

OUR VALUE-CREATING BUSINESS MODEL

Key drivers of change in our business model

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

THE MACROECONOMIC ENVIRONMENT

Managing through a difficult SA environment and investing in the rest of Africa for the long term

OUR CAPITALS ...

... ENABLE VALUE-ADDING

INPUTS



Financial

- Equity of R98bn (2018: R91bn)
- Strong CET1 capital ratio: 11,5%, well above minimum regulatory requirement of 7,5%
- Banking advances of R764bn (2018: R713bn)
- Deposits of R904bn (2018: R826bn)



Intellectual

- Tenth-most valuable SA brand (2018: ninth) and fourth-most valuable SA banking brand (2018: fifth)
- Market-leading IT capabilities (Managed Evolution and Digital Fast Lane)
- A leader in renewable-energy finance, corporate and commercial-property lending, small business services, retail vehicle finance, card acquiring, digital client value propositions, asset management and wealth management



Human

- A total of 29 403 employees (2018: 31 277), embracing a culture that is:
 - » client-driven and people-centred;
 - » increasingly innovative and competitive; and
 - » strong in compliance and governance
- Reward structures linked to performance and value drivers
- R760m invested in employee training, including upskilling employees for digital transformation (2018: R468m)
- Experienced and diverse executive team and a strong board
- A transformed workforce



Manufactured

- 117 core IT systems (2018: 119), which are being modernised as part of our technology journey
- R9,6bn invested in our technology platform since 2010 (2018: R7,4bn)
- 692 outlets (covering more than 84% of the population in SA), 4 398 ATMs and 101 000 point-of-sale devices (2018: 800, 4 462 and 96 000 respectively)
- Market-leading digital products, services and client value propositions



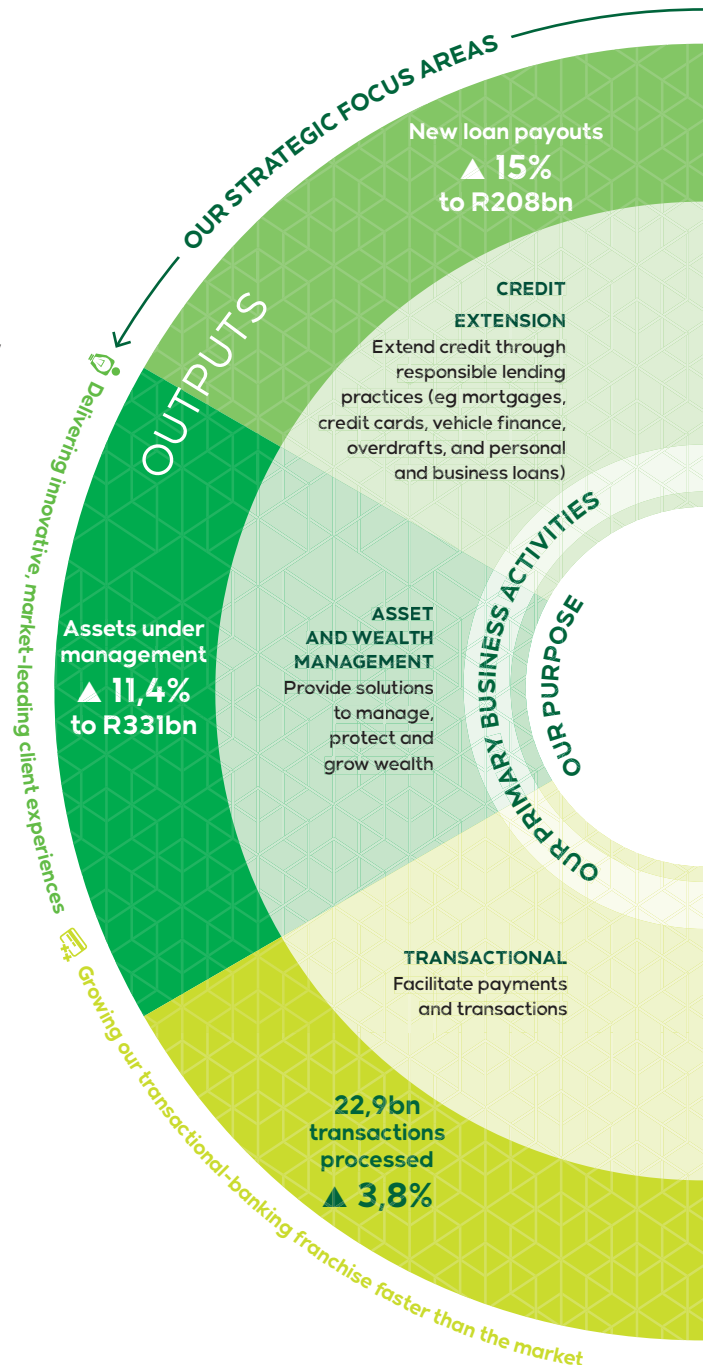
Social and relationship

- 7,8 million total clients (2018: 7,9 million)
- Embracing sustainable development financing to meet the SDGs as well as responsible ESG practices
- One of SA's most transformed banks
- Solid relationships across all stakeholders



Natural

- We impact the natural environment directly in our operations and indirectly through the financing of client activities:
 - » leader in renewable-energy financing; and
 - » a total of nine Green Star-rated buildings



**MAKING A
PURPOSE-DRIVEN
IMPACT. THAT'S
OUR DIFFERENCE.**

**DIGITAL
TRANSFORMATION**

From physical products, services and channels to digital and client-centred

**TRANSFORMATION OF SOCIETY
WITHIN ENVIRONMENTAL
CONSTRAINTS**

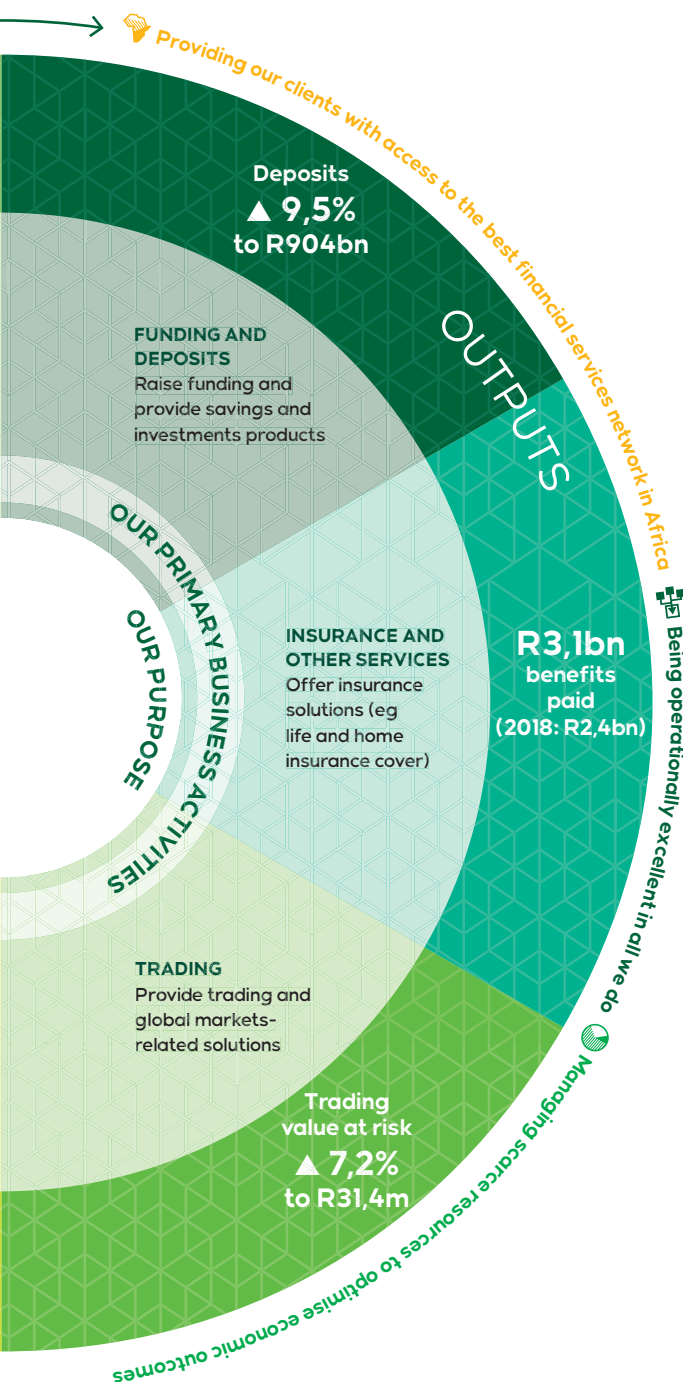
Delivering on our purpose and the SDGs

**SCARCE AND
EVOLVING SKILLS**

Transforming and enabling our workforce for the future

ACTIVITIES THAT CREATE ...

...VALUE FOR OUR STAKEHOLDERS.



OUTCOMES

Financial

- + Distributed R7,1bn in dividends
- + Cost-to-income ratio improved from 57,2% to 56,5%
- + NAV per share up by 3,7%
- ROE of 15,0%, down from 16,8%, however above cost of equity of 14,1%
- Share price down by 22,0%
- Headline earnings R12,5bn, down 7,2%

Intellectual

- + IT modernisation programme (Managed Evolution): 70% complete
- + Implemented a market-leading end-to-end retail digital onboarding capability (Eclipse)
- + First SA bank to launch an open-banking application programming interface (API) platform
- + Attracted market-leading skills in areas such as data analytics, IT, equities and advisory solutions
- Delay in juristic onboarding capability to 2020

Human

Maintained employee motivation, skills and diversity through:

- + R17,3bn paid in salaries and benefits
- + Percentage salary increase for unionised staff greater than management
- + A more transformed workforce (79% black and 62% female representation)
- Staff attrition of 10,8% up from 10,1%, although still below industry benchmark of 11-13%

Improved staff satisfaction levels:

- + 75% staff engagement, above the average industry level of 67%
- Digitisation and automation of the workforce environment:**
- + Altogether 620 employees reskilled or redeployed
- 158 staffmembers retrenched

Manufactured

- + Digital product sales up to 21% of total sales
- + Digitally active clients up to 1,8m (+16%)
- + Digitised 114 of targeted > 180 branch services
- Uptime of application systems at 99,1% (marginally down on 2018)
- SA branches reduced by 2,5%
- Data security issue at premises of third-party provider - no Nedbank systems or client accounts were compromised

Social and relationship

- + The only large SA bank to increase Net Promoter Score in 2019
- + Growth in main-banked clients in the middle and professional segments
- + Number of client complaints down 26,5%
- + R11,6bn direct and indirect tax contributions
- + More than 3 300 YES recruits for 2019
- + R130m socioeconomic spend
- + Maintained level 1 BBBEE contributor status
- + Responsible procurement practices (> 75% locally procured)
- + MSCI ESG rating improved from A to AA
- Decline in main-banked clients in the entry-level and youth segments

Natural

- + The first SA commercial bank to launch a green bond on the JSE
- + Disbursed R27bn renewable-energy deals adding 3 517 MW to the national grid
- + Carbon-neutral operations and effectively net-zero operational water usage
- + Supporting the transformation of the energy system over time through interventions such as our new Thermal Coal Policy

- + Positive outcome
- Negative outcome
- Neutral outcome



STAKEHOLDERS IMPACTED