

FRESCO 2

Issuer Report—Calculation Date 5

31 October 2008



Traditional values. Innovative ideas.

ISSUE REPORT — CALCULATION DATE 5

The purpose of this report is for FirstRand Bank Limited ("FRB"), in its capacity as Calculation Agent for FRESCO 2, to fulfil its monitoring and reporting requirements of the notes issued by FRESCO 2 Investments Limited, as stipulated in the FRESCO 2 Offering Circular (dated 02 August 2007).

As at the 5th Calculation Date (31 October 2008), FRB has issued a Credit Event Notice to FRESCO 2 in respect of Lehman Brothers International (Europe) . This exposure contributed R2m to the Credit Default Swap Notional Amount. A Provisional Loss of R1,827,500 has been determined by FRB in its capacity as Calculation Agent. This is in line with the final price of 8.625% determined at the auction in respect of Lehman Brothers. FRB in its capacity as Administrator of FRESCO 2 will appoint an Independent Auditor in order to determine the Actual Loss, which cannot exceed R2m, by no later than 30 April 2009. This amount will be fully covered by the excess spread of R30m per quarter and as such no loss will be attributed to the capital structure of FRESCO 2.

OUTSTANDING PRINCIPAL

Class of notes	Note code	Original principal amount	Cumulative net loss	Total provisional loss	Total actual loss	Total amount outstanding	Amount of notes to be cancelled
Class A Floating rate Notes	FRE2A1	650,000,000	-	-	-	650,000,000	-
Class A Fixed rate Notes	FRE2A2	370,000,000	-	-	-	370,000,000	-
Class B Floating rate Notes	FRE2B1	360,000,000	-	-	-	360,000,000	-
Class B Fixed rate Notes	FRE2B2	40,000,000	-	-	-	40,000,000	-
Class C Notes	FRE2C	280,000,000	-	-	-	280,000,000	-
Class D Notes	FRE2D	140,000,000	-	-	-	140,000,000	-
Class E Notes	FRE2E	100,000,000	-	-	-	100,000,000	-
Class F Notes	FRE2F	60,000,000	-	-	-	60,000,000	-
Class G Notes	FRE2G	60,000,000	-	-	-	60,000,000	-
Subordinated Swap		100,000,000	-	-	-	100,000,000	-

Alan Joffe Portfolio Manager +27 11 269 9295

Gill Raine Distribution +27 11 282 8124

David Rajak Distribution +27 11 269 9295

For disclaimer please refer to last page

RMB Debt Capital Markets



COUPONS: PAYMENT DATE 03 NOVEMBER 2008

Class of notes	Note code	Original principal amount	Coupon rate	Coupon paid	Coupon withheld	Adjustment amount
Class A Floating Rate Notes	FRE2A1	650,000,000	JIBAR03 + 55bp	20,649,021.92	-	-
Class A Fixed Rate Notes	FRE2A2	370,000,000	10.08%	9,324,000.00	-	-
Class B Floating Rate Notes	FRE2B1	360,000,000	JIBAR03 + 68bp	11,553,060.82	-	-
Class B Fixed Rate Notes	FRE2B2	40,000,000	10.22%	1,022,000.00	-	-
Class C Notes	FRE2C	280,000,000	JIBAR03 + 100bp	9,209,100.27	-	-
Class D Notes	FRE2D	140,000,000	JIBAR03 + 110bp	4,639,454.25	-	-
Class E Notes	FRE2E	100,000,000	JIBAR03 + 215bp	3,575,676.71	-	-
Class F Notes	FRE2F	60,000,000	JIBAR03 + 344bp	2,338,375.89	-	-
Class G Notes	FRE2G	60,000,000	JIBAR03 + 425bp	2,459,543.01	-	-

General reference portfolio characteristics

Reference Portfolio Applicable Notional Amount	20,000,000,000
Number of Reference Entities	185
Largest Reference Entity Applicable Notional Amount	500,000,000
Average Reference Entity Applicable Notional Amount	108,108,108.11

Distribution of reference entities by Fitch equivalent rating

Fitch equivalent rating	Number of reference entities	Total reference entity applicable notional amount (ZAR)	Percentage of total reference entity notional amounts
AAA (zaf)	46	4,605,000,000	23.03%
AA+ / AA (zaf)	2	233,000,000	1.17%
AA- / A+ (zaf)	35	5,532,000,000	27.66%
A / A- (zaf)	24	2,814,000,000	14.07%
BBB+ / BBB (zaf)	30	2,752,000,000	13.76%
BBB-(zaf)	42	3,824,000,000	19.12%
BB+(zaf)	2	175,000,000	0.88%
BB(zaf)	1	1,000,000	0.01%
B+(zaf)	2	62,000,000	0.31%
D	1	2,000,000	0.01%
Grand Total	185	20,000,000,000	100%

Distribution of reference entities by country of incorporation

Country of incorporation	Number of reference entities	Total reference entity applicable notional amount (ZAR)	Percentage of total reference entity notional amounts
Belgium	1	1,000,000	0.01%
Canada	1	3,000,000	0.02%
France	3	150,000,000	0.75%
Germany	6	207,000,000	1.04%
Ireland	1	30,000,000	0.15%
Japan	1	178,000,000	0.89%
Netherlands	1	2,000,000	0.01%
South Africa	160	18,786,000,000	93.93%
Switzerland	2	160,000,000	0.80%
United Kingdom	5	176,000,000	0.88%
United States	4	307,000,000	1.54%
Grand total	185	20,000,000,000	100%

Distribution of reference entities by Fitch Industry			
Fitch industry	Number of reference entities	Total reference entity applicable notional amount (ZAR)	Percentage of total reference entity notional amounts
Automobiles	9	456,000,000	2.28%
Banking & Finance	38	3,115,000,000	15.58%
Broadcasting/Media/Cable	4	38,000,000	0.19%
Building & Materials	8	1,136,000,000	5.68%
Chemicals	2	66,000,000	0.33%
Computers & Electronics	4	236,000,000	1.18%
Energy	9	642,000,000	3.21%
Food, Beverage & Tobacco	12	882,000,000	4.41%
Gaming, Leisure & Entertainment	3	724,000,000	3.62%
Health Care & Pharmaceuticals	3	825,000,000	4.13%
Industrial/Manufacturing	7	1,521,000,000	7.61%
Metals & Mining	19	3,832,000,000	19.16%
Paper & Forest Products	3	18,000,000	0.09%
Real Estate	22	1,293,000,000	6.47%
Retail (General)	6	715,000,000	3.58%
Telecommunications	8	890,000,000	4.45%
Textiles & Furniture	1	78,000,000	0.39%
Transportation	6	1,094,000,000	5.47%
Utilities	21	2,439,000,000	12.20%
Grand total	185	20,000,000,000	100.00%

Distribution of reference entities by reference entity notional amount			
Reference entity applicable notional amount (ZAR)	Number of reference entities	Total reference entity applicable notional amount (ZAR)	Percentage of total reference entity notional amounts
1 to 50,000,000	100	2,057,000,000	10.29%
50,000,001 to 100,000,000	32	2,531,000,000	12.66%
100,000,001 to 150,000,000	8	1,064,000,000	5.32%
150,000,001 to 200,000,000	11	2,062,000,000	10.31%
200,000,001 to 250,000,000	4	950,000,000	4.75%
250,000,001 to 300,000,000	6	1,683,000,000	8.42%
300,000,001 to 350,000,000	3	993,000,000	4.97%
350,000,001 to 400,000,000	17	6,775,000,000	33.88%
400,000,001 to 450,000,000	1	420,000,000	2.10%
450,000,001 to 500,000,000	3	1,465,000,000	7.33%
Grand total	185	20,000,000,000	100%

FRESCO 2

31 October 2008

Distribution of reference entities by Fitch Industry and Fitch Equivalent Rating											Grand total
Fitch Industry	AAA(zaf)	AA+ / AA (zaf)	AA- / A+ (zaf)	A / A- (zaf)	BBB+ / BBB (zaf)	BBB-(zaf)	BB+(zaf)	BB(zaf)	B+(zaf)	D	
Automobiles	1.50%			0.45%	0.21%	0.12%		0.01%			2.28%
Banking & Finance	8.02%	1.17%	3.41%	0.24%	0.07%	2.68%				0.01%	15.58%
Broadcasting/Media/Cable					0.04%	0.15%					0.19%
Building & Materials	2.33%			1.75%	0.78%	0.03%	0.75%		0.06%		5.68%
Chemicals				0.08%	0.25%						0.33%
Computers & Electronics			0.54%	0.63%	0.02%						1.18%
Energy			1.07%	1.67%	0.48%						3.21%
Food, Beverage & Tobacco	0.11%		1.56%		1.36%	1.39%					4.41%
Gaming, Leisure & Entertainment					1.25%	2.37%					3.62%
Health Care & Pharmaceuticals	2.50%					1.63%					4.13%
Industrial/Manufacturing	0.99%			2.75%	3.37%	0.50%					7.61%
Metals & Mining			9.19%	4.02%	3.30%	2.65%					19.16%
Paper & Forest Products					0.04%	0.05%					0.09%
Real Estate	1.28%		0.31%		1.15%	3.36%	0.13%		0.25%		6.47%
Retail (General)					0.23%	3.35%					3.58%
Telecommunications	0.05%		3.75%	0.25%	0.40%						4.45%
Textiles & Furniture					0.39%						0.39%
Transportation			2.65%	2.00%		0.82%					5.47%
Utilities	6.27%		5.20%	0.25%	0.44%	0.05%					12.20%
Grand total	23.03%	1.17%	27.66%	14.07%	13.76%	19.12%	0.88%	0.01%	0.31%	0.01%	100.00%

Distribution of count of reference entities by Fitch Industry and Fitch Equivalent Rating											Grand Total
Fitch Industry	AAA(zaf)	AA+ / AA (zaf)	AA- / A+ (zaf)	A / A- (zaf)	BBB+ / BBB (zaf)	BBB-(zaf)	BB+(zaf)	BB(zaf)	B+(zaf)	D	
Automobiles	1			4	1	2		1			9
Banking & Finance	24	2	4	2	1	4				1	38
Broadcasting/Media/Cable					1	3					4
Building & Materials	1			2	2	1	1		1		8
Chemicals				1	1						2
Computers & Electronics			2	1	1						4
Energy			3	4	2						9
Food, Beverage & Tobacco	2		3		4	3					12
Gaming, Leisure & Entertainment					1	2					3
Health Care & Pharmaceuticals	1					2					3
Industrial/Manufacturing	2			2	2	1					7
Metals & Mining			7	4	3	5					19
Paper & Forest Products					2	1					3
Real Estate	5		2		2	11	1		1		22
Retail (General)					2	4					6
Telecommunications	1		5	1	1						8
Textiles & Furniture					1						1
Transportation			3	1		2					6
Utilities	9		6	2	3	1					21
Grand total	46	2	35	24	30	42	2	1	2	1	185

FRESCO 2

31 October 2008

Reference portfolio tests		
Rating-based reference portfolio tests	Portfolio result	Portfolio max / min allowance
Maximum Reference Entity Notional Amount A- and higher	2.50%	2.50%
Maximum Reference Entity Notional Amount BBB+ to BB+	2.00%	2.00%
Maximum Aggregated Amount Rate BB+	19.120%	25%
Maximum Aggregated Amount Rated Lower Than BB+	1.19%	Note 1
Industry-based reference portfolio tests	Portfolio result	Portfolio max / min allowance
Minimum Number Of Fitch Industries	19	15
Maximum Single Fitch Industry Amount	19.160%	20%
Maximum Number of Fitch Industries greater than 10%	3	3
Maximum Sum Of The 3 Largest Fitch Industries	46.93%	50%
Minimum Percentage of Portfolio Secured By Commercial Real Estate	14.93%	5%
Country-based reference portfolio tests	Portfolio result	Portfolio max / min allowance
USA / UK Incorporated	2.42%	25%
Non RSA / USA or UK Incorporated	3.66%	15%
Portfolio adjustments	Portfolio result	Portfolio max / min allowance
Cumulative Amortisation Adjustments	0%	30%
Cumulative Portfolio Adjustments	0.95%	20%

Note:

- The credit ratings of a small proportion of assets within the Fresco 2 portfolio (R238m of R20bn) have migrated into the below BB+ range (International Scale). This migration is expected within our current position in the economic cycle. The nominal amount of assets that are rated below BB+ is now 1.19% of the total FRESCO 2 portfolio. This does not result in any structural action within in the FRESCO 2 portfolio as the ratings of the notes reflect the likelihood of credit migration. When FRB as administrator of Fresco 2 rebalances the portfolio no assets rated below BB+ are made available for selection as these assets are not eligible for selection albeit as a result of credit migration. As such we have included the portfolio test: Maximum Aggregate Amount Rated Below BB+ in this report to monitor these assets going forward.

FRESCO 2 – INTERNATIONAL EXPOSURES

Due to the international credit environment the following section has been included in this report.

Distribution of international reference entities by Fitch equivalent ratings			
Fitch Equivalent Rating International Scale	Number of reference entities	Total reference entity applicable notional amount (ZAR)	Percentage of total reference entity notional amounts
AA+	1	3,000,000	0.25%
AA	5	223,000,000	18.37%
AA-	10	650,000,000	53.54%
A+	3	42,000,000	3.46%
A	3	183,000,000	15.07%
A-	1	33,000,000	2.72%
BBB-	1	78,000,000	6.43%
D	1	2,000,000	0.16%
Grand total	25	1,214,000,000	100%

Distribution of reference entities by reference entity notional amount			
Reference entity applicable notional amount (ZAR)	Number of reference entities	Total reference entity applicable notional amount (ZAR)	Percentage of total reference entity notional amounts
1 to 50,000,000	13	171,000,000	14.09%
50,000,001 to 100,000,000	11	865,000,000	71.25%
100,000,001 to 150,000,000	0	0	0.00%
150,000,001 to 200,000,000	1	178,000,000	14.66%
Grand total	25	1,214,000,000	100.00%

Disclaimer

This publication has been prepared by FirstRand Bank Limited (acting through its Rand Merchant Bank division) ("the Bank"). Whilst all care has been taken by the Bank in the preparation of the opinions and forecasts and provision of the information contained in this report, the Bank does not make any representations or give any warranties as to their correctness, accuracy or completeness, nor does the Bank assume liability for any losses arising from errors or omissions in the opinions, forecasts or information irrespective of whether there has been any negligence by the Bank, its affiliates or any officers or employees of the Bank, and whether such losses be direct or consequential. Nothing contained in this document is to be construed as guidance, a proposal or a recommendation or advice to enter into, or to refrain from entering into any transaction.

This publication contains information which is confidential and may be subject to legal privilege. It is for intended recipients only. If you are not the intended recipient you must not copy, distribute, publish, rely on or otherwise use it without our consent. Some of our communications may contain confidential information which it could be a criminal offence for you to disclose or use without authority. If you have received this communication in error, please notify us at the address below and destroy the communication immediately. This communication is not intended to nor should it be taken to create any legal relations or contractual relationships.

The Bank is an Authorised Financial Service Provider under South African law but is not authorised and regulated by the Financial Services Authority in the UK ("the FSA"). Any protection afforded by the rules of the FSA does therefore not apply.

FirstRand (UK) Limited is a co-subsiary of the Bank. Both companies are owned by FirstRand Limited, a company listed on the Johannesburg Stock Exchange in South Africa. FirstRand (UK) Limited is authorised and regulated by the Financial Services Authority to provide arranging and advisor services.