



2023 sustainability bond allocation and impact report





FirstRand

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Certain entities within the FirstRand group are authorised financial services and credit providers. This report is available on the group's website: www.firststrand.co.za

Email questions to investor.relations@firststrand.co.za

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Introduction

For an overview of FirstRand Limited (FirstRand or the group), its approach to climate change and its commitment to deliver on its purpose of shared prosperity, please refer to the 2022 TCFD report and the 2022 report to society on the group's website at <https://www.firstrand.co.za/investors/annual-reporting/>.

In addition, the FirstRand sustainability bond framework (framework) under which the bonds discussed in this report were issued is available on the group's website at <https://www.firstrand.co.za/investors/debt-investor-centre/sustainable-finance/>.

First National Bank of Namibia green bond

On 23 March 2022, First National Bank of Namibia Limited (FNB Namibia) issued two green bonds (total funds raised: N\$353 million):

- > FNB25S: N\$241 million three-year green bond; and
- > FNB27S: N\$112 million five-year green bond.

Both bonds were fully allocated to eligible green building and renewable energy projects as at 31 August 2022.*

Allocated eligible projects by category	Number of eligible projects	FNB25S		FNB27S	
		N\$ thousand	% of proceeds	N\$ thousand	% of proceeds
Green buildings	5	196 776	82%	91 448	82%
Renewable energy	2	44 224	18%	20 552	18%
Total allocated**	7	241 000^{LA}	100%	112 000^{LA}	100%
Refinancing of existing and new assets***	7	241 000	100%	112 000	100%
Financing of future assets [#]	0	0	0%	0	0%

* The allocation and impact reporting process for the FNB Namibia green bond issuance began after the group's 2022 financial year end, and was followed by a limited assurance (LA) process. This was aligned to the group's sustainability bond framework, which outlines the reporting requirements (sections 5.4 and 6.2). This allocation and impact report has been published ahead of the first issuance anniversary.

** The total allocated against eligible projects has been subject to an independent assurance process by PricewaterhouseCoopers Inc (PwC). The assurance report is available at: <https://www.firststrand.co.za/investors/debt-investor-centre/sustainable-finance/>.

*** Existing and new assets as defined in the framework were originated no more than 24 months prior to the bond issuance.

Future assets for the purpose of this report were originated post bond issuance and prior to the date of this report.

The impact indicators for the total N\$353 million as per the group's sustainability bond framework are outlined in the table below.

Eligible loans/assets	Impact
Green buildings	> Five green buildings funded (Excellence in Design for Greater Efficiencies (EDGE) equivalent* 39 694m ² of green buildings).
Renewable energy	> 10MW of installed capacity

* EDGE is an innovation of the International Finance Corporation (IFC), a member of the World Bank Group. EDGE is a green building certification system that aims to help developers reduce their buildings' energy and water consumption as well as embodied energy in materials by 20%, whilst reducing greenhouse gas emissions.

FirstRand Bank sustainability bond

On 20 April 2022, FirstRand Bank Limited (FRB) issued two sustainability bonds (total funds raised: R2 029 million):

- > FRJ27S – R958 million five-year sustainability bond; and
- > FRJ29S – R1 071 million seven-year sustainability bond.

Given that only partial allocation has been achieved on both the FRJ27S and FRJ29S as at the first post-issuance reporting cycle on 31 August 2022*, FRB will:

- > provide further allocation and impact reports (until full allocation); and
- > ensure all unallocated proceeds are fully allocated within 24 months of the issuance date (i.e. by 20 April 2024) and managed in accordance with section 5.3 of the framework.

Allocated eligible projects by category	Number of eligible projects	FRJ27S		FRJ29S	
		R thousand	% of proceeds	R thousand	% of proceeds
Green buildings	3	192 048	20%	214 701	20%
Affordable housing**	Multiple	556 815	58%	622 494	58%
Total allocated***		748 863^{LA}	78%	837 195^{LA}	78%
Refinancing of existing and new assets [#]	Multiple	479 000	64%	535 500	64%
Financing of future assets [†]	Multiple	269 863	36%	301 695	36%
Total unallocated		209 137	22%	233 805	22%

* The allocation and impact reporting process for the FRB's sustainability bond issuance began after the group's 2022 financial year end, and was followed by a limited assurance (LA) process. This was aligned to the group's sustainability bond framework, which outlines the reporting requirements (sections 5.4 and 6.2). This allocation and impact report has been published ahead of the first issuance anniversary.

** Borrowers whose income levels comply with the income criteria and first-time home buyer requirements outlined in the South African government's Finance Linked Individual Subsidy Programme qualifying criteria are eligible.

*** The total allocated against eligible projects has been subject to an independent assurance process by PwC. The assurance report is available at: <https://www.firstrand.co.za/investors/debt-investor-centre/sustainable-finance/>.

[#] Existing and new assets as defined in the sustainability bond framework were originated no more than 24 months prior to the bond issuance.

[†] Future assets for the purpose of this report were originated post bond issuance and prior to the date of this report.

The impact indicators for the total R2 029 million as per the group's sustainability bond framework are outlined in the table below.

Eligible loans/assets	Impact
Affordable housing	<ul style="list-style-type: none"> > 2 659 applicants provided with access to affordable and sustainable housing > 2 403 mortgages provided for affordable and sustainable housing > 842 newly built affordable and sustainable houses provided
Green buildings	<ul style="list-style-type: none"> > three IFC EDGE-certified green buildings > 3 140 tonnes CO₂eq/year of emissions savings > 65 031m² of green buildings funded

Independent limited assurance report

FirstRand commissioned PwC to provide independent limited assurance in accordance with *International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* regarding the use of proceeds, marked with the letters LA, as set out on pages 02 and 03 of this allocation and impact report, dated 20 March 2023. The assurance report should be read in conjunction with the FirstRand sustainability bond framework, which is available at <https://www.firststrand.co.za/investors/debt-investor-centre/sustainable-finance/>.

PwC's independent limited assurance report, dated 20 March 2023, is available online at: <https://www.firststrand.co.za/investors/debt-investor-centre/sustainable-finance/>.

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