2011

analysis of financial results

for the year ended 30 June 2011

FIRSTRAND

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FIRSTRAND

1966/010753/06 Share code: FSR ISIN: ZAE 0000066304 ("FSR")
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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 2011, as well as the results of the normalised continuing operations of the Group, which are based on the audited IFRS results, and deals with the financial and operating performance of its main business units. The Group consists of a portfolio of leading financial services franchises; these are First National Bank ("FNB"), the retail, commercial and wholesale bank, Rand Merchant Bank ("RMB"), the investment bank, and WesBank, the instalment finance business.

Effective 30 November 2010 FirstRand unbundled its 100% shareholding in the Momentum Group. The audited IFRS results therefore include five months of contribution from Momentum (treated as discontinued operations). The audited IFRS results also include six months of contribution from OUTsurance which was disposed of effective 4 May 2011.

The primary results are presented on a normalised continuing basis as the Group believes this most accurately reflects its economic performance. **The normalised continuing operations specifically exclude the profit on unbundling of Momentum, the earnings contribution of Momentum for the current and comparative years, the profit on disposal of OUTsurance, as well as the earnings contribution of OUTsurance for the current and comparative years.** A detailed description of the normalised results is provided on pages 14 and 15. The normalised continuing results include an income statement, statement of comprehensive income, statement of changes in equity and a statement of financial position. These statements are included for the first time. Detailed reconciliations of normalised results to IFRS results are provided on page 32 to page 37. Commentary is based on the continuing normalised results, unless indicated otherwise. Normalised results are unaudited.

Financial highlights – normalised continuing

Normalised earnings	2011	2010	% change
– Normalised (R million)	**10 117**	8 283	+22
– Diluted normalised earnings per share (cents)	**179.4**	146.9	+22

Net asset value per share	2011	2010	% change
– Normalised	**1 044.0**	875.9	+19

Dividend per ordinary share	2011	2010	% change
– Continuing operations	**81.0**	64.0	27

Special dividend per share	2011	2010	% change
– Special dividend per share (cents)	**70.0**	–	100

Return on equity %	2011	2010
– Normalised	**18.7**	17.7

Cost-to-income ratio %	2011	2010
– Normalised	**55.4**	55.0
– Industry adjusted	**53.3**	53.1

Capital adequacy ratio (Tier I)	2011	2010
– IFRS and normalised (%)	**15.0**	13.5

Credit loss ratio %	2011	2010
– Normalised	**0.93**	1.39

Key financial results, ratios and statistics

for the year ended 30 June

R million	2011	2010	% change
From continuing and discontinued operations			
Attributable earnings to ordinary equity holders	**20 065**	9 444	>100
Headline earnings	**9 856**	9 453	4
Normalised earnings	**10 805**	9 963	8
Normalised net asset value	**58 858**	57 509	2
Normalised net asset value per share (cents)	**1 044.0**	1 020.0	2
Average normalised net asset value	**58 183**	54 485	7
Normalised earnings per share (cents)			
– Basic	**191.6**	176.7	8
– Diluted	**191.6**	176.7	8
Normalised return on equity (%)	**18.6**	18.3	
Ordinary dividend per share (cents)	**81.0**	77.0	5
Dividend cover	**2.4**	2.3	
Special dividend per share (cents)	**70.0**	–	100
Non-cumulative, non-redeemable ("NCNR") preference dividend per share (cents)			
– B Class (68% of FNB prime lending rate)	**668.5**	765.4	(13)
– B1 Class (68% of FNB prime lending rate)*	**–**	423.1	(100)
Normalised continuing			
Attributable earnings to ordinary shareholders	**9 889**	7 963	24
Headline earnings	**9 258**	7 789	19
Normalised earnings	**10 117**	8 283	22
Net asset value	**58 858**	49 382	19
Net asset value per share (cents)	**1 044.0**	875.9	19
Average normalised net asset value	**54 120**	46 774	16
Normalised earnings per share			
– Basic	**179.4**	146.9	22
– Diluted	**179.4**	146.9	22
Normalised return on equity (%)	**18.7**	17.7	
Ordinary dividend per share (cents)	**81.0**	64.0	27
Dividend cover	**2.2**	2.3	
Special dividend per share (cents)	**70.0**	–	100
Capital adequacy			
FirstRand**			
– Capital adequacy ratio	**16.5**	15.6	
– Tier 1 ratio	**15.0**	13.5	
Market performance			
Market capitalisation	**111 913**	101 821	10
Price earnings ratio – normalised continuing	**11.1**	12.3	
Price-to-book – normalised continuing	**1.9**	2.1	

* *The 'B1' preference shares were incorporated with the "B" preference shares effective 4 January 2010.*

** *FirstRand became a Bank controlling company effective 1 July 2010. The comparatives are those of FirstRand Bank Holdings Limited which was previously the Bank controlling company.*

Statement of headline earnings from continuing and discontinued operations – IFRS

for the year ended 30 June

R million	2011	2010	% change
Continuing operations			
Profit from continuing operations	14 244	9 480	50
Non-controlling interest	(1 164)	(887)	31
NCNR preference shares	(301)	(344)	(13)
Attributable earnings to ordinary equity holders	12 779	8 249	55
Adjusted for:	(3 341)	(174)	>100
(Gains)/loss on disposal of investment securities and other investments	(12)	–	
Gain on disposal/impairment of available-for-sale assets	(341)	(177)	
Gain on disposal of associates or joint ventures	(2 792)	–	
Gain on the disposal of subsidiaries	(571)	(115)	
(Gain)/loss on the disposal of property and equipment	(9)	2	
Impairment of goodwill	96	82	
Impairment of assets in terms of IAS 36	37	175	
Gain from a bargain purchase	(9)	(203)	
Other	–	4	
Tax effects of adjustments	16	55	
Non-controlling interest adjustments	244	3	
Headline earnings from continuing operations	9 438	8 075	17
Discontinued operations			
Profit from discontinued operations	7 283	1 194	>100
Non-controlling interest	3	1	>100
Attributable earnings to ordinary shareholders	7 286	1 195	>100
Adjusted for:	(6 868)	183	(>100)
Profit on dividend in specie	(6 868)	–	
Loss due to the fair value adjustment of a non current asset held for sale	–	100	
Impairment of goodwill	–	71	
Impairment of intangible assets	–	12	
Normalised earnings from discontinued operations	508	1 894	(64)
Headline earnings from discontinued operations	418	1 378	(70)
Headline earnings from continuing and discontinued operations	9 856	9 453	4

FirstRand Group

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

R million	2011	2010	% change
Headline earnings from continuing operations	9 438	8 075	17
Adjusted for:	859	494	74
IFRS 2 Share-based payment expense	(20)	235	
Treasury shares	418	259	
– Consolidation of share trust	210	313	
– FirstRand shares held by policyholders	208	(54)	
Private equity subsidiary realisations	461	–	
Normalised earnings from continuing operations	10 297	8 569	20
Headline earnings from discontinued operations	418	1 378	(70)
Adjusted for:	90	16	>100
– IFRS 2 Share-based payment expense	–	6	
– FirstRand shares held by policyholders	90	10	
Normalised earnings from continuing and discontinued operations	10 805	9 963	8

Reconciliation of IFRS continuing operations to normalised continuing operations

R million	2011	2010	% change
Attributable earnings to ordinary equity holders (refer page 3)	12 779	8 249	55
OUTsurance equity-accounted income for the year ended 30 June	(180)	(286)	(37)
Profit on sale of OUTsurance	(2 710)	–	(100)
Attributable earnings from continuing normalised operations	9 889	7 963	24
Headline earnings (refer page 3)	9 438	8 075	17
OUTsurance equity-accounted income for the year ended 30 June	(180)	(286)	(37)
Headline earnings from continuing normalised operations	9 258	7 789	19
Normalised earnings per above	10 297	8 569	20
OUTsurance equity-accounted income for the year ended 30 June	(180)	(286)	(37)
Normalised earnings from continuing normalised operations	10 117	8 283	22

Overview of results

Introduction

Although global economic activity picked up during the period under review, the absolute rate of expansion slowed due to a number of factors. The headwinds became particularly acute in the first half of 2011 and economic growth across the globe started to moderate, particularly in highly-indebted, developed economies. Concerns over a sovereign debt default in Greece continued to dampen economic sentiment as worries over the fiscal health of certain peripheral European nations increased.

Several other factors also weighed on global activity. The devastating earthquake that hit Japan disrupted global supply chains and caused losses in manufacturing output in the first few months of 2011. Unrest in North Africa and the Middle East, adverse weather conditions and growing demand from emerging market economies pushed oil and grain prices upwards. This eroded disposable income and weighed on consumer spending. It also put upward pressure on core inflation in many emerging economies, prompting their central banks to start tightening monetary policy.

Against this uncertain global economic backdrop, the South African economy held up well, registering quarterly growth rates above 2.5% during the financial year. The main drivers behind the expansion were South African consumers who benefited from low debt service costs and robust real income growth. In addition, the increase in global commodity prices provided support to the South African export sector. Inflation remained within the South African Reserve Bank's ("SARB") target band, with employment growth, demand for credit and investment spending by the private sector staying sluggish.

With regards to the African continent, sub-Saharan Africa's economic recovery is well under way, although there is variation in the speed of the recovery across the region, and overall growth is almost back to pre-credit crisis levels. Rising food and fuel prices continue to fuel inflation pressures and present a challenge to macroeconomic management, however exports have continued to rise. Trade and investment flows from the large Asian economies of China and India continue to underpin growth in a number of jurisdictions.

Overview of results

Despite this challenging background, FirstRand built further on its strong first half performance to produce excellent results for the year ended 30 June 2011, achieving normalised earnings from continuing operations of R10 117 million, an increase of 22% on the previous period, and producing a normalised return on equity ("ROE") of 18.7% (2010: 17.7%). The ROE has continued to trend upwards, despite lower gearing resulting from higher capital levels (this issue is covered in more detail under Strategic issues section on page 9).

SOURCES OF NORMALISED EARNINGS

R million	2011	% composition	2010	% composition	% change
Total FNB	5 562	51	4 731	47	18
FNB South Africa	5 022	46	4 276	43	17
FNB Africa	540	5	455	4	19
RMB	3 610	33	3 316	33	9
WesBank	1 862	17	953	10	95
Corporate Centre and consolidation adjustments	(714)	(6)	(335)	(3)	(>100)
FirstRand Limited (company)	98	1	(38)	–	>100
NCNR preference dividend	(301)	(3)	(344)	(4)	(13)
Normalised earnings from normalised continuing operations	10 117	93	8 283	83	22
Momentum	508	5	1 394	14	(64)
OUTsurance	180	2	286	3	(37)
Normalised earnings from continuing and discontinued operations	10 805	100	9 963	100	8

With regards to the Group's overall income statement, its operating franchises, FNB, RMB and WesBank, continued to show very strong operational performances. Earnings also continued to be positively impacted by the significant decrease in retail bad debts (impairment charge down 34% on the previous period) particularly in the large books of FNB and WesBank, although the absolute rate of reduction flattened in the second six months of the year and has now reached a normalised level. The National Credit Act's debt review process and the resultant lengthened recovery periods mean that absolute levels of non-performing loans ("NPLs") remain high with a significant proportion in NPLs for longer than six months. Major components of the bad debt charge and NPLs are shown in the table below.

	Year ended 30 June	
	2011	2010
Impairment charge	%	%
Residential mortgages	**0.79**	0.95
Credit card	**1.39**	6.92
Vehicle and asset finance	**1.11**	1.80
Other retail	**6.12**	10.00
Corporate/Wholesale	**0.66**	0.93
FNB Africa	**0.30**	0.37
FirstRand impairment charge ratio*	**0.93**	1.39
NPLs (R million)	**19 790**	22 205

* *Total includes Corporate Centre and other.*

Overall non-interest revenue ("NIR") grew 7% as a result of ongoing customer acquisition and robust transactional volumes at FNB, particularly in electronic channels. WesBank generated strong fee and commission growth and RMB's knowledge-based fee income benefited from good deal flow throughout the year.

Fair value income was robust, underpinned by a strong performance from client activities, benefiting from refinancing opportunities and a strong investment banking deal pipeline during the year.

Investment income also contributed strongly, driven by the private equity and resources portfolios of RMB, and profits from the disposal of VISA Inc shares.

Asset margins benefited from new business repricing across the large lending books, although given the significant size of the in-force advances (particularly in residential mortgages) compared to current levels of new business, the benefits will take time to materialise. Margins also continued to be impacted by the negative endowment effect on capital and deposits as average interest rates for the financial year were 114 bps lower than the previous period.

Overall group operating expenses reflect good ongoing cost control with costs increasing only 9%.

The Group's balance sheet showed reasonable overall growth in advances of 7% reflecting strong new business origination.

The following portfolios showed particularly good new business volumes:

- unsecured lending in FNB's Mass and Consumer segments – R6 billion;
- RMB's structured lending book – R29 billion;
- WesBank – R57 billion; and
- residential mortgages – R21 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. This is achieved through two parallel growth strategies:

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

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

FNB

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

FNB South Africa	Year ended June		
R million	**2011**	2010	% change
Normalised earnings	**5 022**	4 276	17
Profit before tax	**6 944**	5 806	20
Total assets	**223 174**	204 309	9
Total liabilities	**215 901**	199 115	8
Bad debt ratio	**1.20**	1.70	
ROE (%)	**35.7**	31.8	

FNB South Africa produced a strong performance for the year, growing pre-tax profits 20%. This was underpinned by a 29% decline in bad debts emanating largely from HomeLoans and Card, and a 10% increase in NIR.

The NIR performance reflects 3% growth in customers and increased transactional volumes (14%). Migration by customers to less expensive electronic channels continued, reflecting FNB's strategy to encourage customers (particularly through pricing and convenience) to use these cheaper channels.

Despite interest rates being at 36 year lows, advances growth was muted due to continued deleveraging by over-indebted consumers. The low levels of advances growth in HomeLoans (reduction of 2%) and Card (flat) indicated that the credit market is still experiencing a slow recovery specifically in the consumer segment or middle market.

FNB's overall operating expenses grew 10%, due primarily to investment costs, however core costs were contained at 7.7% which includes a staff salary increase in excess of 8% and increased variable costs relating to growth in volumes.

FNB has identified growth opportunities in certain of its segments and executed on a number of these and other operational initiatives during the period under review.

Despite good growth in the Mass segment, which is now servicing over four million customers, FNB still remains relatively underweight in lending activities to these customers. To address this gap, FNB has continued to roll out its EasyPlan strategy which represents an appropriate low cost banking offering to this segment. In the current year, FNB opened 102 EasyPlan representation points. These representation points are well positioned in activity hubs, are open longer than the traditional branches, are supported by low cost channels and have Automatic Deposit Terminals ("ADTs") to satisfy customer cash transactional needs.

FNB Africa	Year ended June		
R million	**2011**	2010	% change
Normalised earnings	**540**	455	19
Profit before tax	**1 350**	1 146	18
Total assets	**35 439**	33 279	6
Total liabilities	**31 493**	29 313	7
Bad debt ratio	**0.30**	0.37	
ROE (%)	**21.4**	20.0	

Overall the African subsidiaries performed well growing profits before tax 18% and delivering an ROE of 21.4%. This performance was achieved despite significant investment activity across the portfolio resulting in increased operating expenses. As part of its strategy to further grow the existing franchise and operating footprint, FNB invested significantly in Zambia and Mozambique in the period under review as well as in starting operations in Tanzania. This investment phase is expected to continue in the medium term with a parallel focus on service and electronic delivery channels to increase the customer base and volumes and resultant NIR. Alongside other group franchises, FNB continues to assess opportunities in identified priority countries such as Nigeria and Ghana.

RMB

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

RMB	Year ended June		
R million	**2011**	2010	% change
Normalised earnings	**3 610**	3 316	9
Profit before tax	**4 959**	4 728	5
Total assets	**264 499**	269 133	(2)
Total liabilities	**258 821**	263 366	(2)
ROE (%)*	**28.7**	24.9	

* *Includes Africa.*

RMB reported pre-tax profits of R4 959 million, 5% higher than in the comparative year. This is a pleasing result given an environment of limited corporate recovery and continued weakness in market and investment flows. It was also achieved against the high base of the prior year due to the Life Healthcare realisation and despite conservative valuations on lending and private equity portfolios and prudent provisioning.

Investment Banking again delivered a strong performance off a relatively high base, with good contributions from advisory, financing, structuring and principal investing activities. Reflecting RMB's strategy to increase its exposure to investment grade corporate credit the structured lending book showed continued steady growth and whilst impairments increased slightly over the period, credit quality remains robust. The advisory business performed well with structuring activities in the property sector delivering excellent results.

Overall client flows generally remained weak placing Fixed Income, Currency and Commodity's ("FICC") revenues under pressure. Trading volumes showed a mixed picture for the year with the second six months struggling to keep pace with the momentum set in the early part of the year. Revenues generated by the FICC teams deployed into the African subsidiaries were up marginally on the comparative period.

Private Equity produced a good result with Corvest realising a gain of R461 million (post tax and minorities) from the sale of Davita Trading. Revenues from portfolio investments grew strongly, particularly in Ventures and Corvest, reflecting the resilience of the underlying counters.

Equities' performance was mixed, with modest growth in most client execution businesses, largely on the back of improving equity volumes.

RMB made good progress in growing its African franchise with a focus on building investment banking and trading activities in jurisdictions where FNB currently operates as well as capturing trade and investment flows into Africa from key Asian markets such as India and China. A number of transactions in key sectors such as resources, commodities, energy and property were concluded in Africa. Representative offices in Angola and Kenya have been commissioned and the Nigerian representative office continues to function as a valuable hub for activities in West African markets.

The integration of RMB's investment banking and FNB's corporate banking teams, and the creation of the Corporate Investment Banking ("CIB") Coverage unit is in line with expectations.

WesBank

WesBank continues to focus on its core strategy of partnering with key industry players through representation at the point of sale. In line with FirstRand's strategy, it is also targeting domestic segments, such as fleet management and full maintenance rentals as well as larger corporate asset finance customers and the public sector.

WesBank	Year ended June		
R million	**2011**	2010	% change
Normalised earnings	**1 862**	953	95
Profit before tax	**2 548**	1 300	96
Total assets	**104 117**	97 357	7
Total liabilities	**101 171**	95 452	6
Bad debt ratio	**1.33**	2.21	
ROE (%)	**26.3**	15.4	

WesBank produced an excellent performance for the year increasing profits before tax 96% over the prior year to R2.55 billion. This performance was driven by the ongoing retail and corporate credit unwind, strong new business origination, improved interest margins across all portfolios and good cost management.

Bad debts in the local lending business decreased 38% from R1.95 billion to R1.21 billion (from 2.2% to 1.3% of advances). Retail and corporate bad debts showed continued strong downward trends.

New business increased 28% over the comparative period. The year-on-year growth comprised a 32% increase in retail new business and a 16% increase in corporate new business. Interest margins showed an improving trend as a result of the focus on written rates as well as the improvement in mix with a higher component of fixed rate business written.

Total NIR (including income from associates) decreased 16% reflecting the loss of revenues following the disposal of WorldMark Australia, WorldMark South Africa and Norman Bissett, which were included in the prior period's results. However, NIR in the local lending operation increased 36%.

Overall expenses decreased 8%, partly as a result of the disposal of the non-lending subsidiaries. Expenses in the local lending operation increased 14% (this increase was 3% excluding the increased profit share payments to alliance partners).

Growth initiatives in the larger corporate sector are gaining good traction. Although the opportunities in full maintenance leasing and in the public sector remain meaningful, the lead times to significant revenue inflows are proving longer than anticipated and are only likely to realise over the medium term.

WesBank is leveraging the FNB platform and presence in certain African jurisdictions, both established and developing, and has deployed resources where asset finance opportunities have been identified.

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

	Year ended 30 June				
R million	2011	% contribution	2010	% contribution	% change
Retail banking					
FNB Retail	3 133		2 386		
FNB Africa	540		455		
WesBank	1 590		853		
	5 263	52	3 694	45	42
Corporate banking					
FNB Corporate	319		397		
FNB Commercial	1 570		1 493		
WesBank	272		100		
	2 161	21	1 990	24	9
Investment banking					
RMB	3 610	36	3 316	40	9
Other					
FirstRand and dividends paid on NCNR preference shares	(203)		(382)		
Corporate Centre and consolidation adjustments	(714)		(335)		
	(917)	(9)	(717)	(9)	(28)
Normalised earnings from continuing operations	10 117	100	8 283	100	22

Strategic issues

PROGRESS ON AFRICAN EXPANSION STRATEGY

The case for investing in Africa is persuasive, economies are strong, political risks have improved, and the business climates continue to improve. However, FirstRand fundamentally believes that building a profitable African business does not require a presence in every African country.

Africa is not a "single" continent. Sub-Saharan Africa itself comprises 46 countries (including South Sudan) with vastly different population sizes, income levels, growth rates and operating conditions. For FirstRand, when identifying priority countries for expansion outside of South Africa, domestic market size and market growth are early key considerations. According to recent research by RMB the top key countries in sub-Saharan Africa, based on these considerations, are Nigeria, Ghana, Tanzania, Botswana, Kenya, Uganda, Angola and Zambia.

The Group believes that these priority countries offer different commercial opportunities and given that strategy is executed by the operating franchises, FNB, RMB and WesBank pursue appropriate entry strategies, albeit within the Group's overall risk appetite and framework.

RMB is exploring opportunities in Angola through a representative office that was established during the year. FNB continues to make significant progress building out its infrastructure in Zambia and established a full service banking operation in Tanzania towards the end of the financial year. FNB is also assessing opportunities in Nigeria and Ghana.

RMB also opened a representative office in Kenya which is particularly well placed to benefit from investment and trade flows with India. RMB's Indian operation is key to unlocking growth opportunities.

FirstRand has a very compelling strategy to grow its franchises on the African continent, matched with a highly disciplined approach to protecting shareholder returns. The Group has undertaken to protect its ROE as it builds a presence outside of its core South African operations, it prefers "greenfields" operations or small rather than significant acquisitions and whilst this can mean expansion takes longer, potential dilution of returns can be contained. "Bolt-on" acquisitions to existing "greenfields" operations are also preferable, as these can bring additional scale more rapidly.

CAPITAL

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

The Group's current philosophy, given the uncertain regulatory environment, is to operate at the higher end of its targeted capital levels. The targeted levels have been increased in anticipation of Basel III and are summarised in the table below:

%	FirstRand		Regulatory minimum
	Actual	Target	
Capital adequacy ratio	16.5	12.0 – 13.5	9.5#
Tier 1 ratio	15.0	11.0	7.0
Core Tier 1 ratio	13.8	9.5 – 11.0	5.25

%	FirstRand Bank ("FRB")*		Regulatory minimum
	Actual#	Target	
Capital adequacy ratio	14.2	11.5 – 13.0	9.5#
Tier 1 ratio	12.4	10.5	7.0
Core Tier 1 ratio	11.4	9.0 – 10.5	5.25

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

These targets are balanced against the requirements of shareholders through an efficient capital structure with limited excesses, but which supports the business strategy, maintains an appropriate credit rating and fulfils regulatory requirements. The Group does not seek to hold surplus capital for acquisitions and the need for raising additional capital is assessed on a transaction by transaction basis. However, it does currently hold buffers for its growth strategies in selected African countries.

As indicated to shareholders in the Group's interim results announcement, it has now been through a process of assessing current ratios against anticipated deployment, the implementation of Basel III regulatory changes and the Group's ability to generate future capital through earnings and is of the view that it is currently operating above the appropriate target levels. This is as a direct result of the following:

- the recent disposal of certain non-core assets, including the Group's stakes in VISA Inc and OUTsurance, has resulted in an excess that is not required for the current expansion strategy and regulatory changes; and
- the Group's operating franchises are generating good returns at a time when there is limited opportunity to grow risk weighted assets due to the current economic climate.

The Group believes that there are two appropriate mechanisms available for dealing with the current excess and any anticipated build up of excess capital going forward.

The Group has declaired a special dividend of 70 cents per share due to the disposal of the non-core assets. It is FirstRand's view that as shareholders were invested in these assets through FirstRand, the opportunistic transactions led to the unlocking of shareholder value and this realised value should be returned to shareholders.

The Group targets a sustainable pay-out ratio, which is a function of returns and risk weighted assets growth. The increase in this year's dividend, over and above earnings growth, is a reflection of the Group's view that given the current macoeconomic outlook and growth strategy, a higher sustainable pay-out ratio over the medium term is possible.

LIQUIDITY MANAGEMENT AND FUNDING STRATEGY

The Group funds its activities in a sustainable, efficient and flexible manner underpinned by a very strong deposit franchise. This is actively managed against certain structural characteristics of the South African market such as a low discretionary savings rate and a higher degree of contractual savings that are captured by institutions such as pension funds, provident funds and providers of asset management services. A portion of these contractual savings translate into institutional funding for banks which has a higher liquidity risk than retail deposits.

The Basel III guidelines, published in December 2010, propose two new liquidity metrics: The Liquidity Coverage Ratio ("LCR"), effective 1 January 2015, which measures short-term liquidity stress and the Net Stable Funding Ratio ("NSFR"), effective 1 January 2018, which measures the stability of long-term structural funding.

The Basel Committee of Banking Supervision ("BCBS") has put processes in place to ensure the rigorous and consistent global implementation of the Basel III Framework. The standards will be phased in gradually so that the banking sector can move to the higher liquidity standards while supporting lending to the economy. Both the LCR and the NSFR will be subject to an observation period and will include a review clause to address any unintended consequences.

When applying the above metrics to the Group's balance sheet at 31 December 2010, FirstRand and most South African banks do not meet the minimum quantitative requirements. This is due to the specific structural characteristic described above .

These structural issues have been recognised by the South African Regulators, banking industry and National Treasury. In response, and under the guidance of National Treasury, a Structural Funding and Liquidity task team has been established and mandated to assess the impact and subsequently make recommendations to the Finance Ministry on how the banking industry will effectively deal with the proposed regulations.

Prospects

Prospects for the global economy continue to deteriorate and fears of another global recession have resurfaced. A growth collapse in highly indebted European nations, would severely hamper their ability to service their sovereign debt, and poses a risk of contagion. While the South African economy has held up well, the Group expects the economic conditions to remain subdued in the current financial year and for the level of uncertainty to remain high.

Although inflation is expected to remain at the higher end of Government targets, interest rates are likely to remain flat, with an increased likelihood of cuts. Therefore the previously anticipated endowment margin uplift is not expected to materialise. In addition bad debts are not expected to provide any further significant benefit.

Growth in retail advances will remain low and, given the current muted levels of business volumes and corporate activity, corporate advances will also continue to be subdued, with the exception of WesBank which anticipates a healthy lending landscape in both corporate and retail portfolios.

Despite the slowdown in economic activity, NIR should remain healthy, particularly given FNB's focus on innovation and customer service delivery and the strength of RMB's investing, trading and advisory franchises.

GDP growth in sub-Saharan Africa is expected to be maintained in 2011 and 2012, although the region will not be insulated from a slowdown in global activity or commodity prices. All of the Group's franchises will continue to capitalise on growth opportunities in those countries identified as priorities for expansion. FNB will continue to grow its operating footprint supported by its South African platform. RMB will mine the trade and investment flows between Asia and Africa, leveraging off the existing FNB African platforms and its own platform in India.

Investment in these growth opportunities will continue in the current year, however, given the revenue pressures resulting from the low growth macro environment, the Group continues to drive cost efficiencies.

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

The prospects have not been audited or reported on by the Group's external auditors.

Board changes

Mr AP Nkuna resigned as non-executive director effective 31 July 2011. A representative of the Mineworkers Investment Company will replace Mr Nkuna once the necessary approval processes have been completed.

Dividend strategy

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

Basis of presentation

The directors are responsible for the preparation of the consolidated financial statements in accordance with:

- the framework concepts and the measurement and recognition requirements of 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.

The IFRS annual financial statements have been audited by PwC Inc and Deloitte & Touche from which this announcement has been derived, and they have expressed an unmodified opinion, which is available at the company's registered office.

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.

Cash dividend declarations

ORDINARY SHARES

The following ordinary cash dividend was declared in respect of the year ended 30 June 2011:

Cents per share	Year ended 30 June 2011	2010
Interim (declared 7 March 2011)	**35.00**	34.00
Final (declared 12 September 2011*)	**46.00**	43.00
	81.00	77.00

* *The last day to trade in FirstRand shares on a cum-dividend basis in respect of the final dividend will be Friday 7 October 2011, the first day to trade ex-dividend will be Monday 10 October 2011. The record date will be Friday 14 October 2011 and the payment date Monday 17 October 2011. No dematerialisation or rematerialisation of shares may be done during the period Monday 10 October 2011 to Friday 14 October 2011, both days inclusive.*

ORDINARY SHARES: SPECIAL DIVIDEND

Cents per share	Year ended 30 June 2011	2010
Special (declared 12 September 2011*)	**70.00**	–
	70.00	–

* *The last day to trade in FirstRand shares on a cum-dividend basis in respect of the special dividend will be Friday 7 October 2011, the first day to trade ex-dividend will be Monday 10 October 2011. The record date will be Friday 14 October 2011 and the payment date Monday 17 October 2011. No dematerialisation or rematerialisation of shares may be done during the period Monday 10 October 2011 to Friday 14 October 2011, both days inclusive.*

EXCHANGE CONTROL REGULATIONS

The following is a summary of the Exchange Control Regulations. It is intended as a guide only and is not a comprehensive statement of the Exchange Control Regulations which apply to shareholders. Shareholders who have any queries regarding the Exchange Control Regulations should contact their Authorised Dealer in foreign exchange without delay.

Residents of the Common Monetary Area

The special dividend due to a shareholder who is a resident of the Common Monetary Area ("CMA") and whose registered address is in the CMA, will be posted or credited to such shareholders resident Rand account.

Emigrants from the CMA

In terms of the Exchange Control Regulations the special dividend is not freely transferable from South Africa and must be dealt with as follows:

- The special dividend due to a shareholder who is an emigrant from South Africa, whose registered address is outside the CMA and whose documents of title have been restrictively endorsed under the Exchange Control Regulations will be deposited in an emigrant blocked Rand account with the Authorised Dealer in foreign exchange in South Africa controlling the shareholders' blocked assets.
- In terms of a recent relaxation to the Exchange Control rulings, emigrants may externalise the special dividend by making application to the Financial Surveillance Department of the South African Reserve Bank via the requisite Authorised Dealer channel. Previously, a 10% levy would have been payable on externalisation. This is however no longer the position and the special dividend may, on application, be externalised free of the levy.

All other non-residents of the CMA

The special dividend due to a shareholder who is a non-resident of South Africa and who has never resided in the CMA, whose registered address is outside the CMA and whose documents of title have been restrictively endorsed under the Exchange Control Regulations, such special dividend will be regarded as freely transferable from the Republic and will be deposited with the Authorised Dealer in foreign exchange in South Africa nominated by such shareholder. It will be incumbent on the shareholder concerned to instruct the nominated Authorised Dealer as to the disposal of the amounts concerned.

Definitions

Authorised dealer means, in relation to any transaction in respect of gold, a person authorised by the Treasury to deal in gold and, in relation to any transaction in respect of foreign exchange, a person authorised by the Treasury to deal in foreign exchange.

Blocked Rand account is an account to which exchange control restrictions have been applied in terms of the Regulations.

CMA consists of Lesotho, Namibia, South Africa and Swaziland.

Emigrant means a South African resident who is leaving or has left the Republic to take up permanent residence in any country outside the CMA.

Emigrant blocked Rand account means the account of an emigrant from the CMA to which exchange control restrictions have been applied.

Financial surveillance department means the Financial Surveillance Department of the South African Reserve Bank (responsible for the administration of exchange control on behalf of the Treasury).

Non-resident means a person (i.e. a natural person or legal entity) whose normal place of residence, domicile or registration is outside the CMA.

Resident means any person (i.e. a natural person or legal entity) who has taken up permanent residence, is domiciled or registered in the Republic. For the purpose of the Rulings, this excludes any approved offshore investments held by South African residents outside the CMA. However, such entities are still subject to Exchange Control Rules and Regulations.

PREFERENCE SHARES

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

The following dividends have been declared and paid:

	"B" Preference	
Cents per share	**2011**	2010
Period 1 September 2009 – 22 February 2010		342.3
Period 23 February 2010 – 30 August 2010		355.0
Period 31 August 2010 – 28 February 2011	**313.6**	
Period 1 March 2011 – 29 August 2011	**305.2**	
	618.8	697.3

BW Unser

Company secretary

12 September 2011

Description of difference between normalised and IFRS results – continuing operations

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

OUTsurance

The Group previously owned 45% of OUTsurance. Effective 4 May 2011 the Group disposed of its shareholding to RMB Holdings Limited. The Group equity accounted for the associate up to 31 December 2010, at which date it was classified as a disposal group held for sale. On a continuing basis the earnings contribution from OUTsurance has been eliminated for both the current and comparative years. OUTsurance was not treated as a discontinued operation in terms of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. For the continuing results the profit on sale of the associate has been excluded from normalised earnings and from the headline earnings adjustment in terms of Circular 03/2009.

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

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

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

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

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

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

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

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

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

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

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

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

Economic hedges

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

Fair value annuity income – lending

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

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

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

Consolidated private equity subsidiaries

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

Private equity subsidiaries realisations

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

The Circular includes specific industry rules. Rule 1 allows entities to include in headline earnings profits or losses on the sale of private equity investments that are associates or joint ventures, which form part of trading or operating activities. However, this exclusion does not apply to profits and losses on the sale of private equity investments that are subsidiaries. The Group has included the profit 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	2011	2010	% change
Continuing operations			
Interest and similar income	**38 187**	38 817	(2)
Interest expense and similar charges	**(20 818)**	(22 467)	(7)
Net interest income before impairment of advances	**17 369**	16 350	6
Impairment of advances	**(3 778)**	(5 686)	(34)
Net interest income after impairment of advances	**13 591**	10 664	27
Non-interest income	**31 882**	26 954	18
Income from operations	**45 473**	37 618	21
Operating expenses	**(26 901)**	(24 865)	8
Net income from operations	**18 572**	12 753	46
Share of profit from associates and joint ventures	**868**	700	24
Income before tax	**19 440**	13 453	45
Indirect tax	**(614)**	(446)	38
Profit before direct tax	**18 826**	13 007	45
Direct tax	**(4 582)**	(3 527)	30
Profit from continuing operations	**14 244**	9 480	50
Discontinued operations			
– Profit attributable to discontinued operations	**415**	1 194	(65)
– Profit after tax on unbundling of discontinued operations	**6 868**	–	>100
Profit for the year	**21 527**	10 674	>100
Attributable to:			
NCNR preference shareholders	**301**	344	(13)
Ordinary equity holders	**20 065**	9 444	>100
Equity holders of the Group	**20 366**	9 788	>100
Non-controlling interests	**1 161**	886	31
Profit for the year	**21 527**	10 674	>100
Earnings per share (cents)			
– Basic	**372.7**	179.9	>100
– Diluted	**365.3**	178.1	>100
Headline earnings per share cents			
– Basic	**183.1**	180.1	2
– Diluted	**179.4**	178.3	<1
Earnings per share (cents) – IFRS continuing			
– Basic	**236.6**	156.1	52
– Diluted	**231.9**	154.5	50
Headline earnings per share cents – IFRS continuing			
– Basic	**174.7**	152.8	14
– Diluted	**171.3**	151.3	13
Earnings per share (cents) – discontinued			
– Basic	**136.1**	23.8	>100
– Diluted	**133.4**	23.6	>100
Headline earnings per share cents – discontinued			
– Basic	**8.4**	27.3	(69)
– Diluted	**8.1**	27.0	(70)

Consolidated statement of comprehensive income – IFRS

for the year ended 30 June

R million	2011	2010
Profit for the year	**21 527**	10 674
Other comprehensive income		
Cash flow hedges	**21**	(226)
Available-for-sale financial assets	**(41)**	(69)
Exchange differences on translating foreign operations	**(266)**	(74)
Share of other comprehensive income of associates after tax and non-controlling interests	**35**	39
Other comprehensive income for the year before tax	**(251)**	(330)
Income tax relating to components of other comprehensive income	**(44)**	(17)
Other comprehensive income for the year	**(295)**	(347)
Total comprehensive income for the year	**21 232**	10 327
Total comprehensive income attributable to:		
Ordinary equity holders	**19 837**	9 097
NCNR preference shares	**301**	344
Equity holders of the Group	**20 138**	9 441
Non-controlling interests	**1 094**	886
Total comprehensive income for the year	**21 232**	10 327

Consolidated statement of financial position – IFRS
as at 30 June

R million	2011	2010
ASSETS		
Cash and short-term funds	**34 240**	27 067
Derivative financial instruments	**37 206**	39 764
Advances	**464 593**	434 793
Investment securities and other investments	**124 756**	117 171
Commodities	**4 388**	2 365
Accounts receivable	**7 289**	5 743
Investments in associates and joint ventures	**6 029**	6 901
Property and equipment	**10 542**	10 018
Deferred tax asset	**560**	443
Post-retirement benefit asset	**2**	–
Intangible assets and deferred acquisition costs	**1 691**	2 104
Investment properties	**203**	138
Policy loans on insurance contracts	**–**	27
Reinsurance assets	**484**	524
Tax asset	**139**	935
Non-current assets held for sale	**5 805**	197 247
Total assets	**697 927**	845 240
EQUITY AND LIABILITIES		
Liabilities		
Deposits	**553 657**	512 469
Short trading positions	**12 413**	16 735
Derivative financial instruments	**36 361**	36 035
Creditors and accruals	**9 930**	12 115
Provisions	**3 621**	3 359
Tax liability	**288**	157
Post-retirement liabilities	**2 292**	2 162
Deferred tax liability	**2 223**	2 132
Long-term liabilities	**6 690**	9 183
Policyholder liabilities under insurance contracts	**1 047**	1 868
Policyholder liabilities under investment contracts	**94**	101
Liabilities directly associated with non-current assets classified as held for sale	**5 092**	189 961
Total liabilities	**633 708**	786 277
Equity		
Ordinary shares	**53**	52
Share premium	**4 945**	1 491
Reserves	**51 633**	49 889
Capital and reserves attributable to ordinary equity holders	**56 631**	51 432
NCNR preference shares	**4 519**	4 519
Capital and reserves attributable to equity holders of the Group	**61 150**	55 951
Non-controlling interests	**3 069**	3 012
Total equity	**64 219**	58 963
Total equity and liabilities	**697 927**	845 240

Consolidated statement of cash flows – IFRS

for the year ended 30 June

R million	2011	2010
Net cash flows from operating activities continuing operations	**16 923**	15 795
Net cash flows from operating funds	**(803)**	(3 000)
Tax paid	**(3 965)**	(3 143)
Net cash inflow from operating activities continuing operations	**12 155**	9 652
Net cash outflow from operating activities from discontinued operations	**–**	(9 709)
Net cash inflow from investing activities from continuing operations	**1 777**	162
Net cash inflow from investing activities from discontinued operations	**–**	33
Net cash (outflow)/inflow from financing activities from continuing operations	**(6 725)**	1 085
Net cash inflow from financing activities from discontinued operations	**–**	2 117
Net increase in cash and cash equivalents from continuing and discontinued operations	**7 207**	3 340
Cash and cash equivalents at the beginning of the year	**27 067**	57 266
Cash and cash equivalents at the end of the year	**34 274**	60 606
Cash and cash equivalents acquired*	**200**	–
Cash and cash equivalents disposed of*	**(83)**	(36)
Effect of exchange rate changes on cash and cash equivalents	**(151)**	(95)
Transfer to non-current assets held for sale	**–**	(33 408)
Cash and cash equivalents at the end of the year	**34 240**	27 067
* *Cash and cash equivalents sold and bought relate to cash balances held by subsidiaries acquired and sold during the year.*		
Mandatory reserve balances included above	**12 173**	11 370

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

R million	Ordinary share capital and ordinary equity holders' funds					
	Share capital	Share premium	Share capital and share premium	General risk reserve	Cash flow hedge reserve	Share-based payment reserve
Balance as at 1 July 2009	52	1 300	**1 352**	9	(292)	2 306
Issue of share capital	–	–	**–**	–	–	–
Movement in other reserves	–	–	**–**	–	–	181
Ordinary dividends	–	–	**–**	–	–	–
Preference dividends	–	–	**–**	–	–	–
Transfer to/(from) reserves	–	–	**–**	3	–	–
Changes in ownership interest in subsidiaries	–	–	**–**	–	2	–
Consolidation of treasury shares	–	191	**191**	–	–	–
Total comprehensive income for the period	–	–	**–**	–	(176)	–
Balance as at 30 June 2010	52	1 491	**1 543**	12	(466)	2 487
Issue of share capital	–	–	**–**	–	–	–
Movement in other reserves	–	–	**–**	–	–	341
Ordinary dividends	–	–	**–**	–	–	–
Preference dividends	–	–	**–**	–	–	–
Transfer to/(from) reserves	–	–	**–**	1	–	–
Changes in ownership interest in subsidiaries	–	–	**–**	–	–	–
Consolidation of treasury shares	1	3 454	**3 455**	–	–	–
Total comprehensive income for the period	–	–	**–**	–	15	–
Momentum unbundling	–	–	**–**	–	–	(89)
Balance as at 30 June 2011	53	4 945	**4 998**	13	(451)	2 739

Ordinary share capital and ordinary equity holders' 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 interest	Total equity
1 107	750	(198)	40 451	44 133	4 519	2 093	52 097
–	–	–	–	–	–	7	7
–	–	(440)	150	(109)	–	(62)	(171)
–	–	–	(2 955)	(2 955)	–	(420)	(3 375)
–	–	–	–	–	(344)	–	(344)
–	–	–	(3)	–	–	–	–
–	–	2	(27)	(23)	–	508	485
–	–	–	(254)	(254)	–	–	(63)
(138)	(52)	19	9 444	9 097	344	886	10 327
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

Notes

Detailed financial analysis

Key financial results, ratios and statistics – normalised continuing

for the year ended 30 June

R million	2011	2010	% change
Earnings performance			
Normalised earnings contribution by franchise	10 117	8 283	22
FNB – South Africa	5 022	4 276	17
FNB – Africa	540	455	19
RMB	3 610	3 316	9
WesBank	1 862	953	95
Corporate Centre and consolidation adjustments	(714)	(335)	>(100)
FirstRand Limited (company)	98	(38)	>100
Non-cumulative, non-redeemable ("NCNR") preference dividend	(301)	(344)	(13)
Attributable earnings	9 889	7 963	24
Headline earnings	9 258	7 789	19
Normalised earnings	10 117	8 283	22
Normalised net asset value	58 858	49 382	19
Normalised net asset value per share (cents)	1 044.0	875.9	19
Tangible normalised net asset value	57 167	47 278	21
Tangible normalised net asset value per share (cents)	1 014.0	838.6	21
Average normalised net asset value	54 120	46 774	16
Market capitalisation	111 913	101 821	10
Normalised earnings per share (cents)			
– Basic	179.4	146.9	22
– Diluted	179.4	146.9	22
Earnings per share (cents)			
– Basic	183.1	150.7	21
– Diluted	179.5	149.2	20
Headline earnings per share (cents)			
– Basic	171.4	147.4	16
– Diluted	168.0	145.9	15
Ordinary dividend per share (cents)	81.0	64.0	27
Special dividend per share (cents)	70.0	–	100
NCNR preference dividend per share (cents)			
– B Class (68% of FNB prime lending rate)	668.5	765.4	(13)
– B1 Class (68% of FNB prime lending rate)*	–	423.1	(100)
Capital adequacy			
FirstRand**			
– Capital adequacy ratio	16.5	15.6	
– Tier 1 ratio	15.0	13.5	
Balance sheet			
Total assets	700 146	653 392	7
Loans and advances (net of credit impairment)	464 593	434 793	7
Ratios			
Normalised return on equity (%)	18.7	17.7	
Price-to-book	1.9	2.1	
Price earnings ratio	11.1	12.3	
Dividend cover	2.2	2.3	
Average loan-to-deposit ratio	84.4	87.3	
Diversity ratio	56.6	56.8	
Credit impairment charge	4 292	6 052	
NPLs as % of average advances	4.17	4.98	
Impairment charge as % of average advances	0.93	1.39	
Cost-to-income ratio	55.4	55.0	
Cost-to-income ratio adjusted for industry disclosure (refer page 115)	53.3	53.1	
Effective tax rate	27.4	25.7	
Number of employees	34 612	34 904	(1)

* *The 'B1' preference shares were incorporated with the "B" preference shares effective 4 January 2010.*

** *FirstRand became a Bank controlling company effective 1 July 2010. The comparatives are those of FirstRand Bank Holdings Limited which was previously the Bank controlling company.*

Consolidated income statement – normalised continuing
for the year ended 30 June

R million	2011	2010	% change
Interest and similar income	41 319	41 254	<1
Interest expense and similar charges	(20 818)	(22 467)	(7)
Net interest income before impairment of advances	20 501	18 787	9
Impairment of advances	(4 292)	(6 052)	(29)
Net interest income after impairment of advances	16 209	12 735	27
Non-interest revenue	26 161	24 421	7
Income from operations	42 370	37 156	14
Operating expenses	(26 157)	(23 909)	9
Net income from operations	16 213	13 247	22
Share of profit from associates and joint ventures	576	242	>100
Income before tax	16 789	13 489	24
Indirect tax	(612)	(446)	37
Profit before direct tax	16 177	13 043	24
Direct tax	(4 425)	(3 355)	32
Profit for the year	11 752	9 688	21
Non-controlling interests	(1 164)	(887)	31
NCNR preference shareholders	(301)	(344)	(13)
Ordinary equity holders of the Group	10 287	8 457	22
Headline and normalised earnings adjustments	(170)	(174)	(2)
Normalised earnings	10 117	8 283	22

Consolidated statement of comprehensive income – normalised continuing

for the year ended 30 June

R million	2011	2010
Profit for the year	11 752	9 688
Other comprehensive income		
Cash flow hedges	21	(226)
Available-for-sale financial assets	(70)	(25)
Exchange differences on translating foreign operations	(249)	(57)
Share of other comprehensive income of associates after tax and non-controlling interest	35	39
Other comprehensive income for the year before tax	(263)	(269)
Income tax relating to components of other comprehensive income	(44)	(17)
Other comprehensive income for the year	(307)	(286)
Total comprehensive income for the year	11 445	9 402
Total comprehensive income attributable to:		
NCNR preference shares	301	344
Ordinary equity holders	10 050	8 171
Equity holders of the Group	10 351	8 515
Non-controlling interests	1 094	887
Total comprehensive income for the year	11 445	9 402

Statement of normalised earnings from continuing normalised operations

for the year ended 30 June

R million	2011	2010	% change
IFRS profit from continuing operations (refer page 16)	14 244	9 480	50
Non-controlling interests from continuing operations	(1 164)	(887)	
NCNR preference shares	(301)	(344)	
Attributable to ordinary equity holders	12 779	8 249	55
Elimination of:			
OUTsurance profit on disposal	(2 710)	–	
OUTsurance equity-accounted income (after tax)	(180)	(286)	
Attributable earnings to ordinary shareholders from continuing operations	**9 889**	7 963	24
Adjusted for:	(631)	(174)	>100
Gain on disposal of investment securities and other investments	(12)	–	
Gain on disposal/impairment of available-for-sale assets	(341)	(177)	
Gain on disposal of associates or joint ventures	(37)	–	
Gain on the disposal of subsidiaries	(571)	(115)	
(Gain)/loss on the disposal of property and equipment	(9)	2	
Impairment of goodwill	96	82	
Impairment of assets in terms of IAS 36	37	175	
Gain from a bargain purchase	(9)	(203)	
Other	–	4	
Tax effects of adjustments	(29)	55	
Non-controlling interest adjustments	244	3	
Headline earnings	**9 258**	7 789	19
Adjusted for:	859	494	74
IFRS 2 Share-based payment expense	(20)	235	
Treasury shares	418	259	
– Consolidation of share trust	210	313	
– FirstRand shares held by policyholders	208	(54)	
Private equity subsidiary realisations	461	–	
Normalised earnings	**10 117**	8 283	22

Reconciliation of attributable earnings as per above table to normalised income statement

R million	2011	2010
Attributable earnings per normalised income statement (refer page 25)	10 287	8 457
Normalised earnings adjustment reallocated to above the line (see above)	(859)	(494)
Private equity subsidiary realisations excluded from headline earnings adjustment (see above)	461	–
Attributable earnings to ordinary equity holders per normalised reconciliation above	9 889	7 963

Reconciliation of IFRS continuing operations to normalised continuing operations

R million	2011	2010	% change
Attributable earnings to ordinary equity holders (refer page 27)	12 779	8 249	55
OUTsurance equity-accounted income for the year ended 30 June	(180)	(286)	(37)
Profit on sale of OUTperformance	(2 710)	–	(100)
Attributable earnings from continuing normalised operations	9 889	7 963	24
Headline earnings (refer page 28)	9 438	8 075	17
OUTsurance equity-accounted income for the year ended 30 June	(180)	(286)	(37)
Headline earnings from continuing normalised operations	9 258	7 789	19
Normalised earnings (refer page 4)	10 297	8 569	20
OUTsurance equity-accounted income for the year ended 30 June	(180)	(286)	(37)
Normalised earnings from continuing normalised operations	10 117	8 283	22

Consolidated statement of financial position – normalised continuing

as at 30 June

R million	2011	2010
ASSETS		
Cash and short-term funds	34 240	27 067
Derivative financial instruments	37 206	39 764
Advances	464 593	434 793
Investment securities and other investments	124 777	117 503
Commodities	4 388	2 365
Accounts receivable	7 235	5 728
Investments in associates and joint ventures	6 029	6 901
Loans to share trusts	2 252	4 682
Property and equipment	10 542	10 018
Deferred tax asset	560	443
Post-retirement benefit asset	2	–
Intangible assets and deferred acquisition costs	1 691	2 104
Investment properties	203	138
Policy loans on insurance contracts	–	27
Reinsurance assets	484	524
Tax asset	139	935
Non-current assets held for sale	5 805	400
Total assets	700 146	653 392
EQUITY AND LIABILITIES		
Liabilities		
Deposits	553 657	512 469
Short trading positions	12 413	16 735
Derivative financial instruments	36 361	36 035
Creditors and accruals	9 924	12 113
Provisions	3 621	3 359
Tax liability	286	157
Post-retirement liabilities	2 292	2 162
Deferred tax liability	2 223	2 132
Long-term liabilities	6 690	9 183
Policyholder liabilities under insurance contracts	1 047	1 868
Policyholder liabilities under investment contracts	94	101
Liabilities directly associated with non-current assets classified as held for sale	5 092	–
Total liabilities	633 700	596 314
Equity		
Ordinary shares	56	56
Share premium	7 083	7 083
Reserves	51 719	42 243
Capital and reserves attributable to ordinary equity holders	58 858	49 382
NCNR preference shares	4 519	4 519
Capital and reserves attributable to equity holders of the Group	63 377	53 901
Non-controlling interests	3 069	3 177
Total equity	66 446	57 078
Total equity and liabilities	700 146	653 392

Consolidated statement of changes in equity – normalised continuing

for the year ended 30 June

R million	Ordinary share capital and ordinary equity holders' funds					
	Share capital	Share premium	**Share capital and share premium**	General risk reserve	Cash flow hedge reserve	Share-based payment reserve
Balance as at 1 July 2009	56	7 083	**7 139**	9	(292)	2 184
Issue of share capital	–	–	**–**	–	–	–
Movement in other reserves	–	–	**–**	–	–	229
Ordinary dividends	–	–	**–**	–	–	–
Preference dividends	–	–	**–**	–	–	–
Transfer to/(from) reserves	–	–	**–**	3	–	–
Changes in ownership interest in subsidiaries	–	–	**–**	–	2	–
Total comprehensive income for the period	–	–	**–**	–	(176)	–
Balance as at 30 June 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	–	–	**–**	–	–	–
Total comprehensive income for the period	–	–	**–**	–	15	–
Balance as at 30 June 2011	56	7 083	**7 139**	13	(451)	2 739

	Ordinary share capital and ordinary equity holders' 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
	401	698	539	33 488	37 027	4 519	2 215	50 900
	–	–	–	–	–	–	1	1
	–	–	(440)	436	225	–	(62)	163
	–	–	–	(3 157)	(3 157)	–	(420)	(3 577)
	–	–	–	–	–	(344)	–	(344)
	–	–	–	(3)	–	–	–	–
	–	–	2	(27)	(23)	–	556	533
	(93)	(35)	19	8 456	8 171	344	887	9 402
	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

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

for the year ended 30 June

R million	June 2011 normalised	IFRS2 share-based payment expense	Private equity expenses	Treasury shares
Continuing operations				
Interest and similar income	41 319	–	–	(223)
Interest expense and similar charges	(20 818)	–	–	–
Net interest income before impairment of advances	20 501	–	–	(223)
Impairment of advances	(4 292)	–	–	
Net interest income after impairment of advances	16 209	–	–	(223)
Non-interest income	26 161	–	763	(192)
Income from operations	42 370	–	763	(415)
Operating expenses	(26 157)	20	(763)	(1)
Net income from operations	16 213	20	–	(416)
Share of profit from associates and joint ventures	576	–	–	–
Income before tax	16 789	20	–	(416)
Indirect tax	(612)	–	–	(2)
Profit before direct tax	16 177	20	–	(418)
Direct tax	(4 425)	–		–
Profit from continuing operations	11 752	20	–	(418)
Discontinued operations				
Profit attributable to discontinued operations	–	–	–	(90)
Profit after tax on disposal/unbundling of discontinued operations	–	–	–	–
Profit for the year	11 752	20	–	(508)
Attributable to:				
Non-controlling interests	(1 164)	–	–	–
NCNR preference shareholders	(301)	–	–	–
Ordinary equity holders of the Group	10 287	20	–	(508)
Headline earnings adjustment	(170)	(20)	–	508
Normalised earnings	10 117	–	–	–

	Non-effective hedges	Fair value annuity income (lending)	Add Momentum discontinued operation	Add profit on disposal and earnings contribution of OUTsurance	June 2011 IFRS
	(616)	(2 293)	–	–	38 187
	–	–	–	–	(20 818)
	(616)	(2 293)	–	–	17 369
	–	514	–	–	(3 778)
	(616)	(1 779)	–	–	13 591
	616	1 779	–	2 755	31 882
	–	–	–	2 755	45 473
	–	–	–	–	(26 901)
	–	–	–	2 755	18 572
	–	–	–	292	868
	–	–	–	3 047	19 440
	–	–	–	–	(614)
	–	–	–	3 047	18 826
	–	–	–	(157)	(4 582)
	–	–	–	2 890	14 244
	–	–	505	–	415
	–	–	6 868	–	6 868
	–	–	7 373	2 890	21 527
	–	–	3	–	(1 161)
	–	–	–	–	(301)
	–	–	7 376	2 890	20 065
	–	–	(6 868)	(2 710)	(9 260)
	–	–	508	180	10 805

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

for the year ended 30 June

R million	June 2010 normalised	IFRS2 share-based payment expense	Private equity expenses	Treasury shares
Continuing operations				
Interest and similar income	41 254	–	–	(253)
Interest expense and similar charges	(22 467)	–	–	–
Net interest income before impairment of advances	18 787	–	–	(253)
Impairment of advances	(6 052)	–	–	–
Net interest income after impairment of advances	12 735	–	–	(253)
Non-interest income	24 421	–	720	(5)
Income from operations	37 156	–	720	(258)
Operating expenses	(23 909)	(235)	(720)	(1)
Net income from operations	13 247	(235)	–	(259)
Share of profit from associates and joint ventures	242	–	–	–
Income before tax	13 489	(235)	–	(259)
Indirect tax	(446)	–	–	–
Profit before direct tax	13 043	(235)	–	(259)
Direct tax	(3 355)	–	–	–
Profit from continuing operations	9 688	(235)	–	(259)
Discontinued operations				
Profit attributable to discontinued operations	–	6	–	(10)
Profit for the year	9 688	(241)	–	(269)
Attributable to:				
Non-controlling interests	(887)	–	–	–
NCNR preference shareholders	(344)	–	–	–
Ordinary equity holders of the Group	8 457	(241)	–	(269)
Headline earnings adjustment	(174)	241	–	269
Normalised earnings	8 283	–	–	–

	Non-effective hedges	Fair value annuity income (lending)	Add Momentum discontinued operation	Add earnings contribution of OUTsurance	June 2010 IFRS
	15	(2 199)	–	–	38 817
	–	–	–	–	(22 467)
	15	(2 199)	–	–	16 350
	–	366	–	–	(5 686)
	15	(1 833)	–	–	10 664
	(15)	1 833	–	–	26 954
	–	–	–	–	37 618
	–	–	–	–	(24 865)
	–	–	–	–	12 753
	–	–	–	458	700
	–	–	–	458	13 453
	–	–	–	–	(446)
	–	–	–	458	13 007
	–	–	–	(172)	(3 527)
	–	–	–	286	9 480
	–	–	1 210	–	1 194
	–	–	1 210	286	10 674
	–	–	1	–	(886)
	–		–	–	(344)
	–	–	1 211	286	9 444
	–	–	183	–	519
	–	–	1 394	286	9 963

Reconciliation of consolidated normalised continuing statement of financial position to IFRS

as at 30 June

R million	June 2011 normalised	Treasury shares	June 2011 IFRS
ASSETS			
Cash and short-term funds	34 240	–	34 240
Derivative financial instruments	37 206	–	37 206
Advances	464 593	–	464 593
Investment securities and other investments	124 777	(21)	124 756
Commodities	4 388	–	4 388
Accounts receivable	7 235	54	7 289
Investments in associates and joint ventures	6 029	–	6 029
Loans to share trusts	2 252	(2 252)	–
Property and equipment	10 542	–	10 542
Deferred tax asset	560	–	560
Post-retirement benefit asset	2	–	2
Intangible assets and deferred acquisition costs	1 691	–	1 691
Investment properties	203	–	203
Reinsurance assets	484	–	484
Tax asset	139	–	139
Non-current assets held for sale	5 805	–	5 805
Total assets	700 146	(2 219)	697 927
EQUITY AND LIABILITIES			
Liabilities			
Deposits	553 657	–	553 657
Short trading positions	12 413	–	12 413
Derivative financial instruments	36 361	–	36 361
Creditors and accruals	9 924	6	9 930
Provisions	3 621	–	3 621
Tax liability	286	2	288
Post-retirement liabilities	2 292	–	2 292
Deferred tax liability	2 223	–	2 223
Long-term liabilities	6 690	–	6 690
Policyholder liabilities under insurance contracts	1 047	–	1 047
Policyholder liabilities under investment contracts	94	–	94
Liabilities directly associated with non-current assets classified as held for sale	5 092	–	5 092
Total liabilities	633 700	8	633 708
Equity			
Ordinary shares	56	(3)	53
Share premium	7 083	(2 138)	4 945
Reserves	51 719	(86)	51 633
Capital and reserves attributable to ordinary equity holders	58 858	(2 227)	56 631
NCNR preference shares	4 519	–	4 519
Capital and reserves attributable to equity holders of the Group	63 377	(2 227)	61 150
Non-controlling interests	3 069	–	3 069
Total equity	66 446	(2 227)	64 219
Total equity and liabilities	700 146	(2 219)	697 927

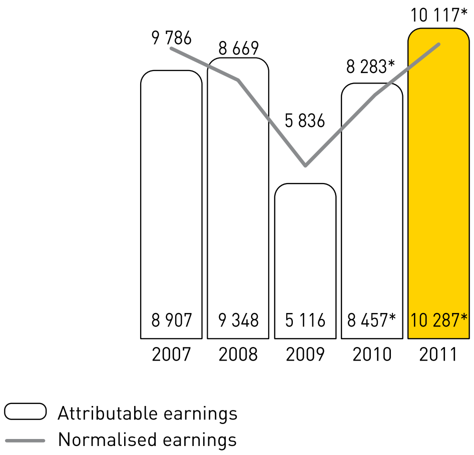
Reconciliation of consolidated normalised continuing statement of financial position to IFRS

as at 30 June

R million	June 2010 normalised	Treasury shares	Elimination of Momentums contribution to FirstRand	June 2010 IFRS
ASSETS				
Cash and short-term funds	27 067	–	–	27 067
Derivative financial instruments	39 764	–	–	39 764
Advances	434 793	–	–	434 793
Investment securities and other investments	117 503	(332)	–	117 171
Commodities	2 365	–	–	2 365
Accounts receivable	5 728	15	–	5 743
Investments in associates and joint ventures	6 901	–	–	6 901
Loans to share trusts	4 682	(4 682)	–	–
Property and equipment	10 018	–	–	10 018
Deferred tax asset	443	–	–	443
Intangible assets and deferred acquisition costs	2 104	–	–	2 104
Investment properties	138	–	–	138
Loans on insurance contracts	27	–	–	27
Reinsurance assets	524	–	–	524
Tax asset	935	–	–	935
Non-current assets held for sale	400	–	196 847	197 247
Total assets	653 392	(4 999)	196 847	845 240
EQUITY AND LIABILITIES				
Liabilities				
Deposits	512 469	–	–	512 469
Short trading positions	16 735	–	–	16 735
Derivative financial instruments	36 035	–	–	36 035
Creditors and accruals	12 113	2	–	12 115
Provisions	3 359	–	–	3 359
Tax liability	157	–	–	157
Post-retirement liabilities	2 162	–	–	2 162
Deferred tax liability	2 132	–	–	2 132
Long-term liabilities	9 183	–	–	9 183
Policyholder liabilities under insurance contracts	1 868	–	–	1 868
Policyholder liabilities under investment contracts	101	–	–	101
Liabilities directly associated with non-current assets classified as held for sale	–	–	189 961	189 961
Total liabilities	596 314	2	189 961	786 277
Equity				
Ordinary shares	56	(4)	–	52
Share premium	7 083	(4 700)	(892)	1 491
Reserves	42 243	(297)	7 943	49 889
Capital and reserves attributable to ordinary equity holders	49 382	(5 001)	7 051	51 432
NCNR preference shares	4 519	–	–	4 519
Capital and reserves attributable to equity holders of the Group	53 901	(5 001)	7 051	55 951
Non-controlling interests	3 177	–	(165)	3 012
Total equity	57 078	(5 001)	6 886	58 963
Total equity and liabilities	653 392	(4 999)	196 847	845 240

Overview of results

Earnings performance (R million)



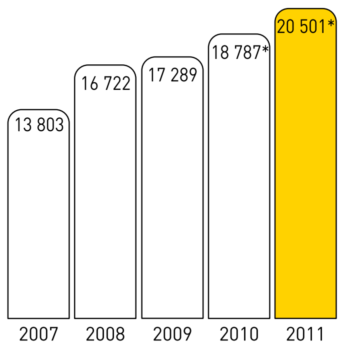
* *Normalised.*

These results are characterised by the following themes:

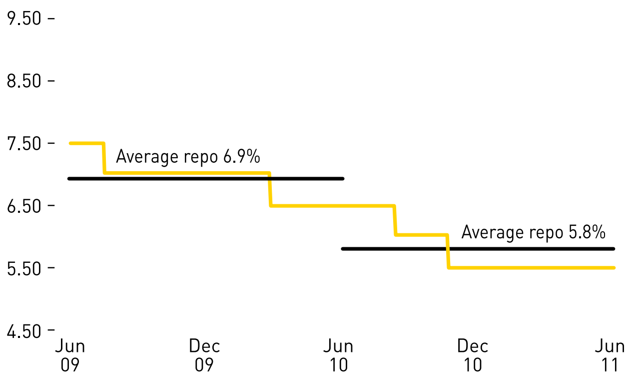
Positives	Negatives
• Significant reduction in impairment of advances, primarily in the retail books, benefiting from the lower interest rate environment, and an improvement in the quality of credit origination.	• Negative endowment impact on capital and deposits due to average interest rates being 114 bps lower year-on-year.
• Good fee and commission income growth of 12%.	• Higher funding costs associated with the lengthening of the term profile of the deposit book.
• Strong fair value income growth of 33%, underpinned by robust fair value client income driven by strong refinancing opportunities and new deal flow.	• Low advances growth in the current year, negatively affected by continuing relatively high levels of customer indebtedness as well as strong corporate balance sheets.
• Investment income growth of 12%, assisted by strong equity markets, excellent results from the Resources portfolio and private equity realisations.	• Salary increase above CPI.
• Good containment of operating costs to 9%, although negatively affected by higher variable costs linked to income-producing activities and expansion costs.	
• Excellent growth in equity-accounted income in excess of 100%, assisted by a strong operational performance from WesBank's associates and a reduction in impairments against private equity legacy investments.	

Net interest income (before impairment of advances) – up 9%

Net interest income (R million)



Endowment impact graph (repo %)



* Normalised

MARGIN CASCADE TABLE

Percentage of average interest earning banking assets	%
June 2010 normalised	**4.58**
Change in balance sheet mix	0.06
Advances	0.10
Advances pricing	0.11
Cash reserve cost	0.03
Term funding cost	(0.04)
Deposits	(0.15)
– Pricing	(0.06)
– Deposit endowment	(0.09)
Capital endowment	(0.10)
Interest rate risk hedges	0.03
Accounting mismatches	0.06
June 2011 normalised	**4.58**

NET INTEREST INCOME BEFORE IMPAIRMENT OF ADVANCES – SEGMENTAL

R million	2011	2010	% change
FNB	11 596	11 106	4
Mass	1 141	1 068	7
Consumer segment	4 278	4 222	1
– HomeLoans	1 188	1 173	1
– Card Issuing	1 054	1 106	(5)
– Other Consumer	2 036	1 943	5
Wealth segment	875	875	–
Commercial segment	2 955	2 905	2
Corporate segment	521	549	(5)
FNB Other	5	(107)	>100
FNB Africa	1 821	1 594	14
RMB	2 013	1 899	6
WesBank	4 868	4 144	17
Corporate Centre	2 235	1 803	24
Net interest income – Banking activities	20 712	18 952	9
Other*	(211)	(165)	28
Net interest income	20 501	18 787	9

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

MARGIN ANALYSIS AND GROSS ADVANCES

	2011		2010	
	Average balance R million	% Average margin	Average balance R million	% Average margin
Average prime rate (RSA)		9.29		10.43
Advances				
Retail	236 992	3.14	224 023	2.89
Residential mortgages	152 734	1.21	148 701	1.16
Vehicle asset finance	60 982	4.81	52 730	4.69
Credit card	10 781	8.69	11 293	8.55
Overdrafts	2 459	6.17	2 617	6.30
Term loans	10 036	15.64	8 682	13.24
Corporate	155 317	2.68	144 875	2.74
FNB commercial mortgages	7 899	1.44	7 494	0.88
Vehicle asset finance	22 029	3.58	24 635	3.38
Credit card	975	1.20	932	0.34
Overdrafts	21 583	4.02	20 105	4.09
Term loans	8 121	3.55	6 892	3.04
Investment banking	82 910	2.35	73 539	2.54
Money market	11 800	1.18	11 278	1.49
FNB Africa	21 218	4.49	18 582	3.27
Total average advances	413 527	3.04	387 480	2.85

Notes to advances and deposit margins.

The advances margins are calculated using total net interest as a percentage of gross advances before impairments.
Advances and deposits of FirstRand Bank Limited are included in this analysis, with African subsidiaries shown seperately.
Average balances are daily averages for the South African divisions of FNB and WesBank, and monthly averages for RMB and non-South African divisions and subsidiaries.

MARGIN ANALYSIS ON DEPOSITS

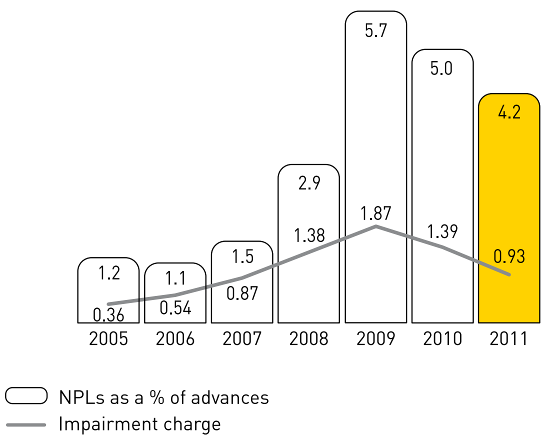
	2011		2010	
	Average balance R million	% Average margin	Average balance R million	% Average margin
Average prime rate (RSA)		9.29		10.43
Deposits				
Retail	83 430	2.56	78 096	2.71
Current and savings	25 484	5.05	23 385	5.38
Call	4 143	2.30	4 166	2.43
Money market	23 707	1.70	23 413	1.79
Term	30 096	1.16	27 132	1.25
Corporate	144 683	1.81	130 289	2.06
Current and savings	58 192	3.22	54 338	3.60
Call	39 538	1.03	31 144	1.22
Money market	16 235	1.65	15 353	1.68
Term	30 718	0.25	29 454	0.31
FNB Africa	27 816	2.24	25 976	2.60
Total deposits*	255 929	2.10	234 361	2.34

* *Excludes fair value deposits in RMB and Group Treasury.*

Positives	Negatives
• Volume benefit of higher capital base in the current year.	• Negative endowment impact due to average rates being 114 bps lower than in the prior year.
• Repricing benefit of new business to reflect current credit market conditions and liquidity costs.	• Increased cost associated with lengthening the term profile of funding.
• Benefit associated with change in mix with higher component of fixed rate business written, especially in vehicle asset finance.	
• Gradual unwind of interest in suspense associated with the improving credit quality of the advances books.	

Impairment of advances – down 29%

NPLs and impairment history (%)



CREDIT HIGHLIGHTS

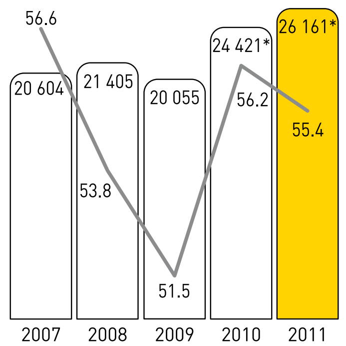
R million	2011	2010	% change
Total gross advances	**474 566**	445 524	7
NPLs	**19 790**	22 205	(11)
NPLs as % of advances	**4.17**	4.98	(16)
Impairment charge	**4 292**	6 052	(29)
Impairment charge as % of average advances	**0.93**	1.39	(33)
Total impairments[a]	**9 973**	10 731	(7)
– Portfolio impairments[a]	**3 457**	3 566	(3)
– Specific impairments[a]	**6 516**	7 165	(9)
Implied loss given default (coverage)[b]	**32.93**	32.27	
Total impairments coverage ratio[c]	**50.39**	48.33	

a. Includes cumulative credit fair value adjustments.
b. Specific impairments and non-performing book cumulative credit fair value adjustments as a percentage of the NPLs.
c. Total impairments and total cumulative credit fair value adjustments as a percentage of the NPLs.

Positives	Negatives
• Significant improvement across most Retail portfolios, specifically in FNB Card, FNB HomeLoans and WesBank, assisted by lower interest rates improving debt affordability levels.	• Pressure on collateral values remains, especially in the residential mortgage market.
• Continuing improvement in early stage arrears in FNB HomeLoans and WesBank.	• "Sticky" levels of NPLs, impacted by the debt counselling process and resultant longer work-out processes, especially in the secured portfolios.
• Additional benefit through robust collection processes which assisted post write-off recoveries.	• Wholesale portfolios NPLs negatively impacted by commercial property exposures.
• Low impairments in African subsidiaries indicative of resilience of credit quality of underlying advances books.	

Non-interest revenue – up 7%

Non-interest revenue



* *Normalised.*

NON-INTEREST REVENUE

R million	Notes	2011	2010	% change
Fee and commission income	1	**19 799**	17 668[1]	12
Fair value income	2	**2 844**	2 134[2]	33
Investment income	3	**2 192**	1 964	12
Other non-interest revenue		**1 326**	2 655	(50)
– Consolidated private equity income		**261**	318	(18)
– Other		**1 065**	2 337[1,2]	(54)
Total non-interest revenue		**26 161**	24 421	7

Notes:

1. *R272 million of insurance-related income has been transferred from other non-interest income to insurance income in fee and commission income in the prior year.*
2. *Other non-interest income in the prior year has been restated to include:*
   - *Foreign exchange commissions of R597 million has been reallocated from fair value income to commission income.*
   - *R261 million has been reallocated out of other non-interest income to fair value income.*

NOTE 1 FEE AND COMMISSION INCOME

R million	2011	2010	% change
Bank commissions and fee income	**13 957**	12 414	12
– Card commissions	**2 001**	1 748	14
– Cash deposit fees	**1 599**	1 437	11
– Commissions on bills, drafts and cheques	**1 052**	1 129	(7)
– Bank charges	**9 305**	8 100	15
Knowledge-based fees	**817**	810	1
Management fees	**765**	875	(13)
Insurance income	**2 650**	2 183	21
Other non-bank commissions	**1 610**	1 386	16
Total fee and commission income	**19 799**	17 668	12

Positives	Negatives
• Increase of 3% in client numbers in FNB and 14% growth in transaction volumes.	• Ongoing migration of clients to electronic channels limits absolute fee and commission growth.
• Significant growth in FNB electronic channels, with growth of 49% in cell phone banking clients and 48% growth in transaction volumes.	
• Strong fee and commission growth of 36% in WesBank's local lending operations, although absolute growth year-on-year was negatively affected through the sale of WorldMark South Africa, WorldMark Australia and Norman Bisset.	
• Good knowledge-based fee income in RMB, benefiting from strong dealflow in SA and the rest of Africa.	
• Strong growth of 21% in insurance income, benefiting from an increase of 10% in in-force policies in FNB Life and good growth from embedded insurance products in FNB and WesBank.	

NOTE 2 FAIR VALUE INCOME

R million	2011	2010	% change
Client income	2 073	1 400	48
– Hedging and structuring	1 106	448	>100
– Client flow	967	952	2
Risk income	964	871	11
– Equities	600	407	47
– Commodities	48	41	17
– Interest rates	270	339	(20)
– Credit	–	48	(100)
– Forex	46	37	24
Other	(193)	(137)	41
Total	**2 844**	2 134	33

Positives	Negatives
• Strong growth in income from client activities, associated with refinancing opportunities and strong new deal flow in RMB.	• Disappointing second half risk income results negatively affected by uncertain international markets.
• Stable client flow income although volumes and margins remained under pressure.	• Strong Rand and trending markets placed pressure on trading results.
• Equity performance driven by corporate activity with trading slightly down year-on-year.	• Uncertainty in local interest rate markets impacted performance.

NOTE 3 INVESTMENT INCOME

R million	2011	2010	% change
Private equity realisations, dividends and other income	**666**	1 072	(38)
– Profit on realisation of private equity investments	**607**	1 047	(42)
– Dividends received	**5**	24	(79)
– Investment property income	**54**	1	>100
Other income from investments	**1 526**	892	71
– Profit on disposal of available-for-sale assets	**341**	178	92
– Profit on assets held against employee liabilities	**339**	126	>100
– Resources	**449**	245	83
– WorldMark realisation	**–**	141	(100)
– Other investment income	**397**	202	97
Total investment income	**2 192**	1 964	12

Positives
• Profit in excess of R600 million (pre-tax and minorities) on private equity realisations with the realisation of Davita Trading during the latter half of the financial year.
• Strong performance from the ELI asset portfolio linked to the recovery of local and international markets during the year.
• Excellent performance from the international resources portfolio, benefiting from stronger international markets and continued buoyant commodity prices, although valuations retraced in the second half.
• Once off profits of R310 million on the disposal of VISA Inc and Mastercard shares during the year.

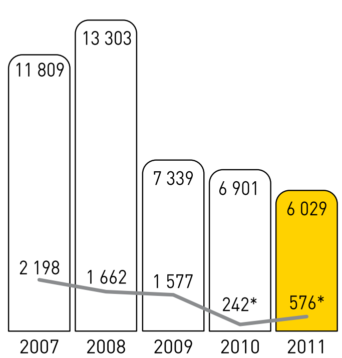
Share of profits from associates and joint ventures – up >100%

R million	2011	2010	% change
Private equity associates	**63**	(271)	>100
– Operational performance	**356**	306	16
– Less impairments	**(293)**	(577)	(49)
WesBank associates	**318**	210	51
– Toyota Financial Services (Pty) Ltd	**132**	98	35
– Tracker Investment Holdings (Pty) Ltd	**140**	126	11
– Other	**46**	(14)	>100
Other operational associates	**195**	303	(36)
– Eris Property Group (Pty) Ltd	**30**	26	15
– Morgan Stanley (Pty) Ltd	**70**	86	(19)
– Makalani[1]	**–**	53	(100)
– Other	**95**	138	(31)
Total share of profits from associates and joint ventures	**576**	242	>100

1. Makalani became a subsidiary of the Group during the financial year.

Positives	Negatives
• Very strong performance from WesBank's associates, benefiting from an improved retail economic environment.	• Impairments of R293 million incurred mainly in the Corvest and offshore private equity portfolios.
• A strong performance from the RMB private equity associates, benefiting from: – a solid operating performance from the underlying private equity investees during the year; and – the non-reoccurrence of significant impairments of R577 million incurred primarily against the "Dealstream" associates.	

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



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

* *Normalised.*

Total income from private equity activities

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

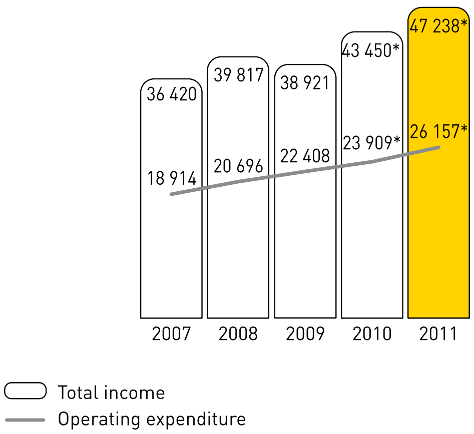
The underlying nature of the various private equity related income streams are reflected below:

R million	2011	2010	% change
RMB Private Equity division	**1 166**	1 818	(36)
Income from associates	**239**	428	(44)
– Equity-accounted income[1]	**441**	387	14
– Impairments[1]	**(202)**	41	(>100)
Realisation and dividends[2]	**612**	1 071	(43)
Investment property income[2]	**54**	1	>100
Consolidated private equity income[3]	**261**	318	(18)
Legacy	**(98)**	(699)	(86)
Income from associates	**(176)**	(699)	(75)
– Equity-accounted income[1]	**(85)**	(81)	5
– Impairments[1]	**(91)**	(618)	(85)
Other investment income[2]	**78**	–	100
Other business units	**70**	374	(81)
Income from associates	**70**	145	(52)
– Equity-accounted income[1]	**75**	155	(52)
– Impairments[1]	**(5)**	(10)	(50)
Other investment income[2]	**–**	229	(100)
Total income from private equity activities	**1 138**	1 493	(24)

1. *Refer to analysis of income from associates and joint ventures on page 46 above.*
2. *Refer to investment income analysis on page 45 above.*
3. *Refer to non-interest revenue analysis on page 43 above.*

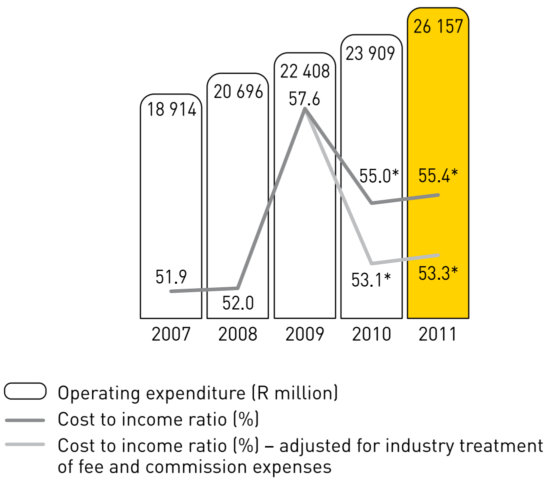
Operating expenses – up 9%

Operating "jaws" (R million)



* *Normalised.*

Operating efficiency



* *Normalised.*

The cost-to-income ratio increased marginally to 55.4% (2010: 55.0%) reflecting topline pressure. Costs only increased 9% which includes growth of 20% in variable costs associated with increased transaction volumes.

The Group has decided to bring the calculation of its cost-to-income ratio in line with industry practice. Certain fee and commission income 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. The effect of this change in methodology is the reduction in the cost-to-income ratio to 53.3% (on a comparable basis in 2010: 53.1%). A detailed breakdown of the industry practice adjustment is on page 115 of the Supplementary information. The Group will calculate its cost-to-income ratio on this basis going forward.

R million	2011	2010	% change
Staff expenditure	**14 106**	12 542	12
– Direct staff expenditure	**9 153**	8 405	9
– Other staff related expenditure	**4 953**	4 137	20
Depreciation	**1 564**	1 430	9
Amortisation of other intangible assets	**172**	189	(9)
Advertising and marketing	**966**	884	9
Insurance	**368**	370	(1)
Lease charges	**939**	895	5
Professional fees	**997**	886	13
HomeLoans third party origination costs	**39**	27	44
Audit fees	**145**	130	12
Computer expenses	**889**	763	17
Conveyance of cash	**379**	327	16
Maintenance	**919**	868	6
Telecommunications	**457**	483	(5)
eBucks customer rewards	**293**	249	18
Cooperation agreements and joint ventures	**682**	360	89
Other expenditure	**3 242**	3 506	(8)
Total operating expenses	**26 157**	23 909	9

Staff costs – up 12%
• Increase in salaries and wages of 9%, affected by annual salary increases in excess of CPI.
• Significant increase of 23% in variable staff costs, directly linked to the increased profitability of the Group.
• An increase of 26% in IFRS 2 Share-based payment expenses, due in part to the movement in the Group's share price during the year, and affected by the potential vesting of cash-settled options issued in 2008. An amount of R414 million recorded on the disposal of FirstRand shares held to hedge some of the share option plans was recorded directly against equity in terms of IFRS.
Other operating expenses
• A significant increase of 89% in costs associated with cooperation agreements and joint ventures, primarily linked to increased profitability of various WesBank joint venture partners.
• An increase of >100% in expansion costs, reflective of an increase in representation points of 7% in South Africa and 12% in the rest of Africa, an increase in total deployed ATMs as well as related infrastructure development costs and other African expansion initiatives.
• A significant increase in costs associated with conveyance of cash of 16%.
• An increase in customer loyalty awards of 18%.

Direct taxation – up 32%

The direct tax rate has increased from 25.7% to 27.4% year-on-year. This has been impacted by:

- lower levels of STC credits in the current year;
- lower component of non-standard rated taxable income in the current year; and
- increased levels of capital gains tax incurred on various disposals.

Abridged consolidated statement of financial position – continuing normalised

at 30 June

R million	2011	2010	% change
ASSETS			
Derivative financial instruments	**37 206**	39 764	(6)
Advances	**464 593**	434 793	7
Investment securities and other investments	**124 777**	117 503	6
Other assets	**73 570**	61 332	20
Total assets	**700 146**	653 392	7
EQUITY AND LIABILITIES			
Liabilities			
Deposits	**553 657**	512 469	8
Short trading positions and derivative financial instruments	**12 413**	16 735	(26)
Other liabilities	**67 630**	67 110	1
Total equity	**66 446**	57 078	16
Total equity and liabilities	**700 146**	**653 392**	**7**

Advances – up 7%

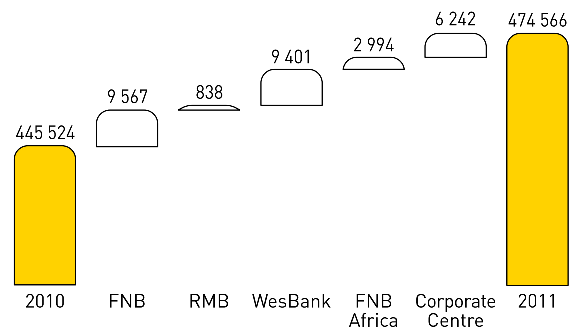
R million	2011	2010	% change
Retail	**246 247**	231 541	6
Residential mortgages	**155 974**	152 512	2
Credit card	**10 758**	10 705	–
Vehicle and asset finance	**66 015**	58 346	13
Other retail	**13 500**	9 978	35
Corporate/Wholesale	**197 312**	192 361	3
FNB Commercial	**30 771**	28 178	9
WesBank Business and Commercial	**31 109**	30 415	2
FNB Corporate	**2 523**	1 697	49
RMB	**132 909**	132 071	1
FNB Africa	**22 639**	19 645	15
Corporate Centre and other	**8 368**	1 977	>100
Total gross advances	**474 566**	445 524	7
Of which:			
Accrual book	**350 548**	326 078	8
Fair value book*	**124 018**	119 446	4

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

Advances

R million	2011	2010	% change
Normalised gross advances	**474 566**	445 524	7
Normalised impairment of advances	**(9 973)**	(10 731)	(7)
Normalised advances	**464 593**	434 793	7

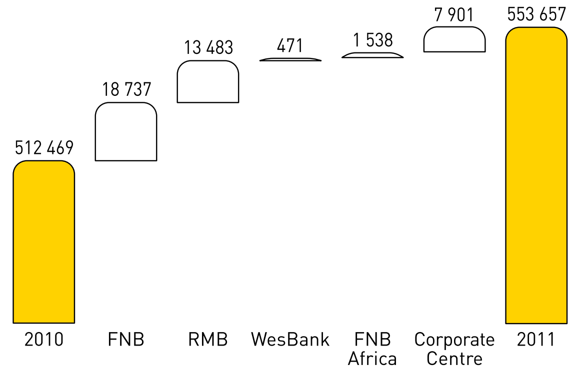
Gross advances by franchise (R million)



Positives	Negatives
• Strong advances growth of 31% in the Mass market in line with strategy, benefiting from 13% sales growth in affordable housing.	• Significant pressure on the consumer market, with negative growth of 2% in HomeLoans and flat advances levels in Card, reflecting ongoing deleveraging of retail clients.
• Satisfactory growth of 8% in the Wealth segment, benefiting from client acquisitions.	
• Growth of 10% in WesBank's gross advances, due to: – retail new business increasing 32%; – corporate new business increasing 16%; and – personal loans advances increasing 26%. Overall growth limited through run down of in-force book.	
• Growth in Commercial advances of 9%, benefiting from increased agricultural loans and owner occupied leveraged finance advances.	
• Strong growth of 15% in FNB Africa advances, benefiting from: – 24% growth in Botswana, primarily in the retail and property sectors; and – 16% growth in Namibia, primarily from mortgage and agricultural loans.	
• Solid growth of 9% from RMB's core advances book, largely due to growth in Investment Banking related lending activities, primarily from the real estate, preference share and infrastructure portfolios.	

Deposits – up 8%

Deposits by franchise (R million)



Positives	Negatives
• Core deposit growth driven by FNB, achieving 10% growth.	• Customer focus on debt reduction negatively impacting absolute growth levels.
• Growth focused on shorter term products given the low interest rate environment, with current, savings and transmission accounts growing 18% and notice deposits increasing 30%.	
• Good deposit growth in RMB assisted by an increase in prime lending related business.	

Segmental report and overview of operating franchises

Segmental reporting
for the year ended 30 June 2011

R million	FNB									
		Consumer segment								
	Mass	HomeLoans	Card Issuing	Other consumer	Consumer segment	Wealth	Commercial	GTS (Corporate)	FNB Other and support	FNB South Africa
Continuing operations										
Net interest income before impairment of advances	**1 141**	1 188	1 054	2 036	**4 278**	875	2 955	521	5	**9 775**
Impairment of advances	**(462)**	(740)	(149)	(178)	**(1 067)**	(405)	(334)	(9)	(167)	**(2 444)**
Net interest income after impairment of advances	**679**	448	905	1 858	**3 211**	470	2 621	512	(162)	**7 331**
Non-interest income	**3 991**	321	1 545	3 689	**5 555**	870	3 548	1 401	594	**15 959**
Income from operations	**4 670**	769	2 450	5 547	**8 766**	1 340	6 169	1 913	432	**23 290**
Operating expenses	**(3 169)**	(736)	(1 471)	(3 438)	**(5 645)**	(1 204)	(4 005)	(1 365)	(690)	**(16 078)**
Net income from operations	**1 501**	33	979	2 109	**3 121**	136	2 164	548	(258)	**7 212**
Share of profit from associates and joint ventures	**–**	54	–	8	**62**	6	–	–	41	**109**
Income before tax	**1 501**	87	979	2 117	**3 183**	142	2 164	548	(217)	**7 321**
Indirect tax	**(52)**	(24)	(26)	(70)	**(120)**	(12)	(29)	(18)	(146)	**(377)**
Profit before direct tax	**1 449**	63	953	2 047	**3 063**	130	2 135	530	(363)	**6 944**
Direct tax	**(384)**	(17)	(252)	(542)	**(811)**	(34)	(566)	(140)	96	**(1 839)**
Profit for the year from continuing operations	**1 065**	46	701	1 505	**2 252**	96	1 569	390	(267)	**5 105**
Profit attributable to discontinued operations	**–**	–	–	–	**–**	–	–	–	–	**–**
Profit for the year	**1 065**	46	701	1 505	**2 252**	96	1 569	390	(267)	**5 105**
Profit attributable to:										
Ordinary equity holders	**1 065**	46	701	1 502	**2 249**	96	1 569	390	(267)	**5 102**
NCNR preference shareholders	**–**	–	–	–	**–**	–	–	–	–	**–**
Non-controlling interests	**–**	–	–	3	**3**	–	–	–	–	**3**
	1 065	46	701	1 505	**2 252**	96	1 569	390	(267)	**5 105**
Attributable earnings to ordinary shareholders	**1 065**	46	701	1 502	**2 249**	96	1 569	390	(267)	**5 102**
Headline earnings adjustments	**–**	(17)	–	(18)	**(35)**	(3)	1	(71)	28	**(80)**
Headline earnings	**1 065**	29	701	1 484	**2 214**	93	1 570	319	(239)	**5 022**
Private equity subsidiary realisations	**–**	–	–	–	**–**	–	–	–	–	**–**
IFRS2 Share-based payment expense	**–**	–	–	–	**–**	–	–	–	–	**–**
Treasury shares	**–**	–	–	–	**–**	–	–	–	–	**–**
Normalised earnings	**1 065**	29	701	1 484	**2 214**	93	1 570	319	(239)	**5 022**

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

	FNB		RMB											
	FNB Africa	Total FNB	RMB	RMB Africa	Total RMB	WesBank	Corporate Centre	Consol and IFRS adjustments	FirstRand	FirstRand Group normalisd continuing	Momentum	FirstRand Group normalised	Normalised adjustments	FirstRand Group – IFRS
	1 821	11 596	2 020	(7)	2 013	4 868	2 235	(293)	82	20 501	–	20 501	(3 132)	17 369
	(64)	(2 508)	(489)	–	(489)	(1 291)	(1)	(3)	–	(4 292)	–	(4 292)	514	(3 778)
	1 757	9 088	1 531	(7)	1 524	3 577	2 234	(296)	82	16 209	–	16 209	(2 618)	13 591
	1 392	17 351	6 578	225	6 803	2 305	935	(1 280)	47	26 161	–	26 161	5 721	31 882
	3 149	26 439	8 109	218	8 327	5 882	3 169	(1 576)	129	42 370	–	42 370	3 103	45 473
	(1 771)	(17 849)	(3 379)	(108)	(3 487)	(3 486)	(2 433)	1 045	53	(26 157)	–	(26 157)	(744)	(26 901)
	1 378	8 590	4 730	110	4 840	2 396	736	(531)	182	16 213	–	16 213	2 359	18 572
	7	116	187	–	187	318	(54)	9	–	576	–	576	292	868
	1 385	8 706	4 917	110	5 027	2 714	682	(522)	182	16 789	–	16 789	2 651	19 440
	(35)	(412)	(68)	–	(68)	(166)	98	(61)	(3)	(612)	–	(612)	(2)	(614)
	1 350	8 294	4 849	110	4 959	2 548	780	(583)	179	16 177	–	16 177	2 649	18 826
	(390)	(2 229)	(1 285)	(29)	(1 314)	(677)	(158)	34	(81)	(4 425)	–	(4 425)	(157)	(4 582)
	960	6 065	3 564	81	3 645	1 871	622	(549)	98	11 752	–	11 752	2 492	14 244
	–	–	–	–	–	–	–	–	–	–	505	505	6 778	7 283
	960	6 065	3 564	81	3 645	1 871	622	(549)	98	11 752	505	12 257	9 270	21 527
	542	5 644	3 564	55	3 619	1 784	617	(1 174)	(203)	10 287	508	10 795	9 270	20 065
	–	–	–	–	–	–	–	–	301	301	–	301	–	301
	418	421	–	26	26	87	5	625	–	1 164	(3)	1 161	–	1 161
	960	6 065	3 564	81	3 645	1 871	622	(549)	98	11 752	505	12 257	9 270	21 527
	542	5 644	3 564	55	3 619	1 784	617	(1 174)	(203)	10 287	508	10 795	9 270	20 065
	(2)	(82)	(470)	–	(470)	78	(169)	12	–	(631)	–	(631)	(9 578)	(10 209)
	540	5 562	3 094	55	3 149	1 862	448	(1 162)	(203)	9 656	508	10 164	(308)	9 856
	–	–	461	–	461	–	–	–	–	461	–	461	–	461
	–	–	–	–	–	–	–	–	–	–	–	–	(20)	(20)
	–	–	–	–	–	–	–	–	–	–	–	–	508	508
	540	5 562	3 555	55	3 610	1 862	448	(1 162)	(203)	10 117	508	10 625	180	10 805

Segmental reporting *continued*

for the year ended 30 June 2011

R million	FNB									
		Consumer segment								
	Mass	HomeLoans	Card Issuing	Other consumer	Consumer segment	Wealth	Commercial	GTS (Corporate)	FNB Other and support	FNB South Africa
Cost-to-income (%)	**61.7**	47.1	56.6	60.0	**57.0**	68.8	61.6	71.0	107.8	**62.2**
Diversity ratio (%)	**77.8**	20.5	59.4	64.3	**56.1**	49.7	54.6	72.9	92.8	**61.8**
Total impairment charge (%)	**4.33**	0.69	1.39	4.66	**0.87**	1.03	1.13	0.43	>100	**1.20**
NPLs as a percentage of advances (%)	**5.78**	6.86	4.15	2.87	**6.47**	6.83	6.06	0.71	(23.23)	**6.35**
Assets under administration	**–**	–	–	–	**–**	89 072	–	–	–	**89 072**
Consolidated income statement includes:										
Depreciation	**(43)**	(11)	(4)	(154)	**(169)**	(37)	(81)	(17)	(648)	**(995)**
Amortisation	**–**	–	–	(9)	**(9)**	(10)	(3)	(1)	(44)	**(67)**
Impairment charges	**–**	–	–	–	**–**	(4)	–	–	–	**(4)**
Other non-cash provisions	**(41)**	(27)	(21)	(166)	**(214)**	(76)	(85)	(35)	(240)	**(691)**
Statement of financial position includes:										
Advances (after ISP – before impairments)	**12 103**	106 864	10 758	4 593	**122 215**	40 913	30 771	2 523	155	**208 680**
– Normal advances	**12 103**	104 075	10 758	4 593	**119 426**	40 913	30 771	2 523	155	**205 891**
– Securitised advances	**–**	2 789	–	–	**2 789**	–	–	–	–	**2 789**
NPLs	**700**	7 335	446	132	**7 913**	2 796	1 865	18	(36)	**13 256**
Investment in associated companies	**–**	174	–	14	**188**	9	–	–	154	**351**
Total deposits and current accounts (including non-recourse deposits)	**9 036**	108	1 167	62 991	**64 266**	19 559	67 421	34 361	18 108	**212 751**
Total assets	**12 504**	105 483	10 243	5 523	**121 249**	47 285	30 909	2 857	8 370	**223 174**
Total liabilities	**11 188**	105 373	9 290	3 466	**118 129**	47 210	28 768	2 053	8 553	**215 901**
Capital expenditure	**152**	8	3	192	**203**	37	140	19	974	**1 525**

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

FNB		RMB											
FNB Africa	Total FNB	RMB	RMB Africa	Total RMB	WesBank	Corporate Centre	Consol and IFRS adjustments	FirstRand	FirstRand Group normalisd continuing	Momentum	FirstRand Group normalised	Normalised adjustments	FirstRand Group – IFRS
55.0	61.4	38.5	49.5	38.7	46.5	78.1	66.8	(41.1)	55.4	–	55.4	–	53.7
43.2	59.7	74.9	>100	75.6	30.8	30.0	81.8	36.4	55.4	–	55.4	–	63.6
0.30	1.11	0.37	–	0.37	1.33	0.02	(0.15)	–	0.93	–	0.93	(0.11)	0.82
1.63	5.89	1.35	–	1.35	4.28	(0.01)	–	–	4.17	–	4.17	0.02	4.19
1 540	90 612	–	–	–	–	–	–	–	90 612	–	90 612	–	90 612
(86)	(1 081)	(150)	–	(150)	(227)	(103)	(4)	–	(1 565)	–	(1 565)	–	(1 565)
(26)	(93)	(57)	(1)	(58)	(22)	–	1	–	(172)	–	(172)	–	(172)
–	(4)	3	–	3	(75)	(37)	(75)	–	(188)	–	(188)	–	(188)
(120)	(811)	(1 193)	(2)	(1 195)	(161)	(219)	332	–	(2 054)	–	(2 054)	–	(2 054)
22 639	231 319	132 909	–	132 909	102 125	8 463	(250)	–	474 566	–	474 566	(1 951)	472 615
22 639	228 530	132 909	–	132 909	102 125	8 463	(250)	–	471 777	–	471 777	(1 951)	469 826
–	2 789	–	–	–	–	–	–	–	2 789	–	2 789	–	2 789
370	13 626	1 798	–	1 798	4 367	(1)	–	–	19 790	–	19 790	–	19 790
–	351	4 589	–	4 589	1 268	(161)	(18)	–	6 029	–	6 029	–	6 029
28 166	240 917	132 022	14	132 036	388	173 260	7 056	–	553 657	–	553 657	–	553 657
35 439	258 613	264 125	374	264 499	104 117	112 057	(93 913)	54 773	700 146	–	700 146	(2 219)	697 927
31 493	247 394	258 563	258	258 821	101 171	76 333	(49 153)	(866)	633 700	–	633 700	8	633 708
616	2 141	237	2	239	926	102	1 525	–	4 933	–	4 933	–	4 933

Segmental reporting *continued*
for the year ended 30 June 2010

	FNB											
		Consumer segment										
R million	Mass	HomeLoans	Card Issuing	Other consumer	Consumer segment	Wealth	Commercial	GTS (Corporate)	FNB Other and support	FNB South Africa	FNB Africa	Total FNB
Continuing operations												
Net interest income before impairment of advances	**1 068**	1 173	1 106	1 943	**4 222**	875	2 905	549	(107)	**9 512**	1 594	**11 106**
Impairment of advances	**(504)**	(1 178)	(776)	(202)	**(2 156)**	(217)	(441)	(34)	(69)	**(3 421)**	(68)	**(3 489)**
Net interest income after impairment of advances	**564**	(5)	330	1 741	**2 066**	658	2 464	515	(176)	**6 091**	1 526	**7 617**
Non-interest income	**3 724**	270	1 477	3 196	**4 943**	725	3 334	1 202	587	**14 515**	1 147	**15 662**
Income from operations	**4 288**	265	1 807	4 937	**7 009**	1 383	5 798	1 717	411	**20 606**	2 673	**23 279**
Operating expenses	**(2 930)**	(614)	(1 265)	(3 212)	**(5 091)**	(1 073)	(3 739)	(1 190)	(581)	**(14 604)**	(1 503)	**(16 107)**
Net income from operations	**1 358**	(349)	542	1 725	**1 918**	310	2 059	527	(170)	**6 002**	1 170	**7 172**
Share of profit from associates and joint ventures	**–**	68	–	3	**71**	2	–	–	38	**111**	8	**119**
Income before tax	**1 358**	(281)	542	1 728	**1 989**	312	2 059	527	(132)	**6 113**	1 178	**7 291**
Indirect tax	**(37)**	(24)	(24)	(65)	**(113)**	(12)	(25)	(7)	(113)	**(307)**	(32)	**(339)**
Profit before direct tax	**1 321**	(305)	518	1 663	**1 876**	300	2 034	520	(245)	**5 806**	1 146	**6 952**
Direct tax	**(352)**	81	(138)	(443)	**(500)**	(80)	(541)	(138)	66	**(1 545)**	(353)	**(1 898)**
Profit for the year from continuing operations	**969**	(224)	380	1 220	**1 376**	220	1 493	382	(179)	**4 261**	793	**5 054**
Profit attributable to discontinued operations	**–**	–	–	–	**–**	–	–	–	–	**–**	–	**–**
Profit for the year	**969**	(224)	380	1 220	**1 376**	220	1 493	382	(179)	**4 261**	793	**5 054**
Profit attributable to:												
Ordinary equity holders	**969**	(224)	380	1 220	**1 376**	220	1 493	382	(179)	**4 261**	454	**4 715**
NCNR preference shareholders	**–**	–	–	–	**–**	–	–	–	–	**–**	–	**–**
Non-controlling interests	**–**	–	–	–	**–**	–	–	–	–	**–**	339	**339**
	969	(224)	380	1 220	**1 376**	220	1 493	382	(179)	**4 261**	793	**5 054**
Attributable earnings to ordinary shareholders	**969**	(224)	380	1 220	**1 376**	220	1 493	382	(179)	**4 261**	454	**4 715**
Headline earnings adjustments	**–**	–	–	(2)	**(2)**	6	–	15	(4)	**15**	1	**16**
Headline earnings	**969**	(224)	380	1 218	**1 374**	226	1 493	397	(183)	**4 276**	455	**4 731**
IFRS 2 Share-based payment expense	**–**	–	–	–	**–**	–	–	–	–	**–**	–	**–**
Treasury shares	**–**	–	–	–	**–**	–	–	–	–	**–**	–	**–**
Normalised earnings	**969**	(224)	380	1 218	**1 374**	226	1 493	397	(183)	**4 276**	455	**4 731**

	RMB												
	RMB	RMB Africa	Total RMB	WesBank	Corporate Centre	Consol and IFRS adjustments	FirstRand	FirstRand Group normalisd continuing	Momentum	Fair value adjustment to NCNR Momentum shares owned by FirstRand	FirstRand Group normalised	Normalised adjustments	FirstRand Group – IFRS
	1 903	(4)	1 899	4 144	1 803	(171)	6	18 787	–	–	18 787	(2 437)	16 350
	(561)	–	(561)	(2 048)	43	3	–	(6 052)	–	–	(6 052)	366	(5 686)
	1 342	(4)	1 338	2 096	1 846	(168)	6	12 735	–	–	12 735	(2 071)	10 664
	6 629	219	6 848	2 868	1 317	(2 404)	130	24 421	–	–	24 421	2 533	26 954
	7 971	215	8 186	4 964	3 163	(2 572)	136	37 156	–	–	37 156	462	37 618
	(3 301)	(110)	(3 411)	(3 748)	(1 863)	1 401	(181)	(23 909)	–	–	(23 909)	(956)	(24 865)
	4 670	105	4 775	1 216	1 300	(1 171)	(45)	13 247	–	–	13 247	(494)	12 753
	17	–	17	210	(54)	(50)	–	242	–	–	242	458	700
	4 687	105	4 792	1 426	1 246	(1 221)	(45)	13 489	–	–	13 489	(36)	13 453
	(64)	–	(64)	(126)	87	(1)	(3)	(446)	–	–	(446)	–	(446)
	4 623	105	4 728	1 300	1 333	(1 222)	(48)	13 043	–	–	13 043	(36)	13 007
	(1 225)	(26)	(1 251)	(339)	(215)	338	10	(3 355)	–	–	(3 355)	(172)	(3 527)
	3 398	79	3 477	961	1 118	(884)	(38)	9 688	–	–	9 688	(208)	9 480
	–	–	–	–	–	–	–	–	1 310	(100)	1 210	(16)	1 194
	3 398	79	3 477	961	1 118	(884)	(38)	9 688	1 310	(100)	10 898	(224)	10 674
	3 398	55	3 453	897	1 117	(1 343)	(382)	8 457	1 311	(100)	9 668	(224)	9 444
	–	–	–	–	–	–	344	344	–	–	344	–	344
	–	24	24	64	1	459	–	887	(1)	–	886	–	886
	3 398	79	3 477	961	1 118	(884)	(38)	9 688	1 310	(100)	10 898	(224)	10 674
	3 398	55	3 453	897	1 117	(1 343)	(382)	8 457	1 311	(100)	9 668	(224)	9 444
	(137)	–	(137)	56	(95)	(14)	–	(174)	83	100	9	–	9
	3 261	55	3 316	953	1 022	(1 357)	(382)	8 283	1 394	–	9 677	(224)	9 453
	–	–	–	–	–	–	–	–	–	–	–	241	241
	–	–	–	–	–	–	–	–	–	–	–	269	269
	3 261	55	3 316	953	1 022	(1 357)	(382)	8 283	1 394	–	9 677	286	9 963

Segmental reporting *continued*

for the year ended 30 June 2010

	FNB											
		Consumer segment										
R million	Mass	HomeLoans	Card Issuing	Other consumer	Consumer segment	Wealth	Commercial	GTS (Corporate)	FNB Other and support	FNB South Africa	FNB Africa	Total FNB
Cost-to-income (%)	**61.1**	40.6	49.0	62.5	**55.1**	67.0	59.9	68.0	112.2	**60.5**	54.7	**59.9**
Diversity ratio (%)	**77.7**	17.9	57.2	62.2	**53.5**	45.3	53.4	68.6	113.3	**60.1**	41.7	**58.3**
Total impairment charge (%)	**6.03**	1.07	6.92	6.18	**1.74**	0.62	1.59	0.68	5.12	**1.70**	0.37	**1.58**
NPLs as a percentage of advances (%)	**6.46**	8.96	6.29	4.90	**8.63**	6.73	6.80	0.06	(>100)	**7.81**	2.07	**7.29**
Assets under management	**–**	–	–	–	**–**	45 837	–	–	–	**45 837**	1 473	**47 310**
Consolidated income statement includes:												
Depreciation	**(28)**	(18)	(5)	(147)	**(170)**	(33)	(79)	(9)	(572)	**(891)**	(62)	**(953)**
Amortisation	**–**	–	–	(6)	**(6)**	(8)	(6)	–	(32)	**(52)**	(37)	**(89)**
Impairment charges	**–**	–	–	–	**–**	(7)	–	–	–	**(7)**	–	**(7)**
Other non-cash provisions	**(30)**	(22)	(15)	(146)	**(183)**	(104)	(90)	(53)	(250)	**(710)**	(110)	**(820)**
Statement of financial position includes:												
Advances (after ISP – before impairments)	**9 233**	108 541	10 705	3 043	**122 289**	37 710	28 178	1 697	6	**199 113**	19 645	**218 758**
– Normal advances	**9 233**	105 390	10 705	3 043	**119 138**	37 710	28 178	1 697	6	**195 962**	19 645	**215 607**
– Securitised advances	**–**	3 151	–	–	**3 151**	–	–	–	–	**3 151**	–	**3 151**
NPLs	**596**	9 730	673	149	**10 552**	2 537	1 916	1	(56)	**15 546**	407	**15 953**
Investment in associated companies	**–**	93	–	42	**135**	2	–	–	127	**264**	26	**290**
Total deposits and current accounts (including non-recourse deposits)	**8 592**	113	1 109	57 552	**58 774**	15 772	63 691	33 119	14 066	**194 014**	26 628	**220 642**
Total assets	**9 018**	106 646	9 991	3 574	**120 211**	37 706	28 193	2 049	7 132	**204 309**	33 279	**237 588**
Total liabilities	**8 913**	210	1 197	59 735	**61 142**	16 017	63 998	33 360	15 685	**199 115**	29 313	**228 428**
Capital expenditure	**12**	4	9	131	**144**	72	85	15	1 058	**1 386**	214	**1 600**

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

RMB												
RMB	RMB Africa	Total RMB	WesBank	Corporate Centre	Consol and IFRS adjustments	FirstRand	FirstRand Group normalisd continuing	Momentum	Fair value adjustment to NCNR Momentum shares owned by FirstRand	FirstRand Group normalised	Normalised adjustments	FirstRand Group – IFRS
38.6	51.2	38.9	51.9	60.8	53.4	133.1	55.0	–	–	55.0	–	56.5
77.5	101.9	78.1	39.7	43.0	91.6	95.6	56.2	–	–	56.2	–	61.3
0.46	–	0.46	2.21	(0.85)	0.06	–	1.39	–	–	1.39	(0.08)	1.31
0.85	–	0.85	5.50	1.37	2.13	–	4.98	–	–	4.98	0.02	5.00
–	–	–	–	–	1	–	47 311	–	–	47 311	–	47 311
(173)	–	(173)	(184)	(91)	(29)	–	(1 430)	–	–	(1 430)	–	(1 430)
(71)	–	(71)	(30)	–	1	–	(189)	–	–	(189)	–	(189)
(73)	–	(73)	(67)	–	(40)	–	(187)	–	–	(187)	–	(187)
(1 191)	–	(1 191)	(113)	(192)	(74)	–	(2 390)	–	–	(2 390)	–	(2 390)
132 071	–	132 071	92 724	1 830	141	–	445 524	–	–	445 524	(1 759)	443 765
132 071	–	132 071	91 991	1 830	141	–	441 640	–	–	441 640	(1 759)	439 881
–	–	–	733	–	–	–	3 884	–	–	3 884	–	3 884
1 126	–	1 126	5 098	25	3	–	22 205	–	–	22 205	–	22 205
4 440	–	4 440	1 151	943	77	–	6 901	–	–	6 901	–	6 901
118 555	(2)	118 553	859	163 214	9 201	–	512 469	–	–	512 469	–	512 469
268 819	314	269 133	97 357	103 454	(81 467)	27 327	653 392	196 847	–	850 239	(4 999)	845 240
263 135	231	263 366	95 452	67 440	(64 063)	5 691	596 314	189 961	–	786 275	2	786 277
411	–	411	223	–	981	–	3 215	–		3 215	–	3 215

FNB – South Africa and Africa

Market dynamics

FNB's operating environment continued to be challenging and uncertain, despite sustained low interest and inflation rates. Given these uncertainties, consumers and business remain cautious. The South African private credit extension growth remains muted due to the ongoing high levels of indebtedness, particularly in the middle market, and subdued residential property prices. This has been particularly challenging for customer acquisition and advances growth strategies. Demand for corporate working capital remains slow as corporate balance sheets remain strong and capital investment activity limited.

Sub-Saharan Africa's economic recovery is well under way, although there is variation in the speed of the recovery across the region. In most of the countries, growth is almost back to pre-credit crisis levels. Rising food and fuel prices are fuelling inflation pressures and presenting a challenge to macroeconomic management. Exports are rising, but African economies continue to rely heavily on commodity exports. Despite rebounding sharply in 2010, GDP growth in sub-Saharan Africa is expected to strengthen further in 2011 and 2012.

Against this background FNB continued to focus on building its diversified franchise on the back of customer acquisition, additional services and value-adding initiatives, to produce robust profitability on a sustainable basis. In the short term this will be achieved through the continued proactive management of credit and related impairments, increasing market share in transactional products and driving efficiencies. The medium-term focus will be on driving new innovations, investments in Africa and improved customer value propositions.

Progress on strategy

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

FNB has identified certain growth opportunities within the Mass, Wealth and Corporate segments and executed on a number of these and other operational initiatives during the period under review.

Over the past five years FNB was very successful in growing its franchise in the Mass market and now has over four million customers in this segment. It achieved this through a strong focus on delivering innovative and low cost transactional banking services. However, despite recent growth, it remains relatively underweight in lending activities to these customers. To address this gap, FNB continues with the rollout of its EasyPlan strategy, which represents a low cost banking offering to Mass segment customers. The EasyPlan branches are well positioned in Mass market activity hubs, are open longer than the traditional branches and are supported by low cost channels for lending, insurance, savings and transactional products and services and have ADTs to satisfy customer cash transactional needs. The FNB EasyPlan offering is competitively priced which should support further growth in this segment.

Effective January 2011, FNB acquired 100% of BJM's highly regarded private client and stockbroking business which has now been integrated with the existing Wealth segment. This now provides customers with a more holistic wealth offering which may ultimately be marketed under the award-winning Ashburton brand.

In the prior year FNB Corporate's relationship management team was integrated with RMB to establish a single CIB Coverage team. Subsequently, the majority of the business units that remained in FNB Corporate were reorganised to form Global Transactional Services ("GTS"). Following a strategic review of the Group's corporate transactional banking activities it was agreed that FNB GTS and RMB should be under common leadership. As a result FNB's GTS business remains FNB "branded" but now reports to the CEO of RMB and Head of Corporate and Investment Banking effective 1 July 2011.

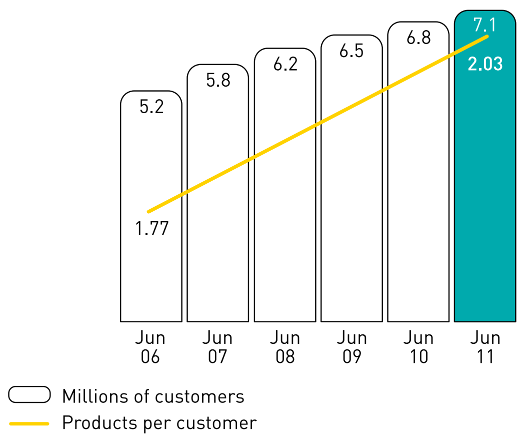
In terms of its growth strategy in Africa, FNB continues to expand its operating platforms in Zambia and Mozambique. Regulatory approval has been obtained in Tanzania for the establishment of a full-service retail and commercial bank which has commenced operations. Alongside other FirstRand franchises, FNB continues to assess opportunities in identified priority countries such as Nigeria and Ghana.

Key performance indicators

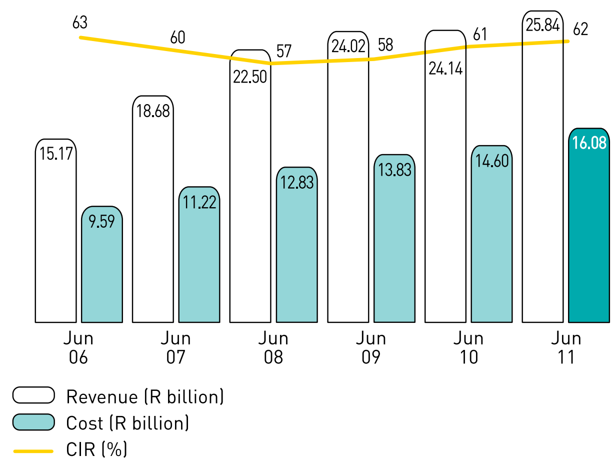
GROWTH IN CUSTOMERS AND CROSS SELL FOR FNB SOUTH AFRICA

FNB's strategy to focus on customer relationships, supported by appropriate product and channel innovation, as well as targeted pricing strategies, continues to produce positive results, as evidenced below with the ongoing growth in customer numbers. Cross sell has improved over the longer term, however, it has remained relatively flat year-on-year largely impacted by new customer acquisition rates as well as customer attrition which is impacted by the negative macro factors such as job losses and slow economic recovery.

Growth in customers and cross sell for FNB South Africa



Revenue and cost-to-income ratio

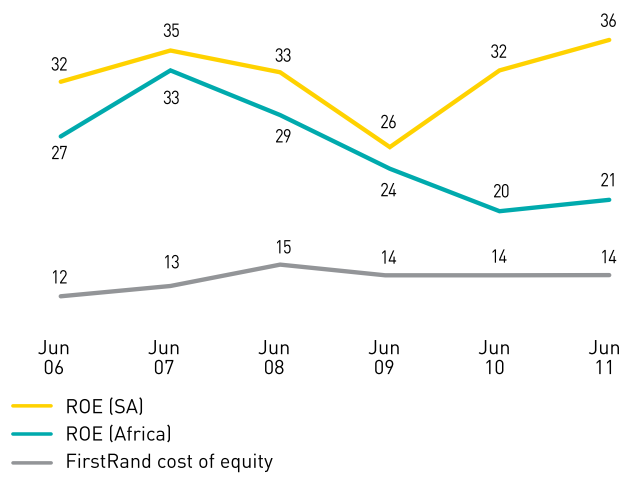


REVENUE AND COST-TO-INCOME RATIO

FNB's overall revenues increased during the period despite the pressure on net interest income ("NII") in the first half of the financial year resulting from low balance sheet growth and the continued negative endowment impact on deposit margins. FNB continues to benefit from the lower cost base created by below inflation cost growth in prior periods, however, the macro pressures on the topline, combined with the investments in growth strategies has resulted in the cost-to-income ratio remaining at similar levels to that reported at half year. FNB continues to believe that the ongoing cost initiatives being implemented will support profitability and ROE in the medium term as revenue growth remains challenging.

In line with FirstRand's decision to bring the calculation of its cost-to-income ratio in line with industry practice (see page 115) FNB will adopt the same methodology in the next financial year.

ROE – South Africa and Africa (%)



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

The ROE for Africa represents the complete Africa portfolio (which includes FICC activities) and is very pleasing at 21% as it includes the significant investment FNB continues to make in building out its franchise in new jurisdictions and reflects the Group's strategy to protect returns as it expands.

Financial highlights

	FNB – South Africa			FNB – Africa		
R million	2011	2010	% change	2011	2010	% change
Net interest income	**9 775**	9 512	3	**1 821**	1 594	14
Non-interest revenue	**15 959**	14 515	10	**1 392**	1 147	21
Operating expenses	**(16 078)**	(14 604)	10	**(1 771)**	(1 503)	18
Income before indirect tax	**7 321**	6 113	20	**1 385**	1 178	18
Indirect tax	**(377)**	(307)	23	**(35)**	(32)	9
Income before direct tax	**6 944**	5 806	20	**1 350**	1 146	18
Normalised earnings	**5 022**	4 276	17	**540**	455	19
Advances	**208 680**	199 113	5	**22 639**	19 645	15
Total deposits	**212 751**	194 014	10	**28 166**	26 628	6
Assets under administration ("AUA")	**89 072**	45 837	94	**1 540**	1 473	5
Cost-to-income (%)	**62.2**	60.5		**55.0**	54.7	
NPLs (%)	**6.4**	7.8		**1.6**	2.1	
ROE based on normalised earnings (%)	**35.7**	31.8		**21.4#**	20.0#	

** June 2010 finalised results have been restated for the transfer of business units, the significant ones being the transfer of the Forensics and Fraud unit from the FirstRand Corporate Centre to FNB SA and the transfer of the results of the FICC activities in the African jurisdictions to RMB FICC.*
 # Includes RMB FICC earnings and ROE.

The rollout of FNB EasyPlan branches resulted in an overall increase in branch representation points, despite a reduction in full service traditional branches given the strategy to ensure optimisation of the overall network, whilst the ATM footprint growth reflects the electronic channel migration strategy. Expansion and investment in infrastructure on the rest of the continent is reflected in the strong growth in representation points and ATMs in FNB Africa.

	FNB – South Africa			FNB – Africa		
	2011	2010	% change	2011	2010	% change
Representation points (branches, agencies, EasyPlan)	**722**	667	8	**101**	95	6
ATMs	**5 906**	5 557	6	**556**	511	9

Operational highlights

- FNB voted the "Best Reputation" among the South African Banks by the 2010 Reputation Pulse Survey.
- FNB also voted "Most Innovative Bank", through the 2010 Innovation Agency Banking Innovation Study.
- FNB was rated as first in the recent PwC peer review for Internet Banking.
- EasyPlan branch representation has increased to 117 points of presence (June 2010: 15) across Gauteng, KwaZulu-Natal, Eastern Cape, Western Cape and Mpumalanga.
- The personal cheque accounts base reflects an 18% growth from June 2010.
- FNB continues to leverage on its successful cell phone banking with three million customers registered to date and its newest offering, eWallet, is generating strong transaction volumes.
- FNB Custody rated by the Global Custodian Magazine as the "Top Rated" provider of clearing, settlement and asset servicing in South Africa for 2010.
- FNB Public Sector Banking awarded the tender for the Gauteng provincial account for the next five years.
- The combined FNB Wealth franchises, RMB Private Bank and FNB Private Clients, were rated top private bank by Euromoney in the current year.
- FNB Namibia received the Chartered Secretaries Southern Africa and JSE Limited award for best sustainable business reporting in 2010.
- FNB Botswana won the Euromoney award and the PwC Best Annual Report award for the Financial Services Sector 2010/2011.
- FNB Swaziland was awarded second place in "The Employer Business Leader of the Year" awards 2011 hosted by the Federation of Swaziland Employers and Chamber of Commerce.

Performance commentary

FNB South Africa produced a strong performance for the year, growing pre-tax profits by 20%. This was underpinned by a 29% decline in bad debts largely emanating from HomeLoans and Card, and a 10% increase in NIR.

FNB's costs for the first half to December 2010 grew at 10.8% and the full year growth is at 10.1%; which is a good performance given the ongoing investment in the business, such as the rollout of the EasyPlan infrastructure from 15 branches at June 2010 to 117.

To date FNB has not followed "one size fits all" approach to costs particularly given the diversity of its business and it expects to continue with this strategy. In the future, cost tightening can be expected in those business units that are experiencing pressure on performance and cost increases in those business units where investment in growth opportunities continues.

The overall impairments charge and ratios from residential mortgages continued to decline as detailed below, this was despite significant increases in the Wealth segment. These increases were expected given the lag effect of deteriorating credit quality in this segment, combined with a refinement in write-off policy and the process changes in collections.

R million	Advances	Impairment charge	Impairments to average advances %
Affordable Housing	8 197	71	0.98
HomeLoans	106 864	740	0.69
Wealth	40 913	405	1.03
Residential mortgages – June 2011	**155 974**	**1 216**	**0.79**
Residential mortgages – June 2010	152 512	1 420	0.95
Residential mortgages – June 2009	147 937	2 374	1.60

NII increased marginally second half on first half as a result of lower endowment margins and slightly higher advances growth. The growth in NIR includes the annual inflationary price increase but also reflects 3% growth in customers and good growth (14%) in transactional volumes. Migration by customers to less expensive electronic channels continued, reflecting FNB's strategy to encourage customers (particularly through pricing) to use these cheaper channels. As a result, NIR will continue to remain under pressure until the change in channel mix is fully offset by market share gains and a reduction in the cost of physical infrastructure, some of which is evident this year.

Despite interest rates being at 36 year lows, advances growth was muted due to continued deleveraging by over-indebted consumers. The HomeLoans (reduction of 2%) and Card (flat) advances growth indicated that the credit market is still experiencing a slow recovery specifically in the consumer segment or middle market.

Deposit growth of 10% was achieved through a proactive strategy in a low yield market where customers preferred to improve cash holding positions and reduce risk to balance sheets. Current, savings and transmission accounts as well as notice deposits showed good growth of 18% and 30% respectively on the back of transactional market share gains.

SEGMENT PERFORMANCE

Income before direct tax

	FNB – South Africa		
R million	2011	2010	% change
Mass	1 449	1 321	10
Consumer	3 063	1 876	63
– HomeLoans	63	(305)	>100
– Card Issuing	953	518	84
– Other Consumer	2 047	1 663	23
Wealth	130	300	(57)
Commercial	2 135	2 034	5
GTS (formerly Corporate)	530	520	2
FNB Other and support	(363)	(245)	(48)
FNB – South Africa	**6 944**	5 806	20
FNB Africa	**1 350**	1 146	18
Total FNB	**8 294**	6 952	19

As previously reported, FNB's segment view is not a "pure" indication of FNB's penetration into each segment as it depends on the product segment categorisation as well as internal service level and revenue arrangements. Further, continuous segment refinement occurs, such as the transfer pricing model changes and the transfer of business units. As such the June 2010 results have been restated in order to ensure performance comparability.

MASS (SMART SOLUTIONS)

R million	2011	2010	% change
NII	1 141	1 068	7
NIR	3 991	3 724	7
Operating expenses	(3 169)	(2 930)	8
Income before direct tax	1 449	1 321	10
Impairments as % of advances	4.33	6.03	
NPLs (%)	5.8	6.5	
Advances	12 103	9 233	31
Deposits	9 036	8 592	5

Smart and Mzansi accounts
Microloans (SmartSpend)
Cellphone banking and Prepaid products
Housing Finance (SmartBond & Smart Housing Plan)
FNB Life
FNB Connect
FNB EasyPlan

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

The Mass segment's performance reflects limited growth in NII due to margin squeeze on the endowment products, partly offset by interest income growth on the advances products. Despite increasing competition, advances growth was robust reflecting the strong franchise FNB has developed in this market. The increase in advances was driven mainly by growth in affordable housing where sales increased 13%. Excellent ongoing growth in prepaid airtime turnover and revenue from bancassurance strategies also contributed positively. FNB Life continued to perform well despite policy lapse rates, with in-force policies increasing 10% to 4.3 million driven mainly by funeral policies.

The decrease in the bad debt charge is in line with the continued focus on cash collections across the business which resulted in declining early arrears levels.

A significant portion of the increase in operating costs resulted from investment in future growth strategies such as EasyPlan and Cellphone Banking. Other operating costs have been contained to grow in line with inflation.

CONSUMER

R million	2011	2010	% change
NII	4 278	4 222	1
NIR	5 555	4 943	12
Operating expenses	(5 645)	(5 091)	11
Income before direct tax	3 063	1 876	63
HomeLoans profit before direct tax	63	(305)	>100
Card Issuing profit before direct tax	953	518	84
Impairments as % of advances	0.87	1.74	
NPLs (%)	6.5	8.6	
Advances	122 215	122 289	<1
Deposits	64 266	58 715	9

Cheque and Transmission products (including overdrafts)
Investments and equity products
Personal loans (including student loans)
FNB Insurance Brokers
eBucks
HomeLoans (including One Account)
Card Issuing
Retail Forex

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

The improvement in the segment's performance is largely attributable to a recovery in Card Issuing and HomeLoans and a healthy increase in transactional revenues.

The largest positive impact on profits is the significant reduction in bad debts as a result of the decrease in NPLs and arrears and includes Card Issuing's increased post write-off recoveries, benefiting in the current year from the policy change. However, consumers in this segment remain under pressure which could negatively impact improvements in the medium term.

NII increased marginally due to improved advances margins and robust growth on higher margin deposit products offset by the endowment impact of lower interest rates.

The NIR increase is driven by increased activity in the transactional business on the back of an increased number of accounts.

Advances balances declined across all lending categories except personal loans and overdrafts. Personal loan payouts (including student loans) have increased consistently at an average monthly increase of R26 million since September 2010.

Deposit growth is mainly attributable to current accounts and the success of the Flexi Fixed notice deposits campaign.

FNB HomeLoans

The positive turnaround in HomeLoans is due to several macro-economic factors, including low interest and inflation rates, together with improved collection processes and better quality new business.

Advances contracted 2% on flat sales, while write-offs and capital repayments continued to exceed the new business written. New business market share dropped marginally from 20% to 19%.

HomeLoans also benefited from slightly improved margins and decreases in interest suspended. Costs are up R123 million year-on-year mainly due to staff costs. Professional fees are also up due to increased forensic investigation and collection costs.

Card Issuing

Card Issuing delivered a strong performance despite muted customer growth and a static advances book. The strong profit growth can mostly be attributed to the continuing decline in NPLs and arrear balances as a result of improved collection strategies. Post write-off recoveries made a significant positive contribution towards the profit earned. Card turnover remained robust at 9% higher than the previous year and can be attributed to market leading customer loyalty initiatives and value-adds.

WEALTH

R million	2011	2010	% change
NII	**875**	875	–
NIR	**870**	725	20
Operating expenses	**(1 204)**	(1 073)	12
Income before direct tax	**130**	300	(57)
Impairments as % of advances	**1.03**	0.62	
NPLs (%)	**6.8**	6.7	
Advances	**40 913**	37 710	8
Deposits	**19 559**	15 772	24
AUA	**89 072***	45 837	94

* *Including BJM.*

RMB Private Bank
FNB Private Clients
FNB Trust Services
Islamic Finance
Ashburton and FirstRand Trustees
BJM

This segment focuses on providing private banking and investment solutions to customers earning an income above R1.1 million per annum as well as certain trust, fiduciary and offshore investment services to all retail customers. New to the segment this year is BJM, which has added a number of additional service offerings for clients including stockbroking.

This segment's profitability was impacted by a more aggressive stance on NPLs and the refinement of the write-off policy, together with a change in collection strategy in light of continuing concerns about self-employed customers. This had a significant impact on bad debts, thus driving down overall profit.

Advances increased due to ongoing new client acquisition and conversions, achieved despite increased pricing and resultant improved margins.

NIR increased strongly due to increases in traditional banking activities and very good growth in international earnings together with BJM being consolidated for the first time (excluding BJM NIR is up 9%). The 12% operating cost increase is largely attributed to the inclusion of BJM; excluding this, the cost increase is in line with inflationary growth at 4%.

Deposit growth was strong despite higher yields in alternative investments in the current low interest environment and customers focusing on repaying debts. The growth was mainly achieved on the back of innovative product offerings.

AUA continues to grow due to good investment selection and despite the negative impact on Ashburton values in Rand terms due to appreciation of the currency. The acquisition of BJM added R40.1 billion to AUA.

COMMERCIAL

R million	2011	2010	% change
NII	2 955	2 905	2
NIR	3 548	3 334	6
Operating expenses	(4 005)	(3 739)	7
Income before direct tax	2 135	2 034	5
Impairments as % of advances	1.13	1.59	
NPLs (%)	6.1	6.8	
Advances	30 771	28 178	9
Deposits	67 421	63 691	6

Small Business, Business and Medium Corporate transactional and overdraft products
Investment products
SMMEs
Commercial property finance
Debtor finance
FNB Leveraged finance, BEE funding, Niches
Merchant Services (SpeedPoint)

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

The Commercial segment produced good profit growth given the endowment pressure on deposit margins and sluggish activity levels, particularly in the international banking markets. Bad debts have decreased from the prior year, primarily due to a recovery in the overdraft book.

NIR growth was driven by a strong performance from merchant services as well as in transactional banking. The majority of this growth resulted from an increase in transactions volumes, including cash deposit fee increases due to the rollout of ADT machines, and 4% growth in active accounts.

Advances growth was driven by double digit growth in the Agric subsegment as well as owner-occupied commercial property and leverage and debtors finance. The residential and development finance book has declined due to the focus on unwinding the significant NPLs, resulting in an overall decline in NPLs.

Deposits have shown resilience but growth in investment accounts has been limited. The business strategy of dedicated teams bringing on balances has proven successful but retention remains a constant challenge in the low yield environment. The Money Market Maximiser and the Flexi Fixed Deposit product offerings have been very successful as specific client retention tools.

The increase in operating costs relates to variable costs on the higher transactional volumes, specifically the merchant services business.

GLOBAL TRANSACTIONAL SERVICES ("GTS") (FORMERLY CORPORATE)

R million	2011	2010	% change
NII	521	549	(5)
NIR	1 401	1 202	17
Operating expenses	(1 365)	(1 190)	15
Income before direct tax	530	520	2
Impairments as % of advances	0.43	0.68	
NPLs (%)	0.7	0.1	
Advances	2 523	1 697	49
Deposits	34 361	33 119	4

Global transactional banking solution and associated working capital solutions
Electronic Cash Solutions (SmartBox)
International banking
Custody services
Hyphen

This segment provides large corporate customers, financial institutions and certain state-owned enterprises, as defined in schedule 2 of the PFMA, with global transactional banking capabilities as well as cash flow optimisation and working capital solutions.

The segment's performance was affected by margin compression due to competitive activity, investment in system enhancements and low import/export activity placing significant pressure on revenue in cross-border payments and trade services.

NII was affected by margin pressure due to changes in the client mix of the advances book and a slight negative endowment impact on the deposit book.

NIR growth was linked to increased volumes but at lower margins due to increased competition and changes in product mix to cheaper electronic platforms. In the current economic conditions corporate customers are putting pressure on banks to provide more product functionality and services at a reduced cost.

Operating expenditure increased due to increases in variable costs associated with transactional activity and an increased focus on process and system investments that are expected to deliver new product offerings and cost efficiencies only in the medium term.

FNB OTHER AND SUPPORT

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

Public Sector Banking

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

The segment achieved strong growth in deposit balances but an ongoing focus on strategic pricing and customised solutions remains critical to achieving customer growth.

Performance commentary – FNB Africa

The results of FNB Africa comprise the subsidiaries, FNB Botswana, FNB Namibia, FNB Swaziland, FNB Mozambique, FNB Lesotho and FNB Zambia as well as the support centre. The results of the RMB-managed operations in the subsidiaries are reported under RMB effective from this reporting cycle and as such the results reported below represent only the FNB component of subsidiary results.

R million	2011	2010	% change
Botswana profit before direct tax	602	534	13
Botswana profit before direct tax (BWP)	*573*	*479*	*20*
Namibia profit before direct tax	757	634	19
Swaziland profit before direct tax	116	103	13
Other profit before direct tax	(125)	(125)	–
Net profit before direct tax	**1 350**	1 146	18

Overall the African subsidiaries performed well despite significant investment activity across the portfolio resulting in increased operating expenses. As part of its strategy to further grow the existing franchise and operating footprint, FNB has invested significantly in Zambia and Mozambique in the period under review as well as in starting operations in Tanzania. This investment phase is expected to continue in the medium term with a parallel focus on service and electronic delivery channels to increase the customer base and drive up volumes and resultant NIR.

FNB BOTSWANA

The Botswana economy is showing healthy growth with improved commodity exports. FNB Botswana has specifically focused on growing its share of the retail market where margins are higher and the property market where the risks are lower.

The strengthening of the Rand reduced the positive impact of Pula growth with net profit before tax increasing 20% to P573 million, benefiting from balance sheet growth and increased transactional volumes.

Advances increased 24% (26% in Pula) particularly in the retail and property segments, and deposits increased 0.4% (5% in Pula) as the Bank consciously reduced its Bank of Botswana Certificate exposure to establish a more representative market share.

Impairments increased at a slower rate than that of lending as credit quality remains a priority.

FNB NAMIBIA

Indicators of a recovery in domestic demand remain tentative and future improvements will be dependent on the global economic position going forward. Primary sector output held up quite well throughout 2010, with strong performances from the agricultural and mining sectors.

Against this background, FNB Namibia's profits before tax increased 19% to R757 million. The good performance is largely attributed to a healthy credit book and good transactional volumes. In addition, the capital structure was refined in the current year resulting in a special dividend of R455 million.

In the banking activities, margin pressure was experienced as a result of the low interest rate cycle and the slow growth in credit extension.

Gross advances growth originated primarily from mortgages and agricultural loans while surplus liquidity in the market contributed to the increase in deposits.

FNB SWAZILAND

FNB Swaziland performed well in a low growth macro environment. Net profit before tax for the period increased 13% as a result of good margins, a healthy credit book and robust transactional volumes.

Gross advances increased 13% as FNB Swaziland gained market share.

The sovereign risk related to Swaziland has been considered and where appropriate the exposures have been derisked.

FNB MOZAMBIQUE

Continued investment in the FNB Mozambique franchise and infrastructure in the medium term will place pressure on short- to medium-term profit growth, but it will position the business on a strong platform for the future.

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

FNB LESOTHO

FNB Lesotho increased profitability due to good client acquisition and increased balance sheet volumes.

FNB ZAMBIA

Increased production in copper combined with significant increases in the copper price, is driving strong economic growth in Zambia. As a result, growing the operating infrastructure remains a priority for FNB Zambia and there are currently five branches in operation.

The deposit base increased in line with the branch expansion and this is supporting sustainable growth in advances. Good client acquisition resulted in substantial balance sheet growth and the business is gaining good traction.

Looking forward

Growth in advances is expected to lag nominal GDP growth as levels of consumer indebtedness are still at historic highs and high unemployment and global volatility remain negative factors. FNB does expect its strong banking franchise to benefit from economic activity and it continues to actively pursue additional growth through various strategies across its segments, particularly in those markets showing above average growth or where FNB is under-represented. However, achieving topline growth will be a challenge and, therefore, cost management and innovation remains a key focus for management.

It is anticipated that the migration to electronic channels will continue to place pressure on both revenue (lower unit pricing on electronic transactions), and cost (leveraging fixed infrastructure however ongoing improvements in credit quality, the acquisition of new customers, cost management and the rollout of innovative products and channels that meet customer needs should ensure sustainable returns.

In Africa, FNB will continue to expand its operating footprint supported by its South African platform; FNB Mozambique, FNB Zambia and the new FNB Tanzania will continue to focus on consolidating newly opened branches and the expansion of new branches, products and services.

RMB

Market dynamics

The global and domestic environment proved challenging in the 12 month period to 30 June 2011. Uncertainty in markets prevailed as ongoing risks associated with US and European sovereign debt levels continued. Whilst emerging countries and specifically the domestic economy fared slightly better, corporate activity remained subdued. Client flows in the equity markets did see improved volumes but the fixed income, currency and commodities arenas were impacted by slower trade and lower business volumes.

These pressures on flows coupled with declining margins, Rand strength and decreased volatility meant that RMB's Equities and FICC business units experienced a difficult year. However, despite these headwinds RMB delivered a strong performance, with excellent results emanating from the Investment Banking and Resources business units.

Progress on strategy

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

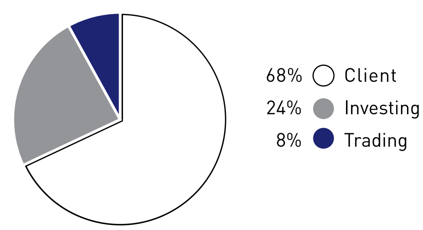
In the current year the integration of RMB and FNB's relationship management teams was completed to create a combined coverage unit ("Coverage"). The cooperation between corporate and investment banking teams improved substantially and lays the foundation for further integration in the year ahead. New client opportunities are tracking in line with expectations and some early benefits of an aligned client focus are being realised.

Good progress has been made on initiatives aimed at growing the African franchise. The focus has been on building investment banking and trading activities in jurisdictions where FNB currently operates as well as capturing trade and investment flows into Africa from key Asian markets such as India and China. During the current year, RMB deployed investment banking and trading resources into FNB's Namibia, Botswana, Zambia and Mozambique operations as well as expanding the Coverage team to include resources focused exclusively on Africa. A number of transactions in key sectors such as resources, commodities, energy and property were concluded in Africa. Representative offices in Angola and Kenya have been commissioned and the Nigerian representative office continues to function as a valuable hub for activities in West African markets.

Key performance indicators

In line with its risk appetite framework, RMB targets a long-term business mix of 60% from client and 40% from proprietary activities (25% investing and 15% trading), with capital allocated to these activities on a similar basis. This framework has proven to be a useful strategic tool to balance the trade off between risk, growth and return thereby ensuring earnings sustainability and has been applied when testing expansionary strategies into the Africa/Asia corridors. The graph below shows the current earnings mix*.

RMB gross revenue mix



* *Mix excludes the legacy portfolios.*

Financial highlights

R million	2011	2010	% change
Income before indirect tax[1]	5 027	4 792	5
Indirect tax	(68)	(64)	6
Income before direct tax	**4 959**	4 728	5
Total assets	**264 499**	269 133	(2)
Cost-to-income ratio (%)	**38.7**	38.9	

1. Comparatives restated for FICC's share of African subsidiaries' profits of R105 million (2011: R110 million).

The divisional results and comparatives are summarised in the table below:

R million	2011	2010	% change
Private Equity	865	1 498	(42)
Investment Banking	2 727	2 522	8
FICC	1 072	1 111	(4)
Equities	338	381	(11)
Other	(43)	(784)	95
Income before direct tax[1]	4 959	4 728	5

1. Comparatives restated for FICC's share of African subsidiaries profits of R105 million (2011: R110 million).

Operational highlights

Within South Africa RMB has maintained a market leading position across many investment banking disciplines. In the recent PwC July 2011 Peer Survey RMB was rated 1st in the key investment banking categories of Listings, Structured Finance, BEE deals and Equities.

The advisory business was the top ranked adviser in the Mergers and Acquisitions ("M&A") league tables in the year to December 2010, according to Mergermarket. Dealmakers quarterly statistics for the six months to June 2011 show RMB remained on top cumulatively across M&A and general corporate finance activities. Significant advisory/structuring mandates completed during the year include the merger of Momentum and Metropolitan, the restructure of RMB Holdings, the MTN and Sappi BEE transactions, the recapitalisation and restructure of Brait and the successful listing of the Rebosis Real Estate Fund.

In the equity capital markets RMB consolidated its foremost position in the market and led the majority of listings on the JSE main board in the period. At the 2010 BESA Spire awards RMB won the Best Debt Capital Markets Origination team, Best Bond Repo/ Carry Team and the Volumetric Award for Listed Interest Rate Derivatives. At the recent EMEA Finance Achievement awards RMB won Best local currency bond house, Best M&A house in Africa and Best IPO in Africa for Life Healthcare Group Holdings.

Performance commentary

Against the backdrop of a gradual corporate recovery and continued weakness in current flows, RMB reported pre-tax profits of R4 959 million, 5% higher than in the comparative year. This is a pleasing result given the high base in the prior year on account of the Life Healthcare realisation and was achieved despite conservative valuations on lending and private equity portfolios and prudent provisioning. Investment Banking, Private Equity and an improved performance from the Legacy portfolio drove RMB earnings. Results from FICC and Equities were down on the prior period, largely on the back of modest trading revenues in the second half of the year. Cost management remains a focus and benefits have been achieved in the past year.

INVESTMENT BANKING

Investment Banking again delivered a strong performance off a relatively high base, with good contributions from advisory, financing, structuring and principal investing activities. Reflecting RMB's strategy to increase its exposure to investment grade corporate credit, the structured lending book showed continued steady growth and whilst impairments increased slightly over the period, credit quality remains robust. The advisory business performed well with structuring activities in the property sector delivering excellent results.

The increased focus on Africa yielded transactions from Ghana, Angola, Mozambique, Ethiopia, Tanzania, Zambia, Namibia and Botswana in key sectors such as resources, oil and gas, infrastructure, transport and logistics, telecommunications, commodities and financial institutions. Activity in the African-Asian corridors also yielded a number of key transactions with Indian, Middle Eastern and Chinese counterparts.

FICC

Overall client flows have generally remained weak placing FICC's revenues under pressure. Trading volumes showed a mixed picture for the year with results in the second six months struggling to keep pace with the momentum set in the early part of the year. Revenues from the African subsidiaries are up marginally on the comparative period.

PRIVATE EQUITY

Private Equity produced a good result given the base created in the comparative period by the realisation of Life Healthcare. In the current year Corvest realised a gain of R461 million (post-tax and minorities) from the sale of Davita Trading. Revenues from portfolio investments grew strongly, particularly in Ventures and Corvest, reflecting the resilience of the underlying counters. During the year the teams invested some R800 million and continue to look for investing opportunities. Despite the realisation of Davita Trading, significant unrealised value of R1.2 billion remains in the portfolio at 30 June 2011.

EQUITIES

The Equities performance was mixed, with modest growth seen in most client execution businesses, largely on the back of improving equity volumes. Trading performance was lower than expected and conditions are expected to remain challenging. Longer term investing positions performed strongly, benefiting from a number of corporate actions and the upward movement in equity prices.

OTHER

The Resources business performed strongly, driven by substantial realisations on the back of a favourable commodities environment, particularly in gold. The Legacy portfolio losses were significantly lower than in the prior period.

Looking forward

The outlook for the global and local operating environment remains uncertain. Slower growth prospects coupled with sovereign default fears have impacted markets and sentiment remains uneasy. In this climate global trade, business volumes and corporate activity seems likely to remain slow.

Looking forward RMB will continue to execute on its strategy to grow its client franchise and related revenues whilst maintaining an appropriate balance of investing and trading activities. Key strategic initiatives in the coming year to support this strategy are:

- continued focus on opportunities in Africa, leveraging off the FNB operations and Asian corridors;
- realignment of FNB's corporate transactional business alongside RMB to ensure that corporate and investment banking activities are integrated at a client as well as product level; and
- focus on broadening RMB's client base to target opportunities for investment banking services in mid-corporate markets.

WesBank

Market dynamics

During calendar year 2010 retail new vehicle sales increased 25% compared to the prior year. This trend has continued in 2011, with new vehicle sales up more than 15% year-on-year and is expected to continue albeit at a slower rate, as pent up demand caused by the deferment of the vehicle replacement cycle works through the market. Consumer demand for credit increased significantly although quality remains mixed particularly with regard to affordability, resulting in approval levels remaining at similar levels to the prior year.

Although corporate demand remains subdued, there are some early positive signs from a new business origination perspective. WesBank continues to exercise caution from both an origination and ongoing risk management perspective, although there are good opportunities developing in this market.

Progress of strategy

WesBank continues to focus on its core strategy of partnering with key industry players through representation at the point of sale. These alliances, across both the retail and corporate business divisions, delivered strong new business flows.

In line with FirstRand's strategy to target those domestic segments where its operating franchises may be under-represented, WesBank has been executing on specific strategies to grow in fleet management and full maintenance rentals as well as with larger corporate asset finance customers and in the public sector. Initiatives in the larger corporate sector are gaining good traction. Although the opportunities in full maintenance leasing and in the public sector remain meaningful, the lead times to significant revenue inflows are proving longer than anticipated and are only likely to realise over the medium term.

In addition, WesBank is leveraging off the FNB platform and presence in certain African jurisdictions, both established and developing, where asset finance opportunities have been identified. In this regard, WesBank deployed resources to focus on building the asset finance operations in Africa, agreed an operating model with FNB and is in the process of identifying priority market segments and specific strategies in various African countries.

Key performance indicators

WesBank considers key performance indicators to be ROE, cost-to-income ratio, market share and the net promoter score (service levels index).

ROE %	2011	2010	2009	2008
Actual results	**26.3**	15.4	6.7	12.0

Given the cyclical nature of its business, WesBank targets a "through the cycle" ROE of 20-25% and therefore continues to focus on reducing cyclical volatility through better risk profile management, revenue diversification and a far greater correlation between pricing and risk.

%	2011	2010	2009	2008
Overall cost-to-income	**46.5**	51.9	53.8	53.5
Lending cost-to-income	**43.5**	45.7	41.9	41.8

The cost-to-income ratio is a key performance indicator for WesBank's core finance business and the table above shows the ratio trending down from 2008. In the current year the lending business' cost-to-income continued to improve as a result of cost management actions taken over the past several years, and despite increased profit shares payments resulting from improved profit generation.

%	2011	2010	2009	2008
Net promoter score	**61.9**	59.7	52.1	51.5

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

Financial highlights

R million	2011	2010	% change
Income before indirect tax	2 714	1 426	90
Indirect tax	(166)	(126)	(32)
Income before tax	2 548	1 300	96
Advances	102 125	92 724	10
Cost-to-income ratio (%)	46.5	51.9	
NPLs (%)	4.3	5.5	

Profits increased 96% over the prior year to R2.55 billion. This excellent performance was due to the following key factors:

- the ongoing retail and corporate credit unwind (although this did begin to slow in the second half of the year);
- strong new business origination;
- improved interest margins across all portfolios;
- good cost management;
- strong performance from Carlyle Finance;
- excellent performance in the personal loans business; and
- non-recurrence of losses in prior year in certain non-lending operations.

Operational highlights

New business growth was particularly encouraging, with retail new business increasing 32% and corporate/commercial origination increasing 16% year-on-year. This is testament to the improved origination processes and to the partnership strategy. This production growth did not come at the expense of either price or increasing risk appetite.

Cost management initiatives continue to have a positive impact. Headcount in the core lending business declined 32% over the past 36 months and this was achieved without compromising on the capacity required to manage increased new business volumes.

Effective management of accounts under debt review means that trends continue to reflect a decline in inflows of new accounts under review and an improvement in repayment behaviour.

WesBank's UK operation, Carlyle Finance, produced profits of R221 million compared with R120 million in the prior year. This was achieved through a continued improvement in bad debts, significant widening of interest margins, excellent new business growth and ongoing cost management.

Performance commentary

WesBank's overall profitability was positively impacted by better interest margins and an improving credit environment. In addition, new business generation has been driven by the deferred replacement cycle reversal and the improving credit environment.

Bad debts in the local lending business decreased 38% from R1.95 billion to R1.21 billion, or from 2.2% to 1.32% of advances. Retail and corporate bad debts showed continued strong downward trends. These improvements in bad debts are likely to slow in the new financial year as much of the benefit of the credit unwind has materialised.

Although NPLs remain relatively high during the period under review there was a decrease from 5.5% to 4.3%. This was partly due to lower inflows of accounts under debt review, which inflate NPLs as these remain non-performing for a significantly longer period than regular NPL accounts. In addition, a higher number of existing accounts under debt review were resolved. The number of accounts entering debt review is expected to gradually decrease further, however, this improvement will be offset by the length of time accounts remain in the non-performing category, particularly given the current backlog of cases at the courts.

New business increased 28% over the comparative period. The year-on-year increase comprised a 32% increase in retail new business and a 16% increase in corporate new business. Interest margins showed an improving trend as a result of the focus on written rates as well as the improvement in mix with a higher component of fixed rate business written. Improved interest margins were experienced across all of the portfolios, although further improvement is not expected.

NIR decreased 16%. The loss of revenues following the disposal of WorldMark Australia, WorldMark South Africa and Norman Bissett, which was included in the prior period's results, was offset by improved associate earnings from Toyota Financial Services and Tracker, and increasing monthly administration fees. NIR in the local lending operation increased 36%.

Overall expenses decreased 8%, partly as a result of the disposal of the non-lending subsidiaries. Expenses in the local lending operation increased 17% (excluding the increased profit share payments to alliance partners this increase was 3%). There continue to be numerous cost management initiatives across the businesses which have started to vest and are expected to achieve sustainable operating cost benefits going forward.

The non-lending operations contributed R455 million compared with R208 million in the prior year. This was largely due to the improvement in performance of Direct Axis, the personal loans origination and administration business, and the non-recurring losses relating to the investments disposed of in the prior year.

Looking forward

The forthcoming financial year is expected to see a slower unwind of retail and corporate bad debt impairments and more modest new business origination. An improving lending landscape is anticipated across both corporate and retail portfolios, although WesBank will continue to exercise caution in respect of credit appetite as many retail consumers remain highly leveraged. Book growth is consequently expected to continue at current interest margins.

Balance sheet management

Capital management

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

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

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

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

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

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

In the last 12 months FirstRand's core capital has benefited from several windfalls, the largest of which arose from the sale of OUTsurance. Detailed capital forecasts that include the domestic growth requirements as well as international expansion requirements and proposed regulatory changes have been considered for the next three years. The Group is confident that these windfalls are surplus to the Group's needs and thus a special dividend of 70 cents per share is declared to return this excess to shareholders.

Capital adequacy and planning

THE YEAR UNDER REVIEW

Effective 1 July 2010, FirstRand replaced FirstRand Bank Holdings Limited ("FRBH") as the bank controlling company. The Group restructure resulted in subsidiaries of FirstRand Bank Limited ("FRB") and FRBH moving across to FirstRand Investment Holdings Limited ("FRIHL"). Data presented for the year ended 2011 relates to the regulated entity FirstRand.

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

The Group currently finds itself in an environment of significant regulatory uncertainty. Although many of the Basel III changes have been finalised, these proposals are yet to be outlined in the domestic regulations. Targeted ranges have been increased in anticipation of the implementation of Basel III even though the levels in South Africa are not yet finalised. The current approach to capital levels is conservative and the Group would prefer to maintain strong capital ratios at the upper end of its targeted band.

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

FirstRand operated above its targeted capitalisation range with a total capital adequacy of 16.5% and solid Tier 1 ratio of 15.0%. Similarly FRB, excluding subsidiaries and branches, comfortably operated above its target with a total capital adequacy of 14.2% and Tier 1 ratio of 12.4%.

REGULATORY DEVELOPMENTS

The SARB has issued a set of draft regulations which cover the revised market risk and securitisation proposals as per Basel 2.5, as well as introducing a scalar for credit risk. These regulations will be implemented at the beginning of 2012. The draft regulations currently do not make provision for the proposed Basel III framework discussed below.

Enhancements to the Basel II framework ("Basel 2.5")

The BCBS introduced enhancements to the market risk and securitisations framework, effective 1 January 2012. These revisions incorporate new capital requirements to include the effects of stressed markets (stressed VaR), an incremental risk charge for default and rating migration risk of trading book positions and higher risk weightings for resecuritised exposures.

Basel III

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

Quantitative impact studies are currently being completed by regulators to assess the impact of the new Basel III rules. This exercise will be performed every six months. The Group has been involved in this exercise and current calculations result in lower Tier 1 and total capital adequacy ratios for the Group. However, both FirstRand and FRB will remain above the current regulatory minimum and internal minimum requirements. The targeted levels may be further revisited once the Basel III proposals are incorporated into the SARB regulations. The Group expects further guidance from the SARB during the first quarter of 2012.

SUPPLY OF CAPITAL – TIER 1

The Group aims to back all economic risks with Tier 1 capital as it offers the greatest capacity to absorb losses. Consequently, required Tier 1 capitalisation levels are used as the primary driver of performance measurement across the various businesses. Tier 1 capitalisation ratios benefited from strong internal capital generation through earnings as well as realising once-off profits from the sale of investments in OUTsurance and Visa Inc.

SUPPLY OF CAPITAL – TIER 2

The uncertainty around the Basel III eligibility criteria of Tier 2 instruments made the issuance of these instruments unattractive during the year under review. The Group continues to investigate ways of optimising its capital base and will review the viability of Tier 2 instruments once the Basel III proposals have been incorporated into the SARB regulations.

On 16 August 2010, SARB approval was received to call the FRB01 and FRB02 subordinated debt instruments on 31 August 2010. The table below provides more detail on the Group's capital instruments at 30 June 2011.

Characteristics of capital instruments

Capital type	Instrument	Nominal R million	Actual R million	Rate type	Coupon rate	Maturity date
Other Tier 1	NCNR preference share capital*	4 519	4 519	Floating	68% of prime	Perpetual
Upper Tier 2	FRBC21	628	601	Fixed	12%	21 Dec 2018
	FRBC22	440	441	Floating	3 month JIBAR + 300bps	21 Dec 2018
Lower Tier 2 (Subordinated debt)	FRB03	1 740	1 788	Fixed	9%	15 Sept 2014
	FRB05	2 110	2 032	Fixed	9%	21 Dec 2018
	FRB06	1 000	1 020	Floating	3 month JIBAR + 65bps	5 Nov 2012
	FRB07	300	304	Floating	3 month JIBAR + 65bps	6 Dec 2012
	FRB08	100	102	Floating	3 month JIBAR + 70bps	10 Jun 2016
	FRB09	100	102	Floating	3 month JIBAR + 70bps	10 Jun 2017
	FNBB001	104	104	Fixed	11%	1 Dec 2011
	FNB17	260	260	Fixed	9%	29 Mar 2012

* *Audited.*

DEMAND FOR CAPITAL

Capital requirements expressed as a percentage of risk weighted assets ("RWA") remain risk sensitive and cyclical under Basel II. This cyclicality, particularly for credit, is less evident at this point in the cycle.

FirstRand RWA increased marginally during the year driven mostly by requirements in FRB. FRB's overall RWA increase was due to credit risk volume growth. The increase in market risk and operational risk was offset by lower equity investment risk, which was mainly the result of the sale of Visa Inc and the sale of subsidiaries from FRB to FRIHL (as part of the Group restructure).

REGULATORY CAPITAL

The targeted capital levels, which have been increased, as well as the current ratios at 30 June 2011 are summarised in the table below.

Capital adequacy position

	FirstRand		FRB*		Regulatory minimum
	Actual	Target	Actual	Target	
Capital adequacy ratio (%)	16.5	12.0 – 13.5	14.2	11.5 – 13.0	9.5#
Tier 1 ratio (%)	15.0	11.0	12.4	10.5	7.0
Core Tier 1 ratio (%)	13.8	9.5 – 11.0	11.4	9.0 – 10.5	5.25

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

The following table shows the composition of regulatory capital for FirstRand at 30 June 2011, while the subsequent tables provide a breakdown of RWA and capital requirement.

Composition of qualifying capital and capital ratios (unaudited unless otherwise indicated)

	FirstRand	
	At 30 June	
R million	2011	%
Ordinary shareholders equity as per IFRS*	56 631	
Less: non-qualifying reserves	(2 954)	
Cash flow reserve	451	
Available-for-sale reserve	(225)	
Share-based payment reserve	(2 739)	
Foreign currency translation reserve	(474)	
Other reserves	33	
Ordinary shareholders equity qualifying as capital	53 677	
Ordinary share capital and share premium*	4 998	
Reserves	48 679	
Non-controlling interest*	3 069	
NCNR preference shares*	4 519	
Less: total impairments	(3 521)	
Excess of expected loss over eligible provisions (50%)	(907)	
First loss credit enhancements in respect of securitisation structures (50%)	(247)	
Goodwill and other impairments	(2 367)	
Total Tier 1 capital	57 744	15.0
Upper Tier 2 instruments	1 042	
Tier 2 subordinated debt instruments	5 712	
Other reserves	202	
Less: total impairments	(1 154)	
Excess of expected loss over eligible provisions (50%)	(907)	
First loss credit enhancements in respect of securitisation structures (50%)	(247)	
Total Tier 2 capital	5 802	1.5
Total qualifying capital and reserves	63 546	16.5

* *Audited.*

RWA by risk type (unaudited)

R million	FirstRand At 30 June 2011 RWA	FirstRand At 30 June 2011 Capital requirement#
Credit risk	258 589	24 566
Operational risk	63 649	6 046
Market risk	17 311	1 645
Equity investment risk	20 605	1 957
Other risk	25 036	2 378
Total RWA	385 190	36 592

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

RWA CALCULATION APPROACH FOR EACH RISK TYPE

The following table provides a list of the Basel II approaches applied to each risk type for FRB and the other regulated entities of FirstRand.

RWA calculation approach for each risk type

Risk type	FRB	Other regulated entities
Credit risk	Advanced Internal Ratings Based approach ("AIRB")	Standardised approach
Operational risk	Advanced Measurement approach ("AMA")	Domestic operations: AMA Basic Indicator approach
		Offshore operations: Standardised approach
Market risk	Internal Model approach	Standardised approach
Equity investment risk	Simple Risk Weighted method	Standardised approach
Other risk	Standardised approach	Standardised approach

The following table provides a more detailed breakdown of the RWA numbers per Basel II approach for each risk type of FirstRand.

R million	June 2011
Credit risk	258 589
AIRB approach	226 678
Corporate, banks and sovereigns	92 642
Small and medium enterprises ("SME")	37 584
Residential mortgages	42 388
Qualifying revolving retail	9 003
Other retail	40 481
Securitisation exposure	4 580
Standardised approach	31 911
Equity investment risk	20 605
Simple Risk Weighted method	10 460
Listed	2 914
Unlisted	7 546
Standardised approach	10 145

R million	June 2011
Operational risk	63 649
Standardised approach	9 110
AMA	50 438
Basic Indicator approach	4 101
Market risk*	17 311
Internal Model approach	7 016
Standardised approach	10 295
Other risk	25 036
Standardised approach	25 036
Total RWA	385 190

* *Includes banking and trading book.*

The following table shows the composition of regulatory capital for FRB at 30 June 2011, while the subsequent tables provide a breakdown of RWA and capital requirement.

Composition of qualifying capital and capital ratios of FRB (unaudited unless otherwise indicated)

	FRB*			
R million	June 2011	%	June 2010	%
Ordinary shareholders equity as per IFRS**	37 965		33 085	
Less: non-qualifying reserves	(333)		(477)	
Cash flow reserve	452		466	
Available-for-sale reserve	(443)		(532)	
Share-based payment reserve	(342)		(411)	
Ordinary shareholders equity qualifying as capital	37 632		32 608	
Ordinary share capital and share premium**	11 459		10 969	
Reserves	26 173		21 639	
NCNR preference shares**	3 000		3 000	
Less: total impairments	(3 295)		(2 323)	
Excess of expected loss over eligible provisions (50%)	(907)		(379)	
First loss credit enhancements in respect of securitisation structures (50%)	(71)		(45)	
Qualifying capital in branches	(1 732)		(1 732)	
Other impairments	(585)		(167)	
Total Tier 1 capital	**37 337**	**12.4**	33 285	11.7
Upper Tier 2 instruments	1 042		1 068	
Tier 2 subordinated debt instruments	5 349		5 914	
Less: total impairments	(978)		(424)	
Excess of expected loss over eligible provisions (50%)	(907)		(379)	
First loss credit enhancements in respect of securitisation structures (50%)	(71)		(45)	
Total Tier 2 capital	**5 413**	**1.8**	6 558	2.3
Total qualifying capital and reserves	**42 750**	**14.2**	39 843	14.0

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

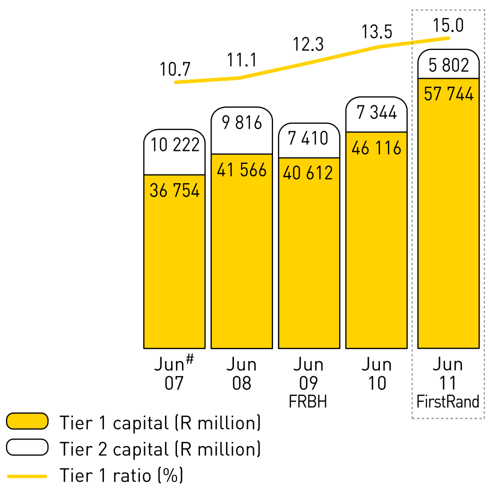
RWA by risk type of FRB (unaudited)

	FRB*			
	June 2011		June 2010	
R million	RWA	Capital requirement#	RWA	Capital requirement#
Credit risk	**226 678**	**21 534**	210 328	19 981
Operational risk	**42 659**	**4 053**	38 223	3 631
Market risk	**7 016**	**667**	4 669	444
Equity investment risk	**10 460**	**994**	16 835	1 599
Other risk	**14 027**	**1 333**	13 690	1 301
Total RWA	**300 840**	**28 581**	283 745	26 956

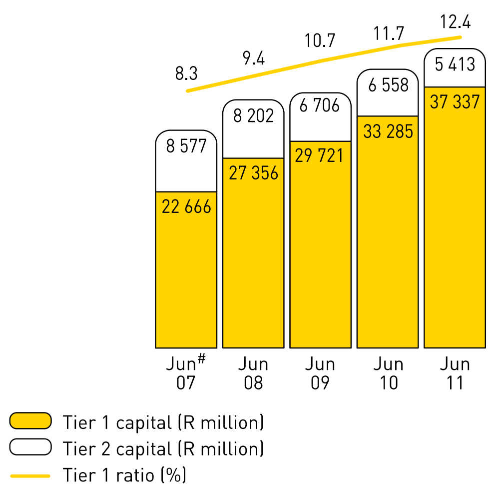
* *Reflects solo supervision, i.e. FRB excluding branches, subsidiaries and associates.*
# *Capital requirement calculated at 9.5% (Pillar 1 of 8% and Pillar 2a of 1.5%) of RWA.*

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

FirstRand regulatory capital position (unaudited)



FRB regulatory capital position (unaudited)



Information for comparative years – prior to the Basel II implementation on 1 January 2008 – is on a Basel I basis.

CAPITAL ADEQUACY POSITION FOR FIRSTRAND AND ITS SUBSIDIARIES

Based on the outcome of detailed stress testing each entity targets a capital level in excess of the regulatory minimum. Capital generated by subsidiaries in excess of targeted levels is returned to FirstRand, usually in the form of dividends. During the year under review, no significant restrictions were experienced on the repayments 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

	June 2011		June 2010	
	RWA R million	Total capital adequacy %	RWA R million	Total capital adequacy %
Basel II				
Bank controlling company*	**385 190**	**16.5**	341 608	15.6
FirstRand Bank South Africa	**300 840**	**14.2**	283 745	14.0
FirstRand Bank London	**4 718**	**12.5**	5 210	12.8
FirstRand Bank India	**1 296**	**43.0**	241	247.5
FirstRand Ireland	**496**	**24.9**	5 042	31.0
RMB Australia	**5 476**	**24.0**	4 887	21.5
FNB Namibia**	**11 230**	**16.6**	9 910	20.1
Basel I**				
FNB Botswana	**7 678**	**15.7**	6 834	17.4
FNB Lesotho	**236**	**20.0**	228	17.9
FNB Mozambique	**646**	**16.6**	699	12.9
FNB Swaziland	**1 525**	**24.2**	1 467	20.9
FNB Zambia	**348**	**33.0**	173	64.5

* *Effective 1 July 2010, FirstRand became the new regulated entity. Prior to 1 July 2010, FRBH was the bank controlling company. The registered banks in FirstRand must comply with the SARB regulations and those of their home regulators.*

** *Ratios based on local rules.*

ECONOMIC CAPITAL

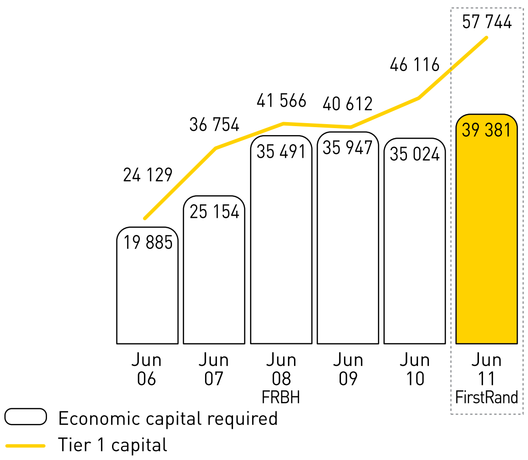
In addition to the regulatory capital requirements disclosed in the previous section, economic capital requirements are also calculated on the basis of a number of internally developed models. Economic capital is defined as the level of capital that must be held commensurate with the Group's risk profile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

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

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

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

Economic capital (R million)



NORMALISED RETURN ON EQUITY

The Group achieved a normalised ROE for continuing operations of 18.7% compared to 17.7% for the prior year.

The Group's total normalised ordinary shareholders' equity and reserves (excluding non-controlling interests) totalled R58 858 million as at 30 June 2011 (2010: R49 382 million). The average ordinary shareholders equity and reserves for the year amounted to R54 120 million (2010: R46 774 million). Ordinary shareholders equity comprises share capital and premium, distributable and non-distributable reserves.

SEGMENTAL ROE

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

Ordinary shareholders equity has been attributed to segments based on actual ordinary shareholders equity utilised (by the risk undertaken) by divisions and separate legal entities.

The allocation of the legal entities ordinary shareholders equity across segments involves the use of assumptions, interpretations and techniques that are regularly reviewed and updated as deemed necessary. Banks that disclose information on similar allocations and related return measures may use different assumptions, interpretations and techniques.

The table below provides a summary of the ROE percentages for the main franchises of the continuing operations:

	June 2011		June 2010
R million	Normalised earnings*	ROE %	ROE %
FNB#	5 517	33.0	29.6
RMB#	3 535	28.7	24.9
WesBank	1 804	26.3	15.4
Corporate Centre	(739)		
Total	**10 117**	**18.7**	17.7

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

Africa is currently included under FNB and RMB.

	June 2011		June 2010
R million	**Normalised earnings***	**ROE %**	ROE %
Total Africa*	595	21.4	20.0

* *Restatement due to refinement of calculation.*

ECONOMIC PROFIT

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

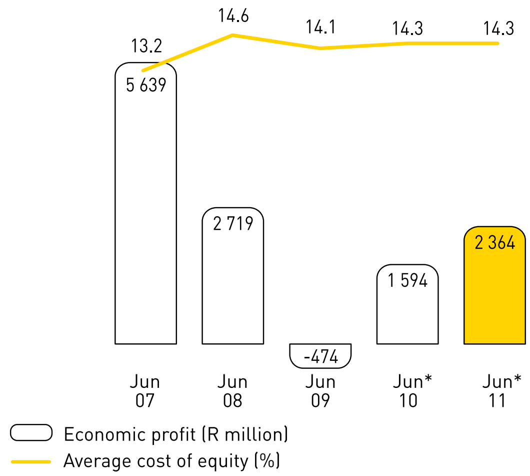
The use of economic profit or net income after capital charge ("NIACC") is embedded across the businesses and management culture. As a function of the normalised earnings and capital utilised in the businesses, economic profit provides a clear indication of the economic value added by a transaction or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

Economic profit and normalised ROE (unaudited)

R million	2011	2010
Normalised earnings attributable to ordinary shareholders	10 117	8 283
Charge for capital*	(7 753)	(6 689)
Net economic profit**	2 364	1 594
Average ordinary shareholders' equity and reserves	54 120	46 774
Return on average ordinary shareholders equity and reserves (%)	18.7	17.7
Average cost of equity	14.3	14.3

** Capital charge based on average cost of capital.*
*** Economic profit = normalised earnings-(average cost of equity x average ordinary shareholders equity and reserves).*

Evolution of economic profit and cost of equity



** June 2010 onwards restated for continuing operations.*

Funding and liquidity

Introduction

STRUCTURAL CHARACTERISTICS IMPACTING THE FUNDING PROFILE OF SOUTH AFRICAN BANKS

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

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

	30 June 2011 (% of funding liabilities)			
Funding source	**Total**	Short-term	Medium-term	Long-term
Foreign*	**5**	5	3	8
Other	**1**	1	2	2
Public sector	**8**	11	9	2
Retail	**21**	27	20	6
Corporate	**21**	29	11	9
Institutional	**44**	27	55	73

Source: SA banking sector aggregate SARB BA900 returns (30 June 2011), FirstRand research.

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

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

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

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

CHANGING REGULATORY ENVIRONMENT

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

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

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

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

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

Funding strategy

FirstRand's objective is to fund its activities in a sustainable, **diversified**, **efficient** and **flexible manner**, underpinned by **strong counterparty relationships** within prudential limits and requirements. The objective is to maintain natural market share, but also to outperform at the margin, which will provide the Group with a natural liquidity buffer. The four building blocks of our funding strategy are discussed in more detail below.

DIVERSIFICATION

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

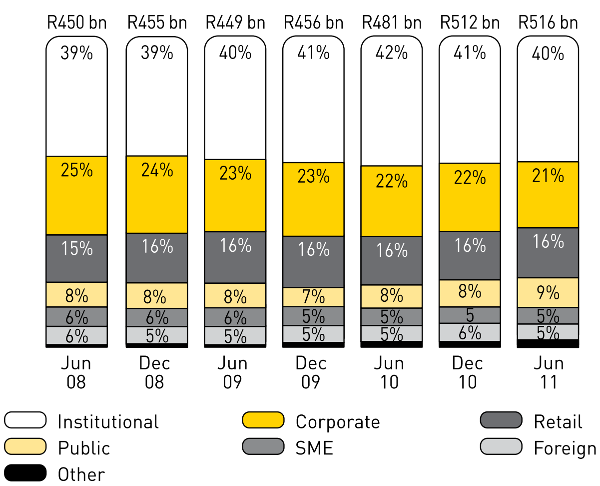
- **Segments** – the Group has a strong and stable deposit franchise, which spans the retail, commercial and corporate segments. Institutional funding represents approximately 40% of the Group's total funding and this reliance represents a risk concentration that is actively managed through the holding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

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

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

The chart below provides an historic analysis of FirstRand Bank's funding sources and reflects the stability of and reliance on institutional funding.

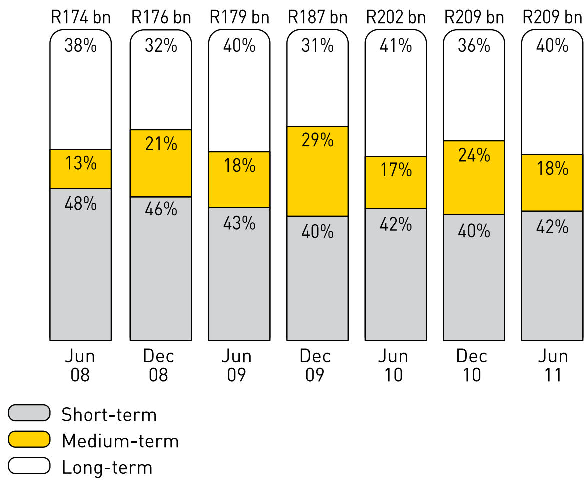
Funding analysis by source



Source: SARB BA900 returns, FirstRand research.

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

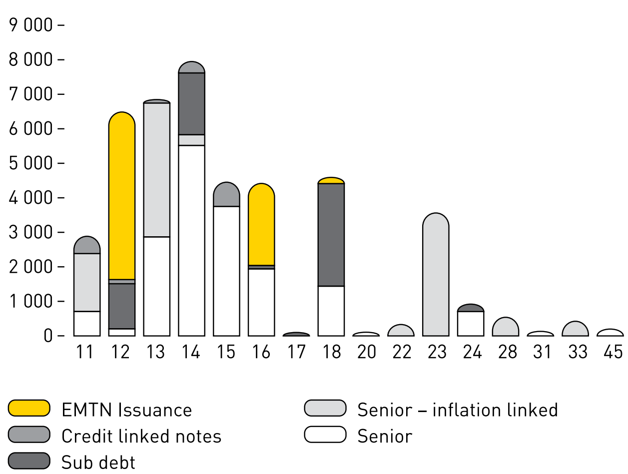
Term profile of institutional funding base



Source: SARB BA900 returns, FirstRand research.

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

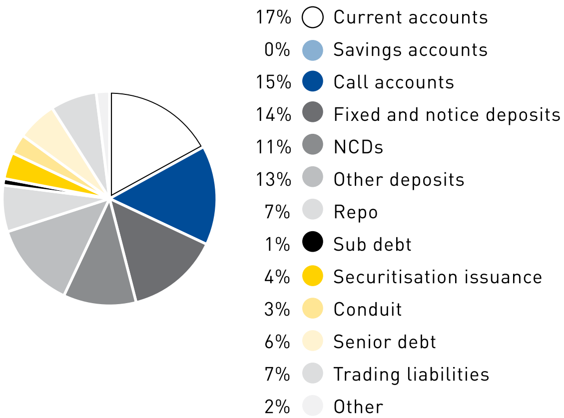
FirstRand Bank capital markets instruments



Source: JSE, LSE.

The chart below shows that FirstRand has well-diversified instruments to fund the balance sheet.

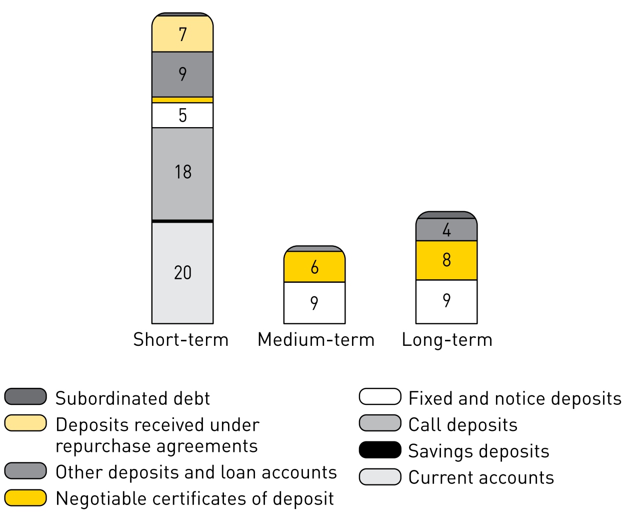
Instrument type (including senior debt and securitisation)



Source: SARB BA900 returns (30 June 2011), JSE and FirstRand research.

An analysis of the Group's maturity profile by instrument type is provided below. The instruments represent South African banking products.

Funding by product type (%)



Source: SARB BA900 returns (30 June 2011), FirstRand research.

EFFICIENCY

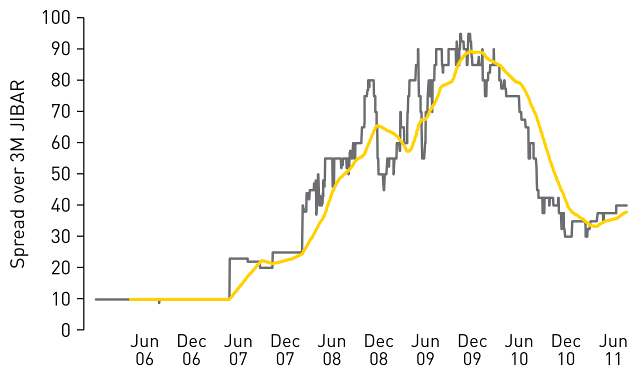
The Group's aim is to fund the balance sheet in the most efficient manner, taking into account the liquidity risk management framework, as well as regulatory and rating agency requirements.

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

An explanation of how the market impacts the Group's funding strategy is illustrated below.

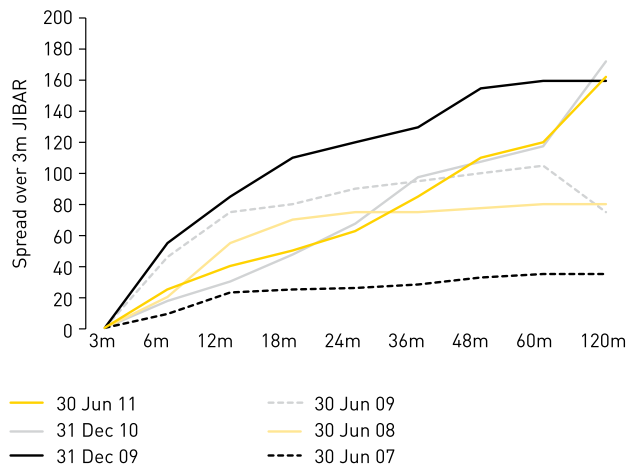
Short-term liquidity costs have reduced in the year under review:

12-month liquidity spread (bps)



Source: Bloomberg (RMBP screen) and Reuters.

Long-term funding spreads remained elevated



Source: Bloomberg (RMBP screen) and Reuters.

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

FLEXIBILITY

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

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

STRONG COUNTERPARTY RELATIONSHIPS

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

Liquidity risk management

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

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

LIQUIDITY RISK MANAGEMENT CYCLE

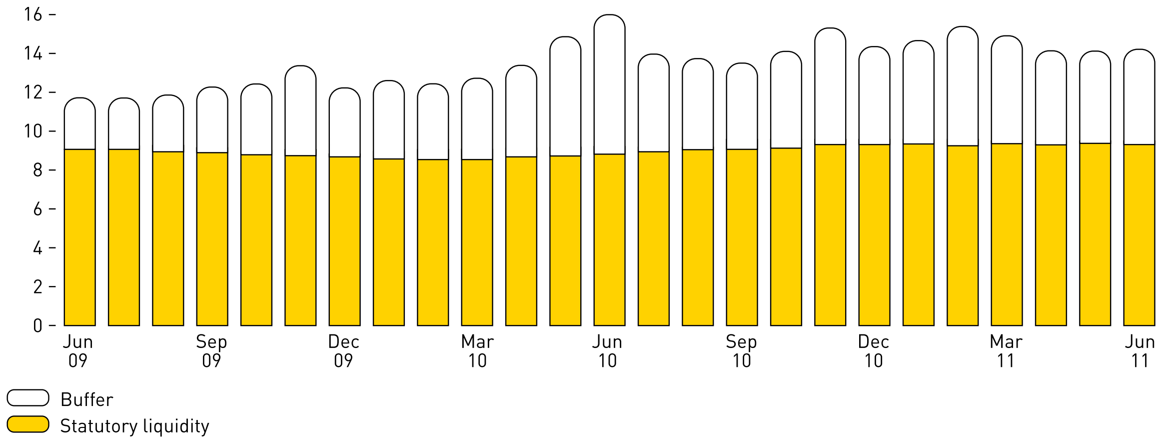
The target liquidity risk profile is determined by the risk appetite framework. It is continuously compared to the prevailing risk profile of the Group and evaluated under a range of scenarios and business conditions, including economic and event stresses.

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

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

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

Liquid assets (%)



Source: SARB BA 310 returns, FirstRand research.

In order to ensure adequate liquidity through the full range of potential operating environments and market conditions, the Group conducts business activities in a manner that preserves and enhances funding stability, flexibility, and diversity. The evaluation of the Group's liquidity position under various operating conditions ensures that the Group would be in a position to operate though a period of stress when access to normal sources of funding is constrained.

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.

There was no significant improvement in the pace or reach of the economic recovery during the year under review. Uncertainties relating to the servicing of sovereign debt in the global space remain and pose a threat of derailing any progress achieved to date.

Household consumption was the main driver of the economic recovery in some sectors and accounted for much of the growth in GDP. This is reflected in the growth in retail loans and advances which increased 6% year-on-year.

Credit highlights at a glance

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

R million/%	Notes	2011	2010	% change
Total advances	1	**474 566**	445 524	7
NPLs	2	**19 790**	22 205	(11)
NPLs as a % of advances		**4.17**	4.98	(16)
Impairment charge	3	**4 292**	6 052	(29)
Impairment charge as a % of average advances		**0.93**	1.39	(33)
Total impairments	4	**9 973**	10 731	(7)
– Portfolio impairments[a]		**3 457**	3 566	(3)
– Specific impairments[a]		**6 516**	7 165	(9)
Implied loss given default (coverage)[b]	4	**32.93**	32.27	
Total impairments coverage ratio[c]	4	**50.39**	48.33	

a. Includes cumulative credit fair value adjustments.
b. Specific impairments and non-performing book cumulative credit fair value adjustments as a percentage of the NPLs.
c. Total impairments and total cumulative credit fair value adjustments as a percentage of the NPLs.

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

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

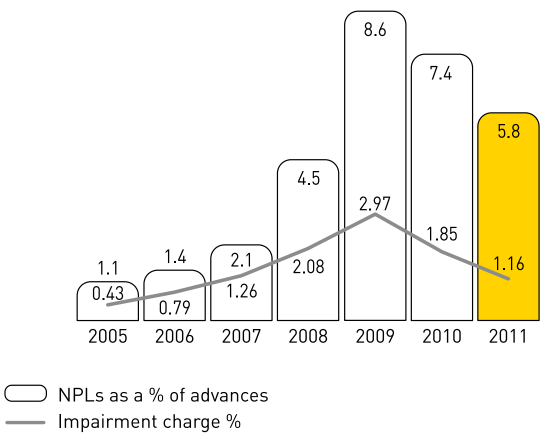
- Advances were adjusted (upwards) by the balance sheet credit fair value adjustments of R1 951 million (2010: R1 759 million).
- The IFRS credit impairments in the income statement were adjusted to include the credit fair value adjustment impact of R514 million (2010: R366 million). On an IFRS basis, this would have been accounted for as non-interest revenue.

Retail credit portfolios

Total retail loans and advances grew by 6% year-on-year. Most of this growth was in the vehicle and asset finance portfolio as well as in high margin unsecured loans. Some growth in the residential mortgage portfolio was recorded, however, low or static property price growth and oversupply are two of the major challenges exerting pressure on the activity in this market. The wealth portfolio was the largest contributor to growth in the residential mortgage portfolio.

The low interest rate environment pervading the past financial year had a significant impact of reducing credit losses. Total NPLs reduced due to focused strategies aimed at resolution of default accounts and a marked reduction in the level of new NPLs as the interest rate environment improved. Impairment charges also declined across most portfolios and were further aided by increased post write-off recoveries, especially in the unsecured portfolios. The result is a retail impairment charge of 1.16% (June 2010: 1.85%).

Retail credit portfolios

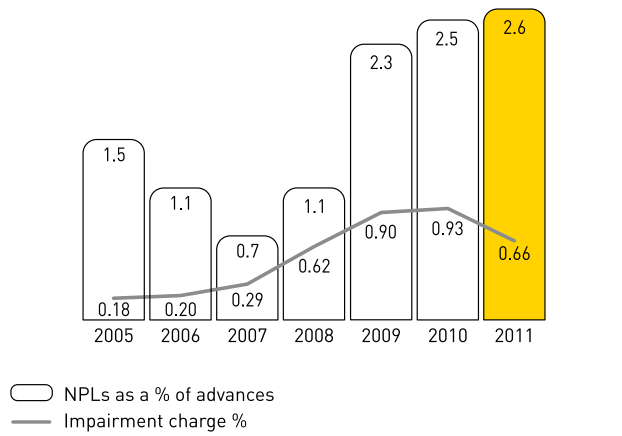


Corporate/wholesale credit portfolios

The advances growth of 3% in the corporate/wholesale portfolio was largely impacted by the volatility in assets under agreements to resell. Excluding these volatile asset balances, the corporate/wholesale lending portfolio recorded growth of 9%. Good growth was recorded in FNB Commercial driven by advances in the agriculture subsegment as well as owner-occupied commercial property and leverage and debtors finance. The investment banking portfolio's steady growth in the structured lending book reflected RMB's strategy to increase its exposure to investment grade corporate credit.

The year-on-year increase in NPLs is mainly attributable to challenges in the commercial property finance sector.

Corporate/wholesale credit portfolios



Expectations

Origination strategies continue to be aligned with the Group's macroeconomic view. The macroeconomic view is significantly impacted by volatility in the global economic environment. Interest rates are expected to remain at the current low levels for longer than initially anticipated. Inflation is expected to drift upwards driven by commodity and food prices. Income growth is expected to continue but the recovery in employment is expected to be muted.

Consumers remain leveraged and vulnerable to shifts in the credit environment. This continues to constrain the demand for credit. The positive impact of the interest rate reductions is reflected in the reduced levels of new NPLs and credit impairments in most retail credit portfolios.

Demand in the wholesale portfolios is impacted by the slow recovery in fixed investment expenditure. As a result, corporate lending activity remains low due to uncertainty in the macro environment.

Note 1: Analysis of advances

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

R million	2011	2010	% change
Retail	**246 247**	231 541	6
Residential mortgages	**155 974**	152 512	2
Credit card	**10 758**	10 705	–
Vehicle and asset finance	**66 015**	58 346	13
Other retail	**13 500**	9 978	35
Corporate/Wholesale	**197 312**	192 361	3
FNB Commercial	**30 771**	28 178	9
WesBank Business and Commercial	**31 109**	30 415	2
FNB Corporate	**2 523**	1 697	49
RMB	**132 909**	132 071	1
FNB Africa	**22 639**	19 645	15
Corporate Centre and other	**8 368**	1 977	>100
Total advances	**474 566**	445 524	7
Of which:			
Accrual book	**350 548**	326 078	8
Fair value book*	**124 018**	119 446	4

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

Advances increased by 7% during the year under review. Limited credit demand and the focus on an appropriate risk/return from a risk appetite perspective remain important factors impacting advances growth. Notwithstanding these factors, strong growth was experienced in the mass market and WesBank loans (included in Other retail above), WesBank vehicle and asset finance, FNB Africa and RMB. The RMB advances were largely impacted by the volatility in assets under agreements to resell, and excluding these volatile asset balances the portfolio recorded growth of 9%, as presented below. Corporate Centre and other in the table above includes Group Treasury advances which increased due to funding placements with other banks as well as increased preference share advances.

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

R million	2011	2010	% change
RMB advances	**132 909**	132 071	1
Less: Assets under agreements to resell	**(30 257)**	(38 108)	(21)
RMB advances net of assets under agreements to resell	**102 652**	93 963	9

SECTOR AND GEOGRAPHIC ANALYSIS OF ADVANCES

R million	2011	2010	% change
Gross advances	476 628	447 589	6
Less: Interest in suspense	(2 062)	(2 065)	–
Advances net of interest in suspense	**474 566**	445 524	7
Sector analysis			
Agriculture	14 016	12 676	11
Banks and financial services	55 977	60 794	(8)
Building and property development	25 244	19 875	27
Government, Land Bank and Public Authorities	15 476	14 154	9
Individuals	273 600	255 515	7
Manufacturing and commerce	35 424	33 121	7
Mining	11 493	9 478	21
Transport and communication	13 067	14 216	(8)
Other services	30 269	25 695	18
Total advances	**474 566**	445 524	7
Geographic analysis			
South Africa	432 167	411 953	5
Other Africa	25 817	22 751	13
United Kingdom	11 474	7 186	60
Ireland	–	68	(100)
Europe	2 032	660	>100
North America	375	819	(54)
South America	332	466	(29)
Australasia	2 367	1 365	73
Other	2	256	(99)
Total advances	**474 566**	445 524	7

NOTE 2: Analysis of NPLs

Despite debt counselling and market factors prolonging the work out processes and causing NPLs to remain at high levels, the Group's credit strategy to reduce NPLs continues to yield favourable results in most retail portfolios. New inflows of NPLs are reducing and accounts in default are being resolved. In the corporate/wholesale portfolios the rise in NPLs is due to challenges in the commercial property finance sector. The overall result is an NPL% of 4.17% at June 2011, improving from the 4.98% reported at June 2010.

	NPLs			NPLs as a % of advances	
R million/%	2011	2010	% change	2011	2010
Retail	**14 286**	17 023	(16)	**5.80**	7.35
Residential mortgages	**10 515**	12 563	(16)	**6.74**	8.24
Credit card	**446**	673	(34)	**4.15**	6.29
Vehicle and asset finance	**2 535**	3 018	(16)	**3.84**	5.17
Other retail	**790**	769	3	**5.85**	7.71
Corporate/Wholesale	**5 171**	4 803	8	**2.62**	2.50
FNB Commercial	**1 865**	1 916	(3)	**6.06**	6.80
WesBank Business and Commercial	**1 490**	1 760	(15)	**4.79**	5.79
FNB Corporate	**18**	1	>100	**0.71**	0.06
RMB	**1 798**	1 126	60	**1.35**	0.85
FNB Africa	**370**	407	(9)	**1.63**	2.07
Corporate Centre and other	**(37)**	(28)	32	**(0.44)**	(1.42)
Total NPLs	**19 790**	22 205	(11)	**4.17**	4.98
Of which:					
Accrual book	**18 053**	21 435	(16)	**5.15**	6.57
Fair value book	**1 737**	770	>100	**1.40**	0.64

SECTOR AND GEOGRAPHIC ANALYSIS OF NPLs

	NPLs			NPLs as a % of advances	
R million/%	**2011**	2010	% change	**2011**	2010
Sector analysis					
Agriculture	**453**	356	27	**3.23**	2.81
Banks and financial services	**519**	330	57	**0.93**	0.54
Building and property development	**1 771**	1 299	36	**7.02**	6.54
Government, Land Bank and Public Authorities	**74**	84	(12)	**0.48**	0.59
Individuals	**14 161**	16 954	(16)	**5.18**	6.64
Manufacturing and commerce	**635**	793	(20)	**1.79**	2.39
Mining	**55**	91	(40)	**0.48**	0.96
Transport and communication	**276**	335	(18)	**2.11**	2.36
Other services	**1 846**	1 963	(6)	**6.10**	7.64
Total NPLs	**19 790**	22 205	(11)	**4.17**	4.98
Geographic analysis					
South Africa	**19 057**	21 100	(10)	**4.41**	5.12
Other Africa	**406**	549	(26)	**1.57**	2.41
United Kingdom	**16**	26	(38)	**0.14**	0.36
South America	**248**	214	16	**74.70**	45.92
Australasia	**63**	316	(80)	**2.66**	23.15
Total NPLs	**19 790**	22 205	(11)	**4.17**	4.98

SECURITY AND RECOVERABLE AMOUNTS

R million	2011			
	NPLs	Security and recoverable amounts	Residual risk	Specific impairment[1]
Retail	14 286	10 265	4 021	4 021
Residential mortgages	10 515	8 475	2 040	2 040
Credit card	446	116	330	330
Vehicle and asset finance	2 535	1 516	1 019	1 019
Other retail	790	158	632	632
Corporate/Wholesale	5 171	2 844	2 327	2 327
FNB Commercial	1 865	970	895	895
WesBank Business and Commercial	1 490	789	701	701
FNB Corporate	18	(1)	19	19
RMB	1 798	1 086	712	712
FNB Africa	370	205	165	165
Corporate Centre and other	(37)	(40)	3	3
Total	19 790	13 274	6 516	6 516

1. *Includes cumulative credit fair value adjustments.*

2010			
NPLs	Security and recoverable amounts	Residual risk	Specific impairment[1]
17 023	12 333	4 690	4 690
12 563	10 048	2 515	2 515
673	195	478	478
3 018	1 931	1 087	1 087
769	159	610	610
4 803	2 664	2 139	2 139
1 916	1 141	775	775
1 760	965	795	795
1	–	1	1
1 126	558	568	568
407	208	199	199
(28)	(165)	137	137
22 205	15 040	7 165	7 165

Note 3: Analysis of income statement credit impairments

The Group's impairment charges are continuing to decline steadily. The June 2010 impairment charge of 1.39% reduced to 0.93% at 30 June 2011 due to improved credit quality, the interest rate environment and increased post write-off recoveries.

INCOME STATEMENT CREDIT IMPAIRMENTS

	Total impairment charge			As a % of average advances	
R million/%	2011	2010	% change	2011	2010
Retail	**2 773**	4 228	(34)	**1.16**	1.85
Residential mortgages	**1 216**	1 420	(14)	**0.79**	0.95
Credit card	**149**	776	(81)	**1.39**	6.92
Vehicle and asset finance	**689**	1 025	(33)	**1.11**	1.80
Other retail	**719**	1 007	(29)	**6.12**	10.00
Corporate/Wholesale	**1 284**	1 733	(26)	**0.66**	0.93
FNB Commercial	**334**	441	(24)	**1.13**	1.59
WesBank Business and Commercial	**452**	697	(35)	**1.47**	2.21
FNB Corporate	**9**	34	(74)	**0.43**	0.68
RMB	**489**	561	(13)	**0.37**	0.46
FNB Africa	**64**	68	(6)	**0.30**	0.37
Corporate Centre and other	**171**	23	>100	**n/a**	n/a
Total	**4 292**	6 052	(29)	**0.93**	1.39
Of which:					
Portfolio impairment charge	**(210)**	315	(>100)	**(0.05)**	0.07
Specific impairment charge	**4 502**	5 737	(22)	**0.98**	1.32

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 coverage ratios. The loss given default ("LGD") in certain secured retail portfolios has increased due to the lengthening recovery periods. The RMB LGD reflects the high level of collateralisation of the NPLs in that portfolio. The FNB Africa LGD was impacted by changes in the underlying NPL portfolio mix. The Group is of the opinion that the NPL coverage ratio of 32.93% (June 2010: 32.27%) is adequate.

The table below provides the analysis of balance sheet impairments and coverage ratios:

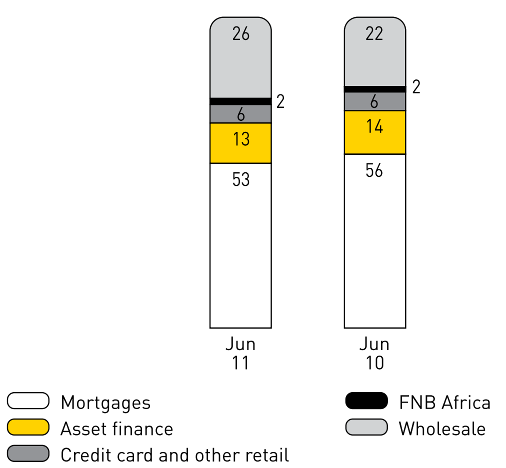
IMPLIED LOSS GIVEN DEFAULT AND TOTAL IMPAIRMENT COVERAGE RATIOS

	Balance sheet impairments			As a % of NPLs	
R million/%	**2011**	2010	% change	**2011**	2010
Specific impairments[1]					
Retail	**4 021**	4 690	(14)	**28.15**	27.55
Residential mortgages	**2 040**	2 515	(19)	**19.40**	20.02
Credit card	**330**	478	(31)	**73.99**	71.03
Vehicle and asset finance	**1 019**	1 087	(6)	**40.20**	36.02
Other retail	**632**	610	4	**80.00**	79.32
Corporate/Wholesale	**2 327**	2 139	9	**45.00**	44.53
FNB Commercial	**895**	775	15	**47.99**	40.45
WesBank Business and Commercial	**701**	795	(12)	**47.05**	45.17
FNB Corporate	**19**	1	>100	**>100**	100.00
RMB	**712**	568	25	**39.60**	50.44
FNB Africa	**165**	199	(17)	**44.59**	48.89
Corporate Centre and other	**3**	137	(98)	**n/a**	n/a
Total specific impairments/Implied loss given default[2]	**6 516**	7 165	(9)	**32.93**	32.27
Portfolio impairments[3]	**3 457**	3 566	(3)		
Total impairments/total impairment coverage ratio[4]	**9 973**	10 731	(7)	**50.39**	48.33

1. *Specific impairments include credit fair value adjustments relating to the non-performing fair value advances.*
2. *NPL specific impairments and credit fair value adjustments as a % of NPLs.*
3. *Performing portfolio impairments and credit fair value adjustments.*
4. *Total impairments and credit fair value adjustments as a % of NPLs.*

The graph below reflects the NPL distribution across the product categories, showing a decrease in the residential mortgages portfolio compared to June 2010:

NPL distribution (%)



RECONCILIATION OF IMPAIRMENTS

	Balance sheet impairments					
	Amortised cost book		Fair value book		Total	
R million	**2011**	2010	**2011**	2010	**2011**	2010
NPLs	**5 812**	6 888	**704**	277	**6 516**	7 165
Performing loans	**2 210**	2 084	**1 247**	1 482	**3 457**	3 566
Total impairments	**8 022**	8 972	**1 951**	1 759	**9 973**	10 731

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

	Specifc impairments – amortised cost		
R million	**2011**	2010	% change
Opening balance	**6 888**	7 206	(4)
Reclassifications and transfers	**(140)**	238	(>100)
Acquisitions	**–**	3	(100)
Exchange rate difference	**11**	(3)	(>100)
Unwinding of discounted present value on NPLs	**(213)**	(258)	(17)
Bad debts written off	**(5 518)**	(6 826)	(19)
Net new impairments created	**4 784**	6 528	(27)
Closing balance	**5 812**	6 888	(16)

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

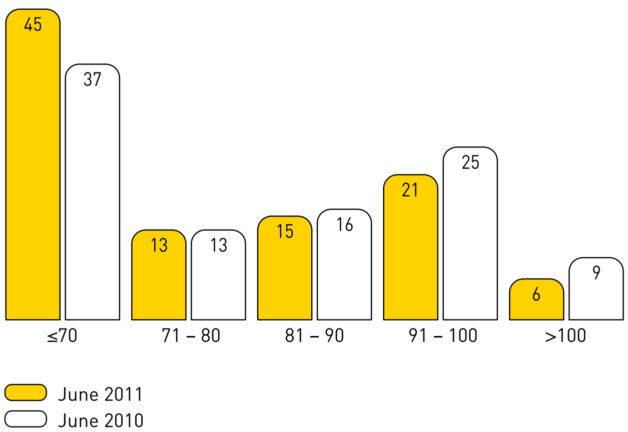
	Income statement impact		
R million	**2011**	2010	% change
Specific impairment charge	**4 784**	6 528	(27)
Recoveries of bad debts previously written off	**(1 031)**	(790)	31
Net specific impairment charge (amortised cost)	**3 753**	5 738	(35)
Portfolio impairment charge (amortised cost)	**25**	(52)	(>100)
Credit fair value adjustments	**514**	366	40
Performing loans	**(235)**	367	(>100)
NPLs	**749**	(1)	(>100)
Total	**4 292**	6 052	(29)

Risk analyses

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

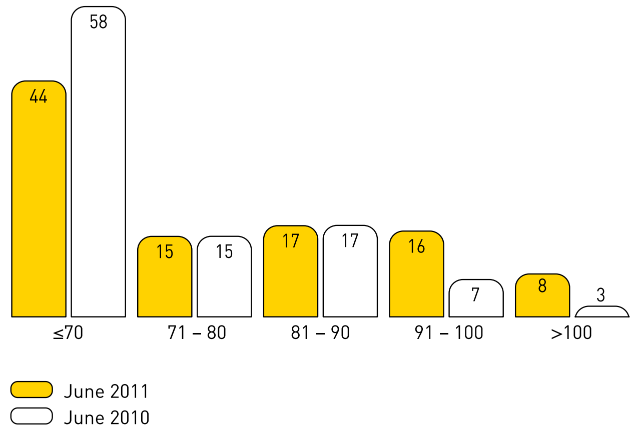
The graphs below provide the balance-to-value distributions and the aging of the residential mortgage portfolios. The recent focus on the loan-to-value ratios for new business resulted in an improvement in the balance-to-original value although the broader strategy is to place more emphasis on the counterparty credit worthiness as opposed to only on the underlying security. However, pressures on market value negatively impacted on the balance-to-market value distribution.

Residential mortgages balance-to-original value (%)



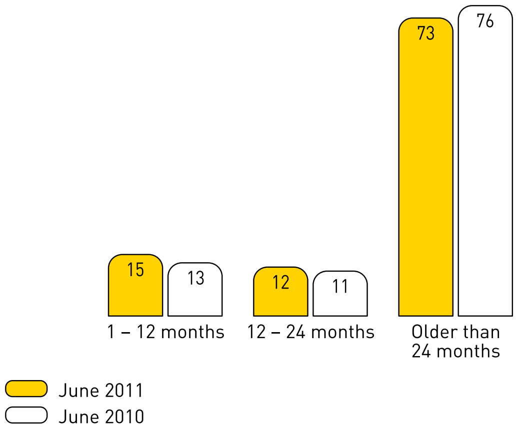
The balance-to-market value shows a significant proportion of the book in the lower risk categories.

Residential mortgages balance-to-market value (%)



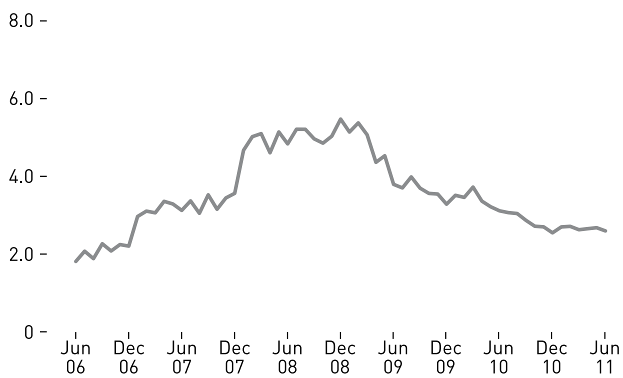
The low levels of new business are evident in the age distribution shown below:

Residential mortgages age distribution (%)



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

FNB HomeLoans arrears (%)

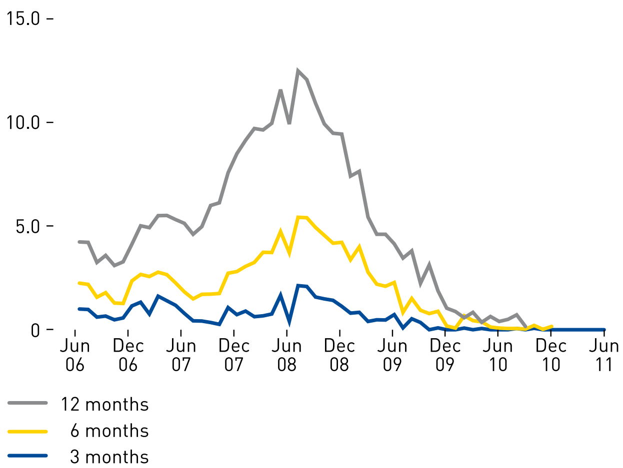


FNB HomeLoans arrears are stabilising. Similar trends are also observed in the WesBank and credit card portfolios.

The following graphs provide the vintage analyses for FNB HomeLoans and WesBank retail. Vintage graphs provide the default experience three, six and twelve months after each origination date. It reflects 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.

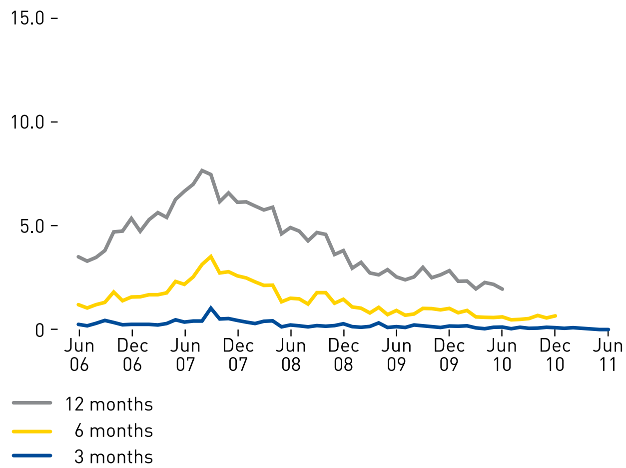
FNB HomeLoans vintage analysis (%)



The Group's South African repossessed properties decreased from R513 million (1 564 properties) at 30 June 2010 to R282 million (1 117 properties) at 30 June 2011.

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

WesBank retail vintage analysis (%)



In the asset finance business, repossession and stock holding levels continue to decline relative to the comparative period. The gradually reducing trend is likely to continue, but at a slower rate.

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.

	2011				
R million/%	Advances	NPLs	NPLs as a % of advances	Total impairment charge	Impairments as a % of average advances
FNB	208 680	13 256	6.35	2 444	1.20
FNB Retail	175 231	11 409	6.51	1 934	1.12
Residential mortgages	155 974	10 515	6.74	1 216	0.79
– FNB HomeLoans (Consumer segment)	106 864	7 335	6.86	740	0.69
– Wealth	40 913	2 796	6.83	405	1.03
– Affordable Housing (Mass segment)	8 197	384	4.68	71	0.98
Credit card	10 758	446	4.15	149	1.39
Personal banking	4 593	132	2.87	178	4.66
Mass (Secured and unsecured)	3 906	316	8.09	391	11.37
FNB Commercial	30 771	1 865	6.06	334	1.13
FNB Corporate Banking	2 523	18	0.71	9	0.43
FNB Other	155	(36)	n/a	167	n/a
WesBank	102 125	4 367	4.28	1 291	1.33
WesBank asset-backed finance	97 124	4 025	4.14	1 141	1.23
– WesBank retail	59 865	2 492	4.16	607	1.07
– WesBank Business and Commercial	31 109	1 490	4.79	452	1.47
– WesBank International	6 150	43	0.70	82	1.48
WesBank loans	5 001	342	6.84	150	3.35
RMB	132 909	1 798	1.35	489	0.37
FNB Africa	22 639	370	1.63	64	0.30
Corporate Centre and consolidation adjustments	8 213	(1)	n/a	4	n/a
Total	**474 566**	**19 790**	**4.17**	**4 292**	**0.93**

2010				
Advances	NPLs	NPLs as a % of advances	Total impairment charge	Impairments as a % of average advances
199 113	15 546	7.81	3 421	1.70
169 232	13 685	8.09	2 877	1.72
152 512	12 563	8.24	1 420	0.95
108 541	9 730	8.96	1 178	1.07
37 710	2 537	6.73	217	0.62
6 261	296	4.73	25	0.46
10 705	673	6.29	776	6.92
3 043	149	4.90	202	6.18
2 972	300	10.09	479	16.22
28 178	1 916	6.80	441	1.59
1 697	1	0.06	34	0.68
6	(56)	n/a	69	n/a
92 724	5 098	5.50	2 048	2.21
88 761	4 778	5.38	1 722	1.94
53 391	2 882	5.40	929	1.77
30 415	1 760	5.79	697	2.21
4 955	136	2.74	96	2.09
3 963	320	8.07	326	8.47
132 071	1 126	0.85	561	0.46
19 645	407	2.07	68	0.37
1 971	28	n/a	(46)	n/a
445 524	22 205	4.98	6 052	1.39

Notes

Supplementary information

Key market indicators and share statistics

for the year ended 30 June

	2011	2010	% change
Market indicators			
USD/ZAR exchange rate			
– closing	**6.76**	7.67	(12)
– average	**6.94**	7.58	(8)
SA prime overdraft (%)	**9.00**	10.00	
SA average prime overdraft (%)	**9.25**	10.38	
SA average CPI (%)	**3.85**	5.66	
JSE All Share Index	**31 865**	26 259	21
JSE Banks Index	**40 254**	36 389	11
Share statistics			
Share price			
High for the period (cents)	**2 253**	2 100	7
Low for the period (cents)	**1 817**	1 388	31
Closing (cents)	**1 985**	1 806	10
Shares traded			
Number of shares (thousands)	**10 320**	3 689	>100
Value of shares (R million)	**204 908**	65 236	>100
Turnover in shares traded (%)	**191**	70	

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

Share price performance

FirstRand average share price (cents)	2 001	1 767	13
JSE Bank Index (average)	39 727	36 438	9
JSE All Share Index (average)	30 646	26 555	15

Simplified Group structure

FIRSTRAND

Listed holding company (FirstRand Limited, JSE: FSR)

100% – FirstRand Bank Limited

Banking

- 100% First National Bank[1]
- 100% Rand Merchant Bank[1]
- 100% WesBank[1]
- 100% FirstRand Bank India[2]
- 100% FirstRand Bank London[2]
- 100% FirstRand Bank 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

- 100% FNB Lesotho
- 58% FNB Namibia
- 100% FNB Swaziland
- 70% FNB Botswana
- 90% FNB Mozambique
- 100% FNB Zambia
- 100% FNB Tanzania
- 100% FirstRand International – Mauritius

100% – FirstRand Investment Holdings (Pty) Limited ("FRIHL")

Other activities[4]

- 96% RMB Private Equity Holdings
- 93% RMB Private Equity
- 100% RMB Stockbroking Operations
- 40% Eris Property Group
- 50% RMB Morgan Stanley
- 100% FirstRand International Wealth Management
- 100% FNB Insurance Brokers
- 100% Barnard Jacobs Mellet Holdings Limited
- 75% Rentworks
- 36% Tracker
- 100% FirstRand International – Guernsey

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.

Credit ratings

FirstRand Bank Limited ("FRB")

The credit ratings for FRB reflect the Bank's strong market position as one of the Big 4 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 AS AT 12 SEPTEMBER 2011

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

Summary of rating actions:

- On April 14, 2011, Standard & Poor's Ratings Services revised the outlook on FRB to stable from negative and affirmed its 'BBB+' long-term and 'A-2' short-term counterparty credit ratings. The agency also assigned its 'zaAA/zaA-1' South African national scale rating to FRB.

CREDIT RATINGS ASSIGNED BY MOODY'S INVESTORS SERVICE AS AT 12 SEPTEMBER 2011

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

Summary of rating actions:

- There were no changes to the ratings assigned to FRB by Moody's during the period under review.

CREDIT RATINGS ASSIGNED BY FITCH RATINGS AS AT 12 SEPTEMBER 2011

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

Summary of rating actions:

- In July 2011, Fitch assigned a viability rating of BBB+ to FRB. There were no changes to the ratings assigned to FRB by Fitch Ratings during the period under review.

FirstRand Limited

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

CREDIT RATINGS ASSIGNED BY STANDARD & POOR'S AS AT 12 SEPTEMBER 2011

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

Summary of rating actions:

- On April 14, 2011, Standard & Poor's Ratings Services assigned its 'BBB/A-2' global counterparty and its 'zaAA-/zaA-1' national scale credit ratings to FirstRand Limited.

Number of shares from continuing and discontinued operations

Number	2011	2010
Shares in issue		
Opening balance as at 1 July	**5 637 941 689**	5 637 941 689
Less: Treasury shares	**(189 017 706)**	(393 425 954)
Staff schemes	**(16 251 263)**	(164 470 512)
BEE staff trusts	**(171 401 072)**	(171 401 072)
Shares held by policyholders*	**(1 365 371)**	(57 554 370)
Number of shares in issue (after treasury shares)	**5 448 923 983**	5 244 515 735
Weighted average number of shares		
Weighted average number of shares before treasury shares	**5 637 941 689**	5 637 941 689
Less: Treasury shares	**(253 883 214)**	(389 764 164)
Staff schemes	**(63 457 590)**	(181 015 451)
BEE staff trusts	**(171 401 072)**	(171 401 072)
Shares held by policyholders	**(19 024 552)**	(37 347 641)
Weighted average number of shares in issue	**5 384 058 475**	*5 248 177 525*
Dilution impact:		
Staff schemes	**84 813 466**	42 815 288
BEE staff trusts	**23 976 201**	11 438 393
Diluted weighted average number of shares in issue	**5 492 848 142**	5 302 431 206
Number shares for normalised earnings per share calculation		
Actual weighted average and diluted weighted average number of shares for calculation of normalised earnings and diluted earnings per share	**5 637 941 689**	5 637 941 689

Number of shares from continuing operations

	2011	2010
Weighted average number of shares in issue	**5 384 058 475**	5 248 177 525
Add shares held by Momentum policyholders	**17 673 294**	35 949 633
Weighted average number of shares in issue	**5 401 731 769**	5 284 127 158
Dilution impact	**108 789 667**	54 253 681
Diluted weighted average number of shares in issue	**5 510 521 436**	5 338 380 839
Number of shares in issue used for normalised per share calculation from continuing operations	**5 637 941 689**	5 637 941 689

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

Fee and commission expenses reclassified in the industry adjusted cost-to-income ratio

Main categories of reclassified fee and commission expenses by franchise

	30 June 2011			
	FNB South Africa	FNB Africa	WesBank	Total
Commissions paid	(197)	–	(54)	(251)
Customer loyalty programmes	(286)	–	(6)	(292)
Other – Card and cheque book related	(96)	(10)	–	(106)
ATM commissions	(25)	–	–	(25)
Transaction processing fees	(587)	(16)	(25)	(628)
Cash sorting, handling and transporting charges	(604)	(14)	–	(618)
Other	(143)	(12)	(7)	(162)
Total	**(1 938)**	**(52)**	**(92)**	**(2 082)**
Revised cost-to-income ratio	**59.2**	**54.3**	**45.9**	**53.3**

	30 June 2010			
	FNB South Africa	FNB Africa	WesBank	Total
Commissions paid	(192)	–	(30)	(222)
Customer loyalty programmes	(283)	–	–	(283)
Other – Card and cheque book related	(82)	(12)	–	(94)
ATM commissions	(26)	–	–	(26)
Transaction processing fees	(539)	(18)	(21)	(578)
Cash sorting, handling and transporting charges	(419)	(8)	–	(427)
Other	(120)	(10)	(11)	(141)
Total	(1 661)	(48)	(62)	(1 771)
Revised cost-to-income ratio	57.6	53.9	51.5	53.1

Contingencies and commitments

	Continuing and discontinued operations		
R million	**2011**	2010	% change
Guarantees	**24 727**	24 036	3
Acceptances	**289**	299	(3)
Letters of credit	**6 331**	5 541	14
Total contingencies	**31 347**	29 876	5
Capital commitments			
Contracted capital commitments	**614**	2 292	(73)
Capital expenditure authorised not yet contracted	**3 123**	1 942	61
Total capital commitments	**3 737**	4 234	(12)
Other commitments			
Irrevocable commitments	**63 298**	52 809	20
Operating lease and other commitments	**13 685**	7 386	>100
Total capital commitments	**76 983**	60 195	31
Total contingencies and commitments	**112 067**	94 305	20

Definitions

Normalised earnings	The Group believes normalised earnings more accurately reflects the 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 normalised earnings.
Normalised net asset value (R million)	Normalised equity attributable to ordinary equity holders.
Normalised net asset value per share	Normalised equity attributable to ordinary equity holders divided by number of issued ordinary shares.
Normalised earnings per share	Normalised earnings attributable to ordinary equity holders divided by the weighted average number of shares including treasury shares.
Capital adequacy ratio ("CAR")	Capital divided by risk weighted assets.
Risk weighted assets (R million)	Prescribed risk weightings relative to the credit risk of counterparty, operational risk, market risk, equity investment risk and other risk multiplied by on- and off-balance sheet assets.
Return on equity ("ROE")	Normalised earnings divided by average normalised ordinary shareholders' equity.
Price-to-book (times)	Closing share price on 30 June divided by normalised net asset value per share.
Price earnings ratio (times)	Closing 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 divided by average deposits.
Non-interest revenue to total income (diversity ratio)	Non-interest revenue expressed as a percentage of total income including share of profit from associates and joint ventures.
NPLs as percentage of advances	NPLs expressed as a percentage of average advances.
Impairment charge as % of average advances (credit loss ratio)	Total impairment charge per the income statement divided by the average advances, (average between the opening and closing balance for the year).
Cost-to-income ratio (%)	Operating expenses excluding indirect taxes expressed as a percentage of total income including share of profit from associates and joint ventures.
Industry adjusted cost-to-income ratio %	Fee and commission expenses are reclassified from operating expenses and offset against fee and commission income included in non-interest income. The adjusted operating expenses are expressed as a percentage of adjusted total income including share of profit from associates and joint ventures.
Effective tax rate	Tax per the income statement divided by the income before direct tax per the income statement.
Net income after capital charge ("NIACC")	Normalised earnings less the cost of equity times the average ordinary shareholders' equity and reserves.
Shares in issue (number)	Number of ordinary shares listed on the JSE.
Weighted average number of ordinary shares (number)	The weighted average number of ordinary shares in issue during the year as listed on the JSE.
Exposure at default ("EAD")	Exposure at default is defined as the gross exposure of a facility upon default of a counterparty.
Loss given default ("LGD")	The loss given default is defined as the economic loss that will be suffered on an exposure following default of the counterparty, expressed as a percentage of the amount outstanding at the time of default.
Probability of default ("PD")	The probability of default is the probability than a counterparty will default within the next year and considers the ability and willingness of the counterparty to repay.

Headline earnings additional disclosure

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

ISSUE 1 – RE-MEASUREMENT RELATING TO PRIVATE EQUITY ACTIVITIES (ASSOCIATES AND JOINT VENTURES) REGARDED AS OPERATING OR TRADING ACTIVITIES

R million	2011	2010	% change
Aggregate cost of portfolio	**3 215**	3 303	(3)
Aggregate carrying value	**4 285**	4 190	2
Aggregate fair value[1]	**5 601**	5 147	9
Income from associates[2]	**133**	(126)	>100
Profit on realisation[3]	**27**	1 236	(98)
Aggregate other income earned[4]	**166**	106	57

1. Aggregate fair value is disclosed including minorities.
2. Income from associates is disclosed pre-tax.
3. Profit on realisation is disclosed post-tax and minorities.
4. Aggregate other income earned is disclosed pre-tax.

ISSUE 2 – CAPITAL APPRECIATION ON INVESTMENT PROPERTY

R million	2011	2010	% change
Carrying value of investment properties	**203**	138	47
Fair value of investment properties	**203**	138	47
Capital appreciation after tax	**44**	–	100

Reclassifications of prior year numbers

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

30 June 2010 Income statement	Amount as previously reported	Amount as restated	Difference	Explanation
Indirect tax	–	(446)	446	The Group has adopted the same presentation for indirect tax as used by FirstRand Bank and as is common in the banking industry. Post the unbundling of Momentum the Group is primarily a banking group and it was considered appropriate to adopt a method of presentation that was consistent with the Group's banking subsidiaries and in line with industry practice.
Operating expenses	(25 311)	(24 865)	(446)	Refer above
Profit for the year	10 674	10 674	–	The reclassification had no effect on profit for the year.

Company information

Directors

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

Secretary and registered office

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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
Web address: 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 (Proprietary) Limited
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Telephone: +27 11 370 5000
Telefax: +27 11 688 5221

Transfer secretaries – Namibia

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

Stock exchanges

JSE LIMITED ("JSE")

Ordinary Shares	**Share code**	**ISIN code**
– FirstRand Limited	FSR	ZAE 000066304

Non-cumulative non-redeemable preference shares	**Share code**	**ISIN code**
– "B"	FSRP	ZAE 000060141

NAMIBIAN SECURITIES EXCHANGE ("NSE")

Ordinary shares	**Share code**	**ISIN code**
– FirstRand Limited	FST	ZAE 000066304
– FNB Namibia Holdings Limited	FNB	NA 0003475176
Subordinated debt		
– FNB of Namibia Limited	FNB17	NA 000ANQ603

BOTSWANA SECURITIES EXCHANGE OF SOUTH AFRICA ("BSE")

Ordinary Shares	**Share code**	**ISIN code**
FNB Botswana Holdings Limited	FNBB	BW 0000000066

JOHANNESBURG STOCK EXCHANGE ("JSE")

Subordinated debt

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

Upper Tier II

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

Senior unsecured

Issuer	**Bond code**	**ISIN code**
FirstRand Bank Limited	FRBN04	ZAG000041005
FirstRand Bank Limited	FRBN05	ZAG000042169
FirstRand Bank Limited	FRBN06	ZAG000073214
FirstRand Bank Limited	FRBN07	ZAG000073206
FirstRand Bank Limited	FRBZ01	ZAG000049255
FirstRand Bank Limited	FRBZ02	ZAG000072711
FirstRand Bank Limited	FRBZ03	ZAG000080029
FirstRand Bank Limited	FRJ13	ZAG000079823
FirstRand Bank Limited	FRJ14	ZAG000069683
FirstRand Bank Limited	FRJ16	ZAG000073826
FirstRand Bank Limited	FRJ18	ZAG000084187
FirstRand Bank Limited	FRS35	ZAG000076852
FirstRand Bank Limited	FRS36	ZAG000077397
FirstRand Bank Limited	FRS37	ZAG000077793
FirstRand Bank Limited	FRS40	ZAG000078460
FirstRand Bank Limited	FRS42	ZAG000078478
FirstRand Bank Limited	FRS43	ZAG000078643

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRS44	ZAG000078742
FirstRand Bank Limited	FRS45	ZAG000079252
FirstRand Bank Limited	FRS46	ZAG000079807
FirstRand Bank Limited	FRS47	ZAG000080011
FirstRand Bank Limited	FRS48	ZAG000081456
FirstRand Bank Limited	FRS49	ZAG000081787
FirstRand Bank Limited	FRS50	ZAG000085663
FirstRand Bank Limited	FRS51	ZAG000086117
FirstRand Bank Limited	FRS52	ZAG000086497
FirstRand Bank Limited	FRS53	ZAG000086828
FirstRand Bank Limited	FRS54	ZAG000087032
FirstRand Bank Limited	FRS55	ZAG000087040
FirstRand Bank Limited	FRX14	ZAG000079815
FirstRand Bank Limited	FRX15	ZAG000051103
FirstRand Bank Limited	FRX18	ZAG000076472
FirstRand Bank Limited	FRX24	ZAG000073693
FirstRand Bank Limited	FRX31	ZAG000084195
FirstRand Bank Limited	FRX45	ZAG000076480

Inflation-linked bonds

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRBI01	ZAG000025156
FirstRand Bank Limited	FRBI03	ZAG000033473
FirstRand Bank Limited	FRBI04	ZAG000044306
FirstRand Bank Limited	FRBI07	ZAG000055849
FirstRand Bank Limited	FRBI08	ZAG000071523
FirstRand Bank Limited	FRBI22	ZAG000079666
FirstRand Bank Limited	FRBI23	ZAG000076498
FirstRand Bank Limited	FRBI28	ZAG000079237
FirstRand Bank Limited	FRBI33	ZAG000079245
FirstRand Bank Limited	FRI15	ZAG000051137

Credit-linked notes

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRC01	ZAG000049800
FirstRand Bank Limited	FRC04	ZAG000057563
FirstRand Bank Limited	FRC08	ZAG000051749
FirstRand Bank Limited	FRC11	ZAG000054131
FirstRand Bank Limited	FRC16	ZAG000055914
FirstRand Bank Limited	FRC17	ZAG000056011
FirstRand Bank Limited	FRC29	ZAG000069857
FirstRand Bank Limited	FRC35	ZAG000073800
FirstRand Bank Limited	FRC36	ZAG000076217
FirstRand Bank Limited	FRC37	ZAG000076712
FirstRand Bank Limited	FRC40	ZAG000081027
FirstRand Bank Limited	FRC41	ZAG000081670
FirstRand Bank Limited	FRC42	ZAG000081878
FirstRand Bank Limited	FRC43	ZAG000082660
FirstRand Bank Limited	FRC44	ZAG000082926
FirstRand Bank Limited	FRC45	ZAG000082918
FirstRand Bank Limited	FRC46	ZAG000082959
FirstRand Bank Limited	FRC47	ZAG000084310
FirstRand Bank Limited	FRC55	ZAG000085507
FirstRand Bank Limited	FRC57	ZAG000086414

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRC58	ZAG000086810
FirstRand Bank Limited	FRC59	ZAG000087057
FirstRand Bank Limited	FRC61	ZAG000087347

Senior unsecured callable bonds

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

Investment security index contracts

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

Structured Note

Issuer	Bond code	ISIN code
Rand Merchant Bank	OILRMB	ZAE000152732

LONDON STOCK EXCHANGE ("LSE") EUROPEAN MEDIUM TERM NOTE (EMTN) PROGRAMME

Issuer	ISIN code
FirstRand Bank Limited	XS0306783621
FirstRand Bank Limited	XS0635404477

Notes

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