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analysis of financial results

for the six months ended 31 December 2011



FIRSTRAND

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FIRSTRAND

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Certain entities within the FirstRand Group are Authorised Financial Services and Credit Providers

This analysis is available on our website:

www.firstrand.co.za

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INTRODUCTION

This report covers the unaudited financial results of FirstRand Limited (FirstRand or the Group) based on International Financial Reporting Standards (IFRS) for the six months ended 31 December 2011, as well as the normalised results of the Group, and deals with the financial and operating performance of its main business units. The Group consists of a portfolio of leading financial services franchises; these are First National Bank (FNB), the retail and commercial bank, Rand Merchant Bank (RMB), the investment bank, and WesBank, the instalment finance business.

The primary results and accompanying commentary are presented on a continuing normalised basis as the Group believes this most accurately reflects its economic performance. The continuing normalised operations specifically exclude the profit on unbundling of Momentum, the earnings contribution of Momentum, the profit on disposal of OUTsurance, as well as the earnings contribution of OUTsurance for the comparative periods. A detailed description of the normalised results is provided on pages 12 and 13.

The continuing normalised results include an income statement, statement of comprehensive income, statement of changes in equity and a statement of financial position. A detailed description of the difference between normalised and IFRS results is provided on pages 12 and 13. Detailed reconciliations of normalised results to IFRS results are provided on pages 30 to 35. Commentary is based on the continuing normalised results, unless indicated otherwise.

Financial highlights

	Six months ended 31 December			Year ended 30 June
	2011	2010	% change	2011
Normalised earnings				
– Normalised (R million)	5 771	4 572	+26	10 117
– Diluted normalised earnings per share (cents)	102.4	81.1	+26	179.4
Net asset value per share (cents)				
– Normalised per share	1 053.0	924.4	+14	1 044.0
Dividend per ordinary share (cents)				
– Continuing operations	44.0	35.0	+26	81.0
Return on equity %				
– Normalised	19.5	18.0		18.7

Key financial results, ratios and statistics

R million	Six months ended 31 December		% change	Year ended
	2011	2010		30 June
				2011
From continuing and discontinued operations				
Attributable earnings to ordinary equityholders	6 067	12 070	(50)	20 065
Headline earnings	5 639	5 043	12	9 856
Normalised earnings	5 771	5 260	10	10 805
Normalised net asset value	59 369	52 115	14	58 858
Normalised net asset value per share (cents)	1 053.0	924.4	14	1 044.0
Average normalised net asset value	59 114	54 812	8	58 183
Normalised earnings per share (cents)				
– Basic	102.4	93.3	10	191.6
– Diluted	102.4	93.3	10	191.6
Normalised return on equity (%)	19.5	19.2		18.6
Ordinary dividend per share (cents)	44.0	35.0	26	81.0
Dividend cover based on normalised earnings	2.3	2.7		2.4
Special dividend per share (cents)	–	–	n/a	70.0
Non-cumulative non-redeemable (NCNR) preference dividend per share– declared (cents)				
– B Class (68% of FNB prime lending rate)	305.2	355.0	(14)	668.5
Continuing normalised				
Attributable earnings to ordinary equityholders	5 597	4 604	22	9 889
Headline earnings	5 639	4 445	27	9 258
Normalised earnings	5 771	4 572	26	10 117
Normalised net asset value	59 369	52 115	14	58 858
Normalised net asset value per share (cents)	1 053.0	924.4	14	1 044.0
Average normalised net asset value	59 114	50 749	16	54 120
Normalised earnings per share (cents)				
– Basic	102.4	81.1	26	179.4
– Diluted	102.4	81.1	26	179.4
Normalised return on equity (%)	19.5	18.0		18.7
Ordinary dividend per share (cents)	44.0	35.0	26	81.0
Dividend cover	2.3	2.3		2.2
Special dividend per share (cents)	–	–	n/a	70.0
Capital adequacy				
FirstRand				
– Capital adequacy ratio	15.4	15.3		16.5
– Tier 1 ratio	14.0	13.6		15.0
Market performance				
Market capitalisation	116 931	109 996	6	111 913
Price earnings ratio based on normalised earnings (times)	10.1	12.0		11.1
Price-to-book ratio (times)	2.0	2.1		1.9

Statement of headline earnings from continuing and discontinued operations – IFRS

R million	Six months ended 31 December		% change	Year ended
	2011	2010		30 June
				2011
Continuing operations				
Profit from continuing operations (refer page 14)	6 590	5 308	24	14 244
Non-controlling interest	(386)	(364)	6	(1 164)
NCNR preference shares	(137)	(160)	(14)	(301)
Attributable earnings to ordinary equityholders	6 067	4 784	27	12 779
Adjusted for:	(428)	(159)	>100	(3 341)
Loss/(gain) on disposal of investment securities and other investments	2	-		(12)
Gain on disposal of available-for-sale assets	(36)	(179)		(341)
Gain on disposal of associates	(463)	-		(2 792)
Gain on disposal of subsidiaries	(17)	(3)		(571)
Loss/(gain) on the disposal of property and equipment	24	2		(9)
Impairment of goodwill	18	24		96
Impairment of assets in terms of IAS 36	15	7		37
Gain from a bargain purchase	-	-		(9)
Other	(1)	2		-
Tax effects of adjustments	23	(12)		16
Non-controlling interest adjustments	7	-		244
Headline earnings from continuing operations	5 639	4 625	22	9 438
Discontinued operations				
Profit from discontinued operations	-	7 283	(100)	7 283
Non-controlling interests	-	3	(100)	3
Attributable earnings to ordinary shareholders	-	7 286	(100)	7 286
Adjusted for:	-	(6 868)	(100)	(6 868)
Profit on dividend in specie	-	(6 868)		(6 868)
Headline earnings from discontinued operations	-	418	(100)	418
Headline earnings from continuing and discontinued operations	5 639	5 043	12	9 856

Reconciliation from headline earnings to normalised earnings from continuing and discontinued operations

R million	Six months ended 31 December		% change	Year ended 30 June
	2011	2010*		2011*
Headline earnings from continuing operations	5 639	4 625	22	9 438
Adjusted for:	132	127	4	859
IFRS 2 Share-based payment expense	29	(45)	(>100)	(20)
Treasury shares	103	172	(40)	418
- Consolidation of share trusts	94	141		210
- FirstRand shares held by policyholders	9	31		208
Private equity subsidiary realisations	-	-	-	461
Normalised earnings from continuing operations	5 771	4 752	21	10 297
Headline earnings from discontinued operations	-	418	(100)	418
Adjusted for:	-	90	(100)	90
- FirstRand shares held by policyholders	-	90		90
Normalised earnings from continuing and discontinued operations	5 771	5 260	10	10 805

* December 2010 and June 2011 figures includes six months of OUTsurance income amounting to R180 million in earnings from continuing operations, which is excluded from normalised earnings - refer below for reconciliation.

Reconciliation of IFRS continuing operations to normalised continuing operations

R million	Six months ended 31 December		% change	Year ended 30 June
	2011	2010		2011
Earnings attributable to ordinary equityholders (refer page 3)	6 067	4 784	27	12 779
OUTsurance equity-accounted income	-	(180)	(100)	(180)
Profit on sale of OUTsurance	-	-	n/a	(2 710)
Profit on disposal of WesBank investments	(470)	-	n/a	-
Attributable earnings from continuing normalised operations (refer page 25)	5 597	4 604	22	9 889
Headline earnings from IFRS continuing operations (per above)	5 639	4 625	22	9 438
OUTsurance equity-accounted income	-	(180)	(100)	(180)
Headline earnings from continuing normalised operations	5 639	4 445	27	9 258
Normalised earnings from IFRS continuing operations (per above)	5 771	4 752	21	10 297
OUTsurance equity-accounted income	-	(180)	(100)	(180)
Normalised earnings from continuing normalised operations	5 771	4 572	26	10 117

Overview of results

Introduction

The fragile global economic recovery that began in 2009 has been impacted by a number of headwinds and risks in the six months to December 2011. The global business cycle was negatively affected by a few unprecedented events, such as the downgrade of the USA's credit rating and the crisis in the Eurozone. Business and consumer sentiment and risk appetite were further depressed by increased concern that China would experience a significant slowdown in growth.

The global economy continued to register positive, if slower, growth rates over the period, however, the outlook remains uncertain. Developed markets continue to experience muted growth and have limited policy space to support further expansion. Although lower inflation and the easing of monetary policy should support growth in emerging economies, some of these countries continue to face structural risks associated with their growth models.

Against this backdrop, growth rates in South Africa also moderated. Local factors further amplified the effect of the global slowdown as significant industrial action in the third quarter of 2011 depressed manufacturing and mining output. Households continued to drive the expansion supported by real income growth, while capital investment and overall corporate activity remained subdued, albeit with pockets of moderate growth. Credit extension recorded single digit growth, which was below increases in nominal GDP. The risks to growth and stable core inflation over the period

resulted in the SARB maintaining a monetary policy stance designed to stimulate economic activity.

Africa's economic recovery is continuing and, excluding South Africa, GDP in sub-Saharan Africa is expected to grow between 5% and 6% for the current financial year, making it one of the developing regions with the highest growth prospects.

Overview of results

Despite this challenging background, FirstRand produced excellent results for the six months to 31 December 2011, achieving normalised earnings of R5.8 billion, an increase of 26% on the comparative period, and producing a normalised return on equity (ROE) of 19.5% (2010: 18.0%).

With regards to the Group's overall performance, the unwind of bad debts continued to impact positively on the results of the retail franchises of FNB and WesBank. However, on a rolling six-month basis, the impairment charge benefit was flat. The increase in earnings was delivered through very strong operational performances from FNB and WesBank, driven by loan and customer deposit growth, new customer acquisition, expanding lending margins and robust transactional volumes.

RMB (including Global Transactional Services (GTS), previously FNB's Corporate Transactional Banking activities), experienced a 14% decline in profit before tax which the Group considers a very creditable performance given the tough trading environment and the high base created in recent years.

The table below shows a breakdown of sources of normalised earnings.

SOURCES OF NORMALISED EARNINGS

R million	Six months ended 31 December				% change	Year ended 30 June	
	2011	% composition	2010	% composition		2011	% composition
Total FNB	3 364	58	2 658	58	27	5 327	53
FNB South Africa	3 072	53	2 342	51	31	4 787	47
FNB Africa	292	5	316	7	(8)	540	6
RMB and GTS	1 457	25	1 679	37	(13)	3 839	38
WesBank	1 193	21	750	16	59	1 862	18
Corporate Centre and consolidation adjustments	(351)	(6)	(365)	(8)	(4)	(708)	(7)
FirstRand Limited (company)	245	4	10	-	>100	98	1
NCNR preference dividend	(137)	(2)	(160)	(3)	(14)	(301)	(3)
Normalised earnings from continuing normalised operations	5 771	100	4 572	100	26	10 117	100

The Group's income statement benefited from an excellent increase of 22% in net interest income (NII). This was driven by good growth in advances at FNB, WesBank and RMB. In addition, the Group's asset margins expanded due to the change in mix with a larger contribution from vehicle and asset finance (VAF) and unsecured lending. Margins also continued to be positively impacted by ongoing re-pricing strategies in the large retail lending books such as vehicle and asset finance and residential mortgages.

NII growth included the benefit from the non-recurrence of a mark-to-market loss on funding instruments incurred in the comparative period. Excluding this impact, NII increased 17% year-on-year.

Total non-interest revenue (NIR) was marginally down on the comparative period as a result of RMB's subdued performance. However, fee and commission income at FNB and WesBank was stronger than expected, increasing 17% on the comparative period and driven by ongoing new customer acquisition and strong transactional volumes (particularly through the electronic channels) at FNB and fees generated on higher new business volumes at WesBank.

As a result of the continued focus on cost containment, total Group operating expenses increased only 9%, which is in line with targets. Core operational costs increased only 6%. The cost-to-income ratio improved marginally to 54.7% (2010: 54.8%).

The Group's balance sheet continued to show reasonable overall growth in advances reflecting robust new business volumes. The following portfolios showed particularly good growth as a result of the Group's strategy to grow its lending books in certain targeted segments.

R billion	New business
Unsecured lending in FNB's Mass and Consumer segments (excluding Card)	6.1
Unsecured lending at WesBank	2.0
VAF at WesBank	24.1
RMB's structured lending book	23.7

Despite the growth in unsecured lending, this is still coming off a very low base and total unsecured loans (excluding Card) across all of the retail portfolios represent a small portion (3%) of total advances.

Overview of operating franchises

FirstRand's vision is to be the African financial services group of choice, creating long-term franchise value and delivering superior

and sustainable economic returns to shareholders within acceptable levels of volatility. This is achieved through two parallel growth strategies:

- become a predominant South African player focusing on both existing markets and those markets where the business is currently under-represented; and
- further grow the existing African franchise, targeting those markets expected to produce above average domestic growth and are strongly positioned to benefit from the trade and investment flows between Africa and Asia, particularly China and India.

These strategies are executed through the Group's operating franchises, within a strategic framework set by the Group. During the year these franchises continued to make good progress against this strategic intent and below is a brief overview of each, with a detailed review on pages 62 to 76.

FNB

FNB's strategy is to grow its domestic franchise in market segments where it is currently under-represented and target selective African countries and India for investment. It enters these markets focusing on innovative products and delivery channels, especially favouring electronic platforms.

FNB South Africa	Six months ended 31 December		%	Year ended 30 June
	2011	2010*		2011*
R million			change	
Normalised earnings	3 072	2 342	31	4 787
Profit before tax	4 137	3 178	30	6 529
Total assets	228 124	209 333	9	220 525
Total liabilities	223 600	205 828	9	213 833
Credit impairment charge (%)	1.01	1.28		1.21
ROE (%)	37.7	34.0		34.9

* Prior year restated to exclude GTS.

FNB South Africa produced a strong performance for the year, growing pre-tax profits 30% and producing a normalised ROE of 38%.

The strong growth in NIR of 14% reflects FNB's strategy to grow customers (+5%) and transactional volumes (+10%), which has been achieved through FNB's relentless introduction of innovative products and channels to market. The growth in transactional

volumes also reflects the ongoing migration by customers to less expensive electronic channels as a direct result of FNB's strategy to encourage customers (particularly through pricing) to use these cheaper channels. NIR also benefited from good market share gains and growth in revenue from alternative sources, such as prepaid commissions and insurance.

NII increased robustly as a result of strong deposit balance growth slightly offset by reduced endowment margins, some advances growth with particularly good growth in unsecured lending, which resulted in margin expansion and lower suspended interest on NPLs. Advances growth was muted in HomeLoans (flat) and Card (6%).

FNB's costs for the period grew at only 10% despite ongoing investment in the business, such as the rollout of the EasyPlan infrastructure, innovative mobile platforms and customer acquisition strategies. There remains a firm focus on cost reduction in those business units that are experiencing pressure on revenues, however, investment will continue in areas of the business where growth opportunities exist.

Impairments continued to improve, which is largely attributable to the ongoing recovery in HomeLoans, and the decrease in NPLs and arrears and ongoing post write-off recoveries in Card Issuing.

FNB continued to execute on certain growth strategies and other operational initiatives during the period under review. For example, the Mass segment sustained its rollout of EasyPlan, which represents an appropriate low-cost banking offering to this segment. In both the Mass and Consumer segments, FNB has focused on unsecured lending products where it is coming off a historically low base. Innovative products and reward programmes have driven good growth in customers and transactional volumes in the Consumer segment.

FNB Africa	Six months ended 31 December		%	Year ended
	2011	2010		30 June
R million			change	2011
Normalised earnings	292	316	(8)	540
Profit before tax	763	740	3	1 350
Total assets	39 930	33 705	18	35 439
Total liabilities	35 317	29 448	20	31 493
Credit impairment charge (%)	0.30	0.18		0.30
ROE (%)*	21.7	24.6		21.4

* ROE based on statutory view.

Overall, the African subsidiaries performed well despite significant investment activity across the portfolio. Both NII and NIR showed good growth, however, operating expenses increased 23%, resulting in an overall increase in pre-tax profits for the portfolio of 3%. The normalised ROE of 22% remains above the Group's target despite the investment in new territories.

RMB

RMB's ongoing strategic imperatives remain anchored around strengthening the client franchise both locally and on the African continent with trading and investing activities being scaled appropriately. RMB's risk appetite framework remains central to ensuring that its portfolio continues to reflect the appropriate mix of client, trading and investing activities in order to preserve and enhance the quality of earnings.

RMB and GTS	Six months ended 31 December		%	Year ended
	2011	2010		30 June
R million			change	2011
Normalised earnings	1 457	1 679	(13)	3 839
Profit before tax	1 980	2 297	(14)	5 367
Total assets	307 708	291 960	5	267 127
Total liabilities	301 512	288 214	5	260 810
ROE (%)	18.1	25.1		28.5

For the first time, RMB's results include a contribution from GTS. GTS has now been fully aligned with RMB's existing activities (though it remains FNB branded) as part of FirstRand's strategy to create a full suite of integrated Corporate and Investment Banking (CIB) products and services for large corporates.

RMB's pre-tax profits reduced 15% to R1 782 million for the six months to December 2011, a very creditable performance given the significant base created in previous periods and the current tough macro environment for investment banks. The decline is largely attributable to disappointing performances in the Resources and Equities businesses, where downward pressures on key sectors impacted profitability.

Investment Banking continued to grow despite an already high base, and Fixed Income, Currency and Commodities (FICC) produced a robust performance showing particularly good growth in structured trading activities. The Private Equity portfolio generated sustained earnings from the underlying investments, and profits benefited from lower impairments. New investments contributed to overall portfolio growth. Equities experienced

significant pressure in trading activities and positions have been reduced during the period. The RMB Resources portfolios were negatively impacted by the softening in commodity and resource equity markets resulting in losses.

GTS produced net income of R198 million, 5% higher than the comparative period and achieved in an environment characterised by margin compression, which drove financing revenue lower. The contribution from client fee revenue grew strongly during the period on the back of higher volumes, although pricing remains extremely competitive in this segment. Investment in the operating platform continued during the period, placing pressure on costs.

RMB made good progress at growing its African franchise with a focus on building investment banking and trading activities in jurisdictions where FNB currently operates, as well as capturing trade and investment flows into Africa from key Asian markets, such as India and China. A number of transactions in key sectors such as resources, commodities, energy and property were concluded in Africa. FICC's Africa business produced excellent results with good growth achieved across the Africa portfolio and a particularly strong performance from Botswana.

WesBank

WesBank continues to focus on its core strategy of partnering with key industry players through representation at the point of sale and is targeting domestic segments where it remains under-represented, such as fleet management and full maintenance rentals (FMR), as well as with larger corporate asset finance customers and the public sector.

WesBank	Six months ended 31 December		%	Year ended
	2011	2010		30 June 2011
R million			change	
Normalised earnings	1 193	750	59	1 862
Profit before tax*	1 688	1 069	58	2 548
Total assets	112 396	99 265	13	104 117
Total liabilities	109 682	97 461	13	101 171
Credit impairment charge (%)	1.07	1.63		1.33
ROE (%)	29.8	21.5		26.3

* Excluding profits on disposal of investments.

WesBank's pre-tax profits increased 58% over the prior year, and 14% over the six months ended June 2011, to R1 688 million. This strong performance resulted from the continuation of the retail and corporate credit unwind; strong new business origination across all portfolios; improved interest margins resulting from repricing and growth in the unsecured lending portfolio (Personal Loans).

Bad debts in the local lending business decreased 27% and NPLs decreased from 5.1% to 3.7% (June 2011 4.3%).

Advances grew R15.4 billion (16%) as a consequence of the excellent new business volumes driven by the buoyant vehicle market, improved consumer affordability, the natural replacement cycle and improved consumer and business confidence. Origination growth has not been at the expense of price or change in risk appetite.

NIR increased 19%, benefiting from the higher new business volumes, growing advance volumes and growth in the FMR income.

Cost management remains an important contributor to WesBank's results. Whilst total cost growth for the period was 22%, this is largely related to increased new business volumes. Core operating costs in the local lending operations increased only 8% over the prior year.

MotoNovo (previously branded Carlyle Finance), the UK operation, contributed a 44% increase in profits and the business continues to produce excellent origination volumes, margins, risk profile and cost management in a very tough cycle in the UK market. 20% of the growth in profit is a direct result of the devaluation of the Rand against the Pound.

Specific growth strategies continue to be pursued in the large corporate sector and in FMR. The large corporate sector reflected year-on-year growth in new business of 29%, while the FMR business grew number of units under management 58% off a moderate base.

The relative contribution to the Group's normalised earnings mix and growth rates from types of income (retail, investment and corporate banking) and business units (based on continuing operations) is shown in the table below.

R million	Six months ended 31 December					Year ended 30 June	
	2011	% contribution	2010	% contribution	% change	2011	% contribution
Retail banking							
FNB Retail	2 043		1 515			3 141	
FNB Africa	292		316			540	
WesBank	958		640			1 590	
	3 293	57	2 471	54	33	5 271	52
Corporate banking							
GTS	146		120			272	
FNB Commercial	1 029		827			1 646	
WesBank	235		110			272	
	1 410	24	1 057	23	33	2 190	22
Investment banking							
RMB	1 311	23	1 559	34	(16)	3 567	35
Other							
FirstRand and dividends paid on NCNR preference shares	108		(150)			(203)	
Corporate Centre and consolidation adjustments	(351)		(365)			(708)	
	(243)	(4)	(515)	(11)	(53)	(911)	(9)
Normalised earnings from continuing operations	5 771	100	4 572	100	26	10 117	100

Strategic issues

PROGRESS ON DOMESTIC AND AFRICAN EXPANSION STRATEGIES

Given the Group's size in its domestic market significant focus remains on growing its franchises across all the available profit pools in financial services within South Africa.

Many of these strategies are gaining traction. For example, FNB's EasyPlan strategy in the Mass segment is on track in that it is both protecting and growing its well-established franchise in that segment. Through positioning its low-cost network in the appropriate work and transport nodes, delivering a strong transactional banking platform that includes cellphone banking, eWallet and ATMs/ADTs, FNB has been successful in retaining existing customers and capturing new customers from its competition. FNB is also actively growing its lending books both in the unsecured space and in affordable housing in the Mass

segment. Unsecured advances total R5 billion and the affordable housing book totals R9.5 billion.

As part of the Group's overall strategy to grow CIB revenues, following a change in its business model to service the large corporate segment, closer alignment of GTS with RMB has now been completed. This structural adjustment follows the creation of a Client Coverage team, and is already resulting in growth in share of the corporate market. A strong transactional banking platform is critical to servicing these customers particularly across the FICC and GTS service offerings. Investment is continuing in both systems and skills and the Group believes that leveraging off the strength of the RMB franchise will create a strong CIB presence in the short to medium term.

At WesBank, specific growth strategies in the large corporate sector, are delivering new business growth and long-term prospects remain good. WesBank believes there are additional

incremental growth opportunities in the medium corporate environment and specific strategies are being put in place in that sector.

The Group also seeks to generate incremental growth outside of its domestic market. It executes “on the ground” through its operating franchises, and enters each market depending on the opportunities presented.

FNB continues to invest in the new territories of Mozambique, Zambia and Tanzania to ultimately build strong retail and commercial banking franchises over the medium term. To this end, it seeks to leverage its South African developed products and solutions into the continent. FNB continues to assess opportunities in identified priority countries such as Nigeria and Ghana. FNB is also exploring some niche growth opportunities in India, leveraging off the existing Group platform.

RMB recently established a Kenyan representative office, created RMB Namibia and started operations in Tanzania, leveraging off the FNB platform. The India branch continues to benefit from an increased focus on the Africa/India corridor and the broader Asian corridor strategy continues to develop. Deals such as the Gold One transaction, which represents the largest investment by Chinese investors in the African gold sector, is testament to RMB’s ability to deliver investment banking solutions to clients in the China/Africa corridor.

WesBank is focusing on growing asset-based finance operations within the existing African footprint of the Group, through the global product services model. Several opportunities for growth exist in these operations, which are expected to gain traction over the medium term.

CAPITAL

FirstRand’s capital management strategy is aligned to the Group’s overall objective to deliver sustainable returns to shareholders within appropriate levels of volatility.

The Group’s current philosophy, given the uncertain macro environment, is to operate at the higher end of its targeted capital levels to ensure balance sheet resilience. Current targeted levels and ratios are summarised in the table below.

%	FirstRand		Regulatory minimum
	Actual	Target	
Capital adequacy ratio	15.4	12.0 – 13.5	9.5 [#]
Tier 1 ratio	14.0	11.0	7.0
Core Tier 1 ratio	12.9	9.5 – 11.0	5.25

%	FirstRand Bank (FRB)*		Regulatory minimum
	Actual	Target	
Capital adequacy ratio	14.7	11.5 – 13.0	9.5 [#]
Tier 1 ratio	13.0	10.5	7.0
Core Tier 1 ratio	12.0	9.0 – 10.5	5.25

* Reflects solo supervision, i.e. FirstRand Bank excluding branches and subsidiaries.

[#] The regulatory minimum excludes the bank-specific (Pillar 2b) add-on and capital floor.

The Group does not seek to hold excess capital for acquisitions, however, it has previously indicated to shareholders that it is holding a “buffer” for investments in certain growth opportunities already identified in its domestic market and in certain African jurisdictions.

However, given the current economic conditions in South Africa and the subdued credit appetite amongst consumers and corporates, the Group’s operating franchises continue to generate good returns at a time when there is limited opportunity to grow risk-weighted assets. The Group therefore continues to review the appropriate level of payout to shareholders on a sustainable basis.

With regards to the impact of Basel 2.5 and 3, the Group’s level of Core Tier 1 capital is sufficient as it has held buffers in anticipation of these changes. These buffers will now be allocated to the operating franchises as part of the capital allocation and performance management processes. This will result in some adjustment to the franchise return profiles, however, the Group return profile should not change.

Each franchise is undertaking detailed assessments of actions that will be taken to optimise returns given their new allocations.

Prospects

The Group expects the domestic economic conditions to remain subdued for the remainder of the current financial year.

Growth in retail advances is likely to remain at current levels with mortgage lending expected to lag nominal GDP growth as levels of consumer indebtedness remain high, and house prices are expected to reflect negative real growth in the short term. In mitigation, the stabilisation of the economy at modest growth rates and an ongoing low interest environment will result in reasonable growth in unsecured, short-term advances.

Given that excess capacity remains in the corporate sector, with limited expansionary opportunities, combined with very strong balance sheets across the segment, corporate lending is also expected to remain slow.

FirstRand expects its domestic franchises to continue to produce good organic growth driven by specific strategies in those markets and/or segments that are showing above average growth, where the Group is under-represented or the ROE is very attractive. However, achieving revenue growth is likely to remain a challenge and, therefore, achieving a sustainable ROE and cost-to-income ratio continues to be a balancing act between investment and cost management.

GDP growth in sub-Saharan Africa is expected to further strengthen in 2012 and all of the Group's franchises will continue to capitalise on growth opportunities in those countries identified as priorities for expansion. FNB will expand the African and Indian operating footprint supported by its South African platform and RMB will mine the trade and investment flows between Asia and Africa, leveraging off the existing FNB platforms and its own operation in India.

The quality of the Group's operating franchises and their respective strategies domestically and in the rest of Africa should underpin FirstRand's ability to provide shareholders with sustainable returns.

Board changes

Mrs Mary Sina Bomela was appointed to the Board as a non-executive director with effect from 24 September 2011. Mrs Bomela joined the Board as a shareholder representative of Mineworkers Investment Company, replacing Mr Paul Nkuna who resigned from the Board on 31 July 2011, following his decision to retire in 2012.

Dividend strategy

Fair value accounting continues to impact earnings volatility, particularly in the investment bank. The Group does not wish to expose the dividend to this volatility and therefore will focus on a sustainable growth rate, in line with normalised earnings. This means that dividend cover may vary from year to year.

Basis of presentation

FirstRand prepares its consolidated interim financial results in accordance with:

- IFRS including IAS 34 Interim Financial Reporting;
- the AC 500 standards issued by the Accounting Practices Board;
- JSE Listing requirements; and
- the information as required by the Companies Act of South Africa.

The accounting policies applied are consistent with those applied in preparation of previous financial statements.

Alan Hedding, CA (SA), supervised the preparation of the consolidated interim financial results.

The Group believes normalised earnings more accurately reflect operational performance. Headline earnings are adjusted to take into account non-operational and accounting anomalies. Details of the nature of these adjustments and reasons therefore can be found on pages 12 and 13.

Cash dividend declarations

ORDINARY SHARES

The following ordinary cash dividend was declared in respect of the six month period ended 31 December 2011.

	Six months ended 31 December	
	2011	2010
Cents per share		
Interim (declared 28 February 2012)	44.00	35.00

* The last day to trade in FirstRand shares on a cum-dividend basis in respect of the interim dividend will be Thursday, 15 March 2012, and the first day to trade ex-dividend will be Friday, 16 March 2012. The record date will be Friday, 23 March 2012, and the payment date Monday, 26 March 2012. No dematerialisation or rematerialisation of shares may be done during the period Friday, 16 March 2012, to Friday, 23 March 2012, both days inclusive.

PREFERENCE SHARES

Dividends on the "B" preference shares are calculated at a rate of 68% of the prime lending rate of FirstRand Bank.

The following dividends have been declared and paid.

	"B" preference shares	
	2011	2010
Cents per share		
Period		
30 August 2011 – 27 February 2012	305.2	
31 August 2010 – 28 February 2011		313.6

BW Unser

Company secretary

28 February 2012

Description of difference between normalised and IFRS results – continuing operations

The Group believes normalised results more accurately reflect the economic substance of the Group's performance. The Group's results are adjusted to take into account non-operational and accounting anomalies.

Tracker and Ronald Sewell's

The Group previously owned 36.11% of Tracker (Pty) Limited (Tracker). Effective 3 October 2011, the Group disposed of an effective 15.76% of its shareholding to a consortium of investors. The Group equity accounted for Tracker at its original shareholding up to the effective transaction date, and equity accounted its portion of the earnings of Tracker at the remaining shareholding of 20.35% with effect from 1 October 2011 to 31 December 2011.

In addition, WesBank disposed of its subsidiary, Ronald Sewell's, effective August 2011.

For the continuing results the profit on sale of the 15.76% shareholding in Tracker and the profit on disposal of Ronald Sewell's have been excluded from normalised earnings and from the headline earnings adjustment in terms of Circular 03/2009.

Share-based payments, employee benefits and treasury shares: consolidation of staff share trust

IFRS 2 Share-based payments requires that all share-based payment transactions for goods or services received must be expensed with effect from financial periods commencing on or after 1 January 2005. IAS 19 Employee Benefits requires that an expense be raised if benefits are expected to be paid to employees in return for services rendered.

In 2005 the Group concluded its BEE transaction; a part of this transaction was that rights were granted to the Group's black South African employees and black non-executive directors of FirstRand. These rights are accounted for as IFRS 2 expenses. FirstRand hedged itself against the price risk of the FirstRand share price in these schemes by buying the shares in the open market in various share trusts. SIC 12 Consolidation – Special Purpose Entities requires that these staff schemes be consolidated by the Group. FirstRand shares held by the staff share schemes are therefore treated as treasury shares.

Due to the unbundling of Momentum Group Limited these share trusts received MMI Holdings Limited shares as a dividend in specie. The rights holder received a FirstRand as well as a MMI share. The receipt of MMI shares led to the recognition of an employee benefit liability in terms of IAS 19 Employee Benefits. FirstRand hedged itself against the price risk of MMI shares by retaining the MMI shares received as a dividend in specie.

The economic cost to the Group for both the IFRS 2 expense and the employee benefit is the net funding cost paid by the Group on the funding required to buy these shares.

For purposes of calculating the normalised earnings, the share trusts are deconsolidated, the FirstRand shares held by the staff share schemes are treated as issued to parties external to the Group and loans to share trusts are recognised as external loans.

Treasury shares: FirstRand shares held for policyholders and client trading activities

FirstRand shares may be acquired by the Group in specific instances. The Group would invest in FirstRand shares to offset its exposure as a result of a client trading position. Depending on the nature of the client trading position and the resulting risks, FirstRand shares may be held long or sold short by the Group. The Group may invest in FirstRand shares on behalf of its policyholders in terms of policies that offer a linked return.

In terms of IAS 32 Financial Instruments: Presentation, FirstRand Limited shares held by the Group are deemed to be treasury shares for accounting purposes. For the statement of financial position the cost price of FirstRand shares held long is deducted from equity and the consideration received from selling FirstRand shares short is added back to equity. In the income statement all gains and losses on FirstRand shares are reversed.

Changes in the fair value of Group shares and dividends declared on these shares affect the fair value of client trading positions and the liability to policyholders reflected in the statement of financial position, unless the client trading position is itself an equity instrument. The change in the client trading position or liability to policyholders is recognised in the income statement. However, because of the rules relating to treasury shares, the corresponding change in assets held to match the client trading or policyholder liability position are reversed or eliminated. This results in a mismatch in the overall equity and income statement of the Group.

For purposes of calculating normalised earnings, the adjustments described above are reversed and the Group shares held for client trading positions or on behalf of policyholders are treated as issued to parties external to the Group.

Where the client trading position is itself an equity instrument, then neither the gains or losses on the client trading position nor the Group shares held to hedge the client trading position are reflected in the income statement or in the fair value on the statement of financial position. For purposes of calculating normalised earnings, adjustments are made to reflect the client trading positions and Group shares to hedge the position as if the client trading position and hedge were in respect of a share other than a treasury share.

Economic hedges

The Group enters into economic interest rate hedging transactions from time to time, which do not qualify for hedge accounting in terms of the requirements of IFRS. The Group has reclassified the fair value changes on these hedging instruments from NIR to NII to reflect the economic substance of these hedges.

Fair value annuity income – lending

The Group accounts for the majority of its wholesale advances book within RMB on a fair value basis in terms of IFRS. As a result, the margin on these advances is reflected as part of NIR.

The Group has reclassified the margin relating to the annuity fair value income earned on the RMB wholesale advances book from NIR to NII to reflect the economic substance of the income earned on these assets.

The corresponding impairment charge is reallocated from NIR to the impairment charge. Fair value advances are adjusted to reflect the cumulative adjustment.

Consolidated private equity subsidiaries

The Group reflects the operating costs of consolidated private equity subsidiaries net against the income earned as part of NIR, as this more accurately reflects the underlying economic substance of the Group's relationship with these entities.

Private equity subsidiaries realisations

In terms of Circular 03/2009 profits and losses on the sale of subsidiaries are excluded from headline earnings.

The Circular includes specific industry rules. Rule 1 allows entities to include in headline earnings profits or losses on the sale of private equity investments that are associates or joint ventures, which form part of trading or operating activities. However, this exclusion does not apply to profits and losses on the sale of private equity investments that are subsidiaries. The Group includes the profit on the sale of private equity subsidiaries in normalised headline earnings to reflect the nature of these investments.

Consolidated income statement – IFRS

R million	Six months ended 31 December		% change	Year ended
	2011	2010		30 June
				2011
Continuing operations				
Interest and similar income	20 278	19 133	6	38 187
Interest expense and similar charges	(9 748)	(10 754)	(9)	(20 818)
Net interest income before impairment of advances	10 530	8 379	26	17 369
Impairment of advances	(1 824)	(2 084)	(12)	(3 778)
Net interest income after impairment of advances	8 706	6 295	38	13 591
Non-interest income	13 431	13 250	1	29 565
Income from operations	22 137	19 545	13	43 156
Operating expenses	(13 371)	(12 278)	9	(24 584)
Net income from operations	8 766	7 267	21	18 572
Share of profit from associates and joint ventures	401	506	(21)	868
Income before tax	9 167	7 773	18	19 440
Indirect tax	(385)	(385)	–	(614)
Profit before direct tax	8 782	7 388	19	18 826
Direct tax	(2 192)	(2 080)	5	(4 582)
Profit from continuing operations	6 590	5 308	24	14 244
Discontinued operations				
Profit attributable to discontinued operations	–	415	(100)	415
Profit after tax on disposal/unbundling of discontinued operations	–	6 868	(100)	6 868
Profit for the period	6 590	12 591	(48)	21 527
Attributable to:				
NCNR preference shareholders	137	160	(14)	301
Ordinary equityholders	6 067	12 070	(50)	20 065
Equityholders of the Group	6 204	12 230	(49)	20 366
Non-controlling interests	386	361	7	1 161
Profit for the period	6 590	12 591	(48)	21 527
Earnings per share (cents)				
– Basic	111.1	227.0	(51)	372.7
– Diluted	109.2	223.2	(51)	365.3
Headline earnings per share (cents)				
– Basic	103.3	94.8	9	183.1
– Diluted	101.5	93.3	9	179.4
Earnings per share (cents) – IFRS continuing				
– Basic	111.1	89.4	24	236.6
– Diluted	109.2	87.9	24	231.9
Headline earnings per share (cents) – IFRS continuing				
– Basic	103.3	86.4	20	174.7
– Diluted	101.5	85.0	19	171.3
Earnings per share (cents) – discontinued				
– Basic	–	137.6	(100)	136.1
– Diluted	–	135.3	(100)	133.4
Headline earnings per share (cents) – discontinued				
– Basic	–	8.4	(100)	8.4
– Diluted	–	8.3	(100)	8.1

Consolidated statement of comprehensive income – IFRS

R million	Six months ended 31 December		% change	Year ended
	2011	2010		30 June
				2011
Profit for the period	6 590	12 591	(48)	21 527
Other comprehensive income				
Cash flow hedges	(275)	(132)	>100	21
Available-for-sale financial assets	274	387	(29)	(41)
Exchange differences on translating foreign operations	634	(419)	(>100)	(266)
Share of other comprehensive income of associates after tax and non-controlling interests	(15)	(5)	>100	35
Other comprehensive income for the period before tax	618	(169)	(>100)	(251)
Income tax relating to components of other comprehensive income	(10)	(43)	(77)	(44)
Other comprehensive income for the period	608	(212)	(>100)	(295)
Total comprehensive income for the period	7 198	12 379	(42)	21 232
Total comprehensive income attributable to:				
Ordinary equityholders	6 648	11 950	(44)	19 837
NCNR preference shares	137	160	(14)	301
Equityholders of the Group	6 785	12 110	(44)	20 138
Non-controlling interests	413	269	54	1 094
Total comprehensive income for the period	7 198	12 379	(42)	21 232

Consolidated statement of financial position – IFRS

R million	As at 31 December		As at 30 June
	2011	2010	2011
ASSETS			
Cash and cash equivalents	38 545	31 511	34 240
Derivative financial instruments	57 721	51 052	37 206
Advances	498 258	453 290	464 593
Investment securities and other investments	126 237	127 884	124 756
Commodities	5 880	4 164	4 388
Accounts receivable	7 894	5 598	7 289
Investments in associates and joint ventures	6 663	5 819	6 029
Property and equipment	11 949	10 409	10 542
Deferred tax asset	470	451	560
Post-retirement benefit asset	3	-	2
Intangible assets	1 647	1 510	1 691
Investment properties	203	161	203
Policy loans on insurance contracts	-	26	-
Reinsurance assets	855	527	484
Tax asset	163	798	139
Non-current assets held for sale	5 173	2 609	5 805
Total assets	761 661	695 809	697 927
EQUITY AND LIABILITIES			
Liabilities			
Deposits and current accounts	595 200	543 713	553 657
Short trading positions	11 944	15 801	12 413
Derivative financial instruments	58 329	50 027	36 361
Creditors and accruals	12 152	10 193	9 930
Provisions	2 965	3 254	3 621
Tax liability	409	319	288
Post-retirement liabilities	2 346	2 202	2 292
Deferred tax liability	2 226	2 474	2 223
Long-term liabilities	5 048	7 489	6 690
Policyholder liabilities under insurance contracts	1 373	2 007	1 047
Policyholder liabilities under investment contracts	90	163	94
Liabilities directly associated with non-current assets classified as held for sale	4 480	419	5 092
Total liabilities	696 562	638 061	633 708
Equity			
Ordinary shares	55	54	53
Share premium	5 167	5 194	4 945
Reserves	52 284	45 112	51 633
Capital and reserves attributable to ordinary equityholders	57 506	50 360	56 631
NCNR preference shares	4 519	4 519	4 519
Capital and reserves attributable to equityholders of the Group	62 025	54 879	61 150
Non-controlling interests	3 074	2 869	3 069
Total equity	65 099	57 748	64 219
Total equity and liabilities	761 661	695 809	697 927

Consolidated statement of cash flows – IFRS

R million	Six months ended 31 December		Year ended 30 June
	2011	2010	2011
Net cash flows from operating activities continuing operations	6 124	6 217	16 923
Net cash generated/(utilised) from operations	2 320	(1 397)	(803)
Tax paid	(2 307)	(1 344)	(3 965)
Net cash inflow from operating activities continuing operations	6 137	3 476	12 155
Net cash (outflow)/inflow from investing activities from continuing operations	(2 364)	(341)	1 777
Net cash inflow/(outflow) from financing activities from continuing operations	313	1 390	(6 725)
Net increase in cash and cash equivalents from continuing and discontinued operations	4 086	4 525	7 207
Cash and cash equivalents at the beginning of the period	34 240	27 067	27 067
Cash and cash equivalents at the end of the period	38 326	31 592	34 274
Cash and cash equivalents acquired*	-	-	200
Cash and cash equivalents disposed of*	-	-	(83)
Effect of exchange rate changes on cash and cash equivalents	219	(81)	(151)
Cash and cash equivalents at the end of the period	38 545	31 511	34 240
Mandatory reserve balances included above**	13 443	10 981	12 173

* Cash and cash equivalents sold and bought relate to cash balances held by subsidiaries acquired and sold during the year.

** Banks are required to deposit a minimum average balance, calculated monthly with the Central Bank, which is not available for use in the Group's day-to-day operations. The deposit bears no or low interest. Money at short notice constitutes amounts withdrawable in 32 days or less.

Consolidated statement of changes in equity – IFRS

for the six months ended 31 December

R million	Ordinary share capital and ordinary equityholders' funds						
	Share capital	Share premium	Share capital and share premium	General risk reserve	Cash flow hedge reserve	Share-based payment reserve	
Balance as at 1 July 2010	52	1 491	1 543	12	(466)	2 487	
Movement in other reserves	-	-	-	-	-	352	
Ordinary dividends	-	-	-	-	-	-	
Preference dividends	-	-	-	-	-	-	
Transfer (to)/from reserves	-	-	-	-	-	(47)	
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	
Consolidation of treasury shares	2	3 703	3 705	-	-	-	
Total comprehensive income for the period	-	-	-	-	(95)	-	
Dividend in specie: unbundling of Momentum	-	-	-	-	-	(89)	
Balance as at 31 December 2010	54	5 194	5 248	12	(561)	2 703	
Balance as at 1 July 2011	53	4 945	4 998	13	(451)	2 739	
Movement in other reserves	-	-	-	-	-	315	
Ordinary dividends	-	-	-	-	-	-	
Preference dividends	-	-	-	-	-	-	
Transfer (to)/from reserves	-	-	-	14	-	-	
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	
Consolidation of treasury shares	2	222	224	-	-	-	
Total comprehensive income for the period	-	-	-	-	(198)	-	
Balance as at 31 December 2011	55	5 167	5 222	27	(649)	3 054	

	Ordinary share capital and ordinary equityholders' funds				Reserves attributable to ordinary equity holders	Non-cumulative non-redeemable preference shares	Non-controlling interests	Total equity
	Available-for-sale reserve	Currency translation reserve	Other reserves	Retained earnings				
	969	698	(617)	46 806	49 889	4 519	3 012	58 963
	-	-	(12)	79	419	-	(101)	318
	-	-	-	(2 287)	(2 287)	-	(339)	(2 626)
	-	-	-	-	-	(160)	-	(160)
	-	-	-	47	-	-	-	-
	-	-	7	(32)	(25)	-	31	6
	-	-	-	513	513	-	-	4 218
	307	(332)	-	12 070	11 950	160	269	12 379
	(664)	(18)	583	(15 159)	(15 347)	-	(3)	(15 350)
	612	348	(39)	42 037	45 112	4 519	2 869	57 748
	225	474	13	48 620	51 633	4 519	3 069	64 219
	-	-	(142)	166	339	-	(31)	308
	-	-	-	(6 341)	(6 341)	-	(369)	(6 710)
	-	-	-	-	-	(137)	-	(137)
	-	-	-	(14)	-	-	-	-
	-	-	-	(35)	(35)	-	(8)	(43)
	-	-	-	40	40	-	-	264
	187	606	(14)	6 067	6 648	137	413	7 198
	412	1 080	(143)	48 503	52 284	4 519	3 074	65 099



Detailed financial analysis

The analysis of the financial results reflected below is based on the normalised earnings from continuing operations of the Group. A detailed reconciliation between the IFRS and normalised results is set out on pages 30 to 35.

Key financial results, ratios and statistics – continuing normalised

R million	Six months ended 31 December		% change	Year ended
	2011	2010		30 June
				2011
Earnings performance				
Normalised earnings contribution by franchise	5 771	4 572	26	10 117
FNB – South Africa	3 072	2 342	31	4 787
FNB – Africa	292	316	(8)	540
RMB	1 311	1 559	(16)	3 567
GTS	146	120	22	272
WesBank	1 193	750	59	1 862
Corporate Centre and consolidation adjustments	(351)	(365)	(4)	(708)
FirstRand Limited (company)	245	10	>100	98
NCNR preference dividend	(137)	(160)	(14)	(301)
Attributable earnings (refer page 25)	5 597	4 604	22	9 889
Headline earnings	5 639	4 445	27	9 258
Normalised earnings	5 771	4 572	26	10 117
Normalised net asset value	59 369	52 115	14	58 858
Normalised net asset value per share (cents)	1 053.0	924.4	14	1 044.0
Tangible normalised net asset value	57 722	50 605	14	57 167
Tangible normalised net asset value per share (cents)	1 023.8	897.6	14	1 014.0
Average normalised net asset value	59 114	50 749	16	54 120
Market capitalisation	116 931	109 996	6	111 913
Normalised earnings per share (cents)				
– Basic	102.4	81.1	26	179.4
– Diluted	102.4	81.1	26	179.4
Earnings per share (cents)				
– Basic	102.5	86.0	19	183.1
– Diluted	100.7	84.6	19	179.5
Headline earnings per share (cents)				
– Basic	103.3	83.0	24	171.4
– Diluted	101.5	81.7	24	168.0
Ordinary dividend per share (cents)	44.0	35.0	26	81.0
Special dividend per share (cents)	–	–	n/a	70.0
NCNR preference dividend per share – declared (cents)				
– B Class (68% of FNB prime lending rate)	305.2	355.0	(14)	668.5
Capital adequacy				
FirstRand				
– Capital adequacy ratio	15.4	15.3		16.5
– Tier 1 ratio	14.0	13.6		15.0
Balance sheet				
Total assets	763 514	697 484	9	700 146
Loans and advances (net of credit impairment)	498 258	453 290	10	464 593
Ratios				
Normalised return on equity (%)	19.5	18.0		18.7
Price-to-book ratio (times)	2.0	2.1		1.9
Price earnings ratio	10.1	12.0		11.1
Dividend cover	2.3	2.3		2.2
Average loan-to-deposit ratio	82.6	83.6		84.4
Diversity ratio	49.9	55.3		54.4
Credit impairment charge	1 961	2 277	(14)	4 292
NPLs as % of average advances	3.61	4.56		4.17
Impairment charge as % of average advances	0.80	1.00		0.93
Cost-to-income ratio	54.7	54.8		53.1
Effective tax rate	25.7	27.2		27.4
Number of employees	35 526	34 200	4	34 612

Consolidated income statement – continuing normalised

R million	Six months ended 31 December		% change	Year ended
	2011	2010		30 June
				2011
Interest and similar income	21 569	20 525	5	41 319
Interest expense and similar charges	(9 664)	(10 754)	(10)	(20 818)
Net interest income before impairment of advances	11 905	9 771	22	20 501
Impairment of advances	(1 961)	(2 277)	(14)	(4 292)
Net interest income after impairment of advances	9 944	7 494	33	16 209
Non-interest income	11 455	11 863	(3)	23 844
Income from operations	21 399	19 357	11	40 053
Operating expenses	(12 995)	(11 963)	9	(23 840)
Net income from operations	8 404	7 394	14	16 213
Share of profit from associates and joint ventures	401	214	87	576
Income before tax	8 805	7 608	16	16 789
Indirect tax	(385)	(385)	-	(612)
Profit before direct tax	8 420	7 223	17	16 177
Direct tax	(2 168)	(1 968)	10	(4 425)
Profit for the period	6 252	5 255	19	11 752
Non-controlling interests	(386)	(364)	6	(1 164)
NCNR preference shareholders	(137)	(160)	(14)	(301)
Attributable earnings to ordinary equityholders of the Group	5 729	4 731	21	10 287
Headline and normalised earnings adjustment	42	(159)	(>100)	(170)
Normalised earnings	5 771	4 572	26	10 117

Consolidated statement of comprehensive income – continuing normalised

R million	Six months ended 31 December		Year ended 30 June
	2011	2010	2011
Profit for the period	6 252	5 255	11 752
Other comprehensive income			
Cash flow hedges	(275)	(132)	21
Available-for-sale financial assets	271	159	(70)
Exchange differences on translating foreign operations	634	(419)	(249)
Share of other comprehensive income of associates after tax and non-controlling interests	(15)	(5)	35
Other comprehensive income for the period before tax	615	(397)	(263)
Income tax relating to components of other comprehensive income	(10)	(43)	(44)
Other comprehensive income for the period	605	(440)	(307)
Total comprehensive income for the period	6 857	4 815	11 445
Total comprehensive income attributable to:			
NCNR preference shareholders	137	160	301
Ordinary equityholders	6 307	4 386	10 050
Equityholders of the Group	6 444	4 546	10 351
Non-controlling interests	413	269	1 094
Total comprehensive income for the period	6 857	4 815	11 445

Statement of normalised earnings from continuing normalised operations

R million	Six months ended 31 December		% change	Year ended
	2011	2010		30 June
				2011
IFRS profit from continuing operations (refer page 3)	6 590	5 308	24	14 244
Non-controlling interests	(386)	(364)	6	(1 164)
NCNR preference shares	(137)	(160)	(14)	(301)
Attributable to ordinary equityholders	6 067	4 784	27	12 779
Adjusted for:				
OUTsurance profit on disposal	-	-		(2 710)
Profit on disposal of WesBank investments	(470)	-		-
OUTsurance equity-accounted income (after tax)	-	(180)		(180)
Attributable earnings to ordinary shareholders	5 597	4 604	22	9 889
Adjusted for:	42	(159)	(>100)	(631)
Loss/(gain) on disposal of investment securities and other investments	2	-		(12)
Gain on disposal of available-for-sale assets	(36)	(179)		(341)
Gain on disposal of associates or joint ventures	-	-		(37)
Gain on disposal of subsidiaries	(10)	(3)		(571)
Loss/(gain) on the disposal of property and equipment	24	2		(9)
Impairment of goodwill	18	24		96
Impairment of assets in terms of IAS 36	15	7		37
Gain from a bargain purchase	-	-		(9)
Other	(1)	2		-
Tax effects of adjustments	23	(12)		(29)
Non-controlling interests adjustment	7	-		244
Headline earnings	5 639	4 445	27	9 258
Adjusted for:	132	127	4	859
IFRS 2 Share-based payment expense	29	(45)	(>100)	(20)
Treasury shares	103	172	(40)	418
- Consolidation of share trust	94	141		210
- FirstRand shares held by policyholders	9	31		208
Private equity subsidiary realisations	-	-		461
Normalised earnings	5 771	4 572	26	10 117

Reconciliation of attributable earnings to normalised income statement

R million	Six months ended 31 December		% change	Year ended
	2011	2010		30 June
				2011
Attributable earnings per normalised income statement (refer page 23)	5 729	4 731	21	10 287
Normalised earnings adjustment reallocated to above the line (see above)	(132)	(127)	4	(859)
Private equity realisations excluded from headline earnings adjustment (see above)	-	-	-	461
Attributable earnings to ordinary equityholders per normalised reconciliation above	5 597	4 604	22	9 889

Reconciliation of IFRS continuing operations to continuing normalised operations

R million	Six months ended 31 December		% change	Year ended
	2011	2010		30 June
Earnings attributable to ordinary equityholders from IFRS continuing (refer page 3)	6 067	4 784	27	12 779
OUTsurance equity-accounted income for the period	-	(180)	(100)	(180)
Profit on sale of OUTsurance	-	-	n/a	(2 710)
Profit on disposal of WesBank investments	(470)	-	n/a	-
Attributable earnings from continuing normalised operations	5 597	4 604	22	9 889
Headline earnings from IFRS continuing operations (refer page 3)	5 639	4 625	22	9 438
OUTsurance equity-accounted income for the period	-	(180)	(100)	(180)
Headline earnings from continuing normalised operations	5 639	4 445	27	9 258
Normalised earnings from IFRS continuing operations (refer page 4)	5 771	4 752	21	10 297
OUTsurance equity-accounted income for the period	-	(180)	(100)	(180)
Normalised earnings from continuing normalised operations	5 771	4 572	26	10 117

Consolidated statement of financial position – continuing normalised

R million	As at 31 December		As at 30 June
	2011	2010	2011
ASSETS			
Cash and cash equivalents	38 545	31 511	34 240
Derivative financial instruments	57 721	51 052	37 206
Advances	498 258	453 290	464 593
Investment securities and other investments	126 001	127 707	124 777
Commodities	5 880	4 164	4 388
Accounts receivable	7 842	5 569	7 235
Investments in associates and joint ventures	6 663	5 819	6 029
Loans to share trusts	2 141	1 881	2 252
Property and equipment	11 949	10 409	10 542
Deferred tax asset	470	451	560
Post-retirement benefit asset	3	-	2
Intangible assets	1 647	1 510	1 691
Investment properties	203	161	203
Policy loans on insurance contracts	-	26	-
Reinsurance assets	855	527	484
Tax asset	163	798	139
Non-current assets held for sale	5 173	2 609	5 805
Total assets	763 514	697 484	700 146
EQUITY AND LIABILITIES			
Liabilities			
Deposits and current accounts	595 200	543 713	553 657
Short trading positions	11 944	15 797	12 413
Derivative financial instruments	58 329	50 027	36 361
Creditors and accruals	11 307	10 187	9 924
Provisions	2 965	3 254	3 621
Tax liability	407	249	286
Post-retirement liabilities	2 346	2 202	2 292
Deferred tax liability	2 226	2 474	2 223
Long-term liabilities	5 885	7 489	6 690
Policyholder liabilities under insurance contracts	1 373	2 007	1 047
Policyholder liabilities under investment contracts	90	163	94
Liabilities directly associated with non-current assets classified as held for sale	4 480	419	5 092
Total liabilities	696 552	637 981	633 700
Equity			
Ordinary shares	56	56	56
Share premium	7 083	7 083	7 083
Reserves	52 230	44 976	51 719
Capital and reserves attributable to ordinary equityholders	59 369	52 115	58 858
NCNR preference shareholders	4 519	4 519	4 519
Capital and reserves attributable to equityholders of the Group	63 888	56 634	63 377
Non-controlling interests	3 074	2 869	3 069
Total equity	66 962	59 503	66 446
Total equity and liabilities	763 514	697 484	700 146

Consolidated statement of changes in equity – continuing normalised
for the six months ended 31 December

R million	Ordinary share capital and ordinary equityholders' funds						
	Share capital	Share premium	Share capital and share premium	General risk reserve	Cash flow hedge reserve	Share-based payment reserve	
Balance as at 1 July 2010	56	7 083	7 139	12	(466)	2 413	
Movement in other reserves	-	-	-	-	-	352	
Ordinary dividends	-	-	-	-	-	-	
Preference dividends	-	-	-	-	-	-	
Transfer (from)/to reserves	-	-	-	-	-	(47)	
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	
Consolidation of treasury shares	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	(95)	-	
Balance as at 31 December 2010	56	7 083	7 139	12	(561)	2 718	
Balance as at 1 July 2011	56	7 083	7 139	13	(451)	2 739	
Movement in other reserves	-	-	-	-	-	286	
Ordinary dividends	-	-	-	-	-	-	
Preference dividends	-	-	-	-	-	-	
Transfer from/(to) reserves	-	-	-	14	-	-	
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	
Consolidation of treasury shares	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	(198)	-	
Balance as at 31 December 2011	56	7 083	7 139	27	(649)	3 025	

	Ordinary share capital and ordinary equityholders' funds				Reserves attributable to ordinary equity holders	Non-cumulative non-redeemable preference shares	Non-controlling interests	Total equity
	Available-for-sale reserve	Currency translation reserve	Other reserves	Retained earnings				
	308	663	120	39 193	42 243	4 519	3 177	57 078
	-	-	(12)	457	797	-	(269)	528
	-	-	-	(2 425)	(2 425)	-	(339)	(2 764)
	-	-	-	-	-	(160)	-	(160)
	-	-	-	47	-	-	-	-
	-	-	7	(32)	(25)	-	31	6
	-	-	-	-	-	-	-	-
	79	(332)	-	4 734	4 386	160	269	4 815
	387	331	115	41 974	44 976	4 519	2 869	59 503
	199	474	167	48 578	51 719	4 519	3 069	66 446
	-	-	(142)	636	780	-	(31)	749
	-	-	-	(6 541)	(6 541)	-	(369)	(6 910)
	-	-	-	-	-	(137)	-	(137)
	-	-	-	(14)	-	-	-	-
	-	-	-	(35)	(35)	-	(8)	(43)
	-	-	-	-	-	-	-	-
	184	606	(14)	5 729	6 307	137	413	6 857
	383	1 080	11	48 353	52 230	4 519	3 074	66 962

Reconciliation of continuing normalised consolidated income statement to IFRS income statement

for the six months ended 31 December

R million	December 2011 normalised	IFRS 2 Share- based payment expense	Private equity expenses	Treasury shares	
Net interest income before impairment of advances	11 905	-	-	(84)	
Impairment of advances	(1 961)	-	-	-	
Net interest income after impairment of advances	9 944	-	-	(84)	
Non-interest income	11 455	-	345	7	
Income from operations	21 399	-	345	(77)	
Operating expenses	(12 995)	(29)	(345)	(2)	
Net income from operations	8 404	(29)	-	(79)	
Share of profit from associates and joint ventures	401	-	-	-	
Income before tax	8 805	(29)	-	(79)	
Indirect tax	(385)	-	-	-	
Profit before direct tax	8 420	(29)	-	(79)	
Direct tax	(2 168)	-	-	(24)	
Profit for the year	6 252	(29)	-	(103)	
Attributable to:					
Non-controlling interests	(386)	-	-	-	
NCNR preference shareholders	(137)	-	-	-	
Ordinary equityholders of the Group	5 729	(29)	-	(103)	
Headline and normalised earnings adjustment	42	29	-	103	
Normalised earnings	5 771	-	-	-	

	Economic hedges	Fair value annuity income (lending)	Profit on disposal of WesBank investments	December 2011 IFRS
	(80)	(1 211)	-	10 530
	-	137	-	(1 824)
	(80)	(1 074)	-	8 706
	80	1 074	470	13 431
	-	-	470	22 137
	-	-	-	(13 371)
	-	-	470	8 766
	-	-	-	401
	-	-	470	9 167
	-	-	-	(385)
	-	-	470	8 782
	-	-	-	(2 192)
	-	-	470	6 590
	-	-	-	(386)
	-	-	-	(137)
	-	-	470	6 067
	-	-	(470)	(296)
	-	-	-	5 771

Reconciliation of continuing normalised consolidated income statement to IFRS income statement

for the six months ended 31 December

R million	December 2010 normalised	IFRS 2 Share- based payment expense	Private equity expenses	Treasury shares	
Continuing operations					
Net interest income before impairment of advances	9 771	-	-	(138)	
Impairment of advances	(2 277)	-	-	-	
Net interest income after impairment of advances	7 494	-	-	(138)	
Non-interest income	11 863	-	360	(34)	
Income from operations	19 357	-	360	(172)	
Operating expenses	(11 963)	45	(360)	-	
Net income from operations	7 394	45	-	(172)	
Share of profit from associates and joint ventures	214	-	-	-	
Income before tax	7 608	45	-	(172)	
Indirect tax	(385)	-	-	-	
Profit before direct tax	7 223	45	-	(172)	
Direct tax	(1 968)	-	-	-	
Profit from continuing operations	5 255	45	-	(172)	
Discontinued operations					
Profit attributable to discontinued operations	-	-	-	(90)	
Profit after tax on disposal/unbundling of discontinued operations	-	-	-	-	
Profit for the period	5 255	45	-	(262)	
Attributable to:					
Non-controlling interests	(364)	-	-	-	
NCNR preference shareholders	(160)	-	-	-	
Ordinary equityholders of the Group	4 731	45	-	(262)	
Headline and normalised earnings adjustment	(159)	(45)	-	262	
Normalised earnings	4 572	-	-	-	

	Economic hedges	Fair value annuity income (lending)	Elimination of Momentum contribution to FirstRand	Elimination of OUTsurance results for the six months ended 31 December 2010	December 2010 IFRS
	(136)	(1 118)	-	-	8 379
	-	193	-	-	(2 084)
	(136)	(925)	-	-	6 295
	136	925	-	-	13 250
	-	-	-	-	19 545
	-	-	-	-	(12 278)
	-	-	-	-	7 267
	-	-	-	292	506
	-	-	-	292	7 773
	-	-	-	-	(385)
	-	-	-	292	7 388
	-	-	-	(112)	(2 080)
	-	-	-	180	5 308
	-	-	505	-	415
	-	-	6 868	-	6 868
	-	-	7 373	180	12 591
	-	-	3	-	(361)
	-	-	-	-	(160)
	-	-	7 376	180	12 070
	-	-	(6 868)	-	(6 810)
	-	-	508	180	5 260

Reconciliation of continuing normalised consolidated statement of financial position to IFRS

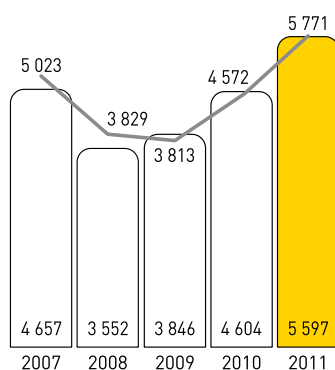
as at 31 December

R million	December 2011 normalised	Treasury shares	December 2011 IFRS
ASSETS			
Cash and cash equivalents	38 545	-	38 545
Derivative financial instruments	57 721	-	57 721
Advances	498 258	-	498 258
Investment securities and other investments	126 001	236	126 237
Commodities	5 880	-	5 880
Accounts receivable	7 842	52	7 894
Investments in associates and joint ventures	6 663	-	6 663
Loans to share trusts	2 141	(2 141)	-
Property and equipment	11 949	-	11 949
Deferred tax asset	470	-	470
Post-retirement benefit asset	3	-	3
Intangible assets and deferred acquisition costs	1 647	-	1 647
Investment properties	203	-	203
Policy loans on insurance contracts	-	-	-
Reinsurance assets	855	-	855
Tax asset	163	-	163
Non-current assets held for sale	5 173	-	5 173
Total assets	763 514	(1 853)	761 661
EQUITY AND LIABILITIES			
Liabilities			
Deposits	595 200	-	595 200
Short trading positions	11 944	-	11 944
Derivative financial instruments	58 329	-	58 329
Creditors and accruals	11 307	845	12 152
Provisions	2 965	-	2 965
Tax liability	407	2	409
Post-retirement liabilities	2 346	-	2 346
Deferred tax liability	2 226	-	2 226
Long-term liabilities	5 885	(837)	5 048
Policyholder liabilities under insurance contracts	1 373	-	1 373
Policyholder liabilities under investment contracts	90	-	90
Liabilities directly associated with non-current assets classified as held for sale	4 480	-	4 480
Total liabilities	696 552	10	696 562
Equity			
Ordinary shares	56	(1)	55
Share premium	7 083	(1 916)	5 167
Reserves	52 230	54	52 284
Capital and reserves attributable to ordinary equityholders	59 369	(1 863)	57 506
NCNR preference shares	4 519	-	4 519
Capital and reserves attributable to equityholders of the Group	63 888	(1 863)	62 025
Non-controlling interests	3 074	-	3 074
Total equity	66 962	(1 863)	65 099
Total equity and liabilities	763 514	(1 853)	761 661

	December 2010 normalised	Treasury shares	December 2010 IFRS
	31 511	-	31 511
	51 052	-	51 052
	453 290	-	453 290
	127 707	177	127 884
	4 164	-	4 164
	5 569	29	5 598
	5 819	-	5 819
	1 881	(1 881)	-
	10 409	-	10 409
	451	-	451
	-	-	-
	1 510	-	1 510
	161	-	161
	26	-	26
	527	-	527
	798	-	798
	2 609	-	2 609
	697 484	(1 675)	695 809
	543 713	-	543 713
	15 797	4	15 801
	50 027	-	50 027
	10 187	6	10 193
	3 254	-	3 254
	249	70	319
	2 202	-	2 202
	2 474	-	2 474
	7 489	-	7 489
	2 007	-	2 007
	163	-	163
	419	-	419
	637 981	80	638 061
	56	(2)	54
	7 083	(1 889)	5 194
	44 976	136	45 112
	52 115	(1 755)	50 360
	4 519	-	4 519
	56 634	(1 755)	54 879
	2 869	-	2 869
	59 503	(1 755)	57 748
	697 484	(1 675)	695 809

Overview of results

Earnings performance (R million)



█ Attributable earnings
— Normalised earnings

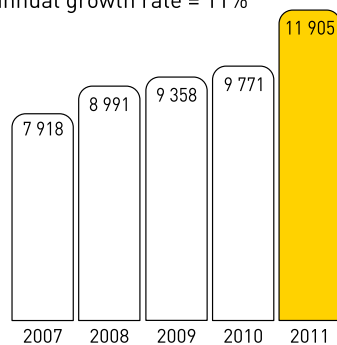
These results are characterised by the following themes:

Positives	Negatives
<ul style="list-style-type: none"> • Robust growth in NII, benefiting from: <ul style="list-style-type: none"> – change in advances mix, with strong advances growth in higher yielding asset classes; – ongoing repricing benefit, albeit at lower levels than the prior year; – the continued unwind of ISP; and – satisfactory advances growth of 10% given constrained economic environment. 	<ul style="list-style-type: none"> • Negative endowment impact on capital and deposits, due to average interest rates being 58 bps lower than the comparative period.
<ul style="list-style-type: none"> • Further reduction in impairment of advances, primarily in the retail advances and FNB Commercial books, assisted by the continued low interest rate environment, improved quality of credit origination and ongoing strong post write-off recoveries. 	<ul style="list-style-type: none"> • Adverse equity trading conditions had a negative impact on trading results.
<ul style="list-style-type: none"> • Robust growth of 17% in fee and commission income. 	<ul style="list-style-type: none"> • Disappointing investment income performance, affected by significantly lower equity markets and commodity prices, and the resultant negative impact on the RMB Resources and ELL portfolios.
<ul style="list-style-type: none"> • Resilient fair value income from client flow activities. 	
<ul style="list-style-type: none"> • A significant improvement in income from associates, benefiting from strong operational performances and the non-recurrence of significant impairments against private equity associates. 	
<ul style="list-style-type: none"> • Good containment of core operating costs to 6%, with overall cost growth contained to 9%, although overall cost growth was negatively affected by higher variable costs related to income-producing activities as well as expansion costs. 	

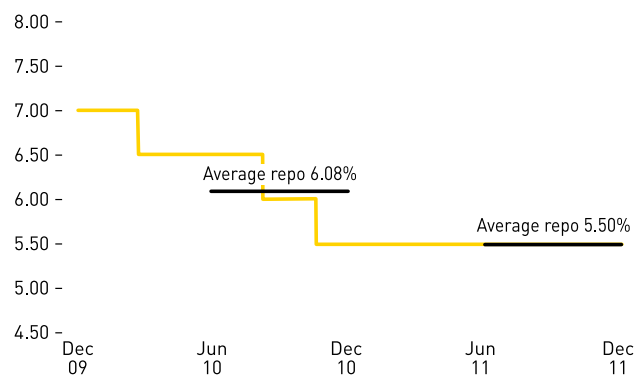
Net interest income (before impairment of advances) – up 22 %

Net interest income (R million)

Compound annual growth rate = 11%



Endowment impact graph (repo %)



Note: 2007 and 2008 have been presented on an IFRS-continuing basis, 2009 onwards is presented on a continuing normalised basis.

Margin cascade table

Based on average interest-earning banking assets

	%
December 2010 normalised	4.29
Accounting mismatches	0.17
Change in balance sheet mix	4.46
Advances	0.12
– Advances pricing	0.06
– Term funding cost	0.06
Deposits	(0.09)
– Deposits pricing	(0.04)
– Deposit endowment	(0.05)
Capital endowment	(0.05)
Interest rate risk hedges	(0.04)
December 2011 normalised	4.64

Net interest income before impairment of advances – segmental

R million	Six months ended 31 December		% change	Year ended 30 June
	2011	2010		2011
FNB	6 142	5 428	13	11 097
Mass segment	709	540	31	1 145
Consumer segment	2 393	2 106	14	4 279
– HomeLoans	663	616	8	1 188
– Card Issuing	520	509	2	1 054
– Other Consumer	1 210	981	23	2 037
Wealth segment	426	436	(2)	875
Commercial segment	1 596	1 473	8	2 974
FNB Other	(4)	(40)	(90)	3
FNB Africa	1 022	913	12	1 821
RMB and GTS	1 422	1 199	19	2 512
RMB	1 174	934	26	1 980
GTS	248	265	(6)	532
WesBank	2 849	2 268	26	4 868
Corporate Centre	1 380	943	46	2 235
Net interest income – banking activities	11 793	9 838	20	20 712
Other*	112	(67)	(>100)	(211)
Net interest income	11 905	9 771	22	20 501

* Other includes the FirstRand company and consolidation adjustments.

Margin analysis on gross advances

	Six months ended 31 December			
	2011		2010	
	Average balance R million	Average margin %	Average balance R million	Average margin %
Average prime rate (RSA)		9.00		9.58
Advances				
Retail – secured	223 794	2.34	211 283	2.12
Residential mortgages	156 142	1.29	153 234	1.22
Vehicle asset finance	67 652	4.76	57 999	4.51
Retail – unsecured	26 128	12.92	21 088	11.60
Credit card	11 049	8.44	10 735	8.38
Overdrafts	1 925	6.93	1 495	8.97
FNB personal loans	3 953	15.12	2 075	12.91
Mass (Smart and Easy)	4 329	15.20	2 940	12.65
WesBank loans	4 872	21.60	3 843	20.14
Corporate	167 653	2.60	151 740	2.67
FNB commercial mortgages	8 964	1.81	7 692	1.19
Vehicle asset finance	21 530	2.94	22 519	2.76
Overdrafts	15 697	4.33	16 201	4.10
Term loans	16 833	4.26	13 233	5.21
Investment banking	90 804	2.16	81 172	2.28
Money market	13 825	1.47	10 923	1.20
FNB Africa	24 009	4.89	20 423	4.55
Total advances	441 584	3.20	404 484	2.95

The advances margins are calculated using total net interest income as a percentage of gross advances before impairments. Average balances are daily averages for the South African operations (FNB and WesBank) and monthly averages for RMB and non-South African operations.

Margin analysis on deposits

	Six months ended 31 December			
	2011		2010	
	Average balance R million	Average margin %	Average balance R million	Average margin %
Average prime rate (RSA)		9.00		9.58
Deposits				
Retail	91 666	2.51	81 580	2.67
Current and savings	28 815	4.80	24 898	5.29
Call	4 158	2.36	4 218	2.37
Money market	25 369	1.61	23 563	1.73
Term	33 324	1.24	28 901	1.22
Corporate	168 108	1.68	143 387	1.85
Current and savings	63 276	3.20	58 607	3.23
Call	50 310	0.81	39 616	1.01
Money market	16 608	1.65	16 217	1.65
Term	37 914	0.32	28 947	0.33
FNB Africa	31 235	2.02	27 590	2.23
Total deposits	291 009	1.98	252 557	2.16

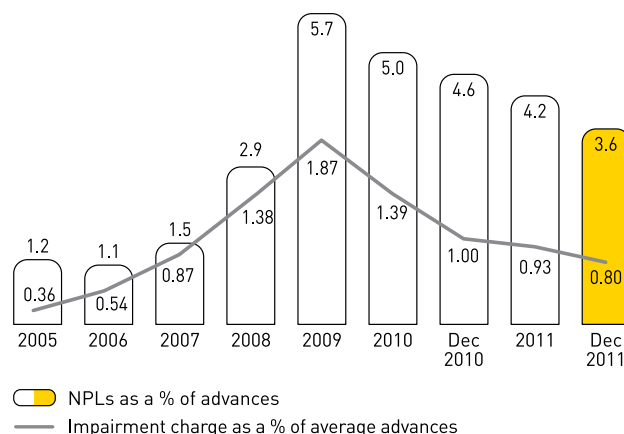
Average balances are daily averages for the South African operations (FNB and WesBank) and monthly averages for RMB and non-South African operations.

NII and margin analysis commentary

Positives	Negatives
<ul style="list-style-type: none"> Repricing benefit of new business to reflect current liquidity costs and credit market conditions. 	<ul style="list-style-type: none"> Negative endowment impact due to average interest rates being 58 bps lower year-on-year.
<ul style="list-style-type: none"> Change in mix to a higher component of fixed rate business, primarily in vehicle asset finance, as well as a greater proportion of higher margin unsecured lending. 	<ul style="list-style-type: none"> Continued pressure on retail/commercial deposit pricing.
<ul style="list-style-type: none"> Volume benefit of higher levels of capital in the reporting period. 	
<ul style="list-style-type: none"> Continued benefit of unwind of ISP associated with the improved credit environment. 	
<ul style="list-style-type: none"> Benefit of growth in deposit franchise exceeding advances growth, reducing reliance on institutional funding. 	
<ul style="list-style-type: none"> Non-recurrence of prior period mark-to-market losses of R440 million on funding instruments as a result of the decline in the funding spread. 	
<ul style="list-style-type: none"> Reduced cost of institutional funding due to decline in funding spreads. 	

Impairment of advances – down 14%

NPLs and impairment history



Credit highlights

R million	Six months ended 31 December		% change	Year ended 30 June
	2011	2010		2011
Total gross advances	508 253	463 134	10	474 566
NPLs	18 366	21 117	(13)	19 790
NPLs as a % of advances	3.61	4.56		4.17
Impairment charge	1 961	2 277	(14)	4 292
Impairment charge as a % of average advances	0.80	1.00		0.93
Total impairments*	9 995	9 844	2	9 973
– Portfolio impairments*	3 779	3 117	21	3 457
– Specific impairments*	6 216	6 727	(8)	6 516
Implied loss given default (coverage)**	33.85	31.86		32.93
Total impairments coverage ratio#	54.42	46.62		50.39

* Includes cumulative credit fair value adjustments.

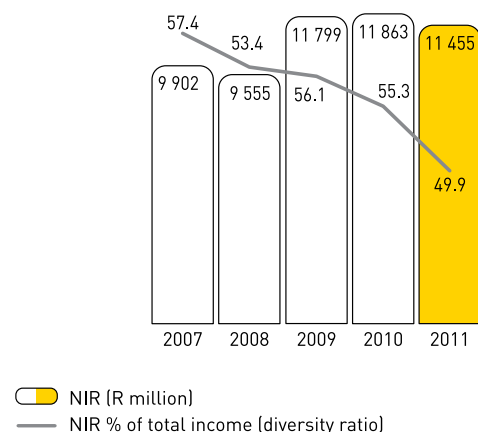
** Amortised cost specific impairments and non-performing book cumulative credit fair value adjustments as a percentage of NPLs.

Total amortised cost impairments and total cumulative credit fair value adjustments as a percentage of NPLs.

Positives	Negatives
<ul style="list-style-type: none"> Further improvement across most retail portfolios, specifically in FNB HomeLoans, FNB Card and WesBank, resulting from low interest rates and improved debt affordability levels. 	<ul style="list-style-type: none"> Ageing and elevated levels of NPLs due to protracted workout processes, especially in the secured portfolios.
<ul style="list-style-type: none"> Continued improvement in early stage arrears, specifically in WesBank and FNB HomeLoans. 	<ul style="list-style-type: none"> Ongoing pressure on collateral values, especially in the residential mortgage market.
<ul style="list-style-type: none"> Benefit from a reduction in the rate of new NPLs in Commercial and improved work-out strategies. 	
<ul style="list-style-type: none"> Significant benefit from robust collection processes resulting in strong post write-off recoveries. 	

Non-interest revenue – down 3%

Non-interest revenue



2007 and 2008 have been presented on an IFRS-continuing basis, 2009 is presented on a continuing normalised basis excluding the fee and commission expense restatement and 2010 onwards is presented on a continuing normalised basis including the fee and commission expense restatement.

The diversity ratio includes income from associates, consistent with the rest of the document.

NON-INTEREST REVENUE

R million	Notes	Six months ended 31 December		% change	Year ended
		2011	2010		30 June
					2011
Fee and commission income	1	9 800	8 372	17	17 482
Fair value revenue	2	1 150	1 427	(19)	2 844
Investment income	3	(14)	1 251	(>100)	2 192
Other non-interest revenue		519	813	(36)	1 326
– Consolidated private equity income		112	181	(38)	261
– Other		407	632	(36)	1 065
Total non-interest revenue		11 455	11 863	(3)	23 844

Note 1 Fee and commission income – up 17%

R million	Six months ended 31 December		% change	Year ended
	2011	2010		30 June
				2011
Bank commissions and fee income	8 015	6 802	18	13 957
Card commissions	1 201	996	21	2 001
Cash deposit fees	957	826	16	1 599
Commissions on bills, drafts and cheques	595	523	14	1 052
Bank charges	5 262	4 457	18	9 305
Knowledge-based fees	424	349	21	817
Management fees	382	498	(23)	765
Insurance income	1 402	1 051	33	2 650
Other non-bank commissions	842	818	3	1 610
Gross fee and commission income	11 065	9 518	16	19 799
Fee and commission expenditure	(1 265)	(1 146)	10	(2 317)
Total fee and commission income	9 800	8 372	17	17 482

Positives	Negatives
<ul style="list-style-type: none"> Strong growth of 5% in client numbers in FNB, augmented by robust growth of 10% in transaction volumes. 	<ul style="list-style-type: none"> Overall growth dampened by continuing strategy to actively migrate clients to cheaper electronic channels.
<ul style="list-style-type: none"> Continuing excellent growth in FNB electronic transaction channels, with year-on-year growth of 55% in cell phone banking transaction volumes. 	
<ul style="list-style-type: none"> Good non-interest revenue growth from WesBank, benefiting from high new business volumes. 	
<ul style="list-style-type: none"> Continuing strong knowledge-based fee income, benefiting from good advisory and structuring fees on the back of strong deal flow in SA and the rest of Africa. 	
<ul style="list-style-type: none"> Excellent growth of 33% in insurance income, assisted by a 10% growth of in-force policies in FNB Life as well as good growth in other embedded insurance products in both FNB and WesBank. 	

Note 2 Fair value income – down 19%

R million	Six months ended 31 December		% change	Year ended
	2011	2010		30 June
				2011
Client income	653	935	(30)	2 073
Hedging and structuring	78	500	(84)	1 106
Client flow	575	435	32	967
Risk income	240	468	(49)	964
Equities	(89)	227	(>100)	600
Commodities	154	6	>100	48
Interest rates	(39)	212	(>100)	270
Credit	-	(7)	(100)	-
Forex	214	30	>100	46
Other	257	24	>100	(193)
Total	1 150	1 427	(19)	2 844

Positives	Negatives
<ul style="list-style-type: none"> Strong results from client flow activities, assisted by new deal opportunities within RMB, as well as higher levels of client activity and agency business flows. 	<ul style="list-style-type: none"> Disappointing equity trading results, in part negatively affected by the flat year-on-year performance in the ALSI, as well as adverse trading conditions and uncertainty in the Eurozone.
<ul style="list-style-type: none"> Good trading results within the currency and commodity areas assisted by beneficial market conditions. 	<ul style="list-style-type: none"> Limited client refinancing opportunities in the current period.
<ul style="list-style-type: none"> Significant year-on-year benefit from fair value gains on certain derivative positions held to hedge share-based payment exposures. 	

Note 3 Investment income – down >100%

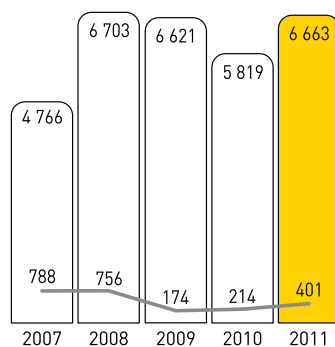
R million	Six months ended 31 December		% change	Year ended 30 June
	2011	2010		2011
Private equity realisations and dividends received	15	12	25	666
– Profit on realisation of private equity investments	3	5	(40)	607
– Dividends received	3	7	(57)	5
– Investment property income	9	–	n/a	54
Other income from investments	(29)	1 239	(>100)	1 526
– Profit on disposal of available-for-sale assets	36	179	(80)	341
– Profit on assets held against employee liabilities	70	290	(76)	339
– RMB Resources	(217)	542	(>100)	449
– Other investment income	82	228	(64)	397
Total investment income	(14)	1 251	(>100)	2 192

Negatives

- Significant reduction in profits from the ELI asset portfolio directly linked to a weaker performance of local and international equity markets in the six-month period to December 2011 compared to the prior period.
- Disappointing performance from the international resources portfolio, negatively affected by weaker international equity markets and commodity prices resulting in losses during the period.

Share of income from associates and joint ventures – up 87%

Analysis of income from associates and joint ventures (R million)



■ Investment in associates and joint ventures
— Share of income from associates and joint ventures

R million	Six months ended 31 December		% change	Year ended
	2011	2010		30 June
				2011
Private equity associates	152	6	>100	63
– Operational performance	204	157	30	356
– Impairments	(52)	(151)	(66)	(293)
WesBank associates	147	143	3	318
– Toyota Financial Services (Pty) Ltd	90	69	30	132
– Tracker Investment Holdings (Pty) Ltd	31	58	(47)	140
– Other	26	16	63	46
Other operational associates	102	65	57	195
– Eris Property Group (Pty) Ltd	15	8	88	30
– RMB Morgan Stanley (Pty) Ltd	39	29	34	70
– Other	48	28	71	95
Total share of profits from associates and joint ventures	401	214	87	576

Positives

- Strong operational performance from WesBank associates, benefiting from an improved trading environment.
- A good result from the RMB private equity associates, reflective of solid underlying operational performance as well as the non-recurrence of impairments raised in the comparative period.

Total income from private equity activities

RMB earns private equity related income primarily from its Private Equity division. However, other divisions within RMB also engage or hold private equity related investments (as defined in Circular 03/2009 dealing with Headline Earnings and issued by the South African Institute of Chartered Accountants), which are not reported as part of the Private Equity division's results. The underlying nature of the various private equity related income streams are reflected below.

R million	Six months ended 31 December		% change	Year ended
	2011	2010		30 June
RMB Private Equity division	274	207	32	1 166
Income from associates	147	14	>100	239
– Equity-accounted income*	199	222	(10)	441
– Impairments*	(52)	(208)	(75)	(202)
Realisations and dividends**	6	12	(50)	612
Investment property income**	9	–	n/a	54
Consolidated private equity income#	112	181	(38)	261
Legacy	3	(8)	(>100)	(98)
Income from associates	5	(8)	(>100)	(176)
– Equity-accounted income*	5	(65)	(>100)	(85)
– Impairments*	–	57	(100)	(91)
Other investment income**	(2)	–	n/a	78
Other business units	56	19	>100	70
Income from associates	56	19	>100	70
– Equity-accounted income*	63	19	>100	75
– Impairments*	(7)	–	n/a	(5)
Private equity activities	333	218	53	1 138

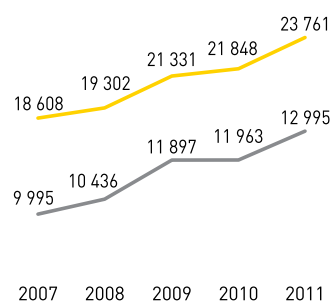
* Refer to analysis of income from associates and joint ventures on page 45.

** Refer to investment income analysis on page 44.

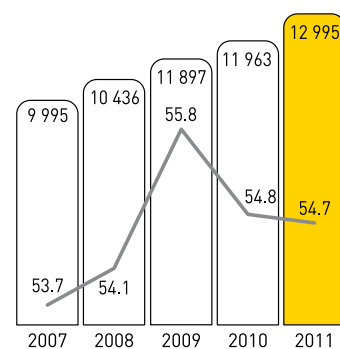
Refer to non-interest revenue analysis on page 42.

Operating expenses – up 9%

Operating “jaws” (R million)



Operating efficiency



— Total income
— Operating expenditure

— Operating expenditure (R million)
— Cost-to-income ratio (%)

2007 and 2008 have been presented on an IFRS-continuing basis, 2009 is presented on a continuing normalised basis excluding the fee and commission expense restatements and 2010 onwards is presented on a continuing normalised basis including the fee and commission expense restatement.

R million	Six months ended 31 December		% change	Year ended
	2011	2010		30 June
Staff expenditure	7 517	7 051	7	13 896
– Direct staff expenditure	4 890	4 537	8	9 153
– Other staff-related expenditure	2 627	2 514	4	4 743
Depreciation	916	753	22	1 564
Amortisation of other intangible assets	109	98	11	172
Advertising and marketing	503	404	25	924
Insurance	171	194	(12)	368
Lease charges	477	440	8	939
Professional fees	493	405	22	964
Audit fees	87	68	28	145
Computer expenses	435	359	22	718
Maintenance	360	450	(20)	919
Telecommunications	173	221	(22)	456
Cooperation agreements and joint ventures	378	271	39	682
Other expenditure	1 376	1 249	10	2 093
Total operating expenses	12 995	11 963	9	23 840

Staff costs – up 7%

- Increased direct staff costs, negatively affected by wage settlements in excess of CPI.
- Other staff-related costs negatively affected by an increase in IFRS 2 Share-based payment expenses of 23%, primarily resulting from the increase in the FirstRand share price year-on-year, offset to some extent by lower variable staff costs.

Other operating expenses

- A significant increase in costs associated with cooperation agreements and joint ventures, driven primarily by increased profitability of various WesBank joint venture arrangements.
- An increase in excess of 100% in expansion costs, reflective of a 9% increase in representation points in South Africa and 8% in the African subsidiaries as well as related infrastructure costs and ongoing investment into other African expansion initiatives.
- Significant increase in depreciation costs in part associated with the growth of the FMR business in WesBank.

Direct taxation – up 10%

Impacted by:

- year-on-year profit growth in the Group;
- increased STC charge through the utilisation of historical credits in anticipation of the introduction of dividend tax with effect from 1 April 2012; and
- change in income mix with lower relative component of non-standard rate taxable income to total taxable income.

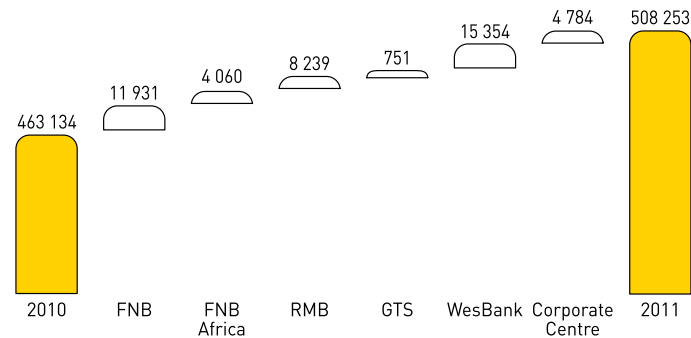
Abridged consolidated statement of financial position – normalised

R million	As at 31 December		% change	As at
	2011	2010		30 June
				2011
ASSETS				
Derivative financial instruments	57 721	51 052	13	37 206
Advances	498 258	453 290	10	464 593
Investment securities and other investments	126 001	127 707	(1)	124 777
Other assets	81 534	65 435	25	73 570
Total assets	763 514	697 484	9	700 146
EQUITY AND LIABILITIES				
Liabilities				
Deposits	595 200	543 713	9	553 657
Short trading positions and derivative financial instruments	11 944	15 797	(24)	12 413
Other liabilities	89 408	78 471	14	67 630
Total equity	66 962	59 503	13	66 446
Total equity and liabilities	763 514	697 484	9	700 146

Advances – up 10%

R million	As at 31 December		% change	As at
	2011	2010		30 June
				2011
Normalised gross advances	508 253	463 134	10	474 566
Normalised impairment of advances	(9 995)	(9 844)	2	(9 973)
Normalised net advances	498 258	453 290	10	464 593

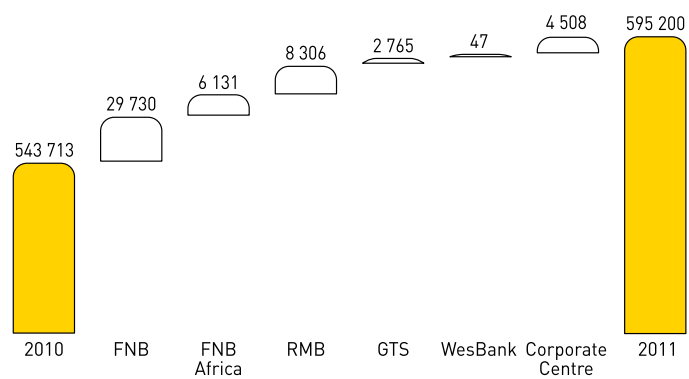
Gross advances by franchise (R million)



Positives	Negatives
<ul style="list-style-type: none"> • Robust asset growth of 38% in the Mass market, in line with strategy, assisted by increased sales in excess of 100% in the unsecured lending book. 	<ul style="list-style-type: none"> • Muted growth of 3% in the Consumer market, reflecting ongoing affordability pressure in this segment, resulting in flat advances levels in HomeLoans and muted growth of 6% in Card advances.
<ul style="list-style-type: none"> • Growth of 86% in unsecured lending (excluding Card) in the Consumer segment, in line with strategy. 	
<ul style="list-style-type: none"> • Satisfactory growth of 11% in Commercial, benefiting from 14% growth in agricultural loans and growth of 13% in owner-occupied commercial property finance and leveraged finance products. 	
<ul style="list-style-type: none"> • Strong growth of 19% from the FNB Africa subsidiaries, buoyed by: <ul style="list-style-type: none"> – 32% growth in FNB Botswana, driven primarily by increased personal loans and higher property finance advances; and – satisfactory growth of 9% in FNB Namibia, driven by increased mortgages and agricultural loans. 	
<ul style="list-style-type: none"> • Growth of 16% in WesBank's gross advances, resulting from: <ul style="list-style-type: none"> – retail new motor business in the local market increasing 23%; – corporate new business growing 13%, benefiting from specific growth initiatives; and – personal loans new business growth of 26%. 	
<ul style="list-style-type: none"> • Robust growth of 16% in RMB's core advances book, largely as a result of investment banking related-lending focused in the leveraged finance and real estate portfolios, as well as an increase in structured trade and commodity finance-related advances. 	

Deposits – up 9%

Deposits by franchise (R million)



Positives

- Deposit growth driven by FNB and FNB Africa, reflecting 17% and 23% growth respectively.
- Growth focused on shorter-term products given the interest rate environment, with growth of 13% in current, savings and transmission accounts and 32% in notice deposits within FNB South Africa.

Segmental report
and overview of
operating franchises

Segmental reporting

for the six months ended 31 December 2011

	FNB										
	Mass	Consumer segment				Wealth	Commercial	FNB Other and support	FNB South Africa	FNB Africa	Total FNB
	HomeLoans	Card Issuing	Other consumer	Consumer segment							
R million											
Net interest income before impairment of advances	709	663	520	1 210	2 393	426	1 596	(4)	5 120	1 022	6 142
Impairment of advances	(305)	(261)	(28)	(157)	(446)	(150)	(134)	(22)	(1 057)	(36)	(1 093)
Net interest income after impairment of advances	404	402	492	1 053	1 947	276	1 462	(26)	4 063	986	5 049
Non-interest income	2 046	167	618	1 907	2 692	456	2 051	(96)	7 149	794	7 943
Income from operations	2 450	569	1 110	2 960	4 639	732	3 513	(122)	11 212	1 780	12 992
Operating expenses	(1 533)	(345)	(537)	(1 661)	(2 543)	(646)	(2 118)	(43)	(6 883)	(997)	(7 880)
Net income from operations	917	224	573	1 299	2 096	86	1 395	(165)	4 329	783	5 112
Share of profit from associates and joint ventures	-	-	-	(14)	(14)	4	-	15	5	1	6
Income before tax	917	224	573	1 285	2 082	90	1 395	(150)	4 334	784	5 118
Indirect tax	(23)	(12)	(22)	(43)	(77)	(6)	(15)	(76)	(197)	(21)	(218)
Profit before direct tax	894	212	551	1 242	2 005	84	1 380	(226)	4 137	763	4 900
Direct tax	(237)	(56)	(146)	(329)	(531)	(22)	(366)	61	(1 095)	(231)	(1 326)
Profit for the period from continuing operations	657	156	405	913	1 474	62	1 014	(165)	3 042	532	3 574
Profit attributable to discontinued operations	-	-	-	-	-	-	-	-	-	-	-
Profit for the period	657	156	405	913	1 474	62	1 014	(165)	3 042	532	3 574
Profit attributable to:											
Ordinary equityholders	657	156	405	914	1 475	62	1 014	(165)	3 043	316	3 359
NCNR preference shareholders	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interests	-	-	-	(1)	(1)	-	-	-	(1)	216	215
	657	156	405	913	1 474	62	1 014	(165)	3 042	532	3 574
Attributable earnings to ordinary shareholders	657	156	405	914	1 475	62	1 014	(165)	3 043	316	3 359
Headline earnings adjustments	-	-	(1)	11	10	(4)	15	8	29	(24)	5
Headline earnings	657	156	404	925	1 485	58	1 029	(157)	3 072	292	3 364
IFRS 2 Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-
Normalised earnings	657	156	404	925	1 485	58	1 029	(157)	3 072	292	3 364

	RMB					WesBank	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	FirstRand Group normalised	Normalised adjustments	FirstRand Group – IFRS
	RMB	RMB Africa	Total RMB	GTS	Total CIB							
	1 178	(4)	1 174	248	1 422	2 849	1 380	53	59	11 905	(1 375)	10 530
	(153)	-	(153)	(4)	(157)	(572)	12	(151)	-	(1 961)	137	(1 824)
	1 025	(4)	1 021	244	1 265	2 277	1 392	(98)	59	9 944	(1 238)	8 706
	2 140	169	2 309	597	2 906	1 344	609	(1 380)	33	11 455	1 976	13 431
	3 165	165	3 330	841	4 171	3 621	2 001	(1 478)	92	21 399	738	22 137
	(1 677)	(67)	(1 744)	(634)	(2 378)	(1 980)	(1 391)	453	181	(12 995)	(376)	(13 371)
	1 488	98	1 586	207	1 793	1 641	610	(1 025)	273	8 404	362	8 766
	237	-	237	-	237	147	-	11	-	401	-	401
	1 725	98	1 823	207	2 030	1 788	610	(1 014)	273	8 805	362	9 167
	(40)	(1)	(41)	(9)	(50)	(100)	(15)	(1)	(1)	(385)	-	(385)
	1 685	97	1 782	198	1 980	1 688	595	(1 015)	272	8 420	362	8 782
	(447)	(26)	(473)	(52)	(525)	(449)	(150)	309	(27)	(2 168)	(24)	(2 192)
	1 238	71	1 309	146	1 455	1 239	445	(706)	245	6 252	338	6 590
	-	-	-	-	-	-	-	-	-	-	-	-
	1 238	71	1 309	146	1 455	1 239	445	(706)	245	6 252	338	6 590
	1 238	50	1 288	146	1 434	1 192	445	(809)	108	5 729	338	6 067
	-	-	-	-	-	-	-	-	137	137	-	137
	-	21	21	-	21	47	-	103	-	386	-	386
	1 238	71	1 309	146	1 455	1 239	445	(706)	245	6 252	338	6 590
	1 238	50	1 288	146	1 434	1 192	445	(809)	108	5 729	338	6 067
	23	-	23	-	23	1	145	(132)	-	42	(470)	(428)
	1 261	50	1 311	146	1 457	1 193	590	(941)	108	5 771	(132)	5 639
	-	-	-	-	-	-	-	-	-	-	29	29
	-	-	-	-	-	-	-	-	-	-	103	103
	1 261	50	1 311	146	1 457	1 193	590	(941)	108	5 771	-	5 771

Segmental reporting *continued*
for the six months ended 31 December 2011

R million	FNB										
	Mass	Consumer segment				Wealth	Commercial	FNB Other and support	FNB South Africa	FNB Africa	Total FNB
	HomeLoans	Card Issuing	Other consumer	Consumer segment							
Cost-to-income (%)	55.6	41.6	47.2	53.5	50.1	72.9	58.1	(50.6)	56.1	54.9	55.9
Diversity ratio (%)	74.3	20.1	54.3	61.0	52.8	51.9	56.2	95.3	58.3	43.8	56.4
Total impairment charge (%)	4.59	0.49	0.51	5.77	0.72	0.74	0.85	26.91	1.01	0.30	0.94
NPLs as a percentage of advances (%)	5.75	5.85	2.71	2.84	5.42	6.80	5.15	(11.05)	5.65	1.52	5.21
Assets under administration	-	-	-	-	-	113 858	-	-	94 972	1 783	96 755
Consolidated income statement includes:											
Depreciation	(14)	(3)	(2)	(90)	(95)	(18)	(51)	(386)	(564)	(51)	(615)
Amortisation	-	-	-	(2)	(2)	(8)	(1)	(18)	(29)	(15)	(44)
Impairment charges	-	-	-	-	-	-	-	-	-	-	-
Other non-cash provisions	(17)	(10)	(9)	(107)	(126)	(24)	(56)	(169)	(392)	(64)	(456)
Statement of financial position includes:											
Advances (after ISP – before impairments)	14 463	106 944	11 038	6 296	124 278	40 226	31 919	172	211 058	25 121	236 179
– Normal advances	14 463	105 446	11 038	6 296	122 780	40 226	31 919	172	209 560	25 121	234 681
– Securitised advances	-	1 498	-	-	1 498	-	-	-	1 498	-	1 498
NPLs	831	6 257	299	179	6 735	2 734	1 643	(19)	11 924	382	12 306
Investment in associated companies	-	-	-	-	-	12	-	169	181	8	189
Total deposits (including non-recourse deposits)	9 479	121	1 248	68 922	70 291	24 878	80 899	19 938	205 485	32 838	238 323
Total assets	14 996	105 563	10 625	7 462	123 650	45 837	32 192	11 449	228 124	39 930	268 054
Total liabilities	13 937	105 340	10 074	6 169	121 583	45 744	30 807	11 529	223 600	35 317	258 917
Capital expenditure	21	7	2	82	91	14	28	563	717	172	889

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

	RMB					WesBank	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	FirstRand Group normalised	Normalised adjustments	FirstRand Group – IFRS
	RMB	RMB Africa	Total RMB	GTS	Total CIB							
	47.2	40.6	46.9	75.0	52.1	45.6	69.9	34.4	(>100)	54.7	-	54.9
	66.9	102.4	68.4	70.7	68.8	34.4	30.6	104.0	35.9	49.9	-	56.8
	0.22	-	0.22	0.26	0.22	1.07	(0.26)	>100	-	0.80	(0.05)	0.75
	1.32	-	1.32	0.42	1.30	3.72	(0.22)	-	-	3.61	0.02	3.63
	-	-	-	-	-	-	-	-	-	96 755	-	96 755
	(126)	-	(126)	9	(117)	(133)	(55)	4	-	(916)	-	(916)
	(37)	-	(37)	-	(37)	(25)	(1)	(2)	-	(109)	-	(109)
	(8)	-	(8)	-	(8)	-	(1)	(13)	-	(22)	-	(22)
	(410)	-	(410)	-	(410)	(137)	(116)	(41)	(8)	(1 168)	-	(1 168)
	147 494	41	147 535	3 600	151 135	110 713	9 866	360	-	508 253	(2 088)	506 165
	147 494	41	147 535	3 600	151 135	107 505	9 866	360	-	503 547	(2 088)	501 459
	-	-	-	-	-	3 208	-	-	-	4 706	-	4 706
	1 945	-	1 945	15	1 960	4 122	(22)	-	-	18 366	-	18 366
	5 887	-	5 887	-	5 887	608	2	(23)	-	6 663	-	6 663
	131 117	358	131 475	38 183	169 658	257	182 564	4 398	-	595 200	-	595 200
	303 142	843	303 985	3 723	307 708	112 396	130 059	(111 769)	57 066	763 514	(1 853)	761 661
	297 342	768	298 110	3 402	301 512	109 682	77 475	(51 936)	902	696 552	10	696 562
	976	1	977	11	988	351	32	760	-	3 020	-	3 020

Segmental reporting *continued*
for the six months ended 31 December 2010

R million	FNB										
	Mass	Consumer segment				Wealth	Commercial	FNB Other and support	FNB South Africa	FNB Africa	Total FNB
		HomeLoans	Card Issuing	Other consumer	Consumer segment						
Continuing operations											
Net interest income before impairment of advances	540	616	509	981	2 106	436	1 473	(40)	4 515	913	5 428
Impairment of advances	(233)	(535)	(132)	(56)	(723)	(73)	(206)	(38)	(1 273)	(18)	(1 291)
Net interest income after impairment of advances	307	81	377	925	1 383	363	1 267	(78)	3 242	895	4 137
Non-interest income	1 854	123	598	1 598	2 319	349	1 830	(55)	6 297	668	6 965
Income from operations	2 161	204	975	2 523	3 702	712	3 097	(133)	9 539	1 563	11 102
Operating expenses	(1 482)	(336)	(507)	(1 479)	(2 322)	(543)	(1 961)	46	(6 262)	(811)	(7 073)
Net income from operations	679	(132)	468	1 044	1 380	169	1 136	(87)	3 277	752	4 029
Share of profit from associates and joint ventures	-	54	-	6	60	3	-	6	69	3	72
Income before tax	679	(78)	468	1 050	1 440	172	1 136	(81)	3 346	755	4 101
Indirect tax	(15)	(11)	(10)	(31)	(52)	(7)	(11)	(83)	(168)	(15)	(183)
Profit before direct tax	664	(89)	458	1 019	1 388	165	1 125	(164)	3 178	740	3 918
Direct tax	(176)	24	(121)	(271)	(368)	(44)	(298)	44	(842)	(217)	(1 059)
Profit for the period from continuing operations	488	(65)	337	748	1 020	121	827	(120)	2 336	523	2 859
Profit attributable to discontinued operations	-	-	-	-	-	-	-	-	-	-	-
Profit for the period	488	(65)	337	748	1 020	121	827	(120)	2 336	523	2 859
Profit attributable to:											
Ordinary equityholders	488	(65)	337	748	1 020	121	827	(120)	2 336	312	2 648
NCNR preference shareholders	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	211	211
	488	(65)	337	748	1 020	121	827	(120)	2 336	523	2 859
Attributable earnings to ordinary shareholders	488	(65)	337	748	1 020	121	827	(120)	2 336	312	2 648
Headline earnings adjustments	-	-	-	-	-	5	-	1	6	-	6
Headline earnings	488	(65)	337	748	1 020	126	827	(119)	2 342	312	2 654
IFRS 2 Share-based payment expense	-	-	-	-	-	-	-	-	-	4	4
Treasury shares	-	-	-	-	-	-	-	-	-	-	-
Normalised earnings	488	(65)	337	748	1 020	126	827	(119)	2 342	316	2 658

A consolidation adjustment has been reflected in WesBank's NIR and operating expenses in line with June 2011 and December 2011 disclosure. This amounted to R206 million.

	RMB													
	RMB	RMB Africa	Total RMB	GTS	Total CIB	WesBank*	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	FirstRand Group normalised continuing	Momentum	FirstRand Group normalised	Normalised adjustments	FirstRand Group - IFRS
	934	-	934	265	1 199	2 268	943	(72)	5	9 771	-	9 771	(1 392)	8 379
	(200)	-	(200)	(22)	(222)	(768)	4	-	-	(2 277)	-	(2 277)	193	(2 084)
	734	-	734	243	977	1 500	947	(72)	5	7 494	-	7 494	(1 199)	6 295
	2 959	98	3 057	513	3 570	1 133	742	(566)	19	11 863	-	11 863	1 387	13 250
	3 693	98	3 791	756	4 547	2 633	1 689	(638)	24	19 357	-	19 357	188	19 545
	(1 649)	(58)	(1 707)	(554)	(2 261)	(1 622)	(1 160)	165	(12)	(11 963)	-	(11 963)	(315)	(12 278)
	2 044	40	2 084	202	2 286	1 011	529	(473)	12	7 394	-	7 394	(127)	7 267
	55	-	55	-	55	143	(54)	(2)	-	214	-	214	292	506
	2 099	40	2 139	202	2 341	1 154	475	(475)	12	7 608	-	7 608	165	7 773
	(31)	-	(31)	(13)	(44)	(85)	(16)	(57)	-	(385)	-	(385)	-	(385)
	2 068	40	2 108	189	2 297	1 069	459	(532)	12	7 223	-	7 223	165	7 388
	(548)	(11)	(559)	(50)	(609)	(284)	(78)	64	(2)	(1 968)	-	(1 968)	(112)	(2 080)
	1 520	29	1 549	139	1 688	785	381	(468)	10	5 255	-	5 255	53	5 308
	-	-	-	-	-	-	-	-	-	-	505	505	6 778	7 283
	1 520	29	1 549	139	1 688	785	381	(468)	10	5 255	505	5 760	6 831	12 591
	1 520	29	1 549	139	1 688	751	379	(585)	(150)	4 731	508	5 239	6 831	12 070
	-	-	-	-	-	-	-	-	160	160	-	160	-	160
	-	-	-	-	-	34	2	117	-	364	(3)	361	-	361
	1 520	29	1 549	139	1 688	785	381	(468)	10	5 255	505	5 760	6 831	12 591
	1 520	29	1 549	139	1 688	751	379	(585)	(150)	4 731	508	5 239	6 831	12 070
	10	-	10	(19)	(9)	(1)	(158)	3	-	(159)	-	(159)	(6 868)	(7 027)
	1 530	29	1 559	120	1 679	750	221	(582)	(150)	4 572	508	5 080	(37)	5 043
	-	-	-	-	-	-	-	(4)	-	-	-	-	(45)	(45)
	-	-	-	-	-	-	-	-	-	-	-	-	262	262
	1 530	29	1 559	120	1 679	750	221	(586)	(150)	4 572	508	5 080	180	5 260

Segmental reporting *continued*
for the six months ended 31 December 2010

R million	FNB										
	Mass	Consumer segment				Wealth	Commercial	FNB Other and support	FNB South Africa	FNB Africa	Total FNB
	HomeLoans	Card Issuing	Other consumer	Consumer segment							
Cost-to-income (%)	61.9	42.4	45.8	57.2	51.8	68.9	59.4	51.7	57.5	51.2	56.7
Diversity ratio (%)	77.4	22.3	54.0	62.1	53.0	44.7	55.4	55.1	58.5	42.4	56.5
Total impairment charge (%)	4.73	0.99	2.50	3.48	1.19	0.38	1.45	>100	1.28	0.18	1.18
NPLs as a percentage of advances (%)	6.78	7.55	4.46	3.87	7.18	7.45	6.72	(>100)	7.12	1.74	6.60
Assets under administration	-	-	-	-	-	47 022	-	-	47 022	1 437	48 459
Consolidated income statement includes:											
Depreciation	(8)	(7)	(2)	(84)	(93)	(16)	(40)	(322)	(479)	(38)	(517)
Amortisation	-	-	-	(5)	(5)	(4)	(2)	(34)	(45)	(12)	(57)
Impairment charges	-	-	-	-	-	-	-	-	-	-	-
Other non-cash provisions	(13)	(8)	(6)	(70)	(84)	(55)	(40)	(177)	(369)	(53)	(422)
Statement of financial position includes:											
Advances (after ISP – before impairments)	10 471	107 074	10 447	3 387	120 908	39 023	28 692	33	199 127	21 061	220 188
– Normal advances	10 471	104 132	10 447	3 387	117 966	39 023	28 692	33	196 185	21 061	217 246
– Securitised advances	-	2 942	-	-	2 942	-	-	-	2 942	-	2 942
NPLs	710	8 081	466	131	8 678	2 909	1 927	(56)	14 168	366	14 534
Investment in associated companies	-	147	-	47	194	5	-	133	332	28	360
Total deposits (including non-recourse deposits)	8 730	109	1 173	60 425	61 707	17 528	71 928	15 862	175 755	26 707	202 462
Total assets	10 650	106 331	9 894	4 372	120 597	39 896	28 650	9 540	209 333	33 705	243 038
Total liabilities	10 002	106 339	9 443	3 204	118 986	39 748	27 566	9 526	205 828	29 448	235 276
Capital expenditure	76	2	2	169	173	28	53	714	1 044	79	1 123

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

	RMB													
	RMB	RMB Africa	Total RMB	GTS	Total CIB	WesBank	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	FirstRand Group normalised continuing	Momentum	FirstRand Group normalised	Normalised adjustments	FirstRand Group - IFRS
	41.8	59.2	42.2	71.2	46.9	45.8	71.1	25.8	50.0	54.8	-	54.8	-	55.5
	76.3	100.0	76.9	65.9	75.1	36.0	42.2	88.8	79.2	55.3	-	55.3	-	62.1
	0.29	-	0.29	1.94	0.32	1.63	(0.21)	-	-	1.00	-	1.00	(0.08)	0.92
	1.21	-	1.21	0.18	1.19	5.12	0.02	-	-	4.56	-	4.56	0.02	4.58
	-	-	-	-	-	-	-	-	-	48 459	-	48 459	-	48 459
	(82)	-	(82)	(5)	(87)	(98)	(51)	-	-	(753)	-	(753)	-	(753)
	(28)	-	(28)	-	(28)	(11)	-	(2)	-	(98)	-	(98)	-	(98)
	(7)	-	(7)	-	(7)	-	-	(29)	-	(36)	-	(36)	-	(36)
	(682)	-	(682)	-	(682)	(96)	(117)	(115)	-	(1 432)	-	(1 432)	-	(1 432)
	139 295	1	139 296	2 849	142 145	95 359	5 677	(235)	-	463 134	-	463 134	(1 631)	461 503
	139 295	1	139 296	2 849	142 145	95 359	5 677	(235)	-	460 192	-	460 192	(1 631)	458 561
	-	-	-	-	-	-	-	-	-	2 942	-	2 942	-	2 942
	1 690	-	1 690	5	1 695	4 887	1	-	-	21 117	-	21 117	-	21 117
	4 419	-	4 419	-	4 419	1 232	1 136	(1 328)	-	5 819	-	5 819	-	5 819
	123 146	23	123 169	35 418	158 587	210	176 020	6 434	-	543 713	-	543 713	-	543 713
	288 558	245	288 803	3 157	291 960	99 265	115 994	(103 727)	50 954	697 484	-	697 484	(1 675)	695 809
	285 346	185	285 531	2 683	288 214	97 461	72 755	(59 058)	3 333	637 981	-	637 981	80	638 061
	75	-	75	6	81	344	53	436	-	2 037	-	2 037	-	2 037

FNB – South Africa and Africa

Market dynamics

The macroeconomic environment, both locally and globally, continues to be challenging, volatile and uncertain, despite sustained low interest rates. Consumers and businesses still remain cautious, given these uncertainties. High levels of indebtedness, particularly in the middle market, subdued residential property prices and ongoing economic pressures resulted in South African private credit extension growth remaining muted.

Sub-Saharan Africa's economic recovery is continuing and, excluding South Africa, is one of the developing regions with the highest growth prospects. However, global food and fuel price increases, rising inflation (amplified by drought affecting parts of the region) and any reduction in global demand, could undermine these growth prospects.

Progress on strategy

FNB's strategy is to grow its domestic franchise in market segments where it is currently under-represented and target selective African countries which offer opportunities for growth. FNB enters new markets focusing on innovative products and delivery channels, especially favouring self service and electronic platforms.

Domestically, FNB identified certain growth opportunities within the Mass and Wealth segments some time ago and continues to successfully execute on a number of these as well as other operational initiatives.

As previously reported, FNB has been successful in growing its franchise in the Mass market and now has over four million customers in this segment. It achieved this through delivering innovative and low cost transactional banking services. Despite recent growth, however, it remains relatively underweight in lending to these customers. To address this gap, FNB continues with the rollout of its EasyPlan strategy which represents a low cost banking offering to Mass segment customers. The EasyPlan branches are well positioned in Mass market activity hubs, are open longer than the traditional branches and are supported by low cost channels for lending, insurance, savings and transactional products and services and have ADTs to satisfy customer cash transactional needs.

Effective January 2011, FNB acquired 100% of BJM's highly regarded private client and stockbroking business which has been integrated with the existing businesses that comprise the Wealth segment. This now provides customers with a more holistic offering which should underpin growth in FNB's wealth strategy over the medium term.

FNB's culture of innovation and ongoing technological developments, created opportunities to acquire new customers across all segments with particular success in the Consumer segment.

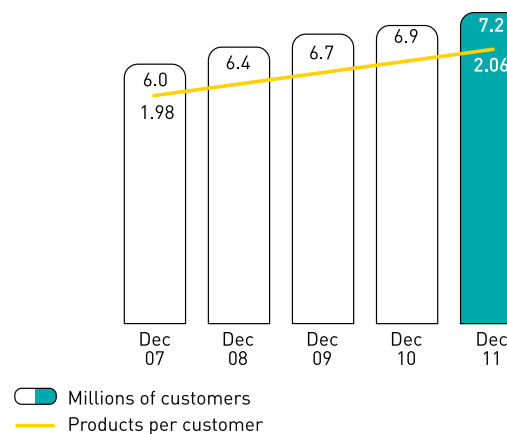
In terms of its growth strategy in Africa, FNB continues to expand its operating platforms in Zambia and Mozambique and leverage its South African-developed products and solutions into the continent. Tanzania commenced operations in July 2011 and aims to build a strong retail and commercial banking franchise over the medium term. Alongside other FirstRand franchises, FNB continues to assess opportunities in identified priority countries such as Nigeria and Ghana, and FNB is actively developing its business model and strategy for its operations in India.

Key performance indicators

GROWTH IN CUSTOMERS AND CROSS SELL FOR FNB SOUTH AFRICA

FNB's strategy to focus on customer relationships, supported by appropriate product and channel innovation as well as targeted pricing strategies, continues to produce positive results, as evidenced below with the 5% growth in customer numbers year-on-year. Cross sell continues to show an improving trend.

Growth in customers and cross sell for FNB South Africa

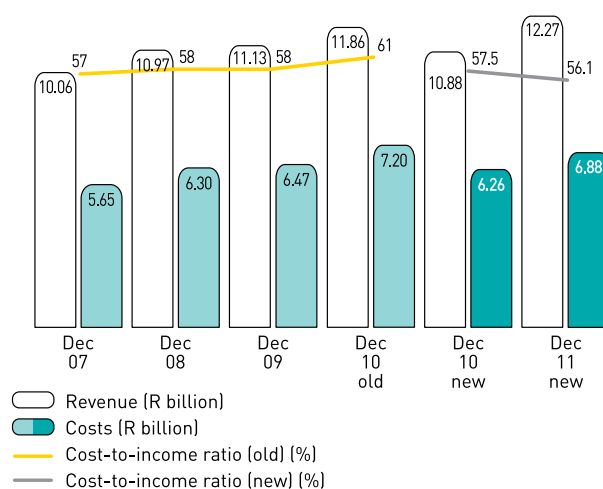


REVENUE AND COST-TO-INCOME RATIO

FNB has appropriately aligned to other industry players and in line with IFRS, changed the accounting for fee and commission expenses thereby impacting the cost-to-income ratio. This alignment results in fee and commission-related expenses such as cash cost, commissions and other directly related volume based costs being offset against NIR and thus not reflected in expenses. The December 2010 and June 2011 information has been restated to reflect this change.

FNB's total revenue showed a robust increase during the period on the back of good growth in both NII and NIR. This was despite pressure on NII resulting from low balance sheet growth and some negative endowment impact on deposit margins. The cost-to-income ratio improvement reflects the fact that revenues increased faster than costs, however, customer acquisition costs, combined with the investments in growth strategies resulted in overall operating expenses increasing marginally above nominal GDP. FNB continues to believe that the ongoing investment initiatives being implemented will support profitability and ROE in the medium term.

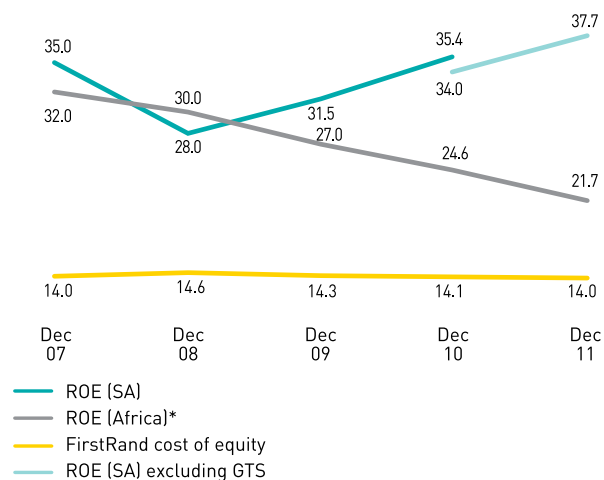
Revenue and cost-to-income ratio



Revenue, costs and the cost-to-income ratio shown above have been restated to exclude GTS. December 2010 figures were adjusted for the amended treatment of fee and commission expenses.

ROE – SOUTH AFRICA AND AFRICA

ROE – South Africa and Africa (%)



* FNB Africa ROEs for December 2010 onwards restated for change in methodology.

ROE is a key performance management ratio for FirstRand and FNB's ROE remains well above the Group's cost of equity. The ongoing improvement in the South African ROE in the period to December 2011 is largely driven by improved profitability, capital impact of lower advances growth together with efficient capital management.

The declining ROE for FNB Africa is due to ongoing investment in new jurisdictions, despite improved performances from Botswana, Namibia and Swaziland.

Financial highlights

R million	FNB – South Africa			FNB – Africa		
	Six months ended 31 December		% change	Six months ended 31 December		% change
	2011	2010*		2011	2010	
Net interest income	5 120	4 515	13	1 022	913	12
Non-interest revenue	7 149	6 297	14	794	668	19
Operating expenses	(6 883)	(6 262)	10	(997)	(811)	23
Income before indirect tax	4 334	3 346	30	784	755	4
Indirect tax	(197)	(168)	17	(21)	(15)	40
Income before direct tax	4 137	3 178	30	763	740	3
Normalised earnings	3 072	2 342	31	292	316	(8)
Advances	211 058	199 127	6	25 121	21 061	19
Total deposits	205 485	175 755	17	32 838	26 707	23
Cost-to-income ratio (%)	56.1	57.5		54.9	51.2	
NPLs (%)	5.7	7.1		1.5	1.7	
Credit loss ratio (%)	1.01	1.28		0.3	0.2	
ROE (%)	37.7	34.0		21.7	24.6	

* Prior year restated to exclude GTS.

Representation points

The rollout of FNB EasyPlan branches has resulted in an overall increase in branch representation points despite a reduction in full-service traditional branches. This reflects FNB's strategy to ensure optimisation of the overall network. The ATM footprint and point of sale (POS) devices growth reflects the electronic channel migration strategy. Expansion and investment in infrastructure on the rest of the continent resulted in strong growth in representation points and full-service ATMs (14%) in FNB Africa, however the number of mini-ATMs reduced, resulting in the overall decrease of 1% shown below.

	FNB – South Africa			FNB – Africa		
	Six months ended 31 December		% change	Six months ended 31 December		% change
	2011	2010		2011	2010	
Representation points (branches, agencies, EasyPlan)	760	678	12	106	98	8
ATMs	6 073	5 706	6	552	557	(1)

Operational highlights

- FNB Online Banking was rated first in the 2011 PwC survey on Banking in South Africa.
- In July 2011 FNB Connect launched the first, and to date, only Smartphone banking app in South Africa.
- eWallet received a certificate of commendation at the “Financial World Innovation Awards” in the category “Innovation in the delivery of financial product – Multichannel and Mobile Banking”.
- EasyPlan branch representation increased to 151 points of presence (June 2011: 117) across all provinces.
- FNB Public Sector Banking has fully rolled out banking to the entire PRASA (Passenger Rail Association of South Africa) Group and all PRASA business units will be on board by March 2012.
- FNB Wealth (RMB Private Bank and FNB Private Clients) ranked first as the best private banking service provider in South Africa and Africa in the 2011 Euromoney Private Banking 2011 Survey.
- FNB Namibia was selected as the best bank in Namibia and received the Bracken Award from the Banker Magazine in association with the UK Trade and Investment. It is the fourth time FNB Namibia received this award.
- FNB Botswana increased ATMs from 92 to 123 and now has the largest ATM footprint in Botswana.
- FNB Zambia was voted second “Best customer service award” of the year 2011 for financial services.
- FNB Swaziland was awarded “Best Bank in Swaziland” in 2011 (for the second consecutive year) by The Banker magazine (London).

Performance commentary – FNB South Africa

FNB South Africa produced a strong performance for the period, growing pre-tax profits 30%. This was underpinned by a 17% decline in bad debts largely emanating from HomeLoans and Card, and a 14% increase in NIR. FNB's costs for the period grew at only 10% despite ongoing investment in the business, such as the rollout of the EasyPlan infrastructure, innovative mobile platforms and customer acquisition strategies. FNB does not take a “one size fits all” view in relation to costs, particularly given the diversity of its business and expects to continue with this strategy. There remains a firm focus on cost reduction in those business units that are experiencing pressure on revenues, however, cost growth will continue in areas of the business where growth opportunities exist.

Overall impairments from residential mortgages continued to decline as detailed below. This was despite the higher charge in Wealth which was expected given the lag effect of deteriorating credit quality in this segment, and the downward pressure on property recovery rates.

R million	Advances	Impairment charge	Impairments to average advances %
Affordable Housing	9 510	27	0.61
HomeLoans	106 944	261	0.49
Wealth	40 226	150	0.74
Residential mortgages – Dec 2011	156 680	438	0.56
Residential mortgages – Dec 2010	153 403	640	0.84
Residential mortgages – Dec 2009	149 469	869	1.17

NII increased robustly as a result of strong deposit balance growth slightly offset by reduced endowment margins, some advances growth which was particularly strong in unsecured lending, which in turn resulted in margin expansion, and lower suspended interest on NPLs. The excellent growth in NIR includes the annual inflationary price increase but was driven mainly by customer acquisition and good growth (10%) in transactional volumes. Migration by customers to less expensive electronic channels continued which means that NIR per customer will continue to remain under pressure until the change in channel mix has fully run its course. NIR also benefited from good market share gains and growth in revenue from alternative sources such as prepaid commissions and insurance.

Mortgage advances growth remained muted due to continued deleveraging by consumers who remain overindebted despite continued low interest rates. HomeLoans (flat) and Card (6%) advances growth indicates that the credit market is still experiencing a slow recovery specifically in the Consumer segment or middle market. Growth in unsecured loans reflects the success of FNB's strategy to target areas of under-representation.

Deposits increased 17% and was achieved through a proactive strategy in a low yield market where customers preferred to improve cash holding positions and reduce risk related to investment markets. Current, savings and transmission accounts as well as notice deposits showed good growth of 13% and 32% respectively on the back of transactional market share gains and the success of the 7 Day Notice and Flexi Fixed deposit products.

SEGMENT PERFORMANCE

Income before direct tax R million	FNB – South Africa		% change
	Six months ended 31 December		
	2011	2010	
Mass	894	664	35
Consumer	2 005	1 388	44
– HomeLoans	212	(89)	>100
– Card Issuing	551	458	20
– Other Consumer	1 242	1 019	22
Wealth	84	165	(49)
Commercial	1 380	1 125	23
FNB Other and support	(226)	(164)	(38)
FNB – South Africa	4 137	3 178	30
FNB Africa	763	740	3
Total FNB	4 900	3 918	25

As previously reported, FNB's segment view is not a "pure" indication of FNB's penetration into each segment as it depends on the product segment categorisation as well as internal service level and revenue arrangements. Further, continuous segment refinement occurs. The December 2010 results reflect minor restatements in order to ensure performance comparability. The largest restatement relates to GTS which is reported as part of RMB and not FNB.

MASS (SMART SOLUTIONS)

R million	Six months ended 31 December		% change
	2011	2010	
NII	709	540	31
NIR	2 046	1 854	10
Operating expenses	(1 533)	(1 482)	3
Income before direct tax	894	664	35
Impairments as % of advances	4.6	4.7	
NPLs (%)	5.8	6.8	
Advances	14 463	10 471	38
Deposits	9 479	8 730	9

Smart and Mzansi accounts

Microloans (SmartSpend)

Cellphone banking and Prepaid products

Housing Finance (SmartBond & Smart Housing Plan)

FNB Life

FNB EasyPlan

This segment focuses on individuals earning less than R100 000 per annum and is principally serviced by FNB Smart branded products and services.

The Mass segment's performance reflects strong growth in NII due to increased advances, particularly in the unsecured space where new business is written at higher margins, partly offset by some margin squeeze on the endowment products. As a result of the focus to grow unsecured lending, sales increased more than 100% despite increased competition, with total unsecured advances now near R5 billion. The segment's impairment charge increased 31%, however, this is within risk appetite and remains below expectations.

Excellent ongoing growth in fees on new loans, prepaid airtime turnover as well as bancassurance revenue also contributed positively to the performance. FNB Life continued to perform well despite policy lapse rates remaining high, with in-force policies increasing 10% to 4.6 million driven mainly by funeral policies.

Operating costs include the investment in future growth strategies, such as EasyPlan, and benefited from customers moving to cheaper electronic channels.

CONSUMER

R million	Six months ended 31 December		% change
	2011	2010	
NII	2 393	2 106	14
NIR	2 692	2 319	16
Operating expenses	(2 543)	(2 322)	10
Income before direct tax	2 005	1 388	44
– HomeLoans	212	(89)	>100
– Card Issuing	551	458	20
– Other Consumer	1 242	1 019	22
Impairments as % of advances	0.7	1.2	
NPLs (%)	5.4	7.2	
Advances	124 278	120 908	3
Deposits	70 291	61 707	14

HomeLoans (including One Account)

Card Issuing

Cheque and transmission products (including overdrafts)

Investments and equity products

Personal loans (including student loans)

FNB Insurance Brokers

eBucks

Retail Forex

This segment focuses on providing banking and insurance solutions to customers with income ranging from R100 000 to R1.1 million per annum as well as certain subsegments (youth and teens, students, graduates and seniors).

The improvement in the segment's performance is largely attributable to the ongoing recovery in HomeLoans, strong post write-off recoveries in Card Issuing as well as strong growth in transactional revenues on the back of excellent customer acquisition.

The largest positive impact on profits is the significant reduction in bad debts as a result of the decrease in NPLs and arrears and ongoing post write-off recoveries in Card Issuing. However, consumers in this segment remain under pressure and factors such as potential interest rate increases and the health of the housing market (especially related to distressed debt and unemployment) could negatively impact improvements in the short term.

NII increased on the back of improved lending margins due to the strong growth in unsecured advances (particularly in Personal Loans). It was also supported by growth in deposits, in particular the Flexi Fixed and 7 Day Notice products, albeit at lower margins due to competitive forces coupled with some endowment impact. Overall advances balances grew only 3% mainly due to the muted growth in HomeLoans which were flat year-on-year.

The NIR increase of 16% was driven by very strong activity in the transactional business on the back of customer growth.

Operating costs increased 10% largely relating to customer acquisition costs, collection costs and advertising.

FNB HomeLoans

The ongoing turnaround in HomeLoans is still attributed to improved collection processes and better quality new business supported by several macroeconomic factors, including low interest rates, inflation and higher disposable income.

Advances remained flat on the back of improved sales, despite write-offs and capital repayments continuing to exceed the new business written. New business market share dropped marginally from 20% to 19% but focus remains on low risk customers.

HomeLoans benefited from slightly improved margins as the in-force book runs down and is replaced with higher margin new business assisted by lower interest suspended on NPLs and some NIR growth. Costs are up R8 million (2%) year-on-year due mainly to decreases in holding costs of properties in possession, which now amount to only R13 million, offset by increases in staff costs specifically related to collections.

Card Issuing

Card Issuing delivered a strong performance despite muted customer growth and a static advances book. Growth can mostly be attributed to the continuing decline in NPLs and arrear balances as a result of improved collection strategies. Post write-off recoveries made a significant positive contribution to earnings. Card turnover remained robust at 15% higher than the comparative period and can be attributed to the success of leading market customer loyalty initiatives and value-adds.

Other Consumer

The businesses combined under Other Consumer performed well driven by customer acquisition resulting in above inflation NIR growth. Good balance sheet growth was achieved in both deposits and advances, particularly personal loans and overdrafts, with advances totalling just over R6 billion.

WEALTH

R million	Six months ended 31 December		% change
	2011	2010	
NII	426	436	(2)
NIR	456	349	31
Operating expenses	(646)	(543)	19
Income before direct tax	84	165	(49)
Impairments as % of advances	0.7	0.4	
NPLs (%)	6.8	7.5	
Advances	40 226	39 023	3
Deposits	24 878	17 528	42
Assets under administration (AUA)*	94 972	47 022	>100

* Includes assets under management, advice and execution.

RMB Private Bank

FNB Private Clients

FNB Trust Services

Islamic Finance

Ashburton and FNB International Trustees

BJM

This segment focuses on providing private banking and investment solutions to customers earning an income above R1.1 million per annum as well as certain trust, fiduciary and offshore investment services to all qualifying retail customers. The segment results for this period include BJM which was acquired in the comparative year. This strategic acquisition added a number of additional service offerings for clients including stockbroking. A number of synergies through cross sell and leveraging are expected to result from the acquisition.

This segment's profitability was negatively impacted by increased bad debts. This resulted in higher impairments as well as higher interest suspended on NPLs. Significant deposit margin compression on the back of a competitive market and increased costs also impacted profitability.

Advances increased slightly due to ongoing new client acquisition offset to some extent by large repayments experienced as customers deleveraged. The volume of credit extension has slowed as the property market outlook remains muted and customers focus on balance sheet health.

Deposits recorded excellent growth attributable mainly to Money Market Maximiser and Cash Enhancer products.

NIR showed strong growth due to increases in traditional banking activities. The increase in operating expenditure resulted from the integration of BJM.

AUA increased by more than 100% (50% after adjusting for the BJM acquisition), although a large portion of this business is being invested in cash-type solutions which attract lower margins.

COMMERCIAL

R million	Six months ended 31 December		%
	2011	2010	
NII	1 596	1 473	8
NIR	2 051	1 830	12
Operating expenses	(2 118)	(1 961)	8
Income before direct tax	1 380	1 125	23
Impairments as %			
of advances	0.9	1.5	
NPLs (%)	5.2	6.7	
Advances	31 919	28 692	11
Deposits	80 899	71 928	12

Small Business, Business and Medium Corporate transactional and overdraft products

Investment products

SMMEs

Commercial property finance

Debtor finance

FNB Leveraged finance, BEE funding, Niches

Merchant Services (SpeedPoint)

The Commercial segment is the provider of financial solutions, including working capital solutions, structured finance, investment products, transactional banking and term loans to Mid Corporate, Business and Small Business subsegments.

Growth in NII was achieved on the back of increasing deposit and advances balances. There was some endowment impact which

negatively influenced deposit margins, however, bad debts declined 35% from the prior year as a result of the workout strategy implemented around residential and development finance.

The growth in NIR reflects increases in volumes in the transactional banking, merchant services and online banking environments as well as a 3% increase in the active customer base. Cash deposit fees are still increasing as a result of customers utilising the ongoing deployment of ADTs.

Advances increased as a result of good growth in Agric overdraft and term loans, commercial property finance and leverage finance products. The marginal increase in overdraft balances was mitigated by strong growth in cash flows into current accounts.

Deposits continue to grow despite interest rate cuts. This is driven by growth in current account balances as businesses remain cautious about investment spending. Term deposit balances increased as a result of the launch of the 7 Day Notice deposit product and Flexi Fixed deposits where growth exceeded expectations.

The main drivers of the operating cost increase are volume-related transactional costs and an increase in depreciation of POS devices as a result of significant investments in this area.

FNB OTHER AND SUPPORT

Included in FNB Other and Support is Public Sector, Banking Channels, Brand Management and Support.

Public Sector Banking

The segment provides transactional banking and investment services and products to the three spheres of government namely, national, provincial and local government. Other clients include some state-owned enterprises, universities and public schools. It also offers working capital and other short- and long-term finance products.

Due to focus on strategic pricing, customised solutions and a strong sales drive, the business achieved good growth in deposit balances.

Performance commentary – FNB Africa

The results of FNB Africa comprise the subsidiaries, FNB Botswana, FNB Namibia, FNB Swaziland, FNB Mozambique, FNB Lesotho, FNB Zambia and FNB Tanzania as well as the support centre in Johannesburg. The performance of the RMB-managed operations in the subsidiaries is reported under RMB. However, in order to reflect a consolidated view of the portfolio, the RMB related profits are also included in the table below for information purposes.

R million	Six months ended 31 December		% change
	2011	2010	
Income before direct tax			
Botswana	308	318	(3)
<i>Botswana (BWP)</i>	287	301	(5)
Namibia	422	402	5
Swaziland	69	67	3
Other	(72)	(47)	(53)
Visa profit	36	-	n/a
FNB Africa	763	740	3
RMB FICC	97	40	>100
Total FNB Africa	860	780	10
Advances	25 121	21 061	19
Deposits	32 838	26 707	23
NPLs (%)	1.5	1.7	
Credit loss ratio (%)	0.3	0.2	

The African subsidiaries performed well despite significant investment activity across the portfolio which resulted in increased operating expenses. The profit before tax includes a profit recognised on Visa shares received by FNB Botswana and FNB Namibia. Good balance sheet growth and transactional flows contributed to the performance, however, increased statutory requirements in Botswana and reduced asset margins in FNB Namibia as result of mandatory prime rate spread reduction, impacted the overall portfolio.

FNB continued to invest significantly in Zambia and Mozambique in the period under review as well as in starting operations in Tanzania. The African investment phase will continue over the medium term while improved service and electronic delivery will remain a focus in order to increase the customer base and drive up volumes and resultant NIR.

FNB BOTSWANA

The economic outlook for Botswana is positive, backed by the rebound in diamond exports and positive government policies. FNB Botswana specifically focused on growing its share of the retail market where margins are higher and the property market where the risks are lower.

FNB Botswana profits (excluding the profit on Visa shares of R27 million) declined for the period due to continued investment in the business. NII benefited from a specific focus on growing retail advances where FNB has historically been under-represented. Margins were negatively impacted by the Bank of Botswana increasing the reserving requirement from 6.5% to 10% in mid-2011. The impairment charge increased in line with the

overall retail origination strategy and in line with expectations. Advances increased 32% particularly in the personal loans and property segments, and deposit balances increased 21% as a result of healthy growth in retail deposits.

FNB NAMIBIA

The Namibian economy continues to experience good economic growth emanating from demand for commodities.

FNB Namibia's profit before tax increased 5% to R422 million (excluding the profit on Visa shares) and was largely attributed to a healthy credit book and good transactional volumes. Pressure was, however, experienced on margins following Bank of Namibia rate decreases. NII was also impacted by the payment of a special dividend in May 2011 of N\$455 million, however, this enhanced ROE.

Gross advances growth of 9% originated primarily from mortgages, overdrafts and agricultural loans while surplus liquidity in the market contributed to the 27% increase in deposits.

FNB SWAZILAND

Whilst concerns remain regarding Swaziland economic conditions, FNB Swaziland remains well capitalised. The potential impact of liquidity issues is continually monitored.

FNB Swaziland's net profit before tax for the period increased marginally mainly as a result of increased non-interest income and favourable impairments. The low year-on-year performance can be attributed to limited balance sheet growth in a challenging economic climate. Advances grew 6% and deposits decreased 20%.

FNB MOZAMBIQUE

Increased investment in expanding FNB Mozambique in the medium term placed pressure on short to medium term profitability but it will position the business on a strong platform for future growth.

The expanded network has already resulted in good growth in advances, account numbers and resultant transactional volumes which positively impacted revenue.

FNB LESOTHO

FNB Lesotho showed an increase in profitability due to good growth in NIR (31%) and NII (27%). This was offset by a significant increase in operational expenses of 38% as a result of ATM footprint and expansion costs.

FNB ZAMBIA

The Zambian government is targeting GDP growth of 7% for 2012, making Zambia one of the fastest growing economies in the world. The main drivers of this growth are the agricultural, manufacturing, construction and mining sectors.

Growing its operating infrastructure remains a priority for FNB Zambia and there are currently six branches in operation. Focus remains on product development and increasing the footprint.

FNB TANZANIA

Tanzania's economy is forecast to grow 7.2% in 2012, provided its drought situation improves and the widespread power outages that the country has been experiencing reduce.

FNB Tanzania opened its doors to the public on 27 July 2011 and offers full-service banking. Significant investment will continue in the short to medium term with the primary focus on establishing infrastructure and footprint.

Looking forward

Growth in the South African mortgage advances is expected to lag nominal GDP growth as levels of consumer indebtedness remain high, and house prices are expected to reflect negative real growth in the short term. In mitigation, the stabilisation of the economy at modest growth rates and an ongoing low interest environment will result in reasonable growth in unsecured, short-term advances.

FNB expects its strong domestic franchise to continue to produce good organic growth as it actively pursues strategies in those markets showing above average growth, where FNB is under-represented or the ROE is very attractive. However, achieving revenue growth is likely to remain a challenge and therefore achieving sustainable ROE and cost-to-income ratio will remain a balancing act between investment and cost management.

Significant revenue is now derived from electronic channels and it is anticipated that customer migration will continue. This will place short- to medium-term pressure on both revenue (lower unit pricing on electronic transactions), and cost (leveraging fixed infrastructure). The ongoing focus on credit quality, the acquisition of new customers, cost management and the rollout of innovative products and channels that meet customer needs should, however, ensure sustainable returns.

FNB will continue to expand its operating footprint in Africa and India, supported by the South African platform; FNB Mozambique, FNB Zambia and the new FNB Tanzania will focus on consolidating existing platforms and the expansion of new branches, products and services. Other expansionary opportunities in Africa are being investigated on an ongoing basis.

RMB

For the first time RMB's operational review and financial performance encompasses GTS, previously FNB's Corporate Transactional Banking activities. GTS has now been fully aligned with RMB's existing activities (though it remains FNB branded) as part of FirstRand's strategy to create a full suite of integrated CIB products and services for large corporates.

Market dynamics

The global markets remain challenging with debt and default concerns in Europe and the US constraining growth. This scenario, coupled with evolving regulatory oversight and capital frameworks, has resulted in many international banks focusing on aggressive cost-management strategies to right-size their businesses. RMB's domestic environment is not immune to these economic and capital headwinds seen offshore, with higher regulatory capital charges filtering in during the period. In addition, corporate activity in South Africa has slowed as corporates remain cautious, while there is still some excess capacity in the system. Credit demand is showing some positive signs of recovery and transaction volumes in the flow businesses are benefiting from higher market volumes.

Progress on strategy

RMB's risk-appetite framework is central to its strategy of retaining an appropriate balance between client, investing and trading activities to maintain the quality of earnings. RMB's strategy continues to focus on preserving and enhancing its strong domestic franchise, while expanding its footprint and reach into Africa and the Asian corridors.

The closer alignment of GTS with RMB, together with the benefits of the Client Coverage team, is already contributing to RMB's strategy to grow its share of the corporate market, particularly across the FICC division and GTS service offerings. Significant investment in IT platforms and skills is currently taking place, which is expected to result in a strongly positioned CIB platform in the medium to long term.

The African expansion strategy is gaining momentum and in the period under review RMB established a Kenyan representative office, launched RMB Namibia and started operations in Tanzania. These initiatives supplemented excellent growth across the African operations. The India branch is benefiting from an increased focus on the Africa/India corridor, in particular the expansion of FICC's activities in the gold market. The broader Asian corridor strategy continues to develop and RMB was instrumental in bringing new investors into the South African equity market through the Gold One transaction. The deal represents the largest investment by Chinese investors in the African gold sector and endorses RMB's ability to deliver investment banking solutions to clients in the China/Africa corridor.

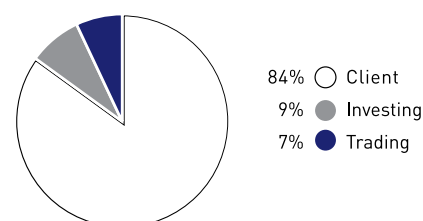
Key performance indicators

In line with its risk appetite framework, RMB targets a long-term business mix of 60% from client and 40% from proprietary activities (25% investing and 15% trading), with capital allocated on a similar basis. The framework continues to be a useful strategic tool in maintaining an appropriate balance of activities, whilst allowing for the appropriate trade-offs between risk, growth and sustainability. This has been particularly useful when evaluating expansionary strategies.

Growth was seen in client financing activities supported by strong client revenues in the FICC and Equities businesses. Results from proprietary activities were negatively impacted by a poor trading performance in Equities and unrealised mark-to-market losses in the RMB Resources investing portfolio.

The graph below shows the current earnings mix for RMB. GTS is not currently included in this analysis and will be formally incorporated into the existing risk-appetite framework over the next year.

RMB gross revenue mix*



* Mix excludes the legacy portfolios and GTS.

Financial highlights

R million	RMB			GTS		
	Six months ended 31 December		% change	Six months ended 31 December		% change
	2011	2010*		2011	2010**	
Income before indirect tax	1 823	2 139	(15)	207	202	2
Indirect tax	(41)	(31)	32	(9)	(13)	(31)
Income before direct tax	1 782	2 108	(15)	198	189	5
Total assets	303 985	288 803	5	3 723	3 157	18
Cost-to-income ratio (%)	46.9	42.2		75.0	71.2	
ROE (%)	17.5	25.2		26.0	23.8	
NPLs (%)	1.32	1.21		0.42	0.18	
Credit loss ratio (%)	0.22	0.29		0.26	1.94	

The divisional results are summarised in the table below.

R million	Six months ended 31 December		% change	Year ended 30 June
	2011	2010		2011
Private Equity	213	132	61	865
Investment Banking	1 279	1 262	1	2 727
FICC	583	523	11	1 013
Equities	56	235	(76)	338
Other RMB	(349)	(44)	(>100)	(43)
Total RMB*	1 782	2 108	(15)	4 900
GTS**	198	189	5	467
Total CIB activities	1 980	2 297	(14)	5 367

* Income before direct tax restated for commercial foreign exchange and money market customer dealing business transferred from FICC to FNB Commercial of R34 million (June 2011: R59 million).

** Income before direct tax restated from R229 million (June 2011: R520 million) due to the migration of businesses between GTS and FNB.

Operational highlights

Within South Africa, RMB has solidified its market-leading position across many investment banking disciplines. FICC was recognised as a leader in the interest rate markets and ranked first by Risk Magazine in their South Africa rankings. In the 2011 Spire Awards, FICC won best bond house, best inflation house and best research house, as well as a spread of awards across all key disciplines.

On the Investment Banking front, key advisory mandates for Gold One, Remgro and Sishen Iron Ore were captured during the period. RMB maintained its position at the top of *mergermarket* M&A league tables in addition to being named The Most Innovative Investment Bank from Africa by The Banker publication.

Performance commentary

RMB's profits reduced 15% to R1 782 million for the six months to December 2011, an acceptable performance given the significant base created in previous periods and the current tough macro environment for investment banks. The decline is largely attributable to disappointing performances in the RMB Resources and Equities businesses, where downward pressures on key sectors impacted profitability. Investment Banking, FICC and Private Equity all showed improved performances on the prior period with FICC in particular benefiting from prevailing market conditions.

GTS earnings were 5% higher at R198 million in the current period, a strong performance given the significant cost of investment in the technology platform.

INVESTMENT BANKING

Investment Banking once again grew off an already high base with profits up marginally to R1 279 million, driven by continued growth in financing activities, advisory and structuring revenue. The balance sheet has continued to grow and RMB has maintained its pre-eminent position in advisory, debt and equity capital markets. The African and Asian corridor strategy is delivering opportunities with the offices in Nigeria, Namibia and Kenya all gaining mandates in the period. The Gold One advisory mandate was a direct result of RMB's corridor strategy.

FICC

FICC reported profits of R583 million, 11% higher than in the prior comparative period despite pressures on domestic deposit margins. Client flow and structuring businesses performed strongly as sustained currency volatility and renewed client activity were experienced, while foreign exchange trading revenues were buoyed by market conditions. Excellent growth was seen in structured trading activities resulting in balance sheet growth and revenue gains.

FICC's Africa business produced exceptional results with profits increasing to R97 million compared to R40 million in the comparative period. Good growth was achieved across the Africa portfolio with a particularly strong performance from Botswana.

PRIVATE EQUITY

Private Equity reported a net profit of R213 million before tax, a 61% improvement on the comparative period. The portfolio continues to experience sustained associate earnings from the underlying investments and profits benefited from lower impairments while new investments in Denny Mushrooms and Tracker contributed to overall portfolio growth. There were no material realisations during the period. The portfolio's unrealised value remained significant at R1.2 billion at 31 December 2011.

EQUITIES

Equities continued to experience a positive contribution from client agency and structuring activities during the period. Results for trading and investment activities were disappointing, making no contribution during the first six months, in part as a result of a process to actively reposition and derisk portfolios in anticipation of the new trading book capital regime under Basel 2.5. Overall, the division was profitable, but net profits decreased 76% to R56 million.

OTHER RMB

Other RMB includes RMB Resources, legacy portfolios and central costs. The RMB Resources portfolios were impacted by the softening in commodity and resource equity markets resulting in

mark-to-market losses of R203 million while no material realisations took place during the period. Legacy losses were negligible and the portfolio size has reduced.

GTS

GTS produced net income of R198 million, 5% higher than the comparative period in an environment characterised by margin compression, which drove financing revenue lower. The contribution from client fee revenue grew marginally during the period on the back of higher volumes, although pricing remains highly competitive in this segment. Investment in the operating platform continued during the period, placing pressure on costs.

Looking forward

RMB expects the remainder of the financial year to be challenging with regards to its operating environment. However, the underlying strength of the franchise, combined with the various strategies it is currently executing across its portfolios, means it will continue to deliver an acceptable performance albeit off a high base. Key areas of strategic focus remain on:

- opportunities in Africa and the Asian corridor;
- reinvestment and further alignment of GTS and RMB activities to create an integrated client and product offering across CIB activities; and
- broadening the client base to target opportunities for growth in investment banking services.

WesBank

Market dynamics

During the 2011 calendar year the vehicle market continued to show good growth, albeit at a slower rate than the prior year. Within the South African motor industry, new vehicle sales increased 16% compared to the prior year, with passenger vehicle sales growing 17%. Although demand for retail credit remains strong, credit worthiness is mixed, particularly with regards to affordability. New business levels in the light, medium and heavy commercial vehicle sectors have also increased and this trend is expected to continue for the remainder of the financial year.

Regardless of increased demand in the corporate and commercial segments, WesBank is exercising caution, both from an origination and ongoing risk management perspective. Overall the outlook remains positive, although uncertainty surrounding macro-economic factors remains.

Progress on strategy

WesBank has a core strategy of partnering with key retail, commercial and corporate industry players through representation at the point of sale. This strategy continues to deliver strong origination volumes of an excellent credit quality. WesBank's long-standing personal loan product, marketed through Direct Axis, is also delivering strong volumes without compromising the risk profile of the underlying advances book.

Specific growth strategies continue to be pursued in the large corporate sector and in FMRs. The large corporate sector reflected year-on-year growth in new business of 29%, while the FMR business saw growth in number of units under management of 58% off a moderate base. This was achieved despite lead times proving longer than originally anticipated and long-term prospects remain good. Growth in the public sector fell well short of expectations as a consequence of long lead times on tenders and a lack of credit appetite from a number of state-owned entities and municipalities. There are additional incremental growth opportunities in the medium corporate environment and specific strategies are being put in place in that sector.

WesBank continues to focus on growing asset-based finance operations within the existing African footprint of the Group through the global product services model. Several opportunities for growth exist in these operations which are expected to gain traction over the medium term.

As part of its investment strategy WesBank has, over several years, invested in certain non-lending activities. During the period under review, the decision was taken that WesBank's shareholding in Tracker and Ronald Sewell's were non-core to its investment strategy and were subsequently disposed of, generating pre-tax profits on sale of R534 million and R6 million respectively. These profits are excluded from the normalised earnings disclosure.

Key performance indicators

WesBank considers key performance indicators to be return on equity, cost-to-income ratio, market share and the expertise indicator (service levels index).

%	Six months ended 31 December			Year ended 30 June
	2011	2010	2009	2011
ROE	29.8	21.5	13.6	26.3

Given the highly cyclical nature of its business, WesBank targets a through-the-cycle ROE of 20-25% and therefore continues to focus on reducing cyclical volatility through better risk profile management and revenue diversification. The above return is based on normalised earnings.

%	Six months ended 31 December			Year ended 30 June
	2011	2010	2009	2011
Cost-to-income ratio	45.6	45.8	52.5	45.9

The cost-to-income ratio reflects a stable and improving trend, driven by margin expansion, NIR growth and corresponding good cost management. Profit share payments, directly related to the profitability of various business units, have increased materially, and exclusive of these payments, the cost-to-income ratio improved from 43.2% to 42.6%.

%	Six months ended 31 December			Year ended 30 June
	2011	2010	2009	2011
Net promotor score	68.0	69.2	58.2	65.7

The net promoter score is based on customer responses and the rating index is a universally used benchmark. WesBank's scores are considered high against recognised international benchmarks.

Financial highlights

R million	Six months ended 31 December		% change	Year ended 30 June
	2011	2010		2011
Income before indirect tax	1 788	1 154	55	2 714
Indirect tax	(100)	(85)	18	(166)
Normalised income before tax	1 688	1 069	58	2 548
Profit on sale of investments	540	-	n/a	-
Total income before tax	2 228	1 069	>100	2 548
Advances	110 713	95 359	16	102 125
Cost-to-income ratio (%)	45.6	45.8		45.9
NPLs (%)	3.72	5.12		4.28

Normalised pre-tax profits increased 58% over the prior year and 14% over the six months ended 30 June 2011, to R1 688 million. This performance was due to the following factors:

- continuation of the retail and corporate credit unwind;
- strong new business origination across all portfolios;
- improved interest margins;
- excellent personal loans performance;
- sustained cost management; and
- good performance from MotoNovo (previously Carlyle Finance) in the UK.

WesBank profits are generated from various activities as highlighted in the table below (the profits on the sale of Tracker and Ronald Sewell's are excluded). Retail secured lending activities comprise 57% of total earnings (prior year 45%), unsecured lending activities 28% (prior year 35%), with the balance of corporate and commercial lending and non-lending activities. The expectation is for a higher contribution from the corporate and commercial lending sector going forward.

Profit before tax R million	Six months ended 31 December	Six months ended 30 June	Six months ended 31 December	Year-on-year % change
	2011	2011	2010	
Retail secured lending activities	959	845	484	98
- South African operations	819	721	387	>100
- UK operations	140	124	97	45
Corporate/commercial secured lending activities	202	113	124	63
Unsecured lending activities	470	454	377	25
Non-lending activities	57	67	84	(32)
WesBank consolidated profit before tax	1 688	1 479	1 069	58

Operational highlights

New business growth was encouraging across all portfolios driven by the buoyant vehicle market, improved consumer affordability, the natural replacement cycle and improved consumer and business confidence. Locally retail new business increased 24%, comprised of motor growth of 23% and personal loans growth of 26%. Corporate/commercial origination increased 13%. Origination growth has not been at the expense of price and remains within risk appetite.

WesBank has also improved the customer experience through enhanced processes at the front end, through electronic data capture and contracting, evidenced in the improving net promoter score.

MotoNovo (previously Carlyle Finance), the UK operation, contributed increased profits of R140 million compared with R97 million in the prior year, reflecting growth of 44%. 20% of this growth is a direct result of the devaluation of the Rand against the Pound. The business continues to produce excellent origination volumes, margins, risk profile and cost management in a very tough cycle in the UK market.

Performance commentary

WesBank's overall profitability was positively impacted by better interest margins and an improved credit environment.

Bad debts in the local lending business decreased 27% from R722 million to R525 million, or from 1.61% to 1.08% of advances. These trends are not expected to continue to improve at such rates and are likely to stabilise towards the end of the financial year.

NPLs decreased from 5.1% to 3.7% (June 2011 4.3%). This was due to the lower inflows of arrear accounts and of accounts into debt review, as well as good resolution on existing debt review accounts. NPLs remain, however, at historically high levels as the proportion of accounts under debt review continues to increase. A high percentage of these customers are adhering to revised payment arrangements.

Advances grew R15.4 billion (16%) as a consequence of the excellent new business volumes. This growth is likely to continue, but at a slower rate through the remainder of 2012.

NIR increased 19%, attributable to the higher new business volumes, growing advance volumes and growth in the FMR income.

Cost management remains an important contributor to WesBank's results. Headcount declined 2% year-on-year and over 30% through the last three-year cycle, however, further reductions in staff complement are not likely to be material. Total cost growth for the period was 22%. This growth in cost is largely related to increased volumes and improved performance. Core operating costs in the local lending operations increased 8% over the prior year.

Looking forward

The remainder of the financial year presents positive prospects, although over the longer term, new business volume growth will slow and bad debts will increase, albeit within an acceptable through-the-cycle range. In the current financial year, these factors are not likely to impact on WesBank's results, and all businesses in the portfolio are expected to make meaningful contributions. WesBank continues to originate business under a very strict risk regime, which should reduce the level of volatility in earnings evidenced in previous cycles. It is also likely that the corporate and commercial contributions will comprise a more meaningful proportion of earnings in the years ahead, thus providing greater diversity and resilience. There do, however, remain a number of macroeconomic uncertainties and risks, which could impact on this positive outlook.



Balance sheet
management

Balance sheet management

The Group COO and CFO has responsibility for the strategic positioning of the balance sheet, including both the assets and liabilities originated by the individual business units.

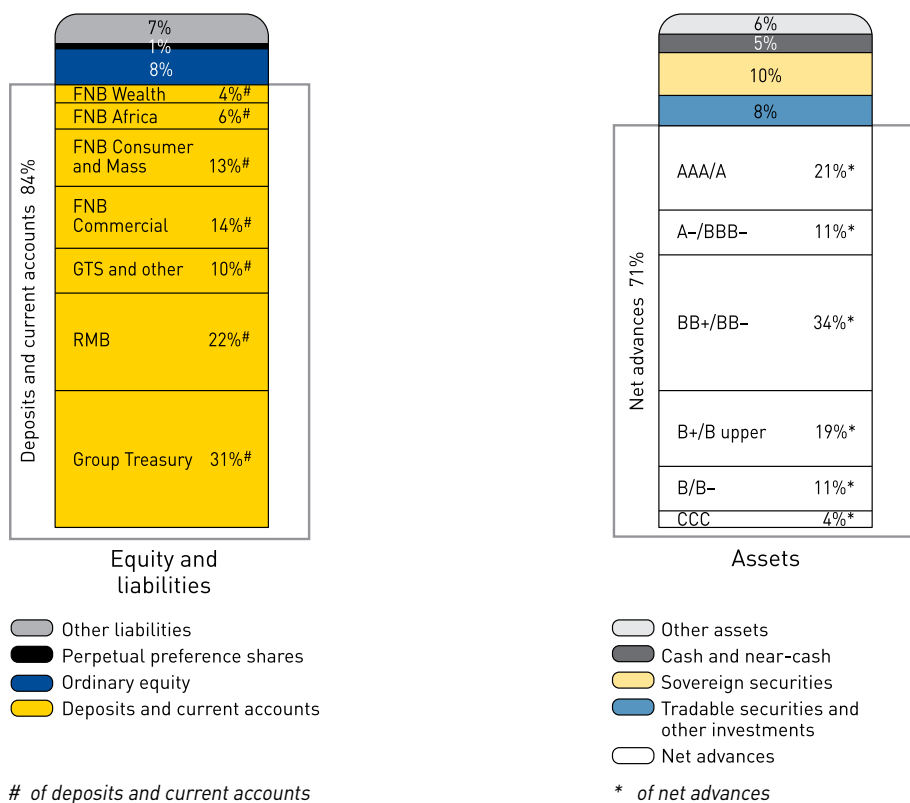
At the core of FirstRand’s approach is a belief that the balance sheet and its income statement streams can be both protected and enhanced throughout the cycle to improve sustainability and predictability, by actively managing the investment and enterprise value risks, which include:

- interest rate risk;
- credit portfolio risk;
- capital risks; and
- strategic funding risks.

To achieve this objective, the Group implements an integrated balance sheet management approach. This requires a detailed understanding of the economic cycle and the interplay between the risks created by the cycle and the “levers” within the business that can be used to mitigate those risks. Ultimately, the aim is to optimise the natural position of the balance sheet, look for natural hedges or implement appropriate macro hedges in the current structure, and only make the balance sheet available to the origination businesses if the required risk reward return can be met.

FirstRand’s integrated balance sheet management approach is aligned to the objectives of performance management in that it facilitates optimisation of the spread between ROE and cost of equity.

Economic view of the balance sheet at 31 December 2011 (%)



Capital management

The Group seeks to establish and manage a portfolio of businesses and associated risks that will deliver sustainable returns to its shareholders by targeting a particular earnings profile that will generate returns within appropriate levels of volatility.

Sustainability also refers to the capacity to withstand periods of severe stress characterised by very high levels of unexpected financial and economic volatility, which cannot be mitigated by earnings alone. Capitalisation ratios appropriate to safeguarding operations and the interests of stakeholders are therefore maintained. In this respect, the overall capital management objective is to maintain sound capital ratios and a strong credit rating to ensure confidence in the solvency and quality of capital in the Group during calm and turbulent periods in the economy and the financial markets.

The optimal level and composition of capital is determined after taking into account business units' organic growth plans – provided financial targets are met. In addition, targeted capital ratios, future business plans, issuance of additional capital instruments, the need for appropriate buffers in excess of minimum requirements, rating agencies' considerations, investor expectations and proposed regulatory changes are all factors taken into consideration.

Allocating resources, including capital and risk capacity effectively in terms of the risk appetite targets and in a manner that maximises value for shareholders is a core competence and a key focus area. Sound capital management practices, therefore, form an important component of overall business strategy. Moreover, performance measurement is aligned with the allocation of risk and continually enhanced to drive the desired behaviour.

The effectiveness of capital allocation decisions and the efficiency of its capital structure are important determinants of the ability to generate returns for shareholders. The Group seeks to hold limited excesses above the capital required to support its medium-term growth plans (including appropriate buffers for stresses and volatility) and future regulatory changes.

The total capital plan includes a dividend policy, which is set in order to ensure sustainable dividend cover based on sustainable normalised earnings. The plan also takes into account volatile earnings brought on by fair value accounting, anticipated earnings yield on capital employed, organic growth requirements and a safety margin for unexpected fluctuations in business plans.

The period under review

The capital planning process ensures that the total capital adequacy and Core Tier 1 ratios remain within the approved ranges or above target levels across economic and business cycles. FirstRand is appropriately capitalised under a range of normal and severe scenarios as well as a range of stress events.

The board-approved capital plan is reviewed annually as part of the Group's Internal Capital Adequacy Assessment Process (ICAAP), with the stress testing framework being an extension of the process. These processes are under continuous review and refinement and continue to inform the targeted buffer.

The Group currently finds itself in an environment of significant regulatory uncertainty. Although many of the Basel III changes have been finalised these proposals are yet to be outlined in the domestic regulations. Targeted ranges were increased in the prior year in anticipation of the implementation of Basel III, even though the levels for South Africa are not yet finalised. For this reason the Group follows a conservative approach to capital levels and prefers to maintain capital ratios at the upper end of its targeted capitalisation range.

Over the period FirstRand operated above its targeted capitalisation range, reporting a total capital adequacy of 15.4% and a solid Core Tier 1 ratio of 12.9% at 31 December 2011. The Core Tier 1 ratio for FirstRand decreased due to the payment of the special dividend. Similarly FirstRand Bank (FRB), excluding subsidiaries and branches, operated comfortably above its targets with a total capital adequacy of 14.7% and Core Tier 1 ratio of 12.0%.

The targeted capital levels as well as the ratios at 31 December 2011 are summarised in the table below.

Capital adequacy position

	FirstRand		FRB*		Regulatory minimum
	Actual	Target	Actual	Target	
Capital adequacy ratio (%)	15.4	12.0 – 13.5	14.7	11.5 – 13.0	9.5 [#]
Tier 1 ratio (%)	14.0	11.0	13.0	10.5	7.0
Core Tier 1 ratio (%)	12.9	9.5 – 11.0	12.0	9.0 – 10.5	5.25

* Reflects solo supervision, i.e. FRB excluding branches and subsidiaries.

[#] The regulatory minimum excludes the bank-specific (Pillar 2b) add-on and capital floor.

REGULATORY DEVELOPMENTS

Enhancements to the Basel II framework (Basel 2.5)

The SARB issued the final set of regulations covering the revised market risk and securitisation proposals as per Basel 2.5, as well as introducing a 6% scalar for credit risk. These regulations came into effect on 1 January 2012 and currently do not make provision for the proposed Basel III framework discussed below.

It is estimated that the change to market risk will increase risk weighted assets (RWA) by R6.2 billion, whilst the 6% scalar will add another R15.2 billion to RWA. This will reduce the Group's Core Tier 1 ratio reported at the end of December 2011 by 63 bps, however, the Group will remain above the targeted capitalisation range.

Basel III

The final Basel III framework 'A global regulatory framework for resilient banks and banking systems', issued in December 2010, will be phased in from 1 January 2013 with full compliance of capital levels (including buffers) required by 1 January 2019.

Quantitative impact studies are currently being completed bi-annually to assess the impact of the Basel III rules. The Group continues to be involved in this impact study and current calculations show a decline in the Core Tier 1 ratio. However, both FirstRand and FRB will remain above the current regulatory minimum and internal minimum requirements. The targeted levels may be further revisited once the Basel III proposals are incorporated into the SARB regulations. The Group expects a first draft of the Bank regulations incorporating Basel III by the end of March 2012.

The Basel Committee on Banking Supervision (BCBS) introduced a simple, transparent non-risk based leverage ratio that is calibrated to act as a credible supplementary measure to the risk-based capital requirements. The BCBS has proposed a minimum Tier 1 capital leverage ratio of 3%. FirstRand's current leverage ratio is well in excess of this requirement and therefore this does not introduce any constraint for the Group.

The SARB issued a guidance note on 8 February 2012 clarifying its Basel III treatment of disclosed reserves and the phasing out arrangement of existing Other Tier 1 and Tier 2 instruments that no longer qualify as regulatory capital. In terms of the guidance note issued, the following treatment will be applied:

- disclosed reserves (including the share-based payment reserve, available-for-sale and foreign currency translation reserve) will be included in Core Tier 1 capital from 1 January 2013. This adds approximately R4.5 billion or 100 bps, to the Group's Core Tier 1 capital if applied to the December regulatory balance sheet;
- any capital instruments no longer qualifying as additional Tier 1 and Tier 2 under Basel III will be phased out from 1 January 2013 over a ten year period.

This guidance note is in line with the Basel III framework. Optimising the impact of Basel III continues to be an area of focus for the Group.

SUPPLY OF CAPITAL – TIER 1

The Group aims to back all economic risks with Tier 1 capital, which offers the greatest capacity to absorb losses. Consequently, required Tier 1 capitalisation levels are used as the primary driver of performance measurement across the various businesses. Tier 1 capitalisation ratios benefited from stronger internal capital generation through earnings, offset by the special dividend paid in October 2011.

SUPPLY OF CAPITAL – TIER 2

The Group continues to investigate ways of optimising its capital base given the recent guidance note issued by the SARB.

For example, on 1 December 2011, FNB Botswana called its subordinated debt and replaced it with subordinated debt that meets the Basel III entry criteria.

DEMAND FOR CAPITAL

Capital requirements expressed as a percentage of RWA remain risk sensitive and cyclical under Basel II. This cyclical nature particularly for credit is less evident at this point in the cycle. RWA movement for the Group was driven mainly by the following:

- equity investment risk – effective 1 July 2011, the SARB requested that all equity investment risk exposures be risk weighted under the simple risk-weighted method (previously risk weighted under the standardised approach). This is only applicable to the non-bank entities and has increased the RWA movement for the Group;
- credit and market risk – the increase in credit RWA was mainly due to credit risk recalibrations and volume growth, and was partly offset by decreased market risk positions in FRB.

CAPITAL ADEQUACY

Composition of capital

The following tables show the composition of regulatory capital for FirstRand and FRB.

Composition of qualifying capital and capital ratios

R million	FirstRand		
	December 2011	December 2010	June 2011
Ordinary shareholders equity as per IFRS	57 506	50 360	56 631
Less: non-qualifying reserves	(3 577)	(3 075)	(2 954)
Cash flow reserve	649	561	451
Available-for-sale reserve	(412)	(612)	(225)
Share-based payment reserve	(3 054)	(2 703)	(2 739)
Foreign currency translation reserve	(1 080)	(348)	(474)
Other reserves	320	27	33
Ordinary shareholders equity qualifying as capital	53 929	47 285	53 677
Ordinary share capital and share premium	5 222	5 248	4 998
Reserves	48 707	42 037	48 679
Non-controlling interests	3 074	2 869	3 069
Less: total impairments	(3 492)	(3 118)	(3 521)
Excess of expected loss over eligible provisions (50%)	(844)	(542)	(907)
First loss credit enhancements in respect of securitisation structures (50%)	(284)	(78)	(247)
Goodwill and intangibles	(1 650)	(1 510)	(1 691)
Other impairments	(714)	(988)	(676)
Total Core Tier 1 capital	53 511	47 036	53 225
NCNR preference shares	4 519	4 519	4 519
Total Tier 1 capital	58 030	51 555	57 744
Upper Tier 2 instruments	1 044	1 068	1 042
Tier 2 subordinated debt instruments	5 784	5 692	5 712
Other reserves	208	199	202
Less: total impairments	(1 128)	(620)	(1 154)
Excess of expected loss over eligible provisions (50%)	(844)	(542)	(907)
First loss credit enhancements in respect of securitisation structures (50%)	(284)	(78)	(247)
Total Tier 2 capital	5 908	6 339	5 802
Total qualifying capital and reserves	63 938	57 894	63 546

Composition of qualifying capital and capital ratios

R million	FRB*		
	December 2011	December 2010	June 2011
Ordinary shareholders equity as per IFRS	42 187	36 303	37 965
Less: non-qualifying reserves	(1 406)	(1 690)	(333)
Cash flow reserve	649	561	452
Available-for-sale reserve	(518)	(619)	(443)
Share-based payment reserve	(369)	(355)	(342)
Unappropriated profits	(1 168)	(1 277)	-
Ordinary shareholders equity qualifying as capital	40 781	34 613	37 632
Ordinary share capital and share premium	14 608	11 308	11 459
Reserves	26 173	23 305	26 173
Less: total impairments	(2 859)	(2 823)	(3 295)
Excess of expected loss over eligible provisions (50%)	(844)	(542)	(907)
First loss credit enhancements in respect of securitisation structures (50%)	(45)	(71)	(71)
Qualifying capital in branches	(1 732)	(1 732)	(1 732)
Intangibles	(224)	(189)	(268)
Other impairments	(14)	(289)	(317)
Total Core Tier 1 capital	37 922	31 790	34 337
NCNR preference shares	3 000	3 000	3 000
Total Tier 1 capital	40 922	34 790	37 337
Upper Tier 2 instruments	1 044	1 068	1 042
Tier 2 subordinated debt instruments	5 364	4 975	5 349
Less: total impairments	(889)	(613)	(978)
Excess of expected loss over eligible provisions (50%)	(844)	(542)	(907)
First loss credit enhancements in respect of securitisation structures (50%)	(45)	(71)	(71)
Total Tier 2 capital	5 519	5 430	5 413
Total qualifying capital and reserves	46 441	40 220	42 750

* Reflects solo supervision, i.e. FRB excluding branches and subsidiaries.

The table below provides more detail on the Group's capital instruments at 31 December 2011.

Characteristics of capital instruments

Capital type	Instrument	Nominal R million	Actual R million	Rate type	Maturity date*
Other Tier 1	NCNR preference share capital	4 519	4 519	Floating	Perpetual
Upper Tier 2	FRBC21	628	603	Fixed	21 Dec 2018
	FRBC22	440	441	Floating	22 Dec 2018
Lower Tier 2 (subordinated debt)	FRB03	1 740	1 815	Fixed	15 Sept 2014
	FRB05	2 110	2 037	Fixed	21 Dec 2018
	FRB06	1 000	1 004	Floating	5 Nov 2012
	FRB07	300	304	Floating	6 Dec 2012
	FRB08	100	102	Floating	10 Jun 2016
	FRB09	100	102	Floating	10 Jun 2017
	FNBB002	122	133	Floating	1 Dec 2016
	FNBB003	27	27	Fixed	1 Dec 2016
	FNBB17	260	268	Fixed	29 Mar 2012

* Represents the call date of the instrument.

The table below provides a detailed breakdown of the RWA numbers and capital requirement per Basel II approach for each risk type of FirstRand.

RWA and capital requirement per Basel II approach

R million	December 2011				December 2010	June 2011
	RWA†			Capital requirement#	RWA†	
	Advanced approach	Standardised approach	Total			
Credit risk						
Corporate, banks and sovereigns	96 663	8 205	104 868	9 962	85 581	92 642
Small and medium enterprises (SME)	39 648	9 786	49 434	4 696	41 095	37 584
Residential mortgages	43 464	3 701	47 165	4 481	44 747	42 388
Qualifying revolving retail	9 611	-	9 611	913	9 123	9 003
Other retail	45 186	8 628	53 814	5 112	31 962	40 481
Securitisation exposure	8 673	340	9 013	856	5 404	4 580
Other	-	8 443	8 443	802	36 797	31 911
Total credit risk	243 245	39 103	282 348	26 822	254 709	258 589
Operational risk*	51 626	12 119	63 745	6 056	63 163	63 649
Market risk	5 125	7 496	12 621	1 199	14 216	17 311
Equity investment risk**	30 236	-	30 236	2 872	27 087	20 605
Other assets	-	26 171	26 171	2 486	19 315	25 036
Total RWA	330 232	84 889	415 121	39 435	378 490	385 190

* Exposures subject to basic indicator approach included under the standardised approach.

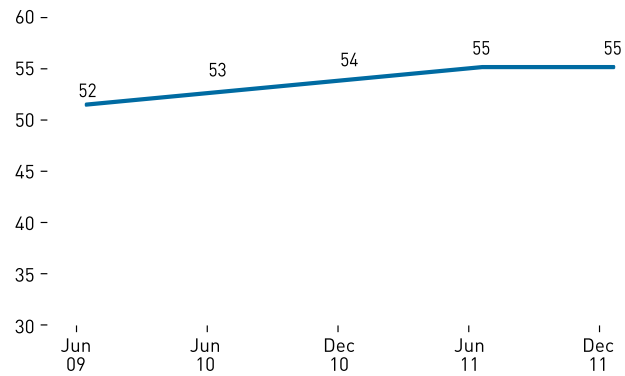
** Effective 1 July 2011, all exposures are subject to the simple risk weighted method (previously non-bank entities were on the standardised approach)

Capital requirement calculated at 9.5% (Pillar 1 of 8% and Pillar 2a of 1.5%) of RWA.

† All risk types, except other assets are subject to the advanced approach in FRB.

FirstRand's RWA % of total assets is shown in the graph below.

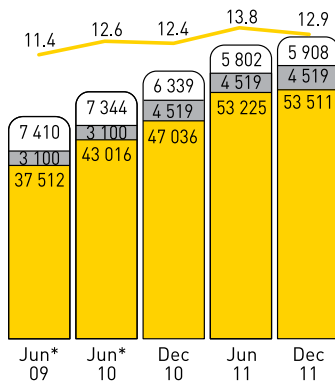
RWA % of total assets



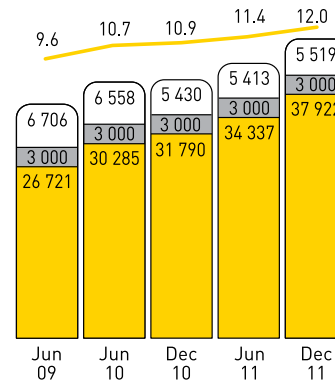
Historical overview of capital adequacy

The graphs below provide a historical overview of the capital adequacy for FirstRand and FRB.

FirstRand regulatory capital position



FRB regulatory capital position



- Core Tier 1 capital (R million)
- Other Tier 1 capital (R million)
- Tier 2 capital (R million)
- Core Tier 1 ratio (%)

- Core Tier 1 capital (R million)
- Other Tier 1 capital (R million)
- Tier 2 capital (R million)
- Core Tier 1 ratio (%)

* Comparative info prior to July 2010 relates to the previously regulated entity FirstRand Bank Holdings Limited.

Capital adequacy position for FirstRand and its subsidiaries

The registered banks in FirstRand must comply with the SARB regulations and those of their home regulators, with primary focus placed on Tier 1 capital and total capital adequacy ratios. Based on the outcome of detailed stress testing, each entity targets a capital level in excess of the regulatory minimum. Appropriate controls and processes are in place to ensure that each entity is adequately capitalised to meet local regulatory requirements. Capital generated by subsidiaries in excess of targeted levels is returned to FirstRand, usually in the form of dividends. During the period under review, no significant restrictions were experienced on the repayment of such dividends or capital to the Group.

The capital adequacy position of FirstRand and its subsidiaries is set out below.

RWA and capital adequacy position for FirstRand and its subsidiaries

	31 December 2011		31 December 2010	30 June 2011
	RWA R million	Total capital adequacy %	Total capital adequacy %	Total capital adequacy %
Basel II				
Bank controlling company	415 121	15.4	15.3	16.5
FirstRand Bank South Africa	315 751	14.7	13.7	14.2
FirstRand Bank London	6 893	11.7	11.6	12.5
FirstRand Bank India	1 667	33.9	69.3	43.0
FirstRand Ireland [#]			47.5	24.9
RMB Australia	8 722	15.1	25.1	24.0
FNB Namibia [*]	12 159	16.7	19.4	16.6
Basel I[*]				
FNB Botswana	9 077	18.0	17.4	15.7
FNB Lesotho	285	19.5	22.5	20.0
FNB Mozambique	1 117	10.7	10.6	16.6
FNB Swaziland	1 449	28.8	21.1	24.2
FNB Zambia	720	14.6	27.7	33.0
FNB Tanzania [†]	86	107.2		

^{*} Ratios based on local rules.

[#] In the process of liquidation.

[†] Opened offices in July 2011.

PERFORMANCE MEASUREMENT

To ensure that the Group delivers sustainable returns to its shareholders, the performance of each business unit is evaluated using both ROE and net income after capital charge (NIACC). These measures are steered by the allocation of risk capacity and aligned to the new regulatory requirements.

ECONOMIC CAPITAL

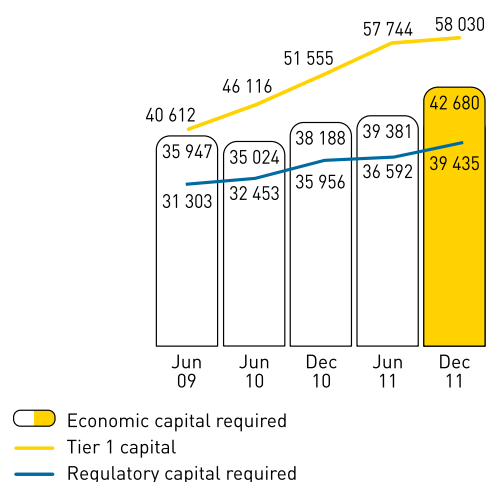
In addition to the regulatory capital requirements disclosed in the previous section, economic capital requirements are also calculated based on internally developed models. Economic capital is defined as the level of capital held that is commensurate with the Group's risk profile under severe stress conditions. This provides comfort to a range of stakeholders that the Group will be able to satisfy all its obligations to third parties with a desired degree of certainty and will continue to operate as a going concern.

Regular reviews of the economic capital position are carried out across the businesses and the Group remains well capitalised in the current environment, with levels of Tier 1 capital exceeding the level of economic capital required. The Group aims to back all economic risks with Tier 1 capital. Furthermore, it uses the allocation of capital based on risk capacity as a steering tool and for performance measurement of business units.

ICAAP assists in the attribution of capital in proportion to the risks inherent in the respective business units with reference to both normal economic circumstances and times of potential stress, which may lead to the realisation of risks not previously considered. This process is also supported by the stress testing and scenario analysis framework described previously.

The graph below provides an overview of the evolution of economic and regulatory capital requirements as well as Tier 1 capital for the Group:

Economic and regulatory capital (R million)



NORMALISED RETURN ON EQUITY

The Group achieved a normalised ROE of 19.5% compared to 18.0% for the comparative period.

The Group's total normalised ordinary shareholders' equity and reserves (excluding non-controlling interests) totalled R59 369 million as at 31 December 2011 (2010: R52 115 million). The average normalised ordinary shareholders' equity and reserves as at 31 December 2011 amounted to R59 114 million (2010: R50 749 million). Ordinary shareholders equity comprise share capital and premium, distributable and non-distributable reserves.

SEGMENTAL ROE

The Group considers the identification and management of risk a core competence and it has therefore aligned its performance measures with risk considerations.

Performance measurement of the business units has been aligned with the new regulatory changes. Each business unit is measured based on the risk introduced, both from an economic and regulatory perspective. Average allocated equity has been adjusted for the Basel 2.5 changes (effective 1 January 2012) as well as regulatory capital impairments.

The table below provides a summary of the ROE percentages for the main franchises.

R million	December 2011		Dec 2010	June 2011
	Normalised earnings*	ROE %	ROE %	ROE %
FNB SA	3 080	37.7	34.0	34.9
FNB Africa [†]	292	21.7	24.6	21.4
RMB [#]	1 292	17.5	25.2	28.7
GTS	145	26.0	23.8	25.8
WesBank	1 175	29.8	21.5	26.3
Corporate Centre	(213)			
Total	5 771	19.5	18.0	18.7

* Includes the return on capital earned by the respective franchises, Corporate Centre costs and cost of preference shares.

Includes Africa.

† Reflects the statutory view.

ECONOMIC PROFIT

The Group's performance measures are aligned with risk considerations.

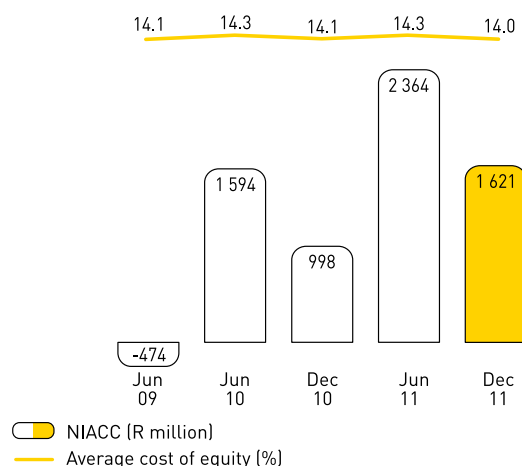
The use of economic profit or NIACC is embedded across the businesses and management culture. As a function of the normalised earnings and capital utilised in the businesses, economic profit provides a clear indication of the economic value added by a business unit. Positive internal capital generation through earnings and a lower cost of equity produced economic value for shareholders during the period under review. The following table and chart provide an overview of the relevant calculation and the creation of economic profit over time for FirstRand on a normalised basis.

R million	Six months ended 31 December		Year ended 30 June
	2011	2010	2011
Normalised earnings attributable to ordinary shareholders	5 771	4 572	10 117
Charge for capital*	(4 150)	(3 574)	(7 753)
Net economic profit**	1 621	998	2 364
Average ordinary shareholders' equity and reserves	59 114	50 749	54 120
Return on average ordinary shareholders' equity and reserves (%)	19.5	18.0	18.7
Average cost of equity	14.0	14.1	14.3

* Capital charge based on average cost of capital.

** Economic profit = normalised earnings - (average cost of equity x average normalised ordinary shareholders equity and reserves).

Evolution of economic profit and cost of equity



■ NIACC (R million)

— Average cost of equity (%)

Funding and liquidity

Introduction

STRUCTURAL CHARACTERISTICS IMPACTING THE FUNDING PROFILE OF SOUTH AFRICAN BANKS

The banking sector in South Africa is characterised by certain structural features, such as a low discretionary savings rate and a higher degree of contractual savings that are captured by institutions such as pension funds, provident funds and providers of asset management services. A portion of these contractual savings translate into institutional funding for banks which has higher liquidity risk than retail deposits.

Given these structural issues and as a result of the significant growth in risk weighted assets between 2001 and 2007, South African banks overall proportion of institutional funding increased. This is reflected in the table below.

SA banks' funding sources	31 December 2011 (% of funding liabilities)			
	Total	Short-term	Medium-term	Long-term
Institutional	42	26	55	71
Corporate	21	30	10	9
Retail	16	20	16	6
SME	5	7	3	1
Public sector	9	12	9	2
Foreign	6	5	5	10
Other	1	0	2	1
Total	100	100	100	100

Source: SA banking sector aggregate SARB BA900 returns (31 December 2011), FirstRand research.

This in turn means that short-term, expensive institutional deposits are utilised to fund longer-dated assets such as mortgages. Liquidity risk in the South African banking system is therefore structurally higher than in most other markets.

However, this risk is to some extent mitigated by the following factors:

- the “closed Rand” system, whereby all Rand transactions (whether physical or derivative) have to be cleared and settled in South Africa through registered bank and clearing institutions domiciled in South Africa. FirstRand Bank (FRB) is one of the major clearing/settlement banks;
- the institutional funding base is fairly stable as it is, in effect, recycled contractual retail savings;
- the country has a prudential exchange control framework in place; and
- South African banks have a low dependence on foreign currency funding (i.e. low roll-over risk).

These factors contributed to South Africa’s resilience during the recent global financial crisis.

CHANGING REGULATORY ENVIRONMENT (BASEL III)

The global banking sector is experiencing increased political and regulatory pressures, and some of these pressures will materialise in South Africa. In December 2010, the BCBS published two documents proposing fundamental reforms to the regulatory capital and liquidity framework (referred to as Basel III).

The Basel III guidelines, published in December, propose two new liquidity metrics: The Liquidity Coverage Ratio (LCR), effective 1 January 2015, which measures short-term liquidity stress and the Net Stable Funding Ratio (NSFR), effective 1 January 2018, which measures the stability of long-term structural funding.

The BCBS has put processes in place to ensure the rigorous and consistent global implementation of the Basel III Framework. The standards will be phased in gradually so that the banking sector can move to the higher liquidity standards while supporting lending to the economy.

Both the LCR and the NSFR will be subject to an observation period and will include a review clause to address any unintended consequences.

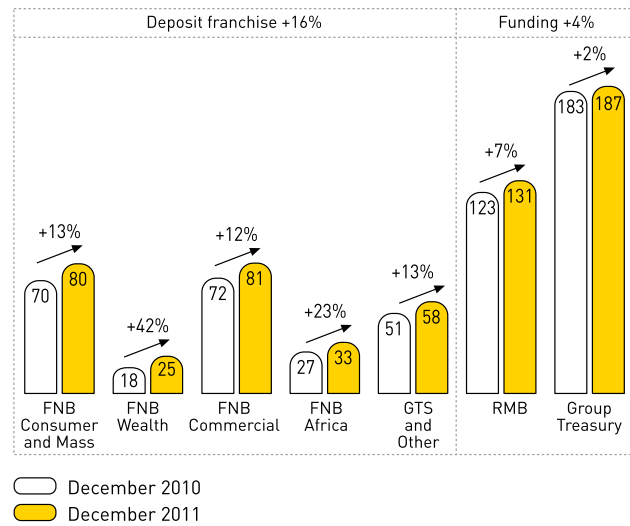
Currently FirstRand and most of the South African banking industry do not meet the minimum quantitative requirements. This is due to the structural funding issues described previously. These issues have been recognised by the South African regulators, banking industry and National Treasury. In response, and under the guidance of National Treasury, a Structural Funding and Liquidity task team has been established and mandated to assess the impact and subsequently make recommendations to the National Treasury on how the banking industry effectively deals with the proposed regulations.

Funding strategy

FirstRand's objective is to fund its activities in a sustainable, diversified, efficient and flexible manner, underpinned by strong counterparty relationships within prudential limits and requirements. The objective is to maintain natural market share, but also to outperform at the margin, which will provide the Group with a natural liquidity buffer.

FirstRand is actively building its deposit franchise using innovative/competitive products and pricing and lengthening its wholesale funding as illustrated by the following graph.

Group funding by segment (R billion)



DIVERSIFICATION

The Group views funding diversification from a number of different perspectives:

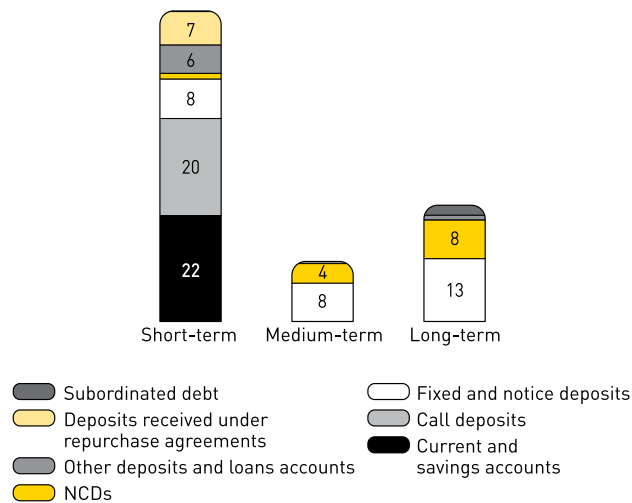
- **Segments** – the Group has a strong and stable deposit franchise, which spans the retail, commercial and corporate segments. Institutional funding represents approximately 40% of the Group's total funding and this reliance represents a risk concentration that is actively managed through the holding of appropriate liquidity buffers and continued focus on lengthening the term profile.
- **Country and currency of issue** – the Group has access to a variety of funding and capital markets offshore and locally, including South Africa, Europe, Asia, Australia, Namibia and Botswana in ZAR, USD, GBP, EUR, AUD and BWP.
- **Instrument types and maturity profile** – the Group funds itself with a variety of different funding instruments, including NCDs, fixed and floating rate notes, syndicated loans, development finance facilities, vanilla and structured capital market issuances, and various retail and corporate products.

In these markets, the Group seeks to broaden its investor base as far as possible, while actively pursuing an investor relations strategy.

An analysis of the Group's funding base is provided in the following tables/charts.

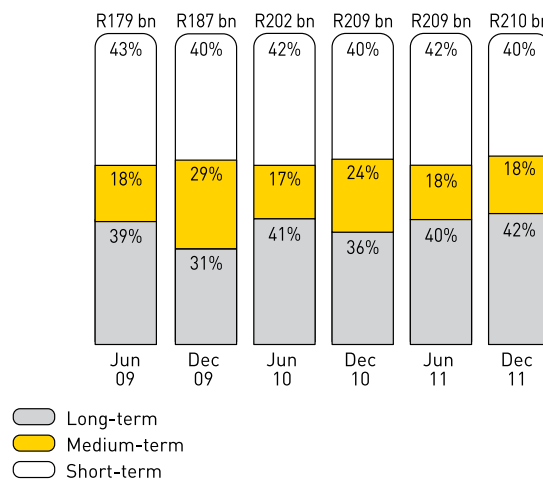
The chart below shows an analysis of the Bank's maturity profile by instrument type. The instruments represent South African banking products.

FRB's funding by product type (%)



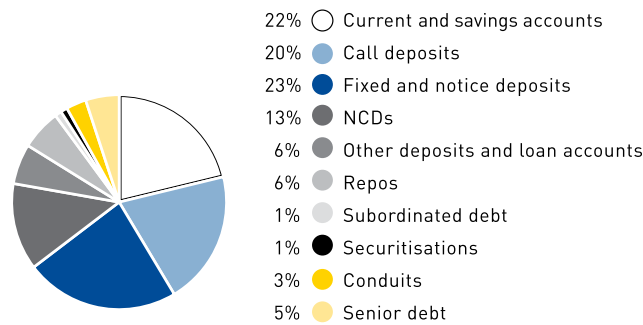
A historical analysis of the average maturity of FRB's institutional funding base is provided in the chart below, and it shows that FRB has reduced its reliance on short-term funding over time.

Term profile of FRB's institutional funding base



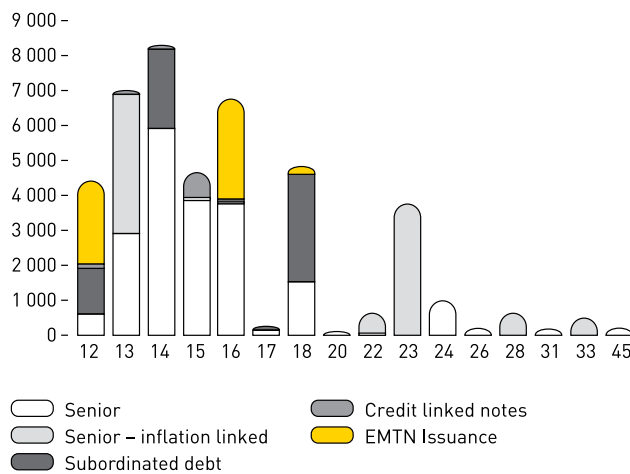
The chart below shows that FRB has well-diversified instruments funding the balance sheet.

Instrument type (including senior debt and securitisation)



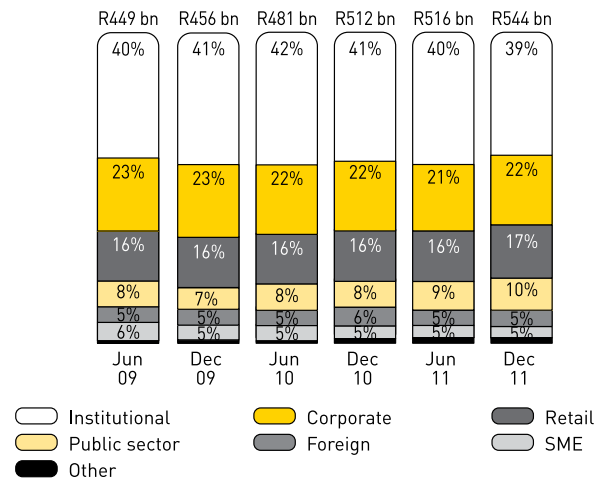
The maturity profile of all issued capital markets instruments is shown below – the Group does not have concentration risk in any one year.

FRB's capital markets instruments



The chart below provides a historic analysis of FRB's funding sources and reflects the stability of and reliance on institutional funding.

FRB funding analysis by source



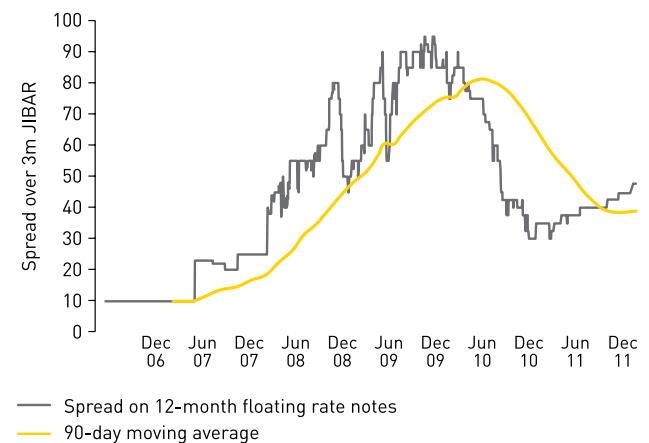
EFFICIENCY

The Group's aim is to fund the balance sheet in the most efficient manner, taking into account the liquidity risk management framework, as well as regulatory and rating agency requirements.

To ensure maximum efficiency and flexibility in accessing funding opportunities, the Group has established a range of debt programmes. The Group's strategy for domestic vanilla public issuance is to create actively-traded benchmarks, which facilitate secondary market liquidity in both domestic and offshore markets. The value of this strategy is that it assists the Group to identify cost-effective funding opportunities.

An explanation of how the market impacts the Group's funding strategy is illustrated below. Short-term liquidity costs have reduced marginally in the period under review.

12-month liquidity spread (bps)

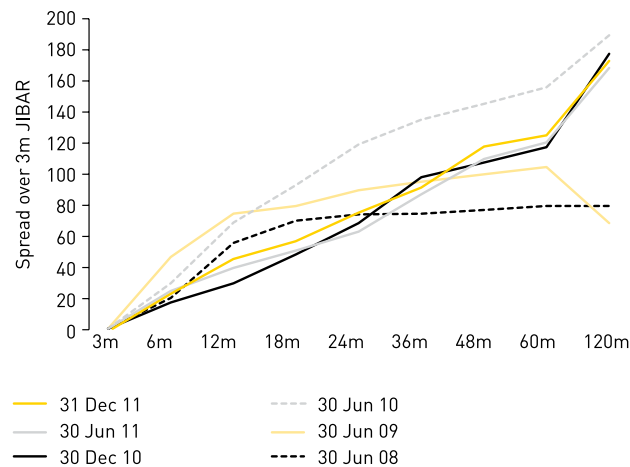


Source: Bloomberg (RMBP screen) and Reuters.



Long-term funding spreads remained elevated as can be seen from the graph below.

Long-term funding spreads



Source: Bloomberg (RMBP screen) and Reuters.

Although the average ZAR funding cost has been quite stable year-on-year, the Group has increased the term of the funding raised, thereby reducing liquidity mismatch. This was achieved through a focus on longer term issuance (two, three and four-year) as well as a preference for three to nine-month terms over 12 months due to favourable pricing in that area of the curve.

FLEXIBILITY

Another key aspect of the Group's strategy is to achieve maximum flexibility as far as access to the widest range of funding markets, debt investors and products is concerned. As market preferences and investor demands change, the Group is required to operate in a number of jurisdictions, legal entities and operating platforms. The dynamic environment requires an appropriate and up to date funding platform infrastructure to leverage the Group's globally-integrated approach to debt pricing and risk management in a responsive and effective manner.

The Group has a track record of differentiating itself through new and innovative funding mechanisms. It constantly reviews new proposals relating to funding strategies based on forecast balance sheet structures, in order to anticipate and plan for future funding and structural liquidity requirements.

STRONG COUNTERPARTY RELATIONSHIPS

The Group places great value on its established strong relationships with investors and is committed to keeping investors fully informed. Therefore an active marketing approach is embedded in the funding strategy. Through forums such as conference calls, domestic and international roadshows and investor presentations, the Group aims to extend its investor base, and keep stakeholders up to date on its financial performance and counterparty status.

Liquidity risk management

The objective of liquidity risk management is to ensure that the Group has enough resources to meet its obligations as a going concern under stress and severe stress. The Group's liquidity risk is managed within a risk appetite framework and limits set by the Board.

The chart below illustrates the Group's liquidity risk management cycle.

LIQUIDITY RISK MANAGEMENT CYCLE



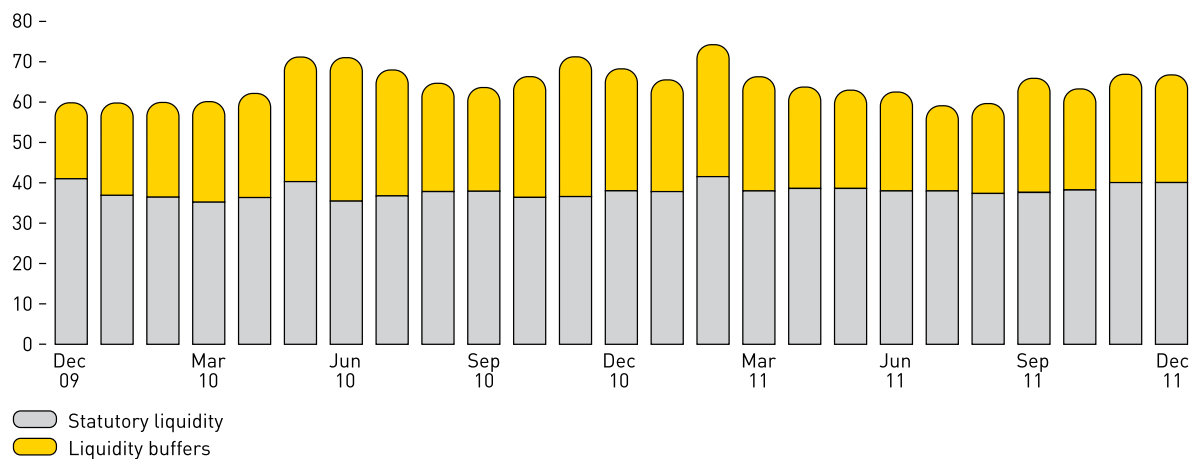
The target liquidity risk profile is determined by the risk appetite framework. It is continuously compared to the prevailing risk profile of the Group and evaluated under a range of scenarios and business conditions, including economic and event stresses.

On a dynamic basis the prevailing funding profile is adjusted through a range of short-, medium- and long-term actions to ensure that the Group remains within its chosen risk profile. The cost of these actions is then transferred to the business units through the internal matched maturity funds transfer pricing mechanism. It should be noted in this context that financial transactions using special purpose vehicles are treated as a part of the balance sheet and are considered in the liquidity risk management cycle and thus managed consistently and conservatively across the Group.

Liquidity buffers are actively managed, high-quality, highly-liquid assets that are available as protection against unexpected events or market disruptions.

The buffer methodology has been defined and linked to the liquidity-at-risk and stress testing. The methodology is adaptive and will be responsive to Basel III changes on the LCR. The chart below shows the liquidity buffer and statutory liquidity requirements.

FRB's liquid assets (R billion)



FOREIGN CURRENCY BALANCE SHEET PHILOSOPHY

The Board has limited the size of the foreign currency balance sheet for FirstRand Bank Limited to 10% of the total balance sheet. This limit is informed by the framework for the management of external debt of SA Inc. (public and private sector), which takes into account sources of sovereign risks including an unsustainable debt path (solvency) crisis, liquidity crisis and exchange rate and macroeconomic crisis. The Board also considers the external debt of all South African entities (public, private and financial institutions) as these are all exposed to the same repayment capacity of SA Inc. confidence in the country, its credit quality, international standing, and export and investment income flows.

Credit portfolio management

Credit strategy is managed as part of the broader balance sheet management process and is aligned with the Group's view of the trends in the wider economy.

Credit highlights at a glance

The table below summarises the key information on advances, NPLs and impairments in the credit portfolio for the period under review.

R million/%	Notes	Six months ended 31 December		% change	Year ended 30 June
		2011	2010		2011
Total gross advances	1	508 253	463 134	10	474 566
NPLs	2	18 366	21 117	(13)	19 790
NPLs as a % of advances		3.61	4.56		4.17
Impairment charge	3	1 961	2 277	(14)	4 292
Impairment charge as a % of average advances		0.80	1.00		0.93
Total impairments*	4	9 995	9 844	2	9 973
– Portfolio impairments*		3 779	3 117	21	3 457
– Specific impairments*		6 216	6 727	(8)	6 516
Implied loss given default (coverage)**	4	33.85	31.86		32.93
Total impairments coverage ratio#		54.42	46.62		50.39

* Includes cumulative credit fair value adjustments.

** Amortised cost specific impairments and non-performing book cumulative credit fair value adjustments as a percentage of the NPLs.

Total amortised cost impairments and total cumulative credit fair value adjustments as a percentage of the NPLs.

The notes referred to in the table above are detailed on the pages to follow. Comparatives of certain portfolios have been restated to reflect the current segmentation of the business.

The credit information in this section is presented on a normalised basis. The normalised basis differs from IFRS in that the credit fair value adjustments on fair value advances have been reversed to reflect the advances and impairments as if accounted for on an accrual basis. The adjustments had the following impact:

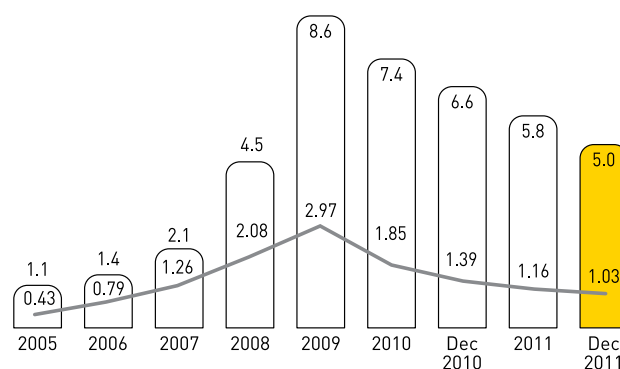
- Advances were adjusted (upwards) by the cumulative credit fair value adjustments of R2 088 million (December 2010: R1 631 million; June 2011: R1 951 million).
- The IFRS credit impairments in the income statement were adjusted to include the credit fair value adjustment impact of R137 million (December 2010: R193 million; June 2011: R514 million). On an IFRS basis, these would have been accounted for under non-interest revenue.

Retail credit portfolios

The Group's strategies to reduce NPLs continued to yield favourable results. The retail NPL% is 5.02% and is down from the 6.58% reported at December 2010. NPLs in the retail portfolios have declined by 17% since December 2010. The reduction in NPLs is driven by the slower inflow into NPLs in the FNB HomeLoans and WesBank vehicle and asset finance (VAF) portfolios. Accounts under debt review still prolong recovery periods and keep NPLs at higher levels. However, as at December 2011 the proportion of debt review accounts present in the WesBank and FNB HomeLoans portfolios showed signs of improvement. Increases in NPLs in some unsecured portfolios have been recorded, however, this increase is in line with expectations and risk appetite.

The reducing impairment charges in the retail secured portfolios were supported by the sustained low interest rates, reductions in NPL inflows and by post write-off recoveries. The retail unsecured portfolio showed increased impairments compared to December 2010 with the exception of FNB Card where the charge was substantially reduced by post write-off recoveries.

Retail credit portfolios



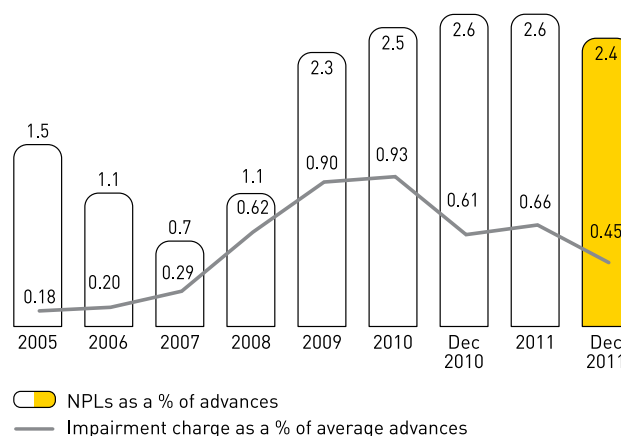
■ NPLs as a % of advances
— Impairment charge as a % of average advances

Corporate credit portfolios

The RMB core advances book grew by 16% due to investment banking related lending. The FNB Commercial portfolio achieved growth of 11% year-on-year. This growth is attributed mainly to the property term loans portfolio. GTS saw increased utilisation of facilities by clients which resulted in growth of 26% upon the prior period's advances.

NPLs in the Corporate portfolio declined modestly over the past year. This change is impacted by a reduction in NPLs in the FNB Commercial portfolio and an increase in the RMB NPLs. The Corporate NPLs % at December 2011 was 2.36% (December 2010: 2.63% and June 2011: 2.62%). Impairment charges also showed signs of improvement. The charge at December 2011 is 0.45% (December 2010: 0.61% and June 2011: 0.66%). Significant reductions in impairment charges were experienced in FNB Commercial and RMB compared to the previous December and June.

Corporate credit portfolios



■ NPLs as a % of advances
— Impairment charge as a % of average advances

Note 1: Analysis of advances

The table below provides the advances of each segment in the Group.

R million	Advances				
	As at 31 December		% change	2011 % composition	As at 30 June
	2011	2010			2011
Retail	258 329	236 020	9	51	246 247
Retail secured	230 565	214 666	7	46	221 989
Residential mortgages	156 680	153 403	2	31	155 974
Vehicle and asset finance	73 885	61 263	21	15	66 015
Retail unsecured	27 764	21 354	30	5	24 258
Credit card	11 038	10 447	6	2	10 758
Other retail	16 726	10 907	53	3	13 500
Personal banking	6 296	3 387	86	1	4 593
– overdrafts	1 685	1 094	54	–	1 251
– loans	4 611	2 293	>100	1	3 342
Mass loans	4 953	3 165	56	1	3 906
WesBank loans	5 477	4 355	26	1	5 001
Corporate	214 405	200 578	7	42	197 312
FNB Commercial	31 919	28 692	11	6	30 797
WesBank Corporate	31 351	29 741	5	6	31 109
RMB	147 535	139 296	6	29	132 813
GTS	3 600	2 849	26	1	2 593
FNB Africa	25 121	21 061	19	5	22 639
Corporate Centre and other	10 398	5 475	90	2	8 368
Total advances	508 253	463 134	10	100	474 566
Of which:					
Accrual book	376 182	336 496	12	74	350 548
Fair value book*	132 071	126 638	4	26	124 018

* Including advances classified as available-for-sale.

The table below provides an analysis of the impact of assets under agreements to resell on the RMB advances growth.

R million	As at 31 December		% change	As at 30 June
	2011	2010		2011
RMB advances	147 535	139 296	6	132 813
Less: assets under agreements to resell	(32 505)	(40 316)	(19)	(30 257)
RMB advances net of assets under agreements to resell	115 030	98 980	16	102 556

Sector and geographic analysis of advances

R million	As at 31 December		% change	As at 30 June
	2011	2010		2011
Gross advances	510 389	465 254	10	476 628
Less: interest in suspense	(2 136)	(2 120)	1	(2 062)
Advances net of interest in suspense	508 253	463 134	10	474 566
Sector analysis				
Agriculture	12 456	13 535	(8)	14 016
Banks and financial services	64 884	66 396	(2)	55 977
Building and property development	25 011	22 146	13	25 244
Government, Land Bank and Public Authorities	15 532	17 400	(11)	15 476
Individuals	285 903	261 003	10	273 600
Manufacturing and commerce	42 853	32 826	31	35 424
Mining	12 799	11 048	16	11 493
Transport and communication	15 029	14 349	5	13 067
Other services	33 786	24 431	38	30 269
Total advances	508 253	463 134	10	474 566
Geographic analysis				
South Africa	454 726	425 132	7	432 167
Other Africa	30 696	24 115	27	25 817
UK	12 262	8 669	41	11 474
Ireland	-	15	(100)	-
Europe	3 719	2 076	79	2 032
North America	290	1 216	(76)	375
South America	306	408	(25)	332
Australasia	5 977	593	>100	2 367
Other	277	910	(70)	2
Total advances	508 253	463 134	10	474 566

NOTE 2: Analysis of NPLs

The NPLs reduced by 13% year-on-year. This reduction was supported by lower inflows into the material residential mortgages and VAF portfolios, as well as workouts in the FNB Commercial NPL book. NPLs in the unsecured portfolios increased but this remains in line with expectations and risk appetite. The proportion of accounts under debt review included in NPLs also decreased during the period under review. The NPLs in the RMB portfolio increased due to challenges in the real estate investment banking portfolio.

R million/%	NPLs					NPLs as a % of advances		
	As at 31 December		% change	2011 % composition	As at 30 June	As at 31 December		As at 30 June
	2011	2010			2011	2011	2010	2011
Retail	12 957	15 531	(17)	70	14 286	5.02	6.58	5.80
Retail secured	11 764	14 303	(18)	64	13 050	5.10	6.66	5.88
Residential mortgages	9 392	11 341	(17)	51	10 515	5.99	7.39	6.74
Vehicle and asset finance	2 372	2 962	(20)	13	2 535	3.21	4.83	3.84
Retail unsecured	1 193	1 228	(3)	6	1 236	4.30	5.75	5.10
Credit card	299	466	(36)	1	446	2.71	4.46	4.15
Other retail	894	762	17	5	790	5.34	6.99	5.85
Personal banking	179	131	37	1	132	2.84	3.87	2.87
– overdrafts	48	41	17	–	44	2.85	3.75	3.52
– loans	131	90	46	1	88	2.84	3.92	2.63
Mass loans	430	359	20	2	316	8.68	11.34	8.09
WesBank loans	285	272	5	2	342	5.20	6.25	6.84
Corporate	5 068	5 275	(4)	28	5 171	2.36	2.63	2.62
FNB Commercial	1 643	1 927	(15)	9	1 865	5.15	6.72	6.06
WesBank Corporate	1 465	1 653	(11)	8	1 490	4.67	5.56	4.79
RMB	1 945	1 690	15	11	1 798	1.32	1.21	1.35
GTS	15	5	>100	–	18	0.42	0.18	0.69
FNB Africa	382	366	4	2	370	1.52	1.74	1.63
Corporate Centre and other	(41)	(55)	(25)	–	(37)	n/a	n/a	n/a
Total NPLs	18 366	21 117	(13)	100	19 790	3.61	4.56	4.17
Of which:								
Accrual book	16 455	19 536	(16)	90	18 053	4.37	5.81	5.15
Fair value book	1 911	1 581	21	10	1 737	1.45	1.25	1.40

Sector and geographical analysis of NPLs

R million/%	NPLs				NPLs as a % of advances			
	As at 31 December		% change	As at 30 June		As at 31 December		As at 30 June
	2011	2010		2011	2011	2010	2011	
Sector analysis								
Agriculture	533	390	37	453	4.28	2.88	3.23	
Banks and financial services	56	28	100	519	0.09	0.04	0.93	
Building and property development	2 308	2 056	12	1 771	9.23	9.28	7.02	
Government, Land Bank and Public Authorities	42	73	(42)	74	0.27	0.41	0.48	
Individuals	12 747	15 333	(17)	14 161	4.46	5.87	5.18	
Manufacturing and commerce	585	752	(22)	635	1.37	2.29	1.79	
Mining	78	61	28	55	0.61	0.55	0.48	
Transport and communication	240	305	(21)	276	1.60	2.13	2.11	
Other services	1 777	2 119	(16)	1 846	5.26	8.67	6.10	
Total NPLs	18 366	21 117	(13)	19 790	3.61	4.56	4.17	
Geographic analysis								
South Africa	17 540	20 360	(14)	19 057	3.86	4.79	4.41	
Other Africa	418	456	(8)	406	1.36	1.89	1.57	
UK	13	15	(13)	16	0.11	0.17	0.14	
South America	342	210	63	248	>100	51.47	74.70	
Australasia	53	76	(30)	63	0.89	12.82	2.66	
Total NPLs	18 366	21 117	(13)	19 790	3.61	4.56	4.17	

Note 3: Analysis of income statement credit impairments

The Group's impairment charge continued to decline. At December 2011 the charge of 0.80% is significantly improved from the 1.00% at December 2010 (June 2011: 0.93%). The charge benefited significantly from reducing new NPLs inflows and increasing post write-off recoveries.

Income statement impairments

R million/%	Total impairment charge				As a % of average advances			
	Six months ended 31 December		% change	Year ended 30 June	Six months ended 31 December		Year ended 30 June*	Year ended 30 June**
	2011	2010		2011	2011	2010	2011	2011
Retail	1 297	1 622	(20)	2 773	1.03	1.39	1.16	0.95
Retail secured	719	1 156	(38)	1 905	0.64	1.09	0.88	0.69
Residential mortgages	438	640	(32)	1 216	0.56	0.84	0.79	0.74
Vehicle and asset finance	281	516	(46)	689	0.80	1.73	1.11	0.54
Retail unsecured	578	466	24	868	4.44	4.43	3.86	3.53
Credit card	28	132	(79)	149	0.51	2.50	1.39	0.32
Other retail	550	334	65	719	7.28	6.40	6.12	6.31
Personal banking	157	56	>100	178	5.77	3.48	4.66	6.12
– overdrafts	36	18	100	62	4.90	3.34	5.36	7.51
– loans	121	38	>100	116	6.09	3.56	4.36	5.54
Mass loans	278	201	38	391	12.55	13.10	11.37	10.75
WesBank loans	115	77	49	150	4.39	3.70	3.35	3.12
Corporate	467	603	(23)	1 284	0.45	0.61	0.66	0.68
FNB Commercial	134	206	(35)	334	0.85	1.45	1.13	0.86
WesBank Corporate	176	175	1	452	1.13	1.16	1.47	1.82
RMB	153	200	(24)	489	0.22	0.29	0.37	0.42
GTS	4	22	(82)	9	0.26	1.94	0.42	(0.96)
FNB Africa	36	18	100	64	0.30	0.18	0.30	0.42
Corporate Centre and other	161	34	>100	171	n/a	n/a	n/a	n/a
Total	1 961	2 277	(14)	4 292	0.80	1.00	0.93	0.86
Of which:								
Portfolio impairment charge	264	(369)	>100	(210)	0.11	(0.17)	(0.05)	0.07
Specific impairment charge	1 697	2 646	(36)	4 502	0.69	1.17	0.98	0.79

* Impairment charge for the year ended 30 June 2011 calculated as a percentage of average advances.

** Impairment charge for the six months ended 30 June 2011 calculated as an annual charge, as a percentage of average advances for that period.

Note 4: Analysis of balance sheet impairments and coverage ratios

The Group constantly monitors market conditions as well as recent and expected recoveries on NPLs to determine its coverage ratios. The NPLs coverage ratio has increased to 33.85% (December 2010: 31.86%, June 2011: 32.93%).

Implied loss given default and total impairment coverage ratios

R million/%	Balance sheet impairments				As a % of NPLs		
	As at 31 December		% change	As at 30 June	As at 31 December		As at 30 June
	2011	2010		2011	2011	2010	2011
Specific impairments*							
Retail	3 717	4 414	(16)	4 021	28.69	28.42	28.15
Retail secured	2 758	3 483	(21)	3 059	23.44	24.35	23.44
Residential mortgages	1 866	2 229	(16)	2 040	19.87	19.65	19.40
Vehicle and asset finance	892	1 254	(29)	1 019	37.61	42.34	40.20
Retail unsecured	959	931	3	962	80.39	75.81	77.83
Credit card	219	337	(35)	330	73.24	72.32	73.99
Other retail	740	594	25	632	82.77	77.95	80.00
Personal banking	157	107	47	115	87.71	81.68	87.12
– overdrafts	40	35	14	38	83.33	85.37	86.36
– loans	117	72	63	77	89.31	80.00	87.50
Mass loans	367	290	27	262	85.35	80.78	82.91
WesBank loans	216	197	10	255	75.79	72.43	74.56
Corporate	2 317	1 992	16	2 327	45.72	37.76	45.00
FNB Commercial	780	782	(0)	895	47.47	40.58	47.99
WesBank Corporate	712	647	10	701	48.60	39.14	47.05
RMB	809	558	45	712	41.59	33.02	39.60
GTS	16	5	>100	19	>100	100.00	>100
FNB Africa	186	180	3	165	48.69	49.18	44.59
Corporate Centre and other	(4)	141	(>100)	3	n/a	n/a	n/a
Total specific impairments/implied LGD**	6 216	6 727	(8)	6 516	33.85	31.86	32.93
Portfolio impairments#	3 779	3 117	21	3 457			
Total impairments/total impairment coverage ratio†	9 995	9 844	2	9 973	54.42	46.62	50.39

* Specific impairments include credit fair value adjustments relating to the non-performing fair value advances.

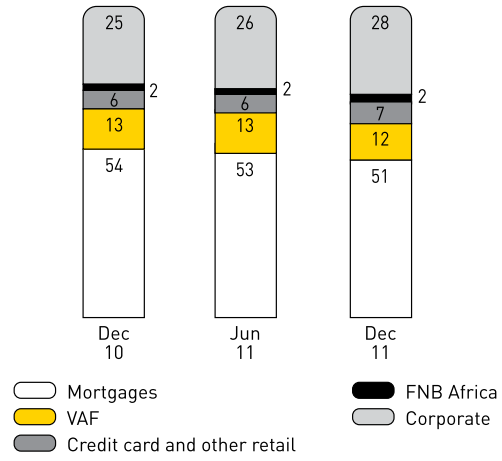
** Amortised cost specific impairments and credit fair value adjustments as a percentage of NPLs.

Amortised cost portfolio impairments and credit fair value adjustments relating to the performing book.

† Total impairments and credit fair value adjustments as a percentage of the NPLs.

The graph provides the NPLs distribution across the product categories, showing a decrease in the residential mortgages portfolio since December 2010 and an increase in Corporate.

NPLs distribution (%)



RECONCILIATION OF IMPAIRMENTS

The following table provides an analysis of the balance sheet amortised cost impairments and fair value credit adjustments.

R million	Balance sheet impairments and credit fair value adjustments								
	Amortised cost book			Fair value book			Total book		
	As at 31 December		As at 30 June	As at 31 December		As at 30 June	As at 31 December		As at 30 June
	2011	2010	2011	2011	2010	2011	2011	2010	2011
Non-performing book	5 412	6 216	5 812	804	511	704	6 216	6 727	6 516
Performing book	2 495	1 997	2 210	1 284	1 120	1 247	3 779	3 117	3 457
Total impairments	7 907	8 213	8 022	2 088	1 631	1 951	9 995	9 844	9 973

The following table provides an analysis of the amortised cost specific impairments.

R million	Balance sheet specific impairments – amortised cost			
	As at 31 December		% change	As at 30 June
	2011	2010		2011
	Opening balance	5 812	6 888	(16)
Reclassifications and transfers	(51)	70	(>100)	(140)
Acquisitions	17	-	n/a	-
Exchange rate difference	13	(2)	>100	11
Unwinding of discounted present value on NPLs	(71)	(124)	(43)	(213)
Bad debts written off	(2 501)	(3 167)	(21)	(5 518)
Net new impairments created	2 193	2 551	(14)	4 784
Closing balance	5 412	6 216	(13)	5 812

The following table provides an analysis of the income statement impact of amortised cost impairments and credit fair value adjustments.

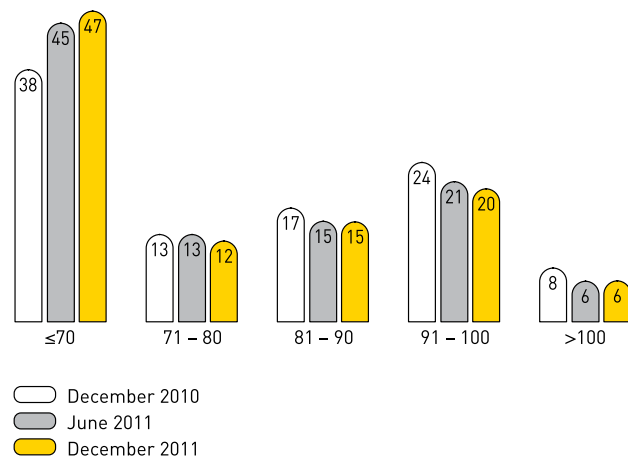
R million	Income statement impairments			
	Six months ended 31 December		% change	Year ended 30 June
	2011	2010		2011
	Specific impairment charge	2 193	2 551	(14)
Recoveries of bad debts written off	(596)	(461)	29	(1 031)
Net specific impairment charge (amortised cost)	1 597	2 090	(24)	3 753
Portfolio impairment charge (amortised cost)	227	(6)	(>100)	25
Credit fair value adjustments (income statement impact)	137	193	(29)	514
Performing book	37	(362)	(>100)	(235)
Non-performing book	100	555	(82)	749
Total	1 961	2 277	(14)	4 292

Risk analyses

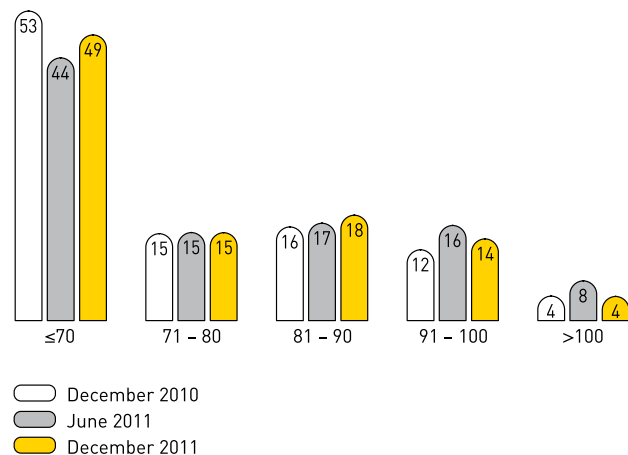
This section provides further information on selected risk analyses of the credit portfolios.

The graphs below provide the balance-to-value distributions and the ageing of the residential mortgages portfolios. The focus on the loan-to-value ratios for new business resulted in an improvement in the balance-to-original value although the broader strategy is to place more emphasis on the counterparty creditworthiness as opposed to only on the underlying security.

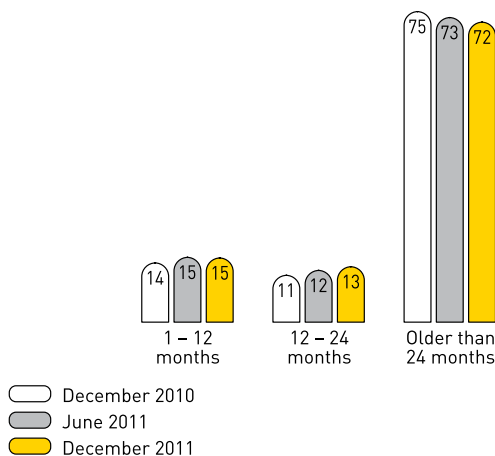
Residential mortgages balance-to-original value (%)



Residential mortgages balance-to-market value (%)

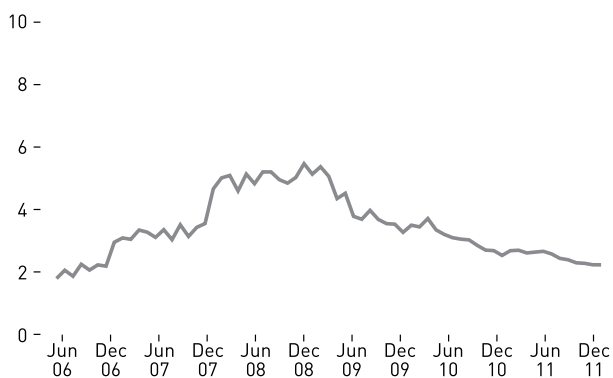


Residential mortgages age distribution (%)



The following graph provides the arrears in the FNB HomeLoans portfolio. It includes arrears where more than one full payment is in arrears expressed as a percentage of the total advances balance.

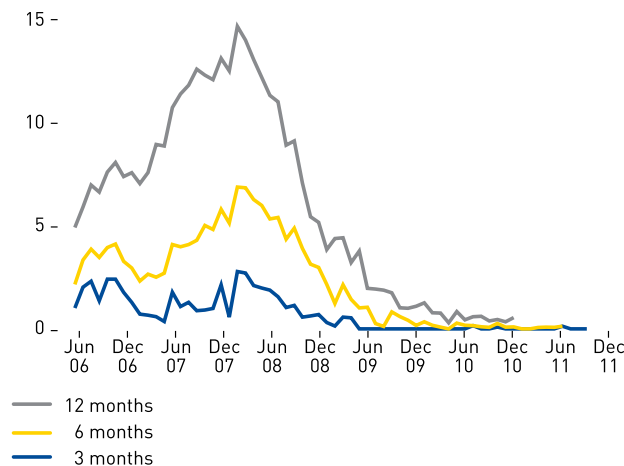
FNB HomeLoans arrears (%)



The following graphs provide the vintage analyses for key retail portfolios. Vintage graphs provide the default experience three, six and twelve months after each origination date. It indicates the impact of origination strategies and the macroeconomic environment.

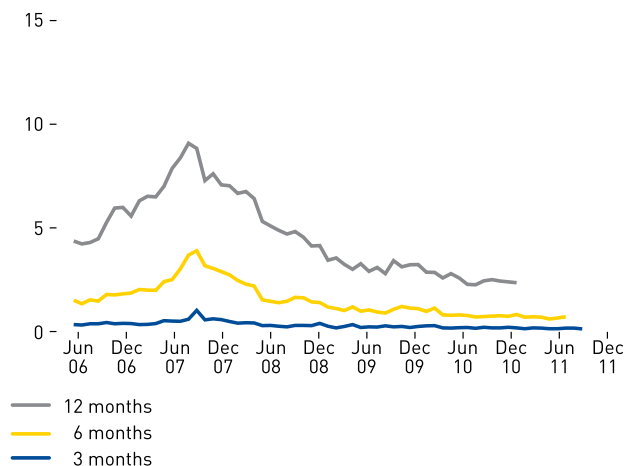
For FNB HomeLoans, the three, six and twelve month cumulative vintage analyses illustrate a marked improvement in the quality of business written since mid 2008 despite further deterioration in macro conditions in the succeeding period. The more recent decreases in the default experience reflect a combination of the credit origination strategies and the improvement in macro conditions.

FNB HomeLoans vintage analysis (%)



The WesBank retail six and twelve month cumulative vintage analysis continues to show a noticeable improvement in the quality of business written since mid-2007 and the more benign macro environment.

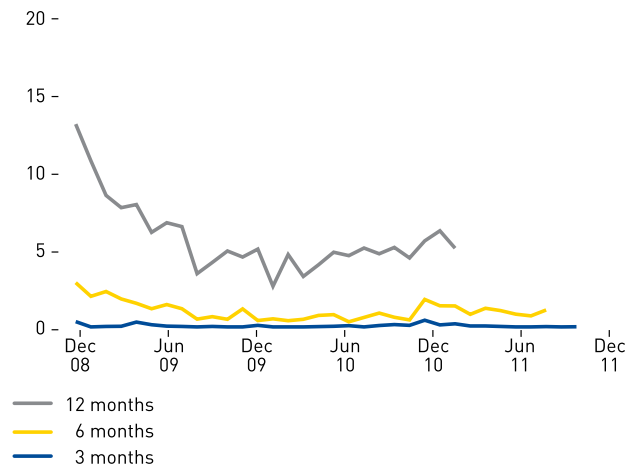
WesBank retail vintage analysis (%)



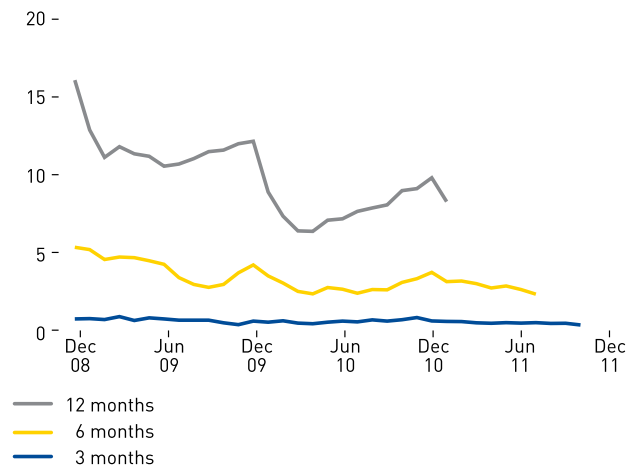
The default experience of the FNB and WesBank unsecured portfolios are within risk appetite.

Continued actions are undertaken to ensure these portfolios remain within risk appetite.

FNB Card vintage analysis (%)



Unsecured (excluding Card) vintage analysis (%)



The Group's South African repossessed properties are shown below.

	Properties in possession			
	As at 31 December		%	As at
	2011	2010		30 June 2011
			change	
Number of properties	920	1 387	(34)	1 117
Value (R million)	189	450	(58)	282



Supplementary information

SEGMENTAL ADVANCES, NPLs AND IMPAIRMENT ANALYSIS

The table below provides an analysis of the advances, NPLs and credit impairment charges for the period under review.

R million/%	Six months ended 31 December 2011				
	Advances	NPLs	NPLs as a % of advances	Total impairment charge	Impairments as a % of average advances
FNB	211 058	11 924	5.65	1 057	1.01
FNB Retail	178 967	10 300	5.76	901	1.02
Residential mortgages	156 680	9 392	5.99	438	0.56
– FNB HomeLoans (Consumer segment)	106 944	6 257	5.85	261	0.49
– Wealth	40 226	2 734	6.80	150	0.74
– Affordable Housing (Mass segment)	9 510	401	4.22	27	0.61
Credit card	11 038	299	2.71	28	0.51
Personal banking	6 296	179	2.84	157	5.77
– overdrafts	1 685	48	2.85	36	4.90
– loans	4 611	131	2.84	121	6.09
Mass	4 953	430	8.68	278	12.55
FNB Commercial	31 919	1 643	5.15	134	0.85
FNB Other	172	(19)	n/a	22	n/a
WesBank	110 713	4 122	3.72	572	1.07
WesBank asset-backed finance	105 236	3 837	3.65	457	0.90
– WesBank Retail	66 060	2 322	3.51	234	0.74
– WesBank Corporate	31 351	1 465	4.67	176	1.13
– WesBank International	7 825	50	0.64	47	1.35
WesBank loans	5 477	285	5.20	115	4.39
RMB	147 535	1 945	1.32	153	0.22
GTS	3 600	15	0.42	4	0.26
FNB Africa	25 121	382	1.52	36	0.30
Corporate Centre	10 226	(22)	n/a	139	n/a
Total	508 253	18 366	3.61	1 961	0.80

	Six months ended 31 December 2010					Year ended June 2011				
	Advances	NPLs	NPLs as a % of advances	Total impairment charge	Impairments as a % of average advances	Advances	NPLs	NPLs as a % of advances	Total impairment charge	Impairments as a % of average advances
	199 127	14 168	7.12	1 273	1.28	206 183	13 238	6.42	2 435	1.21
	170 402	12 297	7.22	1 029	1.21	175 231	11 409	6.51	1 934	1.12
	153 403	11 341	7.40	640	0.84	155 974	10 515	6.74	1 216	0.79
	107 074	8 081	7.55	535	0.99	106 864	7 335	6.86	740	0.69
	39 023	2 909	7.45	73	0.38	40 913	2 796	6.83	405	1.03
	7 306	351	4.80	32	0.94	8 197	384	4.68	71	0.98
	10 447	466	4.46	132	2.50	10 758	446	4.15	149	1.39
	3 387	131	3.87	56	3.48	4 593	132	2.87	178	4.66
	1 094	41	3.75	18	3.34	1 251	44	3.52	62	5.36
	2 293	90	3.92	38	3.56	3 342	88	2.63	116	4.36
	3 165	359	11.34	201	13.10	3 906	316	8.09	391	11.37
	28 692	1 927	6.72	206	1.45	30 797	1 865	6.06	334	1.13
	33	(56)	n/a	38	n/a	155	(36)	n/a	167	n/a
	95 359	4 887	5.12	768	1.63	102 125	4 367	4.28	1 291	1.33
	91 004	4 615	5.07	691	1.54	97 124	4 025	4.14	1 141	1.23
	56 228	2 873	5.11	471	1.72	59 865	2 492	4.16	607	1.07
	29 741	1 653	5.56	175	1.16	31 109	1 490	4.79	452	1.47
	5 035	89	1.77	45	1.80	6 150	43	0.70	82	1.48
	4 355	272	6.25	77	3.70	5 001	342	6.84	150	3.35
	139 296	1 690	1.21	200	0.29	132 813	1 798	1.35	489	0.37
	2 849	5	0.18	22	1.94	2 593	18	0.69	9	0.42
	21 061	366	1.74	18	0.18	22 639	370	1.63	64	0.30
	5 442	1	n/a	(4)	n/a	8 213	(1)	n/a	4	n/a
	463 134	21 117	4.56	2 277	1.00	474 566	19 790	4.17	4 292	0.93

Supplementary
information

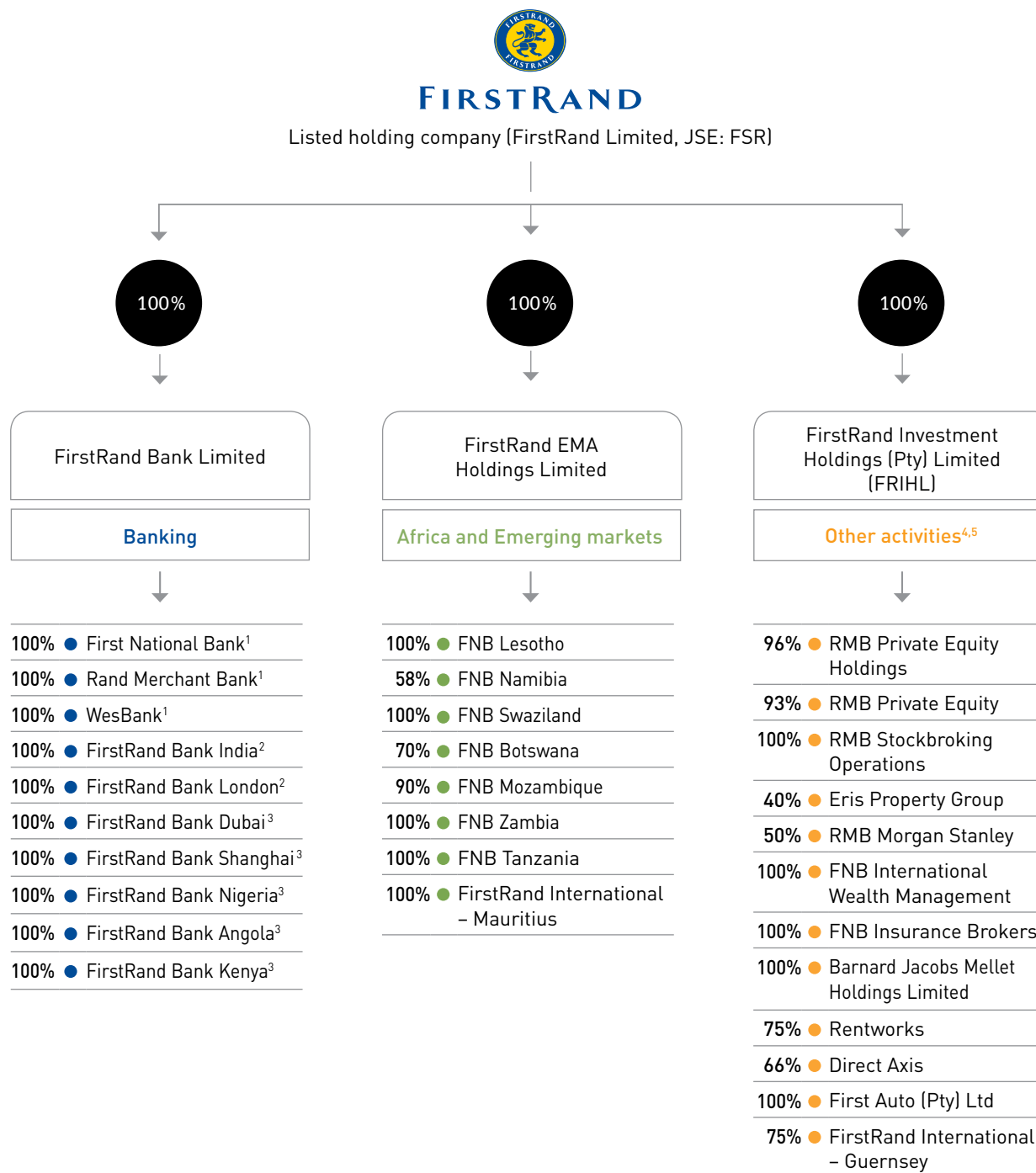
Key market indicators and share statistics

	Six months ended 31 December		% change	Year ended 30 June
	2011	2010		2011
Market indicators				
USD/ZAR exchange rate				
- closing	8.11	6.64	22	6.76
- average	7.62	7.07	8	6.94
SA prime overdraft (%)	9.00	9.00		9.00
SA average prime overdraft (%)	9.00	9.58		9.25
SA average CPI (%)	5.75	3.48		3.85
JSE All Share Index	31 986	32 119	-	31 865
JSE Banks Index	41 178	40 985	-	40 254
Share statistics				
Share price				
High for the period (cents)	2 110	2 265	(7)	2 253
Low for the period (cents)	1 770	1 800	(2)	1 817
Closing (cents)	2 074	1 951	6	1 985
Shares traded				
Number of shares (millions)	1 581	1 733	(9)	10 320
Value of shares (R million)	31 186	34 836	(10)	204 908
Turnover in shares traded (%)	28.96	32.59		191.0

Share price performance

FirstRand average share price (cents)	1 973	2 026	(3)	2 001
JSE Bank Index (average)	39 640	39 376	1	39 727
JSE All Share Index (average)	31 217	29 397	6	30 646

Simplified group structure



Structure shows effective consolidated shareholding.

1 Division

2 Branch

3 Representative office

4 For segmental analysis purposes entities included in FRIHL are reported as part of the results of the managing franchise.

5 The Group's securitisation vehicles and conduits are in FRIHL.

Credit ratings

FirstRand Bank Limited (FRB)

The credit ratings for FRB reflect the Bank's strong market position as one of the Big Four banks in South Africa (operating through its three major banking franchises) as well as its focused strategy, good core profitability, financial flexibility, robust risk management and sound capitalisation.

Credit ratings assigned by Standard & Poor's (S&P) at 28 February 2012

	FirstRand Bank Limited	Sovereign rating South Africa
Foreign currency counterparty credit rating		
Long-term	BBB+	BBB+
Outlook	Stable	Stable
Short-term	A-2	A-2
Local currency counterparty credit rating		
Long-term	BBB+	A
Outlook	Stable	Stable
Short-term	A-2	A-1
National scale		
Long-term	zaAA	
Short-term	zaA-1	

Summary of rating actions:

- On 1 December 2011, S&P affirmed its 'BBB+' long-term and 'A-2' short-term counterparty credit ratings on FRB. Its South African national scale ratings were affirmed at 'zaAA/zaA-1'.

Credit ratings assigned by Moody's Investors Service at 28 February 2012

	FirstRand Bank Limited	Sovereign rating South Africa
Foreign currency deposit ratings		
Long-term	A3	A3
Outlook	Negative	Negative
Short-term	P-2	
Local currency deposit ratings		
Long-term	A2*	A3
Short-term	P-1*	
Outlook	Ratings under review	Negative
National scale bank deposit ratings		
Long-term	Aa2.za*	
Outlook	Ratings under review	
Short-term	P-1.za	
Bank financial strength rating		
Outlook	C-Stable	

* Placed on review for possible downgrade.

Summary of rating actions:

- On 9 November 2011, Moody's Investors Service (Moody's) changed the outlook on South Africa's A3 local and foreign currency government debt ratings from stable to negative. Consequently, FRB's A3 foreign currency deposit rating was assigned a negative outlook in line with the negative outlook on the corresponding sovereign ceiling.
- On 10 November 2011, Moody's placed on review for downgrade the ratings of five South African banks to assess the uplift their debt and deposit ratings receive from high systemic support assumptions. The review formed part of Moody's global assessment of the systemic support levels incorporated in banks deposit and debt ratings, which addresses the growing difficulties governments face in extending systemic support to their banking systems. In the case of South African banks, the review was also triggered by the recently assigned negative outlook on South Africa's A3 government bond rating, reflecting constrained public finances and signals that government financial flexibility may be weakening, indicating that authorities would likely face more challenging policy choices if multiple institutions were to need its financial support at the same time. The rating action was not driven by a deterioration in the stand-alone financial strength of banks in question.

Credit ratings assigned by Fitch Ratings at 28 February 2012

	FirstRand Bank Limited	Sovereign rating South Africa
National rating		
Long-term	AA(zaf)	
Outlook	Stable	
Short-term	F1+(zaf)	
Local currency issuer default rating (IDR)		
Long-term	BBB+	A
Outlook	Negative	Negative
Foreign currency IDR		
Long-term	BBB+	BBB+
Outlook	Negative	Negative
Short-term	F2	F2
Viability rating	bbb+	
Individual rating	C	
Support rating	2	
Support rating floor	BBB-	

Summary of rating actions:

- On 17 January 2012, Fitch Ratings revised the outlook on South African banks to negative from stable, following the revision of the outlook on the South African sovereign 'BBB+' long-term foreign currency issuer default rating. The rating action therefore is not a reflection of any fundamental change in the local banks' credit quality.

FirstRand Limited

FirstRand Limited's ratings reflect its status as a non-operational holding company of the FirstRand Group, and the entity's consequent structural subordination and reliance on dividends from operating companies to meet its obligations, which exposes it to potential regulatory impositions.

Credit ratings assigned by Standard & Poor's at 28 February 2012

	FirstRand Limited
Foreign currency credit rating	
Long-term	BBB
Outlook	Stable
Short-term	A-2
Local currency credit rating	
Long-term	BBB
Outlook	Stable
Short-term	A-2
National scale	
Long-term	zaAA-
Short-term	zaA-1

Summary of rating actions:

- On 1 December 2011, S&P affirmed its 'BBB/A-2' counterparty credit ratings and 'zaAA-/zaA-1' national scale credit ratings on FirstRand Limited.

Number of shares from continuing and discontinued operations

	Six months ended 31 December		Year ended 30 June
	2011	2010	2011
Shares in issue			
Opening balance as at 1 July	5 637 941 689	5 637 941 689	5 637 941 689
Less: treasury shares	(175 301 401)	(192 141 961)	(189 017 706)
Staff schemes	(2 590 187)	(19 375 518)	(16 251 263)
BEE staff trusts	(171 401 072)	(171 401 072)	(171 401 072)
Shares held by policyholders*	(1 310 142)	(1 365 371)	(1 365 371)
Number of shares in issue (after treasury shares)	5 462 640 288	5 445 799 728	5 448 923 983
Weighted average number of shares			
Weighted average number of shares before treasury shares	5 637 941 689	5 637 941 689	5 637 941 689
Less: treasury shares	(179 548 083)	(320 480 222)	(253 883 214)
Staff schemes	(7 143 879)	(112 369 788)	(63 457 590)
BEE staff trusts	(171 401 072)	(171 401 072)	(171 401 072)
Policyholder and mutual funds "deemed treasury shares"	(1 003 132)	(36 709 362)	(19 024 552)
Weighted average number of shares in issue	5 458 393 606	5 317 461 467	5 384 058 475
Dilution impact:			
Staff schemes	76 714 211	64 125 907	84 813 466
BEE staff trusts	21 461 470	26 301 376	23 976 201
Diluted weighted average number of shares in issue	5 556 569 287	5 407 888 750	5 492 848 142
Number shares for normalised earnings per share calculation			
Actual weighted average and diluted weighted average number of shares for calculation of normalised earnings and diluted earnings per share	5 637 941 689	5 637 941 689	5 637 941 689

* The policyholders going forward only include FirstRand shares held in the FNB ELI cell.

Number of shares from continuing operations

	Six months ended 31 December		Year ended 30 June
	2011	2010	2011
Weighted average number of shares in issue	5 458 393 606	5 317 461 467	5 384 058 475
Add shares held by Momentum policyholders	-	35 346 588	17 673 294
Weighted average number of shares in issue	5 458 393 606	5 352 808 055	5 401 731 769
Dilution impact	98 175 681	90 427 283	108 789 667
Diluted weighted average number of shares in issue	5 556 569 287	5 443 235 338	5 510 521 436
Number of shares in issue used for normalised per share calculation from continuing operations	5 637 941 689	5 637 941 689	5 637 941 689

Fee and commission expenses reclassified

Categories of fee and commission expenses per franchise

R million	Six months ended 31 December 2011					
	FNB	FNB Africa	WesBank	RMB	GTS	Total
Commissions paid	93	18	4	1	-	116
Loyalty programmes	208	-	1	-	-	209
Other – card and cheque book related	35	1	-	-	-	36
ATM commissions	11	-	-	-	-	11
Transaction processing fees	236	3	15	-	96	350
Cash sorting, handling and transporting charges	272	8	-	-	12	292
Other	133	-	-	115	3	251
Total fee and commission expenses*	988	30	20	116	111	1 265

R million	Six months ended 31 December 2010					
	FNB	FNB Africa	WesBank	RMB	GTS	Total
Commissions paid	117	-	20	-	-	137
Loyalty programmes	137	-	3	-	-	140
Other – card and cheque book related	37	4	-	-	-	41
ATM commissions	13	-	-	-	-	13
Transaction processing fees	224	8	13	-	69	314
Cash sorting, handling and transporting charges	310	6	-	-	7	323
Other	64	5	3	106	-	178
Total fee and commission expenses*	902	23	39	106	76	1 146

R million	Year ended 30 June 2011					
	FNB	FNB Africa	WesBank	RMB	GTS	Total
Commissions paid	197	-	54	-	-	251
Loyalty programmes	286	-	6	-	-	292
Other – card and cheque book related	96	10	-	-	-	106
ATM commissions	25	-	-	-	-	25
Transaction processing fees	442	16	25	-	145	628
Cash sorting, handling and transporting charges	591	14	-	-	13	618
Other	141	12	7	235	2	397
Total fee and commission expenses*	1 778	52	92	235	160	2 317

* The amounts disclosed represent the total amount of fee and commission expenses reclassified from operating expenses to Nil. The total consists of expenses previously reported as fee and commission expenses and expenses that were previously reported in various other operating expense lines.

Contingencies and commitments

R million	Continuing and discontinued operations			
	As at 31 December		% change	As at
	2011	2010		30 June
				2011
Guarantees	21 747	21 168	3	24 727
Acceptances	267	291	(8)	289
Letters of credit	7 020	5 352	31	6 331
Total contingencies	29 034	26 811	8	31 347
Capital commitments				
Contracted capital commitments	1 914	2 013	(5)	614
Capital expenditure authorised not yet contracted	1 105	887	25	3 123
Total capital commitments	3 019	2 900	4	3 737
Other commitments				
Irrevocable commitments	65 180	55 313	18	63 298
Operating lease and other commitments	14 277	10 512	36	13 685
Total capital commitments	79 457	65 825	21	76 983
Total contingencies and commitments	111 510	95 536	17	112 067

Definitions

Normalised earnings	The Group believes normalised earnings more accurately reflect its economic performance. Headline earnings are adjusted to take into account non-operational and accounting anomalies. Refer to page 12 and 13 for a detailed description of normalised earnings.
Normalised net asset value (R million)	Normalised equity attributable to ordinary equityholders.
Normalised net asset value per share	Normalised equity attributable to ordinary equityholders divided by number of issued ordinary shares.
Normalised earnings per share	Normalised earnings attributable to ordinary equityholders divided by the weighted average number of shares including treasury shares.
Capital adequacy ratio (CAR)	Capital divided by risk weighted assets.
Risk weighted assets (R million)	Prescribed risk weightings relative to the credit risk of counterparty, operational risk, market risk, equity investment risk and other risk multiplied by on and off balance sheet assets.
Return on equity (ROE)	Normalised earnings divided by average normalised ordinary shareholders' equity.
Price-to-book (times)	Closing share price on 31 December divided by normalised net asset value per share.
Price earnings ratio (times)	Closing price on 31 December divided by basic normalised earnings per share.
Dividend cover	Normalised earnings per share divided by dividend per share.
Loan-to-deposit ratio	Average advance divided by average deposits.
Non-interest revenue to total income (diversity ratio)	Non-interest revenue expressed as a percentage of total income including share of profit from associates and joint ventures.
NPLs as percentage of average advances	NPLs expressed as a percentage of average advances.
Impairment charge as % of average advances (credit loss ratio)	Total impairment charge per the income statement divided by the average advances (average between the opening and closing balance for the period).
Cost-to-income ratio (%)	Operating expenses excluding indirect taxes expressed as a percentage of total income including share of profit from associates and joint ventures.
Effective tax rate	Tax per the income statement divided by the income before direct tax per the income statement.
Net income after capital charge (NIACC)	Normalised earnings less the cost of equity times the average ordinary shareholders' equity and reserves.
Shares in issue (number)	Number of ordinary shares listed on the JSE.
Weighted average number of ordinary shares (number)	The weighted average number of ordinary shares in issue during the year as listed on the JSE.
Exposure at default (EAD)	Exposure at default is defined as the gross exposure of a facility upon default of a counterparty.
Loss given default (LGD)	The loss given default is defined as the economic loss that will be suffered on an exposure following default of the counterparty, expressed as a percentage of the amount outstanding at the time of default.
Probability of default (PD)	The probability of default is the probability that a counterparty will default within the next year and considers the ability and willingness of the counterparty to repay.

Headline earnings additional disclosure

Set out below is additional information pertaining to Section 1 of Circular 03/2009 – sector specific rules in calculating headline earnings.

Issue 1 – Re-measurement relating to private equity activities (associates and joint ventures, excluding any private equity investments carried at fair value in terms of IAS 39) regarded as operating or trading activities

R million	Six months ended 31 December		% change	Year ended 30 June
	2011	2010		2011
Aggregate cost of portfolio	4 335	2 999	45	3 215
Aggregate carrying value	5 566	4 085	36	4 285
Aggregate fair value*	6 618	5 096	30	5 601
Equity-accounted income**	208	25	>100	133
Profit on realisation [#]	3	24	(88)	27
Aggregate other income earned [†]	83	68	22	166

* Aggregate fair value is disclosed including minorities.

** Income from associates is disclosed pre-tax.

[#] Profit on realisation is disclosed post-tax and minorities.

[†] Aggregate other income earned is disclosed pre-tax.

Issue 2 – Capital appreciation on investment products

R million	Six months ended 31 December		% change	Year ended 30 June
	2011	2010		2011
Carrying value of investment properties	203	161	26	203
Fair value of investment properties	203	161	26	203
Capital appreciation after tax	–	–	n/a	44

Reclassifications of prior year numbers

During the financial year the following income statement reclassifications were made:

30 June 2011 Income statement R million	Amount as previously reported	Amount as restated	Difference	Explanation
Non-interest income	31 882	29 565	2 317	Fee and commission expenses that are incremental or directly attributable to the generation of fee and commission income have been reclassified out of various operating expense lines into the fee and commission expense line. In addition, the presentation of fee and commission expenses has been updated by presenting it as part of non-interest income and not as part of operating expenses.
Operating expenses	(26 901)	(24 584)	(2 317)	As per above.
Profit for the year	21 527	21 527	-	No effect on profit for the year.

31 December 2010 Income statement R million	Amount as previously reported	Amount as restated	Difference	Explanation
Non-interest income	14 396	13 250	1 146	Fee and commission expenses that are incremental or directly attributable to the generation of fee and commission income have been reclassified out of various operating expense lines into the fee and commission expense line. In addition, the presentation of fee and commission expenses has been updated by presenting it as part of non-interest income and not as part of operating expenses.
Operating expenses	(13 424)	(12 278)	(1 146)	As per above.
Profit for the year	12 591	12 591	-	No effect on profit for the year.

Company information

Directors

LL Dippenaar (Chairman), SE Nxasana (Chief executive officer), VW Bartlett, JJH Bester, MS Bomela, JP Burger (Financial director and chief operating officer), L Crouse, PM Goss, Dr NN Gwagwa, PK Harris, WR Jardine, EG Matenge-Sebesho, AT Nzimande, D Premnarayen (Indian), KB Schoeman, RK Store, BJ van der Ross, Dr JH van Greuning, MH Visser

Secretary and registered office

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Corner Fredman Drive and Rivonia Road, Sandton, 2196
PO Box 650149, Benmore, 2010 Telephone: +27 11 282 1808
Telefax: +27 11 282 8088
Web address: www.firststrand.co.za

Sponsor

(In terms of JSE requirements)
Rand Merchant Bank (a division of FirstRand Bank Limited)
Corporate Finance
1 Merchant Place
Corner Fredman Drive and Rivonia Road, Sandton, 2196
Telephone: +27 11 282 1079
Telefax: +27 11 282 8215

Transfer secretaries – South Africa

Computershare Investor Services Pty Limited
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Telephone: +27 11 370 5000
Telefax: +27 11 688 5221

Transfer secretaries – Namibia

Transfer Secretaries Pty Limited
Shop No 8, Kaiserkrone Centre
Post Street Mall, Windhoek
PO Box 2401, Windhoek, Namibia
Telephone: +264 612 27647
Telefax: +264 612 48531

Stock exchanges

JSE LIMITED (JSE)

Ordinary shares	Share code	ISIN code
FirstRand Limited	FSR	ZAE000066304

Non-cumulative non-redeemable preference shares "B"	Share code	ISIN code
	FSRP	ZAE000060141

NAMIBIAN SECURITIES EXCHANGE (NSE)

Ordinary shares	Share code	ISIN code
FirstRand Limited	FST	ZAE000066304
FNB Namibia Holdings Limited	FNB	NA0003475176
Subordinated debt		
FNB of Namibia Limited	FNB17	NA000ANQ603

BOTSWANA SECURITIES EXCHANGE (BSE)

Ordinary Shares	Share code	ISIN code
FNB Botswana Holdings Limited	FNBB	BW0000000066

JSE

Subordinated debt

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRB03	ZAG000026774
FirstRand Bank Limited	FRB05	ZAG000031337
FirstRand Bank Limited	FRB06	ZAG000045758
FirstRand Bank Limited	FRB07	ZAG000047598
FirstRand Bank Limited	FRB08	ZAG000047796
FirstRand Bank Limited	FRB09	ZAG000047804

Upper Tier II

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRBC21	ZAG000052283
FirstRand Bank Limited	FRBC22	ZAG000052390

Senior unsecured

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRBN04	ZAG000041005
FirstRand Bank Limited	FRBN05	ZAG000042169
FirstRand Bank Limited	FRBN06	ZAG000073214
FirstRand Bank Limited	FRBN07	ZAG000073206
FirstRand Bank Limited	FRBZ01	ZAG000049255
FirstRand Bank Limited	FRBZ02	ZAG000072711
FirstRand Bank Limited	FRBZ03	ZAG000080029
FirstRand Bank Limited	FRJ13	ZAG000079823
FirstRand Bank Limited	FRJ14	ZAG000069683
FirstRand Bank Limited	FRJ16	ZAG000073826
FirstRand Bank Limited	FRJ18	ZAG000084187
FirstRand Bank Limited	FRS35	ZAG000076852
FirstRand Bank Limited	FRS36	ZAG000077397
FirstRand Bank Limited	FRS37	ZAG000077793
FirstRand Bank Limited	FRS43	ZAG000078643
FirstRand Bank Limited	FRS46	ZAG000079807
FirstRand Bank Limited	FRS49	ZAG000081787

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRS50	ZAG000085663
FirstRand Bank Limited	FRS51	ZAG000086117
FirstRand Bank Limited	FRS52	ZAG000086497
FirstRand Bank Limited	FRS53	ZAG000086828
FirstRand Bank Limited	FRS54	ZAG000087032
FirstRand Bank Limited	FRS55	ZAG000087040
FirstRand Bank Limited	FRS56	ZAG000087271
FirstRand Bank Limited	FRS57	ZAG000087313
FirstRand Bank Limited	FRS59	ZAG000089855
FirstRand Bank Limited	FRS60	ZAG000090267
FirstRand Bank Limited	FRS61	ZAG000090523
FirstRand Bank Limited	FRS62	ZAG000090614
FirstRand Bank Limited	FRS63	ZAG000091513
FirstRand Bank Limited	FRX14	ZAG000079815
FirstRand Bank Limited	FRX15	ZAG000051103
FirstRand Bank Limited	FRX18	ZAG000076472
FirstRand Bank Limited	FRX24	ZAG000073693
FirstRand Bank Limited	FRX31	ZAG000084195
FirstRand Bank Limited	FRX45	ZAG000076480

Inflation-linked bonds

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRBI04	ZAG000044306
FirstRand Bank Limited	FRBI07	ZAG000055849
FirstRand Bank Limited	FRBI22	ZAG000079666
FirstRand Bank Limited	FRBI23	ZAG000076498
FirstRand Bank Limited	FRBI28	ZAG000079237
FirstRand Bank Limited	FRBI33	ZAG000079245
FirstRand Bank Limited	FRI15	ZAG000051137

Credit-linked notes

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRC01	ZAG000049800
FirstRand Bank Limited	FRC04	ZAG000057563
FirstRand Bank Limited	FRC08	ZAG000051749
FirstRand Bank Limited	FRC11	ZAG000054131
FirstRand Bank Limited	FRC17	ZAG000056011
FirstRand Bank Limited	FRC29	ZAG000069857
FirstRand Bank Limited	FRC37	ZAG000076712
FirstRand Bank Limited	FRC40	ZAG000081027
FirstRand Bank Limited	FRC41	ZAG000081670
FirstRand Bank Limited	FRC45	ZAG000082918
FirstRand Bank Limited	FRC46	ZAG000082959
FirstRand Bank Limited	FRC47	ZAG000084310
FirstRand Bank Limited	FRC55	ZAG000085507
FirstRand Bank Limited	FRC57	ZAG000086414
FirstRand Bank Limited	FRC61	ZAG000087347
FirstRand Bank Limited	FRC66	ZAG000088485
FirstRand Bank Limited	FRC67	ZAG000088741
FirstRand Bank Limited	FRC68	ZAG000088758
FirstRand Bank Limited	FRC69	ZAG000088766
FirstRand Bank Limited	FRC70	ZAG000088840
FirstRand Bank Limited	FRC71	ZAG000088923
FirstRand Bank Limited	FRC72	ZAG000088956
FirstRand Bank Limited	FRC73	ZAG000089046
FirstRand Bank Limited	FRC74	ZAG000089178
FirstRand Bank Limited	FRC75	ZAG000089566
FirstRand Bank Limited	FRC76	ZAG000089574
FirstRand Bank Limited	FRC77	ZAG000089608

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRC78	ZAG000089806
FirstRand Bank Limited	FRC79	ZAG000089947
FirstRand Bank Limited	FRC80	ZAG000090077
FirstRand Bank Limited	FRC81	ZAG000090325
FirstRand Bank Limited	FRC82	ZAG000090796
FirstRand Bank Limited	FRC83	ZAG000090952
FirstRand Bank Limited	FRC84	ZAG000090986
FirstRand Bank Limited	FRC85	ZAG000091109
FirstRand Bank Limited	FRC86	ZAG000091182
FirstRand Bank Limited	FRC87	ZAG000091570
FirstRand Bank Limited	FRC88	ZAG000091596
FirstRand Bank Limited	FRC89	ZAG000091604

Senior unsecured callable bonds

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FR002U	ZAG000042748
FirstRand Bank Limited	FR003U	ZAG000042755

Investment security index contracts

Issuer	Bond code	ISIN code
Rand Merchant Bank	RMBI01	ZAG000050865
Rand Merchant Bank	RMBI02	ZAG000052986
Rand Merchant Bank	RMBI03	ZAG000054032
Rand Merchant Bank	RMBI04	ZAG000055013
Rand Merchant Bank	RMBI05	ZAG000055864
Rand Merchant Bank	RMBI06	ZAG000056722
Rand Merchant Bank	RMBI07	ZAG000057910
Rand Merchant Bank	RMBI08	ZAG000072265

Structured note

Issuer	Bond code	ISIN code
Rand Merchant Bank	OILRMB	ZAE000152732

LONDON STOCK EXCHANGE (LSE)

European medium term note (EMTN) programme

Issuer	ISIN code
FirstRand Bank Limited	XS0306783621
FirstRand Bank Limited	XS0635404477

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