

INVESTMENT REVIEW

FINANCIAL SERVICES


Both FirstRand Limited (“FirstRand”) and RMB Holdings Limited (“RMBH”) have June year-ends and therefore their results for the twelve months ended 31 December 2009 have been equity accounted in the Remgro results for the period under review.

CONTRIBUTION TO HEADLINE EARNINGS

	2010 R million	2009 R million
FirstRand	635	815
RMBH	720	761
	1 355	1 576

FINANCIAL SERVICES

FIRSTRAND – effective direct interest: 9.1% (total effective interest: 17.2%)

MARKET CAPITALISATION AT 31 MARCH 2010: R113 886 MILLION	
 FIRSTRAND	LISTED ON THE JSE LIMITED
	CHIEF EXECUTIVE OFFICER: S E NXASANA
	PROFILE The FirstRand group of companies is involved in financial services activities, including retail, corporate, investment and merchant banking, short-term insurance, life insurance, employee benefits and asset management. The banking and insurance activities are represented by the wholly owned subsidiaries FirstRand Bank Holdings Limited and Momentum Group Limited respectively. The group's franchises include First National Bank ("FNB"), Rand Merchant Bank ("RMB"), WesBank, OUTsurance and Momentum.
	REMGRO NOMINATED DIRECTORS L Crouse, M H Visser
	WEBSITE: www.firstrand.co.za

FirstRand's contribution to Remgro's headline earnings only represents Remgro's 9.1% direct interest in FirstRand and excludes the indirect contribution from FirstRand through Remgro's interest in RMBH.


FirstRand's latest results for the six months ended 31 December 2009 reported that headline earnings decreased slightly by 1% to R4 492 million (2008: R4 553 million). These results are reflective of early signs of an improving global and local economic environment.

The Banking group's results for the period under review reflect a significant recovery (112% increase) in profitability compared to the six-month period ended 30 June 2009, although only 3% below the level of December 2008. The improving earnings trend from the banking operations reflects the reversal of the two most significant negative issues

from the previous comparative period, and the year to 30 June 2009, namely, bad debts emanating from the large retail lending books and losses from certain offshore trading portfolios within the investment banking division. Momentum's normalised earnings for the six months ended 31 December 2009 increased by 15% to R850 million (2008: R740 million), which reflects the positive impact of the recovery in equity markets and a continued strong operational performance despite negative pressures in many sectors of the market.

The FirstRand group is continuing to make good progress in terms of its African strategy. As the African continent's economic environment becomes increasingly investor-friendly, opportunities for financial services are expected to increase and FirstRand is positioning itself to benefit from these.

RMBH – effective interest: 25.0%

MARKET CAPITALISATION AT 31 MARCH 2010: R39 139 MILLION	
 RMB HOLDINGS	LISTED ON THE JSE LIMITED
	CHIEF OPERATING OFFICER: P COOPER
	PROFILE RMBH's interests are: <ul style="list-style-type: none"> – FirstRand Limited (32%) – RMB Structured Insurance Limited (80%) – OUTsurance Limited (62%) – Discovery Holdings Limited (27%)
	REMGR0 NOMINATED DIRECTORS J J Durand, M H Visser
	WEBSITE: www.rmbh.co.za

For the six months ended 31 December 2009, 78.5% (2008: 79.6%) of RMBH's headline earnings, before taking into account other net income and funding costs, was from FirstRand, while its other interests contributed 21.5% (2008: 20.4%). RMBH's other interests include Discovery Holdings Limited, OUTsurance Limited and RMB Structured Insurance Limited.

The Discovery Group is active in the insurance and healthcare funding markets in South Africa and the United Kingdom and performed exceptionally well, increasing its headline earnings by 54% to R755 million (2008: R489 million) for the six months ended 31 December 2009. The short-term insurer, OUTsurance, contributed R176 million (2008:

R205 million) to RMBH's headline earnings for the six months ended 31 December 2009, after allowing for start-up costs of "Youi", its Australia-based direct insurer. RMB Structured Insurance ("RMBSI") creates individual insurance and financial risk solutions for large corporates by using innovative financial structures and it contributed a R4 million headline loss (2008: R25 million headline earnings) to RMBH's headline earnings for the period under review.

The greater RMBH Group continues to focus on protecting its origination franchises and balance sheets to ensure it is optimally positioned to take advantage of growth opportunities as they arise, particularly as the negative credit cycle reverses.