

Annexure "F2"

**CORPORATE GOVERNANCE STATEMENT OF FIRSTRAND BANK
LIMITED**

FirstRand Banking Group

Corporate Governance Statement

The FirstRand Banking Group ("the Banking Group") comprises FirstRand Bank Holdings Limited ("FRBH"), and its wholly owned subsidiaries FirstRand Bank Limited ("FRB"), Rand Merchant Bank Limited ("RMB") and Saambou Bank Limited ("Saambou").

1. Current Status

Following a "Compliance with King II" survey by the Board undertaken in 2002 and the publication of the proposed amendments to the Banks Act, a review, in conjunction with auditors PricewaterhouseCoopers Inc and Deloitte & Touche, taking account of the requirements of King II, the Banks Act amendments, the Higgs report and global best practice was initiated.

As a consequence of that review, recommendations which will result in a restructure of some of the governance process in the Banking Group, have been formulated. These have been considered by a governance ad-hoc committee ("the governance committee") of the board appointed in March 2003, and approved for submission to the Board for its consideration in May 2003. The Banking Group will be compliant with King II, except in a few respects (which will be disclosed in its audited financial statements) by the June 2003 financial year-end.

This review has covered:

- the broad governance structure within the Banking Group;
- the board and board committees;
- composition of the board and committees;
- board charters proposed;
- charters for existing board committees and proposed new committees.

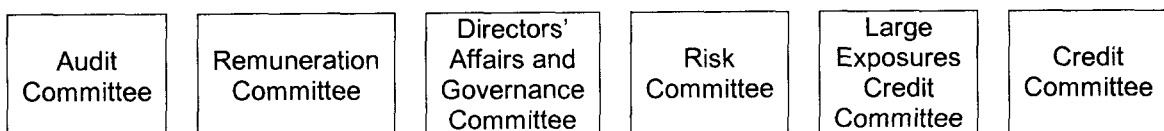
The governance processes at board and board committee level, including the audit and risk committee processes have been reviewed and restructured to comply with the proposed new requirements.

A second phase of the governance review has commenced which will focus on sub-governance (i.e. cluster and business unit) structures within the Banking Group and reporting.

2. Corporate Governance Structure

Following the Corporate Governance review and board approval, the Banking Group governance structure will be as follows:

Banking Group Boards



New Board appointed committees are proposed for:

- Directors' Affairs and Governance
- Risk (which currently reports to the Audit Committee)
- Large Exposures Credit

3. Corporate Governance Principles applied by the Banking Group

Accountability for corporate governance and risk management is vested at all levels within the Banking Group in keeping with the FirstRand business philosophy.

There are accordingly, in addition to those existing structures at board level and those that will in future report at board level, sub-governance structures at cluster and divisional level.

The Retail Cluster for example has an executive committee (referred to as the strategic committee), an audit committee, a risk committee and a remuneration committee. Its significant business units have, in turn, layers of governance. Hence, Wesbank, for example, has an advisory board, an audit committee, a credit and risk committee, an Alco committee and a remuneration committee. The committees and boards at sub-governance level are manned by executives, (in the case of significant committees some of these executives are drawn from other business units within the FirstRand Group, hence they are “non-executive” to the business unit) and in some cases, non-executives.

Issues surfaced at the committees and boards at sub-governance levels are cascaded upwards, and, as necessary, reported at board committee level.

In practice therefore, issues are more rapidly identified, acted upon, and in need escalated, given that the management processes around governance and risk management are at business unit level.

4. The Board and Directors

4.1 Charters

New board charters for FRBH and FRB have been reviewed by the governance committee for approval by the board.

4.2 The Board

The Banking Group directors are common to the boards of FRBH and the three banks that comprise the Banking Group (FRB, RMB and Saambou). The Board has a unitary structure with a chairman who is a non-executive director. The roles of chairman and chief executive officer are separate with segregated roles and duties.

4.3 The Directors

4.3.1 Composition

The Board comprises thirteen directors and an alternate (Mr R Spilg) to the international director (Mr MPC Brogan). The majority of the directors are non-executive. Their capacity is categorized as follows:

Executive	Non-Executive Non-independent	Non-Executive Independent
VW Bartlett MPC Brogan * JP Burger LL Dippenaar *** PK Harris (Chief Executive Officer) SR Maharaj R Spilg ** (Alternate)	DM Falck GT Ferreira (Chairman)	JW Gafney PM Goss MW King AS Vahed RA Williams
* Australian ** British *** Executive of FirstRand Limited		

The Board comprises individuals of high calibre and diverse backgrounds.

The necessary statutory requirements for the appointment of the directors have been complied with.

Executive directors do not hold non-executive directorships outside of the FirstRand Group other than those, which could be considered to be of an industry nature or of a corporate responsibility nature.

4.3.2 Elections

Proposals for the appointment of new directors are usually made by the existing directors, to the chairman accompanied by curriculum vitae and other pertinent particulars.

As a permanent board committee to oversee nominations has not previously been in place (but will become a responsibility of the proposed Directors' Affairs and Governance Committee), ad-hoc committees are established to oversee this process.

A nomination process is currently under way and for this purpose, the board committee is:

GT Ferreira (Chairman)
MW King
SR Maharaj

Nominations are evaluated by the ad-hoc committee and selected proposals passed forward to the Board with recommendations, for consideration.

Comprehensive documentation is provided to the Board for its deliberations on the nominations and decisions on appointments are made by the full board.

4.3.3 Induction and Orientation Programme

A formal induction and orientation programme for new directors has been implemented.

Regular updates, particularly on risk management and the related processes, are undertaken. This ongoing "continuing education" process will be accelerated in 2003.

4.3.4 Performance and rotation

The rotation of directors is prescribed by the Articles of Association of the individual Banking Group companies.

Directors hold office until rotation (for three years generally), thereafter becoming eligible for re-election. Compulsory retirement age is 70 years.

As FRBH and FRB are wholly owned, a resolution in terms of Sec 179(7) of the Companies Act is passed in lieu of an Annual General Meeting, by the shareholder. Directors who qualify and have stood for re-election are re-elected in terms of the resolution.

Performance reviews of individual directors have not taken place in the past. This responsibility will fall to the proposed Directors' Affairs and Governance Committee in future.

4.3.5 Succession planning

The responsibility for formal succession planning for directors will fall to the proposed Directors' Affairs and Governance Committee in the future.

4.3.6 Corporate Code of Ethics

A Corporate Code of Ethics which applies to directors and officials of the Banking Group and which has been approved by the Board, is in place.

4.3.7 Directors interests

Directors declare their interests by means of the submission of a General Declaration of Interest (which is amended as necessary by the director and renewed at the beginning of each financial year) or by means of verbal declarations made at board meetings. The directors acknowledge having viewed the general declarations and amendments thereto and verbal declarations are minuted.

A register of declarations of interest is maintained.

4.3.8 Banking business undertaken with directors

Banking business undertaken with directors, their immediate family and their personal business interests is done so at rates and within the criteria applied to customers from the general public.

The external auditors annually audit such business and report thereon to the Audit Committee.

4.3.9 Directors' ability to take independent professional advice

In terms of the Articles of Association of the Banking Group companies, directors are able to take independent professional advice, the cost of which is borne by the companies.

In practice, where a director has need to do so, he/she will advise the chairman, chief executive officer or financial director and the secretary of his/her requirement and brief the advisor/s. His/her action is advised to the Board.

In due course, a copy of the report is laid before the Board.

4.3.10 Non-Executive directors have access to management

Non-executive directors are able to meet separately or have access to management (i.e. without executive directors present).

Non-executive directors have in the past not considered this necessary.

The charter of the proposed Directors' Affairs and Governance Committee anticipates two such meetings scheduled annually and the ability of the non-executive directors to schedule more as required.

4.4 Chairman and Chief Executive Officer

The roles of chairman and chief executive officer are separate. Neither has unfettered powers of decision-making.

While the chairman is a non-executive director, he is not an independent non-executive as defined by King II. His position is in compliance with Reg 40 (1) of the Bank's Act.

The responsibility for the formal appraisal of the performance of the chairman and the chief executive officer will fall to the proposed Directors' Affairs and Governance Committee in the future.

The performance of the chief executive officer is currently appraised on an ongoing basis by the Board, which receives reports on:

- the financial performance of the Banking Group and its constituent parts and the achievement of financial objectives
- the achievements of strategic objectives

- customer value surveys
- capability study measures (which include leadership, organizational climate organizational goals, culture, job structure and communication)
- a 360° leadership effectiveness survey.

4.5 Director's remuneration

Remuneration for non-executive directors is reviewed annually and proposals for adjustments made to the Board for consideration and approval. Share options are not granted to non-executive directors.

Remuneration, performance bonuses and share option allocations for executive directors are approved by the FRBG Remuneration Committee. The FirstRand Group remuneration ethos dictates that a substantial portion of these packages is performance related.

4.6 Meetings

The Banking Group Board meets eleven times a year as follows:

- eight are normal board meetings
- two are devoted to the planning and budget process
- one is devoted to the annual financial statements

Matters included on the agenda for a "normal meeting" include:

- apologies and leave of absence
- presentations of a strategic nature
- election of directors as necessary
- appointment of chief executive officer, deputy chief executive officer and executive officers, as necessary
- chief executive officer's report, including achievement of employment equity to targets
- reports of the cluster chief executives
- chief financial officer's report, including management accounts, comparisons to forecast and budget, reports on the key performance areas of the clusters, key competitor information
- minutes of previous meeting for approval and discussion of matters arising
- minutes of board committees and reports by the chairmen thereon
- declarations of interest of the directors
- credit matters including limits for ratification in terms of the Banks Act and minutes of all credit approval committee meetings
- risk reports, including the market risk report, the Alco report, a monthly loss report and a detailed quarterly loss report by Risk and Audit Services
- compliance report in terms of the Banks Act Regulation 47(4), which includes details of any instances of non compliance and action taken thereon.
- governance matters, including mandates, signing powers and resolutions taken by available directors.
- Any other matters requiring the approval of the board.

Matters dealt with annually at normal meetings include:

- election / re-election of the chairman and deputy chairman
- approval of the interim financial statements
- interim dividends, profit announcement and related matters
- performance against employment equity targets
- review of the “effectiveness of the board” survey
- review of the “effectiveness of the risk management process”
- review of material malfunction and the reporting threshold as required by Reg 39(4) of the Banks Act
- review the limits and authorities (e.g. credit, market risk) granted by the Board
- review the Banking Group’s insurances

Matters dealt with at meetings convened specifically therefore include:

- the business plan and budgets
- the annual financial statements, review of valuations of listed and unlisted investments, final dividend, profit announcement and related matters.

A comprehensive pack including memoranda on all of the matters before the board (usually excluding the presentations) is dispatched to directors around six days prior to each meeting.

4.7 Effectiveness of the Board

An annual survey (completed by the directors themselves) is undertaken on the effectiveness of the Board, the results of which are consolidated and reported to the Board.

Actions deemed necessary by the directors, taken at the report-back session are implemented.

4.8 Board Committees

4.8.1 Audit Committee

The Banking Group Audit Committee is a Board appointed audit committee and acts as the main audit committee to the Banking Group.

The Audit Committee comprises:

Executive	Non- Executive Non- Independent	Non- Executive Independent
VW Bartlett	DM Falck	MW King (Chairman)
PK Harris		RA Williams
AH Arnott (ex officio)		
JP Burger (ex officio)		

The charter has been reviewed by the governance committee.

A quorum comprising a majority of non-executives is necessary for the committee’s business.

The committee meets five times a year, each meeting having a distinctive focus as follows.

February

Interim Financial Statements

May

Risk (which will in future fall to the proposed board appointed Risk Committee)

Internal Audit Planning

Financial Year-end External Audit Planning

August

Annual financial Statements

September

Governance and Compliance

November

Review of year-end External Audit

Planning for the half year (interim financial statements) External Audit review

External Audit planning for the forthcoming year

Minutes of Audit Committee meetings and reports thereon by its chairman are made at board meetings.

Regular meetings are held by the chairman of the committee with the external auditors.

The regular meetings held with the external auditors by the Chief Financial Officer are attended by the chairman of the committee.

4.8.2 Remuneration Committees

There are three Board appointed remuneration committees.

The FRBH Remuneration Committee comprises:

Executive	Non- Executive Non-independent	Non- Executive Independent
	GT Ferreira (Chairman)	PM Goss
		MW King
		RA Williams

A new charter for the committee has been reviewed by the governance committee for approval by the Board.

Minutes of these meetings and reports thereon are submitted to the Board by the committee chairman.

The committee undertakes the following functions:

- approves general principles of remuneration policies and practices
- ensures that appropriate performance management practices are in place

- approves the general principles applied to the award of salary increases, incentive bonuses and share incentives
- approves the quantum of the salary increase and incentive bonus awards
- approves salary increases and bonuses on a name by name basis for identified employees and executives
- approves share incentive awards on a name by name basis.

The FRBH Remuneration Committee is assisted in its duties by two sub-committees.

The RMB Remuneration Sub-committee comprises:

Executive	Non- Executive Non-independent	Non- Executive Independent
	GT Ferreira (Chairman)	PM Goss
		MW King

The FNB Remuneration Sub-Committee comprises:

Executive	Non- Executive Non-independent	Non- Executive Independent
		RA Williams (Chairman)
		MW King

Minutes of the sub-committee meetings are tabled at board meetings.

The sub-committees, which are focused on the two distinctly different remuneration needs, policies and practices of the retail and merchant banking industries are tasked with reviews and approvals prior to submission to the FRBH Remuneration Committee, to enable that committee to perform its functions.

The three remuneration committees meet three times a year for the following business.

May

For the development of the policies and processes for the annual salary review, and the annual bonus and share incentive awards which are made in August.

Early July

To set the financial parameters for the annual salary review and the annual bonus and share incentive awards.

End July

For the approval of the final cost of the annual salary review and the annual bonus award.

For the approval of individual salary packages for identified employees.

For the approval of share incentive scheme awards.

4.8.3 Credit Committee

The credit governance structure and membership of the Credit Committee are approved by the Board.

Credit limits requiring ratification by the Board in terms of the Banks Act are brought before the Board at its meetings. The minutes of the committee's meetings are tabled at Board meetings and matters discussed as required by the Board.

The Credit Committee comprises:

Executive	Non- Executive Non-independent	Non- Executive Independent
JP Burger (Chairman)	AP Cloete	L Kingma
JJH Bester		
C Botes		
M Oberholzer		
J Schroeder		
F Swanepoel		

All credit approvals require a quorum of five members, one of whom should be a non-executive member.

4.8.4 Committees not appointed by the Board

The following committees which are not appointed by the Board but render reports to it, or to the Audit Committee, are established:

4.8.4.1 Banking Group Treasury Board (Asset and Liability Management Committee - "Alco")

Alco sets prudential limits for the liquidity and interest rate risks of the banking book. These limits are approved by the Board and adherence thereto and excesses reported at board meetings.

The members are all executives.

4.8.4.2 Credit and Market Risk Committee

The committee sets prudential limits for the credit and market risk exposures of the Banking Group.. These limits are approved by the Board and adherence thereto reported at board meetings.

The members are all executives.

4.8.4.3 Operational Risk Committee

The committee co-ordinates the risk control processes within the Banking Group and ensures that the business risks are identified and that appropriate governance, policies and methodology are in place to address them.

The committee submits its reports to the Audit Committee.

The members are all executives.

The governance processes for these committees are currently under review following the requirements of the amendments to the Banks Act.

4.9 Boards of Subsidiary Companies

5.9.1 Banking and other subsidiaries

The boards of banking subsidiaries are appointed in terms of the Banks Act, other subsidiaries in terms of the relevant legislation and in terms of the requirements of the jurisdiction in which they operate.

The significant boards are:

Ansbacher Holdings plc

Executive	Non- Executive Non-independent	Non- Executive Independent
B Erikson	MPC Brogan * (Chairman)	A Frew
A Evans		MW King
M Hodgson		D Mann
F Jennings		J Rawlings
R Spilg (CEO)		
* Executive of RMB Australia Limited		

First National Bank of Namibia Limited

Executive	Non- Executive Non-independent	Non- Executive Independent
SH Moir (CEO)	VW Bartlett *	HD Voigts (Chairman)
		HWP Bottger
		EP Shiimi
		II Zaamwani
* Executive of FirstRand Bank Limited		

First National Bank of Botswana Limited

Executive	Non- Executive Non-independent	Non- Executive Independent
AW Park (CEO)	VW Bartlett *	HCL Hermans (Chairman)
		DA Kgostetsile
		JT Mynhardt
		RD Vaka
		MT Sekgororoane
		S Thapelo
* Executive of FirstRand Bank Limited		

First National Bank of Swaziland Limited

Executive	Non- Executive Non-independent	Non- Executive Independent
A Pawson	VW Bartlett *	D von Dissell (Chairman)
		AD Dlamini
* Executive of FirstRand Bank Limited		

The boards of these subsidiaries have in place board committees including, inter alia,

- Audit
- Remuneration
- Credit
- Risk
- Compliance
- Alco
- Market risk

Memberships of these committees includes non-executives and executives.

4.10 Non Statutory Advisory / Management Boards

4.10.1 Cluster Boards

4.10.2 Boards of Significant Business Units

The clusters and the significant business units (e.g. RMB, WesBank, HomeLoans, FNB Corporate) all have management boards, some of which include non-executive directors.

4.11 Cluster and Business Unit committees

The cluster and significant business units have in place sub-committees dependent upon their needs, including, inter alia,

- Audit
- Remuneration
- Credit

- Risk
- Compliance
- Alco
- Market risk

Memberships of most of the committees comprise FirstRand Group executives. Some committees have non-executive membership.

5. Related Party Transactions

Related Party Transactions in terms of Accounting Standard AC126 will be reported on at the 2003 year-end.

Disclosure is expected to include:

- nature of relationship
- type of transaction
- elements of transactions e.g. volume (amount or proportion), outstanding items and pricing policies.

6. Business Success and Risk Management Framework

The Banking Group Business Success and Risk Management Framework is in place.

The effectiveness of this framework is assessed by the Audit Committee and the Board annually.

Elements of the Risk Management processes are currently under review.

7. Sustainability

The Board annually considers the basis for its “going concern” statement recorded in the Banking Group’s annual financial statements and in its confirmation to the Registrar of Banks in terms of Regulation 39(4) of the Banks Act.

A process to enable the Board to consider on a structured basis the non-financial aspects which influence sustainability as envisaged in King II has been initiated for the June 2003 financial year-end.

8. Social Transformation

Employment Equity

The Banking Group has in place an Employment Equity plan which has been submitted to the Department of Labour in terms of the Employment Equity Act and accepted.

Employment Equity targets to meet the overall Banking Group plan are in place in all of the clusters and business units, which have in place plans to achieve their targets. Diversity management is dealt with at cluster and business unit level.

Performance against target is reported on at the cluster and business unit board meetings.

Performance against the Banking Group targets are reported on in the chief executive officer's report to the Board. A detailed presentation on the Banking Group's performance is made annually to the Board.

Black Economic Empowerment ("BEE")

The Banking Group is engaged in industry discussions, as a member of the Banking Council, on the proposed Financial Services Charter.

Within the clusters and business units of the Banking Group, ventures with BEE partners have been successfully undertaken. These initiatives are an area of focus for the Banking Group.

Initiatives around procurement from BEE companies are in place and successfully pursued.

9. Compliance

The Banking Group has an established compliance office in terms of Regulation 47 of the Banks Act.

The office is headed by a senior, appropriately qualified, officer who is appointed by the Board.

The development of the office and the compliance officials has been granted appropriate priority and the funds necessary to achieve their objectives.

There are appropriately staffed compliance functions within the clusters and business units which liaise with the Banking Group office.

FirstRand Banking Group
30 April 2003