

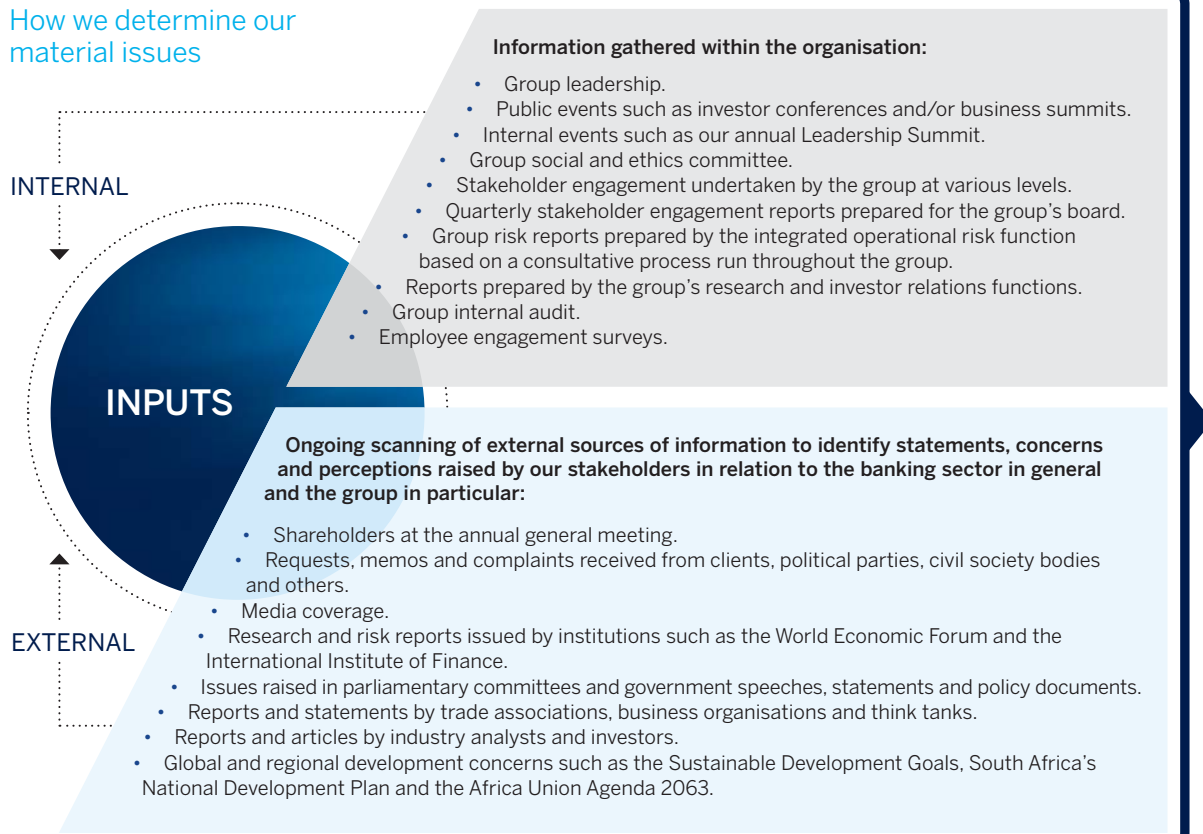
Our material issues


We consider an issue to be material if it has the potential to substantially impact on our commercial viability, our social relevance and our relationships with our stakeholders. Our material issues are informed by the expectations and concerns of our stakeholders, and the social, economic and environmental context in which we operate.

We view the materiality determination process as a business tool that facilitates integrated thinking. The process draws on our ongoing stakeholder engagements, for instance, with clients and regulators, and the work we are doing to revise the measures that underpin our strategic value drivers –

specifically our assessments of client and employee satisfaction. It also considers the views of key stakeholders, obtained through engagements undertaken to assess the quality of our relationships with them.

How we determine our material issues




 The identified concerns of our stakeholders and how we are responding are discussed on **pages 20 to 24**.

Based on this review, we identify the themes and issues that appear to be of greatest interest and concern to our stakeholders, and summarise, consolidate and align these as a list of material issues. In 2016, we undertook a fresh assessment of the issues and concerns raised by our stakeholders, which confirmed that the themes identified in our 2015 annual integrated report, remain pertinent. The group social and ethics committee examined and confirmed our material issues in July 2016.

LINK TO VALUE DRIVERS

<p>1</p> <p>Managing economic headwinds</p>	<p>We remain confident in Africa's long-term prospects, despite slower economic growth in certain countries in which we operate, and are committed to the expansion and deepening of our business across the continent. Slower economic growth in certain countries in which we operate, has been a headwind. We support Africa's growth by carefully managing risk across our portfolio, and we work with our stakeholders to support job creation and inclusive economic growth. This includes investment in infrastructure development and emerging manufacturing and services industries, and support for the broadening and diversification of trade relationships.</p>	<ul style="list-style-type: none">  Client focus  Risk and conduct  Financial outcome  SEE outcome
<p>2</p> <p>Understanding our clients</p>	<p>We aspire to build long-term, fulfilling relationships with our clients by understanding, and effectively and efficiently responding to their needs. We strive to continually improve the client experience at our branches, and on our online and mobile banking platforms. Our culture, underpinned by our values, aims to ensure that our clients are treated fairly at all times and that their best interests are placed first in every decision we take.</p>	<ul style="list-style-type: none">  Client focus  Employee engagement  Risk and conduct  Financial outcome  SEE outcome
<p>3</p> <p>Motivating our people</p>	<p>We must ensure that our people are empowered and recognised for living our values and for delivering on our strategic objectives: to drive Africa's growth, to treat our clients as individuals and deliver relevant solutions that fulfil their needs and to do the right business the right way. We provide our people with the opportunity to realise their full potential, and to develop the skills and adaptability needed to thrive in a rapidly changing world of work.</p>	<ul style="list-style-type: none">  Client focus  Employee engagement  Risk and conduct  Financial outcome  SEE outcome
<p>4</p> <p>Managing regulatory change</p>	<p>Global regulatory frameworks are becoming far more principles-based and outcomes-driven, requiring banks to ensure that every decision they take is appropriate to individual client interests, while maintaining the stability and integrity of financial markets. We are committed to treating clients fairly, lending responsibly, exercising effective risk management controls and being transparent and accountable in all our business dealings. We support regulatory reform that contributes to stable financial systems and that facilitates inclusive economic growth in Africa.</p>	<ul style="list-style-type: none">  Client focus  Risk and conduct  Financial outcome  SEE outcome
<p>5</p> <p>Embracing innovation</p>	<p>The technological revolution sweeping through the financial services industry is causing profound disruption. To prove our relevance in an increasingly digital world, we are actively embracing disruption and innovation, and working with innovation partners to deliver better value for our clients. We strive to find ways that make financial services more cost-effective, convenient and relevant. This includes tailoring solutions to meet diverse needs and preferences, and delivering services that make life easier and better for Africa's people.</p>	<ul style="list-style-type: none">  Client focus  Employee engagement  Financial outcome  SEE outcome
<p>6</p> <p>Leveraging our investments in IT</p>	<p>We want to be Africa's leading full-service digital bank. Over the past couple of years we have made major investments in modernising our IT platforms, replacing our ageing systems with best-of-breed, integrated solutions. This has enhanced our capacity to offer digital products and services, and has strengthened our capacity for data analytics which enables us to improve and personalise the service we provide to our clients. It has also strengthened our resilience against cybercrime and improved integration across our business units and countries of operation.</p>	<ul style="list-style-type: none">  Client focus  Employee engagement  Risk and conduct  Financial outcome  SEE outcome

 Our material issues and how they are managed are comprehensively discussed in the report to society.

RTS