

Introduction

The report reflects Nedbank Group's commitment to integrating economic, environmental, social and cultural sustainability across the organisation for the benefit of all stakeholders.

The compilation of this report has been aligned with the requirements of the King Code of Governance Principles for SA (King III Code) and complies with Global Reporting Initiative (GRI) Guidelines, which inform not only Nedbank Group's annual reporting, but also its ongoing reporting initiatives throughout the year.

For ease of reading and information accessibility this report is written in the first person. The terms, 'Nedbank Group', 'Nedbank', 'the group', 'we', and 'us' all refer to Nedbank Group Ltd and its associated operations, unless otherwise indicated.

This integrated report builds on the 31 December 2011 Nedbank Group Integrated Report and has been approved by the board 7 March 2013.

SCOPE OF REPORTING

The Nedbank Group Ltd Integrated Report is published annually. This particular issue of the report provides information on our operations, financial and non-financial performance and integrated sustainability developments during the year to 31 December 2012. The report covers all group clusters, operational areas and businesses of Nedbank Group.

Organisations in which we hold a minority stake are not included in the scope of this report. This report is addressed to our primary stakeholders, being our staff, clients, shareholders, regulators and communities.

This report should be read in conjunction with other supporting reports and supplementary information, all of which are available at www.nedbankgroup.co.za:

- 2012 Nedbank Group Annual Financial Statements
- 2012 Risk and Balance Sheet Management Report
- 2012 Nedbank Group Risk and Capital Management Pillar 3 Report
- 2012 Nedbank Group Transformation Report
- Supplementary Sustainable Development Performance information
- 2012 Nedbank Group Global Reporting Initiative Financial Services Sector supplement
- 2012 Nedbank Group Global Reporting Initiative G3.1 index
- 2012 Nedbank Group Governance and Ethics Report

The 2012 report builds on the insights, understanding and stakeholder feedback of the past three years and seeks to provide a detailed overview of the group's financial and non-financial performance for the period 1 January to 31 December 2012.

ASSURANCE AND INDEPENDENT ASSESSMENT

Assurance of the Nedbank Group Integrated Report 2012 is the responsibility of a combined financial and non-financial assurance team from Deloitte & Touche and KPMG.

The assurance statement by Deloitte & Touche and KPMG on page 74 confirms:

- The preparation of this report in accordance with the self-declared Global Reporting Initiative G3.1 Guidelines A+ application level using the principles of materiality, completeness and sustainability.
- The use of the principles of inclusivity, materiality, and responsiveness in accordance with AccountAbility's AA1000APS (2008).
- Limited assurance expressed over the following specified key performance indicators and which are marked with a ✓ in the report.
 - Net promoter score
 - Net primary client gain
 - Banking Ombudsman cases
 - FAIS pass rate
 - IT systems availability
 - Equator Principle deals
 - Carbon footprint
 - Water
 - Paper
 - Waste to landfill
 - Waste recycled
 - Entropy level
 - Employee surveys
 - Employee turnover
 - Value-added statement
 - All elements of the dti scorecard

In addition to the annual financial statements being audited, the condensed financial information has been audited and the opinion is on page 85.

This integrated report also conforms to the requirements of the South African Companies Act 71 of 2008 (Companies Act) and JSE Ltd (the JSE) Listings Requirements.

All dti and black economic empowerment (BEE) information contained in this report has been verified and signed off by the audit firm SizweNtsalubaGobodo Inc.

An analysis of our compliance with the full Global Reporting Initiative (GRI) and the GRI Financial Services Sector Supplement indices (FSSS) are available online at www.nedbankgroup.co.za.



MATERIAL MATTERS

Key to Nedbank Group's goal of entrenching integrated sustainability across every area of our business is our focus primarily on those matters and issues that are most material to our stakeholders.

Economic

Material matters

Becoming more client-centred.
 Economic conditions and financial performance.
 Governance, compliance and ethics.
 Responsible business management, lending and investment practices.
 Effective risk and balance sheet management.
 Integrity of information technology (IT) systems.

Materiality drivers

Building trust with clients.
 Optimise strategic intent, sustainable economic profit (EP) and growth.
 Creating sustainable stakeholder value.
 Contributing to a stable economic and financial environment for group operations.
 Minimising non-compliance liability.
 Managing risk exposure.

Social

Material matters

Socioeconomic development (including skills development).
 Responsible access to finance and financial literacy.
 Lending to enable healthcare, housing and education, enterprise development and community upliftment.
 Economic empowerment.
 Preferential procurement.

Materiality drivers

Contributing to social stability to support group operations.
 Developing new markets, revenue streams and the Nedbank Group client base.
 Contributing to social upliftment and social welfare.

Determining these material matters is an ongoing process, involving the study of all reports submitted for board or executive discussion, key business risk factors and identified opportunities, all formal and informal stakeholder feedback, our strategic objectives, and integrated sustainability imperatives.

The resulting material matters inform content priority for this report. They are also linked to and inform our strategy and actions. The Nedbank Group Executive Committee assumes responsibility for approval of the material matters prior to their endorsement by the Group Transformation, Social and Ethics Committee, a subcommittee of the board.

Environmental

Material matters

Environmental and social impacts of lending, investments and products.
 Resource consumption (including water).
 Carbon emissions (including climate change).

Materiality drivers

Ensuring compliance with existing and developing environmental regulations.

Contributing to behaviour change for a more sustainable future.

Reducing environmental impact.

Cultural

Material matters

Building a resilient corporate culture.
 Embedding talent management.
 Developing staff capacity.

Materiality drivers

Building a unique, innovative and client-centric culture that is core to our competitive advantage.
 Optimising talent by attracting, retaining and developing high performing and capable employees.



Responding to National Development Plan 2030