

report to society  
—  
2023

# contents

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### VIEWING THIS REPORT



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*\* Functionality may differ according to device and app version used.*

### NAVIGATING THIS REPORT

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## report purpose

FirstRand Limited's (FirstRand's or the group's) purpose is to **build a future of shared prosperity** through enriching the lives of its customers, employees and the societies it serves.

This is the foundation to a sustainable future and will preserve the group's enduring promise to create long-term value and superior returns for its shareholders.

The *Report to Society* aims to provide deeper insight into the societal impact of the group's financial and operational performance. FirstRand continues to refine its thinking and processes to better determine and measure this societal impact.

This report covers the FirstRand group, including its subsidiaries, and forms part the group's integrated reporting suite, which is available at <https://www.firstrand.co.za/investors/integrated-reporting-hub/integrated-reporting-approach/>.

All reported data refers to the year ended 30 June 2023, unless indicated otherwise. Information in the profiled case studies may relate to events and initiatives that occurred after 30 June 2023, but before the issue date of this report.

Feedback on this report can be sent to: [investor.relations@firstrand.co.za](mailto:investor.relations@firstrand.co.za)







## introduction

**The nature, size and scale of FirstRand's business activities result in a broad set of financial and societal outcomes.**

## group profile

The group comprises a portfolio of **financial services businesses** operating in South Africa, certain markets in sub-Saharan Africa and the UK.

Many of these businesses are leaders in their respective segments and markets, and offer a broad range of transactional, lending, investment and insurance products and services.

With 80% of current earnings emanating from the South African franchises, the key growth imperatives are to grow customer numbers, do more business with customers, and do this more efficiently. The group is also investing in building capital-light revenues in adjacent activities such as insurance, and investment and asset management.

In the broader Africa portfolio, which represents 11% of earnings, FirstRand remains focused on growing its presence and offerings in certain key markets where it believes it can build competitive advantage and scale over time. The group's expansion strategy has been largely organic, complemented where possible by bolt-on acquisitions. There is a strong focus on building in-country customer and deposit franchises.

Contributing 9% to earnings, the group's UK operations represent long-term growth opportunities decoupled from South Africa and broader Africa, with the UK market offering attractive risk-adjusted returns through the cycle.

Consistent execution on strategy and a disciplined approach to allocating scarce financial resources have delivered a long track record of superior economic profits, returns and dividends to shareholders.

group profile *continued*

**The group has a multi-brand strategy,** with a number of leading customer-facing businesses in the portfolio.



#### Retail and commercial bank

**FNB** represents FirstRand's activities in the retail and commercial segments in South Africa and in broader Africa. It is growing its franchise on the back of a compelling customer offering that provides a broad range of innovative financial services products.



#### Corporate and investment bank

**RMB** represents the group's activities in the corporate and investment banking segments in South Africa and broader Africa. Its strategy leverages a strong origination franchise, a leading market-making and distribution offering, a strong private equity track record and a growing transactional platform.



#### Instalment and finance provider

**WesBank** represents the group's activities in vehicle asset finance, fleet management and related services in the retail, commercial and corporate segments of South Africa. WesBank has a unique and long-standing model of partnering with leading motor manufacturers, suppliers and dealer groups, which gives it a market-leading point-of-sale presence.



#### UK specialist lender

**Aldermore\*** represents the group's activities in the UK. It has a clear strategy of offering simple financial products and solutions to meet the needs of underserved small and medium-sized enterprises (SMEs), as well as homeowners, professional landlords, vehicle owners and savers.



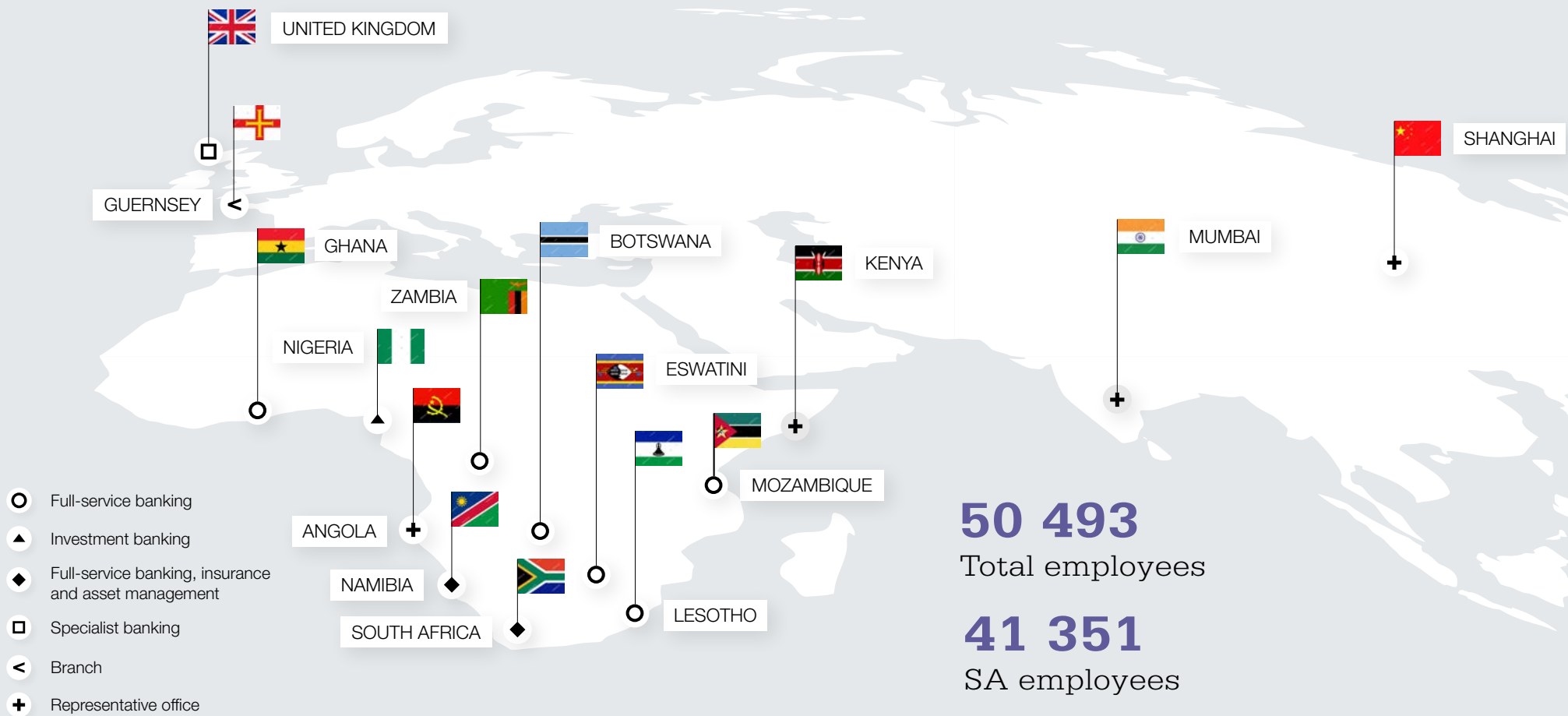
#### Asset management

**Ashburton Investments** represents FirstRand's asset management activities. Ashburton aims to provide superior risk-adjusted returns by combining active fund management expertise with alternative investment solutions and unique portfolio construction strategies to deliver bespoke client solutions.



\* Aldermore publishes its own Report to Society, which is available at <https://www.investors.aldermore.co.uk/news-and-results/results-reports-presentations>.

# FirstRand's operating footprint



# macroeconomic context

The operating environment during the year under review, globally and domestically, was characterised by persistently high inflation and rising interest rates. The resultant slowdown in global economic activity translated into lower commodity prices and a reduction in the terms-of-trade tailwind enjoyed by commodity-producing countries, including South Africa. This gave rise to pressure for households in South Africa, causing lower demand for retail credit, particularly in the second half as interest rates lifted higher than initially expected. Corporate and commercial lending remained robust as the private sector increased investment in replacement infrastructure and sustainable energy generation. Whilst the pick-up in loadshedding during the winter months was ultimately less intense than expected, the ongoing need to stabilise energy supply and improve energy access remains an important macroeconomic challenge. Employment data suggests that private sector employment and wage growth

began to slow, but still provided some support to household income in certain sectors. Conversely employment and wage growth in the public sector remained under pressure after more than a decade of above-inflation increases. The rising interest rates and inflation meant household debt service levels remained high, although still within historical averages. In the UK, sticky inflation meant that policy rates continued to rise and the outlook for households remained divided between those with sufficient savings to manage the increase in prices and those without. This dynamic necessitated ongoing government fiscal support to households facing financial strain. In the broader Africa portfolio, the most noteworthy developments were in Ghana and Nigeria. Ghana experienced a sovereign debt crisis and high inflation. In Nigeria, the beginning of an economic and financial market reform process sparked significant currency weakness and added to inflation pressures.

Given this backdrop, systemic financial institutions such as FirstRand must continue to intentionally support economic resilience as they are uniquely placed to facilitate sustainable, inclusive economic activity and positive societal outcomes. **Certain core activities are key to successful execution on these objectives, such as:**

## provide

**products and services** that assist customers in creating wealth and saving for their futures

## facilitate

**lending solutions for businesses** to grow, create jobs and improve lives through lending

## give

customers a **secure and readily available platform** for payments

## enable

**investment** in transformational infrastructure

## ensure

that low-income consumers can **access appropriate financial services** enabling economic inclusion and productivity

## safeguard

**customers' deposits** (the country's savings)

## the role of financial institutions in society

Understanding the financial system within which FirstRand operates provides useful context to the significant role a systemic financial institution **plays for the economy and society**. A distinction is made between the real economy and the financial economy.

### In the real economy

goods are manufactured, infrastructure built, agricultural goods produced, metals and minerals mined, and services provided to individuals, businesses and government entities.

### In the financial economy

monetary services, including payments and credit, are provided. Financial assets such as deposits, bonds and shares are traded. These are also valued and priced in the financial economy, which gauges the risks of these assets.

**THE SOLE PURPOSE OF THE FINANCIAL SYSTEM IS TO SERVE THE REAL ECONOMY.**

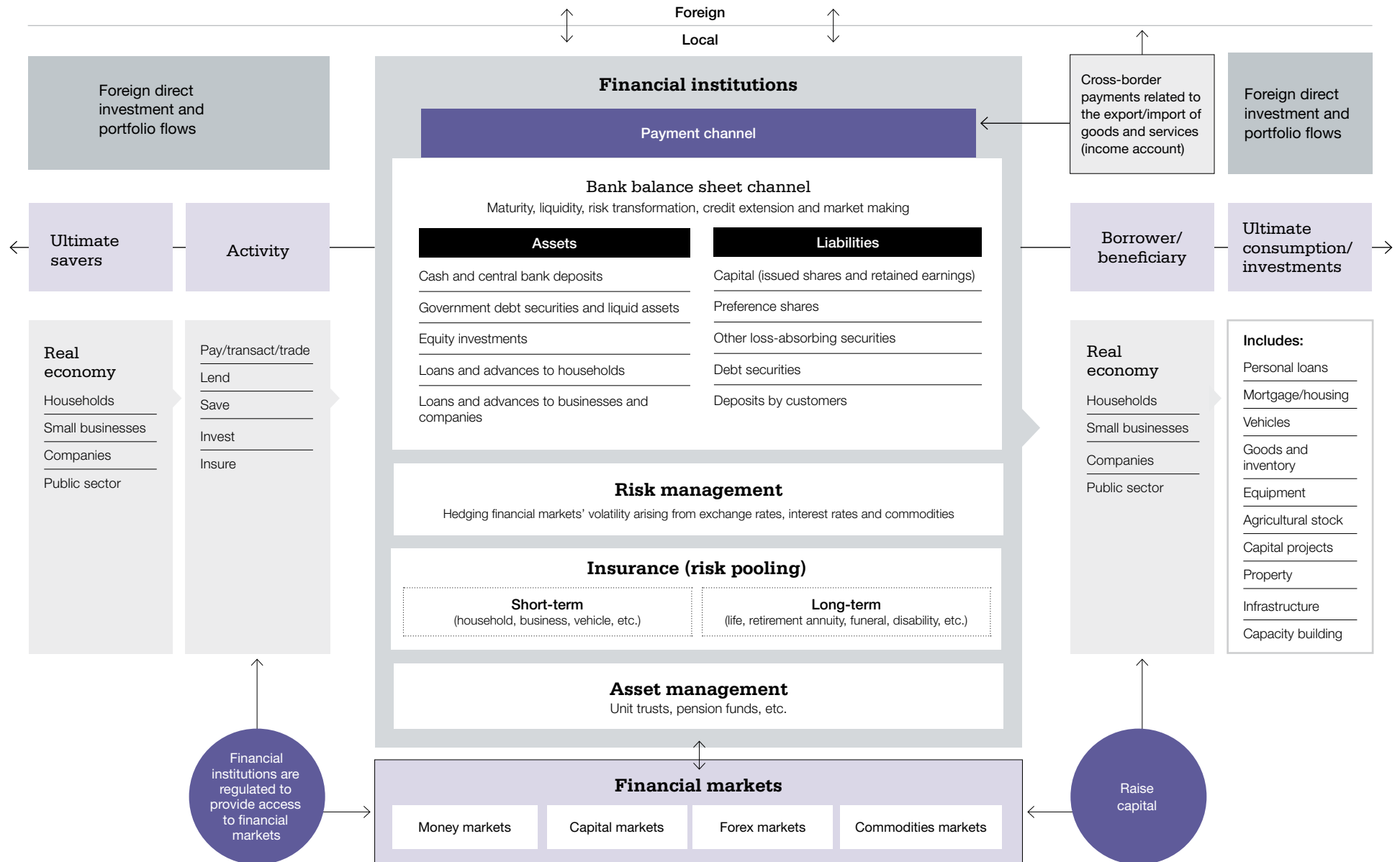
**Financial institutions** provide many different services that create economic value and contribute to social development. They act as intermediaries in financial transactions, facilitating the flow of funds among participants in the economy. They are also the custodians of financial assets.

These institutions also transfer risk between market participants, either directly by means of trading and market-making activities, or indirectly through the shifting of risk among several market participants, as with insurance activities. This creates stability in the financial system and in society, as risk events are ultimately mitigated through broader distribution and not concentrated in a single individual or entity.

**Banks**, in particular, have a further function: ensuring that capital is allocated efficiently throughout the economy between providers of funds (savers) and users of funds (borrowers).

**Access to credit increases the supply of money in the system and has a multiplier effect on economic growth.** Effectively, borrowers utilise their future income capacity to access current funding available in the financial system, which then enables individuals and businesses to make investments and purchases, and build infrastructure much faster than if they had to first build up cash reserves. A bank, through appropriate internal risk management, together with regulators, also ensures that both individuals and entities in these saving and borrowing interactions are protected and not exposing themselves to excessive risk, thus ensuring the safety and stability of the financial system.

the role of financial institutions in society *continued*





# FirstRand's purpose frames its contract with society

**The nature, size and scale of the group's business activities result in a broad set of financial and societal impacts:**

- **Provider of credit**
- **Custodian of the country's savings**
- **Provider of digital platforms for financial transactions**
- **Material taxpayer**
- **Large employer**

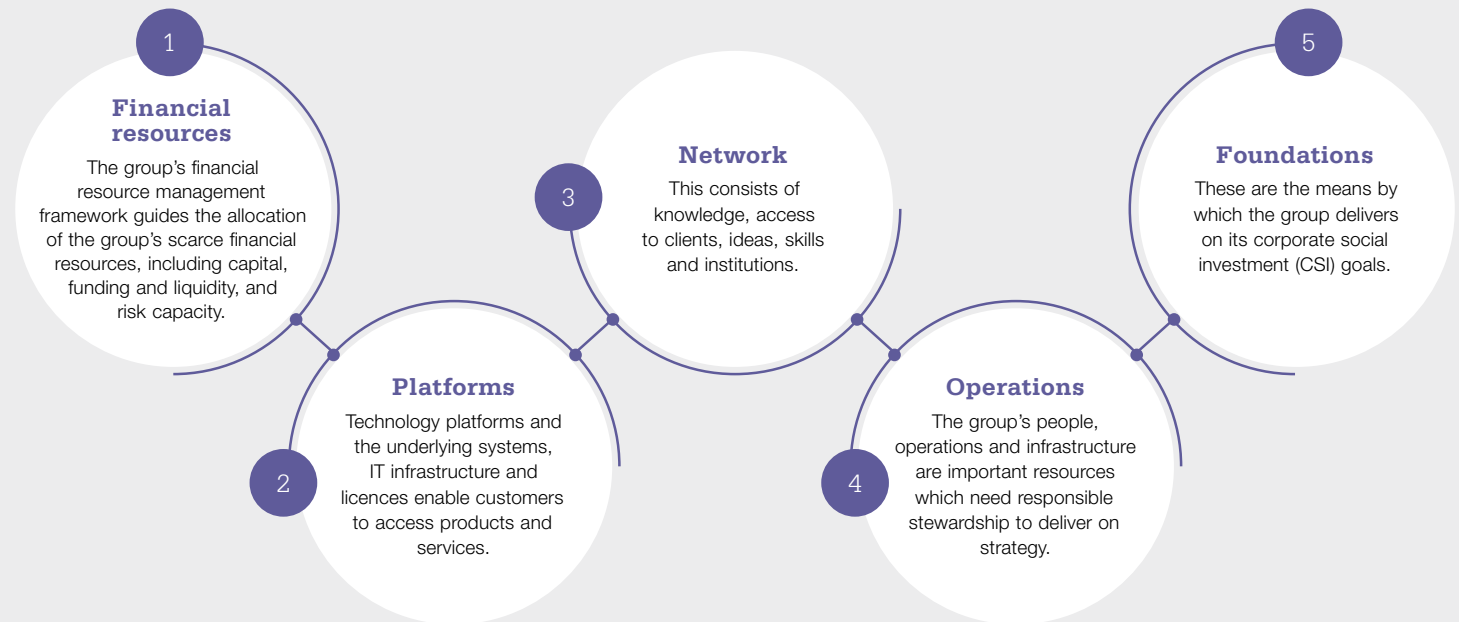
**Given the above, FirstRand recognises that it has a responsibility to deliver both financial value and positive societal (including social, environmental and economic) outcomes for multiple stakeholders, as captured in its purpose statement of delivering shared prosperity.**

The group believes that to deliver shared prosperity for multiple stakeholders it must intentionally use its core business activities, including its role in allocating capital to the economy, to add value to society – profitably and at scale. This principle was adopted by the group as a strategic imperative in 2019 and is considered a transformative and sustainable business strategy, albeit a long-term one. It requires a commitment from the group to maximise economic, social and environmental value creation from its activities and operations, and to deliberately measure this value. Integral to this objective is assessing whether the group's products and services, and the way they are delivered to customers, address key societal imperatives or only drive profitability.

South Africa and several other countries in which the group operates face a broad range of societal challenges, and whilst FirstRand cannot solve all of these challenges, as a systemic financial services business it has the capacity to be a force for good.

**The group is increasingly leveraging its core business resources and activities to intentionally achieve positive, scalable and high-impact societal outcomes whilst continuing to deliver superior financial returns.**

The following schematic unpacks the most powerful mechanisms at the group's disposal to achieve its ambitions.



# the United Nations Principles for Responsible Banking

**In October 2020, the group became a signatory to the United Nations Environment Programme Finance Initiative Principles for Responsible Banking (the Principles).**

The Principles, launched in September 2019, are designed to provide a universal framework for sustainable banking practices and encourage the sector to demonstrate how it makes a positive contribution to society.

The group believes the intended application of the Principles provides an important underpin to the way financial services can deliver better and more sustainable outcomes for broader society. The Principles reinforce FirstRand's approach to delivering both societal and financial value using core activities. As an emerging market bank and one of the largest, systemic financial institutions in Africa, FirstRand can contribute meaningfully to and learn from this global coalition of more than 300 signatory banks.



## Alignment

Alignment of business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.



## Impact and target setting

Continually increase positive impacts while reducing the negative impacts on, and managing the risks to, people and the environment resulting from core activities, products and services. To this end, set and publish targets where the most significant impacts can be achieved.



## Clients and customers

Work responsibly with clients and customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.



## Stakeholders

Proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.



## Governance and culture

Implement full commitment to these Principles through effective governance and a culture of responsible banking.



## Transparency and accountability

Periodically review individual and collective implementation of these Principles in the business and be transparent about and accountable for positive and negative impacts on and contribution to society's goals.

the United Nations Principles for Responsible Banking *continued*

## Progress against the Principles

The Principles require signatory banks to ensure business strategy contributes to individuals' needs and society's goals, as expressed in the United Nations Sustainable Development Goals (SDGs), the Paris Climate Agreement and relevant national and regional frameworks.

Many aspects of the group's core activities (looking after savings, delivering appropriate customer outcomes, paying taxes, creating employment and promoting inclusive growth and financial inclusion) are already contributing to positive societal outcomes. The adoption of the reporting requirements of the Principles will assist the group to better demonstrate progress against a globally recognised framework.

### IMPACT ANALYSIS

The Principles require a signatory bank to conduct an impact analysis to identify the areas in which it has the most significant positive and negative social, environmental and economic impact. FirstRand conducted an impact analysis in 2021 and identified current and emerging issues that present both risks to and opportunities for social and financial value creation.

### This impact analysis considered the following:

Impact criteria	Considerations
<b>Scope and scale of exposure</b>	<p>The bank's core business areas, and products and services across the main geographies that it operates in.</p> <ul style="list-style-type: none"> <li>• Approximately 80% of the group's earnings, operations and employees is based in South Africa.</li> <li>• The major contributors to the group's normalised earnings are: <ul style="list-style-type: none"> <li>– 60% from retail and commercial activities, and</li> <li>– 25% from corporate and institutional activities.</li> </ul> </li> </ul> <p>The impact analysis was based on proportionality and therefore limited to the South African operations for now.</p>
<b>Context and relevance</b>	<p>The most relevant challenges and priorities related to sustainable development in the group's operating jurisdictions.</p> <ul style="list-style-type: none"> <li>• As the majority of operations are in South Africa, the economic and social context of the country was prioritised during the impact analysis.</li> <li>• Whilst climate change is a systemic global challenge and potential opportunity, it is expected to have a relatively higher impact in the African region and will require country-specific and regional responses.</li> <li>• The analysis also incorporated qualitative feedback from relevant stakeholders including customers, investors, suppliers, non-governmental organisations (NGOs), employees and senior management.</li> </ul>
<b>Scale and intensity</b>	<p>Using its understanding of local challenges and priorities, the group mapped these against where it would be able to make the greatest contribution through its current and/or future activities.</p>
<b>Strategic intent</b>	<p>The group's purpose to deliver shared prosperity guided the impact assessment, i.e.:</p> <ul style="list-style-type: none"> <li>• Intentionality and pricing for societal externalities.</li> <li>• Fairness, efficiency, transparency, value for money, client needs and deepening access to financial services and asset ownership.</li> <li>• Support of productive capital formation and balanced economic growth.</li> <li>• Using the group's knowledge, networks and platforms to enable more value for customers and the societies it serves.</li> </ul>
<b>United Nations SDGs</b>	<p>Some businesses used the SDGs as an additional reference point when identifying their focus areas.</p>

the United Nations Principles for Responsible Banking *continued*

The impact analysis informed focus areas for business. Various working groups and formal steering committees were established to ensure appropriate oversight, with guidance and intent cascaded down into the relevant teams within the business. Strategic initiatives, at various levels of maturity, were then identified by those closest to the relevant business activities or areas of impact. Initiatives were subsequently prioritised by the steering committees based on the potential scale of the impacts. The group has allocated dedicated resources to measure progress against each of the focus areas.

**Theory of change (pathway to impact) workshops have been facilitated for most of the strategic initiatives to identify and confirm:**

- the societal objective of the initiative;
- the intended medium- and longer-term impacts for the beneficiaries; and
- performance and impact metrics.

The teams have started to report internally on the identified metrics and in some instances these are also reported externally. Most metrics are of a short-term input and output nature, however, the group intends to measure relevant impact metrics over the longer term.










The progress on metrics column in the opposite schematic indicates where metrics have been identified and whether they are currently being reported internally and/or externally.

The retail and commercial focus areas and strategic initiatives have not changed in the past three years, however, certain initiatives have progressed faster than others. The corporate and institutional initiatives have been refined and additional initiatives have been added.

Business	Focus area	Strategic initiatives	Progress on metrics	Applicable SDGs
Retail	Financial inclusivity	<ul style="list-style-type: none"> <li>• <b>Improve efficiency of social grant distribution:</b> Assist the South African Social Security Agency with the distribution of grants, through easier and faster payment. Ensure at the same time that recipients can access their funds easily.</li> <li>• <b>Digitise cash in communities:</b> Scale current merchant-acquiring infrastructure in previously disadvantaged communities and roll out low-cost point-of-service devices in selected townships.</li> <li>• <b>eWallet on platform:</b> Leverage electronic wallet functionality to create payment channels for unbanked customers who face security challenges associated with transacting with cash.</li> <li>• <b>Community advisors (previously entry bankers):</b> Train unemployed youth to work in communities, thus assisting with job market opportunities.</li> </ul>	   	  
	Financial vulnerability	<ul style="list-style-type: none"> <li>• <b>Financial and digital literacy:</b> Put in place consumer education initiatives designed to improve the financial literacy levels of certain consumers in South Africa. This will enable these customers to become more financially resilient, and create awareness of the benefits of electronic or digital transactional interfaces.</li> <li>• <b>Integrated advice:</b> Create initiatives to assist customers and own employees to achieve financial wellness by making positive changes to their financial behaviour.</li> </ul>	 	
	Property and affordable housing	<ul style="list-style-type: none"> <li>• <b>Property unlock:</b> Enable households with untitled properties (and thus limited access to finance) to formalise ownership and subsequently unlock the value of the property through more appropriately priced secured lending products.</li> <li>• <b>Affordable housing:</b> Enable higher home ownership levels in low-income segments through innovative funding models and partnerships.</li> </ul>	 	  
	Climate change	<ul style="list-style-type: none"> <li>• <b>ecoEnergy home loan:</b> Provide a rate concession to EDGE-certified developments (supported by campaigns to encourage customers to finance green solutions via equity in home loans).</li> <li>• <b>Green solutions:</b> Create lending products to enable customers to purchase green solutions.</li> <li>• <b>Strategic partnerships:</b> Offer reputable emission and water reduction products and services on the FNB app.</li> </ul>	  	     






Externally reported    
 Internally reported    
 In development

the United Nations Principles for Responsible Banking *continued*

Business	Focus area	Strategic initiatives	Progress on metrics	Applicable SDGs
Commercial	Economic transformation	<p>Business ownership that is representative of South African demographics (race and gender).</p> <ul style="list-style-type: none"> <li>• <b>SME development:</b> Put in place various business development support programmes focused on unlocking opportunities for majority black-owned SMEs at different stages of their business cycles or in specific sectors.</li> <li>• <b>Supplier development:</b> Provide access to finance options for black-owned suppliers through a development programme for qualifying suppliers in FirstRand's and other supply chains.</li> <li>• <b>Women in business:</b> Implement a strategy aimed at creating networks to assist women-owned businesses.</li> <li>• <b>Transformational agriculture:</b> Support the transformation of the sector through growing a larger base of black commercial farmers. Provide technical and funding assistance to these farmers in partnership with development financial institutions (DFIs) and supply chain players.</li> <li>• <b>Community economy:</b> Provide efficient banking solutions for currently unbanked businesses in and around informal economies (community economy).</li> </ul>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> </ul>	  
	Financial wellness	<ul style="list-style-type: none"> <li>• <b>Employee benefits:</b> Promote financial inclusion via the employer relationship, executed through the employer's commitment to supporting employee retirement and long-term saving.</li> </ul>	<ul style="list-style-type: none"> <li>●</li> </ul>	  
	Climate change	<ul style="list-style-type: none"> <li>• <b>Sustainable finance:</b> Provide funding to address energy cost certainty and emissions reduction, primarily through alternative, renewable energy solutions, and secondly through energy efficiency solutions.</li> <li>• <b>Sustainable agriculture:</b> Put in place initiatives aimed at resource and crop sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> </ul>	  


● Externally reported   
 ● Internally reported   
 ● In development

the United Nations Principles for Responsible Banking *continued*

Business	Focus area	Strategic initiatives	Progress on metrics	Applicable SDGs
Corporate and institutional	Climate change and environment	<ul style="list-style-type: none"> <li>• <b>Infrastructure finance:</b> Fund projects arising from South Africa's renewable energy independent power producer procurement programme, private power and other renewable energy opportunities across Africa.</li> <li>• <b>Real estate investment banking:</b> Enable the development of green and energy-efficient buildings.</li> <li>• <b>Resource finance and advisory:</b> Support a just transition and enable the production of critical minerals (essential components in clean energy technologies, e.g. copper, lithium, nickel and cobalt).</li> <li>• <b>Debt and trade solutions:</b> Funding for environmental and climate-positive activities.</li> </ul> <p>Expanded focus includes:</p> <ul style="list-style-type: none"> <li>• Carbon finance and markets.</li> <li>• Natural capital solutions.</li> </ul> <p>Funding and investment mechanisms include:</p> <ul style="list-style-type: none"> <li>• Green/social/sustainability bond issuances aligned to international standards such as International Capital Market (ICMA) Green Bond Principles, social bond principles and sustainability-linked bond principles.</li> <li>• Green/social/sustainability loans aligned to international standards such as Loan Market Association (LMA) Green Loan Principles, Social Loan Principles and Sustainability-Linked Loan Principles.</li> <li>• Direct finance through partnering with DFIs with climate mandates.</li> <li>• Green equity.</li> </ul>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> <li>●</li> </ul>	  
	Inclusive growth	<p>Developing and supporting solutions to reduce inequality, which promote a direct and measurable positive impact for target populations that are underserved or marginalised.</p> <p>Transform ecosystems through:</p> <ul style="list-style-type: none"> <li>• Setting specific facilitation targets for transactions that promote inclusive growth.</li> <li>• Structuring equity participation opportunities in projects and businesses to promote socioeconomic advancement and empowerment.</li> <li>• Prioritising social loans and the integration of social key performance indicators (KPIs) in sustainability-linked instruments.</li> <li>• Structuring transactions that incorporate inclusive growth targets, including procurement, black economic empowerment (BEE) credentials and gender considerations, where appropriate.</li> <li>• Enabling broader access to appropriate investment products, for example through affordable exchange-traded notes.</li> </ul>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> </ul>	 

● Externally reported   
 ● Internally reported   
 ● In development

the United Nations Principles for Responsible Banking *continued*

Business	Focus area	Strategic initiatives	Progress on metrics	Applicable SDGs
Corporate and institutional	Productive capital formation	<p>Support the growth of public and private physical assets and infrastructure development, which contribute to increased economic activity.</p> <p>Prioritise sectors that include energy, road, rail, aviation, ports, telecommunications, infrastructure technology (infratech), water, housing, social infrastructure and fixed assets for business.</p> <p>Originate infrastructure assets that promote positive social and environmental impacts.</p> <ul style="list-style-type: none"> <li>• Prioritise projects that have a material impact on local economies in the context of both climate and broader socio-economic goals.</li> <li>• Focus product development on channelling capital to opportunities that have historically been capital constrained, e.g. water infrastructure.</li> </ul>	<p>●</p> <p>●</p>	

● Externally reported   
 ● Internally reported   
 ● In development



the United Nations Principles for Responsible Banking *continued*

### **Climate change**

The Principles require signatory banks to align business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Paris Climate Agreement.

### **FirstRand believes climate change is a global crisis**

that has the potential to alter geopolitics and interstate relations, disrupt business models and markets, and impact the livelihoods and well-being of billions of individuals worldwide.

As a systemic bank and allocator of financial resources to the economy and broader society, FirstRand has a responsibility to use resources at its disposal to provide solutions for climate resilience

and a just transition. Economic sectors and customer segments within the group's portfolio are already and will further be impacted by climate change. Also, 90% of FirstRand's earnings emanate from the African continent, which is already economically and socially vulnerable, and expected to be severely impacted by climate change. Therefore, the group's objective is to respond rapidly and innovatively, in South Africa and beyond.

FirstRand supports the Paris Agreement and commits to assisting the countries where the group operates to realise their Nationally Determined Contributions (NDCs).

It is the long-term ambition of FirstRand to be net zero by 2050 for scope 1, 2 and 3 emissions. This commitment includes financed emissions and operational emissions.

FirstRand provides disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

# governance structures and processes



## FirstRand board

Ultimate oversight of environmental, social and corporate governance matters rests with the board.

The board delegates authority to board subcommittees and management committees.



## FirstRand social, ethics and transformation committee

The FirstRand social, ethics and transformation committee (Setcom) is a mandated board subcommittee. Its role is to assist the board with ensuring responsible social and ethical business practices across the group, and monitoring group activities with regard to the Companies Act, King IV, the committee terms of reference and other legal requirements or prevailing codes of best practice in respect of social, transformation and economic development matters.

### *It is charged with providing oversight of:*

- all culture and conduct risk programmes in all businesses of the group; and
- the group's progress on delivering on the societal elements of its overall purpose.

### *The committee has jurisdiction in all group business units in all the jurisdictions where the group operates.*

- Setcom, by means of its social and ethical lens, tracks and monitors the societal commitments of the business. It is mandated to ensure that the group behaves responsibly – socially, commercially and environmentally.
- Setcom constitutes a formal structure which ensures appropriate attention to the group's value system, in particular its ethical standards.
- Setcom is responsible for monitoring the group's activities regarding social and economic development, good corporate citizenship, the natural environment, health and public safety, consumer relationships and labour and employment practices.



## FirstRand risk, capital management and compliance committee

The committee is a mandated board subcommittee. It provides independent oversight of risk, capital management and compliance activities undertaken in the group.

This includes ensuring that an effective policy and plan for risk management have been implemented and that risk disclosures are timely, sufficiently detailed and relevant to the group's stakeholders.

The committee provides oversight of the group's risk profile, framework, appetite, measurement, quantification, scenario analysis and stress testing for climate, as well as the impact of climate on other risk types.

governance structures and processes *continued*



### FirstRand sustainability and governance executive committee

The FirstRand sustainability and governance executive committee is a subcommittee of the FirstRand strategic executive committee (Stratco).

The committee's primary objective is to support Stratco and Setcom in carrying out their mandates to ensure group activities are appropriately calibrated to identified environmental, social, economic and corporate governance outcomes.

The scope of the committee covers all of the group's activities and operating businesses/segments or those it is affiliated to, as well as the jurisdictions where the group conducts business, whether this takes place by utilising the group's licences or whether it takes place via intermediary-affiliated entities.



### Other management committees and working groups

There are various management committees and working groups across the organisation that focus on the management of environmental, social, economic and corporate governance risk and performance.

*For example:*

- 1 The climate risk committee is supported by the climate technical and data committee.
- 2 Each operating business has a social, ethics and transformation committee, which reports to group Setcom. These committees are supported by working forums that focus on specific topics.
- 3 Each operating business has a sustainability and governance executive committee that monitors business delivery of shared prosperity objectives and focus areas, including progress against the UN Principles for Responsible Banking.
- 4 The group environmental risk committee oversees the approval of sensitive and excluded industry policies and monitors the environmental and social risk assessment (ESRA) due diligence process.



### Incorporation of environmental, social and governance topics into remuneration scorecards

The FirstRand remuneration committee (Remco) is a board subcommittee that oversees group remuneration and ensures that reward practices align employees and shareholders.

Delivery against group purpose (shared prosperity) and environmental, social and governance topics has been incorporated into the remuneration scorecards for executive directors and prescribed officers.





## Deploying the group's balance sheet to **drive economic growth and inclusion**

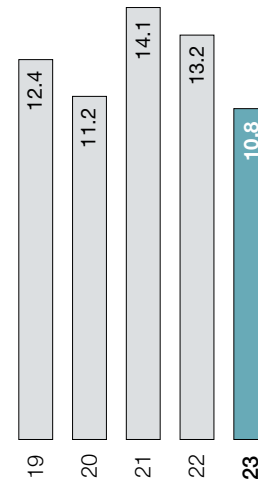
FirstRand is committed to enabling inclusive economic activity. Key focus areas include investment in vulnerable SMEs, which are important growth and job creation engines of the economy, as well as transformational infrastructure, empowerment transactions and farming ventures led by black people.

# transformational infrastructure

Infrastructure development is critical for economic growth and improving living standards. RMB remains a leading player in infrastructure and project finance across sub-Saharan Africa.

RMB provides advisory and funding solutions to key sectors such as public-private partnerships, conventional power, renewable energy, road, rail, ports, water, telecommunications, and industrial and manufacturing facilities.

**Lending to transformational infrastructure**  
billion



“One billion people live more than two kilometres from an all-season road, 675 million lack access to electricity at home and nearly four billion people live without access to the internet.

The poorest and most fragile countries pay the most for broadband, electricity and transportation services. Closing this gap in infrastructure is essential to ensure everyone has opportunity and countries can compete globally and integrate with their neighbours.

This is central to economic growth and poverty reduction.”

***The World Bank***

# financing the transition to a low-carbon and climate-resilient economy

The group has built a climate view of its balance sheet with origination strategies and client engagement programmes anchored to reshaping that balance sheet over time.

The balance sheet has been stratified into green, olive, grey and brown assets.



## Example of transactions originating green assets are:

### RMB:

Green and sustainability assets originated through use-of-proceeds loans, bonds and equity; and sustainability performance-linked bonds and loans (drawn exposure on advances originated in 2023 was R11.8 billion at 30 June 2023).

### FNB commercial:

Asset-based sustainable finance solutions for solar energy installations (2023 advances payout of R662 million).

### FNB retail:

EcoEnergy home loans with EDGE-certification (2023 advances payout of R638.1 million) and solar asset-based finance products.

**In addition, FirstRand made a commitment to cumulatively facilitate R200 billion to address climate change and social development needs over the period 2021 to 2026.** Facilitation to meet this commitment includes transaction underwriting and arranging and lending and advisory activities, incorporating both green and social assets.



This report provides case studies of this climate lending and facilitation:



## RMB project finance for renewable energy infrastructure

During the year, RMB committed **R3.2 billion** to a consortium of Old Mutual affiliates (African Clean Energy Developments and the IDEAS Managed Fund) and Reatile to build two wind farms.

The table below unpacks the associated emissions that will be avoided by the funded infrastructure.

Total capacity of renewable energy plant(s) financed	158 MW
Annual renewable energy generation	465 051 MWh
Annual greenhouse gas emissions prevented	479 002 tCO <sub>2</sub> e

### 1 Sasol

The 69 MW Msenge Emoyeni Wind Farm project (Msenge) was awarded a power purchase agreement (PPA) by Sasol.

This forms a critical part of Sasol's sustainability strategy, which includes reducing its greenhouse gas (GHG) emissions from its South African operations by at least 30% by 2030, from the 2017 baseline.

The renewable energy generated by Msenge will enable Sasol to scale its green hydrogen production in Sasolburg, which will support the commercialisation of green hydrogen in South Africa. This can be supplied to customers to assist their decarbonisation efforts, or will be used within Sasol's own operations to produce sustainable products such as ammonia or methanol.

### 2 Sibanye-Stillwater

The 89 MW Castle Wind Farm project was awarded a PPA by Sibanye-Stillwater (Sibanye).

Construction of the wind farm commenced in June 2023, with commercial energy expected in early 2025, which will result in energy cost savings, increased energy security and decarbonisation benefits for Sibanye. Castle is Sibanye's first private power project to reach financial close and represents a significant step in Sibanye's 580 MW renewable energy programme and journey towards carbon neutrality by 2040 and net zero by 2050.

financing the transition to a low-carbon and climate-resilient economy *continued*

### RMB executed on a number of green building transactions, including:

- Redefine's R5.1 billion syndicated green loan, where **RMB acted as the arranger and sustainability coordinator**. The funding utilised the recently established Redefine sustainable finance framework, developed by Redefine and RMB, and will be allocated to 24 green buildings, which have achieved a 4-Star rating and above, as rated in accordance with Green Building Council of South Africa (GBCSA) standards.
- V&A's **R1 billion syndicated green loan**, for which RMB acted as sustainability coordinator and debt documentation bank. The funding will be allocated to green buildings, i.e. one 4-Star building, one 5-Star building and two 6-Star buildings, as rated in accordance with GBCSA standards.



## FNB commercial

### Blueberry Square

In 2021, FNB Commercial Property Finance funded the redevelopment of a retail investment property located in an area of Johannesburg that has historically been electricity constrained. The redevelopment's objective was to more than double the available amount of electricity, and the developer therefore had to find an innovative energy solution.

**FNB supported Blueberry Square with funding for a solution that combined solar panels, batteries and generators to address the electricity shortfall.** The energy solution produces 1 408 MWh of solar energy per annum via a 950 kWp system, and contributes to reducing 1 393 tCO<sub>2</sub>e (tonnes of carbon dioxide equivalent).

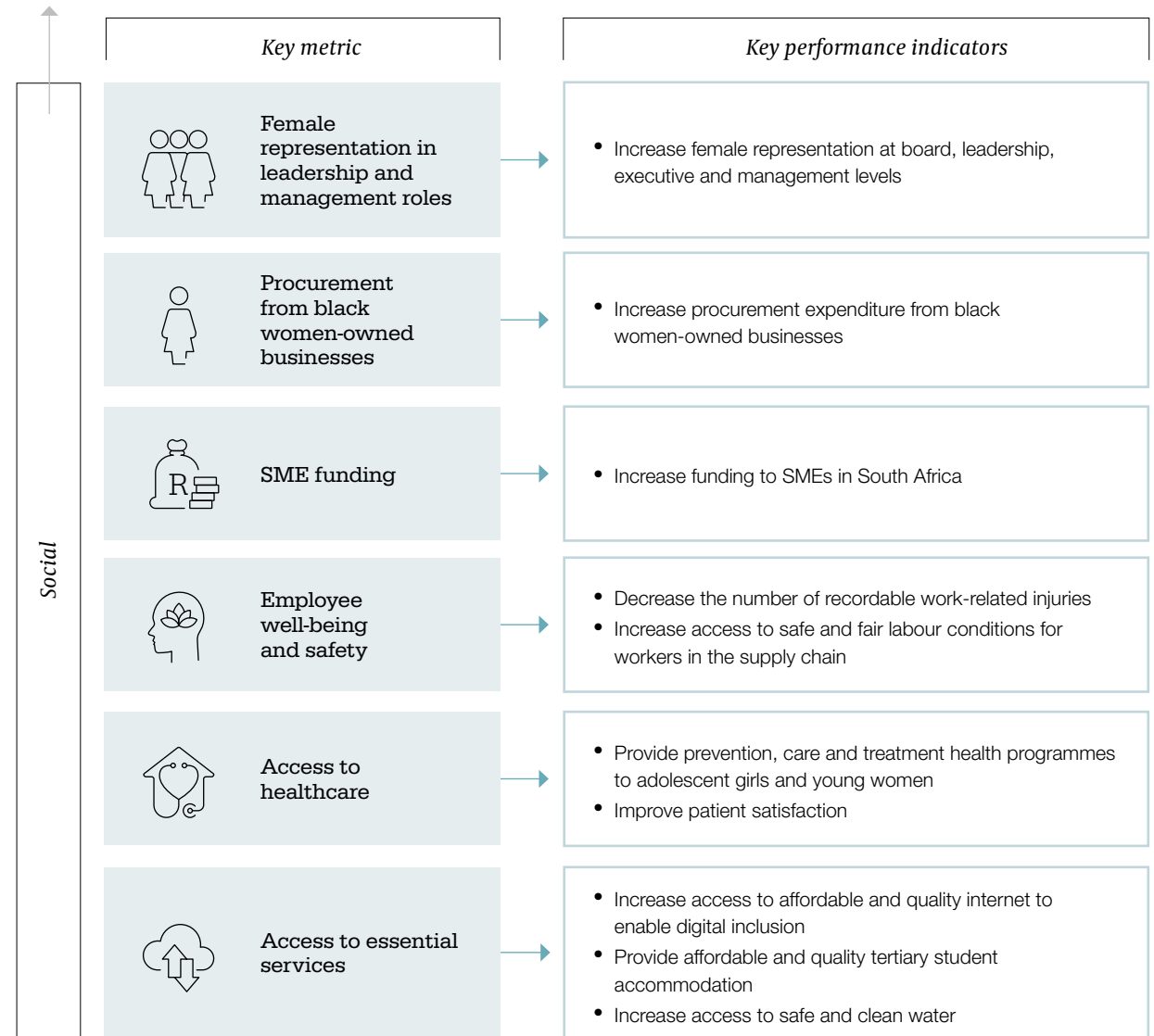
The project has stimulated economic activity in the area, and the energy solution allows the shopping centre to reduce its dependence on the grid, reducing energy costs and providing a source of backup power during loadshedding for continued business activity.

Blueberry Square currently supports 598 direct local jobs through its operations and tenants.

FNB will finance the next phase of the development, which will add an additional 7 000 m<sup>2</sup> to the mall for usage by local tenants.

# financing transactions that drive positive social outcomes

The group's sustainable finance teams are focused on facilitating transactions with the following social impact objectives:



financing transactions that drive positive social outcome *continued*

**During the past financial year, the RMB sustainable finance team has successfully implemented a number of transactions with social impact objectives, including:**

a **R1.1 billion gender-linked bond issuance** for South African industrial group Barloworld

a **R25 million social impact bond (SIB)** that seeks to improve health outcomes for adolescent girls and young women

a **R1.8 billion social loan to Octotel** to increase digital inclusivity by expanding its network in the Western Cape, providing affordable connectivity to 500 000 homes in areas that currently have no fibre access

a **R1.3 billion social loan to Herotel** to support the expansion and installation of a new fibre and wireless network, which will increase access to high-speed and affordable connectivity in South Africa

a **R276 million social loan to Respublica** to provide a diverse range of students access to affordable student accommodation throughout South Africa. The funding benefit is directly linked to the profile of the students. At least 70% of residents must come from low- to middle-income families.



### **Africa's first gender-linked bond issuance for Barloworld**

Recognising the need for greater gender transformation in South Africa and increased investor demand for socially aligned instruments, RMB arranged a R1.1 billion gender-linked bond issuance for South African industrial group Barloworld in August 2022. This was the first of its kind on the African continent.

Acting as arranger and sustainability coordinator, RMB worked closely with Barloworld to establish the gender-linked bond framework. It outlines the strategic relevance of gender diversity to Barloworld and will enable Barloworld to issue similar instruments in the future. The framework has been externally verified to confirm its alignment with the ICMA's Sustainability-Linked Bond Principles.

The gender-linked bond was priced competitively, compared to Barloworld's traditional bonds, and structured to provide a pricing benefit for Barloworld on the achievement of relevant performance targets. These targets relate to gender diversity in leadership and growth in the proportion of black women-owned businesses in Barloworld's supply chain.



### **Imagine social impact bond**

In March 2023, RMB closed the R25 million Imagine SIB for adolescent girls and young women (AGYW).

The Imagine SIB is an outcomes-based funding model that aims to deliver holistic services to AGYW in schools, in order to improve health outcomes and reduce the incidence of HIV and teenage pregnancy.

RMB provided the upfront funding required for the programme. The South African Medical Research Council (SAMRC), in its role as outcomes funder, will make payments based on pre-agreed outputs and proxy outcomes. RMB will only receive a return on the funding and SAMRC is only required to make a payment if the outputs and proxy outcomes are achieved. Therefore, the implementation risk is transferred to RMB, which introduces oversight and management for programme delivery.

The Networking HIV and AIDS Community of Southern Africa (NACOSA), a leading South African service provider with a national footprint engaged in active implementation of a range of prevention, care and treatment health programmes, is the lead implementer for the SIB. It is currently working with 14 preselected schools.

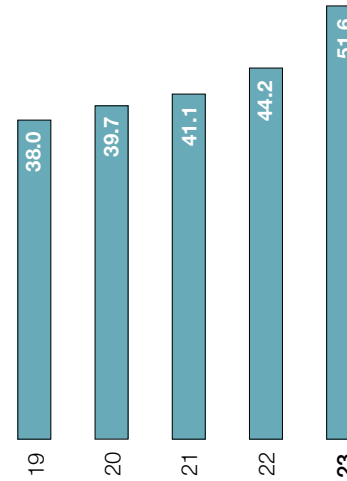
The Imagine SIB proposes a comprehensive package of evidence-based biomedical, social, structural and behavioural interventions in the population of AGYW, with the aim to decrease HIV infections and unplanned pregnancies, increase suppression of the viral load in HIV-positive individuals and improve maternal and child health. NACOSA is implementing a monitoring and evaluation system that will capture data to enable measurement of the outputs and proxy outcomes to determine success. The Centre for Statistical Analysis and Research is performing the role of independent verification agent.

This initiative is intended to provide a blueprint for scaling these types of services and reducing health expenditure while still improving economic outcomes.

# supporting SMEs

FNB contributes to economic development and employment by providing innovative funding solutions to SMEs.

FNB's lending to South African SMEs  
*R billion*



FNB's lending to SMEs has shown consistent growth over the past four years.

Given the inherent vulnerability of early-stage SMEs, to facilitate this lending, FNB's SME team utilises an alternative credit scoring model. This model analyses behaviour – instead of audited financial statements – to understand financial and trading history. It also applies automated processes that significantly simplify loan application and approval. The financing primarily facilitates working capital financing, which assists businesses to maintain healthy cash flow positions.

supporting SMEs *continued*

### Bounceback loan

Over the past few years South African SMEs have been hard hit by macro conditions, the Covid-19 pandemic and loadshedding. SMEs are particularly affected as many do not have significant capital reserves and other buffers to withstand stress events.

FNB saw the opportunity to continue its partnership with National Treasury, established through the Covid-19 loan guarantee scheme, to provide funding to vulnerable and affected SMEs that needed to rebuild post stress events. As a result, the bounceback loan scheme was created.

The scheme leveraged off National Treasury's risk-sharing arrangement, which enabled FNB to provide SMEs with funding at a reduced lending rate.

#### In order to increase access for SMEs FNB:

- together with National Treasury, reduced the onerous documentation requirements of the scheme;
- enabled fully automated applications for single-member entities; and
- expanded its credit appetite and lending limits, allowing more SMEs to qualify.

The scheme was launched in April 2022 and came to an end on 23 April 2023. The products included under the agreement were the bounceback loan and the bounceback solar loan. The aim of the solar loan was to fund the purchase of solar infrastructure to enable SMEs to respond to loadshedding and rising energy costs.

FNB was the only financial organisation that participated in the bounceback loan scheme. Under the scheme, FNB has advanced R1 billion to 3 464 businesses, of which 41% are female-owned.

For the year ended 30 June:	2023	2022
Number of SME customers assisted with bounceback loans	3 204	260
% of SMEs assisted that are female-owned	41.1%	36.9%
Rand value of bounceback loans advanced (paid out) to SMEs	R947 million	R63 million
Number of SME customers who received loans for solar infrastructure	31	N/A
Rand value of bounceback solar loans advanced (paid out) to SMEs for solar infrastructure	R9 664 919	N/A

FNB was uniquely positioned to support the scheme's objectives, and it aligned with the bank's ongoing commitment to help build a resilient and sustainable SME sector for the country.

### Energy Bounce Back Loan Guarantee Scheme

In September 2023, FNB entered the new Energy Bounce Back (EBB) Loan Guarantee Scheme, announced by National Treasury and administered by the South African Reserve Bank, to specifically help customers mitigate the impact of loadshedding. The scheme is designed to assist customers through financial incentives to install rooftop solar-generated energy and energy storage assets. It is available to both commercial and retail customers at preferential pricing.

- Businesses can access the scheme through FNB and WesBank asset-based finance.
- Retail customers can access the scheme through the FNB app.
- The loan options range from a minimum of R10 000 to a maximum of R10 million for businesses.
- Any business with a maximum turnover of R300 million per annum can apply.
- Customers can settle the loan early without having to pay penalty fees.
- No deposit is required.
- Only one active EBB loan can be allocated at a time.

supporting SMEs *continued*

case  
study

### **FNB Namibia – SME Economic Recovery Loan Scheme**

FNB Namibia has been an active partner in Namibia's SME Economic Recovery Loan Scheme since February 2023. The scheme is the outcome of a partnership between the Namibian Ministry of Finance and the Bank of Namibia, which contributed N\$500 million to assist distressed SMEs. Executed through participating commercial banks, the scheme provides funds to eligible businesses that need to pay operational expenses such as salaries and rent, or honour lease agreements and contracts with suppliers.

This scheme will help qualifying businesses to foster job creation within the country, resulting in growth in productivity for the broader Namibian economy.

TO DATE, FNB  
NAMIBIA HAS  
**APPROVED LOANS  
TO THE VALUE OF  
N\$117 MILLION  
TO 130 RECIPIENTS.**



# SME development

SMEs require a broad range of solutions to overcome obstacles to growth, optimise opportunities and improve business sustainability.

For example:

- FNB has long-standing initiatives that support SME development, such as alternative funding solutions and developmental programmes that address growth constraints for SMEs at different maturities and sectors.
- Ashburton's partnership with National Treasury's Jobs Fund has unlocked investments in SMEs.
- The Vumela Fund (Vumela) is a vehicle for FirstRand to implement its enterprise and supplier development objectives. Vumela focuses on the provision of growth finance to early-stage SMEs, and currently has a total of R502 million under management.

## Support for FNB SMEs

FNB provides black-owned SMEs with non-financial and financial support through various mechanisms.

- **Programmatic, non-financial support:** Providing developmental programmes tailored to specific SME needs, i.e. relative to their size, stage of growth and/or industry.
- **Grant funding:** Providing non-recoverable grants to SMEs to drive innovative, catalytic projects.
- **Loans at preferential funding rates:** FNB offers preferential rates to the group's SME suppliers on overdraft and loan facilities. This reduces the cost of funding of traditional working capital products.
- **Patient growth capital:** FNB provides qualifying SMEs with term loans that have tailored repayment schedules and requirements compared to normal commercial loans. This eases the repayment pressure on the SME, allowing it to implement long-term growth strategies.
- **Non-traditional funding:** Provision of debt and equity funding to black-owned SMEs through Vumela.

## For the year ended 30 June:

Metric	2023	2022
<b>SME development spend (non-recoverable)</b>	<b>R53.9 million</b>	R45.7 million
– Of which programmatic, non-financial support	<b>R36.2 million</b>	R27.9 million
– Of which grant funding	<b>R17.7 million</b>	R17.8 million
– Number of SMEs that received training and mentorship	<b>214</b>	245
– Number of SMEs that received grant funding	<b>8</b>	4
<b>Loans advanced at preferential rates</b>	<b>R34 million</b>	R38 million
– Numbers of SMEs receiving loans at preferential rates	<b>58</b>	55*
<b>SME development through Vumela</b>		
– Funds under management at 30 June	<b>R502 million</b>	R566 million
– Contribution in the year	<b>R0</b>	R200 million
– Funds deployed to beneficiaries since 2009	<b>R415 million</b>	R404.3 million
– Of which loans	<b>R97 million</b>	NR
– Of which equity	R89 million	NR
– Number of SME beneficiaries (investees) supported since 2009	<b>31</b>	29
– Number of jobs created since 2009	<b>7 660</b>	7 026

\* Number restated from 33 to 55 SMEs. The 33 SMEs represented SMEs that FNB re-contracted in FY22, however the total number of beneficiaries that had preferential rates as at 30 June 2022 and were advanced R38 million in total was 55.

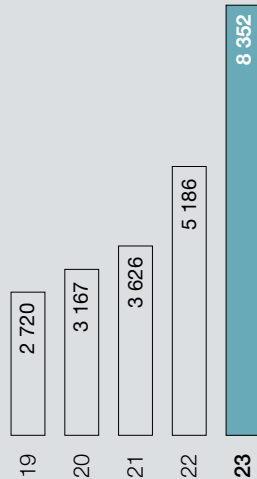
NR: Not reported.

# agriculture

Investment in agriculture is critical to food security and industry transformation, and for ensuring the sector's sustainability given the size of its contribution to South Africa's GDP.

**The South African commercial farming sector remains largely untransformed due to emerging farmers having limited access to resources, including land and investment capital to build productive assets. The group continues to focus on supporting the sector's transformation and is committed to developing a larger base of black commercial farmers.**

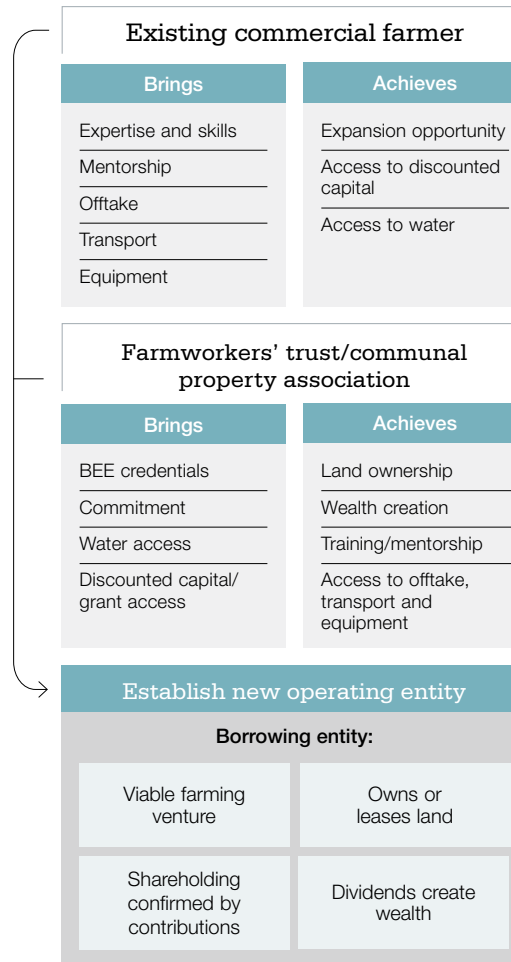
**Lending to black-owned companies in the agriculture sector**  
R million



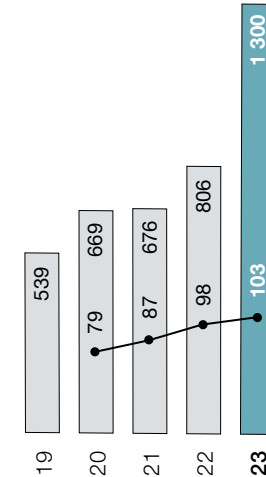
## FNB agricultural transformation

FNB's agriculture solutions enable commercial farmers to proactively engage in transformation initiatives to empower emerging black farmers, their employees and the communities in which they operate. These solutions include funding, as well as access to training and offtake contracts, which are typical barriers to entry.

Below is an example of the most common BEE structure, which highlights the value contributed and derived by each party.



**Funding deployed through these structures as at 30 June**  
R million



○ R million extended  
● Number of black farming enterprises\*

\* Restatement of prior year numbers. Previously the total number of accounts was reported, but because one enterprise may have multiple accounts this has been amended to reflect the number of individual enterprises.

agriculture *continued*



## Citrus Growers' Association

FNB Agriculture has continued to partner with the Citrus Growers' Association and the Jobs Fund to create an innovative economic transformation development programme that supports black citrus growers.

The programme aims to provide affordable funding for the expansion of operations, orchard rehabilitation and on-farm infrastructure development. This is achieved through blended finance incorporating grant and traditional loan funding. The programme also provides funding for skills development, learnerships and tertiary education bursaries.

The current funding pool of R308 million has been provided by AgriSETA; the Department of Agriculture, Land Reform and Rural Development; the Jobs Fund; FNB Agriculture; and the Citrus Growers' Association through its statutory levies.

This programme is structured to overcome the two biggest challenges black farmers face: access to affordable credit lines and the establishment of equity ownership.

### Overall programme objectives:

Provide financial support to **black citrus growers**.

Create **both permanent and seasonal employment opportunities**.

Increase the total number of **new hectares** under production.

Provide **learnerships, skills development and bursaries to individuals** from the communities where labour is sourced.

**Increase revenue** and contribute to exports.

### Accordingly, the funding allocation is split:

**36%** is a **non-recoverable grant** and acts as the farmers' equity contribution; and

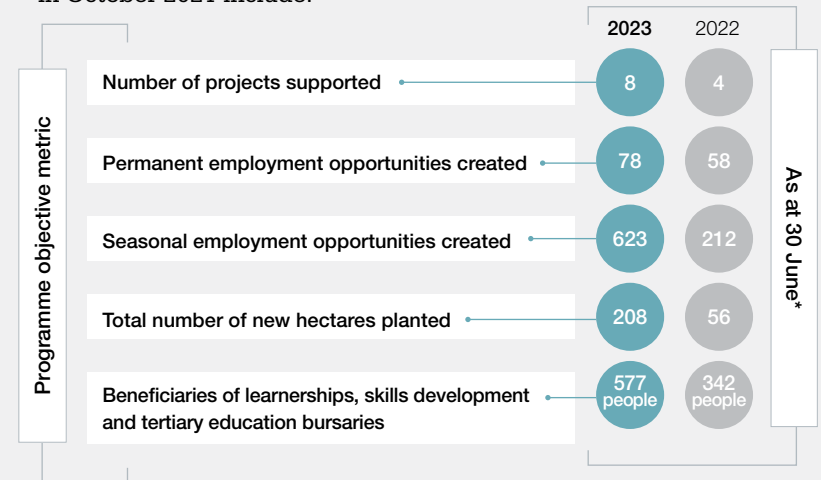
**64%** is a **blended loan** consisting of grant funding from the Citrus Growers' Association and preferential funding from FNB. This blended loan is provided at interest rates that range between prime and prime -3%, making the funding more affordable.

### As at June 2023\*:

FNB has paid out **eight blended loans totalling R73.6 million** (R25.6 million as at June 2022) for projects situated in the Eastern Cape, KwaZulu-Natal and Limpopo. These eight projects benefited from grants of R43.3 million representing the farmers' equity contributions. The total combined value of the support to these projects amounts to R116.9 million.

In addition, FNB has issued term sheets to the value of **R30 million to one of the citrus projects** situated in the Eastern Cape, with R10.8 million representing the grant allocation and the farmers' equity contributions.

### The programme's achievements since inception in October 2021 include:



\* Previously reported as at September. Time period changed to align with FirstRand's financial year end.

agriculture *continued*



### **Hortfin – transforming the deciduous fruit industry**

Certain subsegments of the deciduous fruit industry have faced challenges in accessing commercial funding, which has hampered transformation and job creation opportunities. In response, the private sector, in collaboration with National Treasury's Job Fund, established the Hortfin Deciduous Fruit Industry Fund (the fund) in January 2022.

The fund, which totals R600 million, aims to increase job creation, transformation and sustainability for the industry and its supply chains through financing eligible businesses. For a business to qualify for funding, it must be at least 51% transformed and demonstrate the potential to create new jobs.

The Job Fund and various industry organisations contributed R300 million, with FNB providing an additional R300 million.

**As at June 2023:**

FNB has paid out **R40.9 million** towards six projects, with an additional matched funding contribution from Hortfin amounting to **R45.9 million.**

One of the funded projects is **Williams Bros Fruit**, which is a 100% black-owned fruit trading business in the Western Cape, South Africa.

The business required R23 million to install climate-controlled atmosphere cold rooms. FNB and Hortfin contributed

**R13.8 million** and **R9.2 million**, respectively, through the risk-share funding structure. It is estimated that 78 new jobs will be created through the project.

agriculture *continued*



## Mzala Wines – a model to increase equity ownership for black employees

In 2019, the Van Loveren wine estate partnered with FNB to empower black employees through equity ownership, land conversion and training.

The equity contribution was funded through an FNB non-recoverable grant. This allowed 13 black employees to acquire shareholdings in the commercial agricultural project Mzala Wines, which then acquired a 30% shareholding in Middelburg Vineyards. This created a productive asset for the employees. The remaining 70%, owned by Van Loveren, will be transferred to Mzala Wines over time.

### The initiative has been running for more than four years and has delivered:

- equity ownership and active shareholder participation, including training and mentorship of black farm workers;
- conversion of the Middelburg farms into a productive asset; and
- a model for a blended finance approach between grant, debt and equity in support of the development of black-owned commercial farms.

### Funding contributions as at 30 June 2023:

- R34 million of grant funding representing the equity participation of black employees.
- Debt funding through a R20 million ten-year loan (deployed between 2020 and 2022).
- Additional financial support was provided by Van Loveren to Mzala Wines to supplement the FNB contribution, which funded water licences, land acquisition and infrastructure development.

It is estimated that the project will create R50 million in turnover by its tenth year, with profits before tax of R10 million. To date the farm has already generated sustainable income streams, and in February 2023 its valuation was R118 million.

By 2029 the project aims to create **405 permanent and 285 seasonal jobs.**

### The following has been planted over four years:

Crop	Hectares
Vineyards	56
Cherries	26
Almonds	50
Citrus	32
<b>TOTAL</b>	<b>164</b>

**TO DATE, A TOTAL OF 545 TONNES OF GRAPES HAS BEEN HARVESTED AND THE TOTAL REVENUE FROM ALL CROPS IS ESTIMATED AT R17 MILLION.**



## Khula Portfolio Credit Guarantee

Many emerging farmers either lease land or use communal property instead of owning land. This results in challenges when applying for finance as leased and communal property has limited or no collateral value.

To address this challenge, FNB entered into an agreement with the DFI Khula Credit Guarantee Limited (Khula) whereby Khula provides a guarantee for the missing collateral. This protects FNB from credit losses, provides access to funding for farmers who would not meet normal credit appetite and enables preferential pricing.

To date, R59.5 million in finance has been provided to eight projects involved in the production of citrus, maize, beef and avocados.

One of these projects is Makgoba Dieplaagte, a community-based partnership between the Mamphoku Makgoba Community Trust and a large commercial farmer, Z22 Group (Z22). FNB provided R7.2 million in 2020 to support the development of a 10-hectare avocado farm on communal land.

**Now operating as Afrikado**, the project has generated 11 permanent employment opportunities and 12 seasonal employment opportunities for the community. Once in full production, it is expected that the project will generate more than R5 million in revenue per annum.

The agreement with Z22 also provided the community with access to technical skills, management services, machinery and offtake in local and international markets.

# affordable housing

Owning a home is foundational to improved living standards and financial security, and better educational outcomes and health standards, and promotes social cohesion. FNB has developed affordable housing products to facilitate home ownership through offering mortgages to low-income communities, thus providing access to collateral to build their net asset value and create intergenerational wealth over time.

### FNB's key achievements so far include:

- A focused strategy to assist low-income households to purchase homes in the primary and secondary markets has resulted in an affordable housing book of R20.5 billion, representing 68 613 low-income households.
- Government subsidies have been integrated into its affordable housing lending process to improve affordability for customers.
- It has found ways to improve efficiencies throughout the property value chain to unlock cost efficiencies and supply backlogs.
- The piloting of several programmes to regularise title deeds for low-income households enables homeowners to leverage their properties.

As at 30 June:

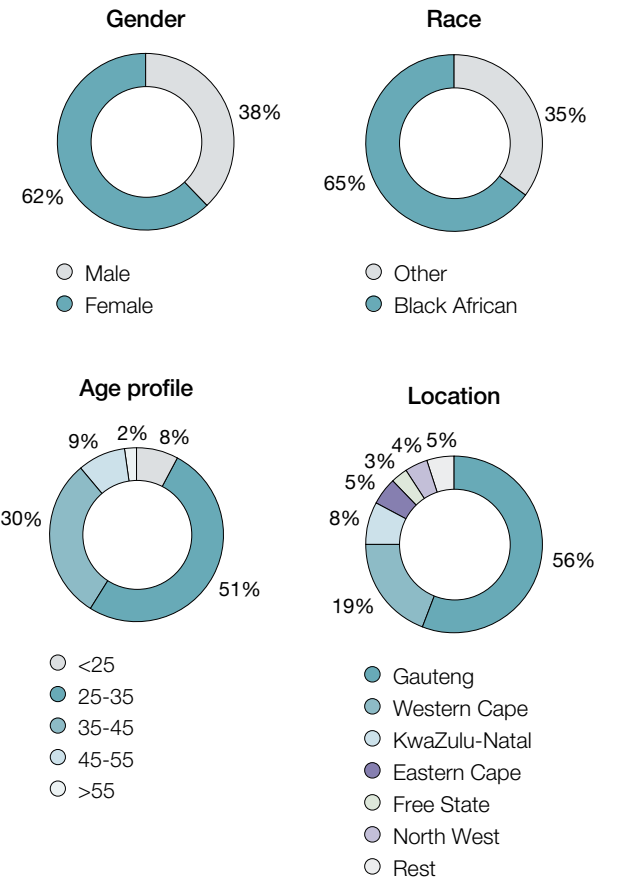
Metric	2023	2022	2021
Total affordable housing book (R billion)	20.5	18.0	16.3
Affordable housing* (R billion)	18.4	15.8	14.2
Smart housing plan* (R billion)	2.1	2.2	2.1
Number of low-income households**	68 613	67 804 <sup>#</sup>	76 125

\* Affordable housing represents mortgages, and the smart housing plan represents pension-backed lending.

\*\* Low-income households or affordable housing is defined as households earning less than R29 600 gross monthly. For example, this could be a couple earning R14 800 each.

<sup>#</sup> Restatement of prior year number, i.e. previously reported as 72 389. Zero-balance accounts and accounts with balances <R1 000 were removed.

During the year  
**R4 billion**  
 in home loans was advanced to  
**6 485**  
 households across the following demographic:



### Newly developed housing units

During the past financial year,

**2 213** low-income households received home finance for newly developed housing units valued at

**R1.5 billion** in total.

It is estimated that

**22 130**

**job opportunities** were created on the back of these advances.

### Secondary market

During the past financial year, FNB has advanced

**R2.5 billion**

of funding to **4 272 low-income households** that purchased already built properties in the secondary market.

### Affordability

The affordability of housing remains a significant challenge in South Africa, with 80% of South Africans unable to afford an entry-level house based on their income and limited access to collateral. Another key pressure is insufficient supply in the affordable segment. The following case studies demonstrate how FNB Home Finance is contributing to improving access and affordability in this space.

### case study

## First Home Finance

First Home Finance (previously known as FLISP – Finance Linked Individual Subsidy Programme) is a government subsidy aimed at customers who fall within the “gap housing market”. The subsidy is designed to bridge the gap for customers who earn too much to qualify for social housing and too little to afford a privately developed home. These customers are currently defined by the Department of Human Settlements as households earning less than R22 000 in gross monthly income. The subsidy is calibrated on a sliding scale, meaning the less a customer earns the larger the subsidy that they receive.

### Changes

- The subsidy amount has increased from R130 000 to R169 000.
- The subsidy now covers attorney-related registration and bond costs. It also applies to home purchases funded by personal loans, pension-backed loans and stokvels. In addition permission-to-occupy agreements for communal land areas are eligible for the subsidy.

FNB advanced over

**R1.5 billion**

**of home loans to households** in the gap housing market, leveraging

**R51 million**

**of First Home Finance disbursements** for the year ended June 2023. This has been used to finance a total of 985 units.



## Collective buying

The FNB collective buying home loan solution allows up to 12 people to buy a home together and share monthly repayments. This way of investing makes it more affordable for customers to build a home, buy or invest in property and achieve their financial goals. This has been particularly helpful for affordable housing customers facing rising interest rates.

Assuming a newly built entry-level home in SA costs R500 000, nine people earning about R4 000 a month would be able to invest in a property together.

### Benefits:

- More affordable monthly repayments
- Qualifying for a larger home loan
- Being able to put down a bigger deposit as a collective
- Reduced maintenance and running costs, as well as shared financial risk

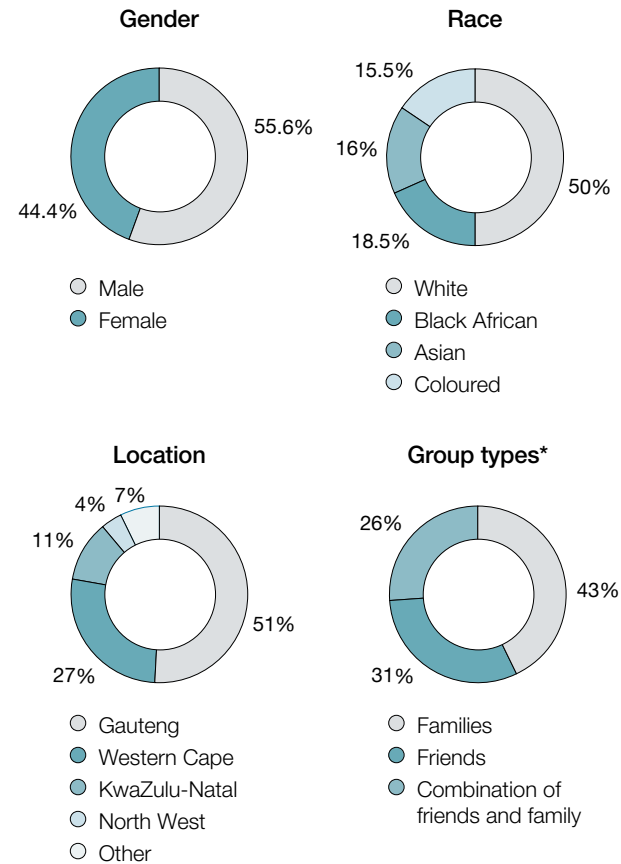
These customers may also access First Home Finance if their collective monthly income is less than R22 000.

### Since the launch of the product in August 2021:

- R346 million has been advanced
- The average price of a home purchased is R1.3 million
- Property type: 79% full title and 21% sectional title

## 252 groups

(averaging 3.2 applicants per group) have bought homes together across the following demographic:



\* Customers with the same surname are classified as family. Customers with different surnames are classified as friends.





## BuilderConnect

BuilderConnect is an FNB pilot programme that provides emerging developers with a work-in-progress construction facility for direct labour and materials.

### The programme's objectives are to:

- grow emerging property developers;
- increase affordable housing delivery to address the stock backlog (currently over two million units);
- manage inflation of land prices by enabling developers to purchase land in advance;
- reduce construction delivery times; and
- contribute to construction sector transformation and the creation of more stable construction capacity.

FNB can increase housing ecosystem benefits by accessing DFI concessionary funding for small developers. The developers would start with a limited portfolio and thereafter FNB would support their growth through the facility.

### The first deal was completed during the year:

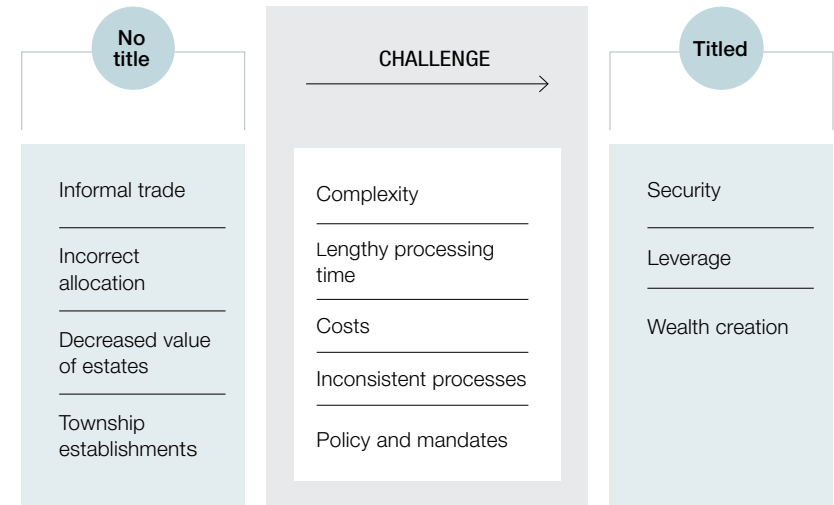
- The emerging developer is 100% black-owned and black-managed, with a track record in affordable housing developments.
- The development comprises 12 houses in Secunda.
- The project was successfully handed over to homeowners on 9 August 2023.

## Property ownership unlock

Home ownership is a crucial component of household wealth and can be used as a leverageable asset if formal title exists. "Dead capital" is the term used to describe property which is informally held and not legally recognised, and which therefore cannot be exchanged for financial capital.

According to the Free Market Foundation, the value of dead capital in South Africa is estimated at R1.5 trillion, affecting between 4.5 million and 10 million homes. Households with untitled properties have limited access to finance as they are unable to leverage the property's equity, which may lead them to access more expensive unsecured debt. In addition, properties at the low end of the market, particularly social housing units, tend to trade informally and below their true value.

Dead capital disproportionately affects low-income households for several reasons. It includes houses built before 1994 that were never transferred, and housing built as part of the rollout of the Reconstruction and Development Programme after 1994, where beneficiaries may not have received title deeds.



FNB has partnered with multiple stakeholders to address this systemic challenge. The potential exists to unlock approximately **R220 000\*** of value per household assisted. With appropriate scale this could prove to be transformational, leading to increased household wealth, improved recovery of municipal levies and the growth of local economies.

\* The average cost of building a new Reconstruction and Development Programme home.



## Commercial property finance – affordable housing development

**The Orlando Ekhaya housing precinct development** is a project in the heart of Soweto, Johannesburg. It aims to address the housing shortage in the city by providing formalised and quality affordable housing while promoting economic development and job creation.

The development is situated along the Chris Hani transport corridor close to the Orlando Dam, Chris Hani Baragwanath Hospital, the University of Johannesburg Soweto Campus, Bara taxi rank and Bara Mall. It forms part of a broader investment initiative driven by the City of Johannesburg that intends to transform the area into a growth node. Aligning housing needs with a well-located area will promote sustainable human settlements.

The housing development consists of multiple phases, with a total of **2 800** residential apartments to be rolled out over a few years. It is being developed by a consortium that is led by Sonama Africa, UrbanDev and the Raubex Group.

FNB has provided a loan facility of R276,4 million to fund project 1, the Orlando Towers Lifestyle Estate South. It is currently under construction and includes 568 walk-up units in a range of sizes and priced between R650 000 and R950 000. The first phase of 136 units is almost complete, with unit handover scheduled to take place during November 2023. Once the first phase is completed, FNB will unlock funding for the next phases, with the completion of project 1 planned to take place in February 2025.

### The Orlando Towers Lifestyle Estate South offers:

- One- and three-bedroom apartments that are energy-efficient and use LP gas for water heating (geysers) and cooking.
- Lifestyle amenities, including a clubhouse, sports facilities and outdoor braai areas.

FNB's alternative energy team is assisting the developers in assessing options for solar electricity and a bulk battery storage facility.

The development has a strong focus on upskilling and training the local community. The developers will ensure that labourers and suppliers gain valuable skills and experience to participate in other projects and the broader market. The main contractor, Raubex Group, will provide support, training and oversight as part of the development.

### The socio-economic contribution of project 1 to date:

**424** direct job opportunities created for the local community by the developer and the construction company;

approximately **40** micro, small and medium-sized enterprises (MSMEs) supported in ward 25 (Pimville), where the project is located;

**596** indirect jobs supported through suppliers and contractors;

**517** operational job opportunities created (unskilled service-related jobs); and

approximately **40%** of the total jobs supported are held by black women and 35% by black youth.

# private equity

## RMB Ventures

RMB Ventures (Ventures) has adopted the principle of intentionally using its core business activities to add value to society, profitably and at scale. Ventures seeks to positively contribute in its role as investor, board member and shareholder with rights, across a portfolio of 22 companies.

### Impact as investor:

Ventures's philosophy is to invest with purpose to enable real change. For example, Ventures assesses the impact of its investments on:

- the investee (or portfolio) company management and employees;
- the investee company customers; and
- the wider value chain of the investee company.

### Impact at a portfolio company level:

At a company level Ventures has specific intentionality across four areas and focuses on the following as part of its value creation strategy:

- **Serving underserved capital markets:** Committed to increasing BEE ownership of South African companies.
- **Distribution of ownership (inclusion):** Increased ownership participation of management teams and employees through geared management deals and employee share schemes.
- **Employment and communities:** Focused on sustainable employment that delivers business competitiveness and growth. This also includes engagement with the broader communities of investee companies.
- **Natural environment:** Acts to avoid harm to the environment and, where possible, create positive benefits such as identifying decarbonisation opportunities.

### Tracking impact:

Ventures has adopted the impact management programme (IMP) framework to measure and guide the societal impact of its activities. This framework considers:

- 1 the level of contribution achieved or targeted;
- 2 intentionality of the impact; and
- 3 measurement of action and the impact.

The IMP framework references four investment strategies that contribute towards impact. The table on the next page provides examples of where Ventures has implemented them.

Strategy	Examples	Specific actions
<b>Engage actively</b>	<p>When Ventures invests in private companies, it has several roles:</p> <ul style="list-style-type: none"> <li>• partner to management teams;</li> <li>• director on the main boards and subcommittees acting in the best interests of the company; and</li> <li>• shareholder with significant rights (as is typical of private equity ownership) and responsibilities regarding its funders.</li> </ul>	<p>Ventures uses expertise, networks and influence to improve the impact of its investments.</p> <p>Ventures takes board seats and provides hands-on management support when required.</p> <p>Ventures is developing a shared value framework that will be implemented at each of its portfolio companies to ensure alignment with its strategy.</p>
<b>Grow new and undersupplied capital markets</b>	<ul style="list-style-type: none"> <li>• In close to 100% of its deals, Ventures has assisted management teams in portfolio companies to become investors (the number can range from five to 50 executive members). This improves shareholder and management alignment by facilitating a greater level of employee ownership.</li> <li>• Ventures has also facilitated the introduction of employee stock ownership programmes (ESOP) targeted at creating wealth for large groups of people. Approximately 3 473 employees across Ventures's portfolio companies have benefited from participating in an ESOP.</li> </ul>	<p>Ventures provides equity and shareholder loans to facilitate:</p> <ul style="list-style-type: none"> <li>• growth and typically replace capital in private companies; and</li> <li>• black ownership through funding independent black fund managers and black industrialists.</li> </ul>
<b>Provide flexible capital</b>	<ul style="list-style-type: none"> <li>• To assist management teams to become investors, Ventures provides them with funding at non-commercial terms and pricing.</li> <li>• Ventures has seeded numerous black fund managers with shareholder loans, working capital and favourable economics. Approximately 40% of the capital that Ventures deploys is through black fund managers.</li> <li>• In addition to providing funding, Ventures transfers skills to black fund managers. This assists them to grow their businesses and develop a track record that can enable them to set up an independent fund.</li> </ul>	<ul style="list-style-type: none"> <li>• Ventures provides flexible equity and debt funding packages to companies, enabling management to compete and take advantage of opportunities.</li> <li>• Ventures acknowledges that some enterprises require financial returns adjusted to lower risk in order to generate targeted societal impact.</li> <li>• In a recent investment, Ventures facilitated a two-layered BEE structure using broad-based trusts that benefit young black women.</li> </ul>
<b>Demonstrate that societal impact matters</b>	<ul style="list-style-type: none"> <li>• Each board has a fiduciary responsibility to consider all stakeholders in its decision-making.</li> <li>• Ventures will encourage each portfolio company to adopt the shared value framework.</li> <li>• Ventures seeks black economic empowerment partners in its investments.</li> </ul>	



## Afrikelp

Afrikelp's purpose – “nurturing growth” – is at the core of its strategy. It is a leader in the manufacture of liquid seaweed biostimulants extracted from the South African kelp *Ecklonia maxima* (sea bamboo).

### This liquid seaweed is a renewable and natural plant growth stimulant that:

- enhances yield;
- improves crop quality; and
- shortens the period between planting and harvesting.

Following its second year of sustainability reporting in 2023, Afrikelp has increased awareness and integration of sustainability throughout its business.

### Progress made in 2023:

- **Environment:** Afrikelp has reduced its waste to landfill by approximately 45%, of which over 70% was plastic. Municipal water consumption has decreased 40% since November 2022.
- **Community:** Afrikelp's project in the Eastern Cape resulted in the employment of 19 permanent employees and provided employment to over 40 independent contractors from local communities.
- **Governance:** To ensure that Afrikelp meets global seaweed standards it has collaborated with various scientists and organisations to form the Kelp Scientific Collaboration (KSC). The KSC is a public-private partnership that aims to bring together resources, tools and funding in the industry to support the ecological, social and economic sustainability of the Great African Seaforest.

### Afrikelp has the following sustainability goals for 2024:

#### Environment:

- switch more than 30% of energy consumption to renewable sources;
- decrease water usage per unit produced by 10%;
- partner with carbon credit developers;
- formalise a recycling policy; and
- perform a baseline biodiversity study on Gansbaai kelp forests.

#### Community:

- public commitment to human rights;
- human rights training for management; and
- local community employment and skills development.

#### Employees:

- employee retention;
- employee engagement;
- employee skills development; and
- implementation of a health and wellness programme.

#### Governance and compliance:

- continue to improve external monitoring system for kelp harvesting;
- update all labels to be compliant with the Globally Harmonised System of Classification; and
- implement an anti-bribery and corruption policy.

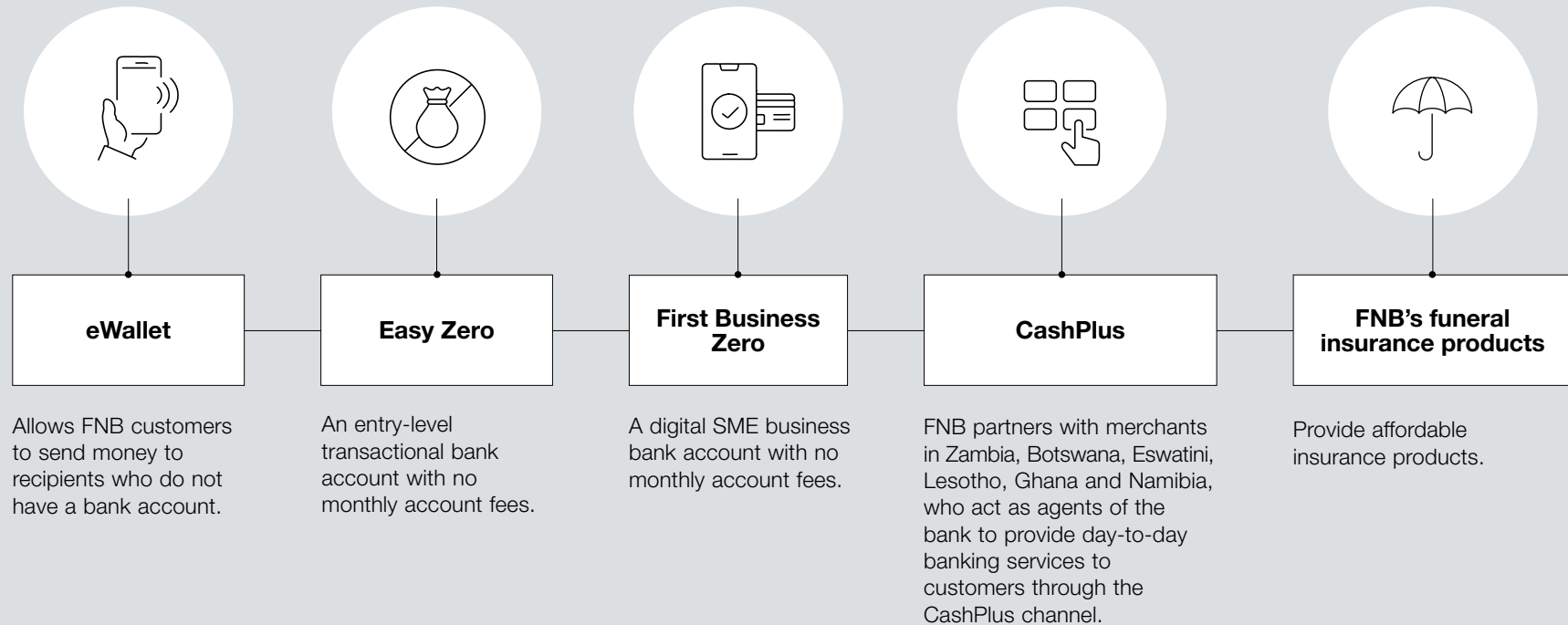




## Leveraging products and transactional platforms to deliver **financial inclusion** to broader society

Rapid technological developments have allowed financial institutions to service segments of the population that have been historically underserved/underbanked. Increased levels of financial inclusion for individuals and SMEs are vital to transform and grow the informal economy.

The group has **several financial inclusion solutions**, including:





Approximately 85%<sup>1</sup> of the adult population in South Africa has access to a transactional bank account. However, many account holders only use their accounts for **cash distribution (cash in/cash out)**. The levels of access to and use of other financial products and services remain low.

**According to the 2021 SA FinScope survey prepared for the Financial Sector Conduct Authority (FSCA):**

Many South Africans withdraw the entire amount of cash from their accounts as soon as money is deposited.

**41%** of people still receive income in cash.

Only **25%** of people are saving through formal bank savings products.

Credit use is high, but less than **20%** of people have a formal bank loan or bank credit.

**46%** of people have no insurance cover.

**31%** of those who are insured only have funeral cover.

MSMEs are only marginally served, with limited access to appropriate products and services. Less than 10%<sup>2</sup> of people have borrowed to start, operate or expand businesses.

<sup>1</sup> The World Bank Global Findex database 2021.

<sup>2</sup> The World Bank Global Findex database 2017.

**Key national policies and frameworks**

**The group's approach to financial inclusion is guided by:**

- The FSCA Financial Inclusion Strategy
- National Treasury's policy paper, An Inclusive Financial Sector for All
- The Financial Services Sector Code, prepared in terms of the Broad-Based Black Economic Empowerment (B-BBEE) Act
- The National Consumer Financial Education Strategy

These policies and frameworks outline national priorities and goals to enhance financial inclusion for prioritised groups such as low-income individuals, black people, women, youth and people living in rural areas and townships, as well as MSMEs.

**These policies and frameworks encourage banks to contribute to the following national priorities:**

- Promote financial inclusion through financial education and digital literacy.
- Improve geographic access, product-related access and electronic banking access for prioritised groups.
- Promote the beneficial use of transactional accounts as a starting point for improved financial inclusion.
- Deepen inclusion by extending and improving access to banking, insurance, savings and credit products and services.
- Serve lower-income/vulnerable groups with simple and affordable products and services.
- Develop technological/digital solutions that enable financial inclusion.
- Deliver appropriate financial products and services specifically designed for MSMEs.
- Empower consumers to participate knowledgeably and confidently, manage their financial affairs, deal with day-to-day financial decisions and make good choices about allocating their incomes.

Transactional accounts, particularly where salaries are paid, present the best opportunity for banks to cross-sell additional appropriate products. Improving the value proposition of these accounts for the lower-income customer base has been a key focus for FNB.

# eWallet

Cash remittances can present significant security issues. The introduction of electronic wallets has created safer and convenient means to remit money.

## FNB'S eWALLET ALLOWS FNB CUSTOMERS TO SEND MONEY TO ANY RECIPIENT, WITH OR WITHOUT A BANK ACCOUNT.

The money is transferred digitally to a cellphone number with a code. Cash can be stored in the wallet or withdrawn from FNB ATMs and selected SPAR stores countrywide. In addition, eWallet can be used as a method of payment at selected SPAR stores and TotalEnergies fuel stations.

The growth in eWallet benefited from campaigns such as the introduction of free "send money" transactions, which are now available on all retail transactional accounts and have contributed to growth in both the active base and volumes.

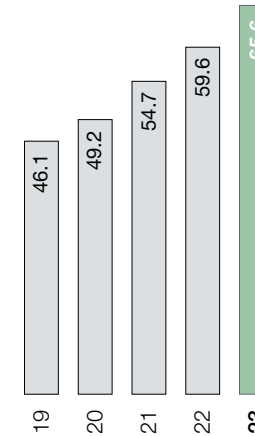
### During the year:

- Of the 65.6 million send money transactions initiated by FNB customers, 28% were free.
- Of the total send money value, 10% (R3.9 billion) was used for prepaid airtime purchases.

The use of the service has shown consistently strong growth:

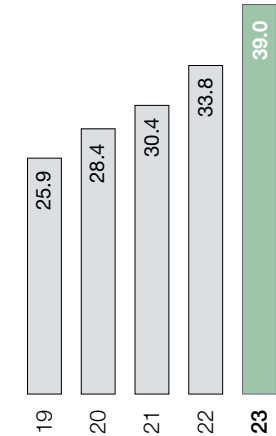
For the year ended 30 June

Send money (volume)  
million



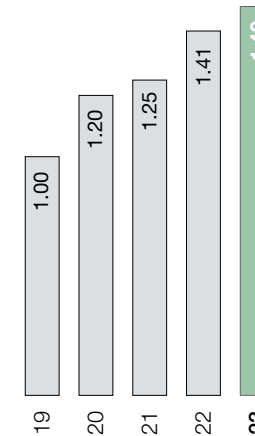
● Volume

Send money (value)  
R billion



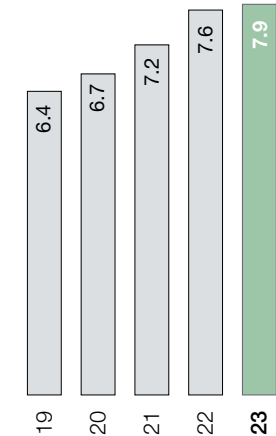
● Value

Monthly senders (average)  
million



● Average

Active base as at 30 June  
million



● Number

# Easy Zero

Easy Zero, an entry-level transactional bank account, has seen significant growth in customers and volumes. It offers accessibility through a simple USSD account-opening process, requiring only a person's name, ID number and valid South African cellphone number.

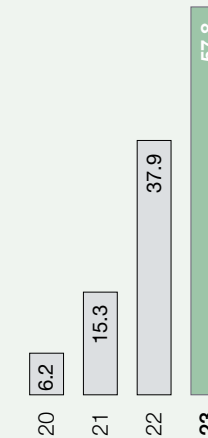
This product provides appropriate functionality for those individuals who often receive low or irregular incomes. It allows them to save and access basic banking services without incurring transaction fees or monthly account fees.

## Allows customers to:

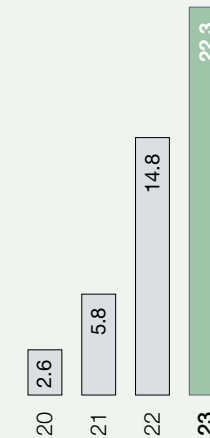
- 1 receive money from or send money to any other bank;
- 2 deposit into an account at an automatic deposit terminal;
- 3 withdraw money at ATMs;
- 4 buy prepaid airtime/data bundles and electricity;
- 5 swipe a Visa card;
- 6 use FNB Pay (a virtual card); and
- 7 access FNB Life funeral cover via Activity-Based Payments.

## For the year ended 30 June

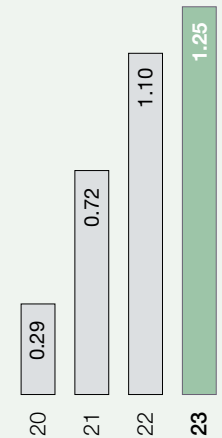
### Volume of transactions million



### Value of transactions R billion



### Active base million



## Access to funeral cover and an innovative collection method

Easy Zero was initially set up with a simple account-opening process to promote financial inclusion, but has evolved to enable customers to take up additional banking solutions.

In November 2022, FNB introduced a solution that enables Easy Zero customers to take up personalised funeral policies through a simplified due

diligence process. Given that Easy Zero does not have debit order functionality, to collect the insurance premiums FNB created a payment mechanism (Activity-Based Payments) that allows customers to set a period when monthly premiums can be automatically collected. When a customer deposits money into their account during the specified period, it triggers the premium payment.

Monthly premiums are based on the customer's profile and the number of lives covered (each policy allows for

cover of up to 21 family members). Customers are not charged a penalty fee for unpaid premiums.

To date, almost 10 000 customers have protected themselves and their families with over R898 million worth of cover.

# First Business Zero

First Business Zero is designed specifically for sole proprietor businesses with an annual turnover of up to R5 million. The account can be opened on the FNB app or online within a few minutes using FNB's "selfie" process to prove identity and verify the user.

## The key features of the First Business Zero proposition include:

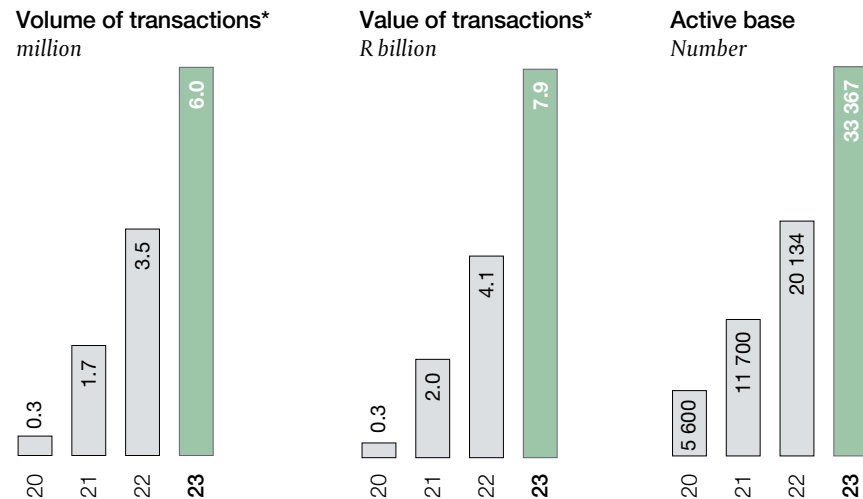
- no monthly account fee,
- unlimited free point-of-sale card swipes,
- an interoperable QR code for accepting payments,
- a linked business call account to ring-fence savings and earn interest, and
- an FNB Connect SIM card that includes free\* data, minutes and SMSes.

\* The FNB app carries no data costs (for banking functionality only).

Customers also have access to certain free value-added FNB services, including Fundaba (an entrepreneurship e-learning programme) and instant accounting, invoicing, cash flow and payroll software. Assistance is available for free via Secure Chat on the FNB app and the 24/7 business desk.

First Business Zero has seen strong growth since its launch in 2020, both in terms of new customer acquisition and transactional volumes.

For the year ended 30 June



\* The volume and value of transactions represent payments, cash withdrawals and card swipes associated with the accounts, i.e. outflows.

First Business Zero was initially designed for uptake on digital platforms (FNB app and online banking). However, customers were increasingly requesting the account at branches, so FNB now also provides this support across its branch network.

# FNB broader Africa extending financial inclusion through CashPlus

FNB is committed to developing solutions that promote financial inclusion and support economic activity in its broader Africa subsidiaries.

Africa is a largely cash-based economy, with the general population still preferring cash over digital options. According to a study published by the World Bank, less than a quarter of all adults in Africa make use of bank accounts from formal financial institutions, and 90% of all consumer payments is conducted in cash.

## Some of the reasons for the largely unbanked population in Africa are

- limited infrastructure,
- poor GSM<sup>1</sup> network coverage,
- smartphone unaffordability; and
- geographical inaccessibility experienced by many people outside the major metropolitan areas.

Traditional bank branches and ATMs tend to be concentrated in urban areas, leaving rural communities without services or education on formal banking.

**FNB DEALS WITH MANY OF THESE CHALLENGES THROUGH ITS AGENT STRATEGY IN ZAMBIA, BOTSWANA, ESWATINI, LESOTHO, GHANA AND NAMIBIA.**

From the first pilot launched in Zambia in early 2017, CashPlus has successfully improved financial inclusion for communities and enabled growth for SMEs. In 2019, CashPlus was launched in five other African subsidiaries where the channel has seen significant growth and adoption. There are now over 3 500 CashPlus agents across the six countries and over a million transactions per month.

FNB partners with agents who act as representatives of the bank to provide day-to-day banking services to customers through the CashPlus channel. Most of the agents are SME owners who operate stores in local communities. FNB sets up the agents on the FNB platform and supports them with training (compliance, business and product), as well as marketing and branding material for use in their stores and areas of business.

Customer and agent transactions are completed easily, securely and in real time via the FNB app or FNB mobile banking (USSD). FNB currently provides cash-in, cash-out and airtime and electricity purchasing services, and recently added the functionality to pay public recipients.

<sup>1</sup> Global System for Mobile Communications is a standard developed by the European Telecommunications Standards Institute to describe the protocols for second-generation digital cellular networks used by mobile devices such as mobile phones and tablets.

FNB broader Africa extending financial inclusion through CashPlus *continued*

- CashPlus is a trusted community banking channel that is transforming banking, making it more convenient, accessible and cost-effective for both customers and businesses. CashPlus provides communities access to solutions that were previously not available.
- CashPlus agents have intentionally been selected in areas where FNB branches and ATMs are not available.
- Customers no longer need to travel to make cash deposits or send money to their families. They can simply do their banking in their local store – saving them time and money.

**In-country examples of how CashPlus has increased access to banking services in areas that are remote or too sparsely populated for traditional branch-based services:**

- In Botswana, the number of CashPlus agents has **increased 54%** year-on-year, resulting in FNB offering financial services in more than 1 000 locations, including 100 that were previously inaccessible.
- In Eswatini, FNB CashPlus's growing utilisation, especially by low-income-earning Emaswati, has seen customer turnover **increase 75%** year-on-year.

**FNB CashPlus has seen strong year-on-year growth, i.e.:**

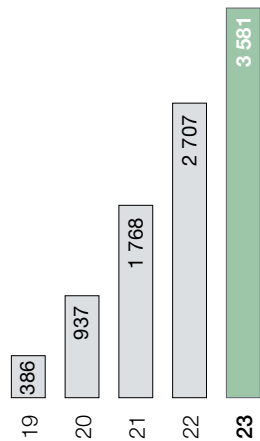
Number of active agents  
+ 32%.

Number of customers  
+ 44%.

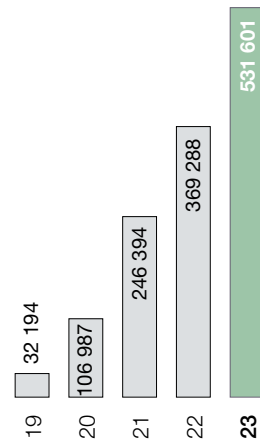
Customer turnover  
+ 61%.

As at 30 June\*:

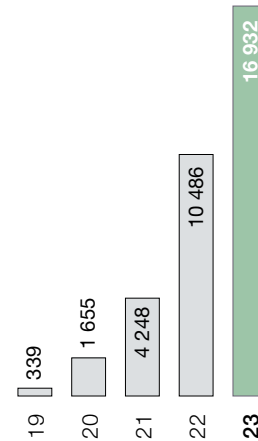
**Active agents**  
Number



**Customers**  
Number



**Customer turnover\*\***  
R million



\* Previously reported as at 30 September. Period changed to align with FirstRand's financial year end.

\*\* Customer turnover passed through CashPlus channel. Restatement of prior year numbers. Previously the monthly turnover for September was reported and this has been amended to the total turnover for the financial year.

FNB CashPlus represents **82%** of FNB's point of presence in all six African countries where the bank has a presence.

**27%** of CashPlus agents are based in rural communities, improving access to financial services for many previously underbanked customers.

FNB broader Africa extending financial inclusion through CashPlus *continued*

## THIS CASHPLUS STRATEGY BRINGS SEVERAL **BENEFITS** TO BOTH CUSTOMERS AND AGENTS.

### Benefits to customers

- Access to formal transactional banking services for all customers, no matter where they live.
- Thanks to the agent network FNB can be represented in local neighbourhoods across African subsidiaries without needing a formal branch environment.
- The familiarity and security of dealing with a local agent in their community.
- The digital-friendly banking system provides rural inhabitants with an alternative to dealing with large amounts of cash.
- Promotion of personal savings and independent money management.
- Access to the FNB eWallet service to send money to recipients in rural areas, where it can be withdrawn at the nearest agent.
- The convenience of transacting after work and on weekends, as many agents operate seven days a week and outside of typical branch hours (25% of transactions occur after hours).

### Benefits to agents

- FNB recognises that the agents are SMEs with growth potential. CashPlus could potentially increase the number of walk-in customers for approved FNB agents.
- Improved efficiencies by reducing the need for agents to constantly reconcile, secure and bank cash.
- An additional revenue stream by way of FNB commissions for the transactions they perform for FNB customers.
- Creation of employment opportunities in the community, as most agents typically employ one to two cashiers per agency to serve customers on the CashPlus channel.

# digital stokvel

A stokvel is a type of savings club, mainly utilised by low-income individuals and communities, which consists of a group of people who have entered into an agreement to contribute a fixed amount of money over a specific period for a common purpose.

**FNB introduced its digital stokvel offering to enable the stokvel group to more effectively manage and monitor funds through the following functionality:**

- All members can view the account balance instantly.
- Security and convenience were significantly improved, as transactions are digital.
  - Dual authorisation.
  - No need to go to an FNB branch to draw or deposit cash.
  - Signatories can digitally invite members to join.
  - Payments can be made directly to members' nominated bank accounts.

**In addition, FNB pays a higher interest rate on digital stokvel balances and charges lower fees. Additional benefits have also been added, such as:**

- Groups making purchases via home finance stokvels are able to buy properties jointly, which contributes to long-term investments and wealth building for members, by means of:
  - Diversifying these groups' investment holdings to asset classes other than cash.
  - Generating income via rentals of such properties purchased.

**Other benefits**

- Stokvel members can take up funeral cover for themselves, spouses and up to five children. This funeral cover ensures that all members and their families are covered in the event of death. Group members have the benefit of a discount of up to 20% on insurance premiums, depending on the number of stokvel members.
- In April 2023, FNB introduced three interest rate tiers for stokvels. Prior to this, balances of R100 000 and above were grouped together. The introduction of the interest rate tiers means that groups with balances above R500 000 are now catered for. The higher interest rates for larger balances reward growth and have contributed to a significant increase in the average interest earned by customers during the financial year.



digital stokvel *continued*

<b>As at 30 June:</b>	<b>2023</b>	2022	2021
Number of stokvels registered on the digital platform	<b>56 141</b>	27 537	11 582
Number of stokvel members registered on the digital platform	<b>188 171</b>	89 572	35 919
Initial deposits	<b>R356.2 million</b>	R210.5 million	R73.6 million
Balance of group savings	<b>R1.54 billion</b>	R667.3 million	R223.5 million
Percentage of new to bank transactional accounts from stokvel members	<b>46%</b>	45%	40%
Average annual interest rate earned by customer	<b>6.26%</b>	3.3%*	2.8%

\* Restatement of prior year number. Previously reported the interest rate as at 30 June, amended to show the annual average interest rate.

Of the 188 171 stokvel members on platform,

**87 067 (46%)** opened a transactional account as a direct result of the digital stokvel solution, thus contributing to the growth of FNB's overall retail customer franchise.

Approximately 85% of the uptake of the offering has been by low-income segments (Easy PAYU and Easy Zero), indicating that stokvels are an important saving mechanism for many South Africans.

FNB managers engage face to face with stokvel members to assist with stokvel digital functionality and to discuss other FNB solutions, with the convenience of immediate fulfilment. Eighty-eight per cent of new transactional accounts have been opened as a result of face-to-face engagement with stokvel members who were previously not banking with FNB.

**During the year, visiting FNB managers focused on:**

- **Onboarding stokvel members** during the visit to ensure platform adoption by both FNB and non-FNB customers. Non-FNB-banked customers are able to register on the FNB digital platform and access solutions without having an FNB transactional account.
- **Cross-selling transactional accounts** to members for their personal banking needs.

# emerging farmer grant management programme

Historically, the government has made grant payments directly to emerging farmers, but offered no support in terms of financial management or planning. As a result, many agricultural projects failed, resulting in government having to refinance projects multiple times.

**In partnership with the Department of Agriculture, Land Reform and Rural Development, FNB Agriculture developed a solution using FNB's 3PIM\* platform, to minimise the risk of grant mismanagement. It allows government to transfer grant funding to each individual farmer while ensuring financial discipline:**

- FNB onboards each farmer and assists them with digital banking.
- Each farmer gets a 3PIM account in their own name into which the grant is deposited, ensuring that ownership sits with the farmer.
- Non-standard call accounts are used to ensure immediate availability of funding and to generate better interest rates.

- FNB validates the account number with the National Treasury database.
- The farmer does not have access to the grant funding account, only FNB Agriculture does.
- FNB makes payments to approved suppliers directly from the grant account against validated invoices on behalf of the farmer, in line with approved budgets.
- 3PIM provides a full audit trail with bank statements, enabling financial control and enhanced reporting.
- Instant accounting (an automated solution that assists farmers in building a financial track record) is provided.
- As part of the programme, farmers are partnered with mentors who assist them with financial education.

\* 3PIM is a system that gives the user the ability to open, manage and close any number of accounts, either for their own funds or for their respective clients, to be held separately from their operational balances.

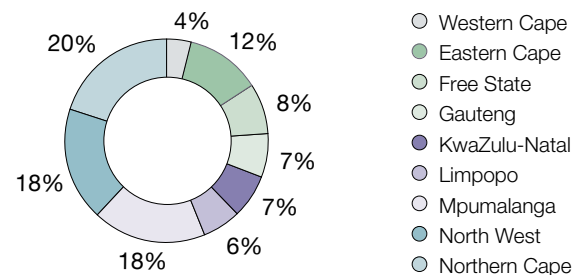
**As at 30 June\*\*:**

Since inception in March 2020	2023	2022	2021	2020
Emerging farmers onboarded, with access to FNB banking facilities	234	200	145	109
Validated grants balances under management	R1.6 billion	R1.1 billion	R890.7 million	R457.4 million
Interest earned by the farmers on the grant funding under management, for their own benefit	R93.4 million	R43.2 million	R23 million	R4 million
Value of payments made directly by FNB Agriculture to suppliers on behalf of emerging farmers	R796 million	R547.5 million	R366.4 million	R8.8 million

\*\* Previously reported as at 30 October. Reporting period changed to align with FirstRand's financial year end.

**Geographic breakdown of grant allocation in 2023:**

**Percentage of farmers per province**



# community economy

MSMEs have the potential to address many of South Africa's challenges such as unemployment, broad-based black economic empowerment and economic growth.

Many MSMEs exist in what has traditionally been referred to as the informal economy and operate in areas such as townships and rural areas.

The formal economy leverages a wide range of financial services and products with varying levels of sophistication. The informal or community economy, however, has limited access to these products and services for a variety of reasons including financial literacy, trust, accessibility and the dominance of cash.

#### In 2019, FNB established a dedicated team to:

- gain a deeper understanding of the informal economy;
- identify opportunities to adapt existing value propositions, making them more relevant for community economy businesses;
- identify new ways of working in communities by leveraging existing ecosystems and establishing relationships; and
- influence internal and external stakeholders to focus capacity and investment in the community economy.

FNB has invested capacity to better understand community supply chains, ecosystems, customers and stakeholders. This understanding has influenced market strategies, product development, pricing, support models and risk understanding.

FNB's objective is to provide financial and non-financial solutions to businesses in and around township economies, with the intended outcome of improving their financial inclusion, independence and scale, thereby contributing to improved livelihoods and job creation.

## Focus areas were identified to support the overall strategy and to unlock MSME growth in a holistic manner:

- 1 **Data** – Quantify and measure the growth of financial services in targeted communities.
- 2 **Marketing** – Grow awareness of available financial services and FNB presence, with marketing tailored to community environments.
- 3 **Education** – Develop resources to improve business-related financial literacy and to support financial inclusion in communities. Pilots and research have been conducted to better understand how to address financial literacy at scale.
- 4 **Sales** – Apply specific strategies and resources to support sales customised for community economy nuances.
- 5 **Points of presence** – Grow physical presence to ensure that communities have access to FNB channels. This includes growing or re-positioning branches and self-service devices.
- 6 **Ecosystems** – Understand community ecosystems better in order to provide relevant solutions for specific industries and subsegments. This includes developing educational material to help FNB staff overcome the business language barrier.
- 7 **Service** – Evaluate current service models and leverage community resources. The scale of the community economy requires creative approaches, such as empowering tech-savvy community members to support others. FNB digital channels are critical to this focus area.
- 8 **Product and service offerings** – Review existing solutions and assess effectiveness for community stakeholders. Progress has been made on simplifying product pricing and developing relevant products for certain industries.

## community economy *continued*

FNB has taken a phased approach to implementing the above interventions in targeted communities, starting with nine townships in 2019 and growing to 94 in 2023. They represent all major townships in South Africa and cumulatively account for more than 14 million people.

Digitising payments is also a focus, therefore FNB tracks the growth of transactional accounts and merchant payment services.

The table below represents progress across the 67 townships where FNB has been actively implementing and reporting its community economy strategies through targeted interventions.

### As at 30 June:

Metric	2023	2022
Number of active, unique customers <sup>1,2</sup> in targeted communities	205 266	204 601
Number of active independent merchants across targeted communities	4 400	3 802
Merchant card activity for targeted communities	R9.6 billion	R7.9 billion
Unique customer turnover <sup>3</sup>	R268 billion	R224 billion
Advances – MSME	R1.1 billion	R931 million
Deposits – MSME	R4.7 billion	R4.4 billion

<sup>1</sup> Active unique customers: FNB commercial customers that have had active products in the last 30 days.

<sup>2</sup> Unique customer numbers are calculated across the entire base of 67 communities.

<sup>3</sup> Customer turnover refers to the credit turnover for a customer and reflects the total incoming payments into a customer's transactional accounts excluding internal transfers between accounts.

## Digitising cash in communities

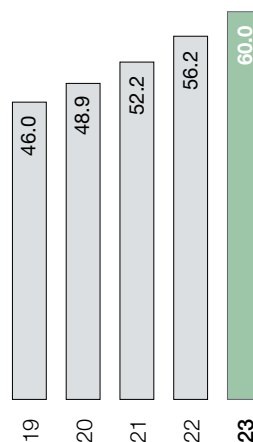
Low-income customers tend to transact more with their FNB bank cards when in urban areas or cities and less in townships.

To encourage customers to use card and digital payment technology within their communities, FNB has increased the number of speedpoint devices. This drive has been supported by campaigns that highlight benefits such as safety and convenience and the reduced need to withdraw large sums of cash, given that services are being made more accessible through merchants.

In 2023, FNB increased speedpoint device presence to just over 4 400 devices across targeted communities, a 16% increase from 2022. Improved card acceptance has contributed to the growth in merchant card activity and an improved cash-to-card ratio for customers in these communities.

### As at 30 June:

#### Personal cash-to-card %\*



Personal cash-to-card ratio has increased by **3.8%** from 2022.

Easy Zero accounts have led this growth with a **100%** increase in point-of-sale spend and a 100% increase in Cash@Till spend.

\* Cash-to-card percentage: Indicates customers withdrawing cash vs those using FNB cards to transact. Data analytics are used to measure customer transactional behaviour trends and preferences.

# funeral insurance

In South Africa funerals are culturally important and affected families require quick access to funds.

Funeral insurance is a product that offers low-income households lower premiums and payouts to cover funeral expenses.

Funeral cover remains the cheapest and easiest way to provide for a family member's funeral. Sixty per cent of FNB's funeral customer base holds multiple policies, which highlights the growing need to cover customers against the unexpected death of family members.

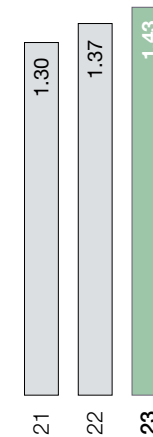
Currently FNB's funeral offering provides more than **1.43 million** policyholders with cover for more than 4.1 million lives.

Approximately **75%** of funeral claims are paid out in less than 24 hours.

The FNB funeral plan offers customers premiums approximately 20% lower than the industry average, with guaranteed cover and speedy claim payouts. The funeral plan is currently FNB's most accessible insurance product, available across a multitude of channels such as branches, call centres, USSD, FNB online banking and the FNB app. FNB offers personalised pricing and multiple plans to ensure that the cover meets the unique requirements of each of its customers.

As at 30 June:

Number of FNB funeral cover policyholders  
million



Lives covered under FNB's funeral plan  
million



FNB introduced the burial repatriation benefit in February 2023. The benefit provides free transport of the deceased's body to the place of burial in South Africa and helps to alleviate some of the financial burden families face with the loss of a loved one.

# holistic financial well-being for customers' employees

FNB promotes financial inclusion via the employer relationship by enabling its business customers to support employee retirement, long-term saving and financial cover for death or disablement.

## FNB ACTIVELY ENGAGES THESE CUSTOMERS AND THEIR EMPLOYEES ON THE IMPORTANCE OF PRECAUTIONARY SAVINGS, RETIREMENT SAVINGS AND RISK COVER.

In addition to the above offerings FNB assists business customers in building an attractive employment offering with preferential rates on banking, loans and insurance for their employees.

The FNB Umbrella Retirement Fund can be offered to employees to help them save for a better future. They can also add (or take up separately) life, disability and funeral cover.

It is a competitive, value-for-money offering with free benefits such as eBucks, Independent Counselling and Advisory Services (ICAS) (24/7 telephonic advice and counselling) and free wills. Employees also gain access to FNB's educational resources and tools via the app.

There has been good traction in employers taking up this solution in the past year, with many starting funds for the first time. Most of the new business customers onboarded were MSMEs.

### Functionality enabled by FNB app

Previously only FNB-banked customers had access to platform functionality. **A solution has been developed that allows all members to utilise the content and financial tools on the FNB app or online without having to open a bank account with FNB.**

Members can view their retirement fund balances and risk benefits, and update beneficiary nominations. The integrated retirement calculator allows members to capture additional retirement savings outside of the fund and view their salary replacement ratio (SRR). Members also receive contextual in-app messages as they navigate their retirement journey.

Employers can view employee fund credits, portfolios and their SRRs and notify them to capture or update information.

holistic financial well-being for customers' employees *continued*

## Progress to date

FNB has assisted **3 408** business customer employees in saving for their retirement, resulting in more than

**R114 million**

in assets under management to date.

**FNB'S PROPOSITIONS OFFERED THROUGH THE EMPLOYER-EMPLOYEE RELATIONSHIP HAVE CONTRIBUTED TO GROWTH IN NEW RETAIL CUSTOMERS.**

<b>For the year ended 30 June:</b>	<b>2023</b>	2022	2021
Number of business customers (employers) onboarded with employee benefit solutions	<b>51 (fund-participating employers) 39 (risk-only employers)</b>	23 (fund-participating employers) 18 (risk-only employers)	7 (fund-participating employers) 5 (risk-only employers)
Number of members/employees who joined the FNB Umbrella Retirement Fund*	<b>2 278</b>	742	272
Number of business customers (employers) who are new to a retirement fund	<b>45</b>	16	5
Number of members/employees who are new to a retirement fund	<b>1 165</b>	468	95
Number of members/employees insured by FNB Life (life, disability, funeral cover)	<b>4 418</b>	2 811	176

\* Restatement of prior year numbers, i.e. number of members who joined in 2021 and 2022 previously reported as 167 and 645 respectively.

During the year, the FirstRand staff scheme was onboarded with FNB Life cover, representing an additional 39 277 members (not included in the table above).

holistic financial well-being for customers' employees *continued*

### Employee home loan benefit

FNB partners with companies to make home ownership more affordable for their employees.

Employer-backed partnerships offer employees the opportunity to apply for a home loan on pre-negotiated terms and conditions, enabling access to home ownership and improving affordability. Some employers offer their employees additional assistance to purchase a property. This may take the form of a guarantee, a housing subsidy or other forms of rebate funding, depending on the employer.

### The FNB Housing Schemes solution includes:

A simplified onboarding process and one-on-one appointments with consultants.

The best possible rates for qualifying employees (personalised and preferential rates that improve affordability).

Payroll deduction benefits that help employees save further on banking fees and improve their risk profile and credit status.

Facilitation and assistance with First Home Finance applications (for more detail refer to page 38).

Consumer education training and support.

### Progress on employee home loan benefit

#### Since 2019:

FNB has partnered with **54** companies.

**37 710\*** employees have participated and applied for home loans.

The scheme has provided home loans with a payout value of R5.7 billion to **7 412** employees.

**68** of these employees have also been assisted with First Home Finance.

#### During 2023:

A total of **7 805\*** employees applied for home loans.

Of this cohort **1 575** employees received home loans with a payout value of R1.5 billion.

The pipeline of approved applications that still need to be registered includes 456 employees and is valued at **R1.6 billion.**

#### EMPLOYER FUNDING SUPPORT

To date, more than 500 of the total participating employees have been assisted with additional employer-backed funding benefits (i.e. subsidies, administration, rental and debt consolidation) to the value of R9.5 billion.

\* Participation includes all declines, approved loans, loans not taken up and pipeline.







## Leveraging products and transactional platforms to support **financial wellness**

| FNB continues to build solutions that promote financial wellness for individuals and commercial enterprises.

# helping customers protect themselves, their families and their incomes

## Life insurance

Life Simplified is a semi-underwritten life product that provides access to life cover of up to R1 million. Customers are only required to answer five yes/no questions. It further helps customers by including Spend Protect and a R30 000 funeral benefit. Both pay out in 24 hours, at no additional cost, providing customers with immediate liquidity until the claim is processed. Spend Protect pays beneficiaries a once-off set amount based on their average monthly qualifying spend with FNB. This amount is determined based on multiples of their card swipes and loan repayments, but is limited to 10% of the life cover amount.

Since the product was launched in 2019, FNB Life has covered

**98 000** lives.

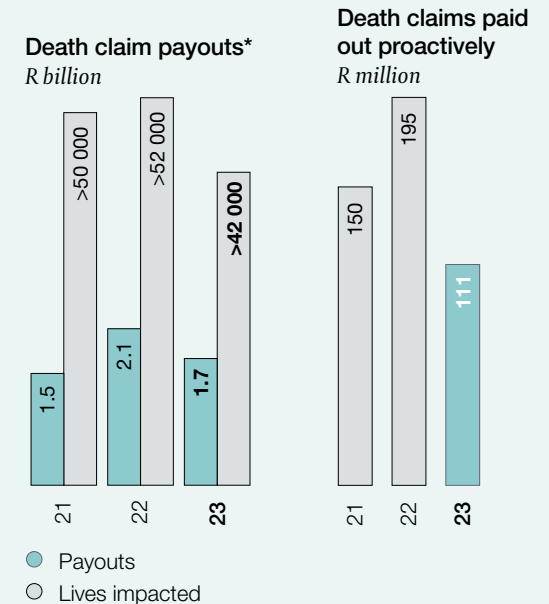
In 2022, Life Simplified was expanded to offer an innovative retrenchment benefit. This product makes retrenchment cover available to both upper- and lower-income customers by adapting the amount of underwriting required.

## Mortality claims

FNB has experienced that many of its life insurance beneficiaries are unaware that their deceased family member held a policy. By regularly checking all its life and funeral policies against Department of Home Affairs records, FNB is one of the few life insurers that proactively reaches out to beneficiaries to pay out customer claims, ensuring that the intentions of the deceased are met.

In 2023, mortality claims returned to pre-Covid-19 levels with lower death claim payouts.

For the year ended 30 June



\* Including funeral and Life Simplified payouts.

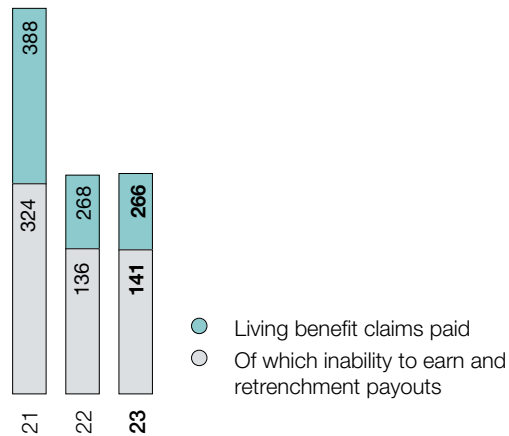
## Living benefits

Apart from financially planning for death, consumers also wish to protect their incomes against life-altering events should they no longer be able to work and provide for their families. FNB offers a wide range of living benefits to protect customers financially against loss of income, critical illness or disability events.

Primarily driven by the impact of the Covid-19 pandemic, 2021 saw the highest number of living benefit claims paid out. As customers started to recover earnings capacity, living benefit claims decreased significantly in 2022 and stabilised in 2023.

### Living benefit claims paid

R million



>18 000 policyholders impacted in FY23

### The FNB Health Cash Plan

FNB offers **affordable cover for day-to-day expenses** should a customer or a family member be hospitalised. The product provides a payment of

**R200 to R3 000**

per day of hospitalisation. Customers who include the recently launched Critical Illness Benefit in their policy are **eligible for a lump sum payment of up to 50 times** the daily cash payout. In addition, the plan offers customers unlimited telephonic access to a personal health advisor who can provide qualified nursing advice.

The plan currently provides more than

**154 000** policyholders

with cover for more than

**192 000** lives.

# eBucks

eBucks is one of South Africa's leading rewards programmes.

Since inception 23 years ago, eBucks has paid out more than

**R19.9 billion**

in rewards to members, with more than

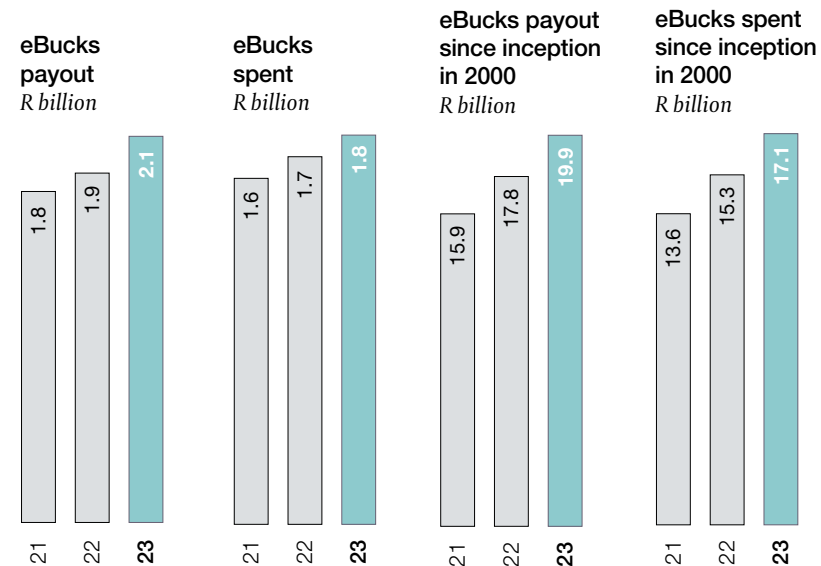
**R17.1 billion** spent.

During the 2023 financial year, eBucks

paid out **R2.1 billion**

in rewards to customers.

For the year ended 30 June



## THE eBUCKS REWARDS PROGRAMME IS FREE TO JOIN. MEMBERS PAY NO MONTHLY SUBSCRIPTION FEES AND eBUCKS NEVER EXPIRE.

The programme is open to FNB and RMB private bank customers and allows members to utilise eBucks to supplement household income. Members can earn and spend their eBucks at 33 online (via the eBucks Shop) and in-store partners, and also pay their bank fees with eBucks.

FNB has removed barriers that prevent participation in the programme. In 2023, FNB enabled an additional 525 000 customers to qualify for rewards in both the personal and private customer segments.

### This included:

- more qualification channels being added to accommodate feature phones for the entry banking subsegment; and
- FNB app transaction requirements being reduced for FNB Aspire customers.

The programme is designed to encourage good money management by rewarding customers when they practise responsible banking behaviour. For example, members earn reward-level points for an FNB savings or investment account, maintaining a healthy credit status with nav» Money on the FNB app and using Cash@Till withdrawals, which are more cost-effective than ATM and branch withdrawals.

Tools on the FNB app such as Track my Rewards and Earn more eBucks allow members to manage their behaviour daily and make changes to move up a reward level and earn more eBucks. Over 1.6 million clients have used the Track My Rewards tool during the year.

Customers have used eBucks rewards to help extend and better manage their finances, with more than 90% of eBucks spent within 30 days of being paid out.

### eBucks rewards are offered to all segments. Entry-level Pay-As-You-Use customers (PAYU) can earn rewards in the form of grocery vouchers.

These have allowed customers to purchase basic food items at the lower price of **R5** compared to the average in-store price of between R20 and R25.

Since inception in July 2021, a total of two million Easy PAYU customers have benefited from weekly grocery coupons.

In 2023, customers benefited from over **R1 million** in redeemed grocery coupons.

Over **70%** of these customers only qualified for a weekly grocery coupon once a month. In response, FNB introduced a monthly voucher of **R20** and removed the requirement for customers to pay R5 to redeem.

# FNB's nav»

FNB's nav» provides innovative digital tools, housed on the FNB app, that are designed to simplify life for customers and help them make smart financial decisions for themselves and their businesses.

nav» tool	Description	At 30 June 2023
<b>nav» Home</b>	<p>Assists customers in buying and selling their homes.</p> <p>Customers can also search nearby properties, receive a free instant property value estimate or area report, speed up the home loan application process with immediate pre-approval, track their applications and calculate monthly repayments.</p> <p>Customers can now easily add on a solar energy loan to finance a renewable energy solution when applying for a new home loan or switching a home loan via nav» Home.</p>	<p><b>Since inception in May 2016:</b></p> <ul style="list-style-type: none"> <li>• R52.7 billion in payouts to more than 43 093 customers, helping households with both home buying and selling (33% growth on the prior year).</li> </ul>
<b>nav» Car</b>	<p>Provides discounted deals on vehicles as well as access to pre-approved finance from WesBank, all in one place – the FNB app.</p> <p>Once the customer has purchased a new car, it is auto-populated in the nav» Car garage. The garage digitally stores the car details and provides easy access to other tools such as fine payments, licence renewals and value estimates. Customers can also purchase scratch, dent and first warranty products to maintain their vehicles.</p> <p>The licence renewal process directly integrates into the Road Traffic Management Corporation. This improves customer experience, provides reduced licence renewal prices and enables licence renewal payments using eBucks.</p> <p>Customers can now take up FNB short-term insurance products via nav» Car.</p>	<p><b>Since inception in April 2017:</b></p> <ul style="list-style-type: none"> <li>• 895 857 vehicles (net of deletions) have been loaded onto the FNB app (27% growth on prior year);</li> <li>• 253 156 fines to the value of R95 million have been paid (with 30 227 fines paid in 2023); and</li> <li>• 261 541 vehicle licences were renewed and delivered (with 90 416 licences renewed in 2023).</li> </ul> <p><b>Since October 2020:</b></p> <ul style="list-style-type: none"> <li>• WesBank has financed R591 million in vehicle loans through this channel.</li> </ul>

nav» tool	Description	At 30 June 2023
<p><b>nav» Money</b></p>	<p>Assists customers with improving their financial health and budgeting appropriately. It includes saving goal prompts, free credit status updates, automatic categorisation of monthly spend to enable smart budgeting with limit alerts, and other money management coaching tools.</p> <p>My Net Worth (MNW) provides an auto-populated snapshot of a customer's net asset value, with the functionality to add assets and liabilities for a complete picture.</p> <p>Money Coach 2.0 was launched in October 2022 and includes enhanced educational content to help customers with setting and reaching their money goals. Personalised scores help customers understand how well they are managing their money.</p> <p>FNB launched the My Will + Legacy tool in February 2023. Customers can draft their wills, appoint executors, nominate guardians for minor children, create testamentary trusts and get estate cost calculations at no cost.</p>	<p><b>Since the inception of nav» Money in May 2018:</b></p> <ul style="list-style-type: none"> <li>• 3.7 million users;</li> <li>• 37 000 active saving goals to the value of R975 million set up; and</li> <li>• 2.41 million users engaged with their credit status.</li> </ul> <p><b>Since the launch of MNW in November 2021:</b></p> <ul style="list-style-type: none"> <li>• 940 000 unique customers</li> </ul> <p><b>Since the launch of Money Coach in April 2020 (until October 2022):</b></p> <ul style="list-style-type: none"> <li>• 457 000 customers engaged with Money Coach</li> </ul> <p><b>Since the launch of Money Coach 2.0 in October 2022:</b></p> <ul style="list-style-type: none"> <li>• Fundamentals (gamified education) <ul style="list-style-type: none"> <li>– 96 000 unique customers</li> <li>– 72 000 modules completed</li> </ul> </li> <li>• Money Scores (metrics for customers to see how they are tracking) <ul style="list-style-type: none"> <li>– 77 000 unique customers</li> </ul> </li> </ul> <p><b>Since the launch of My Wills + Legacy in February 2023:</b></p> <ul style="list-style-type: none"> <li>• 6 846 customers have drafted a will</li> </ul> <p><b>Since the launch of Smart Budget in August 2020:</b></p> <ul style="list-style-type: none"> <li>• 733 000 customers have set up a Smart Budget;</li> <li>• 3 million budget alerts have been set up to help customers stay within budget; and</li> <li>• as at 30 June 2023, 17.9% of the retail core base has interacted with Smart Budget (or available funds tool) at least once a month.</li> </ul> <p><b>Compared to the active app base, nav» Money users who interacted with their credit status, over a 12-month period, are:</b></p> <ul style="list-style-type: none"> <li>• 9.3% more likely to improve their credit status;</li> <li>• 22.1% less likely to miss debit orders;</li> <li>• starting or increasing savings on hand; and</li> <li>• 27.7% more likely to increase savings (savings and notice deposit accounts).</li> </ul> <p>Engaged nav» Money users are 1.89x less likely to close their accounts.</p> <p>Customers who have set up a budget with three limits and have engaged on Smart Budget over three months are spending 17% more towards items like medical aid, insurance, savings and investment.</p> <p>For customers actively using the app, 12% more of the engaged nav» Money users meet the good benchmark of having less than 15% of their income servicing unsecured debt.</p>



nav» tool	Description	At 30 June 2023
<b>nav» Wellness</b>	<p>The offering aims to empower customers to advance their overall well-being and is anchored to four pillars namely mindfulness, fitness, nutrition and health. It includes a telemedicine platform, medication script collection functionality and personalised wellness scores and goals. In addition, it offers a fitness and mindfulness events calendar, as well as guaranteed monthly discounts and offers to help customers progress on their wellness journeys.</p> <p>The virtual healthcare telemedicine platform allows customers to conveniently book and pay for affordable primary care consultations for themselves and family via the FNB app. The price of virtual trusted doctor's consultations on the nav» Wellness virtual healthcare platform was reduced during the financial year, making it the most competitive rate for virtual doctor's consultations nationwide.</p> <p>Medicine Click and Collect enables customers to upload scripts on the FNB app, select the closest pharmacy and collect their medicine after two hours.</p> <p>In May 2023, FNB launched My Wellness Coach, which provides virtual content-based training to help customers improve their knowledge and better manage their well-being.</p>	<p><b>Since inception in 2019:</b></p> <ul style="list-style-type: none"> <li>• 446 000 profiles were set up, representing a 5% growth on the prior year.</li> </ul>
<b>nav» Marketplace</b>	<p>nav» Marketplace is a single marketplace to help customers and businesses list and search for homes, cars and services.</p> <p><b>Home</b></p> <p>Customers can list to sell their property in minutes, either privately or with an FNB "business-banked" real estate agent. Customers also have access to thousands of potential pre-approved FNB buyers.</p> <p><b>Car</b></p> <p>Car Marketplace (peer to peer (P2P)) allows customers to search or list a car privately, making the listing available to thousands of potential WesBank pre-selected customers on FNB's secure banking app.</p> <p>Marketplace also offers dealership listings through the WesBank digital dealership. This is a subscription-based onboarding of WesBank-approved dealers that gets exposure to app and online customers, with a leads management system included.</p>	<p><b>Since inception of Home Marketplace in May 2020:</b></p> <ul style="list-style-type: none"> <li>• 138 estate agents have engaged, with 187 active listings; and</li> <li>• 1 797 active listings (include properties listed both privately and with estate agents) have been made, with 771 947 unique views and 237 properties sold to date.</li> </ul> <p><b>Since inception of Car Marketplace in February 2021:</b></p> <ul style="list-style-type: none"> <li>• 3 636 customers have listed their vehicles privately in P2P;</li> <li>• dealers have listed 7 832 vehicles with 783 068 unique searches;</li> <li>• the platform has generated 2 118 leads to dealerships with 244 vehicles sold to customers; and</li> <li>• P2P has seen 7 653 secured chat engagements with 44 customers indicating that they have sold through this channel.</li> </ul>

nav» tool	Description	At 30 June 2023
<b>nav» Marketplace</b>	<p><b>Services</b></p> <p>During the 2023 financial year, nav» Marketplace Services expanded the platform to single-member entities across all industries (previously limited to home and professional services). It takes a few minutes for FNB-banked customers to list their businesses and gain exposure to millions of active FNB app users.</p> <p>Customers who need help renovating or maintaining their properties can use FNB's Home Services solution, which allows them to search for pre-approved and highly rated FNB-banked businesses (e.g. plumbers, electricians, security companies and renewable energy providers).</p> <p>Customers can search for an alternative energy supplier and installer on nav» Marketplace.</p>	<p><b>Since inception of Marketplace Services in May 2020:</b></p> <ul style="list-style-type: none"> <li>• 2 944 service providers (net of deletions) have been registered and are active on nav» Marketplace;</li> <li>• nav» Marketplace Services has seen 321 979 searches from 95 732 unique customers;</li> <li>• these searches have translated to 10 062 interactions that resulted in 754 completed transactions amounting to R2.6 million; and</li> <li>• at 30 June 2023, 72 alternative energy businesses had been registered on the platform.</li> </ul>
<b>nav» Care</b>	<ul style="list-style-type: none"> <li>• nav» Care was launched in July 2020.</li> <li>• Users can donate cash or eBucks to a cause of their choice. The funds are then disbursed to vetted organisations.</li> <li>• 5% of all donations goes towards the selection and management of grant recipients, ensuring appropriate use of proceeds.</li> <li>• Donors receive section 18A tax certificates for their donations.</li> <li>• Reports are provided to donors on the fund allocation.</li> <li>• nav» Care Adopt supports the adoption of early childhood development (ECD) facilities and homes for the elderly.</li> <li>• The nav» Care functionality, which was initially only accessible to retail banking customers, was made available to business customers during FY23. This provides a platform for businesses to participate in philanthropic efforts and scale their donations.</li> </ul>	<p><b>Since inception of nav» Care in July 2020:</b></p> <ul style="list-style-type: none"> <li>• R4.4 million has been raised through nav» Care, with R1 million raised during FY23.</li> </ul> <p><b>Since inception of nav» Care Adopt in February 2022:</b></p> <ul style="list-style-type: none"> <li>• a total of 106 homes for the elderly have been adopted, impacting over 6 000 elderly people and 700 support staff; and</li> <li>• a total of 1 203 ECD facilities have been adopted, impacting over 48 000 children and 3 500 teachers.</li> </ul>

nav» tool	Description	At 30 June 2023
<p><b>nav» Energy</b></p>	<p>In March 2023, FNB launched nav» Energy to improve customers' energy resilience and mitigate the inconvenience of loadshedding.</p> <p>It empowers customers' decisions through education on:</p> <ul style="list-style-type: none"> <li>• Types of alternative energy solutions.</li> <li>• How to choose a solar PV provider.</li> <li>• Finding the right type of financing for alternative energy solutions.</li> </ul> <p>The applet provides alternative energy solutions for customers across various income brackets. For example:</p> <ul style="list-style-type: none"> <li>• Customers can purchase various products/solutions available on the eBucks shop. There is a dedicated energy and water solutions category, ranging from mini-UPS devices to solar hybrid solutions. Discounts on certain products are provided and campaigns are run periodically.</li> <li>• Products are also available through FNB Connect, which offers payment terms of up to 36 months, with a mini-UPS solution starting from R129 per month.</li> <li>• Customers can find an alternative energy supplier and installer on nav» Marketplace.</li> </ul>	<p><b>Since inception in March 2023:</b></p> <ul style="list-style-type: none"> <li>• more than 112 592 unique customer visits have taken place;</li> <li>• more than 20 000 customers accessed educational material on the platform;</li> <li>• 1 475 customers have taken up solutions through Connect, eBucks and Home and Structured Lending; and</li> <li>• most popular purchases are uninterrupted power supply (UPS) plug-and-play power systems.</li> </ul>
<p><b>nav» Earth</b></p>	<p>In August 2023, FNB launched nav» Earth to drive customer climate awareness and behavioural change. The applet focuses on reducing retail customer carbon emissions through:</p> <ul style="list-style-type: none"> <li>• a carbon coach education module that focuses on energy conservation, efficiency and renewable energy;</li> <li>• a carbon calculator that translates a customer's transactional spend into greenhouse gas emissions per kilogram;</li> <li>• a model to compare a customer's emissions to peers ; and</li> <li>• providing tools to reduce emissions, including an option for customers to offset their emissions by donating cash or eBucks to a programme that plants trees on their behalf.</li> </ul>	<p>Uptake will be reported next year.</p>

# integrated advice

FNB provides integrated advice for both employees and customers. The objective is to improve financial literacy, resilience and independence, as well as product uptake.

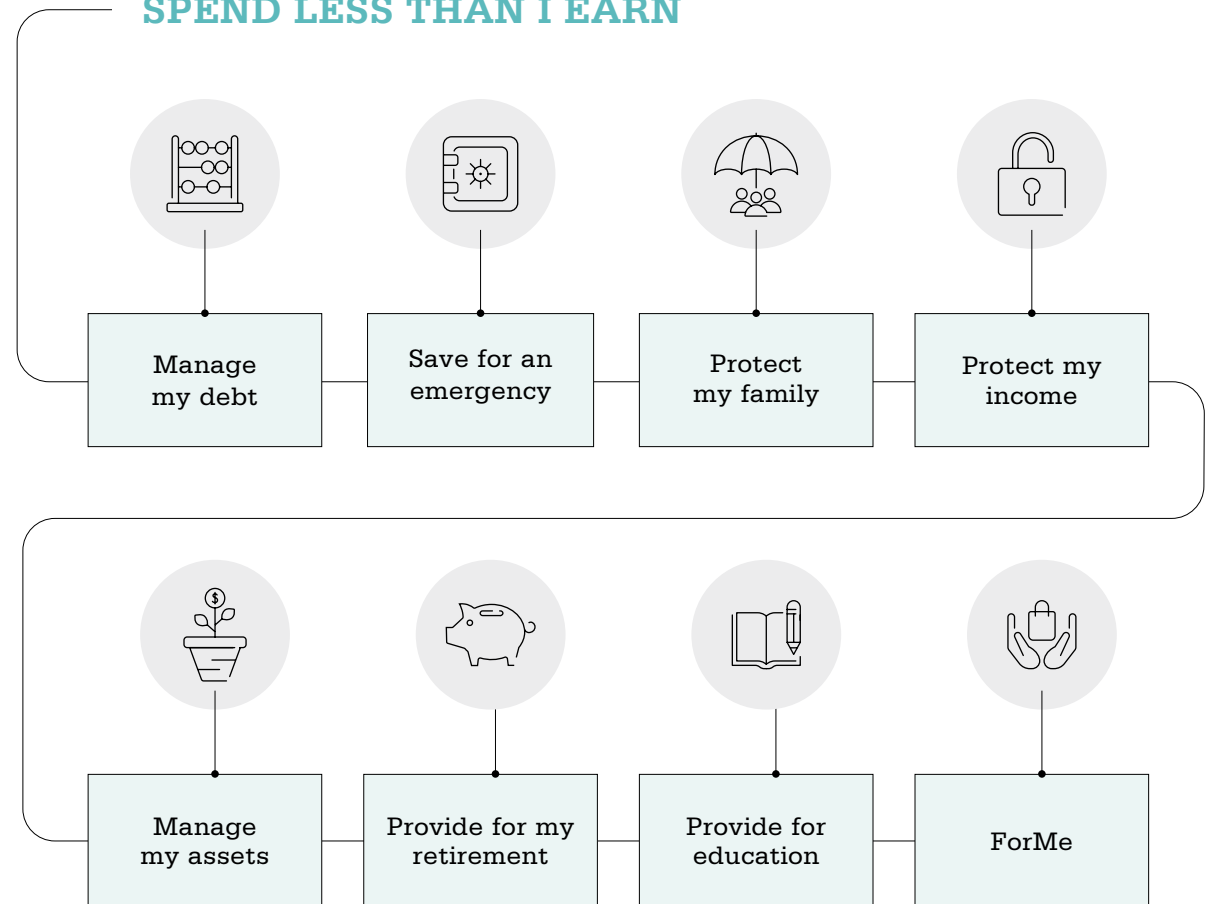
This is particularly important in the South African context of extremely low household savings. According to the National Treasury only 6% of South Africans can afford to retire independently.

The integrated advice strategy covers all aspects of personal financial well-being, as depicted in the diagram opposite.

## The application of these financial principles can assist customers to:

- free up cash flow;
- optimise debt;
- meet credit commitments;
- unlock investment opportunities; and
- protect their families and assets.

## SPEND LESS THAN I EARN



The core strategy has included upskilling and assisting FNB staff in managing their own finances, ultimately setting them up for financial independence. This enables them to better advise customers.

During the year multiple virtual employee masterclasses covering different themes were attended by more than 13 000 staff members.

FNB runs regular customer campaigns, giving contextual tips to set customers up for financial resilience. The power of these tips lies in the fact that they are integrated into everyday banking activities.

These campaigns include mailers, masterclasses and frontline interactions. Over the last year, there have been multiple digital campaigns, which resulted in more than 4.8 million customer interactions (including messages sent via the FNB app or e-mail).

**The following campaigns were launched in 2023:**

1

**Cash flow unlock campaign:**  
 The campaign focused on cash flow unlock opportunities to help customers navigate the challenging economic environment. This included guiding customers on how to unlock cash in their budgets and how to redirect the freed-up cash towards saving for an emergency, paying off debt, saving for a goal or protecting their family.  
 Over **2 million** messages were sent on the FNB app as part of the campaign.

2

**Savings goals:**  
 In January and February each year, FNB runs a “**start the year right**” campaign that encourages customers to open a savings account. This is reinforced by branch staff encouraging and assisting customers to set savings goals on the FNB app.

**For the year ended:**

Metric	2023	2022
Total number of customer interactions (all interactions, including masterclasses)	<b>4.8 million</b>	2.2 million
Number of customers who attended masterclasses	<b>4 233</b>	3 631
Number of employees who attended masterclasses	<b>13 897</b>	25 433
Number of e-learning modules completed by employees	<b>7 854</b>	27 713

**Key performance indicators for improved insights**

FNB measures and reports key performance indicators (KPIs) internally, which provide insights into customer financial behaviour and resilience. These include KPIs that measure customer budgeting, debt management and saving for an emergency.

### FNB debt relief solution

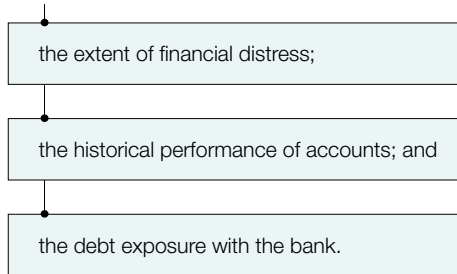
The FNB debt relief solution was designed to provide cash flow relief and promote long-term financial stability for customers who have difficulty paying their debts due to:

- unforeseen events such as divorce, education requirements, death in the family, medical expenses etc.); and
- customers' unsustainable financial decisions to maintain lifestyle habits, which lead to a debt trap.

FNB has developed a unique, flexible and sustainable solution to ease the monthly financial burden faced by impacted customers in the short to medium term, allowing them to maintain their credit record and resume normal payments over time.

The solution extends from a simple three-month payment relief option to more comprehensive relief options that include interest rate reductions, term extensions, property equity unlock and debt consolidation.

### Qualification for these relief solutions is based on various criteria, including:



Since inception in 2020, FNB has granted short-term relief to

**645** customers amounting to **R279 million**, and tailored comprehensive relief to

**182** customers to the value of **R152 million**.

This has resulted in substantial monthly cash flow benefits for customers in a difficult economic environment. FNB monitors customer financial behaviour and wellness after providing relief and ensures that the type of relief offered is aligned to the customer's situation to prevent the same situation from reoccurring.





## Treating customers **fairly**

**This section outlines the group's philosophy on and governance of the principles of treating customers fairly (TCF). It also provides insight into the financial literacy education programmes that help existing and potential customers make informed financial decisions.**

The fair treatment of customers is foundational to the group's business strategy. The group has governance frameworks, policies and processes in place to support this objective.

The group engages with regulators continually to ensure that it remains responsive to the evolving regulatory landscape.



# TCF principles

The principles of TCF, also referred to as fair market conduct principles, are prioritised in all aspects of the group's businesses.

1



## Culture and governance

The board of directors and senior executives are held accountable for treating customers fairly. All levels of the organisation focus on the application of TCF principles throughout the product and financial services life cycles. The sustainability and governance executive committee, supported by governance committees and conduct pillars, ensures fair and sustainable outcomes for customers and that business practices are based on an ethical culture. Conduct committees comprise senior management members who ensure that TCF principles are integrated into business processes and decision-making. Conduct metrics are continually reviewed and enhanced to identify and address improvement areas.

### The group:

- captures its TCF principles internally through its frameworks, policies and procedures;
- chooses its partners carefully, taking care to mitigate potential conflicts of interest; and
- has implemented internal controls to proactively detect and mitigate conduct risks.

2



## Product design

Customer centricity is at the core of the group's business model, product design and services. Constant innovation ensures that products are designed for target market needs, drive positive customer experiences, offer value for money and promote financial access and inclusion.

### Product reviews have focused on:

- customer eligibility criteria;
- key person oversight; and
- improving the product review process

3



## Clear disclosure

The group enhances service and product information by taking into consideration feedback from customers, the ombuds and regulators. Designated stakeholders review business documents to ensure that information provided is clear, unambiguous and presented in plain language. Ongoing quality assurance measures have been implemented to independently evaluate whether the group is providing correct and appropriate product information to customers.

4



## Appropriate advice

Products and services are offered to customers within a control framework that supports the delivery of quality advice to clients. This framework includes governance structures, quality assurance processes and advice monitoring.

TCF and market conduct outcomes are considered within performance scorecards.

Staff are trained to assess and provide products that meet the needs of the customer. Product-specific training modules ensure that staff are aware of product features, benefits and pricing, and can easily explain these to customers. Continued professional development ensures ongoing learning and upskilling.

5



## Service levels and product performance

Products are consistently reviewed to ensure that they continue to deliver fair value. The group proactively monitors service levels and addresses service failures. The root causes of common service failure themes are addressed to prevent recurrence.

6



## Low or no barriers to claims or complaints

Customers are informed of the channels available to submit claims or complaints and are supported through the process.

Claims and complaints are handled through both face-to-face and electronic channels. Dedicated teams manage complaints and claims, and engage with business units to resolve these within reasonable timelines. Escalation procedures to senior management exist to ensure the impartial and fair handling of customer complaints and claims.

# financial literacy: education spend and programmes

Consumer education, especially in low-income customer segments, is critical to the principles of TCF.

The FNB consumer education programme targets the low-income market and aims to help consumers make informed financial decisions. This programme is guided by the Financial Sector Code (FSC) and the B-BBEE Act and focuses on underserved communities in urban and peri-urban areas. More than 90% of the participants in consumer education initiatives are black Africans.

## FNB has three key methods of delivery for consumer education:

### Workshops

Led by trained and experienced facilitators, with the majority conducted in person.

### Above-the-line

Incorporating radio, television\* and print media, with a particular emphasis on regional and community radio and community print.

### Digital platforms

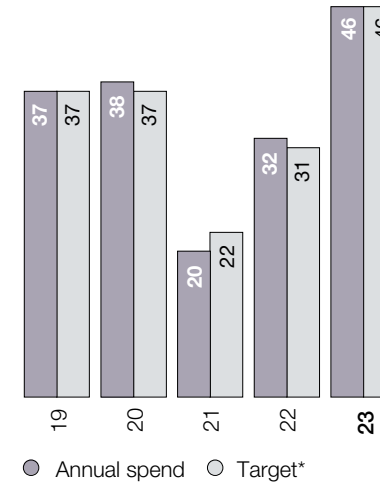
Various digital and social media platforms are utilised.

\* Television was not used as a delivery channel in 2023.

Consumer education content is frequently released in seven of the official South African languages to maximise reach and comprehension across a diverse population.

## Annual spend on consumer financial education

R million



\* The target for annual consumer financial education is calculated in accordance with FSC guidelines and is based on 0.4% of the previous year's retail net profit after tax (NPAT). For the current reporting period FNB has allocated 0.5% of NPAT to the consumer financial education budget.

## Reach of interventions in 2023:

# 1 856

Workshop sessions held  
2022: 1 174

# 59 652

Workshop participants reached  
2022: 31 598

# 24.3 million

Listeners reached by radio  
2022: 21.2 million

# 100 million

Total views of content on digital and social media channels  
2022: 92.2 million

# 15

Print media publications

# 99 995

Readerships

## Workshops

In-depth workshops incorporate interactive tools to encourage participation and learning. Workshops are conducted in various South African languages and participants are given materials that they can reference after the workshops for ongoing, self-paced learning.

Target audiences include vulnerable groups such as youth, women and consumers living with disabilities. From April 2023, FNB has tracked the demographic profile of workshop participants.

**For the period April to June 2023, FNB's workshops have reached:**

Demographic group	Number of people	% of participants
Youth	9 424	71%
Women	7 742	59%
Men	5 455	41%
Seniors	738	6%
Persons living with disabilities	53	0.4%

## Radio

Community, regional and African language radio stations are used to reach consumers across the country. The radio campaign ran from November 2022 to June 2023, broadcasting content in seven languages<sup>1</sup> across all nine provinces. **The campaign covered a variety of financial literacy topics, such as:**

- Basics of budgeting and tips on managing expenses to help deal with economic uncertainty.
- Managing bonuses and stokvel cash-outs, and planning for year-end holidays.
- The importance of short-term saving for emergencies and long-term saving for retirement.
- Digital literacy and safety to enable safe use of digital banking platforms.
- The importance of insurance and wills, creating resilience to financial shocks and protecting one's financial future.

### Youth campaign

In June 2023, FNB ran a new radio campaign aimed at equipping youth on different aspects of managing finances such as budgeting, saving, using credit, digital banking, safety and youth banking products. Eighteen youth-focused radio stations were used. The reach of three of these radio stations in aggregate was more than 800 000 listeners, as outlined below.

Radio station	Number of listeners
Campus radio stations	101 000
YFM	584 000
You FM	128 000

To increase the reach of this campaign, content was extended to other community, regional and national stations as well as digital platforms.

<sup>1</sup> English, sePedi, seSotho, siSwati, seTswana, isiXhosa and isiZulu.

## Digital campaign

Digital platforms and social media are important delivery channels for financial literacy content that can be provided at no cost or low cost to underserved communities.

FNB has selected channels that are more accessible to youth and low-income audiences with basic access to technology. Content is delivered through short-format videos, educational games and the use of influencers.

- **Think Wi-Fi** is a platform that creates free Wi-Fi hotspots in underserved communities. The platform provides content at no cost to the consumer. During 2023, FNB financial literacy content on the Think Wi-Fi platform received a total of one million views.
- **Digital Turbine**, a similar platform to Think Wi-Fi, creates free Wi-Fi zones in high-density areas such as taxi and bus ranks and shopping centres.

FNB studies the performance of consumer education content, with insights used to inform ongoing campaign delivery choices.

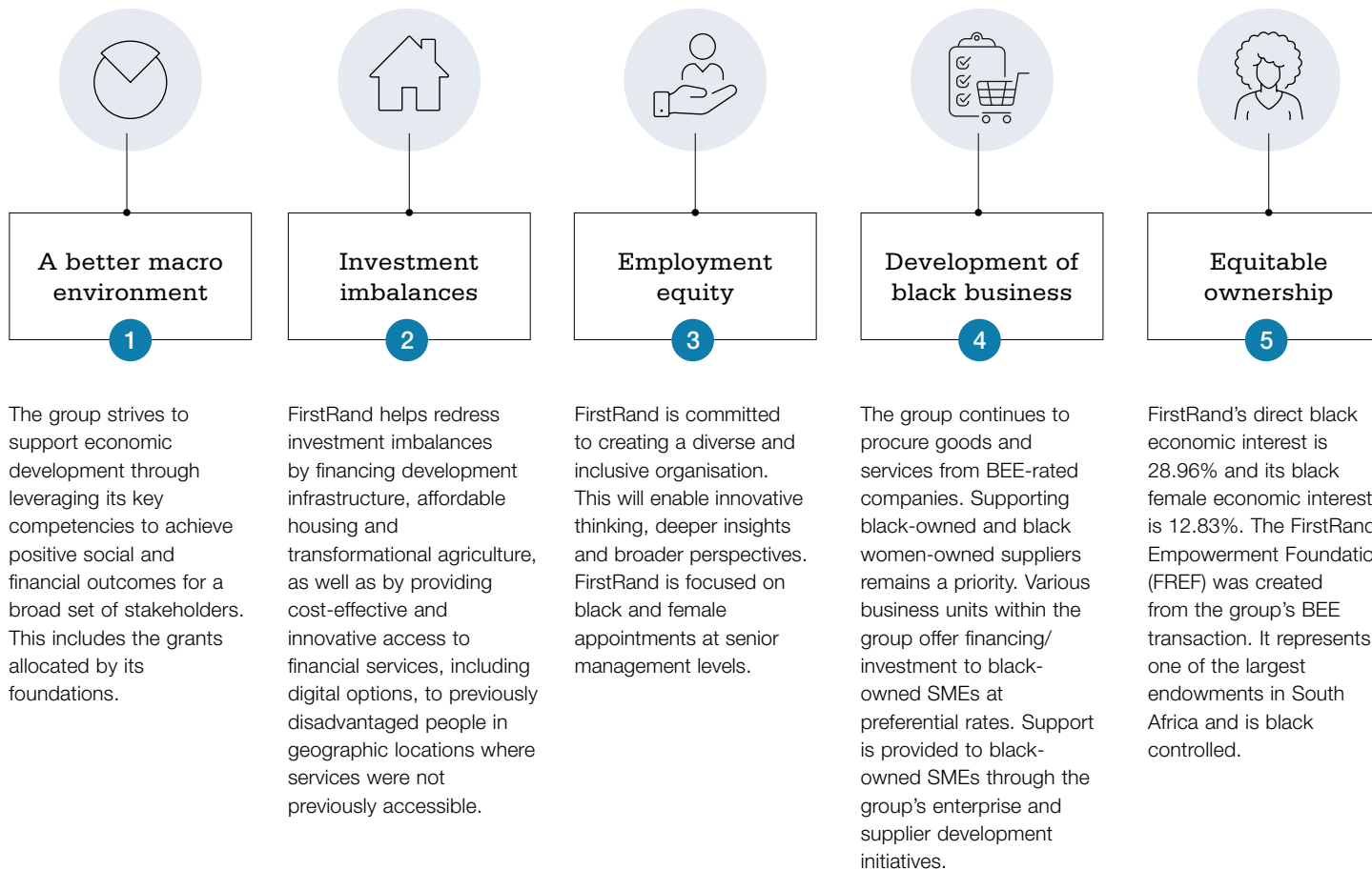




## **Addressing** transformation and employment equity

FirstRand is proud to have achieved a level 1 B-BBEE rating under the FSC scorecard for the past six financial years. Notwithstanding this achievement, the group acknowledges that true transformation is much broader than scorecards and that it still has more work to do. B-BBEE, as defined in legislation, means the broad-based economic empowerment of all African, Coloured and Indian (ACI) South Africans.

The group considers **transformation to be a critical strategic imperative** for its business and for the societies it serves. It has five strategic pillars.



## Scorecard

**The FSC BEE scorecard has the following components:**

- ownership;
- management and control;
- skills development for both employees and people on FirstRand bursaries and learnerships;
- preferential procurement;
- empowerment finance: affordable housing, transformational agriculture, transformational infrastructure and black business growth financing (BBGF) to BEE transactions and SMEs;
- socio-economic development;
- supplier and enterprise development initiatives;
- consumer financial education; and
- access to financial services.



# preferential procurement

An organisation's procurement process can play a powerful role in addressing some of the country's socio-economic challenges through its purchasing strategies and the transformation of supply chains.

The group continues to focus on transforming its supply chain, specifically focusing on increased spend with:

- 1 SMEs in order to create jobs;
- 2 black-owned suppliers to contribute to a more inclusive economy; and
- 3 black women-owned suppliers to enhance gender participation in the economy.

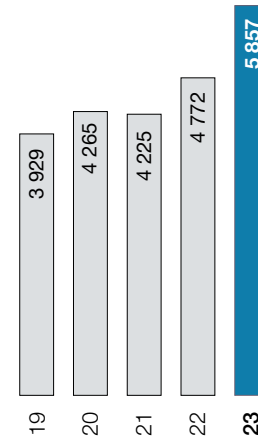
**In 2023, overall group procurement spend increased 10% from the prior year, with:**

- SME spend increasing 23%;
- black-owned supplier spend increasing 13%; and
- spend with black women-owned suppliers increasing 28%.

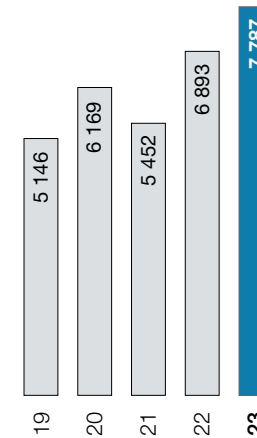
The procurement team continued to execute on its mandate of sourcing fit-for-purpose goods and services at the most appropriate price without compromising its transformation objectives.

## Preferential procurement spend

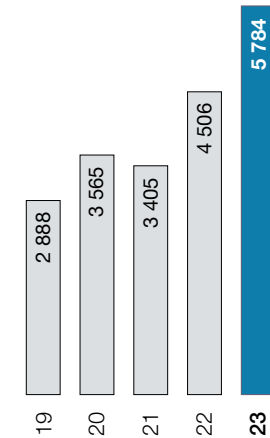
**SME suppliers**  
R million



**Black-owned suppliers**  
R million

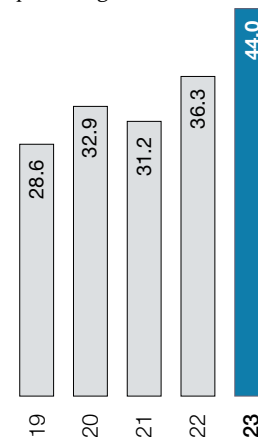


**Black women-owned suppliers**  
R million

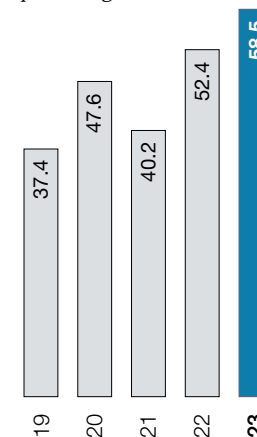


## Percentage of the group's total procurement spend

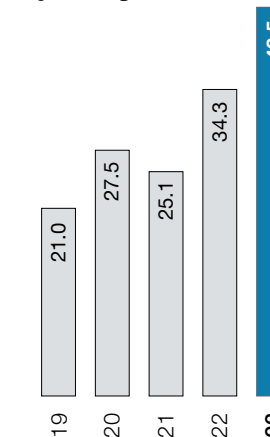
**SME suppliers**  
percentage



**Black-owned suppliers**  
percentage



**Black women-owned suppliers**  
percentage



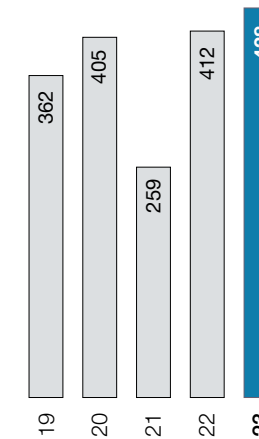
# supplier development programme

Supplier development programmes and initiatives are well positioned to develop black-owned SMEs in the group's supply chain. Suppliers are upskilled and supported with the aim of increasing their service offerings and business sustainability.

## THE GROUP'S SUPPLIER DEVELOPMENT PROGRAMME AND PREFERENTIAL PROCUREMENT STRATEGY ARE INTEGRATED.

Participating black-owned SMEs are selected based on their ability to support localisation and/or job creation with a focus on bank-critical commodities. These commodity groups include infrastructure, debt collection, valuation services, consulting services, and information and communications technology hardware providers.

Supplier development spend\*  
R million



\* Includes spend on supplier development programmes, mentorships, advisory support services, etc.



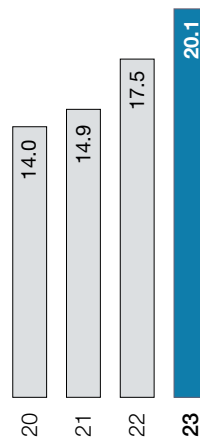
# empowerment financing – black business growth financing

BBGF is a revised category under the amended FSC and replaces the previous categories of black-owned SME lending and BEE transactions.

## case study

The criteria for BBGF is new and existing black-owned companies that have direct black management and control. A key objective is assisting these businesses to become financially sustainable. Solutions include preferential lending terms and conditions, committing funds to black-owned fund managers, and equity and asset financing at preferential rates.

**Lending to BBGF initiatives**  
R billion



## WesBank – supporting black SMEs

As a specialist lender in asset and vehicle finance, WesBank can play an important role in enabling small businesses to thrive.

WesBank has focused on simplifying the credit application process to minimise the documentation required to access credit, thus enabling faster decision-making.

### For example:

- No financials are required for loans up to R2 million (increased from R1 million in 2022).
- Applications can be made online and the reply is instantaneous.
- Customers sign their contracts online using highly protected i-contracting technological capabilities.

## 9 576

Black-owned SMEs obtained finance in 2023

2022: 8 073; 2021: 7 500

## R3.6 billion

Vehicle and other asset finance was provided to black-owned SMEs in 2023

2022: R2.8 billion; 2021: R2.5 billion

Being able to apply for finance from WesBank via the FNB app has made applying for vehicle and asset finance applications more convenient for SMEs. When using this channel they are no longer required to resubmit documents that already exist in the group's systems.

# employment equity, diversity and inclusion

South Africa remains the group's primary market, with 41 351 permanent employees (41 498 including temporary employees). ACI employees and female employees make up 83% and 60% of the South African workforce, respectively.

## South African workforce demographics at 30 June:

	2023	2022	2021	2020	2019
Total SA employees	<b>41 498</b>	39 783	39 516	40 829	40 489
– Permanent employees	<b>41 351</b>	39 287	38 854	40 668	39 869
– Temporary employees	<b>147</b>	496	662	161	620
ACI employees %	<b>83</b>	80	80	80	79
Female employees %	<b>60</b>	60	60	60	61

## Total group workforce demographics at 30 June:

	2023	2022	2021	2020	2019
Total group employees	<b>50 493</b>	48 059	47 413	49 233	48 780
Female employees %	<b>60</b>	60	59	59	59

FirstRand is committed to building an inclusive, diverse and equitable environment where all employees feel they belong. Such an environment enables new thinking, deeper insights and broader perspectives for the benefit of all stakeholders – employees, customers, shareholders and society at large.

Equally, the group remains focused on addressing legally mandated employment equity (EE) requirements. FirstRand has an EE plan, which is a regulatory requirement of the Department of Employment and Labour. During the 2022 financial year, the group developed an EE plan for the period 2022 to 2027. However, following changes to the Employment Equity Act, the group's EE targets will be revised to align with the proposed financial sector targets. This will result in the amendment of the current EE plan and new targets will be set for the period 2024 to 2029. Therefore, the targets presented in this year's report are for the 2023 financial year only.

The group reviewed its people policies, practices and procedures in preparation for the development of this plan and continues to implement recommendations from this policy review. The group believes its policies are non-discriminatory and are continually reviewed for bias against diversity and inclusion.

Recognising the South African transformation context, the group's objective is to ensure appropriate representation of women, black people and people with disabilities in the workplace. The group's EE plan is a key underpin to its transformation strategy.

The group continues to advocate for inclusivity and to be visible as an employer of choice for lesbian, gay, bisexual, transgender, queer, intersex, asexual and other (LGBTQIA+) talent. In 2017, FirstRand launched its LGBTQIA+ affinity group Purple, followed by affinity groups in its divisions in 2020. In 2023, the Purple forum hosted a series of meaningful virtual and contact conversations and events.

The following analysis provides workforce diversity information for the group's South African operations and is disclosed on a financial year basis as reported for Department of Employment and Labour and FSC purposes. This overall positive outcome is the result of the intentional development of ACI successors and female leadership development programmes.

#### SA workforce

Year	Headcount	ACI male %	ACI female %	White and foreign national %
2023	41 351	32	51	17
2022	39 287	31	51	18
2021	38 854	30	50	20
2020	40 668	30	50	20
2019	40 233	30	49	21

#### Junior and middle management

Year	Headcount	ACI male %	ACI female %	White and foreign national %
2023	30 177	32	50	18
2022	27 998	32	48	20
2021	26 288	31	47	22
2020	27 056	31	46	23
2019	26 390	30	45	25

#### Senior management

Year	Headcount	ACI male %	ACI female %	White and foreign national %
2023	2 567	27	23	50
2022	2 407	27	21	52
2021	2 205	26	18	56
2020	2 075	26	18	56
2019	1 991	25	17	58

#### Top management

Year	Headcount	ACI male %	ACI female %	White and foreign national %
2023	11	27	18	55
2022	12	25	25	50
2021	12	17	25	58
2020	12	17	17	67
2019*	12	17	17	67

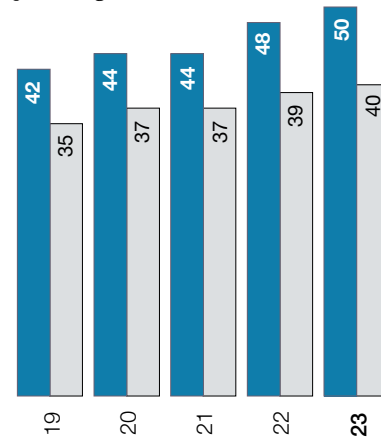
\* In 2019, FirstRand aligned its classification of top management with the EEA9, which provides guidance on grading systems and equivalent levels for EEA2 and EEA4 reporting. This has resulted in only Stratco being reported as top management.

ACI and female representation at top management level percentage



● ACI  
○ Female

ACI and female representation at senior management level percentage



● ACI  
○ Female

The table below reflects the percentage of ACI and female new hires and promotions over the past year:

Of total new hires and promotions in South Africa	2023
<b>ACI</b>	%
<b>Senior management ACI – new hires</b>	66
Senior management ACI – promotions	57
<b>Middle management ACI – new hires</b>	<b>88</b>
Middle management ACI – promotions	84
<b>FEMALE</b>	
<b>Senior management female – new hires</b>	<b>47</b>
Senior management female – promotions	47
<b>Middle management female – new hires</b>	<b>49</b>
Middle management female – promotions	57

The group aimed to achieve the following targets by 2023:

Female* representation targets by 30 June 2023	Actual
33% at top management	Not achieved, currently 27%
39% at senior management	Achieved, currently 40%
50% at middle management	Achieved, currently 50%
68% at junior management	Achieved, currently 68%

\* For EE targets, foreign female employees are excluded.

ACI representation targets by 30 June 2023	Actual
50% at top management	Not achieved, currently 45%
47% at senior management	Achieved, currently 50%
71% at middle management	Achieved, currently 74%
88% at junior management	Achieved, currently 90%

FirstRand has achieved most of its 2023 EE targets, except for female and ACI representation at top management.

With employees living with disabilities making up 1.9% of the total South African workforce, the group is on track to achieve the proposed 2029 sector target of 2% for employees living with disabilities. The group is deliberate in creating an environment that is conducive for people living with disabilities.





## Providing an **enabling environment** for employees

The group aims to provide its employees with an environment that encourages diverse thinking and innovation, and in which individual well-being is managed appropriately.

The group acknowledges that its employees are its most important resource, and that they are key to delivering on strategy.



# enabling employees to thrive in the workplace

FirstRand continues to help employees build resilience. The group's BeingWell programme has an integrated approach built on scientifically led principles that enable employees to perform at their best.

Employees are provided with appropriate medical and wellness support and provided with proactive steps for mitigating health risks. The services that are provided within the employee well-being model continue to leverage medical scheme benefits, the employee assistance programme, human capital teams and business to collectively maximise value to both the employee and the employer.

**During the year, several well-being interventions were implemented:**

## Mental well-being

FirstRand is committed to assisting employees with navigating mental health concerns through awareness, training and support programmes that encourage them to take their well-being seriously. On-site counsellors are available at each of the six well-being centres to support employees with mental health challenges.

**Approximately 15 800 employees were trained on various mental health topics between January 2022 and July 2023.**

**Voluntary engagement channels include:**

- ICAS push notifications and 24/7 access to virtual counselling;
- line manager psychological fitness training;
- mental well-being talks by affiliated psychologists; and
- mental health screening.

## Physical well-being

FirstRand encourages employees to take their physical health seriously and facilitates health screening at its well-being centres and on-site gyms. The group continues to encourage employees to undertake personal health assessments and achieved its target of a 20% uptake over a 12-month period. The aim is to provide insights into the health of employees which inform personalised interventions that can reduce health risks.

FirstRand subsidises its on-site campus gyms, improving access for all employees.

## Rewarding healthy behaviour

FirstRand employees have access to various reward programmes aimed at recognising healthier behaviour. These programmes are available to employees via their respective medical aid schemes as well as through eBucks and nav> Wellness.

## Gender-based violence and harassment

Maintaining a healthy and safe work environment remains a priority for FirstRand and the group has continued to proactively respond to gender-based violence and harassment (GBVH).

The GBVH team, comprising representatives from employee well-being, communications, rewards and benefits, and security, has developed a robust policy to tackle GBVH in the workplace. This is accompanied by a guide on how employees can seek support for themselves, for a colleague or for a family member. This work leverages existing support and benefits and extends to providing real-time physical and emotional assistance.

## Skills development

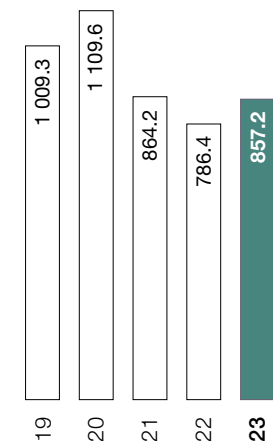
FirstRand aims to attract, develop and retain individuals with the right skills to execute on the group's strategy. As part of the group's talent management approach, it encourages and enables employees to acquire competencies to effectively perform their roles while preparing them for future growth. A variety of development programmes, such as training and learnerships, is available to employees.

The group continues to invest in its employees, with

**R857.2 million**

spent on skills development in 2023.

**For the year ended 30 June:  
Skills development spend  
R million**



# Leading Light programme

The risk of theft, fraud, corruption and other unethical conduct is continually monitored with controls implemented to prevent such occurrences.

FirstRand relies on its employees to be alert to any potential incidents and to take appropriate action so that all parties are safeguarded against associated losses.

The Leading Light reward programme incentivises employees to detect, prevent and report unethical practices. The programme is managed by the group's ethics office and has a long track record of detecting and preventing losses caused by unethical practices.

Data collected from the programme is used to **train and inform employees of fraudsters' methods, improve systems, protect customers and strengthen internal risk controls**. Where appropriate, key findings are also shared with the financial services industry to help curb unethical conduct.

Leading Light submissions increased 77% compared to the previous financial year due to increased awareness initiatives. In 2023, three new categories were added to the programme in addition to the Leading Light vigilance reward programme.

- 1 **Leading Light vigilance:** Entries are received for the reward programme for employee vigilance in detecting and preventing fraud and unethical conduct. Draws take place quarterly, with rewards of between R10 000 and R50 000 allocated. The group presents annual merit awards, which were worth a total of R1.7 million for the 2023 financial year.
- 2 **Teller efficiencies:** Tellers with no daily differences for three consecutive months are entered into a quarterly draw for a reward of R10 000.
- 3 **Self-service delivery no differences:** ATM custodians with no daily differences (balancing physical cash with ATM system journals) for three consecutive months are entered into a quarterly draw for a reward of R10 000.
- 4 **Conduct champions:** Employees whose actions influence how the organisation serves customer interests and delivers good customer outcomes are entered into a quarterly draw for R30 000 and an annual award of R450 000.

## For the year ended 30 June:

Metric	2023	2022	2021	2020	2019
Leading Light submissions received	2 230	1 262	925	987	1 056
Rand value of attempted theft, fraud, corruption and other unethical activities reported to Leading Light	R723 million	R509 million	R354 million	R301 million	R351 million
Rand value of attempted theft, fraud, corruption and other unethical activities prevented through Leading Light	R708 million	R508 million	R353 million	R298 million	R346 million



# youth unemployment

FirstJob youth development and employability initiative.

The youth unemployment rate in South Africa is 43.4%<sup>1</sup>, negatively impacting lifelong earnings, economic growth and social cohesion.

Recognising the need for work experience amongst youth, FirstRand launched the FirstJob youth development programme in 2018. Since inception more than R497 million has been invested and 4 703 meaningful work experiences created. The investment for the 2023 financial year was more than R83 million, with 891 unique work experiences created.

The programme runs across the entire group to ensure that FirstJob youth are provided with meaningful work experiences and are supported by dedicated line managers.

## The foundational principles of the FirstJob programme are:

- increasing youth employability;
- mentoring by line managers;
- creating meaningful work experiences; and
- building FirstRand ambassadors.

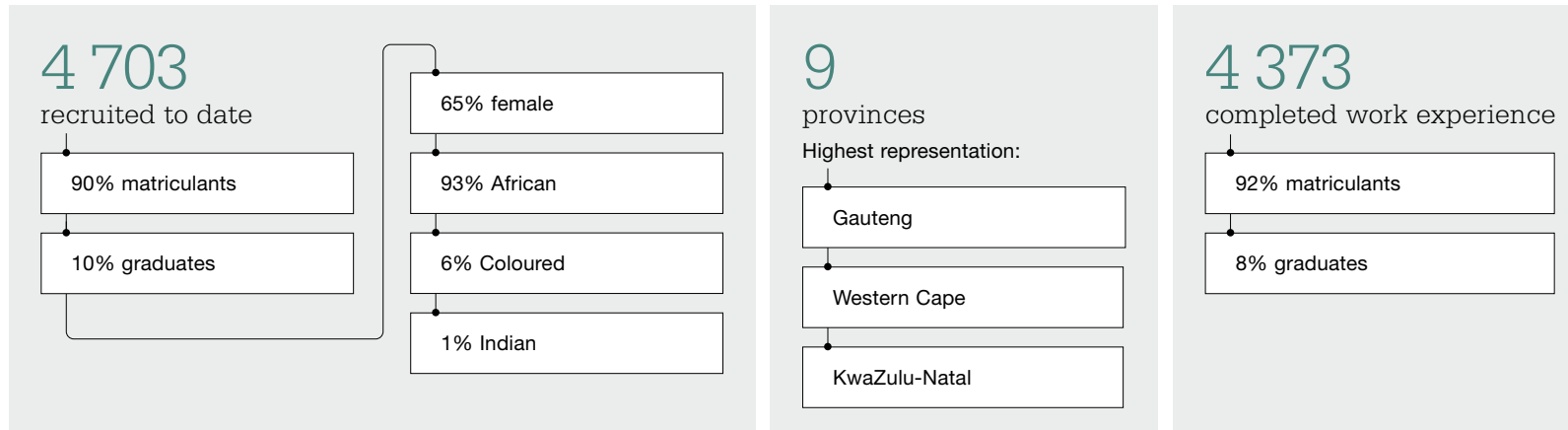
The programme comprises the FirstJob internal programme and the external partner programme.

The external partner programme was created in April 2019 as an extension of the youth initiative. In partnership with the FirstRand Foundation (FRF) and FREF, this programme places youth with external partners, including capacitating NGOs.

Since inception, 45% of youth on the FirstJob programme has been absorbed into the group and its wider ecosystem.

<sup>1</sup> Unemployment rate for youth aged 15-34 years (Statistics South Africa Quarterly Labour Force Survey Q3:2023).

### The FirstJob programme (internal and external) – cumulative five-year statistics at 30 June 2023:



#### Internal programme achievements:

- FirstJob Namibia was launched in April 2022 with a pilot group of 15 youth. The programme was well received and an additional 55 youth were recruited in the 2023 financial year. These internships are still in progress.
- The Data Academy pilot was launched in 2022 to support the business need for data science skills. Fifty FirstJob youth, including matriculants and graduates, were placed in data science learnerships across FNB.
  - 46 learners successfully completed the programme.
  - Of these, 30 learners received contracts or permanent roles (with external companies and FNB).
  - This pilot was well received and has been expanded to other business areas including WesBank. It is now an additional offering to FirstJob youth.

#### The Risepreneur programme

- This entrepreneurship programme started in 2022 to support budding entrepreneurs exiting the FirstJob programme. Thirty FirstJob alumni, who started small businesses during the FirstJob programme, received a five-month contract for support and training on entrepreneurship skills.
  - 29 of the FirstJob alumni successfully completed the programme.
  - The programme is internally managed and is offered to all FirstJob youth who complete the external partner programme.

#### External partner programme achievements:

##### Customer placement programme

- During 2022, FirstJob piloted a new customer placement programme. The initial pilot was extended and has since been completed successfully. In total, 80 youth were placed at 27 FNB customers.
- FNB customers (employers) provided unique work experiences for the youth and acknowledged that the programme added value to their businesses. Customer placements will continue to be a focus for the FirstJob programme based on its success.
- 100 interns have been placed at 27 FNB customers for the next financial year.


 case  
study

## Community advisors

# AS PART OF THE FIRSTJOB PROGRAMME, FNB HAS CREATED COMMUNITY ADVISORS AMONGST UNEMPLOYED YOUTH FROM PREVIOUSLY DISADVANTAGED COMMUNITIES.

The youth are trained by FNB and then deployed as community advisors to support FNB's strategy of servicing townships and rural areas.

Community advisors operate primarily outside of the branch environment and onboard customers in their own communities, targeting eWallet and entry banking customers. This has continued to be an effective distribution channel. For example, 36% of all Easy Zero sales originated from community advisors during the 2023 financial year, an increase from 28% in 2022.

**The following regions had the most success:**

**Limpopo:**

62%

of Easy Zero sales

**Gauteng South:**

44%

of Easy Zero sales

**KwaZulu-Natal:**

45%

of Easy Zero sales

Improved efficiency of the community advisor onboarding process and the enablement of the remote card linking functionality contributed to success during the year. Community advisors can link Easy Zero cards outside of traditional branch infrastructure using the customer's device and a USSD dial string.

This initiative helps unemployed youth develop workplace confidence and skills, whilst contributing to economic activity in their communities. The progress to date shows that community advisors develop the skills required to facilitate sales conversations and to become trusted advisors.

Community advisors complete an NQF qualification as part of the FirstJob learnership programme. Those who perform well are appointed into permanent roles at branches with vacancies.

**During the 2023 financial year:**

FNB recruited

305 community advisors

160 community advisors were placed in permanent roles


 case study

## FNB broader Africa contributing to youth development and employability

### FNB Botswana – First Youth

FNB Botswana's youth development programme, First Youth, identifies, trains and develops unemployed youth to support them in finding employment.

Each year, approximately 100 people are selected for the programme. The participants participate in a rigorous initial six-month development programme after which they receive a further six months of personalised training or guidance, including business plan development, funding application, CV building and interview training. Graduates from the programme receive a certificate that is recognised by the Botswana Qualifications Authority, which helps them to stand out in the job market.

#### Since inception in 2020:

489 youth have graduated from the programme.

49% of the participants are either employed or operating a business.

A further BWP1 million has been invested by FNB Botswana through a trade exchange programme where, from October 2023, all graduates from the programme will receive free advertising space on Botswana Television for their products and services.

### FNB Mozambique – MozYouth Foundation

FNB Mozambique is a founding partner of the MozYouth internship programme. MozYouth is a foundation made up of over 100 partner organisations that places young Mozambicans, including those without formal education as well as university graduates, in internship programmes.

The graduates are provided with meaningful work experiences and training to improve employability through entrepreneurship and professional skills development.

#### Since inception in 2018:

Approximately 1 000 graduates have been placed in internships.

Over 40% of the interns are female.

Over 50% of interns received formal offers of employment following the programme.

The four-year pilot phase was successfully concluded during the 2023 financial year. Going forward, FNB Mozambique will contribute MZN3.5 million per annum over three years to cover administration and placement costs as well as the direct costs of interns placed at the company.



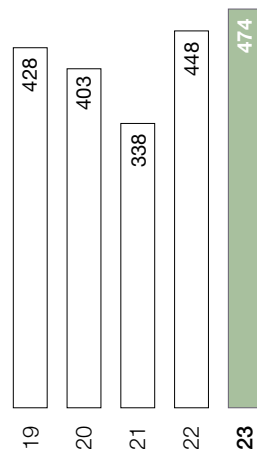


## social investing contributes to **upliftment**

Social investing (or CSI) is primarily executed through the FirstRand Foundation, FirstRand Empowerment Foundation and FirstRand Staff Assistance Trust (FRSAT). Within the operating businesses other programmes have been developed to leverage operational capabilities and client networks to tackle particular social challenges.

# FirstRand foundations

Total CSI commitment –  
FRF, FREF and FRSAT  
R million



There are three FirstRand foundations:

	FirstRand Foundation (including fund and trust)	FirstRand Empowerment Foundation	FirstRand Staff Assistance Trust
<b>Established</b>	1998*	2005	2005
<b>Type</b>	Independent corporate foundation	Independent BEE ownership trust	Independent staff assistance trust
<b>Number of trustees</b>	10 (6 independent)	8 (7 independent)	6 (2 independent)
<b>Funding based on**</b>	1% NPAT of FirstRand Limited, excluding Aldermore and broader Africa	Dividends from endowment	Dividends from endowment
<b>Value of endowment at 30 June 2023</b>	Not applicable	Approximately R8.7 billion <sup>#</sup>	Approximately R1 billion <sup>#</sup>
<b>Registered public benefit organisation</b>	Yes	Yes	No

\* Originally established in 1988 as the Southern Life Foundation and renamed the FirstRand Foundation in 1998.

\*\* In terms of South African Revenue Service (SARS) regulations, the FRF Trust is required to distribute at least 50% of all funds received by way of donation (i.e. FirstRand's 1% NPAT) within 12 months of the end of the year in which the donation was received. In addition, investment income earned by the trust must be spent within five years of earning it. As FREF is financed through dividend income (and not via donations), it does not face spending requirements of this sort.

<sup>#</sup> Endowment values move in line with the FirstRand share price.



## Establishment of the FirstRand Foundation

FRF was established in 1998 as the legal vehicle through which FirstRand Limited and its customer-facing businesses (FNB, RMB and WesBank) direct their individual and collective CSI. From inception, FRF received 1% of FirstRand Limited's net profit after tax.

Legally, there are two disbursing structures – FRF, through which donations are made to public benefit organisations that do not qualify for section 18A tax deductible status, and the FirstRand Educational Trust, for payments to educational projects and institutions that do qualify. All disbursement decisions are made by the trustees.

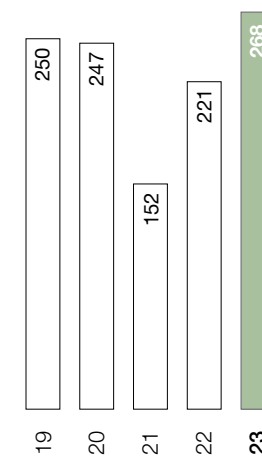
### FRF's key focus areas are:

- 1 **Capacity building:** Enhance capacity within the development sector by investing in interventions that support individuals, organisations and institutions. This will also enable delivery on other FRF focus areas.
- 2 **Quality education:** Improve the literacy, numeracy and digital skills of children from ages 4 to 13 by training teachers and ECD practitioners, supporting access to teaching and learning resources, and promoting the use of first language instruction. (This focus area shifted from a broader focus on lifelong learning to emphasising the development of children).
- 3 **Financial inclusion and well-being:** Promote financial literacy and improved decision-making as a means towards achieving the end state of financial well-being.
- 4 **Building thriving and resilient communities:** Unlock the potential of communities to utilise available resources and access opportunities to become self-sufficient and resilient. This includes supporting the creative economy, sports, the green economy and social cohesion related initiatives.

These strategic focus areas aim to address the impacts of poverty, inequality and unemployment. FRF will ensure that race, disability, age, gender and geography are well represented in all interventions. The focus areas will also benefit from greater partnerships with businesses and enabling volunteer activities. Technology will be an important driver of innovation, efficiency and scalability.

### FRF CSI commitment\*

R million



\* The reported number is the audited contribution for the FirstRand financial year. It is based on 1% of FirstRand Limited's NPAT of the prior year.

The 2023 CSI contribution has increased in alignment with the group's improved financial performance.





## Improving the quality of education at ECD centres

FRF has implemented several interventions to support education in South Africa, including initiatives aimed at upskilling and training ECD practitioners.

According to the Department of Basic Education, there are 54 503<sup>1</sup> practitioners working in ECD facilities in South Africa. Investing in ECD programmes improves the competencies of practitioners, the quality of care and education they provide and helps to ensure that children are well prepared for school.





In 2023, FRF committed R70 million in funding to ten ECD initiatives across the country.

### FRF's objectives for its ECD portfolio are to:

- **Improve ECD practitioner competency in teaching literacy and numeracy** by providing training courses, curriculum support and additional teaching resources (e.g. books, toys and teaching materials).
- **Improve the literacy and numeracy skills of children aged 4 to 6**, including the communication and oral-language competence of young children and their readiness to develop early mathematical language and ideas.

<sup>1</sup> Department of Basic Education 2021 ECD census report.

Some examples of interventions supported:

	 <b>Little Elephant Training Centre for Early Education (LETCEE) capacity building programme</b>	 <b>Grassroots Educare Trust</b>	 <b>Custoda Trust training and development</b>	 <b>The Environment and Language Education Trust (ELET)</b>
<b>Background and objectives</b>	LETCEE aims to strengthen ECD services in rural communities through programmes that include accredited ECD practitioners' training, access to learning and resources, and social services. The organisation establishes strong partnerships with communities and includes them in the design of projects.	Grassroots is dedicated to empowering ECD practitioners. The provision of National Qualifications Framework (NQF) level 4 training is designed to equip teachers and principals with the knowledge and skills required to implement high-quality programmes in preschool environments.	Custoda recognises the importance of training and developing ECD practitioners to address underdevelopment in children. The training programme equips women with the skills and knowledge to promote play-based and engaging teaching methods to develop young children under the age of 5.	ELET is committed to providing comprehensive and effective education programmes, including NQF level 4 and 5 ECD learnership programmes, and recognises the importance of education for individual and community development.
<b>Impact</b>	<ul style="list-style-type: none"> <li>• 200 young women were provided with training to become ECD professionals.</li> <li>• Training provides opportunities for professional growth and development, leading to higher job satisfaction, improved teaching techniques, and a deeper understanding of child development principles.</li> <li>• Children who experience high-quality ECD programmes are better prepared for formal schooling, with improved language and cognitive skills.</li> </ul>	<ul style="list-style-type: none"> <li>• 35 practitioners were provided with NQF level 4 ECD training.</li> <li>• Increased number of trained and knowledgeable teachers.</li> <li>• The trained teachers and principals are expected to positively impact 25 preschools and 1 270 children.</li> <li>• Other teachers, parents and community members will also benefit.</li> <li>• More children are well prepared for their transition to the next age cohort.</li> </ul>	<ul style="list-style-type: none"> <li>• 120 individuals provided with training will obtain an ECD NQF level 4 qualification.</li> <li>• ECD practitioners will be able to facilitate the National Curriculum Framework and provide quality learning and development for children.</li> <li>• Equal opportunities and access to quality ECD services for vulnerable children and those with special needs are promoted.</li> </ul>	<ul style="list-style-type: none"> <li>• Capacitate the unemployed and existing practitioners who do not have qualifications.</li> <li>• Qualifications were provided to rural women, allowing them to attain further qualifications and join the formal economy.</li> <li>• By deploying competent ECD practitioners, it improves access to quality ECD services and impacts the development of vulnerable children.</li> </ul>
<b>Commitment</b>	<b>R10 million</b>	<b>R3 million</b>	<b>R10 million</b>	<b>R5 million</b>
<b>Footprint</b>	KwaZulu-Natal	Western Cape	Northern Cape	KwaZulu-Natal

**Establishment of the FirstRand Empowerment Foundation**

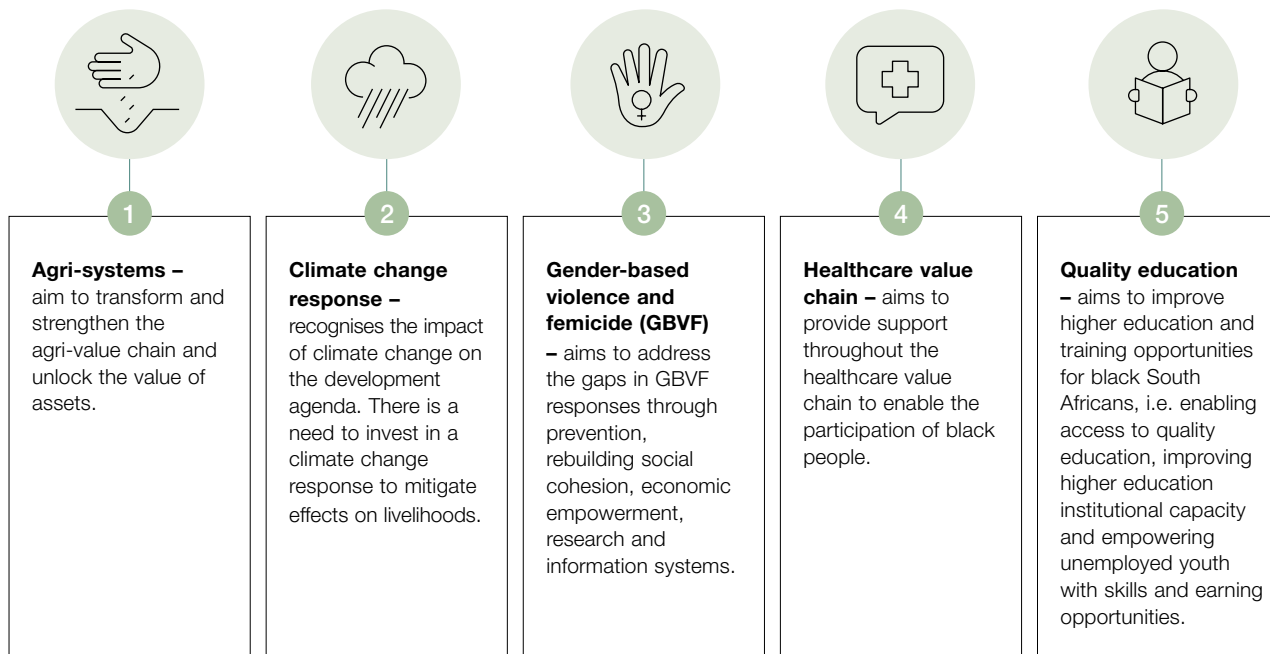
FREF was established in 2005 as part of FirstRand Limited’s B-BBEE transaction. The parties to the foundation are FirstRand Limited, FirstRand Bank Limited, Kagiso Charitable Trust, the WDB Trust, WDB Investment Holdings Proprietary Limited, the Mineworkers Investment Trust and MIC Financial Holdings Proprietary Limited.

THE KEY OBJECTIVE OF FREF IS TO **REDUCE POVERTY AND INEQUALITY BY UNDERTAKING AND/OR SUPPORTING PUBLIC BENEFIT ACTIVITIES THAT RESULT IN B-BBEE.**

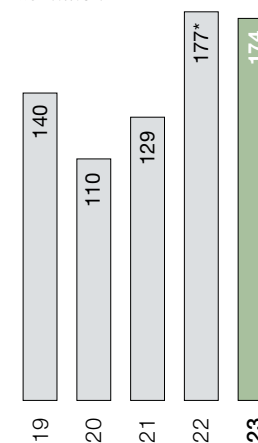
The majority of trustees are black persons as defined in the FSC.

FREF has a significant unencumbered endowment of FirstRand, MMI and Discovery shares. Up to 2021, the dividend income on these shares had been used to provide, promote and fund educational development in relation to disadvantaged South Africans, particularly in, but not limited to, the financial services industry.

In 2022, FREF refined its strategic focus areas as follows:



**FREF CSI commitment**  
R million



\* Before 2022, FREF initiatives were focused only on education. From 2022, FREF broadened its scope to include community development initiatives, which made up 49% and 73% of the commitment in 2022 and 2023 respectively.



## Driving change in South Africa's agri-systems

### A powerful mechanism to address poverty and inequality

The FirstRand Empowerment Foundation's vision is to reduce poverty and inequality by undertaking and/or supporting public benefit activities that result in B-BBEE. To this effect, in March 2021, FREF identified the agricultural sector as a strategic focus area given its size, scale and systemic nature. Interventions have the potential to reduce poverty and inequality, improving food security and community resilience.

Agriculture plays a fundamental role in daily life, providing livelihoods for one-third of the global population and global food security. The social and environmental urgencies of supporting agriculture are reflected across the SDGs, from 'No Poverty' (SDG 1) to 'Zero Hunger' (SDG 2) and 'Sustainable Consumption and Production' (SDG 12).

#### FREF's objectives for its agri-systems portfolio are to:

- **increase the number of black individuals and black-owned and -managed enterprises** in the agricultural sector in South Africa;
- **invest and increase the level of participation of black individuals and enterprises** in a competitive, growing and sustainable agricultural sector;
- **enable investment in enterprises, and identify and solve market failures and barriers to entry** for black people; and
- enable **climate change mitigation, adaptation and resilience** while protecting household food security.

For the past two years, FREF has committed over **R200 million** to fund 11 organisations that operate in specific agricultural sectors.

#### Some examples of interventions:



	<b>Mineworkers Development Agency</b>	<b>Siyazisiza Trust</b>	<b>Tuli Growth Initiative</b>	<b>Milk South Africa</b>	<b>Vine Academy</b>
<b>Background and objectives</b>	The Beekeeping Empowerment Initiative centres on beekeeping and leveraging its potential to provide a multifaceted solution to empower black individuals and communities. Key objectives include establishing cooperatives and organising beekeepers, for collective actions, improving beekeepers' skills and knowledge and linking these groups to service providers and markets.	Siyazisiza Trust is a rural socio-economic development, whose mission is to work with black community farmers and enterprises to improve livelihoods, food security and the environment. The Young Farmers Development programme is designed to advance unemployed rural youth with entrepreneurial potential, to a point at which they can manage and operate viable enterprises with market linkages.	Fast-track the commercialisation of emerging Tuli cattle farmers through improved herd sizes and productivity.  Conservation of the indigenous Tuli cattle breed for emerging farms in South Africa.	Milk SA aims to promote a healthy South African dairy community with a particular focus on assisting farmers in establishing high-quality permanent pasture under irrigation and to increase dairy herds to an economically viable size. Key objectives include establishing black dairy smallholder farmers and enable these farmers to operate across the wider dairy market value chain.	The Vine Academy (a subsidiary of Raisins SA) represents raisin grape growers in the Northern Cape and Western Cape. The organisation assists black raisin grape farmers to increase their profitability through interventions such as technical support and fundraising for expansions/efficiencies.
<b>Impact</b>	<ul style="list-style-type: none"> <li>• A reduction in the volume of imported foreign honey.</li> <li>• 5 000 jobs created.</li> <li>• Increased awareness about the critical role of bees in ecosystems and food production.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in the number of young black agripreneurs participating in the value chain and/or gaining employment in the agri-sector.</li> <li>• 150 youth provided with intensive training through Siyazisiza's accredited programme.</li> </ul>	<ul style="list-style-type: none"> <li>• Improved commerciality of emerging black farmers.</li> <li>• Developed black farmers to scale operations.</li> <li>• Improved cattle genetics for sustainability of breeding and stock values.</li> </ul>	<ul style="list-style-type: none"> <li>• Established a milk processing plant.</li> <li>• Established additional pasture for grazing of herds during winter season.</li> <li>• Purchased 302 Jersey cows to improve farmer commercialisation.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased the number of black people who manage, own and control enterprises and productive assets.</li> <li>• Increased the number of successful women raisin grape farmers.</li> <li>• Supported existing farmers to expand their raisin grape farm operations.</li> <li>• Job creation through an increase in the number of hectares planted.</li> </ul>
<b>Commitment</b>	<b>R14.4 million</b>	<b>R51.7 million</b>	<b>R22.5 million</b>	<b>R19.9 million</b>	<b>R47.8 million</b>
<b>Footprint</b>	Limpopo, Northern Cape, Western Cape, KwaZulu-Natal and Gauteng	KwaZulu-Natal, Eastern Cape and Mpumalanga	Eastern Cape, KwaZulu-Natal, Free State, Mpumalanga, Northern Cape, Northwest and Western Cape	Eastern Cape and Free State	Northern Cape

### Establishment of FirstRand Staff Assistance Trust

FRSAT is constituted as a perpetual trust registered with the Master of the High Court and SARS, and is governed by a trust deed. The trust's mandate is to assist black employees earning a salary package below a certain level, as well as their immediate families, with educational, healthcare and other needs. The trust offers bursaries to assist employees' children from grades R to 12. Qualifying expenses include school fees and transport. The board of trustees has the discretion to amend qualifying criteria and expenses.

Due to the impact of Covid-19 on dividend income, the trustees reduced the qualifying income threshold from an annual salary of R400 000 to R250 000 for the 2021 and 2022 school cycle.

The trust has started to financially recover and the trustees increased the qualifying income threshold to an annual salary of R300 000 for the 2023 school cycle.

The threshold reduction from an annual salary of R400 000 in 2021 excluded a large contingent of employees who had benefited in previous years. In response, for the past three years FirstRand Limited has donated an amount to make up the shortfall. This has ensured continued support for employees' children who may have already been enrolled in schools that they would not have been able to afford without this benefit.

For the 2023 school cycle the trust, with the help of FirstRand Limited, assisted 5 281 employees with their children's school expenses, to the value of R33.9 million. This represents a fulfilment rate of 98% of total staff applications.

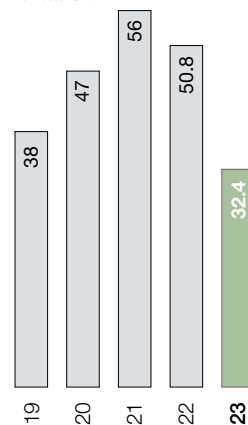
The increase in the income threshold resulted in 1 566 new entrants during the 2023 school cycle.

### School cycle assistance

Year	Number of employees assisted	Value of assistance (R million)	Fulfilment rate (%)
2019	6 205	46.5	96%
2020	7 213	56	93%
2021	6 567	50.6	96%
2022	5 628	32.4	98%
<b>2023</b>	<b>5 281</b>	<b>33.9</b>	<b>98%</b>

### FRSAT CSI commitment\* (education)

R million



\* The trust's financial year is from January to December. The reported number is the audited commitment for the previous calendar year.

# FirstRand Volunteers

The FirstRand Volunteers programme was launched in 2003 to facilitate and support employee community involvement.

The programme provides employees from across the group with the opportunity to make a real difference by matching their time and monetary donations to their chosen registered organisation or school.

Governed by clear guidelines, aligned to FRF, the programme provides support that includes R1-for-R1 matched funding for employee donations of time and money, sourcing of organisations to support, annual group drive incentives, and training and guidance for employees who wish to share their time, skills and knowledge with their chosen organisations or schools.

The programme's vision of "action with purpose" encourages employees to create strong long-term relationships with the communities they support. Employees are also encouraged to use action plans and metrics to track the impact of their initiatives.

#### The FirstRand Volunteers programme offerings include:

- **Cause-related volunteering:** Employees support registered causes they are passionate about.
- **Skills-based volunteering:** Employees leverage their professional skills for the causes they adopt.
- **Volunteering with FRF:** Employees provide time, skills and knowledge sharing to beneficiaries funded by FRF.

<b>For the year ended 30 June:</b>	<b>2023</b>	2022	2021	2020	2019
Employee donations (R million)	<b>12.6</b>	5.1	2.3	7.2	9
Number of individual employees who volunteered	<b>1 258*</b>	899*	222	1 123	1 955
Employee hours donated	<b>7 669</b>	2 931	1 210	6 055	9 616
Number of organisations registered for volunteer support	<b>547</b>	203	113	140	224
Of which are schools	<b>148</b>	49	32	107	59
Of which are ECD facilities	<b>153</b>	40	66	45	40

\* Retired FirstRand employees (pensioners) included from 2022.

There was an increase in employee volunteering efforts in 2023. More opportunities were made available and more employees physically visited and supported their chosen organisations. During the year, 547 organisations and schools were registered and received support from employees.



## The FirstJob mentorship programme

FirstRand's youth development programme, **FirstJob**, provides unemployed graduates with a one-year internship to build workplace confidence and experience and to improve employability potential.

FirstRand Volunteers partnered with a registered NGO called **enke: Make Your Mark** to develop a structured, supportive mentorship programme for FirstJob graduates. The objective of the programme is to provide graduate interns with additional guidance, skills and knowledge, as well as exposure to the networks and experience of FirstRand employees during this time with the group.

Three structured skills workshops were included in the one-year programme. These are opportunities for learning and knowledge-sharing for the mentees and goal setting for the mentors.

### Impact highlights:

Almost half of the graduates had **3 or more** mentorship sessions per quarter.

An average of **70 individuals** attended each skills workshop.

**21 graduates** have opted to continue their mentorship relationships.

**56 FirstJob** graduates were matched with employee mentors from across FirstRand in October 2022.

FirstRand volunteers will launch the third cohort of this programme for **70 matches** at end October 2023.

**enke: Make your Mark** obtains feedback from participants after workshops and through its mentorship platform. Tracking, monitoring and reporting are used to inform programme improvements and growth.

The most common skills sought by mentees were career guidance, confidence building and managing stress and anxiety. Mentors offered a range of support including advice on decision-making, communication in the workplace and maintaining work-life balance.

### Feedback:

“Great initiative that is very helpful to grads to obtain guidance on navigating the corporate world.”

Mentee

“We have worked well together. I am also learning a lot from my mentee – it’s a give-and-take relationship.”

Mentor

Inspired by the FirstJob programme, the FRF Bursar Mentorship programme was launched in September 2023, again in partnership with **enke: Make your Mark**

- This mentorship programme is offered to second-year undergraduate bursars funded by FRF, offering employee mentors and mentees a one-year structured mentorship journey. The aim is to provide undergraduate students with exposure to the skills and experience of FirstRand employees. There will be three skills webinars for the mentors and mentees through the year and **enke: Make your Mark** will track engagement and feedback from all participants.

### Impact highlights so far:

- 76 bursars have been matched with employee mentors from across the group, and are currently working together to set their goals and objectives. All have received introductory training.
- These bursars are studying at universities across the country. Their degrees include accounting, commerce, computer science and technology, economics, engineering, law and actuarial science.

**Summary of group-wide drives supported during the year:**

Initiative	Support provided	Highlights
<b>Education drive</b>	FirstRand Volunteers teams all received a R40 000 incentive to purchase school shoes and/or uniforms for learners at underserved schools.	Volunteer teams supported 7 395 learners from 51 different schools across the country.
<b>ECD drive</b>	<p>In 2023 FirstRand Volunteers introduced a drive to support early childhood development centres. Employees were given a R30 000 incentive to assist their adopted ECD centres in meeting compliance requirements of the Department of Basic Education (DBE).</p> <p>To qualify, employees needed to visit the centres and complete a detailed baseline assessment and DBE checklist. Funds could be used to purchase or construct any outstanding items based on the assessment.</p>	<p>A total of R1.4 million was donated to 49 ECD centres across the country.</p> <p>Examples of items provided include fridges, portable water tanks, beds, gas stoves, new toilets, the construction of walls and the tiling of classrooms.</p>
<b>Disability drive</b>	Donation of assistive devices such as wheelchairs and walkers, and equipment for mobility exercises and physical stimulation.	<p>53 FirstRand Volunteers teams each received a R50 000 incentive to purchase assistive devices for registered organisations across the country.</p> <p>Examples of assistive devices purchased in 2023 included hydraulic chair slings and a customised sea rescue sled.</p>
<b>“Move-It” for children with disabilities Nelson Mandela Month drive</b>	<p>FirstRand employees were matched R67 for every 67 minutes of movement they donated through walking, running, gym classes, dance or yoga during July 2022.</p> <p>The funds were used to purchase specialised wheelchairs for children living with disabilities.</p>	<p>Over R160 000 was raised and used to purchase five specialised wheelchairs.</p> <p>The wheelchairs were donated to children supported by the National Council for People with Disabilities.</p>

**Summary of operating business drives during the year:**

Initiative	Support provided	Highlights
<b>FNB knitting/ crocheting drive</b>	Volunteers made beanies, scarves, jerseys, socks, blankets and soft toys, which were distributed to schools, shelters, orphanages and homes for the elderly.	<ul style="list-style-type: none"> <li>• More than 2 196 hours were donated by 130 employees.</li> <li>• More than 700 individual items were donated to communities across the country.</li> </ul>
<b>WesBank support for the elderly</b>	Volunteers collected food and organised a meal packaging event with the Rise Against Hunger relief organisation.	<ul style="list-style-type: none"> <li>• More than 120 cans of food and 900 packets of non-perishable easy-to-cook meal packs were donated to feed approximately 3 600 elderly people.</li> </ul>
<b>DirectAxis career management workshop</b>	Annual career management workshops are held in June to celebrate and empower the youth. The objective is to provide mentoring and to prepare attendees for the future world of work. The initiative was developed by the DirectAxis human capital team.	<ul style="list-style-type: none"> <li>• In 2023, a workshop was hosted for 55 Grade 12 learners from schools in Atlantis, a community in the Western Cape.</li> <li>• Over the past two years more than 100 Grade 12 learners have benefited from the workshops.</li> </ul>
<b>RMB supporting children in underprivileged communities</b>	RMB partnered with the Netcare My Walk initiative on its healthcare waste recycling project. Netcare and Adcock recycle uncontaminated PVC drip bags, oxygen masks and associated tubing to manufacture durable My Walk school shoes for children in underprivileged schools.	<ul style="list-style-type: none"> <li>• R150 000 was donated to the My Walk initiative and was used to produce 4 286 new school shoes.</li> <li>• The initiative reached children from schools in Soweto. In addition, 3 000 school shoes were loaded onto the Phelophepa Healthcare Train for orphans and vulnerable children in remote communities in the Eastern Cape and KwaZulu-Natal.</li> </ul>
<b>RMB New Life Centre project</b>	<p>RMB supports the New Life Centre, which is committed to supporting vulnerable women and girl children.</p> <p>The centre ensures that orphaned and vulnerable children have a safe home and are supported to attend school. It also provides a temporary safe house and support for young women who are survivors of gender-based violence (GBV).</p>	<ul style="list-style-type: none"> <li>• Fifteen volunteers painted and revamped the centre in President Park, Midrand.</li> <li>• Six months' supply of groceries and clothes for the children were purchased, and a donation was made to repair the centre's vehicle.</li> <li>• This support assisted the New Life Centre to meet the registration requirements of the Department of Social Development. This will enable it to access sustainable funding opportunities.</li> </ul>
<b>RMB annual food bucket and blanket drive</b>	<p>RMB staff participated in an annual drive to fill buckets with non-perishable food to donate to people in need, as well as a blanket drive to keep vulnerable South Africans warm.</p> <p>Funds raised through this initiative were used to re-establish a vegetable garden for an ECD in Slovoville, Soweto.</p>	<ul style="list-style-type: none"> <li>• Volunteers in Johannesburg and Cape Town packed 400 buckets.</li> <li>• R47 000 was donated to purchase shade netting, fencing, compost, fertiliser, seedlings and a water tank.</li> <li>• It will support 52 children and the ECD's soup kitchen that caters for up to 300 people.</li> </ul>



## other programmes for social upliftment

Teams from the operating businesses have set up complementary initiatives that seek to leverage platforms, systems, client relationships and outreach ability for the benefit of broader society.

### Fostering a community of care – FNB

With the help of nav» Care platforms customers and employees can contribute to and be part of a larger “community of care”.

#### The two key areas for involvement include:

- **Donate:** A donation of cash or eBucks to one of seven causes ensures that due diligence and governance checks are performed and donations have real impact.
- **Adopt:** Adoption of an ECD centre or home for the elderly enables a community of adopters to support sustainable interventions. Tools and checklists available on nav» Care guide the adopter on where to start with the adopted organisation and a dedicated Care team provides additional support to adopters.

#### Adoption of ECD facilities and retirement homes

In 2020, the FNB Care team expanded its outreach mission to include support for the elderly as well as ECD facilities. Customers and employees are encouraged to adopt centres and provide support to uplift various aspects of their centres, based on an individual needs analysis conducted at the centre. In an ongoing effort to scale the adoption model, nav» Care has been made accessible to FNB business customers on the FNB app.

<b>For the year ended 30 June:</b>	<b>2023</b>	2022
Total number of ECD facilities adopted	<b>1 203</b>	1 099
Of which by employees	<b>1 083</b>	1 059
Total number of retirement homes adopted	<b>106</b>	68
Of which by employees	<b>38</b>	29
Number of adoptions on app through nav» Care	<b>308</b>	166

## Disaster relief

The Retail and Commercial Disaster Relief Fund (Disaster Relief Fund or the fund), which includes FNB, WesBank, DirectAxis and MotoVantage, was set up in 2020 to complement existing CSI initiatives in providing rapid temporary disaster relief to affected communities.

During the 2023 financial year, the retail and commercial businesses contributed R10.5 million to 16 712 direct beneficiaries in affected communities.

### Relief initiatives for the year ended 30 June 2023

Relief effort	Country/province	Relief provided	Contribution (rand)
Jagersfontein tailings dam collapse	Free State	Food, water, blankets, mattresses, hygiene packs and animal rescue	1 000 000
Masiphumelele fire	Western Cape	Food, hygiene packs and animal rescue	550 000
Free State hospitals	Free State	Diesel to ensure continuation of operations	275 194
Komani flooding	Eastern Cape	Water, food, hygiene packs and animal rescue	1 600 000
Isipingo fires	KwaZulu-Natal	Food, hygiene packs and household starter kits	506 083
Western Cape floods	Western Cape	Food and hygiene packs	1 500 000
Cyclone Freddy	Mozambique	Medication, water, hygiene and household starter kits	1 000 000
KwaZulu-Natal tornado and floods	KwaZulu-Natal	Support for communities affected by the floods and tornado	1 545 065
Miscellaneous relief projects	Gauteng, KwaZulu-Natal, Eastern Cape	Roof fixing, preschool rebuilds, facilities refurbishments, water, hygiene packs and hot meals	2 529 068
<b>Total disaster relief</b>			<b>10 505 410</b>

## Gender-based violence

**GBV has been included as a focus area in the Care portfolio and the following initiatives took place in the 2023 financial year:**

- Self-defence classes were provided for ECD teachers.
- GuardMe subscriptions were made available to communities, giving them access to security services free of charge. GuardMe is an on-demand panic service to get assistance from the nearest armed response vehicle in an emergency.
- GBV kits intended to assist with protection and detection were distributed by the Care team and volunteers.
- GBV comfort packs were distributed to GBV safe houses.
- GBV safe houses can now be adopted via nav> Care on the FNB, RMB and WesBank apps.
- Child protection packs, including education components for teachers on how to navigate incidences of GBV among their pupils, were distributed to adopted ECDs.

Going forward, the Care team will continue to **increase support for survivors of GBV** as well as the provision of preventative measures in communities.

## Leveraging operational capabilities and client networks to tackle social challenges

In response to the unprecedented social challenges presented by the Covid-19 pandemic, in 2020 FirstRand created a public benefit fund – the South African Pandemic Intervention Relief Effort (SPIRE) – immediately following lockdown. SPIRE's objective was to assist government and other social partners in responding to the healthcare challenges of the pandemic in South Africa and key markets in the rest of Africa. SPIRE facilitated several interventions particularly focused on healthcare solutions and feeding schemes for vulnerable communities. SPIRE leveraged the FirstRand group's platforms, systems and client relationships with large corporates and SMEs. Through the rapid mobilisation of these resources, SPIRE was able to create solutions to social challenges, at scale.

Although born out of the pandemic, SPIRE's partnership model can be applied to any social challenge and can be systemic rather than crisis driven. There are numerous benefits to the model, in particular the innovative thinking it can unlock and the support it provides to:

- MSMEs;
- local initiatives which have second-order positive impacts, such as job creation; and
- partnerships (e.g. with foundations and development finance institutions) that focus on longer-term support of the South African and regional economy.

## SPIRE CONTINUES TO LEVERAGE THE MULTIPLIER EFFECT THAT IS UNLOCKED WHEN BUSINESS MECHANISMS ARE UTILISED TO TACKLE SOCIAL ILLS.

The recent upgrade and renovation of the Medical Acute Care Unit (MACU) at Chris Hani Baragwanath Academic Hospital demonstrates that SPIRE continues to be a model for accelerating social impact.

SPIRE partnered with the provincial government health department and senior clinical leaders at MACU to deliver an impactful healthcare outcome in the form of improved access to high care for patients and improved conditions for doctors to treat patients. This intervention resulted in materially reduced patient mortality rates.

In terms of the partnership, SPIRE leveraged its network of service providers, including specialist healthcare architects, equipment suppliers and construction SMEs, which was established during the pandemic response. In partnership with the specialists from MACU, a general ward was upgraded to a fully functional 22-bed high care unit, with the capacity to

provide ventilation, dialysis and other facilities for critically ill patients. SPIRE funded the construction works and provided specialist project management skills to ensure the project's rapid delivery.

MACU started running at full capacity in September 2023. Improved health outcomes have already been evident during the first two months of operation. During September and October 2023, 298 patients were admitted to MACU, representing 6.6% of the total patients admitted to the hospital. These patients were also the most critically ill, but with the best chance of responding to critical care measures. The philosophy of the unit has been to take very ill patients with a reasonable prognosis, treat and stabilise them and then discharge them to the general medical wards for further care. As a result, the unit has achieved a high turnover of beds with most patients (over 70%) stabilised and transferred within one to three days of admission.

A significant proportion of patients admitted to MACU required ventilatory support for respiratory failure or dialysis for renal support. In the two-month period, MACU was able to offer full ventilatory support to 83 patients and dialysis support to 15 patients, all of whom would likely not have survived without these interventions.





# appendix

# managing the group's environmental impact

FirstRand is committed to the effective management of the environmental risk of its lending and investment decisions, its product and service offerings and its own operational impacts. It also promotes responsible practices through its supply and value chains.

The group's environmental reporting is contained in a suite of integrated disclosures, as outlined below:

Disclosure/report	Description	Where to find disclosures
<b>Climate-related disclosures</b>	Disclosures in line with the recommendations and requirements of the TCFD.	
<b>ESG resource hub</b>	<p>The hub hosts FirstRand's environmental, social and governance (ESG) policies and information on its practices, including its:</p> <ul style="list-style-type: none"> <li>• Climate change policy</li> <li>• Policy statements relating to restrictions on the financing of certain sectors/activities</li> <li>• Policy on energy and fossil fuel financing</li> <li>• Environmental sustainability policy</li> <li>• Sustainability bond framework</li> <li>• Environmental and social risk analysis (ESRA) process documentation</li> <li>• Information on its ESRA performance for the year, including Equator Principles performance reporting</li> <li>• Information on its industry forums and pilot programmes</li> </ul>	
<b>Basel Pillar 3 disclosures</b>	<p>Disclosures in accordance with the Basel Committee on Banking Supervision Pillar 3 framework and Regulation 43 of the amended Regulations relating to Banks.</p> <p>Included are disclosures on environmental risk governance, identification and management, covering:</p> <ul style="list-style-type: none"> <li>• Climate risk</li> <li>• Nature and biodiversity risk</li> </ul>	

# abbreviations list

**ACI** African, Coloured and Indian

**AGYW** Adolescent girls and young women

**BBGF** Black business growth financing

**B-BBEE** Broad-based black economic empowerment

**BEE** Black economic empowerment

**CSI** Social investing

**DBE** Department of Basic Education

**DFI** Development financial institution

**ECD** Early childhood development

**EDGE** Excellence in Design for Greater Efficiencies

**ESG** Environmental, social and governance

**ESRA** Environmental and social risk assessment

**EE** Employment equity

**ELET** Environment and Language Education Trust

**ESOP** Employee Stock Ownership Programme

**FREF** FirstRand Empowerment Foundation

**FRF** FirstRand Foundation

**FRSAT** FirstRand Staff Assistance Trust

**FSC** Financial Sector Code

**FSCA** Financial Sector Conduct Authority

**GBCSA** Green Building Council of South Africa

**GBV** Gender-based violence

**GBVF** Gender-based violence and femicide

**GBVH** Gender-based violence and harassment

**GHG** Greenhouse gas

**ICAS** Independent Counselling and Advisory Services

**ICMA** International Capital Market

**IMP** Impact Management Programme

**KPIs** Key performance indicators

**KSC** Kelp Scientific Collaboration

**LETCEE** Little Elephant Training Centre for Early Education

**LGBTQIA+** Lesbian, gay, bisexual, transgender, queer, intersex, asexual and other

**MACU** Medical Acute Care Unit

**MNW** My Net Worth

**MSME** Micro, small and medium-sized enterprise

**NACOSA** Networking HIV and AIDS Community of Southern Africa

**NGO** Non-governmental organisation

**NPAT** Net profit after tax

**NQF** National Qualifications Framework

**P2P** Peer to peer

**PAYU** Pay-As-You-Use

**PPA** Power purchase agreement

**PV** Photovoltaic

**SAMRC** South African Medical Research Council

**SARS** South African Revenue Service

**SDG** Sustainable Development Goal

**Setcom** Social, ethics and transformation committee

**SIB** Social impact bond

**SME** Small and medium-sized enterprise

**Stratco** Strategic executive committee

**SRR** Salary replacement ratio

**TCF** Treating customers fairly

**TCFD** Task Force on Climate-related Disclosures

**UPS** Uninterrupted power supply

