SUPPLEMENTARY INFORMATION

FIRSTRAND
Banking Group

supplementary information for the six months ended 31 December 2005

FIRSTRAND
Banking Group

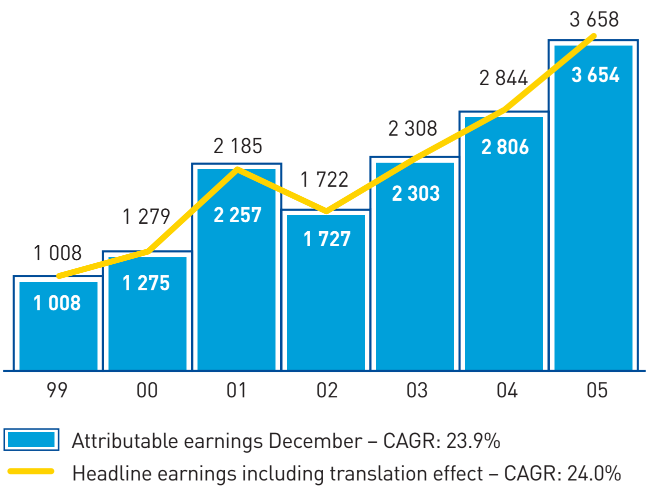
This information is available on our website:
www.firstrand.co.za

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

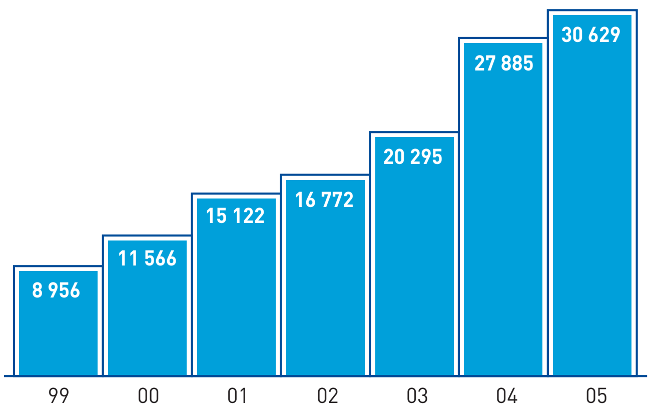
Highlights

R million	Six months ended 31 December 2005	2004	% change
Attributable earnings to ordinary shareholders of the Banking Group	**3 654**	2 806	30
Headline earnings (including translation effect)	**3 658**	2 844	29
Total equity	**30 629**	27 885	10
ROE on average ordinary shareholders' equity (including translation effect) %	**28.2**	26.3	
ROE on average ordinary shareholders' equity (excluding translation effect) %	**28.0**	27.6	
Cost to income ratio (including translation gains/(losses))	**53.8**	55.6	
Cost to income ratio (excluding translation gains/(losses))	**53.9**	54.8	

Earnings performance
(R million)



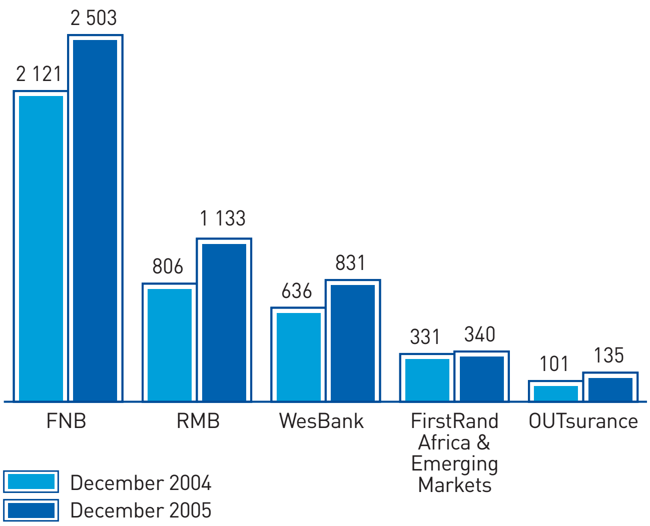
Total equity
(R million)
CAGR 22.7%



Key income drivers (IFRS)

Interest income	+18%
Bad debts	+41%
Non-interest income	+28%
Operating expenditure	+22%
Income from associates	+90%
Direct tax	+34%

All businesses showing growth (pre-tax and pre-IFRS)
(R million)



TRADING CONDITIONS

- strong economic growth
- rising fixed investment
- lower than expected inflation
- stable interest rates

MARKET CONDITIONS

- continued high consumer demand for credit
- higher levels of disposable income
- growth in transaction volumes and value
- strong equity markets

Banking Group performance analysis (IFRS)

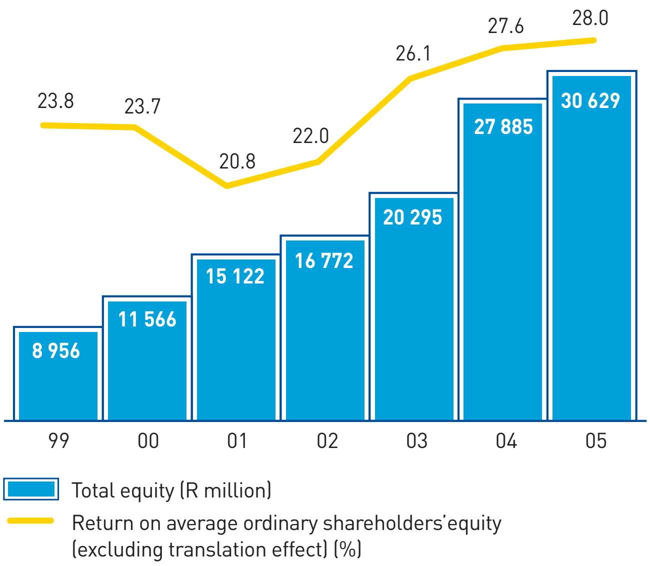
Reconciliation between earnings attributable to ordinary shareholders and headline earnings

R million	Six months ended 31 December 2005	2004	% change	Year ended June 2005
Earnings attributable to ordinary shareholders	**3 654**	2 806	30	5 967
Loss on sale of discontinuing operations	**–**	17	>100	67
Loss/(Profit) on sale of property and equipment	**6**	(1)	>100	7
Goodwill	**(9)**	–	>100	–
Loss on sale of available-for-sale assets	**7**	22	(68)	21
Headline earnings	**3 658**	2 844	29	6 062

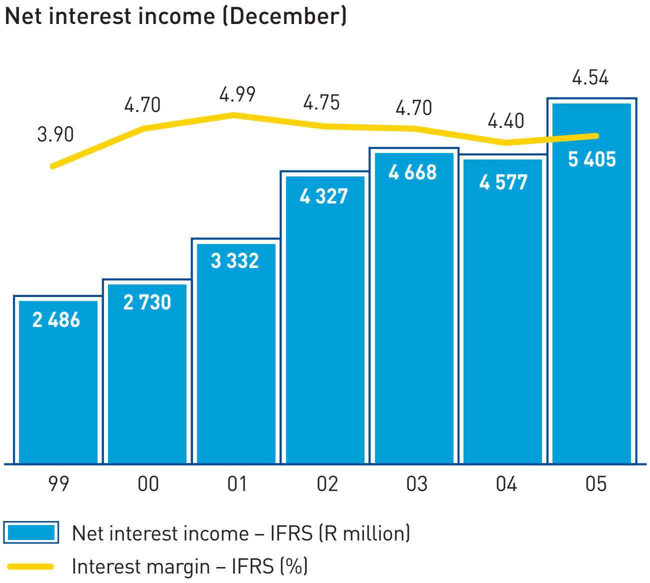
Calculation of headline earnings excluding translation gains and losses

R million	Six months ended 31 December 2005	2004	% change	Year ended June 2005
Headline earnings	**3 658**	2 844	29	6 062
Adjusted for:				
Translation (gains)/losses	**(22)**	155	<100	51
Headline earnings (excluding translation (gains)/losses)	**3 636**	2 999	21	6 113

Return on average ordinary shareholders'equity and total equity (December)



Net interest income and margin analysis



Margin analysis

	Net interest income R million	Interest margin %
Pre-IFRS net interest income – December 2004	4 598	4.40
Volume impact	640	–
Impact of preference share funding	105	0.09
Endowment effect on capital	(93)	(0.08)
Endowment effect on deposits	(47)	(0.04)
Reduced protection provided by hedges	(207)	(0.17)
Other	212	0.18
Pre-IFRS net interest income – December 2005	5 208	4.38
IFRS adjustment	197	0.16
Post-IFRS net interest income – December 2005	**5 405**	**4.54**

Interest margin

Positive	Negative
• volume effect from advances growth	• impact of lower interest rates on endowment effect
• increase in average capital base following retention of earnings in the previous year	• general impact of structurally lower interest rate environment on margins
• improved mix from increase in retail advances and decrease in corporate advances	• margin squeeze on prime-linked portion of banking book (partly from competitive pressures)
	• run-off of hedges on endowment and funding portfolios
	• run-off of existing fixed-rate book
	• compression of short-term funding rates

The impact of IFRS on 2005:

➤ an increase of R197 million on net interest income before impairment of advances

➤ an increase of R147 million on net interest income after impairment of advances

The impact of IFRS on 2004:

➤ a decrease of R21 million on net interest income before and after impairment of advances

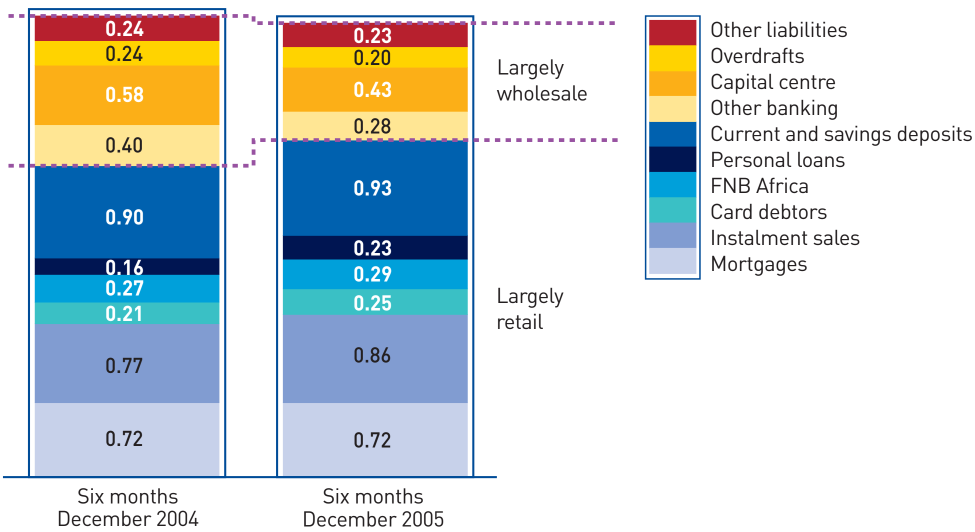
Margin analysis

	Pre-IFRS December 2005		Pre-IFRS June 2005		Pre-IFRS December 2004	
	Average balance* R million	**Average margin %**	Average balance* R million	Average margin %	Average balance* R million	Average margin %
Margin assets						
Asset-backed mortgages (excluding Commercial Property)	**73 095**	**2.31**	63 179	2.38	55 640	2.68
Instalment sales and finance leases	**54 083**	**3.72**	47 485	3.66	41 936	3.79
Card debtors	**7 101**	**8.33**	6 037	7.79	5 354	8.00
Overdrafts and managed account debtors	**10 302**	**4.55**	10 264	4.53	10 221	4.79
Personal loans	**7 143**	**7.51**	5 966	6.47	4 942	6.62
Other banking advances	**15 654**	**4.20**	15 772	4.85	15 125	5.48
FNB Africa	**10 239**	**6.69**	9 513	6.69	8 717	6.40
Capital centre	**55 494**	**1.79**	63 679	1.70	65 061	1.85
Total	**233 111**	**3.27**	221 894	3.25	206 997	3.34
Margin liabilities						
Current and savings deposits	**61 980**	**3.51**	55 900	3.49	52 524	3.55
Call accounts	**16 733**	**1.65**	16 210	1.63	15 890	1.55
Notice deposits	**12 478**	**1.30**	12 179	1.28	11 712	1.35
Fixed deposits	**12 930**	**0.73**	12 588	0.63	12 194	0.76
FNB Africa	**8 899**		8 558		7 978	
Banking Group Treasury and other interest bearing liabilities	**120 091**		116 460		106 699	
Total	**233 111**	**1.16**	221 894	1.10	206 997	1.14
Margin on average aggregate interest-bearing assets and liabilities		**4.43**		**4.35**		**4.48**

**Average balances based on twelve month rolling average*

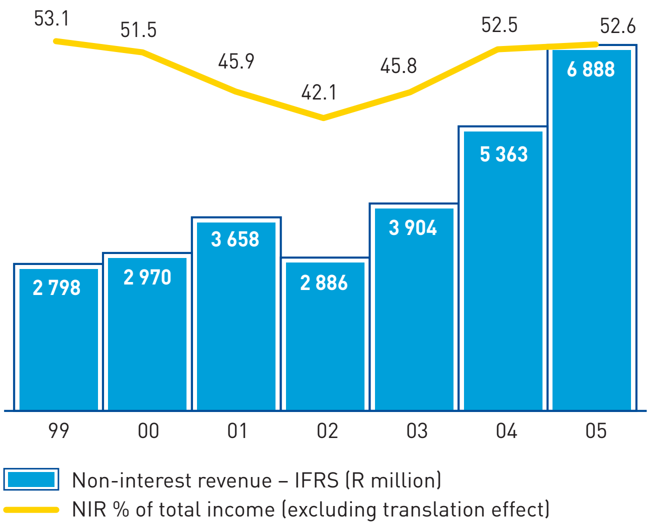
This table is based on the fully funded margin business of the Banking Group and excludes long-term funding, trading and investment activities. The margins above are actively managed by the Banking Group's Alco desk. This table therefore provides a different view from that presented on the previous page because of its product focus.

Contribution to margin
(Change in mix)



Non-interest revenue

Non-interest revenue (December)



	Six months ended December 2005	2004	% change	Year ended June 2005
Fee and commission income	**4 305**	3 644	18	8 188
Trading income	**1 016**	1 155	(12)	2 238
Investment income	**825**	600	38	497
Other income	**720**	119	>100	754
Total non-interest revenue	**6 866**	5 518	24	11 677
Translation (losses)/gains	**22**	(155)	>100	(51)
Non-interest revenue	**6 888**	5 363	28	11 626

The impact of IFRS for 2005 was:

- a decrease in fee and commission income of R280 million
- an increase in other non-interest income of R296 million
- the translation loss of R179 million converted into a gain of R22 million

The impact of IFRS for 2004 was:

- a net increase of R29 million

Non-interest revenue

R million	Six months ended December 2005	2004	% change	Year ended June 2005
The information presented in the following sections is on a functional basis, and not on a statutory basis:				
Fee and commission income				
Bank commissions and fee income	**2 754**	2 336	18	5 623
– Card commissions	**426**	324	32	655
– Cash deposit fees	**390**	344	13	686
– Commitment fees	**166**	163	2	354
– Acceptances, guarantees and indemnities	**70**	67	5	132
– Commissions on bills, drafts and cheques	**255**	212	20	439
– Bank charges	**1 447**	1 226	18	3 357
Other banking fee income	**752**	609	24	1 102
Knowledge-based fees	**147**	256	(43)	491
Management fees	**232**	155	50	296
Insurance income	**250**	151	66	467
Other non-bank commissions	**170**	137	24	209
Total fees and commission	**4 305**	3 644	18	8 188

- FNB
  - increases in customers and transaction volumes across all segments
  - Consumer segment up more than 40% in both card and home loans books
  - Mass segment up 20% in active accounts
  - Corporate segment up from increased electronic channel use
  - Commercial segment 13% up in active accounts
  - Wealth segment showed higher transaction volumes and new business inflows
- WesBank
  - high new business growth, increased contribution from Auto division (fleet management) and greater penetration of insurance products
- FNB Africa
  - new account growth and higher transactional volumes
- RMB
  - increased M&A, driven by BEE activity
  - Structured Finance capitalised on market leading position and market conditions to show strong earnings

Non-interest revenue

Trading revenue

R million				Six months ended			Year ended
R million	Forex	Debt	Equity	**Dec 2005**	Dec 2004	% change	June 2005
Annuity	266	413	81	**760**	988	(23)	**1 702**
– Originated/Structuring	–	286	40	**326**	277	18	581
– Secondary market	–	69	–	**69**	102	(32)	234
– Client flow	266	58	41	**365**	609	(40)	887
Risk income	–	111	236	**346**	227	53	**479**
– Equities	–	–	148	**148**	82	82	226
– Commodities	–	–	88	**88**	40	123	38
– Interest rates	–	105	–	**105**	86	23	176
– Forex	–	5	–	**5**	19	(72)	39
Other				**(90)**	(60)	56	**57**
Total	**266**	**524**	**318**	**1 016**	**1 155**	**(12)**	**2 238**

- Equity Trading performed well with the agency business capitalising on the record JSE activity
- Proprietary trading and arbitrage activities performances varied in unpredictable and volatile markets
- Foreign exchange trading disappointing due to non-trending markets

Non-interest revenue

Investment income

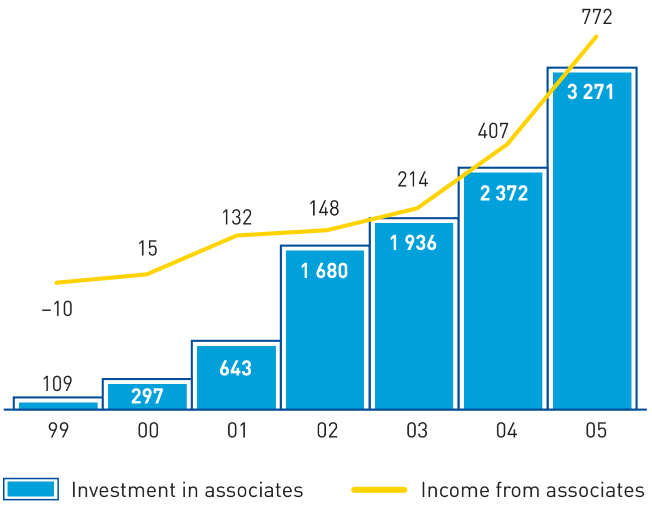
R million	Six months ended December 2005	2004	% change	Year ended June 2005
Investment activities				
Income from private equity activities	**1 127**	446	>100	1 046
– Profit on realisation of private equity investments	**410**	189	>100	414
– Profit on realisation of other investment banking assets	**68**	–	–	93
– Dividend received	**153**	122	25	175
– Private equity associates (ongoing)	**352**	135	>100	364
– Private equity associates (realisations)	**144**	–	–	–
Income from operational investment activities	**276**	272	1	562
– WesBank associates	**48**	34	41	74
– FirstRand International associates	**64**	42	52	117
– OUTsurance	**135**	101	34	212
– Listed associates	**–**	78	–	133
– Other operational associates	**29**	17	71	26
Income from investments	**194**	106	83	205
– (Loss) on disposal of AFS assets	**(9)**	(31)	71	(30)
– Profit on assets held against employee liabilities	**203**	137	48	235
Total investment income	**1 597**	824	94	1 874
Less: **Income from associates**	**(772)**	(407)	90	(987)
	825	417[1]	98	887[2]

1. R183 million income from other activities is included in investment income per SA GAAP and IFRS. It has been excluded from this analysis.
2. R390 million income on the realisation of investments is included in Other non-interest revenue per SA GAAP and IFRS. It has been included in this analysis.

- Private Equity
  - outstanding results
  - domestic and foreign realisations
- Increased dividend flow from underlying investments

Analysis of income from associated companies

Analysis of income from associated companies (December)
(R million)



R million	Six months ended December 2005	2004	% change	Year ended June 2005
Analysis of income from associated companies				
Private equity associates				
– Private equity associates (ongoing)	**352**	135	>100	433
– Private equity associates (realisations)	**144**	–	100	6
– Less impairments	**–**	–	–	(75)
WesBank associates				
– Toyota Finance	**26**	19	37	39
– Zeda Car Leasing	**13**	10	30	25
– Other	**9**	5	80	10
FirstRand International associates	**64**	42	52	178
OUTsurance	**135**	101	34	212
Listed associates (Relyant)	**–**	78	(100)	133
FirstLink associates				
– Marsh	**23**	9	>100	(7)
Other	**6**	8	(25)	33
Total	**772**	407	90	987

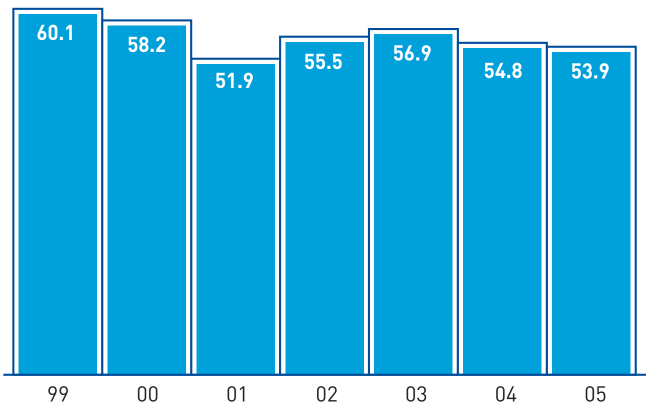
- Income up 90%
  - WesBank associate income up on strong underlying operational performance
  - OUTsurance outstanding results – good organic growth and low claim ratio
  - Realisation of assets of a private equity associate is shown in this income
  - Income from private equity associates up from benefits from strong economic environment

The IFRS impact for 2005 was an increase of R15 million

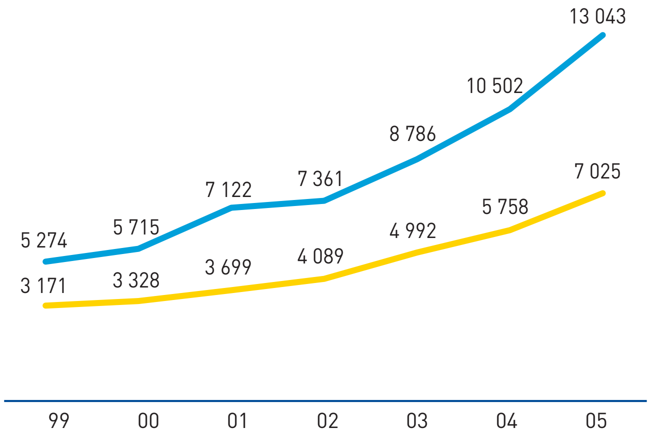
The IFRS impact for 2004 was an increase of R22 million

Operating expenses

Cost to income ratio – IFRS (December)
(%)



Operating "Jaws" – IFRS (December)
(R million)



R million	Six months ended December **2005**	2004	% change	Year ended June 2005
Staff expenditure	**3 825**	3 265	17	6 529
Advertising and marketing	**333**	252	32	618
Audit fees	**33**	34	(3)	50
Computer expenses	**254**	208	22	370
Conveyance of cash	**88**	42	110	127
Depreciation	**357**	311	15	568
eBucks rewards	**96**	71	35	171
HomeLoans third-party origination costs	**15**	128	(88)	361
Insurance	**146**	118	24	201
Maintenance	**413**	386	7	702
Professional fees	**187**	167	12	430
Profit share	**104**	63	65	188
Telecommunications	**199**	168	18	359
Other	**975**	545	79	1 824
Total non-interest expenses	**7 025**	5 758	22	12 498

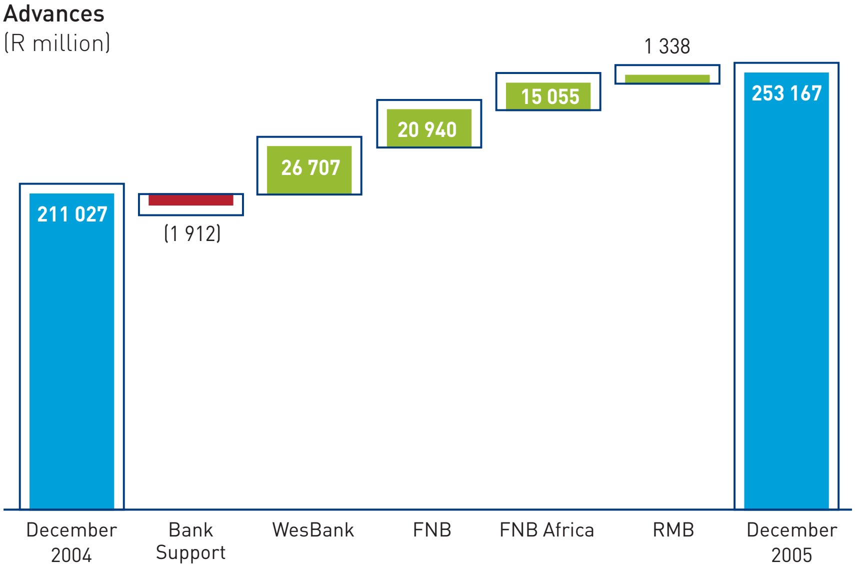
- significant increase in staff costs
  - staff increased to support high current new business growth and expected future growth in FNB, WesBank and RMB
- infrastructure expansion costs in HomeLoans, WesBank and RMB
- branch enhancement costs in FNB
- advertising and marketing up by 32%

The IFRS impact for 2005 was an increase of R186 million
- an increase in staff expenditure of R191 million
- a decrease in depreciation of R25 million
- a decrease in home loan origination costs of R222 million
- an increase in other expenditure of R242 million

The IFRS impact for 2004 was an increase of R20 million
- an increase in staff expenditure of R23 million
- a decrease in depreciation of R3 million

The cost to income ratio improved as a result of increased net interest income and strong growth in non-interest income and associate income, compensating for the growth in operating expenses

Gross advances



R million	Six months ended December 2005	2004	% change	Year ended June 2005
Advances				
Total advances	**253 687**	211 555	20	229 440
Less: Contractual interest suspended	**(520)**	(528)	(2)	(494)
Gross advances	**253 167**	211 027	20	228 946
Less: Impairments	**(2 837)**	(2 974)	(5)	(2 510)
Net advances	**250 330**	208 053	20	226 436
Advances sector analysis				
Agriculture	**7 079**	4 360	62	5 337
Banks and financial services	**28 565**	37 212	(23)	28 940
Building and property development	**10 517**	9 114	15	11 081
Government, Land Bank and Public Authorities	**5 030**	3 915	29	6 319
Individuals	**146 405**	110 686	32	125 637
Manufacturing and commerce	**27 960**	32 514	(14)	27 357
Mining	**3 278**	3 058	7	3 952
Transport and communication	**7 506**	3 639	>100	7 504
Other services	**16 827**	6 529	>100	12 819
Gross advances	**253 167**	211 027	20	228 946

- FNB
  HomeLoans up 41%
  Card up 42%
  Personal loans up 29%
  Wealth up 35%
  Commercial up 21%
  Large corporates decline
- WesBank growth of 26% with both new business and market share up
- FNB Africa up 13%
  FNB Namibia home loans and WesBank up
  FNB Botswana up 10%
  Swaziland's advances up by 11% in overdrafts and home loans
  Lesotho showed general volume growth
- CDO portfolio closed out

The impact of IFRS on 2004 was a decrease of R176 million due to reallocation between balance sheet lines

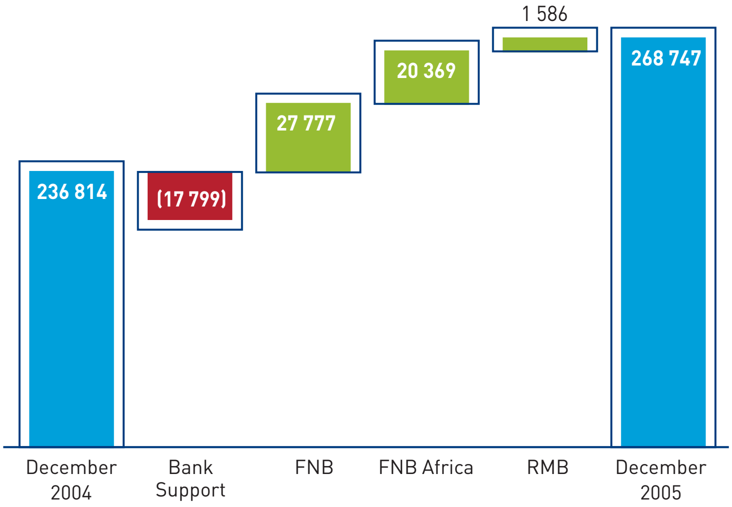
R million	Six months ended December 2005	2004	% change	Year ended June 2005
Geographical split				
SA banking operations	**230 308**	188 425	22	206 171
International banking operations	**5 284**	4 635	14	5 711
US Corporate debt (CDO advances)	**–**	1 011	(100)	182
African banking operations	**11 425**	10 229	12	12 006
SA non-banking operations	**6 150**	6 757	(9)	4 876
Gross advances	**253 167**	211 027	20	228 946
Product split				
Overdrafts and managed accounts	**25 384**	26 457	(4)	28 462
Loans to other financial institutions	**15 347**	5 505	>100	11 102
Card loans	**8 951**	6 331	41	7 569
Instalment finance	**40 833**	33 079	23	36 533
Lease payments receivable	**22 337**	17 612	27	19 183
Property finance	**94 974**	68 374	40	80 017
Home loans	**89 202**	64 398	39	75 802
Commercial properties	**5 772**	3 976	45	4 215
Personal loans	**9 519**	6 630	44	4 889
Preference share advances	**2 041**	1 634	25	1 536
Other advances	**29 261**	40 475	(28)	31 165
	248 647	206 097	21	220 456
Collateralised debt obligation	**–**	1 011	(100)	182
Assets under agreement to sell	**4 520**	3 919	15	8 308
Gross advances	**253 167**	211 027	20	228 946
Rand and non-Rand denominated advances				
All non-Rand denominated advances	**1 715**	3 634		1 534
@ exchange rate	**6.34**	5.62		668
Non-Rand denominated advances (R)	**10 873**	20 422	(47)	10 247
Rand denominated advances	**242 294**	190 605	27	218 698
Gross advances	**253 167**	211 027	20	228 946

Non-performing loans

R million	Six months ended December 2005	2004	% change	Year ended June 2005
Non-performing loans	**3 357**	3 358	–	3 241
Add: Present value adjustment	**228**	358	(18)	196
Less: Recoverable amount	**(348)**	(145)	2	(50)
Net credit exposure	**3 237**	3 571	(9)	3 387
Less: Security	**(971)**	(952)	2	(1 013)
Less: Contractual interest suspended	**(520)**	(528)	(2)	(494)
Residual risk	**1 746**	2 091	(17)	1 880
Specific impairments/provision	**1 746**	2 091	(17)	1 880
Portfolio impairments/provision	**1 091**	883	24	630
Total impairments/provisions	**2 837**	2 974	(5)	2 510
Fair value impairment	**–**	112	100	134
Provisioning	**2 837**	3 086	(8)	2 644
Total advances	**253 687**	211 555	20	229 440
Less: Contractual interest suspended	**(520)**	(528)	(2)	(494)
Gross advances	**253 167**	211 027	20	228 946
Less: Impairments	**(2 837)**	(2 974)	(5)	(2 510)
Net advances	**250 330**	208 053	20	226 436
Impairment of advances	**%**	%	% change	%
Non-performing loans as a percentage of gross advances	**1.3**	1.6	(19)	1.4
Specific impairments as a percentage of non-performing loans	**52.0**	58.0	(10)	58.0
Total impairments as a percentage of non-performing loans	**115.4**	144.5	(20)	116.2
Total impairments as a percentage of residual risk	**221.9**	232.0	(4)	200.4
Specific impairments as a percentage of gross advances	**0.7**	1.0	30	0.8
Portfolio impairments as a percentage of gross advances	**0.4**	0.4	–	0.3
Fair value impairments as a percentage of gross advances	**0.0**	0.1	100	0.1
Total impairments as a percentage of gross advances	**1.1**	1.5	35	1.2
R million				
Income statement charge				
Specific impairments	**449**	311	45	755
Portfolio impairments	**127**	98	30	(49)
	576	409	41	706

Deposits

Deposits
(R million)



- Customer trend to shorter dated products
- Disposable income up
- Medium and large corporates cash flush
- FNB 18% up
  - Commercial (+20%), Consumer (+13%) and Corporate (+26%) segments up
  - Deposit margins in Corporate segment under pressure
- FNB Africa 13% up mostly in Botswana and Lesotho

Staff

	Six months ended December 2005	2004	% change	Year ended June 2005
FNB	**23 518**	21 862	8	21 836
RMB	**990**	856	16	956
WesBank	**3 186**	3 292	(3)	3 114
Africa	**2 513**	2 381	6	2 450
Bank Support*	**1 327**	1 332	–	1 430
Total	**31 534**	29 723	6	29 786
SA Banking	**29 021**	27 342	6	27 336
Africa	**2 513**	2 381	6	2 450
Total	**31 534**	29 723	6	29 786

**Includes BGT*

FNB, WesBank and RMB
- Increase in staff numbers to support significant new business growth

Operational results by business unit (pre-IFRS)

R million	Six months ended December 2005	2004	% change	Year ended June 2005
FNB	**2 503**	2 121	18	4 147
Consumer segment	**923**	796	16	1 547
– Personal Banking	**509**	393	30	790
– HomeLoans	**177**	262	(32)	454
– Card Issuing	**237**	141	8	303
Wealth	**59**	42	41	97
Commercial	**884**	788	12	1 562
Corporate	**309**	218	42	515
FNB Other	**328**	277	18	426
RMB	**1 133**	806	41	1 901
WesBank	**831**	636	31	1 404
FirstRand Africa and Emerging Market	**340**	331	3	646
Ansbacher	**–**	(35)	–	(35)
OUTsurance	**135**	101	34	212
Group support*	**508**	425	20	741
	5 450	4 385	24	9 016
Profit on sale of Ansbacher	**–**	396	–	346
Translation (losses)/gains	**(179)**	(215)	17	264
Income before tax	**5 271**	4 566	15	9 626

**Includes BGT*

Business unit reviews

Results and commentary are on a pre-IFRS basis

FNB

	Six months ended December 2005	2004	% change	Year ended June 2005
Profit before tax (R million)	**2 503**	2 121	18	4 147
Advances (R million)	**120 289**	93 582	29	107 201
Total deposits (R million)	**131 300**	110 931	18	118 517
Cost to income ratio (%)	**64.6**	64.5	0	66.8
Non-performing loans (%)	**1.6**	1.9	(16)	1.8

R million	Six months ended December 2005	2004	% change	Year ended June 2005
Consumer segment	**923**	796	16	1 547
– Personal Banking	**509**	393	29	790
– HomeLoans	**177**	262	(32)	454
– Card Issuing	**237**	141	67	303
Wealth	**59**	42	41	97
Commercial	**884**	788	12	1 562
Corporate	**309**	218	42	515
FNB Other	**328**	277	18	426
Total FNB	**2 503**	2 121	18	4 147

During the previous financial year FNB merged FNB Corporate and FNB Retail and subsequently refocused its business along segment lines.

FNB has produced another set of excellent results with profit before taxation increasing by 18% from R2 121 million to R2 503 million.

A buoyant South African economy, strong consumer demand for credit, a significant increase in customer numbers, market share gains and excellent volume growth, all contributed to this increased profitability, despite low interest rates continuing to place pressure on margins.

Interest revenue grew by 11%. This increase is attributable to both the strong balance sheet growth in the last quarter of the previous financial year as well as in the current period, offset to some extent by a reduced endowment effect.

Bad debts remain low at 0.3% (2004: 0.4%) of advances, due in the main to the continued benign interest rate environment. A R25 million provision reversal relating to a repaid corporate exposure has positively contributed to this improved ratio.

Non-interest revenue increased by 22% as a result of increased customer numbers and higher transactional volumes, particularly in Mass, Card, Consumer Segment and Commercial Banking. Average price increases were kept below inflation.

Operating expenses increased by 18%. Major contributors to this increase are HomeLoans acquisition costs which are expensed as incurred, branch and other infrastructure enhancements, investments in growth initiatives and variable costs associated with the increased transactional volumes, resulting in a base cost increase of 8%.

Deposits have increased by R20 billion or 18%, with Commercial, Corporate and Consumer segments being the major contributors.

Advances increased by R27 billion or 29%, with HomeLoans (R20 billion), Card Issuing, Wealth and Commercial being the major contributors. Corporate advances have continued to decline as a result of low credit demand and increased pricing competition.

The FNB segment view is not a "pure" indication of FNB's penetration into each segment as certain revenue from customers within a defined segment could be recognised in a different segment depending on the product segment categorisation as well as internal service level and revenue arrangements.

Performance commentary

Consumer segment

Cheque products including overdrafts
Investment products
Personal Loans (including Student Loans)
FirstLink Insurance Brokers
eBucks
HomeLoans
Card Issuing

This segment focuses on the middle and upper income market (incomes ranging from R60 000 to R750 000 per annum) and includes HomeLoans and Card Issuing.

This segment continued to perform well with profit before taxation increasing by 16% from R796 million to R923 million. This was achieved in an operating environment characterised by low interest rates, which placed pressure on margins. During the period there was significant growth in both customer numbers and transaction volumes.

Interest income grew by 11% during the year as a result of strong growth in both advances and deposits.

Non-interest revenue grew by 30%, driven by an 11% growth in active accounts, increased transactions per customer and a 39% growth in both HomeLoans and Card Issuing. Average price increases were held below inflation for the period.

Advances grew by 41% to R79 billion as a result of focused sales activities and the strong demand for consumer credit. Whilst the bad debt charge increased by 21%, it has declined marginally from 0.43% to 0.37% of advances. Non-performing loans ("NPLs") remain low at 1.1% (2004: 1.3%) of advances.

Deposits grew by 13%. This is attributable to increased market share of the transactional banking as well as savings and investment products.

The success of the Million-a-Month Account ("MAMA"), launched during January 2005, continued during the period, increasing the customer base to 237 000.

Operating expenses have grown by 21%, driven mainly by the high growth in transaction and sales volumes which have contributed to the non-interest revenue and advances growth. A significant factor contributing to this growth is the accounting policy to expense HomeLoans acquisition costs up front, which if excluded, would reduce the cost increase to 15%. Under IFRS, these costs are capitalised and amortised against yield.

This segment has also made certain investments for growth, such as Discovery Card, the MAMA account and the appointment of additional relationship managers. Excluding these, the cost growth would decrease to 13%.

Personal Loans (including Student Loans) advances grew by 29%, while sales were up 91%. December 2005 saw Personal Loans advances reaching R1 billion with 100 000 customers for the first time. This is primarily due to renewed focus in the area and above the line marketing activity during the period.

FirstLink, FNB's short-term insurance broker, continued to perform satisfactorily and provides a value added service to customers, especially to the Premier and Wealth segments.

Strong performance has also been seen in the Premier segment, with the investment in additional relationship managers contributing to good growth in customer numbers.

InContact, FNB's SMS and e-mail messaging service, reached over 2.5 million subscribers providing a very good mechanism for transaction and balance notification that places the customer in control of their finances.

The eBucks rewards programme continues to perform well as a strategy to acquire and retain customers and, since inception, has awarded eBucks amounting to R580 million to its members.

FNB HomeLoans

The property market continued to show impressive growth of some 35% over the same period in the previous year. FNB HomeLoans benefited from this growth and increased new business market share to 20% from a level of 16% at December 2004. The increase in advances of 41% to R69 billion results from an 81% increase in new business written, as well as an increase in readvances payouts of 43%.

The One Account has continued to perform extremely well, increasing its loan book to R3.5 billion from R1.3 billion at June 2005.

Profit before taxation decreased by 32% (8% on an IFRS compliant basis). Although there was a significant increase in the advances, interest income grew by only 7%, due to the margin pressures as a result of the lower interest rate environment and competitive market pricing. Non-interest revenue increased by 39% driven by the increased volumes.

The results were further negatively impacted by the significant increase in new business acquisition costs, which are expensed as incurred, as well as increased staff costs relating to an enhanced sales force. Together these were the major contributors to operating costs increasing by 41%.

The run-off from the acquired NBS and Saambou books has decreased to an annualised 14% in the current period.

Card Issuing

Card Issuing has produced another excellent performance, increasing its profit before taxation by 67% and growing advances by 42% to R8 billion. This growth results from the growth in customer numbers, success in selling balance transfers and the continued customer spending, with cardholder turnover increasing by 38%. The growth in customer numbers results from the increased sales focus and success in cross-selling to existing FNB customers and the success of the Discovery Card, all of which resulted in an increase of 34% in new customer accounts. Operating expenses have increased by 22%, due in the main to Discovery Card.

Wealth segment

RMB Private Bank
FNB Private Clients
FNB Trust Services
Senior Suites

The Wealth Segment's profit before taxation grew by 41%, driven in the main by a superb performance by RMB Private Bank. This was largely as a result of a 55% growth in assets under management to R18 billion, which benefited from equity market growth, good investment selection and strong net new business inflows. A 35% growth in advances to R14 billion also contributed to the non-interest revenue growth of 28% for the segment. The operating cost increase of 28% for the segment is largely related to the overall growth focus of the business and is due to a 16% increase in headcount and a R21 million investment in respect of FNB Private Clients.

RMB Private Bank's profit before taxation increased by 113% to R62 million which significantly contributed to the above performance.

FNB Trust Services also had excellent profit growth of 41%. This was a result of good new estate inflows, continued strong equity markets and a focus on cost containment.

FNB Private Clients, which was established in the previous financial year, has started to gain momentum with advances reaching R296 million and a healthy pipeline. This represents a substantial investment by the Wealth Segment for the future, as the growth potential is significant.

Commercial segment

Mid Corporate
Business
Agriculture
Commercial Property Finance
Debtor Finance
FNB Enterprise Solutions
Overdrafts, SpeedPoint and Electronic Banking

FNB Commercial Banking is the provider of loans, transactional banking and other services to the Mid Corporates, Business and Agriculture sub segments.

This segment showed encouraging results for the first half of 2006 with profit before taxation increasing by 12%.

Deposits grew by 20% largely due to a buoyant South African economy resulting in cash flush businesses. Advances grew by 21% driven in the main by Commercial Property Finance growth of 75% and FNB Enterprise Solutions growth in excess of 200% (both, however, coming off a very low base). Agriculture term loans grew by 41%.

Interest income increased by 8% as a result of growth in advances and deposits. However, this growth has been substantially reduced by the run-off of the endowment hedge.

Commercial non-interest revenue grew 16% with a 20% growth in the Business segment. The strong Business segment growth was driven mainly by a 13% growth in active transacting accounts.

Operating expenses increased by 14%, largely due to the cost involved in creating new growth initiatives, such as Personal Business Banking and enhanced Franchise Capability. The revenue impact of these initiatives, however, will only be seen in the medium term. Further, the realignment of the Business and Agriculture sub segments with the service model of the Mid Corporate also contributed to the growth in costs.

Bad debts as a percentage of advances declined from 0.4% to 0.1% as a result of corporate recoveries in the Business and Mid Corporate segments and a continued improvement in credit quality across the Commercial Banking book. NPLs as a percentage of advances declined from 3.7% to 2.9%.

International Banking's non-interest revenue showed a 3% decline as a result of significant margin pressure. Transaction volumes were up 22% year-on-year in Mid Corporate but this was offset by lower margins. Margins with Mid Corporates' are under pressure due to reduced Rand volatility and increased competition in the market place from small outsourcing players, disintermediating banks.

The initial focus for 2006 financial year has been on the alignment of the Business and Agriculture sub segments with the client service model that continues to be successful in the Mid Corporate segment. As a result of this renewed focus, the Commercial segment's overall main bank market share has increased from 21% at November 2004 to 24% at November 2005 (Tracker Survey).

Mid Corporate

The Mid Corporate business model continues to generate superior growth with profit before taxation increasing by 40%. The bulk of the strong growth has come from growth with existing customers and good cross-sell of products. Mid Corporate continues to enjoy deep product penetration into its customer base with collaborations performing strongly. WesBank Corporate's collaboration growing by 26% and the RMB Structured Finance's by over 400%.

Business

The focus on customer relationships has resulted in an unprecedented growth of 13% in active accounts across the Business sub segment. This significant growth is an encouraging sign that the new focus on the Business sub segment and the specific initiatives are paying dividends.

Agriculture

Agriculture has retained its 31% market share, but profits were flat. This sub segment is characterised by an asset hungry customer base with low product penetration. The focus has been on the growth of the term loan book and on larger, more profitable relationships. The alignment of the relationship model within the Agriculture sub segment is still in progress and once this is completed, similar profitable growth to that of the Business sub segment is expected.

Corporate segment

Corporate Transactional Banking
Associated Working Capital Solution
SpeedPoint (Card Acquiring)
Cash
Electronic Banking

This segment is the provider of transactional banking and other services to large corporates, financial institutions and state-owned enterprises in terms of Schedule 2 of the PFMA Act.

Profit before taxation increased by 42%. Growth in non-interest revenue of 10% was driven by growth in the utilisation of electronic channels, with large corporates' Electronic Banking experiencing an overall 20% growth in volumes. SpeedPoint, the merchant acquiring business, performed well with transaction volumes increasing by 25%, due in part to new client acquisition and organic growth.

Deposit volumes increased by 26% within the segment, reflecting the overall condition of the South African large corporate environment and the cash surpluses that exist. However, actual deposit margins dropped by 10 basis points ("bps") from the comparative period and remain under pressure. Given these market conditions, advances have shrunk by 23% with low credit demand and increased pricing competition being a major factor.

The bad debt charge has declined sharply as a result of a R25 million bad debt provision reversal relating to a Corporate exposure that was repaid during the period, reducing the bad debt charge to negligible levels.

International Banking remains a significant contributor to the segment's profitability. Notwithstanding the reduced volatility of the Rand and margin pressures, the overall volumes in the international and crossborder businesses for large corporates increased, resulting in a 7% growth in profits.

Operating expenses increased by 4%, with existing infrastructure growing marginally in SpeedPoint and Electronic Banking to accommodate volume growth.

Corporate's collaboration with WesBank remains strong, with payouts increasing in excess of 40% in comparison to December 2004.

Internet Banking achieved significant growth in customer numbers, volumes and values during the period with 391 000 customers registered at December 2005. Transactions to the value of R74 billion were processed for the period (2004: R55 billion), an increase of 35%.

FNB Other

Included in FNB Other is Mass, Public Sector Banking, Branch Banking and Support.

Mass (Smart Solutions)

Smart and Mzansi accounts
Microloans (SmartSpend)
ATMs (including Mini-ATMs)
Cellphone Banking and Pre-paid products
Housing Finance (Smart Bonds)
FNB Life

This segment focuses on individuals earning less than R60 000 per annum and is principally serviced by the FNB Smart branded products and services. In addition, this segment focuses on innovation, particularly where technology can provide convenience and cost efficiency to the customer, as this segment requires cheaper delivery channels to operate profitably. The segment performed exceptionally during the period under review.

The main driver of this segment's performance was the strong growth in non-interest revenue, which increased by 25%. This was driven by a 20% growth in transacting accounts, debit card transaction growth in excess of 100%, with 18% and 21% growth in the ATM and Saswitch transactions respectively, as well as the growth in prepaid airtime turnover in excess of 100%.

FNB is pursuing a strategy of increased customer product holding, with focus on lending and assurance in this segment, where profitability is strongly correlated to process efficiency and customer "share of wallet". The segment achieved advances growth of 38% in this period. The advances growth relates to the SmartSpend and SmartBond products, which sales have increased by more than 100%. In addition, sales of Law-on-Call increased by 42%.

The ongoing roll-out of the mini-ATMs, now 100% on GPRS, and process efficiency, contributed to an increase in market share of Saswitch transactions, and the continuous migration of customers to more cost efficient channels. The number of ATMs increased by 8% to 4 026.

By December 2005, Cellphone Banking had over 160 000 registered customers. This initiative remains in a startup phase and required a significant investment in the period under review, with the benefits only expected to materialise in the medium-term. The use of this channel provides convenience and cost efficiencies and in tandem with InContact is expected to contribute to good market share growth.

The increase in operating costs includes the cost relating to the Cellphone Banking business which only commenced operations in the second half of the previous financial year and also the variable costs relating to the increased transactional volumes.

FNB Life achieved significant growth due to its strategy of adding value and enhancing insurance features to existing products. At December 2005, 1.8 million lives were insured, a growth of 28% against December 2004.

Public Sector Banking

The focus of Public Sector Banking is on the three spheres of government; namely, national, provincial and local. Customers also include universities and schools.

FNB's increased focus on this segment resulted in a number of tenders being won.

Branch Banking

During the period, Branch Banking continued its branch infrastructure improvement programme. A total of 105 branches have been converted into the new retail design that makes navigation easy for customers and this negatively impacted the operating cost increase for this period. It also includes alternate channels such as Internet and telephone banking in the branches for customer convenience. The ongoing network repositioning, which takes into consideration demographic shifts, as well as the new nodes that are emerging, has seen an increase in the number of branches from 667 (June 2005) to 680. Most of the new branches are in designated Financial Services Charter areas.

Branch Banking has invested in increasing its sales capacity by employing approximately 600 dedicated sales people. The full benefit of this increased capacity will, however, only be realised in the medium-term.

The next 18 months will see a major upgrade of the front line system in all of the branches. This will lead to improved processes and customer service.

Infrastructure table	2005	2004	% change
Branches	680	646	5.3
ATMs	4 026	3 718	8.3

WESBANK

	Six months ended December 2005	2004	% change	Year ended June 2005
Profit before tax (R million)	**831**	636	31	1 404
Advances (R million)	**72 767**	57 712	26	63 318
Cost to income ratio (%)	**45.5**	47.5	4	46.8
Non-performing loans (%)	**1.0**	1.0	(12)	0.85

WesBank had an exceptionally good six months with earnings increasing by 30.7%, continuing the sustained profit growth of prior years. Increases in new business volumes and market share were the main drivers of this growth. New business written amounted to R25 billion, an increase of 33.5% over the previous period.

Advances increased by R15.1 billion, 26.1%, as result of the new business growth and increase in market share.

Car sales continue at record highs with the number of new units sold for the six-month period increasing by 24% over the corresponding prior period. This trend is expected to continue into the next financial periods.

Bad debts were 0.65% and non-performing loans 1.0% of gross advances compared to the comparable period of 0.60% and 1.0% respectively. This marginal increase is not an indication of any deterioration in the quality of the book, as provision and arrear levels remain at historically acceptable levels.

Margins declined to 3.50% from 3.65% due to competitive pressure on customer rates, the run-off of existing fixed-rate advances and the compression of short-term funding rates.

Non-interest revenue increased by 30.5%. This growth is as a result of the high new business volumes, greater penetration of insurance products and an increase in the contribution from WesBank Auto.

Expenses increased by 22.9% (against business growth of 33.5%). The main reason behind this increase is the investment in capacity and staff required for the current new business volumes as well as the expected future growth in the industry. In spite of the increase in expenses, internal efficiency initiatives have led to improved cost ratios, with cost to income and cost to asset ratios both showing positive trends (reducing from 47.5% to 45.5%, and from 2.56% to 2.38% respectively).

On a divisional basis, Motor, Corporate, Fleet and Personal Loans increased new business by 29.5%, 46.4%, 15% and 72% respectively. Increases in capital investment and continued consumer spending are reflected in Corporate and Personal growth.

MotorOne Finance, the startup retail finance operation in Australia, wrote R156 million new business in the period under review and the consolidated Australian WesBank businesses contributed R18 million to pre-tax profit.

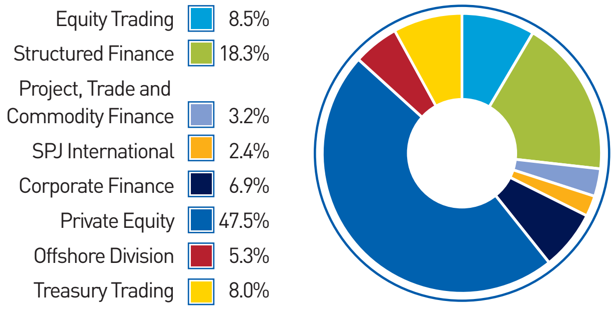
Associate income increased significantly, as a result of the performances of Toyota Financial Services, DirectAxis (the personal loans business) and the Australian operations.

RMB

	Six months ended December 2005	2004	% change	Year ended June 2005
RMB – profit before tax (R million)	**1 133**	806	41	1 901
Total assets (R million)	**128 591**	105 346	22	101 346
Cost to income ratio %	**31.8**	25.8*	11	25.2

**RMB has not historically included detailed income statements for foreign operations in its management account analysis. These subsidiaries have been reported per segment on a net basis. The adjusted cost to income ratio on an equivalent basis for December 2004 would be 29.0.*

Divisional contribution
2005



RMB produced an exceptionally strong performance in the first half of 2006. The equity businesses dominated the half year's performance, capitalising on buoyant equity markets and sustained low interest rates. The robust economic environment and strong BEE activity were also conducive to good originated debt and advisory performances. The proprietary trading and arbitrage businesses enjoyed varied success in the volatile and often unpredictable forex, debt, credit and commodity markets. The strategic focus on equity businesses in prior years has yielded a more balanced portfolio of diversified debt and equity related business.

Private Equity produced an exceptional performance, generating 90% growth on the prior year comparative. The continued favourable trading environment was conducive to realisations both locally and abroad. Despite some large realisations, strong growth in equity accounted earnings and a number of new investments, contributed to an increase in the carrying value of the portfolio. The robust market conditions and strong earnings projections also boosted unrealised profits in the remainder of the portfolio.

Corporate Finance took advantage of favourable market conditions to outperform the prior year result. M&A fees and investment activities were significant contributors, driven by high levels of BEE activity and strong equity markets.

Equity Trading performed in line with expectation, with the agency businesses (stockbroking, futures clearing and scrip lending) capitalising on record JSE trading activity. The proprietary trading and arbitrage activities performances were varied in the unpredictable and volatile markets. The growth of the Corporate Arbitrage desks offshore exceeded expectation and are well poised to attain critical mass and diversification growth.

Structured Finance capitalised on its market leading position and robust market conditions to post strong earnings growth over the prior period. In particular, the restructuring of the property business in the prior year paid off as the business was well positioned for the continued property boom and recorded excellent results.

Although the "explosion" of infrastructure development projects locally and regionally has not yet materialised, Project Trade and Commodity Finance focus on Africa contributed substantially to a strong half year performance. The V Mobile transaction in Nigeria, for which RMB was joint lead arranger, was voted Africa Emerging Telecom Deal of the Year by Euromoney. Benefits from the merger in the prior year of the hard and soft commodities businesses with Project Finance were evident but the trading environment proved challenging in the period, in particular the extremely volatile precious and base metal commodity markets.

Treasury Trading posted lower earnings than the prior period as the foreign exchange and interest rate markets proved unpredictable and illiquid.

SPJ International's performance was below that of the comparable period having run down the remainder of the high yield corporate positions and reduced its exposures to emerging markets in the current environment of extremely tight credit spreads.

FIRSTRAND AFRICA AND EMERGING MARKETS

	Six months ended December 2005	2004	% change	Year ended June 2005
Profit before tax of operating activities (R million)	**347**	333	4	653
Profit before tax of expansion (R million)	**(7)**	(2)	>100	(7)
Profit before tax (R million)	**340**	331	3	646
Attributable earnings (R million)	**165**	163	1	313
Gross advances (R million)	**11 567**	10 229	16	10 671
Total deposits (R million)	**11 359**	9 771	13	9 920
Cost to income ratio (%)	**49.0**	48.7	(1)	48.5
Non-performing loans as a % of gross advances	**2.9**	3.2	(9)	2.7

FirstRand Africa and Emerging Markets comprises FNB Africa (FNB Botswana, FNB Lesotho, FNB Namibia and FNB Swaziland) as well as a division mandated for the development of a growth strategy into Africa and emerging markets, which is pursued in conjunction with the various product houses in the Banking Group.

FNB AFRICA

Performance

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 15.4% to P141.6 million (31 December 2004: P122.6 million). In Rand terms, profit growth was 2.1%, negatively influenced by the continued weakening of the Pula against the Rand with inflation continuing its upward spiral.

Gross advances have grown by 9.8% which is in line with the current average credit growth in the economy. Assets increased by 15.5% due to growth in deposits and raising of fixed-term funding. Non-interest revenue grew by 18% on the back of increased product offering and transaction volumes.

Net interest income, before impairment of advances grew by 12.8% on the back of good asset growth.

Bad debts increased due to one large debt exposure on the back of positive trends in the previous period. The bad debt figure is still within the target range.

Operating costs increased by 9.4% which is below the country's current inflation rate of 11%. The cost to income ratio of 36% from 38% (comparable period) is the lowest in the industry.

FNB NAMIBIA

Income before tax grew by 7% to N$160.0 million (9% at headline earnings level).

Net interest income, before impairment of advances, grew by 19%. This is attributable mainly to the growth in advances of 15%, predominantly driven by HomeLoans and WesBank, both of which are market leaders in Namibia.

Non-interest revenue grew by 17% as a result of higher volumes from new accounts and exchange earnings.

Operating costs increased by 17% as a result of additional expenses in the launching of new products, the new industry-driven Namibia clearing system and the investment in the upgrade of branches. Despite this large increase, cost to income is within industry norms at 50.5%.

FNB SWAZILAND

Business conditions remained challenging as a result of the depressed state of the economy but there is sound growth in the business under difficult circumstances.

Gross advances grew by 10.9% as a result of growth in overdrafts and home loans. Net interest income grew by 13% as a result of the growth in advances.

In the local economic climate interest earning investments options remain limited and investment in crossborder assets is expected to continue.

Non-interest revenue grew by 29.6% as a result of the new business growth and increased transactional volumes.

Operational costs grew by 12.5%, which is above inflation, due to a restructuring process currently underway.

FNB LESOTHO

Lesotho commenced operations in October 2004. The business has performed well and achieved a small maiden profit for the month of December on the back of high volumes. It is running close to breakeven on a monthly basis and these trends are likely to improve in the future.

Although there has been good growth in advances, the main drivers of the business have been growth in the deposit base, the number of accounts, as well as transactional banking revenue. This has resulted in a substantial growth in non-interest revenue.

A cash service centre is in the process of being built and is due to be opened in late February 2006. This is aimed at improving efficiencies by moving high volume cash transactions away from the branch thereby facilitating better retail customer service.

INTERNATIONAL INITIATIVES

AIFH

FirstRand had committed US$30 million to AIFH, a private equity fund which had the mandate to invest in retail bank privatisations in Sub-Saharan Africa. The US$30 million was not drawn down and FirstRand, together with the other shareholders, voted to dissolve the fund on 27 January 2006.

Celpay

Celpay, which operates a cellphone payments enabling platform in the Democratic Republic of Congo ("DRC") and Zambia, was acquired from Celtel during the period under review. A new chief executive officer has been appointed and the focus has been on reducing costs and refining the business model. Cellphone banking is regarded as an alternative retail banking strategy.

Africa and Emerging Markets

Expansion opportunities are being explored in Africa and other emerging markets with the newly established FirstRand Africa and Emerging Markets unit acting as a catalyst across all FirstRand business units.

OUTSURANCE

	Six months ended December 2005	2004	% change	Year ended June 2005
Gross premiums (R million)	**1 110**	881	26	1 901
Operating profit (R million)	**217.0**	172.6	26	373
Headline earnings (R million)	**188**	132	43	298
Expense/cost to income ratio (%)	**16.5**	16.6	(1)	16.2
Claims and OUTbonus ratio (%)	**57.4**	57.8	(1)	57.6
Banking Group attributable profit before tax (R million)	**135**	101	34	204

PERFORMANCE

The increase in gross premium income was driven by good organic growth in both Personal and Business OUTsurance. Business OUTsurance gained real traction during the period, increasing gross premium income by 144%. Essential OUTsurance, aimed at the large population of older, uninsured cars was successfully launched in May 2005.

The increase in operating profit of 25.7% is as a result of the organic growth and continued gains in efficiencies. The claims ratio of 57.4% (including OUTbonus costs) was similar to that experienced in the previous year. Expenses as a percentage of net premium revenue improved slightly from 16.6% to 16.5%.

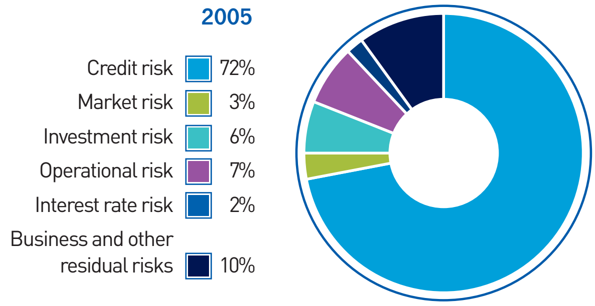
Capital management

The optimisation of capital management in the Banking Group is a key focus area. This function focuses on three pillars, being the management of the level of capital, the investment of capital and the allocation of capital. The objectives are to maximise shareholders' value and to manage the requirements of stakeholders such as regulators and rating agencies.

A fundamental part of the capital management process is the allocation of capital based on the economic capital allocation methodology. This key measurement tool constitutes a link between the levels of risk taken in the Banking Group and the capital base that protects the Banking Group against unexpected losses.

The economic capital can be analysed into the different major risk type categories as follows:

Economic capital per risk type



RETURN ON EQUITY ("ROE")

The economic capital allocated, as described above, serves as a key input into the level of capital used to calculate segmental return on equity. The ordinary shareholders' funds are attributed to business units based on the higher of the units' regulatory capital or economic capital utilisation. Regulatory capital (which includes the targeted regulatory capital buffers) is calculated using the regulatory capital rules currently applied by the South African Reserve Bank and other regulators. Economic capital is calculated for all entities, including non-bank entities based on the risk taking activities of the unit.

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 – IFRS

For the six months ended 31 December 2005

R million	Headline earnings	ROE %
FNB	1 798	42.8
RMB	830	33.8
WesBank	538	14.7
FirstRand Africa and Emerging Markets	166	29.5
OUTsurance	103	58.8
Group Support Services*	201	–
Total – IFRS	**3 636**	
Preference share dividends	**(142)**	
Total – IFRS	**3 494**	28.0
IFRS adjustments	**4**	
Group ROE as reflected in the CFO report – SA GAAP	**3 498**	**28.1**

Return on equity – IFRS

For the six months ended 31 December 2004

R million	Headline earnings	ROE %
FNB	1 547	40.0
RMB	601	29.1
WesBank	478	19.3
FirstRand Africa and Emerging Markets	165	23.5
OUTsurance	79	54.8
Group Support Services*	129	–
Total – IFRS	**2 999**	
Preference share dividends	**(22)**	
Total – IFRS	**2 977**	27.5
IFRS adjustments	**47**	
Group ROE as reflected in the CFO report – SA GAAP	**3 024**	**28.0**

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
FirstRand Africa and Emerging Markets	313	28.6
OUTsurance	154	42.0
Group Support Services*	506	–
IFRS adjustment	(115)	–
Total – IFRS	**6 113**	27.6
Preference share dividends	**(111)**	
Total – IFRS	**6 002**	26.6
IFRS adjustment	**115**	
Group ROE as reflected in the CFO report – SA GAAP	**6 117**	27.1

Note:

**Group Support Services includes the income and expenses on capital transactions. Capital held in Group Support Services includes Group balance sheet management transactions such as the Black Economic Empowerment deal, discontinued businesses' capital, excess capital above targeted regulatory buffers and capital not available for gearing such as AC 133 reserves.*

Segment information

2005	Consumer Segment				FNB			
R million	Personal Banking	Home-Loans	Card Issuing	Consumer Segment	Wealth	Commercial	Corporate	FNB Other
Net interest income before impairment of advances	593	704	326	1 623	136	973	225	153
Impairment of advances	(24)	(27)	(96)	(147)	(4)	(5)	–	(28)
Net interest income after impairment of advances	569	677	230	1 476	132	968	225	125
Non-interest revenue	911	110	480	1 501	178	1 181	601	1 002
Net income from operations	1 480	787	710	2 977	310	2 149	826	1 127
Operating expenditure	(985)	(610)	(473)	(2 068)	(251)	(1 265)	(517)	(803)
Income from operations	495	177	237	909	59	884	309	324
Share of income from associates	14	–	–	14	–	–	–	4
OUTsurance	–	–	–	–	–	–	–	–
Other	14	–	–	14	–	–	–	4
Income before discontinuing operations	509	177	237	923	59	884	309	328
Discontinuing operations	–	–	–	–	–	–	–	–
Income before taxation	509	177	237	923	59	884	309	328
Indirect taxation	(36)	(31)	(9)	(76)	(8)	(6)	(6)	(64)
Income before direct taxation	473	146	228	847	51	878	303	264
IFRS – adjustments	(14)	141	(35)	92	(7)	(17)	–	(49)
Income before direct taxation	459	287	193	939	44	861	303	215
Direct taxation	(108)	(68)	(45)	(221)	(10)	(202)	(71)	(51)
Income after taxation	351	219	148	718	34	659	232	164
Attributable to:								
Equity holders of FirstRand Banking Group	351	219	148	718	34	659	232	164
Minority interests	–	–	–	–	–	–	–	–
	351	219	148	718	34	659	232	164
Cost to income (%)	64.9	74.9	58.7	65.9	79.9	58.7	62.6	69.3
Diversity ratio (%)	60.0	13.5	59.6	47.8	56.7	54.8	72.8	86.5
Bad debt charge as a percentage of advances (%)	2.0	0.1	2.3	0.4	0.1	0.1	0.0	2.8
NPLs as a percentage of advances (%)	3.1	0.7	4.3	1.1	1.2	2.9	3.2	2.4
Income statement includes								
Depreciation	(56)	(10)	(2)	(69)	(6)	(13)	(28)	(137)
Amortisation	(1)	–	–	(1)	–	–	5	–
Impairment charges	–	–	–	–	–	–	–	–
Balance sheet includes								
Advances (after ISP – before provisions)	2 345	68 562	8 285	79 192	13 960	14 923	10 221	1 993
Non-performing loans	72	469	357	899	166	430	326	47
Investment in associated companies	30	–	–	30	–	–	–	–
Total deposits (ex non-recourse deposits)	41 039	–	1 188	42 228	2 944	49 394	30 820	5 914
Total assets	2 863	68 480	8 028	79 371	14 076	14 647	10 283	5 997
Capital expenditure	85	2	3	90	9	3	50	340
Headline earnings	342	219	148	709	34	659	232	164
Number of employees								

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

Total FNB	RMB	Africa & Emerging Markets	WesBank	Group Support*	Sub-total	Currency translation losses	Total	IFRS	Total post-IFRS
3 110	–	439	1 222	437	5 208	–	5 208	197	5 405
(184)	–	(48)	(222)	(72)	(526)	–	(526)	(50)	(576)
2 926	–	391	1 000	365	4 682	–	4 682	147	4 829
4 463	1 378	322	616	71	6 850	(179)	6 671	217	6 888
7 389	1 378	713	1 616	936	11 532	(179)	11 353	364	11 717
(4 904)	(528)	(373)	(878)	(156)	(6 839)	–	(6 839)	(186)	(7 025)
2 485	850	340	738	280	4 693	(179)	4 514	178	4 692
18	283	–	93	363	757	–	757	15	772
–	–	–	–	135	135	–	135	–	135
18	283	–	93	228	622	–	622	15	637
2 503	1 133	340	831	643	5 450	(179)	5 271	193	5 464
–	–	–	–	–	–	–	–	–	–
2 503	1 133	340	831	643	5 450	(179)	5 271	193	5 464
(160)	(16)	(9)	(43)	(92)	(320)	–	(320)	2	(318)
2 343	1 117	331	788	551	5 130	(179)	4 951	195	5 146
19	27	7	(84)	25	(6)	201	195	(195)	–
2 362	1 144	338	704	576	5 124	22	5 146	–	5 146
(555)	(269)	(85)	(166)	(137)	(1 212)	–	(1 212)	–	(1 212)
1 807	875	253	538	439	3 912	22	3 934	–	3 934
1 807	830	166	538	291	3 632	22	3 654	–	3 654
–	45	87	–	148	280	–	280	–	280
1 807	875	253	538	439	3 912	22	3 934	–	3 934
64.6	40.8	49.0	45.5	(15.7)	53.4	–	54.1	–	53.8
58.8	85.2	42.3	31.9	(29.5)	53.5	–	52.8	–	52.7
0.3	0.0	0.8	0.6	0.0	0.4	–	0.4	–	0.5
1.6	1.0	2.9	1.0	0.0	1.3	–	1.3	–	1.3
(252)	(24)	(17)	(34)	(37)	(364)	–	(364)	7	(357)
4	–	(4)	–	(27)	(27)	–	(27)	2	(25)
–	(2)	–	–	2	–	–	–	–	–
120 289	53 463	11 567	72 767	(4 670)	253 416	–	253 416	(249)	253 167
1 868	444	335	710	–	3 357	–	3 357	–	3 357
30	1 778	3	152	1 293	3 256	–	3 256	15	3 271
131 300	46 524	11 357	99	79 467	268 747	–	268 747	–	268 747
124 374	128 591	14 557	73 558	28 663	369 743	–	369 743	5 080	374 823
492	30	–	52	–	574	–	574	–	574
1 798	830	166	538	304	3 636	22	3 658	–	3 658
23 518	990	2 513	3 186	1 327	31 534	–	31 534	–	31 534

Segment information

2004	Consumer Segment				FNB			
R million	Personal Banking	Home-Loans	Card Issuing	Consumer Segment	Wealth	Commercial	Corporate	FNB Other
Net interest income before impairment of advances	563	660	241	1 464	101	902	180	145
Impairment of advances	(18)	(45)	(59)	(122)	(5)	(26)	(13)	(8)
Net interest income after impairment of advances	545	615	182	1 342	96	876	167	137
Non-interest revenue	727	79	346	1 152	142	1 021	547	793
Net income from operations	1 272	694	528	2 494	238	1 897	714	930
Operating expenditure	(890)	(432)	(387)	(1 709)	(196)	(1 109)	(496)	(655)
Income from operations	382	262	141	785	42	788	218	275
Share of income from associates	11	–	–	11	–	–	–	2
OUTsurance	–	–	–	–	–	–	–	–
Other	11	–	–	11	–	–	–	2
Income before discontinuing operations	393	262	141	796	42	788	218	277
Discontinuing operations	–	–	–	–	–	–	–	–
Income before taxation	393	262	141	796	42	788	218	277
Indirect taxation	(30)	(23)	(7)	(60)	(6)	(8)	(6)	(55)
Income before direct taxation	363	239	134	736	36	780	212	222
IFRS – adjustments	(2)	–	–	(2)	–	–	–	(10)
Income before direct taxation	361	239	134	734	36	780	212	212
Direct taxation	(79)	(52)	(29)	(160)	(8)	(169)	(46)	(45)
Income after taxation	282	187	105	574	28	611	166	167
Attributable to:								
Equity holders of FirstRand Banking Group	282	187	105	574	28	611	166	167
Minority interests	–	–	–	–	–	–	–	–
	282	187	105	574	28	611	166	167
Cost to income (%)	68.4	58.5	65.9	65.1	80.7	57.7	68.2	69.7
Diversity ratio (%)	55.9	10.7	58.9	43.9	58.4	53.1	75.2	84.4
Bad debt charge as a percentage of advances (%)	2.0	0.2	2.0	0.4	0.1	0.4	0.2	1.2
NPLs as a percentage of advances (%)	3.1	0.9	4.2	1.3	1.5	3.7	3.2	2.9
Income statement includes								
Depreciation	(37)	(3)	(2)	(42)	(5)	(10)	(25)	(107)
Amortisation	(2)	–	–	(2)	–	–	–	–
Impairment charges	–	–	–	–	–	–	–	–
Balance sheet includes								
Advances (after ISP – before provisions)	1 816	48 700	5 847	56 363	10 331	12 381	13 222	1 285
Non-performing loans	56	429	243	728	157	460	423	37
Investment in associated companies	10	–	–	10	–	–	–	–
Total deposits (ex non-recourse deposits)	36 386	–	1 068	37 454	2 847	41 104	24 418	5 108
Total assets	2 129	48 432	5 708	56 269	10 778	12 144	13 748	4 857
Capital expenditure	112	1	2	115	7	3	25	203
Headline earnings	282	187	105	574	28	611	166	168
Number of employees								

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

Total FNB	Total RMB	Africa & Emerging Markets	WesBank	Ansbacher UK	Group Support*	Sub-Total	Currency translation losses	Total	IFRS	Total post-IFRS
2 792	–	382	993	57	374	4 598	–	4 598	(21)	4 577
(174)	–	(10)	(163)	(1)	(61)	(409)	–	(409)	–	(409)
2 618	–	372	830	56	313	4 189	–	4 189	(21)	4 168
3 655	951	283	492	115	53	5 549	(215)	5 334	29	5 363
6 273	951	655	1 322	171	366	9 738	(215)	9 523	8	9 531
(4 165)	(280)	(324)	(724)	(206)	(39)	(5 738)		(5 738)	(20)	(5 758)
2 108	671	331	598	(35)	327	4 000	(215)	3 785	(12)	3 773
13	135	–	38	–	199	385	–	385	22	407
–	–	–	–	–	101	101	–	101	–	101
13	135	–	38	–	98	284	–	284	22	306
2 121	806	331	636	(35)	526	4 385	(215)	4 170	10	4 180
–	–	–	–	–	396	396		396	(413)	(17)
2 121	806	331	636	(35)	922	4 781	(215)	4 566	(403)	4 163
(135)	(8)	(7)	(32)	–	(94)	(276)		(276)	–	(276)
1 986	798	324	604	(35)	828	4 505	(215)	4 290	(403)	3 887
(12)	(28)	–	6	–	(429)	(463)	60	(403)	403	–
1 974	770	324	610	(35)	399	4 042	(155)	3 887	–	3 887
(428)	(172)	(77)	(130)	2	(102)	(907)		(907)		(907)
1 546	598	247	480	(33)	297	3 135	(155)	2 980	–	2 980
1 546	582	166	480	(33)	220	2 961	(155)	2 806	–	2 806
–	16	81	–	–	77	174	–	174	–	174
1 546	598	247	480	(33)	297	3 135	(155)	2 980	–	2 980
64.5	25.8	48.7	47.5	119.8	6.2	54.5	–	55.6	–	55.6
56.6	87.6	42.6	32.3	66.9	8.5	52.7	–	51.7	–	51.8
0.4	0.0	0.2	0.6	0.0	0.7	0.4	–	0.4	–	0.4
1.9	0.0	3.2	1.0	0.0	3.8	1.6	–	1.6	–	1.6
				–			–	–	–	–
(189)	(22)	(14)	(27)	–	(37)	(289)	–	(289)	(12)	(301)
(2)	(7)	(8)	–	–	(5)	(22)	–	(22)	22	–
–	–	–	–	–		–	–	–	–	–
93 582	32 523	10 229	57 712	–	17 157	211 203	–	211 203	(176)	211 027
1 805	600	330	563	–	–	3 358	–	3 358	–	3 358
10	6	5	152	–	2 103	2 276	–	2 276	96	2 372
110 931	18 747	9 771	106	–	97 259	236 814	–	236 814	–	236 814
97 796	105 346	13 033	58 137	–	62 903	337 215	–	337 215	3 968	341 183
353	10	18	48	–	–	429	–	429	–	429
1 547	601	165	478	(33)	241	2 999	(155)	2 844	–	2 844
21 862	856	2 381	3 292	–	1 332	29 723	–	29 723	–	29 723

Capital adequacy

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	Six months ended December 2005	2004	Year ended June 2005
Regulatory capital			
Tier 1	**19 895**	**18 762**	**16 842**
Share capital*	**493**	457	523
Share premium	**3 372**	2 527	2 612
Non-redeemable non-cumulative preference shares	**3 000**	3 000	3 000
Reserves	**14 558**	13 325	13 722
Less: Impairments**	**(1 528)**	(547)	(3 015)
Tier 2	**7 057**	**5 501**	**5 737**
Subordinated debt instruments and preference shares	**4 740**	3 721	3 712
Qualifying provisions	**2 317**	1 780	2 025
Total regulatory capital	**26 952**	24 263	22 579
Capital adequacy ratios – Group banking operations			
Tier 1 (%)	**9.2**	11.1	8.8
Tier 2 (%)	**3.3**	3.3	3.0
Total (%)	**12.5**	14.4	11.8

**The decrease in share capital from December 2004 to June 2005 is due to the exclusion of Ansbacher capital and risk weighted assets in 2005.*
***The impairments reduced from June 2005 to December 2005 due to the restructuring of the vendor finance element of the BEE transaction.*

CALCULATION OF RISK WEIGHTED ASSETS

	Six months ended December 2005	2004		2005	2004	Year ended June 2005
	On-balance sheet and off-balance sheet exposures		Risk weighting	Risk weighted assets		
Banking book	**638 624**	482 422		**206 469**	164 788	183 556
Cash, own bank and central government advances	**104 945**	73 635	0%	**–**	–	–
Central Securities Depository Participation	**262 536**	182 135	0%	**–**	–	–
Public sector body advances and letters of credit	**5 133**	1 134	5% – 10%	**505**	113	220
Other bank advances and letters of credit	**24 206**	34 602	20%	**4 841**	6 920	6 285
Mortgage advances, remittances in transit and performance related guarantees	**81 362**	66 322	50%	**40 681**	33 161	35 818
Other advances and lending related guarantees	**152 136**	116 210	100%	**152 136**	116 210	133 408
Counterparty risk exposure	**6 813**	5 802	100%	**6 813**	5 802	4 880
Large exposures	**1 493**	2 582	100%	**1 493**	2 582	2 945
Trading book	**9 076**	4 106		**9 076**	4 106	8 010
Position risk	**7 880**	3 491	100%	**7 880**	3 491	6 798
Counterparty risk exposure	**1 050**	550	100%	**1 050**	550	1 144
Large exposures	**146**	65	100%	**146**	65	68
	647 700	486 528		**215 545**	168 894	191 566

FIRSTRAND BANK LIMITED

R million	Six months ended December 2005	2004	Year ended June 2005
Regulatory capital			
Tier 1	**15 698**	**15 614**	**12 956**
Share capital	**4**	4	4
Share premium	**3 372**	2 527	2 612
Non-redeemable non-cumulative preference shares	**3 000**	3 000	3 000
Reserves	**10 455**	10 173	9 961
Less: Impairments*	**(1 133)**	(90)	(2 621)
Tier 2	**6 663**	**5 213**	**5 323**
Subordinated debt instruments	**4 584**	3 589	3 503
Qualifying provisions	**2 079**	1 624	1 820
Total regulatory capital	**22 361**	**20 827**	**18 279**
Capital adequacy ratios			
Tier 1 (%)	**8.3**	10.7	7.9
Tier 2 (%)	**3.5**	3.6	3.2
Total (%)	**11.8**	**14.3**	**11.1**

The impairments reduced from June 2005 to December 2005 due to the restructuring of the vendor finance element of the BEE transaction.

CALCULATION OF RISK WEIGHTED ASSETS

	Six months ended December 2005	2004		2005	2004	Year ended June 2005
	On-balance sheet and off-balance sheet exposures		Risk weighting	Risk weighted assets		
Banking book	**596 287**	444 660		**184 888**	142 057	160 924
Cash, own bank and central government advances	**90 205**	63 519	0%	**–**	–	–
Central Securities Depository Participation	**262 536**	182 135	0%	**–**	–	–
Public sector body advances and letters of credit	**4 042**	847	5% – 10%	**396**	85	204
Other bank advances and letters of credit	**21 176**	31 383	20%	**4 235**	6 276	5 487
Mortgage advances, remittances in transit and performance related guarantees	**76 141**	62 160	50%	**38 070**	31 080	33 399
Other advances and lending related guarantees	**135 550**	98 974	100%	**135 550**	98 974	117 175
Counterparty risk exposure	**6 637**	5 642	100%	**6 637**	5 642	4 659
Large exposures	**–**	–	100%	**–**	–	–
Trading book	**4 047**	3 917		**4 047**	3 917	3 385
Position risk	**3 218**	3 303	100%	**3 218**	3 303	2 400
Counterparty risk exposure	**775**	549	100%	**775**	549	972
Large exposures	**54**	65	100%	**54**	65	13
	600 334	**448 577**		**188 935**	**145 974**	**164 309**

Group capital adequacy

The consolidated capital adequacy position of the Banking Group is set out below:

	Six months ended 31 December 2005		Six months ended 31 December 2004		Year ended June 2004	
	Risk weighted assets (R million)	Capital adequacy %	Risk weighted assets (R million)	Capital adequacy %	Risk weighted assets (R million)	Capital adequacy %
Banking operations						
FirstRand Bank Limited	**188 935**	**11.8**	145 974	14.3	164 309	11.1
FNB (Botswana) Limited	**3 183**	**18.3**	3 242	17.5	3 251	15.8
FNB (Namibia) Limited	**5 825**	**17.7**	5 118	12.2	5 357	19.0
FNB (Swaziland) Limited	**735**	**16.0**	590	19.1	632	17.5
FNB (Lesotho)	**18**	**49.7**	0	2411	10	35.0
RMB International (Dublin) Limited	**13 678**	**16.4**	11 554	15.4	14 654	14.0
RMB Australia Holdings Limited	**2 474**	**11.0**	1 926	10.0	2 688	11.3
RMB Mauritius Limited	**697**	**48.0**	490	49.7	665	44.3
Total FirstRand Banking Group regulated bank entities	**215 545**	**12.5**	168 894	14.4	191 566	11.8
FirstRand Banking Group (regulated bank and non-bank entities)	**228 089**	**13.5**	185 036	14.7	191 022	13.8

All the banking operations are subject to a 10% minimum capital requirement, except for FNB (Botswana) Limited, where the minimum capital requirement is 15%.

Restatement of prior year numbers

In addition to the adoption of IFRS, the following line items on the face of the balance sheet have been restated for better disclosure.

R million	As previously reported	As restated	Reason for restatement
Balance sheet			
Cumulative redeemable preference shares	–	1 301	Reclassifying cumulative redeemable preference shares from long-term liabilities to equity

Formulaes used in this document

1.	Return on equity	**Headline earnings** / Average ordinary shareholders' equity
2.	Cost to income	**Operating expenses** / (Interest income before impairment of advances + non-interest revenue + income from associates)
3.	Impairment charge percentage	**Impairment charge** / Average gross advances
4.	Non-performing loan percentage	**Gross non-performing loan** / Gross advances
5.	Provisioning levels	**Specific and portfolio impairments** / Gross advances
6.	Margin	**Interest income before impairment of advances** / Average of (gross advances – non-performing loans)
7.	Average tax rate	**Direct tax** / Net income before direct tax adjusted for translation gains or losses

Notes

This information is available on our website at

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