

About our Integrated Report

Nedbank Group is committed to the principles of Integrated Reporting. Our thinking and our approach to long-term value creation are aligned with these principles, which allow us to tell a clear and comprehensive story about how we deliver on our purpose to use our financial expertise to do good for individuals, families, businesses and society.

Scope and boundary of reporting

REPORTING PERIOD

The Nedbank Group Integrated Report is produced and published annually. The 2016 report covers the period 1 January to 31 December 2016 and builds on the 2015 report. Any material events after this date and up to the board approval date on 17 March 2017 have also been included. The report also contains Nedbank Group's outlook, targets and objectives for the short (2017) and medium to long term (2018 to 2020 and beyond). Our integrated thinking is reflected in our targets and key performance indicators that cover financial and non-financial performance as well as strategy, risks and how we deliver value to stakeholders.

OPERATING BUSINESSES

The report covers the primary activities of the group, our business clusters, key support areas and subsidiaries in our African and international operations. Detailed information on investments in which the group holds only a minority stake is not included.

FINANCIAL AND NON-FINANCIAL REPORTING

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

TARGETED READERS

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

BENCHMARKING

We benchmark our performance against our peers based on publically available information. While consistent benchmarks are not always readily available, we have included these where relevant so that readers can gauge Nedbank Group's relative performance.

KEY CONCEPTS

DEFINING VALUE

Value creation is the consequence of how we apply and leverage our capitals in delivering financial performance (outcomes) and value (outcomes and outputs) for all stakeholders while making tradeoffs. Our value creation process is embedded in our purpose (page 12), described as part of our business model on pages 20 and 21 and integrated into the way we think and make decisions. Through 'case in point' illustrations we provide examples of how value is created through strategy and delivered to our stakeholders.

MATERIALITY AND MATERIAL MATTERS

We apply the principle of materiality in assessing which information is to be included in our Integrated Report. This report focuses particularly on those issues, opportunities and challenges that impact materially on Nedbank Group and its ability to be a sustainable business that consistently delivers value to shareholders, prospective investors and our key stakeholders. Our material matters, as described on pages 34 to 39, influence our group's strategy and inform the content in this report.

THE CAPITALS

Our relevance as a bank today and in the future, and our ability to create long-term value is interrelated and fundamentally dependent on the forms of capital available to us (inputs), how we use them (value-adding activities), our impact on them and the value we deliver (outputs and outcomes), as shown on pages 20 and 21. Our capitals and an explanation of what they represent to us, are provided below:



Financial

Our shareholders' equity and funding from investors and clients that are used to support our business and operational activities, including credit extension (advances).



Human

Our people, investing in their development and our collective knowledge, skills and experience to enable innovative and competitive solutions for our clients.



Manufactured

Our business structure and operational processes, including our physical and digital infrastructure, our products, as well as our information technology that provides the framework and mechanics of how we do business and make money.



Intellectual

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



Social and relationships






Our citizenship and strong stakeholder relationships, including the communities we operate in, as we recognise that banks play an important role in building a strong and thriving society.



Natural

Our positive and negative impact on natural resources through our operations and business activity.

STAKEHOLDERS

-  Staff
-  Clients
-  Shareholders
-  Regulators
-  Communities

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

MATERIAL MATTERS

-  Volatile and uncertain socioeconomic environment characterised by slower growth and rising inequality
-  Disruptive technologies, disintermediation and increased competition
-  Increased demands on governance, regulation and risk management
-  Managing growth opportunities vs risks in rest of Africa
-  Transformation of society within environmental constraints
-  Scarce- and evolving-skills requirements
-  Changing relationships between business, government, labour and civil society

ASSURANCE INDICATORS

- LA External limited assurance
- Extracted from the 2016 Nedbank Group Limited Audited Annual Financial Statements
- FS
- MO Management and board oversight
- IN External sources, eg independent surveys
- OV Independent oversight by regulatory bodies

Reporting frameworks and combined assurance

Our Integrated Reporting process, as well as the contents of this report, is guided by the principles and requirements of the International Integrated Reporting Framework (IIRC) and the King Code of Governance Principles for SA (King III), and is in accordance with the 'core' level of the Global Reporting Initiative (GRI) G4. As an SA bank and a company listed on JSE Ltd (the JSE), we align to the JSE Listings Requirements, the SA Companies Act, 71 of 2008 (as amended), and the Banks Act, 94 of 1990.

We employ a combined assurance model to assess and assure various aspects of the business operations, including elements of external reporting.

These assurances are provided by management and the board, internal audit and independent external service providers, including KPMG Inc and Deloitte & Touche, our external auditors and providers of limited assurance on selected sustainability information, and SizweNtsalubaGobodo Inc, providers of limited assurance on our application of the Financial Sector Code (FSC) and the group's broad-based black economic empowerment (BBBEE) status.

For further information on the scope of the services provided by our external assurance providers refer to the Nedbank Group Annual Financial Statements, the Nedbank Ltd Annual Report, the Nedbank Ltd and subsidiaries BBBEE certificate, and the Independent Assurance Providers' Limited Assurance Report on Selected Sustainability Information, which are available on our group website at nedbankgroup.co.za.

Forward-looking statements

This announcement contains certain forward-looking statements with respect to the financial condition and results of operations of Nedbank Group and its group companies that, by their nature, involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include global, national and regional economic conditions; levels of securities markets; interest rates; exchange rates; credit or other risks of lending and investment activities; as well as competitive and regulatory factors. Consequently, all forward-looking statements have not been reviewed or reported on by the group's auditors.

Responsibility of the board

This report was approved by the board of directors of Nedbank Group on 17 March 2017.

STATEMENT OF THE BOARD OF DIRECTORS OF NEDBANK GROUP

The board acknowledges its responsibility to ensure the integrity of this Integrated Report, which in the board's opinion addresses all material issues and presents fairly the integrated performance of Nedbank Group.

As signed off by the board:

- Vassi Naidoo
- Mike Brown
- David Adomakoh
- Tom Boardman
- Brian Dames
- Ian Gladman
- Bruce Hemphill
- Errol Kruger
- Rob Leith
- Mpho Makwana
- Mantsika Matookane
- Nomavuso Mnxasana
- Raisibe Morathi
- Joel Netshitenzhe
- Mfundo Nkuhlu
- Stanley Subramoney
- Malcolm Wyman