



**integrated financial
services**



FIRSTRAND

**audited results for the
year ended 30 June '05**



integrated

Agenda

- 📖 Introduction
- 📖 The numbers
- 📖 Banking Group
- 📖 Momentum
- 📖 Looking forward



Another excellent performance



integrated

| | 2005 | %Δ |
|--|--------|-----|
| Headline earnings | 7 602 | 32% |
| Headline earnings (excl foreign currency translation) | 7 338 | 20% |
| Headline EPS | 146.2 | 32% |
| ROE | 26.7% | |
| NAV | 26 864 | 14% |
| DPS | 55.1 | 20% |



integrated

A favourable economic environment



integrated

R6.4bn from the bank

- 📖 Strong retail loans and advances growth
- 📖 Margin protection from hedges
- 📖 Further reduction in credit losses plus recoveries
- 📖 Transaction volume growth
- 📖 Positive “jaws” despite investment strategies
- 📖 Good trading and investment realisations

Strong top line growth



integrated

R1.6bn from insurance

- 📖 Strong growth in new business
- 📖 Excellent cost control
- 📖 Slight increase in margins
- 📖 Strong performance of underlying investments (shareholders' funds)

Strong top line growth



Consistent growth strategy



integrated

Organic growth



Collaboration



Acquisitions



New Age
Businesses



Capital
Management





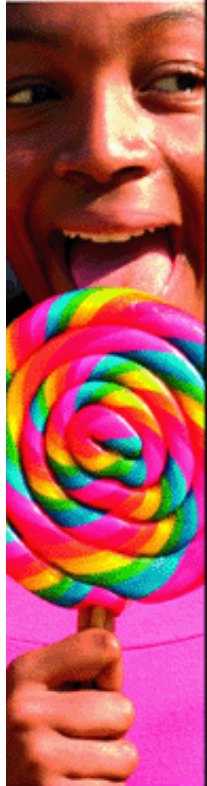
integrated

Organic growth continues

📖 "Natural" market growth

📖 "Man made" growth

- Innovation
- Collaboration



integrated

Quantifying organic growth

WesBank new business

FNB HomeLoans new business

FNB Card advances

RMB Private Bank advances

Momentum recurring new business

Discovery Life new business

Consumer investment products

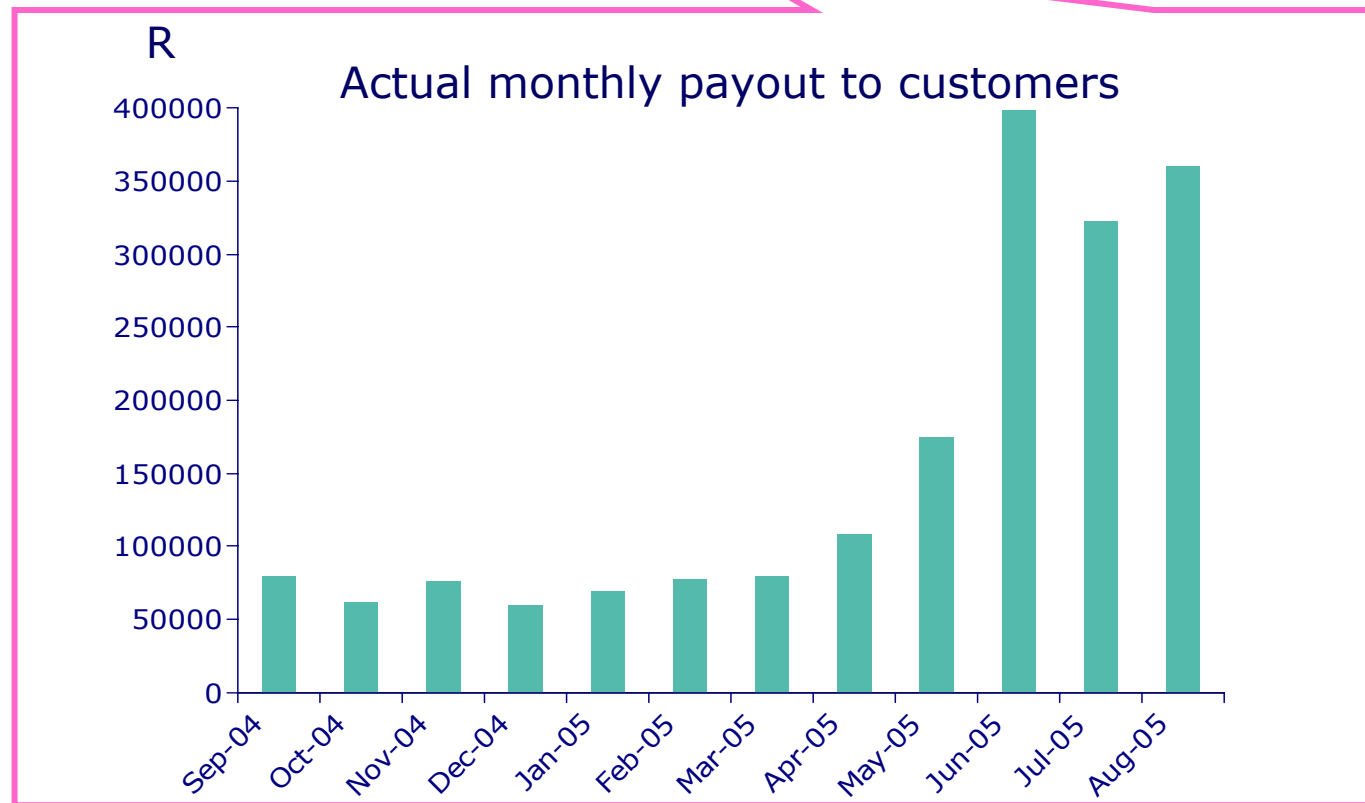


integrated

A culture of innovation

FNB

📖 One Account – R1.3bn book value





integrated

...particularly in banking products

FNB

- 📖 One Account – R1.3bn book value
- 📖 Million-a-month-account – 155 000 accounts
- 📖 Cellphone banking – 74 000 customers
- 📖 Travel Card
- 📖 FNB Private Clients launched in March 2005

RMB

- 📖 BEE deals eg Afrox, Makalani

WesBank

- 📖 Islamic financing – total new business since May 2004 of R169m



integrated

...and insurance products

Momentum

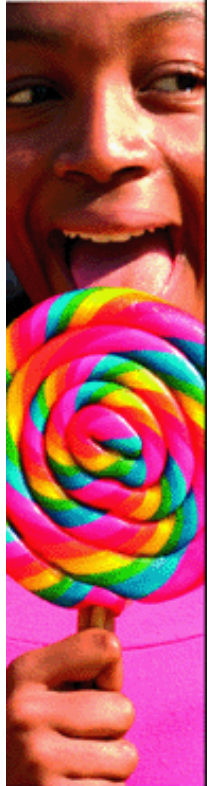
- 📖 Save thru spend

Discovery

- 📖 Discovery Card – over 200 000 registered card holders in total
- 📖 New generation RAs



Consistent growth strategy



integrated

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New Age
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Capital
Management





integrated

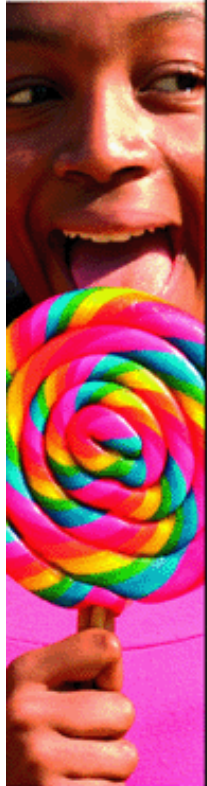
Collaboration still driving growth

Momentum/FNB Consultants

- Sales through FNB consultants have overtaken sales through ABSA brokers
- 34% increase in new business

Momentum/FNB Life

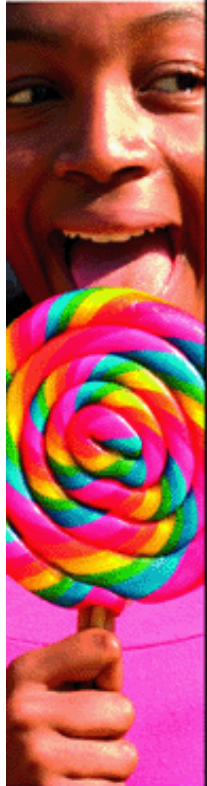
- New recurring API sold by FNB Life increased from R73.2m to R83.5m



integrated

At all levels

| Mid corporates | June 2004 to 2005 | Growth (YOY) |
|---|-------------------|--------------|
| WesBank (Pay outs) | R922m to R1.5bn | 64% |
| RMB Private Bank (new facilities) | R329m to R450m | 37% |
| RMB Structured Finance (Average assets) | R44m to R100m | >100% |
| RMB Property Finance (Revenue) | R852m to R1.4bn | 68% |



integrated

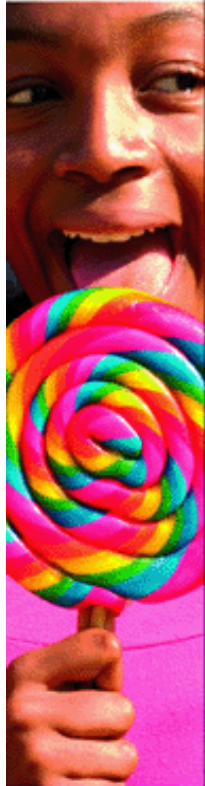
Bancassurance remains meaningful

Retail NPBT from insurance operations up 19% year-on-year

| | June 04 (R'm) | June 05 (R'm) | % change YOY |
|-----------------|------------------|------------------|-----------------|
| OUTsurance | 161 | 212 | 32% |
| FirstLink | 60 | 60 | 0% |
| WesBank | 245 | 267 | 9% |
| HomeLoans | 56 | 63 | 13% |
| FNB Life | 9 | 20 | >100% |
| FNB Consultants | 32 | 49 | 53% |
| Total | 563 | 671 | 19% |



Consistent growth strategy



integrated

Organic growth



Collaboration



Acquisitions



New Age
Businesses



Capital
Management





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Momentum continues to consolidate

Load:

📖 Sage Holdings

Strategic:

📖 Advantage Asset Management

📖 Sovereign Health

📖 African Life Health

Critical mass for Momentum



Consistent growth strategy



integrated

Organic growth



Collaboration



Acquisitions

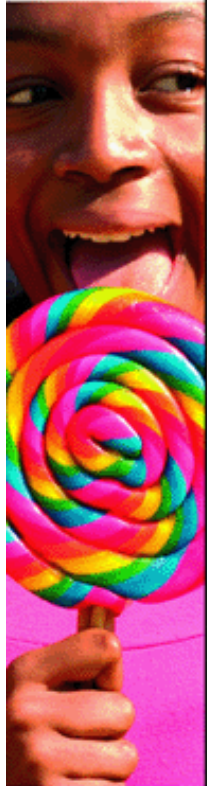


New Age
Businesses



Capital
Management





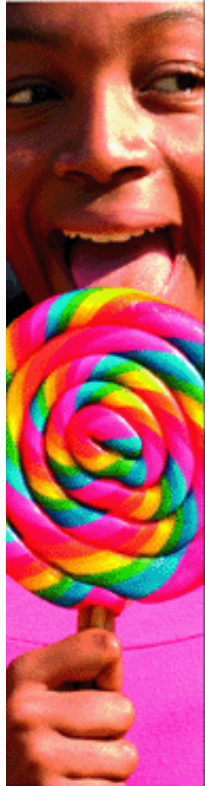
integrated

Another new age business launched

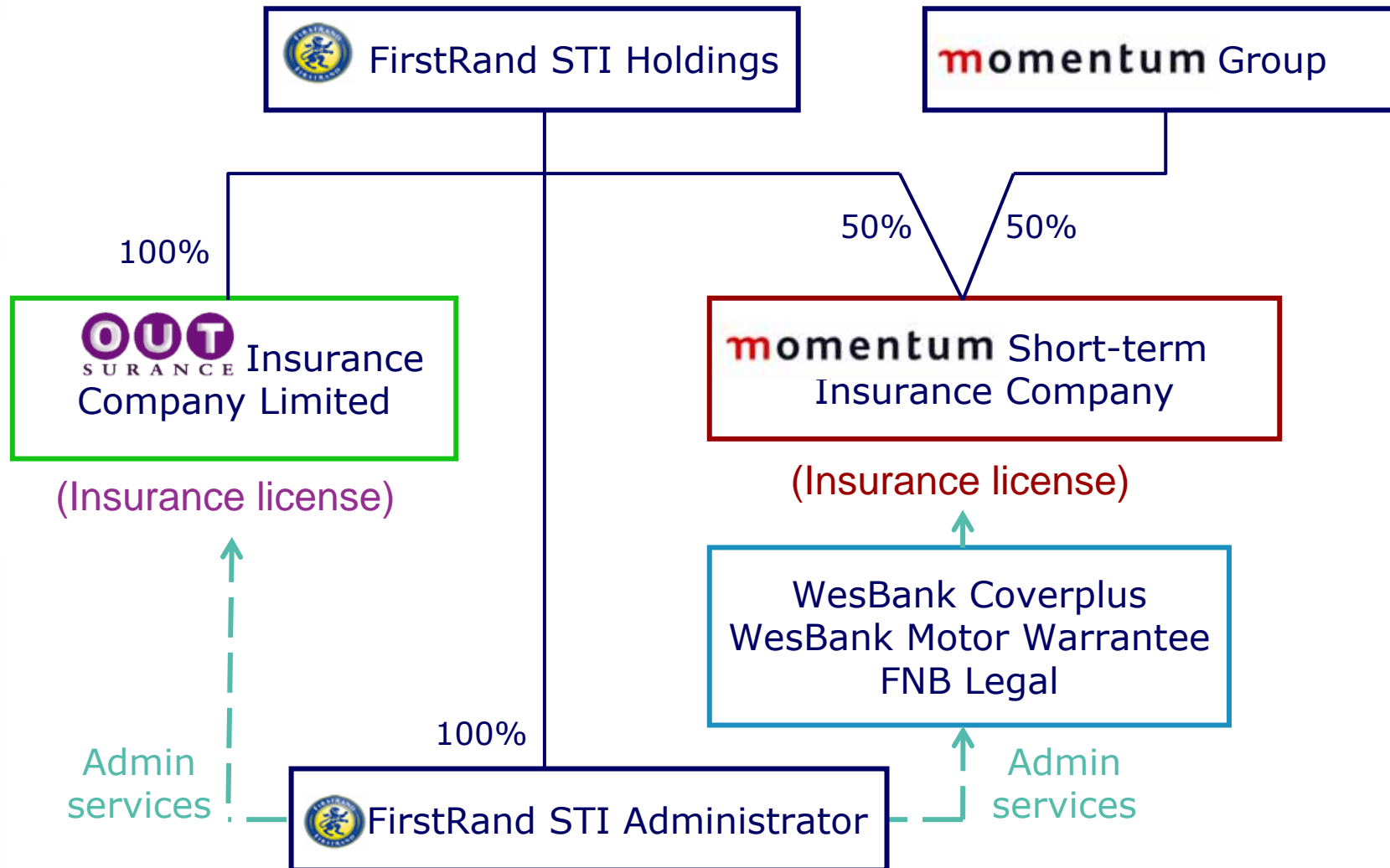
- 📖 New short term insurance license for Momentum
- 📖 Exclusive distribution through Momentum
- 📖 Optimising FirstRand back office
- 📖 Alternative revenue source for intermediaries
- 📖 Pilot September 2005
- 📖 Launch January 2006



Using the building blocks



integrated





financial review



FIRSTRAND

**audited results for the
year ended 30 June '05**



financial
review

Factors influencing the numbers

- Previous period currency losses turned into profits this year
- Further 1.6% cost of BEE transaction will be reflected in 2005/2006 earnings

IFRS will only impact the 2006 financial year



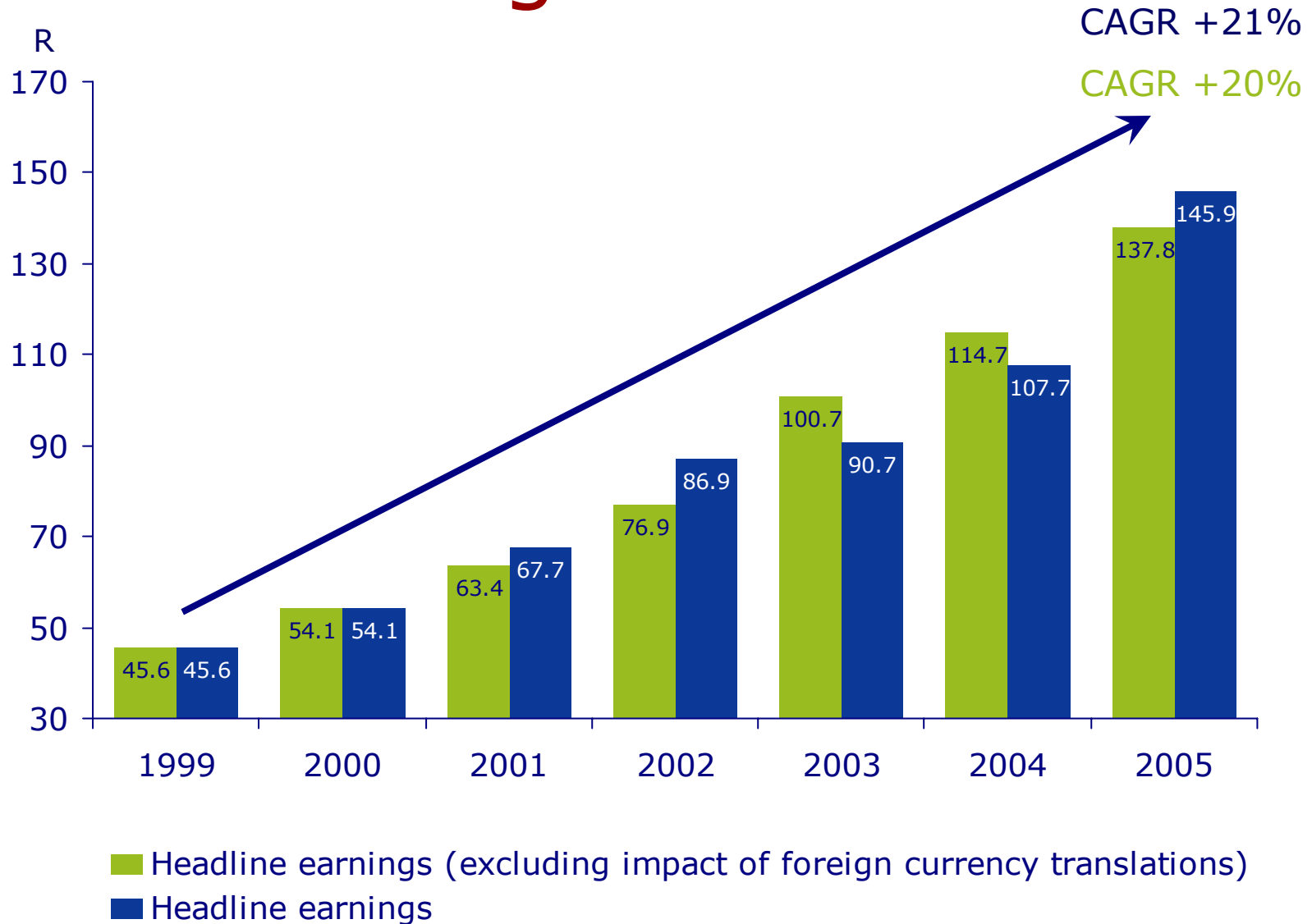
financial
review

Key numbers

| | | |
|--|---|-----|
| Headline earnings | ▲ | 32% |
| Diluted headline earnings per share | ▲ | 33% |
| Diluted headline earnings per share excluding impact of foreign currency translations | ▲ | 20% |
| Dividend per share | ▲ | 20% |
| Return on equity | ▲ | 28% |



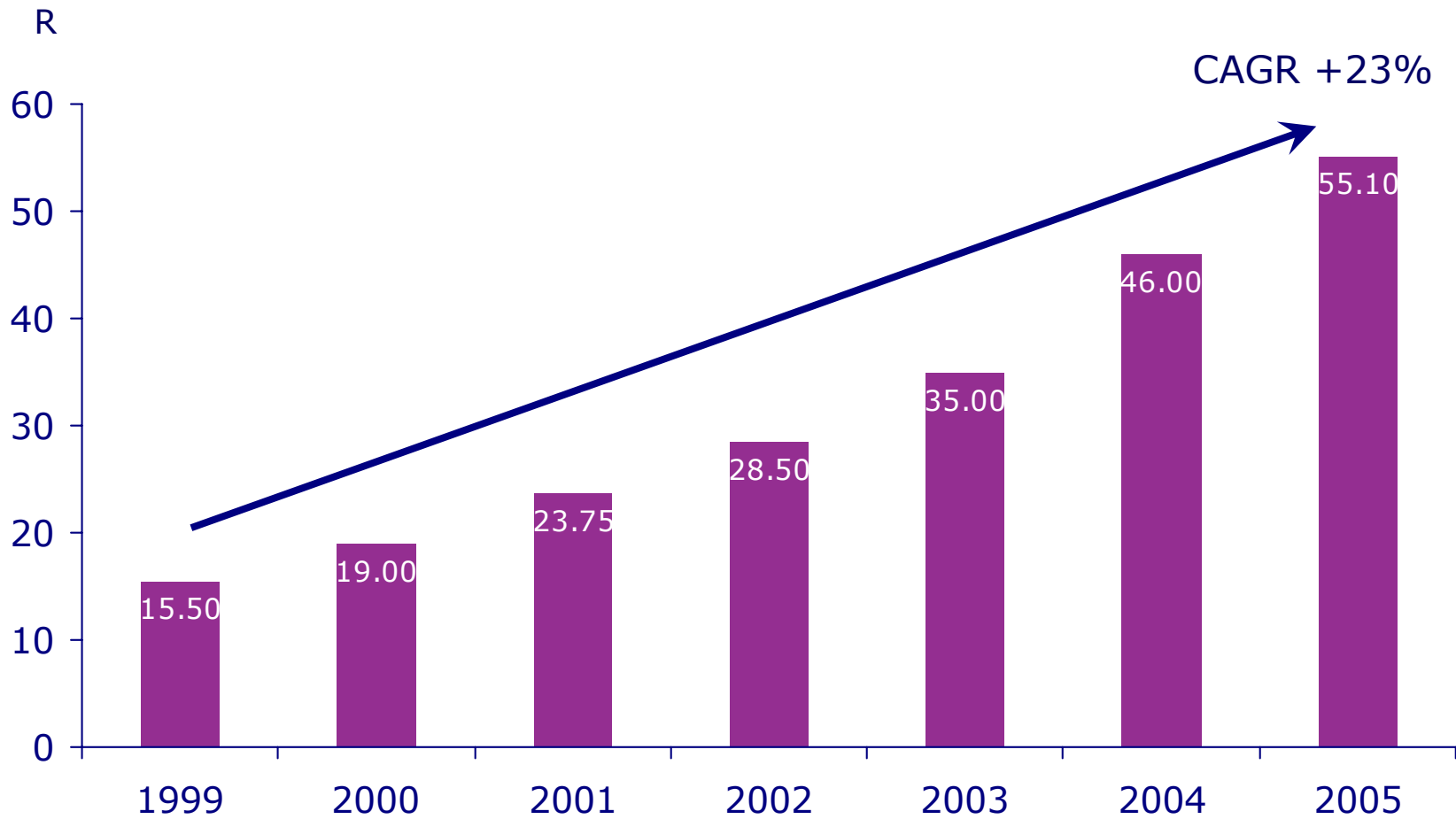
A track record of top line growth





financial
review

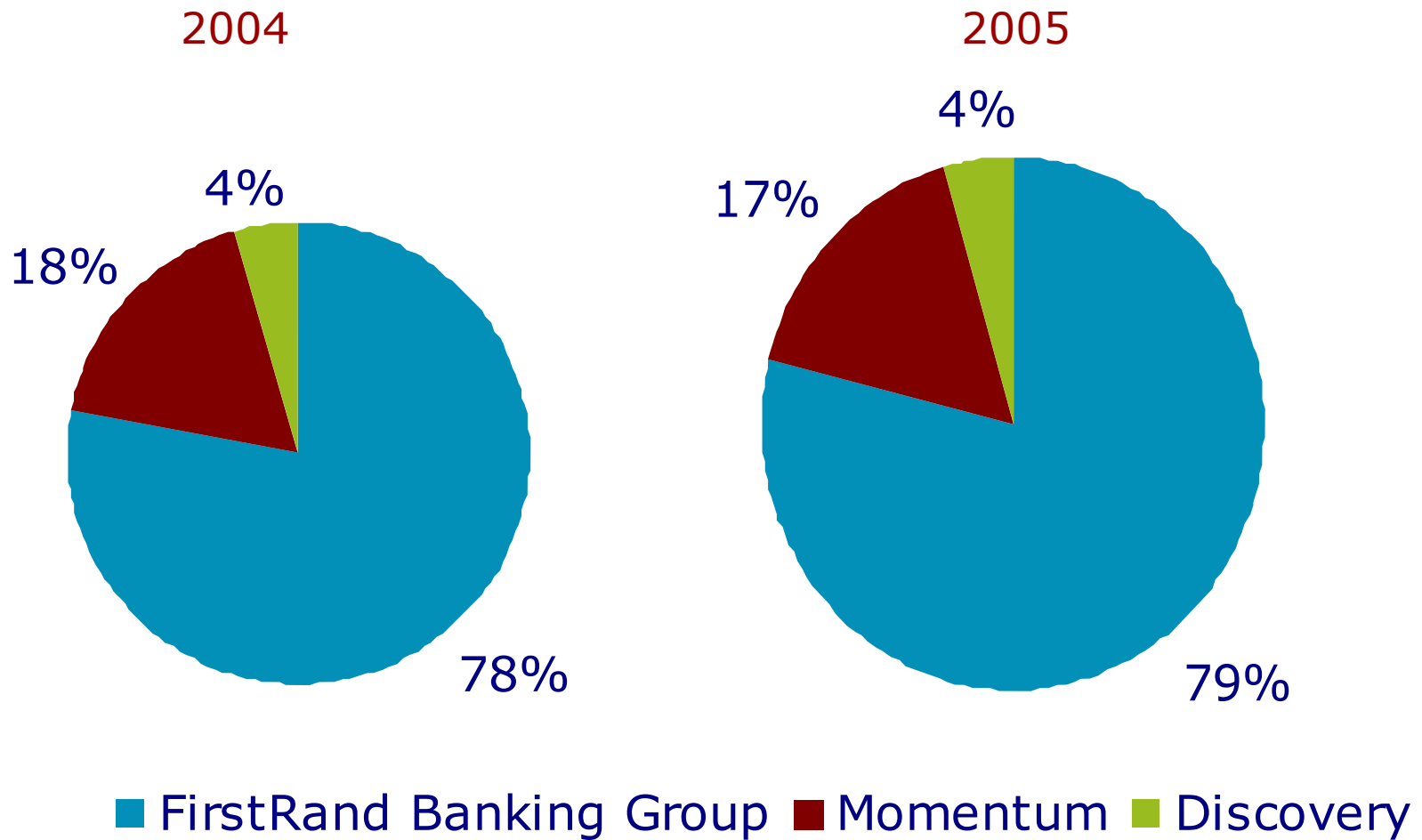
...and dividend growth





financial
review

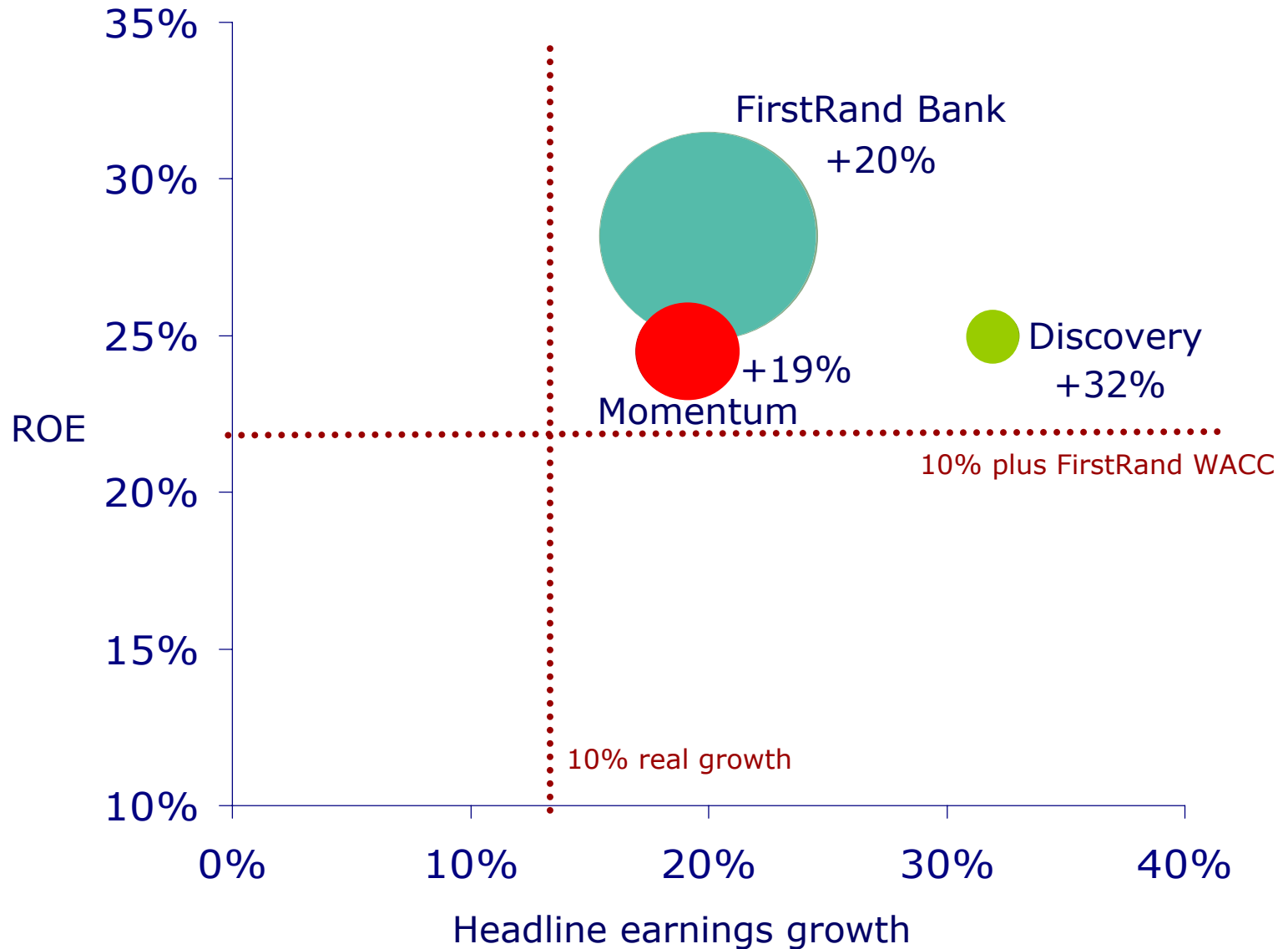
The component parts





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Financial targets met



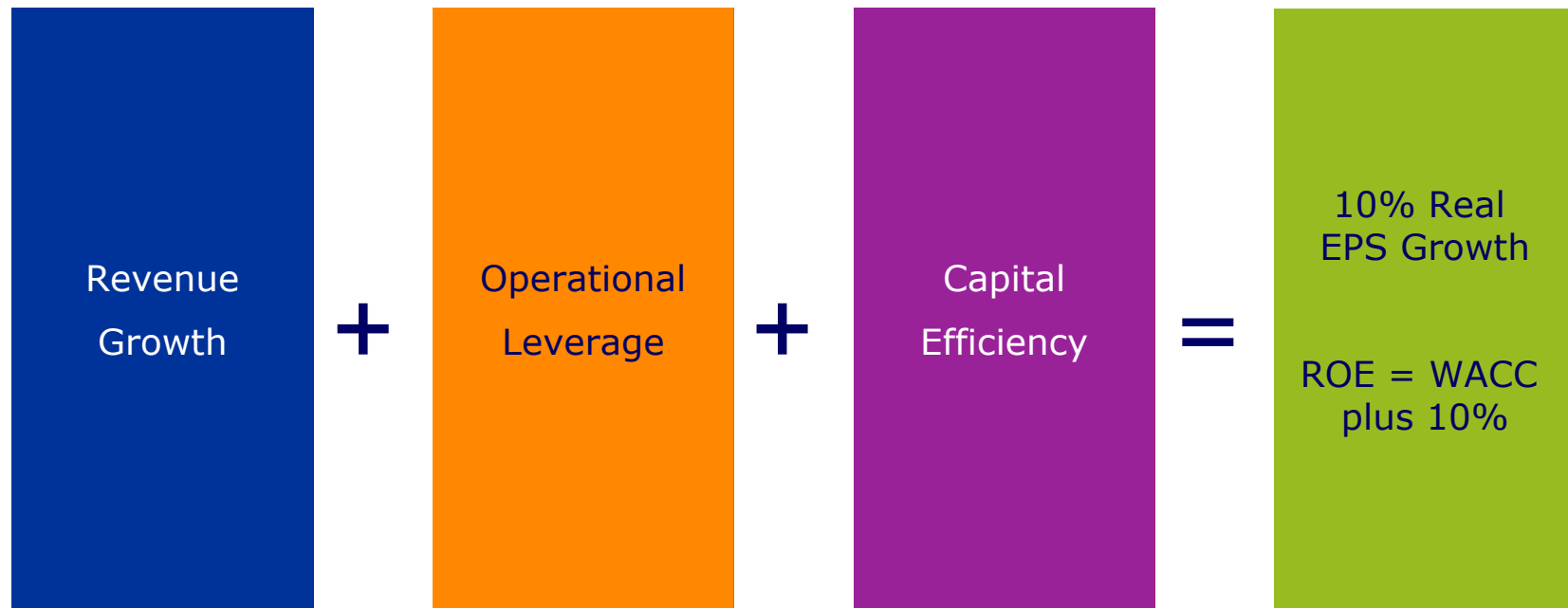


Banking Group



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review

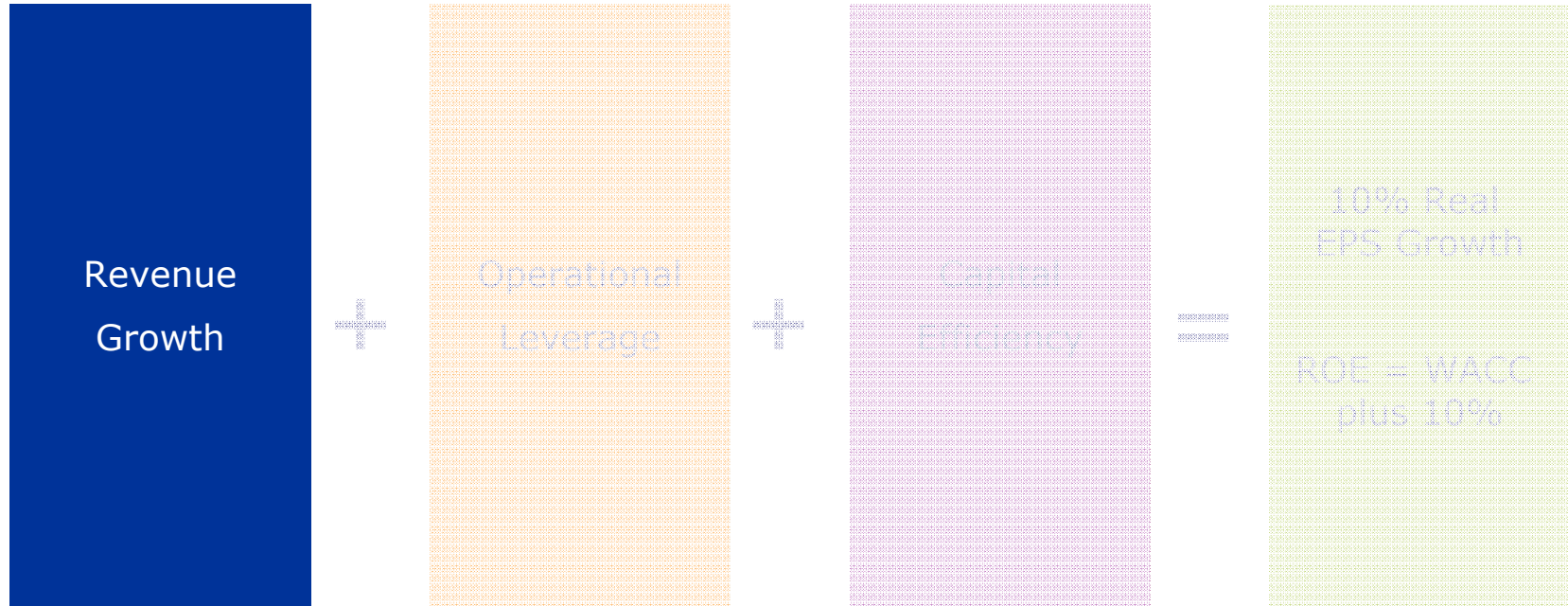
Building blocks of growth





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Building blocks of growth





Key revenue drivers

| | | |
|------------------------|---|-------|
| Interest income | ▲ | 6.6% |
| Bad debts | ▼ | 15.2% |
| Non interest income | ▲ | 33.8% |
| Income from associates | ▲ | 49.9% |
| <hr/> | | |
| Revenue growth | ▲ | 22.9% |

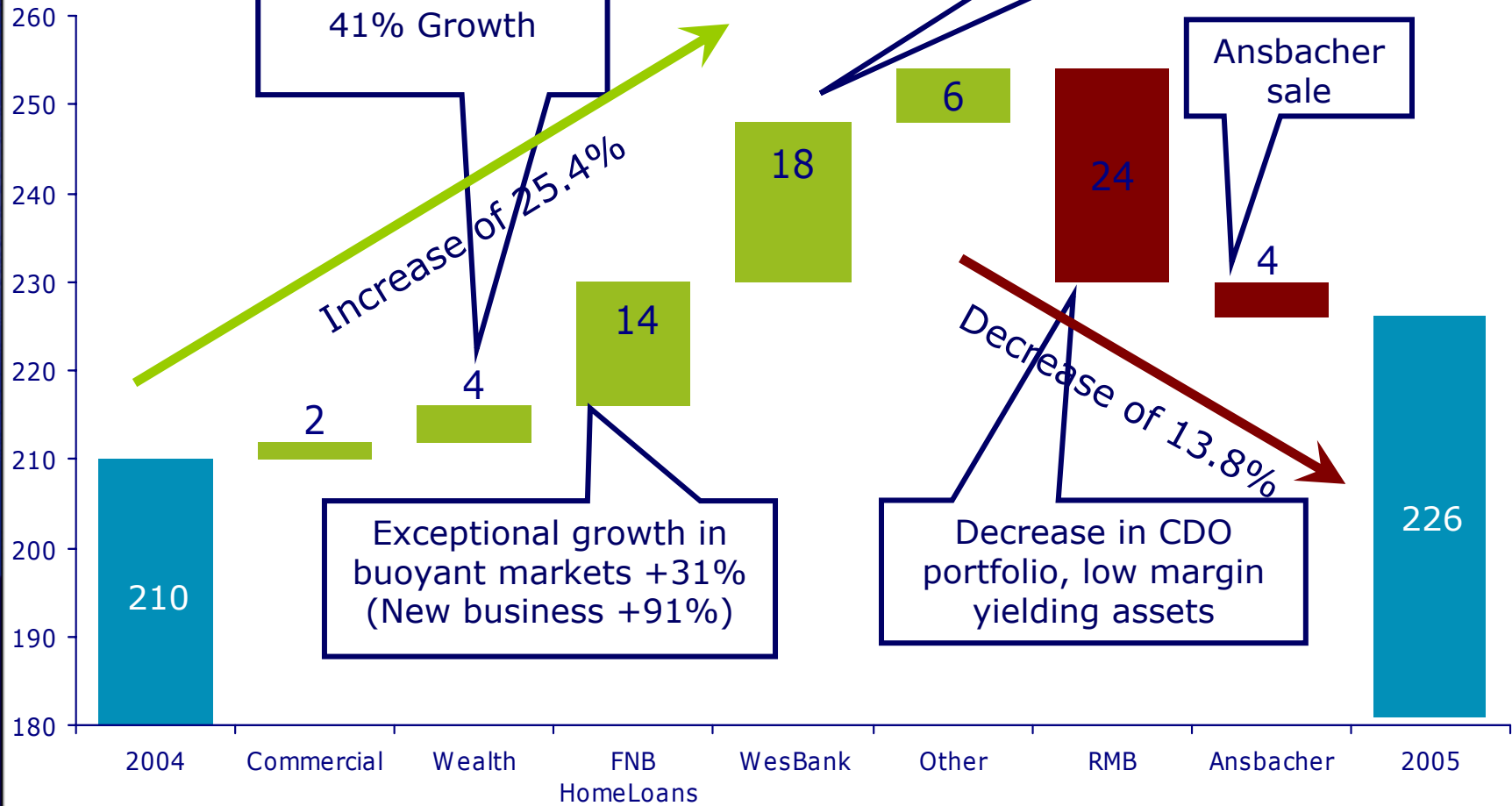


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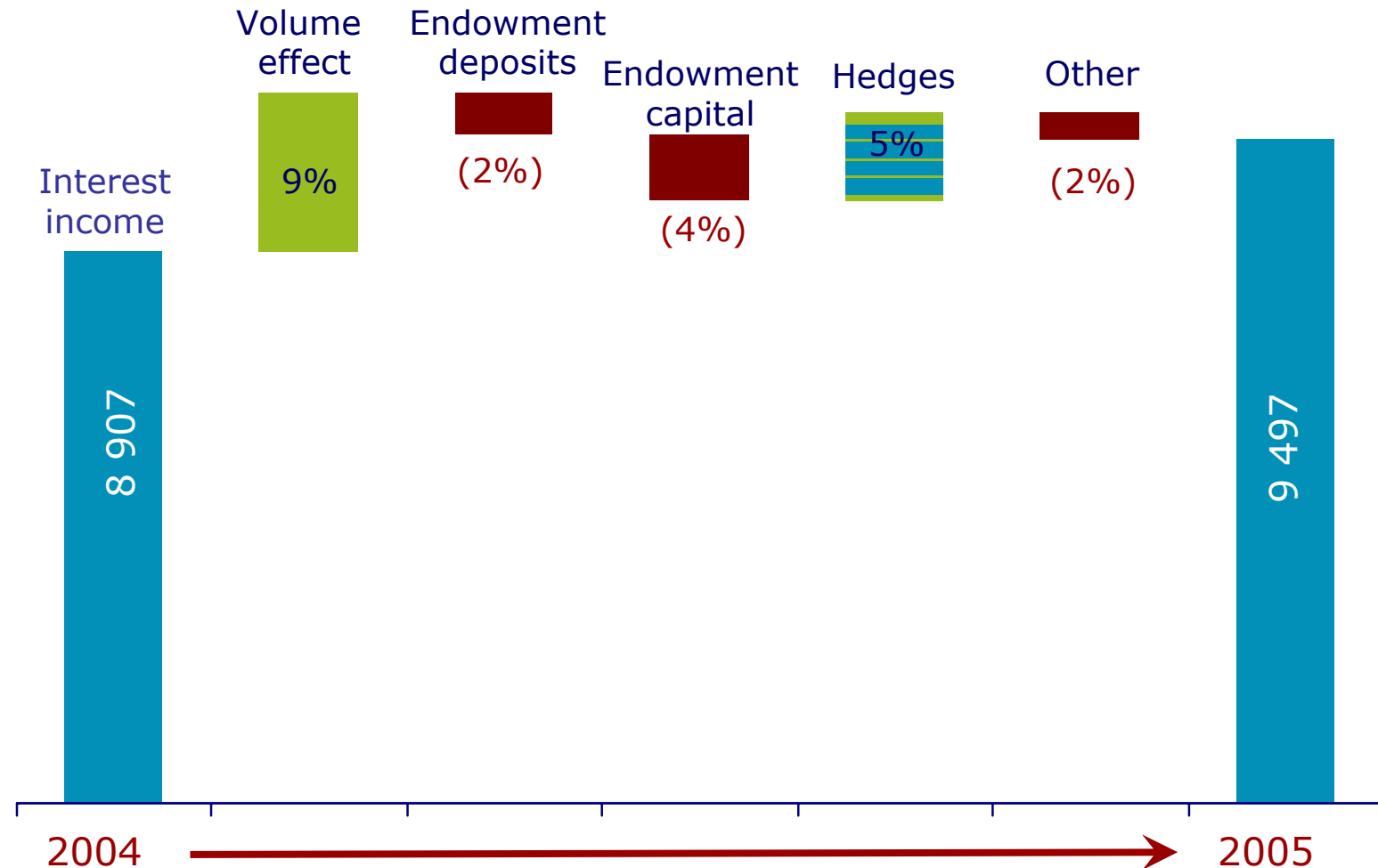


Increase of 8%



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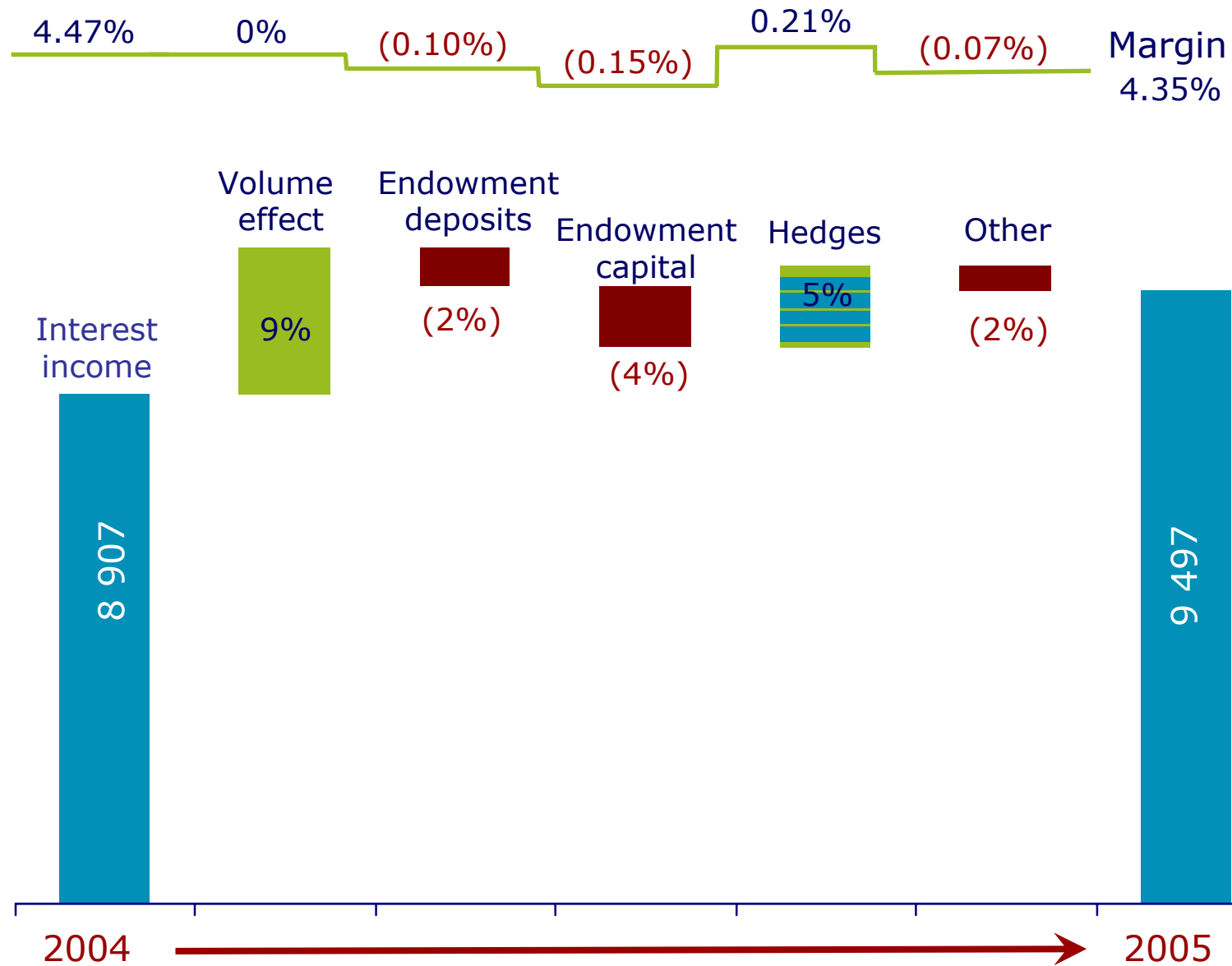
Unpacking the margin





financial review

Unpacking the margin





Asset margins under pressure

| | Weighting 2005 | 2005 | 2004 | |
|----------------------------------|-------------------|------|------|---|
| Asset-backed mortgages | 30% | 2.55 | 2.94 | ▼ |
| Instalment sales & lease debtors | 21% | 3.69 | 4.04 | ▼ |
| Card debtors | 3% | 7.48 | 8.12 | ▼ |
| Overdraft & other loans | 5% | 5.17 | 4.47 | ▲ |
| Personal loans | 9% | 6.31 | 6.84 | ▼ |
| Other advances | 3% | 1.10 | 0.53 | ▲ |
| Cash & short term funds | 30% | 2.82 | 2.64 | ▲ |
| Total | 100% | 3.14 | 3.21 | ▼ |



Funding the asset backed growth

R'bn 2005

Advances growth 25.9

Funded by:

Retail 6.9

Corporate 3.3

Professional 15.7

Securitisation – better option



Deposit endowment effect

| | Weighting | 2005 | 2004 | |
|-------------------|-----------|------|------|---|
| Current & savings | 24% | 3.93 | 4.16 | ▼ |
| Call accounts | 9% | 1.07 | 1.26 | ▼ |
| Notice deposits | 6% | 1.11 | 0.91 | ▲ |
| Fixed deposits | 6% | 0.55 | 0.49 | ▲ |
| Group Treasury | 55% | | | |
| Total | 100% | 1.15 | 1.21 | ▼ |



Key revenue drivers

| | | |
|------------------------|---|-------|
| Interest income | ▲ | 6.6% |
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| Income from associates | ▲ | 49.9% |
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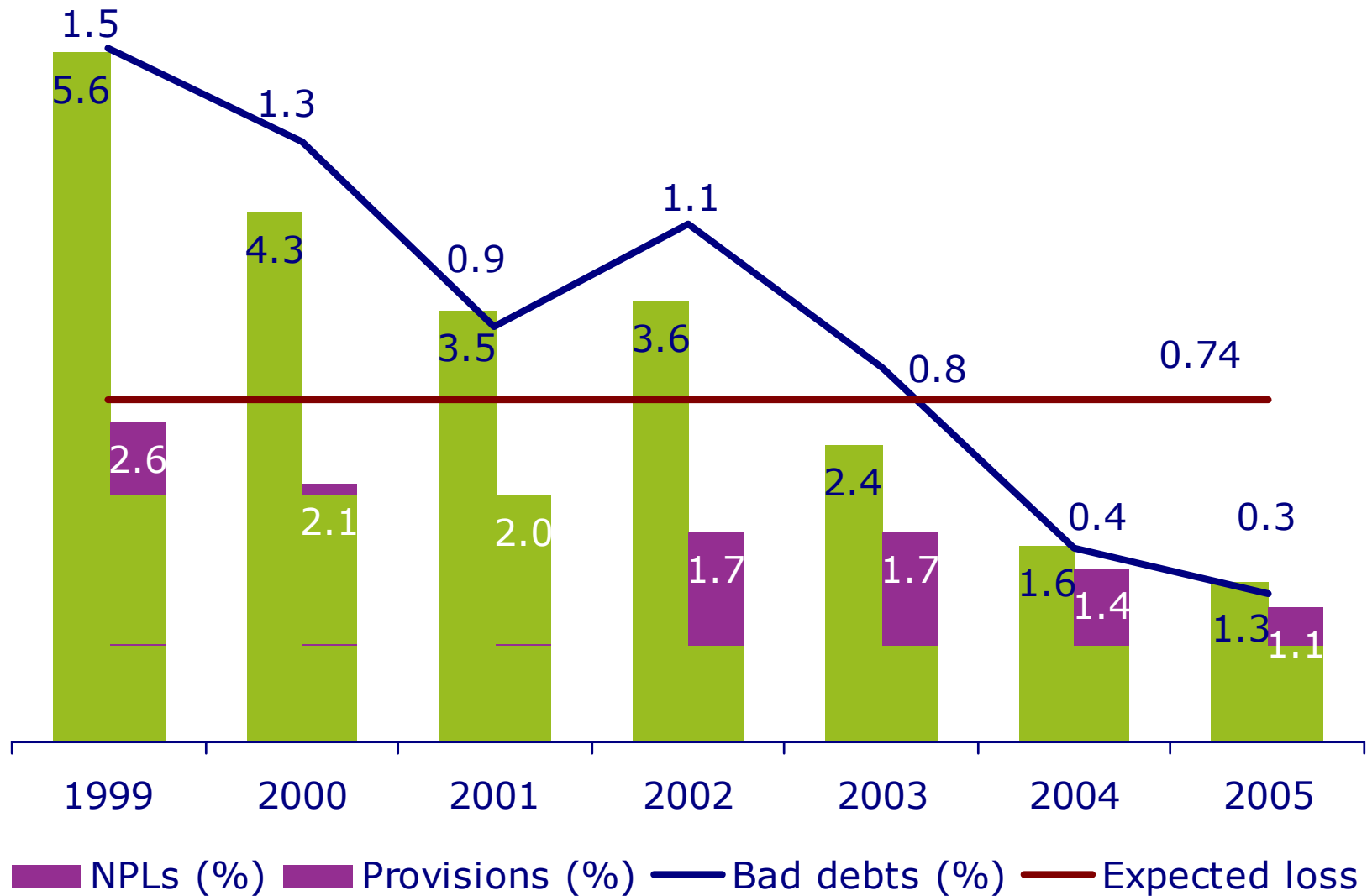
Bad debts & NPLs bottom out





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Long run expected loss





Key revenue drivers

| | | |
|------------------------|---|-------|
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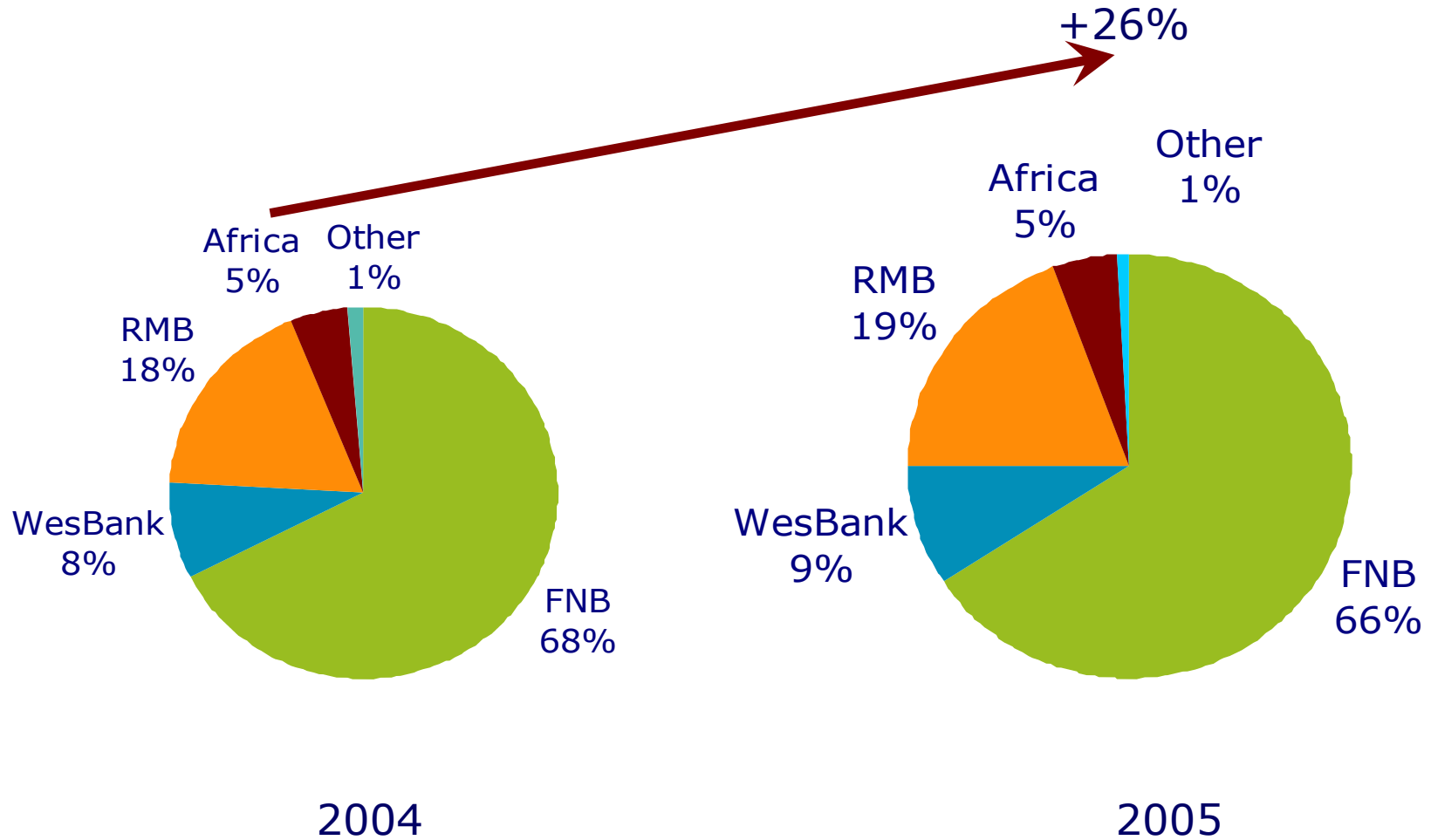


Key revenue drivers

| | | |
|---|---|-------|
| Interest income | ▲ | 6.6% |
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| Non interest income | ▲ | 33.8% |
| Non interest income (excl foreign currency) | ▲ | 25.7% |
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| Revenue growth | ▲ | 22.9% |

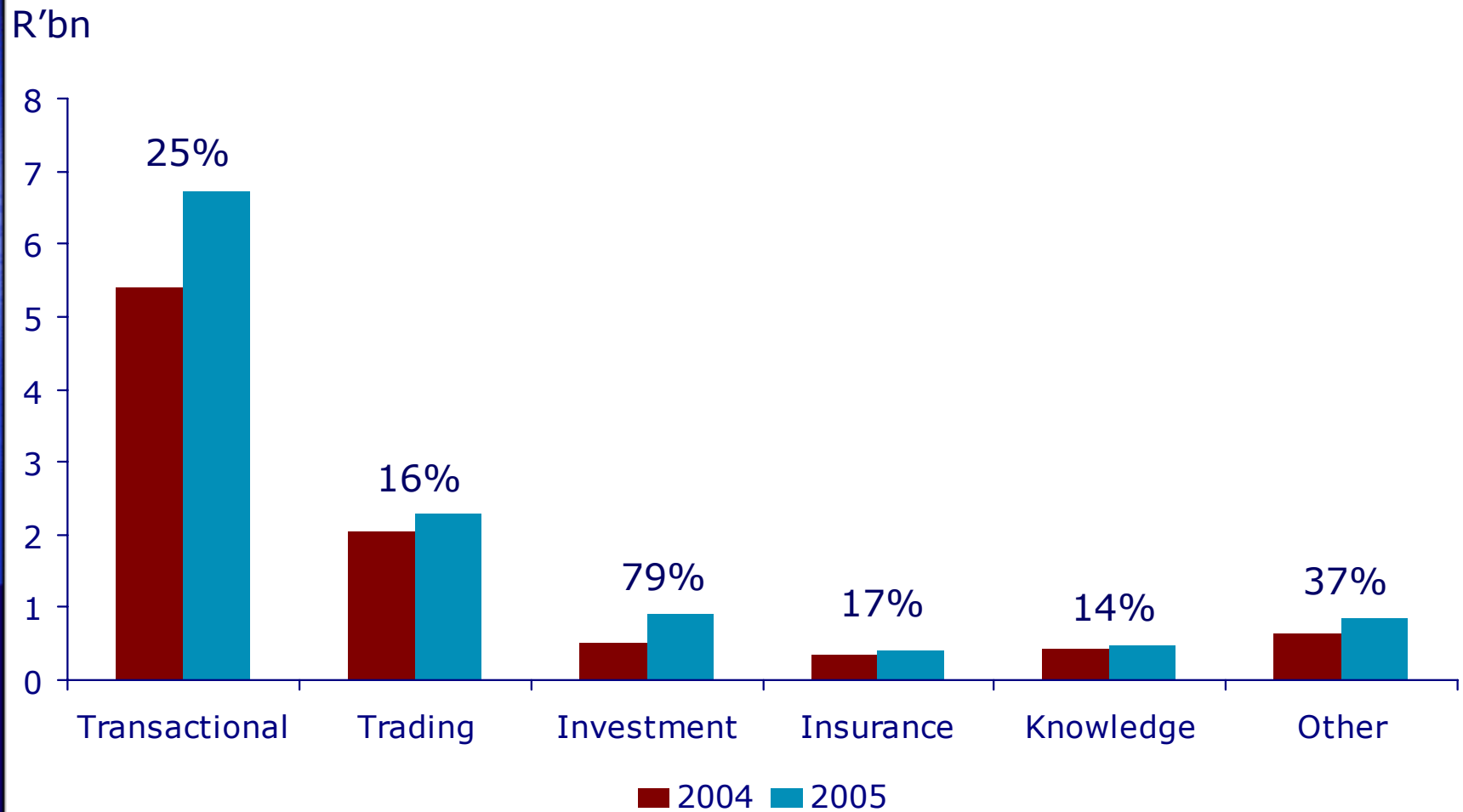


Non interest income growth across the board





Strong NIR growth

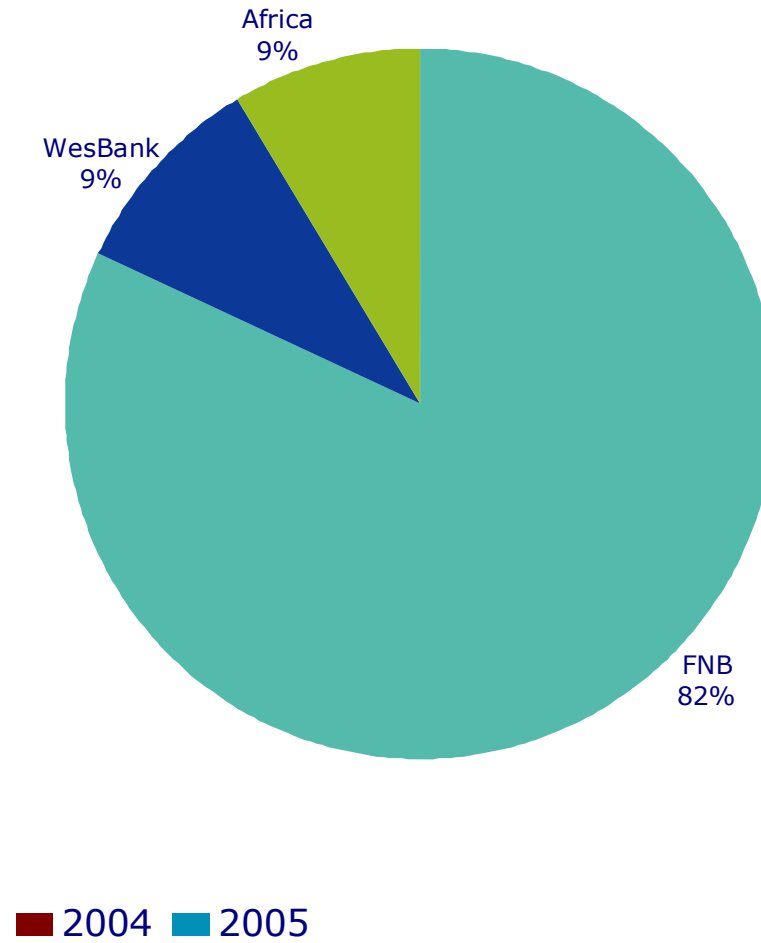
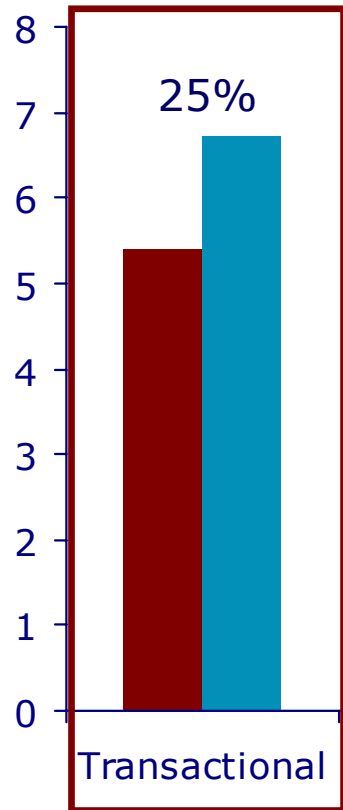




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Driven by FNB

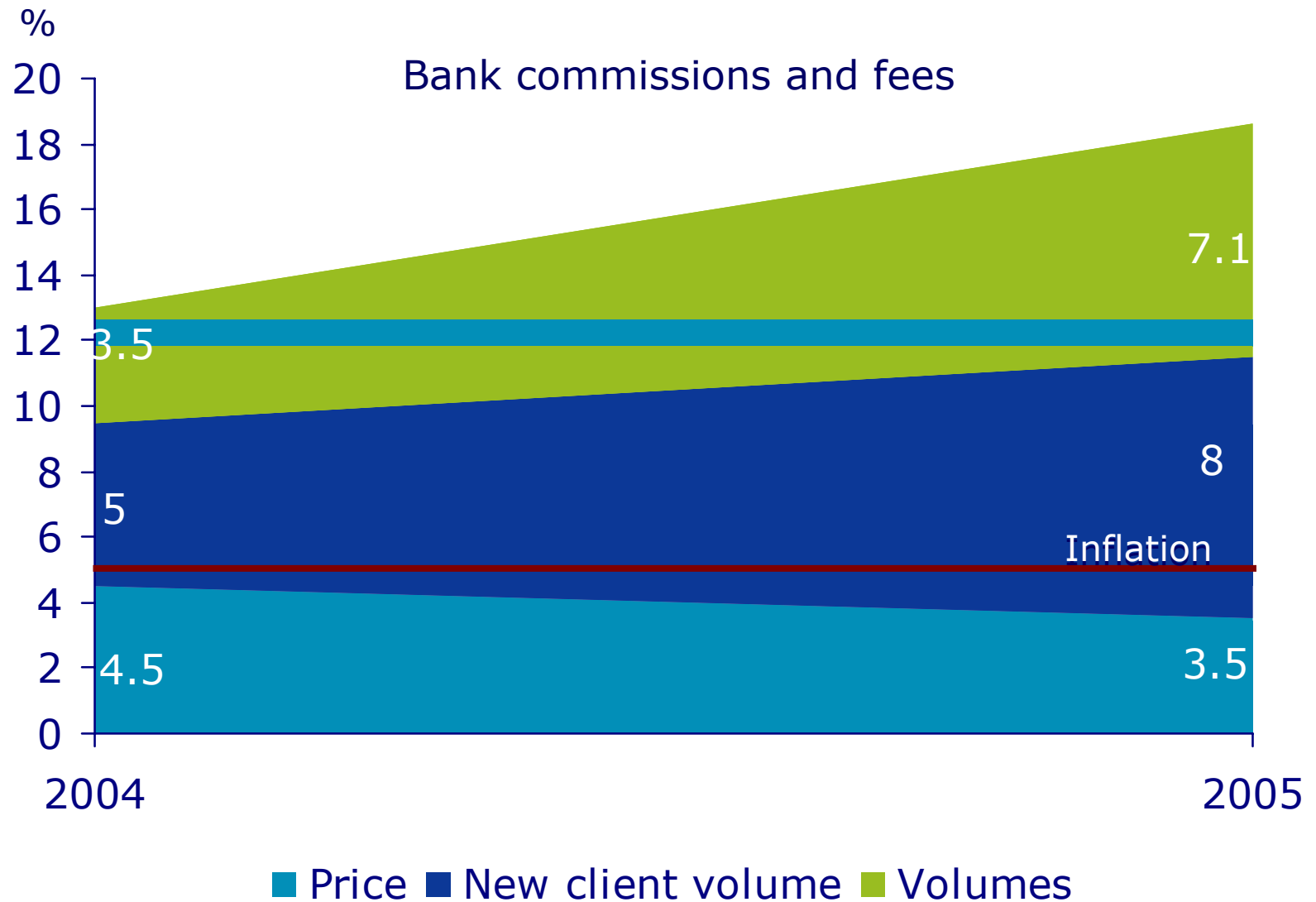
R'bn





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Transaction & customer volumes driving fee income

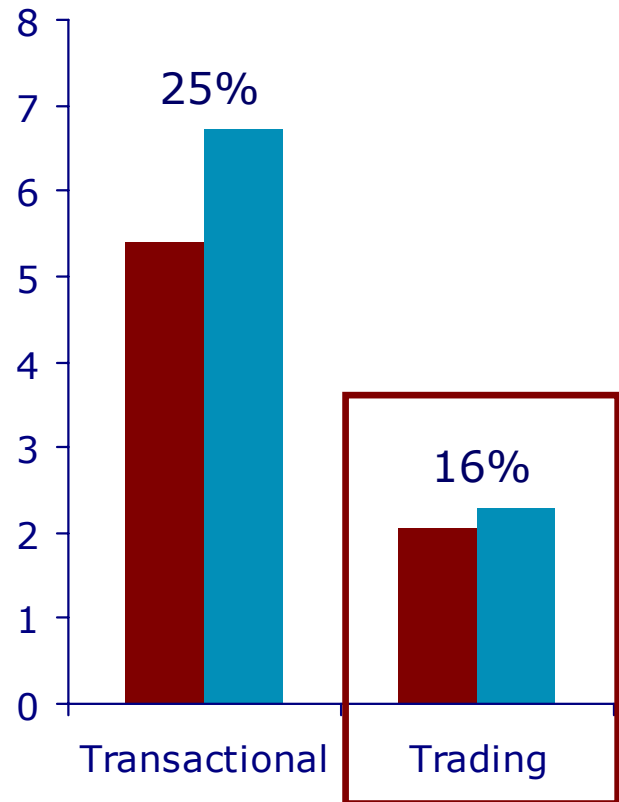




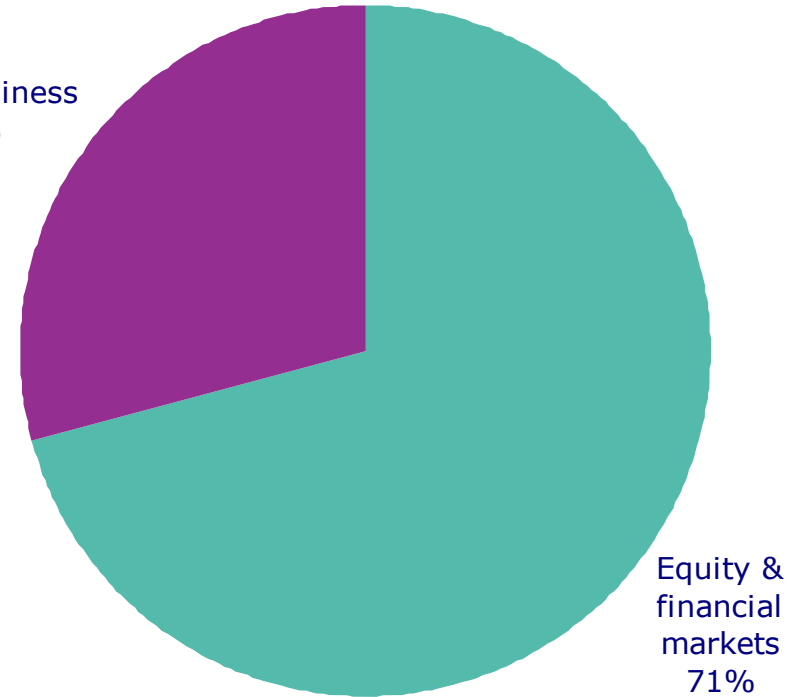
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Diverse trading income

R'bn



Forex business
29%

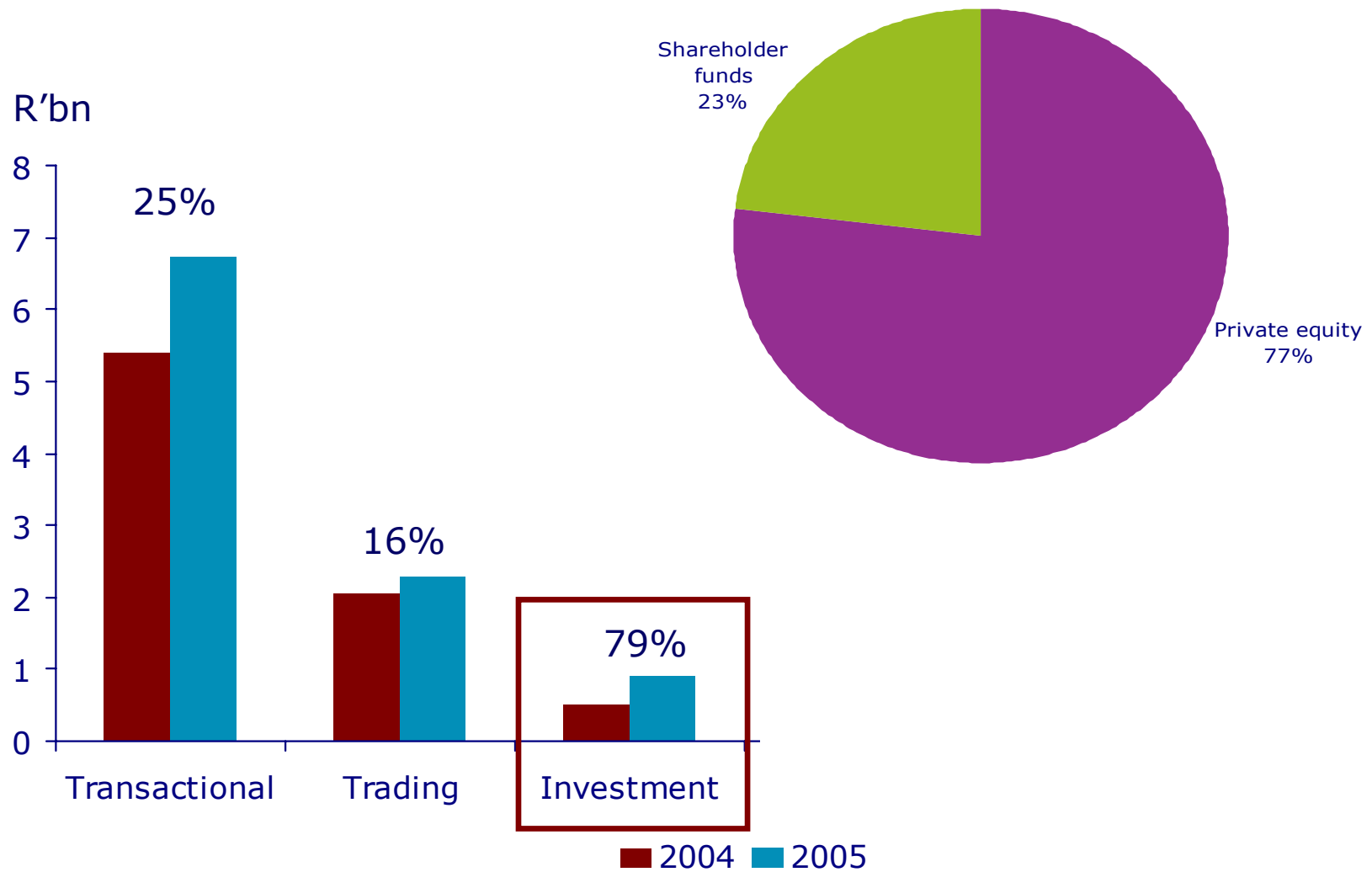


2004 2005



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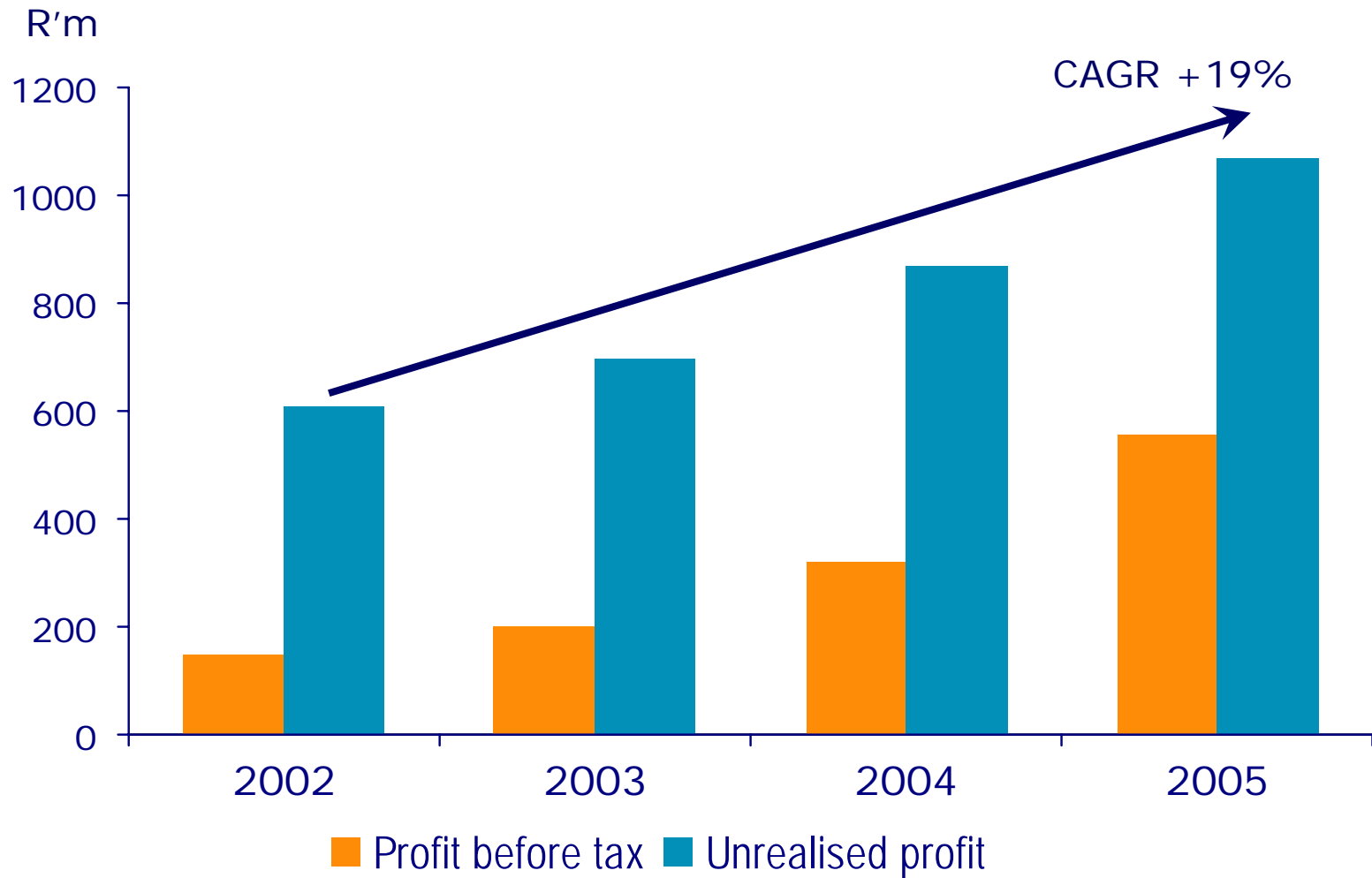
Equity related earnings





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Private Equity – value added

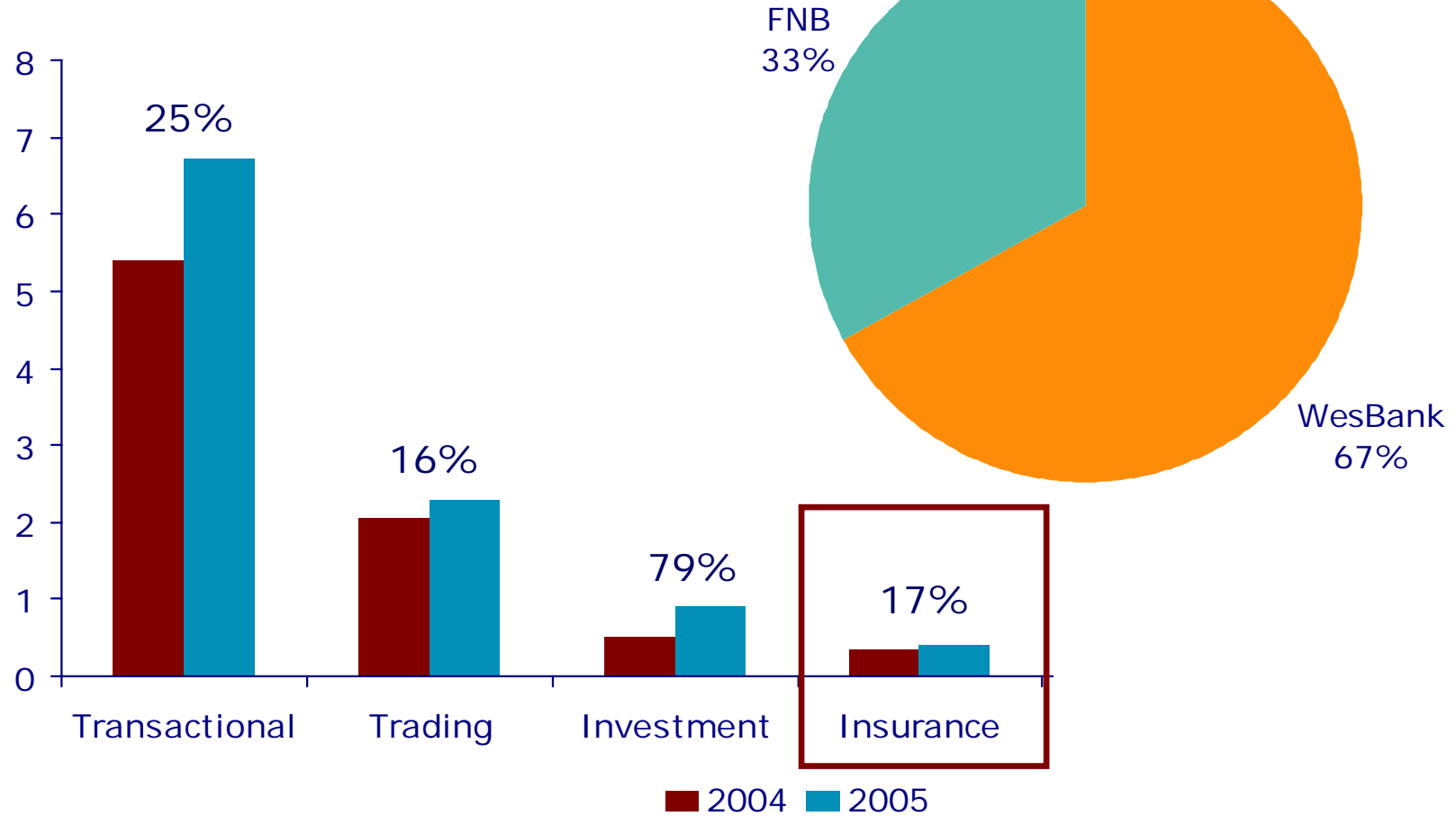




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Insurance income continues to grow

R'bn





Key revenue drivers

Interest income



6.6%

Bad debts



15.2%

Non interest income



33.8%

Income from associates



49.9%

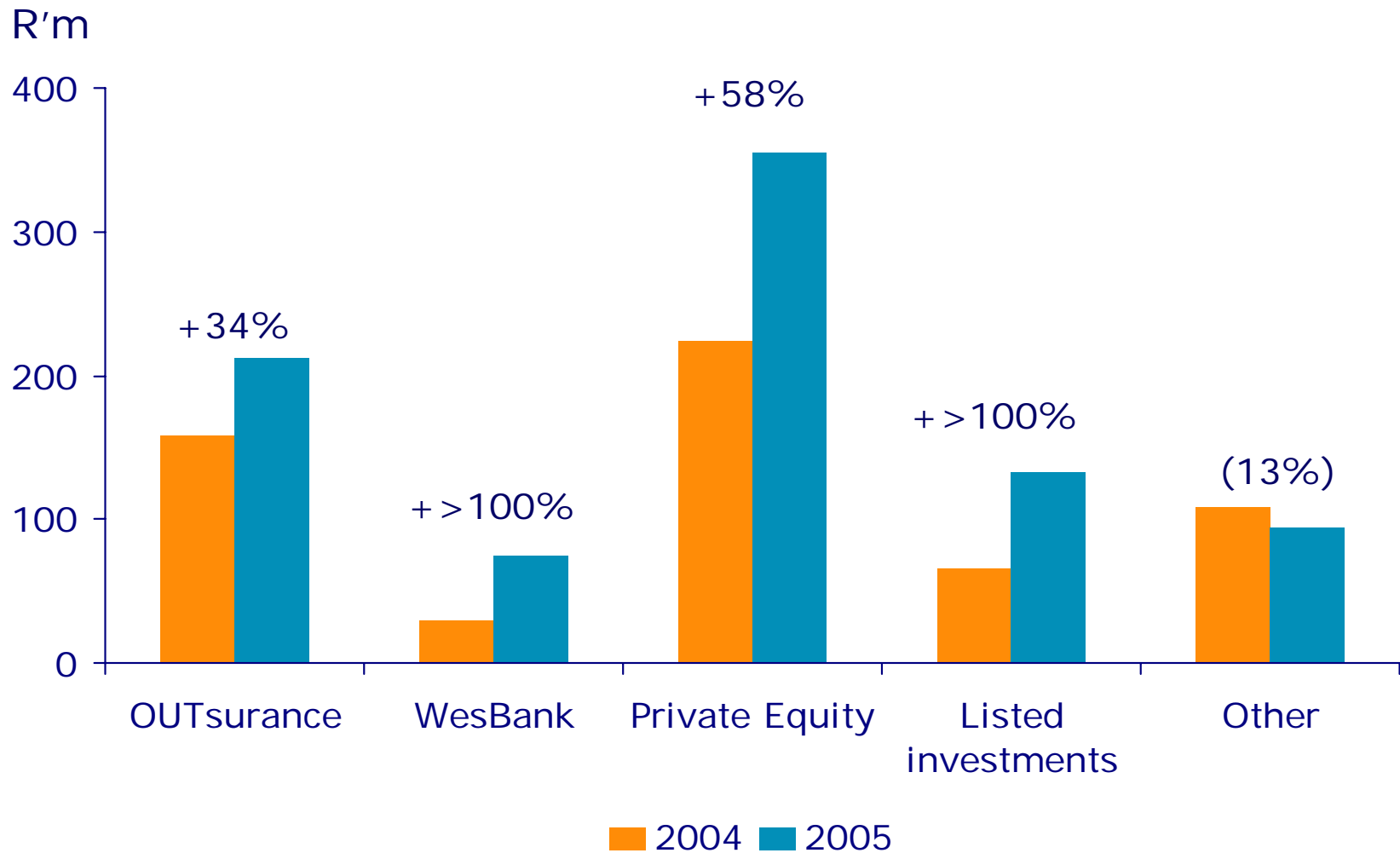
Revenue growth



22.9%



Associate income up 50%





Key revenue drivers

| | | |
|------------------------|---|-------|
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| Revenue growth | ▲ | 22.9% |



financial
review

Building blocks of growth

Revenue
Growth



Operational
Leverage



Capital
Structure



100% Revenue
100% Growth
100% Operational
Leverage
100% Capital
Structure

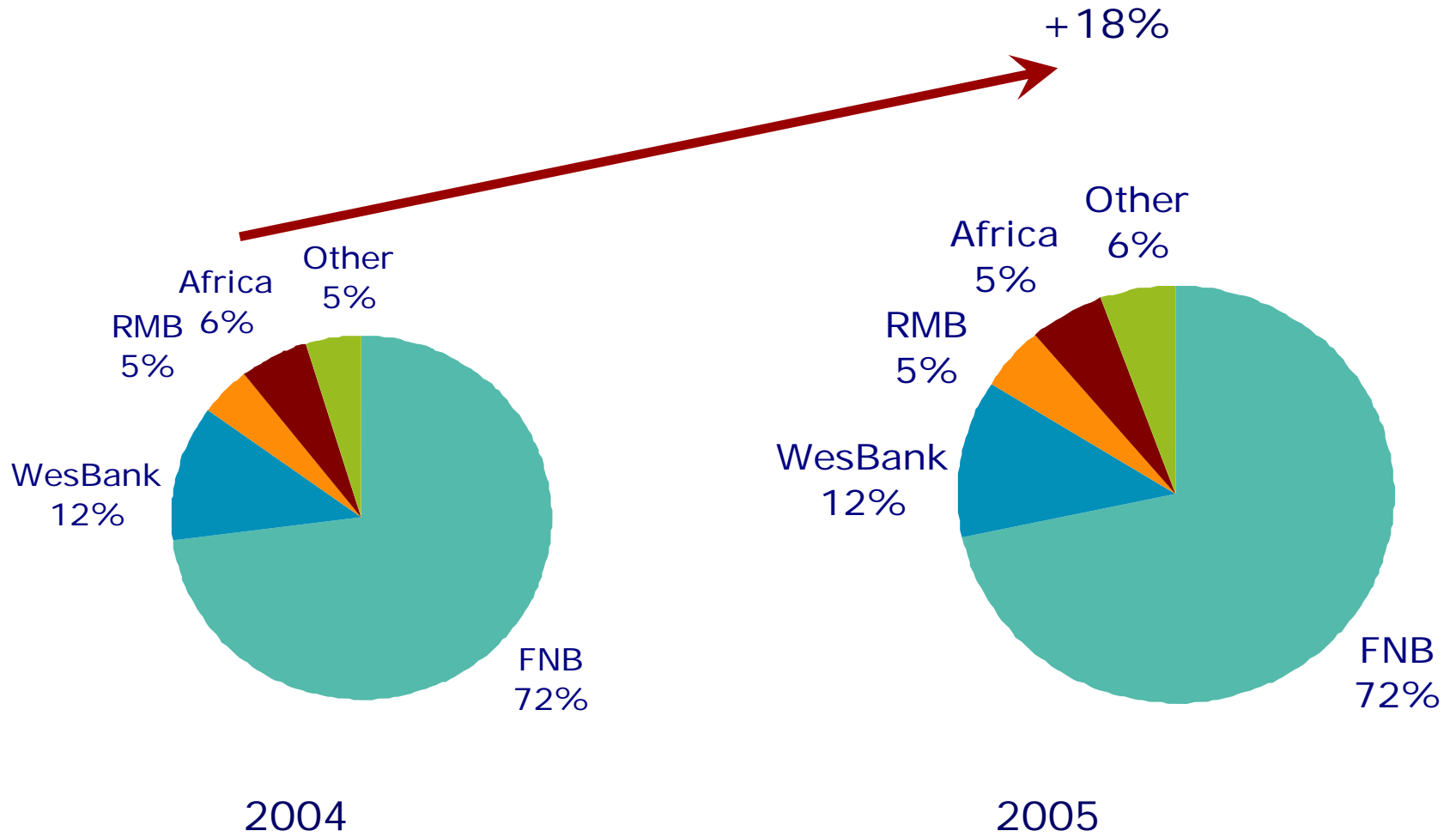


Operational leverage drivers

| | | |
|-----------------------|---|-------|
| Operating expenditure | ▲ | 18.0% |
| Taxation | ▲ | 20.1% |
| <hr/> | | |
| Expenses growth | ▲ | 18.3% |

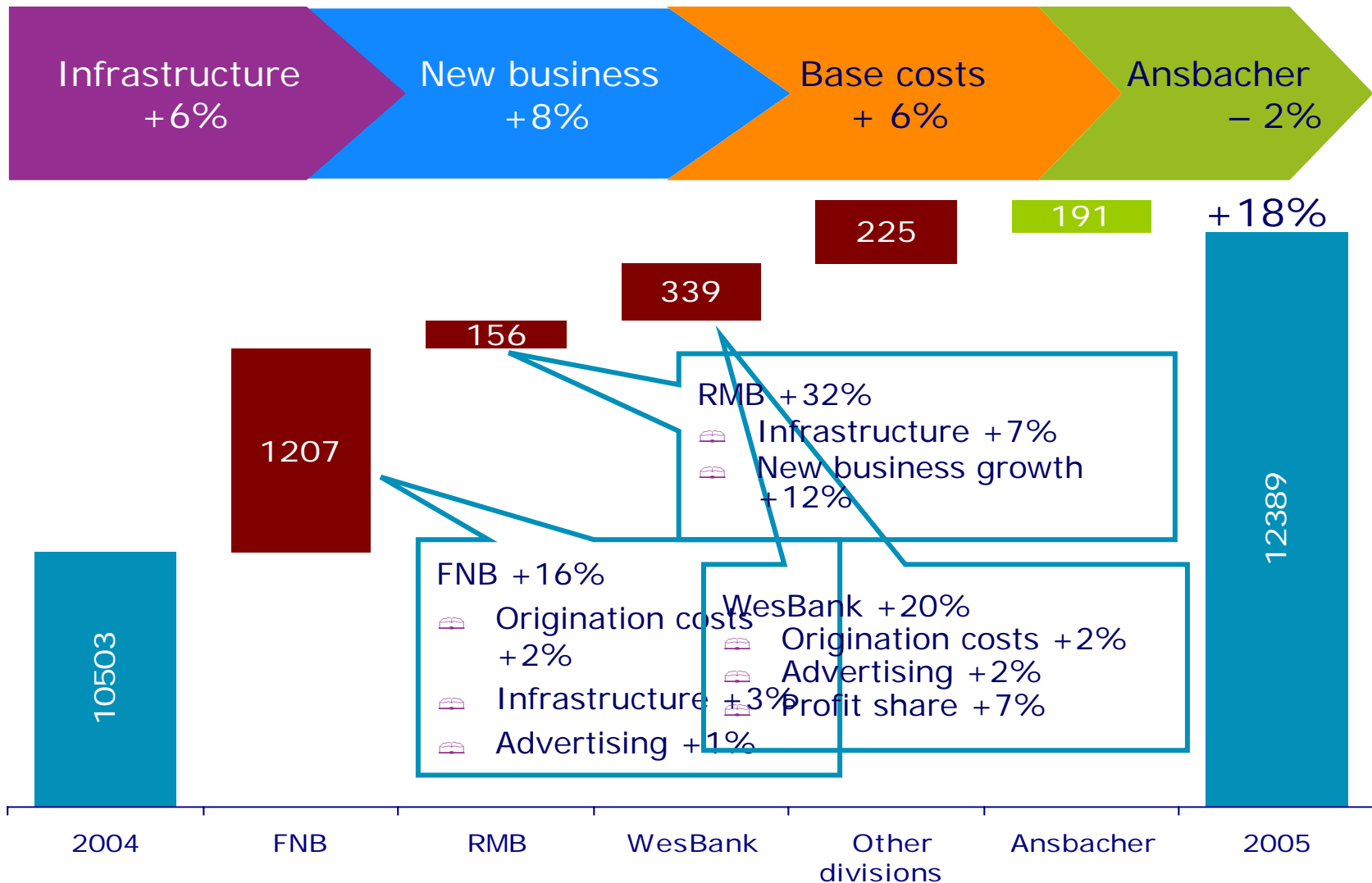


Operating expenditure





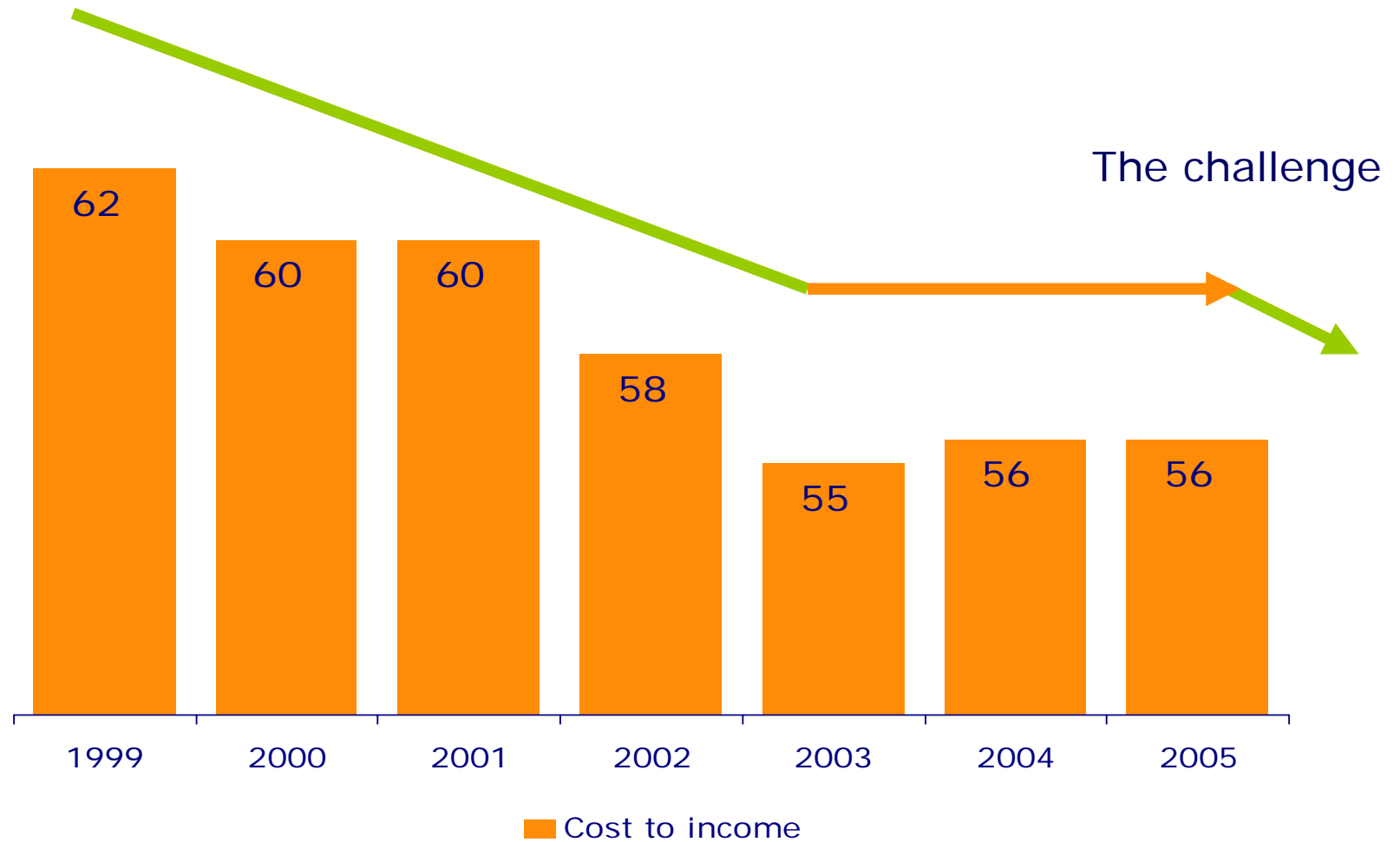
Investing for growth





financial review

Operational leverage – a challenge





Operational leverage drivers

Operating expenditure



18.0%

Taxation



20.1%

Expenses growth

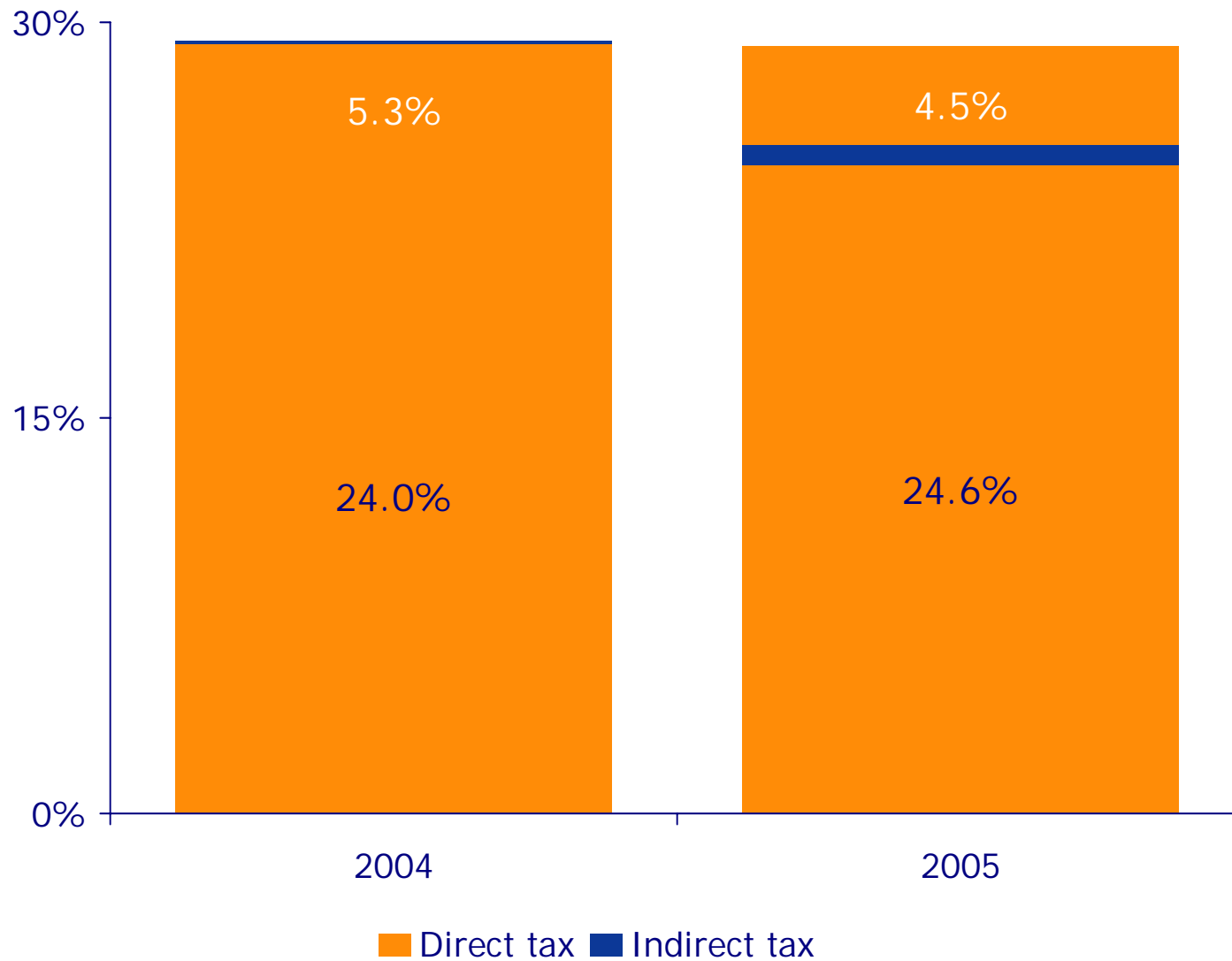


18.3%



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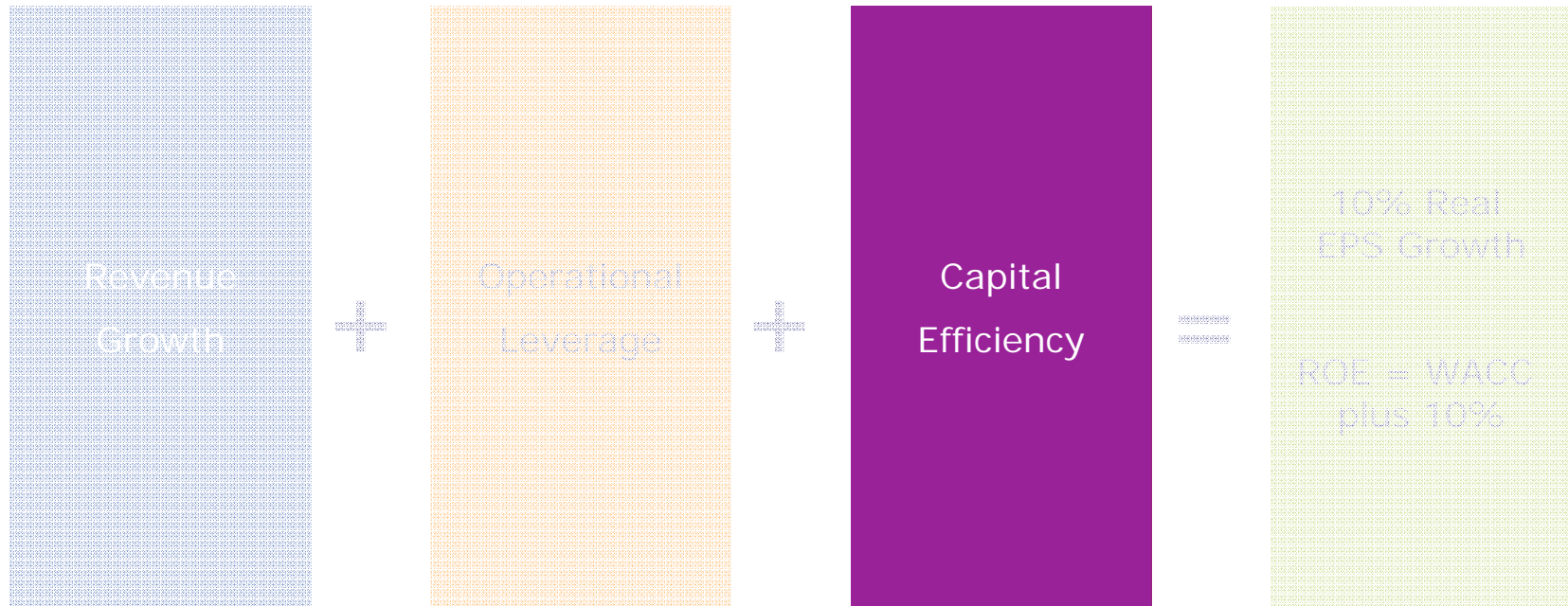
Effective tax rates





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review

Building blocks of growth





Superior ROE and economic value

| | 2005 | 2004 |
|-----------------------|------|------|
| Return on assets | 1.84 | 1.67 |
| | X | X |
| Gearing multiple | 15.0 | 15.7 |
| <hr/> | | |
| Return on equity | 27.6 | 26.3 |
| | - | - |
| Cost of equity | 12.7 | 13.6 |
| <hr/> | | |
| Shareholder value add | 14.9 | 12.7 |
| <hr/> | | |

Continued shareholder value creation



Momentum Group



financial
review

Key numbers

Headline earnings



19%

Return on equity



25%

Return on EV



28%



financial
review

Key numbers

| | | |
|-------------------|--|-----|
| Headline earnings | | 19% |
| Return on equity | | 25% |
| Return on EV | | 28% |



All divisions perform well



| R'm | 2005 | 2004 | % |
|--|-------|-------|----|
| Insurance operations | 685 | 595 | 15 |
| Asset management operations | 247 | 175 | 41 |
| <hr/> | | | |
| Group operating profit | 932 | 770 | 21 |
| Investment income on shareholders' assets | 355 | 311 | 14 |
| <hr/> | | | |
| Group headline earnings | 1 287 | 1 081 | 19 |

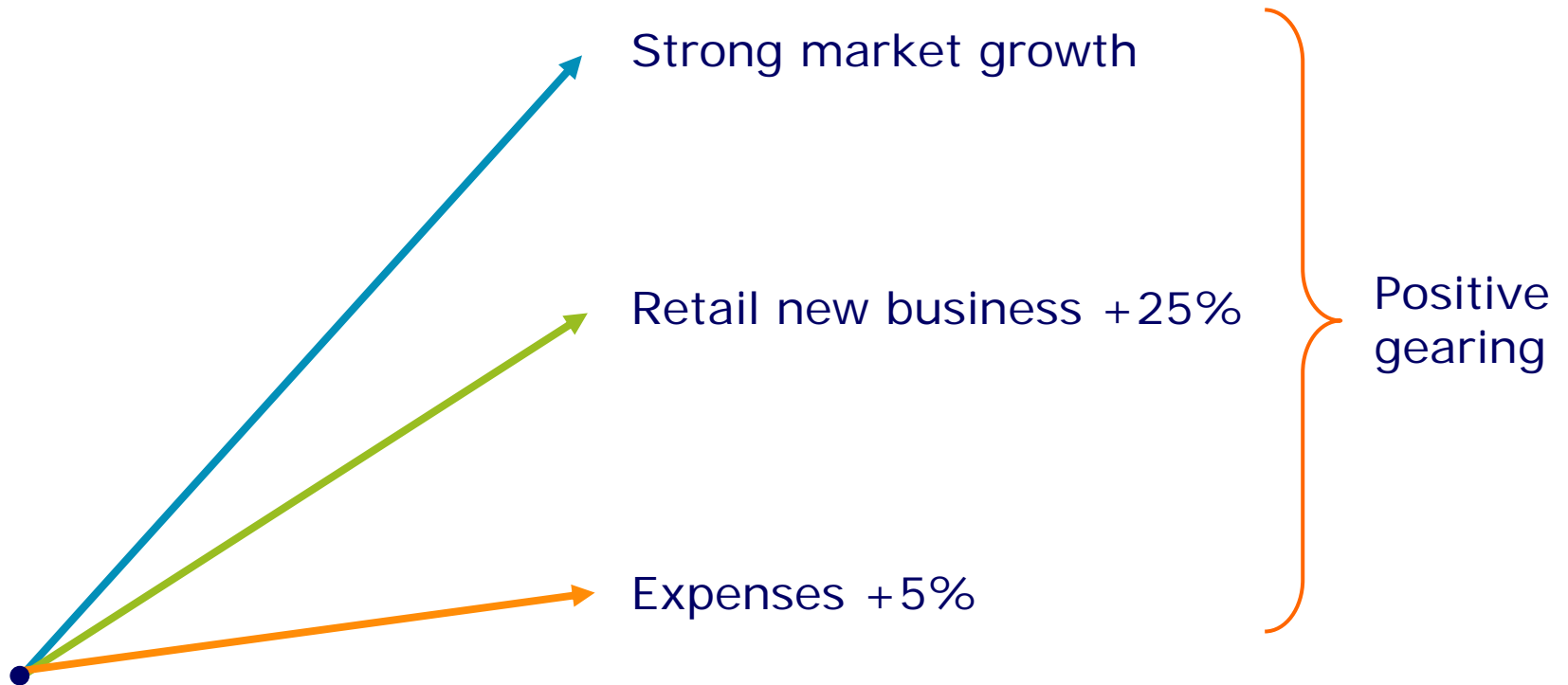


All divisions perform well

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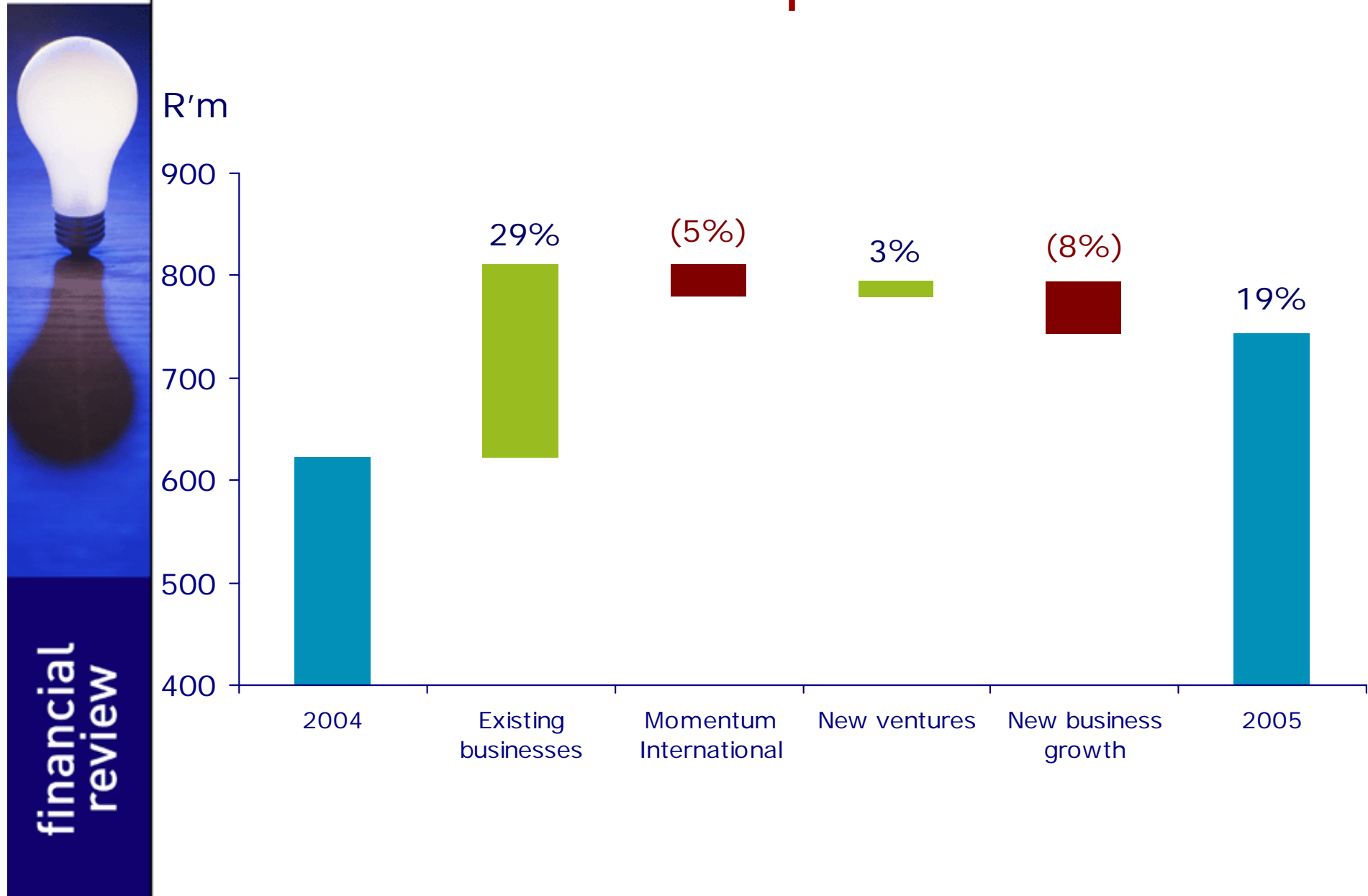


Positive gearing on local earnings





Local insurance operations +19%





All divisions perform well

| R'm | 2005 | 2004 | % |
|--|-------|-------|----|
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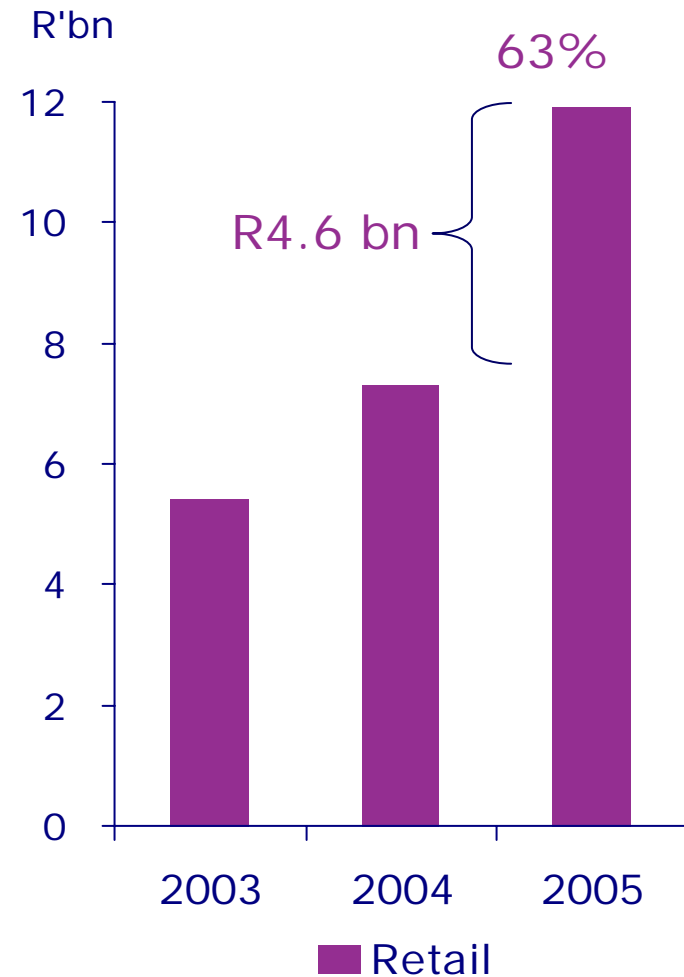
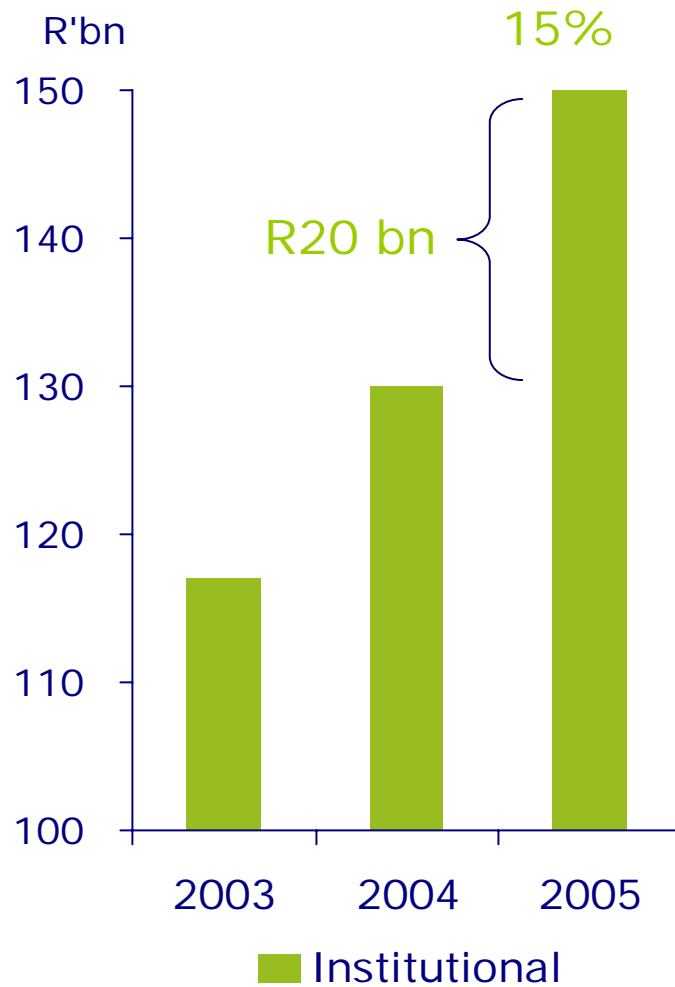
Strong performance from domestic asset management

| R'm | 2005 | 2004 | % |
|--------------------------|------|------|----|
| Local operations | 178 | 109 | 63 |
| International operations | 69 | 66 | 5 |
| <hr/> | | | |
| Headline earnings | 247 | 175 | 41 |



financial review

Strong growth in funds under management





Key numbers

Headline earnings



19%

Return on equity



25%

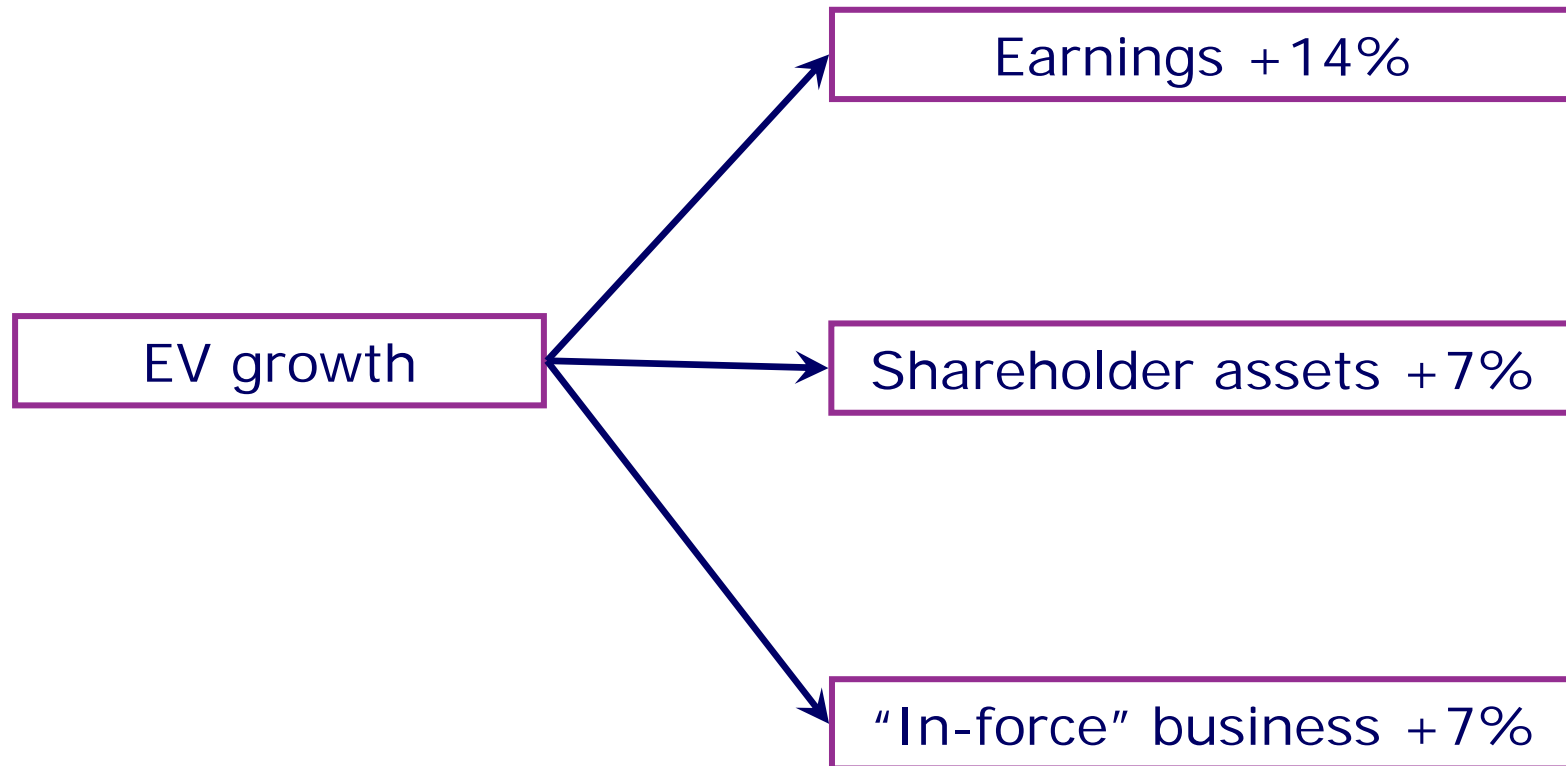
Return on EV



28%



Return on embedded value growth +28%



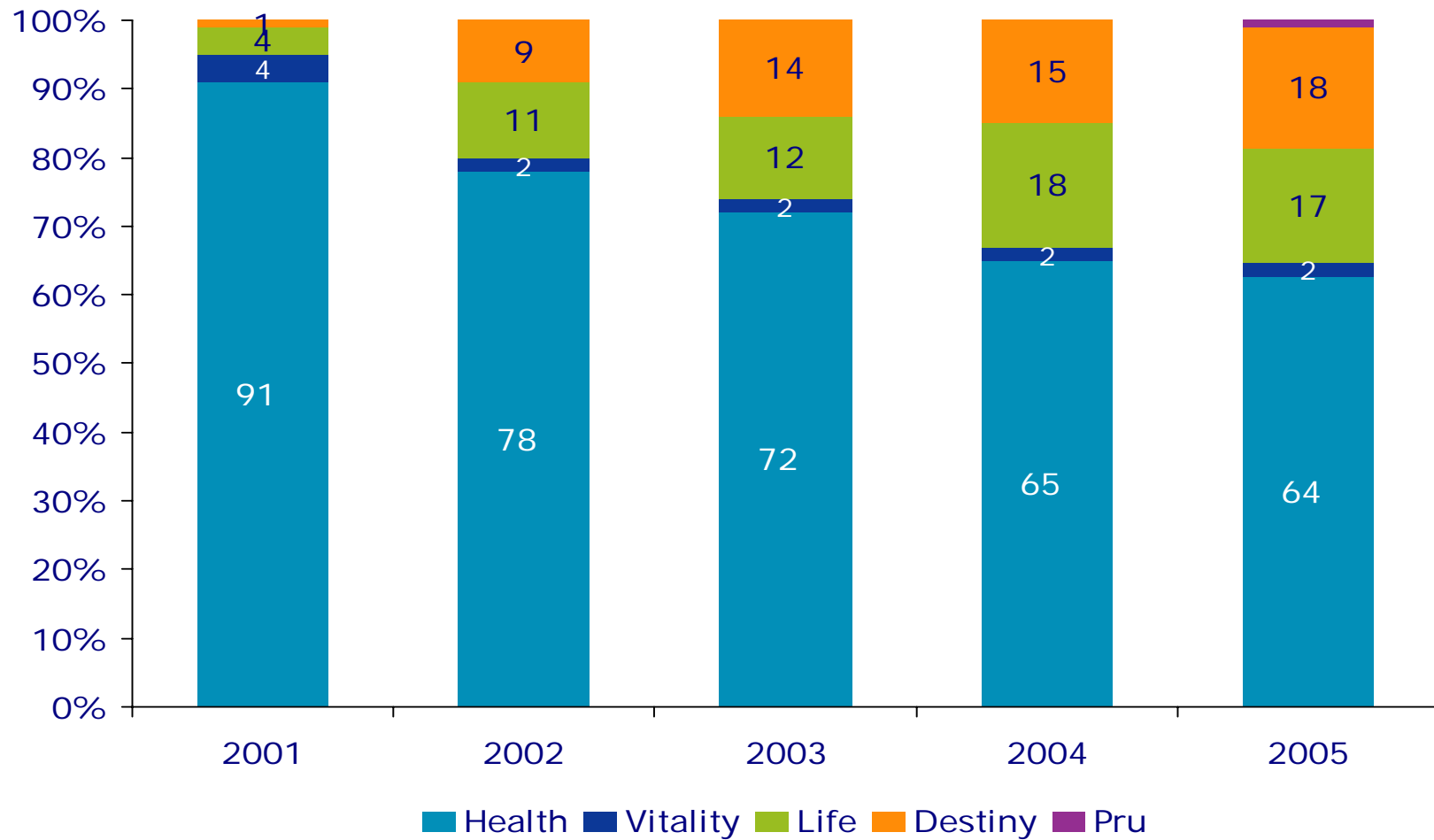


Discovery Group



financial review

Increased diversification



New business growth of 35%: R4342m



SA operations exceed R1bn

| R'm | 2005 | 2004 | % |
|------------------|-------|-------|------|
| Discovery Health | 562 | 521 | 8 |
| Discovery Life | 421 | 271 | 55 |
| Vitality | 38 | 50 | (24) |
| <hr/> | | | |
| SA Operations | 1 022 | 842 | 21 |
| Destiny Health | (87) | (106) | (18) |
| PruHealth | (148) | (28) | - |
| <hr/> | | | |
| Operating profit | 786 | 708 | 11 |



Operating profit

| R'm | 2005 | 2004 | % |
|--|------------|------------|-----------|
| Operating profit | 786 | 708 | 11 |
| Investment income & realised profits | 159 | 121 | 31 |
| Financing costs | (54) | (47) | 15 |
| Forex loss - unrealised | (8) | (62) | (87) |
| Profit before tax | 883 | 720 | 23 |
| Taxation | (307) | (299) | (3) |
| Minority share of loss | 9 | (3) | - |
| Net profit attributable to shareholders | 585 | 418 | 40 |

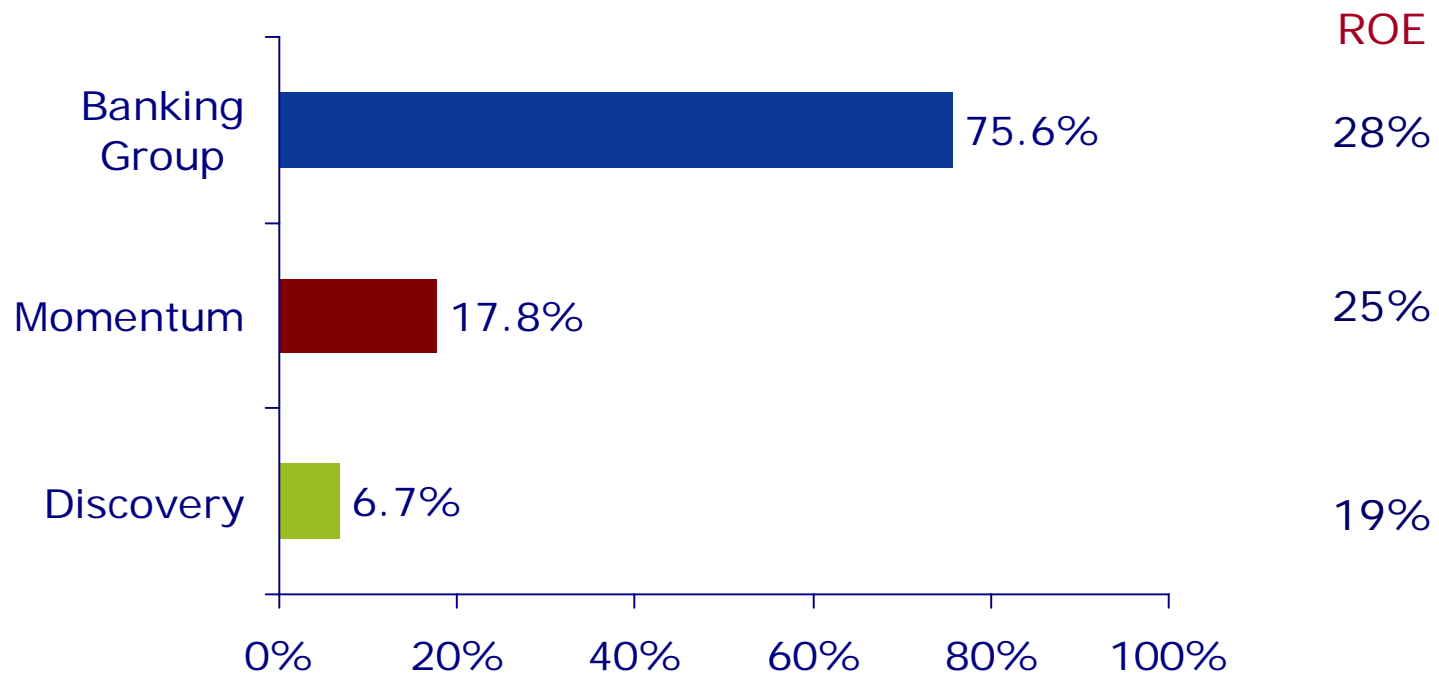


Capital Management



Capital in context

Split of main operating companies of capital





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Application of the excess



"True" excess is R500m as at 30 June 2005

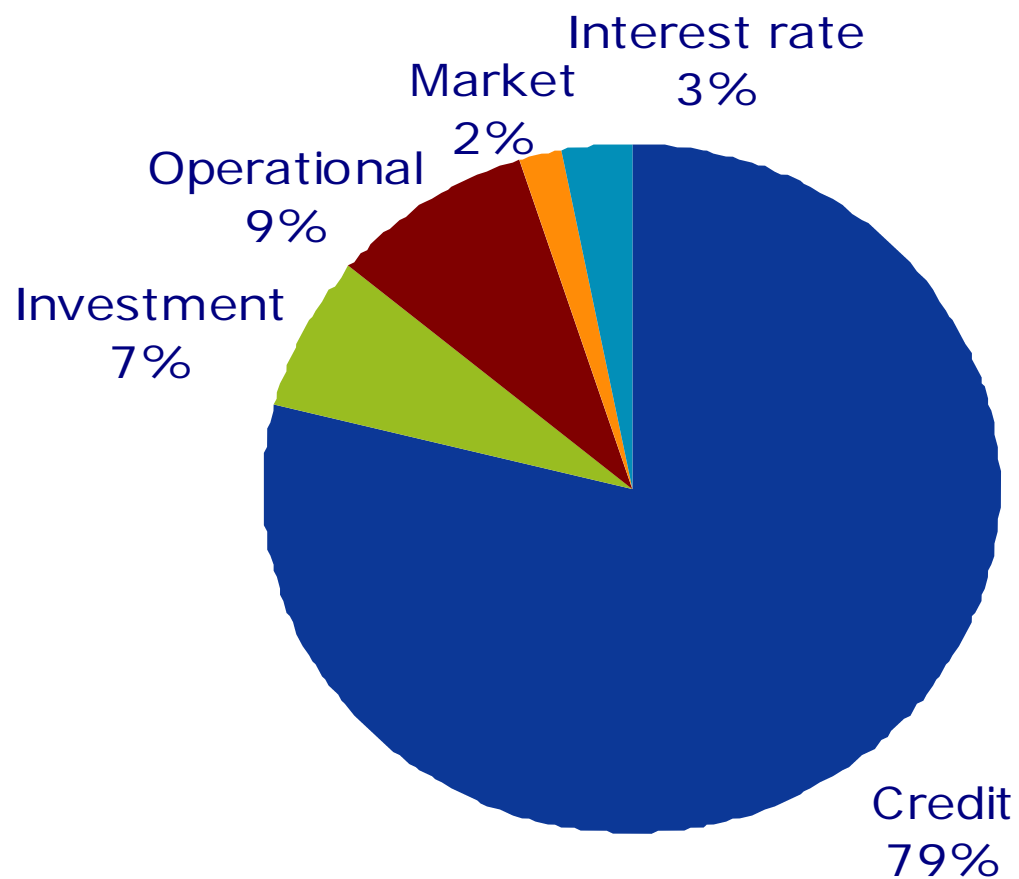


Capital
Management
Banking
Group



financial
review

Capital by risk type





Capital for growth and dividend

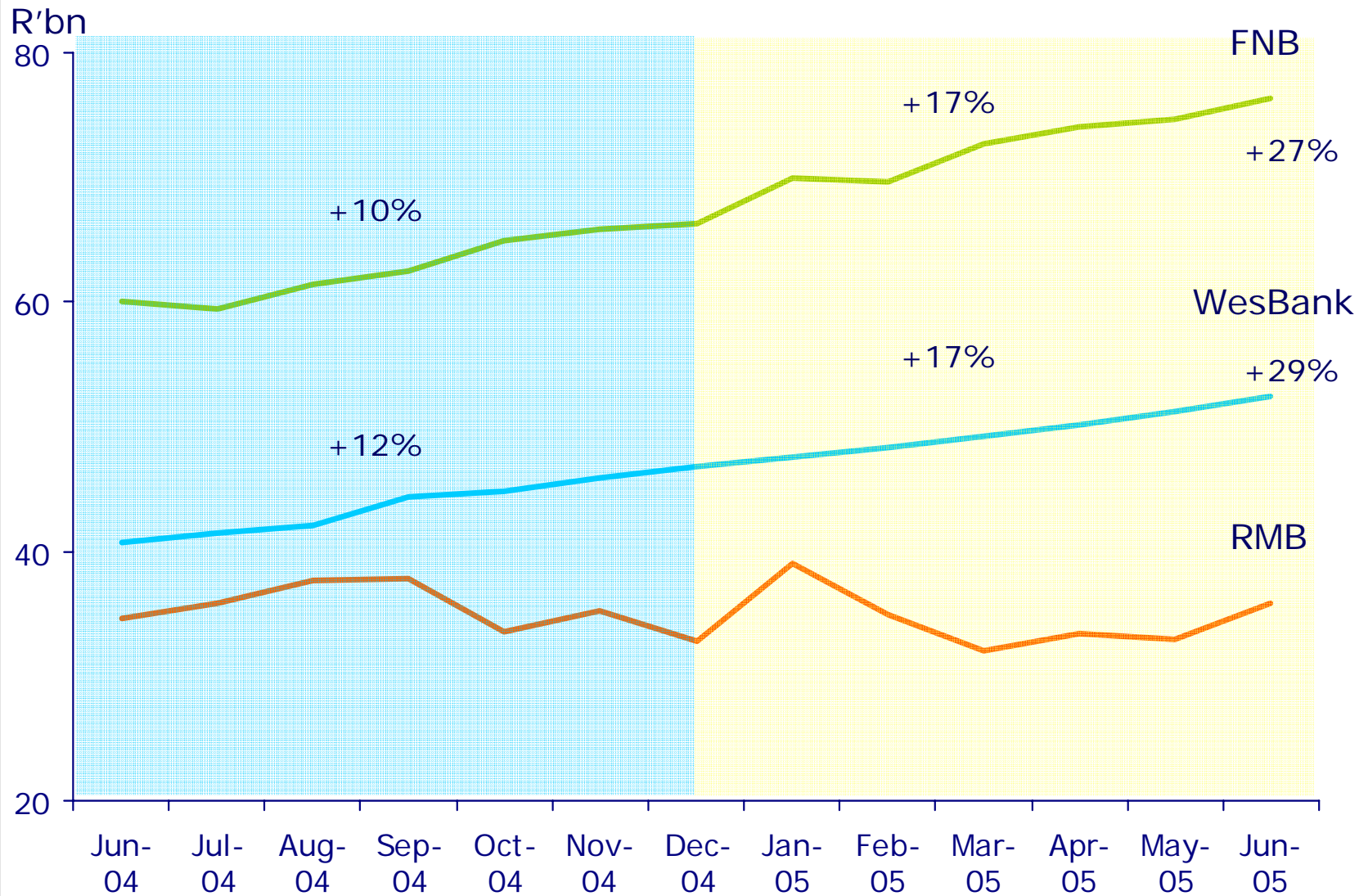
| FirstRand Banking Group | Expected | Actual |
|-------------------------------|----------|----------|
| ROE | 23.0% | 28.3% |
| Less: Dividend (2.5x cover) | (9.2%) | (11.3%) |
| Therefore | | |
| Capital available for growth | 13.8% | 17.0% |
| Actual growth in requirements | | 22.0% |
| Difference | | (5.0%) |

Surplus used for organic growth



financial review

Capital invested in growth



Growth in RWA of 19%



Capital
Management
Momentum
Group



Capital invested in strategic acquisitions

| | CAR cover |
|---|-----------|
| As at 30 June 2005 | 2.2x |
| Less: Sage | (0.6x) |
| Add: Aflife transactions | 0.1x |
| Net | 1.7x |
| Add: Non cumulative non redeemable preference share | 0.2x |
| | 1.9x |

Within Momentum CAR cover target range



financial
review

In summary

- 📖 Maintain the dividend cover of 2.5 times
- 📖 Board approved share buy-in program as part of capital management
- 📖 Current excess R500million
- 📖 Capacity created for further Tier 2 issue



banking



FIRSTRAND

audited results for the
year ended 30 June '05

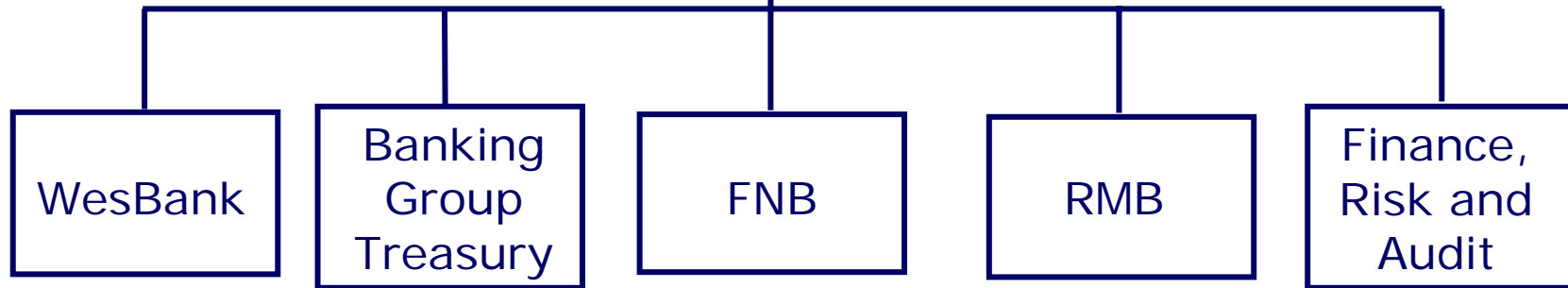


banking

Simplified structure



FIRSTRAND
— Banking Group —



WesBank
Put us to the test
A division of FirstRand Bank Ltd.

 **First National Bank**
A division of FirstRand Bank Limited
How can we help you?


RAND MERCHANT BANK
— A division of FirstRand Bank Limited —



RMB



banking

Strong financial performance

| | |
|------------|--------|
| PBT | R2.2bn |
| Growth | 36% |
| % of Group | 22% |





banking



RMB



RMB ASSET MANAGEMENT



RAND MERCHANT BANK



banking



RMB



RMB ASSET MANAGEMENT

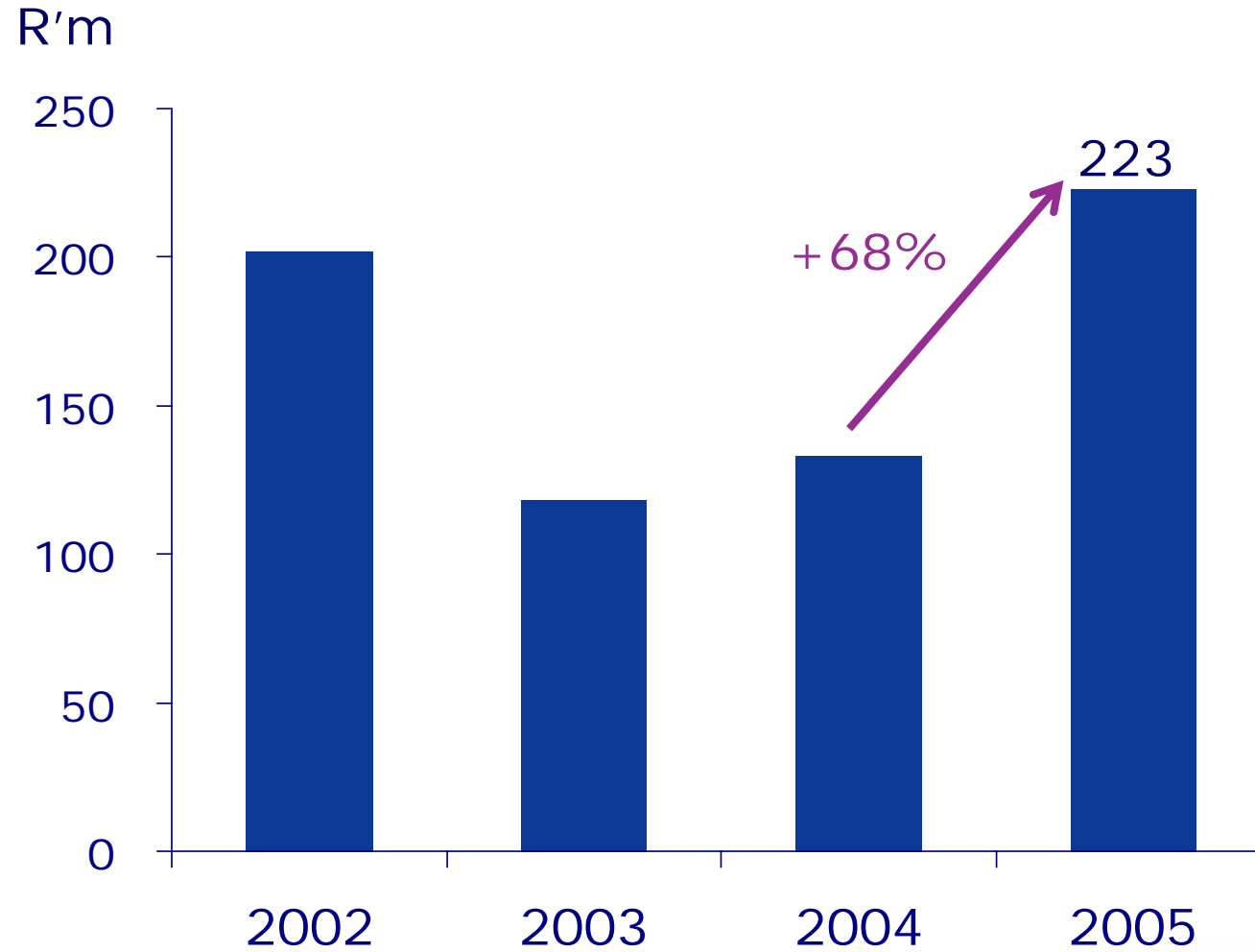


RAND MERCHANT BANK



banking

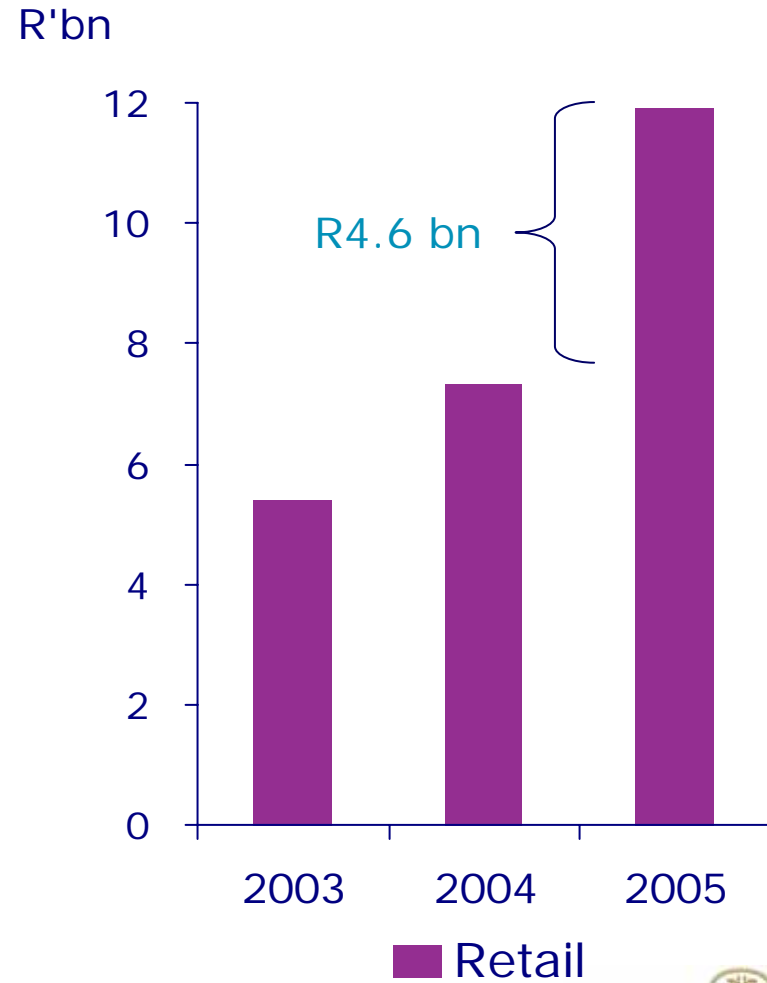
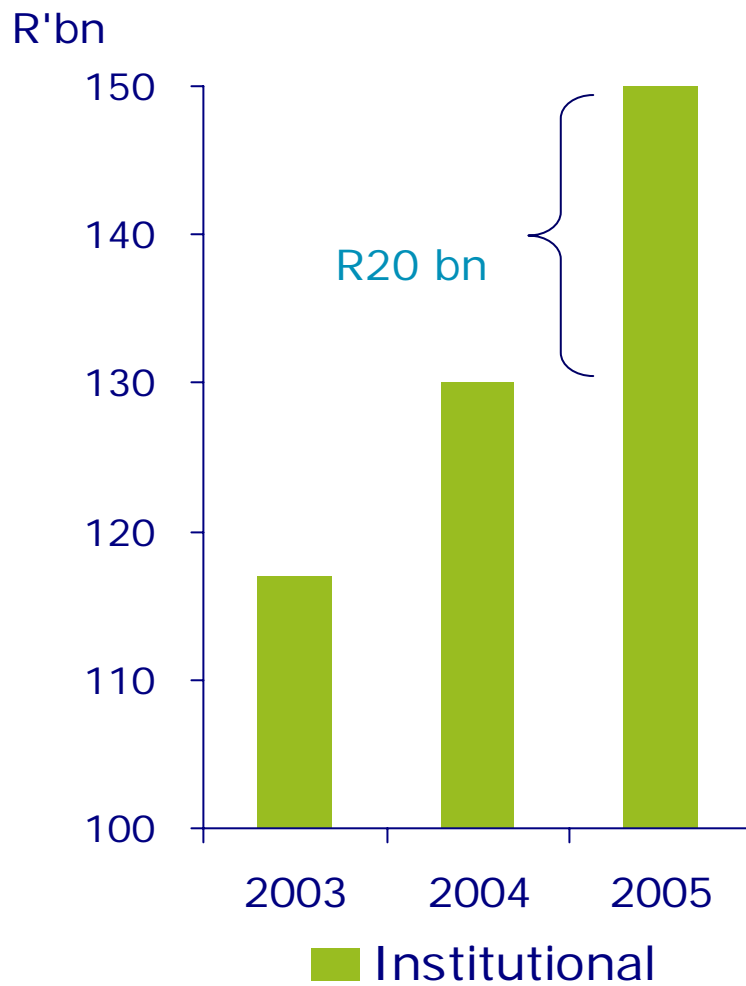
RMBAM back on track





banking

Positive inflow of funds

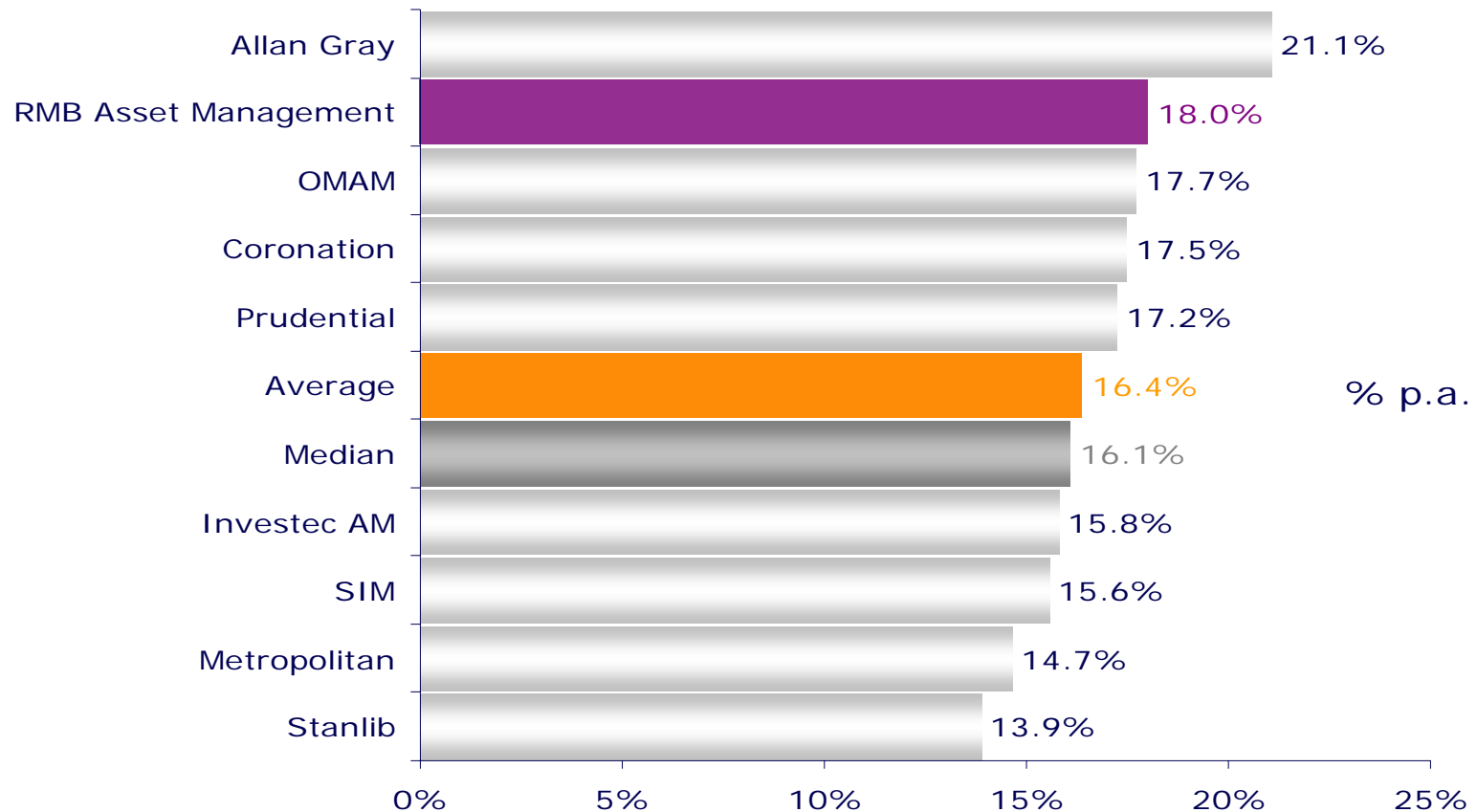




banking

Sound investment performance

Global BIV 3 years to 30 June 2005



Source : Alexander Forbes – Global Large Manager Watch



RMB ASSET MANAGEMENT



banking



RMB



RMB ASSET MANAGEMENT



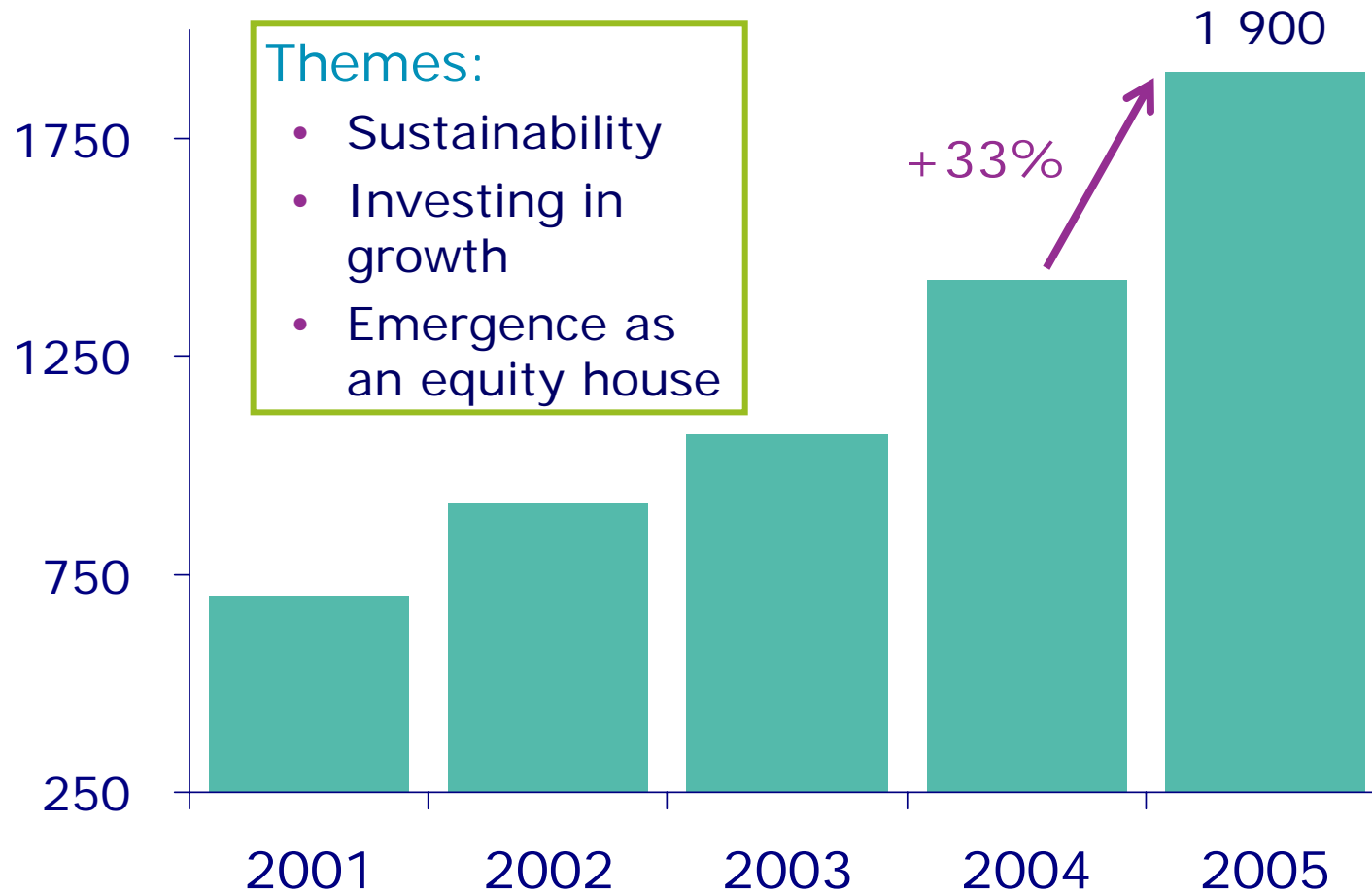
RAND MERCHANT BANK



banking

Excellent performance

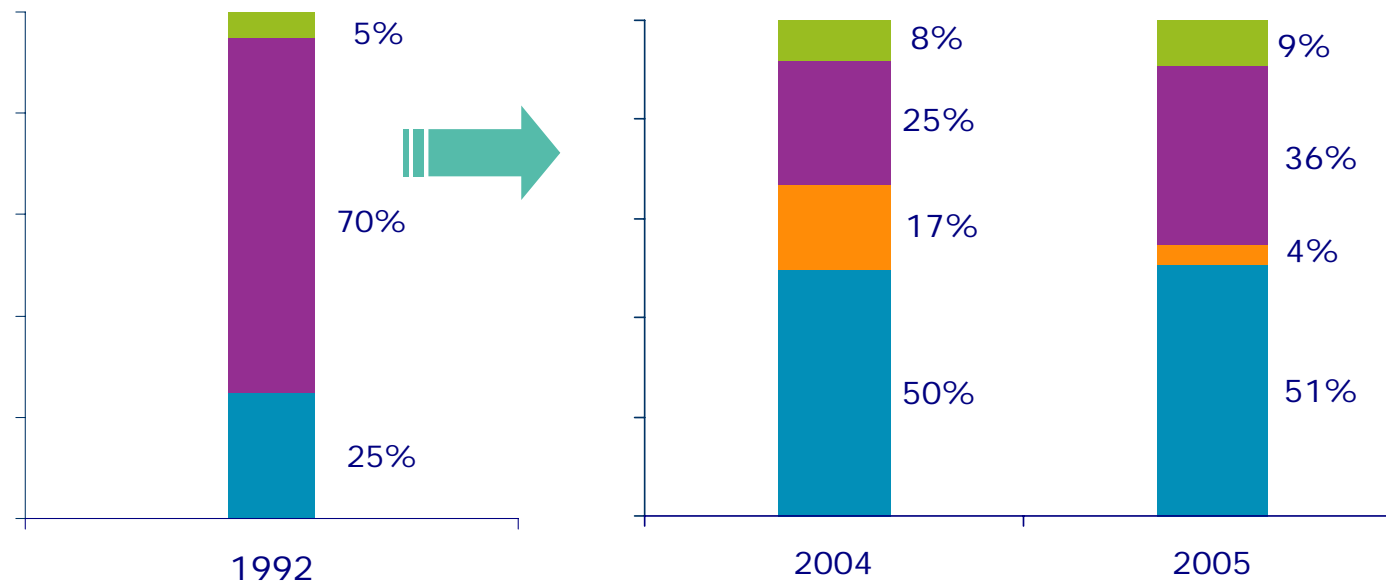
R'm





banking

Diversity of earnings - total



■ Annuity ■ New asset income ■ Risk based ■ Fee income

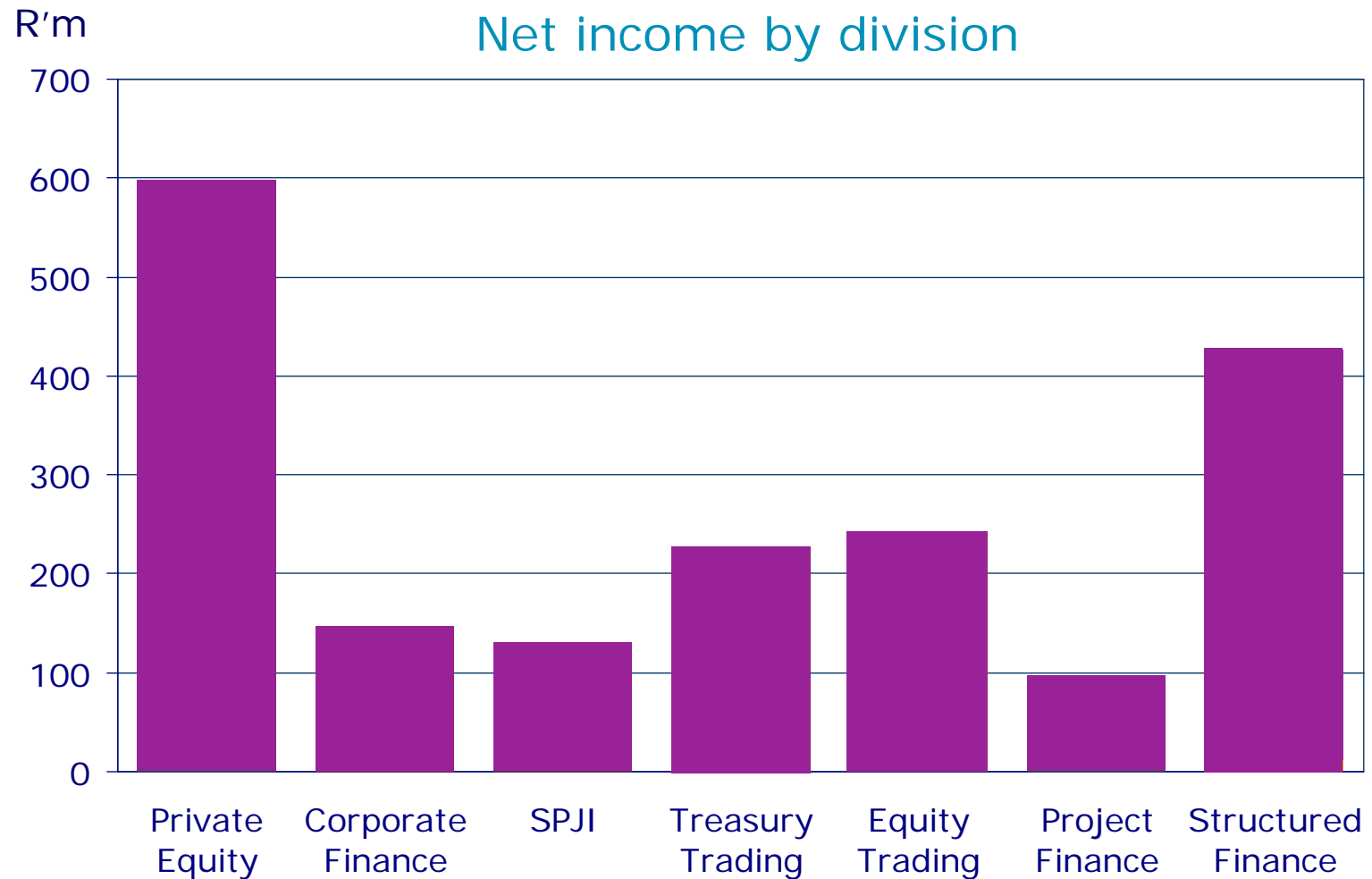


RAND MERCHANT BANK



banking

The portfolio effect

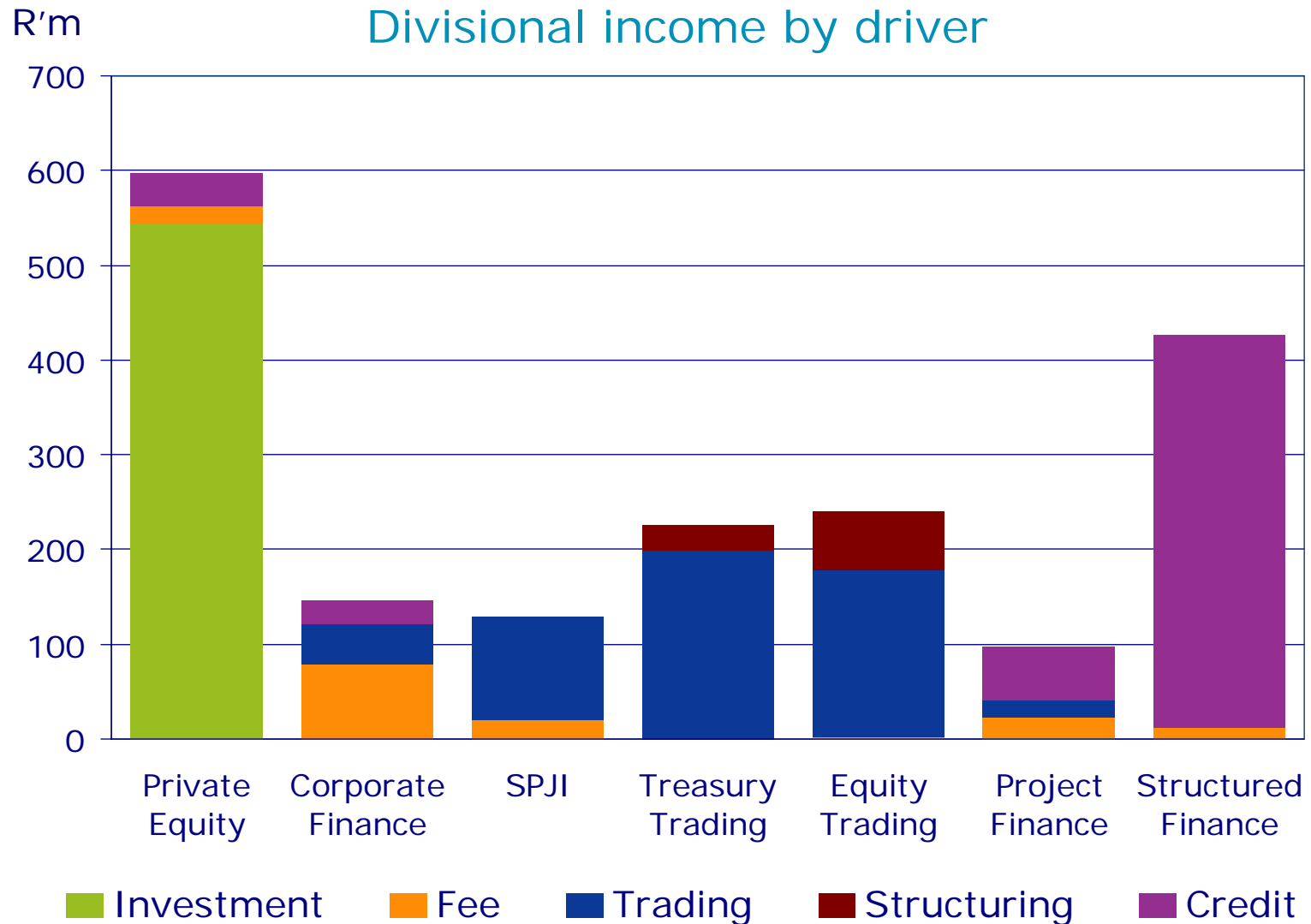


RAND MERCHANT BANK



banking

The portfolio effect

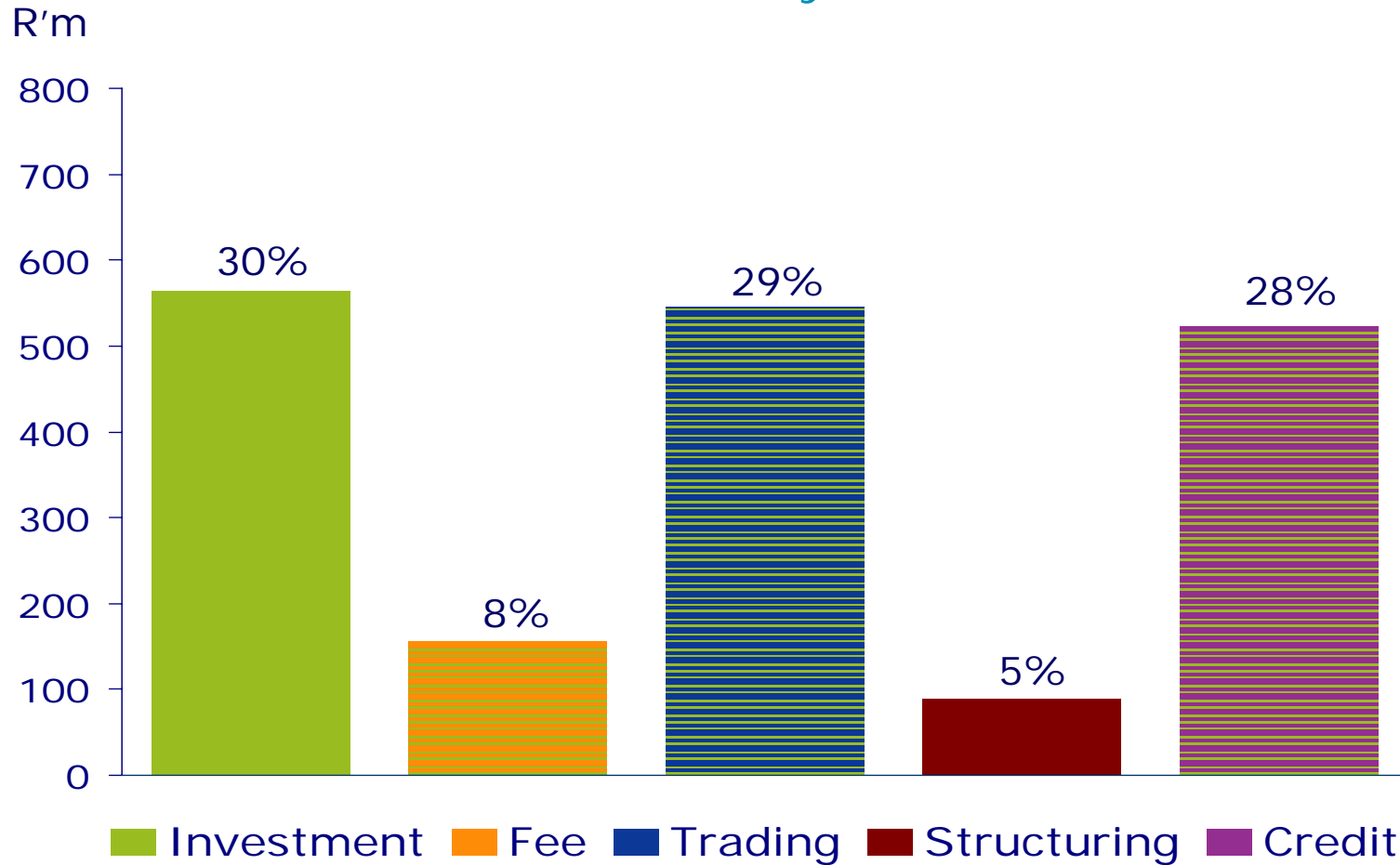




banking

The portfolio effect

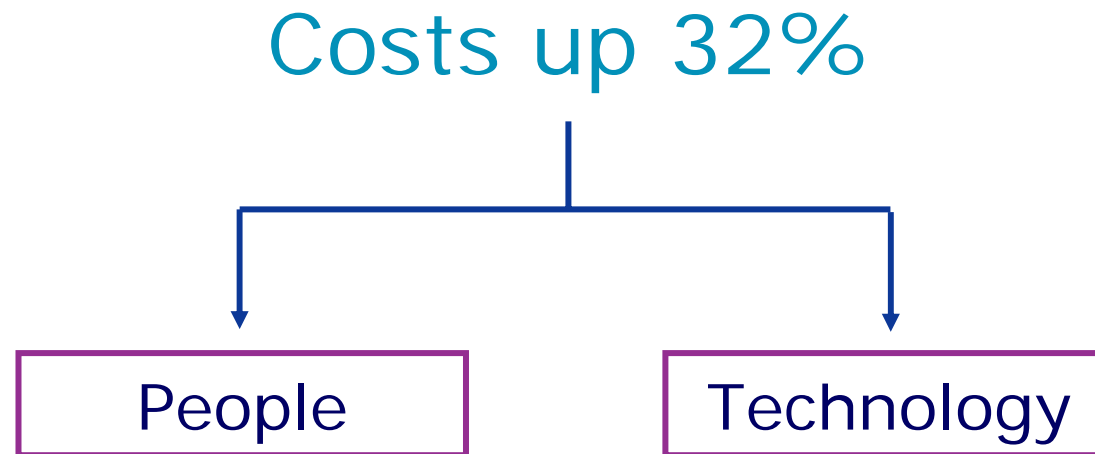
Net income by driver





banking

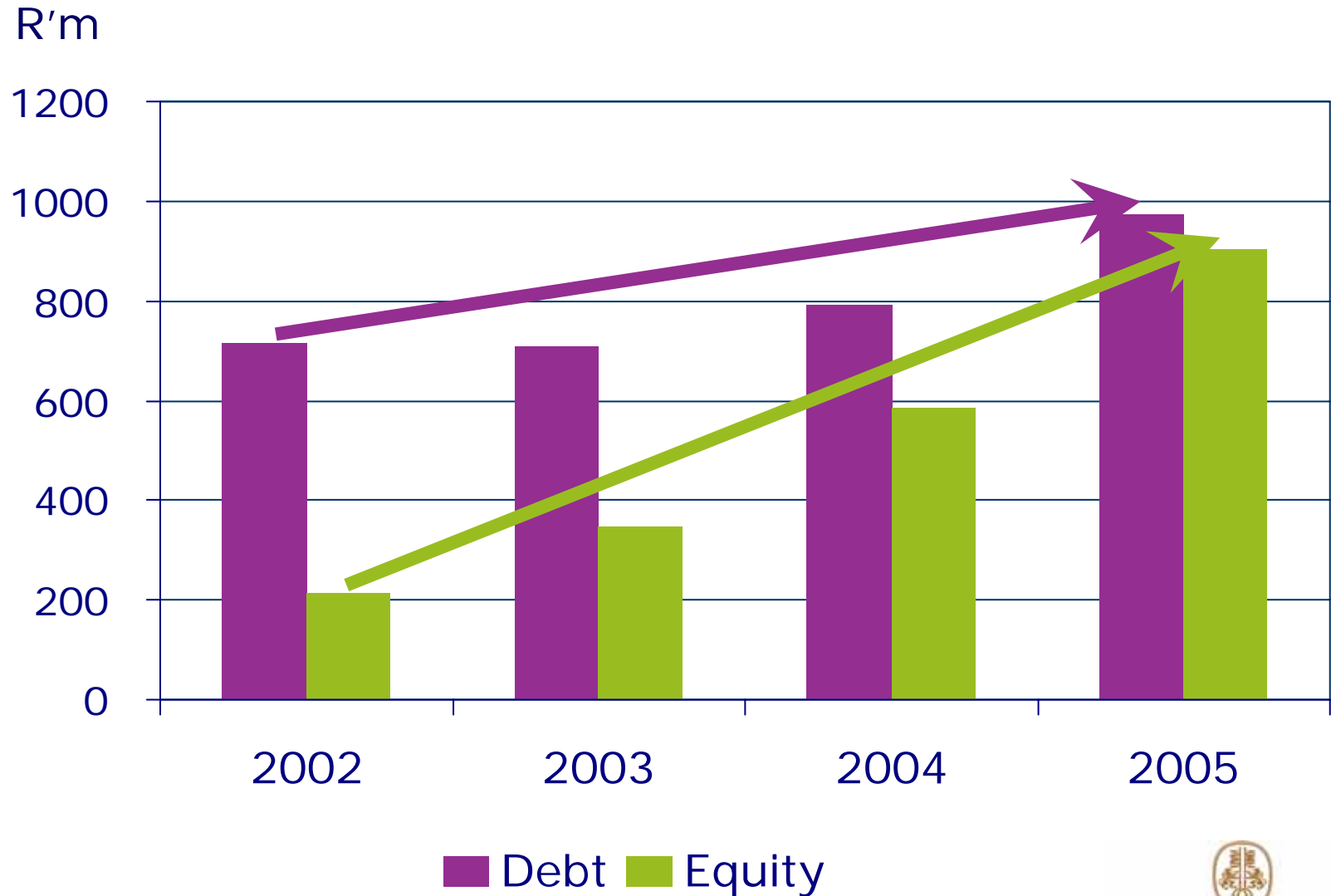
Investing in growth





banking

Emergence as equity house

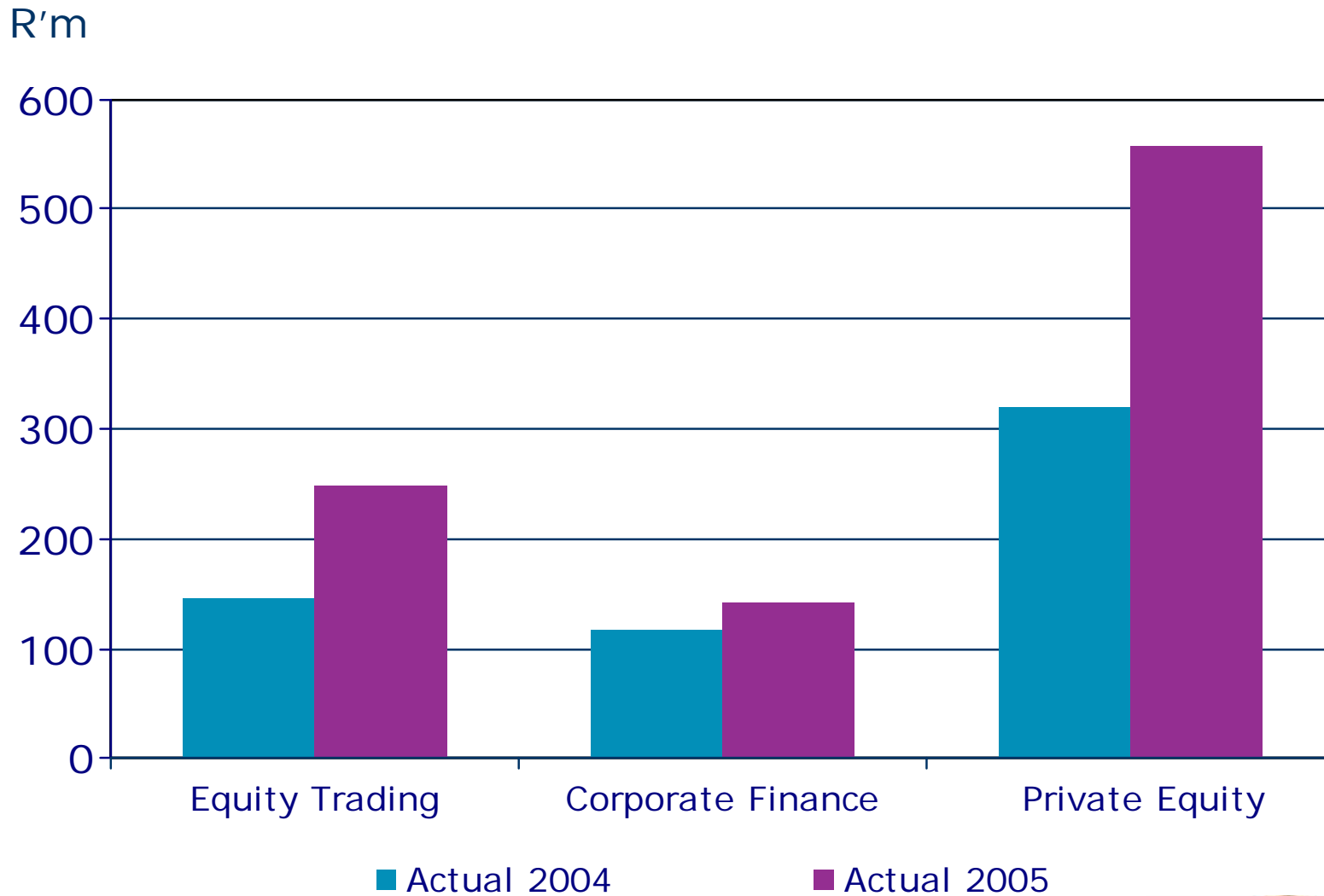


RAND MERCHANT BANK



banking

Equity businesses outperform





banking

Corporate Finance - leaders in BEE



R600m acquisition of 7% of ABIL by a BEE consortium

Adviser and funder to ABIL



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

Adviser to FirstRand



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

Adviser to Imperial



Creation and listing of a R2,5bn BEE financier

Merchant bank, lead arranger and sponsor



R4.1bn acquisition by Bidco of Afrox Healthcare Limited

Adviser to Brimstone



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

Adviser to DiData

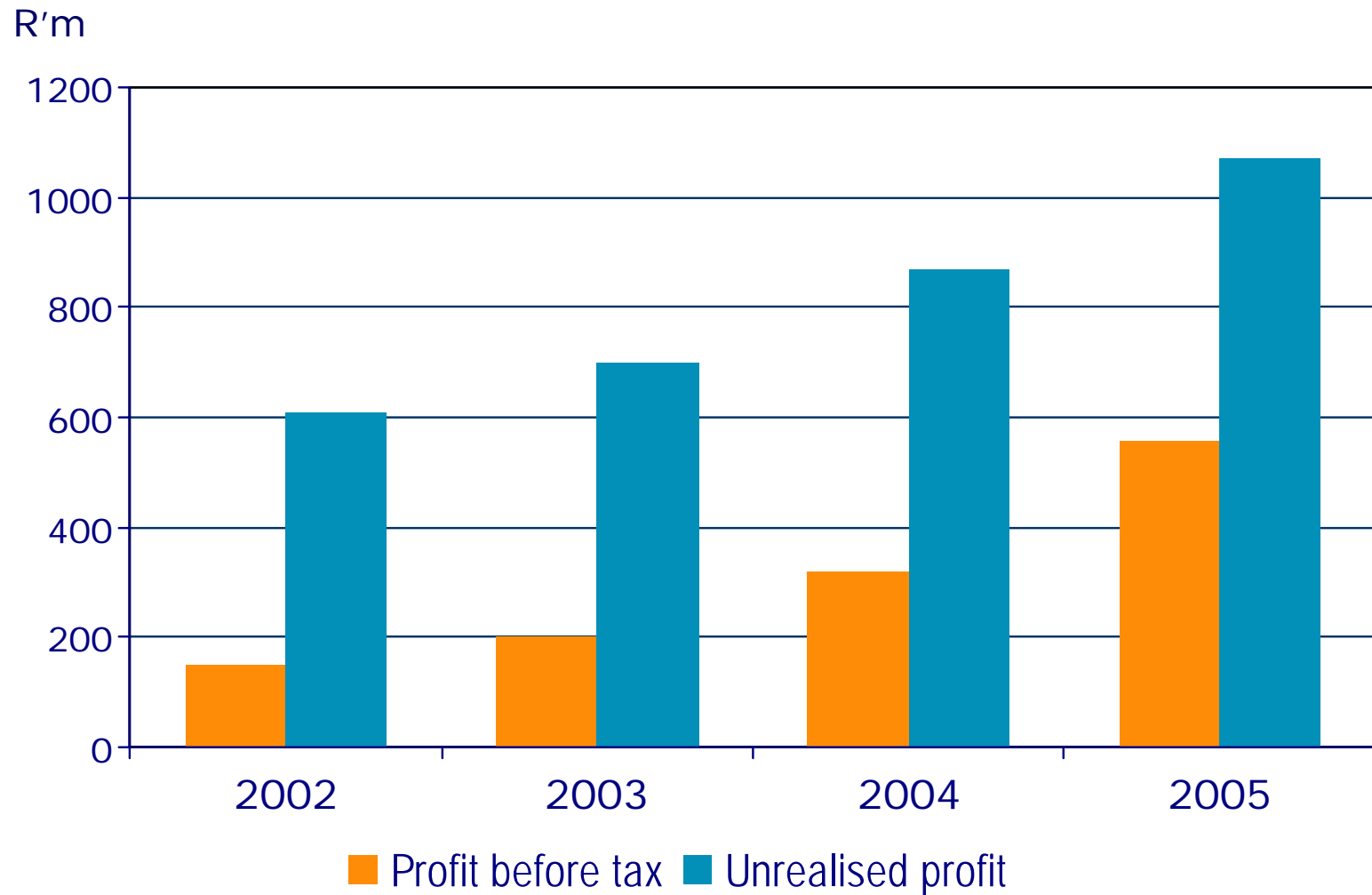


RAND MERCHANT BANK



banking

Private Equity – value added



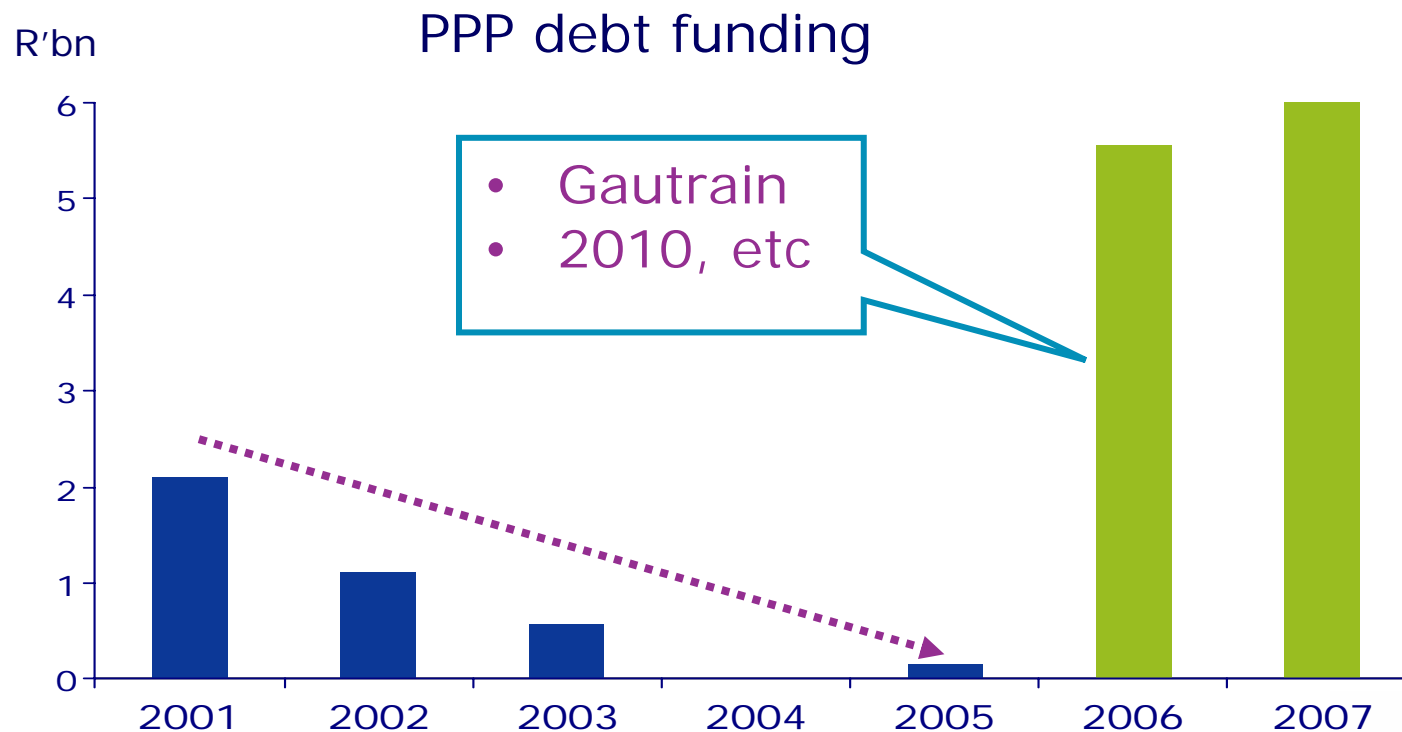


banking

RMB has exciting prospects

 BEE

 Infrastructure finance





banking

RMB has dominated the PPP market

 BEE

 Infrastructure finance

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





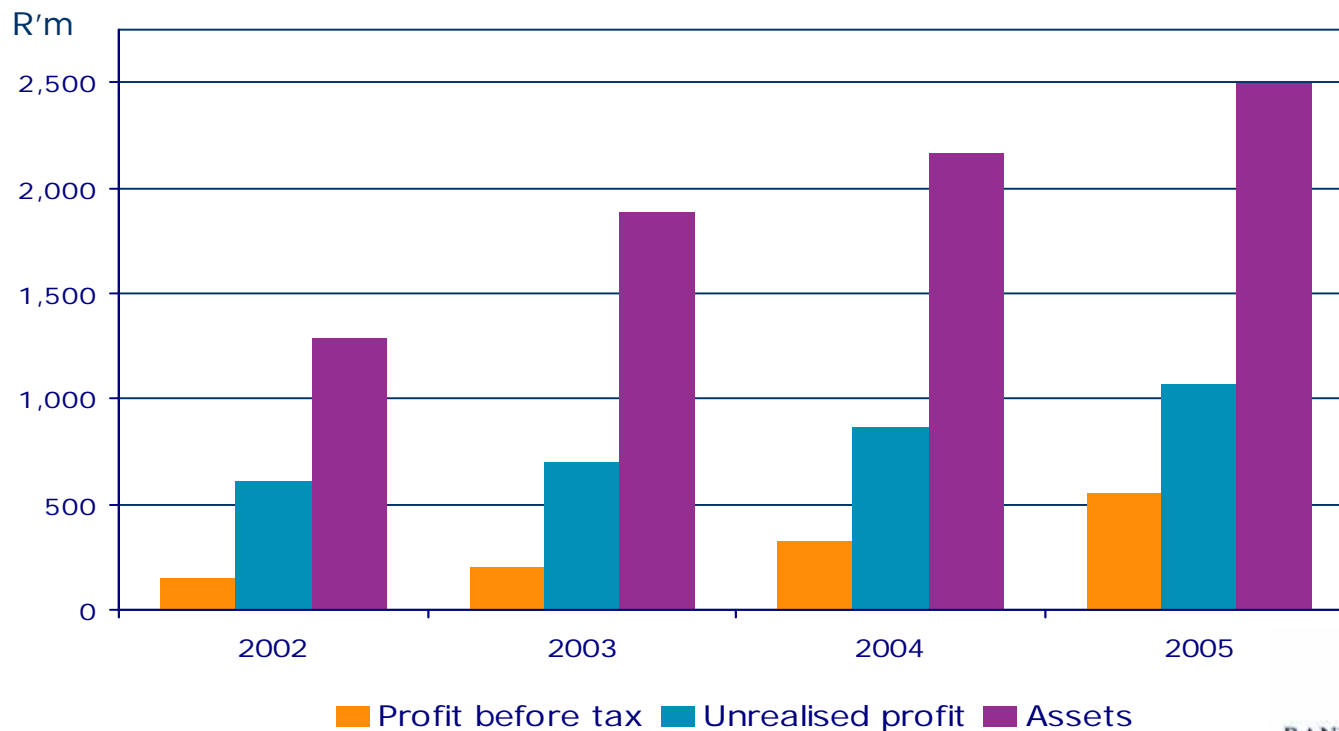
banking

RMB has exciting prospects

 BEE

 Infrastructure finance

 Private equity assets



RAND MERCHANT BANK



banking

RMB has exciting prospects

- 📖 BEE
- 📖 Infrastructure finance
- 📖 Private equity assets
- 📖 Relationships



RAND MERCHANT BANK



banking



Survey 2005

| | BEE Deals | Listings | M & A | Structured & Project Finance | Private Equity | Forex | Bonds & Derivates | Money Market |
|---|-----------|-----------|-----------|------------------------------|----------------|----------|-------------------|--------------|
| 1 | RMB | RMB | RMB & JPM | RMB | RMB & Ethos | Std Bank | Std Bank | Std Bank |
| 2 | Std Bank | Deutsche | | Std Bank | | RMB | RMB | ABSA |
| 3 | JPM Chase | Investec | Investec | ABSA | Investec | ABSA | ABSA | RMB |
| 4 | ABSA | Std Bank | Deutsche | Investec | Std Bank | Deutsche | Investec | Nedbank |
| 5 | Investec | JPM Chase | Std Bank | Nedbank | Brait | Nedbank | Deutsche | Barclays |





banking

RMB has exciting prospects

- 📖 BEE
- 📖 Infrastructure finance
- 📖 Private equity assets
- 📖 Relationships
- 📖 **Strong equity markets**



RAND MERCHANT BANK



First National Bank

A division of FirstRand Bank Limited

How can we help you?



FNB aligned around one brand



banking



- 📖 Sharpened segment focus
- 📖 Investment in growth



banking

Financial highlights

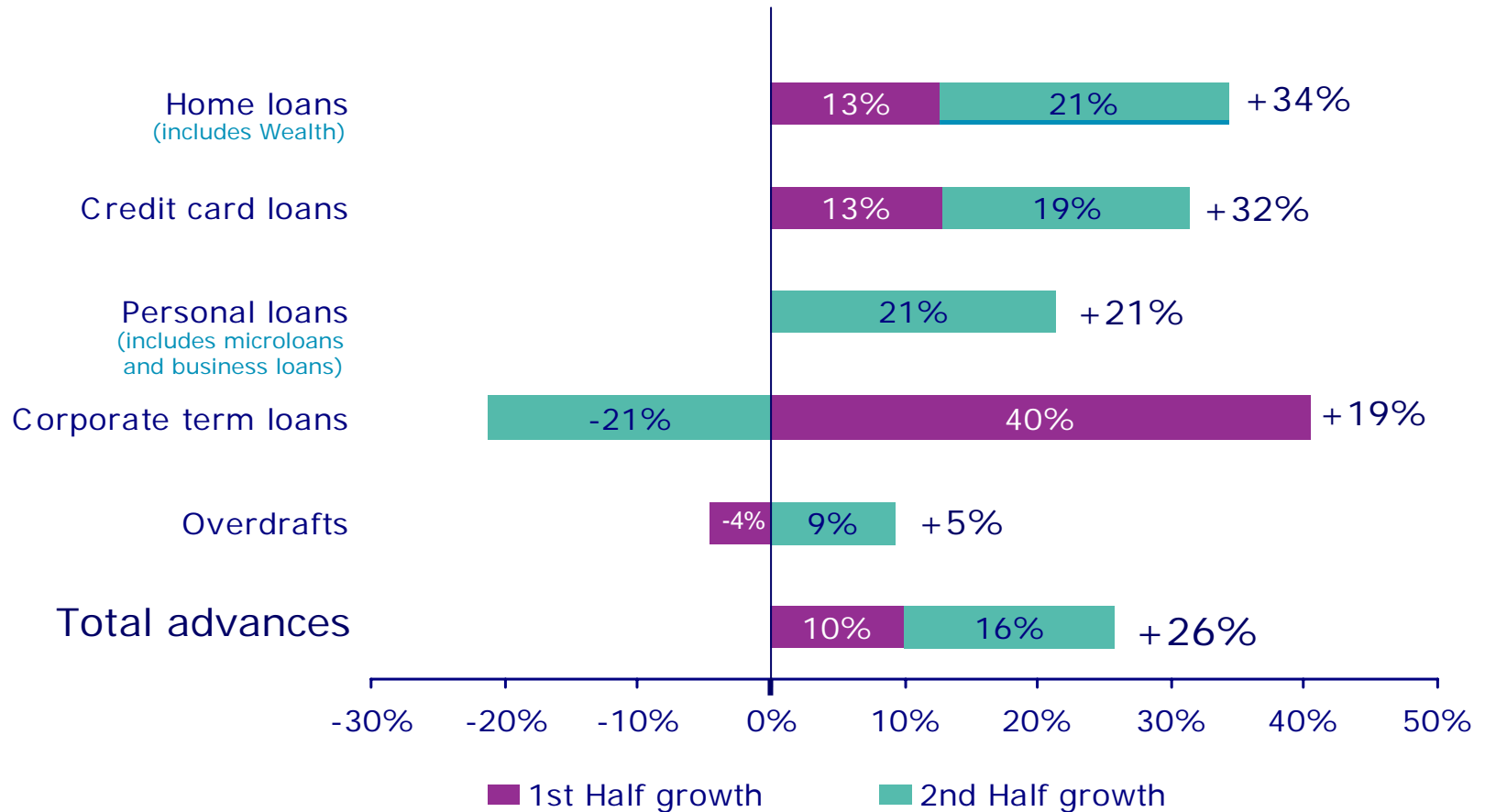
- 📖 PBT +18%
- 📖 Excellent advances growth of 26%, particularly in second half
- 📖 Continued reduction in bad debts -20%
- 📖 Strong NIR growth +22%

Still investing in growth



banking

Advances – still growing our share





banking

Segment focus

Primary segments

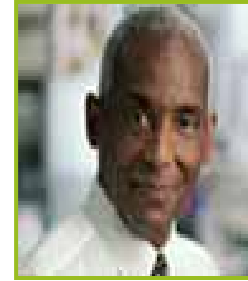
Mass



Consumer



Wealth



Commercial



Corporate



Public Sector



Branches, Brand, CIO
and CFO

Shared
Services

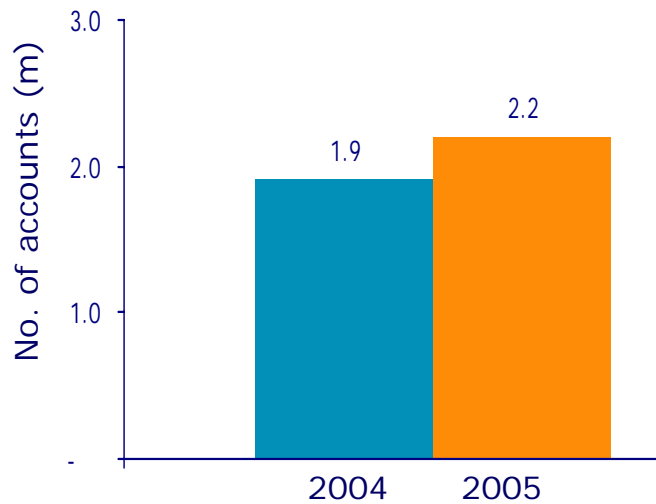


Banking the emerging market

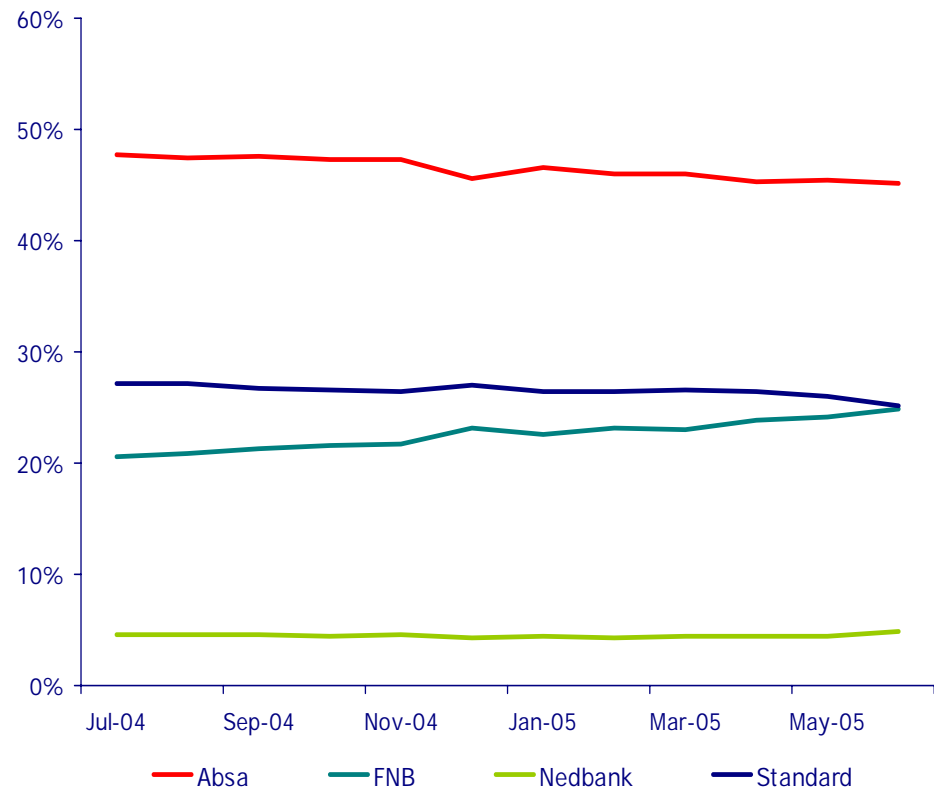


banking

Active account base



Debit card turnover market share



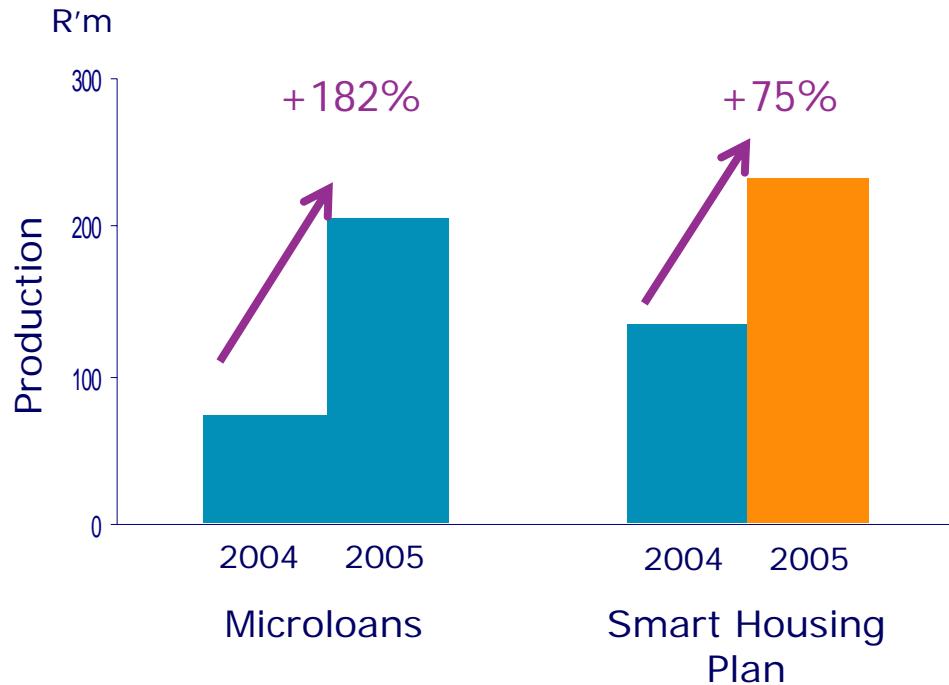
Source: FNB Merchant Acquiring



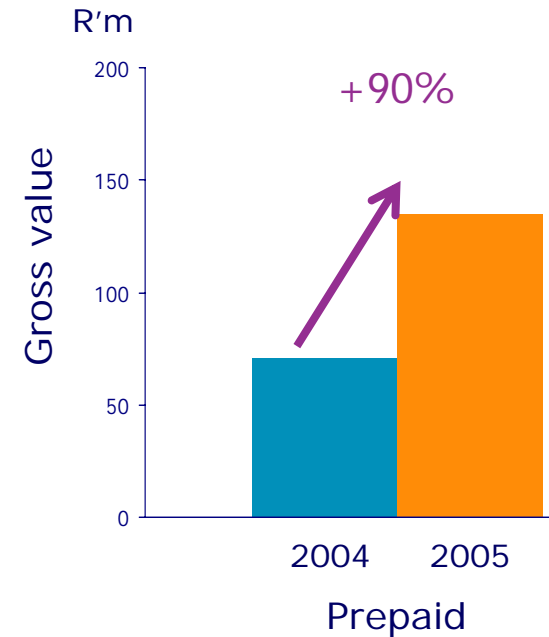
banking

...and deepening the relationship

Total payout



Prepaid revenue





banking

Leader in cellphone banking

1.9 million InContact customers



For anyone. From any cellphone. On any network. Anywhere.
With 1 SMS to **31321**.

CELLPHONE BANKING

First National Bank - a division of FirstRand Bank Limited. An Authorised Financial Services Provider.

- Buy prepaid airtime for yourself or someone else
- Check the balances on one or all of your accounts
- Get a mini statement
- Transfer money between your own FNB accounts
- Make a payment to any of your accounts or anyone else

Start banking from the palm of your hand! It's quick and easy - register at any FNB ATM, go to www.fnb.co.za, call 0851 313 210 or visit any FNB branch.
Terms and conditions and standard SMS rates apply.



How can we help you?



banking

Segment focus

Primary segments

Mass



Consumer



Wealth



Commercial



Corporate



Public Sector



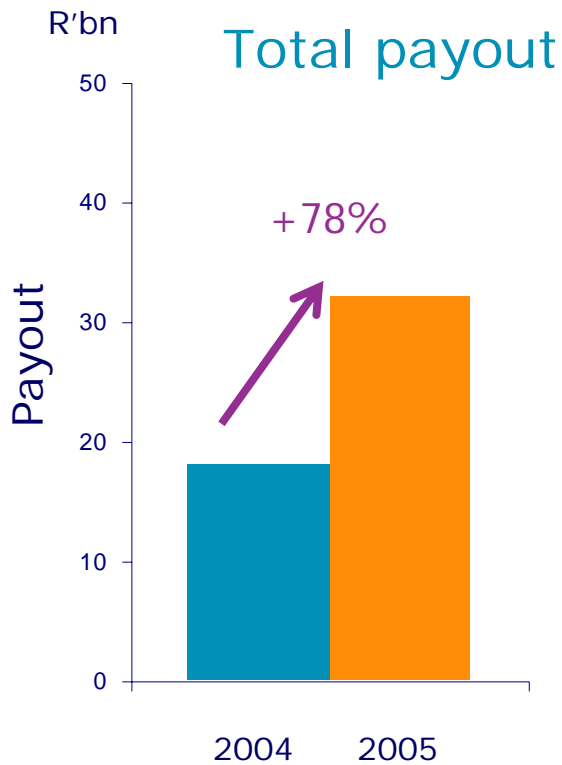
Branches, Brand, CIO
and CFO

Shared
Services

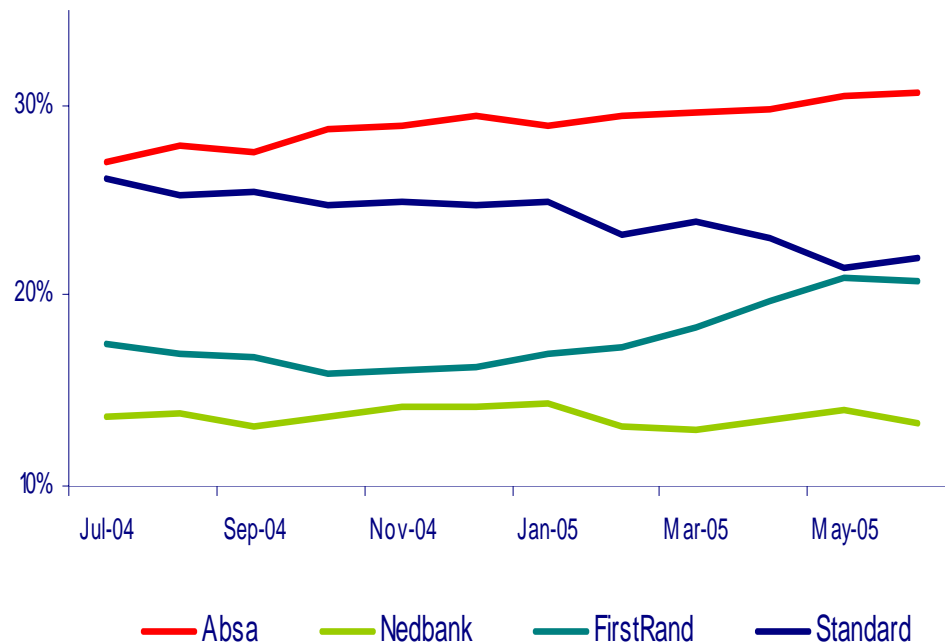


banking

HomeLoans picking up the pace



New business market share



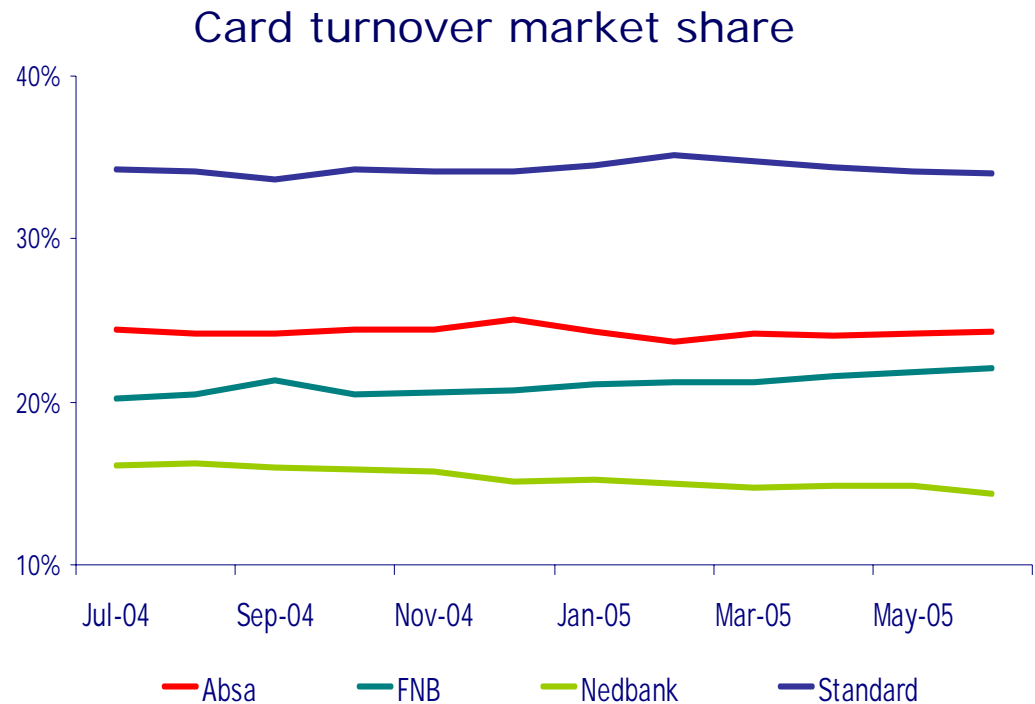
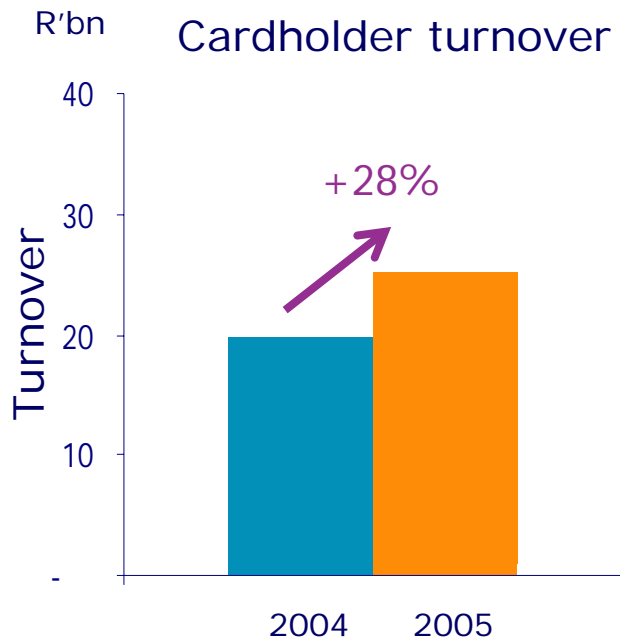
Source: Deeds Office



banking

Remarkable performance from Card

📈 31% growth in advances



Source: FNB Merchant Acquiring





banking

...with a little help from our friends

CUT UP YOUR OLD FASHIONED CREDIT CARDS AND CUT THE COST OF LIVING

Call 0860 11 CARD or visit discovery.co.za TODAY.

The new Discovery credit card is now the only card you'll ever need.

The DiscoveryCard gives you amazing benefits like savings of up to 15% in the Discovery store network* and Discovery Miles at the fastest earning rate available. Use your DiscoveryCard wherever you spend, and see the benefits add up and work for you. So do yourself a favour, cut up your old credit cards and cut the cost of living. DiscoveryCard. Now more than ever it pays to be healthy.

Discovery
Health · Life · Vitality

*enome|baby and company|cape union mart|luxurious shoes|erasers|impkera|Look & Listen|the pro shop|eggles|rosssports|toys me' us|woolworths
Discount per store limited to a maximum of 30% of your total card spend per month. E.g. If you spend R1000 in total on your card for the month, you can get back R1000 at any Discovery partner store.



banking

Who wants to be a millionaire?



Next month's million could be yours.

MILLION-A-MONTH ACCOUNT

First National Bank – a division of FirstRand Bank Limited. An Authorised Financial Services Provider.

Win R1 million or one of the other 112 cash prizes totalling R1.5 million every month. Simply open your Million-a-Month Account at any First National Bank branch with just R100 at 0% interest. Every additional R100 you deposit into your account improves your chances of winning. And it's risk free because the money in your account is always your money. And after 32 day's notice you can withdraw your funds. As you can see, you've got everything to win and nothing to lose. For more information call 0860 054 321, visit your nearest branch or www.fnb.co.za.

Terms & Conditions apply.



How can we help you?



banking

Segment focus

Primary segments

Mass



Consumer



Wealth



Commercial



Corporate



Public Sector



Branches, Brand, CIO
and CFO

Shared
Services

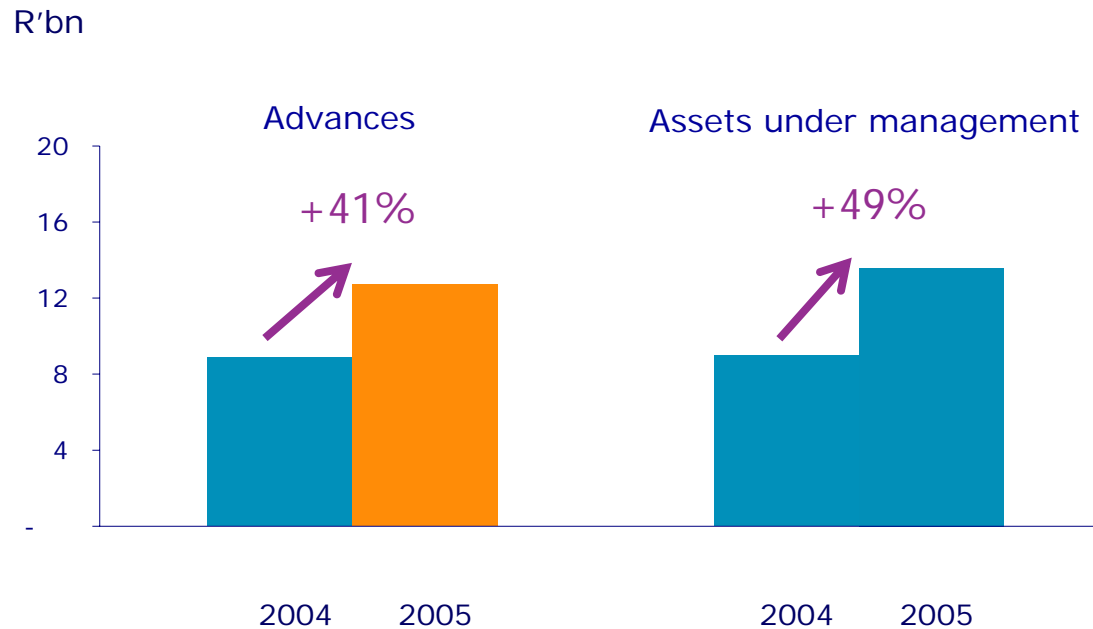


banking

A wealth of opportunity

📖 Leverage structured lending and asset management

of  RMB PRIVATE BANK A division of FirstRand Bank Limited into  FNB First National Bank
PRIVATE CLIENTS



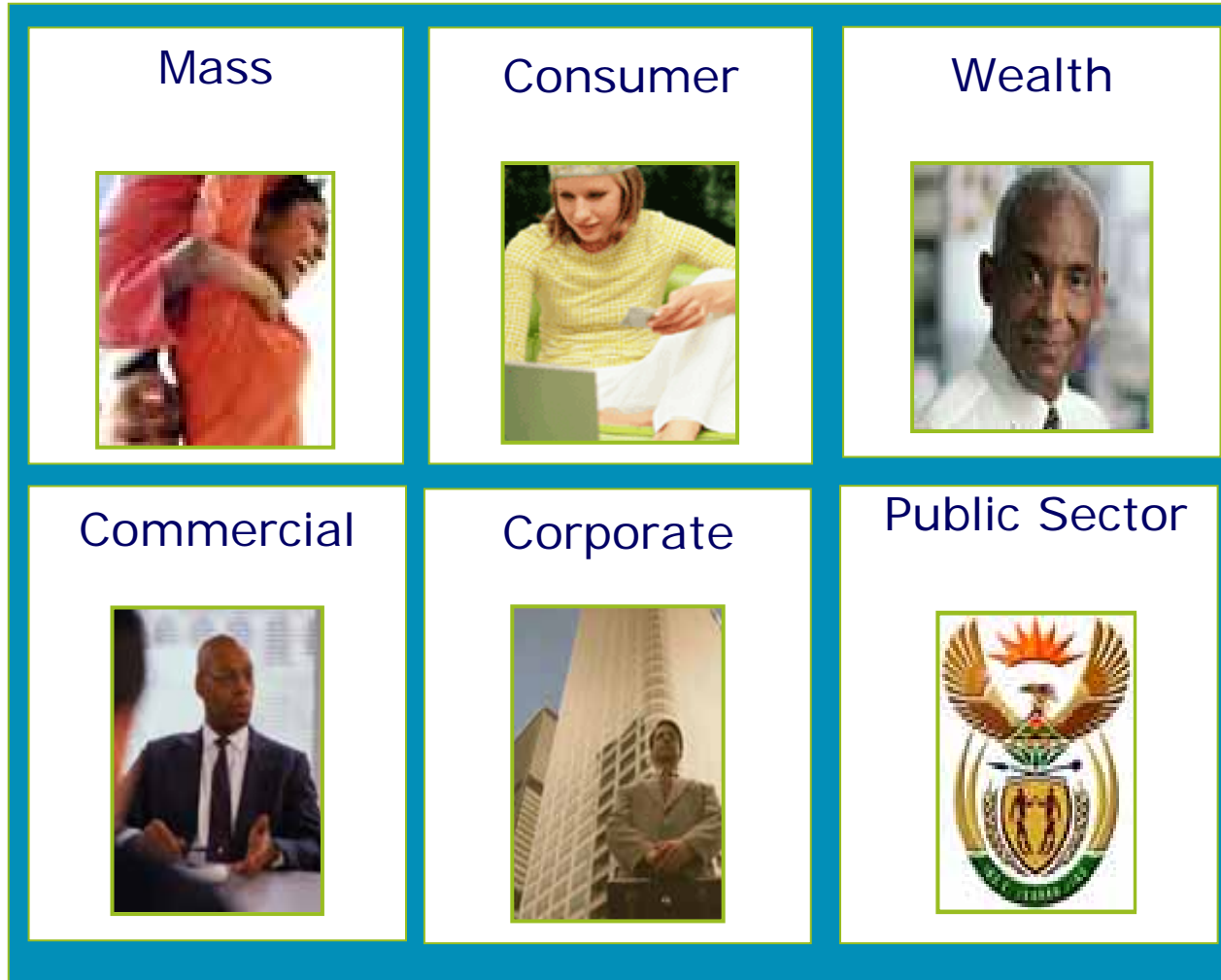
📖 Strong pipeline in FNB Private Clients



banking

Segment focus

Primary segments



Branches, Brand, CIO
and CFO

Shared Services



banking

A future growth engine

- 📖 Mid Corporate segment profit growth of 46%
- 📖 Aligned business model behind Business and Agric segments
- 📖 Commercial Property Finance payout of R364m and breakeven

Lima Mkhabela - CEO 19th, 20th & 21st Century Bank

"Banks always saw me as the businessman or the farmyman. Why not just Lima, the man?"

Finally, personal business banking.

It's there a business and a person. It's right to be seen to have a bank account that's not just for the money it makes you richer. It's there to help you in all aspects of your life. The National Bank offers you the best of both worlds. You can get the best of both worlds. We're not just a bank. We're a business partner. We're here to help you grow your business. We're here to help you live your life. We're here to help you succeed. We're here to help you thrive. We're here to help you be the best you can be.

How can we help you?

Finally, a bank that rewards its business customers. FNB brings you **eB eBucks for Business.**

COMMERCIAL BANKING

First National Bank
How can we help you?

Only from FNB Commercial Banking - bringing you Personal Business Banking. If you're a SME and would like more info, call your Relationship Manager or visit your nearest branch or www.fnb.co.za

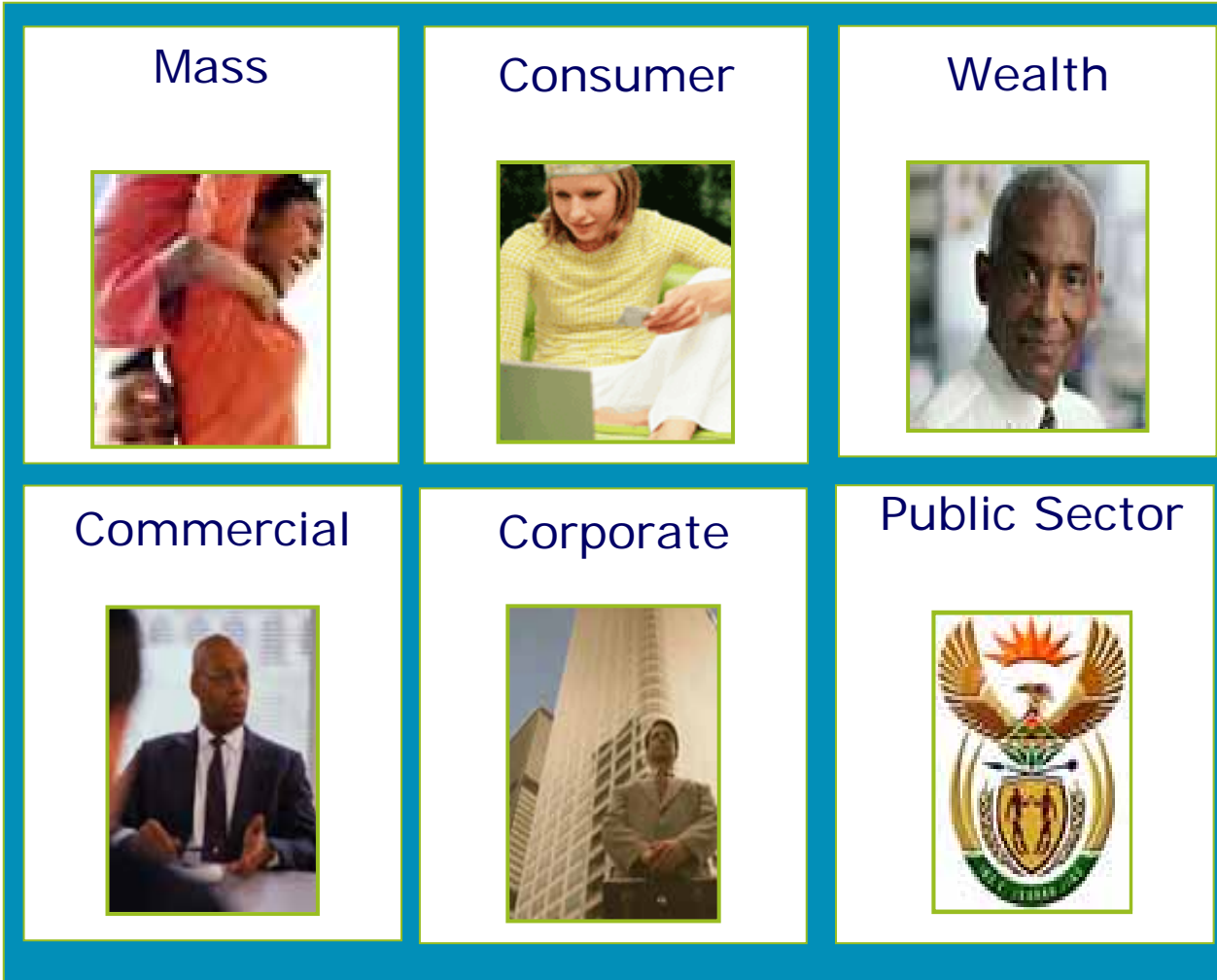
An Authorised Financial Services Provider



banking

Segment focus

Primary segments



Branches, Brand, CIO
and CFO

Shared Services



banking

A mixed picture in Corporate

Lending

- Subdued market growth
- Not chasing market share

Transactional

- Established dedicated new business team
- Most improved electronic banking platform (BMI Tech 05) and 35% market share
- Leaders in Merchant Acquiring with 31% market share

Primary focus remoulded to transactional revenue



banking

Segment focus

Primary segments

Mass



Consumer



Wealth



Commercial



Corporate



Public Sector



Branches, Brand, CIO
and CFO

Shared
Services



Banking the public sector



banking

Labour Minister, Mcebisi Mafema with a UIF beneficiary at an FNB ATM. Government and Business working together to help deliver a better life for those who need it most.



First National Bank's passion for developing innovative financial solutions has led to a 'first' both for our client, the Unemployment Insurance Fund (UIF), and the constituency it serves. Through our business partnership UIF grant recipients will soon have their benefit payments transferred electronically directly into their bank accounts.

Recipients or beneficiaries are now able to withdraw their funds from any ATM or from FNB's revolutionary community-based Mini ATMs. Endless monthly queues for these beneficiaries are a thing of the past. Gone also is the risk of having to carry unnecessary excess cash, as well as the cost of transport to and from UIF paypoints. For most, first time formal access to banking will provide the opportunity to develop a personal financial history.

The UIF will also benefit from increased efficiency and improved service delivery as electronic transfers of benefit payments roll out nationwide over the next few months, strongly supported by a national educational campaign advising recipients of the new process to access their UIF benefits.

UIF and FNB



How can we help you?

An Authorised Financial Service Provider
Reg. No. 19403 - A Division of First National Bank Limited

First National Bank is proud to announce that it has won the prestigious banking business tender for eThekweni Municipality. Holder of the coveted Yuna Award, eThekweni Municipality has already been recognised for its outstanding service to its community and FNB commits to building a long-lasting and mutually rewarding relationship through which the people of eThekweni will benefit.

Committed to social and economic growth through both our support of the Financial Sector Charter as well as our extensive banking network, our team at FNB is confident that we have the energy and ability to contribute to communities throughout South Africa.

FNB and eThekweni...



First National Bank
Leading Financial Solutions
How can we help you?

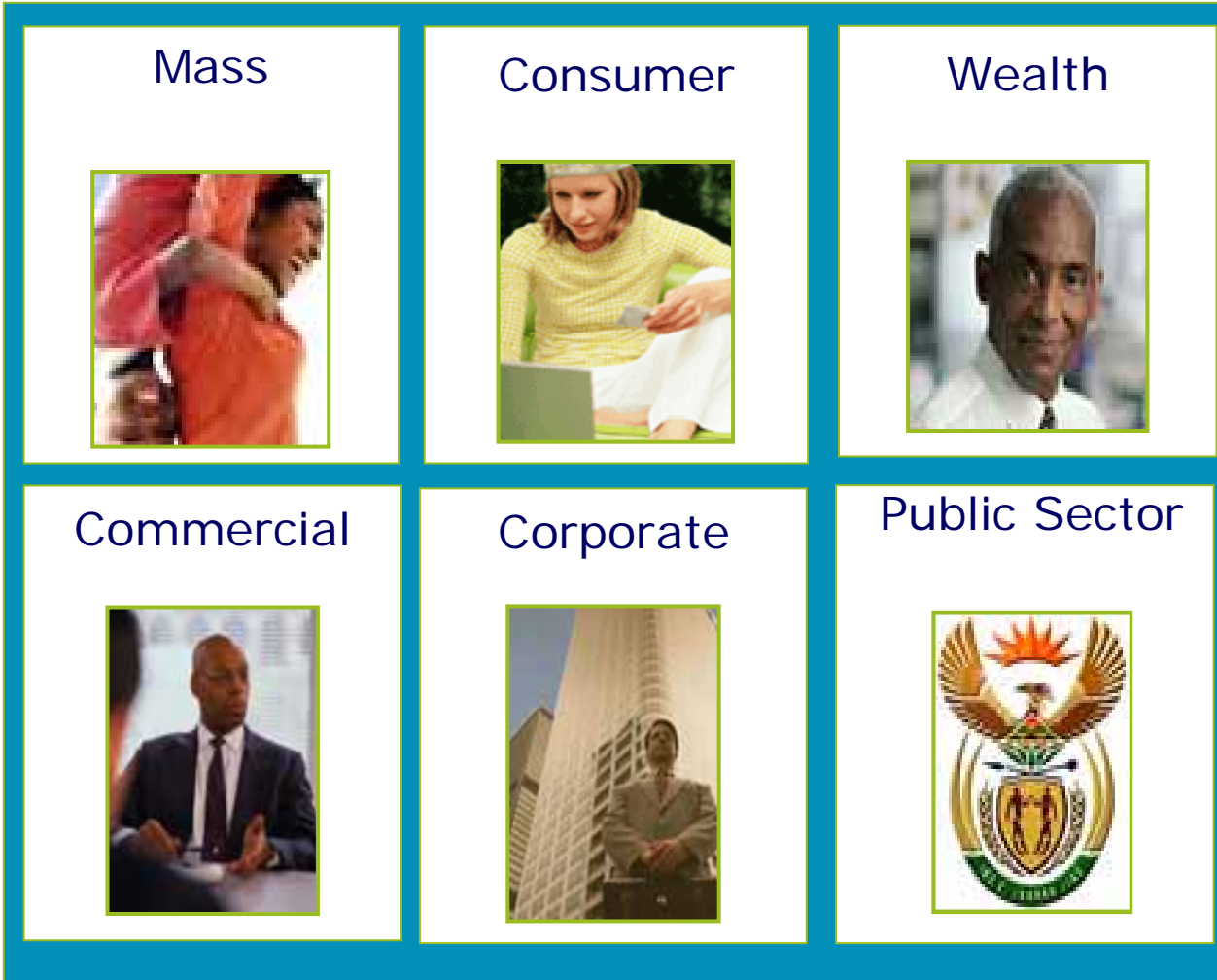
An Authorised Financial Service Provider



banking

Segment focus

Primary segments



Branches, Brand, CIO
and CFO

Shared Services



banking

Branches - extreme makeover

📖 Repositioning branch infrastructure

- 24 new traditional and 21 new portable branches
- 12 closures



📖 Improving retail design

- 121 revamps

📖 Creating sales and service specialisation

📖 Mobile sales

📖 Performance-based remuneration



banking

Prospects

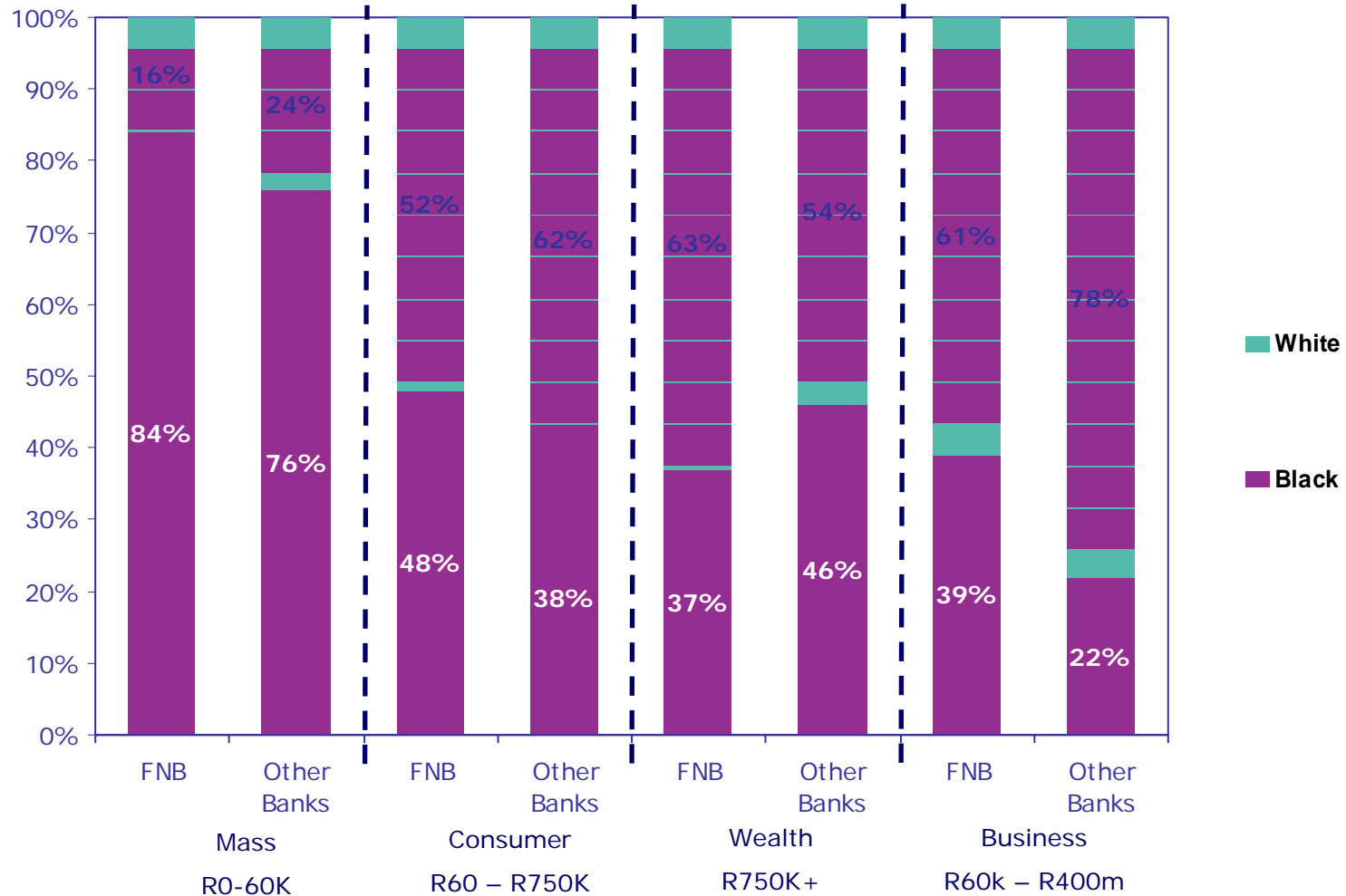
📖 High base created, but...

- Organic growth will be strong
- Volume growth should offset reduction in endowment
- Well positioned in growing black market



banking

Well-positioned in growing black market



Other banks = STD, ABSA, and Nedcor

Source: Consumer and Business Tracker Research November 2004 and AMPS 2004



banking

Prospects

📖 High base created, but...

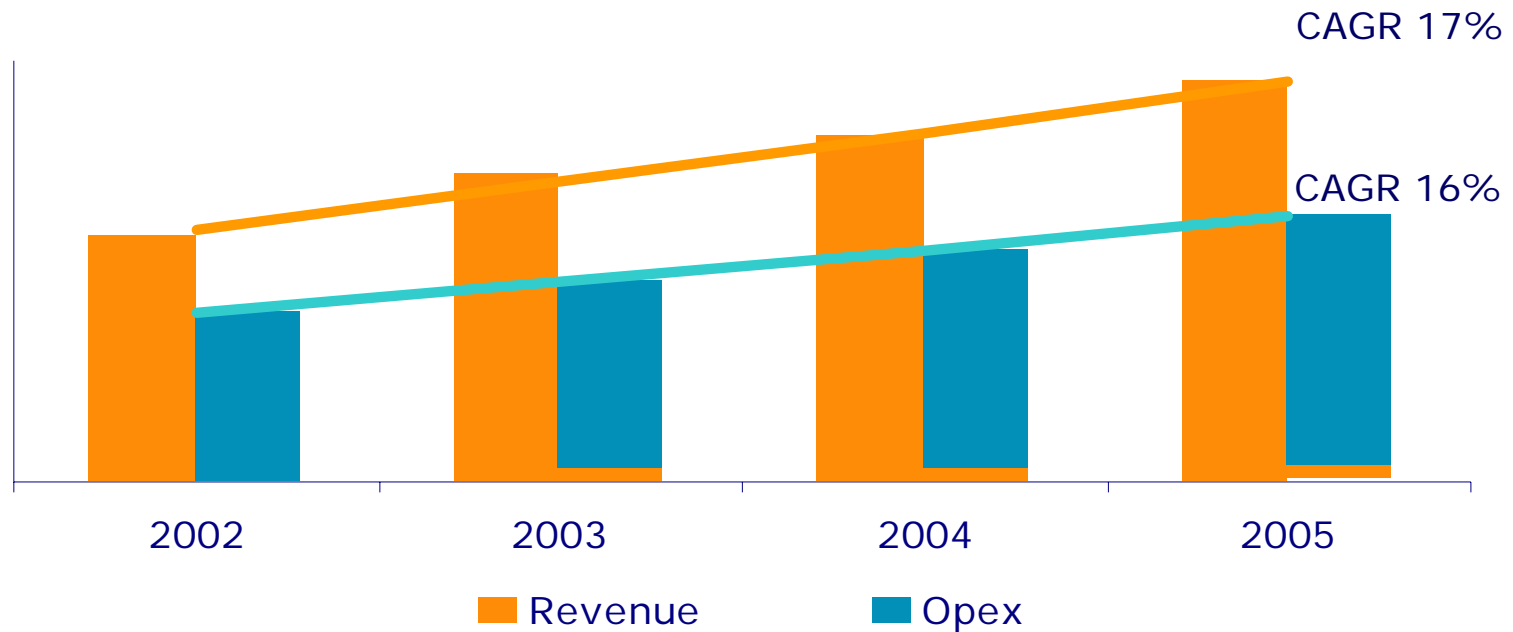
- Organic growth will be strong
- Volume growth should offset reduction in endowment
- Well positioned in growing black market

📖 Still investing for growth with a cost focus



banking

A balancing act

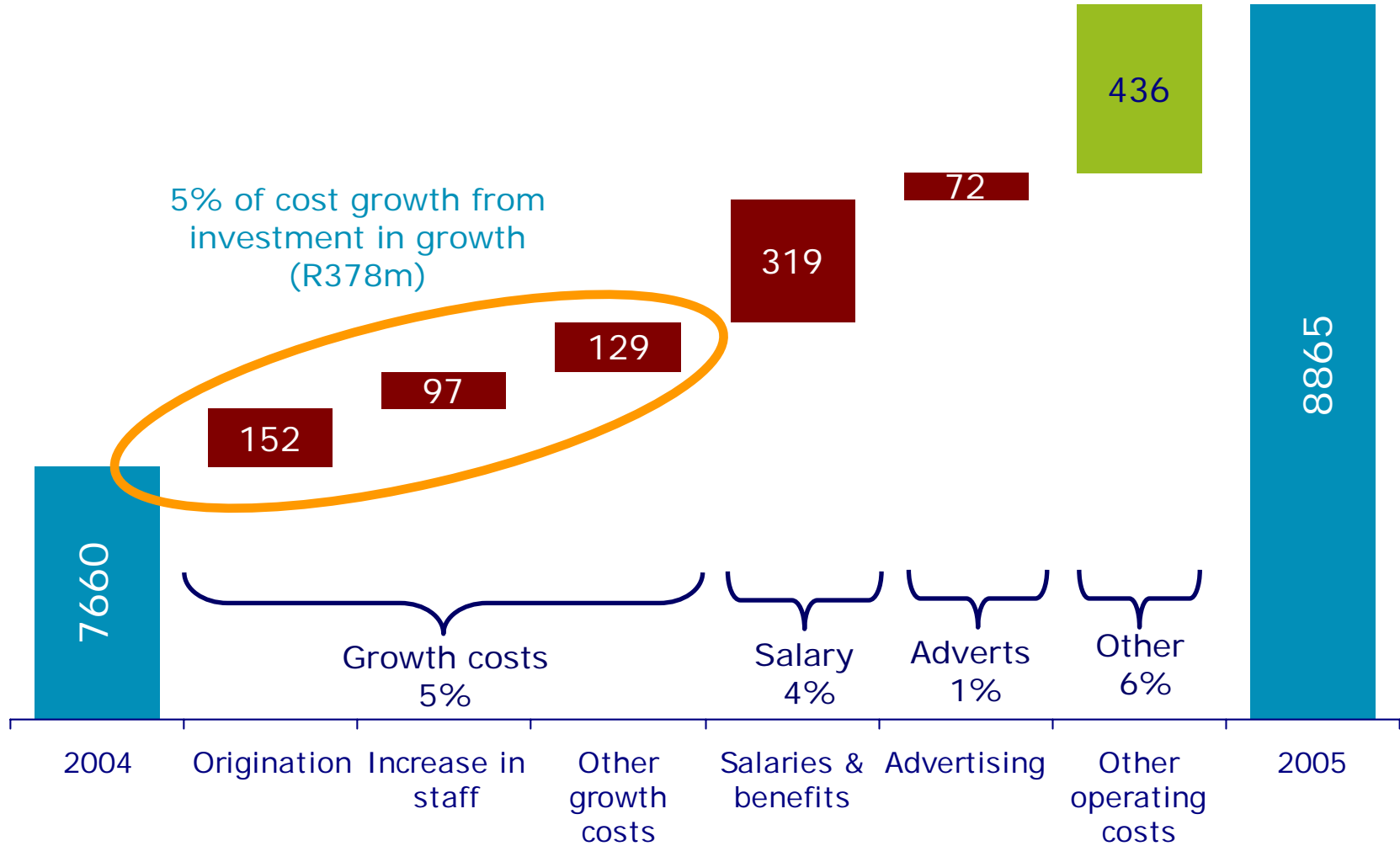


- 📖 Bad debt benefit ending
- 📖 3-year plan to improve CIR
- 📖 '06: Still investing for growth



banking

Investing in growth





banking

Prospects

📖 High base created, but...

- Organic growth will be strong
- Volume growth should offset reduction in endowment
- Well positioned in growing black market

📖 Still investing for growth with an increased cost focus

📖 Positioned at lower end of fee range



Positioned at lower end of fee range



banking



WesBank

Put us to the test

A division of FirstRand Bank Ltd.



banking

WesBank still in a sweet spot

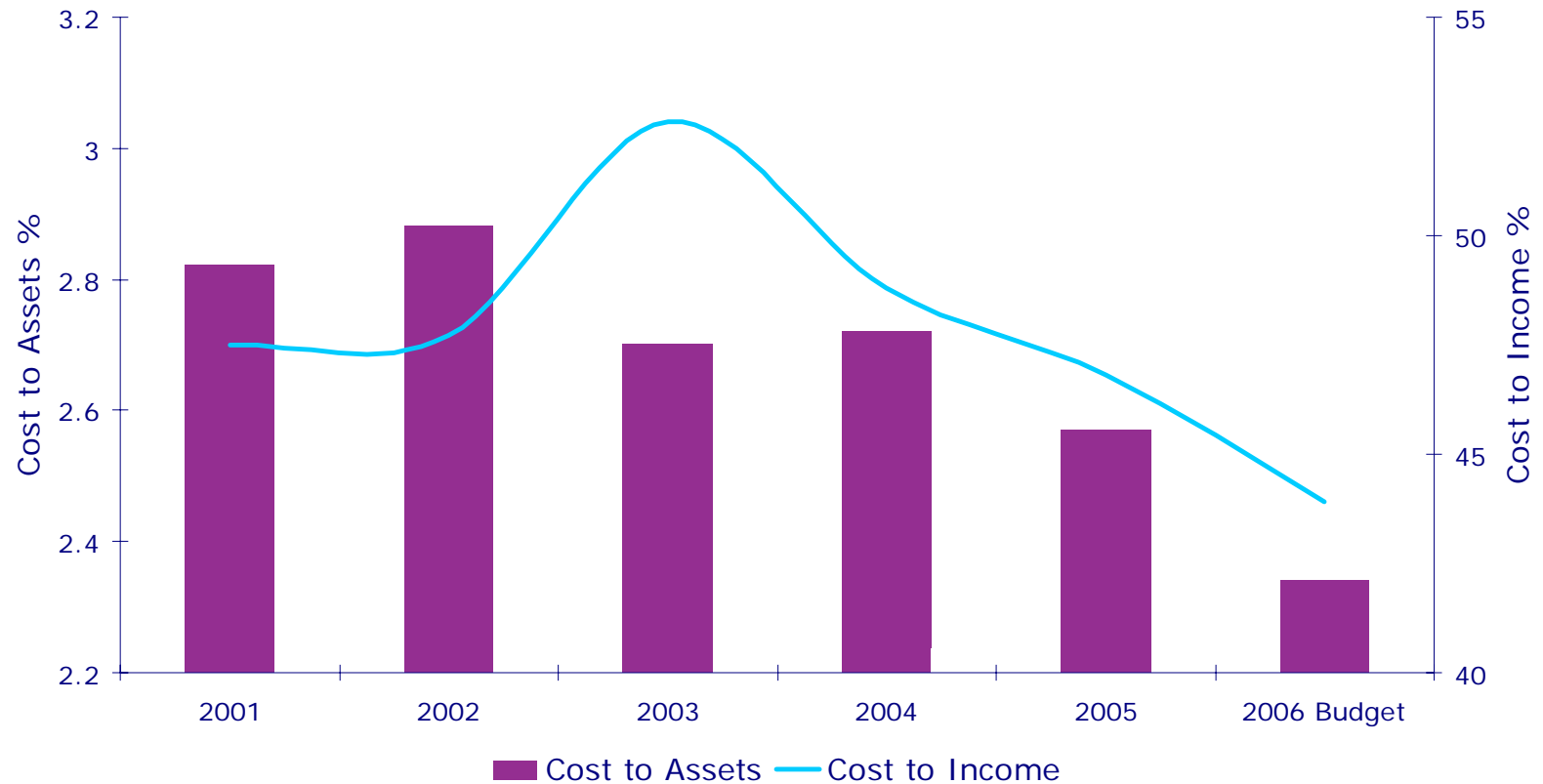
- 📖 PBT +34%
- 📖 Advances +29%
- 📖 New business written +31.6%
- 📖 R4bn new business written in June
- 📖 NIR increased 34%
- 📖 Cost-to-assets down 5.5% (from 2.72% to 2.57%)
- 📖 Cost to income down from 48.8% to 46.8%

Still the market leader at 33%



banking

What has happened to costs?





banking

So what drove performance?

📖 New partners in the corporate and motor markets



📖 Innovation continues (in our DNA)

📖 Process efficiency

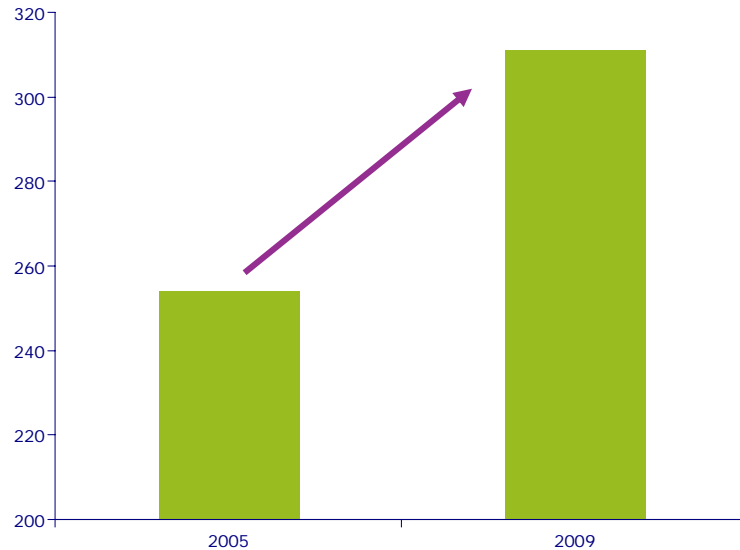
📖 Performance-linked remuneration



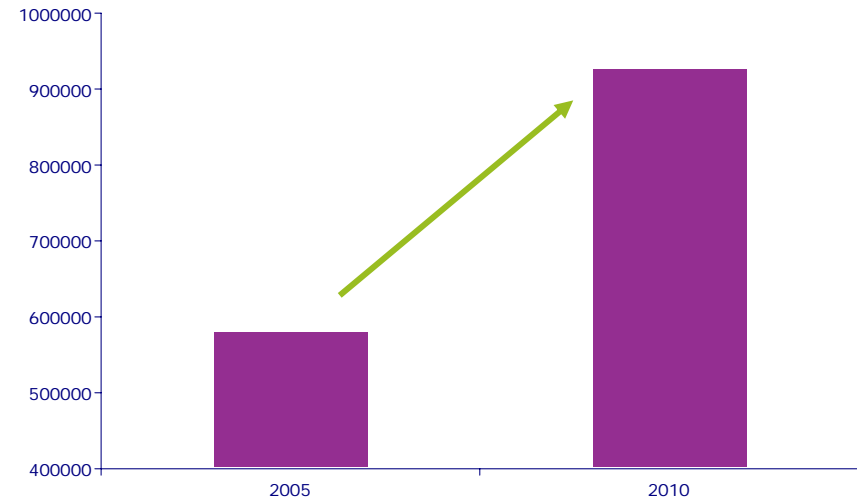


banking

Where to from here?



■ GDFI



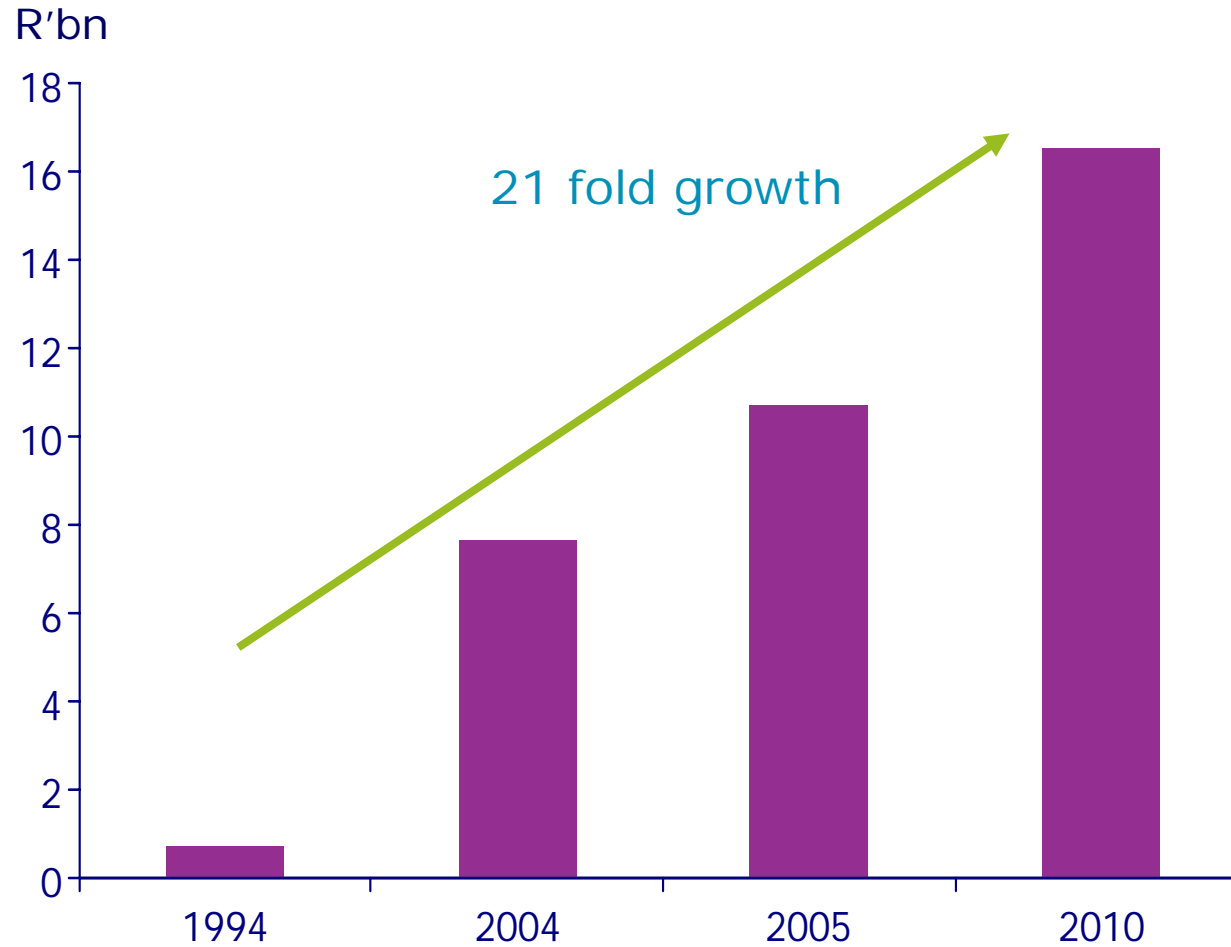
■ Total new vehicle market

- 📖 Business confidence riding wave
- 📖 Slowdown in economic growth – no?
- 📖 Robust economy will ensure growth in car sales – You can do nothing without wheels!
- 📖 Black middle class boosts incremental new vehicle sales



banking

Opportunity 1: A new market has emerged

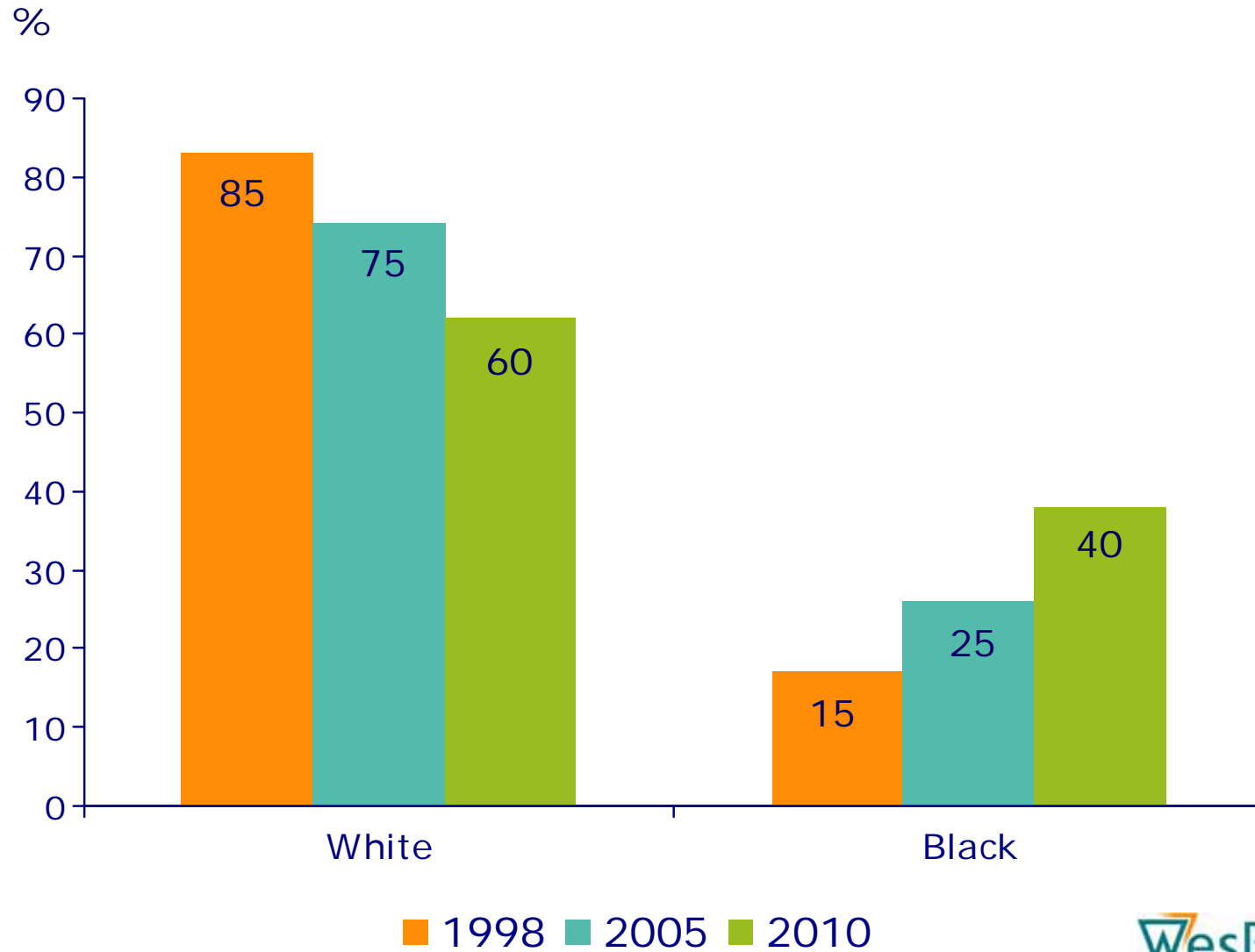


Projection of black market



banking

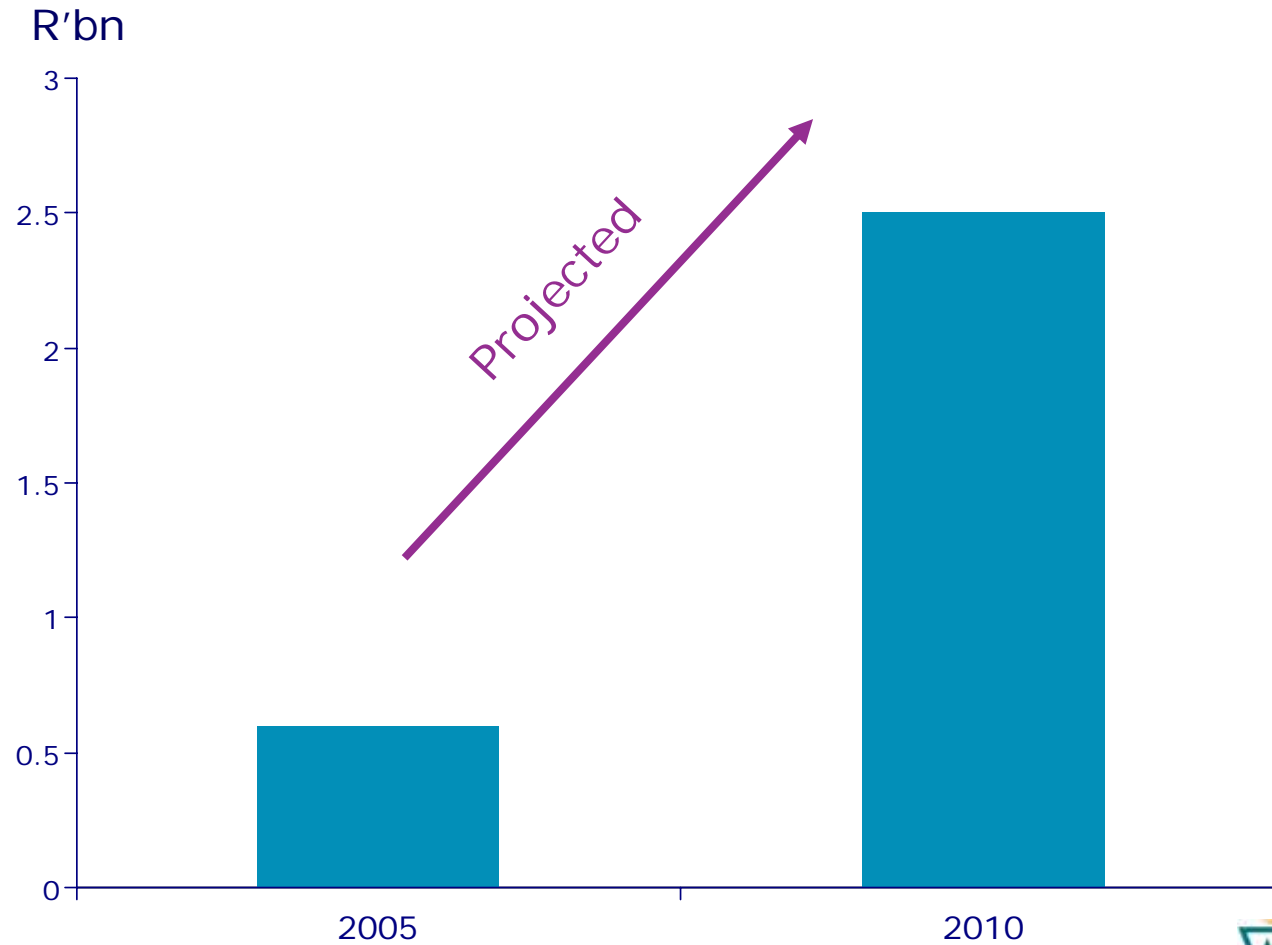
Shifting the mix





banking

Opportunity 2: Funding transformation in the motor industry





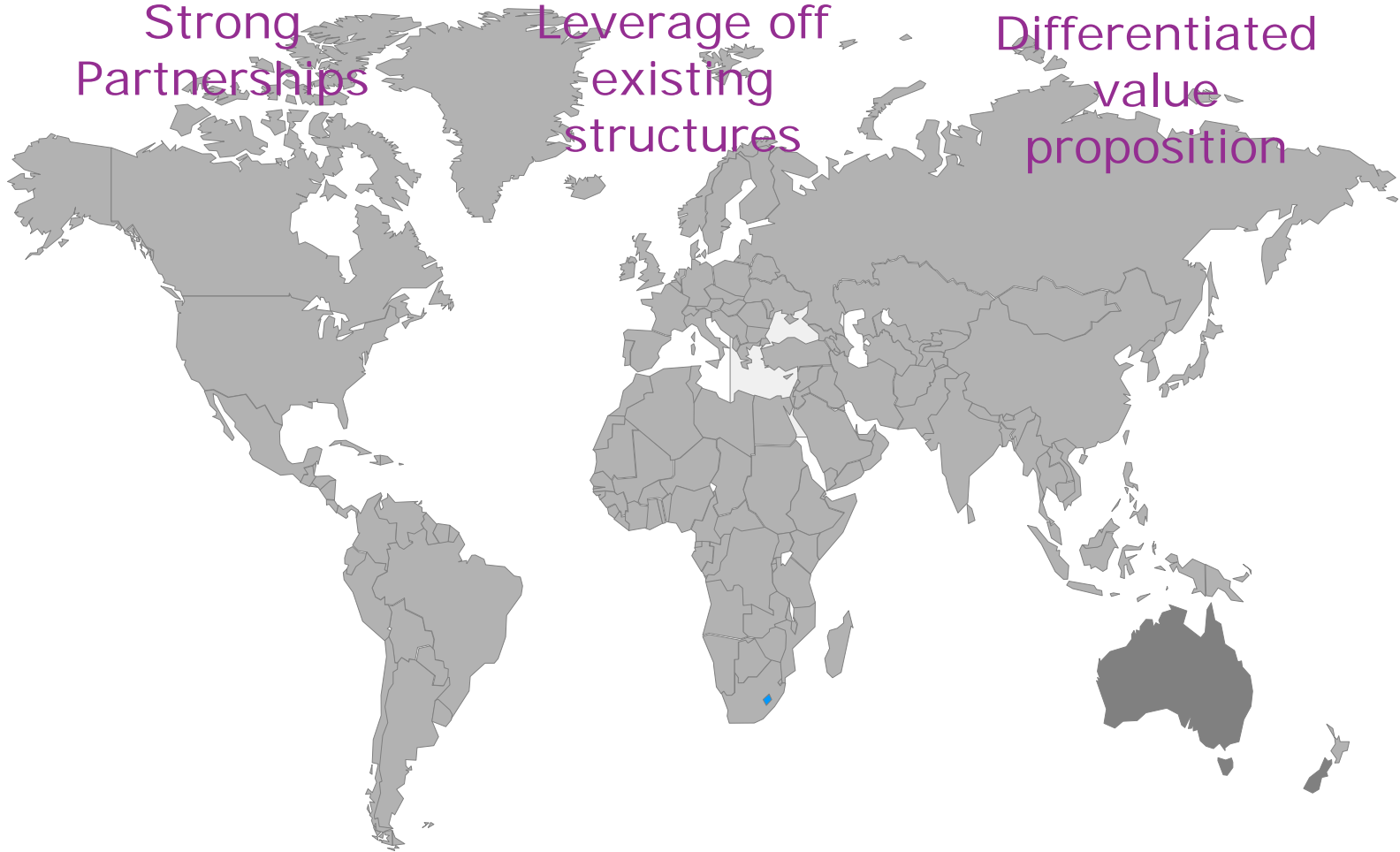
banking

Opportunity 3: International

Strong Partnerships

Leverage off existing structures

Differentiated value proposition





banking

The beginnings of international

Australia

- Motor One
- WorldMark

(Net consolidated PBT contribution of R19m)



United Kingdom

- Broking operation



JOINT FINANCE SOLUTIONS LTD
THINKING OUTSIDE THE BOX



banking

Exploring Africa

- 📖 WesBank in neighbouring territories
- 📖 Penetrate corporate markets through our partners
- 📖 Funding secured (RMB)
- 📖 Deal flow \$35m



- Zambia



- Zambia



- Nigeria
- Angola
- Kenya
- Gabon



- Angola
- Zambia



OUT
SURANCE



banking

OUTsurance OUTperforms

📖 Growth in headline earnings of 46% to R297 million

📖 Continued strong organic growth

📖  gained good traction

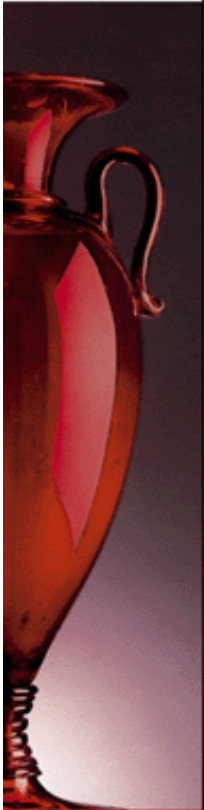
📖  was successfully launched

📖 Still significant market share to be gained in SA





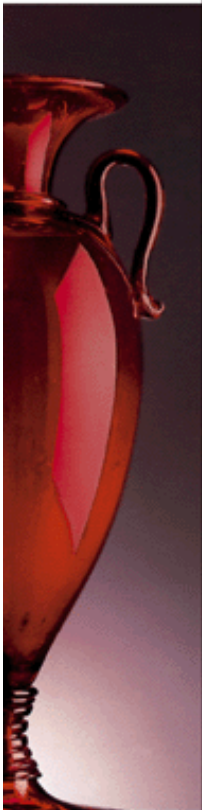
momentum



insurance

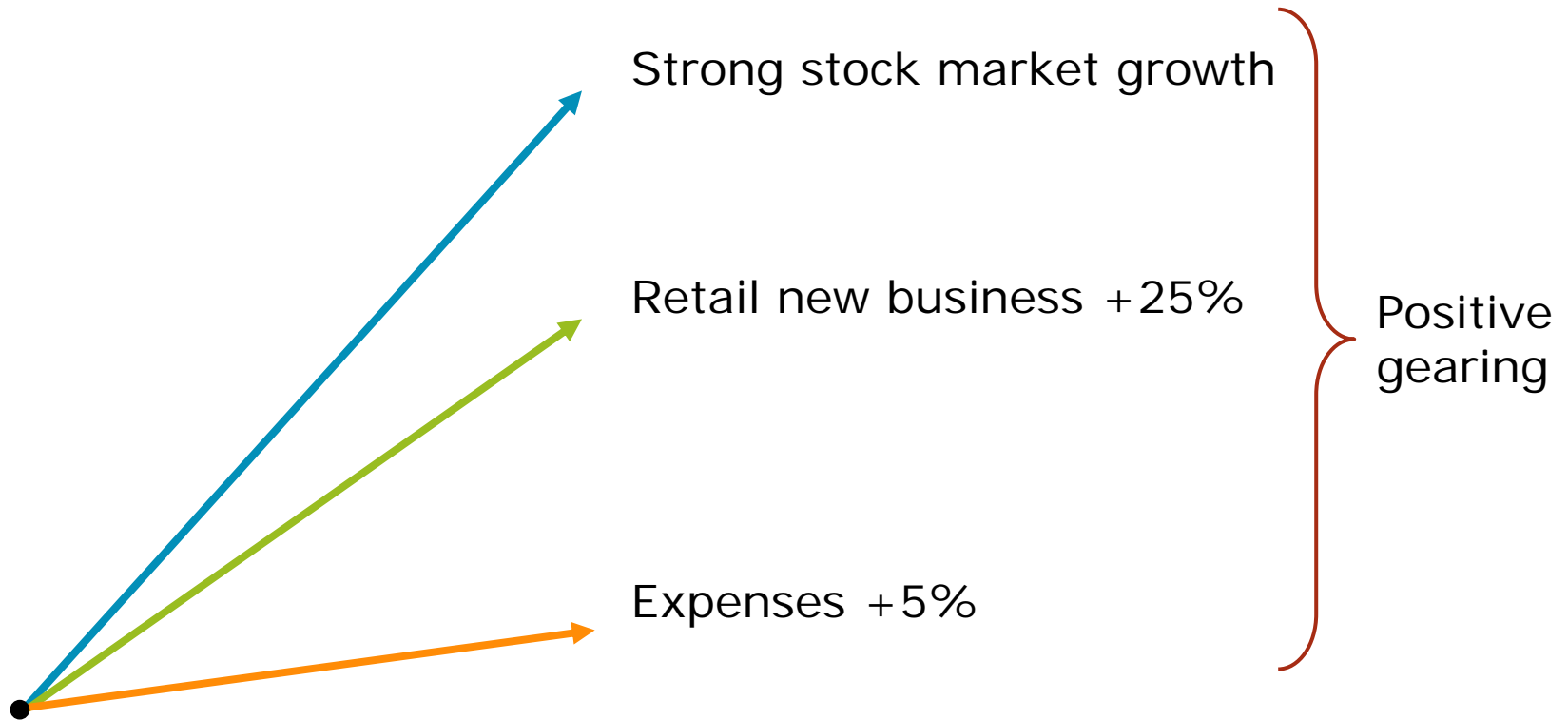
Strong organic growth

- 📖 New recurring premium business +21%
- 📖 Linked product inflows +65%
- 📖 Single premium endowments +18%
- 📖 Strong market growth
- 📖 Business mix improved profit margin from 17.3% to 18.7%

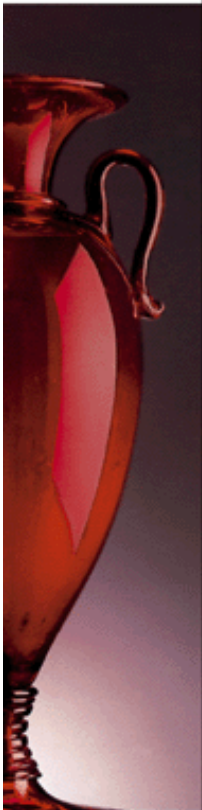


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Positive gearing on earnings



Effective expense control



insurance

Consolidation – a core competency

Sage

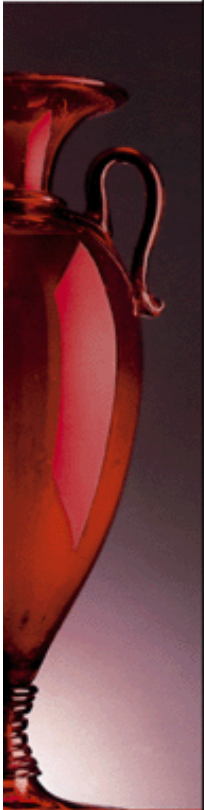
- 📖 Cost per policy -10%
- 📖 Revenue +10%
- 📖 Increase in recurring new business due to agents +15%

Advantage

- 📖 Assets under management +225%
- 📖 Operational costs as % of AUM -15%

Sovereign and ALH

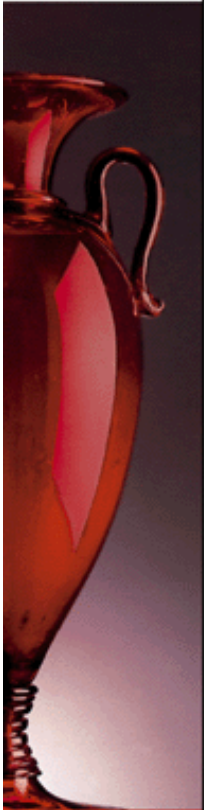
- 📖 Principal members +240 000



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Value for money

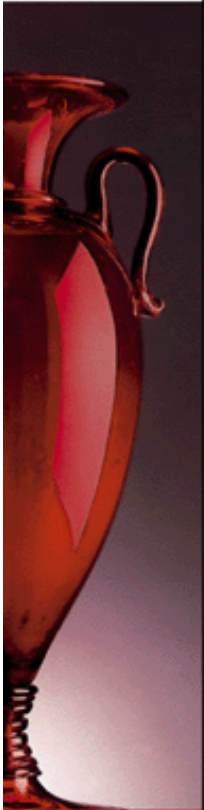
- 📖 Past legacies
- 📖 Future solutions
- 📖 Innovation



insurance

Past legacies

- 📖 Historically RA penetration modest
- 📖 New age products increased our market share
- 📖 Launched Investo in 2000

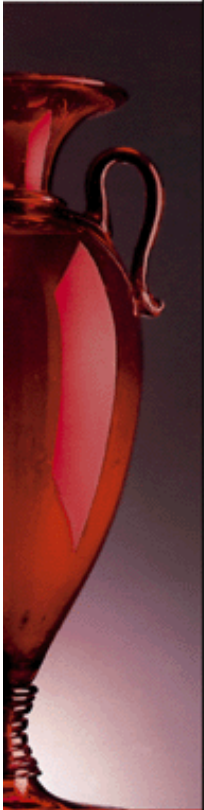


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Future solutions

- 📖 The right new age products
- 📖 Switching legacy customers to Investo range
- 📖 Latest innovation: Save Thru Spend
- 📖 As and when commission ensures sustainability

Situation on RA's is still fluid



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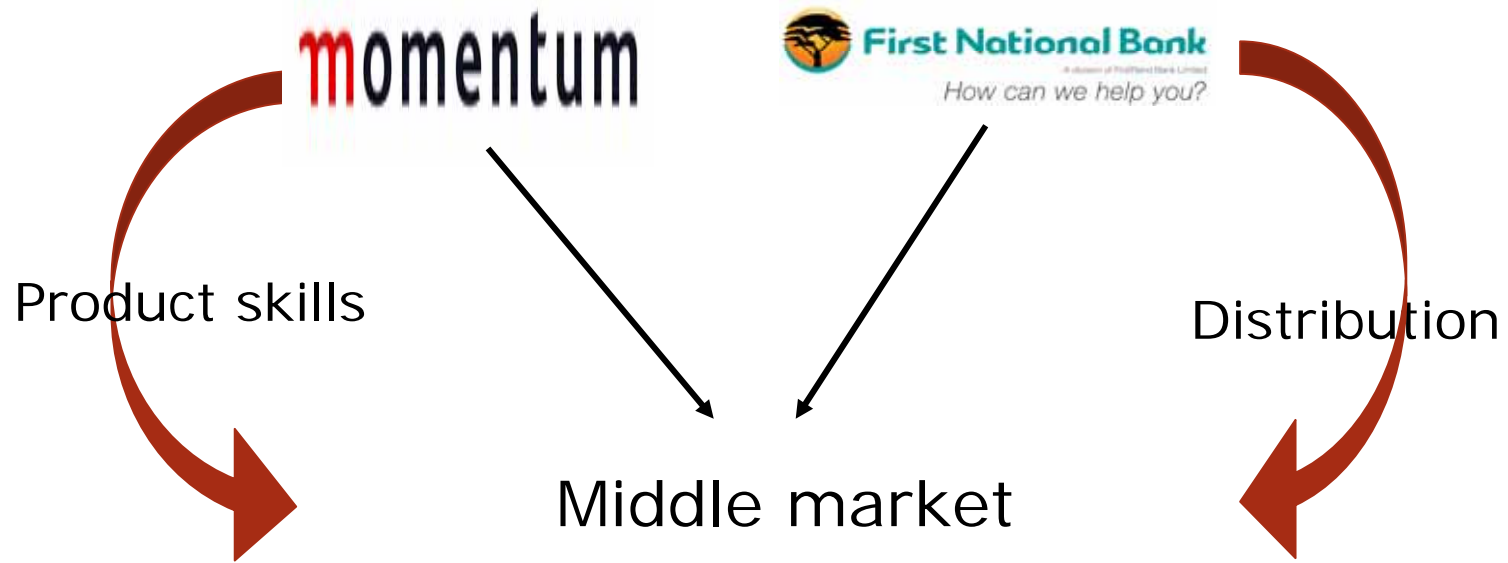
Growth themes

- 📖 Middle market JV with FNB
- 📖 Consolidation in healthcare market
- 📖 Short term insurance offering
- 📖 Turnaround of investment in start-up operations

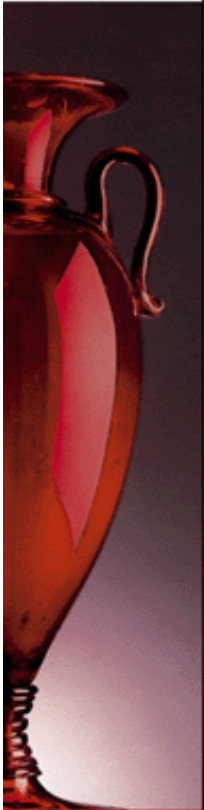


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Momentum and FNB go for middle market



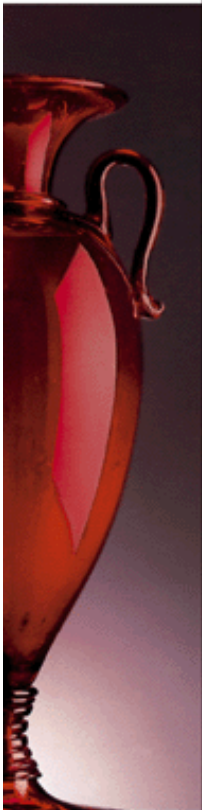
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Fragmented health market

| | No. of schemes | % of total beneficiaries |
|---|----------------|--------------------------|
| > 200 000 beneficiaries | 4 | 40% |
| Between 100 000 and 200 000 beneficiaries | 12 | 27% |
| < 100 000 beneficiaries | 120 | 33% |
| Total | 136 | 100% |



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Turnaround in start-ups

2005 Investment

| | |
|-------------------|-------|
| International | R59m |
| Funds at Work | R11m |
| Health initiative | R9m |
| Multiply | R12m |
| Other | R5m |
| | <hr/> |
| Total | R96m |

Break-even budgeted for 2006



insurance

Future focus

📖 Strong top line growth

📖 Provide value for money

- Continued innovation required
- Good cost control
- Consolidation and integration skills

Prepared to confront issues



integrated

Looking forward



integrated

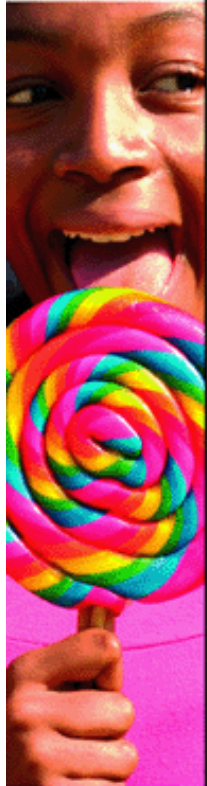
Looking forward

 International

 Challenges

 Cyclical vs structural

 Conclusion



integrated

Our international end game

- 📖 Cannot replicate FirstRand internationally
- 📖 Key principles apply
 - JVs
 - Brand and distribution
 - Long time horizon
- 📖 Driven at business unit level – working reasonably well, but...
- 📖 Centre needs to play a more active role
- 📖 Emerging markets remain attractive



Africa opportunistic entry strategy



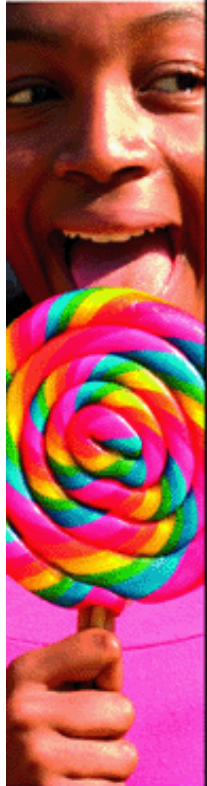
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📖 Conventional where appropriate

📖 Unconventional wherever possible

- Celpay
- AIFH





integrated

FNB Africa – getting more focus

- 📖 Satisfactory results +16% PBT
- 📖 Performance can be improved through better alignment with FNB
- 📖 Appointment of Africa and EM CEO will fast track this





integrated

Looking forward

📖 International

📖 Challenges

📖 Cyclical vs structural

📖 Conclusion



integrated

There are significant challenges

Consumerism

- Onslaught on insurance companies
- Bank charges
- Provide value for money

Bad debt improvement “as good as it gets”

Overseas competition – “bar has been lifted”

Regulatory and compliance costs

Greater efficiency required



integrated

Looking forward

📖 International

📖 Challenges

📖 Cyclical vs structural

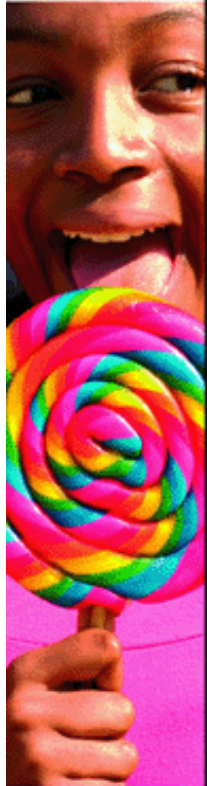
📖 Conclusion



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How long will the party last?

Cyclical
VS
structural



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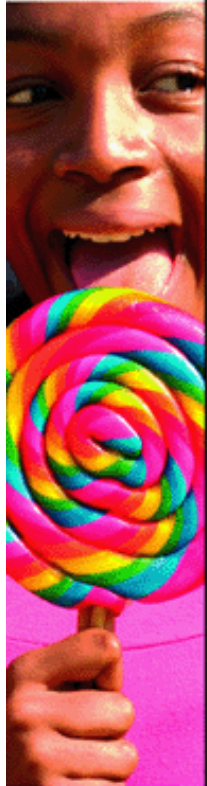
Looking forward

📖 International

📖 Challenges

📖 Cyclical vs structural

📖 Conclusion



integrated

We're in good shape

- 📖 Group's well diversified earnings base
- 📖 Robust economy will provide good natural growth
- 📖 Achieving good market share gains
- 📖 Continue to invest for the future
- 📖 Focus on value for money through innovation and cost control
- 📖 Pursue international – patience and discipline required



integrated financial services



FIRSTRAND

**audited results for the
year ended 30 June '05**