



sustainability bonds – allocation and impact report

January 2024



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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.firstrand.co.za

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



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 group's climate-related disclosures, available at <https://www.firstrand.co.za/investors/integrated-reporting-hub/climate/>, and the 2023 report to society, available at <https://www.firstrand.co.za/investors/integrated-reporting-hub/societal/>.

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/media/investors/policies-and-practice/pdf/firstrand-sustainability-bond-framework.pdf>.

FirstRand Bank sustainability bonds

On 20 April 2022, FirstRand Bank Limited (FRB or the bank) issued two sustainability bonds (total funds raised: R2.029 billion):

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

On 20 March 2023, FirstRand issued the first allocation and impact report, which reflected a partial allocation of 78% of the total funds raised. This partial allocation was achieved within the first post-issuance reporting cycle ending 31 August 2022. This second allocation report details the awarding of the remaining 22%, which brought about full allocation.

FRB achieved full allocation of FRJ27S and FRJ29S – across the eligible project categories of green buildings and affordable housing well before 20 April 2024, the cut-off date in terms of the required 24-month period from issuance date. This process has been managed in accordance with section 5.3 of the framework.

		FRJ27S		FRJ29S	
Summary of allocation from first allocation report*					
Allocated eligible projects by category	Number of eligible projects	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# at 31 August 2022		748 863†	78%	837 195†	78%
Summary of allocation for this second allocation report					
Affordable housing	Multiple	209 137	22%	233 805	22%
Total allocated# at 31 August 2023		958 000†	100%	1 071 000†	100%

* For further detail please access the first allocation report: <https://www.firstrand.co.za/media/investors/policies-and-practice/pdf/2023-sustainability-bond-allocation-and-impact-report.pdf>.

** Borrowers whose income levels comply with the income criteria, as well as the first-time home buyer requirements outlined in the South African government's Finance Linked Individual Subsidy Programme qualifying criteria, are eligible (in 2023 this programme was renamed First Home Finance).

The total allocated against eligible projects has been subject to an independent limited assurance process by PricewaterhouseCoopers Inc. Its assurance report is available at <https://www.firstrand.co.za/media/investors/policies-and-practice/pdf/pwc-LA-report-firstrand-sustainability-bond-issuances-January-2024.pdf>.

† Independent limited assurance provided over use of proceeds.

On the basis of full allocation across both FRJ27S and FRJ29S, social assets constituted 80% of the total allocation, while green assets constituted 20%.

Allocations to eligible assets, across both FRJ27S and FRJ29S were split equally between existing and new assets, and future assets. 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.

	FRJ27S		FRJ29S	
	R thousand	% of proceeds	R thousand	% of proceeds
Refinancing of existing and new assets	479 000	50%	535 500	50%
Financing of future assets	479 000	50%	535 500	50%
Total allocated at 31 August 2023	958 000	100%	1 071 000	100%

The impact indicators for the total R2.029 billion as per the FirstRand sustainability bond framework are outlined in the table below.

<i>Eligible loans/ assets</i>	Impact associated with the 22% allocated in this second allocation report	Updated total impact
<i>Affordable housing</i>	<ul style="list-style-type: none"> • 880 applicants provided with access to affordable and sustainable housing • 812 mortgages provided for affordable and sustainable housing • 351 newly built, affordable and sustainable houses provided 	<ul style="list-style-type: none"> • 3 539 applicants provided with access to affordable and sustainable housing • 3 215 mortgages provided for affordable and sustainable housing • 1 193 newly built affordable and sustainable houses provided
<i>Green buildings</i>	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • 3 International Finance Corporation EDGE-certified green buildings • 3 140 tonnes of CO₂eq/year of emissions savings • 65 031m² of green buildings funded

Independent limited assurance report

FirstRand commissioned PricewaterhouseCoopers Inc. (PwC) to provide independent limited assurance in accordance with the *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 symbol *f*, as set out on page 02 of this annual allocation and impact report, dated 29 January 2024. The assurance report should be read in conjunction with the FirstRand sustainability bond framework, available at <https://www.firststrand.co.za/media/investors/policies-and-practice/pdf/firststrand-sustainability-bond-framework.pdf>.

PwC's independent limited assurance report, dated 29 January 2024, is available online at <https://www.firststrand.co.za/media/investors/policies-and-procedure/pdf/pwc-LA-report-firststrand-sustainability-bond-issuances-january-2024.pdf>.



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