

08

SUSTAINABILITY REPORT

PASSION **Respect** Integrity
Accountability **Innovation**



FNB
First National Bank
Namibia

How can we help you?

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FROM OUR CEO TO OUR STAKEHOLDERS

We operate within a **HIGHLY COMPETITIVE BUSINESS ENVIRONMENT** with challenges in the Namibian market marked by the **IMPACT OF HIV/ AIDS**, poverty, unemployment and skills shortages. Despite this, we continue to achieve growth as a result of our ability to render superior service, **manage risks and capitalise on opportunities.**

This enables us to create value for our stakeholders such as our staff, our customers, local suppliers, the communities within which we operate, while taking necessary regulatory and environmental considerations into account. This is driven by our vision to be Namibia's world class financial services provider of choice. We are intent on achieving this through innovation, value-added partnerships and a passion for service excellence, underpinned by a core set of values, which include: passion, respect, accountability, integrity and innovation.

The financial services industry within which we operate is characterised by increasing consumerism, which calls for a greater focus on transparency of banking fees and charges, addressing customers' needs for banking value, and improving consumer education. We remain committed to addressing these challenges and continue to implement a number of initiatives to address these imperatives. We continue to recognise the importance of sustainability, giving consideration to economic, social, governance and ecological aspects of our business. We present our 2008 Sustainability Report, which outlines how we have responded to these issues and addressed our stakeholders' needs.

Our operating context consists of approximately two million people in Namibia with an active banking population of about 670 000, with vast parts of our country being largely rural. To promote financial access to the under-banked communities, we expanded our network of ATMs and established mobile branches to reach outlying areas. We introduced alternative and affordable self service channels such as cellphone and internet banking and maintained the increase in banking fees to 5% below inflation. Our CardWise product, launched in 2005 as a low-cost savings product, continues to enjoy much success.



As a responsible corporate citizen we acknowledge our role to help jump-start economic growth and create jobs. We responded to this challenge by continuing our partnership with SME Compete to provide training and mentorship for entrepreneurs, and we have enabled the financing of more than 140 SMEs. We also boosted start-up farmers and commercial agriculture, a source of livelihood for roughly half the Namibian population, through our newly-established agricultural division. Other examples of our stakeholder engagements include our support of more than 50 community-based organisations and NGOs through our Foundation and FNB Bank sponsorships, which disbursed N\$ 3.2 million toward social upliftment projects. We also became a signatory to the United Nations Global Compact, underlining our support for fundamental social and environmental issues.

We embrace the objectives and targets of the Financial Services Charter, as a business imperative and a necessary step to ensure equity in the financial services sector and a transformed Namibian economy. As we embark on our L2Pin3 journey to move from being the leading to the preferred financial services provider in Namibia within three years, we engage in "Business Unusual" to create efficiencies, and become more customer-centric with a key focus on our staff as the key enabler to achieve rewards for both our people and our business. It is our focus on these three pillars that enables us to deliver stakeholder value despite a challenging operating environment.



Adv. Vekuii Rukoro, Group CEO: FNB Namibia

FIRST NATIONAL BANK (FNB) NAMIBIA CELEBRATED ITS CENTENARY IN 2007 AS A LEADING PROVIDER OF FINANCIAL SERVICES IN NAMIBIA. WE EMPLOY 1 601 PEOPLE AND PROVIDE A COMPLETE RANGE OF BANKING SERVICES AND ASSOCIATED FINANCIAL PRODUCTS THROUGH A NETWORK OF 50 REPRESENTATION POINTS IN 13 REGIONS COUNTRYWIDE, MORE THAN 230 ATMS AND MINI-ATMS AND OVER 1 300 POINT OF SALE DEVICES. WE HAVE APPROXIMATELY 290 000 ACTIVE CUSTOMER ACCOUNTS AND ALSO OFFER AN EXTENSIVE INTERNET BANKING SERVICE. WE ARE LISTED ON THE NAMIBIAN STOCK EXCHANGE.

OUR CUSTOMERS

Our L2Pin3 business strategy, and our ‘**BUSINESS UNUSUAL**’ DRIVE to ensure **SUSTAINABLE GROWTH**, PLACES CUSTOMERS AS A FUNDAMENTAL PILLAR of our plan. We aim to deliver added value through building enduring and rewarding relationships

PROFILE OF OUR CUSTOMERS

The economically active population of Namibia comprises approximately 600 000 people. We provide a broad range of products and services to our customers, which include entry-level customers, corporates, commercial and public sector clients. Our customer base consists of approximately 288 000 active customer accounts.

MATERIAL ISSUES TO CUSTOMERS

Through market surveys, we determined the following issues matter to our customers:

- Customers want appropriate and cost-effective financial solutions
- Customers require improved service delivery

OUR CUSTOMER OBJECTIVES

In 2007, we said we would undertake the following. We report our progress in the next section.

Objective	Status	See ‘Our progress’ item
Develop improved value propositions for selected growth sectors such as public sector banking, tourism, agriculture and SMEs	Complete	“Value-Added Propositions”
Launch project to improve customer service	In Progress	“Addressing Expressed Customer Needs”

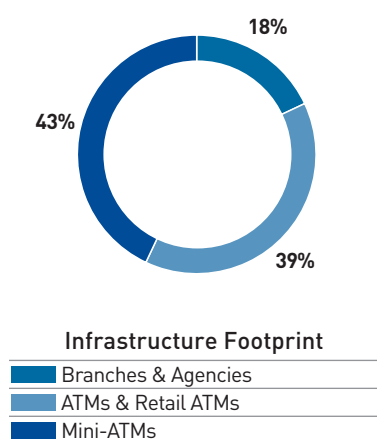
OUR PROGRESS

Addressing expressed customer needs

Our L2Pin3 journey to move from the leading to the preferred financial services group in Namibia is focused on delivering value to our customers in line with their needs. In 2008, we participated in two market surveys to better understand our customers' experience and identify areas for improvement. The results confirmed the need for innovative products and services to cater for the changing needs of our customers. We also reaffirmed the need to optimise our distribution channels to meet funding requirements of corporate and commercial customers as well as extend banking to the unbanked sectors of the population to ensure that more people enjoy the benefits of banking. A customer improvement strategy has been implemented based on these insights to raise service levels and deliver innovative products in line with customer needs.

Financial inclusion

Large parts of Namibia remain largely rural and have limited access to basic financial services. The diagram below depicts our network footprint, excluding our 1 300 speedpoint devices.



Our banking network is the largest in the country, and was extended to make banking more accessible, with the opening of our first mobile branch in Okongo. Additional mobile agencies are planned to enable deposits in remote areas using GPRS-based remote account opening technology and drop-box ATM depositories. We are now investigating the use of mobile agencies to service depositing customers over a wider area with more affordable infrastructure.

Banking affordability

First-time banking access continued to be extended through our CardWise product aimed at providing affordable banking to low-income earners with earnings between N\$ 200 and N\$1 500 per month. We also focused on making banking more affordable and **maintained the increase of banking fees to less than 5% on average**. A number of book-based customers are converting to more affordable card-based products as part of a structured migration programme. Cheaper delivery channels such as cellphone and internet banking also continue to be available for added accessibility of our services.

These offerings are in line with recommendations made by a Special Parliamentary Hearings on bank charges that gave banks a clean bill of health and encouraged increased transparency over fees and charges, improved consumer education, and make banking accessible to more Namibians.

Consumer savings

In response to market demand and a challenge by the Finance Minister to inculcate a savings culture, we launched a savings product aimed at our entry-level customers. It was favourably received by our customers, with the number of new accounts for previously unbanked customers increasing to more than 90 000 in 2008. This was assisted by launching youth products such as FutureSave, Future Forward and FirstSave.

Value-added propositions

We continued to segment our customer base to deliver added value in line with customer needs. Our sales and service managers continue to provide specialist service for corporate banking, commercial, agricultural and SME markets. In 2008, we developed and rolled-out value propositions for these customer segments in the following manner:

- **Youth Market:** Of the two million people in Namibia, 51% are younger than 18 years old. To service the needs of this market for savings and entry-level banking products, we developed three new products for the youth, FutureForward, FutureSave and LifeStart
- **Homeloans:** In spite of increasing interest rate hikes, the shortage of affordable housing stock in Windhoek and scarcity of serviced land, we remain focused on enabling home-ownership. In 2008, we launched a re-advance campaign for Government employees, enabling them to improve their properties at preferential interest rates. We recognise the dire need to also service the lower end of the market, and developed a first time home owners' guide to make this a reality

CASE STUDY

In March 2008 FNB Namibia opened a mobile branch in Okongo, situated in the northern reaches of the country. **The project focused on extending our footprint in the north to bring banking to the Namibians occupying a very remote yet densely populated area.** The main outcomes for the project are to establish good customer relationships with the people of Okongo, and to evaluate the need to upgrade the status of the mobile branch to that of a full branch in future. The future prospects for the project are to make sure that we build up a customer base that is representative of the services that we can offer, as well as new technologies that we can bring to people in rural areas. At the same time it would provide us with a platform for informing people of certain services, and also allow us to facilitate the transition from old style banking to more modern banking methods such as internet and Cellphone Banking.



- **Corporate Banking:** We established a public sector banking unit to service Government and public sector as our development partner
- **SME Business Unit:** Following the establishment of our SME Business Unit in 2005, we financed more than 140 SMEs to date. A mentorship scheme that included training opportunities for SMEs was also implemented. We also launched BusinessWise, an affordable bank account for formal and informal SME business traders (with a turnover of less than N\$1 million per annum)
- **Agricultural Farming Unit:** We established an agricultural farming division to assist start-up farmers and commercial agriculture.
- **Merchant Acquiring:** As the dominant provider of card-based product services in the country, we increased our representation points by collaborating with an internet service provider to provide cellphone network connectivity. This improves communication between merchants and the bank and reduces transaction times, thus ensuring better customer service
- **Tourism Business Solutions:** Tourism is the fastest growing sector in our economy. We provide a full range of solutions covering transactional banking needs, financing and investment solutions for tourism businesses
- **Addressing the energy crisis:** We financed alternative energy solutions to address the need for alternative energy sources such as solar heating and generators given the shortage of electricity in Namibia. Please refer to the environment section of this report for more details.

IN 2009 WE WILL

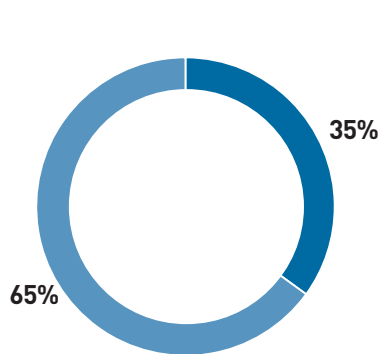
Objective	Activity	Target
Continue to measure customer service	Implement integrated customer satisfaction survey for all business areas	Ongoing
Extend niche value propositions	<ul style="list-style-type: none"> • Develop value propositions for the 2010 World Cup Soccer • Develop further value propositions for Chinese market and Diplomatic Corps 	April 09

OUR PEOPLE

Our staff are a **FUNDAMENTAL PILLAR** to our L2Pin3 business strategy focused on being the **PREFERRED FINANCIAL SERVICES GROUP** in Namibia. We embarked on the “AANTU YOLELA”, OUR GREAT PEOPLE JOURNEY to enhance the capability of our people demonstrated in our **Care and Grow** approach

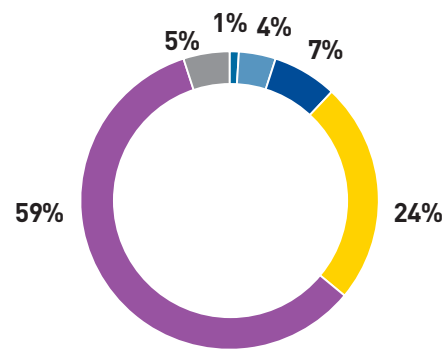
PROFILE

We are the largest employer in the Namibian financial services industry with 1 601 staff. Expatriates make up 0.2% of the total number of employees.



2008 Workforce Profile by Gender

Male
Female



2008 Workforce Profile by Category

Executive
Senior Management
Middle Management
Junior Management
Clerical
Non - Clerical

MATERIAL ISSUES TO OUR PEOPLE

Through a staff retention survey, we determined the following issues matter to our people:

- Ensuring our performance management system is effective
- Offering a caring and conducive working environment that nurtures the talents of our staff

OUR OBJECTIVES

In 2007, we said we would undertake the following. We report our progress in the next section

Objective	Status	See 'Our progress' item
Initiate outcomes-based remuneration through benchmarking and broadbanding as part of retention strategy	In progress	"Talent Management"
Further investment in succession planning and staff development	In progress	People Management"

OUR PROGRESS

People management

Our vision of being a world-class financial services provider of choice requires us to place particular emphasis on our human capital and to ensure that our staff are aligned to our vision. We reviewed our people management approach and introduced the "Aantu Yolela – Great People" management framework to entrench a people focus within our business and enhance the skills and competencies of our people.

We began this process by engaging our staff in focus groups. This informed the basis of five work streams that underpin our people management framework. These are:

- Recruitment
- Retention
- Learning and development
- Performance management
- Culture and values

From this, 90-day and 180-day accountability plans have been drafted for implementation to deliver on the people management principles set out above. These will inform our retention and succession planning strategies which are currently being developed.

CASE STUDY

Profile of the "aantu yolela – great people journey"

In September 2007, we initiated the **"Aantu Yolela – Great People" project to create people focus within the FNB Namibia group.** The project originated from the "Theme Great People" aimed at continually improving the way of selecting and hiring new employees, conducting performance reviews, attracting and retaining talent, as well as instilling the values and culture of FNB Namibia across the company. This is in recognition that employees are our most valuable asset and by their very nature require nurturing and care.

Diversity management

We embarked on a diversity management process to complement our Great People journey. This forms part of our localisation plan aimed at 'Namibianising' our operation as much as possible. We aim to ensure that we utilise expatriate staff only as required for skills that are not easily available, and to address resource constraints. Four of our expatriates continue to work with their 'understudies' while the CFO successor has been appointed. Our senior management team attended the first phase of training focused on diversity management in all its forms, to help them maximise potential of staff. This process will be cascaded further into the organisation as part of the roll-out of our people management framework.

As one of the largest employers in Namibia, we again exceeded the statutory compliance requirements for employment equity and received our AA certificate in January 2008. The transformation imperative will continue to drive our recruitment and staff development targets and will be aligned to the transformation framework recently issued by the Namibian Government as part of the sectoral transformation initiative to promote empowerment and economic growth. This will be integrated into our HR practices in tandem with the labour legislation recently updated to provide a comprehensive framework that governs the employer-employee relationship.

Talent management

Recruiting and retaining the best staff is a challenge in Namibia. There is a general shortage of skilled staff which not only drives staff cost up but also leads to frequent poaching. This situation is likely to get even more challenging when new entrants enter the market and compete for the same pool of talent. Against this background, we have taken several measures to manage talent, develop our staff and retaining the best.

We are focused on creating a productive environment with motivated staff that can maximise their potential. A staff retention survey measured staff morale and attempted to provide insight into understanding underlying issues related to the retention and attraction of core banking skills. The results will be used to inform the development of a people retention strategy. The business case for the implementation of an outcomes-based remuneration programme that includes broadbanding has been approved. The roll-out of this programme will enable us to remunerate our people in line with set performance deliverables.

Investment in skills development

We focused on skills development and invested N\$6 248 (2.3% of payroll, up from N\$4 187 in 2007) to build competencies required. Our training and development initiatives included the following:

- 1 535 employees attended training workshops relating to areas such as sales and customer service, credit, forex and securities
- We implemented branch administrators' and credit development programmes that included soft skills training and personal financial wellness
- 109 managers have been trained on our Care and Growth people philosophy, focused on the importance of achieving mutual rewards for staff and our business. 20 of the managers trained have been tasked with championing the roll-out of this philosophy to all business units
- Three senior managers were enrolled for an MBA programme and two are attending a Leadership Development Programme as part of our succession planning framework

Employee wellness

We launched an Employee Wellness Programme (EWP), with the Minister of Health and Social Services as the patron, to respond to the physical, psychological and social challenges faced by our staff. The EWP was established to improve the quality of life of our employees and their families by providing and creating a supportive environment that will impact positively on productivity, service delivery and general wellness of all employees.

The EWP includes an HIV/ Aids awareness programme to reduce the vulnerability to HIV infection of employees and their families, empower employees to respond effectively to the pandemic as well as eliminate the stigma of HIV/ Aids , and discrimination against those infected and affected by the illness. We do this by facilitating education, prevention, and awareness programmes conducted by 40 wellness educators who deliver peer education aimed at advocating behaviour change. In 2009, we will extend our focus on this programme by conducting a prevalence test and a Knowledge, Attitude and Perception (KAP) survey, which will include Voluntary Counselling and Testing (VCT) drive. We will also partner with NGOs such as NABCOA (Namibia Business Coalition on Aids), the Ministry of Health and Social Service and other support agencies to provide HIV and AIDS training for wellness educators and employees.

IN 2009 WE WILL

Objective	Activity	Target
Develop employee retention strategy	Draft strategy and implementation plans	April 09
Roll-out people framework implementation plans	Implement action plans in accordance with the five work streams	As per 90-day and 180-day action plan
Roll-out of company values and skills development targets	Implement Project Sunrise	100% employees reached/trained by April 2009
Roll-out care and growth leadership philosophy	Champions to cascade philosophy to all business units	June 2009
Further enhance our employee wellness programme	Conduct the HIV/ Aids prevalence test, a KAP survey and provide VCT	April 09

OUR SUPPLIERS

Accelerating our procurement spend from local suppliers will **FORM THE BASIS OF OUR PROCUREMENT TARGETS** ahead of **ENVISAGED INDUSTRY TARGETS** TO BE SET IN LINE WITH THE Namibian Financial Sector Charter

PROFILE

About 80% of our procurement requirements are sourced through our South Africa channels in line with Group policy. The remainder is sourced locally in areas such as infrastructure procurement, including property, furniture and fittings, computers and related hardware as well as office supplies, maintenance and housekeeping services.

MATERIAL ISSUES TO SUPPLIERS

We did not conduct an assessment of material issues to suppliers for 2008.

OUR OBJECTIVES

In 2007, we said we would undertake the following. We report our progress in the next section.

Objective	Status	See 'Our progress' item
Create opportunities for local supplier procurement as part of N\$ 37 million spend towards improving network representation points	In progress	"Local Procurement"

OUR PROGRESS

Local procurement

We identified potential local suppliers and verified their BEE status internally (in the absence of a locally-accredited vendor to verify supplier BEE status). We reviewed our procurement policy to be in line with operational requirements to increase our procurement spend from Namibian businesses in areas such as the improvements on our network representation points. This will become a key focus in 2009.

IN 2009 WE WILL

Objective	Activity	Target
Increase opportunities for local suppliers	Direct portion of procurement spend to local suppliers	Minimum of 10% of procurement spend

THE ENVIRONMENT

We focus on managing our **ENVIRONMENTAL FOOTPRINT** and mainstreaming **SOCIAL AND ENVIRONMENTAL CONSIDERATIONS IN OUR BUSINESS**

OUR ENVIRONMENTAL IMPACT

Our direct impact

We operate in 13 regions across Namibia, maintaining head office and branch operations. We also maintain an ATM infrastructure, and mobile branch operations.

Our indirect impact

As a provider of financial services, we enable goods and services to be developed and accessed. Goods, services and solutions offered by our commercial clients in particular may have both positive environmental benefits (e.g. clean energy productions) and negative impacts (e.g. printing operations).

OUR OBJECTIVES

In 2007, we said we would undertake the following. We report our progress in the next section.

Objective	Status	See 'Our Progress' Item
Audit our shutdown procedures at business units to ensure reduced energy wastage	Not started	–

OUR PROGRESS

Managing resource consumption

We are mindful of our direct environmental impact and manage our resource consumption responsibly. We do this in the following manner:

- By driving customer behaviour towards more environmentally-friendly service options such as cellphone and internet banking to reduce paper consumption
- Installing energy efficient light bulbs in all our operations
- Maintaining water storage facilities
- Disposing of PCs, furniture and other office equipment through donations and offered to staff for sale

Solar energy finance solutions

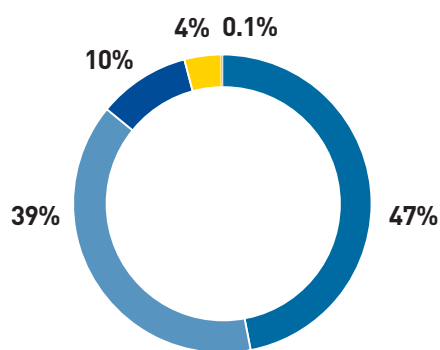
Namibia receives the bulk of its energy supply from Eskom in South Africa. Amid a looming electricity shortage, the usage and advantage of renewable energies is gaining momentum in Namibia. We responded to this challenge by extending the first-to-market financing options of alternative energy solutions such as solar panels for homes, farms, schools and businesses. Customers are offered the option of an instalment sale or lease agreement through our asset management business at negotiated fixed or variable interest rates. Financing for longer periods can also be provided through a further bond or re-advance homeloan facility. A list of suppliers and installation companies for added convenience is also provided.

OUR COMMUNITIES

Local communities form **PART OF THE SOCIAL ENVIRONMENT** in which we operate, thus constituting **AN IMPORTANT STAFF AND CLIENT BASE**. For this reason we are **FOCUSED ON CONTRIBUTING** meaningfully to social upliftment

PROFILE OF OUR COMMUNITIES

The communities within which we operate are faced with socio-economic challenges characterised by poverty and large-scale unemployment. Through the FNB Namibia (FNB) Foundation, we engage with community-based organisations, not-for-profit entities and government stakeholders to respond to developmental needs in the community. **In 2008 the FNB Foundation disbursed N\$3 258 724.76** (up from N\$2 629 000 in 2007). This enabled us to support 51 projects aimed at contributing towards social upliftment.



2008 FNB Namibia Foundation investment



OUR COMMUNITY OBJECTIVES

In 2007, we said we would undertake the following. We report our progress in the next section.

OUR PROGRESS

Skills development

Skills development constitutes the biggest component of our budget with 47% of our Foundation's spend allocated to 12 projects. For example, we committed in excess of N\$ 440 000 towards an SME skills enhancement company in capacity building initiatives for SME entrepreneurs and their employees in areas such as financial management, marketing and information technology. We supported the Namibian Agricultural Union and Namibian Farmers Union to produce much-needed training material for emerging commercial and subsistence farmers, given that half of the Namibian population depends on agriculture as a livelihood. We also sponsored the National Youth Expo in conjunction with the National Youth Council to engage Namibian youth in the development of SMEs and expose them to various career opportunities.

Education

Education initiatives at primary and high school represent an important investment in the future of learners. We allocated 37% of our Foundation's budget towards this, supporting 19 projects. One of these projects included the launching of the Etameko Project in partnership with Die Republikein Newspaper.

Objective	Status	See 'Our Progress' Item
Initiate a staff volunteers programme to strengthen our CSI activities	Not started	"Community Initiatives"

CASE STUDY

The FNB Etameko project commenced with a contribution of N\$ 100 000 from the FNB Namibia Foundation. **Etameko is an award-winning project started by the Republikein Newspaper in association with the Namibian Ministry of Education.** Etameko, which means 'the start/to start', is a booklet that is distributed free of charge to schools in Namibia. The booklets are intended as scrap books for scholars to practice assignments, writing, and maths before transferring work onto school papers or books. FNB Namibia paid for 300 000 Etameko booklets which have been distributed via the Republikein's distribution network, as well as through the Ministry of Education. As a result all schools in need receive the Etameko be they rural, urban, public or semi-private schools. We will continue supporting the project in 2009 with an increased print run to reach wider coverage of the youth market as well as have a stronger focus on the teachers.



Another project involved the construction of a library for the Oshigambo School, fully equipped with books, desks and chairs for the benefit of learners, teachers and the local community.

ENVIRONMENT AND COMMUNITY CARE

These projects are aimed at supporting the "Keep Namibia" clean campaign. We supported 14 projects valued at N\$327 756.18 to encourage Namibians to maintain the country's standards, which is an important enabler to attracting tourism in our country.

ARTS AND CULTURE

Arts and culture projects received 4% (N\$132 000) of our budget with four projects supported.

COMMUNITY INITIATIVES

Additional community initiatives supported related to primary health care & disability; arts & culture and sports. This included:

- Supporting four income-generating arts and culture projects for people with limited sources of income
- The introduction of the 'Spirit of Giving' campaign for our customers to nominate three charities of their choice. N\$100 000 was disbursed towards this initiative
- Sports sponsorships for tennis, rugby and soccer development, including fundraising events to nurture athletic talent.

We will continue to invest in the Namibian communities and will strengthen our activities in this area with the introduction of a Staff Volunteer programme which was deferred for implementation in 2009 once our governance framework has been finalised.

IN 2009 WE WILL

Objective	Activity	Target
Continue to partner with not-for-profit organisations and other institutions	Maintain long-term commitments for broader community development	Three-five year period engagements with partner organisations
Extend reach and impact of FNBN Foundation	Register Foundation as welfare organisation with Master of the High Court	By June 2009
Encourage volunteerism	Introduce staff volunteering programme	

REGULATORY SUMMARY

As a result of the long-term nature of the regulatory formulation and implementation process, we have provided a summary of the most significant regulatory movements affecting our stakeholders over the last year. A number of regulatory developments have already been addressed in the past financial year.

Localisation of Core Banking Systems

A project related to the localisation of the Core Banking System has commenced, to address cross border flows of data, security of information and disaster recovery plans. We are currently in the investigating phase. Agreement has been reached that FNB Namibia will not duplicate or have an instance of Hogan (current FirstRand Core System) in the country. We envisage that this process will be implemented by the Bank of Namibia in July 2010 to be fully localised in terms of our Core Banking Systems.

Financial Intelligence Centre Act (FICA)

Following the gazetting of the Act in 2007, the Financial Intelligence Centre held workshops with the various accountable institutions in preparation for the responsibilities that the Act would pose. The regulations to accompany the Act have not yet been finalised and accepted. However, comments have been made on the draft regulations and feedback on this is still outstanding from the Ministry of Justice. A further development is that, in order for this Act to become effective, the Prevention of Organised Crime Act (POCA) must come into operation. Clarity on this is still pending. While the Act was passed by parliament in 2004, the proposed implementation date of 1 July 2008 has not yet come into effect.

Financial Services Charter

The document articulating the transformation of the financial services industry has been finalised and forwarded for legal review by Senior Council to ensure compliance. The Minister of Finance has appraised the progress made in finalising the charter, and feedback is still awaited. In the interim, Government

has issued a transformation framework, which has raised some doubt on the continued feasibility of the Charter as originally envisaged. Government has responded indicating that sectoral transformation initiatives should continue, as these reflect the contextual reality of particular sectors, while the framework issued is aimed at providing the general and ideal framework for empowerment and economic growth.

Amendments to Labour Legislation

The Labour legislation has also been updated recently due to perceived loopholes in the old Act that did not strike the right balance between the employer's interests and those of the employees. A new Act, which now incorporates fundamental human rights per Chapter Three of the Namibian Constitution, has been drafted. Some of the key issues updated include the revision of annual leave for employees enabling them to now have more leave entitlement, the abolishment of labour hire companies and replaces the district labour court system as a platform for labour dispute resolution as an alternative method of dispute resolution (ADR). The revised Act is expected to come into effect in 2009. The new requirements stipulated in the Act will be worked into our processes in the coming financial year.

Namibian Environmental Law

The Namibian Environmental Management Act of 2007 is expected to come into operation at a date to be determined by the Minister. The Act sets out the principles of environmental management, which include the sustainable use of renewable resources for the benefit of present and future generations, community involvement, equitable access to resources and the promotion of re-use and recycling of waste. We are studying the requirements of this Act to understand the impact on our business and put appropriate measures in place.

For a more comprehensive report on who our regulators are and why they matter to us, please refer to the 2007 Sustainability Report archived on the website www.firststrandsustain.co.za

SUSTAINABILITY IN NUMBERS

We have set out a quantitative view of our sustainability performance below. We have continued to grow our measurement and reporting processes, and data for previous years may therefore not always be available. Please refer to the Group Annual Financial Statement for our economic performance.

Customer	Note	Unit	2008	2007	2006
No. of customers (active accounts)		Number	287 846	146 900	130 000
Infrastructure access		Number	280	283	265
<i>No. of branches & agencies</i>			50	46	34
<i>No. of ATMs & retail ATMs</i>			110	116	110
<i>No. of mini-ATMs</i>			120	121	121
People					
Total Staff by Gender	2	Number	1 601	1 463	1 463
<i>Total Male</i>			564	511	501
<i>Total Female</i>			1 037	952	962
Total Staff by Level			1 601	1 463	1 463
<i>Executive</i>			10	8	16
<i>Senior Management</i>			57	54	46
<i>Middle Management</i>			117	105	99
<i>Junior Management</i>			382	345	356
<i>Clerical</i>			953	872	863
<i>Non-Clerical</i>			82	79	83
Staff Development Investment	1	N\$'000	6 248	4 187	4 915
Staff Development (of Payroll)		%	2.3	Not available	Not available
Staff Development (Hours per FTE)		Hours per FTE	Not available	40	Not available
Learnerships		Number	91	96	10
<i>Accelerated Trainee programme</i>			10	10	10
<i>Care & Growth Learnership</i>			16	86	–
<i>Credit Development programme</i>			23	–	–
<i>USB (Branch Administrator Development programme)</i>			42	–	–
Disabled Staff		Number	45	45	56
Average staff age		Number	33	33	35
Number of years service		Years	Not available	0-3	Not available

Customer	Note	Unit	2008	2007	2006
Community					
FNB Namibia Foundation Community Investment:	1	N\$'000	3 258	2 629	5 900
<i>Skills Development</i>			1 536	514	826
<i>Arts and Culture</i>			132	156	295
<i>Primary Health and Care</i>			2	10	59
<i>Education</i>			1 260	687	1 062
<i>Job Creation</i>			–	34	413
<i>Environment & Community Care</i>			328	1 228	2 301
<i>Administration</i>			–	110	177
<i>Disabled</i>			–	–	767
Note: 1. 2006 and 2007 figures rounded to the nearest 100 or 1 000 2. 2007 staff figures revised in 2008 as incorrect month was used to calculate and present data for these years in previous years' sustainability reports. In 2008 we now present this data (for 2007) for the financial year ending 30 June.					

ENGAGING OUR STAKEHOLDERS

We have approximately 290 000 customer accounts, 1 601 staff, numerous suppliers, 51 community and non-governmental organisations whom we support, shareholders and investors, and a number of regulatory authorities. We also work with industry bodies and special interest groups including our industry peers to address specific issues of interest. The key stakeholders with whom we engage include our customers (including individuals, small business, large corporates and parastatals), staff, suppliers, the communities we support and invest in, the natural environment, our regulators and related authorities, and FirstRand Holding's investors and shareholders. While the variety and scale of our stakeholder group leads to complexity, it is also the source of innovation.

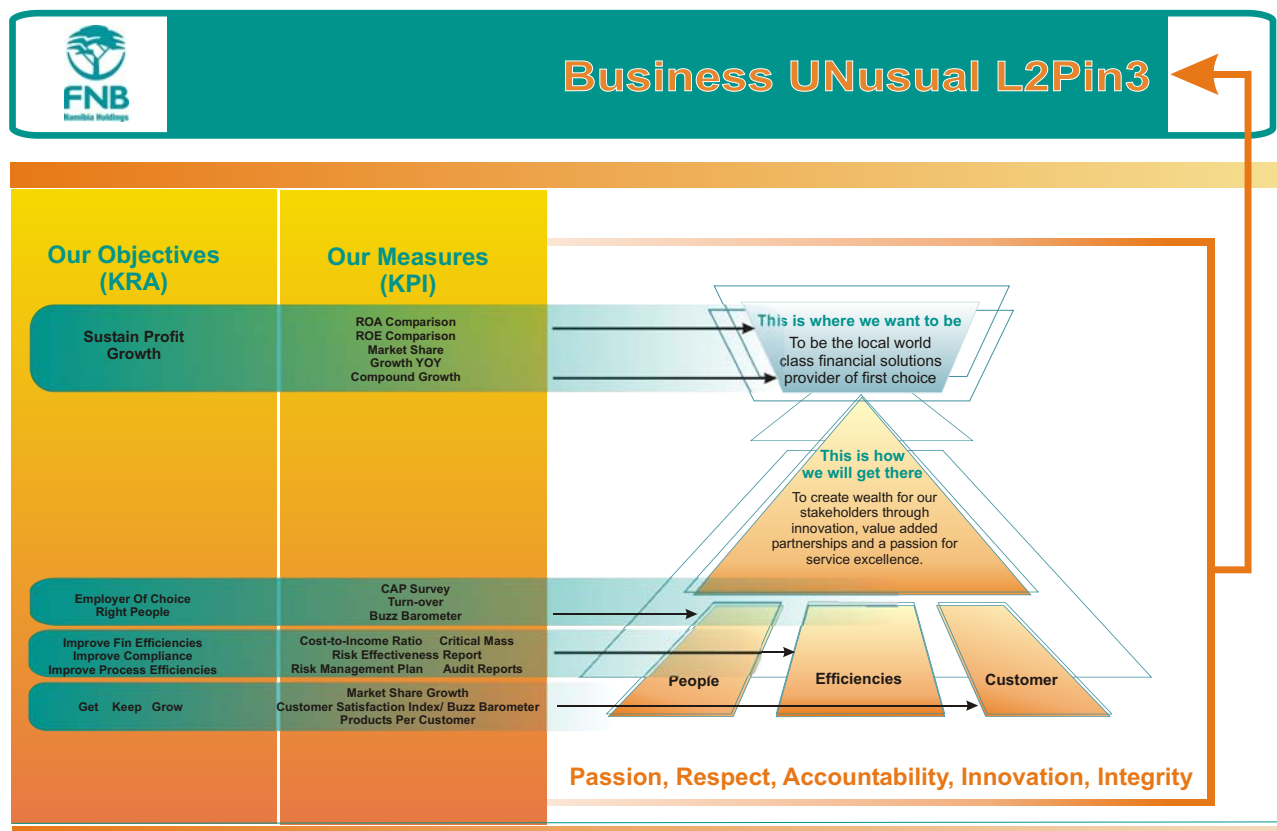
In last year's report, we indicated who are our key stakeholders are, and the main channels of discussion we engage in. Please refer to the Overview section of the 2007 report for further information.

SUSTAINABLE BUSINESS PRACTICE GOVERNANCE

We operate in line with our Group philosophy of empowerment, which governs how we operate and interface with a broad range of stakeholders. This mode of operation is underpinned by a key set of values for being a good corporate citizen. FNB Namibia's management team, including a Board of Directors and Executive Committee, is tasked with making operational decisions and driving the sustainability agenda. Strategic guidance and support is provided by FNB South Africa in line with Group standards, best practices and strategic imperatives. Corporate governance is standardised across the Group for consistent implementation and monitoring in all operations.

OUR STRATEGY PHILOSOPHY

Our customers, people, suppliers, communities and the environment feature in our strategic approach. We indicate how these stakeholders form a part of our strategy below.



ASSURANCE STATEMENT

INTERNAL AUDIT STATEMENT

FirstRand Group Internal Audit performed a review of the statements and quantitative data reflected in FNB Namibia 2008 Sustainability Report. Based on the work performed, in our opinion the FNB Namibia 2008 Sustainability Report:

- Is a fair statement of FNB Namibia's corporate responsibility; and
- The quantitative data in the FNB Namibia 2008 Sustainability Report was transposed correctly and accurately from the supporting source documentation.

GLOSSARY

Term	Description
ADR	Alternative Dispute Resolution
EWP	Employee Wellness Programme
Hogan	The FirstRand South Africa core technology platform
Namibian Dollar (N\$)	Official currency of Namibia
Namibian Dollar (N\$): Rand (ZAR) Exchange Rate	At the time of this compilation, we used an exchange rate of N\$1: ZAR 1.2
NGO	Non-Governmental Organisation
POCA	Prevention of Organised Crime Act
SME	Small and Medium Enterprises

OUR DETAILS

COMPANY INFORMATION

Directors

GT Ferreira (Chairman), PK Harris (CEO), VW Bartlett, DJA Craig (British), LL Dippenaar, DM Falck, PM Goss, Dr NN Gwagwa, G Moloi, AP Nkuna, SE Nxasana, T Nzimande, KB Schoeman, KC Shubane, RK Store, BJ van der Ross, Dr F van Zyl Slabbert, RA Williams.

Secretary and registered office

A H Arnott, BCom, CA(SA)
4th Floor, 4 Merchant Place
1 Fredman Drive, Sandton, 2196

Postal Address

P O Box 786273, Sandton, 2146
Telephone: +27 11 282 1808
Telefax: +27 11 282 8088
Web address: www.firststrand.co.za

Sponsor

(In terms of JSE requirements)
Rand Merchant Bank (a division of FirstRand Bank)
Corporate Finance
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton, 2196
Telephone: +27 11 282 1075
Telefax: +27 11 282 8215

Transfer secretaries – South Africa

Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street, Johannesburg, 2001

Postal Address

PO Box 61051, Marshalltown, 2107
Telephone: +27 11 370 5000
Telefac: +27 11 688 5221

Transfer Secretaries – Namibia

Transfer Secretaries (Pty) Limited
Shop No 12, Kaiserkrone Centre
Post Street Mal, Windhoek

Postal Address

PO Box 2401, Windhoek, Namibia
Telephone: +264 61227647
Telefax: +264 612 48531

STOCK EXCHANGES

JSE Limited (“JSE”)

Ordinary shares	Share code	ISIN code
– FirstRand Limited	FSR	ZAE 000066304

Non cumulative non redeemable preference shares

– “B”	FSRP	ZAE 000060141
– “B1”	FSPP	ZAE 000070900

Namibian Securities Exchange (“NSE”)

Ordinary shares	Share code	ISIN code
FirstRand Limited	FSR	ZAE 000066304
FNB Namibia Holdings Limited	FNB	NA 0003475176

Botswana Securities Exchange of South Africa (“JSE”)

Ordinary shares	Share code	ISIN code
FNB Botswana Holdings Limited	FNBB	BW 000000066

Bond Exchange of South Africa (“BESA”)

Subordinated debt

Issuer	Code	ISIN Code
FirstRand Bank Limited	FRB01	ZAG 000021585
FirstRand Bank Limited	FRB02	ZAG 000021593
FirstRand Bank Limited	FRB03	ZAG 000026774
FirstRand Bank Limited	FRB05	ZAG 000031337
FirstRand Bank Limited	FRB06	ZAG 000045758
FirstRand Bank Limited	FRB07	ZAG 000047598
FirstRand Bank Limited	FRB08	ZAG 000047796
FirstRand Bank Limited	FRB08	ZAG 000047804
Momentum Group Limited	MGL01	ZAG 000029935

Upper Tier 2

FirstRand Bank Limited	FRBC21	ZAG 000052283
FirstRand Bank Limited	FRBC22	ZAG 000052390

FOR QUERIES OR COMMENTS REGARDING FIRSTRAND’S SUSTAINABILITY EFFORTS, PLEASE EMAIL FIRSTRAND.SUSTAIN@FNB.CO.ZA

FOR QUERIES OR COMMENTS REGARDING FIRSTRAND’S TRANSFORMATION EFFORTS, PLEASE EMAIL TRANSFORMATION@FIRSTRAND.CO.ZA