FirstRand

Green bond investor roadshow

April 2024

Agenda

- Group's climate approach
- FRB’s second green bond issuance
- RMB green solutions and track record
- Term sheet
- Appendix

Group’s climate approach

FirstRand

FirstRand considers climate change as both a risk and opportunity

- FirstRand believes climate change is a challenge globally
- As a systemic bank and allocator of financial resources, the group must deliver solutions for climate resilience and a just transition
- All sectors and segments will be impacted
- However, despite the risks, it also presents growth opportunities for the group and its customers
- SA faces particular need, given energy crisis, requires “addition” as well as transition

Responding to climate change aligns to group purpose (SHARED PROSPERITY)

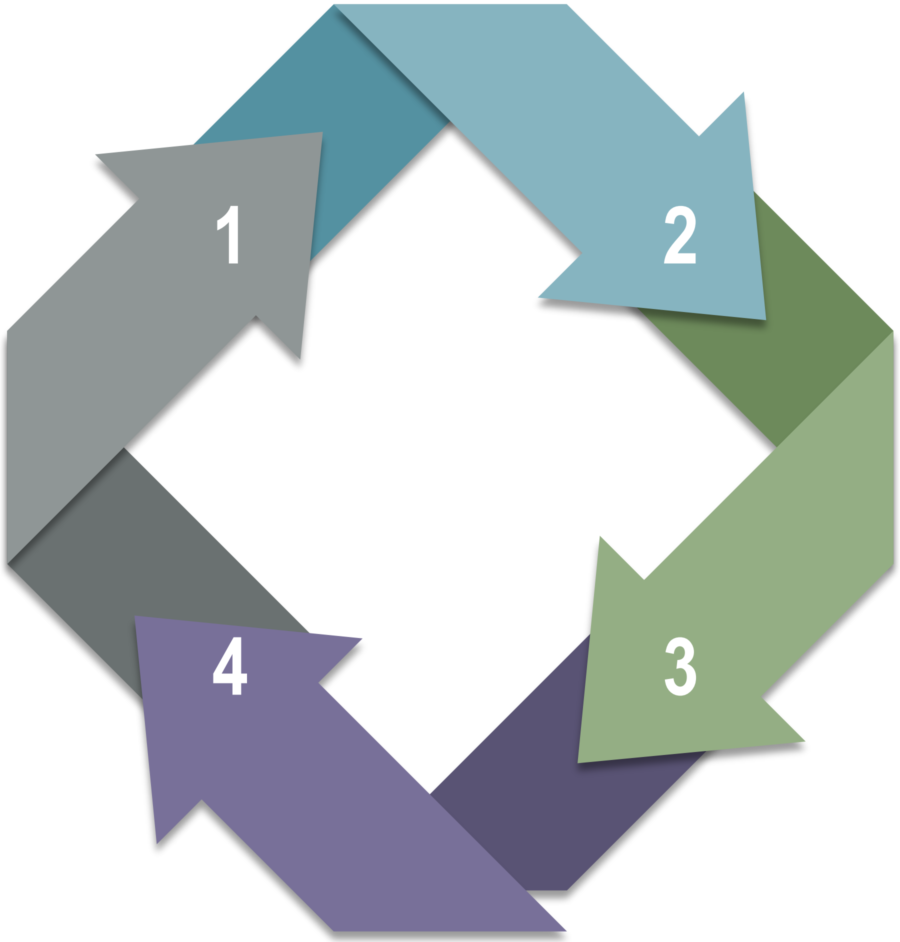
… and considers both financial and impact materiality

Financial materiality		*Impact materiality*	
Climate risk impact on:	**Climate opportunities for:**	**Climate risk impacts are:**	**Climate opportunities offered by:**
> risk appetite relative to FirstRand's overall earnings volatility limits as well as risk type earnings volatility limits, prudential limits and internal triggers; > FirstRand's reputation; > capital adequacy and solvency outcomes in business-as-usual and stress scenarios; > access to and cost of funding; > business origination and retention; and > regulatory sanction.	> balance sheet and income growth; > business origination and retention; > access to new client markets and customer types; > mitigation of climate-related credit, market or operational risks; and > access to alternative funding pools.	> adverse impacts on people – quality of life and livelihoods; > contribution to greenhouse gas (GHG) emissions; > adverse impacts on the environment, including nature and biodiversity; and > negative implications for economic stability and sustainability.	> decarbonisation; > technology adoption; > adaptation initiatives; > climate change awareness; and > transparency and policy.

Climate strategy: focus is client and balance sheet driven

CLIMATE BALANCE SHEET

The group is using this balance sheet view to understand its baseline



CLIENT ENGAGEMENT

- Help clients to assess climate impact and responses (including transition pathways)
- Gives group better understanding of balance sheet opportunities to inform origination

ACCELERATING TRANSITION

Over time, FirstRand's balance sheet will be consistent with its 2050 net-zero commitment

ORIGINATION

Client engagement informs targeted product sets and offerings that address both climate risks and opportunities

FirstRand climate balance sheet is a strategic tool to measure progress against the group's 2050 net-zero ambition

The climate balance sheet is being used to steer portfolio decarbonisation

		2030
Green	Green assets and clients aligned with international definitions	Measured growth
Olive	Accelerated transition	Strong growth
Brown	Outsized emissions (transition risk) or inability to transition existing business	Measured reduction
Grey	Natural growth – with emissions intensity reducing in line with country NDCs	

Overall aim is to improve emissions intensity (emissions metric tonnes/ Rm advances) over time

Client engagement drives origination and product innovation

The climate risk awareness of the top 100 clients has improved:

Climate maturity of top 100 clients

	Top 100	
Climate strategy implementation	**2023**	**2022**
Climate mature	**44%**	27%
Climate progressed	**33%**	28%
Climate aware*	**23%**	31%
Climate-naïve**	**0%**	14%

* *This trend reflects migration from climate aware to climate progressed.*

** *This trend reflects migration from climate naïve to climate aware.*

Analysis indicates that South African clients in hard-to-abate sectors are maturing in the active management of their decarbonisation journeys

Climate response is holistic: operationalised through core structures and processes

Structures	Dedicated **governance structures** embedded in business	**Integrated into FRM** (including dedicated **FRM committee** providing enablement for climate solutions)	Dedicated **sustainable finance teams** across operating businesses **(origination, strategy, risk)**
Frameworks and policies	**Internal taxonomy** aligned to sustainability bond framework (standardised eligibility criteria and reporting)	**Financing policies** for coal, oil and gas with funding limits	**TCFD framework and reporting** (3 years)
Accountability	In 2021, established group climate **ambitions and targets** (to date met/on track)	Integrated into **executive remuneration**	8-year **climate roadmap** (in year 5 and tracking well)

Responding to climate risk and opportunities is fully enabled by financial resource allocation

FRM framework – key enabler

Sustainability bond issuances

Three issuances to date:

- 2022: FRB sustainability bond (R2bn) and FNB Namibia green bond (N$353m)
- 2023: FRB green bond (R3.5bn)

To drive origination of new assets:

- 50% of each bond issuance is allocated to **future** green assets

To ensure allocation discipline:

- If proceeds are not fully allocated within the 24-month allocation period, a **penalty** of 15 bps will be applied

Incentivise green deals through differentiated pricing

FRM policy embedded in operating businesses allows for:

- Explicit **funding benefit** (per funding framework) on qualifying green deals
- **Passed onto the client**

Negative impacts (pricing penalty):

- Prices the carbon intensity embedded in financed emissions

Partnering with development finance institutions (DFIs)

- Currently ~$650m funding allocated to originating climate assets
- Technical assistance for new market making, solutions and additionality

FRB’s second green bond issuance

FirstRand Bank

FirstRand's sustainability bond framework

In December 2021, the group published its sustainability bond framework under which its subsidiaries can issue thematic debt instruments, such as green, social and/or sustainability bonds

- Aligned to international best practice and guidance as issued by the International Capital Market Association (ICMA)
- Independently assessed by Sustainalytics
- Framework and second-party opinion available on FirstRand's website at https://www.firstrand.co.za/investors/debt-investor-centre/sustainable-finance/

SUSTAINABILITY BOND FRAMEWORK

Social bonds

- Affordable basic infrastructure
- Social infrastructure
- Affordable housing
- Improvement of access to funding for micro, small and medium-sized enterprises (MSMEs) and low-income population
- Women in the economy
- Electricity distribution networks

Sustainability bonds

Green bonds

- Renewable energy
- Energy efficiency
- Climate change adaption
- Green buildings
- Clean and sustainable transportation
- Pollution prevention and control
- Sustainable management of natural resources
- Climate smart agriculture
- Electricity distribution networks

Intended use of proceeds of this issuance

Second-party opinion:
FirstRand Sustainability Bond Framework

SUSTAINALYTICS
a Morningstar company
SECOND-PARTY OPINION

FRB's second green bond follows established principles driving additionality and appropriate origination

Bond proceeds will be **fully allocated** to eligible loan/asset portfolio within two years from the date of each issuance

Existing loans are those which have reached financial close, up to 24 months prior to the issuance or where the assets are not yet fully operational

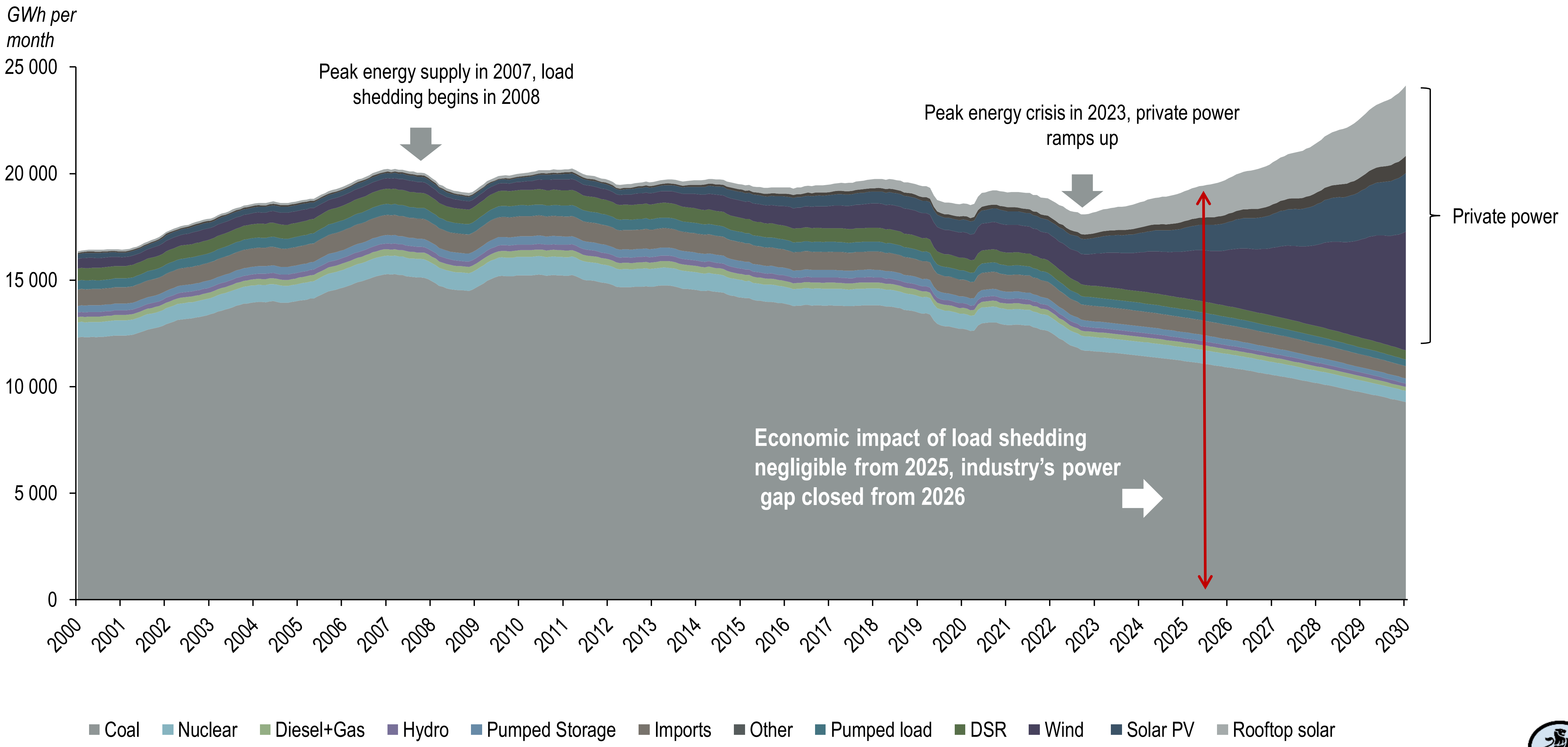
50% of the total bond issuance will be allocated to existing green assets

New loans are those where disbursements have been made up to one year prior to issue of the bond and at any time from the date of the issuance

50% of the total bond issuance will be allocated to future green assets

Above split will be maintained on a best-efforts basis, subject to practical considerations to ensure full allocation is reached

SA's energy transition landscape presenting immediate opportunities for business



Source: StatsSA, CSIR, FirstRand.

RMB

Green solutions and track record

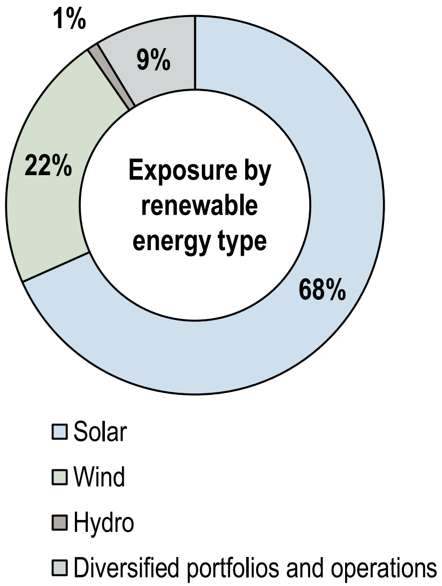
FirstRand Bank

Green asset focus within RMB

Renewable energy

- South Africa's JET IP[1] 2023 – 2027 calculates that around 6 GW of new renewable energy capacity needs to be added to the grid yearly over this period
- During FY2023, RMB originated R3.2 billion of renewable energy infrastructure advances (excluding refinances)

Total capacity of renewable energy plant(s) financed	158 MW
Annual renewable energy generation	465 051 MWh
Annual GHG emissions prevented	479 002 tCO_2e



Green buildings

- Real estate drives nearly 40% of global carbon emissions, making it a priority to achieve climate commitments
- The Green Building Council of South Africa has set a goal for all buildings in SA to be net zero by 2050 (as part of its participation in the World Green Building Council's Advancing Net Zero programme).

Each of the green buildings funded reached a minimum of **20%** improvement in energy, water and embodied energy

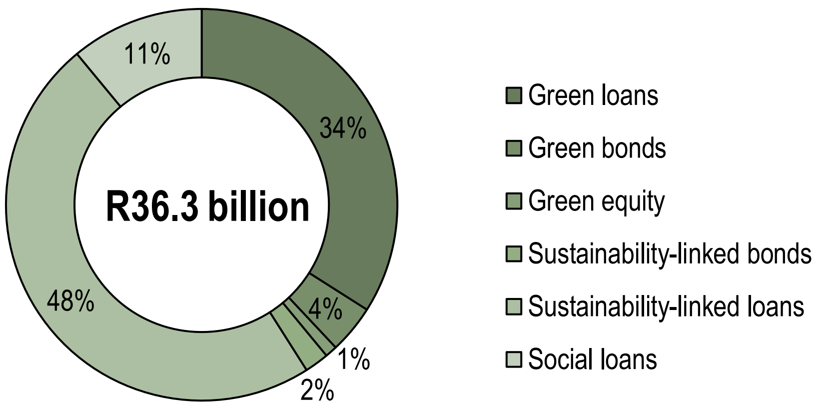
Solar Hydro
Diversified portfolios and operations

1. *Just Energy Transition Implementation Plan.*

Source: Just Energy Transition Implementation Plan, Green Building Council South Africa.

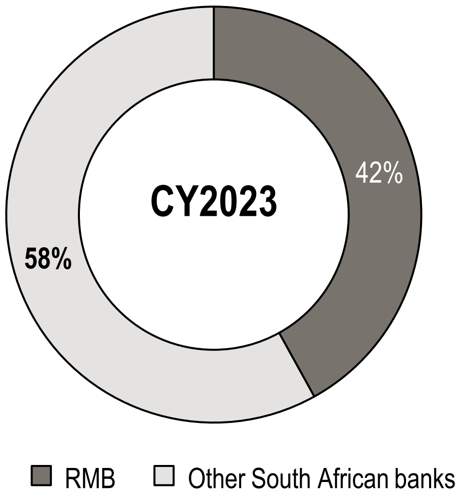
RMB is a market leader in sustainable finance

RMB facilitation per product (FY2023)



Cumulatively (FY22 – FY23), RMB has facilitated **R63 billion** of sustainable finance

South African bond market share[1]



RMB sustainable finance facilitated a **significant share of 2023** sustainable finance bond instruments in the listed South African bond market, especially when considering non-self led issuances[2]

Key deals

AECI	Lango	Redefine Properties	African Clean Energy Developments	Barloworld	Rand Water
ZAR 1bn Sustainability-linked bond September 2023 *Sustainability Coordinator and Advisor*	USD 25mn & USD 300mn Sustainability-linked loan August 2023 / June 2023 *Sustainability Coordinator and Lender*	ZAR 1bn Green bond August 2023 *Sustainability Coordinator and Advisor*	ZAR 1.5bn Green loan March 2023 *Sole Lender*	ZAR 1.14bn Gender-linked bond August 2022 *Arranger and Sustainability Coordinator*	ZAR1.2 bn Sustainability-linked bond June 2021 *Sole Arranger and Sustainability Agent*

1. *As per Environmental Finance Data, covering Johannesburg Stock Exchange listed instruments.*
2. *Non-self led issuances considers Sustainable Finance Bond instruments which were arranged for external clients.*

Impact of RMB's facilitation

	Key metric	Key performance indicators: Cumulative	FY23	FY22	FY21	Cumulative real-life equivalence
Environment	Scope 1 and 2 emissions abated	3 002 ktCO$_2$e	1 775 ktCO$_2$e	1 226 ktCO$_2$e	–	**785 788** light-duty vehicles driven for one year
	Renewable energy installed capacity	376 MW	180 MW	186 MW	10 MW	Sufficient electricity to supply about **34%** of Northern Cape province's peak power demand
	Reduction in water consumption	19 818 Mℓ	17 872 Mℓ	1 946 Mℓ	–	Drinking water for **233 029** people in South Africa for one year
	Waste recycled or diverted from landfills	71 620 tonnes	66 068 tonnes	5 552 tonnes	–	**8 772** garbage trucks (waste compactors)
	Cardboard recycled	582 tonnes	–	582 tonnes	–	**9 888** trees saved
	Land rehabilitation	311 ha	311 ha	–	–	Area covering the equivalent of Walter Sisulu National Botanical Garden in Johannesburg, Gauteng
	Green buildings		19 4-star green-rated 7 5-star green-rated 2 6-star green-rated 1 green star net zero 2 level A EP-rated 9 level B EP-rated 5 level C EP-rated 6 EDGE-certified	3 EDGE-certified	–	Each of the buildings reached a minimum of **20%** improvement in energy, water and embodied energy

Source: FirstRand 2023 climate strategies report.

Impact indicators for new issuance

Minimum of two metrics per category will be included in the impact report

Renewable energy

- Total installed capacity (MW)
- Annual generated renewable power (MWh/year)
- Estimated annual tonnes of CO_2 equivalent emission avoided (tCO_2e/year)
- Number of people with access to clean energy services
- Estimated number of jobs created

Green building

- Number of green buildings funded with eligible certification (e.g. EDGE)
- Total m^2 of green buildings funded
- Total m^2 of energy-efficient property funded
- Estimated annual CO_2 equivalent emissions reduction/avoidance (tons CO_2eq/year)
- Number of mortgages provided to green-certified houses/residential projects
- Number of people benefited

Term sheet

FirstRand Bank

Indicative term sheet

Issuer	FirstRand Bank Limited
National scale credit rating	Moody’s Aa1.za and S&P Global zaAA
Nominal target	R2.5 billion, with the ability to increase to R3 billion, subject to volume and bid spreads
Note tenor	3-year/ 5-year/ 7-year
Interest payment basis	Floating rate note
Pricing reference rate	3m Jibar
Auction date	Monday 13 May 2024
Settlement date	Thursday 16 May 2024 (t+3)
Maturity date	16 May 2027/16 May 2029/16 May 2031
Instrument status	Green senior unsecured, listed on the Sustainability Segment of the JSE interest rate market
Use of proceeds	The proceeds of the notes will be used by the issuer to finance and/or refinance, in whole or in part, existing and/or future renewable energy projects and/or existing and/or future green buildings, which meet certain criteria in accordance with the issuer’s Sustainability Bond Framework, section 5.1.1. While the issuer intends to allocate proceeds to renewable energy and green buildings, allocations will be managed on a best-efforts basis but will be contained to the eligible green categories outlines in the framework.
Use of proceeds penalty	To the extent the issuer cannot fully allocate the proceeds within the 24-month allocation period (as per the framework) a penalty of 15 bps will be added to the margin stipulated in the final APS
Placement methodology	Dutch auction (sealed bid, without feedback)

Indicative timeline

Event	Date
Virtual investor roadshow	25/26 April 2024
Term sheet with draft APS	29 April 2024
Term sheet with price guidance	6 May 2024
Proposed auction date	13 May 2024
Settlement date (t+3)	16 May 2024

Appendix

FirstRand Bank

Relevant links

Report/disclosure	Link
FirstRand 2023 climate strategies report	https://www.firstrand.co.za/media/investors/annual-reporting/firstrand-climate-change-strategies-report-2023.pdf
FirstRand climate hub	https://www.firstrand.co.za/investors/integrated-reporting-hub/climate/
FirstRand policy on energy and fossil fuel financing	https://www.firstrand.co.za/media/investors/policies-and-practice/pdf/firstrand-policy-on-energy-and-fossil-fuels-financing-2024.pdf
FirstRand sustainability bond framework	firstrand-sustainability-bond-framework.pdf
Second-party opinion – FirstRand sustainability bond framework	https://www.firstrand.co.za/media/investors/governance/second-party-opinion-firstrand-sustainability-bond-framework.pdf
FirstRand debt investor center: sustainable finance	https://www.firstrand.co.za/investors/debt-investor-centre/sustainable-finance/
Monitoring and reporting on existing issuances	https://www.firstrand.co.za/media/investors/policies-and-practice/pdf/firstrand-sustainability-bond-allocation-and-impact-report-January-2024.pdf

FirstRand climate ambitions and commitments

	Ambition/commitment	Within limit/ on track	**2023**	2022
Thermal coal funding	No financing for new coal-fired power stations	✓	**N/A**	N/A
	No direct project finance provided to new coal mines from 2026	✓	**N/A**	N/A
	2% of group advances and limited to 1.5% in 2026 and 1% in 2030	✓	**0.3%**	0.5%
Oil and gas lending	2.5% of group advances limit on upstream oil and gas	✓	**0.5%**	0.2%
Sustainable and transition finance*	R200 billion by 2026	✓	**N/A**	N/A
	R25 billion in FY2022	✓	**–**	R27.2 billion
	R35 billion in FY2023	✓	**R37.6 billion**	–
	R140 billion in FY2024 – FY2026	N/A	**N/A**	N/A
Customer engagement	Top 100 corporate clients in 2022	✓	**–**	100
	Top 200 corporate clients in 2023	✓	**300**	–
	3 million retail clients by 2025**	✓	**–**	–
Financed emissions#	Net zero by 2050	✓	**14 mtCO_2e**	13 mtCO_2e
Own emissions†	Net zero by 2030 for South African operations	✓	**173 268 tCO_2e**	163 409 tCO_2e

✓ *Within limit or on track.*

* *Transaction underwriting, arranging, lending or advisory.*

** *Retail carbon calculator launched in August 2023.*

FirstRand climate roadmap

	FY2020 (Phase 1)	FY2021 (Phase 2)	FY2022 – FY2023 (Phase 3)	FY2024 – FY2025 (Phase 4)	FY2026 – FY2027 (Phase 5)
	Analysis and design	*Analysis of portfolio exposure and risk priority*	*Ongoing scenario analysis, measurement and incremental analysis of all portfolio exposure*	*Ongoing reinforcement and long-term strategy development*	*Business-as-usual monitoring and reporting, continual improvement of climate capabilities and implementation of emerging regulatory requirements and recommendations*
Governance	Establish climate change specialist committees. Integration of climate risk into existing board governance structures. Ongoing board training on relevant climate-related risks and opportunities.	Cascade climate change considerations (risk and opportunity management) into segment committees. Develop strategies for climate change adaptation and mitigation specific to segments. Define roles, responsibilities and mandates. Ongoing policy development.	Measure progress. Internal audit of climate change management processes. Ongoing board and management oversight.	External assurance of climate-related financial disclosures in the annual financial statements. Assess international developments in climate reporting. Develop capabilities to embed BCBS239 requirements for climate risk.	Extend external assurance of both operational and financed carbon emissions to key subsidiaries in broader Africa. Enhance capabilities to ensure BCBS239 embedment on climate risk.

Completed   In progress   New priorities added but not yet in progress   New priorities added and in progress

FirstRand climate roadmap (continued)

	FY2020 (Phase 1)	FY2021 (Phase 2)	FY2022 – FY2023 (Phase 3)	FY2024 – FY2025 (Phase 4)	FY2026 – FY2027 (Phase 5)
Strategy	Elevate climate change as a strategic risk and opportunity, and a long-term driver of financial and non-financial risk. Stakeholder engagement and establishment of the relevant technical partnerships, e.g. UNEP-FI* and PCAF. Benchmarking – global and local peer gap analysis, emerging green taxonomies from different regulators, climate disclosure and sustainable finance. The group's strategy includes supporting climate resilience and transition to a lower-carbon economy.	Define strategic climate objectives and risk appetite. Develop climate change policy. Assess climate risk within agriculture and commercial property portfolios. Further embed climate change considerations – incorporating externalities – into the pricing of financial resources and performance measurement. Build capacity and train risk professionals on climate change. Integrate group climate change strategy into investment and insurance activities.	Define climate metrics and targets. Align origination strategies with the group's understanding of climate change considerations. Ensure that performance measurement and remuneration promote and reward sustainable value creation. Integrate climate targets and/or goals into remuneration models. Build capacity and train risk professionals on climate change. Board-level agreement through the strategic executive committee (Stratco) that the level of climate-related disclosure is proportionate to the materiality of climate-related risks and opportunities and complies with mandatory reporting requirements. Consideration of climate-related reporting in other jurisdictions in which FirstRand operates.	Assessment of the group's climate strategy and alignment with desired climate outcomes. Disclose high-level climate alignment pathway strategy for FirstRand and 2030 interim pathway for oil and gas.	Commence disclosure of pathways for other high-emission sectors. Track progress for own emissions against 2030 net-zero strategy.

FirstRand climate roadmap (continued)

	FY2020 (Phase 1)	FY2021 (Phase 2)	FY2022 – FY2023 (Phase 3)	FY2024 – FY2025 (Phase 4)	FY2026 – FY2027 (Phase 5)
Risk management	Clarify climate terminology and incorporate climate change with other enterprise risk types. Identify processes to determine which climate risks and opportunities could have a material financial impact on the group. Identify climate scenarios to inform the group's assessment of climate change materiality. Start development of transition and physical risk impact measurement methodology.	Describe relevant short-, medium- and long-term time horizons, considering the useful life of the group's assets and infrastructure. Define and embed the process for identifying, prioritising and managing climate-related risks. Incorporate climate risk into the group's environmental and social risk assessment (ESRA) due diligence process, materiality assessment and credit modelling. Risk prioritisation and heat mapping (geographical location, sector-specific vulnerability assessment).	Continue to improve data systems to inform reporting. Understand and prepare for future prudential or regulatory reporting requirements. Review and improve climate assessment within the ESRA due diligence process. Develop integrated assessment models, portfolio carbon accounting, stress testing, sector analysis and internal capital adequacy assessment processes to model the impact of the transition to a low-carbon economy on the group's lending portfolio. Develop integrated assessment models, portfolio carbon accounting, stress testing, sector analysis and internal capital adequacy assessment processes to model the impact of the transition to a low-carbon economy on the group's investment and insurance portfolios.	Continue to improve data systems and reporting. Effectively embed climate considerations into relevant business processes, including risk management, monitoring and reporting. Ongoing awareness and capacity building. Continue to enhance data quality of financed emissions and obtain external assurance.	Digitise climate risk reporting and data consolidation processes. Enhance dynamic stress testing capability with internal data.

FirstRand climate roadmap (continued)

	FY2020 (Phase 1)	FY2021 (Phase 2)	FY2022 – FY2023 (Phase 3)	FY2024 – FY2025 (Phase 4)	FY2026 – FY2027 (Phase 5)
Risk metrics and targets	Publication of a thermal coal financing policy. Set a science-based emissions reduction target for group's own operations scope (1 and 2). Disclose group's operational carbon footprint.	Publication of energy financing policy. Initial assessment of carbon emissions in the group's portfolio. Define metrics to assess the impact of (transition and physical) climate-related risks on the group's lending and other financial intermediary business activities in the short, medium and long term.	Ongoing policy review. Ongoing assessment of carbon emissions in the group's portfolio.	Sectoral metrics and targets. Set a science-based emissions reduction target for the group's financed emissions. Consider appropriate decarbonisation targets. Set science-based emissions reduction targets and associated alignment pathways for the group's financed emissions. Commence with 2030 oil and gas target. Commence the embedment of climate risk metrics in credit assessment and profiling. Complete rollout of the climate balance sheet measurement approach to broader Africa subsidiaries and the UK operations.	Set appropriate 2030 interim decarbonisation targets for other hard-to-abate sectors. Complete embedment of climate risk metrics in credit risk assessment and profiling. Track and disclose conformance of new business exposures to decarbonisation targets. Refine baseline metrics and maintain comparative data to allow for trend analysis. Provide, where possible, forward-looking metrics. Refine analysis of asset location, activities, and upstream and downstream finance in high-risk areas. Improve reporting metrics on climate balance sheet and alignment approach for internal and external disclosure.

FirstRand climate roadmap (continued)

	FY2020 (Phase 1)	FY2021 (Phase 2)	FY2022 – FY2023 (Phase 3)	FY2024 – FY2025 (Phase 4)	FY2026 – FY2027 (Phase 5)
Climate finance/innovation	Raise awareness about sustainable development opportunities (including climate mitigation and adaptation). Work with investors and funding partners to develop and support sustainable finance.	Develop a group climate change taxonomy (including green, brown and blue asset definitions) for incorporation into ESRA and the origination process. Develop a sustainability bond framework, with a focus on innovation for climate adaptation and mitigation. Consumer engagement.	Measure social and environmental impact of climate financing activities. Identify investors with climate finance objectives and align to opportunities. Refine assessment, approval and data management processes for climate finance.	Define climate finance targets. Ongoing measurement of success. Ongoing stakeholder engagement.	Continue shifting the balance sheet to green assets. Integrate nature-based and climate finance initiatives to provide holistic finance solutions. Expand green bond and loan markets and other innovative financing instruments, including sustainability-linked loans and green mortgages.