

FirstRand Banking Group: Inaugural debt investor day

London, 31 March 2008



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Agenda



- South African macroeconomic environment
- South African banking industry
- Overview of the FirstRand Banking Group
- Financial review: FirstRand Limited
- Key focus areas for balance sheet management

South African macroeconomic environment

Jaco van der Walt

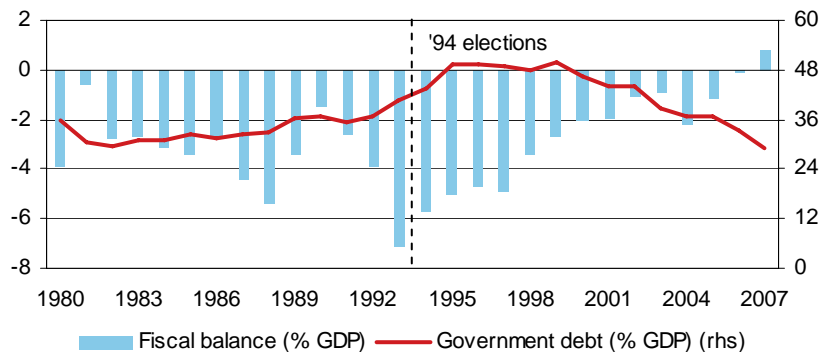


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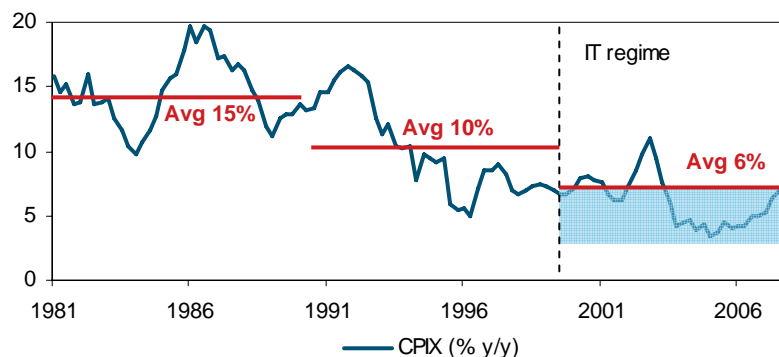
Structural achievements



Fiscal reform exceeds expectations



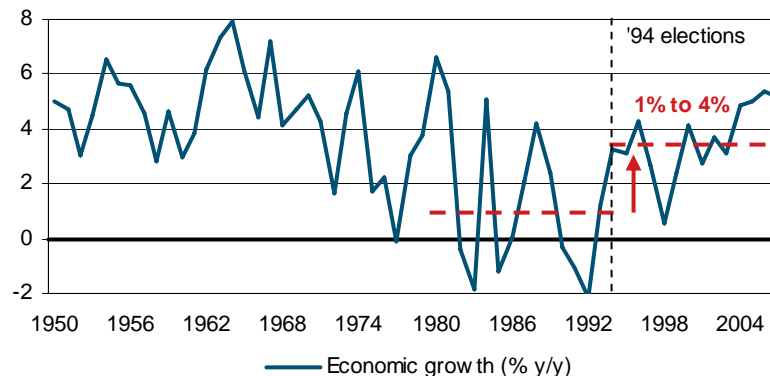
Commitment to inflation targeting



Reform agenda has run its course

- Fiscal stabilisation and reform (incl. cyclical surpluses)
- Prudent monetary policy (incl. inflation targeting)
- Economy opened up to global competition (66% from 42% in '94)
- Privatisation of non-core activities
- Selected labour reform (decreased labour action)

Higher growth path

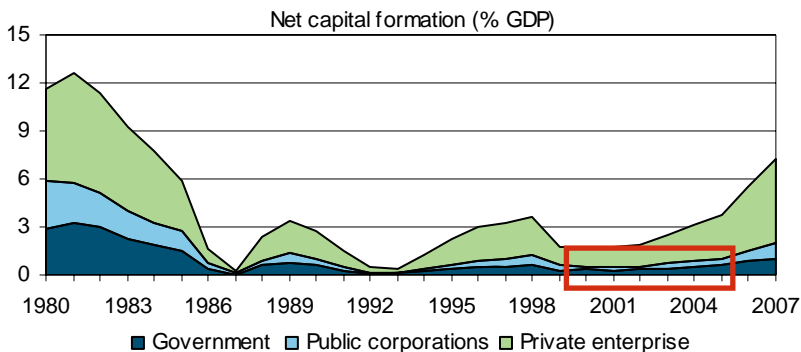


Sources: SARB, Centre for Africa Studies

Structural challenges



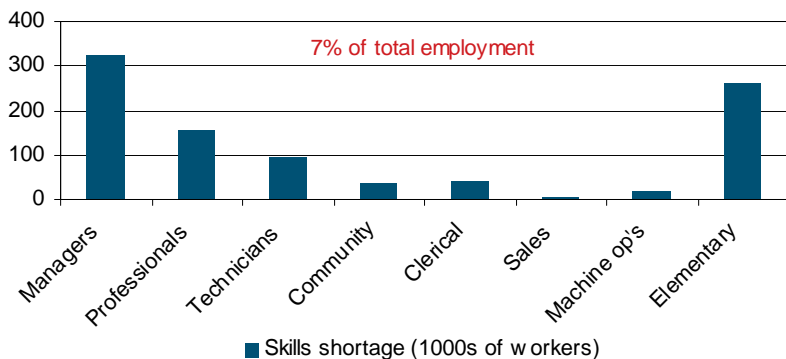
Physical infrastructure falling behind



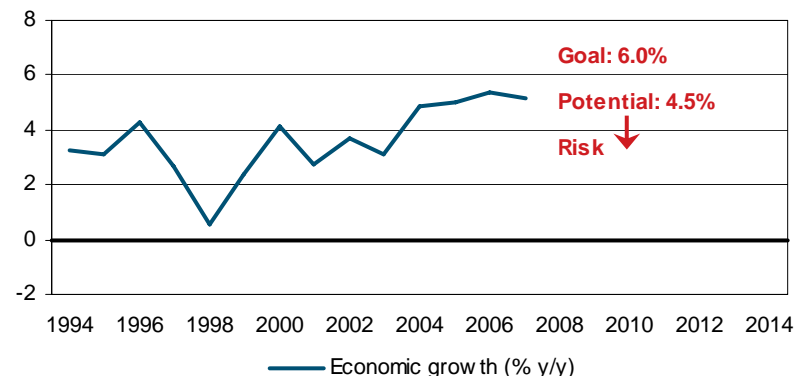
Policy uncertainty—expect noise, not change

- Change in political leadership creating uncertainty
- Expect more debate from the left wing, but new leadership is committed to the current policy framework
- Lack of delivery remains a bottleneck (especially in local government)

Skills and social infrastructure required



Structural challenges weigh on growth

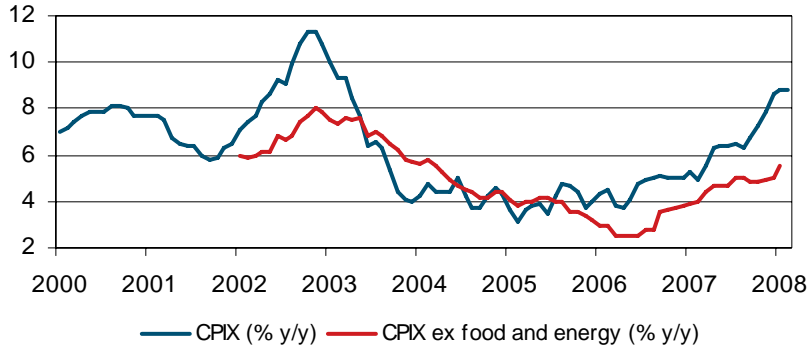


Sources: SARB, Department of Labour, StatsSA

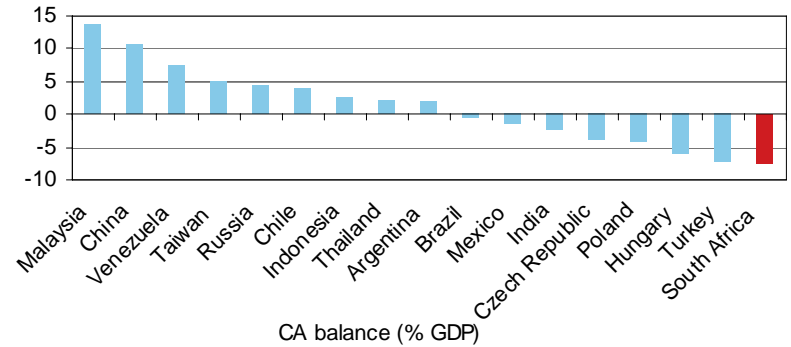
Cyclical challenges



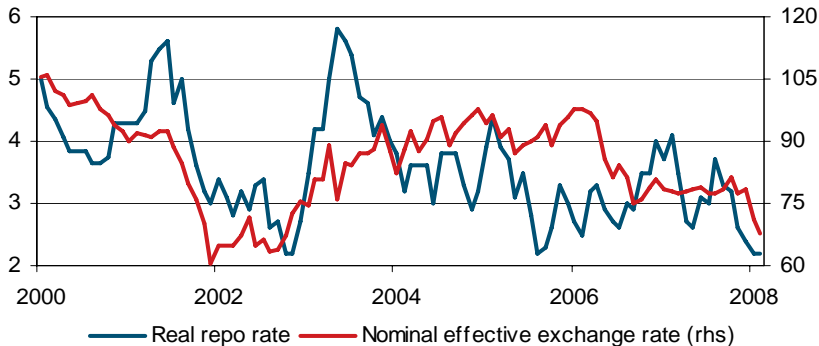
Inflation pressure beyond food & oil



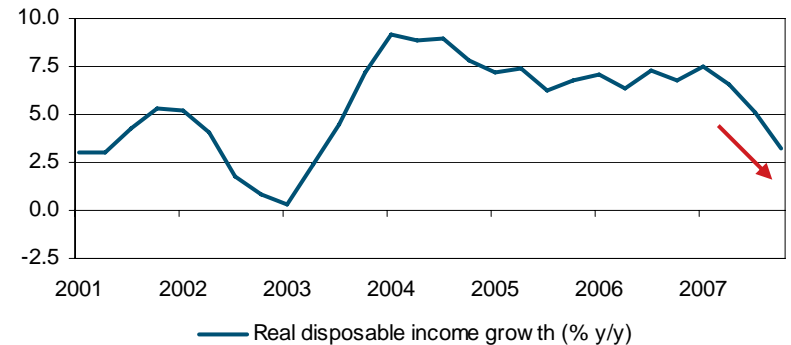
External vulnerability



ZAR is escape valve, if inflation persists



Risk to real income from inflation



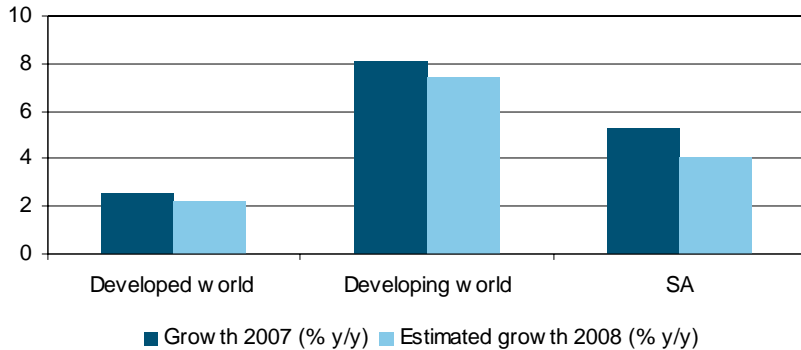
Sources: SARB, Bloomberg, Economist

A period of lower growth and inflation pressures

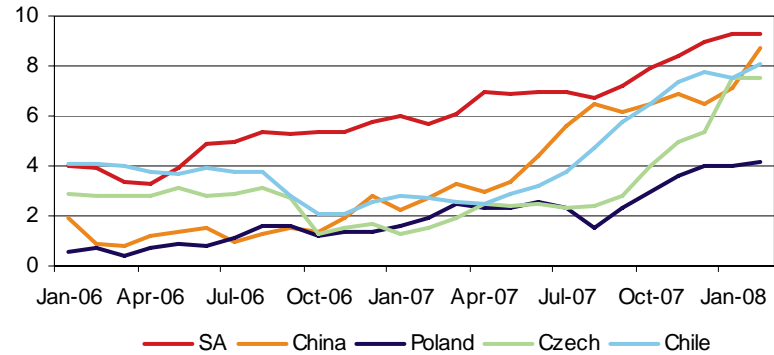
SA in context



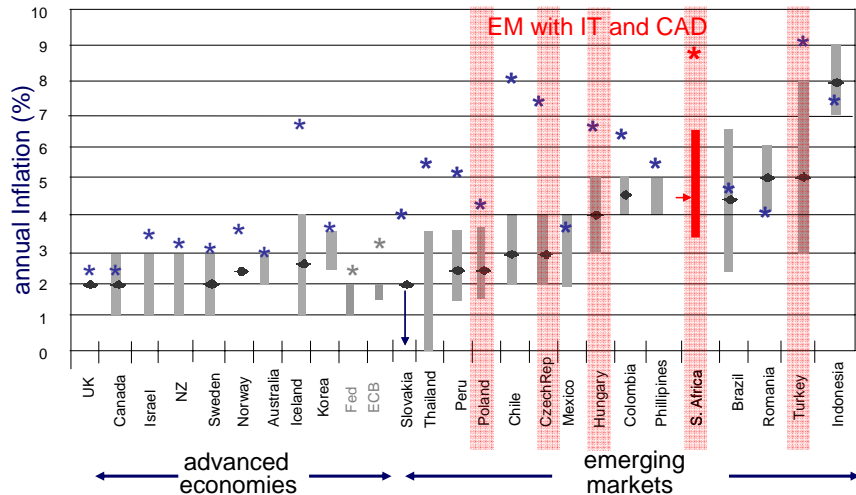
Slower growth not unique to SA



Inflation pressure not unique to SA



SA not alone



SA has specific challenges, but...

- SA inflation beyond food and oil
 - CPIX forecast to be within the target by 1H09
 - SARB vigilant despite slowing demand
- Infrastructure impeding growth
 - Billions already set aside (and PPP possible)
- External vulnerability amidst global slowdown
 - CAD to shrink to 6.5% and inflows into resources
- Policy uncertainty
 - Expect noise, not change

Sources: SARB, IMF, Stan du Plessis - University of Stellenbosch

South African banking industry

Sizwe Nxasana



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Structure of the SA banking industry



- Robust banking system
- Regulated by the South African Reserve Bank (SARB)
- 20 registered banks, 14 registered branches, 2 registered mutual banks and 46 representative offices of foreign banks
- Retail lending represents approximately 70% of bank loans – roughly 75% of retail advances are asset backed
- Average CAR is 11.7% as of end 2007 compared to the regulatory minimum ratio of 9.75%
- Basel II implemented in January 2008
 - SARB adheres to the Basel II capital adequacy rules and supervisory framework

SA banking sector – sophisticated, competitive, expanding



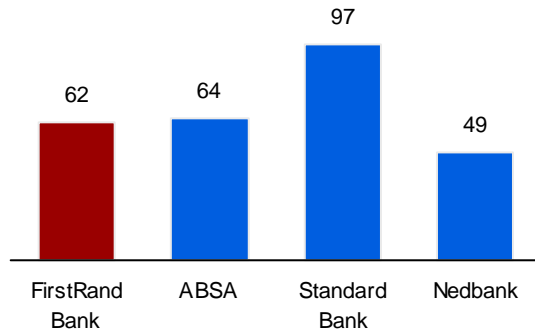
- Total assets at 31 December 2007 = EUR255bn
(18.2% CAGR over past 5 years in local currency terms)
- Total deposits at 31 December 2007 = EUR186bn
(18% CAGR over past 5 years in local currency terms)
- Trends
 - Strong barriers to entry given Big 4 banks' dominance in retail
 - Growing demand for credit and banking services
 - Increasing customer sophistication
- Risk management
 - Basel II: SARB approved advanced internal ratings-based (AIRB) approach for credit risk and internal model approach for market risk. Applied for advanced measurement approach (AMA) for operational risk from January 2009
 - Well developed capital markets

Competitive map

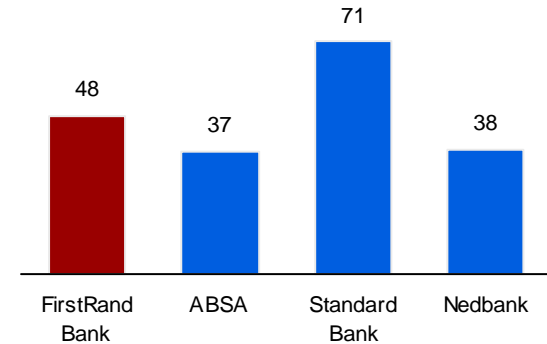


FirstRand Banking Group is a market leader

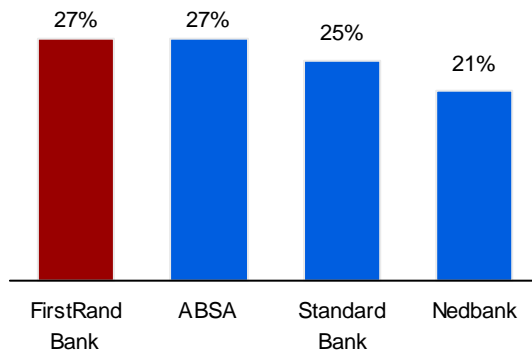
Total assets (EURbn)



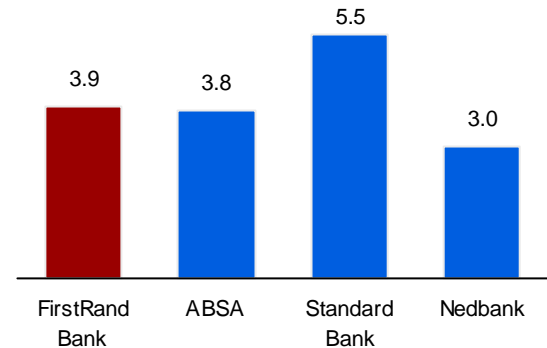
Total deposits (EURbn)



Return on Equity



Net asset value (EURbn)



Note: ROE for FirstRand Banking Group based on annualised half-year results

Source: Interim/final financial reports Dec 2007; conversion at EUR ZAR = 10.002 as at 31 December 2007

Overview of FirstRand Banking Group



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Our structure



Listed entity
(FirstRand Ltd, JSE:FSR)



100%



100%



100%



Banking

Insurance & asset management

100%



100%



100%



Investment banking division

100%



Commercial banking division

100%



Instalment finance division

Our business model



- Decentralised, federal operating model
- Portfolio of leading franchises
 - Strategies are owned at franchise level
 - Autonomous management
 - Entrepreneurial culture
- Centralised functions
 - Performance management
 - Risk management
 - Balance sheet management

Performance management

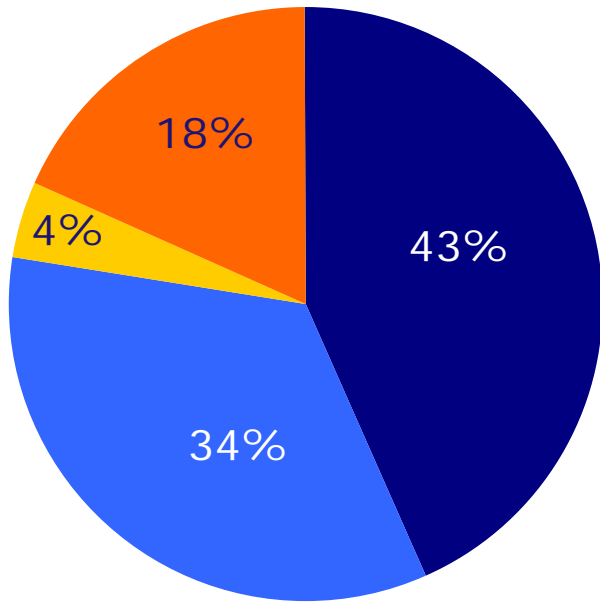


- The approach to performance management is to
 - Maximise the spread between return on equity and cost of capital
 - Measure the performance of each division on its ability to maintain and grow that spread over time
- Long-term financial targets
 - 10% real growth in earnings
 - ROE of WACC plus 10% (WACC of 13.3% at 31 Dec 2007)

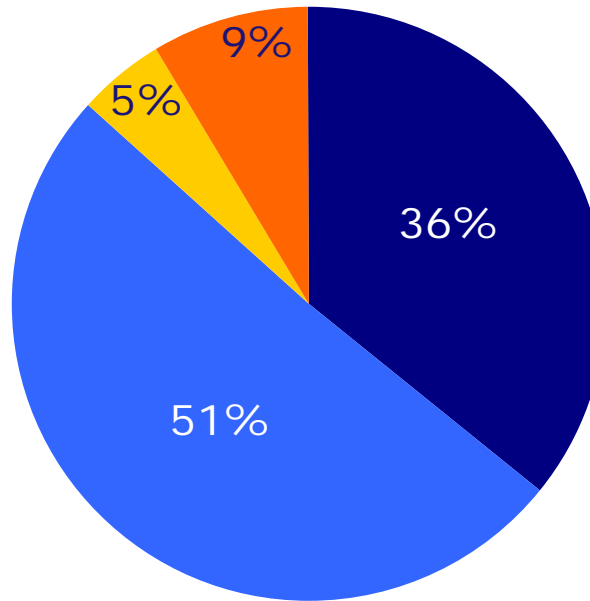
Franchise diversification



Assets*
31 December 2007



Normalised earnings*
31 December 2007



Return on Equity

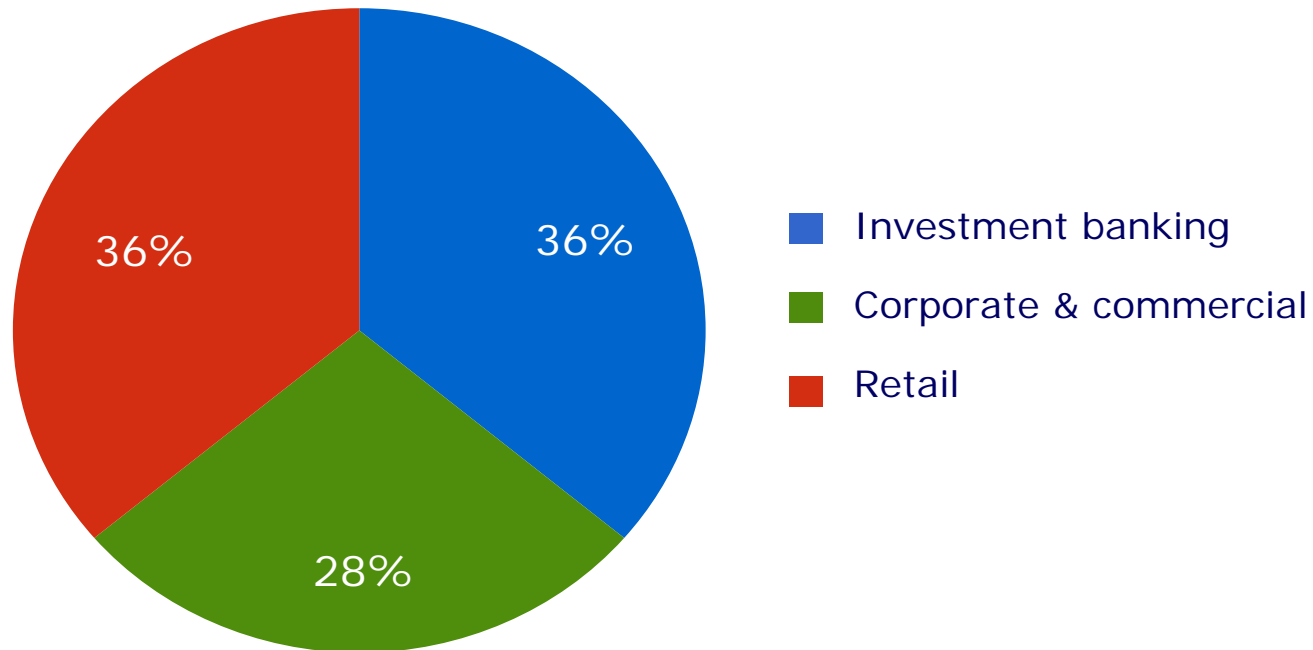
RMB	33%
FNB	34%
FNB Africa	32%
WesBank	17%

* FirstRand Banking Group, excluding Group Support, NCNR preference shares.

Segment diversification



Normalised earnings*
31 December 2007

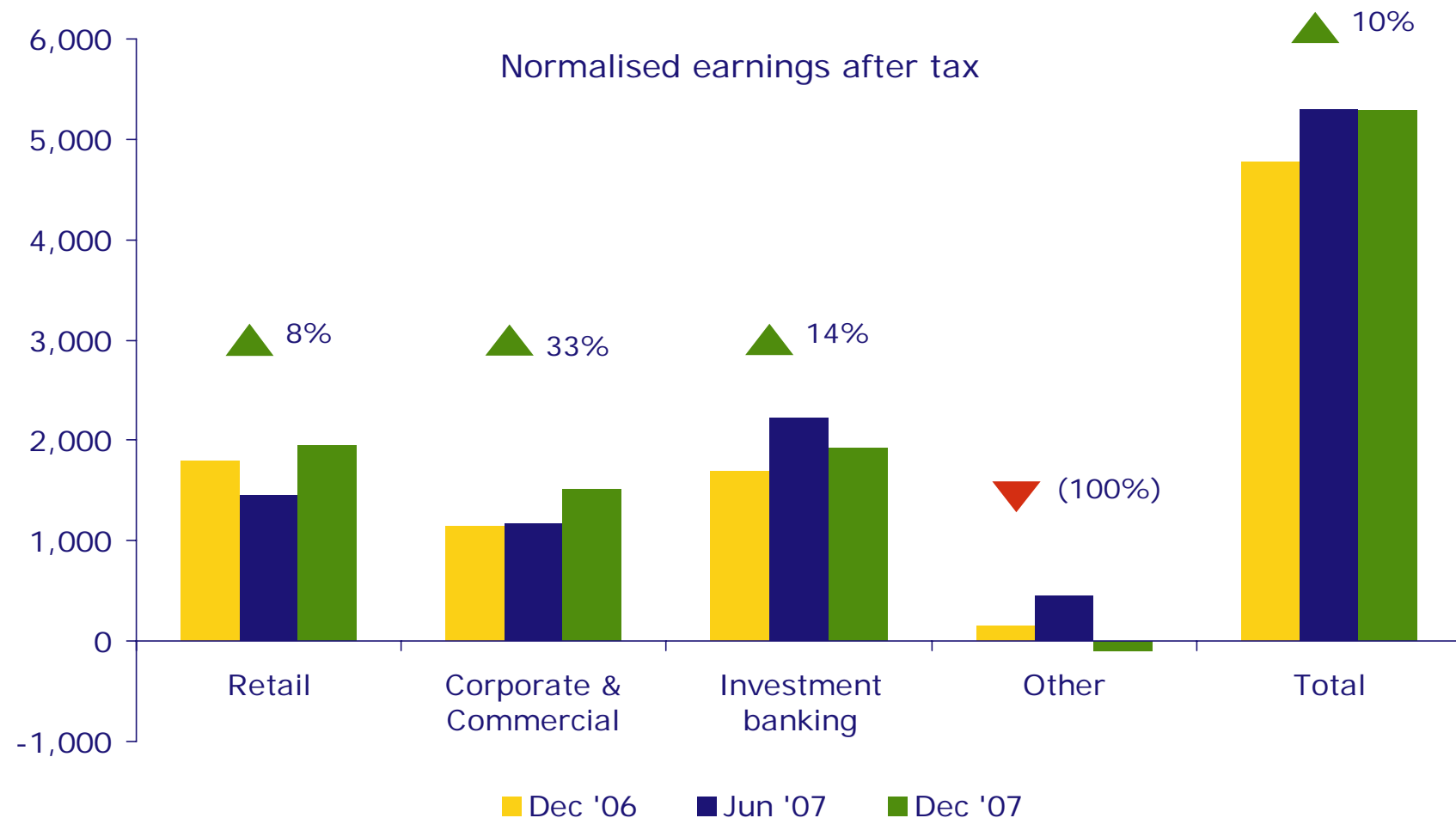


* FirstRand Banking Group, excluding Group Support, NCNR preference shares.

Continued rotation to corporate and investment banking

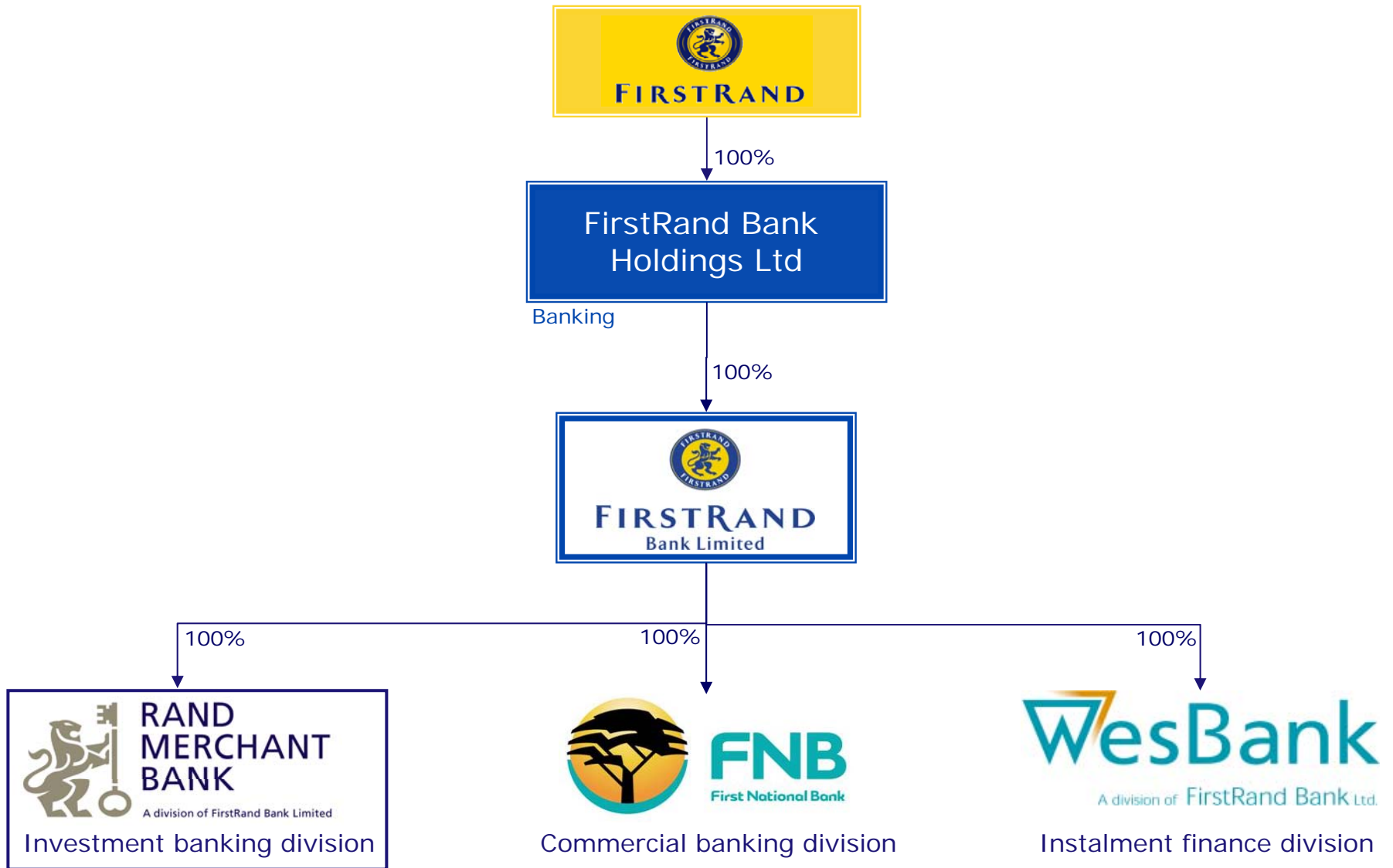


ZAR million

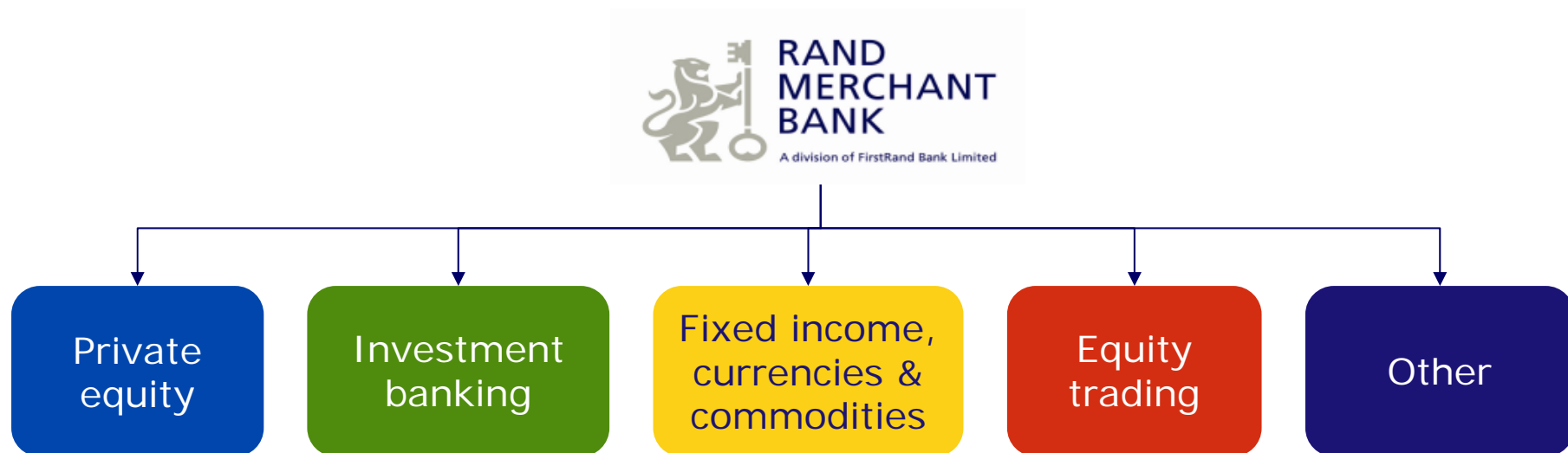


FirstRand Banking Group, excluding Group Support, NCNR preference shares

Overview of banking franchises



A quality portfolio



- RMB is a leading advisor and financier in South Africa in many sectors such as mining and resources, construction, black economic empowerment (BEE), transport, and retail
- RMB was rated top in all investment bank product areas in latest PWC peer survey
- Well positioned to take advantage of the budgeted public sector infrastructure development projects over the next few years

Consistent leaders



Survey Year	Mergers & Acquisitions	BEE Deals	Listings	Structured Finance
2007	1 st	1 st	3 rd	1 st
2005	1 st *	1 st	1 st	1 st
2003	1 st *	n/a	7 th	1 st

M & A Deal of the year
2007

M & A Dealmaker of the year
2006

M & A Dealmaker of the year
2005

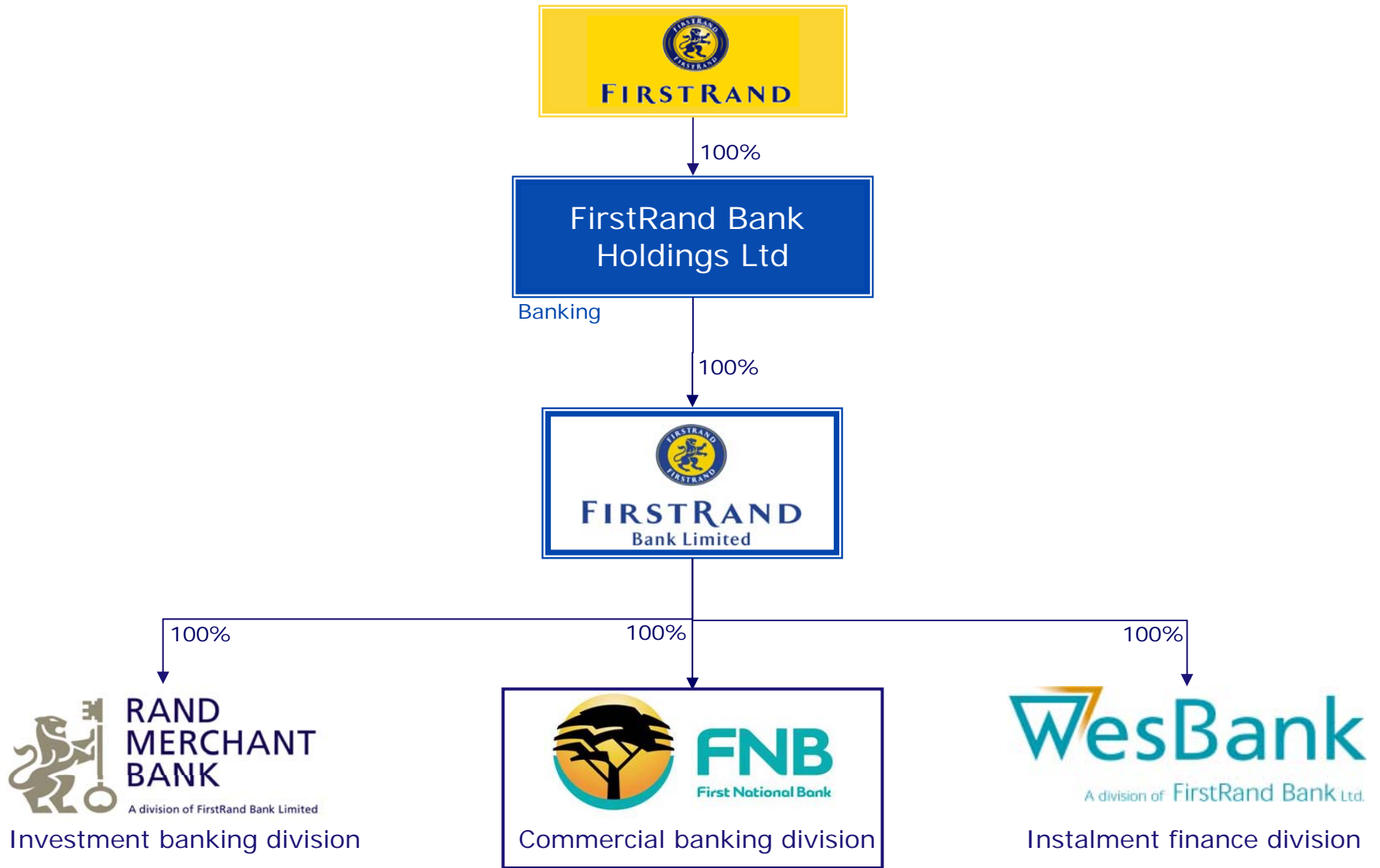
M & A Dealmaker of the year
2004

 Deal**Makers** Magazine
by transaction value

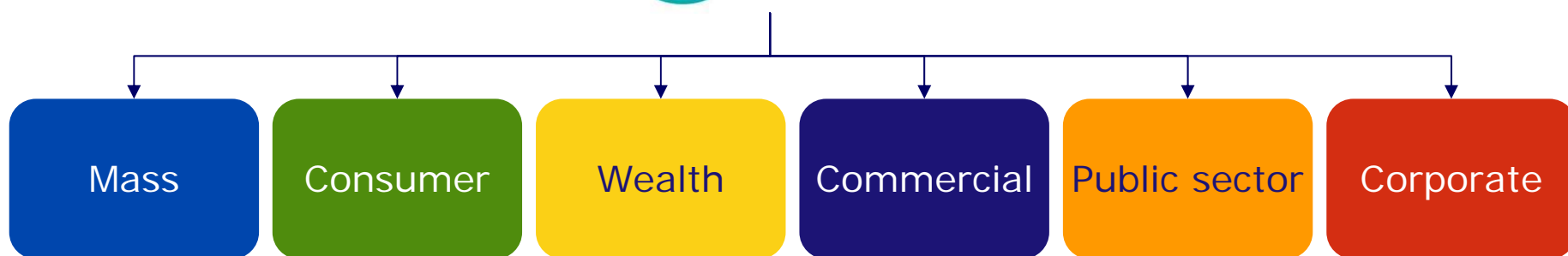
PRICEWATERHOUSECOOPERS  Survey on Banking in SA

* Joint place n/a = new category

Overview of banking franchises



Successful segment strategy



- Overall strategy to optimise ROE through gaining profitable market share
- Increasing access to the low income markets and small and medium enterprises
- FNB currently operates 709 branches and 4,642 ATMs across South Africa

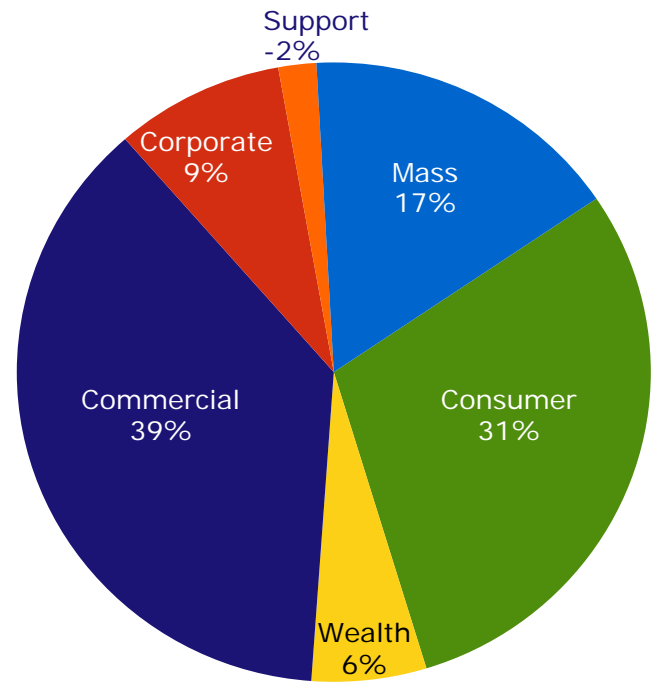
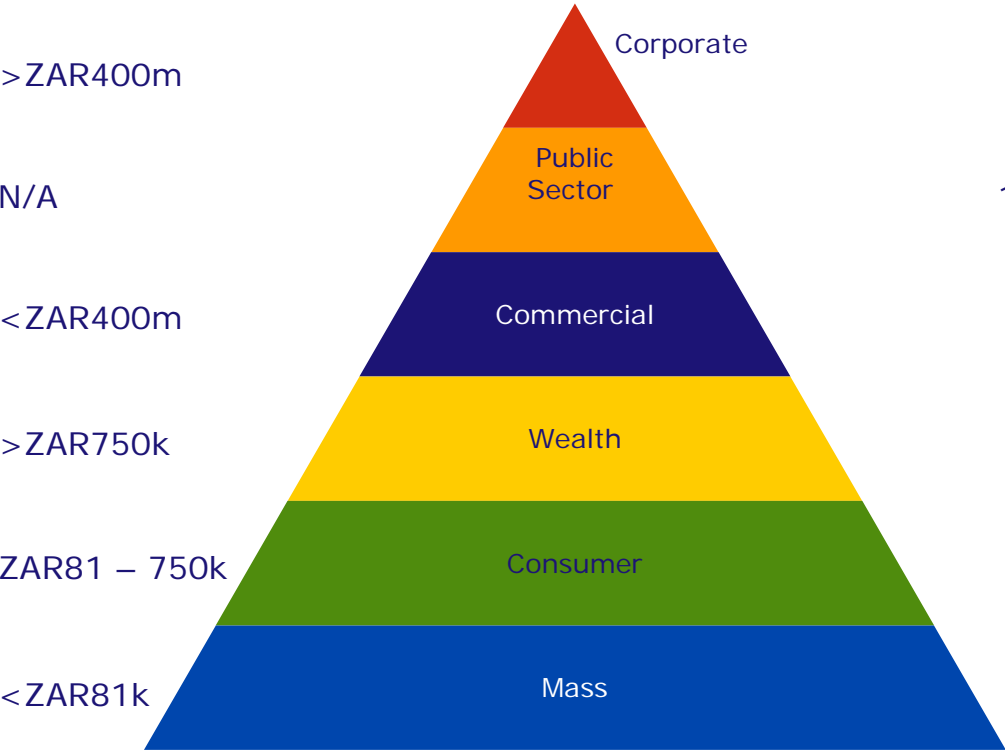
FNB segment strategy and structure



Income / Turnover

Customer numbers

Profit before tax – Dec '07



Total 6m

Corporate & Commercial = 48%

Retail = 52%

African footprint



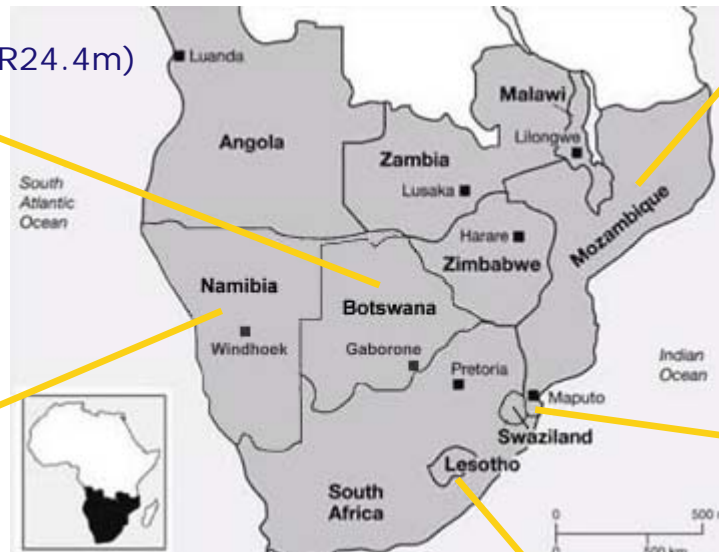
Pre-tax profit up 23%* to ZAR525m (EUR 53.7m); CIR 46.5%

FNB Botswana

- Profit +13% to ZAR239m (EUR24.4m) (+18% local currency)
- Infrastructure investment
- Assets up 29%
- Deposits up 34%
- Strong brand in market

FNB Namibia

- Profit +29% to ZAR253m (EUR25.9m)
- Excellent performance
- Market leader
- ROE up to 25.8%



FNB Mozambique

- Acquired in July '07
- PBT of ZAR11m (EUR1.1m)

FNB Swaziland

- Profit +20% to ZAR36m (EUR3.7m)

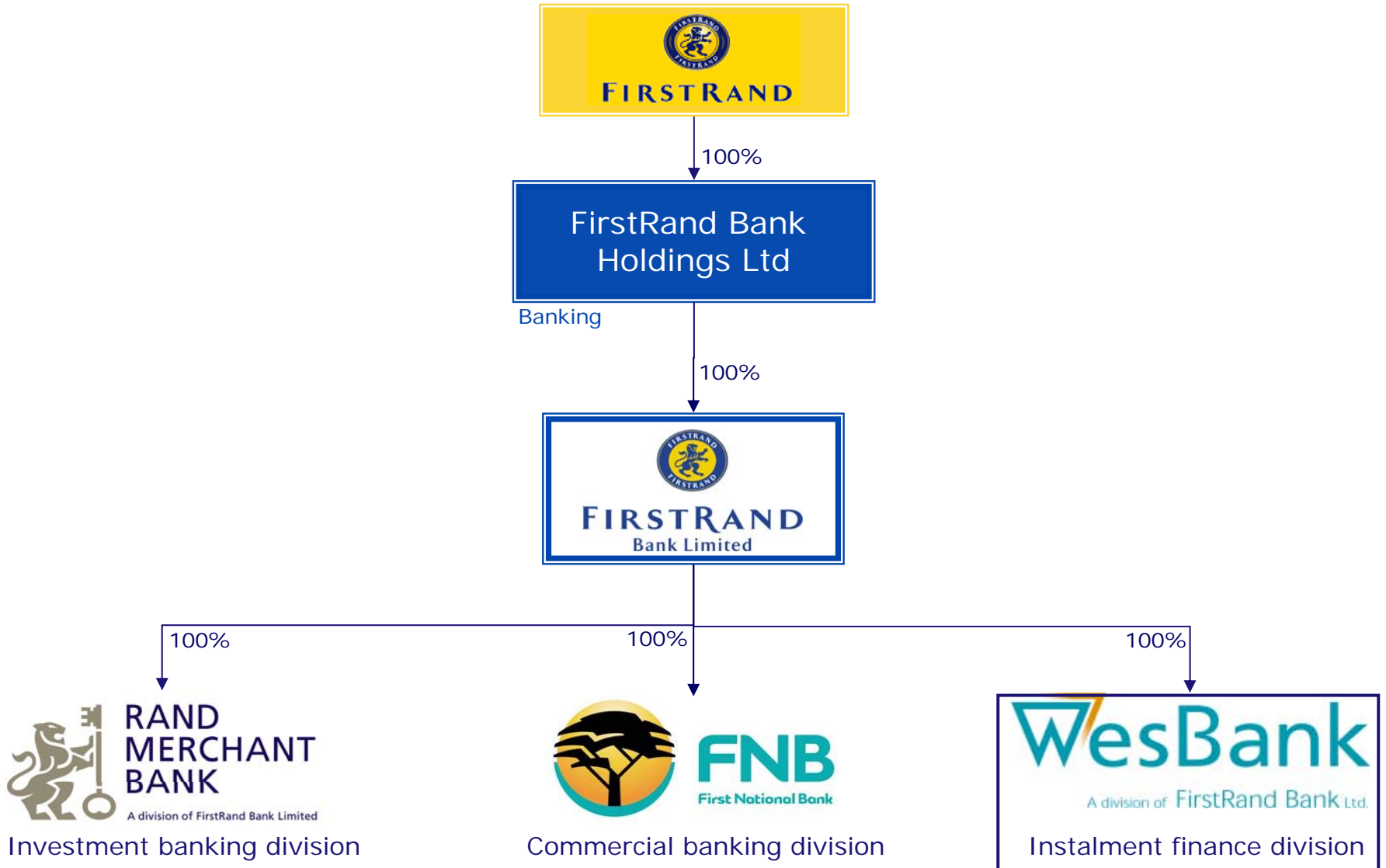
FNB Lesotho

- PBT ZAR1m (EUR0.1m)

*Attributable income up 18%

As at 31 December 2007, conversion at average rate of EUR1 = ZAR9.7851 for the 6 months

Overview of banking franchises



Market leader in instalment finance



WesBank

A division of FirstRand Bank Ltd.



- WesBank is a market leader in both asset-based finance and fleet management solutions (market share 36% as at 31 December 2007)
- WesBank's strategy of partnering with motor manufacturers and distributors is a significant factor in the growth of its business and the dominant position that it holds in the financing of motor vehicles

Strategy of the FirstRand Banking Group



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Challenges and opportunities



Corporate sector remains strong

Infrastructure expansion

Commodity prices up
e.g. gold and platinum

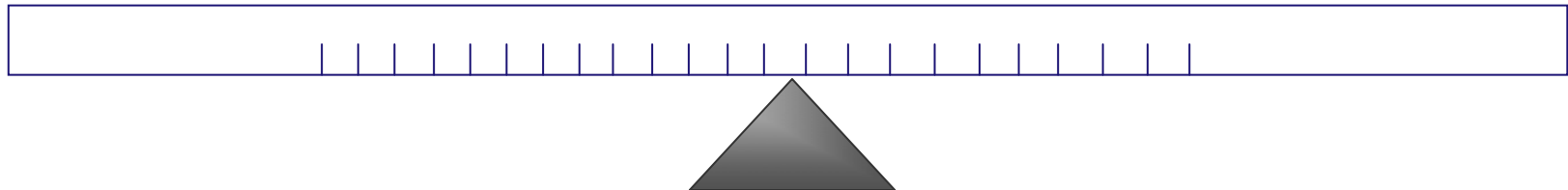
Capital, funding & liquidity

Current account deficit

Inflationary pressures

Increased interest rates put
pressure on consumer

Major sell-off of SA equities by foreigners



Strategy



- FRBG strategy is to build a diverse portfolio of leading banking franchises in South Africa
- Increasing focus on selected niche international opportunities, particularly in large emerging markets
 - RMB – building investment banking, private equity capacity in India & Nigeria
 - FNB – accelerating strategy to become significant player in SADC region (through greenfields/acquiring platforms)
- The Banking Group's growth prospects underpinned by
 - On-going organic growth from local portfolio
 - Growing returns from international initiatives in the medium term

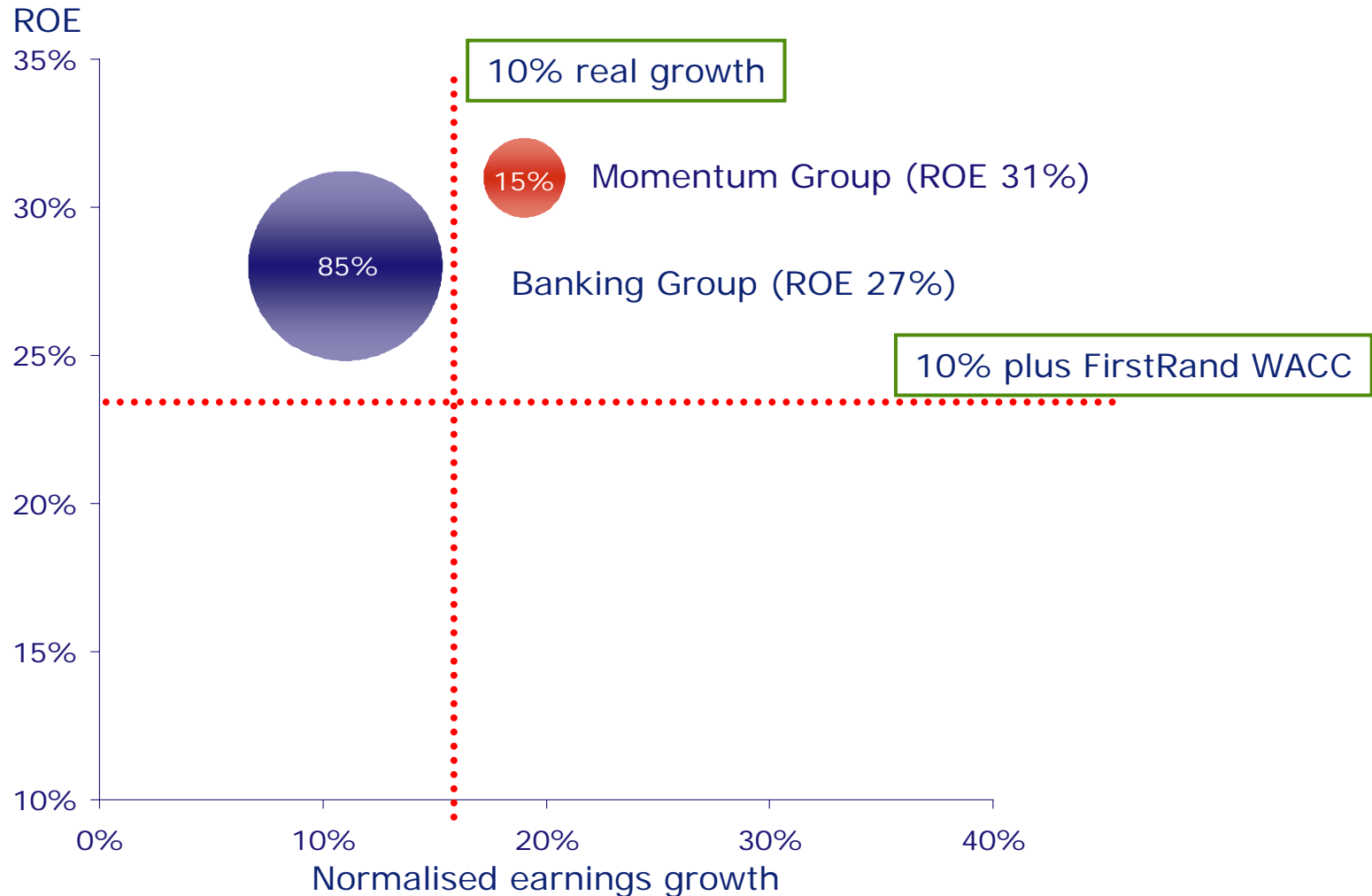
Financial review: FirstRand Limited

Johan Burger



FIRSTRAND

Performance to financial targets



* Based on normalised earnings, excluding Discovery, FirstRand centre and NCNR preference shares

Insurance outperforms banking



ZAR millions

Normalised earnings	Dec '07	Dec '06	% Change
Banking Group	5 283	4 783	10
Momentum Group	913	768	19
FirstRand*	(49)	(69)	29
Preference Dividend	(194)	(163)	(19)
FirstRand proforma	5 953	5 319	12
Discovery	185	220	(16)
FirstRand actual	6 138	5 539	11

* Includes elimination of intergroup profit between Momentum and Banking Group on Swabou life

Slower earnings growth but targeted returns maintained

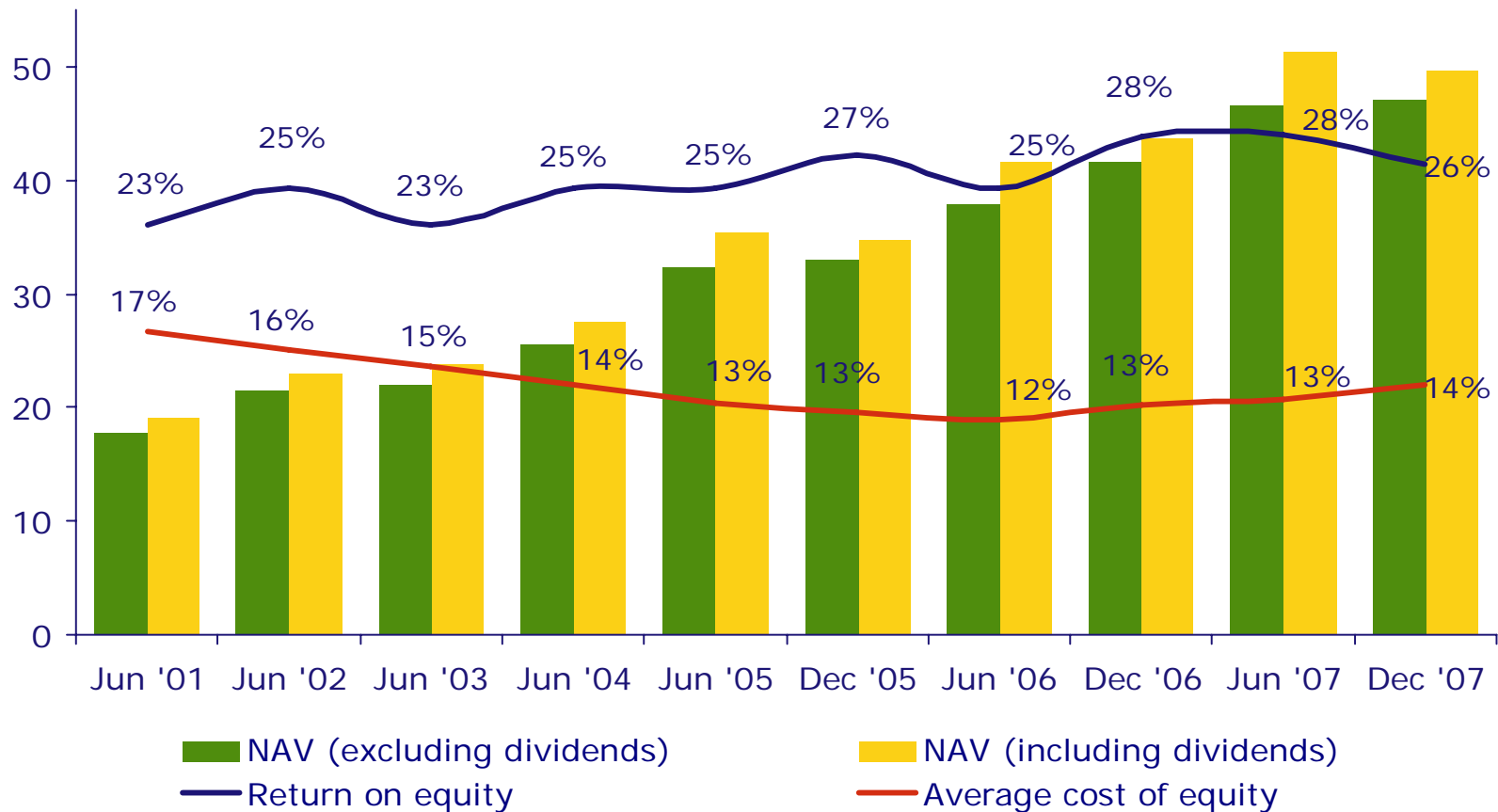


ZAR millions	Dec '07 Proforma	Dec '06 Proforma	Proforma Change %	Dec '07 Actual	Dec '06 Actual
Normalised earnings	5 953	5 319	12	6 138	5 539
Normalised earnings per share					
- Basic	105.6	94.4	12	108.9	98.3
- Diluted	105.6	94.3	12	108.9	98.2
Headline earnings per share					
- Basic	106.5	89.6	19	110.1	94.1
- Diluted	103.9	87.1	19	107.4	91.4
Return on equity (%)	26	29		26	28
Interim dividend per share (cents)	44.25	39.5	12	44.25	39.5

Premium returns over cost of equity



ZAR billions



* Based on normalised NAV

Banking Group remains well capitalised



- Raised EUR150m in dated Tier 2 – Nov/Dec 2007
- Launched Fresco II, a corporate synthetic securitisation programme of EUR2bn (August '07)
- Concluded the 2nd home loans securitisation programme, iKhaya 2, of EUR280m (July '07)
- Plan to issue Hybrid Tier 1 and innovative Tier 2 instruments locally and internationally in 2008, depending on market conditions
- SARB approved advanced internal ratings-based (AIRB) approach for credit and internal model approach for market risk
- Applied for advanced measurement approach (AMA) for operational risk from Jan 2009

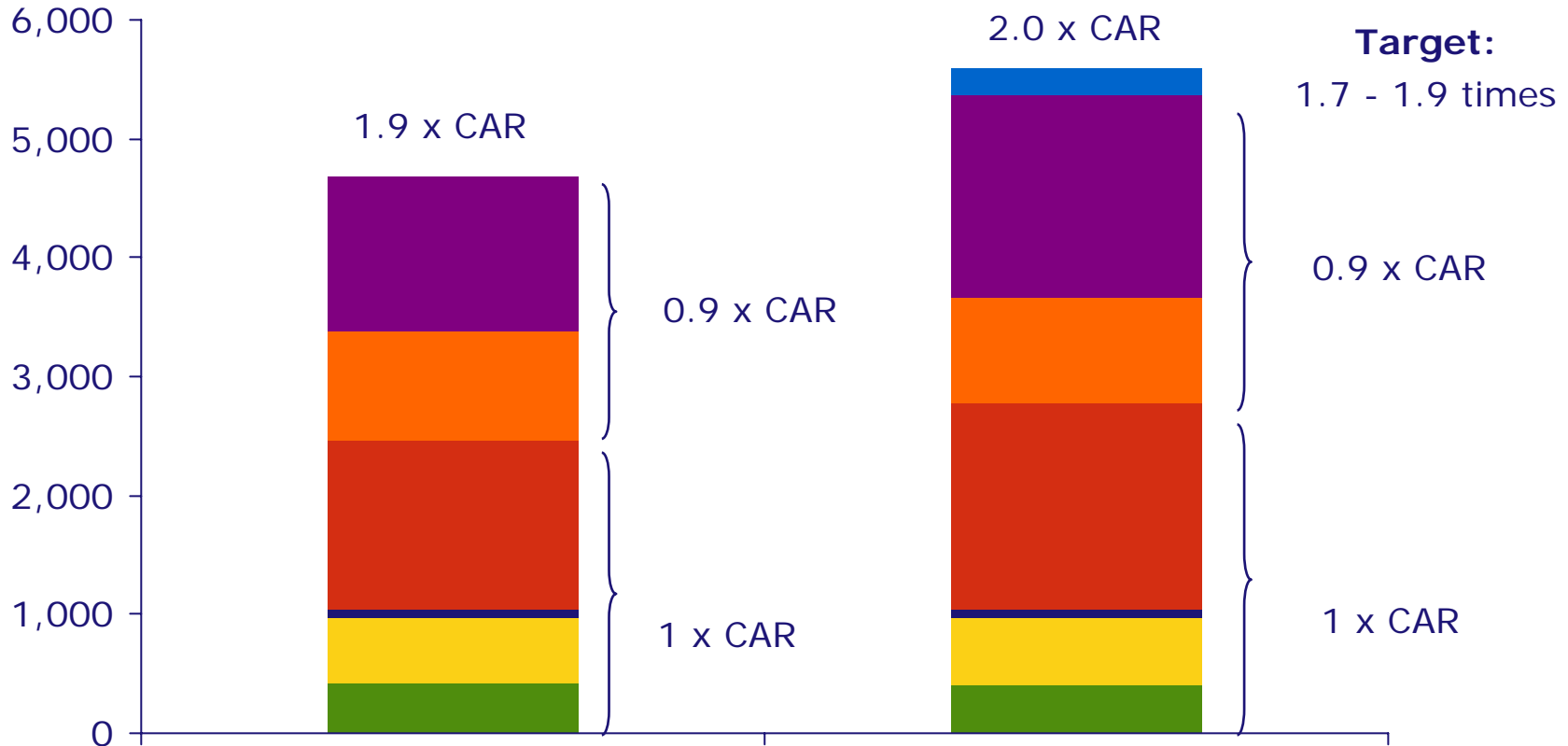
Banking Group ratios	Regulatory requirement	Target Dec '07	Actual Dec '07
Core Tier 1 (equity)	>5.25	>7.25	10.0
Tier 1	>7.00	>9.25	10.8
Total capital adequacy	>9.50*	>12.0	13.8

* Excludes Pillar 2b add-on, currently 0.25%
Exchange rate (31 Dec 07): EUR1 = ZAR10.002

Insurance group well capitalised



ZAR millions



- Termination
- Mortality and morbidity
- Expense
- Investment
- Credit
- Other risks
- Available for distribution

Lower growth from the bank



	Dec '07	Dec '06	% change
Normalised earnings* (ZAR millions)	5 283	4 783	10
Return on equity** (%)	27	32	
Return on assets (%)	1.82	1.98	
Credit loss ratio*** (%)	1.00	0.69	
Cost to income ratio (%)	52.6	53.0	

* Before deducting preference share dividends

** After deducting preference share dividends and capital

*** Before deducting credit protection

Mixed performance from franchises



	Profit before tax	% growth
FNB	ZAR3.4 billion	22
FNB Africa	ZAR0.5 billion	23
RMB	ZAR2.4 billion	8
WesBank	ZAR0.6 billion	(17)
Other	ZAR0.2 billion	(63)
Total profit before tax	ZAR7.1 billion	7

Results in context



ZAR millions	Dec '07	Dec '06	change	
• Net interest income	8 134	7 130	14%	▲
• Credit impairment charge	(1 625)	(1 151)	41%	▲
• Net interest income after impairments	6 509	5 979	9%	▲
• Non interest revenue*	10 802	9 983	8%	▲
Transactional	6 567	5 230	26%	▲
Fair value and risk	1 419	2 419	(41%)	▼
Private equity (including private equity associates)	1 452	1 001	45%	▲
Associates (Wesbank and Outsurance JV's)	269	189	42%	▲
Other	1 095	1 144	(4%)	▼
• Operating expenses	(9 957)	(9 076)	10%	▲
• Taxation expense	(1 434)	(1 572)	(9%)	▼

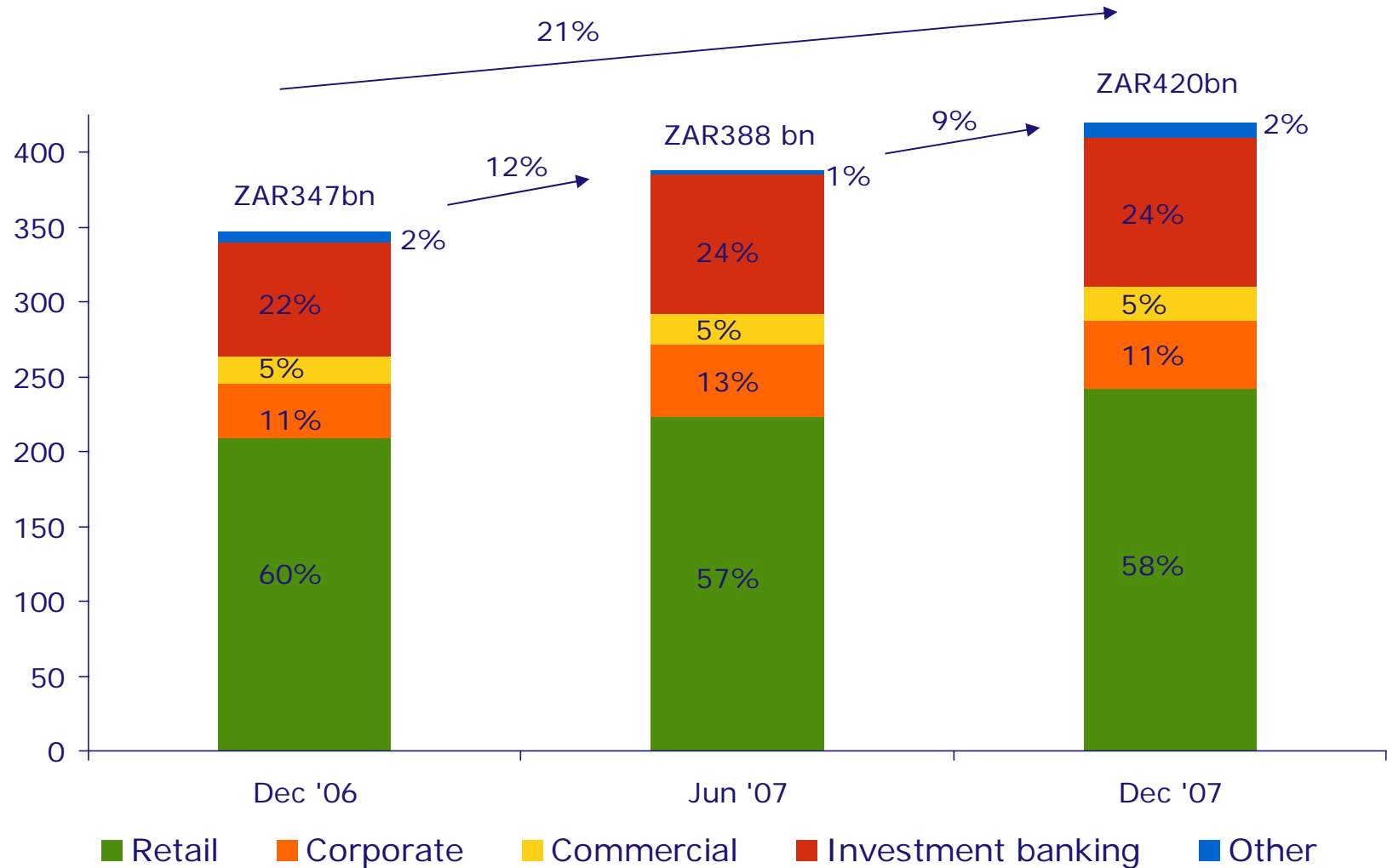
* Non interest revenue in this presentation includes associate earnings

Financial highlights



	Dec '07	Dec '06	
• Net interest income	8 134	7 130	14% ▲
• Credit impairment charge	(1 625)	(1 151)	41% ▲
• Non interest revenue	10 802	9 983	8% ▲
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Advances growth levels off



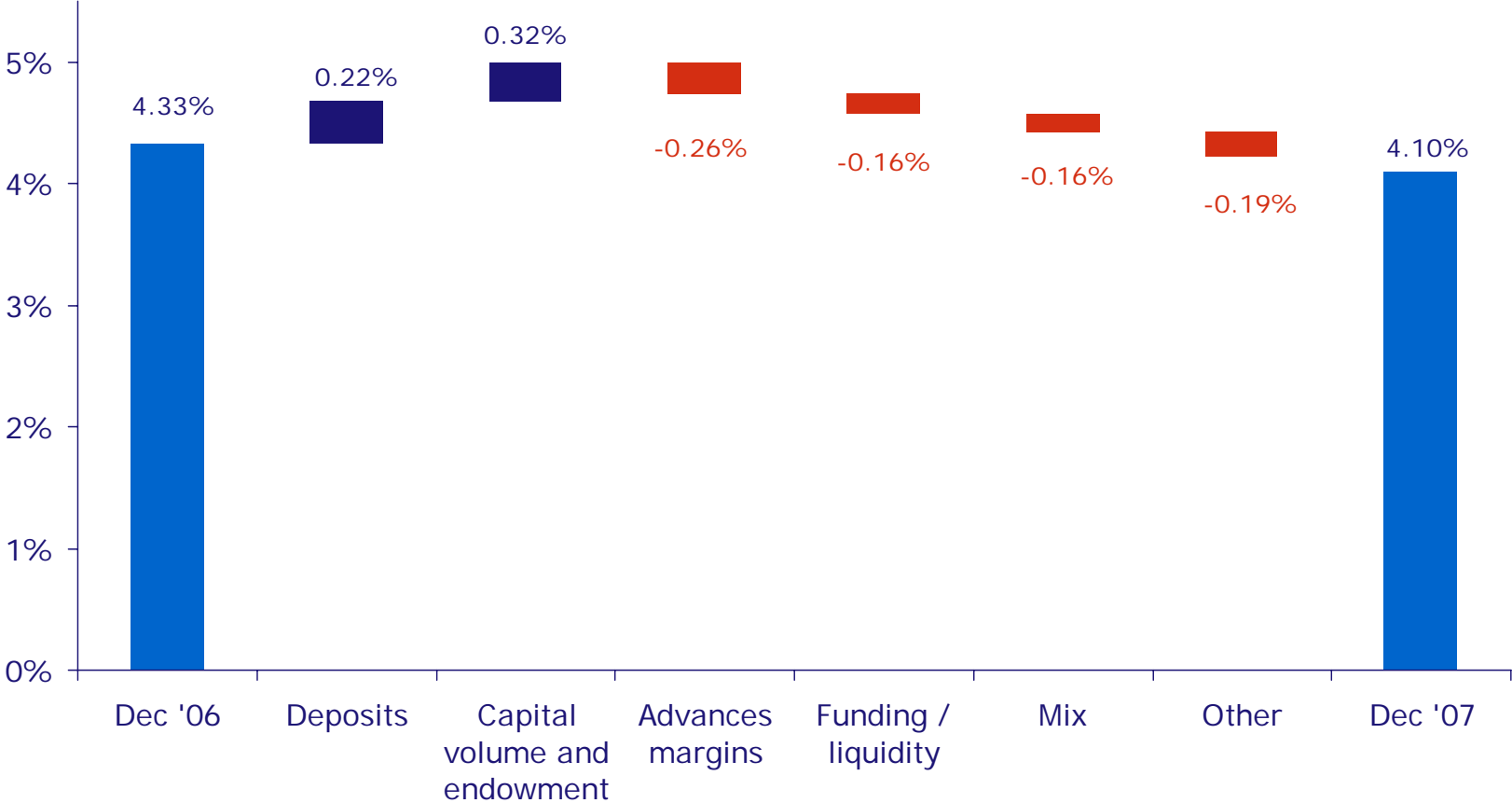
Advances are shown net of interest in suspense (ISP)

Liability mix adds pressure to margins



ZAR millions	Dec '07	Dec '06	Change %	Dec '07 mix %	Dec '06 mix%
Retail	107 733	90 507	19	17	18
Corporate	201 000	166 000	21	32	33
Professional funding	172 439	115 710	49	28	23
Trading liabilities	61 652	65 605	(6)	10	13
Other liabilities	22 869	21 376	7	4	4
Mezzanine funding (debt capital)	11 469	10 485	9	2	2
Core equity	41 364	32 951	26	7	7
Total liabilities	618 526	502 634	23	100	100

Customer deposits & endowment support margin



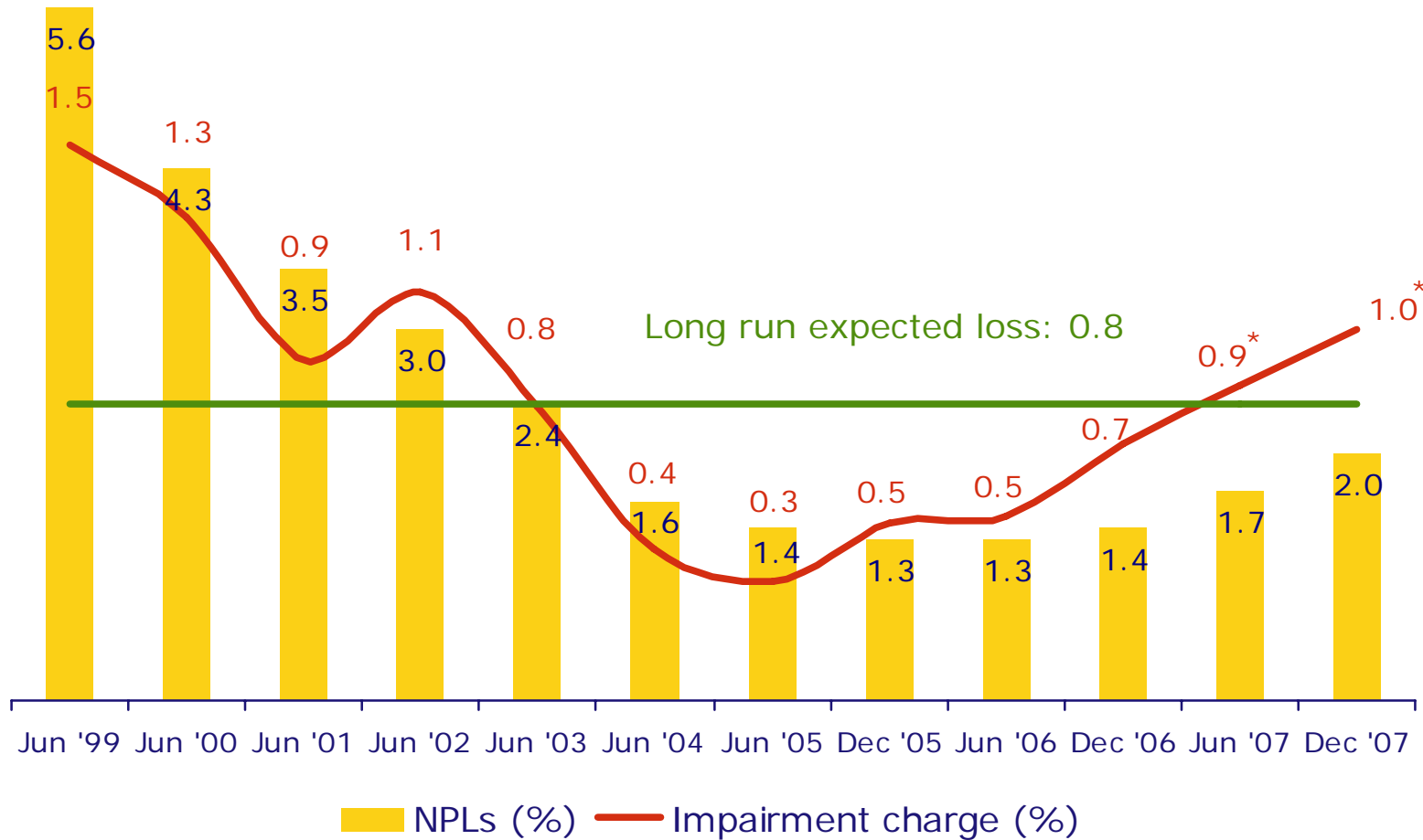
Financial highlights



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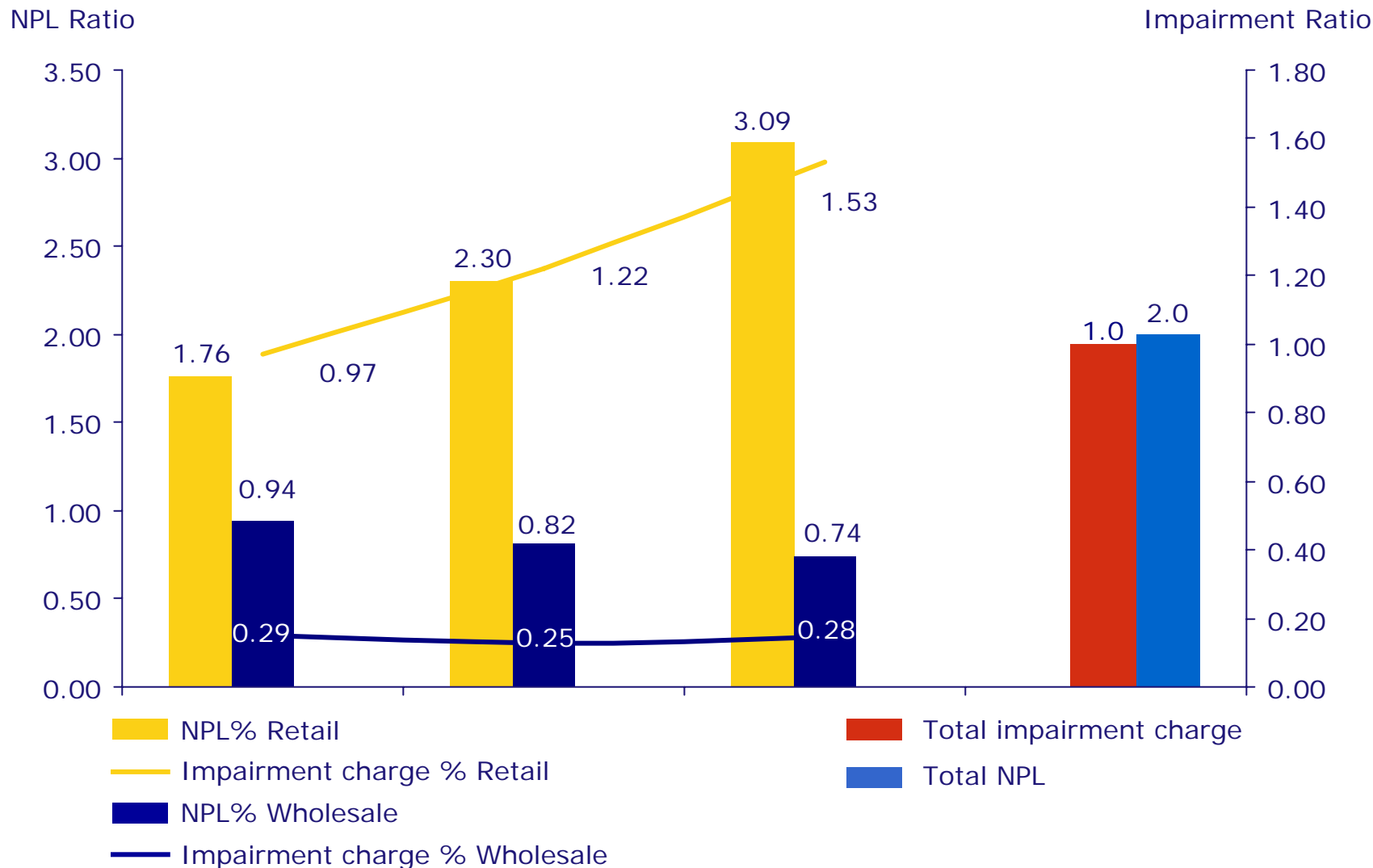


NPL's and bad debts continue upward trend

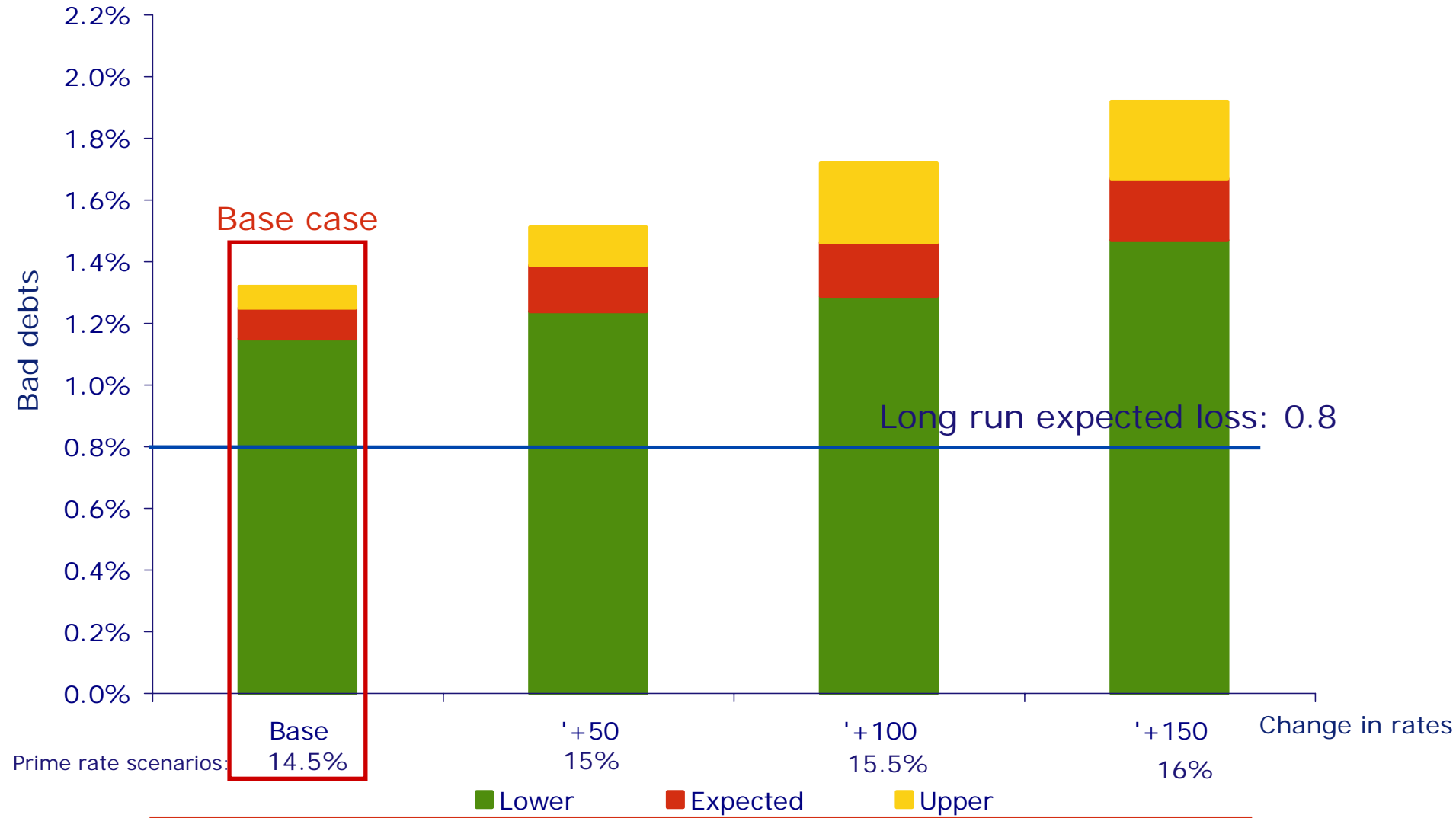


*Credit protection strategy gives rise to 20bps reduction (Jun '07: 4bps)

Retail worse, Wholesale steady



Sensitivity of bad debts



Revised estimate 1.2% – 1.3% for year end (up from 1% – 1.2%)

Retail main contributor to bad debts and negative trend continues



Percentage of average advances

	Dec '07	Dec '06
Non performing loans		
- Retail mortgages	2.4%	1.0%
- Retail non-mortgages	3.7%	2.2%
- Commercial	1.3%	1.4%
- Wholesale	0.6%	0.8%
Total	2.0%	1.4%
Bad debts		
- Retail mortgages	0.44%	0.36%
- Retail non-mortgages	2.59%	1.53%
- Commercial	0.62%	0.79%
- Wholesale	0.23%	(0.05%)
Total	1.00%*	0.69%

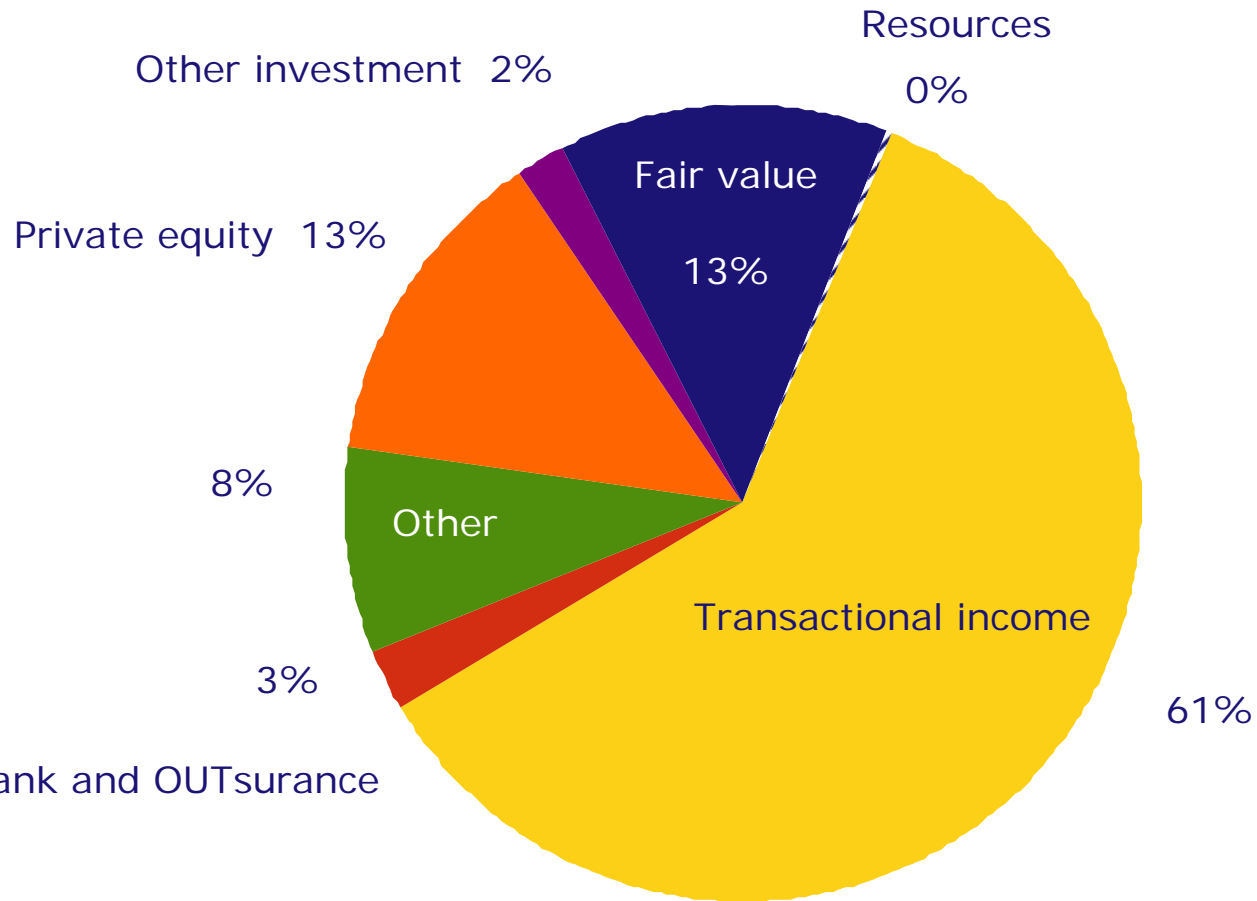
* Post credit mitigation impairment ratio = 0.80%

Financial highlights



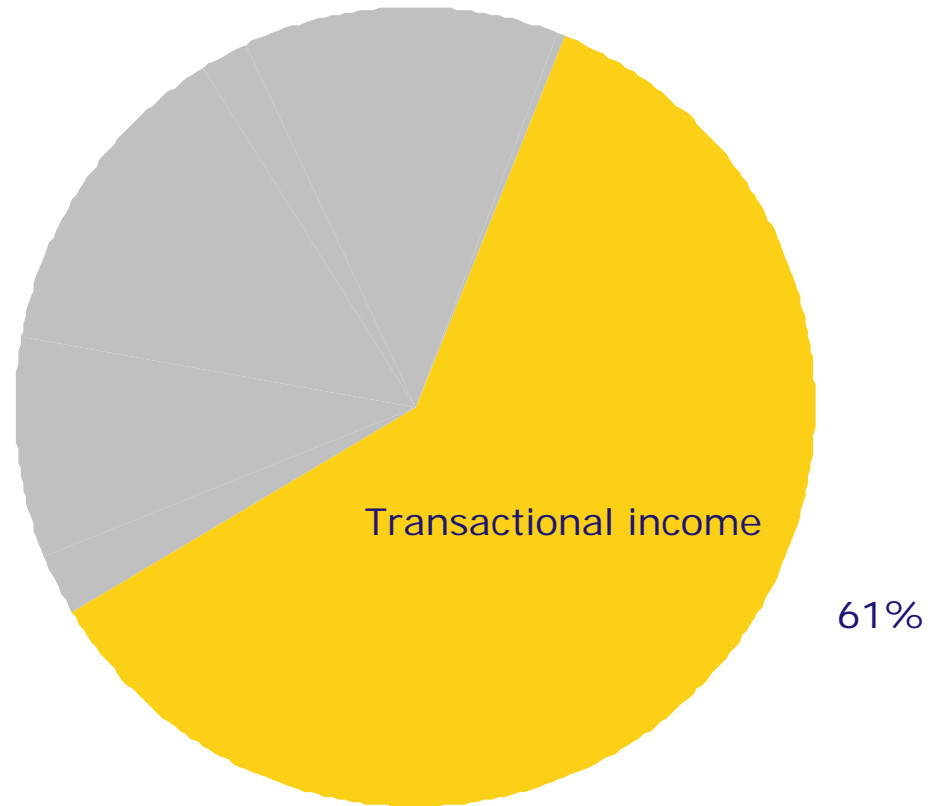
	Dec '07	Dec '06	
• Net interest income	8 134	7 130	14% ▲
• Credit impairment charge	(1 625)	(1 151)	41% ▲
• Non interest revenue	10 802	9 983	8% ▲
• Operating expenses	(9 957)	(9 076)	10% ▲
• Taxation expense	(1 434)	(1 572)	(9%) ▼

Diversification in non interest revenue

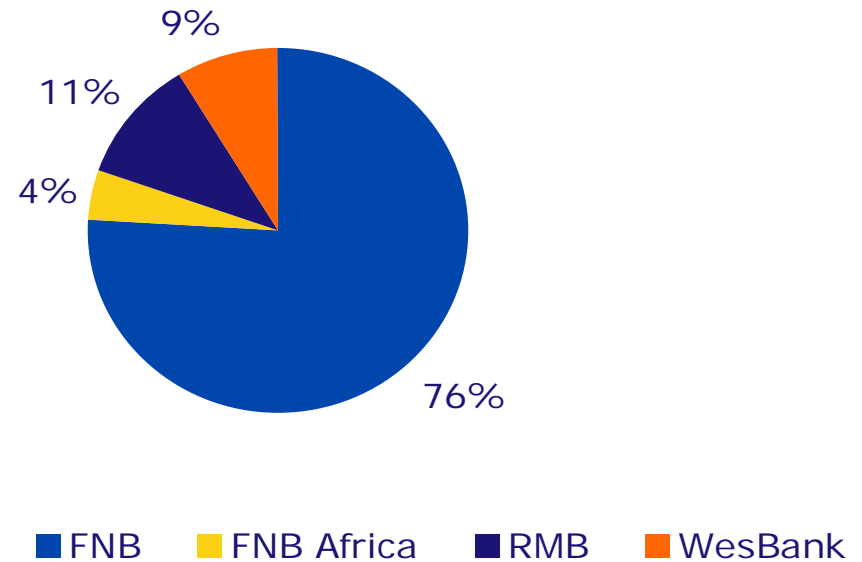
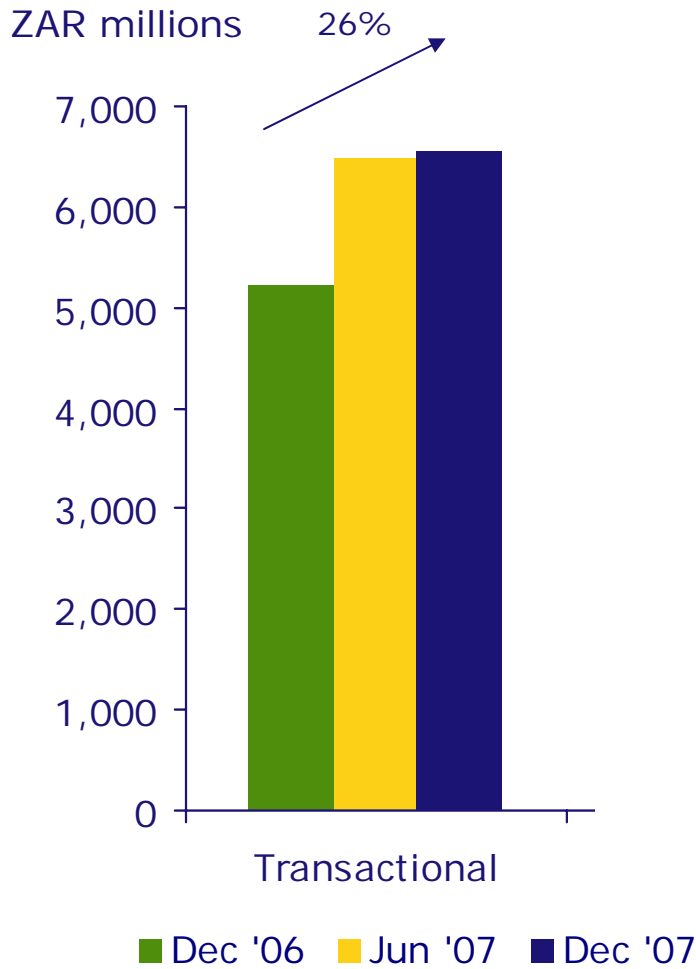


* Associate income split into appropriate non interest revenue categories

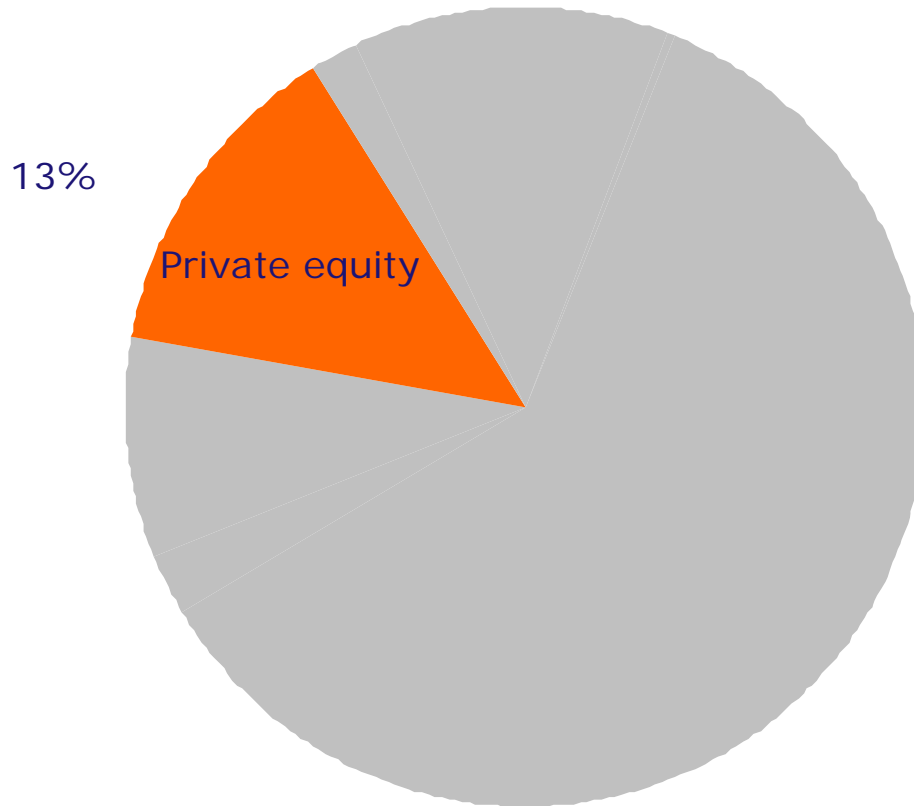
Diversification in non interest revenue



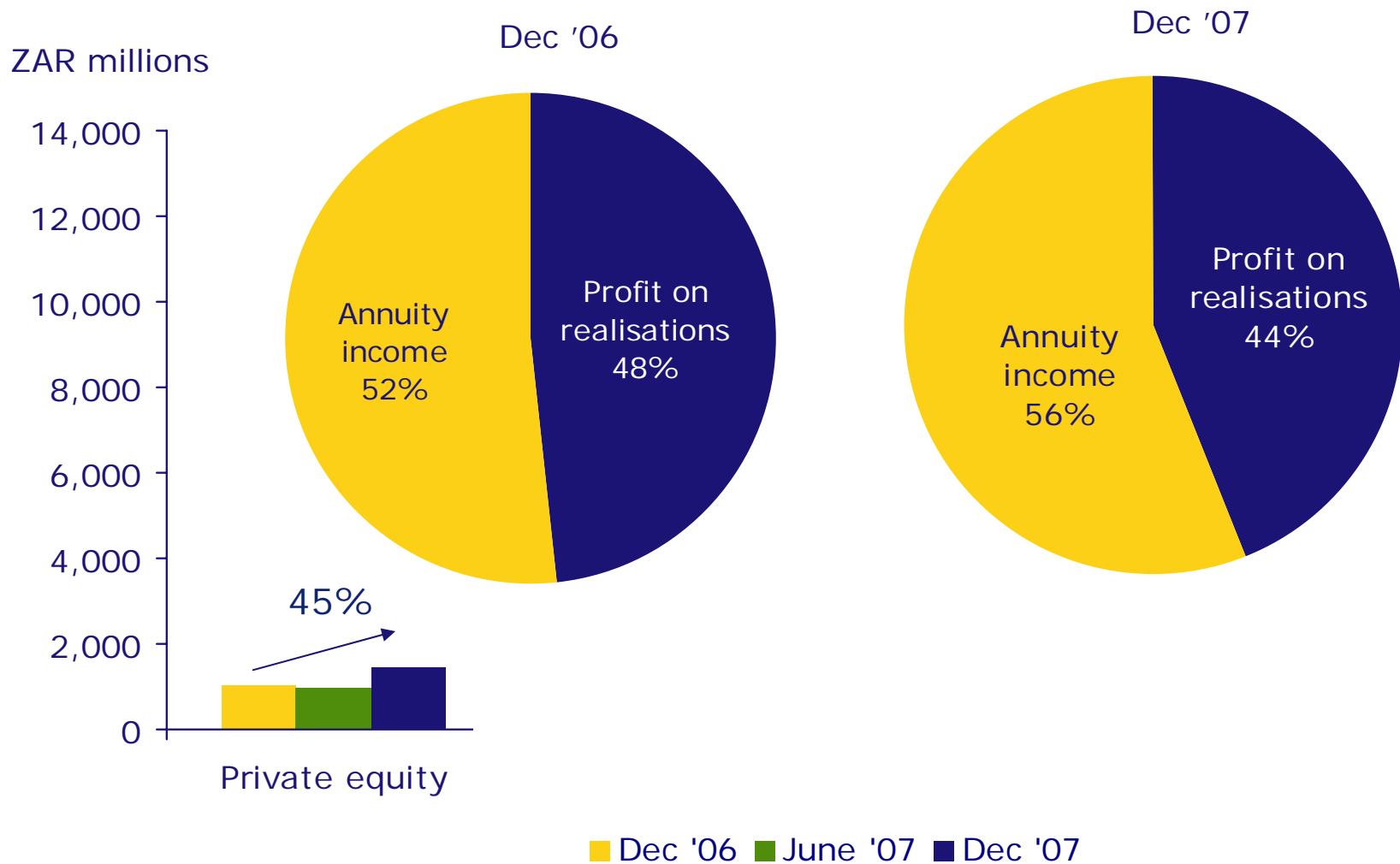
Economic activity drives transactional income



Diversification in non interest revenue



Good balance between annuity income and realisations

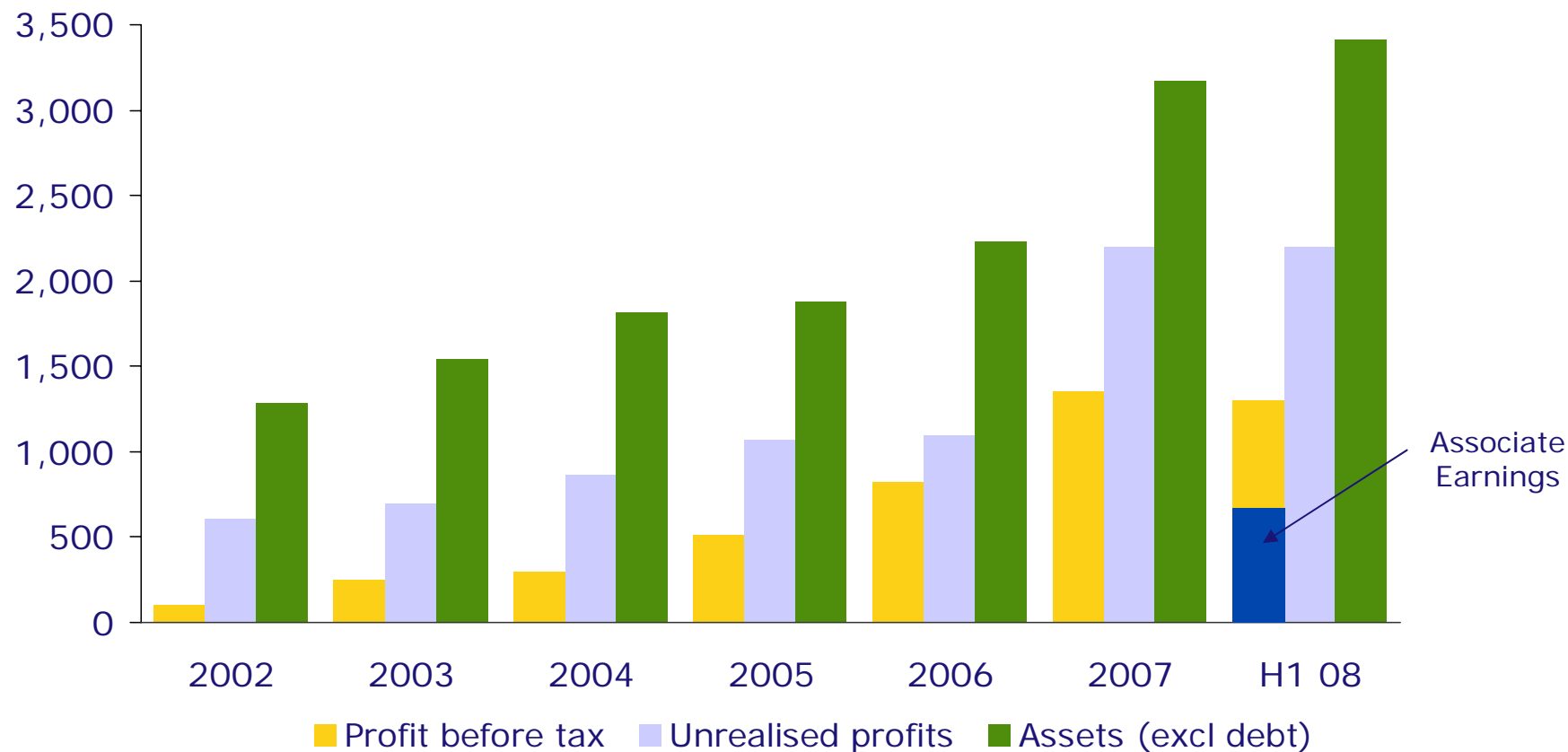


Unrealised profits maintained

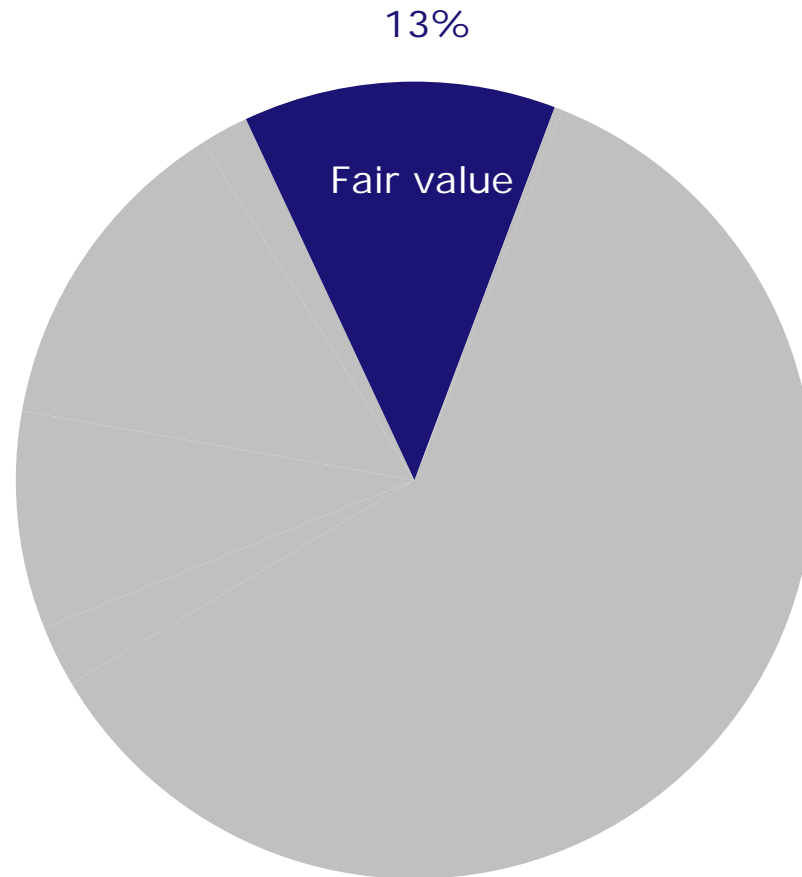


Assets, unrealised value and profit before tax

ZAR millions



Diversification in non interest revenue



Annuity showed strong growth but risk income volatile



ZAR millions	Dec '07	Dec '06	% change
• Annuity	1 518	1 140	33
Lending	875	646	35
Client flows	643	494	30
• Risk	(325)	1 212	(> 100)
Equities	(774)	667	(> 100)
Commodities	30	30	-
Interest rates	452	189	> 100
Credit	(49)	45	(> 100)
Forex	52	13	> 100
Resources*	(36)	268	(> 100)
• Capital	226	67	> 100
Total	1 419	2 419	(41)

* Included in associate income

Financial highlights

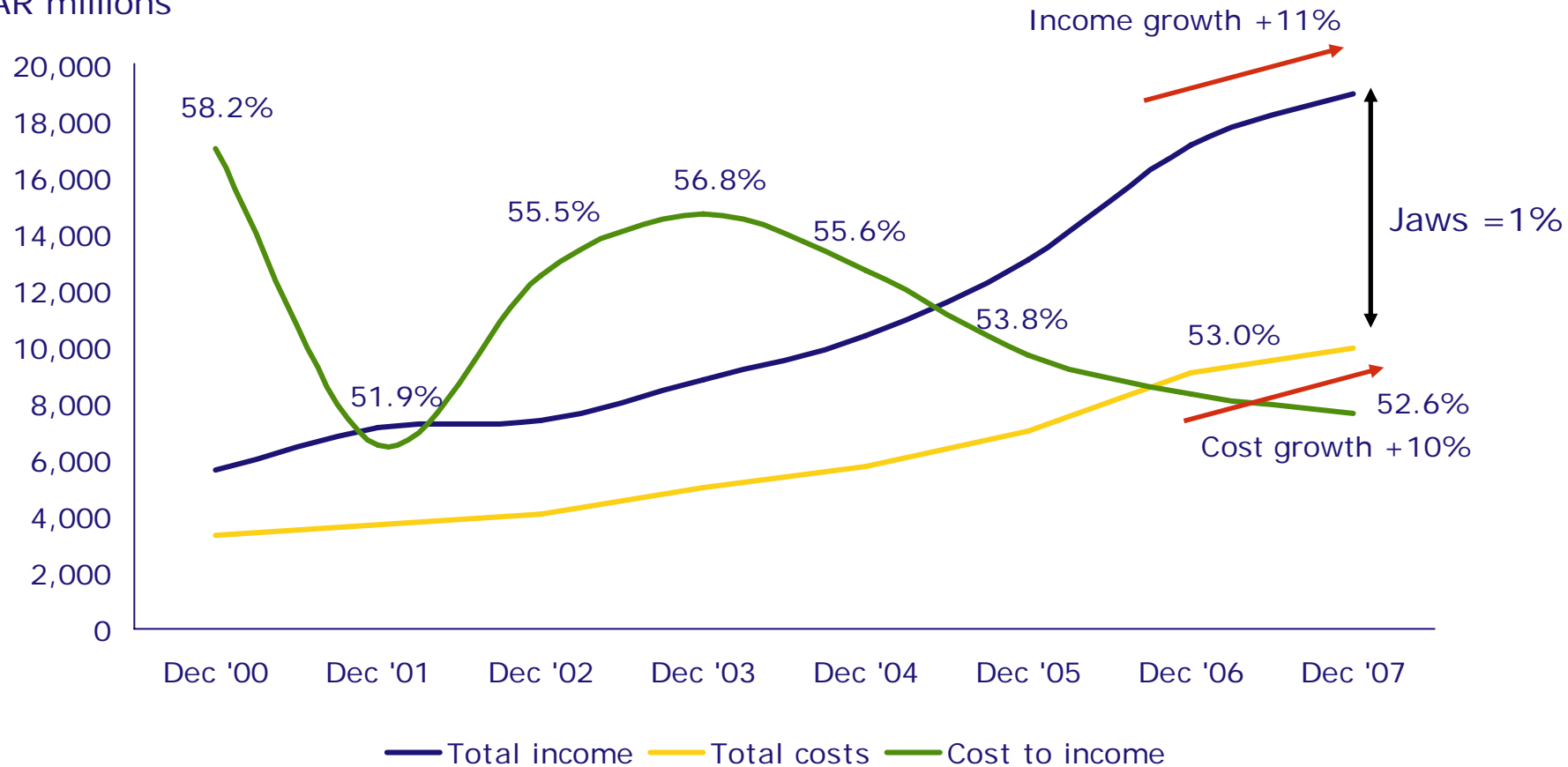


	Dec '07	Dec '06	
• Net interest income	8 134	7 130	14% ▲
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• Operating expenses	(9 957)	(9 076)	10% ▲
• Taxation expense	(1 434)	(1 572)	(9%) ▼

Positive jaws maintained



ZAR millions



Improving efficiencies remains a focus



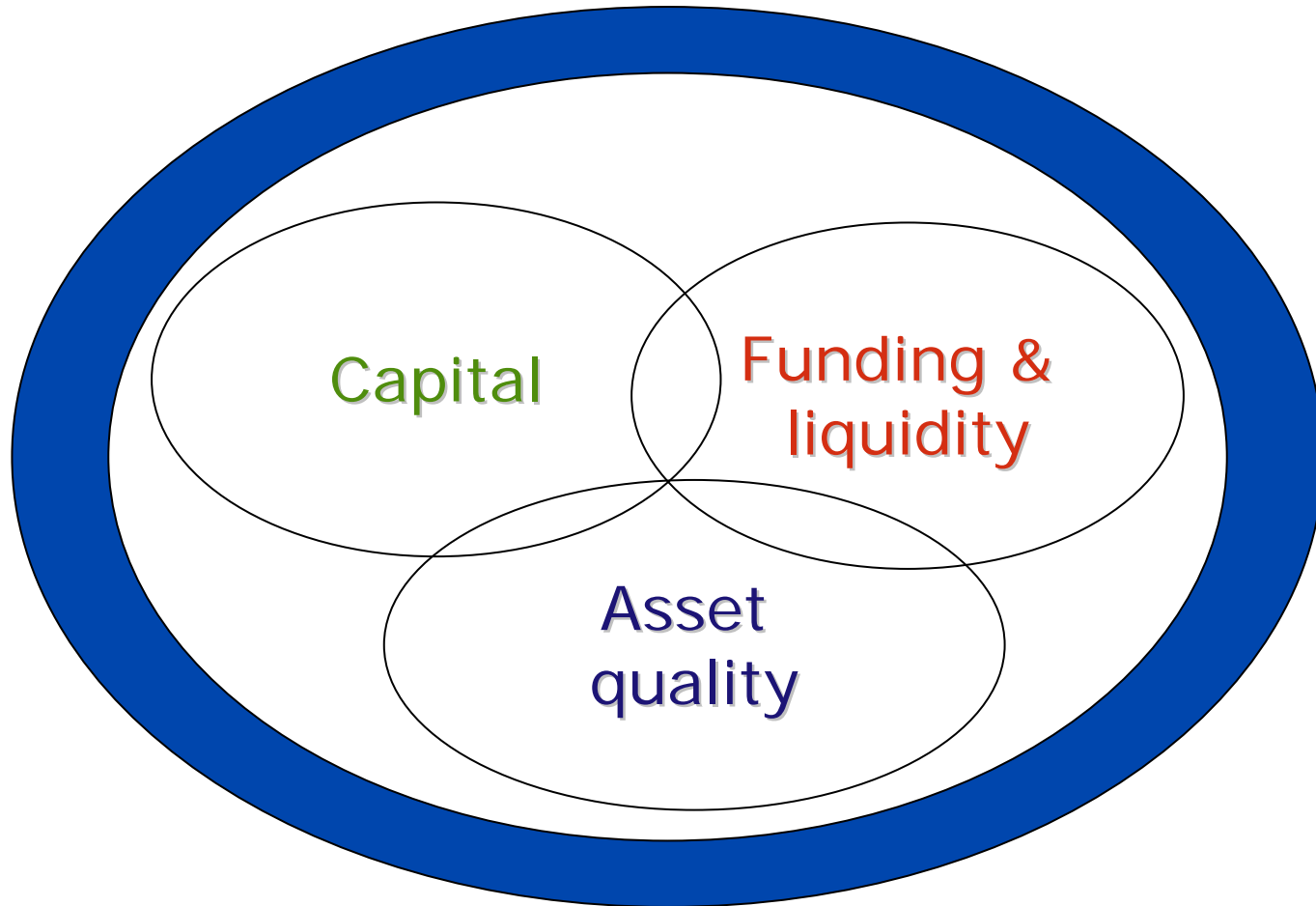
	Top line growth %	Cost growth %	Dec '07 Cost to income ratio %	Dec '06 Cost to income ratio %
FNB	22.2	15.0	56.5	60.0
- Retail	23.3	17.3	57.8	60.8
- Corporate & Commercial	20.2	10.9	54.1	58.6
FNB Africa	19.7	20.0	46.5	46.4
WesBank	18.1	20.6	53.4	52.3
RMB	12.9	13.9	38.8	38.4
FirstRand Banking Group	10.7	9.7	52.6	53.0

Key focus areas for balance sheet management



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Balance sheet management focus areas



Capital



- Conservative gearing levels
- Robust core equity
- Buffer for off-balance sheet activity
- Prudential limits for off-balance sheet vehicles
- Core equity backs economic risk and buffers
- Targeted credit rating
- Limited exposure to refinancing risk
- Own originated assets for off-balance sheet vehicles



Asset quality

- Underwrite to keep on balance sheet
- Limited exposure to highly leveraged deals
- Credit hedging strategies
- No exposure to sub-prime
- Prudential limit for equity exposure
- Origination strategy in line with macroeconomic outlook
- Marginal pricing for assets
- Collection capacity

Funding & liquidity



- Appropriate liquidity buffers (local & offshore)
- Actively lengthening funding profile
- Matched maturity marginal funds transfer pricing
- De-risking offshore balance sheets
- Assuming no roll-over in next 12 months, still liquidity surplus internationally
- All off-balance sheet vehicles managed as part of on-balance sheet liquidity & funding limits
- Prudential limits for money and capital markets (wholesale)

Q & A session



FIRSTRAND
Banking Group

Panel discussion: Balance sheet management

London, March 2008



FIRSTRAND
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Introduction

Johan Burger



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Rationale for creation of Balance Sheet Management



- Business model of decentralised owner-manager culture operating off one balance sheet
- Had to create a framework for the use of the balance sheet
- Balance Sheet Management is the custodian of
 - Capital management
 - Asset quality
 - Funding & liquidity
 - Counterparty status
 - Performance management
 - Macroeconomic view
 - Equity and investment analysis (internal & external)

Structure & activities



Balance sheet management

Macro portfolio management

- Capital investment
- Interest rate positioning on net group profile
- Credit financial markets macro hedging
- Currency and translation hedging
- Macro economic outlook

Credit portfolio management & advisory

- Portfolio and credit loss analysis
- Credit stress testing
- BSM structured credit transactions, including securitisations
- Management of group credit concentration risk and group credit risk reduction
- Credit economic capital measurement

Strategic funding & capital management

- Capital and senior debt raising
- Capital adequacy, forecasting and planning
- Economic capital process
- ICAAP and buffers
- Managing the funding profile
- Performance measurement framework
- Rating agency relationships
- Internal view on corporate actions

Equity & investment analysis

- External view on corporate strategy & corporate actions
- Market/competitor analysis
- Investment proposal assessments
- Support strategic positioning of the business units

Business performance and risk management frameworks, including capital risk, funding risk, liquidity risk, interest rate risk, etc.

Macro Portfolio Management

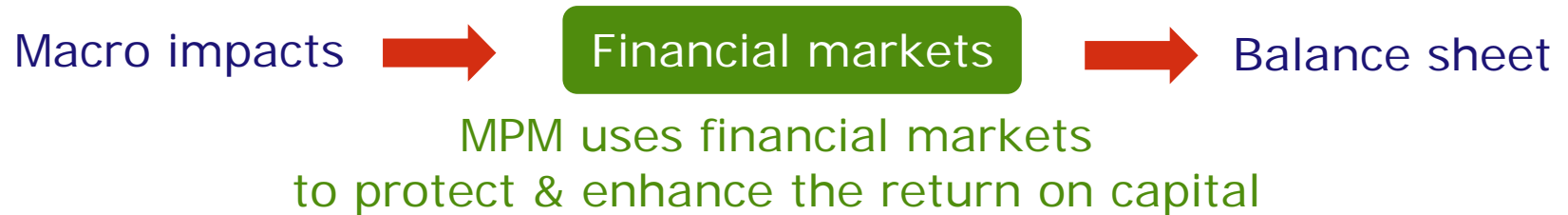
Jaco van der Walt



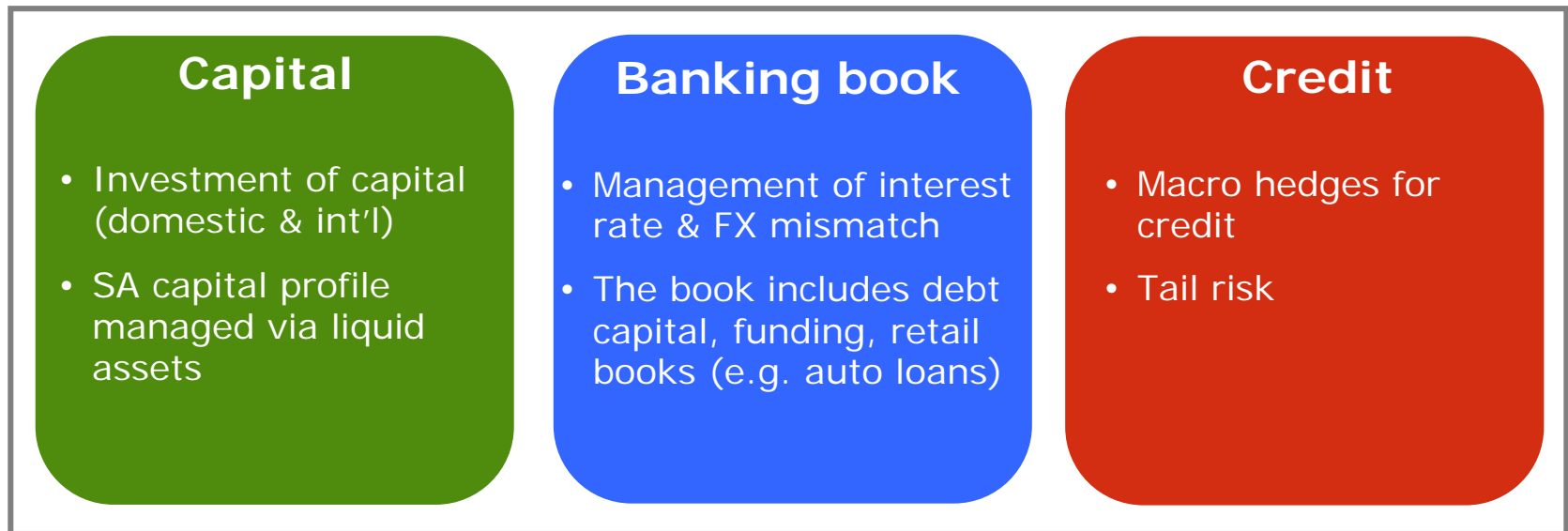
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Macro portfolio management



Portfolios linked within BSM (common macro view)

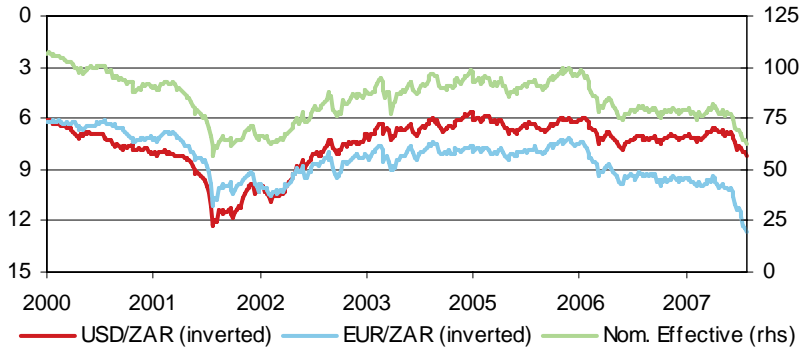


Protect & enhance the return on capital through the cycle within an appropriate risk-return framework

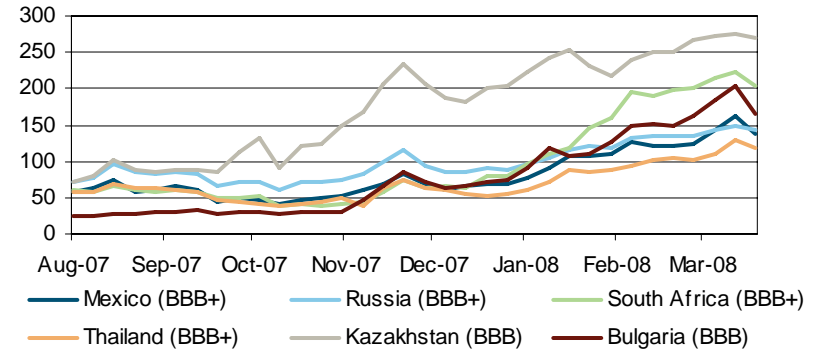
Market reaction to macro events



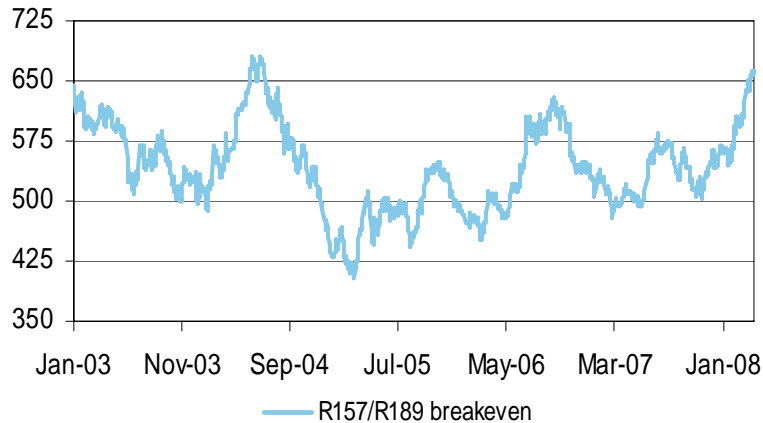
ZAR has weakened 20%



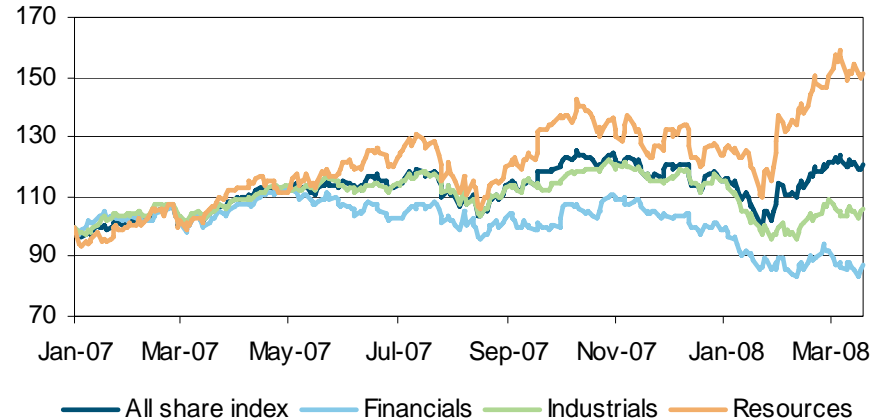
CDS pricing probability of a downgrade



Inflation breakeven above 6.5%



Equities battling, except resources

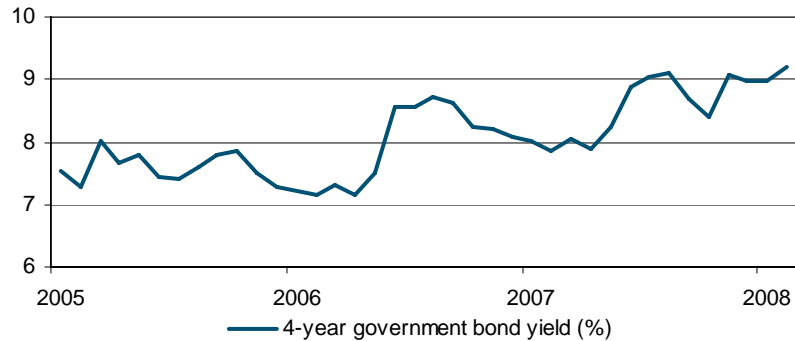


Sources: SARB, Bloomberg, INet

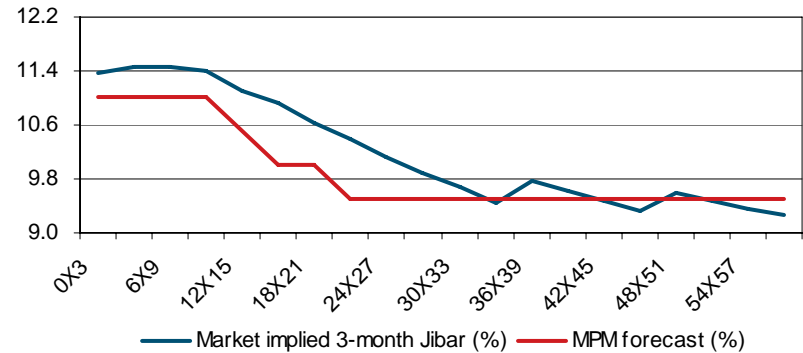
Capital and NMDs (endowment)



Level remains under pressure



Longer end offering little value



Swap spreads to stay wide



Strategy focused on protection

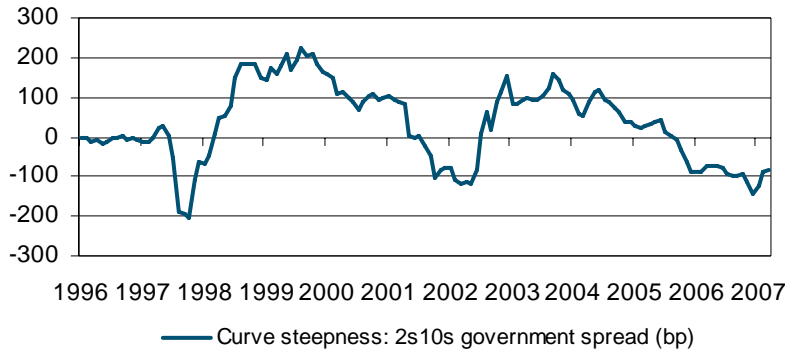
- Focused on the protection of earnings
- Positioned to participate maximally from the endowment effect
- Protecting against inflation (real return) and MtM volatility
- Long end offering little value
- Positioned to minimise the cost of swap spreads on liquid assets
- Avoiding complex, low-liquidity structures

Sources: Bloomberg, INet

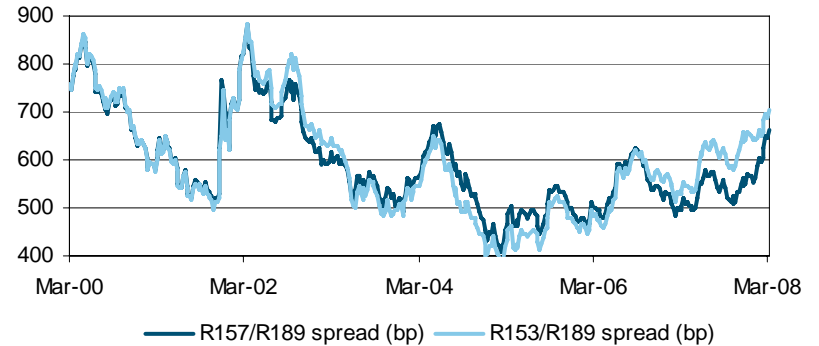
Banking book mismatch



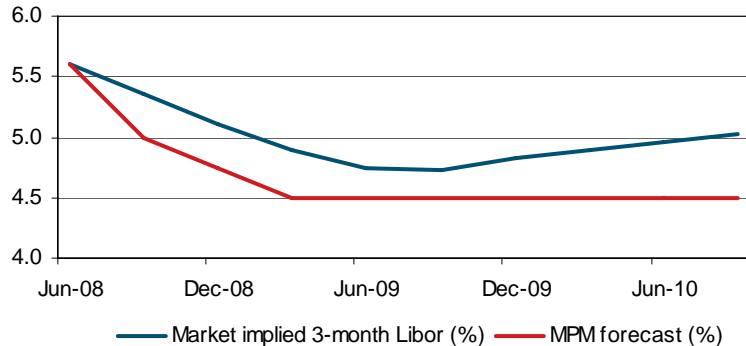
SA curve to remain inverted



Inflation breakeven at fair value



BoE may cut beyond expectations



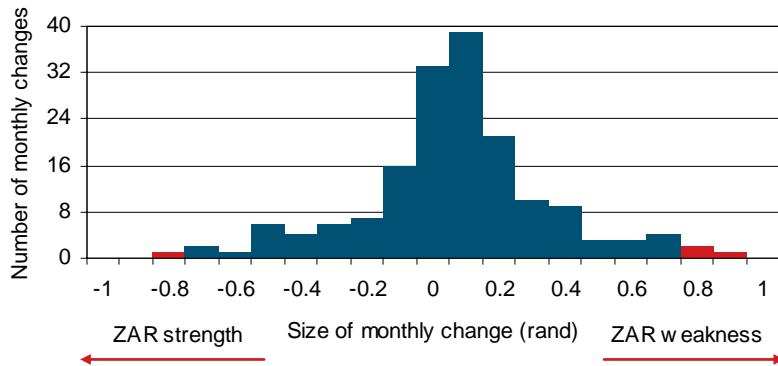
Strategy remains cautious

- Performance of risk positioning measured against the return on capital
- Careful to put capital at risk without large margins of safety
- SA assets is priced for a lot of bad news
- Opportunities in the UK curve, but swap spread pressure

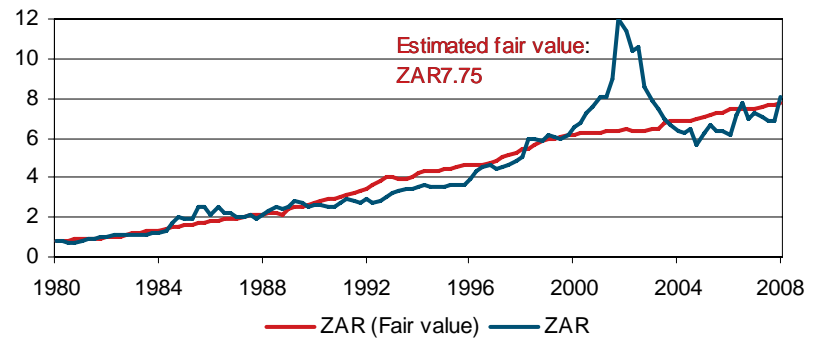
Tail risk & macro hedges for credit



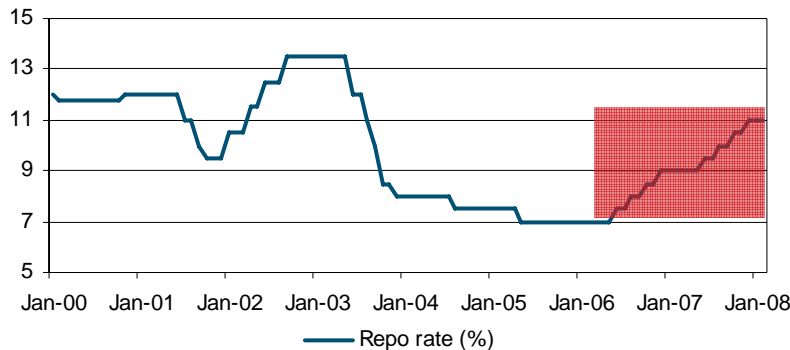
Distribution of monthly rand changes



ZAR to be escape valve if no hikes



Protected retail credit against rate spike



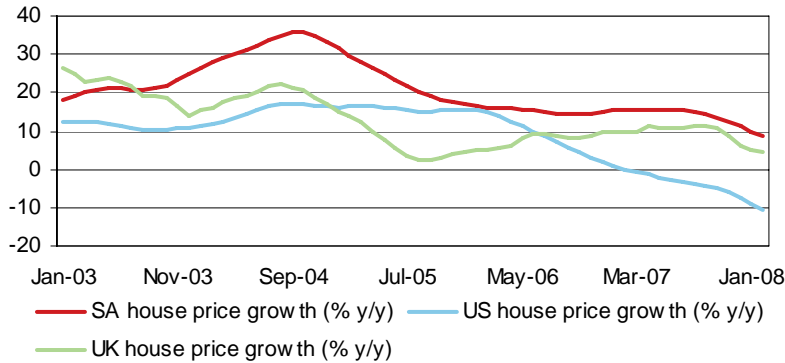
Strategy

- Use financial markets for macro hedging for credit and management of tail risk
- Always looking for cheap insurance against tail events in the balance sheet
- Interest rate protection paid off
- ZAR remains vulnerable, although adjustments since 2006 comparable to 2001 event

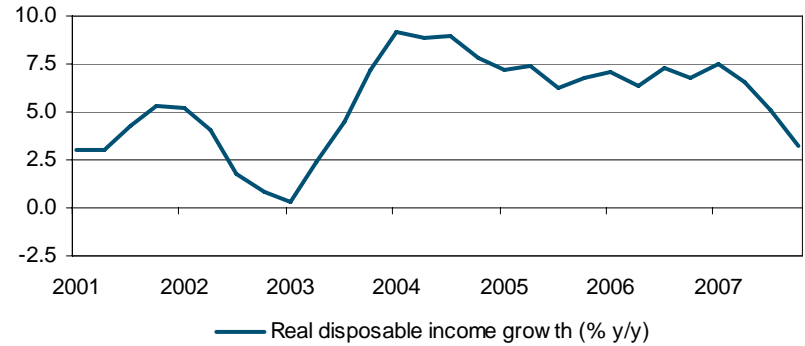
SA housing market



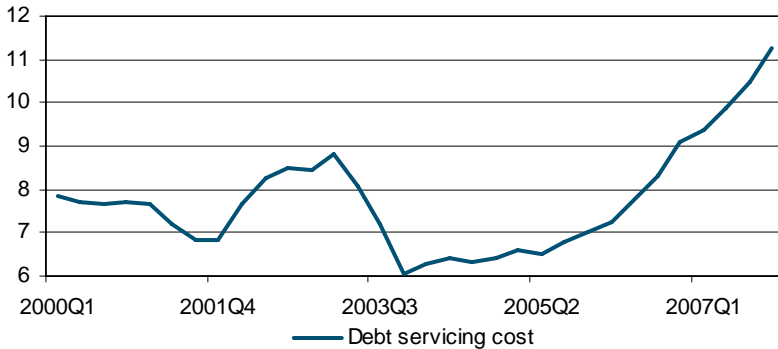
SA housing market slowing



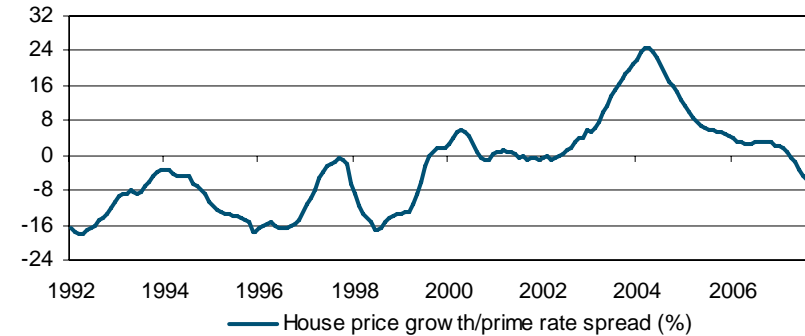
Fall in real disposable income a concern...



...as is the high debt service burden



...and the negative "carry" in housing



Sources: SARB, Bloomberg, INet

Credit Portfolio Management & Advisory

Gert Kruger



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CPMA functions overview





Strategic responses to current market conditions

Response 1:

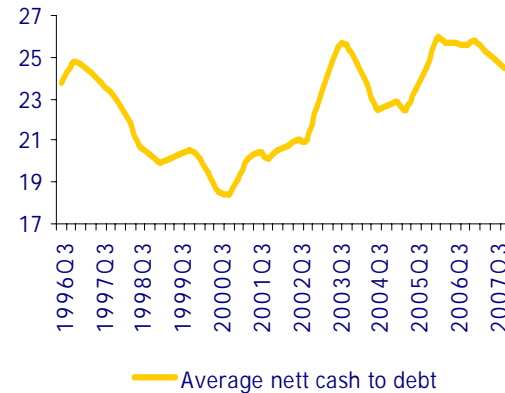
Assess external environment for new vulnerabilities



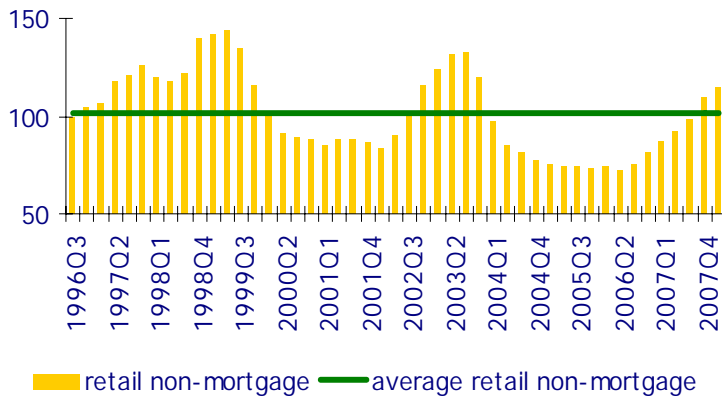
Tools

- Segment specific lead indicators
- Credit risk indices
- Market based lead indicators
- Scenario and stress testing

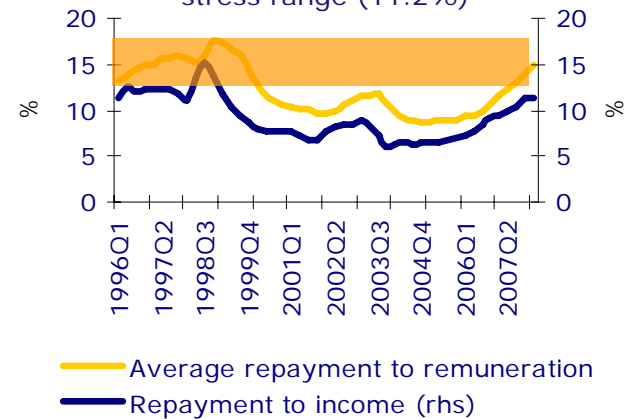
Corporate lead indicators
Net cash flow lower but still high



Example: Retail mortgage risk index



Repayment to income rate in historical stress range (11.2%)

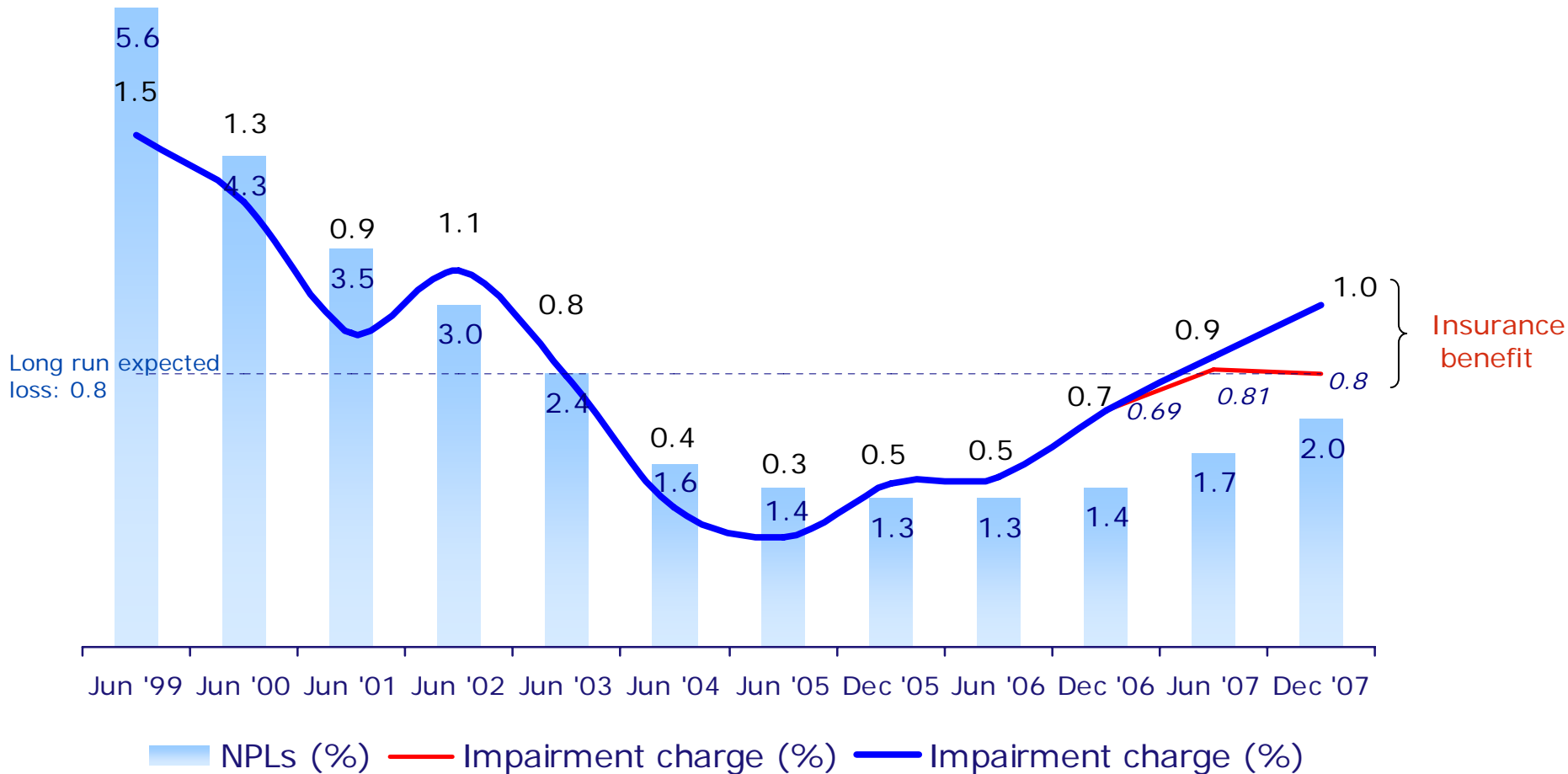


Response 2:

Hedge or de-risk positions with higher cyclical or event risk potential



Example: Bad debt cycle smoothed with credit hedge



Response 3:

Focus on quality of new business origination

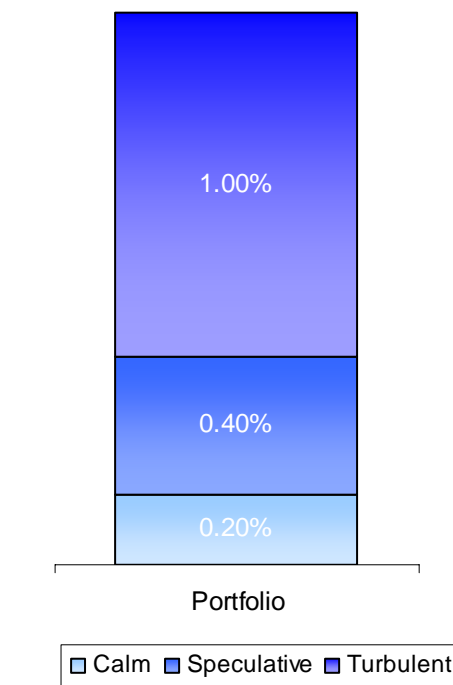


Risk drivers



Levers that influence credit quality

Example:
Appetite levels



Loss rates for market scenarios

Impact



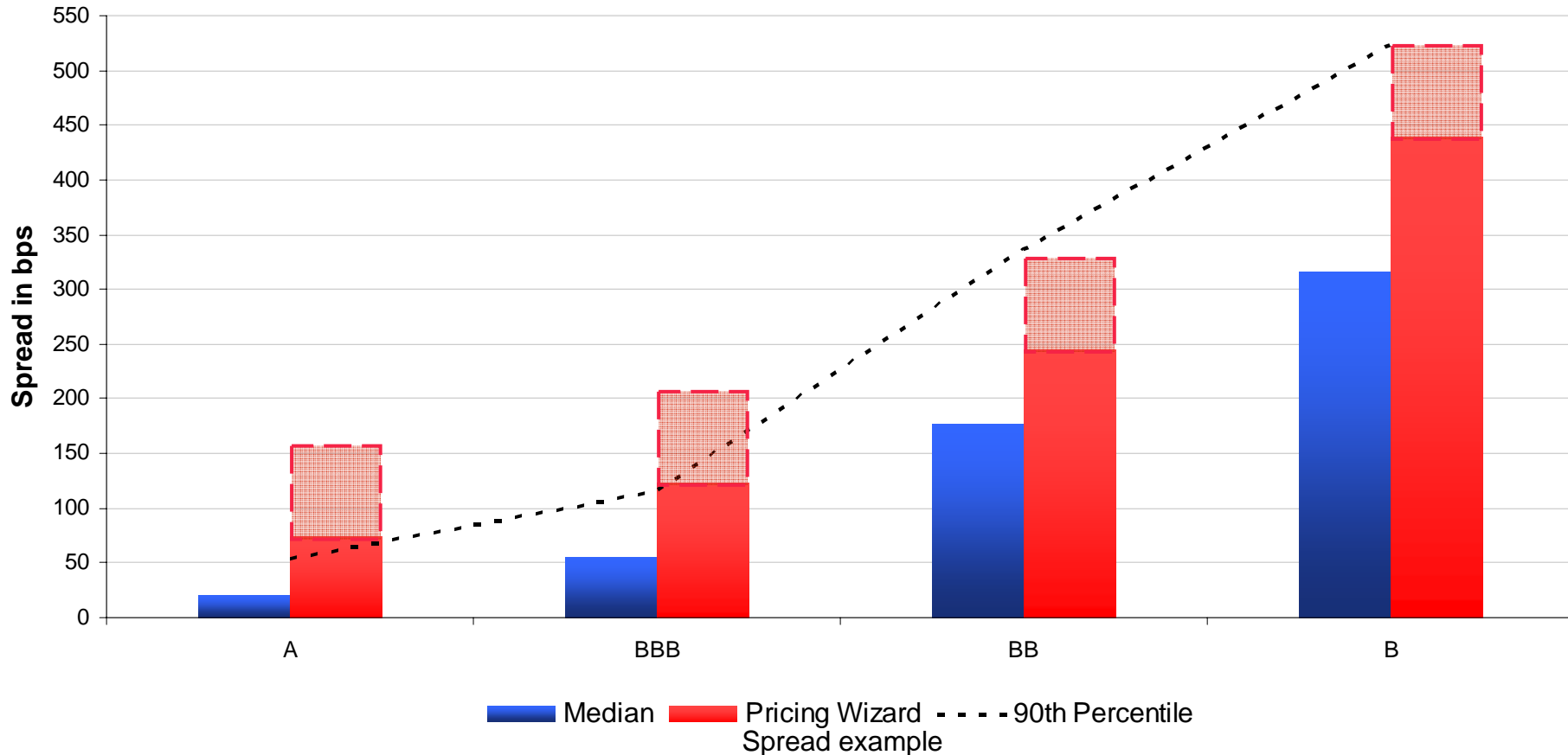
Outcome of loss levels and business impact

Response 4:

Ensure appropriate re-pricing of new transactions



5-year Industrial Spreads above 5-year swaps

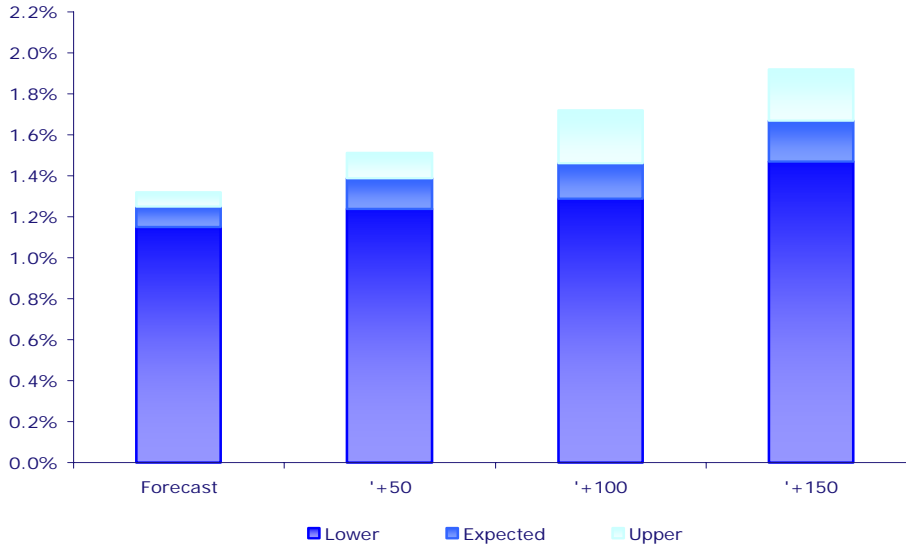


Response 5:

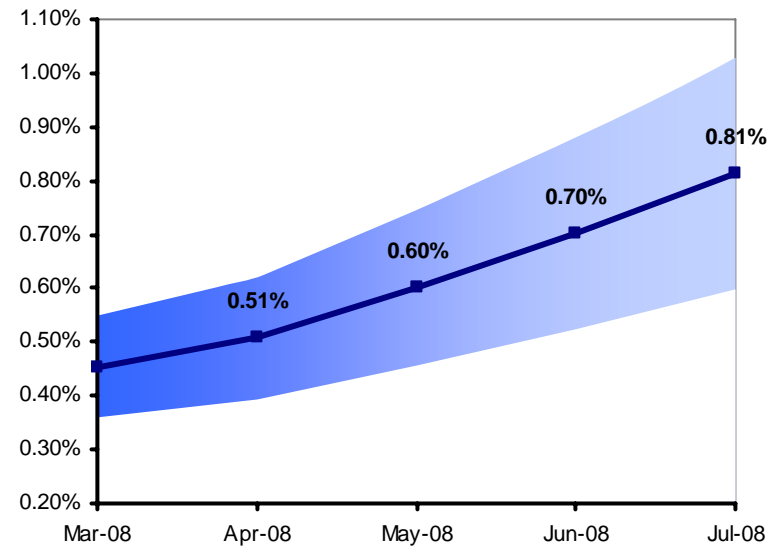
Improved communication to internal and external stakeholders on credit delinquency and trends



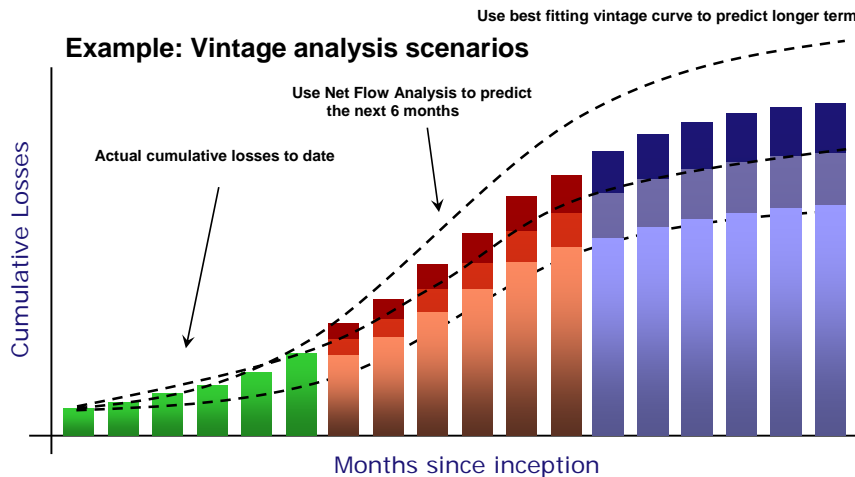
Aggregate portfolio bad debt sensitivity



Example: Portfolio loss Forecast (% of Performing)



Example: Vintage analysis scenarios



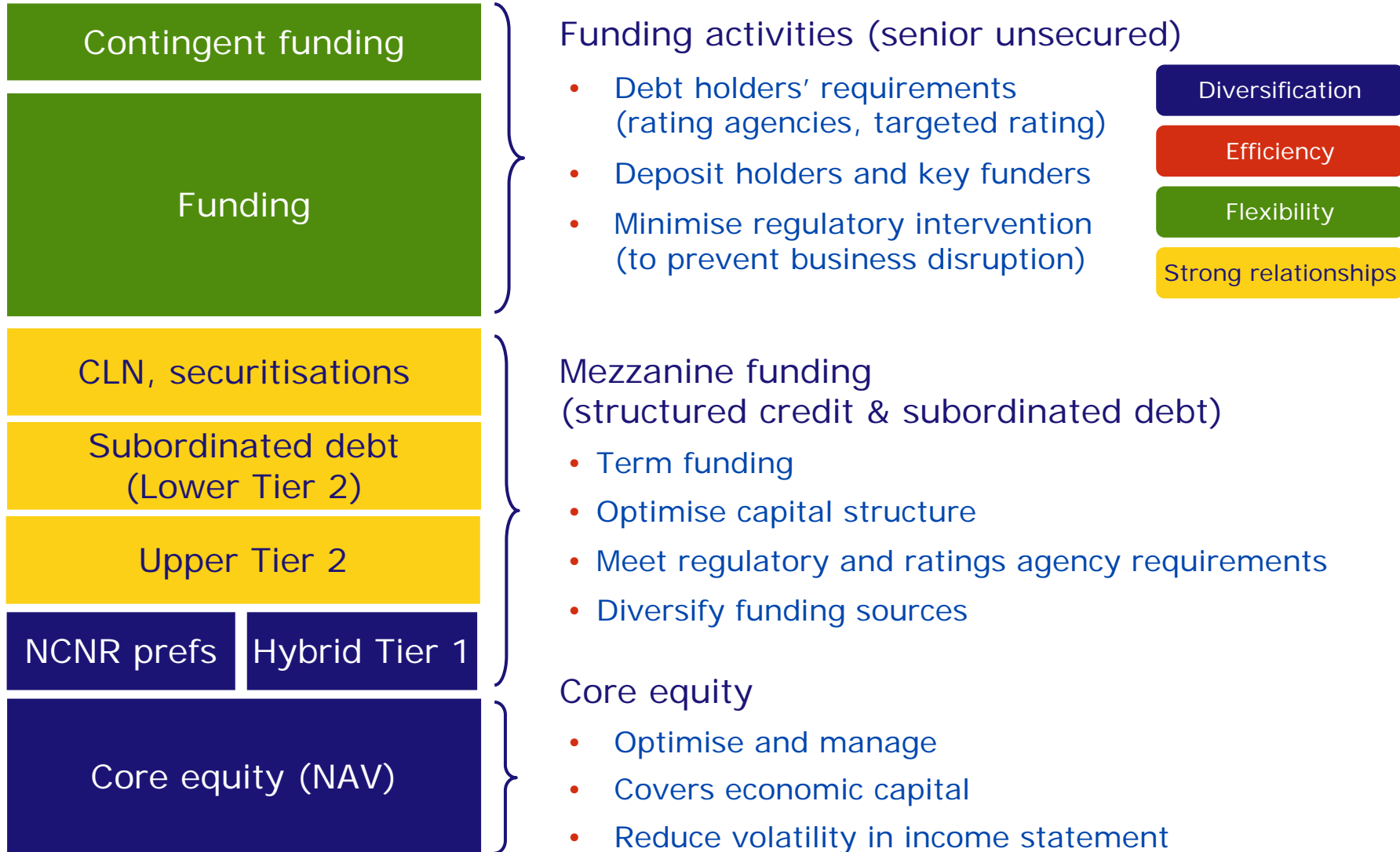
Strategic Funding & Capital Management

Andries du Toit



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Strategic funding & capital management



Importance of core equity



- Core equity
 - Three year forecast (dividend is seen as annuity)
 - All buffers kept in this category
 - Back internal economic capital
 - Accumulating buffers for acquisition/ expansion / pro-cyclicality
 - Buffer sufficient for downturn (exceed internal targets) and severe downturn (exceed regulatory minimum)
- Mezzanine funding (debt capital)
 - Meet regulatory and ratings agency requirements
 - Enough capital underpin to obtain a credit counterparty rating

Funding the growth



Growth in South Africa
Corporate capacity building/ infrastructure expansion

+

Recent developments in global financial markets
(bank lending to stay on balance sheet)

=

Need to create capacity to fund anticipated
advances growth on balance sheet
(give investment bank flexibility)

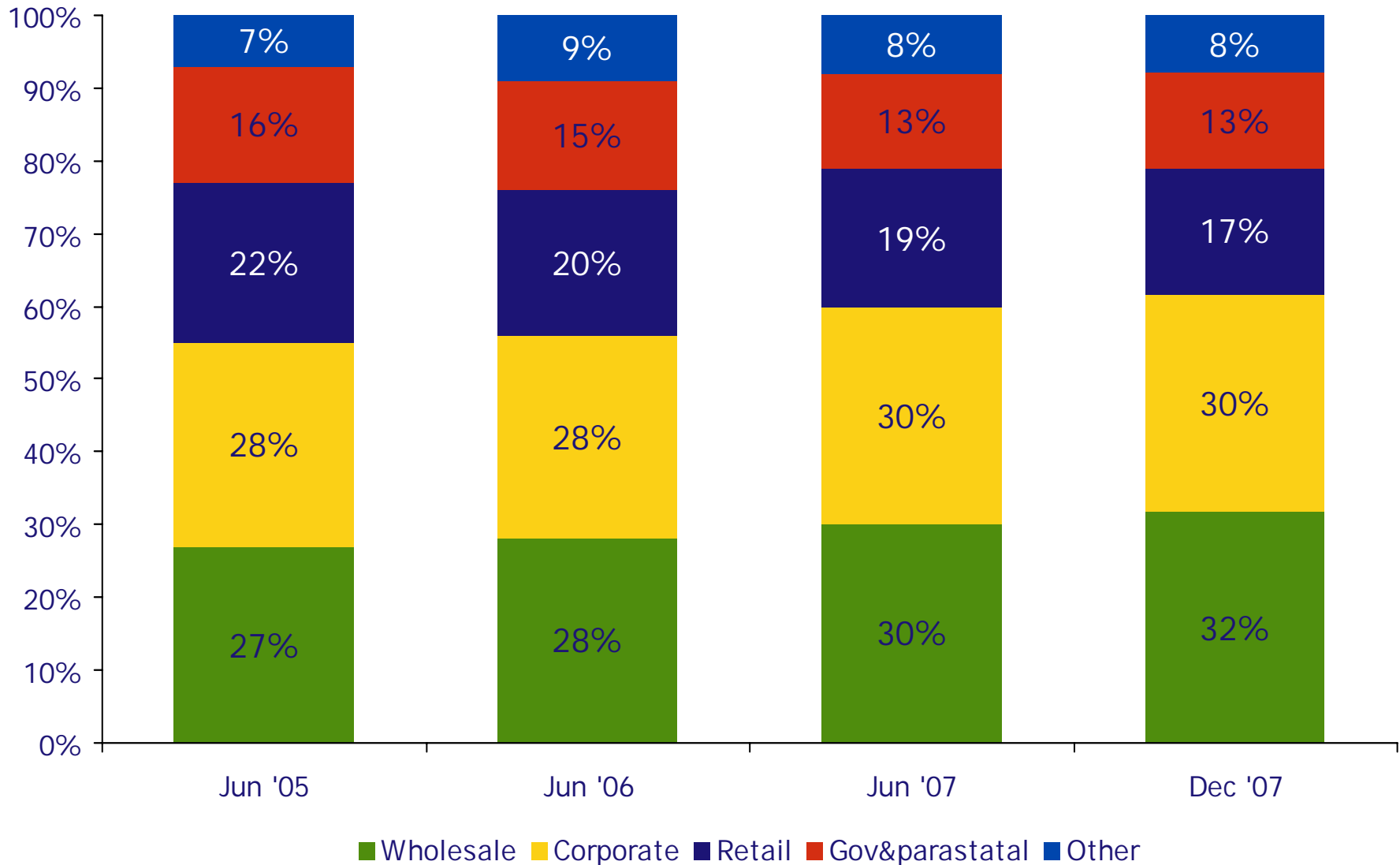
- Opportunity to issue more innovative instruments under new regulatory regime
- Funding strategy – extend term profile of funding and diversify funding sources

Understanding the flow of funds in SA



- Structural liquidity position in South Africa
 - Contractual vs discretionary savings
 - Banks disintermediated due to large portion of individuals' savings flows that are recycled through money market funds
 - = contractual liquidity risk
- Exchange control prudential limits and constraints
 - Only 4 clearing banks (FRB one of them)
 - Rand account holding
 - = protection, reduces liquidity risk

Reliance on wholesale funding



Response to funding challenges



Action plan

- Internal prudential limit for money & capital markets (wholesale)
- Review of regulatory platforms
- Instruments to be issued
 - Money market
 - Capital markets
 - Bi-lateral

Active liquidity risk management



- Started accumulating liquidity buffers in 1Q 2007
- International
 - Assess current liquidity status, market conditions and risk appetite
 - Monitor market events, assess similar events and consider impact
 - Limited funding pool and marginally priced for all assets
 - De-risking of the balance sheet
- Domestic
 - Manage & maintain appropriate buffers
 - New business risk assessment & limit approvals
 - Lengthen term funding profile in line with framework
 - Marginally pricing for funding and liquidity (limited prudential funding pool)

Panel discussion: Balance sheet management



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