

analysis of financial results

6 MONTHS ENDED
31 DECEMBER 2012



FIRSTRAND

Contents

01 **FIRSTRAND GROUP**

- 01 Introduction
- 02 Key financial results, ratios and statistics
- 03 Statement of headline earnings – IFRS
- 04 Reconciliation from headline earnings to normalised earnings
- 05 Overview of results
- 14 Description of difference between normalised and IFRS results – continuing operations
- 16 Consolidated income statement – IFRS
- 17 Consolidated statement of comprehensive income – IFRS
- 18 Consolidated statement of financial position – IFRS
- 19 Consolidated statement of cash flows – IFRS
- 20 Consolidated statement of changes in equity – IFRS

23 **DETAILED FINANCIAL ANALYSIS**

- 24 Key financial results, ratios and statistics – continuing normalised
- 25 Consolidated income statement – continuing normalised
- 26 Consolidated statement of comprehensive income – continuing normalised
- 27 Statement of normalised earnings from continuing normalised operations
- 28 Reconciliation of attributable earnings to normalised income statement
- 29 Consolidated statement of financial position – continuing normalised
- 30 Consolidated statement of changes in equity – continuing normalised
- 32 Reconciliation of continuing normalised consolidated income statement to IFRS consolidated income statement
- 36 Reconciliation of continuing normalised consolidated statement of financial position to IFRS consolidated statement of financial position
- 38 Overview of results

57 **SEGMENT REPORT AND OVERVIEW OF OPERATING FRANCHISES**

73 **BALANCE SHEET AND RETURN ANALYSIS**

- 74 Economic view of the balance sheet
- 75 Performance measurement
- 78 Capital
- 87 Funding
- 92 Credit

109 **SUPPLEMENTARY INFORMATION**



FIRSTRAND

1966/010753/06 Share code: FSR ISIN: ZAE000066304

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

This analysis is available on the Group's website:

www.firstrand.co.za

email questions to: investor.relations@firstrand.co.za

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 2012.

The primary results and accompanying commentary are presented on a normalised basis as the Group believes this most accurately reflects its economic performance. The normalised earnings have been derived from the unaudited IFRS financial results.

The normalised results include a consolidated income statement, statement of comprehensive income, statement of financial position, statement of cash flows and a statement of changes in equity. A detailed description of the difference between normalised and IFRS results is provided on pages 14 and 15. Detailed reconciliations of normalised results to IFRS results are provided on pages 32 to 37. Commentary is based on normalised results, unless indicated otherwise.

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

Financial highlights

	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
Normalised earnings (R million)	7 218	5 771	+25	12 730
Diluted normalised earnings per share (cents)	128.0	102.4	+25	225.8
Normalised net asset value per share (cents)	1 200.6	1 053.0	+14	1 142.4
Dividend per ordinary share (cents)	55.0	44.0	+25	102.0
Normalised return on equity (%)	21.9	19.5		20.7

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 corporate and investment bank, and WesBank, the instalment finance business.

Key financial results, ratios and statistics

R million	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
Attributable earnings to ordinary equityholders from continuing normalised operations	7 019	5 597	25	12 586
Attributable earnings to ordinary equityholders from continuing and discontinued operations	7 019	6 067	16	13 196
Headline earnings	7 195	5 639	28	12 642
Normalised earnings	7 218	5 771	25	12 730
Normalised net asset value	67 689	59 369	14	64 409
Normalised net asset value per share (cents)	1 200.6	1 053.0	14	1 142.4
Average normalised net asset value	66 049	59 114	12	61 634
Normalised earnings per share (cents)				
– Basic	128.0	102.4	25	225.8
– Diluted	128.0	102.4	25	225.8
Normalised return on equity (%)	21.9	19.5		20.7
Ordinary dividend per share (cents)	55.0	44.0	25	102.0
Dividend cover	2.3	2.3		2.2
Non-cumulative non-redeemable (NCNR) preference dividend per B class share* – declared (cents)	333.1	305.2	9	638.3
Capital adequacy – FirstRand				
Capital adequacy ratio	14.9	15.4		14.7
Tier 1 ratio	13.4	14.0		13.2
Core Tier 1 ratio	12.5	13.0		12.3
Market performance				
Market capitalisation	174 776	116 931	49	148 785
Price earnings ratio (times)	12.1	10.1		11.7
Price-to-book ratio (times)	2.6	2.0		2.3
Share price (closing – Rand)	31.00	20.74	49	26.39

* 75.56% of FNB prime lending rate – previously 68%.

Statement of headline earnings – IFRS

R million	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
Profit for the period (refer page 16)	7 574	6 590	15	14 369
Non-controlling interests	(405)	(386)	5	(898)
NCNR preference shares	(150)	(137)	9	(275)
Earnings attributable to ordinary equityholders	7 019	6 067	16	13 196
Adjusted for:	176	(428)	(>100)	(554)
(Gain)/loss on disposal of investment securities and other investments of a capital nature	(1)	2		20
Gain on disposal of available-for-sale assets	(1)	(36)		(154)
Gain on disposal of associates or joint ventures	-	(463)		(473)
Gain on disposal of subsidiaries	(10)	(17)		(266)
(Gain)/loss on the disposal of property and equipment	(1)	24		49
Fair value of investment properties	-	-		(12)
Impairment of goodwill	2	18		115
Impairment of assets in terms of IAS 36	254	15		7
Other	-	(1)		41
Tax effects of adjustments	(69)	23		43
Non-controlling interest adjustments	2	7		76
Headline earnings	7 195	5 639	28	12 642

Reconciliation from headline earnings to normalised earnings

R million	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
Headline earnings	7 195	5 639	28	12 642
Adjusted for:	23	132	(83)	88
IFRS 2 Share-based payment expense	22	29	(24)	77
Treasury shares*	47	103	(54)	251
– Consolidation of share trust	47	94		242
– FirstRand shares held by policyholders	–	9		9
Total return swap adjustment	(53)	–		(240)
Private equity subsidiary realisations	7	–		–
Normalised earnings	7 218	5 771	25	12 730

* Includes FirstRand shares held for client trading activities.

Overview of results

INTRODUCTION

The South African macro and socio economic environment for the first six months of the financial year remained challenging. Initial concerns related to global issues such as the potential breakup of the euro zone, a hard landing in China and the possibility of significant fiscal contraction in the USA. As these global macroeconomic concerns subsided, local labour market action, sovereign rating downgrades and growing domestic economic imbalances introduced a new set of uncertainties.

The South African economy started to show signs of slowing in the early part of the period under review. This slowdown, coupled with the downside risks posed by the global environment, prompted the SARB to lower the repo rate by another 50 bps in July. Strike action in a number of industries also exacerbated the downward pressure on economic activity towards the end of 2012. The labour unrest and reports indicating that South Africa's current account deficit widened markedly during the course of last year resulted in a weaker rand, and inflation started to trend upwards. The combination of these developments resulted in a number of rating agencies downgrading South Africa's sovereign rating.

Despite weaker growth, higher inflation and a weaker rand, credit extension registered double digit growth for the first time in more than three years. Mortgage credit extension, however, continued to be weak and house prices remained under pressure.

The slowdown in South Africa did impact some parts of the Common Monetary Area (specifically Namibia) and Botswana. Elsewhere in the region, those economies exposed to resources performed better as international commodities prices remained buoyant.

OVERVIEW OF RESULTS

FirstRand produced excellent results for the six months to 31 December 2012, achieving normalised earnings of R7 218 million, an increase of 25% on the previous period, and producing a normalised return on equity (ROE) of 21.9% (2011: 19.5%).

All three franchises delivered strong operational performances, delivering good topline growth and profitability. In the case of FNB, this was once again driven by customer acquisition, loan and deposit growth and the continued focus on driving transactional volumes across all of its platforms, particularly electronic. WesBank grew new business volumes across all portfolios and the client franchises in RMB delivered both good growth in profits and higher returns.

Overview of results continued

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	
	2012	% compo- sition	2011	% compo- sition		2012	% compo- sition
FNB	4 023	56	3 360	58	20	6 666	53
RMB	1 969	27	1 455	25	35	3 654	29
WesBank	1 390	19	1 193	21	17	2 599	20
Corporate Centre and consolidation adjustments	(344)	(5)	(345)	(6)	–	(703)	(6)
FirstRand Limited (company)*	330	5	245	4	35	789	6
NCNR preference dividend	(150)	(2)	(137)	(2)	9	(275)	(2)
Normalised earnings	7 218	100	5 771	100	25	12 730	100

* Included in this amount is the consolidation adjustment of R518 million (December 2011: R232 million, June 2012: R818 million) to bring the IFRS 2 costs from cash settled in the underlying subsidiaries to equity settled at the Group level. This adjustment arises from the increase in the FirstRand share price between periods.

The Group's income statement benefited from an increase of 14% in net interest income (NII), driven by good growth in new business at FNB, WesBank and RMB. Asset margins continued to benefit from mix of advances, pricing in FNB and funding strategies. Total non-interest revenue (NIR) grew 24%, underpinned by increases in fee and commission income at FNB and WesBank. RMB's client activities, particularly financing, advisory and structuring also contributed.

The Group's core operating costs grew 11% for the period. However, the combination of the ongoing impact of depreciation on small value assets and software maintenance, investment in expansion initiatives, increases in IFRS 2 Share-based payments directly linked to the Group's increased share price, as well as higher variable costs linked to the Group's performance, resulted in a 16% total cost increase.

A reconciliation of operating expenses is provided in the table below.

Reconciliation of operating expenses

R million	Six months ended 31 December		% change	Year ended
	2012	2011		30 June
Operating expenses	15 120	12 995	16	27 212
Adjusted for:				
Share-based payments	(179)	(45)	>100	(469)
New subsidiaries	–	–	–	(82)
Expansion costs	(442)	(212)	>100	(497)
RMB Corporate Banking software impairments	(248)	–	–	–
Cooperation agreements and joint ventures	(345)	(253)	36	(564)
Accelerated depreciation and Full Maintenance Rental (FMR)	(166)	(75)	>100	(409)
Core costs	13 740	12 410	11	25 191

The increase in bad debts from 80 bps to 91 bps, is in line with expectations given the absolute book growth and the shift in asset class mix. It also includes R575 million of credit impairment overlays at FNB and RMB, the creation of which reflects the Group's view that the benign credit cycle has bottomed.

Non-performing loans (NPLs) decreased 3%, which is again in line with expectations and reflects the ongoing improvement in the large retail books such as HomeLoans and Card. NPLs in the unsecured books picked up in line with expectations.

The Group's overall balance sheet continued to show good growth in advances compared to December 2011, driven by strong new business volumes (indicated below), particularly in those portfolios where the Group was historically underweight, such as unsecured and corporate (structured) lending.

- Unsecured lending in FNB (excluding Card) R4.6 billion
- Unsecured lending in WesBank R2.6 billion
- Vehicle and asset finance at WesBank R31.5 billion
- RMB's structured lending book R13.3 billion

On a rolling six months basis, growth in these portfolios has started to moderate.

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. The Group seeks to achieve this through two parallel growth strategies:

- become a predominant player in all of the financial services profit pools in South Africa, growing in existing markets and those where it is under-represented; and
- grow its franchise in the broader African continent, targeting those countries expected to show above average domestic growth and which are well positioned to benefit from the trade and investment flows between Africa, China and India.

These strategies are executed through its portfolio of operating franchises, within a framework set by the Group and good progress continues to be made. Below is a brief overview of progress on these strategic objectives and the financial and operational performance of each franchise (detailed reviews on page 66 to 71).

FNB

FNB represents FirstRand's activities in the retail and commercial segments in both South Africa and the broader African continent. It is growing its franchise strongly in both existing and new markets on the back of innovative products and delivery channels, particularly focusing on electronic and digital platforms.

During the period under review, FNB completed an internal realignment of its successful segment focus. The original FNB segment strategy, incorporating Mass, Consumer, Wealth, Commercial and Corporate, has been refined to focus on two larger segments – Retail and Commercial. The African subsidiaries have been aligned under Retail and are now reported under total FNB. The Corporate segment, previously FNB GTS, has been rebranded RMB Corporate Banking and aligned under RMB, the corporate and investment bank, to provide an integrated and holistic offering to its large corporate customers.

FNB financial highlights

R million	Six months ended 31 December		%	Year ended
	2012	2011		30 June
			change	2012
Normalised earnings	4 023	3 360	20	6 666
Profit before tax	5 777	4 895	18	9 668
Total assets	283 860	267 999	6	268 533
Total liabilities	272 923	258 868	5	255 277
Credit loss ratio (%)	1.19	0.94		1.20
ROE (%)	36.2	34.7		35.0

FNB produced an excellent performance for the period, increasing pre-tax profits 18% and producing an ROE of 36.2%.

The business continued to benefit from its primary strategy to grow and retain core transactional accounts. This is underpinned by a compelling value proposition (innovative products and channels at an acceptable cost to the customer) and supported by rewards programmes, such as eBucks, SLOW lounges and fuel, data and airtime rewards. Innovations such as the Banking App, cellphone banking and eWallet continue to attract new customers.

Overview of results continued

FNB's NII grew 22% driven by balance sheet growth and margin expansion due to the mix change to unsecured lending and the repricing of newly-originated residential mortgages. Overall, lower growth in advances was partially offset by good deposit acquisition (15% up). In addition, the R1.5 billion decrease in NPLs in HomeLoans positively impacted NII.

Advances increased 9%, in the main emanating from across the Retail segments in South Africa (up R10.6 billion) and Africa (up R3.7 billion). Card advances grew 14% on the back of proactive customer acquisition. Total residential mortgages increased 2% with HomeLoans growing only 1%, reflecting FNB's strategy to write new business in the low-risk categories. Margins, however, remained healthy. Affordable housing continued to show good growth at 17%.

FNB's focus on customer acquisition and retention underpinned the very good growth in deposits, driven by the core retail business, the commercial segment and the African franchise.

FNB's strategy to grow core transactional banking accounts and drive activity across its electronic platforms resulted in strong transactional volumes. NIR increased 13% mainly driven by activity in the Retail business (up 16%), with Commercial and Africa contributing increases of 6% and 11%, respectively.

Bad debts increased 18%, which is below expectations given the growth in unsecured lending, with an exceptionally low R2 million at Card. FNB has, however, taken the prudent decision to increase portfolio provisions, resulting in a total increase of 37%. Overall credit quality across all portfolios is well within risk appetite and coverage ratios have increased.

FNB maintained core cost growth at 10%, reflecting its focus on ongoing efficiencies and streamlining platforms particularly in Retail. When including investment costs, particularly in Africa (costs up 17%), total operating expenditure growth was 13%.

RMB

RMB represents the Group's activities in the corporate and investment banking segments in South Africa, the broader African continent and India. Over the past three years, RMB has become a more client-centric business with a clear strategy anchored around a risk appetite designed to effectively manage the trade-offs between earnings volatility, profit growth and returns.

The business continues to benefit from its focus on generating income from client-driven activities. This, coupled with steady investment returns and a growing focus on asset management, has resulted in a higher quality and more sustainable earnings profile.

RMB made good progress with regard to its corporate banking franchise during the period under review. As mentioned in the FNB section, FNB GTS has been rebranded RMB Corporate Banking and the alignment of this business fully under RMB better enables the strategy to offer corporate and investment banking (CIB) solutions to the corporate and institutional client base.

RMB financial highlights

R million	Six months ended 31 December		%	Year ended
	2012	2011		30 June
			change	2012
Normalised earnings	1 969	1 455	35	3 654
Profit before tax	2 460	1 979	24	4 937
Total assets	356 390	307 762	16	331 977
Total liabilities	349 629	301 566	16	324 230
ROE (%)	22.2	18.1		23.2

RMB produced an excellent result in the six months to December 2012. Pre-tax profits increased 24% to R2 460 million, which is a record first-half performance, and the ROE also increased to 22.2% (2011: 18.1%).

The Investment Banking Division (IBD) continued to show good growth, increasing pre-tax profits 18% to R1 506 million. Much of this growth was balance sheet-led, with the core loan book increasing 19%, which is well above market and driven by a number of large deals coupled with the arranging and structuring of renewable energy funding facilities.

The Global Markets division also delivered a strong performance for the period, growing profits 40% to R894 million, mainly underpinned by client activities. Low volatility in local foreign exchange and interest rate markets softened profitability, however, African activities continued to deliver, driven by strong performances from the subsidiaries.

Private Equity profits were up 8% to R229 million, driven mainly by equity-accounted earnings and income from investment subsidiaries. The RMB Resources portfolio continued to experience pressure on profitability due to persistent weakness in the junior mining sector, although losses were curtailed compared to the previous six months.

The Corporate Banking division produced a solid operational performance on the back of increased volumes.

WesBank

WesBank represents the Group's activities in instalment finance in the retail, commercial and corporate segments. WesBank's performance for the six months to December 2012 reflects its leading market position in instalment finance. In particular, long-standing alliances with leading motor manufacturers and large dealer groups have generated increased market share within the required risk profile.

WesBank financial highlights

R million	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
Normalised earnings	1 390	1 193	17	2 599
Profit before tax	1 961	1 688	16	3 650
Total assets	132 972	112 396	18	121 610
Total liabilities	129 323	109 682	18	117 110
Credit loss ratio (%)	1.12	1.07		0.99
ROE (%)	31.8	29.8		33.9

On all key metrics WesBank delivered an excellent performance growing pre-tax profits 16% to R1 961 million, and producing an ROE of 31.8%.

Total advances grew 17% to R129.9 billion on the back of new business growth of 19% to R39.2 billion. This was driven by the motor and unsecured credit books, which delivered growth of 18% and 27%, respectively. Corporate new business volumes were also robust (up 14%) and the positive turnaround at MotoNovo continued on the back of excellent volume growth.

Interest margins were maintained despite strong competition across all portfolios. The underlying retail vehicle finance advances are also well balanced between fixed- and variable-rate. Origination is well within agreed risk thresholds and vintage performance is very closely monitored. The credit quality in all portfolios continues to track within expectations.

Arrear levels have levelled off and further improvement is unlikely. NPLs decreased since June 2012, however, given that the credit cycle has bottomed, this trend is likely to reverse going forward.

NIR reflected moderate growth with increased pricing pressures in the Auto card business.

Total cost growth of 5% reflects static headcount year-on-year, and includes increases in profit share payments to alliance partners and increasing depreciation on FMR assets. Excluding these two items, year-on-year operating costs were slightly down.

Overview of results continued

The relative contribution to the Groups normalised earnings mix and growth rates from types of income and business units is shown in the table below.

R million	Six months ended 31 December				% change	Year ended 30 June	
	2012	% contribution	2011	% contribution		2012	% contribution
Retail banking	3 923	54	3 033	52	29	6 426	50
FNB	2 679		2 075			4 047	
WesBank	1 244		958			2 379	
Corporate banking	1 704	24	1 664	29	2	3 011	24
RMB	214		144			172	
FNB Commercial	1 344		1 285			2 619	
WesBank	146		235			220	
Investment banking	1 755	24	1 311	23	34	3 482	27
RMB	1 755		1 311			3 482	
Other	(164)	(2)	(237)	(4)	(31)	(189)	(1)
FirstRand and dividends paid on NCNR preference shares	180		108			514	
Corporate Centre and consolidation adjustments	(344)		(345)			(703)	
Normalised earnings	7 218	100	5 771	100	25	12 730	100

STRATEGIC ISSUES

Progress on growth strategies outside South Africa

The Group 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 specific growth opportunities presented. On the broader African continent the priority countries for further investment remain Mozambique, Tanzania, Zambia, Nigeria, Ghana and Kenya.

FNB continues to invest in growing its infrastructure in the new territories of Mozambique, Zambia and Tanzania and is leveraging its South African developed products and solutions into these countries.

RMB is generating strong deal flow from its recently-established Kenya representative office, and in February 2013 officially opened RMB Nigeria. This followed the granting of an investment banking licence by the Central Bank of Nigeria, which required an initial capital investment by FirstRand of \$100 million.

RMB has been operating in Nigeria from a representative office since January 2010 and is already a meaningful player in the Nigerian investment banking sector. The establishment of a fully-fledged investment banking operation will now allow RMB to rapidly build its franchise, provide products and services to corporate and institutional clients, as well as attract in-country skills.

RMB Nigeria is providing the full spectrum of investment banking services to all industries, including corporate advisory,

equity capital markets, infrastructure and project finance, resource finance, structured trade and commodity finance, and fixed income, currency and commodity services. These services are offered to large local, regional and international corporates already operating in, or entering Nigeria and the broader west African economies.

The Group is awaiting final regulatory approvals relating to its offer for Merchant Bank Ghana (MBG) and expects to conclude this transaction in the second half of the financial year. This will provide an excellent platform for FNB and RMB to roll out products and services in Ghana. RMB is already generating a strong deal pipeline in-country, particularly in the property, and oil and gas sectors.

FirstRand's Indian platform continues to gain traction. RMB's operations grew strongly albeit off a low base, mainly driven by the in-country Global Markets and Investment Banking divisions. The FNB start up is also gaining momentum with the current focus on building this platform into a profitable and scaleable operation.

Progress on investment management strategy

Following the unbundling of its insurance subsidiary, Momentum, which included the asset management business, RMBAM, FirstRand identified that investment management activities represented a significant gap in its portfolio. This gap, combined with opportunities presented by regulatory changes and the Group's strategic objective to increase fee-generating activities, resulted in the creation of Ashburton Investments.

The business will offer focused traditional and alternative investment solutions to individual and institutional investors and will combine established active fund management expertise with alternative investment solutions from product providers Ashburton and RMB.

With an incremental and organic growth strategy, Ashburton's proposition is possible because it will be fully supported by the skills, platforms and product origination capabilities of FirstRand. The Group believes it has a competitive advantage in this space given its strong franchise in financial services, its balance sheet and a proven track record in incubating and growing greenfields businesses.

Balance sheet strength

The Group believes a strong balance sheet is key to growth, particularly in periods of uncertainty.

Capital

FirstRand's capital management strategy is aligned to this view and 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 ranges and ratios are summarised in the table below.

%	FirstRand		Regulatory minimum
	Actual	Target	
Capital adequacy ratio	14.9	12.0 – 13.5	9.5*
Tier 1 ratio	13.4	11.0	7.0
Core Tier 1 ratio	12.5	9.5 – 11.0	5.25

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

%	FirstRand Bank (FRB)*		Regulatory minimum
	Actual	Target	
Capital adequacy ratio	14.6	11.5 – 13.0	9.5**
Tier 1 ratio	12.7	10.5	7.0
Core Tier 1 ratio	11.9	9.0 – 10.5	5.25

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

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

With regard to the impact of Basel III, the final capital framework for banks operating in South Africa was released in October 2012 and the impact on the Group's Core Tier 1 capital is expected to be minimal.

As part of the Group's strategy to utilise regulatory limits to optimise its capital structure, during the period under review FirstRand replaced the FRB06 and FRB07 subordinated debt instruments with the FRB11 bond. This instrument meets the Basel III entry criteria and will be included for grandfathering from 1 January 2013 with full recognition envisaged once the resolution regime is implemented in South Africa.

Overview of results continued

Asset quality

When assessing the underlying risk in the balance sheet, the Group's asset profile is dominated by a balanced advances portfolio, which constitutes 73% of total assets. In terms of credit quality, 87% of advances are rated B upper or better. Cash and liquid assets represent 17% of total assets, with only a small portion related to the investment and trading businesses.

PROSPECTS

The difficult macroeconomic environment is expected to continue for the rest of the financial year. Despite this, the Group expects to continue to produce good organic growth. FNB's focus on customer acquisition and driving transactional revenues across its platforms will drive NIR growth, as will RMB's client activities. With respect to advances growth, new business volumes in the retail lending books are expected to moderate in the second half, a trend that is already manifesting on a rolling six-month basis. Corporate advances are expected to remain robust at RMB.

Ongoing investment in stated growth opportunities will continue, which will result in cost pressure although strong revenue growth should result in positive operating jaws.

DIVIDEND STRATEGY

The Group targets growth in dividend in line with sustainable earnings taking into account expansion plans. Therefore dividend cover can vary from year to year.

BASIS OF PRESENTATION

FirstRand prepares its consolidated financial results in accordance with:

- IFRS, including IAS 34 Interim Financial Reporting;
- the Financial Reporting Guide as issued by the Accounting Practices Committee;
- 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. A table reflecting the restatement of prior year numbers and reasons therefore can be found on page 111.

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 14 and 15.

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material events, as defined in IAS 10, occurring between 31 December 2012 and the date of authorisation of the interim results announcement.

BOARD CHANGES

Mr Jan Jonathan (Jannie) Durand was appointed to the Board as a non-executive director with effect from 23 October 2012. Mr Durand joined the Board as a shareholder representative of Financial Securities Limited (Remgro).

Mr Grant Glenn Gelink was appointed to the Board as an independent non-executive director with effect from 1 January 2013.

CASH DIVIDEND DECLARATIONS

Ordinary shares

The directors have declared gross cash dividends totalling 55.0 cents per ordinary share out of income reserves for the six months ended 31 December 2012.

	Six months ended 31 December	
	2012	2011
Cents per share		
Interim (declared 4 March 2013)	55.0	44.0

The salient dates for the interim dividend are as follows:

Last day to trade cum-dividend	Wednesday 20 March 2013
Shares commence trading ex-dividend	Friday 22 March 2013
Record date	Thursday 28 March 2013
Payment date	Tuesday 2 April 2013

Share certificates may not be dematerialised or rematerialised between Friday 22 March 2013 and Thursday 28 March 2013, both days inclusive.

The interim dividend of 55.0 cents per share carries an STC credit of 4.27982 cents per share. Shareholders who are exempt from Dividend Withholding Tax (DWT) will receive the full 55.0 cents per share. For shareholders who are subject to DWT, tax will be calculated at 15% (or such lower rate if a double taxation agreement applies for foreign shareholders), after taking into account the STC credit.

For South African shareholders who are subject to DWT the net final dividend after deducting 15% tax will be 47.39197 cents per share.

The issued share capital on the declaration date was 5 637 941 689 ordinary shares and 45 000 000 variable rate, NCNR B preference shares.

FirstRand's income tax reference number is 9150/201/71/4.

B preference shares

Dividends on the B preference shares were calculated at a rate of 75.56% of the prime lending rate of FNB, a division of FirstRand Bank Limited.

The following dividends were declared and paid:

Cents per share	B preference shares	
	2013	2012
Period		
28 August 2012 – 25 February 2013	320.3	
30 August 2011 – 27 February 2012		305.2

LL Dippenaar

Chairman

SE Nxasana

CEO

BW Unser

Company secretary

4 March 2013

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 items and accounting anomalies.

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 the current period.

In 2005 the Group concluded a BEE transaction. As part of this transaction, rights were granted to the Group's black South African employees and black non-executive directors. These rights are accounted for as expenses in accordance with IFRS 2. FirstRand hedged itself against the price risk of the FirstRand share price inherent in these schemes by buying in the open market the FirstRand shares required to settle these schemes. These shares are held in various share trusts. SIC 12 Consolidation – Special Purpose Entities requires that these share trusts be consolidated by the Group. FirstRand shares held by the staff share trusts 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*. On vesting date the participants will receive FirstRand as well as MMI shares. The inclusion of the MMI shares in the overall benefit that the participants will receive 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* in the share trusts. MMI shares held by the staff share trusts are treated as trading and investment securities in the Group financial statements.

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

ECONOMIC HEDGE AGAINST SHARE-BASED PAYMENT OBLIGATIONS

The Group entered into a Total Return Swap (TRS) with external parties in order to economically hedge itself against the cost associated with the Group's share option schemes.

In terms of IAS 39 Financial Instruments: Recognition and Measurement, the TRS is accounted for as a derivative instrument at fair value with the full fair value change recognised in profit and loss.

In accordance with IFRS 2, the expense resulting from these option schemes is recognised over the vesting period of the schemes. This leads to a mismatch in the recognition of the profit or loss of the hedge and the share-based payment expense.

For purposes of calculating normalised earnings, the Group defers the recognition of the fair value gain or loss on the hedging instrument for the specific reporting period to the period in which the IFRS 2 impact will manifest in the Group's results. This reflects the economic substance of the hedge and associated IFRS 2 impact for the Group.

FIRSTRAND SHARES HELD FOR CLIENT TRADING ACTIVITIES

FirstRand shares may be acquired by the Group in specific instances. The Group invests in FirstRand shares to offset its exposure as a result of client trading positions. Depending on the nature of the client trading position and resulting risks, FirstRand shares may be held long or sold short by the Group.

In terms of IAS 32 Financial Instruments: Presentation, FirstRand 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. All gains and losses on FirstRand shares are reversed to profit or loss.

In addition, in terms of IAS 28 Investments in Associates, upstream and downstream profits are eliminated when equity accounting is applied, and, in terms of IAS 32 Financial Instruments: Presentation, profits or losses cannot be recognised on an entity's own equity instruments. For the income statement, the Group's portion of the fair value movements on FirstRand shares are therefore deducted from equity-accounted earnings and the investment recognised using the equity accounted method.

Changes in the fair value of FirstRand shares and dividends declared on these shares affect the fair value of client trading positions reflected in the statement of financial position, unless the client trading position is itself an equity instrument. The change in the fair value of client trading positions is recognised in profit or loss. However, because of the rules relating to treasury shares and the elimination of upstream and downstream profits, the corresponding fair value changes (or the Group's portion of the fair value changes) in the FirstRand shares held to match client trading positions, are reversed or eliminated. This results in a mismatch in the overall equity and profit or loss of the Group.

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

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

ECONOMIC HEDGES

From time to time the Group enters into economic interest rate hedging transactions, which do not qualify for hedge accounting in terms of the requirements of IFRS. The Group reclassifies 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 reclassifies 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 impairment of advances. Fair value advances are adjusted to reflect the cumulative adjustment.

CONSOLIDATED PRIVATE EQUITY SUBSIDIARIES

In accordance with IFRS, operating costs of consolidated private equity subsidiaries are included in profit or loss as part of operating expenses. These operating costs are reclassified to NIR, where income earned from these entities is included. This presentation of net income earned from consolidated private equity subsidiaries more accurately reflects the underlying economic substance of the Group's relationship with these entities.

PRIVATE EQUITY SUBSIDIARIES REALISATIONS

In terms of Circular 03/2012, gains or losses from the sale of subsidiaries are excluded from headline earnings.

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

TRACKER AND RONALD SEWELLS

The Group previously owned 36.11% of Tracker (Pty) Ltd (Tracker). On 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 effective shareholding of 36.11% to 1 October 2011 and at 20.35% from 1 October 2011 to 30 June 2012.

In addition, WesBank disposed of its subsidiary, Ronald Sewells, effective August 2011.

For the continuing results the profits resulting from the disposal of Ronald Sewells and the 15.76% shareholding in Tracker were excluded from both headline earnings (in terms of Circular 03/2009) and normalised earnings in the comparative periods.

MMI NAMIBIA

The Group concluded the disposal of its 51% shareholding in Momentum Life Assurance Namibia Limited (MMI Namibia) on 30 June 2012, for effective economic value on 1 July 2011. The profit on disposal of MMI Namibia was excluded from both headline earnings (in terms of Circular 03/2009) and normalised earnings in the comparative periods.

Consolidated income statement – IFRS

R million	Six months ended 31 December		% change	Year ended 30 June
	2012	2011*		2012
Net interest income before impairment of advances	12 376	10 530	18	21 882
Impairment of advances	(2 259)	(1 824)	24	(5 065)
Net interest income after impairment of advances	10 117	8 706	16	16 817
Non-interest income	15 735	13 431	17	29 494
Income from operations	25 852	22 137	17	46 311
Operating expenses	(15 652)	(13 371)	17	(28 422)
Net income from operations	10 200	8 766	16	17 889
Share of profit of associates and joint ventures after tax*	298	283	5	1 120
Income before tax	10 498	9 049	16	19 009
Indirect tax	(462)	(385)	20	(551)
Profit before direct tax	10 036	8 664	16	18 458
Direct tax*	(2 462)	(2 074)	19	(4 089)
Profit for the period	7 574	6 590	15	14 369
Attributable to:				
Ordinary equityholders	7 019	6 067	16	13 196
NCNR preference shareholders	150	137	9	275
Equityholders of the Group	7 169	6 204	16	13 471
Non-controlling interests	405	386	5	898
Profit for the period	7 574	6 590	15	14 369
Earnings per share (cents)				
– Basic	128.5	111.1	16	241.7
– Diluted	127.9	109.2	17	236.8
Headline earnings per share (cents)				
– Basic	131.7	103.3	27	231.5
– Diluted	131.1	101.5	29	226.9

* Refer to reclassification of prior year numbers on page 111.

Consolidated statement of comprehensive income – IFRS

R million	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
Profit for the period	7 574	6 590	15	14 369
OTHER COMPREHENSIVE INCOME				
Items that may subsequently be classified to profit or loss				
Cash flow hedges	(124)	(275)	(55)	(420)
Available-for-sale financial assets	578	274	>100	560
Exchange differences on translating foreign operations	323	634	(49)	599
Share of other comprehensive income of associates after tax and non-controlling interests	24	(15)	(>100)	(167)
Other comprehensive income for the period before tax	801	618	30	572
Income tax relating to components of other comprehensive income	(98)	(10)	>100	(41)
Other comprehensive income for the period	703	608	16	531
Total comprehensive income for the period	8 277	7 198	15	14 900
Total comprehensive income attributable to:				
Ordinary equityholders	7 703	6 648	16	13 706
NCNR preference shareholders	150	137	9	275
Equityholders of the Group	7 853	6 785	16	13 981
Non-controlling interests	424	413	3	919
Total comprehensive income for the period	8 277	7 198	15	14 900

Consolidated statement of financial position – IFRS

R million	As at 31 December			As at 30 June
	2012	2011*	2010*	2012
ASSETS				
Cash and cash equivalents	52 695	38 545	31 511	38 363
Derivative financial instruments	56 502	57 721	51 052	52 913
Commodities	8 003	5 880	4 164	5 108
Accounts receivable	6 400	7 894	5 598	6 007
Policy loans	–	–	26	–
Tax asset	606	163	798	331
Advances	563 038	498 258	453 290	524 507
Investment securities and other investments	113 944	126 237	127 884	119 708
Investments in associates and joint ventures	7 040	6 663	5 819	6 869
Property and equipment	13 207	11 949	10 409	12 026
Intangible assets	1 557	1 647	1 510	1 743
Reinsurance assets	846	855	527	898
Post-employment benefit asset	8	3	–	7
Investment properties	452	203	161	215
Deferred income tax asset	524	470	451	471
Non-current assets and disposal groups held for sale	505	5 173	2 609	599
Total assets	825 327	761 661	695 809	769 765
EQUITY AND LIABILITIES				
Liabilities				
Short trading positions	9 219	11 944	15 801	5 343
Derivative financial instruments	58 284	58 329	50 027	53 760
Creditors and accruals	8 788	9 764	6 077	9 086
Tax liability	289	409	319	386
Deposits	651 349	589 597	535 429	606 281
Provisions	584	523	861	592
Employee liabilities	6 671	5 936	4 993	6 933
Other liabilities	5 401	5 615	9 435	6 383
Policyholder liabilities under insurance contracts	1 543	1 373	2 007	1 517
Deferred income tax liability	1 498	2 226	2 474	1 679
Tier 2 liabilities	8 120	6 366	10 219	7 885
Liabilities directly associated with disposal groups held for sale	83	4 480	419	113
Total liabilities	751 829	696 562	638 061	699 958
Equity				
Ordinary shares	55	55	54	55
Share premium	5 387	5 167	5 194	5 216
Reserves	60 832	52 284	45 112	57 250
Capital and reserves attributable to ordinary equityholders	66 274	57 506	50 360	62 521
NCNR preference shares	4 519	4 519	4 519	4 519
Capital and reserves attributable to equityholders of the Group	70 793	62 025	54 879	67 040
Non-controlling interests	2 705	3 074	2 869	2 767
Total equity	73 498	65 099	57 748	69 807
Total equity and liabilities	825 327	761 661	695 809	769 765

* Refer to reclassifications of prior year numbers on page 111.

Consolidated statement of cash flows – IFRS

R million	Six months ended 31 December		Year ended 30 June
	2012	2011 [#]	2012
Net cash flows from operating activities	11 140	6 124	16 635
Net cash generated/(utilised) from operations	9 439	1 298	(7 064)
Tax paid	(3 412)	(2 307)	(5 331)
Net cash inflow from operating activities	17 167	5 115	4 240
Net cash outflow from investing activities	(2 374)	(2 364)	(3 763)
Net cash (outflow)/inflow from financing activities	(495)	1 335	3 464
Net increase in cash and cash equivalents from operations	14 298	4 086	3 941
Cash and cash equivalents at the beginning of the year	38 363	34 240	34 240
Cash and cash equivalents at the end of the year	52 661	38 326	38 181
Cash and cash equivalents acquired*	–	–	1
Cash and cash equivalents disposed of*	(2)	–	(31)
Effect of exchange rate changes on cash and cash equivalents	36	219	212
Cash and cash equivalents at the end of the year	52 695	38 545	38 363
Mandatory reserve balances included above**	14 991	13 443	13 677

* Cash and cash equivalents acquired and disposed of relate to cash balances held by subsidiaries acquired and disposed of 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.

Prior year restatements due to reclassifications.

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 2011	53	4 945	4 998	13	(451)	2 739
Movement in other reserves	–	–	–	–	–	315
Ordinary dividends	–	–	–	–	–	–
Preference dividends	–	–	–	–	–	–
Transfer from/(to) 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
Balance as at 1 July 2012	55	5 216	5 271	57	(753)	3 247
Issue of share capital	–	–	–	–	–	–
Movement in other reserves	–	–	–	–	–	(262)
Ordinary dividends	–	–	–	–	–	–
Preference dividends	–	–	–	–	–	–
Transfer from/(to) reserves	–	–	–	15	–	–
Changes in ownership interest in subsidiaries	–	–	–	–	–	–
Consolidation of treasury shares	–	171	171	–	–	–
Total comprehensive income for the period	–	–	–	–	(89)	–
Vesting of share-based payment reserve	–	–	–	–	–	(26)
Balance as at 31 December 2012	55	5 387	5 442	72	(842)	2 959

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	Foreign currency translation reserve	Other reserves	Retained earnings					
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	
626	1 052	(118)	53 139	57 250	4 519	2 767	69 807	
-	-	-	-	-	-	(4)	(4)	
-	-	(36)	-	(298)	-	(9)	(307)	
-	-	-	(3 183)	(3 183)	-	(412)	(3 595)	
-	-	-	-	-	(150)	-	(150)	
-	-	-	(15)	-	-	-	-	
-	-	-	13	13	-	(61)	(48)	
-	-	-	49	49	-	-	220	
442	311	20	7 019	7 703	150	424	8 277	
-	-	-	(676)	(702)	-	-	(702)	
1 068	1 363	(134)	56 346	60 832	4 519	2 705	73 498	

DETAILED FINANCIAL ANALYSIS

Key financial results, ratios and statistics – continuing normalised

R million	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
EARNINGS PERFORMANCE				
Normalised earnings contribution by franchise	7 218	5 771	25	12 730
FNB	4 023	3 360	20	6 666
RMB	1 969	1 455	35	3 654
WesBank	1 390	1 193	17	2 599
Corporate Centre and consolidation adjustments	(344)	(345)	–	(703)
FirstRand Limited (company)	330	245	35	789
NCNR preference dividend	(150)	(137)	9	(275)
Attributable earnings (refer page 27)	7 019	5 597	25	12 586
Headline earnings	7 195	5 639	28	12 642
Normalised earnings	7 218	5 771	25	12 730
Normalised net asset value	67 689	59 369	14	64 409
Normalised net asset value per share (cents)	1 200.6	1 053.0	14	1 142.4
Tangible normalised net asset value	66 132	57 722	15	62 666
Tangible normalised net asset value per share (cents)	1 173.0	1 023.8	15	1 111.5
Average normalised net asset value	66 049	59 114	12	61 634
Normalised earnings per share (cents)				
– Basic	128.0	102.4	25	225.8
– Diluted	128.0	102.4	25	225.8
Earnings per share (cents)				
– Basic	128.5	102.5	25	228.8
– Diluted	127.9	100.7	27	224.2
Headline earnings per share (cents)				
– Basic	131.7	103.3	27	231.5
– Diluted	131.1	101.5	29	226.9
Ordinary dividend per share (cents)	55.0	44.0	25	102.0
NCNR preference dividend per B class share* – declared (cents)	333.1	305.2	9	638.3
Capital adequacy – FirstRand				
Capital adequacy ratio	14.9	15.4		14.7
Tier 1 ratio	13.4	14.0		13.2
Core Tier 1 ratio	12.5	13.0		12.3
Balance sheet				
Normalised total assets	826 736	763 514	8	771 549
Loans and advances (net of credit impairment)	563 038	498 258	13	524 507
Ratios				
Normalised return on equity (%)	21.9	19.5		20.7
Return on assets (%)	1.81	1.58		1.73
Price-to-book ratio (times)	2.6	2.0		2.3
Price earnings ratio (times)	12.1	10.1		11.7
Dividend cover (times)	2.3	2.3		2.2
Average loan-to-deposit ratio (%)	88.3	86.0		87.2
Diversity ratio (%)	51.6	49.6		51.2
Credit impairment charge	2 518	1 961	28	5 471
NPLs as % of advances	3.10	3.62		3.48
Credit loss ratio (%)	0.91	0.80		1.08
Cost-to-income ratio (%)	53.7	55.0		53.4
Effective tax rate (%)	24.3	24.7		22.4
Number of employees	36 491	35 526	3	36 398

* 75.56% (previously 68%) of FNB prime lending rate.

Consolidated income statement – continuing normalised

R million	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
Net interest income before impairment of advances	13 606	11 905	14	24 869
Impairment of advances	(2 518)	(1 961)	28	(5 471)
Net interest income after impairment of advances	11 088	9 944	12	19 398
Non-interest revenue	14 237	11 455	24	24 972
Income from operations	25 325	21 399	18	44 370
Operating expenses	(15 120)	(12 995)	16	(27 212)
Net income from operations	10 205	8 404	21	17 158
Share of profit of associates and joint ventures after tax*	289	283	2	1 120
Income before tax	10 494	8 687	21	18 278
Indirect tax	(462)	(385)	20	(551)
Profit before direct tax	10 032	8 302	21	17 727
Direct tax*	(2 442)	(2 050)	19	(3 972)
Profit for the year	7 590	6 252	21	13 755
Non-controlling interests	(405)	(386)	5	(806)
NCNR preference shareholders	(150)	(137)	9	(275)
Attributable earnings to ordinary equityholders of the Group	7 035	5 729	23	12 674
Headline and normalised earnings adjustments	183	42	>100	56
Normalised earnings	7 218	5 771	25	12 730

* Refer to reclassification of prior year numbers on page 111.

Consolidated statement of comprehensive income – continuing normalised

R million	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
Profit for the period	7 590	6 252	21	13 755
OTHER COMPREHENSIVE INCOME				
Items that may subsequently be classified to profit or loss				
Cash flow hedges	(124)	(275)	(55)	(420)
Available-for-sale financial assets	458	271	69	530
Exchange differences on translating foreign operations	323	634	(49)	599
Share of other comprehensive income of associates after tax and non-controlling interests	24	(15)	(>100)	(167)
Other comprehensive income for the period before tax	681	615	11	542
Income tax relating to components of other comprehensive income	(98)	(10)	>100	(41)
Other comprehensive income for the period	583	605	(4)	501
Total comprehensive income for the period	8 173	6 857	19	14 256
Total comprehensive income attributable to:				
Ordinary equityholders	7 599	6 307	20	13 154
NCNR preference shareholders	150	137	9	275
Equityholders of the Group	7 749	6 444	20	13 429
Non-controlling interests	424	413	3	827
Total comprehensive income for the period	8 173	6 857	19	14 256

Statement of normalised earnings from continuing normalised operations

R million	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
IFRS profit from continuing operations (refer page 3)	7 574	6 590	15	14 369
Non-controlling interests	(405)	(386)	5	(898)
NCNR preference shares	(150)	(137)	9	(275)
Attributable to ordinary equityholders	7 019	6 067	16	13 196
Adjusted for:				
Profit on disposal of investments	–	(470)		(610)
Attributable earnings to ordinary shareholders	7 019	5 597	25	12 586
Adjusted for:	176	42	>100	56
(Gain)/loss on disposal of investment securities and other investments of a capital nature	(1)	2		20
Gain on disposal of available-for-sale assets	(1)	(36)		(154)
Gain on disposal of associates or joint ventures	–	–		(10)
Gain on disposal of subsidiaries	(10)	(10)		(27)
(Gain)/loss on the disposal of property and equipment	(1)	24		49
Fair value of investment properties	–	–		(12)
Impairment of goodwill	2	18		115
Impairment of assets in terms of IAS 36	254	15		7
Other	–	(1)		41
Tax effects of adjustments	(69)	23		43
Non-controlling interests adjustment	2	7		(16)
Headline earnings	7 195	5 639	28	12 642
Adjusted for:	23	132	(83)	88
IFRS 2 Share-based payment expenses	22	29	(24)	77
Treasury shares*	47	103	(54)	251
– Consolidation of share trusts	47	94		242
– FirstRand shares held by policyholders	–	9		9
TRS adjustment	(53)	–		(240)
Private equity subsidiary realisations	7	–		–
Normalised earnings	7 218	5 771	25	12 730

* Includes FirstRand shares held for client trading activities.

Reconciliation of attributable earnings to normalised income statement

R million	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
Attributable earnings per normalised income statement (refer page 25)	7 035	5 729	23	12 674
Normalised earnings adjustment reallocated to above the line (refer page 27)	(23)	(132)	(83)	(88)
Private equity realisations excluded from headline earnings adjustment (refer page 27)	7	–		–
Attributable earnings to ordinary equityholders per normalised reconciliation (refer page 27)	7 019	5 597	25	12 586

Consolidated statement of financial position – continuing normalised

R million	As at 31 December			As at 30 June
	2012	2011*	2010*	2012
ASSETS				
Cash and cash equivalents	52 695	38 545	31 511	38 363
Derivative financial instruments	56 502	57 721	51 052	52 913
Commodities	8 003	5 880	4 164	5 108
Accounts receivable	6 365	7 842	5 569	5 958
Policy loans	–	–	26	–
Tax asset	606	163	798	331
Advances	563 038	498 258	453 290	524 507
Investment securities and other investments	113 361	126 001	127 707	119 415
Loans to share trusts	2 036	2 141	1 881	2 126
Investments in associates and joint ventures	7 031	6 663	5 819	6 869
Property and equipment	13 207	11 949	10 409	12 026
Intangible assets	1 557	1 647	1 510	1 743
Reinsurance assets	846	855	527	898
Post-employment benefit asset	8	3	–	7
Investment properties	452	203	161	215
Deferred income tax asset	524	470	451	471
Non-current assets and disposal groups held for sale	505	5 173	2 609	599
Total assets	826 736	763 514	697 484	771 549
EQUITY AND LIABILITIES				
Liabilities				
Short trading positions	9 219	11 944	15 797	5 343
Derivative financial instruments	58 284	58 329	50 027	53 760
Creditors and accruals	8 785	9 756	6 071	9 077
Tax liability	286	407	249	383
Deposits	651 349	589 597	535 429	606 281
Provisions	584	523	861	592
Employee liabilities	6 671	5 936	4 993	6 933
Other liabilities	5 401	5 615	9 435	6 383
Policyholder liabilities under insurance contracts	1 543	1 373	2 007	1 517
Deferred income tax liability	1 498	2 226	2 474	1 679
Tier 2 liabilities	8 120	6 366	10 219	7 885
Liabilities directly associated with disposal groups held for sale	83	4 480	419	113
Total liabilities	751 823	696 552	637 981	699 946
Equity				
Ordinary shares	56	56	56	56
Share premium	7 083	7 083	7 083	7 083
Reserves	60 550	52 230	44 976	57 270
Capital and reserves attributable to ordinary equityholders	67 689	59 369	52 115	64 409
NCNR preference shareholders	4 519	4 519	4 519	4 519
Capital and reserves attributable to equityholders of the Group	72 208	63 888	56 634	68 928
Non-controlling interests	2 705	3 074	2 869	2 675
Total equity	74 913	66 962	59 503	71 603
Total equity and liabilities	826 736	763 514	697 484	771 549

* Refer to reclassification of prior year numbers on page 111.

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 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	
Balance as at 1 July 2012	56	7 083	7 139	57	(753)	3 171	
Issue of share capital	–	–	–	–	–	–	
Movement in other reserves	–	–	–	–	–	(284)	
Ordinary dividends	–	–	–	–	–	–	
Preference dividends	–	–	–	–	–	–	
Transfer from/(to) reserves	–	–	–	15	–	–	
Changes in ownership interest in subsidiaries	–	–	–	–	–	–	
Consolidation of treasury shares	–	–	–	–	–	–	
Total comprehensive income for the period	–	–	–	–	(89)	–	
Vesting of share-based payment reserve	–	–	–	–	–	(26)	
Balance as at 31 December 2012	56	7 083	7 139	72	(842)	2 861	

	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				
	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
	570	1 052	36	53 137	57 270	4 519	2 675	71 603
	–	–	–	–	–	–	(4)	(4)
	–	–	(36)	(40)	(360)	–	83	(277)
	–	–	–	(3 270)	(3 270)	–	(412)	(3 682)
	–	–	–	–	–	(150)	–	(150)
	–	–	–	(15)	–	–	–	–
	–	–	–	13	13	–	(61)	(48)
	–	–	–	–	–	–	–	–
	322	311	20	7 035	7 599	150	424	8 173
	–	–	–	(676)	(702)	–	–	(702)
	892	1 363	20	56 184	60 550	4 519	2 705	74 913

Reconciliation of continuing normalised consolidated income statement to IFRS consolidated income statement

for the six months ended 31 December 2012

R million	December 2012 normalised	IFRS 2 Share-based payment expense	Private equity expenses	
Net interest income before impairment of advances	13 606	–	–	
Impairment of advances	(2 518)	–	–	
Net interest income after impairment of advances	11 088	–	–	
Non-interest revenue	14 237	–	510	
Income from operations	25 325	–	510	
Operating expenses	(15 120)	(22)	(510)	
Net income from operations	10 205	(22)	–	
Share of profit of associates and joint ventures after tax	289	–	–	
Income before tax	10 494	(22)	–	
Indirect tax	(462)	–	–	
Profit before direct tax	10 032	(22)	–	
Direct tax	(2 442)	–	–	
Profit for the year	7 590	(22)	–	
Attributable to:				
Non-controlling interests	(405)	–	–	
NCNR preference shareholders	(150)	–	–	
Ordinary equityholders of the Group	7 035	(22)	–	
Headline and normalised earnings adjustment	183	22	–	
Normalised earnings	7 218	–	–	

* Includes FirstRand shares held for client trading activities.

	Treasury shares*	Economic hedges	Fair value annuity income (lending)	TRS adjustment	December 2012 IFRS
	(77)	(109)	(1 044)	–	12 376
	–	–	259	–	(2 259)
	(77)	(109)	(785)	–	10 117
	21	109	785	73	15 735
	(56)	–	–	73	25 852
	–	–	–	–	(15 652)
	(56)	–	–	73	10 200
	9	–	–	–	298
	(47)	–	–	73	10 498
	–	–	–	–	(462)
	(47)	–	–	73	10 036
	–	–	–	(20)	(2 462)
	(47)	–	–	53	7 574
	–	–	–	–	(405)
	–	–	–	–	(150)
	(47)	–	–	53	7 019
	47	–	–	(53)	199
	–	–	–	–	7 218

Reconciliation of continuing normalised consolidated income statement to IFRS consolidated income statement

for the six months ended 31 December 2011

R million	December 2011 normalised	IFRS 2 Share-based payment expense	Private equity expenses	
Net interest income before impairment of advances	11 905	–	–	
Impairment of advances	(1 961)	–	–	
Net interest income after impairment of advances	9 944	–	–	
Non-interest revenue	11 455	–	345	
Income from operations	21 399	–	345	
Operating expenses	(12 995)	(29)	(345)	
Net income from operations	8 404	(29)	–	
Share of profit of associates and joint ventures after tax	283	–	–	
Income before tax	8 687	(29)	–	
Indirect tax	(385)	–	–	
Profit before direct tax	8 302	(29)	–	
Direct tax	(2 050)	–	–	
Profit for the period	6 252	(29)	–	
Attributable to:				
Non-controlling interests	(386)	–	–	
NCNR preference shareholders	(137)	–	–	
Ordinary equityholders of the Group	5 729	(29)	–	
Headline and normalised earnings adjustment	42	29	–	
Normalised earnings	5 771	–	–	

* Includes FirstRand shares held for client trading activities.

	Treasury shares*	Economic hedges	Fair value annuity income (lending)	Profit on disposal of WesBank investments	December 2011 IFRS
	(84)	(80)	(1 211)	–	10 530
	–	–	137	–	(1 824)
	(84)	(80)	(1 074)	–	8 706
	7	80	1 074	470	13 431
	(77)	–	–	470	22 137
	(2)	–	–	–	(13 371)
	(79)	–	–	470	8 766
	–	–	–	–	283
	(79)	–	–	470	9 049
	–	–	–	–	(385)
	(79)	–	–	470	8 664
	(24)	–	–	–	(2 074)
	(103)	–	–	470	6 590
	–	–	–	–	(386)
	–	–	–	–	(137)
	(103)	–	–	470	6 067
	103	–	–	(470)	(296)
	–	–	–	–	5 771

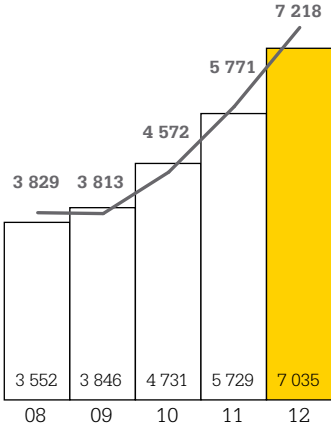
Reconciliation of continuing normalised consolidated statement
of financial position to IFRS consolidated statement of financial position
as at 31 December

R million	December 2012 normalised	Treasury shares	December 2012 IFRS
ASSETS			
Cash and cash equivalents	52 695	–	52 695
Derivative financial instruments	56 502	–	56 502
Commodities	8 003	–	8 003
Accounts receivable	6 365	35	6 400
Tax asset	606	–	606
Advances	563 038	–	563 038
Investment securities and other investments	113 361	583	113 944
Loans to share trusts	2 036	(2 036)	–
Investments in associates and joint ventures	7 031	9	7 040
Property and equipment	13 207	–	13 207
Intangible assets	1 557	–	1 557
Reinsurance assets	846	–	846
Post-employment benefit asset	8	–	8
Investment properties	452	–	452
Deferred income tax asset	524	–	524
Non-current assets and disposal groups held for sale	505	–	505
Total assets	826 736	(1 409)	825 327
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	9 219	–	9 219
Derivative financial instruments	58 284	–	58 284
Creditors and accruals	8 785	3	8 788
Tax liability	286	3	289
Deposits	651 349	–	651 349
Provisions	584	–	584
Employee liabilities	6 671	–	6 671
Other liabilities	5 401	–	5 401
Policyholder liabilities under insurance contracts	1 543	–	1 543
Deferred income tax liability	1 498	–	1 498
Tier 2 liabilities	8 120	–	8 120
Liabilities directly associated with disposal groups held for sale	83	–	83
Total liabilities	751 823	6	751 829
Equity			
Ordinary shares	56	(1)	55
Share premium	7 083	(1 696)	5 387
Reserves	60 550	282	60 832
Capital and reserves attributable to ordinary equityholders	67 689	(1 415)	66 274
NCNR preference shares	4 519	–	4 519
Capital and reserves attributable to equityholders of the Group	72 208	(1 415)	70 793
Non-controlling interests	2 705	–	2 705
Total equity	74 913	(1 415)	73 498
Total equity and liabilities	826 736	(1 409)	825 327

	December 2011 normalised	Treasury shares	December 2011 IFRS
	38 545	–	38 545
	57 721	–	57 721
	5 880	–	5 880
	7 842	52	7 894
	163	–	163
	498 258	–	498 258
	126 001	236	126 237
	2 141	(2 141)	–
	6 663	–	6 663
	11 949	–	11 949
	1 647	–	1 647
	855	–	855
	3	–	3
	203	–	203
	470	–	470
	5 173	–	5 173
	763 514	(1 853)	761 661
	11 944	–	11 944
	58 329	–	58 329
	9 756	8	9 764
	407	2	409
	589 597	–	589 597
	523	–	523
	5 936	–	5 936
	5 615	–	5 615
	1 373	–	1 373
	2 226	–	2 226
	6 366	–	6 366
	4 480	–	4 480
	696 552	10	696 562
	56	(1)	55
	7 083	(1 916)	5 167
	52 230	54	52 284
	59 369	(1 863)	57 506
	4 519	–	4 519
	63 888	(1 863)	62 025
	3 074	–	3 074
	66 962	(1 863)	65 099
	763 514	(1 853)	761 661

Overview of results

Earnings performance (R million)
CAGR 17%



Attributable earnings
 Normalised earnings

Note: 2008 and 2009 figures presented on an IFRS-continuing basis, figures from 2010 onwards presented on a continuing normalised basis.

* Compound annual growth rate (CAGR).

These results are characterised by the following themes:

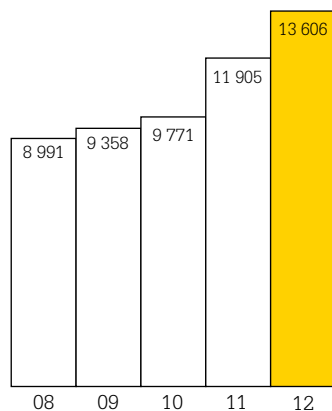
POSITIVES	NEGATIVES
<ul style="list-style-type: none"> • Robust NII growth, benefiting from: <ul style="list-style-type: none"> – satisfactory growth in core advances of 13%, in spite of the ongoing constrained economic environment; – stronger growth in higher margin asset classes, such as vehicle asset finance (VAF) and unsecured lending, although moderating from the growth levels in FY 2012; – the benefit of higher capital levels than in the comparative period; and – lower levels of NPLs, especially in HomeLoans, and the consequential release of interest in suspense. • Strong fee and commission income growth of 16% due to: <ul style="list-style-type: none"> – increased active customer accounts in FNB; – new business volumes in WesBank; – increased retail transaction activity; and – an improved contribution from knowledge-based fees. 	<ul style="list-style-type: none"> • Negative endowment impact due to a reduction in average interest rates during the period under review.
<ul style="list-style-type: none"> • Year-on-year increase in credit impairments, albeit down on a rolling six-month basis from the period ended 30 June 2012, affected by: <ul style="list-style-type: none"> – an increase in portfolio impairments, reflecting both strong book growth in unsecured lending and VAF year-on-year, and the Group’s view on the credit cycle; and – an increase in specific impairments, primarily associated with the unsecured lending portfolios, and in line with expectations. 	

POSITIVES	NEGATIVES
<ul style="list-style-type: none"> • Excellent growth in fair value income, benefiting from: <ul style="list-style-type: none"> – a robust performance from client-centric businesses; and – a significant year-on-year increase in fair value gains on derivative instruments held to hedge the Group's share-based payment obligations. 	<ul style="list-style-type: none"> • Overall cost growth of 16%, driven by: <ul style="list-style-type: none"> – higher variable costs, directly impacted by the higher levels of profitability during the period; – higher costs associated with cooperation agreements and joint ventures, linked to the increase in profitability of various joint venture alliance partners during the reporting period; – ongoing expansion costs, specifically relating to the African subsidiaries and India; and – higher depreciation charges, affected by the growth in the FMR business as well as a change in estimate during the latter half of FY 2012.
<ul style="list-style-type: none"> • Satisfactory results from investing activities, driven by higher local equity markets which positively impacted on the performance of the ELI portfolio. Overall performance was negatively affected by lower commodity prices, which impacted the RMB Resources portfolio. 	

Overview of results continued

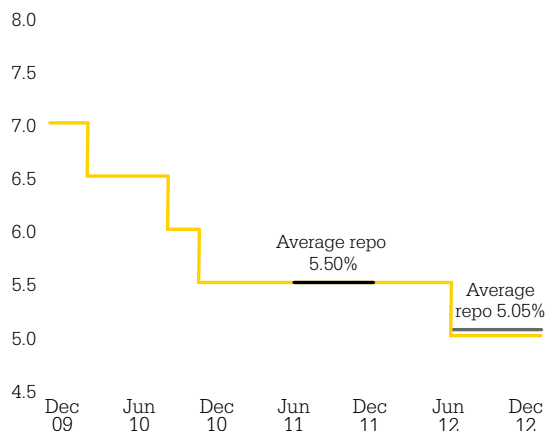
NET INTEREST INCOME (BEFORE IMPAIRMENT OF ADVANCES) – UP 14%

Net interest income (R million)
CAGR 11%



Note: 2008 and 2009 figures have been presented on an IFRS-continuing basis, figures from 2010 onwards are presented on a continuing normalised basis.

Repo rate (%)



Note: R84 billion = average endowment book for the period. Rates were lower by 45 bps on average in the current period, which translates into a negative endowment impact of approximately R191 million for the period.

Margin cascade table

Percentage of average interest-earning banking assets	%
December 2011 normalised margin	4.64
Capital and deposit endowment	(0.09)
Advances	0.20
– Changes in balance sheet mix	0.25
– Asset pricing	(0.09)
– Basis risk movement	0.04
Liabilities	–
– Changes in balance sheet mix (deposits)	0.06
– Changes in balance sheet mix (capital)	0.01
– Term funding cost	–
– Deposit pricing	(0.07)
Interest rate risk hedges	0.07
Accounting mismatches	0.09
December 2012 normalised margin	4.91

Segmental analysis of net interest income before impairment of advances

R million	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
FNB	7 472	6 143	22	13 205
Retail	4 226	3 251	30	7 202
Residential mortgages	1 246	962	30	2 099
Card	591	516	15	1 088
Personal loans	958	652	47	1 493
Retail other	1 431	1 121	28	2 522
Commercial	2 078	1 870	11	3 871
FNB Africa	1 168	1 022	14	2 132
RMB	1 524	1 421	7	2 992
Investment banking	1 237	1 174	5	2 476
Corporate banking	287	247	16	516
WesBank	3 296	2 849	16	5 849
Corporate Centre	1 314	1 380	(5)	2 641
Net interest income – banking activities	13 606	11 793	15	24 687
Other*	–	112	(100)	182
Net interest income	13 606	11 905	14	24 869

* Other includes FirstRand company and consolidation adjustments.

Overview of results continued

Margin analysis on gross advances
for the six months ended 31 December

	2012		2011	
	Average balance R million	Average margin %	Average balance R million	Average margin %
Average prime rate (RSA)		8.55		9.00
ADVANCES				
Retail – secured	245 327	2.73	226 499	2.34
Residential mortgages	158 974	1.49	156 144	1.16
Vehicle asset finance	86 353	5.03	70 355	4.96
Retail – unsecured	33 700	13.15	25 613	13.09
Card	11 859	9.08	10 468	8.90
Personal loans	18 670	16.63	13 154	17.48
– FNB loans	12 468	14.60	8 282	15.06
– WesBank loans	6 202	20.71	4 872	21.60
Overdrafts	3 171	7.88	1 991	6.06
Corporate	167 247	2.49	143 324	2.62
FNB commercial mortgages	10 561	1.97	8 964	1.51
Vehicle asset finance	21 507	3.53	21 530	2.94
Overdrafts	17 082	5.00	15 674	4.59
Term loans	18 608	2.91	16 843	3.75
Investment banking	80 385	1.86	66 488	2.16
Money market	19 104	1.63	13 825	1.47
FNB Africa	27 674	5.74	24 009	4.88
Total advances	473 948	3.56	419 445	3.24

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
for the six months ended 31 December

	2012		2011	
	Average balance R million	Average margin %	Average balance R million	Average margin %
Average prime rate (RSA)		8.55		9.00
DEPOSITS				
Retail	107 027	2.52	91 527	2.75
Current and savings	35 420	4.77	29 482	5.21
Call	3 132	2.64	3 390	2.43
Money market	27 389	1.69	25 331	1.88
Term	41 086	1.12	33 324	1.26
Corporate	185 291	1.75	168 030	1.82
Current and savings	71 219	3.20	63 157	3.42
Call	52 808	0.86	50 341	0.88
Money market	17 567	1.88	16 607	1.98
Term	43 697	0.38	37 925	0.32
FNB Africa	35 724	1.54	31 236	2.03
Total deposits	328 042	1.98	290 793	2.13

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

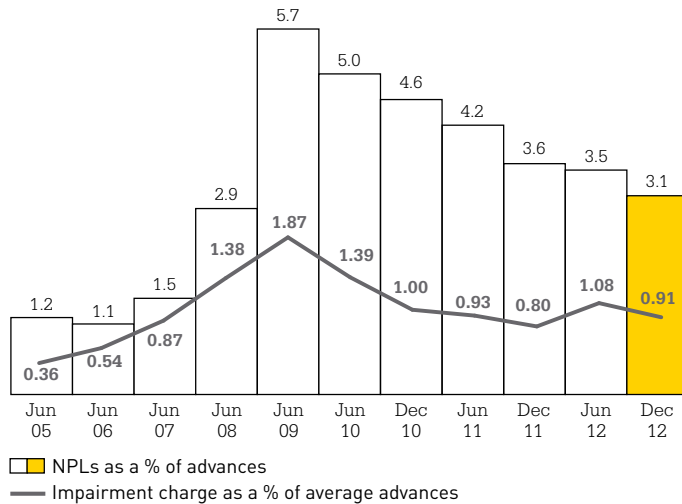
NII and margin analysis commentary

POSITIVES	NEGATIVES
<ul style="list-style-type: none"> The relative change in composition of the advances portfolio, with increased levels of higher margin unsecured lending and VAF advances. 	<ul style="list-style-type: none"> Negative endowment impact due to average rates being 45 bps lower than in the comparative period.
<ul style="list-style-type: none"> Incremental growth in retail and commercial deposits in the current period, reducing reliance on more expensive institutional funding. 	<ul style="list-style-type: none"> Ongoing retail and commercial deposit pricing pressure.
<ul style="list-style-type: none"> Lower institutional funding costs resulting from a decline in funding spreads. 	
<ul style="list-style-type: none"> Benefit from the continuing NPL unwind, specifically in HomeLoans. 	
<ul style="list-style-type: none"> Lower term funding costs. 	

Overview of results continued

IMPAIRMENT OF ADVANCES – UP 28%

NPLs and impairment history



Credit highlights

R million	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
Total gross advances*	574 850	508 253	13	535 704
NPLs	17 797	18 388	(3)	18 666
NPLs as a % of advances	3.10	3.62		3.48
Impairment charge – total (income statement)	2 518	1 961	28	5 471
Business as usual	2 518	1 961	28	4 766
Special impairment**	–	–		705
Impairment charge as a % of average advances	0.91	0.80		1.08
Business as usual	0.91	0.80		0.94
Special impairment	–	–		0.14
Total impairments* (balance sheet)	11 812	9 995	18	11 197
Portfolio impairments	5 322	3 774	41	4 892
Specific impairments	6 490	6 221	4	6 305
Implied loss given default (coverage)#	36.5	33.8		33.8
Total impairments coverage ratio†	66.4	54.4		60.0

* Includes cumulative credit fair value adjustments.

** This impairment relates to the discovery during the year ended June 2012 of the deliberate concealment by employees of unrecovered amounts in FNB's merchant acquiring business unit. This was classified as a boundary event.

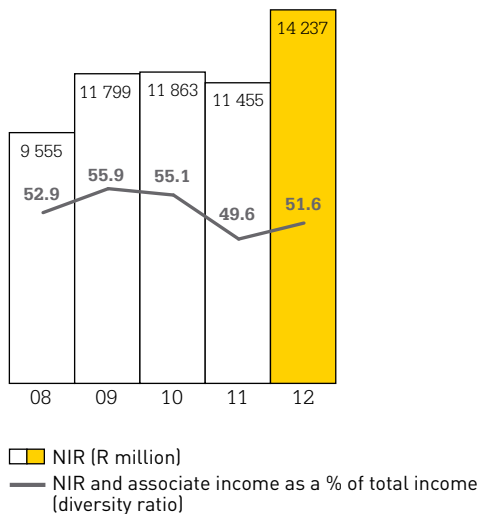
Amortised cost specific impairments and non-performing book cumulative credit fair value adjustments as a percentage of NPLs.

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

POSITIVES	NEGATIVES
<ul style="list-style-type: none"> Improvement in absolute NPL levels emanating primarily from further reductions in HomeLoans, driven by: <ul style="list-style-type: none"> the continued low interest rate environment, which positively impacted customers' ability to service debt; lower levels of new inflows into NPLs; and ongoing focus on enhanced collection processes across the Group. 	<ul style="list-style-type: none"> Pressure on collateral values in the residential mortgage market. Increased levels of NPLs in the unsecured lending portfolios.
<ul style="list-style-type: none"> Continued benefit from high levels of post write-off recoveries, primarily in Card and WesBank. 	<ul style="list-style-type: none"> Ageing levels of NPLs, specifically relating to the secured books in WesBank and HomeLoans, affected by protracted workout processes, in part associated with the debt review process.
	<ul style="list-style-type: none"> A significant increase in portfolio impairments, reflective of: <ul style="list-style-type: none"> strong book growth, specifically in the unsecured and VAF portfolios; a deteriorating economic outlook as well as growth in the African franchises, which resulted in higher levels of wholesale portfolio impairments; and the bottoming of the credit cycle.

NON-INTEREST REVENUE – UP 24%

Non-interest revenue and diversity ratio



Note: 2008 and 2009 figures presented on an IFRS-continuing basis, figures from 2010 onwards presented on a continuing normalised basis.

Overview of results continued

Non-interest revenue – up 24%

R million	Notes	Six months ended 31 December		% change	Year ended 30 June
		2012	2011		2012
Fee and commission income	1	11 348	9 800	16	19 967
Fair value income	2	1 799	1 150	56	3 554
Investment income	3	662	(14)	(>100)	296
Other non-interest revenue		428	519	(18)	1 155
– Consolidated private equity income		116	112	4	121
– Other		312	407	(23)	1 034
Total non-interest revenue		14 237	11 455	24	24 972

Note 1 Fee and commission income – up 16%

R million	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
Bank commissions and fee income	9 289	8 105	15	16 482
– Card commissions	1 444	1 201	20	2 410
– Cash deposit fees	963	957	1	1 846
– Commissions on bills, drafts and cheques	618	595	4	1 197
– Bank charges	6 264	5 352	17	11 029
Knowledge-based fees	720	424	70	870
Management fees	478	382	25	826
Insurance income	1 567	1 402	12	2 924
Other non-bank commissions	747	752	(1)	1 569
Gross fee and commission income	12 801	11 065	16	22 671
Fee and commission expenditure	(1 453)	(1 265)	15	(2 704)
Total fee and commission income	11 348	9 800	16	19 967

POSITIVES	NEGATIVES
<ul style="list-style-type: none"> • Fee and commission income growth underpinned by an 11% increase in core transactional banking accounts at FNB and transactional volume growth of 16%. 	<ul style="list-style-type: none"> • Ongoing migration to cheaper electronic channels dampened absolute fee and commission income growth.
<ul style="list-style-type: none"> • Continued strong growth in FNB electronic banking channels, with 25% growth in active cellphone bankers. 	
<ul style="list-style-type: none"> • Excellent growth of 70% in knowledge-based fee income, underpinned by strong volumes in the debt capital markets space, consistent deal flow from M&A activities and fees earned in Investment Banking. 	
<ul style="list-style-type: none"> • Satisfactory performances from the insurance-related businesses, with total income increasing 12%, underpinned by good sales growth. 	

Note 2 Fair value income – up 56%

POSITIVES	NEGATIVES
<ul style="list-style-type: none"> • Excellent growth in fair value income, benefiting from a robust performance from client-centric businesses, in particular: <ul style="list-style-type: none"> – RMB's flow trading businesses off the back of strong client demand; – the hedging and structuring solutions business within Global Markets, which benefited from rate uncertainty early in the reporting period; and – the debt and equity capital market businesses. 	<ul style="list-style-type: none"> • Disappointing client execution revenues during the period, as a result of: <ul style="list-style-type: none"> – lower levels of interest rate and foreign exchange market volatility; – rising and trending equity and bond prices and markets. These factors resulted in lower client volumes.
<ul style="list-style-type: none"> • Fair value income also benefited from good growth in client execution activity from the African subsidiaries, albeit off a relatively low base. 	
<ul style="list-style-type: none"> • A significant increase in fair value gains on derivative instruments held to hedge the Group's share-based payment obligations, driven by the increase in the Group's share price during the period under review. The corresponding expense is reflected as part of the Group's share-based payment in operating expenses. 	

Overview of results continued

Note 3 Investment income – up >100%

R million	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2 012
Private equity realisations and dividends received	51	13	>100	136
Profit on realisation of private equity investments	48	1	>100	107
Dividends received	2	3	(33)	9
Other private equity income	1	9	(89)	20
Other income from investments	611	(27)	(>100)	160
Profit on disposal of available-for-sale assets	1	36	(97)	154
Profit on assets held against employee liabilities	349	70	>100	169
RMB Resources	(32)	(217)	(85)	(342)
Other investment income	293	84	>100	179
Total investment income	662	(14)	(>100)	296

POSITIVES	NEGATIVES
<ul style="list-style-type: none"> Strong performance from the ELI asset portfolio, assisted by the 16% gain in the ALSI in the current period compared to a flat performance for the comparative period. 	<ul style="list-style-type: none"> Disappointing performance from the international resources portfolio, due to pressure on commodity prices and junior mining stocks, although losses are significantly reduced from the comparative period.
<ul style="list-style-type: none"> The realisation of the Group's remaining 40% shareholding in the Eris Property Group during the period, reflected in the increase in other investment income. 	
<ul style="list-style-type: none"> Satisfactory performance from the private equity business, supported by some small realisations during the period, although overall performance was impacted by impairments and deal costs. 	

SHARE OF PROFITS FROM ASSOCIATES AND JOINT VENTURES – UP 2%

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



■ Investment in associates and joint ventures
— Income from associates and joint ventures after tax

Note: 2008 and 2009 figures presented on an IFRS-continuing basis, figures from 2010 onwards presented on a continuing normalised basis.

Share of profits from associates and joint ventures

R million	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
Private equity associates*	214	152	41	950
Operational performance	266	204	30	924
(Impairments)/reversal of impairments	(52)	(52)	–	26
WesBank associates	135	147	(8)	239
Toyota Financial Services (Pty) Ltd	86	90	(4)	162
Tracker Investment Holdings (Pty) Ltd*	–	31	(100)	31
Other	49	26	88	46
Other operational associates	84	102	(18)	308
Eris Property Group (Pty) Ltd**	–	15	(100)	37
RMB Morgan Stanley (Pty) Ltd	48	39	23	92
Other	36	48	(25)	179
Share of profits from associates and joint ventures before tax	433	401	8	1 497
Tax on profits from associates and joint ventures	(144)	(118)	22	(377)
Share of profits from associates and joint ventures after tax	289	283	2	1 120

* Tracker was sold by WesBank effective 3 October 2011; a portion was acquired by RMB Private Equity.

** Eris Property Group was transferred to non-current assets held for sale effective 1st July 2012.

Overview of results continued

POSITIVES

- Satisfactory results from WesBank's core associates (excluding Tracker which was disposed of in the comparative period), benefiting from ongoing strong new business volumes.
- Strong underlying operating performance from the private equity associates.

Total income from private equity activities (RMB Division and other private equity-related activities)

RMB earns private equity-related income primarily from its Private Equity division, however, other business units within RMB also engage in or hold private equity-related investments (as defined in Circular 03/2012 dealing with Headline Earnings and issued by the South African Institute of Chartered Accountants), which are not reported in 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 30 June
	2012	2011		2012
RMB Private Equity division	372	274	36	1 181
Income from associates	205	147	39	958
– Equity-accounted income*	257	199	29	954
– (Impairments)/reversal of impairments*	(52)	(52)	–	4
Realisations and dividends**	50	6	>100	82
Other investment property income**	1	9	(89)	20
Consolidated private equity income [#]	116	112	4	121
Legacy	9	3	>100	26
Income from associates	9	5	80	(8)
– Equity-accounted income*	9	5	80	(30)
– Reversal of impairments*	–	–		22
Realisations**	–	(2)	(100)	34
Other business units	292	56	>100	177
Income from associates	19	56	(66)	169
– Equity-accounted income*	19	63	(70)	185
– Impairments*	–	(7)	(100)	(16)
Other investment income**	273	–		8
Private equity activities before tax	673	333	>100	1 384
Tax on equity-accounted private equity investments	(83)	(65)	28	(261)
Private equity activities after tax	590	268	>100	1 123

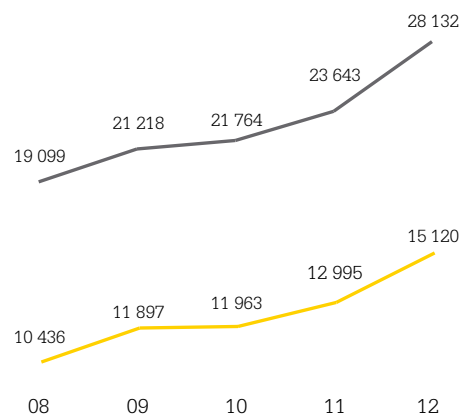
* Refer to analysis of income from associates and joint ventures on page 49.

** Refer to investment income analysis on page 48.

Refer to non-interest revenue analysis on page 46.

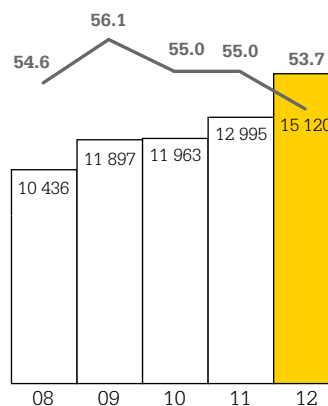
OPERATING EXPENSES – UP 16%

Operating jaws (R million)



— Total income
— Operating expenditure

Operating efficiency (R million)



■ Operating expenditure
— Cost-to-income ratio (%)

Note: 2008 presented on an IFRS-continuing basis, 2009 presented on a continuing normalised basis excluding fee and commission expenses restatement, figures from 2010 onwards presented on a continuing normalised basis.

In line with industry practice, certain fee and commission income and expenses are set off in the calculation of the Group's cost-to-income ratio.

Operating expenses

R million	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
Staff expenditure	8 693	7 517	16	15 656
– Direct staff expenditure	5 311	4 890	9	9 670
– Other staff-related expenditure	3 382	2 627	29	5 986
Depreciation	958	916	5	2 124
Amortisation of other intangible assets	63	109	(42)	218
Advertising and marketing	636	503	26	1 084
Insurance	188	171	10	355
Lease charges	559	477	17	1 030
Professional fees	588	493	19	1 070
Audit fees	119	87	37	188
Computer expenses	543	435	25	901
Maintenance	361	360	–	735
Telecommunications	195	173	13	351
Cooperation agreements and joint ventures	345	253	36	564
Property	354	315	12	671
Business travel	154	157	(2)	308
Other expenditure	1 364	1 029	33	1 957
Total operating expenses	15 120	12 995	16	27 212

Overview of results continued

STAFF COSTS – UP 16%

- | |
|--|
| <ul style="list-style-type: none"> • Increased direct staff costs, affected by the annual wage settlements in excess of CPI for the current financial year. |
| <ul style="list-style-type: none"> • Other staff-related cost increases driven by: <ul style="list-style-type: none"> – increases in variable staff costs, directly related to the Group's improved performance and profitability; and – a significant increase of 82% in IFRS 2 Share-based payment expenses, linked to the increase in FirstRand's share price during the period under review. |

OTHER OPERATING EXPENSES

- | |
|---|
| <ul style="list-style-type: none"> • Strong growth in costs associated with cooperation agreements and joint ventures, driven by the good performance of the WesBank joint venture partners. |
| <ul style="list-style-type: none"> • An increase of >100% in expansion costs, impacted by: <ul style="list-style-type: none"> – growth of 8% in the African footprint (branches, agencies etc.) together with related infrastructure costs; – other international expansion costs, related to ongoing investments into the African and Indian initiatives. |
| <ul style="list-style-type: none"> • Increased marketing spend. |
| <ul style="list-style-type: none"> • The negative impact associated with certain impairment charges taken during the reporting period. |

DIRECT TAXATION – UP 19%

- | |
|---|
| <ul style="list-style-type: none"> • Profit growth; |
| <ul style="list-style-type: none"> • Change in the Group's income mix, with robust growth in NII and NIR and comparatively lower contribution of non-standard rate taxable income to total income. |

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – NORMALISED

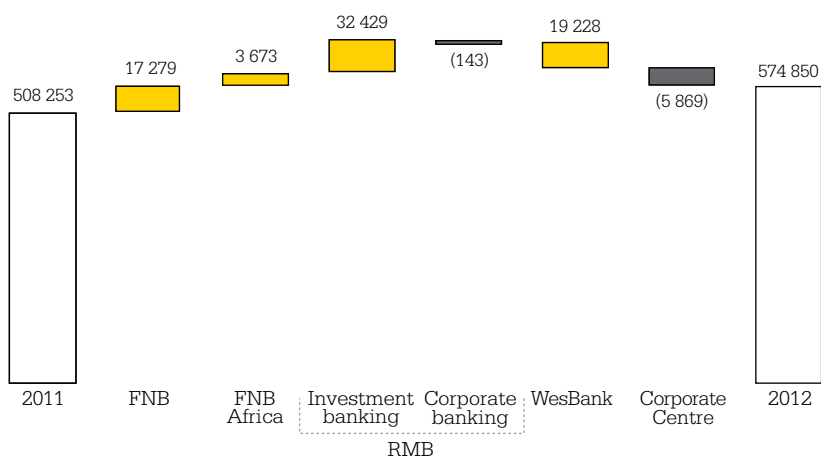
R million	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
ASSETS				
Derivative financial instruments	56 502	57 721	(2)	52 913
Advances	563 038	498 258	13	524 507
Investment securities and other investments	113 361	126 001	(10)	119 415
Other assets	93 835	81 534	15	74 714
Total assets	826 736	763 514	8	771 549
EQUITY AND LIABILITIES				
Liabilities				
Deposits	651 349	589 597	10	606 281
Short trading positions and derivative financial instruments	67 503	70 273	(4)	59 103
Other liabilities	32 971	36 682	(10)	34 562
Total liabilities	751 823	696 552	8	699 946
Total equity	74 913	66 962	12	71 603
Total equity and liabilities	826 736	763 514	8	771 549

Overview of results continued

ADVANCES – UP 13%

R million	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
Normalised gross advances	574 850	508 253	13	535 704
Normalised impairment of advances	(11 812)	(9 995)	18	(11 197)
Normalised net advances	563 038	498 258	13	524 507

Gross advances by franchise (R million)

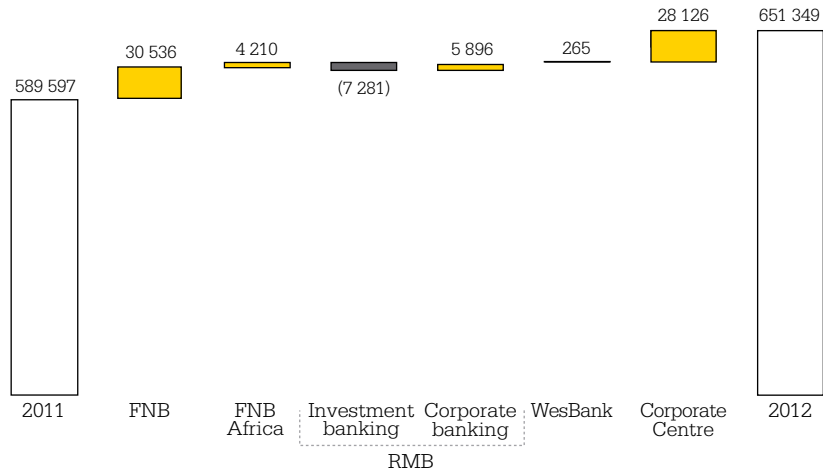


POSITIVES	NEGATIVES
<ul style="list-style-type: none"> • Growth of 9% from FNB, emanating primarily from the retail businesses in South Africa with: <ul style="list-style-type: none"> – secured affordable housing loans growing 17%, underpinned by strong demand and customer affordability levels; – card advances increasing 14%, on the back of customer acquisition, supported by customer incentive programmes (e.g. fuel rewards and eBucks). – strong growth of 34% in personal loans, although growth rates tapered off in the latter half of the year as a result of a more conservative approach to unsecured credit extension; and – FNB Africa's advances increased 15%, underpinned by growth of 14% in FNB Namibia and 9% in FNB Botswana, biased toward the retail, commercial and business segments. 	<ul style="list-style-type: none"> • Low growth in HomeLoans, reflecting continuing pressure in the property market and a deliberate strategy to limit new business to low-risk customers.
<ul style="list-style-type: none"> • Strong growth of 20% from FNB Commercial, driven by increases in owner-occupied commercial property, leveraged finance products and agricultural loans. 	
<ul style="list-style-type: none"> • 18% growth in the core RMB advances book with particularly strong growth in the latter half of the reporting period, especially in the mining, health and energy sectors. 	
<ul style="list-style-type: none"> • 17% growth in WesBank's advances, benefiting from: <ul style="list-style-type: none"> – 22% increase in retail motor advances in South Africa, driven by new business growth of 18% on the back of new car sales growth of 8%; – 39% growth in MotoNovo advances, reflective of its strong position in the second-hand car market in the UK, and the depreciation of the ZAR against the GBP during the reporting period; and – 18% growth in personal loans, driven by new business growth of 27%. 	

Overview of results continued

DEPOSITS – UP 10%

Gross deposits by franchise (R million)



POSITIVES

- Strong deposit growth of 15% from FNB (including FNB Africa).
- Growth driven by commercial (+15%) and retail (+14%), with notice deposits, cash-managed accounts and current, savings and transmission accounts showing notable increases of 33%, 15% and 17%, respectively.

SEGMENT REPORT AND OVERVIEW OF OPERATING FRANCHISES

Segment report

for the six months ended 31 December 2012

R million	FNB							
	Retail segment					Commercial	FNB Africa	Total FNB
	Residential mortgages	Card	Personal loans	Retail other	Retail segment			
Net interest income before impairment of advances	1 246	591	958	1 431	4 226	2 078	1 168	7 472
Impairment of advances	(309)	(2)	(742)	(241)	(1 294)	(111)	(90)	(1 495)
Net interest income after impairment of advances	937	589	216	1 190	2 932	1 967	1 078	5 977
Non-interest revenue	204	601	591	4 302	5 698	2 343	881	8 922
Income from operations	1 141	1 190	807	5 492	8 630	4 310	1 959	14 899
Operating expenses	(610)	(573)	(397)	(3 685)	(5 265)	(2 461)	(1 163)	(8 889)
Net income from operations	531	617	410	1 807	3 365	1 849	796	6 010
Share of profit from associates and joint ventures after tax	1	–	–	19	20	–	1	21
Income before tax	532	617	410	1 826	3 385	1 849	797	6 031
Indirect tax	(15)	(16)	(17)	(157)	(205)	(21)	(28)	(254)
Profit before direct tax	517	601	393	1 669	3 180	1 828	769	5 777
Direct tax	(137)	(159)	(104)	(442)	(842)	(484)	(204)	(1 530)
Profit for the year from continuing operations	380	442	289	1 227	2 338	1 344	565	4 247
Profit attributable to discontinued operations	–	–	–	–	–	–	–	–
Profit for the year	380	442	289	1 227	2 338	1 344	565	4 247
Attributable to:								
Ordinary equityholders	380	442	289	1 227	2 338	1 344	342	4 024
NCNR preference shareholders	–	–	–	–	–	–	–	–
Non-controlling interests	–	–	–	–	–	–	223	223
Profit for the year	380	442	289	1 227	2 338	1 344	565	4 247
Attributable earnings to ordinary shareholders	380	442	289	1 227	2 338	1 344	342	4 024
Headline earnings adjustments	–	–	–	(1)	(1)	–	–	(1)
Headline earnings	380	442	289	1 226	2 337	1 344	342	4 023
TRS adjustment	–	–	–	–	–	–	–	–
IFRS 2 Share-based payment expense	–	–	–	–	–	–	–	–
Treasury shares	–	–	–	–	–	–	–	–
Private equity subsidiary realisations	–	–	–	–	–	–	–	–
Normalised earnings**	380	442	289	1 226	2 337	1 344	342	4 023

* Investment banking results include contributions from RMB's Global Markets and IBD businesses in the African subsidiaries (R132 million profit before tax).

** Normalised earnings for FNB, RMB and WesBank in the table above exclude return on capital earned, Corporate Centre and preference share costs, and therefore differ from the franchise normalised earnings reported on page 77.

	RMB		Total RMB	WesBank	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	FirstRand Group – normalised	Normalised adjustments	FirstRand Group – IFRS
	Investment banking*	Corporate banking								
	1 237 (317)	287 (5)	1 524 (322)	3 296 (701)	1 314 –	(7) –	7 –	13 606 (2 518)	(1 230) 259	12 376 (2 259)
	920 3 313	282 557	1 202 3 870	2 595 1 419	1 314 1 256	(7) (1 254)	7 24	11 088 14 237	(971) 1 498	10 117 15 735
	4 233 (2 062)	839 (776)	5 072 (2 838)	4 014 (2 073)	2 570 (2 167)	(1 261) 453	31 394	25 325 (15 120)	527 (532)	25 852 (15 652)
	2 171 277	63 –	2 234 277	1 941 135	403 –	(808) (144)	425 –	10 205 289	(5) 9	10 200 298
	2 448 (36)	63 (15)	2 511 (51)	2 076 (115)	403 (40)	(952) (1)	425 (1)	10 494 (462)	4 –	10 498 (462)
	2 412 (639)	48 (13)	2 460 (652)	1 961 (520)	363 (96)	(953) 450	424 (94)	10 032 (2 442)	4 (20)	10 036 (2 462)
	1 773 –	35 –	1 808 –	1 441 –	267 –	(503) –	330 –	7 590 –	(16) –	7 574 –
	1 773	35	1 808	1 441	267	(503)	330	7 590	(16)	7 574
	1 750 – 23	35 – –	1 785 – 23	1 384 – 57	267 – –	(605) – 102	180 150 –	7 035 150 405	(16) – –	7 019 150 405
	1 773	35	1 808	1 441	267	(503)	330	7 590	(16)	7 574
	1 750 (2)	35 179	1 785 177	1 384 6	267 –	(605) (6)	180 –	7 035 176	(16) –	7 019 176
	1 748	214	1 962	1 390	267	(611)	180	7 211	(16)	7 195
	– – – 7	– – – –	– – – 7	– – – –	– – – –	– – – –	– – – –	– – – 7	(53) 22 47 –	(53) 22 47 7
	1 755	214	1 969	1 390	267	(611)	180	7 218	–	7 218

Segment report continued

for the six months ended 31 December 2012

R million	FNB							
	Retail segment					Commercial	FNB Africa	Total FNB
	Residential mortgages	Card	Personal loans	Retail other	Retail segment			
Cost-to-income ratio (%)	42.0	48.1	25.6	64.1	52.9	55.7	56.7	54.2
Diversity ratio (%)	14.1	50.4	38.2	75.1	57.5	53.0	43.0	54.5
Credit loss ratio (%)	0.39	0.03	12.18	10.84	1.39	0.59	0.66	1.19
NPLs as a percentage of advances (%)	4.88	2.25	7.26	6.20	4.91	4.29	1.62	4.45
Assets under management	–	–	–	39 340	39 340	–	–	39 340
Assets under advice	–	–	–	29 747	29 747	–	–	29 747
Assets under execution	–	–	–	42 838	42 838	–	–	42 838
Consolidated income statement includes:								
Depreciation	(5)	(1)	(1)	(502)	(509)	(32)	(56)	(597)
Amortisation	–	–	–	(27)	(27)	(7)	(7)	(41)
Impairment charges	–	–	–	(6)	(6)	–	–	(6)
Other non-cash provisions	(22)	(14)	(5)	(345)	(386)	(67)	(87)	(540)
Statement of financial position includes:								
Advances (after ISP – before impairments)	159 311	11 877	12 587	5 207	188 982	39 300	28 794	257 076
– Normal advances	159 311	11 877	12 587	5 207	188 982	39 300	28 794	257 076
– Securitised advances	–	–	–	–	–	–	–	–
NPLs	7 775	267	914	323	9 279	1 685	466	11 430
Investment in associated companies	13	–	–	202	215	–	5	220
Total deposits (including non-recourse deposits)	764	1 263	1	117 603	119 631	116 384	37 048	273 063
Total assets	157 133	11 392	11 548	20 837	200 910	39 509	43 441	283 860
Total liabilities	117 561	10 792	11 154	57 233	196 740	37 678	38 505	272 923
Capital expenditure	4	–	–	1 349	1 353	4	171	1 528

This analysis is based on the segments' management accounts.

	RMB		Total RMB	WesBank	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	FirstRand Group – normalised	Normalised adjustments	FirstRand Group – IFRS
	Investment banking	Corporate banking								
	42.7	91.9	50.0	42.7	84.3	32.3	(>100)	53.7	–	55.1
	74.4	66.0	73.1	32.0	48.9	99.5	77.4	51.6	–	56.4
	0.37	0.32	0.37	1.12	–	–	–	0.91	20.84	0.82
	1.29	0.23	1.27	3.11	–	–	–	3.10	–	3.11
	30 744	–	30 744	–	11 223	–	–	81 307	–	81 307
	–	–	–	–	–	–	–	29 747	–	29 747
	–	–	–	–	–	–	–	42 838	–	42 838
	(123)	(30)	(153)	(156)	(48)	(4)	–	(958)	(58)	(1 016)
	(8)	–	(8)	(14)	(2)	2	–	(63)	(2)	(65)
	–	–	–	(6)	(48)	(211)	–	(271)	(20)	(291)
	(655)	(11)	(666)	(138)	(229)	(159)	(6)	(1 738)	–	(1 738)
	179 964	3 512	183 476	129 941	4 966	(609)	–	574 850	(2 614)	572 236
	179 964	3 512	183 476	121 043	4 966	(609)	–	565 952	(2 614)	563 338
	–	–	–	8 898	–	–	–	8 898	–	8 898
	2 323	8	2 331	4 036	–	–	–	17 797	–	17 797
	5 685	–	5 685	823	2	301	–	7 031	9	7 040
	124 194	44 086	168 280	522	213 410	(3 926)	–	651 349	–	651 349
	352 640	3 750	356 390	132 972	103 506	(106 979)	56 987	826 736	(1 409)	825 327
	346 066	3 563	349 629	129 323	49 183	(50 045)	810	751 823	6	751 829
	83	97	180	1 212	9	–	–	2 929	–	2 929

Segment report continued

for the six months ended 31 December 2011

R million	FNB							
	Retail segment					Commercial	FNB Africa	Total FNB
	Residential mortgages	Card	Personal loans	Retail other	Retail segment			
Net interest income before impairment of advances	962	516	652	1 121	3 251	1 870	1 022	6 143
Impairment of advances	(435)	(20)	(377)	(90)	(922)	(134)	(36)	(1 092)
Net interest income after impairment of advances	527	496	275	1 031	2 329	1 736	986	5 051
Non-interest revenue	222	522	438	3 736	4 918	2 218	794	7 930
Income from operations	749	1 018	713	4 767	7 247	3 954	1 780	12 981
Operating expenses	(581)	(507)	(329)	(3 251)	(4 668)	(2 209)	(997)	(7 874)
Net income from operations	168	511	384	1 516	2 579	1 745	783	5 107
Share of profit from associates and joint ventures after tax	3	–	–	2	5	–	1	6
Income before tax	171	511	384	1 518	2 584	1 745	784	5 113
Indirect tax	(15)	(22)	(16)	(127)	(180)	(17)	(21)	(218)
Profit before direct tax	156	489	368	1 391	2 404	1 728	763	4 895
Direct tax	(41)	(130)	(97)	(368)	(636)	(458)	(231)	(1 325)
Profit for the year from continuing operations	115	359	271	1 023	1 768	1 270	532	3 570
Profit attributable to discontinued operations	–	–	–	–	–	–	–	–
Profit for the year	115	359	271	1 023	1 768	1 270	532	3 570
Attributable to:								
Ordinary equityholders	115	359	271	1 024	1 769	1 270	316	3 355
NCNR preference shareholders	–	–	–	–	–	–	–	–
Non-controlling interests	–	–	–	(1)	(1)	–	216	215
Profit for the year	115	359	271	1 023	1 768	1 270	532	3 570
Attributable earnings to ordinary shareholders	115	359	271	1 024	1 769	1 270	316	3 355
Headline earnings adjustments	–	(1)	–	15	14	15	(24)	5
Headline earnings	115	358	271	1 039	1 783	1 285	292	3 360
IFRS 2 Share-based payment expense	–	–	–	–	–	–	–	–
Treasury shares	–	–	–	–	–	–	–	–
Private equity subsidiary realisations	–	–	–	–	–	–	–	–
Normalised earnings**	115	358	271	1 039	1 783	1 285	292	3 360

* Investment banking results include contributions from RMB's Global Markets and IBD businesses in the African subsidiaries (R97 million profit before tax).

** Normalised earnings for FNB, RMB and WesBank in the table above exclude return on capital earned, Corporate Centre and preference share costs, and therefore differ from the franchise normalised earnings reported on page 77.

	RMB		Total RMB	WesBank	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	FirstRand Group – normalised	Normalised adjustments	FirstRand Group – IFRS
	Investment banking*	Corporate banking								
	1 174 (153)	247 (5)	1 421 (158)	2 849 (572)	1 380 12	53 (151)	59 –	11 905 (1 961)	(1 375) 137	10 530 (1 824)
	1 021 2 309	242 610	1 263 2 919	2 277 1 344	1 392 609	(98) (1 380)	59 33	9 944 11 455	(1 238) 1 976	8 706 13 431
	3 330 (1 744)	852 (645)	4 182 (2 389)	3 621 (1 980)	2 001 (1 386)	(1 478) 453	92 181	21 399 (12 995)	738 (376)	22 137 (13 371)
	1 586 237	207 –	1 793 237	1 641 147	615 –	(1 025) (107)	273 –	8 404 283	362 –	8 766 283
	1 823 (41)	207 (10)	2 030 (51)	1 788 (100)	615 (15)	(1 132) –	273 (1)	8 687 (385)	362 –	9 049 (385)
	1 782 (473)	197 (53)	1 979 (526)	1 688 (449)	600 (149)	(1 132) 426	272 (27)	8 302 (2 050)	362 (24)	8 664 (2 074)
	1 309 –	144 –	1 453 –	1 239 –	451 –	(706) –	245 –	6 252 –	338 –	6 590 –
	1 309	144	1 453	1 239	451	(706)	245	6 252	338	6 590
	1 288 – 21	144 – –	1 432 – 21	1 192 – 47	451 – –	(809) – 103	108 137 –	5 729 137 386	338 – –	6 067 137 386
	1 309	144	1 453	1 239	451	(706)	245	6 252	338	6 590
	1 288 23	144 –	1 432 23	1 192 1	451 145	(809) (132)	108 –	5 729 42	338 (470)	6 067 (428)
	1 311	144	1 455	1 193	596	(941)	108	5 771	(132)	5 639
	– – –	– – –	– – –	– – –	– – –	– – –	– – –	– – –	29 103 –	29 103 –
	1 311	144	1 455	1 193	596	(941)	108	5 771	–	5 771

Segment report continued

for the six months ended 31 December 2011

R million	FNB							
	Retail segment					Commercial	FNB Africa	Total FNB
	Residential mortgages	Card	Personal loans	Retail other	Retail segment			
Cost-to-income ratio (%)	48.9	48.8	30.2	66.9	57.1	54.0	54.9	55.9
Diversity ratio (%)	19.0	50.3	40.2	76.9	60.2	54.3	43.8	56.4
Credit loss ratio (%)	0.56	0.38	9.12	7.55	1.04	0.84	0.30	0.94
NPLs as a percentage of advances (%)	5.98	2.86	4.93	7.23	5.76	5.04	1.52	5.21
Assets under administration	–	–	–	36 547	36 547	–	–	36 547
Assets under advice	–	–	–	26 459	26 459	–	1 783	28 242
Assets under execution	–	–	–	35 096	35 096	–	–	35 096
Consolidated income statement includes:								
Depreciation	(4)	(2)	(1)	(506)	(513)	(51)	(51)	(615)
Amortisation	–	–	–	(28)	(28)	(1)	(15)	(44)
Impairment charges	–	–	–	–	–	–	–	–
Other non-cash provisions	(13)	(9)	(4)	(303)	(329)	(63)	(64)	(456)
Statement of financial position includes:								
Advances (after ISP – before impairments)	155 802	10 446	9 415	2 723	178 386	32 617	25 121	236 124
– Normal advances	155 802	8 948	9 415	2 723	176 888	32 617	25 121	234 626
– Securitised advances	–	1 498	–	–	1 498	–	–	1 498
NPLs	9 321	299	464	197	10 281	1 643	382	12 306
Investment in associated companies	11	–	–	170	181	–	8	189
Total deposits (including non-recourse deposits)	792	1 152	–	102 645	104 589	100 890	32 838	238 317
Total assets	154 080	10 055	8 797	22 290	195 222	32 847	39 930	267 999
Total liabilities	153 784	9 536	8 411	20 484	192 215	31 336	35 317	258 868
Capital expenditure	42	2	–	645	689	28	172	889

This analysis is based on the segments' management accounts.

	RMB		Total RMB	WesBank	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	FirstRand Group – normalised	Normalised adjustments	FirstRand Group – IFRS
	Investment banking	Corporate banking								
	46.9	75.3	52.2	45.6	69.7	31.6	(>100)	55.0	–	55.2
	68.4	71.2	69.0	34.4	30.6	103.7	35.9	49.6	–	56.6
	0.22	0.32	0.22	1.07	–	>100	–	0.80	13.57	0.75
	1.32	0.41	1.30	3.72	–	–	–	3.62	–	3.63
	25 041	–	25 041	–	–	–	–	61 588	–	61 588
	–	–	–	–	–	–	–	28 242	–	28 242
	–	–	–	–	–	–	–	35 096	–	35 096
	(126)	9	(117)	(133)	(55)	4	–	(916)	–	(916)
	(37)	–	(37)	(25)	(1)	(2)	–	(109)	–	(109)
	(8)	–	(8)	–	(1)	(13)	–	(22)	–	(22)
	(410)	–	(410)	(137)	(116)	(41)	(8)	(1 168)	–	(1 168)
	147 535	3 655	151 190	110 713	9 866	360	–	508 253	(2 088)	506 165
	147 535	3 655	151 190	107 505	9 866	360	–	503 547	(2 088)	501 459
	–	–	–	3 208	–	–	–	4 706	–	4 706
	1 945	15	1 960	4 122	–	–	–	18 388	–	18 388
	5 887	–	5 887	608	2	(23)	–	6 663	–	6 663
	131 475	38 190	169 665	257	182 564	(1 206)	–	589 597	–	589 597
	303 985	3 777	307 762	112 396	130 060	(111 769)	57 066	763 514	(1 853)	761 661
	298 110	3 456	301 566	109 682	77 470	(51 936)	902	696 552	10	696 562
	977	11	988	351	32	760	–	3 020	–	3 020

FNB

INTRODUCTION

FNB's ongoing strong performance reflects the successful execution of a number of very specific growth strategies underpinned by its focus on delivering innovative and cost-effective products and solutions for customers. The FNB franchise continues to deliver excellent earnings growth and superior returns to FirstRand shareholders.

EXECUTION ON STRATEGY

During the period under review, FNB completed an internal realignment, and has further refined its successful segment focus. The original FNB segment strategy incorporating Mass, Consumer, Wealth, Commercial and Corporate has been refined to focus on two larger segments – Retail and Commercial.

The Corporate segment, previously FNB Global Transactional Services (GTS), has been rebranded RMB Corporate Banking and aligned under RMB Corporate and Investment Bank, as part of FirstRand's strategy to provide an integrated and holistic offering to its large corporate customers.

The African subsidiaries have been aligned under Retail and are now reported under total FNB. This realignment allows for the consolidation of a number of operating platforms, resulting in cost efficiencies and best practice migration.

South Africa

When assessing FNB's growth in the six months to December 2012, the business has continued to benefit from its primary strategy to grow and retain core transactional accounts. This has been achieved on the back of a compelling value proposition – innovative products and channels at an acceptable cost to the customer – supported by rewards programmes such as eBucks, SLOW lounges and fuel, data and airtime rewards. Innovations such as the Banking App, cellphone banking and eWallet have also continued to attract new customers.

Core transactional banking accounts grew 11% to 7.3 million. A positive outcome from this growth was the commensurate increase in transactional volumes, particularly on the back of FNB's deliberate objective to drive customers onto its electronic platforms. FNB's focus on customer acquisition and retention also resulted in strong growth in deposits, driven by the Retail and Commercial segments as well as the African franchise.

All of these strategies have resulted in profitable growth and have underpinned FNB's ability to deliver a sustainable and superior ROE.

In addition to its South African franchise, FNB has profitable and well-established businesses in Botswana, Namibia, Swaziland and Lesotho. In line with FirstRand's approach to grow in selected African countries with strong domestic growth potential and trade links with Asia, FNB is continuing to organically build full-service banking in Zambia, Mozambique and Tanzania.

FINANCIAL PERFORMANCE – TOTAL FNB

R million	Six months ended 31 December		% change
	2012	2011	
Net interest income	7 472	6 143	22
Non-interest revenue	8 922	7 930	13
Operating expenses	(8 889)	(7 874)	13
Income before indirect tax	6 031	5 113	18
Indirect tax	(254)	(218)	17
Income before direct tax	5 777	4 895	18
Normalised earnings	4 023	3 360	20
Advances	257 076	236 124	9
Total deposits	273 063	238 317	15
Assets under management	39 340	36 547	8
Assets under advice	29 747	28 242	5
Assets under execution	42 838	35 096	22

Segment results

R million	Six months ended 31 December		% change
	2012	2011	
Retail	3 180	2 404	32
Commercial	1 828	1 728	6
Africa	769	763	1
Income before direct tax	5 777	4 895	18

TOTAL FNB PERFORMANCE COMMENTARY

FNB produced an excellent performance for the year, increasing pre-tax profits 18% and producing an ROE of 36.2% which is well above the Group's hurdle rate. Other key ratios are indicated below.

%	Six months ended 31 December	
	2012	2011
ROE	36.2	34.7
Cost-to-income ratio	54.2	55.9
NPLs	4.45	5.21
Credit loss ratio	1.19	0.94
ROA	2.94	2.57
Advances margin	3.08	2.47

This performance was driven by both strong net interest income and non-interest revenue growth and additional customer volumes.

NII grew 22% in South Africa driven by balance sheet growth and margin expansion due to the mix change to unsecured lending and the repricing of newly originated residential mortgages. Overall lower growth in advances was partially offset by good deposit acquisition (15% up). In addition, the decrease of R1.5 billion in NPLs at FNB HomeLoans positively impacted NII.

Advances increased 9%, in the main emanating from across the Retail segment in South Africa (up R10.6 billion) and Africa (up R3.7 billion). Card advances grew 14% on the back of proactive customer acquisition. Total residential mortgages grew 2% with FNB HomeLoans growing only 1%, reflecting FNB's strategy to write new business in the low-risk categories, however, margins remained healthy. Affordable housing continued to show good growth at 17%.

Due to FNB's strategy to grow transactional accounts and drive volumes across its platforms, NIR increased 13%. This growth was driven mainly by activity in the Retail segment (NIR up 16%), with Commercial and Africa contributing increases of 6% and 11% respectively to NIR.

FNB has taken the prudent decision to increase portfolio provisions resulting in a 37% total increase in bad debts.

Excluding these provisions, bad debts increased 18%, which is below expectations given the growth in unsecured lending with Card being exceptionally low at R2 million. Overall credit quality across all portfolios is well within risk appetite and coverage ratios have increased.

FNB maintained core cost growth at 10%, reflecting its focus on ongoing efficiencies and streamlining platforms, especially in Retail where costs only increased 9%. When including investment costs, particularly in Africa (costs up 17%), total operating expenditure growth was 13%.

OPERATIONAL HIGHLIGHTS

- prepaid airtime sales reached R2.5 billion to date, up 26% year-on-year and electricity sales grew 76%;
- eBucks spend of R183 million compared to R140 million in the previous period, representing 30% growth;
- FNB Zambia has grown from six to nine branches during the period;
- active business account sales grew 30%;
- assets under management amounted to R39.3 billion with a year-on-year increase of R2.8 billion;
- SA ATM footprint at 5 938 devices has decreased by 135 since December 2011 (6 073), largely due to decommissioning of mini-ATMs; and
- 774 SA branches including 163 EasyPlan branches, representing an increase of 14 since December 2011 (760; 151 EasyPlan branches).

RMB

INTRODUCTION

RMB's performance for the six months to December 2012 reflects the strength and quality of its franchise. As anticipated, the market has remained challenging with corporate activity still relatively muted, however, RMB continues to successfully capitalise on its leading market position creating and capturing new revenue streams, containing costs and optimising capital usage.

EXECUTION ON STRATEGY

RMB has become a more client-centric business with a clear strategy anchored around a risk appetite designed to effectively manage the trade-offs between earnings volatility, profit growth and returns.

A shift in focus from trading activities to generating income from client activities has achieved a more optimal balance in earnings. This, coupled with steady investment returns and a growing focus on asset management, has resulted in a higher quality and more sustainable earnings profile. RMB has further aligned the corporate transactional banking business with the investment banking activities, and FNB GTS is being rebranded RMB Corporate Banking. In achieving this alignment for its large corporate client base, RMB will continue to leverage the infrastructure and platforms of FNB to deliver best of breed service to its transactional banking clients.

On the back of the creation of a single CIB coverage team with industry specialisation, deep sector knowledge and good client insight, a further step was taken towards providing clients with an integrated service during the period. The product and transactional banking sales teams across Global Markets and Corporate Banking were merged to ensure that clients are being offered solutions and products across these closely connected product sets.

In support of FirstRand's strategy to organically build an investment management franchise, RMB's asset management business is gaining traction. Revenue growth has been achieved by increasing the value of funds under management with the business targeting additional market share gains. In terms of the African operations, the RMB Nigeria business was officially launched on 7 February 2013.

FINANCIAL PERFORMANCE

R million	RMB		% change
	Six months ended 31 December		
	2012	2011	
Income before indirect tax	2 511	2 030	24
Indirect tax	(51)	(51)	–
Income before direct tax	2 460	1 979	24
Normalised earnings	1 969	1 455	35
Total assets	356 390	307 762	16
ROE (%)	22.2	18.1	
ROA (%)	1.14	1.00	
Cost-to-income ratio (%)	50.0	52.2	

Divisional results

R million	Six months ended 31 December		% change
	2012	2011	
Income before direct tax			
Private Equity	229	213	8
Investment Banking Division	1 506	1 279	18
Global Markets	894	639	40
Other RMB	(217)	(349)	(38)
RMB Investment Banking	2 412	1 782	35
RMB Corporate Banking	48	197	(76)
RMB	2 460	1 979	24

PERFORMANCE COMMENTARY

RMB, inclusive of RMB Corporate Banking, produced an excellent result in the six months to December 2012. Pre-tax profits increased 24% to R2 460 million, which is a record first half performance from the RMB business. The ROE also increased from 18.1% to 22.2%, reflecting the benefits of a number of strategic actions taken in 2012.

The Investment Banking Division (IBD) continued to show good growth, increasing pre-tax profits by 18% to R1 506 million.

Much of this growth was balance sheet led, with the core loan book increasing 19%, which is well above the market and driven by a number of large deals coupled with the arranging and structuring of renewable energy funding facilities. Provisioning levels remain conservative, which RMB considers prudent given some pressures seen in certain sectors of the economy, but in no way detracts from the underlying high quality of the book. The period saw a strong performance from leverage finance, debt capital markets and infrastructure financing and the realisation of an investment in Eris Property Group also contributed positively.

The Global Markets division also delivered a strong performance for the period, growing profits 40% to R894 million, mainly underpinned by client activities. The business benefited from being well positioned for the July rate cut and an improved performance was seen in the structuring solutions business. Commodity-related financing contributed to solid balance sheet growth. Low volatility in local foreign exchange and interest rate markets softened profitability, however, African activities continued to deliver, driven by strong performances from the subsidiaries.

Private Equity profits for the year were solid, up 8% to R229 million. Equity-accounted earnings and income from investment subsidiaries provided an underpin to profits whilst continued investment activity has added to the overall portfolio.

The RMB Resources portfolio continued to experience pressure on profitability due to persistent weakness in the junior mining sector, although losses were curtailed compared to the previous six months.

The Corporate Banking division's profitability was impacted by an impairment of previously capitalised project costs, however, solid growth was achieved in core business activities.

WesBank

INTRODUCTION

WesBank's performance for the six months to December 2012 reflects its leading market position in instalment finance. In particular, long-standing alliances with leading motor manufacturers and large dealer groups have allowed increased market share within the required risk profile. The WesBank franchise continues to contribute significantly to FirstRand's performance, underpinned by appropriate origination strategies and rigid cost management in its core business, combined with increasing penetration into existing and new markets.

Whilst WesBank will always be prone to a certain level of cyclical, it continues to focus on specific initiatives to better position the business to deliver sustainable returns within appropriate levels of earnings volatility.

EXECUTION ON STRATEGY

In line with FirstRand's strategic objectives, WesBank has continued to focus on growing its core business and in its core lending businesses this focus translated into continued strong new business growth, particularly in the motor and unsecured credit books. Corporate new business volumes were also robust and the positive turnaround at MotoNovo continued on the back of excellent growth in volumes.

The unsecured lending business, driven through the Direct Axis direct marketing origination channel and the underlying personal loans books that it originates and manages, also showed good growth. WesBank has focused on growing new business in the lower risk buckets and at profitable overall returns. Although there are signs of industry stress in the unsecured lending market, the bad debt experience is well within expectations as a consequence of disciplined credit origination and appetite.

FINANCIAL PERFORMANCE

R million	Six months ended 31 December		% change
	2012	2011	
Net interest income	3 296	2 849	16
Impairments	(701)	(572)	23
Non-interest revenue	1 419	1 344	6
Non-interest expenditure	(2 073)	(1 980)	5
Associate income	135	147	(8)
Income before indirect tax	2 076	1 788	16
Indirect tax	(115)	(100)	15
Income before taxation	1 961	1 688	16

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- advances growth of 17% to R129.9 billion:
 - new business growth of 20% to R34.1 billion*;
 - motor new business growth of 19% to R22.1 billion*;
 - corporate new business growth of 14% to R6.4 billion;
 - unsecured loans new business growth of 27% to R2.6 billion; and
 - MotoNovo new business growth of 40% to R3.1 billion (25% in GBP terms);
- excellent performance in Direct Axis and MotoNovo;
- good growth through alliance partners across all portfolios;
- debt review showing positive overall outcomes in terms of customer repayment behaviour;
- automation and online self-service efficiencies created in front- and back-office environments; and
- resilience in retail customer bases maintaining low arrear and bad debt levels.

* Excludes new business volumes of R5.1 billion from WesBank's associate, Toyota Financial Services.

PERFORMANCE COMMENTARY

On all key metrics WesBank delivered a very strong performance growing pre-tax profits 16% to R1 961 million, compared with the high base of R1 688 million established in the prior period. Other key performance metrics are indicated in the table below.

%	Six months ended 31 December	
	2012	2011
ROE	31.8	29.8
Cost-to-income ratio	42.7	45.6
Credit loss ratio	1.12	1.07
ROA	2.18	2.17
Net interest margin	5.41	5.33

Interest margins were maintained despite strong competition across all portfolios. The underlying retail vehicle finance advances are also well balanced between fixed and variable.

Arrear levels have levelled off and further improvement is not anticipated. All portfolios are, however, reflecting default levels well within credit risk appetite. Whilst NPLs have shown a decrease since June 2012, given that the credit cycle has bottomed, this trend is likely to begin to reverse. NPLs include residual debt review accounts, most of which are paying according to arrangement. These debt review accounts now comprise a quarter of the NPL portfolio.

Credit appetite remains conservative and disciplined across all the portfolios. Origination is well within agreed risk thresholds and vintage performance is very closely monitored. The overall portfolios continue to track well within expectation.

Non-interest revenue reflected moderate growth over the prior period, based on recognition of underwriting revenues and pricing pressures in the Auto card business.

Total cost growth was 5%, reflecting static headcount year-on-year, which includes extraordinary increases in profit share payments to alliance partners and increasing depreciation on FMR assets. Excluding these two items, year-on-year operating costs reflected a small reduction.

BALANCE SHEET AND RETURN ANALYSIS

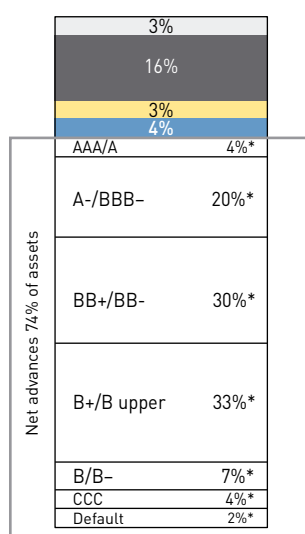
Economic view of the balance sheet

The balance sheet structure has remained largely unchanged year-on-year.

When assessing the underlying risk in the balance sheet, the Group's asset profile is dominated by a balanced advances portfolio, which constitutes 73% of total assets. In terms of credit quality, 87% of advances are rated B upper or better. Cash and liquid assets represent 17% of total assets, with only a small portion related to the investment and trading businesses.

FirstRand's funding profile continues to reflect the structural funding issues associated with the South African banking sector, however, the Group has continued to reduce its reliance on institutional funding. A slight increase occurred in the month of December 2012 as a result of the seasonal money shortage within the industry (see page 88).

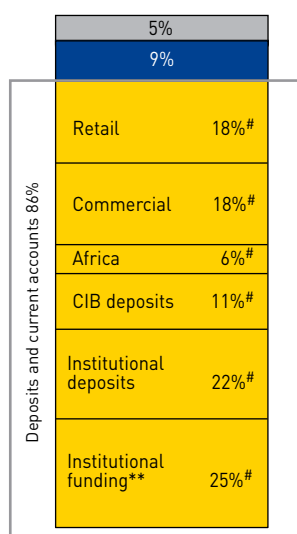
Economic view of the balance sheet as at 31 December 2012 (%)



Assets

- Other assets
- Cash, cash equivalents and liquid assets
- Asset-backed securities
- Trading and equity investments
- Net advances

* of net advances.



Equity and liabilities

- Other liabilities
- Ordinary equity and perpetual preference shares
- Deposits and current accounts

of deposits and current accounts.

** Including CIB institutional funding.

Note: Derivative assets and liabilities have been netted off.

Performance measurement

The Group aims to deliver sustainable returns to its shareholders and each business unit is evaluated on shareholder value created. This is measured through ROE and the Group's specific benchmark of economic profit, net income after capital charge (NIACC).

The performance measure of NIACC is embedded across the Group. NIACC, as a function of normalised earnings and capital utilised in the businesses, provides a clear indication of economic value added.

Targeted hurdle rates are set for the units and capital is allocated to each unit based on its risk profile. The capital allocation process has been refined to reflect the increased capital requirements under Basel III.

Historical analysis of ROA, gearing and ROE

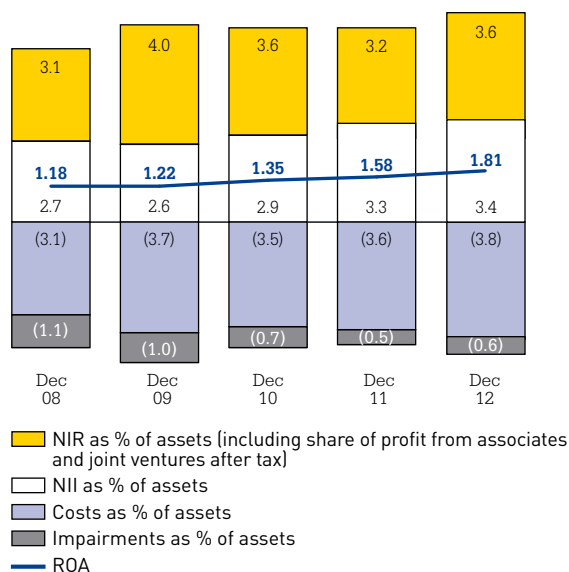
	Six months ended 31 December					Year ended 30 June
	2012	2011	2010*	2009*	2008*	2012
ROA (%)	1.81	1.58	1.35	1.22	1.18	1.73
Gearing**	12.1	12.4	13.3	14.0	15.1	11.9
ROE (%)	21.9	19.5	18.0	17.1	17.9	20.7

* Comparatives prior to 2011 are for FirstRand Banking Group.

** Gearing = average total assets/average equity.

The following graph provides a high level summary of the drivers of returns over time.

ROA analysis (%)



Note: The graph shows each item before taxation and non-controlling interests as a percentage of average assets. The ROA reflects normalised earnings after tax and non-controlling interests as a percentage of average assets.

SHAREHOLDER VALUE CREATION

The Group continues to achieve returns in excess of its cost of equity resulting in positive NIACC, despite the increased levels of capital required by regulatory changes.

Decomposition of the ROE indicates that, although gearing levels are decreased in preparation for Basel III, the Group's focus on improving ROA delivered an increase in ROE to 21.9% (2011: 19.5%). The table below illustrates the improving trends in ROA and ROE.

Performance measurement continued

The Group's NIACC increased significantly due to the improvement in earnings and the reduction in the cost of equity.

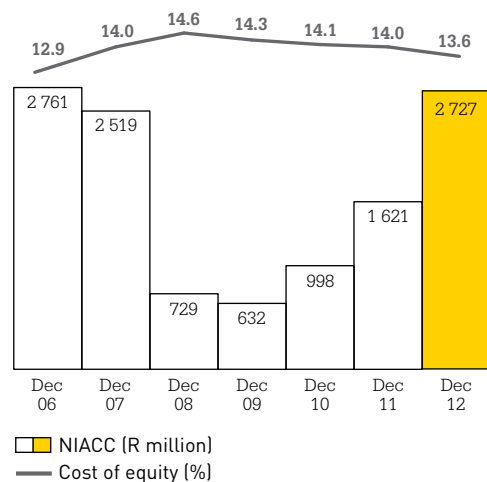
NIACC and ROE

R million	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
Normalised earnings attributable to ordinary shareholders	7 218	5 771	25	12 730
Charge for capital*	(4 491)	(4 150)	8	(8 567)
NIACC**	2 727	1 621	68	4 163
Average ordinary shareholders' equity and reserves	66 049	59 114	12	61 634
Return on average ordinary shareholders' equity and reserves (%)	21.9	19.5		20.7
Cost of equity (%)	13.6	14.0		13.9
Return on average RWA	3.00	2.88		2.97

* Capital charge based on cost of equity.

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

NIACC and cost of equity



Note: Comparatives prior to 2011 are for FirstRand Banking Group.

FRANCHISE PERFORMANCE AND ROE

The Group's performance measures are aligned to risk considerations and regulatory requirements.

The table below provides a summary of ROEs for the Group's franchises, which all produced returns in excess of the cost of equity.

R million	For the six months ended 31 December		Year ended 30 June	
	2012		2011	2012
	Normalised earnings*	ROE %	ROE %	ROE %
FNB**	4 067	36.2	34.7	35.0
RMB#	1 967	22.2	18.1	23.2
WesBank	1 386	31.8	29.8	33.9
Corporate Centre	(202)	(2.3)	(2.7)	(2.0)
FirstRand Limited	7 218	21.9	19.5	20.7
Total Africa†	416	22.0	21.7	19.0

* Includes the return on capital earned by the respective franchises, Corporate Centre costs and cost of preference shares, which differs from franchise normalised earnings in the segment report.

** Includes FNB Africa.

Includes RMB Africa.

† Reflects FNB's and RMB's combined African operations in the subsidiaries.

Capital

The optimal level and composition of capital is determined after taking into account business units' organic growth plans – provided financial targets are met. Other factors taken into consideration include:

- targeted capital ratios;
- future business plans;
- issuance of capital instruments;
- the need for appropriate buffers in excess of minimum requirements;
- rating agencies' considerations;
- investor expectations; and
- proposed regulatory changes.

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 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) and refined on an ongoing basis. The outcome informs the targeted buffer over the minimum capital requirement.

The Group aims to back all economic risk with Tier 1 capital, which offers the greatest capacity to absorb losses. Regular reviews of economic capital 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.

Throughout the period under review, FirstRand operated above its targeted capitalisation range, reporting a total capital adequacy ratio of 14.9% and a solid Core Tier 1 ratio of 12.5% at December 2012. Similarly FRB, excluding foreign branches, operated comfortably above its target ranges with a total capital adequacy of 14.6% and Core Tier 1 ratio of 11.9%. The Group continues to follow a conservative approach to capital levels and prefers to maintain capital ratios at the upper end of its targeted capitalisation range; particularly given ongoing regulatory developments and Africa expansion initiatives.

The targeted capital levels as well as the ratios at 31 December 2012 are summarised in the table below.

Capital adequacy position

	FirstRand		FRB*		Regulatory minimum
	Actual	Target	Actual	Target	
Capital adequacy ratio (%)	14.9	12.0 – 13.5	14.6	11.5 – 13.0	9.5**
Tier 1 ratio (%)	13.4	11.0	12.7	10.5	7.0
Core Tier 1 ratio (%)	12.5	9.5 – 11.0	11.9	9.0 – 10.5	5.25

* Reflects solo supervision, i.e. FRB excluding foreign branches.

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

Note: Refer to page 122 for definitions of ratios.

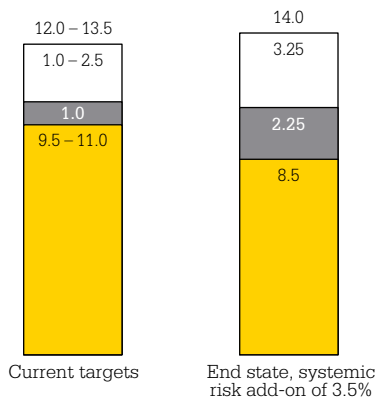
Basel III

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.

The final capital framework for banks operating in South Africa was released in October 2012. It aligns the implementation dates with the Basel III framework. The Basel III impact on the Group's Core Tier 1 capital is expected to be minimal. There is, however, a more pronounced negative impact on the Tier 1 ratio and total capital adequacy ratio as the current NCNR preference share capital and subordinated debt instruments do not meet the new loss absorbency criteria.

The graph below shows the current internal targets and the end state minimum capital requirements (excluding the bank-specific individual capital requirement (ICR) or Pillar 2b add-on). The internal target levels will be re-assessed under Basel III.

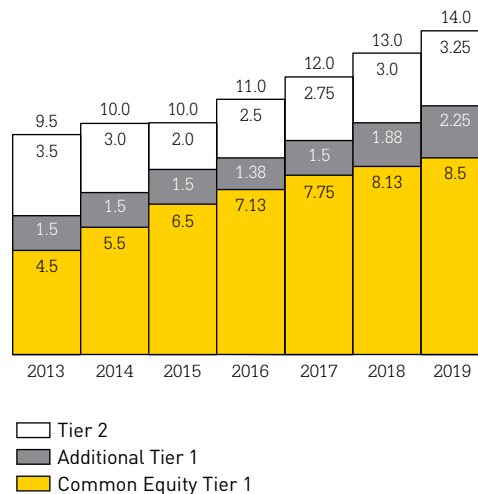
Current internal targets and end state minimum capital requirements (%)



- Tier 2
- Other/Additional Tier 1
- Core Tier 1/Common Equity Tier 1

Given the transitional period to comply with the final capital framework, the Group remains focused on meeting the end state Common Equity Tier 1 (CET1) requirement, while looking at ways to optimise the overall capital mix. The graph opposite shows the minimum capital requirements (excluding the ICR add-on) during the transitional period until 2019.

Minimum capital requirements (%)



The regulations allow for the inclusion of disclosable reserves (i.e. share-based payment reserve, foreign currency translation reserve and available-for-sale reserve) in CET1. This is partly offset by the exclusion of certain minority interests, as well as additional regulatory deductions. The grandfathering of qualifying capital instruments diminishes the total capital supply further.

RWA are expected to increase mainly for counterparty credit risk. The SARB issued a directive in December 2012 delaying the additional capital requirement on ZAR OTC derivatives and local counterparties until 1 January 2014.

The Group continues to participate in the SARB's biannual quantitative impact studies to assess the influence of Basel III on capital adequacy ratios, as well as to monitor the effect of leverage for the industry. The simple, transparent non-risk based leverage ratio is calibrated to act as a credible supplementary measure to the risk-based capital requirements. The SARB has proposed a minimum Tier 1 capital leverage ratio of 4%, which the Group continues to comfortably exceed.

Supply of capital – Tier 1

Tier 1 capitalisation ratios benefited from stronger internal capital generation through earnings growth. All profits were appropriated at 31 December 2012.



Capital continued

Supply of capital – Tier 2

During the period under review, FirstRand replaced the FRB06 and FRB07 subordinated debt instruments with a Basel III instrument that references a resolution regime. The FRB11 bond meets the Basel III entry criteria and will be included for grandfathering from 1 January 2013 with full recognition envisaged once the resolution regime is implemented in South Africa.

Demand for capital

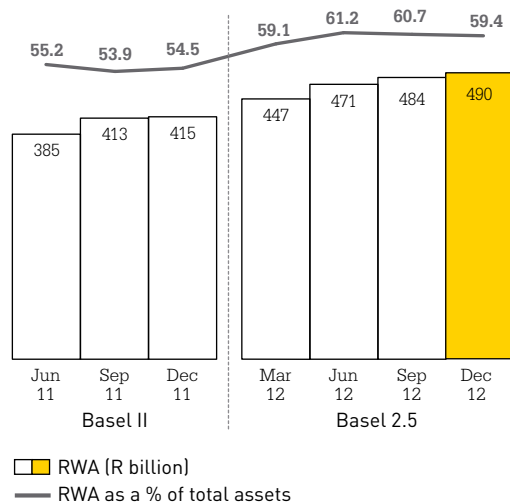
Basel 2.5 implemented on 1 January 2012 has resulted in an increase in the following risk types:

- credit and equity investment risk – a 6% scalar applied to the exposures on the AIRB approach; and
- market risk – stressed VaR requirements and incremental risk charge.

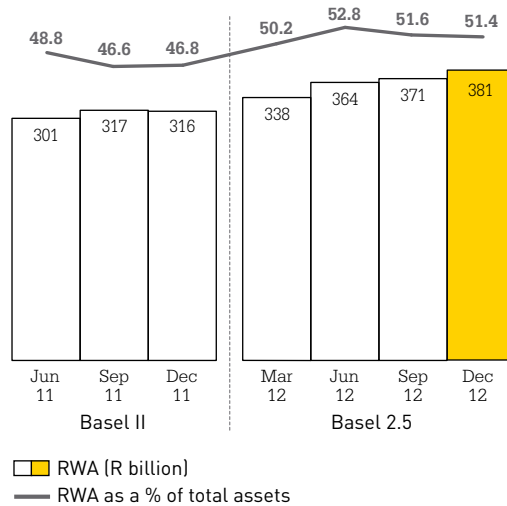
The overall RWA increase was also driven by credit risk volume growth and recalibrations, offset by decreased market risk positions. Effective 1 July 2011, the SARB also required that equity investment risk exposures be risk weighted under the simple risk weighted method with a phasing in of the higher capital requirement.

The following graphs show the increase in the demand for capital, taking into account regulatory changes over time.

FirstRand RWA history



FRB RWA history



CAPITAL ADEQUACY

Composition of capital

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

Composition of qualifying capital

R million	FirstRand		
	31 December 2012	31 December 2011	30 June 2012
Ordinary shareholders equity as per IFRS	66 274	57 506	62 521
Less: non-qualifying reserves	(4 343)	(3 577)	(3 983)
Cash flow reserve	842	649	753
Available-for-sale reserve	(1 068)	(412)	(626)
Share-based payment reserve	(2 959)	(3 054)	(3 247)
Foreign currency translation reserve	(1 363)	(1 080)	(1 052)
Other reserves	205	320	189
Ordinary shareholders equity qualifying as capital	61 931	53 929	58 538
Ordinary share capital and share premium	5 442	5 222	5 271
Reserves	56 489	48 707	53 267
Non-controlling interests	2 705	3 074	2 767
Less: total impairments	(3 260)	(3 092)	(3 419)
Excess of expected loss over eligible provisions (50%)	(231)	(844)	(400)
First loss credit enhancements in respect of securitisation structures (50%)	(652)	(284)	(508)
Goodwill and intangibles	(1 557)	(1 647)	(1 743)
Other impairments*	(820)	(317)	(768)
Total Core Tier 1 capital	61 376	53 911	57 886
Total Other Tier 1	4 119	4 119	4 119
NCNR preference share capital	4 519	4 519	4 519
Less: impairments*	(400)	(400)	(400)
Total Tier 1 capital	65 495	58 030	62 005
Upper Tier 2 instruments	1 047	1 044	1 045
Tier 2 subordinated debt instruments	7 181	5 784	6 973
Other reserves	201	208	215
Less: total impairments	(883)	(1 128)	(908)
Excess of expected loss over eligible provisions (50%)	(231)	(844)	(400)
First loss credit enhancements in respect of securitisation structures (50%)	(652)	(284)	(508)
Total Tier 2 capital	7 546	5 908	7 325
Total qualifying capital and reserves	73 041	63 938	69 330

* December 2011 figures restated to include investment in other regulated financial entities (previously included in Core Tier 1 capital).

Capital continued

Composition of qualifying capital

R million	FRB*		
	31 December 2012	31 December 2011	30 June 2012
Ordinary shareholders equity as per IFRS	48 290	42 187	45 956
Less: non-qualifying reserves	(645)	(1 406)	(364)
Cash flow reserve	842	649	753
Available-for-sale reserve	(1 046)	(518)	(695)
Share-based payment reserve	(441)	(369)	(422)
Unappropriated profits	–	(1 168)	–
Ordinary shareholders equity qualifying as capital	47 645	40 781	45 592
Ordinary share capital and share premium	15 308	14 608	15 308
Reserves	32 337	26 173	30 284
Less: total impairments	(2 156)	(2 859)	(2 526)
Excess of expected loss over eligible provisions (50%)	(231)	(844)	(400)
First loss credit enhancements in respect of securitisation structures (50%)	(45)	(45)	(45)
Qualifying capital in branches	(1 732)	(1 732)	(1 732)
Intangibles	(148)	(224)	(332)
Other impairments	–	(14)	(17)
Total Core Tier 1 capital	45 489	37 922	43 066
Total Other Tier 1 capital	3 000	3 000	3 000
NCNR preference share capital	3 000	3 000	3 000
Total Tier 1 capital	48 489	40 922	46 066
Upper Tier 2 instruments	1 047	1 044	1 045
Tier 2 subordinated debt instruments	6 595	5 364	6 392
Less: total impairments	(276)	(889)	(445)
Excess of expected loss over eligible provisions (50%)	(231)	(844)	(400)
First loss credit enhancements in respect of securitisation structures (50%)	(45)	(45)	(45)
Total Tier 2 capital	7 366	5 519	6 992
Total qualifying capital and reserves	55 855	46 441	53 058

* Reflects solo supervision, i.e. FRB excluding foreign branches.

The table below provides more detail on the Group's capital instruments at 31 December 2012.

Characteristics of capital instruments

Capital type	Instrument	Nominal (R million)	Actual (R million)	Rate type	First call date
Core Tier 1	Ordinary share capital and premium	5 442	5 442		Perpetual
Other Tier 1	NCNR preference share capital	4 519	4 519	Floating	Perpetual
Upper Tier 2	FRBC21	628	606	Fixed	21 Dec 2018
	FRBC22	440	441	Floating	21 Dec 2018
Subordinated debt	FRB03	1 740	1 829	Fixed	15 Sept 2014
	FRB05	2 110	2 046	Fixed	21 Dec 2018
	FRB08	100	100	Floating	10 Jun 2016
	FRB09	100	100	Floating	10 Jun 2017
	FRB10	1 000	1 013	Floating	25 Jan 2017
	FRB11	1 500	1 507	Floating	11 Dec 2017
	FNB002	120	170	Floating	1 Dec 2016
	FNB003	27	27	Fixed	1 Dec 2016
	FNBX22	110	113	Fixed	29 Mar 2017
	FNBX22	280	280	Floating	29 Mar 2017

Capital continued

The table below provides a detailed breakdown of the RWA numbers and capital requirement per current SARB regulations for each risk type.

RWA and capital requirement

R million	FirstRand					
	December 2012				December 2011	June 2012
	RWA			Capital requirement**	RWA	
	Advanced approach	Standardised approach	Total			
Credit risk						
Corporate, banks and sovereigns	115 325	10 556	125 881	11 959	104 868	117 561
Small and medium enterprises (SMEs)	40 286	14 320	54 606	5 188	49 434	45 493
Residential mortgages	50 462	4 086	54 548	5 182	47 165	55 932
Qualifying revolving retail	15 319	118	15 437	1 467	9 611	12 661
Other retail	55 658	7 095	62 753	5 962	53 814	63 710
Securitisation exposure	8 239	263	8 502	808	9 013	9 588
Other	–	15 174	15 174	1 441	8 443	12 904
Total credit risk	285 289	51 612	336 901	32 007	282 348	317 849
Operational risk*	59 747	14 048	73 795	7 011	63 745	72 963
Market risk	10 735	2 456	13 191	1 253	12 621	15 868
Equity investment risk	42 110	–	42 110	4 000	30 236	40 640
Other assets	–	24 376	24 376	2 316	26 171	24 148
Total RWA	397 881	92 492	490 373	46 587	415 121	471 468
Pillar 1 (8%)				39 231	33 208	37 717
Pillar 2a (1.5%)				7 356	6 227	7 072
Total capital requirement				46 587	39 435	44 789

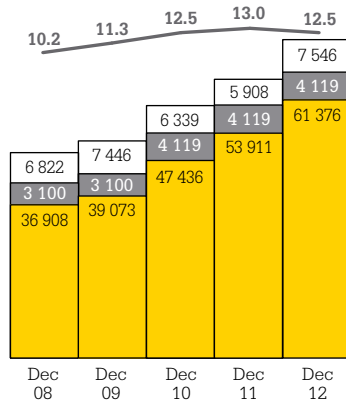
* Exposures subject to the basic indicator approach are included under the standardised method.

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

Historical overview of capital adequacy

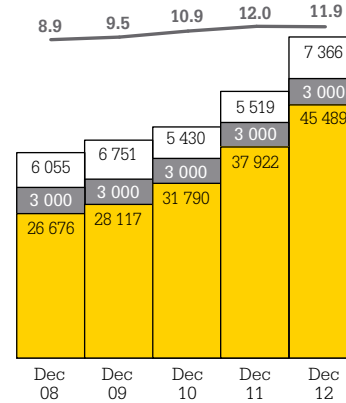
The graphs below provide a historical overview of the capital adequacy for FirstRand and FRB.

Capital adequacy – FirstRand



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

Capital adequacy – FRB



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

Note: Comparative info prior to December 2010 relates to the previously regulated entity FirstRand Bank Holdings Limited.

Capital continued

Capital adequacy position for FirstRand and its subsidiaries/foreign branches

The registered banking subsidiaries of FirstRand must comply with SARB regulations and those of the respective in-country 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. Adequate 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/foreign branches is set out below.

RWA and capital adequacy position for FirstRand and its subsidiaries/foreign branches

	FirstRand				
	December 2012			December 2011	June 2012
	RWA	Tier 1	Total capital adequacy	Total capital adequacy	Total capital adequacy
	R million	%	%	%	%
Basel II/2.5					
FirstRand	490 373	13.4	14.9	15.4	14.7
FirstRand Bank South Africa	381 419	12.7	14.6	14.7	14.6
FirstRand Bank London	7 362	17.0	17.2	11.7	18.0
FirstRand Bank India	1 570	33.7	34.0	33.9	30.4
RMB Australia	10 706	12.8	12.8	15.1	14.2
FNB Namibia*	14 590	11.0	16.1	16.7	17.6
Basel I*					
FNB Botswana	10 639	12.8	20.2	18.0	16.6
FNB Lesotho	453	15.7	20.6	19.5	17.4
FNB Mozambique	1 138	14.9	15.0	10.7	11.9
FNB Swaziland	1 596	25.2	26.5	28.8	29.4
FNB Zambia	1 404	10.8	20.2	14.6	18.0
FNB Tanzania	99	89.4	89.4	107.2	77.8

* Ratios based on local rules.

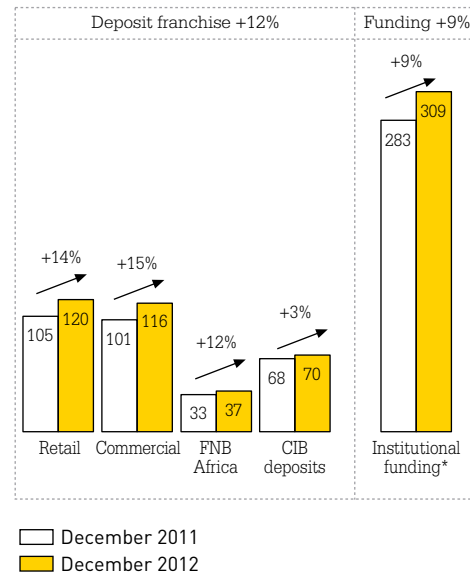
Funding

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.

Compliance with the Basel III Liquidity Coverage Ratio (LCR) does influence the Group's funding strategy, in particular as it seeks to restore the correct risk-adjusted pricing of deposits. FirstRand is actively building its deposit franchise through innovative and competitive products and pricing (as illustrated by the following graph), while lengthening the term profile of its wholesale funding.

Group funding by segment (R billion)



* Includes CIB institutional funding.

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. Given these structural issues and, as a result of the need to fund the significant growth in RWA 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 2012 (% of funding liabilities)			
	Total	Short-term	Medium-term	Long-term
Institutional	41	13	9	19
Corporate	22	18	1	3
Retail	16	12	3	1
SMEs	5	4	1	–
Government and parastatals	8	6	1	1
Foreign	7	4	1	2
Other	1	–	–	1
Total	100	57	16	27

Source: SA banking sector aggregate SARB BA900 returns (31 December 2012), FirstRand research.

FirstRand Bank generates a larger proportion of its funding from the deposit franchise in comparison to the SA aggregate, but its funding profile also reflects the structural features described above. Emphasis is placed on lengthening the term profile of institutional funding.

Funding continued

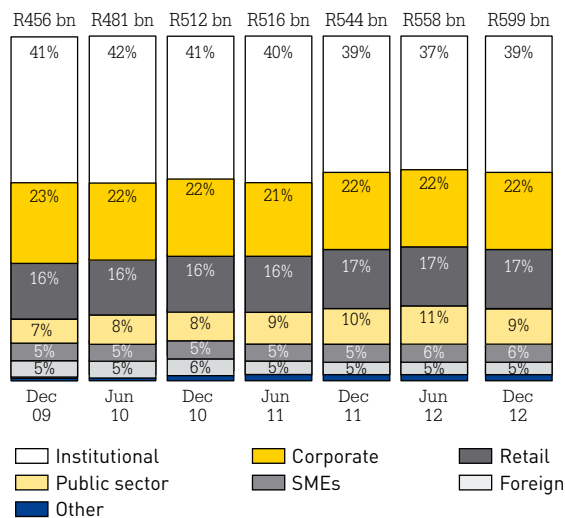
FirstRand Bank's funding sources	31 December 2012 (% of funding liabilities)			
	Total	Short-term	Medium-term	Long-term
Institutional	39	14	7	18
Deposit franchise	61	47	6	8
Corporate	23	20	1	2
Retail	17	12	4	1
SMEs	5	5	–	–
Government and parastatals	9	7	1	1
Foreign	5	3	–	2
Other	2	–	–	2
Total	100	61	13	26

The chart below provides a historic analysis of the bank's funding sources and reflects the stability of funding sources with an improvement in the deposit franchise.

The increase in institutional funding shown in the chart below was driven by two factors:

- higher funding requirements associated with the seasonal peak in activity in December; and
- advances growth.

FRB funding analysis by source



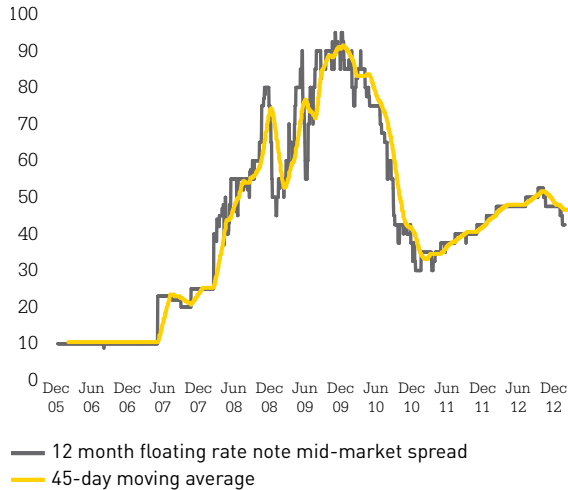
Efficiency

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, a range of debt programmes have been established. 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 and ensuring a good understanding of market liquidity.

An explanation of how the market impacts the Group's funding strategy is illustrated in the following chart. In the period under review, short-term liquidity costs as indicated by the spread paid on 12-month NCDs, initially increased then reduced towards the end of the year. The SARB's monetary policy rate over the period under review implied negative real rates, yet the supply dynamics for savings and investors' requirement for real returns kept liquidity premiums above pre-2007 levels. Liquidity premiums have therefore, to some extent, compensated for the lower policy rate.

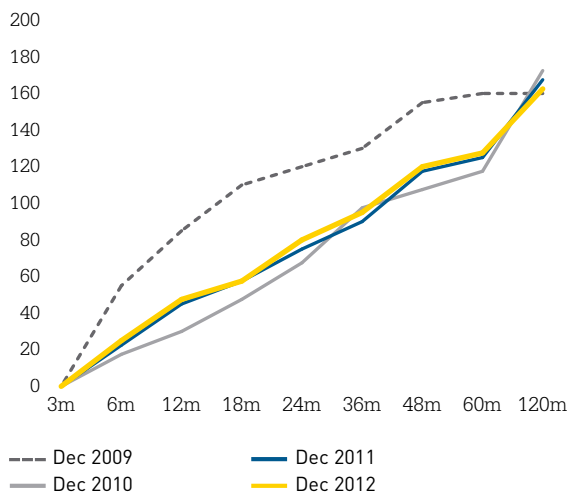
12-month liquidity spread (bps)



Source: Bloomberg (RMBP screen) and Reuters.

Long-term funding spreads have remained elevated, as can be seen from the graph below. This can be attributed to investors demanding increased liquidity premiums in the low-yield environment.

Long-term funding spreads (bps)



Source: Bloomberg (RMBP screen) and Reuters.

Flexibility

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.

Diversification

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

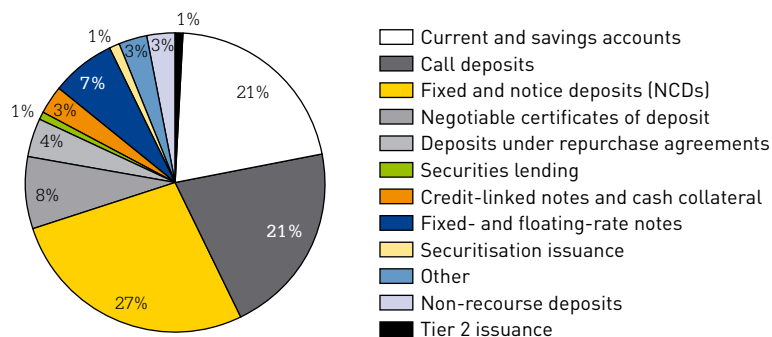
- **Segments** – the Group has a strong and stable deposit franchise, which spans the retail, commercial and corporate segments. Institutional funding represents 39% of total funding. This reliance is actively managed through the holding of appropriate liquidity buffers and continued focus on lengthening 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.

Funding continued

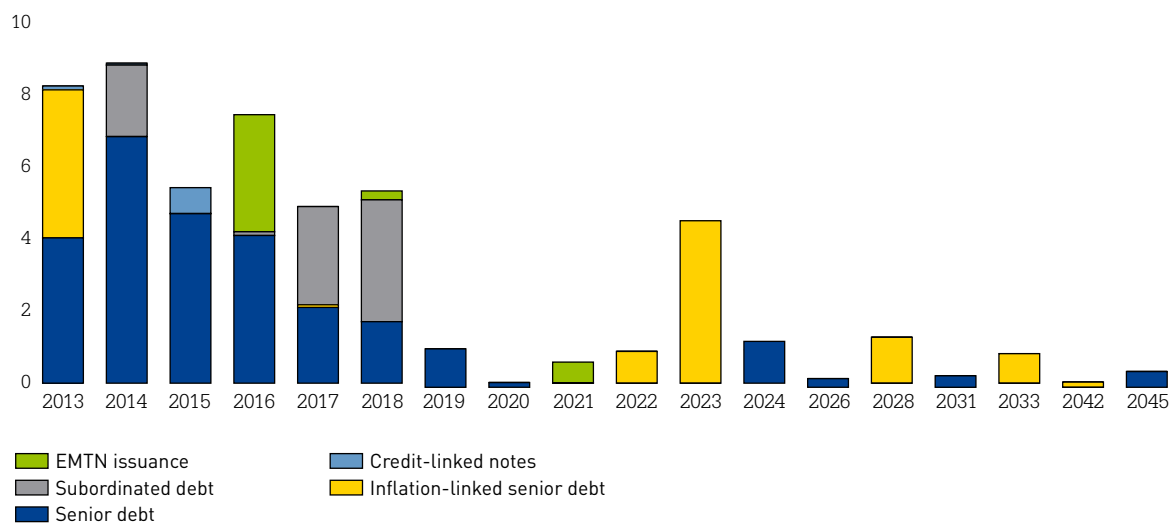
The chart below shows that the Group has well-diversified instruments funding the balance sheet.

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 and seeks to efficiently issue across the curve with consideration of investor demand.

Maturity profile of FRB's capital market instruments (R billion)



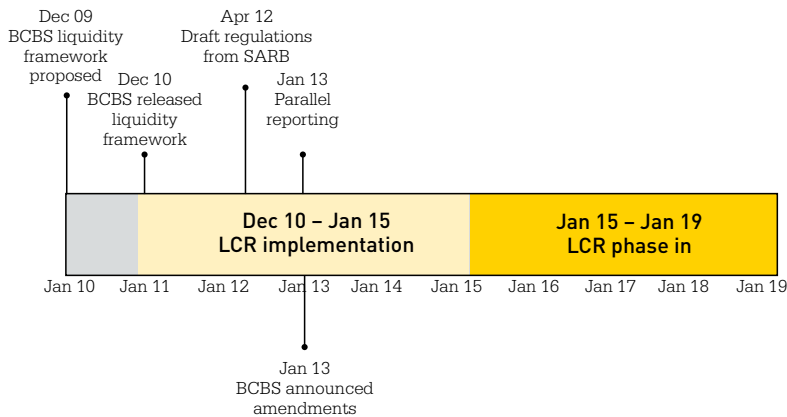
BASEL III UPDATE

During January the Basel Committee on Banking Supervision (BCBS) announced a series of amendments to the Liquidity Coverage Ratio (LCR):

- a phased-in approach was introduced, extending the timeframe to full compliance from 2015 to 2019; and
- the minimum requirement will be a liquidity coverage ratio of 60% as at 1 January 2015, with 10% incremental step ups each year to 100% on 1 January 2019 as illustrated in the graph below.
- expansion of eligible collateral to include:
 - levels 2A and 2B with qualifying criteria; and
 - the ratings requirement now refers to national scale ratings for liquidity risk in the local currency.

The timeline for the other measure introduced by the Basel III guidelines, namely the net stable funding ratio (NSFR), which measures the stability of the long-term structural funding, is still to be finalised. Compliance with the NSFR is expected to be required from 1 January 2019.

Timeline



FirstRand is in the process of LCR implementation and expects to be able to comply with the LCR requirements. Previously, the Group anticipated that compliance with the BCBS LCR proposals would cost between R150 million and R250 million per annum. Given the changes discussed above, the Group expects these costs will be lower. This, however, will be conditional on development of the local capital markets to ensure that the market-related eligibility criteria can be met.

Credit

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

CREDIT HIGHLIGHTS AT A GLANCE

The advances portfolio grew 13% during the period under review. Growth in investment banking and commercial loans to the property and agriculture sectors underpinned the corporate advances increase. Retail advances benefited from strong growth in the vehicle and asset finance (VAF) portfolio. Unsecured lending growth is similar to that of the previous December, however, credit extension review actions are continuously applied. Growth in the Africa book is consistent.

The level of NPLs has been trending downwards since the peak in June 2009. Facilitated by the recent favourable credit environment, retail defaults have continued to decline and retail NPLs as a percentage of advances also continued to decline. Increases in some unsecured portfolios have materialised as expected. Overall, the corporate portfolios experienced a slight increase in NPLs as a result of the investment banking book.

The table below summarises 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
		2012	2011		30 June 2012
Total gross advances*	1	574 850	508 253	13	535 704
NPLs	2	17 797	18 388	(3)	18 666
NPLs as a % of advances		3.10	3.62		3.48
Impairment charge – total	3	2 518	1 961	28	5 471
Business as usual		2 518	1 961	28	4 766
Special impairment**		–	–		705
Impairment charge as a % of average advances		0.91	0.80		1.08
Business as usual		0.91	0.80		0.94
Special impairment		–	–		0.14
Total impairments*	4	11 812	9 995	18	11 197
Portfolio impairments		5 322	3 774	41	4 892
Specific impairments		6 490	6 221	4	6 305
Implied loss given default (coverage)#	4	36.5	33.8		33.8
Total impairments coverage ratio†		66.4	54.4		60.0

* Includes cumulative credit fair value adjustments.

** This impairment relates to the discovery during the year ended June 2012 of the deliberate concealment by employees of unrecovered amounts in FNB's merchant acquiring business unit. This was classified as a boundary event.

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.

The notes referred to in the table above are detailed on the following pages. 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 balance sheet credit fair value adjustments of R2 614 million (December 2011: R2 088 million; June 2012: R2 357 million); and

- the IFRS credit impairments in the income statement were adjusted to include the credit fair value adjustment impact of R259 million (December 2011: R137 million; June 2012: R406 million). Under IFRS, these would have been accounted for under non-interest revenue.

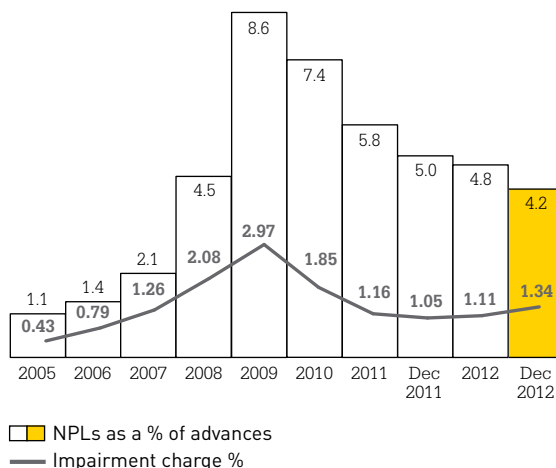
Retail credit portfolios

- Vehicle and asset finance book growth was robust, increasing 23% for the period.
- Residential mortgage growth remains flat, with the focus on improving the risk profile. Impairments in this portfolio declined noticeably as a result.
- The growth in the unsecured lending portfolios was within the defined credit risk appetite.
- Retail NPLs were 4.24%, down from 5.02% at December 2011, driven by the slower inflow into NPLs in HomeLoans.
- NPLs increased in most of the unsecured portfolios – in line with expectations and risk appetite, and has been appropriately priced for.

The impairment charge of 1.34% at December 2012 includes an increase in portfolio impairments. These are in line with expectations given the absolute book growth and the shift in mix. The total charge continues to benefit from increasing post write-off recoveries.

The higher impairment charge in the retail secured portfolios was due to increased impairments in VAF. Impairments have also increased in the unsecured portfolios (except Card) in line with expectations.

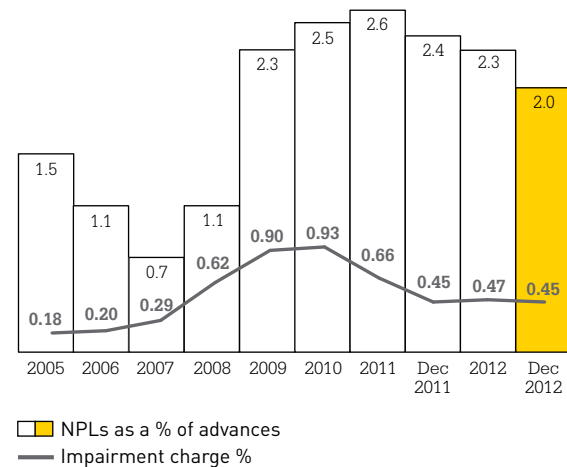
Retail credit portfolios



Corporate credit portfolios

- The RMB core advances book grew 18% due to investment banking-related lending, particularly in mining, renewable energy and pharmaceuticals.
- FNB Commercial's portfolio achieved growth of 20%, attributed mainly to the leveraged finance, property term loan and agriculture portfolios.
- NPLs in the Corporate portfolio increased modestly over the prior period, reflecting a reduction in NPLs in the WesBank Corporate portfolio.
- RMB NPLs increased mainly as a result of certain new impaired loans at December 2012.
- Corporate NPLs at December 2012 were 2.02% (December 2011: 2.36%; June 2012: 2.25%). Impairment charges have remained stable over the period. The charge at December 2012 is 0.45% (December 2011: 0.45%; June 2012: 0.47%).

Corporate credit portfolios



Credit continued

NOTE 1: ANALYSIS OF ADVANCES

Segmental analysis of advances

R million	Advances				
	As at 31 December		% change	2012 % composition	As at 30 June
	2012	2011			2012
Retail	286 654	257 748	11	50	272 382
Retail – secured	250 509	229 687	9	44	239 718
Residential mortgages	159 311	155 802	2	28	157 851
Vehicle and asset finance	91 198	73 885	23	16	81 867
Retail – unsecured	36 145	28 061	29	6	32 664
Card	11 877	10 446	14	2	11 291
Personal loans	19 061	14 892	28	3	17 691
– FNB loans	12 587	9 415	34	2	11 790
– WesBank loans	6 474	5 477	18	1	5 901
Retail – other	5 207	2 723	91	1	3 682
Corporate	255 045	215 158	19	44	232 824
FNB Commercial	39 300	32 617	20	7	35 960
WesBank Corporate	32 269	31 351	3	6	31 621
RMB Investment Banking	179 964	147 535	22	31	162 574
RMB Corporate Banking	3 512	3 655	(4)	–	2 669
FNB Africa	28 794	25 121	15	5	25 420
Corporate Centre	4 357	10 226	(57)	1	5 078
Total advances	574 850	508 253	13	100	535 704
Of which:					
Accrual book	418 725	376 182	11	73	393 542
Fair value book*	156 125	132 071	18	27	142 162

* Including advances classified as available-for-sale.

RMB Investment Banking assets under agreements to resell

R million	As at 31 December		% change	2012 % composition	As at 30 June
	2012	2011			2012
RMB Investment Banking advances	179 964	147 535	22	100	162 574
Less: assets under agreements to resell	(44 205)	(32 505)	36	(25)	(38 482)
RMB Investment Banking advances net of assets under agreements to resell	135 759	115 030	18	75	124 092

Sector and geographic analysis of advances

R million	As at 31 December		% change	2012 % composition	As at
	2012	2011			30 June 2012
Gross advances	576 915	510 389	13	100	537 728
Less: interest in suspense	(2 065)	(2 136)	(3)	–	(2 024)
Advances net of interest in suspense	574 850	508 253	13	100	535 704
Sector analysis					
Agriculture	17 448	12 456	40	3	16 779
Banks and financial services	79 431	64 884	22	14	73 715
Building and property development	31 598	25 011	26	5	30 429
Government, Land Bank and public authorities	15 405	15 532	(1)	3	16 203
Individuals	302 554	285 903	6	53	285 124
Manufacturing and commerce	63 323	42 853	48	11	56 452
Mining	18 422	12 799	44	3	16 370
Transport and communication	16 711	15 029	11	3	15 183
Other services	29 958	33 786	(11)	5	25 449
Total advances	574 850	508 253	13	100	535 704
Geographic analysis					
South Africa	513 997	454 726	13	89	480 174
Other Africa	38 543	30 696	26	7	31 433
UK	13 958	12 262	14	2	15 766
Europe	3 802	3 719	2	1	2 272
North America	208	290	(28)	–	285
South America	521	306	70	–	106
Australasia	3 821	6 254	(39)	1	5 668
Total advances	574 850	508 253	13	100	535 704

Credit continued

NOTE 2: ANALYSIS OF NPLs

Segmental analysis of NPLs

R million	NPLs					NPLs as a % of advances		
	As at 31 December		% change	2012 % com- position	As at 30 June 2012	As at 31 December		As at 30 June
	2012	2011				2012	2011	2012
Retail	12 167	12 938	(6)	68	12 947	4.24	5.02	4.75
Retail – secured	10 291	11 693	(12)	58	11 391	4.11	5.09	4.75
Residential mortgages	7 775	9 321	(17)	44	8 697	4.88	5.98	5.51
Vehicle and asset finance	2 516	2 372	6	14	2 694	2.76	3.21	3.29
Retail – unsecured	1 876	1 245	51	10	1 556	5.19	4.44	4.76
Card	267	299	(11)	1	271	2.25	2.86	2.40
Personal loans	1 286	749	72	7	1 023	6.75	5.03	5.78
– FNB loans	914	464	97	5	710	7.26	4.93	6.02
– WesBank loans	372	285	31	2	313	5.75	5.20	5.30
Retail – other	323	197	64	2	262	6.20	7.23	7.12
Corporate	5 164	5 068	2	29	5 244	2.02	2.36	2.25
FNB Commercial	1 685	1 643	3	9	1 665	4.29	5.04	4.63
WesBank Corporate	1 148	1 465	(22)	6	1 134	3.56	4.67	3.59
RMB Investment Banking	2 323	1 945	19	14	2 436	1.29	1.32	1.50
RMB Corporate Banking	8	15	(47)	–	9	0.23	0.41	0.34
FNB Africa	466	382	22	3	475	1.62	1.52	1.87
Corporate Centre	–	–	–	–	–	–	–	–
Total NPLs	17 797	18 388	(3)	100	18 666	3.10	3.62	3.48
Of which:								
Accrual book	15 688	16 477	(5)	88	16 650	3.75	4.38	4.23
Fair value book	2 109	1 911	10	12	2 016	1.35	1.45	1.42

Sector and geographical analysis of NPLs

R million	NPLs					NPLs as a % of advances		
	As at 31 December		% change	2012 % com-position	As at 30 June	As at 31 December		As at 30 June
	2012	2011			2012	2012	2011	2012
Sector analysis								
Agriculture	568	533	7	3	571	3.26	4.28	3.40
Banks and financial services	401	56	>100	2	371	0.50	0.09	0.50
Building and property development	2 460	2 308	7	14	2 342	7.79	9.23	7.70
Government, Land Bank and public authorities	46	42	10	–	40	0.30	0.26	0.25
Individuals	12 591	12 747	(1)	71	13 089	4.16	4.46	4.59
Manufacturing and commerce	969	585	66	5	1 003	1.53	1.37	1.78
Mining	91	78	17	1	422	0.49	0.61	2.58
Transport and communication	220	240	(8)	1	246	1.32	1.60	1.62
Other services	451	1 799	(75)	3	582	1.51	5.26	2.29
Total NPLs	17 797	18 388	(3)	100	18 666	3.10	3.62	3.48
Geographic analysis								
South Africa	16 744	17 562	(5)	94	17 386	3.26	3.86	3.62
Other Africa	471	418	13	3	509	1.22	1.36	1.62
UK	44	13	>100	–	68	0.32	0.11	0.43
North America	–	–	–	–	219	–	–	76.84
South America	301	342	(12)	2	290	57.77	111.76	273.58
Australasia	237	53	>100	1	194	6.20	0.85	3.42
Total NPLs	17 797	18 388	(3)	100	18 666	3.10	3.62	3.48

Credit continued

Security and recoverable amounts

R million	As at 31 December						As at 30 June		
	2012			2011			2012		
	NPLs	Security held and expected recoveries	Specific impairment*	NPLs	Security held and expected recoveries	Specific impairment*	NPLs	Security held and expected recoveries	Specific impairment*
Retail	12 167	8 219	3 948	12 938	9 229	3 709	12 947	9 032	3 915
Retail – secured	10 291	7 833	2 458	11 693	8 975	2 718	11 391	8 715	2 676
Residential mortgages	7 775	6 160	1 615	9 321	7 495	1 826	8 697	6 969	1 728
Vehicle and asset finance	2 516	1 673	843	2 372	1 480	892	2 694	1 746	948
Retail – unsecured	1 876	386	1 490	1 245	254	991	1 556	317	1 239
Card	267	80	187	299	95	204	271	93	178
Personal loans	1 286	257	1 029	749	119	630	1 023	196	827
– FNB loans	914	178	736	464	50	414	710	120	590
– WesBank loans	372	79	293	285	69	216	313	76	237
Retail – other	323	49	274	197	40	157	262	28	234
Corporate	5 164	2 788	2 376	5 068	2 742	2 326	5 244	3 082	2 162
FNB Commercial	1 685	890	795	1 643	855	788	1 665	879	786
WesBank Corporate	1 148	648	500	1 465	753	712	1 134	633	501
RMB Investment Banking	2 323	1 250	1 073	1 945	1 136	809	2 436	1 571	865
RMB Corporate Banking	8	–	8	15	(2)	17	9	(1)	10
FNB Africa	466	300	166	382	196	186	475	247	228
Corporate Centre	–	–	–	–	–	–	–	–	–
Total	17 797	11 307	6 490	18 388	12 167	6 221	18 666	12 361	6 305

* Specific impairments include cumulative credit fair value adjustments.

NOTE 3: ANALYSIS OF INCOME STATEMENT CREDIT IMPAIRMENTS

The bad debt charge increased from 80 bps at December 2011 to 91 bps at December 2012; an increasing proportion relates to portfolio impairments at December 2012.

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	Six months ended 30 June*
	2012	2011		2012	2012	2011	2012	2012
Retail	1 876	1 318	42	2 884	1.34	1.05	1.11	1.18
Retail – secured	732	716	2	1 337	0.92	0.64	0.58	0.53
Residential mortgages	309	435	(29)	878	0.39	0.56	0.56	0.56
Vehicle and asset finance	423	281	51	459	0.98	0.80	0.62	0.46
Retail – unsecured	1 144	602	90	1 547	6.65	4.54	5.37	6.22
Card	2	20	(90)	27	0.03	0.38	0.24	0.13
Personal loans	901	492	83	1 219	9.81	7.29	8.18	8.92
– FNB loans	742	377	97	955	12.18	9.12	10.10	10.90
– WesBank loans	159	115	38	264	5.14	4.39	4.84	5.24
Retail – other	241	90	>100	301	10.84	7.55	10.51	13.18
Corporate	552	468	18	1 012	0.45	0.45	0.47	0.49
FNB Commercial	111	134	(17)	167	0.59	0.84	0.50	0.19
WesBank Corporate	119	176	(32)	377	0.75	1.13	1.20	1.28
RMB Investment Banking	317	153	>100	495	0.37	0.22	0.34	0.44
RMB Corporate Banking	5	5	–	(27)	0.32	0.32	(1.03)	(2.02)
FNB Africa	90	36	>100	121	0.66	0.30	0.50	0.67
Central portfolio overlay**	–	139	(100)	749	–	0.06	0.15	0.23
Business as usual impairment charge**	2 518	1 961	28	4 766	0.91	0.80	0.94	1.07
Special impairment**	–	–	–	705	–	–	0.14	0.27
Total impairment charge	2 518	1 961	28	5 471	0.91	0.80	1.08	1.34
Of which:								
Portfolio impairment charge	460	264	74	1 392	0.17	0.11	0.28	0.43
Specific impairment charge	2 058	1 697	21	4 079	0.74	0.69	0.80	0.91

* Annualised impairment charge for the six months ended 30 June 2012.

** Percentages calculated on total average advances.

Credit continued

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 36.5% [December 2011: 33.8%; June 2012: 33.8%].

Implied loss given default and total impairment coverage ratios

R million	Balance sheet impairments				Coverage ratios (% of NPLs)		
	As at 31 December		% change	As at 30 June	As at		As at
	2012	2011		2012	2012	2011	2012
SPECIFIC IMPAIRMENTS*							
Retail	3 948	3 709	6	3 915	32.4	28.7	30.2
Retail – secured	2 458	2 718	(10)	2 676	23.9	23.2	23.5
Residential mortgages	1 615	1 826	(12)	1 728	20.8	19.6	19.9
Vehicle and asset finance**	843	892	(5)	948	33.5	37.6	35.2
Retail – unsecured	1 490	991	50	1 239	79.4	79.6	79.6
Card	187	204	(8)	178	70.0	68.2	65.7
Personal loans	1 029	630	63	827	80.0	84.1	80.8
– FNB loans	736	414	78	590	80.5	89.2	83.1
– WesBank loans	293	216	36	237	78.8	75.8	75.7
Retail – other	274	157	75	234	84.8	79.7	89.3
Corporate	2 376	2 326	2	2 162	46.0	45.9	41.2
FNB Commercial	795	788	1	786	47.2	48.0	47.2
WesBank Corporate	500	712	(30)	501	43.6	48.6	44.2
RMB Investment Banking	1 073	809	33	865	46.2	41.6	35.5
RMB Corporate Banking	8	17	(53)	10	100.0	>100	>100
FNB Africa	166	186	(11)	228	35.6	48.7	48.0
Corporate Centre	–	–	–	–	–	–	–
Total specific impairments/implied loss given default**	6 490	6 221	4	6 305	36.5	33.8	33.8
Portfolio impairments#	5 322	3 774	41	4 892	29.9	20.6	26.2
Total impairments/total impairment coverage ratio†	11 812	9 995	18	11 197	66.4	54.4	60.0

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

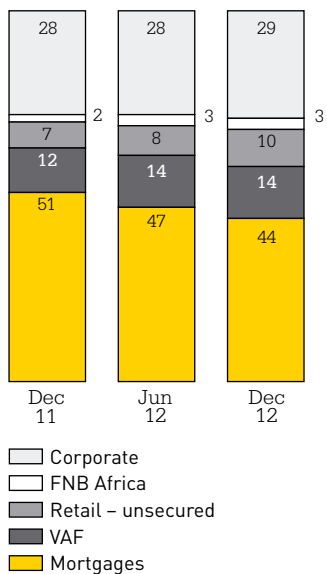
** The decline in coverage ratio in the current year is a result of a lower coverage ratio which applies to accounts that have been restructured in terms of the debt review process and where a specific court order has been granted. These accounts are reported in NPLs even though the clients may be fully performing in terms of the revised repayment terms. This is in line with the Group's policy not to restructure accounts out of NPLs, i.e. accounts will only migrate out of NPLs when clients have repaid all arrears in terms of their original credit facility.

Amortised cost portfolio impairments and credit fair value adjustments relating to the performing book as a percentage of NPLs.

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

The graph below provides the NPLs distribution across the product categories, showing a decrease in the proportion of residential mortgage NPLs since December 2011.

NPLs distribution (%)



Credit continued

RECONCILIATION OF IMPAIRMENTS

The following table provides an analysis of the balance sheet amortised cost impairments and credit fair value 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
	2012	2011	2012	2012	2011	2012	2012	2011	2012
Non-performing book	5 536	5 417	5 522	954	804	783	6 490	6 221	6 305
Performing book	3 662	2 490	3 318	1 660	1 284	1 574	5 322	3 774	4 892
Total impairments	9 198	7 907	8 840	2 614	2 088	2 357	11 812	9 995	11 197

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

R million	Balance sheet specific impairments – amortised cost			
	As at 31 December 2012		% change	As at 30 June
	2012	2011		2012
Opening balance	5 522	5 812	(5)	5 812
Reclassifications and transfers	35	(46)	(>100)	(31)
Acquisitions	(3)	17	(>100)	35
Exchange rate difference	7	13	(46)	12
Unwinding and discounted present value on NPLs	(105)	(71)	48	(131)
Bad debts written off	(2 439)	(2 501)	(2)	(5 454)
Net new impairments created	2 519	2 193	15	5 279
Closing balance	5 536	5 417	2	5 522

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	As at 30 June
	2012	2011		2012
Specific impairment charge	2 519	2 193	15	5 279
Recoveries of bad debts written off	(634)	(596)	6	(1 279)
Net specific impairment charge (amortised cost)	1 885	1 597	18	4 000
Portfolio impairment charge (amortised cost)	374	227	65	1 065
Credit fair value adjustments	259	137	89	406
– Non-performing book	173	100	73	79
– Performing book	86	37	>100	327
Total impairments	2 518	1 961	28	5 471

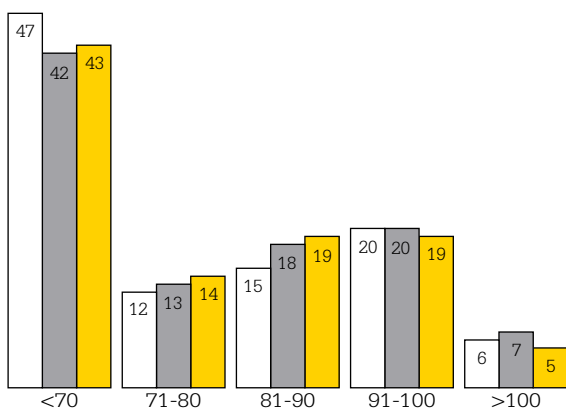
RISK ANALYSES

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 recent 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 the underlying security. Pressures on property market values have, however, negatively impacted the balance-to-market value distribution.

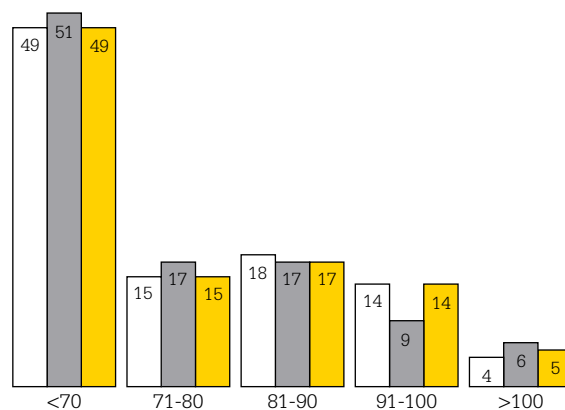
The age distribution is reflective of the low growth in the residential mortgages portfolio over the three reporting periods.

Residential mortgages balance-to-original value (%)



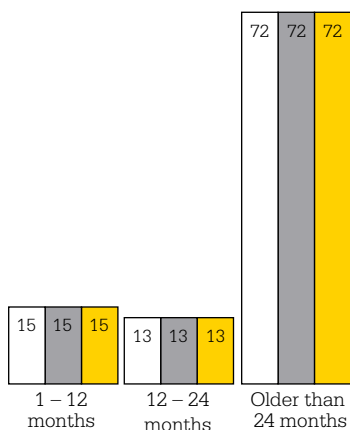
December 2011
 June 2012
 December 2012

Residential mortgages balance-to-market value (%)



December 2011
 June 2012
 December 2012

Residential mortgages age distribution (%)



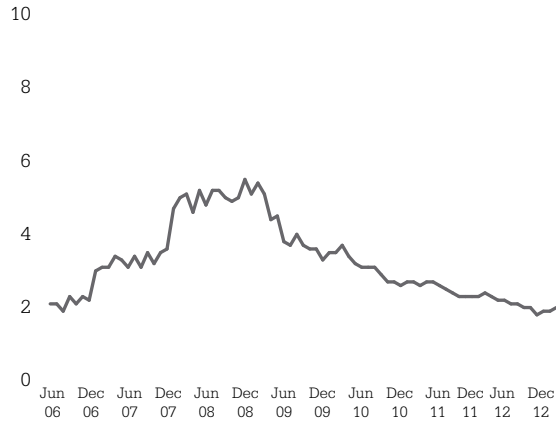
December 2011
 June 2012
 December 2012



Credit continued

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

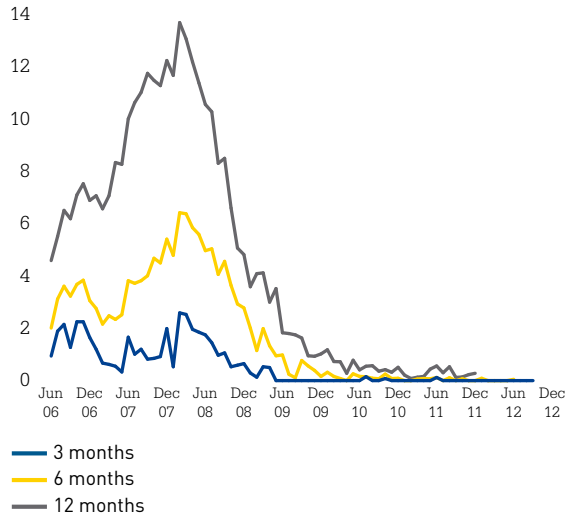
FNB HomeLoans arrears (%)



The following graphs provide the vintage analysis for FNB HomeLoans and WesBank retail. Vintage graphs provide the default experience three, six and twelve months after each origination date, indicating the impact of origination strategies and the macroeconomic environment.

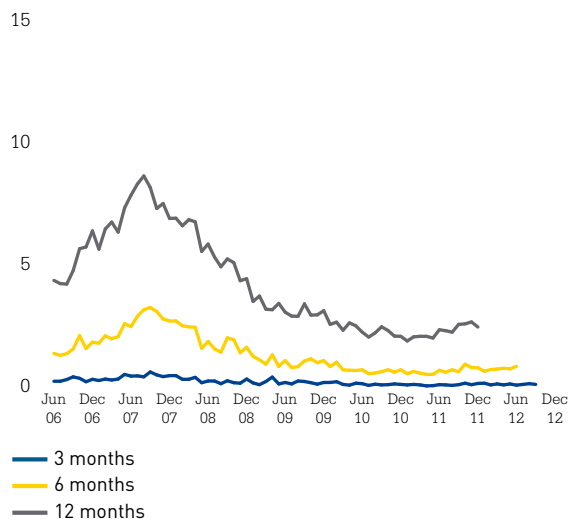
For FNB HomeLoans, the three, six and twelve month cumulative vintage analysis illustrates a marked improvement in the quality of business written since mid-2008 despite further deterioration in macro conditions in the succeeding period.

FNB HomeLoans vintage analysis (%)



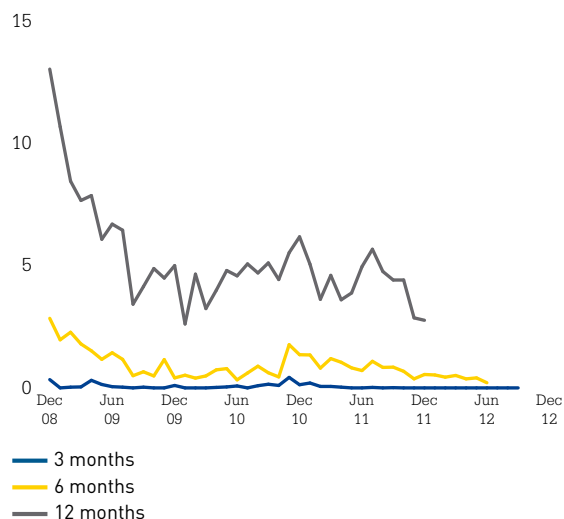
The more recent decreases in the default experience reflect a combination of the credit origination strategies which has resulted in an improved risk profile.

WesBank retail vintage analysis (%)



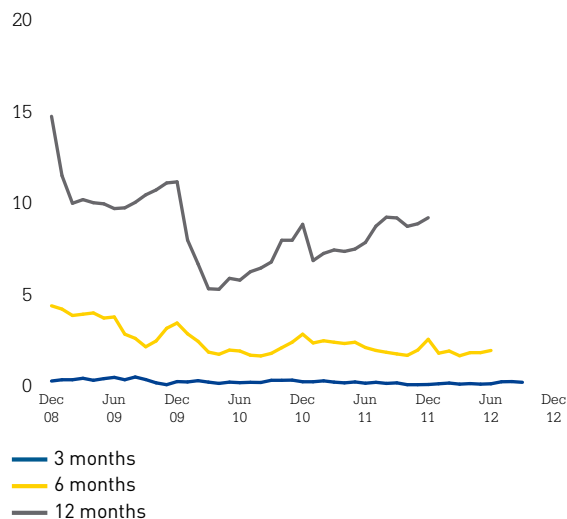
The WesBank retail six and twelve month cumulative vintage analysis continues to show a noticeable improvement in the quality of business written since mid-2007. This is due to improved customer profiles and enhanced collection strategies.

FNB Card vintage analysis (%)



The level of inflows into NPLs continues to decrease.

Unsecured vintage analysis (excluding FNB Card) (%)



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

The increasing trend in the 12-month vintage analysis above is expected to moderate given a more conservative credit origination strategy during the period.

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

The Group's repossessed properties are shown below.

	Properties in possession			
	As at 31 December		%	As at 30 June
	2012	2011		2012
Number of properties	401	935	(57)	594
Value (R million)	62	198	(69)	103

Credit continued

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 2012				
	Advances	NPLs	NPLs as a % of advances	Total impairment charge	Impairments as % of average advances
FNB	257 076	11 430	4.45	1 495	1.19
FNB Retail	188 982	9 279	4.91	1 294	1.39
Residential mortgages	159 311	7 775	4.88	309	0.39
Card	11 877	267	2.25	2	0.03
Personal loans	12 587	914	7.26	742	12.18
Retail – other	5 207	323	6.20	241	10.84
FNB Commercial	39 300	1 685	4.29	111	0.59
FNB Africa	28 794	466	1.62	90	0.66
WesBank	129 941	4 036	3.11	701	1.12
WesBank asset-backed finance	123 467	3 664	2.97	542	0.91
– WesBank Retail	80 327	2 480	3.09	376	0.98
– WesBank Corporate	32 269	1 148	3.56	119	0.75
– WesBank International	10 871	36	0.33	47	0.93
WesBank loans	6 474	372	5.75	159	5.14
RMB Investment Banking	179 964	2 323	1.29	317	0.37
RMB Corporate Banking	3 512	8	0.23	5	0.32
Corporate Centre	4 357	–	–	–	–
Sub-total	574 850	17 797	3.10	2 518	0.91
Special impairments*	–	–	–	–	–
Total	574 850	17 797	3.10	2 518	0.91

* Impairments relate to FNB (R405 million) and RMB Corporate Banking, previously GTS (R300 million).

	Six months ended 31 December 2011					Year ended 30 June 2012				
	Advances	NPLs	NPLs as a % of advances	Total impairment charge	Impairments as % of average advances	Advances	NPLs	NPLs as a % of advances	Total impairment charge	Impairments as % of average advances
	236 124	12 306	5.21	1 092	0.94	245 994	12 080	4.91	2 449	1.03
	178 386	10 281	5.76	922	1.04	184 614	9 940	5.38	2 161	1.20
	155 802	9 321	5.98	435	0.56	157 851	8 697	5.51	878	0.56
	10 446	299	2.86	20	0.38	11 291	271	2.40	27	0.24
	9 415	464	4.93	377	9.12	11 790	710	6.02	955	10.10
	2 723	197	7.23	90	7.55	3 682	262	7.12	301	10.51
	32 617	1 643	5.04	134	0.84	35 960	1 665	4.63	167	0.50
	25 121	382	1.52	36	0.30	25 420	475	1.87	121	0.50
	110 713	4 122	3.72	572	1.07	119 389	4 141	3.47	1 100	0.99
	105 236	3 837	3.65	457	0.90	113 488	3 828	3.37	836	0.79
	66 060	2 322	3.51	234	0.74	72 601	2 621	3.61	362	0.55
	31 351	1 465	4.67	176	1.13	31 621	1 134	3.59	377	1.20
	7 825	50	0.64	47	1.35	9 266	73	0.79	97	1.26
	5 477	285	5.20	115	4.39	5 901	313	5.30	264	4.84
	147 535	1 945	1.32	153	0.22	162 574	2 436	1.50	495	0.34
	3 655	15	0.41	5	0.32	2 669	9	0.34	(27)	(1.03)
	10 226	–	–	139	0.06	5 078	–	–	749	0.15
	508 253	18 388	3.62	1 961	0.80	535 704	18 666	3.48	4 766	0.94
	–	–	–	–	–	–	–	–	705	0.14
	508 253	18 388	3.62	1 961	0.80	535 704	18 666	3.48	5 471	1.08

SUPPLEMENTARY INFORMATION

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
	2012	2011		2012
Aggregate cost of portfolio	4 465	4 335	3	4 248
Aggregate carrying value	6 023	5 566	8	5 959
Aggregate fair value*	7 658	6 618	16	7 489
Equity-accounted income**	170	143	19	866
Profit on realisation#	323	3	>100	82
Aggregate other income earned†	75	83	(10)	122

* Aggregate fair value is disclosed including non-controlling interests.

** Income from associates is disclosed post-tax.

Profit on realisation is disclosed post-tax and non-controlling interests.

† 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
	2012	2011		2012
Carrying value of investment properties	452	203	>100	215
Fair value of investment properties	452	203	>100	215
Capital appreciation after tax	–	–		12

Reclassification of prior year numbers

During the reporting period the following reclassifications were made to the income statement and statement of financial position in line with the reclassifications for the year ended 30 June 2012:

31 December 2011 R million	Amount as previously reported	Amount as restated	Difference	Explanation
Income statement				
Share of profit from associates and joint ventures	401	283	118	The Group's share of profits from associates and joint ventures was stated net of the related tax expense. The comparative information was restated in order to be comparable with the updated presentation.
Direct tax	(2 192)	(2 074)	(118)	As per above.
Profit for the year	6 590	6 590	–	No effect on profit for the year.
Statement of financial position				
Creditors and accruals*	12 152	9 764	2 388	During the June 2012 financial year a comprehensive review of liabilities disclosure was undertaken by the Group to ensure that the presentation is consistent with industry practice and to provide more detailed and useful information in the financial statements. A reclassification was required to bring the comparative numbers in line with the updated presentation.
Deposits	595 200	589 597	5 603	
Provisions	2 965	523	2 442	
Post-retirement liabilities	2 346	–	2 346	
Employee liabilities	–	5 936	(5 936)	
Other liabilities	–	5 615	(5 615)	
Tier 2 liabilities	–	6 366	(6 366)	
Long-term liabilities	5 048	–	5 048	
Policyholder liabilities under investment contracts	90	–	90	

Note: Non-performing loans at 31 December 2011 have been restated from R18 366 million to R18 388 million.

31 December 2010 R million	Amount as previously reported	Amount as restated	Difference	Explanation
Statement of financial position				
Creditors and accruals*	10 193	6 077	4 116	During the June 2012 financial year a comprehensive review of liabilities disclosure was undertaken by the Group to ensure that the presentation is consistent with industry practice and to provide more detailed and useful information in the financial statements. A reclassification was required to bring the comparative numbers in line with the updated presentation.
Deposits	543 713	535 429	8 284	
Provisions	3 254	861	2 393	
Post-retirement liabilities	2 202	–	2 202	
Employee liabilities	–	4 993	(4 993)	
Other liabilities	–	9 435	(9 435)	
Tier 2 liabilities	–	10 219	(10 219)	
Long-term liabilities	7 489	–	7 489	
Policyholder liabilities under investment contracts	163	–	163	

* December 2011 creditors and accruals on a normalised basis were R12 144 million (December 2010: R10 187 million). These have been restated to R9 756 million (December 2010: R6 071 million).

Contingencies and commitments

R million	As at 31 December		% change	As at 30 June
	2012	2011		2012
Contingencies				
Guarantees	22 363	21 747	3	22 741
Acceptances	285	267	7	293
Letters of credit	8 688	7 020	24	7 886
Total contingencies	31 336	29 034	8	30 920
Capital commitments				
Contracted capital commitments	1 496	1 914	(22)	1 474
Capital expenditure authorised not yet contracted	1 390	1 105	26	2 237
Total capital commitments	2 886	3 019	(4)	3 711
Other commitments				
Irrevocable commitments	73 059	65 180	12	69 348
Operating lease and other commitments	3 225	14 277	(77)	3 666
Total other commitments	76 284	79 457	(4)	73 014
Total contingencies and commitments	110 506	111 510	(1)	107 645

Number of ordinary shares in issue

	Six months ended 31 December		Year ended 30 June
	2012	2011	2012
Shares in issue			
Opening balance as at 1 July	5 637 941 689	5 637 941 689	5 637 941 689
Less: treasury shares	(173 268 337)	(175 301 401)	(175 283 030)
- Staff schemes	-	(2 590 187)	(2 590 187)
- BEE staff trusts	(171 401 072)	(171 401 072)	(171 401 072)
- Shares held by policyholders*	(1 867 265)	(1 310 142)	(1 291 771)
Number of shares in issue (after treasury shares)	5 464 673 352	5 462 640 288	5 462 658 659
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	(176 473 314)	(179 548 083)	(177 575 407)
- Staff schemes	(446 141)	(7 143 879)	(4 867 033)
- BEE staff trusts	(171 401 072)	(171 401 072)	(171 401 072)
- Policyholder and mutual funds "deemed treasury shares"	(4 626 101)	(1 003 132)	(1 307 302)
Weighted average number of shares in issue	5 461 468 375	5 458 393 606	5 460 366 282
Dilution impact:			
Staff schemes	17 771 898	76 714 211	84 347 709
BEE staff trusts	8 256 264	21 461 470	27 757 143
Diluted weighted average number of shares in issue	5 487 496 537	5 556 569 287	5 572 471 134
Number of 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

* Policyholders only include FirstRand shares held in the FNB ELI cell.

Key market indicators and share statistics

	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
Market indicators				
USD/ZAR exchange rate				
- Closing	8.51	8.11	5	8.19
- Average	8.48	7.62	11	7.78
SA prime overdraft (%)	8.50	9.00		9.00
SA average prime overdraft (%)	8.55	9.00		9.00
SA average CPI (%)	5.37	5.75		5.85
JSE All Share Index	39 250	31 986	23	33 708
JSE Banks Index	53 362	41 178	30	47 824
Share statistics				
Share price				
- High for the period (cents)	3 133	2 110	48	2 819
- Low for the period (cents)	2 515	1 770	42	2 074
- Closing (cents)	3 100	2 074	49	2 639
Shares traded				
- Number of shares (millions)	1 542	1 581	(2)	1 723
- Value of shares (R million)	43 323	31 186	39	42 242
- Turnover in shares traded (%)	27.00	28.96		31.56

Share price performance

	Six months ended 31 December		% change	Year ended 30 June
	2012	2011		2012
FirstRand average share price (cents)	2 830	1 973	43	2 203
JSE Bank Index (average)	49 106	39 640	24	43 137
JSE All Share Index (average)	36 336	31 217	16	32 474

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, JJ Durand, GG Gelink, PM Goss, NN Gwagwa, PK Harris, WR Jardine, EG Matenge-Sebesho, AT Nzimande, D Premnarayen (India), KB Schoeman, RK Store, BJ van der Ross, JH van Greuning

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JSE SPONSOR

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4 Koch Street
Klein Windhoek
Namibia

TRANSFER SECRETARIES – SOUTH AFRICA

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Company information continued

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 Stock Exchange (NSX)

Ordinary shares	Share code	ISIN code
FirstRand Limited	FST	ZAE000066304
FNB Namibia Holdings Limited	FNB	NA0003475176

Subordinated debt

FNB of Namibia Limited	FNBJ22	NA000A1G3AF2
FNB of Namibia Limited	FNBX22	NA000A1G3AG0

Botswana Stock Exchange (BSE)

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

JSE – listed debt instruments

	Issuer	Bond code	ISIN code
Subordinated debt	FirstRand Bank Limited	FRB03	ZAG000026774
	FirstRand Bank Limited	FRB05	ZAG000031337
	FirstRand Bank Limited	FRB08	ZAG000047796
	FirstRand Bank Limited	FRB09	ZAG000047804
	FirstRand Bank Limited	FRB10	ZAG000092487
	FirstRand Bank Limited	FRB11	ZAG000102054
Upper Tier 2	FirstRand Bank Limited	FRBC21	ZAG000052283
	FirstRand Bank Limited	FRBC22	ZAG000052390
Senior unsecured	FirstRand Bank Limited	FRBI07	ZAG000055849
	FirstRand Bank Limited	FRBN04	ZAG000041005
	FirstRand Bank Limited	FRBN05	ZAG000042169
	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	FRJ15	ZAG000094368

	Issuer	Bond code	ISIN code
Senior unsecured	FirstRand Bank Limited	FRJ16	ZAG000073826
	FirstRand Bank Limited	FRJ17	ZAG000094343
	FirstRand Bank Limited	FRJ18	ZAG000084187
	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
	FirstRand Bank Limited	FRS51	ZAG000086117
	FirstRand Bank Limited	FRS56	ZAG000087271
	FirstRand Bank Limited	FRS59	ZAG000089855
	FirstRand Bank Limited	FRS61	ZAG000090523
	FirstRand Bank Limited	FRS62	ZAG000090614
	FirstRand Bank Limited	FRS63	ZAG000091513
	FirstRand Bank Limited	FRS64	ZAG000092529
	FirstRand Bank Limited	FRS65	ZAG000094277
	FirstRand Bank Limited	FRS67	ZAG000095720
	FirstRand Bank Limited	FRS69	ZAG000095829
	FirstRand Bank Limited	FRS70	ZAG000095910
	FirstRand Bank Limited	FRS71	ZAG000096009
	FirstRand Bank Limited	FRS72	ZAG000096033
	FirstRand Bank Limited	FRS75	ZAG000096363
	FirstRand Bank Limited	FRS77	ZAG000097361
	FirstRand Bank Limited	FRS78	ZAG000097916
	FirstRand Bank Limited	FRS79	ZAG000100397
	FirstRand Bank Limited	FRS80	ZAG000100801
	FirstRand Bank Limited	FRS81	ZAG000100892
	FirstRand Bank Limited	FRS82	ZAG000101601
	FirstRand Bank Limited	FRS83	ZAG000102112
	FirstRand Bank Limited	FRX14	ZAG000079815
	FirstRand Bank Limited	FRX15	ZAG000051103
	FirstRand Bank Limited	FRX16	ZAG000084203
	FirstRand Bank Limited	FRX17	ZAG000094376
	FirstRand Bank Limited	FRX18	ZAG000076472
	FirstRand Bank Limited	FRX19	ZAG000073685
	FirstRand Bank Limited	FRX24	ZAG000073693
	FirstRand Bank Limited	FRX31	ZAG000084195
	FirstRand Bank Limited	FRX45	ZAG000076480

	Issuer	Bond code	ISIN code
Inflation-linked bonds	FirstRand Bank Limited	FRBI04	ZAG000044306
	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	FirstRand Bank Limited	FRC08	ZAG000051749
	FirstRand Bank Limited	FRC11	ZAG000054131
	FirstRand Bank Limited	FRC29	ZAG000069857
	FirstRand Bank Limited	FRC37	ZAG000076712
	FirstRand Bank Limited	FRC40	ZAG000081027
	FirstRand Bank Limited	FRC41	ZAG000081670
	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	FRC74	ZAG000089178
	FirstRand Bank Limited	FRC76	ZAG000089574
	FirstRand Bank Limited	FRC78	ZAG000089806
	FirstRand Bank Limited	FRC79	ZAG000089947
	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	FRC90	ZAG000092388
	FirstRand Bank Limited	FRC91	ZAG000092370
	FirstRand Bank Limited	FRC92	ZAG000092511
	FirstRand Bank Limited	FRC93	ZAG000092545
	FirstRand Bank Limited	FRC94	ZAG000092677
	FirstRand Bank Limited	FRC95	ZAG000092792
	FirstRand Bank Limited	FRC96	ZAG000093204
	FirstRand Bank Limited	FRC97	ZAG000093212
	FirstRand Bank Limited	FRC98	ZAG000093220
	FirstRand Bank Limited	FRC99	ZAG000093501

	Issuer	Bond code	ISIN code
Credit-linked notes	FirstRand Bank Limited	FRC101	ZAG000093576
	FirstRand Bank Limited	FRC103	ZAG000093840
	FirstRand Bank Limited	FRC104	ZAG000093857
	FirstRand Bank Limited	FRC105	ZAG000093998
	FirstRand Bank Limited	FRC106	ZAG000093956
	FirstRand Bank Limited	FRC107	ZAG000094574
	FirstRand Bank Limited	FRC108	ZAG000094871
	FirstRand Bank Limited	FRC109	ZAG000094889
	FirstRand Bank Limited	FRC110	ZAG000094954
	FirstRand Bank Limited	FRC112	ZAG000095621
	FirstRand Bank Limited	FRC113	ZAG000095761
	FirstRand Bank Limited	FRC114	ZAG000095837
	FirstRand Bank Limited	FRC115	ZAG000095852
	FirstRand Bank Limited	FRC116	ZAG000095860
	FirstRand Bank Limited	FRC117	ZAG000095928
	FirstRand Bank Limited	FRC118	ZAG000096280
	FirstRand Bank Limited	FRC119	ZAG000096298
	FirstRand Bank Limited	FRC120	ZAG000096306
	FirstRand Bank Limited	FRC121	ZAG000096314
	FirstRand Bank Limited	FRC122	ZAG000096322
	FirstRand Bank Limited	FRC123	ZAG000096272
	FirstRand Bank Limited	FRC124	ZAG000096579
	FirstRand Bank Limited	FRC125	ZAG000096678
	FirstRand Bank Limited	FRC126	ZAG000096934
	FirstRand Bank Limited	FRC127	ZAG000096942
	FirstRand Bank Limited	FRC128	ZAG000096959
	FirstRand Bank Limited	FRC129	ZAG000096967
	FirstRand Bank Limited	FRC130	ZAG000096975
	FirstRand Bank Limited	FRC131	ZAG000096983
	FirstRand Bank Limited	FRC132	ZAG000096991
	FirstRand Bank Limited	FRC133	ZAG000097007
	FirstRand Bank Limited	FRC134	ZAG000097056
	FirstRand Bank Limited	FRC135	ZAG000097122
	FirstRand Bank Limited	FRC136	ZAG000097106
	FirstRand Bank Limited	FRC137	ZAG000097114
	FirstRand Bank Limited	FRC138	ZAG000097130
	FirstRand Bank Limited	FRC139	ZAG000097148
	FirstRand Bank Limited	FRC140	ZAG000097155
	FirstRand Bank Limited	FRC141	ZAG000097189
	FirstRand Bank Limited	FRC142	ZAG000097445
	FirstRand Bank Limited	FRC143	ZAG000097551
	FirstRand Bank Limited	FRC144	ZAG000097569
	FirstRand Bank Limited	FRC145	ZAG000097627
	FirstRand Bank Limited	FRC146	ZAG000099425
	FirstRand Bank Limited	FRC147	ZAG000099433
	FirstRand Bank Limited	FRC148	ZAG000099466

Company information continued

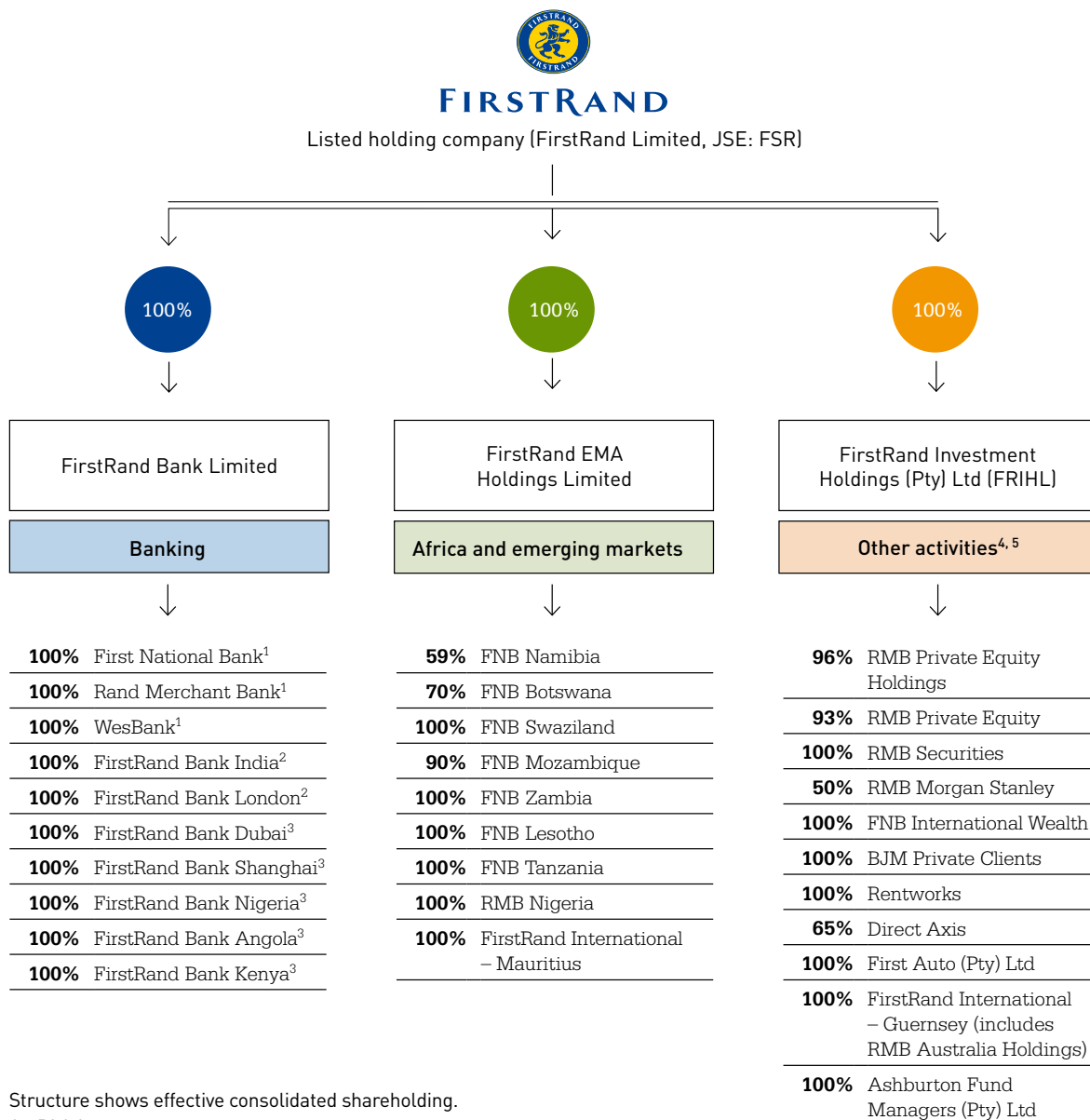
	Issuer	Bond code	ISIN code
Credit-linked notes	FirstRand Bank Limited	FRC149	ZAG000099607
	FirstRand Bank Limited	FRC150	ZAG000099821
	FirstRand Bank Limited	FRC151	ZAG000099904
	FirstRand Bank Limited	FRC152	ZAG000100330
	FirstRand Bank Limited	FRC153	ZAG000100348
	FirstRand Bank Limited	FRC154	ZAG000100694
	FirstRand Bank Limited	FRC155	ZAG000101643
	FirstRand Bank Limited	FRC157	ZAG000101973
	FirstRand Bank Limited	FRC158	ZAG000101981
	FirstRand Bank Limited	FRC159	ZAG000101999
	FirstRand Bank Limited	FRC160	ZAG000102013
	FirstRand Bank Limited	FRC161	ZAG000102260
	FirstRand Bank Limited	FRC162	ZAG000102286
	Senior unsecured callable bonds	FirstRand Bank Limited	FR002U
FirstRand Bank Limited		FR003U	ZAG000042755
Investment security index contracts	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 notes	FirstRand Bank Limited	OILRMB	ZAG000152732
	FirstRand Bank Limited	COLRMB	ZAE000155222

London Stock Exchange (LSE)

European medium term note (EMTN) programme

	Issuer	ISIN code
Senior unsecured	FirstRand Bank Limited	XS0610341967
	FirstRand Bank Limited	XS0595260141
	FirstRand Bank Limited	XS0635404477

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 securitisations and conduits are in FRIHL

Credit ratings

FIRSTRAND BANK LIMITED (FRB)

The credit ratings reflect FRB's strong market position as one of the Big Four banks in South Africa as well as its focused strategy, good core profitability, financial flexibility, robust risk management and sound capitalisation.

Credit ratings assigned by Standard & Poor's Ratings Services (S&P) as at 4 March 2013

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

Summary of rating actions:

- On 12 October 2012, S&P lowered the long-term foreign currency sovereign rating on South Africa to BBB from BBB+ and the long-term local currency rating to A- from A. The agency also lowered the short-term local currency rating to A-2 from A-1 and affirmed the short-term foreign currency rating at A-2. The outlook remained negative.
- Consequently, FRB's long-term foreign and local currency ratings were lowered to BBB from BBB+ with the short-term foreign and local currency ratings affirmed at A-2. The South Africa national scale ratings on FRB were affirmed at zaAA/zaA-1.

Credit ratings assigned by Moody's Investors Service (Moody's) as at 4 March 2013

	FirstRand Bank Limited (FRB)	Sovereign rating South Africa
Foreign currency deposit rating (FRB) and foreign currency bond rating (sovereign)		
Long-term	Baa1	Baa1
Outlook	Negative	Negative
Short-term	P-2	
Local currency deposit ratings (FRB) and local currency bond rating (sovereign)		
Long-term	A3	Baa1
Outlook	Negative	Negative
Short-term	P-2	
National scale		
Long-term	Aa2.za	
Short-term	P-1.za	
Bank financial strength rating		
C-		
Outlook	Stable	

Summary of rating actions:

- On 27 September 2012, Moody's lowered the government bond rating by one notch to Baa1 from A3. The outlook remained negative.
- Consequently, on 4 October 2012, FRB's foreign currency deposit rating was lowered to Baa1 from A3. Local currency deposit and debt ratings were assigned a negative outlook in line with the sovereign rating outlook. The national scale deposit ratings of Aa2.za/P-1.za remained unaffected.

Credit ratings assigned by Fitch Ratings (Fitch) as at 4 March 2013

	FirstRand Bank Limited	Sovereign rating South Africa
Foreign currency issuer default rating (IDR)		
Long-term	BBB	BBB
Outlook	Stable	Stable
Short-term	F3	F3
Local currency IDR		
Long-term	BBB	BBB+
Outlook	Stable	Stable
National rating		
Long-term	AA(zaf)	
Outlook	Stable	
Short-term	F1+(zaf)	
Viability rating	bbb	
Support rating	3	
Support rating floor	BB+	

Summary of rating actions:

- On 10 January 2013, Fitch downgraded South Africa's long-term foreign currency issuer default rating (IDR) to BBB from BBB+ and long-term local currency IDR to BBB+ from A. The agency also downgraded the short-term IDR to F3 from F2. The outlooks are stable.
- Consequently, on 15 January 2013, FRB's long-term foreign currency IDR was downgraded to BBB from BBB+, short-term foreign currency IDR downgraded to F3 from F2, long-term local currency IDR downgraded to BBB from BBB+, viability rating downgraded to bbb from bbb+, support rating downgraded to 3 from 2 and the support rating floor downgraded to BB+ from BBB-. The national ratings remained unaffected.

FIRSTRAND LIMITED

FirstRand Limited's ratings reflect its status as the 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 as at 4 March 2013

	FirstRand Limited
Foreign currency credit rating	
Long-term	BBB-Negative
Outlook	A-3
Short-term	
Local currency credit rating	
Long-term	BBB-Negative
Outlook	A-3
Short-term	
National scale	
Long-term	zaAA-
Short-term	zaA-1

Summary of rating actions:

- The Group's long- and short-term ratings were lowered to BBB-/A-3 from BBB/A-2 following the downgrading of the sovereign rating as discussed on the previous page. The South Africa national scale ratings were affirmed at zaAA-/zaA-1.

Definitions

Capital adequacy ratio (CAR)	Capital divided by risk weighted assets.
Common Equity Tier 1	Tier 1 less NCNR preference share capital
Core Tier 1 ratio	Tier 1 less NCNR preference share capital divided by RWA.
Cost-to-income ratio	Operating expenses excluding indirect taxes expressed as a percentage of total income including share of profits from associates and joint ventures.
Credit loss ratio	Total impairment charge per the income statement expressed as a percentage of average advances (average between the opening and closing balance for the period).
Diversity ratio	Non-interest revenue expressed as a percentage of total income including share of profits from associates and joint ventures.
Dividend cover	Normalised earnings per share divided by dividend per share.
Effective tax rate	Tax per the income statement divided by the income before direct tax per the income statement.
Exposure at default (EAD)	Gross exposure of a facility upon default of a counterparty.
Loan-to-deposit ratio	Average advances expressed as a percentage of average deposits.
Loss given default (LGD)	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.
Net income after capital charge (NIACC)	Normalised earnings less the cost of equity multiplied by the average ordinary shareholders' equity and reserves.
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 pages 14 and 15 for a detailed description of the difference between normalised and IFRS results.
Normalised earnings per share	Normalised earnings attributable to ordinary equityholders divided by the weighted average number of shares including treasury shares.
Normalised net asset value	Normalised equity attributable to ordinary equityholders.
Normalised net asset value per share	Normalised equity attributable to ordinary equityholders divided by the number of issued ordinary shares.
Price earnings ratio (times)	Closing price on 31 December divided by basic normalised earnings per share.
Price-to-book (times)	Closing share price on 31 December divided by normalised net asset value per share.
Probability of default (PD)	Probability that a counterparty will default within the next year (considering the ability and willingness of the counterparty to repay).
Return on assets (ROA)	Normalised earnings divided by average assets.
Return on equity (ROE)	Normalised earnings divided by average normalised ordinary shareholders' equity.
Risk weighted assets (RWA)	Prescribed risk weightings relative to the credit risk of counterparties, operational risk, market risk, equity investment risk and other risks multiplied by on- and off-balance sheet assets.
Shares in issue	Number of ordinary shares listed on the JSE.
Tier 1 ratio	Tier 1 capital divided by RWA.
Weighted average number of ordinary shares	Weighted average number of ordinary shares in issue during the period as listed on the JSE.



FIRSTRAND

www.firstrand.co.za