

FNB NAMIBIA DEBT ROADSHOW PRESENTATION

February 2017



FNB
Namibia Holdings

PRESENTATION TEAM

- Michelle van Wyk Treasurer
- Jan Labuschagne Head of Funding and Liquidity
- Oscar Capelao CFO
- Frikkie Kleinhans FirstRand: Head Capital Management
- Matthias Langheld RMB Namibia (Windhoek meetings)
- Simone Daws RMB South Africa (CPT meetings)
- Delia Patterson RMB South Africa (JHB meetings)

FNB NAMIBIA OVERVIEW



FNB Namibia group financial position and track record

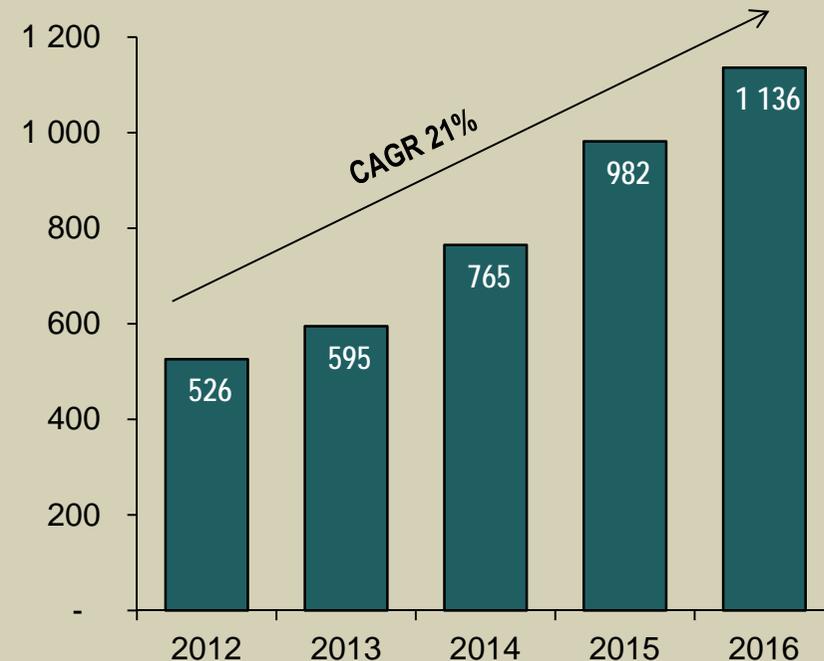
FINANCIAL HIGHLIGHTS	NAD
for the year ended 30 June 2016	million
Total assets	34 185
NAV	4 040
Headline earnings	1 136
Headline ROE	31.0%
Capital adequacy*	
Tier 1 ratio	15.1%
Total ratio	17.8%

* Based on BON rules for First National Bank of Namibia.

KEY OPERATING STATISTICS	Number
for the year ended 30 June 2016	
Employees	2 411
Physical representation points	67
ATMs	309

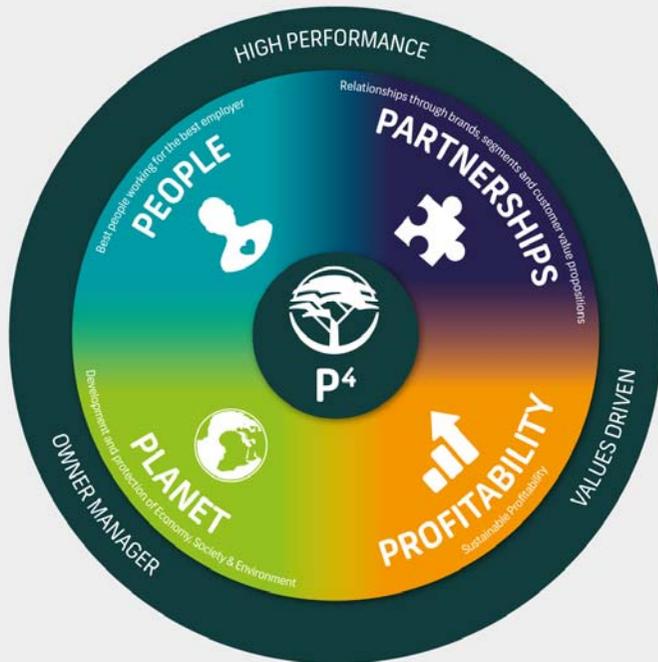
HEADLINE EARNINGS – YEAR ENDED 30 JUNE

NAD million



FNB Namibia's statement of intent

Vision: A great **Namibian** business, creating a **better world!**



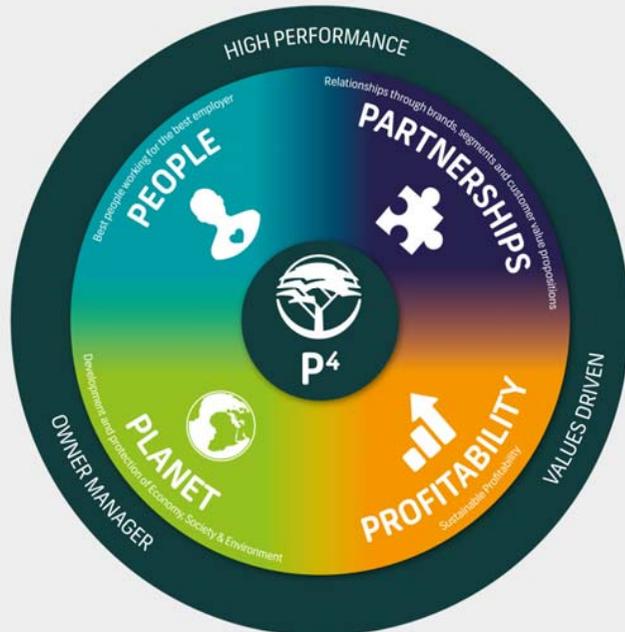
MISSION

Be the best employer in Namibia to the best people, who are passionate about stakeholder relations, innovating value propositions delivered through e-efficient channels and processes in a sorted out and sustainable manner



Executing on the group's P⁴ strategy

Vision: A great **Namibian** business, creating a **better world!**



PARTNERSHIPS

- Continue to focus on core lend-and-transact banking
- Diversify revenue base towards invest and insure
- Optimise end-to-end financial services group opps
- Drive financial inclusion
- Service delivery

PEOPLE

- Embed high performance, owner-manager and values-driven culture
- Become the best employer to the best people

PLANET

- Focus on initiatives that develop and protect the economy, environment and society
- Implementing Harambee as part of group's core strategy

PROFIT

- Increase digitisation
- Implement efficiencies to manage cost base
- Execute risk management strategy

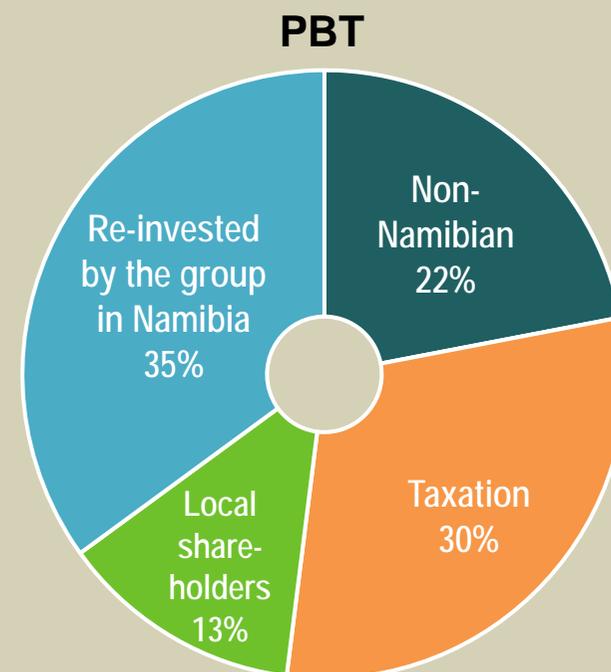


Broad-based ownership

Shareholder	Shareholding
	2016**
FirstRand*	58.4%
BEE partners	3.3%
GIPF	14.8%
Public NSX	23.5%

Public NSX composition:

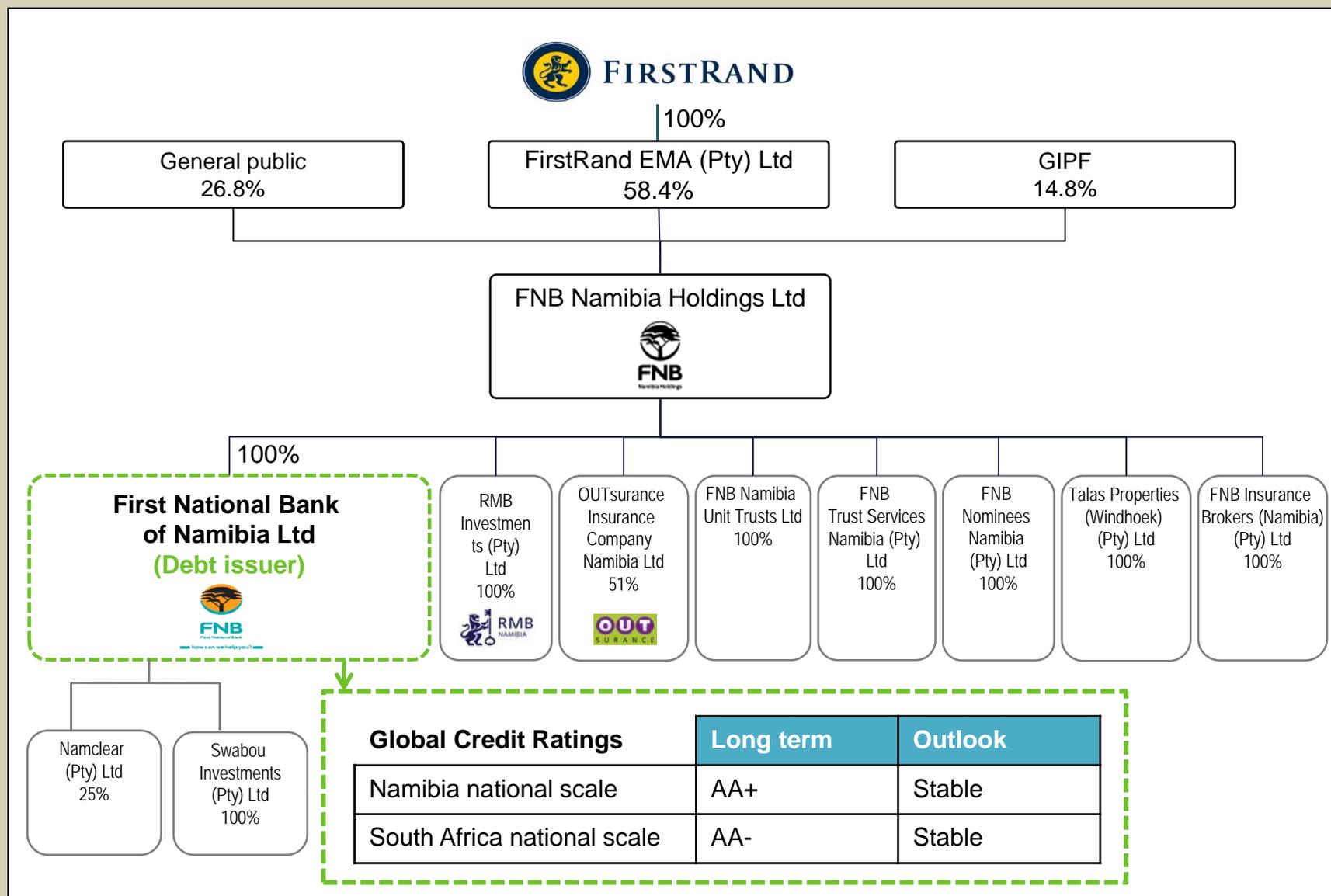
• FNB Employee Share Incentive Trust	2.4%
• Old Mutual Life Assurance Company (Namibia) Ltd	2.2%
• Sovereign Capital (Pty) Ltd	2.2%
• Allan Gray Namibia Balanced Fund	1.8%
• The Africa Emerging Markets Fund	1.7%
• Chappa'ai Investments Forty Two (Pty) Ltd	1.1%
• SANLAM Life Namibia Limited	0.9%
• Rossing Pension Fund	0.6%
• Retirement Fund for Local Authorities and Utility Services in Namibia	0.6%



* FirstRand group decreased from outright 100% shareholding, through listing in 1997 and BEE transaction in 2005.

** Data as at 30 June 2016.

Simplified legal and shareholding structure



Multi-branding approach



Retail and commercial banking



Corporate and investment banking



Instalment finance



Short-term insurance



Investment managent



Difference between group and bank

FNB NAMIBIA GROUP

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 Consumer
 - FNB Premium
 - FNB Business
 - RMB Namibia
 - WesBank Namibia

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)

Future

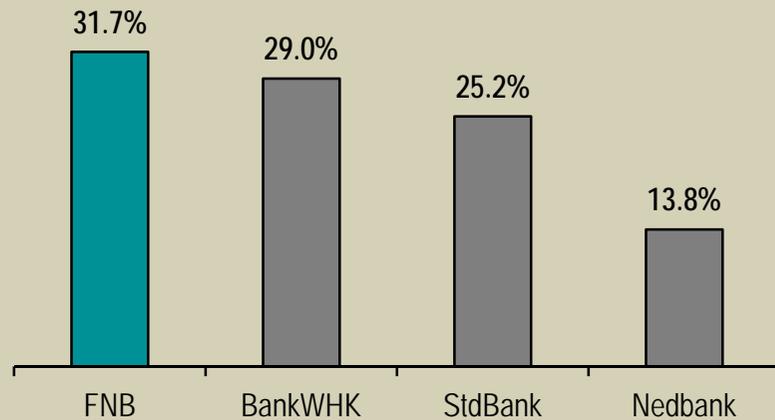
- Ashburton Namibia
- Pointbreak Group *(subject to regulatory approvals)*



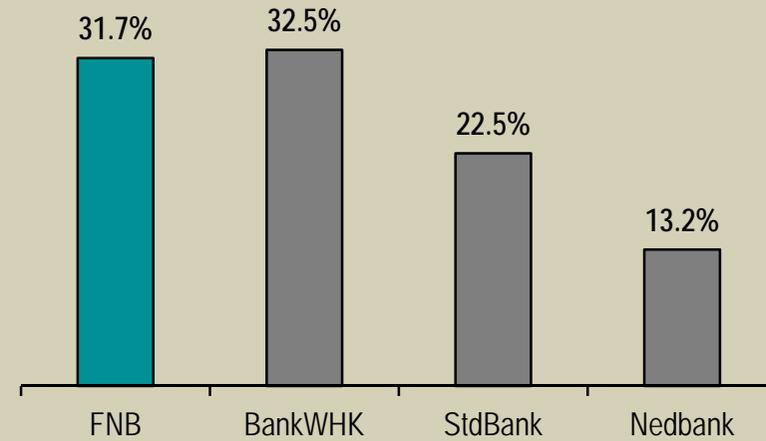
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FNBN is the market leader in Namibia

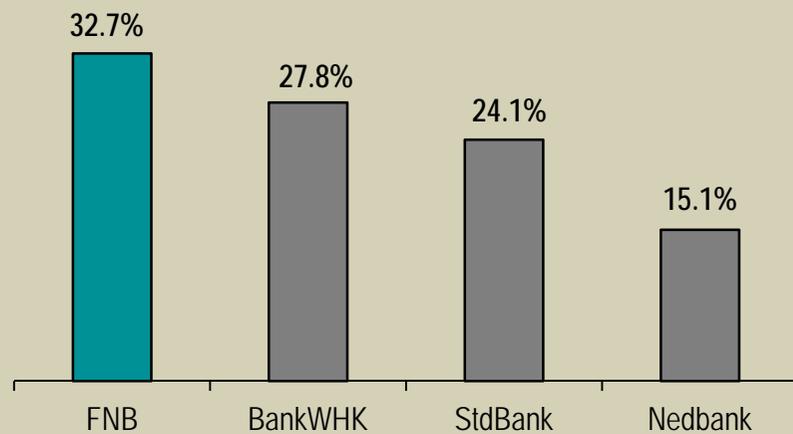
Assets



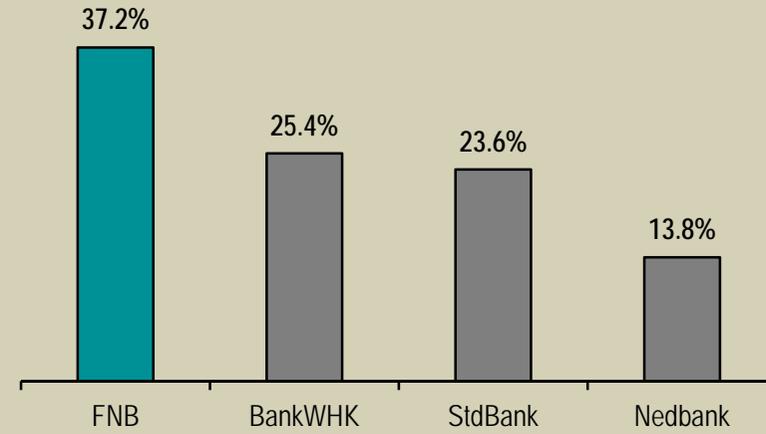
Advances



Deposits



Residential mortgages

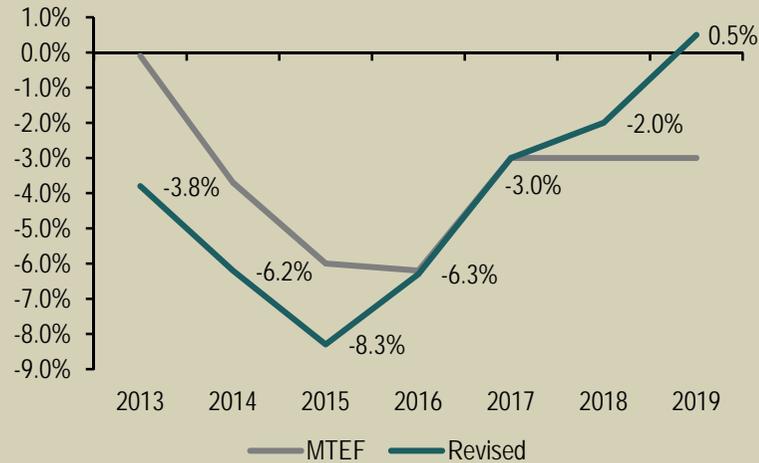


MACROS AND REGULATORY ENVIRONMENT

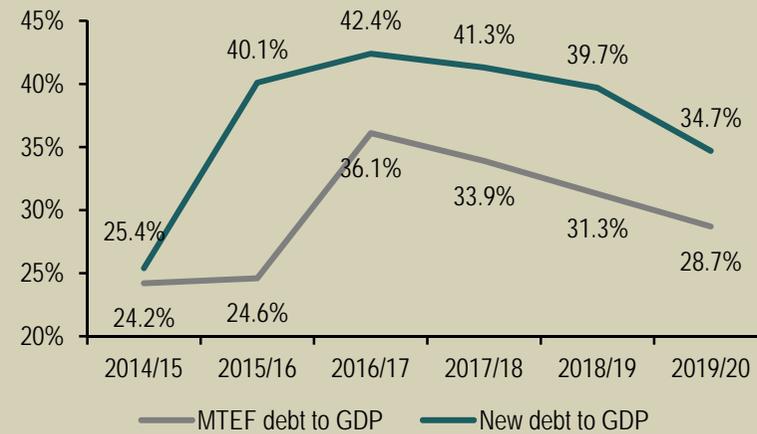


Macroeconomic environment

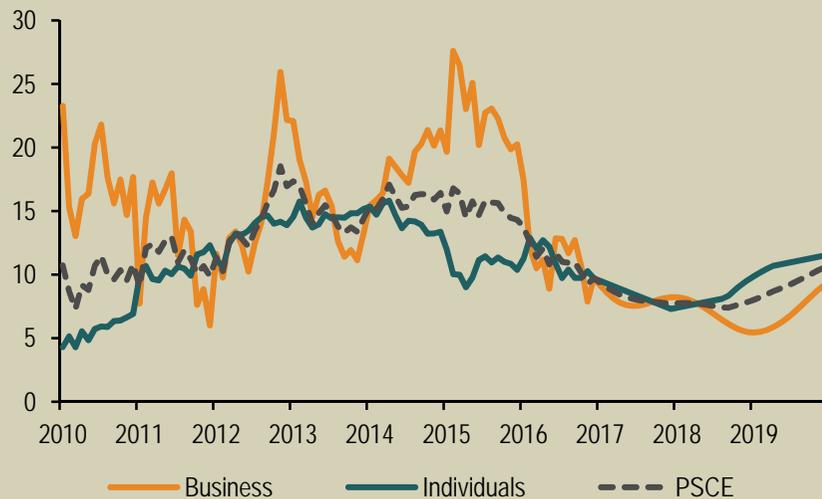
Budget deficit



GRN debt



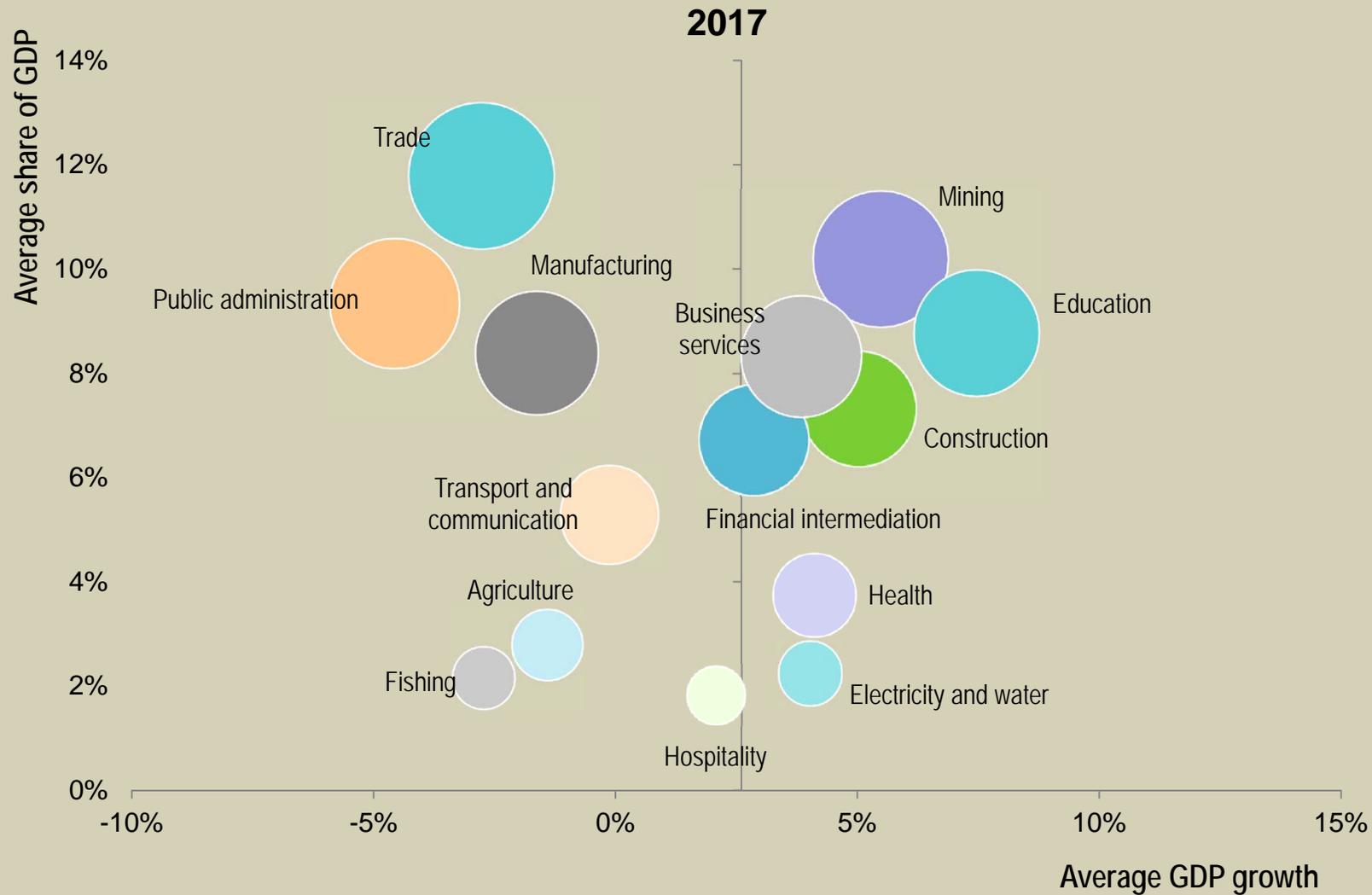
PSCE



Mortgages



Many industries impacted by tough macros



Market and regulatory developments

- Central Security Depository
- Basel III
- Securitisation legislation
- Workstreams with Ministry of Finance
- Updated Insolvency Act
- Financial Institutions and Markets Bill (FIM Bill)
- Regulation 28 changes

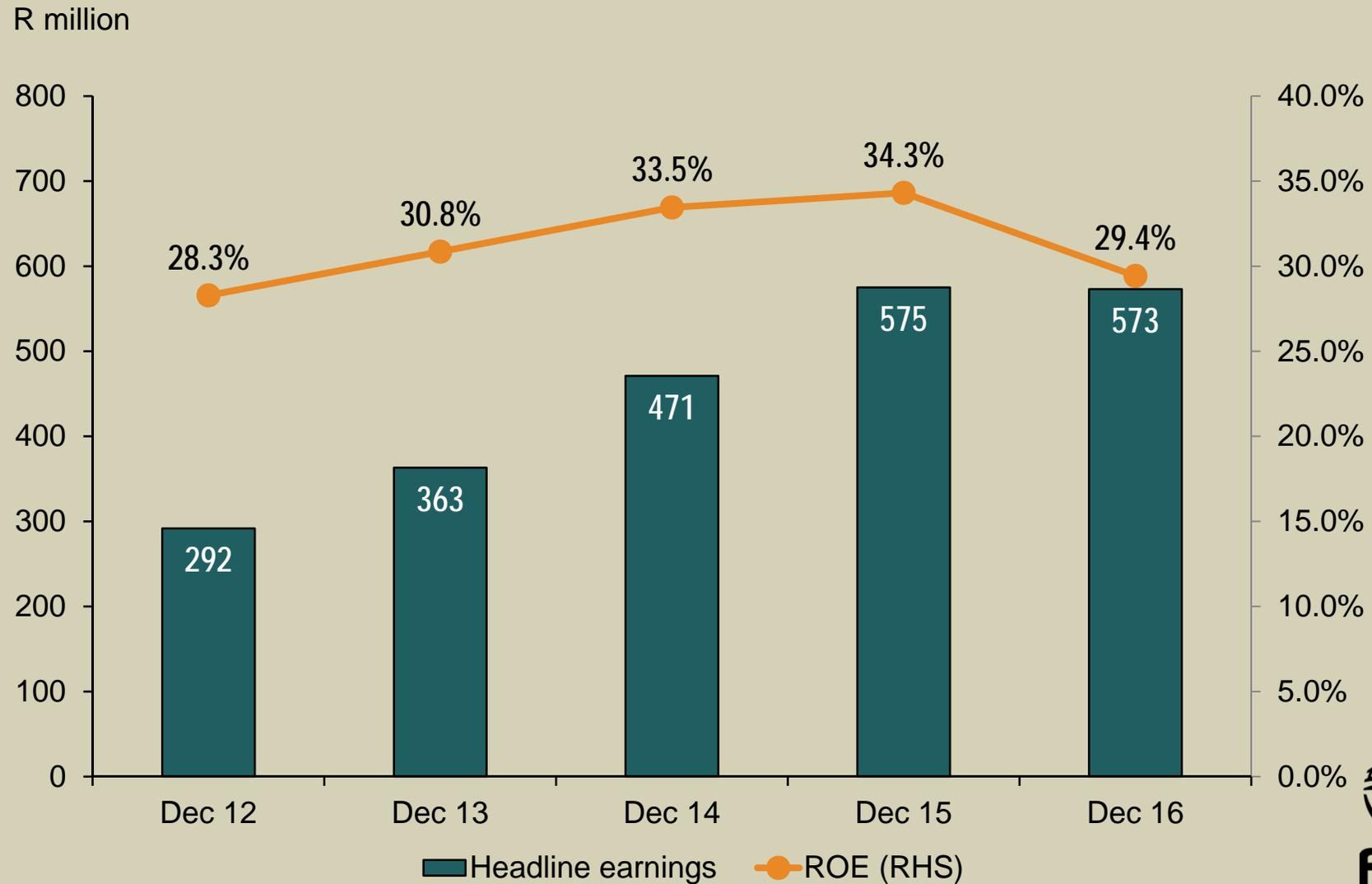
FIRST NATIONAL BANK OF NAMIBIA LTD (ISSUER)



Performance highlights

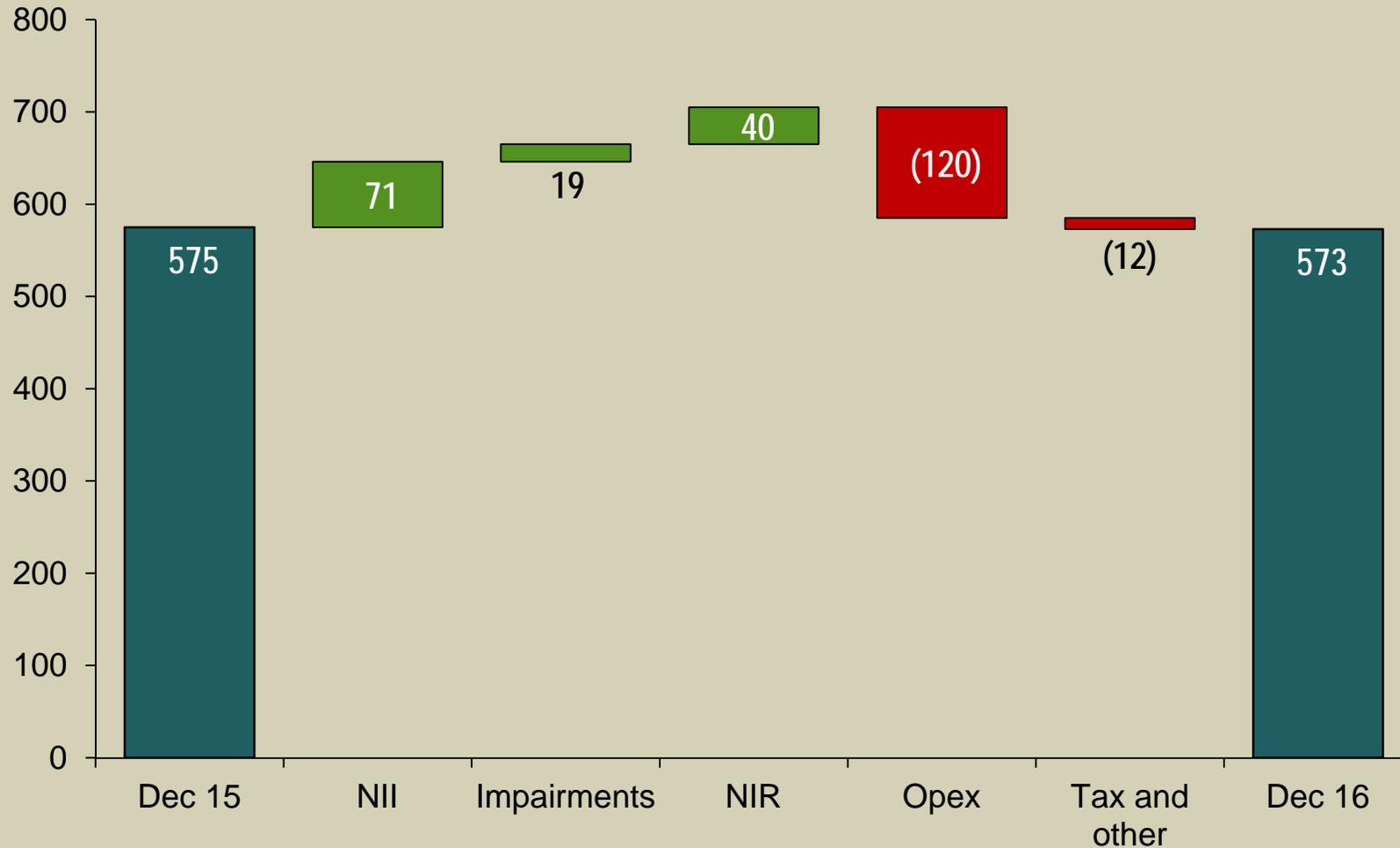
NAD million	December		% change	June 2016
	2016	2015		
Net interest income	871	782	11.4 ▲	1 603
Non interest income	742	705	5.2 ▲	1 350
Costs	(749)	(629)	19.1 ▲	(1 310)
Profit before taxation	864	858	0.7 ▲	1 643
Headline earnings	573	575	– ▼	1 098
Cost-to-income ratio (%)	46.4	42.3	▲	44.4
Loan-to-deposit ratio (%)	94.5	94.2	▲	91.0
Return on equity* (%)	29.4	34.3	▼	30.2
Tier 1 ratio (%)	13.4	13.1	▲	15.1
Total capital adequacy ratio (%)	17.2	15.8	▲	17.8

Track record of growth and superior returns

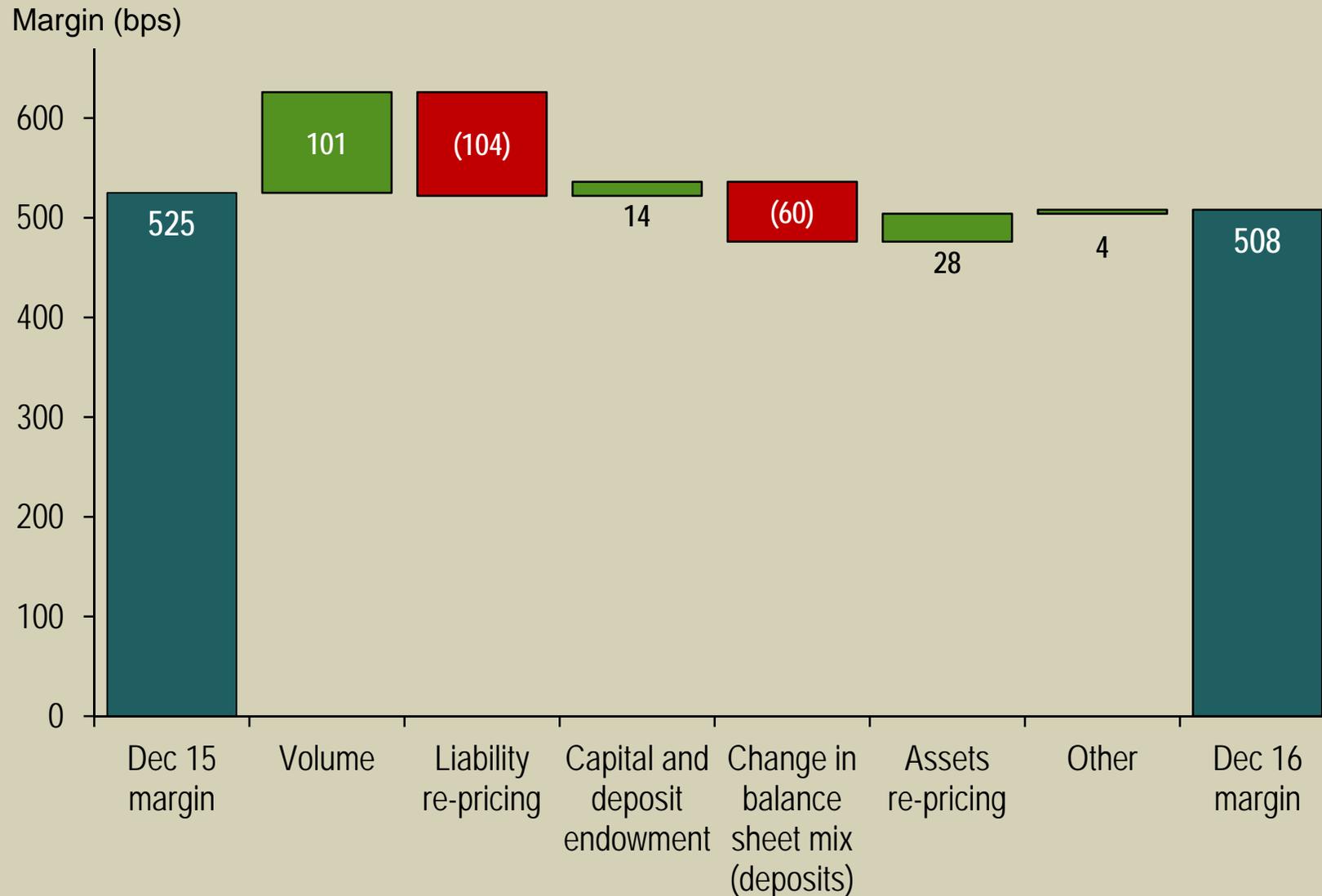


Resilient topline growth offset by investment costs

Headline earnings (NAD million)

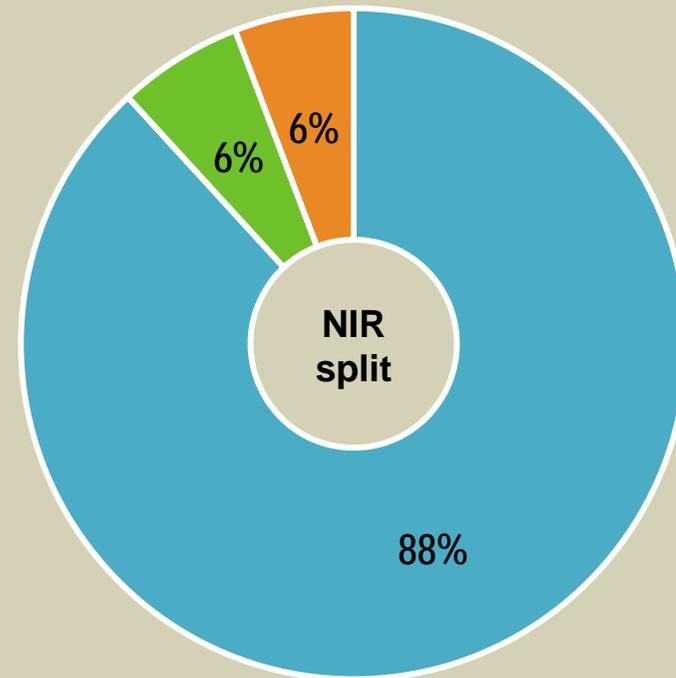
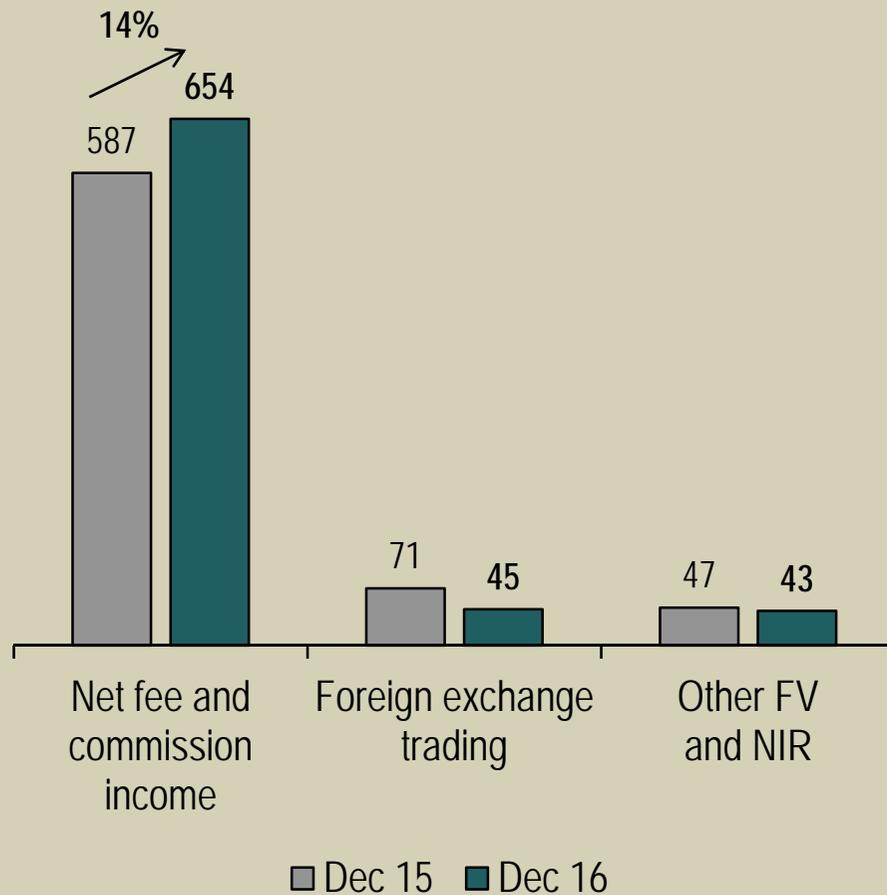


Margin pressure from increased funding and liquidity costs



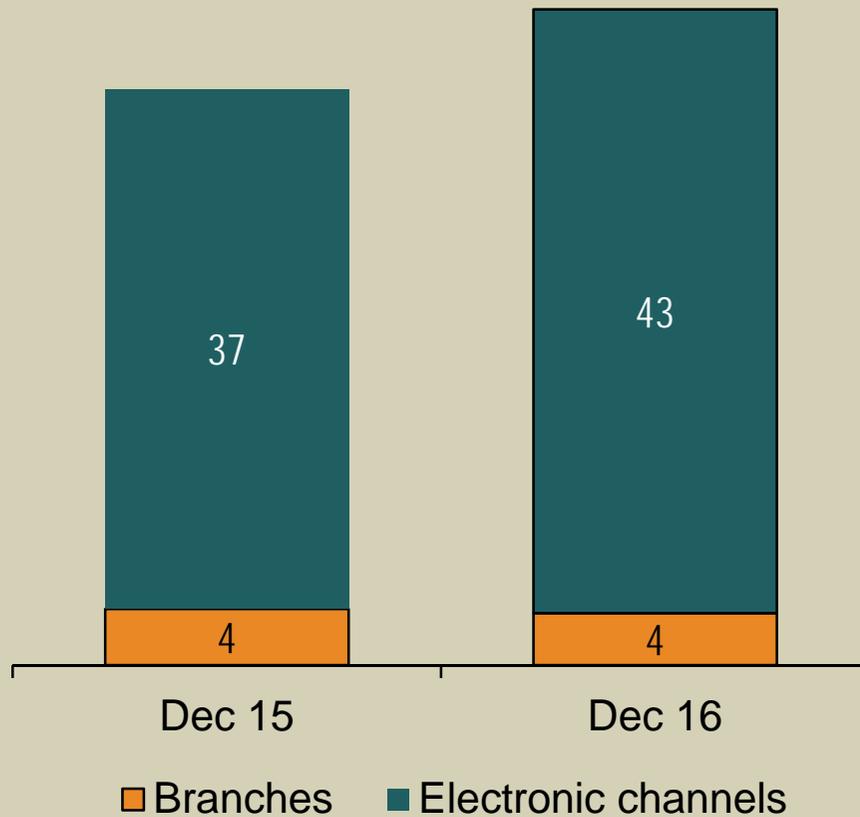
Client franchise underpins NIR growth

NIR (R million)



Channel migration strategy continues to drive growth in volumes

Transactions (millions)

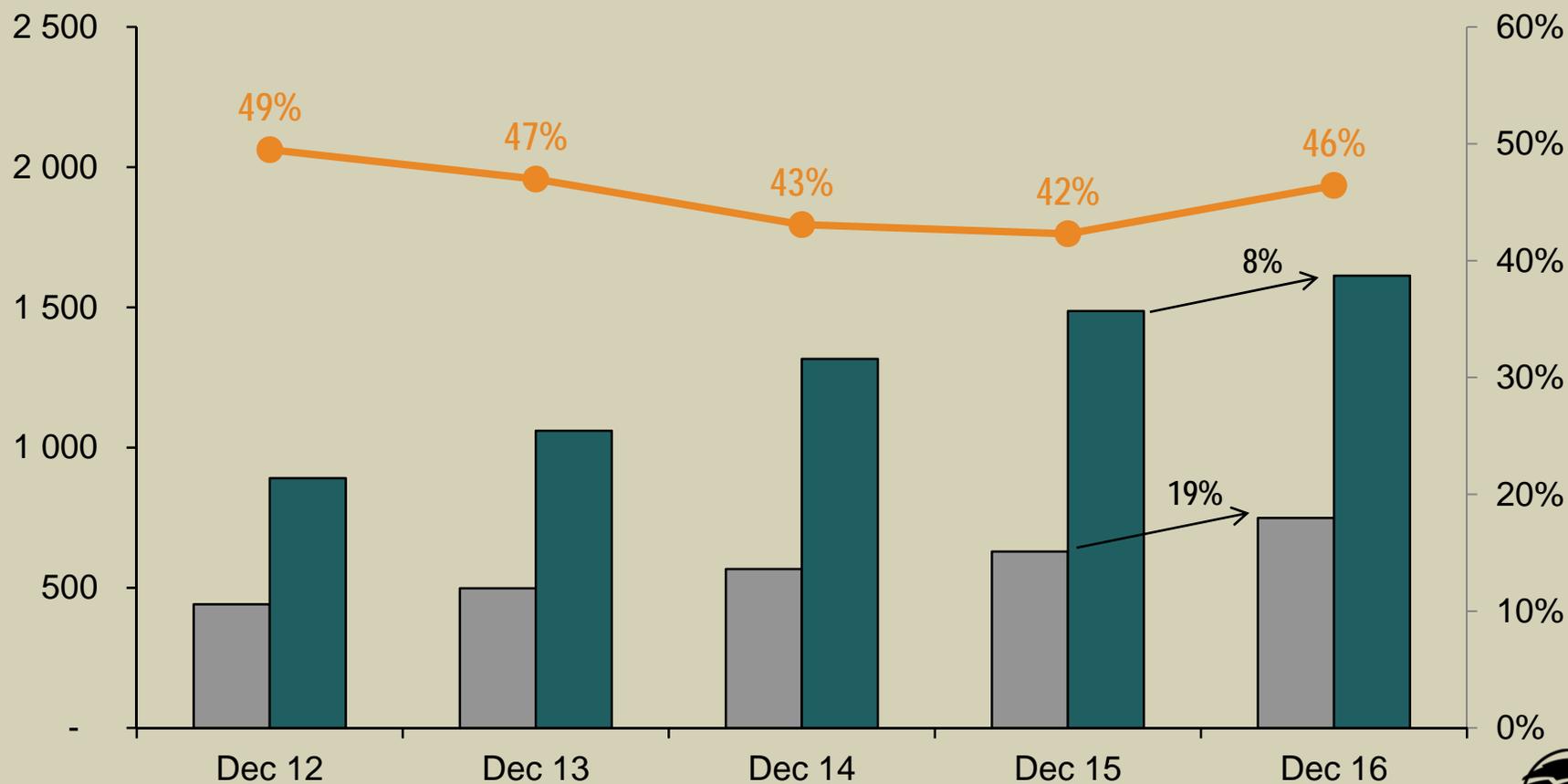


INCREASE IN TRANSACTION VOLUMES

ATMs	12%
Speedpoints	19%
Internet banking	10%
Mobile banking	14%
e-Wallet	39%

Still investing for growth, but core costs sticky in the investing phase

R million



Operating expenditure
 Total income
 Cost-to-income (RHS)



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Credit highlights

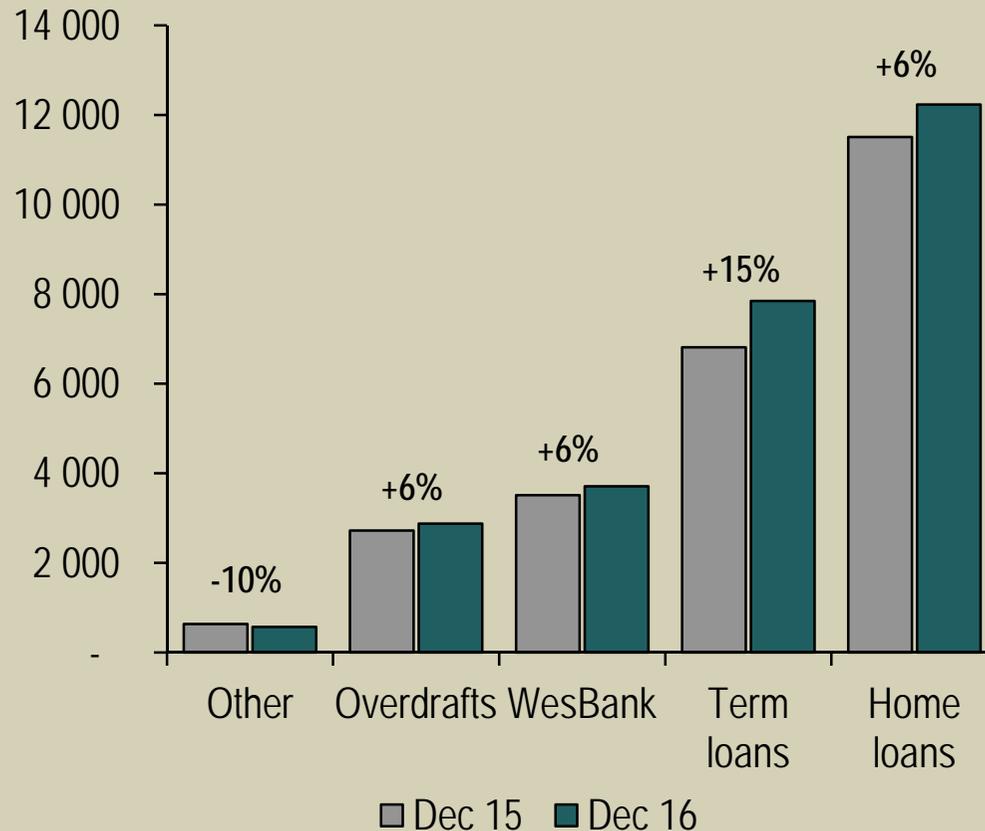
NAD million	December		% change	June 2016
	2016	2015		
Credit loss ratio* (%)	0.05	0.14	▼	0.2
NPLs as a % of gross advances	1.0	0.92	▲	1.1
Provisions as a % of gross advances	0.7	0.7		0.3
Total coverage**	69.9	79.7	▼	67.0

* Based on average advances.

** Balance sheet provisions as a % of NPLs.

Advances growth in line with market

NAD million

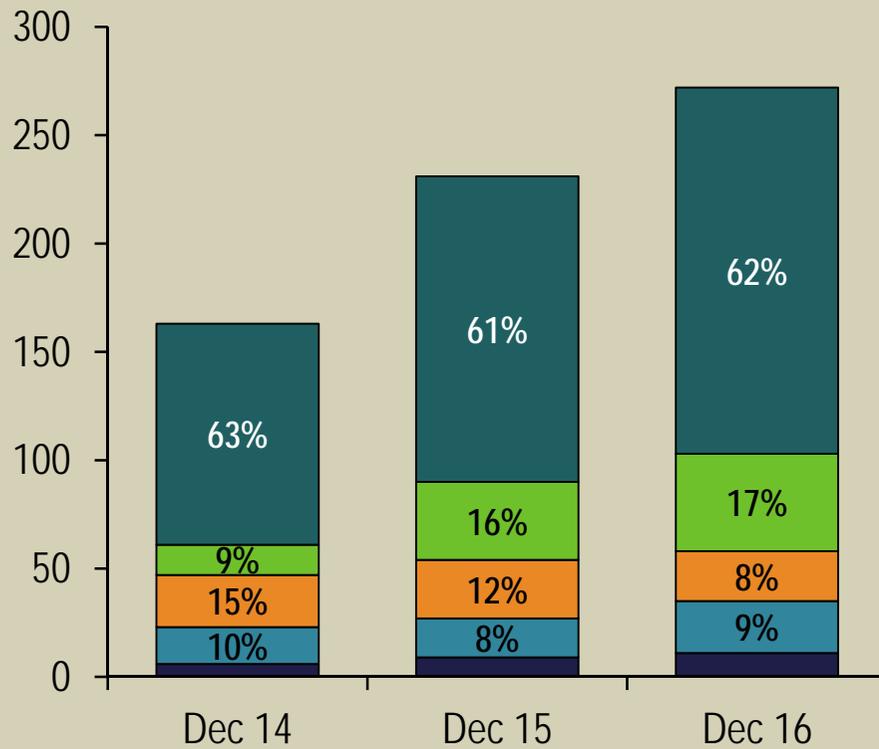


MARKET GROWTH (%)	
Total PSCE	9.3
Mortgage loans	8.6
Instalment credit	6.1
Business credit	7.9
Individual credit	10.3

- Net advances: 78.1% of total assets
- Advances growth: +8.1%

Solid credit quality through the cycle

NPLs (NAD million)



■ Other ■ Overdrafts ■ WesBank
■ Term loans ■ Home loans

■ NPLs as a % of advances
—●— Credit loss ratio (%)

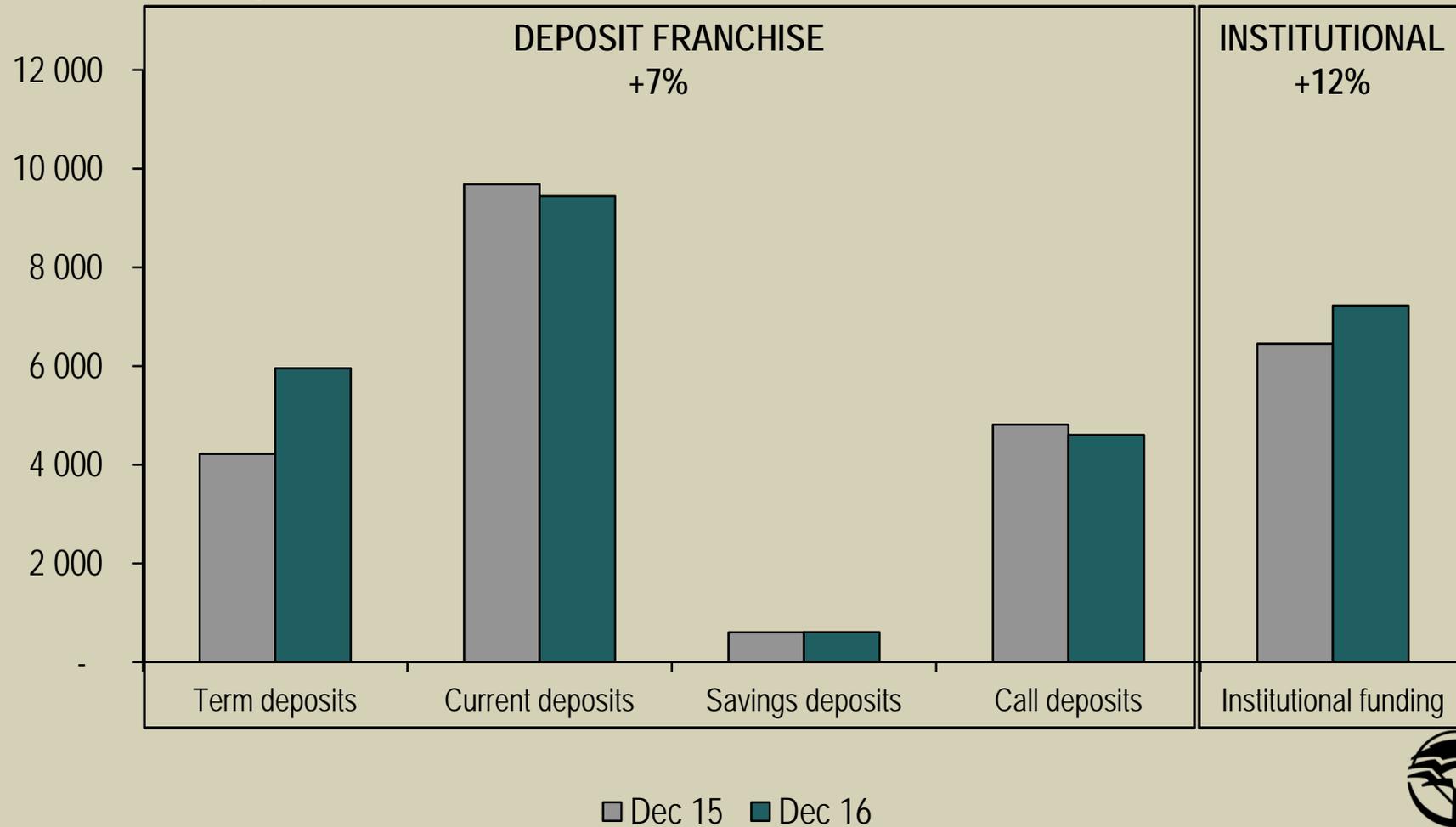


FUNDING AND LIQUIDITY

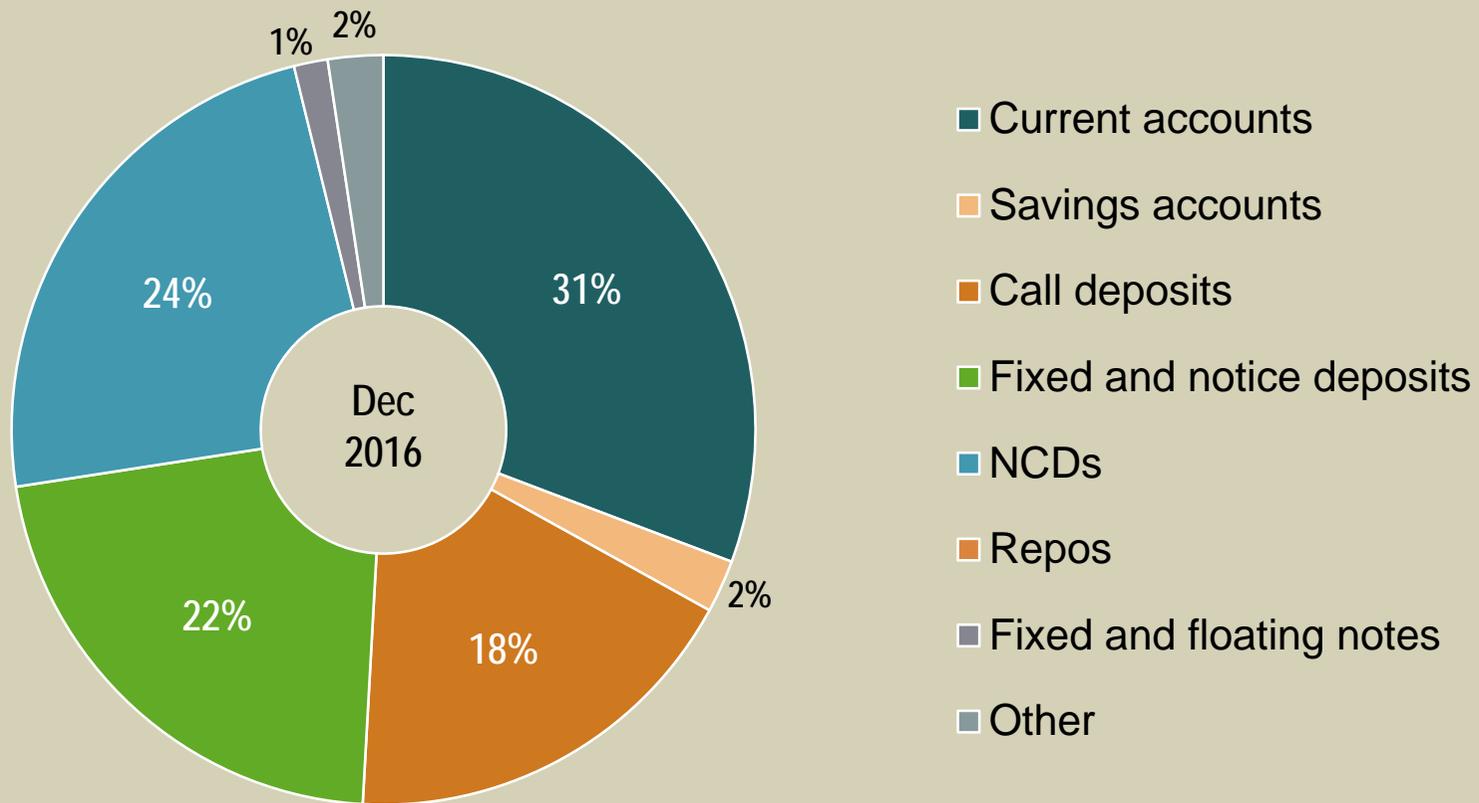


Liability profile reflects market liquidity challenges

Sources of funding (NAD million)



Strong focus on building a diversified funding base



Funding and liquidity focus areas

- Broadened retail and commercial product offering
 - Increased focus on specific target markets
- Increased pricing
- Optimising balance sheet structure
- Diversifying funding sources

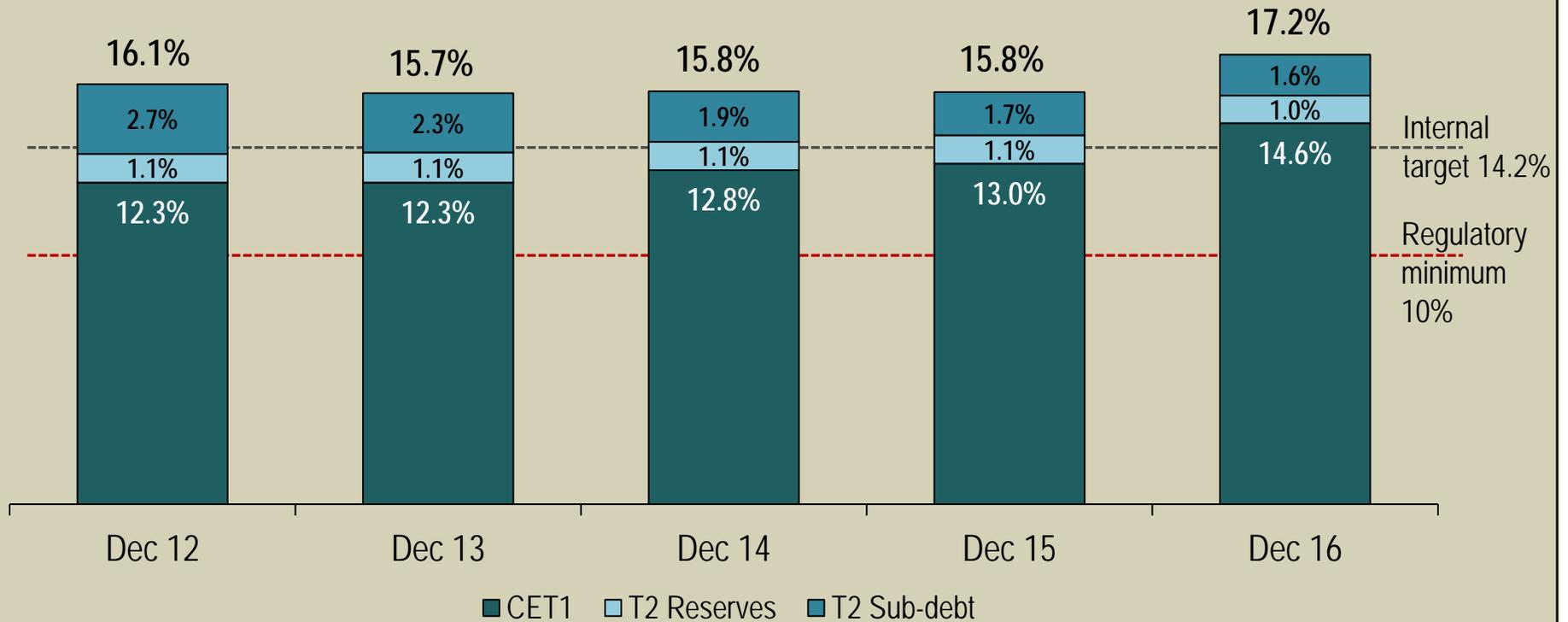
CAPITAL MANAGEMENT



Capital principles aligned to FirstRand group's

- | | |
|--|---|
| <ul style="list-style-type: none">• Regular assessment of capital under different regulatory regimes<ul style="list-style-type: none">• Planning performed on a forward-looking basis, not point-in-time | <ul style="list-style-type: none">• Considerations for volume of proposed Tier 2 issuance<ul style="list-style-type: none">• Actual against target levels of capital• Changes in composition of balance sheet, including organic growth• Tier 2 run-off profile• Ongoing regulatory and accounting changes |
| <ul style="list-style-type: none">• Manage capital structure in line with board-approved capital framework, incorporating capital targets (Tier 1 and total capital)<ul style="list-style-type: none">• Targets are based on regulatory minimum as well as buffer to cater for stress and volatility• Buffer kept in Tier 1 | <ul style="list-style-type: none">• View Tier 2 as a source of long-term funding, not to support economic risk
<ul style="list-style-type: none">• Raise capital in good times, not in times of stress |

Robust capital position consistently exceeds internal target



Capital targets also met on a SARB Basel III basis

Changing regulatory landscape may further impact capital levels

- Regulated under BON determination – BID5
- Circular on Basel III implementation issued in February 2016
 - Closely aligned to the BCBS capital framework
 - Quantity (statutory limits) and quality of capital base
 - Risk coverage
 - Implementation expected from mid-2018
 - Industry collaboration with BON
 - Transitional adoption expected

Old-style instrument proposed for issuance

Basic features

- 10NC5
- No step-up
- 20% annual haircut in last 5 years to maturity

Changes proposed in draft Basel III regulations (instrument-specific)

- Point of non-viability (PONV) language
- PONV called at the discretion of the regulator
- Effectively allows for conversion only
- No conversion floor or ratio proposed
- Regulatory treatment upon Basel III implementation unclear

MTN PROGRAMME AND PLANNED ISSUANCE



Summary of programme

Feature	Description
Size	ZAR5 billion/NAD5 billion
Listing	Dual listed on the Interest rate Market of the JSE and the NSX
Change of Control	Occurs when any person or group unconditionally acquire control (owns 50% of share capital) of the issuer (there is no change of control if all the shareholders of the acquirer are shareholders of the issuer); and within the Change of Control Period there is a rating downgrade to below investment grade or a negative rating event occurs in relation to the issuer, programme, and notes
Cross Default	Default on payment in excess of the greater of NAD150 million, or 0.5% of the Total Assets
Material subsidiaries	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 permit the creation of encumbrances other than permitted encumbrances.

Planned issuance (senior debt)

Issuer	FNB Namibia Limited	
Issuer rating	Long Term (National scale) AA+ (NA) Stable outlook (GCR) Long Term (National scale) AA- (ZAA) Stable outlook (GCR)	
Listing	Interest Rate Market of the JSE	
Amount	TBA	
Capital profile	Bullet	
Seniority	Senior	
Structure	Bonds	Bonds
Term	TBA	TBA
Interest profile	TBA	TBA
Base rate	TBA	TBA
Bookbuild date	15 March 2017	15 March 2017
Settlement date	20 March 2017	20 March 2017



Planned issuance (subordinated debt)

Issuer	FNB Namibia Limited	
Issuer rating	Long Term (National scale) AA+ (NA) Stable outlook (GCR) Long Term (National scale) AA- (ZAA) Stable outlook (GCR)	
Listing	Namibia Stock Exchange (NSX)	
Amount	TBA	
Capital profile	Bullet	
Seniority	Subordinated	
Structure	Bonds	Bonds
Term	TBA	TBA
Interest profile	TBA	TBA
Base rate	TBA	TBA
Bookbuild date	24 March 2017	24 March 2017
Settlement date	29 March 2017	29 March 2017



Issuance timelines and process

Release of rating	16 February 2017	
Roadshows dates	20 – 24 February 2017	
Termsheet release	8 March 2017	
Seniority	Senior	Subordinated
Targeted auction	15 March 2017	24 March 2017
Settlement	20 March 2017	29 March 2017

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Thank you



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