ANALYSIS OF FINANCIAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2013

FIRSTRAND

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FIRSTRAND

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Certain entities within the FirstRand Group are Authorised Financial Services and Credit Providers
This analysis is available on the Group's website: www.firstrand.co.za
Email questions to investor.relations@firstrand.co.za

INTRODUCTION

This report covers the audited financial results of FirstRand Limited (FirstRand or the Group) based on International Financial Reporting Standards (IFRS) for the year ended 30 June 2013.

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 results have been derived from the audited IFRS financial results.

Normalised results include a summarised 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 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 summarised consolidated financial results.

FirstRand's annual integrated report will be published on the Group's website, www.firstrand.co.za, on or about 7 October 2013.

Financial highlights (audited)

	Year ended 30 June		
	2013	2012	% change
Normalised earnings (R million)	**15 323**	12 730	20
Diluted normalised earnings per share (cents)	**271.8**	225.8	20
Normalised net asset value per share (cents)	**1 303.1**	1 142.4	14
Dividend per ordinary share (cents)	**136.0**	102.0	33
Normalised return on equity (%)	**22.2**	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, WesBank, the instalment finance business, and Ashburton Investments, the Group's newly-established investment management business.

KEY FINANCIAL RESULTS, RATIOS AND STATISTICS

	Year ended 30 June		
R million	2013	2012	% change
Attributable earnings to ordinary equityholders	**14 539**	13 196	10
Headline earnings	**15 114**	12 642	20
Normalised earnings	**15 323**	12 730	20
Normalised net asset value	**73 470**	64 409	14
Normalised net asset value per share (cents)	**1 303.1**	1 142.4	14
Average normalised net asset value	**68 940**	61 634	12
Normalised earnings per share (cents)			
– Basic	**271.8**	225.8	20
– Diluted	**271.8**	225.8	20
Earnings per share (cents)			
– Basic	**266.2**	241.7	10
– Diluted	**262.9**	236.8	11
Headline earnings per share (cents)			
– Basic	**276.7**	231.5	20
– Diluted	**273.3**	226.9	20
Normalised ROE (%)	**22.2**	20.7	
Ordinary dividend (cents per share)	**136.0**	102.0	33
Dividend cover	**2.0**	2.2	
Non-cumulative non-redeemable (NCNR) B preference dividend* (cents per share)	**640.6**	638.3	–
Capital adequacy – FirstRand**			
Capital adequacy ratio (CAR) (%)	**16.3**	14.7	
Tier 1 ratio (%)	**14.8**	13.2	
Common Equity Tier 1 (CET1) ratio (%)	**13.8**	12.3	
Market performance			
Market capitalisation	**163 106**	148 785	10
Price earnings ratio (times)	**10.6**	11.7	
Price-to-book ratio (times)	**2.2**	2.3	
Share price (closing – rand)	**28.93**	26.39	10

* *75.56% of FNB prime lending rate.*

** *2013 capital ratios are calculated on Basel III basis; 2012 capital ratios are calculated on Basel 2.5 basis.*

STATEMENT OF HEADLINE EARNINGS – IFRS (AUDITED)

R million	Year ended 30 June 2013	2012	% change
Profit for the year (refer page 16)	**15 678**	14 369	9
Non-controlling interests	**(842)**	(898)	(6)
NCNR preference shareholders	**(297)**	(275)	8
Earnings attributable to ordinary equityholders	**14 539**	13 196	10
Adjusted for:	**575**	(554)	(>100)
Loss on disposal of investment securities and other investments of a capital nature	**13**	20	
Gain on disposal of available-for-sale assets	**(33)**	(154)	
Losses/(gains) on disposal of investments in associates or joint ventures	**1**	(473)	
Gain on disposal of investments in subsidiaries	**(63)**	(266)	
Loss on the disposal of property and equipment	**77**	49	
Fair value of investment properties	**(7)**	(12)	
Impairment of goodwill	**438**	115	
Impairment of assets in terms of IAS 36	**306**	7	
Gain from a bargain purchase	**(14)**	–	
Other	**(122)**	41	
Tax effects of adjustments	**(41)**	43	
Non-controlling interests adjustments	**20**	76	
Headline earnings	**15 114**	12 642	20

RECONCILIATION FROM HEADLINE TO NORMALISED EARNINGS (AUDITED)

	Year ended 30 June		
R million	**2013**	2012	% change
Headline earnings	**15 114**	12 642	20
Adjusted for:	**209**	88	>100
IFRS 2 Share-based payment expense	**43**	77	(44)
Treasury shares*	**39**	251	(84)
Total return swap adjustment	**85**	(240)	(>100)
Private equity subsidiary realisations	**42**	–	–
Normalised earnings	**15 323**	12 730	20

* *Includes FirstRand shares held for client trading activities.*

OVERVIEW OF RESULTS

INTRODUCTION

The macroeconomic environment remained challenging over the past financial year with global growth as a whole remaining below trend throughout the reporting period.

The local economy continued to be negatively impacted by shifts in both global and domestic risk dynamics. High levels of capital inflows, a strong rand, low bond yields, elevated commodity prices and robust growth in household incomes caused the South African current account deficit to widen to 6.7% by June 2012. However, during 2013 activity in the US started to improve to a degree that its central bank authorities announced the possible unwinding of current US monetary policy stimulus. This development negatively impacted emerging market flows which had benefited from low US rates, and for South Africa this resulted in some currency weakness.

Domestic GDP slowed to 1.9% year-on-year in 1Q13, reflecting lower levels of activity in both the household and business sectors of the economy. Consumer spending slowed to 2.7% and investment spending to 4.4%, resulting in lower credit extension, slowing vehicle sales and a muted housing market.

In the rest of the sub-Saharan region, growth continued on a robust trend, led by activity in construction, agriculture and new extractive industries; although upper-middle-income countries, such as Namibia and Botswana, have grown somewhat slower due to close economic ties with the euro zone.

OVERVIEW OF RESULTS

FirstRand produced excellent results for the year to 30 June 2013, achieving normalised earnings of R15 323 million, an increase of 20% on the previous period and a normalised ROE of 22.2% (2012: 20.7%).

All three operating franchises continued to deliver good operational performances, achieving both strong topline growth and profitability. In the case of FNB, this was once again driven by customer acquisition, loan and deposit growth and the ongoing focus on driving transactional volumes across all of its platforms, particularly electronic. WesBank continued to grow new business volumes across all portfolios and RMB's diversified investment banking and corporate portfolios delivered strong growth in profits particularly from the client-centric business units.

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

Sources of normalised earnings

	Year ended 30 June				
R million	**2013**	**% composition**	2012	% composition	% change
FNB	**8 162**	**53**	6 666	53	22
RMB	**4 426**	**29**	3 654	29	21
WesBank	**2 852**	**19**	2 599	20	10
Corporate Centre and consolidation adjustments	**(178)**	**(1)**	(703)	(6)	(75)
FirstRand Limited (company)*	**358**	**2**	789	6	(55)
NCNR preference dividend	**(297)**	**(2)**	(275)	(2)	8
Normalised earnings	**15 323**	**100**	12 730	100	20

* *Included in the 2013 figure is the consolidation adjustment of R589 million (2012: R818 million) to bring the IFRS 2 costs from cash settled in the underlying subsidiaries to equity settled at the Group level.*

The Group's income statement benefited from an increase of 13% in net interest income (NII), driven by good growth in new business at FNB, WesBank and RMB. Net interest margin was again positively impacted by pricing strategies, funding mix and the growth in advances in higher yielding asset classes such as vehicle asset finance and unsecured lending.

Total non-interest revenue (NIR) increased 13% year-on-year, with strong contributions from all franchises. FNB's NIR continued to be underpinned by increases in fee and commission income particularly on the back of ongoing acquisition of core transactional accounts. WesBank's NIR benefited from robust levels of new business origination and good growth in the full maintenance rental book. RMB delivered strong growth in knowledge-based fees, particularly benefiting from cross-border transactions, and fair value income remained resilient on the back of client activities, particularly financing, advisory and structuring. Client execution revenues from RMB's activities in the Group's African subsidiaries also contributed strongly.

Operating costs increased 9% reflecting the continued investment in FNB's electronic platforms and the Group's African operating footprint. IFRS 2 Share-based payments decreased year-on-year reflecting the lower increase in the Group's share price. This was, however, offset by growth in variable staff costs directly linked to growth in profitability.

Bad debts, excluding the impact of the merchant acquiring event, increased from 94 bps to 95 bps, in line with expectations and includes credit impairment overlays, primarily at FNB and RMB. These overlays reflect the Group's view that the benign credit cycle has bottomed and are considered prudent given the strong book growth year-on-year. The overlays do not reflect any specific stresses in the Group's portfolios, all of which are tracking as anticipated.

Absolute levels of non-performing loans (NPLs) decreased 9%, reflecting the ongoing improvement in FNB's residential mortgage book and WesBank's motor book. NPLs in the unsecured books are trending in line with expectations given the tightening of origination strategies in certain risk buckets over the past 12 to 18 months.

The Group's overall balance sheet showed a robust increase in advances year-on-year, particularly in those portfolios where the Group has specifically targeted growth.

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.

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.

As previously reported, during the year 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 Global Transactional Services, 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

	Year ended 30 June		
R million	**2013**	2012	% change
Normalised earnings	**8 162**	6 666	22
Normalised profit before tax	**11 641**	9 668	20
Total assets	**297 405**	268 533	11
Total liabilities	**282 583**	255 277	11
NPLs (%)	**3.95**	4.91	
Credit loss ratio* (%)	**1.18**	1.20	
ROE (%)	**35.6**	35.0	
ROA (%)	**2.92**	2.58	
Cost-to-income ratio (%)	**54.9**	56.0	
Advances margin (%)	**3.21**	2.64	

* *2013 figure includes special impairment relating to merchant acquiring event of R215 million (2012: R405 million).*

FNB produced an excellent performance for the period, increasing normalised pre-tax profits 20%. This performance can be attributed to FNB's primary strategy to grow and retain core transactional accounts (up 8% or 542 000 year-on-year underpinning total account growth of 1.1 million) through offering a compelling value proposition to the customer (innovative products and channels at an acceptable cost) 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 also continued to attract and retain customers.

FNB's NII increased 18% underpinned by good growth in both advances (+10%) and deposits (+14%). The 57 bps improvement in asset margins was driven by the mix change to unsecured lending and the repricing of newly-originated residential mortgages. However, deposit margins reduced 23 bps due to endowment impact and mix change to lower margin products in line with competitive pressures. Deposit and advances growth was generated across all segments as indicated below.

Segment analysis of advances and deposit growth

	Year ended 30 June 2013			
	Deposit growth		Advances growth	
Segments	%	**R billion**	%	**R billion**
Retail	12	**13.2**	6	**11.2**
FNB Africa	22	**7.4**	29	**7.3**
Commercial	13	**13.2**	19	**6.9**

Within the retail banking segment, residential mortgages grew 3% (reflecting FNB's deliberate strategy to only originate in low-risk categories), card issuing grew 15% on the back of new customer acquisition and personal loans grew 10% year-on-year. On a rolling six-months basis personal loans grew only 2% reflecting the ongoing adjustments in credit appetite in that segment. The R1.8 billion decrease in NPLs in residential mortgages also positively impacted NII.

Overall NPLs decreased 11% due to FNB's ongoing proactive workout strategy although NPLs in the personal loans portfolio increased R233 million. Bad debts increased 7% which is within expectations given the cycle and the growth in unsecured lending. FNB has, however, taken the prudent decision to increase portfolio provisions, resulting in a total increase of 16%, excluding the impact of the merchant acquiring event. Overall credit quality across all portfolios is well within risk appetite and coverage ratios have increased. In residential mortgages this was driven mainly by the Wealth portfolio. Coverage ratios in Commercial have also increased due to a reducing proportion of property finance against an increase in African advances.

FNB's strategy to grow core transactional banking accounts and drive activity across its electronic platforms resulted in strong transactional volumes (up 13%) with fee and commissions up 14%. Overall NIR increased 11% mainly driven by activity in the Retail business (up 10%), with Commercial and Africa contributing increases of 9% and 21%, respectively.

FNB's overall operating expenditure increased 12%, which includes investment costs in the operating footprint, particularly in Africa, (costs up 14%). However, the business continues to deliver positive operating jaws.

RMB

RMB represents the Group's activities in the corporate and investment banking segments in South Africa, the broader African continent and India. The business continues to benefit from its strategy to generate more income from client-driven activities, which is anchored around a risk appetite designed to effectively manage the trade offs between earnings volatility, profit growth and returns. This strategy, coupled with steady investment returns and a growing focus on structuring asset management products, is delivering a high quality and sustainable earnings profile.

As mentioned in the FNB section, the rebranding of the Group's corporate banking business to RMB Corporate Banking and the alignment of this franchise under RMB also supports the client-centric strategy, by offering holistic corporate and investment banking solutions to the large corporate and institutional segment.

RMB financial highlights

	Year ended 30 June		
R million	**2013**	2012	% change
Normalised earnings	**4 426**	3 654	21
Normalised profit before tax	**6 062**	4 937	23
Total assets	**355 575**	331 977	7
Total liabilities	**346 939**	324 230	7
Credit loss ratio (%)	**0.57**	0.51	
ROE (%)	**24.8**	23.2	
ROA (%)	**1.30**	1.24	
Cost-to-income ratio (%)	**42.7**	46.0	

RMB produced an excellent result for the year to June 2013 growing pre-tax profits 23% to R6 062 million and generating an ROE of 24.8% (2012: 23.2%). Excluding the impact of the once-off merchant acquiring event, pre-tax profits grew 16%, a strong operational performance reflecting the strength of the RMB domestic franchise, growth from the African expansion strategy and focus on cost containment.

The Global Markets division delivered strong growth in profits of 19% to R1 931 million. This performance continued to be aided by another excellent year from the African subsidiaries, which contributed pre-tax profit growth of 44%. In addition, the Structured Trade and Commodity Finance business which has also focused on Africa, delivered good balance sheet growth during the period. Domestically, Global Markets benefited from participating in a number of large structured transactions during the period and, in particular, significantly benefited from movements in nominal and real interest rate markets.

The Investment Banking Division (IBD) also delivered strong results increasing pre-tax profits 20% to R3 418 million. The growth was balance sheet led with advances up approximately 16%, which was higher than the broader domestic market growth levels and included exceptional growth from the African portfolio on the back of the strategic investments made in the prior periods. IBD also benefited from strong dealflow in healthcare, renewable energy and telecommunications sectors.

Private Equity results are lower year-on-year, with profit before tax of R688 million (2012: R815 million). Earnings from associates and subsidiaries were higher year-on-year, however, this was softened by the conservative valuation of certain fund investments during the year. Investment continued across the Corvest, Ventures and Capital Partners portfolios.

RMB's Resources business was again negatively impacted by weakening commodity prices, with valuations of junior mining counters falling sharply. Unrealised mark-to-market losses were again incurred, but reduced year-on-year. As junior mining counters remain under pressure, new equity investments have been restricted until portfolio performance improves.

RMB's Corporate Banking division performed well with solid growth achieved year-on-year. This result was driven by good deposit growth, which is reflected in the improved net interest income. The year also saw the creation of a Treasury Solutions initiative, which will allow RMB to better leverage both the skills set and client base across Global Markets and RMB Corporate Banking.

WesBank

WesBank represents the Group's activities in asset-based finance in the retail, commercial and corporate segments of South Africa and asset-based motor finance sector through MotoNovo Finance in the UK. Through the Direct Axis brand, WesBank also operates in the unsecured lending market in South Africa. WesBank's leading position in its chosen markets is due to its long-standing alliances with leading motor manufacturers, suppliers and dealer groups and strong point-of-sale presence.

For the year ended 30 June 2013, WesBank grew normalised pre-tax profits 10% to R4 016 million and delivered an ROE of 32.8% and an ROA of 2.14%. This performance was underpinned by strict credit discipline, effective and efficient origination channels and rigid cost management.

WesBank financial highlights

	Year ended 30 June		
R million	**2013**	2012	% change
Normalised earnings	**2 852**	2 599	10
Normalised profit before tax	**4 016**	3 650	10
Total assets	**145 585**	121 610	20
Total liabilities	**141 103**	117 110	20
NPLs (%)	**2.73**	3.47	
Credit loss ratio (%)	**1.25**	0.99	
ROE (%)	**32.8**	33.9	
ROA (%)	**2.14**	2.33	
Cost-to-income ratio (%)	**43.1**	44.3	
Net interest margin (%)	**5.30**	5.22	

Total advances grew 19% to R142.1 billion on the strength of new business growth of 17% to a total origination volume of R79.5 billion. This growth was driven by all the underlying portfolios, with the retail motor, unsecured lending, corporate and commercial and MotoNovo businesses reflecting origination growth of 16%, 27%, 13% and 30% respectively. In addition, the corporate division increased the value of the full maintenance rental asset book to R1.5 billion.

Interest margins were maintained despite increased competition across all portfolios with origination well within agreed risk thresholds. As key macro inputs indicate downside risk to impairment ratios, credit appetite continues to be critically and regularly assessed and performance closely monitored. Although the credit loss ratio increased to 1.25% of advances, this is still well within through-the-cycle expectations.

NPLs continued to reflect a reducing trend (2.73% at June 2013 compared to 3.47% at June 2012 and 3.11% at December 2012), despite the high proportion of restructured debt review accounts, which are still disclosed as non-performing regardless of repayment behaviour. These accounts are increasing as a proportion of NPLs and, in the year under review, represent 18% of NPLs, which compares to 13% at June 2012.

NIR increased 14% year-on-year, reflecting the growth in the advances book and in rental assets, offset by continued pricing pressure in the Auto Card business. Core operating costs increased only 8%, however, when the impact of the increase in profit share payments to alliance partners (which now total R435 million and are 40% up year-on-year) and the increase in depreciation of full maintenance rental assets is included, total expenses grew 13%.

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

Segment analysis of normalised earnings

	Year ended 30 June				
R million	**2013**	**% contribution**	2012	% contribution	% change
Retail banking	**8 027**	**53**	6 442	50	25
FNB Retail	**5 583**		4 063		
WesBank	**2 444**		2 379		
Corporate banking	**3 378**	**22**	2 995	24	13
RMB	**391**		172		
FNB Commercial	**2 579**		2 603		
WesBank	**408**		220		
Investment banking	**4 035**	**26**	3 482	27	16
RMB	**4 035**		3 482		
Other	**(117)**	**(1)**	(189)	(1)	(38)
FirstRand and dividends paid on NCNR preference shares	**61**		514		
Corporate Centre and consolidation adjustments	**(178)**		(703)		
Normalised earnings	**15 323**	**100**	12 730	100	20

STRATEGIC ISSUES

Progress on investment management strategy

During the year FirstRand officially launched its investment management franchise, Ashburton Investments, which represents the Group's fourth financial services franchise alongside FNB, RMB and WesBank. The long-term strategic objective for Ashburton is to become the leading alternative investment manager in Africa offering South African, African, Asian and Chinese investment opportunities.

Since Momentum was unbundled from the Group in 2009, asset management was an identified gap in the Group's portfolio. Now, by accessing the origination capabilities of the existing franchises (particularly RMB), Ashburton will offer new investment and asset classes to retail and institutional investors in the form of both alternative and traditional products. For example, it will provide investors with opportunities to participate in debt financing, private equity and credit investments alongside the Group, on the same commercial terms.

Ashburton is managed separately from the banking businesses, which avoids potential conflicts of interest. Systems are ring-fenced to ensure client information confidentiality.

Progress on growth strategies outside South Africa

Rest of Africa

FirstRand has been consistently executing on its strategy to grow its franchise on the African continent, matched with a highly disciplined approach to protecting shareholder returns. As stated in the 2011 annual integrated report:

"*The Group has undertaken to protect its ROE as it builds its presence outside of its core South African operations. It prefers greenfields operations or small rather than significant acquisitions, and whilst this means that expansion takes longer, potential dilution of returns can be contained.*"

The Group believes this strategy is on track and making good progress. There are three pillars to its execution.

1. *Utilise the capabilities of the South African franchise, particularly the domestic balance sheet, intellectual capital and its international platforms.* The Group believes this is very effective in those territories where a physical presence is not required in the short to medium term. RMB has been particularly successful in executing on this strategy, and in total has concluded 28 transactions in 13 African countries, to a value of R19.5 billion. It has also grown advances in the rest of Africa 75% from R9.4 billion to R16.4 billion, representing 11% of RMB's structured lending book.

2. *Start an in-country franchise and grow organically (greenfields).* Over and above its established franchises in Botswana, Namibia, Swaziland and Lesotho, FNB continues to build its operating footprint in Zambia, Mozambique and Tanzania and has successfully rolled out both traditional and electronic products and platforms in these markets. The African subsidiaries of FNB, which also include WesBank's vehicle and asset finance (VAF) operations in those countries, contributed normalised earnings of R695 million, despite the significant investment taking place in the newer territories.

   In addition, since 2010, RMB has successfully deployed Global Markets and Investment Banking teams into the FNB subsidiaries. These activities have generated a compound annual growth rate in profits of over 40%.

   RMB has been granted an investment banking licence in Nigeria and this presence, along with the representative office in Kenya, is generating good profits from cross-border activity in both the east and west African economic hubs and with the Asian investment corridors.

3. *Corporate action.* The Group will undertake small or medium sized acquisitions in Africa where it makes commercial sense and if these are platforms that can contribute scale and/or provide access to local deposits, skills and client bases. The Group does not, however, believe that large transformational acquisitions, which can significantly dilute returns, are necessarily the most effective way to establish a footprint in other African economies given the trade off between the sometimes significant legacy costs of a physical infrastructure and revenues that can potentially be generated from economies with very nascent retail markets. The Group is also of the view that, mobile and electronic innovation is transforming the nature of banking footprints globally and this will also play out in Africa over time. FNB's strong track record in developing such platforms in South Africa means it can build a competitive advantage in this space in a number of other territories.

The growth rate, absolute size and return profile of the Group's growing presence in the rest of Africa is already apparent. Much of this has been achieved through organic expansion which has had the desired effect of protecting the ROE.

India and corridors

FirstRand remains the only South African bank with a branch in India, focusing on trade finance, investment banking, fixed income, currency and commodity products as well as debt capital markets and other structured products. It also started offering retail and commercial banking products.

The India platform is incrementally gaining good traction in-country and adding value to the African expansion strategy as a whole. During the year under review RMB's operations grew strongly, albeit off a low base, driven mainly by the in-country

Global Markets and Investment Banking divisions. Since the year end, RMB facilitated the largest ever investment by an Indian company in South Africa, when it advised Mumbai-listed pharmaceutical group Cipla India in its acquisition of South Africa's Cipla Medpro for R5 billion. This was a very significant cross-border transaction in the India/Africa corridor which RMB has identified as strategic.

FINANCIAL RESOURCE MANAGEMENT

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

Asset quality

When assessing the underlying risk in the balance sheet from an economic perspective, the Group's asset profile is dominated by a balanced advances portfolio, which constitutes 76% of total assets. In terms of credit quality, 88% of advances are rated B upper or better. Cash, cash equivalents and liquid assets represent 16% of total assets, with only a small portion related to the investment and trading businesses.

Funding

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 and has further improved the term profile of institutional funding from a weighted average remaining term of 12.4 months in 2009 to 20.4 months in 2013.

Capital

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

The Group's 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.

Capital ratios and targets

	CET1	Tier 1	Total
Regulatory minimum (%)	4.5	6.0	9.5**
Target (%)	9.5 – 11.0	11.0	12.0 – 13.5
FirstRand actual (%)	**13.8**	**14.8**	**16.3**
FRB* actual (%)	**12.6**	**13.3**	**14.9**

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

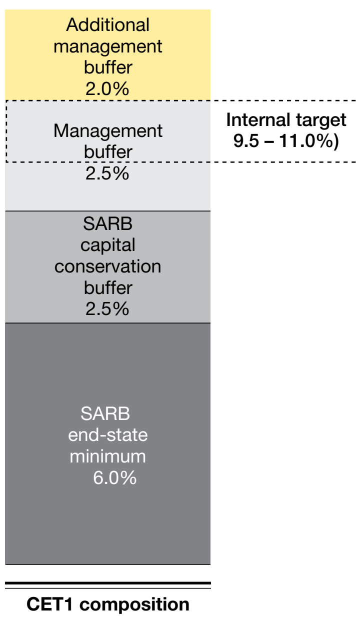
** *The regulatory minimum excludes the bank-specific individual capital requirement.*

The Group's actual CET1 ratio is 13.8%, however, this includes foreign currency translation and available-for-sale reserves, which the Group considers to be too volatile to include as available capital. When these reserves are excluded and the Basel III end-state changes are included, the CET1 ratio is 13%. This ratio is the basis from which the Group manages its capital strategy and is made up of the following:

- SARB end-state minimum of 6%;
- SARB capital conservation buffer of 2.5%;
- a management buffer of 2.5% which covers business as usual organic growth, stress and volatility and sufficient flexibility for possible regulatory change; and
- an additional management buffer of 2% (R10 billion) which is currently allocated for deployment in support of the Group's expansion strategy.

This breakdown is shown in the chart below.

Breakdown of Group's economic view of CET1



Dividend strategy

When assessing the appropriate level of payout to shareholders the Group considers the following:

- to ensure that the ROE remains within the target range of 18% to 22%, FirstRand assesses the robustness of the ongoing capital generation of its business. The Group is currently of the view that its ROE is at a cyclical high and, therefore, a reduction in dividend cover needs to be sustainable on a risk view as well as a core view;
- the anticipated growth in risk weighted assets (RWA) given the operating environment and the overall organic growth plans of the operating franchises; and
- the Group's objective to protect the R10 billion of capital currently allocated to its expansion strategy.

Following a comprehensive analysis of the above factors, the Group has reduced its dividend cover to 2.0x (2012: 2.2x) and considers this to be both appropriate and prudent as all of its buffers will remain intact even under a severe risk scenario. The appropriateness of the level of payout will be re-evaluated on an annual basis.

PROSPECTS

The difficult macroeconomic environment is expected to continue in the current 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 is expected to drive NIR growth, as will RMB's client activities both in the domestic market and the rest of Africa. Investment in stated growth opportunities will continue, which will result in some cost pressure although sustained revenue growth should result in positive operating jaws. With respect to advances growth, new business volumes in the vehicle and asset finance and personal loans lending books are expected to moderate further. Corporate advances are expected to remain healthy.

BASIS OF PRESENTATION

The summarised consolidated financial statements are considered preliminary based on the JSE Listing Requirements and are summarised from a complete set of the Group annual financial statements.

FirstRand prepares its summarised consolidated financial results in accordance with:

- IFRS, including IAS 34 Interim Financial Reporting;
- SAICA Financial Reporting Guide as issued by the Accounting Practices Committee;
- Financial Reporting Pronouncements as issued by Financial Reporting Standards Council;
- JSE Listing Requirements for provisional reports; and
- the requirements by the Companies Act no 71 of 2008 applicable to summary financial statements.

The accounting policies applied in the preparation of the consolidated financial statements from which the summarised financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements. There were no restatements or reclassifications to the primary financial statements in the current year.

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 to 15.

This Analysis of financial results booklet itself is not audited but is extracted from audited information. The independent auditors' report does not necessarily encompass all the information contained in this booklet. The summarised consolidated financial statements for the year ended 30 June 2013 have been audited by PricewaterhouseCoopers Inc. and Deloitte & Touche, who expressed an unmodified opinion thereon. Unless the financial information is specifically stated as audited, it should be assumed it is unaudited. The forward looking information has not been commented or reported on by the Group's external auditors.

FirstRand's board of directors take full responsibility for the preparation of this *Analysis of financial results* booklet.

The auditors also expressed an unmodified opinion dated 9 September 2013 on the annual financial statements from which these summarised consolidated financial statements were derived. A copy of the auditors' report on the summarised consolidated financial statements and of the auditors' report on the annual consolidated financial statements are available for inspection at FirstRand's registered office, 4 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, together with the financial statements identified in the respective auditors' reports.

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material events, as defined in *IAS 10 Events After the Reporting Period*, occurring between 30 June 2013 and the date of authorisation of the 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.

Mr Ronald Keith (Tim) Store, having reached retirement age, retired from the board on 31 May 2013.

Mr Peter Cooper was appointed as an alternate non-executive director with effect from 9 July 2013.

CASH DIVIDEND DECLARATIONS

Ordinary shares

The directors have declared annual gross cash dividends totalling 136.0 cents per ordinary share out of income reserves for the year ended 30 June 2013.

Ordinary dividends

	Year ended 30 June	
Cents per share	**2013**	2012
Interim (declared 5 March 2013)	**55.0**	44.0
Final (declared 9 September 2013)	**81.0**	58.0
	136.0	102.0

The salient dates for the final dividend are as follows:

Last day to trade cum-dividend	Friday 4 October 2013
Shares commence trading ex-dividend	Monday 7 October 2013
Record date	Friday 11 October 2013
Payment date	Monday 14 October 2013

Share certificates may not be dematerialised or rematerialised between Monday 7 October 2013 and Friday 11 October 2013, both days inclusive.

The final dividend of 81.0 cents per share carries an STC credit of 4.67730 cents per share. Shareholders who are exempt from Dividend Withholding Tax (DWT) will receive the full 81.0 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 69.55160 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 are calculated at a rate of 75.56% of the prime lending rate of FNB, a division of FirstRand Bank Limited.

Dividends declared and paid

	B preference shares	
Cents per share	**2013**	2012
Period:		
30 August 2011 – 27 February 2012		305.2
28 February 2012 – 27 August 2012		333.1
28 August 2012 – 25 February 2013	**320.3**	
26 February 2013 – 26 August 2013	**320.3**	
	640.6	638.3

LL Dippenaar
Chairman

SE Nxasana
CEO

BW Unser
Company secretary

9 September 2013

DESCRIPTION OF DIFFERENCE BETWEEN NORMALISED AND IFRS RESULTS

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 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.

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.

The economic cost to the Group for the IFRS 2 expense 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 or 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

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 change in FirstRand shares is 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, when equity accounting is applied 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 nor losses on client trading positions or FirstRand shares held to hedge these are reflected in profit or loss or on the statement of financial position.

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.

REALISATIONS ON THE SALE OF PRIVATE EQUITY SUBSIDIARIES

In terms of *Circular 2/2013, Headline Earnings per Share*, 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.

IMPAIRMENT OF BJM AND ASHBURTON GOODWILL AND SOFTWARE ASSETS

In the current year the goodwill relating to BJM and Ashburton was impaired. In addition, RMB's Corporate Banking Division impaired IT-related intangible assets. These impairments have been excluded from both headline earnings (in terms of *Circular 02/2013, Headline Earnings per Share*) and normalised results.

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.

Profits resulting from the disposal of Ronald Sewells and the 15.76% shareholding in Tracker were excluded from both headline earnings *(Circular 2/2013, Headline Earnings per Share)* and normalised results in the comparative period.

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 *(Circular 2/2013, Headline Earnings per Share)* and normalised results in the comparative period.

SUMMARISED CONSOLIDATED INCOME STATEMENT – IFRS (AUDITED)

for the year ended 30 June

R million	2013	2012	% change
Net interest income before impairment of advances	**24 715**	21 882	13
Impairment of advances	**(4 812)**	(5 065)	(5)
Net interest income after impairment of advances	**19 903**	16 817	18
Non-interest income	**31 614**	29 494	7
Income from operations	**51 517**	46 311	11
Operating expenses	**(31 486)**	(28 422)	11
Net income from operations	**20 031**	17 889	12
Share of profit of associates and joint ventures after tax	**824**	1 120	(26)
Income before tax	**20 855**	19 009	10
Indirect tax	**(645)**	(551)	17
Profit before tax	**20 210**	18 458	9
Income tax expense	**(4 532)**	(4 089)	11
Profit for the year	**15 678**	14 369	9
Attributable to:			
Ordinary equityholders	**14 539**	13 196	10
NCNR preference shareholders	**297**	275	8
Equityholders of the Group	**14 836**	13 471	10
Non-controlling interests	**842**	898	(6)
Profit for the year	**15 678**	14 369	9
Earnings per share (cents)			
– Basic	**266.2**	241.7	10
– Diluted	**262.9**	236.8	11
Headline earnings per share (cents)			
– Basic	**276.7**	231.5	20
– Diluted	**273.3**	226.9	20

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – IFRS (AUDITED)

for the year ended 30 June

R million	2013	2012	% change
Profit for the year	**15 678**	14 369	9
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges	**853**	(302)	(>100)
Gains/(losses) arising during the year	**417**	(1 214)	(>100)
Reclassification adjustments for amounts included in profit or loss	**768**	794	(3)
Deferred income tax	**(332)**	118	(>100)
Available-for-sale financial assets	**(89)**	401	(>100)
(Losses)/gains arising during the year	**(102)**	714	(>100)
Reclassification adjustments for amounts included in profit or loss	**(33)**	(154)	(79)
Deferred income tax	**46**	(159)	(>100)
Exchange differences on translating foreign operations	**990**	599	65
Gains arising during the year	**990**	599	65
Share of other comprehensive income of associates after tax and non-controlling interests	**129**	(167)	(>100)
Other comprehensive income for the year	**1 883**	531	>100
Total comprehensive income for the year	**17 561**	14 900	18
Attributable to:			
Ordinary equityholders	**16 358**	13 706	19
NCNR preference shareholders	**297**	275	8
Equityholders of the Group	**16 655**	13 981	19
Non-controlling interests	**906**	919	(1)
Total comprehensive income for the year	**17 561**	14 900	18

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – IFRS (AUDITED)

as at 30 June

R million	2013	2012
ASSETS		
Cash and cash equivalents	**49 620**	38 363
Derivative financial instruments	**52 316**	52 913
Commodities	**6 016**	5 108
Accounts receivable	**7 471**	6 007
Current tax asset	**275**	331
Advances	**598 975**	524 507
Investment securities and other investments	**131 293**	119 708
Investments in associates and joint ventures	**6 992**	6 869
Property and equipment	**14 058**	12 026
Intangible assets	**1 169**	1 743
Reinsurance assets	**394**	898
Post-employment benefit asset	**13**	7
Investment properties	**459**	215
Deferred income tax asset	**598**	471
Non-current assets and disposal groups held for sale	**20**	599
Total assets	**869 669**	769 765
EQUITY AND LIABILITIES		
Liabilities		
Short trading positions	**2 991**	5 343
Derivative financial instruments	**53 013**	53 760
Creditors and accruals	**11 155**	9 086
Current tax liability	**553**	386
Deposits	**697 005**	606 281
Provisions	**600**	592
Employee liabilities	**8 092**	6 933
Other liabilities	**6 669**	6 383
Policyholder liabilities under insurance contracts	**1 112**	1 517
Deferred income tax liability	**735**	1 679
Tier 2 liabilities	**8 116**	7 885
Liabilities directly associated with disposal groups held for sale	**–**	113
Total liabilities	**790 041**	699 958
Equity		
Ordinary shares	**55**	55
Share premium	**5 397**	5 216
Reserves	**66 733**	57 250
Capital and reserves attributable to ordinary equityholders	**72 185**	62 521
NCNR preference shareholders	**4 519**	4 519
Capital and reserves attributable to equityholders of the Group	**76 704**	67 040
Non-controlling interests	**2 924**	2 767
Total equity	**79 628**	69 807
Total equity and liabilities	**869 669**	769 765

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS – IFRS (AUDITED)

for the year ended 30 June

R million	2013	2012
Net cash flows from operating activities	**24 261**	16 635
Net cash utilised in operations	**(4 058)**	(7 064)
Taxation paid	**(6 361)**	(5 331)
Net cash inflow from operating activities	**13 842**	4 240
Net cash outflow from investing activities	**(3 200)**	(3 763)
Net cash inflow from financing activities	**304**	3 464
Net increase in cash and cash equivalents from operations	**10 946**	3 941
Cash and cash equivalents at the beginning of the year	**38 363**	34 240
Cash and cash equivalents at the end of the year	**49 309**	38 181
Cash and cash equivalents acquired*	**2**	1
Cash and cash equivalents disposed of*	**–**	(31)
Effect of exchange rate changes on cash and cash equivalents	**309**	212
Cash and cash equivalents at the end of the year	**49 620**	38 363
Mandatory reserve balances included above**	**16 160**	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.*

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – IFRS (AUDITED)

for the year ended 30 June

R million	Share capital	Share premium	**Share capital and share premium**	General risk reserve	Cash flow hedge reserve
	Ordinary share capital and ordinary equityholders' funds				
Balance as at 1 July 2011	53	4 945	**4 998**	13	(451)
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Preference dividends	–	–	**–**	–	–
Transfer from/(to) reserves	–	–	**–**	44	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Consolidation of treasury shares	2	271	**273**	–	–
Total comprehensive income for the year	–	–	**–**	–	(302)
Vesting of share-based payment reserve	–	–	**–**	–	–
Balance as at 30 June 2012	55	5 216	**5 271**	57	(753)
Issue of share capital	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Preference dividends	–	–	**–**	–	–
Transfer from/(to) reserves	–	–	**–**	21	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Consolidation of treasury shares	–	181	**181**	–	–
Total comprehensive income for the year	–	–	**–**	–	853
Vesting of share-based payment reserve	–	–	**–**	–	–
Balance as at 30 June 2013	55	5 397	**5 452**	78	100

	Ordinary share capital and ordinary equityholders' funds								
	Share-based payment reserve	Available-for-sale reserve	Foreign currency translation reserve	Other reserves	Retained earnings	**Reserves attributable to ordinary equity-holders**	**Non-cumulative non-redeemable preference shares**	**Non-controlling interests**	**Total equity**
	2 739	225	474	13	48 620	**51 633**	**4 519**	**3 069**	**64 219**
	709	–	–	36	173	**918**	**–**	**(438)**	**480**
	–	–	–	–	(8 742)	**(8 742)**	**–**	**(652)**	**(9 394)**
	–	–	–	–	–	**–**	**(275)**	**–**	**(275)**
	–	–	–	–	(44)	**–**	**–**	**–**	**–**
	–	–	–	–	(37)	**(37)**	**–**	**(131)**	**(168)**
	–	–	–	–	102	**102**	**–**	**–**	**375**
	–	401	578	(167)	13 196	**13 706**	**275**	**919**	**14 900**
	(201)	–	–	–	(129)	**(330)**	**–**	**–**	**(330)**
	3 247	626	1 052	(118)	53 139	**57 250**	**4 519**	**2 767**	**69 807**
	–	–	–	–	–	**–**	**–**	**(11)**	**(11)**
	(47)	–	–	70	(77)	**(54)**	**–**	**(54)**	**(108)**
	–	–	–	–	(6 175)	**(6 175)**	**–**	**(663)**	**(6 838)**
	–	–	–	–	–	**–**	**(297)**	**–**	**(297)**
	–	–	–	–	(21)	**–**	**–**	**–**	**–**
	(2)	–	–	–	4	**2**	**–**	**(21)**	**(19)**
	–	–	–	–	53	**53**	**–**	**–**	**234**
	–	(87)	943	110	14 539	**16 358**	**297**	**906**	**17 561**
	(25)	–	–	–	(676)	**(701)**	**–**	**–**	**(701)**
	3 173	539	1 995	62	60 786	**66 733**	**4 519**	**2 924**	**79 628**

Detailed financial analysis

The analysis of the financial results reflected is based on the normalised earnings from continuing operations of the Group. A detailed reconciliation between the IFRS and normalised results is set out on pages 32 to 37.

KEY FINANCIAL RESULTS, RATIOS AND STATISTICS – NORMALISED

for the year ended 30 June

R million	2013	2012	% change
Earnings performance			
Normalised earnings contribution by franchise	**15 323**	12 730	20
FNB	**8 162**	6 666	22
RMB	**4 426**	3 654	21
WesBank	**2 852**	2 599	10
Corporate Centre and consolidation adjustments	**(178)**	(703)	(75)
FirstRand Limited (company)	**358**	789	(55)
NCNR preference dividend	**(297)**	(275)	8
Attributable earnings (refer page 27)	**15 142**	12 586	20
Headline earnings	**15 114**	12 642	20
Normalised earnings	**15 323**	12 730	20
Normalised net asset value	**73 470**	64 409	14
Normalised net asset value per share (cents)	**1 303.1**	1 142.4	14
Tangible normalised net asset value	**72 301**	62 666	15
Tangible normalised net asset value per share (cents)	**1 282.4**	1 111.5	15
Average normalised net asset value	**68 940**	61 634	12
Market capitalisation	**163 106**	148 785	10
Normalised earnings per share (cents)			
– Basic	**271.8**	225.8	20
– Diluted	**271.8**	225.8	20
Earnings per share (cents)			
– Basic	**277.3**	228.8	21
– Diluted	**273.8**	224.2	22
Headline earnings per share (cents)			
– Basic	**276.7**	231.5	20
– Diluted	**273.3**	226.9	20
Ordinary dividend (cents per share)	**136.0**	102.0	33
NCNR B preference dividend* (cents per share)	**640.6**	638.3	–
Capital adequacy – FirstRand**			
Capital adequacy ratio (%)	**16.3**	14.7	
Tier 1 ratio (%)	**14.8**	13.2	
CET1 ratio (%)	**13.8**	12.3	
Balance sheet			
Normalised total assets	**870 951**	771 549	13
Loans and advances (net of credit impairment)	**598 975**	524 507	14
Ratios			
Normalised ROE (%)	**22.2**	20.7	
Return on assets (%)	**1.87**	1.73	
Price earnings ratio (times)	**10.6**	11.7	
Price-to-book ratio (times)	**2.2**	2.3	
Dividend cover (times)	**2.0**	2.2	
Average loan-to-deposit ratio (%)	**88.0**	87.2	
Diversity ratio (%)	**50.9**	51.2	
Credit impairment charge	**5 705**	5 471	4
NPLs as % of advances	**2.78**	3.48	
Credit loss ratio (%)	**0.99**	1.08	
Credit loss ratio (%) excluding impact of merchant acquiring event	**0.95**	0.94	
Specific coverage ratio	**40.4**	33.8	
Total impairment coverage ratio	**74.3**	60.0	
Performing book coverage ratio	**0.97**	0.95	
Cost-to-income ratio (%)	**51.9**	53.4	
Effective tax rate (%)	**22.2**	22.4	
Number of employees	**37 231**	36 634	2

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

** *2013 capital ratios are calculated on Basel III basis; 2012 capital ratios are calculated on Basel 2.5 basis.*

SUMMARISED CONSOLIDATED INCOME STATEMENT – NORMALISED (AUDITED)

for the year ended 30 June

R million	**2013**	2012	% change
Net interest income before impairment of advances	**28 064**	24 869	13
Impairment of advances	**(5 705)**	(5 471)	4
Net interest income after impairment of advances	**22 359**	19 398	15
Non-interest revenue	**28 244**	24 972	13
Income from operations	**50 603**	44 370	14
Operating expenses	**(29 645)**	(27 212)	9
Net income from operations	**20 958**	17 158	22
Share of profit of associates and joint ventures after tax	**817**	1 120	(27)
Income before tax	**21 775**	18 278	19
Indirect tax	**(645)**	(551)	17
Profit before tax	**21 130**	17 727	19
Income tax expense	**(4 682)**	(3 972)	18
Profit for the year	**16 448**	13 755	20
Non-controlling interests	**(842)**	(806)	4
NCNR preference shareholders	**(297)**	(275)	8
Attributable earnings to ordinary equityholders of the Group	**15 309**	12 674	21
Headline and normalised earnings adjustments	**14**	56	(75)
Normalised earnings	**15 323**	12 730	20

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – NORMALISED (AUDITED)

for the year ended 30 June

R million	2013	2012	% change
Profit for the year	**16 448**	13 755	20
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges	**853**	(302)	(>100)
Gains/(losses) arising during the year	**417**	(1 214)	(>100)
Reclassification adjustments for amounts included in profit or loss	**768**	794	(3)
Deferred income tax	**(332)**	118	(>100)
Available-for-sale financial assets	**(209)**	371	(>100)
(Losses)/gains arising during the year	**(222)**	714	(>100)
Reclassification adjustments for amounts included in profit or loss	**(33)**	(184)	(82)
Deferred income tax	**46**	(159)	(>100)
Exchange differences on translating foreign operations	**990**	599	65
Gains arising during the year	**990**	599	65
Share of other comprehensive income of associates after tax and non-controlling interests	**127**	(167)	(>100)
Other comprehensive income for the year	**1 761**	501	>100
Total comprehensive income for the year	**18 209**	14 256	28
Total comprehensive income attributable to:			
Ordinary equityholders	**17 006**	13 154	29
NCNR preference shareholders	**297**	275	8
Equityholders of the Group	**17 303**	13 429	29
Non-controlling interests	**906**	827	10
Total comprehensive income for the year	**18 209**	14 256	28

STATEMENT OF NORMALISED EARNINGS (AUDITED)

for the year ended 30 June

R million	2013	2012	% change
IFRS profit for the year (refer page 3)	**15 678**	14 369	9
Non-controlling interests	**(842)**	(898)	(6)
NCNR preference shareholders	**(297)**	(275)	8
Attributable to ordinary equityholders	**14 539**	13 196	10
Adjusted for:			
Impairment of BJM and Ashburton goodwill	**424**	–	
Impairment of RMB Corporate Banking IT-related intangible assets	**179**	–	
Profit on disposal of investments	**–**	(610)	(100)
Attributable earnings to ordinary shareholders	**15 142**	12 586	20
Adjusted for:	**(28)**	56	(>100)
Loss on disposal of investment securities and other investments of a capital nature	**13**	20	
Gain on disposal of available-for-sale assets	**(33)**	(154)	
Losses/(gains) on disposal of investments in associates or joint ventures	**1**	(10)	
Gain on disposal of investments in subsidiaries	**(63)**	(27)	
Loss on the disposal of property and equipment	**77**	49	
Fair value of investment properties	**(7)**	(12)	
Impairment of goodwill	**14**	115	
Impairment of assets in terms of IAS 36	**58**	7	
Gain from a bargain purchase	**(14)**	–	
Other	**(122)**	41	
Tax effects of adjustments	**28**	43	
Non-controlling interests adjustment	**20**	(16)	
Headline earnings	**15 114**	12 642	20
Adjusted for:	**209**	88	>100
IFRS 2 Share-based payment expenses	**43**	77	(44)
Treasury shares*	**39**	251	(84)
TRS adjustment	**85**	(240)	(>100)
Private equity subsidiary realisations	**42**	–	
Normalised earnings	**15 323**	12 730	20

* *Includes FirstRand shares held for client trading activities.*

RECONCILIATION OF ATTRIBUTABLE EARNINGS TO NORMALISED EARNINGS (AUDITED)

for the year ended 30 June

R million	2013	2012	% change
Attributable earnings per normalised income statement (refer page 25)	**15 309**	12 674	21
Normalised earnings adjustment reallocated to above the line (refer page 27)	**(209)**	(88)	>100
Private equity realisations excluded from headline earnings adjustment (refer page 27)	**42**	–	
Attributable earnings to ordinary equityholders per normalised reconciliation (refer page 27)	**15 142**	12 586	20

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – NORMALISED (AUDITED)

as at 30 June

R million	2013	2012
ASSETS		
Cash and cash equivalents	**49 620**	38 363
Derivative financial instruments	**52 316**	52 913
Commodities	**6 016**	5 108
Accounts receivable	**7 419**	5 958
Current tax asset	**227**	331
Advances	**598 975**	524 507
Investment securities and other investments	**130 697**	119 415
Loans to share trusts	**1 985**	2 126
Investments in associates and joint ventures	**6 985**	6 869
Property and equipment	**14 058**	12 026
Intangible assets	**1 169**	1 743
Reinsurance assets	**394**	898
Post-employment benefit asset	**13**	7
Investment properties	**459**	215
Deferred income tax asset	**598**	471
Non-current assets and disposal groups held for sale	**20**	599
Total assets	**870 951**	771 549
EQUITY AND LIABILITIES		
Liabilities		
Short trading positions	**2 991**	5 343
Derivative financial instruments	**53 013**	53 760
Creditors and accruals	**11 155**	9 077
Current tax liability	**550**	383
Deposits	**697 005**	606 281
Provisions	**600**	592
Employee liabilities	**8 092**	6 933
Other liabilities	**6 669**	6 383
Policyholder liabilities under insurance contracts	**1 112**	1 517
Deferred income tax liability	**735**	1 679
Tier 2 liabilities	**8 116**	7 885
Liabilities directly associated with disposal groups held for sale	**–**	113
Total liabilities	**790 038**	699 946
Equity		
Ordinary shares	**56**	56
Share premium	**7 083**	7 083
Reserves	**66 331**	57 270
Capital and reserves attributable to ordinary equityholders	**73 470**	64 409
NCNR preference shareholders	**4 519**	4 519
Capital and reserves attributable to equityholders of the Group	**77 989**	68 928
Non-controlling interests	**2 924**	2 675
Total equity	**80 913**	71 603
Total equity and liabilities	**870 951**	771 549

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – NORMALISED (AUDITED)

for the year ended 30 June

	Ordinary share capital and ordinary equityholders' funds					
R million	Share capital	Share premium	**Share capital and share premium**	General risk reserve	Cash flow hedge reserve	
Balance as at 1 July 2011	56	7 083	**7 139**	13	(451)	
Movement in other reserves	–	–	**–**	–	–	
Ordinary dividends	–	–	**–**	–	–	
Preference dividends	–	–	**–**	–	–	
Transfer from/(to) reserves	–	–	**–**	44	–	
Changes in ownership interest of subsidiaries	–	–	**–**	–	–	
Consolidation of treasury shares	–	–	**–**	–	–	
Total comprehensive income for the year	–	–	**–**	–	(302)	
Vesting of share-based payment reserve	–	–	**–**	–	–	
Balance as at 30 June 2012	56	7 083	**7 139**	57	(753)	
Issue of share capital	–	–	**–**	–	–	
Movement in other reserves	–	–	**–**	–	–	
Ordinary dividends	–	–	**–**	–	–	
Preference dividends	–	–	**–**	–	–	
Transfer from/(to) reserves	–	–	**–**	21	–	
Changes in ownership interest of subsidiaries	–	–	**–**	–	–	
Consolidation of treasury shares	–	–	**–**	–	–	
Total comprehensive income for the year	–	–	**–**	–	853	
Vesting of share-based payment reserve	–	–	**–**	–	–	
Balance as at 30 June 2013	56	7 083	**7 139**	78	100	

Ordinary share capital and ordinary equityholders' funds								
Share-based payment reserve	Available-for-sale reserve	Currency translation reserve	Other reserves	Retained earnings	**Reserves attributable to ordinary equity-holders**	**Non-cumulative non-redeemable preference shares**	**Non-controlling interests**	**Total equity**
2 739	199	474	167	48 578	**51 719**	**4 519**	**3 069**	**66 446**
633	–	–	36	1 115	**1 784**	**–**	**(438)**	**1 346**
–	–	–	–	(9 020)	**(9 020)**	**–**	**(652)**	**(9 672)**
–	–	–	–	–	**–**	**(275)**	**–**	**(275)**
–	–	–	–	(44)	**–**	**–**	**–**	**–**
–	–	–	–	(37)	**(37)**	**–**	**(131)**	**(168)**
–	–	–	–	–	**–**	**–**	**–**	**–**
–	371	578	(167)	12 674	**13 154**	**275**	**827**	**14 256**
(201)	–	–	–	(129)	**(330)**	**–**	**–**	**(330)**
3 171	570	1 052	36	53 137	**57 270**	**4 519**	**2 675**	**71 603**
–	–	–	–	–	**–**	**–**	**(11)**	**(11)**
(90)	–	–	70	(856)	**(876)**	**–**	**38**	**(838)**
–	–	–	–	(6 370)	**(6 370)**	**–**	**(663)**	**(7 033)**
–	–	–	–	–	**–**	**(297)**	**–**	**(297)**
–	–	–	–	(21)	**–**	**–**	**–**	**–**
(2)	–	–	–	4	**2**	**–**	**(21)**	**(19)**
–	–	–	–	–	**–**	**–**	**–**	**–**
–	(209)	943	110	15 309	**17 006**	**297**	**906**	**18 209**
(25)	–	–	–	(676)	**(701)**	**–**	**–**	**(701)**
3 054	361	1 995	216	60 527	**66 331**	**4 519**	**2 924**	**80 913**

RECONCILIATION OF NORMALISED TO IFRS CONSOLIDATED INCOME STATEMENT (AUDITED)

for the year ended 30 June 2013

R million	June 2013 normalised	IFRS 2 Share-based payment expense	Private equity expenses
Net interest income before impairment of advances	**28 064**	–	–
Impairment of advances	**(5 705)**	–	–
Net interest income after impairment of advances	**22 359**	–	–
Non-interest revenue	**28 244**	–	1 124
Income from operations	**50 603**	–	1 124
Operating expenses	**(29 645)**	(43)	(1 124)
Net income from operations	**20 958**	(43)	–
Share of profit of associates and joint ventures after tax	**817**	–	–
Income before tax	**21 775**	(43)	–
Indirect tax	**(645)**	–	–
Profit before tax	**21 130**	(43)	–
Income tax expense	**(4 682)**	–	–
Profit for the year	**16 448**	(43)	–
Attributable to:			
Non-controlling interests	**(842)**	–	–
NCNR preference shareholders	**(297)**	–	–
Ordinary equityholders of the Group	**15 309**	(43)	–
Headline and normalised earnings adjustment	**14**	43	–
Normalised earnings	**15 323**	–	–

* *Includes FirstRand shares held for client trading activities.*

Treasury shares*	Economic hedges	Fair value annuity income (lending)	Impairment of goodwill and intangible assets	TRS adjustment	**June 2013 IFRS**
(149)	(403)	(2 797)	–	–	**24 715**
–	–	893	–	–	**(4 812)**
(149)	(403)	(1 904)	–	–	**19 903**
57	403	1 904	–	(118)	**31 614**
(92)	–	–	–	(118)	**51 517**
(2)	–	–	(672)	–	**(31 486)**
(94)	–	–	(672)	(118)	**20 031**
7	–	–	–	–	**824**
(87)	–	–	(672)	(118)	**20 855**
–	–	–	–	–	**(645)**
(87)	–	–	(672)	(118)	**20 210**
48		–	69	33	**(4 532)**
(39)	–	–	(603)	(85)	**15 678**
–	–	–	–	–	**(842)**
–	–	–	–	–	**(297)**
(39)	–	–	(603)	(85)	**14 539**
39	–	–	603	85	**784**
–	–	–	–	–	**15 323**

RECONCILIATION OF NORMALISED TO IFRS CONSOLIDATED INCOME STATEMENT (AUDITED)

for the year ended 30 June 2012

R million	June 2012 normalised	IFRS 2 Share-based payment expense	Private equity expenses
Net interest income before impairment of advances	**24 869**	–	–
Impairment of advances	**(5 471)**	–	–
Net interest income after impairment of advances	**19 398**	–	–
Non-interest revenue	**24 972**	–	1 131
Income from operations	**44 370**	–	1 131
Operating expenses	**(27 212)**	(77)	(1 131)
Net income from operations	**17 158**	(77)	–
Share of profit of associates and joint ventures after tax	**1 120**	–	–
Income before tax	**18 278**	(77)	–
Indirect tax	**(551)**	–	–
Profit before tax	**17 727**	(77)	–
Income tax expense	**(3 972)**	–	–
Profit for the year	**13 755**	(77)	–
Attributable to:			
Non-controlling interests	**(806)**	–	–
NCNR preference shareholders	**(275)**	–	–
Ordinary equityholders of the Group	**12 674**	(77)	–
Headline and normalised earnings adjustment	**56**	77	–
Normalised earnings	**12 730**	–	–

* *Includes FirstRand shares held for client trading activities.*

Treasury shares*	Economic hedges	Fair value annuity income (lending)	Profit on disposal of investments	TRS adjustment	**June 2012 IFRS**
(167)	(520)	(2 300)	–	–	**21 882**
–	–	406	–	–	**(5 065)**
(167)	(520)	(1 894)	–	–	**16 817**
(58)	520	1 894	702	333	**29 494**
(225)	–	–	702	333	**46 311**
(2)			–	–	**(28 422)**
(227)	–	–	702	333	**17 889**
–	–	–	–	–	**1 120**
(227)	–	–	702	333	**19 009**
–	–	–	–	–	**(551)**
(227)	–	–	702	333	**18 458**
(24)	–	–	–	(93)	**(4 089)**
(251)	–	–	702	240	**14 369**
–	–	–	(92)	–	**(898)**
–	–	–	–	–	**(275)**
(251)	–	–	610	240	**13 196**
251	–	–	(610)	(240)	**(466)**
–	–	–	–	–	**12 730**

RECONCILIATION OF NORMALISED TO IFRS CONSOLIDATED STATEMENT OF FINANCIAL POSITION (AUDITED)

as at 30 June

R million	2013 normalised	Treasury* shares	2013 IFRS
ASSETS			
Cash and cash equivalents	**49 620**	–	**49 620**
Derivative financial instruments	**52 316**	–	**52 316**
Commodities	**6 016**	–	**6 016**
Accounts receivable	**7 419**	52	**7 471**
Current tax asset	**227**	48	**275**
Advances	**598 975**	–	**598 975**
Investment securities and other investments	**130 697**	596	**131 293**
Loans to share trusts	**1 985**	(1 985)	**–**
Investments in associates and joint ventures	**6 985**	7	**6 992**
Property and equipment	**14 058**	–	**14 058**
Intangible assets	**1 169**	–	**1 169**
Reinsurance assets	**394**	–	**394**
Post-employment benefit asset	**13**	–	**13**
Investment properties	**459**	–	**459**
Deferred income tax asset	**598**	–	**598**
Non-current assets and disposal groups held for sale	**20**	–	**20**
Total assets	**870 951**	(1 282)	**869 669**
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**2 991**	–	**2 991**
Derivative financial instruments	**53 013**	–	**53 013**
Creditors and accruals	**11 155**	–	**11 155**
Current tax liability	**550**	3	**553**
Deposits	**697 005**	–	**697 005**
Provisions	**600**	–	**600**
Employee liabilities	**8 092**	–	**8 092**
Other liabilities	**6 669**	–	**6 669**
Policyholder liabilities under insurance contracts	**1 112**	–	**1 112**
Deferred income tax liability	**735**	–	**735**
Tier 2 liabilities	**8 116**	–	**8 116**
Liabilities directly associated with disposal groups held for sale	**–**	–	**–**
Total liabilities	**790 038**	3	**790 041**
Equity			
Ordinary shares	**56**	(1)	**55**
Share premium	**7 083**	(1 686)	**5 397**
Reserves	**66 331**	402	**66 733**
Capital and reserves attributable to ordinary equityholders	**73 470**	(1 285)	**72 185**
NCNR preference shareholders	**4 519**	–	**4 519**
Capital and reserves attributable to equityholders of the Group	**77 989**	(1 285)	**76 704**
Non-controlling interests	**2 924**	–	**2 924**
Total equity	**80 913**	(1 285)	**79 628**
Total equity and liabilities	**870 951**	(1 282)	**869 669**

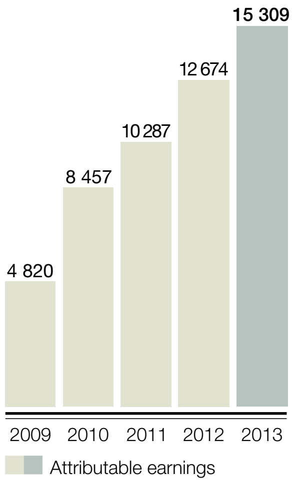
* *Includes FirstRand shares held for client trading activities.*

	2012 normalised	Treasury shares*	FNB Namibia sale of Momentum	2012 IFRS
	38 363	–	–	38 363
	52 913	–	–	52 913
	5 108	–	–	5 108
	5 958	49	–	6 007
	331	–	–	331
	524 507	–	–	524 507
	119 415	293	–	119 708
	2 126	(2 126)	–	–
	6 869	–	–	6 869
	12 026	–	–	12 026
	1 743	–	–	1 743
	898	–	–	898
	7	–	–	7
	215	–	–	215
	471	–	–	471
	599	–	–	599
	771 549	(1 784)	–	769 765
	5 343	–	–	5 343
	53 760	–	–	53 760
	9 077	9	–	9 086
	383	3	–	386
	606 281	–	–	606 281
	592	–	–	592
	6 933	–	–	6 933
	6 383	–	–	6 383
	1 517	–	–	1 517
	1 679	–	–	1 679
	7 885	–	–	7 885
	113	–	–	113
	699 946	12	–	699 958
	56	(1)	–	55
	7 083	(1 867)		5 216
	57 270	72	(92)	57 250
	64 409	(1 796)	(92)	62 521
	4 519	–	–	4 519
	68 928	(1 796)	(92)	67 040
	2 675	–	92	2 767
	71 603	(1 796)	–	69 807
	771 549	(1 784)	–	769 765

OVERVIEW OF RESULTS

Earnings performance (R million)

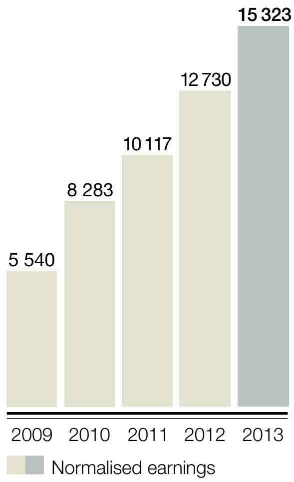
CAGR 33%



Note: 2009 figures presented on an IFRS-continuing basis, figures from 2010 to 2012 presented on a continuing normalised basis.

Normalised earnings (R million)

CAGR 29%



These results are characterised by the following themes:

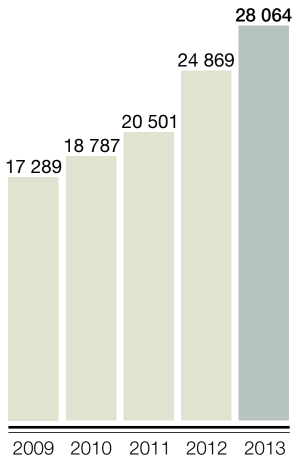
Positives	**Negatives**
‣ Robust advances growth of 14%. ‣ Advances growth from higher-yielding asset classes such as VAF and unsecured lending. ‣ Better risk-adjusted pricing maintained on new business, specifically residential mortgages and VAF. ‣ Robust fee and commission income growth of 13%, benefiting from: – continued growth in active accounts at FNB; – strong new business volumes across the retail franchises, (although slowing in certain segments towards the latter part of the financial year); and – solid growth in knowledge-based fees at RMB. ‣ The benefit of higher capital levels.	‣ Negative endowment impact due to average interest rates being 48 bps lower than the comparative period. ‣ Excluding the impact of the reduction in the impairment charge relating to the merchant acquiring event, the business as usual credit impairment charge increased 15% year-on-year, impacted by: – an increase in specific impairments, mainly in the unsecured books which reflect higher levels of NPLs although still in line with expectations; and – higher levels of portfolio impairments, reflecting the Group's view that the credit cycle has bottomed, and impacted by the growth in the book. Overall credit impairments increased 4% year-on-year.

Positives	Negatives
▸ Resilient levels of income from investment banking activities, underpinned by a strong performance from RMB's client-centric businesses, in particular: – high levels of financing activities, in part on the back of various infrastructure projects, creating structuring opportunities; and – good results from the flow trading and residual risk businesses, supported by strong client demand. ▸ A significant increase in investment income on the back of a good operational performance from Private Equity and an improved performance from the ELI portfolio.	▸ Overall cost growth of 9%, driven by: – higher variable costs, which are directly linked to higher profitability; – ongoing expansion costs, particularly in the building out of the rest of Africa and India; and – increased spend associated with infrastructure and IT platforms. ▸ Ongoing losses from the RMB Resources portfolio (but reduced compared to the prior year) impacted by significantly softer commodity prices during the year.

NET INTEREST INCOME (BEFORE IMPAIRMENT OF ADVANCES) – UP 13%

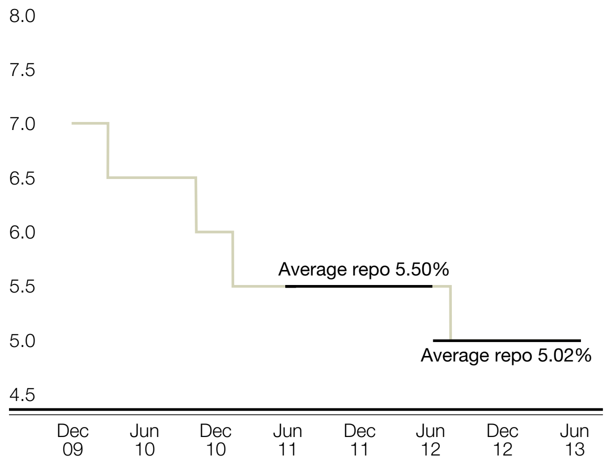
Net interest income (R million)

CAGR 13%



Note: 2009 figures presented on an IFRS-continuing basis, figures from 2010 to 2012 presented on a continuing normalised basis.

Repo rate (%)



Note: R88 billion = average endowment book for the year. Repo rates were lower by 48 bps on average in the current year, which translates into a negative endowment impact of approximately R422 million for the year.

Margin cascade table

Percentage of average interest-earning banking assets	%
June 2012 normalised margin	**4.92**
Capital and deposit endowment	(0.11)
Advances	0.26
– Changes in balance sheet mix	0.18
– Asset pricing	0.08
Liabilities	–
– Changes in balance sheet mix (deposits)	0.03
– Changes in balance sheet mix (capital)	0.01
– Term funding cost	–
– Deposit pricing	(0.04)
Foreign currency liquidity buffer carry cost	(0.04)
Accounting mismatches	(0.06)
June 2013 normalised margin	**4.97**

Segmental analysis of net interest income before impairment of advances

R million	Year ended 30 June 2013	2012	% change
FNB	**15 550**	13 205	18
Retail segment	**8 914**	7 224	23
Residential mortgages	**2 477**	2 099	18
Card	**1 215**	1 088	12
Personal loans	**2 194**	1 495	47
Retail other	**3 028**	2 542	19
Commercial segment	**4 261**	3 849	11
FNB Africa	**2 375**	2 132	11
RMB	**3 816**	2 992	28
Investment banking	**3 209**	2 476	30
Corporate banking	**607**	516	18
WesBank	**6 852**	5 849	17
Corporate Centre	**1 835**	2 641	(31)
Net interest income – banking activities	**28 053**	24 687	14
Other*	**11**	182	(94)
Net interest income	**28 064**	24 869	13

* *Other includes the FirstRand company and consolidation adjustments.*

Average balance sheet

R million	Notes	As at 30 June					
		2013			2012		
		Average balance	**Interest income/ (expense)**	**Average client rate %**	Average balance	Interest income/ (expense)	Average client rate %
INTEREST-EARNING ASSETS							
Average prime rate				**8.52**			9.00
Balances with central banks		**15 368**	**–**	**–**	13 432	–	–
Cash and cash equivalents		**13 912**	**559**	**4.02**	7 747	356	4.60
Statutory liquid assets portfolio		**45 475**	**3 415**	**7.51**	50 508	3 987	7.89
Loans and advances to customers	1	**490 159**	**45 321**	**9.25**	433 773	40 940	9.44
Interest-earning assets		**564 914**	**49 295**	**8.73**	505 460	45 283	8.96
INTEREST-BEARING LIABILITIES							
Average JIBAR				**5.18**			5.59
Deposits due to customers	2	**(346 162)**	**(11 319)**	**3.27**	(304 396)	(10 143)	3.33
Group Treasury funding		**(206 759)**	**(10 738)**	**5.19**	(186 133)	(10 704)	5.75
Interest-bearing liabilities		**(552 921)**	**(22 057)**	**3.99**	(490 529)	(20 847)	4.25
ENDOWMENT AND TRADING BOOK							
Other assets*		**184 741**	**976**	**0.53**	168 064	601	0.36
Other liabilities**		**(126 898)**	**–**	**–**	(121 701)	–	–
NCNR preference shareholders		**(4 519)**	**(150)**	**3.32**	(4 519)	(168)	3.72
Equity		**(65 317)**	**–**	**–**	(56 775)	–	–
Endowment and trading book		**(11 993)**	**826**	**(6.89)**	(14 931)	433	(2.90)
Total interest earning liabilities endowment and trading book		**(564 914)**	**(21 231)**	**3.76**	(505 460)	(20 414)	4.04
Net interest margin on average interest-earning assets		**564 914**	**28 064**	**4.97**	505 460	24 869	4.92

Interest income represents the gross interest received on assets and interest expense represents the gross interest paid on liabilities.

* *Other assets include preference share advances and trading assets.*

** *Other liabilities include trading liabilities.*

Note 1 – Margin analysis on loans and advances to customers

R million	2013 Average balance	2013 Average margin %	2012 Average balance	2012 Average margin** %
Average prime rate (RSA)		**8.52**		9.00
ADVANCES				
Retail – secured	**249 905**	**2.71**	230 377	2.41
Residential mortgages	**159 548**	**1.46**	156 012	1.24
Vehicle asset finance	**90 357**	**4.92**	74 365	4.87
Retail – unsecured	**36 244**	**13.58**	29 112	12.68
Card	**12 192**	**9.08**	10 779	8.79
Personal loans	**19 373**	**17.99**	15 091	17.07
FNB loans	**12 804**	**16.39**	9 567	14.94
WesBank loans	**6 569**	**21.10**	5 524	20.75
Overdrafts	**4 679**	**7.08**	3 242	5.24
Corporate	**174 457**	**2.57**	149 378	2.69
FNB Commercial	**38 930**	**3.72**	33 232	3.44
– Mortgages	**11 057**	**2.17**	9 304	1.60
– Overdrafts	**16 360**	**5.21**	14 466	5.11
– Term loans	**11 513**	**3.10**	9 462	2.69
WesBank Corporate	**30 178**	**3.00**	28 739	3.12
RMB Investment Banking	**103 186**	**2.01**	85 416	2.26
RMB Corporate Banking	**2 163**	**2.05**	1 991	1.96
FNB Africa	**29 553**	**4.83**	24 906	4.76
Total advances*	**490 159**	**3.59**	433 773	3.33

The loans and advances margins are calculated using total net interest 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.

* *Excluded from loans and advances to customers are assets under agreements to resell and preference share advances.*

** *2012 margins have been restated for the change in the Group's funds transfer pricing methodology and segment changes.*

Margin analysis on loans and advances and deposits to customers is based on net interest income as a percentage of average advances/deposits. Net interest income is calculated as the difference between the client rate (earned or paid) and the funds transfer pricing rate (earned or paid by Group Treasury), i.e. the average margin is, therefore, net of the funds transfer pricing.

The Group operates a transfer pricing framework that incorporates liquidity cost benefits and risks into product pricing, including any regulatory requirement costs and performance measurement for all significant business activities on- and off-balance sheet; thereby aligning liquidity risk-taking incentives of individual business units with the liquidity risk exposure this activity creates for the Group as a whole.

Where fixed-rate commitments are undertaken (i.e fixed-rate loans or fixed deposits), then the transfer pricing will also include the interest rate transfer price.

Note 2 – Margin analysis on deposits due to customers

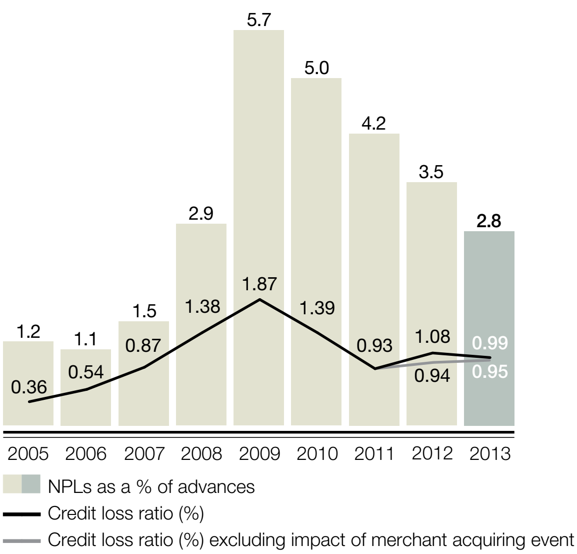
	2013		2012	
R million	**Average balance**	**Average margin %**	Average balance	Average margin* %
Average prime rate (RSA)		**8.52**		9.00
DEPOSITS				
Retail	**107 188**	**2.56**	93 806	2.74
Current and savings	**35 994**	**4.79**	30 375	5.18
Call	**3 083**	**2.64**	3 377	2.63
Money market	**27 242**	**1.69**	26 095	1.85
Term	**40 869**	**1.16**	33 959	1.24
Commercial	**114 421**	**2.33**	101 043	2.58
Current and savings	**42 748**	**4.34**	37 964	4.77
Call	**27 019**	**1.37**	23 014	1.53
Money market	**17 328**	**1.89**	16 570	2.00
Term	**27 326**	**0.39**	23 495	0.50
Corporate and investment banking	**87 294**	**0.74**	78 182	0.73
Current and savings	**32 883**	**1.45**	25 862	1.47
Call	**31 783**	**0.37**	30 842	0.44
Term	**22 628**	**0.24**	21 478	0.23
FNB Africa	**37 259**	**1.80**	31 365	1.92
Total deposits	**346 162**	**1.94**	304 396	2.09

Average balances are daily averages for the South African operations (FNB and WesBank) and monthly averages for RMB and non-South African operations.
Institutional funding is excluded from deposits due to customers.
** 2012 margins have been restated for changes in the Group's funds transfer pricing methodology and segment changes.*

Positives	Negatives
› The continued benefit, albeit at lower levels, from growth in higher-yielding asset classes. › Strong advances growth in wholesale and commercial. › The ongoing funding benefit from a higher proportion of retail and commercial funding sources. › Lower absolute term funding costs year-on-year. › The ISP unwind benefit from lower levels of residential mortgage and VAF NPLs.	› Negative endowment impact as average interest rates were 48 bps lower than in the comparative period. › Higher levels of ISP in unsecured lending, associated with rising NPLs. › Mark-to-market losses on certain term funding instruments related to the narrowing of funding spreads during the year – these losses will pull to par over the duration of the instruments. › Dollar funding carry costs incurred for the USD 1 billion liquidity surplus (invested in US treasuries) amounting to R205 million. › Mark-to-market losses on endowment hedges against potential rate cuts. › Increased pricing pressure in the retail and commercial segments.

IMPAIRMENT OF ADVANCES – UP 4% (UP 15% EXCLUDING THE IMPACT OF THE MERCHANT ACQUIRING EVENT)

NPLs and impairment history



CREDIT HIGHLIGHTS

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

	Year ended 30 June		
R million	**2013**	2012	% change
Total gross advances*†	**611 611**	535 704	14
NPLs†	**17 001**	18 666	(9)
NPLs as a % of advances	**2.78**	3.48	
Impairment charge – total†	**5 705**	5 471	4
– Business as usual	**5 475**	4 766	15
– Special impairment**	**230**	705	(67)
Impairment charge as a % of average advances	**0.99**	1.08	
– Business as usual	**0.95**	0.94	
– Special impairment	**0.04**	0.14	
Total impairments*†	**12 636**	11 197	13
– Portfolio impairments	**5 775**	4 892	18
– Specific impairments	**6 861**	6 305	9
Implied loss given default (coverage)***	**40.4**	33.8	
Total impairments coverage ratio#	**74.3**	60.0	
Performing book coverage ratio‡	**0.97**	0.95	

* *Includes cumulative credit fair value adjustments.*

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

*** *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.*

† *Audited.*

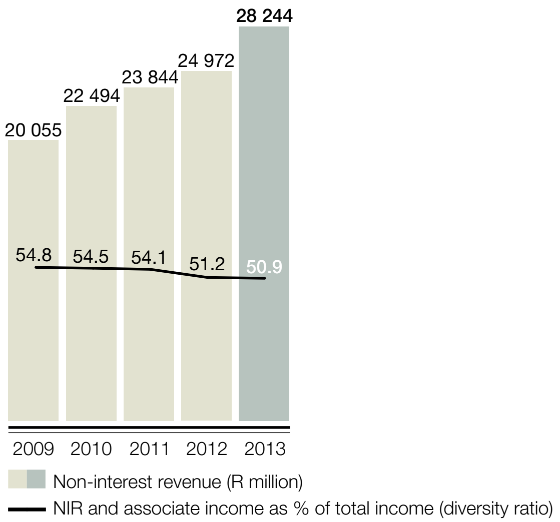
‡ *Portfolio impairments as a percentage of the performing book.*

Positives	Negatives
Further reduction in the absolute level of NPLs, driven by residential mortgage and VAF portfolios, assisted by: – a slowdown in inflows of new NPLs; – the continued low interest rate environment; and – an ongoing focus on collection processes. Strong post write-off recoveries, albeit at slightly lower levels than the comparative period and in line with expectations.	Increased specific impairments on the core advances book, in the main driven by rising NPLs in the unsecured lending portfolios. Ageing levels of NPLs in the secured portfolios (VAF and residential mortgages), negatively impacted by protracted workout processes, in part due to the debt review process. Higher portfolio impairments on the core advances books (excluding central credit overlays), indicative of: – the bottoming of the credit cycle; and – strong book growth year-on-year. A final specific impairment charge of R230 million relating to the merchant acquiring event.

NON-INTEREST REVENUE – UP 13%

Non-interest revenue and diversity ratio

NIR CAGR 9%



Note: 2009 figures presented on an IFRS-continuing basis, figures from 2010 to 2012 presented on a continuing normalised basis.

Non-interest revenue – up 13%

R million	Notes	Year ended 30 June 2013	2012	% change
Fee and commission income	1	**22 542**	19 967	13
Fair value income	2	**3 411**	3 554	(4)
Investment income	3	**685**	296	>100
Other non-interest revenue		**1 606**	1 155	39
– Consolidated private equity income		**285**	121	>100
– Other		**1 321**	1 034	28
Total non-interest revenue		**28 244**	24 972	13

Note 1 – Fee and commission income – up 13%

R million	Year ended 30 June 2013	2012	% change
Bank commissions and fee income	**18 857**	16 482	14
– Card commissions	**2 887**	2 410	20
– Cash deposit fees	**1 854**	1 846	–
– Commissions on bills, drafts and cheques	**1 318**	1 197	10
– Bank charges	**12 798**	11 029	16
Knowledge-based fees	**1 130**	870	30
Management and fiduciary fees*	**1 003**	1 062	(6)
Insurance income	**3 306**	2 924	13
Other non-bank commissions*	**1 211**	1 333	(9)
Gross fee and commission income	**25 507**	22 671	13
Fee and commission expenditure	**(2 965)**	(2 704)	10
Total fee and commission income	**22 542**	19 967	13

* *In June 2012 fiduciary fees of R236 million were included in other non-banking commissions, but are now in management and fiduciary fees.*

Positives

- Growth in fee and commission income underpinned by an 8% increase in core transactional banking accounts at FNB, and growth of 13% in transaction volumes.
- Ongoing benefit from strategy to migrate customers to more efficient and cheaper electronic channels, with active cellphone bankers and electronic channel transactional volumes growing 17% and 16% respectively.
- Excellent growth of 30% in knowledge-based fees, reflecting:
  - consistent M&A dealflow, despite a constrained domestic market, benefiting from increased cross-border transactions;
  - strong structuring and originating fee income; and
  - resilient levels of fees earned from the debt and equity capital markets businesses, buoyed by an increase in volumes in debt capital markets.
- Satisfactory performance from the insurance businesses, with income growth underpinned by increased sales growth.
- Strong NIR growth of 14% from WesBank, benefiting from resilient levels of new business origination, as well as an increase in the full maintenance rental book.

Note 2 – Fair value income – down 4%

Positives	Negatives
Fair value income benefited from a robust performance from the client-centric businesses, in particular: – RMB's flow trading and residual risk businesses, driven by client demand and the rate cut early in the financial year; – strong client execution revenues from the African subsidiaries, benefiting from increased volumes and the expanding footprint; and – a solid performance from the structuring solutions business, despite low market volatility for most of the year, benefiting from several large structuring transactions.	A muted performance from the SA client execution business, hampered by lower levels of market volatility for most of the year. A significant reduction in the year-on-year fair value income earned on derivative instruments held to hedge the Group's share-based payment liabilities, resulting from the lower increase in the Group's share price during the financial year. The commensurate expense is recorded as part of the Group's share-based payment expenses.

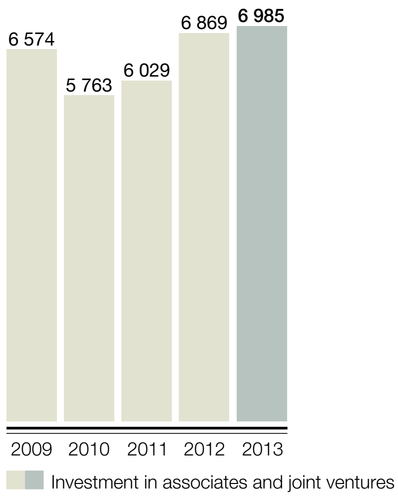
Note 3 – Investment income – up >100%

	Year ended 30 June		
R million	**2013**	2012	% change
Private equity realisations and dividends received	**269**	136	98
Profit on realisation of private equity investments	**233**	107	>100
Dividends received	**3**	9	(67)
Other private equity income	**33**	20	65
Other income from investments	**416**	160	>100
Profit on disposal of available-for-sale assets	**33**	154	(79)
Profit on assets held against employee liabilities	**323**	169	91
RMB Resources	**(258)**	(342)	(25)
Other investment income	**318**	179	78
Total investment income	**685**	296	>100

Positives	**Negatives**
Strong performance by the Group's ELI asset portfolio, driven by the 17% increase of the ALSI during the year. The related expense is reflected in staff costs. The realisation of the Group's remaining 40% shareholding in Eris Property Group, reflected in the increase in other investment income. A resilient performance from the private equity businesses, assisted by various disposals in the year under review.	A disappointing performance from RMB Resources due to downward pressure on commodity prices, especially during the second half of the financial year and the resultant negative impact on junior mining stocks and indices.

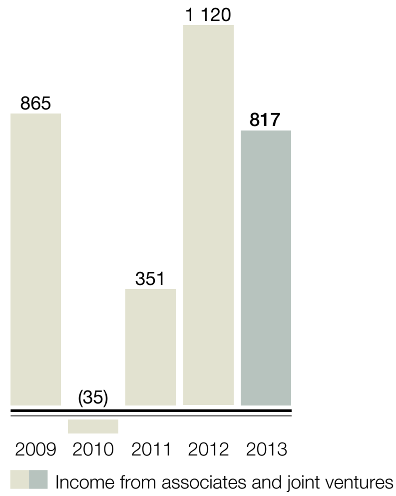
SHARE OF PROFITS FROM ASSOCIATES AND JOINT VENTURES – DOWN 27%

Investment in associates and joint ventures (R million)



Note: 2009 figures presented on an IFRS-continuing basis, figures from 2010 to 2012 presented on a continuing normalised basis.

Income from associates and joint ventures (R million)



Share of profits from associates and joint ventures

	Year ended 30 June		
R million	**2013**	2012	% change
Private equity associates*	**702**	950	(26)
Operational performance	**913**	924	(1)
(Impairments)/reversal of impairments	**(211)**	26	(>100)
WesBank associates	**261**	239	9
Toyota Financial Services (Pty) Ltd	**164**	162	1
Tracker Investment Holdings (Pty) Ltd*	**–**	31	(100)
Other	**97**	46	>100
Other operational associates	**198**	308	(36)
Eris Property Group (Pty) Ltd**	**–**	37	(100)
Morgan Stanley (Pty) Ltd	**70**	92	(24)
Other	**128**	179	(28)
Share of profits from associates and joint ventures before tax	**1 161**	1 497	(22)
Tax on profits from associates and joint ventures	**(344)**	(377)	(9)
Share of profits from associates and joint ventures after tax	**817**	1 120	(27)

* *Tracker was sold by WesBank effective 3 October 2011; a portion was acquired by RMB Private Equity.*
** *Eris Property Group (Pty) Ltd was transferred to non-current assets held for sale effective 30 June 2012 and disposed of during the year.*

Positives

- Good performance from the WesBank associates (excluding Tracker which was disposed of during the comparative period), benefiting from strong new business volumes.
- Despite a resilient operating performance from RMB's private equity associates, overall profits were impacted by a poor performance from the Capital Partners (Australia) portfolio.

TOTAL INCOME FROM PRIVATE EQUITY ACTIVITIES (RMB DIVISION AND OTHER PRIVATE EQUITY-RELATED ACTIVITIES)

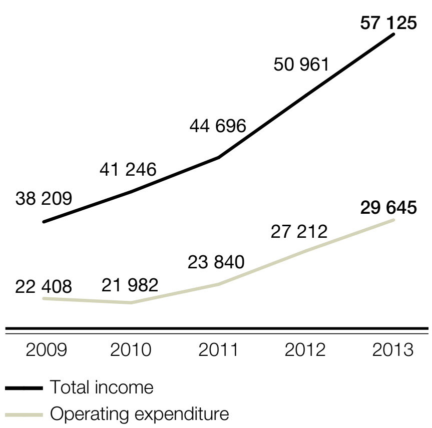
RMB earns private equity-related income primarily from its Private Equity division. However, other divisions within RMB also engage in or hold private equity-related investments (as defined in *Circular 02/2013 Headline Earnings per Share*, issued by the South African Institute of Chartered Accountants), which are not reported as part of the Private Equity division's results. The underlying nature of the various private equity-related income streams are reflected below.

	Year ended 30 June		
R million	**2013**	2012	% change
RMB Private Equity division	**1 239**	1 181	5
Income from associates	**685**	958	(28)
– Equity-accounted income*	**896**	954	(6)
– (Impairments)/reversal of impairments*	**(211)**	4	(>100)
Realisations and dividends**	**236**	82	>100
Other investment income**	**33**	20	65
Consolidated private equity income#	**285**	121	>100
Legacy	**17**	26	(35)
Income from associates	**17**	(8)	(>100)
– Equity-accounted income*	**17**	(30)	(>100)
– Reversal of impairments*	**–**	22	(100)
Realisations**	**–**	34	(100)
Other business units	**360**	177	>100
Income from associates	**98**	169	(42)
– Equity-accounted income*	**98**	185	(47)
– Impairments*	**–**	(16)	(100)
Other investment income**	**262**	8	>100
Private equity activities	**1 616**	1 384	17
Tax on equity-accounted private equity investments	**(276)**	(261)	6
Private equity activities	**1 340**	1 123	19

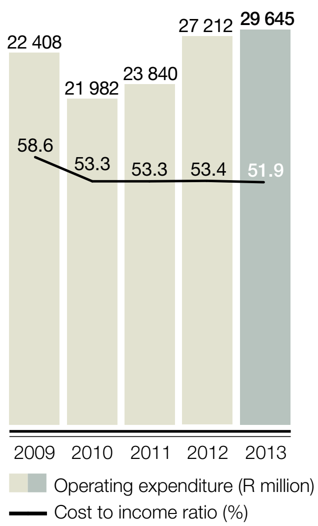
* *Refer to analysis of income from associates and joint ventures on page 52.*
** *Refer to investment income analysis on page 51.*
# *Refer to non-interest revenue analysis on page 48.*

OPERATING EXPENSES – UP 9%

Operating jaws (R million)



Operating efficiency (R million)



Note: 2009 presented on a continuing normalised basis excluding the fee and commission expenses restatement, figures from 2010 to 2012 presented on a continuing normalised basis.

Operating expenses

	Year ended 30 June		
R million	**2013**	2012	% change
Staff expenditure	**17 030**	15 656	9
– Direct staff expenditure	**10 620**	9 670	10
– Other staff-related expenditure	**6 410**	5 986	7
Depreciation	**1 934**	2 123	(9)
Amortisation of other intangible assets	**129**	218	(41)
Advertising and marketing	**1 280**	1 084	18
Insurance	**410**	355	15
Lease charges	**1 096**	1 030	6
Professional fees	**1 146**	1 070	7
Audit fees	**218**	188	16
Computer expenses	**1 181**	901	31
Maintenance	**825**	735	12
Telecommunications	**397**	351	13
Cooperation agreements and joint ventures	**764**	564	35
Property	**787**	671	17
Business travel	**312**	308	1
Other expenditure	**2 136**	1 958	9
Total operating expenses	**29 645**	27 212	9

CORE COSTS

A reconciliation between total and core operating expenses is set out below.

Reconciliation of operating expenses

	Year ended 30 June		
R million	**2013**	2012	% change
Operating expenses	**29 645**	27 212	9
Adjusted for:			
Share-based payments	**(95)**	(469)	(80)
Expansion costs	**(575)**	(667)	(14)
Cooperation agreements and joint ventures	**(764)**	(564)	35
Accelerated depreciation and full maintenance rental	**(592)**	(409)	45
Core costs	**27 619**	25 103	10
New subsidiaries	**–**	(82)	(100)
Total core costs	**27 619**	25 021	10

STAFF COSTS – UP 9%

- Direct staff costs increased due to above inflation wage settlements for the financial year.
- Other staff costs were affected by:
  - an increase of 23% in variable staff costs, directly attributable to increased profits;
  - a reduction of 22% in IFRS 2 Share-based payment expenses during the year, in part reflecting the lower year-on-year increase in the FirstRand share price as well as the final vesting of certain share schemes during the year. The related income earned on derivative instruments held to hedge the Group's share-based payment liabilities is reflected in fair value income.

OTHER OPERATING EXPENSES

- Growth in costs associated with various cooperation agreements and joint ventures, reflective of the revenue growth of these alliances.
- Increased computer expenses, reflecting investment in the Group's electronic infrastructure.
- The reduction in the depreciation charge is primarily due to the accelerated depreciation charge of R251 million on certain assets in the comparative period.

DIRECT TAXATION – UP 18%

Impacted by:

- The growth in profits during the financial year.
- Change in income mix, with robust growth in NII and standard rate taxable NIR.

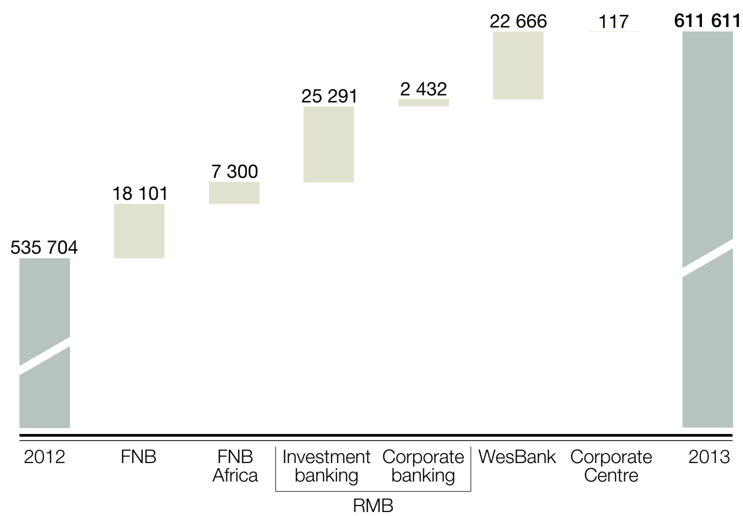
Abridged consolidated statement of financial position – normalised

R million	As at 30 June 2013	2012	% change
ASSETS			
Derivative financial instruments	**52 316**	52 913	(1)
Advances	**598 975**	524 507	14
Investment securities and other investments	**130 697**	119 415	9
Other assets	**88 963**	74 714	19
Total assets	**870 951**	771 549	13
EQUITY AND LIABILITIES			
Liabilities			
Deposits	**697 005**	606 281	15
Short trading positions and derivative financial instruments	**56 004**	59 103	(5)
Other liabilities	**37 029**	34 562	7
Total liabilities	**790 038**	699 946	13
Total equity	**80 913**	71 603	13
Total equity and liabilities	**870 951**	771 549	13

ADVANCES – UP 14%

R million	As at 30 June 2013	2012	% change
Normalised gross advances	**611 611**	535 704	14
Normalised impairment of advances	**(12 636)**	(11 197)	13
Normalised net advances	**598 975**	524 507	14

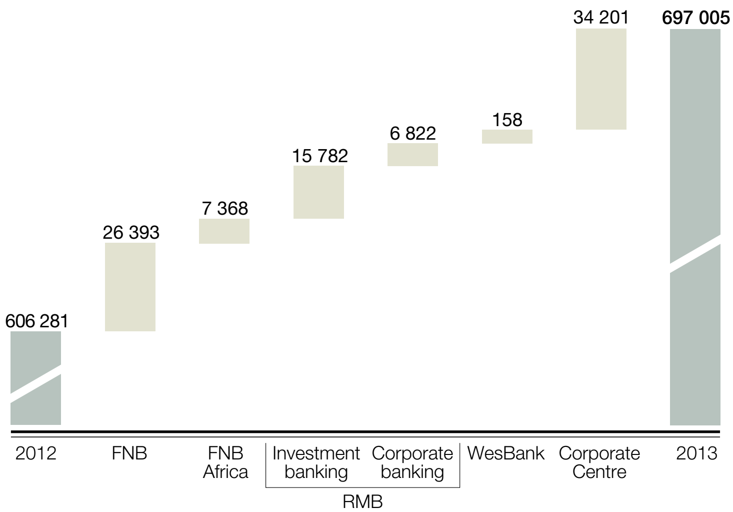
Gross advances by franchise (R million)



Positives	Negatives
‣ Good growth of 9% from the FNB retail franchise, including: – 17% growth from affordable housing loans, underpinned by strong demand and resilient customer affordability levels; – card advances grew 15%, supported by new customer acquisition; – 10% growth in personal loans, which continues to moderate reflecting a more conservative approach to unsecured term credit extension; – other retail, particularly overdrafts, grew strongly (up 85%), mainly on the back of new customer acquisition; and – advances from FNB Africa increased on the back of good growth of 20% in FNB Namibia and 35% in FNB Botswana. ‣ Strong growth of 19% from FNB Commercial, particularly agricultural loans. ‣ 19% growth in the core RMB Investment Banking advances book (excluding repos), benefiting from expansion into the rest of Africa, as well as strong deal flow in the healthcare, renewable energy and telecoms sectors. ‣ Excellent growth of 19% from WesBank, driven by strong new business volumes across all portfolios.	‣ Constrained growth of 3% from HomeLoans, indicative of ongoing pressure in the consumer market, as well a deliberate strategy to focus new business acquisition on low-risk customers.

DEPOSITS – UP 15%

Deposits by franchise (R million)



Positives
- Strong growth of 14% from FNB's retail franchise. - Current, savings and transmission accounts, notice deposits and call accounts grew 23%, 30% and 10% respectively, resulting from FNB's focus on attracting a larger share of retail and commercial deposits.

Segment report

SEGMENT REPORT
for the year ended 30 June 2013

R million	FNB							
	Retail segment							
	Residential mortgages	Card	Personal loans	Retail other	**Retail segment**	Commercial	FNB Africa	**Total FNB**
Net interest income before impairment of advances	2 477	1 215	2 194	3 028	**8 914**	4 261	2 375	**15 550**
Impairment of advances	(507)	(23)	(1 402)	(613)	**(2 545)**	(318)	(190)	**(3 053)**
Net interest income after impairment of advances	1 970	1 192	792	2 415	**6 369**	3 943	2 185	**12 497**
Non-interest revenue	453	1 182	1 031	8 760	**11 426**	4 740	1 793	**17 959**
Income from operations	2 423	2 374	1 823	11 175	**17 795**	8 683	3 978	**30 456**
Operating expenses	(1 358)	(1 169)	(834)	(7 558)	**(10 919)**	(5 140)	(2 353)	**(18 412)**
Net income from operations	1 065	1 205	989	3 617	**6 876**	3 543	1 625	**12 044**
Share of profit from associates and joint ventures after tax	6	–	–	32	**38**	–	2	**40**
Income before tax	1 071	1 205	989	3 649	**6 914**	3 543	1 627	**12 084**
Indirect tax	(34)	(38)	(34)	(244)	**(350)**	(38)	(55)	**(443)**
Profit before tax	1 037	1 167	955	3 405	**6 564**	3 505	1 572	**11 641**
Income tax expense	(275)	(309)	(253)	(858)	**(1 695)**	(929)	(462)	**(3 086)**
Profit for the year	762	858	702	2 547	**4 869**	2 576	1 110	**8 555**
Attributable to:								
Ordinary equityholders	762	858	702	2 547	**4 869**	2 575	697	**8 141**
NCNR preference shareholders	–	–	–	–	**–**	–	–	**–**
Non-controlling interests	–	–	–	–	**–**	1	413	**414**
Profit for the year	762	858	702	2 547	**4 869**	2 576	1 110	**8 555**
Attributable earnings to ordinary shareholders	762	858	702	2 547	**4 869**	2 575	697	**8 141**
Headline earnings adjustments	–	–	–	19	**19**	4	(2)	**21**
Headline earnings	762	858	702	2 566	**4 888**	2 579	695	**8 162**
TRS adjustment	–	–	–	–	**–**	–	–	**–**
IFRS 2 Share-based payment expense	–	–	–	–	**–**	–	–	**–**
Treasury shares	–	–	–	–	**–**	–	–	**–**
Private equity subsidiary realisations	–	–	–	–	**–**	–	–	**–**
Normalised earnings**	762	858	702	2 566	**4 888**	2 579	695	**8 162**

* *Investment banking results include contributions from RMB's Global Markets and IBD businesses in the African subsidiaries (R243 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 72.*

RMB									
Investment banking*	Corporate banking	Total RMB	WesBank	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	FirstRand Group – normalised	Normalised adjustments	FirstRand Group – IFRS
3 209	607	3 816	6 852	1 835	(7)	18	28 064	(3 349)	24 715
(976)	(44)	(1 020)	(1 632)	–	–	–	(5 705)	893	(4 812)
2 233	563	2 796	5 220	1 835	(7)	18	22 359	(2 456)	19 903
6 693	1 148	7 841	3 200	1 559	(2 529)	214	28 244	3 370	31 614
8 926	1 711	10 637	8 420	3 394	(2 536)	232	50 603	914	51 517
(4 202)	(1 141)	(5 343)	(4 446)	(3 278)	1 559	275	(29 645)	(1 841)	(31 486)
4 724	570	5 294	3 974	116	(977)	507	20 958	(927)	20 031
861	–	861	261	–	(345)	–	817	7	824
5 585	570	6 155	4 235	116	(1 322)	507	21 775	(920)	20 855
(60)	(33)	(93)	(219)	111	–	(1)	(645)	–	(645)
5 525	537	6 062	4 016	227	(1 322)	506	21 130	(920)	20 210
(1 464)	(146)	(1 610)	(1 064)	6	1 220	(148)	(4 682)	150	(4 532)
4 061	391	4 452	2 952	233	(102)	358	16 448	(770)	15 678
4 008	391	4 399	2 826	233	(351)	61	15 309	(770)	14 539
–	–	–	–	–	–	297	297	–	297
53	–	53	126	–	249	–	842	–	842
4 061	391	4 452	2 952	233	(102)	358	16 448	(770)	15 678
4 008	391	4 399	2 826	233	(351)	61	15 309	(770)	14 539
(15)	–	(15)	26	96	(156)	–	(28)	603	575
3 993	391	4 384	2 852	329	(507)	61	15 281	(167)	15 114
–	–	–	–	–	–	–	–	85	85
–	–	–	–	–	–	–	–	43	43
–	–	–	–	–	–	–	–	39	39
42	–	42	–	–	–	–	42	–	42
4 035	391	4 426	2 852	329	(507)	61	15 323	–	15 323

R million	FNB							
	Retail segment							
	Residential mortgages	Card	Personal loans	Retail other	**Retail segment**	Commercial	FNB Africa	**Total FNB**
Cost-to-income ratio (%)	46.3	48.8	25.9	63.9	**53.6**	57.1	56.4	**54.9**
Diversity ratio (%)	15.6	49.3	32.0	74.4	**56.3**	52.7	43.0	**53.6**
Credit loss ratio (%)	0.32	0.19	11.39	11.51	**1.34**	0.81	0.65	**1.18**
NPLs as a percentage of advances (%)	4.24	2.32	7.32	6.64	**4.40**	3.34	2.07	**3.95**
Assets under management	–	–	–	43 282	**43 282**	–	–	**43 282**
Assets under advice	–	–	–	24 520	**24 520**	–	2 149	**26 669**
Assets under execution	–	–	–	43 833	**43 833**	–	–	**43 833**
Consolidated income statement includes:								
Depreciation	(9)	(4)	(2)	(1 013)	**(1 028)**	(123)	(123)	**(1 274)**
Amortisation	–	–	–	(51)	**(51)**	(13)	(13)	**(77)**
Impairment charges	–	–	–	(188)	**(188)**	–	–	**(188)**
Other non-cash provisions	(66)	(23)	(13)	(872)	**(974)**	(185)	(171)	**(1 330)**
Statement of financial position includes:								
Advances (after ISP – before impairments)	163 046	13 001	12 885	6 909	**195 841**	42 834	32 720	**271 395**
– Normal advances	163 046	13 001	12 885	6 909	**195 841**	42 834	32 720	**271 395**
– Securitised advances	–	–	–	–	**–**	–	–	**–**
NPLs	6 911	302	943	459	**8 615**	1 429	677	**10 721**
Investment in associated companies	18	–	–	216	**234**	–	4	**238**
Total deposits (including non-recourse deposits)	129	1 212	–	124 014	**125 355**	117 217	40 771	**283 343**
Total assets	161 402	12 499	11 713	20 036	**205 650**	44 093	47 662	**297 405**
Total liabilities	160 367	11 333	10 758	17 446	**199 904**	40 589	42 090	**282 583**
Capital expenditure	7	7	1	2 172	**2 187**	102	514	**2 803**

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

	RMB									
	Investment banking	Corporate banking	**Total RMB**	**WesBank**	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	**FirstRand Group – normalised**	Normalised adjustments	**FirstRand Group – IFRS**
	39.0	65.0	**42.7**	**43.1**	96.6	54.1	(>100)	**51.9**	–	**55.1**
	70.2	65.4	**69.5**	**33.6**	45.9	99.8	92.2	**50.9**	–	**56.8**
	0.56	1.13	**0.57**	**1.25**	–	–	–	**0.99**	31.85	**0.84**
	1.27	0.18	**1.24**	**2.73**	–	–	–	**2.78**	–	**2.79**
	37 980	–	**37 980**	**–**	19 075	–	–	**100 337**	–	**100 337**
	–	–	**–**	**–**	–	–	–	**26 669**	–	**26 669**
	–	–	**–**	**–**	–	–	–	**43 833**	–	**43 833**
	(175)	(35)	**(210)**	**(354)**	(92)	(4)	–	**(1 934)**	(112)	**(2 046)**
	(18)	–	**(18)**	**(31)**	(5)	2	–	**(129)**	(5)	**(134)**
	(4)	(248)	**(252)**	**(21)**	(261)	–	–	**(722)**	(79)	**(801)**
	(1 457)	(65)	**(1 522)**	**(269)**	(422)	256	(15)	**(3 302)**	–	**(3 302)**
	187 865	5 101	**192 966**	**142 055**	5 370	(175)	–	**611 611**	(3 250)	**608 361**
	187 865	5 101	**192 966**	**135 029**	5 370	(175)	–	**604 585**	(3 250)	**601 335**
	–	–	**–**	**7 026**	–	–	–	**7 026**	–	**7 026**
	2 390	9	**2 399**	**3 881**	–	–	–	**17 001**	–	**17 001**
	5 865	–	**5 865**	**919**	1	(38)	–	**6 985**	7	**6 992**
	141 835	45 855	**187 690**	**815**	230 849	(5 692)	–	**697 005**	–	**697 005**
	350 244	5 331	**355 575**	**145 585**	124 545	(110 746)	58 587	**870 951**	(1 282)	**869 669**
	342 027	4 912	**346 939**	**141 103**	72 438	(53 513)	488	**790 038**	3	**790 041**
	70	107	**177**	**2 740**	64	909	–	**6 693**	170	**6 863**

SEGMENT REPORT

for the year ended 30 June 2012

	FNB							
	Retail segment							
R million	Residential mortgages	Card	Personal loans	Retail other	**Retail segment**	Commercial	FNB Africa	**Total FNB**
Net interest income before impairment of advances	2 099	1 088	1 495	2 542	**7 224**	3 849	2 132	**13 205**
Impairment of advances	(878)	(27)	(1 011)	(650)	**(2 566)**	(167)	(121)	**(2 854)**
Net interest income after impairment of advances	1 221	1 061	484	1 892	**4 658**	3 682	2 011	**10 351**
Non-interest revenue	487	1 071	974	7 849	**10 381**	4 334	1 476	**16 191**
Income from operations	1 708	2 132	1 458	9 741	**15 039**	8 016	3 487	**26 542**
Operating expenses	(1 205)	(1 124)	(749)	(6 873)	**(9 951)**	(4 463)	(2 061)	**(16 475)**
Net income from operations	503	1 008	709	2 868	**5 088**	3 553	1 426	**10 067**
Share of profit from associates and joint ventures after tax	4	–	–	20	**24**	–	6	**30**
Income before tax	507	1 008	709	2 888	**5 112**	3 553	1 432	**10 097**
Indirect tax	(31)	(36)	(30)	(252)	**(349)**	(33)	(47)	**(429)**
Profit before tax	476	972	679	2 636	**4 763**	3 520	1 385	**9 668**
Income tax expense	(126)	(257)	(180)	(699)	**(1 262)**	(932)	(469)	**(2 663)**
Profit for the year	350	715	499	1 937	**3 501**	2 588	916	**7 005**
Attributable to:								
Ordinary equityholders	350	715	499	1 938	**3 502**	2 588	537	**6 627**
NCNR preference shareholders	–	–	–	–	**–**	–	–	**–**
Non-controlling interests	–	–	–	(1)	**(1)**	–	379	**378**
Profit for the year	350	715	499	1 937	**3 501**	2 588	916	**7 005**
Attributable earnings to ordinary shareholders	350	715	499	1 938	**3 502**	2 588	537	**6 627**
Headline earnings adjustments	–	(1)	–	46	**45**	15	(21)	**39**
Headline earnings	350	714	499	1 984	**3 547**	2 603	516	**6 666**
TRS adjustment	–	–	–	–	**–**	–	–	**–**
IFRS 2 Share-based payment expense	–	–	–	–	**–**	–	–	**–**
Treasury shares	–	–	–	–	**–**	–	–	**–**
Normalised earnings	350	714	499	1 984	**3 547**	2 603	516	**6 666**

* *Investment banking results include contributions from RMB's Global Markets and IBD businesses in the African subsidiaries (R210 million profit before tax).*

RMB									
Investment banking*	Corporate banking	**Total RMB**	**WesBank**	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	**FirstRand Group – normalised**	Normalised adjustments	**FirstRand Group – IFRS**
2 476	516	**2 992**	**5 849**	2 641	114	68	**24 869**	(2 987)	**21 882**
(495)	(273)	**(768)**	**(1 100)**	10	(759)	–	**(5 471)**	406	**(5 065)**
1 981	243	**2 224**	**4 749**	2 651	(645)	68	**19 398**	(2 581)	**16 817**
5 324	1 205	**6 529**	**2 806**	1 747	(2 353)	52	**24 972**	4 522	**29 494**
7 305	1 448	**8 753**	**7 555**	4 398	(2 998)	120	**44 370**	1 941	**46 311**
(3 737)	(1 199)	**(4 936)**	**(3 938)**	(3 585)	909	813	**(27 212)**	(1 210)	**(28 422)**
3 568	249	**3 817**	**3 617**	813	(2 089)	933	**17 158**	731	**17 889**
1 202	–	**1 202**	**239**	–	(351)	–	**1 120**	–	**1 120**
4 770	249	**5 019**	**3 856**	813	(2 440)	933	**18 278**	731	**19 009**
(67)	(15)	**(82)**	**(206)**	167	1	(2)	**(551)**	–	**(551)**
4 703	234	**4 937**	**3 650**	980	(2 439)	931	**17 727**	731	**18 458**
(1 246)	(62)	**(1 308)**	**(967)**	(255)	1 363	(142)	**(3 972)**	(117)	**(4 089)**
3 457	172	**3 629**	**2 683**	725	(1 076)	789	**13 755**	614	**14 369**
3 415	172	**3 587**	**2 583**	725	(1 362)	514	**12 674**	522	**13 196**
–	–	**–**	**–**	–	–	275	**275**	–	**275**
42	–	**42**	**100**	–	286	–	**806**	92	**898**
3 457	172	**3 629**	**2 683**	725	(1 076)	789	**13 755**	614	**14 369**
3 415	172	**3 587**	**2 583**	725	(1 362)	514	**12 674**	522	**13 196**
67	–	**67**	**16**	(54)	(12)	–	**56**	(610)	**(554)**
3 482	172	**3 654**	**2 599**	671	(1 374)	514	**12 730**	(88)	**12 642**
–	–	**–**	**–**	–	–	–	**–**	(240)	**(240)**
–	–	**–**	**–**	–	–	–	**–**	77	**77**
–	–	**–**	**–**	–	–	–	**–**	251	**251**
3 482	172	**3 654**	**2 599**	671	(1 374)	514	**12 730**	–	**12 730**

R million	FNB							
	Retail segment							
	Residential mortgages	Card	Personal loans	Retail other	**Retail segment**	Commercial	FNB Africa	**Total FNB**
Cost-to-income ratio (%)	46.5	52.1	30.3	66.0	**56.4**	54.5	57.0	**56.0**
Diversity ratio (%)	19.0	49.6	39.4	75.6	**59.0**	53.0	41.0	**55.1**
Credit loss ratio (%)	0.56	0.24	10.73	22.46	**1.43**	0.50	0.50	**1.20**
NPLs as a percentage of advances (%)	5.51	2.40	6.05	7.00	**5.38**	4.63	1.87	**4.91**
Assets under management	–	–	–	42 567	**42 567**	–	1 967	**44 534**
Assets under advice	–	–	–	28 297	**28 297**	–	–	**28 297**
Assets under execution	–	–	–	35 864	**35 864**	–	–	**35 864**
Consolidated income statement includes:								
Depreciation	(9)	(4)	(3)	(1 059)	**(1 075)**	(248)	(108)	**(1 431)**
Amortisation	–	–	–	(76)	**(76)**	(2)	(29)	**(107)**
Impairment charges	–	–	–	–	**–**	–	(5)	**(5)**
Other non-cash provisions	(40)	(27)	(6)	(634)	**(707)**	(157)	(13)	**(877)**
Statement of financial position includes:								
Advances (after ISP – before impairments)	157 851	11 291	11 730	3 742	**184 614**	35 960	25 420	**245 994**
– Normal advances	157 851	11 291	11 730	3 742	**184 614**	35 960	25 420	**245 994**
– Securitised advances	–	–	–	–	**–**	–	–	**–**
NPLs	8 697	271	710	262	**9 940**	1 665	475	**12 080**
Investment in associated companies	12	–	–	184	**196**	–	4	**200**
Total deposits (including non-recourse deposits)	694	1 124	–	110 377	**112 195**	103 984	33 403	**249 582**
Total assets	156 215	10 835	10 747	15 058	**192 855**	36 411	39 267	**268 533**
Total liabilities	155 524	9 793	10 147	12 173	**187 637**	33 241	34 399	**255 277**
Capital expenditure	–	–	–	1 785	**1 785**	64	372	**2 221**

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

RMB									
Investment banking	Corporate banking	**Total RMB**	**WesBank**	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	**FirstRand Group – normalised**	Normalised adjustments	**FirstRand Group – IFRS**
41.5	69.7	**46.0**	**44.3**	81.7	35.1	(>100)	**53.4**	–	**54.1**
72.5	70.0	**72.1**	**34.2**	39.8	>100	43.3	**51.2**	–	**58.3**
0.34	10.38	**0.51**	**0.99**	(0.15)	(>100)	–	**1.08**	18.85	**1.01**
1.50	0.34	**1.48**	**3.47**	–	–	–	**3.48**	–	**3.50**
30 262	–	**30 262**	**–**	–	–	–	**74 796**	–	**74 796**
–	–	**–**	**–**	–	–	–	**28 297**	–	**28 297**
–	–	**–**	**–**	–	–	–	**35 864**	–	**35 864**
(275)	(44)	**(319)**	**(269)**	(101)	(3)	–	**(2 123)**	–	**(2 123)**
(61)	–	**(61)**	**(48)**	(3)	1	–	**(218)**	–	**(218)**
(134)	–	**(134)**	**(3)**	(1)	(36)	–	**(179)**	–	**(179)**
(1 062)	(67)	**(1 129)**	**(309)**	(434)	(31)	(1)	**(2 781)**	–	**(2 781)**
162 574	2 669	**165 243**	**119 389**	4 991	87	–	**535 704**	(2 357)	**533 347**
162 574	2 669	**165 243**	**111 908**	4 991	87	–	**528 223**	(2 357)	**525 866**
–	–	**–**	**7 481**	–	–	–	**7 481**	–	**7 481**
2 436	9	**2 445**	**4 141**	–	–	–	**18 666**	–	**18 666**
5 959	–	**5 959**	**732**	2	(24)	–	**6 869**	–	**6 869**
126 053	39 033	**165 086**	**657**	194 573	(3 617)	–	**606 281**	–	**606 281**
328 890	3 087	**331 977**	**121 610**	100 814	(109 859)	58 474	**771 549**	(1 784)	**769 765**
321 493	2 737	**324 230**	**117 110**	55 288	(52 262)	303	**699 946**	12	**699 958**
1 248	208	**1 456**	**817**	51	–	–	**4 545**	–	**4 545**

Balance sheet and return analysis

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).

NIACC is embedded across the Group and, 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 and capital allocated to each unit based on its risk profile. The capital allocation process has been refined to reflect the requirements under Basel III.

SHAREHOLDER VALUE CREATION

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

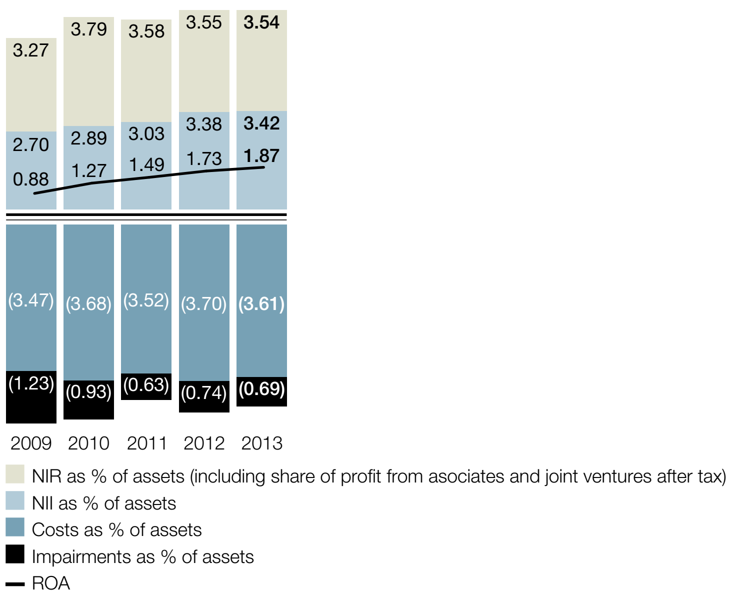
Decomposition of the ROE indicates that, although gearing levels are lower due to the implementation of Basel III, the Group's focus on improving ROA delivered an increase in ROE to 22.2% (2012: 20.7%). The table below illustrates the improving trends in ROA and ROE.

Historical analysis of ROA, gearing and ROE

	Year ended 30 June				
	2013	2012	2011	2010*	2009*
ROA (%)	**1.87**	1.73	1.49	1.27	0.88
Gearing**	**11.9**	11.9	12.5	13.9	14.8
ROE (%)	**22.2**	20.7	18.7	17.7	13.1

* *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:



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

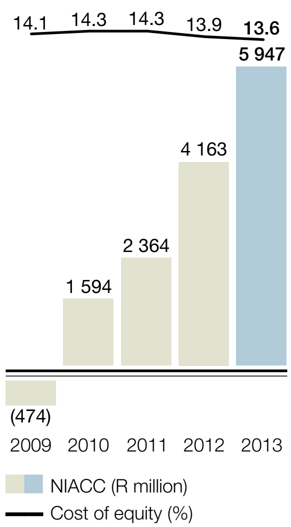
The Group's NIACC increased significantly due to the improvement in earnings and the reduction in the cost of equity, as illustrated in the table below.

NIACC and ROE

R million	Year ended 30 June 2013	2012	% change
Normalised earnings attributable to ordinary shareholders	**15 323**	12 730	20
Capital charge*	**(9 376)**	(8 567)	9
NIACC**	**5 947**	4 163	43
Average ordinary shareholders' equity and reserves	**68 940**	61 634	12
ROE (%)	**22.2**	20.7	
Cost of equity (%)	**13.6**	13.9	
Return on average RWA (%)	**3.09**	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.

Franchise ROEs and normalised earnings

	Year ended 30 June		
	2013		2012
R million	**Normalised earnings***	**ROE %**	ROE %
FNB**	**8 275**	**35.6**	35.0
RMB[#]	**4 454**	**24.8**	23.2
WesBank	**2 857**	**32.8**	33.9
Corporate Centre	**(263)**	**(1.4)**	(2.0)
FirstRand Limited	**15 323**	**22.2**	20.7
Total Africa[†]	**974**	**22.2**	19.0

* *Includes the return on capital earned by the respective franchises, Corporate Centre costs and cost of preference shares, which differ from franchise normalised earnings in the segment report on pages 60 to 63.*

** *Includes FNB Africa.*

[#] *Includes RMB Africa.*

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

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 76% of total assets. The composition of the advances portfolio consists of retail secured (43%), retail unsecured (7%), corporate (44%) and FNB Africa and Corporate Centre (6%). Total NPLs were R17 billion (2.78% as a percentage of advances) with a credit loss ratio of 0.95% excluding the impact of the merchant acquiring event and 88% of advances are rated B upper or better.

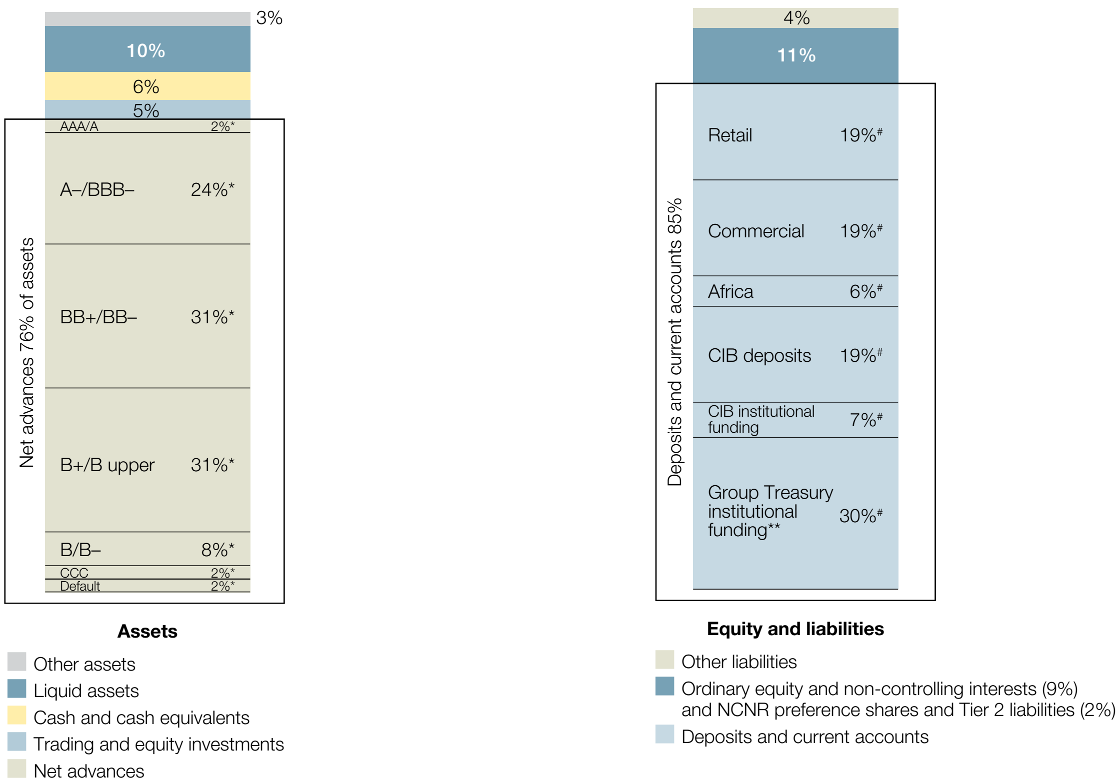
Cash and cash equivalents and liquid assets represent 6% and 10% respectively of total assets. Only a small portion of assets relate to the investment and trading businesses. Market risk arising from trading activities has declined as a result of RMB's decision to exit outright proprietary trading and the Group's equity investments stem primarily from RMB's private equity activities.

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 and has further improved the term profile of institutional funding from a weighted average remaining term of 12.4 months in 2009 to 20.4 months in 2013.

The weighted average remaining term of the advances portfolio is approximately 36 months and 9 months for deposits.

The Group's capital ratios remained strong with the CET1 ratio (13.8%), Tier 1 ratio (14.8%) and total capital adequacy ratio (16.3%). Financial gearing remained unchanged at 11.9 times.

Economic view of the balance sheet as at 30 June 2013 (%)



* *of net advances*

\# *of deposits and current accounts*
** *includes consolidation and IFRS adjustments*

Note: Non-recourse-, derivative-, securities lending- and short trading position assets and liabilities have been netted off.

CAPITAL

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

- targeted capital ratios;
- future business plans;
- issuance of additional capital instruments;
- appropriate buffers in excess of minimum requirements;
- rating agencies' considerations;
- investor expectations;
- proposed regulatory changes; and
- risk appetite of management and board.

YEAR UNDER REVIEW

The capital planning process ensures that total capital adequacy and CET1 ratios remain within approved ranges or above target levels across economic and business cycles. FirstRand is appropriately capitalised under a range of normal and severe scenarios as well as a range of stress events.

Throughout the year under review, FirstRand operated above its targeted capitalisation range, reporting a total capital adequacy ratio of 16.3% and a solid CET1 ratio of 13.8% at June 2013. Similarly FirstRand Bank, excluding foreign branches, operated comfortably above its target ranges with a total capital adequacy of 14.9% and CET1 ratio of 12.6%. 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 the current macro conditions, ongoing regulatory developments and African expansion initiatives.

Regular reviews of economic capital are carried out and the Group remains well capitalised in the current environment, with levels of Tier 1 capital exceeding the level of economic capital required. The Group aims to back all economic risk with Tier 1 capital, which offers the greatest capacity to absorb losses.

The targeted capital levels, as well as the ratios at 30 June 2013, are summarised in the table below.

Capital adequacy position

	CET1	Tier 1	Total
Regulatory minimum (%)	4.5	6.0	9.5**
Target (%)	9.5 – 11.0	11.0	12.0 – 13.5
FirstRand actual (%)	**13.8**	**14.8**	**16.3**
FRB* actual (%)	**12.6**	**13.3**	**14.9**

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

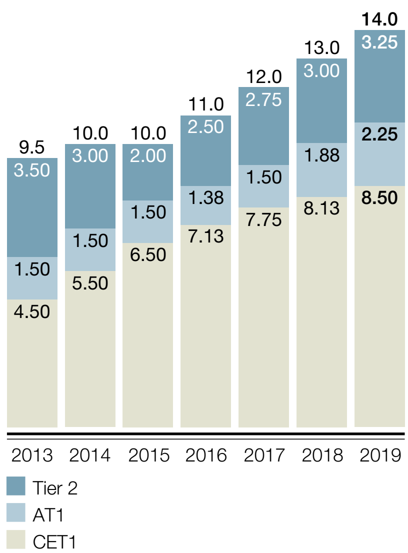
** *The regulatory minimum excludes the bank-specific individual capital requirement.*

Basel III

Basel III was successfully implemented on 1 January 2013 and the impact on the Group's CET1 ratio is positive. However, Tier 1 and Total capital ratios will decline from 1 January 2013 to 2019, as the current Additional Tier 1 (AT1) and Tier 2 instruments do not meet the Basel III qualifying criteria. These instruments will be grandfathered from 2013 over a ten-year period. The internal target levels will be reassessed during the transitional period of Basel III.

Given the transitional period to comply with the final capital framework, the Group remains focused on meeting the end state CET1 requirement, while looking at ways to optimise the overall capital mix. The graph below shows the minimum capital requirements (excluding the bank-specific individual capital requirement) during the transitional period until 2019.

Minimum capital requirements (%)



The Group continues to participate in the SARB's biannual quantitative impact studies to assess the effect of Basel III on capital adequacy ratios, as well as to monitor the impact 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 Group's current leverage ratio of 8.2% continues to comfortably exceed the SARB's minimum Tier 1 ratio of 4%.

CAPITAL ADEQUACY

Composition of capital

The table below shows the composition of regulatory capital for FirstRand and FirstRand Bank (FRB).

Composition of qualifying capital

	Year ended 30 June			
	FirstRand		FRB*	
	2013	2012	**2013**	2012
R million	**Basel III**	Basel 2.5	**Basel III**	Basel 2.5
CET1 capital	**71 869**	57 886	**50 173**	43 066
Tier 1 capital	**77 212**	62 005	**52 873**	46 066
Total qualifying capital and reserves	**84 690**	69 330	**59 572**	53 058

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

The table below shows the breakdown of RWA per risk type as per current SARB regulations.

Composition of RWA

	Year ended 30 June			
	FirstRand		FRB*	
	2013	2012	**2013**	2012
R million	**Basel III**	Basel 2.5	**Basel III**	Basel 2.5
Credit risk, including counterparty credit risk	**360 681**	317 849	**297 863**	272 159
Operational risk	**83 219**	72 963	**62 748**	54 099
Market risk	**9 785**	15 868	**7 855**	12 511
Equity investment risk	**38 190**	40 640	**10 511**	10 391
Other assets**	**28 085**	24 148	**19 542**	15 275
Total RWA	**519 960**	471 468	**398 519**	364 435

* *Reflects solo supervision, i.e. FRB excluding foreign branches.*
** *Includes investment in financial, banking and insurance entities.*

Supply of capital – Tier 1

Tier 1 capitalisation ratios benefited from stronger internal capital generation through earnings and the add-back of certain disclosable reserves (i.e. share-based payment, available-for-sale and foreign currency translation) under Basel III. All profits were appropriated at 30 June 2013.

Scan with your smart device's QR code reader to access additional capital disclosures on the Group's website.

Supply of capital – Tier 2

During the year 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 has been included for grandfathering from 1 January 2013 with full recognition envisaged once the resolution regime is implemented in South Africa. The Group continues to focus on the most optimal capital mix and awaits final guidance from the SARB on the loss absorbency requirements for capital instruments.

For more detail on the Basel III additional capital disclosure templates (as required per SARB Directive 8 of 2013), refer to www.firstrand.co.za/investorcentre/pages/capitaldisclosures.aspx

Demand for capital

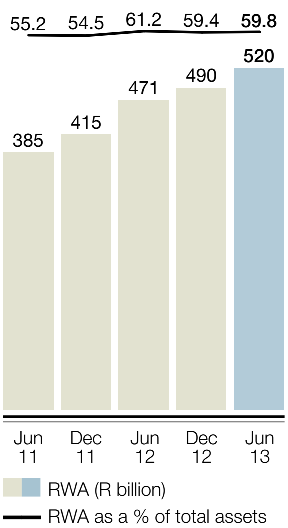
Basel III is the primary driver for the movement in RWA during the current financial year:

- credit risk increased due to additional capital requirements for counterparty credit risk i.e. credit valuation adjustment. The SARB, however, has allowed for delayed implementation for local and ZAR counterparties until 1 January 2014;
- previously impaired first loss securitisation exposures are risk weighted at 1 250%;
- previously impaired deferred tax assets relating to temporary differences are risk weighted at 250%; and
- previously impaired investments in financial, banking and insurance entities are risk weighted at 250%. These exposures are included in other assets RWA.

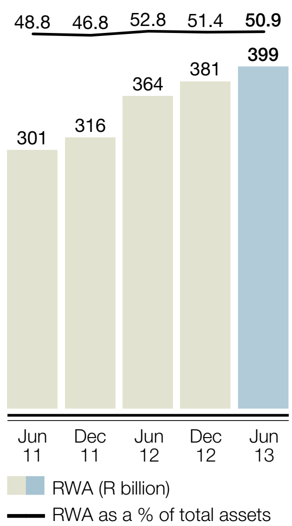
Operational risk RWA also increased in line with the six-monthly recalibration of risk scenarios, while credit risk RWA increased primarily due to organic growth.

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

FirstRand RWA history



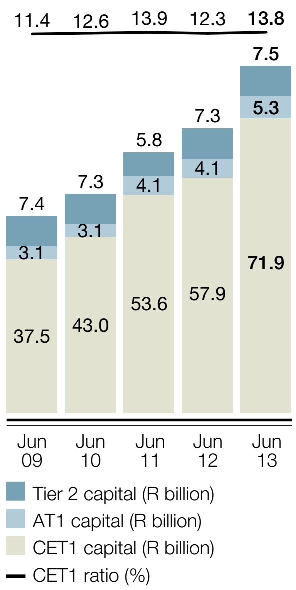
FRB RWA history



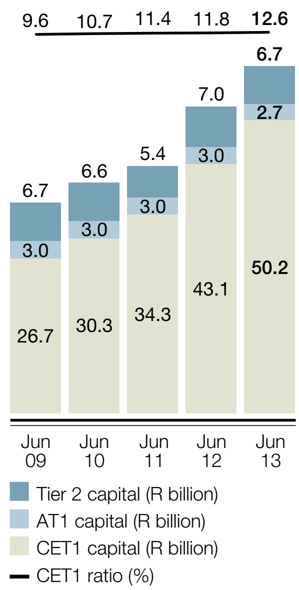
HISTORICAL OVERVIEW OF CAPITAL ADEQUACY

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

Capital adequacy – FirstRand



Capital adequacy – FRB



Capital adequacy position of FirstRand and its subsidiaries and 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/branches in excess of targeted levels is returned to FirstRand, usually in the form of dividends/return of profits. During the year under review, no restrictions were experienced on the repayment of such dividends or capital to the Group.

The capital adequacy positions of FirstRand and its subsidiaries and foreign branches are set out below.

RWA and capital adequacy positions of FirstRand and its subsidiaries and foreign branches

	For the year ended 30 June			
	2013			2012
	RWA	**Tier 1**	**Total capital adequacy**	Total capital adequacy
	R million	**%**	**%**	%
Basel III*				
FirstRand	**519 960**	**14.8**	**16.3**	14.7
FirstRand Bank South Africa	**398 519**	**13.3**	**14.9**	14.6
FirstRand Bank London	**13 002**	**11.2**	**11.3**	18.0
FirstRand Bank India	**1 374**	**35.1**	**36.0**	30.4
RMB Australia	**10 341**	**11.5**	**11.5**	14.2
FNB Namibia**	**15 910**	**12.7**	**16.2**	17.6
Basel I**				
FNB Botswana	**12 216**	**14.9**	**17.4**	16.6
FNB Lesotho	**527**	**13.5**	**18.1**	17.4
FNB Mozambique	**1 569**	**12.1**	**12.7**	11.9
FNB Swaziland	**1 701**	**26.9**	**28.1**	29.4
FNB Zambia	**1 735**	**17.6**	**26.6**	18.0
FNB Tanzania	**157**	**26.7**	**26.7**	77.8
RMB Nigeria#	**147**	**>100**	**>100**	

* *Prior year ratios based on Basel 2.5.*
** *Ratios based on local rules.*
# *Opened offices on 7 February 2013.*

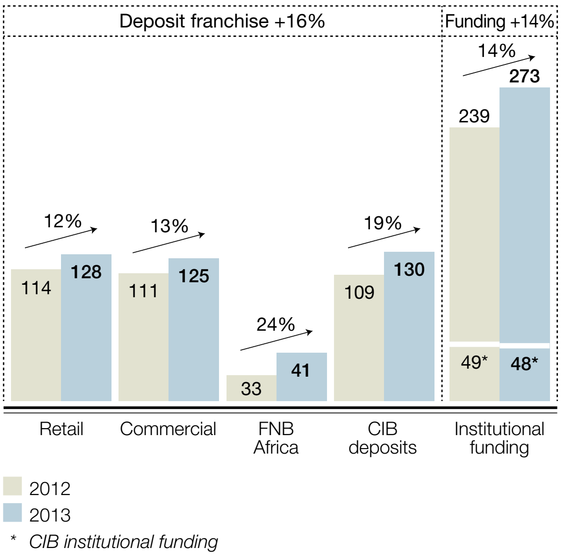
FUNDING AND LIQUIDITY

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 of transactional accounts and balances, but also to outperform at the margin, which will provide the Group with a natural liquidity buffer.

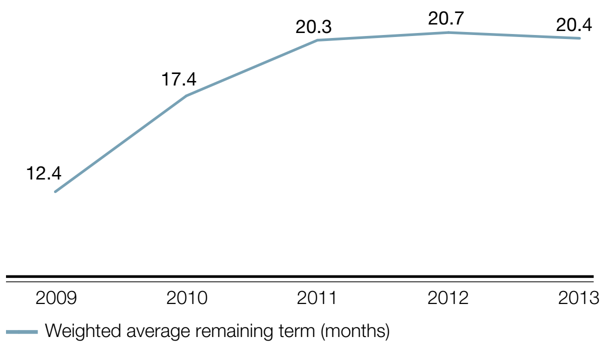
The graph below provides a segment analysis of the Group's funding base.

Group funding by segment (R billion)



Compliance with the Basel III Liquidity Coverage Ratio (LCR) influences 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, while improving the risk profile of its wholesale funding (as illustrated by the following graph).

Weighted average remaining term of institutional funding (months)



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. Recent observations suggest that South African corporates and the public sector are also making use of financial intermediaries that provide bulking and maturity transformation services with their cyclical cash surpluses. Given these structural issues and, as a result of the need to fund the significant asset growth between 2001 and 2007, South African banks' overall proportion of institutional funding increased. This is reflected in the table below.

SA banks' funding sources

	As at 30 June 2013			
% of funding liabilities	Total	Short-term	Medium-term	Long-term
Institutional	41.5	14.7	8.1	18.7
Corporate	21.6	17.6	1.5	2.5
Retail	16.1	12.0	2.5	1.6
SMEs	5.2	4.4	0.5	0.3
Government and parastatals	7.9	6.2	1.1	0.6
Foreign	6.8	3.3	1.2	2.3
Other	0.9	0.2	–	0.7
Total	100	58.4	14.9	26.7

Source: SA banking sector aggregate SARB BA900 returns (30 June 2013), FirstRand research.

FirstRand's wholly-owned subsidiary and debt issuer, FirstRand Bank (FRB), 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 improving the profile of institutional funding and developing products that better meet the needs of deposit franchise clients in order to capture a greater proportion of these clients' available liquidity.

FirstRand Bank's funding sources

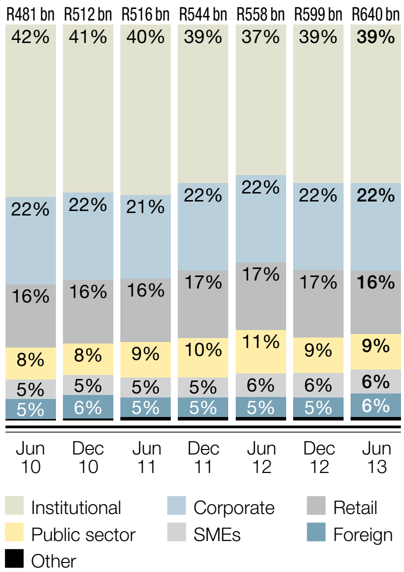
	As at 30 June 2013			
% of funding liabilities	Total	Short-term	Medium-term	Long-term
Institutional	39	14	9	16
Deposit franchise	61	47	6	8
Corporate	22	19	1	2
Retail	16	12	3	1
SMEs	6	5	1	–
Government and parastatals	9	7	1	1
Foreign	6	4	–	2
Other	2	–	–	2
Total	100	61	15	24

The chart provides a historic analysis of FRB'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 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

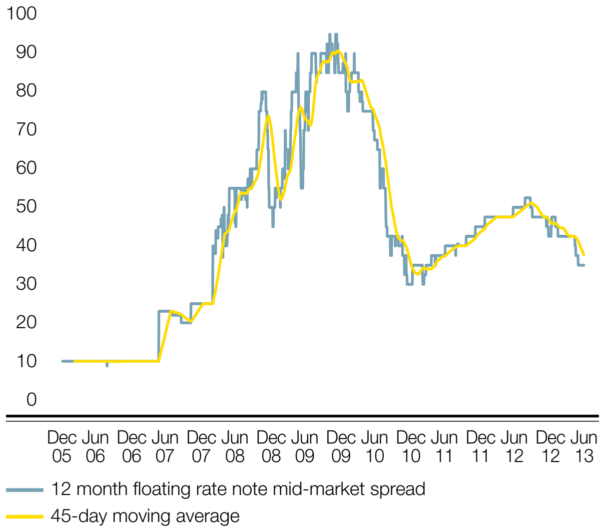


The Group's aim is to fund the balance sheet in the most efficient manner, taking into account the liquidity risk management framework, as well as regulatory and rating agency requirements.

To ensure maximum efficiency and flexibility in accessing funding opportunities, a range of debt programmes has been established. FRB'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 in identifying cost-effective funding opportunities while ensuring a good understanding of market liquidity.

The following graph is a representation of the market cost of liquidity, which is measured as the spread paid on NCDs relative to the prevailing swap curve for that tenor. The liquidity spread graph is based on the most actively-issued money market instrument by banks, namely 12-month NCDs. In the year under review, short-term liquidity costs decreased. The SARB's monetary policy rate over the year under review implied negative real rates, yet the supply dynamics for savings and investor requirements for real returns kept liquidity premiums above pre-2007 levels. With the steepening of the yield curve to higher 12-month swap rates, liquidity premiums started to contract.

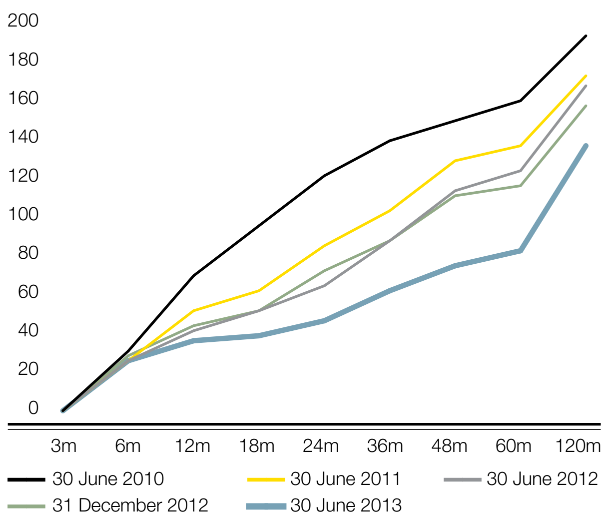
12-month liquidity spread (bps)



Source: Bloomberg (RMBP screen) and Reuters.

Long-term funding spreads are elevated from a historical perspective, however, these have reduced considerably over the year as can be seen from the graph below. These movements are also related to the yield curve steepening and changes in the basis between the South African government bond curve and the swap curve. On the basis of the Group's improved risk profile, higher capital adequacy and greater predictability of earnings, the credit risk component of the funding spreads should be lower. Long-term funding spreads, therefore, still appear to be reflecting a high liquidity premium.

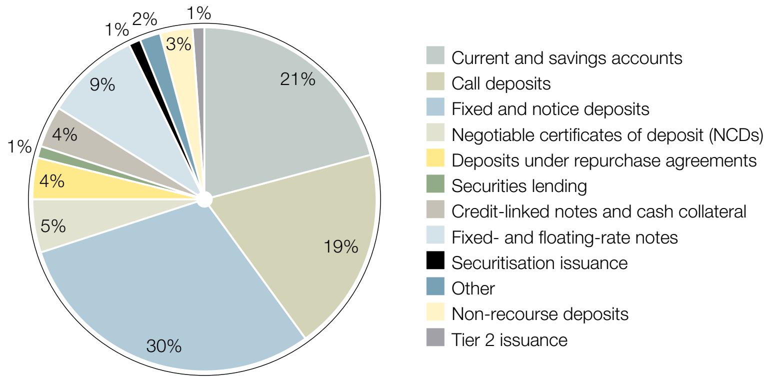
Long-term funding spreads (bps)



Source: Bloomberg (RMBP screen) and Reuters.

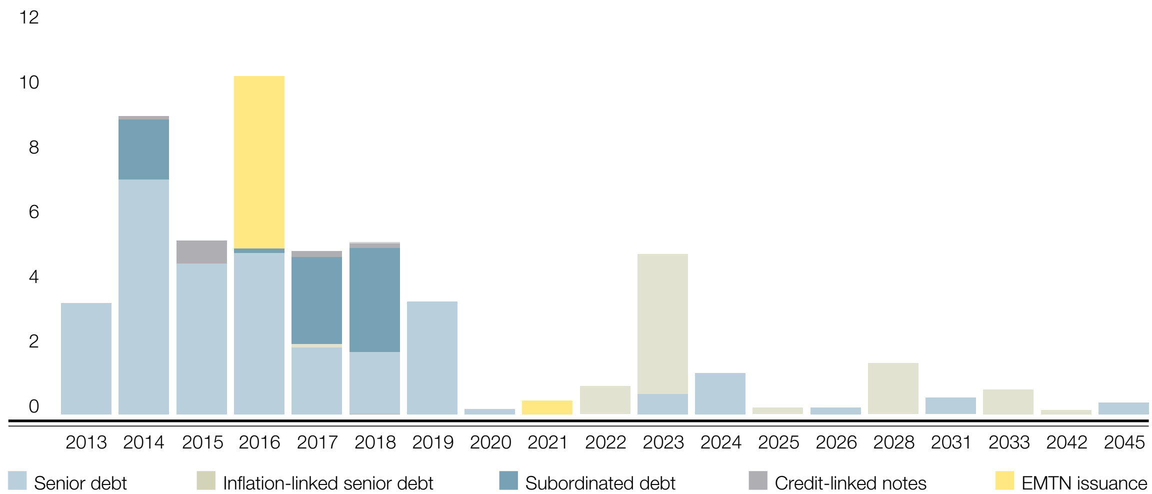
The chart below shows that the Group has well-diversified instruments funding the balance sheet.

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)



Foreign-currency balance sheet

Given the Group's objective to grow its franchise in the rest of Africa, India and the corridors, and given the size of MotoNovo, the active management of foreign currency liquidity risk continues to be a strategic imperative. The Group seeks to avoid exposing itself to undue liquidity risk within the risk appetite approved by the FirstRand board and risk committee. The SARB via *Exchange Control Circular 9 of 2011* introduced macro-prudential limits (MPL) that are applicable to authorised dealers. The Group utilises its own foreign currency measurement balance sheet measures based on economic risk and has set internal limits below that are allowed by the MPL limit framework.

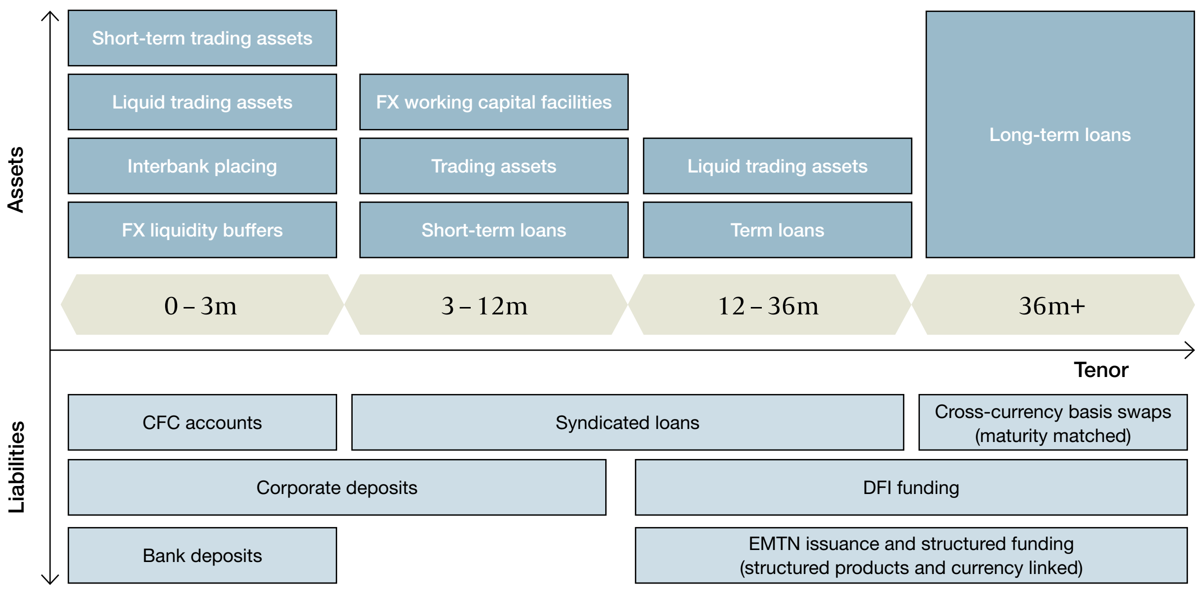
FirstRand's expansion strategy means that its foreign currency activities, in particular lending and trade finance, have increased. Therefore it is important to have a sound framework for the assessment and management of foreign currency external debt, given the inherent vulnerabilities and liquidity risks associated with cross-border financing. This limit includes FRB's exposure to branches, foreign currency assets and guarantees.

Philosophy on foreign currency external debt

A key determinant in an institution's ability to fund and refinance in currencies other than its domestic currency is the sovereign risk and associated external financing requirement. The framework for the management of external debt takes into account sources of sovereign risk and foreign currency funding capacity. In order to achieve this, the Group considers risks arising from unsustainable debt path, liquidity, exchange rate and macroeconomic crises.

To determine South Africa's foreign currency funding capacity, the Group considers the external debt of all South African entities (private and public sector, financial institutions) as all these entities utilise the South African system's capacity – confidence, export receipts.

Graphical representation of the foreign currency balance sheet



BASEL III UPDATE

During January 2013 the Basel Committee reaffirmed the liquidity coverage ratio as an essential component of the Basel III reforms. It endorsed a package of amendments to the formulation of the LCR.

A summary of the amendments are:

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

The Basel Committee on Banking Supervision (BCBS) amendments to Basel III are very positive for South Africa, as the country has a longer period to make the required structural adjustments and the Level 2 criteria now provide support for the improvement and further development of the local debt capital markets.

On 2 August 2013, the SARB released *Guidance Note 6 of 2013* detailing the provision for the committed liquidity facility (CLF) to banks to assist in meeting the LCR. The guidance note confirms that the maximum facility size will initially be set at 40% of high-quality liquid assets. Banks would, therefore, be required to meet the 60% requirement through adjustments to their balance sheets. It is envisaged that as capital markets develop and the liquid asset shortage is addressed the allowed CLF will be reduced by the SARB.

The facility remains broadly as defined in *Guidance Note 5 of 2012* and revises the acceptable collateral, however, the SARB with the *Guidance Note 6 of 2013* release has provided a detailed operational notice on the facility.

Eligible collateral for the facility includes but is not limited to:

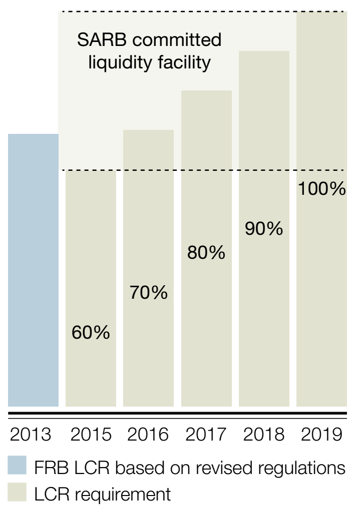
- listed debt securities (minimum A- national scale credit rating);
- listed equities on the main board of the JSE;
- notes of self-securitised eligible residential mortgages; and
- selection of on-balance sheet ring-fenced assets.

In order to include the CLF in bank's available liquidity resources, a considerable amount of work is first required to structure and prepare the assets of the bank appropriately to access such a facility. The collateral requirements include structuring features, eligibility criteria and haircuts designed to protect all counterparties. The CLF has provided more clarity on the nature of liquidity transactions under stress and is a step towards reducing systemic risk in the banking sector.

The timeline for the other liquidity measure introduced by the Basel III guidelines, namely the Net Stable Funding Ratio (NSFR), which measures the stability of long-term structural funding, is still to be finalised. Expectations are for an updated measure to be released by the Basel Committee in early 2014.

FirstRand is in the process of LCR implementation and expects to be able to comply with LCR requirements.

Implementation of LCR



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.

Total advances increased 14% during the year under review. These originated across all of the Group's portfolios.

NPLs have continued to trend down since the peak in June 2009. Retail defaults and retail NPLs as a percentage of advances continue to decline. NPLs for the unsecured portfolios have increased as expected, and NPLs in the corporate portfolios declined as a result of continued curing and workout.

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

		Year ended 30 June		
R million	Notes	**2013**	2012	% change
Total gross advances*†	1	**611 611**	535 704	14
NPLs†	2	**17 001**	18 666	(9)
NPLs as a % of advances		**2.78**	3.48	
Impairment charge – total†	3	**5 705**	5 471	4
– Business as usual		**5 475**	4 766	15
– Special impairment**		**230**	705	(67)
Impairment charge as a % of average advances		**0.99**	1.08	
– Business as usual		**0.95**	0.94	
– Special impairment		**0.04**	0.14	
Total impairments*†	4	**12 636**	11 197	13
– Portfolio impairments		**5 775**	4 892	18
– Specific impairments		**6 861**	6 305	9
Implied loss given default (coverage)***	4	**40.4**	33.8	
Total impairments coverage ratio#		**74.3**	60.0	
Performing book coverage ratio‡		**0.97**	0.95	

* *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. 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.*
† *Audited.*
‡ *Portfolio impairments as a percentage of the performing book.*

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 were reversed to reflect the advances and impairments as if accounted for on an accrual basis. The adjustments had the following impact:

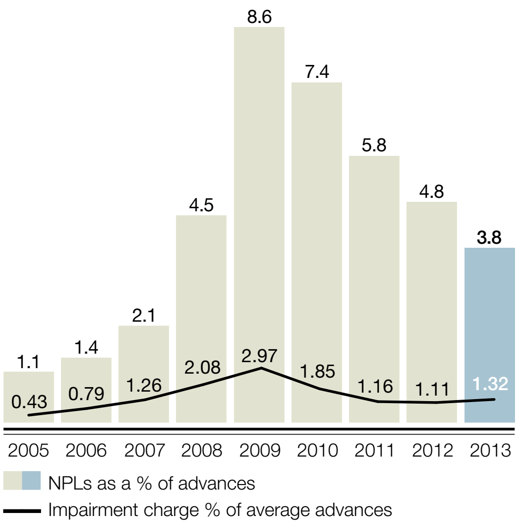
- advances were adjusted (upwards) by the balance sheet credit fair value adjustment of R3 250 million (June 2012: R2 357 million); and
- IFRS credit impairments in the income statement were adjusted to include the credit fair value adjustment impact of R893 million (June 2012: R406 million). Under IFRS, these would have been accounted for under non-interest revenue.

Retail credit portfolios

Impairments in the residential mortgages portfolio declined as a result of the strategy to improve the risk profile. Retail NPLs reduced, driven by the slower inflow into NPLs in FNB HomeLoans. NPLs increased, however, in the unsecured portfolio. This is in line with expectations and risk appetite and has been appropriately priced for.

The higher impairment charge in the retail secured portfolios was due to increased impairments in VAF.

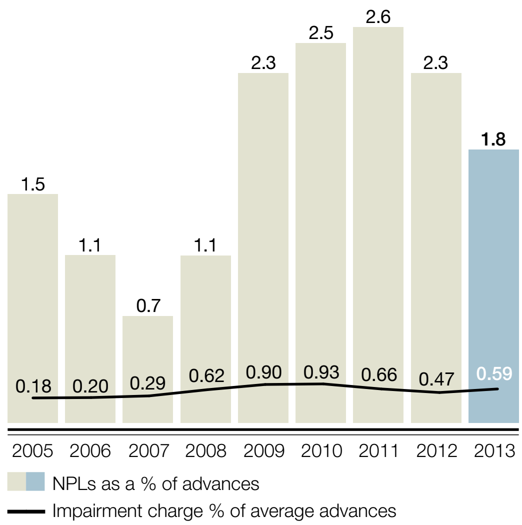
Retail NPLs and impairments



Corporate credit portfolios

NPLs in the corporate portfolio declined year-on-year. The increase in impairment charges was largely due to portfolio impairments.

Corporate NPLs and impairments



NOTE 1: ANALYSIS OF ADVANCES

The table below provides a segmental analysis of advances.

Segmental analysis of advances

R million	Advances – As at 30 June 2013	Advances – As at 30 June 2012	% change	2013 % composition
Retail	**303 686**	272 382	11	49
Retail – secured	**263 644**	239 718	10	43
Residential mortgages	**163 046**	157 851	3	27
Vehicle and asset finance	**100 598**	81 867	23	16
Retail – unsecured	**40 042**	32 664	23	6
Card	**13 001**	11 291	15	2
Personal loans	**20 132**	17 631	14	3
– FNB loans	**12 885**	11 730	10	2
– WesBank loans	**7 247**	5 901	23	1
Retail other	**6 909**	3 742	85	1
Corporate	**270 010**	232 824	16	44
FNB Commercial	**42 834**	35 960	19	7
WesBank Corporate	**34 210**	31 621	8	6
RMB Investment Banking	**187 865**	162 574	16	30
RMB Corporate Banking	**5 101**	2 669	91	1
FNB Africa	**32 720**	25 420	29	6
Corporate Centre	**5 195**	5 078	2	1
Total advances	**611 611**	535 704	14	100
Of which:				
Accrual book	**451 535**	393 542	15	74
Fair value book*	**160 076**	142 162	13	26

* *Including advances classified as available-for-sale.*

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

RMB Investment Banking core advances

R million	As at 30 June 2013	As at 30 June 2012	% change
RMB Investment Banking advances	**187 865**	162 574	16
Less: assets under agreements to resell	**(40 502)**	(38 482)	5
RMB Investment Banking core advances	**147 363**	124 092	19

Sector and geographic analysis of advances

R million	As at 30 June 2013	2012	% change
Gross advances	**613 477**	537 728	14
Less: interest in suspense	**(1 866)**	(2 024)	(8)
Advances net of interest in suspense	**611 611**	535 704	14
Sector analysis			
Agriculture	**20 848**	16 779	24
Banks	**7 178**	14 034	(49)
Financial services	**65 970**	59 681	11
Building and property development	**35 464**	30 429	17
Government, Land Bank and public authorities	**17 948**	16 203	11
Individuals	**318 295**	285 124	12
Manufacturing and commerce	**73 789**	56 452	31
Mining	**23 184**	16 370	42
Transport and communication	**15 626**	15 183	3
Other services	**33 309**	25 449	31
Total advances	**611 611**	535 704	14
Geographic analysis			
South Africa	**542 012**	480 174	13
Other Africa	**45 671**	31 433	45
UK	**15 949**	15 766	1
Other Europe	**3 398**	2 272	50
North America	**1 180**	285	>100
South America	**601**	106	>100
Australasia	**1 359**	1 816	(25)
Asia	**1 441**	3 852	(63)
Total advances	**611 611**	535 704	14

NOTE 2: ANALYSIS OF NPLS

Segmental analysis of NPLs

R million	NPLs				NPLs as a % of advances	
	As at 30 June		% change	2013 % composition	As at 30 June	
	2013	2012			**2013**	2012
Retail	**11 571**	12 947	(11)	68	**3.81**	4.75
Retail – secured	**9 423**	11 391	(17)	55	**3.57**	4.75
Residential mortgages	**6 911**	8 697	(21)	40	**4.24**	5.51
Vehicle and asset finance	**2 512**	2 694	(7)	15	**2.50**	3.29
Retail – unsecured	**2 148**	1 556	38	13	**5.36**	4.76
Card	**302**	271	11	2	**2.32**	2.40
Personal loans	**1 387**	1 023	36	8	**6.89**	5.80
– FNB loans	**943**	710	33	5	**7.32**	6.05
– WesBank loans	**444**	313	42	3	**6.13**	5.30
Retail other	**459**	262	75	3	**6.64**	7.00
Corporate	**4 753**	5 244	(9)	28	**1.76**	2.25
FNB Commercial	**1 429**	1 665	(14)	8	**3.34**	4.63
WesBank Corporate	**925**	1 134	(18)	5	**2.70**	3.59
RMB Investment Banking	**2 390**	2 436	(2)	15	**1.27**	1.50
RMB Corporate Banking	**9**	9	–	–	**0.18**	0.34
FNB Africa	**677**	475	43	4	**2.07**	1.87
Corporate Centre	**–**	–	–	–	**–**	–
Total NPLs	**17 001**	18 666	(9)	100	**2.78**	3.48
Of which:						
Accrual book	**14 711**	16 650	(12)	87	**3.26**	4.23
Fair value book	**2 290**	2 016	14	13	**1.43**	1.42

Sector and geographical analysis of NPLs

	NPLs			NPLs as a % of advances	
	As at 30 June			As at 30 June	
R million	**2013**	2012	% change	**2013**	2012
Sector analysis					
Agriculture	**617**	571	8	**2.96**	3.40
Financial services	**247**	371	(33)	**0.37**	0.62
Building and property development	**2 540**	2 342	8	**7.16**	7.70
Government, Land Bank and public authorities	**145**	40	>100	**0.81**	0.25
Individuals	**11 946**	13 089	(9)	**3.75**	4.59
Manufacturing and commerce	**741**	1 003	(26)	**1.00**	1.78
Mining	**125**	422	(70)	**0.54**	2.58
Transport and communication	**138**	246	(44)	**0.88**	1.62
Other services	**502**	582	(14)	**1.51**	2.29
Total NPLs	**17 001**	18 666	(9)	**2.78**	3.48
Geographic analysis					
South Africa	**15 791**	17 386	(9)	**2.91**	3.62
Other Africa	**678**	509	33	**1.48**	1.62
UK	**50**	68	(26)	**0.31**	0.43
North America	**54**	219	(75)	**4.58**	76.84
South America	**315**	290	9	**52.41**	>100
Australasia	**75**	194	(61)	**5.52**	10.68
Asia	**38**	–		**2.64**	–
Total NPLs	**17 001**	18 666	(9)	**2.78**	3.48

Security and recoverable amounts

R million	2013 NPLs	2013 Security held and expected recoveries	2013 Specific impairment*	2012 NPLs	2012 Security held and expected recoveries	2012 Specific impairment*
Retail	**11 571**	**7 568**	**4 003**	12 947	9 031	3 916
Retail – secured	**9 423**	**7 042**	**2 381**	11 391	8 715	2 676
Residential mortgages	**6 911**	**5 408**	**1 503**	8 697	6 969	1 728
Vehicle and asset finance	**2 512**	**1 634**	**878**	2 694	1 746	948
Retail – unsecured	**2 148**	**526**	**1 622**	1 556	316	1 240
Card	**302**	**85**	**217**	271	93	178
Personal loans	**1 387**	**353**	**1 034**	1 023	200	823
– FNB loans	**943**	**173**	**770**	710	124	586
– WesBank loans	**444**	**180**	**264**	313	76	237
Retail other	**459**	**88**	**371**	262	23	239
Corporate	**4 753**	**2 160**	**2 593**	5 244	3 083	2 161
FNB Commercial	**1 429**	**647**	**782**	1 665	879	786
WesBank Corporate	**925**	**417**	**508**	1 134	633	501
RMB Investment Banking	**2 390**	**1 096**	**1 294**	2 436	1 571	865
RMB Corporate Banking	**9**	**–**	**9**	9	–	9
FNB Africa	**677**	**412**	**265**	475	247	228
Corporate Centre	**–**	**–**	**–**	–	–	–
Total	**17 001**	**10 140**	**6 861**	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 decreased from 108 bps at June 2012 to 99 bps at June 2013. Without the impact of the specific impairment related to the merchant acquiring event, overall credit impairments increased slightly from 94 bps to 95 bps.

Income statement impairments

	Total impairment charge			As a % of average advances	
	As at 30 June			As at 30 June	
R million	**2013**	2012	% change	**2013**	2012
Retail	**3 803**	2 884	32	**1.32**	1.11
Retail – secured	**1 550**	1 337	16	**0.62**	0.58
Residential mortgages	**507**	878	(42)	**0.32**	0.56
Vehicle and asset finance	**1 043**	459	>100	**1.14**	0.62
Retail – unsecured	**2 253**	1 547	46	**6.20**	5.37
Card	**23**	27	(15)	**0.19**	0.24
Personal loans	**1 832**	1 275	44	**9.70**	8.57
– FNB loans	**1 402**	1 011	39	**11.39**	10.73
– WesBank loans	**430**	264	63	**6.54**	4.84
Retail other	**398**	245	62	**7.47**	8.47
Corporate	**1 482**	1 012	46	**0.59**	0.47
FNB Commercial	**318**	167	90	**0.81**	0.50
WesBank Corporate	**159**	377	(58)	**0.48**	1.20
RMB Investment Banking	**976**	495	97	**0.56**	0.34
RMB Corporate Banking	**29**	(27)	(>100)	**0.75**	(1.03)
FNB Africa	**190**	121	57	**0.65**	0.50
Corporate Centre central portfolio impairments*	**–**	749	n/a	**–**	0.15
Business as usual impairment charge*	**5 475**	4 766	15	**0.95**	0.94
Special impairment*	**230**	705	(67)	**0.04**	0.14
Total impairment charge	**5 705**	5 471	4	**0.99**	1.08
Of which:					
Portfolio impairment charge	**1 234**	1 392	(11)	**0.21**	0.28
Specific impairment charge	**4 471**	4 079	10	**0.78**	0.80

* *Percentages calculated on total average advances.*

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 increased to 40.4% (June 2012: 33.8%).

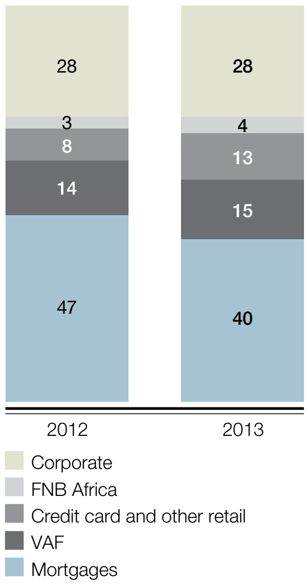
Implied loss given default and total impairment coverage ratios

	Balance sheet impairments			Coverage ratios (% of NPLs)	
	As at 30 June			As at 30 June	
R million	**2013**	2012	% change	**2013**	2012
Specific impairments*					
Retail	**4 003**	3 916	2	**34.6**	30.2
Retail – secured	**2 381**	2 676	(11)	**25.3**	23.5
Residential mortgages	**1 503**	1 728	(13)	**21.7**	19.9
Vehicle and asset finance	**878**	948	(7)	**35.0**	35.2
Retail – unsecured	**1 622**	1 240	31	**75.5**	79.7
Card	**217**	178	22	**71.9**	65.7
Personal loans	**1 034**	823	26	**74.5**	80.4
– FNB loans	**770**	586	31	**81.7**	82.5
– WesBank loans	**264**	237	11	**59.5**	75.7
Retail other	**371**	239	55	**80.8**	91.2
Corporate	**2 593**	2 161	20	**54.6**	41.2
FNB Commercial	**782**	786	(1)	**54.7**	47.2
WesBank Corporate	**508**	501	1	**54.9**	44.2
RMB Investment Banking	**1 294**	865	50	**54.1**	35.5
RMB Corporate Banking	**9**	9	–	**100.0**	100.0
FNB Africa	**265**	228	16	**39.1**	48.0
Total specific impairments/implied loss given default**	**6 861**	6 305	9	**40.4**	33.8
Portfolio impairments#	**5 775**	4 892	18	**34.0**	26.2
Total impairments/total impairment coverage ratio†	**12 636**	11 197	13	**74.3**	60.0

* *Specific impairments including credit fair value adjustments relating to the non-performing fair value advances.*
** *Amortised cost specific impairments and credit fair value adjustments as a percentage of NPLs.*
# *Amortised cost portfolio impairments and credit fair value adjustments relating to the performing book as a percentage of NPLs.*
† *Total 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 June 2012.

NPLs distribution (%)



RECONCILIATION OF IMPAIRMENTS

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

Balance sheet impairments and credit fair value adjustments

	As at 30 June					
	Amortised cost book		Fair value book		Total book	
R million	**2013**	2012	**2013**	2012	**2013**	2012
Non-performing book	**5 667**	5 522	**1 194**	783	**6 861**	6 305
Performing book	**3 719**	3 318	**2 056**	1 574	**5 775**	4 892
Total impairments	**9 386**	8 840	**3 250**	2 357	**12 636**	11 197

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

Balance sheet specific impairments – amortised cost

	As at 30 June		
R million	**2013**	2012	% change
Opening balance	**5 522**	5 812	(5)
Reclassifications and transfers	**158**	(31)	(>100)
Acquisitions	**–**	35	(100)
Exchange rate difference	**30**	12	>100
Unwinding and discounted present value on NPLs	**(168)**	(131)	28
Bad debts written off	**(5 276)**	(5 454)	(3)
Net new impairments created	**5 401**	5 279	2
Closing balance	**5 667**	5 522	3

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

Income statement impairments

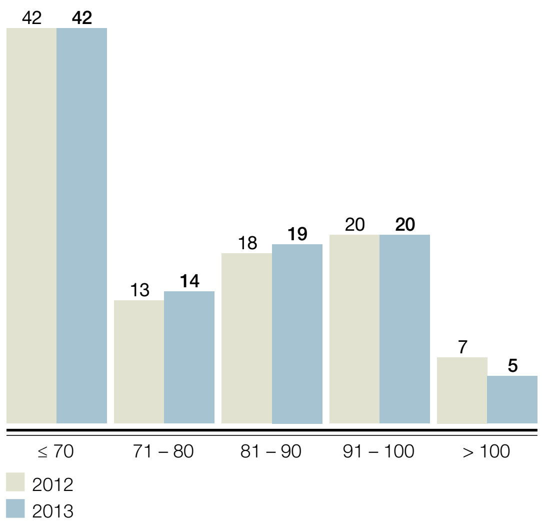
	Year ended 30 June		
R million	**2013**	2012	% change
Specific impairment charge	**5 401**	5 279	2
Recoveries of bad debts written off	**(1 137)**	(1 279)	(11)
Net specific impairment charge (amortised cost)	**4 264**	4 000	7
Portfolio impairment charge (amortised cost)	**548**	1 065	(49)
Credit fair value adjustments	**893**	406	>100
– Non-performing book	**207**	79	>100
– Performing book	**686**	327	>100
Total impairments	**5 705**	5 471	4

RISK ANALYSES

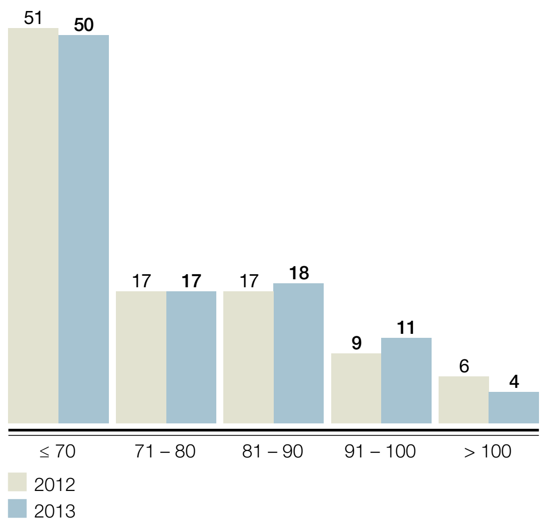
This section provides further information on selected risk analyses of the credit portfolios.

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

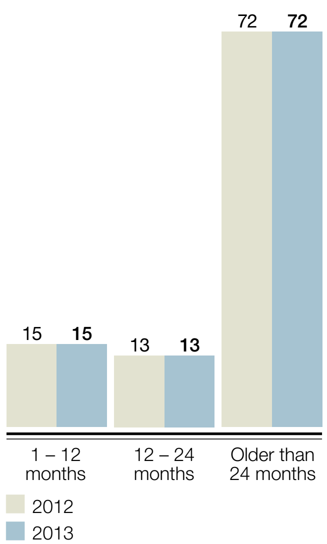
Residential mortgages balance-to-original value (%)



Residential mortgages balance-to-market value (%)



Residential mortgages age distribution (%)



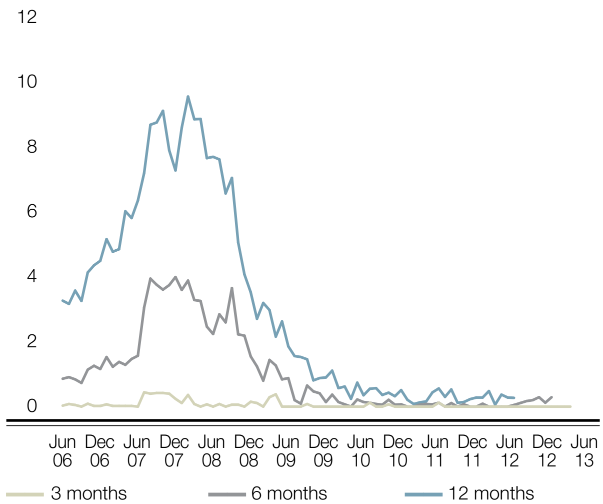
The following graph shows the arrears in the FNB HomeLoans portfolio. It includes arrears where more than one full payment is in arrears expressed as a percentage of the total advances balance.

FNB HomeLoans arrears (%)

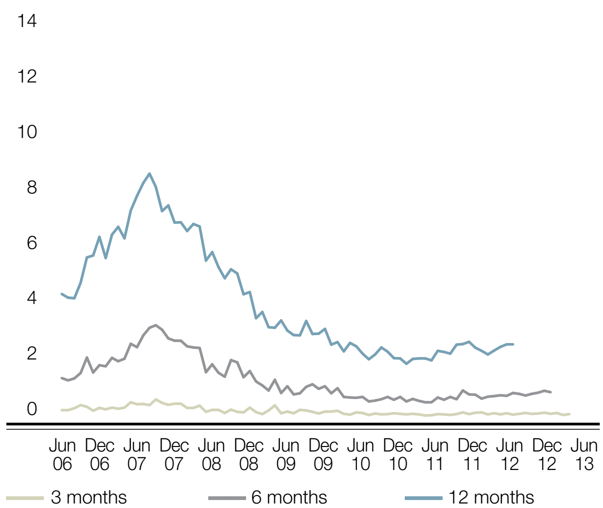
The following graphs provide the vintage analysis for FNB HomeLoans and WesBank retail. Vintage graphs provide the default experience three, six and twelve months after each origination date. It indicates the impact of origination strategies and the macroeconomic environment.

For FNB HomeLoans, 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. The more recent decreases in default experience reflect adjusted credit origination strategies, which resulted in an improved risk profile.

FNB HomeLoans vintage analysis (%)

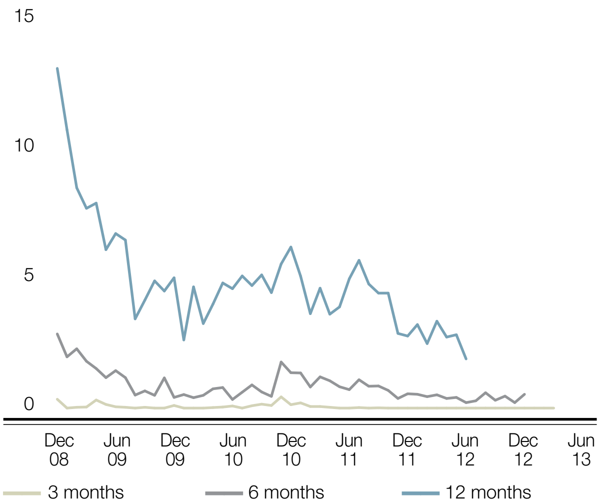


WesBank retail vintage analysis (%)



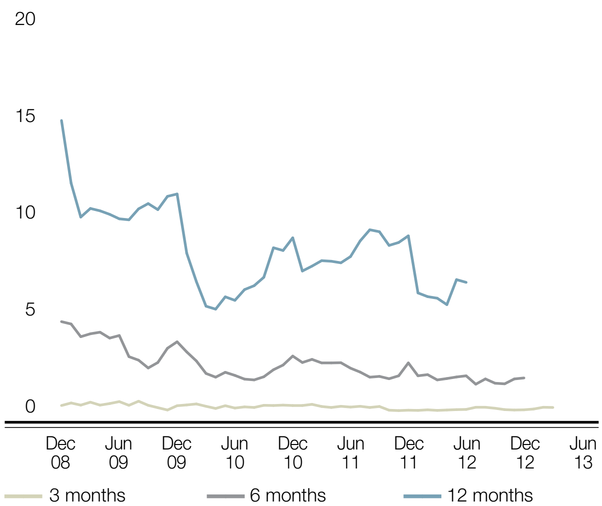
The WesBank retail six and twelve month cumulative vintage analysis continues to show a noticeable improvement in quality of business written since mid-2007. This is due to improved customer profiles and enhanced collection strategies.

FNB Card vintage analysis (%)



As can be seen from the chart above, the level of inflows into NPLs continues to decrease.

Unsecured (excluding FNB Card) vintage analysis (%)



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

The trend in the twelve month vintage analysis graph has moderated as expected, given a more conservative credit origination strategy during the year under review compared to the previous year.

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

The Group's repossessed retail properties are shown below.

Retail properties in possession

	2013	2012	% change
Number of properties	**300**	609	(51)
Value (R million)	**16**	103	(84)

Segmental advances, NPLs and impairment analysis

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

	Year ended 30 June 2013					Year ended 30 June 2012				
R million/%	**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
FNB	**271 395**	**10 721**	**3.95**	**2 838**	**1.10**	245 994	12 080	4.91	2 449	1.03
Retail	**195 841**	**8 615**	**4.40**	**2 330**	**1.22**	184 614	9 940	5.38	2 161	1.20
– Residential mortgages	**163 046**	**6 911**	**4.24**	**507**	**0.32**	157 851	8 697	5.51	878	0.56
– Card	**13 001**	**302**	**2.32**	**23**	**0.19**	11 291	271	2.40	27	0.24
– Personal loans	**12 885**	**943**	**7.32**	**1 402**	**11.39**	11 730	710	6.05	1 011	10.73
– Retail other	**6 909**	**459**	**6.64**	**398**	**7.47**	3 742	262	7.00	245	8.47
Commercial	**42 834**	**1 429**	**3.34**	**318**	**0.81**	35 960	1 665	4.63	167	0.50
Africa	**32 720**	**677**	**2.07**	**190**	**0.65**	25 420	475	1.87	121	0.50
WesBank	**142 055**	**3 881**	**2.73**	**1 632**	**1.25**	119 389	4 141	3.47	1 100	0.99
Asset-backed finance	**134 808**	**3 437**	**2.55**	**1 202**	**0.97**	113 488	3 828	3.37	836	0.79
– Retail	**87 342**	**2 462**	**2.82**	**946**	**1.18**	72 601	2 621	3.61	362	0.55
– Corporate	**34 210**	**925**	**2.70**	**159**	**0.48**	31 621	1 134	3.59	377	1.20
– International	**13 256**	**50**	**0.38**	**97**	**0.86**	9 266	73	0.79	97	1.26
Loans	**7 247**	**444**	**6.13**	**430**	**6.54**	5 901	313	5.30	264	4.84
RMB	**192 966**	**2 399**	**1.24**	**1 005**	**0.56**	165 243	2 445	1.48	468	0.31
Investment banking	**187 865**	**2 390**	**1.27**	**976**	**0.56**	162 574	2 436	1.50	495	0.34
Corporate banking	**5 101**	**9**	**0.18**	**29**	**0.75**	2 669	9	0.34	(27)	(1.03)
Corporate Centre	**5 195**	**–**	**–**	**–**	**–**	5 078	–	–	749	0.15
Subtotal	**611 611**	**17 001**	**2.78**	**5 475**	**0.95**	535 704	18 666	3.48	4 766	0.94
Special impairment*	**–**	**–**	**–**	**230**	**0.04**	–	–	–	705	0.14
Total	**611 611**	**17 001**	**2.78**	**5 705**	**0.99**	535 704	18 666	3.48	5 471	1.08

* *Impairments relate to FNB (2013: R215 million; 2012: R405 million) and RMB Corporate Banking (2013: R15 million; 2012: R300 million).*

Supplementary information

HEADLINE EARNINGS ADDITIONAL DISCLOSURE

Set out below is additional information pertaining to *Section 1 of Circular 02/2013 – Sector-Specific Rules for 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

	Year ended 30 June		
R million	**2013**	2012	% change
Aggregate cost of portfolio	**4 018**	4 248	(5)
Aggregate carrying value	**5 514**	5 959	(7)
Aggregate fair value*	**7 399**	7 489	(1)
Equity-accounted income**	**525**	866	(39)
Profit on realisation#	**402**	82	>100
Aggregate other income earned†	**179**	122	47

* *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

	Year ended 30 June		
R million	**2013**	2012	% change
Carrying value of investment properties	**459**	215	>100
Fair value of investment properties	**459**	215	>100
Capital appreciation after tax	**7**	12	(42)

CONTINGENCIES AND COMMITMENTS

	As at 30 June		
R million	**2013**	2012	% change
Contingencies			
Guarantees	**30 137**	22 741	33
Acceptances	**270**	293	(8)
Letters of credit	**8 925**	7 886	13
Total contingencies	**39 332**	30 920	27
Capital commitments			
Contracted capital commitments	**1 585**	1 474	8
Capital expenditure authorised not yet contracted	**1 902**	2 237	(15)
Total capital commitments	**3 487**	3 711	(6)
Other commitments			
Irrevocable commitments	**78 783**	69 348	14
Operating lease and other commitments	**3 113**	3 666	(15)
Total other commitments	**81 896**	73 014	12
Total contingencies and commitments	**124 715**	107 645	16

NUMBER OF ORDINARY SHARES IN ISSUE

	Year ended 30 June	
	2013	2012
Shares in issue		
Opening balance as at 1 July	**5 637 941 689**	5 637 941 689
Less: treasury shares	**(171 915 613)**	(175 283 030)
– Staff schemes	**–**	(2 590 187)
– BEE staff trusts	**(171 401 072)**	(171 401 072)
– Shares held by policyholders*	**(514 541)**	(1 291 771)
Number of shares in issue (after treasury shares)	**5 466 026 076**	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
Less: treasury shares	**(176 459 999)**	(177 575 407)
– Staff schemes	**(446 141)**	(4 867 033)
– BEE staff trusts	**(171 401 072)**	(171 401 072)
– Policyholder and mutual funds deemed treasury shares	**(4 612 786)**	(1 307 302)
Weighted average number of shares in issue	**5 461 481 690**	5 460 366 282
Dilution impact:		
Staff schemes	**25 846 994**	84 347 709
BEE staff trusts	**42 483 153**	27 757 143
Diluted weighted average number of shares in issue	**5 529 811 837**	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

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

KEY MARKET INDICATORS AND SHARE STATISTICS

	Year ended 30 June		
	2013	2012	% change
Market indicators			
USD/ZAR exchange rate			
– Closing	**10.01**	8.19	22
– Average	**8.84**	7.78	14
SA prime overdraft (%)	**8.50**	9.00	
SA average prime overdraft (%)	**8.52**	9.00	
SA average CPI (%)	**5.53**	5.85	
JSE All Share Index	**39 578**	33 708	17
JSE Banks Index	**49 961**	47 824	4
Share statistics			
Share price			
– High for the period (cents)	**3 359**	2 819	19
– Low for the period (cents)	**2 515**	2 074	21
– Closing (cents)	**2 893**	2 639	10
Shares traded			
– Number of shares (millions)	**3 398**	1 723	97
– Value of shares (R million)	**99 406**	42 242	>100
– Turnover in shares traded (%)	**62.22**	31.56	

SHARE PRICE PERFORMANCE

	Year ended 30 June		
	2013	2012	% change
FirstRand average share price (cents)	**2 957**	2 203	34
JSE Bank Index (average)	**50 655**	43 137	17
JSE All Share Index (average)	**38 194**	32 474	18

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

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Sunninghill
Sandton 2196

NAMIBIAN SPONSOR

Simonis Storm Securities (Pty) Ltd
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Klein Windhoek
Namibia

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Fax: +27 11 688 5248

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Fax: +264 612 48531

LISTED FINANCIAL INSTRUMENTS OF THE GROUP AND ITS SUBSIDIARIES

LISTED EQUITY INSTRUMENTS

JSE Limited (JSE)

Ordinary shares

Issuer	Share code	ISIN code
FirstRand Limited	FSR	ZAE000066304

Non-cumulative non-redeemable B preference shares

Issuer	Share code	ISIN code
FirstRand Limited	FSRP	ZAE000060141

Namibian Stock Exchange (NSX)

Ordinary shares

Issuer	Share code	ISIN code
FirstRand Limited	FST	ZAE000066304
FNB Namibia Holdings Limited	FNB	NA0003475176

Botswana Stock Exchange (BSE)

Ordinary shares

Issuer	Share code	ISIN code
First National Bank of Botswana Limited	FNBB	BW0000000066

LISTED DEBT INSTRUMENTS

JSE

	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
	FirstRand Bank Limited	FRJ16	ZAG000073826
	FirstRand Bank Limited	FRJ17	ZAG000094343

	Issuer	Bond code	ISIN code
Senior unsecured	FirstRand Bank Limited	FRJ18	ZAG000084187
	FirstRand Bank Limited	FRJ19	ZAG000104563
	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	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	FRS84	ZAG000104514
	FirstRand Bank Limited	FRS85	ZAG000104985
	FirstRand Bank Limited	FRS86	ZAG000105008
	FirstRand Bank Limited	FRS87	ZAG000105420
	FirstRand Bank Limited	FRS88	ZAG000106154
	FirstRand Bank Limited	FRS89	ZAG000106337
	FirstRand Bank Limited	FRS90	ZAG000106410
	FirstRand Bank Limited	FRS91	ZAG000106477
	FirstRand Bank Limited	FRS92	ZAG000106709
	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	FRX23	ZAG000104969
	FirstRand Bank Limited	FRX24	ZAG000073693
	FirstRand Bank Limited	FRX31	ZAG000084195
	FirstRand Bank Limited	FRX45	ZAG000076480

LISTED DEBT INSTRUMENTS

JSE *continued*

	Issuer	Bond code	ISIN code
Inflation-linked bonds	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	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	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	FRC94A	ZAG000106725
	FirstRand Bank Limited	FRC95	ZAG000092792
	FirstRand Bank Limited	FRC96A	ZAG000106733
	FirstRand Bank Limited	FRC97	ZAG000093212
	FirstRand Bank Limited	FRC98	ZAG000093220
	FirstRand Bank Limited	FRC99	ZAG000093501
	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

	Issuer	Bond code	ISIN code
Credit-linked notes	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	FRC144	ZAG000097569
	FirstRand Bank Limited	FRC145	ZAG000097627
	FirstRand Bank Limited	FRC146	ZAG000099425
	FirstRand Bank Limited	FRC147	ZAG000099433
	FirstRand Bank Limited	FRC148	ZAG000099466
	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

	Issuer	Bond code	ISIN code
Credit-linked notes	FirstRand Bank Limited	FRC161	ZAG000102260
	FirstRand Bank Limited	FRC162	ZAG000102286
	FirstRand Bank Limited	FRC163	ZAG000102898
	FirstRand Bank Limited	FRC164	ZAG000103110
	FirstRand Bank Limited	FRC165	ZAG000103128
	FirstRand Bank Limited	FRC166	ZAG000103573
	FirstRand Bank Limited	FRC167	ZAG000104019
	FirstRand Bank Limited	FRC168	ZAG000104753
	FirstRand Bank Limited	FRC169	ZAG000104852
	FirstRand Bank Limited	FRC170	ZAG000105586
	FirstRand Bank Limited	FRC171	ZAG000105719
	FirstRand Bank Limited	FRC172	ZAG000105818
	FirstRand Bank Limited	FRC173	ZAG000105826
	FirstRand Bank Limited	FRC174	ZAG000105891
	FirstRand Bank Limited	FRC175	ZAG000106527
Senior unsecured callable bonds	FirstRand Bank Limited	FR002U	ZAG000042748
	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

NSX

	Issuer	Bond code	ISIN code
Subordinated debt	First National Bank of Namibia Limited	FNBJ22	NA000A1G3AF2
	First National Bank of Namibia Limited	FNBX22	NA000A1G3AG0

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

FIRSTRAND

Listed holding company (FirstRand Limited, JSE: FSR)

100% FIRSTRAND BANK LIMITED

Banking

100%	First National Bank[1]
100%	Rand Merchant Bank[1]
100%	WesBank[1]
100%	FirstRand Bank India[2]
100%	FirstRand Bank London[2,#]
100%	FirstRand Bank Kenya[3]
100%	FirstRand Bank Angola[3]
100%	FirstRand Bank Dubai[3]
100%	FirstRand Bank Shanghai[3]

100% FIRSTRAND EMA HOLDINGS LIMITED

Africa and emerging markets

59%	FNB Namibia
70%	FNB Botswana
100%	FNB Swaziland
90%	FNB Mozambique
100%	FNB Zambia
100%	FNB Lesotho
100%	FNB Tanzania
100%	RMB Nigeria
100%	FirstRand International – Mauritius

100% FIRSTRAND INVESTMENT HOLDINGS (PTY) LTD (FRIHL)

Other activities**

96%	RMB Private Equity Holdings
93%	RMB Private Equity
100%	RMB Securities
50%	RMB Morgan Stanley
100%	Rentworks
65%	Direct Axis
100%	FirstRand International – Guernsey (includes RMB Australia Holdings)

100% ASHBURTON INVESTMENTS HOLDINGS LIMITED

Investment management

100%	Ashburton Fund Managers (Pty) Ltd
100%	Ashburton Investor Services (Pty) Ltd
100%	Ashburton Management Company (Pty) Ltd
100%	FNB International Wealth Management Holdings Ltd
100%	RMB CIS Management Company (Pty) Ltd

Structure shows effective consolidated shareholding.

1. Division
2. Branch
3. Representative office

\# MotoNovo Finance is a business segment of FirstRand Bank Limited (London Branch).

** For segmental analysis purposes, entities included in FRIHL are reported as part of results of the managing franchise. The Group's securitisations and conduits are in FRIHL.

CREDIT RATINGS

FIRSTRAND BANK LIMITED

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 9 September 2013

	FirstRand Bank Limited	Sovereign rating South Africa
Foreign currency counterparty credit ratings		
Long-term	**BBB**	BBB
Outlook	**Negative**	Negative
Short-term	**A-2**	A-2
Local currency counterparty credit ratings		
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 9 September 2013

	FirstRand Bank Limited	Sovereign rating South Africa
FRB foreign currency deposit ratings and sovereign foreign currency bond ratings		
Long-term	**Baa1**	Baa1
Outlook	**Negative**	Negative
Short-term	**P-2**	
FRB local currency deposit ratings and sovereign local currency bond ratings		
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.
- On 27 April 2013, Moody's affirmed the Bank's ratings.

Credit ratings assigned by Fitch Ratings (Fitch) as at 9 September 2013

	FirstRand Bank Limited	Sovereign rating South Africa
Foreign currency issuer default ratings (IDR)		
Long-term	**BBB**	BBB
Outlook	**Stable**	Stable
Short-term	**F3**	F3
Local currency IDR		
Long-term	**BBB**	BBB+
Outlook	**Stable**	Stable
National ratings		
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 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.
- On 1 August 2013, Fitch affirmed the Bank's ratings.

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 S&P as at 9 September 2013

	FirstRand Limited
Foreign currency counterparty credit ratings	
Long-term	**BBB-**
Outlook	**Negative**
Short-term	**A-3**
Local currency counterparty credit ratings	
Long-term	**BBB-**
Outlook	**Negative**
Short-term	**A-3**
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

Additional Tier 1 (AT1) capital	NCNR preference share capital plus qualifying capital instruments issued out of fully consolidated subsidiaries to third parties less specified regulatory deductions.
CAGR	Compound annual growth rate.
Capital adequacy ratio (CAR)	Total qualifying capital and reserves divided by RWA.
Common Equity Tier 1 (CET1) capital	Share capital and premium plus accumulated comprehensive income and reserves plus qualifying capital instruments issued out of fully consolidated subsidiaries to third parties less specified regulatory deductions.
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 year).
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 profit before 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 30 June divided by basic normalised earnings per share.
Price-to-book (times)	Closing share price on 30 June 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 risk 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.
Tier 1 capital	Common Equity Tier 1 capital plus Additional Tier 1 capital.
Tier 2 capital	Qualifying subordinated debt instruments plus qualifying capital instruments issued out of fully consolidated subsidiaries to third parties plus general provisions for entities on the standardised approach less specified regulatory deductions.
Total qualifying capital and reserves	Tier 1 capital plus Tier 2 capital.
Weighted average number of ordinary shares	Weighted average number of ordinary shares in issue during the year as listed on the JSE.

STUDIO⑤

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