analysis of financial results

FOR THE YEAR ENDED
30 JUNE 2012

FIRSTRAND

Contents

FIRSTRAND

1966/010753/06 Share code: FSR ISIN: ZAE0000066304

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

This analysis is available on our 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) from continuing and discontinued operations based on International Financial Reporting Standards (IFRS) for the year ended 30 June 2012, as well as the continuing normalised operations of the Group.

The Group consists of a portfolio of leading financial services franchises; these are First National Bank (FNB), the retail and commercial bank, Rand Merchant Bank (RMB), the investment bank, and WesBank, the instalment finance business.

The primary results and accompanying commentary are presented on a continuing normalised basis as the Group believes this most accurately reflects its economic performance. The continuing normalised operations specifically exclude the profit on unbundling of Momentum, the earnings contribution of Momentum, the profit on disposal of OUTsurance, as well as the earnings contribution of OUTsurance for the comparative periods. The normalised earnings have been derived from the audited IFRS financial results.

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

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

The annual integrated report for FirstRand Limited, which is summarised by this report, will be published on the Group's website, www.firstrand.co.za, on or about 1 November 2012.

	Year ended 30 June		
	2012	2011	% change
Normalised earnings (R million)	**12 730**	10 117	26
Diluted normalised earnings per share (cents)	**225.8**	179.4	26
Normalised net asset value per share (cents)	**1 142.4**	1 044.0	9
Dividend per ordinary share (cents)	**102.0**	81.0	26
Normalised return on equity (%)	**20.7**	18.7	

Key financial results, ratios and statistics

R million	Year ended 30 June 2012	2011	% change
Continuing normalised			
Attributable earnings to ordinary equityholders	**12 586**	9 889	27
Headline earnings	**12 642**	9 258	37
Normalised earnings	**12 730**	10 117	26
Normalised net asset value	**64 409**	58 858	9
Normalised net asset value per share (cents)	**1 142.4**	1 044.0	9
Average normalised net asset value	**61 634**	54 120	14
Normalised earnings per share (cents)			
– Basic	**225.8**	179.4	26
– Diluted	**225.8**	179.4	26
Normalised return on equity (%)	**20.7**	18.7	
Ordinary dividend per share (cents)	**102.0**	81.0	26
Dividend cover	**2.2**	2.2	
Special dividend per share (cents)	**–**	70.0	(100)
From continuing and discontinued operations			
Attributable earnings to ordinary equityholders	**13 196**	20 065	(34)
Headline earnings	**12 642**	9 856	28
Normalised earnings	**12 730**	10 805	18
Normalised net asset value	**64 409**	58 858	9
Normalised net asset value per share (cents)	**1 142.4**	1 044.0	9
Average normalised net asset value	**61 634**	58 183	6
Normalised earnings per share (cents)			
– Basic	**225.8**	191.6	18
– Diluted	**225.8**	191.6	18
Normalised return on equity (%)	**20.7**	18.6	
Ordinary dividend per share (cents)	**102.0**	81.0	26
Dividend cover based on normalised earnings	**2.2**	2.4	
Special dividend per share (cents)	**–**	70.0	(100)
Non-cumulative non-redeemable (NCNR) preference dividend per share – declared (cents)			
– B Class (75.56% of FNB prime lending rate – previously 68%)	**638.3**	668.5	(5)
Capital adequacy			
FirstRand			
– Capital adequacy ratio (%)	**14.7**	16.5	
– Tier 1 ratio (%)	**13.2**	15.0	
Market performance			
Market capitalisation	**148 785**	111 913	33
Price earnings ratio* (times)	**11.7**	11.1	
Price-to-book ratio (times)	**2.3**	1.9	
Share price (closing)	**26.39**	19.85	33

* *Based on normalised earnings.*

Statement of headline earnings from continuing and discontinued operations – IFRS

for the year ended 30 June

R million	**2012**	2011	% change
Continuing operations			
Profit from continuing operations (refer page 16)	**14 369**	14 244	1
Non-controlling interests	**(898)**	(1 164)	(23)
NCNR preference shares	**(275)**	(301)	(9)
Earnings attributable to ordinary equityholders	**13 196**	12 779	3
Adjusted for:	**(554)**	(3 341)	(83)
Loss/(gain) on disposal of investment securities and other investments of a capital nature	**20**	(12)	
Gain on disposal of available-for-sale assets	**(154)**	(341)	
Gain on disposal of associates	**(473)**	(2 792)	
Gain on disposal of subsidiaries	**(266)**	(571)	
Loss/(gain) on the disposal of property and equipment	**49**	(9)	
Fair value of investment properties	**(12)**	–	
Impairment of goodwill	**115**	96	
Impairment of assets in terms of IAS 36	**7**	37	
Gain from a bargain purchase	**–**	(9)	
Other	**41**	–	
Tax effects of adjustments	**43**	16	
Non-controlling interest adjustments	**76**	244	
Headline earnings from continuing operations	**12 642**	9 438	34
Discontinued operations			
Profit from discontinued operations	**–**	7 283	(100)
Non-controlling interests	**–**	3	(100)
Earnings attributable to ordinary equityholders	**–**	7 286	(100)
Adjusted for:	**–**	(6 868)	(100)
Profit on dividend in *specie*	**–**	(6 868)	
Headline earnings from discontinued operations	**–**	418	(100)
Headline earnings from continuing and discontinued operations	**12 642**	9 856	28

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

for the year ended 30 June

R million	2012	2011*	% change
Headline earnings from IFRS continuing operations	**12 642**	9 438	34
Adjusted for:	**88**	859	(90)
IFRS 2 Share-based payment expense	**77**	(20)	(>100)
Treasury shares	**251**	418	(40)
– Consolidation of share trust	**242**	210	
– FirstRand shares held by policyholders	**9**	208	
Total return swap (TRS) adjustment	**(240)**	–	
Private equity subsidiary realisations	**–**	461	(100)
Normalised earnings from IFRS continuing operations	**12 730**	10 297	24
Headline earnings from discontinued operations	**–**	418	(100)
Adjusted for:	**–**	90	(100)
– FirstRand shares held by policyholders	**–**	90	
Normalised earnings from IFRS continuing and discontinued operations	**12 730**	10 805	18

* *June 2011 figures include six months of OUTsurance income amounting to R180 million in earnings from continuing operations, which are excluded from normalised earnings – refer below for reconciliation.*

Reconciliation of IFRS continuing operations to continuing normalised operations

for the year ended 30 June

R million	2012	2011	% change
Earnings attributable to ordinary equityholders from IFRS continuing operations (refer page 3)	**13 196**	12 779	3
OUTsurance equity-accounted income for the period	**–**	(180)	(100)
Profit on sale of OUTsurance	**–**	(2 710)	(100)
Profit on disposal of investments*	**(610)**	–	–
Attributable earnings from continuing normalised operations (refer page 27)	**12 586**	9 889	27
Headline earnings from IFRS continuing operations (per above)	**12 642**	9 438	34
OUTsurance equity-accounted income	**–**	(180)	(100)
Headline earnings from continuing normalised operations	**12 642**	9 258	37
Normalised earnings from IFRS continuing operations (per above)	**12 730**	10 297	24
OUTsurance equity-accounted income	**–**	(180)	(100)
Normalised earnings from continuing normalised operations	**12 730**	10 117	26

* *This includes the disposal of MMI Namibia, Tracker and Ronald Sewells.*

Overview of results

INTRODUCTION

The legacy of the 2008 financial crisis remains one of significant macroeconomic uncertainty. During the current financial year the global policy makers were faced with a number of crises, including the European sovereign debt and banking sector crisis which, at times, threatened to break up the euro zone. Faced with its own fiscal challenges, the US sovereign rating was downgraded, preceded by heightened volatility in financial markets over the possibility that the US government might default on some of its debt obligations.

This uncertainty combined with high levels of government indebtedness, ongoing stress in the European banking system and households continuing to rebuild balance sheets weighed on economic activity in the major developed economies. This weakness spilled over into the major emerging economies and growth in countries such as China, India and Brazil slowed markedly during the latter part of the financial year.

The South African economy was not immune to the global developments and, although growth picked up in the latter part of 2011, it moderated again at the start of 2012. Slowing export growth and falling business confidence reflected muted global economic activity and supply-side constraints, such as labour action in the mining sector and limited electricity supply, also weighed on macroeconomic performance. This contributed to subdued private sector investment spending.

Consumer demand remained quite resilient throughout the financial year with household spending on durable goods particularly strong. This demand was underpinned by growth in real disposable income and a gradual increase in the uptake of credit by households, particularly unsecured credit. Continued low interest rates provided further support.

The fact that the sub-Saharan Africa region is less exposed to the global financial sector provided some buffer against the negative global economic developments. The region showed strong growth of 5.2% in 2011 and the trend continued in the first half of 2012, largely supported by high commodity prices, new resource exploration, increased export diversification and improved domestic macroeconomic conditions.

OVERVIEW OF RESULTS

Despite these ongoing challenges FirstRand produced excellent results for the 12 months to 30 June 2012, achieving normalised earnings from continuing operations of R12 730 million, an increase of 26% on the previous period and producing a normalised return on equity (ROE) of 20.7% (2011: 18.7%). This reflects the strength and resilience of the Group's operating franchises which have demonstrated outperformance in many segments of the market.

The most significant driver of earnings was the very strong operational performances from FNB and WesBank, both of which showed excellent topline growth. In the case of FNB this was the result of specific strategies to acquire customers, grow loans and deposits, and drive transactional volumes across all of its platforms, particularly electronic. WesBank delivered excellent new business growth.

The RMB franchise performed well especially given the tough trading environment for corporate and investment banking and the high base created in recent years, particularly the significant private equity realisations in the comparative period to June 2011.

Overview of results continued

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

Sources of normalised earnings

for the year ended 30 June

R million	2012	% composition	2011	% composition	% change
Total FNB	**6 673**	**53**	5 327	53	25
– FNB South Africa	**6 157**	**49**	4 787	47	29
– FNB Africa	**516**	**4**	540	6	(4)
RMB and GTS	**3 646**	**29**	3 842	38	(5)
WesBank	**2 599**	**20**	1 862	18	40
Corporate Centre and consolidation adjustments	**(702)**	**(6)**	(711)	(7)	(1)
FirstRand Limited (company)*	**789**	**6**	98	1	>100
NCNR preference dividend	**(275)**	**(2)**	(301)	(3)	(9)
Normalised earnings from continuing normalised operations	**12 730**	**100**	10 117	100	26

* *Included in this amount is the consolidation adjustment of R818 million to bring the IFRS 2 costs from cash settled in the underlying subsidiaries to equity settled at the Group level. The significant increase in this amount from previous years is due to the 33% increase in the FirstRand share price year-on-year.*

The Group's income statement benefited from an increase of 21% in net interest income before impairments (NII). This was driven by good growth in deposits at FNB and in advances at FNB and WesBank. Asset margins materially benefited from strong growth in unsecured lending products which offer better risk-adjusted pricing. Margins also continued to be positively impacted by ongoing repricing strategies in the large retail lending books such as vehicle and asset finance, and residential mortgages.

The 5% increase in non-interest revenue (NIR) was underpinned by strong growth of 14% at FNB and 27% at WesBank. RMB's client activities, particularly advisory and structuring and currency and commodity trading, also contributed. However, investment income was significantly down given the high base in the previous year. This base was created by both large private equity realisations and strong results from its international RMB Resources portfolio.

Whilst the Group's core operating costs grew 10% for the year, certain once-off items have resulted in total expenses increasing 14%. The first relates to accelerated depreciation on small value assets, which impacts both GTS and FNB (primarily SpeedPoint devices). In addition, operating expenses were impacted by higher costs associated with cooperation agreements, investment in expansion initiatives and incremental increases in IFRS 2 Share-based payment expenses directly linked to the Group's increased share price.

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

	Year ended 30 June		
R million	2012	2011	% change
Operating expenses	**27 212**	23 840	14
Adjusted for:			
Share-based payments	**(469)**	(79)	>100
New subsidiaries	**(82)**	(85)	(4)
Expansion costs	**(497)**	(212)	>100
Cooperation agreements and joint ventures	**(564)**	(450)	25
Accelerated depreciation and Full Maintenance Rental	**(409)**	(118)	>100
Core costs	**25 191**	22 896	10

The increase in the bad debt charge from 93 bps to 108 bps was driven mainly by:

- the creation of certain portfolio provisions at the centre, reflecting the Group's view that the benign credit cycle has now bottomed; and
- a specific impairment for unrecovered amounts in FNB's merchant acquiring business (see pages 43 and 44).

Excluding the impact of the specific impairment for the merchant acquiring business, overall credit impairments increased from 93 bps to 94 bps. However, the impairments relating to the non-performing book decreased 25%, which is in line with expectations and reflects further improvement in NPLs in most of the large retail books, particularly FNB HomeLoans and FNB Card.

The Group's balance sheet continued to show good overall growth in advances. This was driven by robust new business volumes, particularly in the portfolios indicated below. This reflects the Group's strategy to grow its lending books in certain targeted segments.

• Unsecured lending in FNB's mass and consumer segments (excluding Card)	R11.4 billion
• Unsecured lending at WesBank	R4.3 billion
• Vehicle and asset finance at WesBank	R54.3 billion
• RMB's structured lending book	R51.8 billion

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. Below is a brief overview of progress on these strategic objectives and the financial and operational performance of each franchise (with detailed reviews on pages 64 to 70).

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 platforms, particularly focusing on electronic and digital channels. FNB produced an excellent performance for the year, increasing pre-tax profits 23% and producing an ROE of 35.0%.

FNB South Africa

	Year ended 30 June		
R million	**2012**	2011*	% change
Normalised earnings	**6 157**	4 787	29
Profit before tax	**8 293**	6 529	27
Total assets	**229 329**	220 527	4
Total liabilities	**220 931**	213 852	3
Credit loss ratio (%)	**1.28**	1.21	
ROE (%)	**38.7**	34.9	

* *Prior year restated to exclude GTS.*

FNB South Africa has benefited from a very deliberate strategy to grow and retain core transactional accounts. It has driven this through offering customers a compelling value proposition – innovative products and channels at an acceptable cost to the customer. This proposition has been supported by various reward programmes, such as eBucks, SLOW lounges and fuel, data and airtime rewards. Innovations such as the Banking App, cellphone banking and eWallet have also attracted new customers. This has resulted in a net increase of 1.3 million active accounts in the year under review. In addition, FNB's success in cross-selling to its customers also increased the average products per customer from 2.03 to 2.10. A positive outcome from this growth in customers is the commensurate increase in transactional volumes, particularly on the back of FNB's deliberate objective to drive customers onto its electronic platforms. This resulted in non-interest revenue growth for the year of 14%.

Robust net interest income growth of 19% was underpinned by solid advances growth of 7%, driven mainly by the Consumer, Commercial and Mass segments, margin expansion due to the growth in unsecured lending and the substantial decrease in non-performing loans in FNB HomeLoans.

Card advances grew 11% on the back of proactive customer acquisition. HomeLoans advances increased only 1% reflecting FNB's strategy to grow residential mortgages in the low risk categories. However, new business margins remained healthy. Affordable housing, particularly Smart Bonds, continued to show good growth.

Overview of results continued

Deposits also grew well (up 19%) driven mainly by the Commercial, Consumer and Wealth segments, in particular notice deposit products.

Excluding the specific impairment mentioned previously in the merchant acquiring business, bad debts showed a marginal decrease of 4%. Bad debts in the unsecured lending books increased, however, this is in line with expectations and is appropriately provided for.

Core cost growth was maintained at 9%, reflecting FNB's focus on ongoing efficiencies and streamlining platforms.

FNB Africa

	Year ended 30 June		
R million	**2012**	2011	% change
Normalised earnings	**516**	540	(4)
Profit before tax*	**1 385**	1 350	3
Total assets	**39 267**	35 439	11
Total liabilities	**34 399**	31 493	9
Credit loss ratio (%)	**0.50**	0.30	
ROE (%)	**16.2**	19.6	

* *Excluding profit on disposal of MMI Namibia.*

The results of FNB Africa comprise the established subsidiaries in Namibia, Botswana, Swaziland and Lesotho and the start-up operations in Mozambique, Zambia and Tanzania. Overall the business performed well, despite ongoing investment in the start-up operations.

The portfolio benefited from increased lending and good NIR growth. The ongoing investment in building the African footprint and expanding the branch network, particularly in the new territories, resulted in customer acquisition and growth in transactional volumes. During the year FNB introduced a number of products into the subsidiaries, such as cellphone banking and eWallet.

RMB

RMB represents the activities of the Group in the corporate and investment banking segments, in both South Africa and the broader African continent. During the year under review the RMB business model was further adjusted in anticipation of impending regulatory changes and the expected macro environment. These changes included:

- the formation of a Global Markets division, merging components of the Fixed Income, Currency and Commodities (FICC) and Equities businesses;
- the termination of outright proprietary trading activities; and
- more capital to be allocated to client and investing activities to enable growth in the corporate and investment banking (CIB) activities.

These changes will ensure that RMB is well positioned for growth and sustainable returns in what continues to be a difficult environment. RMB has become a more client-centric business with a very clear strategy anchored around a defined risk appetite.

RMB and GTS

	Year ended 30 June		
R million	**2012**	2011	% change
Normalised earnings	**3 646**	3 842	(5)
Profit before tax	**4 926**	5 370	(8)
Total assets	**331 912**	267 127	24
Total liabilities	**324 177**	260 853	24
ROE (%)	**23.2**	28.5	

Despite the high base created in the previous year and challenging investment and corporate banking markets in the year to June 2012, RMB and Global Transactional Services (GTS) combined pre-tax profits were only down 8% year-on-year to R4.9 billion, delivering an ROE of 23.2%.

In terms of client activities, despite muted M&A activity in the domestic market, large cross-border mandates contributed to growth in fee income. Financing margins remained under pressure, but despite this, revenues grew on the back of a 21% increase in the core loan book. Good growth in hedging and structuring revenues was driven by the currency, interest rate and credit structuring areas. The 91% growth in earnings from RMB's businesses deployed in the FNB African subsidiaries was driven by strong performances from Botswana, Namibia, Zambia and Mozambique. The structured trade business also profited from the renewed focus on Africa. This strong momentum in client activity underpinned the good growth in profits of the Investment Banking Division (up 5%) and FICC (up 31%). GTS's operating performance grew pre-tax profits 11% to R523 million, driven by growth in client transactional activities on the back of higher volumes.

Within the trading environment results were mixed, but benefited from good client-centric activity from the RMB Morgan Stanley joint venture. Investment activities also showed a mixed performance with Private Equity producing profits only 6% down despite the absence of a material realisation. However, the RMB Resources portfolio experienced a poor year.

WesBank

WesBank represents the Group's activities in instalment finance in the retail, commercial and corporate segments. WesBank's point-of-sale dominance through long-standing alliances with leading motor manufacturers and large dealer groups, has allowed it to fully capitalise on the strong replacement cycle that has played out for the past two years in the retail motor segment. In addition, WesBank has undertaken a number of specific strategies to create more diversification and reduce volatility.

WesBank

	Year ended 30 June		
R million	**2012**	2011	% change
Normalised earnings	**2 599**	1 862	40
Profit before tax*	**3 650**	2 548	43
Total assets	**121 610**	104 117	17
Total liabilities	**117 110**	101 171	16
Credit loss ratio (%)	**0.99**	1.33	
ROE (%)	**33.9**	26.3	

* *Excluding profit on disposal of investments.*

WesBank grew its normalised pre-tax profits 43% to R3 650 million and delivered an ROE of 33.9%. This strong performance was underpinned by appropriate origination strategies and rigid cost management in its core business combined with increasing penetration of new markets.

Net interest income was driven by excellent new business growth of 19%, particularly in motor (up 20%) and unsecured (up 17%). The improving interest margins resulted from long term repricing efforts, in addition to a shift in the mix of underlying advances to a greater proportion of retail secured and unsecured lending, which have better margins than the corporate book. Overall non-performing loans (NPLs) continued to decrease driven mainly by corporate.

Corporate new business grew 15% to R11.8 billion and Full Maintenance Rental (FMR) remains a strategic priority as it represents a complementary activity to the corporate and commercial product suite. Early indications are promising, with the total asset book currently approaching R800 million. The very strong growth of 27% in non-interest revenue was on the back of new business growth with some contribution from FMR revenues.

Core operating cost growth was maintained at 3%, reflecting static headcount and the non-recurrence of certain restructuring costs in the prior year. Overall growth reflects the variable costs attached to increased profit shares and the rising depreciation cost associated with FMR assets.

Overview of results continued

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

	Year ended 30 June				
R million	2012	% contribution	2011	% contribution	% change
Retail banking	**6 747**	**53**	5 130	51	32
FNB Retail	**3 852**		3 000		
FNB Africa	**516**		540		
WesBank	**2 379**		1 590		
Corporate banking	**2 689**	**21**	2 334	23	15
GTS	**164**		275		
FNB Commercial	**2 305**		1 787		
WesBank	**220**		272		
Investment banking	**3 482**	**27**	3 567	35	(2)
RMB	**3 482**		3 567		
Other	**(188)**	**(1)**	(914)	(9)	(79)
FirstRand and dividends paid on NCNR preference shares	**514**		(203)		
Corporate Centre and consolidation adjustments	**(702)**		(711)		
Normalised earnings from continuing operations	**12 730**	**100**	10 117	100	26

STRATEGIC ISSUES

Progress on growth strategies outside South Africa

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

FNB's current African footprint generates good profits and sustainable returns. Some of the larger franchises, such as Namibia and Botswana, are mature businesses with significant market shares. The priority countries where the Group sees opportunities for further growth in its operating footprint are Mozambique, Tanzania, Zambia, Nigeria and Ghana.

FirstRand continues to focus on its entry strategy in Nigeria. RMB has an active representative office and has received agreement in principle to its application for a merchant banking licence. The Group continues to look for opportunities to acquire a platform for retail and commercial activities in Nigeria.

Ghana also offers good opportunities and since the year end FirstRand has made an offer for Merchant Bank Ghana (MBG), whereby FirstRand will invest R746.2 million (GHS176.4 million) in exchange for a 75% shareholding in the bank. MBG is a medium-sized retail and commercial bank with 22 branches, and a well established client base and deposit franchise. It is ranked amongst the top ten banks in Ghana and the Group believes it will provide an excellent platform for FNB and RMB to roll out products and services in Ghana.

A Kenyan presence is important for building an east African corporate and investment banking hub, particularly given the strong trade flows with India. During the year FirstRand officially opened a representative office in Kenya from where RMB will market corporate products and services. As the only

African bank with a licence to operate in India, it is ideally placed to act as a conduit for transactions between the east African region and India. RMB is already a significant participant in the region and has a strong pipeline of potential transactions in infrastructure and project finance, resource finance, debt financing, structured trade and commodity finance, and fixed income, currency and commodity activities.

With regard to its Indian operations, FirstRand's original strategy was to mine the trade and investment flows between India and the African continent. Since commencing operations in 2009 it has established a track record in corporate and investment banking activities from a branch in Mumbai that is staffed by a team sourced from RMB combined with local expertise.

FirstRand believes that the strength of this investment and corporate banking franchise now provides an appropriate platform to launch a more comprehensive range of banking products and services to both retail and institutional customers in India. As a result, during the year under review, FNB entered the Indian market through the opening of its first branch in Mumbai.

In line with the way the Group prefers to enter new markets, FNB's entry into the Indian market is a greenfields strategy. This will allow for incremental investment, with reliance to be placed on established, home-grown systems and processes.

The operations of FNB in India are branded FRB and will focus on introducing and growing the innovative products and channels that have underpinned FNB's strong growth in its domestic franchise over the past few years.

During the year FirstRand took the decision to retain its investment in MotoNovo Finance in the UK for the longer term as it is an existing investment, closely aligned to the core business of WesBank and expected to produce above average returns going forward, particularly given the value created through WesBank's ownership. The benefits from the investment made in people, systems, credit scoring and the creation of a much stronger market positioning are expected to be reaped in the future. In addition, as the operations are in a market outside the Group's overall geographic representation, there will be some countercyclical benefits, which could reduce earnings volatility.

Capital management

FirstRand's capital management strategy is aligned to the Group's overall objective to deliver sustainable returns to shareholders within appropriate levels of volatility. The Group's current philosophy, given the uncertain macro-economic and regulatory environment, is to operate at the higher end of its targeted capital levels to ensure balance sheet resilience. Current targeted levels and ratios are summarised in the table below.

%	FirstRand		Regulatory minimum
	Actual	Target	
Capital adequacy ratio	14.7	12.0 – 13.5	9.5*
Tier 1 ratio	13.2	11.0	7.0
Core Tier 1 ratio	12.3	9.5 – 11.0	5.25

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

%	FirstRand Bank (FRB)*		Regulatory minimum
	Actual	Target	
Capital adequacy ratio	14.6	11.5 – 13.0	9.5**
Tier 1 ratio	12.6	10.5	7.0
Core Tier 1 ratio	11.8	9.0 – 10.5	5.25

* *Reflects solo supervision, i.e. FirstRand Bank excluding foreign branches.*
** *The regulatory minimum excludes the bank-specific (Pillar 2b) add-on and capital floor.*

The Group does not seek to hold excess capital for large acquisitions, however, as previously indicated to shareholders, it is holding a buffer for investments in selected growth opportunities in certain African jurisdictions. Given the current economic conditions in South Africa and the subdued credit appetite amongst consumers and corporates, the Group's operating franchises continue to generate good returns at a time when there is limited opportunity to grow risk weighted assets (RWA). The Group, therefore, continues to review the appropriate level of payout to shareholders on a sustainable basis.

With regard to the impact of Basel 2.5 and Basel III, the Group's level of Core Tier 1 capital is sufficient as it held buffers in anticipation of these changes. These buffers have now been allocated to the operating franchises as part of the capital allocation and performance management processes. Each franchise has been through a process of assessing if any action is required to optimise returns given these new allocations. The most significant impact, particularly associated with Basel 2.5, is at RMB, which has already made the necessary adjustments to its business model as outlined previously. Following Basel III, including business model adjustments, the Group believes it can maintain ROEs between 18% and 22% through the cycle.

Basel III seeks to enhance the quality of loss absorbing capital. To this end, emphasis is placed on Common Equity Tier 1 as the predominant form of capital, whilst Additional Tier 1 and Tier 2 will receive more limited recognition.

Types of capital and proposed Basel III requirements

Common Equity Tier 1*	7.0%	Minimum; can be higher
Additional Tier 1	1.5%	Limit; higher level not recognised for total capital requirements
Tier 2	2.0%	Limit; higher level not recognised for total capital requirements

* *Does not include additional buffers required (e.g. countercyclical, D-SIB or bank-specific add-ons).*

It is the Group's intention to make use of these regulatory limits to optimise its capital structure. Future capital issuance will be balanced against the utilisation of these regulatory limits and the expected rundown profile of the existing capital instruments. Banks will need to consider how to optimise this mix against the backdrop of more costly instruments and uncertain investor appetite given potential regulatory intervention at different trigger levels and capital market conditions. Should banks be unable to issue these capital instruments they may have to rely on more expensive Core Tier 1, which would negatively impact ROEs.

PROSPECTS

The macro environment will remain challenging during the 2013 financial year. The global economy is likely to register sub-trend growth and will continue to face significant down-side risk. This means economic activity in South Africa will remain under pressure.

GDP growth is currently expected to be 2.5% for the 2012/2013 financial year, and, although interest rates are expected to remain flat for the rest of the year, there is downside risk if economic growth slows further.

Lower levels of real wage increases will negatively impact consumer spending and growth in retail advances is likely to remain subdued, with mortgage lending expected to continue to lag nominal GDP growth. In addition, given the high levels of recent growth in unsecured and short-term advances in the system, this is also likely to moderate. Corporate lending is expected to remain muted as business confidence has not fully recovered. If, however, the proposed government and public sector infrastructure plans are implemented, this may provide some underpin to growth in advances.

Within the context of these challenges, FirstRand expects to continue to produce good organic growth. Achieving revenue growth remains a challenge, but the Group's franchises have compelling strategies to grow the topline. FNB's focus on acquiring core transactional accounts will continue to drive NIR growth, as will RMB's increasing client activities. Achieving a sustainable ROE and cost-to-income ratio will remain a balancing act between investment and cost management.

GDP growth in sub-Saharan Africa is expected to further strengthen and the Group will continue to build on its progress in developing the appropriate entry strategies and operating platforms in those countries identified as priorities for expansion.

DIVIDEND STRATEGY

The Group targets growth in dividend in line with growth in sustainable earnings, which can vary from year to year.

BASIS OF PRESENTATION

FirstRand prepares its consolidated financial results in accordance with:

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

The accounting policies applied are consistent with those applied in preparation of previous financial statements. A table reflecting the restatement of prior year numbers and reasons therefore can be found on page 105 and 106.

The Group believes normalised earnings more accurately reflect operational performance. Headline earnings are adjusted to take into account non-operational and accounting anomalies. Details of the nature of these adjustments and reasons therefore can be found on pages 14 and 15.

The IFRS financial statements have been audited by PricewaterhouseCoopers Inc and Deloitte & Touche from which the normalised earnings have been derived, on which an unmodified opinion has been expressed. This is available at the company's registered office.

BOARD CHANGES

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

On 26 April 2012 it was with great regret that the Board was advised of the passing of Mr MH (Thys) Visser following a motor car accident. Thys joined the FirstRand Limited Board in 2009. His widely acknowledged integrity, support and wise contribution to Board and committee deliberations will be greatly missed.

For and on behalf of the Board

LL Dippenaar	*SE Nxasana*
Chairman	*Chief executive officer*

CASH DIVIDEND DECLARATIONS

Ordinary shares

The directors have declared annual gross cash dividends totalling 102.0 cents per ordinary share, out of income reserves for the year ended 30 June 2012 as follows:

Ordinary dividends

	Year ended 30 June	
Cents per share	**2012**	2011
Interim (declared 28 February 2012)	**44.0**	35.0
Final (declared 10 September 2012)	**58.0**	46.0
	102.0	81.0

The salient dates for the final dividend are as follows:

Last day of trade to receive a dividend	Friday, 5 October 2012
Shares commence trading ex-dividend	Monday, 8 October 2012
Record date	Friday, 12 October 2012
Payment date	Monday, 15 October 2012

Share certificates may not be dematerialised or rematerialised between 8 October 2012 and 12 October 2012, both days inclusive.

The final dividend of 58.0 cents per share carries an STC credit of 7.15566 cents per share. Shareholders that are exempt from Dividend Withholding Tax (DWT) will receive the full 58.0 cents per share. For shareholders that 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 account of the STC credit.

For South African resident shareholders that are subject to the DWT, the net final dividend after deducting the 15% tax will be 50.37335 cents per share.

The issued share capital at the declaration date is 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.

Special dividend (this information is provided for comparative purposes only)

	Year ended 30 June	
Cents per share	**2012**	2011
Special (declared 12 September 2011)	**–**	70.00
	–	70.00

B preference shares

Dividends on the B preference shares were calculated at a rate of 68% of the prime lending rate as published by FirstRand Bank Limited to 27 February 2012 and thereafter at 75.56% of prime.

The following dividends were declared and paid:

	B preference shares	
Cents per share	**2012**	2011
Period		
31 August 2010 – 28 February 2011		313.6
1 March 2011 – 29 August 2011		305.2
30 August 2011 – 27 February 2012	**305.2**	
28 February 2012 – 27 August 2012	**333.1**	
	638.3	618.8

BW Unser

Company secretary

10 September 2012

Description of difference between normalised and IFRS results – continuing operations

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

TRACKER AND RONALD SEWELLS

The Group previously owned 36.11% of Tracker (Pty) Ltd (Tracker). On 3 October 2011, the Group disposed of an effective 15.76% of its shareholding to a consortium of investors. The Group equity accounted for Tracker at its effective shareholding of 36.11% to 1 October 2011 and at 20.35% from 1 October 2011 to 30 June 2012.

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

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

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 the disposal of MMI Namibia was excluded from both headline earnings (in terms of Circular 03/2009) and normalised earnings.

SHARE-BASED PAYMENTS, EMPLOYEE BENEFITS AND TREASURY SHARES: CONSOLIDATION OF STAFF SHARE TRUSTS

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

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

Due to the unbundling of Momentum Group Limited these share trusts received MMI Holdings Limited shares as a dividend in *specie*. On vesting date participants will receive FirstRand as well as MMI shares. The inclusion of the MMI shares in the overall benefit that participants will receive led to the recognition of an employee benefit liability in terms of IAS 19 Employee Benefits. FirstRand hedged itself against the price risk of MMI shares by retaining the MMI shares received as a dividend in *specie* in the share trusts. MMI shares held by the staff share trusts are treated as trading and investment securities in the Group financial statements.

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

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

ECONOMIC HEDGE AGAINST SHARE-BASED PAYMENT OBLIGATIONS

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

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

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

For purposes of calculating normalised earnings, the Group eliminates the fair value profit in excess of the IFRS 2 cost or adds back to profit or loss the unwind/loss of the TRS as it pulls to par over the maturity of the hedging instrument for the specific reporting period. This reflects the economic substance of the hedge and associated option costs for the Group.

TREASURY SHARES: FIRSTRAND SHARES HELD FOR CLIENT TRADING ACTIVITIES

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

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

Changes in 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 fair value of client trading positions is recognised in profit and loss. However, because of the rules relating to treasury shares, the corresponding fair value changes in FirstRand shares held to match client trading positions are reversed or eliminated. This results in a mismatch in the overall equity and profit and loss of the Group.

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

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

ECONOMIC HEDGES

From time to time the Group enters into economic interest rate hedging transactions, which do not qualify for hedge accounting in terms of 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 annuity fair value income earned on the RMB wholesale advances book from NIR to NII to reflect the economic substance of 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 and loss as part of operating expenses. These costs are reclassified to NIR, where income earned from these entities is included. This presentation of net income earned from consolidated private equity subsidiaries more accurately reflects the underlying economic substance of the Group's relationship with these entities.

PRIVATE EQUITY SUBSIDIARIES REALISATIONS

In terms of Circular 03/2009 profits and 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.

Consolidated income statement – IFRS

for the year ended 30 June

R million	2012	2011	% change
Continuing operations			
Interest and similar income	**41 335**	38 187	8
Interest expense and similar charges	**(19 453)**	(20 818)	(7)
Net interest income before impairment of advances	**21 882**	17 369	26
Impairment of advances	**(5 065)**	(3 778)	34
Net interest income after impairment of advances	**16 817**	13 591	24
Non-interest income	**29 494**	29 565	–
Income from operations	**46 311**	43 156	7
Operating expenses	**(28 422)**	(24 584)	16
Net income from operations	**17 889**	18 572	(4)
Share of profit of associates and joint ventures after tax	**1 120**	531	>100
Income before tax	**19 009**	19 103	–
Indirect tax	**(551)**	(614)	(10)
Profit before direct tax	**18 458**	18 489	–
Direct tax	**(4 089)**	(4 245)	(4)
Profit from continuing operations	**14 369**	14 244	1
Discontinued operations			
Profit attributable to discontinued operations	**–**	415	(100)
Profit after tax on disposal/unbundling of discontinued operations	**–**	6 868	(100)
Profit for the year	**14 369**	21 527	(33)
Attributable to:			
NCNR preference shareholders	**275**	301	(9)
Ordinary equityholders	**13 196**	20 065	(34)
Equityholders of the Group	**13 471**	20 366	(34)
Non-controlling interests	**898**	1 161	(23)
Profit for the year	**14 369**	21 527	(33)
Earnings per share (cents)			
– Basic	**241.7**	372.7	(35)
– Diluted	**236.8**	365.3	(35)
Headline earnings per share (cents)			
– Basic	**231.5**	183.1	26
– Diluted	**226.9**	179.4	26
Earnings per share (cents) – IFRS continuing			
– Basic	**241.7**	236.6	2
– Diluted	**236.8**	231.9	2
Headline earnings per share (cents) – IFRS continuing			
– Basic	**231.5**	174.7	33
– Diluted	**226.9**	171.3	32
Earnings per share (cents) – discontinued			
– Basic	**–**	136.1	(100)
– Diluted	**–**	133.4	(100)
Headline earnings per share (cents) – discontinued			
– Basic	**–**	8.4	(100)
– Diluted	**–**	8.1	(100)

Consolidated statement of comprehensive income – IFRS

for the year ended 30 June

R million	**2012**	2011	% change
Profit for the year	**14 369**	21 527	(33)
Other comprehensive income			
Cash flow hedges	**(420)**	21	
Available-for-sale financial assets	**560**	(41)	
Exchange differences on translating foreign operations	**599**	(266)	
Share of other comprehensive income of associates after tax and non-controlling interests	**(167)**	35	
Other comprehensive income for the year before tax	**572**	(251)	(>100)
Income tax relating to components of other comprehensive income	**(41)**	(44)	(7)
Other comprehensive income for the year	**531**	(295)	
Total comprehensive income for the year	**14 900**	21 232	(30)
Total comprehensive income attributable to:			
Ordinary equityholders	**13 706**	19 837	(31)
NCNR preference shareholders	**275**	301	(9)
Equityholders of the Group	**13 981**	20 138	(31)
Non-controlling interests	**919**	1 094	(16)
Total comprehensive income for the year	**14 900**	21 232	(30)

Consolidated statement of financial position – IFRS

as at 30 June

R million	**2012**	2011*	2010*
ASSETS			
Cash and cash equivalents	**38 363**	34 240	27 067
Derivative financial instruments	**52 913**	37 206	39 764
Commodities	**5 108**	4 388	2 365
Accounts receivable	**6 007**	7 289	5 743
Policy loans	**–**	–	27
Tax asset	**331**	139	935
Advances	**524 507**	464 593	434 793
Investment securities and other investments	**119 708**	124 756	117 171
Investments in associates and joint ventures	**6 869**	6 029	6 901
Property and equipment	**12 026**	10 542	10 018
Intangible assets	**1 743**	1 691	2 104
Reinsurance assets	**898**	484	524
Post-employment benefit asset	**7**	2	–
Investment properties	**215**	203	138
Deferred tax asset	**471**	560	443
Non-current assets held for sale	**599**	5 805	197 247
Total assets	**769 765**	697 927	845 240
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**5 343**	9 094	13 927
Derivative financial instruments	**53 760**	36 361	36 035
Creditors and accruals	**9 086**	9 497	7 518
Tax liability	**386**	288	157
Deposits	**606 281**	552 879	507 522
Provisions	**592**	517	759
Employee liabilities	**6 933**	5 937	5 088
Other liabilities	**6 383**	4 107	10 552
Policyholder liabilities under insurance contracts	**1 517**	1 047	1 868
Deferred income tax liability	**1 679**	2 223	2 132
Tier 2 liabilities	**7 885**	6 666	10 758
Liabilities directly associated with disposal groups held for sale	**113**	5 092	189 961
Total liabilities	**699 958**	633 708	786 277
Equity			
Ordinary shares	**55**	53	52
Share premium	**5 216**	4 945	1 491
Reserves	**57 250**	51 633	49 889
Capital and reserves attributable to ordinary equityholders	**62 521**	56 631	51 432
NCNR preference shares	**4 519**	4 519	4 519
Capital and reserves attributable to equityholders of the Group	**67 040**	61 150	55 951
Non-controlling interests	**2 767**	3 069	3 012
Total equity	**69 807**	64 219	58 963
Total equity and liabilities	**769 765**	697 927	845 240

* *Refer to reclassification of prior year numbers on pages 105 and 106.*

Consolidated statement of cash flows – IFRS

for the year ended 30 June

R million	2012	2011
Net cash flows from operating activities	**16 635**	16 923
Net cash (utilised)/generated from operations	**(7 064)**	2 524
Tax paid	**(5 331)**	(3 965)
Net cash inflow from operating activities	**4 240**	15 482
Net cash (outflow)/inflow from investing activities	**(3 763)**	1 777
Net cash inflow/(outflow) from financing activities	**3 464**	(10 052)
Net increase in cash and cash equivalents	**3 941**	7 207
Cash and cash equivalents at the beginning of the year	**34 240**	27 067
Cash and cash equivalents at the end of the year	**38 181**	34 274
Cash and cash equivalents acquired*	**1**	200
Cash and cash equivalents disposed of*	**(31)**	(83)
Effect of exchange rate changes on cash and cash equivalents	**212**	(151)
Cash and cash equivalents at the end of the year	**38 363**	34 240
Mandatory reserve balances included above**	**13 677**	12 173

* *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.*

Consolidated statement of changes in equity – IFRS

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	Share-based payment reserve
Balance as at 1 July 2010	52	1 491	**1 543**	12	(466)	2 487
Issue of share capital	–	–	**–**	–	–	–
Movement in other reserves	–	–	**–**	–	–	341
Ordinary dividends	–	–	**–**	–	–	–
Preference dividends	–	–	**–**	–	–	–
Transfer from/(to) reserves	–	–	**–**	1	–	–
Changes in ownership interest in subsidiaries	–	–	**–**	–	–	–
Consolidation of treasury shares	1	3 454	**3 455**	–	–	–
Total comprehensive income for the year	–	–	**–**	–	15	–
Dividend in specie: unbundling of Momentum	–	–	**–**	–	–	(89)
Balance as at 30 June 2011	53	4 945	**4 998**	13	(451)	2 739
Movement in other reserves	–	–	**–**	–	–	709
Ordinary dividends	–	–	**–**	–	–	–
Preference dividends	–	–	**–**	–	–	–
Transfer from/(to) reserves	–	–	**–**	44	–	–
Changes in ownership interest in subsidiaries	–	–	**–**	–	–	–
Consolidation of treasury shares	2	271	**273**	–	–	–
Total comprehensive income for the year	–	–	**–**	–	(302)	–
Vesting of share-based payment reserve	–	–	**–**	–	–	(201)
Balance as at 30 June 2012	55	5 216	**5 271**	57	(753)	3 247

Ordinary share capital and ordinary equityholders' funds							
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**
969	698	(617)	46 806	**49 889**	**4 519**	**3 012**	**58 963**
–	–	–	–	**–**	**–**	**7**	**7**
–	–	(8)	48	**381**	**–**	**(342)**	**39**
–	–	–	(4 179)	**(4 179)**	**–**	**(583)**	**(4 762)**
–	–	–	–	**–**	**(301)**	**–**	**(301)**
–	–	–	(1)	**–**	**–**	**–**	**–**
–	–	12	(34)	**(22)**	**–**	**46**	**24**
–	–	–	1 074	**1 074**	**–**	**–**	**4 529**
(80)	(206)	43	20 065	**19 837**	**301**	**1 094**	**21 232**
(664)	(18)	583	(15 159)	**(15 347)**	**–**	**(165)**	**(15 512)**
225	474	13	48 620	**51 633**	**4 519**	**3 069**	**64 219**
–	–	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**
–	–	–	(129)	**(330)**	**–**	**–**	**(330)**
626	1 052	(118)	53 139	**57 250**	**4 519**	**2 767**	**69 807**

Notes

DETAILED FINANCIAL ANALYSIS

The analysis of financial results reflected is based on normalised earnings from continuing operations of the Group. A detailed reconciliation between the IFRS and normalised results is set out on pages 28 to 37.

Key financial results, ratios and statistics – continuing normalised

for the year ended 30 June

R million	**2012**	2011	% change
Earnings performance			
Normalised earnings contribution by franchise	**12 730**	10 117	26
FNB – South Africa	**6 157**	4 787	29
FNB – Africa	**516**	540	(4)
RMB	**3 482**	3 567	(2)
GTS	**164**	275	(40)
WesBank	**2 599**	1 862	40
Corporate Centre and consolidation adjustments	**(702)**	(711)	(1)
FirstRand Limited (company)	**789**	98	>100
NCNR preference dividend	**(275)**	(301)	(9)
Attributable earnings (refer page 27)	**12 586**	9 889	27
Headline earnings	**12 642**	9 258	37
Normalised earnings	**12 730**	10 117	26
Normalised net asset value	**64 409**	58 858	9
Normalised net asset value per share (cents)	**1 142.4**	1 044.0	9
Tangible normalised net asset value	**62 666**	57 167	10
Tangible normalised net asset value per share (cents)	**1 111.5**	1 014.0	10
Average normalised net asset value	**61 634**	54 120	14
Market capitalisation	**148 785**	111 913	33
Normalised earnings per share (cents)			
– Basic	**225.8**	179.4	26
– Diluted	**225.8**	179.4	26
Earnings per share (cents)			
– Basic	**228.8**	183.1	25
– Diluted	**224.2**	179.5	25
Headline earnings per share (cents)			
– Basic	**231.5**	171.4	35
– Diluted	**226.9**	168.0	35
Ordinary dividend per share (cents)	**102.0**	81.0	26
Special dividend per share (cents)	**–**	70.0	(100)
NCNR preference dividend per share – declared (cents)			
– B Class (75.56% (previously 68%) of FNB prime lending rate)	**638.3**	668.5	(5)
Capital adequacy			
FirstRand			
Capital adequacy ratio (%)	**14.7**	16.5	
Tier 1 ratio (%)	**13.2**	15.0	
Balance sheet			
Normalised total assets	**771 549**	700 146	10
Loans and advances (net of credit impairment)	**524 507**	464 593	13
Ratios			
Normalised return on equity (%)	**20.7**	18.7	
Return on assets (%)	**1.73**	1.49	
Price-to-book ratio (times)	**2.3**	1.9	
Price earnings ratio (times)	**11.7**	11.1	
Dividend cover (times)	**2.2**	2.2	
Average loan-to-deposit ratio (%)	**87.2**	84.4	
Diversity ratio (%)	**51.2**	54.1	
Credit impairment charge	**5 471**	4 292	
NPLs as % of average advances	**3.48**	4.17	
Impairment charge as % of average advances	**1.08**	0.93	
Cost-to-income ratio (%)	**53.4**	53.3	
Effective tax rate (%)	**22.4**	26.3	
Number of employees	**36 398**	34 612	5

Consolidated income statement – continuing normalised

for the year ended 30 June

R million	2012	2011	% change
Interest and similar income	**44 155**	41 319	7
Interest expense and similar charges	**(19 286)**	(20 818)	(7)
Net interest income before impairment of advances	**24 869**	20 501	21
Impairment of advances	**(5 471)**	(4 292)	27
Net interest income after impairment of advances	**19 398**	16 209	20
Non-interest revenue	**24 972**	23 844	5
Income from operations	**44 370**	40 053	11
Operating expenses	**(27 212)**	(23 840)	14
Net income from operations	**17 158**	16 213	6
Share of profit of associates and joint ventures after tax	**1 120**	351	>100
Income before tax	**18 278**	16 564	10
Indirect tax	**(551)**	(612)	(10)
Profit before direct tax	**17 727**	15 952	11
Direct tax	**(3 972)**	(4 200)	(5)
Profit for the year	**13 755**	11 752	17
Non-controlling interests	**(806)**	(1 164)	(31)
NCNR preference shareholders	**(275)**	(301)	(9)
Attributable earnings to ordinary equityholders of the Group	**12 674**	10 287	23
Headline and normalised earnings adjustment	**56**	(170)	(>100)
Normalised earnings	**12 730**	10 117	26

Consolidated statement of comprehensive income – continuing normalised

for the year ended 30 June

R million	**2012**	2011	% change
Profit for the year	**13 755**	11 752	17
Other comprehensive income			
Cash flow hedges	**(420)**	21	
Available-for-sale financial assets	**530**	(70)	
Exchange differences on translating foreign operations	**599**	(249)	
Share of other comprehensive income of associates after tax and non-controlling interests	**(167)**	35	
Other comprehensive income for the year before tax	**542**	(263)	
Income tax relating to components of other comprehensive income	**(41)**	(44)	
Other comprehensive income for the year	**501**	(307)	
Total comprehensive income for the year	**14 256**	11 445	25
Total comprehensive income attributable to:			
Ordinary equityholders	**13 154**	10 050	31
NCNR preference shareholders	**275**	301	(9)
Equityholders of the Group	**13 429**	10 351	30
Non-controlling interests	**827**	1 094	(24)
Total comprehensive income for the year	**14 256**	11 445	25

Statement of normalised earnings from continuing normalised operations

for the year ended 30 June

R million	2012	2011	% change
IFRS profit from continuing operations (refer page 3)	**14 369**	14 244	1
Non-controlling interests	**(898)**	(1 164)	(23)
NCNR preference shares	**(275)**	(301)	(9)
Attributable to ordinary equityholders	**13 196**	12 779	3
Adjusted for:			
OUTsurance profit on disposal	**–**	(2 710)	
Profit on disposal of investments*	**(610)**	–	
OUTsurance equity-accounted income (after tax)	**–**	(180)	
Attributable earnings to ordinary shareholders	**12 586**	9 889	27
Adjusted for:	**56**	(631)	(>100)
Loss/(gain) on disposal of investment securities and other investments of a capital nature	**20**	(12)	
Gain on disposal of available-for-sale assets	**(154)**	(341)	
Gain on disposal of associates or joint ventures	**(10)**	(37)	
Gain on disposal of subsidiaries	**(27)**	(571)	
Loss/(gain) on the disposal of property and equipment	**49**	(9)	
Impairment of goodwill	**115**	96	
Impairment of assets in terms of IAS 36	**7**	37	
Gain from a bargain purchase	**–**	(9)	
Other	**29**	–	
Tax effects of adjustments	**43**	(29)	
Non-controlling interests adjustment	**(16)**	244	
Headline earnings	**12 642**	9 258	37
Adjusted for:	**88**	859	(90)
IFRS 2 Share-based payment expenses	**77**	(20)	(>100)
Treasury shares	**251**	418	(40)
– Consolidation of share trusts	**242**	210	
– FirstRand shares held by policyholders	**9**	208	
TRS adjustment	**(240)**	–	
Private equity subsidiary realisations	**–**	461	(100)
Normalised earnings	**12 730**	10 117	26

* *Tracker, Ronald Sewells and MMI Namibia.*

Reconciliation of attributable earnings to normalised income statement

for the year ended 30 June

R million	2012	2011	% change
Attributable earnings per normalised income statement (refer page 25)	**12 674**	10 287	23
Normalised earnings adjustment reallocated to above the line (see above)	**(88)**	(859)	(90)
Private equity realisations excluded from headline earnings adjustment (see above)	**–**	461	(100)
Attributable earnings to ordinary equityholders per normalised reconciliation above	**12 586**	9 889	27

Reconciliation of IFRS continuing operations to continuing normalised operations

for the year ended 30 June

R million	2012	2011	% change
Earnings attributable to ordinary equityholders from IFRS continuing operations (refer page 3)	**13 196**	12 779	3
OUTsurance equity-accounted income for the period	**–**	(180)	(100)
Profit on sale of OUTsurance	**–**	(2 710)	(100)
Profit on disposal of investments	**(610)**	–	
Attributable earnings from continuing normalised operations	**12 586**	9 889	27
Headline earnings from IFRS continuing operations (refer page 3)	**12 642**	9 438	34
OUTsurance equity-accounted income	**–**	(180)	(100)
Headline earnings from continuing normalised operations	**12 642**	9 258	37
Normalised earnings from IFRS continuing operations (refer page 4)	**12 730**	10 297	24
OUTsurance equity-accounted income	**–**	(180)	(100)
Normalised earnings from continuing normalised operations	**12 730**	10 117	26

Consolidated statement of financial position – continuing normalised

as at 30 June

R million	2012	2011*	2010*
ASSETS			
Cash and cash equivalents	**38 363**	34 240	27 067
Derivative financial instruments	**52 913**	37 206	39 764
Commodities	**5 108**	4 388	2 365
Accounts receivable	**5 958**	7 235	5 728
Policy loans	**–**	–	27
Tax asset	**331**	139	935
Advances	**524 507**	464 593	434 793
Investment securities and other investments	**119 415**	124 777	117 503
Loans to share trusts	**2 126**	2 252	4 682
Investments in associates and joint ventures	**6 869**	6 029	6 901
Property and equipment	**12 026**	10 542	10 018
Intangible assets	**1 743**	1 691	2 104
Reinsurance assets	**898**	484	524
Post-employment benefit asset	**7**	2	–
Investment properties	**215**	203	138
Deferred tax asset	**471**	560	443
Non-current assets and disposal groups held for sale	**599**	5 805	400
Total assets	**771 549**	700 146	653 392
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**5 343**	9 094	13 927
Derivative financial instruments	**53 760**	36 361	36 035
Creditors and accruals	**9 077**	9 491	7 516
Tax liability	**383**	286	157
Deposits	**606 281**	552 879	507 522
Provisions	**592**	517	759
Employee liabilities	**6 933**	5 937	5 088
Other liabilities	**6 383**	4 107	10 552
Policyholder liabilities under insurance contracts	**1 517**	1 047	1 868
Deferred tax liability	**1 679**	2 223	2 132
Tier 2 liabilities	**7 885**	6 666	10 758
Liabilities directly associated with disposal groups held for sale	**113**	5 092	–
Total liabilities	**699 946**	633 700	596 314
Equity			
Ordinary shares	**56**	56	56
Share premium	**7 083**	7 083	7 083
Reserves	**57 270**	51 719	42 243
Capital and reserves attributable to ordinary equityholders	**64 409**	58 858	49 382
NCNR preference shareholders	**4 519**	4 519	4 519
Capital and reserves attributable to equityholders of the Group	**68 928**	63 377	53 901
Non-controlling interests	**2 675**	3 069	3 177
Total equity	**71 603**	66 446	57 078
Total equity and liabilities	**771 549**	700 146	653 392

* *Refer to reclassification of prior year numbers on page 105 to 106.*

Consolidated statement of changes in equity – continuing normalised

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	Share-based payment reserve
Balance as at 1 July 2010	56	7 083	**7 139**	12	(466)	2 413
Issue of share capital	–	–	**–**	–	–	–
Movement in other reserves	–	–	**–**	–	–	326
Ordinary dividends	–	–	**–**	–	–	–
Preference dividends	–	–	**–**	–	–	–
Transfer to/(from) reserves	–	–	**–**	1	–	–
Changes in ownership interest in subsidiaries	–	–	**–**	–	–	–
Consolidation of treasury shares	–	–	**–**	–	–	–
Total comprehensive income for the year	–	–	**–**	–	15	–
Balance as at 30 June 2011	56	7 083	**7 139**	13	(451)	2 739
Movement in other reserves	–	–	**–**	–	–	633
Ordinary dividends	–	–	**–**	–	–	–
Preference dividends	–	–	**–**	–	–	–
Transfer to/(from) reserves	–	–	**–**	44	–	–
Changes in ownership interest in subsidiaries	–	–	**–**	–	–	–
Consolidation of treasury shares	–	–	**–**	–	–	–
Total comprehensive income for the year	–	–	**–**	–	(302)	–
Vesting of share-based payment reserve	–	–	**–**	–	–	(201)
Balance as at 30 June 2012	56	7 083	**7 139**	57	(753)	3 171

Ordinary share capital and ordinary equityholders' funds							
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**
308	663	120	39 193	**42 243**	**4 519**	**3 177**	**57 078**
–	–	–	–	**–**	**–**	**7**	**7**
–	–	(8)	3 527	**3 845**	**–**	**(672)**	**3 173**
–	–	–	(4 397)	**(4 397)**	**–**	**(583)**	**(4 980)**
–	–	–	–	**–**	**(301)**	**–**	**(301)**
–	–	–	(1)	**–**	**–**	**–**	**–**
–	–	12	(34)	**(22)**	**–**	**46**	**24**
–	–	–	–	**–**	**–**	**–**	**–**
(109)	(189)	43	10 290	**10 050**	**301**	**1 094**	**11 445**
199	474	167	48 578	**51 719**	**4 519**	**3 069**	**66 446**
–	–	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**
–	–	–	(129)	**(330)**	**–**	**–**	**(330)**
570	1 052	36	53 137	**57 270**	**4 519**	**2 675**	**71 603**

Reconciliation of normalised consolidated income statement to IFRS consolidated income statement

for the year ended 30 June

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 direct tax	**17 727**	(77)	–	
Direct tax	**(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**	–	–	

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 consolidated income statement to IFRS consolidated income statement

for the year ended 30 June

R million	June 2011 normalised	IFRS 2 Share-based payment expense	Private equity expenses
Continuing operations			
Net interest income before impairment of advances	20 501	–	–
Impairment of advances	(4 292)	–	–
Net interest income after impairment of advances	16 209	–	–
Non-interest revenue	23 844	–	763
Income from operations	40 053	–	763
Operating expenses	(23 840)	20	(763)
Net income from operations	16 213	20	–
Share of profit of associates and joint ventures after tax	351	–	–
Income before tax	16 564	20	–
Indirect tax	(612)	–	–
Profit before direct tax	15 952	20	–
Direct tax	(4 200)	–	–
Profit from continuing operations	11 752	20	–
Discontinued operations			
Profit attributable to discontinued operations	–	–	–
Profit after tax on unbundling of discontinued operations	–	–	–
Profit for the year	11 752	20	–
Attributable to:			
Non-controlling interests	(1 164)	–	–
NCNR preference shareholders	(301)	–	–
Ordinary equityholders of the Group	10 287	20	–
Headline and normalised earnings adjustment	(170)	(20)	–
Normalised earnings	10 117	–	–

	Treasury shares	Economic hedges	Fair value annuity income (lending)	Elimination of Momentum contribution to FirstRand	Elimination of OUTsurance for the six months ended 31 December 2010 and profit on disposal	June 2011 IFRS
	(223)	(616)	(2 293)	–	–	17 369
	–	–	514	–	–	(3 778)
	(223)	(616)	(1 779)	–	–	13 591
	(192)	616	1 779	–	2 755	29 565
	(415)	–	–	–	2 755	43 156
	(1)			–	–	(24 584)
	(416)	–	–	–	2 755	18 572
	–	–	–	–	180	531
	(416)	–	–	–	2 935	19 103
	(2)	–	–	–	–	(614)
	(418)	–	–	–	2 935	18 489
	–	–	–	–	(45)	(4 245)
	(418)	–	–	–	2 890	14 244
	(90)	–	–	505	–	415
	–	–	–	6 868	–	6 868
	(508)	–	–	7 373	2 890	21 527
	–	–	–	3	–	(1 161)
	–	–	–	–	–	(301)
	(508)	–	–	7 376	2 890	20 065
	508	–	–	(6 868)	(2 710)	(9 260)
	–	–	–	508	180	10 805

Reconciliation of continuing normalised consolidated statement of financial position to IFRS

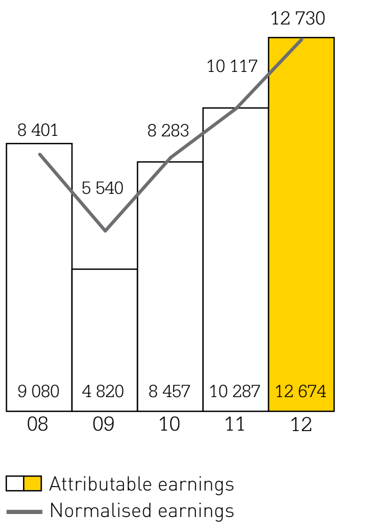
as at 30 June

R million	**June 2012 normalised**	Treasury shares
ASSETS		
Cash and cash equivalents	**38 363**	–
Derivative financial instruments	**52 913**	–
Commodities	**5 108**	–
Accounts receivable	**5 958**	49
Tax asset	**331**	–
Advances	**524 507**	–
Investment securities and other investments	**119 415**	293
Loans to share trusts	**2 126**	(2 126)
Investments in associates and joint ventures	**6 869**	–
Property and equipment	**12 026**	–
Intangible assets	**1 743**	–
Reinsurance assets	**898**	–
Post-employment benefit asset	**7**	–
Investment properties	**215**	–
Deferred tax asset	**471**	–
Non-current assets and disposal groups held for sale	**599**	–
Total assets	**771 549**	(1 784)
EQUITY AND LIABILITIES		
Liabilities		
Short trading positions	**5 343**	–
Derivative financial instruments	**53 760**	–
Creditors and accruals	**9 077**	9
Tax liability	**383**	3
Deposits	**606 281**	–
Provisions	**592**	–
Employee liabilities	**6 933**	–
Other liabilities	**6 383**	–
Policyholder liabilities under insurance contracts	**1 517**	–
Deferred tax liability	**1 679**	–
Tier 2 liabilities	**7 885**	–
Liabilities directly associated with disposal groups held for sale	**113**	–
Total liabilities	**699 946**	12
Equity		
Ordinary shares	**56**	(1)
Share premium	**7 083**	(1 867)
Reserves	**57 270**	72
Capital and reserves attributable to ordinary equityholders	**64 409**	(1 796)
NCNR preference shares	**4 519**	–
Capital and reserves attributable to equityholders of the Group	**68 928**	(1 796)
Non-controlling interests	**2 675**	–
Total equity	**71 603**	(1 796)
Total equity and liabilities	**771 549**	(1 784)

	FNB Namibia disposal of MMI Namibia	**June 2012 IFRS**	June 2011 normalised	Treasury shares	June 2011 IFRS
		38 363	34 240	–	34 240
	–	**52 913**	37 206	–	37 206
	–	**5 108**	4 388	–	4 388
	–	**6 007**	7 235	54	7 289
	–	**331**	139	–	139
	–	**524 507**	464 593	–	464 593
	–	**119 708**	124 777	(21)	124 756
	–	**–**	2 252	(2 252)	–
	–	**6 869**	6 029	–	6 029
	–	**12 026**	10 542	–	10 542
	–	**1 743**	1 691	–	1 691
	–	**898**	484	–	484
	–	**7**	2	–	2
	–	**215**	203	–	203
	–	**471**	560	–	560
	–	**599**	5 805	–	5 805
	–	**769 765**	700 146	(2 219)	697 927
	–	**5 343**	9 094	–	9 094
	–	**53 760**	36 361	–	36 361
	–	**9 086**	9 491	6	9 497
	–	**386**	286	2	288
	–	**606 281**	552 879	–	552 879
	–	**592**	517	–	517
	–	**6 933**	5 937	–	5 937
	–	**6 383**	4 107	–	4 107
	–	**1 517**	1 047	–	1 047
	–	**1 679**	2 223	–	2 223
	–	**7 885**	6 666	–	6 666
	–	**113**	5 092	–	5 092
	–	**699 958**	633 700	8	633 708
	–	**55**	56	(3)	53
	–	**5 216**	7 083	(2 138)	4 945
	(92)	**57 250**	51 719	(86)	51 633
	(92)	**62 521**	58 858	(2 227)	56 631
	–	**4 519**	4 519	–	4 519
	(92)	**67 040**	63 377	(2 227)	61 150
	92	**2 767**	3 069	–	3 069
	–	**69 807**	66 446	(2 227)	64 219
	–	**769 765**	700 146	(2 219)	697 927

Overview of results

Earnings performance (R million)



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

These results are characterised by the following themes:

POSITIVES	NEGATIVES
• Robust NII growth, benefiting from: – good growth in core advances of 12%, given constrained economic conditions; – a change in advances mix, with high levels of business written in higher yield asset classes such as unsecured lending and vehicle and asset finance (VAF); – the repricing benefit of high new business levels in VAF and unsecured lending, as well, to a lesser extent, in HomeLoans, albeit at lower incremental levels; and – the benefit of higher capital levels compared to the previous year.	• Negative endowment impact due to the marginally lower average interest rate environment in the current period.
• Continued benefit of lower specific credit impairments in the core operating advances books, although slowing on a rolling six month basis, primarily from the retail and FNB Commercial portfolios, assisted by: – the continued benign interest rate environment; – improved quality of credit origination; – lower inflows into NPLs; and – strong post write-off recoveries.	• Year-on-year increase in overall credit impairments negatively affected by: – a significant increase in portfolio impairments, reflective of both book growth as well the bottoming of the credit cycle; and – unrecovered amounts in FNB's merchant acquiring business resulting in a higher specific impairment charge for the year.
• Strong growth of 14% in fee and commission income.	• Disappointing equity trading results, in part impacted by an adverse trading environment, as well as the strategic decision to exit proprietary trading activities.

POSITIVES	NEGATIVES
• Satisfactory core cost growth containment of 10%, although overall cost growth was 14%.	• Overall cost growth of 14%, negatively impacted by: – higher variable costs associated with income producing activities; – expansion costs; – increased depreciation costs due to a change in estimate as well as an increase in FMR assets during the year; and – higher costs associated with cooperation agreements and joint ventures, directly linked to higher profitability of joint venture arrangements.

• Resilient fair value income, benefiting from:
– a good performance from client activities, specifically assisted through:
  – excellent performances from the hedging and structuring businesses within FICC, assisted by market uncertainty and currency volatility during the financial year; and
  – a strong performance from RMB's client execution activities, benefiting from increased trade flow and assisted by a weaker and more volatile rand against the dollar.
– Significant year-on-year fair value gains on derivative instruments held to hedge the Group's share-based payment obligations.
	• Disappointing results from investing activities, negatively affected by lower equity markets and a sharp reduction in commodity prices, which impacted on the ELI asset portfolio and the results of RMB Resources.

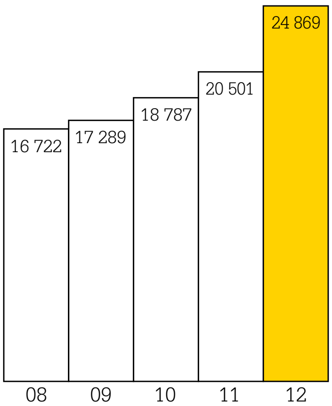
• Exceptional growth in income from associates, benefiting from: – strong underlying operational performances from the investee companies; and – the non-recurrence of significant impairment losses incurred against certain private equity associates in the prior year.	

Overview of results continued

NET INTEREST INCOME (BEFORE IMPAIRMENT OF ADVANCES) – UP 21%

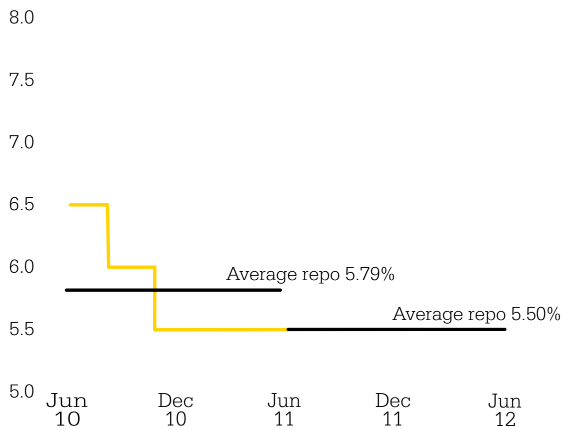
Net interest income (R million)

Compound annual growth rate = 10%



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

Repo rate (%)



Note: R82 billion = average endowment book for the year. Rates were lower by 29 bps on average during 2012 compared to 2011, which translates into a negative endowment impact of approximately R230 million for the year.

Margin cascade table

Percentage of average interest-earning banking assets	%
June 2011 normalised margin	**4.58**
Accounting mismatches	0.09
	4.67
Capital and deposit endowment	(0.06)
Advances	0.22
– Changes in balance sheet mix	0.18
– Asset pricing	0.04
Liabilities	0.10
– Changes in balance sheet mix (deposits)	0.04
– Changes in balance sheet mix (capital)	0.02
– Term funding lost	0.07
– Deposit pricing	(0.03)
Interest rate risk hedges	(0.01)
June 2012 normalised margin	**4.92**

Segmental analysis of net interest income before impairment of advances

R million	2012	2011	% change
FNB	**13 204**	11 097	19
Mass segment	**1 520**	1 145	33
Consumer segment	**5 182**	4 281	21
– HomeLoans	**1 428**	1 188	20
– Card Issuing	**1 098**	1 054	4
– Other Consumer	**2 656**	2 039	30
Wealth segment	**899**	875	3
Commercial segment	**3 638**	3 268	11
FNB Other	**(167)**	(293)	(43)
FNB Africa	**2 132**	1 821	17
RMB and GTS	**2 993**	2 512	19
RMB	**2 476**	1 980	25
GTS	**517**	532	(3)
WesBank	**5 849**	4 868	20
Corporate Centre	**2 641**	2 235	18
Net interest income – banking activities	**24 687**	20 712	19
Other*	**182**	(211)	(>100)
Net interest income	**24 869**	20 501	21

* *Other includes FirstRand company and consolidation adjustments.*

Margin analysis on gross advances

	2012		2011	
	Average balance R million	**Average margin %**	Average balance R million	Average margin %
Average prime rate (RSA)		**9.00**		9.29
ADVANCES				
Retail – secured	**231 047**	**2.51**	215 040	2.23
Residential mortgages	**156 682**	**1.40**	153 829	1.22
Vehicle asset finance	**74 365**	**4.87**	61 211	4.78
Retail – unsecured	**28 680**	**12.97**	22 578	11.75
Credit card	**11 372**	**8.65**	10 781	8.69
Overdrafts	**2 256**	**6.60**	1 759	6.19
FNB personal loans	**4 773**	**15.53**	2 464	13.88
Mass (Smart and Easy)	**4 755**	**14.73**	3 155	13.51
WesBank loans	**5 524**	**20.75**	4 419	19.01
Corporate	**150 486**	**2.72**	130 055	2.74
FNB commercial mortgages	**9 304**	**1.93**	7 882	1.44
Vehicle asset finance	**21 333**	**3.48**	22 591	3.41
Overdrafts	**16 233**	**4.86**	16 468	4.55
Term loans	**16 869**	**2.63**	13 652	2.65
Investment banking	**70 439**	**2.38**	59 454	2.39
Money market	**16 308**	**1.64**	10 008	1.49
FNB Africa	**24 906**	**5.14**	21 218	4.49
Total advances	**435 119**	**3.43**	388 891	3.08

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

Overview of results continued

Margin analysis on deposits

	2012		2011	
	Average balance R million	**Average margin %**	Average balance R million	Average margin %
Average prime rate (RSA)		**9.00**		9.29
DEPOSITS				
Retail	**95 108**	**2.47**	82 945	2.59
Current and savings	**29 719**	**4.78**	25 418	5.05
Call	**4 141**	**2.32**	4 209	2.33
Money market	**26 095**	**1.57**	23 707	1.70
Term	**35 153**	**1.21**	29 611	1.23
Corporate	**177 768**	**1.62**	155 256	1.21
Current and savings	**63 776**	**3.17**	59 068	3.14
Call	**53 017**	**0.79**	45 379	0.91
Money market	**16 662**	**1.66**	16 233	1.65
Term	**44 313**	**0.36**	34 576	0.33
FNB Africa	**31 365**	**1.85**	27 812	2.24
Total deposits	**304 241**	**1.91**	266 013	2.04

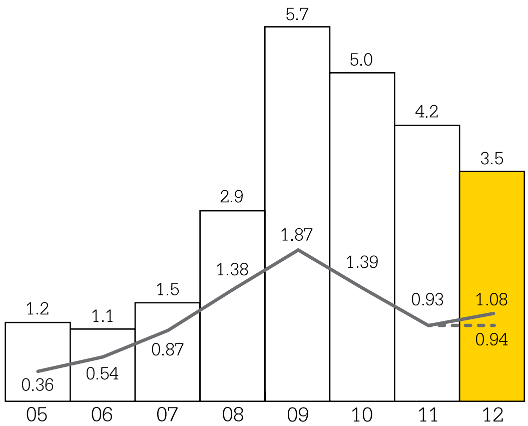
Average balances are daily averages for the South African operations (FNB and WesBank) and monthly averages for RMB and non-South African operations.

NII and margin analysis commentary

POSITIVES	NEGATIVES
• Change in mix, benefiting from increased levels of higher margin unsecured advances, as well as the continued benefit from high levels of fixed-rate VAF business written.	• Negative endowment impact due to average rates being 29 bps lower year-on-year.
• Repricing benefit of new business reflecting current liquidity costs and credit conditions.	• Ongoing retail and commercial deposit pricing pressure.
• Incremental higher growth in deposits year-on-year in the retail and commercial franchises, reducing reliance on more expensive institutional funding.	
• Comparatively lower cost of institutional funding due to a decline in funding spreads.	
• Non-recurrence of prior period mark-to-market losses of R287 million on funding instruments as a result of a decline in funding spreads	

IMPAIRMENT OF ADVANCES – UP 27%

NPLs and impairment history



Credit highlights

R million	Year ended 30 June 2012	2011	% change
Total gross advances*	**535 704**	474 566	13
NPLs	**18 666**	19 790	(6)
NPLs as a % of advances	**3.48**	4.17	
Impairment charge – total	**5 471**	4 292	27
– Business as usual	**4 766**	4 292	11
– Special impairment	**705**	–	
Impairment charge as a % of average advances	**1.08**	0.93	
– Business as usual	**0.94**	0.93	
– Special impairment	**0.14**	–	
Total impairments*	**11 197**	9 973	12
– Portfolio impairments	**4 892**	3 457	42
– Specific impairments	**6 305**	6 516	(3)
Implied loss given default (coverage)**	**33.78**	32.93	
Total impairments coverage ratio#	**59.99**	50.39	

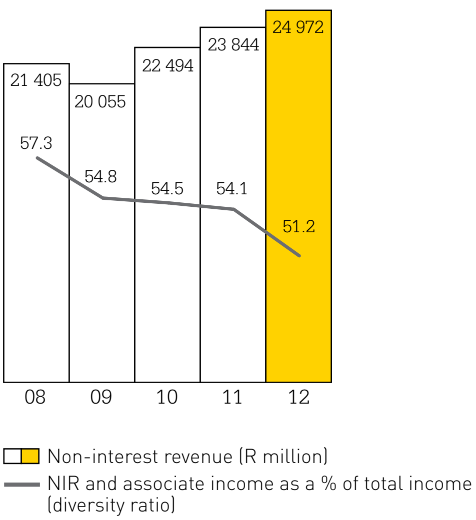
* *Includes credit fair value adjustments.*
** *Amortised cost specific impairments and non-performing book cumulative credit fair value adjustments as a percentage of NPLs.*
\# *Total amortised cost impairments and total cumulative credit fair value adjustments as a percentage of NPLs.*

Overview of results continued

POSITIVES	NEGATIVES
• Improvement in absolute NPL levels across most retail portfolios, specifically in HomeLoans and Card, benefiting from: – continued low interest rates during the year, positively impacting on the ongoing deleveraging of consumers and improved affordability levels; – lower levels of new inflows into NPLs; and – improved collection processes resulting in higher curing rates, specifically in WesBank and HomeLoans.	• Ageing levels of NPLs, specifically in WesBank and HomeLoans, due to protracted workout processes, in part associated with the debt review process.
• Continued improvement in early stage arrears, specifically in WesBank and HomeLoans.	• Ongoing pressure on collateral values, primarily in the residential mortgage market.
• Significant improvement in Commercial NPLs, with lower inflows and improved work-out strategies.	• Year-on-year increase in overall portfolio impairments negatively affected by a significant increase in portfolio impairments, reflective of both book growth as well the bottoming out of the credit cycle.
• Significant ongoing benefit from high levels of post write-off recoveries, primarily in Card and WesBank.	• The special impairment relates to the discovery during the year of the deliberate concealment by employees of unrecovered amounts in FNB's merchant acquiring business unit. This is classified as a boundary event and resulted in a higher specific impairment charge for the year.

NON-INTEREST REVENUE – UP 5%

Non-interest revenue and diversity ratio



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

Non-interest revenue

R million	Notes	2012	2011	% change
Fee and commission income	1	**19 967**	17 482	14
Fair value income	2	**3 554**	2 844	25
Investment income	3	**296**	2 192	(86)
Other non-interest revenue		**1 155**	1 326	(13)
– Consolidated private equity income		**121**	261	(54)
– Other		**1 034**	1 065	(3)
Total non-interest revenue		**24 972**	23 844	5

Note 1 Fee and commission income – up 14%

R million	2012	2011	% change
Bank commissions and fee income	**16 482**	13 957	18
– Card commissions	**2 410**	2 001	20
– Cash deposit fees	**1 846**	1 599	15
– Commissions on bills, drafts and cheques	**1 197**	1 052	14
– Bank charges	**11 029**	9 305	19
Knowledge-based fees	**870**	817	6
Management fees	**826**	765	8
Insurance income	**2 924**	2 650	10
Other non-bank commissions	**1 569**	1 610	(3)
Gross fee and commission income	**22 671**	19 799	15
Fee and commission expenditure	**(2 704)**	(2 317)	17
Total fee and commission income	**19 967**	17 482	14

POSITIVES	NEGATIVES
• Growth of 5% in client numbers in FNB, as well as strong transactional volume growth of 10%.	• The continuing migration of clients to cheaper electronic banking channels dampened absolute fee and commission income growth.
• Continuing stronger growth in FNB electronic banking channels, with year-on-year growth of 19% in active cellphone users and 64% in financial and non-financial transaction volumes.	
• Strong non-interest revenue growth of 27% from WesBank on the back of high new business volumes.	
• Good knowledge-based fee income off a high base, benefiting from ongoing high levels of deal flow and mandates – leading to strong advisory and structuring fees in South Africa and Africa.	
• Good results from the insurance-related businesses, partly due to in-force policies increasing 7% in FNB Life and further underpinned by good growth in sales of embedded insurance products in FNB and WesBank.	

Overview of results continued

Note 2 Fair value income – up 25%

R million	2012	2011	% change
Client income	**1 829**	2 073	(12)
Hedging and structuring	**869**	1 106	(21)
Client flow	**960**	967	(1)
Risk and other fair value income	**1 725**	771	>100
Total	**3 554**	2 844	25

POSITIVES	NEGATIVES
• Fair value income from client activities remained resilient due to: – the performances of the hedging and structuring businesses within FICC benefited from market uncertainty and currency volatility during the financial year; and – RMB client execution activities benefited from increased trade flow, assisted by a more volatile and weaker rand against the dollar as well as strong performances from the African franchises.	• Disappointing equity trading results, driven in part by: – poor trading results; – hampered by a muted year-on-year performance of the ALSI; and – losses incurred in exiting certain proprietary trading positions following the strategic decision by RMB to exit outright proprietary trading.
• Good trading results from the currency and commodity areas, benefiting from the higher levels of volatility and favourable market conditions.	• Lower client refinancing opportunities.
• Significant year-on-year benefit from fair value gains on derivatives held to hedge a component of the share-based payment expenses, driven by the significant increase in the Group's share price during the year. This was, however, offset by an increase in the cost of share-based payments.	

Note 3 Investment income – down 86%

R million	2012	2011	% change
Private equity realisations and dividends received	**136**	744	(82)
Profit on realisation of private equity investments	**73**	607	(88)
Dividends received	**9**	5	80
Other private equity income	**54**	132	(59)
Other income from investments	**160**	1 448	(89)
Profit on disposal of available-for-sale assets	**154**	341	(55)
Profit on assets held against employee liabilities	**169**	339	(50)
RMB Resources	**(342)**	449	(>100)
Other investment income	**179**	319	(44)
Total investment income	**296**	2 192	(86)

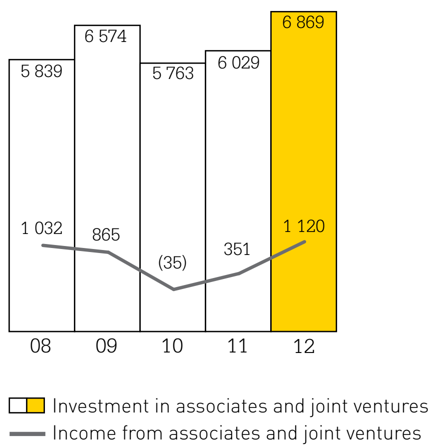
NEGATIVES

- Non-recurrence of R600 million profit on the disposal of a private equity investment, Davita Trading, during the prior year.
- Disappointing performance from the international resources investment portfolio, which was negatively affected by lower international equity markets and a significant reduction in commodity prices and indices, especially in the latter half of the financial year, resulting in unrealised losses during the period.
- Significant reduction in profits from R310 million to R36 million in respect of the disposal of VISA Inc. shares impacted profit on disposal of available-for-sale assets.
- Lower year-on-year profits on the Group's assets held to cover long-term employee liabilities (ELI assets) directly linked to weaker local and international equity markets.

Overview of results continued

SHARE OF PROFITS FROM ASSOCIATES AND JOINT VENTURES – UP >100%

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



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

Share of profits from associates and joint ventures

R million	2012	2011	% change
Private equity associates*	**950**	63	>100
Operational performance	**924**	356	>100
Reversal of impairments/(impairments)	**26**	(293)	(>100)
WesBank associates	**239**	318	(25)
Toyota Financial Services (Pty) Ltd	**162**	132	23
Tracker Investment Holdings (Pty) Ltd*	**31**	140	(78)
Other	**46**	46	–
Other operational associates	**308**	195	58
Eris Property Group (Pty) Ltd	**37**	30	23
RMB Morgan Stanley (Pty) Ltd	**92**	70	31
Other	**179**	95	88
Share of profits from associates and joint ventures before tax	**1 497**	576	>100
Tax on profits from associates and joint ventures	**(377)**	(225)	68
Share of profits from associates and joint ventures after tax	**1 120**	351	>100

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

POSITIVES

- Exceptional performance from the RMB Private Equity associates, reflective of:
  - strong underlying operational performances from the portfolio;
  - the non-recurrence of significant impairments in the prior year; and
  - the active investment cycle during the current year resulting in an increase in the number of associates.
- Strong operational performances from the WesBank portfolio, benefiting from a good trading environment, although overall year-on-year profits are down due to the disposal of Tracker in October 2011.
- Growth in unrealised profit in the Private Equity portfolio from R1 316 million to R1 590 million.

Total income from private equity activities (RMB Private Equity 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 03/2009 dealing with Headline Earnings and issued by the South African Institute of Chartered Accountants), which are not reported as part of the Private Equity division's results. The underlying nature of the various private equity related income streams are shown below.

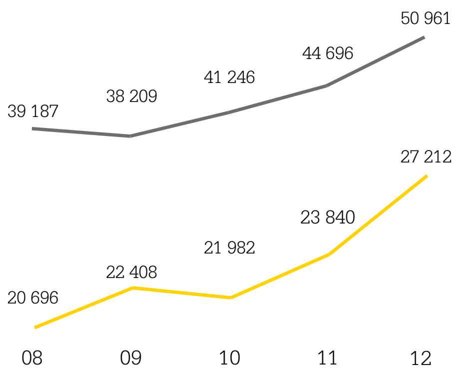
R million	**2012**	2011	% change
RMB Private Equity division	**1 181**	1 166	1
Income from associates	**958**	239	>100
– Equity-accounted income*	**954**	441	>100
– Reversal of impairments/(impairments)*	**4**	(202)	(>100)
Realisations and dividends**	**82**	612	(87)
Other investment income**	**20**	54	(63)
Consolidated private equity income#	**121**	261	(54)
Legacy	**26**	(98)	(>100)
Income from associates	**(8)**	(176)	(95)
– Equity-accounted income*	**(30)**	(85)	(65)
– Reversal of impairments/(impairments)*	**22**	(91)	(>100)
Other investment income**	**34**	78	(56)
Other business units	**177**	70	>100
Income from associates	**169**	70	>100
– Equity-accounted income*	**185**	75	>100
– Impairments*	**(16)**	(5)	>100
Other investment income**	**8**	–	
Private equity activities before tax	**1 384**	1 138	22
Tax on equity-accounted private equity investments	**(261)**	(107)	(>100)
Private equity activities after tax	**1 123**	1 031	9

* *Refer to analysis of income from associates and joint ventures on page 48.*
** *Refer to investment income analysis on page 47.*
\# *Refer to non-interest revenue analysis on page 45.*

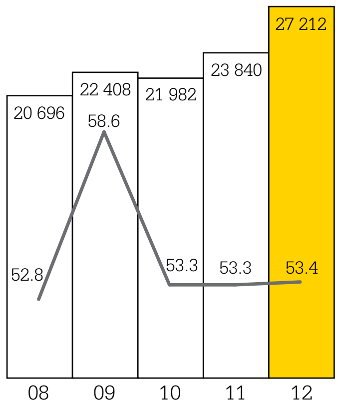
Overview of results continued

OPERATING EXPENSES – UP 14%

Operating jaws (R million)



Operating efficiency (R million)



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

The Group has decided to bring the calculation of its cost-to-income ratio in line with industry practice. Certain fee and commission expenses which are directly attributable to the generation of this income are now set off against that income, instead of being included in operating expenses. A detailed breakdown of the industry practice adjustment is provided on page 107 of the supplementary information section.

Operating expenses

R million	**2012**	2011	% change
Staff expenditure	**15 656**	13 896	13
– Direct staff expenditure	**9 670**	8 943	8
– Other staff-related expenditure	**5 986**	4 953	21
Depreciation	**2 124**	1 564	36
Amortisation of other intangible assets	**218**	172	27
Advertising and marketing	**1 084**	924	17
Insurance	**355**	368	(4)
Lease charges	**1 030**	939	10
Professional fees	**1 070**	964	11
Audit fees	**188**	145	30
Computer expenses	**901**	718	25
Maintenance	**735**	919	(20)
Telecommunications	**351**	456	(23)
Cooperation agreements and joint ventures	**564**	450	25
Property	**671**	563	19
Business travel	**308**	256	20
Other expenditure	**1 957**	1 506	30
Total operating expenses	**27 212**	23 840	14

STAFF COSTS – UP 13%
• Increased direct staff costs, affected by wage settlements in excess of CPI for the current financial year.
• Other staff-related costs negatively impacted by an increase in variable staff costs in line with the improved performance of the Group, as well as a significant increase in IFRS 2 related Share-based payment expenses linked to the increase in the FirstRand share price during the year.
OTHER OPERATING EXPENSES
• Significant increase in the depreciation charge in the current year, impacted by: – accelerated depreciation of R251 million on certain assets in the year; and – the growth in the Full Maintenance Rental book in WesBank, resulting in a year-on-year increase of R40 million.
• An increase of 25% in costs associated with cooperation and joint venture agreements, driven primarily through excellent performances from WesBank's joint venture partners.
• An increase of >100% in expansion costs, from: – a 6% increase in representation points (branches, agencies etc.) in South Africa and 7% in FNB Africa and related infrastructure costs; and – an increase of >100% in international expansion costs, reflective of ongoing investments into other African and international initiatives.
• Ongoing investment in computer infrastructure to improve and support the growth of the Group's electronic offerings and underlying systems.

DIRECT TAXATION – DOWN 5%

POSITIVES
• An increase year-on-year in the absolute levels on non-standard rated income.

Overview of results continued

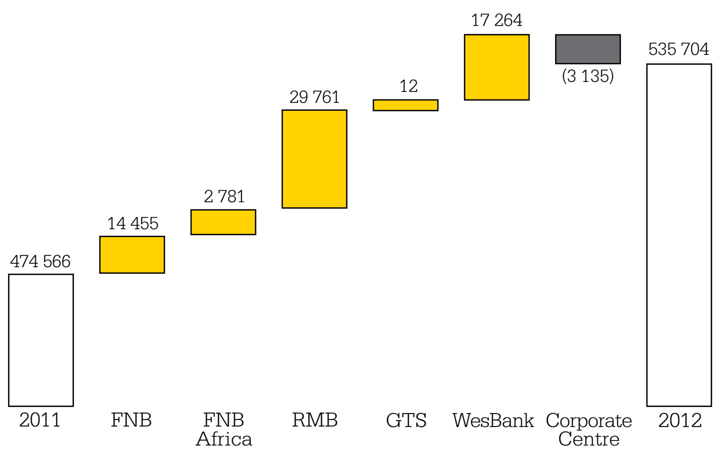
ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – NORMALISED

R million	2012	2011	% change
ASSETS			
Derivative and financial instruments	**52 913**	37 206	42
Advances	**524 507**	464 593	13
Investment securities and other investments	**119 415**	124 777	(4)
Other assets	**74 714**	73 570	2
Total assets	**771 549**	700 146	10
EQUITY AND LIABILITIES			
Liabilities			
Deposits	**606 281**	552 879	10
Short trading positions and derivative financial instruments	**59 103**	45 455	30
Other liabilities	**34 562**	35 366	(2)
Total liabilities	**699 946**	633 700	10
Total equity	**71 603**	66 446	8
Total equity and liabilities	**771 549**	700 146	10

ADVANCES – UP 13%

R million	2012	2011	% change
Normalised gross advances	**535 704**	474 566	13
Normalised impairment of advances	**(11 197)**	(9 973)	12
Normalised net advances	**524 507**	464 593	13

Gross advances by franchise (R million)

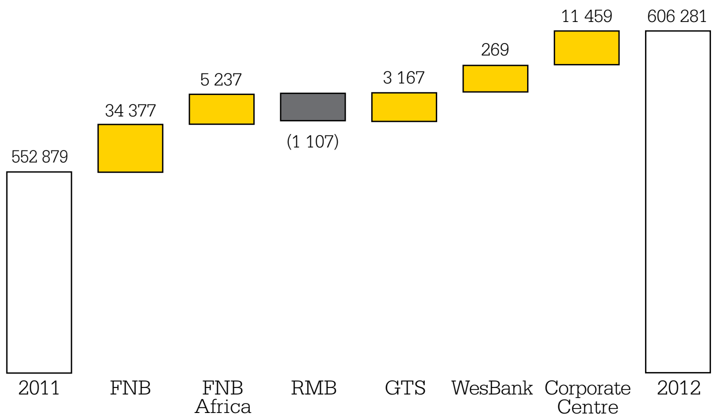


POSITIVES	NEGATIVES
• Strong growth of 32% in advances in the Mass segment, in line with strategy, with particularly good growth of 26% in the secured portion of the book. The unsecured portion of the book grew 44%, although annualised growth tapered off to 26% in the second part of the financial year due to tightening of lending criteria.	• Constrained growth of 1% in HomeLoans, indicative of ongoing pressure in the property market.
• The year-on-year growth of 91% in Consumer unsecured lending (excluding Card), was in line with strategy, although growth rates slowed towards the end of the financial year.	
• Growth of 11% in Card after three years of declining or flat advances, which benefited from customer incentive programmes (e.g. fuel rewards, eBucks) as well as customer acquisition.	
• Good growth of 14% in Commercial, driven by owner-occupied commercial property and leveraged finance products and agricultural loans.	
• FNB Africa grew advances 12% driven by: – 10% growth in FNB Botswana, with significant increases in personal loans, albeit off a low base, supported by strong growth in the commercial and wholesale books; and – 9% growth in FNB Namibia, biased towards the commercial sector.	
• Good growth of 17% in WesBank's advances, benefiting from: – 21% increase in retail motor advances in the local market, driven by new business growth of 20% on the back of new car sales growth of 18%; – 17% new business growth in personal loans; and – 51% growth in the international lending book (primarily MotoNovo), partly from a strong secondhand market in the UK assisted by the depreciation of the ZAR against the GBP during the year.	
• RMB's core advances book (excluding volatile repo advances) grew 21%, underpinned by growth across the investment banking related lending portfolios and in particular in the real estate and leveraged finance portfolios, with strong increases also coming from the structured trade and commodity finance books.	

Overview of results continued

DEPOSITS – UP 10%

Gross deposits by franchise (R million)



POSITIVES
• Deposit growth was driven by 19% growth in both FNB and FNB Africa.
• Growth biased towards shorter-term products given the interest rate environment, with growth of 48% in notice deposits, 17% in current, savings and transmission accounts, 17% in call accounts and 9% in money market accounts in FNB.
• From a segmental perspective, growth driven by Wealth with an increase of 46% and Commercial with 17%.
• Excluding repo deposits, RMB's deposit book grew 7%.

SEGMENTAL REPORT AND OVERVIEW OF OPERATING FRANCHISES

Segmental reporting
for the year ended 30 June 2012

	FNB										
		Consumer segment									
R million	**Mass**	HomeLoans	Card Issuing	Other consumer	**Consumer segment**	Wealth	Commercial	FNB Other and support	**FNB South Africa**	FNB Africa	**Total FNB**
Net interest income before impairment of advances	**1 520**	1 428	1 098	2 656	**5 182**	899	3 638	(167)	**11 072**	2 132	**13 204**
Impairment of advances	**(788)**	(523)	(40)	(416)	**(979)**	(297)	(166)	(504)	**(2 734)**	(121)	**(2 855)**
Net interest income after impairment of advances	**732**	905	1 058	2 240	**4 203**	602	3 472	(671)	**8 338**	2 011	**10 349**
Non-interest income	**4 116**	353	1 270	3 881	**5 504**	1 029	4 218	(125)	**14 742**	1 476	**16 218**
Income from operations	**4 848**	1 258	2 328	6 121	**9 707**	1 631	7 690	(796)	**23 080**	3 487	**26 567**
Operating expenses	**(3 105)**	(707)	(1 170)	(3 456)	**(5 333)**	(1 462)	(4 543)	14	**(14 429)**	(2 061)	**(16 490)**
Net income from operations	**1 743**	551	1 158	2 665	**4 374**	169	3 147	(782)	**8 651**	1 426	**10 077**
Share of (loss)/profit from associates and joint ventures after tax	**–**	–	–	(14)	**(14)**	5	–	33	**24**	6	**30**
Income before tax	**1 743**	551	1 158	2 651	**4 360**	174	3 147	(749)	**8 675**	1 432	**10 107**
Indirect tax	**(58)**	(23)	(36)	(86)	**(145)**	(12)	(32)	(135)	**(382)**	(47)	**(429)**
Profit before direct tax	**1 685**	528	1 122	2 565	**4 215**	162	3 115	(884)	**8 293**	1 385	**9 678**
Direct tax	**(446)**	(140)	(297)	(679)	**(1 116)**	(43)	(825)	233	**(2 197)**	(469)	**(2 666)**
Profit for the year	**1 239**	388	825	1 886	**3 099**	119	2 290	(651)	**6 096**	916	**7 012**
Attributable to:											
Ordinary equityholders	**1 239**	388	825	1 887	**3 100**	119	2 290	(651)	**6 097**	537	**6 634**
NCNR preference shareholders	**–**	–	–	–	**–**	–	–	–	**–**	–	**–**
Non-controlling interests	**–**	–	–	(1)	**(1)**	–	–	–	**(1)**	379	**378**
Profit for the year	**1 239**	388	825	1 886	**3 099**	119	2 290	(651)	**6 096**	916	**7 012**
Attributable earnings to ordinary shareholders	**1 239**	388	825	1 887	**3 100**	119	2 290	(651)	**6 097**	537	**6 634**
Headline earnings adjustments	**–**	–	(1)	30	**29**	(4)	15	20	**60**	(21)	**39**
Headline earnings	**1 239**	388	824	1 917	**3 129**	115	2 305	(631)	**6 157**	516	**6 673**
TRS adjustment	**–**	–	–	–	**–**	–	–	–	**–**	–	**–**
IFRS 2 Share-based payment expense	**–**	–	–	–	**–**	–	–	–	**–**	–	**–**
Treasury shares	**–**	–	–	–	**–**	–	–	–	**–**	–	**–**
Normalised earnings	**1 239**	388	824	1 917	**3 129**	115	2 305	(631)	**6 157**	516	**6 673**

	RMB											
	RMB	RMB Africa	**Total RMB**	**GTS**	**Total CIB**	**WesBank**	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	**FirstRand Group – normalised**	Normalised adjustments	**FirstRand Group – IFRS**
	2 514	(38)	**2 476**	**517**	**2 993**	**5 849**	2 641	114	68	**24 869**	(2 987)	**21 882**
	(495)	–	**(495)**	**(272)**	**(767)**	**(1 100)**	10	(759)	–	**(5 471)**	406	**(5 065)**
	2 019	(38)	**1 981**	**245**	**2 226**	**4 749**	2 651	(645)	68	**19 398**	(2 581)	**16 817**
	4 939	385	**5 324**	**1 177**	**6 501**	**2 806**	1 747	(2 428)	52	**24 972**	4 522	**29 494**
	6 958	347	**7 305**	**1 422**	**8 727**	**7 555**	4 398	(2 997)	120	**44 370**	1 941	**46 311**
	(3 602)	(135)	**(3 737)**	**(1 184)**	**(4 921)**	**(3 938)**	(3 585)	909	813	**(27 212)**	(1 210)	**(28 422)**
	3 356	212	**3 568**	**238**	**3 806**	**3 617**	813	(2 088)	933	**17 158**	731	**17 889**
	1 202	–	**1 202**	**–**	**1 202**	**239**	–	(351)	–	**1 120**	–	**1 120**
	4 558	212	**4 770**	**238**	**5 008**	**3 856**	813	(2 439)	933	**18 278**	731	**19 009**
	(65)	(2)	**(67)**	**(15)**	**(82)**	**(206)**	167	1	(2)	**(551)**	–	**(551)**
	4 493	210	**4 703**	**223**	**4 926**	**3 650**	980	(2 438)	931	**17 727**	731	**18 458**
	(1 190)	(56)	**(1 246)**	**(59)**	**(1 305)**	**(967)**	(255)	1 363	(142)	**(3 972)**	(117)	**(4 089)**
	3 303	154	**3 457**	**164**	**3 621**	**2 683**	725	(1 075)	789	**13 755**	614	**14 369**
	3 303	112	**3 415**	**164**	**3 579**	**2 583**	725	(1 361)	514	**12 674**	522	**13 196**
	–	–	**–**	**–**	**–**	**–**	–	–	275	**275**	–	**275**
	–	42	**42**	**–**	**42**	**100**	–	286	–	**806**	92	**898**
	3 303	154	**3 457**	**164**	**3 621**	**2 683**	725	(1 075)	789	**13 755**	614	**14 369**
	3 303	112	**3 415**	**164**	**3 579**	**2 583**	725	(1 361)	514	**12 674**	522	**13 196**
	67	–	**67**	**–**	**67**	**16**	(54)	(12)	–	**56**	(610)	**(554)**
	3 370	112	**3 482**	**164**	**3 646**	**2 599**	671	(1 373)	514	**12 730**	(88)	**12 642**
	–	–	**–**	**–**	**–**	**–**	–	–	–	**–**	(240)	**(240)**
	–	–	**–**	**–**	**–**	**–**	–	–	–	**–**	77	**77**
	–	–	**–**	**–**	**–**	**–**	–	–	–	**–**	251	**251**
	3 370	112	**3 482**	**164**	**3 646**	**2 599**	671	(1 373)	514	**12 730**	–	**12 730**

Segmental reporting continued

for the year ended 30 June 2012

	FNB										
		Consumer segment									
R million	**Mass**	HomeLoans	Card Issuing	Other consumer	**Consumer segment**	Wealth	Commercial	FNB Other and support	**FNB South Africa**	FNB Africa	**Total FNB**
Cost-to-income ratio (%)	**55.1**	39.7	49.4	53.0	**50.0**	75.6	57.8	5.4	**55.8**	57.0	**56.0**
Diversity ratio (%)	**73.0**	19.8	53.6	59.3	**51.4**	53.5	53.7	35.5	**57.1**	41.0	**55.2**
Total impairment charge (%)	**5.61**	0.49	0.35	6.22	**0.78**	0.73	0.50	(>100)	**1.28**	0.50	**1.20**
NPLs as a percentage of advances (%)	**6.75**	5.19	2.27	3.10	**4.77**	6.71	4.67	–	**5.26**	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	**(34)**	(7)	(4)	(190)	**(201)**	(45)	(248)	(795)	**(1 323)**	(108)	**(1 431)**
Amortisation	**–**	–	–	(5)	**(5)**	(23)	(2)	(48)	**(78)**	(29)	**(107)**
Impairment charges	**–**	–	–	–	**–**	–	–	–	**–**	(5)	**(5)**
Other non-cash provisions	**(44)**	(34)	(27)	(237)	**(298)**	(85)	(152)	(285)	**(864)**	(13)	**(877)**
Statement of financial position includes:											
Advances (after ISP – before impairments)	**15 991**	107 694	11 946	8 780	**128 420**	40 721	35 646	(140)	**220 638**	25 420	**246 058**
– Normal advances	**15 991**	107 694	11 946	8 780	**128 420**	40 721	35 646	(140)	**220 638**	25 420	**246 058**
– Securitised advances	**–**	–	–	–	**–**	–	–	–	**–**	–	**–**
NPLs	**1 079**	5 584	271	272	**6 127**	2 734	1 665	–	**11 605**	475	**12 080**
Investment in associated companies	**–**	–	–	–	**–**	13	–	183	**196**	4	**200**
Total deposits (including non-recourse deposits)	**9 894**	119	1 224	72 537	**73 880**	28 481	103 904	27	**216 186**	33 403	**249 589**
Total assets	**16 174**	106 353	11 470	9 768	**127 591**	41 495	36 090	7 979	**229 329**	39 267	**268 596**
Total liabilities	**14 441**	105 904	10 348	7 180	**123 432**	41 342	32 971	8 745	**220 931**	34 399	**255 330**
Capital expenditure	**38**	9	3	424	**436**	57	64	1 254	**1 849**	372	**2 221**

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

RMB											
RMB	RMB Africa	**Total RMB**	**GTS**	**Total CIB**	**WesBank**	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	**FirstRand Group – normalised**	Normalised adjustments	**FirstRand Group – IFRS**
41.6	38.9	**41.5**	**69.9**	**46.0**	**44.3**	81.7	35.1	(>100)	**53.4**	–	**54.1**
71.0	>100	**72.5**	**69.5**	**72.0**	**34.2**	39.8	>100	43.3	**51.2**	–	**58.3**
0.34	–	**0.34**	**10.47**	**0.51**	**0.99**	(0.15)	(>100)	–	**1.08**	18.85	**1.01**
1.51	–	**1.50**	**0.35**	**1.48**	**3.47**	–	(1.15)	–	**3.48**	0.03	**3.50**
–	–	**–**	**–**	**–**	**–**	–	–	–	**44 534**	–	**44 534**
–	–	**–**	**–**	**–**	**–**	–	–	–	**28 297**	–	**28 297**
–	–	**–**	**–**	**–**	**–**	–	–	–	**35 864**	–	**35 864**
(274)	(1)	**(275)**	**(44)**	**(319)**	**(269)**	(101)	(3)	–	**(2 123)**	–	**(2 123)**
(60)	(1)	**(61)**	**–**	**(61)**	**(48)**	(3)	1	–	**(218)**	–	**(218)**
(134)	–	**(134)**	**–**	**(134)**	**(3)**	(1)	(36)	–	**(179)**	–	**(179)**
(1 062)	–	**(1 062)**	**(67)**	**(1 129)**	**(309)**	(434)	(26)	(1)	**(2 776)**	–	**(2 776)**
161 424	1 150	**162 574**	**2 605**	**165 179**	**119 389**	4 991	87	–	**535 704**	(2 357)	**533 347**
161 424	1 150	**162 574**	**2 605**	**165 179**	**111 908**	4 991	87	–	**528 223**	(2 357)	**525 866**
–	–	**–**	**–**	**–**	**7 481**	–	–	–	**7 481**	–	**7 481**
2 436	–	**2 436**	**9**	**2 445**	**4 141**	–	–	–	**18 666**	–	**18 666**
5 959	–	**5 959**	**–**	**5 959**	**732**	2	(24)	–	**6 869**	–	**6 869**
126 051	2	**126 053**	**39 026**	**165 079**	**657**	194 573	(3 617)	–	**606 281**	–	**606 281**
326 961	1 929	**328 890**	**3 022**	**331 912**	**121 610**	100 816	(109 859)	58 474	**771 549**	(1 784)	**769 765**
319 723	1 770	**321 493**	**2 684**	**324 177**	**117 110**	55 288	(52 262)	303	**699 946**	12	**699 958**
1 247	1	**1 248**	**208**	**1 456**	**817**	51	–	–	**4 545**	–	**4 545**

Segmental reporting continued

for the year ended 30 June 2011

	FNB										
		Consumer segment									
R million	**Mass**	HomeLoans	Card Issuing	Other consumer	**Consumer segment**	Wealth	Commercial	FNB Other and support	**FNB South Africa**	FNB Africa	**Total FNB**
Net interest income before impairment of advances	**1 145**	1 188	1 054	2 039	**4 281**	875	3 268	(293)	**9 276**	1 821	**11 097**
Impairment of advances	**(462)**	(740)	(149)	(178)	**(1 067)**	(405)	(334)	(167)	**(2 435)**	(64)	**(2 499)**
Net interest income after impairment of advances	**683**	448	905	1 861	**3 214**	470	2 934	(460)	**6 841**	1 757	**8 598**
Non-interest income	**3 769**	299	1 160	3 278	**4 737**	836	3 752	(205)	**12 889**	1 340	**14 229**
Income from operations	**4 452**	747	2 065	5 139	**7 951**	1 306	6 686	(665)	**19 730**	3 097	**22 827**
Operating expenses	**(2 941)**	(715)	(1 071)	(3 094)	**(4 880)**	(1 167)	(4 226)	251	**(12 963)**	(1 719)	**(14 682)**
Net income from operations	**1 511**	32	994	2 045	**3 071**	139	2 460	(414)	**6 767**	1 378	**8 145**
Share of profit from associates and joint ventures after tax	**–**	54	–	8	**62**	6	–	41	**109**	7	**116**
Income before tax	**1 511**	86	994	2 053	**3 133**	145	2 460	(373)	**6 876**	1 385	**8 261**
Indirect tax	**(39)**	(24)	(26)	(69)	**(119)**	(12)	(30)	(147)	**(347)**	(35)	**(382)**
Profit before direct tax	**1 472**	62	968	1 984	**3 014**	133	2 430	(520)	**6 529**	1 350	**7 879**
Direct tax	**(390)**	(16)	(256)	(526)	**(798)**	(35)	(644)	137	**(1 730)**	(390)	**(2 120)**
Profit for the year from continuing operations	**1 082**	46	712	1 458	**2 216**	98	1 786	(383)	**4 799**	960	**5 759**
Profit attributable to discontinued operations	**–**	–	–	–	**–**	–	–	–	**–**	–	**–**
Profit for the year	**1 082**	46	712	1 458	**2 216**	98	1 786	(383)	**4 799**	960	**5 759**
Attributable to:											
Ordinary equityholders	**1 082**	46	712	1 455	**2 213**	98	1 786	(383)	**4 796**	542	**5 338**
NCNR preference shareholders	**–**	–	–	–	**–**	–	–	–	**–**	–	**–**
Non-controlling interests	**–**	–	–	3	**3**	–	–	–	**3**	418	**421**
Profit for the year	**1 082**	46	712	1 458	**2 216**	98	1 786	(383)	**4 799**	960	**5 759**
Attributable earnings to ordinary shareholders	**1 082**	46	712	1 455	**2 213**	98	1 786	(383)	**4 796**	542	**5 338**
Headline earnings adjustments	**–**	(17)	–	(20)	**(37)**	(3)	1	30	**(9)**	(2)	**(11)**
Headline earnings	**1 082**	29	712	1 435	**2 176**	95	1 787	(353)	**4 787**	540	**5 327**
Private equity subsidiary realisations	**–**	–	–	–	**–**	–	–	–	**–**	–	**–**
IFRS 2 Share-based payment expense	**–**	–	–	–	**–**	–	–	–	**–**	–	**–**
Treasury shares	**–**	–	–	–	**–**	–	–	–	**–**	–	**–**
Normalised earnings	**1 082**	29	712	1 435	**2 176**	95	1 787	(353)	**4 787**	540	**5 327**

RMB													
RMB	RMB Africa	**Total RMB**	**GTS**	**Total CIB**	**WesBank**	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	**FirstRand Group – continuing normalised**	**Momentum**	**FirstRand Group – normalised**	Normalised adjustments	**FirstRand Group – IFRS**
1 987	(7)	**1 980**	**532**	**2 512**	**4 868**	2 235	(293)	82	**20 501**	**–**	**20 501**	(3 132)	**17 369**
(489)	–	**(489)**	**(9)**	**(498)**	**(1 291)**	(1)	(3)	–	**(4 292)**	**–**	**(4 292)**	514	**(3 778)**
1 498	(7)	**1 491**	**523**	**2 014**	**3 577**	2 234	(296)	82	**16 209**	**–**	**16 209**	(2 618)	**13 591**
6 475	225	**6 700**	**1 235**	**7 935**	**2 212**	937	(1 516)	47	**23 844**	**–**	**23 844**	5 721	**29 565**
7 973	218	**8 191**	**1 758**	**9 949**	**5 789**	3 171	(1 812)	129	**40 053**	**–**	**40 053**	3 103	**43 156**
(3 302)	(108)	**(3 410)**	**(1 261)**	**(4 671)**	**(3 393)**	(2 429)	1 282	53	**(23 840)**	**–**	**(23 840)**	(744)	**(24 584)**
4 671	110	**4 781**	**497**	**5 278**	**2 396**	742	(530)	182	**16 213**	**–**	**16 213**	2 359	**18 572**
187	–	**187**	**–**	**187**	**318**	(54)	(216)	–	**351**	**–**	**351**	180	**531**
4 858	110	**4 968**	**497**	**5 465**	**2 714**	688	(746)	182	**16 564**	**–**	**16 564**	2 539	**19 103**
(68)	–	**(68)**	**(27)**	**(95)**	**(166)**	96	(62)	(3)	**(612)**	**–**	**(612)**	(2)	**(614)**
4 790	110	**4 900**	**470**	**5 370**	**2 548**	784	(808)	179	**15 952**	**–**	**15 952**	2 537	**18 489**
(1 269)	(29)	**(1 298)**	**(124)**	**(1 422)**	**(677)**	(159)	259	(81)	**(4 200)**	**–**	**(4 200)**	(45)	**(4 245)**
3 521	81	**3 602**	**346**	**3 948**	**1 871**	625	(549)	98	**11 752**	**–**	**11 752**	2 492	**14 244**
–	–	**–**	**–**	**–**	**–**	–	–	–	**–**	**505**	**505**	6 778	**7 283**
3 521	81	**3 602**	**346**	**3 948**	**1 871**	625	(549)	98	**11 752**	**505**	**12 257**	9 270	**21 527**
3 521	55	**3 576**	**346**	**3 922**	**1 784**	620	(1 174)	(203)	**10 287**	**508**	**10 795**	9 270	**20 065**
–	–	**–**	**–**	**–**	**–**	–	–	301	**301**	**–**	**301**	–	**301**
–	26	**26**	**–**	**26**	**87**	5	625	–	**1 164**	**(3)**	**1 161**	–	**1 161**
3 521	81	**3 602**	**346**	**3 948**	**1 871**	625	(549)	98	**11 752**	**505**	**12 257**	9 270	**21 527**
3 521	55	**3 576**	**346**	**3 922**	**1 784**	620	(1 174)	(203)	**10 287**	**508**	**10 795**	9 270	**20 065**
(470)	–	**(470)**	**(71)**	**(541)**	**78**	(169)	12	–	**(631)**	**–**	**(631)**	(9 578)	**(10 209)**
3 051	55	**3 106**	**275**	**3 381**	**1 862**	451	(1 162)	(203)	**9 656**	**508**	**10 164**	(308)	**9 856**
461	–	**461**	**–**	**461**	**–**	–	–	–	**461**	**–**	**461**	–	**461**
–	–	**–**	**–**	**–**	**–**	–	–	–	**–**	**–**	**–**	(20)	**(20)**
–	–	**–**	**–**	**–**	**–**	–	–	–	**–**	**–**	**–**	508	**508**
3 512	55	**3 567**	**275**	**3 842**	**1 862**	451	(1 162)	(203)	**10 117**	**508**	**10 625**	180	**10 805**

Segmental reporting continued

for the year ended 30 June 2011

R million	FNB Mass	Consumer segment HomeLoans	Card Issuing	Other consumer	Consumer segment	Wealth	Commercial	FNB Other and support	FNB South Africa	FNB Africa	Total FNB
Cost-to-income ratio (%)	**59.8**	46.4	48.4	58.1	**53.7**	68.0	60.2	54.9	**58.2**	54.3	**57.7**
Diversity ratio (%)	**76.7**	22.9	52.4	61.7	**52.9**	49.0	53.4	35.9	**58.4**	42.5	**56.4**
Total impairment charge (%)	**4.33**	0.69	1.39	4.66	**0.87**	1.03	1.12	(>100)	**1.21**	0.30	**1.12**
NPLs as a percentage of advances (%)	**5.78**	6.86	4.15	2.87	**6.47**	6.83	5.96	11.04	**6.42**	1.63	**5.95**
Assets under administration	**–**	–	–	–	**–**	44 005	–	–	**44 005**	1 540	**45 545**
Assets under advice	**–**	–	–	–	**–**	14 521	–	–	**14 521**	–	**14 521**
Assets under execution	**–**	–	–	–	**–**	30 546	–	–	**30 546**	–	**30 546**
Consolidated income statement includes:											
Depreciation	**(21)**	(11)	(4)	(172)	**(187)**	(37)	(81)	(651)	**(977)**	(86)	**(1 063)**
Amortisation	**–**	–	–	(9)	**(9)**	(10)	(3)	(44)	**(66)**	(26)	**(92)**
Impairment charges	**–**	–	–	–	**–**	(4)	–	–	**(4)**	–	**(4)**
Other non-cash provisions	**(35)**	(27)	(21)	(169)	**(217)**	(76)	(87)	(240)	**(655)**	(120)	**(775)**
Statement of financial position includes:											
Advances (after ISP – before impairments)	**12 103**	106 864	10 758	4 593	**122 215**	40 913	31 278	(326)	**206 183**	22 639	**228 822**
– Normal advances	**12 103**	104 075	10 758	4 593	**119 426**	40 913	31 278	(326)	**203 394**	22 639	**226 033**
– Securitised advances	**–**	2 789	–	–	**2 789**	–	–	–	**2 789**	–	**2 789**
NPLs	**700**	7 335	446	132	**7 913**	2 796	1 865	(36)	**13 238**	370	**13 608**
Investment in associated companies	**–**	174	–	14	**188**	9	–	154	**351**	28	**379**
Total deposits (including non-recourse deposits)	**9 059**	108	1 167	62 991	**64 266**	19 559	88 742	183	**181 809**	28 166	**209 975**
Total assets	**12 396**	105 483	10 243	5 615	**121 341**	47 285	31 415	8 090	**220 527**	35 439	**255 966**
Total liabilities	**11 077**	105 354	9 290	3 370	**118 014**	47 209	29 076	8 476	**213 852**	31 493	**245 345**
Capital expenditure	**152**	8	3	192	**203**	37	140	974	**1 506**	616	**2 122**

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

RMB													
RMB	RMB Africa	**Total RMB**	**GTS**	**Total CIB**	**WesBank**	Corporate Centre	Consolidation and IFRS adjustments	FirstRand	**FirstRand Group – continuing normalised**	**Momentum**	**FirstRand Group – normalised**	Normalised adjustments	**FirstRand Group – IFRS**
38.2	49.5	**38.5**	**71.4**	**43.9**	**45.9**	77.9	63.3	(41.1)	**53.3**	**–**	**53.3**	–	**51.8**
77.0	103.2	**77.7**	**69.9**	**76.4**	**34.2**	28.3	85.5	36.4	**54.1**	**–**	**54.1**	–	**63.4**
0.37	–	**0.37**	**0.42**	**0.37**	**1.33**	0.02	(5.45)	–	**0.93**	**–**	**0.93**	27.71	**0.82**
1.35	–	**1.35**	**0.69**	**1.34**	**4.28**	(0.01)	–	–	**4.17**	**–**	**4.17**	0.02	**4.19**
–	–	**–**	**–**	**–**	**–**	–	–	–	**45 545**	**–**	**45 545**	–	**45 545**
–	–	**–**	**–**	**–**	**–**	–	–	–	**14 521**	**–**	**14 521**	–	**14 521**
–	–	**–**	**–**	**–**	**–**	–	–	–	**30 546**	**–**	**30 546**	–	**30 546**
(150)	–	**(150)**	**(16)**	**(166)**	**(227)**	(103)	(6)	–	**(1 565)**	**–**	**(1 565)**	–	**(1 565)**
(57)	(1)	**(58)**	**(1)**	**(59)**	**(22)**	–	1	–	**(172)**	**–**	**(172)**	–	**(172)**
3	–	**3**	**–**	**3**	**(75)**	(37)	(75)	–	**(188)**	**–**	**(188)**	–	**(188)**
(1 193)	(2)	**(1 195)**	**(35)**	**(1 230)**	**(161)**	(219)	331	–	**(2 054)**	**–**	**(2 054)**	–	**(2 054)**
132 813	–	**132 813**	**2 593**	**135 406**	**102 125**	8 463	(250)	–	**474 566**	**–**	**474 566**	(1 951)	**472 615**
132 813	–	**132 813**	**2 593**	**135 406**	**102 125**	8 463	(250)	–	**471 777**	**–**	**471 777**	(1 951)	**469 826**
–	–	**–**	**–**	**–**	**–**	–	–	–	**2 789**	**–**	**2 789**	–	**2 789**
1 798	–	**1 798**	**18**	**1 816**	**4 367**	(1)	–	–	**19 790**	**–**	**19 790**	–	**19 790**
4 589	–	**4 589**	**–**	**4 589**	**1 268**	(161)	(46)	–	**6 029**	**–**	**6 029**	–	**6 029**
127 146	14	**127 160**	**35 859**	**163 019**	**388**	173 260	6 237	–	**552 879**	**–**	**552 879**	–	**552 879**
264 030	374	**264 404**	**2 723**	**267 127**	**104 117**	112 077	(93 914)	54 773	**700 146**	**–**	**700 146**	(2 219)	**697 927**
258 468	258	**258 726**	**2 127**	**260 853**	**101 171**	76 345	(49 148)	(866)	**633 700**	**–**	**633 700**	8	**633 708**
237	2	**239**	**19**	**258**	**926**	102	–	–	**3 408**	**–**	**3 408**	–	**3 408**

FNB – South Africa and Africa

INTRODUCTION

FNB's strong performance for the year to June 2012 reflects the ongoing successful execution of a number of very specific growth strategies. These are underpinned by a consistently improving retail and commercial franchise which is particularly focused on providing innovative and cost effective products and solutions for customers.

The FNB franchise is key to the Group's vision to be a predominant South African financial services player and a growing force in other targeted African markets.

EXECUTION ON STRATEGY

South Africa

Given the relative size of FirstRand in its domestic market, it is imperative that the Group continues to grow in its existing segments and at the same time increase its share of those markets and segments where it is under-represented. However, the Group is only focused on profitable growth, not market share per se and many of FNB's strategies reflect this focus.

When assessing FNB's performance in the year under review, the business benefited from a deliberate strategy to grow and retain core transactional accounts. It has driven this through offering customers a compelling value proposition – innovative products and channels at an acceptable cost to the customer. This proposition has been supported by various reward programmes such as eBucks, SLOW lounges and fuel, data and airtime rewards. Innovations such as the Banking App, cellphone banking and eWallet also attracted new customers. This has resulted in a net increase of 1.3 million active accounts in the year under review and growth in customers of 5% to 7.5 million. In addition, FNB's success in cross-selling to its customers also increased the average products per customer from 2.03 to 2.10. A positive outcome from this growth in customers is the commensurate increase in transactional volumes, particularly on the back of FNB's deliberate objective to drive customers onto its electronic platforms.

FNB's focus on customer acquisition and retention also resulted in excellent growth in deposits, where historically FNB has been under-represented relative to some of its peers. The approach is focused on building long-term relationships and is not interest rate or price led. FNB considers this to be a more sustainable strategy and is linked to the Group's overall objective to attract liabilities onto its banking platforms.

Continuing expansion in lending margins for the year under review also reflects a specific strategy to grow in the higher margin term/unsecured products, in both the Mass (Smart and EasyPlan) and Consumer (personal loans) segments. In addition FNB continued to focus on appropriate risk pricing in residential mortgages and wealth structured lending.

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

Africa

FNB has profitable and well established African franchises in Botswana, Namibia, Swaziland and Lesotho. In line with FirstRand's objective to grow in countries with strong domestic growth potential and trade links with Asia, FNB is continuing to organically build full service banking in Zambia, Mozambique and Tanzania. During the year, FNB established a greenfields operation in India to launch a range of investment, financial and transactional banking products and services to certain identified niches of the Indian retail and commercial segments.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- SmartSpend loans (Mass segment) payout to June 2012 grew 46% year-on-year to R3.1 billion;
- Smart Bond payout (affordable housing) to June 2012 grew 15% year-on-year to R2.9 billion;
- cellphone banking prepaid sales increased 33% year-on-year;
- HomeLoans achieved profits before tax of R528 million compared to R62 million in the previous year;
- reduction in PIPs portfolio from 1 129 properties (June 2011) to 594 properties (June 2012);
- eBucks spend of R493 million increased 53% year-on-year;
- personal loans (Consumer segment) payouts increased >100% to R5.3 billion for the year;
- commercial deposits grew 17% to R103.9 billion attributable to year-on-year growth in the public sector banking book (R4.5 billion), and successes in the flexi-fixed deposit and 7-day interest investment product accounts;
- 98% growth in eWallet transactions; and
- 78 000 Smart Devices sold to customers.

Financial performance

	FNB South Africa			FNB Africa		
	Year ended 30 June			Year ended 30 June		
R million	**2012**	2011	% change	**2012**	2011	% change
Net interest income	**11 072**	9 276	19	**2 132**	1 821	17
Non-interest revenue	**14 742**	12 889	14	**1 476**	1 340	10
Operating expenses	**(14 429)**	(12 963)	11	**(2 061)**	(1 719)	20
Income before indirect tax	**8 675**	6 876	26	**1 432**	1 385	3
Indirect tax	**(382)**	(347)	10	**(47)**	(35)	34
Income before direct tax	**8 293**	6 529	27	**1 385**	1 350	3
Normalised earnings	**6 157**	4 787	29	**516**	540	(4)
Advances	**220 638**	206 183	7	**25 420**	22 639	12
Total deposits	**216 186**	181 809	19	**33 403**	28 166	19
Assets under management	**42 567**	44 005	(3)	**1 967**	1 540	28
Assets under advice	**28 297**	14 521	95	**–**	–	
Assets under execution	**35 864**	30 546	17	**–**	–	
NPLs (%)	**5.26**	6.42		**1.87**	1.63	
ROE* (%)	**38.7**	34.9		**16.2**	19.6	

* *Based on normalised earnings.*

PERFORMANCE COMMENTARY – FNB SOUTH AFRICA

FNB produced an excellent performance for the year, increasing pre-tax profits 27% and delivering an ROE of 38.7% which is well above the Group's hurdle rate. Other key ratios are shown below.

	Year ended 30 June	
%	**2012**	2011
Cost-to-income ratio	**55.8**	58.2
Credit loss ratio	**1.28**	1.21
ROA	**2.78**	2.24
Advances margin	**2.80**	2.34

NII growth was driven by balance sheet growth, margin expansion due to the growth in unsecured lending and the substantial decrease in NPLs in FNB HomeLoans. Advances increased 7% in the main emanating from the Consumer, Commercial and Mass segments, with particularly strong growth in unsecured products. Card advances grew 11% on the back of proactive customer acquisition. HomeLoans advances increased only 1% reflecting FNB's strategy to grow residential mortgages in the low risk categories. Margins, however, remained healthy. Affordable housing, particularly Smart Bonds, continued to show good growth.

FNB's focus on attracting deposits resulted in a 19% increase, mainly driven by the Commercial, Consumer and Wealth segments particularly in the notice deposit products.

Bad debts increased largely due to the specific impairment for unrecovered amounts in the merchant acquiring business. If this specific impairment is excluded, bad debts showed a marginal decrease of 4% reflecting the continued improvement in NPLs in HomeLoans and Card. Whilst bad debts in the unsecured lending books increased, this was in line with expectations given the growth in advances and appropriate provisions are held.

NIR was a significant contributor to earnings for the year, increasing 14% and driven by strong customer acquisition and volume growth.

FNB maintained core cost growth at 9%, reflecting its focus on ongoing efficiencies and streamlining platforms. Once the R148 million of asset write-downs (specifically SpeedPoint devices) and the costs associated with ongoing investment in the local franchise are included, total operating expenditure increased 11%.

FNB – South Africa and Africa continued

PERFORMANCE COMMENTARY – FNB AFRICA

FNB Africa grew pre-tax profits 3% year-on-year (excluding the profit on the disposal of MMI Namibia). Other key ratios are shown below.

	Year ended 30 June	
%	**2012**	2011
ROE	**16.2**	19.6
Cost-to-income ratio	**57.0**	54.3
Credit loss ratio	**0.50**	0.30

The results of FNB Africa comprise the established subsidiaries in Namibia, Botswana, Swaziland and Lesotho, and the start-up operations in Mozambique, Zambia and Tanzania. Overall the business performed well, despite ongoing investment in the start-up operations.

The portfolio benefited from increased lending and good NIR growth. The continued investment in building the footprint and expanding the branch network, particularly in the new territories, has resulted in customer acquisition and growth in transactional volumes. During the year, FNB introduced a number of products into the subsidiaries such as cellphone banking and eWallet.

RMB

INTRODUCTION

In what has been one of the toughest investment banking environments for many years, RMB's performance for the year to June 2012 is testament to the strength and quality of its franchise. RMB's strategy continues to be refined in anticipation of the changing market conditions and regulatory regime and is focusing on three key themes – capital allocation, growth and efficiency. These themes are fully aligned with FirstRand's objective to deliver sustainable growth in shareholder returns, within acceptable levels of volatility.

EXECUTION ON STRATEGY

In broad terms RMB executed on specific initiatives which support the Group's strategic intent to grow the franchise in areas where it is currently under-represented domestically such as the corporate and investment banking (CIB) segment. The current year has also seen a focus on India and certain targeted African territories, particularly Nigeria where RMB has received approval in principle for a merchant banking license.

When assessing RMB's performance in the current year, the business is clearly benefiting from the strategic decision in 2009/10 to focus more on client-driven activities, resulting in a healthier balance between these and trading or investment businesses. This shift has resulted in structurally lower but more sustainable ROEs (which remain well above Group hurdle rates) and a higher quality of earnings with less volatility. The CIB strategy is gaining traction with benefits accruing as closer cooperation and more extensive client coverage led to new deal flow and ancillary business across the broader FirstRand Group. GTS continues to invest in technology solutions and benefits are projected to flow in future periods.

Despite the high base created in the previous year and very challenging investment and corporate banking markets, RMB has grown revenues across most of its business activities. Value continues to accrue from the Indian branch and the year also saw the opening of a representative office in Kenya, enhancing RMB opportunities for growth in the east African region.

In terms of client activities, despite muted M&A activity in the domestic market, RMB successfully secured a number of large cross border mandates which contributed to growth in fee income. Financing margins remained under pressure as a consequence of tighter credit spreads and increased funding and liquidity costs. Despite this, revenues grew on the back of a 21% increase in the core wholesale loan book which improved the margin income run rate. Hedging and structuring revenues outperformed expectations, with the business generating income growth from a number of clients across the currency, interest rate and credit structuring areas. Client execution revenues benefited from excellent performances in the currency businesses and the African franchise.

During the year under review the RMB business model was further adjusted in anticipation of impending regulatory changes and the expected macro environment. The following actions were taken in this regard:

- the formation of a Global Markets division; merging components of the FICC and Equities businesses: this will realise scale, synergy benefits and improved levels of innovation;
- the termination of outright proprietary trading activities: this should decrease earnings volatility and reduce the drag on returns, particularly with the adoption of Basel 2.5;
- the centralisation of certain key technology functions: to provide an appropriately responsive platform enabling a stable, scalable IT infrastructure across the organisation; and
- more capital to be allocated to client and investing activities: to enable growth in the CIB franchise.

These changes will ensure that RMB is well positioned for growth and sustainable returns in what is expected to be a difficult environment going forward. RMB has become a more client-centric business with a very clear strategy anchored around a risk appetite designed to effectively manage the trade-offs between earnings volatility, profit growth and returns.

RMB continued

Financial performance

	RMB			GTS		
	Year ended 30 June			Year ended 30 June		
R million	**2012**	2011	% change	**2012**	2011	% change
Income before indirect tax	**4 770**	4 968	(4)	**538**	497	8
Indirect tax	**(67)**	(68)	(1)	**(15)**	(27)	(44)
Income before direct tax and special impairment	**4 703**	4 900	(4)	**523**	470	11
Special impairment	**–**	–	–	**(300)**	–	
Income before direct tax	**4 703**	4 900	(4)	**223**	470	(53)
Normalised earnings	**3 482**	3 567	(2)	**164**	275	(40)
Total assets	**328 890**	264 404	24	**3 022**	2 723	11
ROE (%)	**24.1**	28.7		**12.5**	25.8	
ROA (%)	**1.20**	1.33		**5.54**	11.39	
Cost-to-income ratio (%)	**41.5**	38.5		**69.9**	71.4	

Divisional results – income before direct tax

	Year ended 30 June		
R million	**2012**	2011	% change
Private Equity	**815**	865	(6)
Investment Banking	**2 857**	2 727	5
Global Markets			
– FICC	**1 329**	1 013	31
– Equities	**299**	338	(12)
Other	**(597)**	(43)	>100
RMB*	**4 703**	4 900	(4)
GTS	**523****	470†	11

* *Income before direct tax restated by R59 million for commercial foreign exchange and money market customer dealing business transferred from FICC to FNB Commercial.*

** *GTS operating performance excluding the impact of the impairment losses in the merchant acquiring business at FNB.*

† *Income before direct tax restated due to the migration of businesses between GTS and FNB.*

PERFORMANCE COMMENTARY

The Investment Banking Division (IBD) produced excellent results of R2 587 million, 5% up on prior year levels. Financing activities continued to contribute strongly on the back of solid growth in the core wholesale loan book and provided the business with a stable platform to generate ancillary structuring, advisory and equity investing revenues.

FICC delivered a strong performance for the year growing profits 31% to R1 329 million. Despite pressure on domestic margins and difficult trading conditions in the early part of the financial year, a more volatile currency environment coupled to demand factors in the soft commodities market provided good opportunities in the second half. The benefits of RMB's investment in the FNB African subsidiaries were demonstrated as profits increased 91% to R210 million, driven by strong performances from Botswana, Namibia, Zambia and Mozambique. The structured trade business also profited from the renewed focus on Africa.

Equities posted earnings of R299 million, R39 million lower than in the prior period, but benefiting from good client-centric activity out of the RMB Morgan Stanley joint venture. Within the trading environment results were mixed. As mentioned above, changes to the capital regime during the year placed significant pressure on returns, contributing to the decision to discontinue outright proprietary trading activities within Equities. The majority of exposures were realised by 30 June 2012.

Private Equity profits for the year were exceptionally strong and, despite the absence of a material realisation, are only 6% lower than the prior year at R815 million. The year was characterised by substantial investment within both the Corvest and Ventures portfolios. There were no material impairments and equity-accounted earnings grew strongly. Portfolio valuations remain conservative.

The RMB Resources portfolio experienced a poor year as resources markets and junior mining counters in particular gave back the valuation gains of the previous 18 months, manifesting in unrealised losses in the current period.

Central costs were well contained with spend on African expansion placing mild upward pressure on the expense line.

GTS produced a stable operating performance in an environment characterised by margin compression which drove financing revenue lower. Pre-tax profits of R523 million were 11% higher than the comparative period and benefited from growth in client transactional activities on the back of higher volumes. Non-interest revenue, however, declined marginally compared to the prior financial year and pricing remains highly competitive in this segment.

WesBank

INTRODUCTION

WesBank's excellent performance for the year reflects its leading market position in instalment finance. In particular, WesBank's point-of-sale dominance through long-standing alliances with leading motor manufacturers and large dealer groups, has allowed it to fully capitalise on the strong replacement cycle that has played out over the past two years in the retail motor segment. The quality of the WesBank franchise has contributed significantly to FirstRand's growth in the year under review. This was underpinned by appropriate origination strategies and rigid cost management in its core business combined with increasing penetration of new markets.

Whilst WesBank will always be prone to a certain level of cyclicality, it has undertaken a number of specific initiatives around pricing of credit, active management of the underlying risk profile, cost cutting and driving operational efficiencies, which better positions the business to deliver sustainable returns with lower levels of earnings volatility.

EXECUTION ON STRATEGY

In line with FirstRand's strategic objectives, WesBank has continued to focus on growing its core business and, at the same time, pursued specific strategies in markets where it sees good opportunities and where it is currently under-represented.

In its core lending businesses this focus translated into excellent new business growth, particularly in the motor and unsecured credit books. In addition, in support of the Group's intention to grow its overall share of the domestic corporate and commercial markets, WesBank has increased credit collaboration with RMB and FNB through the integration of teams, processes and origination.

FMR also remains a strategic priority as it represents a complementary activity to the corporate and commercial product suite. The business model assumes less traditional risks in the form of operational and residual value risk and WesBank remains cautiously optimistic that it can grow in this market over time. Early indications are promising, with the total asset book currently approaching R800 million.

FirstRand has taken the decision to reclassify MotoNovo Finance, formerly viewed as an investment, as a complementary business that forms an integral part of its asset-financing operations. In line with the Group's objective to provide sustainable and superior returns, MotoNovo, which is closely aligned to the core business of WesBank, is expected to produce above average returns going forward, particularly given the value created through WesBank's ownership. The investments made in people, systems, credit scoring and the creation of a much stronger market positioning are expected to be reaped in the future. In addition, as the operations are in a market outside the Group's overall geographic representation, there will be some counter cyclical benefits, which could reduce earnings volatility. The positive turnaround at MotoNovo continued during the year under review and was achieved despite continuing tough economic conditions in the UK.

WesBank continues to grow in the unsecured lending sector, through Direct Axis and the underlying personal loans books that it originates and manages, and believes there are ongoing opportunities in this market. WesBank will, through incremental partnerships, focus on growing new business in the lower risk buckets and at profitable overall returns, applying the appropriate discipline in terms of risk profile and appetite.

Financial performance

R million	**2012**	2011	% change
Gross interest income	**5 849**	4 868	20
Impairments	**(1 100)**	(1 291)	(15)
Non-interest revenue	**2 806**	2 212	27
Non-interest expenditure	**(3 938)**	(3 393)	16
Associate income	**239**	318	(25)
Income before indirect tax	**3 856**	2 714	42
Indirect tax	**(206)**	(166)	24
Normalised income before tax	**3 650**	2 548	43

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- advances growth of 17% to R119 billion:
  - new business growth of 19% to R67.7 billion;
  - motor new business growth of 20% to R46.3 billion;
  - corporate new business growth of 15% to R11.8 billion;
  - unsecured loans new business growth of 17% to R4.3 billion; and
  - MotoNovo new business growth of 30% to R5.2 billion;
- excellent performance in Direct Axis through high profits generated in the unsecured lending books;
- good growth through alliance partners;
- debt review showing positive overall outcomes in terms of customer payment behaviour; and

WesBank continued

- implementation of iContract, an electronic contracting process, providing front and back end efficiencies, in addition to a number of other initiatives around customer self service.

PERFORMANCE COMMENTARY

On all key metrics WesBank delivered an excellent performance growing pre-tax profits 43% to R3 650 million, compared with R2 548 million in the prior year (excluding the R540 million profit on the sale of Tracker and Ronald Sewells). Other key performance metrics are indicated in the table below.

Key ratios

	Year ended 30 June	
%	**2012**	2011
ROE	**33.9**	26.3
Cost-to-income ratio	**44.3**	45.9
Credit loss ratio	**0.99**	1.33
ROA	**2.33**	1.79
Interest margin	**5.22**	4.97

The improving interest margins resulted from long-term repricing efforts, in addition to a shift in the mix of underlying advances to a greater proportion of retail secured and unsecured lending, which have better margins than the corporate book. The underlying advances are also well balanced between fixed and variable, thus minimising the impact of changes in interest rates.

Arrear levels continue to reflect positive trends although they appear to now be at the low end and further improvement would not be expected. Overall NPLs have decreased over the prior year, driven by a significant reduction in corporate. Retail NPLs include residual debt review accounts; most of which are paying according to arrangement.

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

Non-interest revenue grew strongly on the back of advances growth and the administration fees and insurance revenues it generates. In addition FMR assets produce non-interest revenue, which has grown 52% to R262 million in the 2012 financial year.

Core operating cost growth was maintained at 3% reflecting static headcount and the non-recurrence of certain restructuring costs in the prior year. Overall growth reflects the variable costs attached to increased profit shares and the rising depreciation cost associated with FMR assets.

BALANCE SHEET MANAGEMENT

Economic view of the balance sheet

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

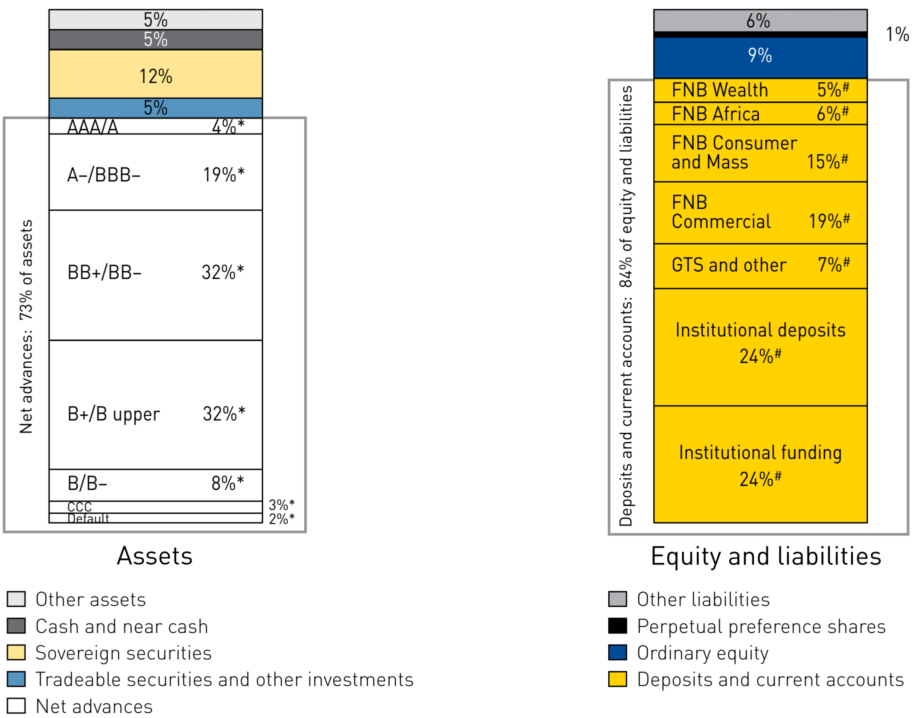
At the core of FirstRand's approach is a belief that the balance sheet and its income statement streams can be both protected and enhanced throughout the cycle to improve sustainability and predictability. This is achieved through the active management of the investment and enterprise value risks which include:

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

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

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

Economic view of the balance sheet as at 30 June 2012 (%)



* *of net advances.*

Note: Derivative assets and liabilities have been netted off.

\# *of deposits and current accounts.*

Performance measurement

The Group aims to deliver sustainable returns to its shareholders. To this end, each business unit is evaluated on the shareholder value created through the measurement of its ROE and the Group's specific measure of economic profit, net income after capital charge (NIACC). Targeted hurdle rates are set for the business units and capital is allocated to each business unit based on its risk profile. This capital allocation process has been refined to reflect the increased capital requirements under Basel III.

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

SHAREHOLDER VALUE CREATION

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

Decomposition of the ROE indicates that although gearing levels decreased in preparation for Basel III, the Group's focus on improving ROA has delivered an increase in ROE from 18.7% to 20.7%. The table below illustrates the improving trends in ROA and ROE.

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

Historical analysis of ROA, gearing and ROE

	Year ended 30 June				
	2012	2011	2010*	2009*	2008*
ROA (%)	**1.73**	1.49	1.27	0.88	1.42
Gearing**	**11.9**	12.5	13.9	14.8	15.1
ROE (%)	**20.7**	18.7	17.7	13.1	21.3

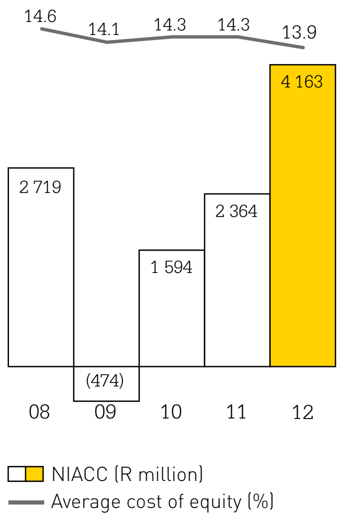
* *Comparatives prior to 2011 are for FirstRand Banking Group.*
** *Gearing = average total assets divided by average equity.*

NIACC and ROE

	Year ended 30 June		
R million	**2012**	2011	% change
Normalised earnings attributable to ordinary shareholders	**12 730**	10 117	26
Charge for capital*	**(8 567)**	(7 753)	(10)
NIACC**	**4 163**	2 364	76
Average ordinary shareholders' equity and reserves	**61 634**	54 120	14
Return on average ordinary shareholders' equity and reserves (%)	**20.7**	18.7	
Average cost of equity (%)	**13.9**	14.3	

* *Capital charge based on average cost of equity.*
** *NIACC = normalised earnings – (average 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, with all operating franchises producing returns in excess of the cost of equity.

	Year ended 30 June		
	2012		2011
R million	**Normalised earnings***	**ROE %**	ROE %
FNB	**6 765**	**35.0**	32.3
FNB SA	**6 249**	**38.7**	34.9
FNB Africa	**516**	**16.2**	19.6**
RMB and GTS	**3 706**	**23.2**	28.5
RMB**	**3 547**	**24.1**	28.7
GTS	**159**	**12.5**	25.8
WesBank	**2 625**	**33.9**	26.3
Corporate Centre	**(366)**	**(2.0)**	(4.5)
Total	**12 730**	**20.7**	18.7

* *Includes return on capital, Corporate Centre costs and cost of preference shares. This differs from normalised earnings disclosed elsewhere.*
** *RMB includes RMB Africa and FNB Africa 2011 ROE is restated to exclude RMB Africa.*

Capital management

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

YEAR UNDER REVIEW

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

The board-approved capital plan is reviewed annually as part of the Group's Internal Capital Adequacy Assessment Process (ICAAP), with the stress testing framework being an extension of the process. ICAAP assists in the attribution of capital in proportion to the risks inherent in the respective businesses with reference to normal economic circumstances and times of potential stress, which may lead to the realisation of risks not previously considered. These processes are refined on an ongoing basis and continue to inform the targeted buffer over the minimum capital requirement.

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

Targeted ranges were increased in the prior year in anticipation of the implementation of Basel III, even though the levels for South Africa are not yet finalised. Given the continued uncertainty, the Group follows a conservative approach to capital levels and prefers to maintain capital ratios at the upper end of its targeted capitalisation range. The Group will revisit the internal target capitalisation levels once the SARB finalises the regulations incorporating Basel III.

Throughout the year under review, FirstRand operated above its targeted capitalisation range, reporting a total capital adequacy ratio of 14.7% and a solid Core Tier 1 ratio of 12.3% at June 2012. Similarly FRB, excluding foreign branches, operated comfortably above its targets with a total capital adequacy ratio of 14.6% and Core Tier 1 ratio of 11.8%.

Although the Group's internal capital generation remains strong, regulatory uncertainty and the ongoing capital requirements for the Africa strategy require the Group to continue to adopt a conservative approach to capital levels.

The targeted capital levels as well as the ratios at 30 June 2012 are summarised in the table below.

Capital adequacy position

	FirstRand		FRB*		Regulatory minimum
	Actual	Target	Actual	Target	
Capital adequacy ratio (%)	14.7	12.0 – 13.5	14.6	11.5 – 13.0	9.5**
Tier 1 ratio (%)	13.2	11.0	12.6	10.5	7.0
Core Tier 1 ratio (%)	12.3	9.5 – 11.0	11.8	9.0 – 10.5	5.25

* *Reflects solo supervision, i.e. FRB excluding foreign branches.*
** *The regulatory minimum excludes the bank-specific (Pillar 2b) add-on and capital floor.*

Regulatory developments

Basel III

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

The SARB is currently drafting regulations incorporating the Basel III proposals. The second draft was released on the 17 August 2012 for implementation on 1 January 2013. The Basel III impact on the Group's Core Tier 1 ratio is expected to be minimal. There is, however, a more pronounced negative impact on the total capital adequacy ratio as the current NCNR preference share capital and subordinated debt instruments do not meet the new loss absorbency criteria. Given the transitional period for the implementation of Basel III, the Group remains focused on optimising its capital base. The Basel III impact on the supply and demand of capital is discussed below.

The Group continues to participate in the SARB's biannual quantitative impact studies to assess the impact of Basel III on capital adequacy ratios.

The Basel Committee on Banking Supervision (BCBS) introduced a simple, transparent non-risk based leverage ratio that is calibrated to act as a credible supplementary measure to the risk-based capital requirements. The SARB has proposed a minimum Tier 1 capital leverage ratio of 4%, which is higher than the BCBS's requirement of 3%. The Group's current leverage ratio is well in excess of this requirement and therefore this does not introduce any constraints to the Group.

Supply of capital – Tier 1

Tier 1 capitalisation ratios benefited from stronger internal capital generation through earnings, offset by the special dividend that was paid in October 2011. All profits were appropriated at 30 June 2012.

The draft regulations allow for the inclusion of disclosable reserves (i.e. share-based payment, foreign currency translation and available-for-sale reserves) in the supply of capital. This is offset by the exclusion of certain minority interests, additional regulatory deductions for the expected loss over provisions and the grandfathering of the NCNR preference share capital over a ten-year period.

Supply of capital – Tier 2

During the year, FRB, FNB Botswana and FNB Namibia issued subordinated debt that meets the Basel III entry criteria (excluding loss absorbency), and these instruments qualify for the grandfathering arrangements under Basel III. The Group's old-style Tier 2 instruments also do not meet the loss absorbency criteria under Basel III and will be grandfathered.

Demand for capital

RWA movement for the year was driven mainly by the following:

- credit risk – the increase is due to credit risk recalibrations, volume growth and the 6% scalar applied to exposures on the AIRB approach (Basel 2.5 requirement);
- market risk – decreased market risk positions were offset by the Basel 2.5 stressed VAR requirements and incremental risk charge; and
- equity investment risk – effective 1 July 2011, the SARB requested that all equity investment risk exposure be risk weighted under the simple risk weighted method (previously the standardised approach). This is only applicable to the non-bank entities and has increased the RWA for the Group.

Under Basel III, RWA are expected to increase further mainly due to the credit valuation adjustment for counterparty credit risk, as well as the requirement for capital against central clearing parties.

CAPITAL ADEQUACY

Composition of capital

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

Composition of qualifying capital and capital ratios of FirstRand at 30 June

	FirstRand			
R million	**2012**	**%**	2011	%
Ordinary shareholders equity as per IFRS*	**62 521**		56 631	
Less: non-qualifying reserves	**(3 983)**		(2 954)	
Cash flow reserve*	**753**		451	
Available-for-sale reserve*	**(626)**		(225)	
Share-based payment reserve*	**(3 247)**		(2 739)	
Foreign currency translation reserve*	**(1 052)**		(474)	
Other reserves*	**189**		33	
Ordinary shareholders equity qualifying as capital	**58 538**		53 677	
Ordinary share capital and share premium*	**5 271**		4 998	
Reserves	**53 267**		48 679	
Non-controlling interests	**2 767**		3 069	
Less: total impairments	**(3 419)**		(3 121)	
Excess of expected loss over eligible provisions (50%)	**(400)**		(907)	
First loss credit enhancements in respect of securitisation structures (50%)	**(508)**		(247)	
Goodwill and intangibles	**(1 743)**		(1 691)	
Other impairments	**(768)**		(276)	
Total Core Tier 1 capital	**57 886**	**12.3**	53 625	13.9
NCNR preference share capital*	**4 519**		4 519	
Less: total impairments	**(400)**		(400)	
Total Tier 1 capital	**62 005**	**13.2**	57 744	15.0
Upper Tier 2 instruments	**1 045**		1 042	
Tier 2 subordinated debt instruments	**6 973**		5 712	
Other reserves	**215**		202	
Less: total impairments	**(908)**		(1 154)	
Excess of expected loss over eligible provisions (50%)	**(400)**		(907)	
First loss credit enhancements in respect of securitisation structures (50%)	**(508)**		(247)	
Total Tier 2 capital	**7 325**	**1.5**	5 802	1.5
Total qualifying capital and reserves	**69 330**	**14.7**	63 546	16.5

* *Audited.*

Capital management continued

Composition of qualifying capital and capital ratios of FRB at 30 June

	FRB*			
R million	**2012**	**%**	2011	%
Ordinary shareholders equity as per IFRS**	**45 956**		37 965	
Less: non-qualifying reserves**	**(364)**		(333)	
Cash flow reserve**	**753**		452	
Available-for-sale reserve**	**(695)**		(443)	
Share-based payment reserve**	**(422)**		(342)	
Ordinary shareholders equity qualifying as capital	**45 592**		37 632	
Ordinary share capital and share premium**	**15 308**		11 459	
Reserves	**30 284**		26 173	
Less: total impairments	**(2 526)**		(3 295)	
Excess of expected loss over eligible provisions (50%)	**(400)**		(907)	
First loss credit enhancements in respect of securitisation structures (50%)	**(45)**		(71)	
Qualifying capital in branches	**(1 732)**		(1 732)	
Intangibles	**(332)**		(268)	
Other impairments	**(17)**		(317)	
Total Core Tier 1 capital	**43 066**	**11.8**	34 337	11.4
NCNR preference share capital**	**3 000**		3 000	
Total Tier 1 capital	**46 066**	**12.6**	37 337	12.4
Upper Tier 2 instruments	**1 045**		1 042	
Tier 2 subordinated debt instruments	**6 392**		5 349	
Less: total impairments	**(445)**		(978)	
Excess of expected loss over eligible provisions (50%)	**(400)**		(907)	
First loss credit enhancements in respect of securitisation structures (50%)	**(45)**		(71)	
Total Tier 2 capital	**6 992**	**2.0**	5 413	1.8
Total qualifying capital and reserves	**53 058**	**14.6**	42 750	14.2

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

The table below provides more detail on the Group's capital instruments at 30 June 2012.

Characteristics of capital instruments

Capital type	Instrument	Nominal (million)	Actual (million)	Rate type	Maturity date**
Core Tier 1	Ordinary share capital*	5 271	5 271		Perpetual
Other Tier 1	NCNR preference share capital*	4 519	4 519	Floating	Perpetual
Upper Tier 2	FRBC21	628	604	Fixed	21 Dec 2018
	FRBC22	440	441	Floating	21 Dec 2018
Lower Tier 2 (Subordinated debt)	FRB03	1 740	1 826	Fixed	15 Sept 2014
	FRB05	2 110	2 041	Fixed	21 Dec 2018
	FRB06	1 000	1 009	Floating	5 Nov 2012
	FRB07	300	301	Floating	6 Dec 2012
	FRB08	100	100	Floating	10 Jun 2016
	FRB09	100	100	Floating	10 Jun 2017
	FRB10	1 000	1 014	Floating	25 Jan 2017
	FNB002	120	155	Floating	1 Dec 2016
	FNB003	27	25	Fixed	1 Dec 2016
	FNBX22	110	113	Fixed	29 Mar 2017
	FNBJ22	280	280	Floating	29 Mar 2017

* *Audited.*
** *Represents the call date of the instrument.*

Capital management continued

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

RWA and capital requirement

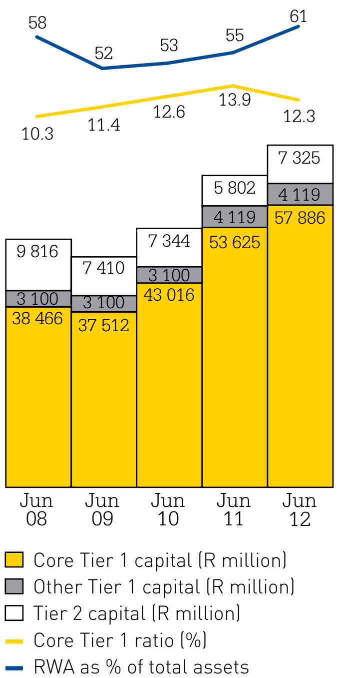
	FirstRand				
	June 2012				June 2011
	RWA†				
R million	**Advanced approach**	**Standardised approach**	**Total**	**Capital# requirement**	RWA†
Credit risk					
Corporate, banks and sovereigns	**108 719**	**8 842**	**117 561**	**11 168**	92 642
Small and medium enterprises (SMEs)	**34 134**	**11 359**	**45 493**	**4 322**	37 584
Residential mortgages	**52 224**	**3 708**	**55 932**	**5 314**	42 388
Qualifying revolving retail	**12 564**	**97**	**12 661**	**1 203**	9 003
Other retail	**55 311**	**8 399**	**63 710**	**6 052**	40 481
Securitisation exposure	**9 207**	**381**	**9 588**	**911**	4 580
Other	**–**	**12 904**	**12 904**	**1 226**	31 911
Total credit risk	**272 159**	**45 690**	**317 849**	**30 196**	258 589
Operational risk*	**58 114**	**14 849**	**72 963**	**6 931**	63 649
Market risk	**12 511**	**3 357**	**15 868**	**1 507**	17 311
Equity investment risk**	**40 640**	**–**	**40 640**	**3 861**	20 605
Other assets	**–**	**24 148**	**24 148**	**2 294**	25 036
Total RWA	**383 424**	**88 044**	**471 468**	**44 789**	385 190
Pillar 1 (8%)				**37 717**	30 814
Pillar 2a (1.5%)				**7 072**	5 778
Total capital requirement				**44 789**	36 592

* *Exposures subject to the basic indicator approach are included under the standardised method.*
** *Effective 1 July 2011, all exposures are subject to the simple risk weighted method (previously non-bank entities were on the standardised approach).*
# *Capital requirement calculated at 9.5% (Pillar 1 of 8% and Pillar 2a of 1.5%) of RWA.*
† *All risk types, except other assets are subject to the advanced approach in FRB.*

Historical overview of capital adequacy

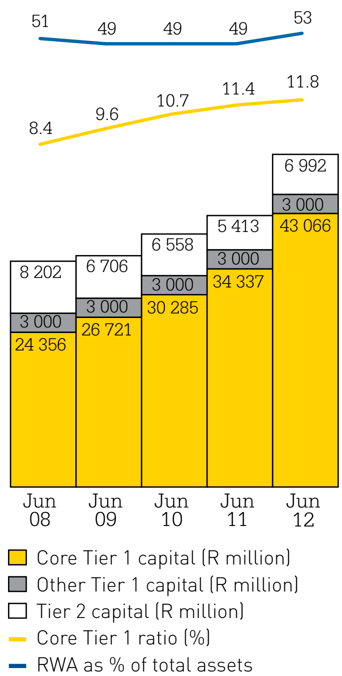
The graphs below provide a historical overview of the capital adequacy for FirstRand and FRB.

Capital adequacy – FirstRand



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

Capital adequacy – FRB



Capital management continued

Capital adequacy position for FirstRand and its subsidiaries

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

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

RWA and capital adequacy position for FirstRand and its subsidiaries at 30 June

	2012			2011	
	RWA	**Tier 1**	**Total capital adequacy**	Tier 1	Total capital adequacy
	R million	**%**	**%**	%	%
Basel II/2.5					
FirstRand	**471 468**	**13.2**	**14.7**	15.0	16.5
FirstRand Bank South Africa	**364 435**	**12.6**	**14.6**	12.4	14.2
FirstRand Bank London	**6 143**	**17.8**	**18.0**	12.5	12.5
FirstRand Bank India	**1 693**	**30.4**	**30.4**	43.0	43.0
FirstRand Ireland*				24.9	24.9
RMB Australia	**9 288**	**14.2**	**14.2**	24.0	24.0
FNB Namibia**	**13 085**	**11.8**	**17.6**	12.6	16.6
Basel I**					
FNB Botswana	**9 601**	**13.9**	**16.6**	13.7	15.7
FNB Lesotho	**319**	**17.2**	**17.4**	19.7	20.0
FNB Mozambique	**1 011**	**11.1**	**11.9**	11.8	16.6
FNB Swaziland	**1 600**	**28.1**	**29.4**	23.0	24.2
FNB Zambia	**753**	**12.1**	**18.0**	33.0	33.0
FNB Tanzania#	**79**	**77.8**	**77.8**		

* *In the process of liquidation.*
** *Ratios based on local rules.*
\# *Opened offices in July 2011.*

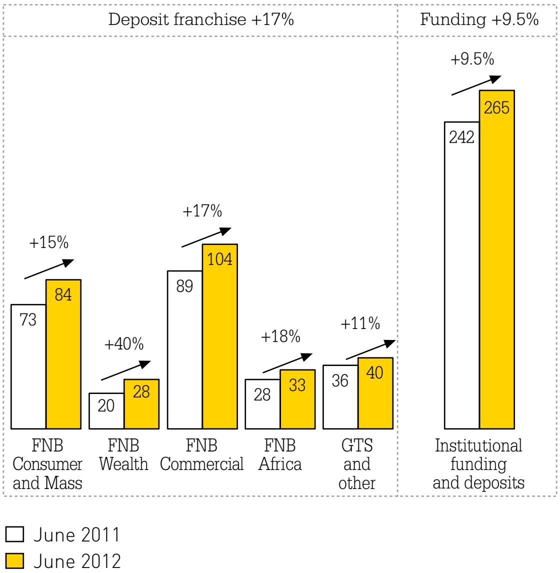
Funding

FUNDING STRATEGY

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

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

Group funding by segment* (R billion)



* *Excluding securities lending, derivatives, repos and short trading positions.*

The banking sector in South Africa is characterised by certain structural features, such as a low discretionary savings rate and a higher degree of contractual savings that are captured by institutions such as pension funds, provident funds and providers of asset management services. Given these structural issues and, as a result of the need to fund the significant growth in risk weighted assets between 2001 and 2007, South African banks overall proportion of institutional funding increased. This is reflected in the table below.

	30 June 2012 (% of funding liabilities)			
SA banks' funding sources	Total	Short-term	Medium-term	Long-term
Institutional	42	24	58	71
Corporate	21	29	11	9
Retail	16	20	17	6
SMEs	5	8	4	1
Government and parastatals	9	13	8	3
Foreign	6	6	2	8
Other	1	–	–	2
Total	**100**	**100**	**100**	**100**

Source: SA banking sector aggregate SARB BA900 returns (30 June 2012), FirstRand research.

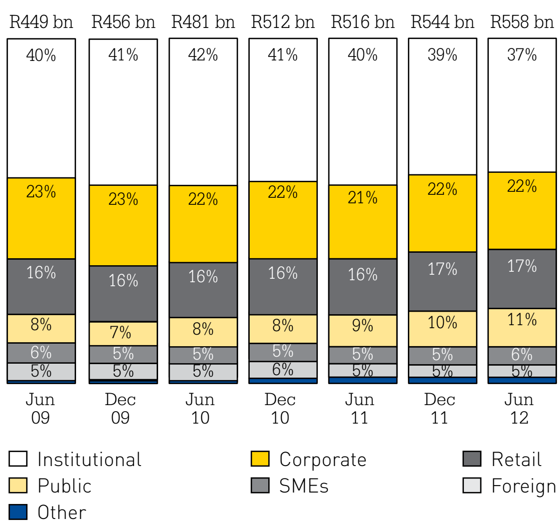
FirstRand Bank generates a larger proportion of its funding from the deposit franchise in comparison to the SA aggregate, but its funding profile also reflects the structural features described above. Emphasis is placed on lengthening the term profile of institutional funding.

Funding continued

FirstRand Bank's funding sources	30 June 2012 (% of funding liabilities) Total	Short-term	Medium-term	Long-term
Institutional	37	22	51	68
Deposit franchise	63	78	49	32
Corporate	22	30	8	9
Retail	17	20	28	6
SMEs	6	8	4	–
Government and parastatals	11	15	8	3
Foreign	5	5	1	7
Other	2	–	–	7
Total	**100**	**100**	**100**	**100**

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

Funding analysis by source



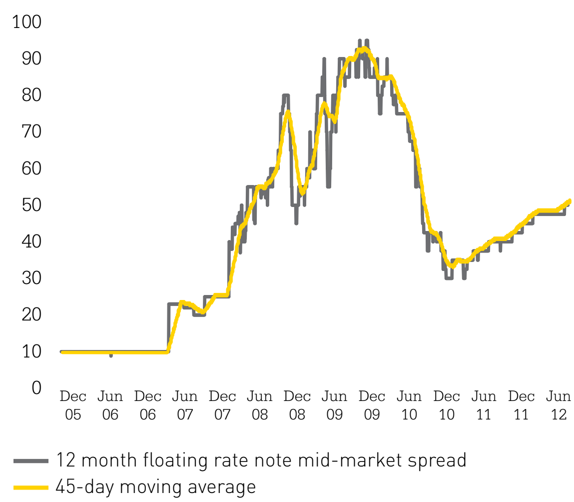
Efficiency

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

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

An explanation of how the market impacts the Group's funding strategy is illustrated below. In the year under review, short-term liquidity costs, as indicated by the spread paid on 12m NCDs, increased marginally. The SARB's monetary policy rate over the year under review implied negative real rates, yet the supply dynamics for savings and investors' requirements for real returns thus resulted in upward pressure on liquidity premiums. Liquidity premiums have therefore, to some extent, compensated for the lower policy rate.

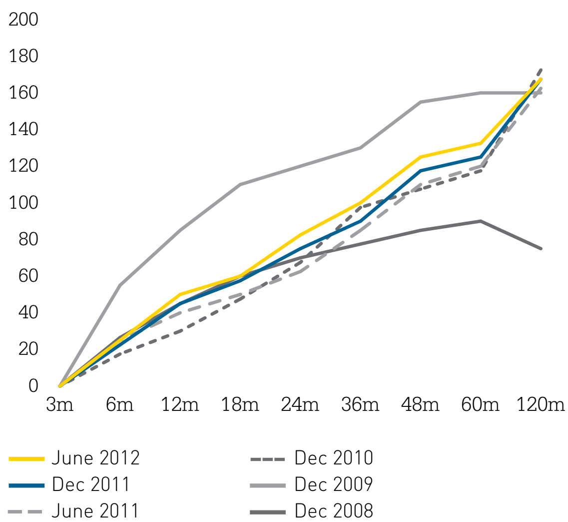
12-month liquidity spread (bps)



Source: Bloomberg (RMBP screen) and Reuters.

Long-term funding spreads have remained elevated, as can be seen from the graph below. On the basis of reduced risk profile, greater capital adequacy and greater visibility, the credit risk component within the funding spreads should be low, thus long-term funding spreads appear to be reflecting a liquidity premium that is still high.

Long-term funding spreads



Source: Bloomberg (RMBP screen) and Reuters.

Flexibility

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

Strong counterparty relationships

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

BASEL III UPDATE

The Basel III guidelines propose two new liquidity metrics:

- the LCR, effective 1 January 2015, which measures short-term liquidity stress; and
- the Net Stable Funding Ratio (NSFR), effective 1 January 2018, which measures the stability of long-term structural funding.

Due to the structural characteristics of South African banks, significant adjustments are required to both the assets and liabilities to meet the minimum quantitative requirements. As reported previously, a Structural Funding and Liquidity task team was established under the guidance of National Treasury and mandated to assess the impact and subsequently make recommendations to the National Treasury on how the banking industry could effectively deal with the proposed regulations.

In May 2012, the SARB released Guidance Note G5/2012 announcing the provision of a committed liquidity facility that will assist banks in meeting the LCR. This facility is capped at 40% of net outflows under the LCR and has a tranched cost for different levels of required facility. The inclusion of the committed liquidity facility falls within the Basel framework and is used to cater for markets with specific structural features. These include:

- the low level of government debt securities;
- low sovereign rating ceiling (applicable to many emerging markets);
- low retail savings; and
- a bank deposit-based mortgage financing model.

As such, it does not reflect negatively on the SA banking system.

The BCBS has indicated that further refinement of the LCR may be required and the final SA regulations remain subject to SARB approval. Estimates, given the current proposals, indicate that the cost to the Group will be between R150 million and R250 million per annum.

FirstRand is actively engaged in the efficient implementation of the LCR.

Credit portfolio management

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

CREDIT HIGHLIGHTS AT A GLANCE

Total loans and advances grew strongly during the financial year. Although corporate activity is still subdued, growth in investment banking and commercial loans to the property and agriculture sectors showed improvement. Retail advances benefited from strong growth in the VAF and unsecured portfolios. Growth in the Africa book is consistent and steady.

The level of non-performing loans has been trending downwards since the peak in June 2009. Facilitated by the favourable credit environment, incidences of defaults have continued to decline in the retail book. Overall the corporate portfolio experienced a slight decline in NPLs despite an uptick in the investment banking book. Retail NPLs as a percentage of advances continued to decline, however, increases in some unsecured portfolios have materialised, as expected.

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	**2012**	2011	% change
Total gross advances*	1	**535 704**	474 566	13
NPLs	2	**18 666**	19 790	(6)
NPLs as a % of advances		**3.48**	4.17	
Impairment charge – total	3	**5 471**	4 292	27
– Business as usual		**4 766**	4 292	11
– Special impairment**		**705**	–	
Impairment charge as a % of average advances		**1.08**	0.93	
– Business as usual		**0.94**	0.93	
– Special impairment		**0.14**	–	
Total impairments*	4	**11 197**	9 973	12
– Portfolio impairments		**4 892**	3 457	42
– Specific impairments		**6 305**	6 516	(3)
Implied loss given default (coverage)***	4	**33.78**	32.93	
Total impairments coverage ratio#	4	**59.99**	50.39	

* *Includes cumulative credit fair value adjustments.*
** *This impairment relates to the discovery during the year of the deliberate concealment by employees of unrecovered amounts in FNB's merchant acquiring business unit. This is classified as a boundary event.*
*** *Amortised cost specific impairments and non-performing book cumulative credit fair value adjustments as a percentage of NPLs.*
# *Total amortised cost impairments and total cumulative credit fair value adjustments as a percentage of NPLs.*

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

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

- advances were adjusted (upwards) by the balance sheet credit fair value adjustments of R2 357 million (June 2011: R1 951 million); and
- the IFRS credit impairments in the income statement were adjusted to include the credit fair value adjustment impact of R406 million (June 2011: R514 million). Under IFRS, these would have been accounted for under non-interest revenue.

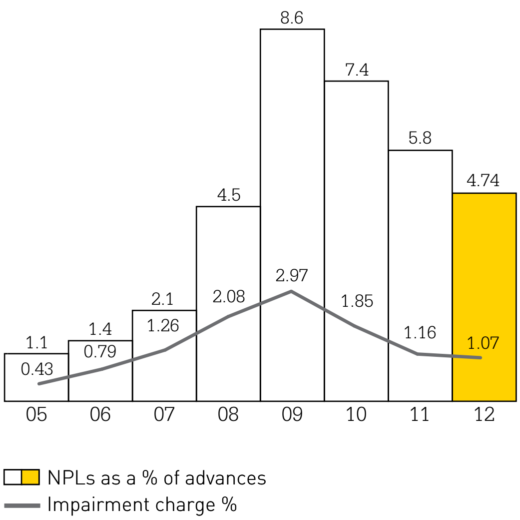
Retail credit portfolios

Vehicle and asset finance book growth was particularly robust increasing 24% year-on-year. Residential mortgages growth was flat compared to the prior year with a strong focus on low and medium risk counterparties and appropriate loan-to-value ratios. The strong growth recorded in the unsecured lending portfolios was within the defined credit risk appetite. The most pronounced shifts occurred in personal banking where both overdrafts and loans increased substantially from previous low bases.

The Group's strategies to reduce NPLs continued to yield favourable results. Retail NPLs were 4.74%, down from the 5.80% reported at June 2011. The reduction in NPLs is driven by the slower inflow into NPLs in FNB HomeLoans. Increases in NPLs in most of the unsecured portfolios have been recorded. This is in line with expectations and risk appetite and has been appropriately priced for.

The decreased impairment charge in the retail secured portfolios was supported by the sustained low interest rates, reductions in NPL inflows in FNB HomeLoans and by post write-off recoveries. The retail unsecured portfolios produced increased impairments compared to June 2011 with the exception of FNB Card where the charge was significantly reduced by post write-off recoveries.

Retail credit portfolios

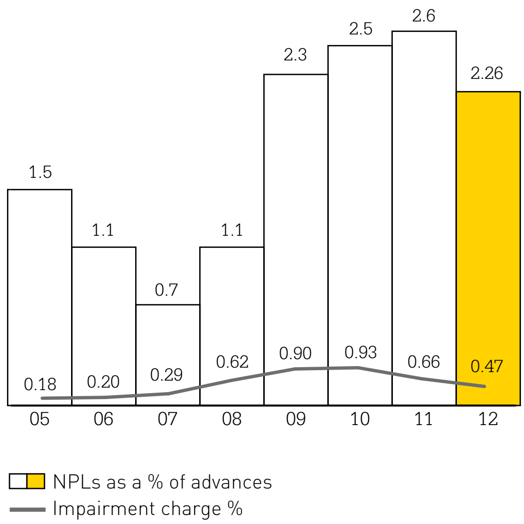


Corporate credit portfolios

The RMB core advances book grew 21% due to investment banking related lending. The FNB Commercial portfolio achieved growth of 14% year-on-year. This growth is attributed mainly to the property term loans and agriculture portfolios.

NPLs in the corporate portfolio declined modestly over the past year, reflecting a reduction in NPLs in the FNB Commercial portfolio, however, RMB's NPLs increased. The Corporate NPLs were 2.26% (June 2011: 2.61%). Impairment charges also showed signs of improvement. The charge at June 2012 was 0.47% (June 2011: 0.66%). Significant reductions in impairment charges were experienced in FNB Commercial and WesBank Corporate compared to the previous June.

Corporate credit portfolios



Credit portfolio management continued

NOTE 1: ANALYSIS OF ADVANCES

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

	Advances			
	As at 30 June			
R million	**2012**	2011	% change	**2012 % composition**
Retail	**272 900**	246 247	11	**51**
Retail – secured	**240 651**	221 989	8	**45**
Residential mortgages	**158 784**	155 974	2	**30**
Vehicle and asset finance	**81 867**	66 015	24	**15**
Retail – unsecured	**32 249**	24 258	33	**6**
Credit card	**11 946**	10 758	11	**2**
Other retail	**20 303**	13 500	50	**4**
Personal banking	**8 780**	4 593	91	**2**
– Overdrafts	**2 450**	1 251	96	**–**
– Loans	**6 330**	3 342	89	**1**
Mass loans	**5 622**	3 906	44	**1**
WesBank loans	**5 901**	5 001	18	**1**
Corporate	**232 446**	197 793	18	**43**
FNB Commercial	**35 646**	31 278	14	**7**
WesBank Corporate	**31 621**	31 109	2	**6**
RMB	**162 574**	132 813	22	**30**
GTS	**2 605**	2 593	–	**–**
FNB Africa	**25 420**	22 639	12	**5**
Corporate Centre and other	**4 938**	7 887	(37)	**1**
Total advances	**535 704**	474 566	13	**100**
Of which:				
Accrual book	**393 542**	350 548	12	**73**
Fair value book*	**142 162**	124 018	15	**27**

* *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.

	As at 30 June		
R million	**2012**	2011	% change
RMB advances	**162 574**	132 813	22
Less: assets under agreements to resell	**(38 482)**	(30 257)	27
RMB advances net of assets under agreements to resell	**124 092**	102 556	21

Sector and geographic analysis of advances

R million	As at 30 June 2012	2011	% change
Gross advances	**537 728**	476 628	13
Less: interest in suspense	**(2 024)**	(2 062)	(2)
Advances net of interest in suspense	**535 704**	474 566	13
Sector analysis			
Agriculture	**16 779**	14 016	20
Banks and financial services	**73 715**	55 977	32
Building and property development	**30 429**	25 244	21
Government, Land Bank and public authorities	**16 203**	15 476	5
Individuals	**285 124**	273 600	4
Manufacturing and commerce	**56 452**	35 424	59
Mining	**16 370**	11 493	42
Transport and communication	**15 183**	13 067	16
Other services	**25 449**	30 269	(16)
Total advances	**535 704**	474 566	13
Geographic analysis			
South Africa	**480 174**	432 167	11
Other Africa	**31 433**	25 817	22
UK	**15 766**	11 474	37
Europe	**2 272**	2 032	12
North America	**285**	375	(24)
South America	**106**	332	(68)
Australasia	**5 668**	2 369	>100
Total advances	**535 704**	474 566	13

Credit portfolio management continued

NOTE 2: ANALYSIS OF NPLs

The table below provides an analysis of NPLs.

R million	NPLs				NPLs as a % of advances	
	As at 30 June		% change	2012 % composition	As at 30 June	
	2012	2011			**2012**	2011
Retail	**12 947**	14 286	(9)	69	**4.74**	5.80
Retail – secured	**11 457**	13 050	(12)	61	**4.76**	5.88
Residential mortgages	**8 763**	10 515	(17)	47	**5.52**	6.74
Vehicle and asset finance	**2 694**	2 535	6	14	**3.29**	3.84
Retail – unsecured	**1 490**	1 236	21	8	**4.62**	5.10
Credit card	**271**	446	(39)	1	**2.27**	4.15
Other retail	**1 219**	790	54	7	**6.00**	5.85
Personal banking	**272**	132	>100	1	**3.10**	2.87
– Overdrafts	**72**	44	64	–	**2.94**	3.52
– Loans	**200**	88	>100	1	**3.16**	2.63
Mass loans	**634**	316	>100	3	**11.28**	8.09
WesBank loans	**313**	342	(8)	2	**5.30**	6.84
Corporate	**5 244**	5 171	1	28	**2.26**	2.61
FNB Commercial	**1 665**	1 865	(11)	9	**4.67**	5.96
WesBank Corporate	**1 134**	1 490	(24)	6	**3.59**	4.79
RMB	**2 436**	1 798	35	13	**1.50**	1.35
GTS	**9**	18	(50)	–	**0.35**	0.69
FNB Africa	**475**	370	28	3	**1.87**	1.63
Corporate Centre and other	**–**	(37)	(100)	–	**–**	(0.47)
Total NPLs	**18 666**	19 790	(6)	100	**3.48**	4.17
Of which:						
Accrual book	**16 650**	18 053	(8)	89	**4.23**	5.15
Fair value book	**2 016**	1 737	16	11	**1.42**	1.40

Sector and geographical analysis of NPLs

	NPLs			NPLs as a % of advances	
	As at 30 June			As at 30 June	
R million	**2012**	2011	% change	**2012**	2011
Sector analysis					
Agriculture	**571**	453	26	**3.40**	3.23
Banks and financial services	**371**	519	(29)	**0.50**	0.93
Building and property development	**2 342**	1 771	32	**7.70**	7.02
Government, Land Bank and public authorities	**40**	74	(46)	**0.25**	0.48
Individuals	**13 089**	14 161	(8)	**4.59**	5.18
Manufacturing and commerce	**1 003**	635	58	**1.78**	1.79
Mining	**422**	55	>100	**2.58**	0.48
Transport and communication	**246**	276	(11)	**1.62**	2.11
Other services	**582**	1 846	(68)	**2.29**	6.10
Total NPLs	**18 666**	19 790	(6)	**3.48**	4.17
Geographic analysis					
South Africa	**17 386**	19 057	(9)	**3.62**	4.41
Other Africa	**509**	406	25	**0.11**	1.57
UK	**68**	16	>100	**0.22**	0.14
North America	**219**	–		**76.84**	–
South America	**290**	248	17	**>100**	74.70
Australasia	**194**	63	>100	**3.42**	2.66
Total NPLs	**18 666**	19 790	(6)	**3.48**	4.17

Credit portfolio management continued

Security and recoverable amounts

R million	**NPLs**	**Security held and expected recoveries**	**Specific impairment***	NPLs	Security held and expected recoveries	Specific impairment*
		2012			2011	
Retail	**12 947**	**9 024**	**3 923**	14 286	10 265	4 021
Retail – secured	**11 457**	**8 739**	**2 718**	13 050	9 991	3 059
Residential mortgages	**8 763**	**6 993**	**1 770**	10 515	8 475	2 040
Vehicle and asset finance	**2 694**	**1 746**	**948**	2 535	1 516	1 019
Retail – unsecured	**1 490**	**285**	**1 205**	1 236	274	962
Credit card	**271**	**79**	**192**	446	116	330
Other retail	**1 219**	**206**	**1 013**	790	158	632
Personal banking	**272**	**52**	**220**	132	17	115
– Overdrafts	**72**	**19**	**53**	44	6	38
– Loans	**200**	**33**	**167**	88	11	77
Mass loans	**634**	**78**	**556**	316	54	262
WesBank loans	**313**	**76**	**237**	342	87	255
Corporate	**5 244**	**3 090**	**2 154**	5 171	2 844	2 327
FNB Commercial	**1 665**	**886**	**779**	1 865	970	895
WesBank Corporate	**1 134**	**633**	**501**	1 490	789	701
RMB	**2 436**	**1 571**	**865**	1 798	1 086	712
GTS	**9**	**–**	**9**	18	(1)	19
FNB Africa	**475**	**247**	**228**	370	205	165
Corporate Centre and other	**–**	**–**	**–**	(37)	(40)	3
Total	**18 666**	**12 361**	**6 305**	19 790	13 274	6 516

* *Specific impairments include cumulative credit fair value adjustments.*

NOTE 3: ANALYSIS OF INCOME STATEMENT CREDIT IMPAIRMENTS

The increase in the bad debt charge from 93 bps to 108 bps was mainly driven by:

- the creation of certain portfolio impairments at the centre, reflecting the Group's view that the credit cycle has bottomed; and
- a specific impairment for unrecovered amounts in FNB's merchant acquiring business.

Without the impact of the specific impairment for the merchant acquiring business, overall credit impairments increased slightly from 93 bps to 94 bps. Increased impairments emanated from the unsecured portfolios, in line with expectations.

Income statement impairments

	Total impairment charge			As a % of average advances	
	As at 30 June			As at 30 June	
R million	**2012**	2011	% change	**2012**	2011
Retail	**2 787**	2 773	1	**1.07**	1.16
Retail – secured	**1 344**	1 905	(29)	**0.58**	0.88
Residential mortgages	**885**	1 216	(27)	**0.56**	0.79
Vehicle and asset finance	**459**	689	(33)	**0.62**	1.11
Retail – unsecured	**1 443**	868	66	**5.11**	3.86
Credit card	**40**	149	(73)	**0.35**	1.39
Other retail	**1 403**	719	95	**8.30**	6.12
Personal banking	**416**	178	>100	**6.22**	4.66
– Overdrafts	**102**	62	65	**5.51**	5.36
– Loans	**314**	116	>100	**6.49**	4.36
Mass loans	**723**	391	85	**15.18**	11.37
WesBank loans	**264**	150	76	**4.84**	3.35
Corporate	**1 010**	1 284	(21)	**0.47**	0.66
FNB Commercial	**166**	334	(50)	**0.50**	1.12
WesBank Corporate	**377**	452	(17)	**1.20**	1.47
RMB	**495**	489	1	**0.34**	0.37
GTS	**(28)**	9	(>100)	**(1.08)**	0.42
FNB Africa	**121**	64	89	**0.50**	0.30
Corporate Centre and other*	**848**	171	>100	**0.17**	0.04
Central portfolio impairments	**800**	–		**0.16**	–
Other	**48**	171	(72)	**0.01**	0.04
Business as usual impairment charge*	**4 766**	4 292	11	**0.94**	0.93
Special impairment*	**705**	–		**0.14**	–
Total impairment charge	**5 471**	4 292	27	**1.08**	0.93
Of which:					
Portfolio impairment charge	**1 392**	(210)	(>100)	**0.28**	(0.05)
Specific impairment charge	**4 079**	4 502	(9)	**0.80**	0.98

* *Percentages calculated on total average advances.*

Credit portfolio management continued

NOTE 4: ANALYSIS OF BALANCE SHEET IMPAIRMENTS AND COVERAGE RATIOS

The Group constantly monitors market conditions as well as recent and expected recoveries on NPLs to determine its coverage ratios. The NPLs coverage ratio has increased to 33.8% (June 2011: 32.9%).

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	**2012**	2011	% change	**2012**	2011
Specific impairments*					
Retail	**3 923**	4 021	(2)	**30.3**	28.1
Retail – secured	**2 718**	3 059	(11)	**23.7**	23.4
Residential mortgages	**1 770**	2 040	(13)	**20.2**	19.4
Vehicle and asset finance**	**948**	1 019	(7)	**35.2**	40.2
Retail – unsecured	**1 205**	962	25	**80.9**	77.8
Credit card	**192**	330	(42)	**70.8**	74.0
Other retail	**1 013**	632	60	**83.1**	80.0
Personal banking	**220**	115	91	**80.9**	87.1
– Overdrafts	**53**	38	39	**73.6**	86.4
– Loans	**167**	77	>100	**83.5**	87.5
Mass loans	**556**	262	>100	**87.7**	82.9
WesBank loans	**237**	255	(7)	**75.7**	74.6
Corporate	**2 154**	2 327	(7)	**41.1**	45.0
FNB Commercial	**779**	895	(13)	**46.8**	48.0
WesBank Corporate	**501**	701	(29)	**44.2**	47.0
RMB	**865**	712	21	**35.5**	39.6
GTS	**9**	19	(53)	**100**	>100
FNB Africa	**228**	165	38	**48.0**	44.6
Corporate Centre and other	**–**	3	(100)	**–**	(8.1)
Total specific impairments/implied loss given default* **	**6 305**	6 516	(3)	**33.8**	32.9
Portfolio impairments#	**4 892**	3 457	42	**26.2**	17.5
Total impairments/total impairment coverage ratio†	**11 197**	9 973	12	**60.0**	50.4

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

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

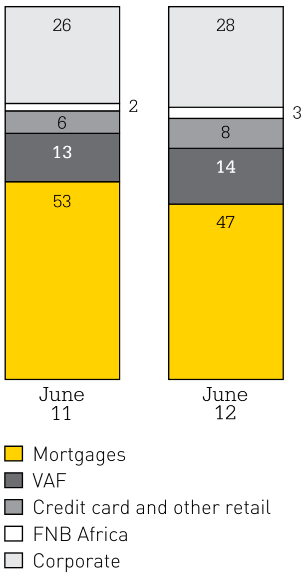
*** *Amortised cost specific impairments and credit fair value adjustments as a percentage of NPLs.*

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

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

The graph below provides the NPLs distribution across the product categories, showing a decrease in the residential mortgages portfolio since June 2011:

NPLs distribution (%)



Credit portfolio management continued

RECONCILIATION OF IMPAIRMENTS

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

	Balance sheet impairments and credit fair value adjustments					
	As at 30 June					
	Amortised cost book		Fair value book		Total book	
R million	**2012**	2011	**2012**	2011	**2012**	2011
Non-performing book	**5 522**	5 812	**783**	704	**6 305**	6 516
Performing book	**3 318**	2 210	**1 574**	1 247	**4 892**	3 457
Total impairments	**8 840**	8 022	**2 357**	1 951	**11 197**	9 973

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

	Balance sheet specific impairments – amortised cost		
	As at 30 June		
R million	**2012**	2011	% change
Opening balance	**5 812**	6 888	(16)
Reclassifications and transfers	**(31)**	(140)	(78)
Acquisitions	**35**	–	
Exchange rate difference	**12**	11	9
Unwinding and discounted present value on NPLs	**(131)**	(213)	(38)
Bad debts written off	**(5 454)**	(5 518)	(1)
Net new impairments created	**5 279**	4 784	10
Closing balance	**5 522**	5 812	(5)

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

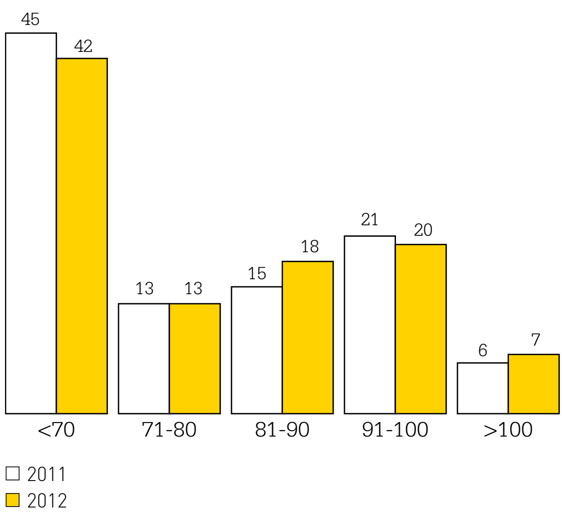
	Income statement impairments		
	Year ended 30 June		% change
R million	**2012**	2011	
Specific impairment charge	**5 279**	4 784	10
Recoveries of bad debts written off	**(1 279)**	(1 031)	24
Net specific impairment charge (amortised cost)	**4 000**	3 753	7
Portfolio impairment charge (amortised cost)	**1 065**	25	>100
Credit fair value adjustments	**406**	514	(21)
– Non-performing book	**327**	(235)	(>100)
– Performing book	**79**	749	(89)
Total impairments	**5 471**	4 292	27

RISK ANALYSES

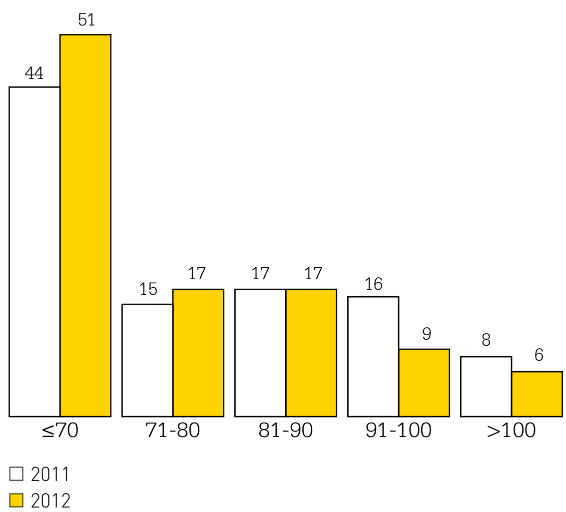
This section provides further information on selected risk analyses of the credit portfolios.

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.

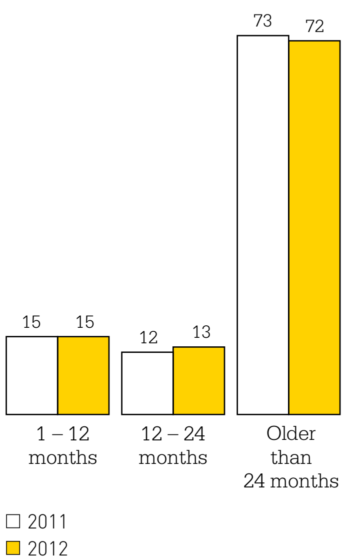
Residential mortgages balance-to-original value (%)



Residential mortgages balance-to-market value (%)



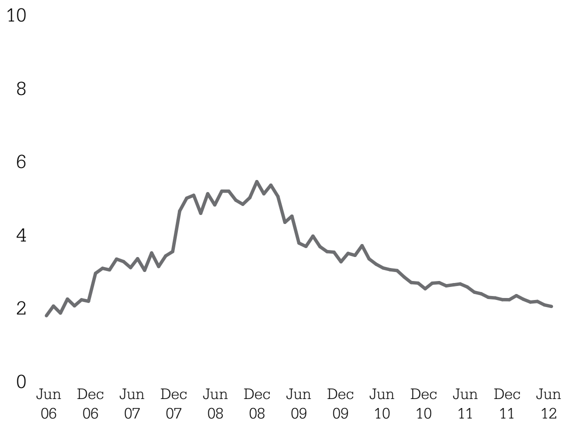
Residential mortgages age distribution (%)



Credit portfolio management continued

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.

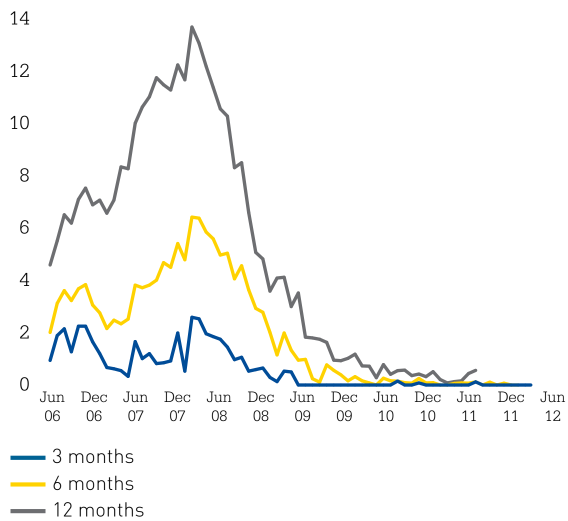
FNB HomeLoans arrears (%)



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

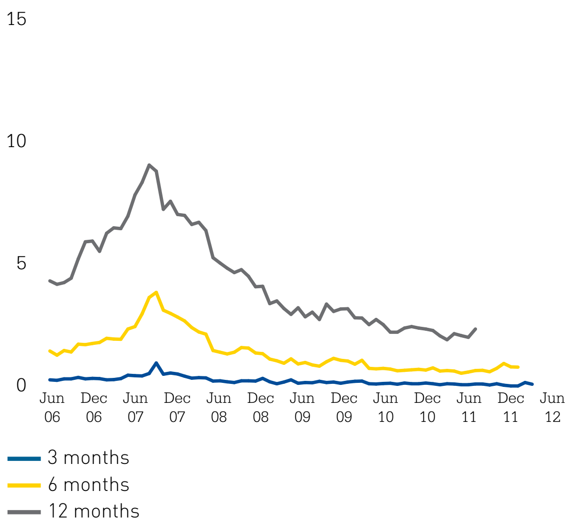
For FNB HomeLoans, the three, six and twelve month cumulative vintage analysis illustrates a marked improvement in the quality of business written since mid-2008 despite further deterioration in macro conditions in the succeeding period. The more recent decreases in the default experience reflect a combination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

FNB HomeLoans vintage analysis (%)



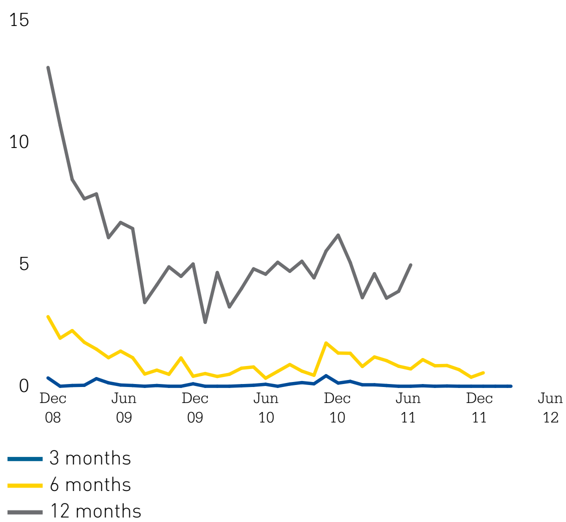
The WesBank retail six and twelve month cumulative vintage analysis continues to show a noticeable improvement in the quality of business written since mid-2007.

WesBank retail vintage analysis (%)

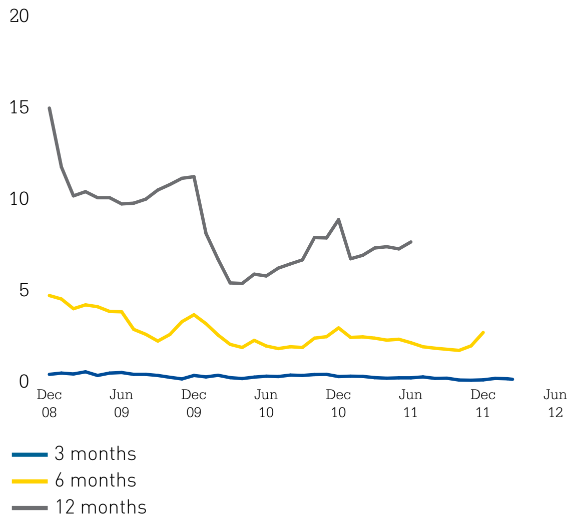


The vintage analyses of FNB and WesBank unsecured portfolios show an uptick in default experience, however, the portfolios remain within risk appetite. Continued actions are undertaken to ensure these portfolios remain within risk appetite.

FNB Card vintage analysis (%)



Unsecured (excluding FNB Card) vintage analysis (%)



The Group's repossessed properties are shown below.

	Properties in possession		
	2012	2011	% change
Number of properties	**594**	1 117	(47)
Value (R million)	**103**	258	(40)

Credit portfolio management continued

SUPPLEMENTARY INFORMATION

Segmental advances, NPLs and impairment analysis

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

	June 2012				
R million/%	Advances	NPLs	NPLs as a % of advances	Total impairment charge	Impairments as % of average advances
FNB	220 638	11 605	5.26	2 329	1.09
FNB Retail	185 132	9 940	5.37	2 064	1.15
Residential mortgages	158 784	8 763	5.52	885	0.56
– FNB HomeLoans (Consumer segment)	107 694	5 584	5.19	523	0.49
– Wealth	40 721	2 734	6.71	297	0.73
– Affordable housing (Mass segment)	10 369	445	4.29	65	0.70
Credit Card	11 946	271	2.27	40	0.35
Personal banking	8 780	272	3.10	416	6.22
– Overdrafts	2 450	72	2.94	102	5.51
– Loans	6 330	200	3.16	314	6.49
Mass (secured and unsecured)	5 622	634	11.28	723	15.18
FNB Commercial	35 646	1 665	4.67	166	0.50
FNB Other*	(140)	–	–	99	(42.49)
WesBank	119 389	4 141	3.47	1 100	0.99
WesBank asset backed finance	113 488	3 828	3.37	836	0.79
– WesBank Retail	72 601	2 621	3.61	362	0.55
– WesBank Corporate	31 621	1 134	3.59	377	1.20
– WesBank International	9 266	73	0.79	97	1.26
WesBank loans	5 901	313	5.30	264	4.84
RMB	162 574	2 436	1.50	495	0.34
GTS	2 605	9	0.35	(28)	(1.08)
FNB Africa	25 420	475	1.87	121	0.50
Corporate Centre*	5 078	–	–	749	11.27
Sub-total	535 704	18 666	3.48	4 766	0.94
Special impairments**	–	–		705	0.14
Total	535 704	18 666	3.48	5 471	1.08

* *Refer to Corporate Centre and other on page 93.*
** *Impairments relate to FNB (R405 million) and GTS (R300 million).*

June 2011				
Advances	NPLs	NPLs as a % of advances	Total impairment charge	Impairments as % of average advances
206 183	13 238	6.42	2 435	1.21
175 231	11 409	6.51	1 934	1.12
155 974	10 515	6.74	1 216	0.79
106 864	7 335	6.86	740	0.69
40 913	2 796	6.83	405	1.03
8 197	384	4.68	71	0.98
10 758	446	4.15	149	1.39
4 593	132	2.87	178	4.66
1 251	44	3.52	62	5.36
3 342	88	2.63	116	4.36
3 906	316	8.09	391	11.37
31 278	1 865	5.96	334	1.12
(326)	(36)	11.04	167	(>100)
102 125	4 367	4.28	1 291	1.33
97 124	4 025	4.14	1 141	1.23
59 865	2 492	4.16	607	1.07
31 109	1 490	4.79	452	1.47
6 150	43	0.70	82	1.48
5 001	342	6.84	150	3.35
132 813	1 798	1.35	489	0.37
2 593	18	0.69	9	0.42
22 639	370	1.63	64	0.30
8 213	(1)	(0.01)	4	0.08
474 566	19 790	4.17	4 292	0.93
–	–	–	–	–
474 566	19 790	4.17	4 292	0.93

Notes

SUPPLEMENTARY INFORMATION

Headline earnings additional disclosure

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

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

	Year ended 30 June		
R million	**2012**	2011	% change
Aggregate cost of portfolio	**4 248**	3 215	32
Aggregate carrying value	**5 959**	4 285	39
Aggregate fair value*	**7 489**	5 601	34
Equity-accounted income**	**866**	26	>100
Profit on realisation#	**82**	27	>100
Aggregate other income earned†	**122**	166	(27)

* *Aggregate fair value is disclosed including minorities.*
** *Income from associates is disclosed post-tax.*
# *Profit on realisation is disclosed post-tax and minorities.*
† *Aggregate other income earned is disclosed pre-tax.*

Issue 2 – Capital appreciation on investment products

	Year ended 30 June		
R million	**2012**	2011	% change
Carrying value of investment properties	**215**	203	6
Fair value of investment properties	**215**	203	6
Capital appreciation after tax	**12**	44	(73)

Reclassification of prior year numbers

During the financial year the following reclassifications were made to the income statement and statement of financial position:

30 June 2011 R million	Amount as previously reported	Amount as restated	Difference	Explanation
Income statement Non-interest income	31 882	29 565	2 317	Fee and commission expenses that are incremental or directly attributable to the generation of fee and commission income have been reclassified out of various operating expense lines into the fee and commission expense line. In addition, the presentation of fee and commission expenses has been updated by presenting it as part of non-interest income and not as part of operating expenses. This was to align with banking industry practice.
Operating expenses	(26 901)	(24 584)	(2 317)	As per above.
Share of profit from associates and joint ventures	868	531	337	The Group's share of profits from associates and joint ventures has been stated net of the related tax expense. The comparative information was restated in order to be comparable with the new presentation.
Direct tax	(4 582)	(4 245)	(337)	As per above.
Profit for the year	21 527	21 527	–	No effect on profit for the year.
Statement of financial position Creditors and accruals	9 930	9 497	433	During the current year a comprehensive review of liabilities disclosure was undertaken by the Group in order to ensure that the presentation is consistent with industry practice and to provide more detailed and useful information in the financial statements. A reclassification was required to bring the comparative numbers in line with the updated presentation.
Deposits	553 657	552 879	778	
Short trading positions	12 413	9 094	3 319	
Provisions	3 621	517	3 104	
Post-retirement liabilities	2 292	–	2 292	
Employee liabilities	–	5 937	(5 937)	
Other liabilities	–	4 107	(4 107)	
Tier 2 liabilities	–	6 666	(6 666)	
Long-term liabilities	6 690	–	6 690	
Policyholder liabilities under investment contracts	94	–	94	

Reclassification of prior year numbers continued

30 June 2010 R million	Amount as previously reported	Amount as restated	Difference	Explanation
Statement of financial position Creditors and accruals	12 115	7 518	4 597	During the current year a comprehensive review of liabilities disclosure was undertaken by the Group in order to ensure that the presentation is consistent with industry practice and to provide more detailed and useful information in the financial statements. A reclassification was required to bring the comparative numbers in line with the updated presentation.
Deposits	512 469	507 522	4 947	
Short trading positions	16 735	13 927	2 808	
Provisions	3 359	759	2 600	
Post-retirement liabilities	2 162	–	2 162	
Employee liabilities	–	5 088	(5 088)	
Other liabilities	–	10 552	(10 552)	
Tier 2 liabilities	–	10 758	(10 758)	
Long-term liabilities	9 183	–	9 183	
Policyholder liabilities under investment contracts	101	–	101	

Fee and commission expenses reclassified

Categories of fee and commission expenses per franchise

	Year ended 30 June 2012						
R million	**FNB**	**FNB Africa**	**WesBank**	**RMB**	**GTS**	**Corporate Centre**	**Total**
Commissions paid	**187**	**38**	**8**	**2**	**–**	**–**	**235**
Loyalty programmes	**424**	**–**	**1**	**–**	**–**	**–**	**425**
Other – card and cheque book related	**131**	**4**	**–**	**–**	**–**	**–**	**135**
ATM commissions	**23**	**–**	**–**	**–**	**–**	**–**	**23**
Transaction processing fees	**483**	**26**	**65**	**–**	**201**	**–**	**775**
Cash sorting, handling and transporting charges	**525**	**17**	**–**	**–**	**23**	**–**	**565**
Other	**267**	**9**	**–**	**255**	**7**	**8**	**546**
Total fee and commission expenses*	**2 040**	**94**	**74**	**257**	**231**	**8**	**2 704**

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

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

Contingencies and commitments

R million	Continuing and discontinued operations		
	As at 30 June		
	2012	2011	% change
Contingencies			
Guarantees	**22 741**	24 727	(8)
Acceptances	**293**	289	1
Letters of credit	**7 886**	6 331	25
Total contingencies	**30 920**	31 347	(1)
Capital commitments			
Contracted capital commitments	**1 474**	614	>100
Capital expenditure authorised not yet contracted	**2 237**	3 123	(28)
Total capital commitments	**3 711**	3 737	(1)
Other commitments			
Irrevocable commitments	**69 348**	63 298	10
Operating lease and other commitments	**3 666**	13 685	(73)
Total other commitments	**73 014**	76 983	(5)
Total contingencies and commitments	**107 645**	112 067	(4)

Number of shares from continuing and discontinued operations

	Year ended 30 June	
	2012	2011
Shares in issue		
Opening balance as at 1 July	**5 637 941 689**	5 637 941 689
Less: treasury shares	**(175 283 030)**	(189 017 706)
– Staff schemes	**(2 590 187)**	(16 251 263)
– BEE staff trusts	**(171 401 072)**	(171 401 072)
– Shares held by policyholders*	**(1 291 771)**	(1 365 371)
Number of shares in issue (after treasury shares)	**5 462 658 659**	5 448 923 983
Weighted average number of shares		
Weighted average number of shares before treasury shares	**5 637 941 689**	5 637 941 689
Less: treasury shares	**(177 575 407)**	(253 883 214)
– Staff schemes	**(4 867 033)**	(63 457 590)
– BEE staff trusts	**(171 401 072)**	(171 401 072)
– Policyholder and mutual funds "deemed treasury shares"	**(1 307 302)**	(19 024 552)
Weighted average number of shares in issue	**5 460 366 282**	5 384 058 475
Dilution impact:		
Staff schemes	**84 347 709**	84 813 466
BEE staff trusts	**27 757 143**	23 976 201
Diluted weighted average number of shares in issue	**5 572 471 134**	5 492 848 142
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.*

Number of shares from continuing operations

	Year ended 30 June	
	2012	2011
Weighted average number of shares in issue	**5 460 366 282**	5 384 058 475
Add: shares held by Momentum policyholders	**–**	17 673 294
Weighted average number of shares in issue	**5 460 366 282**	5 401 731 769
Dilution impact	**112 104 852**	108 789 667
Diluted weighted average number of shares in issue	**5 572 471 134**	5 510 521 436
Number of shares in issue used for normalised per share calculation from continuing operations	**5 637 941 689**	5 637 941 689

Key market indicators and share statistics

	Year ended 30 June		
	2012	2011	% change
Market indicators			
USD/ZAR exchange rate			
– Closing	**8.19**	6.76	21
– Average	**7.78**	6.94	12
SA prime overdraft (%)	**9.00**	9.00	
SA average prime overdraft (%)	**9.00**	9.25	
SA average CPI (%)	**5.85**	3.85	
JSE All Share Index	**33 708**	31 865	6
JSE Banks Index	**47 824**	40 254	19
Share statistics			
Share price			
– High for the period (cents)	**2 819**	2 253	25
– Low for the period (cents)	**2 074**	1 817	14
– Closing (cents)	**2 639**	1 985	33
Shares traded			
– Number of shares (millions)	**1 723**	10 320	(83)
– Value of shares (R million)	**42 242**	204 908	(79)
– Turnover in shares traded (%)	**31.56**	191.00	

Share price performance

	Year ended 30 June		
	2012	2011	% change
FirstRand average share price (cents)	**2 203**	2 001	10
JSE Bank Index (average)	**43 137**	39 727	9
JSE All Share Index (average)	**32 474**	30 646	6

Company information

DIRECTORS

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

SECRETARY AND REGISTERED OFFICE

BW Unser
4 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton 2196
PO Box 650149
Benmore 2010
Telephone: +27 11 282 1808
Telefax: +27 11 282 8088
Website: www.firstrand.co.za

SPONSOR

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

TRANSFER SECRETARIES – SOUTH AFRICA

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

TRANSFER SECRETARIES – NAMIBIA

Transfer Secretaries (Pty) Ltd
4 Robert Mugabe Avenue, Windhoek
PO Box 2401, Windhoek, Namibia
Telephone: +264 612 27647
Telefax: +264 612 48531

STOCK EXCHANGES

JSE Limited (JSE)

Ordinary shares	**Share code**	**ISIN code**
FirstRand Limited	FSR	ZAE000066304

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

Namibian Stock Exchange (NSX)

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

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

Botswana Stock Exchange (BSE)

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

JSE

	Issuer	Bond code	ISIN code
Subordinated debt	FirstRand Bank Limited	FRB03	ZAG000026774
	FirstRand Bank Limited	FRB05	ZAG000031337
	FirstRand Bank Limited	FRB06	ZAG000045758
	FirstRand Bank Limited	FRB07	ZAG000047598
	FirstRand Bank Limited	FRB08	ZAG000047796
	FirstRand Bank Limited	FRB09	ZAG000047804
	FirstRand Bank Limited	FRB10	ZAG000092487
Upper Tier II	FirstRand Bank Limited	FRBC21	ZAG000052283
	FirstRand Bank Limited	FRBC22	ZAG000052390
Senior unsecured	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

Company information continued

	Issuer	Bond code	ISIN code
Senior unsecured	FirstRand Bank Limited	FRJ16	ZAG000073826
	FirstRand Bank Limited	FRJ17	ZAG000094343
	FirstRand Bank Limited	FRJ18	ZAG000084187
	FirstRand Bank Limited	FRS36	ZAG000077397
	FirstRand Bank Limited	FRS37	ZAG000077793
	FirstRand Bank Limited	FRS43	ZAG000078643
	FirstRand Bank Limited	FRS46	ZAG000079807
	FirstRand Bank Limited	FRS49	ZAG000081787
	FirstRand Bank Limited	FRS51	ZAG000086117
	FirstRand Bank Limited	FRS54	ZAG000087032
	FirstRand Bank Limited	FRS55	ZAG000087040
	FirstRand Bank Limited	FRS56	ZAG000087271
	FirstRand Bank Limited	FRS57	ZAG000087313
	FirstRand Bank Limited	FRS59	ZAG000089855
	FirstRand Bank Limited	FRS60	ZAG000090267
	FirstRand Bank Limited	FRS61	ZAG000090523
	FirstRand Bank Limited	FRS62	ZAG000090614
	FirstRand Bank Limited	FRS63	ZAG000091513
	FirstRand Bank Limited	FRS64	ZAG000092529
	FirstRand Bank Limited	FRS65	ZAG000094277
	FirstRand Bank Limited	FRS66	ZAG000094327
	FirstRand Bank Limited	FRS67	ZAG000095720
	FirstRand Bank Limited	FRS69	ZAG000095829
	FirstRand Bank Limited	FRS70	ZAG000095910
	FirstRand Bank Limited	FRS71	ZAG000096009
	FirstRand Bank Limited	FRS72	ZAG000096033
	FirstRand Bank Limited	FRS73	ZAG000096157
	FirstRand Bank Limited	FRS74	ZAG000096223
	FirstRand Bank Limited	FRS75	ZAG000096363
	FirstRand Bank Limited	FRS76	ZAG000096413
	FirstRand Bank Limited	FRX14	ZAG000079815
	FirstRand Bank Limited	FRX15	ZAG000051103
	FirstRand Bank Limited	FRX16	ZAG000084203
	FirstRand Bank Limited	FRX17	ZAG000094376
	FirstRand Bank Limited	FRX18	ZAG000076472
	FirstRand Bank Limited	FRX19	ZAG000073685
	FirstRand Bank Limited	FRX24	ZAG000073693
	FirstRand Bank Limited	FRX31	ZAG000084195
	FirstRand Bank Limited	FRX45	ZAG000076480

	Issuer	Bond code	ISIN code
Inflation-linked bonds	FirstRand Bank Limited	FRBI04	ZAG000044306
	FirstRand Bank Limited	FRBI07	ZAG000055849
	FirstRand Bank Limited	FRBI22	ZAG000079666
	FirstRand Bank Limited	FRBI23	ZAG000076498
	FirstRand Bank Limited	FRBI28	ZAG000079237
	FirstRand Bank Limited	FRBI33	ZAG000079245
	FirstRand Bank Limited	FRI15	ZAG000051137
Credit-linked notes	FirstRand Bank Limited	FRC08	ZAG000051749
	FirstRand Bank Limited	FRC11	ZAG000054131
	FirstRand Bank Limited	FRC17	ZAG000056011
	FirstRand Bank Limited	FRC29	ZAG000069857
	FirstRand Bank Limited	FRC37	ZAG000076712
	FirstRand Bank Limited	FRC40	ZAG000081027
	FirstRand Bank Limited	FRC41	ZAG000081670
	FirstRand Bank Limited	FRC46	ZAG000082959
	FirstRand Bank Limited	FRC47	ZAG000084310
	FirstRand Bank Limited	FRC55	ZAG000085507
	FirstRand Bank Limited	FRC57	ZAG000086414
	FirstRand Bank Limited	FRC61	ZAG000087347
	FirstRand Bank Limited	FRC66	ZAG000088485
	FirstRand Bank Limited	FRC67	ZAG000088741
	FirstRand Bank Limited	FRC68	ZAG000088758
	FirstRand Bank Limited	FRC69	ZAG000088766
	FirstRand Bank Limited	FRC70	ZAG000088840
	FirstRand Bank Limited	FRC71	ZAG000088923
	FirstRand Bank Limited	FRC72	ZAG000088956
	FirstRand Bank Limited	FRC73	ZAG000089046
	FirstRand Bank Limited	FRC74	ZAG000089178
	FirstRand Bank Limited	FRC75	ZAG000089566
	FirstRand Bank Limited	FRC76	ZAG000089574
	FirstRand Bank Limited	FRC77	ZAG000089608
	FirstRand Bank Limited	FRC78	ZAG000089806
	FirstRand Bank Limited	FRC79	ZAG000089947
	FirstRand Bank Limited	FRC80	ZAG000090077
	FirstRand Bank Limited	FRC81	ZAG000090325
	FirstRand Bank Limited	FRC82	ZAG000090796
	FirstRand Bank Limited	FRC83	ZAG000090952
	FirstRand Bank Limited	FRC84	ZAG000090986
	FirstRand Bank Limited	FRC85	ZAG000091109
	FirstRand Bank Limited	FRC86	ZAG000091182
	FirstRand Bank Limited	FRC87	ZAG000091570
	FirstRand Bank Limited	FRC88	ZAG000091596
	FirstRand Bank Limited	FRC89	ZAG000091604
	FirstRand Bank Limited	FRC90	ZAG000092388

	Issuer	Bond code	ISIN code
Credit-linked notes	FirstRand Bank Limited	FRC91	ZAG000092370
	FirstRand Bank Limited	FRC92	ZAG000092511
	FirstRand Bank Limited	FRC93	ZAG000092545
	FirstRand Bank Limited	FRC94	ZAG000092677
	FirstRand Bank Limited	FRC95	ZAG000092792
	FirstRand Bank Limited	FRC96	ZAG000093204
	FirstRand Bank Limited	FRC97	ZAG000093212
	FirstRand Bank Limited	FRC98	ZAG000093220
	FirstRand Bank Limited	FRC99	ZAG000093501
	FirstRand Bank Limited	FRC101	ZAG000093576
	FirstRand Bank Limited	FRC103	ZAG000093840
	FirstRand Bank Limited	FRC104	ZAG000093857
	FirstRand Bank Limited	FRC105	ZAG000093998
	FirstRand Bank Limited	FRC106	ZAG000093956
	FirstRand Bank Limited	FRC107	ZAG000094574
	FirstRand Bank Limited	FRC108	ZAG000094871
	FirstRand Bank Limited	FRC109	ZAG000094889
	FirstRand Bank Limited	FRC110	ZAG000094954
	FirstRand Bank Limited	FRC112	ZAG000095621
	FirstRand Bank Limited	FRC113	ZAG000095761
	FirstRand Bank Limited	FRC114	ZAG000095837
	FirstRand Bank Limited	FRC115	ZAG000095852
	FirstRand Bank Limited	FRC116	ZAG000095860
	FirstRand Bank Limited	FRC117	ZAG000095928
	FirstRand Bank Limited	FRC118	ZAG000096280
	FirstRand Bank Limited	FRC119	ZAG000096298
	FirstRand Bank Limited	FRC120	ZAG000096306
	FirstRand Bank Limited	FRC121	ZAG000096314
	FirstRand Bank Limited	FRC122	ZAG000096322
	FirstRand Bank Limited	FRC123	ZAG000096272
	FirstRand Bank Limited	FRC124	ZAG000096579
	FirstRand Bank Limited	FRC125	ZAG000096678
Senior unsecured callable bonds	FirstRand Bank Limited	FR002U	ZAG000042748
	FirstRand Bank Limited	FR003U	ZAG000042755

	Issuer	Bond code	ISIN code
Investment security index contracts	Rand Merchant Bank	RMBI01	ZAG000050865
	Rand Merchant Bank	RMBI02	ZAG000052986
	Rand Merchant Bank	RMBI03	ZAG000054032
	Rand Merchant Bank	RMBI04	ZAG000055013
	Rand Merchant Bank	RMBI05	ZAG000055864
	Rand Merchant Bank	RMBI06	ZAG000056722
	Rand Merchant Bank	RMBI07	ZAG000057910
	Rand Merchant Bank	RMBI08	ZAG000072265
Structured notes	FirstRand Bank Limited	OILRMB	ZAG000152732
	FirstRand Bank Limited	COLRMB	ZAE000155222

London Stock Exchange (LSE)

European medium term note (EMTN) programme

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

Simplified group structure

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 Dubai[3]
100%	FirstRand Bank Shanghai[3]
100%	FirstRand Bank Nigeria[3]
100%	FirstRand Bank Angola[3]
100%	FirstRand Bank Kenya[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%	FirstRand International – Mauritius

100% FirstRand Investment Holdings (Pty) Ltd (FRIHL)

Other activities[4, 5]

96%	RMB Private Equity Holdings
93%	RMB Private Equity
100%	RMB Securities
40%	Eris Property Group
50%	RMB Morgan Stanley
100%	FNB International Wealth Management
100%	BJM Private Clients
100%	Rentworks
65%	Direct Axis
100%	First Auto (Pty) Ltd
100%	FirstRand International – Guernsey (includes RMB Australia Holdings)

Structure shows effective consolidated shareholding.

1. Division.
2. Branch.
3. Representative office.
4. For segmental analysis purposes entities included in FRIHL are reported as part of the results of the managing franchise.
5. The Group's securitisation vehicles and conduits are in FRIHL.

Credit ratings

FIRSTRAND BANK LIMITED (FRB)

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

Credit ratings assigned by Standard & Poor's (S&P) as at 11 September 2012

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

Summary of rating actions:

- On 1 December 2011, S&P affirmed its BBB+ long-term and A-2 short-term counterparty credit ratings on FRB. Its South African national scale ratings were affirmed at zaAA/zaA-1.
- On 27 March 2012, S&P revised the outlook on the long-term sovereign credit ratings for South Africa to negative from stable and affirmed the ratings. Consequently, the outlook on FRB's ratings was also revised from stable to negative in line with the negative outlook on the corresponding sovereign ceiling.

Credit ratings assigned by Moody's Investors Service (Moody's) as at 11 September 2012

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

Summary of rating actions:

- On 9 November 2011, Moody's changed the outlook on South Africa's A3 local and foreign currency government debt ratings from stable to negative. Consequently, FRB's A3 foreign currency deposit rating was assigned a negative outlook in line with the negative outlook on the corresponding sovereign ceiling.
- On 28 February 2012, FRB's local currency deposit ratings were downgraded to A3/P-2 (stable outlook) from A2/P-1. Moody's downgraded by one notch the senior debt and deposit ratings of five South African banks. The agency indicated that the downgrades reflected the impact of the country's increasingly constrained public finances and Moody's view that authorities would face challenging policy choices if multiple institutions were to need simultaneous financial support. The downgrades were part of Moody's global assessment of the systemic support levels incorporated in banks' deposit and debt ratings, which reflects the growing difficulties governments face in extending systemic support to their banking systems. The rating actions were not driven by a deterioration in the standalone financial strength or the financial performance of the five affected institutions.

Credit ratings continued

Credit ratings assigned by Fitch Ratings (Fitch) as at 11 September 2012

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

Summary of rating actions:

- On 17 January 2012, Fitch revised the outlook on South African banks to negative from stable, following the revision of the outlook on the South African sovereign BBB+ long-term foreign currency issuer default rating. The rating action, therefore, is not a reflection of any fundamental change in the local banks' credit quality.
- On 19 July 2012, Fitch affirmed its BBB+ (negative outlook) long-term counterparty credit ratings and F2 short-term foreign currency IDR on FRB. The national ratings, viability rating, support rating and support rating floor were also affirmed.

FIRSTRAND LIMITED

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

Credit ratings assigned by Standard & Poor's as at 11 September 2012

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

Summary of rating actions:

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

Definitions

Normalised earnings	The Group believes normalised earnings more accurately reflect its economic performance. Headline earnings are adjusted to take into account non-operational and accounting anomalies. Refer to pages 14 and 15 for a detailed description of the difference between normalised and IFRS results.
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.
Normalised earnings per share	Normalised earnings attributable to ordinary equityholders divided by the weighted average number of shares including treasury shares.
Capital adequacy ratio (CAR)	Capital divided by risk weighted assets.
Risk weighted assets (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.
Return on equity (ROE)	Normalised earnings divided by average normalised ordinary shareholders' equity.
Return on assets (ROA)	Normalised earnings divided by average assets.
Price-to-book	Closing share price on 30 June divided by normalised net asset value per share.
Price earnings ratio	Closing share price on 30 June divided by basic normalised earnings per share.
Dividend cover	Normalised earnings per share divided by dividend per share.
Loan-to-deposit ratio	Average advances expressed as a percentage of average deposits.
Diversity ratio	Non-interest revenue 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).
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.
Effective tax rate	Tax per the income statement divided by the income before direct tax per the income statement.
Net income after capital charge (NIACC)	Normalised earnings less the cost of equity multiplied by the average ordinary shareholders' equity and reserves.
Shares in issue	Number of ordinary shares listed on the JSE.
Weighted average number of ordinary shares	The weighted average number of ordinary shares in issue during the year as listed on the JSE.
Exposure at default (EAD)	Gross exposure of a facility upon default of a counterparty.
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.
Probability of default (PD)	Probability that a counterparty will default within the next year (considering the ability and willingness of the counterparty to repay).

Notes

Notes

Notes

FIRSTRAND

www.firstrand.co.za