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.....
report to
society



FNB
First National Bank

how can we help you?



REPORT TO SOCIETY

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THE POWER OF HELP

“FNB is woven into the fabric of Southern African society and our innovations are helping to turn a great region into a great economic community with a stable, accessible banking system.

It is this link between our success as a bank and the success of our communities that drives us to tirelessly ask...

How can we help you?”

**Greetings
from
our Chief
Executive,
Michael
Jordaan**



Sanibonani,
Molo,
Hallo,
Thobela,
Dumela,
Lumela,
Abusheni,
Sanibona,
Avuwani,
Salibonani,
Dumela Mma,
Bom Dia,
Lumela,
Jambo,
Muli Shani,
Tjike,
Meeng-Gah-Bou,
Sawubona,
Hello...

“ I am pleased to present FNB’s 2011 Report to Society. The inspiring human stories it tells are drawn from our last financial year, but their roots stretch back to 1838 when we opened our first branch. Since then, we have been driven by a singular vision: to be a great business helping to create a better world. ”

+17%
Normalised earnings

36%
Return on equity (ROE)

+29%
Decrease in bad debts

Our aim is to use the power of innovation to help empower and equip people to take greater control over every aspect of their lives. This is the first step toward fulfilling South Africa's huge potential as a thriving, stable nation.

Our vision is not confined to South Africa. Throughout southern Africa, we are playing an instrumental role in providing financial services to all our customers with a vision of becoming our continent's financial services provider of choice.

The key to transforming our vision into positive results lies in forging rewarding and enduring relationships with everyone associated with our business. We engage closely with our colleagues, customers and their communities, the investment community, industry bodies, our peers, trade unions, the media and wider societies across South Africa and beyond.

Rich benefits

"The stories in this report testify to the rich benefits that our vision delivers. Among other highlights, my personal favourites include the successful rollout of numerous pioneering financial services and products across our business. In particular, I am referring to our cell phone banking services, as well as the solutions from our mainstream banking division that extend banking services to previously un-banked and under-banked people."

These innovations are helping to transform banking by giving under-banked communities access to financial services, enabling them to become active participants in society as part of the mainstream economy. Such innovations include progress in the social media space, where we are rapidly emerging as authority on using the power of social networking and other digital channels to enrich lives.

I am equally inspired by the work of the FNB people that contribute their time or money to our staff volunteer programme. Driven by their passion, this programme brings hope, dignity and self-respect to the lives of thousands of people in hundreds of vulnerable communities.

Embracing diversity

"In addition to celebrating successes, we are also aware of areas where we can improve. For example, we know that the demographic profile of our workforce must reflect South Africa's cultural diversity more accurately. In response, we are taking active steps to recruit and develop people from a wider range of backgrounds."

Our commitment to helping people excel is embedded in our corporate DNA and integrated into our management processes. The initiatives we undertake are rooted in the principles of sound business practice and governance. We strive hard to ensure that the work we do delivers tangible and sustainable benefits.

Looking ahead

"You may ask why we work so hard to do more than the core business of running a bank. Simply we believe that the success of our business and the success of our country are two sides of the same coin."

Through our passion for innovation, we will continue to provide access to financial services to all our customers as we continue to build enduring and rewarding relationships with all our stakeholders.

Regards,

michael

“eWallet customers, can send money to anyone with a valid cell phone number, even in the most remote areas. Money is transferred instantly and it can be used to buy prepaid airtime, send money to other cell phones or withdraw money at an FNB ATM using our cardless cash withdrawal services. The receiver doesn’t even need to hold an FNB account.”





how we help our people

“Our learning philosophy is shaped around the principle that enabling our own people to excel is essential to enabling our customers and their communities to thrive”.

Our people-first culture begins with our own colleagues. Enabling them to excel is the first step toward forging the rewarding and enduring relationships that help our customers and their communities to thrive. During 2011 FNB’s investment in its people focused on three key areas: training, diversity and developing our future leaders.

TRAINED TO SUCCEED

During the year we invested intensively in giving our people the learning and support they need to maximise their talents and reach their true potential – personally and professionally.

In total, we invested almost R90 million into training and developing our people last year. Of this, 83% went toward our African, Coloured and Indian (ACI) colleagues, with a particular focus on supporting black women in business.

CELEBRATING DIVERSITY

“Transforming our workforce to ensure it reflects South Africa’s diverse demographics more truly remains top of our priority list. By the end of the reporting period, 72% of our workforce was made up of ACI employees, 64% of them women. While 32% of our senior managers were female, 12% of senior managers are ACI female employees. Significantly, the number of ACI people at middle management level rose by 16%.”

While we have made encouraging progress towards transforming our workforce in recent years, we recognise there is still room for improvement in this critical area. We also know that true cultural change starts with people’s hearts and minds, not quota numbers. As part of our approach to managing diversity, we launched a programme of initiatives, including transformation conversations, specifically designed to remove the barriers that create differences in the workplace.

Yes we can!

Our commitment to embracing and celebrating people’s diversity includes all sections of South Africa’s population. During the year, we launched a holistic approach to disability management, starting with the introduction of a dedicated disability policy.

We supported this move with a range of programmes aimed at raising our people’s awareness around disability issues alongside a comprehensive audit of how we currently provide for colleagues with disabilities. Approximately 1% of FNB people live with disabilities and our efforts to support them with new opportunities continue.

TOMORROW’S LEADERS

“The rise in the number of internal promotions we made last year testifies to the success of our efforts to nurture our future leaders from within.”

We recognise the importance of developing leaders with the personal and professional skills to ensure our transformation efforts deliver long-term benefits to all our stakeholders, external and internal.

With this in mind, we continue to nurture leadership talent from within. Last year, 605 potential future leaders completed our New Managers’ Development Programme, 72% of them ACI employees.

RISING STARS

Our graduate recruitment programme is designed to secure a reliable pipeline of talented people capable of leading our business forward. As well as meeting our specific business needs, it gives successful applicants a strong foundation for a rewarding career.

Among other core skills, the programme focuses on performance management, business writing, project management and career development. Throughout the 12-month course, graduates can count on the support of a dedicated ‘buddy’ while taking advantage of opportunities to network with FNB’s most senior leaders.

Best in class

A recent candidate survey by the South African Graduate Recruiters’ Association (SAGRA) awarded FNB a top-five ranking in the following categories:

- Best recruitment process
- Company representatives making the most positive impression
- Best brochure, website, integrated campaign
- Top graduate employers by sector (Commercial & Retail Banking)

Number crunching

Competition for places on our graduate recruitment programme is strong – and growing:

3 600

Applicants

385

Interviews

70

Places awarded

REWARDING EXCELLENCE

As well as investing in our people's development, we also understand the importance of acknowledging their performance with competitive rewards and incentives that go well beyond the workplace.

From discounted loans to tailor-made insurance packages, we offer employees a range of preferential banking services. With their family members, they are entitled to scholarships, bursaries and study loans to further their education. We award our most talented managers shares in FirstRand and our leave policy is among the best in the industry.

The FNB Wellness Programme, provides on site clinics, gyms and a children's crèche at our BankCity offices. It also provides comprehensive counselling support on a broad range of issues – from HIV/AIDS and personal fitness, to financial and legal matters.



Wow! Facts

R89 418 580

is the total we spent on training our people last year

83%

of our training budget was invested in African, Coloured and Indian (ACI) employees

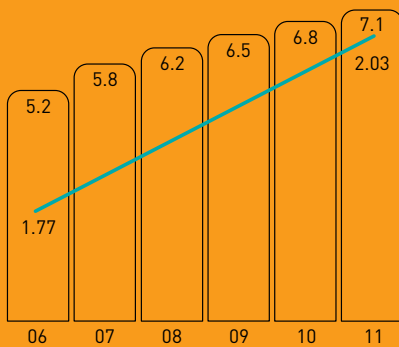
72%

of our permanent workforce is made up of ACI employees

1 875

employees won personal development bursaries worth nearly R3 million

Growth in customers and cross sell for FNB South Africa



Millions of customers
 Products per customer

	FNB – South Africa			FNB – Africa		
	2011	2010	% change	2011	2010	% change
Representation points (branches, agencies, EasyPlan)	722	667	8	101	95	6
ATMs	5 906	5 557	6	556	511	9



“Our aim is to use the power of innovation to help empower and equip all our customers to take greater control over their finances – and their lives.”

Throughout the year, we continued to build enduring and rewarding relationships with our diverse and expanding customer base inside and outside South Africa. At the heart of these relationships lies a commitment to developing banking innovations that give people greater control over their finances – and their lives.

These innovations are helping to build more prosperous communities in a more stable economic environment. The respect we show our customers is mutual. FNB consistently tops customer satisfaction surveys for the quality of our service and the ingenuity of our innovations.

BANKING THE UNDER-BANKED

“How do you give banking support to people surviving on less than a dollar a day?

Ask FNB Smart Solutions”.

Focusing exclusively on customers earning between zero and R100 000 annually, FNB Smart Solutions is helping to improve millions of lives by providing access to financial services to the previously un-banked and under-banked. FNB Smart Solutions’ Smart and Mzansi accounts give people surviving on less than a dollar a day the freedom to bank, borrow, save and invest.

“Through SmartBond and Smart Housing Plan, it is the only banking unit to offer qualifying customers 100% home bonds. Its SmartSpend service can authorise micro-loans in less than 10 minutes and it runs the country’s preferred cell phone banking platform.”

FNB Smart Solutions opened our EasyPlan branch network specifically for people earning less than R24 000 a year. Previously, many of these people did not qualify for formal credit. Through EasyPlan, they can now take out loans for as little as R250, enabling them to start building a credit profile and qualify for bigger loans in the future. We now have 117 EasyPlan branches in seven provinces serving 130 000 customers.

FNB’s advanced ATM network is proving highly popular, particularly among informal traders who deal with large amounts of cash every day. They can now use these ATMs to deposit cash in real time without even having to use a card.

DIGITAL TRANSFORMATIONS

“Innovation is the oxygen of our customer relationships. We continue to use the power of digital technology to pioneer new services that make people’s lives better.”

WORKING THE NETWORKS

We love digital technology, especially when it opens up exciting new ways of helping pioneering businesses to conquer new markets.

Last year, we continued to embrace new technologies, notably social media. In May, Ice Cream Ninjas, a small Cape Town business, became the first winner of the FNB Best Business Supplier Social Media Competition, designed to see how customers really respond to social media campaigns. The prize – a radio advertising campaign worth R100 000 – will go a long way toward building the brand’s future.

We already have a high profile in cyberspace. We top the Google rankings for bank searches in South Africa and Twitter is alive with positive comments recommending FNB services. Technology Innovation Agency SA ranks FNB as South Africa’s most innovative bank.

How do you give banking support to people surviving on less than a dollar a day?

Ask FNB Smart Solutions.



SMART CALL

Throughout the year, we used digital technology to make a positive difference to numerous aspects of people's lives – inside and outside their banking needs.

Because FirstRand is the only South African bank to hold Electronic Communications Service (ECS) and Electronic Computer Network System (ECNS) licences, our customers can make calls and send data by telephone at significantly reduced prices with FNB Connect.

This telephony service puts us up there with global brands such as Skype, Google Talk and Fring when it comes to unlocking the power – and cost savings – of Voice over Internet Protocol (VoIP) technology.



“Launched in 2010, our eWallet service exemplifies FNB’s talent for developing technology-based solutions that are helping to tackle Africa’s biggest challenge and highest priority: economic development.”

IN YOUR HANDS

Cell phones are transforming millions of lives in Africa by making banking more accessible and affordable. Across the continent, over 3,2 million people are using our innovative cell phone banking service.

“eWallet customers, can send money to anyone with a valid cell phone number, even in the most remote areas. Money is transferred instantly and it can be used to buy prepaid airtime, send money to other cell phones or withdraw money at an FNB ATM using our cardless cash withdrawal services. The receiver doesn’t even need to hold an FNB account.”

BRANCHING OUT

Last year, we pioneered the paperless branch, a breakthrough online solution that releases FNB customers from the need to complete transactions at their home branch.

By using advanced biometrics to verify customer details and storing their files online, the paperless branch allows people to use any FNB branch as their home branch.

“As well as making customers’ lives easier and improving our service levels, the paperless branch has enabled us to remove over 20 tonnes of paper from our branch network and radically reduce the volume of paper we consume.”

BANKING WITHOUT BORDERS

Our contribution to uplifting lives is not confined to South Africa. From Zambia, Botswana and Swaziland to Mozambique, Namibia and Lesotho, we are making a positive difference to our employees, their customers and their communities.

Overall, we employ 3 609 people in Africa outside South Africa, many of them in some of the world’s poorest economies. While providing our people with a stable living and new opportunities, we are also helping them to create a brighter future for their families.

We are also supporting national development by investing in vital infrastructure and introducing some of the world’s most advanced banking technology.

Added extras

Our customers enjoy a range of useful benefits that make it easier and cheaper to manage their personal and business finances.

Personal customers

- Free Personal Account cell phone banking
- Free email or SMS notifications
- Free FNB ATM balance enquiries
- Free Bank Your Change
- Free funeral cover
- Only pay when you use your overdraft
- Free FNB Online Banking subscription
- 1GB free ADSL data monthly
- Free eBucks on cheque accounts
- Earn up to 15% of your fuel spend back

Commercial customers

- Free Essential Account – No monthly account fee
- Free Instant Accounting – Free help with balancing their company books
- Commercial Property Finance – Property loans with no bond registration fees
- Free BizNetwork – Tools and mentoring to grow their business

Wow! Facts

7 073 419

customers bank with FNB in South Africa

20%

is how much faster our paperless branches can process customer applications

580 000

eWallets were open by June 2011

1st

FNB's size and profit ranking in Botswana

3^{Over} million

customers use our cellphone banking services

58%

the growth in customer account numbers we achieved in Mozambique

1st

is FNB's Google ranking for banking and finance searches

44 683

is the average number of FNB accounts that earn more in rewards than they pay in monthly fees

R700 million

has been sent to eWallets since the service launched

R4 million

is how much is paid out on average to FNB customers in fuel rewards monthly

**Pride. Accountability. Innovation.
Respect. Ubuntu.**

**These are the values that shape our
internal culture and our relationships
with external stakeholders.**



how we help our communities

“Throughout the last financial year, we continued to make an invaluable contribution to citizens living and working throughout South Africa and its neighbouring countries.

To us, social responsibility means building enduring and rewarding relationships with all the groups and individuals that make up our society. Among others they include: suppliers, regulators, media, trade unions, industry bodies, academia, and our peers – as well as grassroots communities.

Pride. Accountability. Innovation. Respect. Ubuntu.

These are the values that shape our internal culture and our relationships with external stakeholders”.

HELPING WITH A HEART

“Our volunteers bring hope, dignity, self-respect and new opportunities to thousands of people in hundreds of vulnerable communities”.

Under the slogan ‘Helping from the heart’, 38% of FNB people are active volunteers that embody the people-first values that define our business. As part of the umbrella FirstRand Volunteer Programme, our in-house volunteer programme has a clear vision to create a better society by helping people to help themselves.

With the focus on making a tangible and sustainable impact, FNB’s volunteers work side-by-side with communities across the region, helping to improve their lives with their skills, knowledge and talent.

The benefits work both ways: volunteering also reinforces our people’s morale, motivation and skills.

BUILDING HOPE, BUILDING LIVES

Our relationship with the Berea Home of Hope is an inspiring example of how our core business skills are helping to build a more humane and just society.

As a safe haven for abused girls and their babies, the charity was in desperate need of a new residential property. In response, our Home Loans team joined forces with FNB Shared Services, which had already raised a substantial amount of money for this vital cause.



Together with Accuro Distressed Property Management, we donated funds and professional expertise to purchase, restore and furnish a new house for the charity in Kensington, Johannesburg.

The girls moved into their new home in March 2011 and we are now focusing on giving them the home industry skills they need to transform Berea Home for Help into a self-sustaining community.

Funding futures

In addition to our volunteer programme, FNB plays an active role in supporting Corporate Social Responsibility initiatives. For many years, a major focus in this area has been on adopting initiatives that will make South Africa a better place for all and the FNB Fund continues to play a key role in achieving this objective.

With a footprint covering all nine provinces in South Africa, the fund focuses on five key pillars: its early childhood development programme, tertiary bursary programme, community care programme, secondary school maths and science programme, and its HIV & AIDS hospice programme.

In total, our corporate social investment is 1% of post-tax profits. During 2010-2011, the FNB Fund made a total contribution of R29 409 745.

Play on!

We wanted the joy of the FIFA 2010 World Cup to last well beyond the final whistle. That's why we continue to support initiatives such as the FNB 2010 Legacy Programme and its flagship project, the FNB Football First Programme.

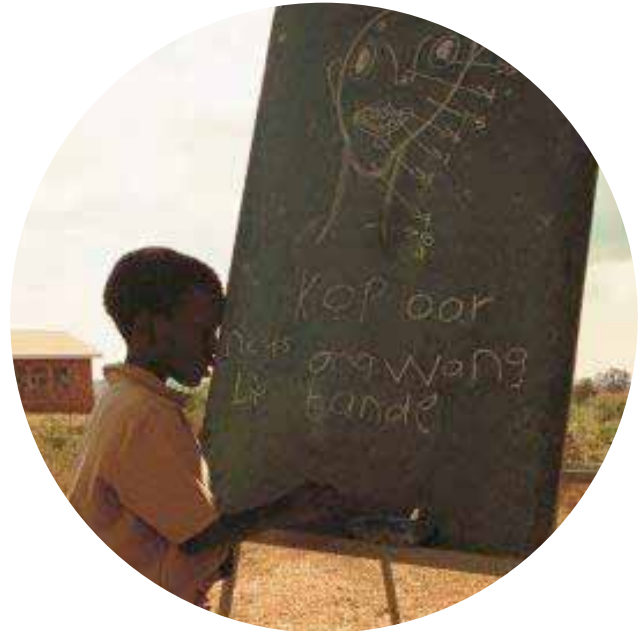
Launched in May 2011, this programme is helping to nurture a new generation of football talent by funding coaches and development events around the country, with a particular focus on the South Africa Football Association (SAFA) under 17 squads. Development festivals have also taken place in Namibia and Zambia.

As well as giving gifted young sports stars the chance to shine, this programme instils the values of fairness, hard work and commitment – the building blocks of a successful society.



BEARING FRUIT

As well as building stronger communities, we also work with our customers to enhance our environment. With our support, the Trees for Africa initiative planted 10 000 fruit trees around Johannesburg last year.



RAISING THE BAR

We're working hard to raise the low levels of financial literacy in South African society. During the year, FNB Smart Solutions invested more than R10 million in consumer education. Its face-to-face money workshops attracted over 30 000 people while lessons broadcast on African language radio stations reached over 17 million people.



Wow! Facts

500

children attend Bauleni School outside Lusaka, Zambia, which we helped to rebuild

30 000

people attended our financial literacy workshops last year

10 000

is the number of fruit tree that Trees for Africa planted with support from FNB and its customers

R15 million

was donated through the FNB 2010 Legacy Programme to develop five artificial football pitches nationwide

R29 409 745

was contributed to corporate social responsibility initiatives by the FNB Fund which we helped to rebuild



The end of our report brings us back to a question Michael Jordaan, our CEO, asked in his opening message: why do what we do by going beyond the core business of running a bank?

There's another question that we find even more pressing: what could happen if we didn't? What could happen, for example, if we hadn't invested so heavily in developing our people? Or targeted so many resources towards bringing affordable, accessible banking services to millions? If our volunteers hadn't devoted so much energy and dedication into uplifting thousands of lives in hundreds of vulnerable communities?

LEADING QUESTION

"Which raises another question: are we doing enough to help..?"

As this report states: there are important areas where we can do more to improve our economic, social and environmental performance. By this time next year, for example, we want to be able to report that our workforce's demography reflects our national demography more truly. That our services are helping to bring even more people into the mainstream economy. That the youngsters on our talent initiatives are living their dreams. And our volunteer programme really is delivering sustainable, measurable results."

MASSIVE POTENTIAL

South Africa is an inspiring case study in political transformation. But there is still much work to be done before everyone in this country, and its region, enjoys the social and economic benefits of its transition to democracy. With so many challenges ahead at home and abroad, complacency is not an option.



"Rewarding and enduring relationships nurtured through innovation have driven our success since 1838. Our vision still goes beyond our own bottom line. We believe that our success is fundamental to the future of Southern Africa.

And that's why we believe in the power of help."

For more information visit www.fnb.co.za