



report
to
society .

2015



FNB

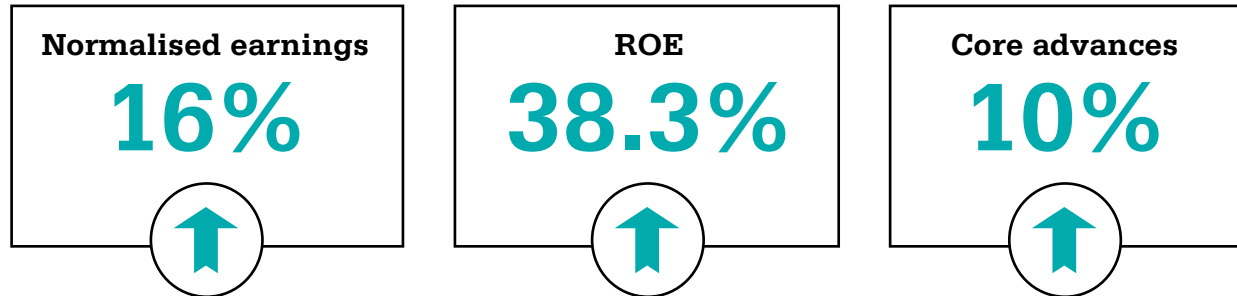
First National Bank

— how can we help you? —

For over 175 years, we have used the
power of innovation
to build a better South Africa.

This report highlights just some of the ways in which we continue to invest our experience, expertise and resources into empowering our people, our customers and their communities in South Africa and beyond.

Key financial results



Operational highlights

FNB is growing its franchise strongly in both **existing and new markets** on the back of innovative products and delivery channels, particularly focusing on **electronic and digital platforms**

Innovation
remains key to FNB's
growth strategy



**Invested in our
people**

We actively encourage
our people to act as
entrepreneurs
– and reward them accordingly

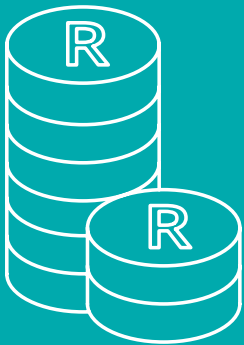


Owner-manager culture

Designed to foster the spirit of enterprise, our owner-manager culture is unique in the banking sector

Keeping the spirit of enterprise alive

It gives our people the freedom to innovate while managing their business units more responsibly – and more responsively



We reward our owner-managers for their entrepreneurial spirit through innovative performance management initiatives such as our branch **outperformance bonuses (OPB)**

Transformation

Transforming our country starts with transforming our business

EMPLOYMENT EQUITY

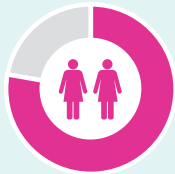
Employment equity is just one part of the transformation story, but our progress in this area has been encouraging

AT 30 JUNE 2015, FNB'S HEADCOUNT WAS

29 841

64%

OF OUR ACI EMPLOYEES ARE FEMALE



78%

OF OUR EMPLOYEES ARE AFRICAN, COLOURED OR INDIAN (ACI)



Significantly, **37%** of our senior managers are made up of ACI employees and female representation at this level has increased to **34%**

PREFERENTIAL PROCUREMENT

- During 2014, we made a concerted effort to increase our spend with **black-owned suppliers**
- We are proud to have met our target in this area with a spend of **R1.49 billion**
- Procuring through suppliers owned by black women proved more difficult and we missed our target spend in this area by **1%**
- Looking ahead, supporting black-owned and black women-owned enterprises will **remain an FNB priority**



Our efforts to attract talented staff from diverse backgrounds continue to win approval at the highest level.

An example:

the Department of Labour awarded our points of presence recruitment and selection team an appreciation award for working with the department to combat unemployment in South Africa

Employee remuneration

Outcomes-based remuneration (OBR) model now rewards staff across teller, collections, and sales and service areas for their hard work, giving them greater control over their earnings

MAKING SURE PERFORMANCE PAYS

- Little wonder that our pioneering **outcomes-based remuneration (OBR)** model has won industry awards and recognition
- A new, all-encompassing branch OBR model now rewards staff across teller, collections, and sales and service areas for their hard work, giving them greater control over their earnings
- While **50%** or **75%** of an employee's salary is fixed, depending on the contract, the balance comprises a **variable based on performance** – and it's uncapped
- OBR has **boosted productivity by 15% and sales by 10%**
- It has also cut customer waiting time and complaints by 20%, **raising customer service levels by 13%**
- By year-end, **3 065 employees** had signed up for OBR – and the figure is increasing

Training and development



GIVING PEOPLE THE SKILLS TO EXCEL

- We continue to invest extensively in equipping our people with the skills and learning they need to deliver on behalf of our customers
- In 2014/15, we spent **R21.5 million** on learnerships and **R220.2 million** on skills development
- Of this total, we **invested 80.22%** into training programmes for our ACI employees and **70.55% into developing women**
- Over **R833 000** went towards supporting people living with disabilities



FNB continues to focus on equipping talented women to take control of their careers and unlock their full potential



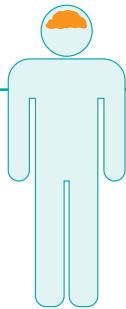
- We run two programmes specifically designed for high-potential female employees: the **FNB Catalyst** women's development programme and **FNB Ignite** women's development programme
- Both aim to empower women to navigate the FNB landscape with confidence and build powerful networks to speed their development
- **139** female employees completed the FNB Catalyst women's development programme, 12 of them subsequently received promotion
- **100** female employees completed the FNB Ignite women's development programme, two of them subsequently achieved promotion

Leadership development

NURTURING LEADERS WHO PROMOTE CHANGE

Identifying and developing world-class leaders capable of achieving change and delivering our **2025 vision** remains top priority

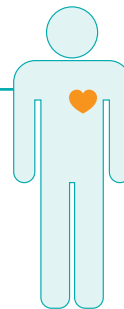
We recently added **two pilot programmes** to our extensive list of leadership development programmes



2

And Beyond

is targeted at the **head** and asks:
How do I think and act as a leader?



1

Alchemy

is targeted at the **heart** and asks:
Who am I as a leader?

Transformational leadership is the thread running through both programmes

96 pages

is the size of our
learning programme
catalogue, which details
a comprehensive
choice of courses

The courses range from our
Business Acumen Boot Camp and
Stress Management and Resilience
Training (SMART) to numerous
generic banking courses



Employee engagement

LISTENING TO STAFF? WE'VE GOT AN APP FOR THAT

We also apply our talent for innovation to engaging employees more closely

Our **Points of Presence** business unit exceeded the FNB norm, the South African norm and the Global Top Performing Companies norm when it scored **90% in the People Pillar Survey** on employee engagement



2% up
on the
previous year.

Attracting and retaining talent

CREATING A SPACE WHERE TALENT CAN THRIVE

“

If employees are happy, they are more productive. That, in turn, attracts new talent to the business. The BankCity facelift is all about making employees and potential employees feel excited about coming to work in Joburg's CBD

”

Recruiting and retaining
top talent
is a serious challenge
– especially in the
banking sector



Giving people a
**dynamic
working
environment**
they love working in is an
effective way of recruiting
the smartest people
in the sector



That's the thinking behind our
BankCity
renewal project, a
**radical
transformation**
of FNB's campus in the
heart of Joburg

The new-look
FNB BankCity offers:



free wifi



improved security



access to a diverse choice
of shops and restaurants

Together, these improvements have created an
appealing working space where our people can
relax, collaborate and innovate





**Invested in our
customers**

Serving our customers

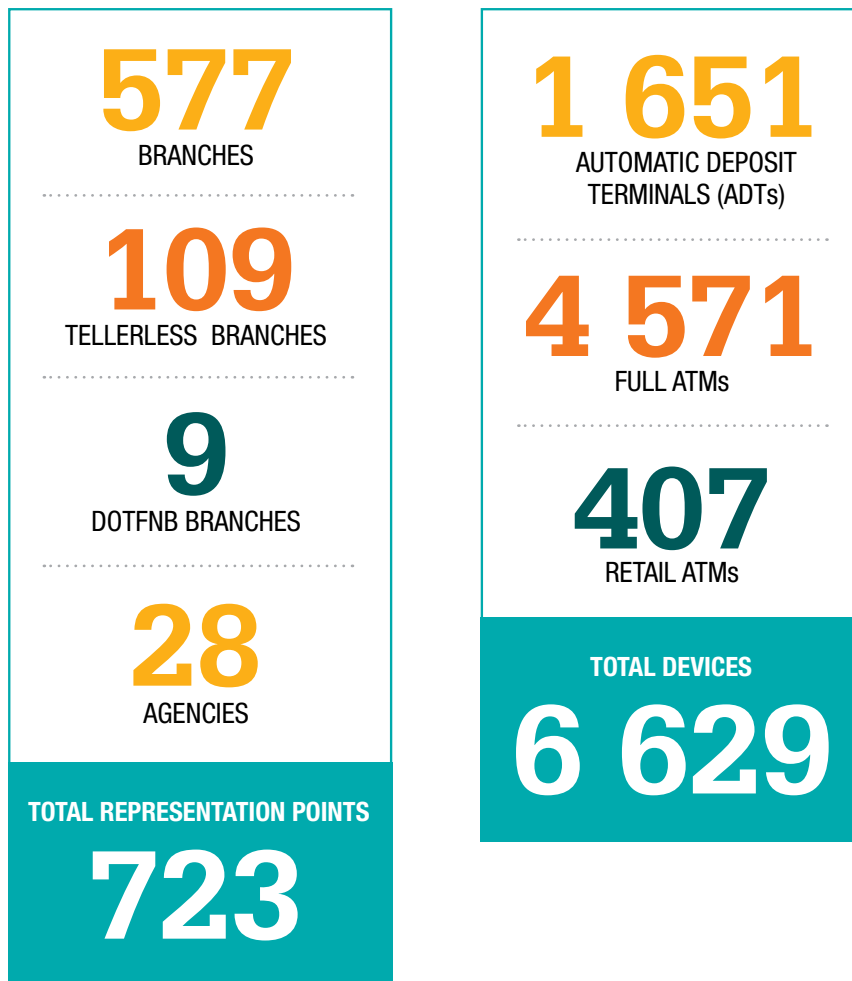
KEY CUSTOMER FACTS



is our ranking in the South African
customer satisfaction index
(SACSI survey)

Making banking faster, easier, better

Our Points of Presence division is on the frontline of our drive to deliver the quickest and most convenient service to our customers. Its national network currently looks like this:



ACCESS AT ALL TIMES – WHATEVER THE CHALLENGES

- Electronic channels offer customers the easiest and most convenient access to our services
- That's why our branches employ dedicated eBankers and cash migration staff, who are specifically responsible for encouraging customers to use ATMs and ADTs
- We have even equipped our branches with generators and satellite technology so that our customers can still access our services during loadshedding

GIVING RED TAPE THE RED CARD

- Small and medium enterprises are the lifeblood of South Africa's economic future
- When government called on the banking sector to give them more support, we responded by joining forces with the Department of Trade and Industry
- Together, we launched an initiative that makes it easier, quicker and more affordable for business customers to register with the Companies and Intellectual Property Commission (CIPC)
- CIPC registration opens doors to numerous benefits for SMEs



Educating our customers

TEACHING FINANCIAL DISCIPLINE ADDS UP

- We work hard to improve financial literacy among South Africans
- Our comprehensive consumer education programme includes face-to-face sessions nationwide
- Also includes radio and TV slots as well as a popular digital platform
- A growing number of newspapers and even glossy magazines are helping to share our money management insights
- These offer practical guidance on everyday financial issues

146 436

PEOPLE ATTENDED OUR FACE-TO-FACE
FINANCIAL LITERACY SESSIONS IN 2015
VERSUS A TARGET OF JUST UNDER 69 000

133

MAGAZINES AND NEWSPAPERS
PUBLISHED TOPICS COVERED BY OUR
CONSUMER EDUCATION SPECIALISTS

1 080

FACE-TO-FACE SESSIONS TOOK
PLACE ACROSS THE COUNTRY

11

RADIO STATIONS BROADCAST OUR
FINANCIAL LITERACY PROGRAMMES

Investing in customer enterprises

VUMELA: BUILDING THE NATION ONE SME AT A TIME

Launched in 2009, the Vumela enterprise development fund supports South Africa's development by investing in high-potential small and medium enterprises (SMEs)

To date, Vumela has committed **R104 million** for investment into 10 SMEs across five sectors including education, manufacturing and technology

This growth has helped to **create or save** over 300 direct jobs while sustaining another 225 jobs



In 2014/15, Vumela invested in ventures in the education, healthcare and shop fitting sectors:

Business for Good, which manufactures retail merchandise

Coega Autospray, which supplies the automotive industry

Destiny Changers Education Group, a private education business

Envande, rubber recycling specialists

Protecting our customers



LEADING LIGHT TAKES THE STING OUT OF CRIME

- We have a responsibility to protect our business, our customers and their communities from fraud, theft, money laundering and corruption
- The group's Leading Light initiative awards millions of rands to employees worldwide for going above and beyond to tackle these crimes
- The initiative awards prizes in three categories: innovation, merit and a random draw
- +/- R6 million was awarded to our crime fighters between October 2012 and June 2015

R600 000

was awarded to the **Diamond Prize** winner in the innovation category for implementing fingerprint recognition technology across the network

R500 000

was awarded to the **Gold Prize** winner in the merit category for detecting and investigating a high-tech skimming device and camera on an FNB ATM

R150 000

was awarded to the **Silver Prize** winner in the innovation category for a software tool that secures confidential information transmitted over insecure channels

+700

entries were received for the **2015 awards**



**Invested in our
communities**

Nurturing opportunities at grassroots level

In 2014/15, we invested over R75 million through the FNB Fund into grassroots initiatives are designed to alleviate poverty and support marginalised communities

To ensure its investment delivers maximum benefit, the fund focused on five flagship programmes:

1

R12.7 million

went towards the tertiary bursary programme

2

R12.2 million

went towards the primary education programme

3

R18.4 million

went towards the early childhood development (ECD) programme

4

R23.1 million

went towards the community care programme

5

R9.1 million

went towards the hospice programme

Thanks to the FNB Fund's financial support:

247

BURSARS ARE ENROLLED ON OUR
TERTIARY BURSARY PROGRAMME

25 320

LEARNERS WERE REACHED BY OUR
PRIMARY EDUCATION PROGRAMME

3 966

CASES OF GENDER-BASED VIOLENCE
WERE REPORTED THROUGH OUR
COMMUNITY CARE PROGRAMME

175

ECD PRACTITIONERS OBTAINED
FORMAL ECD QUALIFICATIONS

12 314

PATIENTS WERE REACHED THROUGH
OUR HOSPICE PROGRAMME

FNB Volunteer Programme

THE SPIRIT OF UBUNTU LIVES

“

The combined efforts of our staff volunteers are an inspiring example of the collective mindset that is summed up by our campaign strapline: How can we help you?

”

20% of our staff, on average, are involved in the **FNB employee volunteer programme**

60% of FNB staff surveyed two years ago confirmed they were involved in voluntary work outside the programme



Our volunteers are involved in a wide range of activities in South Africa – from packing toiletries for children born in prison to collecting food for animal shelters and spending time with patients in hospitals

DONATE



During the xenophobic attacks in early 2015, FNB people across the country responded to calls for assistance, with many volunteers donating funds and items to various camps for displaced foreigners



R2 million

was donated by FNB volunteers in both time and money to worthy causes in 2015

210

registered charities received support from FNB volunteers during the year



R200 was raised by each volunteer and, collectively, they helped to raise around

R1.5 million

through various volunteering initiatives

1 124 employee volunteers donated

4 500 hours

of their own time and assistance to 241 local charities in 2015



MINI CASE STUDY

JOINING THE GROUP-WIDE READING DRIVE



- Employees across FirstRand registered to receive **R5 000** to support a pre-school, primary or secondary school of their choice
- **34 schools** across the country received support from FNB employees
- Their learners received libraries, library books, educational toys, stationary, toilets, school uniforms and school shoes

We delivered
11 teacher libraries
to schools in North West valued at
R324 500



Invested in our environment

As a member of the FirstRand group, we are guided by stringent policies on how we manage our environmental impact and natural resources. Significantly, we also integrate environmental and social risk management principles into our decision-making processes





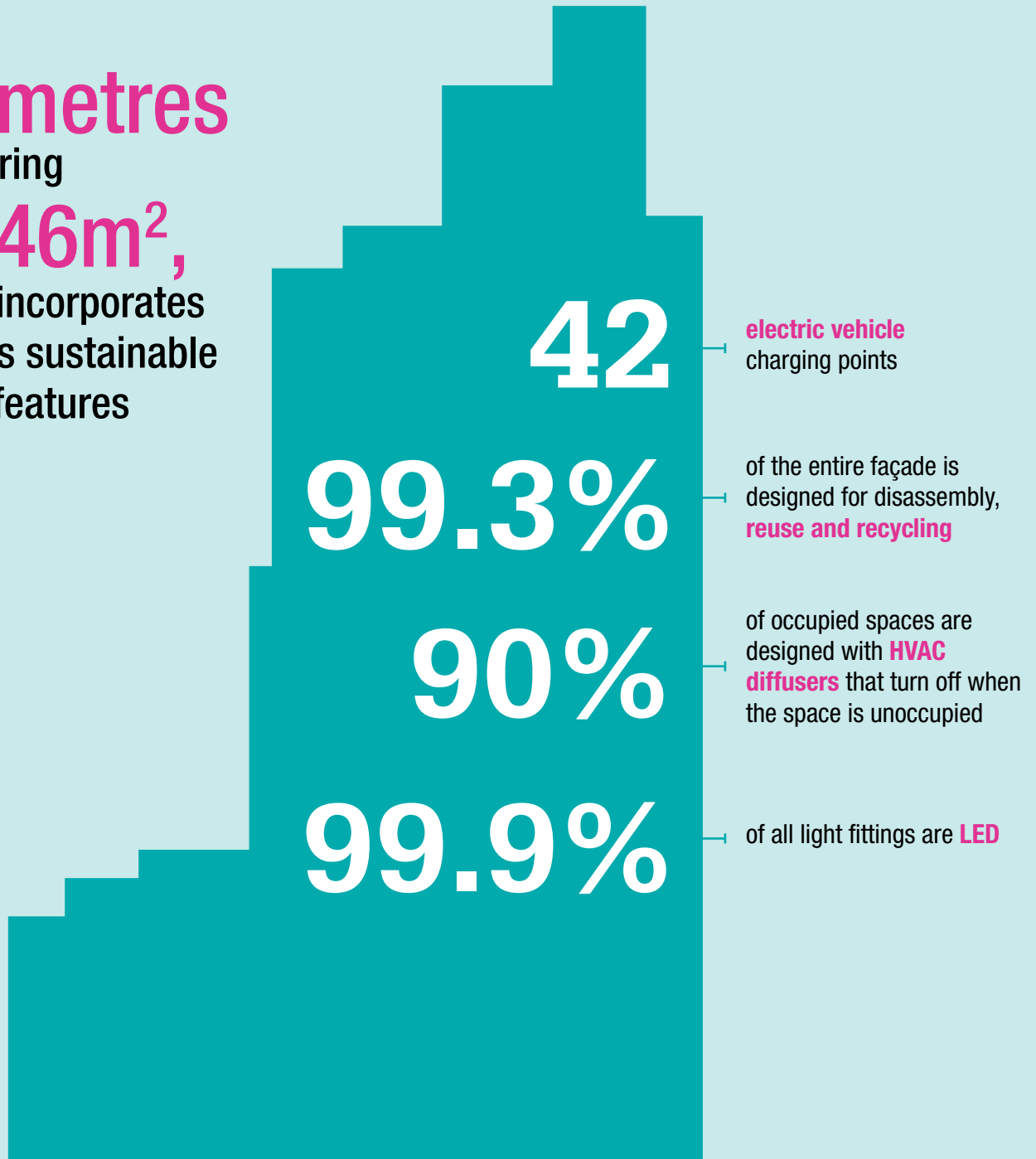
Nothing demonstrates FNB's commitment to sustainable development and environmental best practice as visibly or dramatically as it buildings

Officially opened in August 2014, the landmark R1.6 billion **Portside** building in Cape Town's CBD is Africa's first 5 star green star SA rated skyscraper

The **FNB Freedom Plaza** became Namibia's first green star certified building in November 2014

FNB Acacia House in Umhlanga achieved a 4 star green star SA rating in June 2014

Rising
139 metres
and covering
68 946m²,
Portside incorporates
numerous sustainable
building features



200 trees

were saved thanks to a receipt-free printing option at ATMs and ADTs developed by our Self-Service Delivery unit



12 tonnes

of waste was recycled in the first few months of a recycling project at the FNB Conference and Learning Centre in Johannesburg

Lightening the burden of loadshedding

- Like it or not, load shedding is probably here to stay and electricity prices won't stop increasing
- That's why FNB HomeLoans has launched a ground-breaking pilot scheme that will provide householders with loan finance to install **solar power systems**
- The scheme will make life easier and more affordable for our customers, also **benefit South Africa's renewable energy sector** – and the environment
- FNB is also making it easier for business customers to make their premises more energy-efficient through its **ecoEnergy loan**



Managing our carbon footprint

At 79%, FNB makes the largest contribution to the FirstRand group's carbon footprint

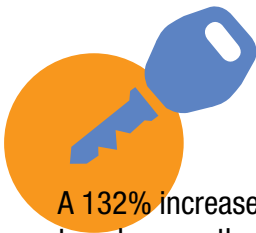
In 2015, our carbon footprint rose by 13% versus the previous reporting year; factors behind this increase included:



Adding the Pritchard Street buildings to our carbon footprint boundary, among them Portside in Cape Town and FNB Acacia House



An increase in diesel purchases due to the current electricity crisis; diesel purchases for generators increased by 342% compared to the previous year



A 132% increase in business road travel versus the previous year



Adding a new scope 3 category to account for electricity transmission and distribution losses, in line with best practice

Supporting the Carbon Disclosure Project

- The UK-based **Carbon Disclosure Project (CDP)** works with 3 000 of the world's largest corporations to make carbon emission reduction integral to their business
- As part of FirstRand group, **FNB has participated in the CDP since 2008**
- As one of only 37 global financial businesses to achieve a CDP A rating, the group won a **platinum award** for inclusion in the Global Climate Performance Leadership Index 2014
- FirstRand has been on the **Climate Performance Leadership Index for three years** and has consistently performed within the top 10 JSE-listed companies in this area

Having beaten its carbon footprint reduction targets several times in recent years, FirstRand continues to set itself even more ambitious targets

It achieved its 12% by 2015 reduction target early then achieved its 20% by 2020 reduction target well ahead of deadline

The awards the group keeps winning indicate that it may also have to adjust its current reduction target – 34% by 2020



new generation risk management for **future sustainability**

We take **zero risks** with environmental and social risks

- In 2009, FirstRand adopted the **Equator Principles (EP)**, an internationally recognised framework covering the management of environmental risks
- Because the EP only apply when total project capital costs exceed USD10 million, FirstRand also implemented its own **Environmental and Social Risk Assessment process – ESRA**
- ESRA applies to all business-related transactions across all FirstRand franchises
- Together, ESRA and EP aim to give franchises maximum influence over business customers when it comes to **minimising their environmental and social risks**
- In 2015, focus areas included rolling out ESRA across the group's subsidiaries throughout Africa

80 financial institutions in 35 countries
have officially adopted EP, covering over 70% of
international project finance debt in emerging markets



Towards a better Africa for all

Our commitment to the principles of sustainable development goes beyond our people and customers to include their communities

