

FNB Smart Solutions

MAINSTREAM MARKET BANKING

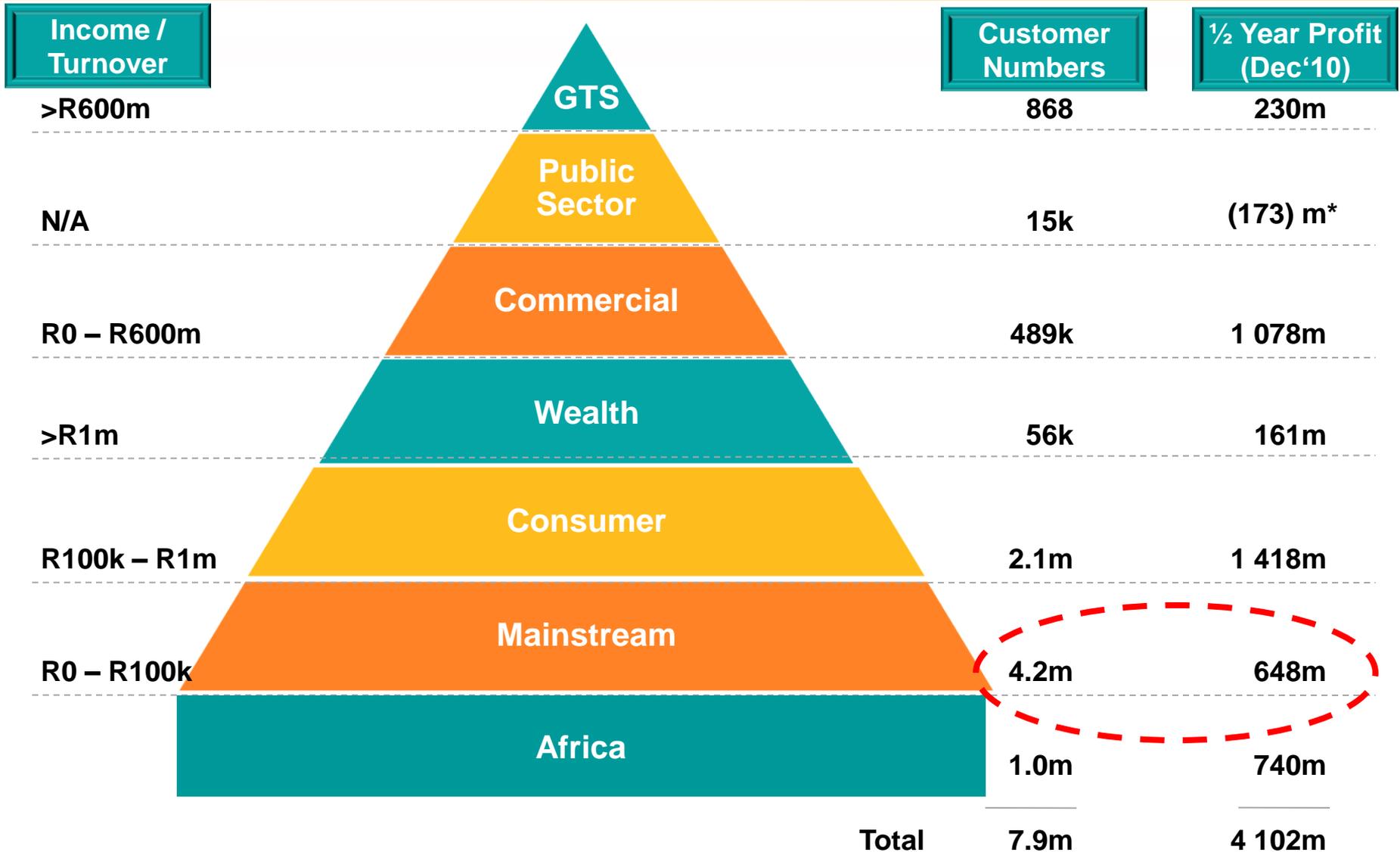


FNB

First National Bank

how can we help you?

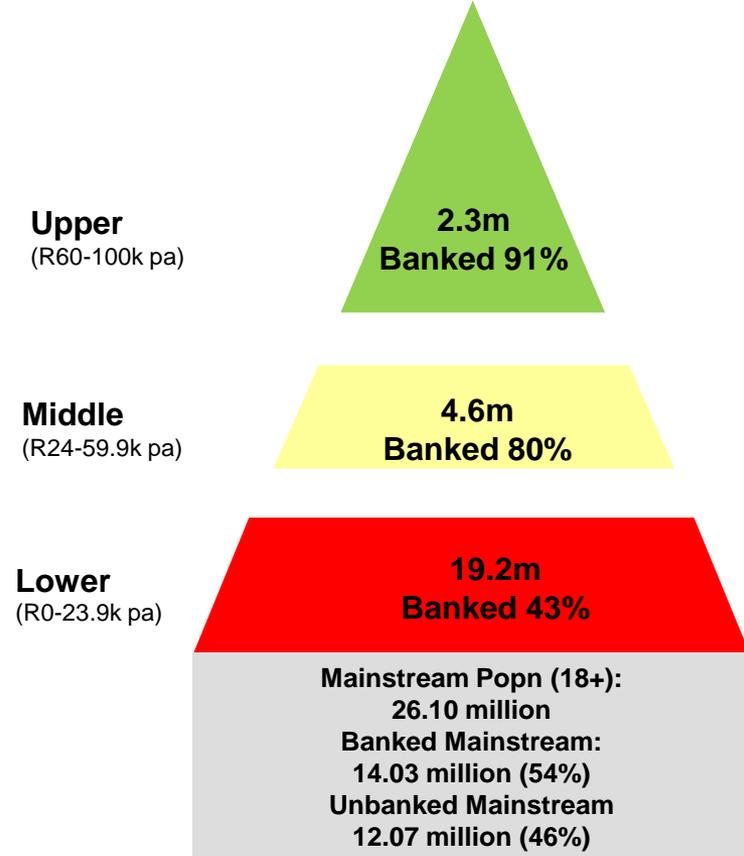
FNB has a customer focused segmentation strategy



* Includes FNB Support

Mainstream Market Segmentation

Mainstream Sizing, 2010



Total SA Banked population:
62.5%

Adult population - South African residents 16 years and older

Economically active SA population: **54%**

Population 15–64 yrs 32.3m. Not economically active 14.8m.

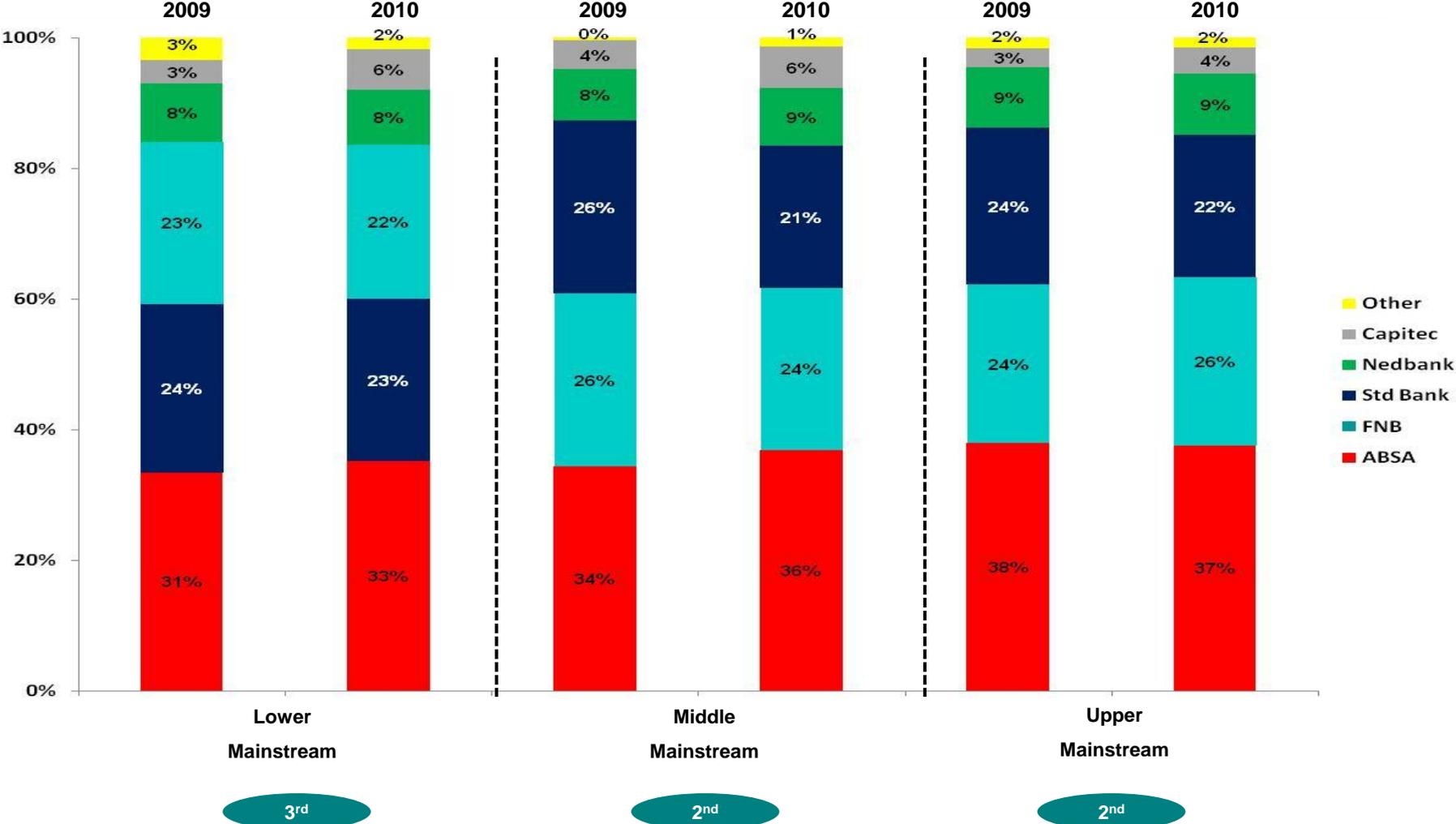
20% of SA adult population are dependent on social grant as source of income

14,9m beneficiaries

51 % of social grants are paid in cash

Source: Amps 2008 – 2010, SGS Analysis, Finscope 2010, Statssa, Sassa

Main bank market share

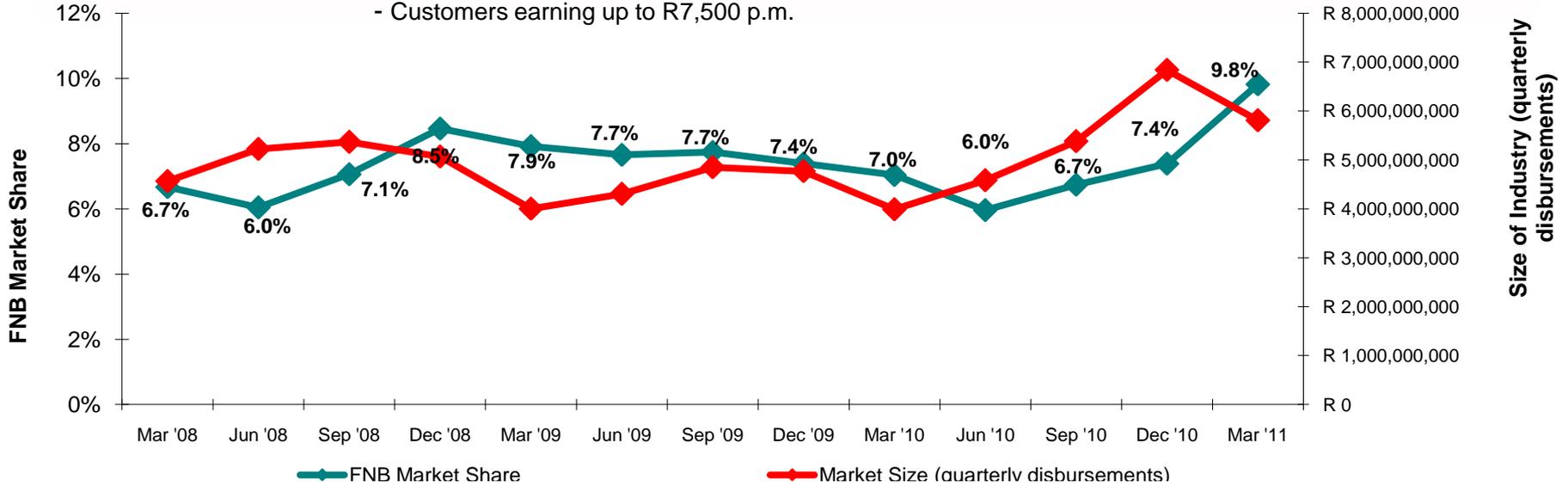


Source: Amps 2009, 2010

Unsecured loans market share

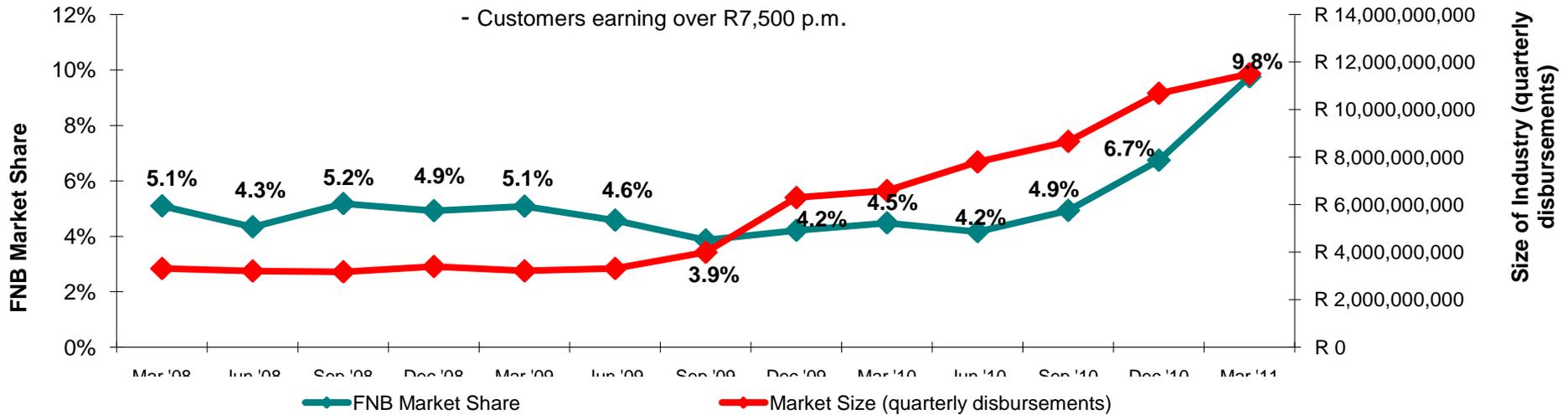
Unsecured and Short Term Credit Market: FNB Market Share

- Customers earning up to R7,500 p.m.



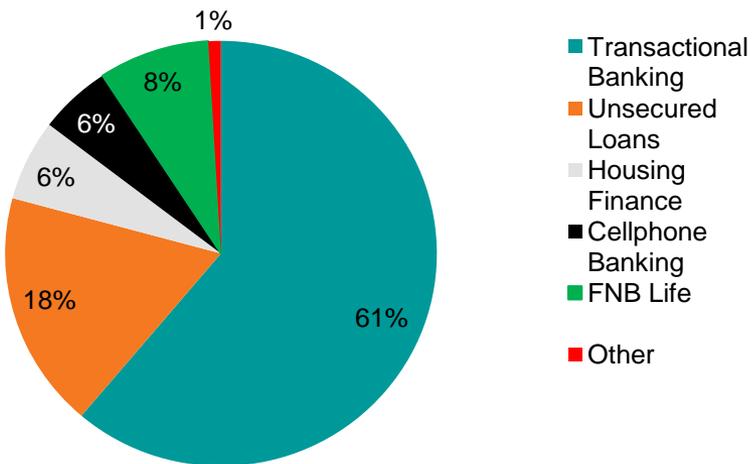
Unsecured Credit Market: FNB Market Share

- Customers earning over R7,500 p.m.

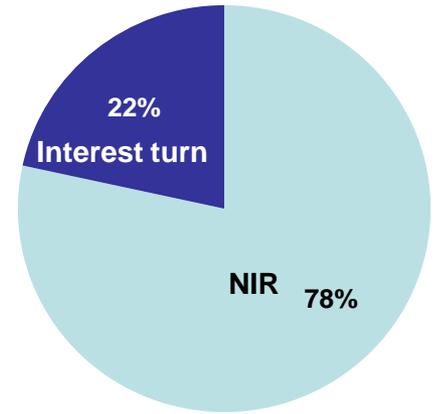


Where we make our money...

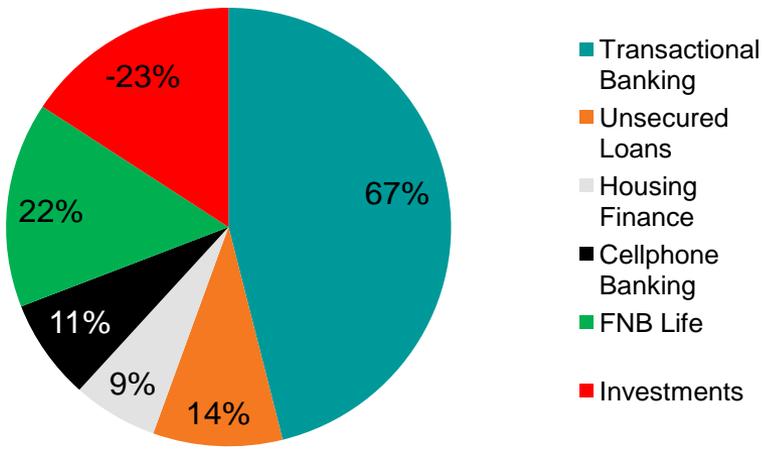
Total Revenue



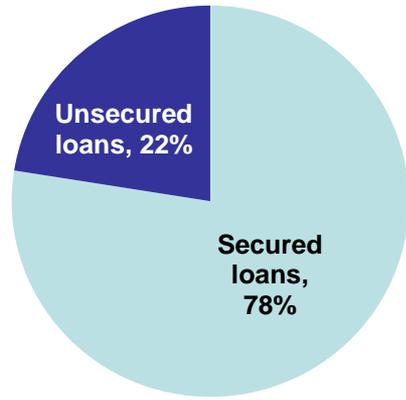
Diversification ratio



Net Profit before Tax



Balance Sheet



FNB Smart Solutions

SMART SOLUTIONS

EasyPlan

- EasyAccount
- EasyLoan
- EasyFuneral Plan

Housing Finance

- Smart Bond

Smart Product House

- Smart Acc.
- Smart Cheque
- Temp Loan
- Stokvel Acc.
- Mzansi Acc.
- Social Grant Acc
- SmartSave Acc
- Smart Housing Plan
- SmartSpend Loan

FNB Life

- Law-on-Call
- Funeral
- Credit Life Cover

Connect

- Connect Talk
- Connect Surf
 - 3G
 - ADSL

eWallet Solutions

- Send Money
- PayWallet

Cellphone Banking Solutions

- Banking
- InContact
- Prepaid
- Lotto
- Cellphone Contracts

Customer needs and banking challenges are unique

- ❑ Money too tight to mention – affordability & unemployment
- ❑ Irregular income
- ❑ Low levels of financial literacy – prefer simple products, processes & pricing
- ❑ Language
- ❑ Access to banking
 - Time and cost of travel
 - Banking Business hours

Our high level strategy

- ❑ Holistic approach to customers' financial needs. We have solutions to address all these needs – 4 Quadrants:
 - Save, Transact, Insure, Borrow
- ❑ Cross-sell of value-added services and products that improves customer retention
- ❑ Reducing cost in servicing mainstream market customers – requires low cost channels & efficient processes
- ❑ Customer Education and Financial Literacy
- ❑ Employer Solutions

We have a range of service options



Cellphone



Mini ATM



Full ATM (Real time deposit taking)



Mobile Branch



FNB EasyPlan

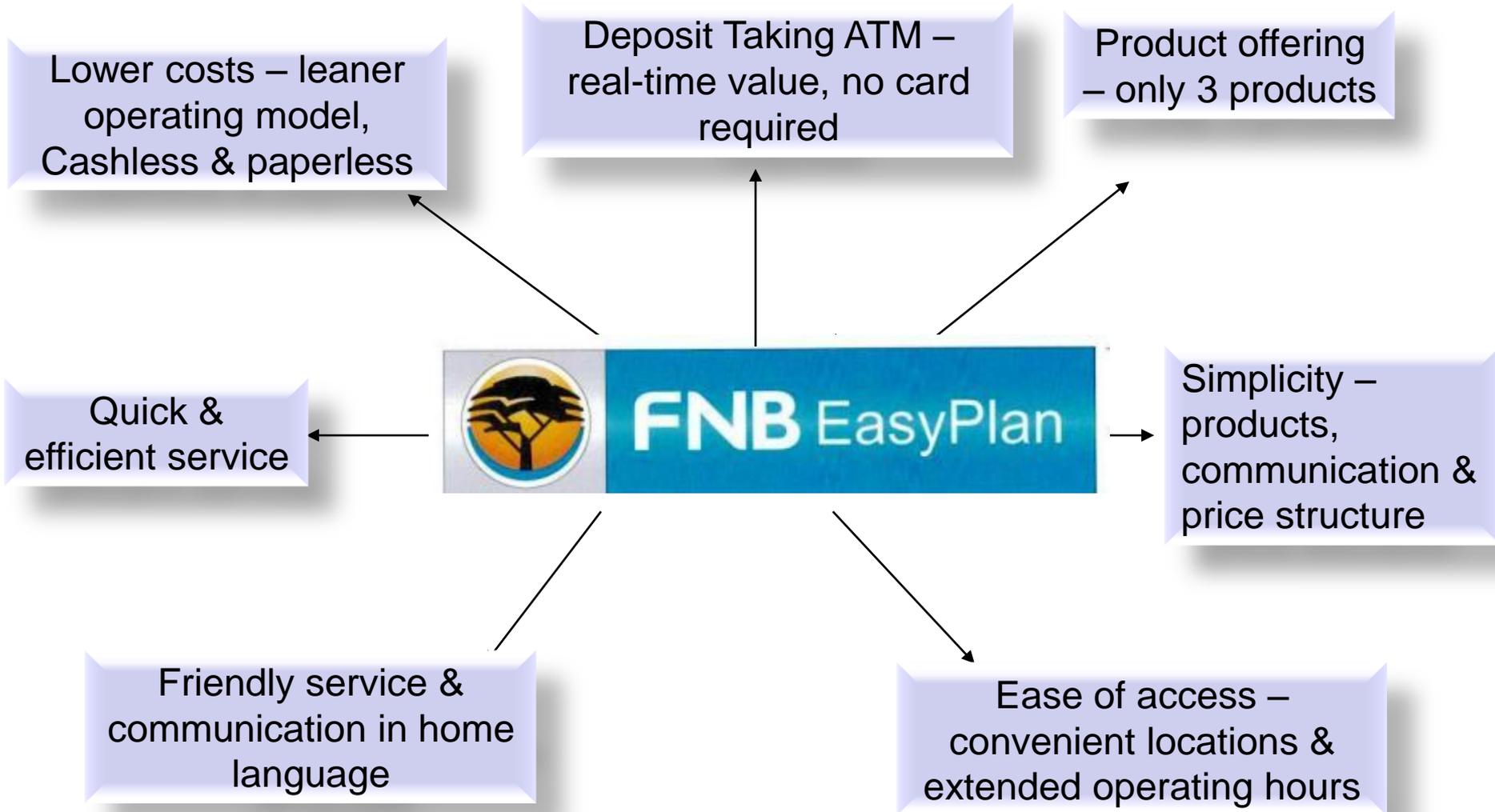


Mini FNB

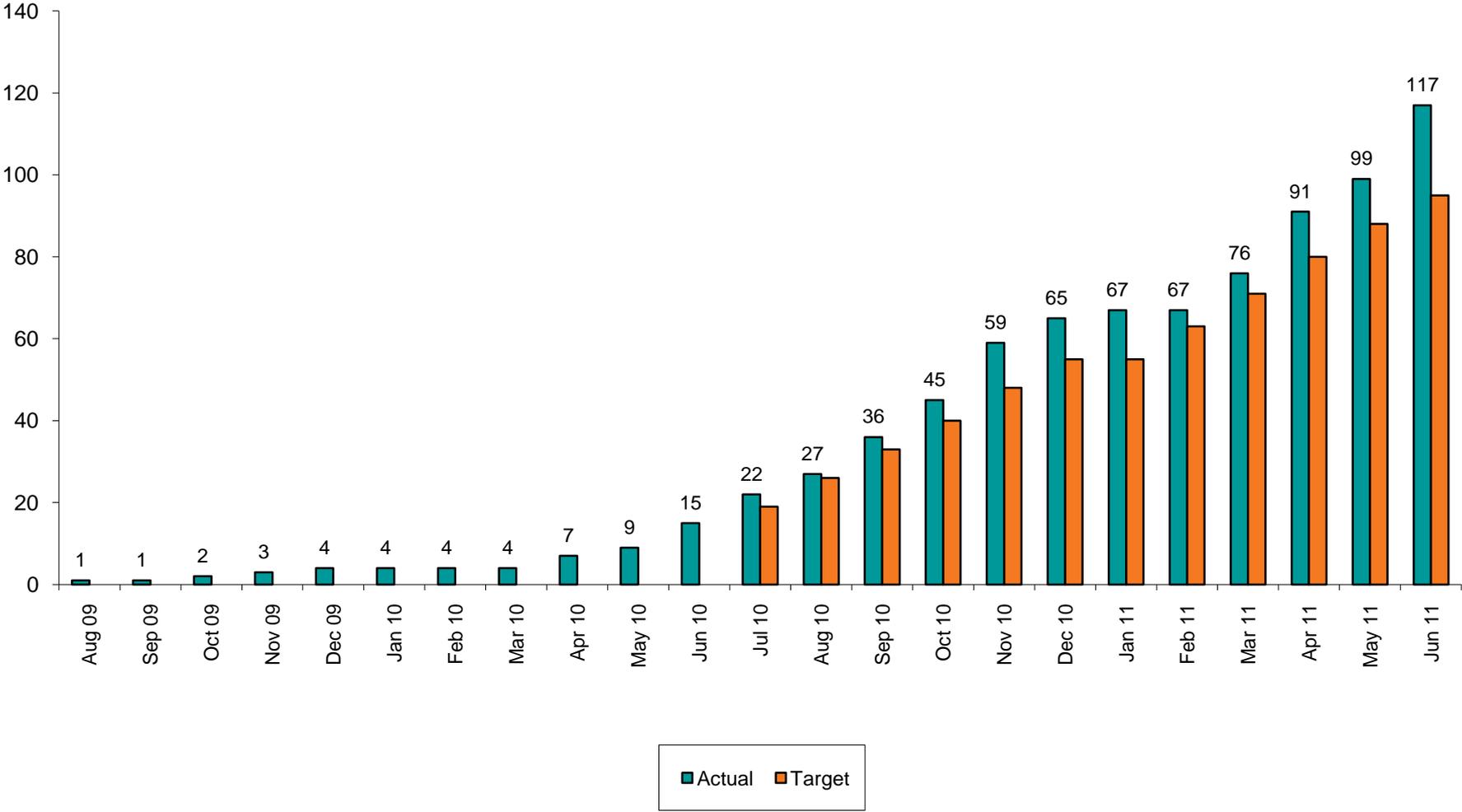


Full Branch

FNB EasyPlan is our new, customised solution



FNB EasyPlan's Points of Presence rollout ahead of target



FNB EasyPlan – Branches are aspirational



FNB EasyPlan's Products Suite

Easy Loan

- Short Term – 1 to 6 month repayment periods with a recurring option ranging from R250 to R8,000
- Longer Term - 9 to 36 month repayment periods from R2,000 upwards

Easy Account

- Debit-card based
- Transactional account
- Optional savings pocket
- Optional electronic subscriptions (bundled):
 - *inContact*
 - Cellphone banking
 - Online banking

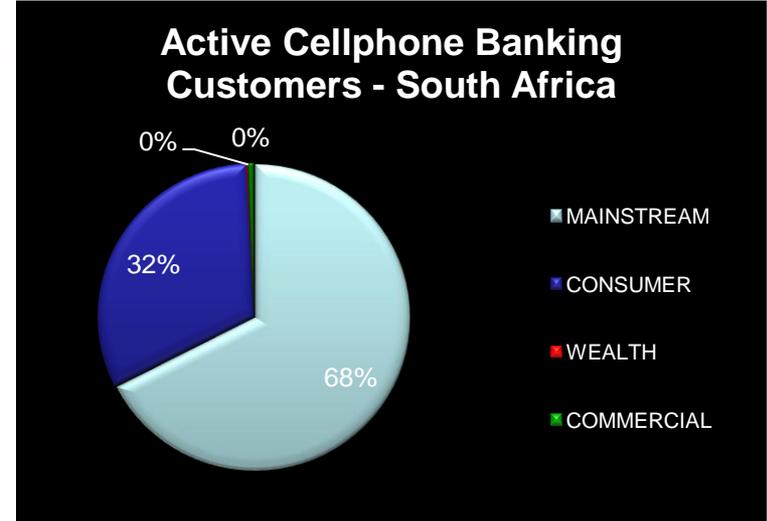
Easy Funeral Plan

- R5,000 funeral cover from R15 per month
- R30,000 funeral cover from R50 per month

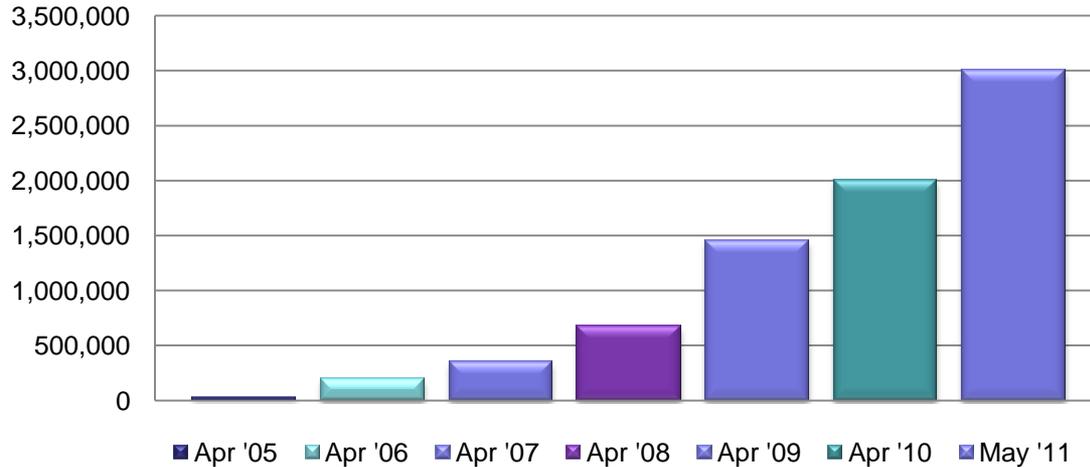


Cellphone Banking doubled in one year

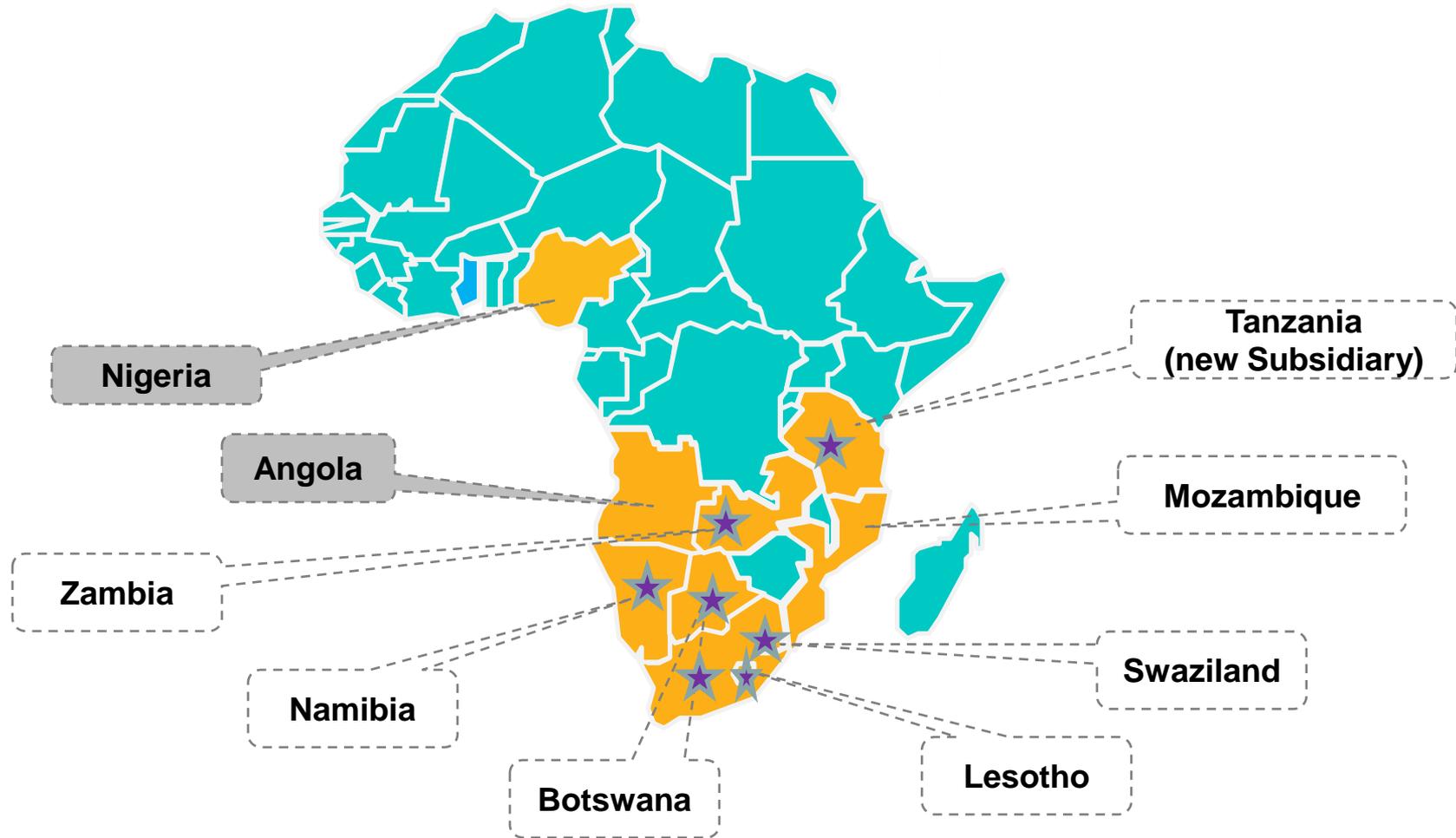
- 3 million registered customers
- African Expansion
- Cellphone banking improves customer retention
- Reduces cost of banking and travel cost
- Most transactions occur after-hours
- 24/7 Banking



Cellphone Banking Registered Base



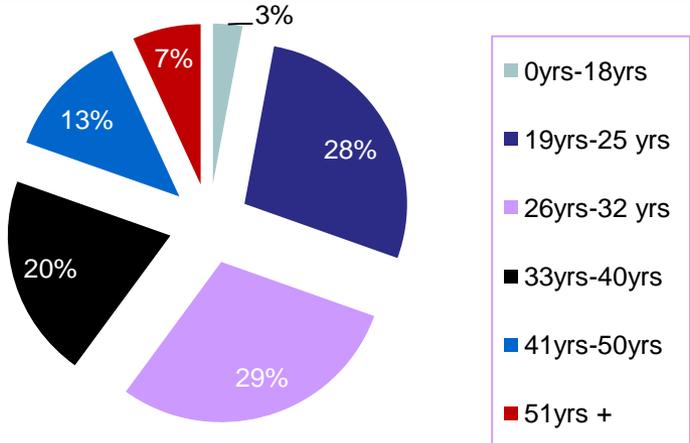
...including our African Subsidiaries



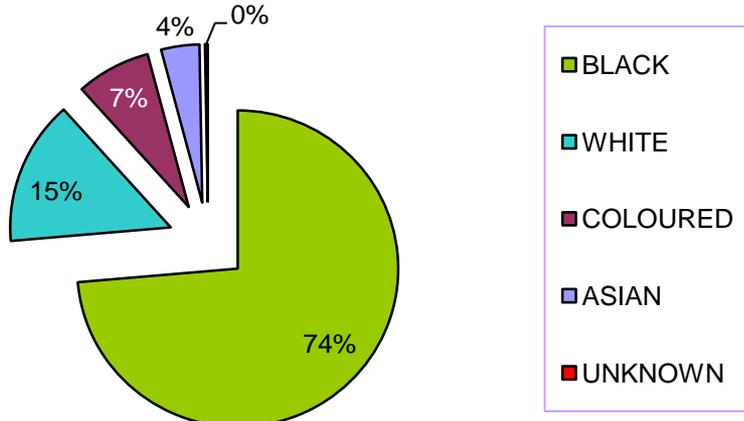
Cellphone Banking in country

Cellphone Banking Users

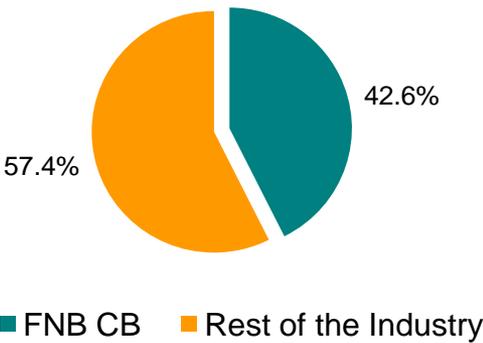
Age Distribution



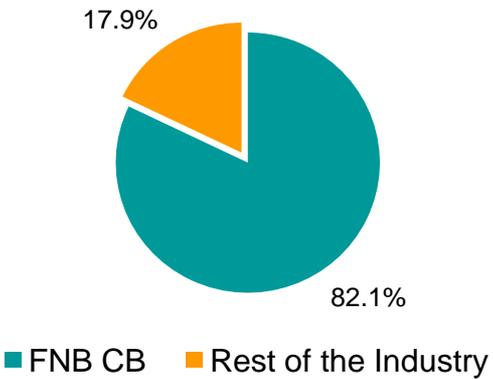
Race Demographics



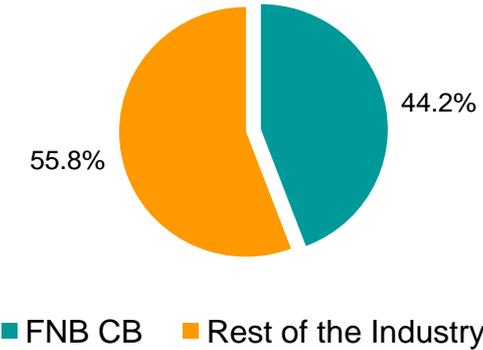
Active Cellphone Banking Customers



Cellphone Banking Volumes



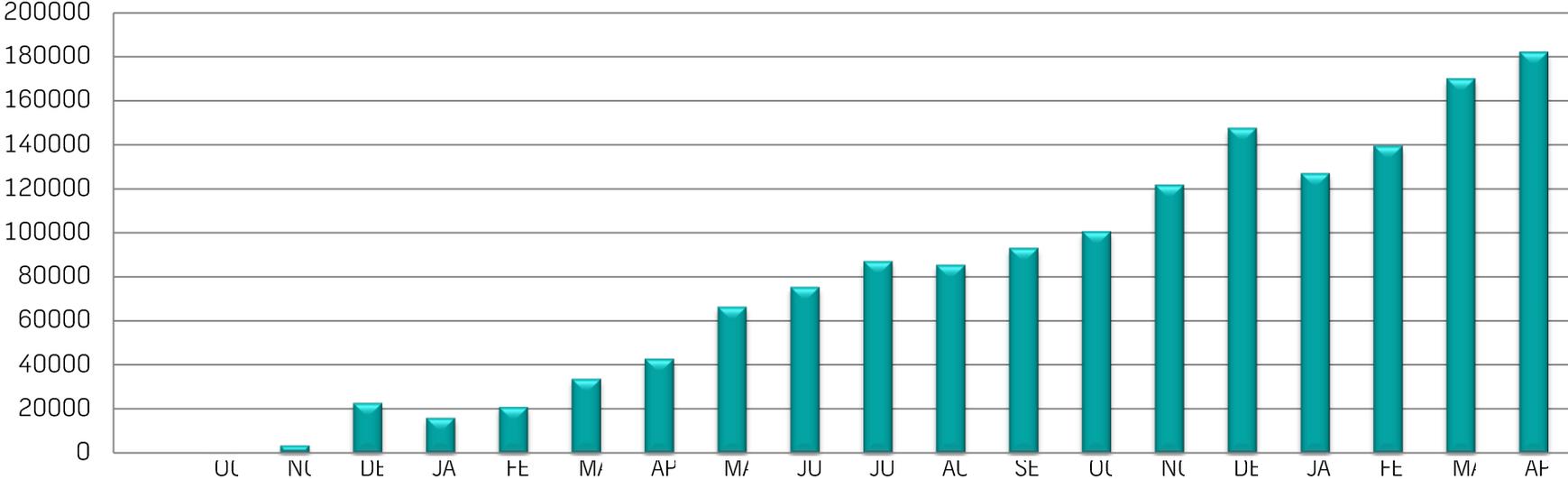
Cellphone Banking Values



Source: Latest data from SARB as at 30 June 2010

eWallets – The Next Big Thing

eWallet original send volumes



Total value sent from FNB accounts to eWallets since launch:

R615m - May 2011

560 000 eWallets

Next

- African rollout
- Cross-border transactions
- Retail Partnerships

FNB Housing Finance

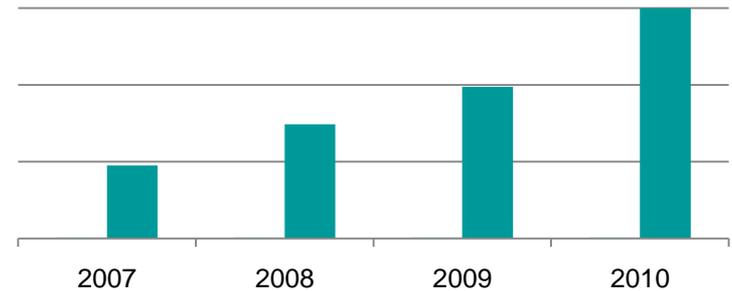
- ❑ Address housing shortfall
 - Assist with creating increased supply (new housing)
 - Assist with finance to enable demand
- ❑ Good ROE & significantly lower NPLs compared to consumer market
- ❑ 2nd highest market share of new mortgages



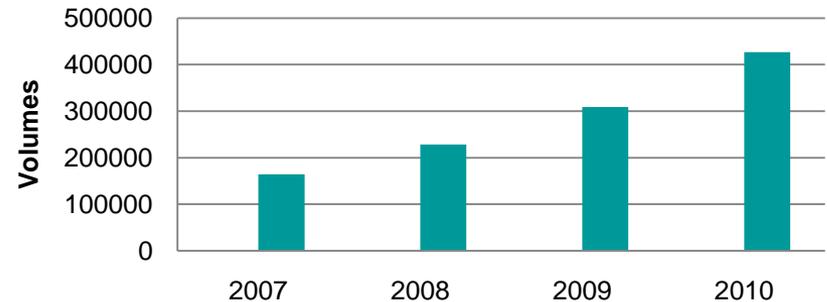
FNB Life

- ❑ Generates 22% of the segment's profits
- ❑ Low cost and simple risk only products
- ❑ Cover from R15 per month

Profit Growth



Funeral – Active Policies



FNB Housing Finance

Energy Efficiency

- ❑ 10 houses installed
- ❑ Part funding from German DFI (GIZ)
- ❑ Actual Monthly savings of R300 pm
- ❑ Next step – large scale rollout



Alternative Building Technology

- ❑ Houses already built - 3
- ❑ Speed of erection ≤ 3 weeks
- ❑ Quality control in production environment
- ❑ Scale benefits
- ❑ Core material used - waste streams (beneficiation process)
- ❑ Potential cost savings - $\geq 20\%$
- ❑ Next step – market acceptance study linked with actual sales



Not a “1 size fits all” approach – Smart Choices

PAYU Smart Account

- ✓ Regular income earners with few transactions per month.

Smart Account Zero

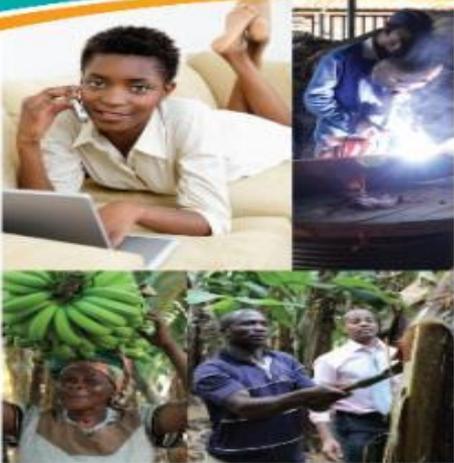
- ✓ No monthly fees designed for irregular income earners

Smart Account Unlimited

- ✓ Fixed fee pm unlimited electronic transactions @ FNB incl. R10 000 funeral cover
- ✓ Regular income earners with the need to manage their budget

Make the Smart choice for your banking with a Smart Account

Smart Account



First National Bank - a division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20).

Voted the top retail bank in the Sunday Times Top Brands Survey 2009



How can we help you?



How can we help you?

Smart Account Zero Monthly Fee

Smart Account



First National Bank - a division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20).

“BUDGETA SHARP”

Get more banking for less

Ka Smart Account Unlimited

UNLIMITED ELECTRONIC BANKING
FREE R10 000 FUNERAL COVER
R59.99 pm

That's Smart!



Smart Account



How can we help you?

First National Bank - a division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20).

Financial Literacy & Education

'Be Financially Smart' program

- ❑ Basic Financial Literacy Training covers:
 - Basics of financial planning, financial transactions, savings, key issues when borrowing and Insurance
- ❑ Radio program
 - 36 week -19 Radio station program covering all 11 languages
 - Reached in excess of 17m people
 - Series of financial topics – 4 Quadrants (Transacting, Saving, Borrowing & Insuring)
- ❑ Face to Face - classroom style
 - Worksites (70%), Community Centres & High Schools (30%)
 - 6 Educators in 6 Provinces
 - Training guide in vernacular languages
- ❑ FNB 😊 Tip sms's (real-time advice on how to reduce bank charges)
- ❑ Home Owner Education program for first-time home owners



FNB EasyPlan / Capitec comparison –

Most common fees

- The below table shows some of the most common transactions for Capitec and EasyPlan, and highlights the cheapest fee (in **blue**).
- FNB EasyPlan is the **cheapest** on **9** of the fees while Capitec is only cheapest on **6** fees.
- The fees shown in **orange** are the fees where FNB EasyPlan and Capitec have the same fee.

Transaction Type	Capitec 1 March 2011	FNB Easy Account 1 July 2011
Local point-of-sale purchases	Free	Free
Cash withdrawal at Tillpoint (Shoprite, Checkers or PEP) with purchase	R 1.00	R 0.90
Own Bank ATM cash withdrawal	R 3.75	R 2.95
Own Bank mini ATM cash withdrawal	R 3.75	R 2.95
Other bank ATM cash withdrawal	R 7.00	R 7.70
International point-of-sale cash withdrawal	R 4.75	R 2.95
Cash deposit in Branch	R0.75c/R100	2.95*
Electronic Deposit (EFT)	Free	Free
Salary cheque deposit	Free	R 2.95
Non-salary cheque deposit	R 3.75	R 2.95
Transfer between linked accounts	Free	Free
Transfers between Capitec and Other Bank's	R 2.75	R 2.95
Monthly Administration or account fee	R 4.50	R 3.95
Account statement	R 2.75	R 2.95
Stop order/Debit order	R 2.75	R 2.95
Replacement/Additional card	R 30.00	R 25.00
PIN reset	R 2.75	Free
Own Bank ATM withdrawal declined (insufficient funds)	Free	Free
Returned debit order (unpaid item)	R 3.75	R 5.00

*FNB Cheaper for all deposits more than R300

FNB EasyPlan / Capitec comparison –

Typical Transactor

A typical FNB EasyPlan Customer

Comparison of FNB EasyPlan and Capitec on the FNB EasyPlan behaviour

FNB EasyPlan Basket	Nr of txns per annum	FNB Easy Plan (Current)	FNB Easy Plan (New)	Capitec Global One Account
Stop Orders/Debit Orders	24	R 2.95	R 2.95	R 2.75
Statement At Branch	4	R 2.95	R 2.95	R 2.75
Inter Account transfer	24	R 0.00	R 0.00	R 0.00
Debit Card Purchases	24	R 1.00	R 0.00	R 0.00
Cash Withdrawal at Till Point	24	R 0.90	R 0.90	R 1.00
Cash Deposit	4	R 2.95	R 2.95	R 7.50
Cash Withdrawal at own Bank ATM	48	R 2.95	R 2.95	R 3.75
Cash withdrawal at other bank's ATM	4	R 7.70	R 7.70	R 7.00
Savings Pocket Monthly Fee	12	R 0.00	R 0.00	R 0.00
Monthly Administration Fee	12	R 3.95	R 3.95	R 4.50
Yearly Costs		R 359.80	R 335.80	R 393.00
Monthly Costs		R 29.98	R 27.98	R 32.75

A typical Capitec Customer

Comparison of FNB EasyPlan and Capitec on the Capitec behaviour

Capitec Basket	Nr of txns per month	FNB Easy Plan (Current)	FNB Easy Plan (New)	Capitec Global One Account
Cash Withdrawals (own ATMs)	2	R 2.95	R 2.95	R 3.75
Cash Withdrawals Other ATMs	1	R 7.70	R 7.70	R 7.00
Balance Enquiries (own ATMs)	7	R 0.00	R 0.00	R 0.00
Account Statements	1	R 2.95	R 2.95	R 2.75
Interaccount Payments (Other bank accounts)	2	R 2.95	R 2.95	R 2.75
Monthly Administration Fee	1	R 3.95	R 3.95	R 4.50
Debit Card Purchases	6	R 1.00	R 0.00	R 0.00
Debit Orders	2	R 2.95	R 2.95	R 2.75
Yearly Costs		R 459.60	R 387.60	R 393.00
Monthly Costs		R 38.30	R 32.30	R 32.75

FNB EasyPlan is now *cheapest* on both transaction behaviours

eWallet Competitors

- Can Send money to anyone with a Cellphone, they can withdraw the money without using a card

Transactional Account	FNB eWallet	ABSA Cashsend	Nedbank M-PESA	Standard Bank Shop
Cost to send money to eWallet	R 8.00 (values between 0 and R1000)	R6.90 + R1.05 per R100 (Included in packaged options)	Values 0 - 1000: R10.00 Values > R1000: R15.00	R 10.00
Example 1 - Send R500	R 8.00	R 12.15	R 10.00	R 10.00
Example 2 - Send R1000	R 8.00	R 17.40	R 10.00	R 10.00
eWallet/Cashsend Account				
First Cash Withdrawal	Free	Free	Free	Free
Subsequent withdrawals	R5 per R500, max R15.00	Not Available	Not available to unregistered users	Not Available

- FNB's eWallet has additional features not available at ABSA/Standard bank, e.g.
 - Prepaid Purchases – R2
 - Send money to another eWallet – R2
 - Purchase in a store – Free
- Nedbank's M-PESA is the closest competitor.

Smart Account Competitors

- The following comparison is based on the Solidarity behaviour for a customer earning R7,500 per month (their smallest transaction category).
- FNB is the *cheapest* in this category.

Transaction	Volume				
	FNB Smart Account PAYU	ABSA Flexi Account	Nedbank - Transactor Plus - P.A.Y.U	Standard Bank E Plan	Monthly Transaction Fees
Monthly Account Fee	1	R 11.00	R 11.00	R 9.00	R 10.00
Debit card purchase (R500)	2	R 4.20	R 5.30	R 4.50	R 4.00
Cashback at POS (R500)	2	R 1.80	R 18.00	R 4.50	R 10.00
Own ATM balance enquiry	1	R 0.00	R 0.00	R 0.00	R 1.50
inContact/internet/cellphone banking subscription	1	R 0.00	R 21.95	R 17.00	R 22.00
inContact per sms	12	R 0.00	R 5.76	R 0.00	R 0.00
Online transfer (R500)	1	R 3.30	R 3.15	R 3.65	R 5.00
Online transfer (R1000)	1	R 3.30	R 3.15	R 3.65	R 5.00
Electronic archive statement	1	R 5.50	R 5.50	R 0.00	R 10.80
Online balance enquiry	1	R 0.00	R 0.00	R 0.00	R 0.00
Online SMS notification	2	R 2.00	R 0.96	R 1.30	R 1.70
Online amendment of scheduled payment	1	R 0.00	R 0.00	R 0.00	R 15.20
Online scheduled transfer (R500)	1	R 3.30	R 3.15	R 3.65	R 5.00
Online scheduled payments (R500)	2	R 14.40	R 15.00	R 9.60	R 12.70
Internal debit order (R500)	1	R 3.30	R 3.15	R 3.25	R 5.00
External debit order (R5000)	2	R 17.60	R 12.00	R 11.00	R 12.70
Total	32	R 69.70	R 108.07	R 71.10	R 120.60

