results presentation

FOR THE YEAR ENDED
30 JUNE 2012

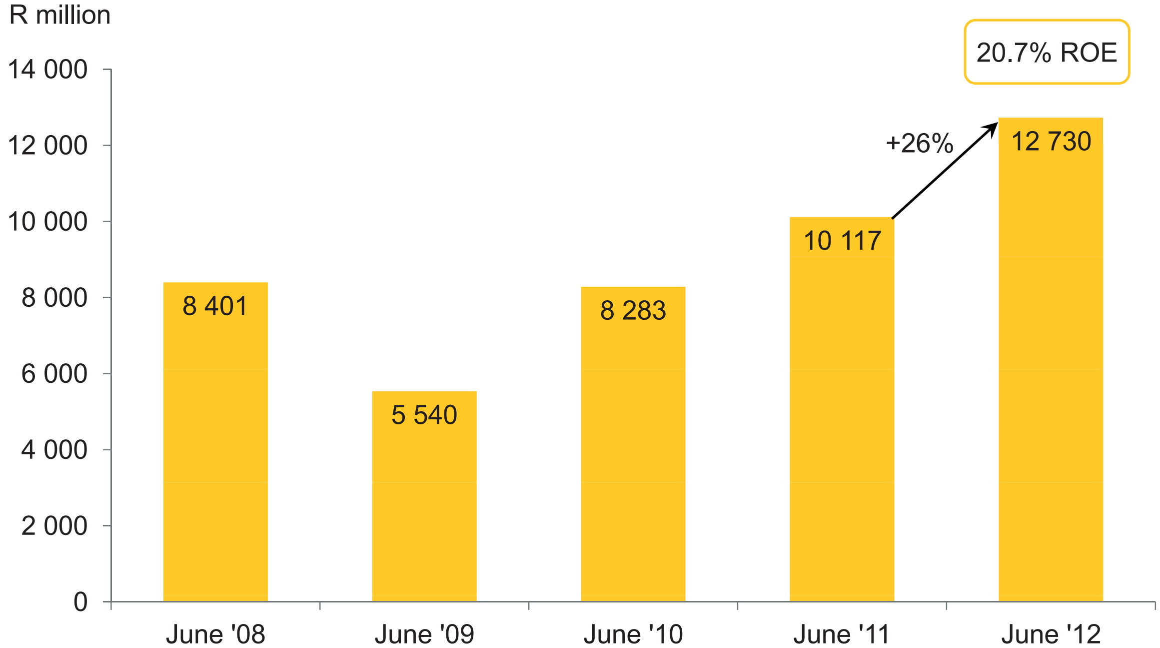
FIRSTRAND

introduction

SIZWE NXASANA

Earnings growth reflects strong operational performance

Group continuing operations – normalised earnings*
R million



* *Excludes contributions from Momentum, OUTsurance and Discovery.*

Consumer remained resilient despite lower economic activity

Operating environment	Business impact
Interest rates remained low	+ Retail and corporate impairments continued to trend downwards (FNB and WesBank) + Robust advances growth (FNB and WesBank) − Negative endowment impact (FNB & capital)
Low GDP growth in SA	− Less corporate activity for RMB
Robust real disposable income growth	+ Supported good growth in transactional volumes and deposits at FNB
Strong consumer spend on durables	+ Strong advances growth in WesBank's retail portfolios
Strong macros in sub-Saharan Africa	+ Supported deal flow for RMB and FNB Africa organic growth

Franchises continued to outperform macros

Normalised profit before tax (R million)	**June '12**	June '11	Change
FNB	**8 293**	6 529	▲ 27%
FNB Africa	**1 385**	1 350	▲ 3%
RMB and GTS	**4 926**	5 370	▼ 8%
WesBank	**3 650**	2 548	▲ 43%

financial review

JOHAN BURGER

Group actual and normalised performance

R million	**June '12**	June '11	Change
Earnings – Group actual	**12 730**	10 805	▲ 18%
Adjusted for:			
Earnings – OUTsurance*	**–**	(180)	
Earnings – Momentum†	**–**	(508)	
Earnings – Group continuing operations	**12 730**	10 117	▲ 26%

* *June '11 OUTsurance earnings include 6 months contribution*

† *June '11 Momentum earnings include 5 months contribution*

Performance highlights – Group's continuing operations

Normalised (R million)	**June '12**	June '11	Change
Earnings	**12 730**	10 117	▲ 26%
Diluted EPS (cents)	**225.8**	179.4	▲ 26%
Return on equity (%)	**20.7**	18.7	▲
Net asset value per share (cents)	**1 142.4**	1 044.0	▲ 9%
Dividend per share (cents)	**102**	81	▲ 26%

Key ratios – Group's continuing operations

	June '12	June '11	Change
Return on equity (%)	**20.7**	18.7	▲
Return on average assets (%)	**1.73**	1.49	▲
Credit loss ratio (%)	**1.08**	0.93	▲
Cost-to-income ratio (%)	**53.4**	53.3	–
Tier 1 ratio (%)	**13.2**	15.0	▼
Core Tier 1 ratio (%)	**12.3**	13.9	▼
Net interest margin (%)	**4.92**	4.58	▲
Gross advances (R billion)	**536**	475	▲ 13%

Consistent strategies are driving performance

- Improve diversification
- Grow client franchise businesses
- Improve margin
- Reduced contribution from trading activities
- Cost containment
- Rebalance corporate versus retail lending activities
- Shift retail asset mix
- Increase deposit franchise
- Maintain ROE and strong capital position post-Basel III

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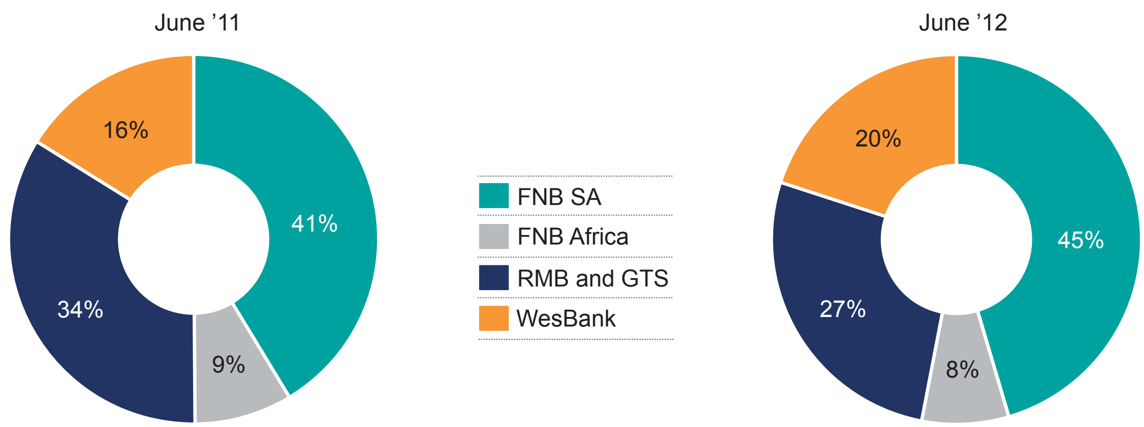
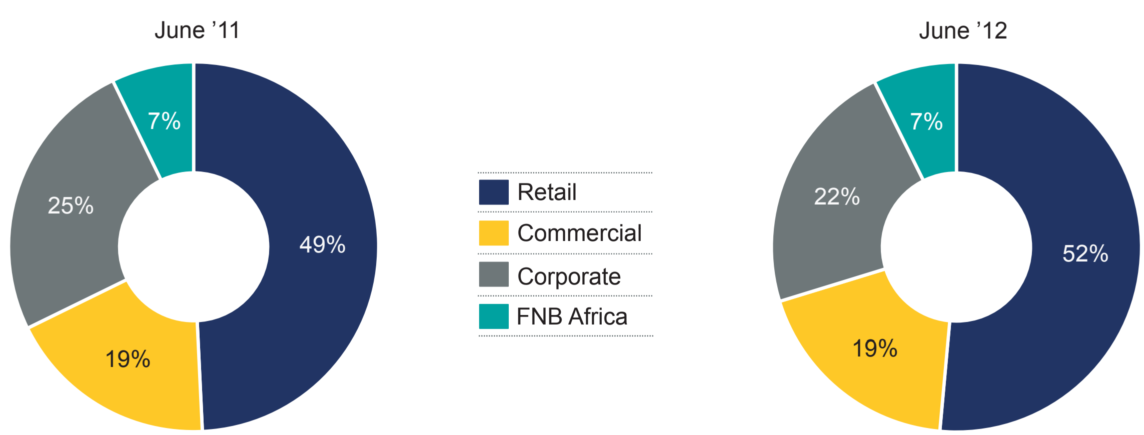
Franchises provide diversification



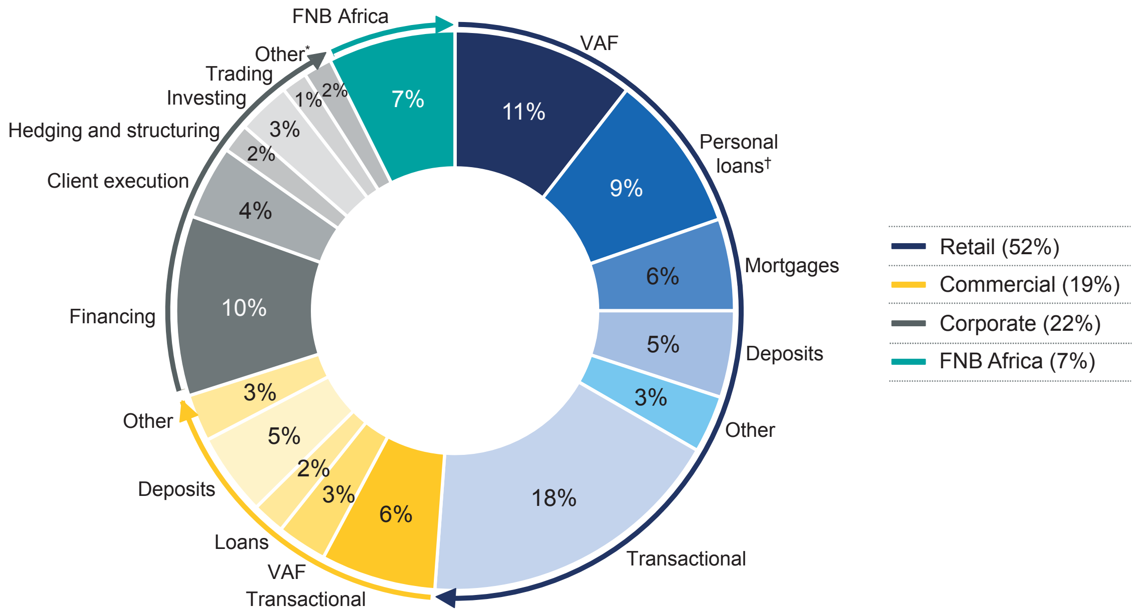
Based on PBT, excluding Corporate Centre and consolidation adjustments

Shift in segment diversification reflects macro conditions



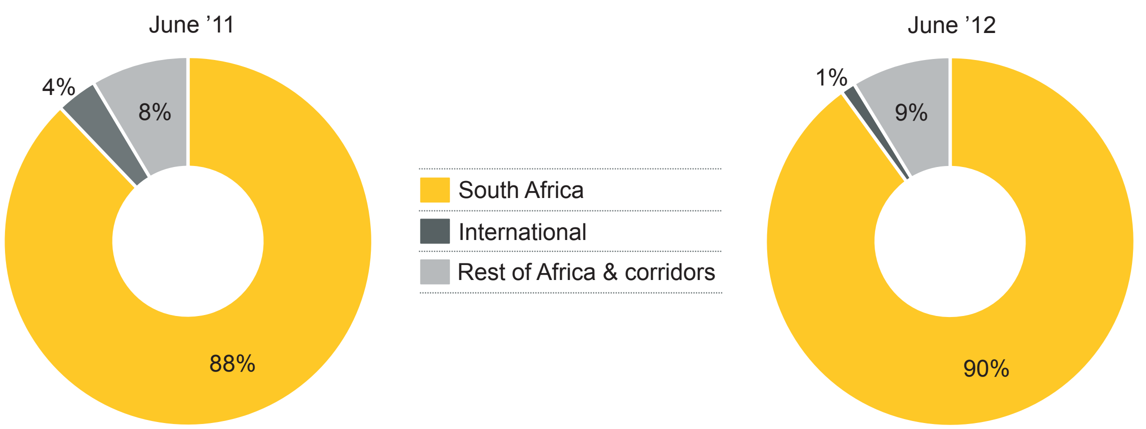
Based on gross revenue, excluding FNB Other and support

Product diversification limits volatility



** Includes VAF Corporate*
† Includes WesBank personal loans
Based on gross revenue, excluding Corporate Centre and consolidation adjustments

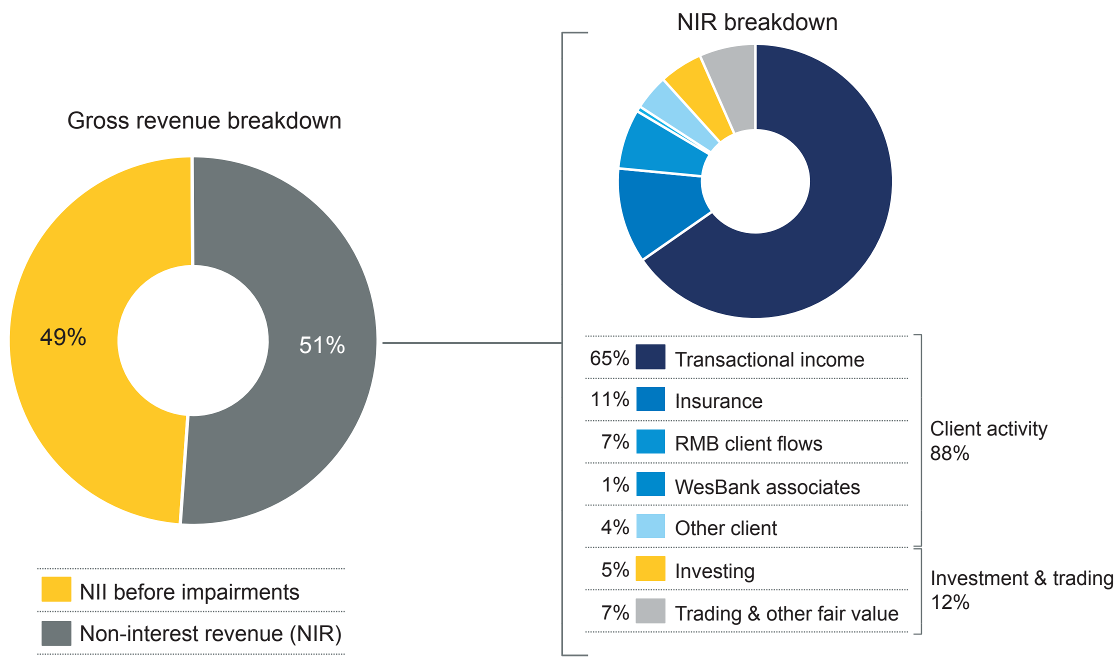
Geographic diversification requires patience



… but South Africa still dominates

Based on gross revenue, excluding Corporate Centre and consolidation adjustments

Client franchise contributes 94% of gross revenue



Income statement – Group's continuing operations

Normalised (R million)	**June '12**	June '11	Change
Net interest income before impairment of advances	**24 869**	20 501	21%
Impairment of advances	**(5 471)**	(4 292)	27%
Net interest income after impairment of advances	**19 398**	16 209	20%
Non-interest revenue*	**26 092**	24 195	8%
Income from operations	**45 490**	40 404	13%
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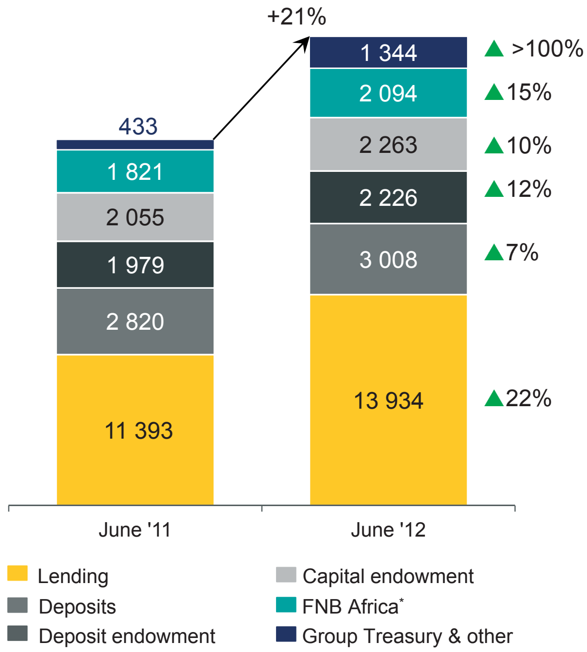
Direct tax	**(3 972)**	(4 200)	(5%)
NCNR preference shareholders	**(275)**	(301)	(9%)
Headline and normalised earnings adjustments	**56**	(170)	(>100%)
Non-controlling interests	**(806)**	(1 164)	(31%)
FirstRand continuing operations	**12 730**	**10 117**	**26%**

** Includes share of profit from associates and joint ventures after tax*

Deposits and advances origination drives net interest income

NII (R million)



	%
June '11 normalised margin	4.58
Accounting mismatches	0.09
	4.67
Capital and deposit endowment	(0.06)
Advances	0.22
Changes in balance sheet mix	0.18
Asset pricing	0.04
Liabilities	0.10
Changes in balance sheet (deposits)	0.04
Changes in balance sheet (capital)	0.02
Term funding cost	0.07
Deposit pricing	(0.03)
Interest rate risk hedges	(0.01)
June '12 normalised margin	**4.92**

** Reflects statutory view*

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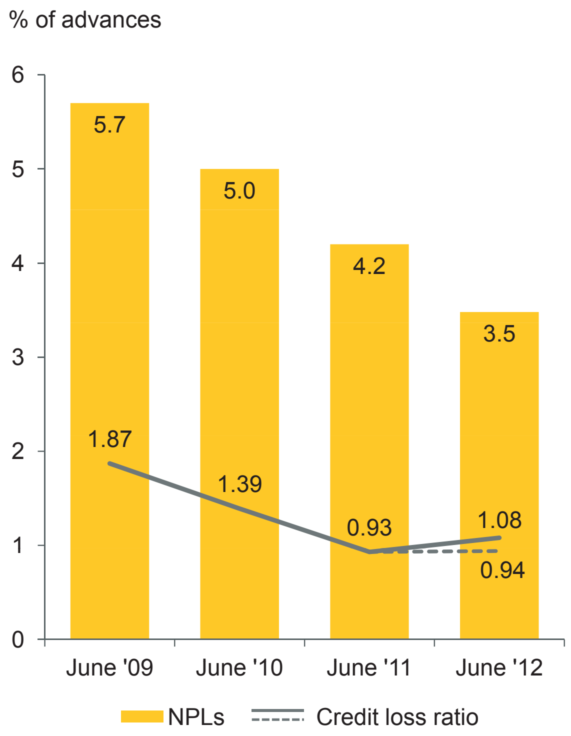
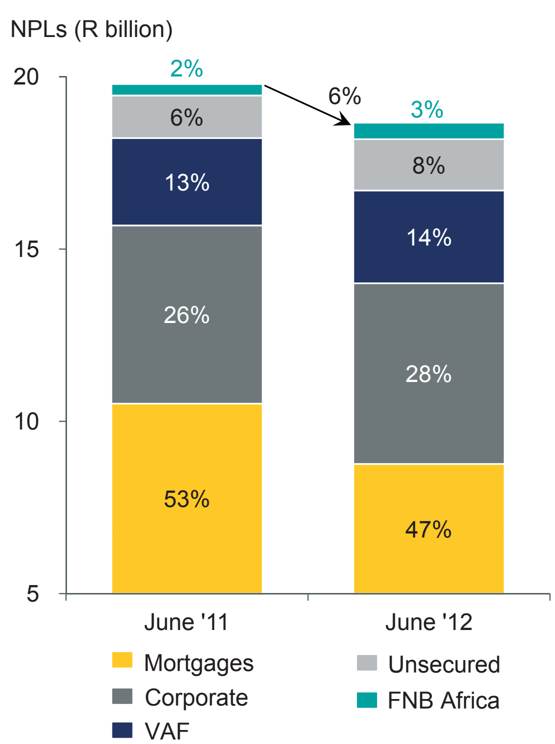
Core impairment trend as expected



Credit loss ratio (%)	**June '12**	June '11
Retail – secured	**0.58**	0.88
Residential mortgages	**0.56**	0.79
VAF	**0.62**	1.11
Retail – unsecured	**5.11**	3.86
Credit card	**0.35**	1.39
Other retail	**8.30**	6.12
Corporate	**0.47**	0.66
FNB Africa	**0.50**	0.30
	0.77	0.89
Central portfolio overlays	**0.17**	0.04
Core impairment charge	**0.94**	0.93
Special impairment charge	**0.14**	-
Total impairment charge	**1.08**	**0.93**

NPLs declining but coverage ratios reflect view on cycle

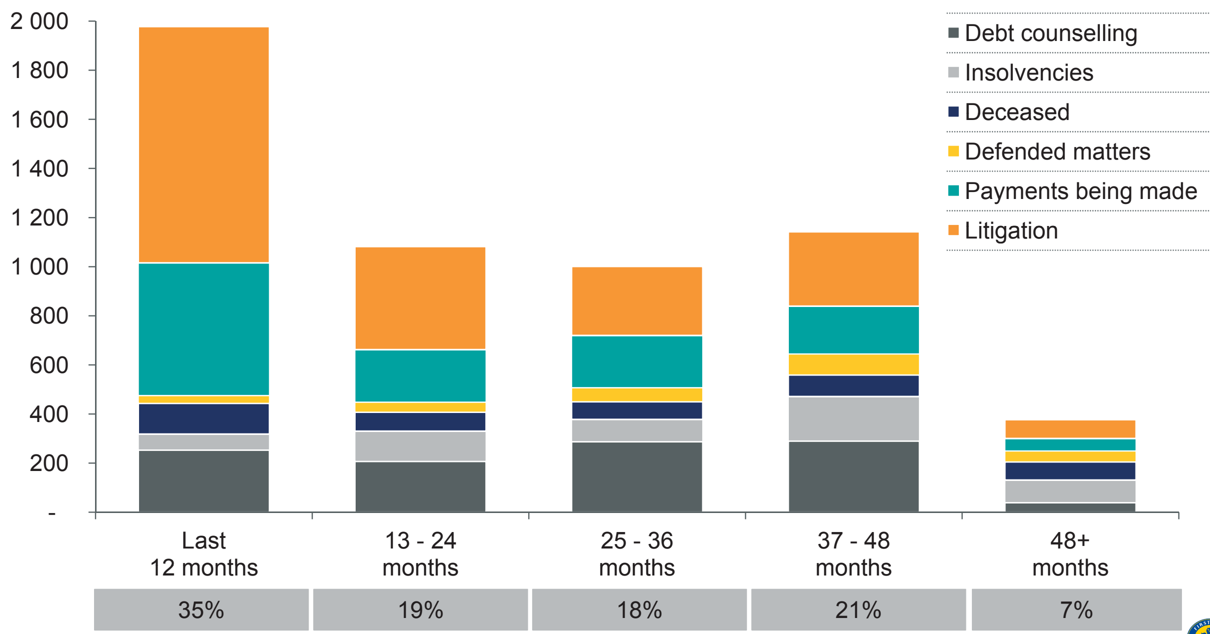


Coverage ratio (%)	**June '12**	June '11
Retail – secured	**23.7**	23.4
Residential mortgages	**20.2**	19.4
VAF	**35.2**	40.2
Retail – unsecured	**80.9**	77.8
Credit card	**70.8**	74.0
Other retail	**83.1**	80.0
Corporate	**41.1**	45.0
FNB Africa	**48.0**	44.6
Specific impairments	**33.8**	32.9
Portfolio impairments	**26.2**	17.5
Total coverage ratio	**60.0**	**50.4**

Understanding the stickiness of NPLs

FNB HomeLoans

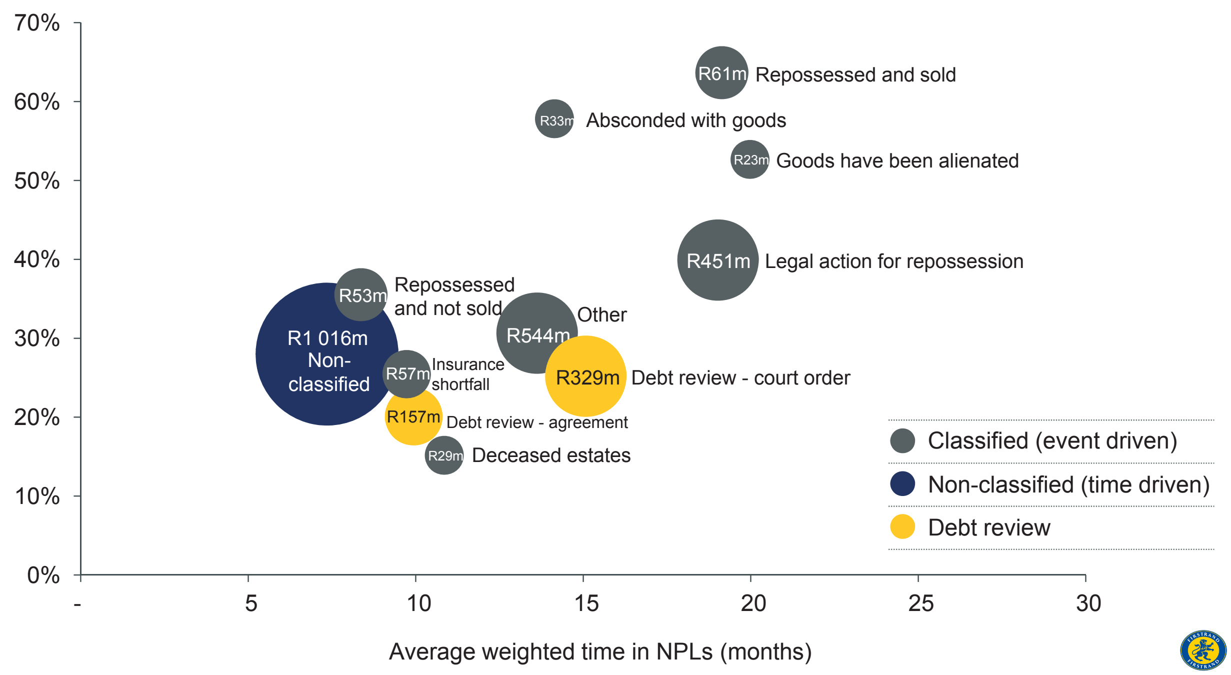
NPLs (R million)



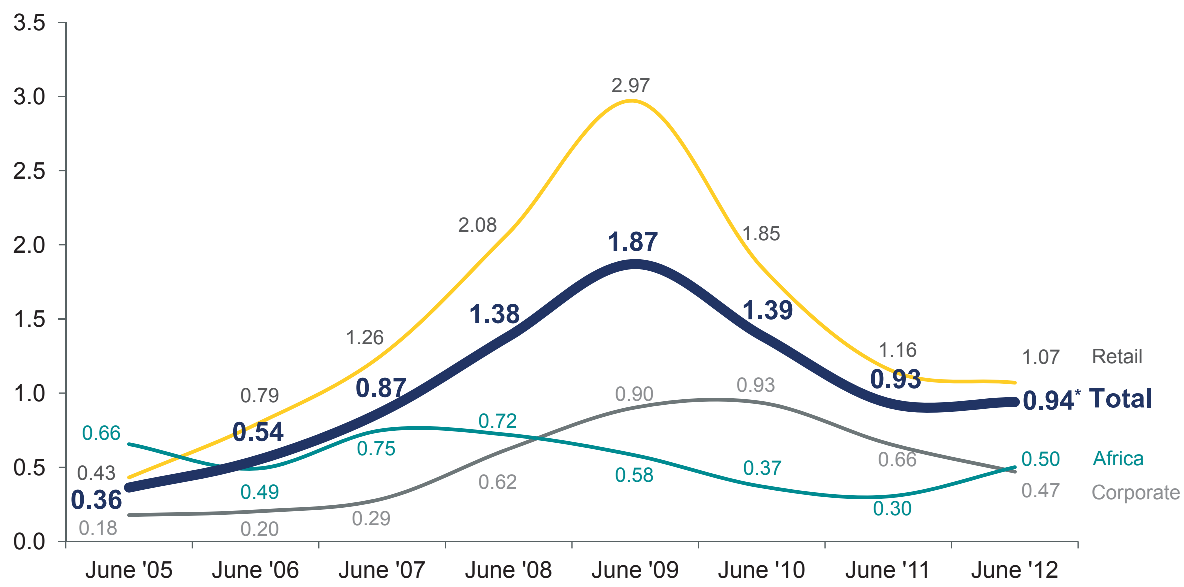
Understanding the stickiness of NPLs

WesBank VAF

Coverage ratio



Bad debts at bottom of the cycle



Long-run average 100 – 110 bps

* Core impairment charge

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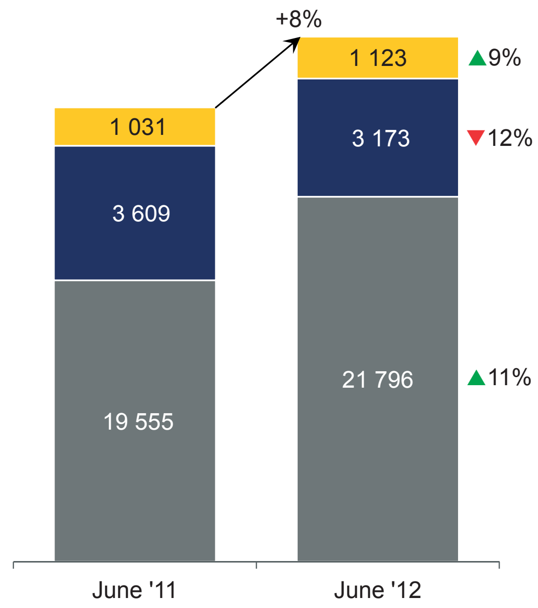
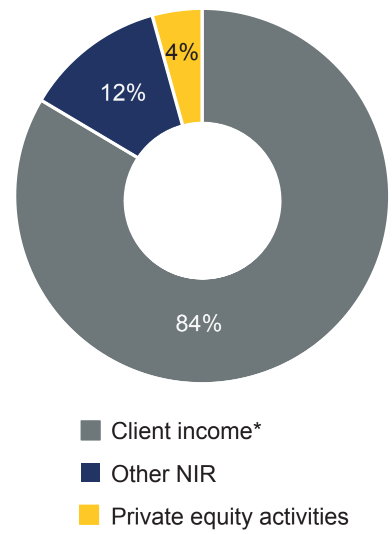
Client franchise drives growth in non-interest revenue

Non-interest revenue (R million)



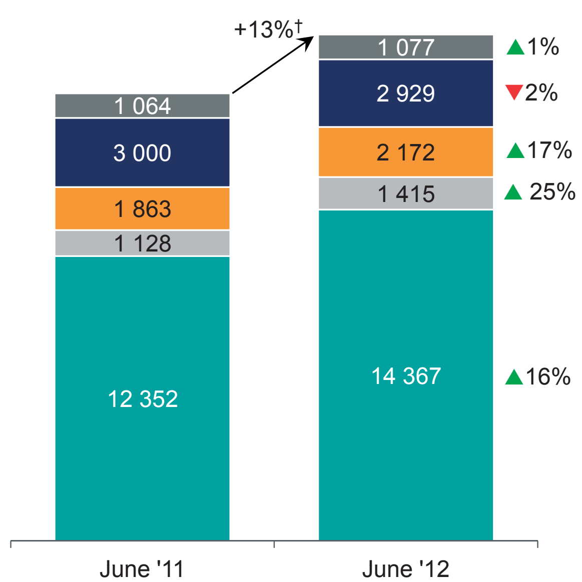
June '12 breakdown



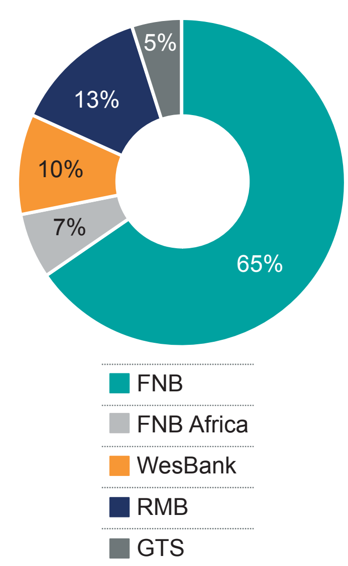
** Includes fee and commission income and RMB client fair value income*

Client income reflects strong growth at FNB and WesBank

Client income* (R million)



June '12 breakdown by franchise†

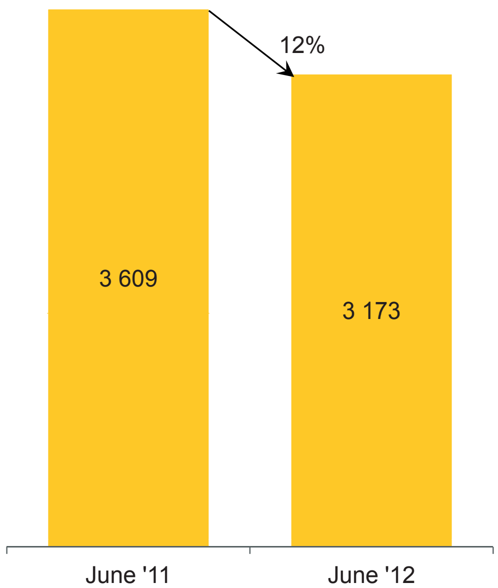


** Includes fee and commission income and RMB client fair value income*

† Excluding Corporate Centre and consolidation adjustments

Mixed picture from other non-interest income

Other NIR (R million)



Normalised (R million)	**June '12**	June '11	Change
Investment income	**152**	1 448	▼ (90%)
Risk and other fair value income	**1 725**	771	▲ >100%
Other income	**1 296**	1 390	▼ (7%)
Total other NIR	**3 173**	3 609	▼ (12%)

Private equity performs well despite no realisations

R million	**June '12**	June '11	Change
RMB Private Equity division	**1 181**	1 166	1%
Income from associates	**958**	239	>100%
Realisations and dividends	**82**	612	(87%)
Other investment income	**20**	54	(63%)
Consolidated private equity income	**121**	261	(54%)
Legacy	**26**	(98)	(>100%)
Income from associates	**(8)**	(176)	(95%)
Other investment income	**34**	78	(56%)
Other business units	**177**	70	>100%
Income from associates	**169**	70	>100%
Other investment income	**8**	-	n/a
Private equity activities before tax	**1 384**	1 138	22%
Tax on equity-accounted private equity activities	**(261)**	(107)	>100%
Private equity activities after tax	**1 123**	1 031	9%

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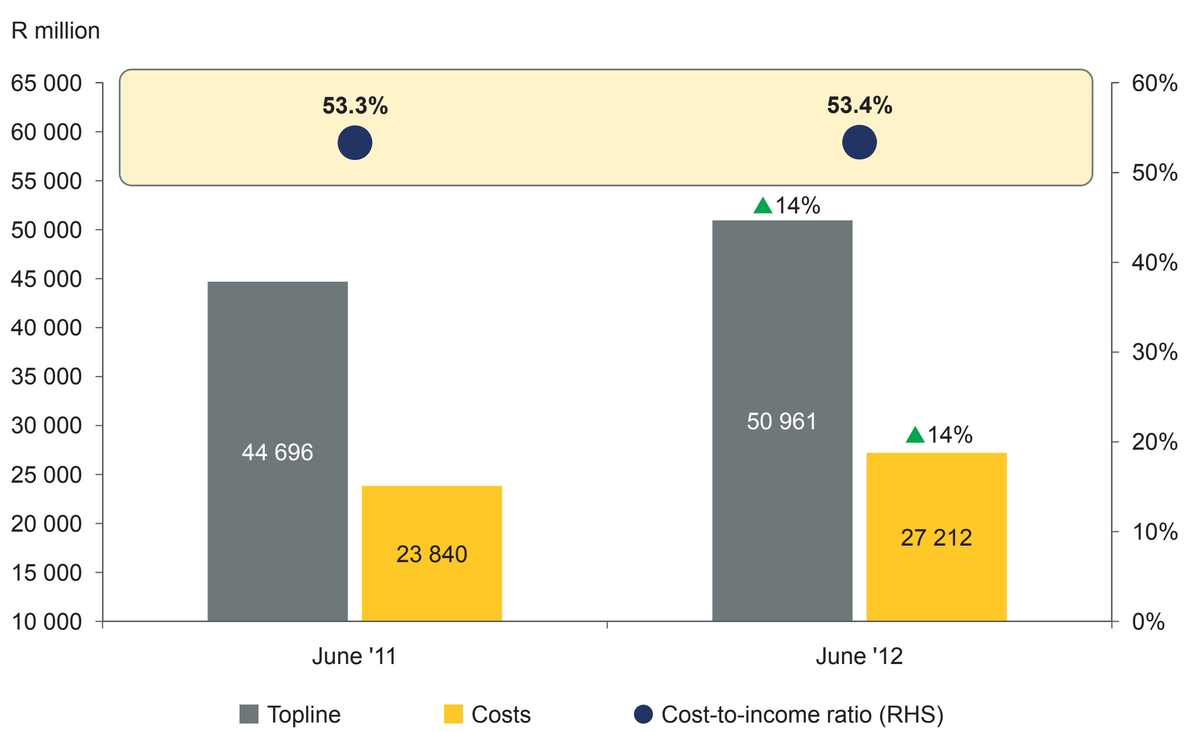
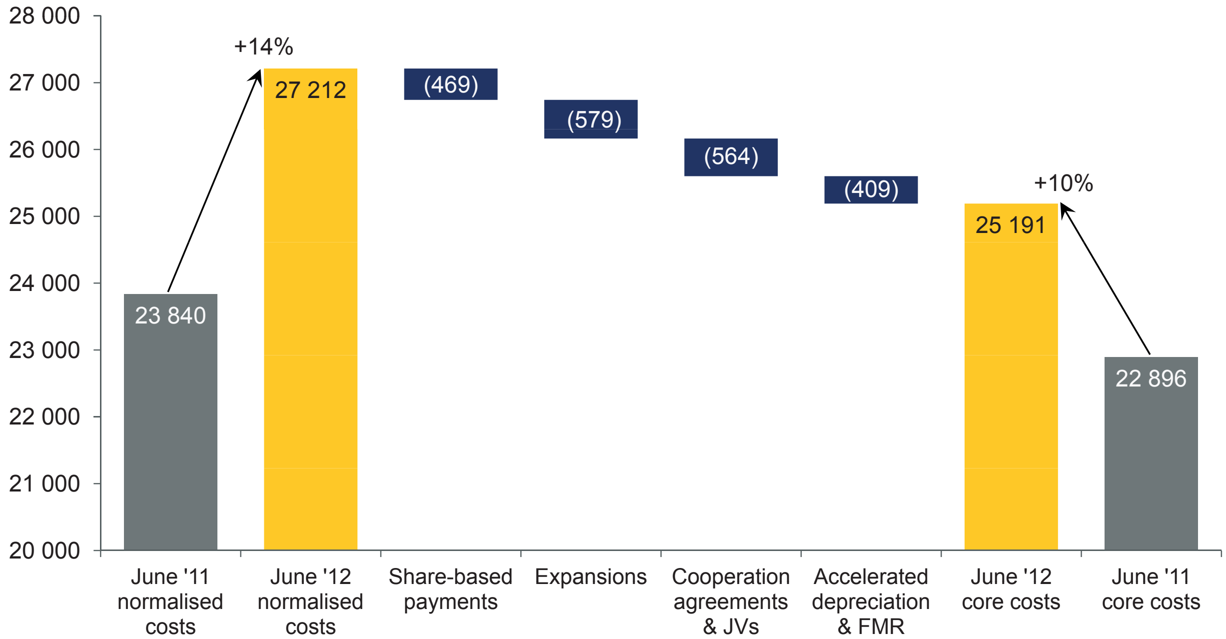
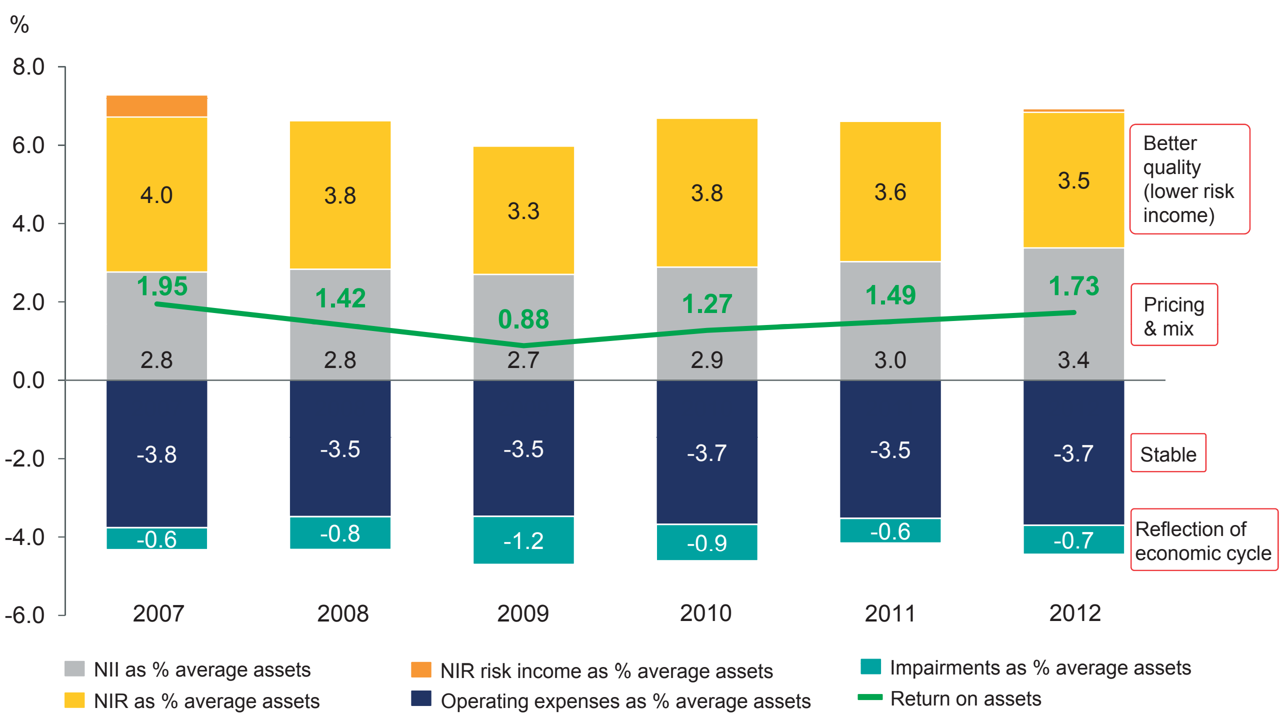
Cost-to-income ratio maintained



Core costs remain well controlled



ROA trending up and better quality



Pre-June 2011 figures are for FirstRand Banking Group and are not presented on a normalised basis

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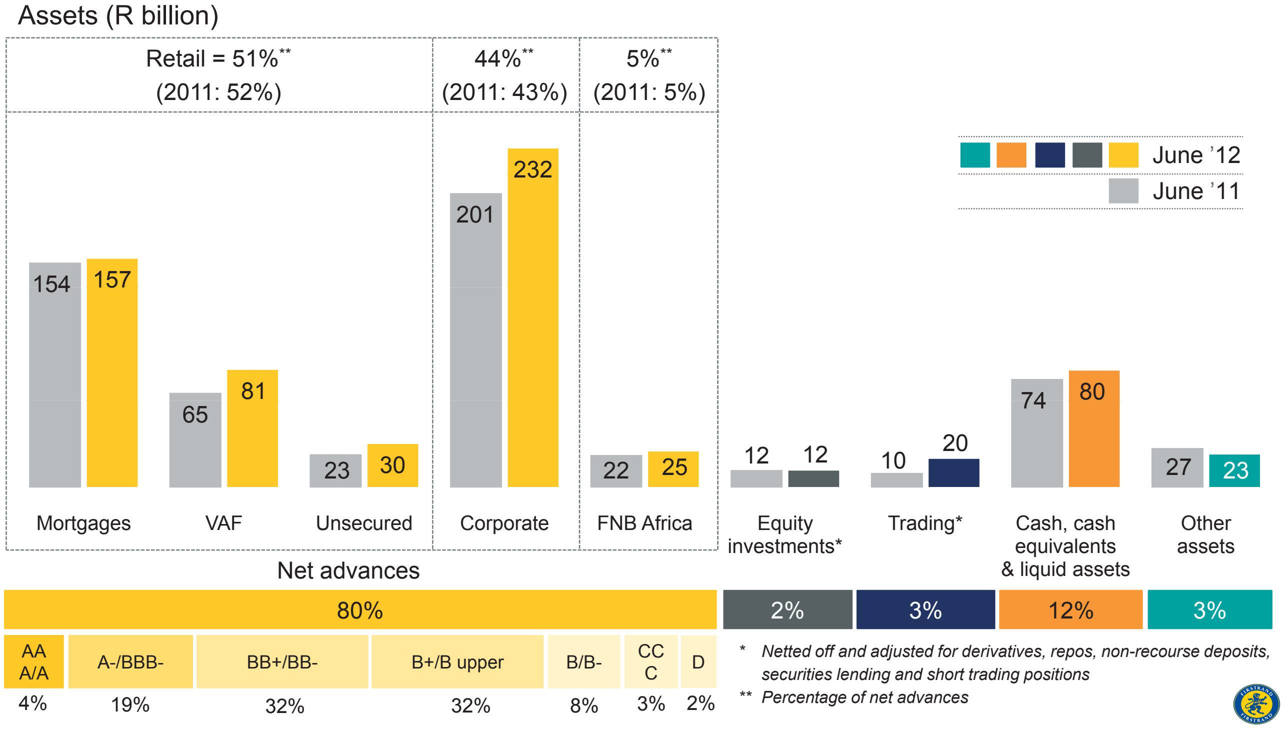
Total assets dominated by a balanced advances portfolio

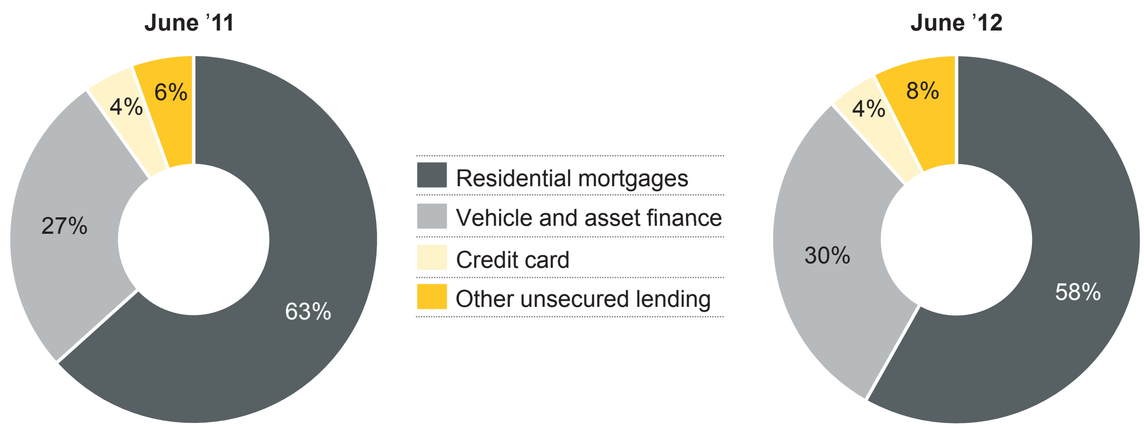
Assets (R billion)



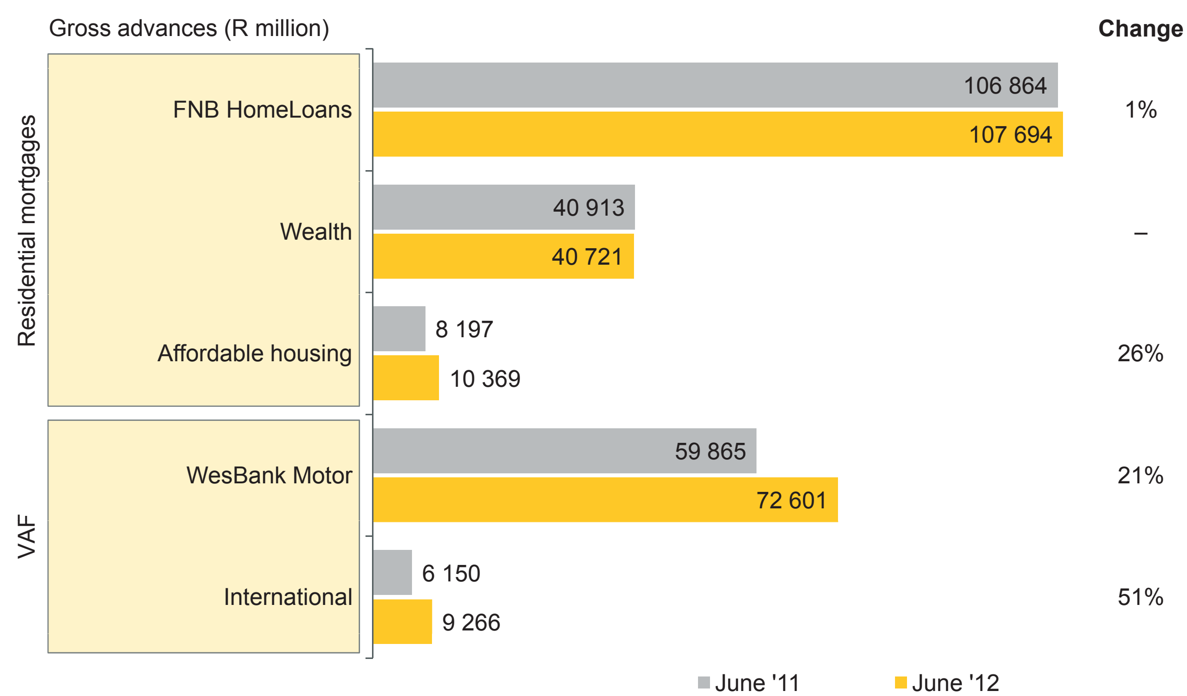
* *Netted off and adjusted for derivatives, repos, non-recourse deposits, securities lending and short trading positions*

** *Percentage of net advances*

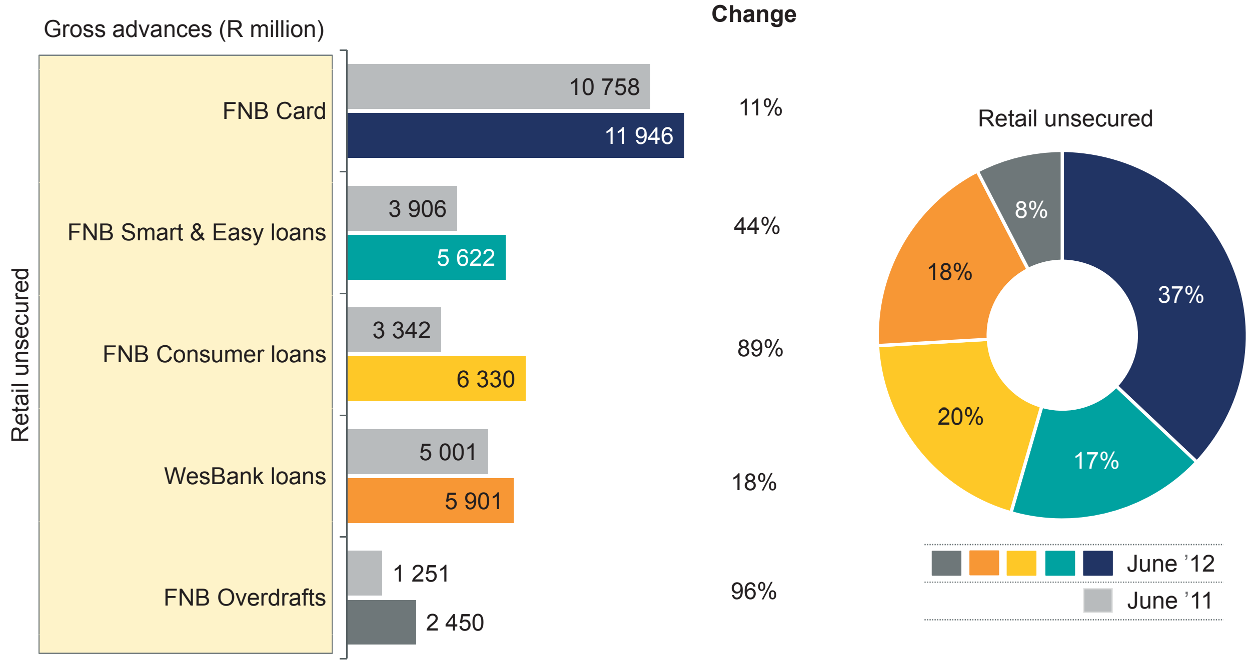
…however, shift in retail mix



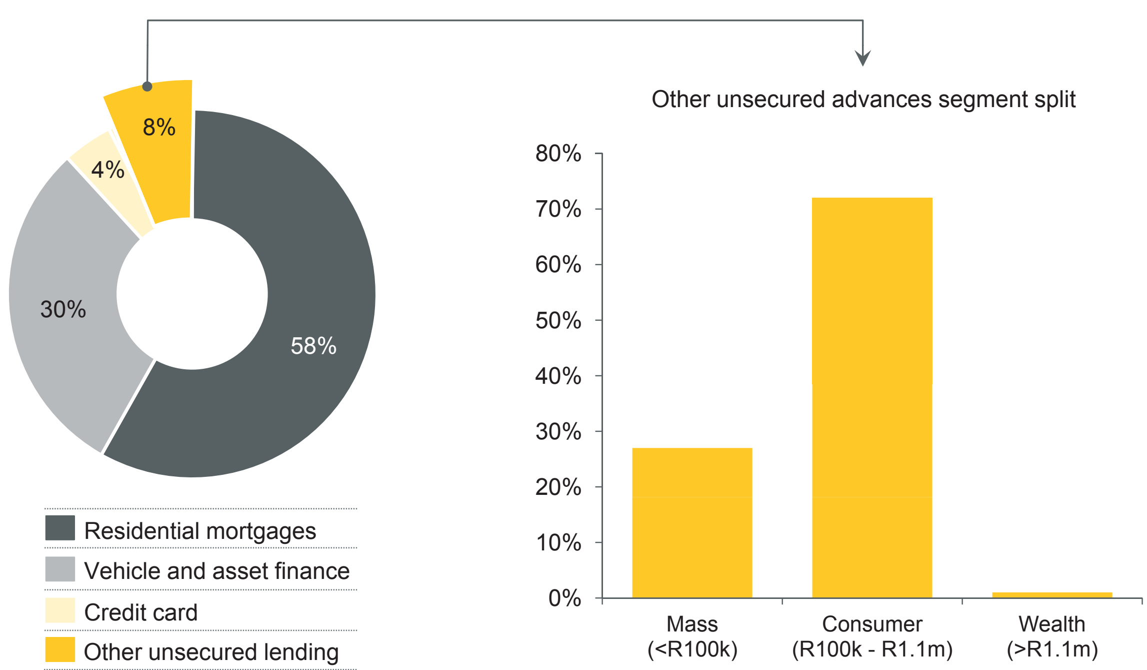
Retail secured lending +8%, quality and margins improved



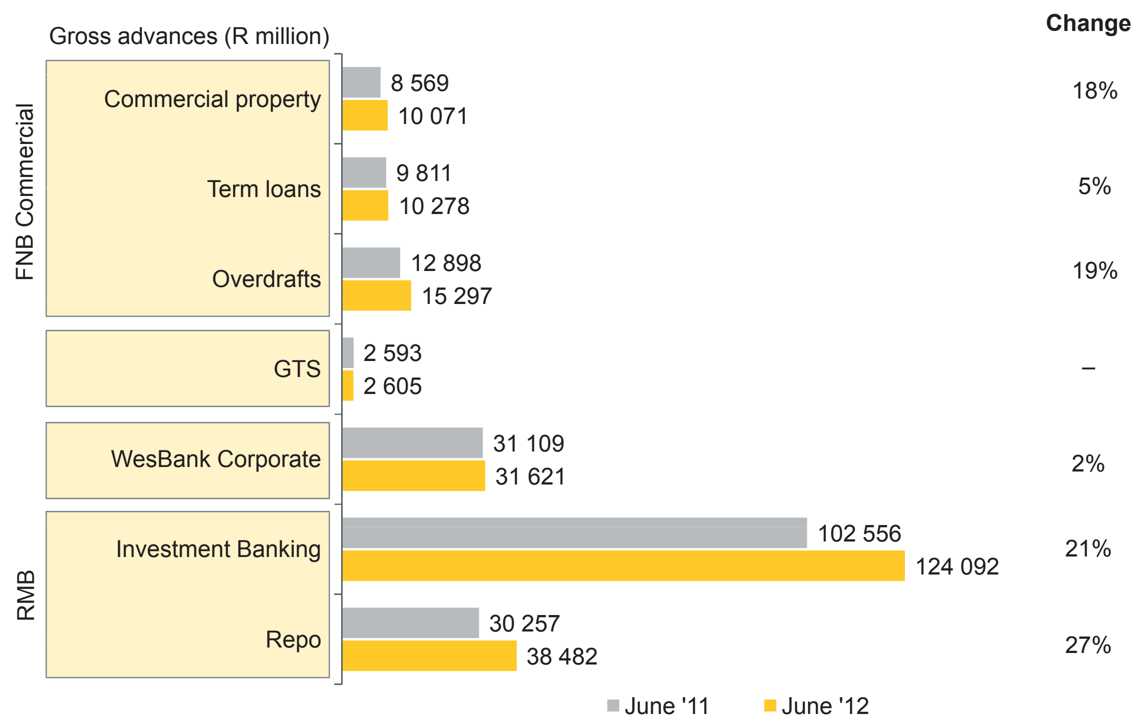
Retail unsecured lending +33% off a low base and moderating



Unsecured lending growth mainly in Consumer segment



Commercial and investment banking underpin growth



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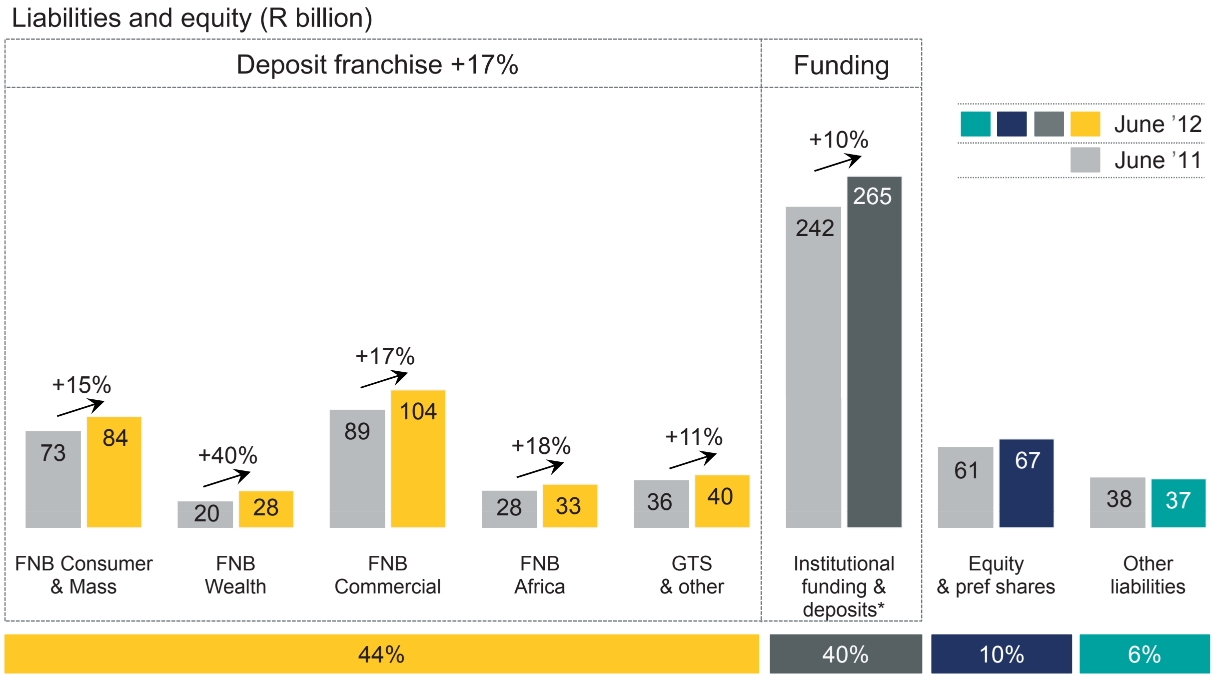
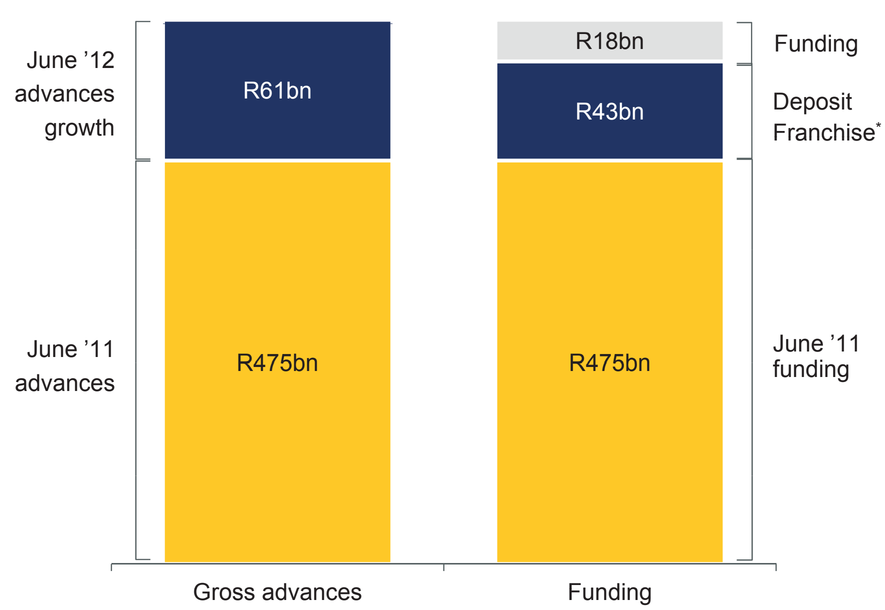
Good growth in retail and commercial deposits results in improved liability profile



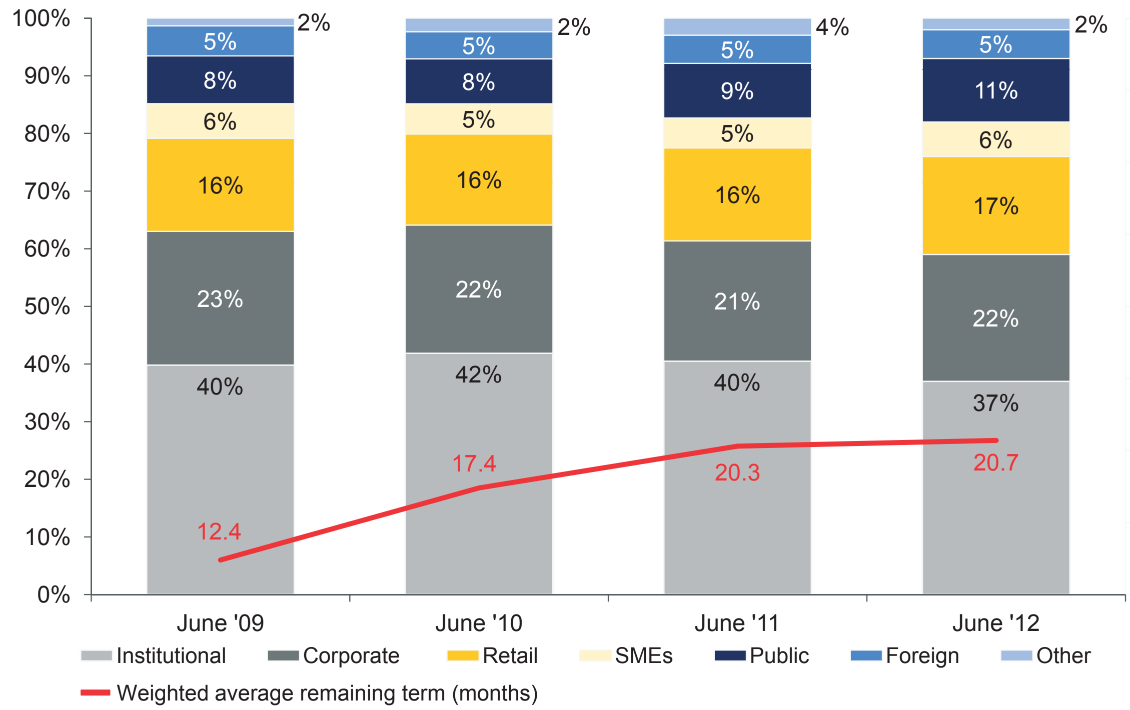
* Excluding securities lending, derivatives, repos and short trading positions.

70% of advances growth funded by deposit franchise



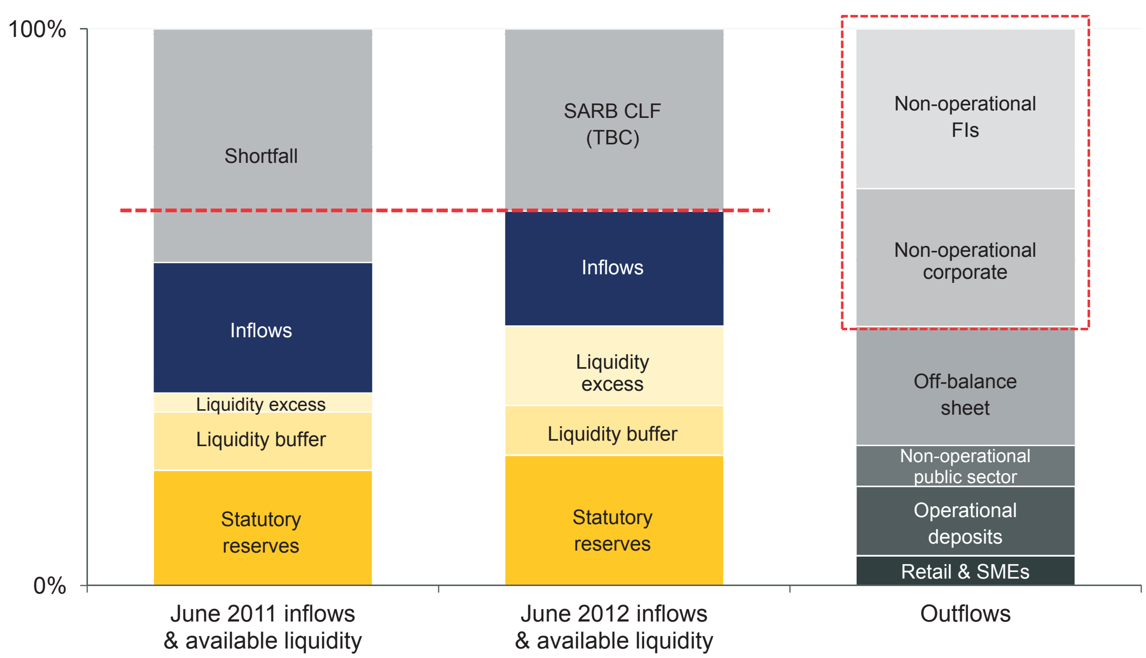
* Includes FNB Consumer and Mass, FNB Wealth, FNB Commercial, FNB Africa, GTS and other

Funding profile reflects SA Inc structure, however, institutional reliance reducing & term lengthened

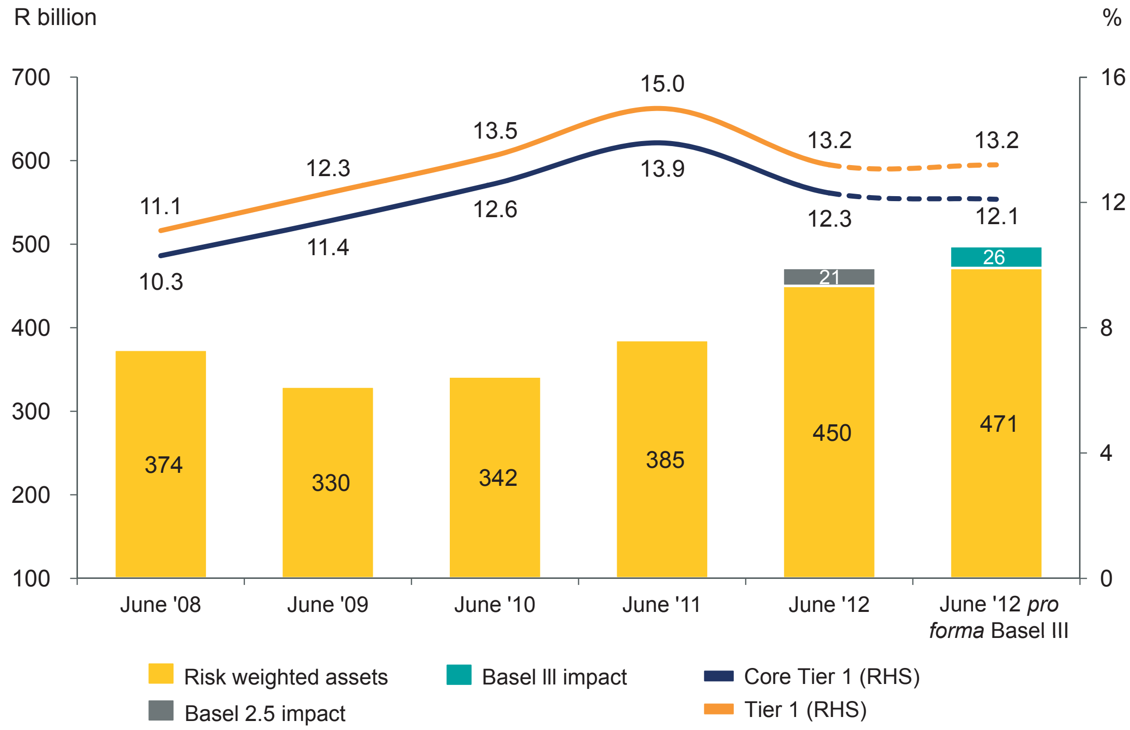


Source: BA900 returns

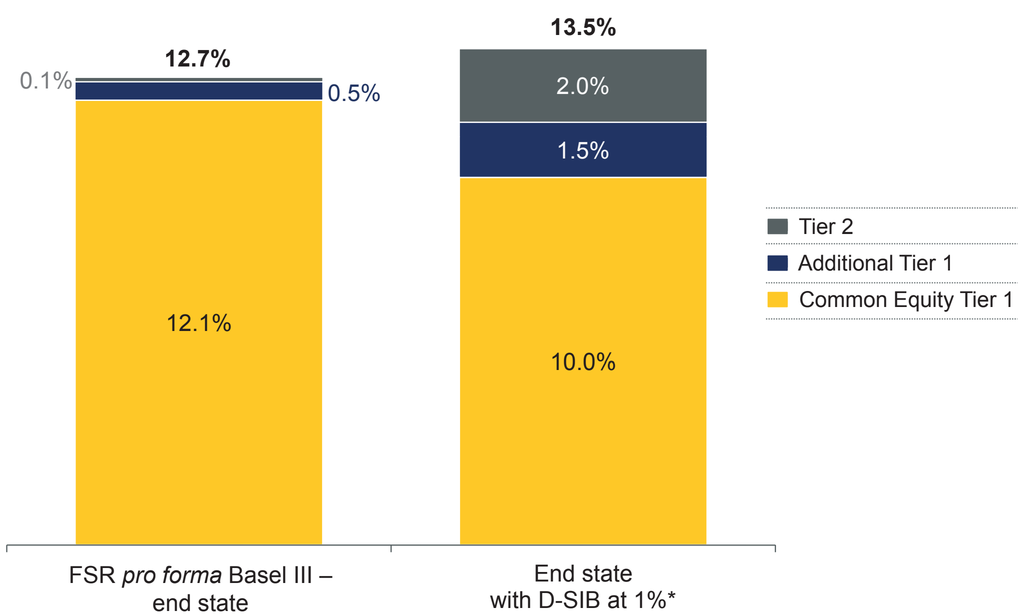
Improved liquidity position and well prepared for LCR



The Group remains well capitalised

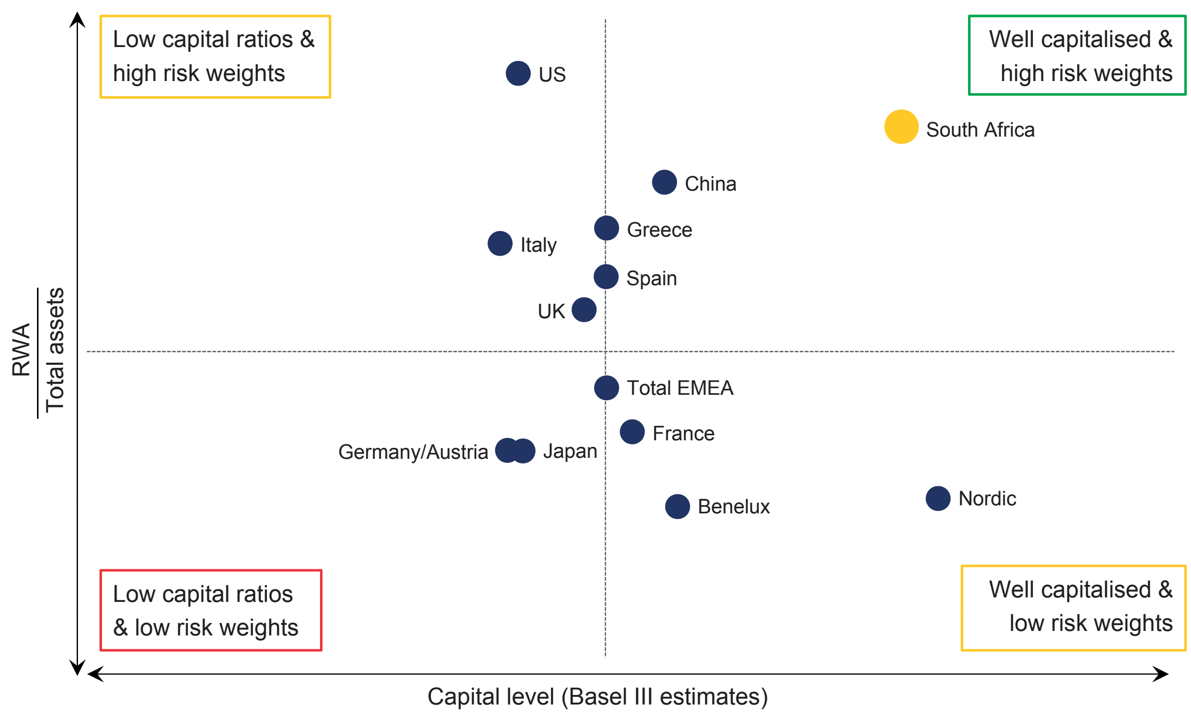


Level impacted by D-SIB, mix by capital markets

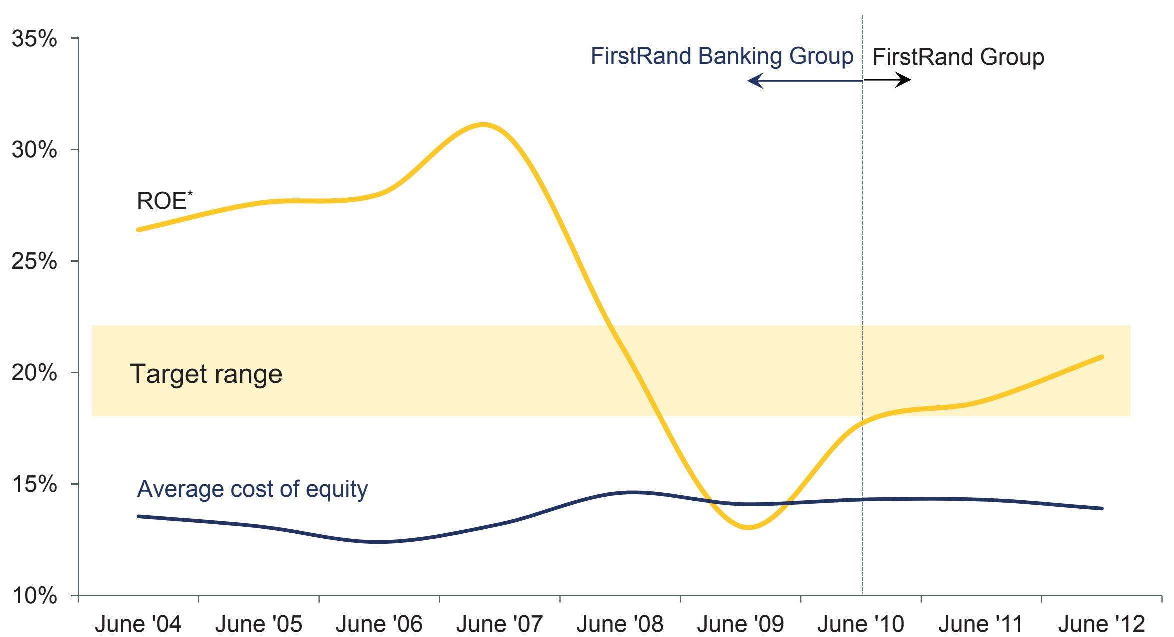


** 2019 end state with D-SIB (domestic systemically important banks) at 1% excludes the Pillar 2b add-on*

South African banking sector conservative in RWA and level of capital



ROE target range sustainable after Basel III



* ROE from June '10 onwards is on a continuing basis

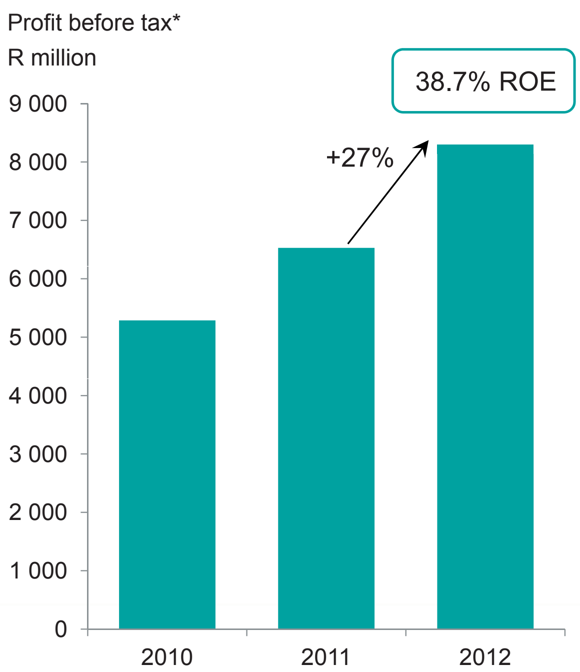
Consistent strategies are driving performance

- Improve diversification ✓
- Grow client franchise businesses ✓
- Improve margin ✓
- Reduced contribution from trading activities ✓
- Cost containment ✓
- Rebalance corporate versus retail lending activities ✓
- Shift retail asset mix ✓
- Increase deposit franchise ✓
- Maintain ROE and strong capital position post-Basel III ✓

operating reviews

SIZWE NXASANA

Another strong performance from the FNB SA franchise

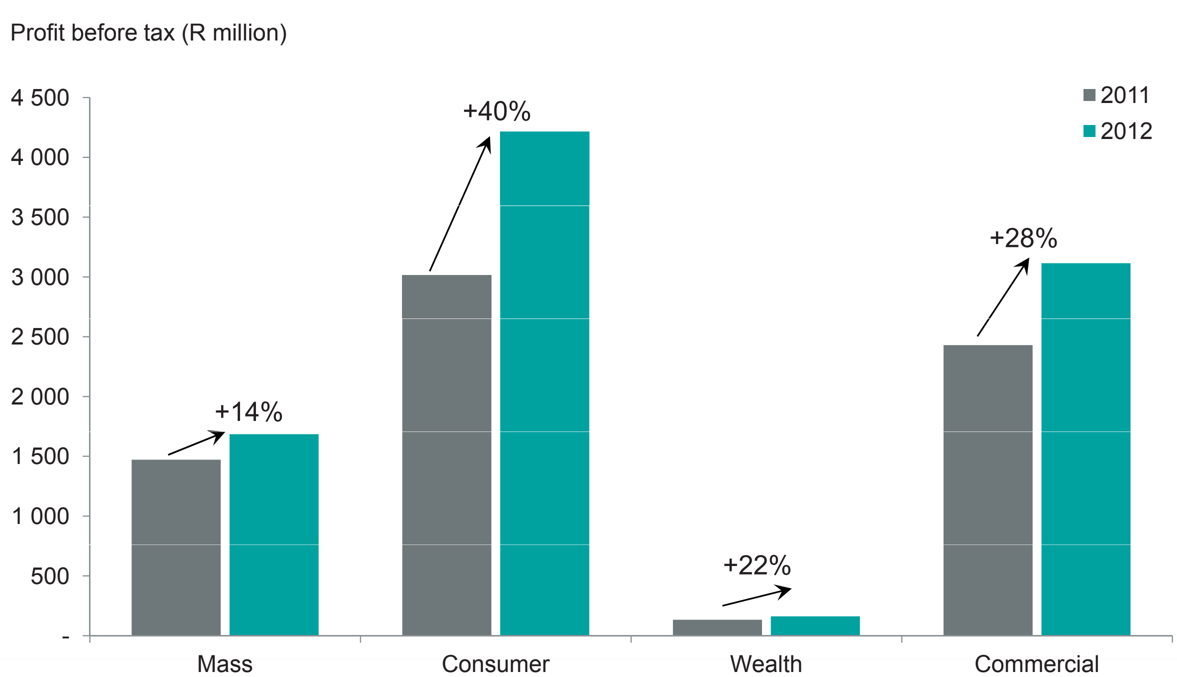


Characterised by:

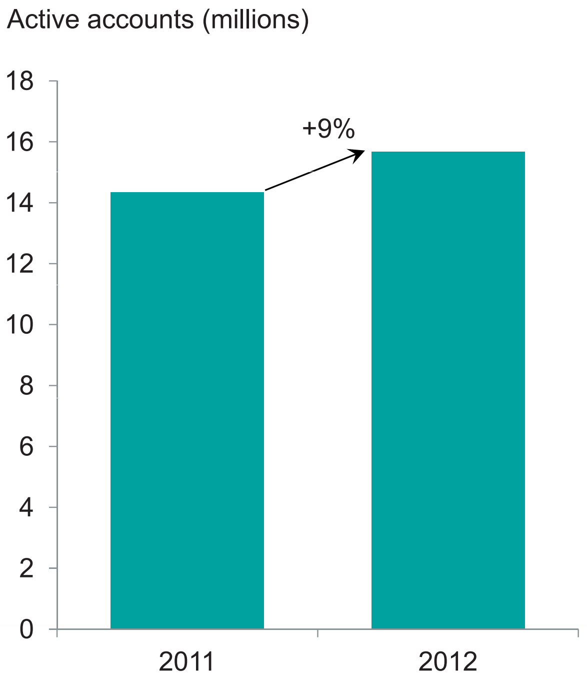
- + Strong topline growth
  - + NII +19%
  - + NIR +14%
- + Continued customer acquisition
- + Appropriate credit origination and pricing
- + Strengthening deposit base
- + Controlled cost base
- + Improving NPLs
- – Special impairment in merchant acquiring business

* *2010 and 2011 figures have been restated to exclude GTS*

Growth across all segments in SA franchise

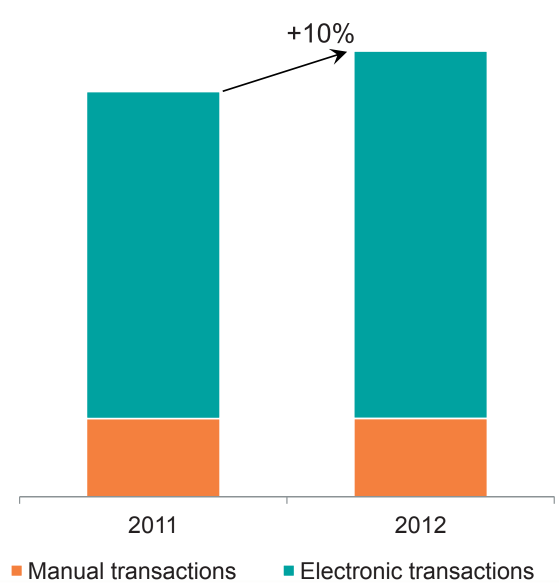


Increase in active accounts drives NIR



- Superior retail customer value proposition driving account growth
  - Historical strategy of pricing below inflation translating into price competitiveness
  - Product offering returns value to customers through rewards
  - FNB's offering promoted through the successful "Steve" campaign
  - Move to electronic channels results in extensive market presence

Structural change in channel usage creates a win-win for FNB and customers



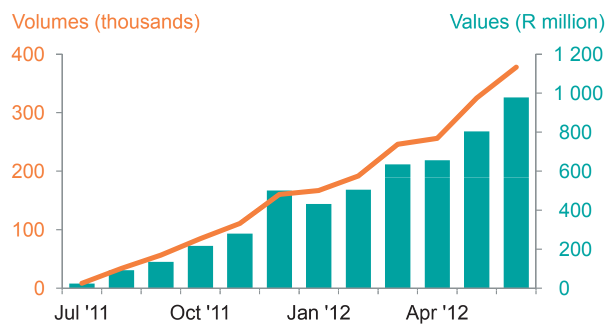
- Strategic shift to electronic channels
  - Manual transactions up only 0.2%
  - Electronic transactions up 12.3%
- High quality electronic channels have attracted market attention
  - #1 in online banking*
  - #1 in cellphone banking**
  - #1 Banking App#
- Pricing deliberately incentivises the use of electronic channels
- Economies of scale are passed on to customers

Manual transactions – cash, cheques, ATMs.
Electronic transactions – online, card, mobile, etc.

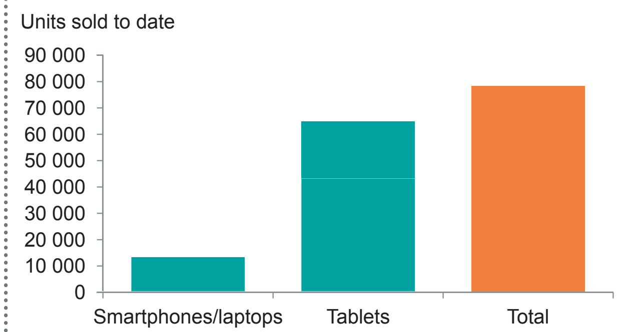
** AMPS survey 2011B, ** AMPS survey 2012, # MTN App of the Year 2012*

Innovation continues to attract and retain customers

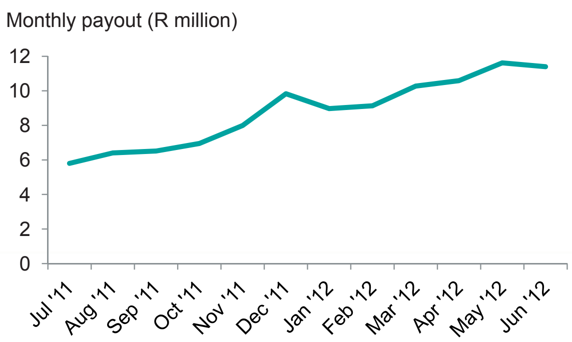
FNB Banking App transactions



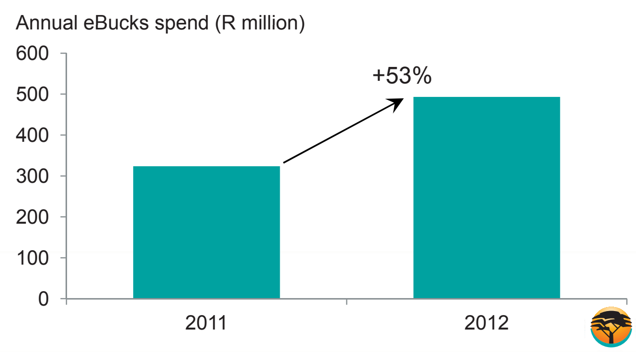
FNB Smart device sales



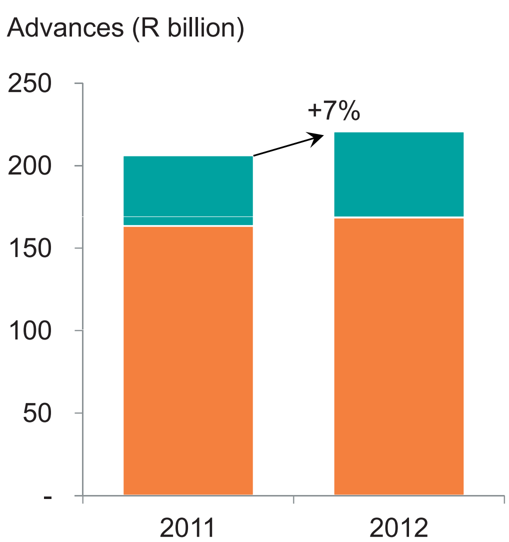
Fuel Rewards

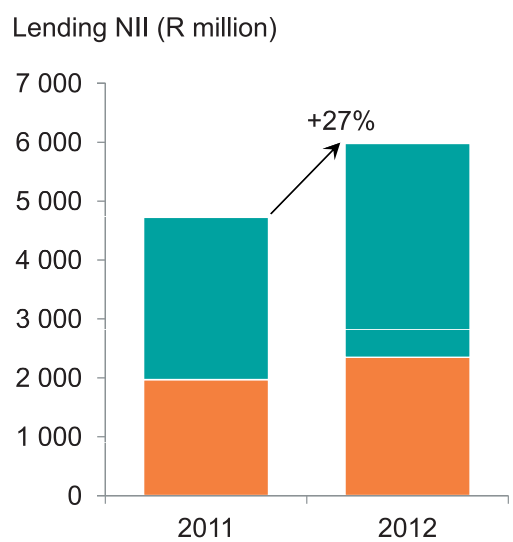


eBucks spend



Unsecured lending leads the credit story



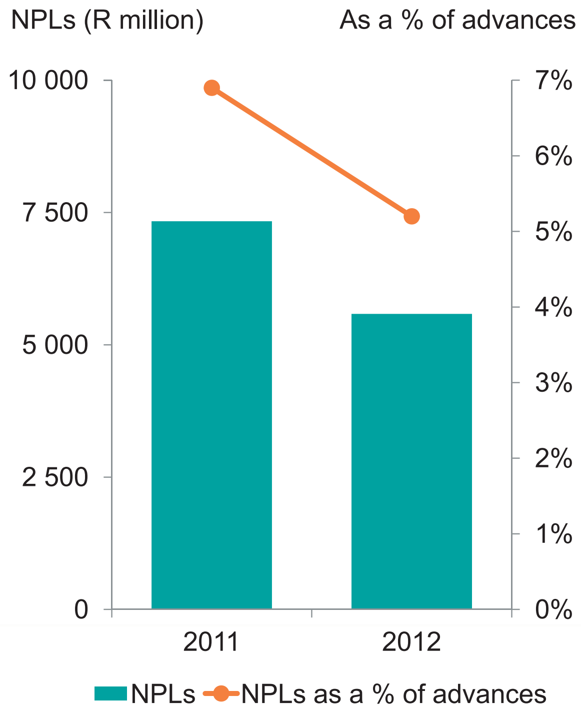


Secured Unsecured*

- Deliberate strategy towards unsecured lending given ROE focus
- Secured lending repriced above hurdle at origination will take longer given maturity profile of existing book

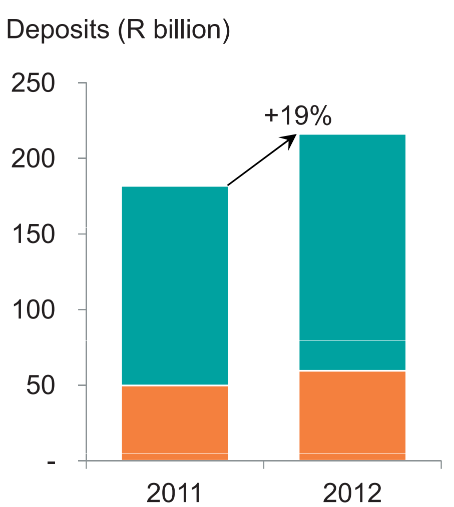
** Unsecured includes partially secured Commercial overdrafts and term loans*

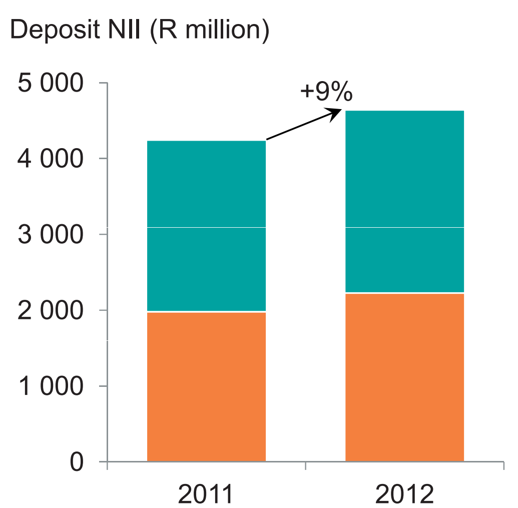
"First loss is best loss" strategy validated in HomeLoans



- HomeLoans NPLs have reduced by over R1.7 billion in the 2012 financial year
  - Acted early in 2008, taking medicine upfront
  - Offered customer solutions
    - QuickSell
    - QuickFix
  - Restructures still classified as NPLs
- Total SA PIPs only R100 million (594 properties)

Strong deposit growth offsets lower margins

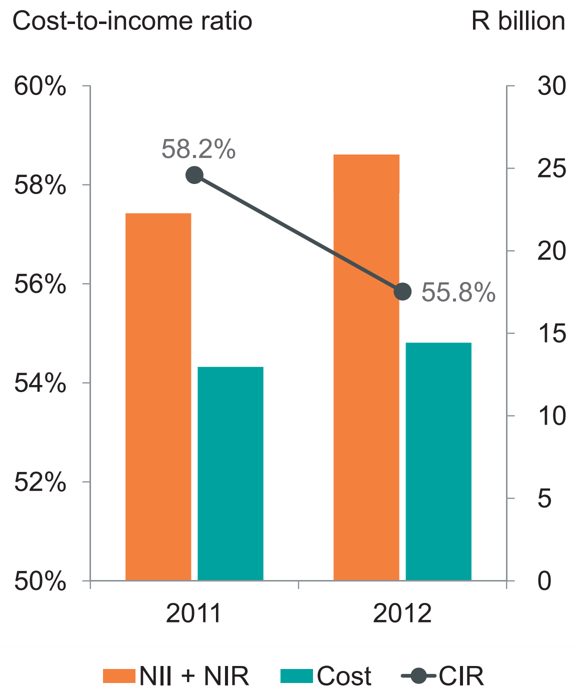




Endowment Investment

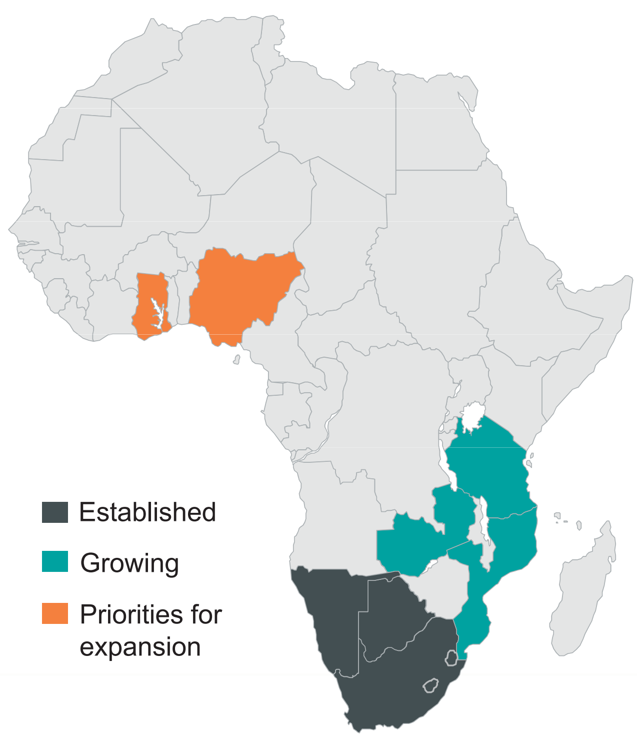
- Endowment growth through transactional account acquisition
- Although unhedged, lower margin of endowment book offset by volume
- Investment product growth due to deliberate reduction of reliance on wholesale
- Commercial +R15.2 billion and Wealth +46%

Cost containment is a strategic imperative

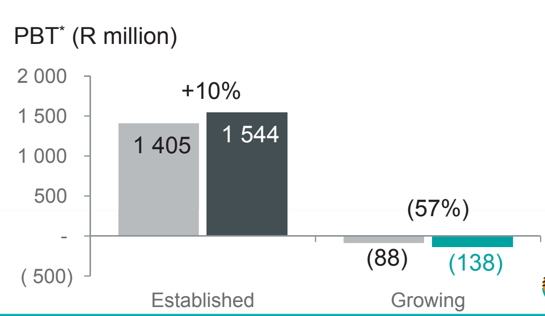


- Cost-to-income ratio reduction due to
  - Strong topline growth
    - NIR and NII up 16%
  - Good cost control
    - Core costs up 9%
- Branch costs flat reflecting move to electronic channels
- Investments in growth areas
  - Online banking
  - Cellphone banking
  - Premier relationship managers
  - EasyPlan

Platforms outside of SA remain a key focus area



- FRB India
  - First retail branch opened in Mumbai in April 2012
- FNB Africa
  - Established subsidiaries
    - Namibia, Botswana, Swaziland, Lesotho
  - Growing subsidiaries
    - Zambia, Tanzania, Mozambique

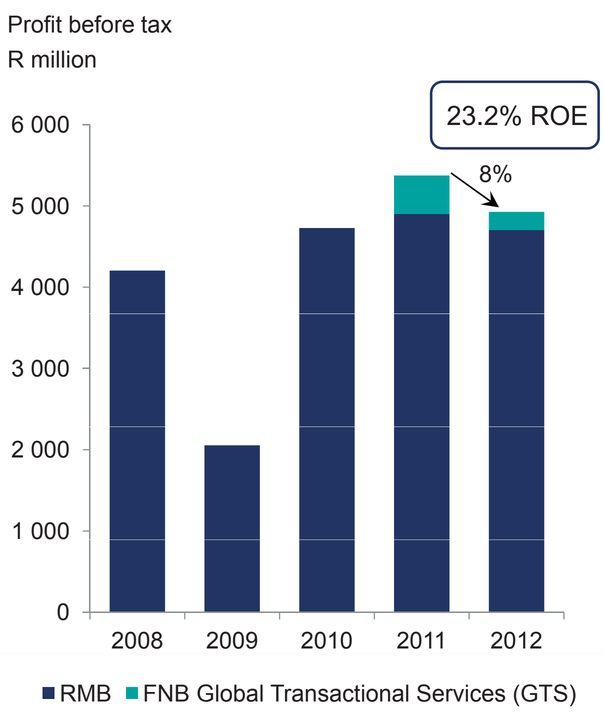


* *Excludes profit on sale of MMI Namibia and profit on sale of VISA shares*

Prospects

- Growth to be largely driven by transactional accounts and deposits
- Retail: superior value proposition and innovation will continue to drive customer acquisition, deposit growth and NIR
- Business: extension of existing retail offering into business and commercial segments a major drive for the year ahead
- Continue to grow and leverage platforms in India and the rest of Africa

Acceptable performance from RMB given the base



Characterised by:

+ Strong balance sheet growth
+ Increasing contribution from Africa and corridor activity
+ Increased focus on capital allocation, growth and efficiencies
– Poor performance from RMB Resources due to weaker markets

RMB

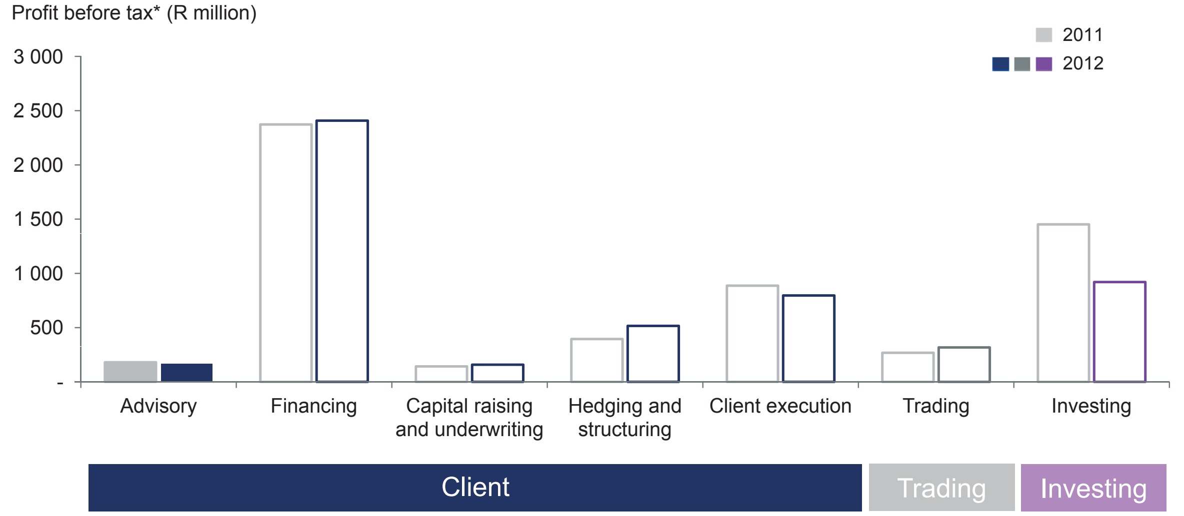
Performance driven by client franchise

Profit before tax* (R million)

** Based on risk-centric view of earnings. Excludes legacy and head office.*

Advisory revenues held up well

Profit before tax* (R million)

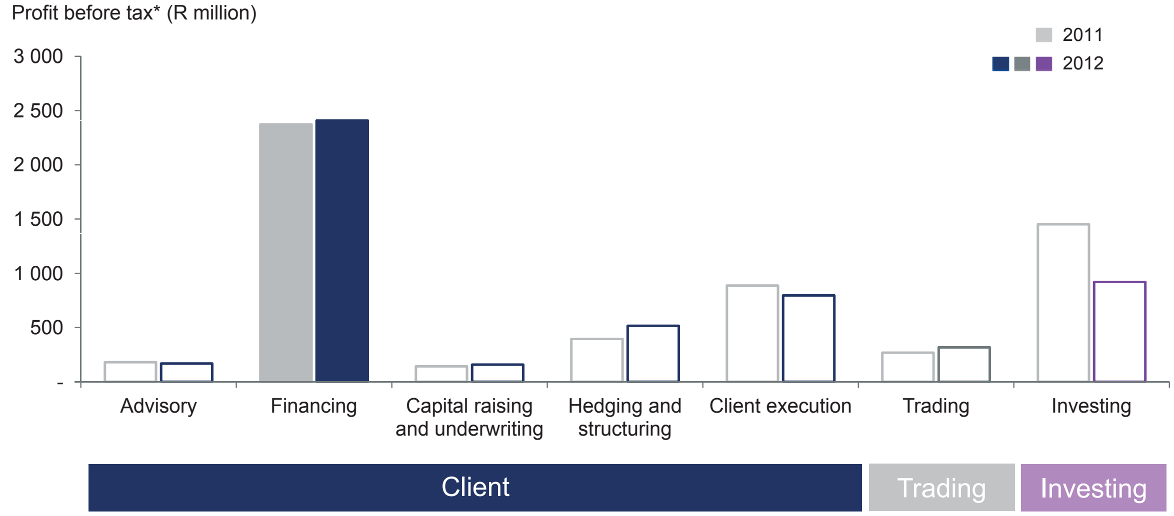


\+ Cross-border mandates contributed to growth

– Corporate activity remains soft

** Based on risk-centric view of earnings. Excludes legacy and head office.*

Continued strong growth in lending activities

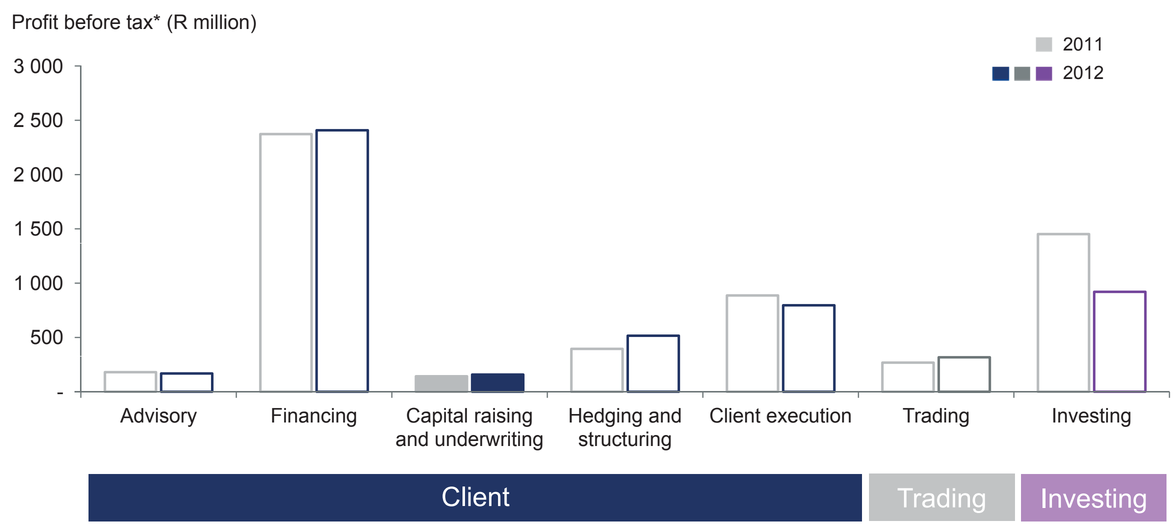


+ Good growth in balance sheet – core CIB wholesale loan book grew 21%
+ Growth achieved whilst maintaining quality of portfolio
– Declining lending margins

** Based on risk-centric view of earnings. Excludes legacy and head office.*

RMB

Mixed picture in capital markets activities

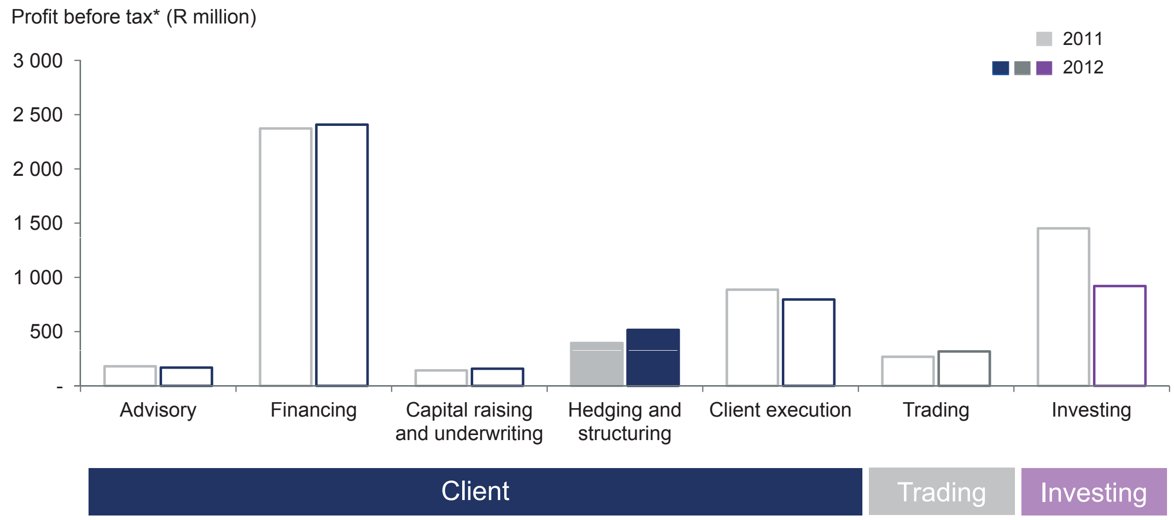


+ Higher volumes of DCM transactions
– Decline in ECM activity

** Based on risk-centric view of earnings. Excludes legacy and head office.*

RMB

FICC drives hedging and structuring performance

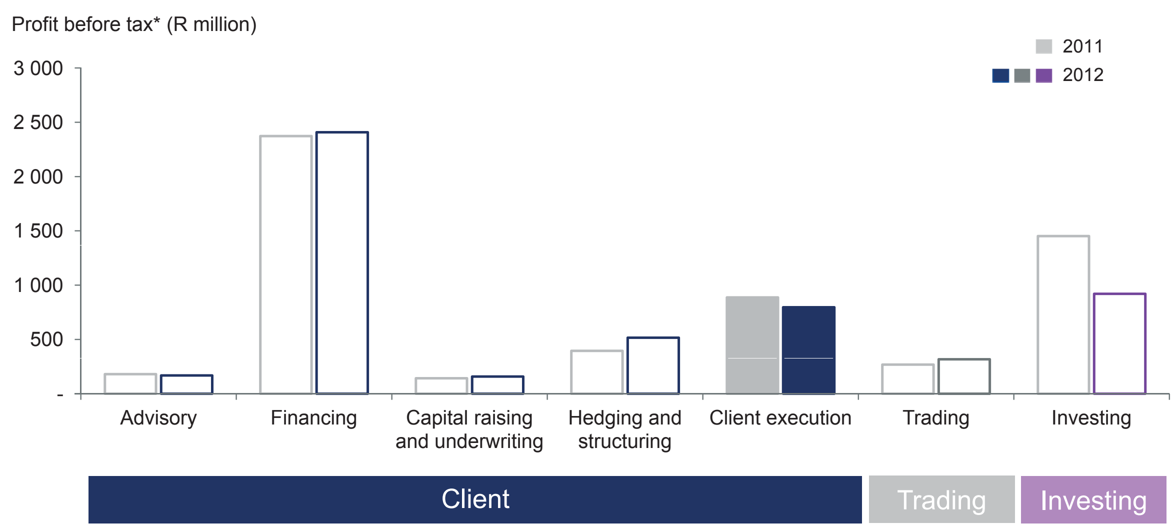


+ Increased hedging and structuring activity across currencies, fixed income and credit
+ Solid growth in IBD and Equities activities

** Based on risk-centric view of earnings. Excludes legacy and head office.*

RMB

Client execution buoyed by currency activities

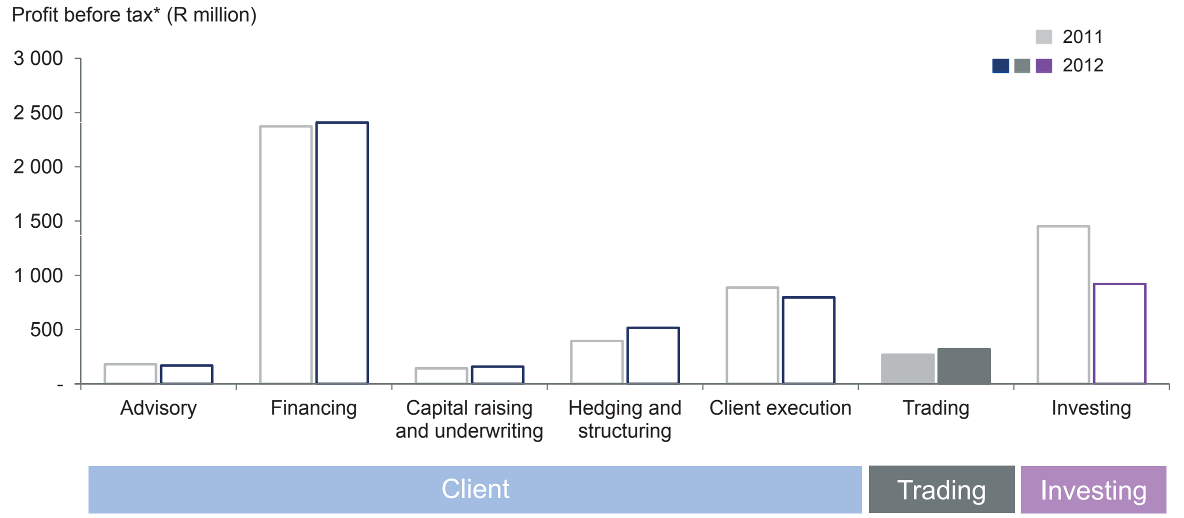


+ Good growth in client flows especially currencies
+ Growing contribution from Africa – 91% up on prior year
– Pressure on domestic margins

** Based on risk-centric view of earnings. Excludes legacy and head office.*

RMB

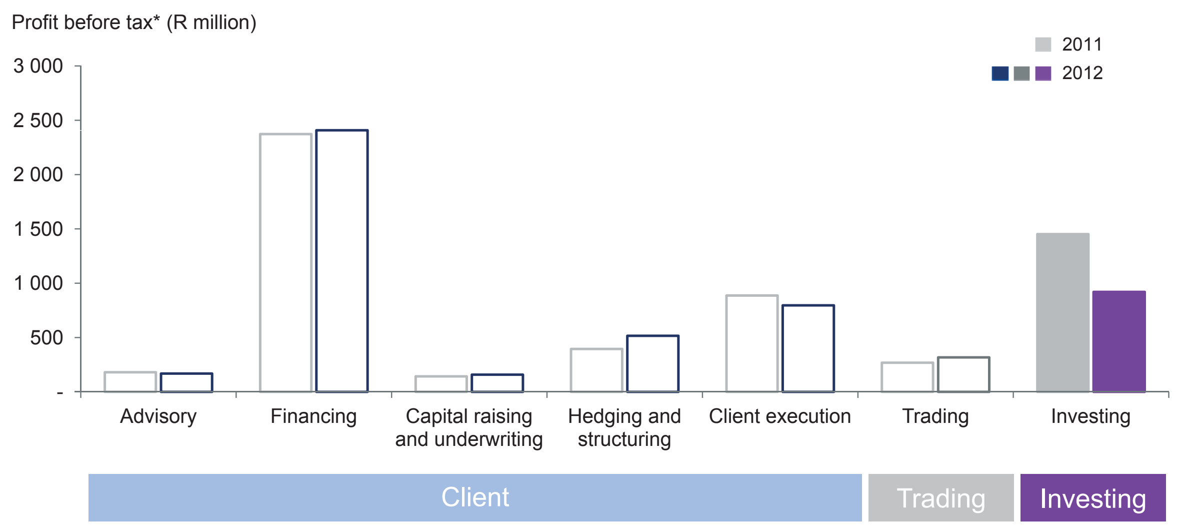
Trading results higher, but mixed picture



- \+ Strong performance from FICC, particularly in currencies and commodities
- – Poor Equities trading performance
- Review of business activities in light of regulatory changes led to decision to exit outright proprietary trading activities with the majority of exposures realised by 30 June 2012

** Based on risk-centric view of earnings. Excludes legacy and head office.*

Strong PE results dampened by Resources losses



- \+ No material realisations, income from private equity investments held up well
- \+ Approximately R2 billion of investments during the period, unrealised profits grew to R1.6 billion (2011: R1.2 billion)
- – Unrealised mark-to-market losses in RMB Resources

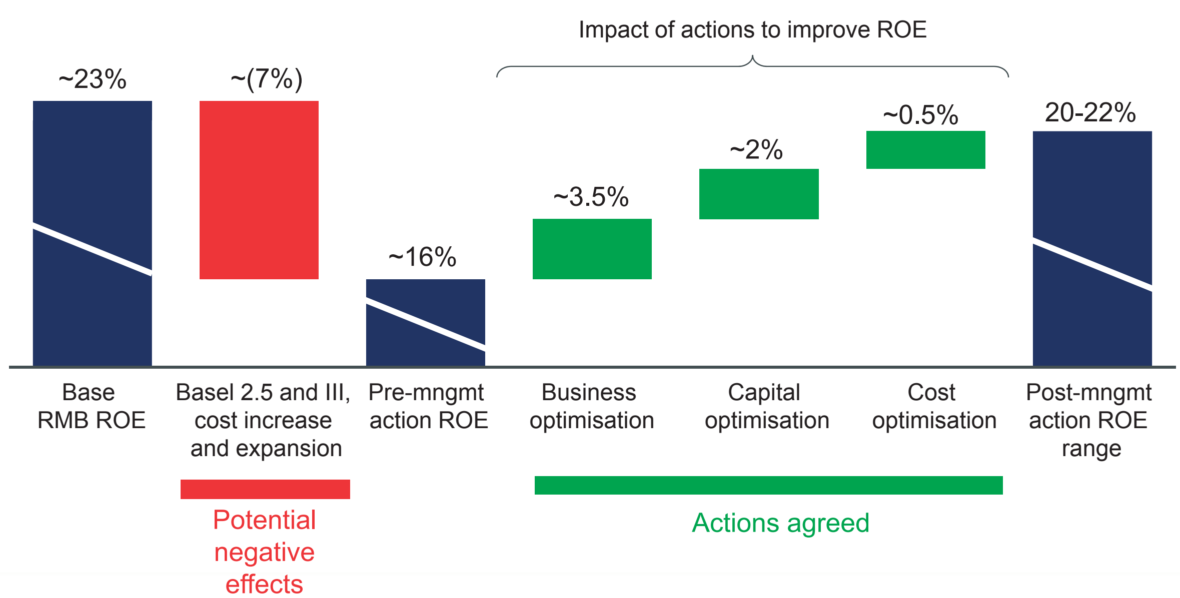
** Based on risk-centric view of earnings. Excludes legacy and head office.*

Progress on strategy – rebalancing portfolio and improving quality of earnings

* *Based on gross revenue. Excluding Legacy.*

RMB

Management action on three fronts to protect ROE



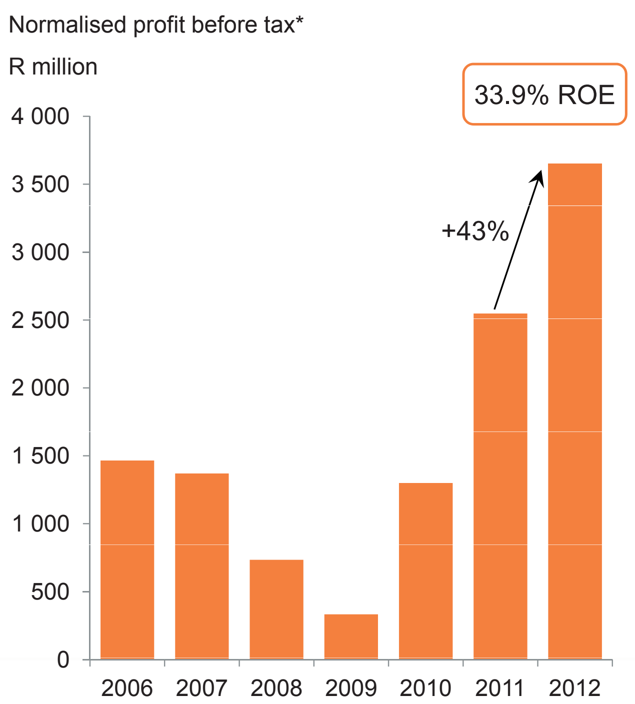
RMB

Prospects

- Continue to grow client franchise and maintain market-leading position
- Continued balance sheet growth
- Grow franchises in the rest of Africa and corridors
- Contain domestic cost growth
- Leverage early response to regulatory change

RMB

WesBank: leaders in instalment finance



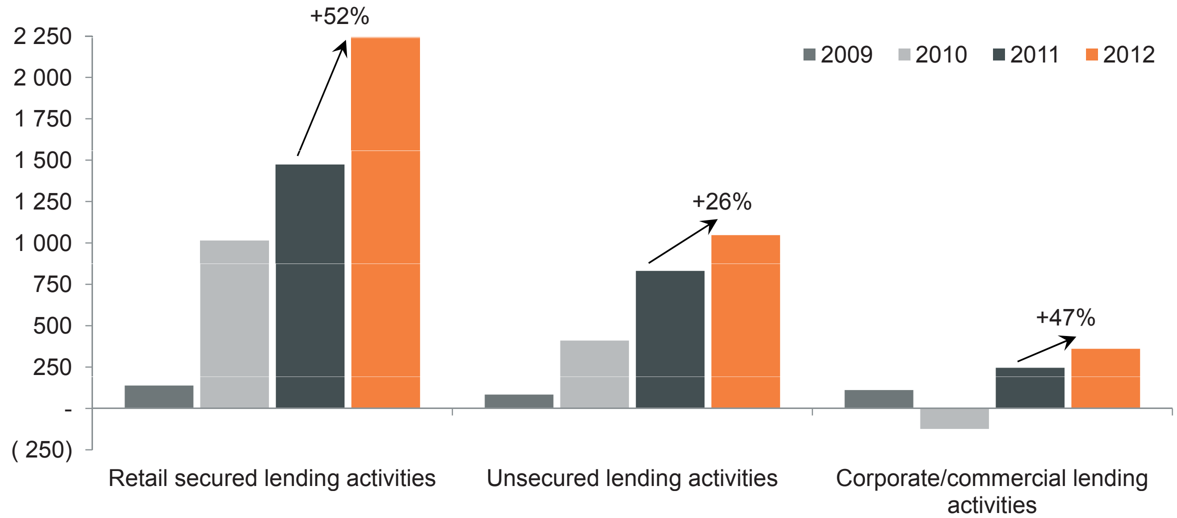
Characterised by:

+ Strong new business origination
+ Sustained interest margins
+ Bad debt improvements
+ Excellent NIR generation
+ Outstanding performance from MotoNovo Finance (UK)
+ Cost management

** Excludes R203 million loss on sale of Motor One Finance in 2009 and R540 million profit on sale of Tracker and Ronald Sewells in 2012.*

Where the profits came from

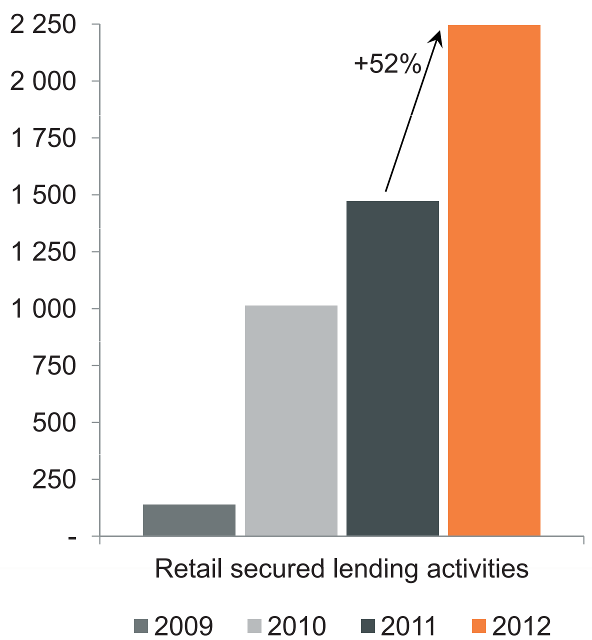
Profit before tax (R million)



- Good growth in profitability across all portfolios
- Retail currently dominant contributor, corporate to improve and grow

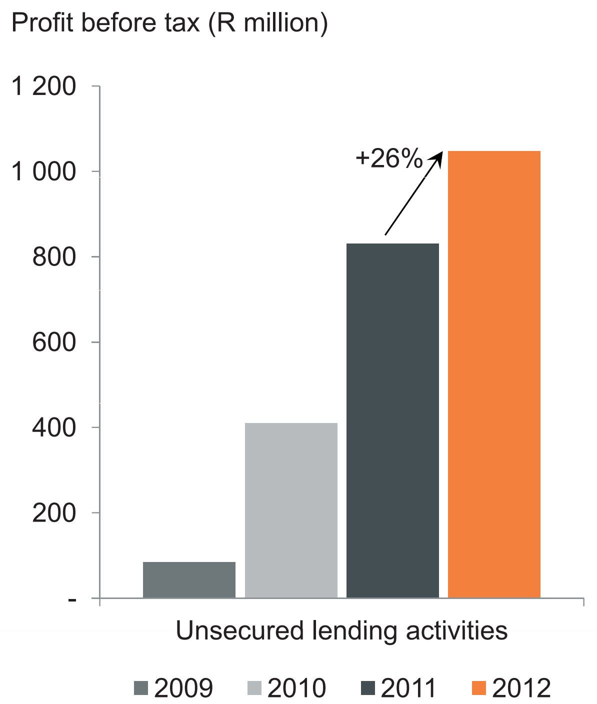
Retail secured lending – vesting of long-term strategy

Profit before tax (R million)



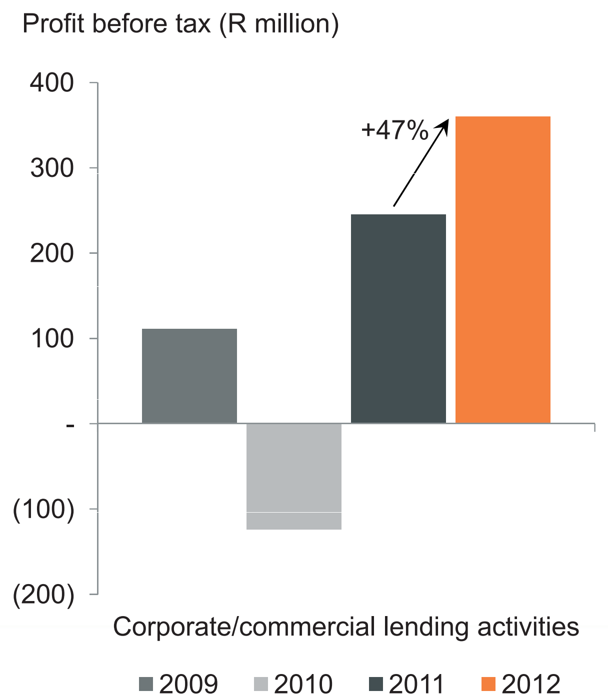
- Strong book growth and new business origination (20% up)
- Partnership strategy delivers consistent volume and quality
- Solid growth in NIR through fees and insurance
- Impairments at low levels, unlikely to reduce any further
- Excellent contribution of R296m from MotoNovo

Unsecured lending delivers good growth



- Track record in the unsecured lending middle market
- Proven behavioural scorecards
- Advances growth good, but below market sector growth
- New business volumes up 17% year-on-year
- Expected modest increases in impairments well within tolerances

Corporate and commercial lending: opportunity knocks



- Positive performance trend
- New business volumes up 15% and set to gather momentum
- Arrear inflows at historic lows, bad debts set to reduce further
- Good growth in the large corporate environment
- Traction in FMR offerings
- Slow growth in advances after three years of contraction

Prospects

- Advances and profit growth at lower levels
- Gradual increase in impairments in retail portfolios
- Momentum in corporate and commercial markets
- Additional front and back office efficiencies
- Continued credit profile discipline
- MotoNovo expected to continue to deliver

progress on growth strategies outside SA

SIZWE NXASANA

Building out the current African footprint

- Expanding branch network in new territories resulting in customer and transactional volume growth
- FNB introducing innovation – cellphone banking and eWallet
- RMB deploying global markets and investment banking skills into established and new territories
- RMB opened rep office in Kenya
  - Will market corporate products and services
  - Conduit for transactions between east African region and India

Large, high-growth countries present acquisition opportunities

- Ghana
  - Made an offer for Merchant Bank Ghana
    - Medium-sized retail and commercial bank with 22 branches
    - Well-established client base and deposit franchise
    - Ranked amongst the top ten banks in Ghana
  - Excellent platform for FNB and RMB to rollout products and services
- Nigeria
  - Continue to focus on entry strategy
  - RMB received approval in principle for merchant banking licence
  - Looking for opportunities to acquire platform for retail and commercial activities

India – focus shifts from corridor strategy to in-country opportunity

- India
  - RMB has established a track record in corporate and investment banking
  - Appropriate platform to launch more comprehensive range of banking products and services
  - FNB has opened first retail branch in Mumbai, operations branded FRB
    - Greenfields strategy = incremental investment
    - Reliance on established, home-grown systems and processes
    - Focus on introduction and growth of innovative products and channels
    - Exploring partnerships and alliances
- China
  - Remains corridor strategy with relationships driving deal pipeline for RMB

In conclusion

- Macroeconomic environment will be tougher in SA
- Franchise strategies are compelling
- Remain confident that we can outperform macros

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