

results presentation

6 MONTHS ENDED
31 DECEMBER 2012



FIRSTRAND

introduction

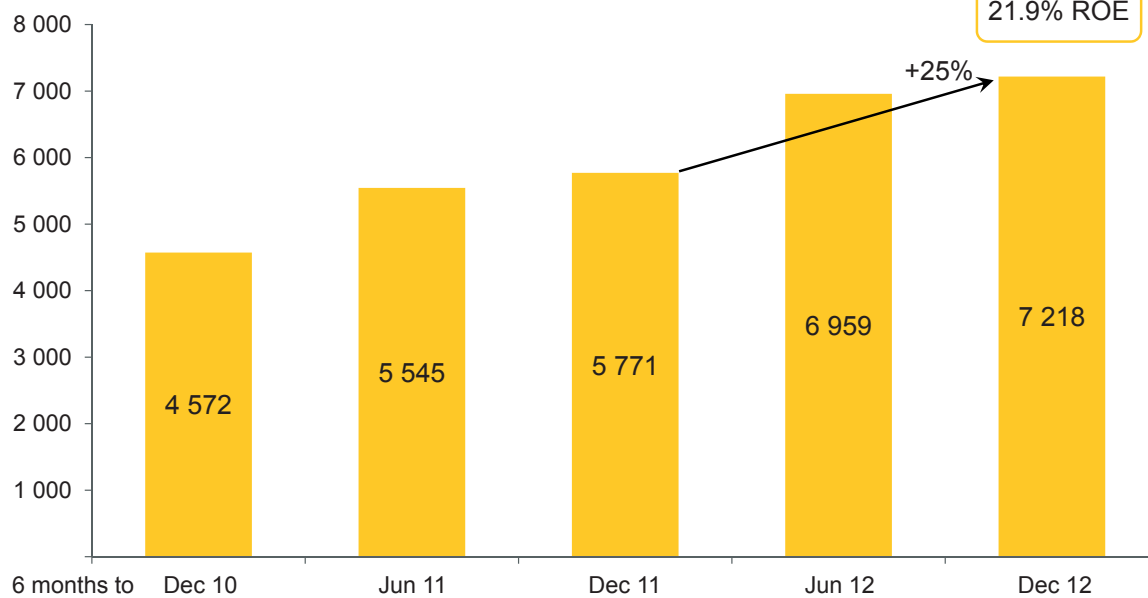
SIZWE NXASANA



Good growth in topline and profitability

Normalised earnings*

R million



* Excludes contributions from Momentum and OUTsurance



Despite moderate economic activity, business remained resilient

Operating environment	Business impact
Interest rates remained low	<ul style="list-style-type: none"> + Satisfactory advances growth - Impairments slightly on the rise, but in line with expectations - Negative endowment impact (average repo rate 45 bps lower)
Low GDP growth in SA	- Corporate activity remained muted, but RMB captured good share
Real disposable income remained resilient	+ 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 organic growth in FNB Africa



Franchises continued to outperform macros

Profit before tax (R million)	Dec 12	Dec 11	Change
FNB	5 777	4 895	▲ 18%
RMB	2 460	1 979	▲ 24%
WesBank	1 961	1 688	▲ 16%



financial review

JOHAN BURGER



Performance highlights

	Dec 12	Dec 11	Change
Normalised earnings (R million)	7 218	5 771	▲ 25%
Diluted EPS (cents)	128.0	102.4	▲ 25%
Return on equity (%)	21.9	19.5	▲
Net asset value per share (cents)	1 200.6	1 053.0	▲ 14%
Dividend per share (cents)	55	44	▲ 25%



Key performance ratios

	Dec 12	Dec 11	Change
Return on equity (%)	21.9	19.5	▲
Return on assets (%)	1.81	1.58	▲
Credit loss ratio (%)	0.91	0.80	▲
Cost-to-income ratio (%)	53.7	55.0	▼
Tier 1 ratio (%)	13.4	14.0	▼
Core Tier 1 ratio (%)	12.5	13.0	▼
Net interest margin (%)	4.91	4.64	▲
Gross advances (R billion)	575	508	▲ 13%



Consistent strategies are driving performance

Earnings resilience (income statement)		<ul style="list-style-type: none"> • diversification • client franchise businesses • risk-adjusted margins • positive operating jaws
Balance sheet strength	Asset quality	<ul style="list-style-type: none"> • maintain focus on quality of new business across segments • improving NPLs and coverage ratios • appropriate action in retail new business origination
	Liabilities and equity	<ul style="list-style-type: none"> • grow the deposit franchise and improve liquidity profile • maintain strong capital position post-Basel III
Quality of returns (performance management)		<ul style="list-style-type: none"> • maintain ROE within target range with focus on ROA, not gearing

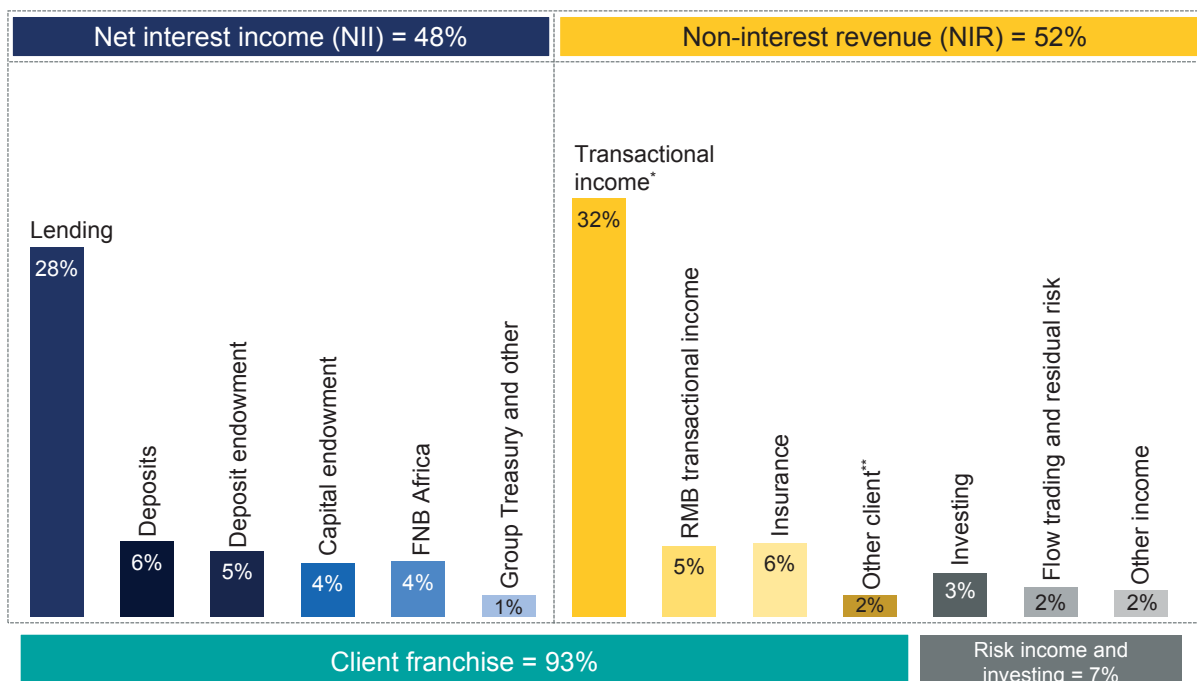


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Client franchise contributes 93% of gross revenue

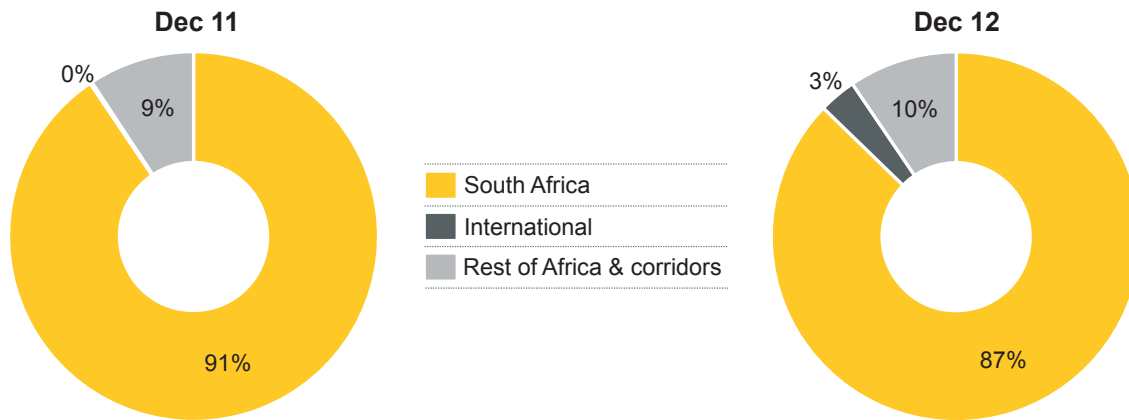


* From retail, commercial and corporate banking

** Includes WesBank associates



Geographic diversification is a long-term strategy...

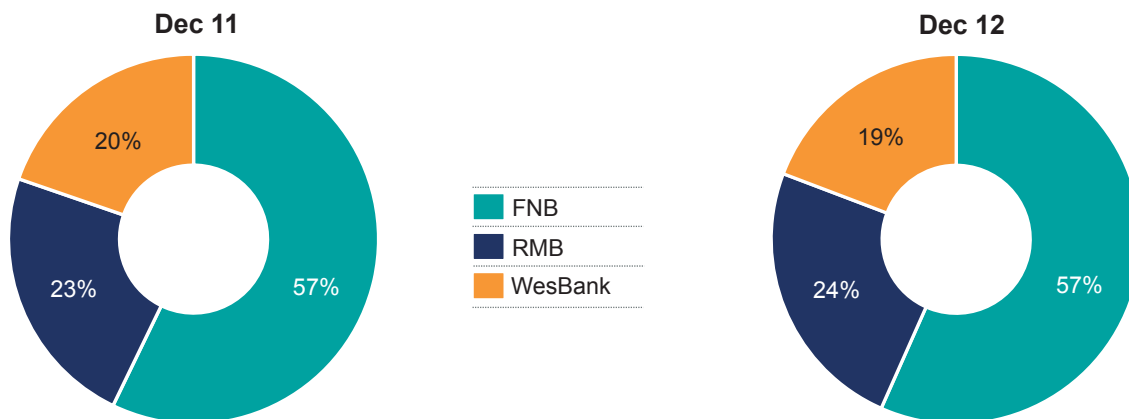


...as South Africa still dominates

Based on gross revenue, excluding Corporate Centre and consolidation adjustments



Franchises provide diversification and relative contribution stable



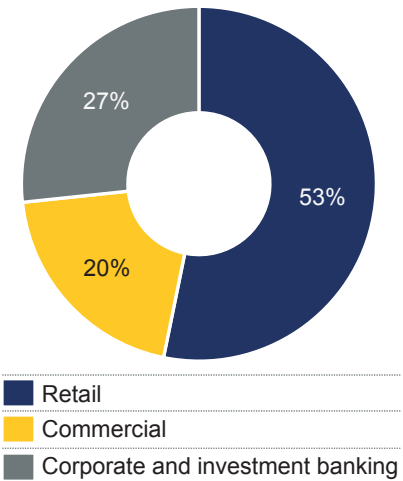
Based on PBT, excluding Corporate Centre and consolidation adjustments



Segment diversification reflects structure of SA growth profile and relative positioning

Normalised earnings (R million)	Dec 12	Dec 11	Change
Retail	3 923	3 033	▲ 29%
Commercial*	1 490	1 520	▼ (2%)
Corporate and investment banking**	1 969	1 455	▲ 35%
Other	(164)	(237)	▲ (31%)
Total normalised earnings	7 218	5 771	▲ 25%

Normalised earnings mix#



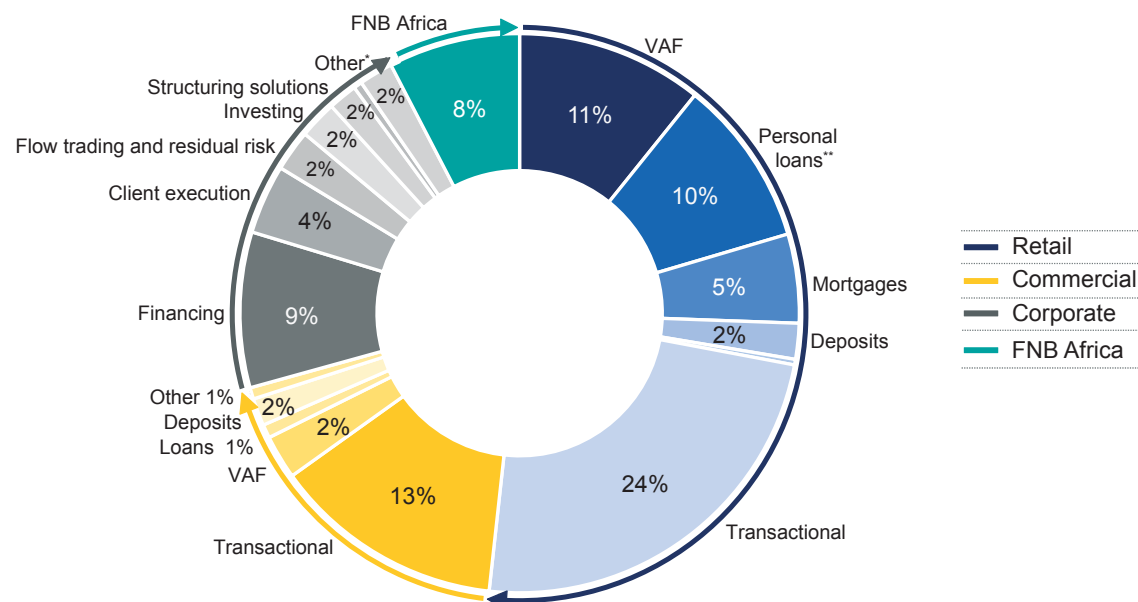
* Commercial = FNB Commercial and WesBank Corporate (refer to p. 10 of the Analysis of financial results booklet)

** Corporate and investment banking = RMB Corporate banking and Investment banking (refer to p. 10 of the Analysis of financial results booklet)

Excludes FirstRand and dividends paid on NCNR preference shares, Corporate Centre and consolidation adjustments



Product diversification underpins quality of earnings



* Includes VAF Corporate

** Includes WesBank personal loans

Based on gross revenue, excluding Corporate Centre and consolidation adjustments



Detailed income statement

Normalised (R million)	Dec 12	Dec 11	Change
Net interest income before impairment of advances	13 606	11 905	14%
Impairment of advances	(2 518)	(1 961)	28%
Net interest income after impairment of advances	11 088	9 944	12%
Non-interest revenue*	14 526	11 738	24%
Income from operations	25 614	21 682	18%
Operating expenses	(15 120)	(12 995)	16%
Income before tax	10 494	8 687	21%
Taxation**	(2 904)	(2 435)	19%
Other#	(372)	(481)	(23%)
Normalised earnings	7 218	5 771	25%

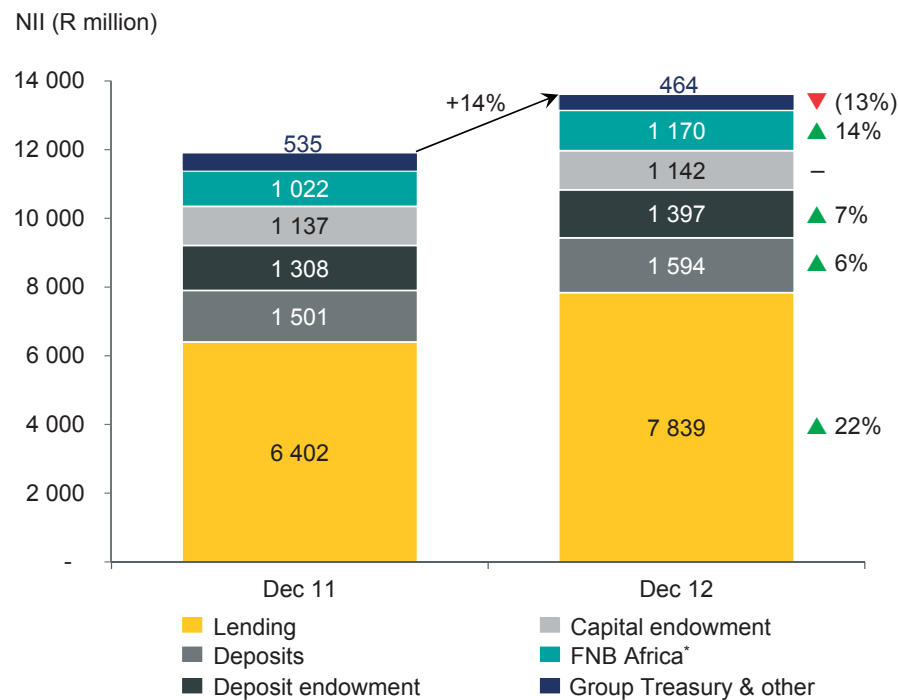
* Includes share of profit from associates and joint ventures after tax

** Includes direct and indirect tax

Includes NCNR preference shareholders, headline and normalised earnings adjustments and non-controlling interests



Lending still dominates net interest income



* Reflects statutory view



Balance sheet mix drives margin, but rolling six months margins remain stable

	Year-on-year Dec 11 to Dec 12		Rolling 6 months Jun 12 to Dec 12	
	Dec 11	4.64	Jun 12	4.92
Normalised margin (%)				
Accounting mismatches		0.09		0.01
		4.73		4.93
Capital and deposit endowment		(0.09)		(0.04)
Advances		0.20		0.02
Changes in balance sheet mix		0.25		0.10
Asset pricing		(0.09)		(0.12)
Basis risk movement		0.04		0.04
Liabilities		-		(0.08)
Changes in balance sheet mix (deposits)		0.06		0.02
Changes in balance sheet mix (capital)		0.01		(0.01)
Liquidity improvement		-		(0.06)
Deposit pricing		(0.07)		(0.03)
Interest rate risk hedges		0.07		0.08
Dec 12 normalised margin		4.91		4.91



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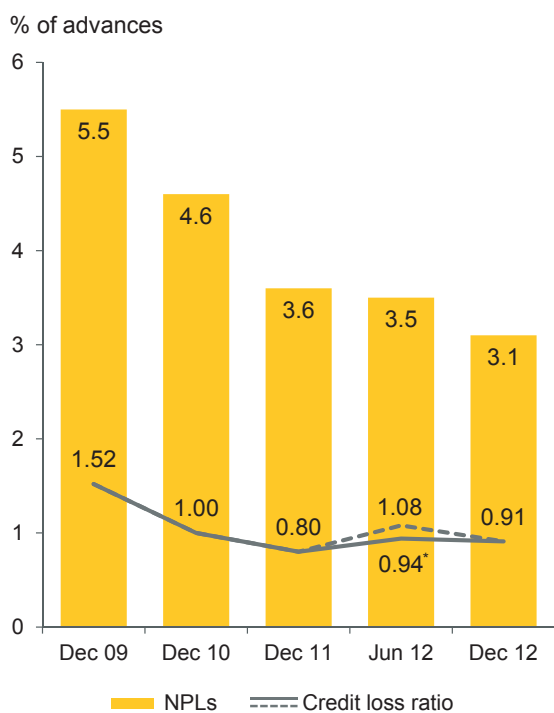
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Impairment trend in line with cycle and portfolio expectations



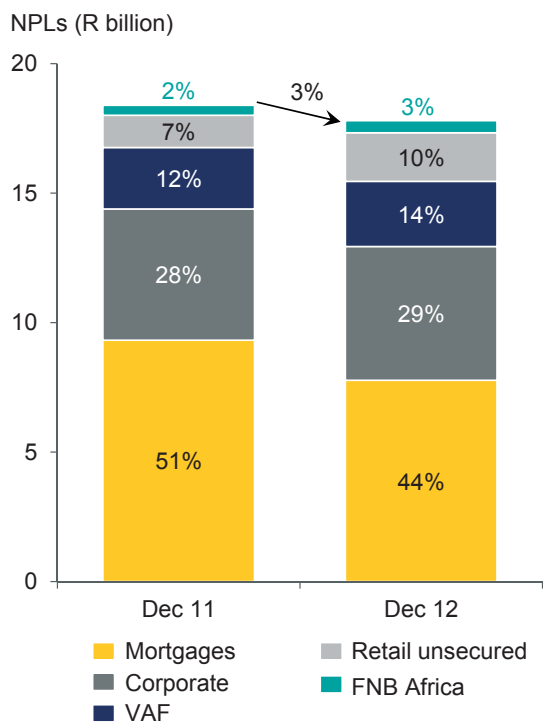
Credit loss ratio (%)	Dec 11	Jun 12	Dec 12
Retail – secured	0.64	0.58	0.92
Residential mortgages	0.56	0.56	0.39
VAF	0.80	0.62	0.98
Retail – unsecured	4.54	5.37	6.65
Credit card	0.38	0.24	0.03
Personal loans**	7.29	8.18	9.81
Retail - other	7.55	10.51	10.84
Corporate	0.45	0.47	0.45
FNB Africa	0.30	0.50	0.66
	0.74	0.79	0.91
Central portfolio overlays	0.06	0.15	-
Core impairment charge	0.80	0.94	0.91
Special impairment charge	-	0.14	-
Total impairment charge	0.80	1.08	0.91

* Includes central portfolio overlays (Jun 12 = 15bps)

** Includes FNB loans and WesBank loans



NPLs declining but coverage ratios strengthened...



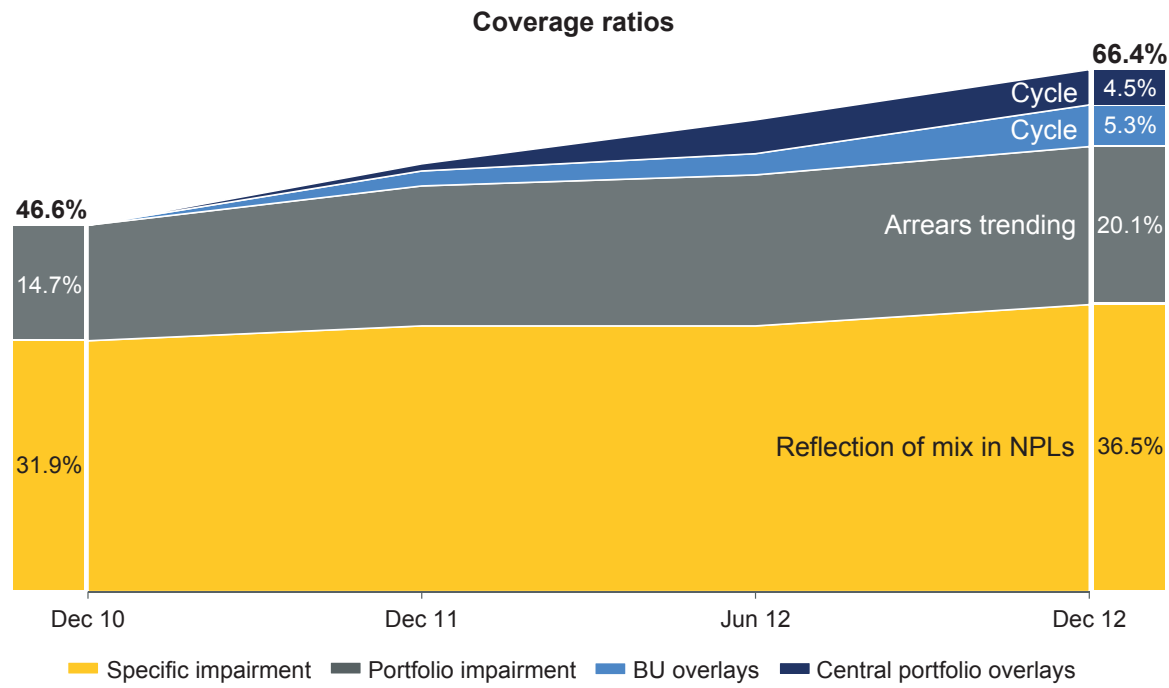
Coverage ratio (%)	Dec 11	Jun 12	Dec 12
Retail – secured	23.2	23.5	23.9
Residential mortgages	19.6	19.9	20.8
VAF	37.6	35.2	33.5
Retail – unsecured	79.6	79.6	79.4
Credit card	68.2	65.7	70.0
Personal loans*	84.1	80.8	80.0
Retail – other	79.7	89.3	84.8
Corporate	45.9	41.2	46.0
FNB Africa	48.7	48.0	35.6
Specific impairments	33.8	33.8	36.5
Portfolio impairments**	20.6	26.2	29.9
Total coverage ratio	54.4	60.0	66.4

* Includes FNB loans and WesBank loans

** Includes central portfolio overlays

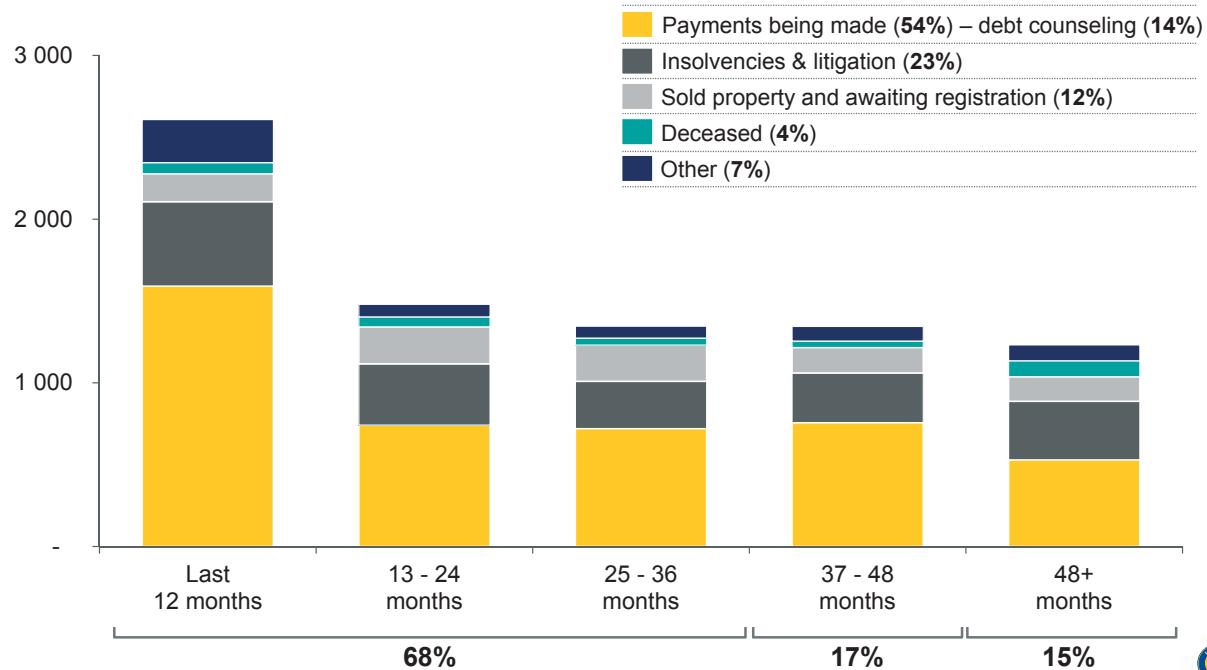


...driven by portfolio provisioning, not risk in NPLs



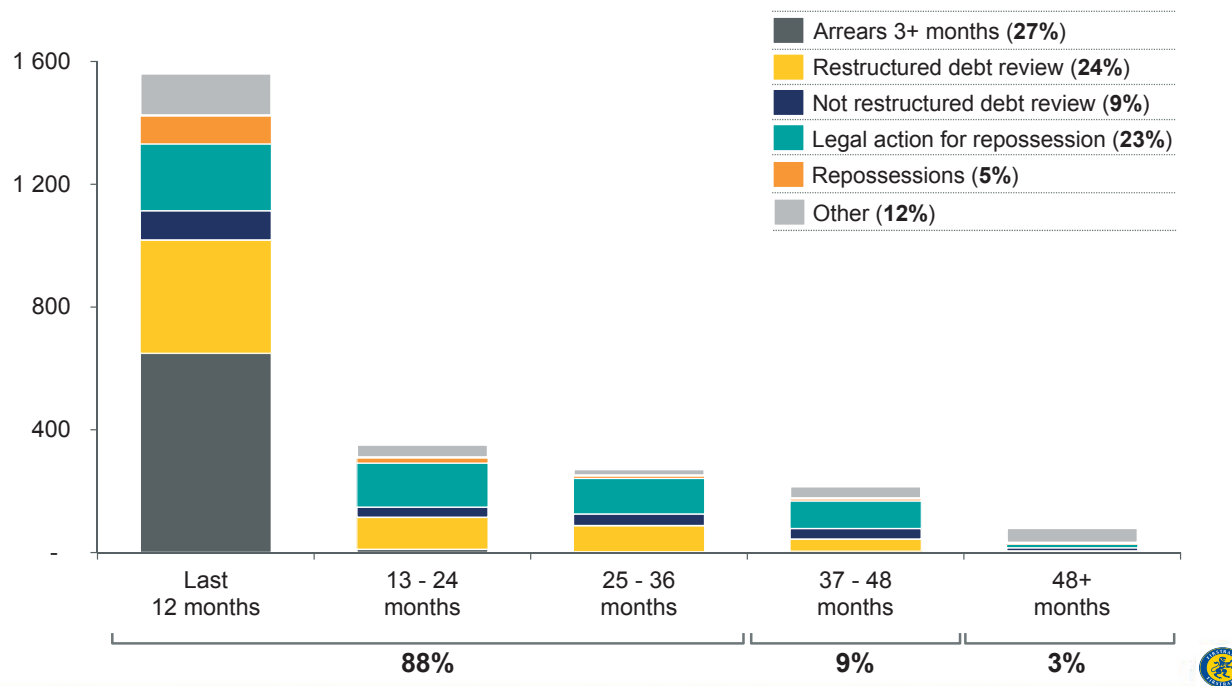
Paying customers and delayed workouts "inflate" NPLs

Residential mortgages NPLs (R million)



Paying customers and delayed workouts “inflate” NPLs

WesBank VAF NPLs (R million)



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Non-interest revenue growth driven by client franchise strategies

R million	Dec 12	Dec 11	Change
Retail, commercial and corporate banking	10 441	9 312	▲ 12%
Investment banking	2 202	1 741	▲ 26%
Private equity activities	590	268	▲ >100%
Investment income	338	(27)	▲ (>100%)
Other income	955	444	▲ >100%
Non-interest revenue	14 526	11 738	▲ 24%



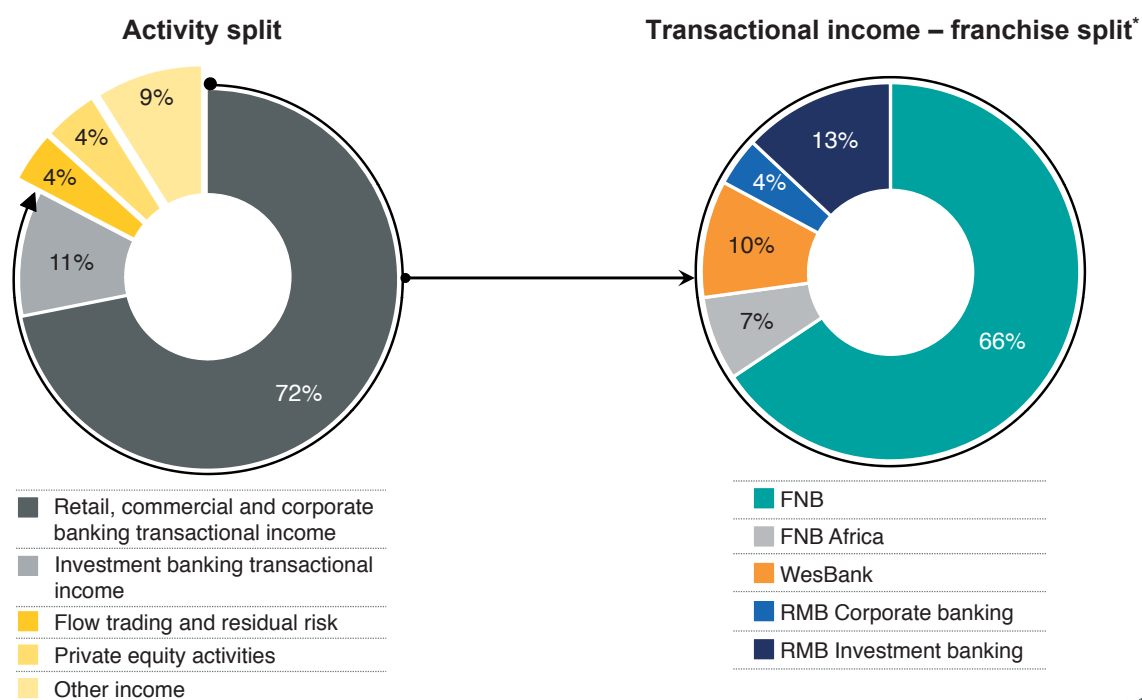
Unpacking transactional NIR by product and segment demonstrates quality

R million	Dec 12	Dec 11	Change
Retail, commercial and corporate banking	10 441	9 312	▲ 12%
Bank commission and fee income	8 454	7 531	▲ 12%
Management fees*	420	379	▲ 11%
Insurance income	1 567	1 402	▲ 12%
Investment banking	2 202	1 741	▲ 26%
Client solutions and advisory	1 229	974	▲ 26%
Client flow and residual risk	1 062	592	▲ 79%
Other	(89)	175	▼ (>100%)
Transactional non-interest revenue	12 643	11 053	▲ 14%

* Includes knowledge-based fees



Level of annuity income underpins sustainability



* Excluding Corporate Centre and consolidation adjustments



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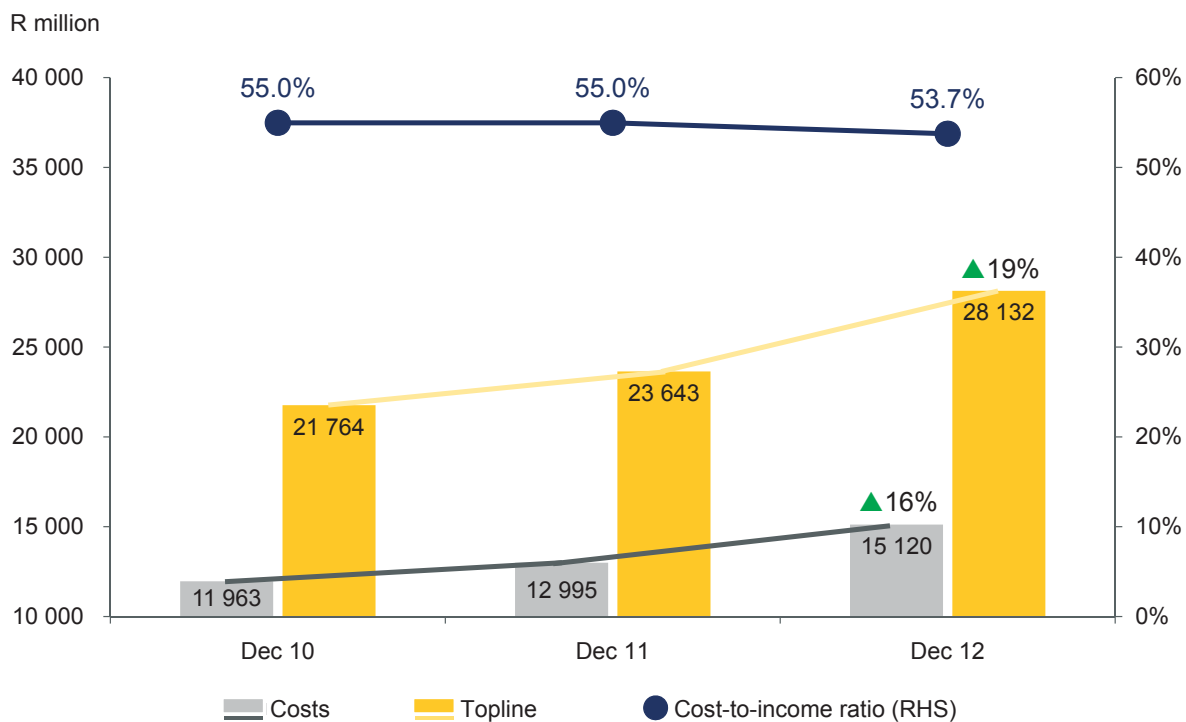
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Positive operating jaws remains a key focus



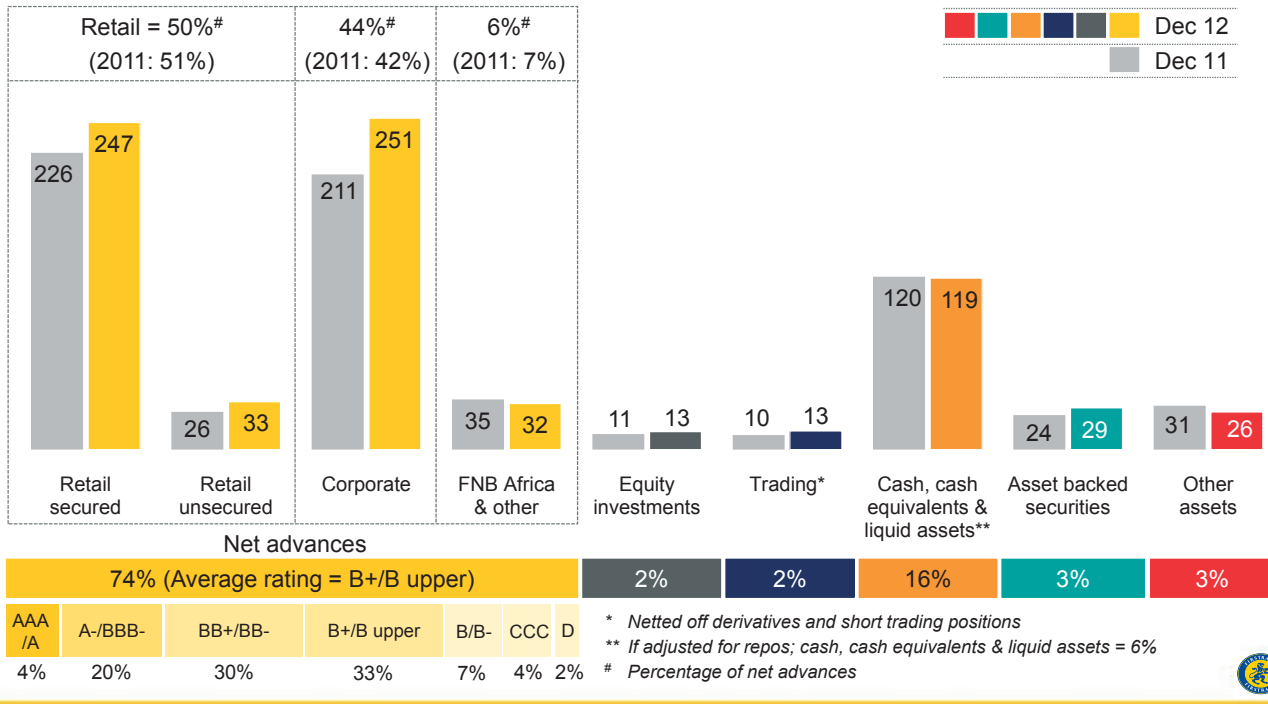
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Total assets dominated by a high-quality diversified portfolio of advances

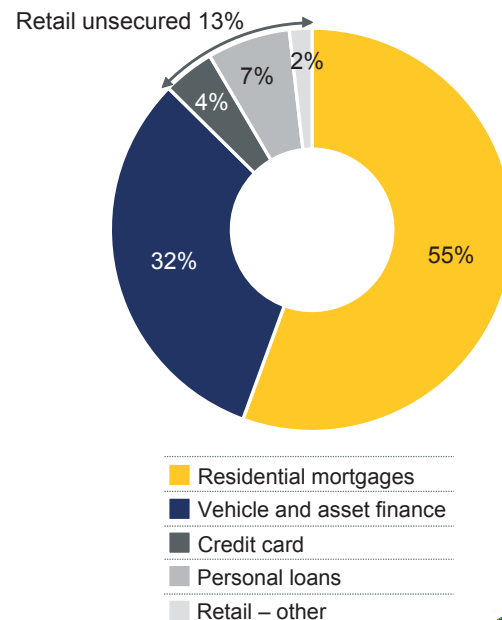
Assets (R billion)



Strong year-on-year growth in VAF and unsecured...

R million	Dec 12	Dec 11	Change
Residential mortgages	159 311	155 802	▲ 2%
Vehicle and asset finance	91 198	73 885	▲ 23%
Credit card	11 877	10 446	▲ 14%
Personal loans	19 061	14 892	▲ 28%
FNB Loans	12 587	9 415	▲ 34%
WesBank Loans	6 474	5 477	▲ 18%
Retail - other	5 207	2 723	▲ 91%
Total retail advances	286 654	257 748	▲ 11%

Retail advances breakdown



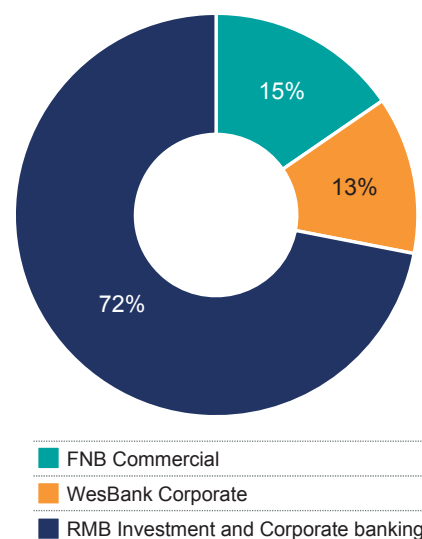
...but unsecured lending slowing



Successful lending strategies in RMB Investment banking and FNB Commercial

R million	Dec 12	Dec 11	Change
FNB Commercial	39 300	32 617	▲ 20%
Commercial property	11 462	9 341	▲ 23%
Term loans	12 046	9 506	▲ 27%
Overdrafts	15 792	13 770	▲ 15%
WesBank Corporate	32 269	31 351	▲ 3%
RMB Corporate banking	3 512	3 655	▼ (4%)
RMB Investment banking	179 964	147 535	▲ 22%
Core advances	135 759	115 030	▲ 18%
Repurchase agreements	44 205	32 505	▲ 36%
Total corporate advances	255 045	215 158	▲ 19%

Corporate advances breakdown



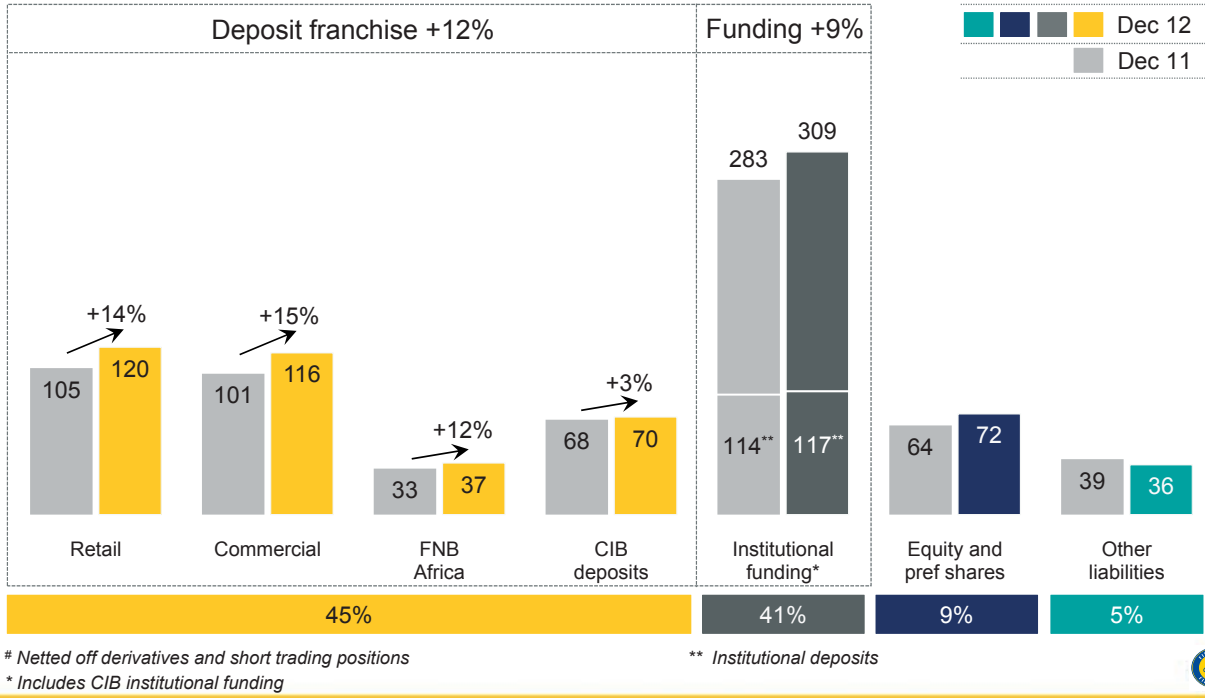
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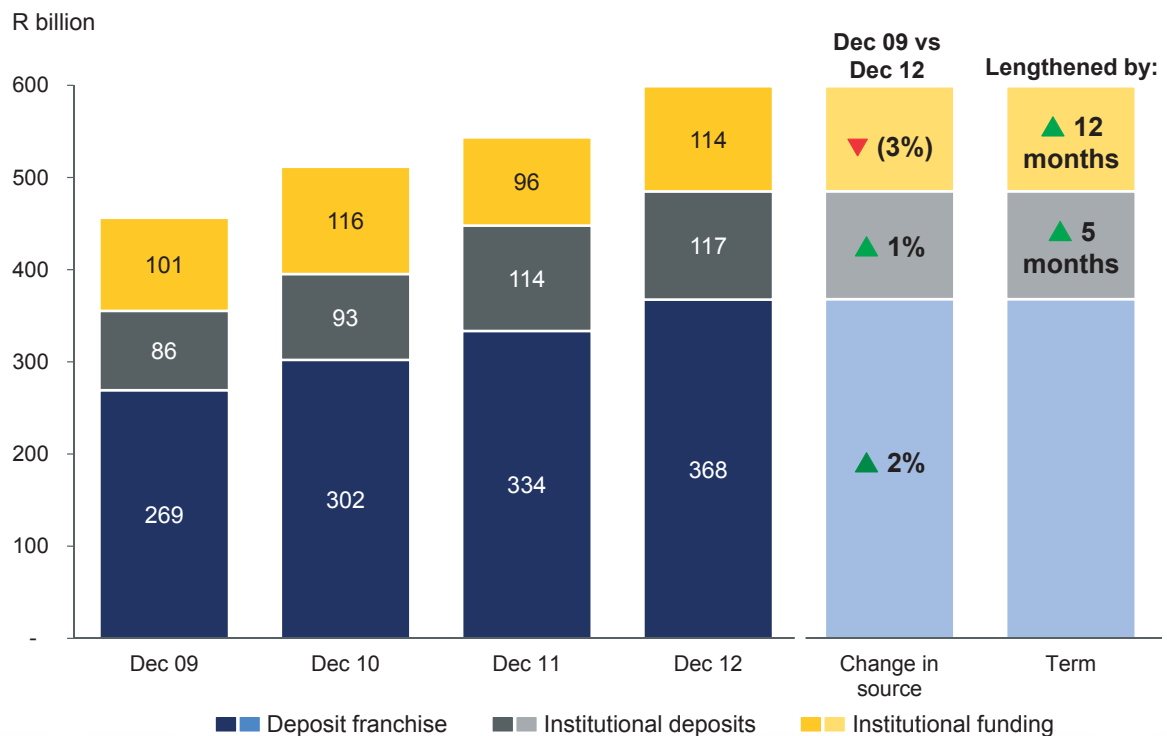


Strengthening deposit franchise and proactive liquidity management = improved liability profile

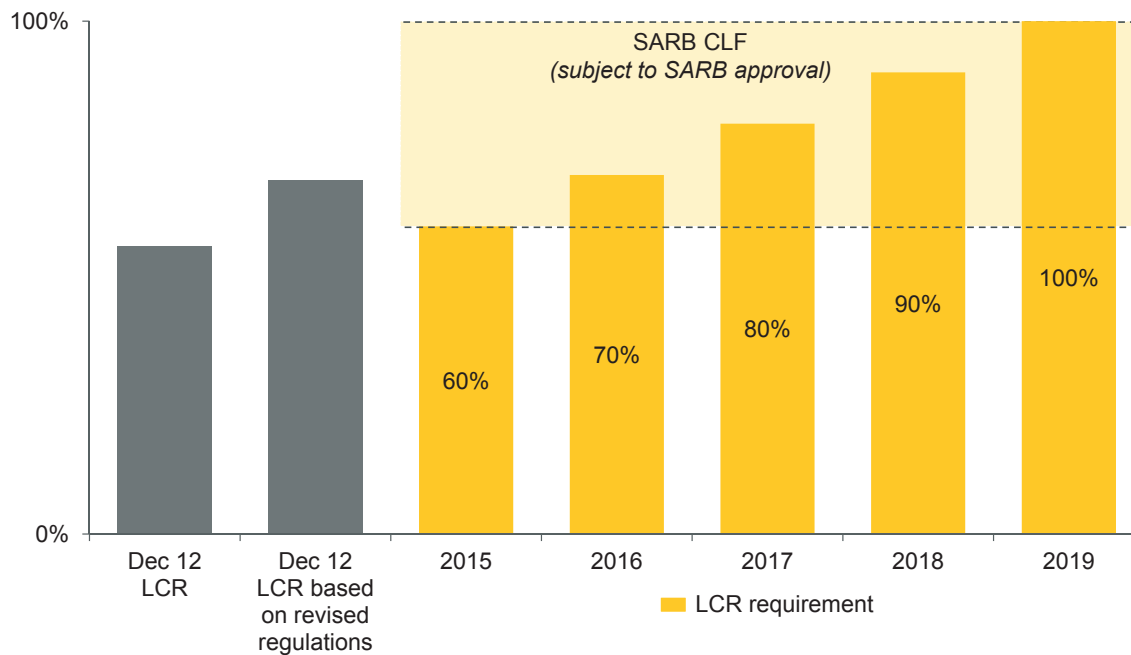
Liabilities# and equity (R billion)



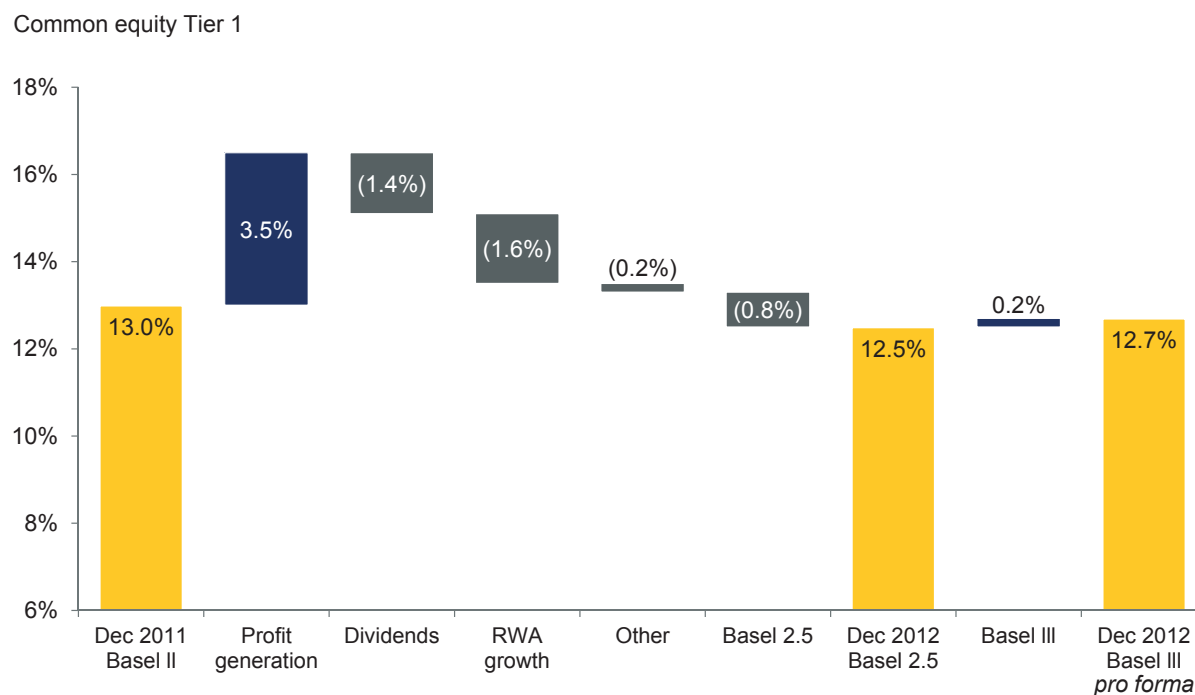
Funding and liquidity strategies delivering better source, term and cost



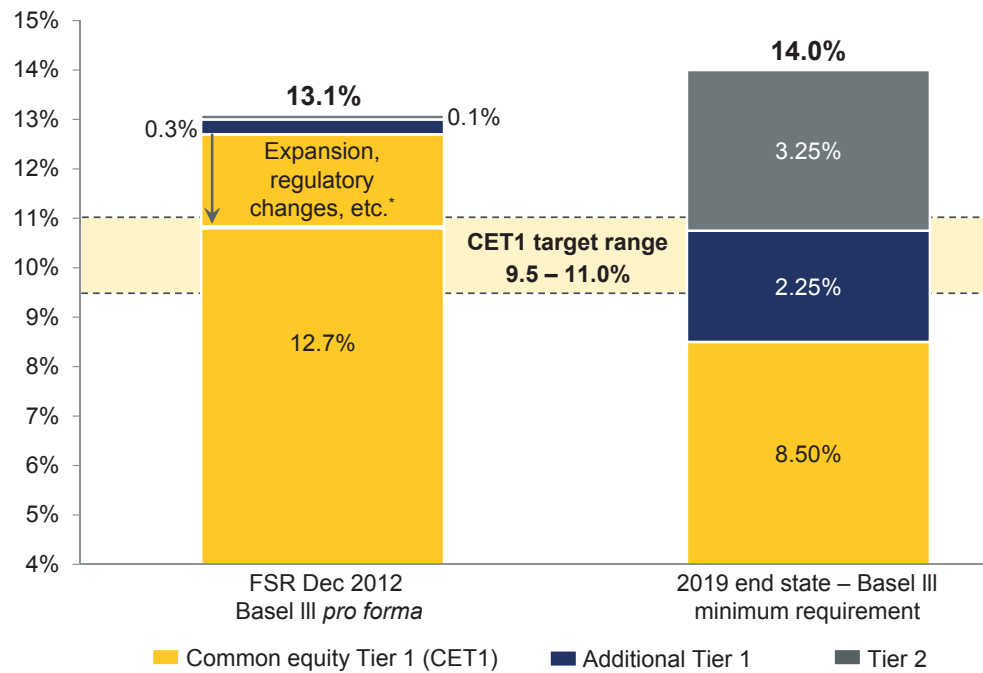
Revised LCR regulations improve Group position and already meet 2015 requirement



Strong earnings generation reflected in capital ratios



Level takes cognisance of expansion and scope to enhance efficiency

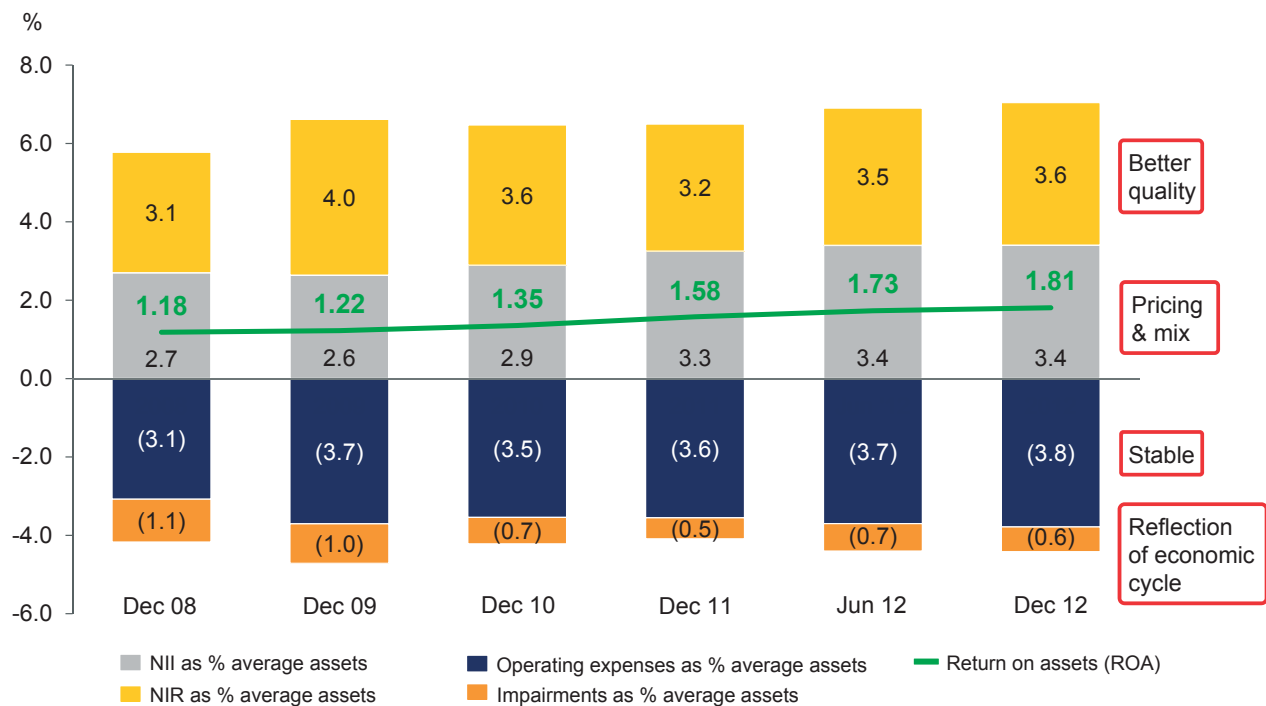


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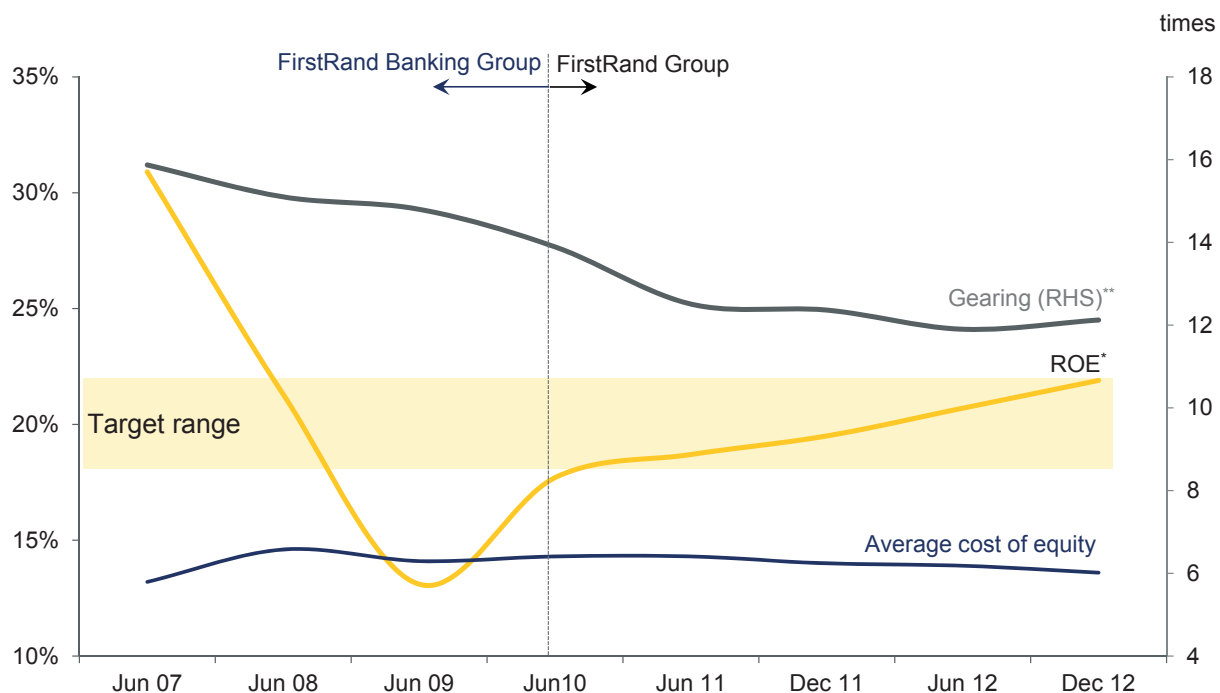
ROA reflects quality of earnings



The graph shows each item before taxation and non-controlling interests as a percentage of average assets. The ROA reflects normalised earnings after tax and non-controlling interests as a percentage of average assets.



ROE within target range despite lower gearing



* ROE from Jun 10 onwards is on a continuing basis

** Gearing = average total assets / average equity

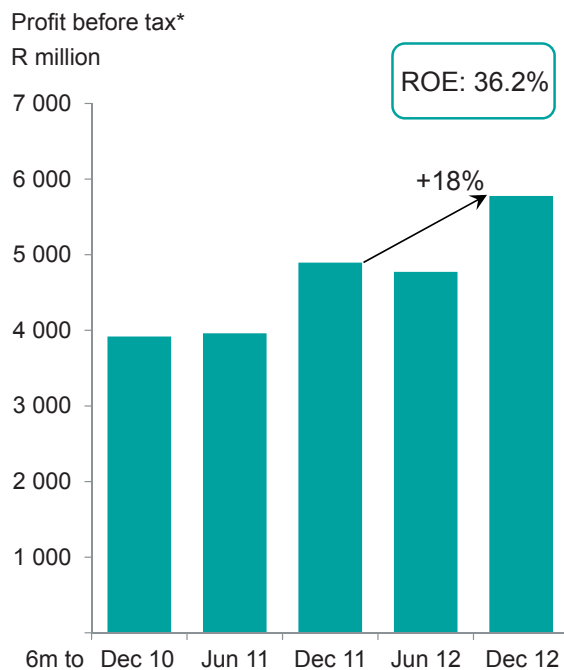


operating reviews

SIZWE NXASANA



Another period of strong topline growth from the FNB franchise



Characterised by:

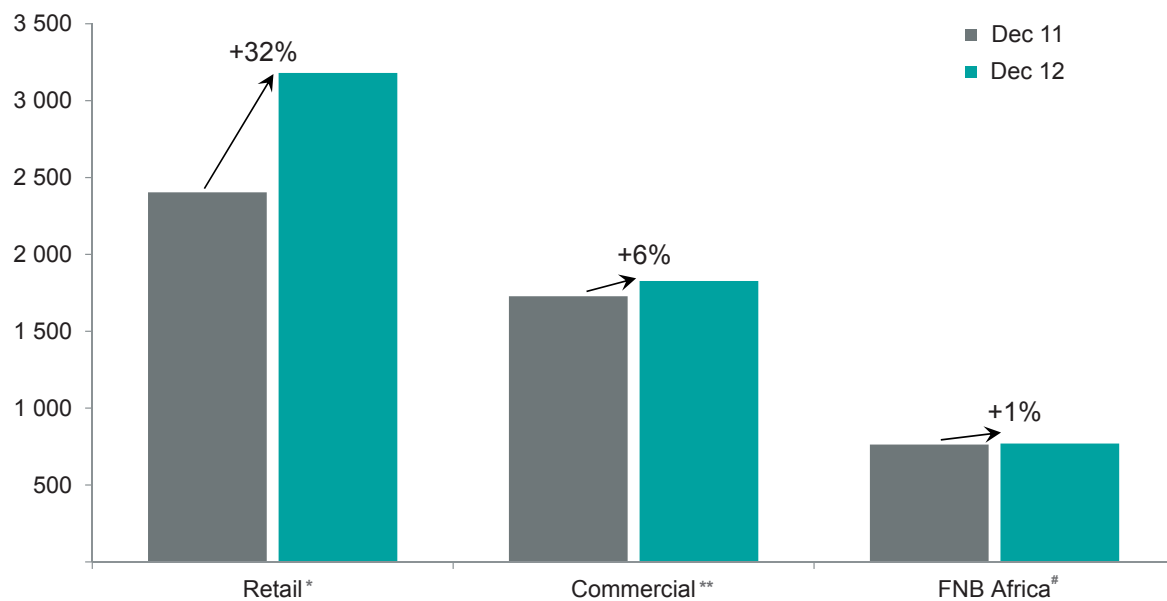
- + Strong top-line growth
 - + NII +22%
 - + NIR +13%
- + Continued customer acquisition
- + Appropriate credit origination and pricing
- + Strengthening deposit base
- + Improved efficiencies
- + Improving NPLs
- Increased impairment charge

* FNB SA and FNB Africa have been combined. Where applicable prior year numbers restated to exclude GTS (now RMB Corporate Banking).



Excellent performance from Retail segment

Profit before tax (R million)



* Retail includes the previous Wealth, Mass and Consumer segments

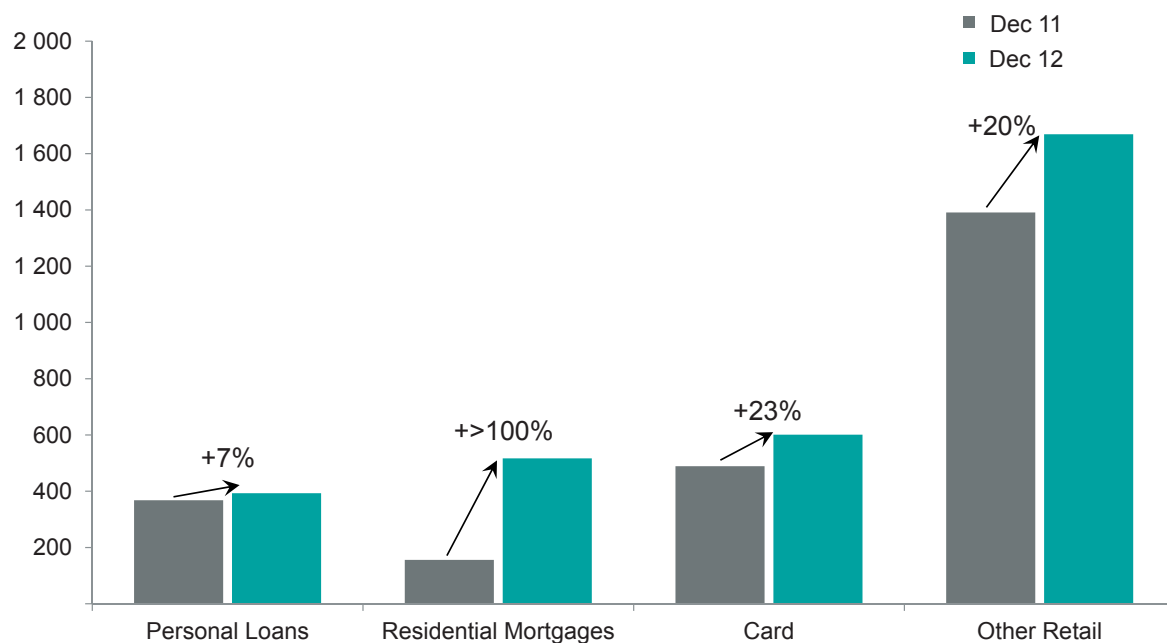
** Commercial includes Business Banking, Public Sector and FRB India

FNB Africa PBT for Dec 11 includes the results of MMI Namibia and profit on sale of VISA shares



FNB Retail unpacked – product view

Profit before tax (R million)

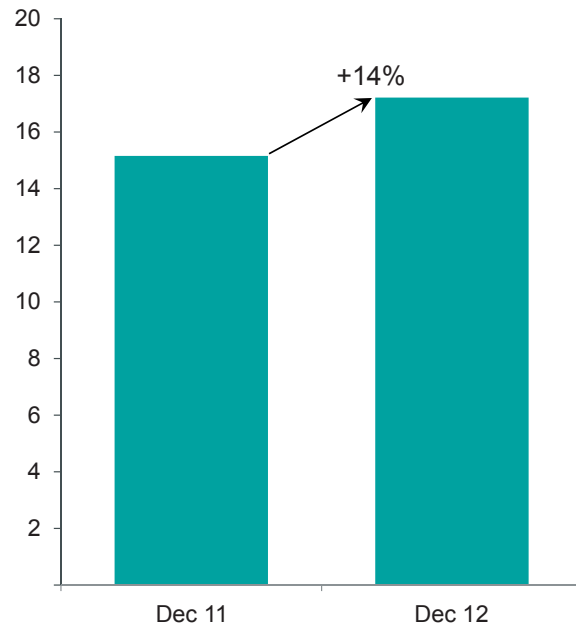


Retail includes the previous Wealth, Mass and Consumer segments (excludes FNB Africa)



FNB NIR driven by ongoing strong account growth

Active accounts* (millions)

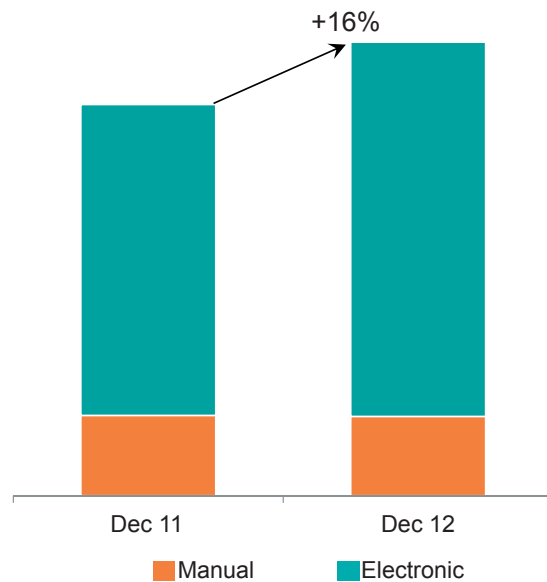


- Retail customer value proposition driving account growth
 - Historical strategy of pricing below inflation translating into price competitiveness
 - Product offering returns value to customers through rewards
 - FNB's offering promoted through innovative campaigns
 - Move to electronic channels results in extensive market presence



Deliberate strategy to electronic platform usage still drawing volumes

Transactions processed



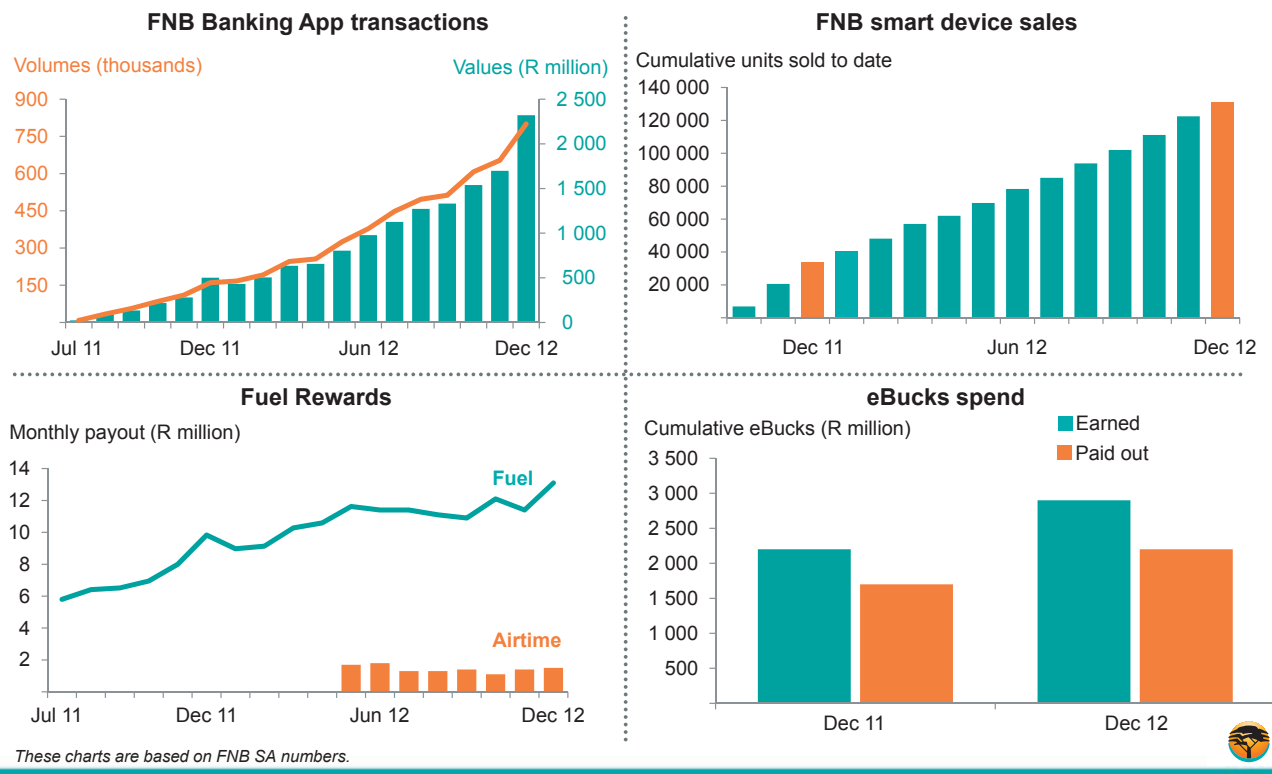
- Strategic shift to electronic channels
 - Manual transactions down 1.2%
 - Electronic transactions up 20.4%
- High quality electronic channels have attracted market attention
 - #1 in Online Banking*
 - #1 in Cellphone Banking**
 - #1 Banking App#
- Pricing deliberately incentivises the use of electronic channels
- Economies of scale are passed on to customers

Manual transactions – cash, cheques, ATMs.
 Electronic transactions – online, card, mobile, etc.
 Numbers are for FNB SA. RMB Corporate volumes have been excluded

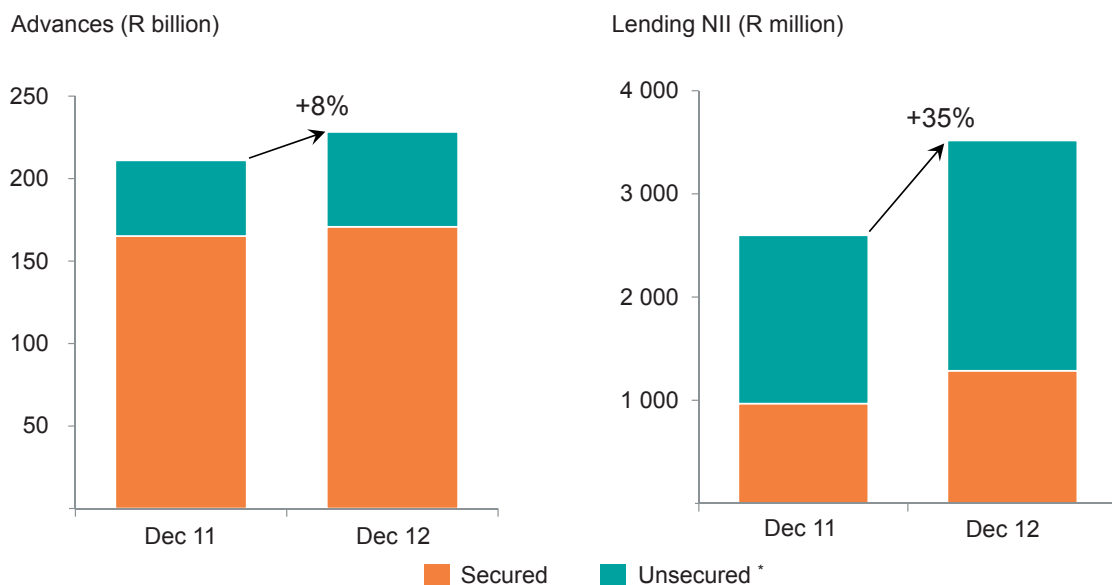
* AMPS survey 2011B, ** AMPS survey 2012, # MTN App of the Year 2012



Innovation underpinning new customer acquisition and volume growth



Credit strategy continues to drive NII



- Secured lending repriced above hurdle at origination will take longer given maturity profile of existing book

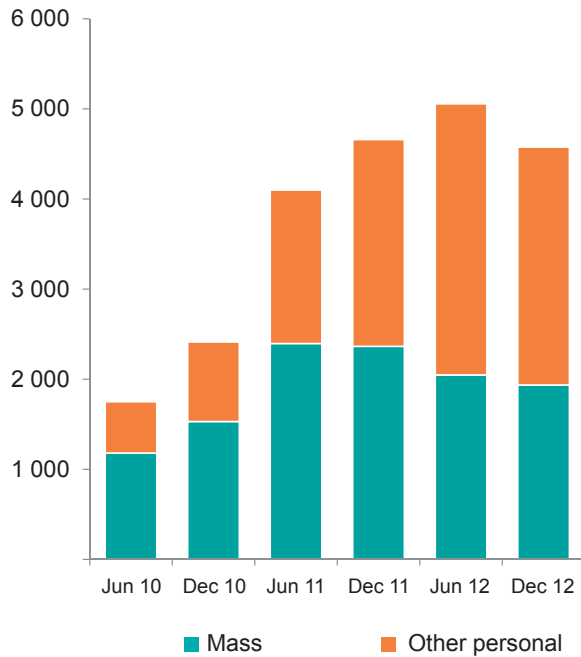
* Unsecured includes partially-secured Commercial overdrafts and term loans

Numbers are for FNB SA




Unsecured personal loans payout slowing down

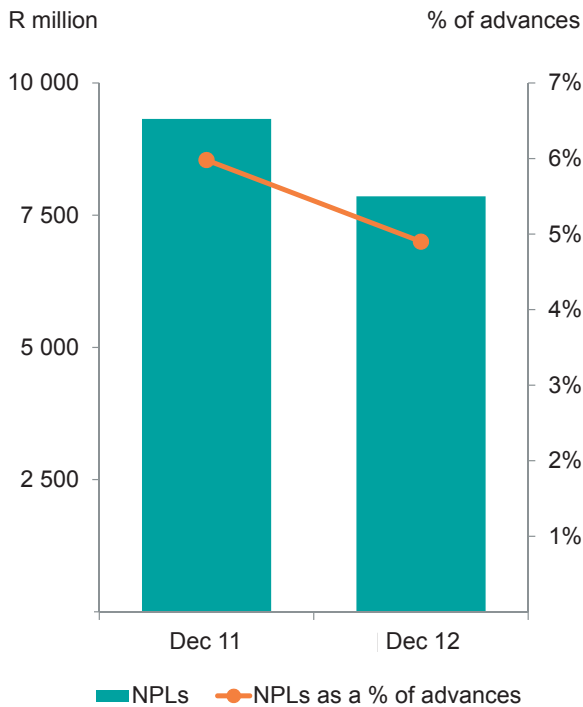
Six-monthly unsecured payouts (R million)



- Deliberate strategy towards unsecured lending given ROE focus
- Personal loans slowing, particularly in the mass market
- Successive tightening of origination criteria will continue

Numbers are for FNB SA 

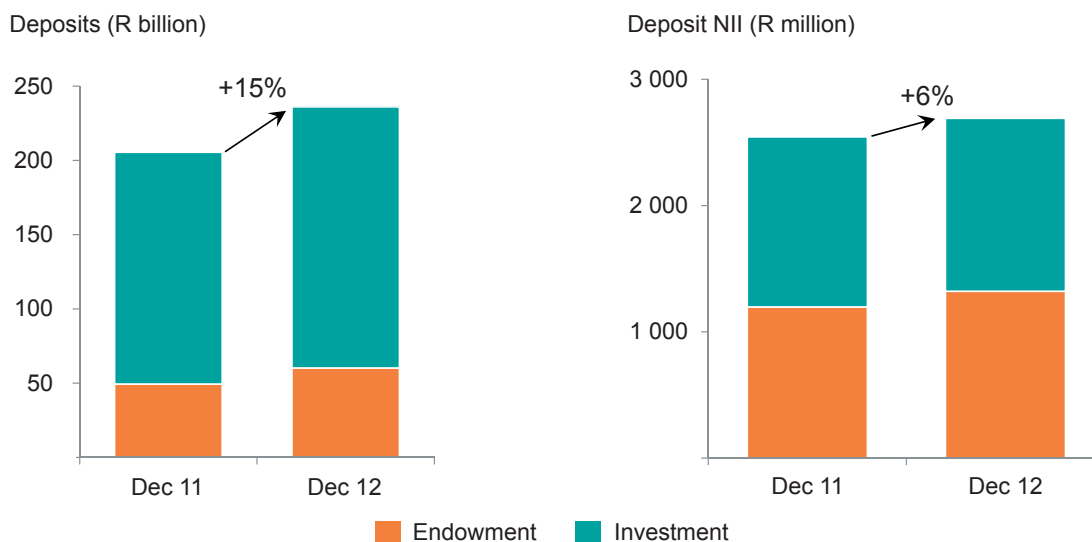
Residential mortgage NPLs continue to significantly decline



- Residential mortgage NPLs have reduced by over R1.5 billion
 - Offered customer solutions
 - QuickSell
 - QuickFix
 - Restructures still classified as NPLs
 - 30% of NPLs still paying more than 80% of instalment
- Total PIPs only R60 million (391 properties)

Numbers are for FNB SA 

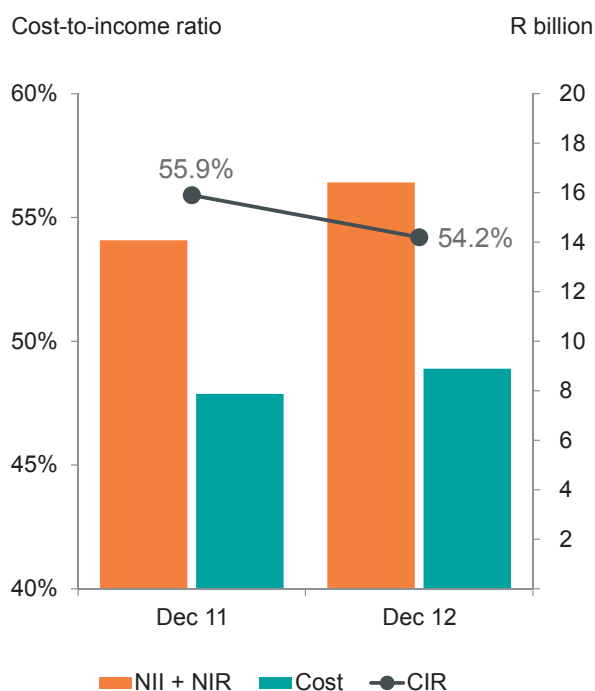
Strong deposit growth in SA offsets lower margins



- 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 deposits up R15.5 billion and Retail deposits up R15 billion



Reduced cost-to-income ratio reflects strong topline growth



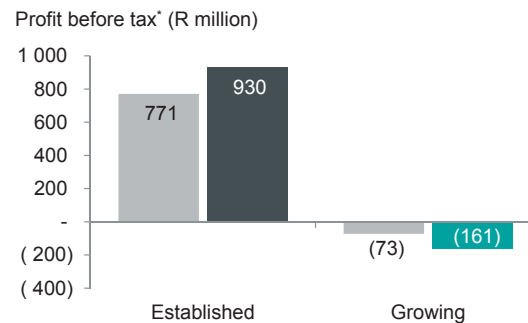
- Continued good cost-to-income ratio reduction due to:
 - Strong topline growth
 - NIR and NII up almost 17%
 - Core costs up 10%
- Investments in growth areas
 - Online Banking
 - Cellphone banking
 - Premier relationship managers
 - Rest of Africa and India



FNB offshore platforms remain a key focus area



- FNB Africa
 - On the radar: Ghana, Nigeria
 - Visa and Momentum sale once-offs affect results in prior year



- FRB India
 - Various retail pilots proving successful

* Excluding sale of Momentum Namibia in both periods and profit on sale of VISA shares



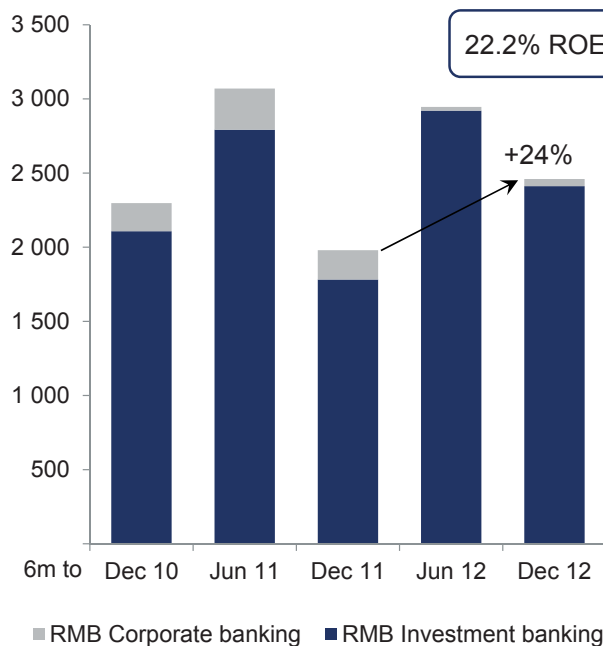
Prospects underpinned by consistent strategies

- Growth continues to be largely driven by transactional accounts and deposits
- Retail – compelling value proposition and innovation will continue to drive customer acquisition, deposit growth and NIR
- Commercial – extension of existing retail offering into business and commercial segments gaining traction
- Continue to grow and leverage Indian and rest of African platforms
 - Learn from successes and innovations proven in the South African market
 - Expansion through gaining market share and selective acquisitions



Record first half performance for RMB

Profit before tax (R million)



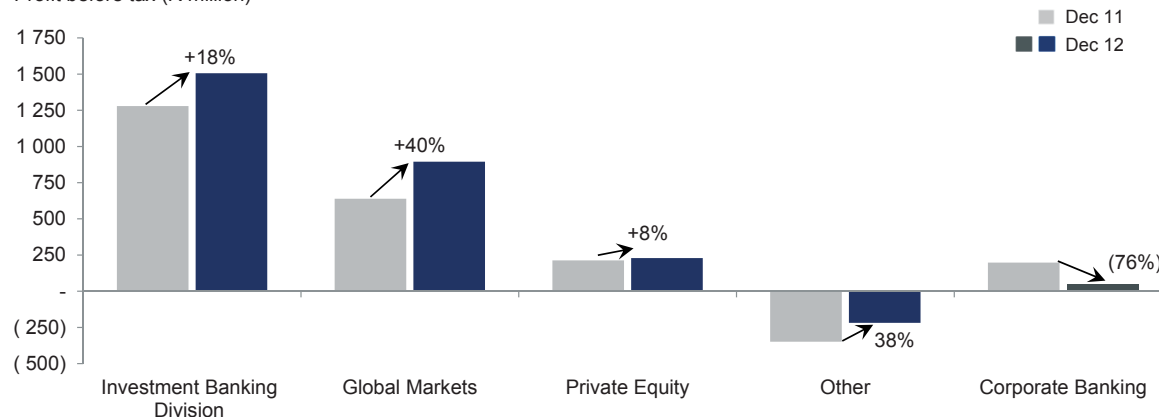
Highlights:

- + Strategic actions resulted in ROE improvement from 18.1% to 22.2%
- + Continued focus on capital allocation, growth and efficiencies
- + Containment of core cost growth



Strong growth across major operating units

Profit before tax (R million)



- + Balance sheet-led growth in Investment Banking Division
- + Refocus on client activities in Global Markets yields positive results
- + Solid performance by Private Equity, whilst growing the investment portfolio
- Unrealised losses in RMB Resources given continued weakness in junior mining sector
- Impairment of IT enablement project costs negatively impacts RMB Corporate Banking



Rebalancing portfolio and improving quality and sustainability of earnings

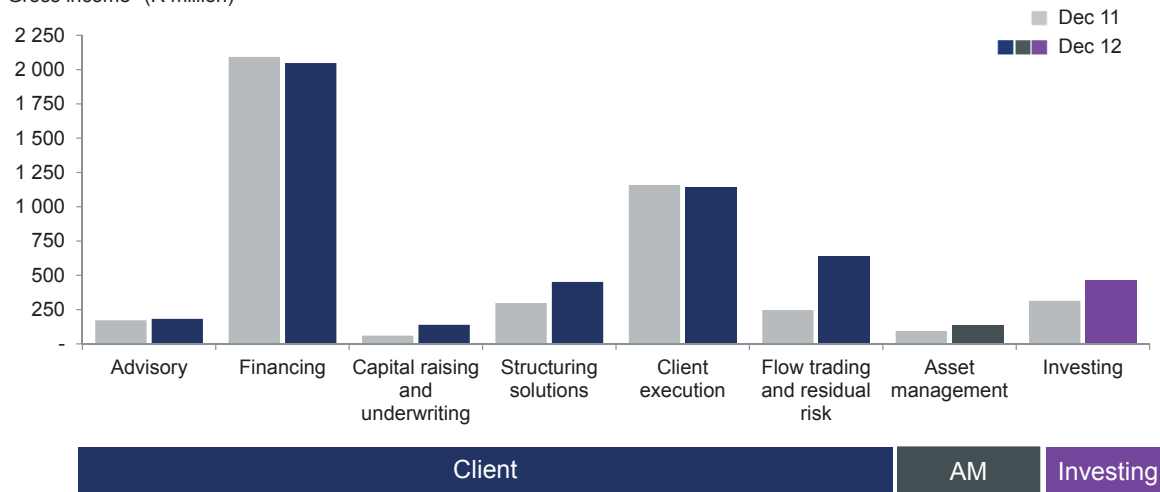


Based on gross revenue. Excludes RMB Corporate Banking, legacy and head office portfolios



Performance driven by client franchise

Gross income* (R million)

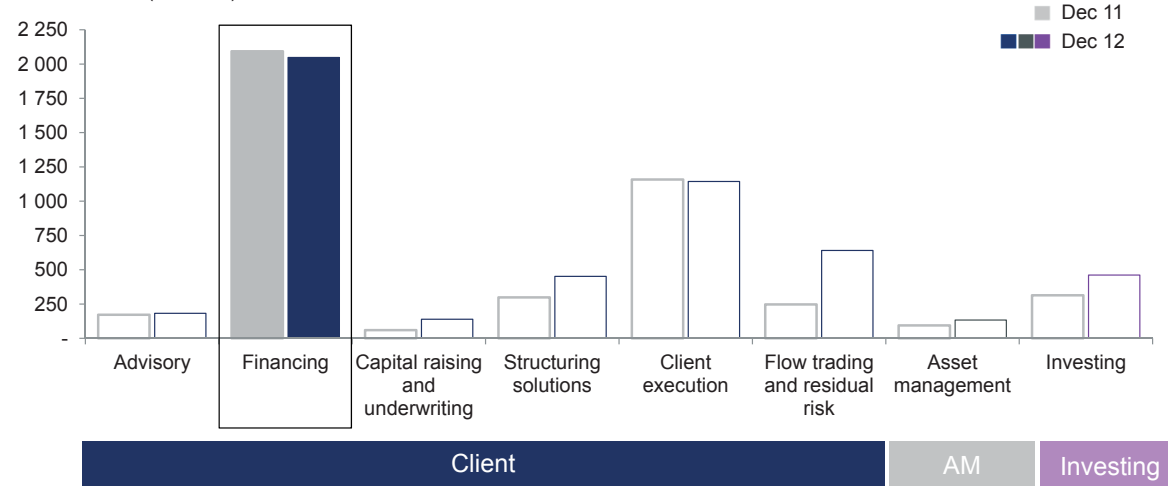


* Includes RMB Corporate Banking, but excludes legacy and head office



Balance sheet led growth in lending activities

Gross income* (R million)



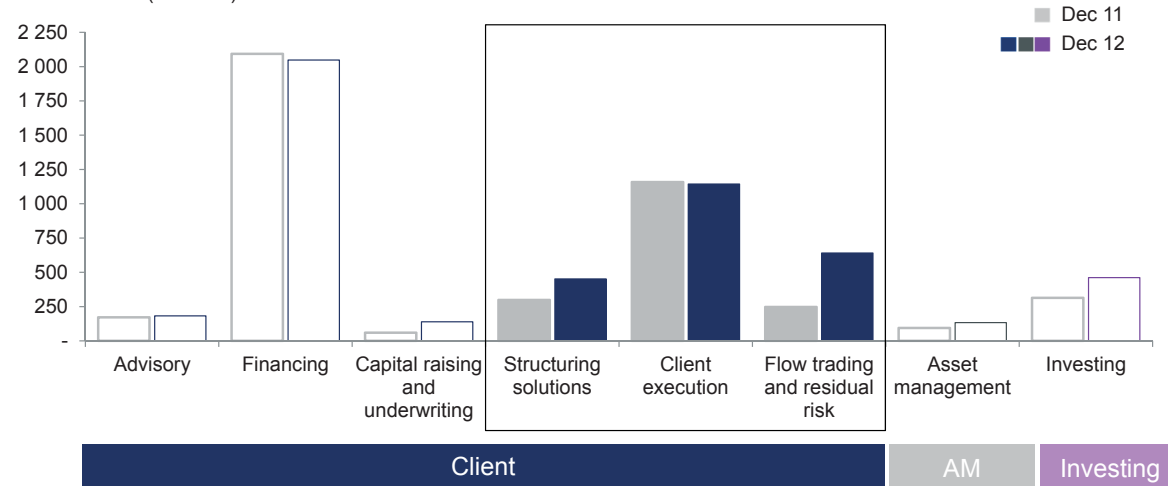
- + Core loan book grew 18% whilst maintaining portfolio quality
- + Corporate Banking benefited from higher deposit-taking – up 15%
- + Provisioning levels remain conservative
- Declining lending margins

* Includes RMB Corporate Banking, but excludes legacy and head office



Client focus yields benefits

Gross income* (R million)



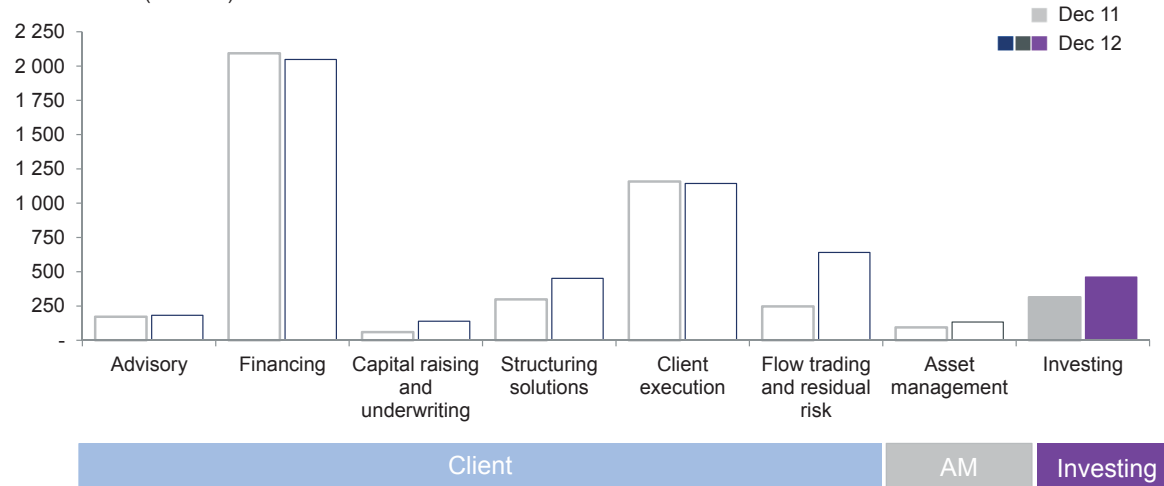
- + Performance bolstered by renewable energy deals and repo rate cut
- + Strong contribution from subsidiaries in the rest of Africa (profits up 36%)
- Low volatility in currency and interest rate markets softens growth

* Includes RMB Corporate Banking, but excludes legacy and head office



Astute investing yields solid returns

Gross income* (R million)



- + Diversity and quality of Private Equity portfolio underpin solid results
- + New investments of R400 million during the period; unrealised profits at R1.7 billion
- Unrealised mark to market losses in RMB Resources, however, significantly lower

* Includes RMB Corporate Banking, but excludes legacy and head office



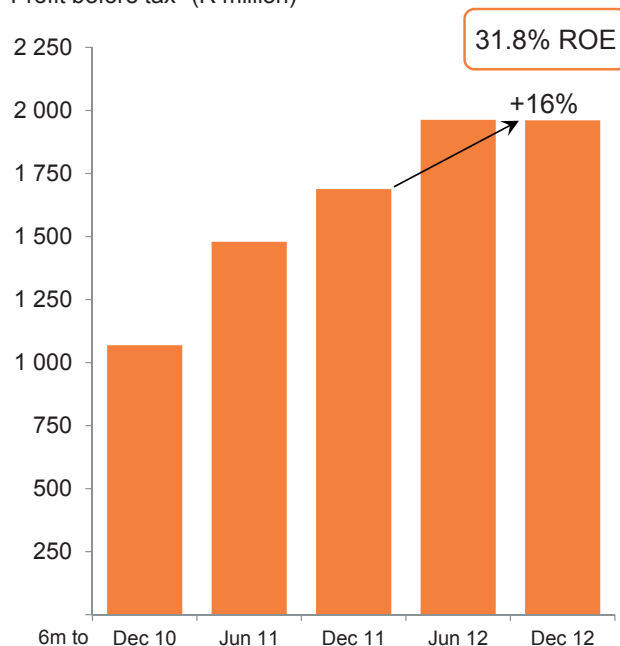
Prospects underpinned by consistent strategies

- Proven ability to adapt to a changing operating and regulatory environment
- Continue to grow client franchise using market-leading position to drive:
 - Continued growth in balance sheet
 - Building the franchise across key African markets
 - Deepening client base across CIB
 - Investment programme in corporate transactional banking space
- Investment earnings normalising and expected to contribute more in years ahead
- Continued focus on cost management and efficiencies



WesBank: leaders in instalment finance

Profit before tax* (R million)



Highlights:

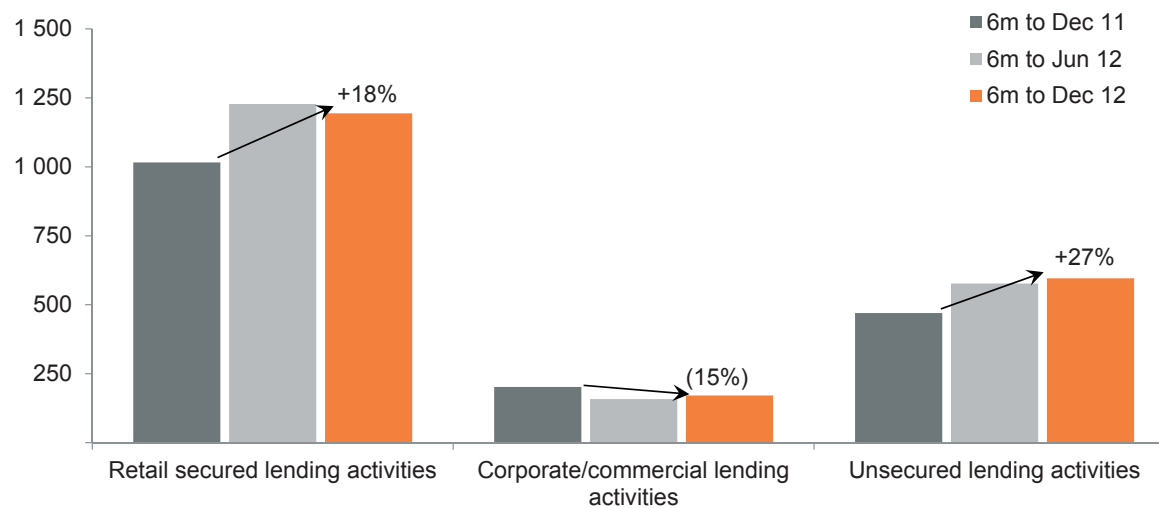
- + Strong new business origination
- + Sustained interest margins
- + Focus on cost management continues
- + Continued low bad debts

* Excludes R540 million profit on sale of Tracker and Ronald Sewells in the six months to Jun 12.



Where the profits came from

Profit before tax (R million)

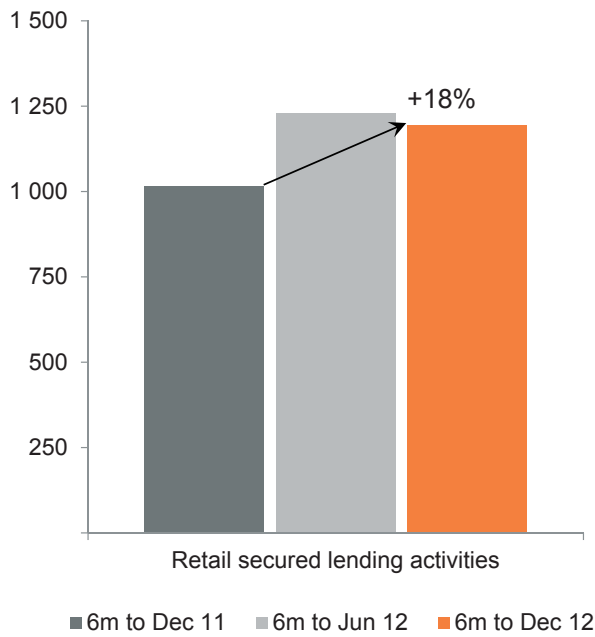


- Retail continues to dominate, but corporate to increase contribution going forward



Retail secured lending – marching on

Profit before tax (R million)

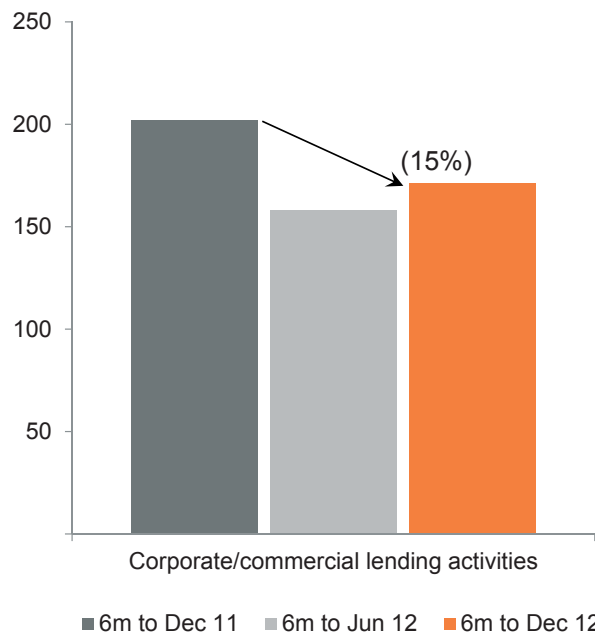


- Good growth in balance sheet at good margins
- Arrears levelling off – no further portfolio unwind
- MotoNovo posted strong performance



Corporate secured lending – positive outlook

Profit before tax (R million)

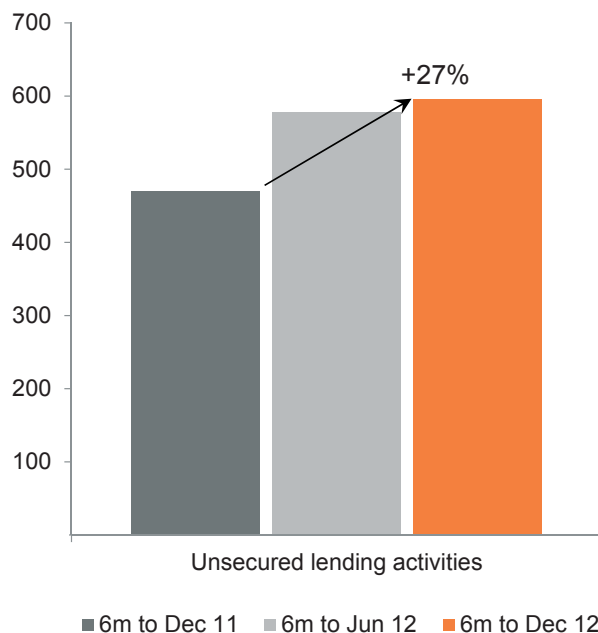


- Corporate showing slow overall book growth, but strong new business volumes
- Residual provisions impacted profitability
- Arrears continue to fall – legacy keeping provisions up



Unsecured lending – good growth but tight credit discipline

Profit before tax (R million)



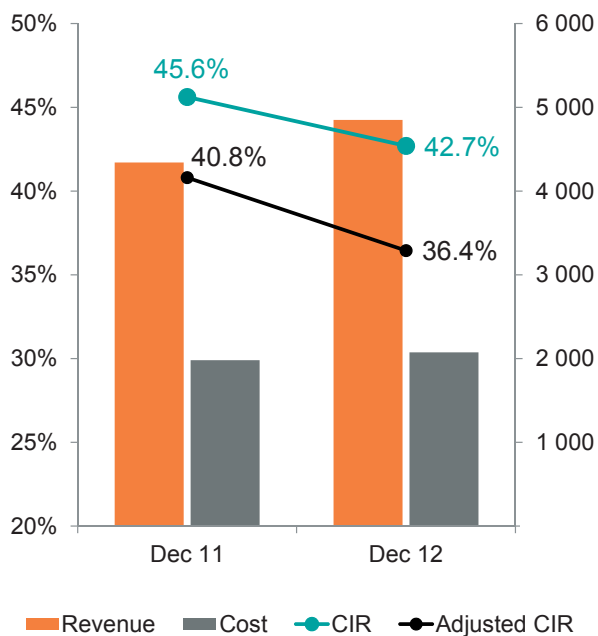
- Strong new business origination and balance sheet growth
- Arrears trending gradually upwards
- Credit discipline continues



Cost management still a priority

Cost-to-income ratio

R billion



- Operating costs in local finance operations decreased 4%
- Profit shares increase as core business generates higher profits
- Cost-to-income ratio trend continues



Prospects underpinned by consistent strategies

- Advances and profit growth, but reducing going forward
- Gradual increasing impairments in retail portfolios
- More momentum expected in corporate and commercial markets
- Balance between efficiencies and system investments
- Consistent approach to credit appetite
- MotoNovo expected to continue to perform



progress on growth strategies

SIZWE NXASANA



Growing rest of African footprint a key imperative

- FNB's expanding physical footprint in new territories resulting in customer and transactional volume growth
- RMB rep office in Kenya generating strong deal pipeline
- RMB Nigeria officially launched
- Ghana deal expected to conclude in second half of financial year



Other initiatives gaining traction

- Strong growth from RMB's Indian operations continues
 - In-country Global Markets
 - Investment Banking
- Creation of Ashburton Investments to address asset management gap in portfolio
 - Incremental and organic growth strategy
 - Leverage off skills, platforms and product origination capabilities in the Group
 - New funds launched
 - Total assets under management over a R100 billion



In conclusion

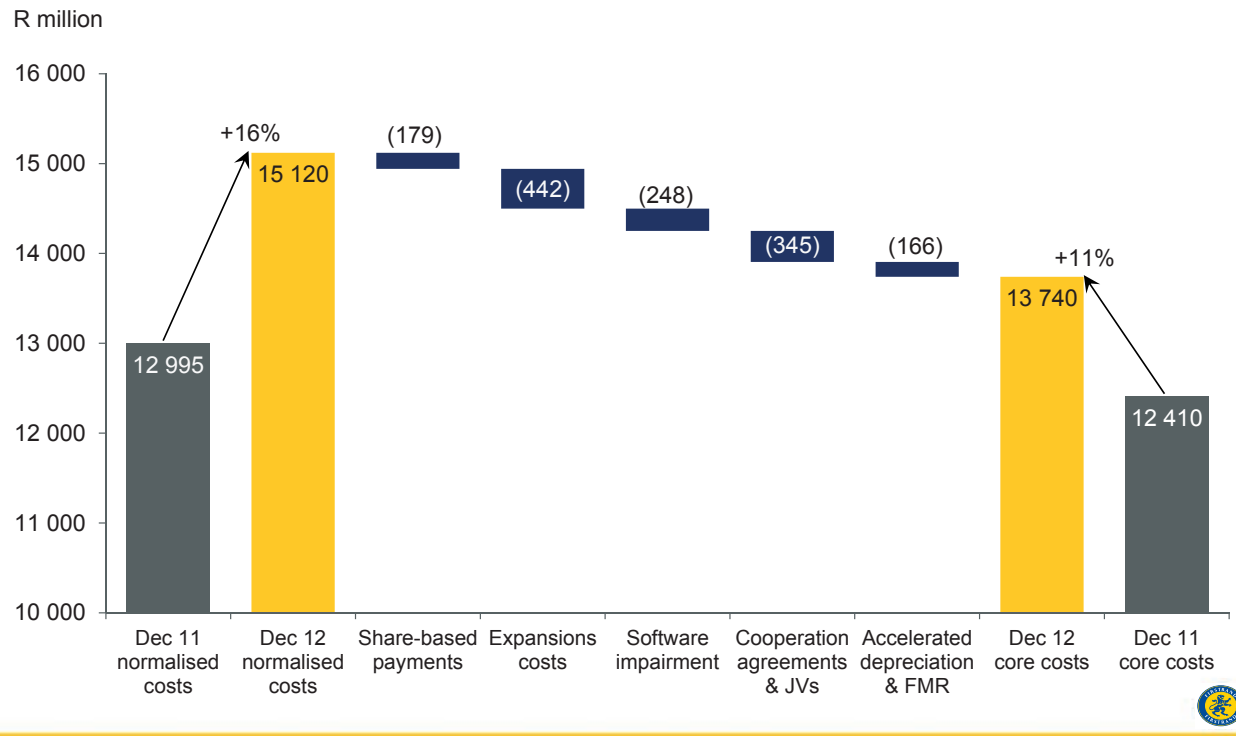
- Difficult macroeconomic environment to continue, mitigated to some extent by positive government initiatives, i.e. NDP
- Franchise strategies are compelling
- Focus on
 - Producing good organic growth
 - Investing in stated growth opportunities
 - Innovation
 - Expansion initiatives in the rest of Africa



appendix



Core costs growth impacted by variable staff cost linked to performance





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