

FIRSTRAND LIMITED

(Incorporated in the Republic of South Africa)

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("FirstRand")

FirstRand Media Release

For immediate release Thursday 14th August 2003

The Board of FirstRand announced on Thursday 31st July that the four-month independent enquiry into newspaper allegations of corrupt practices by Mr Mac Maharaj, a director of the group has been concluded. The final report ("the report"), was submitted to the Board by accountancy firm Deloitte & Touche and attorneys Hofmeyr Herstein & Gihwala on Wednesday 30th July 2003 and Mr Maharaj

had seven days to submit a response to the findings of the report.

Mr Maharaj offered to either resign or take a leave of absence in February when the original allegations appeared in the Sunday Times newspaper. The Board felt that to accept his resignation at that point would have led to a presumption of guilt, and therefore chose the option of granting Mr Maharaj leave of absence. The group allocated significant resources to ensure a thorough investigation. This was done to ensure a fair hearing for Mr Maharaj, while also ensuring the protection of the reputation and interests of the group, its shareholders, and the various communities it serves.

Mr & Mrs Maharaj have co-operated fully throughout the investigation process. Given the serious corporate governance issues the allegations raised, FirstRand needed to satisfy itself and its regulators that it was not in breach of the Bank's Act and the Long Term Insurance Act, specifically with regard to the requirements for Directors. These requirements are particularly rigorous for banks and insurance companies.

The full report of Deloitte & Touche and attorneys Hofmeyr Herstein & Gihwala have been submitted to the group's regulators, the Bank Supervision Department of the South African Reserve Bank and the Financial Services Board. The Bank Supervision Department and the Financial Services Board are also in possession of Mr Maharaj's response to the findings of the report and the investigating team's assessment of Mr Maharaj's submission.

The initial terms of reference for the report, which were agreed with Mr Maharaj, were as follows :

1. To investigate the accusations and implied accusations of criminality or corruption and an alleged breach of the Parliamentary Protocol as contained the Sunday Times article, 16 February 2003.
2. The investigation and report to FirstRand's Board will deal with the matters referred to in par 1 and the regulatory aspects that may flow from the allegations.
3. FirstRand reserves the right to amend the terms of reference if a

significant issue not directly related to the investigation arises which may negatively impact upon the relationship between Mr Maharaj and FirstRand or on FirstRand's image and reputation.

The investigative team was not possessed of any statutory or other powers of enquiry and/or of obtaining evidence and information. The team could not subpoena witnesses and/or demand the production of documents or other evidence. The team was therefore dependent on the co-operation of the persons and entities involved. The co-operation was obtained on the basis that the investigation and the report would be kept confidential. In the opinion of Senior Counsel publication of the report would be a breach of confidence and an invasion of privacy. Accordingly, the report cannot be released to the public, without the consent of all persons who were interviewed and those who provided private documents to the investigative team. In addition the report also contains documentation provided by the Directorate: Special Operations ("the DSO" also known as the Scorpions) who are still pursuing their own investigation.

Whilst it is a known fact that the Scorpions are continuing their own investigations, the Board is of the view that it cannot delay the conclusion of its own process any further.

The findings of the report are outlined below. They are represented as extracts relating to the factual findings of the investigative team.

Allegations of Corruption

With regard to the first allegation of corrupt practices by Mr Maharaj whilst he was Minister of Transport, the investigative team liaised with the Scorpions, who have been investigating the same allegations for a long period of time, and were given access to a comprehensive range of documentation, but not all of the documents in their possession.

The investigative team found as follows:

"The team did not find any evidence in the available information that Mr Maharaj intervened with the process or influenced the awards of the N3 Toll Road tender or the drivers licence card contract to Mr Shaik. The team did not find evidence linking payments from Mr Shaik to Mr Maharaj with the award of this tender."

The Payments

Both Mr Maharaj and Mr Shaik do not dispute that Mr Shaik made payments into bank accounts held by Mr and Mrs Maharaj. Mr Shaik, Mr Maharaj and Mrs Maharaj

stated that the payments were made to Mrs Maharaj on the basis of a consultancy agreement between Mr Shaik and Mrs Maharaj's business Flisan Investments. The investigative team found that the payments involved totalled R328,898. Following interviews with Mr and Mrs Maharaj and Mr Shaik, and following a comprehensive review of documentation pertaining to the consultancy agreement, the report concluded as follows:

"There was some form of consultancy agreement between Mr Shaik and Mrs Maharaj.

The extent of the agreement cannot be determined; nor is it possible to express an opinion on whether Mr Shaik indeed received value for money (in terms of the

nature and value of Mrs Maharaj's deliverables).

Due to a lack of corroborative evidence, it is not possible to find that the reason for all payments (and the off-sets) was in fact service in terms of the consultancy agreement

The agreement does not appear to have been a formal, arms-length agreement between two businesses.

The investigative team confirmed that the agreement between Nkobi Investments and Flisan was a verbal one, and that they had been unable to find sufficient corroborative evidence relating to the agreement.

"Although there appears to be information supporting the existence of the consultancy, a number of questions remain unanswered."

The team could not conclude that the payments were not for consultancy work. Payments not identified by The Sunday Times

Mr Maharaj contended in his affidavit that the Milsek Trust (Maharaj's family trust) never had a bank account. On 24 June 2003, Mr Maharaj's attorneys informed the team that he (Mr Maharaj) remembered that the Milsek Trust did have a bank account that was now closed.

The report states

"It subsequently transpired that there was in fact a bank account into which two deposits of R100 000,00 each were made in the latter part of 1996.

It appears from the accounting records of Nkobi Holdings that one of these deposits was made by a company in the Nkobi Group. Neither party could explain the reason for the accounting entry, or the payment. Mr Shaik undertook to investigate the matter at his bank and revert to the team. However, pending the possible receipt of further information from Mr Shaik, no opinion is expressed at this time."

At the time of finalisation of the report Mr Shaik had not reverted to the investigative team.

The Computer Equipment

With regard to the installation of the computer equipment (as mentioned in the Sunday Times article), the Maharajs" and Mr Shaik both stated that the cost of the computer was R15,000, not the R49,857 as alleged, and that this was paid as set off against consultancy services. This amount of R15,000 is included in the total R328,898.00

The investigative team found as follows: "The Maharajs" version that Nkobi only paid for a computer of about R15,000 and not R49,857 as alleged, is corroborated. The team did not find corroborative evidence that the amount of R15,000 was actually set off against the debt owned by Flisan".

The US Trip

In the original Sunday Times article it was alleged that Mr Shaik arranged a trip for the Maharaj family to Disneyland (the trip was actually to Disneyworld, Orlando, Florida). The investigative team interviewed Mr Maharaj and Mr Shaik regarding this trip and Mr Maharaj believes that he paid for the trip himself whilst Mr Shaik stated that he paid for transport and accommodation to the value of R15,642.

The investigative team was given access to a number of documents from which the

following facts were evident:

Mr Shaik requested engineering company Brown & Root to assist with the arrangements of hotel accommodation and transport for the Maharaj family in Orlando, Florida. In his letter he stated that this was of "strategic importance" to both Brown & Root and Nkobi.

Brown & Root agreed to assist on the basis that Nkobi would reimburse them, and on the basis that Mr Maharaj would reimburse Mr Shaik.

The Maharaj family stayed in the hotel from 13th to 17th July 1996.

The hotel bill shows that the accommodation was paid with an American Express card which was found not to be activated whilst the Maharajs" paid the sundries.

Brown & Root invoiced Nkobi Holdings for the accommodation and Nkobi Holdings reimbursed Brown & Root. The invoices included the costs of a car and driver relating to a visitor to the Maharajs" at the hotel.

After examining the evidence, the investigative team concluded "It is clear from the available information that not only did Mr Shaik arrange for the trip to Orlando, but that he, through Nkobi Holdings, ultimately paid for the Maharajs" stay.

Parliamentary Disclosure

On the issue of disclosure of payments and or gifts to parliament the investigative team summarised as follows;

"In the view of the team, Nkobi Holdings" payment of the accommodation in Orlando was a substantial gift and should have been disclosed in the Public Part of the Register. In view of the Maharajs" contention that Mr Shaik did not pay for the hotel accommodation, the team accepts that this was not disclosed in the Confidential Part. It is therefore the finding of the team that Mr Maharaj breached the code of conduct by not disclosing this payment in the register".

"As far as the consultancy income is concerned, the team was unable to establish whether this was in fact disclosed in the Confidential Part of the register, due to the fact that the records concerned were destroyed". NB: It was policy to destroy these records once members had left parliament. The 1996 to 1998 records were destroyed following the 1999 election.

Mr Maharaj"s Response

Mr Maharaj registered his concerns about the process of the investigation, which, amongst other things, include that he was not given access by the investigating team to all the gathered evidence and documents and that the investigating team denied him his proper right to be heard before it arrived at its conclusions.

Both FirstRand and the investigating team believe that the process was fair.

Be that as it may, Mr Maharaj has welcomed the finding of the report and the Board that it did not find any evidence to substantiate allegations of corruption on his part in the awarding of the N3 Toll Road and Drivers" Licence contracts and did not find evidence linking the payments received and the awarding of these contracts.

As regards the allegations Mr Maharaj remains confident that there is no corruption, criminality or impropriety on his part. He awaits the Scorpion"s report, which he has reason to believe will be made very soon.

The Board's Decision

The Board has accepted the report's finding that the investigative team did not find any evidence to substantiate allegations of corruption and did not find any evidence linking payments from Mr Shaik to Mr Maharaj or Mrs Maharaj to the awards of the N3 Toll Roads and Drivers Licence contracts.

Mr Maharaj believes however that given the current emotional debate being publicly waged around his personal affairs, his continued association with FirstRand may lead to further negative publicity for the group. Mr Maharaj has consequently submitted his resignation, which will be effective 31 August 2003. Under the circumstances the Board has accepted his resignation as a director and employee of the FirstRand Group and as a director of the seven subsidiary boards on which he served

The Board has approved that an amount of R1, 091, 827 which comprises pay in lieu of notice, leave pay, and pro-rata bonus for the year ending 30 June 2003 was due to Mr Maharaj. This payment represents what Mr Maharaj is legally owed by all the companies in the FirstRand Group of which he was a director, and as an employee of FirstRand Bank.

The Board would like to thank Mr Maharaj for his contribution to the group whilst he was a director. His sense of team spirit, his wisdom and strategic thinking was invaluable.

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CORPORATE FINANCE

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