audited results for the year ended 30 June 2006

integrated financial services

FIRSTRAND

FIRSTRAND

1996/010753/06 Share code: FSR
ISIN: ZAE 0000066304 ("FSR")

Certain companies within the FirstRand Group are Authorised Financial Services Providers

This circular is available on our website: **www.firstrand.co.za**
E-mail questions to: **asktheCFO@firstrand.co.za**

A booklet containing supplementary information on the Banking Group is available on our website or on request from the company secretary's office.

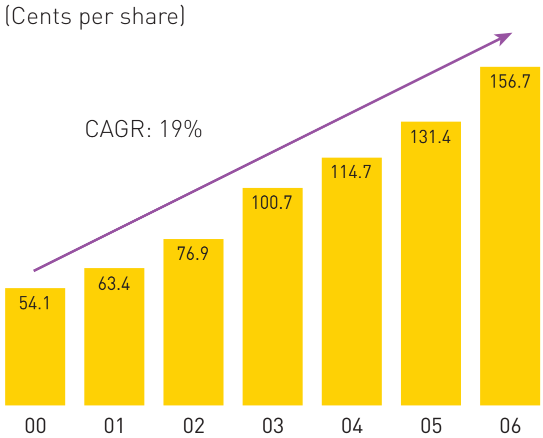
Introduction

This report covers the financial results of FirstRand Limited ('FirstRand' or 'the Group'), its wholly-owned subsidiaries FirstRand Bank Holdings Limited ('the Banking Group'), Momentum Group Limited ('Momentum Group') and its 57.1% (2005: 62.3%) subsidiary Discovery Holdings Limited ('Discovery'). The Group is segmented into the Banking Group, Momentum Group and Discovery Group. Comprehensive reports relating to the wholly-owned segments are included in this report and should be read in conjunction with this report. Given the accounting anomalies that impact headline earnings, this report discloses normalised earnings, which the Group believes reflect operational performance.

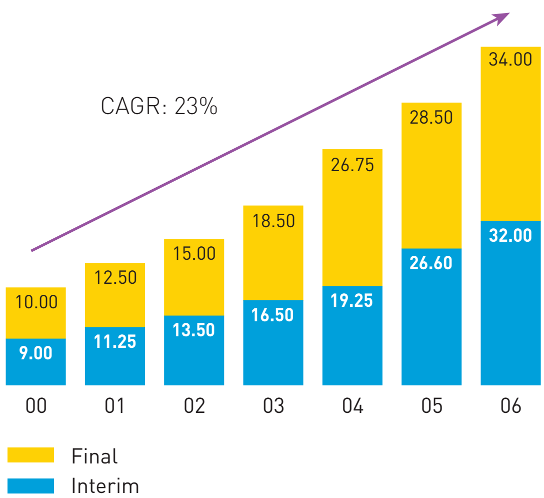
Financial highlights

Year ended 30 June 2006	% change
Headline earnings	+21
Diluted headline earnings per share	+20
Normalised earnings (unaudited)	+21
Diluted normalised earnings per share (unaudited)	+19
Ordinary dividend per share	+20
Total assets under management or administration	+24

Diluted normalised earnings per share – unaudited
(Cents per share)



Ordinary dividend per share
(Cents per share)



Key financial results and ratios

R million	Audited 30 June 2006	2005	% change
FirstRand Limited			
Headline earnings	**8 115**	6 723	21
Normalised earnings (unaudited)	**8 818**	7 276	21
Attributable earnings to ordinary shareholders	**8 825**	7 137	24
Normalised net asset value (unaudited)	**37 803**	32 413	17
Normalised return on equity (%) (unaudited)	**25.1**	25.2	
Assets under management or administration	**771 884**	616 348	24
Other information			
Normalised price to book (times) (unaudited)	**2.53**	2.43	
Earnings per share (cents)			
– Basic	**171.6**	137.3	25
– Diluted	**166.0**	134.5	23
Normalised earnings per share (cents) (unaudited)			
– Basic	**156.9**	132.4	19
– Diluted	**156.7**	131.4	19
Headline earnings per share (cents)			
– Basic	**157.8**	129.3	22
– Diluted	**152.6**	126.7	20
Dividend per share (cents)	**66.0**	55.1	20
Targeted ordinary dividend cover (times)	**2.3 – 2.5**	2.3 – 2.5	
Non-cumulative non-redeemable preference dividend per share (cents)			
– B Class (68% of FNB Prime lending rate)	**719**	588	
– B1 Class (68% of FNB Prime lending rate)	**719**	37	
Number of shares in issue (number)	**5 634 120 503**	5 613 566 954	
WANOS for normalised earnings (unaudited)	**5 619 116 466**	5 493 632 294	
Diluted WANOS for normalised earnings (unaudited)	**5 625 923 841**	5 536 027 463	
Banking Group			
Headline earnings	**7 049**	5 656	25
Normalised earnings (unaudited)	**7 268**	6 062	20
Attributable earnings	**7 260**	5 967	22
Total assets	**442 388**	347 960	27
Loans and advances (net of credit impairments)	**294 031**	226 436	30
Deposit and current accounts	**319 522**	247 084	29
Ordinary shareholders' equity	**27 755**	24 530	13
Capital Adequacy Ratio: Banking Group (regulated bank and non bank entities *(Regulatory requirement: 10%)*	**12.8**	13.8	
Other information			
Normalised return on equity (unaudited) (%)	**27.8**	26.8	
Net interest margin (%)	**4.20**	4.33	
Diversity ratio (non-interest revenue to total revenue) (%)	**56.1**	52.7	
Credit loss ratio (%)	**0.54**	0.32	
Cost to income (%)	**53.8**	56.6	
Effective tax rate (%)	**27.6**	25.4	

R million	Audited 30 June **2006**	2005	% change
Momentum Group			
Headline earnings	**1 534**	1 270	21
Normalised earnings (unaudited)	**1 564**	1 270	23
Attributable earnings	**1 909**	1 341	42
Return on equity %	**24.1**	24.5	
Assets under management or administration (R billion)	**353.7**	269.4	31
Embedded value	**14 438**	11 856	22
CAR cover: Momentum Group *(Regulatory requirement:1.0 x)*	**3.1x**	2.2x	
Other information			
Return on embedded value (%)	**31**	28	
Value of new business	**434**	368	18
Total new business inflows (R billion)	**59.4**	42.7	39
– Retail	**28.5**	21.4	33
– Institutional	**30.9**	21.3	45
Discovery Group			
Headline earnings	**350**	324	8
Normalised earnings (unaudited)	**424**	316	34
Attributable earnings	**437**	356	23
Return on equity (%)	**22**	19	
Total assets	**6 792**	5 280	29
Embedded value	**10 587**	9 173	15
CAR cover: Discovery Group *(Regulatory requirement:1.0 x)*	**14.3x**	12.9x	
Other information			
Gross inflow under management (R billion)	**20.4**	17.3	18
Actual shareholding (%)	**57.1**	62.3	
Effective shareholding (after consolidation of share trusts)	**63.3**	64.7	

Statement of headline earnings and dividends

R million	Audited Year ended 30 June **2006**	2005	% change
Attributable earnings to ordinary shareholders	8 825	7 137	24
Headline earnings adjustments	(710)	(414)	
Less: Profit on disposal of equity accounted private equity associates	(219)	(406)	
Add: Impairment of property and equipment	1		
Less: Profit on sale of associates	(92)	67	
Less: Profit on sale of shares in subsidiary	(37)		
Less: Net asset value in excess of purchase price of subsidiaries	(22)		
Add: Loss on sale of assets	19	7	
Less: Profit on sale of available-for-sale financial assets	(360)	(82)	
Headline earnings	8 115	6 723	21
Earnings per share (cents)			
– Basic	**171.6**	137.3	25
– Diluted	**166.0**	134.5	23
Headline earnings per share (cents)			
– Basic	**157.8**	129.3	22
– Diluted	**152.6**	126.7	20
Ordinary dividend per share (cents)			
– Interim	**32.0**	26.6	20
– Final	**34.0**	28.5	19
Total	**66.0**	55.1	20
Dividend information			
Non-cumulative non-redeemable preference dividend per share (cents)			
"B" preference share			
– 27 February 2006/28 February 2005	**356**	228	
– 28 August 2006/29 August 2005	**363**	360	
Total	**719**	588	
"B1" preference share			
– 27 February 2006	**356**	–	
– 28 August 2006/29 August 2005	**363**	37	
Total	**719**	37	
Ordinary dividends declared	**3 718**	3 093	20
Non-cumulative non-redeemable preference share dividends declared	**324**	177	83
Divisional attributable earnings for ordinary shareholders			
Banking Group	**7 260**	5 967	22
Momentum Group	**1 909**	1 341	42
Discovery Group	**437**	356	23
FirstRand Limited (company)	**(127)**	(304)	58
Consolidation of share trusts	**(383)**	(155)	>100
Dividend paid to non-cumulative non-redeemable preference shareholders	**(274)**	(68)	>100
Consolidation of treasury shares: policyholders	**3**	–	>100
Attributable earnings for the group	8 825	7 137	24
Divisional headline earnings for ordinary shareholders			
Banking Group	**7 049**	5 656	25
Momentum Group	**1 534**	1 270	21
Discovery Group	**350**	324	8
FirstRand Limited (company)	**(164)**	(304)	46
Consolidation of Share Trusts	**(383)**	(155)	>100
Dividend paid to non-cumulative non-redeemable preference shareholders	**(274)**	(68)	>100
Consolidation of treasury shares policyholders	**3**	–	>100
Headline earnings for the group	8 115	6 723	21

R million	Audited Year ended 30 June **2006**	2005	% change
Attributable earnings for ordinary shareholders	**8 825**	7 137	24
Headline earnings adjustments per segment	**(710)**	(414)	
Banking Group (Note 1)	**(211)**	(311)	
Profit on disposal of equity accounted private equity associates	**(219)**	(406)	
Loss on disposal of Ansbacher	**–**	67	
Other	**8**	28	
Momentum Group (Note 2)	**(375)**	(71)	
Profit on sale of available-for-sale assets	**(261)**	(71)	
Net asset value in excess of purchase price of subsidiaries	**(22)**	–	
Profit on sale of associates	**(92)**	–	
Discovery Group (Note 3)	**(87)**	(32)	
Profit on sale of available-for-sale assets	**(88)**	(32)	
Impairment of property and equipment	**1**	–	
FirstRand Limited company (Note 4)	**(37)**	–	
Profit on sale of shares in subsidiary	**(37)**	–	
Headline earnings	**8 115**	6 723	21

NOTES

	2006	2005	% change
1 Banking Group			
Attributable earnings	**7 260**	5 967	22
Headline earnings adjustment	**(211)**	(311)	
Profit on disposal of equity accounted private equity associates	**(219)**	(406)	
Loss on disposal of Ansbacher	**–**	67	
Other	**8**	28	
Headline earnings	**7 049**	5 656	25
2 Momentum Group			
Attributable earnings	**1 909**	1 341	42
Headline earnings adjustments	**(375)**	(71)	
Profit on sale of available-for-sale assets	**(261)**	(71)	
Net asset value in excess of purchase price of subsidiaries	**(22)**	–	
Profit on sale of associates	**(92)**	–	
Headline earnings	**1 534**	1 270	21
3 Discovery Group			
Attributable earnings	**437**	356	23
Headline earnings adjustments	**(87)**	(32)	
Profit on sale of available-for-sale assets	**(88)**	(32)	
Impairment of property and equipment	**1**	–	
Headline earnings	**350**	324	8
4 FirstRand Limited company			
Attributable earnings	**(127)**	(304)	58
Headline earnings adjustments	**(37)**	–	
Profit on sale of shares in subsidiary	**(37)**	–	
Headline earnings	**(164)**	(304)	46

BASIS OF PRESENTATION

The information presented has been prepared in accordance with International Financial Reporting Standards ('IFRS') applicable at 30 June 2006. A full transitional report on the adoption of IFRS was prepared and has been circulated to shareholders in a separate booklet as part of the interim financial results at 31 December 2005.

FINANCIAL PERFORMANCE

FirstRand produced excellent results, growing normalised earnings by 21% (normalised earnings defined on page 26 of this report). Headline earnings grew 21% and were impacted by the exclusion of the profit on disposal of equity accounted private equity associates, the agreement by Momentum with the National Treasury, the Discovery BEE transaction and consolidation of treasury shares. FirstRand believes that normalised earnings reflect the operational performance of the Group. The table below shows the reconciliation between normalised earnings and headline earnings.

R million	Year ended 30 June **2006**	2005	% change
Headline earnings (audited)	8 115	6 723	21
Adjustments	703	553	
Private equity realisations	219	406	
Agreement with National Treasury	30	–	
Discovery BEE transaction	102	–	
Treasury shares	352	147	
Normalised earnings (unaudited)	8 818	7 276	21

These results were achieved in a positive economic environment which provided strong organic growth opportunities for the Group's banking and insurance businesses. The Banking Group, which produced normalised earnings growth of 20% to R7 268 million, benefited from an outstanding performance from Rand Merchant Bank ('RMB') and strong performances from First National Bank ('FNB') and WesBank. Sustained low interest rates continued to result in strong advances growth for FNB and WesBank although margin pressure increased. The strong equity markets and a healthy pipeline of BEE transactions underpinned the excellent performance of a number of RMB's businesses.

Momentum Group delivered strong results in what remained a challenging operating environment, growing normalised earnings 23% to R1 564 million. The combination of buoyant equity markets and the continued success of Momentum's distribution model resulted in a significant increase in lump sum investment inflows. Sales of recurring premium risk policies continued also to show strong growth, although sales of recurring premium investment products were negatively impacted by a reduction in retirement annuity sales.

Discovery delivered an excellent performance growing normalised earnings by 34% to R424 million. This performance reflects Discovery's successful organic growth strategy.

Group earnings, headline earnings and normalised earnings per share

cents	Year ended 30 June **2006**	2005	% change
Earnings per share (audited)			
– Basic	171.6	137.3	25
– Diluted	166.0	134.5	23
Headline earnings per share (audited)			
– Basic	157.8	129.3	22
– Diluted	152.6	126.7	20
Normalised earnings per share (unaudited)			
– Basic	156.9	132.4	19
– Diluted	156.7	131.4	19

The relative contributions to normalised earnings by the various operating businesses were:

%	Year ended 30 June **2006**	2005
Banking Group	78	79
Momentum Group	17	17
Discovery	5	4
	100	100

ECONOMIC OVERVIEW

Economic conditions remained very positive during the year with stable inflation and interest rates resulting in continued strong growth in consumer expenditure, income and output. Corporate profitability and private sector fixed investment also showed strong growth, which supported job creation.

Consumer confidence remained high and this, combined with low interest rates, resulted in substantial increases in consumer borrowings. Demand for asset-backed credit was particularly strong. Further income tax relief and the increase in government grants boosted the income of many of the lower income groups and this also positively impacted on consumer spending.

Business confidence remained at record high levels and although corporate balance sheets continue to be strong, corporate credit demand increased as companies took advantage of favourable financing conditions to fund capital expenditure projects.

Short-term interest rates remained stable during the year under review. This resulted in further asset price growth and very buoyant equity markets, with the FTSE-JSE Top 40 Index increasing by 52% during the financial year, although property prices lost some of the momentum of previous years.

The Life Offices' Association ('LOA') statistics on new business growth in the life insurance industry indicate that new recurring premium and single premium business increased by 10% and 13% respectively in the year to December 2005. Sales of new recurring retirement annuity ('RA') products declined 15% over the same period.

Discretionary retail investment product providers, comprising mainly Collective Investment Schemes ('CIS's') and Linked Investment Service Providers ('LISP's'), continue to benefit from increased lump sum inflows. The Association of Collective Investments ('ACI') reported that total unit trust net inflows of R50 billion were recorded for the year 30 June 2006.

STRATEGIC ISSUES

Agreement with National Treasury

The total impact on Momentum and Sage of the agreement with National Treasury regarding minimum standards on early termination values, that was reached on 12 December 2005, amounts to R196 million after tax. The impact on Momentum is R108 million, with the balance representing Sage. The balance of R88 million is a charge against pre-acquisition earnings of Sage.

As a provision of R78 million after tax already existed at 30 June 2005, the full balance of the Momentum charge of R30 million after tax has been taken against current year earnings.

Momentum is well advanced in adapting its systems ahead of the 1 October 2006 implementation date of the agreement.

National Credit Act

The National Credit Act ('NCA') was enacted during May 2006 with the provisions relating to fees and pricing effective 1 June 2007. The impact to revenue has not been fully determined, given that the regulations governing the detail of the Act are yet to be finalised. The Group estimates that the total implementation costs of the NCA will range between R140 million and R270 million.

FNB believes that the NCA will provide significant opportunities for the established players to enter new markets.

Competition Commission enquiry

One of the key challenges facing the industry is the Competition Commission enquiry. On 4 August 2006, the Competition Commission announced an enquiry which will focus on the following:

- the level and structure of charges made by banks, as well as other providers of payment services;
- the feasibility of improving access by non-banks and would-be banks to the national payment system infrastructure so that they can compete more effectively; and
- any other aspects relating to the payment system which could be seen as anti-competitive.

Capital management

The Group's capital management strategy aims to enhance shareholder value. This is achieved through the proactive management of the level, investment and allocation of capital. During the year, the following actions were taken:

- In November 2005, the Group raised R1.5 billion through the issue of non-cumulative non-redeemable preference shares to further enhance the level and structure of its capital base. R500 million was deployed to Momentum for its acquisition strategy and R1 billion was utilised to refinance the vendor component of the BEE transaction, which was previously funded by the Banking Group. This eliminated the capital impairment in the Banking Group.
- During the year, Momentum issued a further R1 billion subordinated debt to further improve efficiency of its capital structure.
- In October 2005, the Banking Group issued R1 billion subordinated bonds. In June 2006, there was a further issue of R3 billion. The Group considered the market conditions to be favourable and therefore took maximum opportunity to raise debt capital and this resulted in an excess of debt capital of R1.5 billion. The strategy is to utilise this excess for future funding and capital requirements.
- Momentum has an excess of 0.9 times over its target range of between 1.8 and 2.2 times Capital Adequacy Requirement ('CAR') cover. As a result, a special dividend of R500 million was declared to FirstRand on 30 June 2006 which the Group utilised to reduce debt at the centre. The Group's strategy is to utilise Momentum's remaining excess capital for further organic growth requirements.

FirstRand Bank securitised R2 billion of motor loans originated by WesBank during the year. The Group has obtained approval from the SARB to securitise up to R15 billion of asset-backed securities, primarily home loans and vehicle finance loans originated by FNB HomeLoans and WesBank respectively.

Securitisations enhance a bank's liquidity position, diversify its sources of funding across the maturity spectrum and optimise the composition of its balance sheet. It improves the liquidity risk position of the bank through matched funding as the cash flow profile of the securitisation bonds generally match the cash flow profile of the assets securitised.

OVERVIEW OF RESULTS

Banking Group

The Banking Group produced excellent results for the year, benefiting from strong performances from RMB, FNB and WesBank. RMB had a particularly outstanding year, growing profit before tax by 38%, with much of the growth driven by the excellent performance of its equity related businesses.

The strong performances by FNB and WesBank were driven in part by good economic conditions which provided significant consumer credit demand, particularly for asset-backed finance, together with increased customer numbers and transaction volumes. In addition, the implementation of a number of innovative growth strategies across all the businesses created additional organic growth.

The combined impact of increased volumes and the bank's hedging strategies, compensated for pressure on margins experienced by FNB and WesBank. Margin pressure on certain assets, particularly home loans and vehicle finance, intensified during the financial year, primarily due to competitive pricing pressure. The increased use of wholesale funding sources, as a result of low retail savings in South Africa, further exacerbated the margin squeeze on liabilities.

Net interest income and interest margins benefited from the improved mix in the lending book as a result of an increase in retail lending and a decrease in large corporate advances. Non-interest income continued to grow very strongly, increasing 33%, reflecting significant increases in customer numbers and transaction volumes at FNB and high growth in new business and cross-selling of insurance products at WesBank.

The significant growth in investment income (>100%) and income from associates and joint ventures (up 28%) again reflects the outstanding performance from RMB's private equity business.

Operating expenses increased 15%, reflecting high new business acquisition costs and infrastructure investment. Despite these investments, based on normalised earnings, the cost to income ratio reduced from 56% in 2005 to 53% in 2006.

First National Bank

FNB produced excellent results for the year, with profit before tax increasing 22% to R5.06 billion. Its segment strategy continues to be successful as it facilitates product innovation and differentiation.

Interest income grew by 19%, attributable to the strong balance sheet growth during the last quarter of the 2005 financial year and the whole of the period under review. Non-interest income grew 21%, as a result of increased customer numbers and transaction volumes, particularly in the Mass, Card, Consumer and Commercial segments.

Bad debts increased to 0.5% of advances (up from 0.3% in the previous year), however this normalisation of bad debts was anticipated given the abnormally low levels of arrears in the past few years. Pricing strategies have taken these new levels into account.

Operating expenses increased 16%, although much of this growth reflected variable costs such as new business expenses and investments in the network and processes. Base costs only increased 9%.

Advances grew 31% with HomeLoans and Card Issuing being the major contributors. Although FNB grew advances to the medium corporates, large corporate lending continued to decline, reflecting the bank's stated strategy to focus on transactional banking in this segment.

Deposits grew 20% with particularly good growth from corporates. FNB continued with its strategy to attract retail deposits and the Million a Month account increased its customer base to 400 000 accounts, contributing positively to the overall retail deposit growth.

In the Consumer segment, HomeLoans and Card Issuing contributed significantly to advances growth, which was up 39% to R93 billion. HomeLoans maintained its strong growth trend, growing advances 40% to R81 billion as a result of a 58% increase in new business written, and maintaining its new business market share at just over 20%. The One Account also grew strongly and increased its loan book to R4.9 billion from R1.3 billion in the previous year.

Card Issuing increased profit before tax 42% and grew advances 36% to R9 billion. This excellent performance resulted from both increased customer numbers and customer spending, with card turnover up 33%.

In the Wealth segment, RMB Private Bank performed particularly well, increasing pre tax profit 76%. Assets under management continued to grow, increasing 57% to R18 billion, mainly due to growth in the equity market, investment selection and net new business inflows. Advances grew 29% to R16 billion and deposits showed very strong growth of 32%.

The Commercial segment, which services the medium corporates, had an excellent year, growing pre tax profit 23%. Good deposit growth reflected strong consumer demand and retail sales and the advances growth of 25% was driven mainly by FNB Leveraged Finance and Commercial Property Finance, both of which are growing rapidly off a relatively low base. Strong transactional volumes resulted in non-interest income growing 19%.

The Mass segment performed particularly well in the current year. Non-interest income grew 26% driven by 18% growth in transacting accounts and 19% growth in ATM transactions. FNB has been pursuing a lending strategy in this segment and achieved 82% growth in advances mainly driven by the Smart Spend, Smart HousingPlan and Smart Bond products. Cell phone banking continued to be very successful, with a total of 215 000 customers, and generating profits on a monthly basis.

Rand Merchant Bank

RMB delivered an exceptional performance in 2006 producing year-on-year pre tax profit growth of 38%. This performance was mainly due to the equity businesses, which benefited from the buoyant equity markets and low interest rate environment. The healthy economic environment and continued BEE activity were also positive for originated debt and advisory mandates. The proprietary trading and arbitrage businesses experienced mixed success in challenging market conditions, although increased volatility towards the end of the year benefited the forex and debt trading books. RMB's strategy to focus on managing client relationships has been extremely successful and provided good growth opportunities during the year.

The Private Equity business delivered an outstanding performance. The strong equity market provided good opportunities for the realisation of a number of investments and significant growth in equity accounted earnings. The unrealised profit in the remainder of the portfolio also increased and BEE continued to provide good opportunities to invest in new assets at reasonable prices.

Equity Trading recorded another strong performance in 2006, posting year on year growth of 68%.

Corporate Finance delivered exceptional results for 2006 with a number of significant M&A deals, including the Venfin and Kumba transactions. For the second year running RMB was the top corporate finance house according to both the Dealmakers and PricewaterhouseCoopers ('PwC') league tables.

Structured Finance delivered exceptional growth on the prior year's performance, taking advantage of opportunities in the property, acquisition and leverage finance markets. Despite tightening credit spreads, strong deal flow and innovative structuring solutions delivered particularly strong fee income performance. Collaboration with Corporate Finance in the preference share market also produced excellent results.

The Project, Trade and Commodity Finance business benefited from the strong pipeline of project finance opportunities locally and in Africa, despite the slower than expected roll out of Private Public Partnership ('PPP') deals in 2006. Project Finance is well positioned to take advantage of the considerable opportunities that PPPs present.

SPJ International delivered a good performance. It exited from the US high yield market and reduced its exposure to emerging markets as credit spreads tightened. This limited the financial effect of the correction in the emerging market spreads in the last quarter.

The Offshore Resources division comprises the energy trading business of Nufcor and the private equity business of RMB Resources. Both divisions delivered exceptional performances, doubling contributions compared to the prior year. Nufcor took advantage of the significant increase in the price of uranium to generate very strong trading profits. RMB Resources benefited from a number of realisations and a strong increase in equity accounted earnings from primarily resource based associate investments.

WesBank

WesBank had a very good year with pre tax profits increasing by 25%, extending a period of strong profitability, with annual compound growth over the last three years of 36.5%. Advances increased R15.1 billion (23.9%), excluding the impact of securitisations, driven by increased market share and high new business volumes. Total new business written was R50.8 billion, an increase of 28.4% and included R700 million written in the Motor One Finance business in Australia.

The Motor, Corporate, Fleet and Personal Loans divisions increased new business 22.2%, 46.8%, 19.7% and 48.5% respectively. The Motor Division comprises 70% of total new business and its growth reflects the continued buoyancy in the motor industry. Increasing capital investment demands combined with increasing collaboration with FNB, resulted in high growth in the Corporate Division. Personal Loan growth reflected the higher debt appetite in the middle-income market.

Bad debts were 0.8% of gross advances and non-performing loans 1.2% of gross advances. These figures are up from 0.5% and 0.9% respectively in the prior year and reflect a combination of increased consumer indebtedness, as well as the reduction in realisation values on vehicles as security. They remain, however, within WesBank's long-term target range.

Interest margins declined from 3.61% to 3.46% due to further compression of short-term funding rates, as well as competitive pressures on customer rates.

Non-interest revenue increased 26.2% and was largely driven by high new business volumes and the increased penetration of insurance products. WesBank Auto, the fleet card offering, showed further growth in customers and corresponding revenue streams.

Costs increased 18.4%, against new business growth of 28.4%, with both the cost to income and cost to asset ratios improving, from 46.8% to 43.0% and from 2.39% to 2.28% respectively. The cost increases resulted from investment in capacity to deal with the high volumes currently experienced and expected into the future. The platform has now been built and this level of annual cost increases is not forecast to continue into the new financial year.

FNB Africa subsidiaries

Despite operating in challenging economies, particularly in Namibia and Swaziland, the income after tax of FNB's African subsidiaries grew 18.3% for the financial year.

FNB Botswana

FNB Botswana continued to perform well with income after tax increasing 22.7% to P238.4 million (8.2% in Rand terms due to the Pula depreciation). Non-interest income grew 22.4% mainly due to increased product offerings and transactional volumes, as well as growth in forex income. Although advances grew only 9.7%, the property portfolio performed exceptionally well growing by 42%.

Despite inflation running at 12%, operating expenses were well contained to a 10% increase and this, together with the solid non-interest revenue increase, resulted in the cost to income ratio reducing further from 38% to an excellent 35%.

FNB Namibia

FNB Namibia offers a wide range of banking services and insurance products and services from FNB, WesBank and RMB Asset Management and despite the moderate growth in the economy, grew income after tax 21.3% to N$262 million. Non-interest income increased 19.2% due to the focus on sales and effective cross-selling across all businesses, substantially increasing the number of accounts and transactional volumes. Operating expenses were well controlled, increasing by 10.4%, and the cost to income ratio reduced to 47%.

Total assets grew 15.8% to N$9.5 billion and advances grew 17.3% to N$8 billion, predominantly driven by HomeLoans and WesBank.

FNB Swaziland

There has been a significant turnaround in the Swaziland business compared to 2005 despite a stagnant economic environment. Income after tax grew 106.6% to E31 million with non-interest income increasing 33% and operating expenses increasing by only 7.1%. The cost to income ratio reduced to 59% after exceeding 80% in the previous year. Total assets grew 20% to over E1 billion, advances grew 11% and deposits 22.9%.

FNB Lesotho

Despite the difficult operating environment, FNB Lesotho performed well above expectations and achieved a maiden monthly profit in December 2005, thirteen months after start-up. The main drivers of this performance were the growth in the liability base as well as transactional revenues allied to the growing account base. Credit growth was in line with expectations, although off a low base. This growth is attributed primarily to the WesBank operation.

OUTsurance

OUTsurance continued to grow strongly increasing operating profit 21%. This was largely driven by growth in premium income which resulted principally from growth in client numbers, as premium adjustments were contained in line with inflation.

Management and marketing expenses, as a percentage of net premium revenue, increased slightly from 16.2% to 16.4%. The main reasons for the higher costs include an increase in the development of sales channels for Business OUTsurance, as well as increased compliance costs.

The claims ratio of 58.3% (including OUTbonus costs) was 0.7 percentage points higher than the previous year. The slight increase was mainly due to weather-related claims. The short-term insurance industry as a whole registered significantly higher claims ratios and the underwriting cycle turned downwards. Against this background, OUTsurance maintained its profit margin, reflecting the competitiveness of its low-cost direct business model and scientific rating approach.

Momentum Group

The Momentum Group delivered strong results in what remained a challenging environment. Good organic growth was achieved in individual recurring risk and lump sum retail investment flows, however sales of recurring premium investment products were negatively impacted by a reduction in retirement annuity sales.

Collaboration with the wider FirstRand Group progressed well. Sales from the two joint ventures with FNB, namely FNB Life in the mass market and Aspire in the middle market, increased significantly, mainly as a result of credit life policies embedded in the bank's products.

Sales of Momentum products through the FNB Financial Consultants distribution channel increased significantly and Momentum's short-term insurance initiative is generating new business volumes ahead of the business plan.

The integration of Sage Group Limited ('Sage') progressed well, with the conversion of 260 000 Sage Life policies to the Momentum IT platform completed within a 100-day timeframe.

Normalised group earnings before the once-off impact of the agreement with National Treasury, increased 23% to R1 564 million for the year ended 30 June 2006. Group headline earnings, after the impact of the agreement with National Treasury, increased 21% to R1 534 million. Earnings attributable to ordinary shareholders increased 42% to R1 909 million.

Total assets under management or administration increased 31% to R353.7 billion, mainly due to the growth in equity markets and the acquisition of Sage.

The headline return on equity ('ROE') amounted to 24.1% before the impact of the agreement with National Treasury, compared with 24.5% in the prior year. This ROE is in excess of Momentum's internal target of 20.8%, representing the weighted average cost of capital plus 10%. The return on embedded value for the year was 31%.

Insurance operations

The local insurance operations increased operating profit 22% to R883 million. The strong growth in investment markets impacted positively on the results, although the increased new business levels and the investment in the agency force resulted in new business strain, which dampened new business profit growth.

The value of new business, which represents the present value of profits from new business, increased 18% to R434 million, driven mainly by the increased new business volumes. However, the margin on new business declined from 2.6% to 2.2% because of reduced fee charges and a change in the new business mix.

The integration of the Sage agency force into the Momentum distribution environment was completed, with the combined agency operation increasing its contribution to new recurring premium product sales during the year. Although the new tied agency force is not yet operating at optimum capacity, it provides a solid platform for future new business growth in an area of the market where Momentum has not traditionally been well represented.

Asset management operations

The asset management operations increased earnings by 40% to R347 million, with the local asset management operations, represented mainly by RMB Asset Management ('RMBAM'), generating an excellent 37% increase in headline earnings. Strong market growth in the institutional business, offset marginally by a net outflow of funds, resulted in increased asset values and consequently higher fees. Positive retail unit trust net inflows also benefited income levels.

The withdrawal of the Aflife assets following Momentum's disposal of its stake in Aflife to Sanlam, has impacted negatively on off-balance sheet funds under management, whilst Momentum's acquisition of Sage has benefited Group assets managed on-balance sheet.

Discovery Group

The year under review has been a particularly successful one for Discovery, with important developments in each of its businesses, strong earnings growth and the declaration of a maiden dividend.

Discovery has consistently followed a philosophy of pursuing organic growth, funded from internal resources without recourse to debt. Discovery is now in a position of having built both scale and platforms for future growth and is now strongly cash-generative. The level of the maiden dividend has been set taking into account Discovery's future capital and growth needs.

Discovery Life

Discovery Life's performance exceeded expectations. The core driver of Discovery Life's performance is the leadership position that it has achieved in the protection market.

During the year, Discovery Life entered the retirement funding market with the launch of the Discovery Retirement Optimiser. The company estimates that its market share of new business amounted to approximately 17% of the independent broker recurring premium Retirement Annuity market, in just its first year of entry.

Discovery Health

Discovery Health's performance was pleasing. The number of lives covered on the Discovery Health Medical Scheme ('DHMS') and other medical schemes under management increased 9% to 1.94 million from 1.78 million. The size of the DHMS is now 3.8 times greater than that of its nearest competitor.

The company continued its growth in the lower income market through its KeyCare product range and formed a proprietary network of 2 055 doctors and 64 hospitals specifically to care for KeyCare members.

Service levels reached their highest levels yet, and substantial efficiencies emerged, with staff headcount per thousand lives covered reducing by 13.2% over the year. The combination of organic growth and expense efficiencies drove the increase in operating profit.

Destiny Health

Destiny Health's performance was disappointing for the financial year, although its performance for the last six months was in line with expectations set at the interim results stage.

Discovery has made the decision that the business model and strategy is not sustainable and must change. Discovery, Destiny Health and the Guardian Life Assurance Company of New York (Destiny Health's exclusive distribution partner in the US) are in the process of revisiting their partnership arrangement.

Vitality and DiscoveryCard

Vitality membership increased 7% to 522 516 members (2005: 486 416 members), and the number of primary Discovery Card-holders increased 120% to 307 688 (2005: 139 563).

PruHealth

The performance of PruHealth, Discovery's 50% joint venture with the Prudential plc, was particularly pleasing. Members covered increased 696% to 58 912 (2005: 7 400), while new business increased 706% to R282 million (2005: R35 million).

Going forward, PruHealth is well positioned for continued growth. It is pursuing a number of key strategies, including the broadening of its distribution channels to the generalist Independent Financial Advisor ('IFAs') and an acceleration of its direct-to-customer ('D2C') execution.

FirstRand Limited – central cost

Losses after tax in FirstRand Limited company decreased to R127 million as reflected below:

R million	Year ended 30 June **2006**	2005
Dividend income	**204**	–
Operating expenses	**(49)**	(31)
Taxation	**(185)**	(184)
Cumulative redeemable preference shares	**(97)**	(89)
Total	**(127)**	(304)

The dividend income from the BEE staff share trust relates to the FirstRand BEE transaction whereby the Group made capital contributions to the various BEE trusts to yield an effective return. The dividend income is more than offset by the cost of funding. The yield for the comparative period was included in the Banking Group results. The increase in operating expenses relates to the professional fees paid for the restructuring of the staff component of the BEE transaction. Taxation expenses increased due to higher Secondary Tax on Companies ('STC') paid during the year following the reduction in the dividend cover. The increase in the cumulative redeemable preference shares compared to the prior year is as a result of the funding required for the BEE staff share component.

CAPITAL MANAGEMENT

The Group actively manages its capital base with the objective of enhancing shareholder value through its capital management framework. Capital is allocated to FirstRand Group business units on an economic risk assumed basis, founded on Basel principles.

The Banking Group invests its capital in interest bearing instruments to achieve a desired interest return and risk profile. The lower interest rate environment resulted in reduced returns, however this was partially offset by higher capital levels and benefits derived from hedging strategies. The capital adequacy ratio is at 12.8% (2005:12.5%) which is within the target range of 11.5% to 12.5%. The Banking Group is well positioned to meet the requirements of Basel II, given the proposed implementation date of 1 January 2008.

The Capital Adequacy Requirement for Momentum of R1 978 million was covered 3.1 times (2005: 2.2 times), which is an excess of 0.9 times over the targeted range of between 1.8 and 2.2 times.

DIVIDEND POLICY

Ordinary shareholder dividend

The Group aligns its dividend policy with sustainable earnings growth therefore dividend cover is based on normalised earnings. The Group has experienced strong advances growth which is expected to slow marginally and this next cycle of growth may result in a lower demand for capital from business units. The table below provides an analysis of the accounting anomalies which have been taken into account in 2006:

	Year ended 30 June **2006**	2005	% change
Headline earnings (audited)	**8 115**	6 723	21
Adjustments	**703**	553	
Private equity realisations	**219**	406	
Agreement with National Treasury	**30**	–	
Discovery BEE transaction	**102**	–	
Treasury shares	**352**	147	
Normalised earnings (unaudited)	**8 818**	7 276	21

The Group will retain its dividend cover of 2,5 times normalised earnings for dividend purposes. The Group believes it is a sustainable dividend cover given the internal earnings generating capacity and the organic growth potential of the businesses.

The proposed final dividend amounts to 34.0 cents, which together with the interim dividend of 32.0 cents per share reflects an increase of 20% over total dividend per share for 2005.

BASIS OF PRESENTATION AND ACCOUNTING POLICIES

FirstRand prepares its audited consolidated financial statements in accordance with IFRS, on a going concern basis using the historical cost basis, except for certain financial assets and liabilities where it adopts the fair value basis of accounting.

These financial assets and liabilities include:

- financial assets held for trading;
- financial assets classified as available-for-sale;
- derivative assets and liabilities;
- financial assets and liabilities at elected fair value; and
- short trading positions.

The preparation of audited consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying FirstRand's accounting policies.

In accordance with the transitional provisions set out in IFRS 1, 'First-time Adoption of International Financial Reporting Standards" and other relevant standards, FirstRand has applied IFRS as at 30 June 2006 in its financial reporting with effect from FirstRand's transition date of 1 July 2004, with the exception of the standards relating to financial instruments and insurance contracts which were applied from 1 July 2005. Therefore the impact of adopting IAS 32, IAS 39 and IFRS 4 are not included in the 2005 comparatives in accordance with IFRS 1. FirstRand previously reported under South African Generally Accepted Accounting Practice.

As part of the adoption of IFRS, FirstRand has changed its accounting policy in respect of accounting for Joint Ventures from proportionate consolidation to equity accounting, with effect from 1 July 2004.

Details relating to the changes resulting from the adoption of IFRS are set out on FirstRand's website at www.firstrand.co.za.

FINANCIAL IMPACT OF THE BLACK ECONOMIC EMPOWERMENT ("BEE") TRANSACTION

Background

IFRS 2 – Share-based Payments requires that all share-based payment transactions for goods or services received must be expensed with effect from financial periods commencing on or after 1 January 2005. During the past 18 months there has been ongoing debate on whether BEE equity-linked transactions result in the receipt of "goods" or "services", and therefore should be expensed in terms of IFRS 2.

The International Financial Reporting Interpretations Committee issued an interpretation IFRIC 8 – the Scope of IFRS 2 ('IFRIC 8') during January 2006. IFRIC 8 clarifies that IFRS 2 applies to all share-based payment transactions where the consideration received or to be received, either through identifiable or unidentifiable goods or services, is less than the fair value of the equity instruments issued or granted. IFRIC 8 is applicable for financial periods commencing on or after 1 May 2006, on a fully retrospective basis, using the transitional provisions of IFRS 2 read with IFRS 1.

Financial impact on the FirstRand Group

SAICA is in the process of finalising South African interpretation dealing for accounting for BEE transactions in terms of IFRS 2. Consequently, FirstRand will account for the non-staff component of the Group's BEE transaction with effect from the financial year commencing 1 July 2006, in accordance with the requirements of IFRIC 8.

As a result, the full financial impact in terms of IFRS 2 of the non-staff component of the BEE transaction, amounting to R1.655 billion, will be accounted for as an opening reserve transfer on 1 July 2005, and will have no further income statement effect.

CORPORATE GOVERNANCE

FirstRand has embraced the recommendations of King II on Corporate Governance and strives to provide reports to shareholders that are timely, accurate, consistent and informative.

PROSPECTS

The Group believes that South Africa remains in a structurally low interest rate and inflation environment and economic prospects remain positive.

The cycle of interest rate increases in June 2006 and again in August 2006, is expected to result in the low levels of bad debts experienced over the last few years, of between 30 and 50 basis points ('bps') of advances trending back to the long-term average of 70 bps of advances.

The higher levels of interest rates will also have a slight dampening effect on consumer credit demand and spending. However the anticipated public and private sector fixed investment leading up to 2010, together with increased BEE activity and continued consumer demand, abeit at lower levels, should underpin future growth.

The challenge going into the 2007 financial year will be to maintain robust top line growth while managing expected increases in bad debt levels, which will require an increased focus on efficiencies.

The increased volatility of investment markets makes any projections regarding Momentum's overall future performance extremely difficult. Increased consumerism will continue to place pressure on the financial services industry, however the Group is confident of the steps it has taken to address the value for money issue through, among other strategies, revised fee structures.

Momentum's focus is now on extracting efficiencies from existing operations, improved service levels, continued product innovation and expansion into new markets, such as the collaboration with FNB, which now include leveraging off the FNB infrastructure into Africa. The success of the newly established tied agency force will also be critical to future new business growth.

Overall FirstRand is confident, barring any unforseen circumstances, that the growth strategies in place within its operating businesses will enable it to achieve the targeted long-term growth in earnings of CPIX plus 10%.

GT Ferreira
Chairman

PK Harris
Chief Executive

ANNUAL REPORT

Comprehensive financial information relating to all Group entities will be distributed to shareholders in due course. The financial information denoted as "audited" in this document has been extracted in a summarised format from the annual financial statements for the year ended 30 June 2006.

DIVIDEND DECLARATIONS

Ordinary shares

The following ordinary cash dividends were declared in respect of the 2006 and 2005 financial year.

Cents per share	**2006**	2005
Interim (declared 1 March 2005)	**32.00**	26.60
Final (declared 19 September 2006)*	**34.00**	28.50
	66.00	55.10

* *The last day to trade in FirstRand Shares on a cum-dividend basis in respect of the final dividend will be Friday 13 October 2006 and the first day to trade ex-dividend will be Monday 16 October 2006. The record date will be Friday 20 October 2006 and the payment date Monday 23 October 2005. No dematerialisation or rematerialisation of shares may be done during the period Monday 16 October 2006 and Friday 20 October 2006, both days inclusive.*

Preference shares

Dividends on the 'A' preference shares are calculated at a rate of 65% of the prime lending rate of banks and the following dividends have been declared for payment: Dividends on the 'B' preference shares are calculated at a rate of 68% of the prime lending rate of banks. The following dividends have been declared for payment:

Cents per share	"B" preference 2006	"B1" preference 2006
Period 30 August 2005 – 27 February 2006	356	356
Period 28 February 2005 – 28 August 2006	363	363

Note

Dividends on the "B" preference shares are calculated at a rate of 68% of the prime lending rate of banks and the dividends have been declared for payment in respect of the period 30 August 2005 to 27 February 2006. Dividends on the "B" preference shares are calculated at a rate of 68% of the prime lending rate of banks and the dividends have been declared for payment in respect of the period 28 February 2006 to 28 August 2006

Dividends on the "B1" preference shares are calculated at a rate of 68% of the prime lending rate of banks and the dividends have been declared for payment in respect of the period 28 February 2006 to 28 August 2006

AH Arnott
Company Secretary

19 September 2006

R million	Audited 2006	2005
Net interest income	15 012	13 184
Interest and similar income	30 395	27 505
Interest expense and similar charges	(15 383)	(14 321)
Impairment losses on loans and advances	(1 411)	(706)
Net fee and commission income	12 009	9 878
Fee and commission income	14 088	11 835
Fee and commission expense	(2 079)	(1 957)
Net insurance premium income	6 822	7 423
Insurance premium revenue	7 758	8 111
Premium ceded to reinsurers	(936)	(688)
Net claims and benefits paid	(6 174)	(8 861)
Gross claims and benefits paid on insurance contracts	(6 875)	(9 348)
Reinsurance recoveries	701	487
Gains from banking and trading activities	4 349	2 187
Gains from investment activities	19 225	16 003
Other operating income	2 268	1 715
Increase in value of policyholder liabilities	(17 430)	(13 447)
Fair value adjustments to financial liabilities	(530)	(232)
Net operating income	34 140	27 144
Operating expense	(20 402)	(16 836)
Share of profit of associates and joint venture companies	1 290	1 076
Income before discontinued operations	15 028	11 384
Loss on disposal of discontinued operations	–	(67)
Operating profit before income tax	15 028	11 317
Taxation expense	(5 040)	(3 610)
Profit for the year	9 988	7 707
Attributable to:		
Non-cumulative non-redeemable preference shareholders	274	68
Equity holders of the parent	8 825	7 137
Minority interest	889	502
	9 988	7 707
Earnings per share (cents)	171.6	137.3
Diluted earnings per share (cents)	166.0	134.5

Consolidated balance sheet at 30 June

R million	Audited 2006	2005
Assets		
Cash and short-term funds	**30 323**	24 890
Money market investments	**16 361**	11 427
Advances	**291 076**	221 851
Derivative financial instruments	**37 934**	39 795
Investment securities and investments	**173 848**	133 763
Commodities	**676**	439
Investment properties	**6 141**	4 172
Policy loans on insurance contracts	**118**	–
Policy loans on investment contracts	**–**	530
Reinsurance assets	**292**	236
Insurance assets	**1 766**	1 881
Loans and accounts receivables	**6 046**	11 548
Investment in associates and joint ventures	**5 069**	5 707
Taxation	**7**	118
Intangibles	**4 076**	1 178
Property and equipment	**5 011**	4 610
Deferred taxation	**1 043**	594
Total assets	**579 787**	462 739

R million	Audited 2006	2005
Shareholders' equity and liabilities		
Liabilities		
Deposits	317 840	245 793
Short trading positions	25 967	19 919
Derivative financial instruments	22 370	30 264
Creditors and accruals	16 848	23 257
Reinsurance liabilities	24	31
Policyholders' liabilities under investment contracts	93 720	48 844
Policyholders' liabilities under insurance contracts	40 740	49 001
Liabilities arising to third parties	1 725	1 027
Deferred revenue liability	248	–
Post retirement funding liability	1 635	1 733
Debentures and long-term liabilities	10 576	5 007
Provisions	2 407	1 567
Taxation liability	1 024	185
Deferred taxation	5 159	3 877
Total liabilities	540 283	430 505
Ordinary share capital and premium	3 635	4 396
Non-cumulative non-redeemable preference shares	4 519	2 992
Distributable reserves	24 854	20 284
Non distributable reserves	3 522	2 238
Shareholders' equity	36 530	29 910
Minority interest	2 974	2 324
Total shareholders' equity and liabilities	579 787	462 739

Consolidated cash flow statement for the year ended 30 June

R million	Audited 2006	2005
Cash inflow from operating activities	2 878	6 491
Net cash outflows from investment activities	(282)	(11 407)
Poceeds from disposal of investments	273	(10 484)
Net purchase of property and equipment	(1 224)	(388)
Investment in associates	638	(1 316)
Net purchase of intangible assets	(36)	(238)
Proceeds on disposal of susbsidiary	67	1 019
Cash flows from financing activities	6 995	2 307
Proceeds from/(repayment of) of long-term liabilities	5 469	(693)
Proceeds from share issue	1 526	3 000
Net increase/(decrease) in cash and cash equivalents	9 591	(2 609)
Cash and cash equivalents at the beginning of the year	36 317	40 253
Cash and cash equivalents at the end of the year	45 908	37 644
Cash and cash equivalents sold	(52)	(1 335)
Cash and cash equivalents acquired	828	8
Cash and cash equivalents at the end of the year	46 684	36 317

R million	2006	% composition	2005	% composition	% change
Banking Group	7 049	85	5 656	83	25
FNB	3 473	41	2 934	44	18
RMB	1 454	18	1 306	19	11
Wesbank	1 059	13	788	12	34
FNB Africa	377	5	314	4	20
Support	686	8	314	4	>100
Momentum Group	1 534	18	1 270	19	21
Insurance operations	943	11	672	10	40
Asset management operations	341	4	243	4	40
Investment income on shareholders' assets	280	3	355	5	(21)
Agreement with National Treasury	(30)	–	–	–	(>100)
Discovery Group	350	4	324	5	8
FirstRand Limited	(164)	(2)	(304)	(5)	(46)
Consolidation of share trusts	(380)	(5)	(155)	(2)	–
Headline earnings	8 389	100	6 791	100	24
Dividend payment to non-cumulative non-redeemable preference shareholders	(274)		(68)		>100
Headline earnings for the group	8 115		6 723		21

Notes:

1. Taxation relating to the Banking Group has been allocated across the bank's operating divisions on a pro-rata basis.

Statement of changes in equity for the year ended 30 June

	Ordinary share capital and ordinary shareholders' funds						
	Share capital and share premium	Distri-butable reserves	Non-distri-butable reservers	Outside share-holders' interest	Total ordinary share-holders' funds	Non-cumulative non-redeemable preference share capital and premium	Total share-holders' Funds
Restated balance 1 July 2005	4 396	20 284	2 238	2 324	**29 242**	2 992	**32 234**
IFRS adjustments	(296)	(857)	(174)	(18)	**(1 345)**	–	**(1 345)**
Restated balance 1 July 2005	4 100	19 427	2 064	2 306	**27 897**	2 992	**30 889**
Issue of share capital	165	(165)	–	19	**19**	1 531	**1 550**
Reduction of share capital	–	–	–	–	**–**	–	**–**
Share issue expense	–	–	–	(4)	**(4)**	(4)	**(8)**
Currency translation differences	–	–	225	27	**252**	–	**252**
Movement in revaluation reserves	–	–	225	41	**266**	–	**266**
Movement in other reserves	–	–	19	–	**19**	–	**19**
Earnings attributable to shareholders	–	8 825	–	889	**9 714**	274	**9 988**
Ordinary dividends	–	(3 114)	–	(263)	**(3 377)**	–	**(3 377)**
Preference dividends	–	–	–	–	**–**	(274)	**(274)**
Transfer (to)/from reserves	–	(184)	184	7	**7**	–	**7**
Effective change of shareholding of subsidiary	–	69	10	17	**96**	–	**96**
Share based payment reserve	–	(4)	274	(65)	**205**	–	**205**
Consolidation of share trusts	(630)	–	521	–	**(109)**	–	**(109)**
Balance at 30 June 2006	3 635	24 854	3 522	2 974	**34 985**	4 519	**39 504**

Assets under management or administration as at 30 June

R million	Audited 2006	2005	% Change
Holding company and consolidation	**(31 010)**	(6 298)	>100
Banking Group	**442 388**	347 960	27
Momentum Group	**161 632**	115 815	40
Discovery Group	**6 777**	5 262	29
Total on balance sheet assets	**579 787**	462 739	25
Off-balance sheet assets managed or administered on behalf of clients	**192 097**	153 609	25
Total assets under management or administration	**771 884**	616 348	24

Consolidated income statement for the year ended 30 June

R million	Banking Group 2006	Banking Group 2005	Momentum Group 2006	Momentum Group 2005	Discovery Group 2006	Discovery Group 2005
	Audited					
Net interest income	**10 895**	9 460	**4 263**	3 766	**151**	55
Interest and similar income	**25 982**	23 375	**4 529**	4 015	**175**	120
Interest expense and similar charges	**(15 087)**	(13 915)	**(266)**	(249)	**(24)**	(65)
Impairment losses on loans and advances	**(1 411)**	(706)	**–**	–	**–**	–
Net fee and commission income	**9 255**	8 188	**1 834**	717	**1 061**	956
Fee and commission income	**9 417**	8 385	**2 853**	1 763	**1 969**	1 670
Fee and commission expense	**(162)**	(197)	**(1 019)**	(1 046)	**(908)**	(714)
Net insurance premium income	**37**	29	**4 487**	5 940	**2 298**	1 454
Insurance premium revenue	**37**	29	**4 967**	6 250	**2 754**	1 832
Premium ceded to reinsurers	**–**	–	**(480)**	(310)	**(456)**	(378)
Net claims and benefits paid	**–**	–	**(5 186)**	(8 287)	**(988)**	(574)
Gross claims and benefits paid on insurance contracts	**–**	–	**(5 531)**	(8 523)	**(1 344)**	(825)
Reinsurance recoveries	**–**	–	**345**	236	**356**	251
Gains from banking and trading activities	**4 346**	2 187	**–**	–	**–**	–
Gains from investment activities	**756**	497	**18 173**	15 485	**260**	156
Other operating income	**1 118**	725	**557**	466	**654**	523
(Increase)/decrease in value of policyholder liabilities under insurance contracts	**–**	–	**(17 846)**	(13 897)	**416**	450
Fair value adjustments to financial liabilities	**–**	–	**(530)**	(232)	**–**	–
Net operating income	**24 996**	20 380	**5 752**	3 958	**3 852**	3 020
Operating expense	**(14 875)**	(12 498)	**(2 557)**	(1 839)	**(2 639)**	(2 030)
Other operating expenses	**(14 819)**	(12 487)	**(2 557)**	(1 839)	**(2 639)**	(2 030)
Other impairments	**(56)**	(11)	**–**	–	**–**	–
Share of profit of associates and joint venture companies	**1 259**	987	**148**	204	**(117)**	(115)
Income before discontinued operations	**11 380**	8 869	**3 343**	2 323	**1 096**	875
Profit/(Loss) on disposal of discontinued operations	**–**	(67)	**–**	–	**–**	–
Operating profit before income tax	**11 380**	8 802	**3 343**	2 323	**1 096**	875
Taxation expense	**(3 481)**	(2 541)	**(1 413)**	(966)	**(430)**	(327)
Profit for the year	**7 899**	6 261	**1 930**	1 357	**666**	548
Attributable to:						
Non-cumulative non-redeemable preference shareholders						
Equity holders	**7 260**	5 967	**1 909**	1 341	**437**	356
Minority interest	**639**	294	**21**	16	**229**	192
	7 899	6 261	**1 930**	1 357	**666**	548
Earnings per share (cents)						
Diluted earnings per share (cents)						

Audited									
FirstRand Ltd company		Consolidation of treasury shares		Sub-total		Consolidation			
2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
(117)	(97)	**(180)**	–	**15 012**	13 184	**–**	–	**15 012**	13 184
13	(5)	**(180)**	–	**30 519**	27 505	**(124)**	–	**30 395**	27 505
(130)	(92)	**–**	–	**(15 507)**	(14 321)	**124**	–	**(15 383)**	(14 321)
–	–			**(1 411)**	(706)	**–**	–	**(1 411)**	(706)
7	17	**–**	–	**12 157**	9 878	**(148)**	–	**12 009**	9 878
7	17	**–**	–	**14 246**	11 835	**(158)**	–	**14 088**	11 835
–	–	**–**	–	**(2 089)**	(1 957)	**10**	–	**(2 079)**	(1 957)
–	–	**–**	–	**6 822**	7 423	**–**	–	**6 822**	7 423
–	–	**–**	–	**7 758**	8 111	**–**	–	**7 758**	8 111
–	–	**–**	–	**(936)**	(688)	**–**	–	**(936)**	(688)
–	–	**–**	–	**(6 174)**	(8 861)	**–**	–	**(6 174)**	(8 861)
–	–	**–**	–	**(6 875)**	(9 348)	**–**	–	**(6 875)**	(9 348)
–	–	**–**	–	**701**	487	**–**	–	**701**	487
–	–	**–**	–	**4 346**	2 187	**3**	–	**4 349**	2 187
236	20	**(200)**	(155)	**19 225**	16 003	**–**	–	**19 225**	16 003
2	1	**–**	–	**2 331**	1 715	**(63)**	–	**2 268**	1 715
–	–	**–**	–	**(17 430)**	(13 447)	**–**	–	**(17 430)**	(13 447)
–	–	**–**	–	**(530)**	(232)	**–**	–	**(530)**	(232)
128	(59)	**(380)**	(155)	**34 348**	27 144	**(208)**	–	**34 140**	27 144
(70)	(91)	**–**	–	**(21 141)**	(16 458)	**(261)**	(378)	**(20 402)**	(16 836)
(70)	(91)	**–**	–	**(20 085)**	(16 447)	**(261)**	(378)	**(20 346)**	(16 825)
–	–	**–**	–	**(56)**	(11)	**–**	–	**(56)**	(11)
–	–			**1 290**	1 076	**–**	–	**1 290**	1 076
58	(150)	**(380)**	(155)	**15 497**	11 762	**(469)**	(378)	**15 028**	11 384
–	–	**–**	–	**–**	(67)	**–**	–	**–**	(67)
58	(150)	**(380)**	(155)	**15 497**	11 695	**(469)**	(378)	**15 028**	11 317
(185)	(154)	**–**	–	**(5 509)**	(3 988)	**469**	378	**(5 040)**	(3 610)
(127)	(304)	**(380)**	(155)	**9 988**	7 707	**–**	–	**9 988**	7 707
274	68			**274**	68	**–**	–	**274**	68
(401)	(372)	**(380)**	(155)	**8 825**	7 137	**–**	–	**8 825**	7 137
–	–	**–**	–	**889**	502	**–**	–	**889**	502
(127)	(304)	**(380)**	(155)	**9 988**	7 707	**–**	–	**9 988**	7 707
								171.6	137.3
								166.0	134.5

R million	At 30 June 2006	2005	% Change
Return on equity			
Average normalised net asset value	35 108	28 879	22
Normalised earnings	8 818	7 276	21
Normalised return on equity (%)	25.1	25.2	
Banking Group (%)	27.8	26.8	
Momentum Group (%)	24.1	24.5	
Discovery Group (%)	22.0	19.0	
Price to book			
Market capitalisation (Number of shares in issue * 30 June closing share price)	95 217	77 860	22
Normalised net asset value	37 803	32 413	17
Normalised price to book (times)	2.52	2.40	
Capital adequacy			
Capital Adequacy Ratio: Banking Group (Regulatory requirement: 10%)	12.5%	11.8%	
CAR cover: Momentum Group (Regulatory requirement:1.0 x)	3.1x	2.2x	
CAR cover: Discovery Group (Regulatory requirement:1.0 x)	14.3x	12.9x	
Capital leverage ratio			
Core equity %	72.2	82.9	
Non-cumulative non-redeemable preference shares %	8.6	7.6	
Debt instruments %	19.2	9.5	
	100	100	

SOURCES AND APPLICATION OF CAPITAL

R million	2006	2005	% Change
Sources of consolidated capital at FirstRand			
Ordinary shareholders' equity and reserves			
Ordinary shareholders' equity and reserves	36 530	29 910	22
Non-cumulative non-redeemable preference shares	(4 519)	(2 975)	52
Total ordinary shareholders' equity	32 011	26 935	19
Plus: Treasury Shares	4 348	4 034	
Plus: Excess cost of investment of NAV at date of Merger (Section 84 of Companies Act) High Court approval	1 444	1 444	
Normalised ordinary shareholders' equity	37 803	32 413	17
Non-cumulative non-redeemable preference shares	4 519	2 992	52
Debt capital instruments	10 066	3 686	>100
Total capital sourced	52 388	39 091	34
Application of capital within the FirstRand operating companies			
Banking Group	38 782	31 242	24
Ordinary shareholders' equity	27 755	24 530	13
Non-cumulative non-redeemable preference shares	3 100	3 000	3
Debt capital instruments	7 927	3 712	>100
Momentum Group	8 632	5 763	50
Ordinary shareholders' equity	7 093	5 763	23
Non-cumulative non-redeemable preference shares	500	–	>100
Debt capital instruments	1 039	–	>100
Discovery Group	2 666	2 086	28
Ordinary shareholders' equity	2 666	2 086	28
BEE staff share scheme	2 308		>100
Ordinary shareholders' equity	500	–	>100
Non-cumulative non-redeemable preference shares	1 000	–	>100
Debt capital instruments	808	–	>100
Total capital applied	52 388	39 091	34

	Audited 2006	2005
Opening balance 1 July	5 613 566 954	5 476 374 833
Movements		
Odd lot	–	(49 850)
Outperformance conversion May 2005	–	18 241 971
Share issue (May 2005 – BEE transaction)	–	119 000 000
Actual shares in issue as at 1 July	5 613 566 954	5 613 566 954
Outperformance conversion October 2005	1 465 514	–
Outperformance conversion April 2006	19 088 035	–
Actual number of shares in issue as at 30 June	5 634 120 503	5 613 566 954
Less: **Treasury shares**	(449 689 562)	(426 596 034)
Staff schemes	(242 605 846)	(247 194 962)
BEE staff trusts	(179 401 072)	(179 401 072)
Shares held by policyholders	(27 682 644)	–
Number of shares in issue (after treasury shares)	5 184 430 941	5 186 970 920
Actual number of shares in issue as at 1 July	5 613 566 954	5 476 374 833
Adjustment		
Odd lot offer weighting	–	(38 787)
Outperformance conversion weighting	5 549 512	2 298 988
BEE transaction weighting	–	14 997 260
Weighted average number of shares before treasury shares	5 619 116 466	5 493 632 294
Less: **Treasury shares**	(476 431 135)	(293 768 089)
Staff schemes	(269 347 419)	(271 158 639)
BEE staff trusts	(179 401 072)	(22 609 450)
Shares held by policyholders	(27 682 644)	–
Weighted average number of shares in issue	5 142 685 331	5 199 864 205
Dilution impact:		
Outperformance	6 807 375	42 395 169
Staff schemes	111 997 137	60 181 517
BEE staff trusts	56 119 306	3 999 387
Diluted weighted average number of shares in issue	5 317 609 149	5 306 440 278
Actual weighted average and diluted weighted average number of shares for calculation of normalised earnings and diluted earnings per share		
Shares in issue as at 1 July	5 613 566 954	5 476 374 833
Adjustment		
Odd lot offer weighting	–	(38 787)
Outperformance conversion weighting	5 549 512	2 298 988
BEE transaction weighting	–	14 997 260
Weighted average number of shares in issue for normalised earnings calculation	5 619 116 466	5 493 632 294
Dilution impact:		
Outperformance	6 807 375	42 395 169
Diluted weighted average number of shares in issue for diluted normalised earnings calculation	5 625 923 841	5 536 027 463

The Group believes normalised earnings accurately reflect operational performance. Headline earnings are adjusted to take into account non-operational and accounting anomalies.

R million	Year ended 30 June 2006	2005	% change
Headline earnings (audited)	8 115	6 723	21
Adjustments (unaudited)	703	553	
Private equity realisations	219	406	
Agreement with National Treasury	30	–	
Discovery BEE transaction:	102	–	
Treasury shares	352	147	
– Adjust for effective shareholding in Discovery	(28)	(8)	
– Consolidation of staff share schemes	383	155	
– FirstRand shares held by policyholders	(3)	–	
Normalised earnings (unaudited)	8 818	7 276	21

Private equity realisations

In terms of IFRS, and specifically IAS 28 – "Investment in Associates", investors in private equity or venture capital associate companies may elect to either equity account or fair value associate investments. As part of its conversion to IFRS, FirstRand elected to continue to equity account for its private equity associate investments.

On 4 May 2006, the Accounting Practices Committee, ('APC') of the South African Institute of Chartered Accountants ('SAICA') published Issue 8 of Circular 7/2002 – "Headline Earnings". In terms of the Circular, profits or losses on the realisation of all equity accounted private equity or venture capital investments are to be excluded from the calculation of headline earnings.

FirstRand will continue to disclose normalised headline earnings and normalised headline earnings per share information, which includes the profits or losses on disposal of private equity investments. FirstRand will continue with its policy of using normalised headline earnings as the basis for determination of dividend payments.

FirstRand regards private equity to be a core component of its investment banking business. Accordingly, FirstRand does not agree with the circular and it further believes that the document contradicts the intention of calculating headline earnings, which is to exclude profits and losses on disposal of businesses.

Agreement with National Treasury

The total impact on Momentum and Sage of the agreement with National Treasury that was reached on 12 December 2005, amounts to R196 million after tax. The impact on Momentum is R108 million. The balance of R88 million is a charge against pre-acquisition earnings of Sage.

As a provision of R78 million after tax already existed at 30 June 2005, the full balance of the Momentum charge of R30 million after tax has been taken against current year earnings.

Momentum is well advanced in adapting its systems ahead of the 1 October 2006 implementation date of the agreement reached with National Treasury regarding minimum standards on early termination values.

Discovery BEE transaction

In December 2005, Discovery issued 38.7 million shares in terms of its BEE transaction. The special purpose vehicles and trusts to which these shares have been issued, have been consolidated into the accounts of Discovery, eliminating the share issue.

The normalised adjustment:

- adds back the IFRS 2 charge
- adds back the treasury shares to equity.

Treasury shares: Effective shareholding in Discovery Holdings Limited

Discovery consolidates in its results treasury shares relating to their BEE transaction, which effectively increases FirstRand's share in Discovery from 57.1% to 62.3%. This adjustment relates to reflect the actual shareholding in Discovery of 57.1%

Treasury shares: Consolidation of staff share schemes

FirstRand hedges itself against the price risk of the FirstRand share price in the various staff share schemes. The staff schemes purchase FirstRand shares in the open market to ensure the company is not exposed to the increase in the FirstRand share price. Consequently, the cost to FirstRand is the funding costs of the purchases of FirstRand's shares by the staff share trust. These trusts are consolidated and FirstRand shares held by the staff share scheme are treated as treasury shares.

For purposes of calculating the normalised results, the consolidation entries are reversed and the Group shares held by the staff share scheme are treated as issued to parties external to the Group.

Treasury shares: FirstRand shares held by policyholders

Group companies' shares held by Momentum Group and Discovery Life are invested for the risk and reward of its policyholders, not its shareholders, and consequently the Group's shareholders are not exposed to the fair value changes on these shares. In terms of IAS 32, FirstRand Limited and Discovery Holdings Limited shares held by Momentum Group and Discovery Life on behalf of policyholders are deemed to be treasury shares for accounting purposes. The corresponding movement in the policyholder liabilities is, however not eliminated, resulting in a mismatch in the overall equity and income statement of the Group.

Increases in the fair value of Group shares and dividends declared on these shares increases the liability to policyholders. The increase in the liability to policyholders is accounted for in the income statement. The increase in assets held to match the liability position is eliminated.

For purposes of calculating the normalised results, the adjustments described above are reversed and the Group shares held on behalf of policyholders are treated as issued to parties external to the Group.

Reconciliation of normalised earnings to headline earnings

R million	2006	Unaudited Year ended 30 June 2005	% Change
Normalised earnings refers to the headline earnings adjusting for accounting anomolies to reflect the Group's true operational performance.			
The headline earnings are restated to reflect operational and sustainable earnings			
Headline earnings (audited)	8 115	6 723	21
Adjustments	703	553	
Private equity realisations	219	406	
Agreement with National Treasury	30	–	
Discovery BEE transaction	102	–	
Treasury shares	352	147	
Normalised earnings	8 818	7 276	21
Operating performance			
Banking Group	7 268	6 062	20
Momentum Group	1 564	1 270	23
Discovery Group	424	316	34
FirstRand Limited – company	(164)	(304)	46
Normalised earnings for the operating companies	9 092	7 344	24
Dividend paid to non-cumulative non-redeemable preference shareholders	(274)	(68)	
Normalised earnings for the group	8 818	7 276	21
Adjustments (refer below)	(703)	(553)	
Banking Group (Note 1)			
Private equity realisations	(219)	(406)	
Momentum Group (Note 2)			
Agreement with National Treasury	(30)	–	
Discovery Group (Note 3)	(74)	8	
Treasury shares: Discovery BEE transaction	(102)	–	
Treasury Shares: Adjust for effective shareholding in Discovery Holdings Limited	28	8	
FirstRand Limited Company (Note 4)	(380)	(155)	
Treasury shares: Consolidation of staff share schemes	(383)	(155)	
Treasury shares: FirstRand shares held by policyholders	3	–	
Headline earnings	8 115	6 723	21

R million	2006	Unaudited Year ended 30 June 2005	% change
Normalised earnings per share (cents)			
Basic	**156.9**	132.4	19
Diluted	**156.7**	131.4	19
Headline earnings per share (cents) (audited)			
Basic	**157.8**	129.3	22
Diluted	**152.6**	126.7	20
Weighted average number of shares in issue ("WANOS") (number)			
WANOS for normalised earnings	**5 619 116 466**	5 493 632 294	
Less: Treasury shares	**(476 431 135)**	(293 768 089)	
WANOS for headline earnings	**5 142 685 331**	5 199 864 205	
Diliuted weighted average number of shares in issue (number)			
Diluted WANOS for normalised earnings (refer share information – page 25)	**5 625 923 841**	5 536 027 463	
Diluted WANOS for Headline earnings (refer share information page 25)	**5 317 609 149**	5 306 440 278	

NOTES

	2006	2005	% change
1 Banking Group			
Headline earnings (audited)	**7 049**	5 656	25
Adjustment	**219**	406	
Private equity realisations	**219**	406	
Normalised earnings	**7 268**	6 062	20
2 Momentum Group			
Headline earnings (audited)	**1 534**	1 270	21
Adjustment	**30**	–	
Agreement with National Treasury	**30**	–	
Normalised earnings	**1 564**	1 270	23
3 Discovery Group			
Headline earnings (audited)	**350**	324	8
Adjustments	**74**	(8)	
Discovery BEE transaction	**102**	–	
Treasury shares: Adjust for effective shareholding in Discovery Holdings Limited	**(28)**	(8)	
Normalised earnings	**424**	316	34
4 FirstRand Limited company			
Treasury shares: Consolidation of staff share schemes	**383**	(155)	
Treasury shares: FirstRand shares held by policyholders	**(3)**	–	
	380	(155)	

Credit ratings

FirstRand subsidiaries continue to have strong credit counterparty ratings in South Africa. The current strong credit rating is supported by the solid capital position, the diverse portfolio of activities within the Group, prudent risk management and an enterprise-wide focus on value creation. These objectives are directly linked into the performance measurement system in place for business units and management.

	Fitch Ratings	Standard and Poor's	Moody's Investor Services
FirstRand Bank Holdings	January 2006	January 2006	
Foreign currency	–	–	
– Long-term	BBB+	–	
– Short-term	F2	–	
– Outlook	Stable	–	
National	–	–	
– Long-term	AA(zaf)	–	
– Short-term	F1+(zaf)	–	
– Outlook	Stable	–	
Individual	B/C	–	
Support	5	–	
Counterparty credit	–	BBB/A-2/Positive	
FirstRand Bank Limited	January 2006	January 2006	January 2005
Foreign currency	–	–	Baa1/Prime-2
– Long-term	BBB+	BBB+	–
– Short-term	F2	A-2	–
– Outlook	Stable	Stable	–
Local currency	–	–	A1/P-1
– Long-term	A-	BBB+	–
– Short-term	–	A-2	–
– Outlook	Positive	Positive	–
National	–	–	–
– Long-term	AA+(zaf)	–	–
– Short-term	F1+(zaf)	–	–
– Outlook	Stable	–	–
Individual	B/C	–	–
Support	2	–	–
Counterparty credit	–	BBB/A-2/Positive	–
Bank Financial Strength	–	–	C
Momentum Group Limited	November 2005		
Insurer Financial Strength	AA+		
Local currency			
– Long-term	AA		
– Outlook	Stable		
South African Sovereign ratings	August 2005	August 2005	January 2005
Foreign currency	–	–	Baa1
– Long-term	BBB+	BBB+	–
– Short-term	F2	A-2	–
– Outlook	Stable	Stable	–
Local currency	–	–	A2
– Long-term	A	A+	–
– Short-term	–	A-1	–
– Outlook	Stable	Stable	–
Other short-term	–	–	P-2

Directors

GT Ferreira (Chairman), PK Harris (CEO), VW Bartlett, DJA Craig (British), LL Dippenaar, DM Falck, PM Goss, NN Gwagwa, MW King, YI Mahomed, G Moloi, AP Nkuna, SE Nxasana, SEN Sebotsa, KC Shubane, BJ van der Ross, Dr F van Zyl Slabbert, RA Williams.

Registered office

1st Floor
4 Merchant Place
1 Fredman Drive
Sandton

Secretary and registered office

AH Arnott, BCom, CA(SA)
4th Floor, 4 Merchant Place
Corner of Fredman Drive and Rivonia Road,
Sandton 2196

Postal Address

PO Box 786273, Sandton, 2146
Telephone: +27 11 282 1808
Telefax: +27 11 282 8088
Web address: www.firstrand.co.za

Sponsor

(In terms of JSE requirements)
Rand Merchant Bank
(a division of FirstRand Bank)

Corporate Finance

1 Merchant Place
Corner of Fredman Drive and Rivonia Road
Sandton 2196

Transfer Secretaries

Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street, Johannesburg 2001

Postal Address

PO Box 61051, Marshalltown 2107
Telephone: +27 11 370 5000
Telefax: +27 11 688 5221

Transfer Secretaries – Namibia

Transfer Secretaries (Pty) Limited
Shop No 12
Kaiserkrone Centre
Post Street Mall
Windhoek

Postal Address

PO Box 2401, Windhoek, Namibia
Telephone: +264 61227647
Telefax: +264 61248531

JSE Limited ('JSE')

Ordinary shares	Share code	ISIN Code
– FirstRand Limited	FSR	ZAE 00000 66304
Non-cumulative non-redeemable preference shares		
– "B"	FSRP	ZAE 00000 60141
– "B1"	FSRPN	ZAE 00000 70900

Nambia Securities Exchange ('NSE')

Ordinary shares	Share code	ISIN Code
FirstRand Limited	FSR	ZAE 00000 6304
FNB Namibia Holdings Limited	FNB	NA 00034 75176

Botswana Securities Exchange of South Africa ('JSE')

Ordinary shares	Share code	ISIN Code
FNB Botswana Holdings Limited	FNBB	BW 00000 0066

Bond Exchange of South Africa ('BESA')

Subordinated debt

Issuer	Code	ISIN Code
FirstRand Bank Limited	FRB05	ZAG000031337
FirstRand Bank Limited	FRB03	ZAG000026774
FirstRand Bank Limited	FRB02	ZAG000021593
FirstRand Bank Limited	FRB01	ZAG000021585
Momentum Group Limited	MGL01	ZAG000029935

Introduction

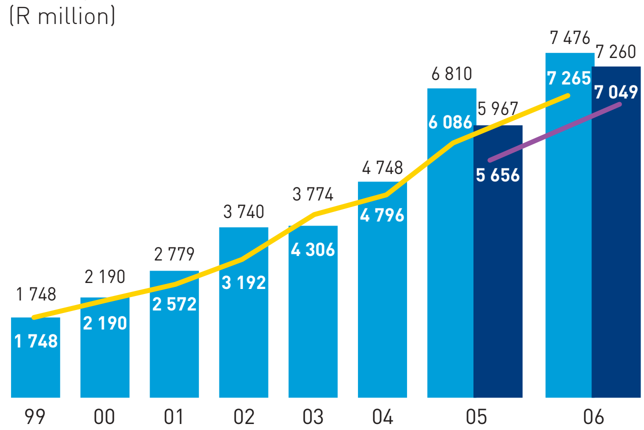
This report reflects the results and financial position of the banking interests of FirstRand Limited ("the Banking Group"), and should be read in conjunction with the report on FirstRand Limited ("FirstRand").

Given certain accounting anomalies that impact on the calculation of headline earnings, this report also discloses normalised headline earnings, which the Banking Group believes is a more accurate reflection of operational performance.

Financial highlights

Audited	**% change**
Attributable earnings	+21.7
Headline earnings	+24.6
	%
Return on average ordinary shareholders' equity (based on headline earnings)	26.0
Cost to income ratio	53.8
Normalised (unaudited)	**% change**
Headline earnings	+19.9

Earnings performance
(R million)



Attributable earnings SA GAAP
Headline earnings SA GAAP
Attributable earnings IFRS
IFRS headline earnings

R million	Audited 2006	2005	% change
Interest and similar income	25 982	23 375	11
Interest expenditure and similar charges	(15 087)	(13 915)	8
Net interest income before impairment of advances	**10 895**	9 460	15
Impairment losses on loans and advances	**(1 411)**	(706)	100
Net interest income after impairment of advances	**9 484**	8 754	8
Non-interest income	**15 512**	11 626	33
Income from operations	**24 996**	20 380	23
Operating expenditure	**(14 875)**	(12 498)	19
Net income from operations	**10 121**	7 882	28
Equity accounted income from associates and joint ventures	**1 259**	987	28
Income before discontinued operations	**11 380**	8 869	28
Loss on disposal of discontinued operations	–	(67)	(100)
Income before taxation	**11 380**	8 802	29
Indirect taxation	**(469)**	(378)	24
Profit before taxation	**10 911**	8 424	30
Direct taxation	**(3 012)**	(2 163)	39
Profit for the year	**7 899**	6 261	26
Attributable to:			
Ordinary shareholders of the Banking Group	**7 007**	5 775	21
Preference shareholders of the Banking Group	**253**	192	32
	7 260	5 967	22
Minority interest	**639**	294	>100
	7 899	6 261	26

R million	Audited 2006	2005	% change
ASSETS			
Cash and short-term funds	**27 710**	23 400	18
Derivative financial instruments	**35 381**	27 752	27
– qualifying for hedging	**428**	811	(47)
– trading	**34 953**	26 941	30
Advances	**294 031**	226 436	30
– at amortised cost	**239 325**	180 060	33
– held-to-maturity	**713**	7 449	(90)
– available-for-sale	**523**	1 648	(68)
– fair value	**53 470**	37 279	43
Investment securities and other investments	**70 728**	51 878	36
Financial securities held for trading	**30 015**	20 738	45
Investment securities	**40 713**	31 140	31
– held-to-maturity	**92**	1 011	(91)
– available-for-sale	**18 912**	14 385	31
– elected fair value	**12 915**	7 563	71
– non-recourse investments	**8 794**	8 181	7
Commodities	**676**	439	54
Loans to Insurance Group	**1 274**	7 268	(82)
Accounts receivable	**3 486**	2 819	24
Investment in associate and joint venture companies	**3 649**	2 936	24
Property and equipment	**4 329**	4 015	8
Deferred taxation assets	**360**	519	(31)
Intangible assets	**764**	498	53
Total assets	**442 388**	347 960	27
LIABILITIES AND SHAREHOLDERS' FUNDS			
Liabilities			
Deposits	**319 522**	247 084	29
– deposits and current accounts	**310 728**	238 903	30
– elected fair value non-recourse deposits	**8 794**	8 181	7
Short trading positions	**28 264**	19 919	42
Derivative financial instruments	**32 972**	25 467	29
– qualifying for hedging	**162**	249	(35)
– trading	**32 810**	25 218	30
Loans from Insurance Group	**4 307**	9 424	(54)
Creditors and accruals	**10 101**	7 313	38
Provisions	**1 985**	1 357	46
Taxation liability	**554**	104	>100
Post-retirement benefit fund liability	**1 597**	1 504	6
Deferred taxation liabilities	**2 724**	2 757	(1)
Policyholder liabilities under insurance contracts	**325**	109	>100
Long-term liabilities	**7 804**	3 356	>100
Total liabilities	**410 155**	318 394	29
Equity			
Ordinary shares	**106**	106	–
Share premium	**1 632**	1 632	–
Non-distributable reserves	**2 738**	2 576	6
Distributable reserves	**23 279**	20 216	15
Total ordinary shareholders' equity	**27 755**	24 530	13
Non-redeemable preference shares	**3 100**	3 000	3
Cumulative redeemable preference shares	**–**	1 045	(100)
Total shareholders' equity	**30 855**	28 575	8
Minority interest	**1 378**	991	39
Total equity	**32 233**	29 566	9
Total equity and liabilities	**442 388**	347 960	27

OVERVIEW

On an IFRS basis, the Banking Group achieved the following results during the year:

R million	2006	% change
Attributable earnings	7 260	22
Headline earnings	7 049	25

These results were achieved in a local and international operating environment characterised by:

- strong growth in consumer credit demand, particularly for asset-backed finance;
- buoyant equity markets, which benefited the Banking Group's equity businesses;
- favourable economic conditions with increased client numbers and transaction volumes;
- continued low average domestic interest rates (2006: 10.53% and 2005: 10.96%) which placed pressure on margins; and
- competitive pricing pressures especially on the asset side of the banking book.

Reconciliation of normalised headline earnings

R million	Year ended 30 June 2006	2005	% change
Attributable earnings	7 260	5 967	22
Adjusted for:			
– Loss on disposal of Ansbacher	–	67	(100)
– Profit on disposal of equity accounted private equity associates	(219)	(406)	(46)
– Other	8	28	(71)
Headline earnings	**7 049**	**5 656**	**25**
Adjusted for:			
– Profit on disposal of equity accounted private equity associates	219	406	(46)
Normalised headline earnings (unaudited)	**7 268**	6 062	20

A detailed description of the calculation of normalised earnings and headline earnings is set out on page 45 of this circular.

Return on equity – Normalised (unaudited)

R million	Year ended 30 June 2006	2005	% change
Normalised headline earnings	7 268	6 062	20
Average ordinary shareholders' equity	26 143	22 594	16
Return on equity (%)	27.8	26.8	

Performance against targets

The Banking Group achieved the following results against internal performance targets for the year under review:

%	Performance target	Actual achievement 2006
Return on equity[1]	20.0	26.0
Headline earnings growth[2]	14.3	24.6
Cost to income ratio[3]	54.0 – 56.0	53.8
Impairment charge as a percentage of average gross advances[4]	0.7 – 0.9	0.54
Growth in ordinary shareholders' equity[5]	12.0	13.1

Notes:

1. *Calculated as headline earnings attributable to ordinary shareholders as a percentage of average ordinary shareholders' equity. The Banking Group targets a return on average ordinary shareholders' equity figure of weighted average cost of capital + 10 percentage points.*
2. *The Banking Group targets a growth of average CPIX + 10 percentage points.*
3. *The Banking Group has set a medium-term objective of maintaining a cost to income ratio of between 54.0% and 56.0%.*
4. *Medium-term objective given current risk profile.*
5. *The Banking Group targets a growth of 60% of return on equity.*

Business unit performance (pre-IFRS)

All the major business units in the Banking Group produced excellent results as reflected in the profit before tax results below:

R million	Year ended 30 June 2006	2005	% change
FNB	5 060	4 147	22
WesBank	1 755	1 404	25
RMB	2 608	1 890	38
Africa	768	653	18

FNB achieved strong growth benefiting from:

- a significant increase of 17% in the number of customers as well as gains in market share;
- organic growth of 31% in gross advances, with growth of 40% in home loan and 36% in card advances, with personal loans showing an increase of 34%;
- strong deposit growth of 20%;
- interest income growth of 19%, benefiting from the balance sheet growth reflected above; and
- non-interest income growth of 21% as a result of a significant increase in client numbers and higher transaction volumes.

WesBank increased profit primarily as a result of:

- new business growth of 28%, benefiting from continued growth in the industry as well as an increase in market share;
- a 24% increase in gross advances (27% excluding the impact of securitisations during the year); and
- a 26% increase in non-interest revenue due to high new business volumes, higher penetration of insurance products and an increase in the contribution from WesBank's fleet management division.

RMB results were driven by:

- an exceptional performance from the equity businesses which prospered from strong demand and favourable market conditions;
- good corporate finance deal flow in an environment characterised by high levels of business confidence and continued BEE activity;
- an improved performance from the debt businesses, in particular the emergence of property finance as a significant contributor to RMB's performance; and
- a sustained focus on client relationships, in addition to continued innovation around products.

FNB Africa performed well benefiting from:

- pleasing performances from both FNB Namibia and FNB Botswana despite slow-growing economies;
- the implementation of growth initiatives in FNB Botswana and FNB Namibia;
- a significant increase in the profit contribution from FNB Swaziland following a restructure;
- excellent deposit growth of 64% with increased contributions from all subsidiaries; and
- a strong focus on increased efficiencies in the businesses.

Economic overview

The economy's strong performance continued during the 2006 financial year. Against a backdrop of relatively stable inflation and low interest rates, there was again strong growth in expenditure, income and output. These favourable conditions allowed corporate profitability and private sector fixed investment to rise appreciably, which supported job creation.

The favourable position in which consumers found themselves over the past financial year is reflected by the record high levels of the FNB/BER Consumer Confidence Index. The positive mood, coupled with low interest rates, encouraged substantial increases in consumer borrowings. Demand for asset-backed credit was especially strong, driven largely by mortgage finance and auto loans. Further income tax relief and the increase in government grants boosted the income of many of the lower-income groups and so supported consumer spending.

Companies positioned to take advantage of the buoyant domestic demand experienced strong increases in profitability. This was reflected in the RMB/BER Business Confidence Index, which maintained record high levels. Though the corporate sector in general is cash flush, corporate credit demand strengthened as companies took advantage of the strong economy and favourable financing conditions to fund capital expenditure projects. The rise in private sector fixed investment is increasingly being underpinned by the investments of the public corporations, which are the engines of government's capital expenditure drive now getting underway.

Following sharp declines of the previous two years, short-term interest rates held steady during the year under review. The low level of interest rates supported further asset price growth, with share prices on the JSE Limited scaling new highs as companies reported record earnings. However, without the boost of further interest rate reductions, property prices lost some of the momentum of previous years.

The increases in interest rates in June and August will have some impact on consumer spending, the demand for credit, and the Banking Group's bad debt experience.

Financial review

INCOME STATEMENT – OVERVIEW

The Banking Group produced excellent results with outstanding performances from FNB, WesBank and RMB.

Net interest income ("NII") (before impairment of advances) – up 15%

Excluding the impact of IFRS, NII increased by 14%. The IFRS impact of 1% (R90 million) results primarily from the capitalisation of certain fees and expenses previously recognised respectively as non-interest revenue and operating expenses under SA GAAP, but which are now amortised as part of the interest income in terms of IFRS.

Interest rates remained steady during most of the year with the SARB announcing a 0.5% increase in rates in June 2006.

The volume impact of year-on-year growth of 30% in advances, together with the Banking Group's hedging strategies more than compensated for pressure on margins experienced during the period. Margin pressure on certain asset generators within the Banking Group (eg FNB HomeLoans and WesBank) continued during the financial year, primarily due to competitive pricing pressure. The increased use of wholesale funding sources as a result of the low retail savings rates further exacerbated the margin squeeze on liabilities.

Interest margins showed a decrease from 4.33% at 30 June 2005 to 4.20% as set out below:

%	Year to June 2006
Margin on interest earning assets – June 2005	4.33
Impacted by:	(0.13)
Lending margins	(0.25)
Funding margins	(0.02)
Capital	0.13
Hedges	(0.10)
IFRS	0.03
Other	0.08
Margin on interest earning assets – June 2006	4.20

Net interest income and interest margins were positively influenced by:

- the volume effect from the significant organic growth in advances and deposits;
- the increase in the average capital base following the retention of earnings in the previous year; and
- the improved mix arising from an increase in retail advances and a decrease in corporate advances.

Negative factors included:

- the general impact of a structurally lower interest rate environment on margins;
- the continued margin squeeze, partially as a result of competitive pressure, on the prime-linked portion of the banking book;
- the run-off and resultant lower contribution of the hedges on the endowment and funding portfolios in comparison with the prior year;
- the replacement of the older fixed-rate book, primarily in WesBank, with new advances at lower rates; and
- compression of short-term funding rates.

Non-interest income ("NIR") – up 33%

On a pre-IFRS basis and excluding currency translation gains or losses NIR increased by 30%. The IFRS impact of R229 million in the current year results from the capitalisation of certain fees disclosed as non-interest revenue under SA GAAP, which are included as part of interest income in terms of IFRS, as well as a change in the disclosure to reflect certain revenue-related expenses such as commissions, profit shares and incentives in operating expenses, bringing the Banking Group's disclosure in line with industry practice.

A detailed analysis of non-interest income is set out on pages 6 to 9 of the supplementary information document.

The various components of non-interest income are discussed in more detail below:

Fee and commission income

Banking fee and commission income increased primarily due to increased customer numbers and increased transaction volumes.

FNB's operations benefited from increases in customer numbers and higher transaction volumes:

- the Consumer segment showed a 14% growth in customers, with the biggest contributors being card (28%) and personal loans (32%);
- the Mass segment increased transacting accounts by 18% and recorded growth in ATM transactions of 19%;
- the Corporate segment's growth was mainly the result of increased electronic channel use; and
- the Commercial segment growth was predominantly driven by increased activity and a 18% growth in active accounts in the business segment.

WesBank's non-interest income growth of 26% resulted from the continued high new business growth, increased sales of insurance products in line with new business growth and an increased contribution from WesBank Auto, providing a fleet card offering, due to the higher customer numbers.

Knowledge-based fee income was flat year-on-year. This was primarily due to the inclusion of Ansbacher for four months in the comparative period. Excluding Ansbacher from the comparative numbers, knowledge-based income increased by 14% year-on-year. The continued buoyant market for mergers and acquisitions and increased deal flow in structured finance transactions contributed to growth in knowledge-based income in RMB.

Income from fair value assets

RMB's equities trading businesses performed exceptionally well with the agency and structuring activities capitalising on strong client demand associated with record volumes on the JSE. The proprietary trading and arbitrage businesses benefited from favourable market conditions.

Income from fair valued assets within RMB Structured Finance grew strongly in the year driven by the robust economy and in particular, the buoyant property market and continued BEE activity.

Treasury trading business conducted by RMB delivered good results from structuring activities but the proprietary trading areas struggled in generally benign interest rate and currency markets that characterised the majority of the year.

Investment income

Investment income includes realised gains and losses from the Banking Group's private equity portfolios managed by RMB.

The private equity businesses had an outstanding year. In an environment conducive to realisations, good profits were booked on the sale of a number of assets in the portfolio. BEE activity has also provided the opportunity to invest more than R500 million during the year. In spite of the realisations, unrealised profits in the portfolio grew to R1 098 million (2005: R1 070 million). Consistent with prior years, this profit is not recognised until realised.

Equity accounted income – up 28%

On a pre-IFRS basis equity accounted income increased by 39%. The IFRS impact of 11% (R36 million in the current year and R109 million in the prior year) results from the change in accounting policy in terms of IFRS to equity account joint ventures as well as the impact of the adoption of IFRS on underlying investee companies.

The increase is as a result of:

- a strong performance from OUTsurance (up 25%) which benefited from continued growth in retail client numbers and new business flows in Business OUTsurance;
- growth in the contribution from WesBank associates reflecting strong underlying business performance and benefiting from the disposal of an associate during the financial year, which is reflected as part of associate income;
- an increase of 32% in income from private equity associate companies due to the benefits derived from the robust economic conditions; and
- the realisation of the underlying assets of a private equity associate of RMB, resulting in an attributable profit on sale of R144 million, which is reflected as income from associates.

Operating expenditure – up 19%

Excluding the impact of IFRS, operating expenditure increased by 16%. The negative IFRS impact of 3% (R501 million in the current year) results from the capitalisation of certain expenses recognised as operating expenses under SA GAAP, which are included as part of the yield in terms of IFRS, offset by a change in the disclosure to reflect certain revenue-related expenses such as commissions, profit share and incentives in operating expenses, bringing the Banking Group's disclosure in line with industry practice.

The increase was driven to a large extent by the growth in the South African operations.

Direct staff costs increased by 14%, due primarily to increased staff numbers to support the significant new business growth experienced in WesBank, FNB and RMB.

Certain variable cost increases directly related to income, including incentives and eBucks, increased by 11% from R359 million to R397 million.

Other operating costs increased primarily due to:

- significantly higher acquisition costs of R478 million (2005: R327 million) relating to new business volumes in the home loans book;
- an increase in advertising and marketing spend of 14%;
- branch enhancements and investment in growth initiatives in FNB;
- infrastructure expansion costs relating to the current and expected future new business growth in FNB, WesBank and RMB; and
- investment in infrastructure transformation made by RMB.

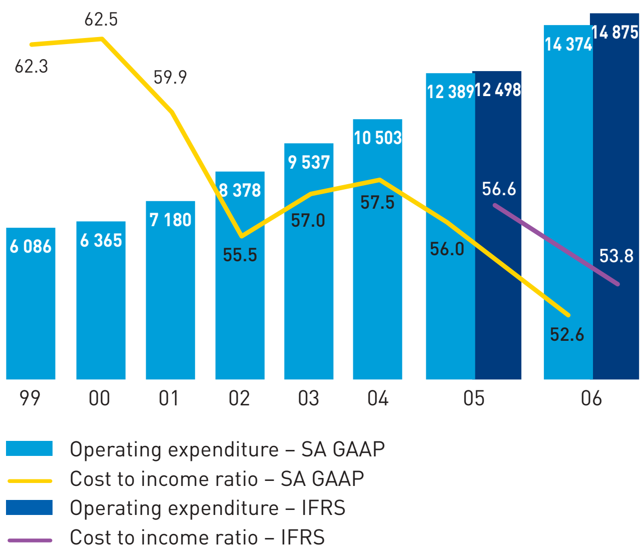
A detailed analysis of operating expenditure is set out on page 11 of the supplementary document.

Cost to income ratio

On a pre-IFRS basis, the cost to income ratio improved from 56.0% at 30 June 2005 to 52.6%. Under IFRS, the ratio improved from 56.6% to 53.8%.

The historic trend in the cost to income ratio, excluding the effect of translation gains or losses, is shown below:

Operating efficiency
(R million)



Direct and indirect taxation

The direct tax charge as a percentage of income before direct tax increased from 24.8% to 27.6%. The year-on-year increase is primarily due to an increase in STC paid, as well as certain prior period reassessments which occurred during the current year.

BALANCE SHEET

Advances – up 30%

The Banking Group distinguishes between advances originated and managed on an accrual basis and those advances which are designated and managed on a fair value basis within RMB's businesses.

The Banking Group achieved growth of 27% in accrual advances, from R189.2 billion to R240.6 billion.

FNB achieved growth of 31% in gross advances due to:

- 40% growth in HomeLoans, which benefited from the continued growth shown in the residential property market. This increase was driven by a 58% increase in new business written. New business market share was retained at 20.7%;
- Card Issuing advances growing by 36% and Personal Loans by 34% benefiting from the continued consumer demand for credit as well as an increase in product offering;
- advances in FNB's Wealth segment growing by 29% as a result of strong growth in their target market; and
- advances in the Commercial segment, which includes mid-corporates, grew by 25% as a result of an increased focus in this segment, driven by FNB Leveraged Finance, Debtor Finance, Commercial Property Finance and Agriculture.

WesBank's advances grew by 24% year-on-year (27% excluding the impact of securitisations) which is directly related to the high new business production across all divisions. WesBank further grew market share in all operational segments during the year under review.

The African subsidiaries increased advances by 15%, primarily benefiting from strong advances growth of 19% in Namibia which benefited from continued strong growth in instalment finance and home loan advances.

The Collateralised Debt Obligation portfolio was further reduced during the financial year in line with previously stated intention to actively reduce exposures to these instruments.

The conversion to IFRS had an immaterial effect on disclosed advances.

Deposits – up 29%

Growth in deposits was driven primarily by the need to fund the growth in advances. There is a continued focus by management to optimise the mix of the deposit book. Liability balances continue to increase in line with funding requirements of the Banking Group.

FNB's deposits increased by 20% with the Commercial, Corporate and Consumer segments being the main contributors. Increased market share of transactional banking and savings and investment products in Consumer led to an increase of 15% in the retail side of the deposit book. Growth of 20% and 29% in Commercial and Corporate, respectively, reflected the cash flush position of medium and large corporates and an increased focus on increasing market share in this segment.

Overall, FNB Africa increased deposits by 64%. The main contributor to this was the Bank of Botswana's revision of the Bank of Botswana Certificates participation programme which allowed FNB Botswana to attract deposits.

RMB increased deposits by 53% primarily due to higher cash collateral balances in the Equity trading businesses as well as repo activity in the Treasury environment.

CREDIT RISK MANAGEMENT

Non-performing loans ("NPLs") and impairment of advances

Credit conditions remained benign throughout most of the financial year. Non-performing loans remain near an all time low at 1.42% (2005: 1.42%) while the income statement charge on average gross advances of 0.54% (0.50% on a pre-IFRS basis), although starting to normalise, is still below the expected long run average levels at 0.7% (2005: 0.7%).

The credit market did show some signs of moderation towards the final quarter of the year as a result of the regearing of the consumer that has taken place. Higher expected interest rates going forward can be expected to contribute towards further normalisation of bad debts and NPLs. The Banking Group does, however, actively manage its credit portfolios in the light of changing macro-economic conditions through appropriate focus on credit provisioning practices, its origination strategies and the consideration of credit portfolio hedges, where appropriate.

The table below summarises key information on NPLs and impairments in the credit portfolio for the year under review on an IFRS basis:

	At/Year ended 30 June		%
	2006	2005[1]	change
Total advances net of interest in suspense ("ISP") (R million)	**297 162**	228 946	30
NPLs (R million)	**4 211**	3 241	30
NPLs as % of gross advances	**1.42**	1.42	–
Specific and portfolio impairments reflected in the balance sheet	**3 131**	2 510	25
Impairment charge (R million)	**1 411**	706	100
Impairment charge as a % of average gross advances	**0.54**[2]	0.32[3]	69
Total impairments as a % of NPLs after ISP	**86.0**	91.4	(6)

Notes:

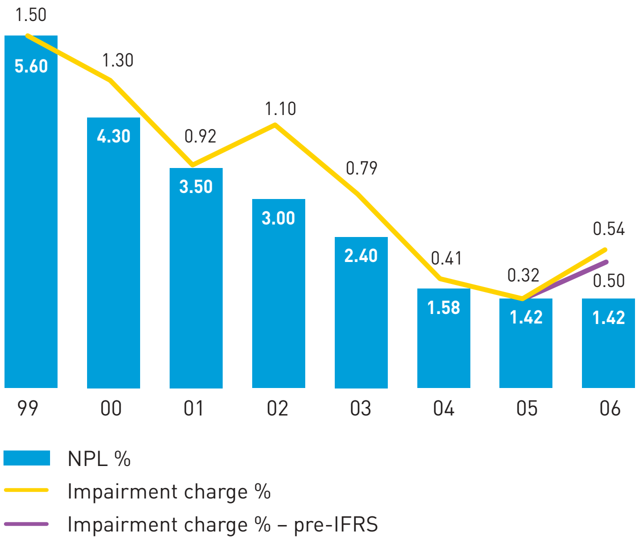
1. *The 2005 information is on a pre-IFRS basis.*
2. *The impairment charge for the six-month period ended 31 December 2005, amounted to 0.48% of average gross advances.*
3. *During the 2005 financial year, the Banking Group recovered R134 million bad debts previously written off against Relyant.*

The higher nominal Rand amount of non-performing loans can be ascribed to:

- the increase in rates in June 2006 and the expected further rate increases over the next financial period is expected to lead to an increase in credit default levels; and
- higher levels of customer credit extension impacting the ability to service debt levels.

The graph below indicates the history of the Banking Group's bad debt experience reflected by the impairment charge percentage and non-performing loans.

NPLs and impairment charge percentages
(%)



Note:
Non-performing loans are classified as such based on the definition of default used by the Banking Group. The non-performing loans percentage includes the total value of non-performing loans classified into this category in the current year, as well as those of previous years that are still being collected/worked out. The impairment charge percentage is the bad debt charge to the income statement as a percentage of total average advances in the year based on the application of the Bank's internal provisioning policies and on the accounting basis applicable at the time (SA GAAP prior to 2006).

Credit quality overview

The FirstRand master rating scale, the FR ratings, range from FR 1 to FR 100, with FR 1 being the best rating with the lowest probability of default. The FR rating has been mapped to default probabilities as well as external rating agency national and international rating scales. The granular 100 point scale is summarised for internal purposes into 18 buckets and for reporting purposes into eight buckets as described below.

The FR scale is summarised in the following table:

FR rating	Mid-point PD %	International scale mapping*	National scale equivalent (zaf)**
FR 1 – 11	0.03	AAA, AA, A	AAA, AA+
FR 12 – 27	0.32	BBB	AA, AA–
FR 28 – 32	0.83	BB+, BB	A
FR 33 – 47	1.84	BB–	BBB
FR 48 – 59	3.38	B+	BB
FR 60 – 82	6.52	B	B+
FR 83 – 90	13.55	B–	B
Above FR 90		Below B–	CCC

* *Indicative mapping to international rating scale of Fitch and S&P.*
** *Indicative mapping to national rating scale, ignoring the impact of sovereign risk.*

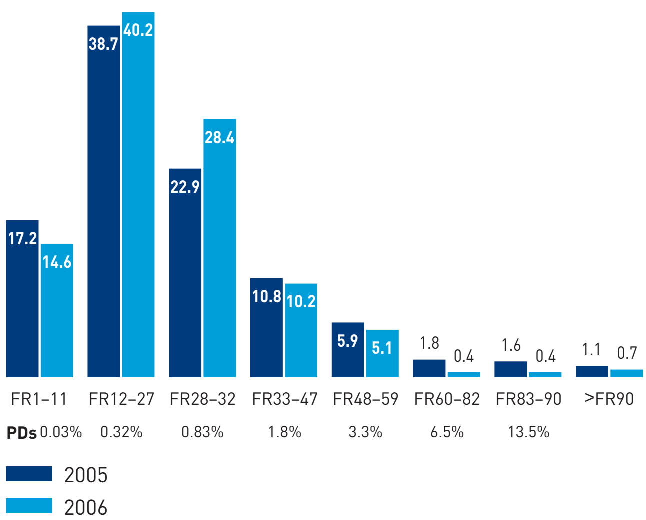
The credit quality of the wholesale credit book improved slightly during the year due to improved ratings for certain corporate counterparties after the adjustment of the South African sovereign rating which serves as a rating ceiling for most local corporates. The weighted average rating for retail credit counterparties deteriorated slightly due to the normalisation of the retail credit markets. The overall internal counterparty rating, ignoring collateral effects, was FR 41 at 30 June 2006 (FR 40 at June 2005). The rating is equivalent to a national scale credit rating of zaBBB (zaBBB at 30 June 2005).

The graphs in the section below describe the main credit portfolios in terms of distribution across rating grades. These distributions provide an overview of the credit quality of the book.

Wholesale credit exposures

The following graph indicates the credit distribution based on the wholesale corporate counterparty's probability of default ("PD") and FR ratings for the portfolio (excluding the financial institution and sovereign exposures):

Wholesale credit portfolio
Exposure distribution across rating buckets (%)



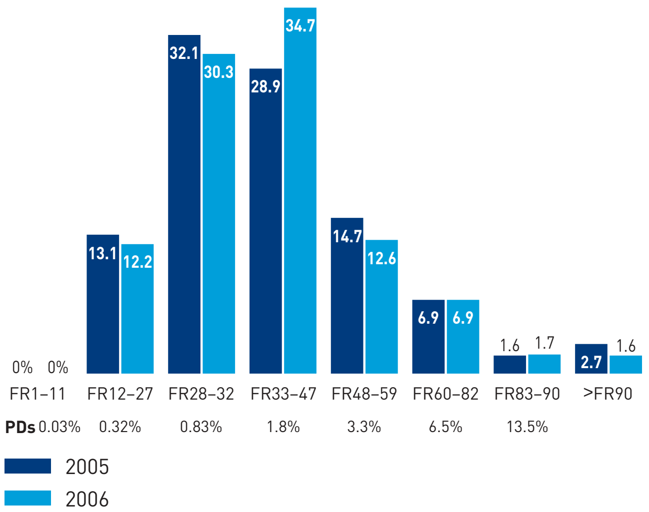
The LGD for the wholesale credit portfolio is generally between 30% and 50%.

Retail and SME credit exposures

The following graph indicates the credit distribution based on the retail and SME counterparty's PD and FR ratings for the portfolio:

Retail and SME credit portfolio

Exposure distribution across rating buckets (%)



The LGDs for these exposures are dependent on the level and type of security held. The LGD for residential mortgages typically ranges between 10% and 30% and for asset-backed finance transactions (typically in WesBank) between 30% and 50%. For the unsecured exposures, the LGD ranges between 50% and 70%.

Portfolio analysis – Expected loss

The expected loss ("EL") of the portfolio is a function of the exposure at default, probability of default (reflected in the credit distributions above) and the loss given default dimension which incorporates collateral. It is a forward looking measure of risk through the cycle. The forward looking long run average expected loss estimated at 30 June 2006 for the Bank's portfolio is estimated at 0.7% (June 2005 0.7%), which is in line with the internal targeted loss ratio of between 70 and 90 basis points.

The Bank conducts macro-economic sensitivity analysis to test the resilience of the credit portfolios to events such as interest rate shocks.

Capital

CAPITAL SUPPLY AND DEMAND

Management analyses the required and qualifying capital positions of FirstRand Bank Limited monthly, while a review of the Banking Group is performed quarterly. A forecast of the future capital position is included, and often used as input when deciding on the time and size of new capital issuances.

Credit growth in the country has continued unabated, as evidenced by significant growth in all risk-weighted assets. The sound capital position reported at the end of June 2005 has allowed FirstRand Bank to invest in this strong growth, and has positioned the bank well to meet future demands for capital.

Management has also driven a number of capital initiatives during the past financial year to bolster FirstRand Bank's strong capital position, and to ensure that the Banking Group's sound Tier 1 and total capital adequacy ratios are maintained.

In October 2005, FirstRand Bank raised R1 billion in subordinated debt in the capital markets. This was followed up with a further R3 billion issuance during June 2006.

During March 2006, the Banking Group also securitised R2 billion worth of instalment finance assets originated by WesBank.

As FirstRand Bank generates earnings that are adequate to meet new capital requirements, the focus of management is more on arriving at the most cost-effective capital structure than obtaining sufficient capital to fund expansion initiatives.

CAPITAL ADEQUACY RATIOS

The registered banks in the Banking Group must comply with the SARB regulations and those of their home regulators, which in general have been based on the international Basel 1 principles. The capital base provides the foundation for lending, off-balance sheet transactions and other activities.

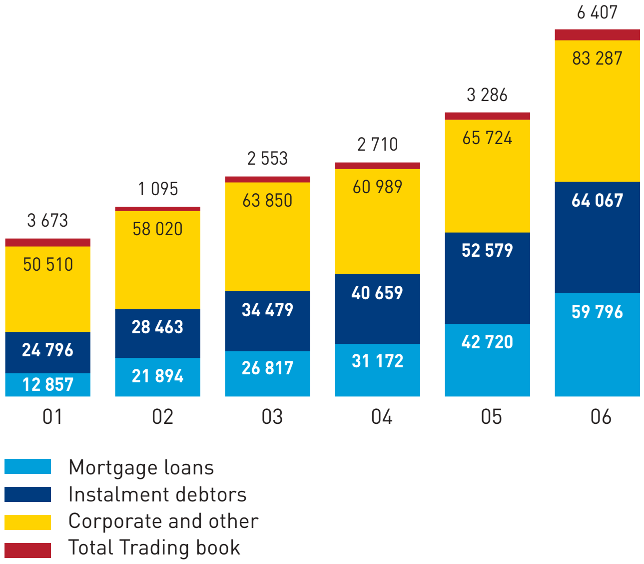
%	Total	Tier 1
Disclosed capital adequacy	12.8	9.0
Appropriation of profits	0.2	0.2
Adjusted actual capital adequacy	13.0	9.2

FirstRand Bank has always held total capital and Tier 1 capital well in excess of the minimum requirements of the SARB. The capital adequacy ratio has improved over the last year and is now at the higher end of the capital adequacy target range. Banks in South Africa are also only allowed to appropriate income once approved by the board of directors. Going forward, the appropriation of income to Tier 1 will be considered at board meetings on at least a quarterly basis.

FirstRand Bank monitors the capital adequacy position closely – the significant growth in risk-weighted assets has been counterbalanced by strong growth in earnings, active balance sheet management and the issuance of subordinated debt instruments in a timely manner throughout the year.

The graph below shows that the significant growth in risk-weighted assets was driven primarily by mortgage loans and instalment debtors.

Total risk-weighted assets
(R million)



CAPITAL ADEQUACY

The Banking Group is capitalised at the higher of economic and regulatory capital (inclusive of an appropriate buffer). This is done at both group level and in each of the operating entities within the Group. The table below highlights the targeted and actual capital levels for the year ended 30 June 2006:

%	Total capital adequacy Target	Total capital adequacy Actual	Tier 1 capital – core Target	Tier 1 capital – core Actual
FirstRand Banking Group – regulated bank and non-bank entities	12 – 12.5	12.8	7 – 8	7.8
FirstRand Banking Group – regulated bank entities	12 – 12.5	12.5	7 – 8	7.2
FirstRand Bank	11 – 11.5	12.0	6 – 7	6.3

The capital adequacy position of the Banking Group can further be analysed as follows:

FirstRand Bank Limited	At 30 June 2006	2005
Tier 1 %	**7.7**	7.9
Total capital adequacy %	**12.0**	11.1
Risk-weighted assets (R million)	**213 557**	164 309

The consolidated capital adequacy position of the domestic and international regulated entities in the Banking Group is set out below:

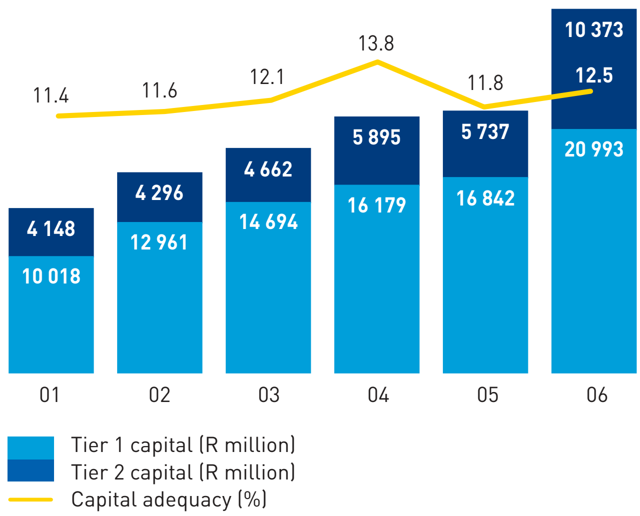
FirstRand Banking Group – regulated banking entities	At 30 June 2006	2005
Tier 1 %	**8.4**	8.8
Total capital adequacy %	**12.5**	11.8
Risk-weighted assets (R million)	**250 484**	191 566

FirstRand Banking Group – regulated bank and non-bank entities	At 30 June 2006	2005
Tier 1 – core %	**7.8**	9.2
Tier 1 %	**9.0**	10.8
Total capital adequacy %	**12.8**	13.8
Risk-weighted assets (R million)	**269 272**	191 022

REGULATORY CAPITAL HISTORY

The graph below provides a six year overview of the regulatory capital position of the banking operations in Banking Group since June 2001:

Banking Group regulatory capital position



Economic profit, or Net Income after capital charge ("NIACC")

The incorporation of an opportunity cost of equity capital into the Banking Group's performance measurement system potentially offers great benefits in terms of improved risk management, greater efficiency in the use of capital, and quicker and more informed decision-making on the part of managers.

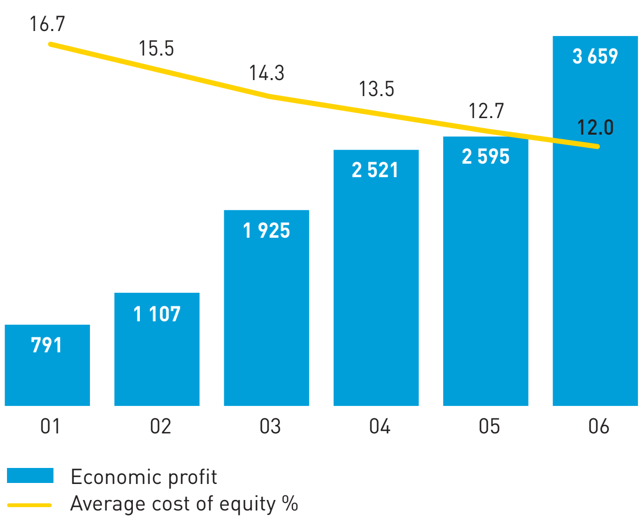
Economic profit and risk-adjusted performance measurement principles have been embedded in the management culture of the organisation through economic profit contribution measurement. Economic profit (also referred to as net income after capital charge) is a function of the headline earnings and capital utilised in the businesses. This measurement aligns the interests of management with those of shareholders.

Economic profit = headline earnings – (cost of equity x average shareholders' equity and reserves)

R million	At 30 June 2006	2005
Headline earnings (IFRS compliant)	**7 049**	5 656
Preference dividends paid during year	**(253)**	(192)
Headline earnings attributable to ordinary shareholders	**6 796**	5 464
Charge for capital	**(3 137)**	(2 869)
Net economic profit	**3 659**	2 595
Average ordinary shareholders' funds	**26 143**	22 594
Return on average ordinary shareholders' equity %	**26.0**	24.2

The graph below indicates the growth in economic profit and the internally estimated cost of equity of the Banking Group:

Net economic profit*



** Economic profit for 2001 to 2004 based on pre-IFRS basis.*

Capital instruments

FirstRand continues to actively manage the structure of its capital base to ensure that it remains cost effective, while creating value for its shareholders. It provides management with the tools to manage the total capital ratio in order to uphold the bank's sound capitalisation and credit ratings.

In October 2005, FirstRand Bank issued R1 billion of subordinated bonds. In June 2006, there was a further issue to the value of R3 billion.

Outstanding Tier 2 capital securities accounted for R6.8 billion in eligible capital of FirstRand Bank as at 30 June 2006.

Securitisation

Worldwide, securitisations are an essential part of the financial markets, providing liquidity by enabling investors access to specific portfolios of assets and risks.

Securitisations enhance a bank's liquidity position, diversify its sources of funding across the maturity spectrum and optimise the composition of its balance sheet. It improves the liquidity risk position of the bank through matched funding as the cash flow profile of the securitisation bonds generally match the cash flow profile of the assets securitised.

During March 2006, FirstRand Bank securitised R2 billion of auto loans originated by WesBank. It is the first year that the Bank has securitised these kinds of assets.

Management has obtained approval from the SARB to securitise up to R15 billion of asset-backed securities, primarily home loans and auto loans originated by FNB HomeLoans and WesBank, respectively.

Reconciliation of ordinary shareholders' equity

	R million	% change
Opening balance – 30 June 2005	24 416	
Impact of adopting IFRS	114	
Restated opening balance – 30 June 2005	24 530	
Impact of adopting IFRS – 1 July 2005	(328)	(1.3)
Attributable income for the year	7 260	29.6
Ordinary dividends paid during the year	(3 600)	(14.7)
Preference dividends paid	(253)	(1.0)
Other movements in reserves*	146	0.6
Closing balance – 30 June 2006	27 755	13.2

* *Includes changes in General Risk Reserve, Cash Flow hedging reserve and Share-based payment reserve.*

Basel II implementation

The Banking Group's Basel II implementation is progressing well. Current focus areas include the analysis of the new regulatory reporting requirements, model refinements and preparation for the model approval process that will be conducted by the South African Reserve Bank.

Contingent liabilities

There are a number of claims or potential claims made or pending against the Banking Group, the outcome of which cannot be quantified. The potential financial impact of these claims is not expected to be material for the Banking Group either on an individual or a combined basis. Provision is made for all liabilities as defined in IAS 37 – Provisions, contingent liabilities and contingent assets, which are assessed as probable at the reporting date.

Accounting policies

The Banking Group prepares its consolidated financial statements on a going concern basis using the historical cost basis, except for certain financial assets and liabilities where it adopts the fair value basis of accounting. These financial assets and liabilities include:

- financial assets and liabilities held for trading;
- financial assets classified as available-for-sale;
- derivative assets and liabilities; and
- financial assets and liabilities elected to be carried at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Banking Group's accounting policies.

Normalised earnings and headline earnings

Due to the IFRS 1 exemptions mentioned in Annexure 1, all IFRS accounting statements were not uniformly applied to the 2005 and 2006 IFRS compliant results. As a result, normalised results are presented for both financial periods to allow for comparable information. The following adjustments have been made:

- Private equity realisations
  In terms of IFRS, and specifically IAS 28 – "Investment in Associates", investors in private equity or venture capital associate companies may elect to either equity account or fair value associate investments. As part of its conversion to IFRS, the Banking Group elected to equity account for its private equity associate investments.

  On 4 May 2006, the Accounting Practices Committee ("APC") of the South African Institute of Chartered Accountants ("SAICA") published Issue 8 of Circular 7/2002 – "Headline Earnings". In terms of the interpretation of this Circular, profits or losses on the realisation of all equity accounted private equity or venture capital investments are to be excluded from the calculation of headline earnings.

  The Banking Group regards private equity to be a core component of its investment banking business. Accordingly, the Banking Group does not agree with the interpretation by the APC with respect to equity accounted private equity investments. The Banking Group believes that the interpretation contradicts the intention in calculating headline earnings, which exclude profits and losses on disposal of businesses, in the context of a private equity business.

- The impact of the adoption of IFRS has been removed from the normalised result.

Prospects

The prospects for continued strong economic growth in South Africa remain good.

The first cycle of interest rate increases which occurred in June and again in August 2006, is expected to result in the historically low levels of bad debts experienced over the last few years of between 30 and 50 basis points to trend back to the long-term through-the-cycle average of between 70 and 90 basis points.

Furthermore, the higher level of interest rates is expected to have a dampening effect on consumer credit demand and consumer spending. However, anticipated strong public and private sector fixed investment leading up to 2010 together with increased BEE activity and albeit at lower levels, consumer expenditure, should underpin future growth in the economy.

The challenge going into the 2007 financial year will be to maintain strong top-line growth while managing expected increases in bad debt levels. Increased efficiencies in an operating environment where margins remain under pressure will remain an imperative.

Within this context and barring any unforseen circumstances, the Banking Group is confident of achieving its growth target of a 10% real return to shareholders.

On behalf of the directors

GT Ferreira
Chairman

SE Nxasana
Chief Executive Officer

FirstRand Bank Holdings Limited
(Registration No 1971/009695/06)

Registered office
1st Floor
4 Merchant Place
1 Fedman Drive
Sandton

Implementation of IFRS

The Banking Group adopted IFRS with effect from 1 July 2005. A reconciliation of the financial results on an IFRS and SA GAAP basis for the years ended 30 June 2005 and 30 June 2006, is set out below:

	Unaudited year ended 30 June 2006		Audited year ended 30 June 2006	Audited year ended 30 June 2005		
R million	**SA GAAP**	**IFRS adjustment**	**IFRS**	SA GAAP	IFRS adjustment	IFRS
Net interest income before impairment of advances	10 805	90	10 895	9 497	(37)	9 460
Impairment losses on loans and advances	(1 311)	(100)	(1 411)	(706)	–	(706)
Non-interest income	15 283	229	15 512	12 001	(375)	11 626
Operating expenditure	(14 374)	(501)	(14 875)	(12 389)	(109)	(12 498)
Equity accounted income	1 223	36	1 259	877	110	987
Profit/(loss) on disposal of discontinued operation	–	–	–	346	(413)	(67)
Indirect taxation	(469)	–	(469)	(378)	–	(378)
Direct taxation	(3 042)	30	(3 012)	(2 146)	(17)	(2 163)
Income after taxation	8 115	(216)	7 899	7 102	(841)	6 261
Minority interest	(639)	–	(639)	(292)	(2)	(294)
Attributable earnings	7 476	(216)	7 260	6 810	(843)	5 967
Headline earnings adjustment:						
– Other	8	–	8	28	–	28
– Profit on disposal of equity accounted private equity associates	(219)	–	(219)	(406)	–	(406)
– Profit/(Loss) on disposal of discontinued operation	–	–	–	(346)	413	67
Headline earnings	7 265	(216)	7 049	6 086	(430)	5 656

In accordance with the transitional provisions set out in IFRS 1, "First-time Adoption of International Financial Reporting Standards", and other relevant standards the Banking Group has applied IFRS applicable as at 30 June 2006 in its financial reporting with effect from the Banking Group's transition date on 1 July 2004, with the exception of the standards relating to financial instruments and insurance contracts which were applied from 1 July 2005. Therefore the impact of adopting IAS 32, IAS 39 and IFRS 4 are not included in the 2005 comparatives in accordance with IFRS 1. The Banking Group previously followed South African accounting standards.

Detailed information relating to the changes resulting from the adoption of IFRS on the Banking Group was published in a separate document together with the Banking Group's interim results on 28 February 2006.

This document is available on the Banking Group's website and from the company secretary's office.

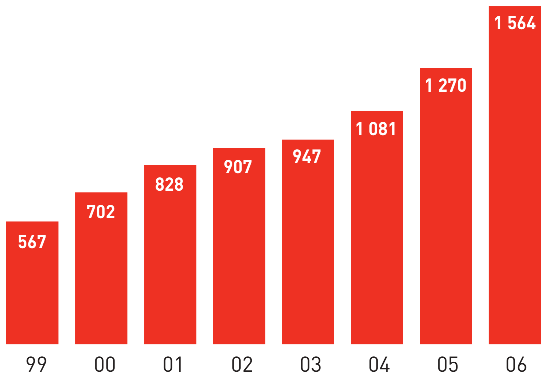
Introduction

This report reflects the operating results and financial position of the insurance interests of the FirstRand Limited group of companies ("Momentum Group") and should be read in conjunction with the report on FirstRand Limited.

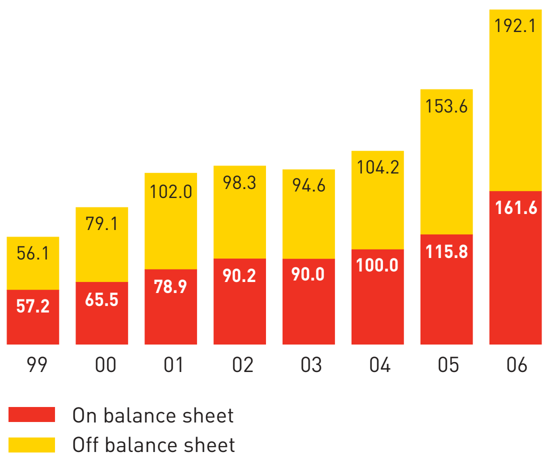
Financial highlights

Normalised earnings (unaudited)	+23% to R1 564 million
Return on equity	24.1% (2005: 24.5%)
Total new business	+39% to R59.4 billion
Value of new business	+18% to R434 million
Assets under management or administration	+31% to R353.7 billion

Normalised earnings (unaudited)
CAGR: 16%
(R million)



Assets under management or administration
CAGR: 18%
(R billion)



Income statement for the year ended 30 June

R million	Audited **Group 2006**	Group 2005	% change
Income from operations	**2 286**	1 563	46
Share of profit of associates[1]	**54**	152	(64)
Profit before direct taxation	**2 340**	1 715	36
Direct taxation[2]	**(410)**	(358)	(15)
Profit after taxation	**1 930**	1 357	42
Profit for the year attributable to minority shareholders	**(21)**	(16)	(31)
Profit for the year attributable to equity holders of the group	**1 909**	1 341	42
Headline earnings reconciliation			
Profit for the year attributable to equity holders of the group	**1 909**	1 341	42
Less: Profit on sale of available-for-sale assets	**(261)**	(71)	>(100)
Less: Net asset value in excess of purchase price of subsidiaries	**(22)**	–	–
Less: Profit on sale of associates	**(92)**	–	–
Group headline earnings	**1 534**	1 270	21
Agreement with National Treasury	**30**	–	–
Normalised earnings (unaudited)	**1 564**	1 270	23
Impact of IFRS	**3**	17	(82)
Normalised earnings (pre-IFRS) (unaudited)	**1 567**	1 287	22
Group operating profit	**1 287**	932	38
Investment income on shareholders' assets	**280**	355	(21)
Normalised earnings (pre-IFRS) (unaudited)	**1 567**	1 287	22

(1) Share of profit of associates includes Momentum's share of the profit of associates held in the shareholders' portfolio.
(2) Direct taxation excludes all policyholder taxation and includes only direct taxation on shareholders.

R million	Audited Group 2006	Group 2005
ASSETS		
Financial assets		
Cash and cash equivalents	3 421	1 634
Money market investments	16 882	11 427
Loans and receivables (including insurance receivables)	2 672	2 006
Disposal group held for sale	333	–
Government and public authority stocks	17 636	14 963
– available-for-sale	313	91
– at elected fair value through profit and loss	17 323	14 872
Debentures and other loans	11 305	11 797
– available-for-sale	649	565
– at elected fair value through profit and loss	10 656	11 232
Policy loans on investment contracts	–	530
Equity investments	80 075	53 251
– held-to-maturity	907	824
– available-for-sale	1 773	703
– at elected fair value through profit and loss	77 395	51 724
Derivative financial instruments	17 195	12 043
Non-financial assets		
Current income tax asset	7	118
Policy loans on insurance contracts	118	–
Reinsurance assets	260	217
Deferred taxation	638	40
Investments in associates	1 323	2 620
Intangible assets	2 620	177
Goodwill	579	442
Investment properties	6 190	4 159
Property, plant and equipment	378	391
Total assets	161 632	115 815
LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities		
Accounts payable (including insurance payables)	5 738	4 177
Liabilities arising to third parties as a result of consolidating collective investment schemes	1 725	1 027
Derivative financial instruments	8 687	4 797
Other financial liabilities	1 917	1 412
Policyholder liabilities under investment contracts	93 105	48 350
Non-financial liabilities		
Disposal group held for sale	157	–
Interest bearing borrowings	289	305
Provisions	249	85
Current income tax liabilities	358	50
Deferred taxation	1 911	797
Employee benefit liabilities	157	322
Deferred revenue liability	248	–
Policyholder liabilities under insurance contracts	39 965	48 585
Total liabilities	154 506	109 907
EQUITY		
Share capital and share premium	1 541	1 041
Non-distributable reserves	710	314
Retained earnings	4 842	4 408
Shareholders' funds	7 093	5 763
Minority shareholders' interest	33	145
Total equity	7 126	5 908
Total liabilities and equity	161 632	115 815

OVERVIEW FOR THE YEAR

The Momentum Group continues to deliver strong results in what is a challenging operating environment. Normalised earnings before the impact of International Financial Reporting Standards (IFRS) increased by 22% to R1 567 million. The combination of buoyant equity markets and the continued success of Momentum's distribution model, has resulted in a significant increase in new business inflows. Net inflows of retail business increased by 37% to R7.5 billion due to strong unit trust and linked product inflows. Recurring premium risk policies continued to show strong growth, whilst sales of recurring premium investment products also increased despite a reduction in retirement annuity sales. Although a number of large client specific withdrawals had a negative impact on the net flow of funds in the institutional business of the asset management operations, these results benefited from the positive impact of strong equity markets, with fee income increasing significantly.

The entry into new markets in partnership with the wider FirstRand Group is progressing well. The FNB Life mass market credit life products are gaining good penetration into the Bank's client base, whilst FNB and Momentum also successfully launched a middle market product range comprising education savings and risk products under the FNB brand, using both the insurance and banking licences. Sales of Momentum products through the FNB Financial Consultants distribution channel increased significantly, and Momentum's short-term insurance initiative is generating new business ahead of the business plan.

The integration of Sage Group Limited (Sage) into the Momentum Group has progressed well, with the conversion of 260 000 Sage policies to the Momentum IT platform being completed within a 100-day timeframe. The integration of the Sage agency force into the Momentum distribution environment has also been completed, with the combined agency force increasing its contribution to new recurring premium production during the year. As expected, the new tied agency force is not yet operating at optimum capacity. It does, however, provide a platform for growth in future new business in an area of the market where Momentum has not traditionally been well represented.

The following corporate activity took place during the year under review:

- **Acquisition of Sage –** Momentum's acquisition of 100% of the issued shares of Sage was sanctioned by the High Court of South Africa on 16 August 2005, and approved by the Competition Authorities at the end of August 2005. The consideration payable in terms of the scheme was R634 million. In addition, Momentum refinanced the Sage shareholder loans totalling R583 million, as well as R42 million in overdraft facilities. As security against certain contingent taxation related liabilities, an amount of R100 million of the cash consideration is currently being held in an escrow account. An amount of R20 million has already been released to the ex-Sage shareholders from the escrow account following agreement with SARS on a particular tax matter.
- **Disposal of African Life and acquisition of African Life Health –** Momentum's disposal of its 34% shareholding in African Life to Sanlam became effective on 30 November 2005 when the High Court of South Africa sanctioned Sanlam's acquisition of the ordinary share capital of African Life. A total consideration of R22.05 per share (or R864 million) was received on 12 December 2005. Momentum's separate offer to acquire the entire shareholding in African Life Health (ALH) from African Life for a cash consideration of R176 million plus a reimbursement of transaction costs of R11 million, was approved unconditionally by the Competition Appeals Court on 2 February 2006.
- **Acquisition of the remaining stake in Advantage Asset Managers, and Advantage BEE transaction –** Momentum's acquisition of mCubed's remaining interest in Advantage Asset Managers (Advantage) for a cash consideration of R141 million received mCubed shareholder approval on 23 March 2006. Effective 15 December 2005, WDB Holdings and Advantage's Black Staff Share Trust acquired stakes of 11.5% and 3.5% respectively in Advantage. Momentum currently holds 85% of the issued share capital of Advantage.
- **Disposal of 40% in Futuregrowth –** During the year, Momentum disposed of its remaining 40% shareholding in Futuregrowth to the majority shareholder, Wiphold.

BASIS OF PRESENTATION

The consolidated figures in this report comprise the operations of Momentum Group Limited and its divisions, associates and subsidiary companies, viz Momentum, Sage, RMB Multi-Managers (UK), RMB Asset Management, RMB Properties, Sovereign Health, ALH, 87% of Ashburton, 70% of Lekana Employee Benefits Solutions and 85% of Advantage Asset Managers, collectively referred to as the Momentum Group (the group).

The commentary in this report focuses on the operating performance of the group prior to the implementation of IFRS. This is due to the fact that Momentum has, together with the rest of the FirstRand group, elected in terms of IFRS 1 – First-time adoption of IFRS, not to restate certain comparative numbers. Included as supplementary information to these results is a summary of the implementation of IFRS.

OPERATING ENVIRONMENT

Local equity markets continued to show strong gains, with the FTSE-JSE Top 40 Index increasing by 52% during the financial year, impacting positively on group earnings for the period. Upward inflationary pressure resulted in two recent 50-basis point increases in the Reserve Bank's repo rate, the latter taking place subsequent to the financial year-end.

The Life Offices' Association statistics regarding new business growth in the life insurance industry indicate that new recurring premium and single premium business increased by 10% and 13% respectively over the year to December 2005. Sales of new recurring retirement annuity (RA) products, however, declined by 15% over the same period.

Discretionary retail investment product providers, comprising mainly Collective Investment Schemes (Unit Trusts) and Linked Investment Service Providers, continue to benefit from increased inflows. The Association of Collective Investments reported that total unit trust net inflows of R50 billion were recorded in the year to 30 June 2006.

The financial services market is characterised by an increased focus on consumerism and products that are transparent and offer value for money. The group is committed to proactively addressing consumer needs, which is why Momentum recently formed a sub-committee of the board specifically tasked with ensuring that the group exhibits fairness in all its dealings with clients. This committee has non-executive board representation, as well as independent representation from outside the group.

GROUP OPERATING RESULTS

Normalised earnings (before the once-off impact of the agreement with National Treasury), before the impact of IFRS increased by 22% to R1 567 million for the year ended 30 June 2006. Post-IFRS group headline earnings, after the impact of the agreement with National Treasury increased by 21% to R1 534 million. Earnings attributable to ordinary shareholders increased by 42% to R1 909 million.

These results were characterised by:

- strong retail new business growth, especially in individual life and discretionary lump sum investments, and in collaboration with FNB. Profit margins on new products have, however, been reduced, which, coupled with the negative impact of increased new business strain, has dampened new business profit growth;
- the positive impact of strong equity market returns;
- increased operating profits as a result of recent acquisitions. These acquisitions were funded by cash, resulting in lower investment income on shareholder assets;
- the turnaround in the loss-making international operations; and
- a significant increase in asset management earnings due to increased equity market growth and retail product inflows.

Total assets under management or administration increased by 31% to R353.7 billion mainly due to buoyant equity markets, and the acquisition of Sage.

The headline return on equity (ROE) amounted to 24.1% (before the impact of the agreement with National Treasury and pre-IFRS), compared with 24.5% in the prior year. This ROE is in excess of Momentum's internal target, being the weighted average cost of capital plus 10%. The return on embedded value for the year was 31%.

The following table shows the main components of the increase in group headline earnings, with the impact of IFRS and the agreement with National Treasury, referred to above, shown separately:

Earnings source

R million	**2006**	2005	% change
Insurance operations	**940**	685	37%
– Local	**883**	726	22%
– FNB collaboration	**58**	18	>100%
– International	**(1)**	(59)	98%
Asset management operations	**347**	247	40%
– Local	**243**	178	37%
– International	**104**	69	51%
Group operating profit	**1 287**	932	38%
Investment income on shareholders' assets	**280**	355	(21%)
Normalised earnings (pre-IFRS) (unaudited)	**1 567**	1 287	22%
Impact of IFRS[1]	**(3)**	(17)	82%
Normalised earnings (unaudited)	**1 564**	1 270	23%
Agreement with National Treasury	**(30)**	–	–
Group headline earnings	**1 534**	1 270	21%

(1) The impact of IFRS is mainly the change in profit recognition on investment contracts, and the adjustment of listed property subsidiary and associate investments to net asset value. A summary of this impact is set out in the section on "Implementation of IFRS" set out in the supplementary information section of this report.

Local insurance operations

The operating profit generated by local insurance operations increased by 22% to R883 million. The strong growth in investment markets and the inclusion of earnings from new acquisitions impacted positively on the results for the year, whilst the increased new business levels, reduction in fee margins and the investment in the agency force resulted in an increased new business strain, which dampened profit growth.

It is pleasing to note that the value of new business, which represents the present value of expected future profits from new business, increased by 18% to R434 million, driven mainly by the increased new business volumes. The margin on new business, however, declined from 2.6% to 2.2%, mainly due to reduced fee charges, a change in business mix and the higher interest rates.

The benefits of the acquisition of Sage arise firstly from the positive scale impact on the administration cost per policy, and secondly from providing an agency force that is accustomed to writing business in Momentum's target market. A total of R64 million for Sage is included in operating profit from 1 September 2005, whilst an amount of R21 million is included in investment income on shareholders' assets, representing the income yield on the Sage shareholder assets from 1 September 2005. It should be noted that, in terms of IFRS 3, Momentum has identified intangible assets totalling R1 157 million (gross of deferred taxation) in the Sage balance sheet at the effective date, represented mainly by the value of in-force business. In terms of IFRS 3, these intangible assets must be amortised against group earnings over their useful lives. Although this will impact on future earnings, there will be no impact on the embedded value.

The Momentum Health open scheme, which is administered by Sovereign Health (Sovereign), currently has 62 300 principal members, compared with 48 500 at 30 June 2005, an increase of 28%. During the year, Momentum acquired the business of ALH from African Life. The total number of principal members administered by ALH and Sovereign combined now exceeds 232 000 in South Africa. The acquisition of ALH provides access to local government and lower income schemes which complement Sovereign's strong presence in the restricted schemes market. This acquisition also provides a firm base from which to expand the medical schemes administration business into the rest of Africa, with three additional countries (Tanzania, Ghana and Mauritius) currently being added to the five countries (Kenya, Botswana, Lesotho, Mozambique and Zambia) where ALH already operates.

Momentum Collective Benefits, the provider of group risk products to the pension fund market, benefited from an 18% increase in new business premium income. Although group life margins have reduced as a result of increased competition, group disability margins improved due to the termination of certain schemes with poor claims experience.

Momentum Short-Term Insurance (MSTI) was successfully launched in October 2005. Its initial focus was on the independent brokers with whom Momentum already has strong relationships, as well as on Momentum's agency force. Sales volumes to date are better than expected and we are encouraged by the future prospects of this venture. Momentum's attributable operating loss for the year amounted to R8 million. Further start-up losses have been included in the business plan for the coming year.

Momentum acquired the remaining stake of mCubed in Advantage, which brings Momentum's total stake to 85%. At 30 June 2006, Advantage's total assets under management amounted to R52 billion (2005: R39 billion).

FNB collaboration

The disposal of Momentum's stake in African Life is in line with the preferred strategy of targeting the mass and middle-income market using the FNB brand and distribution channels, rather than through a traditional life insurance distribution model. This strategy has delivered strong growth in sales through FNB, specifically in the mass market through FNB Life. The middle market initiative, Aspire, launched a number of new products during the year, using both the banking and insurance licences, and production continues to increase steadily. These collaboration efforts increased their contribution to earnings after tax from R18 million to R58 million, driven mainly by the increased new business volumes.

International

The back-office function of Momentum's offshore retail linked product provider was relocated from the UK to South Africa in order to leverage the existing local infrastructure. This resulted in a turnaround in the earnings from offshore operations, from a loss of R59 million incurred during the prior year to a R1 million loss during the current year.

Asset management operations

The asset management operations comprise the institutional asset management and unit trust operations of RMB Asset Management (RMBAM), RMB Properties (RMBP) and 87% of Ashburton. The group's 40% shareholding in Futuregrowth was sold to Wiphold, the majority shareholder, during the current year.

The asset management operations generated an increase in headline earnings of 40% to R347 million. The local asset management operations, represented mainly by RMBAM, generated an excellent 37% increase in headline earnings. Strong market growth in the institutional business, offset marginally by a net outflow of funds, has resulted in increased asset values and consequently higher fees, whilst unit trust net inflows also had a positive impact on income levels.

The focus in the institutional business has been on marketing the capabilities of RMBAM's Customised Solutions team, as well as the on-balance sheet product range. The focus on the on-balance sheet bussiness has resulted in over R650 million flowing into these products during the year. The withdrawal of the African Life assets following Momentum's disposal of its stake has impacted negatively on off-balance sheet funds under management.

Investment income on shareholders' assets

The investment income earned on shareholders' assets decreased by 21% to R280 million. The acquisitions of Sage, Sovereign (acquired 1 June 2005), Advantage and ALH, together with the repayment of loans relating to the funding of international operations, resulted in a reduction in investment income. The net cost of the preference share and bond issues, as well as the start-up loss on MSTI also contributed to reduced investment income for shareholders.

An analysis of the investment income earned on the shareholders' portfolio investments is set out in the following table:

Investment income on shareholders' portfolio investments

R million	**2006**	2005
– African Life (34%)	**47**	96
– Fixed interest instruments	**76**	57
– Preference shares	**43**	35
– Equities	**30**	20
– Properties	**2**	–
– Share trust and subsidiary loans	**34**	39
– Cash and near cash	**63**	108
– Debt	**(15)**	–
Total investment income on shareholders' portfolio investments	**280**	355
– Momentum	**259**	355
– Sage	**21**	–

Agreement with National Treasury

The total impact on Momentum and Sage of the agreement with National Treasury that was reached on 12 December 2005, amounts to R196 million after tax. The impact on Momentum is R108 million, with the balance representing Sage.

As a provision of R78 million after tax already existed at 30 June 2005, the full balance of the Momentum charge of R30 million after tax has been taken against current year earnings. The impact on Sage has been accounted for in pre-acquisition earnings.

Momentum is well advanced in adapting its systems ahead of the 1 October 2006 implementation date of the agreement reached with National Treasury regarding minimum standards on early termination values.

CAPITAL MANAGEMENT

The excess of assets over liabilities of Momentum Group Limited, calculated on the statutory valuation method, amounted to R6 041 million (June 2005: R4 510 million). The capital adequacy requirement (CAR) of R1 978 million was covered 3.1 times (June 2005: 2.2 times) by the excess of assets over liabilities. This is in excess of the targeted capitalisation level of between 1.8 and 2.2 times CAR. Momentum will continue to actively manage the level and composition of its capital base to maximise the value created for its shareholder. A special dividend of R500 million has been declared to FirstRand on 30 June 2006, and a final dividend of R1 billion will be declared to FirstRand to bring the CAR cover closer to the targeted range.

Momentum issued R500 million in preference shares, and R1 billion in unsecured subordinated debt during the year, resulting in a significant reduction in the weighted average cost of capital from 12.4% to 10.8%. The FSB has approved the inclusion of this R1.5 billion in capital for statutory purposes, which has also contributed to the increased CAR cover.

MARKETING AND ADMINISTRATION EXPENSES

Total marketing and administration expenses for the group amounted to R2 371 million, an increase of 40% over the prior year. The following table provides a breakdown of these expenses:

Marketing and administration expenses

R million	**2006**	2005	% change
Insurance operations	**1 325**	1 255	6%
– Local	**1 208**	1 099	10%
– Offshore	**117**	156	(25%)
Asset management operations	**387**	380	2%
– Local	**264**	263	–
– Offshore	**123**	117	5%
Existing operations	**1 712**	1 635	5%
New acquisitions[1]	**589**	58	>100%
New initiatives[2]	**70**	–	–
Total marketing and administration expenses	**2 371**	1 693	40%

(1) Represents the expenses relating to Sage, Sovereign, Advantage and ALH.
(2) Represents the expenses of the agency force and the Aspire middle market initiative.

The offshore insurance operations reduced costs by relocating back-office activities to Momentum's head office in South Africa. In addition, the comparative figure includes the once-off Ansbacher disengagement costs, such as the cost of setting up a new licence with the Financial Services Authority in the UK.

RESULTS OF THE EMBEDDED VALUE CALCULATION

The embedded value of Momentum Group increased by 22% to R14.4 billion at 30 June 2006. This growth resulted mainly from the positive impact of increasing equity markets, and an 18% increase in the value of new business compared with the prior period. The embedded value profit for the period represents a return of 31% on the restated opening embedded value at 30 June 2005. Details regarding the components of the embedded value calculation, including the value of new business, and the embedded value profits, can be found in the comprehensive embedded value report which is available on FirstRand's website at www.firstrand.co.za.

The analysis of the main components of the embedded value is reflected in the following table:

Embedded value

R million	2006	Restated[1] 2005	Published 2005
Ordinary shareholders' net worth	**8 134**	7 275	7 639
Net value of in-force insurance business	**6 304**	4 581	4 180
Present value of future profits[2]	**6 974**	5 309	4 909
Cost of capital at risk	**(670)**	(728)	(729)
Embedded value attributable to ordinary shareholders	**14 438**	11 856	11 819
% change	**+22%**		

(1) Effective from the current year, it is required that the embedded value be based on the statutory valuation method (as opposed to the published valuation method used previously). In addition, certain restatements were performed as a result of the first-time adoption of IFRS.
(2) The present value of future profits includes an amount of R97 million (2005: R65 million) in respect of linked product business not written on the life company balance sheet.

The fair values of unlisted shareholders' net assets at 30 June 2006 is set out in the following table:

Shareholders' net worth

R million	2006	2005
Strategic subsidiary investments:	**3 913**	2 290
– Local asset management operations (RMBAM & RMBP)	**2 511**	1 901
– International asset management operations (Ashburton)	**554**	–
– Advantage (85%)	**268**	112
– Momentum Collective Investments	**72**	–
– Lekana (70%)	**116**	85
– Sovereign Health	**199**	192
– African Life Health	**193**	–
Shareholders' portfolio investments:	**5 836**	5 349
– African Life (34%)	**–**	845
– Fixed interest instruments	**822**	79
– Preference shares	**650**	516
– Equities	**1 113**	1 144
– Properties	**147**	–
– Share trust and subsidiary loans	**1 137**	724
– Cash and near cash	**1 967**	2 041
Unsecured subordinated debt	**(1 055)**	–
Shareholder assets at fair values	**8 694**	7 639
IFRS restatement of shareholders' assets	**–**	37
Adjustment to move from published to statutory valuation method for calculating policyholder liabilities	**(12)**	(401)
Shareholders' net worth for embedded value purposes	**8 682**	7 275
Attributable to preference shareholders	**(548)**	–
Ordinary shareholders' net worth	**8 134**	7 275

The most significant movements in the above table are due to:

- The increase in the valuation of the asset management operations, mainly as a result of the increased asset base following strong equity returns. The valuation of Ashburton increased due to Momentum's settlement of the international funding raised at the time of the acquisition of Ashburton;
- The acquisition of Sage. The Sage Life shareholder investments are included in the relevant line items set out in the table above. The investment in Momentum Collective Investments mainly represents the value placed on the assets transferred from Sage Unit Trusts;
- The acquisition of mCubed's remaining stake in Advantage; and
- The disposal of African Life, and the acquisition of ALH.

The embedded value of new business is a measure of the value added to the overall embedded value as a result of writing new business. The value of new business is set out in the following table:

Value of new business

R million	2006	2005	% change
Present value of future profits	474	404	17%
Less: Cost of capital at risk	(40)	(36)	(11%)
Value of new business	**434**	368	18%
Present value of new business premiums	19 780	13 933	42%
Margin	2.2%	2.6%	(15%)

The 18% increase in the value of new business is mainly due to increased new business volumes. The reduction in the new business margin resulted from:

- lower fee margins on investment products;
- a change in mix from more profitable RA products to shorter term discretionary savings products;
- the negative impact of higher interest rates on the present value of new business profits, especially on risk profit margins;
- less profitable business from the agency force; and
- the impact of the Statement of Intent signed with National Treasury.

The following table provides a reconciliation between the new business table set out later in this results announcement, and the new business inflows used in the calculation of the value of new business:

New business inflows

R million	Annualised recurring premiums	Lump sum inflows
New business inflows per new business table	1 468	57 935
Less: Items not valued:		
Policy alterations and other	(111)	(257)
Linked product inflows – international	–	(1 245)
Unit trusts – local	–	(14 371)
Unit trusts – international	–	(2 404)
Institutional business (mainly asset manager funds)	–	(10 799)
Segregated third party funds	–	(17 382)
Plus:		
Term extensions on maturing policies	8	942
New business inflows included in value of new business	1 365	12 419
Present value of new business premiums	7 361	12 419

The following table provides an analysis of the embedded value profit for the year into its main components:

Analysis of movement in embedded value

	R million
Restated embedded value at 30 June 2005	**11 856**
Embedded value profit	**3 698**
Factors related to operations:	1 169
Value of new business	434
Expected return	591
Operating experience variations	132
Experience assumption changes	12
Factors related to market conditions:	2 529
Investment return on shareholders' net worth	1 560
Investment variations	763
Economic assumption changes	(1)
Changes in cost of capital at risk	207
***Less:* Dividends paid**	**(1 116)**
Embedded value attributable to ordinary shareholders at 30 June 2006	**14 438**

The following table shows the main economic assumptions used in calculating the embedded value at 30 June 2006:

Economic assumptions

	2006 %	2005 %
Risk discount rate	11.5%	11.0%
Investment returns (before tax)	10.0%	9.5%
Expense inflation rate	7.0%	6.0%

The investment return assumption of 10.0% per annum was determined with reference to the market interest rates on South African government stocks at 30 June 2006, taking into account the expected outstanding term of the in-force policy book. An annualised long-term asset distribution was used to calculate a weighted expected investment return, using the same methodology as at 30 June 2005.

GROUP ASSETS UNDER MANAGEMENT OR ADMINISTRATION

The Momentum Group managed or administered total assets of R353.7 billion at 30 June 2006, compared with R269.4 billion at 30 June 2005, an increase of 31%. This increase is mainly due to the strong performance from investment markets as well as the acquisition of Sage. The following table provides an analysis of the assets managed or administered by group companies:

Assets under management or administration

R billion	2006	2005	% change
On-balance sheet assets	161.6	115.8	40%
Segregated third party funds	147.7	121.1	22%
Unit trust funds managed	30.9	22.5	37%
Assets under management	340.2	259.4	31%
Linked product assets under administration[1]	13.5	10.0	35%
Total assets under management or administration	353.7	269.4	31%

(1) Excludes business written by the Momentum Group's Linked Product Packager on the life company's balance sheet, as these assets are reflected under on-balance sheet assets above. Total linked product assets under administration amounted to R29.6 billion (2005: R21.1 billion).

NEW BUSINESS INFLOWS

New business inflows for the year totalled R59.4 billion, an increase of 39% compared with the prior period. New recurring premium business growth benefited from increased individual life and FNB collaboration business, as well as increased new group life business. Most of the retail lump sum inflow categories showed strong growth, with local linked product sales increasing significantly due to Momentum's focused distribution model. Inflows into unit trusts increased in line with industry trends. A breakdown of the new business inflows is provided in the table below:

New business

R million	2006	2005	% change
Recurring premiums	1 468	1 157	27%
Retail	1 224	946	29%
– Individual life	997	863	16%
– FNB collaboration	221	83	>100%
– Short-term insurance	6	–	–
Institutional – employee benefits	244	211	16%
Lump sums	57 935	41 532	39%
Retail	27 284	20 448	33%
– Individual life	1 760	1 423	24%
– Annuities	2 510	1 851	36%
– Linked products – local	4 994	3 127	60%
– Linked products – international	1 245	2 494	(50%)
– Unit trusts – local	14 371	9 742	48%
– Unit trusts - international	2 404	1 811	33%
Institutional	30 651	21 084	45%
– Employee benefits	1 669	849	97%
– Institutional policies	370	474	(22%)
– Asset management – on balance sheet	11 230	4 372	>100%
– Asset management – off balance sheet	17 382	15 389	13%
Total new business	59 403	42 689	39%
Retail	28 508	21 394	33%
Institutional	30 895	21 295	45%

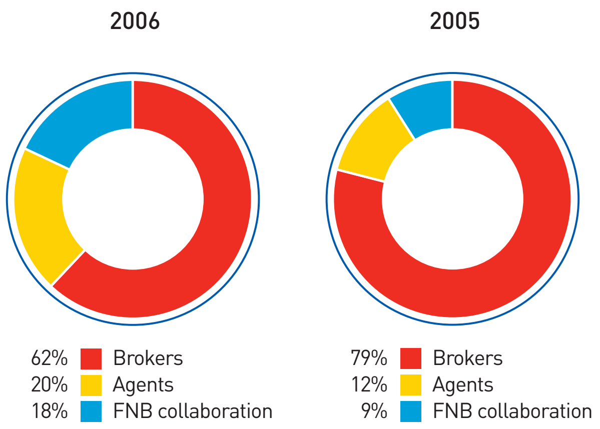
Retail new business

The increase in new individual life recurring premium business was driven by a number of factors, including:

- an increase of 23% in sales of the Myriad risk product;
- an increase of 11% in recurring savings product sales, due to increased discretionary savings products;
- the expansion of the agency force, which now comprises 969 agents. The ex-Sage agents contributed 5% of the total recurring premium production, or 25% of total agency production. The focus is currently on increasing the productivity of this channel; and
- an increase in Momentum's share of the products sold by FNB Financial Consultants, whose own production increased significantly during the year.

Sales from the two collaboration efforts with FNB, namely FNB Life in the mass market, and Aspire in the middle market, increased mainly as a result of credit life policies embedded in the Bank's products.

The following graph provides a breakdown of the retail new recurring premium production by distribution channel:



Investments in single premium endowments and linked products reflect a pleasing increase, due to good equity market growth and the continued success of Momentum's distribution model.

Sales of linked products in the United Kingdom halved due to the closure of a number of unprofitable distribution channels. Withdrawals by clients also reduced significantly, resulting in only a small decline in net inflows. The focus during the year was mainly on reducing the expense base of the business by relocating the back-office operations from the United Kingdom to South Africa, with the focus now shifting to a distribution growth strategy.

Although gross inflows into RMB Unit Trusts increased significantly, repurchases increased more significantly resulting in a lower net inflow of funds. The net inflow of funds was concentrated mainly in the RMB Core Equity Fund (R838 million), the RMB Absolute Focus Fund (R647 million) and the RMB Maximum Income Fund (R421 million).

Institutional new business

The most significant portion of the new inflows in institutional business relates to the investment only pension fund business of RMBAM and Advantage. Small to medium-sized pension fund clients are channelled to the on-balance sheet portfolios, whilst larger pension fund clients are channelled to off-balance sheet segregated fund mandates. Although the investment performance relative to its peers remains under pressure, RMBAM achieved a success rate of 75% on new business presentations, and inflows into on-balance sheet funds showed a marked increase.

NET FLOW OF FUNDS

The net flow of funds from clients decreased from R3.6 billion in 2005, to R2.1 billion in 2006, mainly due to an increase in segregated third party outflows. An amount of R4.3 billion of the R5.7 billion segregated third party net outflows relates to the transfer of the African Life assets managed by RMBAM to Sanlam following Momentum's disposal of its shares in African Life. The balance of the withdrawals relate to the restructuring of multimanager portfolios and the move by some clients to specialist mandates. These net outflows have been offset by significant net positive inflows in the retail businesses.

The following table sets out the components of this net inflow of funds, being the total inflows less the payments to clients, both reflected in separate tables below:

Net flow of funds

R million	**2006**	2005	% change
Retail	**7 520**	5 500	37%
– Individual life	**292**	110	>100%
– Annuities	**377**	(52)	>100%
– Short-term insurance	**4**	–	–
– Linked products – local	**3 264**	1 445	>100%
– Linked products – international	**699**	765	(9%)
– Unit trusts – local	**1 973**	3 007	(34%)
– Unit trusts – international	**911**	225	>100%
Institutional	**(5 451)**	(1 938)	>(100%)
– Employee benefits	**(1 289)**	(49)	>(100%)
– Institutional policies	**(1 973)**	(3 298)	40%
– Asset management – on balance sheet	**3 468**	1 652	>100%
– Asset management – off balance sheet	**(5 657)**	(243)	>(100%)
Total net flow of funds	**2 069**	3 562	(42%)

Total funds received from clients

Total funds received from clients, being the sum of the inflows from new and existing business, amounted to R64.7 billion, an increase of 37% over the prior year. The following table provides a summary of these inflows:

Funds received from clients

R million	2006	2005	% change
Retail	32 500	24 397	33%
– Individual life	6 970	5 372	30%
– Annuities	2 510	1 851	36%
– Short-term insurance	6	–	–
– Linked products – local	4 994	3 127	60%
– Linked products – international	1 245	2 494	(50%)
– Unit trusts – local	14 371	9 742	48%
– Unit trusts – international	2 404	1 811	33%
Institutional	32 161	22 829	41%
– Employee benefits	3 179	2 581	23%
– Institutional policies	370	486	(24%)
– Asset management – on balance sheet	11 230	4 373	>100%
– Asset management – off balance sheet	17 382	15 389	13%
Total funds received from clients	64 661	47 226	37%

The increase in the individual life premium income is mainly due to the inclusion of Sage Life recurring premium income for the ten months from the effective acquisition date of 1 September 2005.

Payments to clients

Payments to clients increased by 43% to R62.6 billion. The main reasons for the increase were the higher segregated fund withdrawals (including the transfer of the African Life assets to Sanlam), the impact of strong equity market growth on increased payout values, and increased institutional withdrawals due to multimanager portfolio restructuring and fund rebalancing. The total outflows to clients are shown in the following table:

Payments to clients

R million	2006	2005	% change
Retail	24 980	18 897	32%
– Individual life	6 678	5 262	27%
– Annuities	2 133	1 903	12%
– Short-term insurance	2	–	–
– Linked products – local	1 730	1 682	3%
– Linked products – international	546	1 729	(68%)
– Unit trusts – local	12 398	6 735	84%
– Unit trusts – international	1 493	1 586	(6%)
Institutional	37 612	24 767	52%
– Employee benefits	4 468	2 630	70%
– Institutional policies	2 343	3 784	(38%)
– Asset management – on balance sheet	7 762	2 721	>100%
– Asset management – off balance sheet	23 039	15 632	47%
Total payments to clients	62 592	43 664	43%

SUBSEQUENT EVENTS

Momentum has reached agreement with FirstRand Bank regarding the transfer of Momentum's 100% stake in RMBP to the Banking Group. This disposal will reduce the future earnings base of the Momentum Group by R48 million after tax.

PROSPECTS

Momentum's focus is now on extracting efficiencies from existing operations, improved service levels, continued product innovation and the expansion into new markets, such as the collaboration with FNB, which now includes leveraging off the FNB infrastructure into Africa. Momentum believes that its continued focus on the importance of financial advice and the success of the newly established tied agency force will be critical to future new business growth.

The increased volatility of investment markets, coupled with the correlation between these markets and the group's profitability, make any projections regarding overall future performance extremely difficult. Increased consumerism will continue to place pressure on the financial services industry. We are however confident that the necessary corrective measures have been taken to improve value for money through, among other strategies, our revised fee structures.

In line with Momentum's capital management strategy, the capital level is managed towards a targeted CAR cover range of between 1.8 and 2.2 times. The recent special dividend of R500 million will be supplemented by a final dividend declaration of R1 billion, which will bring the CAR cover closer to the targeted range.

The group is confident that the initiatives set out above will enable it to achieve the targeted long-term growth in earnings of CPIX plus 10% (after adjusting for the reduction in capital).

On behalf of the directors

LL Dippenaar
Chairman

EB Nieuwoudt
Managing Director

Momentum Group Limited
Registration No 1904/002186/06

Postal address
PO Box 7400, Centurion 0046. Telephone (012) 671-8911

19 September 2006

IMPLEMENTATION OF IFRS

Momentum prepared its consolidated financial statements under South African Statements of Generally Accepted Accounting Practice (SA GAAP) for the financial year ended 30 June 2005. As a subsidiary of FirstRand, the Momentum Group adopted International Financial Reporting Standards (IFRS) with effect from 1 July 2005.

The change from SA GAAP to IFRS has primarily impacted the following areas:

- Reclassification of policy contracts between the insurance and investment categories based on the IFRS 4 insurance contracts criteria;
- The creation of a deferred acquisition cost (DAC) asset by deferring the costs that are directly attributable to securing an investment management contract over the life of the service contract. The previous reduction in policyholder liabilities arising from the capitalisation of future fee income used to recover acquisition costs, has been reversed;
- The deferral of direct front-end fees that are charged to recover the acquisition costs related to an investment management contract, by creating a deferred revenue liability. These fees are recognised as the related service is provided;
- Expensing the cost of share options awarded to employees and other share-based payment transactions on a fair value basis;
- Adjusting the depreciation methodology used on property, plant and equipment;
- Consolidation of certain unit trusts controlled by the Momentum Group, which were previously recognised at fair value;
- Reclassification of policy loans;
- Reclassification of the accumulated foreign currency translation reserve to retained earnings; and
- Recording of the unrecognised actuarial gain on defined benefit pension plans as at 1 July 2004.

The migration to IFRS for insurers will, in its full extent, take a number of years. These results have been prepared based on the current interpretation of IFRS. Future results may be impacted by the completion of Phase II of the International Accounting Standard Board's review of the accounting for insurance contracts.

A summary of the impact of the adoption of IFRS on the attributable earnings of the Momentum Group is set out in the table below:

Reconciliation from IFRS to SA GAAP

R million	2006	2005	% change
Attributable earnings as reported under IFRS	1 909	1 341	42%
IFRS adjustments for:			
IFRS 4/IAS 18	(58)	–	–
– Change in profit recognition on investment contracts in terms of IAS 39 and IAS 18	(30)	–	–
– Adjustment of listed property subsidiary and associate to NAV	(28)	–	–
Business combinations – amortisation of intangible assets	32	–	–
Property, plant and equipment	3	3	–
Share-based payments	26	14	86%
Attributable earnings as previously reported under SA GAAP	**1 912**	1 358	41%

	2006 IFRS	2006 SA GAAP	2005 IFRS	2005 SA GAAP
Attributable earnings	1 909	1 912	1 341	1 358
Less: Profit on sale of available-for-sale assets	(261)	(261)	(71)	(71)
Less: Net asset value in excess of purchase price of subsidiaries	(22)	(22)	–	–
Less: Profit on sale of associates	(92)	(92)	–	–
Headline earnings	**1 534**	**1 537**	1 270	1 287

This information is available on our website at

www.firstrand.co.za

www.firstrand.co.za

FIRSTRAND