banking supplementary information

FIRSTRAND
Banking Group

supplementary information for the year ended 30 June 2005

FIRSTRAND
Banking Group

Certain companies within the FirstRand Banking Group are Authorised Financial Services Providers

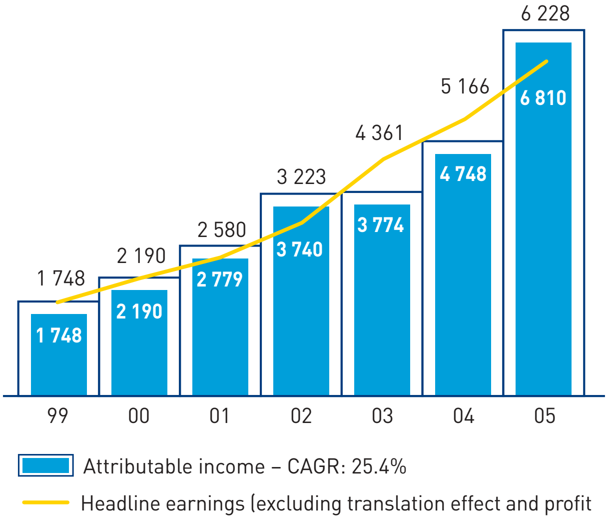
This information is available on our website:
www.firstrand.co.za

E-mail questions to:
asktheCFO@firstrand.co.za

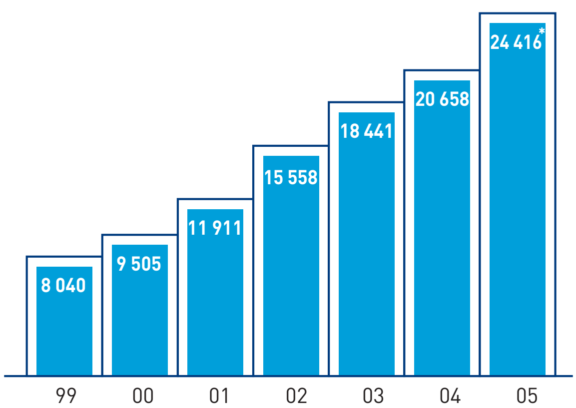
Highlights

R million	Year ended 30 June **2005**	2004	% change
Attributable earnings	**6 810**	4 748	+43.4
Headline earnings	**6 492**	4 796	+35.4
Normalised net asset value	**24 416**	20 658	+18.2
%			
ROE (including translation gains)	**28.8**	24.5	
ROE (excluding translation gains and profit on disposal of Ansbacher)	**27.6**	26.4	
Cost to income ratio (including translation gains)	**55.4**	56.9	
Cost to income ratio (excluding translation gains)	**56.0**	55.8	

Earnings performance
(R million)



Net asset value (normalised)
(R million)
CAGR: 20.8%



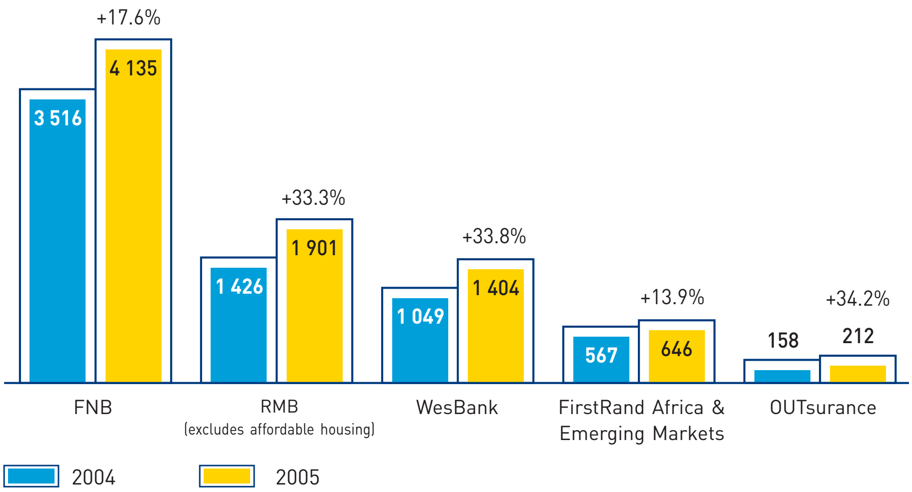
* Excluding R3 billion non-cumulative non-redeemable preference shares and R1.05 billion cumulative redeemable preference shares

Key income drivers

Interest income	+6.6%
Bad debts	(15.2%)
Non-interest income (including translation gains)	+33.8
Operating expenditure	+18.0
Income from associates	+49.9
Direct tax	+24.3

ALL BUSINESSES SHOWING GROWTH

(R million)



BUOYANT TRADING CONDITIONS

- accelerated growth in the South African economy
- continued reduction in inflation
- stable low interest rates
- strong world economy and commodity cycle
- improved equity markets

NATURAL MARKET GROWTH

- strong growth in domestic household expenditure particularly motor and property
  - higher levels of disposable income
  - consumers willing to take on more debt
  - wealth effect
- high levels of BEE activity
- consumer and business confidence at all time highs

Banking Group performance analysis

Reconciliation of earnings attributable to ordinary shareholders and headline earnings

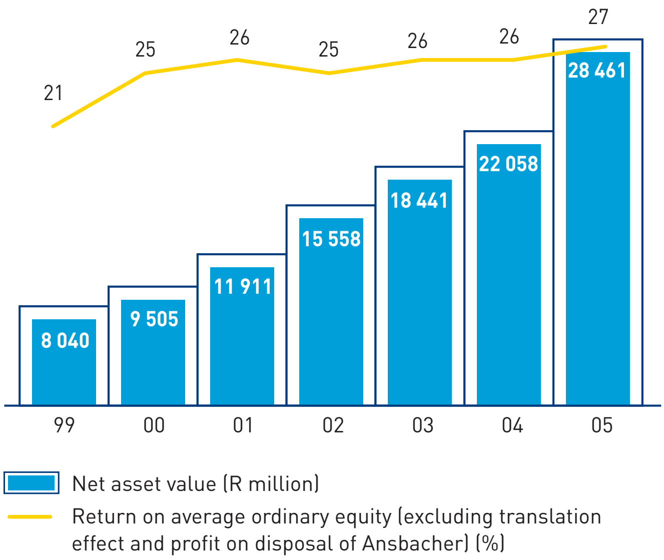
R million	Year ended 30 June 2005	2004	% change
Earnings attributable to ordinary shareholders	**6 810**	4 748	43.4
Profit on disposal of Ansbacher	**(346)**	–	100.0
Loss on disposal of fixed assets	**7**	92	(92.4)
Goodwill amortisation/impairment	**–**	31	(100.0)
Loss/(Profit) on disposal of available for sale assets	**21**	(75)	>100.0
Headline earnings	**6 492**	4 796	35.4

Reconciliation of headline earnings and headline earnings excluding translation (gains)/losses

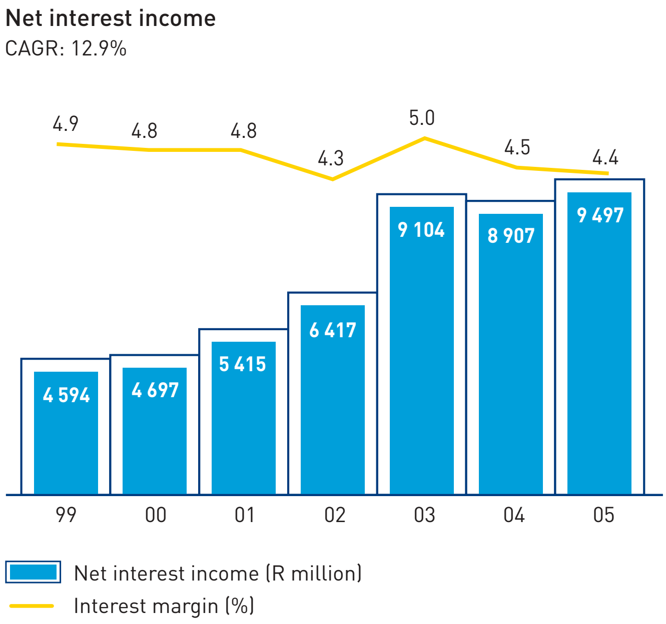
R million	Year ended 30 June 2005	2004	% change
Headline earnings	**6 492**	4 796	35.4
Translation (gains)/losses	**(264)**	370	>100.0
Headline earnings excluding translation (gains)/losses	**6 228**	5 166	20.6

Return on average equity and net asset value

Return on average ordinary equity and net asset value



Net interest income and margin analysis



Margin analysis

	2005	Interest margin %	2004	Interest margin %
Net interest income – June 2004	**8 907**	**4.47**	9 104	5.02
Volume effect (growth in advances and deposits)	**840**	**0.00**	854	0.00
Endowment effect (deposits)	**(221)**	**(0.10)**	(511)	(0.28)
Endowment effect (capital)	**(349)**	**(0.15)**	(792)	(0.43)
Protection provided by hedges	**464**	**0.21**	566	0.31
Other	**(144)**	**(0.08)**	(314)	(0.15)
Net interest income - June 2005	**9 497**	**4.35**	8 907	4.47

** This is the accounting margin based on a simple average of advances and on total interest.*

Margin analysis

	2005		2004	
	Average balance R million	**Average margin %**	Average balance R million	Average margin %
Margin assets				
Asset-backed mortgages	**66 630**	**2.55**	55 010	2.94
Instalment sales and finance leases	**48 315**	**3.69**	38 385	4.04
Card debtors	**6 079**	**7.48**	4 874	8.12
Overdrafts and managed account debtors	**12 321**	**5.17**	11 886	4.47
Personal loans	**6 860**	**6.31**	5 063	6.84
Other banking advances	**19 478**	**1.10**	11 813	0.53
Cash, short-term funds and other investment securities	**67 231**	**2.82**	72 141	2.64
Total for margin assets	**226 916**	**3.14**	199 173	3.21
Margin liabilities				
Current and savings deposits	**54 986**	**3.93**	47 710	4.16
Call accounts	**20 799**	**1.07**	19 213	1.26
Notice deposits	**14 473**	**1.11**	13 515	0.91
Fixed deposits	**12 885**	**0.55**	12 824	0.49
Banking Group Treasury	**123 773**		105 911	
Total for margin liabilities	**226 916**	**1.15**	199 173	1.21
Margin on average aggregate interest bearing assets and liabilities		**4.29**		4.47

This table is based on the fully funded margin business of the Banking Group and excludes long-term funding, trading and investment activities. The margins above are actively managed by the Banking Group's Alco desk.

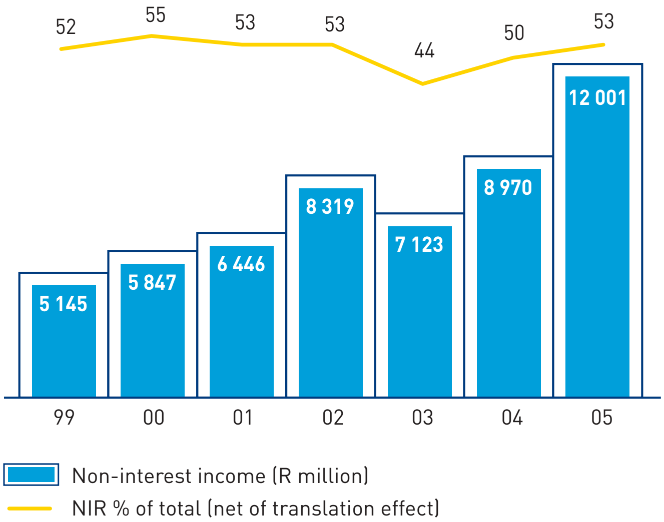
This table therefore differs from that presented on the previous page because of its more direct focus.

Interest margin

Positive	Negative
• Volume effect from organic growth in assets and liabilities	• Negative impact on endowment margins of lower interest rate environment
• Increase in average capital base following retention of earnings in previous financial year	• Structurally lower average interest rates
• Endowment hedge strategy	• Continued margin squeeze on prime-linked portion of banking book
• Increase in average capital base	• Lower average fixed-rate advances than in 2004
• Increase of retail advances and decrease in corporate advances	• Competitive market pricing
	• Competitive pressure on some asset generators
	• Short-term funding rate squeeze

Non-interest income

Non-interest income

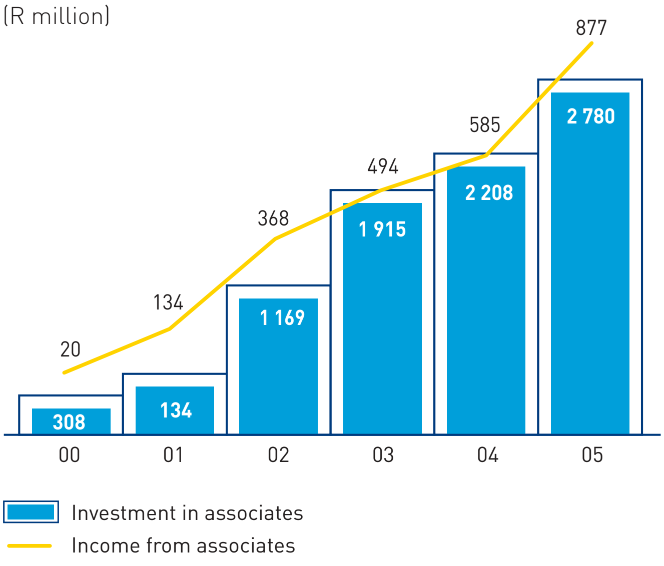


R million	2005	2004	% change
Transactional income	8 188	6 583	24.4
Trading income	2 238	2 121	5.5
Investment income	497	430	15.6
Other income	814	206	>100.0
Total non-interest income	11 737	9 340	25.7
Translation (losses)/gains	264	(370)	>100.0
Non-interest income	12 001	8 970	33.8
The information presented in the following sections is on a functional basis, and not on a statutory account basis:			
Transactional income			
Bank commissions and fee income	5 623	4 624	21.6
– Card commissions	655	531	23.4
– Cash deposit fees	686	589	16.5
– Commitment fees	354	214	65.4
– Acceptances, guarantees and indemnities	132	123	7.3
– Commissions on bills, drafts and cheques	439	361	21.6
– Bank charges	3 357	2 806	19.6
Other banking fee income	1 102	764	44.2
– Other commissions	227	129	76.0
– Banking product income	556	416	33.7
– Other fees	319	219	45.7
Knowledge based fees	491	431	13.9
Management fees	296	335	(11.6)
Insurance income	467	151	>100.0
Other non-bank commissions	209	278	(24.8)
	8 188	6 583	24.4

Non-interest income

R million				2005	2004	% change
Investment activities						
Income from private equity activities				**1 046**	531	97.0
– Profit on realisation of private equity investments				**423**	17	>100.0
– Profit on realisation of other investment banking assets				**93**	70	32.9
– Dividend received				**175**	220	(20.4)
– Private equity associates				**355**	224	58.5
Income from operational investment activities				**512**	361	41.8
– WesBank associates				**74**	30	>100.0
– FirstRand International associates				**68**	73	(6.8)
– OUTsurance				**212**	158	34.2
– Listed associates				**133**	65	>100.0
– Other operational associates				**26**	35	(25.7)
Income from investments				**206**	193	6.7
– Profit/(Loss) on disposal of available for sale assets				**(29)**	107	(>100.0)
– Unrealised profit on assets held against employee liabilities				**235**	86	>100.0
Less: **Income from associates**				**(877)**	(585)	49.9
				887	500	77.4
	Forex	Debt	Equity			
Trading income						
Annuity	655	902	145	**1 702**		
– Originated/Structuring	–	493	88	581		
– Secondary market	–	234	–	234		
– Client flow	655	175	57	887		
Risk income	–	215	264	**479**		
– Equities	–	–	226	226		
– Commodities	–	–	38	38		
– Interest rates	–	176	–	176		
– Forex	–	39	–	39		
Other				**195**		
	655	1 100	426	**2 376**	**2 051**	**15.9**
Other income				**286**	**206**	**39.5**
				11 737	**9 340**	**25.7**
Translation gains/(losses)				**264**	**(370)**	**>100.0**
Total non-interest income				**12 001**	**8 970**	**33.8**

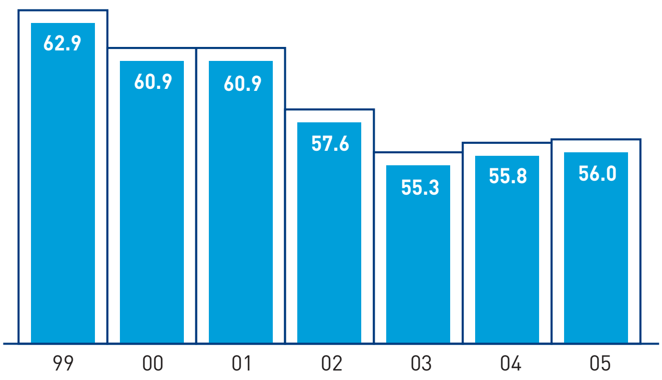
Analysis of income from associated companies



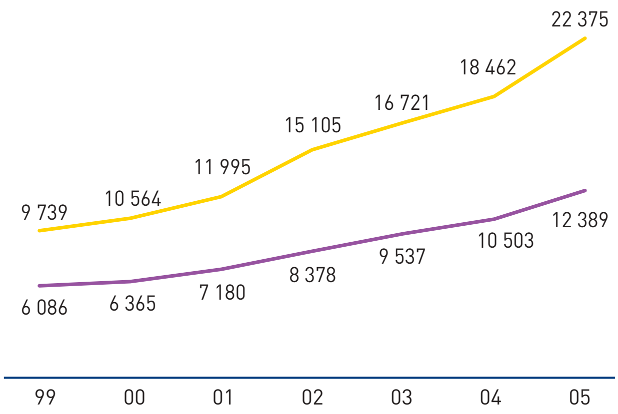
R million	2005	2004	% change
McCarthy Retail	–	53	(100.0)
Relyant Retail Ltd	133	12	>100.0
Toyota Finance	39	15	>100.0
Zeda Car Leasing	25	15	66.7
OUTsurance	212	158	34.2
FirstLink's associates	(7)	13	(>100.0)
Private Equity associates	433	224	93.3
FirstRand International associates	68	73	(6.8)
Other	26	22	18.2
Share of income of associated companies	877	585	49.9

Operating expenses

Efficiency ratio
(%)



Efficiency ratio
(R million)



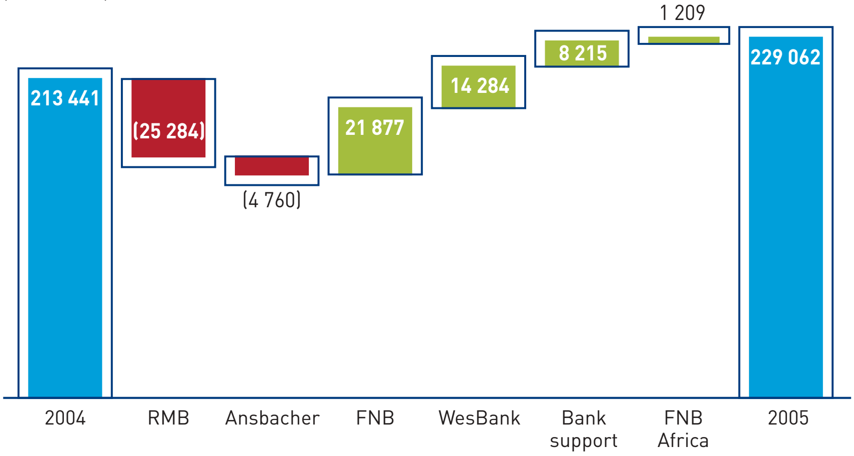
R million	2005	2004	% change
Operating expenditure			
Staff expenditure	**6 408**	5 756	11.3
Depreciation	**598**	546	9.5
Advertising and marketing	**618**	443	39.5
Maintenance	**702**	525	33.7
Insurance	**201**	163	23.3
Professional fees	**430**	398	8.0
Thirdparty origination costs	**361**	235	53.6
Total origination costs	**498**	300	65.9
Less: internal costs	**(137)**	(65)	>100.0
Audit fees	**50**	71	(25.3)
Computer expenses	**370**	315	17.5
Conveyance of cash	**127**	96	32.3
Telecommunications	**359**	299	20.1
eBucks customer rewards	**171**	116	47.4
Profit share	**188**	101	86.1
Other expenditure	**1 824**	1 439	26.8
Total non-interest expenditure	**12 389**	10 503	18.0

- New business growth increased staff costs
- WesBank and RMB Private Bank significant new business costs
- HomeLoans high acquisition costs from new business growth
- Launch costs of new products
- Increase eBucks awards to customers

Cost to income ratio deteriorated marginally mainly due to the increase in expenses, partly offset by the increase in net interest income and strong growth in non-interest revenue and income from associates.

Advances

Advances
(R million)



R million	2005	2004	% change
Gross advances			
Total advances	**229 556**	214 005	7.3
Less: Contractual interest suspended	**(494)**	(564)	(12.4)
Gross advances	**229 062**	213 441	7.3
Less: Impairments	**(2 510)**	(3 027)	(17.1)
Net advances	**226 552**	210 414	7.7
Advances sector analysis			
Agriculture	**5 337**	5 860	(8.9)
Banks and financial services	**29 099**	38 770	(24.9)
Building and property development	**11 081**	7 796	42.1
Government, Land Bank and Public Authorities	**6 318**	11 617	(45.6)
Individuals	**125 637**	98 360	27.7
Manufacturing and commerce	**27 307**	31 719	(13.9)
Mining	**3 952**	2 070	90.9
Transport and communication	**7 504**	5 292	41.8
Other services	**13 321**	12 521	6.4
Gross advances	**229 556**	214 005	7.3

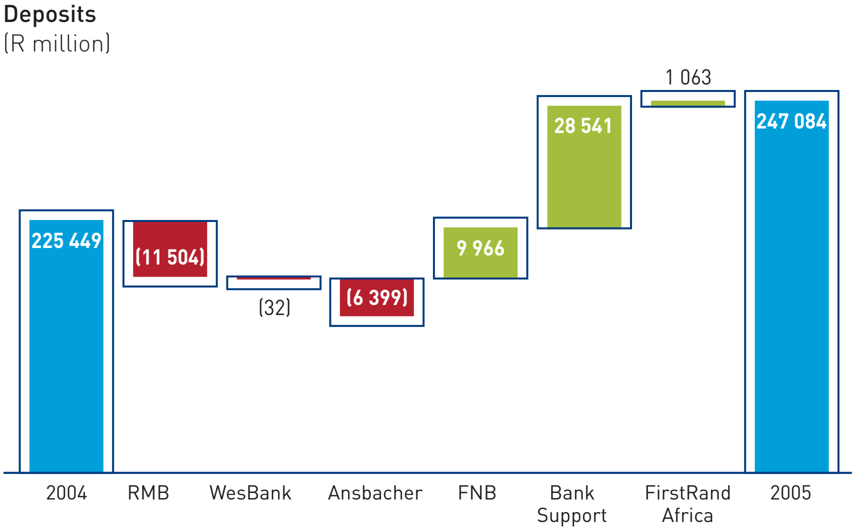
• FNB – HomeLoans up 31% – FNB Card up 32% – Personal loans up 17% – Wealth up 41%	• FNB Africa up 13% – FNB Namibia home loans, WesBank and Swabou up – FNB Botswana up 12% in Rand terms
• WesBank high growth of 29% and new business share up	• CDO portfolio reduced in line with strategy
• Corporate terms loans focus led to 19% growth	

R million	2005	2004	% change
Geographical split			
SA banking operations	**206 756**	175 500	17.8
International banking operations	**5 645**	11 154	(48.4)
US Corporate debt (CDO advances)	**182**	4 442	(>100)
African banking operations	**12 068**	10 600	13.9
SA non-banking operations	**4 905**	12 309	(60.2)
Gross advances	**229 556**	214 005	7.3
Product split			
Overdrafts and managed accounts	**28 396**	25 611	10.9
Loans to other financial institutions	**11 261**	4 357	>100
Card loans	**7 569**	5 709	32.6
Instalment finance	**36 533**	29 283	24.8
Lease payments receivable	**19 373**	14 921	33.2
Property finance	**80 016**	61 336	30.5
Home loans	**75 801**	58 321	30.0
Commercial properties	**4 215**	3 015	39.8
Personal loans	**4 889**	5 971	(18.1)
Preference share advances	**1 536**	1 654	(7.1)
Other advances	**31 688**	36 631	(13.5)
	221 071	185 473	19.2
Collateralised debt obligation	**182**	4 442	(95.9)
Assets under agreement to sell	**8 303**	20 327	(59.2)
Ansbacher advances	**–**	3 763	(100.0)
Total advances	**229 556**	214 005	7.3

Non-performing loans

R million	2005	2004	% change
Non-performing loans	**3 045**	3 389	(4.4)
Add: Present value adjustment	**196**	377	(48.0)
Less: Recoverable amount	**(4)**	(14)	>100
Net credit exposure	**3 237**	3 752	9.7
Less: Security	**(1 015)**	(993)	2.0
Less: Contractual interest suspended	**(494)**	(564)	(12.4)
Residual risk	**1 728**	2 195	14.4
Specific impairments	**1 728**	2 195	14.4
Portfolio impairments	**782**	832	(24.3)
Total impairments	**2 510**	3 027	(17.1)
Fair value impairment	**134**	135	(0.7)
Provisioning	**2 644**	3 162	(16.4)
General Risk Reserve	**1 123**	1 146	(2.0)
Total impairments and reserves	**3 767**	4 308	(18.6)
Total advances	**229 556**	214 005	7.3
Less: Contractual interest suspended	**(494)**	(564)	(12.4)
Gross advances	**229 062**	213 441	7.3
Less: Impairments	**(2 510)**	(3 027)	(17.1)
Net advances	**226 552**	210 414	7.7
Impairment of advances			
Non-performing loans as a percentage of gross advances	**1.3**	1.6	(18.8)
Specific impairments as a percentage of non-performing loans	**56.7**	64.8	(12.5)
Specific impairments as a percentage of gross advances	**0.8**	1.0	(20.3)
Portfolio impairments as a percentage of gross advances	**0.3**	0.4	(29.5)
Fair value impairments as a percentage of gross advances	**0.1**	0.1	(2.5)
General Risk Reserve	**0.5**	0.5	(28.7)
Total impairments as a percentage of gross advances	**1.2**	1.5	(20.0)
Total impairments as a percentage of non-performing loans	**86.8**	93.3	(7.0)
Total impairments as a percentage of residual risk	**153.0**	144.1	6.2
Income statement charge (R million)			
Specific impairments	**755**	536	41.0
Portfolio impairments	**(49)**	297	(>100.0)
	706	833	(15.1)

Deposits



• Retail deposits grew 10%	• Consumer savings less due to economic environment
– Short-term deposit demand	• Disposal of Ansbacher
– Higher client liquidity	
• Large corporates grew 8% as a result of cash flush corporates	
• FNB Africa deposit focus in Namibia	

Business unit highlights

R million	2005	2004	% change
FNB	4 135	3 516	17.6
FNB Retail	2 134	1 674	27.5
FNB HomeLoans	456	548	(16.8)
Corporate Banking	1 138	988	15.2
Private Banking	78	60	30
First Trust	33	28	17.9
Card Issuing	295	218	35.3
Investment Banking	1 901	1442	31.8
Rand Merchant Bank	1 901	1426	33.3
Affordable Housing	–	16	(100.0)
WesBank	1 404	1 049	33.8
FirstRand Africa and Emerging Markets	646	567	13.9
OUTsurance	212	160	32.5
Ansbacher	(35)	(24)	45.8
Group Support	753	786	(8.1)
	9 016	7 496	20.3
Profit on sale of Ansbacher	346	–	100.0
Translation (losses)/gains	264	(370)	>100.0
Income before tax	9 626	7 126	35.1

** Includes BGT*

FNB

	2005	2004	% change
Income before tax (Rm)	**4 135**	3 516	17.6
Income after tax (Rm)	**2 915**	2 500	16.6
Advances (Rm)	**106 044**	84 167	26.0
Total deposits (Rm)	**118 517**	108 551	9.2
Cost to income ratio (%)	**66.8**	66.5	(0.5)
Non-performing loans (%)	**1.8**	2.6	30.8

R million	2005	2004	% change
FNB Retail	**2 422**	1 892	28.0
– Retail other	**2 127**	1 674	27.1
– Card Issuing	**295**	218	35.3
FNB HomeLoans	**464**	548	(15.3)
FNB Corporate	**1 139**	988	15.3
– Large Corporate	**510**	556	(8.3)
– Medium Corporate	**629**	432	45.6
Private Banking	**78**	60	30.0
FNB Trust Services	**32**	28	15.0
FNB	**4 135**	3 516	17.6

Divisional

FNB Retail
- Card Issuing profits up 35%
- FNB Insurance lives insured up 19% to 1.5 million lives
- First Link income up 20%
- Internet banking significant growth in customer numbers, volumes and values

FNB Corporate
- Large Corporate profit down 8%
- Mid Corporate profit up 46%

Private Banking
- Profit up 30%

FNB Trust Services
- Profit up 15%

Operational

FNB Retail
- Strong increase in client numbers and volume growth
- Strong increase in advances and deposits
- Card advances up 32% and personal loans up 17%

FNB HomeLoans
- Advances up 31%
- Market share gained
- New business up 91%
- Non-interest income up 37% from increased volumes
- External origination costs of R312 million

FNB Corporate
- Large Corporate
  - asset growth difficult
  - strengthening of the Rand and limited volatility had negative impact on results
- Mid Corporate
  - advances up 23%
  - deposits up 25%

Private Banking
- Advances up 41%
- Assets under management up 71%

WesBank

	2005	2004	% change
Profit before tax (Rm)	**1 404**	1 049	33.8
Profit after tax (Rm)	**1 007**	760	32.5
Advances (Rm)	**63 318**	49 034	29.1
Cost to income ratio (%)	**46.8**	48.8	(4.3)
Non-performing loans (%)	**0.87**	0.81	7.4

Divisional

- Earnings up 33.8%
- New business up for Motor 29.5%, Corporate 20.3%, Fleet 54% and Personal loans 111.5%
- WorldMark Australia coupled with Motor One Finance contributed R19 million to pre-tax profit

Operational

- New business written R39.6 billion up 31.6%
- Advances up 29.1% – increase of R14.8 million
- Bad debts and non-performing loans consistent with prior year
- Margins down to 3.61% from 3.83% from competitive pressure
- Non-interest income up 34.2% from high new business volumes, greater penetration of insurance products and increase in WesBank Auto's customer base
- Costs up 15.1% against business growth of 31.6%

RMB

	2005	2004	% change
Profit before tax (Rm)	**1 901**	1 426	33.3
Profit after tax (Rm)	**1 423**	1 081	31.6
Total assets (Rm)	**101 346**	109 047	(7.0)
Cost to income ratio (%)	**25.2**	25.2	0

Divisional

- Net income up 33% to R1.9 billion
- Private Equity record performance
  - high levels BEE activity
- Equity Trading exceptional results
  - Main contributors were corporate arbitrage, structuring and broking activities
- Corporate Finance balanced performance
  - Alliances entered into with international partners
- Structured Finance strong earnings growth
  - repositioned as credit specialist
- Project Finance exceeded prior year performance
  - soft and hard commodity trading merger

Operational

Private Equity

- Lower interest rates and strong equity markets produced favourable climate for realisations
- Book value of private equity investments and unrealised profits increased

Corporate Finance

- Fee income a main contributor from high BEE activity

FirstRand Africa and Emerging Markets

	2005	2004	% change
Profit before tax of operating activities (Rm)	653	567	16.6
Profit before tax of emerging market development activities (Rm)	(7)	–	–
Profit before tax (Rm)	646	567	13.9
Profit after tax (Rm)	475	421	12.8
Attributable earnings (Rm)	313	288	8.7
Advances (Rm)	10 671	9 462	12.8
Total deposits (Rm)	9 920	8 857	12.0
Cost to income ratio (%)	48.5	49.7	(1.4)
Non-performing loans (%)	2.7	4.0	(32.5)

Divisional

FNB Botswana

- Profit up by 22% in Pula terms

FNB Namibia

- Profit up 26%

FNB Swaziland

- Business conditions challenging from depressed economy

FNB Lesotho

- 1st year of operation exceeded business plan with lower than expected required investment

Operational

FNB Botswana

- Advances up 21%
- Net interest income up 8%
- Non-interest income up 23% – transactional income and foreign currency trading the main drivers

FNB Namibia

- Swabou Life embedded value up 36%
- Net interest income up 9%
- Advances up 15%
- Non-interest income up 18%

FNB Swaziland

- Pressure on interest income
- Non-interest income up 18%

OUTsurance

	2005	2004	% change
Gross premiums (Rm)	**1 901**	1 468	29.5
Operating profit (Rm)	**373**	261	42.5
Headline earnings (Rm)	**298**	203	46.8
Expense/cost to income ratio (%)	**16.2**	18.0	(11.1)
Claims and OUTbonus ratio (%)	**57.6**	58.5	(1.5)
Banking Group attributable profit before tax (Rm)*	**204**	160	27.5

* *After adjusting for changes in capital structure*

Operational

- Positive underwriting cycle, low inflation and increased customer spending reasons for strong performance
- Operating profit up 42.5% from a combination of volume growth and greater cost efficiency
- Good organic growth in Personal and Business OUTsurance
- Expenses as percentage of net premium income improved to 16.2%
- Low claims ratio of 57.6%

Discussion of business unit results

FNB

FNB Retail

FNB Retail produced another year of excellent results with profit before taxation increasing by 28% from R1 892 million to R2 422 million. This was achieved despite low interest rates placing pressure on margins, and was the result of a strong increase in client numbers and volume growth.

Interest income grew by 12% during the year as result of strong growth in advances as well as deposits.

Non-interest income increased by 23% as a result of an increase in client numbers and higher transaction volumes. Average price increases were held below inflation for the year.

Advances grew by 17% due to focused sales activities, with credit card advances and Personal Loans (including Micro Loans) in particular increasing by 32% and 17% respectively.

Bad debts and non-performing loans ("NPLs") remain low with NPLs at 3.7% of gross advances.

Retail deposits grew by 10% with the growth in this market driven by demand for short-term deposits, in particular overnight deposits indicating the increased liquidity positions of customers.

Card Issuing had a successful year increasing its profits by 35%. Growth in new business is a result of the increased focus and success in cross-selling to existing FNB and WesBank customers and the successful launch of the Discovery Card, all of which resulted in an increase in new customer accounts.

FNB Insurance achieved significant growth due to its strategy of adding value and enhancing insurance features to existing products. At June 2005, 1.5 million lives were insured, a growth of 19%.

First Link, FNB's short-term insurance broker, experienced a 20% growth in revenue and operating profit primarily resulting from a focus on its client base coupled with acquisitions made in the current year.

Internet banking achieved significant growth in customer numbers, volumes and values during the year under review. 375 000 customers were registered at 30 June 2005. Transactions to the value of R112.7 billion were processed during the year (2004: R78.9 billion), an increase of 43%.

FNB HomeLoans

FNB HomeLoans showed advances growth of 31%. The continued buoyant residential market and a customer retention focus strategy resulted in increased levels of new business as well as increased re-advances payouts. Market share was gained from its major competitors resulting in new business increasing by 91%. In June 2005, a record payout of R4.1 billion was achieved. Non-interest income increased by 37% mainly as a result of the increased volumes.

The current year's profit before tax decreased by 15% as a result of the current policy of expensing acquisition costs in the year incurred, margin compression resulting from competitor activity and the declining interest rates.

FNB Corporate

Large Corporate profit before tax decreased by 8%. Asset growth has become increasingly difficult in this market segment. This is a result of disintermediation, increased competition and low credit demand.

While the overall volumes in the international and cross border businesses increased, the strengthening of the Rand and its limited volatility had a negative impact on results.

Significant growth in the utilisation of electronic channels and the renewed focus placed on Electronic Banking resulted in volumes increasing by 26%.

Mid Corporate performed exceptionally well in the period under review, with profit before tax increasing by 46%. Strong focus was placed on credit extension and asset growth. Various asset growth campaigns were launched, resulting in a 23% growth in advances. Deposit growth was also strong at 25%.

Niche market dominance has been identified as a strategy with a streamlined credit and delivery model.

Private Banking (now Wealth)

Private Banking performed exceptionally well during the year with profit before tax increasing by 30% after investing to extend the Private Banking model to FNB clients in the Wealth segment. Advances and assets under management grew by 41% and 71% respectively.

FNB Trust Services delivered a solid performance with profit growth of 15%. Assets under management grew by 31%.

WESBANK

WesBank had an exceptionally good year with earnings increasing by 33.8%, continuing an extended period of sustained profit growth. Growth was driven by increases in new business volumes and market share. New business written was R39.6 billion, an increase of 31.6%, with the milestone of R4 billion new business written during the month of June.

Advances increased by R14.8 billion, 29.1%, as result of the high new business growth.

Bad debts were 0.56% and non-performing loans 0.85% of gross advances. These figures are consistent with the prior year. This is as a result of the prevailing low interest rates and low levels of arrears, coupled with advanced credit assessment and collection activities. The introduction of economic (or differential) collections has resulted in certain categories of arrears deteriorating, but this has not resulted in increased bad debt write-offs.

Margins declined to 3.61% from 3.83% due to competitive pressure on customer rates, compression of short-term funding rates, the run down of the existing fixed-rate book and lower levels of early settlement.

Non-interest income increased by 34.2%. This growth is as a result of the high new business volumes, greater penetration of insurance products and an increase in the customer base within WesBank Auto.

Costs increased by 15.1% (against business growth of 31.6%). The internal efficiency initiatives have led to improved cost ratios, with cost to assets reducing from 2.72% to 2.57% (a 5.5% improvement).

On a divisional basis, Motor, Corporate, Fleet and Personal Loans increased new business by 29.5%, 20.3%, 54.0% and 111.5% respectively. Personal Loans benefited from higher consumer debt appetite and aggressive marketing to the middle market customer base.

WorldMark Australia, an existing business providing various car care products purchased in the previous financial year, coupled with Motor One Finance, the start-up retail finance operation, contributed R19 million to pre-tax profit. In addition, Motor One Finance concluded a joint venture with Porsche Financial Services in Australia.

RMB

RMB fired on all cylinders in 2005 to produce an outstanding set of results growing net income before tax by 33% to R1.9 billion (2004: R1.43 billion). This growth is largely attributable to a very strong performance by the equity businesses, which have produced increasingly significant contributions to overall results since a decision taken a few years ago to increase the focus on them.

Private Equity produced a record performance. Lower interest rates impacted favourably on highly geared private equity investments and this, together with strong equity markets also provided a favourable climate for realisations. High levels of BEE activity created good investment deal flow and, despite the realisations, both the book value of private equity investments and unrealised profits increased over the prior year.

Equity Trading produced exceptional results. Corporate arbitrage, structuring and broking activities were the primary contributors to the performance. The division has experienced early successes in building an offshore trading business based on well developed value analysis skills and the creation of an international network through a number of small investments and joint ventures.

Corporate Finance produced a balanced performance comfortably exceeding the prior year results. Fee income was a significant contributor, mainly driven by BEE activity. Investment and financing activities also contributed strongly. During the year the division entered into various alliances with international partners that will facilitate participation in international M&A transactions going forward.

Structured Finance has repositioned itself over the past few years as a credit specialist providing value-added debt solutions. This strategy has enabled the division to show strong earnings growth over the prior year and ensured that RMB retained its rating as the No. 1 debt house in South Africa. During the year the Banking Group's fragmented activities in the larger commercial and industrial property finance area were merged under the management of Structured Finance with a view to improving RMB's competitive standing in this market.

In spite of difficult market conditions, Project Finance managed to exceed its prior year performance. During the year the soft and hard commodity trading activities merged with Project Finance and it is expected that significant value will be extracted from the combined resources and expertise of these teams. This will provide a platform for investment in relationships, origination capability and jurisdictional knowledge in Africa and leaves the division well placed for the anticipated infrastructure development "explosion" in South Africa and sub-Saharan Africa.

Treasury produced a strong performance founded predominantly on successful trading activities in the interest rate and debt capital markets.

SPJ International capitalised on tighter credit spreads to significantly reduce credit concentrations in both the high yield corporate and sovereign credit portfolios. The business is now well positioned to exploit opportunities as they unfold in the credit markets.

FIRSTRAND AFRICA AND EMERGING MARKETS

The growth in profitability was driven mainly by the largest subsidiaries, FNB Botswana and FNB Namibia.

FNB Botswana

The business continued to perform well with profit before tax increasing by 22% to P248 million. In Rand terms, profit growth was 9%, negatively influenced by the weakening of the Pula against the Rand.

Advances grew by 21% as a result of a focus on good quality corporate lending, supported by a strong electronic delivery platform. This, together with growth in deposits of 5%, had the effect of increasing net interest income by 8%.

Non-interest income grew 23%, with transactional income and treasury forex income being the main drivers behind this increase.

Through strict cost control operating costs increased by 7%, in line with the average inflation rate for the year. This, together with the increase in net interest income and non-interest income, resulted in the bank achieving an excellent 38% cost to income ratio.

FNB Namibia

Two years after the Swabou merger, the expected benefits are now emerging and income before tax grew by 26% to N$310 million following a flat performance the previous year.

The main synergies of the merger occurred between the home loan businesses and in Swabou Life, where embedded value increased by 36%. Costs were well controlled and grew by an inflationary 5%.

Despite the decreasing interest rate environment, net interest income increased by 9%, due to the growth in advances of 15%, predominantly driven by home loans and WesBank, both of which are market leaders in Namibia.

Non-interest income grew by 18% (excluding the sale of property of N$6 million) due to increased volumes from growth in new accounts.

The BEE transaction which was announced during the year (4% BEE consortium and 1% BEE staff initiative) will dilute the Banking Group's shareholding, currently at 60%, over five years due to the option structure.

FNB Swaziland

Business conditions remained challenging as a result of the depressed state of the economy.

Swaziland performed below expectations as a result of pressure on interest income as well as an increase in bad debt provisioning. The latter was due to the sale of a poorly performing micro finance book which required intensive management attention and an increase in specific provisions due to the depressed state of the economy. However, non-interest income grew 18% as a result of new business growth and increased transactional volumes, supported by the electronic delivery platform.

FNB Lesotho

Lesotho's first year of operation exceeded the original business plan with a lower than expected required investment in the start-up of the business. The main drivers of the business were growth in the deposit base as well as transactional banking revenue.

Growth in advances was somewhat disappointing due to limited quality lending opportunities. The WesBank operation, which commenced during the year, is showing positive signs.

Electronic cross-border banking functionality and the "in country" electronic banking offering are proving to be very successful and will be a focal point for 2006.

OUTSURANCE

The increase in operating profit of 42.5% is a combination of volume growth and greater cost efficiency. Volume was driven by good organic growth in Personal and particularly Business OUTsurance. The continued growth of Business OUTsurance, which was launched during the previous financial year, was encouraging.

Expenses as a percentage of net premium revenue improved substantially from 18% to 16.2%.

The claims ratio of 57.6% (including OUTbonus costs) was similar to that experienced in the previous year.

A significant milestone was reached during the year when the total OUTbonuses paid out to valued clients since the Company's inception, reached R100 million.

Capital management

FRAMEWORK FOR CAPITAL MANAGEMENT

Objectives of capital management

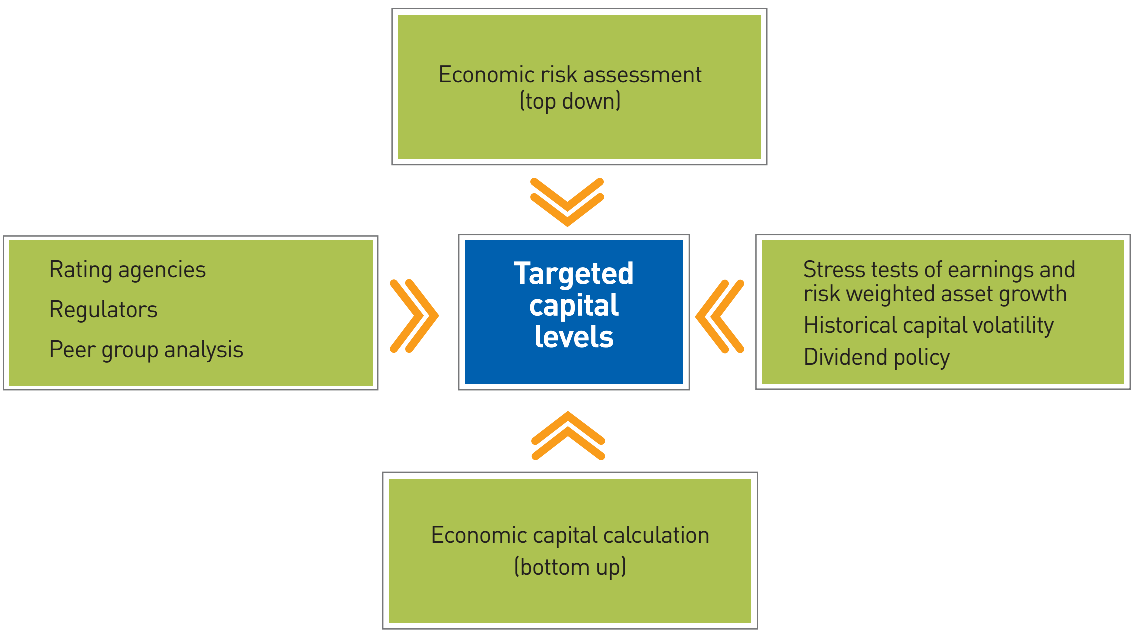
The capital management focus of the Group consists of proactive management of the **level of capital,** the **investment of capital** and the **allocation of capital** as indicated in the diagram below:

	Level of capital	Investment of capital	Allocation of capital
Objectives	• Minimise economic risk exposure • Optimise cost of capital through choice of capital instruments	• Invest the capital base to maximise wealth within acceptable earnings at risk and economic risk	• Strategic decision making • Risk adjusted performance measurement • Pricing and reserving for expected and unexpected losses
Principles	• Internal capital adequacy assessment process • Capitalise at highest of economic capital or regulatory capital plus appropriate buffer	• Profile managed by specialist business unit • Rolling investment profile • Invest in government assets or provide funds to funding pool	• Bottom-up calculation on risk adjusted basis • Credit, market, investment, interest rate, operational and other residual risks
Focus	**Capitalise in line with economic risk exposure of FirstRand Banking Group**	**Invest capital to produce optimal risk adjusted return**	**Align managers' and shareholders' interest**

LEVEL OF CAPITAL – CAPITAL ADEQUACY

The level of capitalisation should be appropriate to support the business to meet its stated performance targets. To this end, the Banking Group should be capitalised to minimise its economic risk exposure. *Economic risk exposure is defined as the risk of losses of a magnitude which threatens the continuation or sustainability of an entity or the perception of sustainability.*

To determine the targeted level of capital, the Banking Group has a rigorous internal capital adequacy assessment process. This process results in the targeted capital levels expressed as a buffer relative to the minimum of regulatory capital requirements. This process can be illustrated as follows:



The capital adequacy target ranges for 2005/2006 for the Banking Group have been set at 11.5% to 12% and for FirstRand Bank at 11% to 11.5%. These targets are reviewed regularly, taking account of the economic cycle, growth forecasts and economic risk and capital assessments.

The capital composition (between debt and equity) is optimised, taking into account the requirements of the regulators and rating agencies. The focus of this process is to ensure the most efficient cost of capital.

Investment of capital

The investment of the Banking Group's book capital is managed as a separate portfolio by a specialist business unit within the Banking Group. The objective of this business unit is to maximise wealth within acceptable risk limits. This objective is met through the investment of capital in a desired interest rate investment profile which optimises risk adjusted return. The capital investment is typically spread between 1 – 5 years in order to minimise income and mark-to-market volatility and maximise returns.

Allocation of capital

Allocation of capital on a risk adjusted basis has been performed since June 2003. Economic capital is calculated per main business unit for:

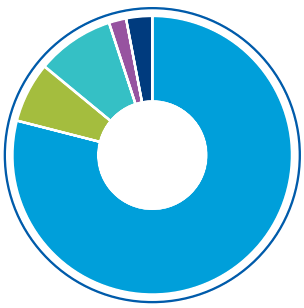
- credit risk;
- market risk;
- equity investment risk;
- banking book interest rate risk;
- operational risk; and
- other residual risks.

The economic capital allocation methodology closely follows the Basel II advanced approaches' principles. *This process has contributed extensively to the awareness, implementation and optimisation of portfolios for Basel II throughout the Group.*

The Banking Group uses economic capital allocation widely. It is a key input into deal pricing, risk management, the measurement of business performance on a risk adjusted basis, and strategic decisions regarding the capitalisation of FirstRand Bank and the Banking Group.

The following graph indicates the economic capital analysis per risk type for 2005:

Economic capital per risk type



Return on average ordinary shareholders' equity ("ROE")

The section below deals with the return on equity of each of the main business units.

Segmental ROE

Business unit performance is measured internally using a number for metrics, including ROE and economic profit.

For purposes of segmental ROE reporting, ordinary shareholders' funds have been attributed to business units based on the higher of their regulatory capital (including targeted regulatory capital buffers) or economic capital utilisation. Regulatory capital is calculated using the regulatory rules currently applied by the South African Reserve Bank ("SARB") and other regulators. Economic capital utilisation, in contrast, is calculated for both regulated and unregulated businesses and incorporates an assessment of the capital required for the risk incurred by the business, as per the methodology described in the previous section.

The tables below provide a summary of the ROEs for the main business units, based on headline earnings (excluding translation gains and losses):

Return on Equity

For the year ended 30 June 2005

R million	Headline earnings	RoE
FNB	2 930	35.5%
RMB	1 317	31.5%
WesBank	1 008	17.8%
FNB Africa	313	28.6%
Group Support Services*	660	
Total	6 228	27.6%

* *Includes Ansbacher.*

Return on Equity

For the year ended 30 June 2004

R million	Headline earnings	RoE
FNB	2 581	35.8%
RMB	958	25.5%
WesBank	759	17.9%
FNB Africa	288	30.2%
Group Support Services*	580	
Total	5 166	26.4%

* *Includes Ansbacher.*

Note

Group Support Services includes the income and expenses on capital transactions, as well as the income from associates, e.g. OUTsurance.

Capital held at the centre (Group Support Services) includes Group balance sheet management transactions such as the BEE deal, discontinued businesses' capital, excess capital above targeted buffers, capital not available for gearing such as AC 133 reserves and capital from associates.

Basel II

The South African Reserve Bank ("SARB") has indicated its intention to implement Basel II in South Africa on 1 January 2008. This will significantly change the way in which regulatory capital requirements are calculated for FirstRand Banking Group ("the Banking Group"), the way that supervisory review is conducted on the Banking Group's internal capital adequacy assessment processes and also require a more detailed level of risk and capital adequacy disclosures.

The following section provides an indication of the Basel II implementation targets of the Banking Group, an explanation of the differences between the capital calculation under Basel I and Basel II under the various approaches available, the implementation progress of the Banking Group under the various approaches and also the expected capital impact of Basel II on the Banking Group.

BANKING GROUP BASEL II IMPLEMENTATION TARGETS

Following the good progress made during the past two financial years with the Basel II implementation in the Banking Group, the Group has revised its external Basel II targets for non-retail exposures and operational risk upwards and is now targeting the following approaches for the implementation of Basel II:

	Africa and International Subsidiaries	FirstRand Bank (retail and non-retail)
Credit risk approach	Standardised	Advanced internal ratings based ("IRB")*
Operational risk approach	Standardised or alternative standardised	Advanced measurement approach**

* *FirstRand Bank ("the Bank") is targeting the advanced approach for non-retail businesses for implementation on or before 1 January 2009 and for implementation in 2008 for the retail businesses. Good progress has been made in the Bank on the refinement of internal loss given default ("LGD") measurement in the Corporate and SME businesses. The current focus is on further refinement of the calibration of LGD models and measurement, as well as improvement of specialised lending rating models.*

** *The building blocks for the advanced measurement approach are currently being implemented with the targeted transition date on or before 1 January 2009.*

CAPITAL CALCULATION CHANGES BROUGHT ABOUT BY BASEL II

Credit risk

The following table highlights the capital calculation differences between Basel I and the available Basel II approaches.

BASEL APPROACHES	CAPITAL CALCULATION
Basel I	Exposure x risk weight {0%, 20%, 50% or 100%} x 10%
Basel II Standardised approach	Exposure x risk weight {derived from external rating agency ratings} x 10%*
Basel II Internal Rating Based approaches	Exposure x risk weight {derived from internal risk ratings assigned} x 10%*
Wholesale lending Foundation and Advanced IRB approach	Separate risk weight calculation formulae for: • Corporates, banks, sovereigns • SMEs treated as Corporate • Specialised lending
Retail lending Advanced IRB approach	Separate risk weight calculation formulae for: • Residential mortgages • Qualifying revolving retail • Other retail (including SMEs treated as Retail)

It was indicated above that the advanced IRB approach is targeted for FirstRand Bank Ltd, which represents the majority of the Banking Group's exposures. Under this approach the internal risk ratings assigned by banks to their exposures and internal assessments of probability of default (PD), loss given default (LGD) and exposure at default (EAD) drive the capital requirement of the Banking Group.

In general, a higher estimate of PD, LGD or EAD indicates a higher risk estimate of an exposure and will require a higher level of capital. The calculation of capital using these parameters therefore ensure appropriate levels of risk sensitivity which aid with the alignment of Basel II (regulatory) capital to economic or risk adjusted capital.

The Basel II framework sets out a number of qualitative requirements for the implementation of the IRB approaches. These include appropriate governance structures, requirements on the data to use for parameter estimates and "use test" specifications. The integrated risk framework established by Basel II is designed to reward appropriate risk management within banking groups.

The Bank has substantially completed the calibration and validation of its internal credit rating models for the assessment of PD. It is currently enhancing its LGD and EAD models for non-retail exposures to enable it to meet the requirements of the advanced IRB approach. The LGD and EAD models in the retail businesses have been developed, and minor refinements are ongoing. The CFO report in the circular provides the credit distributions for the Bank as at year end.

Operational risk

A new capital charge for operational risk is introduced by Basel II. Basel II allows four different approaches for the calculation of regulatory capital for operational risk:

BASEL APPROACHES	DESCRIPTION
Basic Indicator	Capital calculated using 15% of average gross income over 3 years
Standardised	Capital calculated using various factors (between 12% – 18%) per business type, applied to average gross income over 3 years
Alternative standardised	Capital calculated as for standardised approach, except that the capital for retail and commercial banking is linked to the size of advances
Advanced measurement approach	Capital calculated using the banks' internal operational risk measurement system using a combination of internal and external loss data, scenario analysis and bank-specific business environment and internal control factors

The Banking Group has substantially completed the implementation of the qualitative requirements to comply with the standardised and alternative standardised approaches. It has successfully completed a series of internal trial runs to calculate capital under the Advanced Measurement Approach (AMA) using internal loss data. The focus is currently on further enhancement of its AMA calculations to also incorporate external data and scenario analysis.

Pillar II capital requirements

Pillar II of Basel II requires banks to implement a rigorous internal capital adequacy assessment process, which is to be reviewed by the Regulator. The Banking Group designed and implemented its internal capital assessment processes based on the Basel II guidance currently available.

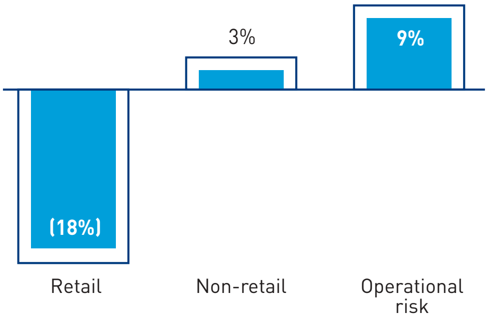
EXPECTED CAPITAL IMPACT OF BASEL II

Since March 2003 the Banking Group has conducted quarterly impact studies on the impact of Basel II on the bank's regulatory capital requirements, the volatility of the new capital requirements and the process impact of Basel II. The Banking Group has also participated in the two global impact studies namely QIS 3 (in 2002/3) and QIS 4 (in 2004/5) initiated by the Basel Committee and coordinated in South Africa by the SARB.

Based on the various internal impact studies conducted by the Banking Group, it estimates the overall capital impact under Basel II to be substantially neutral, with a possibility of a small reduction in its regulatory capital requirement. This impact assessment is based on the conservative assumption that the overall "all in" capital adequacy requirement of Pillar I and Pillar II would remain at 10%. It should be noted that the Banking Group will only be able to provide a final assessment of the capital impact once the SARB has clarified remaining national discretion items, including its approach to the setting of minimum capital requirements (8% or higher) and the approach to Pillar II and consolidated supervision.

The expected impact per exposure group, assuming an unchanged capital adequacy requirement of 10%, is as follows:

Impact of Basel II vs Basel I (assuming 10% of RWA capital requirement)
(Asset class/exposure type)



Analysis of percentage change in the Banking Group's capital requirement

From the graph it is evident that the biggest change in capital requirement is likely to result from a reduction in the requirement for retail assets. In the case of the Banking Group the reduction is largely driven by the recognition of collateral and efficient recovery processes on the instalment finance products of WesBank, as well as a reduction in capital for mortgages in FNB. The increase in capital requirement for non-retail exposures is mainly driven by the more onerous capital requirements on certain off-balance sheet products (including unutilised facilities), and certain long-dated lending exposures. The probable overall reduction in the credit risk capital will be balanced by the introduction of operational risk capital.

In the interpretation of the graph it should be noted that a number of uncertainties still exist regarding the final capital calculation under Basel II. Specifically the following is mentioned:

- QIS 4 and the graph data was completed for the foundation IRB approach for non-retail exposures, advanced IRB approach for retail exposures, and alternate standardised approach for operational risk. The target (as previously mentioned) for non-retail exposures and operational risk was revised subsequently to QIS 4, based on internally conducted cost/benefit analyses, to the advanced IRB approach for credit risk and AMA approach for operational risk. This revision is expected to have a more favourable impact on the level of capital required for non-retail exposures and operational risk.
- The minimum capital adequacy percentage, and the way that Pillar II will be implemented in South Africa have not yet been clarified. This may influence the final amount of capital which banks are required to hold;
- The SARB application of Basel II national discretion items has not yet been finalised.
- The graph has been primarily based on the impact analysis conducted during 2005. The data refinements and optimisation initiatives currently underway, and the overall economic cycle may influence these estimates going forward.

OTHER IMPACTS

The substantial changes to the regulatory capital regime brought about by Basel II have significant process and systems impacts on banks. The Banking Group has progressed well with the changes in processes and systems, but a significant amount of work will still be performed before 2008 in the further upgrading of its risk systems. The overall cost impact of Basel II, estimated at R100 – R150 million will, however, be spread over a number of years.

Regulatory capital

BANKING GROUP

The registered banks within the Banking Group are subject to regulatory capital requirements. The capital adequacy of the Group is measured in terms of the Banks' Act, 1990. The Banks' Act requires the Banking Group to maintain a minimum level of capital based on the Banking Group's risk weighted assets and off-balance sheet exposures.

R million	2005	2004
Regulatory capital		
Tier 1*	16 842	16 179
Share capital	523	1 195
Share premium	2 612	2 490
Non-redeemable non-cumulative preference shares	3 000	–
Reserves	13 722	13 000
Less: Impairments	(3 015)	(506)
Tier 2	5 737	5 895
Subordinated debt instruments and preference shares	3 712	4 049
Qualifying provisions	2 025	1 846
Total regulatory capital	22 579	22 074
Capital adequacy ratios – Group banking operations		
Tier 1	8.8%	10.1%
Tier 2	3.0%	3.7%
Total	11.8%	13.8%

* *Ansbacher's capital, reserves and risk weighted assets were included in 2004 and not in 2005. The 2004 capital adequacy ratio excluding Ansbacher's capital and risk weighted assets amounted to 13.5%.*

CALCULATION OF RISK WEIGHTED ASSETS

				Risk weighted assets	
	2005	2004	Risk weighting	2005	2004
Banking book	537 506	442 776		183 556	157 322
Cash, own bank and central government advances	85 606	91 962	0%	–	–
Central Securities Depository Participation	205 267	137 967	0%	–	–
Public sector body advances and letters of credit	2 338	2 411	5% – 10%	220	241
Other bank advances and letters of credit	31 427	26 910	20%	6 285	5 382
Mortgage advances, remittances in transit and performance related guarantees	71 635	63 655	50%	35 818	31 828
Other advances and lending related guarantees	133 408	114 133	100%	133 408	114 133
Counterparty risk exposure	4 880	4 587	100%	4 880	4 587
Large exposures	2 945	1 151	100%	2 945	1 151
Trading book	8 010	3 082		8 010	3 082
Position risk	6 798	2 430	100%	6 798	2 430
Counterparty risk exposure	1 144	561	100%	1 144	561
Large exposures	68	91	100%	68	91
	545 516	445 858		191 566	160 404

FIRSTRAND BANK LIMITED

R million	2005	2004
Regulatory capital		
Tier 1	**12 956**	13 101
Share capital	**4**	4
Share premium	**2 612**	2 490
Non-redeemable non-cumulative preference shares	**3 000**	–
Reserves	**9 961**	10 692
Less: Impairments	**(2 621)**	(85)
Tier 2	**5 323**	5 203
Subordinated debt instruments	**3 503**	3 564
Qualifying provisions	**1 820**	1 639
Total regulatory capital	**18 279**	18 304
Capital adequacy ratios		
Tier 1	**7.9%**	9.7%
Tier 2	**3.2%**	3.8%
Total	**11.1%**	13.5%

CALCULATION OF RISK WEIGHTED ASSETS

				Risk weighted assets	
	2005	2004	Risk weighting	2005	2004
Banking book	**496 781**	393 859		**160 924**	132 689
Cash, own bank and central government advances	**73 259**	75 439	0%	**–**	–
Central Securities Depository Participation	**205 267**	137 967	0%	**–**	–
Public sector body advances and letters of credit	**2 185**	2 134	5% – 10%	**204**	213
Other bank advances and letters of credit	**27 437**	21 114	20%	**5 487**	4 223
Mortgage advances, remittances in transit and performance related guarantees	**66 799**	57 904	50%	**33 399**	28 952
Other advances and lending related guarantees	**117 175**	94 889	100%	**117 175**	94 889
Counterparty risk exposure	**4 659**	4 412	100%	**4 659**	4 412
Large exposures	**–**	–	100%	**–**	–
Trading book	**3 385**	2 788		**3 385**	2 788
Position risk	**2 400**	2 178	100%	**2 400**	2 178
Counterparty risk exposure	**972**	554	100%	**972**	554
Large exposures	**13**	56	100%	**13**	56
	500 166	396 647		**164 309**	135 477

Segment information

Primary segments (business)

2005 R million	FNB	Investment Bank	WesBank
Income statement			
Net interest turn before impairment of advances	5 598		2 068
Charge for bad and doubtful debts	(274)		(316)
Net interest turn after impairment of advances	5 324		1 752
Other operating income	7 665	2 269	1 049
Transactional income	6 344		537
Trading	106	734	116
Other	1 215	1 535	396
Net income from operations	12 989	2 269	2 801
Other operating expenditure	(8 865)	(641)	(1 511)
Staff expenses	(4 088)	(348)	(723)
Other operating expenses	(4 777)	(293)	(788)
Income from operations	4 124	1 628	1 290
Share of earnings of associated companies	11	273	114
Outsurance			
Other	11	273	114
Income before discountinuing operations	4 135	1 901	1 404
Relyant			
Discontinuing operations			
Income before taxation	4 135	1 901	1 404
Indirect taxation	(283)	(21)	(73)
Income before direct taxation	3 852	1 880	1 331
Direct taxation	(937)	(457)	(324)
Income after taxation	2 915	1 423	1 007
Earnings attributable to outside shareholders	(1)	(53)	
Income attributable to ordinary shareholders	2 914	1 370	1 007
Income statement includes:			
Depreciation	(387)	(39)	(51)
Amortisation	(4)		
Impairment charges			
Balance Sheet includes:			
Advances	106 044	52 036	63 318
Non-performing loans	1 864	550	550
Investment in associates	614	20	152
Total deposits	118 517	24 271	83
Total assets	110 319	101 346	64 063
Headline earnings	2 930	1 317	1 008
Key ratios			
Cost to income ratio	66.8	25.2	46.8
Diversity ratio	57.7	89.3	32.5
Bad debt charge as a % of advances	0.3	0.0	0.5
Non-performing loans as a % of advances	1.8	1.1	0.9
Number of employees	21 836	956	3 114

The segmental analysis is based on the management accounts for the respective segments.
All consolidation adjustments, have been recorded in Support*.

Notes:

1. The segmental analysis is based on the management accounts for the respective segments.

2. Taxation has been allocated on a pro-rata basis.

3. Adjusted attributable income is after all central income and expenditure have been reallocated to business units based on average capital usage.

4. The allocated capital per business unit above is an indication of the average attribution of book capital during the financial year to each business unit. All capital buffers have been reallocated to business units based on their average capital usage.

5. Calculated using adjusted attributable income as a percentage of allocated capital

FirstRand Africa and Emerging Markets	Bank Support	Ansbacher UK	Translation gains/(losses)	Total
814	960	57		9 497
(66)	(49)	(1)		(706)
748	911	56		8 791
542	97	115	264	12 001
392	856	59		8 188
23	1 259			2 238
127	(2 018)	56	264	1 575
1 290	1 008	171	264	20 792
(670)	(496)	(206)		(12 389)
(339)	(785)	(125)		(6 408)
(331)	289	(81)		(5 981)
620	512	(35)	264	8 403
26	453			877
	204			204
26	249			673
646	965	(35)	264	9 280
		346		346
646	965	311	264	9 626
(5)	(27)			(409)
641	938	311	264	9 217
(166)	(229)	(2)		(2 115)
475	709	309	264	7 102
(162)	(76)			(292)
313	633	309	264	6 810
(31)	(72)	(18)		(598)
	(37)			(41)
	(11)			(11)
10 671	(3 007)			229 062
293	(16)			3 241
3	1 991			2 780
9 920	94 293			247 084
13 041	58 920			347 689
313	697	(37)	264	6 492
48.5	32.8	119.8		55.4
39.2	6.4	66.9		53.1
0.6	(1.6)	n/a	n/a	0.3
2.7	0.5	n/a	n/a	1.4
2 450	1 430			29 786

** Includes BGT*

Segment information

Primary segments (business) *(continued)*

2004 R million	FNB	Investment Bank	WesBank
Income statement			
Net interest turn before impairment of advances	5 192		1 722
Charge for bad and doubtful debts	(341)		(274)
Net interest turn after impairment of advances	4 851		1 448
Other operating income	6 297	1 703	782
Net income from operations	11 148	1 703	2 230
Other operating expenditure	(7 660)	(485)	(1 260)
Staff expenses	(3 671)	(270)	(633)
Other operating expenses	(3 989)	(215)	(627)
Income from operations	3 488	1 218	970
Share of earnings of associated companies	28	224	79
Outsurance			
Other	28	224	79
Income before taxation	3 516	1 442	1 049
Indirect taxation	(222)	(18)	(48)
Income before direct taxation	3 294	1 424	1 001
Direct taxation	(794)	(343)	(241)
Income after taxation	2 500	1 081	760
Earnings attributable to outside shareholders		(32)	(1)
Income attributable to ordinary shareholders	2 500	1 049	759
Income statement includes:			
Depreciation	(380)	(37)	(31)
Amortisation	(7)		
Impairment charges	(6)		
Balance Sheet includes:			
Advances	84 167	77 320	49 034
Non-performing loans	2 207	213	386
Investment in associates	574	1 319	212
Total deposits	108 551	35 775	115
Capital expenditure	(733)	(29)	(84)
Headline earnings	2 581	958	759
Key ratios			
Cost to income ratio	66.5	25.2	48.8
Diversity ratio	54.7	88.4	30.3
Bad debt charge as a % of advances	0.4	0.0	0.6
Non-performing loans as a % of advances	2.6	0.3	0.8
Number of employees	21 551	819	3 209

The segmental analysis is based on the management accounts for the respective segments.
All consolidation adjustments have been recorded in Support*.

Notes:

1. The segmental analysis is based on the management accounts for the respective segments.

2. Taxation has been allocated on a pro-rata basis.

3. Adjusted attributable income is after all central income and expenditure have been reallocated to business units based on average capital usage.

4. The allocated capital per business unit above is an indication of the average attribution of book capital during the financial year to each business unit. All capital buffers have been reallocated to business units based on their average capital usage.

5. Calculated using adjusted attributable income as a percentage of allocated capital

FirstRand Africa and Emerging Markets	Bank Support	Ansbacher UK	Translation gains/(losses)	Total
785	1 065	143		8 907
(57)	(173)	12		(833)
728	892	155		8 074
433	(173)	298	(370)	8 970
1 161	719	453	(370)	17 044
(616)	(5)	(477)		(10 503)
(302)	(566)	(314)		(5 756)
(314)	561	(163)		(4 747)
545	714	(24)	(370)	6 541
22	232			585
	160			160
22	72			425
567	946	(24)	(370)	7 126
(10)	(38)	(64)		(400)
557	908	(88)	(370)	6 726
(136)	(208)	21		(1 701)
421	700	(67)	(370)	5 025
(133)	(111)	–		(277)
288	589	(67)	(370)	4 748
(38)	(13)	(47)		(546)
(19)	(45)	(4)		(75)
(10)				(16)
9 462	(11 302)	4 760		213 441
374	474	112		3 766
5	98			2 208
8 857	65 752	6 399		225 449
(44)	(155)	(48)		(1 093)
288	643	(63)	(370)	4 796
49.7	0.4	108.2		56.9
34.9	n/a	67.6		49.6
0.6	(1.5)	(0.3)		0.4
4.0	(4.2)	2.4		1.8
2 323	509			28 411

** Includes BGT*

Segment information

R million	South African banking	*South African non-banking	Other African banking	International	Sub-total	Currency translation losses	Total
Geographic							
Net interest income before impairment of advances	7 498	912	810	277	9 497		**9 497**
Impairment of advances	(478)	(192)	(67)	31	(706)		**(706)**
Net interest income after impairment of advances	7 020	720	743	308	8 791		**8 791**
Other operating income	9 568	544	546	1 079	11 737	264	**12 001**
Net income from operations	16 588	1 264	1 289	1 387	20 528	264	**20 792**
Operating expenditure	(11 591)	460	(630)	(628)	(12 389)		**(12 389)**
Income from operations	4 997	1 724	659	759	8 139	264	**8 403**
Share of income from associates	218	589	2	68	877		**877**
Income before discountinuing operations	5 215	2 313	661	827	9 016	264	**9 280**
Profit on sale of discontinuing operations				346	346		**346**
Income before taxation	5 215	2 313	661	1 173	9 862	264	**9 626**
Indirect taxation	(354)	(45)	(8)	(2)	(409)		**(409)**
Income before direct taxation	4 861	2 268	653	1 171	8 953	264	**9 217**
Direct taxation	(1 138)	(756)	(166)	(55)	(2 115)		**(2 115)**
Income after taxation	3 723	1 512	487	1 116	6 838	264	**7 102**
Earnings attributable to outside shareholders		(141)	(81)	(70)	(292)		**(292)**
Earnings attributable to ordinary shareholders	3 723	1 371	406	1 046	6 546	264	**6 810**
Cost to income (%)	67.9	100.0	46.4	47.3	56.0		**55.4**
Diversity ratio (%)	55.4	26.6	40.2	75.8	53.1		**53.6**
Total assets	301 936	490	13 136	32 127	347 689		**347 689**

* *Includes consolidation adjustments.*

Restatement of prior year numbers

The following line items on the face of the balance sheet and income statement have been restated due to the change in accounting policy.

R million	As previously reported	As restated	Reason for restatement
Balance sheet			
Deferred tax assets	918	327 886	Recognition of deferred tax assets on STC credits
Total assets	323 454	327 886	Refer above
Deferred tax liabilities	1 723	1 666	Refer above
Total liabilities	302 001	304 930	Refer above
Distributable reserves	16 441	16 544	Refer above
Ordinary shareholders'equity	20 555	20 658	Refer above
Long-term liabilities	5 078	3 678	Reclassifying cumulative redeemable preference shares as equity
Cumulative redeemable preference shares	–	1 400	Refer above
Creditors and accruals	7 715	4 848	Separately disclosing loans to and from Insurance Group
Loans to Insurance Group	–	4 386	Refer above
Loans from Insurance Group	–	7 253	Refer above
Total shareholders' equity	20 555	22 058	Refer above
Total liabilities and shareholders' funds	323 454	327 886	Refer above
Income statement			
Indirect taxation	(436)	(400)	Recognition of deferred tax assets on STC credits

Income before direct taxation and income after taxation similarly increased by R36 million.

NOTES