

2009 SUSTAINABILITY REPORT



FNB
First National Bank

How can we help you?



CONTENTS

3

CEO's statement

4

Report parameters

5

FNB profile

6

Highlights

8

Sustainability risks and
opportunities

10

Management approach and
performance indicators

[Employees](#)

[Customers](#)

[Suppliers](#)

[Communities](#)

[Natural environment](#)

24

Sustainability objectives for the next year

The information reflected in this report covers the financial year ending 30 June 2009

CEO's statement

The year under review was a challenging one given the slowdown in economic activity characterised by negative growth, declining house prices and high levels of consumer indebtedness as the economy petered into a recession. We anticipated these conditions by positioning our business correctly for the current tough times and focused on executing our well-considered plan in a tough operating environment. This enabled us to produce a solid return on equity due to strong performance across most of our business. Our absolute level of profitability however declined due to increased bad debts and slowing non-interest revenue.

Despite this, we remain on course with our good to Great 2010 strategy focused on building enduring, rewarding relationships supported by the three pillars of people, efficiencies and innovation. We have chosen not to waste a good crisis and opted to use the economic downturn as an opportunity to get back to basics. This enabled us to implement several changes across our business, which will pay dividends in the future. These measures include a particular focus on innovation as a cross-cutting imperative to create efficiencies and invest for growth, supported by a key focus on talent management and the retention of high calibre staff.

We are sticking to our vision of being a great bank helping to create a better country through the pursuit of sustainable business practices based on two principal drivers – understanding that sustainable development and sustainable profitability are complementary objectives and that the interests of all of our stakeholders converge in the long run. We maintain our focus on building enduring, rewarding relationship as the basis for our stakeholder engagements, which is more relevant in these times, for realising socio-economic transformation objectives and sustainable development impacts.

Our performance in the last year is underpinned by the effective management of financial and non financial stakeholder issues. These include a strong commitment to the responsible provision of financial services, responding effectively to customer indebtedness and the cost effectiveness of our products, ensuring customer safety, facilitating socio-economic transformation, having a positive effect on the communities in which we operate and minimizing our negative impact on the natural environment.

We ensure that the relationship between profitability and stakeholder welfare remains positive over time through four important mechanisms – sound corporate governance, responding effectively to financial and sustainability risks and opportunities, rigorous debate of the business case and through living up to our brand promise of “how can we help you?”

In FY 09 we continued to enable convenient and accessible banking, remained a responsible lender through tightened credit lending criteria and extended our helpfulness campaign to assist customers in times of financial distress. We kept overall banking fee adjustments below inflation at 6.7% on average and enabled entry-level banking for customers who previously did not have a bank account. We enhanced our customers' experience at branches and introduced additional security measures as part of our revised branch operating

MICHAEL JORDAAN, CEO – FNB



model. We also managed our direct environmental impact by participating in FirstRand's third carbon footprint exercise, implementing numerous measures for energy saving and further developing waste management strategies. We addressed our indirect environmental impacts through FirstRand's adoption of the Equator Principles and screening risks linked to environmental and social impacts accompanying the activities of our customers and suppliers.

We continued to invest in social upliftment by approving grants to 80 organisations totalling R28 million, extending over 50% of our procurement spend to black businesses and providing supplier development support, which included originating R43 million for agricultural financing and facilitating R22 million in BEE transactions. Such performance would not have been possible without the commitment and drive of our people who will ultimately be the key differentiator for us to achieve business success. Greater attention will be placed in FY 2010 on effectively growing and developing our talent, as part of our human capital project.

We will continue on our journey to greatness in the coming year by focusing on the prime objective to not just survive the current financial crisis but to thrive in the relentless pursuit of our strategy. We present this report to our stakeholders detailing our progress towards integrating business goals and the realisation of sustainable business practices, taking into account economic, environmental, social and governance considerations. While the journey is given orientation by a strong belief that this is the right thing to do, we also know that it makes business sense.

Michael Jordaan
CEO, First National Bank

Report parameters

This year, FirstRand Limited has produced an integrated annual report which integrates financial and non financial information more extensively than the company has done before. FNB's sustainability report is complementary to FirstRand's integrated report and is not a substitute for it. As a result this report is to be read in conjunction with FirstRand's integrated report.

The purpose of FNB's report is to communicate sustainability information to our stakeholders and to provide disaggregated information in respect of our non financial performance.

FNB's reporting methodology aligns with that of FirstRand's integrated report, which is closely aligned with the Global Reporting Initiative's (GRI) G3 guidelines and takes cognisance of the recommendations set out in the King Committee on Governance's Draft Code of Governance Principles for South Africa (2009) (King III Code), the JSE Socially Responsible Investment (SRI) index, the BEE transformation requirements set out by the Financial Sector Charter, and the Department of Trade and Industry's (dti) Codes of Good Practice.

DEFINING BOUNDARY

The boundary, scope and content for the report have been determined in accordance with the principles outlined by the GRI G3 reporting guideline, the GRI Finance Sector Supplement, and relevant G3 Indicator Protocols and Technical Protocols.

The report aims to provide a balanced and reasonable representation of FNB's performance in respect of sustainability issues. Material disclosures including management approaches and performance indicators have been selected through an iterative process using the principles of materiality and stakeholder inclusiveness. In accordance with the approach set out in FirstRand's report this report focuses on substance over form and does not disclose competitive information. Cases where material disclosures are not made are highlighted and explained.

We define material topics as those reflecting significant economic, environmental and social impacts, or those that would influence the decisions of our stakeholders. These topics are addressed in order of priority based on their materiality and relevance to our stakeholders.

The report covers entities over which FNB has control or significant influence and focuses primarily on Southern African operations because this is where our stakeholder interfaces and sustainability impacts are most significant.

DATA MEASUREMENT

Data reported pertains to the financial year ending 30 June 2009, with the exception of data in respect of the company's carbon footprint, and certain BEE transformation figures. Due to the duration of the carbon footprint calculation, carbon footprint figures represent the externally audited carbon emissions data for the prior financial year. Corporate Social Investment (CSI), skills development, and procurement figures reflect the externally audited BEE transformation data reported to the dti per calendar year.

The data measurement techniques employed in producing this report are replicable and information is not reported if the margin for error is believed to be sufficient to substantially influence the ability of stakeholders to make informed decisions about our performance. Data measurement techniques, estimates and underlying assumptions have been described where it has been materially necessary to do so.

STAKEHOLDER ENGAGEMENT

Our stakeholders are defined as entities and individuals that are significantly affected by our activities, and those who can significantly affect our ability to implement strategies and achieve objectives. We have identified our stakeholders as regulators, shareholders, employees, customers, suppliers, communities, and the natural environment.

Our stakeholder engagement processes include formal processes such as annual general meetings and liaison with union representatives, and informal processes such as direct contact, internet sites, advertising and press releases. Regulator and shareholder engagement is not detailed in this report because FirstRand Limited has the most direct interface with regulators, shareholders and investment analysts. Detail on regulator and shareholder engagement processes are published in FirstRand's integrated annual report. Stakeholder engagement mechanisms for all other stakeholders are detailed in the relevant stakeholder section of this report. We do not make all stakeholder policies publicly available. Relevant policies are however disclosed to interested stakeholders on request.

FirstRand's Banking Group is subject to the oversight of the Registrar of Banks, and compliance with the relevant regulations affecting financial services is regarded as being of the utmost importance. FirstRand works closely with lawmakers and regulators to protect its stakeholders' interests, avoid reputational damage and prevent or mitigate the potential negative impact of either new, or changes to existing, statutes or regulations.

FNB profile

First National Bank (FNB) is the retail and commercial banking division of FirstRand Limited, and has been a part of South Africa's financial services landscape for 171 years. FNB began in 1838 with the establishment of the Eastern Province Bank, which was established to facilitate business between merchants, traders and farmers when wool became one of South Africa's first viable exports toward the middle of the 19th century. Since then the bank has experienced many changes, constantly adapting to economic, social, political, and environmental change. Through innovation and constant adaptation FNB has contributed positively to sustainable socio-economic development in South Africa and Southern Africa. This lasting and positive impact on sustainable socio-economic development is something that will not change.

FNB South Africa is 100% owned by the FirstRand Banking Group, and serves the six main market segments. These segments include the mass (lower income) market, middle income consumers, high net worth individuals, commercial customers, corporate clients, and the public sector.

FNB is headquartered in Johannesburg, South Africa and also operates in 6 other countries on the African continent. These countries include Botswana, Lesotho, Mozambique, Namibia, Swaziland and Zambia. We have also established a presence in Angola, Tanzania, Nigeria and India. International expansion is managed from the centre, and FNB exports head-office best practice when conducting business internationally.



■ Branch infrastructure
 ■ Beach head presence

We employ 27 198 people and provide financial services to 6,5 million customers. Our customers range from previously disadvantaged individuals opening bank accounts for the first time to large listed companies and public sector clients. Our branches and non-branch access points are located in 5 998 locations across South Africa.

Highlights

FINANCIAL HIGHLIGHTS

R MILLION	2009	2008	% change
Income before indirect tax	5 317	6 698	(21)
Indirect tax	(257)	(353)	(27)
Income before direct tax	5 060	6 345	(20)
Deposits	192 550	192 467	-
Advances	204 370	207 658	(2)
Assets under management	41 927	48 198	(13)
Non-performing loans (%)	8.7	4.2	
Cost to income ratio (%)	57.5	57.3	

During the year under review FNB's normalised earnings were R3 756 million with FNB Africa contributing R514 million, amounting to a respective 53% and 7% of FirstRand Limited's normalised earnings. FNB's financial statements are shown in greater detail in FirstRand's annual financial statements which are available on the company website (www.firstrand.co.za).

We present our non financial performance highlights, which place emphasis on the value drivers that are linked to our organisational objectives and are aimed at creating stakeholder value as part of our sustainable business strategy.

NON FINANCIAL HIGHLIGHTS

	2009	2008	% change
Number of customers (000)	6 504	6 264	4
Mzansi accounts (000)	494	443	12
Infrastructure access points	5 998	5 512	9
Financial education (people reached)	9 467	16 671	(43)
Customer satisfaction (%)	35	34	
Workforce at 1 July	27 198	28 138	
African, Coloured and Indian (ACI) employees	19 332	21 151	
Employee satisfaction (%)	71	73	
Coverage of HIV Aids policy (%)	100	100	
Procurement spend (R million) ¹	4 865	4 556	7
Broad Based Black Economic Empowerment (BBBEE) procurement spend (R million) ¹	2 562	*	
Corporate social investment (CSI) (R'000)	28 001	32 850	(15)
Number of organisations supported ¹	80	124	(35)
CO ₂ emissions (Metric tonnes) ²	310 474	*	
Energy saving (R'000)	5 288	*	
Environmental & social risk: policy coverage (%)	100	100	

2009 workforce data excludes non permanent staff which are included for prior years

¹ 2009 data reflects 2008 calendar year

² Carbon emissions data reflects prior financial year

* Comparative not available

In FY 09, our non financial performance highlights included R2 562 million of procurement spend directed towards black businesses, and R5 million saved through energy efficiencies. We also measured customer satisfaction levels, which had a Buzz barometer score of 35% and employee satisfaction with an average score of 71%.

Our environmental, social and governance performance is independently evaluated on an annual basis through FirstRand's listing on the JSE's Socially Responsible Investment (SRI) index. During the period under review FirstRand was rated as a low environmental impact company meeting the SRI index listing requirements for social and governance performance.

2010 FIFA World Cup

Staff celebrate FNB's sponsorship of the 2010 FIFA Soccer World Cup at BankCity in Johannesburg.



Sustainability risks and opportunities

The table below describes the key sustainability risks and opportunities currently being addressed at FNB.

Risks and opportunities

Risk/opportunity	Response
Impact of economic downturn on consumer debt and affordability levels	<p>Launched the “how can we help you” website as part of our helpfulness campaign to offer practical advice and information for customers to better manage personal finances. We also provide debt rehabilitation and counselling services</p> <p>Assessed affordability levels before granting credit in line with a credit scoring model and ensured that customers understand the lending risks and obligations</p> <p>Launched the “Quick Sell” proactive plan to assist customers to expedite selling a property in times of financial distress</p>
Continuing to invest in value add for customers and creating efficiencies	<p>Effective resource management underpinned by culture of innovation</p>
Meeting customer demand for accessible, convenient and affordable banking service	<p>Improved customer experience at branches through our revised branch operating model</p> <p>Promoted alternative and more convenient delivery channels such as online banking, ATMs, call centres and self-service channels to improve service and reduce customer waiting periods</p>
Developing, retaining and attracting skilled employees	<p>Integrated new solutions as part of strategic human capital project focused on effectively growing and developing our talent aligned to business needs</p> <p>Started implementation of an integrated set of policies and processes to address disability in the workplace to ensure that we have adequately accommodated persons with disabilities to help them to be as productive as possible.</p> <p>Implemented of specific training interventions, recruitment, selection and retention strategies to meet transformation targets of the dti Codes of Good Practice</p>
Sustainability risk reporting	<p>Applied ESG risk frameworks to existing structures</p>

Mechanisms for identifying and developing management systems for new sustainability risks and opportunities can be described in respect of direct risks, indirect risk, and sustainability opportunities.

DIRECT RISKS

We have taken steps to ensure that risk management processes cover the legal, regulatory and reputational risks associated with direct and indirect environmental and social impacts. These risk reporting procedures are informed by the Environmental, Social, and Governance (ESG) framework used by the Equator Principles. Group level oversight is provided by the FirstRand Audit, risk and

compliance committee. Detail concerning the management of direct risks related to our stakeholders can be found in the relevant stakeholder section of this report.

INDIRECT RISKS

Indirect ESG risks are addressed by a policy guideline for responsible finance which addresses environmental and social risk issues in credit and lending. This document forms part of a Group-wide framework for addressing the Equator Principles, and provides for internal monitoring and management of ESG performance which goes beyond the requirements set out by

the EP. This process is driven by the Group's regulatory risk management function with board level oversight of the Audit, risk and compliance committee.

Sustainability opportunities

Sustainability opportunities are identified via three main mechanisms. The first is through organic growth of the business and the implementation of sustainability solutions at business unit level. The second is through the inclusion of sustainability as a category for our Staff Innovators Campaign which provides an incentive of R1 million post tax prize for the winning innovation. The third is through the work of FirstRand's Sustainability Forum and Environmental Management Forum.

Both of these forums actively pursue sustainability opportunities through research and development and, where necessary, incubate

new projects until mature enough to be fully integrated into the operations of the business unit concerned. Two principle opportunities being pursued currently relate to energy efficiency initiatives and environmentally-friendly affordable housing solutions.

Prioritising risks and opportunities

Challenges and opportunities are prioritised taking business performance implications and stakeholder materiality into consideration. FNB defines materiality according to the GRI G3 Guidelines definition, and with reference to both internal and external factors.

Our current priorities are focused on investment in employee development and staff retention, responding effectively to customer indebtedness, facilitating BEE transformation, managing our carbon footprint, and implementing ESG risk management processes effectively.

Management approach and performance indicators

Disclosures in this report reflect the information that we understand to be most relevant to our business and our stakeholders. Our management approach to sustainable business practice is described according to stakeholder categories in the relevant stakeholder sections of this report.

EMPLOYEES

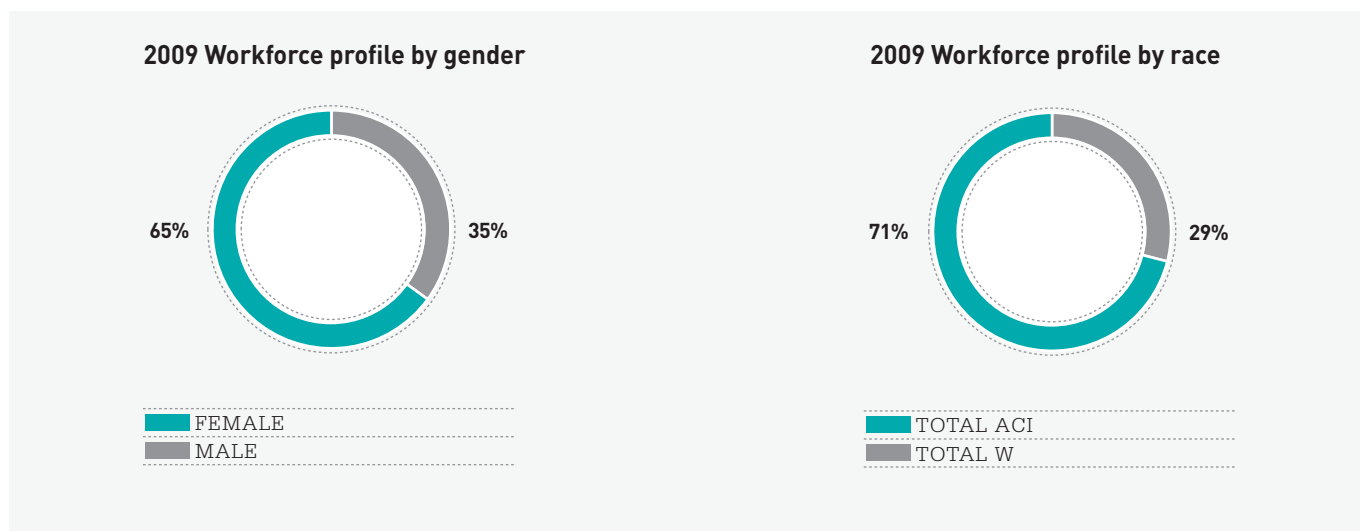
We are focused on investing in our people who will ultimately be the key differentiator on our journey from goodtoGreat. Our workforce consists of 27 198 staff, 71% of whom are African, Coloured and Indian (ACI) and 65% of whom are female. The workforce composition straddles 6 employee categories ranging from top management to unskilled workers. We present our workforce indicators as follows:

Workforce indicators

	2009	2008	2007
Workforce at 1 July	27 198	28 138	25 924
African, Coloured, Indian (ACI) employees	19 332	21 151	16 939
Female employees	17 595	19 270	16 467
Skills development investment (R million) ¹	146	82	134
HIV Aids policy coverage (%)	100	100	100
Workplace injuries (SA)	208	57	264
Workplace fatalities	0	0	0

2009 workforce data excludes non permanent staff which are included for prior years
1 Data reflects prior calendar year

Our South African workforce profile by gender and racial composition is shown graphically below.



PERFORMANCE AGAINST TARGETS FOR 2009

The table below summarises progress made in respect material issues outlined in our 2008 sustainability report.

Objective	Activity
Drive transformation objectives	Continued implementation of interventions and strategies to meet FSC, DoL and dti CoGP targets
Enhance employee value proposition	Completed human capital strategy alignment of resources to business needs
Focus on skills development, performance and talent management	Integrated HR projects aimed at growing and developing our talent
Improve performance management standards	Started roll-out of individual performance contracts, personal development plans and regular performance reviews as integrated into the human capital strategy
Ensure an integrated HR approach	Completed business case for implementing integrated HR system and processes
Extend focus of outcomes-based remuneration	Began refinement of remuneration strategy

MATERIAL ISSUES

We engage with our staff through a variety of measures, which enables us to identify issues of material importance to our staff and the areas that require improvement in our people management practices. In FY 09, we repositioned our annual People Pillar Survey (PPS), an employee engagement measurement tool aimed at giving our employees the opportunity to be heard and enables us to understand the key drivers and detractors of employee engagement within our business and the financial sector in general. 80% of our employees participated in the PPS last year and an overall employee engagement score of 71% was achieved, slightly lower than the South African norm of 73%. Overall, the results highlighted the following:

- Most of our employees (84%) are highly engaged, which is on par with the South Africa (SA) national norm
- Staff understand how their performance on the job is evaluated and believe that management supports equal opportunities for all employees, with most FNBers indicating that their immediate managers manage people well
- A score of 75% was achieved in the areas of involvement and empowerment, higher than the SA norm of 65%
- 27% indicated that our “reward” benefits are not as good or better than other companies
- Strategy and direction as it pertains to the quality of customer service and efficiency of operation were identified as areas for improvement

Greater attention will be placed in addressing the issues highlighted in the coming year. Our response to these issues determined to be of material importance to our staff is discussed in the section below.

Employment equity and diversity management

We remain focused on pursuing the transformation imperative to provide equitable opportunities in the workplace and manage our diverse workforce. To this end, employment equity (EE) and diversity management are driven in pursuance of the Department of Labour (DoL) requirements and the stringent dti Codes of Good Practice targets. Our EE performance in the last year was as follows:

- Two-thirds of our Exco consists of people from designated groups in terms of the EE Act and 50% are ACI
- 65% of our workforce is female, 11% of whom are at senior management level
- A net gain of ACI employees in the middle management category who were promoted and/or recruited, a key feeder of our senior management level category

Overall, the EE targets proved a challenge to achieve in FY 09, largely due to slowed staff turnover and a decrease in budgets for recruitment as a result of the economic downturn. A reduction in staff numbers also took place in certain areas of our business due to increased levels of early retirement, non-renewal of contracts and retrenchments. In the latter case, structured processes were followed to ensure that affected employees are redeployed within the organisation as far as possible through internal redeployment processes. In the coming year, we will develop an EE policy to create a clear and actionable roadmap that ensures compliance and enhancement of our current EE practices.

We adopt a holistic approach to diversity management as part of our focus to nurture diversity in all its forms. In the last year, we initiated a disability management project and undertook the following initiatives:

- Reached agreement on the definition of disability
- Designed and implemented processes for declaring disability

- Launched the workforce profile and disability equity audit aimed at encouraging employees to declare their disability
- Established the Disability Equity Audit Panel to review employee declarations and make recommendations on reasonable accommodations to be made
- Continued to work towards increasing representation of staff with disabilities

We also continue to support the "Women in Business" initiative aimed at providing a network of support as part of our vision to be recognised as the employer of choice for talented women in the financial industry. In the last year, we began consolidating our efforts in this area to give a voice to our female employees and engage on how women within FNB can support each other and be supported in matters of material importance to them. This included facilitating sessions to identify key focus areas and projects to be initiated for growth and development of women in FNB.

Training and development

In FY 09, we invested R145 million in employee training and development initiatives attended by 18306 employees. We provided scholarships to 433 candidates in areas related to management and leadership development, and invested R6 million in our graduate programme. We also invested in the learnership programme with 59 learners on the junior management programme and 31 employees attending the middle management programme. We have put in place the following measures to address this shortfall in the coming year:

- Identified employed learners from within the business who qualify as learners and can receive training in categories B, C and D of the dti skills programme matrix
- Captured and recorded all skills spend
- Optimised learning and development (L&D) across FNB, which involves exploring alternatives to current L&D delivery and finding ways to maximise effectiveness
- Continued to develop our leadership pipeline, with identified future leaders attending training from local and international institutions, including our association with BANKSETA and partnerships with Canadian and UK-based banks

Talent management

Attracting and retaining talent is a key challenge for all companies at the best of times. The current global economic downturn has helped us to get back to basics to engage and retain high calibre employees who are committed to the goals we set ourselves as part of our drive to create efficiencies. In response to this, we opted not to introduce a blanket recruitment freeze or embark on a mass retrenchment drive. Rather, we focused on growing and retaining our internal talent pool as a first priority when recruiting for talent, with all new recruits signed off by the segment CEO.

Furthermore, we are focused on creating an enabling work environment where "Great People deliver Great Results" as part of our implementation of a human capital model aimed at integrating HR policies, practices and processes, facilitated by an HR IT management system to ensure that the HR function is a strategic partner to the business through the realisation of an integrated human capital solution. We are also implementing the following interventions:

- Developing a more compelling employee value proposition, which includes visibility of opportunities across the wider FNB and FirstRand Group
- Improving performance measurement standards and alignment for consistency
- Aligning recruitment standards and practices
- Addressing diversity barriers specific to each business unit
- A leadership project will also be instituted to instil leadership development and succession planning as a discipline in our business; as well as addressing the retention and training of current and future leaders. A particular emphasis will be placed on the identification and development of ACI and female talent

Performance management

As part of our drive to create an output-focused culture, we ensured that personal development plans are put in place for our staff and that performance reviews are undertaken on an annual basis. We continued to work towards the implementation of an outcomes-based remuneration in the last year as a key driver of performance to use results to grow and develop our people. In FY 09, we specifically used our "write your own pay cheque" (WYOP) initiative as the cornerstone of our new branch associate model, which is aimed at improving the profitability of a branch by empowering a branch manager to run the branch as if it is their own business.

Salaries are reviewed annually and bi-annually in the context of individual, business unit performance and macroeconomic conditions. Reference is also made to independent salary surveys as a benchmark and in consultation with employee labour unions.

All employees are required to belong to a medical aid scheme. All new employees are encouraged to join defined contribution plans including defined pension and/or provident fund.

Employee wellness

Through our comprehensive employee wellness programme, we ensure that our employees have access to holistic and sustainable health care programmes that include a particular focus on physical health, trauma and stress management, substance abuse, personal financial management and HIV/Aids. Employee wellness facilities include the gym, clinic and childcare centre at our BankCity head office. Our HIV/Aids policy covers 100% of our workforce and addresses strategic and proactive management of HIV/Aids, placing emphasis on education, prevention, voluntary counselling and testing and incapacity management. The policy is not publicly available, but can be provided to interested stakeholders on request.

Health and safety is managed at FNB via FirstRand's Banking Group Environmental health and safety office. The Environmental health and safety programme has a reporting line to the Board of Directors via the FirstRand Banking Group's Compliance committee. In FY 09, we had zero fatalities and 208 workplace injuries were reported. Every 18 months business units undertake a process of reviewing health and safety risk assessments. This is a proactive step to ensure that the number of incidents is kept to a minimum. Employees are made aware of potential risks in the respective areas, and of control measures for mitigating these risks. An incident reporting process is in place and this is communicated to all employees in the Bank. FirstRand has appointed Corporate Industrial & Risk Consultants to attend to all injuries on duty, and provide monthly incident statistics for the Group.

NEWSFLASH

FNB KIDZFIRST PREPRIMARY AND CHILDCARE CENTRE AT BANKCITY

KidzFirst, FNB's own corporate child care and pre-primary school opened its doors a year ago to accommodate children of FNB employees based at BankCity, Johannesburg. The school has the capacity to accommodate 230 children from 4 months to 6 years. We recognise the need for such a facility, acknowledging and understanding that our employees with young children often experience difficulty in finding suitable facilities to accommodate their children. It is especially comforting for mothers returning from maternity leave to know that their babies are cared for in a safe and secure nursery. Some of the initiatives put in place in the last year include the following:

- A full-time nursing sister
- Learning programmes for all age groups
- Verbal and written progress reports
- Perceptual motor skills (large-muscle games) for infants and toddlers
- An exercise programme for the older groups
- A learning and movement programme
- A computer centre
- Annual screenings, including visual, hearing and dental checks

CUSTOMERS

Customers are key stakeholders in any economy. We are intent on meeting our customers banking needs by delivering on our brand promise of "How can we help you?" We provide financial services to 6, 5 million customers (an increase of 3.8% from FY 08) across six main market segments including the mass lower income market, middle income consumers, high net worth individuals, commercial and corporate clients, and the public sector.

Customer performance indicators

	2009	2008	2007
Number of customers (000)	6 504	6 264	58 000
Representation Points (Branches and agencies, sales centres, Mini-FNBs)	687	712	688
ATM Devices	5 311	4 800	4 561
Buzz barometer (%)	35	34	35
Ombudsman complaints ¹	702	1 104	886

¹ Data reflects prior calendar year
*Net promoter score in a range of <100 to 100

PERFORMANCE AGAINST TARGETS FOR 2009

The table below summarises progress made in respect of material issues outlined in our 2008 sustainability report.

Objective	Activity
Meeting customer demand for convenient banking	Completed the repositioning and upgrading of the branch network to align service demand and supply, and continued to promote alternative and more convenient delivery channels such as online banking, ATMs, cellphone banking and call centres
Address shortage of housing stock	Continued roll-out of bulk housing programme, which is also aimed at creating mixed-use developments to promote the development of sustainable communities
Reinforce customer safety	Developed crime prevention booklet in collaboration with South Africa Banking Risk Information Centre (SABRIC) and developed a crime prevention forum

We are focused on ensuring the responsible provision of financial services through addressing material issues facing customers today. In addition to ongoing work to constantly improve performance in the areas outlined above, we identified the following issues of importance to our customers through various customer engagement channels:

- Impact of economic downturn on consumer debt and affordability levels
- Affordable and convenient access to financial services
- Customer safety
- Innovative products and customer satisfaction

CUSTOMER INDEBTEDNESS

We are mindful of the difficult financial circumstances that customers find themselves in given the current economic climate. In the last year we extended our helpfulness campaign and launched the "how can we help you?" website offering customers

practical advice and information on how to better manage their personal finances. To remain a responsible lender, we tightened up and priced better for credit to ensure that customers' repayments-to-income ratio can absorb further shocks. We also ensured that customers understand the risks and obligations of their lending by assessing affordability levels before granting credit in line with our credit scoring model across all products. Debt rehabilitation and counselling services also continued to be provided through our Debt Review Centre, which can be accessed through any of our branches or through the call centre on 0860 362 002.

We continue to encourage customers to negotiate flexible payment terms for their loan obligations and seek alternatives to home repossessions. To this end, we launched the "Quick Sell" plan, a proactive option to work together with our customers to expedite the selling of a property to assist customers in times of financial distress. We also enabled affordable homeownership by

building 1 800 homes and provided end-user finance for these to the value of R540 million. This enabled us to contribute towards the acute shortage of low-cost housing based on our funding model of acting as a bridging financier for the infrastructure and internal services, as well as guaranteeing end-user finance for the project.

Access to financial services

We extended our network footprint in FY 09 to meet customer demand for convenient and accessible banking. Our infrastructure footprint was increased to 5 998 access points, up from 5 512 in FY 08, which includes retail and mini-ATMs, branches and agencies, and community banks. We continued to provide entry-level banking through the Mzansi Account to ensure access and affordability to customers who previously did not have a bank account. In the last year, we opened 494 639 accounts, up from 443 871 in FY 08. We also empowered consumers with consumer financial literacy as part of our consumer education programme aimed at educating and informing consumers about basic personal financial management, particularly aimed at the LSM 1-5 consumer market. In FY 09, 9 467 consumers attended face-to-face education workshops and 3 million listeners were reached monthly through our radio awareness campaign.

Customer experience and satisfaction

We conduct quarterly customer satisfaction surveys through our Buzz Barometer, our customer satisfaction measurement tool, indicates which areas we need to improve on. In FY 09, the result, a net promoter score of 35%, rose from a score of 34% in FY 08. In addition to internal customer satisfaction surveys, the Ombudsman for Banking Services investigates complaints by members of the public, mediates between the parties to the dispute and, where the mediation is not successful makes recommendations for the settlement of the complaints.

During the reporting period, we represented 19% of the South African banking sector's assets, and registered 19% of the sectors customer complaints taken to the ombudsman. This represented a downward movement from 1 104 complaints in 2008 to 702 complaints in 2009. We made changes to our branch operating model to improve customer experience, which also enabled us to increase customer safety and reduce the incidence of serious crimes in branches. Significant changes include:

- Placing cash tellers at the back of the branch, and behind a second set of double entry doors
- Implementing open plan shop front banking environments which are clearly visibly from outside
- Provision of longer banking hours for secure self service environments. This enables customers to vary banking routines
- ATMs are loaded more frequently to reduce the amount of cash held at an one time

Crime prevention and customer safety

We have put in place a crime intelligence centre as part of our efforts to combat crime and enhance customer safety at branches and ATMs. The intelligence gathered enables us to learn from incidents of crime and respond effectively to them. Responses include crime-prevention education for customers and staff. Examples include:

- Upgraded technology improvement and introduced SABS-graded Teller Cash Recycler (TCR) safes and CCTV cameras used in court for facial recognition of suspects
- Introduction of the 3rd Generation Video Recorder (3VR), which enables us to: create a security platform to identify and escalate facial alerts via e-mail and MMS on "wanted persons" within our banking halls, populate a facial data base against which searches can be conducted, reduce fraud by linking the account details of a client with a facial image
- An integrated guard monitoring system that provides a daily duty roster with time and attendance capabilities as well as zone monitoring. This includes an automated "check list" functionality to govern security procedures such as the health monitoring of security equipment
- Establishing an integrated asset management solution in order to track and trace assets within the branch environment
- Conducting surveys of customers affected by crime, and researching the causes behind incidents of serious crime
- Identifying high-risk areas and improving response times
- Educating staff on identifying and dealing with potential criminals
- Educating customers through face to face and written media on preventing criminal activity
- Established a Crime Prevention Forum which oversees the prevention of crime and the implementation of crime prevention measures

These security and forensics intervention measures have enabled us to have the lowest market share in bank robberies amongst the big four banks in South Africa. We also collaborate on crime reduction and customer safety initiatives with the South African Police Services (SAPS), the South African Banking Risk Information Centre (SABRIC) and Business against Crime to create public awareness and education on bank-related crime.

Banking regulations

We comply with a range of regulations dealing with customer relationships, which are overseen by Group compliance and with Board oversight via the FirstRand Audit risk and compliance committee. Regulations for which we implemented compliance measures include:

The Consumer Protection Act: Promulgated in April 2009, the Act relates to non-credit lending issues and governs all interactions between consumers and suppliers. Through the establishment of a National Consumer Commission, the Act aims to promote an equitable, accessible marketplace with proper disclosure governing transactions.

The National Credit Act (NCA) of South Africa provides a framework for meeting the credit needs of customers in a responsible manner. This is achieved through the provision of one set of rules for all credit activities, prevention of reckless lending, over-indebtedness and unfavourable lending practices, and the establishment of new and improved rights for credit consumers. As a credit provider, we support both the intent and substance of the NCA, and ensure that business units take measures to ensure sustainable and consistent implementation of the Act.

The Code of Banking Practice sets and maintains standards for the customer client relationship between financial services providers and their customers. The code provides safeguards for customers and helps individuals understand how banks are expected to deal with them. Through membership of the South African Banking Council, we remain committed to maintaining the standards and fairness set out in the code.

The Financial Intelligence Centre Act (FICA), is designed to combat money laundering involving the abuse of financial systems in order to hide and/or disguise the proceeds of crime. All accountable institutions have specific duties to help prevent money laundering. One such duty is to perform a "Know-Your-Customer" (KYC) check on all customers by predetermined deadline dates. We have implemented the necessary measures for compliance with FICA.

The Financial Advisory and Intermediary Services Act (FAIS) aims to regulate financial service providers by protecting customers against improper conduct by such financial service providers. The South African Financial Services Board also regulates members of the industry in the way they provide advice, as well as related intermediary services in respect of certain financial products as defined by the Act.

The Promotion of Access to Information Act, gives third parties the right to approach private bodies and the Government and request information held by them, which is needed in the exercise or protection of any rights. On request, the private body or Government is obliged to release such information unless the Access to Information Act expressly states that the record/s containing such information may or must not be released.

SUPPLIERS

We view supply chain management as a way of contributing to socio-economic development. As such, we remain focused on finding efficiencies within our value chain and contributing to sustained economic growth. Our supplier base consists of approximately 2 162 active suppliers, of which 227 are BEE suppliers. In FY 09, our procurement spend amounted to R4,9 million.

Supplier performance indicators

	2009	2008	2007
Number of suppliers	2 162	10 584	9 600
BBBEE suppliers	227	*	*
Procurement spend (R million)	4 865	4 556	4 062
BBBEE procurement spend (R million)	2 562	*	*

2009 data reflects prior calendar year
* Comparative not available

The composition of our main procurement category spend is illustrated below.

PERFORMANCE AGAINST TARGETS FOR 2009

The table below summarises progress made in respect material issues outlined last year.

Objective	Activity
Attain BBBEE procurement targets	Ensured dti target of 50% met
Improve efficiency of procurement systems	Centralised Group procurement processes
Supplier development support	Identified mechanisms for supporting suppliers

In addition to the processes in place for addressing the material issues outlined above, we engage with our suppliers through primary channels that include direct communication, transactional communication and surveys. Feedback from these channels enabled us to continue engagements in investing in suppliers and centralising our procurement processes.

- Originated R43 million for agricultural financing
- Achieved R22 million in BEE transactions
- We are also in the process of establishing an Enterprise Development Fund at Group level, with R76 million committed towards this initiative

Investing in suppliers

Our approach to BEE is business and values-based and not driven by legal imperatives. We implement FirstRand's Group-wide procurement policy, which sets out guidelines for implementing BEE procurement practices. Performance against targets in respect of BEE procurement is monitored at FNB and is reported quarterly to the FirstRand Board via the Transformation and Monitoring Committee. Annual reviews of BEE suppliers are conducted by the FirstRand Procurement Committee. Any changes to ownership or management of BEE supplier companies are assessed and necessary actions are taken to adhere to our procurement policy.

In addition to the key focus of transforming our supplier base we provide supplier development support to enable our suppliers to grow and remain competitive. In the last year we enabled the following enterprise development support:

- Extended funding to black Qualifying Small Enterprises (QSEs) and Exempted Micro Enterprises (EMEs) amounting to R16 million

Centralised procurement

We are involved in a Group-wide process of centralising the procurement function with a view to achieving procurement efficiencies and influencing the sustainable business practices of BEE suppliers. This process will also enable us to ensure transparency of the tendering processes and the efficiency of the ordering and payment systems.

NEWSFLASH

In terms of indirect impacts of procurement, by merely procuring goods from certain suppliers we are helping to transform and develop our suppliers. Through our Consumer Education programme we procured the services of a small sewing group, Isibane, in Alexandria in the Eastern Cape. There is up to 95% unemployment in this area. 12 previously unemployed women sewed bags in which the course material for the Consumer Education Programme was placed, along with a light snack for attendees.

COMMUNITIES

In line with our vision of being a great business helping to create a better world, we support social upliftment initiatives in the communities within which we operate. We do so by supporting communities through our FNB Fund and through the time and expertise volunteered by our employees. Our approach to corporate social investment (CSI) is based on programmatic funding that focuses on longer-term community partnerships as identified programmes are given focused attention and engaged with in a more structured and meaningful way. The programmatic approach represents a departure from smaller, once-off grants to fewer yet more substantial grants in order to enhance the long-term impact of our social giving. We also engage in employee volunteerism premised on the objective of helping communities to help themselves.

Community investment indicators

Community investment (R'000)	2009	2008	2007
Corporate Social Investment (CSI)			
Hospice and HIV/Aids	6 755	6 473	5 396
Skills training and job creation	0	986	2 227
Community care	6 580	10 731	9 538
Education: General	0	3 240	0
Education: Maths & Science	1 714	0	21 341
Education: early childhood development ¹	4 880	4 755	0
Education: bursaries ¹	8 072	6 665	0
Total CSI spend	28 001	32 850	38 502
Employee volunteer funds donated	2 567	878	1 416
Total community investment	30 568	33 728	39 918

¹ We distinguish between general education, early childhood development and bursaries in 2008 and 2009. This distinction was not reported in previous years

PERFORMANCE AGAINST TARGETS FOR 2009

The table below summarises progress made in respect of the community-related targets we set ourselves last year.

Objective	Activity
FNB Fund	
Facilitate sharing and discussion between hospices	Funded day one of 3-day HPCA conference
Assess FNB funding applications process	Assessed measurement and evaluation assessment
Employee Volunteers Programme	
Assess volunteers community impact	Delivered impact assessment document
Encourage payroll giving	Encouraged increased volunteer participation

Our community impacts can be described as direct and indirect impacts. Direct impacts relate to direct CSI giving and employee volunteering. Indirect impacts relate to the impacts of our activities for our stakeholders' stakeholders.

DIRECT IMPACT

We report on direct impact through two vehicles: the FNB Fund and our Employee Volunteers' Programme as follows:

The FNB Fund

We view our role within South Africa as going beyond that of a major player in the business environment, focused on adopting initiatives that will make our country a better place for all. To this end, we have elected to focus on 5 key focus areas, as discussed below. In FY 09, we approved grants to 80 organisations totaling R28 million, down from R33 million in FY 08 largely due to the prudent approach in funding allocation as a result of the economic downturn and unutilized contingency budget. The unutilized funds were set aside to cater for emergency relief initiatives.

Hospice (HIV Aids Programme): Our hospice programme was established in 2006 following extensive research in the area of HIV Aids and the available support structures in the healthcare sector. We support best practice and sustainable local hospices across the country in order to promote an improved quality of life and to restore the dignity of people infected and affected by HIV Aids and other life threatening illnesses. In FY 09 we supported 33 hospices amounting to a total spend of R6.75 million. The hospices that we support provide a range of services including palliative care, home-based care support groups, in-patient care units, poverty alleviation and programmes for orphans.

Tertiary Bursary programme: We recognize the pressing need for greater access to tertiary education among financially deserving students who show strong academic potential. To this end, we provide access to tertiary education and partner with reputable bursary service providers to provide mentorship and support to the students. Our bursary programme is aimed primarily at students studying commerce, science and engineering degrees and represents a pure investment towards the development of our country's future leaders since there is no work-back or pay-back condition. Sustainability is key for a programme such as this as evidenced by the pass rate of above 80% among the 210 benefiting students.

Early-childhood development (ECD) programme: We identified ECD as a key strategic area of investment in recognition of the important link between an environment that facilitates the holistic development of children and growing healthy citizens. In FY 09, we supported 14 ECD organisations throughout the country and focused on building the capacity of emerging ECD organisations and strengthening the capacity of well-established sites to increase access to, and improve the quality of, ECD services through the provision of training for ECD practitioners to increase their skills base. R5 million was allocated to this programme in the last year and it is anticipated that this level will be maintained in the new funding year.

Secondary Schools Mathematics and Science Programme: We support quality education at secondary school level aimed at improving the performance of learners from previously disadvantaged backgrounds through the provision of access to quality teaching. We place particular emphasis on mathematics (maths) and science subjects and also English as a subject to facilitate the learning of other subjects. This focus enables the

students to study disciplines such as medicine, engineering and actuarial sciences and also gives them the potential of being considered for our Tertiary Bursary Programme. 146 students benefitted from the programme in 2009. In the coming year all FirstRand Foundation secondary school maths and science outreach programmes will be consolidated into the FNB Fund while all secondary school bursaries will be supported by the RMB Fund, our sister CSI Fund.

Community care programme: We are intent on promoting safer communities, supporting victims of abuse and protecting vulnerable children. We therefore partner with reputable non-profit organisations in the fields of prevention of gender-based violence, crime prevention and child welfare. Historically our support of this sector focused on statutory interventions. We have revised our approach to focus on prevention and early intervention following extensive research and debate on the level of intervention required by the sector. We will however not completely exit statutory interventions as there is still a need for this level of intervention. This new strategy will be phased in over 3 years commencing in FY 09. Though measuring the impact of preventative care will be a challenge, the Fund is committed to investing in initiatives that will better shape the future of the country. In the last year, we supported 15 organisations with a total investment of R6.6 million.

EMPLOYEE VOLUNTEERING

We encourage our employees to participate in community giving through the sharing of their time, knowledge, expertise and financial resources to support social upliftment projects of their choice. Staff are encouraged to support projects for at least 1 to 2 years to help projects become sustainable. Our employee volunteers support various income generation projects while also participating in national drives such as the CANSA Shavathon, World Aids Day and Casual Day. Since the inception of our employee volunteers' programme, our employees have donated more than R4,1 million in time and money to charities of their choice, which has been doubled to R8,2 million by the FirstRand Volunteers' Programme through matched funding. In FY 09, the total of our employee volunteers' time and the funds raised amounted to R1,3 million. Matched funding was provided by FirstRand with an additional amount of R1,3 million.

INDIRECT IMPACT

Our indirect community impact relates to the secondary and tertiary impacts that our activities have for our stakeholders. Examples of this are the education of children of our employees, the stimulation of emerging businesses through BEE procurement practices, and the socio-economic implications of financial inclusion activities and public sector projects.

Indirect impacts are detailed throughout this report. Mechanisms for monitoring and controlling potential negative indirect community impacts include the application of national laws and legislation, good corporate governance, risk management processes, and engagement with civil society groups and labour organisations.

CASE STUDIES

FNB supports Tshepang Educare, an ECD Training Centre

When I opened up a centre for early childhood development I was just thinking about gathering a number of children, only looking after them by feeding and expecting their parents to pay so that my children should have a slice of bread at the end of the day. Tshepang introduced themselves to our centre to give us ideas as well as training and theme workshops. The 1st workshop I attended was classroom layout. This is where I've started to realise that children at the centre are not there to stay and be looked after, but to be there for development. Every day that I come from the workshops I am in a hurry for another day, so that I can implement what I've learned from the workshop.

I entered a PIP orientation course where I've learned much about ECD. I carry on doing further training modules. 1: where I've learned much about children or how to work with children. I've enjoyed it so much. 2: This module is all about the teacher. Since I've been to Tshepang Educare, I think I have become a good ECD teacher because I know how to work with children, parents, community, and how to manage ECD Centres. I can say thank you Tshepang. Keep on doing a good job.



Hospice Programme : The important role that hospices play in assisting those infected and affected by HIV/AIDS cannot go unnoticed.

A 48 year old male patient, who registered with the Zululand Hospice in KwaZulu-Natal late in his illness, was diagnosed with HIV and his condition was deteriorating rapidly. The patient was the last remaining adult member of the family, and he was looking after his four year old grandchild. The care-workers during the home visit noted that the child appeared to be ill. Unfortunately the patient did not live long and died. The

child was placed at the Faith Based Children's Home. The professional nurse continued to visit the child, as she was the only familiar person in his life. The nurse gradually reduced her visits to allow the child to bond with his new care givers in his life. The child is a hospice patient, he is on antiretroviral treatment and the hospice is monitoring his condition regularly and the caregivers at the children's home are also supportive.

CASE STUDY

Bursary Programme

Thulile Mkhwanazi is a previous beneficiary of the FNB Fund Tertiary Bursary Programme. She studied Bachelor of Commerce in Accounting at Wits University and graduated in 2008. Thulile is currently employed by FNB Public Sector Banking as a graduate trainee in the Finance Department. Her job entails preparing monthly financial reports, budgets, forecasting and general involvement related to finances of government (local, provincial and national) stakeholders.

where I was struggling with my school work, and they made sure all my fees were paid on time to avoid any problems, it's the best funding you'd ever find. The best part of it is that it is obligation free.

Says Thulile on the funding she received from FNB and the support provided by Career Wise, the service provider that provided the mentorship and support throughout her studies

It was the best thing that ever happened to me, the company is very involved in your life and progress at school, they always tried by all means to provide me with assistance

NATURAL ENVIRONMENT

Our environmental performance is evaluated independently on an annual basis via FirstRand's listing on the JSE Socially Responsible Investment (SRI) index. The SRI index classes FirstRand as a low environmental impact company.

Environmental performance indicators

	2009
Direct Impact	
Carbon emissions (Metric tonnes CO₂e)	
Fuel use	275
Business fleet travel	10 406
Electricity (Owned buildings)	299 280
Paper use	9
Business road travel	80
Business air travel	424
Total carbon emissions	310 474
Energy saved (kWh)	12 740 373
Value of savings (R'000)	5 288
Water consumption (KL)¹	1 502 111
Indirect Impact	
Environmental & social risk: policy coverage: (%)	100

¹ Due to reporting anomaly figure corresponds to 10 months real usage plus monthly average x 2
Comparatives not available due to extended measurement for 09

Environmental issues are monitored by the FirstRand Environmental forum which is comprised of representatives of FirstRand's operating divisions and reports significant information to the board of directors via the Audit, risk and compliance committee.

PERFORMANCE AGAINST TARGETS FOR 2009

The table below summarises progress made in respect of environmental objectives outlined last year.

Objective	Activity
Extend baseline for Carbon Footprint	Commenced the baseline 1B assessment
Develop systems for managing environmental footprint and resource consumption	In the process of implementing e-waste and metal waste solutions at head office
Manage significant environmental risks	Developed energy management strategy
Determine implementing issues for FirstRand's draft Climate Change Strategy	Determined FNB implementation requirements for FirstRand climate change strategy
Continue education and knowledge sharing	Employee awareness campaign on water conservation placed on hold

DIRECT AND INDIRECT IMPACTS

Our environmental impacts can be categorised as direct impacts and indirect impacts. Both direct and indirect impacts are regulated through application of relevant legislation, subscription to voluntary external regulations, and ongoing internal self regulation.

DIRECT IMPACTS

Materials and waste management

Various waste management procedures exist at FNB. Over the reporting period, 100% of head-office recyclable waste, including recyclable IT waste, was sent for recycling. Disposal of non-recyclable waste is outsourced to safe waste disposal service providers. In line with the requirements of the new National Environmental Management Waste Act (NEMA) of 2008, we will subscribe to a waste management strategy for the management of contaminated land being developed by FirstRand.

Water management

Our operations are not water intensive. Water consumption is managed and reduced on an ad hoc basis. FirstRand's Environmental forum has given consideration to a more comprehensive water management programme. However this will be done when an appropriate international best-practice framework has been identified.

Energy management

In FY 09, we realised energy savings of 12 740 373 Kw/h accompanying an annualised financial saving of approximately R5.3 million, and a projected saving of a further R5 million. Current initiatives include the installation of motion sensors and energy efficient lamps in key buildings, and 40% reduction in the use of after hours lighting. Other initiatives being implemented relate to air conditioning, IT, and hot water efficiencies. Planned initiatives include the piloting of deep retrofitting with the Clinton Climate Initiative, and extending the reach of existing projects to new premises.

Carbon emissions and carbon management strategy

Our carbon footprint is measured annually. Due to the time taken to finalise the calculation, the figures disclosed each year relate to the prior financial year. In FY 08, our carbon footprint increased from 264 808 CO2e metric tonnes in 2007 to 310 474 CO2e metric tonnes in 2008. The increase in the size of our footprint is explained by the extension of the scope of the carbon emissions calculation to include more comprehensive data on business fleet travel, paper use, business road travel, and business air travel. In addition to this, the scope for electricity use was extended to include new buildings.

FirstRand's CO2e emissions per capita are 10.2 metric tonnes, and the Group's carbon reduction strategy will aim to reduce the per capita emission to 9 metric tonnes of CO2e at a minimum. FNB's carbon management strategy constitutes an important component for achieving this target. Our carbon management strategy is defined within the scope of FirstRand's top initiatives to reduce GHG emissions. These are:

- Reducing energy consumption by at least 11% by 2012
- New buildings to have ecologically friendly features facilitating conservative use of natural resources

- Paper intensive processes to be changed to paperless environments
- Use of video conferencing and telephone conferencing facilities to reduce travel

INDIRECT IMPACTS

Our indirect environmental impacts relate primarily to the impacts that the activities of customers and suppliers have on the natural environment. While it is not possible to accurately describe the company's indirect environmental impact, we ensure that appropriate mechanisms are in place to monitor and control operational, legislative and regulatory risks in respect of environmental performance. The application of legislative requirements in respect of environmental impact assessment for large transactions is an important component of this process.

Environmental management system (EMS)

We manage our indirect environmental impact related to the activities of customers and suppliers by applying the principles of an Environmental Risk Management System (EMS), a set of internally established policies, common procedures and resources that enables us to reasonably ensure that the environmental and social risks of projects are screened and that the company will reasonably be able to advise clients on appropriate mitigation measures that should be incorporated to manage these risks. The EMS is based on the Equator Principles (EP) framework and forms an important part of the internal risk reporting and screening processes that will enable compliance with the EP.

The EMS includes an environmental and social risk assessment process that determines the environmental and social impacts and risks (including labour, health and safety) of proposed project finance deals. Depending on the nature and scale of the project, the assessment may include a full-scale environmental and social assessment or application of environmental citing, pollution standards, design criteria, or construction standards.

Environmental legislation

The *National Environmental Management Act (NEMA)* aims to provide for co-operative environmental governance through the establishment of principles for decision-making in respect of environmental issues. The act also provides for certain aspects of the administration and enforcement of other environmental management laws.

The new *National Environmental Management Waste Act* is being responded to and requires the development of a comprehensive waste management strategy. This is being attended to by the FirstRand Banking Group's EHS manager.

Other statutory regulations include announcements by South Africa's Minister of Finance in the 2009 budget speech relating to new taxes on incandescent light bulbs, tax proposals in respect of clean development mechanisms, new levies on non-renewable energy usage, and excise duties on vehicles to encourage improvements in fuel efficiencies. We respond to these regulations via FirstRand's Environmental forum with board oversight of the Audit risk and compliance committee.

Sustainability objectives for the next year

In the coming year, we will continue to operate in line with the Group philosophy and interface with a broad range of stakeholders as a good corporate citizen. In particular, we will place emphasis on the following objectives:

- Focus on effectively growing our people and developing our talent aligned to business needs and ensure staff retention
- Continue to invest in value-add to meet customer demand for accessible, convenient and affordable banking
- Effective resource management underpinned by culture of innovation
- Continue to create procurement opportunities for our local suppliers to support enterprise development
- Contribute towards social development causes and increase our focus for funded organisations to become more sustainable
- Continue to measure and report our progress on creating stakeholder value and managing risks centrally, with assistance from the Group
- Manage our direct and indirect environmental impact by applying the principles of an Environmental Risk Management System, based on the Equator Principles
- Apply ESG risk management frameworks to existing structures as part of our internal risk reporting

Assurance and signoff

ASSURANCE

Assurance process

FirstRand has commissioned the following independent sources to provide assurance and commentary on its 2009 divisional Sustainability Reports:

- BEE transformation performance has been externally audited by SizweNtsaluba VSP
- FirstRand's carbon footprint data has been externally prepared by PricewaterhouseCoopers
- FirstRand Group Internal Audit performed a limited review of the statements and quantitative data contained in the divisional Sustainability Reports

Assurance statement

Based on the results of the work performed, this sustainability report:

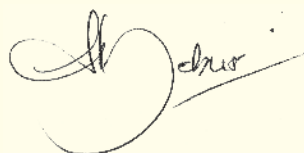
- provides confidence in the information presented within the report. The level of data accuracy was found to be within acceptable limits, but additional improvements were recommended to management to reduce potential for minor anomalies and misstatements
- appropriately reflects environmental, social and economic performance achieved during the period
- represents a fair statement of FirstRand's corporate social responsibility initiatives
- contains quantitative data which is free from material misstatement

Notwithstanding that the data collection process is sufficiently transparent, FNB shows continued improvement and refinement on its method of collecting data for the Sustainability Report to ensure an even more accurate result. All suggested changes were satisfactorily addressed by FNB management prior to finalising the report.

Overall, FirstRand Internal Audit is satisfied that the report is an appropriate representation of FNB's sustainability performance during the reporting period, based on the limited material sampling approach applied to the assurance engagement.

SIGNOFF

This report was compiled by Lesego Lebuso and Jonathan Stilwell, and was signed off by Michael Jordaan, CEO First National Bank in September 2009 at Johannesburg.



Lesego Lebuso



Jonathan Stilwell



Michael Jordaan

Contact information

COMPANY INFORMATION

Directors

LL Dippenaar (Chairman), PK Harris (Chief executive officer), SE Nxasana (Chief executive officer designate), VW Bartlett, JP Burger (Financial director), DJA Craig (British), L Crouse, PM Goss, Dr NN Gwagwa, G Moloï, AP Nkuna, AT Nzimande, D Premnarayan (Indian), KB Schoeman, KC Shubane, RK Store, BJ van der Ross, Dr JH van Greuning, Dr F van Zyl Slabbert, MH Visser.

Secretary and registered office

AH Arnott, BCom, CA(SA)
4th Floor, 4 Merchant Place
1 Fredman Drive, Sandton, 2196

Postal address

PO Box 786273, Sandton, 2146
Telephone: +27 11 282 1808
Telefax: +27 11 282 8088
Web address: www.firststrand.co.za

Sponsor

(In terms of JSE requirements)
Rand Merchant Bank (a division of FirstRand Bank Limited)

Corporate Finance

1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton, 2196
Telephone: +27 11 282 1847
Telefax: +27 11 282 8215

Transfer secretaries – South Africa

Transfer secretaries – South Africa
Computershare Investor Services (Pty) Limited
70 Marshall Street, Johannesburg, 2001

Postal address

PO Box 61051, Marshalltown, 2107
Telephone: +27 11 370 5000
Telefax: +27 11 688 5221

Transfer secretaries – Namibia

Transfer Secretaries (Pty) Limited
Shop No 12, Kaiserkrone Centre
Post Street Mall, Windhoek

Postal address

PO Box 2401, Windhoek, Namibia
Telephone: +264 612 27647
Telefax: +264 612 48531

STOCK EXCHANGES

JSE Limited (“JSE”)

Ordinary shares	Share code	ISIN code
FirstRand Limited	FSR	ZAE 000066304

Non cumulative non redeemable preference shares

“B”	FSRP	ZAE 000060141
“B1”	FSP	ZAE 000070900

Namibian Securities Exchange (“NSE”)

Ordinary shares	Share code	ISIN code
FirstRand Limited	FSR	ZAE 000066304
FNB Namibia Holdings Limited	FNB	NA 0003475176

Botswana Securities Exchange of South Africa (“JSE”)

Ordinary shares	Share code	ISIN code
FNB Botswana Holdings Limited	FNBB	BW000000066

Bond Exchange of South Africa (“BESA”)

Subordinated debt

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRB01	ZAG000021585
FirstRand Bank Limited	FRB02	ZAG000021593
FirstRand Bank Limited	FRB03	ZAG000026774
FirstRand Bank Limited	FRB05	ZAG000031337
FirstRand Bank Limited	FRB06	ZAG000045758
FirstRand Bank Limited	FRB07	ZAG000047598
FirstRand Bank Limited	FRB08	ZAG000047796
FirstRand Bank Limited	FRB09	ZAG000047804
Momentum Group Limited	MGL01	ZAG000029935

Upper Tier II

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRBC21	ZAG000052283
FirstRand Bank Limited	FRBC22	ZAG000052390

For queries or comments regarding FirstRand's Sustainability programme, please email firststrand.sustain@fnb.co.za

For queries or comments regarding FirstRand's Transformation programme, please email transformation@firststrand.co.za