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## Customer & Client

### We create value by being the financial services group of choice

Quality service is central to our growth. To retain and acquire customers and clients, we have to remain relevant by offering innovative and cost-effective products and solutions.

#### Key matters raised by stakeholders ...

- Access to cost-effective, simple and convenient financial services
- Financial inclusion through products, increased access points (physical and digital) and markets
- System reliability and availability to transact on their chosen platform
- Service levels and efficient resolution of service failures (complaints)
- Protection against fraud, and safety of personal data (customer privacy and data security)

#### ... inform our material focus areas ...

1. Understanding customer and client needs
2. Creating and delivering solutions through a balanced distribution model
3. Ensuring trust and safety
4. Effective management of information and technology while driving innovation

#### ... to achieve the following value ...

##### For our customers and clients

- Simple, efficient, cost-effective banking solutions
- A safe and trustworthy financial services provider

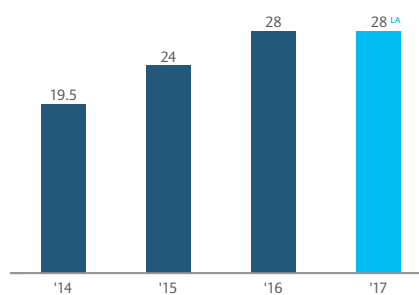
##### For the Group

- Improved NPS®
- Increased revenue from existing and new customers and clients
- Customer and client trust and support

We provide financial services to our customers and clients through a multi-channel approach, providing our customers and clients with a choice of engagement platforms from various digital solutions to call centres to face-to-face engagements in branches, client suites and with relationship managers. We continued refurbishing and re-positioning some of our branches, ATMs and cash-accepting devices. Increasingly, we emphasise the development of new technology-based solutions.

The growth of our business is directly linked to the way we treat our customers and clients and manage their assets, and we actively measure our performance through our NPS® among other service measures.

Group NPS® (%)



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# Company

We create value by effectively managing risk, and creating sustainable returns

A strong relationship with our shareholders is essential for a shared understanding and vision of our future role.

## Key matters raised by stakeholders ...

- Turnaround of Retail and Business Banking in South Africa
- Barclays PLC's sell-down, the resulting Separation including rebranding, system changes and management capacity
- Resilience and revenue growth in an uncertain and volatile economic environment and sustainable cost containment
- Strong and emerging competition, particularly fintech in the retail space
- Operational risks including IT, cybercrime and physical security

## ... inform our material focus areas ...

1. Sustainably growing revenue
2. Effectively managing risks
3. Disciplined cost management while enabling strategic investments
4. Delivering appropriate shareholder returns while executing the Separation

## ... to achieve the following value ...

### For our investors

- Growing, sustainable return on their investment through dividends and share price
- Return on debt-based investments delivered in agreed timelines

### For the Group

- Adequate levels of capital and liquidity to fund growth
- Effective risk management
- Investment and support from shareholders

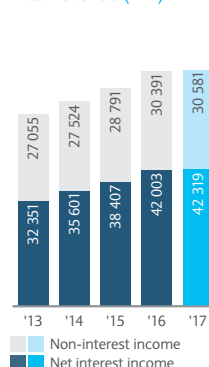
We present a snapshot of our normalised performance against our material focus areas. Our Financial Director's review on page 51 and risk management review 58 provide further detail.

## 1. Sustainably growing revenue

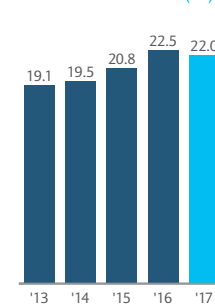
Revenue growth slowed to 1%, partly reflecting the difficult macro backdrop. However, underlying revenue growth increased 5% after factoring in the impact of a stronger rand and regulatory changes, plus some one-off items in the 2016 base. Although our overall revenue growth was limited, we improved momentum in several targeted areas in the second half of the year.

Our revenue share from Rest of Africa decreased slightly to 22.0% (2016: 22.5%), due to the stronger rand negatively impacting currency translation and regulatory caps. We remain top three by revenue in four of our largest businesses – Botswana, Ghana, South Africa and Zambia.

Total revenue (Rm)



Revenue share from outside South Africa (%)



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# Colleague

We create value through an environment where employees can do their best work and fulfil their potential

Capable and engaged employees serve our customers and advance our reputation, driving our commercial success.

## Key matters raised by stakeholders ...

- Leadership continuity and managerial depth
- Talent attraction, development and retention of critical skills
- Productivity through an agile culture
- Diversity and transformation
- Skilling of employees for a digital future

## ... inform our material focus areas ...

1. Distributed leadership as a source of value
2. Creating an entrepreneurial and innovative culture with greater ownership and autonomy
3. Attracting and retaining quality employees in a competitive employment environment
4. Building bench strength through distinctive development opportunities
5. Accelerating our diversity, with a focus on gender and, in South Africa, race
6. Building human resource capability for a digital world

## ... to achieve the following value ...

### For our employees

- A workplace where employees can do their best work
- Performance underpins the rationale for recognition and reward
- Self-led development and career progression

### For the Group

- High productivity through quality employees who are engaged and retained
- A ready pool of diverse and experienced talent equipped to meet current and future needs
- Outstanding leaders who inspire workforce productivity and agility

## Empowering performance

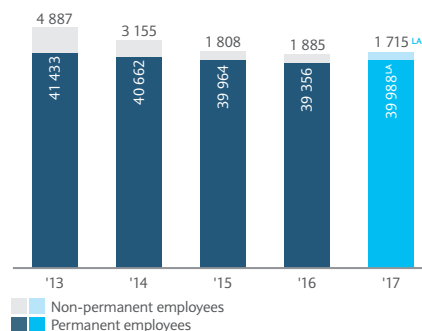
Our new corporate strategy requires a different people value proposition, underpinned by an entrepreneurial and innovative culture which is energised by distributed leadership across the organisation. To this end, we must increase investment in building capability and strengthen our employer brand.

We consistently attract, retain and develop high-calibre individuals. Our talent and critical skills retention is the highest it has been in the past five years.

We employ 41 703<sup>LA</sup> people (2016: 41 241), of whom 39 988<sup>LA</sup> are permanent. The slight increase is driven by our investment in capability post Separation.

We have developed strong and constructive partnerships with our unions, which represent 52.0% of our workforce.

Permanent and non-permanent employees (number)





# Citizenship

We create value by having a positive impact on the communities in which we operate

For us, Shared Growth means having a positive impact by developing partnerships that improve the lives of communities while delivering shareholder value.

## Key matters raised by stakeholders ...

- Societal challenges, such as access to financial services, education, employment opportunities and economic growth
- Funding for strategic partnerships in community development
- Our environmental footprint and how we manage it

## ... inform our material focus areas ...

1. Supporting education and skills development
2. Investing in enterprise development
3. Improving access to financial services
4. Environmental stewardship

## ... to achieve the following value ...

### For our communities

- Increased access to, and funding for, education opportunities
- Improved access to markets and financial services for small and medium businesses
- Improved financial wellness
- Decreased negative impact on the environment

### For the Group

- Enhanced client relationships and economic growth through more viable small and medium businesses
- Decreased risk exposure through greater financial literacy among consumers
- Minimised environmental impacts
- Strengthened social licence to operate

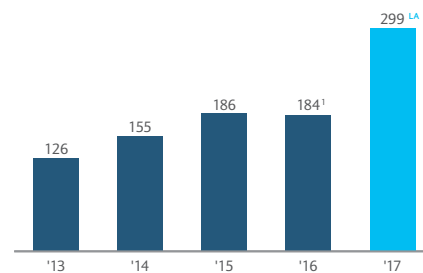
Our business is driven by a philosophy of Shared Growth which, in Citizenship, is focused on three areas: education and skills development, enterprise development and financial inclusion. Collaboration is key to our approach, and we drive strategic partnerships with like-minded stakeholders.

## 1. Supporting education and skills development

We aim to holistically improve the education ecosystem by focusing on learners, as well as administrators and institutions. We deliver on our commitment by:

- enabling increased access to education by providing financial support to individuals pursuing tertiary studies;
- strengthening the capacity of, and delivery by, educational institutions and government agencies by providing strategic funding, training and infrastructure support; and
- enabling increased access to employability or other economic opportunity by providing workplace exposure, job-shadowing and placements.

Shared Growth disbursements on education and skills (Rm)



<sup>1</sup> In line with our Shared Growth strategy, we refined our definition in terms of our community investment spend and as a result, the 2016 and 2017 values are not directly comparable to prior years.

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# Conduct

## We create value by acting with integrity in everything that we do

Doing the right thing, in the right way, enhances our customer outcomes, promotes trust in the financial system, and helps ensure that we provide appropriate products and services.

### Key matters raised by stakeholders ...

- Ethical work environment underpinned by sound conduct and corporate values
- Financial system stability spanning financial soundness to fair treatment of consumers
- Adequate and timeous response to consumer and customer-focused legislative changes
- Adapting to and influencing changes to legislation and regulations that have a substantial impact on the business and the financial services sector

### ... inform our material focus areas ...

1. Driving an ethical culture
2. Responding to conduct-related regulations
3. Managing conduct-related risk

### ... to achieve the following value ...

#### For our regulators, customers and clients

- Fair and ethical treatment when dealing with the Group
- A stable financial services sector
- Inclusive and transformed sector
- Fair advice and distribution

#### For the Group

- Sound corporate values, high ethical standards, market integrity and good conduct practices
- Sustainable operations
- Stakeholder trust and support

## 1. Driving an ethical culture

The financial services industry relies on trust, and good conduct is based on our daily behaviours, exhibited in our individual and collective actions and decisions.

As a participant in local and global platforms, such as local banking associations and Group of Thirty (G30), we recognise the systemic importance of the financial services sector, and the need to aspire to the highest standards of culture and conduct.

Our code of conduct outlines the behaviours which govern our interactions with stakeholders across the business. Our Conduct culture fosters values-based decision-making and shows how our policies and practices align with our Values. Our supplier code of conduct outlines the standards we expect from them.

We have a comprehensive programme that educates and empowers all employees in terms of their rights and responsibilities. This contributes to a culture of trust.

Our training and awareness programmes, underpinned by clear policies, ensure that our employees:

- are aware of the values and behaviours expected of them – as outlined in our code of conduct – including those relating to gifts and entertainment;
- complete fighting financial crime training, which includes anti-bribery and corruption, anti-money laundering and sanctions;
- develop a sensitivity to situations of real or perceived conflict of interest and learn how to deal with them when they arise;
- put Treating Customers Fairly (TCF) at the forefront of what we do; and
- are aware of the tools available to them to raise their concerns of unethical behaviour or suspected fraud through our whistleblowing programme.