FIRSTRAND

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Audited Results

for the year ended 30 June 2003

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This circular is available on our website at: www.firstrand.co.za
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**A booklet containing supplementary information on the Banking Group is available from our website or on request from the company secretary's office.*

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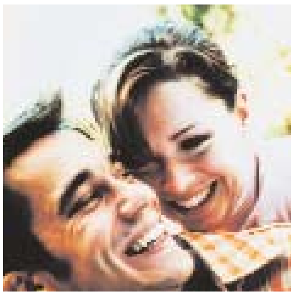

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Introduction

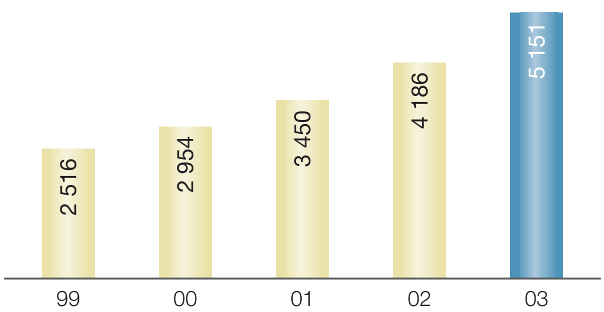
This report covers the consolidated financial results of FirstRand Limited (FirstRand) and its wholly-owned subsidiaries, FirstRand Bank Holdings Limited (the Banking Group) and Momentum Group Limited (the Insurance Group). Comprehensive reports relating to these subsidiaries are included in this circular and should be read in conjunction with this report.

The FirstRand Group produced outstanding results for the year ended 30 June 2003, with the *core headline earnings* increasing by 23% to R5 151 million over the prior year while *dividends* increased by 23%.

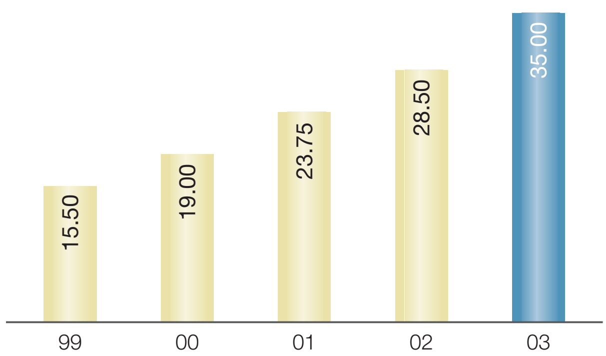
Financial highlights

	Post-AC133	Pre-AC133
Core headline earnings (%)	**+30**	**+23**
Headline earnings (%)	**+3**	**-4**
Dividend per share (%)	**+23**	**+23**
Total assets under management or administration (R billion)	**490.3**	**489.2**

Core headline earnings (R million)
Compound annual growth in core headline earnings: 20%



Dividends per share (cents)
Compound annual growth in dividends per share: 23%



Statement of headline earnings and dividends

for the year ended 30 June

R million	2003 Audited Post-AC133	2003 Reviewed Pre-AC133	2002 Audited Actual	% change Pre-AC133 on Actual
Banking Group	**3 820**	**3 463**	3 771	(8)
Core operations	**4 352**	**4 068**	3 223	26
Foreign currency translation (losses)/gains	**(532)**	**(605)**	548	>(100)
Insurance Group	**1 116**	**1 122**	1 024	10
FirstRand Limited	**(39)**	**(39)**	(61)	36
Headline earnings	**4 897**	**4 546**	4 734	(4)
Add/(less): Foreign currency translation losses/(gains)	**532**	**605**	(548)	>(100)
Core headline earnings	**5 429**	**5 151**	4 186	23
Return on average equity (based on core headline earnings) (%)	**27.8**	**27.2**	26.1	
Return on average equity (based on headline earnings) (%)	**23.7**	**22.7**	27.5	
Number of shares in issue (million)	**5 460.3**	**5 460.3**	5 445.3	
Weighted average number of shares in issue (million)	**5 448.2**	**5 448.2**	5 445.3	
Weighted average number of shares for diluted earnings per share (million)	**5 524.1**	**5 524.1**	5 445.3	
Core headline earnings per share (cents)	**99.6**	**94.5**	76.9	23
Headline earnings per share (cents)	**89.9**	**83.4**	86.9	(4)
Earnings per share (cents)	**84.3**	**77.9**	82.5	(6)
Diluted earnings per share (cents)	**83.2**	**76.8**	82.5	(7)
Dividend per share (cents)				
Interim	**16.5**	**16.5**	13.5	22
Final	**18.5**	**18.5**	15.0	23
Total	**35.0**	**35.0**	28.5	23

Headline earnings reconciliation

for the year ended 30 June

R million	2003 Audited Post-AC133	2003 Reviewed Pre-AC133	2002 Audited Actual	% change Pre-AC133 on Actual
Attributable earnings				
Banking Group	**3 774**	**3 417**	3 740	(9)
Insurance Group	**854**	**860**	811	6
Goodwill amortised – intergroup	**5**	**5**	5	–
	4 633	**4 282**	4 556	(6)
FirstRand Limited	**(39)**	**(39)**	(61)	(36)
Earnings attributable to ordinary shareholders	**4 594**	**4 243**	4 495	(6)
Add: Amortisation of goodwill	**82**	**82**	58	
Add: Impairment of goodwill	**242**	**242**	210	
Add: Loss on disposal of assets	**31**	**31**	31	
Less: Profit on sale of subsidiaries	**–**	**–**	(32)	
Less: Abnormal profit on release of reserves – Discovery	**(52)**	**(52)**	(28)	
Headline earnings	**4 897**	**4 546**	4 734	(4)

Balance sheet

as at 30 June

R million	2003 Audited Post-AC133	2003 Reviewed Pre-AC133	2002 Audited Actual
Assets			
Banking operations	**257 926**	**256 408**	246 337
Cash and short-term funds	**29 252**	**29 252**	24 784
Advances	**189 626**	**189 533**	175 161
– Originated	**135 062**		
– Held-to-maturity	**9 753**		
– Available for sale	**7 406**		
– Trading	**40 707**		
– *Less:* Impairments	**(3 302)**		
Investment securities and other investments	**36 645**	**35 220**	44 654
Financial instruments held for trading	**11 379**		
Investment securities	**25 266**		
– Held-to-maturity	**1 220**		
– Available for sale	**21 208**		
– At elected fair value	**2 838**		
Non-recourse investments	**2 403**	**2 403**	1 738
Insurance operations	**76 297**	**76 891**	73 832
Funds on deposit	**15 836**	**15 836**	13 455
Government and public authority stocks	**12 575**	**12 575**	9 842
Debentures and other loans	**10 759**	**10 887**	7 541
Policy loans	**581**	**581**	580
Equity investments	**33 793**	**34 259**	39 510
Investment properties	**2 753**	**2 753**	2 904
Current assets	**8 926**	**9 182**	10 619
Loans	**686**	**686**	934
Investments in associated companies	**2 458**	**2 318**	1 736
Derivative financial instruments	**43 879**	**43 833**	35 057
Deferred taxation assets	**981**	**739**	1 264
Intangible assets	**472**	**472**	942
Property and equipment	**4 068**	**4 068**	4 045
Total assets	**395 693**	**394 597**	374 766
Shareholders' equity and liabilities			
Deposits and current accounts	**186 031**	**186 129**	201 404
Non-recourse deposits	**2 403**	**2 403**	1 738
Current liabilities	**17 335**	**17 209**	13 954
Provisions	**1 092**	**1 094**	926
Taxation	**1 430**	**1 418**	508
Derivative financial instruments	**46 657**	**46 983**	37 215
Short trading positions	**33 881**	**33 807**	16 799
Deferred taxation liabilities	**1 944**	**1 342**	2 204
Retirement funding liabilities	**1 293**	**1 293**	1 211
Debentures and long-term liabilities	**4 645**	**4 630**	5 164
Life insurance funds	**75 551**	**76 154**	73 519
Policyholder liabilities under insurance contracts	**38 975**	**76 154**	73 519
Policyholder liabilities under investment contracts	**36 576**	**–**	–
Total liabilities	**372 262**	**372 462**	354 642
Outside shareholders' interests	**1 145**	**1 148**	1 040
Share capital and share premium	**8 487**	**8 487**	8 487
Reserves	**13 799**	**12 500**	10 597
Total shareholders' equity and liabilities	**395 693**	**394 597**	374 766

Summarised cash flow statement

for the year ended 30 June

R million	2003 Audited Post-AC133	2002 Audited Actual
Cash flows from operating activities		
Cash generated by operations	**13 469**	15 367
Working capital changes	**5 865**	(3 098)
Cash inflow from operations	**19 334**	12 269
Taxation paid	**(1 332)**	(1 412)
Dividends paid	**(1 715)**	(1 416)
Net cash inflow from operating activities	**16 287**	9 441
Net cash (outflow)/inflow from investment activities	**(9 140)**	4 092
Net cash (outflow)/inflow from financing activities	**(298)**	482
Net increase in cash and cash equivalents	**6 849**	14 015
Cash and cash equivalents at beginning of year	**38 239**	16 293
Cash and cash equivalents acquired	**–**	7 931
Cash and cash equivalents at end of year	**45 088**	38 239

Statement of changes in equity

for the year ended 30 June

R million	Share capital	Share premium	Retained earnings	Non-distributable reserves	Total shareholders' funds
Balance at 1 July 2001					
As previously stated	56	9 539	6 533	457	16 585
– Reclassification of preference shares	(1)	(1 107)	–	–	(1 108)
– Change in accounting policy – deferred acquisition costs	–	–	(111)	–	(111)
Restated balance as at 1 July 2001	55	8 432	6 422	457	15 366
Currency translation differences	–	–	–	604	604
Revaluation of investments	–	–	–	60	60
Non-distributable reserves of associated companies	–	–	–	12	12
Movement in other reserves	–	–	–	(37)	(37)
Earnings attributable to shareholders	–	–	4 495	–	4 495
Dividends	–	–	(1 416)	–	(1 416)
Transfer (to)/from reserves	–	–	(36)	36	–
Balance at 30 June 2002	**55**	**8 432**	**9 465**	**1 132**	**19 084**
Balance at 1 July 2002	55	8 432	9 465	1 132	19 084
AC133 adjustments to opening balance	–	–	(482)	555	73
Adjusted opening balance	55	8 432	8 983	1 687	19 157
AC133 adjustments to current year	–	–	–	823	823
Currency translation differences	–	–	–	(575)	(575)
Movement in other reserves	–	–	–	2	2
Earnings attributable to shareholders	–	–	4 594	–	4 594
Dividends	–	–	(1 715)	–	(1 715)
Transfer (to)/from reserves	–	–	(96)	96	–
Balance at 30 June 2003	**55**	**8 432**	**11 766**	**2 033**	**22 286**

Assets under management

at 30 June

R million	2003 Audited Post-AC133	2003 Reviewed Pre-AC133	2002 Audited Actual
Holding company	**997**	**997**	1 158
Banking Group	**303 915**	**302 179**	281 774
Insurance Group	**90 781**	**91 421**	91 834
Total on balance sheet assets	**395 693**	**394 597**	374 766
Off-balance sheet assets managed or administered on behalf of clients	**94 568**	**94 568**	98 328
Total assets under management or administration	**490 261**	**489 165**	473 094

Sources of profit

for the year ended 30 June

R million	Pre-AC133 2003	%	2002	%
Retail	**2 301**	**44.7**	1 809	43.2
FNB Retail	**1 339**	**26.0**	962[3]	23.0
WesBank	**535**	**10.4**	503	12.0
African subsidiaries	**312**	**6.1**	288	6.9
OUTsurance & FirstLink	**115**	**2.2**	56[4]	1.3
Corporate	**1 606**	**31.2**	1 436	34.3
Rand Merchant Bank	**803**	**15.6**	677	16.2
FNB Corporate	**549**	**10.7**	424	10.1
FirstRand Asset Management	**125**	**2.4**	228	5.4
Momentum Employee Benefits	**129**	**2.5**	107	2.6
Wealth	**398**	**7.7**	430	10.3
Momentum	**441**	**8.6**	382	9.1
FNB Trust Services	**20**	**0.4**	24	0.6
RMB Private Bank	**27**	**0.5**	16	0.4
Ansbacher (UK)	**(90)**	**(1.8)**	8	0.2
Discovery Holdings	**166**	**3.2**	117	2.8
Capital	**680**	**13.2**	394	9.4
Capital centre – Banking Group	**458**	**8.9**	265[3, 4]	6.3
Investment income on shareholders' portfolio – Momentum	**261**	**5.1**	190	4.6
FirstRand Limited	**(39)**	**(0.8)**	(61)	(1.5)
Core headline earnings[1]	**5 151**	**100.0**	4 186	100.0

Notes:

1. Core headline earnings exclude foreign currency translation losses or gains.

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

3. These figures have been restated to reflect a transfer of R26 million profit from Capital Centre in respect of acquisitions made in the previous financial year.

4. Interest calculated on capital allocated to the Capital Centre has been re-allocated to the appropriate short-term insurance centres

The year under review

Operating environment

These pleasing results were produced in a challenging operating environment characterised by the following:

- High South African interest rates resulted in an improvement in margins. This, together with growth in retail deposits, had a favourable impact on the endowment effect of Banking Group. However, the high interest rates dampened the demand for credit.
- A strengthening Rand resulted in a lower Rand value for foreign-sourced fee income and substantial translation losses.
- Poor and uncertain equity markets continued their negative trend during the year under review:
  - In South Africa, the JSE ALSI 40 index declined by 25% over the year; and
  - In global markets the MSCI World Index declined by 2.5% (in US Dollar terms).
- The declining investment markets impacted negatively on the demand for single premium investment products offered by the Insurance Group. Consequently, growth in total assets and fee income of the Group's life insurance and asset management subsidiaries was constrained.
- The demand for credit by large corporations in South Africa remained subdued. While still above the long-term historic averages, corporate defaults in the USA improved towards the end of the year. This resulted in a lower loss from Rand Merchant Bank's investment in Collateralised Debt Obligation (CDO) portfolios.
- The regulatory environment remains demanding. The implementation of the *Financial Advisors and Intermediary Services Act*, the *Financial Intelligence Centre Act* and the imminent introduction of the *Financial Services Charter* continues to occupy considerable executive time.

Basis of presentation

For a proper appreciation of the results presented in this report, two matters are highlighted separately in the accompanying analysis of results.

AC133 – Fair value accounting

FirstRand is the first major South African financial services group to present a full year's financial results in accordance with the requirements of a new statement of Generally Accepted Accounting Practice *"AC133 – Financial Instruments: Recognition and Measurement".*

This standard introduces the concept of "fair value" accounting for financial instruments, which form the core of the Group's businesses. The concept and the accounting standards, both locally (AC133) and internationally (IAS39), are still the subject of considerable debate and likely to evolve further over time.

AC133 is prospective in nature, in that it does not provide for the re-statement of prior year comparatives, but instead relies on complex transitional provisions which affect the opening balances at the beginning of the reporting period.

- In the Banking Group, the implementation of AC133 has a material impact on headline earnings and net asset value per share.
- In the Insurance Group, the implementation of AC133 has necessitated the classification of policyholder contracts between insurance contracts and investment contracts. Insurance contracts continue to be valued and disclosed in terms of the Financial Soundness Valuation (FSV) basis. Investment contracts are accounted for at fair value. The net effect of the implementation of AC133 on earnings is not material.

The impact of AC133 on opening balances is analysed in the statement of changes in equity which is attached to this report.

FirstRand believes that the impact of AC133 is best highlighted by presenting supplementary pre-AC133 accounts for the current year reflecting the position before the application of AC133. Accordingly, these financial results are shown both before and after the implementation of AC133 to facilitate a meaningful interpretation of the results for the year to 30 June 2003.

The impact of AC133 on core headline earnings may be highlighted as follows:

Year ended 30 June	R million	% change from 2002
2002 (pre-AC 133)	4 186	–
2003 (pre-AC 133)	**5 151**	**+23**
2003 (post-AC 133)	**5 429**	**+30**

ED168, an AC133 interpretation has been issued by the South African Institute of Chartered Accountants and is currently open for comment. Changes in this statement may effect the Banking Group's results. This has been dealt with in more detail in the Banking section of this report.

FirstRand is of the opinion that:

- The results incorporating the impact of AC133 should be seen as the basis against which future performance should be measured.
  - The change in accounting practice resulting from AC133 is likely to lead to increased volatility in reported earnings in the future and will place a greater emphasis over the longer term on growth in net asset values.
  - A detailed analysis of the changes arising from AC133 is set out in the commentaries of the Banking and Insurance Groups.
- The results for the year, prior to adopting AC133, are a more appropriate basis to evaluate the Group's 2003 performance against the prior year. Consequently, except where stated otherwise, the commentary that follows uses this basis as a starting point.

Translation gains and losses

Announcements relating to FirstRand's financial results during the last two years have highlighted the impact of translation gains and losses. In this report translation gains and losses have again been separately identified.

- Gains and losses relating to independent businesses are reflected in the balance sheet.
- Those relating to integrated business are shown in the income statement.

Translation losses and gains reflected in the financial statements over the last two years were as follows:

	Pre-AC133	
R million	**2003**	2002
Total translation (loss)/gain	**(1 152)**	1 153
Reflected on balance sheet	**(547)**	605
Recorded in income statement	**(605)**	548

Over the two-year period to 30 June 2003, in spite of the extreme volatility of the Rand exchange rate, the net foreign translation gains were immaterial, underscoring the appropriateness of core headline earnings measure.

Financial overview

It is now five years since the formation of FirstRand in 1998. During this period the merged group has undergone fundamental change as the FirstRand Business Philosophy was implemented. The aim of creating an integrated financial services group structured with critical mass to take advantage of the blurring of boundaries in financial services and the convergence of products and services between banking, insurance and asset management has been achieved.

The success of this philosophy is now manifest in a group recognised for the excellence of its people and its distinctively branded products and services.

The diversified earnings base of the FirstRand Group has seen core headline and headline earnings grow at a compound growth rate of 20% per annum, doubling from R2 516 million in 1999 to R5 151 million in 2003.

Earnings

The FirstRand Group produced excellent results for the year ended 30 June 2003.

Virtually all business units contributed to the growth in core headline earnings per share of 23% (pre-AC133). Notwithstanding the fact that international private banking and the asset management activities showed a significant decline in profits as a result of low interest rates in international markets and the poor performance of both local and international investment markets, the rest of the Group, particularly retail banking, more than made up their decline in profits.

Headline earnings (post-AC133), after translation losses of R532 million (2002: R548 million gain) increased by 3% from R4 734 million (86.9 cents per share) to R4 897 million (89.9 cents per share). On a pre-AC133 basis, headline earnings decreased by 4%.

Core headline earnings per share (pre-AC133), which exclude translation gains and losses, increased by 23% from 76.9 cents per share to 94.5 cents per share. After incorporating AC133 the increase amounted to 30% (99.6 cents per share).

In April 2003 FirstRand authorised the listing of 15 017 941 ordinary shares as the result of the conversion of "A" variable rate, redeemable convertible preference shares in terms of the FirstRand OutPerformance Share Incentive Scheme. This resulted in a dilution of 0.28% for the Group's existing shareholders. This dilution had a negligible effect on earnings per share in respect of the year to June 2003.

Dividends

A final dividend of R1 010 million representing 18.5 cents per share has been declared, bringing the total dividend for the year to R1 909 million, or 35 cents per share (2002: 28.5 cents per share). This represents an increase of 23% in the total dividend per share over the prior year and is in line with core headline earnings.

Capital management

Capital raising by FirstRand

In order to facilitate the reorganisation of the Insurance Group and the underwriting of the Discovery Holdings Limited ("Discovery") claw-back offer, the FirstRand Group issued R1 405 million of redeemable cumulative preference shares ("the preference shares"), in two tranches on 15 and 30 July 2003. Of the amount raised, approximately half was applied to the Discovery capitalisation.

This issue of the redeemable preference shares by FirstRand enabled it to raise the requisite capital cost-effectively and to optimally allocate it between the Insurance Group, Discovery and the Banking Group.

Insurance Group reorganisation

The Insurance Group initiated a detailed evaluation of its capital management programme, and as a result, achieved the following objectives:

- A more appropriate asset composition in the shareholders' portfolio in order to meet the Financial Services Board's (FSB) new valuation regulations relating to subsidiary companies and to optimise return on capital.
- The transfer of Momentum Life's investment of 62% in Discovery to FirstRand (effective 1 July 2003) in exchange for cash, which resulted in a reduction in Momentum Life's Capital Adequacy Requirement ("CAR"). This was the first step in their capital management programme.
- Limiting asset concentration risk in the Momentum Life shareholders' portfolio and applying a more prudent investment policy; and
- An appropriate investment mandate for shareholders' capital backing CAR invested in cash or near cash instruments.

Following the above restructuring, Momentum Life's CAR cover has remained at 2 times, which is within the targeted range set by its board.

The Insurance Group now has a more robust capital structure, with reduced concentration risk and volatility in its shareholders' portfolio.

Strategic initiatives

During the year the Group implemented a number of strategic initiatives.

- International activities
  - During the first half of the financial year, FNB Namibia announced its intention to take over the operations of Swabou Bank in a transaction involving an exchange of shares. The acquisition has been formally approved by the Namibian authorities and is effective from 1 July 2003. The transaction, which is earnings-enhancing, reduces FirstRand's shareholding in FNB Namibia from 78% to 60%.
  - Discovery announced in March 2003 that its US based health operation, Destiny Health, had signed favourable distribution agreements with Guardian Life Assurance Company of America and Tufts Health Plan of Boston, Massachusetts.
  - In July 2003 FirstRand announced its intention to dispose of its interest in its international banking operation, Ansbacher (UK). This disposal will allow FirstRand Bank to re-deploy approximately GBP100 million of capital which is currently delivering sub-optimal returns. The asset management operations which form part of Ansbacher will be retained.
- Black economic empowerment
  - Momentum Employee Benefits has, subsequent to year-end, announced a partnership with the Mine Workers Investment Company ("MIC"). In terms of the agreement two business units, namely Momentum Life's trade union pension fund administration business and Momentum Actuaries and Consultants will be transferred into a new company, Lekana Employee Benefit Solutions, in which MIC will acquire a 30% interest. The remaining business units comprising risk management and small schemes administration will now form part of Momentum's Life operations.
  - In response to the reporting demands likely to be placed on the Group upon the advent of the Financial Services Charter, an empowerment unit has been established to

proactively promote and monitor progress across the Group with regard to the Charter.

- Brand rationalisation
  – Ansbacher Private Bank and Origin merged their back office operations in October 2002. In February 2003, the positioning of the Group's private banking operations was taken a step further when the combined operation was renamed RMB Private Bank. The Group's international multi-manager operations which were formerly marketed under the Ansbacher brand, will in future be marketed under the RMB brand with the Momentum brand being used for the local multi-manager operations.

Review of operations

A detailed review of the results of the Group's various operating divisions is dealt with in the separate reports of the Insurance and Banking Groups. To facilitate comparison with the prior year, this review concentrates on core headline earnings (all pre-AC133).

Banking Group

The Banking Group had an excellent year and increased core headline earnings by 26%. The Banking Group contributed 78% of FirstRand's total core headline earnings.

Highlights of the Banking Group's results include:

- Good domestic advances growth in the retail and medium corporate markets.
- Excellent growth in net interest income of 36% as a result of improved overall margins including the positive endowment effect of higher interest rates on FirstRand Bank's larger capital base.
- Strengthening of margins from 4.33% to 4.81%.
- The scale benefits resulting from the mortgage and deposit books acquired from Saambou Bank and BOE towards the end of the previous financial year.
- Rand-denominated advances growth of 12.5%.
- Improvement of the non-performing loan book and a much lower charge in respect of the bank's investment in its CDO portfolio.
- Increases in transactional revenue as a result of stronger new business growth.

These were reduced to a limited extent by:

- Lower trading profits after the exceptional profit earned in the 2002 financial year.
- A disappointing performance from international private banking.
- An increase in the average tax rate from 19.5% to 21.6%.

Insurance Group

The Insurance Group results, which reflect growth in core headline earnings per share of 10%, are particularly gratifying if viewed against the backdrop of the poor performance of international and local equity markets. Features of these results include:

- Very strong growth in recurring life, investment and health insurance premiums.
- Satisfactory levels of single premium growth in difficult investment markets.
- Continued operating efficiency gains.
- Strong growth in the embedded value of new business in respect of life, investment and health insurance business.
- A restoration of margins in the employee benefits risk business.
- A decline in fee income from international and local asset management activities.
- Significantly improved returns on Momentum's shareholder portfolio following a move to cash.

Segmental analysis

Retail +27%

The Retail businesses had an excellent year and their earnings now account for 45% of the FirstRand Group's total core headline earnings.

FNB Retail showed excellent results which were driven by pleasing domestic advances and deposit growth and an improvement in the interest margin. Transactional income grew by 13.9% following volume and limited price increases.

eBucks.com recorded a maiden profit.

FNB HomeLoans benefited from strong new business growth and the acquisitions made in the prior year. Non-performing mortgage loans showed a slight increase in the face of the high interest rate environment.

WesBank achieved record new business results with the new advances exceeding R24 billion in the year under review. Increased competition resulted in margin squeeze. As a result of WesBank's collaboration with FNB Corporate, excellent progress was made in sourcing new corporate business.

The Group's African subsidiaries in Namibia, Botswana and Swaziland again produced satisfactory results. FNB Namibia paid a special dividend of N$190 million thereby returning surplus capital to shareholders.

OUTsurance enjoyed another outstanding year, benefiting from their relationship with FNB HomeLoans. FirstLink also benefited from Group collaboration.

Corporate +12%

Rand Merchant Bank's Equities Trading, Special Projects and Private Equity divisions all enjoyed an excellent year contributing to pre-tax profit growth of 18%. Losses in respect of the CDO portfolio were substantially down on the previous year. Unrealised profits in the private equity portfolio are R699 million.

FNB Corporate achieved excellent results despite poor demand for credit from large corporates, increasing profit before tax by 27%. Deposit margins improved significantly and there was an increase in the volume of transactions. Satisfactory advances growth of 19% was achieved in the medium corporate market. Non-performing loans decreased by 50%.

Momentum Employee Benefits managed to restore their underwriting margins in respect of their group risk business.

FirstRand Asset Management's results were disappointing after being negatively impacted by the loss of funds under management, the poor performance of international and local equity markets, and closure costs related to the cessation of sales of certain retail investment products. Relative investment performance has improved significantly in the period under review.

Momentum +15%

Momentum Life's individual life business performed well in a difficult market and increased earnings by 13%. The growth in single premium new business (+9%) was subdued, but recurring premium new business growth of 27% reflected the success of new risk and investment products launched during the year. Poor investment markets and high interest rates are impacting on the performance of all life assurance companies, but relative to its peers, Momentum Life had a good year.

Steady progress continues to be made with the multi-manager business both locally and abroad.

RMB Private Bank +69%

The recently merged private banking operations of Origin and Ansbacher trading as RMB Private Bank, achieved both good advances and deposit growth.

Ansbacher (UK) (>100%)

Ansbacher (UK)'s results disappointed and were in part due to poor international credit markets and low interest rates. Substantial losses were incurred in respect of international banking. A decision has been taken to find a new strategic shareholder for this business.

Discovery Holdings +42%

Discovery Health continued to grow market share as a result of strong new business growth (+26%) in its existing market. New business at Discovery Life increased by 60% and operating profit, including the return on shareholder funds increased from R11 million to R114 million.

Destiny in the US incurred further start-up losses of R169 million which were in line with expectations.

A successful rights issue took place in July 2003. The proceeds will be used to refinance the international operation and to fund local expansion.

The Discovery Group's embedded value increased by 47% to R4 868 million.

Capital Centre +73%

The Banking Group's income on capital benefited from high local interest rates. These gains were partly dampened by low rates earned on international capital. Increased provisioning for certain corporate debts which was made in the previous year, was not repeated in the year under review.

Momentum's shareholder portfolio increased earnings by 37% as a result of restructuring activities.

Disclosure philosophy and accounting policies

Following the positive report on corporate governance practices of the South African banking industry by Advocate Myburgh and an internal review of FirstRand Bank's practices, the bank's governance structures and charters have, where appropriate, been standardised across the Group. The Group is committed to the highest standard of corporate governance, and in this regard strives to provide reports which are transparent, timeous and accurate.

This profit statement has been prepared in compliance with the Listings Requirements of the JSE Securities Exchange South Africa. The financial statements to which this profit statement relates were audited by PricewaterhouseCoopers Inc. A copy of their unqualified audit opinion is available for inspection at the registered office of FirstRand Limited.

The pre-AC133 results included in this announcement have been reviewed by PricewaterhouseCoopers Inc. A copy of their unqualified review opinion is available for inspection at the registered office of FirstRand Limited.

The accounting policies of the Group comply in all material respects with statements of South African GAAP and the Companies Act of 1973. These accounting policies are consistent with those applied during the year to 30 June 2002 with the exception of the introduction of AC133 and Discovery's treatment of deferred acquisition costs.

Annual general meeting

The sixth annual general meeting of shareholders of FirstRand Limited will be held on 2 December 2003 in the Auditorium, 18th Floor, 1 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton at 09:30.

Prospects

We are cautiously optimistic about the prospects of an improved economic outlook in the year ahead. A lower interest rate environment will benefit growth and increase the likelihood a favourable movement in the stock market. This will be conducive to good new business growth across all business units in the year ahead. The benefits of a lower interest rate environment which include an anticipated increase in the demand for credit and a lower level of bad debt provisioning will, to an extent be offset by lower margins. Fortunately the Group implemented hedging strategies to protect the endowment margins over the short to medium term.

Significantly improved results are expected from the Group's local and international asset management activities after a disappointing year. The proposed disposal of Ansbacher (UK), in whole or in part, is expected to free underperforming capital currently held offshore.

Companies such as Discovery, OUTsurance, eBucks.com and RMB Private Bank, which are all entrepreneurial, new ventures started in the last ten years, are expected to continue to grow strongly and provide a meaningful enhancement to the Group's overall earnings growth rate.

It is anticipated that the Financial Services Charter will be published towards the end of 2003 and is to be welcomed. This follows months of discussions and negotiations between interested parties. The publication will remove uncertainty which has surrounded the financial services industry in recent times.

The Group's strong brands, proven ability to attract talented people and the deeply embedded FirstRand business philosophy, remain the pillars on which the Group relies to maintain its minimum targeted 10% real growth rate.

For and on behalf of the board

GT Ferreira
Chairman

LL Dippenaar
Chief Executive

Sandton
16 September 2003

Final dividend declaration

Notice is hereby given that a final dividend of 18.5 cents per ordinary share has been declared on 16 September 2003 in respect of the year ended 30 June 2003. The last day to trade in these shares on a cum dividend basis will be 17 October 2003 and the first day to trade ex dividend will be 20 October 2003. The record date will be 24 October 2003 and the payment date is 27 October 2003.

Please note that no dematerialisation or rematerialisation can be done in the period 20 October 2003 to 24 October 2003 both days inclusive.

By order of the Board

AH Arnott
Company Secretary

16 September 2003

Directors

GT Ferreira (Chairman), LL Dippenaar (CEO), BH Adams, VW Bartlett, DJA Craig (British), DM Falck, PM Goss, PK Harris, MW King, MC Ramaphosa, KC Shubane, BJ van der Ross, Dr F van Zyl Slabbert, RA Williams.

Secretary and registered office

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Sponsor

(in terms of JSE requirements)
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Transfer secretaries

Computershare Limited
70 Marshall Street, Johannesburg