



TRANSFORMATION REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

Supplementary report
to the Nedbank Group
Integrated Report

see money differently

NEDBANK

INTRODUCTION

Transformation of the financial services sector plays a significant yet complex role in South Africa's nation-building journey. In the 2017 budget review former Minister of Finance, Pravin Gordhan, set out the point of departure as: 'To achieve the vision of the Constitution, South Africa needs transformation that opens a path to inclusive economic growth and development. Transformation without economic growth would be narrow and unsustainable. Growth without transformation would only reinforce the inequitable patterns of wealth inherited from the past'. We at Nedbank support Gordhan's view and will continue to play a key role in contributing to the country's socioeconomic growth as we strive to build an equitable society, noting that the role of transformation does not solely rest on the shoulders of government.

THE EVOLVING BROAD-BASED BLACK ECONOMIC EMPOWERMENT LANDSCAPE

The legislative framework that government has put in place to guide broad-based black economic empowerment (BBBEE) has evolved significantly to drive transformation in SA, as depicted by the timeline below.

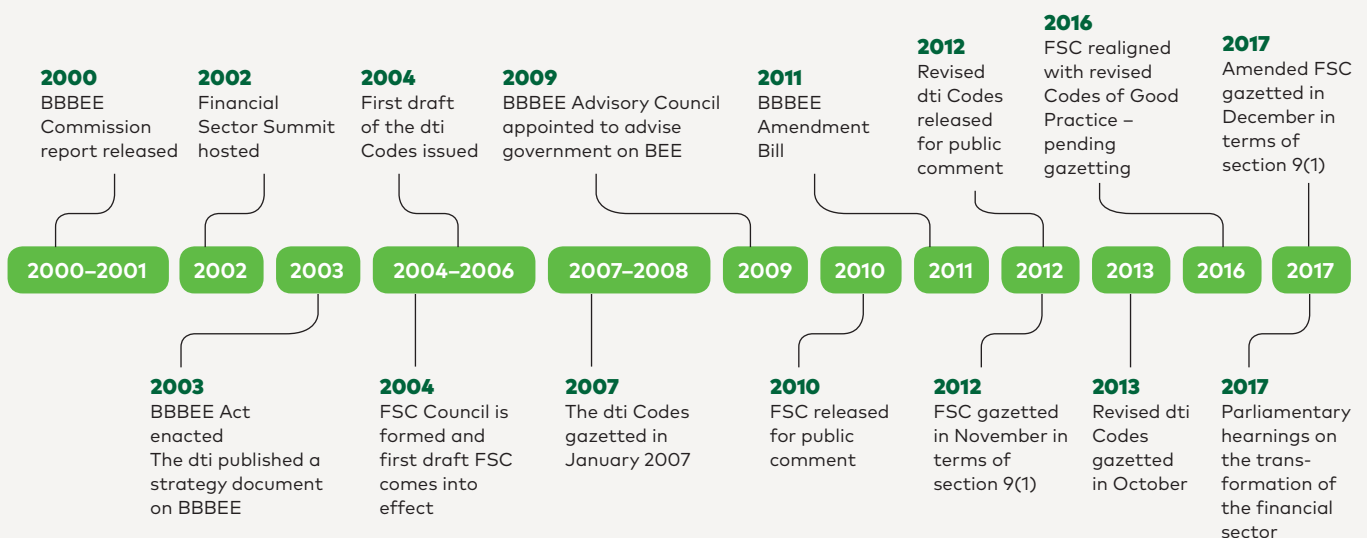
We further recognise and acknowledge the environmental factors that shape the current transformation landscape in which the bank operates. These factors include a volatile and uncertain socioeconomic environment, characterised by slow economic growth and rising inequality, increased governance and risk management regulation, scarce- and evolving-skills requirements, and increased pressure for faster reform in the sector. Transformation challenges are compounded by the need for faster development of small and medium microenterprises (SMMEs), the need for creation of black industrialists, rising unemployment (particularly among the youth), continuous imbalances in the leadership structures of many organisations, greater access to tertiary education, and the threat of further potential downgrades from credit rating agencies.

The year 2017 marked an important milestone as the Standing Committee on Finance and the Portfolio Committee on Trade and Industry ('committees') held joint public hearings on the transformation of the financial sector during March 2017, with the focus on the deracialisation of the sector and progress with the implementation of the Financial Sector Code (FSC).

The committees' overall view is that 'the financial sector has certainly transformed since 1994, but there needs to be more effective transformation consistent with the country's developmental needs. Banks and other sections of the financial sector are crucial to the economic growth and development goals of the country, and the transformation of the financial sector needs to be directed towards ensuring that the sector contributes effectively to this, both for its own and the country's interests'.

The committees are not calling for an overnight overhaul, but the sector needs to transform more and more effectively and sustainably, within reasonable timelines.

Nedbank welcomed the opportunity to engage on this matter of national importance. On 23 March Mike Brown, Group Chief Executive, led a Nedbank team to Parliament and presented the Nedbank transformation journey to the committees.



BusinessDay

■ COMPANIES / FINANCIAL SERVICES

MPs note Nedbank progress

The bank leads in employment equity in top management

'Nedbank emerged on Wednesday as a frontrunner in the banking sector in terms of its achievements regarding employment equity at the top layers of its management structure'. Its progress was noted by MPs after a presentation by Nedbank CEO Mike Brown.

Brown told MPs that Nedbank's socioeconomic transformation journey began before BBBEE legislation and maintained its level 2 rating on the BBBEE scorecard for the eighth successive year. Nedbank's score under the Financial Sector Charter in 2006 was 56,6, improving to 98,6 in 2016, the highest among its peer group.

'This charter score was very important to the bank, Brown said, as this was a way of attracting clients. The higher the score, the higher the procurement point's clients could earn on their own scorecards. Of more than 32 000 employees, 78% were black and of its 7,7 million clients 69% were black'. Linda Ensor, *Business Day* extract, 23 March 2017.

As stewards of the nation's finances, and key role players in most of the country's social and economic sectors, SA banks have a responsibility to lead in sustainable transformation, not just of their own businesses, but also of society as a whole. Nedbank remains committed to playing our part, working together with business, government, labour and civil society to address structural socioeconomic challenges in the country and improve the lives of all South Africans.

Another important milestone in 2017 was the gazetting of the Amended FSC in terms of section 9(1) of the BBBEE Act, 53 of 2003, which became effective on 1 December 2017. The FSC Council will review and amend the gazetted Amended FSC periodically. The first review will commence 12 months from the date of the gazette.

OVERVIEW OF THE AMENDED FINANCIAL SECTOR CODE

The Amended FSC commits its participants to actively promoting a transformed, vibrant and globally competitive financial sector that reflects the demographics of SA, and continues to contribute to the establishment of an equitable society by effectively providing accessible financial services to black people and by directing investment into targeted sectors of the economy.

The release of the Amended FSC, which comprises higher thresholds and targets when compared with the previous FSC, symbolises a new beginning in the reorientation of the transformation policy to address the issue of fronting and focus more on productive BBBEE. The Amended FSC is a significant departure from the previous version, with key changes adopted by the financial services sector highlighted below:

- Introducing priority elements, including ownership, skills development, enterprise and supplier development (ESD) and empowerment financing.
- Discounting one level on the total scorecard for not meeting the 40% subminimum on each of the priority elements.
- Setting higher thresholds for BBBEE recognition levels.

- Increasing targets for:
 - economic interest in the hands of black designated groups from 2,5% to 3,0%;
 - empowering suppliers that are > 51% black-owned (BO) from 12% to 30% and from 8% to 10% for black-women-owned (BWO) suppliers; and
 - black employees in junior management from 80% to 88%.
- Introducing supplier development as a new element, with a compliance target of 0,9% of projected net profit after tax for year one, and the addition of black business growth funding under empowerment financing.
- Consolidating employment equity into management control.
- Focusing on black people, black women and specific African people targets of all management levels.
- Adjusting skills development expenditure based on occupational levels as a percentage of the amount that can be levied for that level.

'Despite a fluid environment and accelerated levels of change, Nedbank remains committed to leading transformational change to catalyse higher levels of inclusive growth. Transformation is more than compliance with any codes and continues to be seen as a moral and business imperative,' says Mike Brown, Group Chief Executive

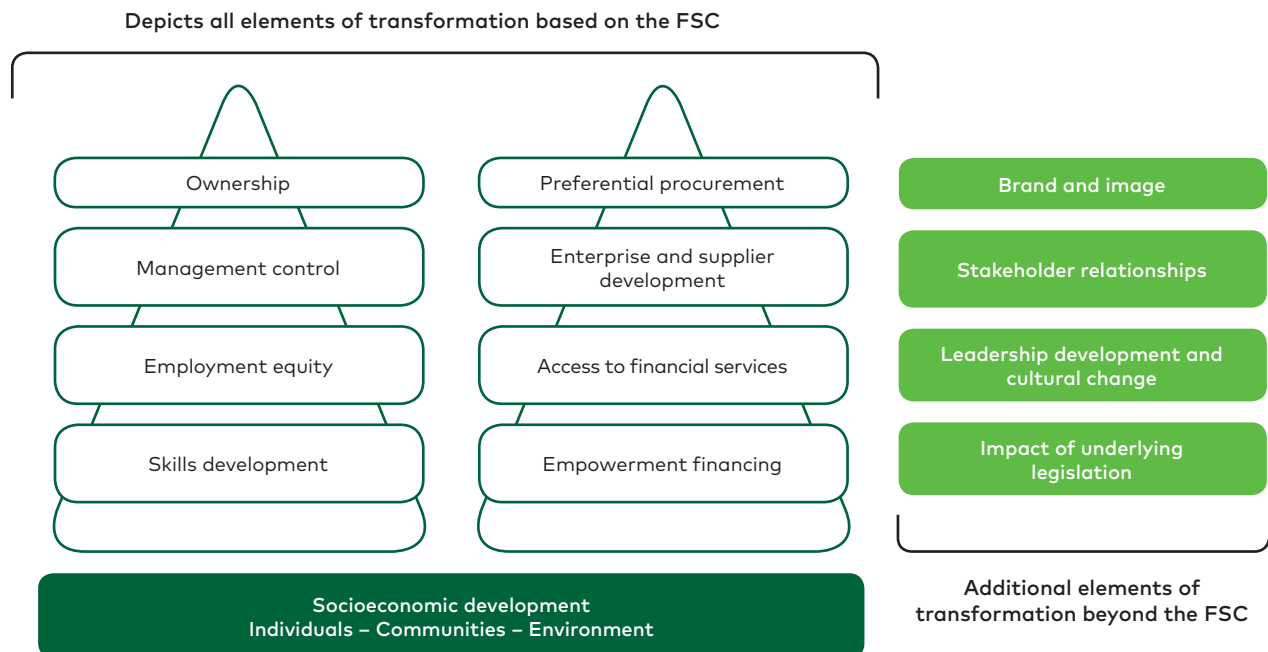
NEDBANK GROUP TRANSFORMATION REPORT

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NEDBANK GROUP'S APPROACH TO TRANSFORMATION

Nedbank's transformation framework supports both national strategic priorities as well as our own purpose of using financial expertise to do good for all stakeholders in SA. The goal is to build a bank that contributes meaningfully to a better life for all South Africans.

NEDBANK'S TRANSFORMATION FRAMEWORK



At Nedbank transformation transcends compliance and goes beyond the numbers. Most importantly, we adhere to the spirit of transformation. A robust governance approach is applied to our transformation efforts. There are several structures that debate, critique and approve each of the transformation initiatives. This receives full support of the board and the Nedbank Group Executive Committee (Nedbank Exco), primarily through the following two main board committees:

- The Nedbank Transformation and Human Resources Committee (TRAHRCO), a board committee of the Nedbank Exco, which is responsible for implementing the transformation programme for the bank and ensuring that there is full integration of all transformation and human resources processes and initiatives in the group.
- The Group Transformation, Social and Ethics Committee (GTSEC), a board committee of the Nedbank Limited board, which provides oversight of the group's activities in relation to transformation, human capital development and sustainability, and monitors progress in terms of the transformation agenda for the group.

'Operating with an expanded mandate based on King IV™, the GTSEC remains committed to ensuring that Nedbank fulfils its social, ethical, environmental and transformational agenda in support of sustainable development, including growth, value creation, effective stakeholder management and protection of the good reputation of the bank' says the chairperson of Nedbank's GTSEC, Nomavuso Mnxasana.

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

NEDBANK GROUP TRANSFORMATION REPORT

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Purpose

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

Vision

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

Deep Green aspirations and our brand

Transformation a key strategic enabler



Who we are

A universal bank with an integrated wealth franchise delivered through a regional footprint with strategic access to a pan-African banking network

Living our values

Integrity Respect Accountability Client-driven People-centred

TRANSFORMATION SCORES

The table below provides a breakdown of Nedbank Group's 2016 and 2017 scores against the elements set out by the Amended FSC and the old one.

Element	Amended FSC ¹ (gazetted 2017)		Old FSC (gazetted 2012)	
	Weighting Points	FY 2017 Projected	Weighting Points	FY 2016 Audited
Ownership	23 + 5 bonus	23,00	14 + 3 bonus	17,00
Management control	20,00	14,90	8 + 1 bonus	8,27
Employment equity	Consolidated into management control		15 + 3 bonus	12,74
Skills development	20 + 3 bonus	12,75	10,00	8,19
Preferential procurement	15 + 4 bonus	15,00	16,00	16,00
Supplier development	7 + 2 bonus	7,00	Not applicable	
Empowerment financing	15,00	15,00	15,00	15,00
Enterprise development	3 + 2 bonus	5,00	5,00	5,00
Socioeconomic development	5 + 3 bonus	6,00	3,00	3,00
Access to financial services	12,00	11,32	14,00	13,36
Total	120 + 19 bonus	109,97	100 + 7 bonus	98,56
BBBEE level		2		2

NEDBANK GROUP TRANSFORMATION REPORT

(continued)

TRANSFORMATION IN 2017

A challenging year characterised by uncertainty

Nedbank has achieved its externally verified level 2 BBBEE rating based on the Amended FSC. This result is a culmination of our ongoing commitment to sustainable transformation.

The table below depicts Nedbank Group's 2007 to 2017 BBBEE scores against the prescribed principles of the Generic Codes of Good Practice (from 2007 to 2011), the previous FSC (effective from 2012 to 2016) and the Amended FSC (effective from 1 December 2017), which have led to the progression of the Nedbank Transformation Framework.

HIGHLIGHTS FOR 2017

Ms Neo Dongwana and **Ms Linda Manzini** were appointed as independent **non-executive directors** on the board during June 2017.

We have made progress on our **innovation journey**, particularly in terms of the **exceptional digital innovations** rolled out over the past 12 months. These include:

- The **first NZone digital branch**.
- The **Nedbank Money™ app**.
- The online home loan application process.
- Group Finance piloting the usage of robots to perform high-volume repetitive tasks.
- Karri app. A mobile payment app that allows consumers to make quick payments for school events.
- Introduction of Nedbank Insurance Chatbot (NIC).
- The Nedbank Private Wealth App.

Corporate social investment (CSI) spend across the group totalled **R168m**.

We announced a new service to confirm **BEE validity** by offering new companies with an annual turnover of less than R10m business registration together with **BEE affidavits or certificates**.

Had a total of **28 851 staff**, with **76,92% black** and **49,40% black female**.

Absorbed **112** of the 187 learners who completed their **learnership**.

There were **837 persons with disabilities**, with 1,61% black and 1,04% black female.

Disbursed **R120m** towards the building of green affordable-housing units.

Recorded **total procurement spend of R12,0bn**, of which 75% was local procurement (R9,0bn); 767 BO suppliers with a total spend of R2,9bn; **413 BWO suppliers** with a total spend of R1,9bn; and **2 826 exempted microenterprises (EMEs)** and **qualifying small enterprises (QSEs)** with a total spend of **R2,6bn**.

Our **Nedbank brand** was refreshed, accompanied by a new brand tagline '**see money differently**', which aligns with our purpose to use our financial expertise to do good for individuals, families, businesses and society.

On 2 November 2017 **Old Mutual plc, a 54% shareholder** in Nedbank Group, announced the reduction of its current controlling stake to a still influential **19,9% stake** through a **managed-separation process**, unbundling the Nedbank shares to shareholders after listing its SA and emerging-markets business in Johannesburg in 2018.

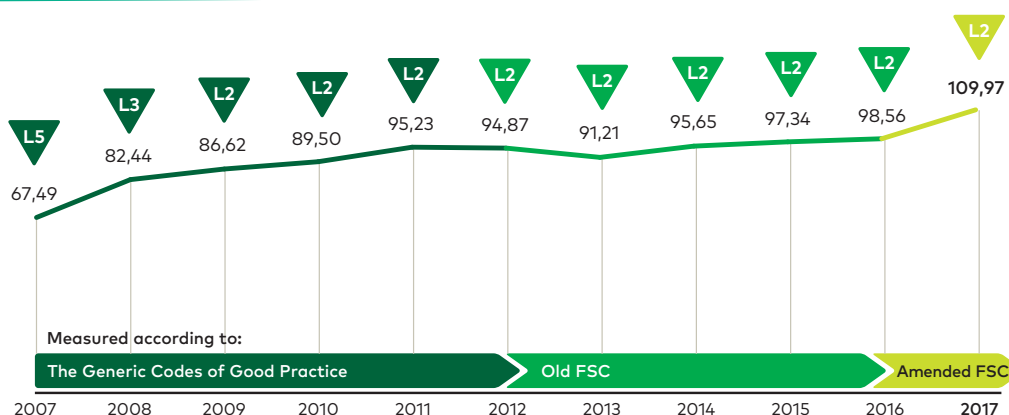
Sponsored access to **220 suppliers to Ariba platform** to market their business.

Empowered **200 000 adults** and learners financially through Nedbank's face-to-face consumer **financial education programme**.

Launched the **Digital Fast Lane 60-day challenge** to get real working solutions to market in 60 days.

Awards and recognition

- Honoured for the second consecutive year as a Legend of Empowerment and Transformation at the 16th Annual Oliver Empowerment Awards.
- Recognised as most empowered company in the financial services sector in the 2007 Codes of Good Practice category of the Top Empowered Companies Awards.
- Placed 16th in the Thomson Reuters Diversity and Inclusion Index, which measures the relative performance of more than 6 000 companies globally in terms of environmental, social and governance performance (ESG).



NEDBANK GROUP TRANSFORMATION REPORT

(continued)

Case in point

Continuing to create an enduring legacy

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

The WIPHOLD-sponsored Centane Agricultural Development Project

The Centane-Mbashe initiative focuses on the development of a model for the profitable and sustainable farming of communally owned land. It is a commercial and developmental model, designed to have high social impact. In 2015 Old Mutual and Nedbank became partners to the initiative, injecting working capital loans. The loans from all three parties are zero-interest loans, with repayment scheduled to begin in 2020/21.

The table below depicts the impact of the initiative for the 2016/17 season:

Hectares cultivated	Participants	Increase or decrease
2 019 ha	2 028 landowners and project members from 31 villages	48% increase compared with the 2015/16 season

Although in its early stages, the initiative is already having a noticeable socioeconomic impact, particularly in terms of income and food security enhancement. While jobs have been and will continue to be created, these will be relatively limited as it is a fairly capital-intensive exercise. The numbers below provide some indication of the impact to date. After three seasons a total of R17,3m will have been distributed to the community shareholders either as cash or maize.

Community socioeconomic benefit	
Number of direct beneficiaries at 2017	2 028
Income generation: Cash distributions 2014/15 and 2015/16	R6 471 066,59
Income generation: Estimated cash distribution 2016/17	R6 251 000,86
Food security and income enhancement: Land use fee 2014/15	R569 160,00
Food security and income enhancement: Land use fee 2015/16 (418 t)	R1 719 755,45
Food security and income enhancement: Land use fee 2016/17 (607,2 t) and payment for hand harvesting (431 t)	R2 284 040,00
Permanent jobs created (directly from project)	12
Temporary jobs created (directly from project): 2016	16
Numbers that have received training	Approximately 2 028

OWNERSHIP

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

In 2005 Nedbank took a significant step towards the realisation of this equitable ownership vision with the introduction of the Nedbank Group BBBEE Eyethu transaction. The transaction enabled direct, broad-based ownership of the group by black stakeholders comprising employees, clients, strategic partners, community interest groups, non-executive directors and others. In 2015 this share scheme matured, unlocking shareholder value for more than 500 000 black South Africans.

MANAGED SEPARATION EXECUTION

Nedbank's 53,4% controlling shareholder, Old Mutual, announced in March 2016 that it was unbundling its business to unlock value for its shareholders. During November 2017 Old Mutual plc announced that the strategic minority shareholding to be retained in Nedbank Group by Old Mutual Limited (OML) to underpin the ongoing commercial relationship between the companies has been agreed at 19,9% of the total Nedbank Group ordinary shares in issue, as held as shareholder funds. The 19,9% shareholding will be held by OML, which will have a primary listing on JSE Limited and a secondary listing on the London Stock Exchange.

The decrease in OML's shareholding in Nedbank Group will be achieved through the unbundling of Nedbank Group ordinary shares to OML's shareholders. This will result in OML, immediately after the implementation of unbundling, holding a 19,9% strategic minority shareholding in Nedbank Group. The unbundling will occur at an appropriate time and in an orderly manner, after the listing of OML and allowing suitable time for the transition of the OML shareholder register to an investor base with an SA and emerging-market focus and mandate.

Nedbank will work closely with Old Mutual to ensure an effective and positive outcome for all our stakeholders, both internally and externally.

NEDBANK GROUP TRANSFORMATION REPORT

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EXECUTIVE DIRECTORS



MIKE BROWN⁵¹
Chief Executive



RAISIBE MORATHI⁴⁸
Chief Financial Officer



MFUNDO NKUHLU⁵¹
Chief Operating Officer

NON-EXECUTIVE DIRECTORS



VASSI NAIDOO⁴³
Chairman



IAN GLADMAN⁵³



BRUCE HEMPHILL⁵⁴



ROB LEITH⁵⁵

INDEPENDENT NON-EXECUTIVE DIRECTORS



MALCOLM WYMAN⁷¹
Lead Independent Director



HUBERT BRODY^{53*}



BRIAN DAMES⁵²



NEO DONGWANA^{45**}



ERROL KRUGER⁶⁰



MPHO MAKWANA⁴⁷



LINDA MANZINI^{49**}



MANTSIKA MATOOANE⁴²



NOMAVUSO MNXASANA⁶¹



JOEL NETSHITENZHE⁶¹



STANLEY SUBRAMONEY⁵⁹

* Appointed in July 2017.

** Appointed in June 2017.

MANAGEMENT CONTROL

Significant progress has been made in ensuring transformation of the board of directors. This is evidenced by Nedbank's emergence as the financial sector frontrunner in terms of our achievements in employment equity at the top layers of our management structure, as noted by the members of Parliament during the previously mentioned parliamentary committee hearings.

This progress has been reinforced through the appointments of two African females, Ms Neo Dongwana and Ms Linda Manzini as independent non-executive directors on the board during June 2017.

The following reflects the composition of the Nedbank Group Limited board and the Nedbank Exco for the financial year 2017.

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NEDBANK GROUP EXECUTIVE COMMITTEE



Mike Brown
Chief Executive



Mfundo Nkuhlu
Chief Operating Officer



Raisibe Morathi
Chief Financial Officer



Trevor Adams
Chief Risk Officer



Fred Swanepoel
Chief Information Officer



Thabani Jali
Chief Governance and Compliance Officer, Group Company Secretary



Mike Davis
Group Executive: Balance Sheet Management



Abe Thebyane
Group Executive: Group Human Resources



Priya Naidoo
Group Executive: Strategy and Economics



Ciko Thomas
Managing Executive: Retail and Business Banking

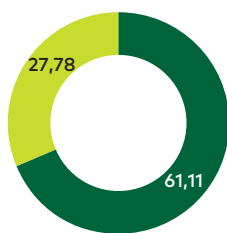


Brian Kennedy
Managing Executive: Corporate and Investment Banking



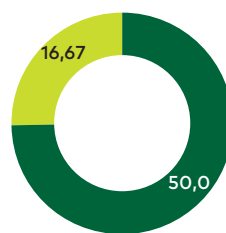
Iolanda Ruggiero
Managing Executive: Nedbank Wealth

Black representation on the board



■ Black board members
■ Black female board members

Black representation on exco



■ Black exco members
■ Black female exco members

NEDBANK GROUP TRANSFORMATION REPORT

(continued)

PEOPLE TRANSFORMATION

Nedbank is an organisation steeped in practices of equal opportunity and fair treatment for all our employees, and continues to make strides in fulfilling the aspiration to be a 'great place to work'.

'Our people are the central pillar of our organisation and Nedbank's X-factor. People 2020 is about us Nedbankers and what we need to do to shift our leadership, culture and talent, and about new ways of working so that we can experience a revitalised employee value proposition. As drivers and catalysts of the change, our people are at the heart of the Nedbank journey', says Mfundo Nkulu, Chief Operating Officer.

Nedbank aims to become more agile, innovative and competitive in serving clients, while remaining people-centred and being an employer of choice. This goal can be achieved through the attraction, development and retention of leaders who drive the strategic intent and replenishment of the talent pool with individuals who exhibit the attributes as contained in the Leadership Persona and with an appropriate diversity mix, implemented through employment equity (EE) and skills development policies.

Nedbank's attrition at 10,6% is well below the industry benchmark of 11–13%. The bank has a number of benefits such as long-term incentive payment plans that are key in staff retention. In addition the values-based culture we have in the bank is a key retention and attraction factor for current and prospective staff. Although the group embraces an inclusive and diverse culture, it remains a challenge to control factors such as lucrative remuneration packages in an environment where employers compete for progressive professional individuals and new skill sets. However, the attrition levels of designated groups are relatively higher than those of non-designated groups, reflecting the dynamics of the war for scarce skills in the market. To counter this we have introduced a process of having quality career conversations with all staff, especially black staff, to understand and respond proactively to issues that could trigger attrition.

AT 31 DECEMBER 2017 THE NEDBANK GROUP EMPLOYEE PROFILE WAS AS FOLLOWS:

Headcount	Male				Female				Foreign nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Occupational levels											
Top management	4			5	1		1	1			12
Senior management	61	35	104	396	63	23	67	150	28	9	936
Middle management	1 103	490	799	1 610	1 242	638	917	1 693	110	78	8 680
Junior management	2 812	867	679	480	6 036	1 831	1 327	1 248	73	120	15 473
Semiskilled	441	103	48	32	1 032	392	148	175	10	17	2 398
Unskilled											
Total permanent	4 421	1 495	1 630	2 523	8 374	2 884	2 460	3 267	221	224	27 499
Temporary employees	257	60	75	216	355	107	73	145	30	34	1 352
Grand total	4 678	1 555	1 705	2 739	8 729	2 991	2 533	3 412	251	258	28 851

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

Advancement of previously disadvantaged groups

A key focus area for Nedbank remains the advancement of women, together with the acceleration of transformation at senior management level, which is necessary to enable a workforce that reflects the country's demographics, especially in terms of African and black female representation. While recognising these challenges, Nedbank is especially proud of the fact that women constitute 67% of the workforce.

The Nedbank Women's Forum was created to address the advancement of women into leadership positions in the bank and continues to provide a space for both women and men to share their gender-related experiences with a view to creating opportunities for women. Specific initiatives include internal career advancement and recruitment among the designated groups (women in particular) and linking Nedbank's recruitment and skills development initiatives to the Nedbank Employment Equity Plan. It also organised the Women's Conference, Cell C Take a Girl Child To Work, as well as coaching and mentoring.

Another key focus area is the advancement of persons with disabilities, with Nedbank being progressive in the recruitment and retention of disabled people. The Disability Forum is a platform through which the bank raises awareness about disability and reasonable accommodation, and also serves as a vehicle for consulting on pertinent issues. Targeted initiatives include conducting a reasonable accommodation audit and raising awareness among top and senior management to encourage the creation of an inclusive work environment while striving to meet higher targets.

AT 31 DECEMBER 2017 THE NEDBANK GROUP EMPLOYEE PROFILE FOR PERSONS WITH DISABILITIES WAS AS FOLLOWS:

	Male				Female				Foreign nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	3	2	1	18	2			6	1	1	34
Senior management	16	12	21	82	21	20	31	92	2	1	298
Middle management	50	14	24	33	101	49	41	99		4	415
Junior management	16	3	1	5	14	9	12	10			80
Semiskilled											
Unskilled											
Total permanent	85	31	47	138	138	78	84	217	3	6	827
Temporary employees		1		6		1		2			10
Grand total	85	32	47	144	138	79	84	219	3	6	837

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INITIATIVES SUPPORTED

MEN WHO DO GOOD

SA has seen an increase in the abuse of women and children, and Nedbank, being a good corporate citizen, could not distance itself from the crisis. The Nedbank Men Who Do Good initiative is a dialogue session formed as part of promoting and creating an inclusive work environment, with Nedbank men advocating the elimination of any form of violence against women and children. The initiative, which took place in Gauteng, rural Eastern Cape (Centane) and KwaZulu-Natal (Sugar Mill), will continue into 2018 across all provinces and will encourage men to:

- refuse to be bystanders when women and children live in fear;
- protect women against sexual harassment in the workplace;
- not use power to abuse women and children; and
- do good for themselves, their families and their communities.

The beneficiaries of the project were Nedbank men and women, who demonstrated passion to make the bank an inclusive and winning institution for all, including women.

This project will continue to focus on the rural areas, where abuse often goes unnoticed.

CELL C TAKE A GIRL CHILD TO WORK

This is an annual event that takes place at our headoffice in Sandton and is organised by the Nedbank Women's Forum. The objective of this project is to empower young girls to make career choices and be prepared not only for the workplace, but also for adulthood. This project will continue as a platform to address the national objectives of empowering women.

Altogether 100 girls from the Chris Johan Botha Secondary School in Bosmont, Johannesburg, attended the event during 2017. Some of the girls are adopted by Nedbank staffmembers who assist them with uniforms and fees.

The Nedbank Western Cape region hosted 96 grade 12 learners from the Oscar Mpetha High School at the Atlantic Imbizo at the V & A Waterfront. Information-sharing on professional development for the world of work and how to prepare a professional CV, as well as the different roles in the financial industry, formed part of the event.

The Nedbank Women's Forum is playing an intricate role in Nedbank's transformation journey, focusing on gender equality to create sufficient, skilled and confident women who occupy strategic positions and drive the business for success throughout Nedbank and SA.

SKILLS DEVELOPMENT

Nedbank is committed to addressing skills development not only by investing in our own employees, but also by supporting multiple initiatives in the broader society. We also support the outcomes of the parliamentary hearings held by the Standing Committee of Finance

and the Portfolio Committee of the Department of Trade and Industry, that urged the National Economic Development and Labour Council (NEDLAC) summit to pay special attention to the skills development element of the FSC and to ensure that blacks, particularly Africans and women, are prioritised. The investment in people will ensure that we can deliver sustained enhanced performance and will contribute to the growth and sustainability of the group.

Committed to investing in people development

Continuous personal development is encouraged and supported at Nedbank. The People 2020 Framework envisages an environment where talent management and its associated learning programmes integrate seamlessly with the aspiration of its people and enable the group to recoup its investment in the form of enhanced human capital, with the objective of building critical skills in the right areas of the business and at the right pace and scale.

LEARNERSHIPS

Nedbank is committed to transformation at every organisational level and, as part of this commitment, has been a participant in the two BANKSETA national learnerships since inception. These are as follows:

- **Letsema learnership:** a postmatric learnership for unemployed matriculants, which results in the achievement of a National Qualifications Framework (NQF) level 5 qualification in banking service and advice.
- **Kuyasa learnership:** a postgraduate learnership for unemployed graduates, which results in the achievement of an NQF level 5 certificate in management development.

Under the Kuyasa banner two new qualifications were introduced for 2017:

- Business Analyst (NQF level 6)
- Financial Markets and Instruments (NQF level 6)

Learners are provided with workplace experience while completing their studies and have access to organisation-specific training, workplace coaching and, in the case of Nedbank, to learner support.

INTERNSHIPS

Financial Markets and Instruments Internship (NQF level 6)

Nedbank Corporate and Investment Banking (CIB) hosted two unemployed graduates on a financial markets and instruments internship as a pilot project. The purpose of the internship was to provide workplace experience to unemployed graduates who successfully completed the National Certificate in Financial Markets and Instruments (NQF level 6) with the Hedge Fund Academy. The workplace experience provided them with the opportunity to apply product knowledge and to gain exposure to compliance and regulatory matters, as well as the processing of various backoffice instruments. Both interns have since been permanently employed after completion of the internship.

Case in point

'Before Nedbank I was unemployed for nearly two years after graduating. I joined Nedbank on 7 December 2016 through the Hedge Fund Academy on a contract of six months. It was made permanent in May the following year. Since then I have learned a lot. I have grown professionally and personally. I started as a leaner here, so adjusting to the workplace was fairly easy with the help of my colleagues and superiors. They were very welcoming and patient, understanding I was still new to the industry and still had a lot to learn. It's a great place to work at. I thank Nedbank for giving me my first job.' Bophelo Modau

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PREFERENTIAL PROCUREMENT AND ENTERPRISE AND SUPPLIER DEVELOPMENT

PREFERENTIAL PROCUREMENT

Preferential-procurement practices remain a key strategy for enabling transformation, job creation and community upliftment, and Nedbank's policies are designed to maximise our contribution. Group policy is mandated to give preference to local suppliers over foreign-based suppliers and to SMMEs.

As part of the transformation strategy Nedbank entered into a strategic partnership with SAP Ariba to empower and develop small BO suppliers. Selected suppliers were provided with Nedbank-sponsored access to the Ariba platform to market their businesses as well as participate in sourcing opportunities.

A group of 220 suppliers that fit the criteria and the required turnover thresholds associated with SMMEs were identified and contacted to be part of this project. In addition, Nedbank remains a signatory to the Prompt Payment Code, which means that small suppliers (excluding microenterprises) are paid within seven days and all other SMMEs within 30 days. New job opportunities are being created within these supplier organisations.

Adding value through a sustainable supply chain

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

Case in point

Nedbank maintains a strong collaborative relationship with its suppliers leading in improved service levels and efficiencies throughout the supply chain.

A big part of our supply chain success has been the seamless integration and partnership with an increasing number of transformed as well as SMME suppliers, all helping Nedbank achieve its vision.

In the current year, Nedbank increased the number of direct SMME suppliers in its supply chain by almost 40%. We also witnessed an increase in the usage of BO suppliers by over 93% and BWO suppliers by over 66%. This once again shows the commitment Nedbank has to transformation and preferential procurement in SA. Some of the notable case studies include:

Ngubane & Co – BWO statutory audit firm appointed as Nedbank's third auditor

The Nedbank Group Audit Committee in collaboration with our two statutory audit partners, agreed that the statutory audit of non-core Nedbank entities presented yet another great opportunity for transformation for the bank. A detailed strategic sourcing process was completed among a group of ring-fenced emerging BO and BWO statutory audit firms.

S&B Cleaning Services – BWO supplier gets entire Nedbank Eastern Cape region

The cleaning commodity was earmarked for total ring-fencing, not just for BOs and BWOs but also for SMMEs. In true empowerment spirit, S & B Cleaning Services was allocated all 45 of Nedbank's Eastern Cape branches as well as all ATMs in the region.

The IT Advantage – BWO IT consumables supplier in SMMEs category

Through efforts led by both Nedbank procurement and Bidvest Global Payment Technologies, this small BWO IT consumables supplier was appointed to Nedbank and the Bidvest Group. This process witnessed the formation of a strategic partnership that beat aggressive competition to be selected as Nedbank's preferred suppliers of cash equipment such as note counters.

The MediaShop – embracing transformation

Through our regular strategic supplier engagements, The MediaShop announced that it had acquired both BO and BWO status in 2016. As a supplier that prominently features in Nedbank's top 10 from a spend perspective, this newly acquired BO/BWO status has been significant for procurement transformation.

Uphawu Brands and FES – preferred suppliers for promotional items across Old Mutual Group (total Nedbank estimated spend up to R24m)

In collaboration with Old Mutual, the supply of promotional items was earmarked for total ringfencing, not just for BO and BWO enterprises, but also for SMMEs. FES, a BWO QSE, and Uphawu Brands, a BO EME, were the two suppliers selected to supply Nedbank and Old Mutual with promotional items.

NEDBANK GROUP TRANSFORMATION REPORT

(continued)

Enterprise and supplier development

As a leading SA industry player, Nedbank has the responsibility of ensuring that companies owned by black people are given a platform to develop and grow their businesses within the group's supply chain.

A healthy relationship with suppliers is seen as a unique opportunity to express our enterprise development commitment tangibly and practically through a values-driven approach built on trust, collaboration and innovation. Procurement from EMEs and QSEs has remained a challenge due to the nature of the goods and services required by the group. However, Nedbank intends to continue using the ESD initiatives to support the development of the black SMME sector through accelerated efforts in meeting this challenge and fulfilling its national responsibility.

Nedbank implements this philosophy both by investing directly into the growth and development of businesses and by partnering with other initiatives that ensure small and medium businesses are able to prosper.

Nedbank has developed a multipronged approach, not just in terms of non-recoverable funding, but also in terms of integrating enterprises through the group's supply chain, which will assist in better alignment of our value chain to respond to the requirements of the Amended FSC.

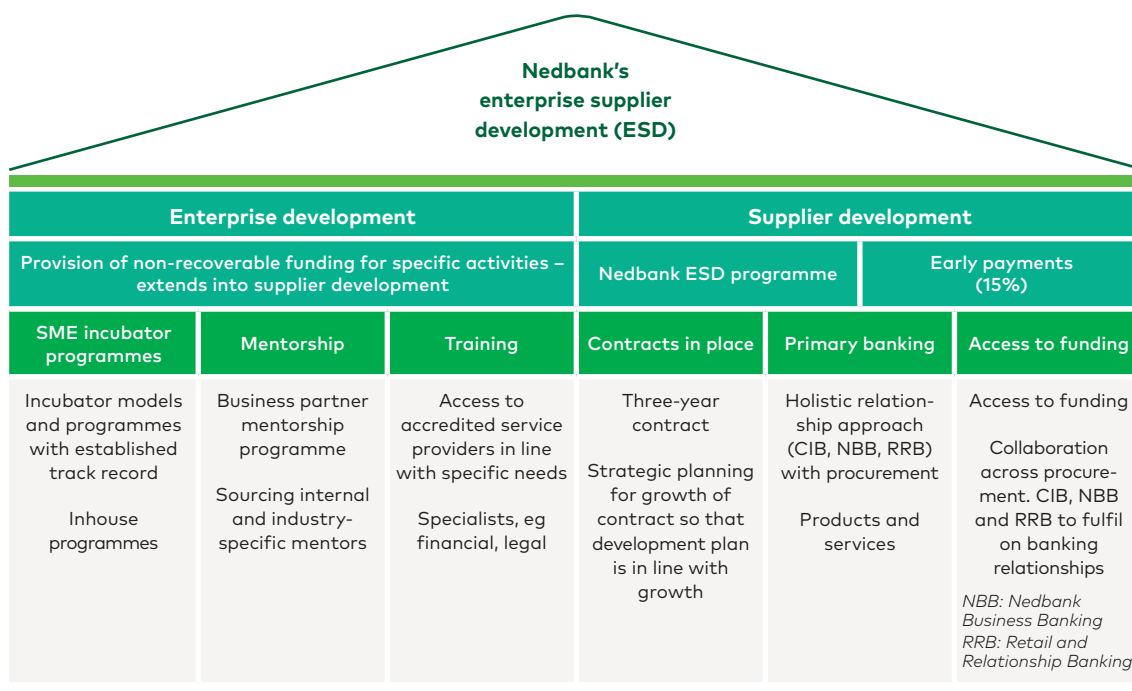
Nedbank's Incubator Programme during Global Entrepreneurship Week

Nedbank launched this exciting initiative during Global Entrepreneurship Week, with seven developing, community-based incubators across Gauteng. Nedbank contributed R700 000, which led to more than 400 entrepreneurs benefiting from workshops, training and seminars. The objective of this enterprise development intervention was two-fold:

- to support SMMEs with meaningful, practical skills, acumen and development; and
- to provide the smaller incubators with the opportunity to participate in Global Entrepreneurship Week. Some examples include:
 - **Enabled Incubator**, a Randburg-based organisation focused on women in rural empowerment, taking female entrepreneurs through a three-month bootcamp.

- **Awesome Travel**, a cultural exchange organisation that sends young students abroad on exchange programmes based on agriculture and travel sector internships. Most students on the programme come from disadvantaged backgrounds, with more than 10 000 (97% black and 81% women) having been on the programme to date.
- **Vanwanati Business Investments**, a Soweto-based wealth and brand management specialist incubator that works in the youth entrepreneurship space, addressing empowerment, business plans, profile, coaching and organisation.
- **The Business Place**, which has been in existence for 15 years, with an end-to-end incubation platform. The Business Place includes everything from registering businesses to training skills development and facilitating access to funding.
- **UCS Business**, which started as a business consultancy, with its main focus on education, business turnaround strategies, business plans and company profiles. This is not the first partnership between UCS Business and Nedbank.
- **Small Business Development Institute**, with a vision to focus on the supply chains, aimed at giving SMEs capacity to integrate into the value chain of large companies through the diagnostic study of companies.
- **Gabriel Mokwana**, who launched a four-day training programme in the Vaal. This unique programme is presented on radio, with three entrepreneurs chosen each day to pitch on air and the winners chosen by listeners.

OUR ENTERPRISE AND SUPPLIER DEVELOPMENT PROPOSITION



NEDBANK GROUP TRANSFORMATION REPORT

(continued)

NEDBANK AND THE RIVERSANDS INCUBATION HUB

Nedbank provided R3 560 000 to the Riversands Incubation Hub for 510 entrepreneurs to participate in our support programmes, which extend to backoffice support, infrastructure, capacity building and training. Participating businesses come from Diepsloot and surrounding areas. Nedbank has a point of presence at the hub to support SMMEs with banking products and services and to assist the hub with various other activities aimed at networking, positioning and transferring acumen to SMMEs.

Through this collaboration Nedbank remains committed to enterprise development, which is evident from the following:

- Involved in 24 Expanded Public Works Programme projects, with 554 learner contractors and R2,7m in mentorship funding, and creating 2 977 job opportunities.
- Involved in various interventions, building business skills and capacity through 23 municipalities across the country, benefiting 2 400 SMMEs.

NATIONAL JOB-CREATION INITIATIVES THROUGH RETAIL RELATIONSHIP BANKING

- In 2016 Nedbank partly sponsored 'Pitch & Polish', a national initiative providing entrepreneurs and startups with workshop training and the opportunity to present their business ideas to an audience and judges (Engen, Raizcorp and Nedbank). Nedbank provides financial training and assists with the

funding requirements of the business owners, where possible. This successful initiative continued to receive sponsorship from Nedbank in 2017.

- In 2017 Nedbank contracted with Finfind, an online one-stop solution for small businesses to gain access to finance. Finfind provides business owners seeking funding with the ability to improve their readiness for finance through educational tools and links to various financial solutions. Successful clients also receive the benefit of a dedicated relationship banker who will serve as a business advisor for both their business and personal financial needs.
- Nedbank Small Business Services is committed to growing the economy and creating jobs through enterprise development.

As a bank committed to business, Nedbank's enterprise development programmes are focused on SMMEs, as they are the engines of economic growth and job creation. Nedbank is highly involved in enabling the growth and sustainability of SMMEs through a holistic support approach. This approach utilises locally based, professional teams of finance experts and business advisors partnering with SMMEs across the country to afford business owners access to a dedicated skilled banker, a team of business specialists, and relevant and affordable finance solutions customised to their unique needs.

NEDBANK'S OFFERING TO SMALL BUSINESS THROUGH RETAIL RELATIONSHIP BANKING

Business registration services is offered through **SwiftReg** in branches (since 2008 over 14 000 businesses registered) and more recently online through CIPC Online.

Market Edge™ is a merchant analytics tool that provides retailers with detailed analytics on their customer base and store performance.

Gap Access™ is an innovative solution that gives more established businesses access to working capital based on their card turnover.

PocketPos™ allows smaller businesses to accept card payments by using a smartphone connected to a secure cardreader.

Payroll Lite is a web-based payroll solution with full functionality that is designed for small businesses with up to 50 employees.

Money Manager is an easy-to-use budgeting and tracking tool suitable for individual and small businesses.

Nedbank Accounting is an integrated online accounting solution, offering businesses access through a single logon, automated statement integration and on-the-go invoicing and quoting.

SimplyBiz® is a programme for business owners by business owners (launched in 2010). It was completely revamped in January 2017, now offering a resource, support and network centre aimed at supporting business owners on their growth journey.

SUPPLIER DEVELOPMENT PROGRAMME: A VEHICLE FOR JOB CREATION

In an effort to accelerate the development of SMMEs, Nedbank has developed a three-year programme to support a selected number of BO and BWO SMMEs to benefit from the knowledge and business support that mentors bring to the programme.

Each business engages in strategic sessions with their business mentors to craft unique business strategies that define a growth path over a period of time. The programme entails a diverse composition of business acumen, growth strategies, planning, marketing and much more. The business component is further augmented with coaches and business mentors to ensure that the business and the business owner are growing simultaneously for a sustainable future.

The programme further provides skills training, personal leadership development, mentorship and networking, and showcasing and market-access events to offer suppliers increased opportunities.

Nedbank launched the inhouse ESD programme in September 2015. Eight businesses participated in the programme each receiving a combination of business mentorship, business acumen and specialist training and personal coaching.

The decision to utilise inhouse skills and specialists has proven very beneficial as significant learnings have been bedded down, equipping Nedbank to make informed ESD grant allocations going forward. The objectives of this comprehensive ESD strategy are to transform Nedbank's supplier base, grow successful clients, (eventually) save costs for the bank and ultimately be a leader in ESD.

In year two a customised approach was defined for each business. This entailed uniquely tailored solutions to address specific needs extending to mentorship, systems intervention, expansion strategy and diversification.

The ESD programme, launched in 2015, has yielded good results. Participating businesses flourish with 162 new jobs created, 496 people employed, 634 hours of mentorship and R27m new contracts.

NEDBANK GROUP TRANSFORMATION REPORT

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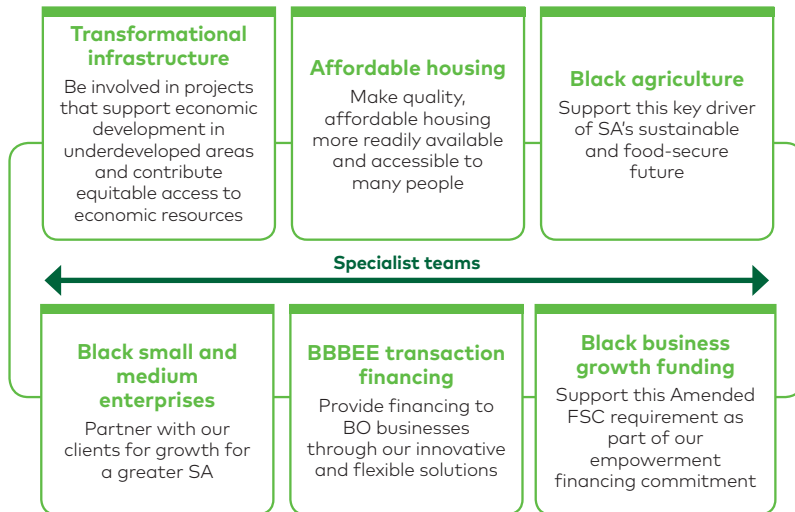
EMPOWERMENT FINANCING

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

By continuing with a holistic approach Nedbank's empowerment financing model has led to us providing funding for a range of initiatives, including transformational infrastructure projects, affordable housing, black agriculture, black SMMEs and BBBEE transaction financing.

We recognise the focus of continued commitment towards this empowerment finance, with the Amended FSC identifying it as a priority element.

OUR EMPOWERMENT FINANCING APPROACH



TRANSFORMATIONAL INFRASTRUCTURE

Nedbank's transformational infrastructure projects are engineered both to complement the electricity grid and contribute to the country's growth. Through our dedicated Infrastructure, Energy and Telecommunications (IET) Unit, infrastructure development initiatives undertaken include ports, water, rail and road projects. These are in addition to ongoing government public-private partnerships.

The IET Unit is able to meet its empowerment targets successfully by laying down the condition that each infrastructure project is expected to contribute a percentage of its revenue to the local community's economic development. Construction companies are therefore required to involve a percentage of local ownership in projects, and the content used in construction supplies must also be produced in SA and have a percentage of SA ownership.

AFFORDABLE HOUSING

The Affordable Housing (AH) Unit continued on its growth path of leveraging good client relationships with leading affordable-housing developers to expand its business and grow the lending book to aid the creation of much-needed affordable housing in SA.

During 2017 the unit disbursed a record R707m towards new affordable-housing developments and received more than R1,3bn in sales. New-development funding for 2017 totalled R1,2bn, which includes funding for rental stock to an amount of R863m.

The following are some of the projects in which Nedbank was involved:

- **Development Bank of SA's Green Fund.** In 2017 Nedbank partnered with the fund, with R47m flowing to the first project, namely Belhar Gardens, a 630-unit social housing development in Cape Town. Belhar Gardens is in the final stages of the Excellence in Design for Greater Efficiencies (EDGE) certification process with the Green Building Council, which will make it a pioneer in social housing nationally.
- **Scaling up funding partnerships.** The AH unit continues to explore opportunities to scale up the facility for sustainability-focused clients and also provided an R100m facility to the Trust for Urban Housing Finance, which commenced with disbursements in 2017. The trust is involved with the funding of SMMEs within inner-CBDs in several of the larger metropolises.

Case in point

Nedbank funding makes green affordable housing a reality

Nedbank CIB developed an innovative R120m sustainable affordable-housing finance facility in conjunction with the Development Bank of SA's Green Fund.

The first recipient of funding from this facility was Belhar Gardens, a Cape Town-based social-housing project owned and managed by Madulammoho Housing Association. The 630-unit development is the result of a public-private partnership and was made possible through the provision of land, grants and subsidies by the Western Cape Provincial Government and the Social Housing Regulatory Authority.

Belhar Gardens is aimed at households earning between R2 500 and R7 500 a month, offering bachelor, one- and two-bedroomed units to rent from as low as R750 a month. This is an example of using our money expertise to do good for individuals, families, communities and businesses in SA.

The development is a case study in affordability. Not only are rentals below market levels and linked to subsidies, but units are also resource-efficient. This is intentionally aimed at containing the total cost of accommodation for low-income households.

The inclusion of energy-saving features such as centralised heat pumps and innovative ceiling insulation technology not only brings environmental benefits in terms of climate change mitigation, but also delivers on the immediate imperative facing SA to expand access to quality affordable accommodation for underserved people.

Based on its extensive sustainability focus, Belhar Gardens was one of the first social-housing projects in SA to have applied for EDGE Green Building certification. Meeting the rigorous EDGE standard requires that the development achieves at least 20% savings within the EDGE software in each of three measurement dimensions, namely energy, water and embodied energy in building materials.

EDGE certification is a non-negotiable cornerstone of the sustainable success of affordable housing, making it possible for consumers, valuers and investors to differentiate between conventional and resource-efficient homes.

NEDBANK GROUP TRANSFORMATION REPORT

(continued)

BBBEE TRANSACTION FINANCING

The evolving landscape of BBBEE in SA means that the number of empowerment transactions available to finance continues to decline significantly. Nedbank continues to look for ways to provide financing to BO businesses seeking innovative funding solutions. The significant decline in the share prices of local mining companies has put pressure on the funding of BBBEE transactions in the sector. Regulatory uncertainty has also led to a decline in BBBEE deals.

In response to government's quest with regard to the development of SMMEs and the creation of black industrialists, the Amended FSC has introduced black business growth financing, which will focus on accelerated financing of black businesses, including the creation and support of black industrialists. Nedbank fully supports this new initiative as a means of developing primary industries along with its potential for higher job creation.

SOCIOECONOMIC DEVELOPMENT AND CONSUMER EDUCATION

INVESTING IN COMMUNITIES

Nedbank is committed to doing good through CSI. We continue to invest in communities through our four focus areas, which are education, skills development, health and community development.

Case in point

Heronbridge Training and Research Centre

The communities in the Gauteng townships of Diepsloot and Rhenosterspruit have hundreds of small day care centres or crèche facilities that provide an income for residents, but are largely run by practitioners with little or no qualification in early-childhood development (ECD). The centre educates, trains and mentors these and other practitioners in underresourced communities.

In 2017 the Nedbank Foundation contributed R300 000 towards the NQF level 5 training of 37 ECD practitioners from 25 preschools in Diepsloot and Rhenosterspruit. This followed the foundation's 2016 contribution of R200 000 towards the NQF level 4 training of ECD practitioners. Over 1 773 preschoolers are benefiting from greatly improved standards of care and a far stronger foundation from which to enter the school system.

Case in point

The Maths and Science Leadership Academy

The academy directly responds to SA's maths and science educational challenges, focusing on the Kimberley area in the Northern Cape. The Nedbank Foundation has been funding the academy since 2010, and in 2016 it contributed R300 000 towards its Maths Pioneers Programme, which develops maths problem-solving skills and a passion for the subject in learners, and empowers teachers to improve their knowledge and teaching methods. The matric results of the learners participating in the programme have been outstanding, producing some of the province's top students in both maths and science. Since 2013 over 60 students have gone on to study in engineering fields at tertiary institutions around SA.

Case in point

Consumer Financial Education

In 2017 more than 200 000 adults and learners were financially empowered through Nedbank's face-to-face Consumer Financial Education (CFE) programme. The CFE team facilitated community integration of eight branches to promote access to banking in the communities and conducted training workshops in various surrounding communities. The CFE programme also plays a key role in the Nedbank public sector forum, where expert financial education and training are delivered to public sector employees, with the emphasis on public sector educators.

Case in point

Mobile Library Project

The Nedbank Foundation initiated this project in 2009 and has annually funded the Nedbank Mobile Library Project to the value of over R1m, providing quality reading and study material to learners in underresourced communities, particularly in rural schools. There is also a high teacher-to-pupil ratio, which accentuates the need for teacher and learner support.

To date the foundation has funded nine mobile libraries in North West, Limpopo, KwaZulu-Natal, Eastern Cape and Mpumalanga. This project is exponentially improving learning and literacy in our schools.

NEDBANK GROUP TRANSFORMATION REPORT

(continued)

Case in point

StarSaver™ (Teach Children to Save)

In 2017 Nedbank staffmembers underwent training with a view to acting as facilitators in the StarSaver initiative. These volunteers went on to reach more than 30 000 learners in schools across the country, with the important message to develop a savings habit. Nedbank also deployed a digital game on Samsung Tyzen store to teach children about good financial behaviour, such as the importance of savings and prudent spending.

Focus area	Amount (Rm)
Education	94,2
Community development	5,7
Health	3,5
Skills development	16,1
Affinities	43,4
Volunteerism	5,6
Total	168,5

A focus on education

Nedbank supported several educational initiatives across various disciplines:

Sparrow Schools Automotive Repair and Maintenance Programme: Six apprentices from North West Province were supported by this 12-month programme, which includes six months' workplace experiential learning.

Get me to Graduation programme (GMTG): This programme assists students to secure funds for fees and accommodation for necessities such as food and toiletries. Nedbank invested R1,5m to support 286 students in different universities.

Breakdown of education investment

Type of education	Spend (Rm)
Basic education	40,7
Total tertiary education	53,5
Undergraduate bursaries	16,0
Postgraduate bursaries	5,0
Student assistance	4,5
Systematic intervention through chairs	28,0
Total basic and tertiary education	94,2

Nedbank External Bursary Fund

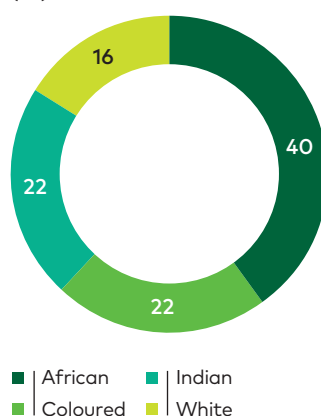
The Nedbank Bursary Programme funds students based on academic merit and financial need. This equal-opportunity programme is aimed at encouraging and rewarding bright young people with learning potential from lower-income families to study towards a first degree at a SA public university or university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

Nedbank awards bursaries to address scarce skills in the banking sector as well as provide bursaries for the greater good of SA. The bursary covers the following: registration and tuition fees; prescribed textbooks (capped at R7 000); accommodation and meal allowances for students living on campus and at approved off-campus facilities (for 10 months and excluding accommodation deposits); a monthly stipend of R800 for 10 months and a laptop allowance of R7 000 for first-year bursars. Bursars who obtain an academic average of above 75% at the end of each funded academic year are awarded a top achiever award of R5 000. In 2017 altogether 100 bursaries were awarded to undergraduate students towards a first degree across 13 SA public universities and universities of technology, at a cost of R11m. Science, Statistics, Information Technology and Accounting were among some of the field of studies the external bursary supported.

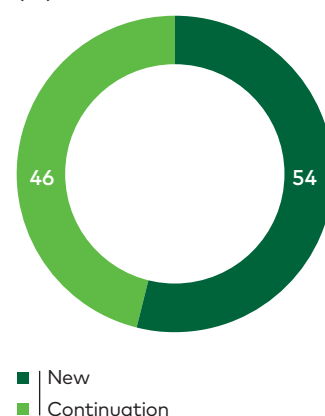
Split of bursaries by gender (%)



Split of bursaries by race (%)



Split of bursaries awarded (%)



NEDBANK GROUP TRANSFORMATION REPORT

(continued)

ACCESS TO FINANCIAL SERVICES

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

Partnership with TendoPro.com

TendoPro is a free revision platform that showcases learning material aligned with curriculum assessment policy statements as well as extra-curricular material relevant to high-school learners and teachers. This revision material is in the form of short videos and various activities (articles, games, etc), which assist the learners in revising that particular day's lessons. Learners register a profile to begin using the platform. Once on the platform, learners complete activities, such as watching a video or reading an article, and then earn points (Tendoberries), which can be redeemed for goods or entries into competitions to win prizes.

The target audience is high-school learners and teachers. Nedbank has been in partnership with TendoPro.com since April 2016 and is currently negotiating to continue into 2018. By the end of October 2017 the statistics were as follows:

- Schools engaged: 964
- Registered users on TendoPro: 50 760
- Active users on TendoPro: 82%
- Active users on maths content per month: 71%

This initiative contributed towards the improvement in users' school marks, increasing on average from 65% to 78%. Learner performances also showed significant increases of up to 40%. On average the improvement in maths marks was around 20% after just a few weeks of using this platform. Feedback from learners is evidence of how TendoPro.com helped them overcome their fears with maths and improve their results.

Over the past 18 months Nedbank has spent roughly R2,5m on this partnership. TendoPro's efforts are focused in Soweto. However, other districts in Gauteng such as Ekurhuleni South and North Districts, Johannesburg South, as well as other provinces, have formed part of TendoPro.com's drive to expand the programme reach.

Better educated children mean that the communities benefit by having better and well-educated leaders, decisionmakers and contributors to society, resulting in possible inflows of cash through small businesses and job creation.

Case in point

Nedbank launches SA's first solar branch in Mncwasa

A first to market in the financial sector, the Nedbank solar-powered branch is located 60 km outside Mthatha in the Eastern Cape. Its aim is to provide convenient banking solutions without banking facilities through Solar Turtle, a mobile service provider owned by members of the Mncwasa community.

This initiative was undertaken in partnership with the Mbhashe Local Municipality, represented by Executive Mayor, Cllr Samkelo Janda, who spoke at the launch. More than 69% of the Mncwasa community is economically inactive and depends on child support grants, with employment concentrated among teachers and small-scale entrepreneurs.

The solar branch will enable the rural community to access financial services through cashless, digital-payment solutions such as Masterpass, which enables clients to make online purchases.

Masterpass is an innovative digital-payment app that is convenient and simple to use, serving as a trusted digital wallet that enables safer and faster transactions. Masterpass can be downloaded from the Apple, Android, Blackberry or Windows app stores and keeps client information in a secure digital storage facility.

'Nedbank understands the role that banking services play in stimulating economic activity, and we are therefore committed to uplifting communities by offering facilities for local entrepreneurs to transact safely and conveniently. It is for this reason that we continue to develop innovative products and services such as the solar-powered branch, which is designed to overcome infrastructure constraints while enabling individuals, families and businesses to realise their goals and full potential,' says Lonwabo Daniels, Eastern Cape Provincial General Manager.



Case in point

Nedbank opens in Alex Mall

In 2017 Nedbank officially launched its newest branch at the Alex Mall in Alexandra, Sandton. The branch is aligned with Nedbank's commitment to increasing access to banking in order to grow communities across SA. Through the Nedbank Foundation the bank has carried out a number of CSI projects in Alexandra, including support of R130 000 to the SU Ikemeng Youth Centre since 2013, and Nedbank staff volunteers giving extra lessons for grade 5 to 7 pupils from Zenzeleni Primary School since 2011.

As Nedbank we will continue to use Alex to tell our stories through the eyes of the many people in the growing community. It is our desire as money experts to provide the community and the small business sector with banking, showing them how their money can work for them and helping the SMME sector to create jobs and grow the economy. Opening this branch in Alex allows local residents, the community and small businesses to enjoy banking services without having to travel to large malls. At Nedbank we believe that money well managed can make a real difference to people's lives.

NEDBANK GROUP TRANSFORMATION REPORT

(continued)

Products

Electronic access

Access to finance through any client-owned or third-party infrastructure, eg internet banking, cellphone banking, telephone banking or any new electronic product and/or technology.

Focusing on clients who have transacted in the past 180 days.

Access qualifying products

An access qualifying product is defined as any product that enables clients with a derived income of ≤ R5 000 per month to transact and who meet the minimum access standards.

Access

Geographic access

Physical points of presence where a client can transact and also fulfil various administrative functions, eg point-of-sale (POS) devices, ATMs and branches.

Banking densification

Measurement of the number of points of access to cash within easy reach of clients' homes. No less than 1 500 individuals within agreed suburbs.

Education

Consumer financial education

Programmes that are aimed at empowering consumers with the knowledge to enable them to make informed decisions about their finance and lifestyles.

Focus on the LSM 1–5 target market

LOOKING FORWARD

Leading transformation remains a strategic priority for Nedbank, as this will enable us to achieve our vision to be the most admired financial services provider in Africa by our staff, clients, shareholders, regulators and communities.

Although Nedbank has achieved industry leadership according to the Old FSC, we recognise that the Amended FSC, which comprises stricter weighting and targets, will lead to an industry rebasing, possibly impacting relative competitor positioning in this regard.

Nedbank's 53,4% controlling shareholder, Old Mutual, announced in March 2016 that it was unbundling its business to unlock value for its shareholders. During November 2017 Old Mutual plc announced that the strategic minority shareholding to be retained in Nedbank Group by Old Mutual Limited (OML) to underpin the ongoing commercial relationship between the companies has been agreed at 19,9% of the total Nedbank Group ordinary shares in issue, as held as shareholder funds. The 19,9% shareholding will be held by OML, which will have a primary listing on JSE Limited and a secondary listing on the London Stock Exchange.

NEDBANK WILL CONTINUE TO:

- focus on the priority elements, including ownership, skills development, ESD and empowerment financing;
- engage with key stakeholders to ensure transformation and inclusive growth through, for example, the NEDLAC summit and active participation through the Banking Association South Africa (Basa) to set new industry targets for empowerment financing and access to finance for 2018 and beyond, as well as participation at the Basa workgroups; and
- support the national agenda, remaining committed to being a leader of transformational change and achieving our purpose of using financial expertise to do good for individuals, families, businesses and society.

The Nedbank team, under the leadership of Group Chief Executive Mike Brown, welcomed the election of Mr Cyril Ramaphosa as the 14th President of the African National Congress (ANC) and looks forward to engaging with the new ANC leadership to rebuild the social compact and continue addressing the pressing needs of our society and meeting the legitimate aspirations of all South Africans. Nedbank is committed to playing a key role in developing all sectors of the SA economy and working alongside leadership who has the best interests of SA at heart.

'With SA's political and economic future looking more positive, I am confident that Nedbank is well positioned to take advantage of increased consumer and business confidence and move forward in our vision to become the most admired financial services provider in Africa. Looking ahead, there will no doubt be many more surprises and challenges in 2018, but I am encouraged by the prospects of Nedbank taking a leading role in nation building through various forms and channels,' says Mike Brown Group Chief Executive Officer

DEFINITIONS

BBBEE recognition level

The BBBEE status for companies based on Amended FSC scorecard percentages achieved as outlined below:

Contributor level	BBBEE score (%)	BBBEE recognition level
1	≥ 110	135%
2	≥ 105 but < 110	125%
3	≥ 99 but < 105	110%
4	≥ 88 but < 99	100%
5	≥ 83 but < 88	80%
6	≥ 77 but < 83	60%
7	≥ 61 but < 77	50%
8	≥ 44 but < 61	10%
Not compliant	< 44	0%

Black-owned (BO)

Suppliers that are at least 51% black-owned.

Black-women-owned (BWO)

Suppliers that are at least 30% black-women-owned.

Unemployed black people not attending, and not required by law to attend, an educational institution and not awaiting admission to an educational institution.

Black youth as defined in the National Youth Commission Act, 19 of 1996.

Black persons with disabilities, as defined in the Code of Good Practice on employment of persons with disabilities issued under the Employment Equity Act.

Black people living in rural and underdeveloped areas.

Black designated groups

Black military veterans who qualify as such in terms of the Military Veterans Act, 18 of 2011.

Direct ownership

Ownership of an equity interest, together with control over all the voting rights attached to that equity interest other than through mandated investment, which may include equity equivalents.

Employment Equity Act

The Employment Equity Act, 55 of 1998, as amended.

Exempted microenterprise (EME)

An entity with a total annual revenue of up to R10m.

Financial institutions

Banks, long-term insurers, short-term insurers, reinsurers, managers of formal collective investment schemes in securities, investment managers and other entities that manage funds on behalf of the public, including members of any exchange licensed to trade equities or financial instruments in this country and entities listed as part of the financial index of a licensed exchange.

Priority elements

Ownership, skills development and empowerment financing and enterprise and supplier development are priority elements for banks under the Amended FSC. Failure to meet the 40% subminimum thresholds, as prescribed, will result in the measured entity being discounted by one level on the overall scorecard until the next verification period, in which the measured entity can demonstrate compliance with the 40% subminimum requirements.

Qualifying enterprise and supplier development contributions

A collective term describing enterprise development and supplier development contributions targeting EMEs, QSEs and QSFI that are at least 51% black-owned or at least 51% black-women-owned.

Qualifying small financial institution (QSFI)

An entity that qualifies for measurement in the qualifying small financial institution (QSFI) scorecard, having total annual revenue of more than R10m but less than R50m.

Skills development expenditure

Legitimate training expenses on skills development, excluding the skills development levy payable under the Skills Development Levies Act, 9 of 1999.

CONTACT DETAILS

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Ralf Fletcher
Chief Executive Officer