



integrated financial services



FIRSTRAND

UBS Conference May 2006



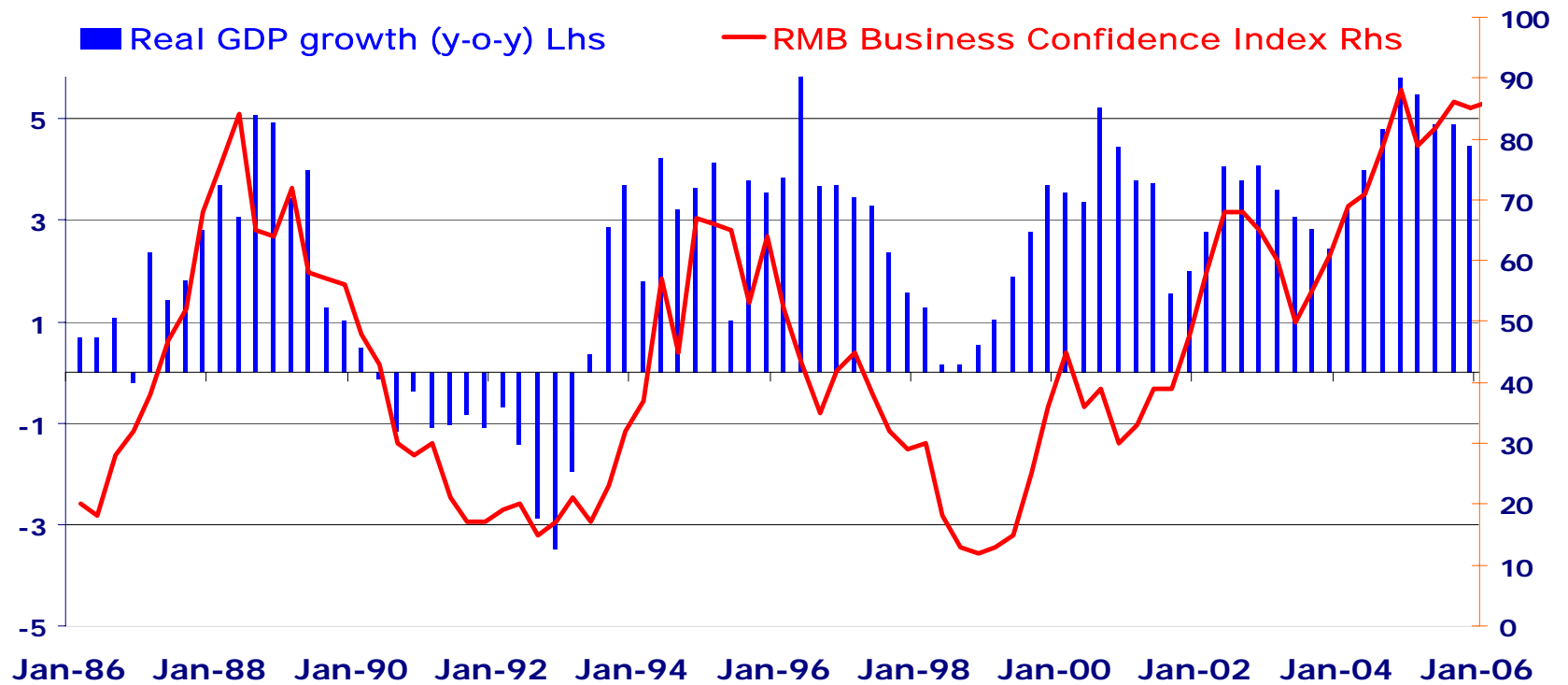
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**South Africa enjoys a
very positive macro
environment**



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Confidence and growth at all time high!





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Reasons for the economic boom

- Economic reforms of late 1990's
- Political stability
- Fiscal discipline
- Effective monetary policy
- Emerging Black consumer
- Sound institutional framework
- Government policy – Go for Growth



Strong evidence of a structural shift

- Higher trend GDP growth
...with lower volatility
- Lower real interest rates
...with lower volatility
- Lower inflation
...with lower volatility



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The South African "growth" themes

1. Lower interest rates
2. Emerging Black consumer
3. Black Economic Empowerment (BEE)
4. Infrastructure finance



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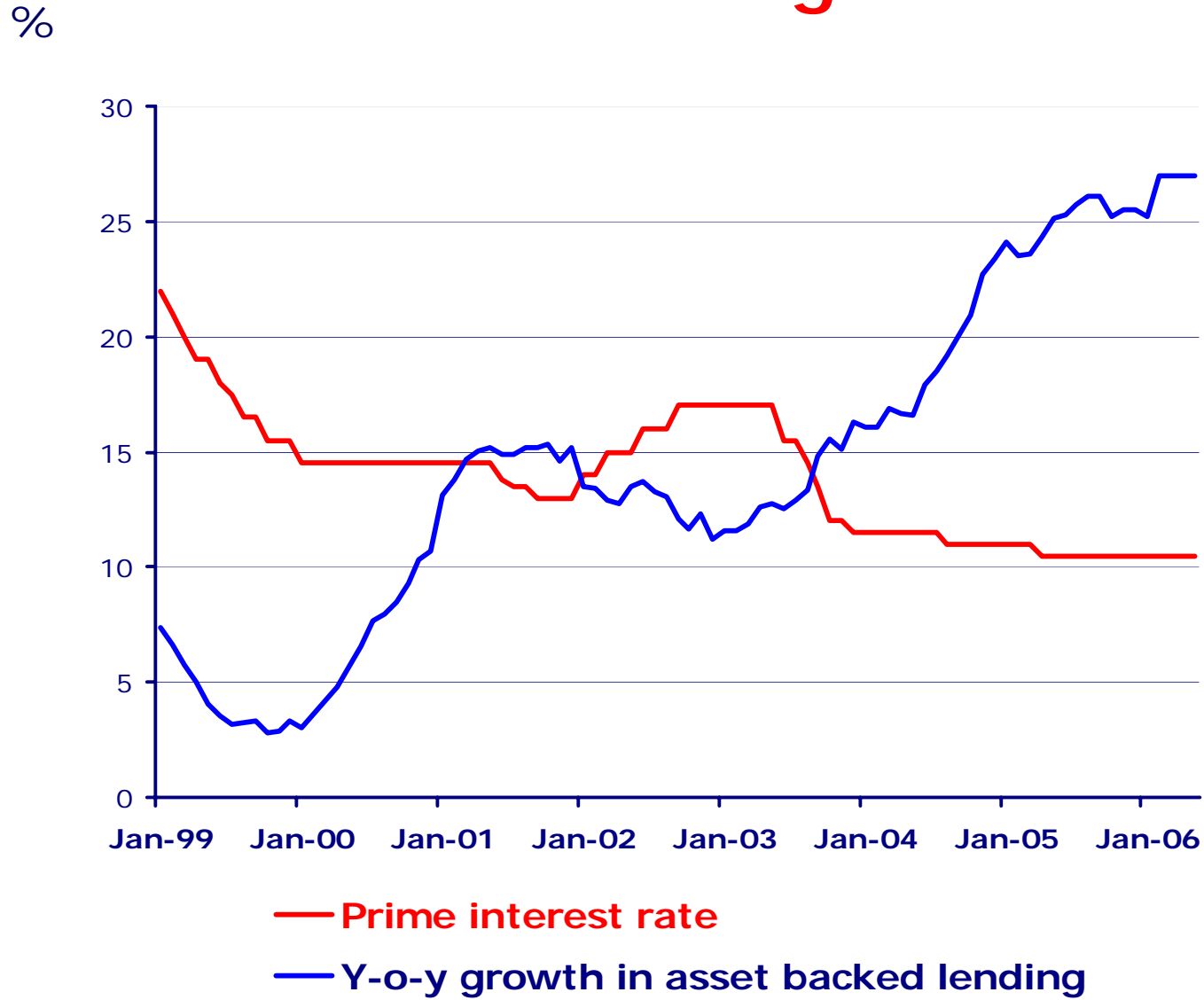
Lower interest rates

- Higher asset values
- More disposable income
- Higher levels of borrowing
- Lower levels of bad debts



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Lower interest rates driving growth in lending





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South African growth themes

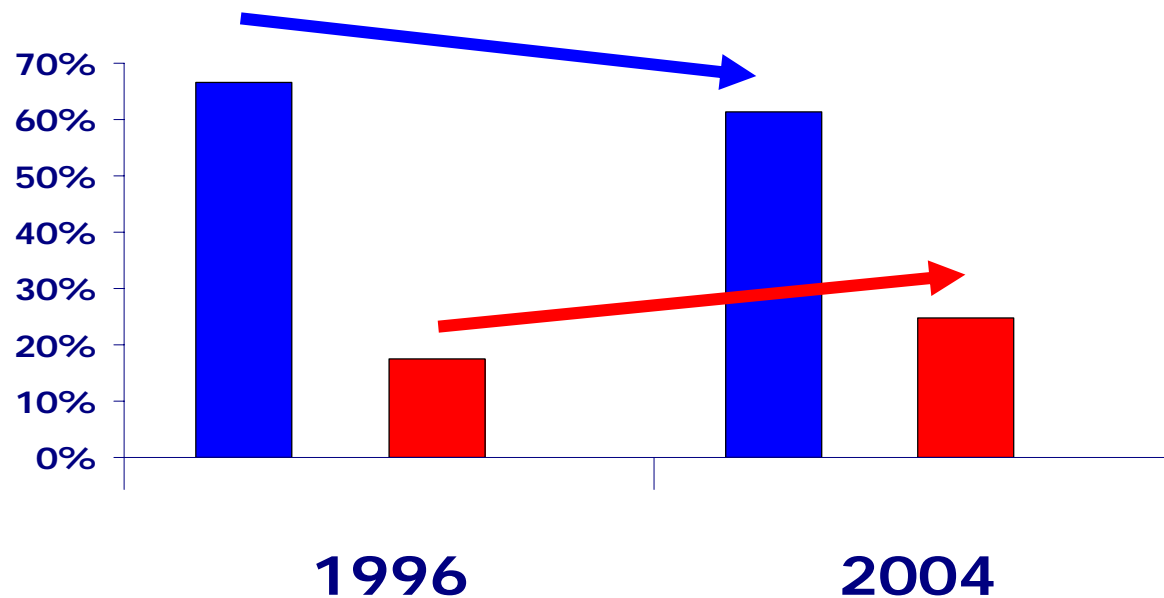
- Lower interest rates
- Emerging Black consumer
- Black Economic Empowerment (BEE)
- Infrastructure finance



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Rising income levels in Black market

Lower income categories (LSM 1-5) Higher income categories (LSM 6-10)



- Economic growth
- Employment equity

- Employment growth
- Tax and interest rate cuts



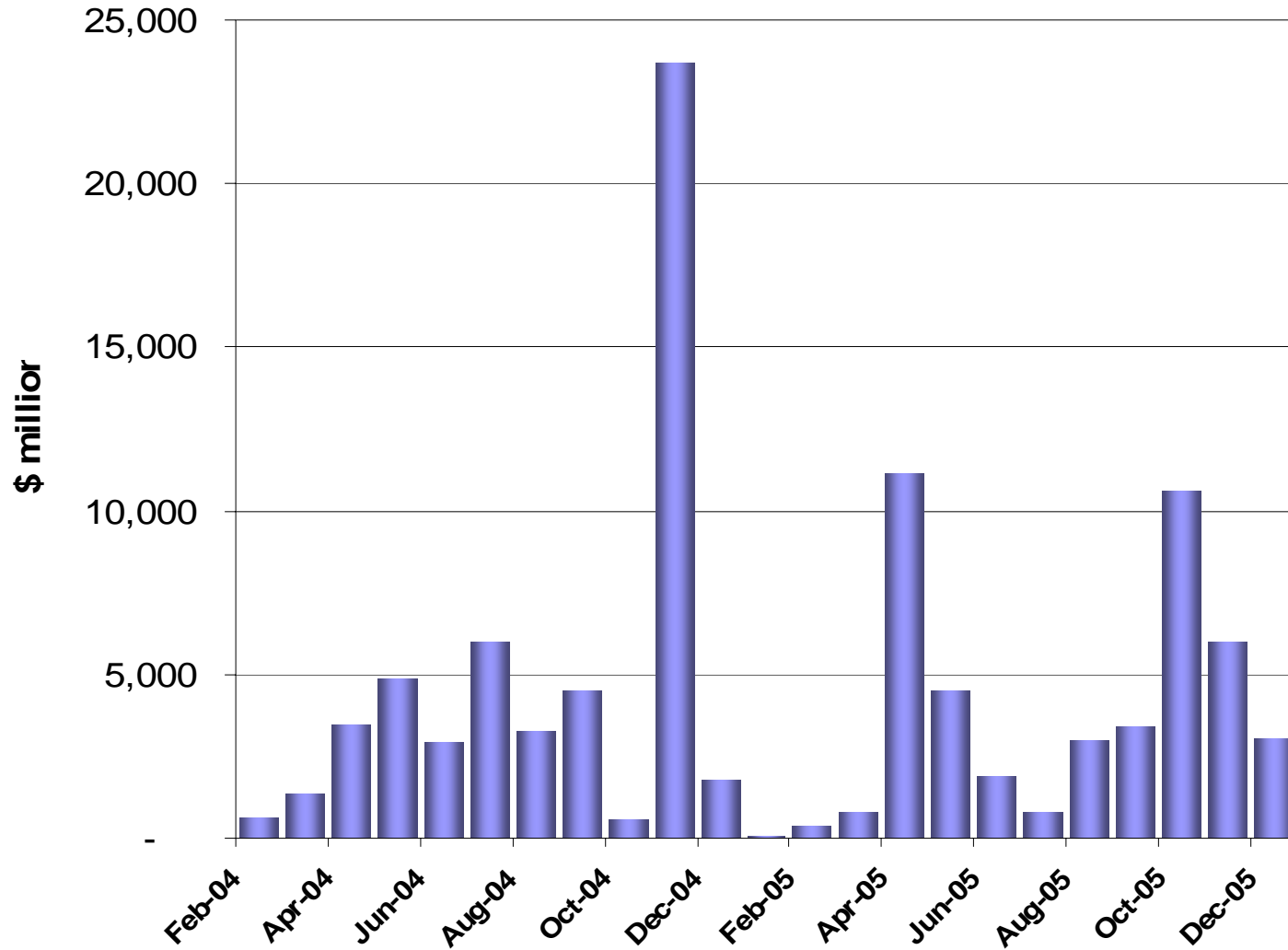
South African growth themes

- Lower interest rates
- Emerging Black consumer
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Value BEE deals last two years - \$17 bn



Source - RMB internal analysis



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South African growth themes

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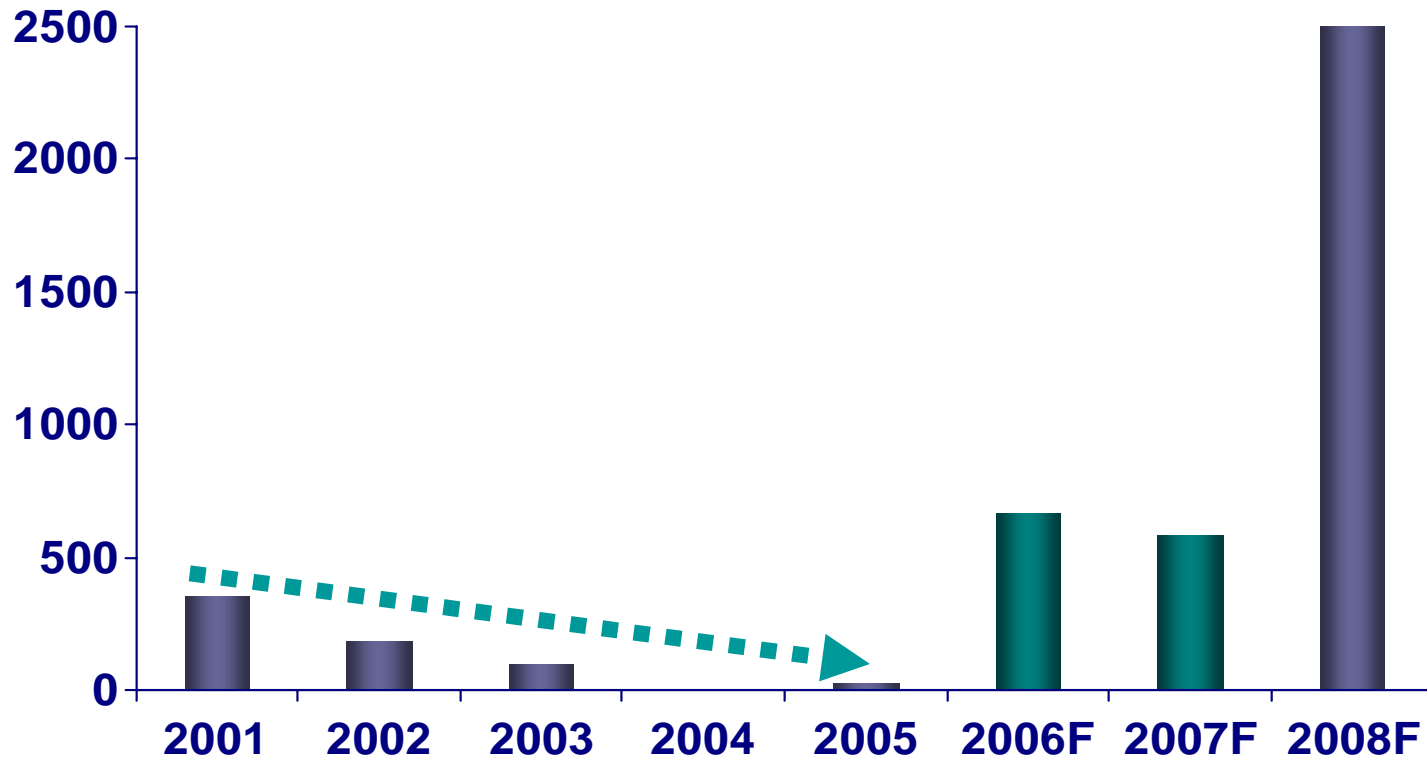
US\$ 67 bn infrastructure spend anticipated...

- Energy
- Rail and roads
- 2010 Soccer World Cup
- Schools & hospitals



US\$ 6 bn committed for Public Private Partnerships (PPP's)

\$ million



Process Risk



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BRIC...S ?



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How is FirstRand positioned?

➤ Our Business Philosophy



Business philosophy



Juggernaut
Conventional army



- Bureaucratic
- Slow
- Mediocrity
- Command and control



- Diversified
- Large balance sheet
- Scale

Niche player
Guerrilla platoon



- Focussed
- Flexible
- Talent
- Empowered



- Concentrated risk
- Small balance sheet
- Sub scale





Business philosophy

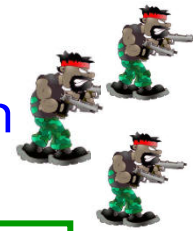


Juggernaut
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The **BEST** of both worlds!

A juggernaut with a niche market mentality

JUGGERNICHE



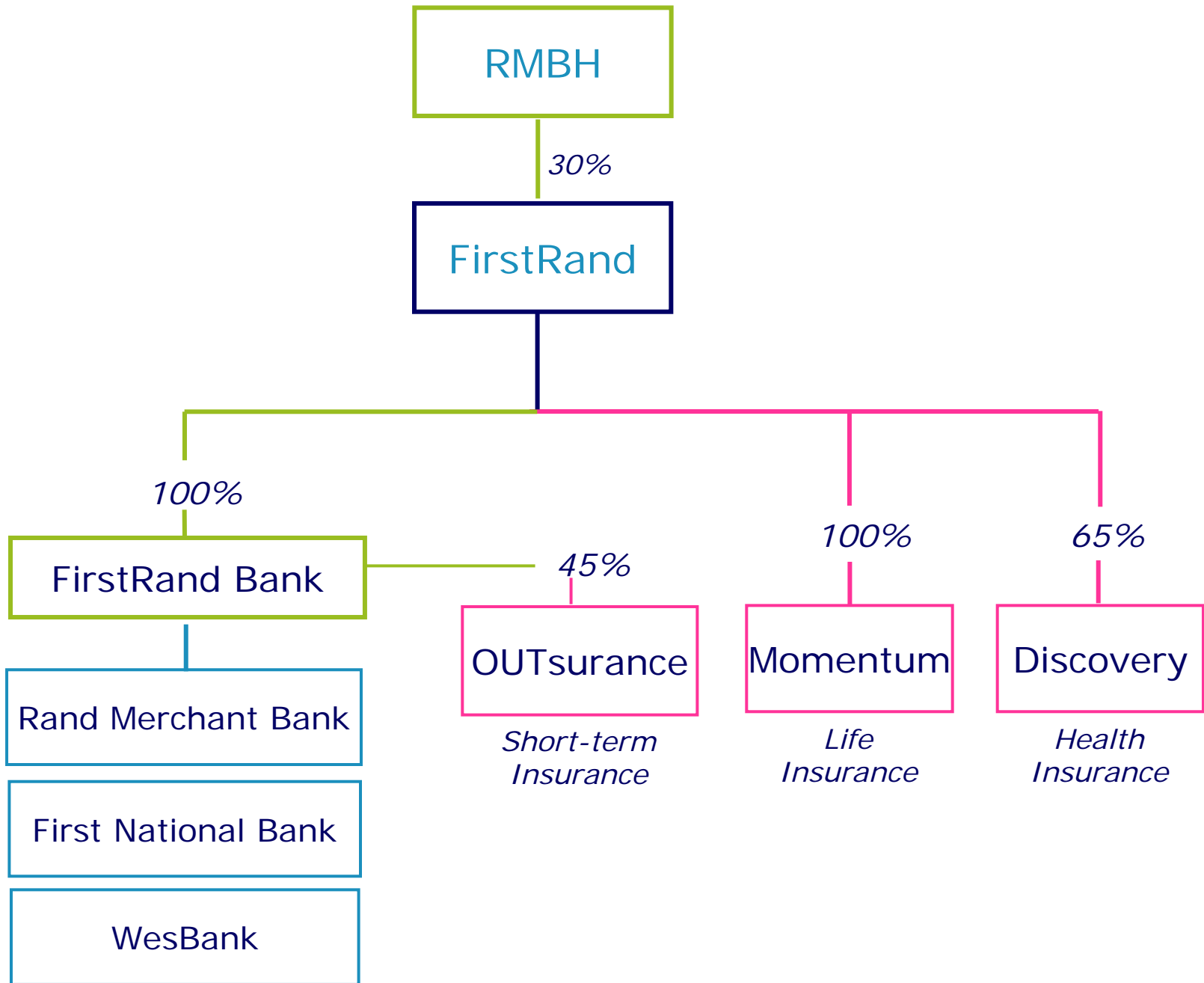
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FirstRand Business Philosophy

- Chunk into many profit centres, therefore lots of growth stories
- Multi-branding
- Centre's role is not to make decisions, but rather to facilitate good decision making
- Employee centric: consistently at top of "***Best company to work for***" survey
- Culture shaped by entrepreneurial roots



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FIRSTRAND

Integrated financial services group

Earnings (June 2005)	\$1.25bn
Assets under management	\$80bn
Total advances	\$37bn
NAV	\$5.5bn
Market cap	\$18bn





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The role of the centre

Balance sheet

Corporate culture

Balance sheet
management

Capital
management

Risk Management

Owner-manager

Innovation

Collaboration



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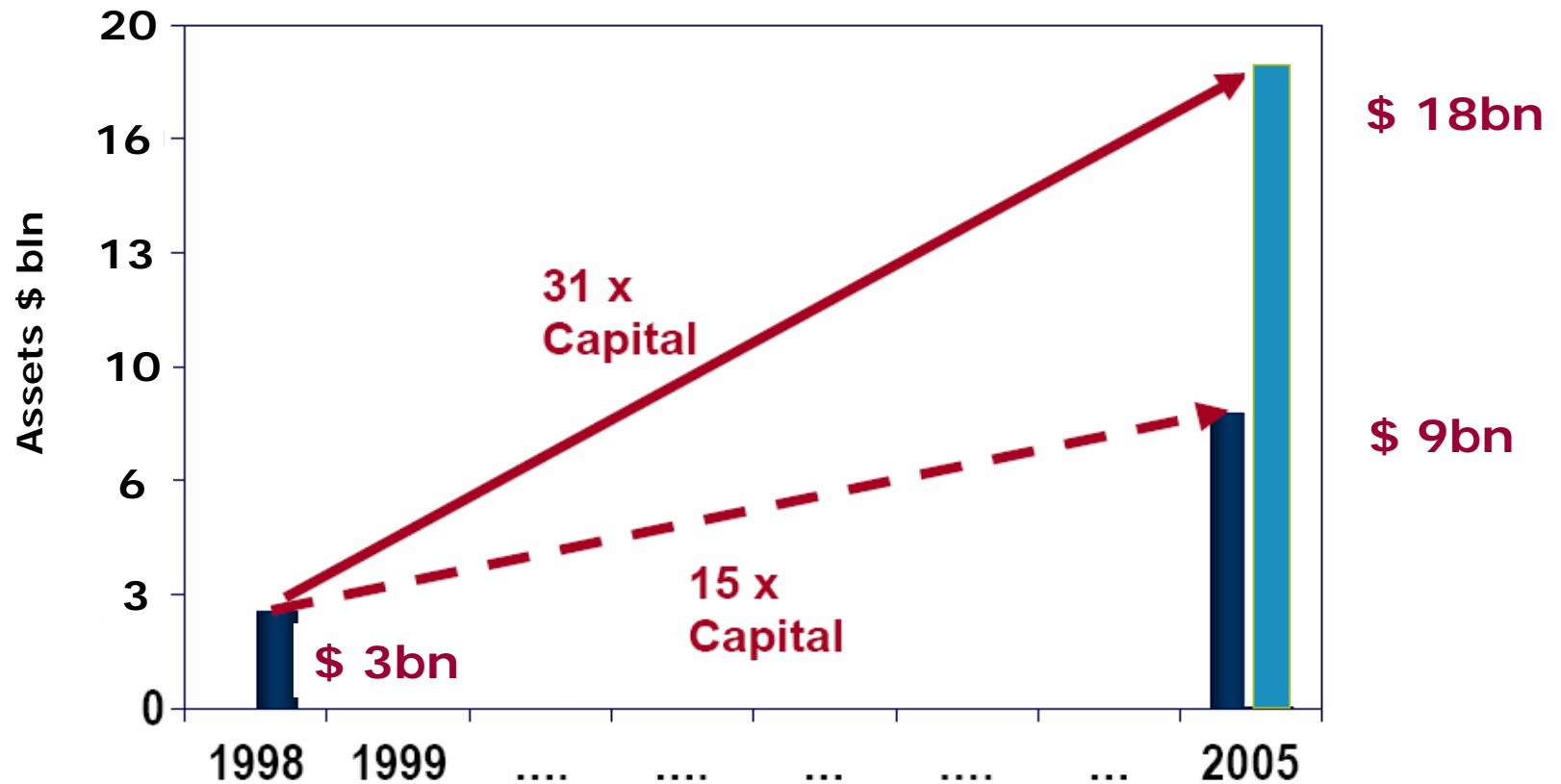


Utilising a bigger balance sheet

Rand Merchant Bank

Leverage, credit rating and cost of equity

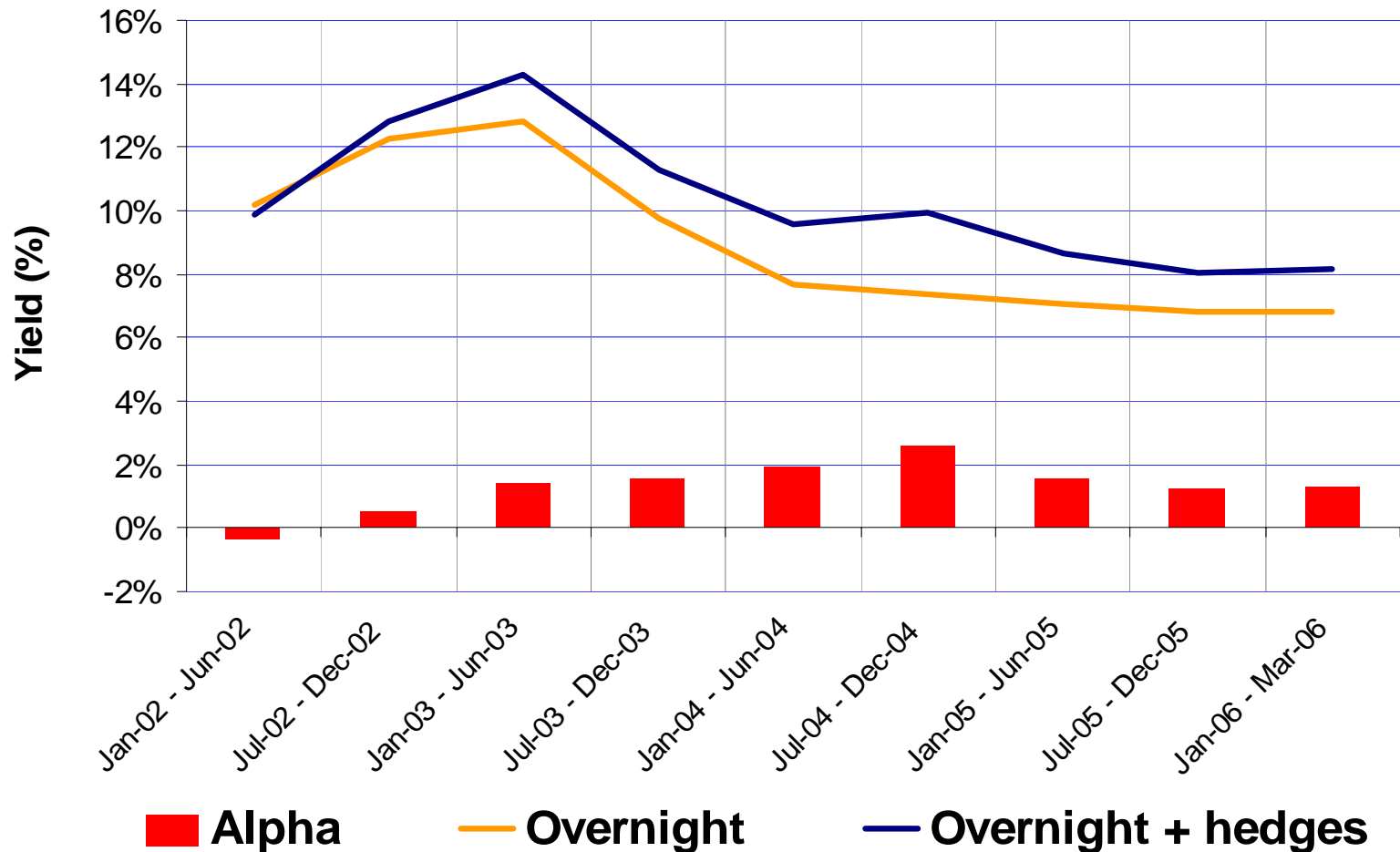
Impact of the balance sheet on leverage





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"Top-down" positioning of the balance sheet





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Capital – optimise or return?



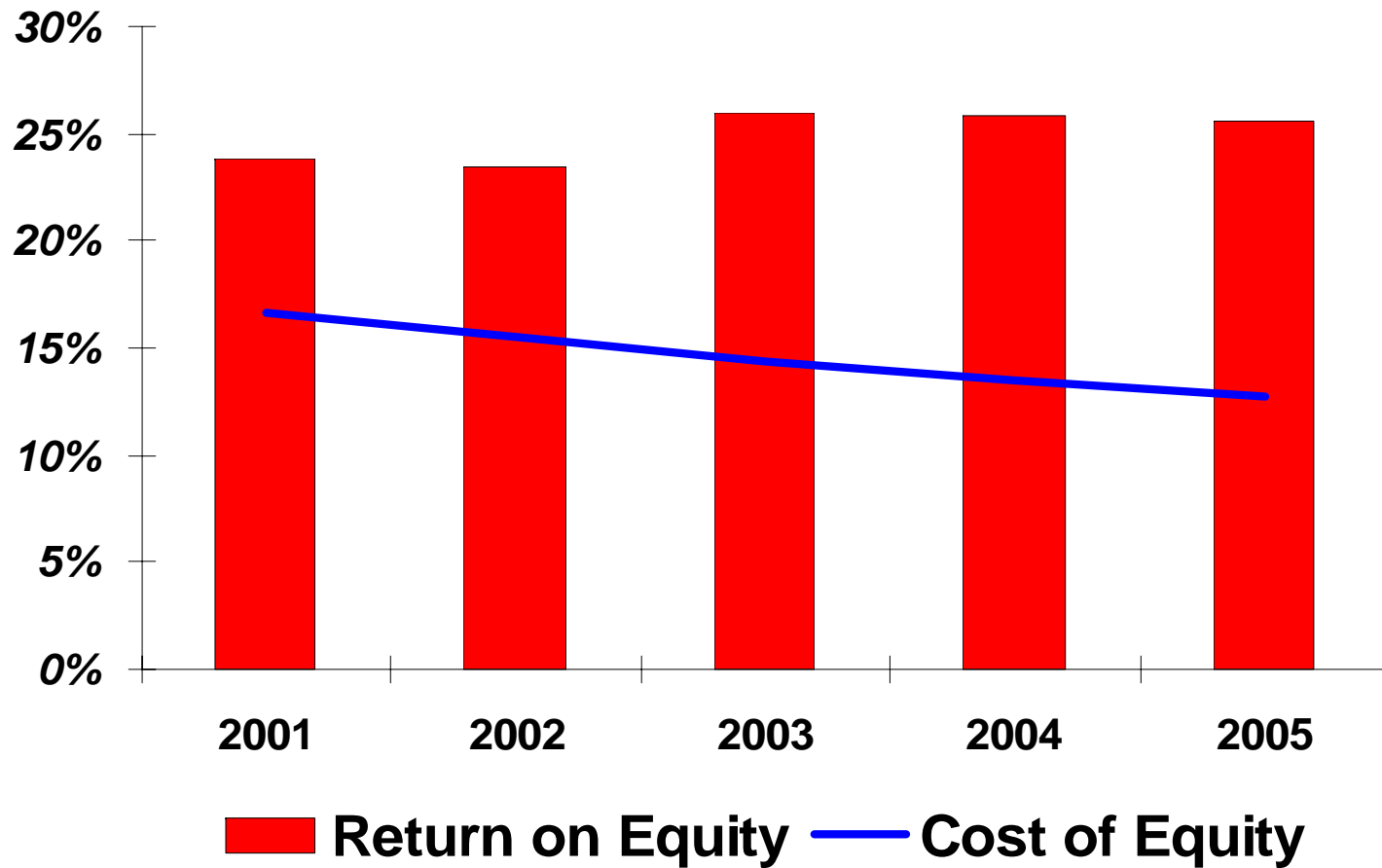
- Capital management principles
 - Key pillar of our growth strategy
 - Mobility of capital

- Applying the principles
 - Capitalise the group to meet targeted credit rating
 - Charge business units for the use of capital
 - Allocate capital on a portfolio basis to maximise risk-adjusted returns



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Obsession with ROE





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**How well are we positioned to exploit
growth themes?**



All our businesses are well positioned



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	Lower interest rates	Emerging Black consumer	BEE transactions	Infrastructure finance
 RAND MERCHANT BANK <small>A division of FirstRand Bank Limited</small>			✓	✓
 First National Bank <small>A division of FirstRand Bank Limited</small> <i>How can we help you?</i>	✓	✓	✓	✓
 WesBank <small>Put us to the test</small> <small>A division of FirstRand Bank Ltd.</small>	✓	✓		✓
momentum	✓	✓		
 Discovery	✓	✓		
 OUT S U R A N C E	✓	✓		



All our businesses well positioned



RAND MERCHANT BANK

— A division of FirstRand Bank Limited —

Rated no.1 Investment Bank in South Africa

PBT \$313m

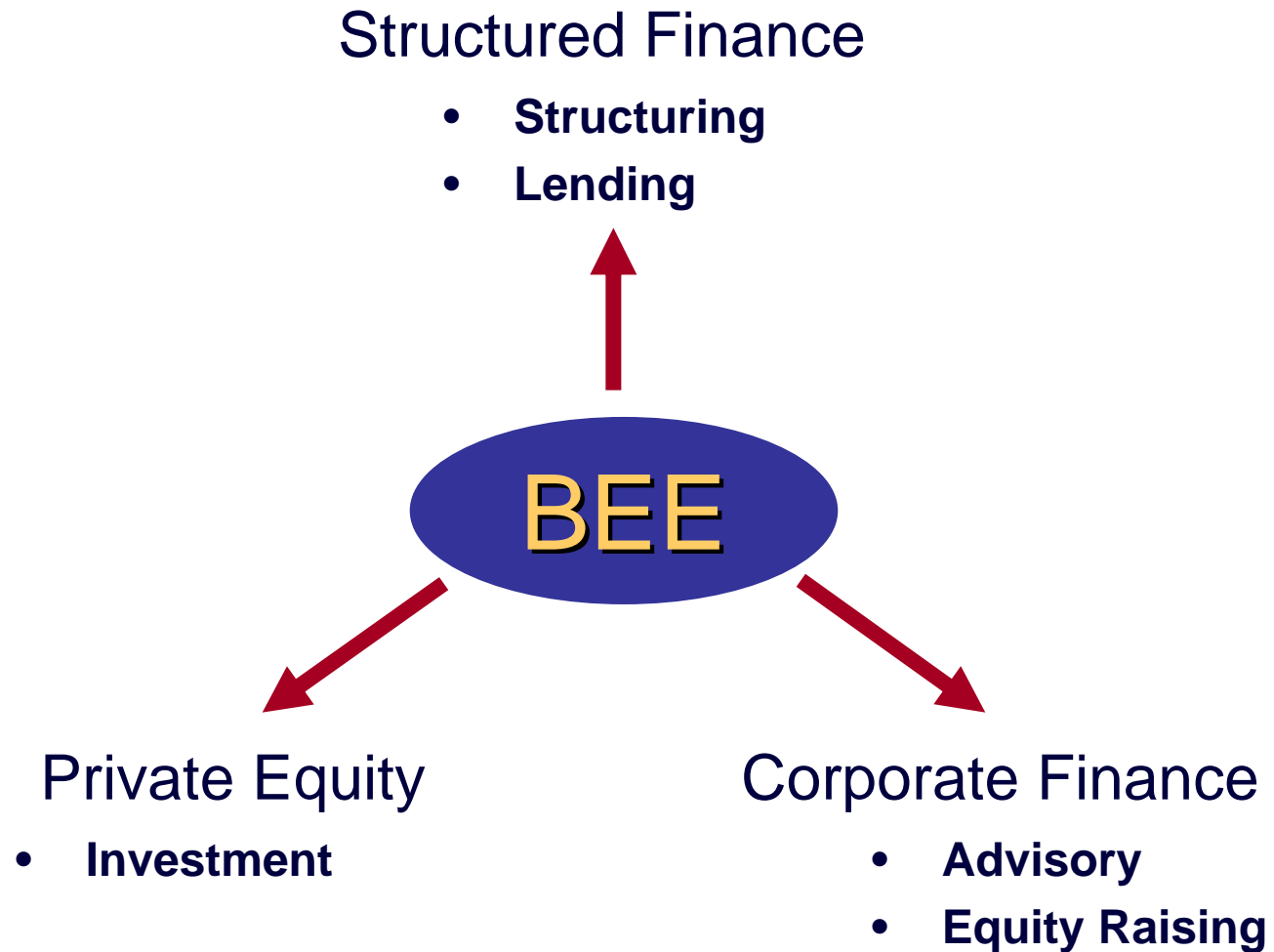
- **Structured & Project Finance**
- **Mergers & Acquisitions**
- **Securities Trading**
- **Private Equity**
- **Asset Management (\$30 bln)**



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RMB well positioned for BEE

Major source of business for investment bank RMB





How does RMB make money from infrastructure finance?



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RAND MERCHANT BANK
— A division of FirstRand Bank Limited —



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RMB strongly positioned

RMB has dominated the PPP market

	Total number of deals	Deals led by RMB	Deals in which RMB has participated
Toll roads	5	3	5
Power stations	1	1	1
Hospitals	1	1	1
Prisons	2	1	1
Accommodation	1	0	0
Grand total	10	6	8



RAND MERCHANT BANK
A division of FirstRand Bank Limited



All our businesses well positioned



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First National Bank

A division of FirstRand Bank Limited

How can we help you?

Most innovative commercial bank in South Africa

PBT \$682m

- **Mass market**
- **High networth**
- **Companies / Government**
- **5 million customers**
- **704 branches**
- **4535 ATMs**



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Lower interest rates drive borrowing

Asset values

- Rising Asset and Property values – increase loan amounts
- Improve security esp the “in force book”

Higher levels of borrowing

- Advances +26% to June 2005
- Growth in all Retail markets

Lower levels of bad debts



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Innovation - key to capture emerging Black consumer

Using low cost distribution channels

- Mini ATMs
- Cell phone banking

Products

- Affordable housing
- Pension-backed Home Loans
- Micro loans
- Mzansi account – low cost account for mass market
- InContact – sms confirmation



All our businesses well positioned



WesBank

Put us to the test

A division of FirstRand Bank Ltd.

1 in 3 cars financed by Wesbank in South Africa

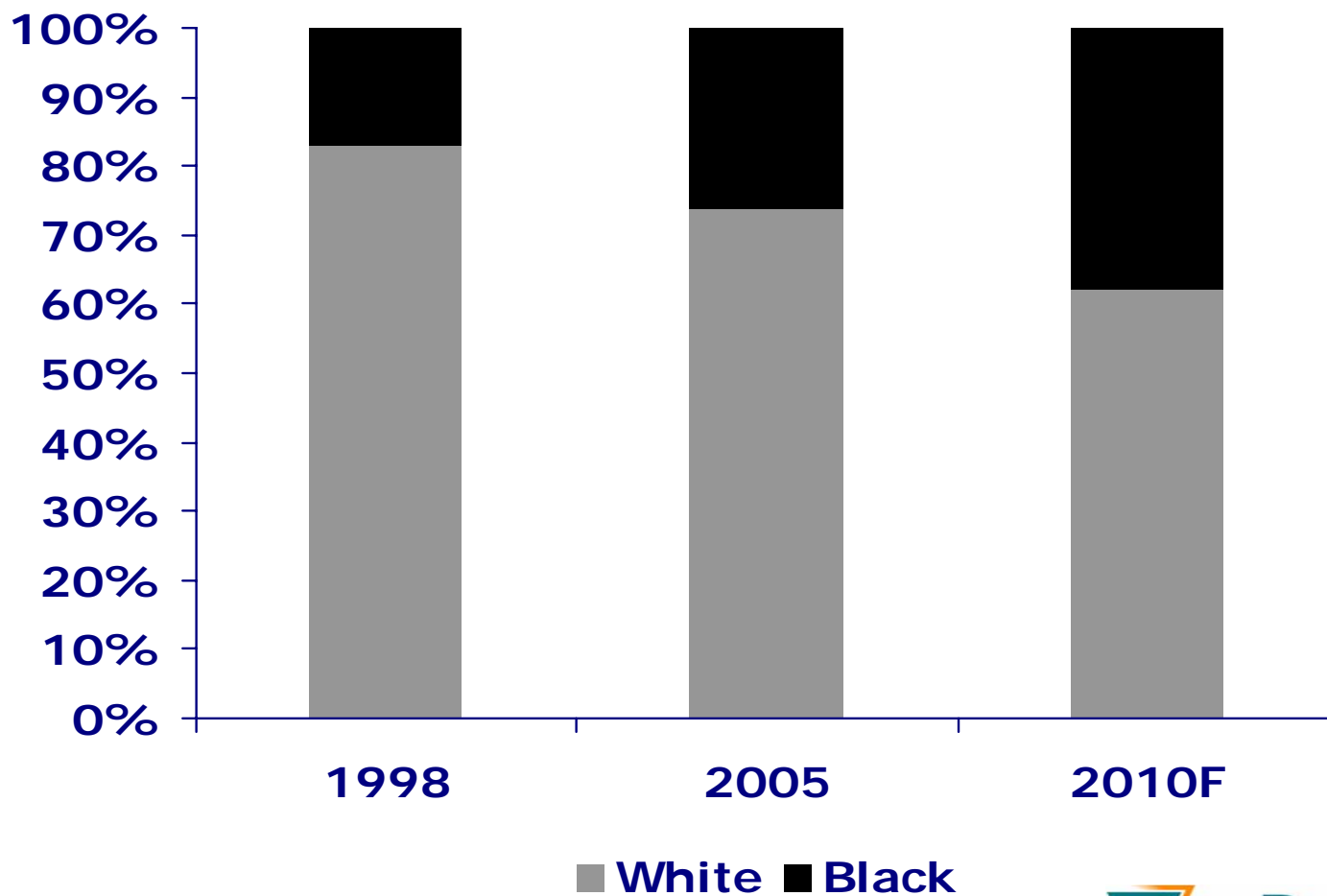
PBT \$231m

- Dominates Point of Sale
- JV with 5 of 10 motor manufacturers
- Originates in over 30 JV brands



Forecast 40% "Black book" by 2010

WESBANK book





All our businesses well positioned

momentum

Rated no.1 provider of investment products

PBT \$158m

- Investment Products
- Risk Products



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MOMENTUM'S Growth strategy

- Attacking the fast growing middle market
- Adding load to distribution
 - Short-term insurance
 - Health

momentum



All our businesses well positioned

The logo for OUT SURANCE, with the letters "O", "U", and "T" in large, white, rounded characters inside purple circles, and the word "SURANCE" in smaller, white, spaced-out capital letters below them.

OUT
S U R A N C E

Fastest growing short-term insurer in South Africa

PBT \$62m

- **Auto**
- **Homeowners & Householders**
- **Small Commercial**



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OUTsurance's winning recipe

- Most recognised short-term insurance brand in South Africa after only 8 years
- Differentiates itself with the **OUTbonus**
- "Direct" distribution model
- World class actuarial risk modeling
- Exportable value proposition



All our businesses well positioned



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No.1 health insurance group in South Africa

PBT \$147m

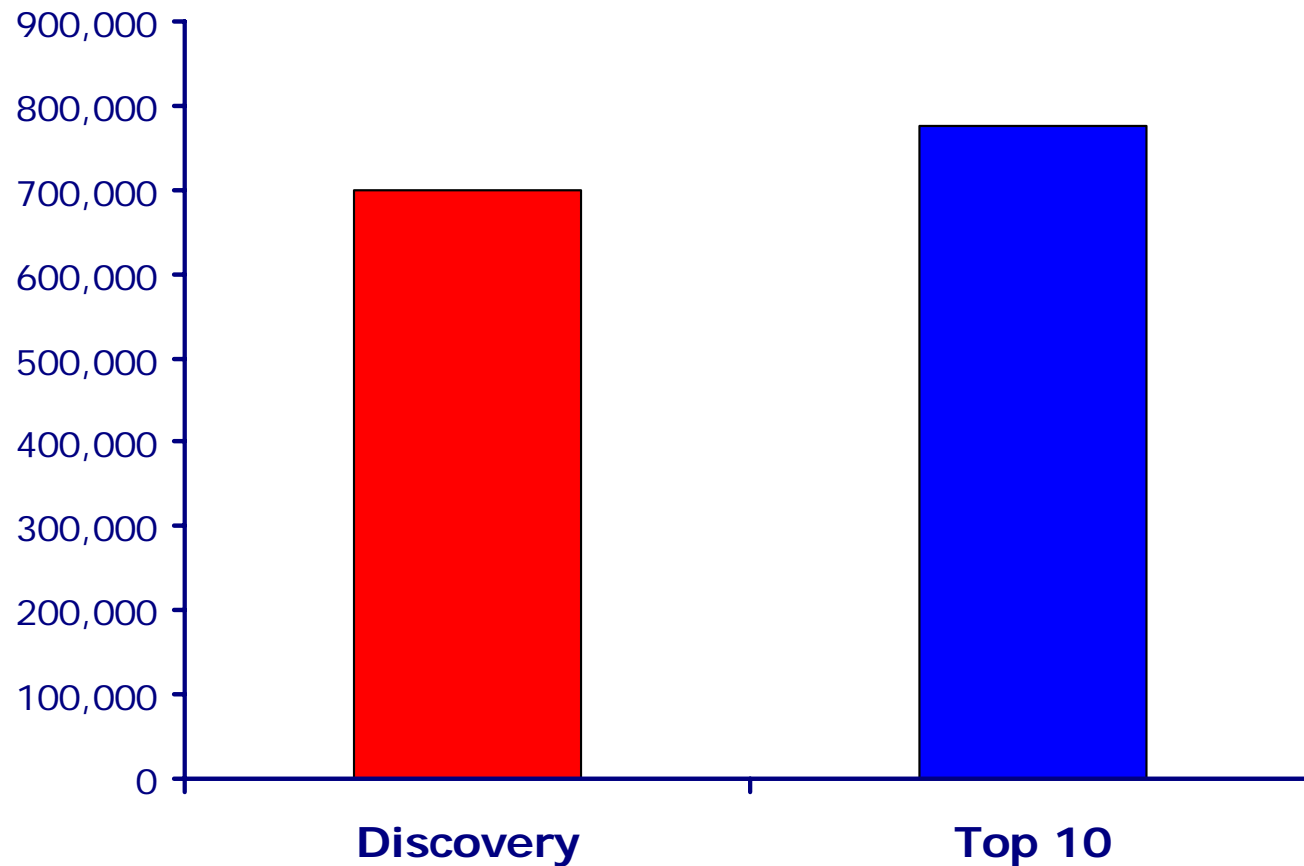
- Health plus life insurance
- Vitality loyalty scheme
- Destiny in the US
- JV with Prudential in the UK



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After 13 years, as big as the rest combined

Total scheme membership





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FirstRand's international strategy

- At divisional level vs group level
- Divisions expand geographically in different markets
- Only expand if there's a clear competitive advantage
- Africa a focus (\$100m PBT), but also other emerging markets



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**What have we delivered
to shareholders?**



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Superior value creation



- Compound annual growth rate - 45% (SA Rand)
- Adjusted for constant cost of equity - 26%*

*COE held constant at 19%



Conclusion

- Expect boom to last until 2010
- FirstRand units focused in growing niches
- Business philosophy empowers divisions – many growth stories
- FirstRand uses centre/"bigness" to enhance performance
- Is big better? **YES, if you have a niche market mentality!**