



RAND MERCHANT BANK

— A division of FirstRand Bank Limited —



UBS
2005 Financial Services
Conference

The Turning Points of Our Business

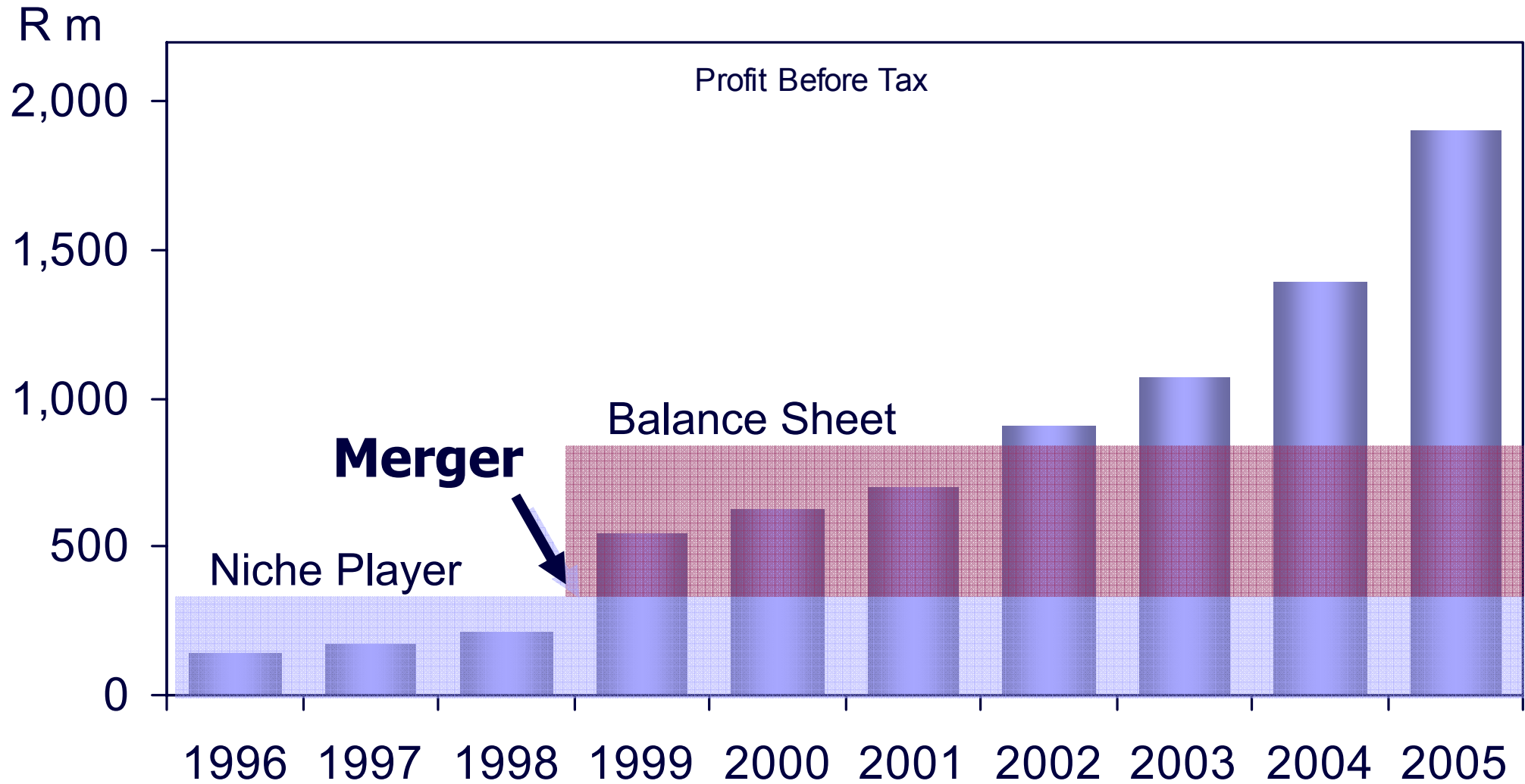
“Anybody in investment banking that says they have a five year strategy is mistaken. This is a reactive business. We don’t control the minds of the clients, the regulators or the whiz kids thinking up new ideas.”

Goldman Sachs Executive

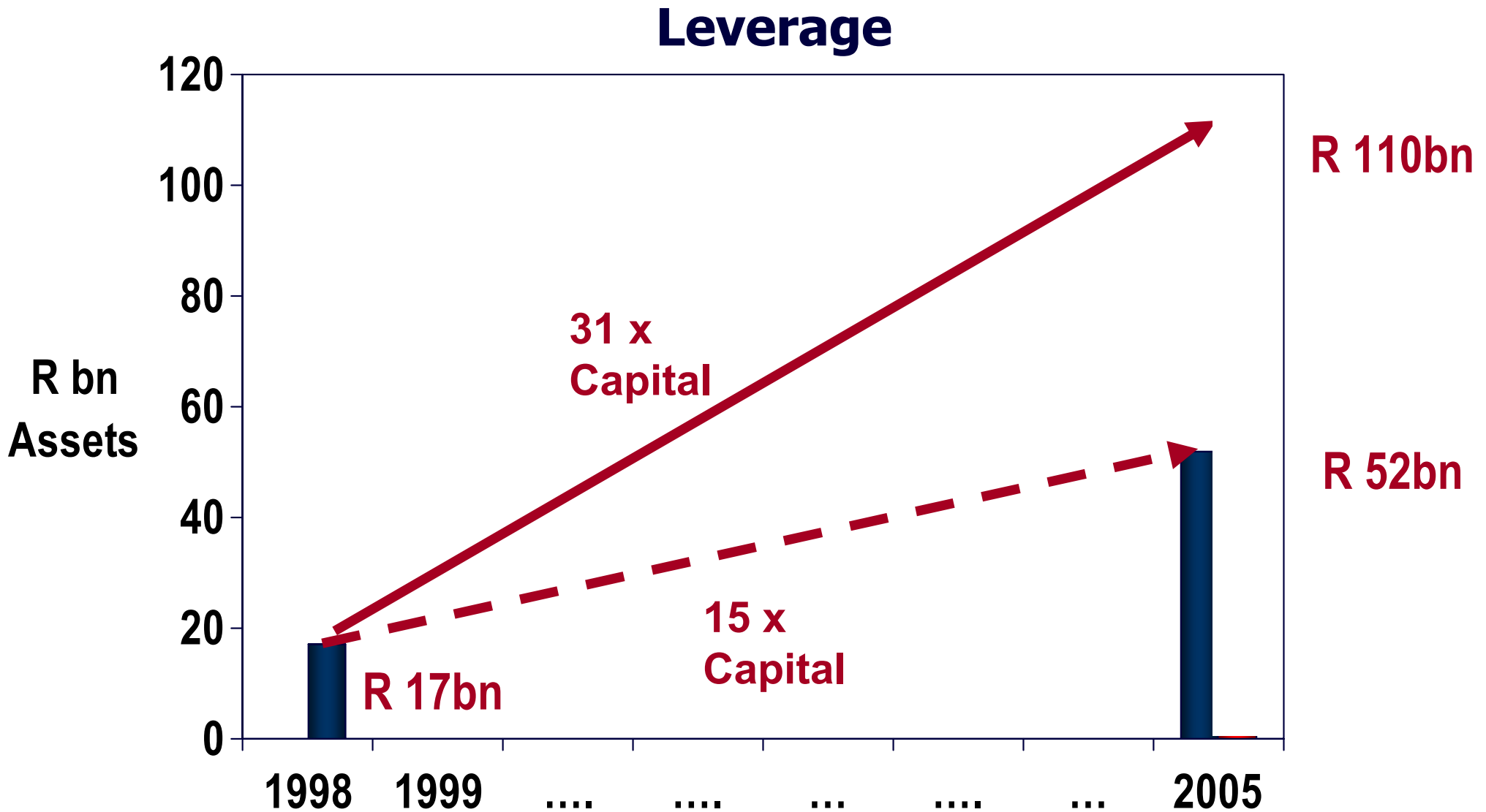
“McKinsey’s techniques of strategy don’t work. Things move too fast. We have had three different key products in four years. So what is strategy? You simply get great people and back them. And they can’t even tell you what they’ll be doing next year.”

CEO Morgan Stanley (ex McKinsey)

Many Building Blocks

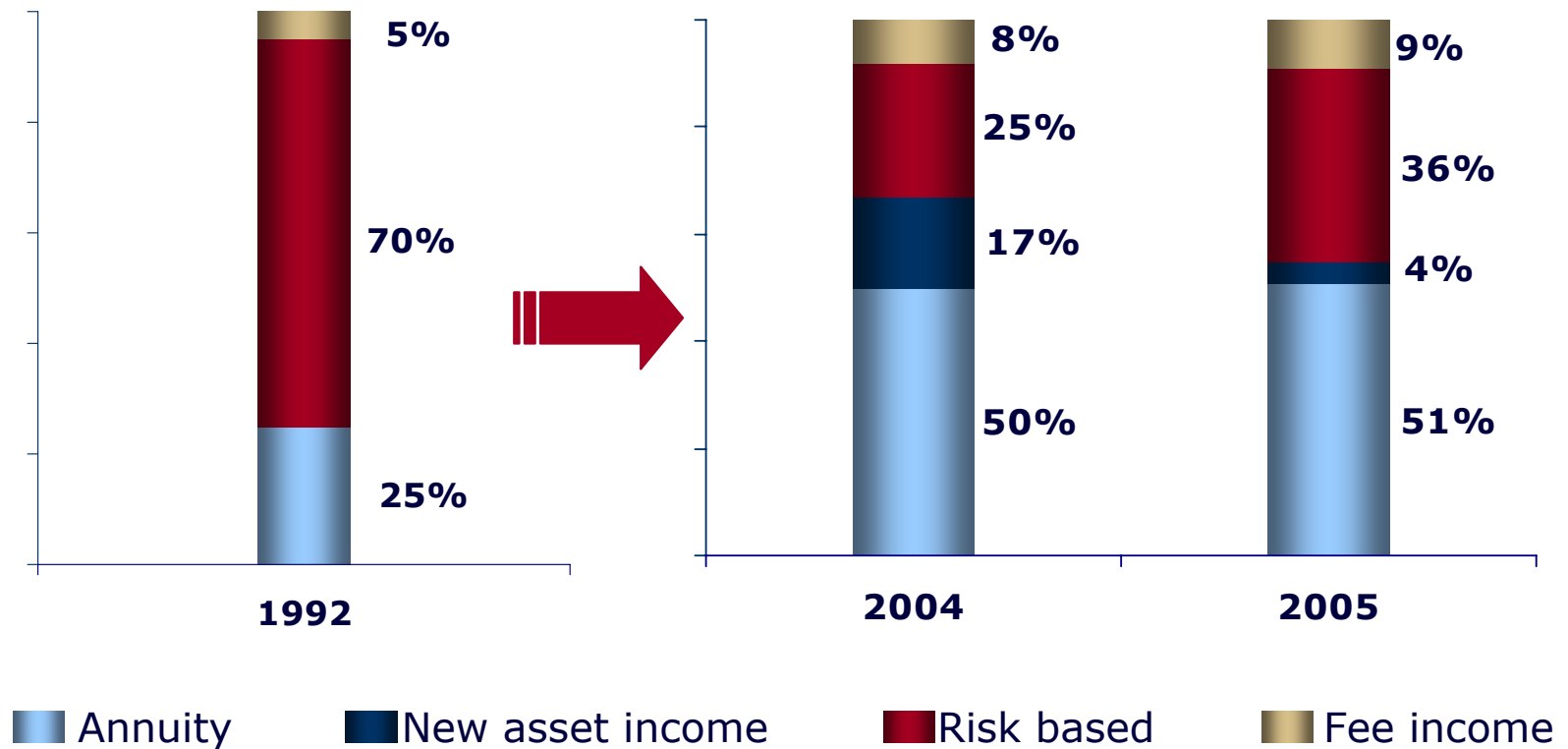


Impact of the Balance sheet



Impact of the Balance sheet

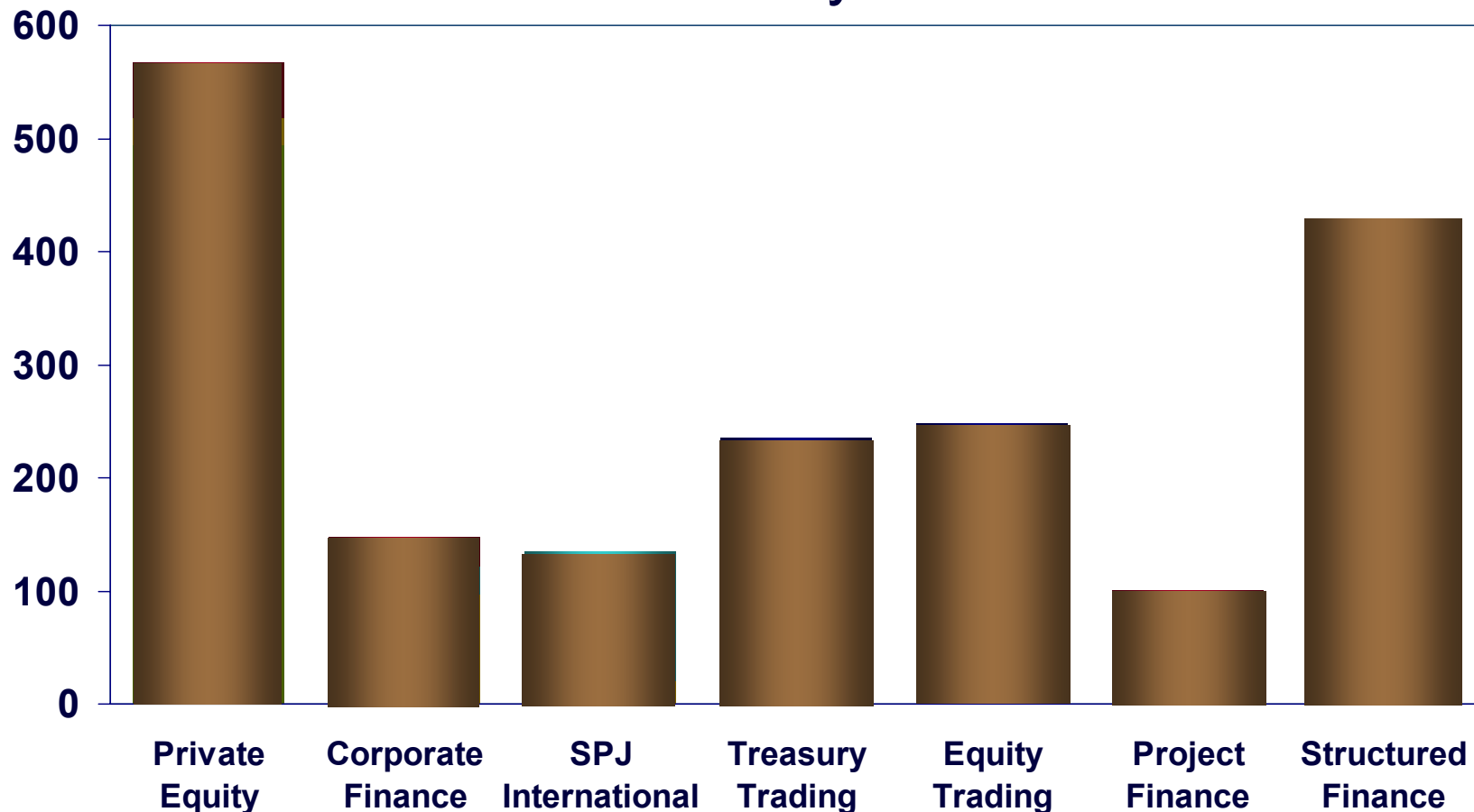
More Sustainable Earnings – Annuity Income



Impact of the Balance sheet

More Sustainable Earnings – Portfolio Effect

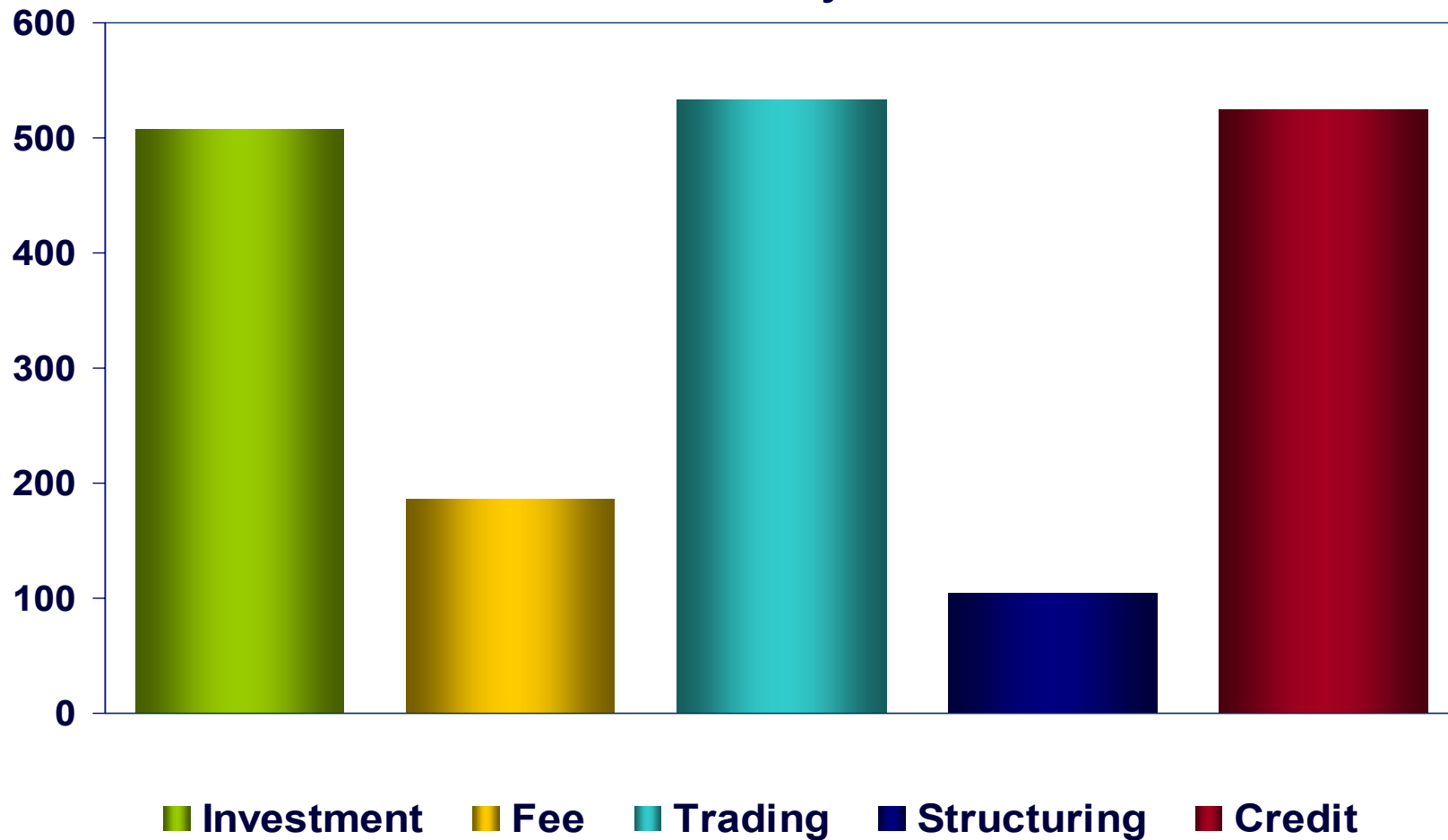
Net Income by Driver



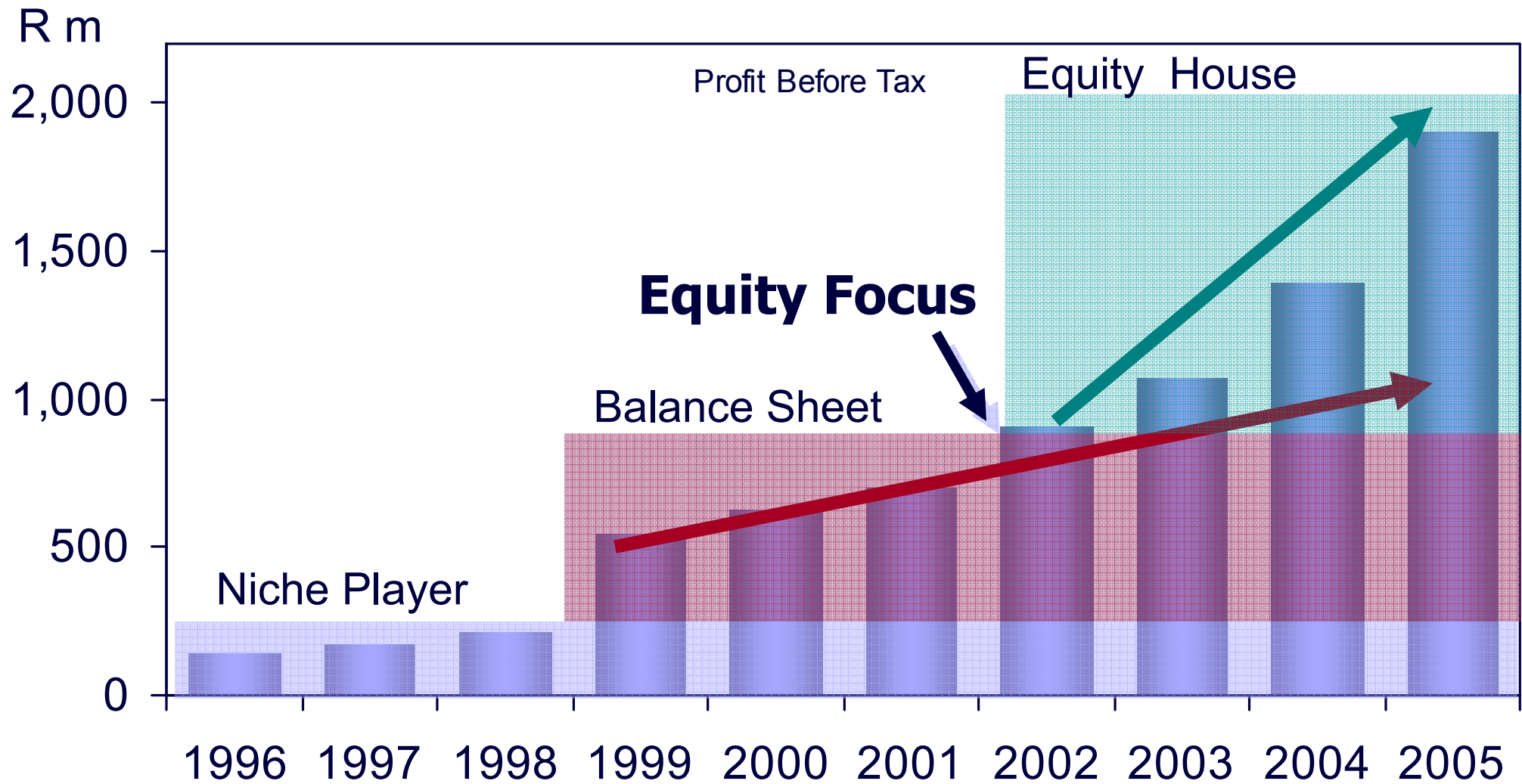
Impact of the Balance sheet

More Sustainable Earnings – Portfolio Effect

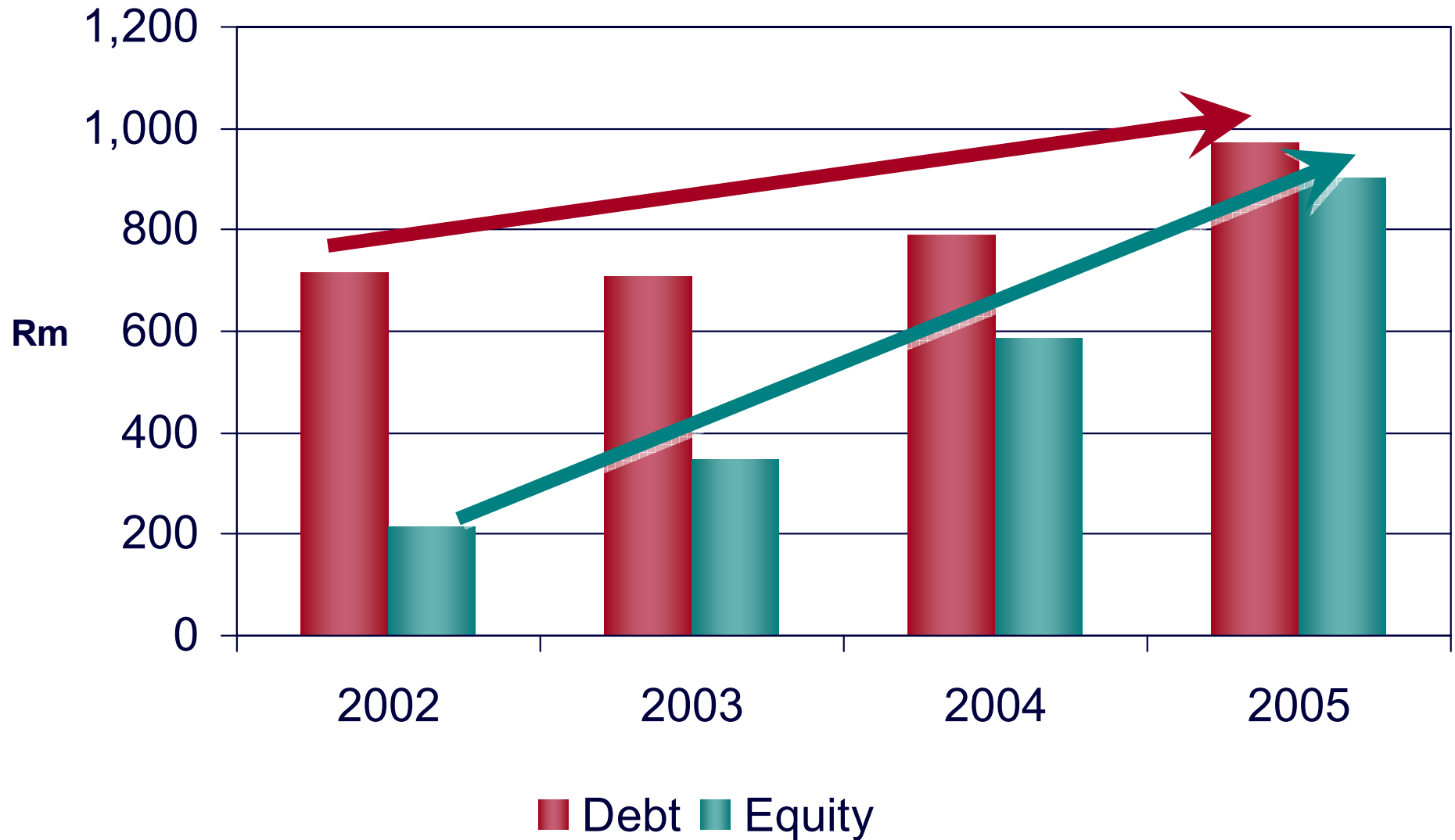
Net Income by Driver



Many Building Blocks

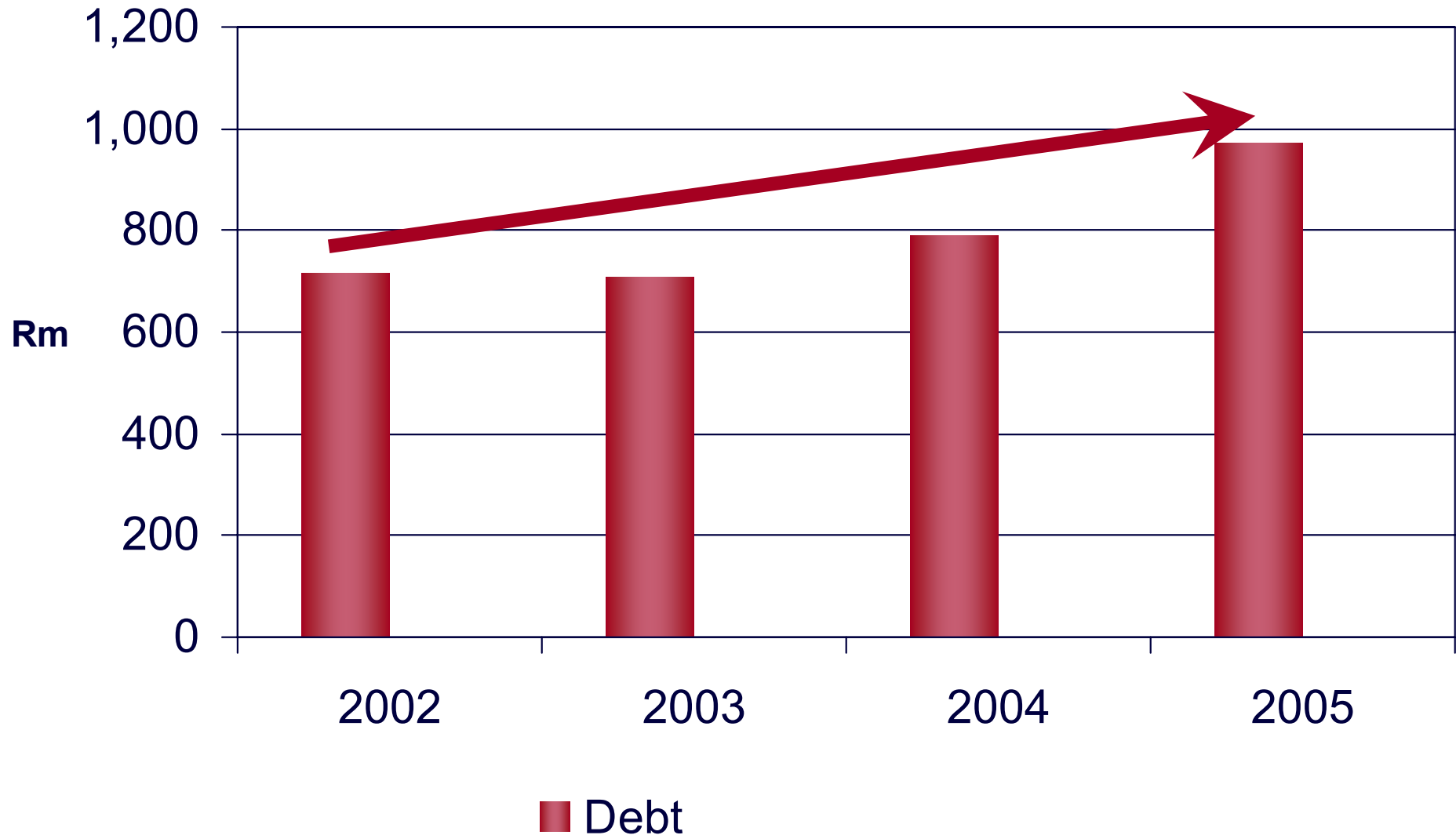


Emergence as Equity House



Emergence as Equity House

Slowdown in Debt Businesses



Slowdown in Debt Businesses

Demise of Tax Based Structuring

In the Headlines

"Convertible loans draw taxman's eye"

5 April 2002

"SARS probe into finance deals rakes in R2.5 billion"

3 November 2003

"Structured Finance faces the axe"

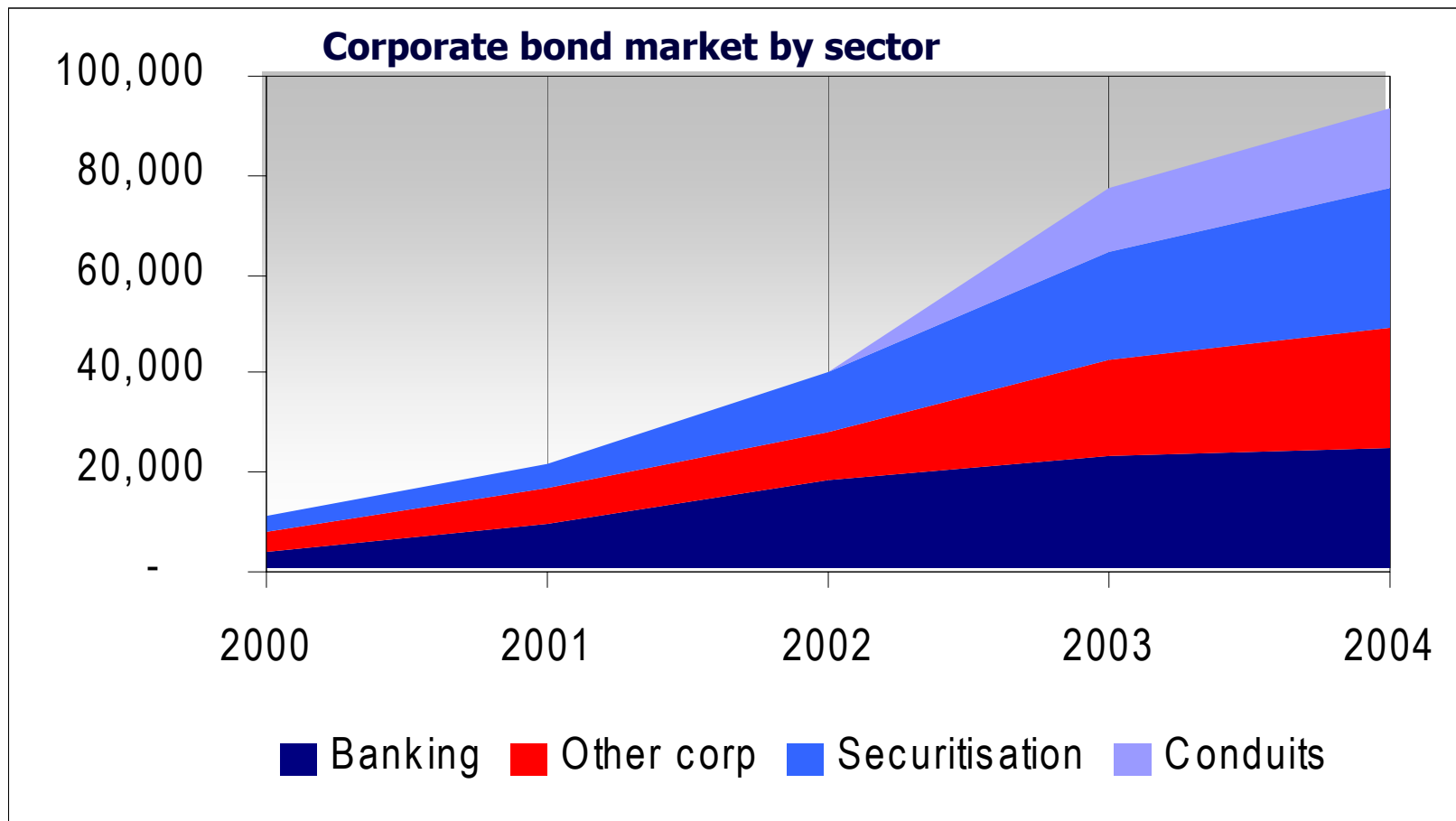
3 May 2004



Slowdown in Debt Businesses

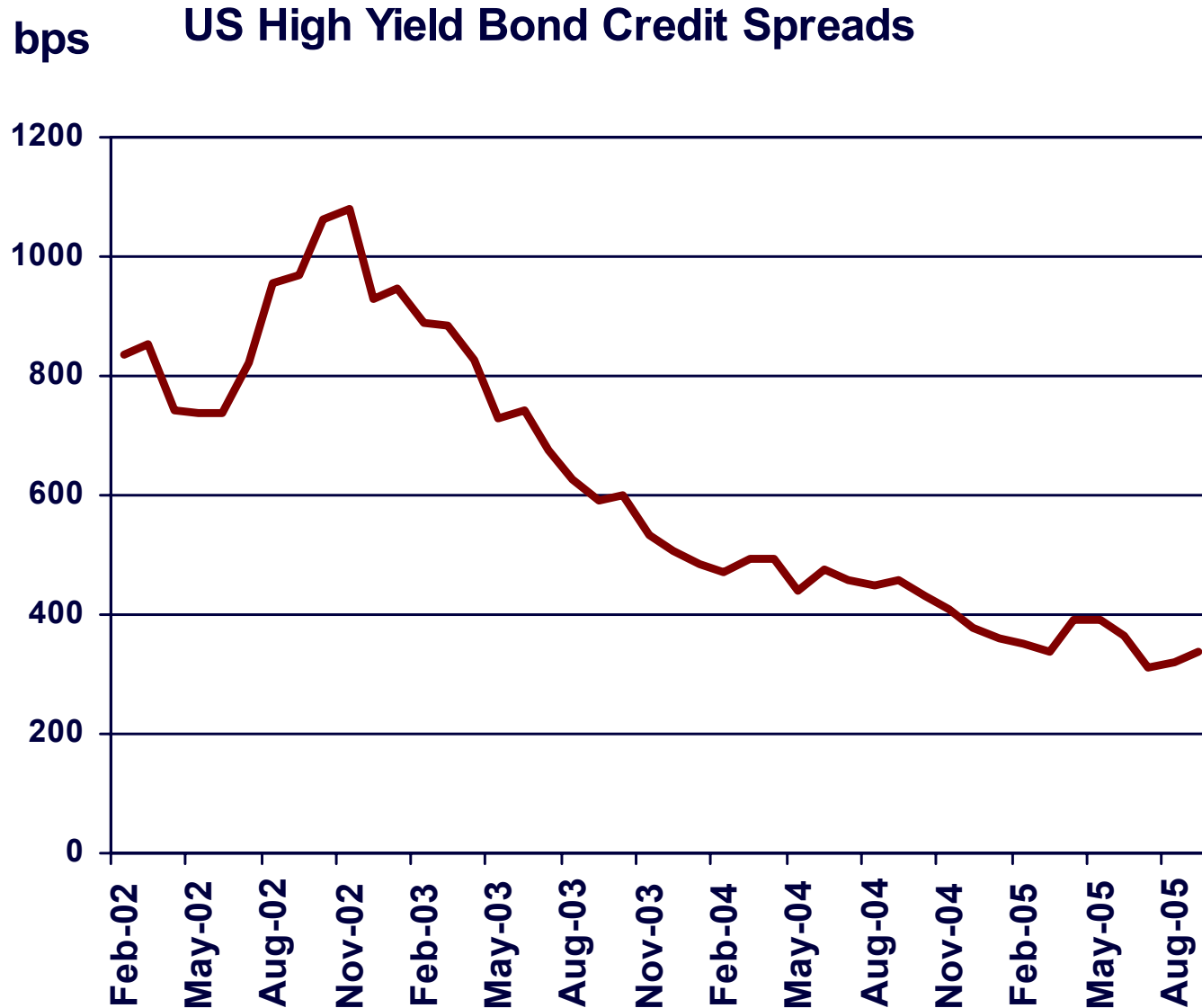
Disintermediation

Corporate Lending picked up in Capital Markets



Slowdown in Debt Businesses

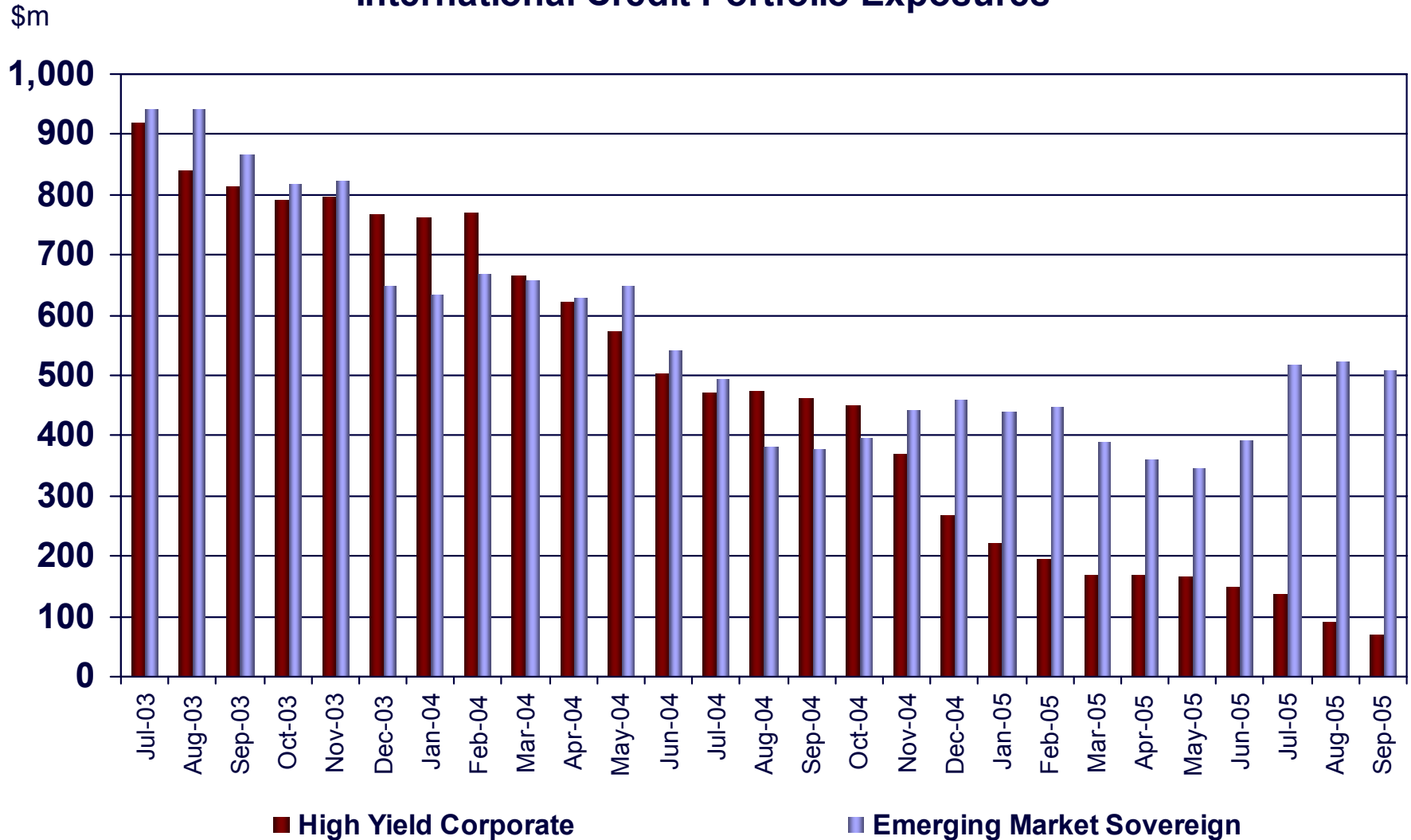
International High Yield Credit Spreads



Slowdown in Debt Businesses

International High Yield Credit Spreads

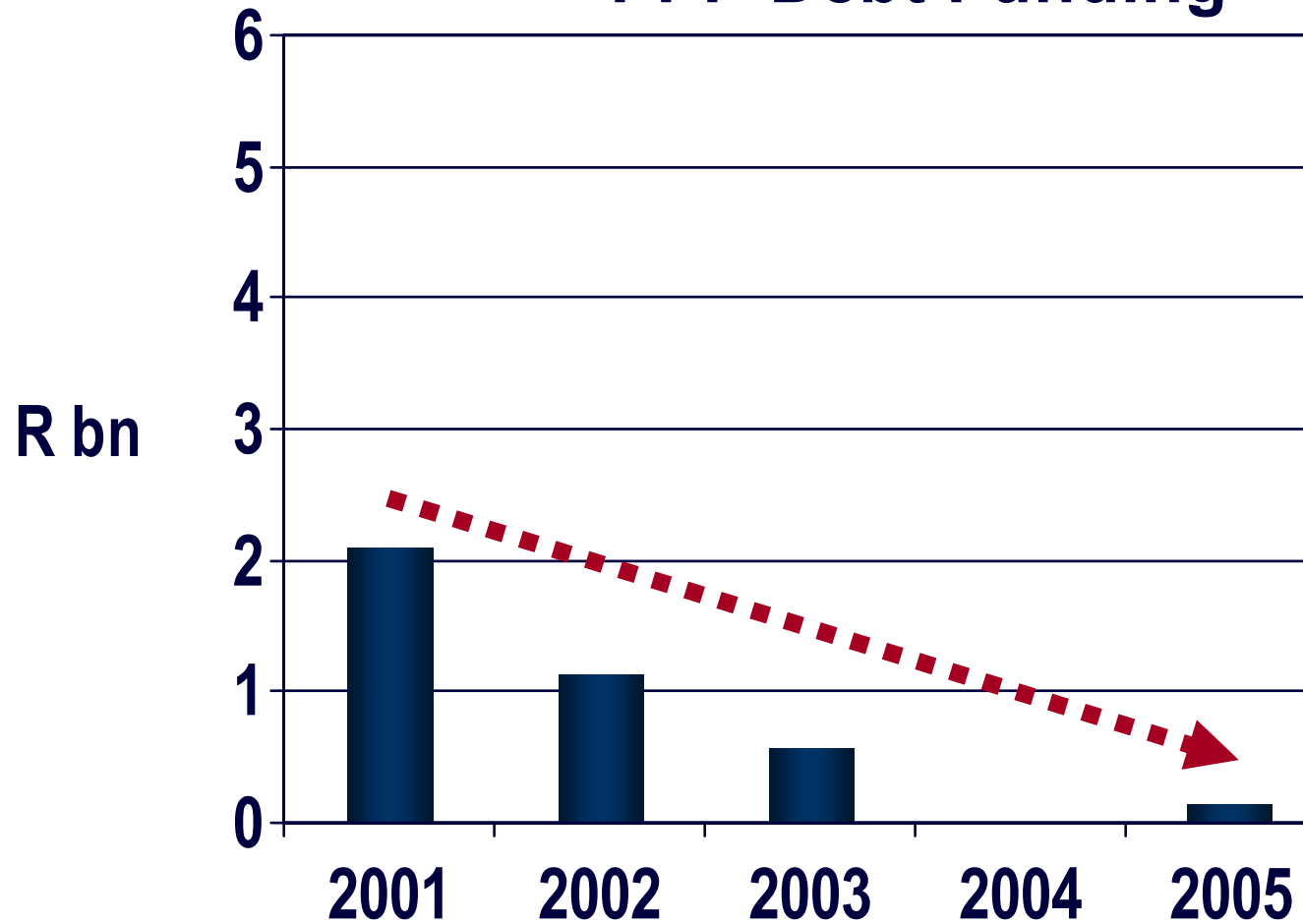
International Credit Portfolio Exposures



Slowdown in Debt Businesses

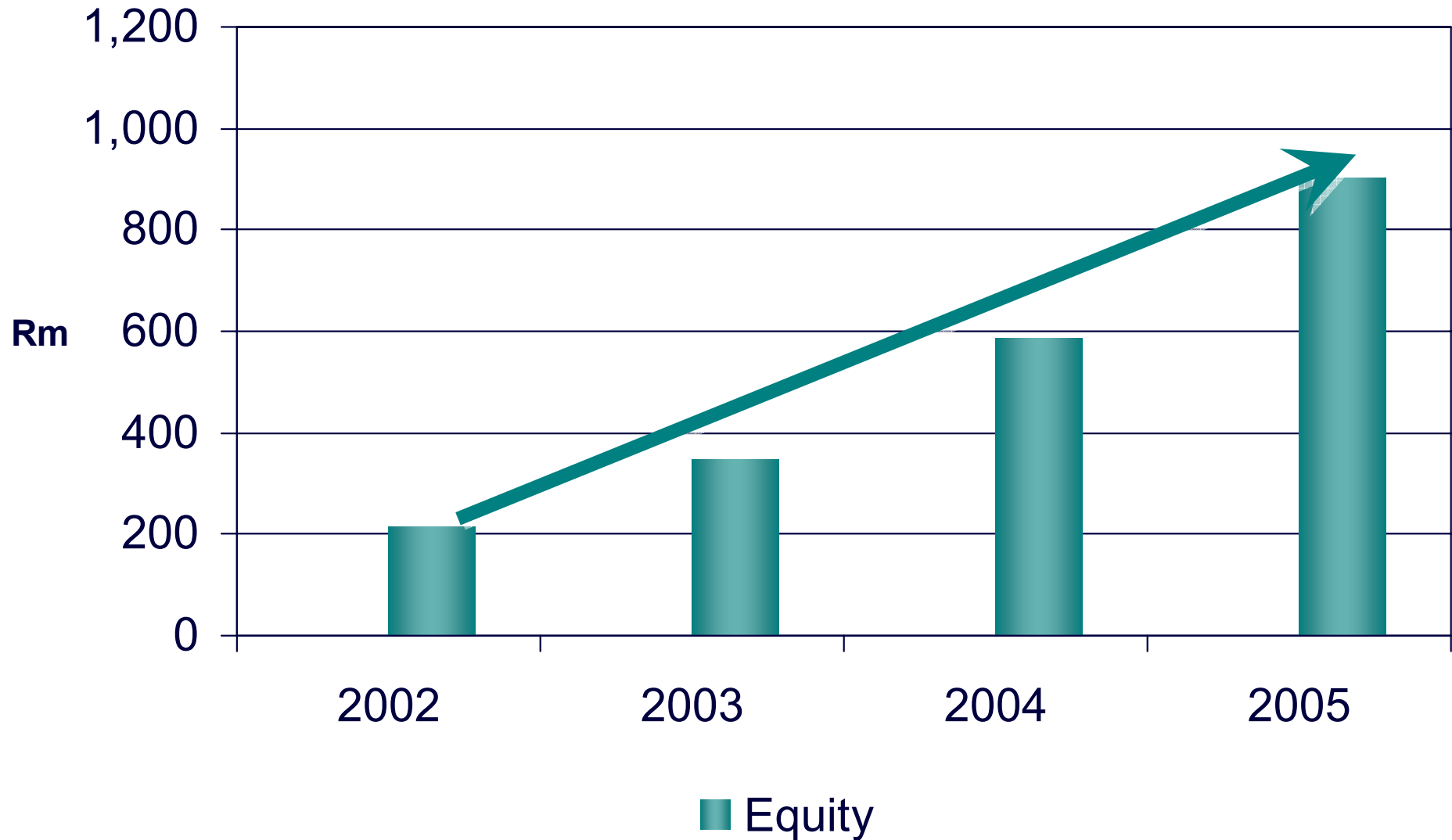
Delays in Infrastructure Spend

PPP Debt Funding *



Emergence as Equity House

Strategic Focus on Equity



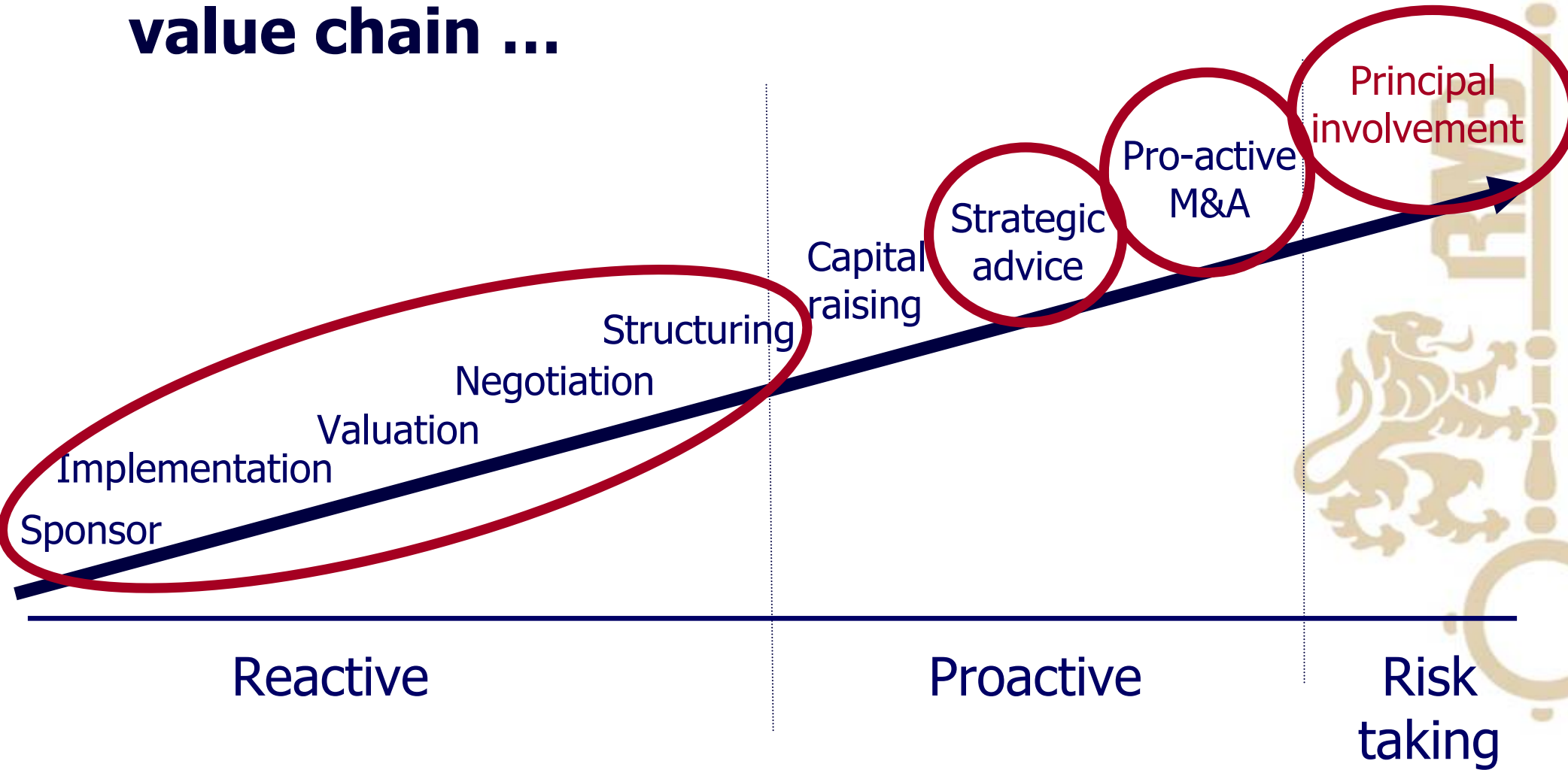
Strategic Focus on Equity

- Corporate Finance
 - Climbing the value chain
- Equity Trading
 - Moving offshore
- Private Equity
 - Building a sustainable balance sheet business



Strategic Focus on Equity

Corporate Finance - Climbing the advice value chain ...



Strategic Focus on Equity

Corporate Finance - Climbing the advice value chain ...



R4,1bn acquisition by
Mvelaphanda Holdings of 15%
of Gold Fields

*Advisor, Structurer and Book-
runner to Mvelaphanda*



Disposal of a R7,9bn equity stake
to a BEE consortium consisting
of Kagiso Trust, MIT and WDB

Advisor to FirstRand



R1,4bn acquisition of 7.25% of
Imperial Holdings by a BEE
consortium including Lereko
Mobility

Advisor to Imperial



R16bn BEE transaction

*Merchant Bank and Debt
Advisor to Kumba
Resources*



Acquisition of 25% of
Caltex SA by
African Legends

*Advisor and Structurer to
Chevron Texaco*

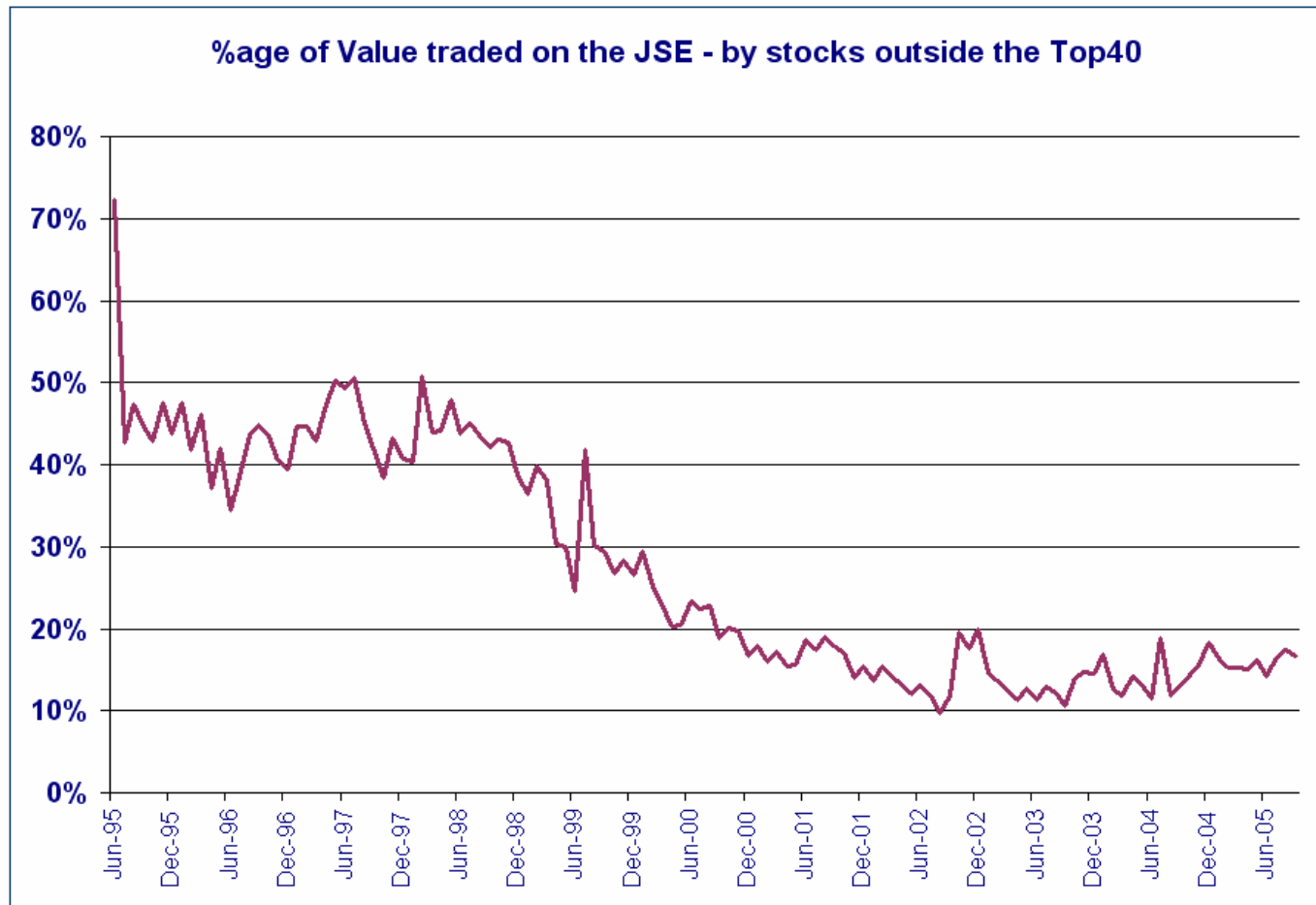


Disposal of an equity stake to a
BEE consortium led by Andile
Ngcaba

Advisor to DiData

Strategic Focus on Equity

Equity Trading - Moving offshore to access liquid opportunities ...



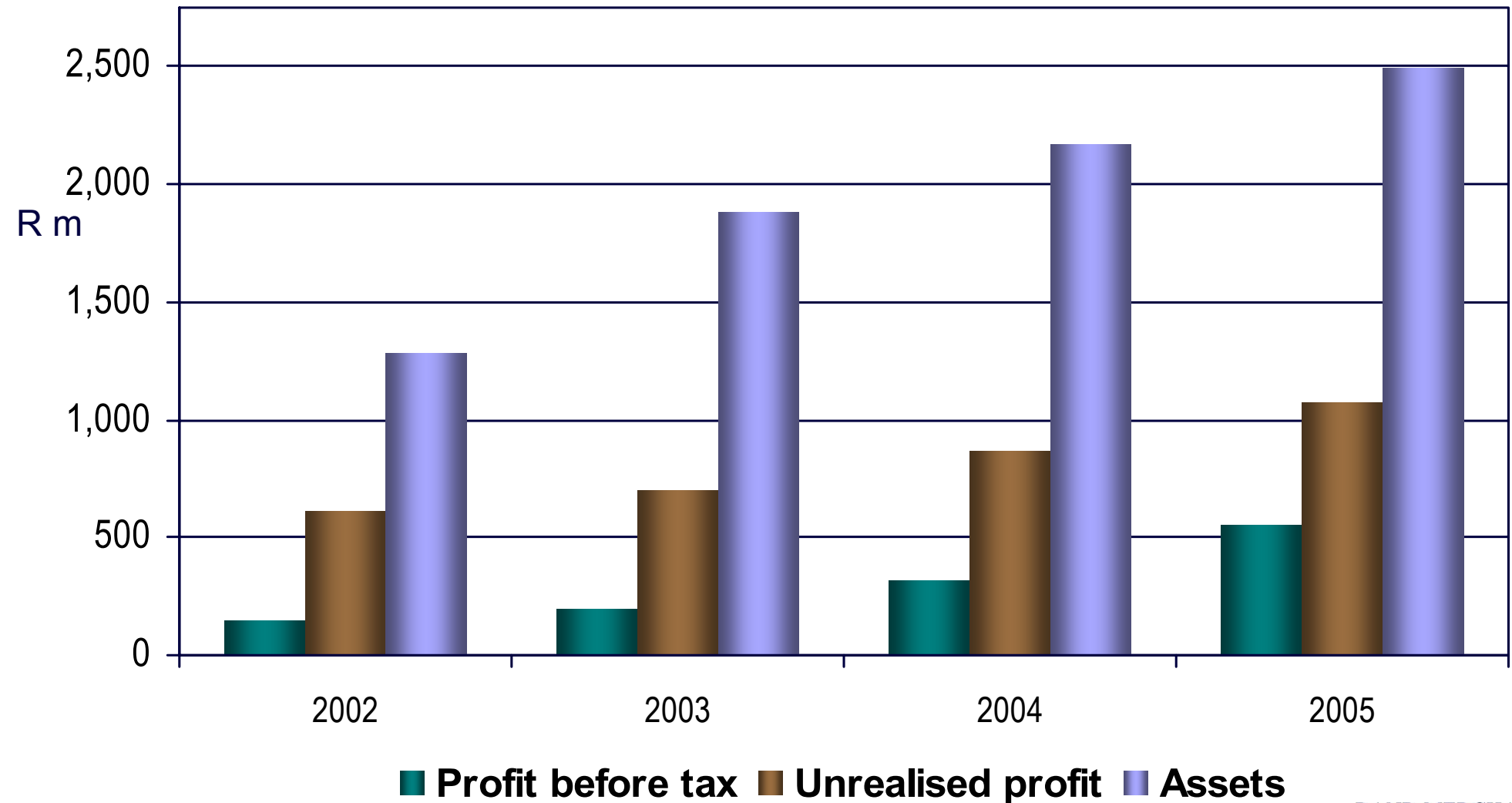
Strategic Focus on Equity

Private Equity



Strategic Focus on Equity

Private Equity – Building a sustainable balance sheet business



Strategic Focus on Equity

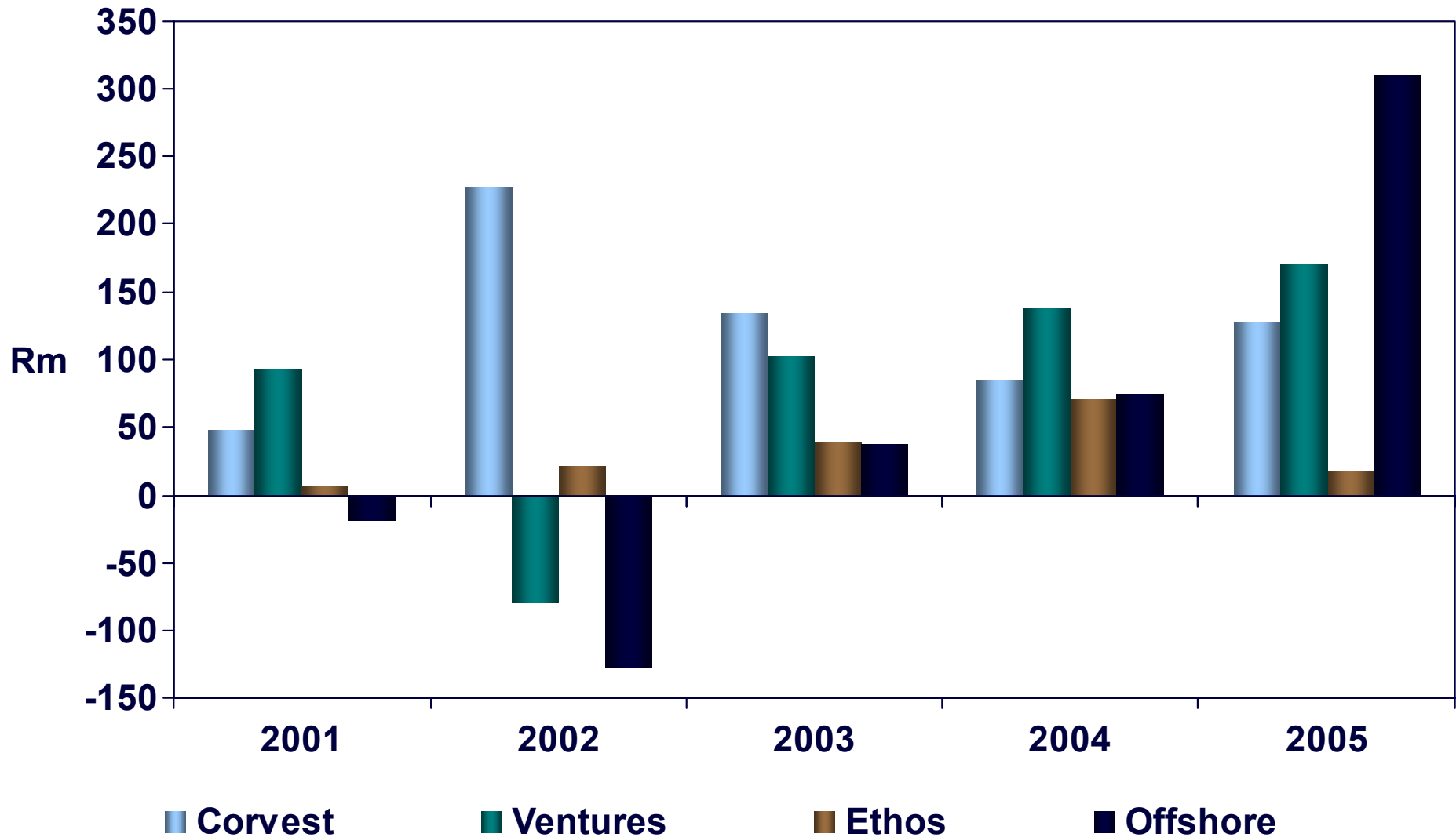
Private Equity – Building a sustainable balance sheet business

- Broad portfolio
- Invest on Balance Sheet
- Position for BEE



Strategic Focus on Equity

Private Equity – Profit per Investment Team



Strategic Focus on Equity

Private Equity – Building a sustainable balance sheet business

- Broad portfolio
- Invest on Balance Sheet
 - IRRs > 40%
 - ROC > 30% (without unrealised profits)
 - 1% of Group assets, 2% of RMB assets
 - Share of profit is double share of risk



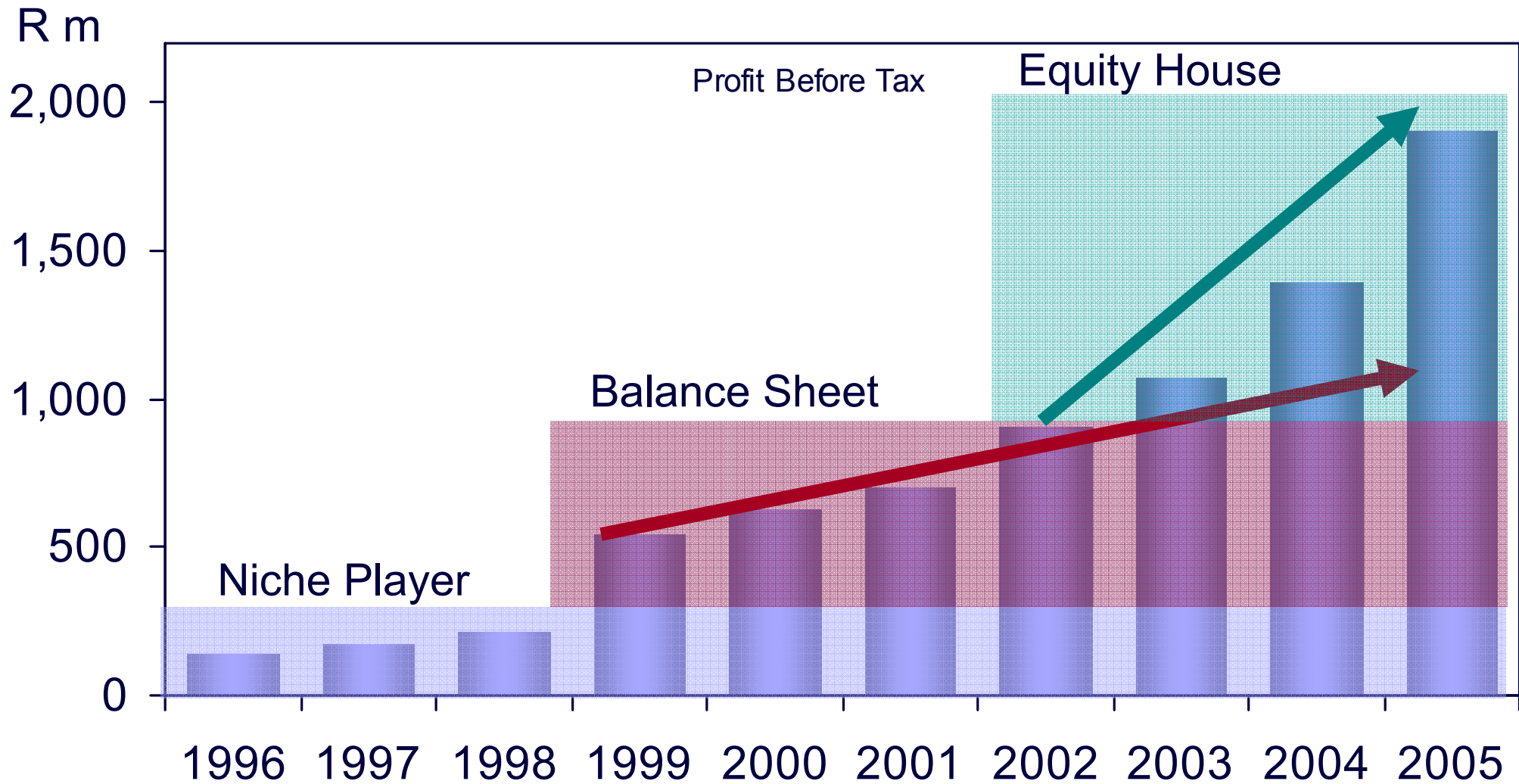
Strategic Focus on Equity

Private Equity – Building a sustainable balance sheet business

- Broad portfolio
- Invest on Balance Sheet
- **Position for BEE**
 - BEE creates liquidity of assets
 - All transactions have BEE element
 - Must have strategic relationships



Many Building Blocks



Ability to attract and retain intellectual capital

Attracting Intellectual Capital

Deloitte – Best Company to Work For

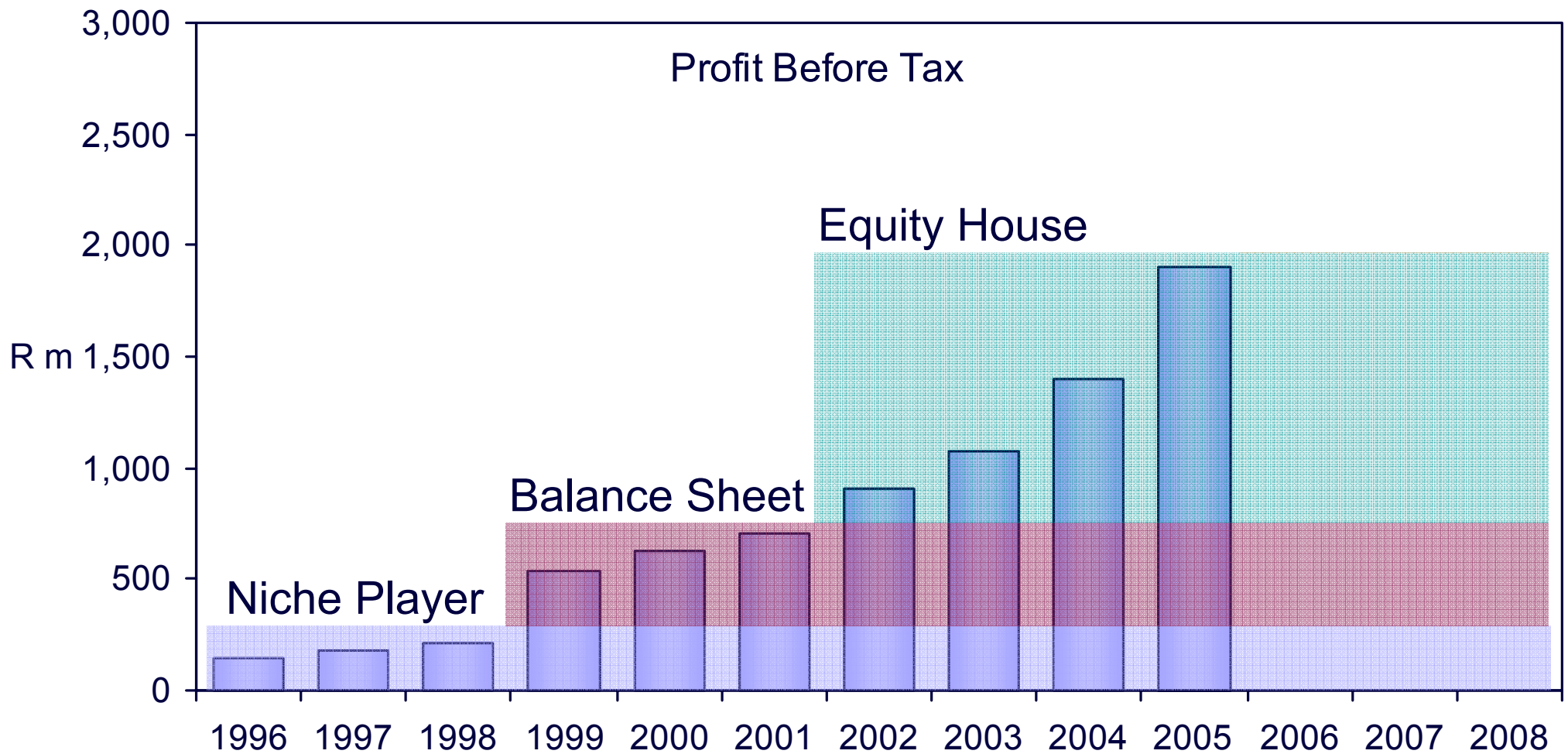
Rank	2000	2001	2002	2003	2004	2005
1	RMB	~~~~~	~~~~~	~~~~~	~~~~~	~~~~~
2	~~~~~	RMB	~~~~~	~~~~~	~~~~~	~~~~~
3	~~~~~	~~~~~	~~~~~	~~~~~	~~~~~	RMB
4	~~~~~	~~~~~	RMB	~~~~~	~~~~~	~~~~~
5	~~~~~	~~~~~	~~~~~	~~~~~	~~~~~	~~~~~
6	~~~~~	~~~~~	~~~~~	~~~~~	RMB	~~~~~
7	~~~~~	~~~~~	~~~~~	RMB	~~~~~	~~~~~
8	~~~~~	~~~~~	~~~~~	~~~~~	~~~~~	~~~~~
9	~~~~~	~~~~~	~~~~~	~~~~~	~~~~~	~~~~~
10	~~~~~	~~~~~	~~~~~	~~~~~	~~~~~	~~~~~

Financial
Category Winner
RMB

Financial
Category Winner
RMB

Financial
Category Winner
RMB

Next Chapter ...



Ability to attract and retain intellectual capital

Next Chapter

Some possibilities

- High Growth Environment ?
- Relationships ?
- International Competition ?
- BEE ?
- External Shock ?



Next Chapter - High Growth Environment ?

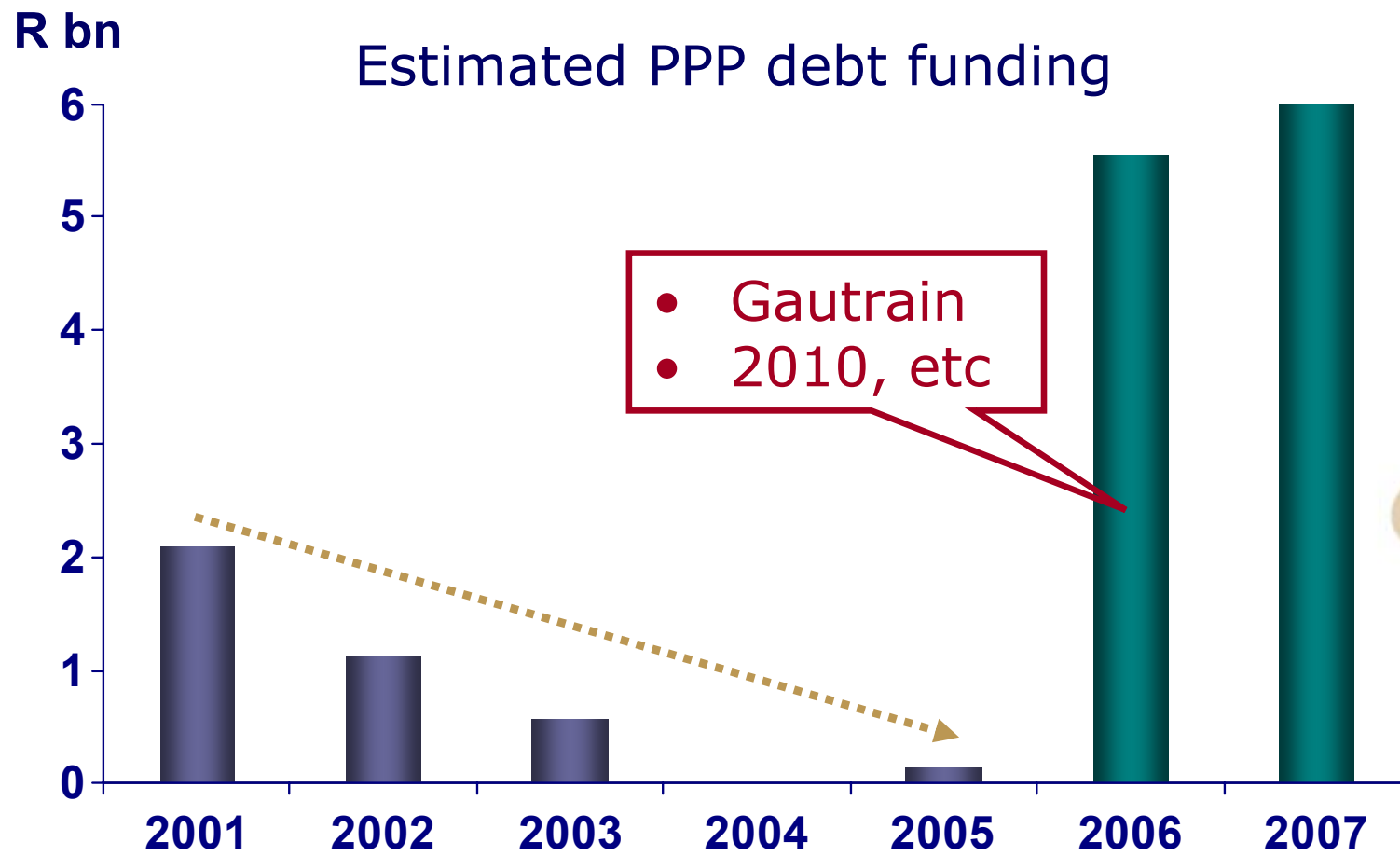
Potential impacts of high economic growth

- Increased corporate borrowing
- Increased infrastructure spend



Next Chapter – High Growth Environment ?

Increased Infrastructure Finance



Next Chapter – High Growth Environment ?

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



Next Chapter – High Growth Environment ?

Potential big impacts of high economic growth

- More corporate borrowing
- Increased infrastructure spend
- Favourable bad debt environment
- Higher Equity Market
 - Increased M&A and IPOs
 - Increased liquidity for trading
 - Higher value of Private Equity portfolio



Next Chapter

Some possibilities

- High Growth Environment ?
- Relationships ?
- International Competition ?
- BEE ?
- External Shock ?



Next Chapter – Relationships ?

PRICEWATERHOUSECOOPERS 

Survey 2005

	BEE Deals	Listings	M & A	Str & Project Finance	Private Equity	Forex	Bonds & Deriv.	Money Mkt
1	RMB	RMB	RMB & JPM	RMB	RMB & Ethos	Std Bank	Std Bank	Std Bank
2	Std Bank	Deutsche		Std Bank		RMB	RMB	ABSA
3	JPM Chase	Investec	Investec	ABSA	Investec	ABSA	ABSA	RMB
4	ABSA	Std Bank	Deutsche	Investec	Std Bank	Deutsche	Investec	Nedbank
5	Investec	JPM Chase	Std Bank	Nedbank	Brait	Nedbank	Deutsche	Barclays

Next Chapter – Relationships ?

RMB is a product and intellectual capital leader

	1st	2nd
• Seen as “Merchant Bank of choice”	RMB	X
• Has the most “intellectual capital”	RMB	X
• Is leader in innovation	RMB	Y
• Is leader in PPP Funding	RMB	Z
• Leading advisor in M&A	RMB	X
• Leading advisor in BEE	RMB	X
•		

RMB Corporate Survey 2004



Next Chapter – Relationships ?

We have been falling short in our relationship areas

	1st	2nd
• Has best knowledge of SA market & strongest relationships	X	RMB
• Has most comprehensive solutions	X	RMB
• Is seen as good corporate citizen	X	RMB

RMB Corporate Survey 2004



Next Chapter

Some possibilities

- High Growth Environment ?
- Relationships ?
- International Competition ?
- BEE ?
- External Shock ?



Next chapter - International Competition ?

PRICEWATERHOUSECOOPERS 

Survey 2005

	Loss	Marginal Profits	Profitable	Very Profitable	Extremely Profitable
Retail Banking		<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>			<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
Investment Banking			<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>



Local Bank



Foreign Bank

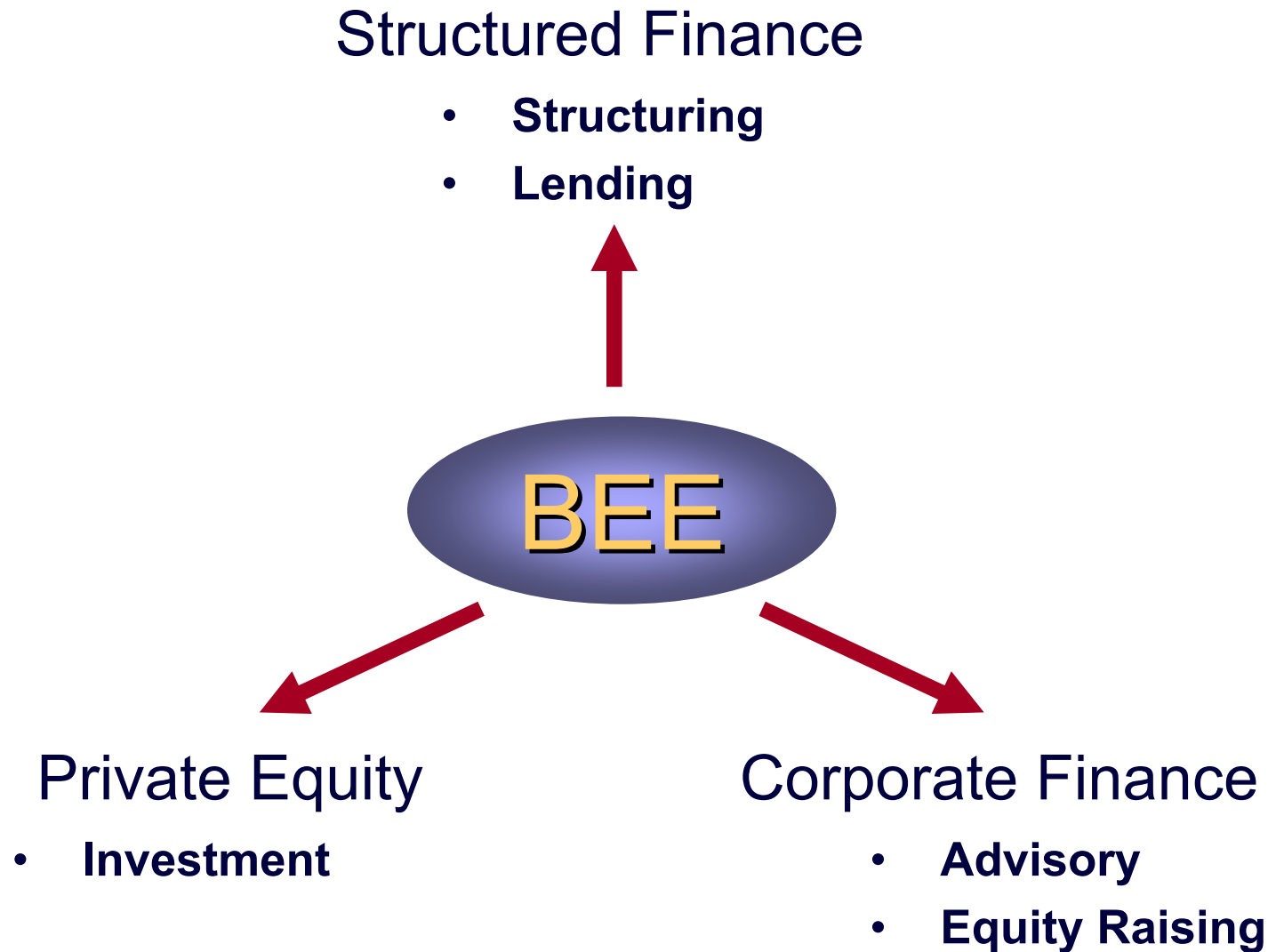
Next Chapter

Some possibilities

- High Growth Environment ?
- Relationships ?
- International Competition ?
- BEE ?
- External Shock ?



Next Chapter – BEE ?



Next Chapter

Some possibilities

- High Growth Environment ?
- Relationships ?
- International Competition ?
- BEE ?
- External Shock ?



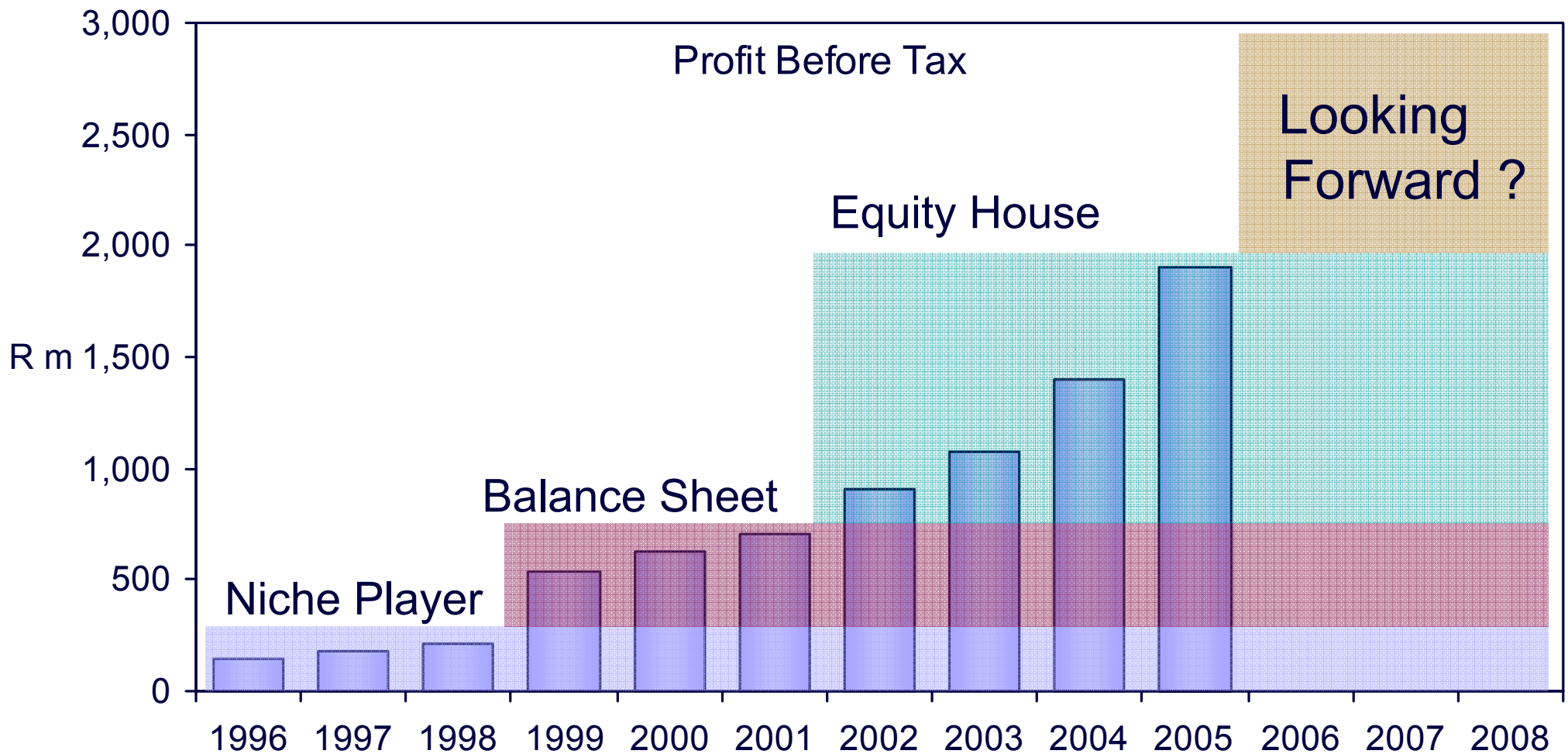
Next Chapter - External Shock ?

Opposite of High
Growth Scenario

In adversity there is always opportunity!



Next Chapter ...?



Ability to attract and retain intellectual capital



RAND MERCHANT BANK

— A division of FirstRand Bank Limited —

TRADITIONAL VALUES. INNOVATIVE IDEAS.