

integrated

# Financial review

for the year ended  
**30 June 2007**



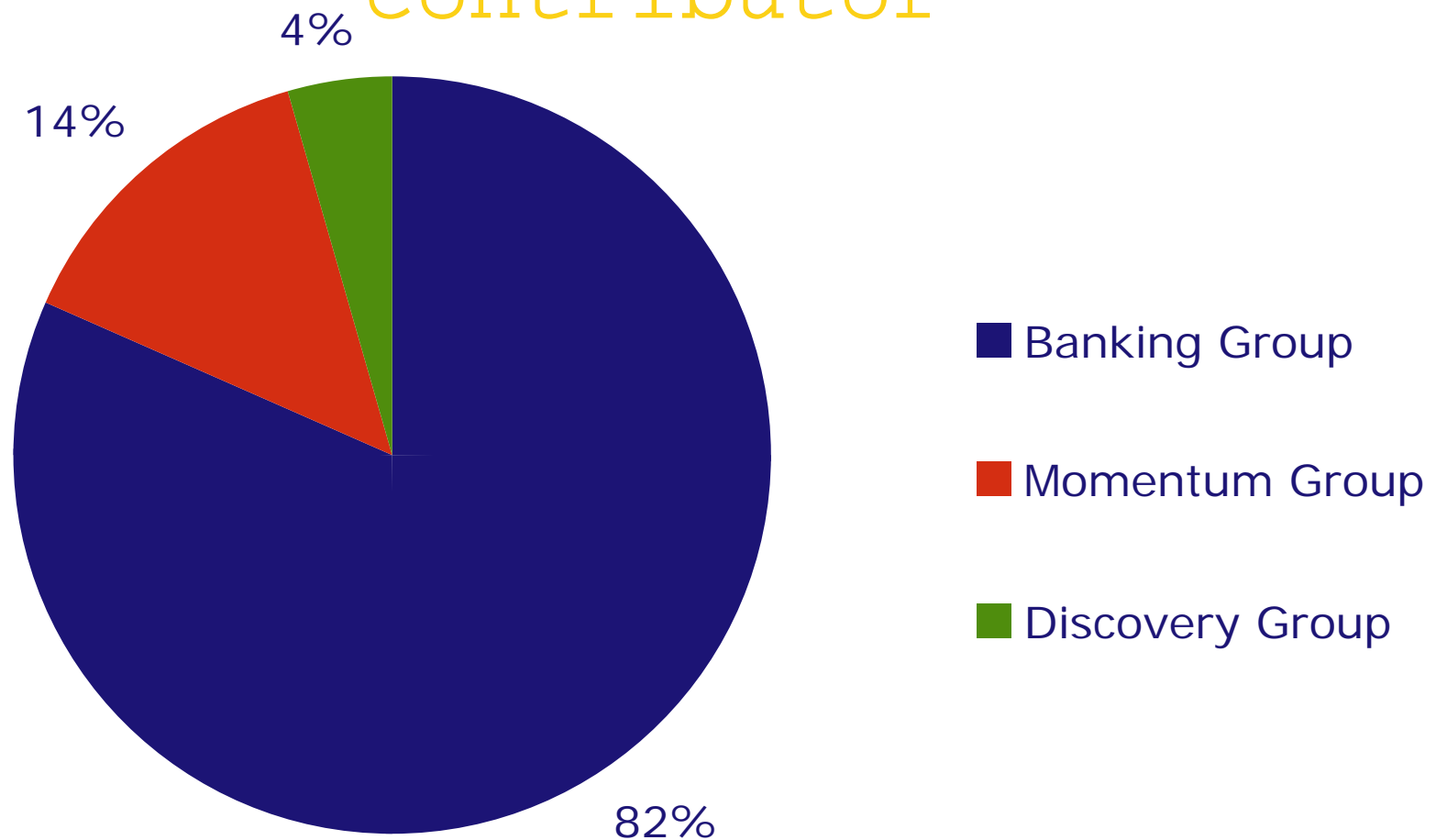
**FIRSTRAND**

# Strong growth in earnings & returns



R' mil	June '07	June'06	% change
Normalised earnings	11 845	8 958	32
Normalised earnings per share			
- Basic	210.2	159.4	32
- Diluted	210.1	159.2	32
Headline earnings per share			
- Basic	202.5	157.8	28
- Diluted	196.8	152.6	29
Return on equity (%)	28	25	
Dividend per share (cents)	82.5	66.0	25

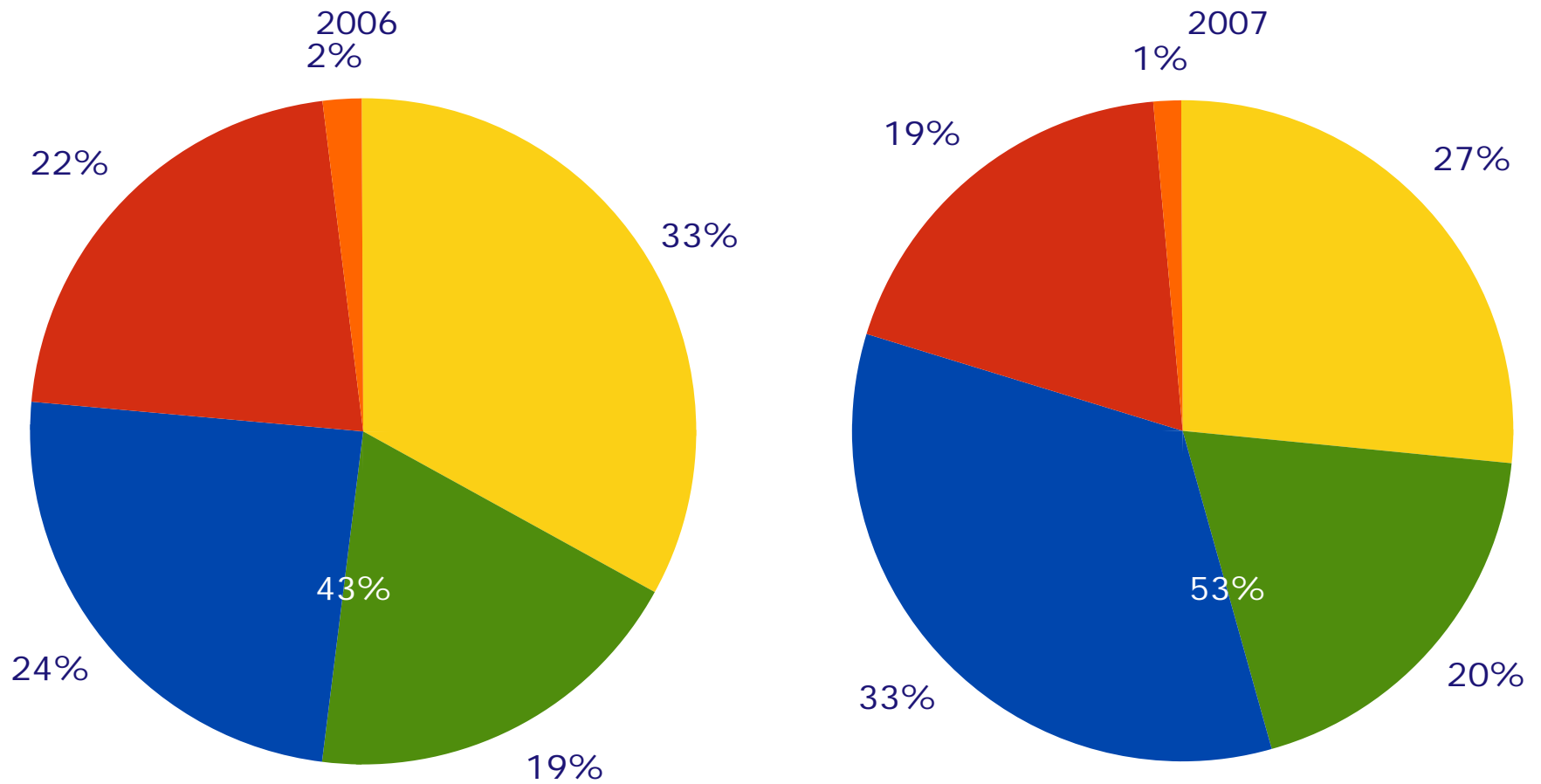
# Bank remains largest contributor



\* Based on normalised earnings, excluding the FirstRand centre and NCNR preference shares



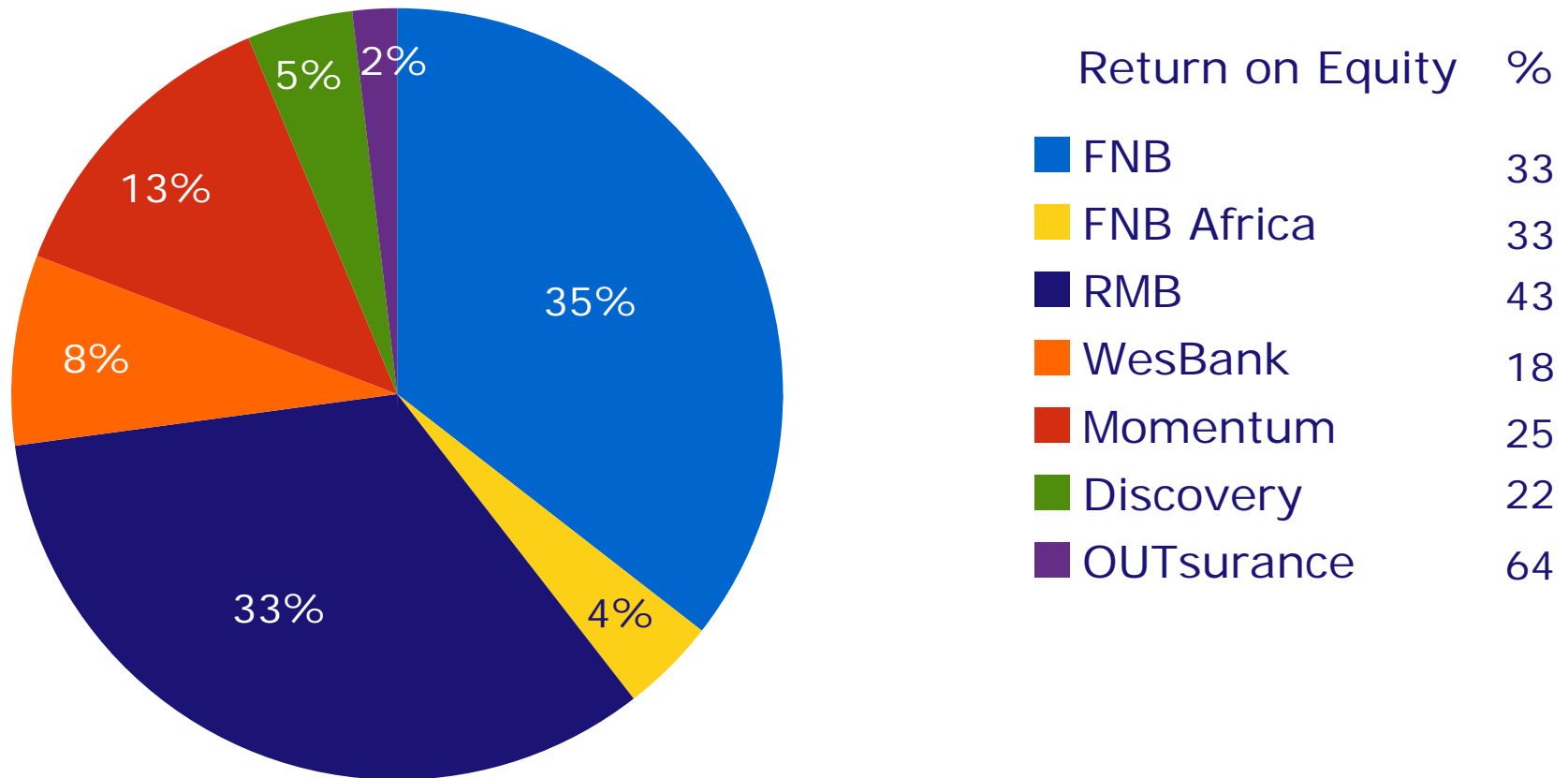
# Segment diversification



■ Retail ■ Corporate & commercial ■ Investment banking ■ Insurance ■ Centre

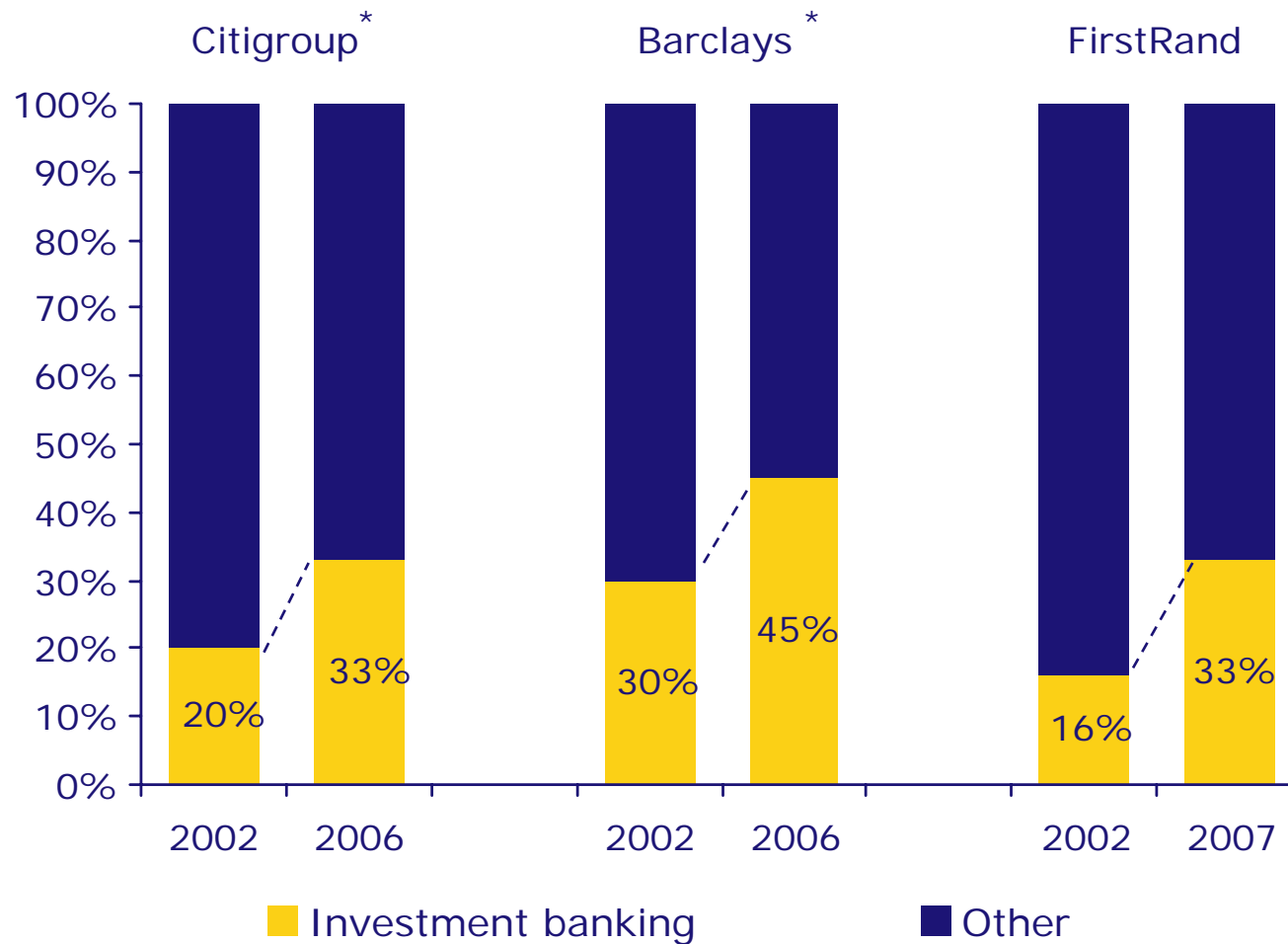
\* Based on normalised earnings

# Good returns from a diversified portfolio of strong franchises



\* Based on normalised earnings

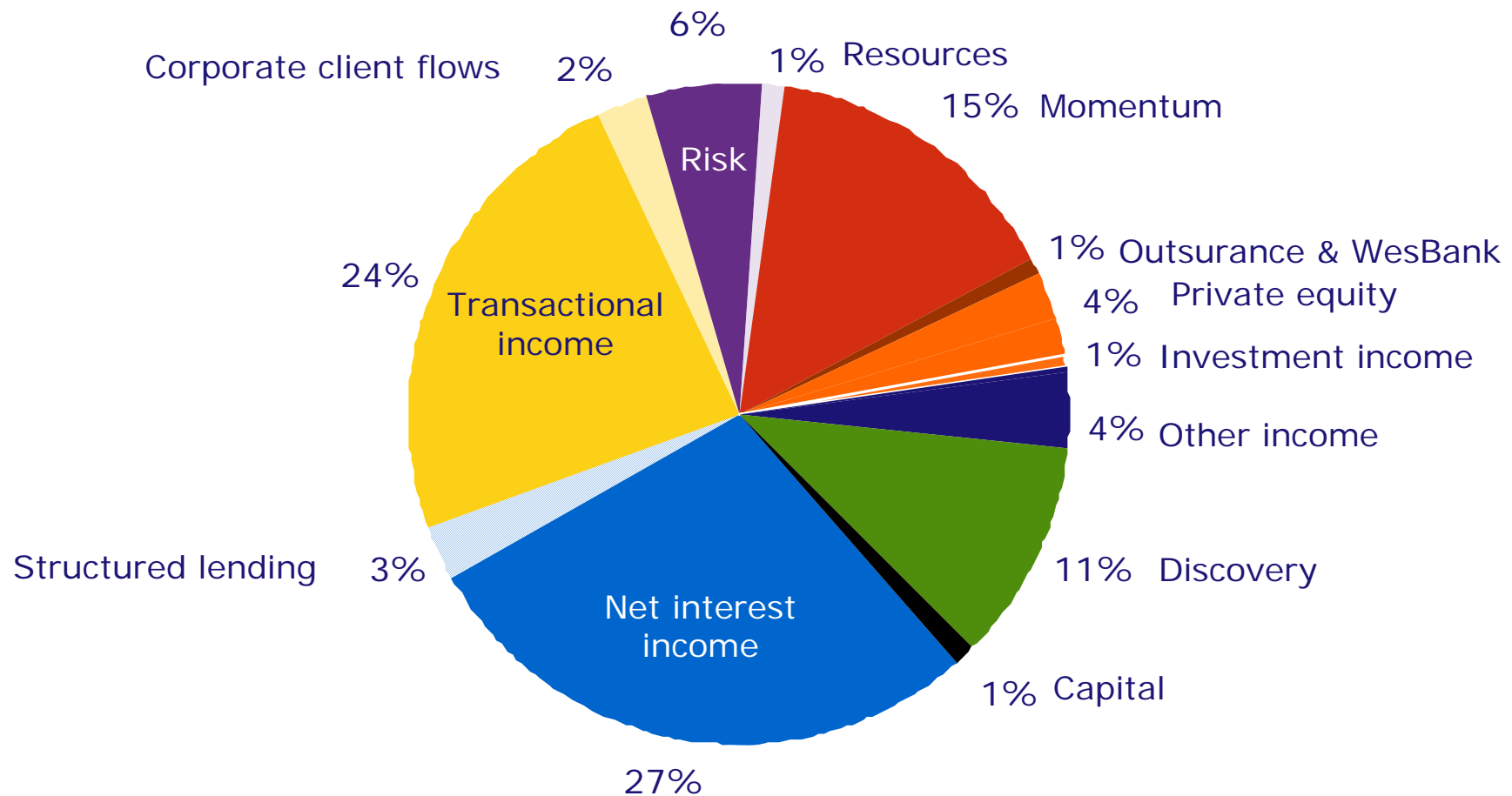
# Global ascendancy of investment banking



\* Source: Morgan Stanley



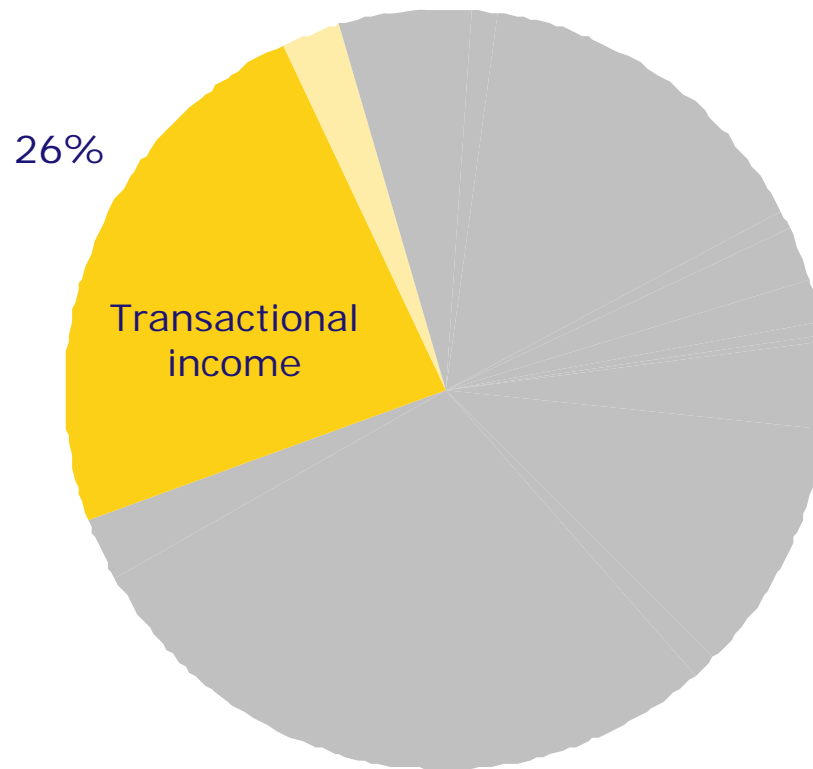
# Diverse sources of income



\* Excludes FirstRand Limited and consolidation adjustments

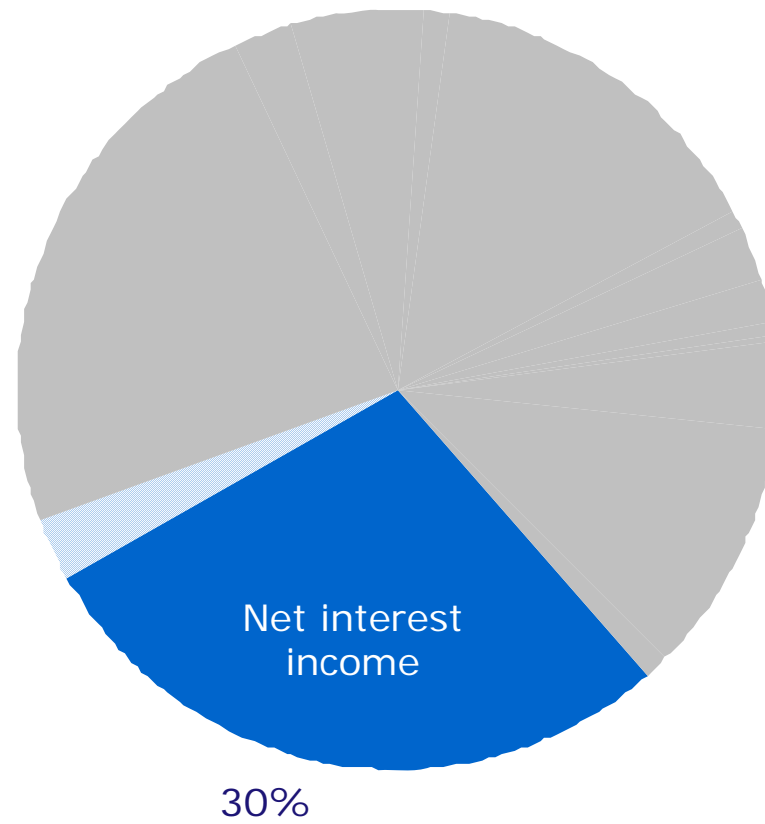
\*\* Reclassified fair value income to "appropriate" income sources

# Diverse sources of income

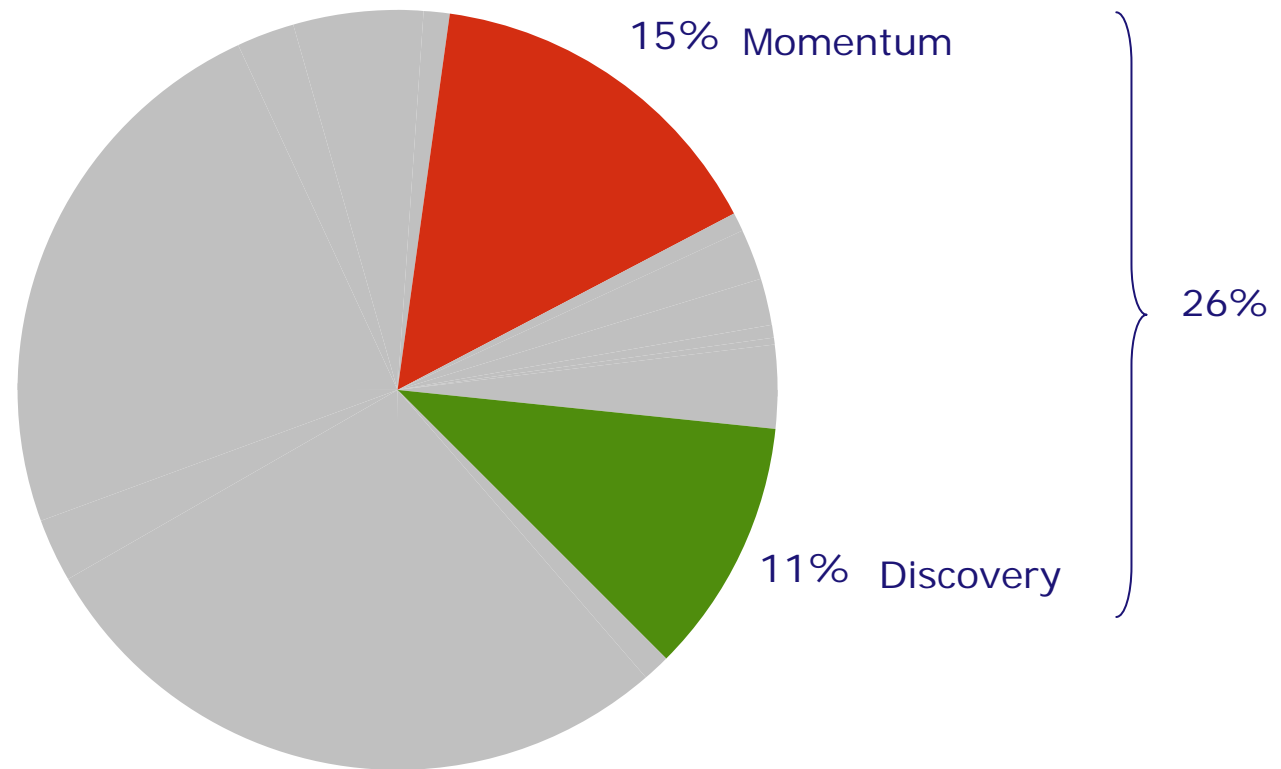




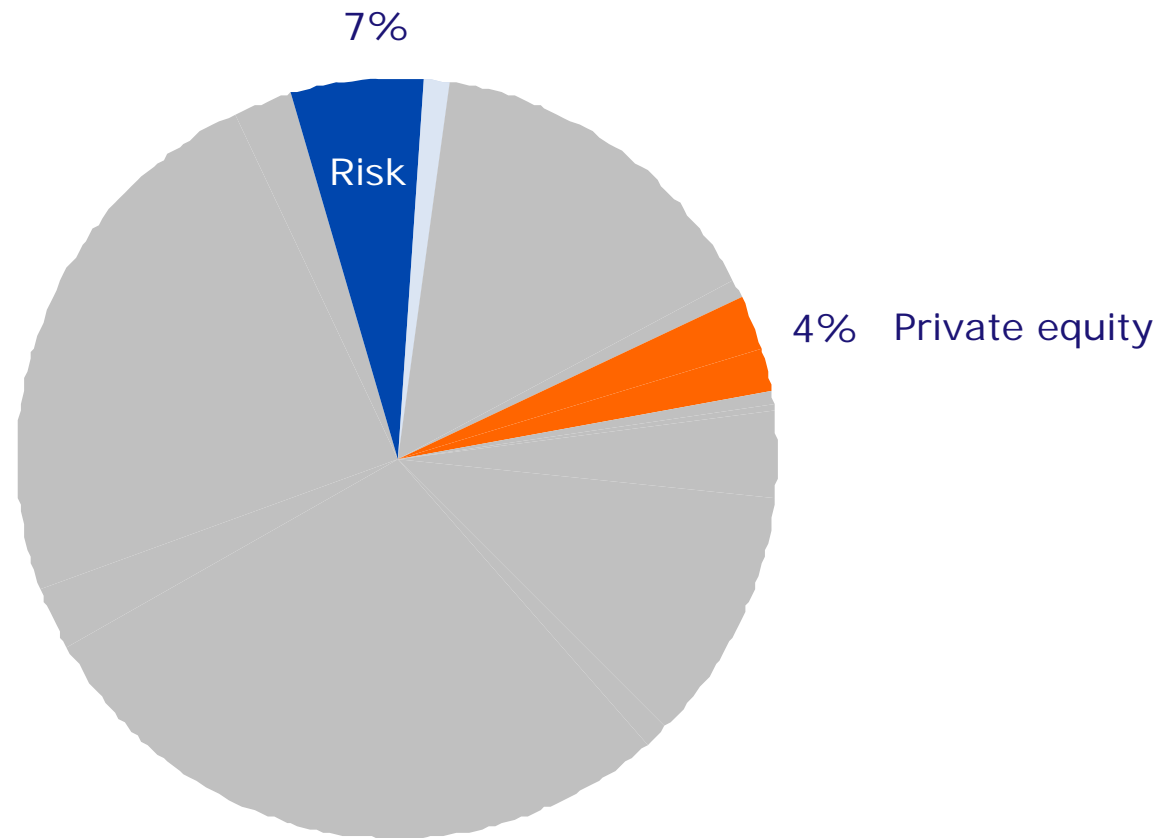
# Diverse sources of income



# Diverse sources of income



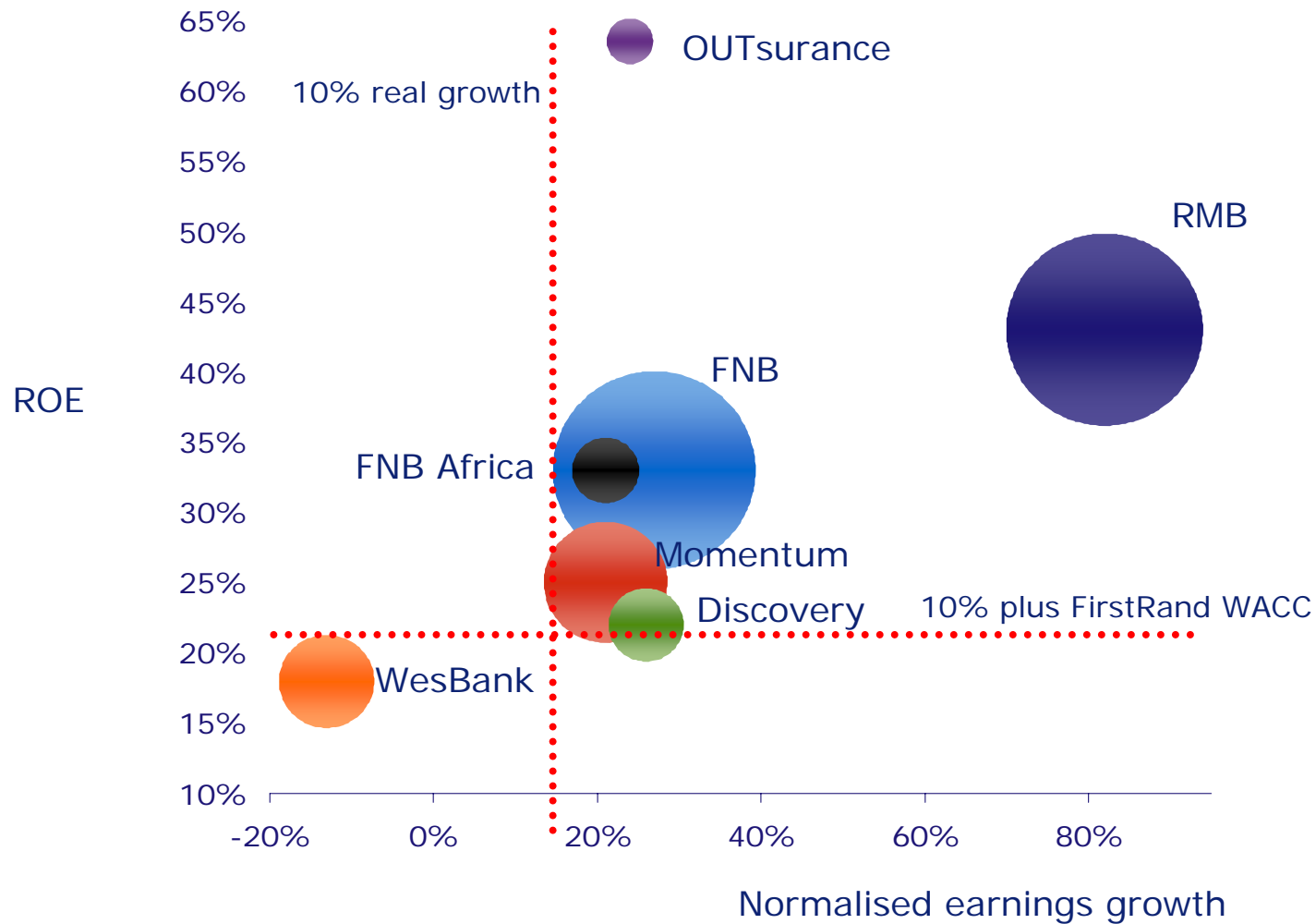
# Diverse sources of income



Approximately 80% of earnings from client franchise

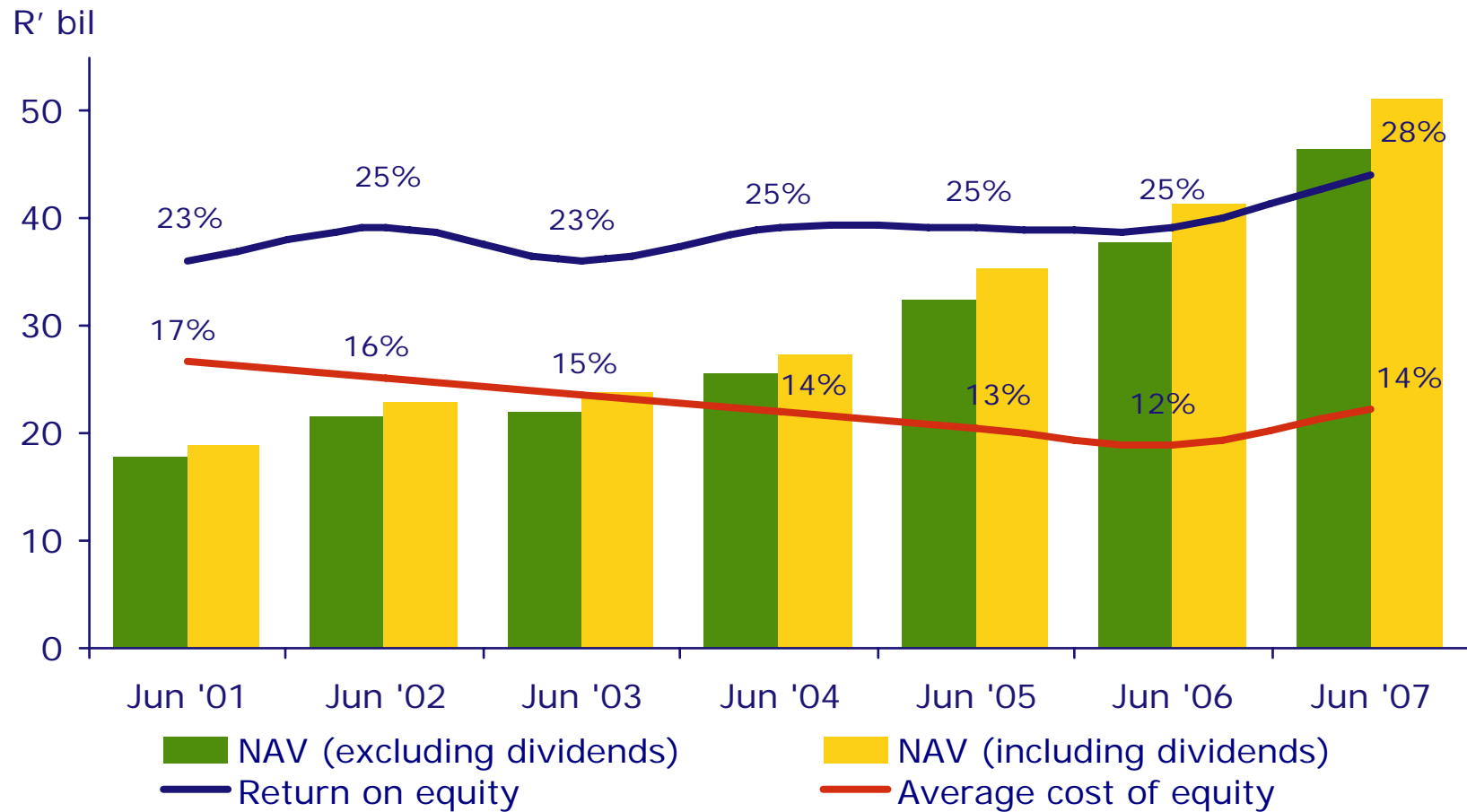


# Performance against financial targets



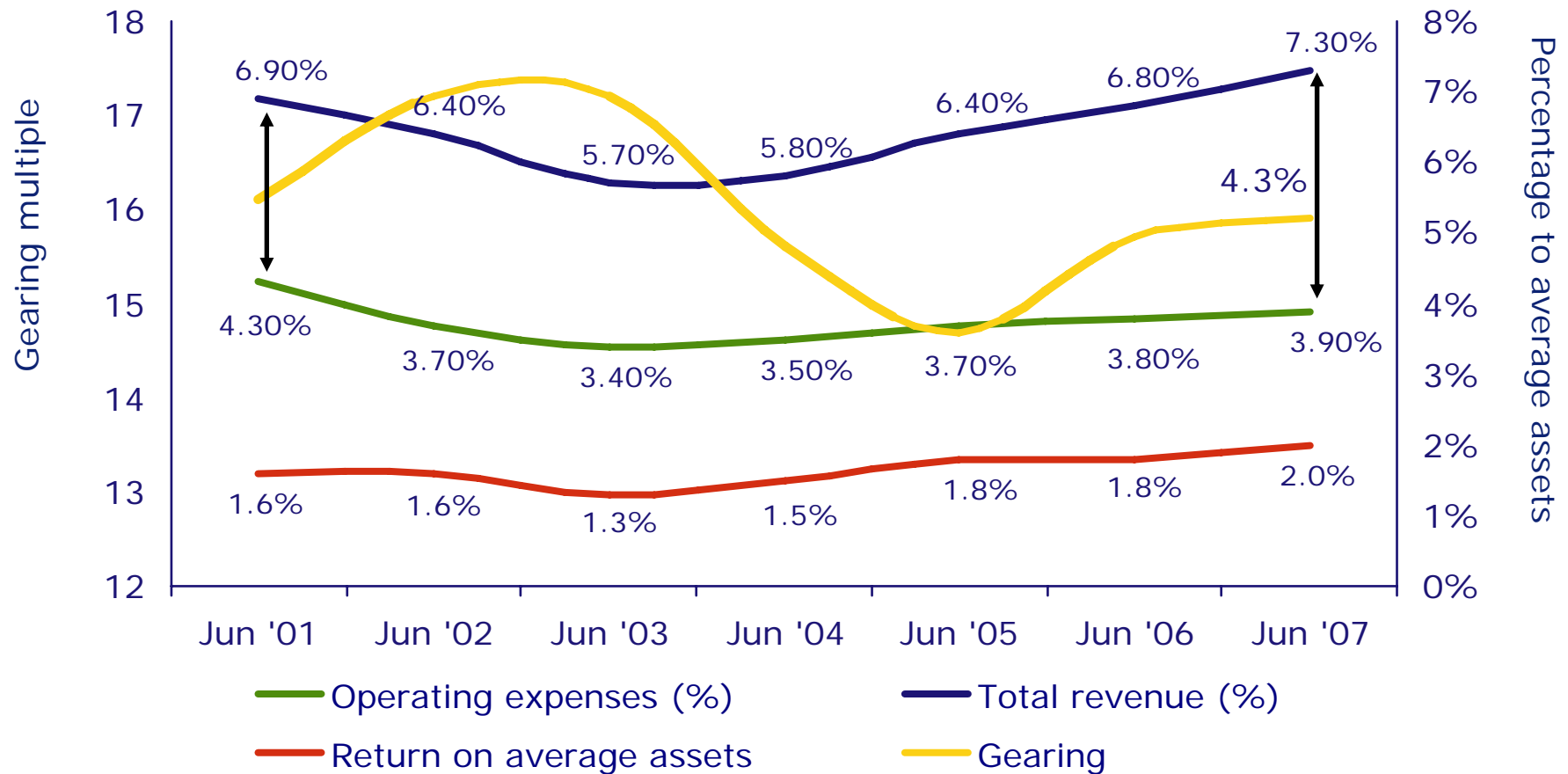
\* Momentum growth of 19% adjusted for special dividend

# Premium returns over cost of equity



\* Based on normalised NAV

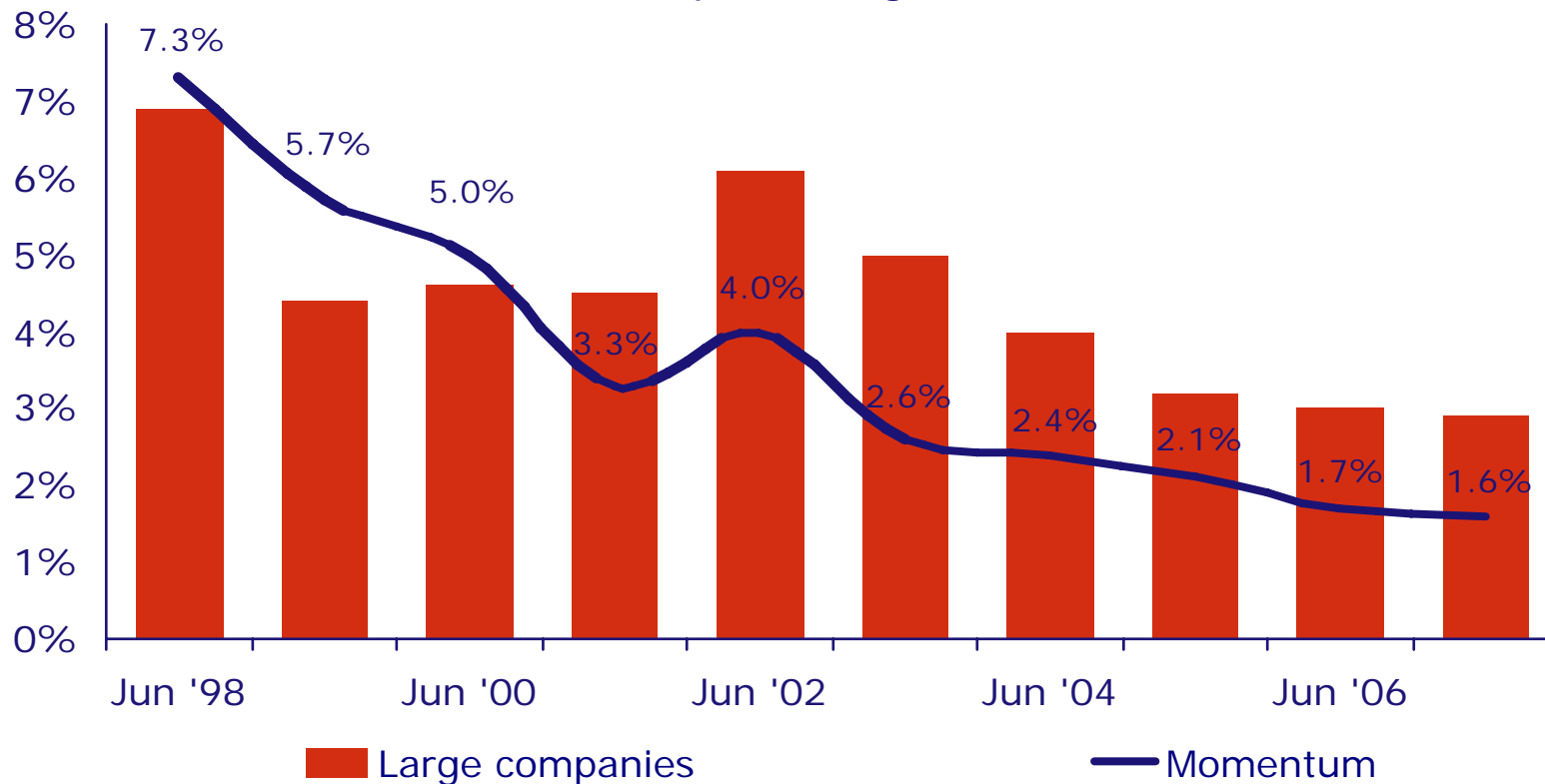
# Capital efficiency and asset yields drive banking returns



# Capital efficiency & product innovation drive Momentum returns

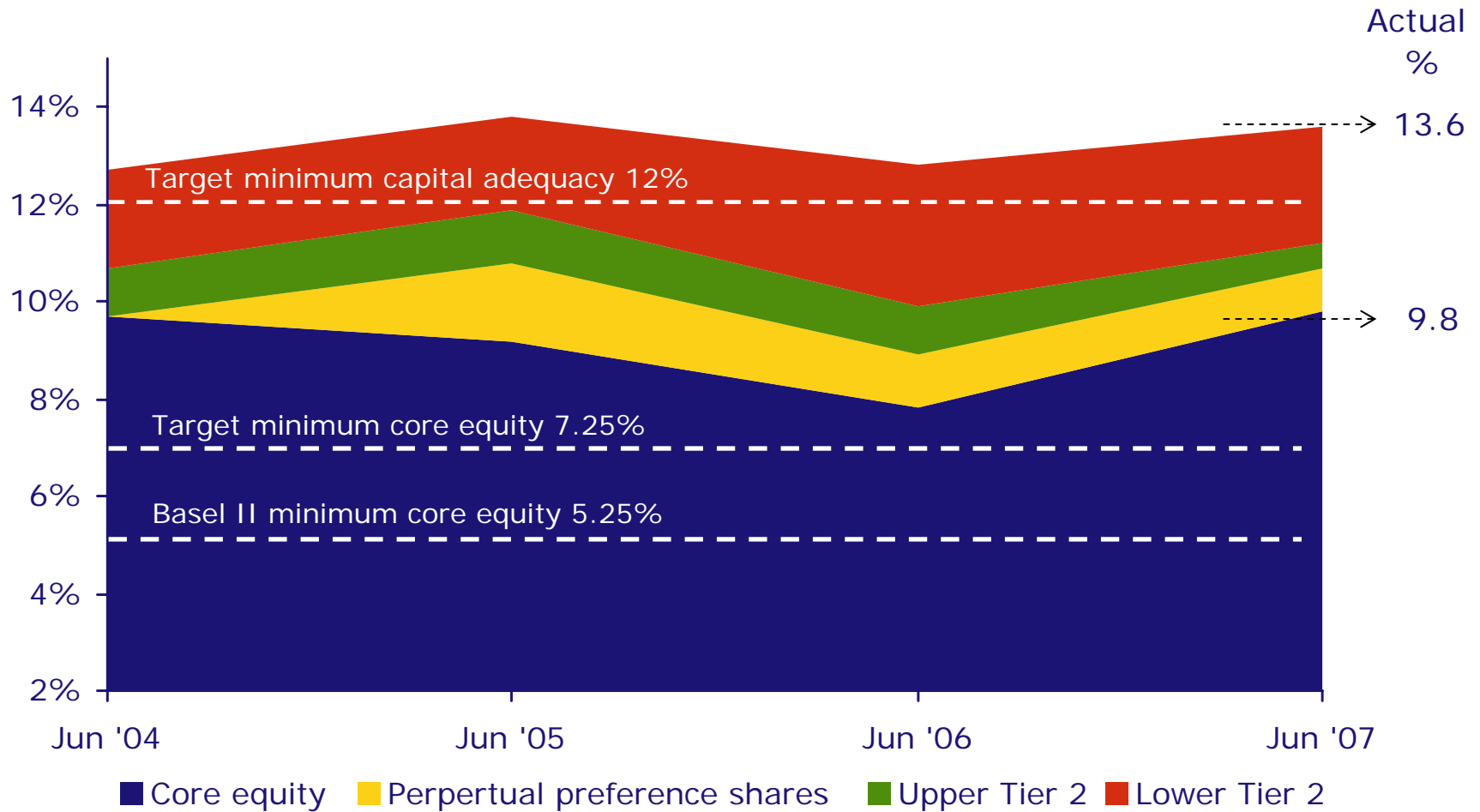


CAR as a percentage of liabilities



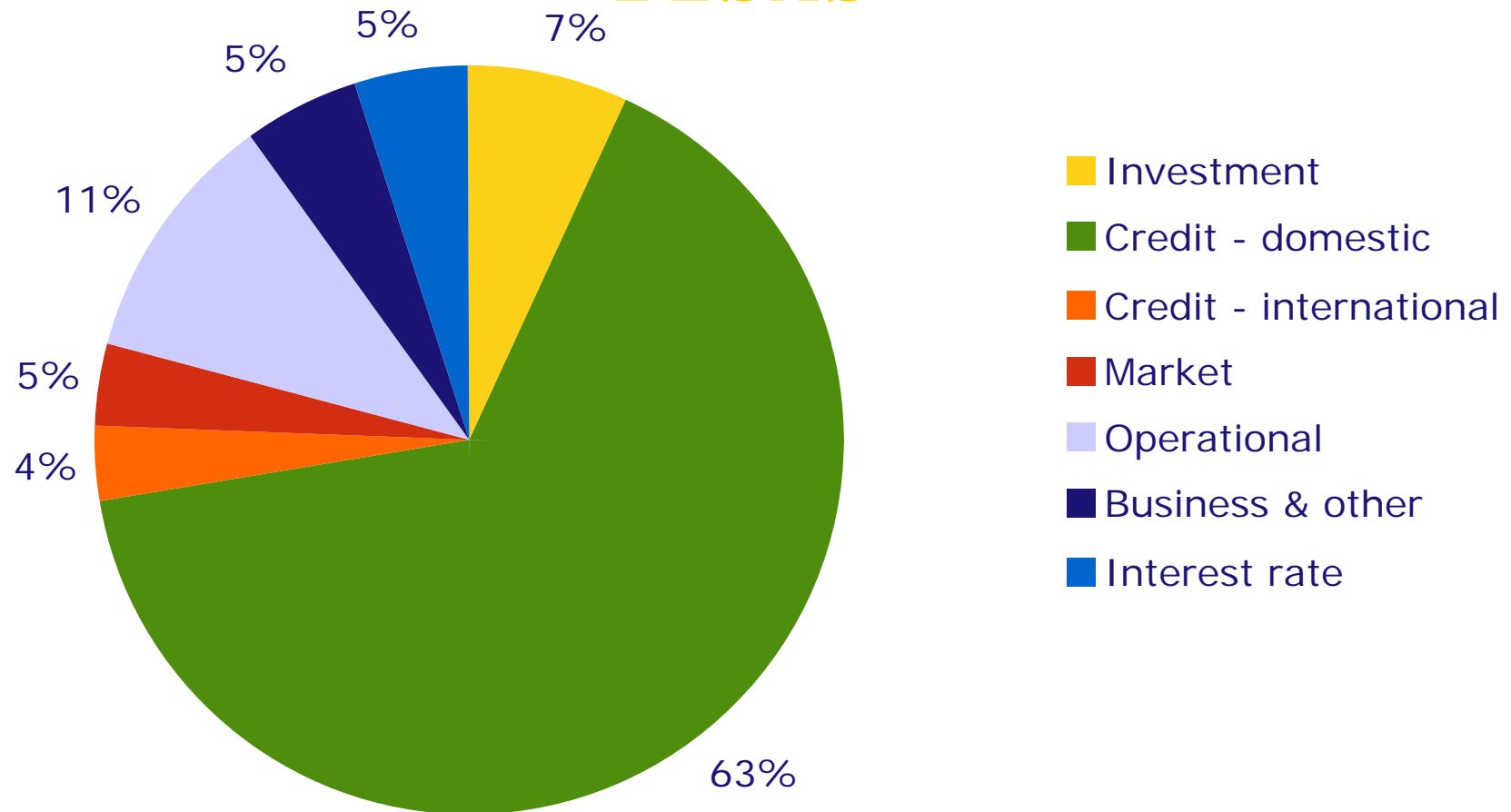


# Bank well capitalised

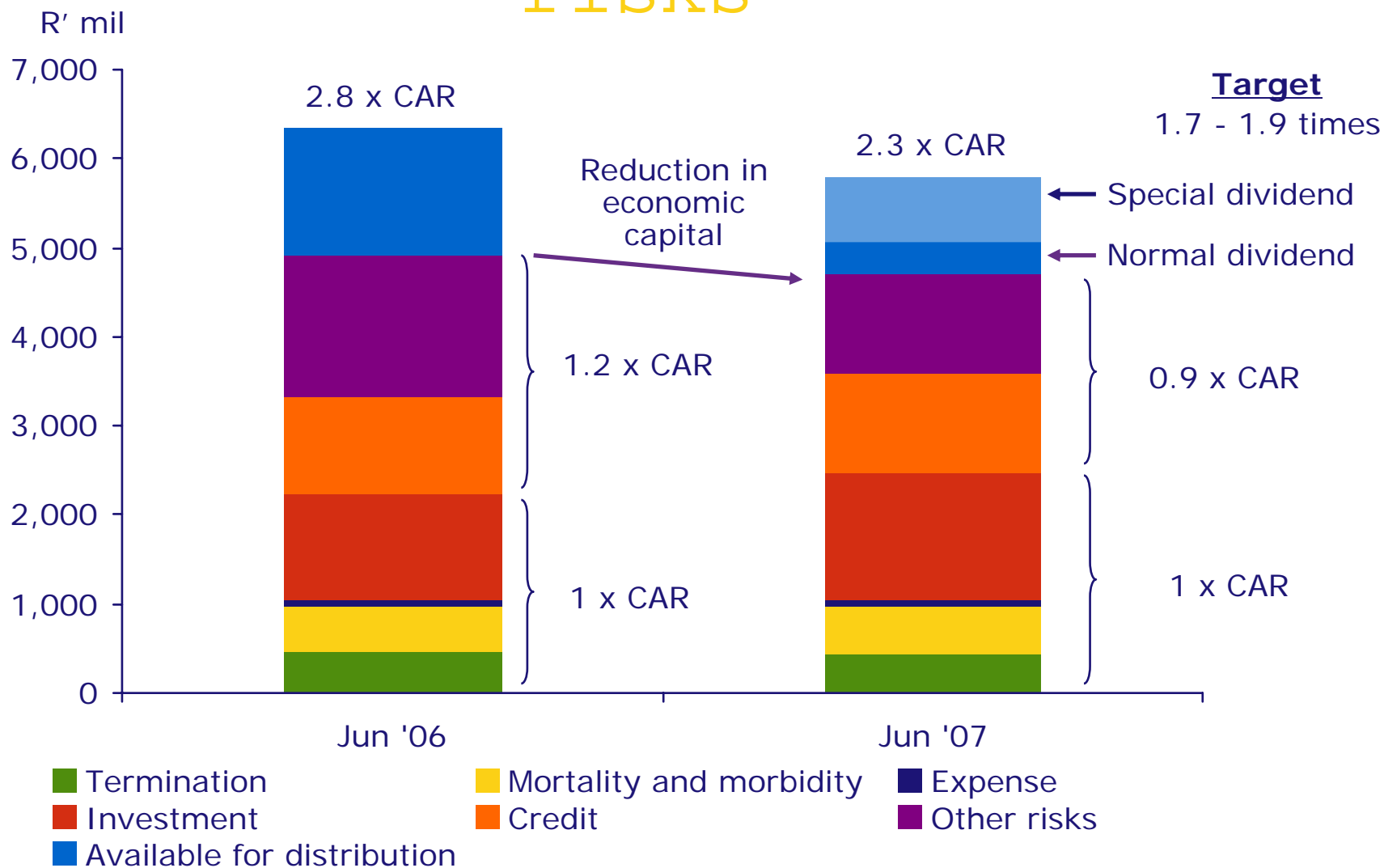




# Capital backing banking risks



# Capital backing insurance risks



growth

# Financial review

for the year ended  
30 June 2007



**FIRSTRAND**  
Banking Group

# Bank delivers on key measures



	June '07	June '06	% change
Normalised earnings (R' mil)	10 041	7 463	35
Return on equity (%)	31	28	
Return on assets (%)	1.98	1.81	
Credit loss ratio* (%)	0.81	0.50	62
Cost to income ratio (%)	51.7	54.0	

\* After insurance claim



# Financial highlights

R' mil	June '07	June '06	change	
• Net interest income	13 998	10 895	28%	▲
• Credit impairment charge	(2 857)	(1 411)	102%	▲
• Net interest income after impairments	11 141	9 484	17%	▲
• Non interest revenue	22 849	16 933	35%	▲
Non interest revenue	20 836	15 674	33%	
Associate earnings	2 013	1 259	60%	
• Operating expenses	(19 042)	(15 037)	27%	▲
• Taxation expense	(3 844)	(3 012)	28%	▲

\* Non interest revenue in this presentation includes associate earnings going forward



# Financial highlights

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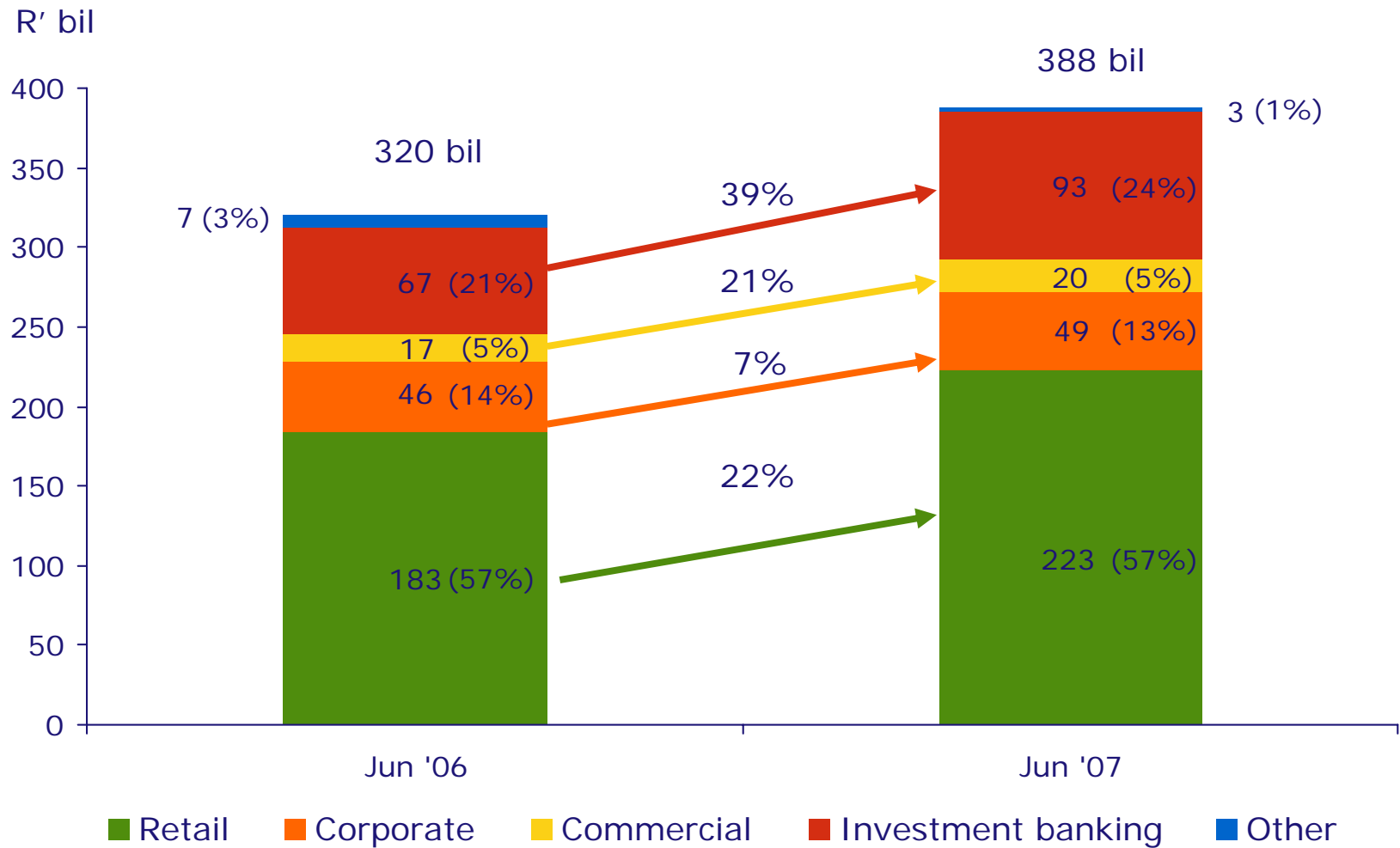
# Impairments dampen benefits of asset growth and endowment



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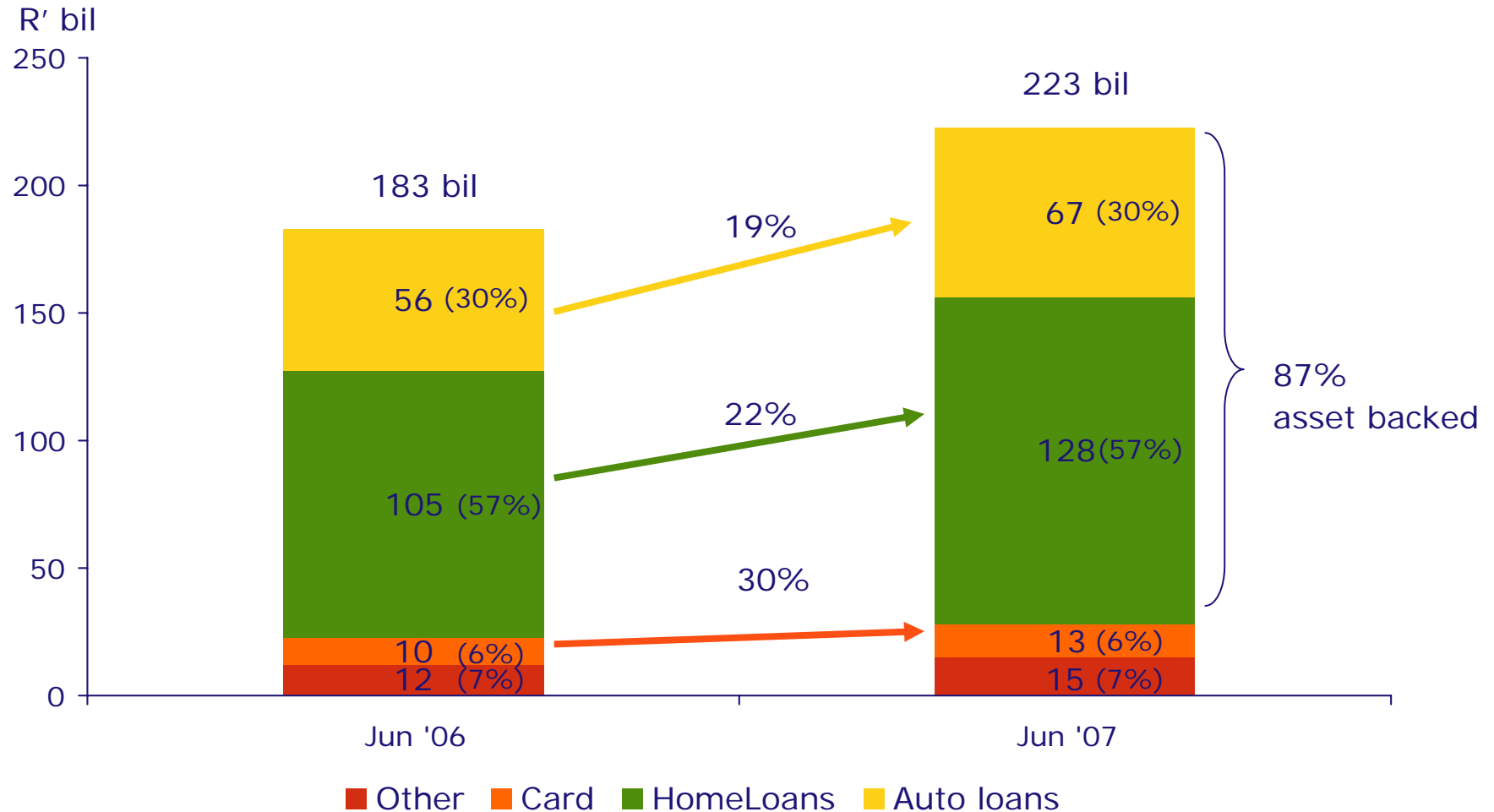
Bad debts offset 13 % of asset growth

# Strong growth in advances continues

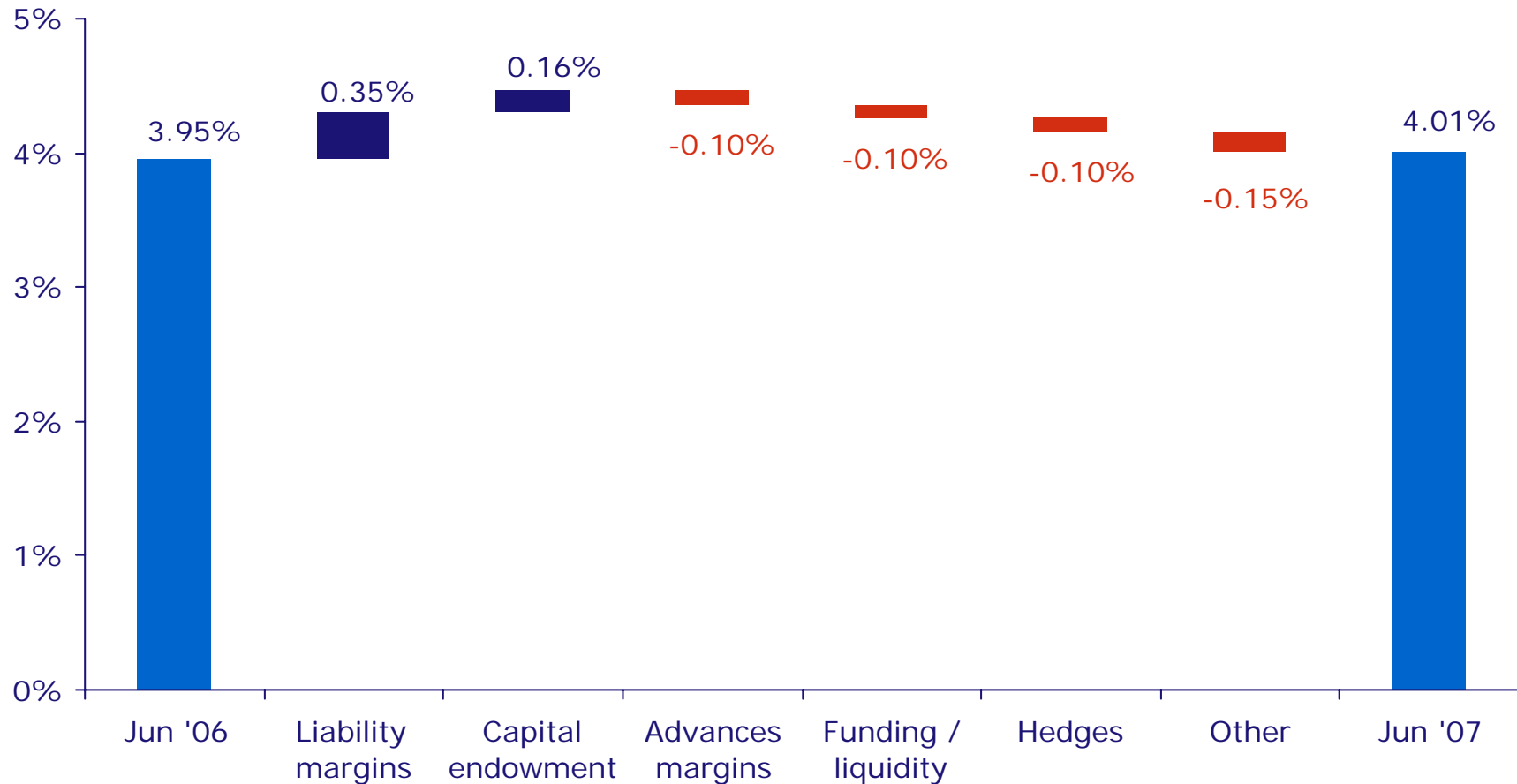




# Asset backed dominates retail advances



# Liability strategy & endowment enhances margin



# Asset margins under pressure



	Weighting %	June '07	June '06	
Asset backed mortgages	47	2.06	2.27	▼
Instalment sales	30	3.47	3.53	▼
Card debtors	5	6.45	7.03	▼
Overdraft and loans	5	5.46	5.10	▲
Personal loans	5	7.86	7.12	▲
Other banking advances	8	2.08	2.31	▼
<b>Total</b>	<b>100</b>	<b>3.16</b>	<b>3.26</b>	<b>▼</b>

Lending margin down 10 bps

\* Based on the daily average advances balance after deducting NPL's

# Liability margins improve through endowment benefit



	Weighting %	June '07	June '06	
Current and savings	28	5.95	5.10	▲
Money market	13	1.45	1.49	▼
Call	18	1.43	1.23	▲
Notice deposits	19	1.13	0.90	▲
Fixed deposits	9	0.87	0.74	▲
Managed account creditors	13	1.73	1.45	▲
<b>Total</b>	<b>100</b>	<b>2.61</b>	<b>2.26</b>	<b>▲</b>

Funding margin up 35 bps

\* Based on the daily average balance



# Financial highlights

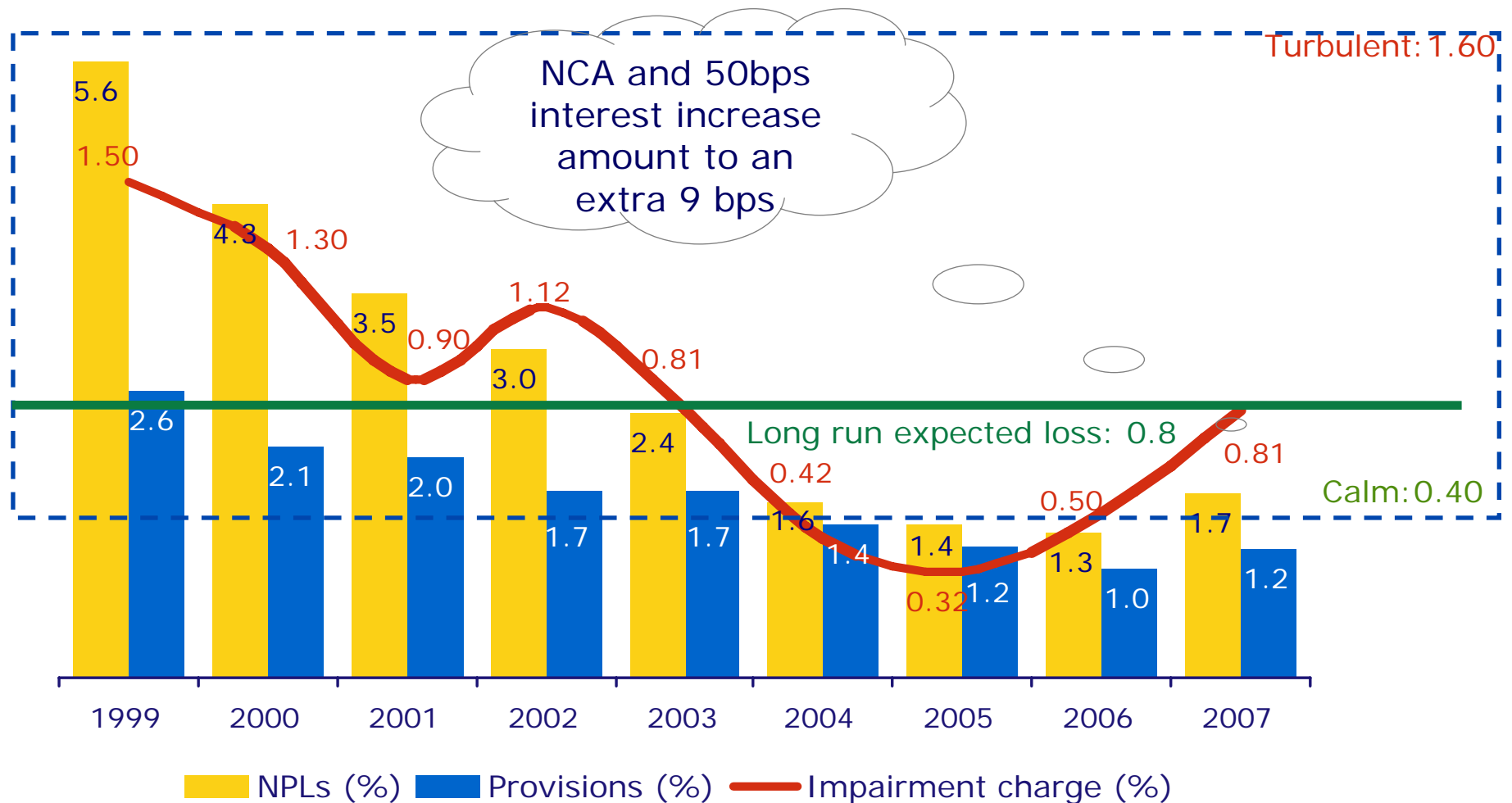
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# Credit themes

- Bad debts reflect impact of cycle caused by higher indebtedness and higher interest rates
- Actual versus expected charge off
- Manage credit markets impact on current portfolio and origination strategies

# NPL's and bad debts continue upward trend



# Retail main contributor to bad debts



Percentage of average advances

For the period ended

June '07

June '06

## Non performing loans

- Retail\*

2.3%

1.5%

- Corporate and commercial\*\*

1.3%

1.5%

- Investment banking\*\*\*

0.5%

0.8%

Total

1.70%

1.30%

## Bad debts

- Retail\*

1.34%

0.83%

- Corporate and commercial\*\*

0.31%

0.27%

- Investment banking\*\*\*

0.11%

0.00%

Total

0.81%

0.50%

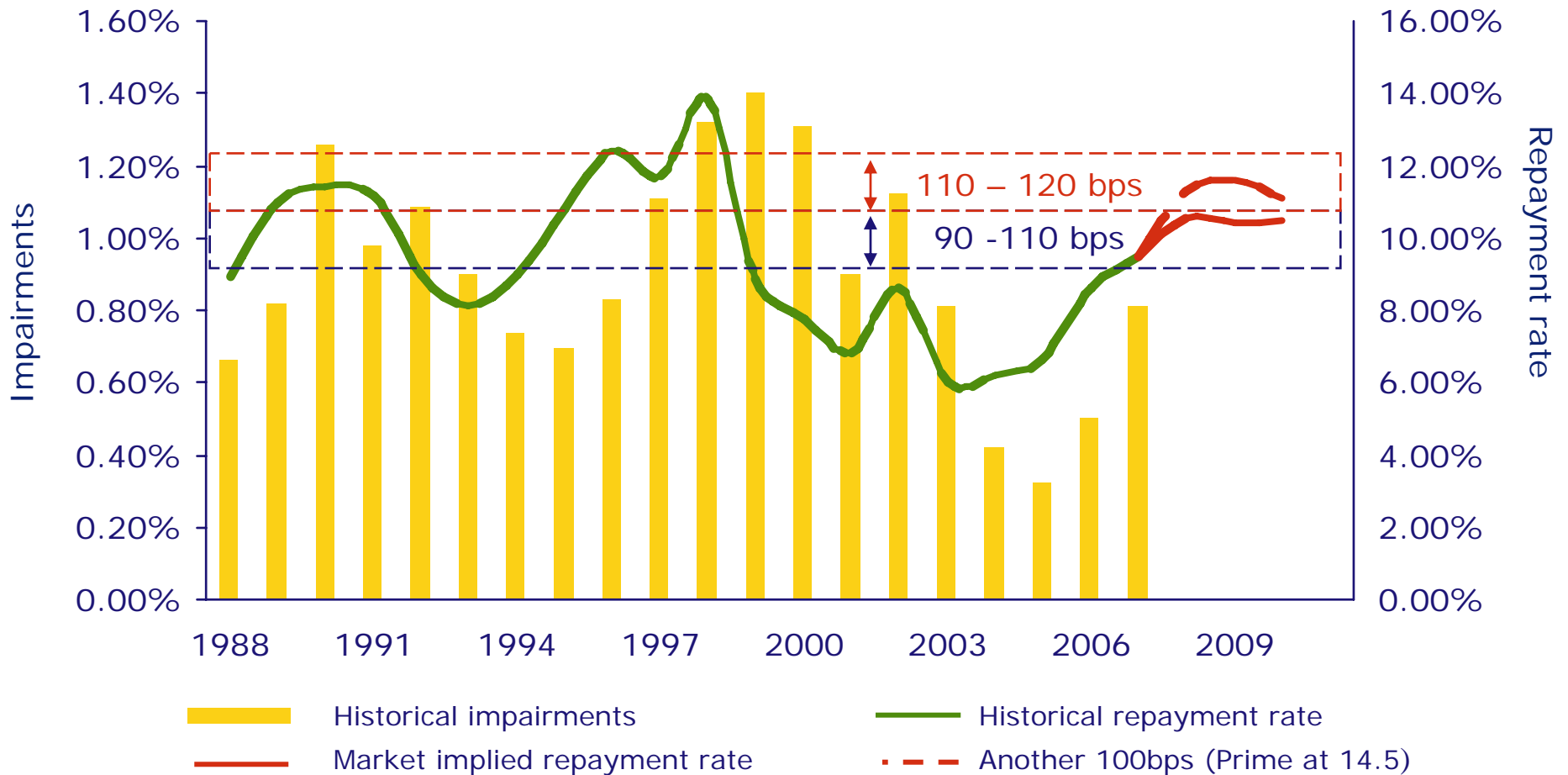
\* Includes securitised assets

\*\* Includes CTB, WesBank and commercial

\*\*\* Primarily fair value advances with fair value changes offset against the asset values and fair value income



# Affordability drives higher impairments



\* Repayment rate = ( household debt / disposable income x prime interest rate )



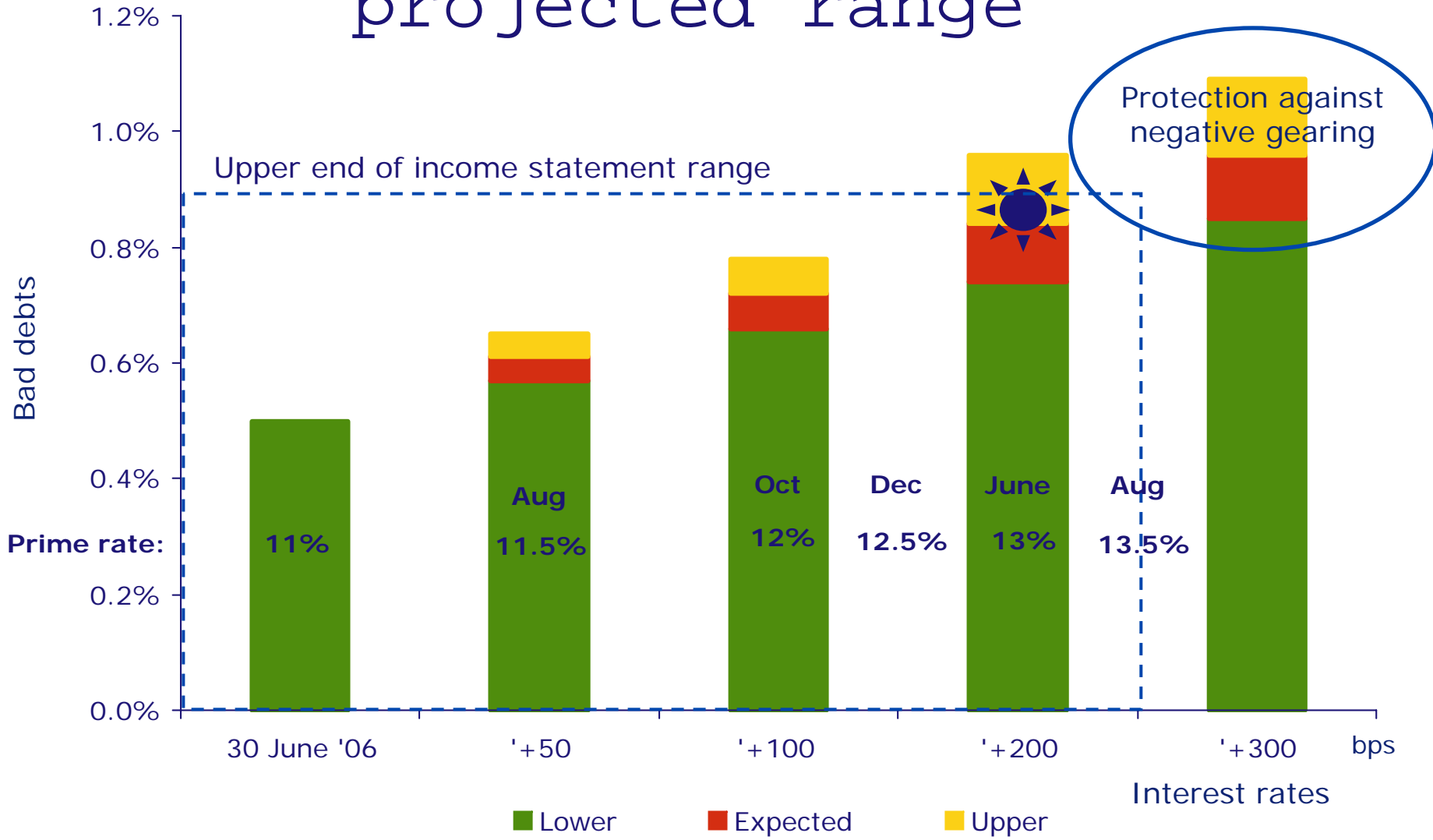
# Credit themes

- Bad debts reflect impact of cycle caused by higher indebtedness and higher interest rates

- Actual versus expected charge off

- Manage credit markets impact on current portfolio and origination strategies

# Bad debts at the higher end of projected range





# Credit themes

- Bad debts reflect impact of cycle caused by higher indebtedness and higher interest rates
- Actual versus expected charge off

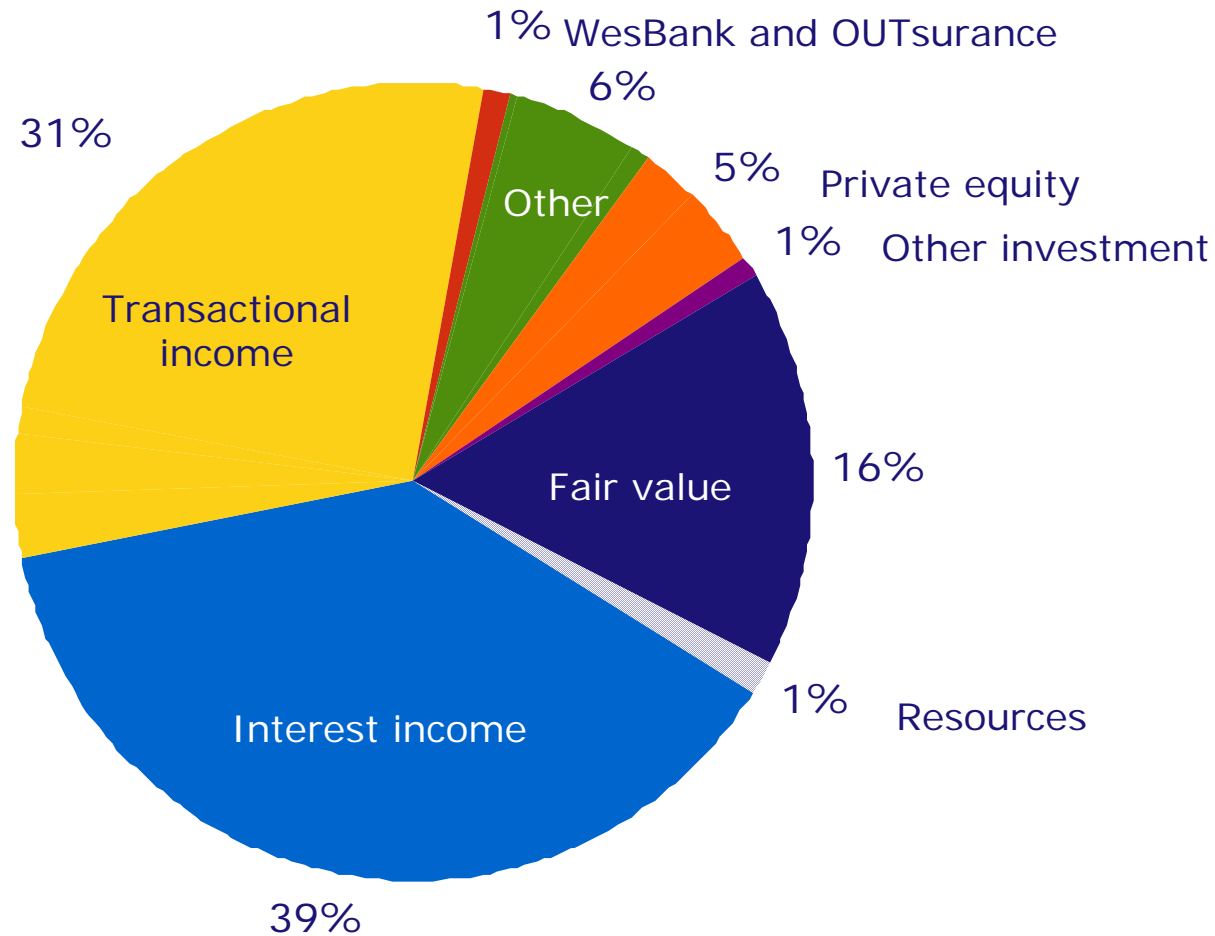
- Manage credit markets impact on current portfolio and origination strategies



# Financial highlights

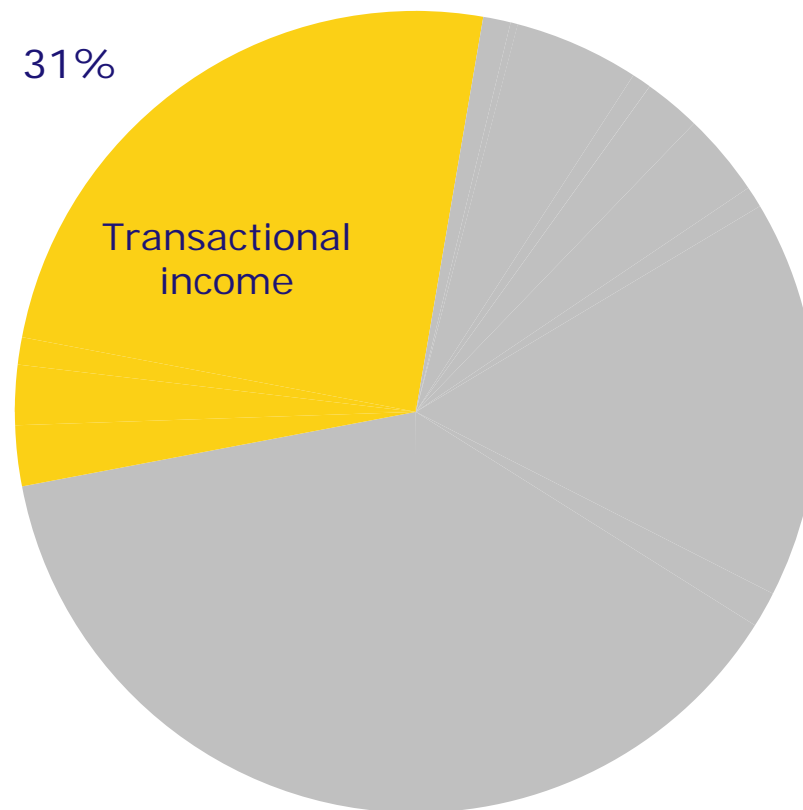
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# Diversification in non interest revenue

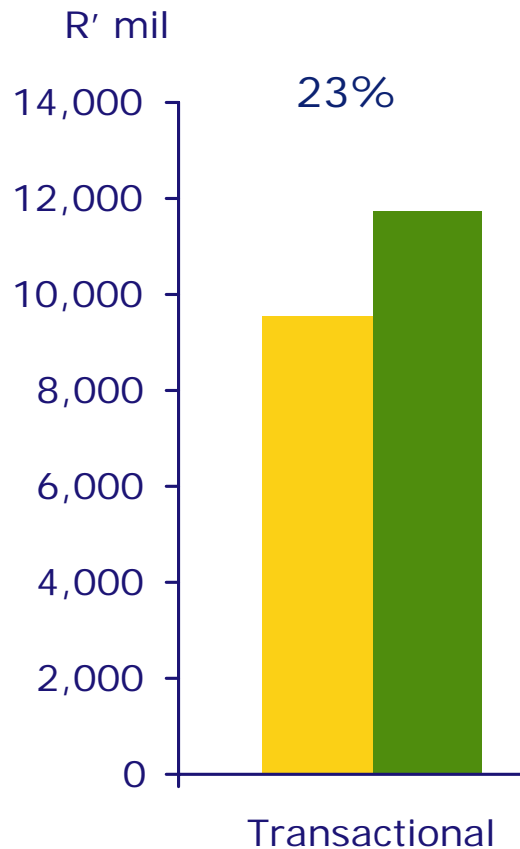


\* Associate income split into appropriate non interest revenue categories

# Diversification in non interest revenue



# Economic activity drives transactional income

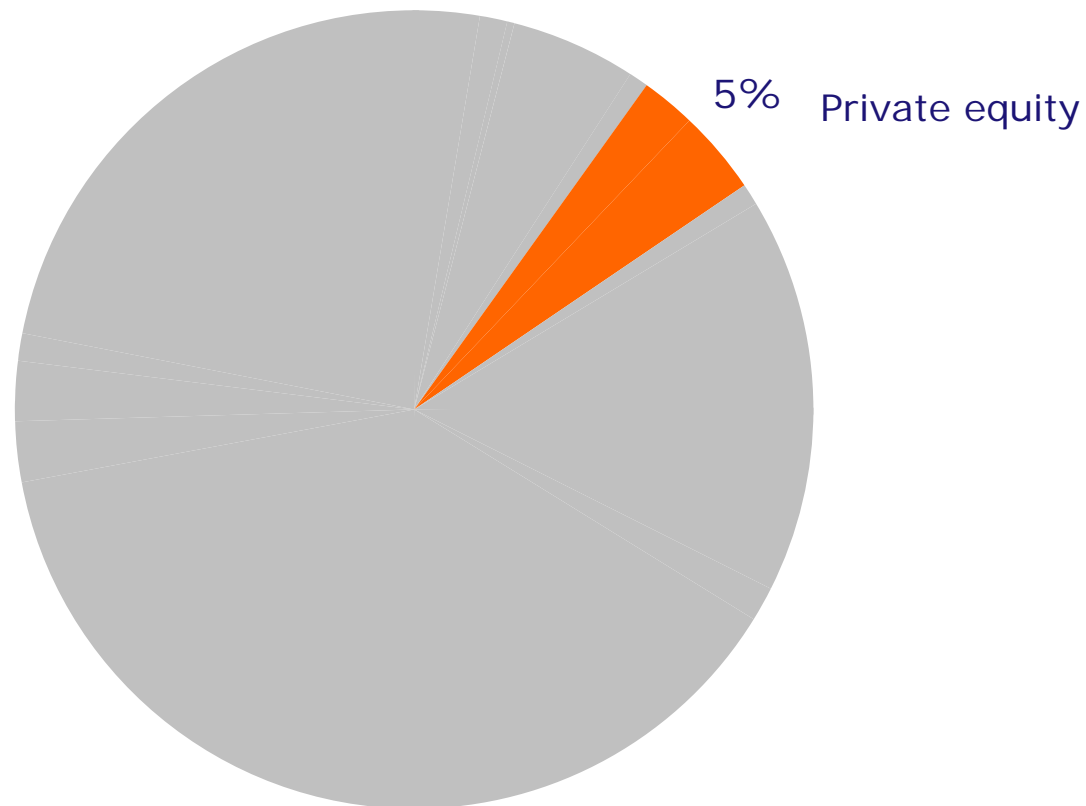


- FNB - transactional and customer volumes
- RMB - corporate activity
- WesBank - new business volumes

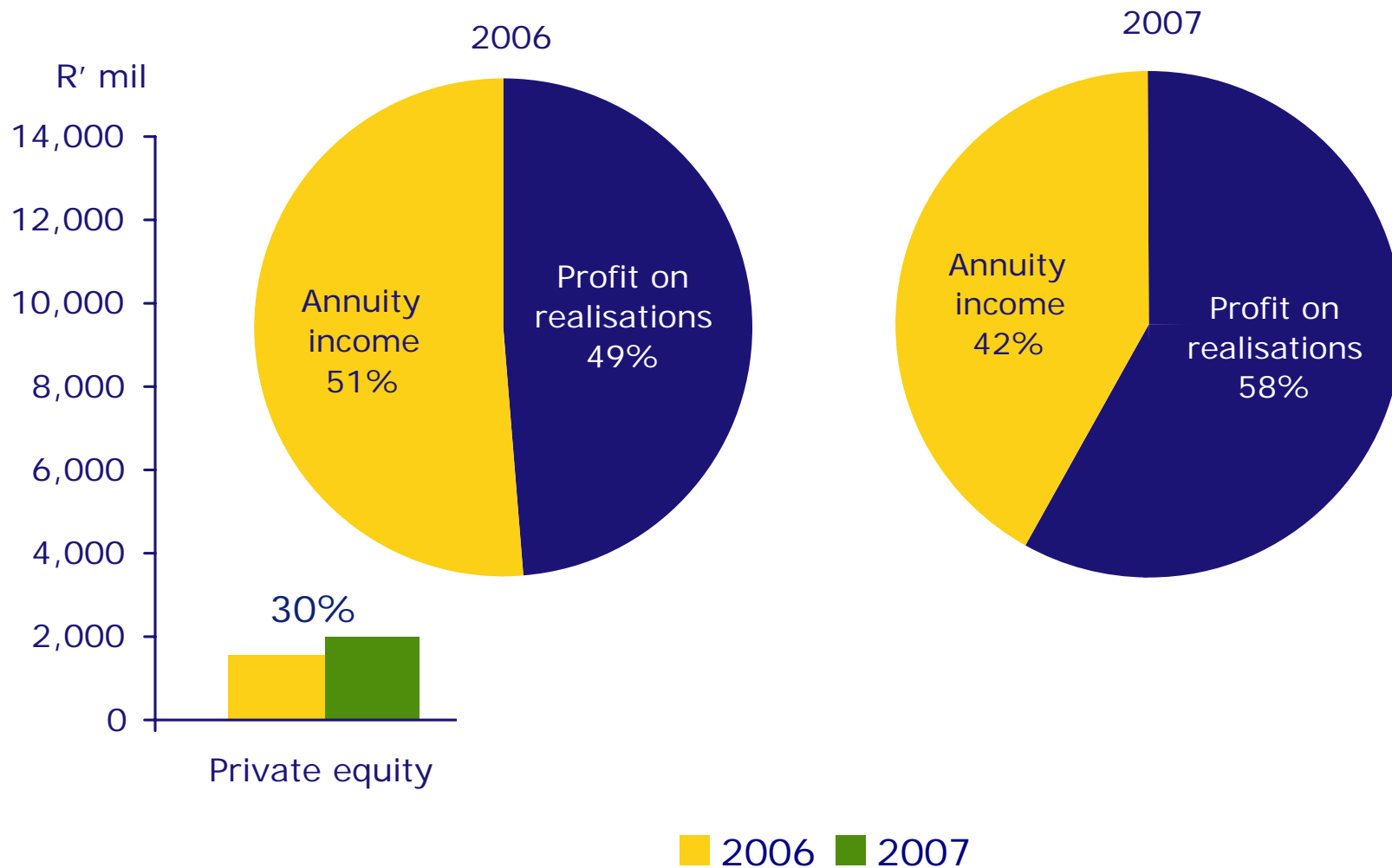
■ 2006 ■ 2007



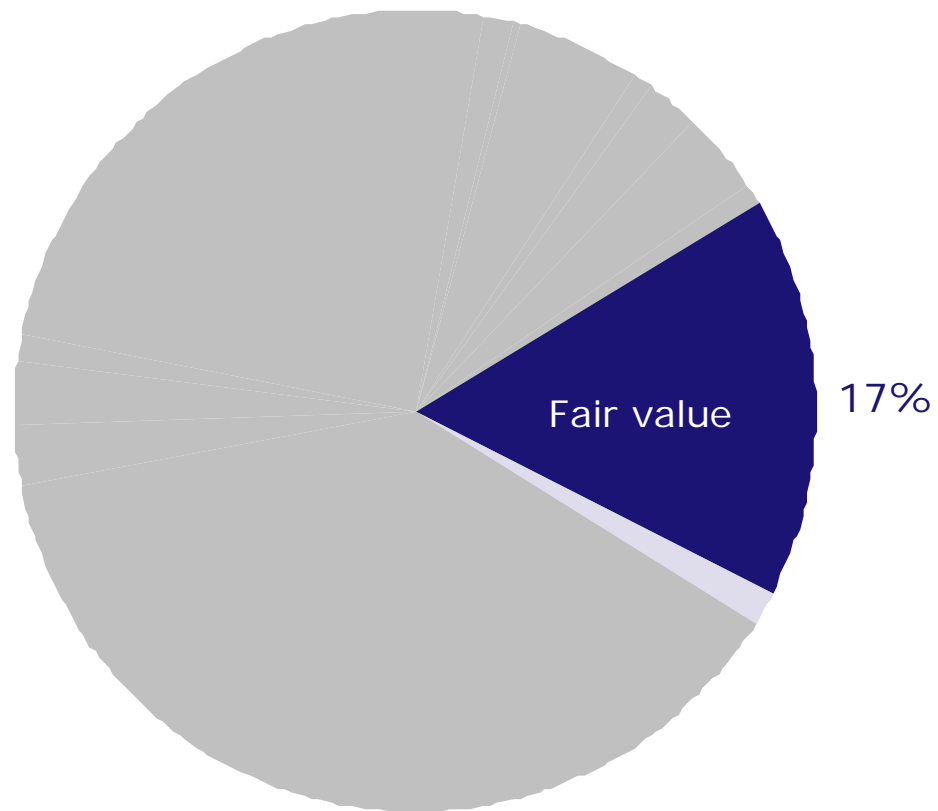
# Diversification in non interest revenue



# Good balance between annuity income and realisations



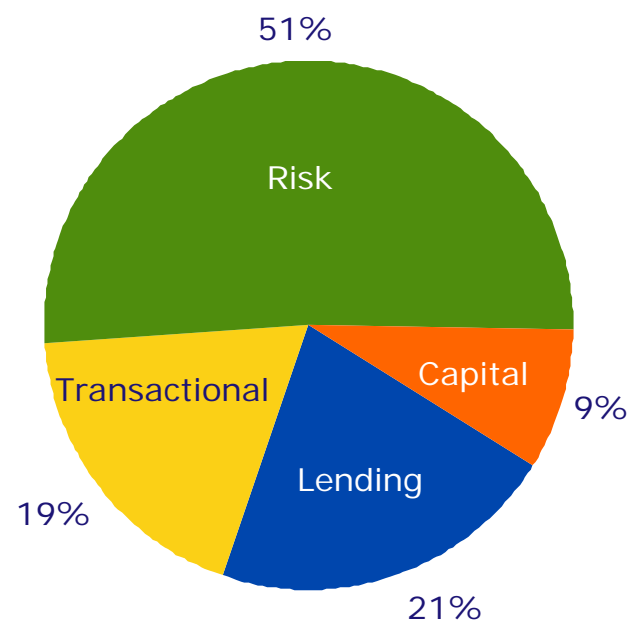
# Diversification in non interest revenue



# Almost half of fair value income from client activity



R' mil	June '07	June '06	% change
• Lending	1 379	1 164	18
• Client flows	1 215	949	28
• Risk	3 322	1 180	182
• Capital	550	613	(10)
<b>Total</b>	<b>6 466</b>	<b>3 906</b>	<b>66</b>



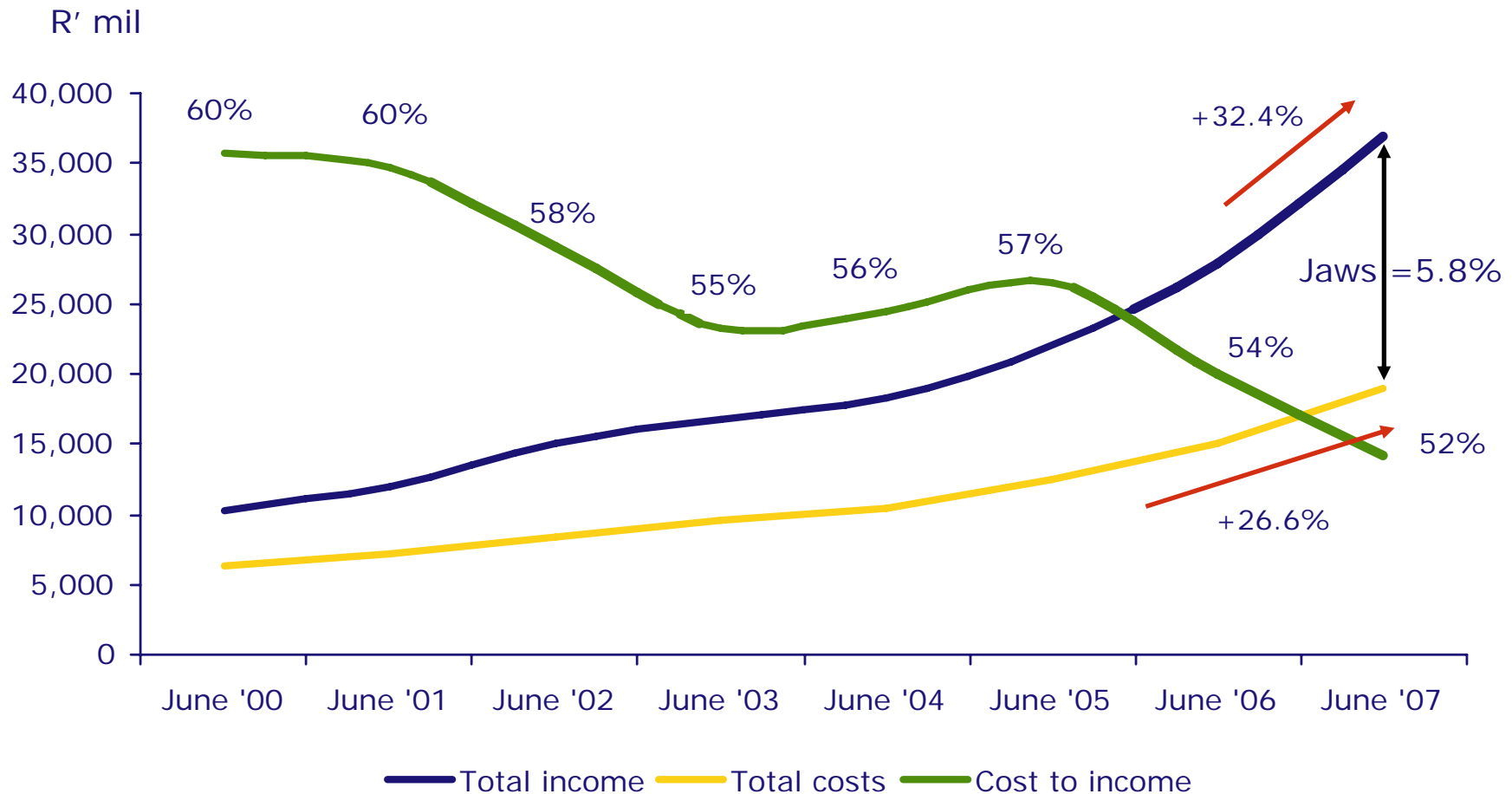
The rest of fair value represents only 9 % of total income



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# Top line growth drives operational leverage



# Spending for top line growth



R' mil	June '07 Cost	June '06 Cost	% change
Base Cost	15 179	12 843	18
- International expansion	759	327	>100
- Share based expenses	289	147	97
- Performance linked expenses	2 579	1 652	56
- New initiatives	236	68	>100
FirstRand Banking Group	19 042	15 037	27

# Improving efficiencies remains a focus



R' mil	Top line growth %	Cost growth %	June '07	Jun '06
			Cost to income ratio %	Cost to income ratio %
FNB	23.4	16.9	59.9	63.2
- Retail	25.4	20.3	61.5	64.1
- Corporate & commercial	20.1	11.1	57.2	61.9
FNB Africa	24.3	20.4	43.8	45.2
WesBank	35.8	48.4	53.4	48.9
RMB	94.1	111.8	42.0	38.5
FirstRand Banking Group	32.4	26.6	51.7	54.0



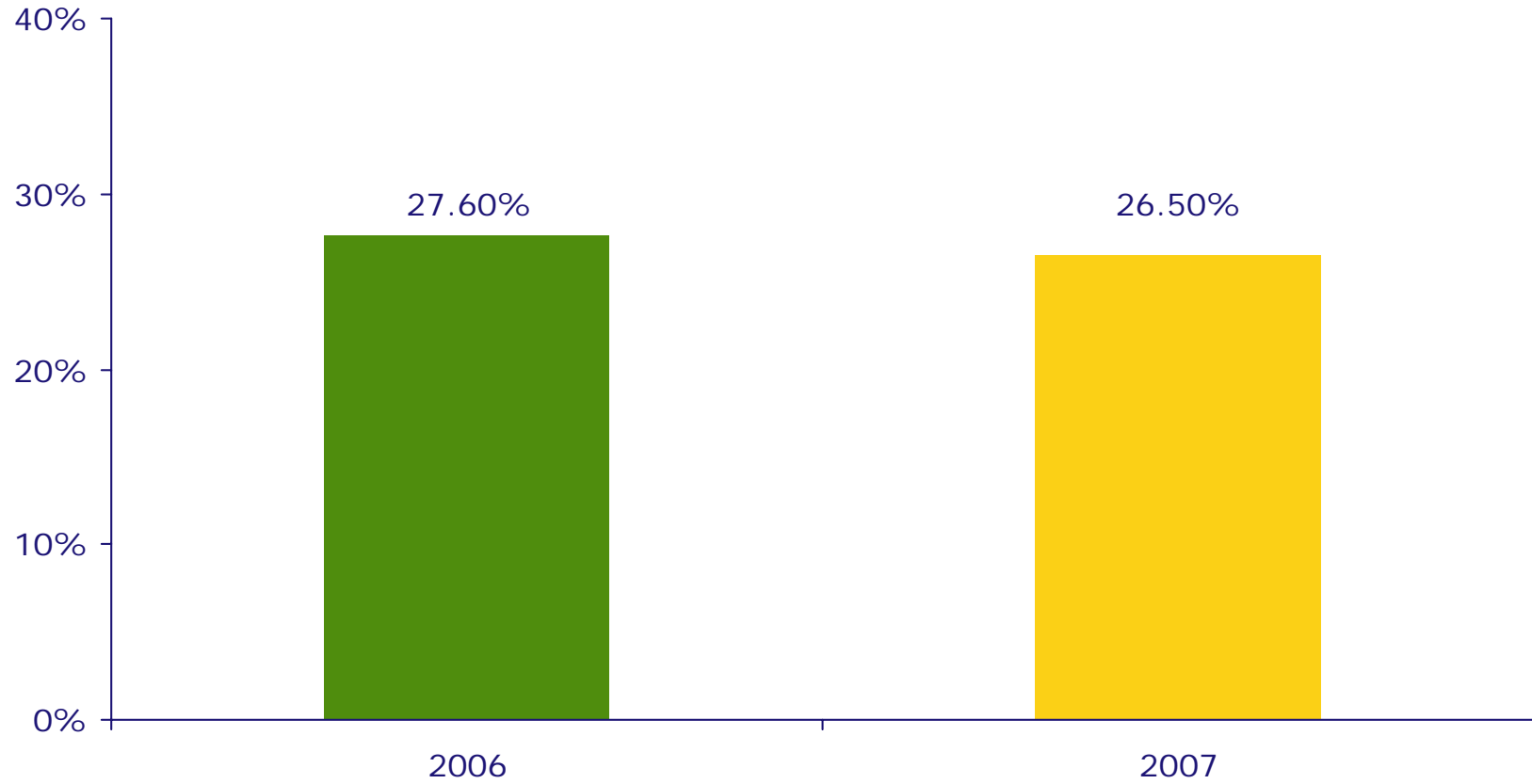


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# Effective tax rate



value

# Financial review

for the year ended  
30 June 2007

**m**omentum

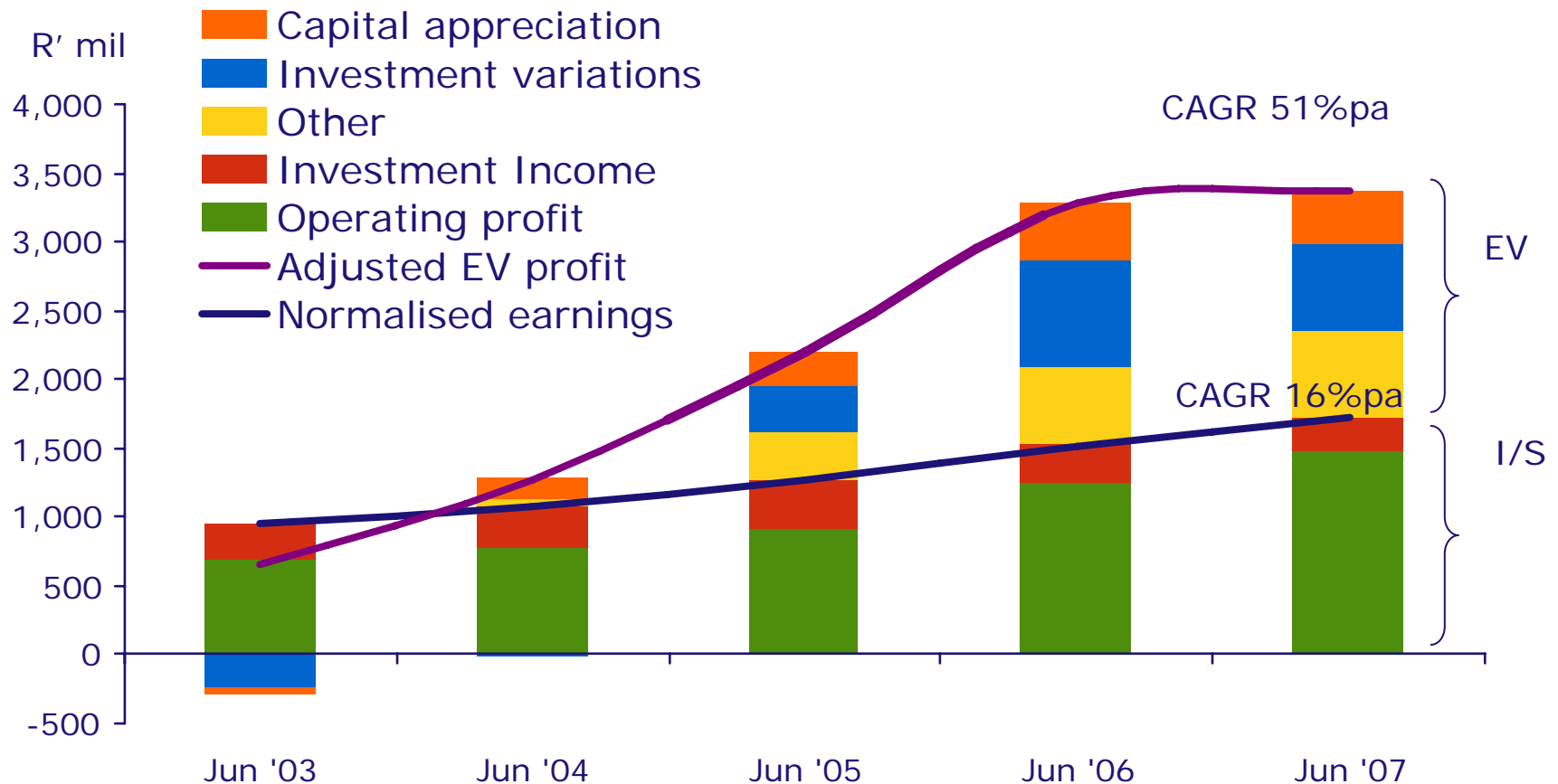
# Good operating performance

R' mil	June '07	June '06	% change
Insurance operations	1 145	914	25
- Momentum insurance	1 000	859	16
- FNB insurance	145	55	>100
Asset management operations	340	312	9
Group operating profit	1 485	1 226	21
Investment income on shareholder assets	231	288	(20)
Normalised earnings	1 716	1 514	13

However operating performance not true reflection of value creation

Return on equity (%)	25.3	24.1
Return on embedded value (%)	28	31

# EV growth shows true profit<sup>m</sup>



\* Adjusted EV profit excludes revaluation of subsidiaries

innovation

# Financial review

for the year ended  
30 June 2007



# Strong operational performance



R' mil	June '07	June '06	Growth %
Discovery Health	736	655	12
Discovery Life	707	546	29
Discovery Vitality	43	41	5
Destiny Health	(102)	(151)	32
PruHealth	(218)	(146)	(49)
PruProtect	(36)	-	(>100)
<b>Operating profit</b>	<b>1 130</b>	<b>945</b>	<b>20</b>
After tax profit, before BEE	*1 107	830	33
After tax profit, after BEE	1 073	669	60
*After dilution & normalised earnings adjustments	536	424	26

growth

# Operational review

for the year ended  
30 June 2007



**FIRSTRAND**  
Banking Group





# Good environment for banks

- SA Banking market in good shape
- Despite 250bps hike in interest rates retail demand for credit remains robust, but slowing
- Higher capital expenditure and corporate activity driving corporate sector growth
- Financial markets provide excellent opportunities for investment banking
- Increased regulation

# Customer numbers & transaction volumes drive growth

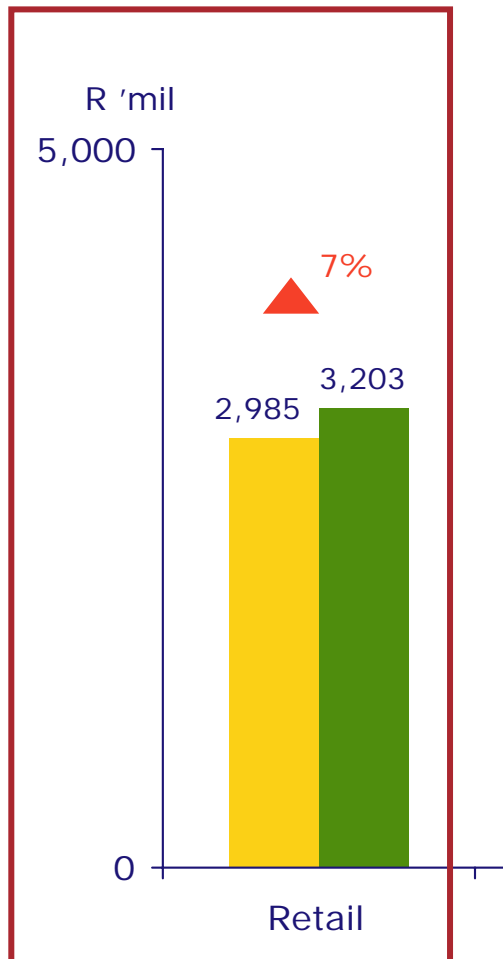


000's	June '07	June '06	
Retail Customer base	5 816	5 290	10%
InContact accounts	5 032	3 417	47%
eBucks customers	1 207	982	23%
Internet bankers	697	537	30%
Cellphone bankers	379	218	74%

South African Retail clients only



# Retail remains robust

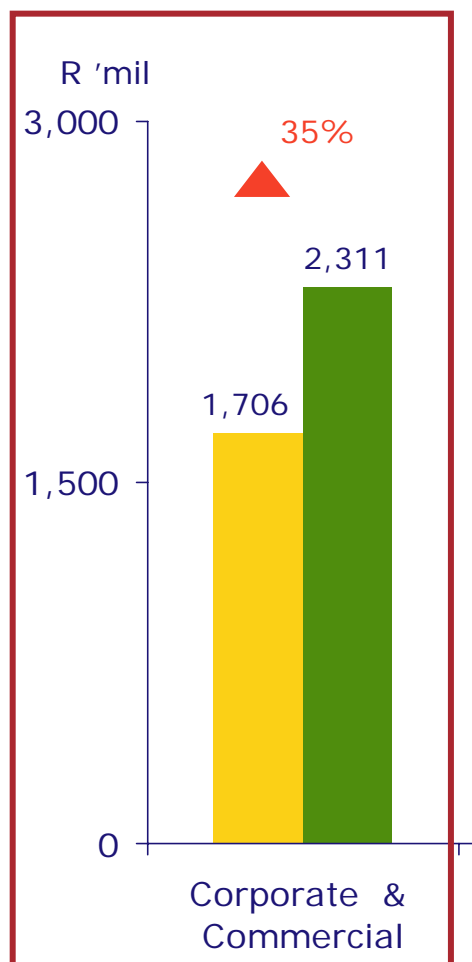


- Customer numbers and transaction volumes have increased
- Slower advances growth to normalised levels
- Higher bad debts
- NCA was well implemented and limited impact going forward
- Competition Commission on-going but no impact as yet

\* Normalised earnings

■ June '06   ■ June '07

# Shift to corporate & commercial

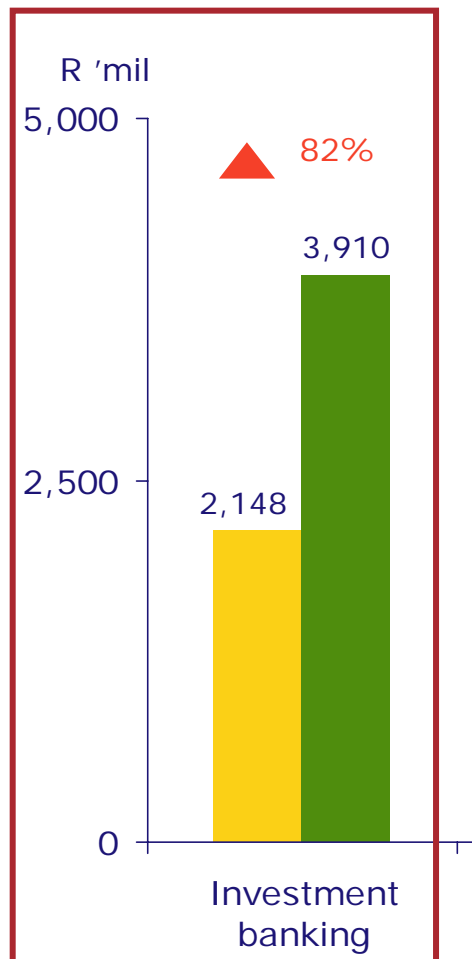


- Growth in advances driven mainly by mid-corporate and WesBank
- Deposit franchise a key part of the growth strategy
- Strong growth in transactional volumes, particularly in the electronic banking channels

\* Normalised earnings

■ June '06 ■ June '07

# Investment banking was exceptional

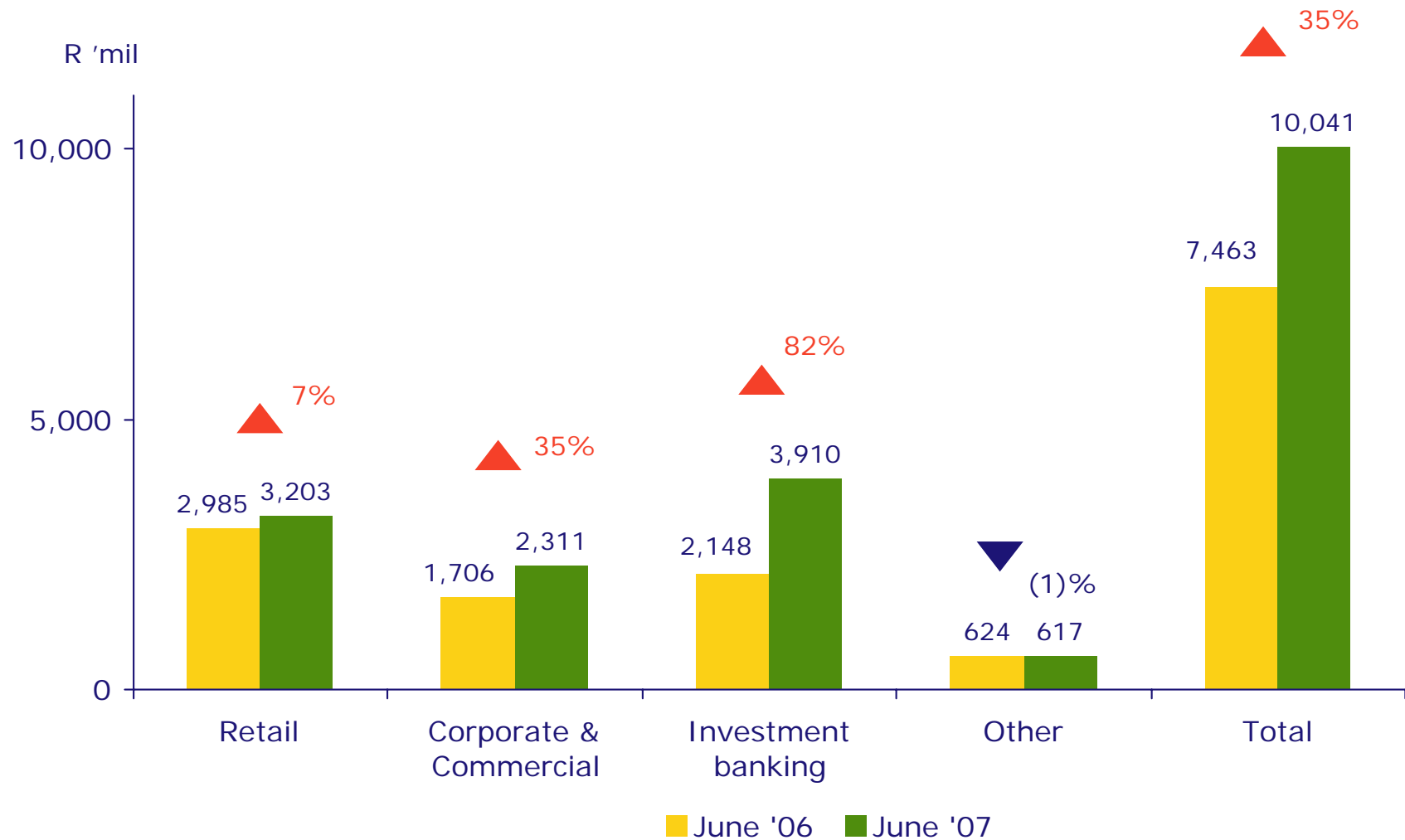


- Equity trading business benefited from buoyant financial markets
- BEE was good for private equity and corporate finance opportunities
- Increased client flows, volatility and direction for FiCC
- Lazy corporate balance sheets starting to be leveraged

\* Normalised earnings

■ June '06 ■ June '07

# Rotation to corporate & investment banking

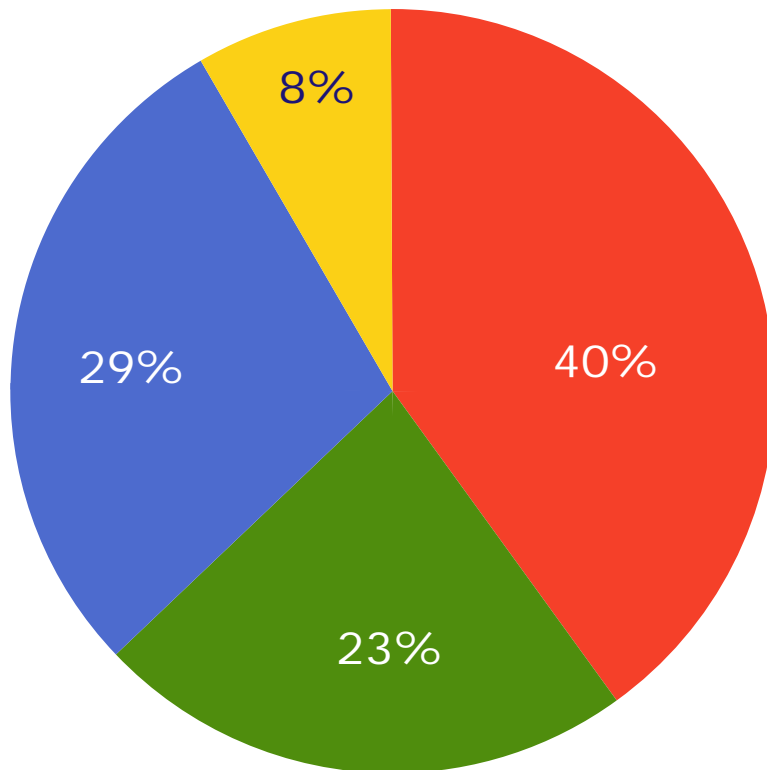


\* Normalised earnings

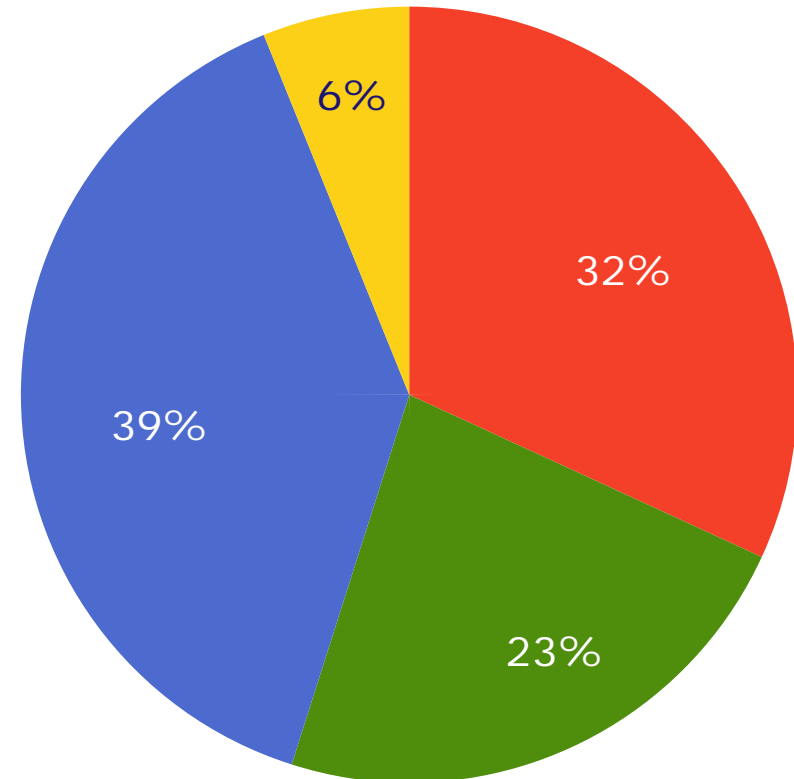


# Changing composition

2006



2007



■ Retail

■ Corporate

■ Investment banking

■ Other

\* Normalised earnings

# Banking hits R10 billion



	Normalised earnings	% Growth
FNB	R4.14 billion	27
RMB	R3.91 billion	82
WesBank	R0.92 billion	(13)
Africa	R0.46 billion	21
Other	R0.61 billion	(1)
<b>Total</b>	<b>R10.04 billion</b>	<b>35</b>





# RAND MERCHANT BANK

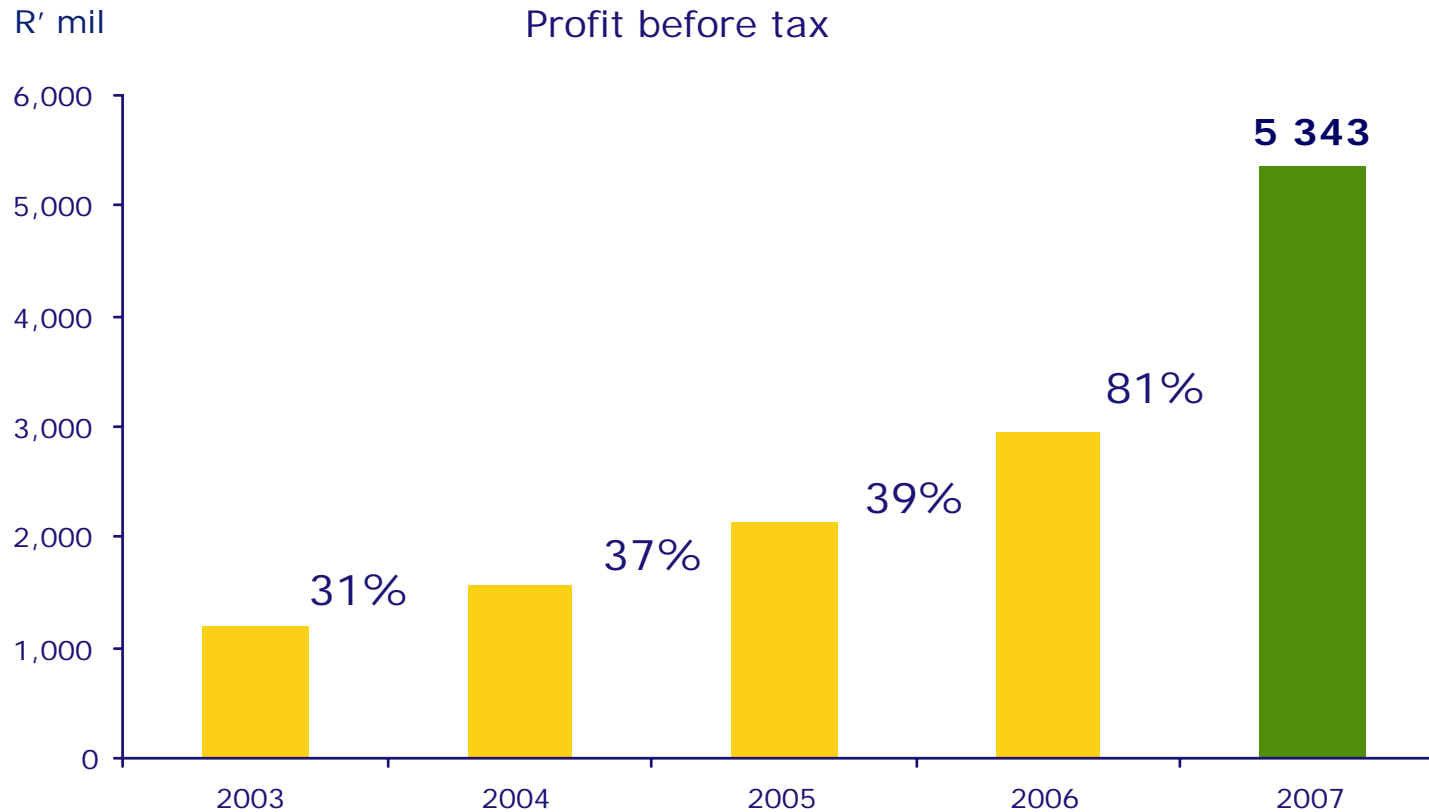
A division of FirstRand Bank Limited

# Strong profit growth

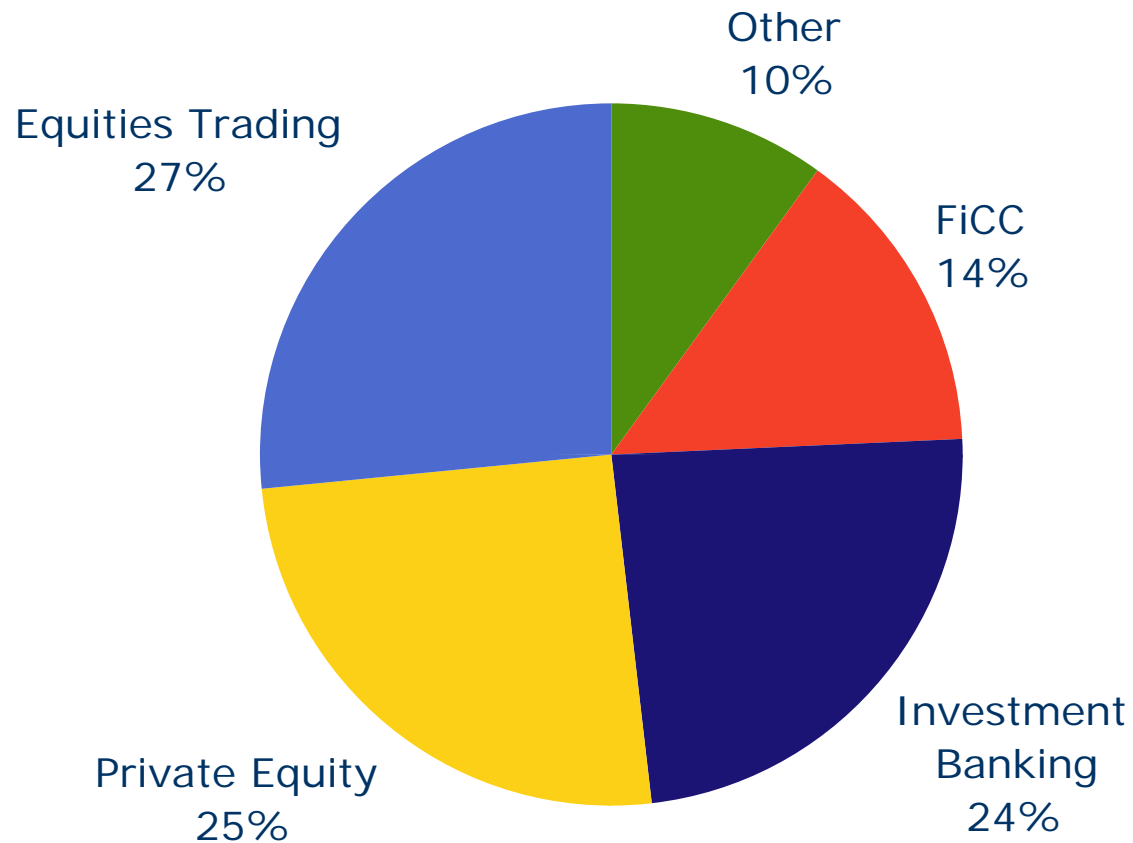


Return on Equity 43 %

# Off an already high base

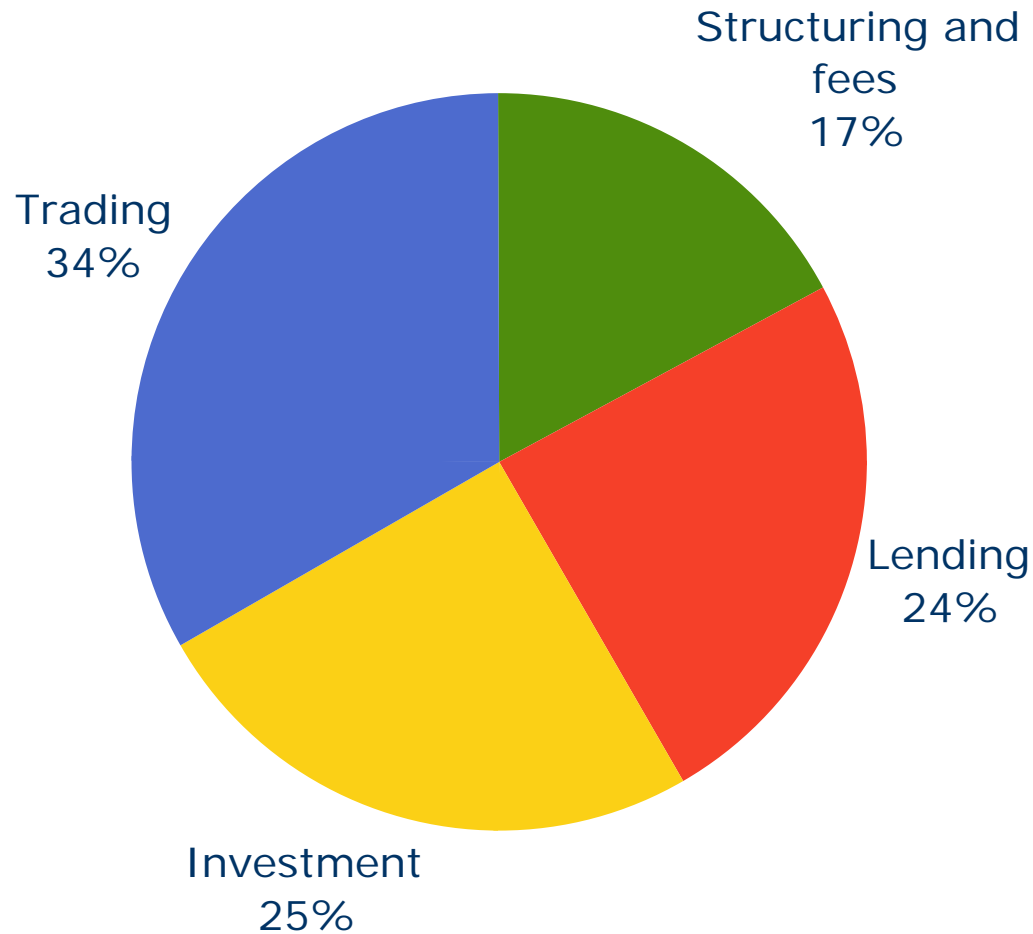


# From a well balanced portfolio



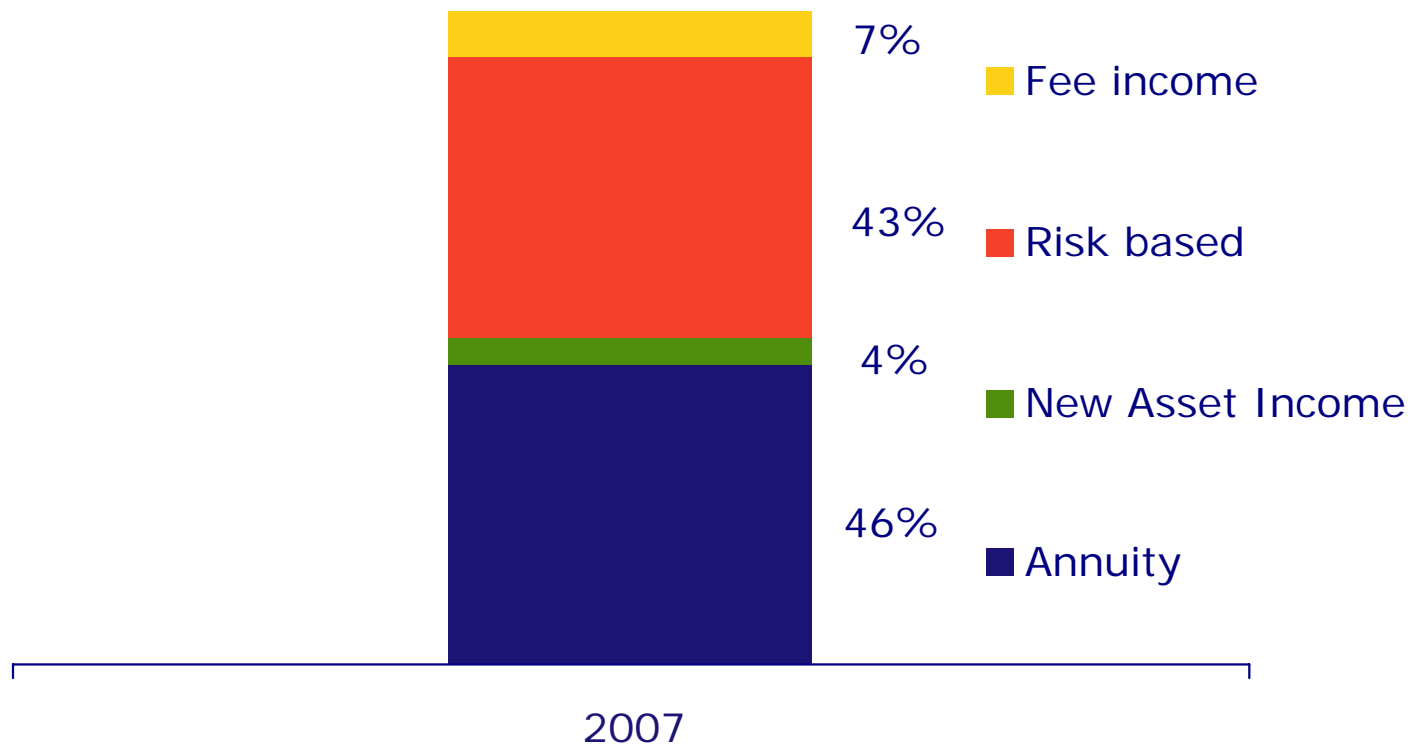
\* Percentage net income per division

# ...reflected in diversity of earnings



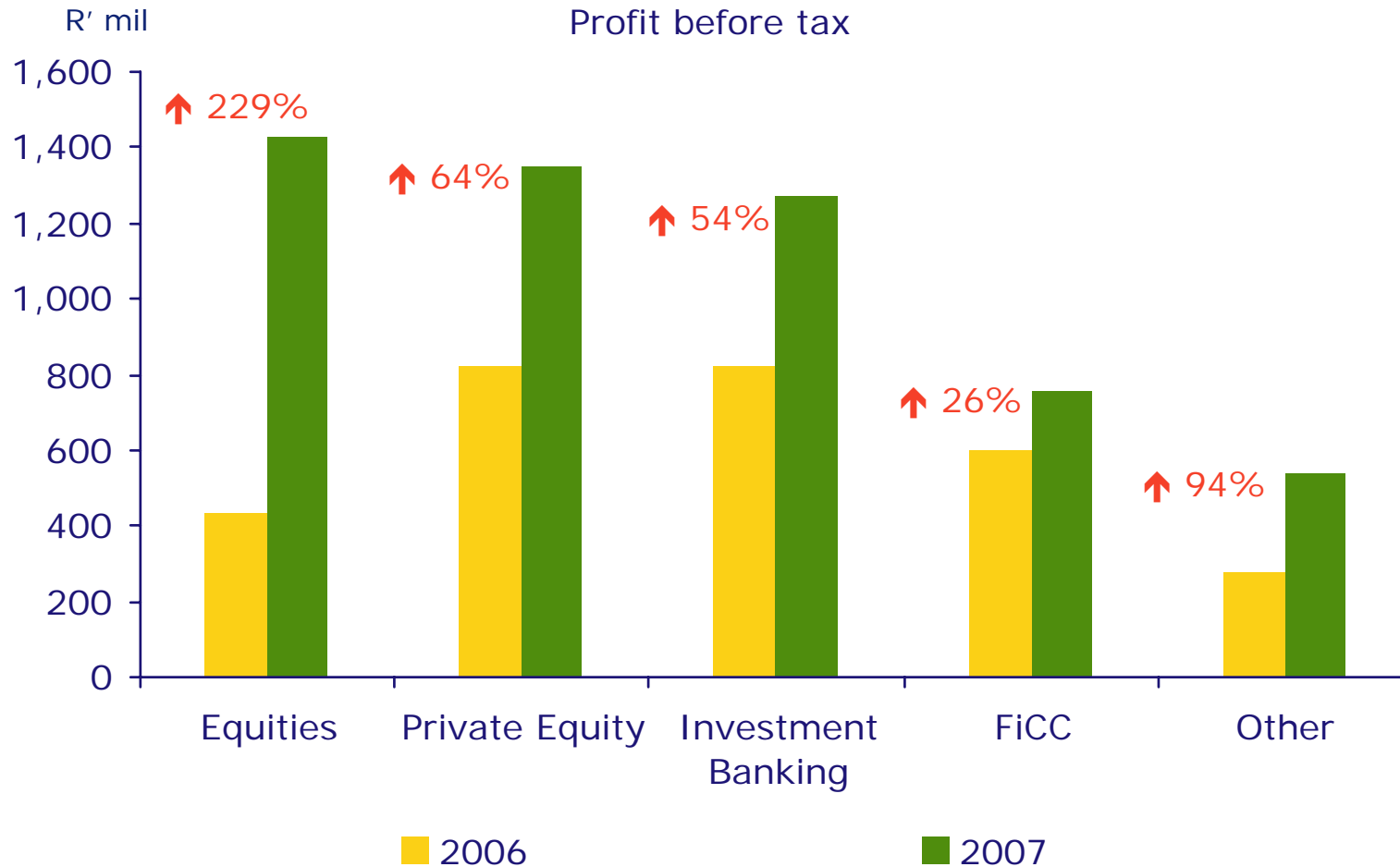
\* Percentage gross income

# ...and quality of earnings



\* Percentage gross income

# Growth across the board

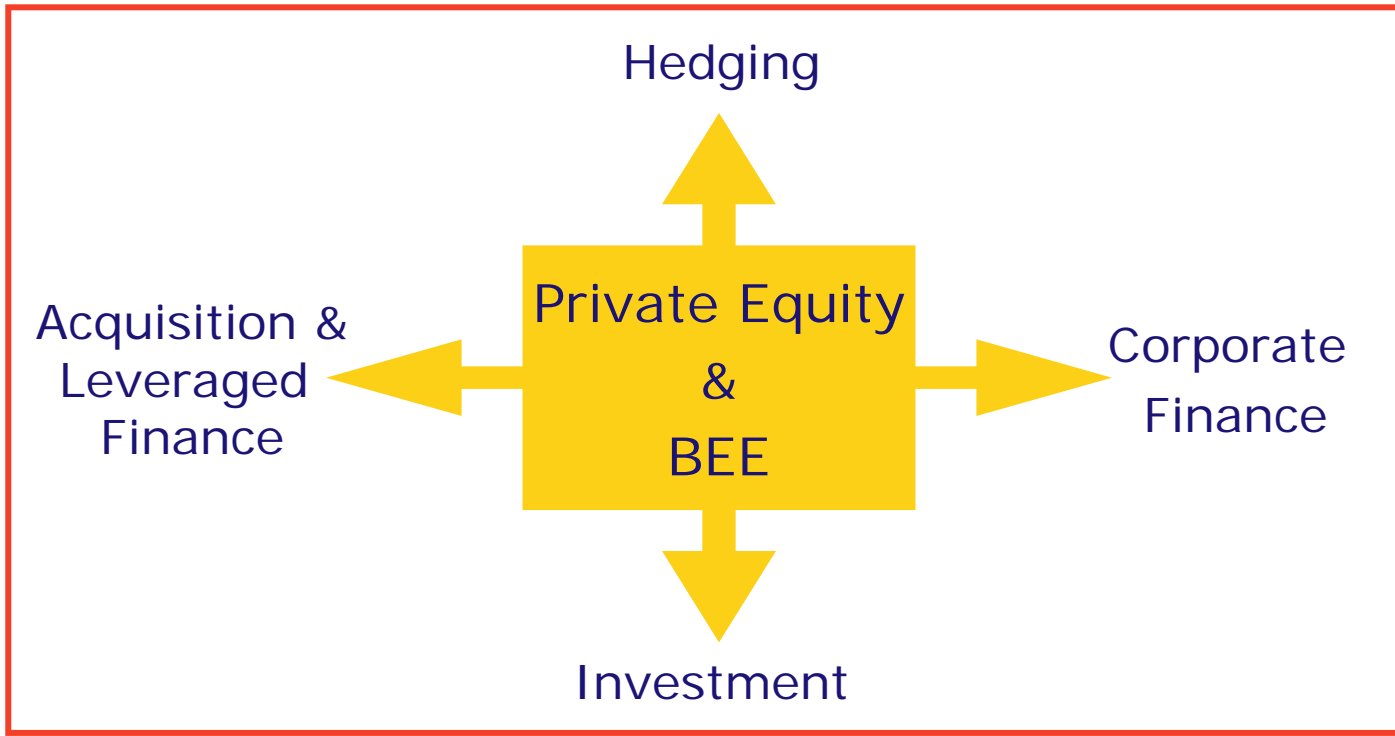
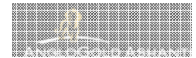


# Driven by favourable business environment...

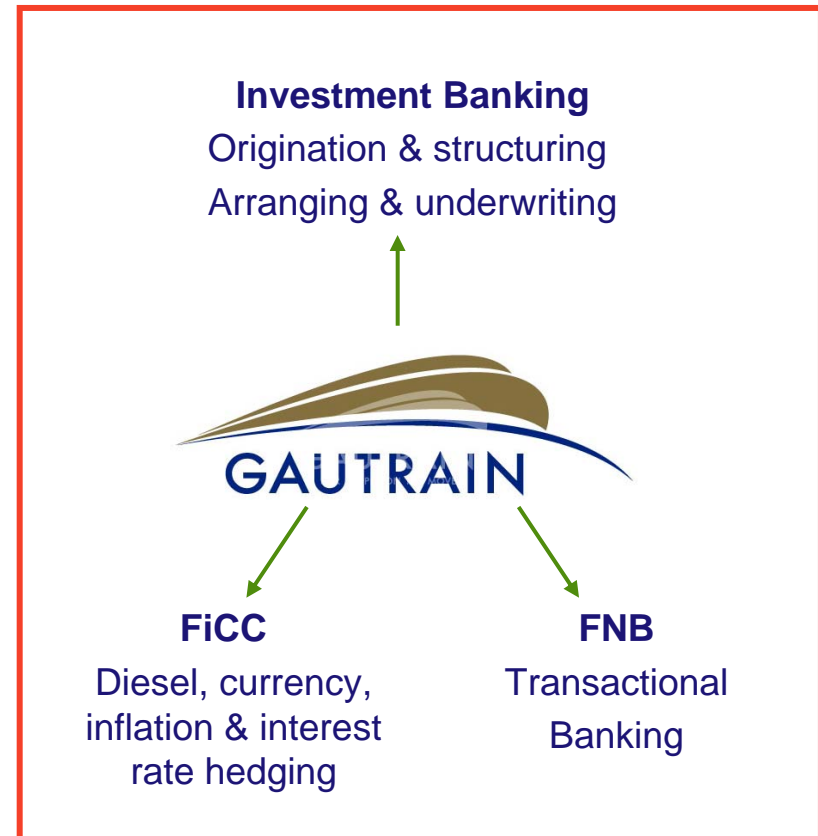
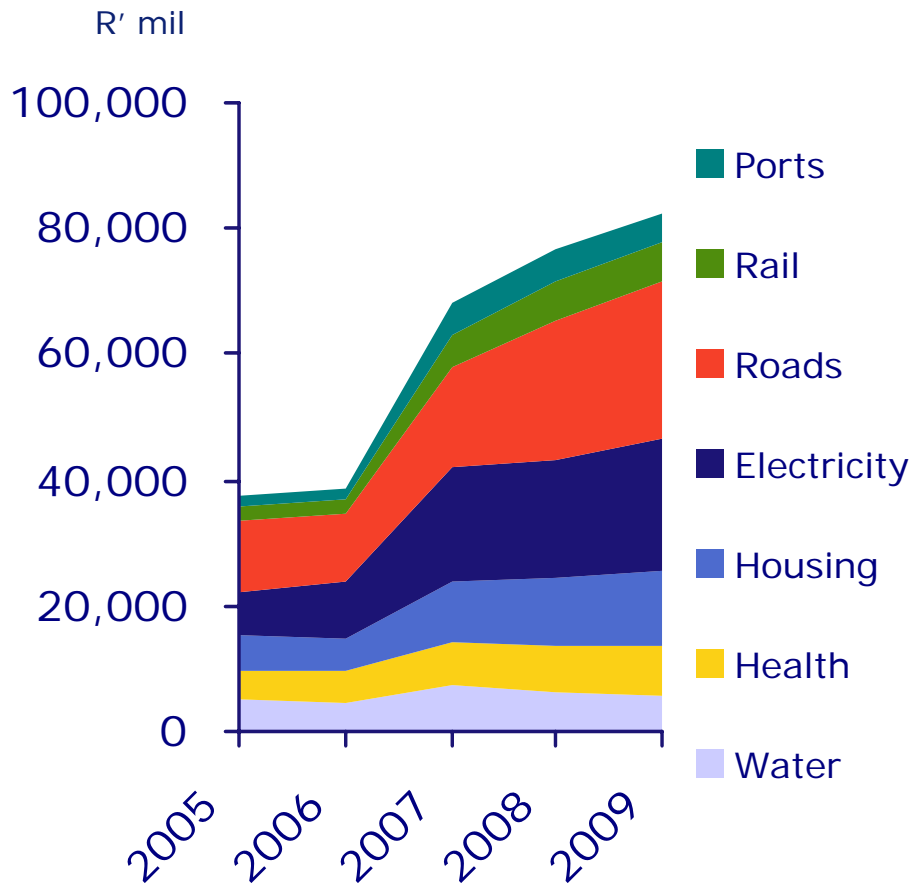
- Strong Economy
- Buoyant markets across board
  - Equities
  - Commodities & Currencies
  - Interest Rates & Credit
- Increased deal making activity
  - Private equity
  - BEE
  - Infrastructure spend
- Increased capital markets activity



# Private equity & BEE stimulus



# Infrastructure spend takes off



Source : MTEF 2007

# Driven by favourable business environment...

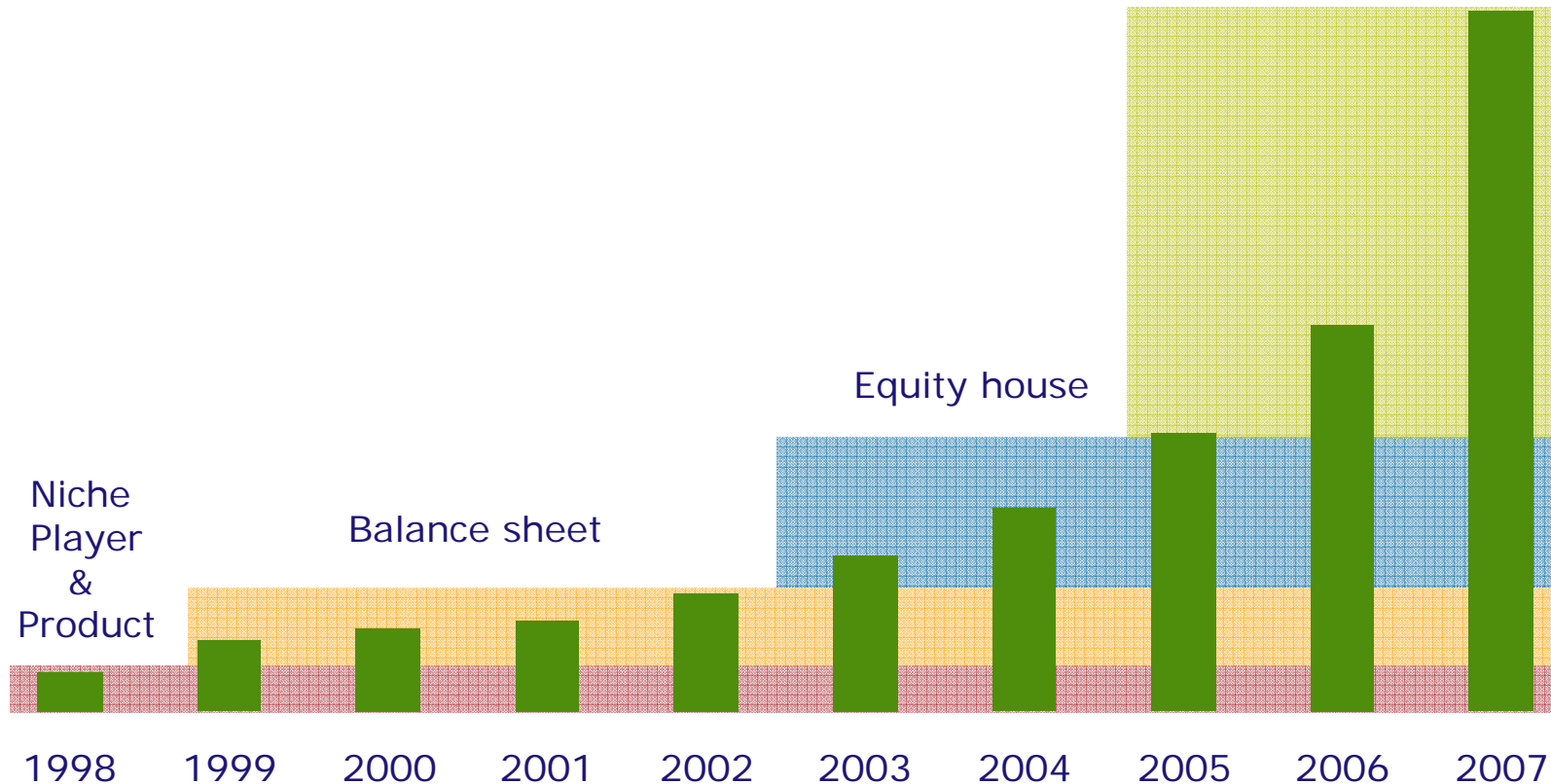


- Strong Economy
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Driven by favourable  
business environment...



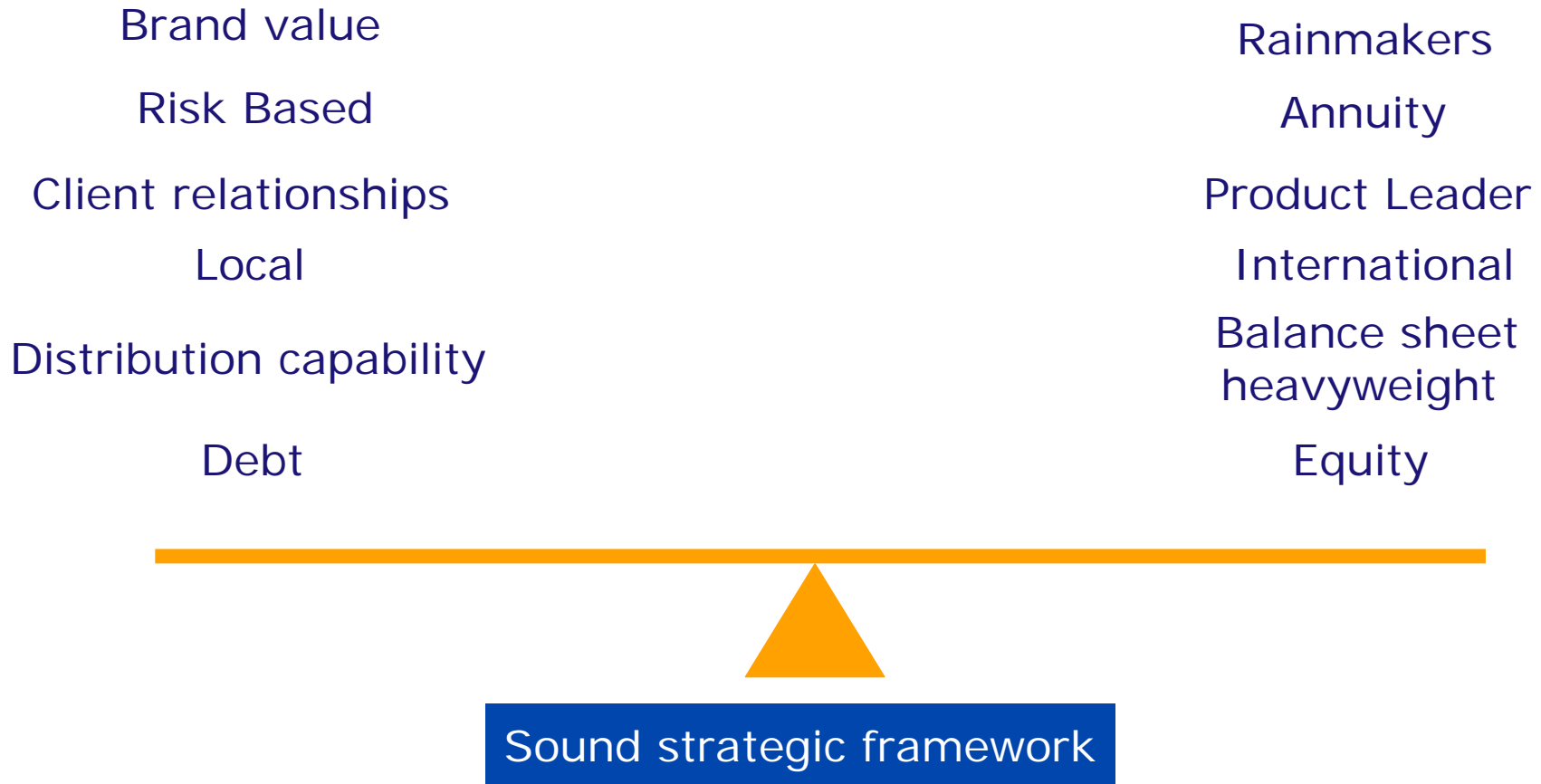
Relationships



Ability to attract and retain intellectual capital

...and a sound strategic framework

# Leading to a balanced business



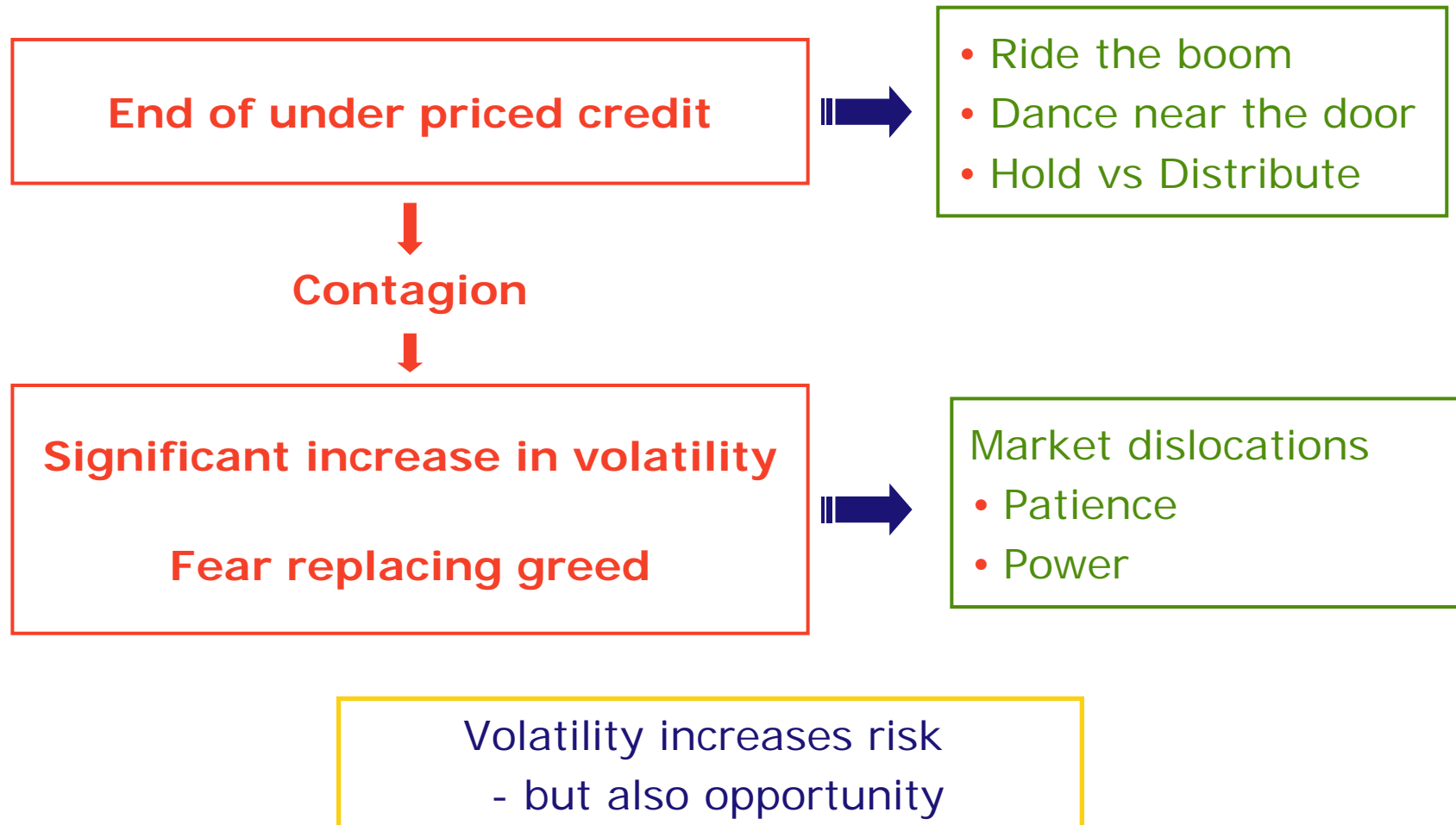
# Future prospects



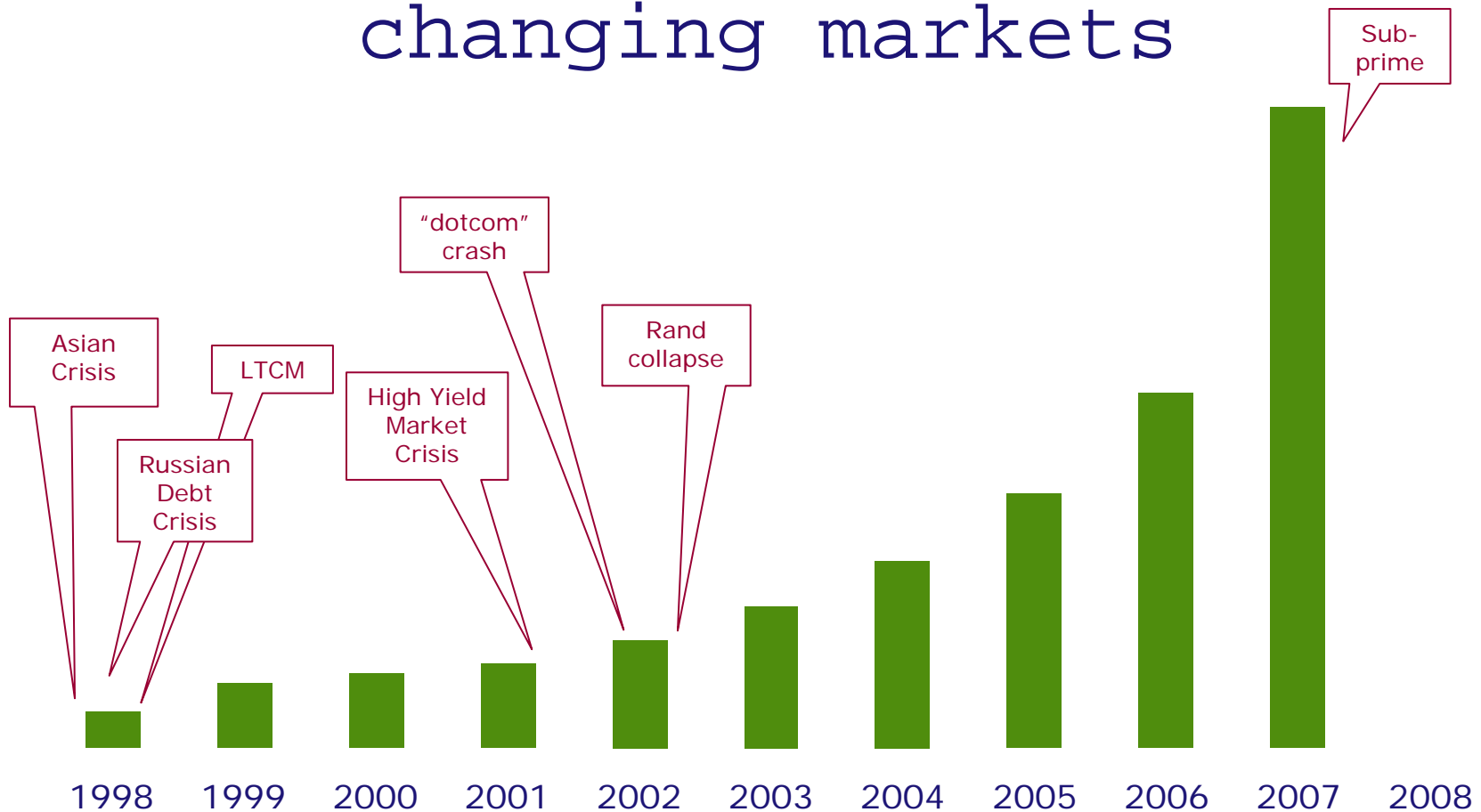
Ever changing markets

Sound strategic framework

# Current market conditions



# Profitable.. despite changing markets





...and the divisional prospects



### **Investment Banking**

- Large annuity portfolio
- Healthy deal pipeline

# Consistent leaders in Investment Banking



Survey Year	Mergers & Acquist'ns	BEE Deals	Listings	Structured Finance	Private Equity
2007	1 <sup>st</sup>	1 <sup>st</sup>	3 <sup>rd</sup>	1 <sup>st</sup>	Not rated
2005	1 <sup>st</sup> *	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>
2003	1 <sup>st</sup> *	n/a	7 <sup>th</sup>	1 <sup>st</sup>	1 <sup>st</sup>
2002	2 <sup>nd</sup>	n/a	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>

M & A Dealmaker of the year  
2006

M & A Dealmaker of the year  
2005

M & A Dealmaker of the year  
2004



by transaction value

PRICEWATERHOUSECOOPERS  Survey on Banking in SA

n/a = new category  
\* Joint place

Source: The PWC survey conducted every two years since 2003

# ...and the divisional prospects

## **Investment Banking**

- Large annuity portfolio
- Healthy deal pipeline

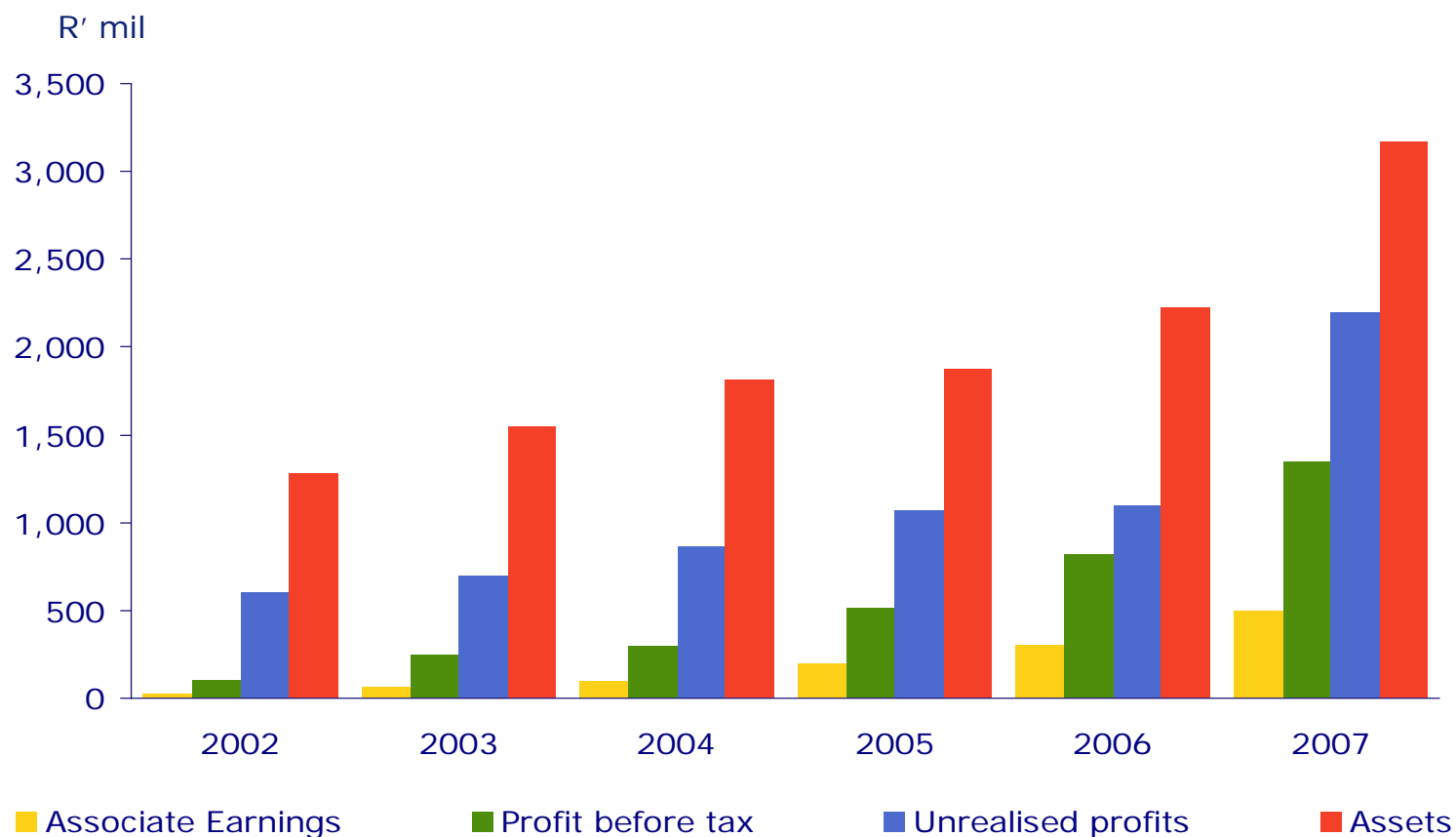
## **Private Equity**

- Associate annuity income
- Pipeline of realisations

## **FiCC**

- More volatility
- More volume

# Private Equity growth story



Unrealised profits – R2.2bn

\* Associates are determined after deducting minorities and expenses

# ...and the divisional prospects

## **Investment Banking**

- Large annuity portfolio
- Healthy deal pipeline

## **Private Equity**

- Associate annuity income
- Pipeline of realisations

## **FiCC**

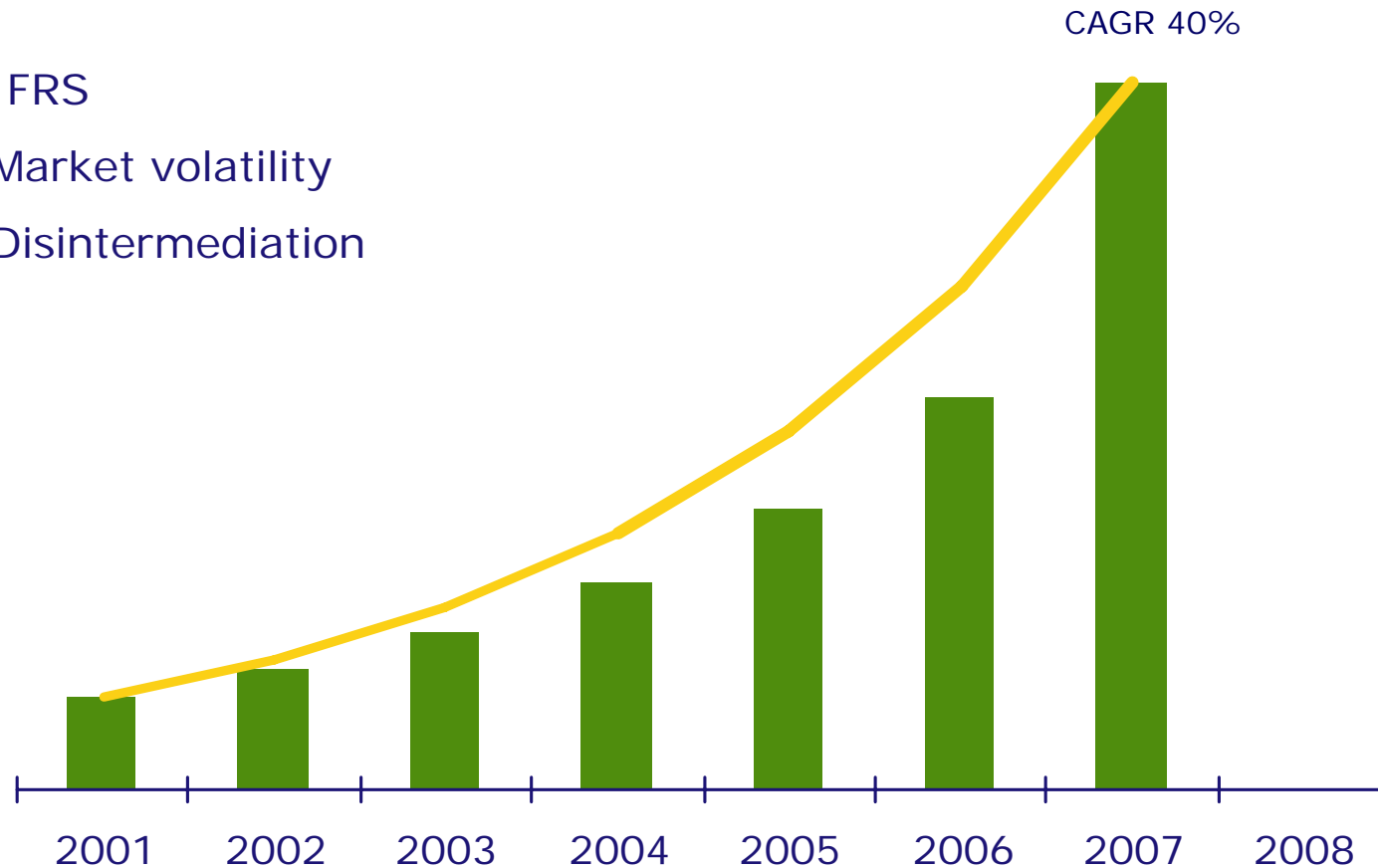
- More volatility
- More volume

## **Equity Trading**

- More volatility
- More opportunity and risk

# Good prospects, greater unpredictability

- IFRS
- Market volatility
- Disintermediation





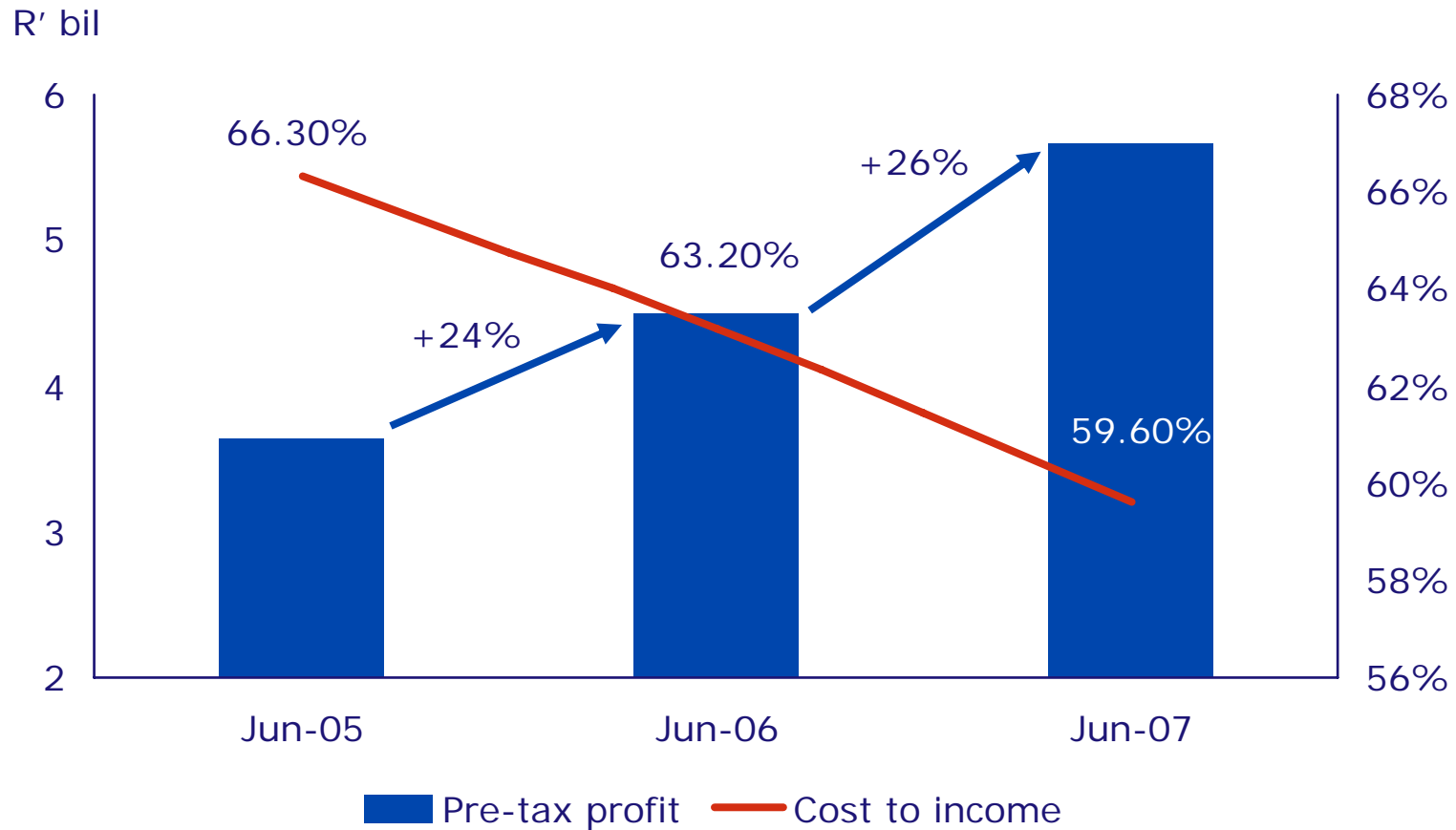
# FNB's great performance continues



	June '07	June'06	change
Net profit before taxation (R' mil)	5 663	4 504	↑ 26%
Advances (R' bil) (↑ 17% to R180b post gross-up)	162	131	↑ 24%
Deposits (R' bil) (↑ 13% to R168b post gross-up)	150	126	↑ 19%
Net interest revenue (R' mil)	8 372	6 576	↑ 27%
Non interest revenue (R' mil)	10 302	8 577	↑ 20%
ROE (%)	33.3%	31.8%	↑ 1.5%
Cost to income (%)	59.9%	63.2%	↓ 3.3%



# Growing profits & improving efficiency

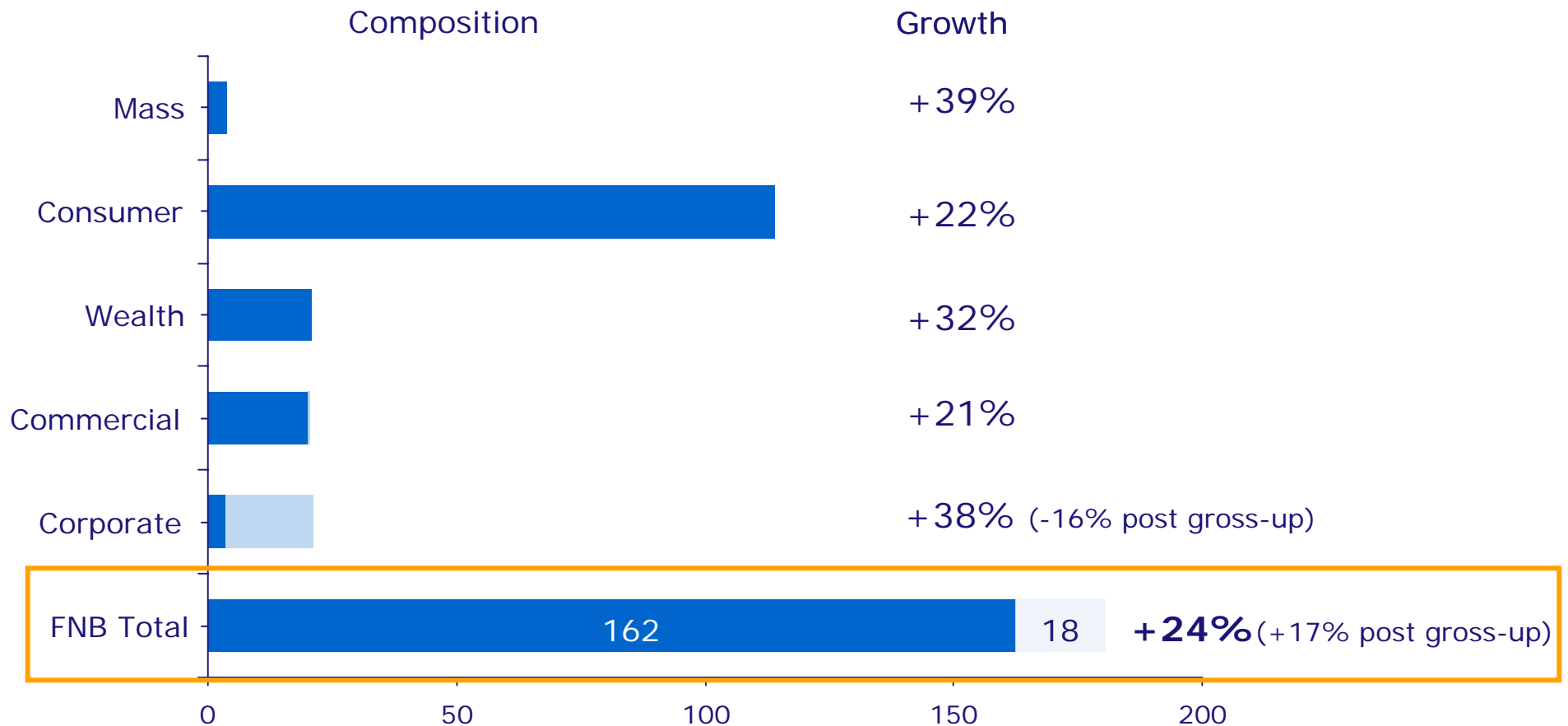


\* Prior years restated for businesses transferred out

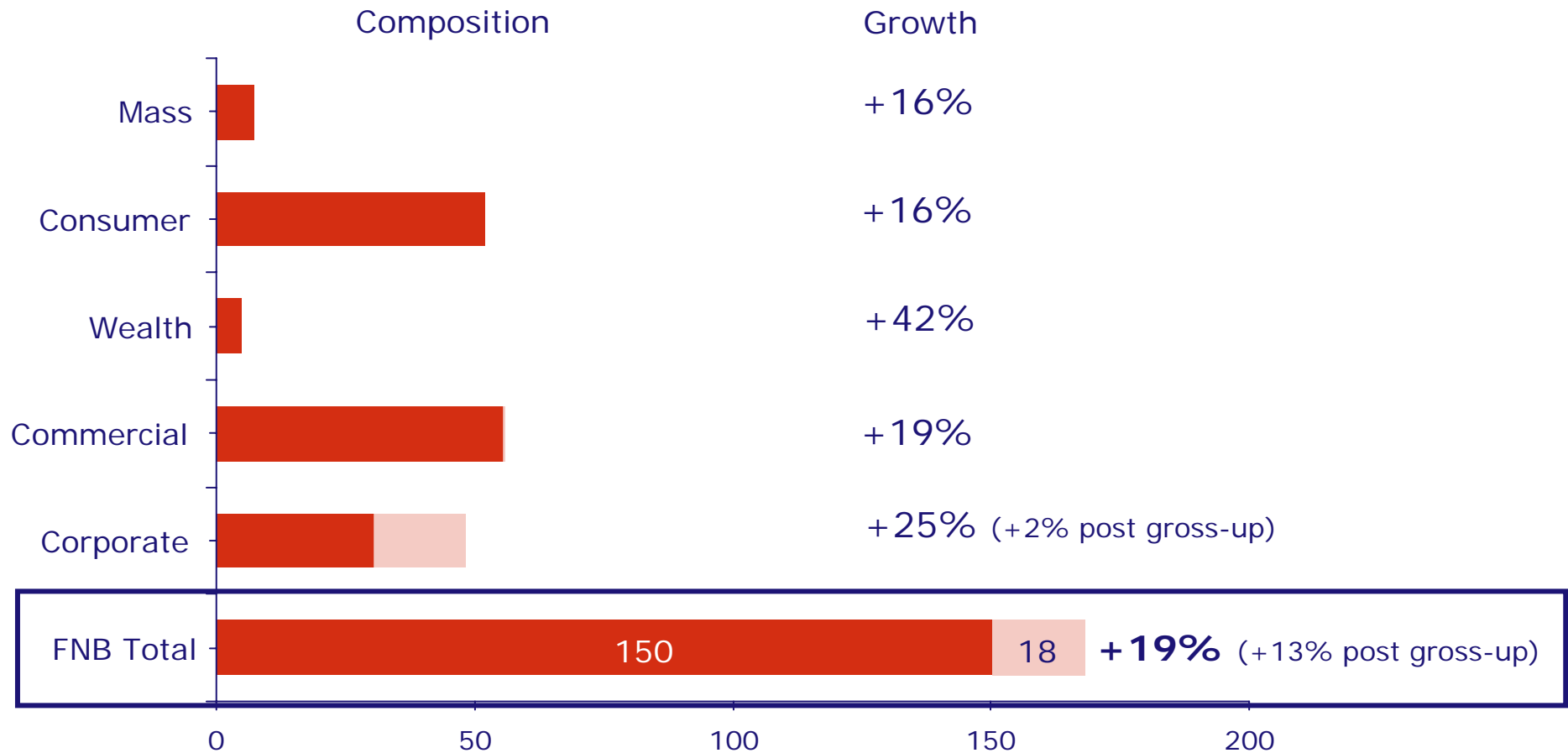
# Consumer dominates advances



## but every segment growing



# Success in raising 'sticky' deposits, despite low savings rate



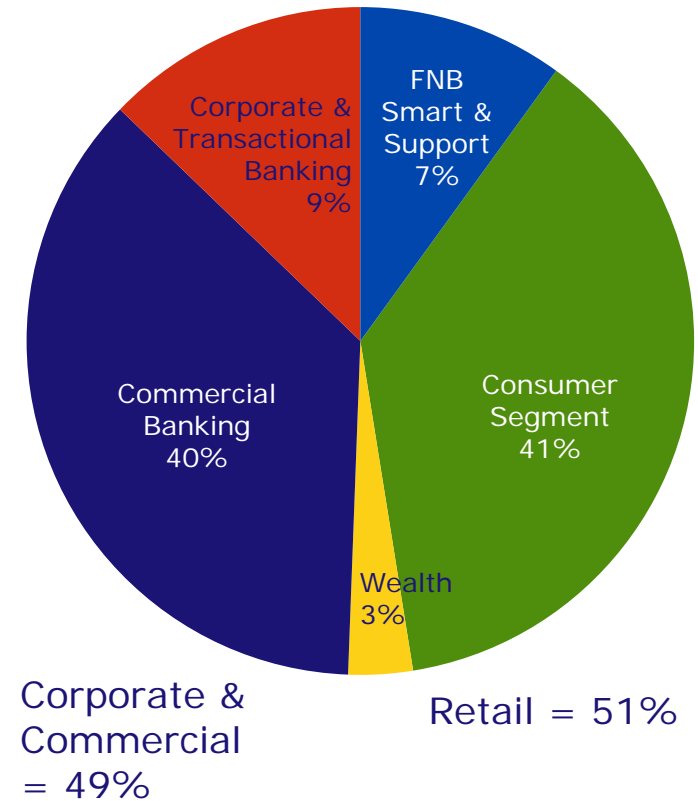
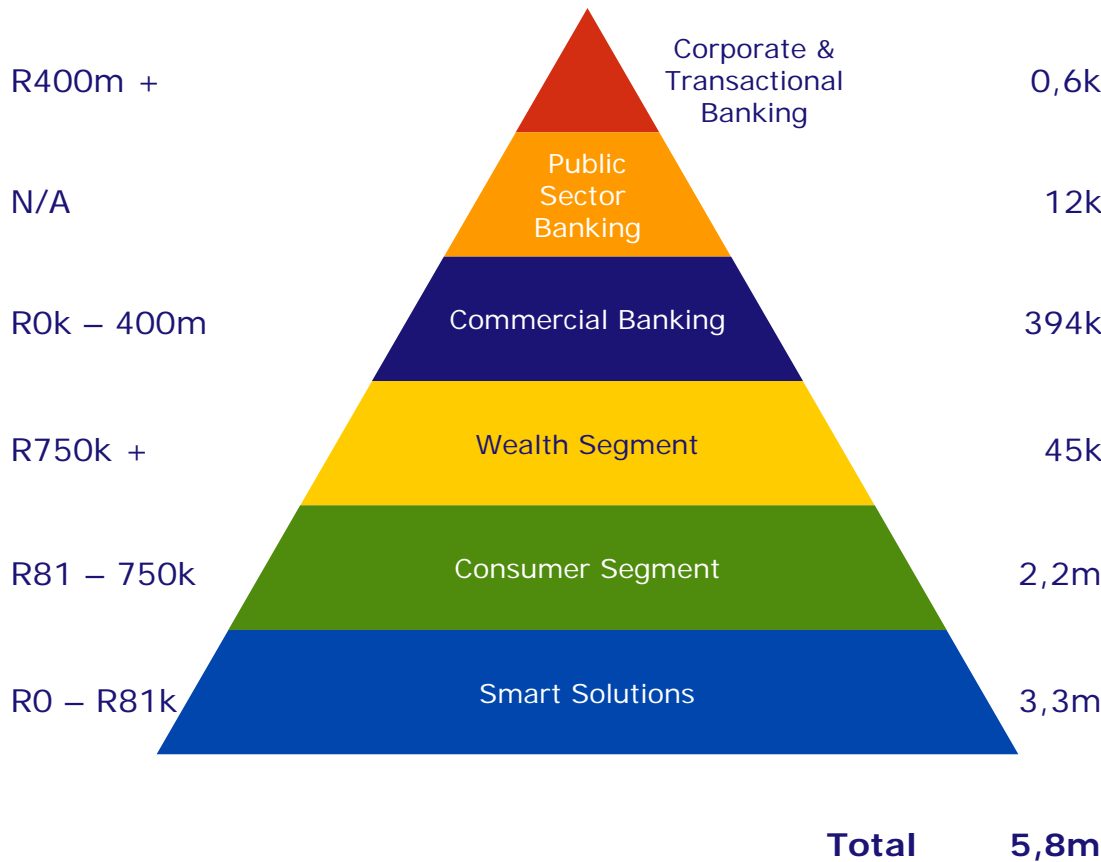
# FNB has a segment strategy and structure



Income / Turnover

Customer numbers

Profit before tax for year ended  
June '07

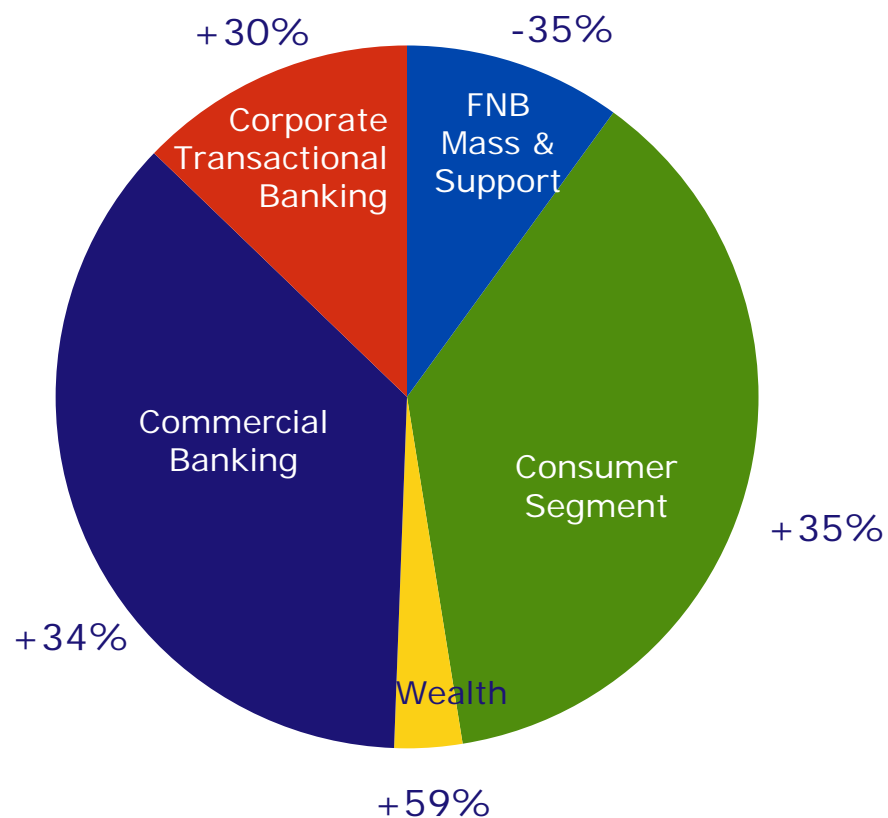


# All segments contributed



Profit before tax

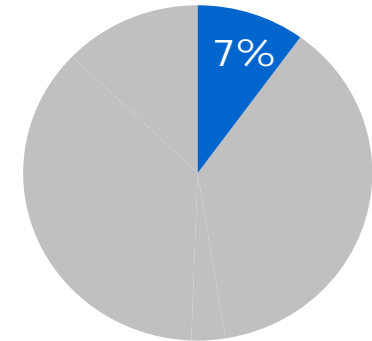
R' mil	June '07	June '06
FNB Mass & Support	367	568
Consumer	2 337	1 732
Wealth	161	101
Commercial	2 275	1 700
Corporate	523	403
<b>Total FNB</b>	<b>5 663</b>	<b>4 504</b>



# A success story in Mass



- 35%

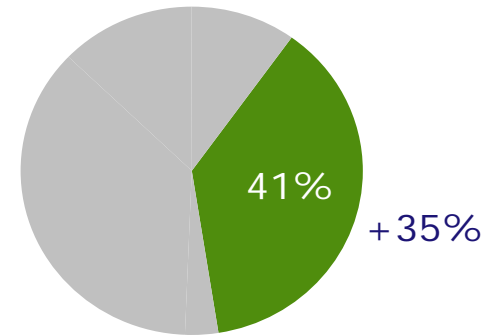


- Support includes significant NCA provision
- FNB brand resonates in the mass market
  - A R1 bil business
  - FNB 3.3m customers (up 12%)
  - Cherry-picking and secured lending behind 39% asset growth
  - 22% increase in income generating transactions
  - Insurance Policies up 30% to 2.6 million
- Expanding distribution
  - Sales centres operating 7am-7pm, 7 days
  - Cellphone banking customers up 74%

# Customer and market share growth continues in Consumer



- Profits underpinned by continued growth in:
  - Over 2 million customers as market share increases
  - VSI reaches 2.94
  - Increasing transaction volumes support fee reductions
  - Product innovations
- Consumer finance hub improved efficiency
- Investment in JV greenfields



# Card disappoints



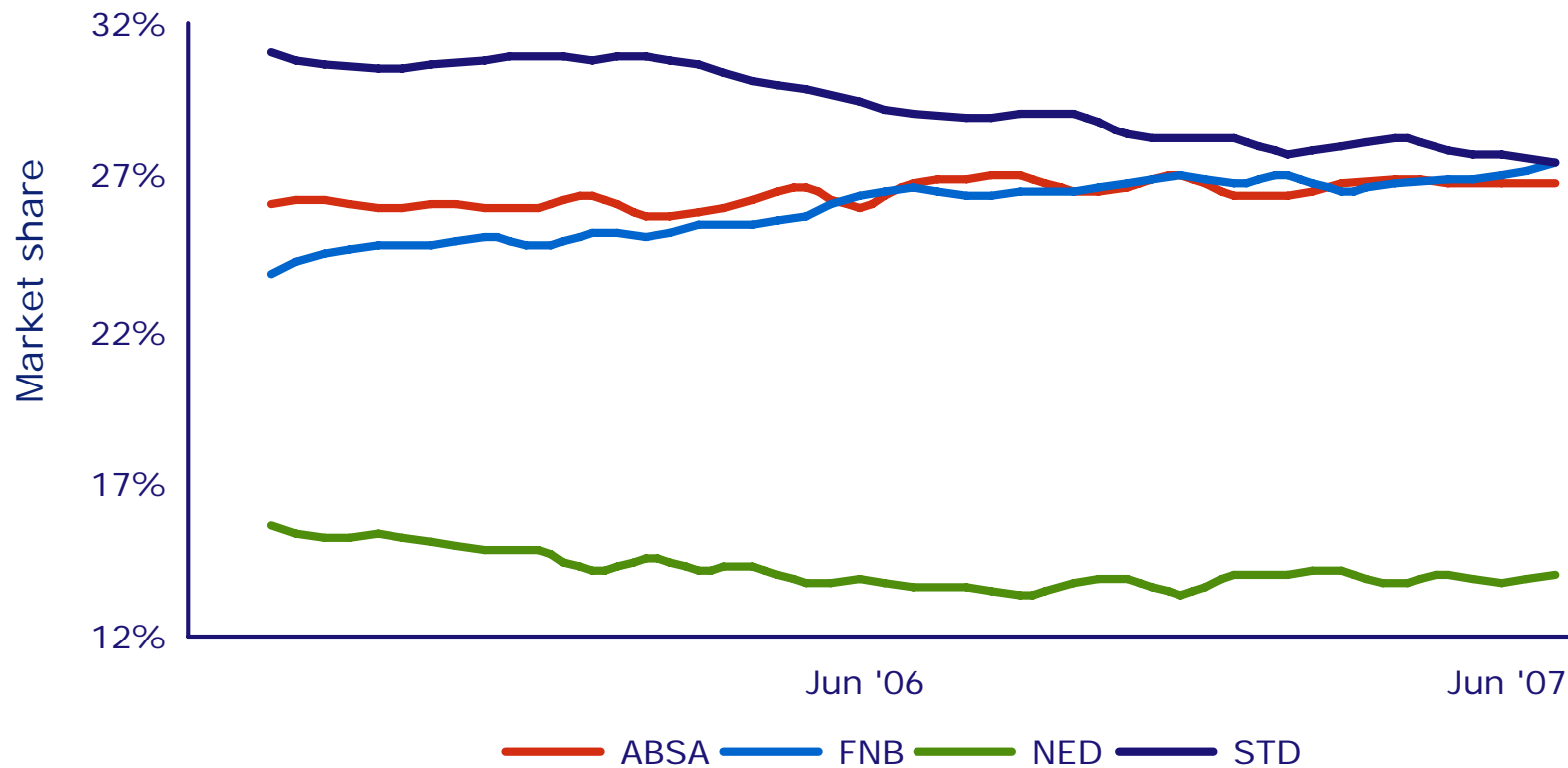
- Profits significantly down (59%) to R156m
- Dynamics:
  - Margins squeezed by Usury Act ceiling until March '07
  - Start-up costs of JVs
  - Massive growth ahead of new entrants had an anti-selection effect
  - Unexpected interest rate increases
  - Bad debts rose 85% to 5.4% of average advances
- Response:
  - Significant tightening in credit management from November 2006
- Outcome:
  - Improved quality of new business
  - Asset market share to 23.6% from 25.8%, but transactional market share maintained at 23.6%



# Plastic still being swiped



All banks market share – credit, cheque and debit cards



Source: FNB Merchant Acquiring

# HomeLoans: targeting ROE

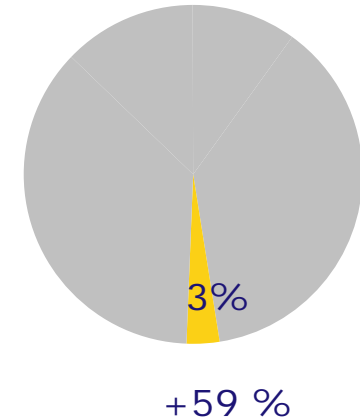


- Dynamics:
  - New business still dominated by intermediaries with 60% of new registrations
  - Commoditised HomeLoans can produce inappropriate ROE's
- Response:
  - Focus on ROE not market share, and on overall customer profitability
  - Re-engineered back-office to improve service and reduce costs
  - Maintained credit standards but refined provisioning
- Outcome:
  - Stabilised margins but new business market share reduced from 20.7% to 15.8%
  - Profits up 52% to R840 million

# Strong performance in Wealth



- The SA wealth segment is growing at the 4<sup>th</sup> fastest rate in the world after South Korea, India and Russia\*
- Strong growth (45%) in assets-under-management to R26 billion
- Start-ups show promise
- Offshore wealth management offered through Ashburton

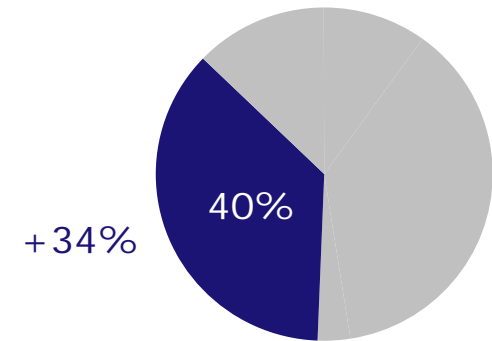


\* (Merrill Lynch / Cap Gemini World Wealth Report 2006)

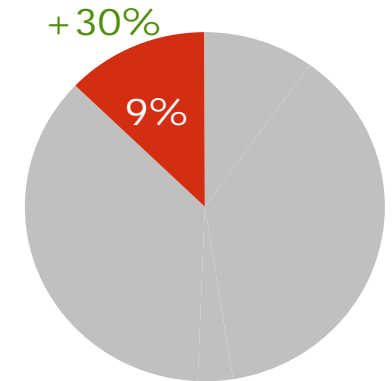
# New products & customers drive Commercial growth



- Customer base grew 11% to 394,000 reflecting strong market share gains
- 21% advances growth driven by Commercial Property Finance and invoice discounting
- Sub-segment strategies in franchising, tourism and BEE
- Enrich relationships using eBucks, Biznetwork & Businessman's clubs
- Efficiency: account opening time down 30%; rating and scoring reduced from 2 days to ½ hour
- Scalable business model and quality client base



# Transactional banking strategy pays off for Corporate



- Alternative strategy: Transactional banking
- Money Market and Direct Foreign Dealing transferred from FNB IB to RMB
- Growth in electronic channels
  - Electronic banking transactional volumes +26%
  - SpeedPoint volumes +31%
  - eForex volumes +46%
- Cash throughput volume increase +35%

# Africa shines



Pre-tax profit up 25% to R927 mil; CIR 43.8%

## FNB Botswana

- Pre-tax profit +23% to R428m
- 34% CIR ratio despite significant expansion
- Deposits and Advances +12% (Pula)

## FNB Mozambique

- FNB Mozambique was launched on 24 July '07 with an 80% stake that will increase to 90%

## FNB Swaziland

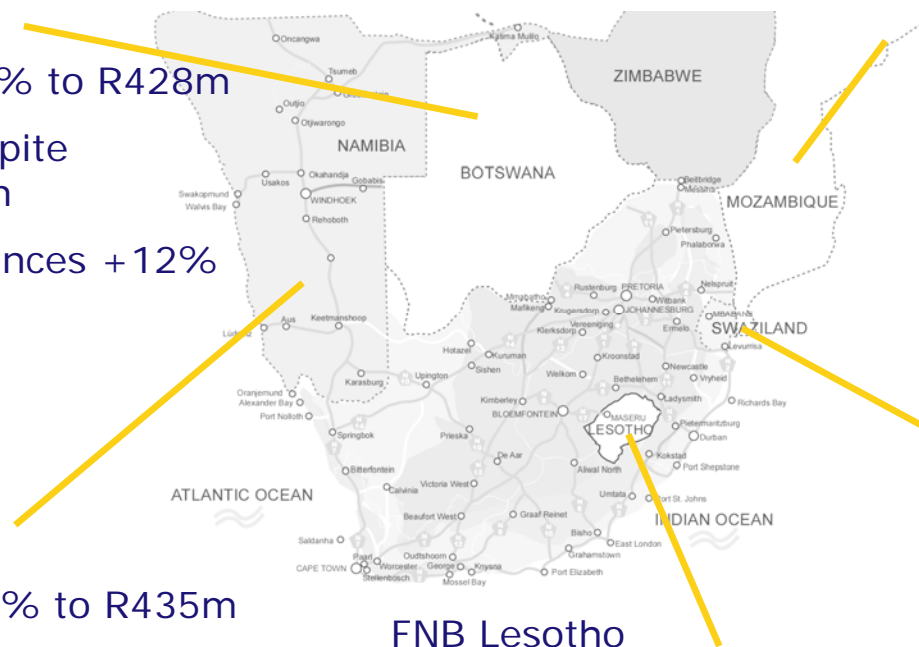
- Pre-tax profit +59% to R62m (successful 2-year turnaround)
- Deposits +14%, Advances +10%
- CIR improved to 50%

## FNB Namibia

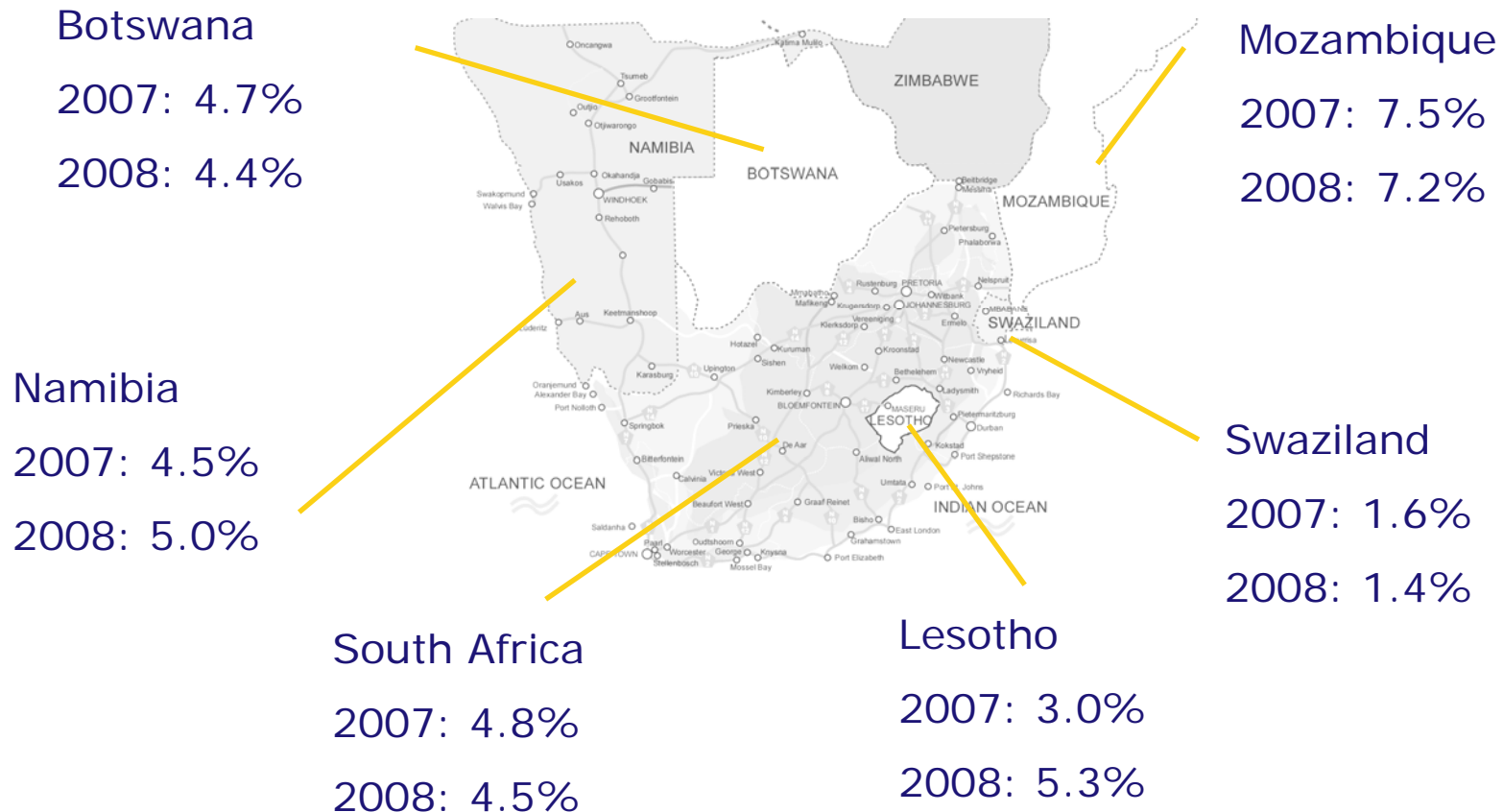
- Pre-tax profit +21% to R435m
- Deposits +7%, Advances +10%
- CIR reduces 2.4% to 49%

## FNB Lesotho

- Pre-tax profit moves positive to R2m ahead of business plan



# African footprint has exciting growth prospects



# Why FNB remains upbeat



- SA and SADC economic growth will remain high
- Our diversified portfolio provides for sector rotation and interest rate volatility
- 2010 Sponsorship will give FNB an edge especially in black middle market
- NCA and Competition Commission will have only a marginal impact on profitability next year
- Lots of runway for expansion of representation, cross-selling and improving efficiency



# WesBank

A division of FirstRand Bank Ltd.

# A challenging year for WesBank



R' mil	June '07	June '06		
Local lending	1 519	1 451	5%	
International operations	(149)	14	(>100%)	
Consolidated	1 370	1 465	(6%)	

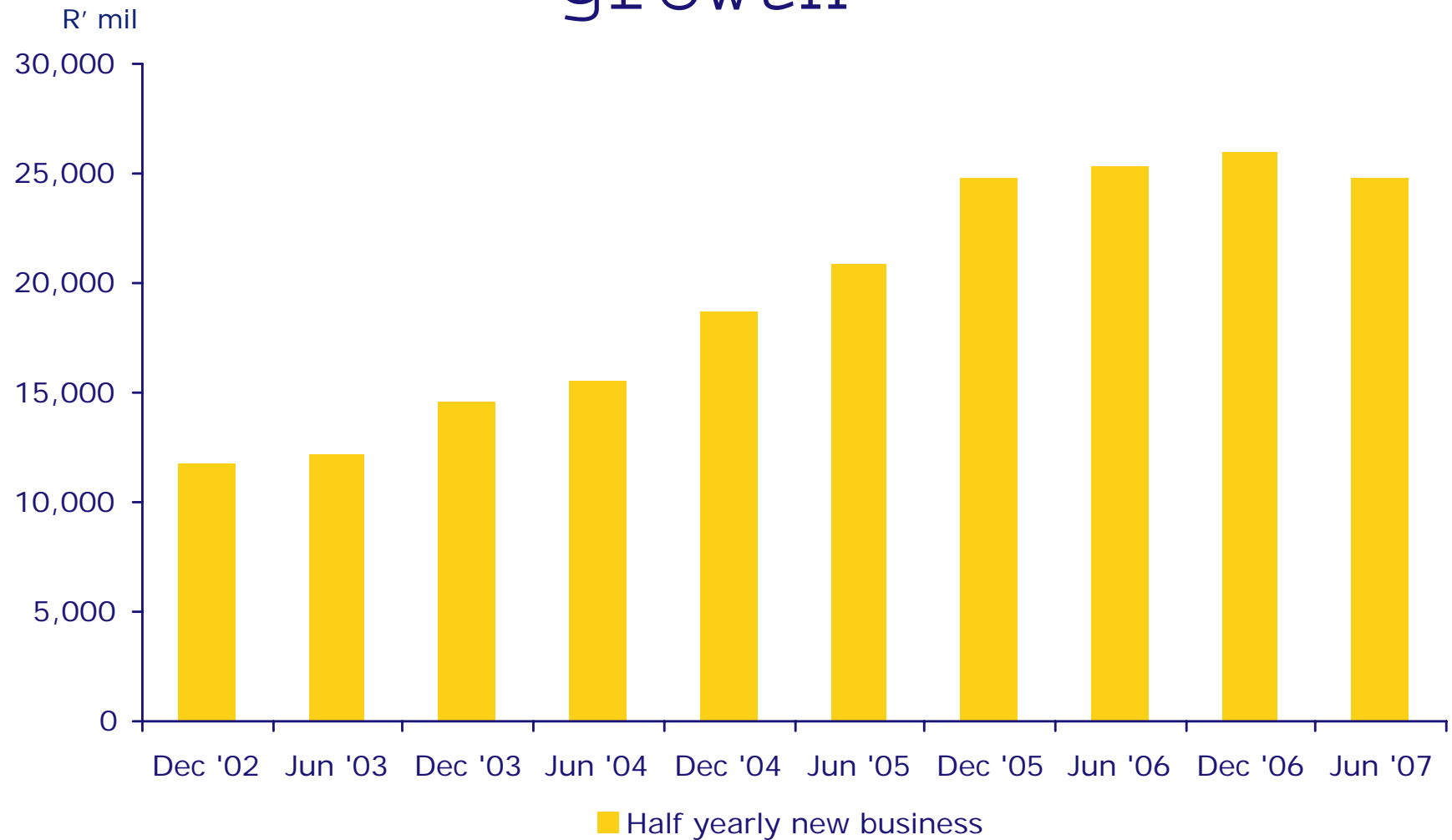
# Performance – “Curate’s egg”



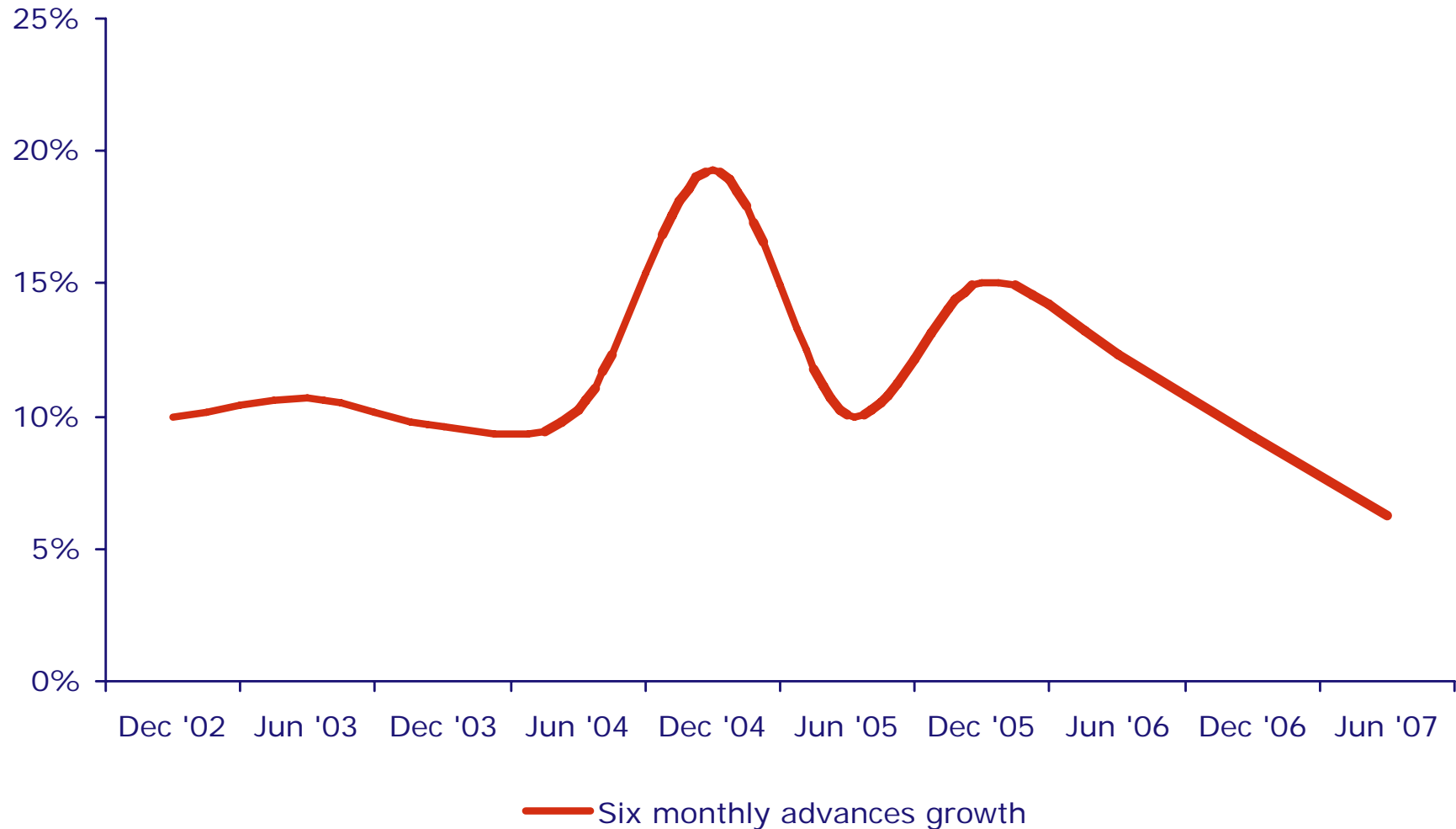
As expected in the current environment

- Slow down in retail new business (motor and loans)
- Higher bad debts
- Good performance in corporate and fleet
- Improved cost ratios in local operations
- Losses on the international front

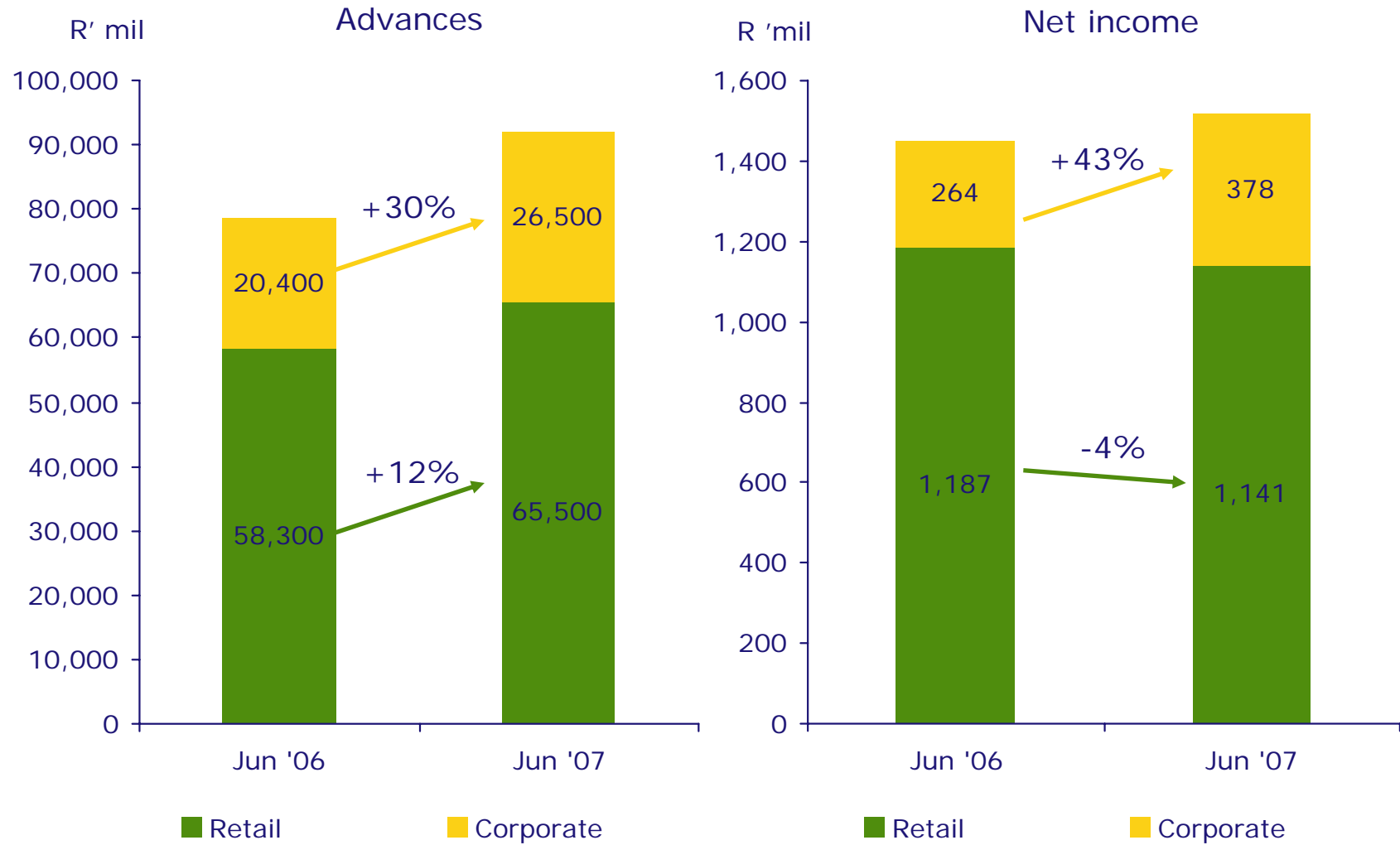
# Retail new business growth flattens after period of high growth



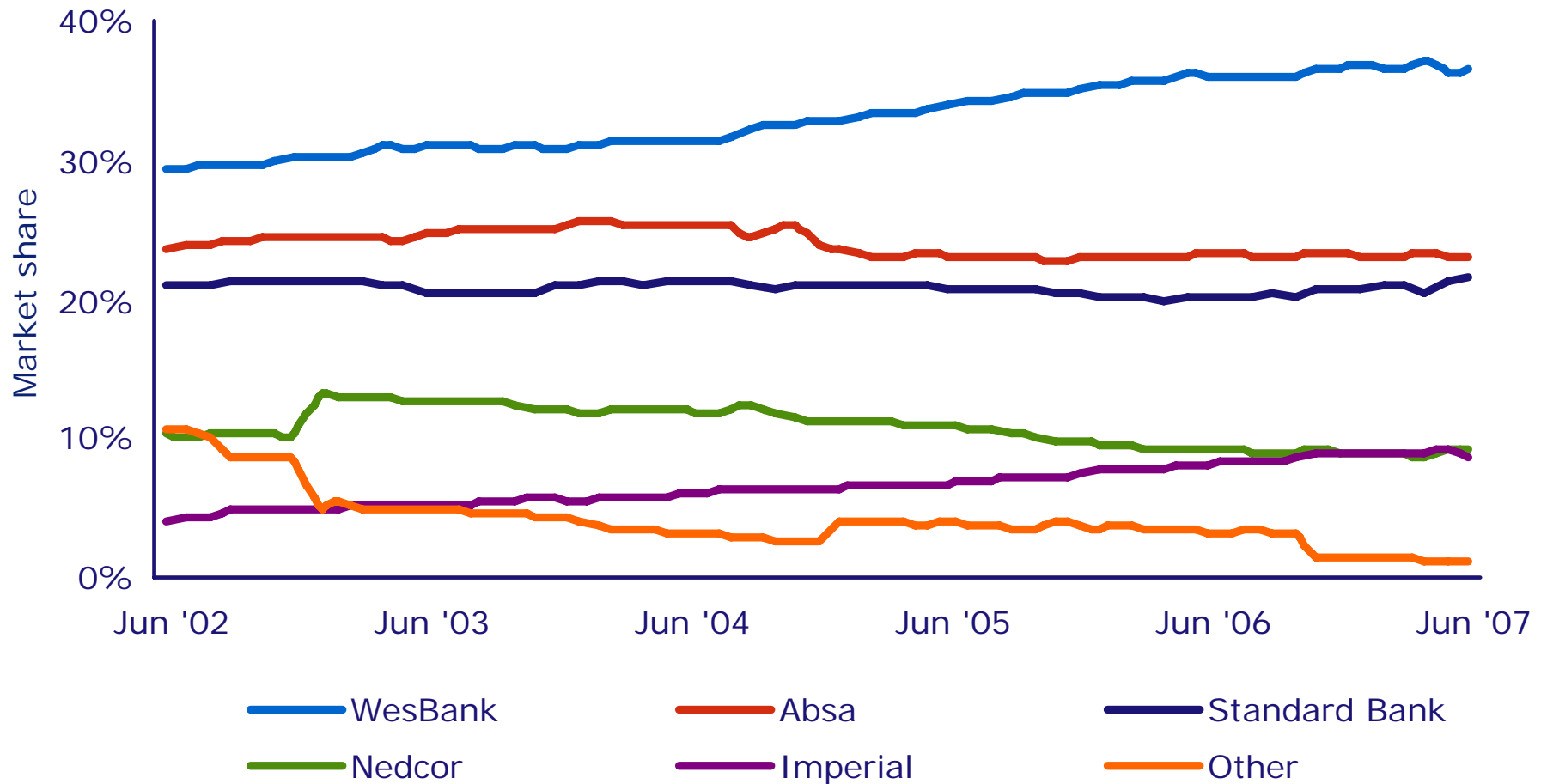
# Steady decline in advances growth



# Corporate returns..



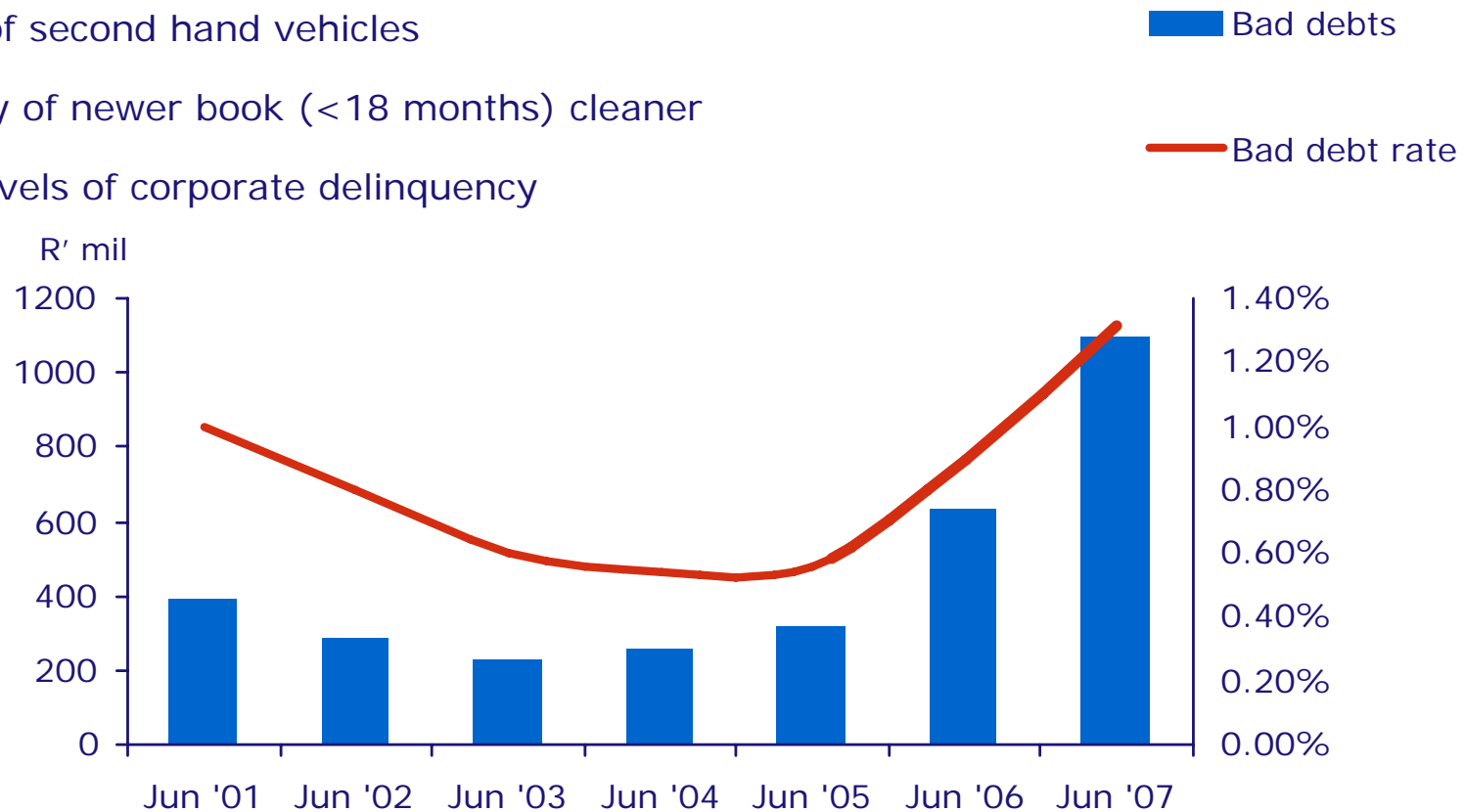
# Dominant in vehicle asset finance



Source: Reserve Bank DI 900 – including securitisation – Bond exchange

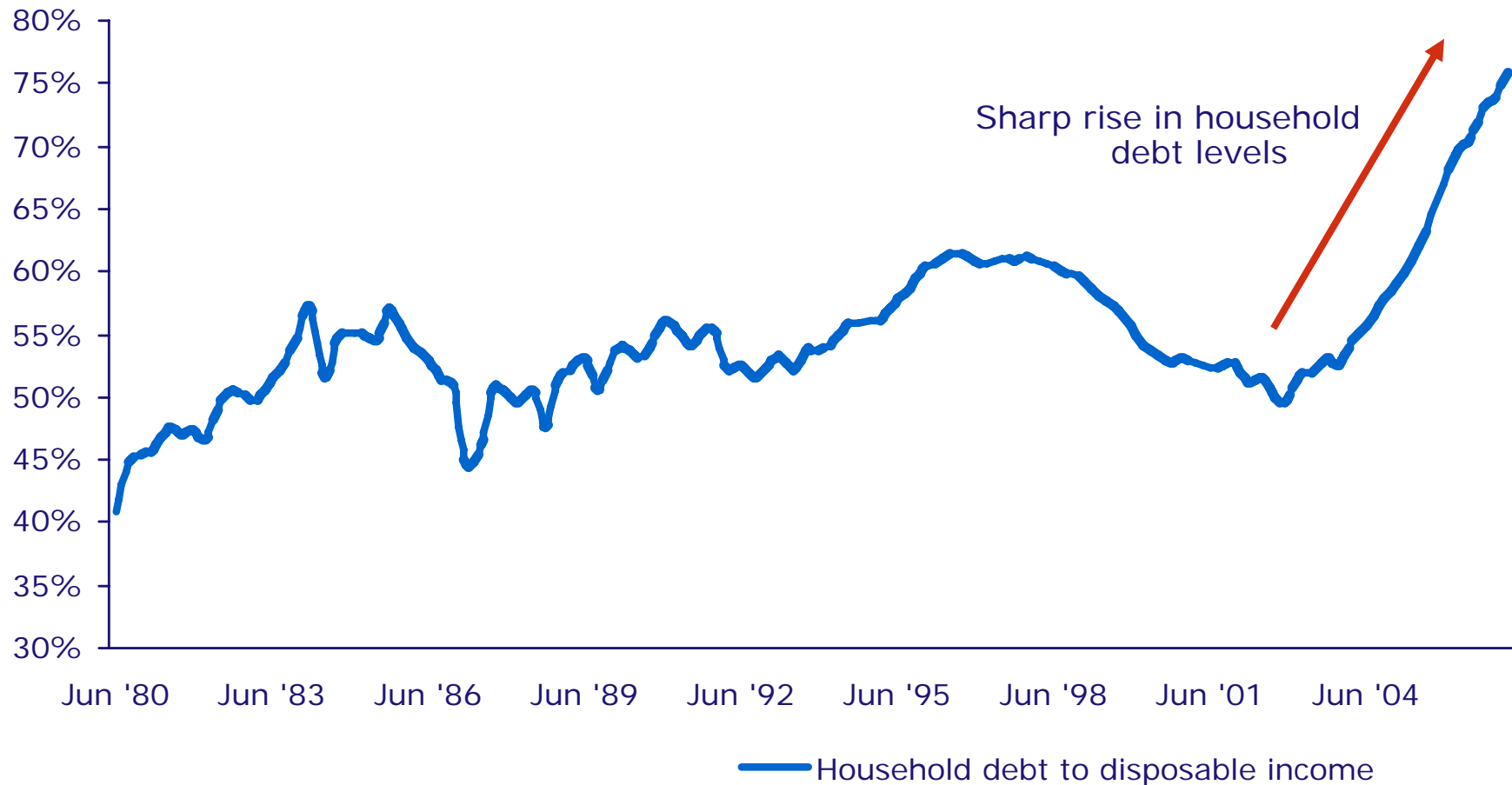
# Bad debts rise as expected in this cycle

- Predictable bad debt levels in higher indebtedness environment
- Household debt levels impacting affordability
- Price of second hand vehicles
- Quality of newer book (<18 months) cleaner
- Low levels of corporate delinquency





# Sharp rise in household debt impacts affordability



# International expansion still in investment phase

## Carlyle Finance – United Kingdom

- Bought existing business
- Investment in people and systems
- Advances exceed R3.5 billion
- Losses as expected
- Ready to deliver

## MotorOne Finance - Australia

- Greenfield's
- Longer investment period
- Advances exceed R2 billion
- Losses more than forecast
- Expecting an improved performance

Progress on strategies reviewed regularly

# Improving outlook for 2008

## Challenges faced...

- Continued pressure on retail new business
- Affordability levels
- Higher interest rate environment

## But...

- Strong pipeline in corporate
- Improvement in the used vehicle sector
- Improving book quality
- Arrears and provisions flattening
- Systems and operational efficiency
- Greater contribution from non-lending activities
- Building off a low base

value

# Operational review

for the year ended  
30 June 2007

**m**omentum

# Financial highlights



	June '07	June '06	% change
Group operating profit (R' mil)	1 485	1 226	21
Return on equity (%)	25	24	
Return on embedded value (%)	28	31	
New business embedded value (R'mil)	518	434	19

# Operational performance



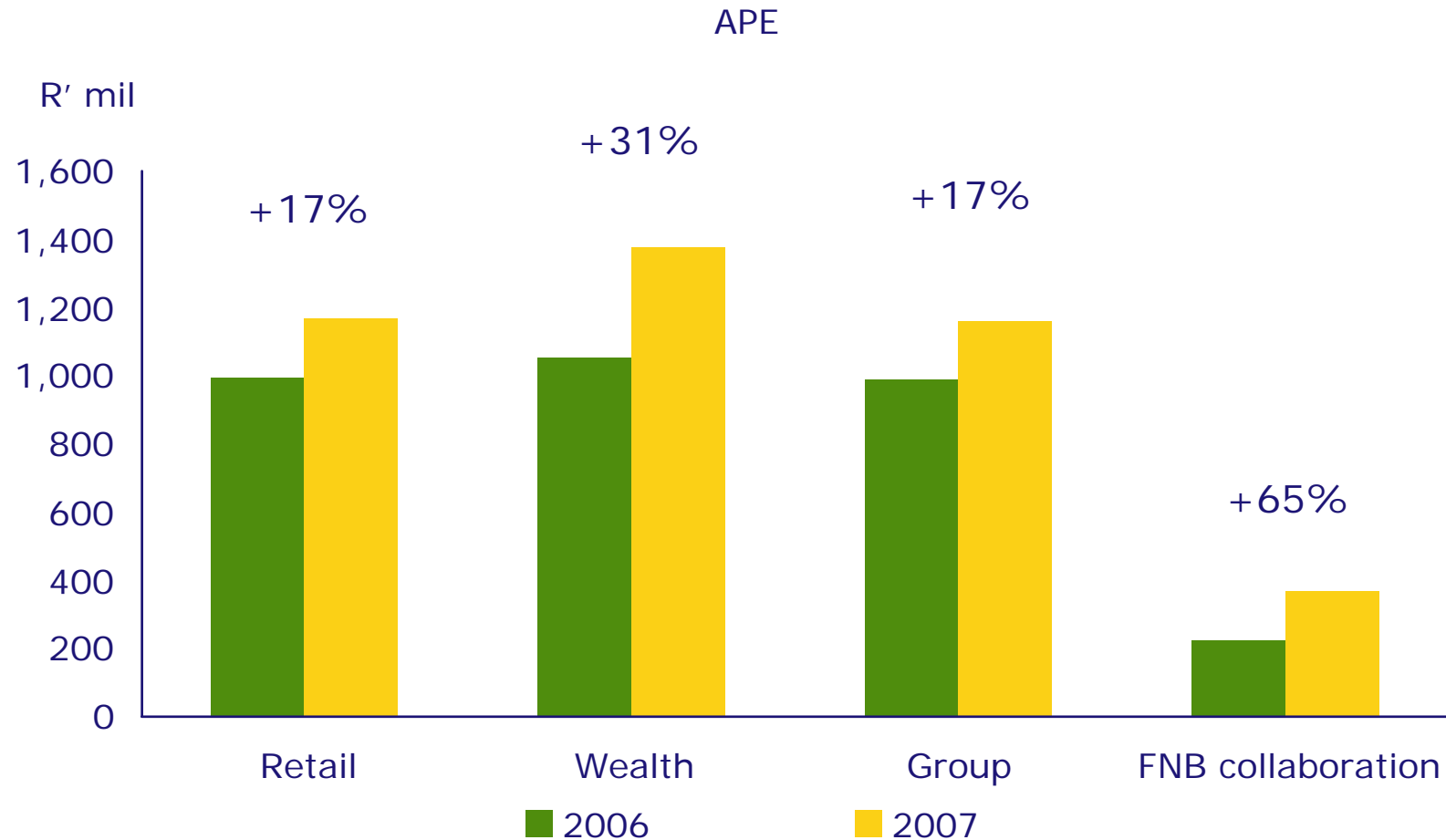
R' mil	June '07	June '06	% change
Insurance operations	1 145	914	25
- Momentum insurance	1 000	859	16
- FNB insurance	145	55	>100
Asset management	340	312	9
- RMB Asset Management	292	262	11
- Ashburton	48	50	(4)
Group operating profit	1 485	1 226	21

# Solid performance from insurance operations



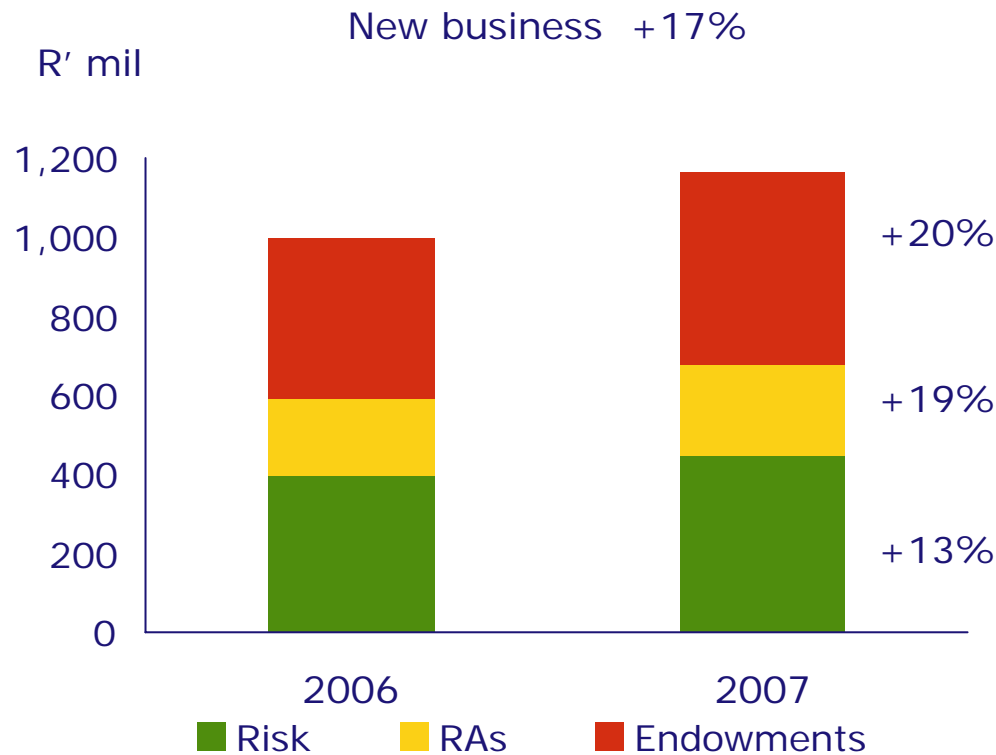
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# Strong new business growth **m** across the board



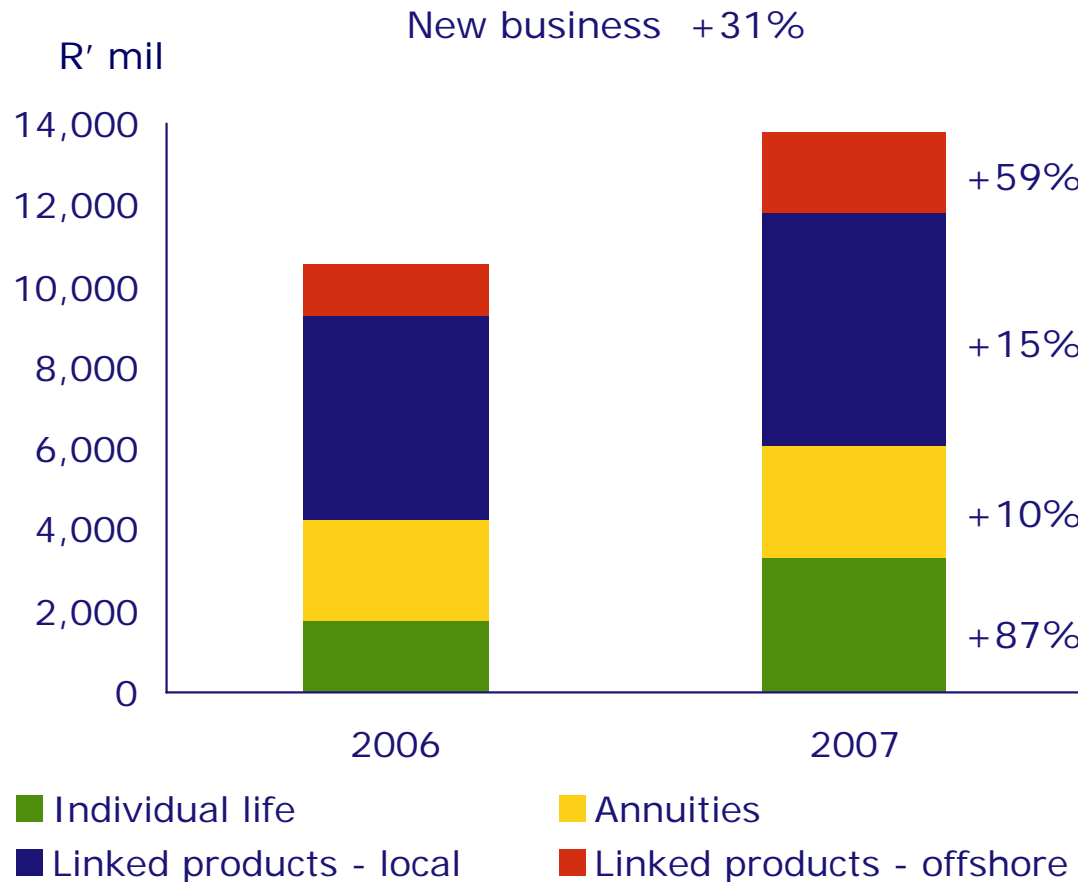


# Good sales drive growth in **m** recurring premiums



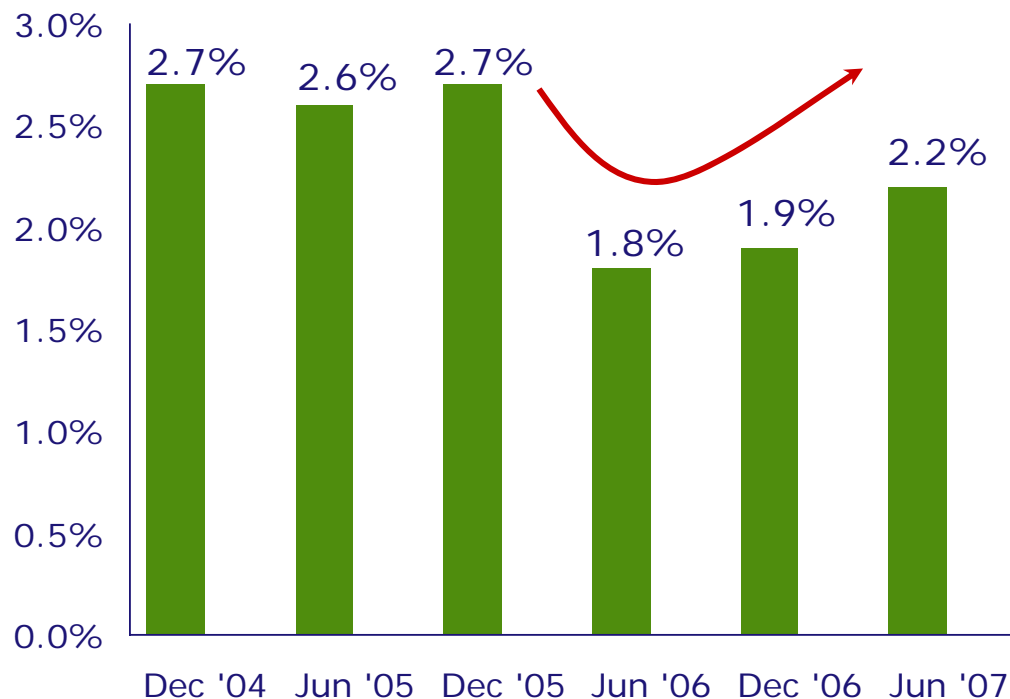
- Positive growth in in-force premiums
- Recurring premium income R5.7bn (+16%)
- Significant contributor to insurance profits (32%)

# Market share gains in lump sum premiums



- Strong distribution model
- Buoyant equity markets
- Significant increase in off-shore linked product sales
- LISP market share growth in AUM (13.3% to 14.3%)

# Improved margins in second half<sup>am</sup>



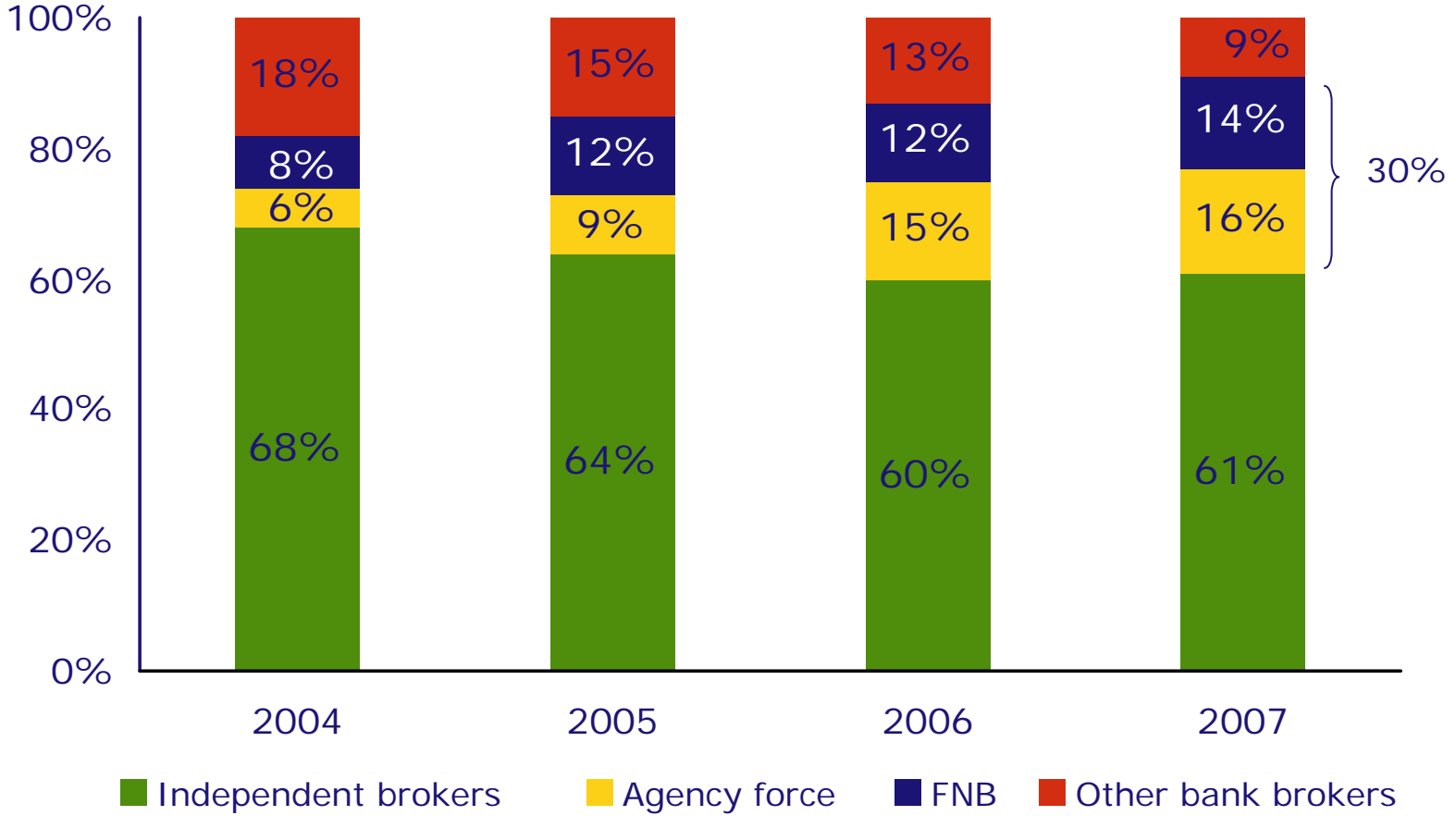
- Driven by strong volumes and favourable business mix
  - Retail single investments
  - Employee Benefits
  - FNB insurance

Margin: Value of new business as % of PV of future premiums



# Growing channel diversification

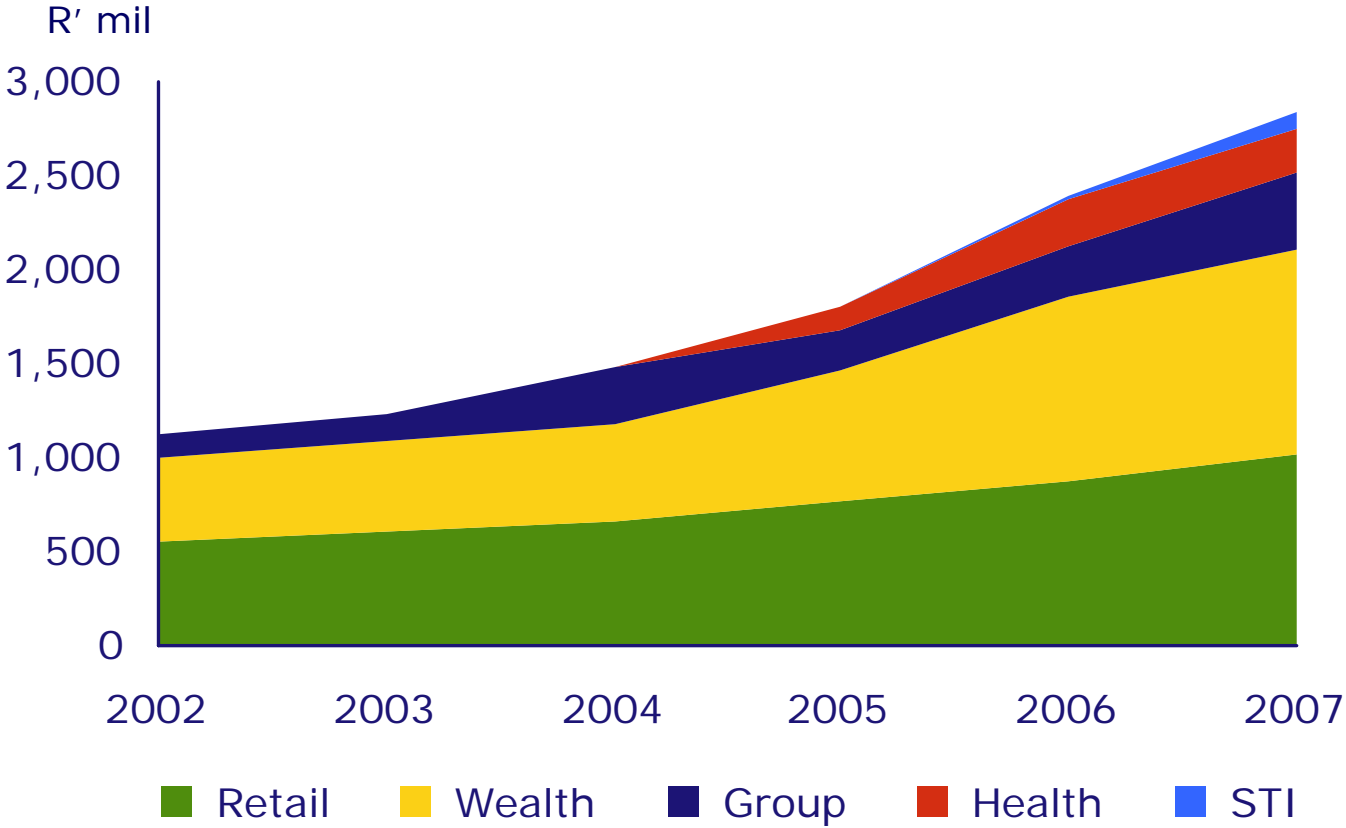
New business APE





# Growing product diversification

New business APE per product



# Positioned for growth in health



## History

Lives:

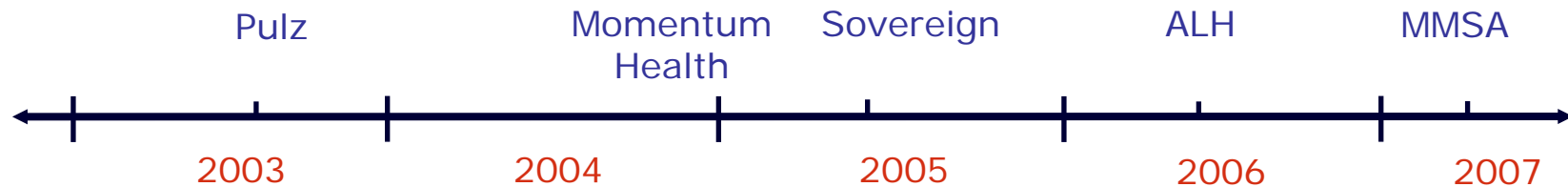


Momentum Health Scheme

Lives:

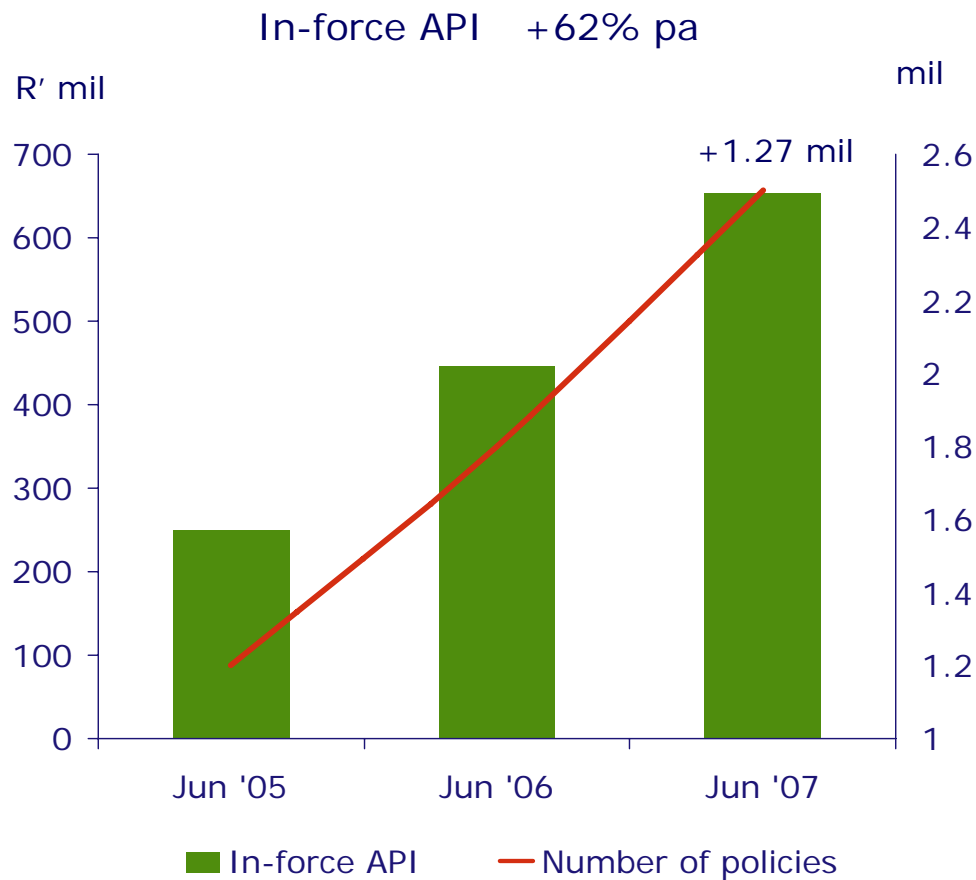


MMSA (Administrator)



- Create economies of scale through integration
- Growth through market segment approach:
  - open schemes (high and low income)
  - local government schemes
  - restricted schemes

# Significant contribution from **mm** FNB collaboration



- Growth driven by strong sales
  - funeral policies
  - embedded credit life products
- Positive contribution to new business EV and margin

# Mixed results from asset management



R' mil	June '07	June '06	% change
Insurance operations	1 145	914	25
- Momentum insurance	1 000	859	16
- FNB insurance	145	55	>100
Asset management	340	312	9
- RMB Asset Management	292	262	11
- Ashburton	48	50	(4)
Group operating profit	1 485	1 226	21



# RMB Asset Management's strategic imperatives



1

Excellent investment performance

2

Leverage retail distribution and marketing

3

Eliminate duplication and improve efficiencies



4

New assets and markets

5

Globalise!

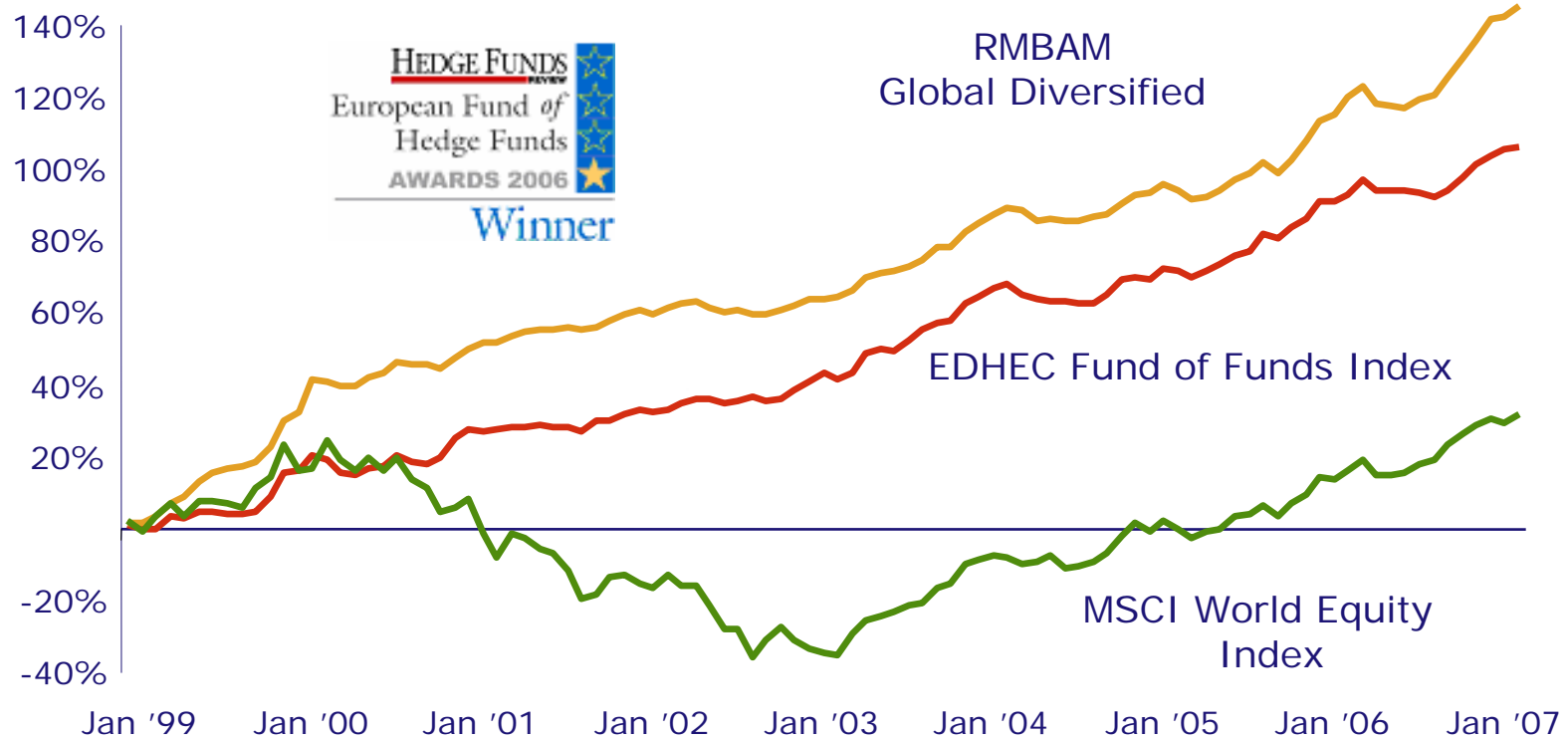
# Improving trend in investment performance



Alexander Forbes Global Large Manager Watch

Performance period	June '07	December '06	June '06
• 1 year	5/11	7/11	11/11

# Award-winner in international hedge fund of funds



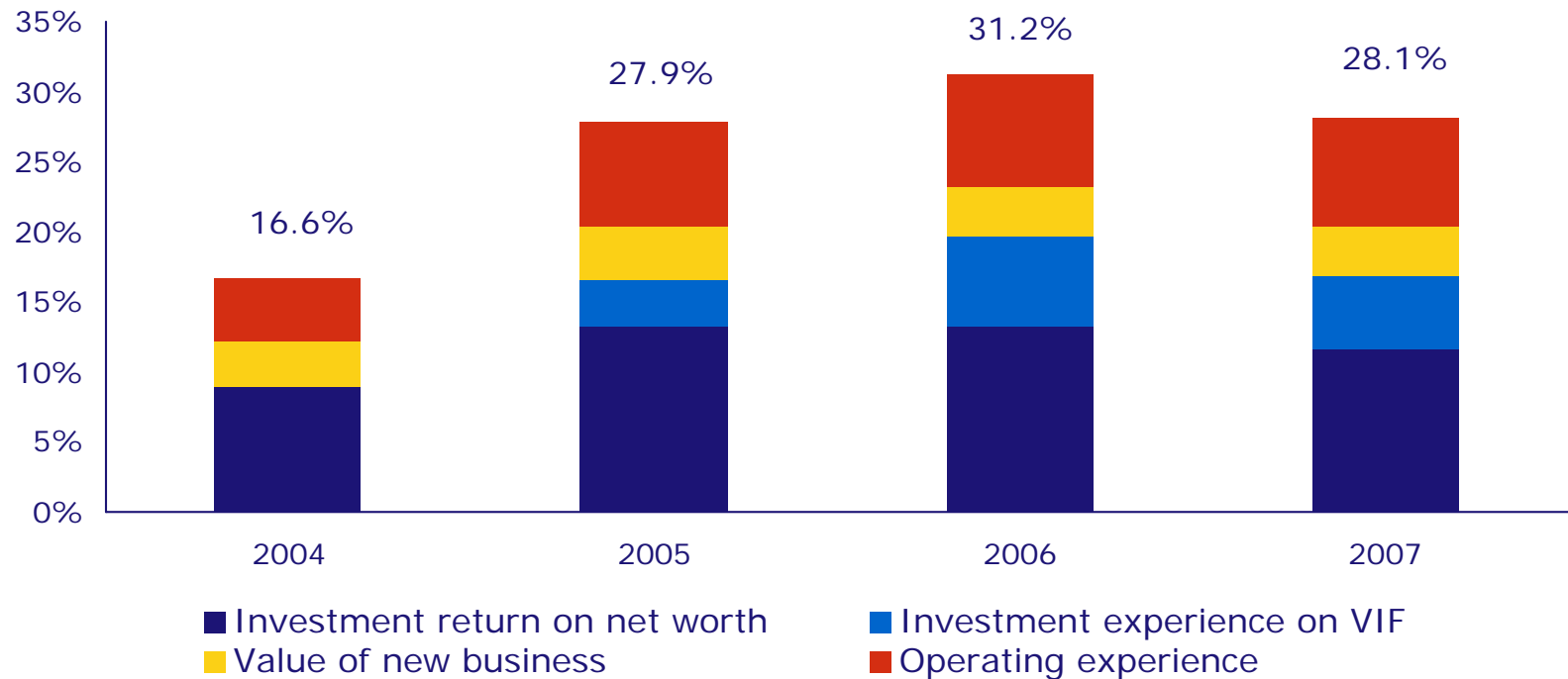
# New global alternative fund **m** of funds business



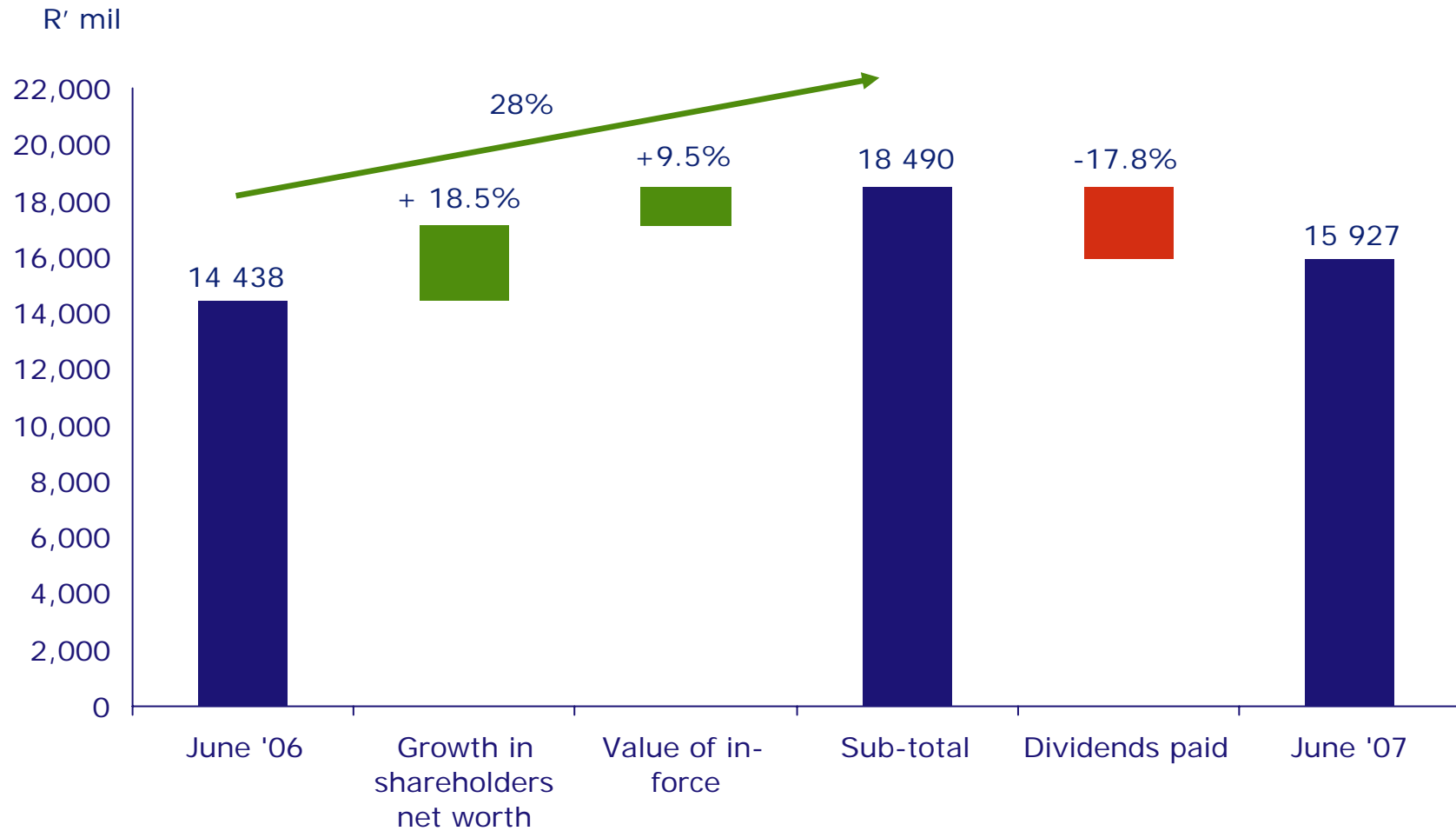
## **Alternative fund of funds**

- Fund of Hedge Funds
  - ZAR
  - International
- Private Equity
  - ZAR
  - International
- Property
  - ZAR
  - International

# Consistently good ROEV



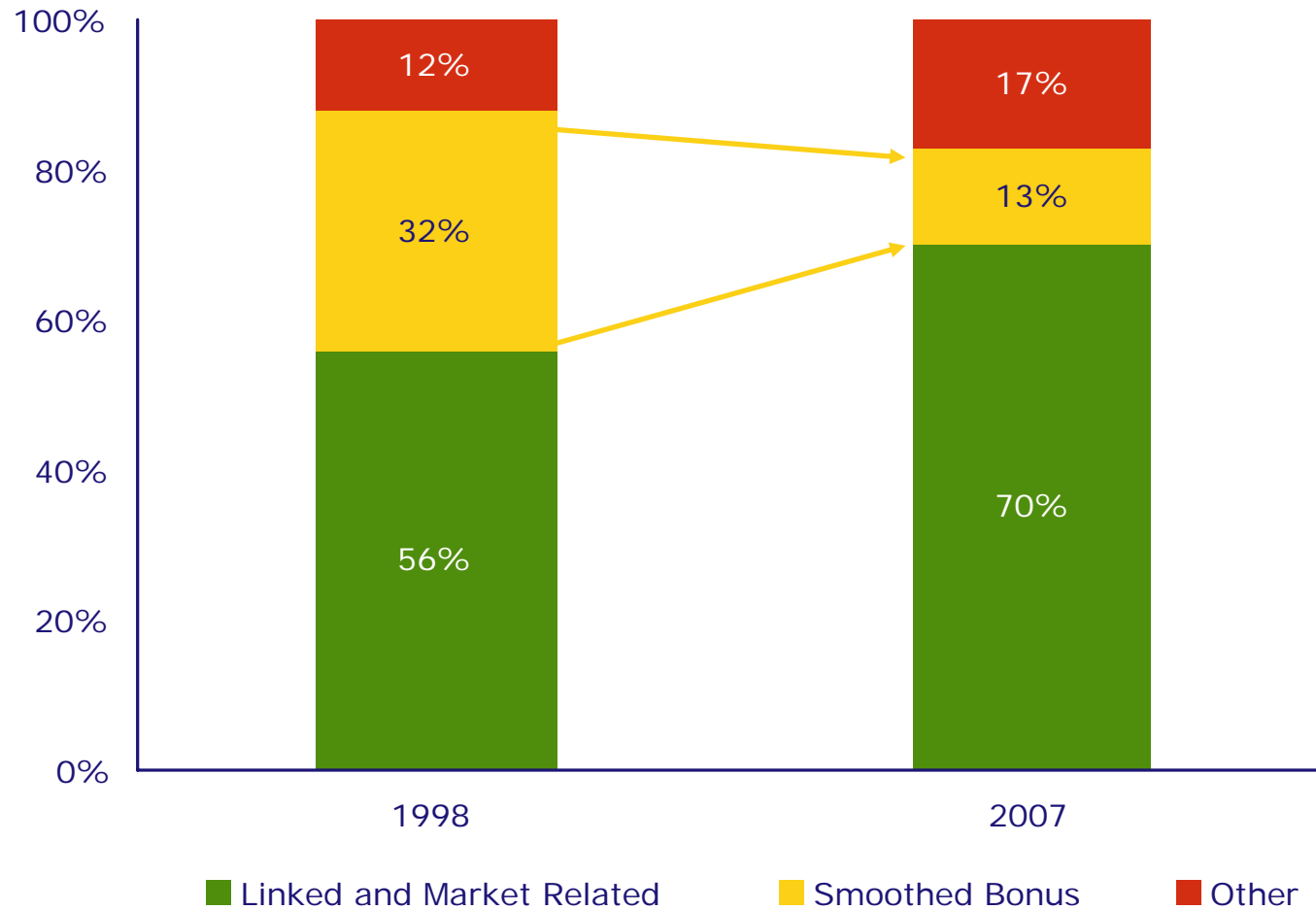
# Strong growth in embedded value



# Improved capital efficiency<sup>m</sup>

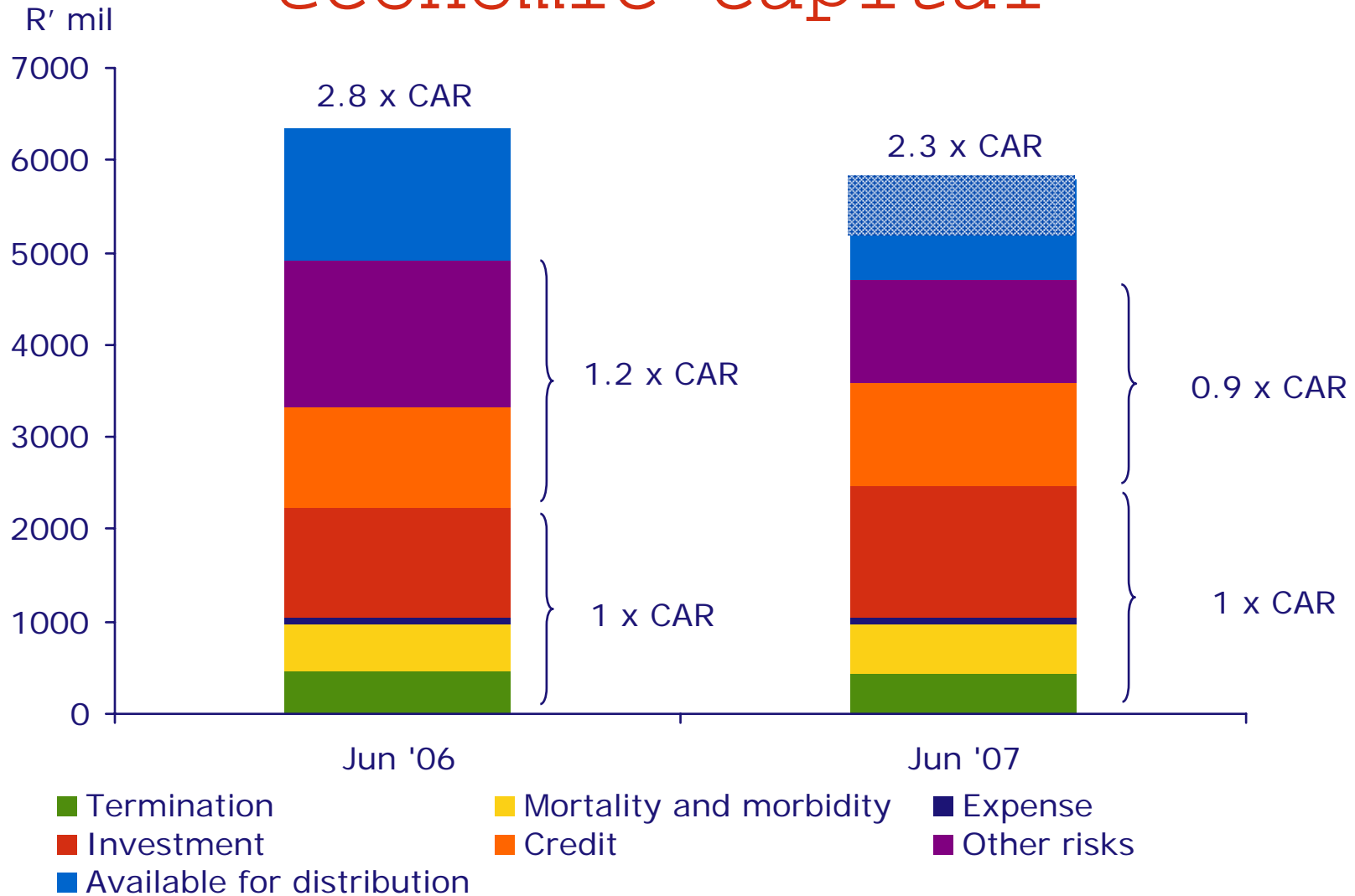


# Driven by liability mix





# More efficient use of economic capital



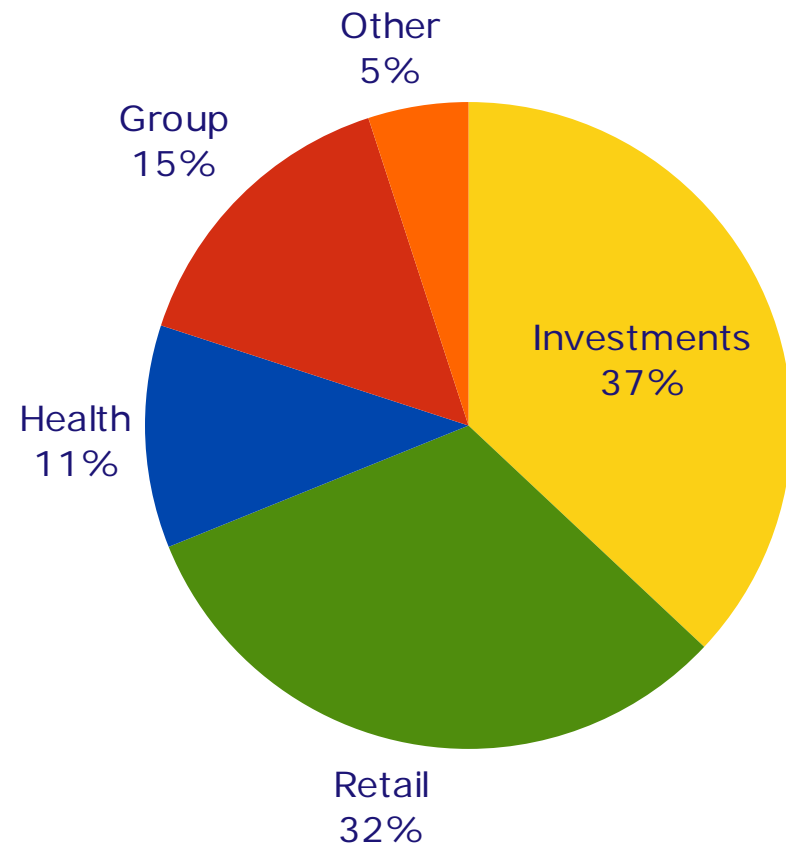
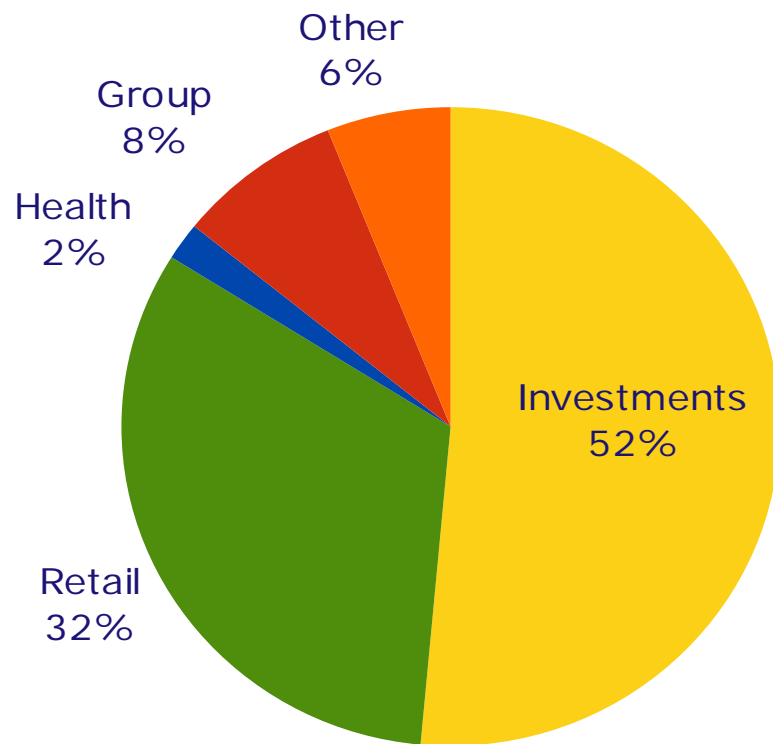
# Looking forward: diversification ready to deliver



Profit

2007

Revenue



\* Excludes FNB insurance

integrated

# Strategy and outlook

for the year ended  
30 June 2007



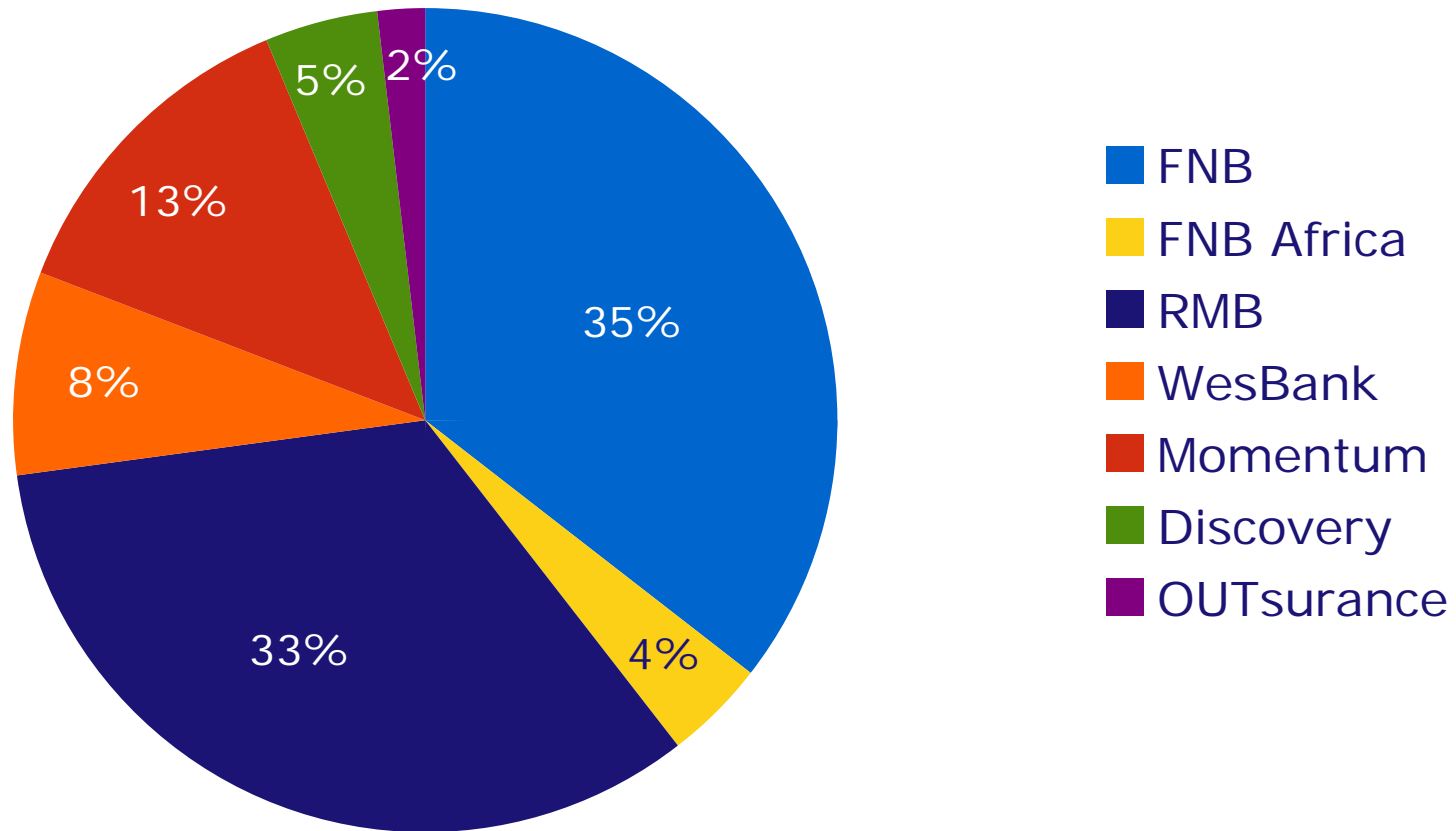
**FIRSTRAND**





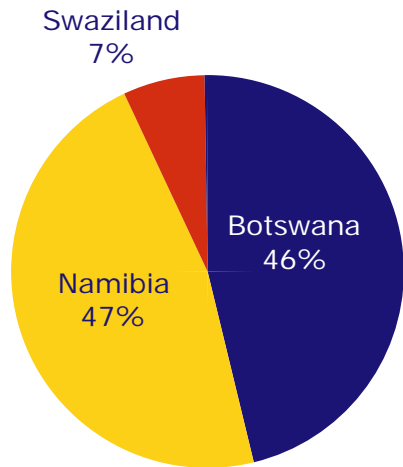


# Great franchises



\* Based on normalised earnings

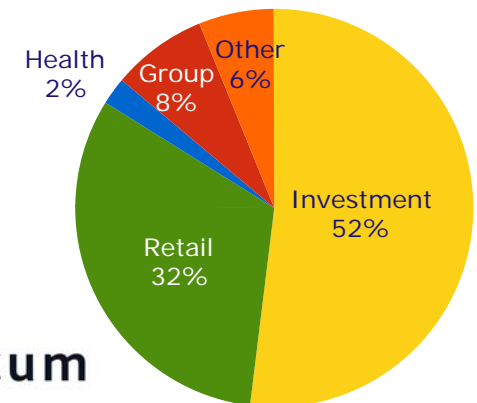
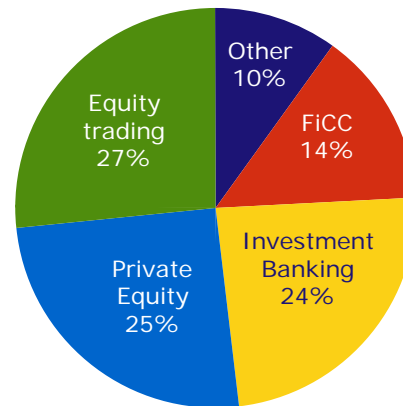
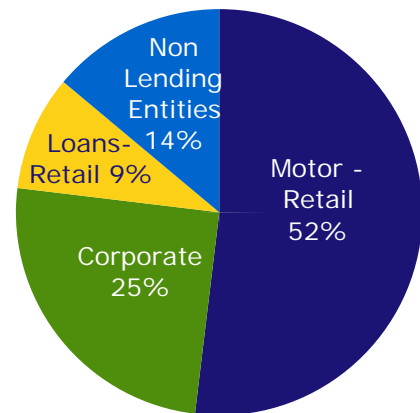
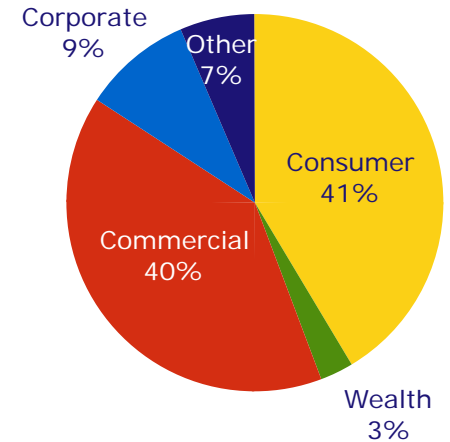
# With well diversified portfolios



How can we help you?  
Africa



How can we help you?



\* WesBank excludes international losses

\*\* Based on profit before tax except for Momentum (normalised earnings)



# Its not just about the numbers

- Corporate culture is very strong with effective and established management teams
- Basel II – SARB approval to use Advanced Internal Ratings Based Approach for credit and market risk
- Deloitte / MoneyWeb Good Corporate Governance Awards 2<sup>nd</sup> year in succession
- Strong focus on Transformation with buy in at divisional level

Our BUSINESS PHILOSOPHY drives our  
success !





# Macro environment changing



- Globally
  - Credit risk was under priced for a long time creating a bubble
  - Excessive leverage in the system exacerbated the problem when the bubble burst
  - Liquidity is the issue – forced liquidations and “knock-on” effect
  - Strength of holder more important than quality of assets
- South Africa
  - Overheating, inflation, balance of payments deficit
  - Interest rates increase
  - Slow down in consumer spending/growth

# With resultant uncertainties & risks



- Globally
  - Can domestic growth in “Chindia” make up for slowdown of US consumer?
  - Can problems / slowdown be contained in US or will it spill over into emerging markets?
  - Refinancing of debt will be the test
- South Africa
  - Balancing act of slowing down without throttling the economy
  - Can SA continue to finance trade deficit in face of risk of liquidity crunch / flight to quality?

SA's growth story remains intact, but there is risk of more external shocks



# Sustainability of RMB earnings

- Skills and 25yrs experience in trading bonds, derivatives and now equities
- Real-time risk management systems that have stood the test of time
- Balanced Private Equity portfolio (plant, maintain, harvest)
- Relatively small capital allocation to trading and principal investing

More volatility but skills, experience, risk management and capital allocation will provide sustainable profits in future





# How do we grow: Organic

- Most divisions have lots of growth opportunities in SA (e.g. RMB Commercial Property finance <10% market share vs WesBank's 36%)
- Divisions look offshore if they have a competitive advantage and/or can leverage local infrastructure

# How do we grow: Greenfields



- Group was built on starting businesses  
(RMB, RMBAM, Discovery, OUTsurance, Private Equity, eBucks, etc)
- All businesses continue to look to start new ventures  
(locally and offshore)

# How do we grow: Accelerated Greenfields



- Appropriate in offshore ventures
- Regulatory approvals already in place
- Key people in place
- Small but ready to grow



# How do we grow: Acquisition



- Acquisition successes  
(e.g. FNB and Momentum)
- ROE vs Return on Investment
- Risks: Skeletons in cupboard, internal focus, incompatible cultures etc.

Always weigh up greenfields and acquisitions  
but we favour greenfields



# Conclusion

- Good results a tribute to our management and staff
- Excellent franchises to ensure growth in future
- Mindful of more risks in this environment therefore will rely on our skills, experience and risk management
- SA growth themes still intact
- Confident but realistic

integrated

# Financial review

for the year ended  
**30 June 2007**

Annexure



**FIRSTRAND**

# Banking Group normalised earnings



R' mil	June '07	June '06	% change
FNB	5 663	4 504	26
FNB Africa	927	744	25
RMB	5 343	2 960	81
WesBank	1 370	1 465	(6)
FirstRand Short Term Insurance	310	251	24
Brand performance	13 613	9 924	37
Banking group support	880	987	(11)
Banking group profit before tax	14 493	10 911	33
Tax	(3 844)	(3 012)	(28)
Minorities	(823)	(639)	(29)
Share based payments and other	215	203	6
Banking Group normalised earnings	10 041	7 463	35

# All businesses deliver



R' mil	June '07	June '06	% change
Banking Group	10 041	7 463	35
Momentum Group	1 716	1 514	13
Discovery Group	536	424	26
FirstRand Limited	(100)	(169)	41
Sub-total	12 193	9 232	32
Less: NCNR preference dividends	(348)	(274)	(27)
Normalised earnings for the group	11 845	8 958	32

# Normalised vs headline



R' mil	June '07	June '06	% change
Normalised earnings for the group	11 845	8 958	32%
Adjusted for:	(1 388)	(843)	(65%)
- Private equity realisations	(397)	(219)	
- National Treasury settlement	-	(30)	
- Discovery BEE	(19)	(102)	
- IFRS 2: Share based payments	(401)	(168)	
- Treasury shares	(543)	(352)	
- Listed property adjusted to NAV	(28)	28	
Headline earnings for the group	10 457	8 115	29%

# Restated normalised vs headline



R' mil	June '07	June '06	% change
Normalised earnings for the group	11 845	8 958	32%
Adjusted for:	(1 401)	(1 861)	
- Fair value investment property	(410)	(1 237)	
- National Treasury settlement	-	(30)	
- Discovery BEE	(19)	(102)	
- IFRS 2: Share based payments	(401)	(168)	
- Treasury shares	(543)	(352)	
- Listed property adjusted to NAV	(28)	28	
Headline earnings for the group	10 444	7 097	47%

growth

# Financial review

for the year ended  
**30 June 2007**

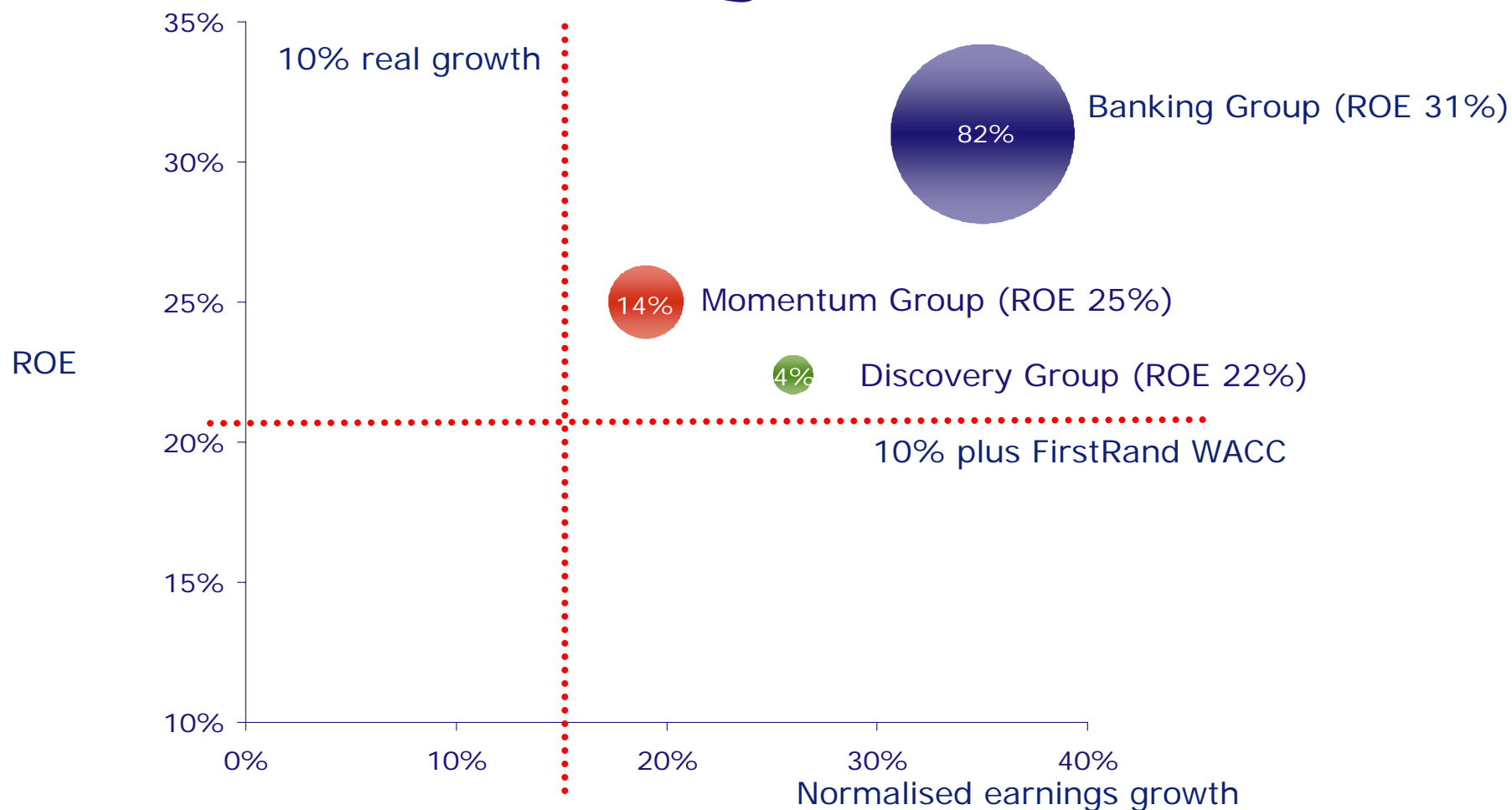
Annexure



**FIRSTRAND**  
Banking Group



# Performance to financial targets



\* Based on normalised earnings, excluding the FirstRand centre and NCNR preference shares



# Normalised vs Headline

R' mil	June '07	June '06	% change
Banking group headline earnings	9 355	7 049	33
Adjusted for:			
Private equity realisations	397	219	81
IFRS 2: Share based payments	289	147	97
Transfer of RMBP to the FirstRand book	-	48	(>100)
Banking group normalised headline earnings	10 041	7 463	35

# Transactional income dominates NIR



R' mil	June '07	June '06	% change
• Fees and commissions	11 725	9 558	23
• Transactional	9 099	7 787	17
• Knowledge	987	491	>100
• Management	884	517	71
• Insurance	432	598	(28)
• Other fees	323	165	96
• Fair value	6 466	3 906	66
• Fair value	5 969	3 733	60
• FirstRand International, associates and jv's	497	173	>100
• Private equity	1 974	1 521	30
• Annuity income	828	782	6
• Realisations	1 146	739	55
• Sub - total	20 165	14 985	35

# Transactional income dominates NIR



R' mil	June '07	June '06	% change
• Sub - total	20 165	14 985	35
• Investment income	339	359	(6)
• Associate income	407	340	20
• WesBank	97	89	9
• Outsurance	310	251	24
• Other income	1 938	1 249	55
• Associates	100	8	>100
• Other	1 838	1 241	48
• Total non interest revenue	22 849	16 933	35



# Decomposing fair value

R' mil	June '07	June '06	% change
• Lending	1 379	1 164	18
• Client flows	1 215	949	28
• Risk	3 322	1 180	182
Risk	2 825	1 007	181
Resources	497	173	187
• Capital	550	613	(10)
Total	6 466	3 906	66

value

# Financial review

for the year ended  
30 June 2007

Annexure

**m**omentum

# Headline earnings analysis



R' mil	June '07	June '06	%
Momentum group headline earnings	1 610	1 534	5
Adjusted for:	106	(20)	
- IFRS2: Share based payments	78	26	
- Listed property adjustments	28	(28)	
- National Treasury settlement	-	30	
- Transfer of RMBP to the FirstRand book	-	(48)	
Momentum normalised earnings	1 716	1 514	13