

FirstRand Limited
(Registration number 1966/010753/06)
Share code: FSR ISIN: 000066304
("FirstRand")

Metropolitan Holdings Limited
(Registration number 2000/031756/06)
Share code: MET ISIN: 000050456
("Metropolitan")

Momentum Group Limited
(Registration number
1904/002186/06)
("Momentum")

DETAILED CAUTIONARY ANNOUNCEMENT IN RELATION TO THE PROPOSED MERGER OF MOMENTUM AND METROPOLITAN AND THE SUBSEQUENT UNBUNDLING BY FIRSTRAND OF ITS SHARES IN METROPOLITAN

1. INTRODUCTION

Shareholders of FirstRand and Metropolitan are advised that FirstRand, Metropolitan and Momentum (the "Parties") have reached agreement for the merger of Momentum and Metropolitan (the "Proposed Merger"). The Proposed Merger will create a leading insurance-based financial services group and will significantly expand the product offerings, target markets and growth prospects of Momentum and Metropolitan in South Africa and elsewhere in Africa.

2. TRANSACTION MECHANISM

The Proposed Merger will be implemented by way of FirstRand selling the entire issued ordinary share capital of Momentum to Metropolitan, in consideration for which Metropolitan will issue new Metropolitan ordinary shares to FirstRand.

Following the implementation of the Proposed Merger, FirstRand will unbundle all its shares in Metropolitan to its ordinary shareholders (the "Proposed Unbundling"). The Proposed Merger and the Proposed Unbundling are collectively hereinafter referred to as the "Proposed Transaction".

3. RATIONALE FOR THE PROPOSED MERGER

The Parties believe that significant value can be realised for FirstRand and Metropolitan shareholders as a result of the Proposed Transaction, including the following:

- Momentum and Metropolitan operate in different target markets, with Metropolitan focusing predominantly on the low to middle income markets and Momentum's key area of focus being the upper-income market. This difference is especially visible in the retail sector of each business;
- A combination of Metropolitan and Momentum will expand the merged entity's target markets and create a leading, competitive financial services group with businesses in life assurance (upper, middle and lower income groups), health, asset management and employee benefits, both locally and elsewhere in Africa;
- The merged entity will benefit from enhanced growth opportunities, revenue synergies and economies of scale through the combination of complementary target markets and resources;
- Both the Momentum and Metropolitan brand names will continue to be used in the appropriate business units, and the Centurion and Cape Town based operational centres will be retained;

- The merged entity will be a large, liquid company on the JSE and its shares will be listed in the Life Assurance Sector of the JSE;
- With its enlarged footprint the merged entity will be well positioned to expand its activities outside of South Africa; and
- The merged entity will be a significantly transformed large financial services group in South Africa with a material black empowerment shareholding.

4. RATIONALE FOR THE PROPOSED UNBUNDLING

FirstRand's strategic intent is to be the most significant South African financial services group whilst targeting those African territories that show the most potential for profitable growth. FirstRand believes that its combination of a portfolio of leading financial services franchises in South Africa, African expansion plans and Asian corridor strategy will deliver sustainable returns to its shareholders.

In proceeding with the proposed merger, FirstRand evaluated the consequences of retaining ownership of the merged entity within the FirstRand Group. The conclusion reached was that the interests of both FirstRand and the merged entity's shareholders would be best served through an unbundling, as this will:

- Unlock any potential value trapped in FirstRand;
- Ensure a substantial free float in the merged entity's shares;
- Create an appropriate public profile for the merged entity; and
- Simplify the regulatory oversight of and regulatory environment in which FirstRand and its constituent parts operate.

FirstRand remains committed to growing its operations across all the profit pools associated with lending, transactional and savings products and services. It will continue to pursue the synergistic benefits that exist between banking, insurance and asset management activities with the merged entity, particularly given the success of FNB Insurance and the significant growth opportunities for the merged entity. This will be formalised as a preferred strategic relationship on an arms-length basis.

RMB Holdings Limited ("RMBH"), as a material shareholder in FirstRand, will retain and potentially increase its shareholding in the merged entity. Readers are referred to the announcement to be published contemporaneously by RMBH in this regard.

5. MERGER CONSIDERATION AND DUE DILIGENCE PROCESS

For the financial period ended 31 December 2009, Momentum and Metropolitan published embedded values of R17 830 million and R12 007 million respectively.

The merger exchange ratio has been determined with reference to the respective embedded values of Metropolitan and Momentum, with appropriate adjustments, agreed to by the parties in consultation with Deloitte, to reflect consistency and to take dividend payments subsequent to 31 December 2009 into account. Based on the merger exchange ratio, FirstRand ordinary shareholders will hold around 59.5% and current Metropolitan shareholders around 40.5% of the issued share capital of the merged entity following the implementation of the Proposed Transaction. This ratio may change after completion of the reciprocal due diligence process described below. For purposes of calculating the merger exchange ratio, Momentum's embedded value at 31 December 2009 was reduced by R615

million to reflect the impact of a future arms-length profit sharing arrangement with FirstRand in respect of the FNB Life business conducted using Momentum's life assurance licence and balance sheet.

The Parties have agreed that reciprocal due diligence investigations will take place, with the primary objective of confirming the merger exchange ratio (the "Due Diligence Process"). The Due Diligence Process and any material adverse changes in the value of either or both of Momentum and Metropolitan may result in an adjustment to the merger exchange ratio. Appropriate adjustment mechanisms and materiality levels have been agreed between the parties for purposes of the Due Diligence Process and to cater for material adverse changes to Momentum's and/or Metropolitan's businesses. In certain limited circumstances these mechanisms may allow a party to cancel the merger agreement if an adjustment is material and that party believes the adjustment not to be in the interests of its shareholders.

6. UNBUNDLING RATIO

Subject to any changes to the merger exchange ratio (as set out above in paragraph 5), FirstRand shareholders can anticipate to receive approximately 17.3 shares in the merged entity for every 100 ordinary shares held in FirstRand.

7. BOARD OF THE MERGED ENTITY

The board of the merged entity will be reconstituted following the implementation of the Proposed Merger to include nominees of Momentum and Metropolitan. The boards of FirstRand, Metropolitan and Momentum have agreed that the first chairman and deputy chairman of the merged entity will be Messrs Laurie Dippenaar and JJ Njeke respectively, whose appointments will be for one year, after which they will step down from these positions.

8. RENAMING OF THE MERGED ENTITY

The merged entity will be renamed with effect from the date of implementation of the Proposed Transaction to reflect the new identity of the merged entity. The established and well-recognised brands of Metropolitan and Momentum will continue at the business and client level.

9. CONDITIONS TO THE PROPOSED TRANSACTION

The Proposed Merger will be subject to condition that the Proposed Unbundling taking place. In addition, the Proposed Transaction is subject to the fulfilment or, where appropriate, waiver of the following conditions precedent prior to 31 October 2010:

- Approval by Metropolitan shareholders of the requisite resolutions to give effect to the Proposed Merger;
- Approval by FirstRand shareholders of the Proposed Unbundling;
- Registration by the Registrar of Companies of the special resolutions required to give effect to the Proposed Merger;
- Approval, to the extent required, by the Registrar of Long-term Insurance, the Registrar of Short-term Insurance, the Registrar of Banks, the Registrar of Pension Funds, the South African Reserve Bank and the Competition Tribunal of the Proposed Transaction;
- The necessary regulatory approvals in Namibia, Botswana and Lesotho;

- Waiver by certain parties of their pre-emptive and/or other change of control rights that may arise from the implementation of the Proposed Transaction; and
- Approval by the JSE of the documentation required to give effect to the Proposed Transaction and for the listing of the Metropolitan consideration shares.

10. CAUTIONARY ANNOUNCEMENT

FirstRand and Metropolitan shareholders are advised that further announcements regarding the Proposed Transaction will be released on SENS and published in the press following the completion of the Due Diligence Process, which is expected to be on or around 31 May 2010. FirstRand and Metropolitan shareholders should therefore exercise caution until further announcements in this regard are made.

31 March 2010

FirstRand and Momentum Merchant Bank and Sponsor
RAND MERCHANT BANK (A division of FirstRand Bank Limited)

Legal Advisors to FirstRand and Momentum
Webber Wentzel

Actuaries to the Proposed Transaction
Deloitte

Metropolitan Financial Advisor and Transaction Sponsor
Fidelis Partners

Metropolitan Sponsor
Merrill Lynch

Legal Advisors to Metropolitan
Edward Nathan Sonnenbergs