



FNB Namibia Debt Roadshow

March 2022



Presentation team

Oscar Capelao	CFO
Selma Kapeng	Treasurer
Oskar Musilika	Funding and Liquidity
Ruusa Nandago	Group Economist
Tracy Eagles	Investor Relations
Leigh Buckley	Head DCM – RMB South Africa
Trishalia Naidoo	Transactor – RMB South Africa
Matthias Langheld	Transactor – RMB Namibia
Danielle Frank	Sustainable Finance and ESG Advisory – RMB South Africa
Beth Rivett-Carnac	Sustainable Finance and ESG Advisory – RMB South Africa

Agenda

- Overview of FNB Namibia
- Economic Overview
- Financial Overview
- Capital Management
- Funding and Liquidity
- Planned Issuance
- Green Bond Considerations



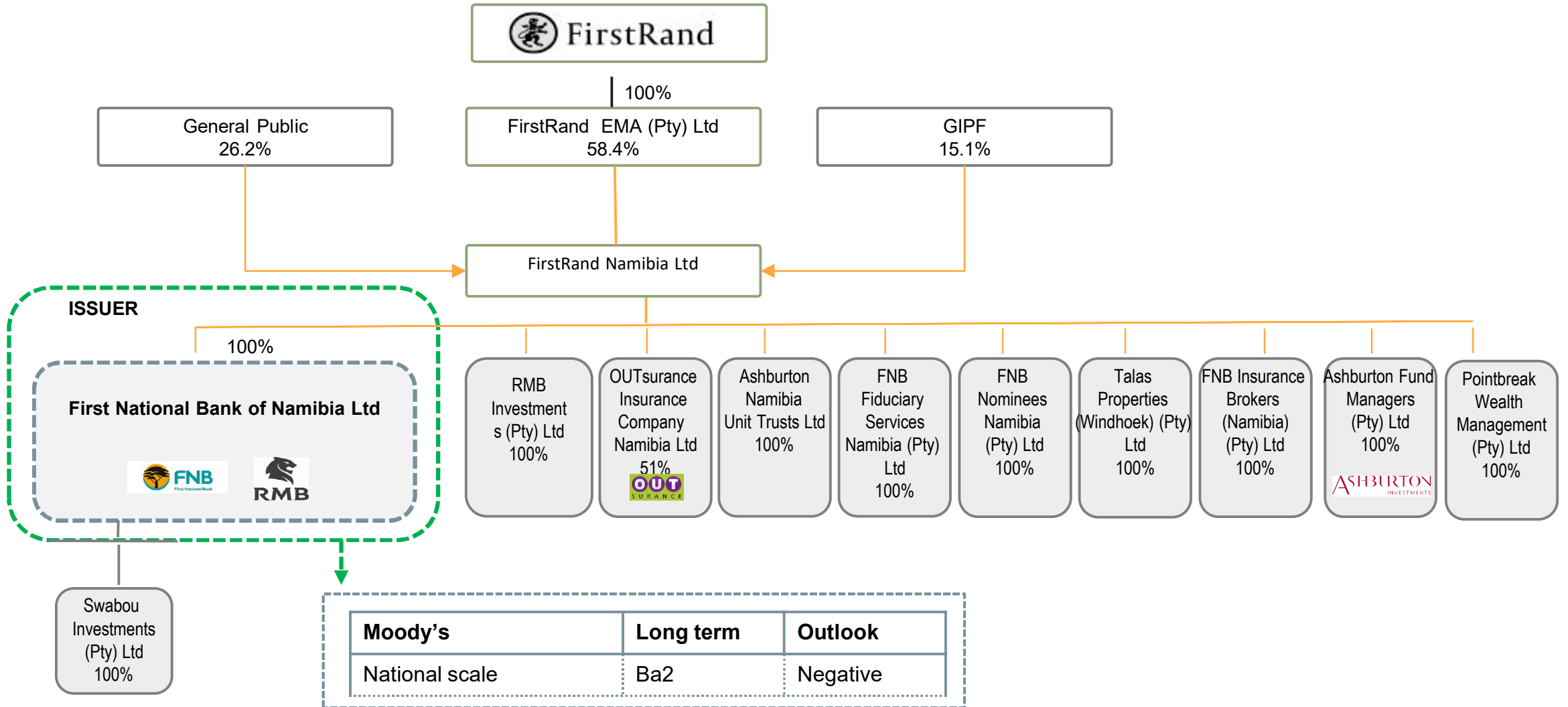


Overview of FNB Namibia





FNB Namibia as a Debt Issuer





FNB Namibia the Leading Brand in Group Portfolio

2021

UNAUDITED INTERIM GROUP RESULTS
AND CASH DIVIDEND DECLARATION

for the six months ended 31 December 2021



FirstRand
NAMIBIA

FirstRand Namibia Ltd

(Incorporated in the Republic of Namibia)

(Registration number: 88/024)

ISIN: NA0003475176 | Share Code (NSX): FNB

("FirstRand Namibia Ltd" or "the Company")

FirstRand Namibia Limited is home to some of the most successful financial brands in the country. The **FirstRand Namibia Group** is home to FNB, RMB, OUTsurance to name a few, providing a universal set of transactional, investment, lending and insurance products and services.

Headline earnings per share

236.3 (cents)

(2020: 212.8 cents) ▲

Return of equity (ROE)

21.9 (%)

(2020: 21.5%) ▲

Dividend per share

153 (cents)

(2020: 94 cents) ▲



Difference between FNB Namibia and FirstRand Namibia Ltd

Inside the bank

First National Bank of Namibia Limited:

- Deposit taking institution (licensed banking entity)
- Offers various products and services to retail, commercial, corporate and public sector customers through branch and electronic channels
- Segments:
 - FNB Retail
 - FNB Commercial
 - RMB Namibia: Corporate and Investment



Outside the bank

Various subsidiaries:

- OUTsurance Namibia
- FNB Insurance Brokers
- FNB Unit Trusts
- FNB Trusts and Estates
- Talas Properties
- RMB Investments (Pty) Ltd
(dormant, non-banking CIB activities)
- Ashburton Namibia and Pointbreak Group



FNB operates through Two Brands

	 Retail and commercial Banking	 Corporate and investment Banking
Clients	Individual clients and businesses.	Over 200 corporate relationships across a diversified mix of sectors including mining, energy, retail, manufacturing, business and financial services, public sector and telecoms.
Products and Services	Full range of Banking services, including transactional banking, card and payment solutions, lending solutions, deposit-taking services, risk management, investment products, card- acquiring services for businesses, ecosystems and platforms-based solutions.	Full suite of wholesale banking solutions, including investment banking and corporate lending, global markets and treasury, deposit-taking, and transactional banking.
Strengths and differentiation	<ul style="list-style-type: none">• Competitive customer value propositions• Innovation and technology that enables diverse digital channels for self-service• Leading client experiences evidenced by recent award wins for PMR Diamond Awards in Digital banking, Private banking and Credit card• Leading provider of financial services in the market• Data analytics	<ul style="list-style-type: none">• Market leader with strong expertise in corporate advances, advisory and renewable-energy financing.• Market-leading trading franchise with excellent trading and structuring capabilities across all asset classes.• Leading industry expertise in public sector, mining and resources, infrastructure, retail and telecoms.• Integrated model, delivering high levels of client service and better coverage.• Capability to appeal and preserve high-quality intellectual capital.• Resourceful franchise with excellent service and operational efficiencies.



Economic Overview

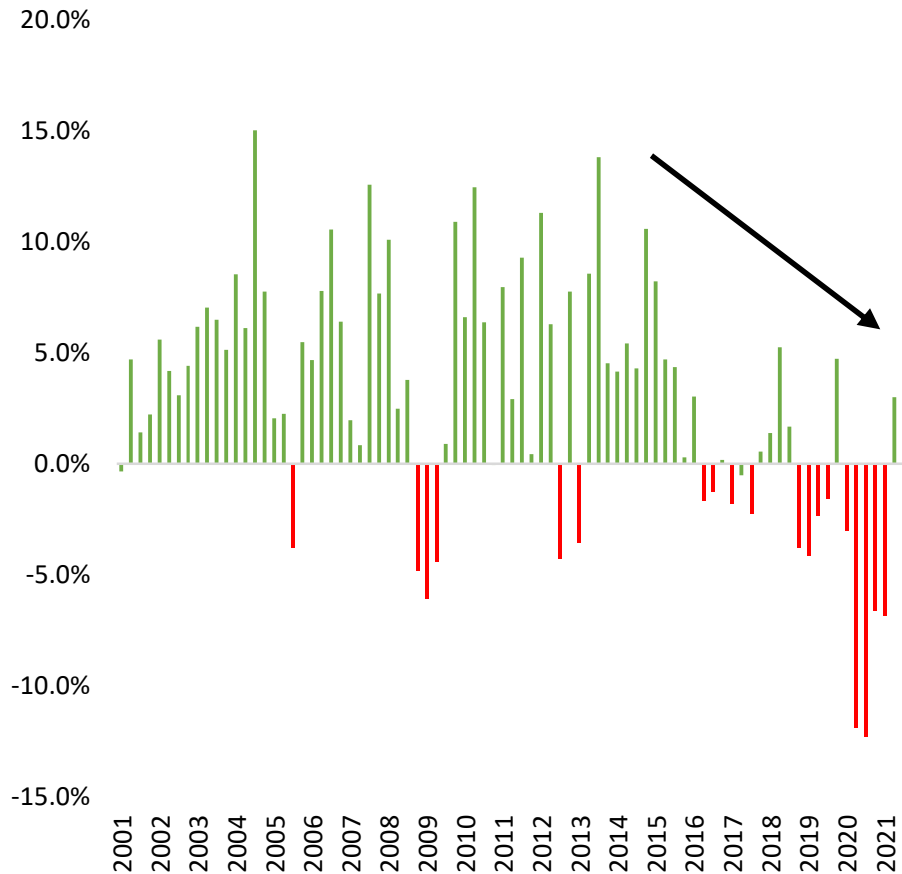




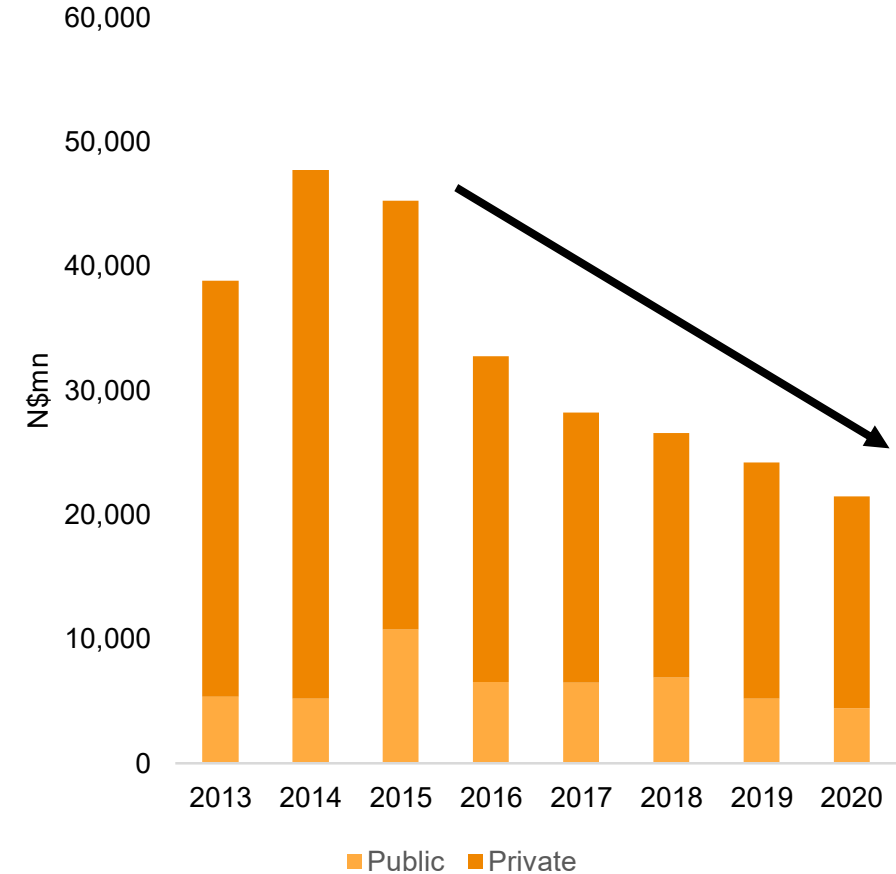
Challenging Macroeconomic Backdrop:

Namibia has transitioned into a low growth economy

Quarterly GDP Growth



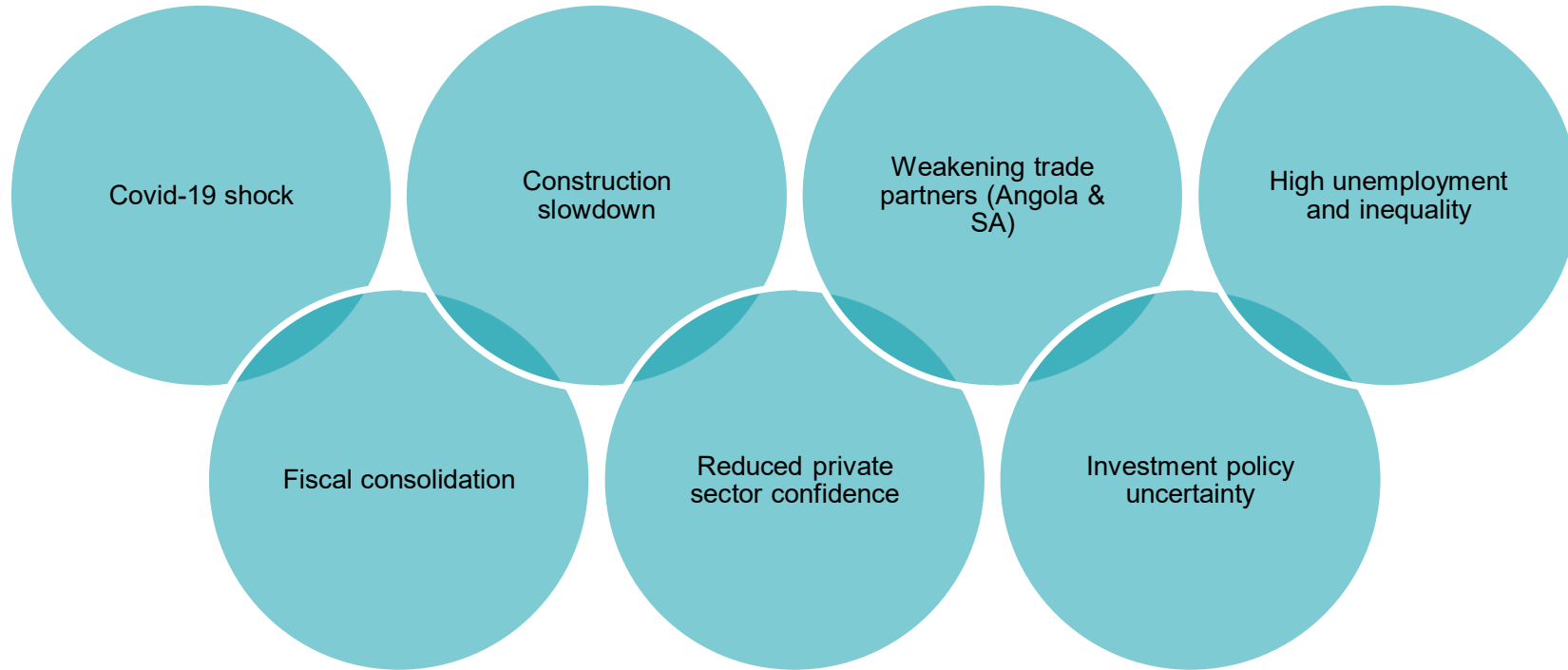
Gross fixed capital formation (Investment)



Source: Namibia Statistics Agency

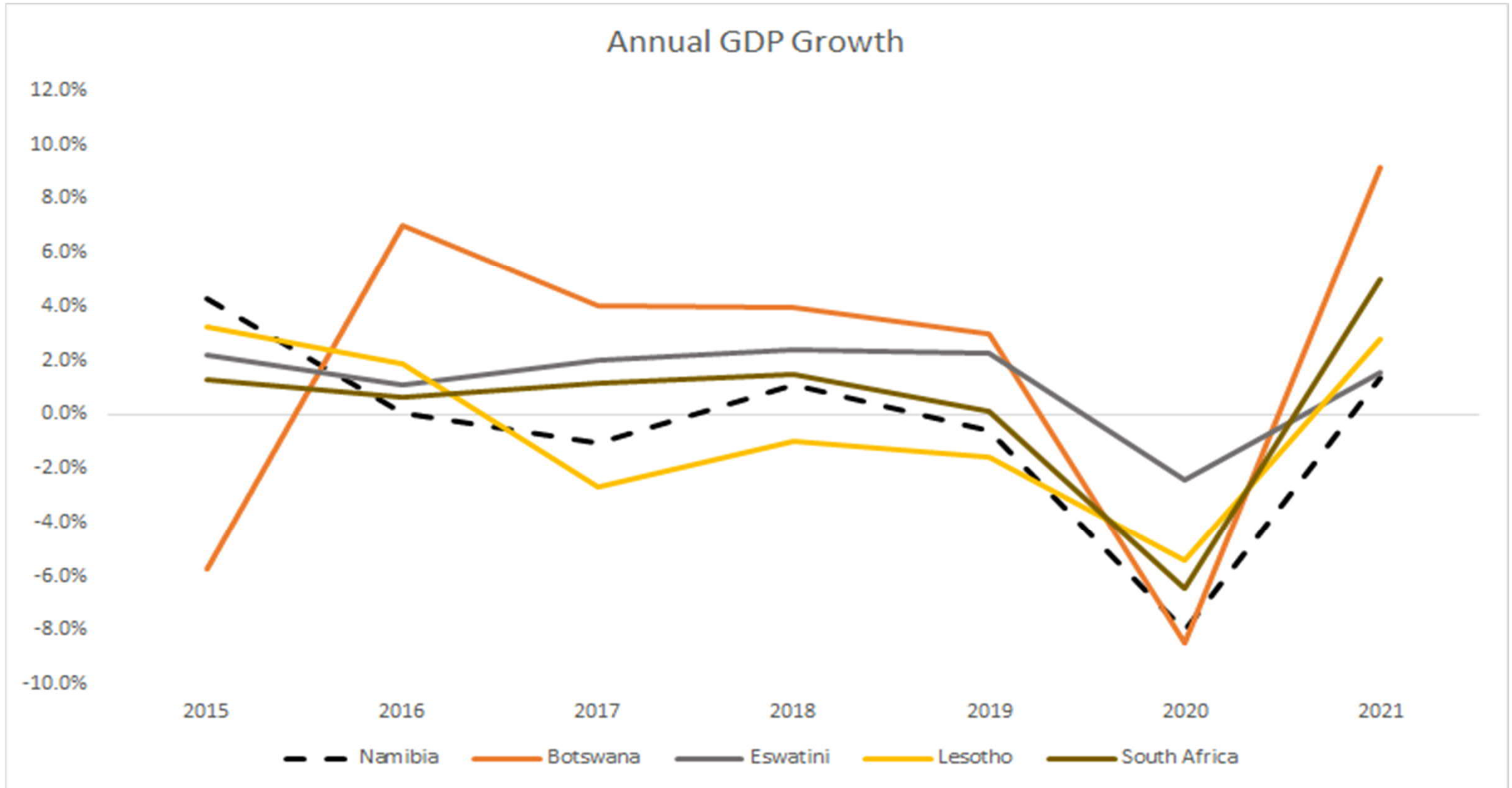


Key Issues





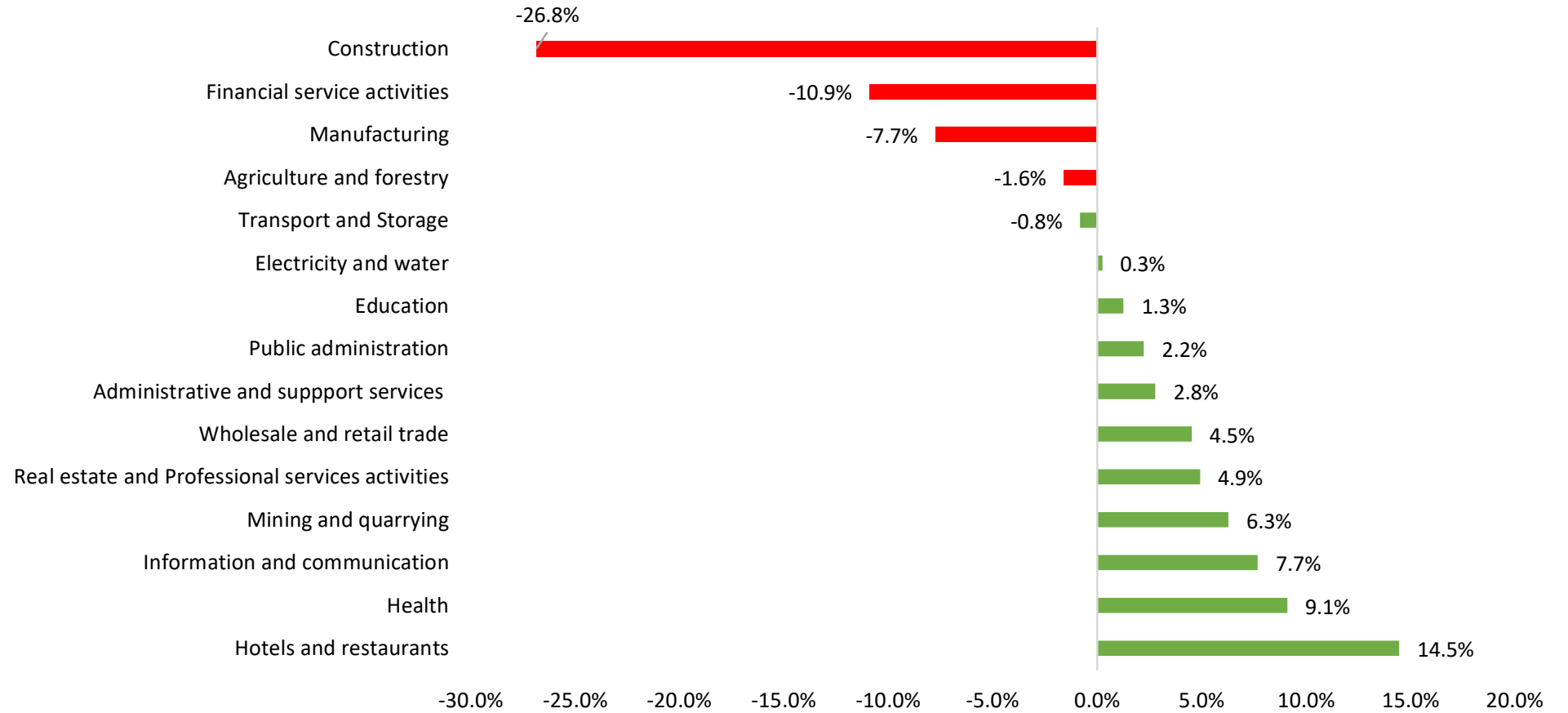
Growth in Context





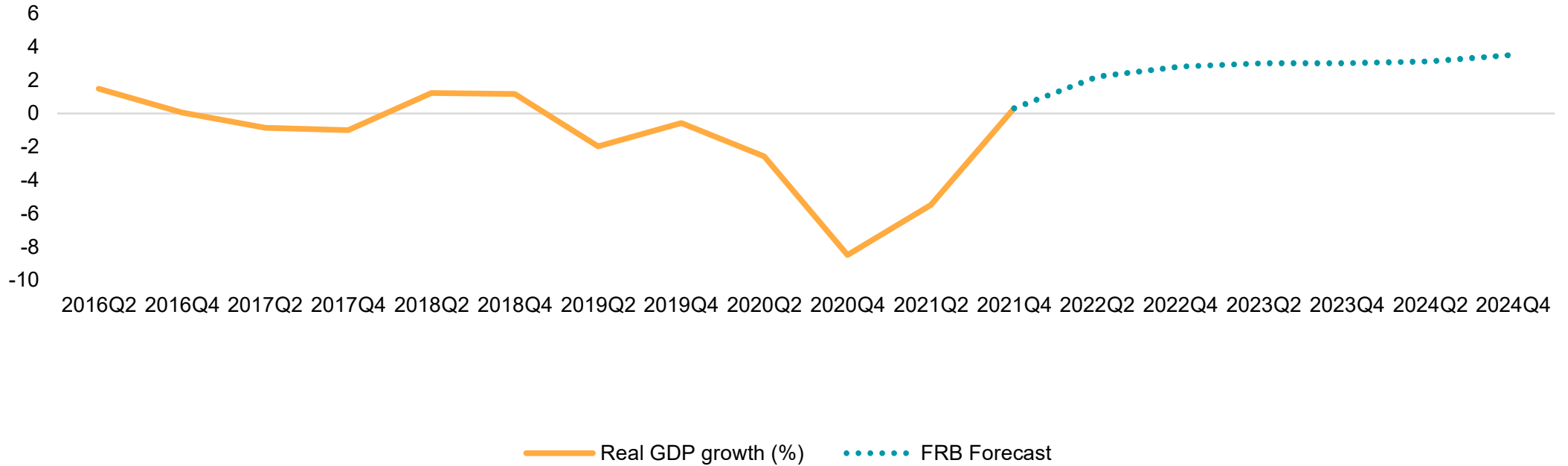
Sector Overview

2021 YTD GDP Growth





Where do we see growth



Sources of Growth

- Low base set in 2020 and 2021
- Capital expenditure on energy infrastructure projects
- Significant improvements in mining output for diamonds, uranium and gold

Risks to Growth

- Low vaccination rates and risks of variants
- Interest rate hikes
- Increasing inflation



Financial Overview





Performance Highlights

As at 31 December 2021

EARNINGS

NIACC (mil) ▲ 52.3%
N\$ 189 (2020: N\$124)

ROE ▲ 0.7%
21.6% (2020: 20.9%)

PROFITABILITY

PBT (mil) ▲ 14.3%
N\$854 (2020: N\$748)

Pre-provision PBT (mil) ▲ 6.6%
N\$ 957 (2020: N\$897.9)

BALANCE SHEET

DEPOSITS (mil) ▼ 4.7%
N\$35 619 (2020: N\$37 382)

ADVANCES (mil) ▲ 2.4%
N\$32 594 (2020: N\$31 798)



COST EFFICIENCY

OPEX/AVG ASSETS ▼ 0.2%
4.5% (2020: 4.3%)

COST TO INCOME ▼ 0.4%
50.1% (2020: 50.5%)

CREDIT QUALITY

NPL RATIO ▲ 0.6%
5.6% (2020: 5.0%)

PORTFOLIO COVERAGE ▲ 0.1%
2.3% (2020: 2.2%)



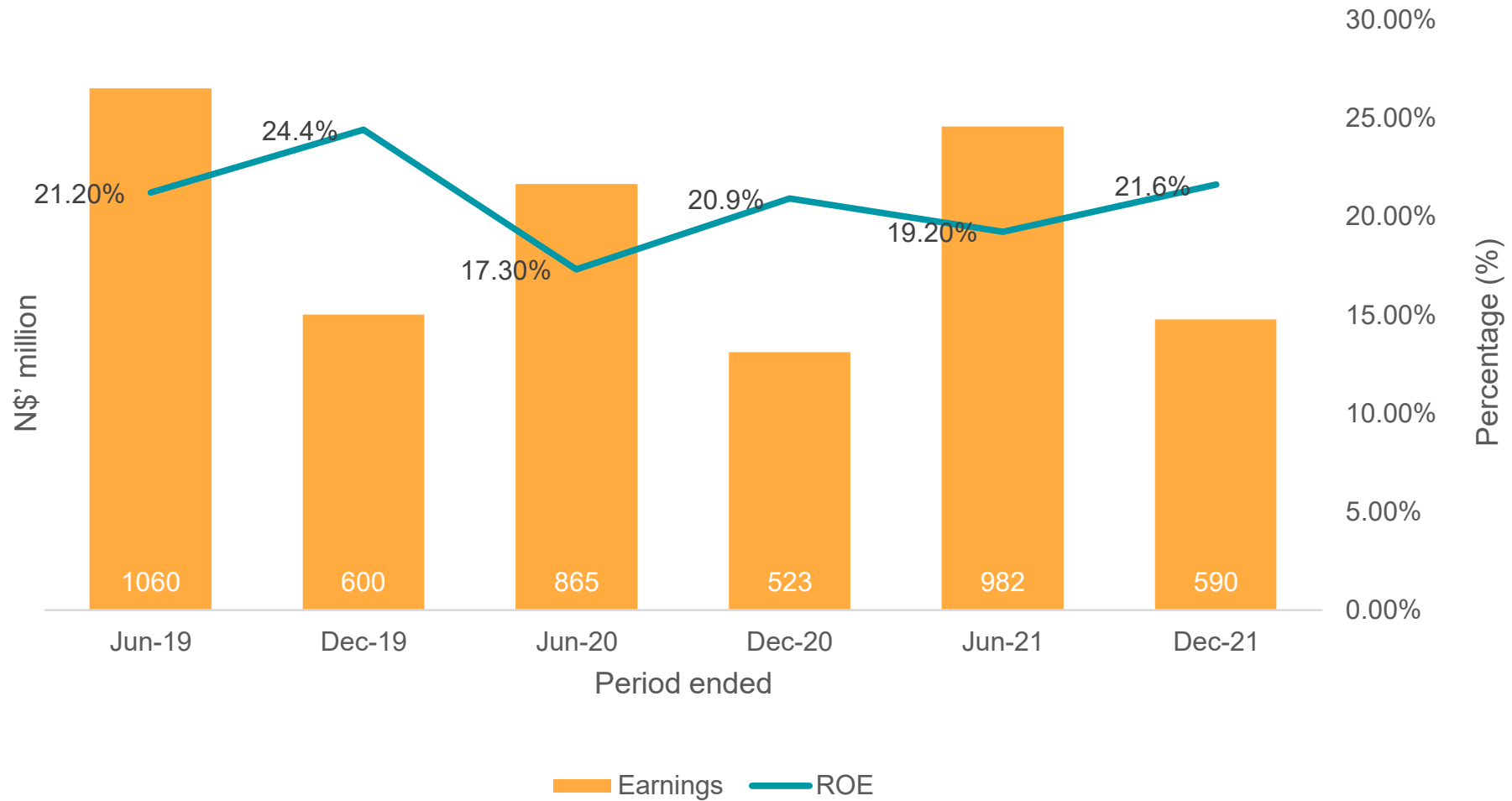
Summarised Income Statement

N\$'mil	Unaudited			Audited
	Dec 21	Dec 20	Dec % Δ YOY	Jun 21
Net interest income before impairments	1 046.6	903.6	15.9%	1,870.2
Impairments of advances	(102.8)	(150.4)	(31.6%)	(237.8)
- Stage 3	(101.7)	(132.0)	(23.0%)	(179.1)
- Stage 1&2	(1.1)	(18.3)	(93.8%)	(58.7)
Net interest income after impairments	943.8	753.2	25.3%	1,632.4
Non-interest revenue	912.6	944.4	(3.7%)	1,780
Operating expenses	(981.5)	(932.8)	4.9%	(1,951.3)
Net income before indirect tax	874.9	764.8	14.4%	1,461.1
Indirect tax	(20.8)	(17.3)	20.3%	(37.5)
Profit before tax	854.1	747.5	14.3%	1,423.6
Pre-provision profit	956.9	897.9	6.6%	1,661.4



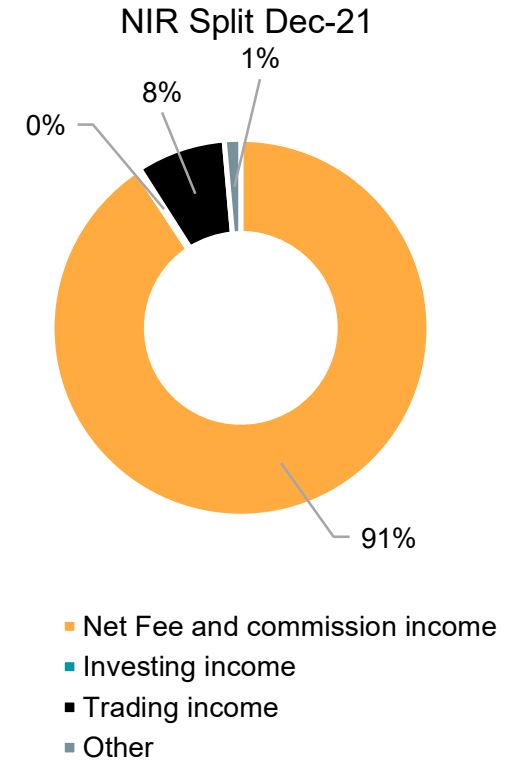
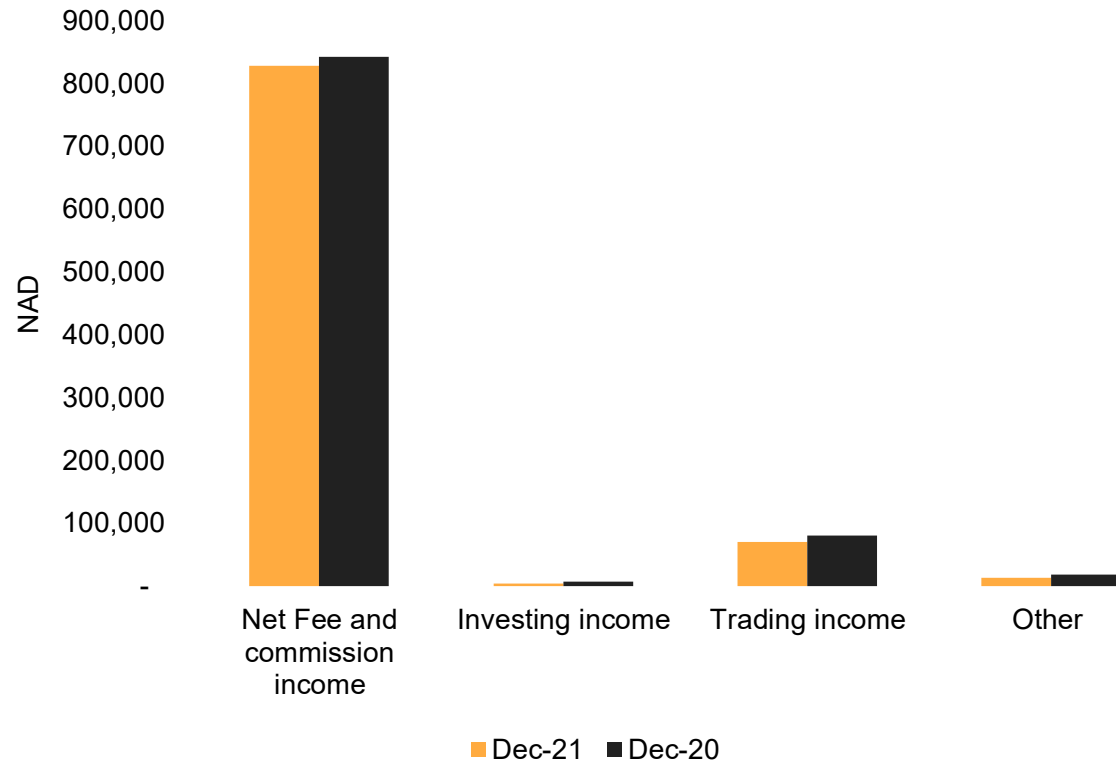
Quality of Group Earnings

Stable over last three years





Non-interest Revenue



- NIR down 3% year on year
- Annuity income still making up the bulk of NIR
- Impact of regulation PSD5 & PSD10 N\$87m YTD. **Normalised NIR +3.5%**
 - Bank charges
 - Cash related fees
 - Unpaid and Honouring



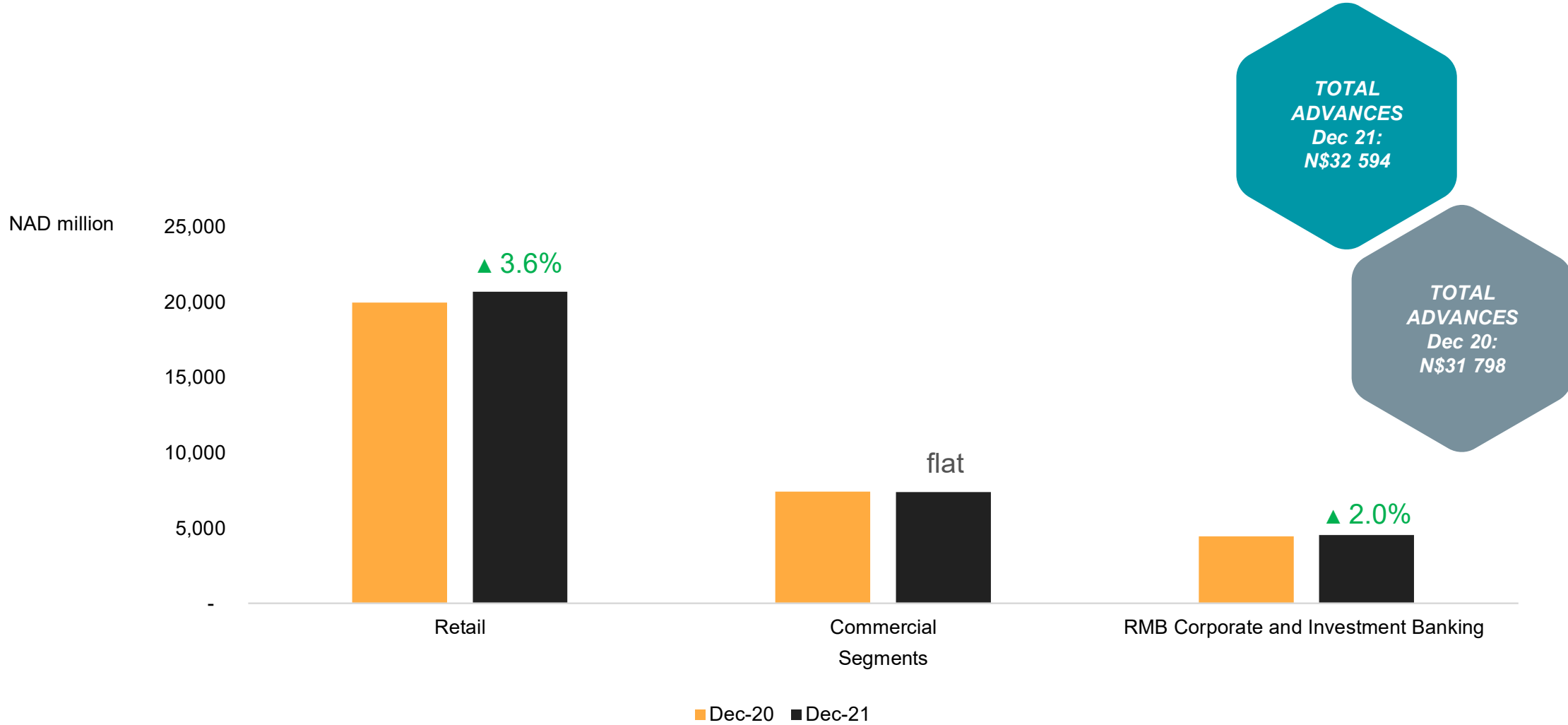
Impairments

N\$'mil	Dec 21	Jun 21	Dec 20
Gross advances	32 594.2	31 647.6	31 797.8
NPL's	1 822.4	1 645.1	1 574.3
Total impairment provision	1 471.6	1 364.3	1 399.6
Specific	778.3	672.1	747.8
Portfolio	693.3	692.2	651.8
NPL's to gross advances	5.6%	5.2%	5.0%
% coverage	4.5%	4.3%	4.4%
Performing book coverage	2.3%	2.3%	2.2%
Specific book coverage	42.7%	40.9%	47.5%



Advances Growth Exceeds Market Growth of 1.2%

Total advances growth 2.4%





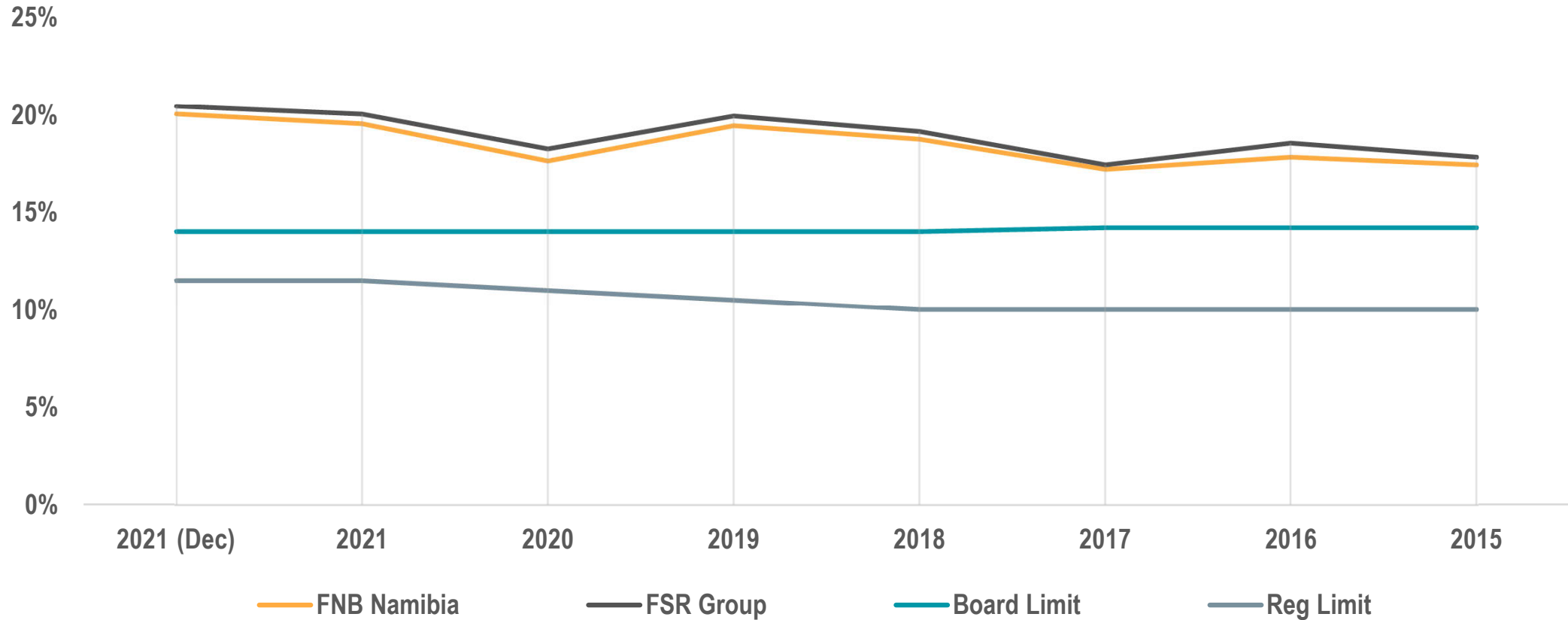
Capital Management





Capital Management – Capital Adequacy Ratio

CAR remains well above regulatory minimums





Capital Management – Capital Adequacy Ratio



Capital Management Philosophy

- Managed as per the approved capital management framework
- Capital managed on forward looking basis, not point-in-time
- Annual ICAAP performed annually (ICAAP approved by Board November 2021)



Regulatory / Board Minimum Targets

- CET1 regulatory end state of 8.50%
 - Board target >11.50% (regulatory minimum 8.50% +300bps stress buffer)
- Total capital regulatory end-state of 12.50%
 - Board target CAR14.00% (150bps above regulatory minimum – end state),



Regulatory Changes

- Current regulatory minimum at 10% including Covid-19 relief to delay Capital Conservation Buffet (CCB) of 2.5%,
- Total capital regulatory end-state of 12.50% (initial end-state date Sept 2022, new implementation date unknown)



Credit Rating

	Moody's rating		
	20 Dec'21	17 Dec'20	13 Dec'19
Outlook	Negative	Negative	Negative
Counterparty Risk Rating	Ba2/NP	Ba2/NP	Baa3/P-3
Bank Deposits	Ba3/NP	Ba3/NP	Ba1/NP
Baseline Credit Assessment	ba3	Ba3/NP	ba3
Adjusted Baseline Credit Assessment	ba3	ba3	ba1
Counterparty Risk Assessment	Ba2(cr)/NP(cr)	Ba2(cr)/NP(cr)	Baa3(cr)/P-3(cr)

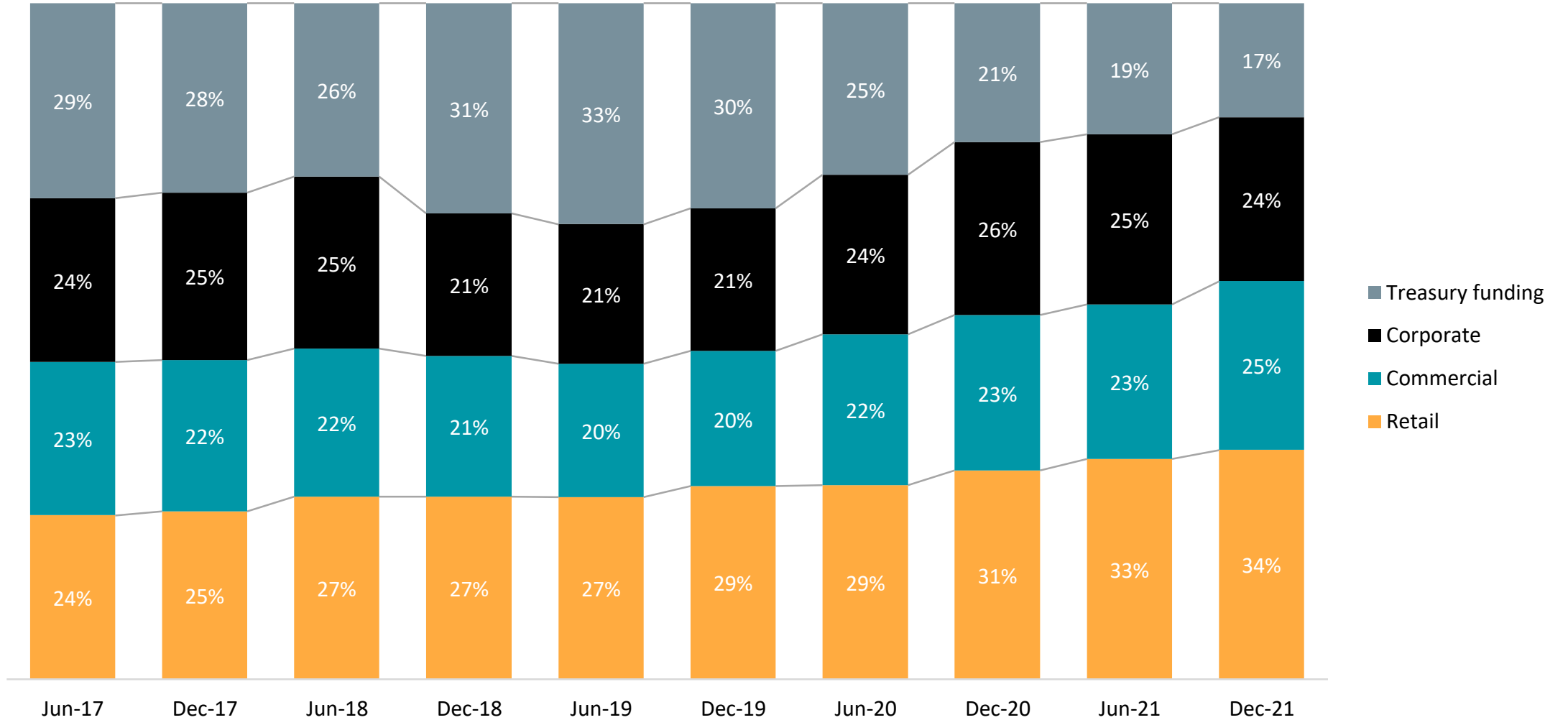


Funding and Liquidity



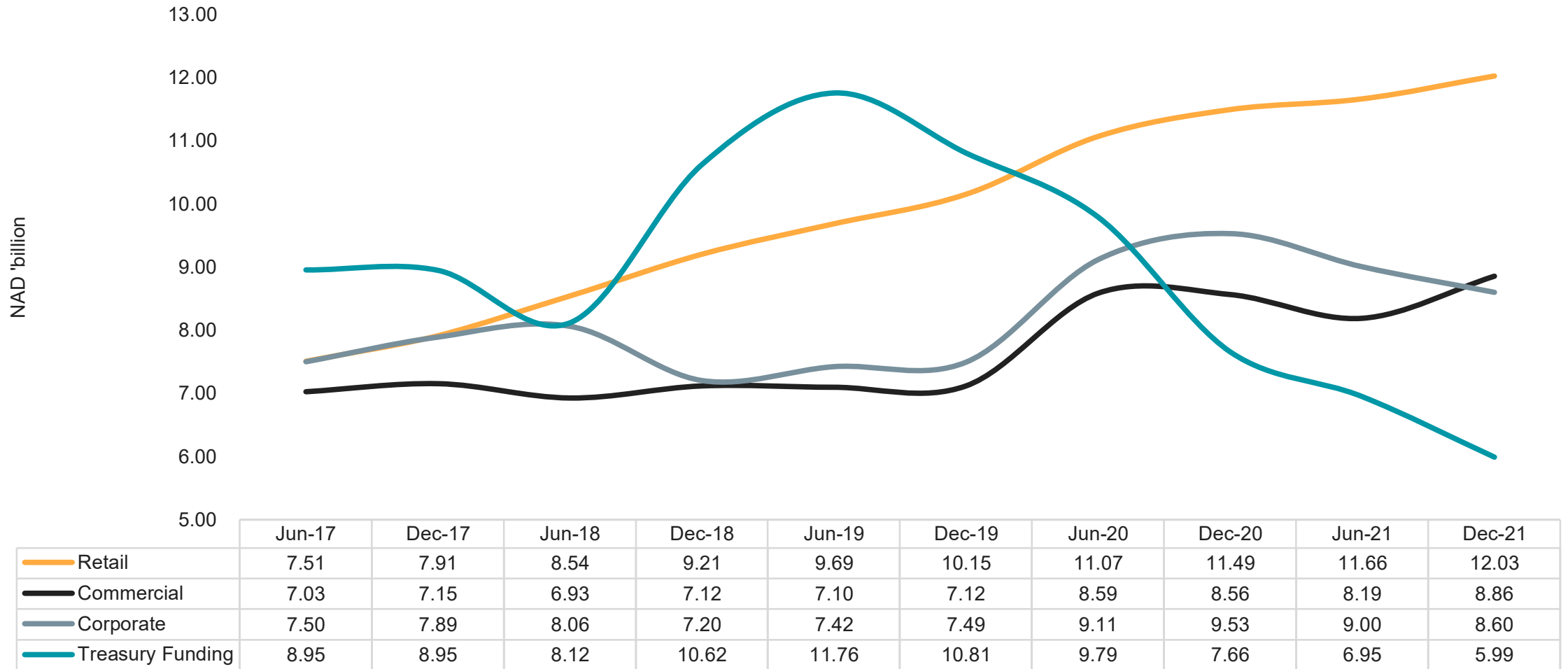


Funding per Segment





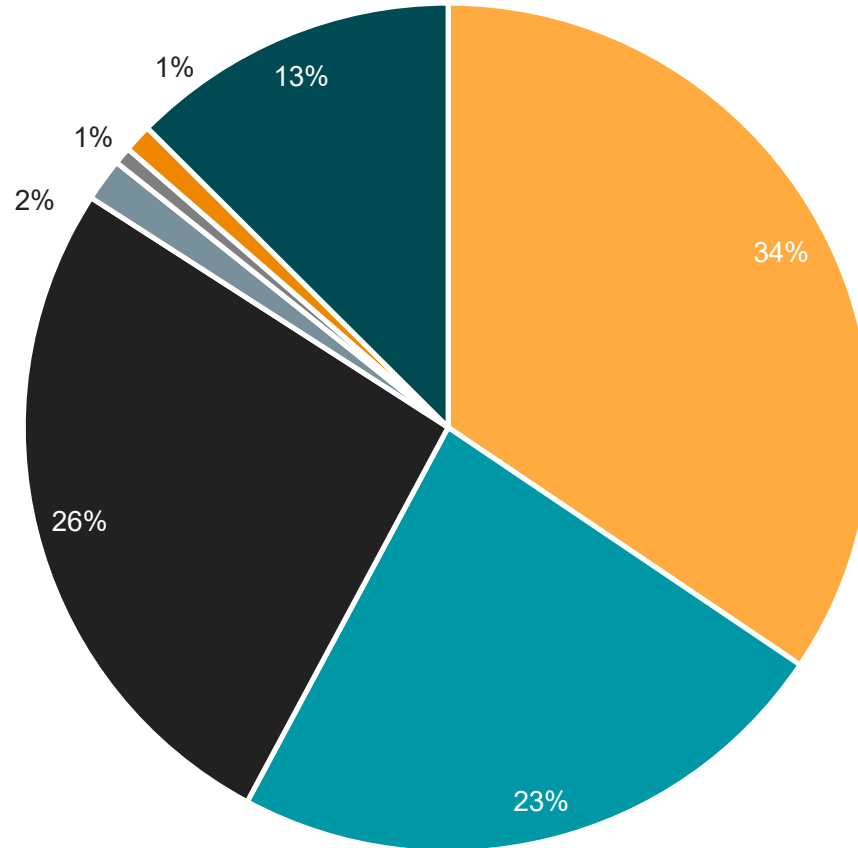
Funding per Segment - Nominal





Diversified Funding Base

As at 31 December 2021

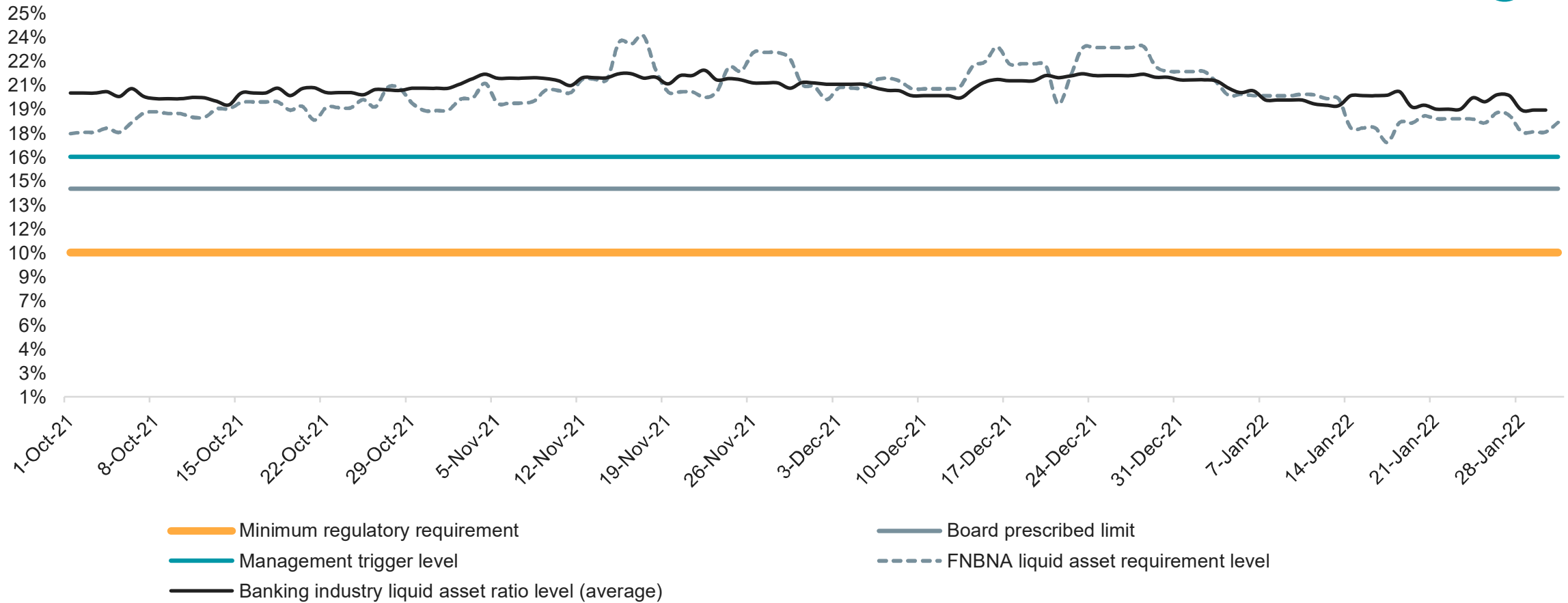


- Current accounts
- Call deposits
- Fixed and notice deposits
- Savings accounts
- Due to banks and other financial institutions
- Fixed and floating rate notes
- NCD's



HQLA and Liquid Asset Position

HQLA portfolio composition: GRN Treasury bills and bonds.





Proposed Issuance





Key DMTN Terms

FNB Namibia NSX registered MTN programme

Authorised programme size	N\$ 5 bn
Listing	Namibian Stock Exchange
Change of control	Occurs when any person or group unconditionally acquires control (owns 50% of share capital) of the Issuer (there is no change in control if all shareholders of the acquirer are shareholders of the Issuer) and within the Change of Control Period (60 days) there is a rating downgrade to below investment grade (on a national scale) or a negative rating event occurs in relation to the Issuer, programme, and notes
Maintain NSX Listing and/or Rating	Redemption at discretion of Noteholder if so specified in the APS
Cross default	Default on payment in excess of the greater of NAD 150m or 0.5% of Total Assets of a Material Subsidiary defined as “Any subsidiary which the Issuer owns more than 50% of the ordinary shares and represents at least 0.5% of the total assets of the Issuer”
Negative pledge	Issuer and Material Subsidiaries will not create or be permitted to create of encumbrances other than Permitted Encumbrances



Outstanding Debt Issuances

- FBJ22Z to be redeemed on 22 March 2022 and JSE listing not to be renewed
- FBNJ27 and FBNX27 to be redeemed early on 29 March 2022

Senior debt

South African Bonds- listed on JSE

	Type	ISIN Code	Face Value	Tenor	Issue date	Maturity Date
FBJ22Z	Float	ZAG000142902	334,000,000	5year	20-Mar-17	20-Mar-22

Sub-ordinated debt

Namibian Bonds- listed on NSX

FBNJ27	Float	NA000A19FKV1	300,000,000	5year	27-Mar-17	29-Mar-27
FBNX27	Fixed	NA000A19FKU3	100,000,000	5year	27-Mar-17	29-Mar-27



Planned Issuance

Issuer	First National Bank of Namibia Limited		
Issuer rating	Moody's Ba2/NP, negative outlook		
Listing	Namibian Stock Exchange		
Amount	Up to NAD 350m		
Capital profile	Bullet		
Seniority	Senior		
Structure	Bonds		Bonds
Term	3 year		5 year
Interest rate	Floating		Floating
Base rate	3-months JIBAR		3-months JIBAR
Bookbuild date	17 March 2022		17 March 2022
Settlement date	22 March 2022		22 March 2022



Issuance Timeline and Process

Roadshow dates	3 – 7 March 2022
Term sheet release	[11 March 2022]
Targeted auction	17 March 2022
Settlement	T+3 [22 March 2022]

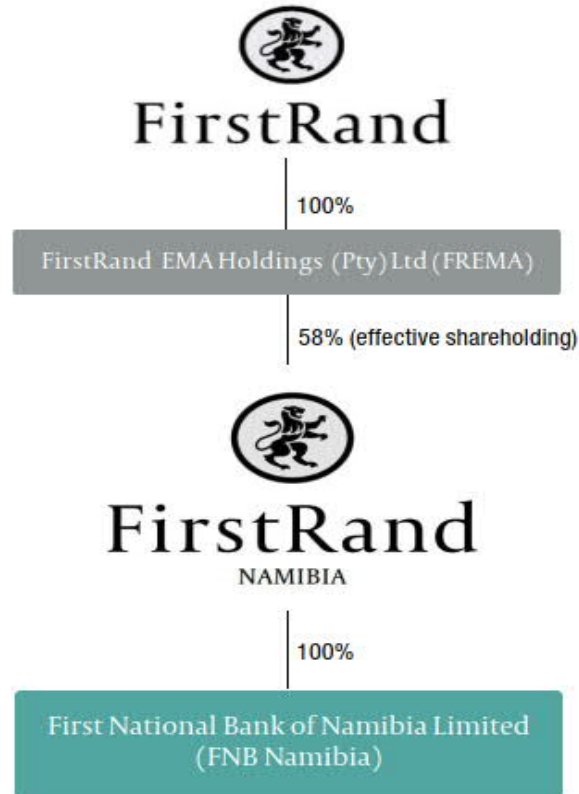


FNB Namibia Green Bond Considerations





FNB Namibia, the Issuer, is a part of the FirstRand Group



FirstRand Limited (FirstRand or the group), a listed holding company:

- FNB Namibia's ultimate parent company
- Stock code: JSE: FSR, NSX: FST

Holding company for FirstRand Limited's subsidiaries in the rest of Africa

FirstRand Namibia Limited (FirstRand Namibia), a listed holding company:

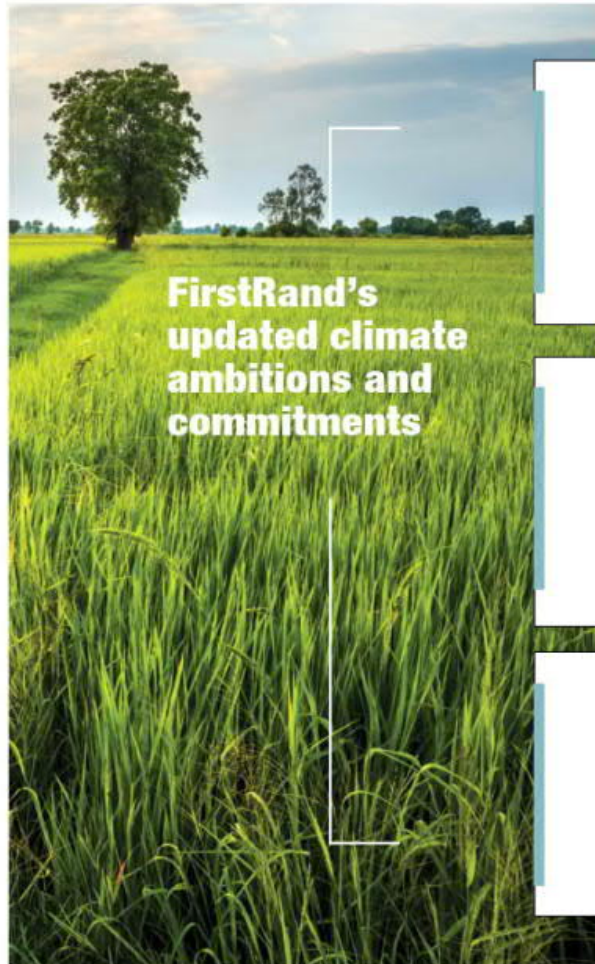
- FNB Namibia's largest direct shareholder
- Stock code: NSX: FNB

Debt issuing entity





FirstRand Limited's Published Climate Ambitions and Commitments



FirstRand's
updated climate
ambitions and
commitments

Own emissions

- > **Net zero** by 2030
for South African operations

Financed emissions

- > **Net zero** by 2050

Transition finance facilitation*

- > **R200 billion** by 2026

*Transaction underwriting, arranging,
lending or advisory.

New thermal coal lending

- > **No financing**
for new coal-fired power stations

- > No direct project finance provided to
new coal mines from 2026

Existing thermal coal lending

- > **2% advances limit**
reduced to 1.5% in 2026

- > and **1%** in 2030

Customer engagement

- > **Top 100** corporates over the
next 12 months

- > **3 million** retail clients by 2025



FirstRand Limited's follows Best Practice and Actively Participates in Key Global Climate Forums

Industry body/forum	FirstRand role/participation
Task Force on Climate-Related Financial Disclosures (TCFD)	<ul style="list-style-type: none">• Signatory (October 2020)• Published first TCFD report in 2021
Principles for Responsible Banking	<ul style="list-style-type: none">• Founding member• Signatory
Principles for Responsible Investing	<ul style="list-style-type: none">• Signatory (2015)
Partnership for Carbon Accounting Financials (PCAF)	<ul style="list-style-type: none">• Member of the core team of PCAF and the regional lead for Africa
UNEP Finance Initiative	<ul style="list-style-type: none">• Participating in phase three of the TCFD project work
Carbon Disclosure Project (CDP)	<ul style="list-style-type: none">• Submits annual disclosures and scored a "B" for 2021



African Green Bond Market Overview



Global Green Bond Market Size - **USD 1.74trn** as at Dec 2021¹



African Green Bond Market Size – **USD 660m** as at Dec 2021¹

What is a Green Bond ?

- ✓ It's a **known use of proceeds** bond meaning proceeds must be used to finance and or refinance 100% eligible green assets
- ✓ A **green** or **sustainability bond framework** needs to be **established** prior to issuance
- ✓ **Pre-issuance verification** is current market best practice to ensure investor confidence with respect to the credibility and impact of the green bonds issued under the framework

Industry Governing Standard



- ✓ Established by the **International Capital Market Associated** in 2018 and has been recently updated in June 2021
- ✓ The green bond principles (GBP) were established with the vision of **promoting** the role that **global debt capital markets** can play in financing progress towards **environmental sustainability**
- ✓ The GBP **outline best practices** when issuing green bonds through global guidelines and recommendations that promote transparency and disclosure
- ✓ GBP have 4 core pillars (denoted below)

1

Use of Proceeds

2

Process for Project Evaluation and Selection

3

Management of Proceeds

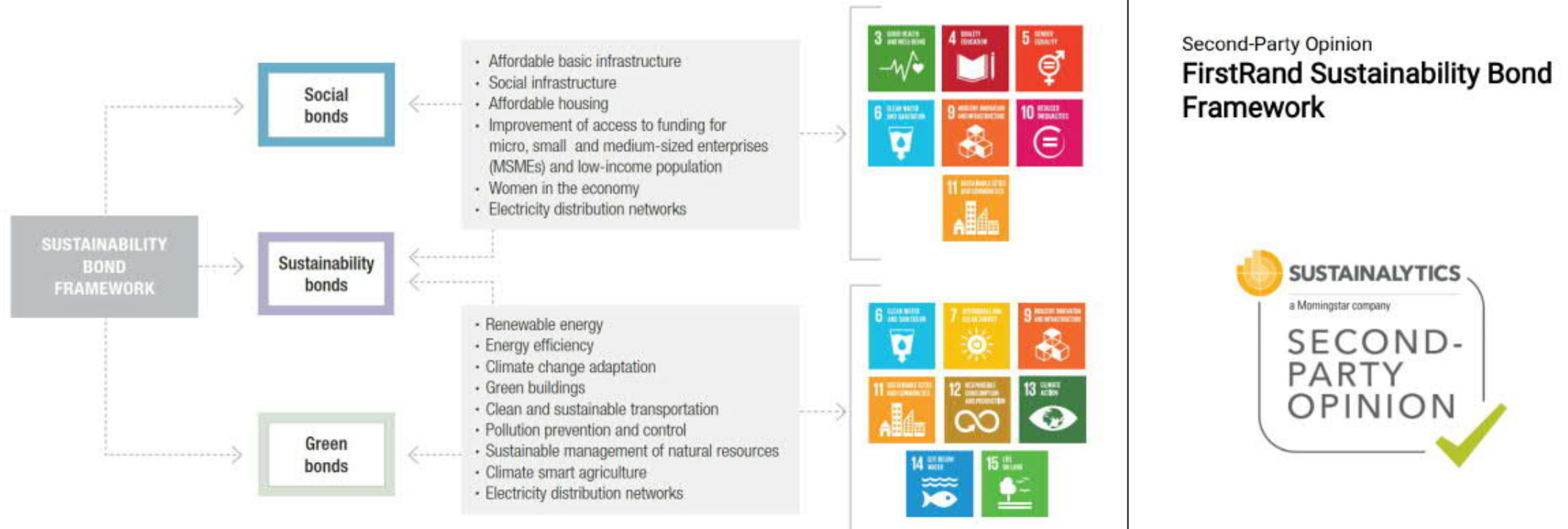
4

Reporting



FirstRand Limited's Sustainability Bond Framework

- The group recently published its **sustainability bond framework** under which its subsidiaries (including FNB Namibia) intend to issue thematic debt instruments such as **green**, **social** and/or **sustainability bonds**
- **Aligned to international best practice** and guidance as issued by the **International Capital Market Association (ICMA)**
- **Independently assessed** by **Sustainalytics**
- Framework and second party opinion are **available on FirstRand's website¹**
 - <https://www.firstrand.co.za/investors/governance-and-compliance/>



Note (1) Click [here](#) to access FirstRand's Sustainable Bond Framework and [here](#) to access the Sustainalytics Second Party Opinion



FNB Namibia's Approach to Sustainability

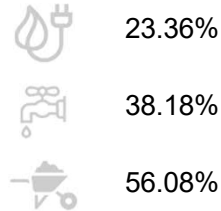
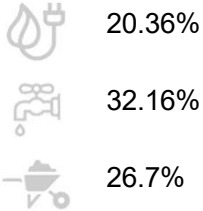
- FirstRand Namibia (including FNB Namibia):
 - **Aligned** to FirstRand Limited **commitments** and **ambitions**
 - Applies **long-term thinking** to the activities and associated risks beyond traditional financial and operational risks in Namibia
 - Supports **transparent, comparable disclosure** on how it deals with **environmental, social** and **corporate governance** issues
- **Environmental** management **focus areas**:
 - Sustainable financing
 - Responsible asset management and resource efficiency
 - Climate change impact
 - Sustainable supply chain management lead the



FNB Namibia's Inaugural Green Bond

Proceeds will be allocated to existing assets with intention to also achieve allocation to new assets

Indicative assets



Energy savings Water savings Less embodied energy in materials



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



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



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

FNB Namibia will publish an annual allocation and impact report on FirstRand Namibia's website supported by a limited assurance report on the allocation provided by its external auditor on an annual basis until full allocation)

Allocation and impact reporting

The allocation and impact report will provide:

- total amount of proceeds allocated to eligible loans/assets
- number of eligible loans/assets
- balance of unallocated proceeds
- amount or the percentage of new financing and refinancing
- annual impact indicators

Indicative impact indicators

For green buildings:

- Number of green buildings funded
- Total m² of green buildings funded
- Estimated annual CO₂ equivalent emissions reduction/avoidance (tons CO₂eq/year)

FNB Namibia plans to use this framework to issue future green, social and sustainability bonds to support new origination in the eligible categories going forward



Thank you!