

Winning Strategies in a Brave New World

RMB Morgan Stanley conference
15 September 2010



**NATIONAL
SUPPORTER**



How can we help you?

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

Index

- Core economic view
- Conventional responses
- Innovative growth
- Conclusion

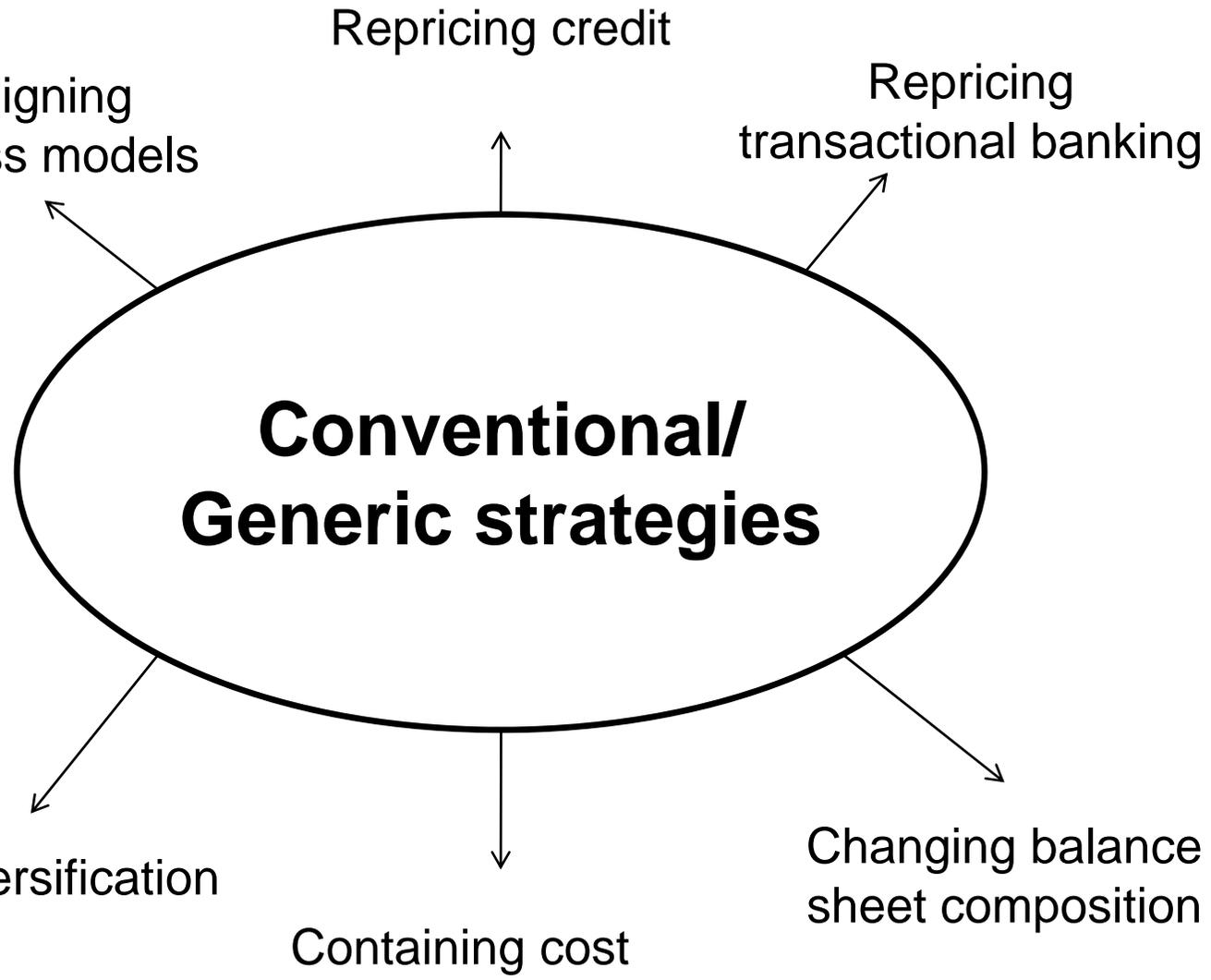


Our core economic view consistent with pressures on top-line banking growth

	2010	2011	2012	2013
GDP growth	3.0	3.0	3.3	3.3
Inflation (year-end)	3.8	5.0	5.5	5.5
Nominal disposable income (year -end)	8.5	8.5	8.8	8.8
Repo rate (year-end)	6.0	6.5	7.5	8.0
Rand/ dollar (average value)	7.5	8.0	8.3	8.5
House prices (year-end)	8.0	6.0	5.5	5.5
Total private sector credit extension (year-end)	5.0	7.5	8.8	8.8

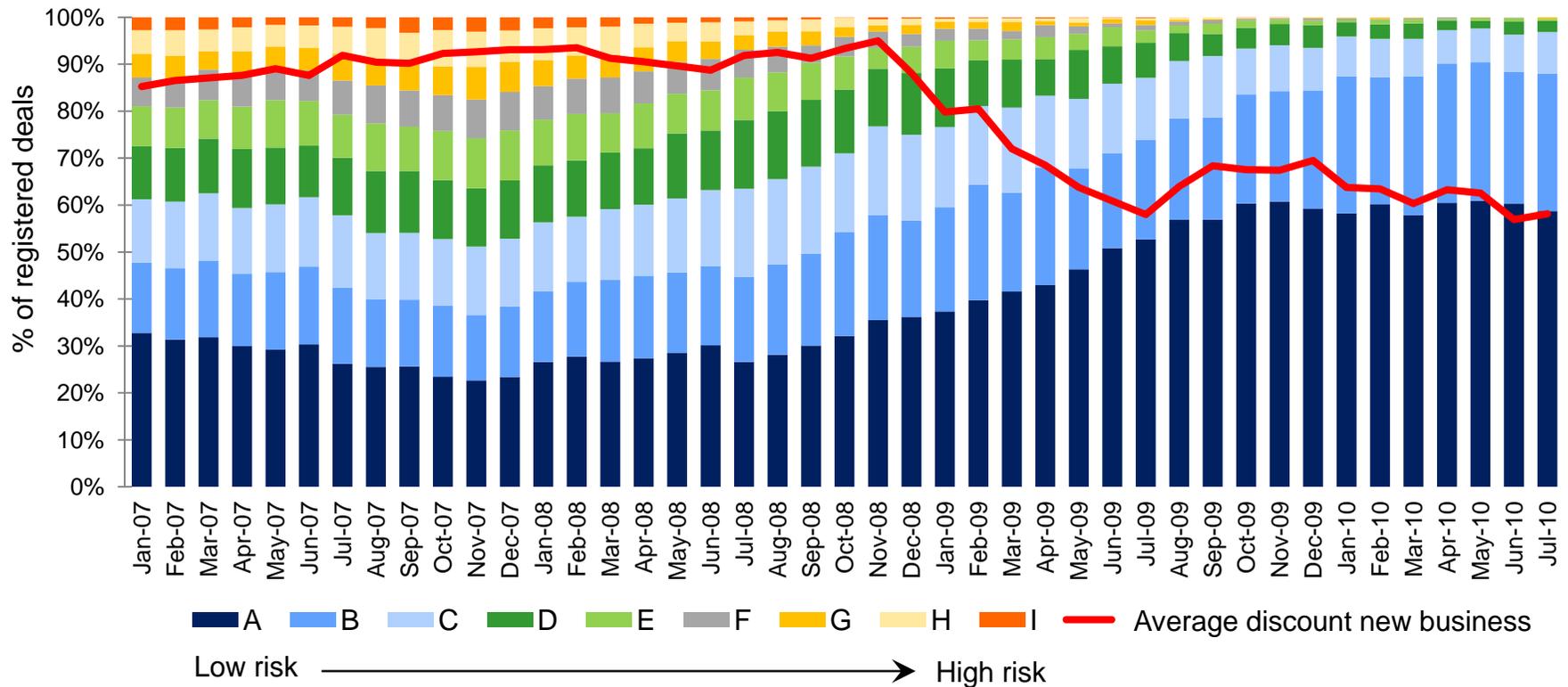


We get it!!



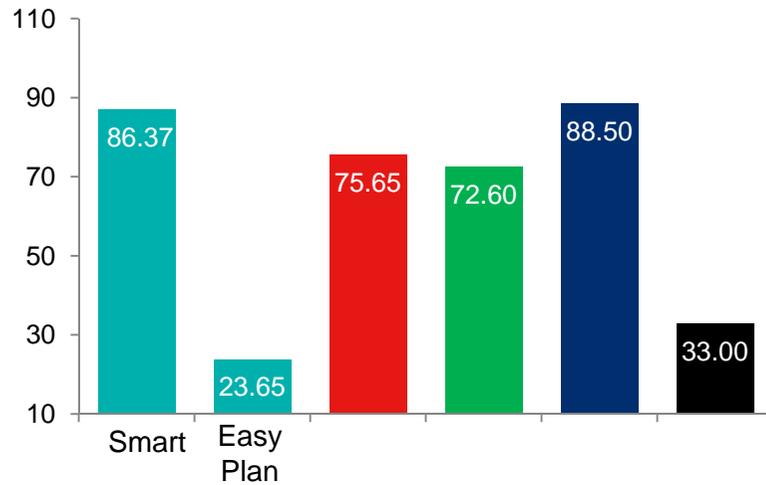
Repricing credit

Weighted average discount to Prime & change in risk distribution at registration

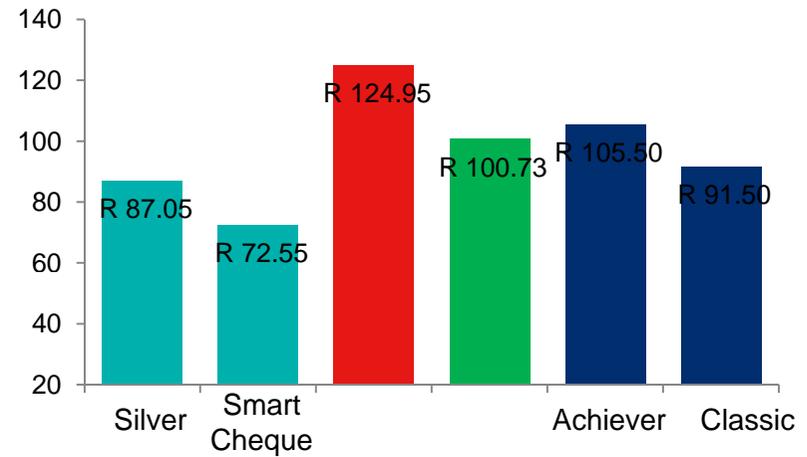


Repricing transactional banking

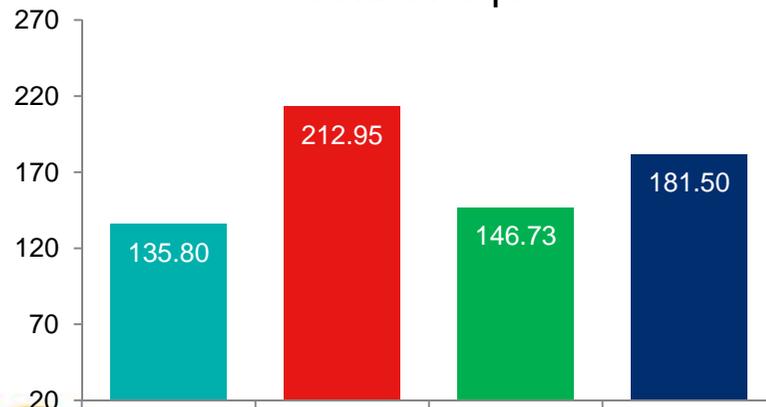
Smart Transmission



Silver Cheque



Gold Cheque

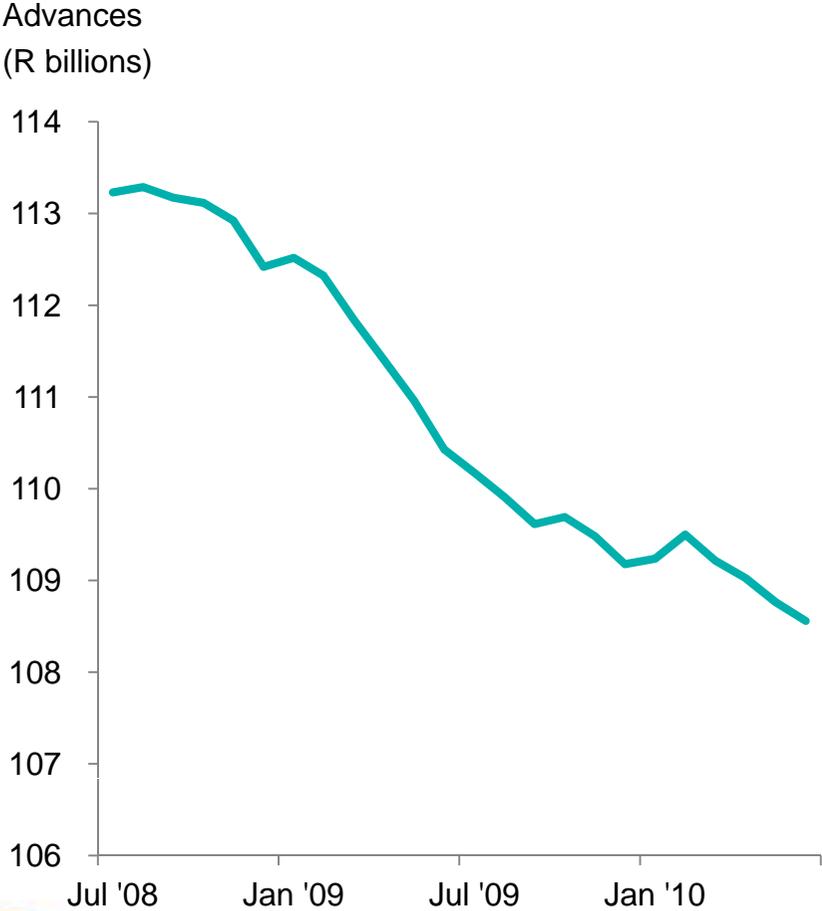


Platinum Cheque

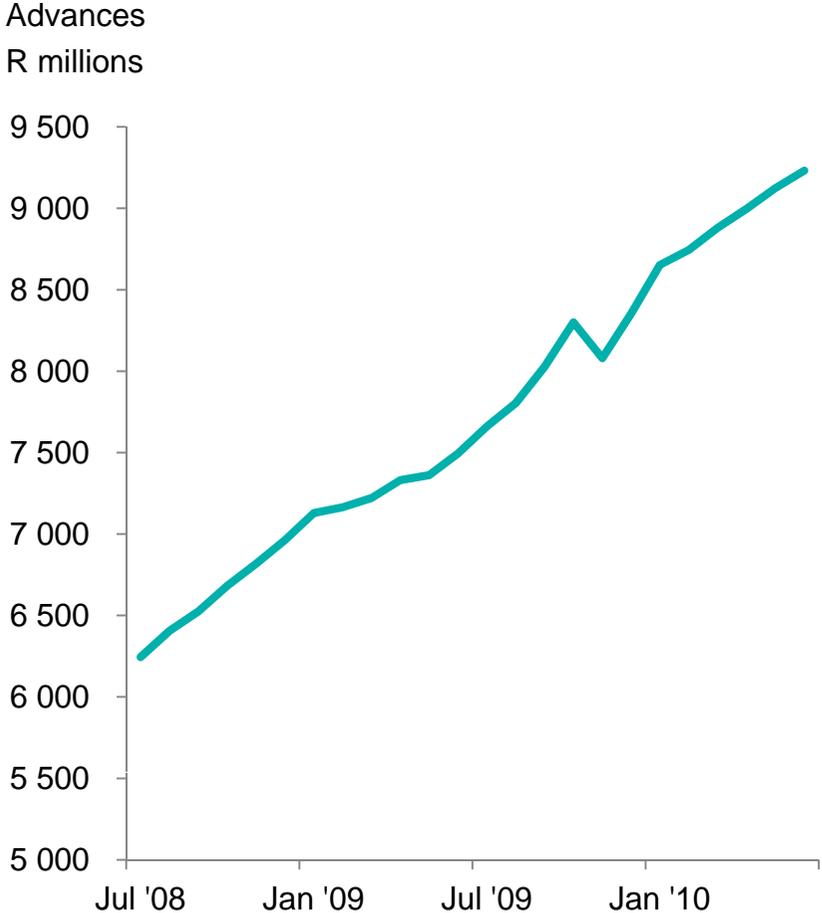


Changing balance sheet composition

HomeLoans

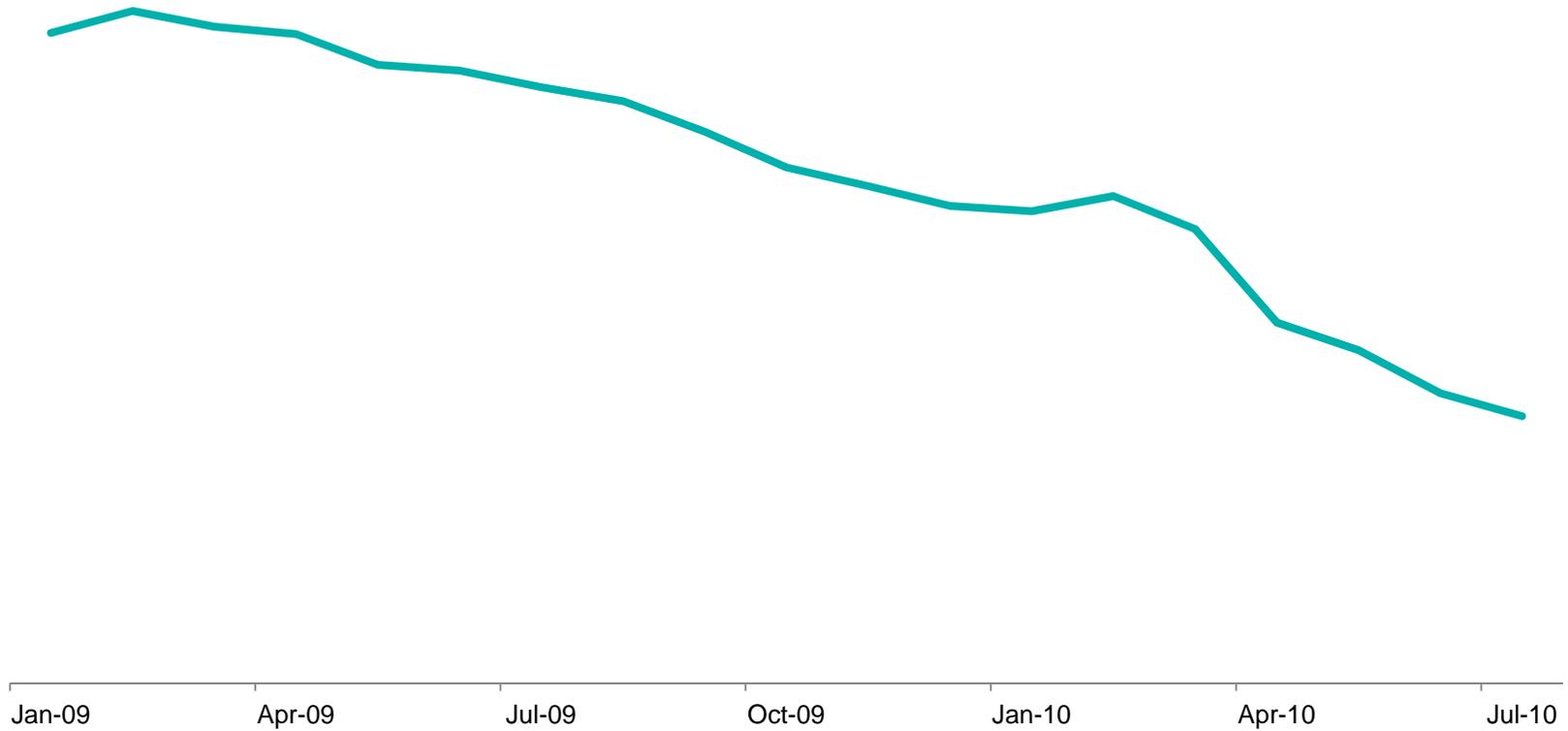


Smart Loans



Cost containment

FNB headcount (18 month trend)



Headcount has dropped 5.4% y/y

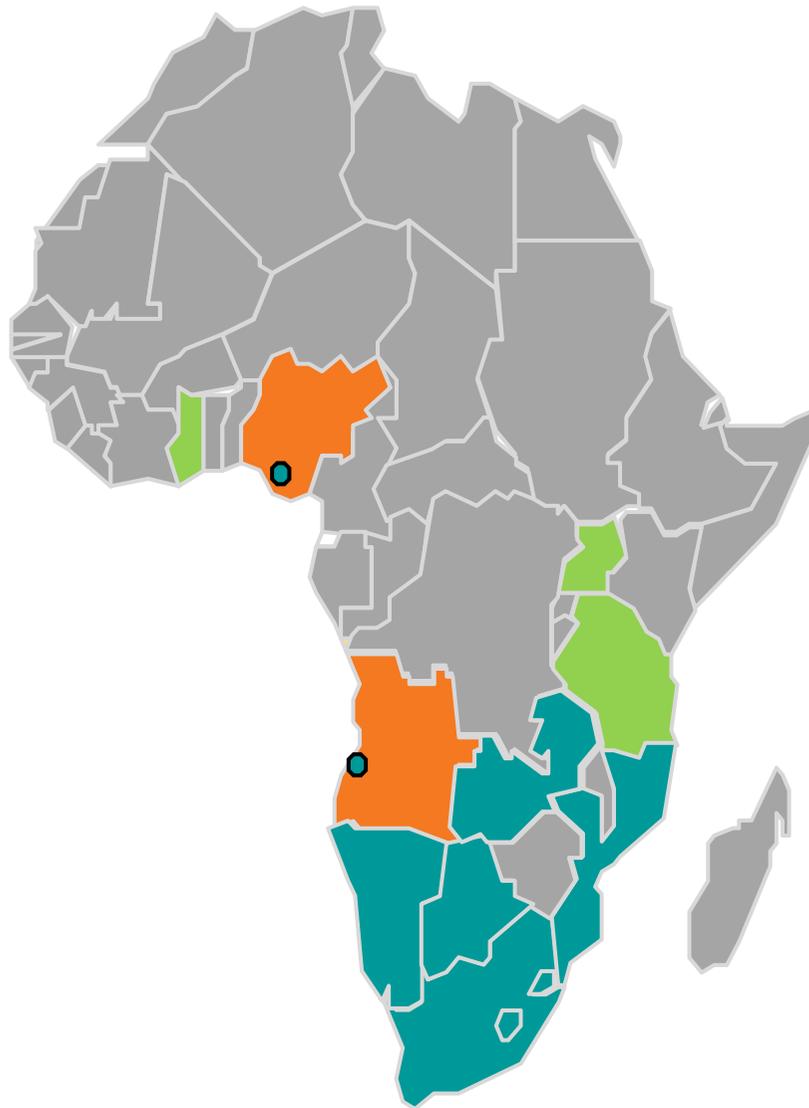
FNB branch distribution in relation to GDP

	2010 distribution	2009 distribution	GDP
Free State	8%	11%	5%
Northern Cape	4%	5%	2%
Eastern Cape	12%	11%	8%
Western Cape	15%	14%	15%
North West	6%	6%	6%
Limpopo	7%	6%	7%
KZN	17%	16%	16%
Mpumalanga	8%	8%	6%
Gauteng	24%	23%	35%
Total	100%	100%	100%



Africa – expected GDP 2011

Swaziland		2.4%
Lesotho		3.0%
Nigeria		3.0%
South Africa		3.0%
Namibia		4.5%
Botswana		5.0%
Angola		6.2%
Zambia		6.5%
Tanzania		7.1%
Mozambique		7.3%
Uganda		8.0%
Ghana		14.0%



Existing subsidiaries

- Botswana
- Namibia
- Mozambique
- Lesotho
- Swaziland
- Zambia

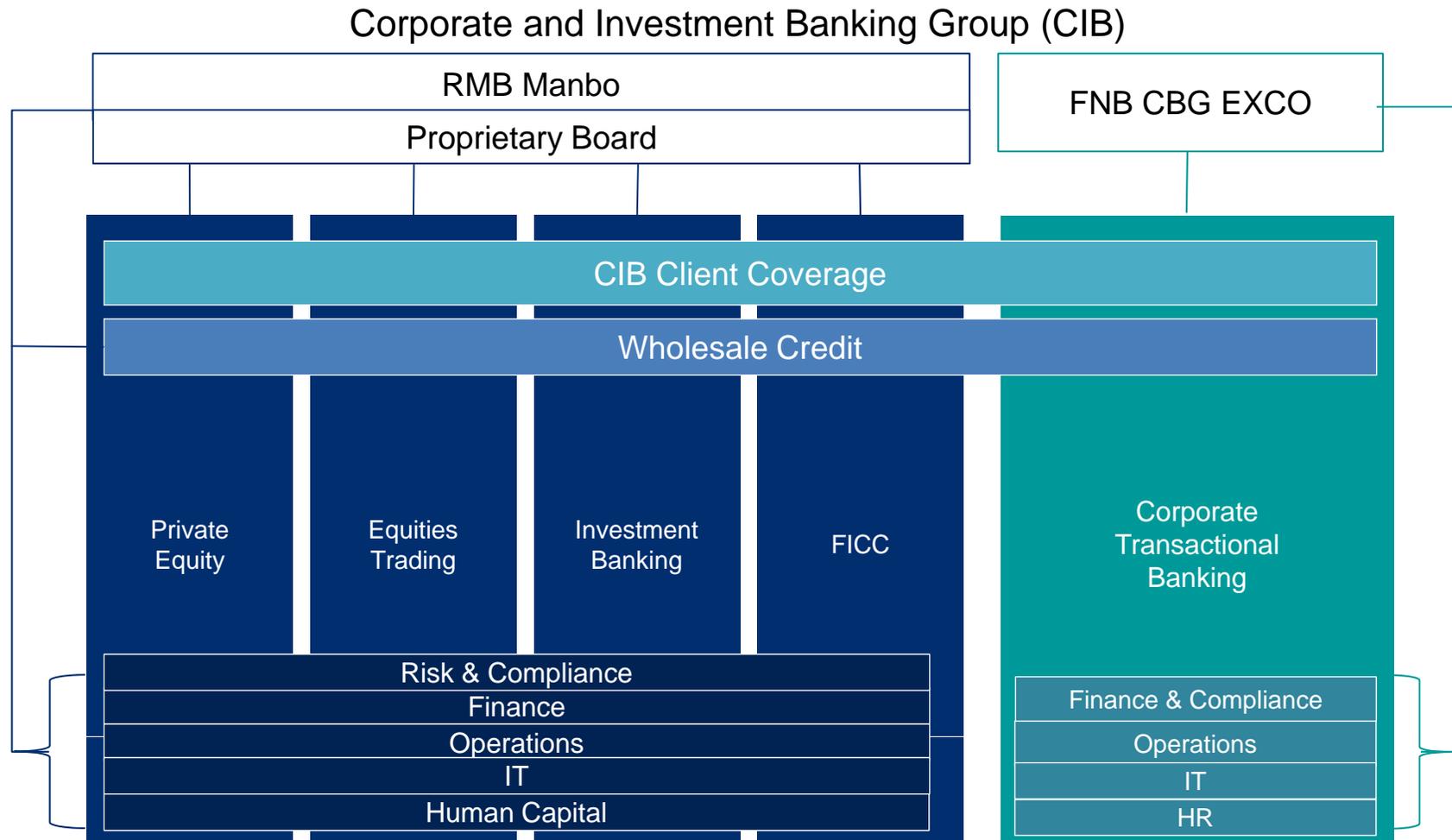
Representative offices

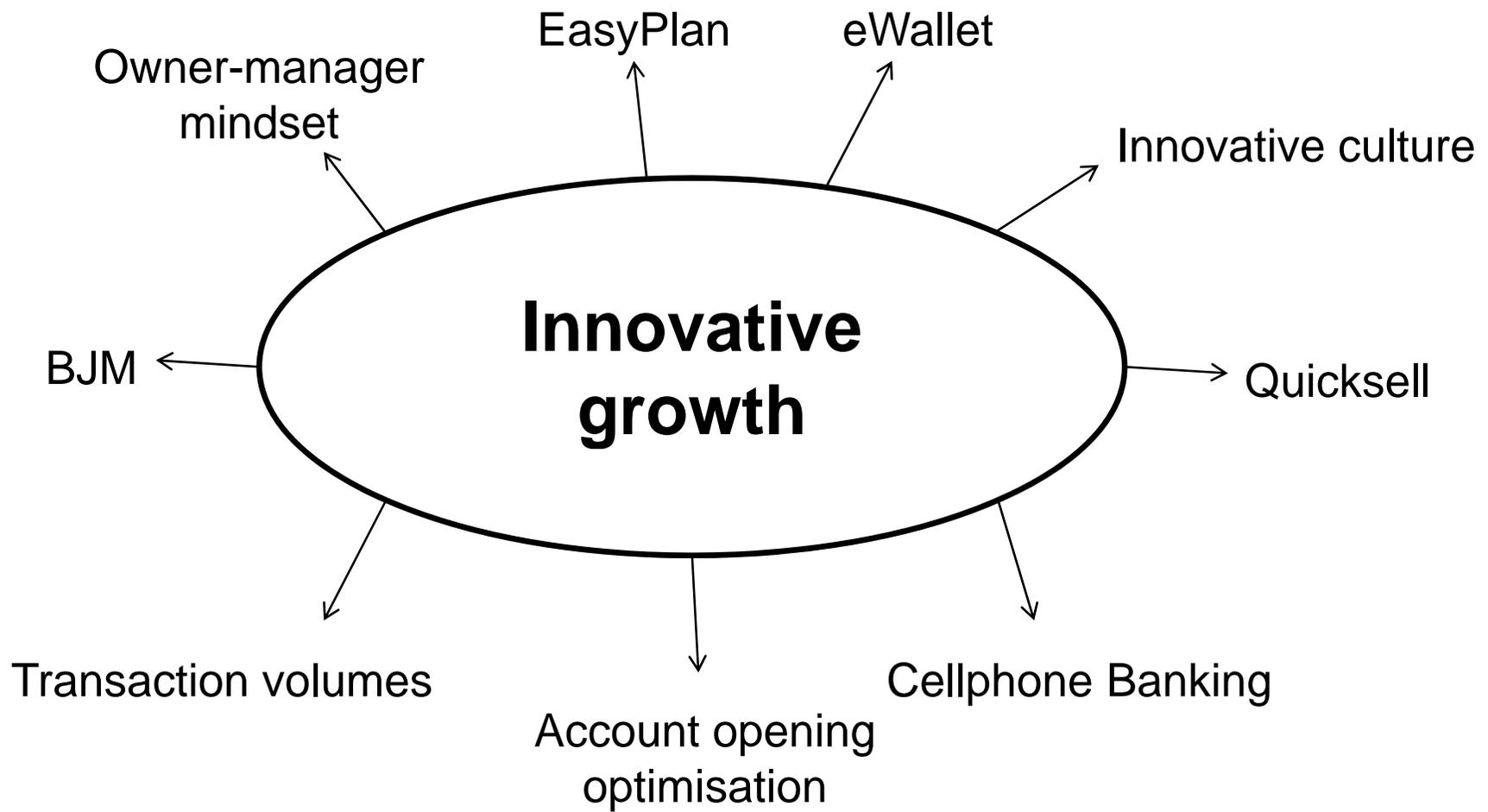
- Angola
- Nigeria

New countries

- Tanzania
- Ghana
- Uganda

CIB Coverage within Group





Innovative culture

	2005	2006	2007	2008	2009	2010
Ideas originated	3 120	3 606	6 346	6 845	6 227	8528
Ideas implemented	222	359	530	733	641	779

- 26 347 staff
- 15 465 registered users



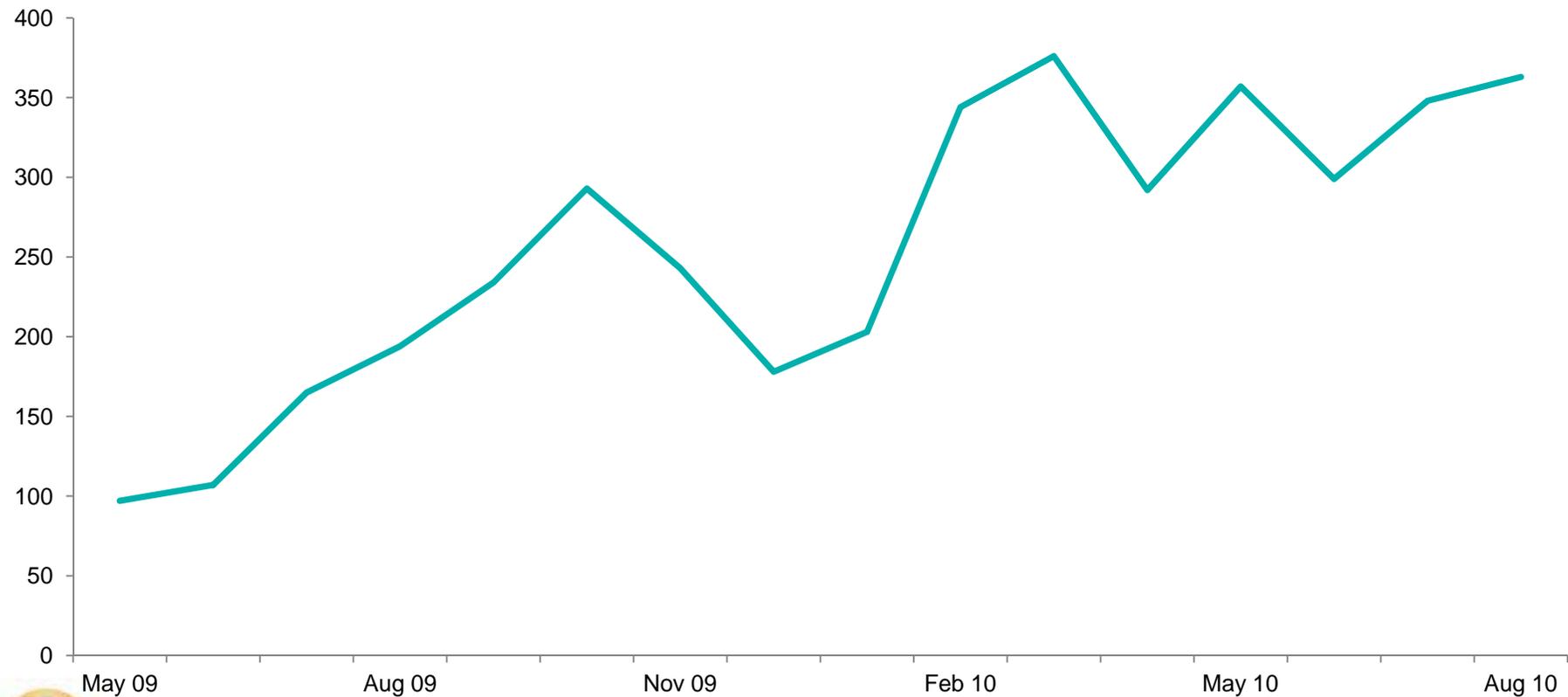
QuickSell



FNB
First National Bank

Quick Sell Properties

Number of properties



FNB
First National Bank

Account opening

- Key objectives:
 - Significantly reduce the time and simplify the process to set up a customer and open accounts
 - Pre-populate and print rationalised, simplified customer agreements
 - Cross-sell appropriate services and value adds as part of the process
 - One standard process for account opening
 - Key drivers being: **Speed, Simplicity, Accuracy & Cost Reduction**

- Benefits:

Reduction in

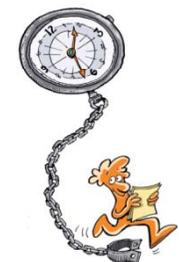
- Screens
- Time (estimated)
- Customer agreement (# pages)

Consumer

Commercial

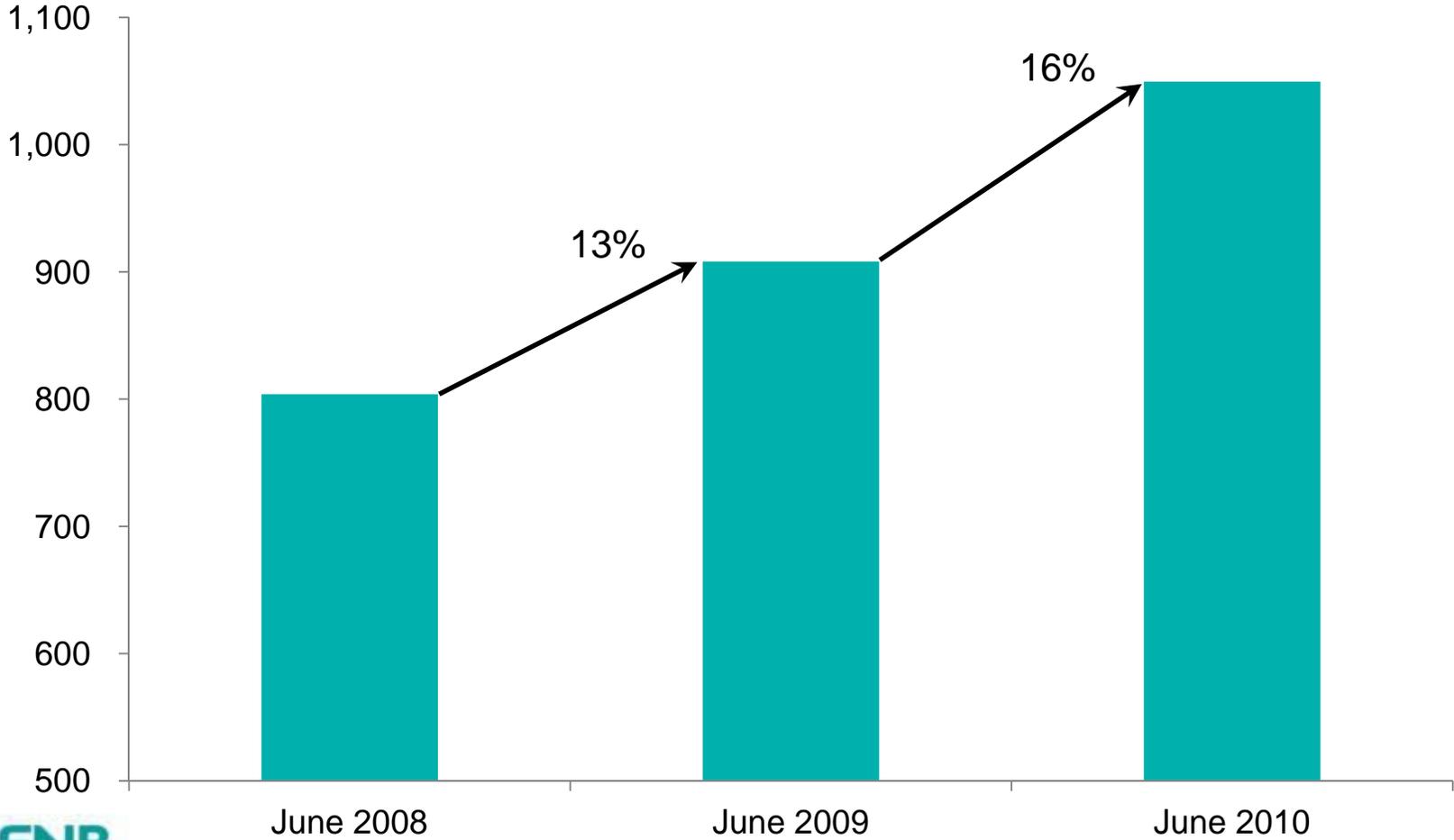
40%
25%
15%

44%
45%
79%

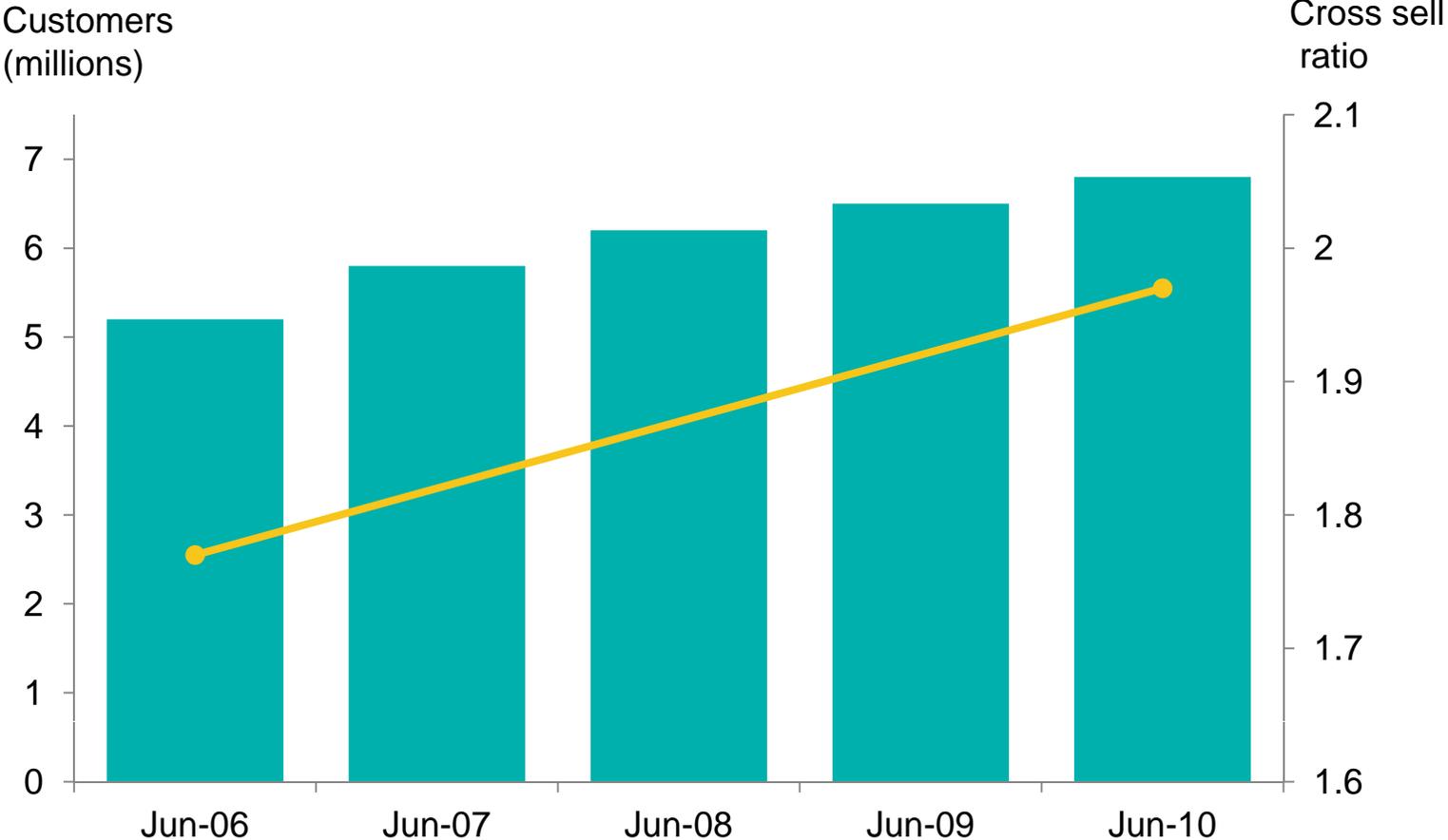


Customer initiated financial transactions

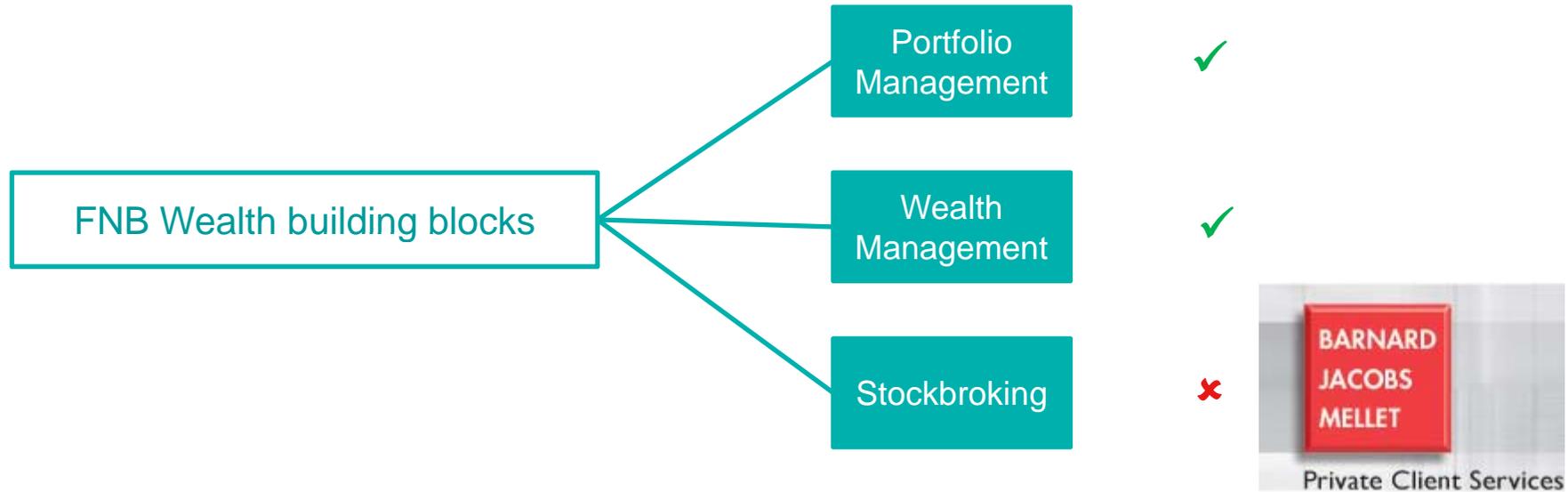
Customer initiated financial transactions (millions)



Customer numbers still growing and cross-sell still increasing



BJM Strategic Rationale



- Stockbroking adds additional building block to FNB Wealth offering
- Acquiring stockbroking businesses means by which competitors grew their wealth businesses
- Cost of growing the business organically estimated at R400m – R500m
- BJM Private Client segmentation will enhance FNB Wealth coverage and offering

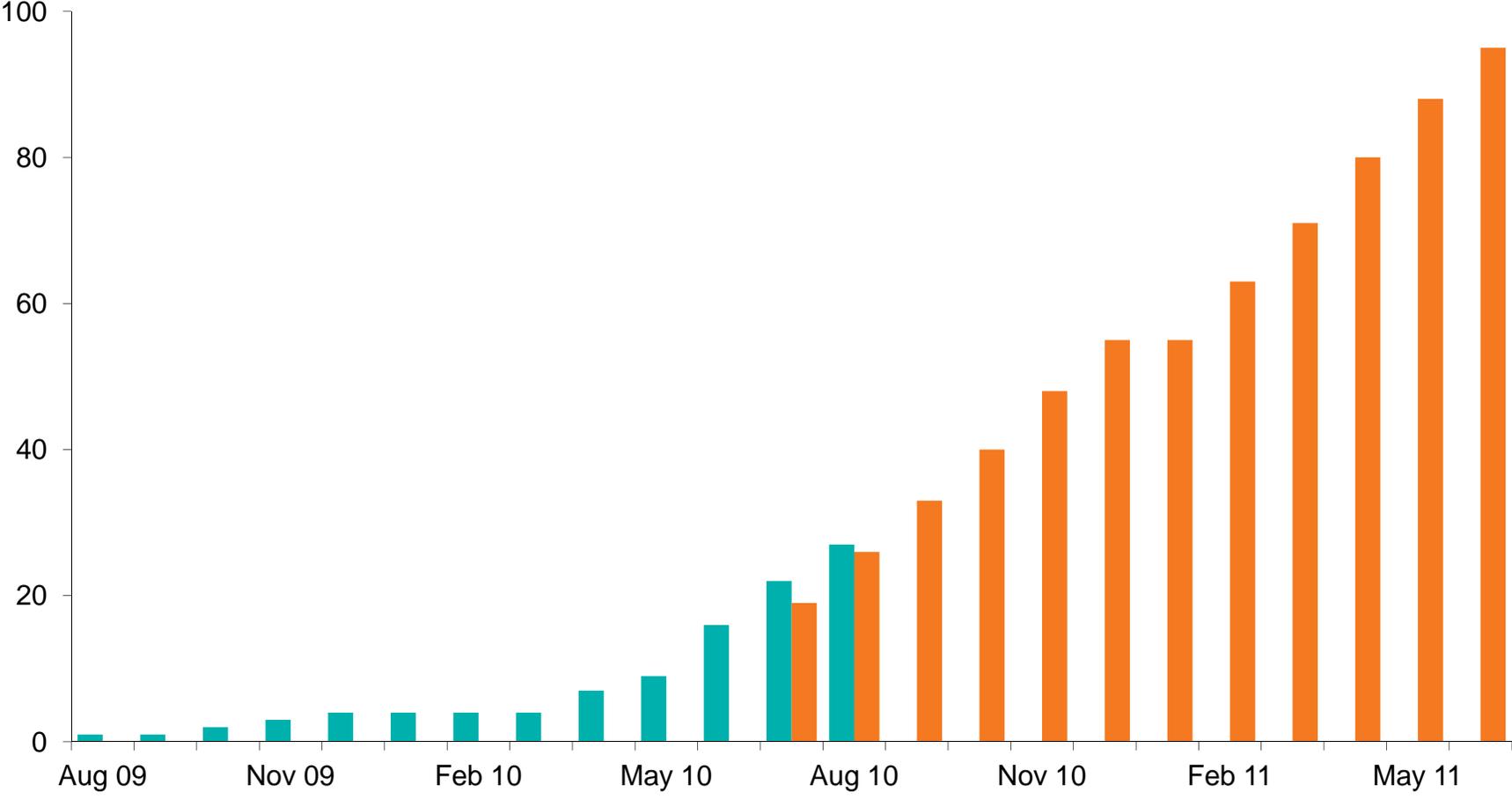


Owner-manager philosophy

Measures:	Traditional branches	Associate branch
Direct cost growth	8%	5% ✓
NIR growth	9%	10% ✓
Cost to income	72%	63% ✓

EasyPlan branch rollout

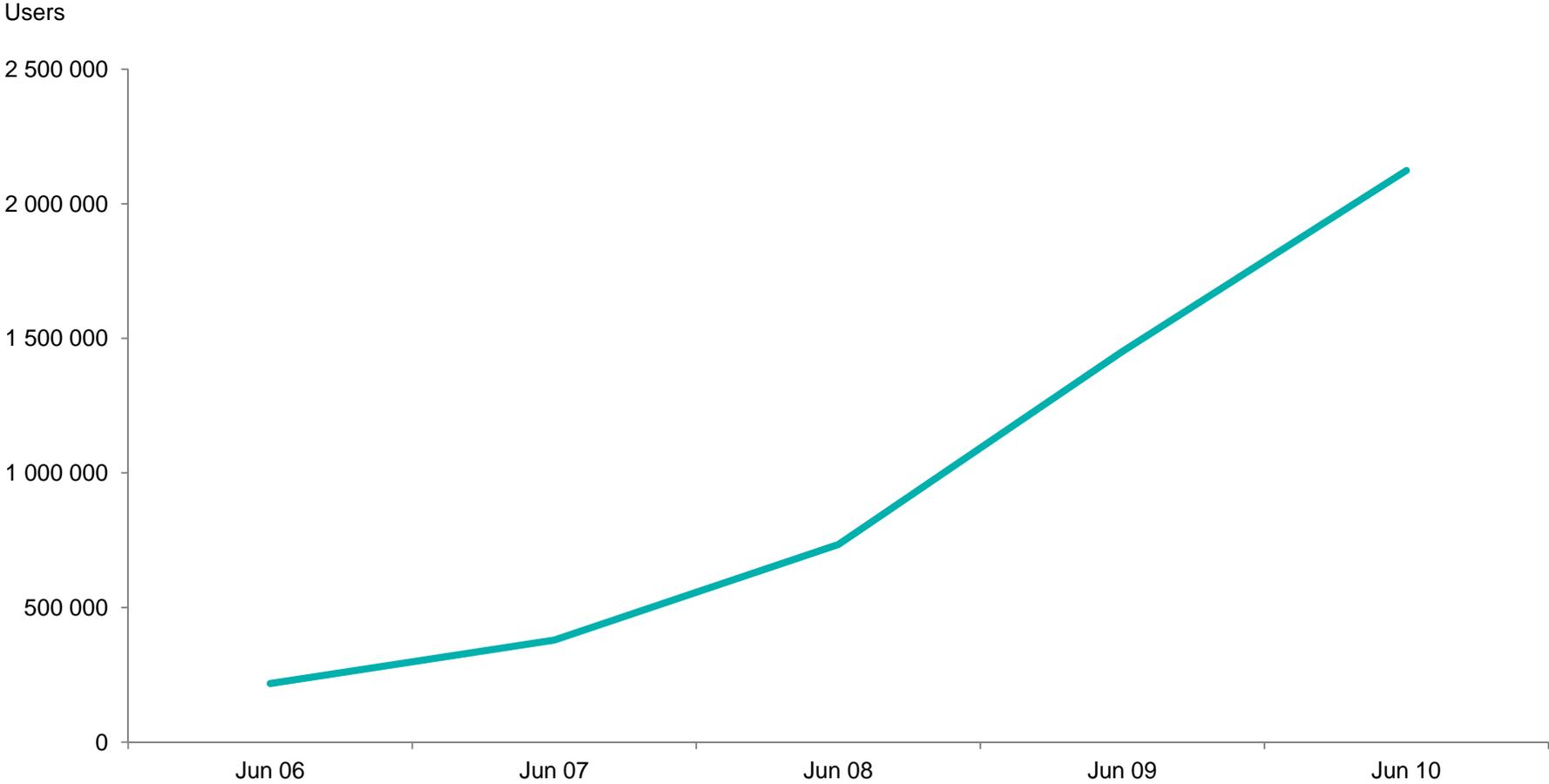
Number of branches (actual vs budget)



Actual Target

Cellphone banking

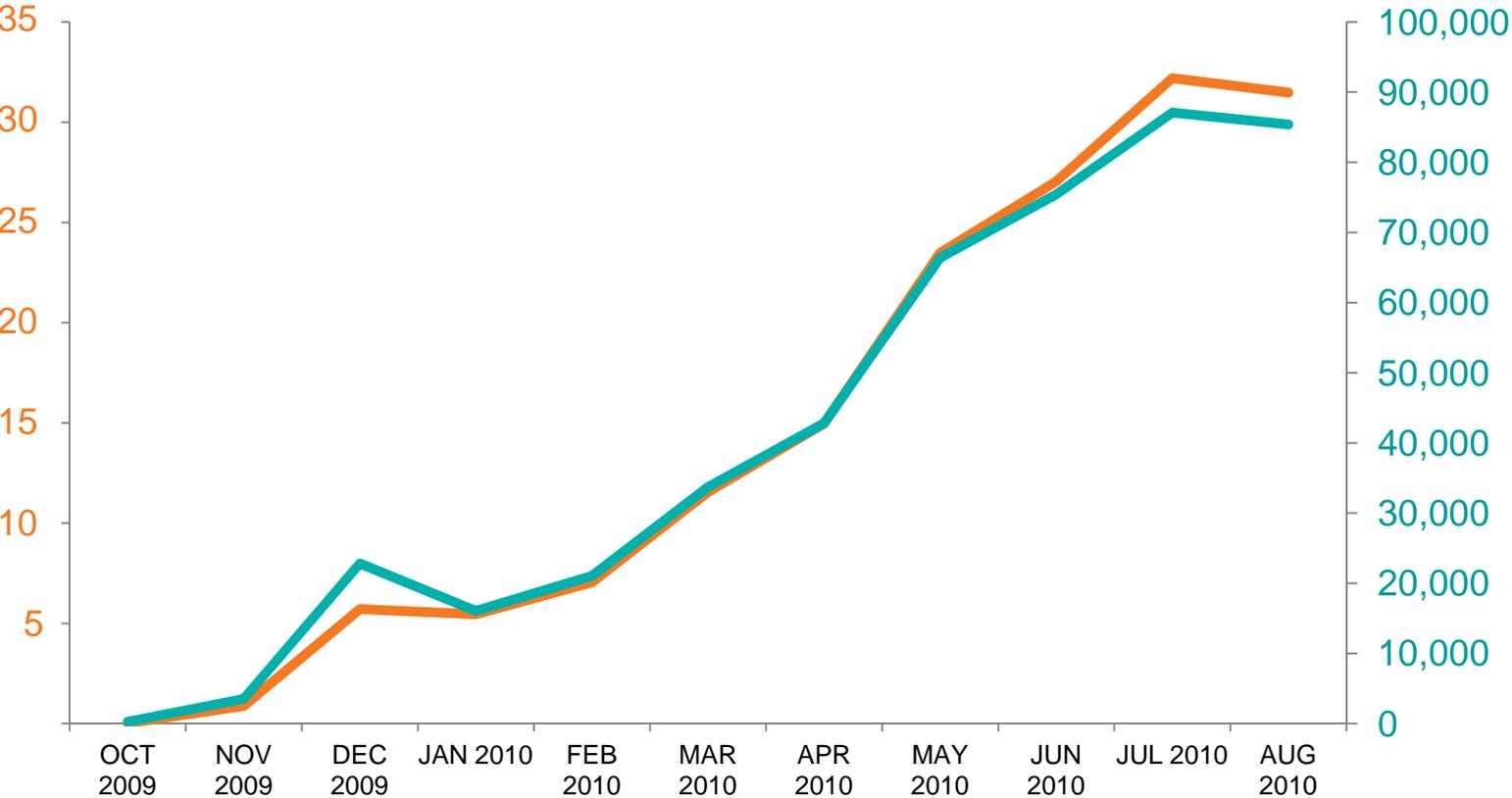
Cellphone banking



eWallet

Monthly original send values
R millions

Onsend volumes



— ORIGINAL SEND VALUES — ORIGINAL SEND VOLUMES

More innovations...

-  **eBucks** best reward programme in financial services
The Reward of Choice
- FNB Connect provides customers with free data
- Slow lounge very popular
- PayPal
- Instant Accounting now free
- Watch the reward space



Conclusion

- The economy is not going to make it easy to grow banking revenues
- We have successfully implemented a range of conventional initiatives
- Tough times create great growth opportunities if you have an innovative mindset

