)	30 675 529	6,19	6,24
Coronation Fund Managers (SA)	29 448 206	5,94	7,57
Lazard Asset Management (US and UK)	15 307 808	3,09	2,64
BlackRock Inc (US and UK)	10 744 457	2,17	1,56
Allan Gray Investment Council (SA)	8 930 970	1,80	2,35
Dimensional Fund Advisors (US, UK and AU)	7 502 781	1,51	1,59
Investec Asset Management (SA and UK)	7 217 177	1,46	0,14
The Vanguard Group (US)	6 979 289	1,41	1,26

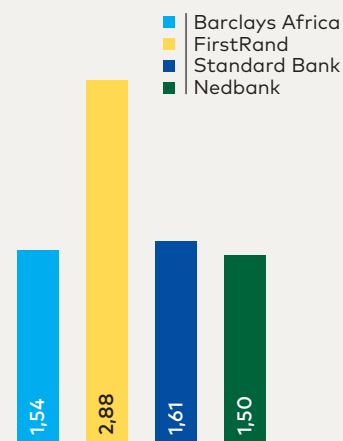
Dividend yield



Share price performance



Price to book ratios





Regulators

Ensuring sustainable banking with our regulators

Engaging with our regulators

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

- With regard to legislative developments, Nedbank has been involved in engaging with regulators through various industry associations.
- We maintain a close and transparent working relationship with the FIC and the Bank Supervision Department of SARB. We attend quarterly meetings with the regulator and supervisor to ensure compliance with their requirements and to obtain clarification where necessary.
- We participated in industry meetings on the Regulatory Consistency Assessment Programme undertaken by the Bank for International Settlements in Basel.
- We attended a trilateral meeting in London between SARB, the Financial Conduct Authority and the Prudential Regulatory Authority.
- We participated in a Regulatory Supervisory College held at SARB, where we presented to the majority of regulators in the rest of Africa where we have a presence and we were commended by the regulators.
- We maintained resilient business continuity management processes and successfully conducted a liquidity simulation test with SARB in attendance.

Delivering value to our regulators in 2016

- We complied with or made progress on all key aspects of Basel III requirements, with a tier 1 ratio of 13,0%, above the SARB requirements of 8,375% and well above our target of > 12%. With regard to the liquidity coverage ratio we have achieved 109,3% – above the 2016 SARB minimum requirement target of 70% and remain well on track to achieve 100% NSFR compliance by 2018.
- Our focus has been on regulatory compliance across multiple regulators and significant work done on AML, CFT and sanctions. We did not incur any regulatory fines or penalties in 2016.
- We consider the fair treatment of clients at all stages of their relationship with us of critical importance. As such, we have fully embraced and adopted the TCF regulations and continue working towards ensuring that our clients benefit from the consistent delivery of all six TCF outcomes. These TCF outcomes connect very closely to our existing client-centred ethos and our Code of Conduct. As such, TCF is already an integral part of our culture, the way we design, market and promote our products, and the way we communicate with and service our clients. In 2017 we will continue to embark on operationalising TCF and focus on conduct requirements to ensure that industry guidelines and best practices are embedded in our business.
- In 2016 there was an increased focus on the closure of high-risk accounts across the industry.
- The required FATCA submissions were successfully delivered to SARS on 31 May 2016. The Rest of Africa Cluster, who submit directly to the Internal Revenue Service of the US, also met the registration and reporting requirements. External validation of the status of implementation was achieved through the appointment of an external consultant.
- We increased awareness of and protection against cybercrime.
- We paid R8,7bn in direct, indirect and staff taxes to support the governments and societies of the countries in which we operate. We are committed to maintaining our integrity all of our tax obligations and strive to be a responsible corporate citizen by ensuring that we pay and or collect the appropriate amount of tax in all the jurisdictions in which we operate.
- We achieved a BBBEE level 2 for the eighth consecutive year. This resulted in a culmination of our ongoing commitment to sustainable transformation and maintaining our position as SA's most transformed financial services provider. This contributed to various wholesale client wins over the past few years and a favourable profile in the market.

Looking ahead

- We will continue to meet all Basel III requirements and gain clarity on Basel IV proposals, which appear to be softening.
- We will implement the myriad of regulatory and compliance requirements, noted on page 33, on time through greater focus, IT spend and coordination across the Regulatory Change Programme.
- We will maintain our status as a responsible tax payer in all the jurisdictions in which we operate.

CASE IN POINT

CEO initiative

Nedbank is mindful that it is incumbent on all businesses in SA to do whatever they can to be a part of the economic growth solutions our country needs. This by no means implies political interference, but simply requires a commitment by the private sector and other concerned parties to help ensure that the outcomes of the country meet the expectations of its citizens and those who have the power to invest in its future growth.

To this end Nedbank is a member of the CEO Initiative, which sees government, business and labour coming together to help bring about economic stability in the country. Mike Brown (CE), Mfundo Nkuhlu (COO) and Vassi Naidoo (Chairman) have also been involved in various other projects such as attendance of the SA Tomorrow Conference in New York.

One of the key outcomes of the CEO Initiative in 2016 was the creation of the R1,5bn SA SME Fund with the vision of stimulating and supporting much-needed growth in SA's small-and-medium-enterprise sector, which is central to sustainable economic development and employment creation. In addition the CEO Initiative plans to introduce one million youth into the business sector through an internship programme. Nedbank contributed R20m to the SA SME Fund.



Communities

Contributing to a thriving society while respecting environmental limits

Communities represent broader society and include citizens of the countries within which we operate, including individual members of society, NGOs and suppliers, as well as the environment on which those citizens depend for their wellbeing.

Nedbank recognises that it has a responsibility not only to be good with money, but more importantly to do good with it. Our core purpose as a bank is therefore to use our financial expertise and leverage our lending capabilities to do good for individuals, businesses and society across our country and continent and, indeed, anywhere in the world where we can deliver a positive impact. By seeing money differently in this way, we are confident that we will achieve our vision to be Africa's most admired financial services provider.

As part of Nedbank's response to contributing to a thriving society, Fair Share 2030 is our strategy to integrate sustainability across our business activities. It enables delivery on the bank's purpose. It guides our lending activities and product development, ensuring that we focus on identifying and investing in finance opportunities that have the potential to impact social, environmental and economic development positively. It also informs our operational and corporate social investment activities.

Engaging with our communities

In delivering on our purpose, we work with:

- special-interest groups, relevant industry bodies (Business Unity SA, The Banking Association SA, the National Business Initiative and renewable-energy associations, etc), academic institutions and thought leaders. We do this to explore areas of mutual interest to understand how we can use our core business of financial services in a manner that creates long-term value for the bank and our stakeholders; and
- various NGOs, including those with whom we engage through the Nedbank Foundation and environmentally focused NGOs with whom we engage through our sustainability team. Our primary stakeholders include education NGOs, schools, tertiary institutions, WWF-SA, Wildlands and the Endangered Wildlife Trust.

Delivering value to our communities in 2016

When integrating sustainability across the Nedbank business we focus on products and service development to promote a positive impact, collaboration and partnership (including advocacy), and on the management of our operational impact. A summary of our 2016 activity follows. Further details on these and Nedbank's other sustainability actions and investments are contained in the 2016 Sustainability Review at nedbankgroup.co.za.

Products and services

- **Empowerment finance** – Since 2009 we have invested a total of R64,4bn in empowerment financing, including R14,1bn in 2016 (2015:5,9bn).
- **Renewable energy** – We enabled 1 162 MW (2015: 796 MW) of renewable energy in SA through R13bn (2015:R11bn) of lending.
- **Embedded Generation Unit** – This is a new unit set up to facilitate the scale-up of lending into rooftop solar.
- **Continued focus on responsible finance** – We looked after the needs of our clients and greater society, including the environment, through a stringent governance process and social and environmental management system (SEMS). In addition to the four equator principle deals that drew down in 2016, all investment banking and client coverage credit risk reviews and new applications included the screening of high-risk clients through SEMS, both of which received external limited assurance. Through the SEMS assessment, 435 deals were screened (2015: 512), of which 194 were SEMS applicable.
- **Nedbank Green Saving Bonds** – Nedbank offered SA's first green bond to retail clients. It is unique in that it allows regular investors to contribute to socioeconomic and environmental conditions because the funds they invest are earmarked for the support of renewable-energy projects in SA. Since inception R17,5bn has been invested in the Nedbank Green Savings Bond, of which R5,6bn flowed during 2016 (2015:R4bn).
- **Bursaries for black students and enterprise development** – Nedbank has created the Nedbank Mogale Empowerment Trust for the benefit of black students and enterprise development. It is an additional intervention to support issues around the Fees Must Fall initiative. The initial investment of R100m made by the trust is in the MTN Zakhele Futhi scheme. The trust will distribute the dividends earned on investments to the defined beneficiaries based on a ratio of 33,% and 66,7% to black students and enterprise development respectively. This type of support will enhance Nedbank's empowerment credentials and it is envisioned that the trust would invest in further transactions for the benefit of black beneficiaries to come.
- **Student accommodation** – More than 5 000 student beds were made available through the new Fair Share 2030 property finance lending of R2,3bn (2015: R1,3bn).

CASE IN POINT

Partnering to deliver drought relief

In 2016 Nedbank donated R1,25m towards various drought relief and water provision initiatives. The donations were made either directly or in partnership with organisations such as Gift of the Givers. Our donations contributed to the installation of boreholes in the driest regions of the country, namely the Free State, North West Province and Northern Cape. We contributed towards the installation of 17 boreholes, three water storage reservoirs and 20 storage tanks. The boreholes provide 700 000 ℓ of water daily, equating to 21 million litres per month. We have also provided 200 tonnes of animal feed aid and humanitarian assistance in the form of food and hygiene aid, as well as thousands of litres of bottled water through a staff collection campaign. This work augmented the debt restructuring and provision of an additional R100m of working capital that was provided to assist clients in the agricultural sector affected by the drought.

Partnerships and collaboration (including advocacy)

- **Fees Must Fall** – In 2016 we awarded Nedbank bursaries to 104 undergraduate students (2015: 111) across 16 SA public universities and universities of technology. The total investment amounted to R11m (2015: R11,2m), of which R9m went to undergraduates and R2m towards helping students with student debt in their final year.
- **Socioeconomic activities** – R141m (2015: R136m) was invested primarily through the Nedbank Foundation.
- **Drought support** – Over R100m was provided for drought support, including working capital for clients, donations for boreholes, animal feed and bottled water.
- **Affinity programme** – Since the inception of the programme in 1990 the four affinities (Green, Children's, Sports and Arts and Culture) have contributed more than R350m to more than 1 200 projects across their social and environmental development focus areas. For 2016 the value of donations made through the Nedbank Affinity Programme grew by 3,1% to R39m (2015: R37,8m).

Managing our own impact

Our commitment to combatting climate change is evident in the following areas:

- **Carbon neutrality** – Since 2013 our total carbon footprint decreased by 6,05 % and our carbon footprint per FTE (tCO₂e) decreased by 14,09 %.
- **Water** – We reduced our operational water usage by 1,1% and invested R1m in invasive alien removal and ecosystem restoration through the WWF Water Balance Programme.

Partners for Possibility

Partners for Possibility (PFP) is the flagship programme of Symphonia for South Africa, a national non-profit organisation with a bold vision to deliver quality education for all children in SA by 2025. PFP has been an ideal vehicle for Nedbank's value proposition to staff as it provides staff with an opportunity to make a difference in our communities.

The PFP programme provides our staff with this invaluable opportunity by establishing a partnership between a business leader and a school principal from an under-resourced school. Together, the business leader and school principal complete a tailored leadership development course, which aims to facilitate the design of a school improvement plan that addresses the school's specific challenges. The partners then collaborate to bring the whole community together to become involved in the education of their youth, and help one another address and overcome the various challenges faced by the school and the community.

PfP allows Nedbank leaders to learn and apply key leadership skills outside the usual classroom environment. The programme equips our leaders to deal with ambiguity and complexity and to develop a better understanding of colleagues and clients who come from diverse communities.

One of the schools that were part of the programme earned a 100% pass rate for the first time since being formed in 1995. The Kwena Molapo High School, situated in the densely populated township of Diepsloot, credits their partnership with Nedbank through the PFP initiatives for their success. In total, 80 students wrote exams, with 41 qualifying for study towards a bachelors degree.

Nedbank has supported PFP since 2010 through a total investment of R3,4m and with 35 employees committing many hours each year to work with the school principals they are assigned to (2016: R1m investment and 13 employees).

CASE IN POINT

CASE IN POINT

Nedbank scoops the Best Supplier and Enterprise Development Project Award

Competing against peer banks, manufacturers and other multinational corporates across Africa, Nedbank was announced as the winner in the pan-African region for the Best Supplier and Enterprise Development Project. This was external validation of the success of our Enterprise and Supplier Development programmes, which started only in 2015. Suitable suppliers are identified for participation in the formalised business growth and support programmes, and are given access to markets through the Nedbank supply chain. One of the biggest success stories is Monabo, a black-woman-owned cleaning and hygiene company. Monabo's annual turnover has grown from a mere R300 000 a year before signing its first contract with Nedbank in 2012 to over R10m a year for the financial year ending February 2015.

Looking ahead

- Aligned with our purpose, a broader approach is being adopted for Fair Share 2030. One of the key changes is that the R6bn annual target will be replaced by a larger cumulative target for sustainable- development finance up to 2020.
- A home loan product will be introduced that will allow our clients to add solar installations to their homes as part of their mortgage bond agreement.
- Product development will be aligned to support the delivery of the Sustainable Development Goals.
- Our support for issues around the Fees Must Fall initiative will be expanded through our core business.

Stakeholder value creation – progress and outlook

	Key performance indicators	How does it link to value creation?	Key change
Staff members	Staff costs (Rbn)	Remuneration and benefits to staff	⬆️
	Annual unionised salary increase (%)	Salary increases for bargaining unit	⬆️
	Training spend (Rm)	Investment in staff development	⬆️
	Staff turnover (%)	Ability to retain and rotate skills	⬇️
	Staff engagement/morale (entropy score, %)	Reduction in entropy drives levels of staff morale higher	⬇️
	Transformation – black staff (%)	Transformation of Nedbank staff profiles in line with demographics	⬆️
Clients	Loan payouts (Rbn)	New loan payouts to clients	⬇️
	Digital – App Suite transactions (Rbn)	Uptake of more convenient and affordable channels	⬆️
	Service – Net Promoter Score (NPS) (%)	Quality of service experience reflected in reputational NPS	⬇️
	Service – client complaint resolution (days)	Resolution of escalated complaints to retain clients	⬇️
	Service – Nedbank systems availability (%)	Systems uptime to enable uninterrupted financial processing	⬇️
	Pricing – Average annual price increase (%)	Value-for-money banking	⬆️
Shareholders	Total shareholder return (%)	Total return for shareholders per year	⬆️
	Share price performance (%)	Share price appreciation	⬆️
	Full-year dividend per share (cents) and cover (times)	Dividends for shareholders	⬆️
Regulators	Basel III compliance – tier 1 ratio	Strength of capital position	⬆️
	Basel III compliance – LCR ratio	Strength of liquidity position	⬆️
	Basel III compliance – NSFR ratio	Strength of stable funding	⬆️
	Regulatory fines or penalties (Rm)	Indicator of adherence to regulatory requirements	⬇️
	Direct, indirect and staff taxes (Rbn)	Contribution to government coffers	⬆️
	dlti level as per FSC score card	Reflection of corporate transformation	⬇️
Communities	Empowerment financing (Rbn)	Contributing to a transformed, thriving society	⬆️
	Consumer finance education (# participants)	Value through education	⬇️
	Total socioeconomic spend (Rbn)	Contribution to society	⬆️
	Local procurement spend as percentage of total (%)	Supporting local suppliers	⬇️
	Renewable-energy lending (Rbn)	Commitments to renewable-energy deals	⬆️
	Annual Fair Share lending (Rbn)	Lending with deliberate social and environmental outcomes	⬆️
	Carbon footprint (tCO ₂ e) offset to neutral	The impact of our business on the environment	⬇️
	Carbon footprint per FTE (tCO ₂ e)	The impact of our business on the environment	⬇️
	Social and environmental management system (SEMS) (number of deals/clients reviewed)	The impact of our business on the environment and society	⬇️
	Financa assessed under Equator Principles (USDm)	The impact of our business on the environment and society	⬇️
	Operational water usage on campus sites (kℓ)	The impact of our business on the environment	⬇️
	Waste to landfill (tonnes)	The impact of our business on the environment	⬇️
	Waste to recycling (tonnes)	The impact of our business on the environment	⬆️

Assurance indicators



External third party assurance on selected sustainability information and the application of the FSC and the group's BBBEE scores.



Information derived from external sources, e.g. independent surveys.



Management and board oversight through rigorous internal reporting governed by the group's BSMF.



Independent oversight by regulatory bodies including the SARB, FSB, and various financial sector protection entities.



Financial information extracted from the 2016 Nedbank Group Limited Audited Annual Financial Statements.

	2016	2015	2014	Peer benchmark	Outlook/target	Assurance
	15 524	14 296	13 899	N/A	Maintain competitive remuneration	MD FB
	8,0%	7,5%	8,2%	N/A	Above the increase for management	MD
	413	370	491	N/A	Continue to invest in staff	LA
	9,6%	9,9%	8,0%	12% (industry benchmark)	Maintain despite organisational change	MD LA
	12	11	12	10% (world class level)	Improve	IM
	78,3%	74,9	75,9	Current FSC	Continue driving transformation	LA
	162	185	167	N/A	Continue to extend credit responsibly	MD
	25	16	9	N/A	Continue to drive digital adoption	MD
	21	21	15	> 20% (peer average)	Improve	IM LA
	8	8	7	21 (industry average)	Continue to improve and remain below target of <10	MD
	99,99%	99,96%	99,95%	Nedbank a leader	#1 in industry	IM LA
	Below inflation	Below inflation	Flat fees	N/A	Below inflationary increases	MD
	32,3%	(19,8%)	23,2%	31,9% (peer average)	Perform above peers	IM
	26,3	(24,3%)	18,6%	1% (FIN15)	Perform above peers	IM
	1200	1 107	1 028	N/A	Within our 1,75 to 2,25 target range	MD FB
	2,0	2,06	2,07			
	13,0%	12,0%	12,5%	SARB: > 8,365%	> 12%	MD CV
	109,3%	88,5%	66,4%	SARB: 70% for 2016	Continue to phase in to > 100% by 2019	MD CV
	Pro forma compliant	ND	ND	SARB: 100% for 2018	> 100% by 2018	MD CV
	1	0	25	N/A	Zero, although risk of fines has increased	MD CV
	8,7	8,2	8,0	N/A	Responsible tax payer	CV
	2	2	2	Nedbank: No 1 bank	Top-tier bank, but dli level to be impacted by new codes	MD LA
	14,1	5,9		Current FSC	Amended FSC	MD LA
	180 000	260 000	400 000	N/A	Maximum impact aligned to strategy	MD LA
	141	136	112	Top performer in <i>Dialogue CSI Handbook</i>	Spend > R100m	MD LA
	75	75	80	As per FSC charter	> 75%	MD LA
	13,3	11,0	3,5	Nedbank: #1 bank	R&Dn committed, with drawdowns over next few years	MD
	2,3	1,8	0,5	N/A	Longer-term annual target of > R6bn	MD
	207 975	214 967	213 131	Nedbank: only carbon-neutral bank in Africa	Maintain carbon neutrality	MD LA
	6,54	6,97	7,08	Leader in performance in the Carbon Disclosure Project	Continue to reduce impact through the resetting of reduction targets in 2017	MD LA
	435	512	450	Leader in disclosure	Enhance SEMS integration	MD LA
	306 (4 deals)	589 (4 deals)	319 (4 deals)	Leader in disclosure	Enhance Equator Principles integration	MD LA
	316 278	319 801	294 873	Leader in reduction activities	Reduce operational water equivalent back into ecosystems	MD LA
	294	317	324	Leader in reduction activities	Continue to reduce impact	MD LA
	620	581	574	Leader in recycling activities	Continue to reduce impact	MD LA

Global Reporting Initiative G4 Index

For the 2016 financial year we have used the Global Reporting Initiative (GRI) G4 guidelines. Our report is in accordance with the core requirements of GRI G4 and meets some of the requirements of the comprehensive level where we believe that this matter is material to Nedbank. We will continue to improve our reporting against the GRI G4 guidelines as our business matures on its integrated sustainability journey, migrating to the GRI Standard in time to come.

External assurance is the responsibility of a combined financial and non-financial team from Deloitte & Touche and KPMG Inc. Internal audit also forms part of our third line of defence, enhancing the credibility of our information. Financial information included in the Integrated Report has been extracted from the consolidated financial statements, over which the auditors expressed an unmodified opinion. Specific key performance indicators were included as part of the sustainability assurance engagement, details of which are included in the assurance opinion. These are available on nedbank.co.za/aboutus/integratedreport.

G4	Indicator		Description	UNGC Principles
Strategy and analysis				
G4-1	Statement from the most senior decisionmaker of the organisation (such as chief executive officer, chair or equivalent senior position) about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	Core	Reflections from our Chairman Reflections from our Chief Executive	1-10
G4-2	Provide a description of key impacts, risks and opportunities		Our material matters Our strategic focus areas Value per stakeholders Sustainability governance process Managing social and environmental risk Pillar 3 Risk and Capital Management Disclosure Report	1-10 1-10 1-2,7-9
Organisational profile				
G4-3	Name of the organisation	Core	Nedbank Group Ltd	
G4-4	Primary brands, products and/or services	Core	Overview of Nedbank Group Our value-creating business model Delivering our strategy through our business clusters Enabling sustainability through products and services	7-9
G4-5	Location of organisation's headquarters	Core	Nedbank 135 Rivonia Campus, 135 Rivonia Road, Sandown, Sandton, Gauteng, SA	
G4-6	Number of countries of operation and most significant operations	Core	Overview of Nedbank Group Company structure Reflections from our Chief Financial Officer	7-9
G4-7	Nature of ownership and legal form	Core	Overview of Nedbank Group Company structure	
G4-8	Markets served (including geographical breakdown, sectors served, and types of customers and beneficiaries)	Core	Overview of Nedbank Group Our value-creating business model Delivering our strategy through our business clusters	
G4-9	Scale of the organisation	Core	Overview of Nedbank Group Our value-creating business model Delivering our strategy through our business clusters Reflections from our Chief Financial Officer Our summarised five-year track record Enabling sustainability through our products and services Staff profile	3-6
G4-10	(a) Total number of employees by employment contract and gender (b) Total number of permanent employees by employment type and gender (c) Total workforce by employees and supervised workers and by gender (d) Total workforce by region and gender	Core	Staff profile	1-2,3-6
G4-11	Percentage of total employees covered by collective-bargaining agreements	Core	Employee relations	3-6
G4-12	Nedbank Group's supply chain	Core	A sustainable supply chain for maximum stakeholder benefit Governance and Ethics Review	1-10

G4	Indicator		Description	UNGC Principles
G4-13	Significant changes during the reporting period regarding Nedbank's size, structure, ownership or supply chain	Core	Old Mutual separation	
G4-14	Precautionary approach or principle	Core	Managing social and environmental risk Governance and Ethics Review	7-9 1-10 1-6,10
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives, which Nedbank subscribes to or endorses	Core	Ratings and recognition Governance and Ethics Review	7-9 1-6,10
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organisations	Core	Alignment with industry best practice Participation in industry platforms Governance and Ethics Review	1-10

Identified material aspects and boundaries

G4-17	<ul style="list-style-type: none"> ■ Entities included in the organisation's consolidated financial statements or equivalent documents ■ Entities included in the organisation's consolidated financial statements or equivalent documents not covered by the report 	Core	About our Integrated Report Company structure	7-9
G4-18	■ Process for defining the report content and the aspect boundaries	Core	About our Integrated Report	
G4-19	List all the material aspects identified in the process for defining report content	Core	Economic performance, compliance (environmental, social, product responsibility), employment, training and education, diversity and equal opportunity, human rights investment, non-discrimination, local communities, anti-corruption, product and service labelling, client privacy, product portfolio and active ownership.	
G4-20 -21	For each material aspect report the aspect boundary within and outside the organisation	Core	Aspect boundaries are as per the financial boundaries defined in the 2016 Nedbank Group Integrated Report. Our material matters About our Integrated Report	
G4-22	Restatements of information	Core	No reclassifications and restatements were made to the group's statement of financial position and the statement of comprehensive income.	
G4-23	Significant changes from previous reporting	Core	None	

Stakeholder engagement

G4-24-27	List stakeholder groups engaged, the basis for selection of stakeholders with whom to engage, Nedbank's approach to stakeholder engagement and key topics and concerns raised through stakeholder engagement, as well as Nedbank's response	Core	Value for our stakeholders Our relationships Governance and Ethics Review	1-10 1-10
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Report profile

G4-28	Reporting period	Core	About our Integrated Report	
G4-29	Date of most recent previous report (if any)	Core	About our Integrated Report	
G4-30	Reporting cycle	Core	About our Integrated Report	
G4-31	Contact point for questions regarding the report or its contents	Core	Contacts	
G4-32	GRI content index External assurance	Core	Our report is in accordance with the core requirements of G4. About our Integrated Report	
G4-33	Assurance Report	Core	About our Integrated Report Validating our sustainability journey Report from our independent auditors	1-10

G4	Indicator	Description	UNGC Principles
Governance			
G4-34	Nedbank's governance structure including committees responsible for decisionmaking on economic, environmental and social impacts	Core Reflections from our Chairman Report from Group Transformation, Social and Ethics Committee Chair Sustainability governance process Governance and Ethics Review	1, 2,7-10 1, 2,7-10 1-10
G4-35	Process for delegating authority for economic, environmental and social topics	Sustainability governance Governance and Ethics Review	
G4-36	Executive-level position responsible for economic, environmental and social topics	Sustainability governance Governance and Ethics Review	1-10
G4-37	Consultation between stakeholders, board and relevant governance committees on economic, environmental and social topics	Reflections from our Chairman Board Committee feedback: Group Transformation, Social and Ethics Committee Sustainability governance structures Governance and Ethics Review	1-10
G4-38	Composition of the board and its committees	Board of directors Governance and Ethics Review	1-10
G4-39	Chair and executive officer positions	Governance and Ethics Review	1-10
G4-40	Nomination and selection processes for the board and its committees	Sustainability governance Governance and Ethics Review	1, 2,7-10 1-10
G4-41	Processes for the Nedbank board to ensure conflicts of interest are avoided and managed	Governance and Ethics Review	10
G4-42	The board's role in setting strategy, values, policies and goals related to economic, environmental and social impacts	Governance and Ethics Review	1-10
G4-43	Measures to develop and enhance the board's collective knowledge of economic, environmental and social topics	Report from Group Transformation, Social and Ethics Committee Chair Governance and Ethics Review	1-10
G4-44-47	Process for evaluating the board's performance with respect to governance of economic, environmental and social topics and actions taken in response to the evaluation	Governance and Ethics Review	1-10
G4-45-47	The board's role in: <ul style="list-style-type: none"> ■ identifying and managing economic, environmental and social impacts, risks and opportunities ■ using stakeholder consultation to support the identification and management of economic, environmental and social impacts, risks and opportunities ■ reviewing the effectiveness of Nedbank's risk management processes for economic, environmental and social topics ■ review of economic, environmental and social impacts, risks and opportunities 	Reflections from our Chairman Board Committee feedback: Group Transformation, Social and Ethics Committee Our material matters Sustainability governance process Value for our stakeholders Our relationships Pillar 3 Risk and Capital Management Disclosure Report Governance and Ethics Review	7-9 7-9 1,2 3-6 1-10
G4-48	Committee that reviews and approves Nedbank's Integrated Report and supplementary sustainability information and ensures that all material aspects are covered	Group Transformation, Social and Ethics Committee	
G4-49	Process for communicating critical concerns to the board	Governance and Ethics Review	1-10

G4	Indicator		Description	UNGC Principles
G4-50	Nature and number of critical concerns that were communicated to the board and the mechanism(s) used to address and resolve them		Pace of transformation; culture, employee wellbeing; procurement; ethics; environmental compliance; tax; audit: fees and findings; funding and liquidity; risk appetite; new products; regulatory change, succession planning, relationship with Old Mutual, expansion into Africa, deteriorating macro economy, stress testing. The number of issues not disclosed	1-10
G4-51	<ul style="list-style-type: none"> ■ Remuneration policies for the board and senior executives ■ Performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives 		Remunerating for performance	1,2,3-6 3-6
G4-52	<ul style="list-style-type: none"> ■ Process for determining remuneration ■ Report any other relationships which the remuneration consultants have with the organisation 		Remunerating for performance We contract consultants to advise our Group Remuneration Committee	3,6 3,6 3,6
G4-53	Stakeholders' views on remuneration, including the results of votes on remuneration policies and proposals		Reporting back on remuneration Board Committee feedback: Group Remuneration Committee Notice of annual general meeting Form of proxy	3-6 ¹
G4-54	Ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees		Tracked and monitored internally, but not reported publicly Remunerating for performance	3,6
G4-55	Ratio of percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees		Tracked and monitored internally, but not reported publicly Remunerating for performance	3,6

Ethics and integrity

G4-56	Nedbank's values, principles, standards and norms of behaviour, such as codes of conduct and codes of ethics	Core	Our purpose, vision and values Governance and Ethics Review	3-6,1-10 1,2,1-10
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to Nedbank's integrity, such as escalation through line management, whistleblowing mechanisms or hotlines		Governance and Ethics Review Pillar 3 Risk and Capital Management Disclosure Report	1,2,10

Economic performance

G4-EC1	Direct economic value generated and distributed		Our value-creating business model Reflections from our Chief Financial Officer Financial Review Our summarised five-year track record Pillar 3 Risk and Capital Management Disclosure Report	
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change		Our material matters Our strategic approach to climate change	
G4-EC3	Coverage of the organisation's defined-benefit-plan obligations		Remunerating for performance	
G4-EC4	Financial assistance received from government		No financial assistance received from government	
G4-EC7	Development and impact of infrastructure investments and services supported		Enabling sustainability through our products and services 2016 Transformation Report	
G4-EC8	Significant indirect economic impacts		2016 Transformation Report Sustainability Review Skills development and training	
G4-EC9	Proportion of spending on locally based suppliers		Responsible procurement	

G4	Indicator		Description	UNGC Principles
Energy				
G4-EN3	Energy consumption within the organisation		Carbon footprint measurement	
G4-EN5	Energy intensity		Carbon footprint measurement	
G4-EN6	Reduction of energy consumption		Carbon footprint measurement	
Emissions				
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)		Carbon footprint measurement	
G4-EN16	Energy indirect GHG emissions (Scope 2)		Carbon footprint measurement	
G4-EN17	Other indirect GHG emissions (Scope 3)		Carbon footprint measurement	
G4-EN18	GHG emissions intensity		Carbon footprint measurement	
G4-EN19	Reduction of GHG emissions		Carbon footprint measurement	
G4-EN20	Emissions of ozone-depleting substances		Carbon footprint measurement	
Compliance (environmental)				
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		None for the period	
G4-FS1	Policies with specific environmental and social components applied to business lines	Core	Sustainability governance process Committed to responsible finance Managing social and environmental risk Approach to lending in our Retail and Business Bank Governance and Ethics Review	3-9 1-10
G4-FS2	Procedures for assessing and screening environmental and social risks in business lines	Core	Sustainability governance process Committed to responsible finance Managing social and environmental risk Approach to lending in our Retail and Business Bank Governance and Ethics Review	3-9 3-9 7-9 1-6,10
G4-FS3	Processes for monitoring clients' implementation of, and compliance with, environmental and social requirements included in agreements or transactions	Core	Sustainability governance process Committed to responsible finance Managing social and environmental risk Approach to lending in our retail and business bank	3-9 7-9 3-9
G4-FS4	Processes for improving staff competence to implement the environmental and social policies and procedures as applied to business lines	Core	Committed to sustainability Reduction targets Pillar 3 Risk and Capital Management Disclosure Report Governance and Ethics Review	3-9 1,2,10
G4-FS5	Interactions with clients/investors/business partners regarding environmental and social risks and opportunities	Core	Value for our stakeholders Our relationships Leveraging carbon neutrality to do good Unpacking the power of partnerships to do good	
G4-FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	Core	Assurance statement online: nedbank.co.za/aboutus/integratedreport	
G4-FS15	Policies for the fair design and sale of financial products and services	Core	Responsible finance Growing our transactional banking franchise faster than the market Pillar 3 Risk and Capital Management Disclosure Report	
Employment				
G4-LA1	New employee hires and employee turnover		Staff profile	1,2,3-6
G4-LA2	Benefits provided to fulltime employees that are not provided to temporary or parttime employees		Remunerating for performance	1,2,3-6

G4	Indicator	Description	UNGC Principles
Training and education			
G4-LA9	Average hours of training per year per employee by gender and by employee category	Skills development and training	1,2,3-6
G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Developing leadership Looking after our employees	1,6
G4-LA11	Percentage of employees receiving regular performance and career development review	Managing performance	1,6
Diversity and equal opportunity			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Board of directors Staff profile Governance and Ethics Review	1,2,3-6
Human rights investment			
G4-HR1	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Applying the Equator Principles Governance and Ethics Review	1,2,3-6
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Governance and Ethics Review	1,2,3-6
Non-discrimination			
G4-HR3	Total number of incidents of discrimination and corrective actions taken	Governance and Ethics Review	1,2,3-6
Local communities			
G4-SO1	Operations with implemented local community engagement, impact assessments and development programmes	Applying the Equator Principles Leading through collaboration and partnership Our relationships 2016 Transformation Report	7-9
G4-FS13	Access points in low-populated or economically disadvantaged areas by type	Enterprise development Financial inclusion 2016 Transformation Report	7-9
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	Products aimed at socioeconomic transformation Consumer financial education 2016 Transformation Report	1,2,3,6
Anti-corruption			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Pillar 3 Risk and Capital Management Disclosure Report Governance and Ethics Review	10
G4-SO4	Communication and training on anti-corruption policies and procedures	Pillar 3 Risk and Capital Management Disclosure Report	10
G4-SO5	Confirmed incidents of corruption and actions taken	Pillar 3 Risk and Capital Management Disclosure Report None for the period	10
G4-SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	Nedbank's policy does not allow for contributions to political parties	

G4	Indicator	Description	UNGC Principles
Compliance (society)			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Pillar 3 Risk and Capital Management Disclosure Report During 2016 SARs required Nedbank to pay small interest charges and related fines that were < R500k in total. In addition Nedbank Namibia received an administrative sanction from the Nedbank Financial Intelligence Centre for the contravention of an Intervention Order. The amount of the fine totalled N\$5m of which N\$4m was suspended on condition of no further breaches.	
Product, service and labelling			
G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant products and service categories subject to such information requirements	Detailed product brochures that comply with all relevant legislation, such as the National Credit Act, are available for the group's clients. Relationship managers are also responsible for explaining the characteristics, benefits and implications of products to clients in accordance with the Financial Advisory and Intermediary Services Act. Product policies and procedures and product review committees are in place.	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	A total of 139 incidents of non-compliance, the majority of which relate to anti-money-laundering.	
G4-PR5	Results of surveys measuring customer satisfaction	Engaging with our clients	
Customer privacy			
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	We have not received any substantiated complaints regarding breaches of client privacy from any outside party or from our regulators. Where assets in the form of computers and cellphones were lost or stolen, the majority had been encrypted and there were therefore no breaches of client privacy to which we were alerted. We are continuously enhancing our privacy data breach management and response processes with a view to further refining and identifying losses of such data in order to ensure that we stay abreast of advancements and regulatory developments in this regard.	

G4	Indicator	Description	UNGC Principles
Compliance (product and service)			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	A fine of 5m Namibian dollars was paid by Nedbank Namibia for an anti-money-laundering-related matter.	
Product portfolio			
G4-FS6	Percentage of the portfolio for business lines by specific region, size (eg micro/SME/large) and by sector	Overview of our group Our value-creating business model Delivering our strategy through our business clusters Our summarised five-year track record	
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line, broken down by purpose	Applying the Equator Principles Enabling sustainability through our products and services 2016 Transformation Report	
G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line, broken down by purpose	Applying the Equator Principles Enabling sustainability through our products and services	
Active ownership			
G4-FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental and social issues	During 2016 all new applications and credit risk reviews of high-risk clients in Investment Banking and Client Coverage were included in the SEMS assessment process. Where relevant, certain deals were also assessed using the Equator Principles. More than 435 clients and/or deals were assessed in 2016, 196 of which were SEMS applicable, compared with 512 in 2015.	
G4-FS12	Voting policies applied to environmental or social issues for shares over which the reporting organisation holds the right to vote shares or advises on voting	Nedgroup Investments voting policy – http://www.nedgroupinvestments.co.za/Content/Files/Documents/Nedgroup%20Investments%20Proxy%20Voting%20Guidelines.pdf	
G4-FS11	Percentage of assets subject to positive and negative environmental or social screening	Implementing principles for responsible investment Our summarised five-year track record	

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