2010

Debt investor presentation

Cape Town, 20 October 2010

FIRSTRAND

2010

Overview of FirstRand

Johan Burger

FIRSTRAND

2010

Strategic overview

FIRSTRAND

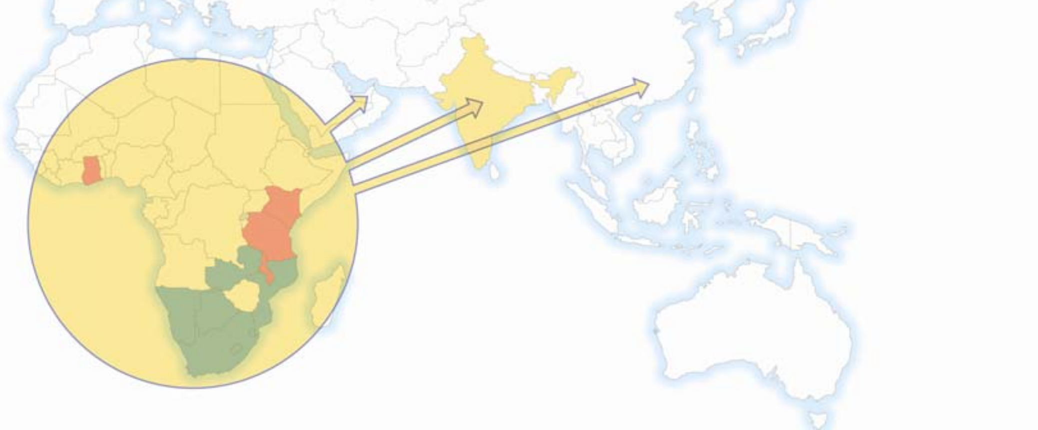
FirstRand's strategic intent

- To be the African financial services group of choice
- Create long-term franchise value
- Deliver superior and sustainable economic returns within acceptable levels of volatility

Growth strategies

- Dominant South African player focussing on existing and under represented markets

- Grow African franchise, targeting:
  - Above average domestic growth markets
  - Markets strongly positioned to benefit from trade and investment flows between Africa and Asia, particularly China and India



SA growth in perspective

High growth	China	9.81
	Ghana	8.35
	India	8.28
	Mozambique	7.46
	Tanzania	7.07
Medium growth	Nigeria	6.74
	Angola	6.72
	Uganda	6.72
	EM Average	**6.55**
	Indonesia	6.48
	Zambia	6.15
	Kenya	5.85
	Sub-Saharan Africa	**5.43**
	Botswana	5.40
	Brazil	4.72
	Mexico	4.64
	World	**4.43**
	Russia	4.13
	South Africa	3.83
	Australia	3.30
Low growth	Canada	2.85
	USA	2.59
	Namibia	2.50
	UK	2.46
	Japan	1.90
	Germany	1.68
	Italy	1.26
	Spain	1.09
	Greece	-0.30

Low growth | Medium growth | High growth

Note: Figures represent average GDP growth forecasts for 2010-14

Source: IMF

FirstRand targeting growth of nominal GDP + 3% to 5%

Growth areas in South Africa

- Retail
  - Mass market
  - Wealth segment
- Corporate
  - CIB initiative
  - RMB FICC
  - Risk appetite for corporate lending

Domestic retail growth opportunities

Mass segment strategies

- Cellphone banking
  - More than doubled customer base in FY10 (from 950k to 1.95 million)
- FNB EasyPlan
  - 15 branches at 30 June 2010
  - Target 100 branches in 2011
- eWallet
  - Launched in October 2009
  - 222 539 Wallets at September 2010

Wealth segment

- Acquisition of BJM private clients business

Innovative platforms

- PayPal, FNB Connect, ADTs

Domestic corporate growth opportunities

- Corporate and Investment Banking
  - CIB and Coverage units formed
- RMB FICC strategy
  - Focus on flow and client drive
- Wholesale credit focus
  - Adjusted prudential limits
  - Increased appetite for investment-grade defensive counters

Africa is core to the Group's international strategy

Existing countries:
Namibia
Botswana
Lesotho
Mozambique
Swaziland
Zambia

Priority countries:
Nigeria
Tanzania
Angola
Ghana

International strategy

- Regional integrated financial services group
- Roll-out FirstRand’s businesses in targeted countries across sub-Saharan Africa
- Co-ordinate activities across FirstRand’s brands
- Preserve and grow current franchises and create sustainable profits
- Universal banking
- Provide a comprehensive range of banking products appropriate to the jurisdiction
- Implement best practices and governance principles

Entry strategy – international

- Our entry into new countries will be a combination of acquiring existing banks or Greenfields as appropriate
- We will do Greenfields if:
    - New banking licenses are available
    - Environment is conducive to Greenfields
    - No suitable acquisitions are available

Growth opportunities in Africa

- Nigeria
  - Representative office staffed
  - Still assessing acquisition of small, healthy local bank
  - Entry into investment banking being investigated
- Tanzania
  - Core team identified
  - Systems, premises and infrastructure in place
  - Awaiting final regulatory approval
- Angola
  - Received approval for representative office in July 2009
  - Greenfields business case being developed
  - Pursuing opportunities from SA-Angola bilateral trade agreements
- Zambia
  - FNB Zambia launched in April 2009
  - 14 000 accounts opened to date
  - Expected to breakeven in December 2011

Coordinated focus on Africa and corridors

- Growth in FICC business in existing African subsidiaries
  - Namibia – number 1 in the market
  - Zambia – breakeven in year 1
  - Mozambique – ahead of budget

- Corridor strategies in India and China gaining traction

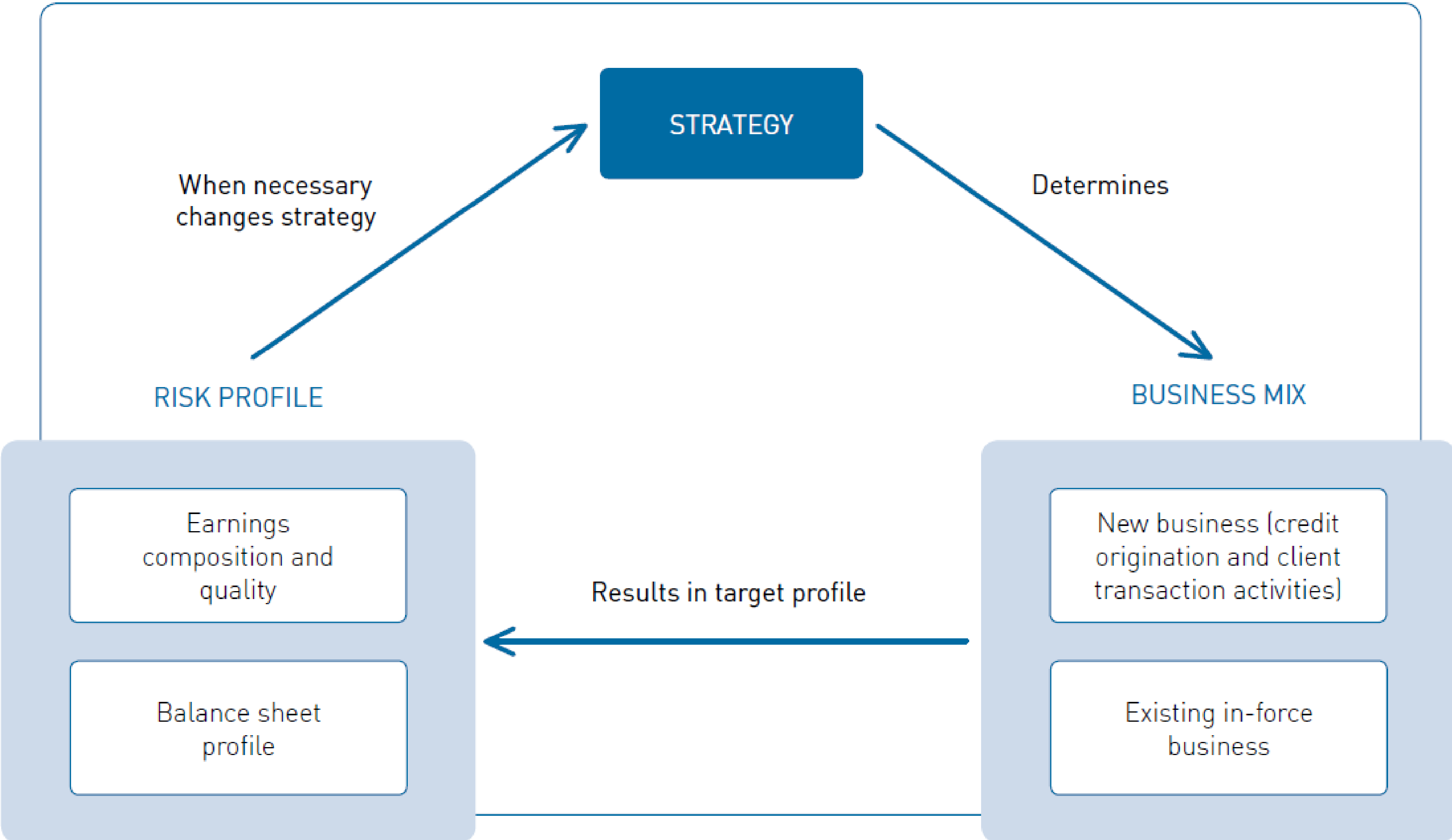
- India branch
  - Profitable from May 2010
  - Strong brand building achieved in the Indian market with major corporates and government institutions
  - Traction in FICC and Investment Banking space
  - Trade Finance revenues from Indian counters as doubled since establishing a presence on the ground in India
  - Advisory partnership signed with one of India's leading Advisory firms (JM Financial)
  - Work to be done in DCM, infrastructure, distribution and equities spaces

FirstRand rebalancing its portfolio

- Retail vs corporate
  - CIB initiative, increase appetite for investment-grade defensive counters
- Better balance between mass, consumer and wealth revenue streams in the retail portfolio
- Client flows vs secondary markets within corporate and investment banking portfolio
- Building the savings franchise
- South Africa and the rest of Africa

Maintain sound financial position

Strategy and risk profile aligned



Aligning strategy and risk

- Risk management deeply embedded in tactical and strategic decision-making
- Apply the basic disciplines
  - Hold appropriate levels of core capital
  - Manage liquidity prudently
  - Manage diversified portfolio on a holistic basis, utilising natural hedges and business mix to ensure sufficient loss absorption capacity
  - Manage asset profile in line with risk appetite ranges
  - Drive operational efficiencies across the portfolio
  - Rebalance the portfolio for different macro scenarios
- Macro shifts – highways
  - Single house view – informs credit origination, funding and tail risk strategies, stress testing
  - Key macro drivers – “highways” (long-run trends)
  - Counter-cyclical approach
- Refinements to business models
  - Align risk appetite, financial/operating leverage and business mix

2010

Financial performance & risk profile

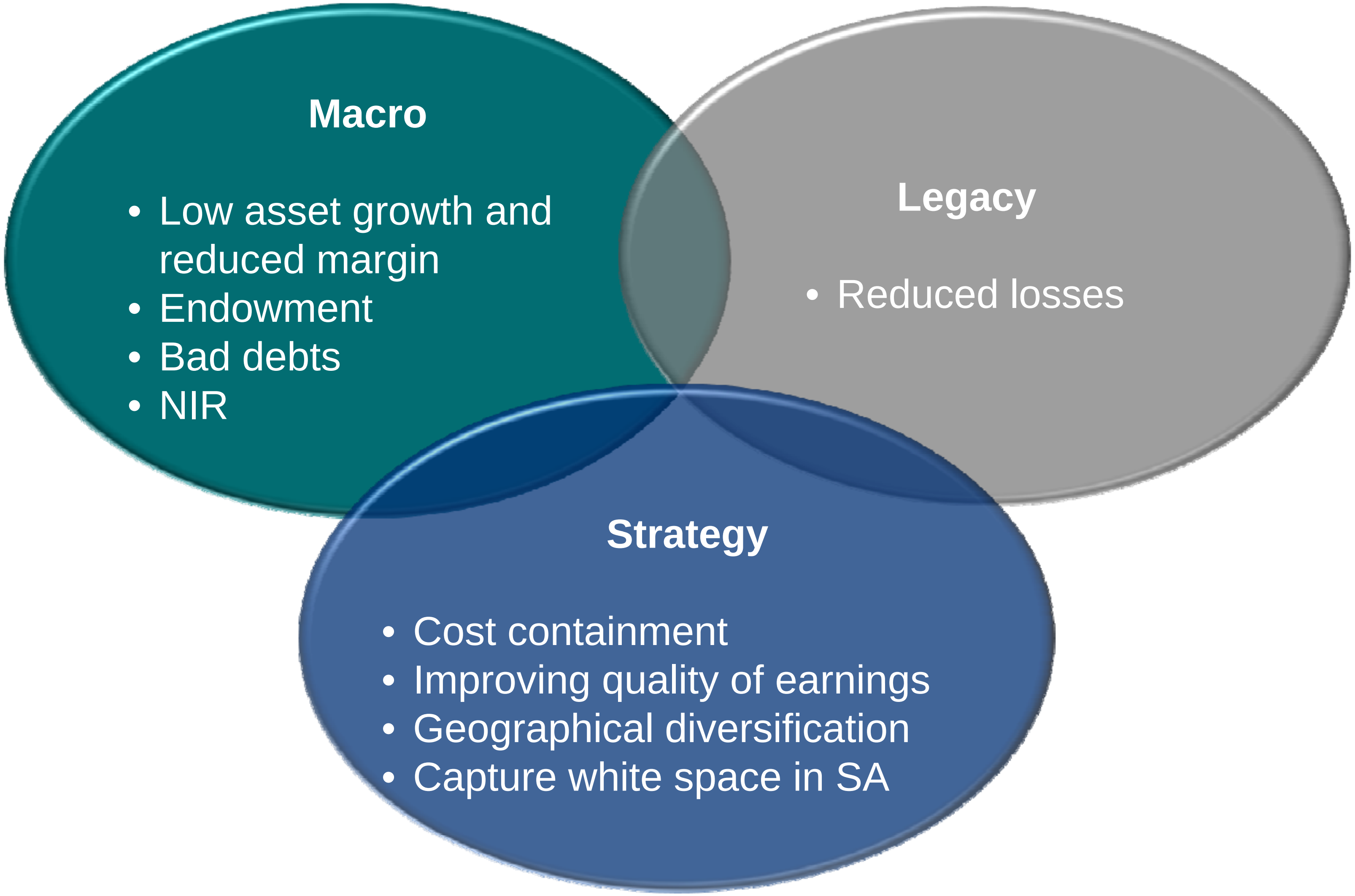
FIRSTRAND

Banking Group key financial ratios

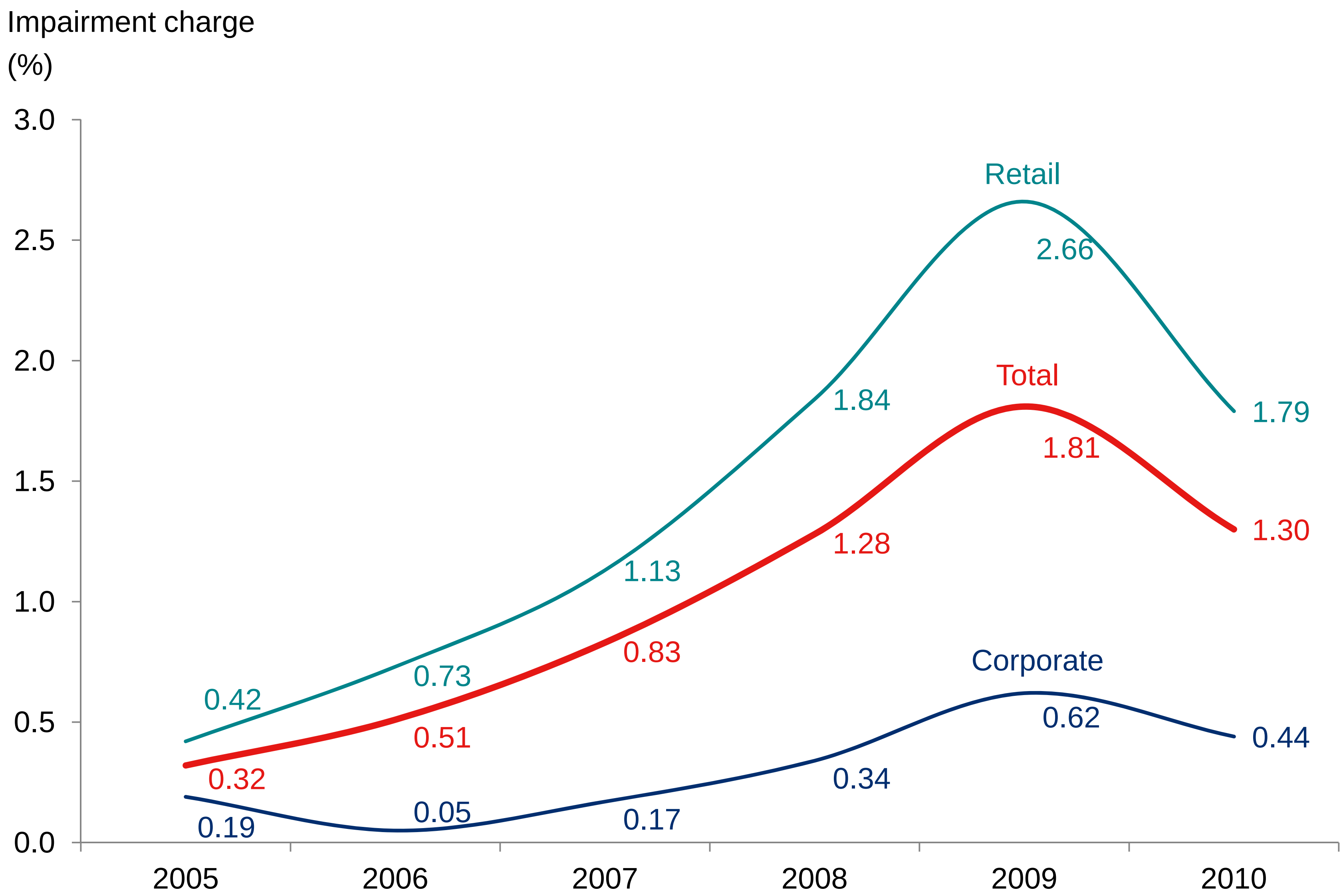
	Jun '10	Jun '09		Change
Normalised earnings[1] (R million)	8 535	6 056	▲	41%
Normalised return on equity[2] (%)	18	13	▲	
Return on assets (%)	1.24	0.80	▲	
Credit loss ratio (%)	1.30	1.81	▼	
Cost to income ratio – normalised (%)	57.1	58.1	▼	
Tier 1 capital ratio[3] (%)	13.5	12.3	▲	
Interest margin – normalised (%)	4.56	4.96	▼	
Advances[4] (R billion)	444	430	▲	3%

1 Before deducting preference share dividends
2 After deducting preference share dividends
3 Ratios shown are for FRBH
4 Gross advances after deducting ISP

Drivers of FY10 earnings



Bad debts reduction adds R2.3bn of PBT

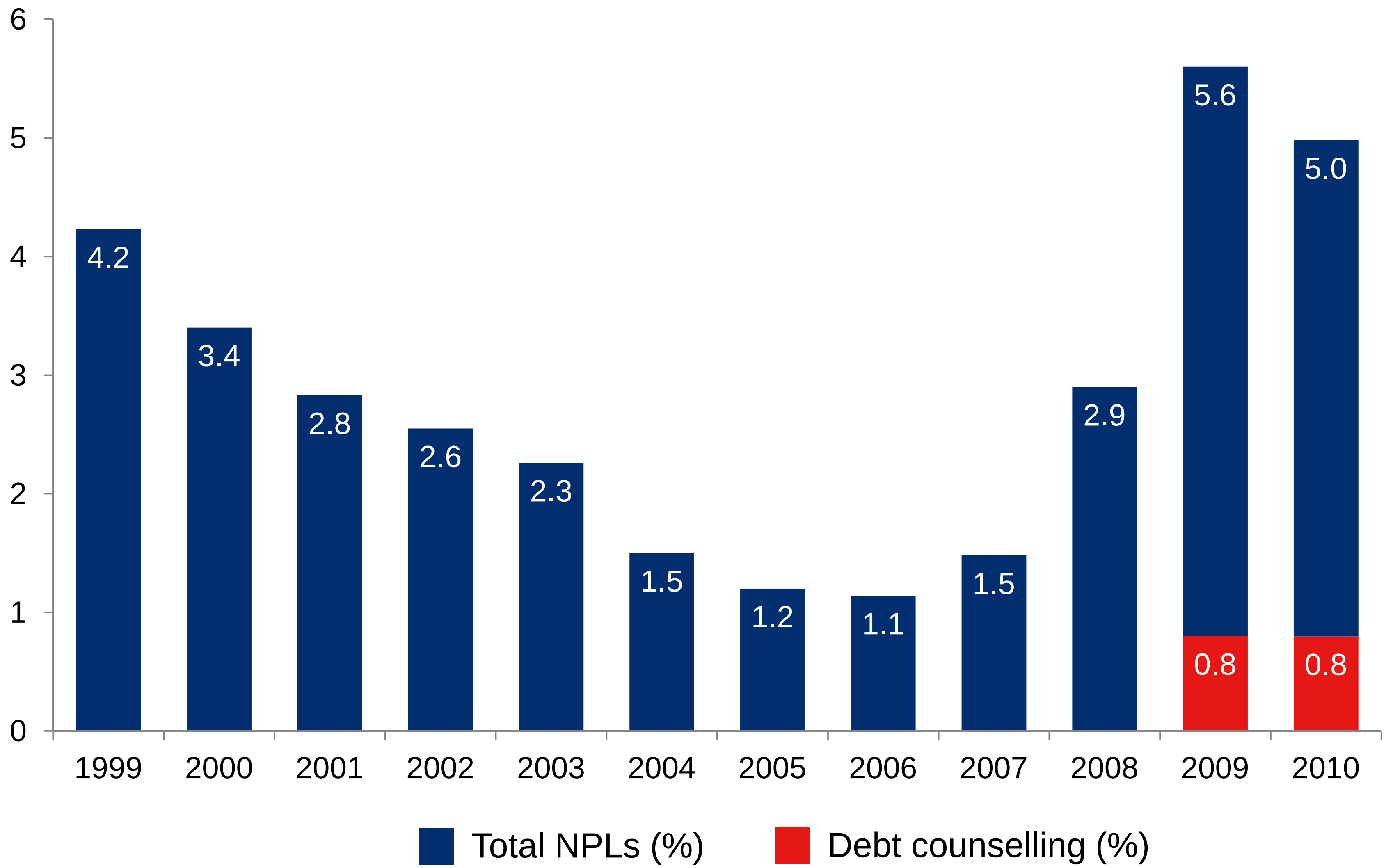


Retail unwind faster than corporate

Bad debts Percentage of average advances	6 months to Jun '10	6 months to Dec '09	6 months to Jun '09
Retail	1.41	2.08	2.97
- Residential mortgages	0.73	1.17	1.76
- Credit card	5.73	8.14	12.51
- Vehicle and asset finance	1.45	2.20	2.70
Wholesale*	0.81	0.71	0.90
Total bad debt ratio	1.13	1.51	1.99

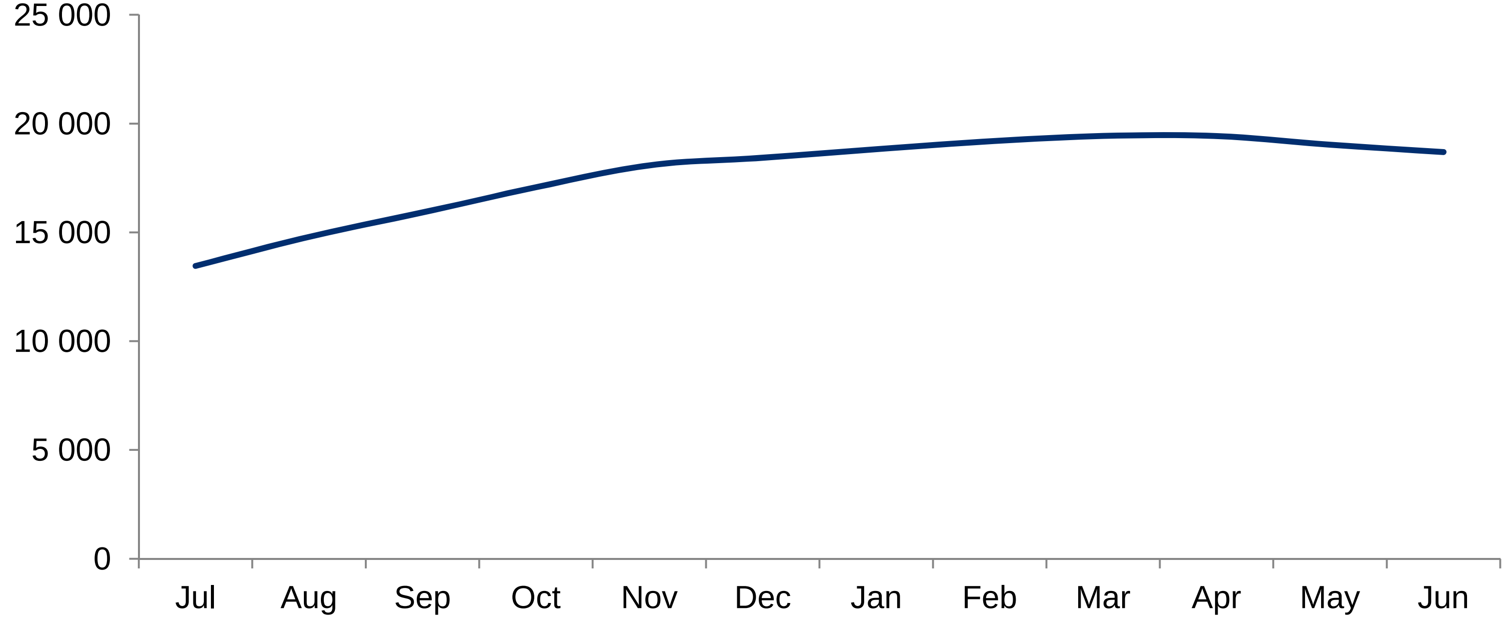
* Includes WesBank Business and Corporate

NPLs remain sticky



Number of debt counselling accounts stabilising

WesBank and HomeLoans debt counselling accounts



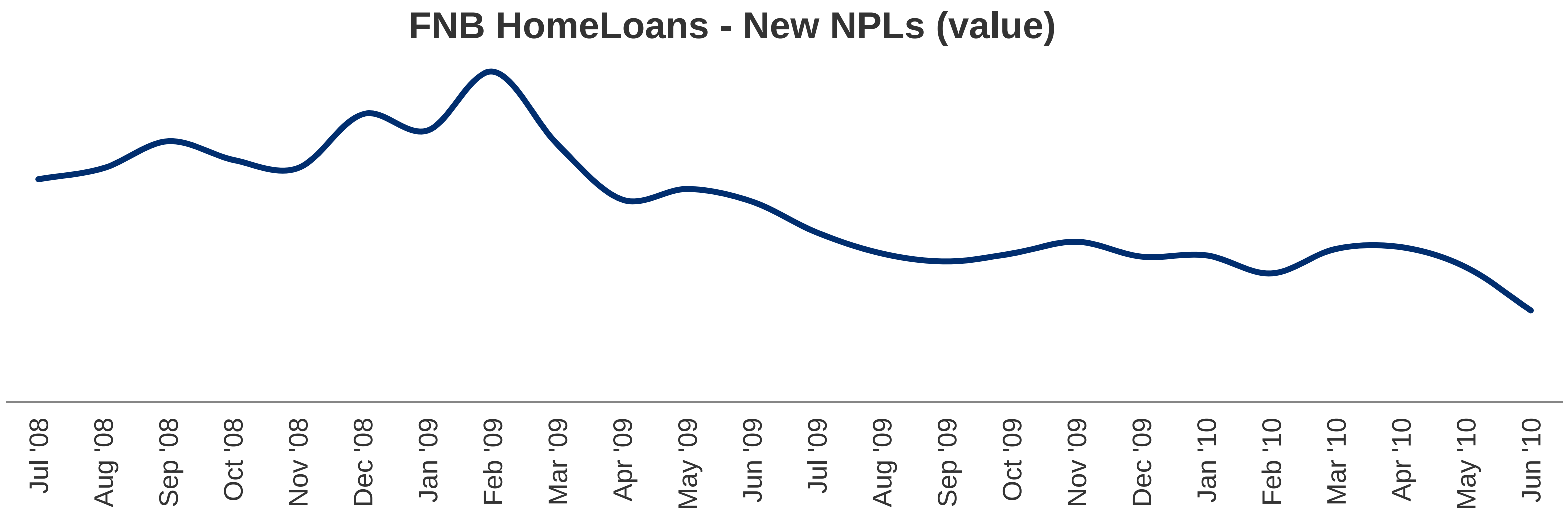
- Inflows into debt review are stabilising
- The underlying risk profile of the debt review book is better than expected

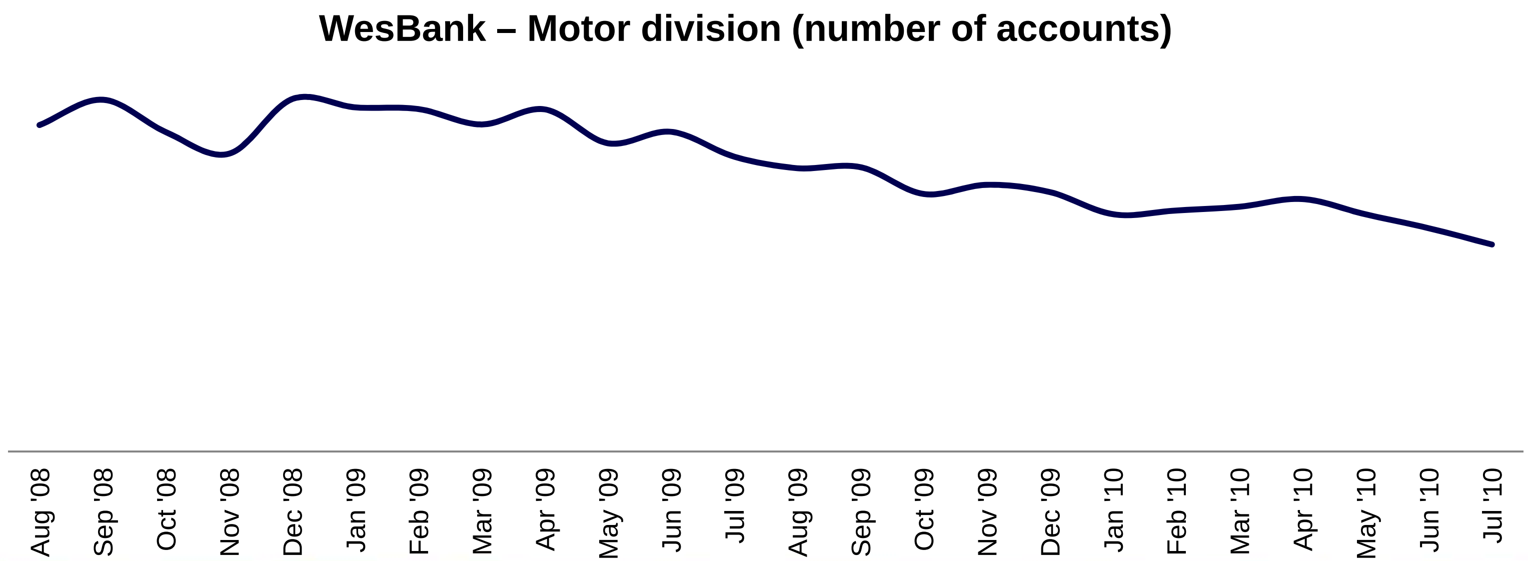
Positive trend, but absolute level remains high

NPL Percentage of advances	Jun '10	Dec '09	Jun '09
Retail	6.94	7.43	8.15
- Residential mortgages	8.24	8.71	9.21
- Credit card	6.28	8.50	12.31
- Vehicle and asset finance	5.17	5.03	5.52
Wholesale*	2.52	2.72	2.29
Total NPL ratio	5.00	5.42	5.64

* Includes WesBank Business and Corporate

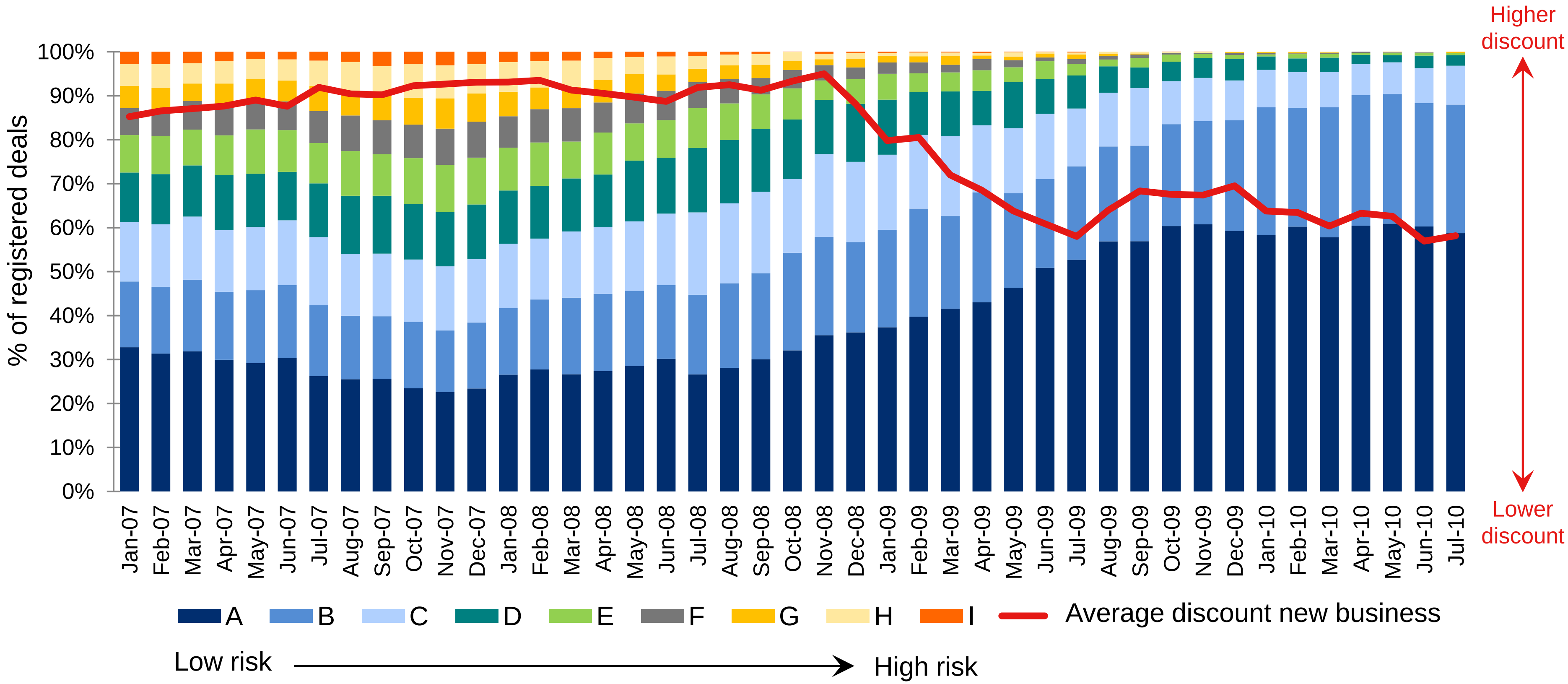
Lower NPL inflows reflect better macro and origination actions



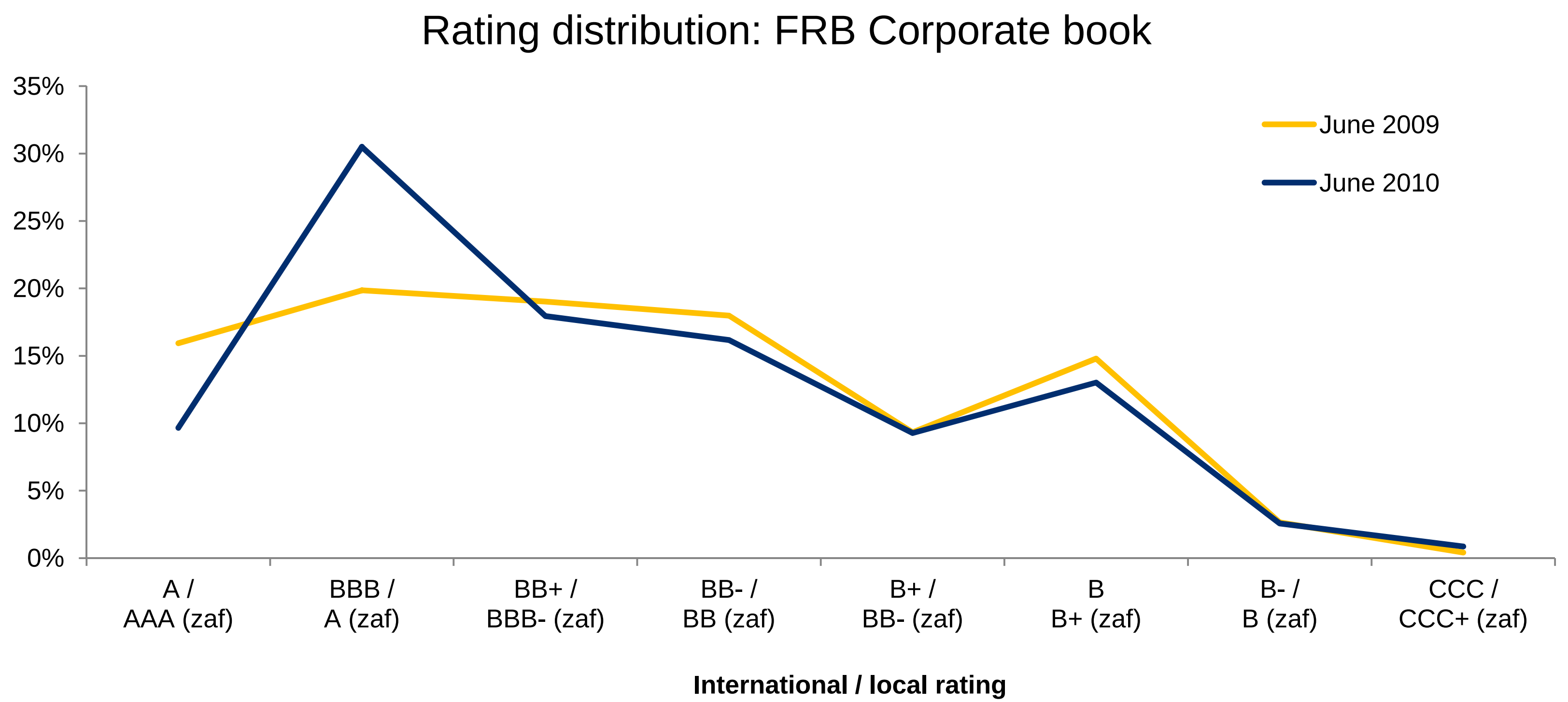


Effective credit and pricing strategies – FNB HomeLoans

- New business weighted heavily towards lower risk customers
- Repricing initiative successful even though low risk customers qualify for relatively higher discounts

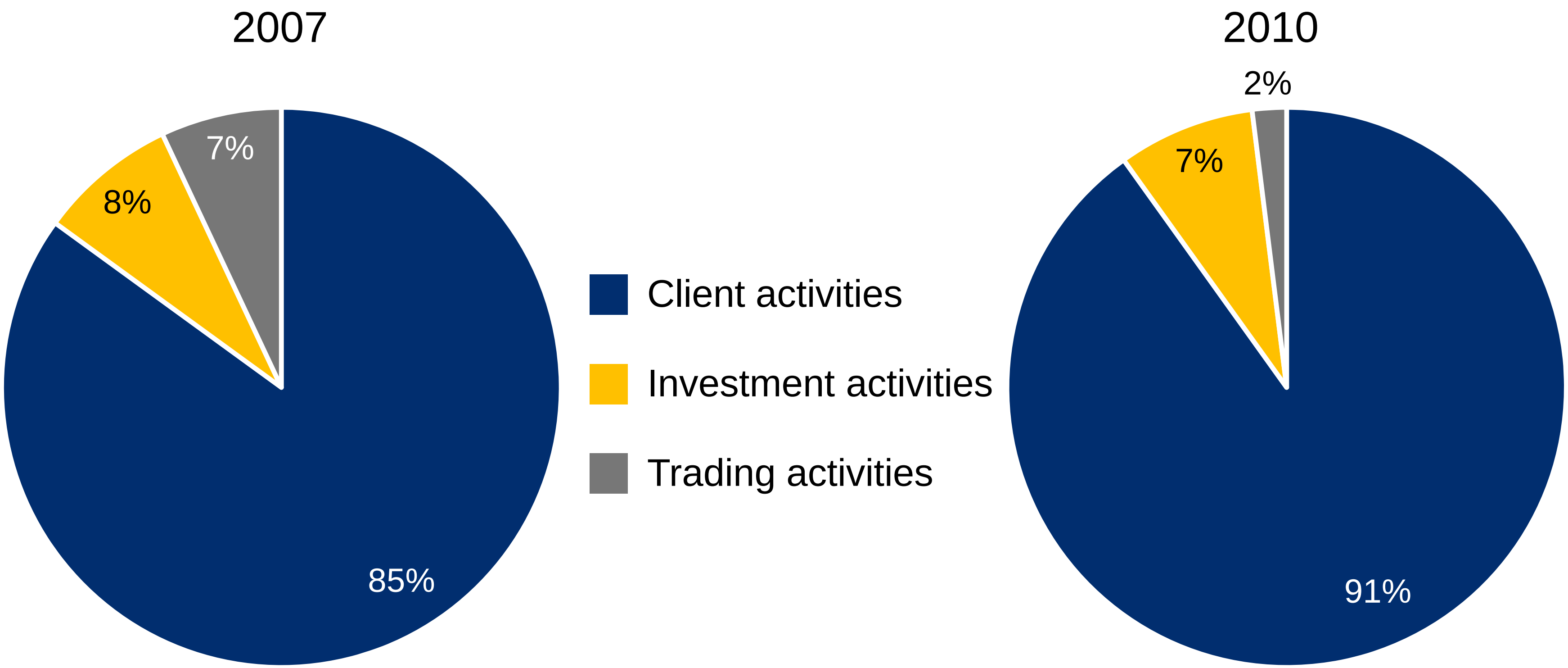


Corporate portfolio resilient



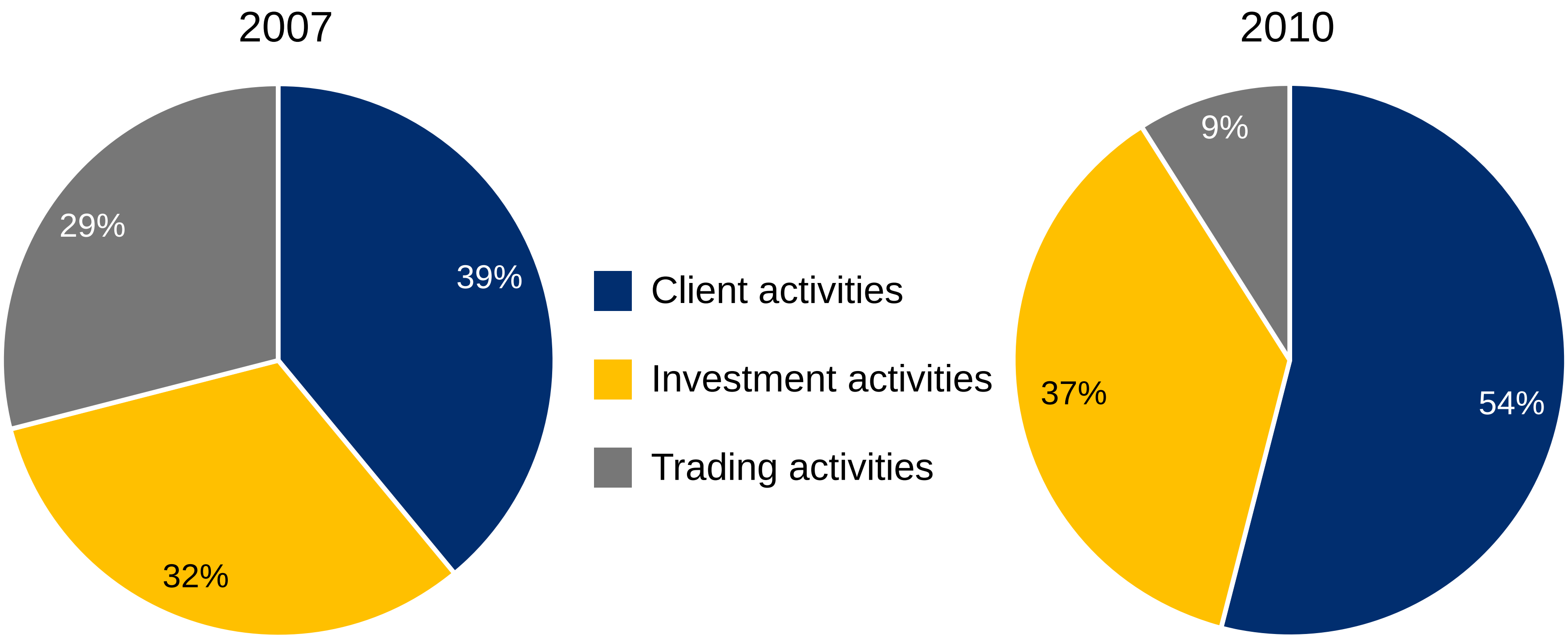
- Majority of negative credit migrations were experienced in specific sub-sectors, such as property development and transportation, whilst most of exposures in other industries showed resilience
- In line with the Group's strategy to rebalance its portfolio, FRB is increasing its exposure to large high-quality corporate credit
- The in-force book (originated by the investment bank) has performed well, but due to natural run-off profile of these exposures, capacity is available to write more high-quality business

Growth in client revenue improves quality of earnings



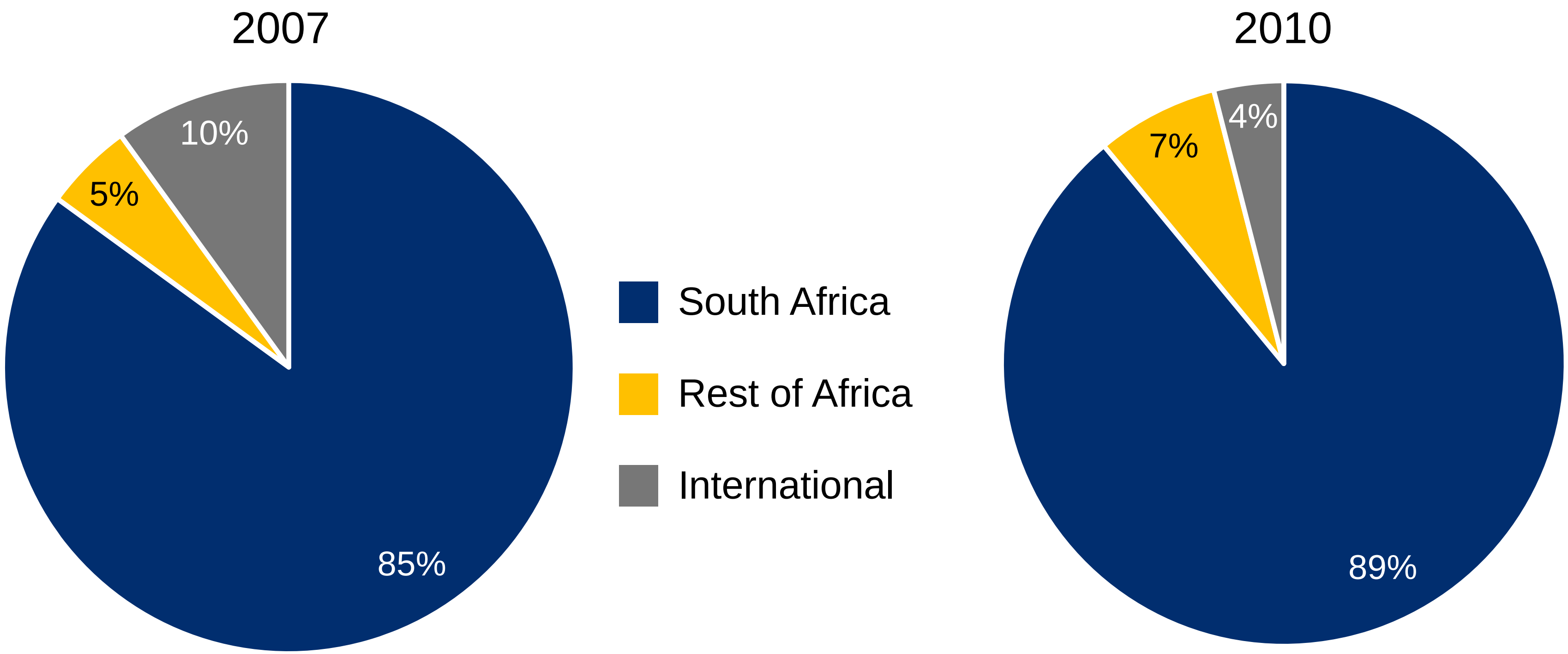
Based on gross revenue

Quality improvement driven by RMB strategy



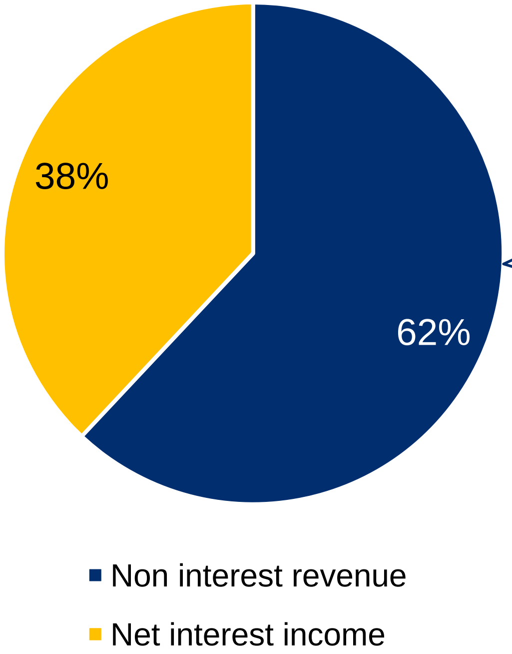
Based on gross revenue

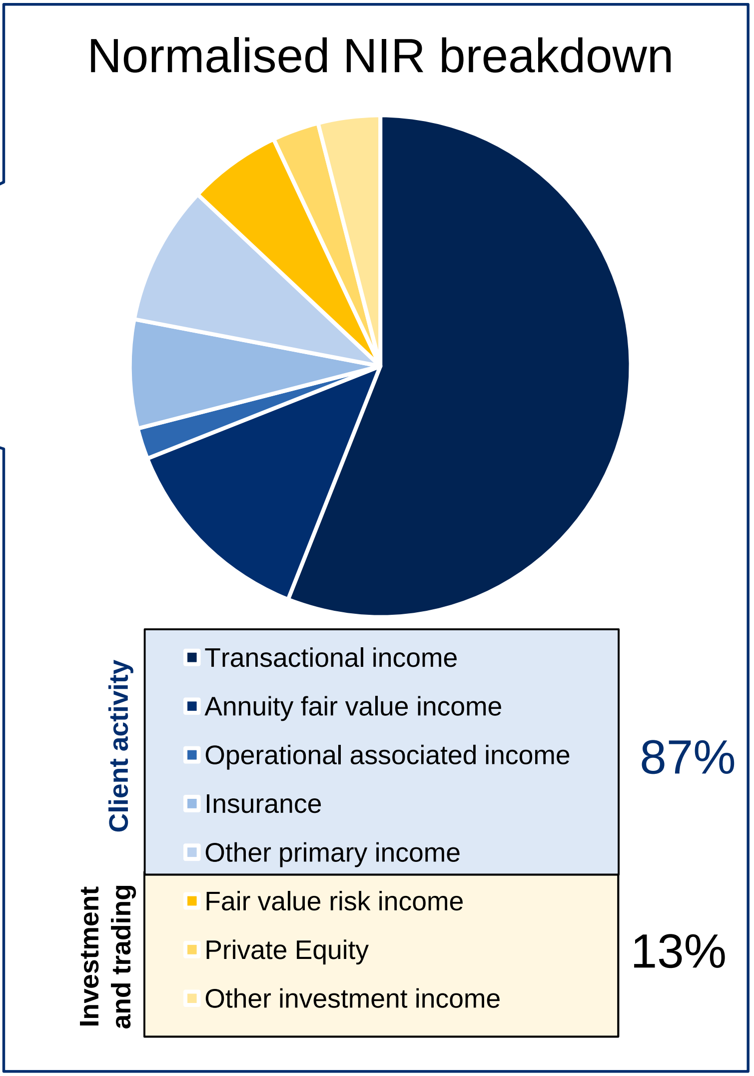
Geographic diversification – mix changing



Based on gross revenue

Earnings mix provides risk capacity





Risk profile summary

- Continued improvement in asset quality (in-force and new business)
- De-risking has reduced the potential impact of legacy portfolios
  - Remaining portfolio size
- Interest rate risk in the banking book – hedged
- Endowment impact: R543 million per 100 bps
- Capital position remains robust
  - Strong capital generation
- Improving funding profile
  - Lengthened the funding profile and increased buffers
- Market risk (trading)
  - Trading activities produced 2% of the Group's gross revenue (2007: 7%)
  - 3% of capital allocated to market risk (2007: 5%)

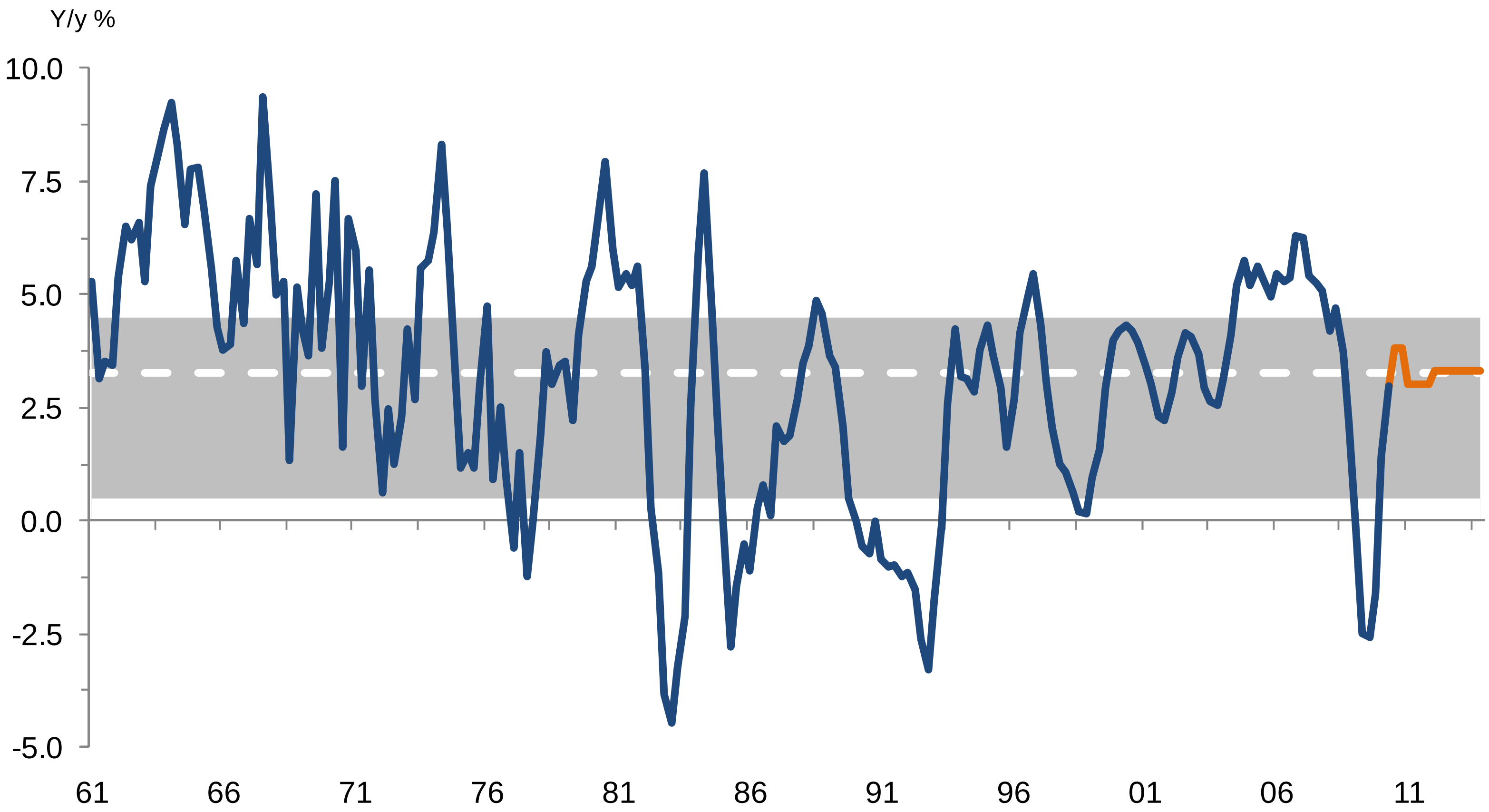
Strong financial position

2010

Prospects:
Modest economic recovery

FIRSTRAND
Bank Limited

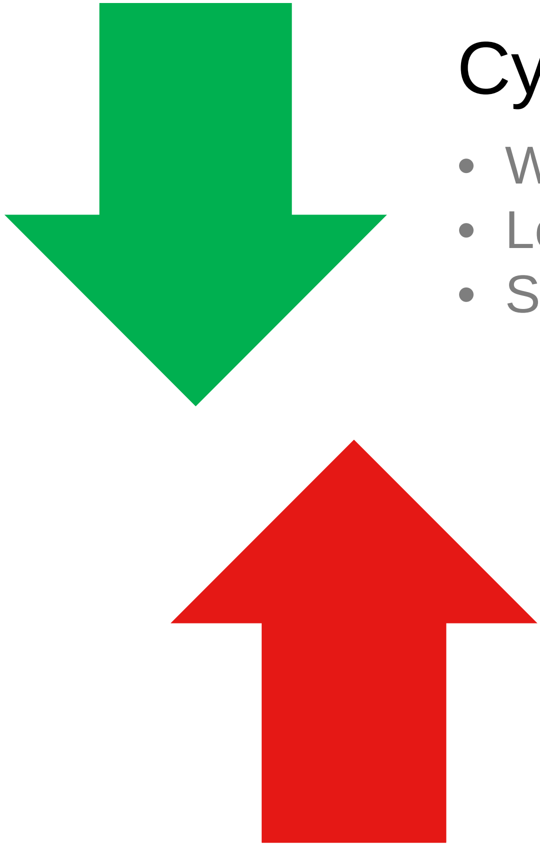
South Africa's GDP growth



SA growth is expected to remain on the highway

Source: I-Net and FirstRand Research

Cyclical vs structural forces



Cyclical

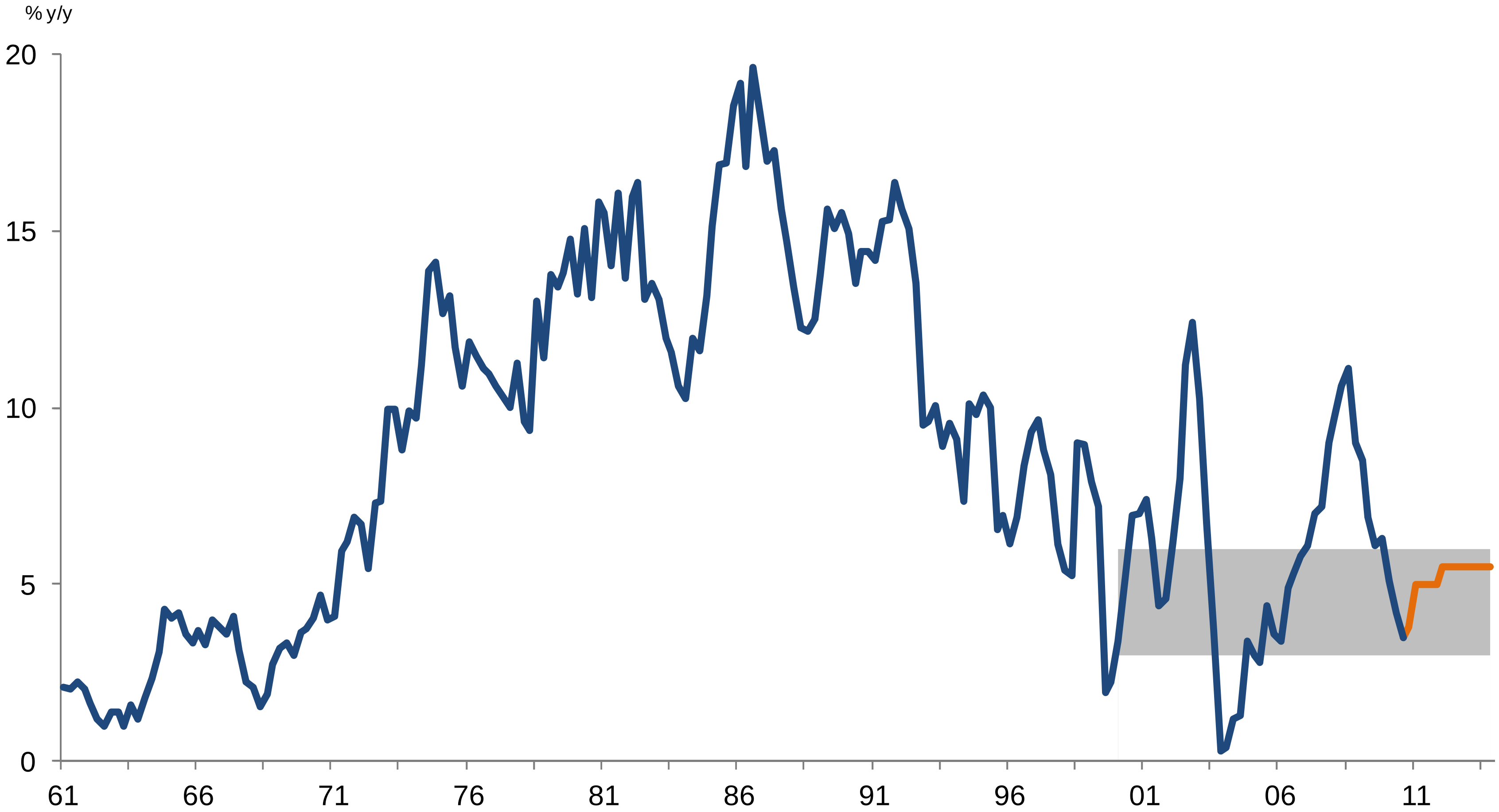
- Wide output gap
- Low food prices
- Strong rand

Structural

- Wage increases
- Administered prices
- Inflation expectations

Downward pull from cyclical forces will be temporary,
structural pressures will eventually drive CPI towards the top of band

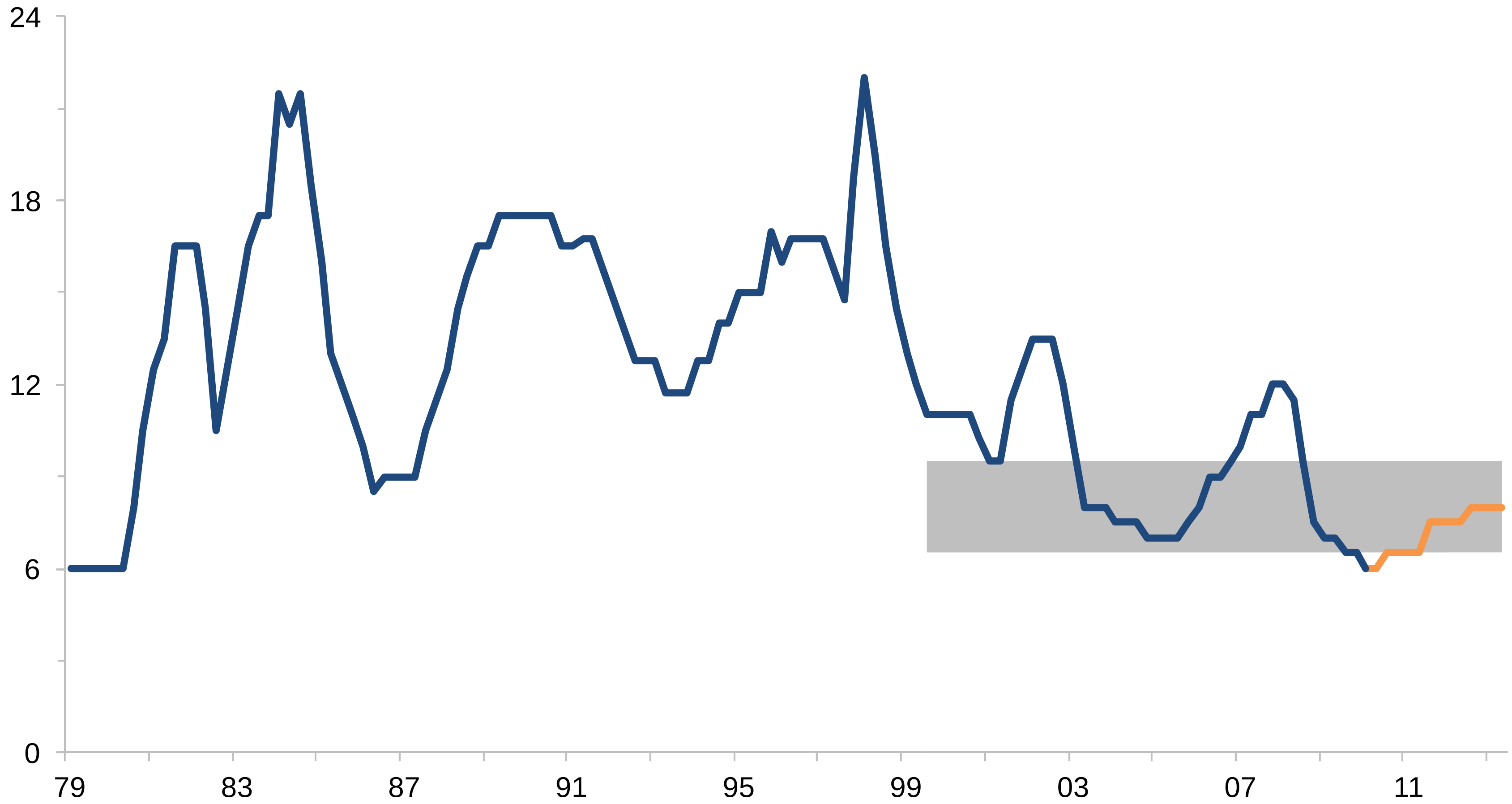
SA inflation back in the target band



Expect inflation to stay in the 3-6% band

Source: I-Net and FirstRand Research

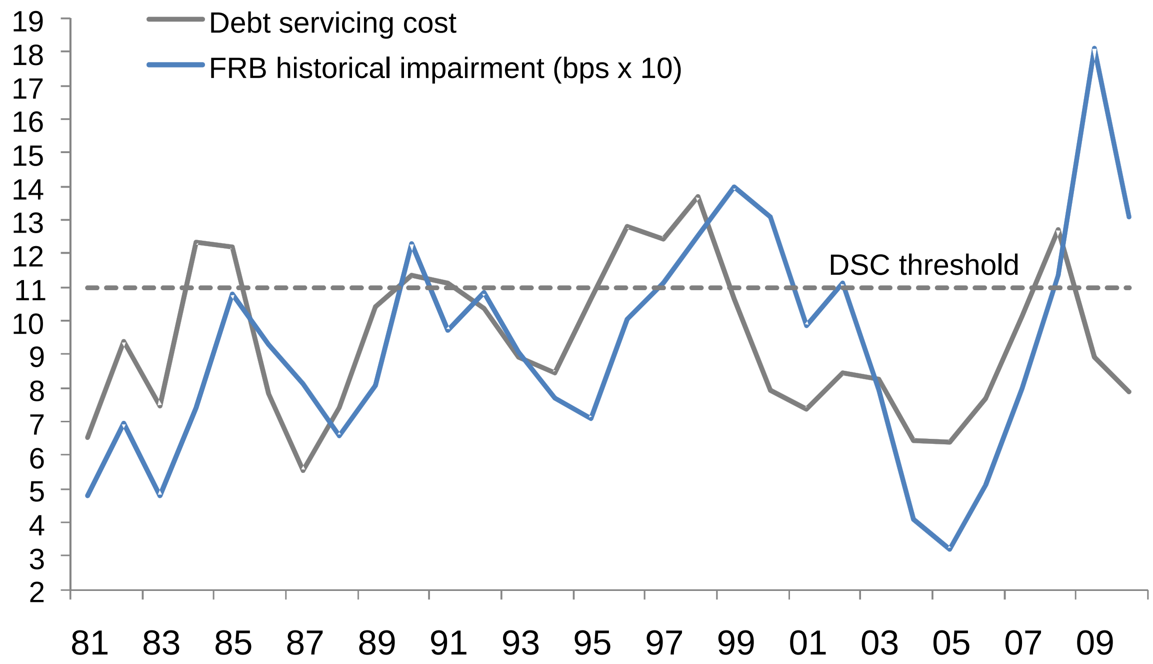
Repo rate below the highway



Repo rate below the highway – but temporary
(short-term range 5.5-7.5%)

Source: I-Net and FirstRand Research

Asset growth is about affordability



Max debt-servicing cost	Prime rate (highway)	Debt/income (implied max)	
11%*	10-13%	85%	5yr horizon

** Given the Group's tolerance for through-the-cycle bad debts*

85% looks realistic (up from 78%)

Source: FirstRand Research

Income growth

Income growth expected to be in line with nominal GDP

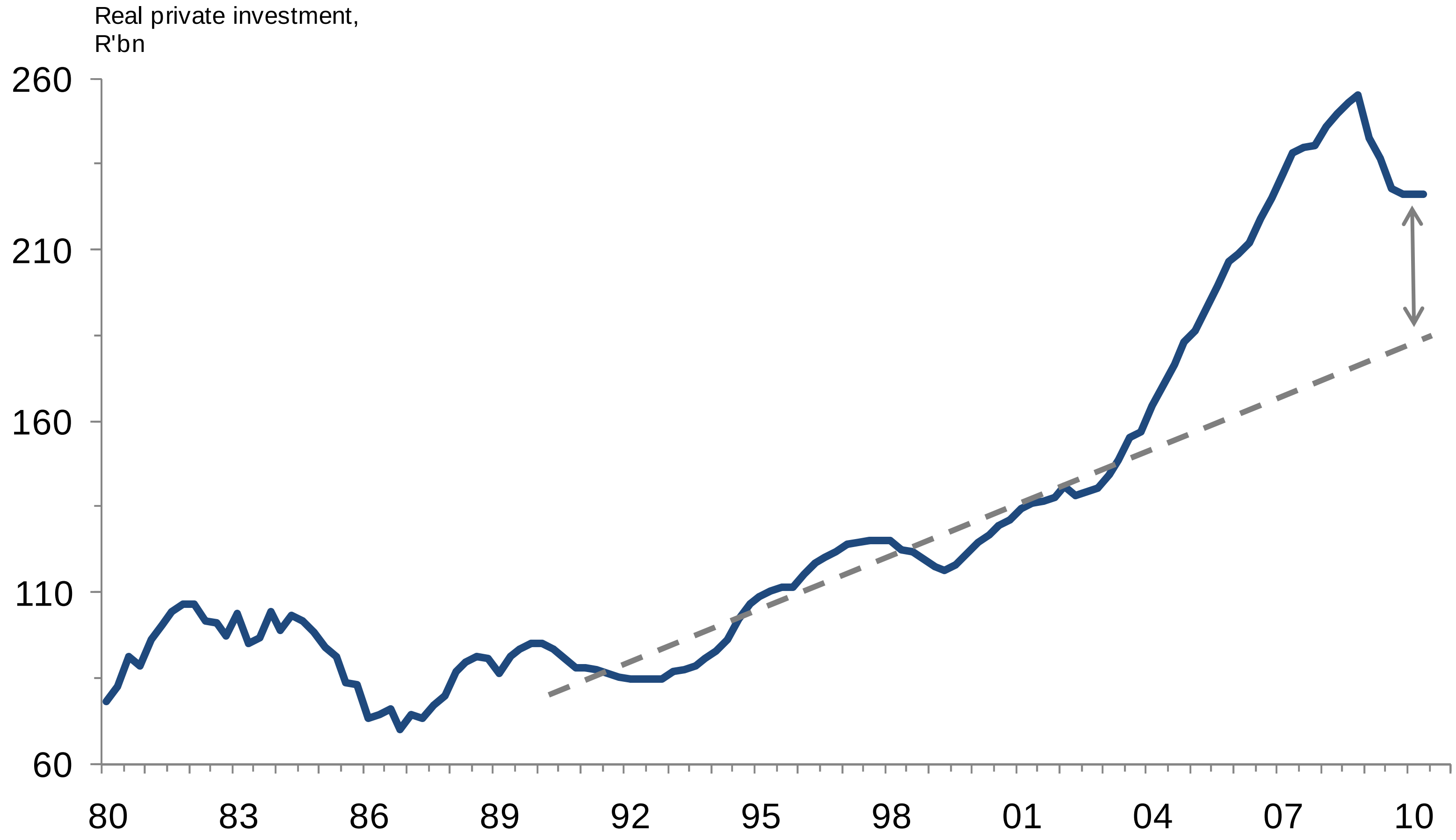
Source: I-Net and FirstRand Research

Wage increases at the expense of jobs

Income up due to rising wages (despite unemployment)

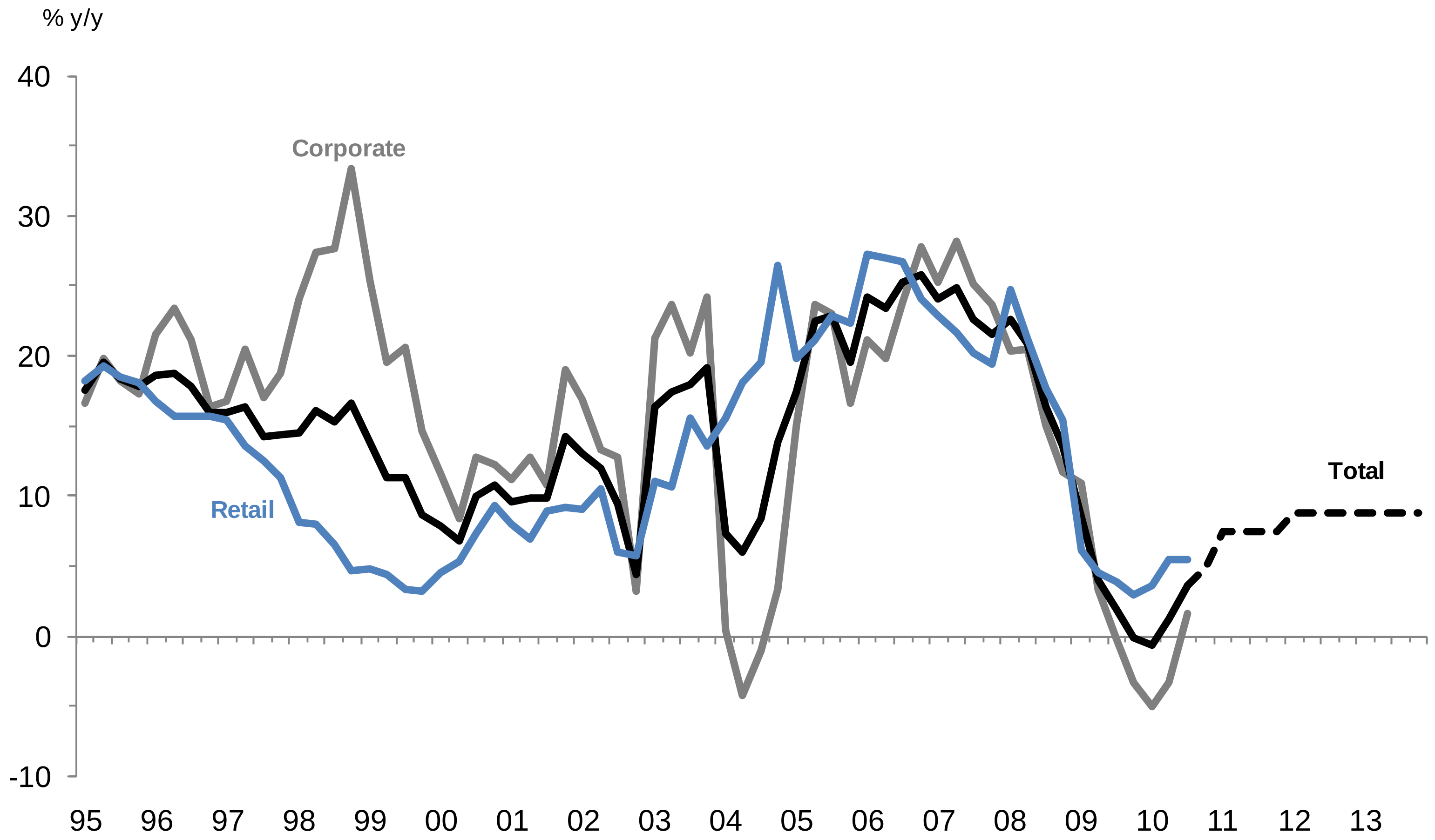
Source: StatsSA, I-Net , SARB Quarterly Bulletin, FirstRand Research

Excess capacity in the corporate sector



Source: SARB Quarterly Bulletin and FirstRand Research

Slow credit growth



Credit to grow slower than nominal GDP
Retail credit to outpace corporate

Source: I-Net, SARB and FirstRand Research

2010

Conclusion

FIRSTRAND

In conclusion…

- Risk profile continues to improve
- Expect revenue growth in the medium term to remain challenging
  - Subdued growth in retail and corporate advances
- Manage costs and optimise operational leverage
  - Significant room for improvement
  - “Grow muscle, cut fat”
- Will continue to grow infrastructure in growth segments in South Africa and invest in African footprint

Leveraging off a platform of diverse revenue streams and strong operating franchises

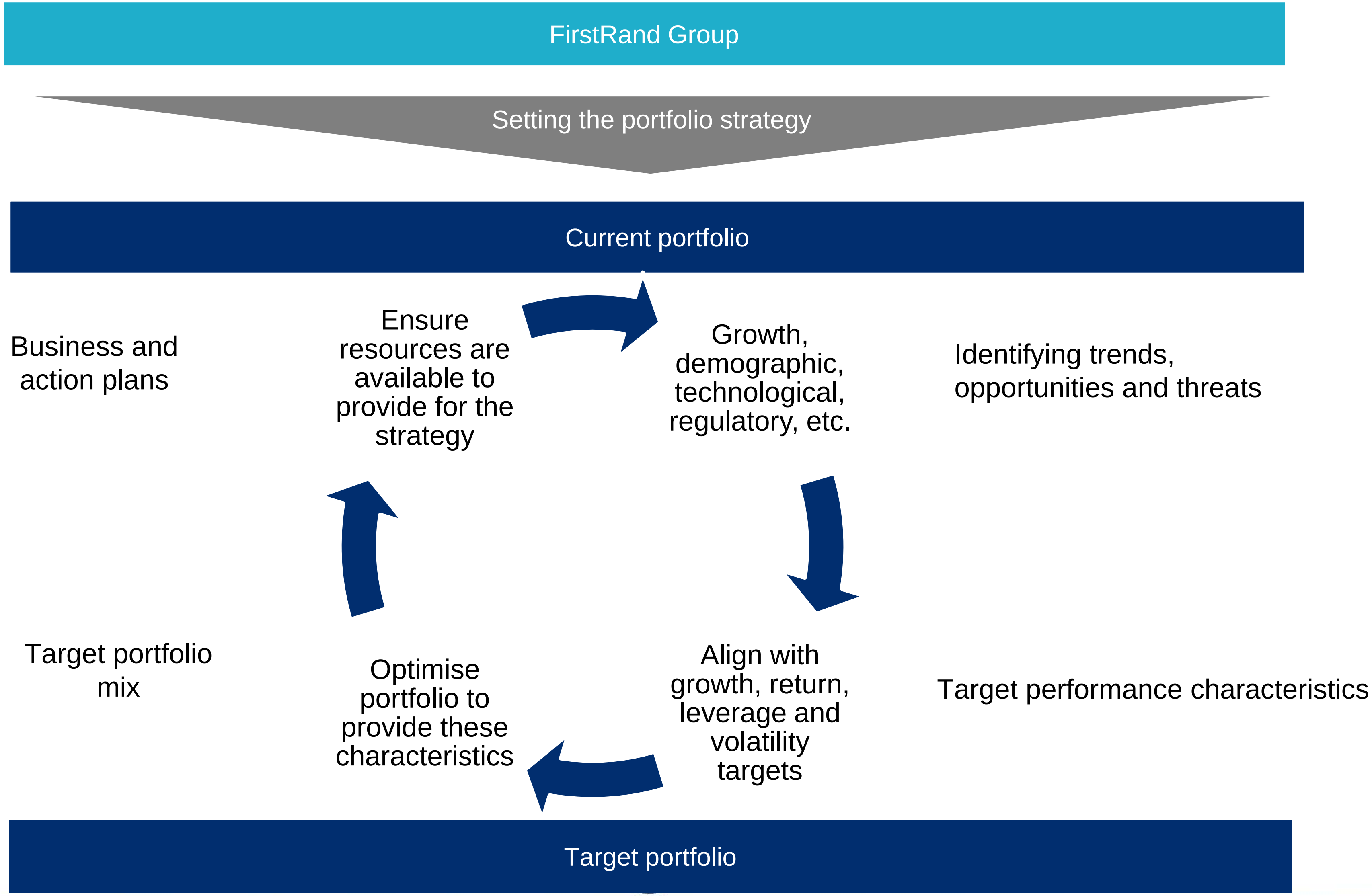
2010

Capital management

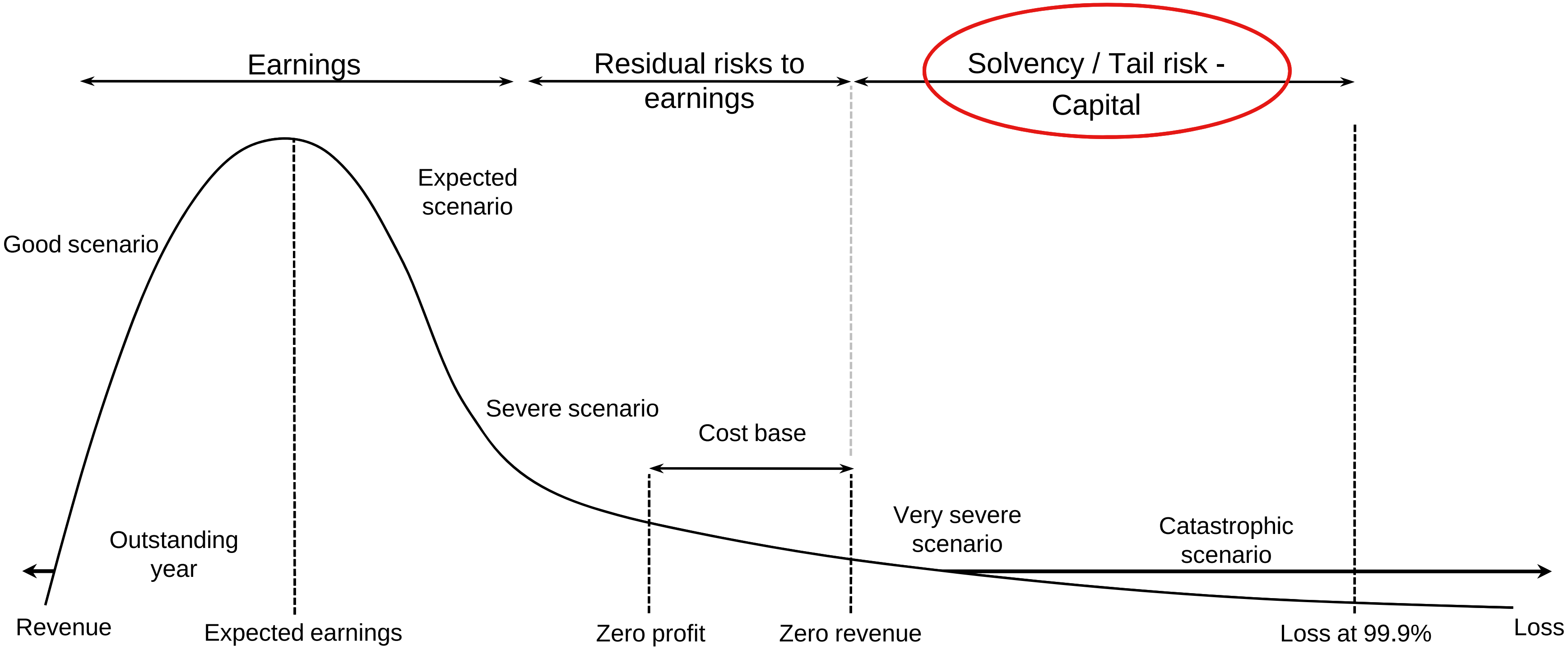
Samantha Balsdon

FIRSTRAND
Banking Group

Providing resources to back the Group’s strategy



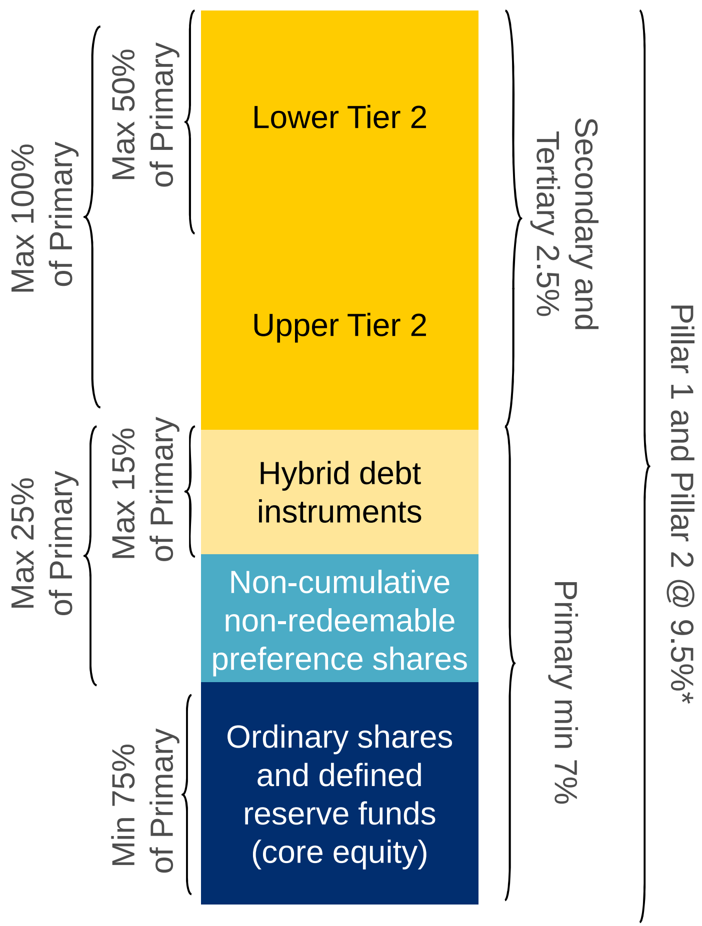
Contextualising capital strategy



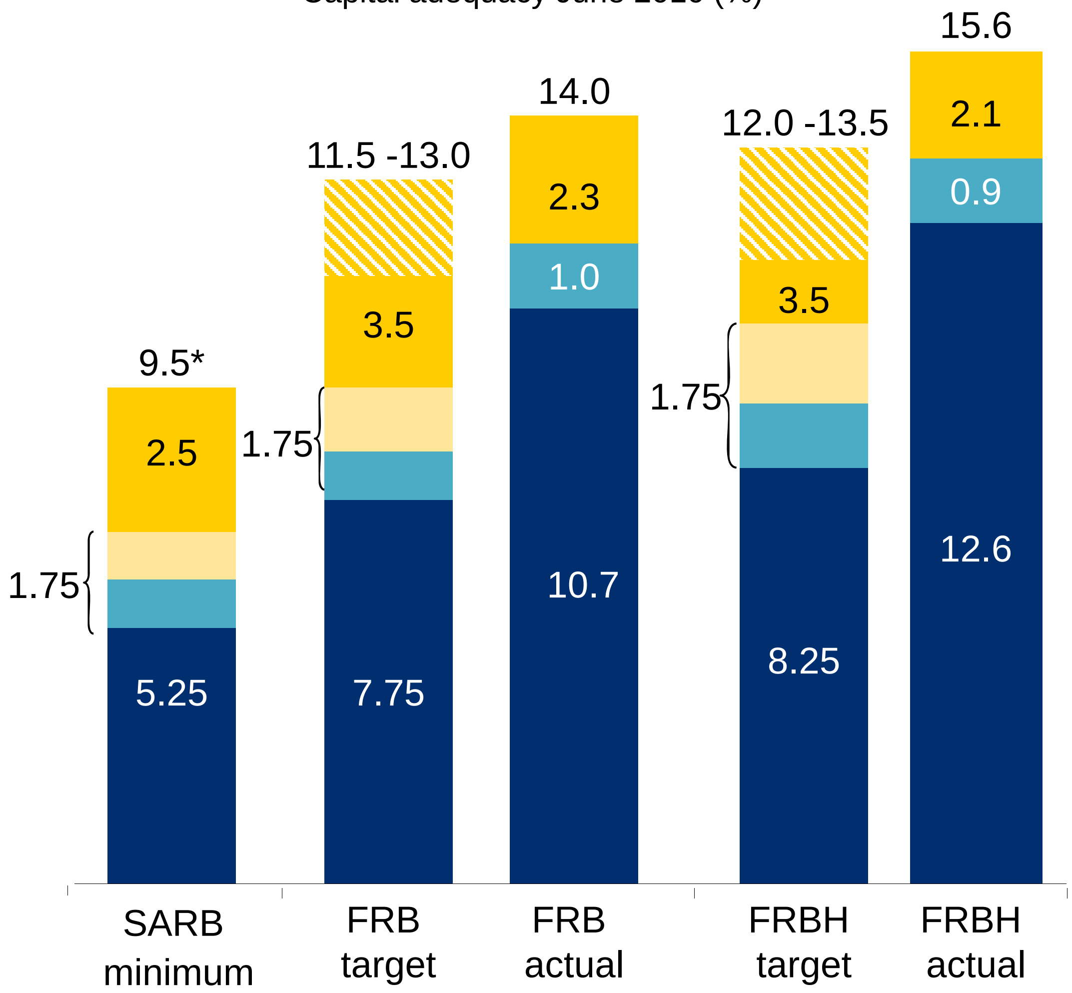
Earnings	Residual Risks	Capital
▪ Operating businesses seek to maximise returns within acceptable earnings volatility constraints		▪ Capital as buffer against catastrophic outcomes
▪ Earnings act as the first buffer against losses and financial underperformance	▪ Group functions manage and mitigate these where economically feasible ▪ "Tail risk to earnings resilience/sustainability"	

Capital levels exceed targets and quality is good

Minimum capital adequacy

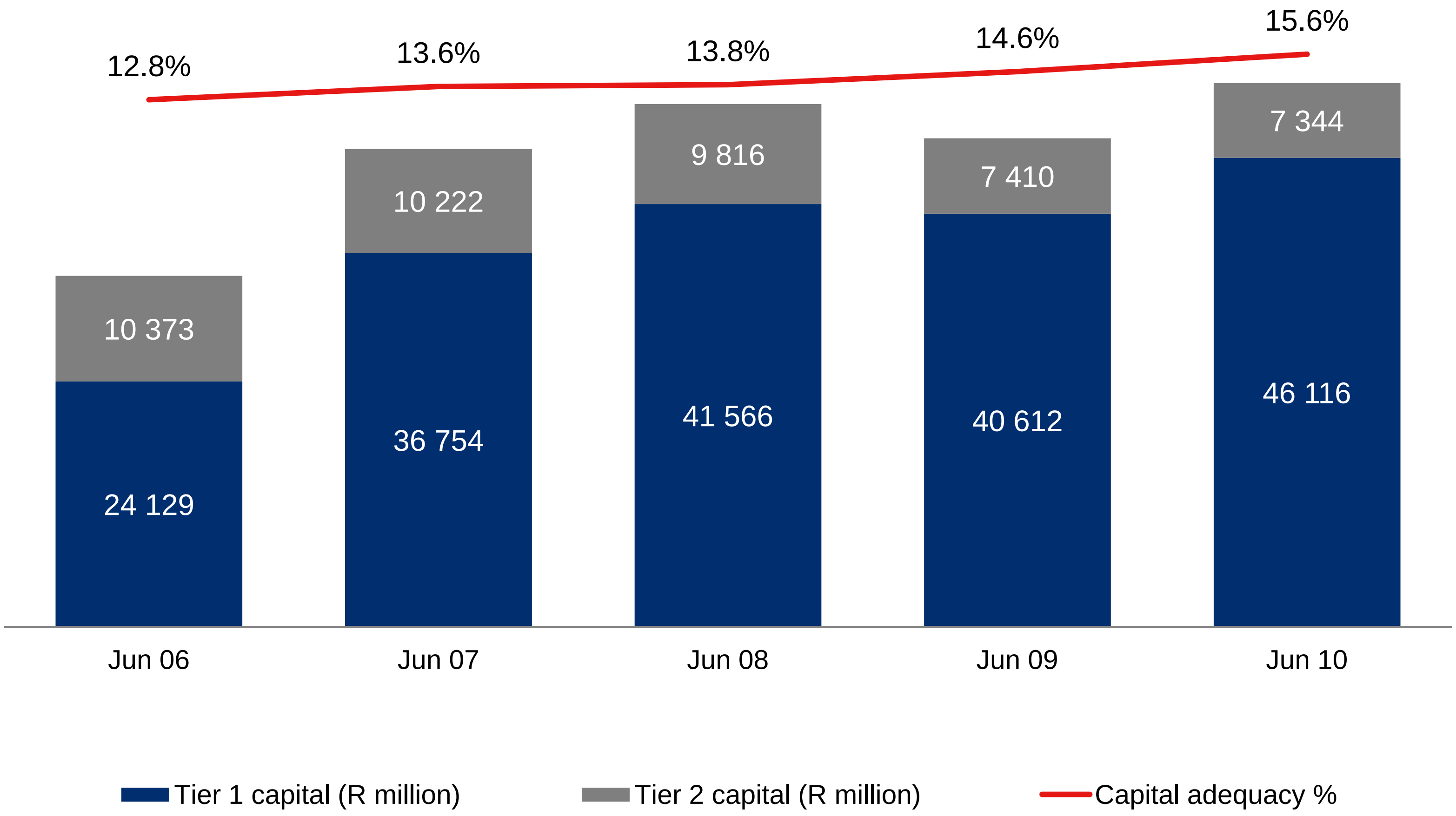


Capital adequacy June 2010 (%)

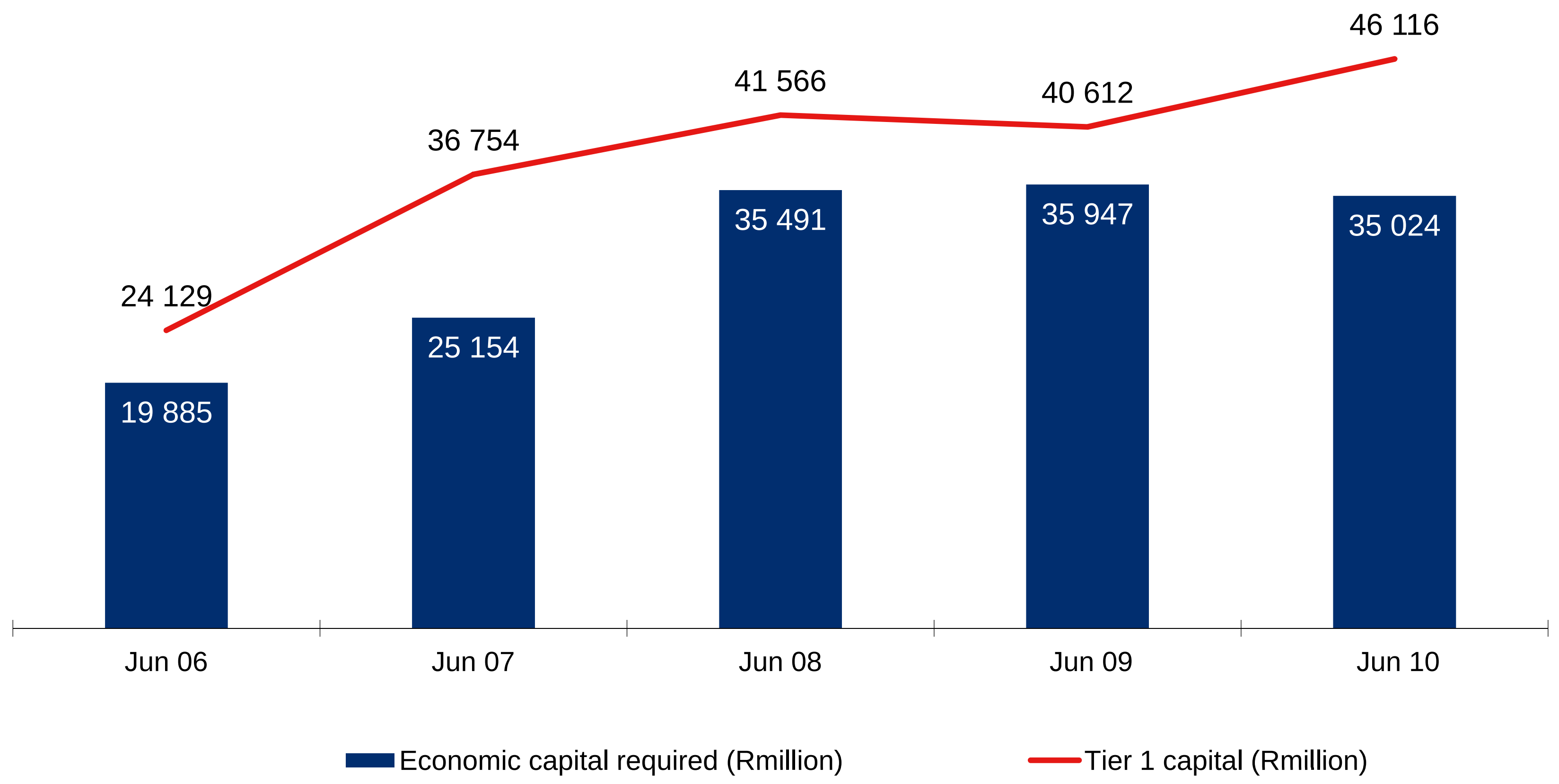


* Excludes the bank specific (Pillar 2b) add-on and capital floor

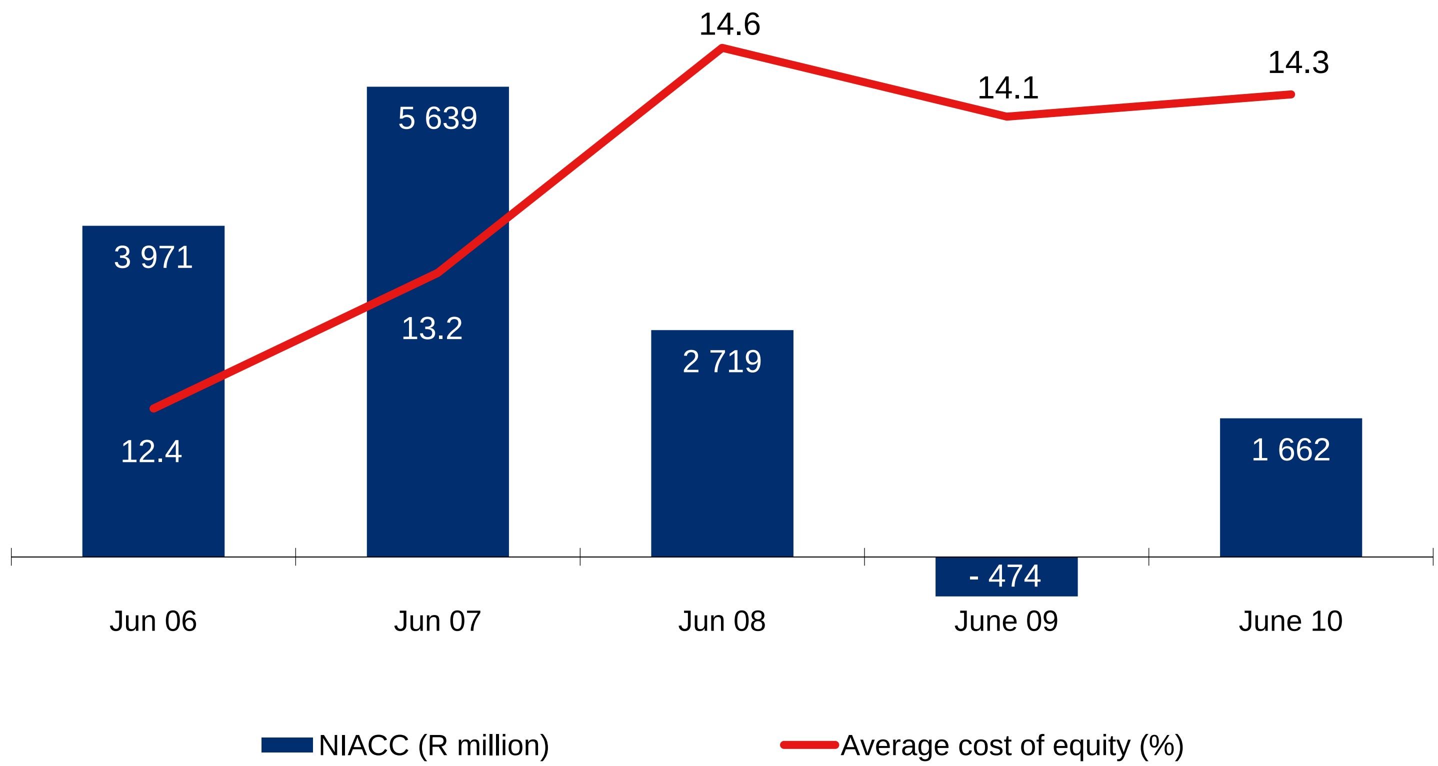
Strengthening capital position over time



The Group backs economic capital with Tier 1



Economic profit returned to positive territory



Unprecedented number of regulatory changes

Proposed changes to SA Bank Regulations 1 January 2012	Proposed changes to Basel II framework	Proposed changes to Basel II framework
Credit risk scalar	Minorities	Liquidity ratios
Market risk	Deferred tax assets	Leverage ratio
Re-securitisations	Securitisations	
	Credit valuation adjustment	
	Asset value correlation	
	Deductions	
	Conservation and countercyclical buffer	

Impact on risk weighted assets and qualifying capital

What's the "new normal" for core?

- Calibration of capital levels in three categories
  - Domestic banks
  - Systemically important domestic banks
  - Systemically important international banks
- The "new normal" for core: 8-10%
  - Basel = 7%
  - Emerging market banks will be higher
  - Systemically important banks will be higher
  - FSA will be higher – 10%
  - Swiss banks will be higher – 10%
- Additional buffers over minimum
  - Conservation buffer included
  - Countercyclical buffer – still much uncertainty

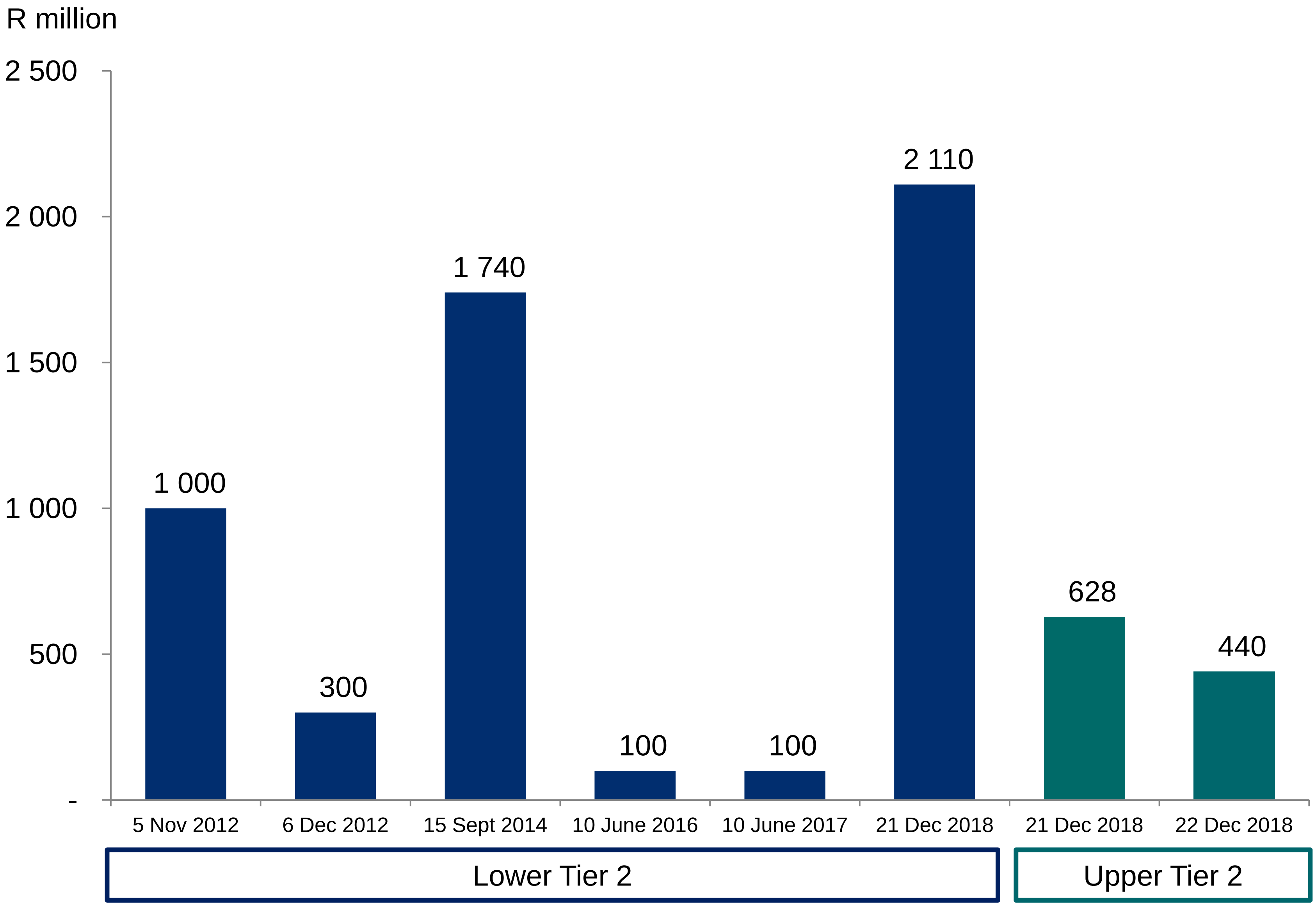
Significant competitive pressures to implement early

FSA Core Tier 1 mooted level of 10%, *Source: FT*

The regulatory outlook for capital instruments

- Considerable uncertainty
- Ambitious global liquidation and resolution mechanisms under consideration – likely to affect the conditions of instruments
- Grandfathering period equal to the shorter of 10 years or the step-up date (begins Jan 2013)
- No grandfathering for new issues
- Deductions against Tier 2 phased out by 2018
- Subdued investor appetite for certain instruments proposed
  - Concerns on Hybrid Tier 1 and Contingent capital
    - Inclusion in indices
    - Permanent write-down
    - Conversion into equity
    - No rating
  - Investors waiting for certainty

Tier 2 call dates



FirstRand Bank's Tier 2

- Expect to redeem subordinated debt on call dates
- Likely to continue to take impairments against Tier 2 until the regulations are changed
- Little appetite to raise Tier 2 until the regulatory uncertainty is resolved

Conclusion on capital

- Capital management strategy remains unchanged
  - Manage the business on the principle that economic risk is backed by Tier 1
  - Principle remains that excess capital will be returned
- Point in time capital levels are strong
- Capital planning is done on a three year horizon
  - Expect to be within current targeted capital levels after taking into account:
    - Domestic recovery and growth requirements
    - Current expansion initiatives
    - Banks act changes
    - Basel III changes as currently proposed
- Presently little appetite for Tier 2

2010

Funding & liquidity

Andries du Toit

FIRSTRAND
Banking Group

Agenda

- Funding and liquidity management philosophy
- Funding & liquidity risk management
  - Regulatory impact
  - FirstRand's risk profile
  - Liquidity premium
  - International developments
- FirstRand's response to the challenges of funding and liquidity

Funding & liquidity management philosophy

Liquidity risk management philosophy

- Continuous funding and liquidity cycle
- Forward looking
- Integrated across
  - Macro economic environment
  - All business units
  - All financial risk disciplines
  - Financial markets outlook
- Ensure compliance with
  - Internal risk appetite
  - Regulatory requirements
  - Rating agencies requirements
- Output
  - Efficient, diversified, flexible funding
  - Built on strong relationships

Funding & liquidity management: Regulatory impact

External influences on funding strategy

- Bank for International Settlement (BIS)
  - Principles for Sound Liquidity Risk Management and Supervision, August 2008
  - International framework for liquidity risk measurement, standards and monitoring,
    December 2009
- Financial Services Authority (FSA)
  - PS 09/16: Strengthening Liquidity Standards, October 2009
- IMF
  - Report on SA Banking System, September 2009
- South African Reserve Bank
- Taylor Rafferty research
- Exchange control prudential limit approach

Basel III – new liquidity rules

- Liquidity Coverage Ratio (LCR)
  - Addresses short-term liquidity risk and cash management
  - Banks must hold high-quality liquid assets sufficient to cover
    - All net cash outflows
    - Over a 30-day period
    - Under an acute liquidity stress scenario (combined idiosyncratic and systemic shock)
  - Enhancement of statutory liquid asset and cash reserve requirement as risk specific (where statutory liquid assets and cash reserve are based on balance sheet size)
- Net Stable Funding Ratio (NSFR)
  - Long-term focus addressing the structural liquidity risk of the balance sheet
  - Ratio requires that assets maturing after 1 year be funded with “stable” funding
  - “Stable” funding takes into account the stability of funding over a year during an extended firm-specific stress scenario (decline in profitability or solvency, potential downgrade, event affecting reputation/credit quality)

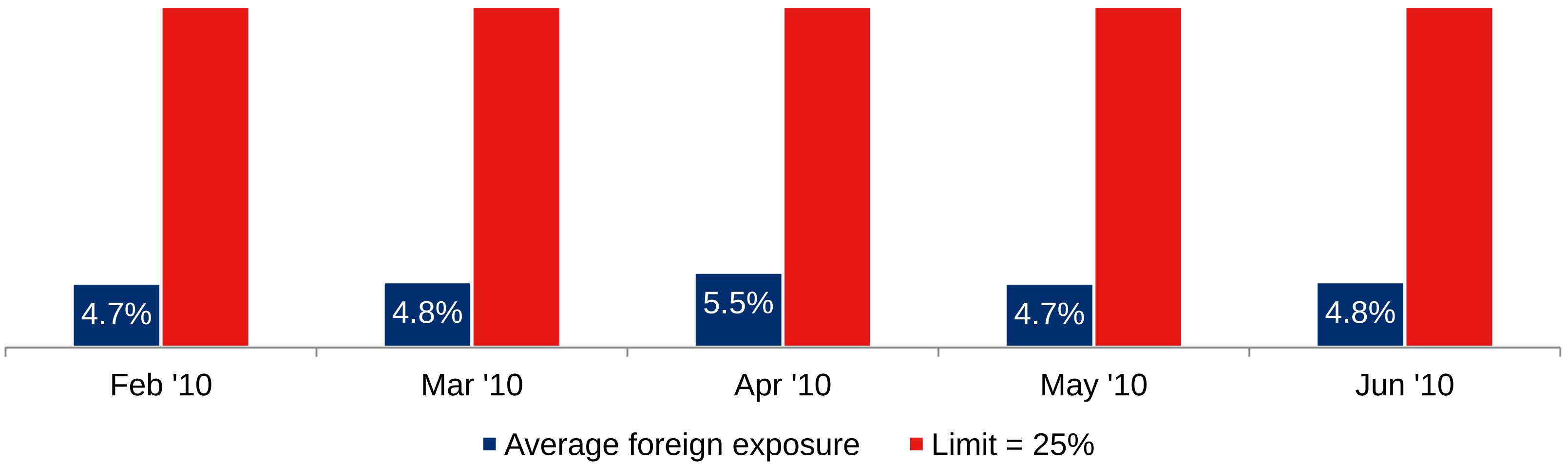
'Basel III' – initial amendments (26 July 2010)

- Liquidity Coverage Ratios (LCR)
  - 2015 implementation
  - Reduced the severity of the outflow factors
  - Opened the door for national discretion in some areas
  - Widened the previously very narrow definition of liquid assets
    - Allowed for two tiers of liquid assets
    - Min 60% tier 1 liquids – government
    - Max 40% tier 2 liquids – other traded securities such as ABS or MBS paper etc. 'repo-able'
- Net Stable Funding Ratio (NSFR)
  - 2018 implementation
  - The want to retain the ratio and the underlying principal
  - Recognise that you cannot change the structure of supply side of funding market that quickly
  - They recognised the ratio in its current calibration was too severe
  - They have extended implementation period to 8 years
    - Complemented by parallel reporting
    - Further work on an impact assessment

Structural funding and liquidity task team

- Motto: Better life for all
- Members: ASISA; 5 banks; Banking Association; National Treasury; SARB; FSB; Asset management
- Document: Recommendation to Finance Minister, early 2011
- Workstreams:
  1. Understand features and constraints of SA financial markets and their impact on resilience of the financial sector
  2. Understanding the distribution of savings between different products
  3. Regulatory reform: removal of unwanted regulatory asymmetries where they exist
  4. Identifying unintended consequences of tax structure in giving rise to distortions in the structural funding profile of SA FIs
  5. Understand the business model of FIs as it pertains to structural funding and liquidity risk management
  6. Review international standards and best practice, and their impact on SA

Macro-prudential limit approach to exchange control



- Macro-prudential limit of 25% of bank's total liabilities
  - (Excluding shareholders equity)
  - Applies to SA Authorised Dealers (banks),
  - Not SA corporates or other sectors
- Banks may acquire foreign assets directly from their SA balance sheet, or indirectly through foreign subsidiaries / branches
  - Excludes foreign direct investment and intra-group bank exposure

Taylor Rafferty debt investor perception study

- Every two years independent research on FirstRand regarding:
  1. Debt strategy
  2. Product offering
  3. People
  4. Service
  5. Pricing of debt instruments

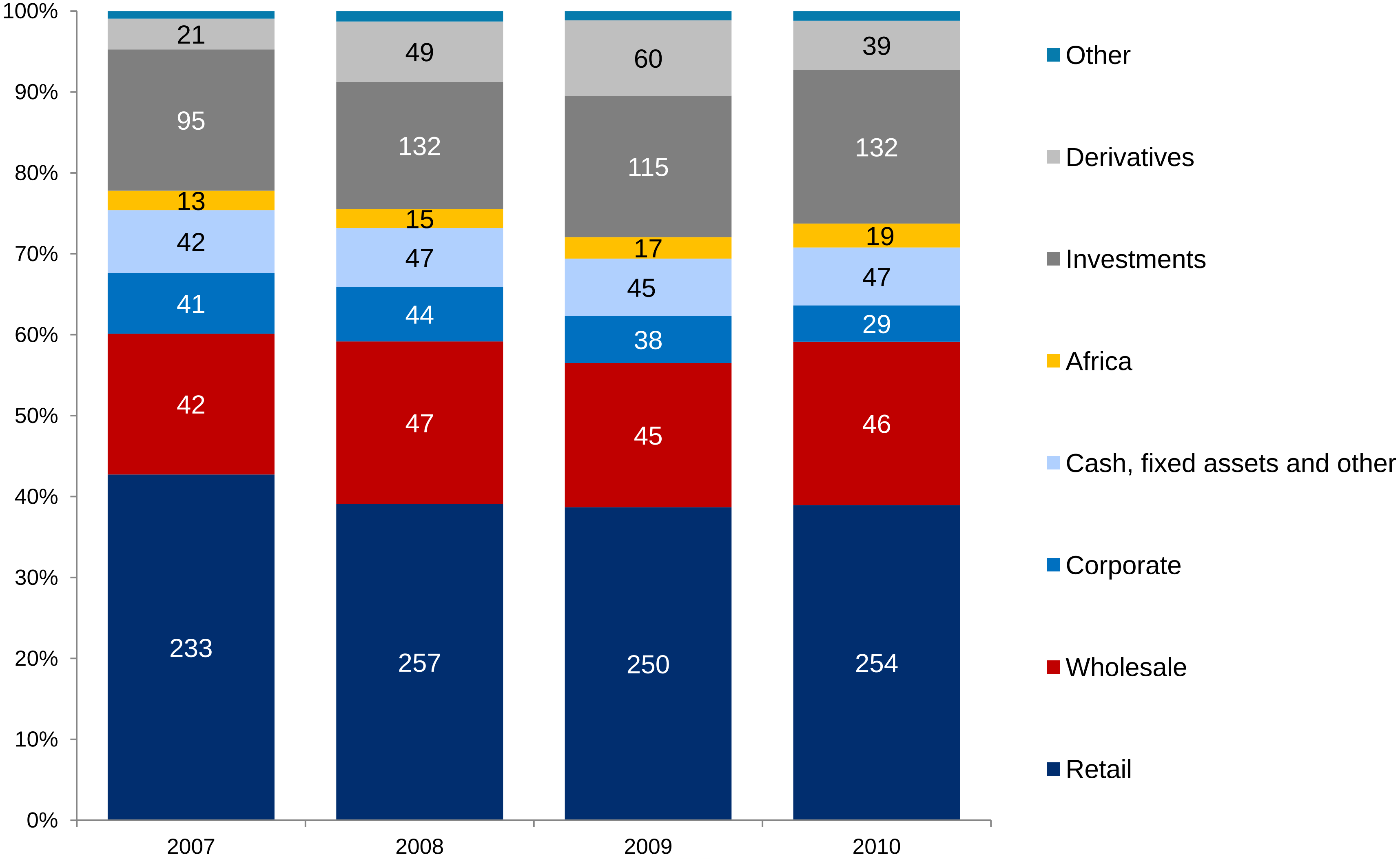
- This forms an input into strategy formulation, customer and client execution

Funding & liquidity management: FirstRand's risk profile

Debt profile summary

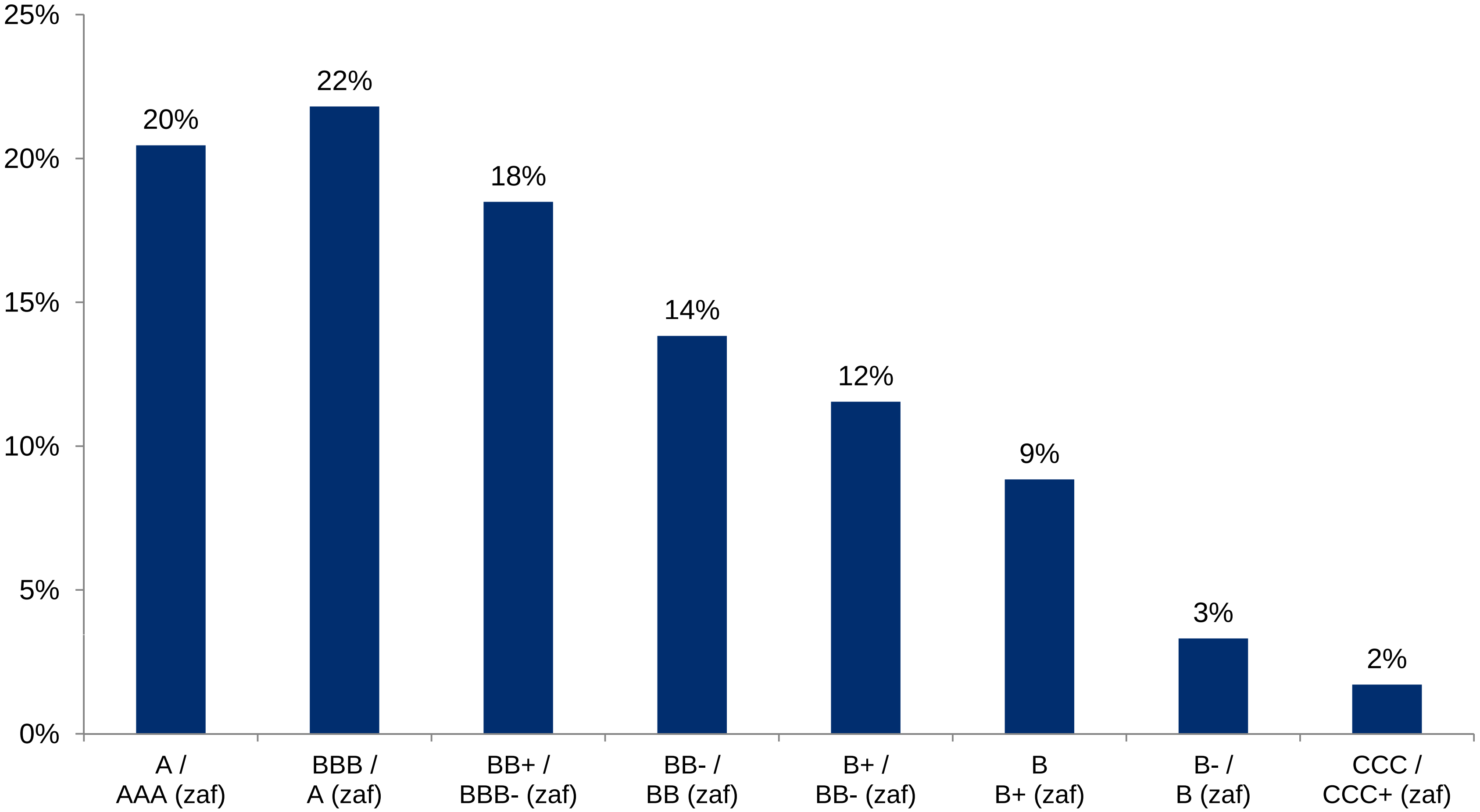
- Strong financial position
- Conservative prudential and regulatory requirements
  - Robust capital
  - Excess liquidity buffer, although liquidity gap is a SA banking industry issue
  - Conservative exchange control utilisation
- Improved asset quality
- Investment-grade credit counterparty ratings
- Off-balance sheet vehicles
  - Excess funded
  - Small percentage of on-balance sheet funding
- Good diversification across term, product and segment
- Strong available funding sources

FirstRand Bank Ltd's diversified asset profile



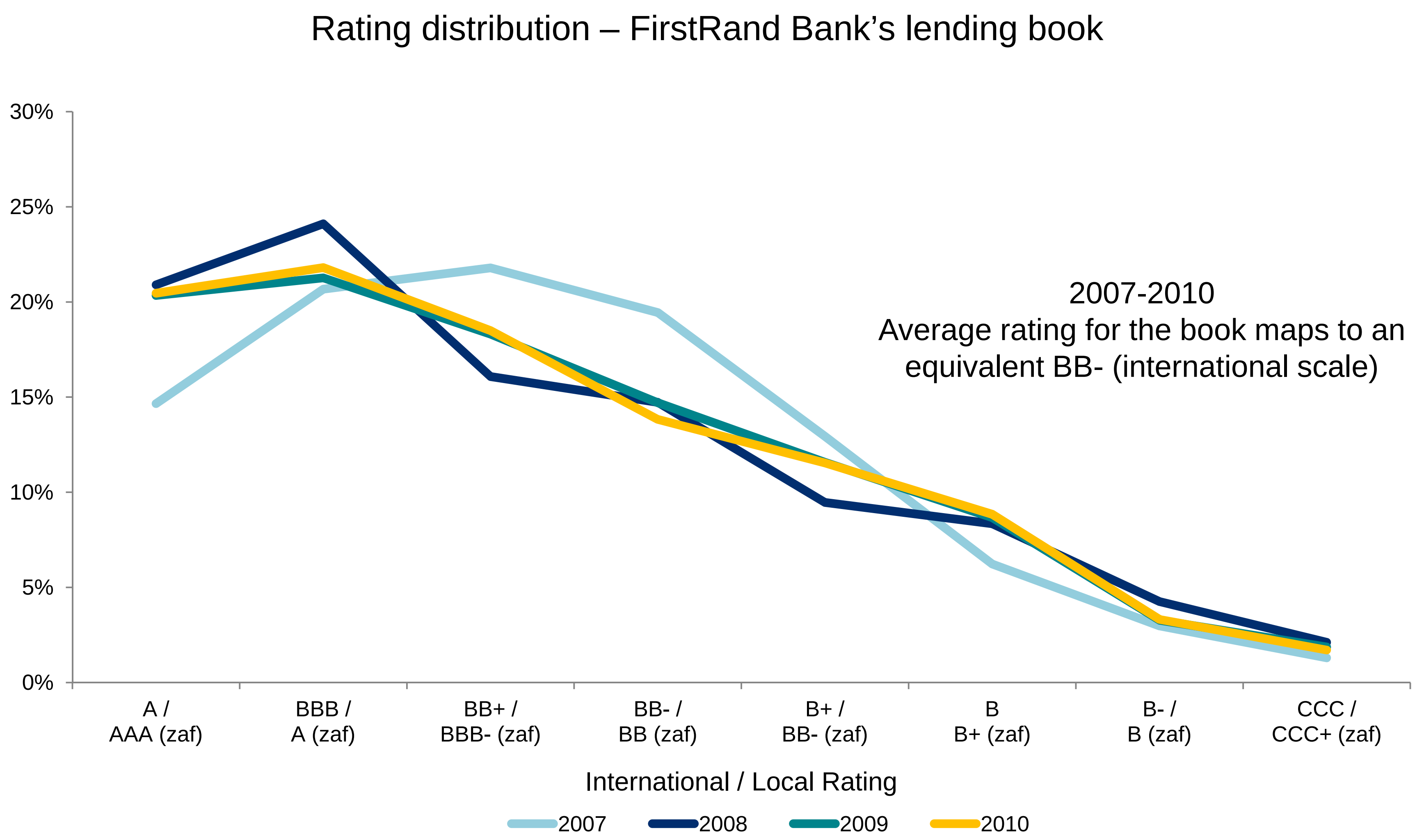
Rating distribution of advances

Rating distribution FirstRand Bank June 2010



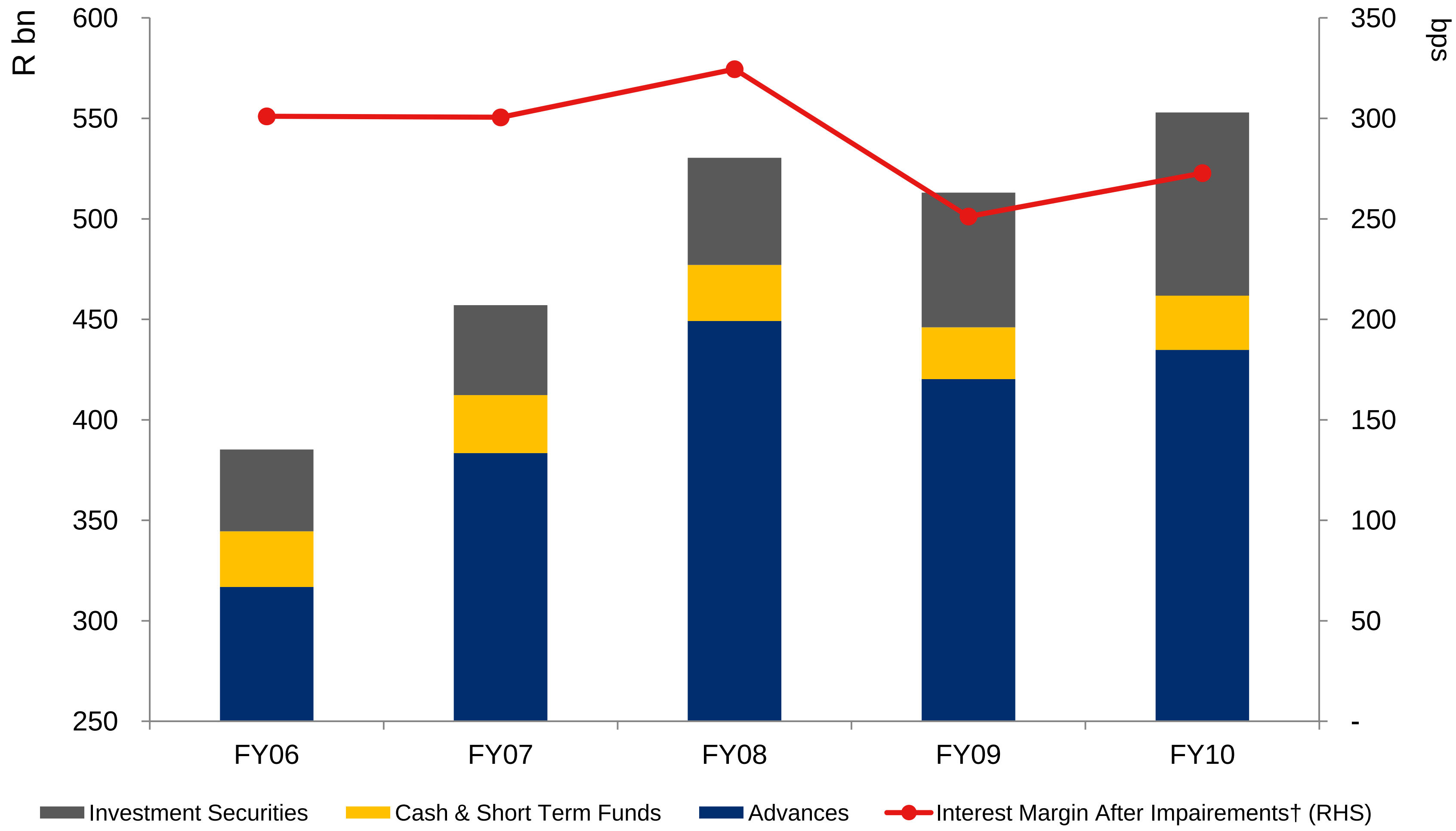
Source: FirstRand Pillar III disclosures

FirstRand's advances show an improving rating distribution



Source: FirstRand annual report & FRBH Pillar III disclosures

Stable debt margin after credit impairments



$$\frac{\text{Net interest margin + other annuity income + income from investment securities – impairment charge}}{\text{Advances + investment securities + cash and short term funds}}$$

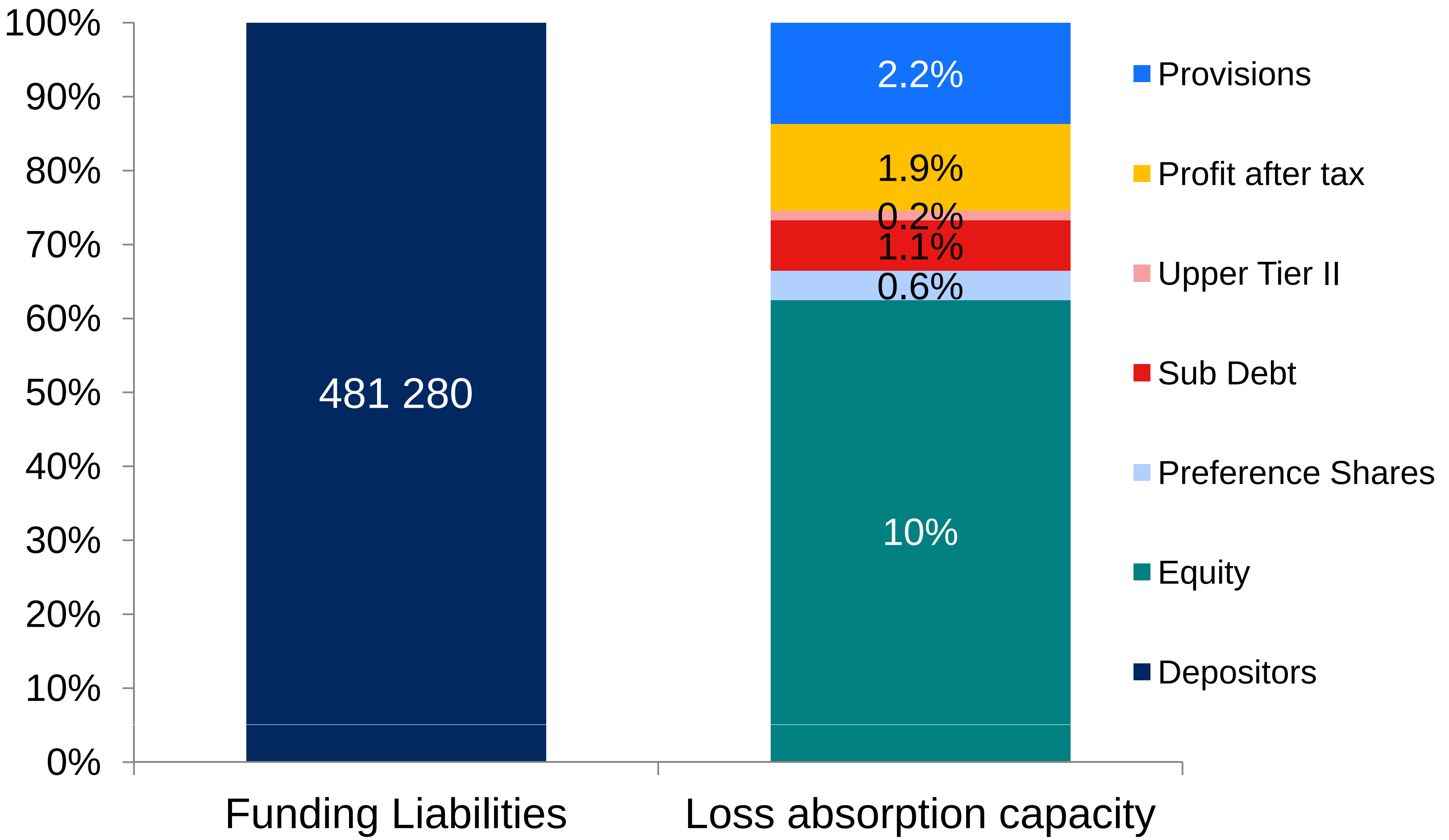
Source: FirstRand shareholder circulars

FirstRand Bank Limited's external ratings

	Standard & Poor's	Moody's	Fitch Ratings
FOREIGN CURRENCY			
Long term/Outlook	BBB+/Negative	A3/Stable	BBB+/Stable
Short term	A-2	P-2	F2
LOCAL CURRENCY			
Long term/Outlook	BBB+/Negative	A2/Stable	BBB+/Stable
Short term	A-2	P-1	-
NATIONAL			
Long term/Outlook	-	Aa2.za/Stable	AA(zaf)/Stable
Short term	-	P-1.za	F1+(zaf)

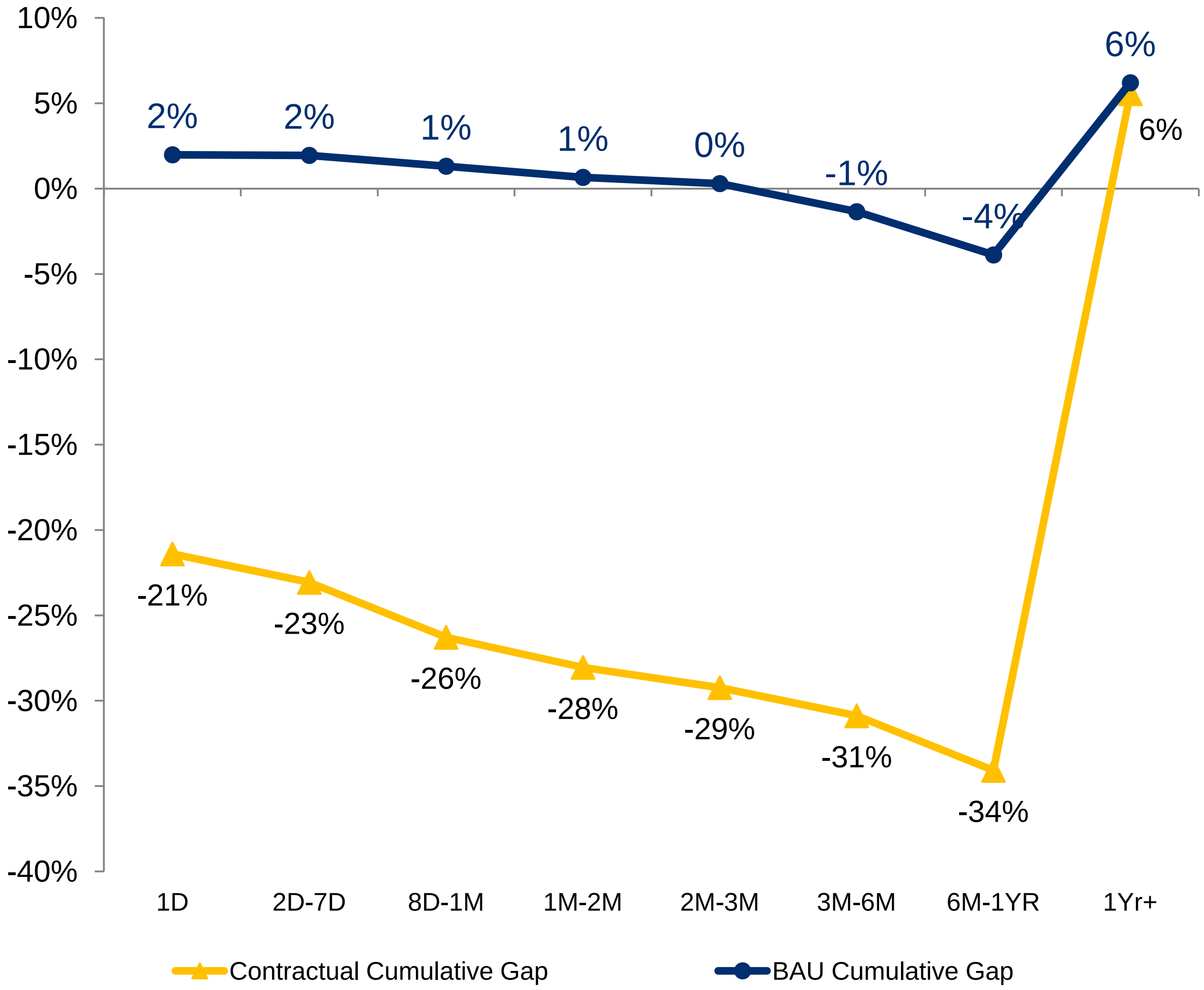
Sources: Standard & Poor's, Moody's Investors Service, Fitch Ratings

Strong credit enhancement for senior debt investors



Equates to a 16% "first-loss protection"
(For a BBB+ rating in a CDO, rating agencies typically require 8.5% first-loss protection)

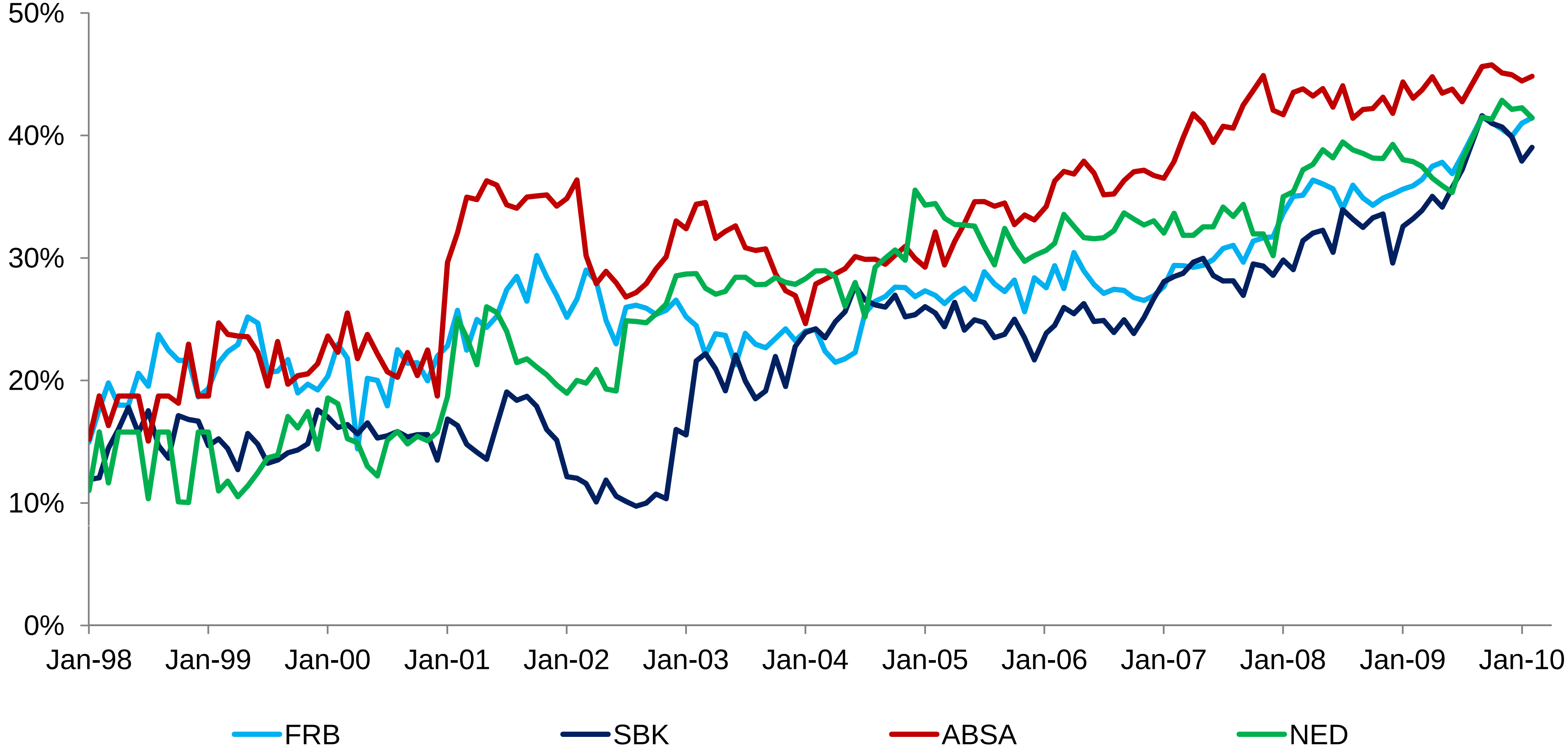
SA banking system liquidity gap



Source: SARB BA300 return, June 2010

- On a contractual basis where retail and corporate balances are treated as demand there is liquidity in gap in the SA system reflecting the extent of maturity transformation
- The SA banking system is however managed on a behaviorally adjusted basis, taking into account the closed rand pool and behavior of these demand balances

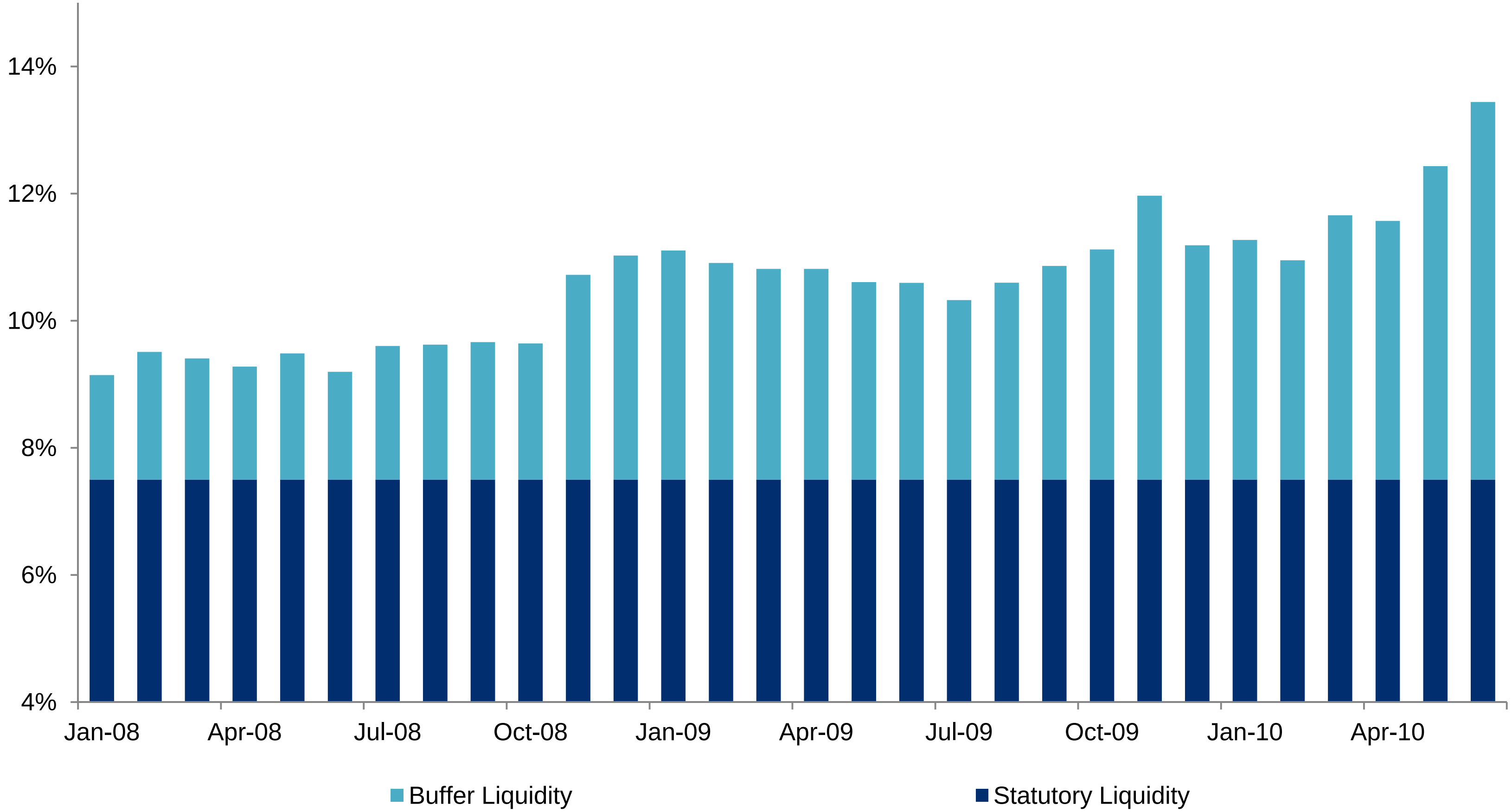
Increased reliance on institutional funding



The SA banking system has increasingly been funded in the institutional market

Source: SARB BA returns, Dec 2009

Creating appropriate liquidity buffers



Increased liquidity buffers by R15bn over FY10

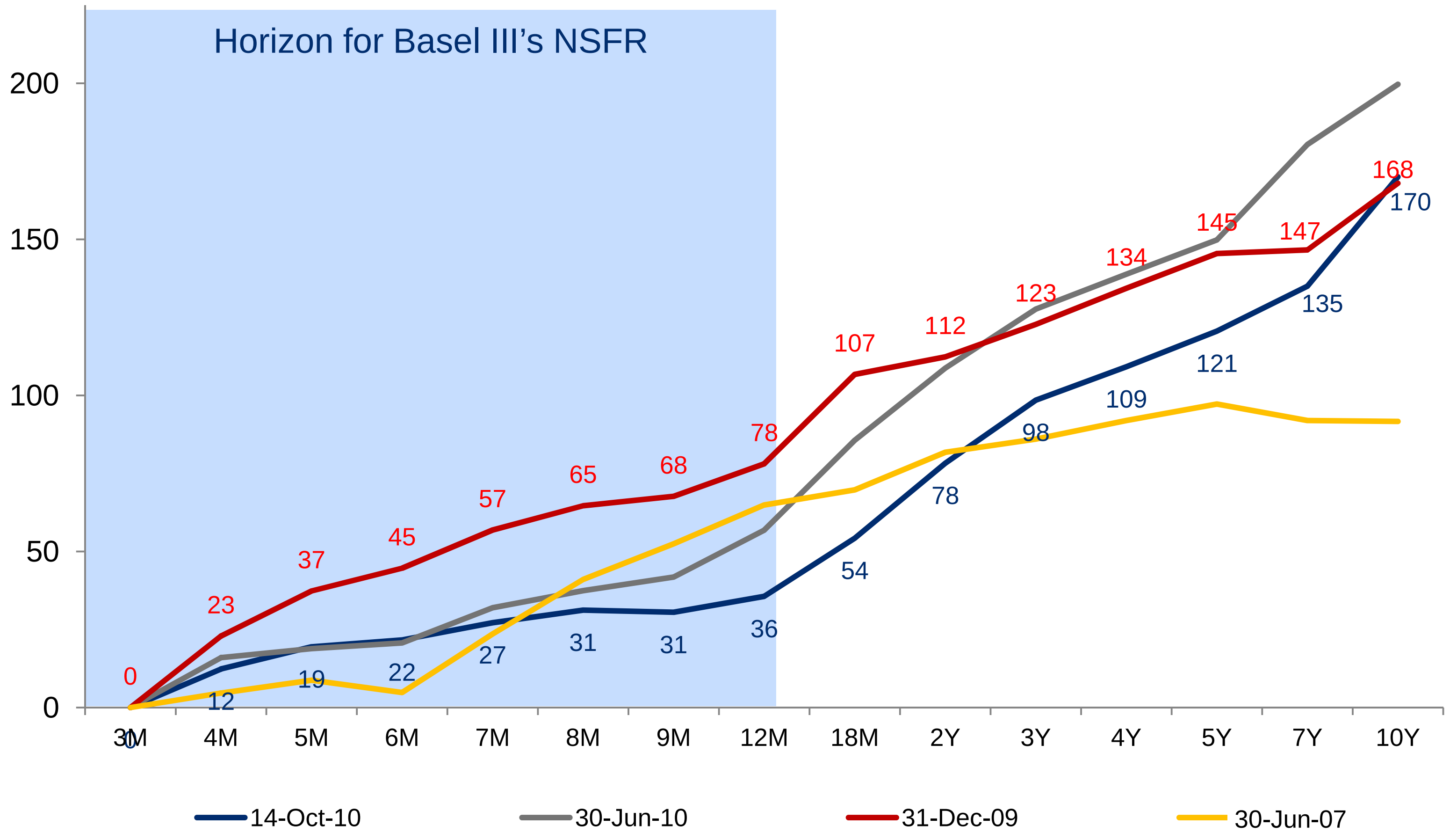
Note: SARB liquid assets definition is very narrow, above consists of government securities of SA & G7

Source: SARB BA returns, June 2010

Funding & liquidity management:
Liquidity premium

FirstRand's funding curve

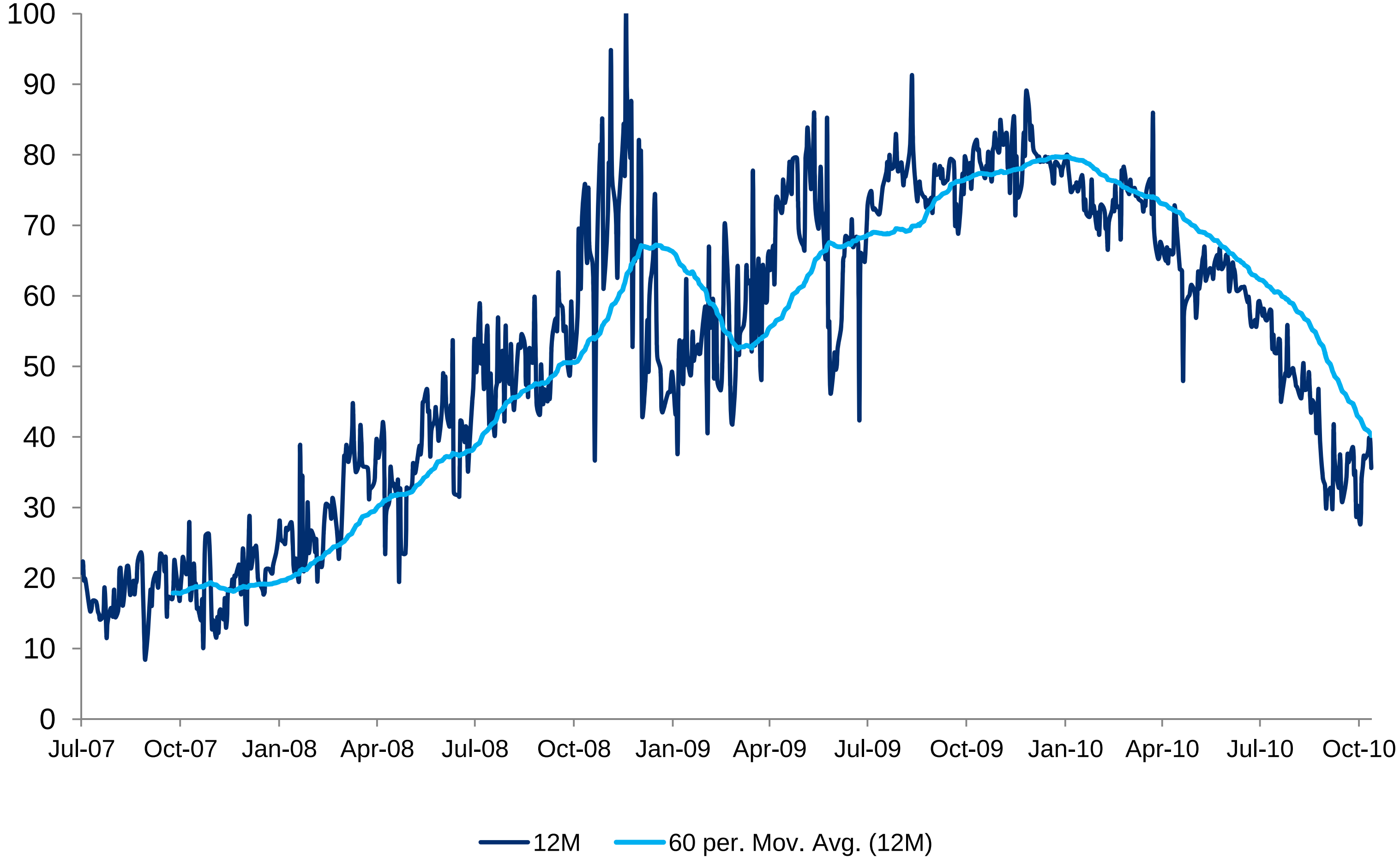
Term structure of FirstRand's funding spreads



Source: FirstRand Research

FirstRand's funding curve

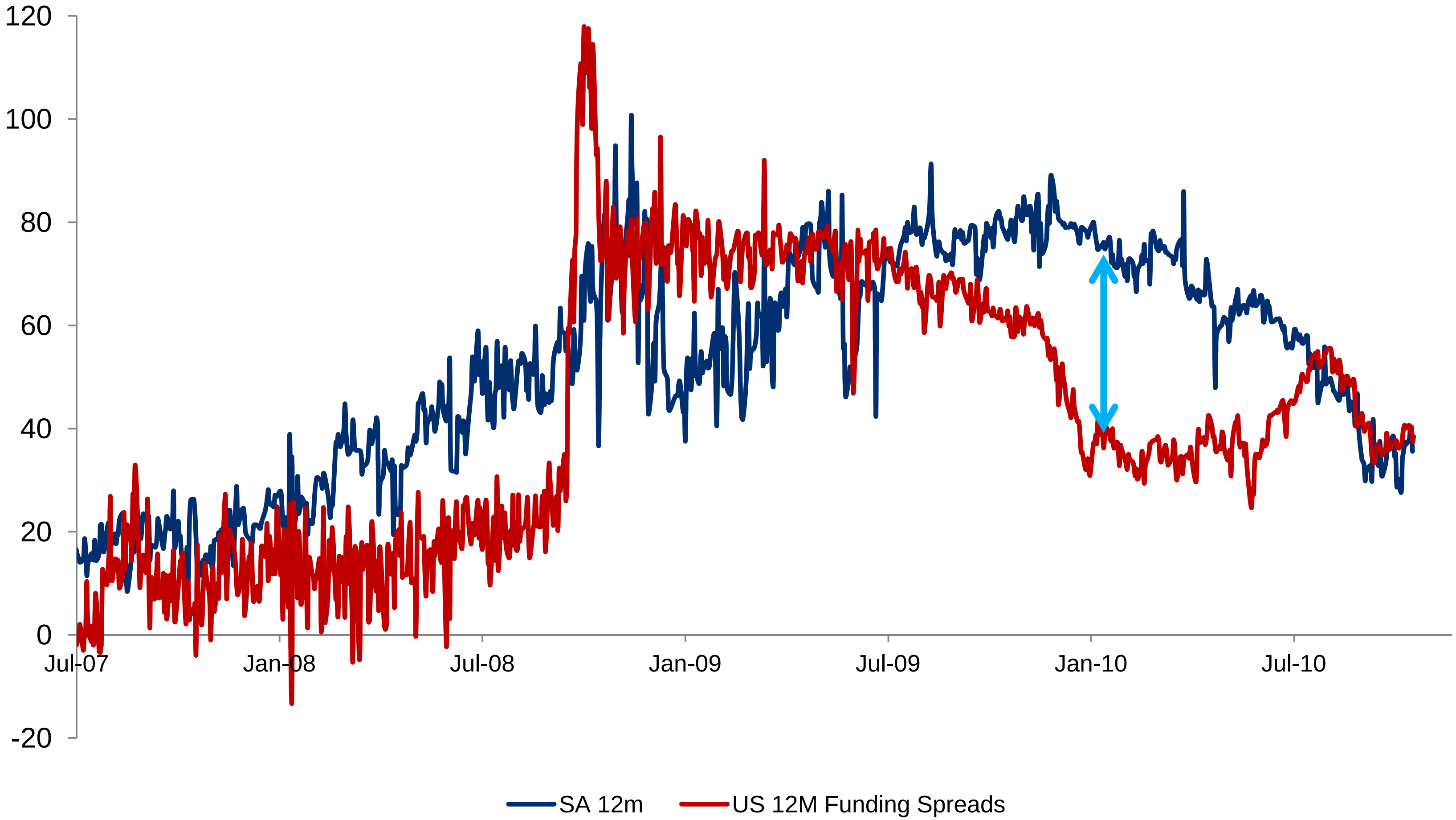
12m Funding Spread



Source: FirstRand Research, Oct 2010

How does SA compare to the US$ market

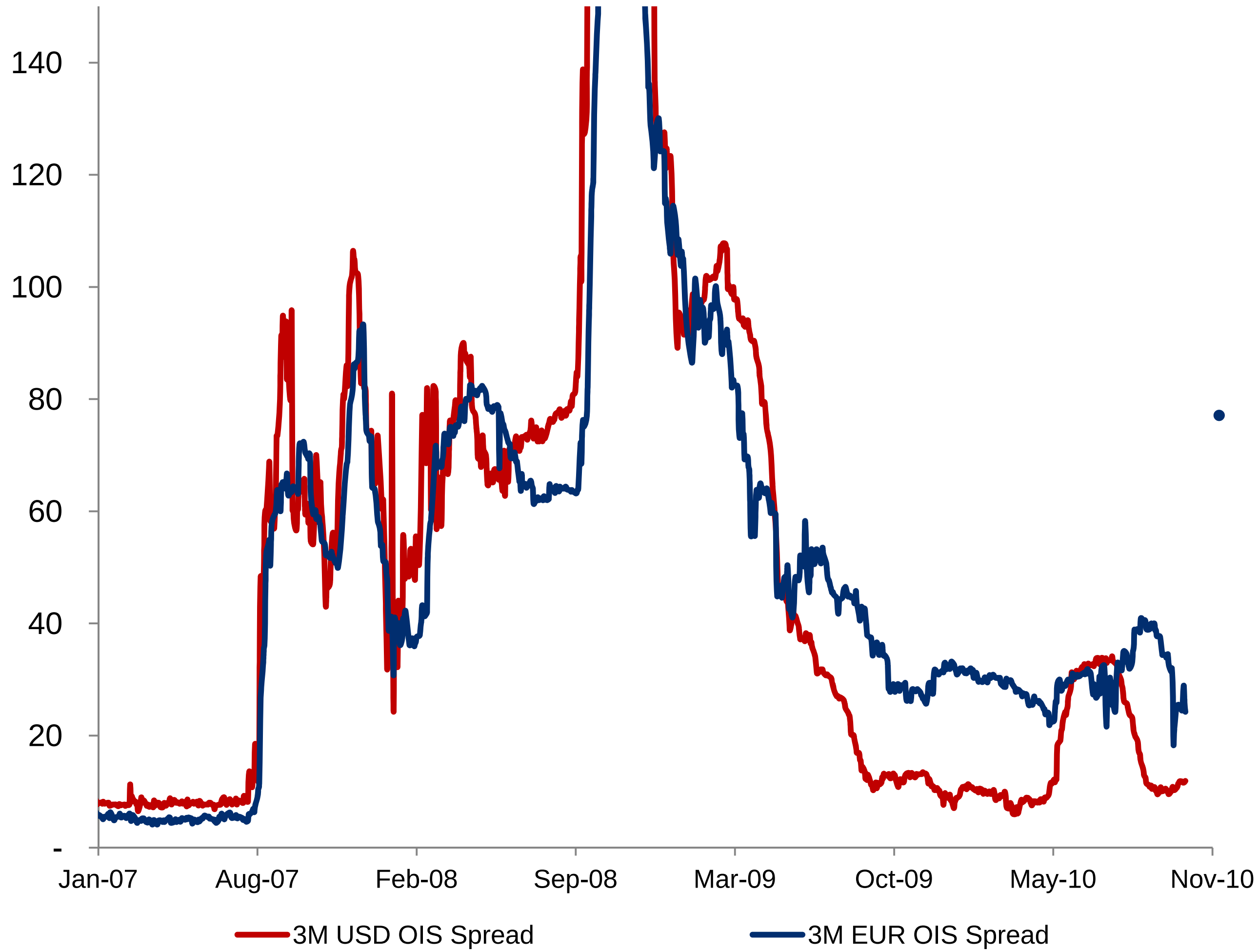
Spread between 12m deposit & swap rate



Source: FirstRand Research, Bloomberg Data, Oct 2010

Funding & liquidity management: International developments

The offshore interbank funding market

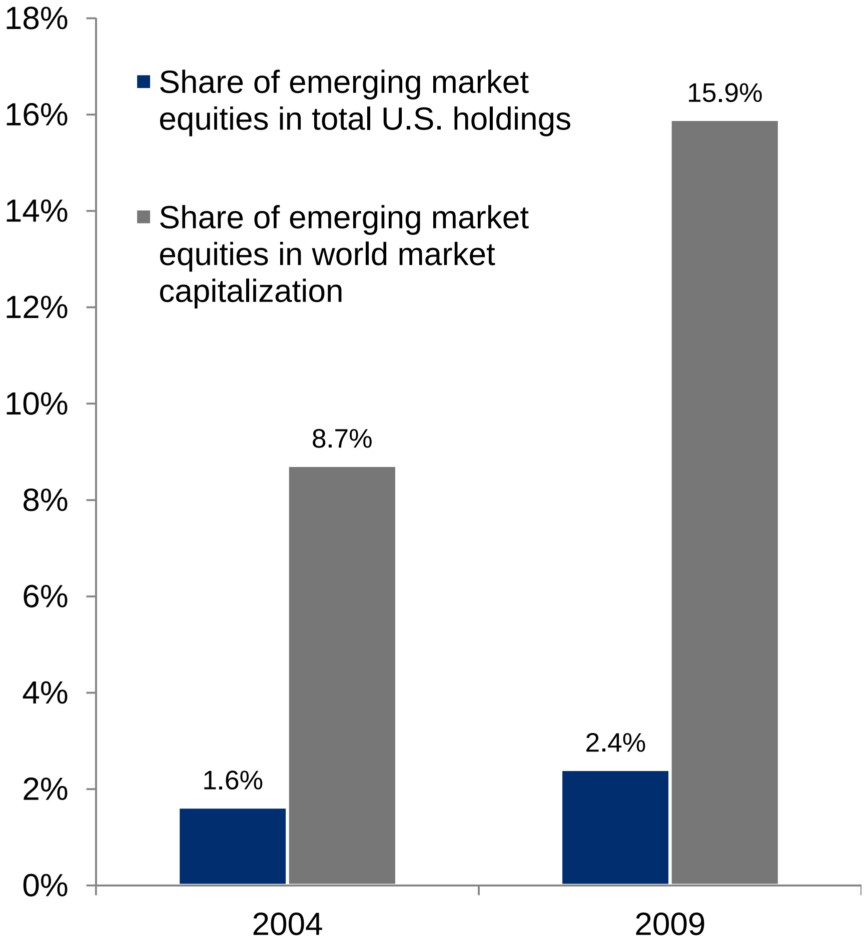


- While there has been a clear recovery the interbank funding market as measured by the LIBOR-OIS spread, the market is still nervous
- Recent volatility is related to Eurozone sovereign stresses
  - Since USD LIBOR is a global rate which includes Eurozone banks, the stress manifests in LIBOR

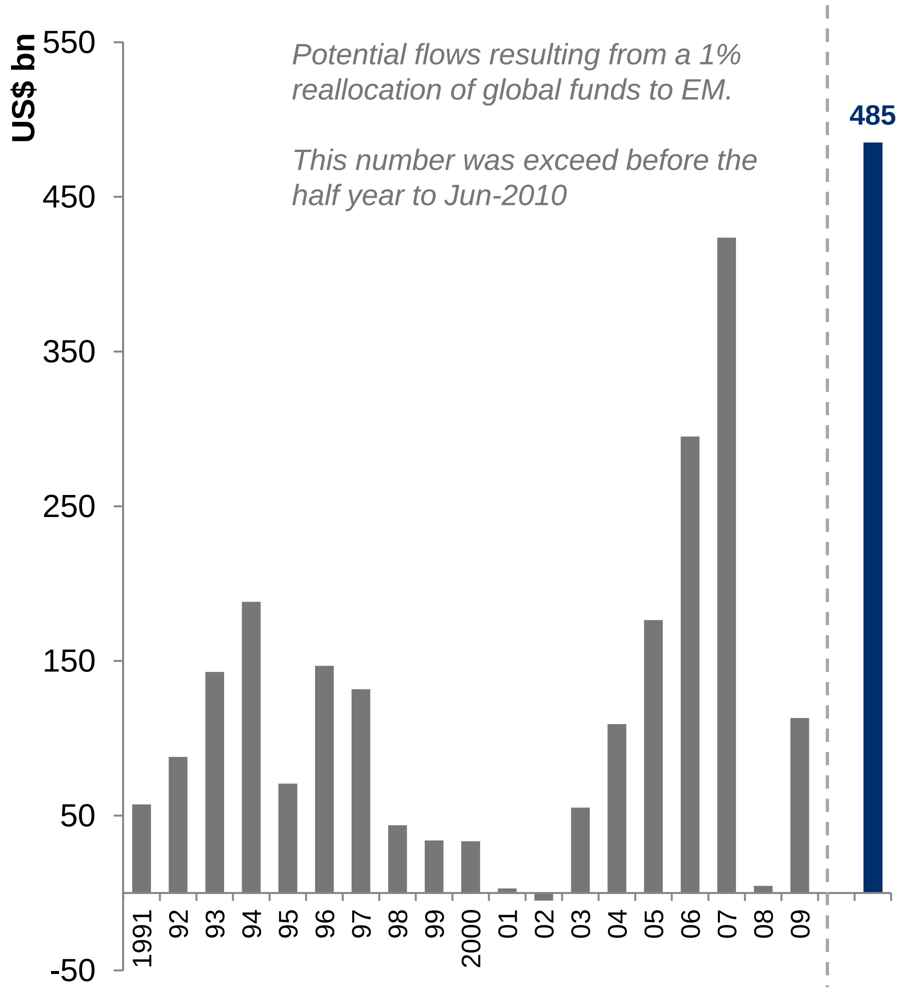
Source: FirstRand Research, Bloomberg Data, Oct 2010

EM investment theme

Asset allocation to emerging markets



Portfolio flows to emerging markets



Source: FirstRand Research, IMF Statistics, Oct 2010

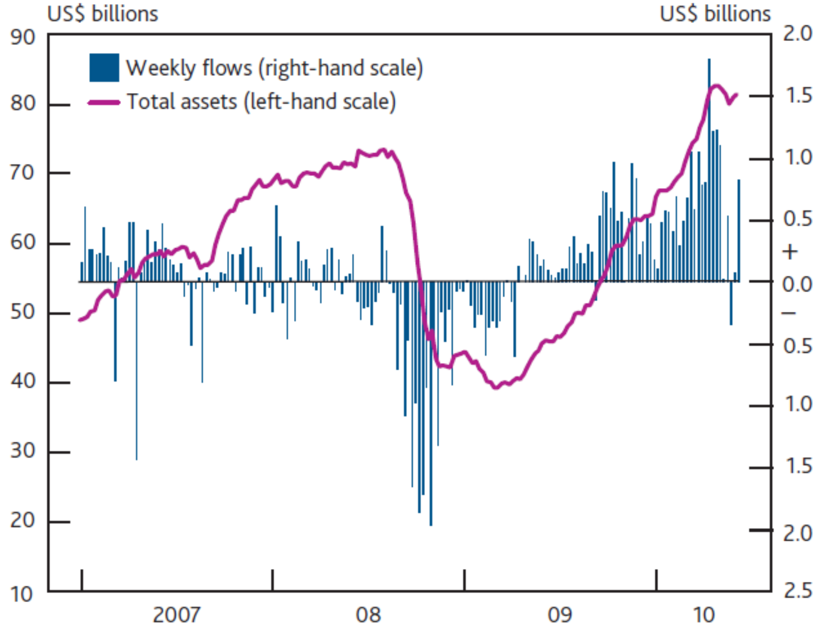
Emerging market investment theme

Money flows to bonds, EM stocks in first half

By ***Sujata Rao***

LONDON | Fri Jul 2, 2010 3:38pm BST (Reuters) - A massive $453 billion (298 billion pounds) fled safe-haven money funds in the first half of 2010, heading for bonds and emerging stocks as investors fretted over the global economy but seemed more confident about the developing world's outlook.

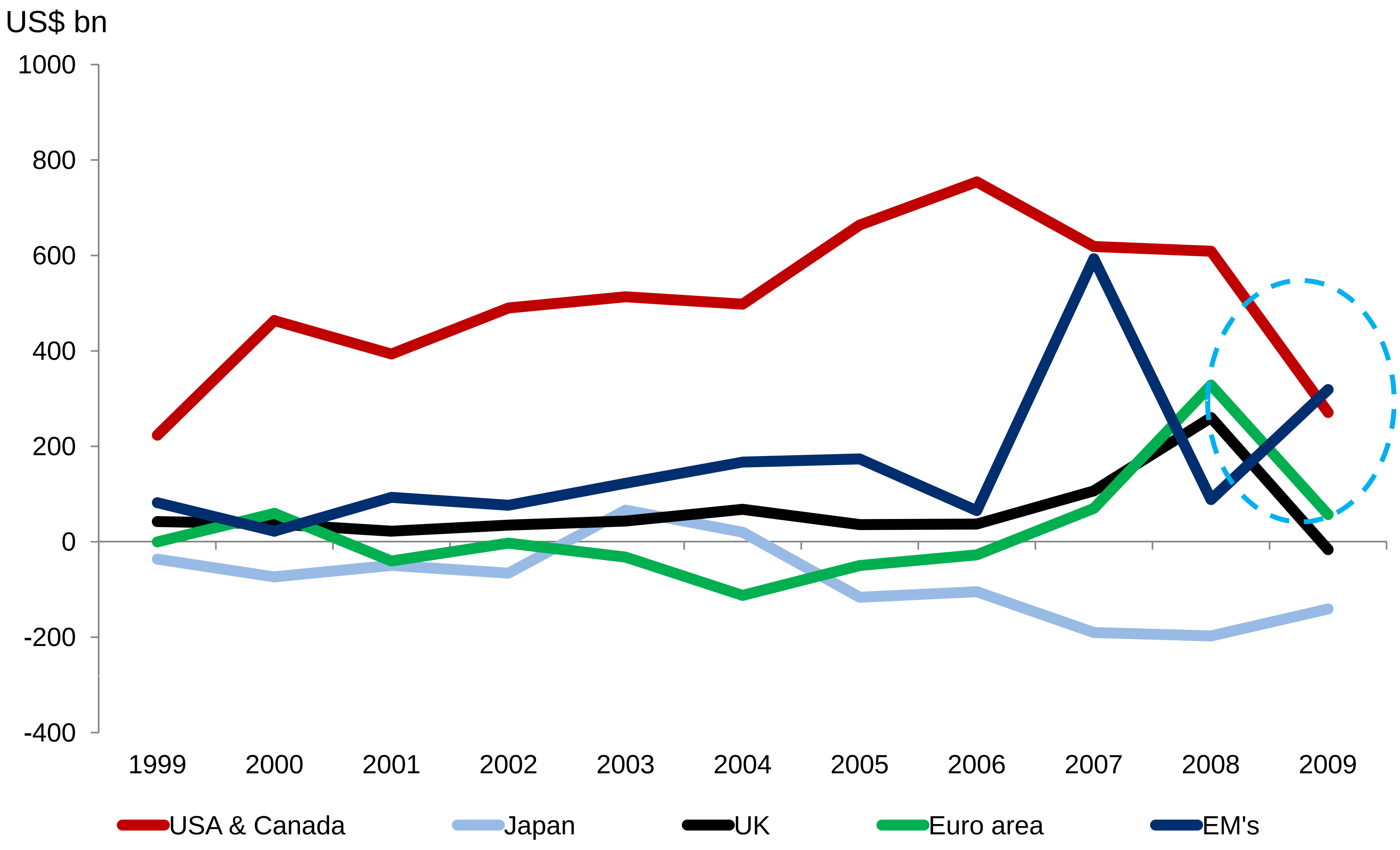
Chart 3.10 Net inflows into emerging market debt mutual funds[(a)(b)]



Source: Emerging Portfolio Fund Research.

(a) Flows into dedicated emerging market funds.
(b) Data to close of business on 9 June 2010.

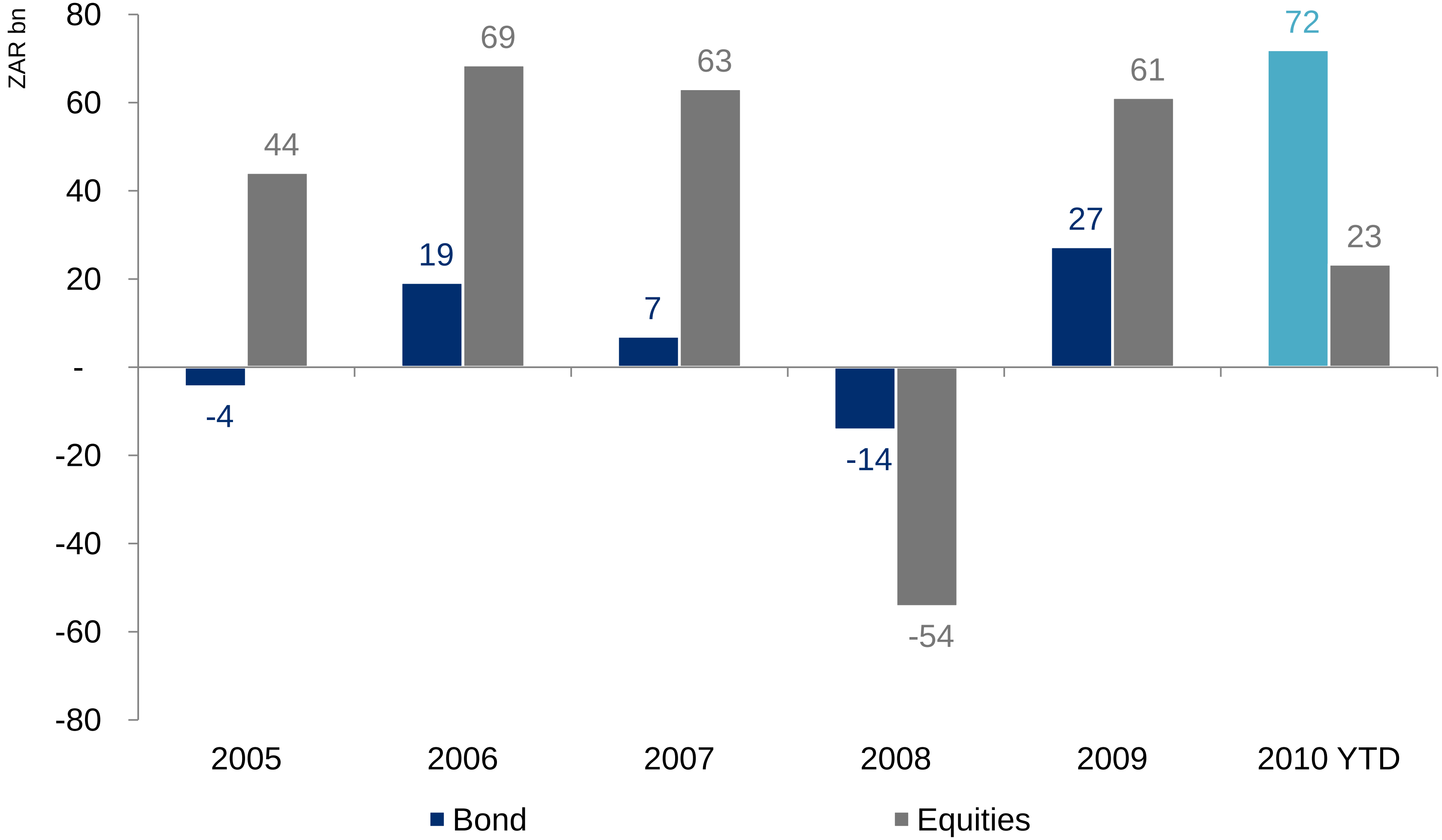
Net global financial flows



Source: FirstRand Research, IMF Statistics, Oct 2010

South Africa is a beneficiary of EM rotation

Net purchases/sales by foreigners



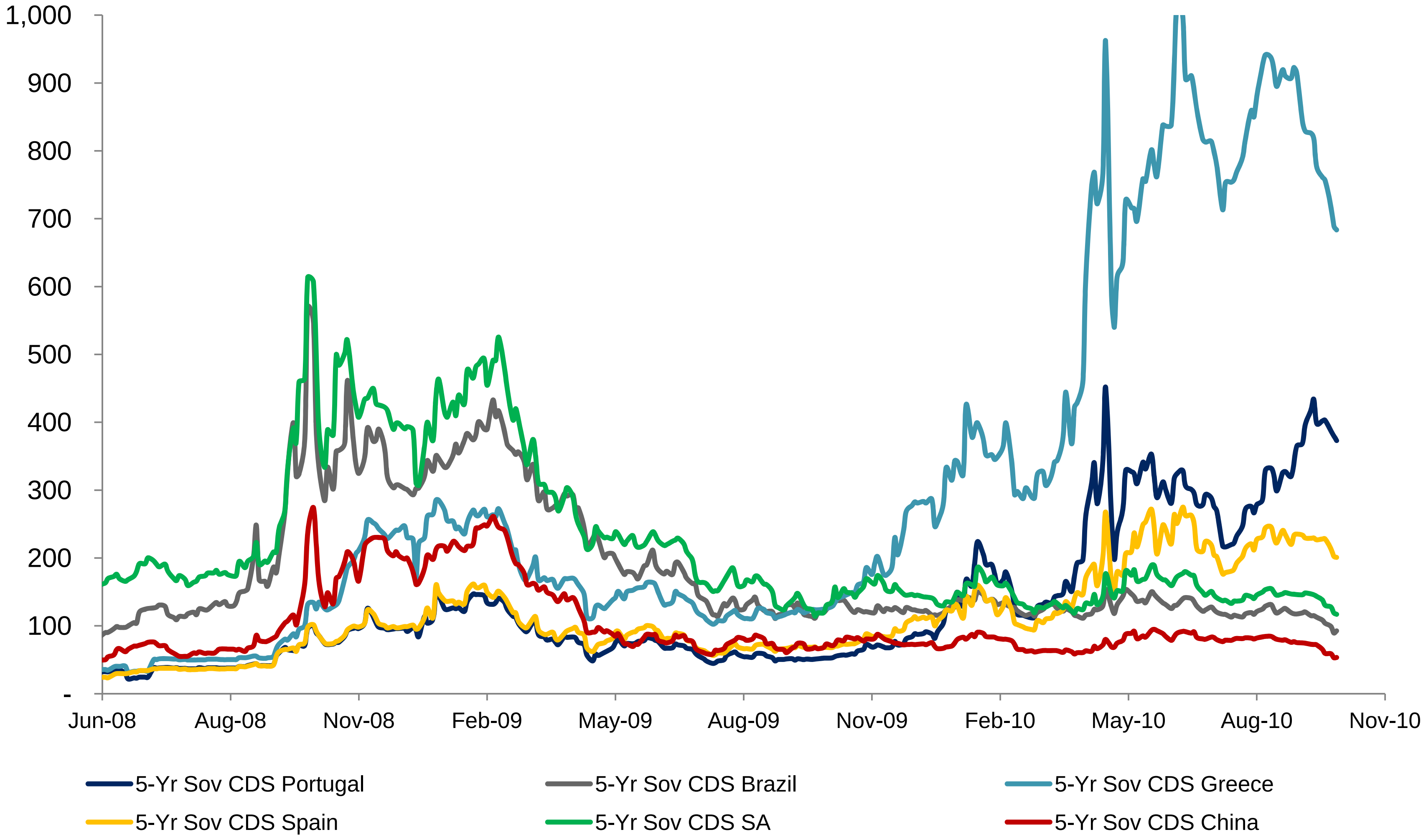
Source: FirstRand Research, Bloomberg Data, Oct 2010

South African sovereign spreads have contracted

Source: FirstRand Research, Bloomberg Data, Oct 2010

International funding markets

5-year sovereign spreads



Source: FirstRand Research, Bloomberg Data, Oct 2010

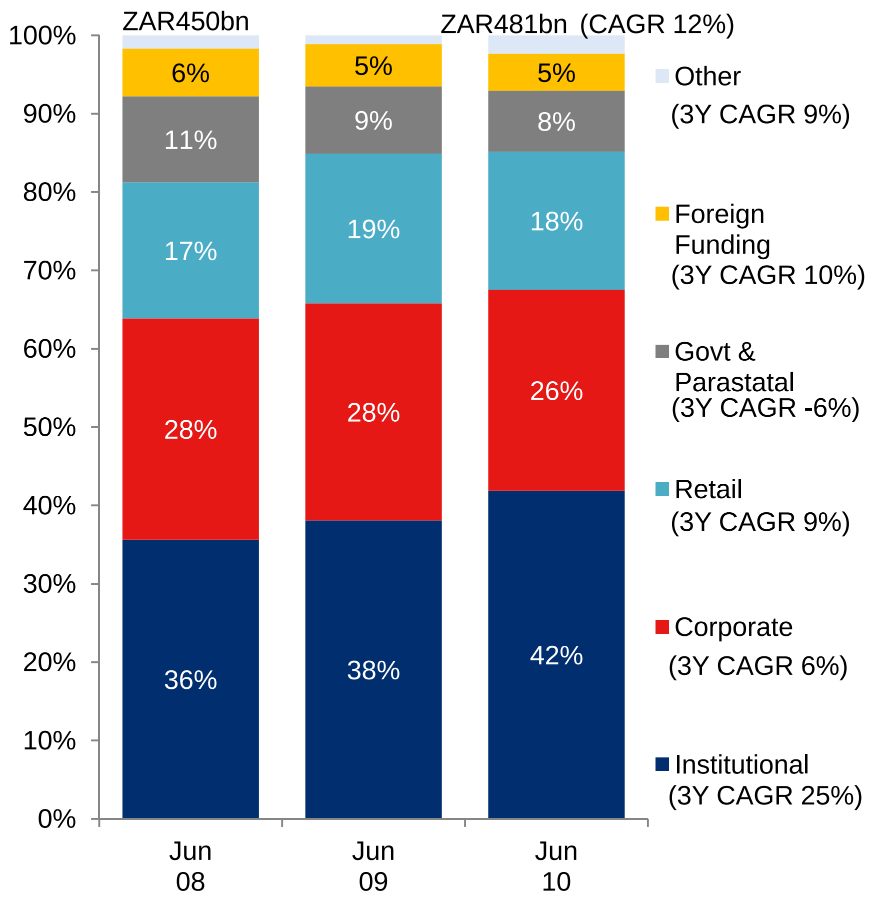
FirstRand's response

Create efficient, flexible and diversified funding platforms

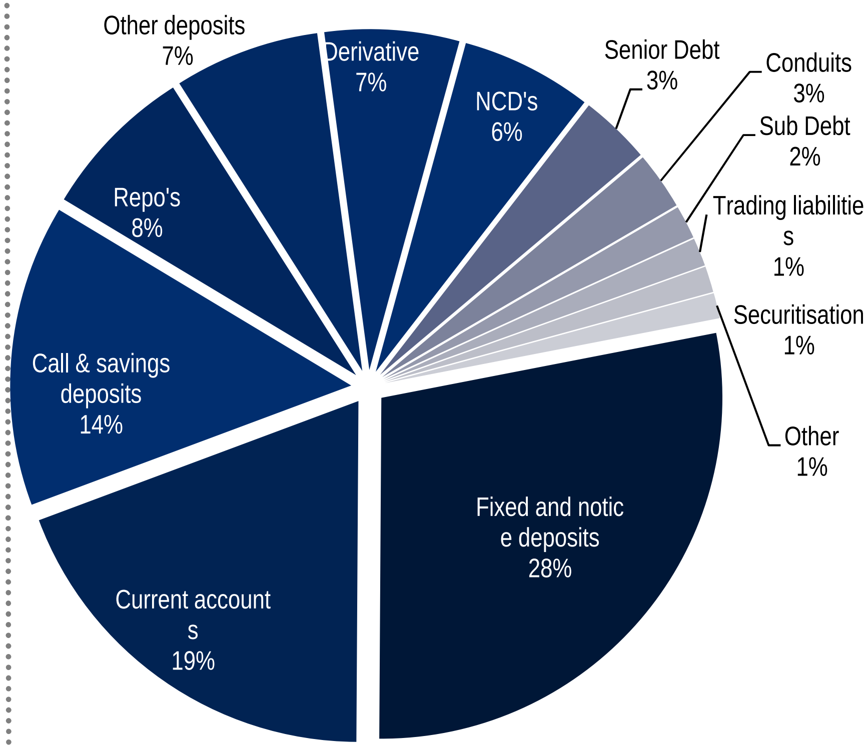
Regulated platforms (licenced)	FirstRand Bank, (branches: London, India), African banking platform, OUTsurance, RMB Morgan Stanley Exchanges (LSE, JSE, BESA)
Unregulated entities (un-licenced)	FirstRand Investment Holdings Private equity
Off-balance sheet	Securitisations, conduits / risk transformation platform Bi-lateral (Carlyle)
Own funds	Private equity (Ethos) FirstRand structured investments, e.g. RMB / Westport
3rd party platforms	Traditional • FNB Wealth & RMB Private Bank

Strong focus on building a diversified funding base

Sources of funding



Funding instruments (30 June 2010)

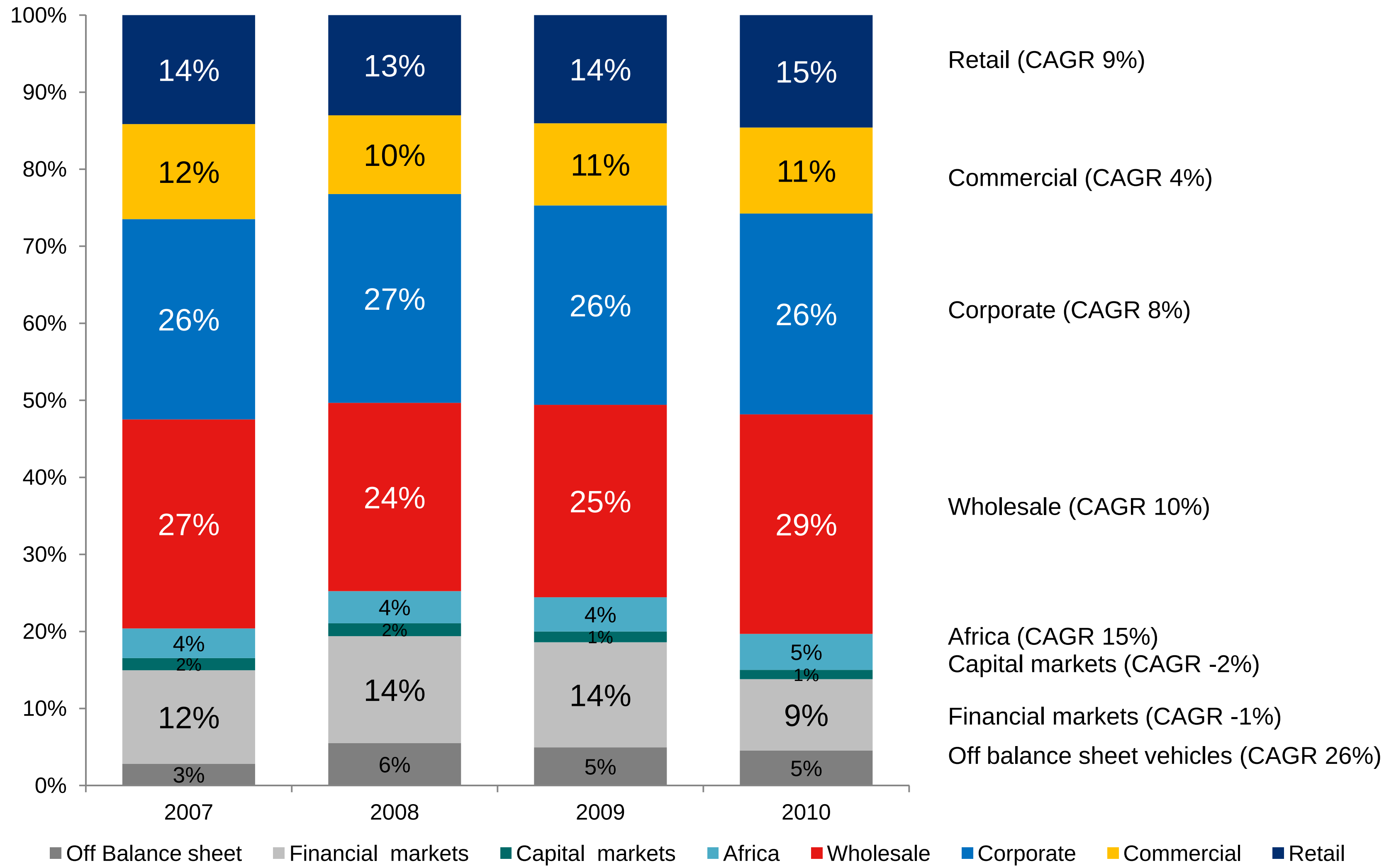


Incentivise building of retail deposit franchise

Source: SARB BA900 returns, June 2010

Sources: SARB BA 100 return & FirstRand Limited annual report

Retail and corporate funding strategy key



FirstRand – leading bond issuer…

FirstRand Bond Sales

Bloomberg News
2010-10-06 20:01:01.0 GMT

By Garth Theunissen

Oct. 7 (Bloomberg) -- FirstRand Ltd., South Africa's second-largest financial services company, is leading bond sales in Africa's biggest economy by locking in record-low borrowing costs with longer dated debt as it expands on the continent.

The Johannesburg-based company has raised 7.46 billion rand
($1.08 billion) in 18 bond sales this year, the most since Bloomberg began compiling the data in 1999.

- Banking in Africa
- Longer Maturities
- Increasing Bond Sales
- 'Quickest to Increase'

GRAB EquityLEAG
Click on an underwriter to view the issues they underwrote.

Underwriter Rankings

Select a Market | Related Functions | Output Results To

Debt - South African Corporate Bonds ☐ Issuer Rank ☐ Exclude Self-le
☐ Custom Dat Year 2010 Period Year View Rankings

Rankings

	Underwriter	Rank	Mkt Share(%)	Amount USD (Mln)	Fees(%)	Issues
1)	Barclays Capital	1	24.4	2,091.11	0.577	33
2)	Firstrand Bank Ltd	2	19.7	1,692.72	n/a	33
3)	Nedbank Capital	3	11.3	968.45	n/a	16
4)	Standard Bank	4	9.2	792.64	n/a	9
5)	Citi	5	6.6	566.67	n/a	2
6)	JP Morgan	5	6.6	566.67	n/a	2
7)	Transnet Ltd	7	6.6	564.55	n/a	32
8)	Investec Bank Ltd	8	5.9	507.89	n/a	9
9)	Goldman Sachs & Co	9	2.9	250.00	0.577	2
10)	RBC Capital Markets	9	2.9	250.00	0.577	2
11)	Standard Chartered PLC	9	2.9	250.00	0.577	2
12)	Development Bank of Southern Africa Ltd	12	0.5	41.01	n/a	1
13)	Quartile Capital Pty Ltd	13	0.4	33.97	n/a	2

Market Statistics

Total Amount 8,576 USD (Mln) Issues 122 #Underwriters 13 Fees(%) 0.577

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2010 Bloomberg Finance L.P.
SN 598690 H715-589-1 18-Oct-10 15:59:50

etc…

April 2010 auction summary:

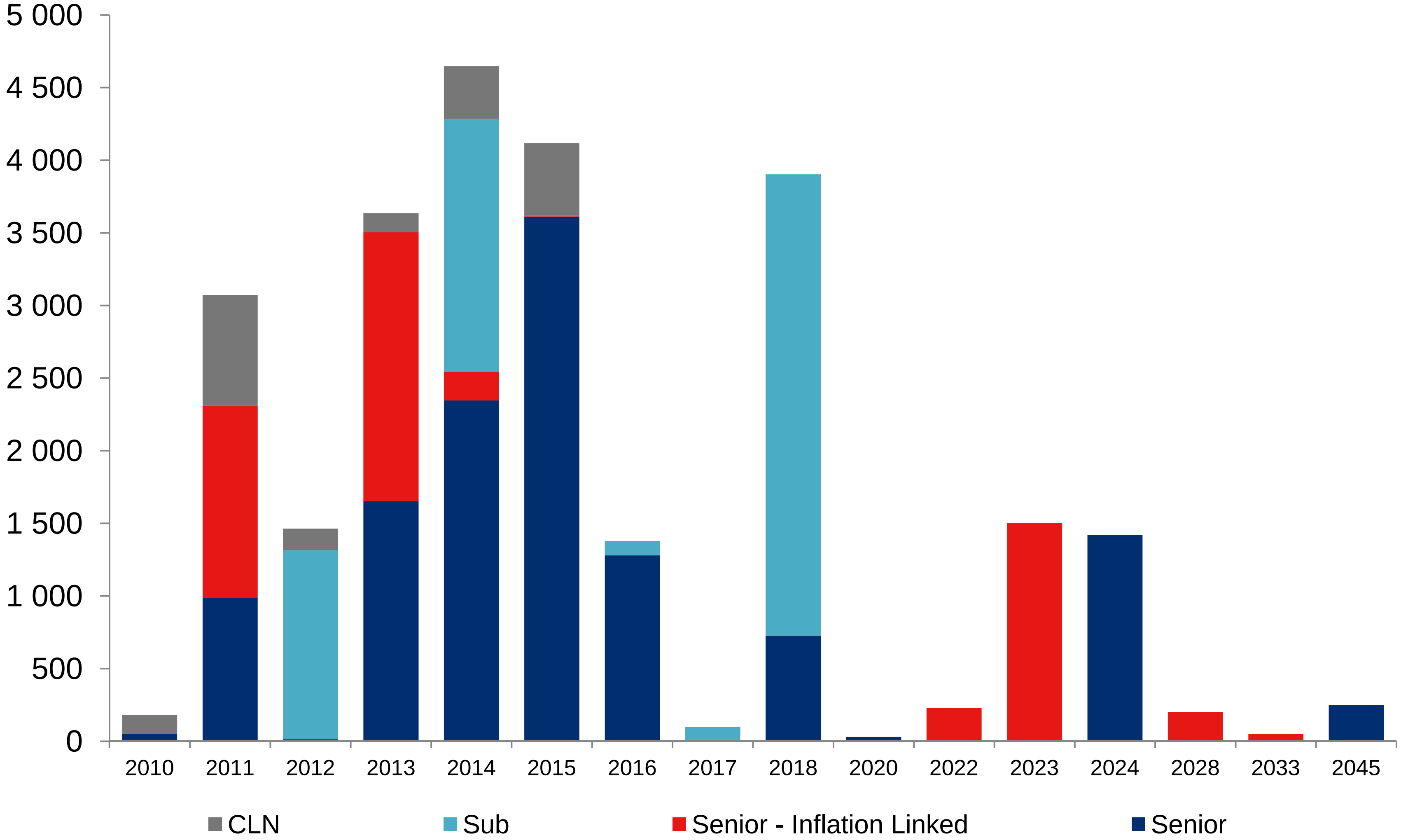
ZAR million	Nominal	Cash
Total bids	4 296	5 813
Allocation	2 571	3 340

August 2010 auction summary:

ZAR million	Nominal	Cash
Total bids	4 889	4 989
Allocation	4 199	4 309

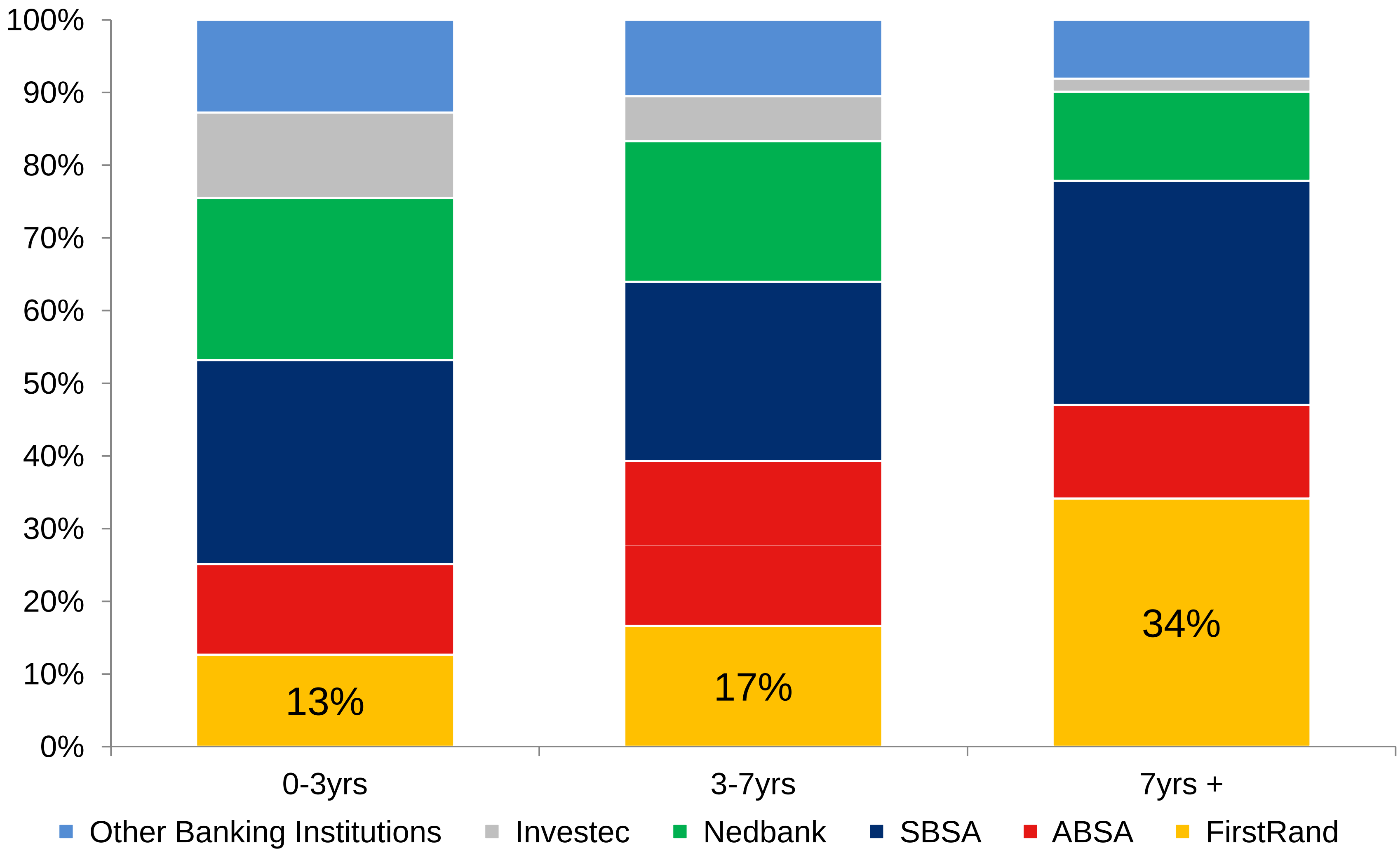
Diversified listed debt maturity profile

FirstRand Bank's listed debt



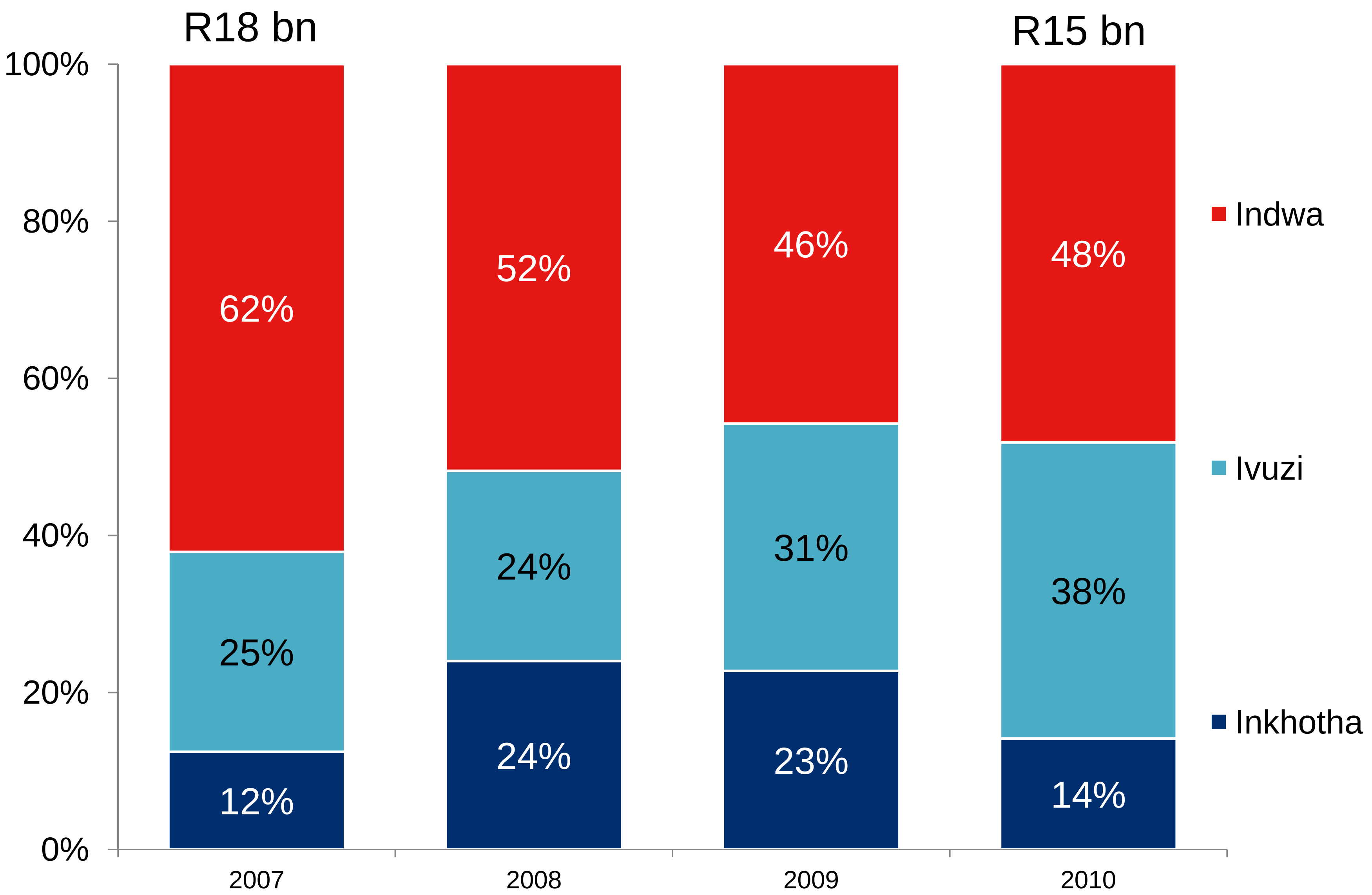
Source: FirstRand Research, JSE-BESA Bond Data, Sep 2010

SA banking sector issuance profile

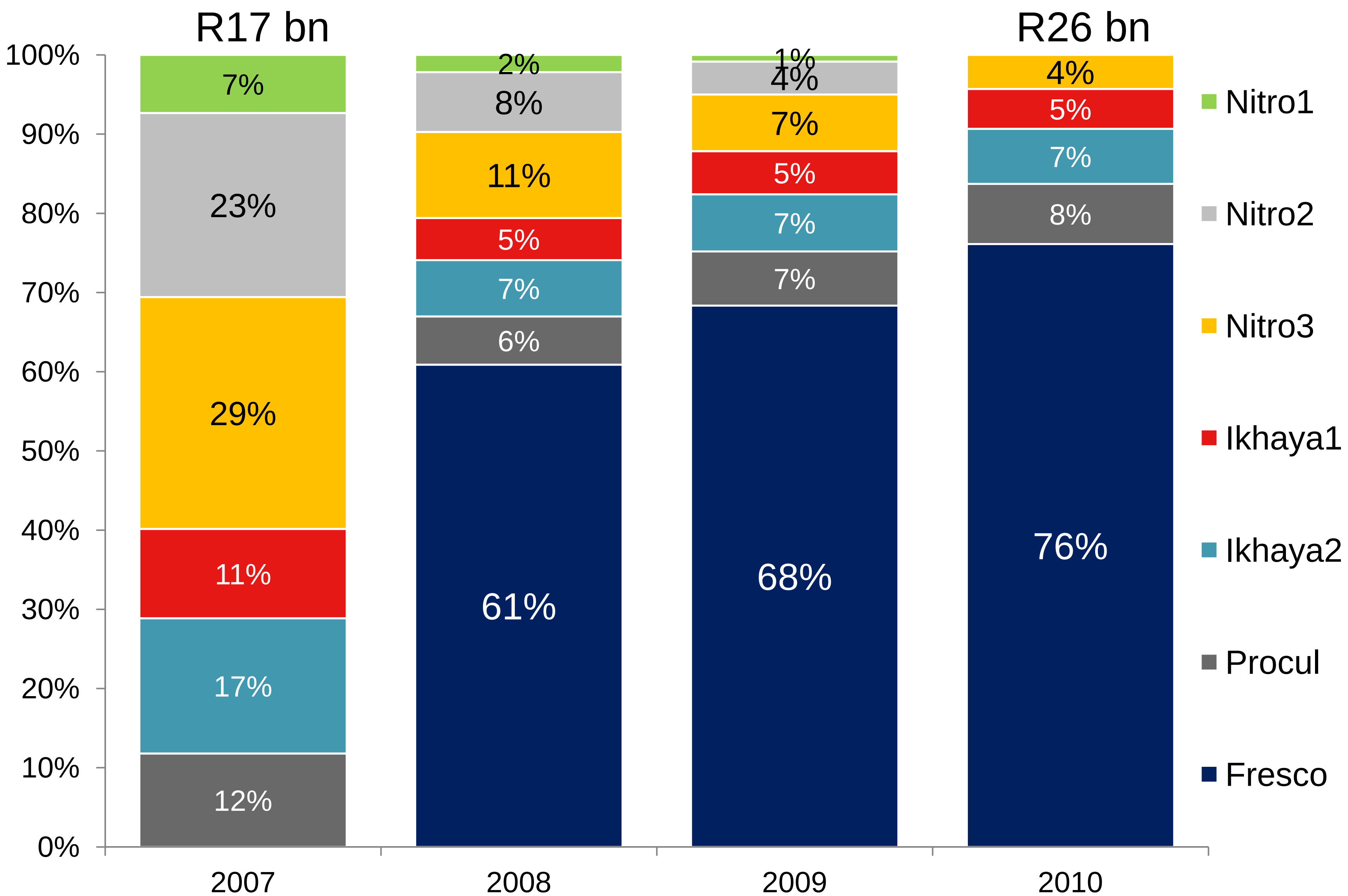


Source: JSE-BESA Bond Data, Sep 2010

Conduits: Assets under management



Securitisation notes outstanding



Funding strategy

- Deposit franchise
  - Aggressive client acquisition and retention strategies
  - New product and channel development
- Wholesale market
  - Extending the term
  - Diversify new sources
- Africa
  - Aggressive expansion into new markets
  - Enhancing existing deposit franchises
- Capital markets
  - Local and international market issuance programs to diversify
- Off-balance sheet vehicles
  - Continue existing funding platforms

In summary

- Integrated funding & liquidity framework
  - Aim to be in excess of minimum requirements of SARB, FSA & Basel II Minimum Liquidity standards (2009)
  - Strong management in building deposit franchises in retail, commercial and corporate segment
- Strong African deposit raising franchises
  - South Africa, Namibia, Botswana, Swaziland, Lesotho, Mozambique
- Enter new African markets
  - Zambia, Angola, Tanzania, Nigeria
- International platforms to secure long term multicurrency funding
  - London branch
  - Europe Medium Term Note program (LSE)
  - Middle East and Asia platforms
- Currently the group has excess foreign currency funding to be deployed towards markets and businesses within the FirstRand overall group strategy
- Basel III
  - Support initiative to strengthen the international liquidity risk standards
  - Cost of compliance may reduce economic growth
  - SA would require structural reform with respect to the supply side of funds
  - A pragmatic approach should be adopted by all parties