FirstRand Limited
Registration No: 1966/010753/06
JSE code: FSR ISIN: ZAE000066304
NSX share code: FST
Certain entities within the FirstRand Group are Authorised Financial Services and Credit Providers

UNAUDITED INTERIM RESULTS AND CASH DIVIDEND DECLARATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

Introduction

This announcement covers the unaudited financial results of FirstRand Limited (FirstRand or the Group) based on International Financial Reporting Standards (IFRS) for the six months ended 31 December 2013.

The primary results and accompanying commentary are presented on a normalised basis as the Group believes this most accurately reflects its economic performance. The normalised results have been derived from the IFRS financial results. The prior year numbers have been restated as a result of the adoption of new and revised IFRS requirements.

Normalised results include a condensed consolidated income statement, statement of comprehensive income, statement of financial position, statement of cash flows and a statement of changes in equity. A detailed description of the difference between normalised and IFRS results is provided on www.firstrand.co.za. Commentary is based on normalised results, unless indicated otherwise.

Jaco van Wyk, CA(SA), supervised the preparation of the condensed consolidated financial results.

Financial highlights

	Six months ended 31 December			Year ended 30 June
	2013	2012*	% change	2013*
Normalised earnings (R million)	8 691	7 243	20	15 420
Diluted normalised earnings per share (cents)	154.2	128.5	20	273.5
Normalised net asset value per share (cents)	1 342.9	1 182.9	14	1 289.4
Dividend per ordinary share (cents)**	77.0	55.0	40	136.0
Normalised return on equity (%)	23.4	22.3		22.7

* Refer to restatement of prior year numbers later in this announcement.
** For further information on the increase in dividend refer to dividend strategy.

The Group consists of a portfolio of leading financial services franchises; these are First National Bank (FNB), the retail and commercial bank, Rand Merchant Bank (RMB), the corporate and investment bank, WesBank, the instalment finance business and Ashburton Investments, the Group's newly-established investment management business.

STATEMENT OF HEADLINE EARNINGS - IFRS

	Six months ended 31 December			Year ended 30 June
R million	2013	2012*	% change	2013*
Profit for the period	9 430	7 618	24	15 954
Non-controlling interests	(447)	(363)	23	(872)
NCNR preference shareholders	(144)	(150)	(4)	(297)
Earnings attributable to ordinary equityholders	8 839	7 105	24	14 785
Adjusted for:	(32)	176	(>100)	542
Loss/(gain) on disposal of investment securities and other investments of a capital nature	1	(1)		13
Gain on disposal of available-for-sale assets	(66)	(1)		(33)
Loss on disposal of investments in associates or joint ventures	-	-		1
Gain on disposal of investments in subsidiaries	(12)	(10)		(63)
Loss/(gain) on the disposal of property and equipment	12	(1)		77
Fair value of investment properties	-	-		(7)
Impairment of goodwill	-	2		438
Impairment of assets in terms of IAS 36	11	254		283
Gain from a bargain purchase	-	-		(14)
Other	(1)	-		(138)
Tax effects of adjustments	20	(69)		(35)
Non-controlling interests adjustments	3	2		20
Headline earnings	8 807	7 281	21	15 327

* Refer to restatement of prior year numbers later in this announcement.

RECONCILIATION FROM HEADLINE TO NORMALISED EARNINGS

R million	Six months ended 31 December 2013	2012*	% change	Year ended 30 June 2013*
Headline earnings	8 807	7 281	21	15 327
Adjusted for:	(116)	(38)	>100	93
IFRS 2 Share-based payment expense	12	22	(45)	43
Treasury shares**	63	42	50	33
Total return swap adjustment (share hedge)	(146)	(53)	>100	85
IAS 19 adjustment	(53)	(56)	(5)	(110)
Private equity subsidiary realisations	8	7	14	42
Normalised earnings	8 691	7 243	20	15 420

* Refer to restatement of prior year numbers on later in this announcement.

** Includes FirstRand shares held for client trading activities.

OVERVIEW OF RESULTS

Introduction

The macroeconomic environment for the first six months of the financial year continued to be challenging.

The local economy had to contend with a far less favourable global financial environment. Countries such as South Africa, with current account deficits and large financing requirements, were particularly vulnerable to slowing capital flows and the rand continued to weaken. This placed upward pressure on inflation and, in the first quarter of 2014, interest rates started to rise.

These external headwinds, combined with a slowdown in real income growth, resulted in continued pressure on South African households.

GDP growth in South Africa remained subdued as capacity constraints and labour market unrest negatively impacted the supply side of the economy.

In the rest of the sub-Saharan region, growth has generally continued on a robust trend, led by strong domestic demand and commodity exports. While US tapering, a slowdown in China and dual fiscal deficits pose some downside risk, long-term growth rates in the region should continue to be underpinned by improved macroeconomic management, stronger institutions, increased investment and positive demographics.

Overview of results

FirstRand produced good results for the six months to 31 December 2013, achieving normalised earnings of R8 691 million, an increase of 20% year-on-year and a normalised ROE of 23.4%.

All three operating franchises continued to achieve good operational performances, despite the deteriorating macroeconomic environment. FNB experienced ongoing strong topline growth and profitability due to its consistent strategy to acquire core transactional accounts, grow loans and deposits and drive transactional volumes across all of its platforms, particularly electronic. WesBank grew new business volumes across all portfolios and RMB's diversified corporate and investment banking portfolios delivered strong growth in profits, particularly from the client-centric and investment activities.

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

Sources of normalised earnings

	Six months ended 31 December					Year ended 30 June	
R million	2013	% compo-sition	2012	% compo-sition	% change	2013	% compo-sition
FNB	4 769	56	4 016	55	19	8 124	53
RMB	2 268	26	1 943*	27	17	4 471*	29
WesBank	1 406	16	1 389	19	1	2 834	18
Treasury and Corporate Centre**	18	-	(285)	(4)	(>100)	(70)	-
FirstRand Limited (company)	374	4	330	5	13	358	2
NCNR preference dividend	(144)	(2)	(150)	(2)	(4)	(297)	(2)
Normalised earnings	8 691	100	7 243	100	20	15 420	100

* Includes R155 million of IT enablement impairments relating to financial years prior to and including June 2012.

** The year-on-year benefit is primarily due to the unwind of certain accounting timing anomalies recorded by Group Treasury during the financial year ended 30 June 2013 e.g. mark-to-market losses on economic hedges, partially unwinding or not recurring during the six months to December 2013.

The Group's income statement benefited from an increase of 20% in net interest income (NII), driven by good growth in new business at FNB, WesBank and RMB. Asset margins continued to be positively impacted by repricing and growth in advances in higher-yielding asset classes, such as vehicle asset finance (VAF) and unsecured lending. This trend, however, is reducing on a rolling six-month basis.

Total non-interest revenue (NIR) increased 8% year-on-year, with strong contributions from all franchises. FNB's NIR growth continued to be driven by increases in fee and commission income, particularly on the back of the acquisition of core transactional accounts. The strategy to drive customers onto electronic platforms continued to produce strong growth in volumes across cellphone (+27%) and internet (+16%) banking channels. WesBank's NIR benefited from robust levels of new business origination. Knowledge-based fees at RMB were resilient despite muted levels of activity from the local corporate sector, however, client execution revenues remained strong particularly from RMB's activities in the rest of Africa.

Overall operating cost growth was 14% for the period, reflecting the continued investment in FNB's electronic platforms and the Group's African operating footprint. In addition, costs associated with the strong underlying growth from alliance partnerships (particularly at WesBank) also increased.

Bad debts are currently trending below expectations at 77 bps, but, excluding portfolio overlays, the rand value of portfolio impairments are higher in the core advances book due to the Group's view that the previously benign credit cycle has bottomed. This is considered prudent given the strong book growth year-on-year. All of the Group's portfolios are tracking as anticipated, reflecting decisions taken as early as 2011 to exit origination in high-risk segments, particularly in the unsecured lending market.

Overall non-performing loans (NPLs) have continued to trend down, with retail NPLs declining 8% mainly as a result of the continuing significant reductions in residential mortgage NPLs. Unsecured lending NPLs have increased as expected, although all of these loan books are still performing better than expected at this point in the cycle. Corporate NPLs declined 14% as a result of decreases in the WesBank corporate and RMB portfolios.

The Group's overall balance sheet showed a robust increase in advances year-on-year, with particularly good growth from card, secured affordable housing and overdrafts at FNB, and excellent growth generated from the FNB Africa portfolio. RMB's core advances book posted strong growth, which also benefited from activities in the rest of Africa. On a rolling six-month basis, growth in certain retail portfolios, such as unsecured lending and VAF, has moderated.

OVERVIEW OF OPERATING FRANCHISES

The Group's vision is to be the African financial services group of choice, create long-term franchise value, deliver superior and sustainable economic returns to shareholders within acceptable levels of volatility and maintain balance sheet strength. FirstRand seeks to achieve this with two parallel growth strategies which are executed through its portfolio of operating franchises within a framework set by the Group. The growth strategies are:

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

With regard to expansion into the rest of Africa, there are three pillars to its execution:

- utilise the capabilities of the South African franchise, particularly the domestic balance sheet, intellectual capital, international platforms and the
- existing operating footprint in the rest of Africa;
- start an in-country franchise and grow organically; and
- small-to medium-sized acquisitions where it makes commercial sense.

Below is a brief overview of the financial and operational performance of each franchise.

FNB

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

FNB financial highlights

R million	Six months ended 31 December 2013	2012	% change	Year ended 30 June 2013
Normalised earnings	4 769	4 016	19	8 124
Normalised profit before tax	7 059	5 769	22	11 622
Total assets	312 340	283 755	10	296 338
Total liabilities	300 516	272 946	10	281 686
NPLs (%)	3.55	4.45		3.95
Credit loss ratio* (%)	0.95	1.19		1.18
ROE (%)	36.8	36.1		35.4
ROA (%)	3.26	2.94		2.92
Cost-to-income ratio (%)	53.7	54.0		54.8
Advances margin (%)	3.68	3.24		3.39

* 2013 figure includes special impairment relating to merchant acquiring event of R215 million.

Segment results

Normalised PBT R million	Six months ended 31 December 2013	2012	% change	Year ended 30 June 2013
Retail	3 992	3 193	25	6 564
FNB Africa	975	769	27	1 549
Commercial	2 092	1 807	16	3 509
Total FNB	7 059	5 769	22	11 622

FNB produced an excellent performance for the period, increasing pre-tax profits 22%, driven by increased NII and NIR and a decrease in bad debts, particularly in residential mortgages. This performance can continue to be attributed to FNB's primary strategy to grow and retain core transactional accounts through offering a compelling value proposition to the customer (innovative products and channels at an acceptable cost) supported by rewards programmes, such as eBucks, SLOW lounges and fuel, data and airtime rewards. Innovations such as the banking app, cellphone banking and eWallet also continue to attract and retain customers.

FNB's NII increased 17% driven by growth in both advances (+10%) and deposits (+14%). The 46 bps improvement in asset margins was driven by good risk pricing across FNB's portfolios, the decrease in interest in suspense (ISP) and growth year-on-year in higher-margin products, although this latter trend is reducing on a rolling six-month basis. Deposit margins held up well, decreasing only 4 bps. Deposit and advances growth came from across all segments as indicated below.

Segment analysis of advances and deposit growth

	Six months ended 31 December 2013			
	Deposit growth		Advances growth	
Segments	%	R billion	%	R billion
Retail	12	13.9	7	12.4
FNB Africa	22	8.2	27	7.7
Commercial	13	14.8	14	5.6

Residential mortgages grew 5% as FNB continued to originate only in lower risk categories. Card increased 13% on the back of new customer acquisition. Personal loans declined 2% year-on-year and 5% on a rolling six-month basis, reflecting the ongoing adjustments in credit appetite in that segment.

Overall NPLs decreased 12% due to FNB's ongoing proactive workout strategy (particularly in residential mortgages). NPLs in the personal loans portfolio remained flat at R919 million. The year-on-year decrease is mainly attributable to residential mortgages (-22%) and Commercial (-10%).

FNB's NIR increased 12% year-on-year reflecting growth in core transactional banking accounts. There was continued strong growth of 11% in overall transactional volumes with electronic transactional volumes up 15%. An example of how customers are adapting to electronic channels is that year-on-year ATM and ADT deposits increased 27%, whilst branch-based deposits decreased 13%. The adoption of FNB's innovative customer proposition in the commercial and business segments resulted in strong NIR growth of 11% and 19% respectively.

FNB's overall operating expenditure increased 14%, reflecting on-going investment in its operating footprint, particularly in Africa (costs up 21%). However, the business continues to deliver positive operating jaws.

The African subsidiaries performed well, growing pre-tax profits 27%. The established subsidiaries continued to show good growth, with Namibia performing particularly strongly driven by increased NIR and NII. The newer subsidiaries, Zambia, Mozambique and Tanzania, continued to invest in footprint and product roll-out.

FNB produced an ROE of 36.8%, which remains well above hurdle rates, despite ongoing investment in platforms and new territories.

RMB

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

RMB financial highlights

R million	Six months ended 31 December 2013	2012	% change	Year ended 30 June 2013
Normalised earnings	2 268	1 943*	17	4 471*
Normalised profit before tax	3 195	2 677	19	6 150
Total assets	374 929	355 380	6	354 758
Total liabilities	367 491	348 746	5	346 133
ROE (%)	25.0	21.9		25.0
ROA (%)	1.33	1.13		1.31
Credit loss ratio (%)	0.30	0.36		0.55
Cost-to-income ratio (%)	44.7	46.1		42.4

* Includes R155 million of IT enablement impairments relating to financial years prior to and including June 2012.

Divisional performance

Normalised PBT R million	Six months ended 31 December 2013	2012	% change	Year ended 30 June 2013
Investment banking	2 953	2 381	24	5 613
- Global Markets	1 012	892	13	1 935
- IBD	1 701	1 499	13	3 423
- Private Equity	444	229	94	690
- Other RMB	(204)	(239)	(15)	(435)
Corporate banking	242	296**	(18)	537**
Operational performance*	242	203	19	444
Normalisation adj (IT enablement for Dec 2012 period)	-	93	(100)	93
Total RMB	3 195	2 677	19	6 150

* Dec 2013 operational performance includes IT enablement spend of R73 million (Dec 2012: R93 million; June 2013: R164 million).

** Includes a normalisation adjustment of R248 million for December 2012 which carries through to June 2013 for IT enablement spend of which R155 million relates to years prior to and including June 2012.

RMB Corporate and Investment Banking (CIB) produced strong results for the six months to December 2013. Pre-tax profits increased 19% to R3.2 billion and the ROE improved to 25.0%. This performance reflects the strength of the domestic franchise and momentum from the African expansion strategy.

RMB's revenue mix is diverse and remains extremely solid; it has continued to focus on building scale in the Corporate Banking franchise, generating growth from the rest of Africa, strengthening the balance sheet and consolidating market share in the more established business lines.

The Global Markets division delivered a robust performance for the first half of the year across all business lines, notwithstanding challenging market conditions and macroeconomic pressures. Profits grew 13% to R1 billion, reflecting the strength of the domestic client franchise, a growing African footprint and enhanced fee-generating capacity.

The Investment Banking Division (IBD) delivered strong results, increasing pre-tax profits 13% to R1.7 billion. The growth was, to an extent, balance sheet led with core advances up approximately 18% as IBD benefited from continued infrastructure spend (particularly in the renewable energy sector) and strong growth in African cross-border lending. Advances in the rest of Africa increased more than 100% to R25 billion (2012: R12 billion). Good growth was also generated from structuring fees.

Private Equity's profits also increased year-on-year and benefited from the diversity of its portfolio, reporting good equity-accounted earnings and income from investment subsidiaries. While earnings from associates were strong, no material realisations were seen in the period. Unrealised profits grew 78% from R1.66 billion to R2.96 billion. Corvest and Ventures continue to invest and the Capital Partners business experienced improved earnings from associates.

RMB Resources' (included in other RMB) improved performance was driven by a modest recovery in equity prices during the first half of the year and an increase in interest margin from the debt portfolio. Junior mining counters remain under pressure and new investing limits remain in place until performance improves.

The operational performance of the Corporate Banking division was up 19% year-on-year, with total revenue increasing due to good growth in advances and deposits. Investment in platforms remains a key focus.

WesBank

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

WesBank financial highlights

R million	Six months ended 31 December 2013	Six months ended 31 December 2012	% change	Year ended 30 June 2013
Normalised earnings	1 406	1 389	1	2 834
Normalised profit before tax	2 022	1 968	3	3 983
Total assets	157 273	132 574	19	145 179
Total liabilities	155 079	129 026	20	140 814
NPLs (%)	2.67	3.14		2.76
Credit loss ratio (%)	1.25	1.12		1.26
ROE (%)	27.5	31.7		32.6
ROA (%)	1.92	2.18		2.13
Cost-to-income ratio (%)	43.1	40.7		41.2
Net interest margin (%)	5.10	5.27		5.30

WesBank's performance was resilient given its sensitivity to the credit cycle. Despite higher credit and operating costs, strong new business volumes continued and for the six months ended 31 December 2013, WesBank grew pre-tax profits 3% to R2 billion and delivered an ROE of 27.5% and ROA of 1.92%. This performance was underpinned by strict credit discipline and effective and efficient origination channels.

The table below shows the relative performance year-on-year of WesBank's activities.

Breakdown of profit contribution by activity

Normalised PBT R million	Six months ended 31 December 2013	Six months ended 31 December 2012	% change	Year ended 30 June 2013
VAF				
- Local retail	932	972	(4)	1 889
- International (MotoNovo)	293	211	39	444
- Corporate and commercial	221	189	17	528
Personal loans	576	596	(3)	1 122
Total WesBank	2 022	1 968	3	3 983

Profit growth continued in the corporate and MotoNovo businesses, while the personal loans business was marginally down on the prior year.

New business continued to reflect a good risk profile across all portfolios, with systemic tightening in credit appetite for higher risk segments.

Production was up 14% year-on-year, although trends in new business growth in the local retail portfolios are slowing. From a divisional perspective, motor, corporate, personal loans and MotoNovo origination volumes were up 7%, 24%, 19% and 31% (GBP), respectively. WesBank's rest of Africa business grew 20% year-on-year; these figures are reported under FNB Africa.

Total advances increased 19% to R154.2 billion driven by all of the underlying portfolios, with the retail motor, personal loans, corporate and commercial and MotoNovo businesses reflecting advances growth of 17%, 25%, 9% and 57%, respectively. In addition, the corporate division increased the value of the full maintenance rental asset book to R1.6 billion.

Interest margins were maintained despite increased competition across all portfolios with origination well within agreed risk thresholds. As key macro inputs indicate upside risk to impairment ratios, credit appetite continues to be critically and regularly assessed and performance closely monitored.

NPLs continued to reduce (2.67% at December 2013 compared to 2.76% at June 2013 and 3.14% at December 2012) despite the high proportion of restructured debt review accounts, which are still disclosed as non-performing regardless of repayment behaviour. These accounts are increasing as a proportion of NPLs and in the period under review, represented 22% of NPLs, compared to 18% at June 2013.

NIR, including income from associates, increased 19% year-on-year, reflective of the growth in the advances book and in rental assets, offset by continued pricing pressure on the auto card business.

Core operating costs increased 13%, however, total expenses grew 22% when including the impact of the increase in profit share payments to alliance partners (which now total R247 million and are up 20% year-on-year), investment in platforms and strategic initiatives, and the increase in depreciation of full maintenance rental assets.

Ashburton Investments

The Group's investment management franchise, Ashburton Investments, continues to execute on its organic strategy.

Since the launch in June 2013, assets under management have grown 10% to R111 billion. This was mainly driven by good growth in retail structured products and both traditional single- managed and multi-manager funds. Profitability is tracking in line with expectations given the current level of investment in people and platforms.

Ashburton Investments has launched the first phase of the roll-out of its investor platform. Branded FNB, and initially only for internal distribution channels, this first phase includes retirement and investment products, RMB structured products and Ashburton and third-party funds.
As expected Ashburton Investments is benefiting from both the product generation capabilities of RMB and the distribution platforms of FNB and RMB Private Bank.
Both traditional and alternative fund performance exceeded benchmarks during the period.

Financial resource management
The Group believes a strong balance sheet is key to growth, particularly when entering periods of uncertainty.

Asset quality

When assessing the underlying risk in the balance sheet from an economic perspective, the Group's asset profile is dominated by a balanced advances portfolio, which constitutes 78% of total assets. In terms of credit quality, 90% of advances are rated B upper or better. Cash, cash equivalents and liquid assets represent 15% of total assets, with only a small portion related to the investment and trading businesses.

Funding

FirstRand's funding profile continues to reflect the structural funding issues associated with the South African banking sector, however, the Group has continued to reduce its reliance on institutional funding and has further improved the term profile of institutional funding from a weighted average remaining term of 12 months in 2009 to 23 months at 31 December 2013.

Capital

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

Capital ratios and targets

	CET1	Tier 1	Total
Regulatory minimum (%)*	4.5	6.0	9.5
Target (%)	9.5 - 11.0	11.0	12.0 - 13.5
FirstRand actual (%)	13.7	14.8	16.2
FirstRand Bank** actual (%)	13.4	14.1	15.7

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

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

Dividend strategy

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

- To ensure that the ROE remains within the long-term target range of 18% to 22%, FirstRand assesses the robustness of the ongoing capital generation of its business. The Group is currently of the view that its ROE is at a cyclical high and, therefore, the dividend cover needs to be sustainable on a risk view as well as a core view.

- The anticipated growth in risk weighted assets (RWA) given the operating environment and the overall organic growth plans of the operating franchises.

- The Group's objective to protect the R10 billion of capital currently allocated to its expansion strategy.

Following a comprehensive analysis of the above factors at the June 2013 year end, the Group reduced its full year dividend cover to 2.0x (2012: 2.2x). This cover has been maintained for the six months to 31 December 2013, which means that compared to the dividend declared at 31 December 2012 (when cover was 2.3x), the interim dividend for the current period increased 40%. This is significantly higher than growth in normalised earnings.

Shareholders should note that the rate of growth in the dividend payout for the full financial year will be off the higher base recorded for the final dividend of June 2013. The Group, therefore, expects growth in dividend for the full year to more closely track normalised earnings.

The appropriateness of the level of payout is re-evaluated on an annual basis.

Prospects

South Africa's dependence on foreign capital flows to fund the wide current account deficit continues to introduce uncertainty and vulnerability to the macroeconomic outlook. This was illustrated by the recent rapid exchange rate depreciation and the South African Reserve Bank's (SARB) decision to hike the repo rate by 50 bps in January 2014.

GDP growth has to date been supported by wage inflation, consumption and government spending and these trends are all slowing down. Manufacturing, exports and investments will provide some underpin to growth, however, South Africa has now entered an interest rate hiking cycle which will place further pressure on the South African consumer.

The Group believes that its strategy to grow customers, drive NIR and exercise discipline in its credit origination strategies in the retail market, particularly over the past 18 months will place it in a strong position to weather what is expected to be a difficult domestic credit cycle.

The franchises are expected to continue to show good operational performances and expectations remain unchanged for the second half of the year.

Basis of presentation

FirstRand prepares its condensed consolidated interim financial results in accordance with:

- recognition and measurement requirements of IFRS;
- presentation and disclosure requirements of IAS 34;
- SAICA Financial Reporting Guide as issued by the Accounting Practices Committee;
- Financial Reporting Pronouncements as issued by Financial Reporting Standards Council; and
- the requirements of the Companies Act 71 of 2008 applicable to summary financial statements.

The results are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS.

The accounting policies applied in the preparation of the condensed interim consolidated financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the adoption of new and revised IFRS requirements and a voluntary change in the Group's presentation of loans to associates. The details of these are set out below.

New and revised IFRS requirements

The following new and revised IFRS requirements were adopted by the Group for the first time for the six months ended 31 December 2013. Unless stated otherwise, these requirements are applied retrospectively and the previously reported financial results have been restated.

- IFRS 10, IFRS 11, IFRS 12, IAS 27R and IAS 28R. These standards prescribe new and amended requirements for assessing whether control or joint control exists. The disclosure requirements for all interests in other entities, including unconsolidated structured entities, are now contained in a single standard. The impact of these new standards on the Group's previously reported financial position and performance is presented later in this announcement.

- IFRS 13 establishes a single framework for measuring and disclosing fair value. The standard requires prospective implementation and does not require comparative information to be presented for disclosures in the year of adoption. The standard, therefore, has had no impact on amounts previously reported. The additional disclosures are provided later in this announcement.

- Amendments to IFRS 7 require disclosures about the effect or potential effects of netting arrangements on the Group's financial position. The amendment does not impact recognition or measurement of amounts but requires additional disclosure in respect of financial instruments that are subject to an enforceable master netting arrangement or similar agreement. These additional disclosures, along with the comparative information, are presented later in this announcement.

- Amendments to IAS 19 have resulted in changes to the recognition, measurement and presentation of amounts in respect of defined benefit plans. The impact of these amendments on the Group's previously reported financial position and performance is presented later in this announcement.

All comparative information impacted by the new accounting policies has been restated.

Voluntary change in presentation

The Group has changed the manner in which it presents certain loans to associates and joint ventures. The change in presentation has had no impact on the net asset value of the Group and only affects the classification of items on the statement of financial position. The impact on previously reported results is set out further on in this announcement.

The condensed consolidated interim results for the six months ended 31 December 2013 have not been audited or independently reviewed by the Group's external auditors.

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

FirstRand's board of directors take full responsibility for the preparation of this anouncement.

Events after the reporting period

The directors are not aware of any material events, as defined in IAS 10 Events After the Reporting Period, occurring between 31 December 2013 and the date of authorisation of the results announcement.

Board changes

Mr Johan Petrus Burger was appointed deputy chief executive officer on 1 October 2013. He relinquished his position as financial director on 1 January 2014.

Mr Hetash Surendrakumar (Harry) Kellan was appointed to the board as executive financial director on 1 January 2014.

Mr Bruce William Unser, having reached retirement age, retired as company secretary on 5 January 2014.

Mrs Carnita Low was appointed as company secretary on 6 January 2014.

Cash dividend declarations

Ordinary shares

The directors have declared a gross cash dividend totalling 77.0 cents per ordinary share out of income reserves for the six months ended 31 December 2013.

Ordinary dividends

	Six months ended 31 December	
Cents per share	2013	2012
Interim (declared 3 March 2014)	77.0	55.0

The salient dates for the interim dividend are as follows:

Last day to trade cum-dividend	Thursday 20 March 2014
Shares commence trading ex-dividend	Monday 24 March 2014
Record date	Friday 28 March 2014
Payment date	Monday 31 March 2014

Share certificates may not be dematerialised or rematerialised between Monday 24 March 2014 and Friday 28 March 2014, both days inclusive.

The interim dividend of 77.0 cents per share carries no STC credits. Shareholders who are exempt from Dividend Withholding Tax (DWT) will receive the full 77.0 cents per share. For shareholders who are subject to DWT, tax will be calculated at 15% (or such lower rate if a double taxation agreement applies for foreign shareholders).

For South African shareholders who are subject to DWT, the net interim dividend after deducting 15% tax will be 65.45000 cents per share.

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

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

B preference shares

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

Dividends declared and paid

	B preference shares	
Cents per share	2013	2012
Period:		
28 February 2012 - 27 August 2012		333.1
28 August 2012 - 25 February 2013		320.3
26 February 2013 - 26 August 2013	320.3	
27 August 2013 - 24 February 2014	320.3	

LL Dippenaar	SE Nxasana	C Low
Chairman	CEO	Company secretary

3 March 2014

CONDENSED CONSOLIDATED INCOME STATEMENT - IFRS

R million	Six months ended 31 December 2013	2012*	% change	Year ended 30 June 2013*
Net interest income before impairment of advances	14 673	12 408	18	24 769
Impairment of advances	(2 294)	(2 250)	2	(4 807)
Net interest income after impairment of advances	12 379	10 158	22	19 962
Non-interest income	17 192	15 237	13	30 734
Income from operations	29 571	25 395	16	50 696
Operating expenses	(17 047)	(15 353)	11	(30 804)
Net income from operations	12 524	10 042	25	19 892
Share of profit of associates and joint ventures after tax	360	293	23	824
Income before tax	12 884	10 335	25	20 716
Indirect tax	(465)	(462)	1	(645)
Profit before tax	12 419	9 873	26	20 071
Income tax expense	(2 989)	(2 255)	33	(4 117)
Profit for the period	9 430	7 618	24	15 954
Attributable to:				
Ordinary equityholders	8 839	7 105	24	14 785
NCNR preference shareholders	144	150	(4)	297
Equityholders of the Group	8 983	7 255	24	15 082
Non-controlling interests	447	363	23	872
Profit for the period	9 430	7 618	24	15 954
Earnings per share (cents)				
- Basic	161.1	129.6	24	269.7
- Diluted	159.6	128.1	25	266.4
Headline earnings per share (cents)				
- Basic	160.5	132.8	21	279.6
- Diluted	159.1	131.2	21	276.2

* Refer to restatement of prior year numbers later in this announcement.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - IFRS

R million	Six months ended 31 December 2013	2012*	% change	Year ended 30 June 2013*
Profit for the period	9 430	7 618	24	15 954
Items that may subsequently be reclassified to profit or loss				
Cash flow hedges	70	(89)	(>100)	853
Gains/(losses) arising during the period	(265)	(453)	(42)	417
Reclassification adjustments for amounts included in profit or loss	364	329	11	768
Deferred income tax	(29)	35	(>100)	(332)
Available-for-sale financial assets	(40)	431	(>100)	(104)
(Losses)/gains arising during the period	(19)	565	(>100)	(117)
Reclassification adjustments for amounts included in profit or loss	(66)	(1)	>100	(33)
Deferred income tax	45	(133)	(>100)	46
Exchange differences on translating foreign operations	396	315	26	998
Gains arising during the period	396	315	26	998
Share of other comprehensive income of associates after tax and non-controlling interests	3	24	(88)	129
Items that may not subsequently be reclassified to profit or loss				
Actuarial losses on defined benefit post-employment plans	(20)	(22)	(9)	22
(Losses)/gains arising during the period	(25)	(32)	(22)	30
Deferred income tax	5	10	(50)	(8)
Other comprehensive income for the period	409	659	(38)	1 898
Total comprehensive income for the period	9 839	8 277	19	17 852
Attributable to:				
Ordinary equityholders	9 225	7 748	19	16 625
NCNR preference shareholders	144	150	(4)	297
Equityholders of the Group	9 369	7 898	19	16 922
Non-controlling interests	470	379	24	930
Total comprehensive income for the period	9 839	8 277	19	17 852

* Refer to restatement of prior year numbers later in this announcement.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - IFRS

R million	As at 31 December 2013	2012*	As at 30 June 2013*
ASSETS			
Cash and cash equivalents	49 546	51 570	48 565
Derivative financial instruments	44 221	56 251	52 277
Commodities	6 894	8 003	6 016
Accounts receivable	7 349	6 755	7 804
Current tax asset	618	602	266
Advances	635 443	565 449	601 065
Investment securities and other investments	127 281	110 873	128 388
Investments in associates and joint ventures	6 293	5 252	5 396
Property and equipment	14 300	12 520	13 453
Intangible assets	1 181	1 557	1 169
Reinsurance assets	396	846	394
Post-employment benefit asset	3	-	-
Investment properties	458	452	459
Deferred income tax asset	432	355	460
Non-current assets and disposal groups held for sale	16	505	20
Total assets	894 431	820 990	865 732
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	5 532	9 219	2 991
Derivative financial instruments	48 836	58 284	53 008
Creditors and accruals	10 256	8 733	11 079
Current tax liability	438	235	513
Deposits	727 032	651 375	697 035
Provisions	655	584	600
Employee liabilities	4 998	4 637	5 857
Other liabilities	4 591	4 822	6 101
Policyholder liabilities under insurance contracts	662	1 107	646
Deferred income tax liability	1 185	1 180	753
Tier 2 liabilities	8 127	8 120	8 116
Liabilities directly associated with disposal groups held for sale	-	83	-
Total liabilities	812 312	748 379	786 699
Equity			
Ordinary shares	55	55	55
Share premium	5 571	5 601	5 609
Reserves	69 115	59 840	65 954
Capital and reserves attributable to ordinary equityholders	74 741	65 496	71 618
NCNR preference shareholders	4 519	4 519	4 519
Capital and reserves attributable to equityholders of the Group	79 260	70 015	76 137
Non-controlling interests	2 859	2 596	2 896
Total equity	82 119	72 611	79 033
Total equity and liabilities	894 431	820 990	865 732

* Refer to restatement of prior year numbers later in this announcement.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - IFRS

R million	Six months ended 31 December 2013	2012	Year ended 30 June 2013
Net cash flows from operating activities	11 334	11 421	24 298
Net cash utilised from operations	(2 888)	8 014	(4 241)
Taxation paid	(3 273)	(3 391)	(5 642)
Net cash inflow from operating activities	5 173	16 044	14 415
Net cash outflow from investing activities	(3 335)	(1 347)	(3 803)
Net cash inflow from financing activities	(1 626)	(474)	325
Net increase in cash and cash equivalents from operations	212	14 223	10 937
Cash and cash equivalents at the beginning of the year	48 565	37 317	37 317
Cash and cash equivalents at the end of the period	48 777	51 540	48 254
Cash and cash equivalents acquired*	-	-	2
Cash and cash equivalents disposed of*	326	(2)	-
Effect of exchange rate changes on cash and cash equivalents	443	32	309
Cash and cash equivalents at the end of the period	49 546	51 570	48 565
Mandatory reserve balances included above**	17 005	14 991	16 160

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - IFRS

for the six months ended 31 December

	Ordinary share capital and ordinary equityholders' funds													
R million	Share capital	Share premium	Share capital and share premium	Defined benefit post-employment reserve	Cash flow hedge reserve	Share-based payment reserve	Available-for-sale reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Reserves attributable to ordinary equity-holders	Non-cumulative non-redeemable preference shares	Non-controlling interests	Total equity
Balance as reported at 30 June 2012	55	5 216	5 271	-	(753)	3 247	626	1 052	(61)	53 139	57 250	4 519	2 767	69 807
Prior period restatements	-	216	216	(591)	-	-	(6)	(10)	(20)	(411)	(1 038)	-	(66)	(888)
Restated balance as at 1 July 2012	55	5 432	5 487	(591)	(753)	3 247	620	1 042	(81)	52 728	56 212	4 519	2 701	68 919
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-	-	(4)	(4)
Movement in other reserves	-	-	-	-	-	(262)	-	-	(40)	5	(297)	-	(7)	(304)
Ordinary dividends	-	-	-	-	-	-	-	-	-	(3 193)	(3 193)	-	(412)	(3 605)
Preference dividends	-	-	-	-	-	-	-	-	-	-	-	(150)	-	(150)
Transfer from/(to) reserves	-	-	-	-	-	-	-	-	15	(15)	-	-	-	-
Changes in ownership interest of subsidiaries	-	-	-	-	-	-	-	-	-	22	22	-	(61)	(39)
Consolidation of treasury shares	-	169	169	-	-	-	-	-	-	50	50	-	-	219
Total comprehensive income for the period	-	-	-	(22)	(89)	-	428	306	20	7 105	7 748	150	379	8 277
Vesting of share-based payment reserve	-	-	-	-	-	(26)	-	-	-	(676)	(702)	-	-	(702)
Balance as at 31 December 2012	55	5 601	5 656	(613)	(842)	2 959	1 048	1 348	(86)	56 026	59 840	4 519	2 596	72 611
Balance as reported at 30 June 2013	55	5 397	5 452	-	100	3 173	539	1 995	140	60 786	66 733	4 519	2 924	79 628
Prior period restatements	-	212	212	(569)	-	-	(21)	4	(14)	(179)	(779)	-	(28)	(595)
Balance as at 1 July 2013	55	5 609	5 664	(569)	100	3 173	518	1 999	126	60 607	65 954	4 519	2 896	79 033
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement in other reserves	-	-	-	-	-	(499)	-	-	(9)	(27)	(535)	-	(28)	(563)
Ordinary dividends	-	-	-	-	-	-	-	-	-	(4 444)	(4 444)	-	(360)	(4 804)
Preference dividends	-	-	-	-	-	-	-	-	-	-	-	(144)	-	(144)
Transfer from/(to) reserves	-	-	-	-	-	-	-	-	11	(11)	-	-	-	-
Changes in ownership interest of subsidiaries	-	-	-	-	-	-	-	-	-	(234)	(234)	-	(119)	(353)
Consolidation of treasury shares	-	(38)	(38)	-	-	-	-	-	-	5	5	-	-	(33)
Total comprehensive income for the period	-	-	-	(20)	70	-	(40)	372	4	8 839	9 225	144	470	9 839
Vesting of share-based payment reserve	-	-	-	-	-	(15)	-	-	-	(841)	(856)	-	-	(856)
Balance as at 31 December 2013	55	5 571	5 626	(589)	170	2 659	478	2 371	132	63 894	69 115	4 519	2 859	82 119

FAIR VALUE MEASUREMENTS

Valuation methodology

In terms of IFRS, the Group is required to or elects to measure certain assets and liabilities at fair value. The Group has established control frameworks and processes at a franchise level to independently validate its valuation techniques and inputs used to determine its fair value measurements. At a franchise level, technical teams are responsible for the selection, implementation and any changes to the valuation techniques used to determine fair value measurements. Valuation committees comprising representatives from key management have been established in each franchise and at an overall Group level, and are responsible for overseeing the valuation control process and considering the appropriateness of the valuation techniques applied in fair value measurement. The valuation models and methodologies are subject to independent review and approval at a franchise level by the required technical teams, valuation committees, relevant risk committees and external auditors annually or more frequently if considered appropriate.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date i.e. an exit price. Fair value is therefore a market-based measurement and when measuring fair value the Group uses the assumptions that market participants would use when pricing an asset or liability under current market conditions, including assumptions about risk. When determining fair value it is presumed that the entity is a going concern and the fair value is therefore not an amount that represents a forced transaction, involuntary liquidation or a distressed sale.

Financial instruments

When determining the fair value of a financial instrument, where the financial instrument has a bid or ask price (for example in a dealer market), the Group uses the price within the bid-ask spread that is most representative of fair value in the circumstances. Although not a requirement, the Group uses the bid price for financial assets or the ask/offer price for financial liabilities where this best represents fair value.

When determining the fair value of a financial liability or the Group's own equity instruments the quoted price for the transfer of an identical or similar liability or own equity instrument is used. Where this is not available and an identical item is held by another party as an asset, the fair value of the liability or own equity instrument is measured using the quoted price in an active market of the identical item if that price is available, or using observable inputs (such as the quoted price in an inactive market for the identical item) or using another valuation technique.

Where the Group has any financial liability with a demand feature, such as demand deposits, the fair value is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid where the time value of money is significant.

Fair value hierarchy and measurements

The Group classifies assets and liabilities measured at fair value using a fair value hierarchy that reflects whether observable or unobservable inputs are used in determining the fair value of the item. The valuation techniques employed by the Group include, inter alia, quoted prices for similar assets or liabilities in an active market, quoted prices for the same asset or liability in an inactive market, adjusted prices from recent arm's length transactions, option-pricing models and discounted cash flow techniques.

Where a valuation model is applied and the Group cannot mark-to-market, it applies a mark-to-model approach, subject to prudent valuation adjustments. Mark-to-model is defined as any valuation which has to be benchmarked, extrapolated or otherwise calculated from a market input. When applying mark-to-model, an extra degree of conservatism is applied. The Group will consider the following in assessing whether a mark-to-model valuation is appropriate:

- as far as possible, market inputs are sourced in line with market prices;
- generally accepted valuation methodologies are consistently used for particular products unless deemed inappropriate by the relevant governance forums;
- where a model has been developed in-house, it is based on appropriate assumptions, which have been assessed and challenged by suitably qualified parties independent of the development process;
- formal change control procedures are in place;
- awareness of the weaknesses of the models used and appropriate reflection thereof in the valuation output;
- the model is subject to periodic review to determine the accuracy of its performance; and
- valuation adjustments are only made when appropriate, for example, to cover the uncertainty of the model valuation.

Level 1

Fair value is determined using unadjusted quoted prices in active markets for identical assets or liabilities where this is readily available and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. This category includes listed bonds and equity, exchange-traded derivatives, exchange-traded commodities and short trading positions.

Level 2

Fair value is determined using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly such as quoted prices for similar items in an active market or for an identical item in an inactive market, or valuation models using observable inputs or inputs derived from observable market data. This category includes loans and advances to customers, equities listed in an inactive market, certain debt instruments, private equity investments, non-recourse investments and deposits, over the counter derivatives, deposits, other liabilities and Tier 2 liabilities.

Level 3

Fair value is determined using a valuation technique and significant inputs that are not based on observable market data (i.e. unobservable inputs) such as an entity's own assumptions about what market participants would assume in pricing assets and liabilities. This category includes certain loans and advances to customers, certain over the counter derivatives such as equity options, investments in certain debt instruments, private equity investments and certain deposits such as credit linked notes.

Fair value hierarchy and measurements

The table below sets out the valuation techniques applied by the Group for fair value measurements of financial assets and liabilities categorised as level 2 and level 3 in the fair value hierarchy:

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs of level 3 items
Derivative financial instruments					
Option contracts	Level 2 and level 3	Option pricing model	The Black Scholes model is used.	Strike price of the option, market related discount rate, forward rate, and cap and floor volatility	Volatilities
Futures contracts	Level 2	Discounted cash flows	The future cash flows are discounted using a market-related interest rate. Projected cash flows are obtained by subtracting the strike price of the forward contract from the market projected forward value.	Market interest rates and curves	Not applicable
Swaps	Level 2	Discounted cash flows	The future cash flows are projected using a forward curve and then discounted using a market-related discount curve over the contractual period. The reset date of each swaplet is determined in terms of legal documents pertaining to the swap.	Market interest rates and curves	Not applicable
Forward rate agreements	Level 2	Discounted cash flows	The future cash flows are projected using a forward curve and then discounted using a market related discount curve over the contractual period. The reset date is determined in terms of legal documents.	Market interest rates and curves	Not applicable
Forward contracts	Level 2	Discounted cash flows	The future cash flows are projected using a forward curve and then discounted using a market-related discount curve over the contractual period. Projected cash flows are obtained by subtracting the strike price of the forward contract from the market projected forward value.	Market interest rates and curves	Not applicable
Credit derivatives	Level 2 and level 3	Discounted cash flows	The future cash flows are discounted using a market-related interest rate. Where prices are obtainable from the market, individual credit spreads are used.	Market interest rates and curves	Credit inputs
Commodity derivatives	Level 2	Discounted cash flows	Commodity linked instruments are measured by taking into account the price, the location differential, grade differential, silo differential and the discount factor of the most liquidly traded futures linked to the commodity.	Futures prices	Not applicable
Derivative financial instruments					

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs of level 3 items
Equity derivatives	Level 2 and level 3	Industry standard models	The models calculate fair value based on input parameters such as stock prices, dividends, volatilities, interest rates, equity repo curves and, for multi-asset products, correlations. Unobservable model inputs are determined by reference to liquid market instruments and applying extrapolation techniques to match the appropriate risk profile.	Market interest rates and curves	Volatilities
Loans and advances to customers					
Investment banking book*	Level 3	Discounted cash flows	The future cash flows are discounted using a market related interest rate. To calculate the fair value of credit the Group uses a valuation methodology based on the credit spread matrix, which considers loss given default, tenor and the internal credit committee rating criteria. The fair value measurement includes the original credit spread and is repriced when there is a change in rating of the counterparty. A decline in credit rating would result in an increase in the spread above the base rate for discounting purposes and consequently a reduction of the fair value of the advance.	Market interest rates and curves	Credit inputs
Other loans and advances	Level 2 and level 3	Discounted cash flows	The future cash flows are discounted using a market related interest rate adjusted for credit inputs, over the contractual period.	Market interest rates and curves	Credit inputs
Investment securities and other investments					
Equities/bonds listed in an inactive market	Level 2	Discounted cash flows	For listed equities and bonds, the listed price is used where the market is active (i.e. level 1). However if the market is not active and the listed price is not representative of fair value, these are classified as level 2 and a valuation technique is used, for example the discounted cash flow is used for listed bonds. This will be based on risk parameters of comparable securities and the potential pricing difference in spread and/or price terms with the traded comparable is considered. The future cash flows are discounted using a market-related interest rate.	Market interest rates and curves	Not applicable
Unlisted bonds	Level 2 and level 3	Discounted cash flows	Unlisted bonds are valued similarly to advances measured at fair value. The future cash flows are discounted using a market related interest rate adjusted for credit inputs, over the contractual period.	Market interest rates and curves	Credit inputs

* The Group has elected to designate the investment banking book of advances at fair value through profit or loss. Credit risk is not observable and has a significant impact on the fair value measurement of these advances and as such, these advances are classified as level 3 on the fair value hierarchy.

Investment securities and other investments					
Unlisted equities	Level 2 and level 3	Price earnings (P/E) model	For unlisted equities, the earnings included in the model are derived from a combination of historical and budgeted earnings depending on the specific circumstances of the entity whose equity is being valued. The P/E multiple is derived from current market observations taking into account an appropriate discount for unlisted companies. The valuation of these instruments may be corroborated by a discounted cash flow valuation or by the observation of other market transactions that have taken place.	Market transactions	Growth rates and P/E ratios
Negotiable certificates of deposit	Level 2	Discounted cash flows	Future cash flows are discounted using a market-related interest rate. Inputs to these models include information that is consistent with similar market quoted instruments, where available.	Market interest rates and curves	Not applicable
Treasury bills	Level 2	BESA bond pricing model	The BESA bond pricing model uses the BESA mark-to-market bond yield.	Market interest rates and curves	Not applicable

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs of level 3 items
Non-recourse investments	Level 2	Discounted cash flows	Future cash flows are discounted using a discount rate which is determined as a base rate plus a spread. The base rate is determined by the legal agreements as either a bond or swap curve. The spread approximates the level of risk attached to the cash flows. When there is a change in the base rate in the market, the valuation is adjusted accordingly. The valuation model is calibrated to reflect transaction price at initial recognition.	Market interest rates and curves	Not applicable
Deposits					
Call and non-term deposits	Level 2	None - the undiscounted amount is used	The undiscounted amount of the deposit is the fair value due to the short term nature of the instruments. These deposits are financial liabilities with a demand feature and the fair value is not less than the amount payable on demand i.e. the undiscounted amount of the deposit.	None - the undiscounted amount approximates fair value and no valuation is performed	Not applicable
Non-recourse deposits	Level 2	Discounted cash flows	Fair value for interest rate and foreign exchange risk with no valuation adjustment for own credit risk. Valuation adjustments are affected for changes in the applicable credit ratings of the assets.	Market interest rates and foreign exchange rates, and credit inputs	Not applicable
Deposits					
Deposits that represent collateral on credit linked notes	Level 3	Discounted cash flows	These deposits represent the collateral leg of credit linked notes. The forward curve adjusted for liquidity premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates and curves	Credit inputs on related advance
Other deposits	Level 2 and level 3	Discounted cash flows	The forward curve adjusted for liquidity premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates and curves	Credit inputs
Other liabilities and Tier 2 liabilities	Level 2	Discounted cash flows	Future cash flows are discounted using a market-related interest rate.	Market interest rates and curves	Not applicable
Financial assets and liabilities not measured at fair value but for which fair value is disclosed	Level 2 and level 3	Discounted cash flows	Future cash flows are discounted using a market-related interest rate and curves adjusted for credit inputs.	Market interest rates and curves	Credit inputs

During the current reporting period there were no changes in the valuation techniques used by the Group.

The following table presents the fair value measurements and fair value hierarchy of financial assets and liabilities of the Group recognised at fair value:

	As at 31 December 2013			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Derivative financial instruments	8	44 079	134	44 221
Advances*	-	34 649	129 686	164 335
Investment securities and other investments	60 162	41 555	5 020	106 737
Non-recourse investments	-	19 696	-	19 696
Total financial assets measured at fair value	60 170	139 979	134 840	334 989
Liabilities				
Short trading positions	5 532	-	-	5 532
Derivative financial instruments	24	48 801	11	48 836
Deposits	6	85 342	1 017	86 365
Non-recourse deposits	-	19 696	-	19 696
Other liabilities	-	171	-	171
Tier 2 liabilities	-	1 041	-	1 041
Total financial liabilities measured at fair value	5 562	155 051	1 028	161 641

* Although the fair value of credit is not significant year-on-year it may become significant in future. For this reason, together with the fact that the majority of South African counterparties do not have actively traded or observable credit spreads, the Group has classified loans and advances to customers in level 3 of the fair value hierarchy. In the event that credit spreads are observable for a counterparty, loans and advances to customers are classified as level 2 of the fair value hierarchy.

There were no transfers of financial instruments between level 1 and level 2 during the current reporting period.

Additional disclosures for Level 3 financial instruments

Changes in level 3 financial instruments

The following tables show a reconciliation of the opening and closing balances for financial assets and liabilities classified as level 3 in terms of the fair value hierarchy.

	As at 31 December 2013								
R million	Fair value on 30 June 2013	Gains/ losses recog- nised in profit or loss	Gains/ losses recog- nised in other compre- hensive income	Pur- chases, sales, issues and settle- ments	Acqui- sitions/ disposals of sub- sidiaries	Transfers into level 3	Transfer out of level 3	Exchange rate differ- ences	Fair value on 31 Dec 2013
Assets									
Derivative financial instruments	110	20	-	(4)	-	8	-	-	134
Advances	116 749	1 818	-	10 708	-	-	-	411	129 686
Investment securities and other investments	5 330	70	54	(433)	3	-	(14)	10	5 020
Total financial assets measured at fair value in level 3	122 189	1 908	54	10 271	3	8	(14)	421	134 840
Liabilities									
Derivative financial instruments	-	1	-	-	-	10	-	-	11
Deposits	1 517	196	-	(727)	-	19	-	12	1 017
Total financial liabilities measured at fair value in level 3	1 517	197	-	(727)	-	29	-	12	1 028

Note: Decreases in the value of level 3 assets and liabilities are indicated with brackets. Decreases in the value of assets may be as a result of losses, sales and settlements or the disposal of subsidiaries. Decreases in the value of liabilities may be as a result of gains, settlements or the disposal of subsidiaries.

During the current reporting period derivative financial instruments and deposits to the value of R37 million were transferred out of level 2 into level 3. This transfer was as a result of certain unobservable inputs becoming significant to the calculation of fair value in current reporting periods. Investment securities to the value of R14 million were transferred out of level 3 and into level 1. The transfer into level 1 was as a result of these investment securities becoming listed on an exchange in an active market during the current period.

Unrealised gains or losses on level 3 financial instruments

The Group classifies financial assets or liabilities in level 3 of the fair value hierarchy when the significant inputs into the valuation model are not observable. In addition the valuation model for level 3 financial assets or liabilities typically also relies on a number of inputs that are readily observable either directly or indirectly. Thus, the gains and losses presented below include changes in the fair value related to both observable and unobservable inputs.

The table below presents the total gains/losses relating to fair value remeasurement of financial assets and liabilities classified in level 3 that are still held at reporting date. With the exception of interest on funding instruments and available-for-sale financial assets, all of the gains or losses are recognised in non-interest income.

	As at 31 December 2013		
R million	Gains/losses recognised in the income statement	Gains/losses recognised in other compre- hensive income	Total gains/losses
Assets			
Derivative financial instruments	25	-	25
Advances*	1 320	-	1 320
Investment securities and other investments	131	16	147
Total	1 476	16	1 492

Liabilities			
Derivative financial instruments	10	-	10
Deposits	157	-	157
Total	167	-	167

* Amount mainly comprises of accrued interest on the fair value loans and advances and movements in interest rates that have been hedged.

Note: Decreases in the value of level 3 assets and liabilities are indicated with brackets. Decreases in the value of assets may be as a result of losses recognised in profit or loss and other comprehensive income. Decreases in the value of liabilities may be as a result of gains recognised in profit or loss.

Effect of changes in significant unobservable assumptions of level 3 financial instruments to reasonably possible alternatives

As described, the fair value of financial assets and liabilities that are classified in level 3 of the fair value hierarchy is determined using valuation techniques that make use of significant inputs that are not based on observable market data. These fair values could be sensitive to changes in the assumptions used to derive the inputs. The table below illustrates the sensitivity of the significant inputs when they are changed to reasonably possible alternative inputs:

		As at 31 December 2013			
				Reasonably possible alternative fair value	
R million	Significant unobservable inputs	Reasonably possible changes to significant unobservable inputs	Fair value	Using more positive assumptions	Using more negative assumptions
Assets					
Derivative financial instruments	Volatilities	Volatilities are increased and decreased by 10%	134	190	113
Advances	Credit	Credit migration matrix*	129 686	131 127	127 820
Investment securities and other investments	Growth rates and P/E ratios of unlisted investments	Unobservable inputs are increased and decreased by 10%	5 020	5 572	4 394
Total financial assets measured at fair value in level 3			134 840	136 889	132 327
Liabilities					
Derivative financial instruments	Volatilities	Volatilities are increased and decreased by 10%	11	11	11
Deposits	Credit risk of the cash collateral leg of credit linked notes	Credit migration matrix**	1 017	916	1 117
Total financial liabilities measured at fair value in level 3			1 028	927	1 128

* The credit migration matrix is used as part of the Group's credit risk management process for advances measured at fair value through profit or loss. The matrix is a simulation model that contains a matrix of probabilities for downgrading or upgrading to another rating bucket. The migration matrix is based on actual observed rating migrations from S&P over the long term and is based on the fair value in the 75^{th} percentile.

** The deposits included in level 3 of the hierarchy represent the collateral leg of credit linked notes. The most significant unobservable input in determining fair value of the credit linked notes is the credit risk component. The sensitivity to credit risk has been assessed in the same way as for advances using the credit migration matrix with the deposit representing the cash collateral component thereof.

Other fair value measurements

The following represents the fair values of financial instruments not carried at fair value on the statement of financial position, for which fair value is required to be disclosed:

	As at 31 December 2013	
R million	Carrying amount	Fair value
Assets		
Advances	471 108	467 257
Investment securities and other investments	848	848
Total financial assets at amortised cost	471 956	468 105
Liabilities		
Deposits	620 970	622 027
Other liabilities	4 412	4 260
Tier 2 liabilities	7 086	7 162
Total financial liabilities at amortised cost	632 468	633 449

For all other financial instruments the carrying value is equal to or a reasonable approximation of the fair value.

Day 1 profit or loss

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the entry or exit price) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. Day 1 profit or loss arises on the initial recognition of a financial instrument when the fair value of the instrument is determined using a valuation technique that makes use of inputs that are not observable in an active market. In terms of IAS 39 if the fair value determined in accordance with such a valuation technique differs from the transaction price the initial recognition should take place at the transaction price. The day 1 profits or losses arising as a result of the difference between the two values should only be recognised over the life of the instrument as a result of changes that would also be considered by market participants.

The following table represents the aggregate difference between transaction price and fair value based on a valuation technique yet to be recognised in profit or loss:

R million	2013
Balance at 1 July	28
Day 1 profits or losses not recognised on financial instruments initially recognised in the current reporting period	-
Amount recognised in profit or loss as a result of changes which would be observable by market participants	(4)
Balance at 31 December	24

FINANCIAL INSTRUMENTS SUBJECT TO OFFSETTING, MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

In accordance with IAS 32, the Group offsets financial assets and financial liabilities and presents the net amount in the statement of financial position only if there is both a legally enforceable right to offset and there is an intention to settle the amounts on a net basis or to realise the asset and settle the liability simultaneously. Financial assets and financial liabilities subject to master netting arrangements (MNA) or similar agreements are not offset if the right to offset under these agreements is only enforceable in the event of default, insolvency or bankruptcy.

The tables below include information about financial assets and financial liabilities that are offset and the net amount presented in the Group's statement of financial position in accordance with the requirements of IAS 32; and subject to enforceable MNA or similar agreements where the amounts have not been offset because one or both of the requirements of IAS 32 are not met or the amounts relate to financial collateral (cash or non-cash) that mitigates credit risk.

	As at 31 December 2013 Financial instruments subject to offsetting agreements, master netting agreement and similar agreements Amounts where offsetting is applied			As at 31 December 2013 Financial instruments subject to offsetting agreements, master netting agreement and similar agreements Amounts where offsetting is not applied				
R million	Gross amount	Amounts set off	Net amount reported in the statement of financial position*	Financial instruments subject to MNA and similar agreements	Financial collateral**	Net amount	Financial instruments not subject to set off or MNA	Total statement of financial position#
Assets								
Derivatives	46 943	6 819	40 124	33 522	2 398	4 204	4 097	44 221
Reverse repurchase, securities borrowing and similar arrangements	31 606	7 627	23 979	1 351	22 628	-	12 620	36 599
Other advances	3 045	3 045	-	-	-	-	598 844	598 844
Total	81 594	17 491	64 103	34 873	25 026	4 204	615 561	679 644
Liabilities								
Derivatives	51 005	6 819	44 186	33 522	934	9 730	4 650	48 836
Repurchase, securities lending and similar arrangements	35 731	7 627	28 103	1 351	26 752	-	10 446	38 549
Other deposits	3 423	3 045	379	-	-	379	688 104	688 483
Total	90 159	17 491	72 668	34 873	27 686	10 109	703 200	775 868

* The net amount reported on the statement of financial position represents the net amount of financial assets and financial liabilities where offsetting has been applied in terms of IAS 32 and financial instruments that are subject to MNA and similar agreements but no offsetting has been applied.

** The financial collateral is limited to the net statement of financial position exposure in line with the requirements of IFRS 7 and excludes the effect of any over-collateralisation. The amount of collateral included in the table for IFRS 7 disclosure purposes has been determined at a business unit level. If these limits were determined on a Group-wide level, the amount of collateral included in this table could increase.

The total amount reported on the statement of financial position is the sum of the net amount and the amount of financial instruments not subject to set off or MNA.

R million	As at 31 December 2012 Financial instruments subject to offsetting agreements, master netting agreement and similar agreements Amounts where offsetting is applied			As at 31 December 2012 Financial instruments subject to offsetting agreements, master netting agreement and similar agreements Amounts where offsetting is not applied				
	Gross amount	Amounts set off	Net amount reported in the statement of financial position*	Financial instruments subject to MNA and similar agreements	Financial collateral**	Net amount	Financial instruments not subject to set off or MNA	Total statement of financial position#
Assets								
Derivatives	62 756	11 040	51 716	45 349	1 240	5 127	4 535	56 251
Reverse repurchase, securities borrowing and similar arrangements	46 121	12 335	33 786	1 955	31 831	-	10 419	44 205
Other advances	3 427	3 427	-	-	-	-	521 244	521 244
Total	112 304	26 802	85 502	47 304	33 071	5 127	536 198	621 700
Liabilities								
Derivatives	66 992	11 040	55 952	45 349	2 891	7 712	2 332	58 284
Repurchase, securities lending and similar arrangements	38 717	12 335	26 382	1 955	24 427	-	6 583	32 965
Other deposits	3 980	3 427	553	-	-	553	617 857	618 410
Total	109 689	26 802	82 887	47 304	27 318	8 265	626 772	709 659

* The net amount reported on the statement of financial position represents the net amount of financial assets and financial liabilities where offsetting has been applied in terms of IAS 32 and financial instruments that are subject to MNA and similar agreements but no offsetting has been applied.

** The financial collateral is limited to the net statement of financial position exposure in line with the requirements of IFRS 7 and excludes the effect of any over-collateralisation. The amount of collateral included in the table for IFRS 7 disclosure purposes has been determined at a business unit level. If these limits were determined on a Group-wide level, the amount of collateral included in this table could increase.

\# The total amount reported on the statement of financial position is the sum of the net amount and the amount of financial instruments not subject to set off or MNA.

R million	Gross amount	Amounts set off	Net amount reported in the statement of financial position*	Financial instruments subject to MNA and similar agreements	Financial collateral**	Net amount	Financial instruments not subject to set off or MNA	Total statement of financial position#
	As at 30 June 2013 Financial instruments subject to offsetting agreements, master netting agreement and similar agreements Amounts where offsetting is applied			As at 30 June 2013 Financial instruments subject to offsetting agreements, master netting agreement and similar agreements Amounts where offsetting is not applied				
Assets								
Derivatives	56 216	8 179	48 037	39 543	3 029	5 465	4 240	52 277
Reverse repurchase, securities borrowing and similar arrangements	46 379	10 098	36 281	1 179	35 102	-	4 281	40 562
Other advances	2 861	2 861	-	-	-	-	560 503	560 503
Total	105 456	21 138	84 318	40 722	38 131	5 465	569 024	653 342
Liabilities								
Derivatives	57 689	8 179	49 510	39 543	726	9 241	3 498	53 008
Repurchase, securities lending and similar arrangements	40 311	10 098	30 213	1 179	29 034	-	7 560	37 773
Other deposits	3 294	2 861	433	-	-	433	658 829	659 262
Total	101 294	21 138	80 156	40 722	29 760	9 674	669 887	750 043

* The net amount reported on the statement of financial position represents the net amount of financial assets and financial liabilities where offsetting has been applied in terms of IAS 32 and financial instruments that are subject to MNA and similar agreements but no offsetting has been applied.

** The financial collateral included in the table above is limited to the net statement of financial position exposure in line with the requirements of IFRS 7 and excludes the effect of any over-collateralisation. The amount of collateral included in the table for IFRS 7 disclosure purposes has been determined at a business unit level. If these limits were determined on a Group-wide level, the amount of collateral included in this table could increase.

\# The total amount reported on the statement of financial position is the sum of the net amount and the amount of financial instruments not subject to set off or MNA.

Details of the offsetting and collateral arrangements

Derivative assets and liabilities

The Group's derivative transactions that are not transacted on an exchange are entered into under International Derivatives Swaps and Dealers Association (ISDA) master netting agreements. Generally, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example, when a credit event such as default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions (close-out netting).

The Group only offsets derivative financial assets and financial liabilities with a counterparty under ISDA agreements where the amounts are due on a single day and in the same currency. The Group's intention to settle these transactions on a net basis is evidenced by a past practice of settling similar transactions on a net basis. The remaining financial assets and financial liabilities (where amounts are not due on a single day and in the same currency) transacted under an ISDA agreement do not meet the IAS 32 requirements for offsetting. This is because a right of set off is created that is only enforceable in the event of default, insolvency or bankruptcy of the Group or the counterparties. These amounts are, however, included in the table above under the financial instruments subject to MNA and similar agreements column.

To mitigate credit risk financial collateral (mostly cash) is also obtained, often daily, for the net exposure between counterparties.

Repurchase, reverse repurchase and securities borrowing and lending transactions

The Group's repurchase, reverse repurchase and securities borrowing and lending transactions are covered by master agreements with netting terms similar to those of the ISDA master netting agreements. These financial assets and financial liabilities with the same counterparty are only set off in the statement of financial position if they are due on a single day, denominated in the same currency and the Group has the intention to settle these amounts on a net basis.

The Group receives and accepts collateral for these transactions in the form of cash and other investments and investment securities.

Other advances and deposits

The advances and deposits that are offset relate to transactions where the Group has a legally enforceable right to offset the amounts and the Group has the intention to settle the net amount.

RESTATEMENT OF PRIOR YEAR NUMBERS

Description of restatements
IFRS 10, IFRS 11, IFRS 12, IAS 27R and IAS 28R

Under IFRS 10 there is one approach for determining consolidation of all entities based on concepts of power, variability of returns and linkage. The application of control will be applied irrespective of the nature of the investee. The Group has control over an investee when the Group is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 11 places more focus on the investors' rights and obligations than on the structure of the arrangement when determining whether a joint arrangement exists.

IFRS 12 is a comprehensive standard on disclosure requirements for all forms of interests in other entities, including unconsolidated structured entities. The standard impacts disclosure only and has no impact on recognition and measurement.

The adoption of IFRS 10 and 11 resulted in the following:

- Reclassification of a number of entities between associates and joint ventures. As it has always been the Group's policy to account for joint ventures in accordance with the equity accounting method, reclassification did not result in a change in measurement.

- A number of structured entities no longer meet the control criteria in terms of IFRS 10 and consequently are no longer consolidated.

- An investment previously classified as an associate was considered to be controlled under IFRS 10.

- Insurance cell captives do not meet the definition of asset silos in terms of IFRS 10 and do not qualify for consolidation. The cell captives are now treated as profit share arrangements and the income arising from the arrangements is included in other non-interest revenue and the unsettled income in accounts receivable. Certain insurance contracts of the cells are now considered to be plan assets in terms of IAS 19.

IAS 19

Amendments to IAS 19 require that all actuarial gains and losses in respect of defined benefit post-employment plans are recognised in other comprehensive income. In addition, the standard no longer requires the expected return on plan assets to be recognised in profit or loss, rather a net interest income/expense be recognised on the net asset or liability. All other remeasurements relating to plan assets are also recognised in other comprehensive income.

Loans to associates

In accordance with IAS 28, the Group's net investment in associates and joint ventures includes loans for which settlement is neither planned nor likely in the foreseeable future. The Group historically included these loans as part of investment in associates and joint ventures and reflected these on the statement of financial position.

Given the underlying debt nature of these loans and developing industry practice, the Group has decided to present these as advances. The loans will continue to form part of the Group's net investment in associates or joint ventures for purposes of determining the share of losses of the investee attributable to the Group and for impairment.

The change in presentation had no impact on the net asset value of the Group, only on the classification of items on the statement of financial position.

RESTATED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2012 - IFRS

R million	As previously reported	IFRS 10 and 11	IAS 19	Reclass-ification of loans to associates	Restated
Net interest income before impairment of advances	12 376	30	-	2	12 408
Impairment of advances	(2 259)	-	-	9	(2 250)
Net interest income after impairment of advances	10 117	30	-	11	10 158
Non-interest income	15 735	(498)	-	-	15 237
Income from operations	25 852	(468)	-	11	25 395
Operating expenses	(15 652)	303	7	(11)	(15 353)
Net income from operations	10 200	(165)	7	-	10 042
Share of profit of associates and joint ventures after tax	298	(5)	-	-	293
Income before tax	10 498	(170)	7	-	10 335
Indirect tax	(462)	-	-	-	(462)
Profit before tax	10 036	(170)	7	-	9 873
Income tax expense	(2 462)	207	-	-	(2 255)
Profit for the period	7 574	37	7	-	7 618
Attributable to:					
Ordinary equityholders	7 019	79	7	-	7 105
NCNR preference shareholders	150	-	-	-	150
Equityholders of the Group	7 169	79	7	-	7 255
Non-controlling interests	405	(42)	-	-	363
Profit for the period	7 574	37	7	-	7 618

RESTATED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012 - IFRS

R million	As previously reported	IFRS 10 and 11	IAS 19	Reclass-ification of loans to associates	Restated
Profit for the period	7 574	37	7	-	7 618
Items that may subsequently be reclassified to profit or loss					
Cash flow hedges	(89)	-	-	-	(89)
Losses arising during the period	(453)	-	-	-	(453)
Reclassification adjustments for amounts included in profit or loss	329	-	-	-	329
Deferred income tax	35	-	-	-	35
Available-for-sale financial assets	445	(14)	-	-	431
Gains arising during the period	579	(14)	-	-	565
Reclassification adjustments for amounts included in profit or loss	(1)	-	-	-	(1)
Deferred income tax	(133)	-	-		(133)
Exchange differences on translating foreign operations	323	(8)	-	-	315
Gains arising during the period	323	(8)	-	-	315
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interests	24	-	-	-	24
Items that may not be reclassified to profit or loss					
Actuarial losses on defined benefit pension plans	-	-	(22)	-	(22)
Losses arising during the period	-	-	(32)	-	(32)
Deferred income tax relating to items that will not be reclassified	-	-	10	-	10
Other comprehensive income for the period	703	(22)	(22)	-	659
Total comprehensive income for the period	8 277	15	(15)	-	8 277
Attributable to:					
Ordinary equityholders	7 703	60	(15)	-	7 748
NCNR preference shareholders	150	-	-	-	150
Equityholders of the Group	7 853	60	(15)	-	7 898
Non-controlling interests	424	(45)	-	-	379
Total comprehensive income for the period	8 277	15	(15)	-	8 277

RESTATED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2012 - IFRS

R million	As previously reported	IFRS 10 and 11	IAS 19	Reclass-ification of loans to associates	Restated
ASSETS					
Cash and cash equivalents	52 695	(1 125)	-	-	51 570
Derivative financial instruments	56 502	(251)	-	-	56 251
Commodities	8 003	-	-	-	8 003
Accounts receivable	6 400	385	-	(30)	6 755
Current tax asset	606	(4)	-	-	602
Advances	563 038	592	-	1 819	565 449
Investment securities and other investments	113 944	(3 071)	-	-	110 873
Investments in associates and joint ventures	7 040	1	-	(1 789)	5 252
Property and equipment	13 207	(687)	-	-	12 520
Intangible assets	1 557	-	-	-	1 557
Reinsurance assets	846	-	-	-	846
Post-employment benefit asset	8	-	(8)	-	-
Investment properties	452	-	-	-	452
Deferred income tax asset	524	(169)	-	-	355
Non-current assets and disposal groups held for sale	505	-	-	-	505
Total assets	825 327	(4 329)	(8)	-	820 990
EQUITY AND LIABILITIES					
Liabilities					
Short trading positions	9 219	-	-	-	9 219
Derivative financial instruments	58 284	-	-	-	58 284
Creditors and accruals	8 788	(55)	-	-	8 733
Current tax liability	289	(54)	-	-	235
Deposits	651 349	26	-	-	651 375
Provisions	584	-	-	-	584
Employee liabilities	6 671	(2 591)	557	-	4 637
Other liabilities	5 401	(579)	-	-	4 822
Policyholder liabilities under insurance contracts	1 543	(436)	-	-	1 107
Deferred income tax liability	1 498	(318)	-	-	1 180
Tier 2 liabilities	8 120	-	-	-	8 120
Liabilities directly associated with disposal groups held for sale	83	-	-	-	83
Total liabilities	751 829	(4 007)	557	-	748 379
Equity					
Ordinary shares	55	-	-	-	55
Share premium	5 387	214	-	-	5 601
Reserves	60 832	(427)	(565)	-	59 840
Capital and reserves attributable to ordinary equityholders	66 274	(213)	(565)	-	65 496
NCNR preference shareholders	4 519	-	-	-	4 519
Capital and reserves attributable to equityholders of the Group	70 793	(213)	(565)	-	70 015
Non-controlling interests	2 705	(109)	-	-	2 596
Total equity	73 498	(322)	(565)	-	72 611
Total equity and liabilities	825 327	(4 329)	(8)	-	820 990

RESTATED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2013 - IFRS

R million	As previously reported	IFRS 10 and 11	IAS 19	Reclass-ification of loans to associates	Restated
Net interest income before impairment of advances	24 715	54	-	-	24 769
Impairment of advances	(4 812)	20	-	(15)	(4 807)
Net interest income after impairment of advances	19 903	74	-	(15)	19 962
Non-interest income	31 614	(880)	-	-	30 734
Income from operations	51 517	(806)	-	(15)	50 696
Operating expenses	(31 486)	667	15	-	(30 804)
Net income from operations	20 031	(139)	15	(15)	19 892
Share of profit of associates and joint ventures after tax	824	(15)	-	15	824
Income before tax	20 855	(154)	15	-	20 716
Indirect tax	(645)	-	-	-	(645)
Profit before tax	20 210	(154)	15	-	20 071
Income tax expense	(4 532)	415	-	-	(4 117)
Profit for the year	15 678	261	15	-	15 954

Attributable to:					
Ordinary equityholders	14 539	231	15	-	14 785
NCNR preference shareholders	297	-	-	-	297
Equityholders of the Group	14 836	231	15	-	15 082
Non-controlling interests	842	30	-	-	872
Profit for the year	15 678	261	15	-	15 954

RESTATED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013 - IFRS

R million	As previously reported	IFRS 10 and 11	IAS 19	Reclass-ification of loans to associates	Restated
Profit for the year	15 678	261	15	-	15 954
Items that may subsequently be reclassified to profit or loss					
Cash flow hedges	853	-	-	-	853
Gains arising during the year	417	-	-	-	417
Reclassification adjustments for amounts included in profit or loss	768	-	-	-	768
Deferred income tax	(332)	-	-	-	(332)
Available-for-sale financial assets	(89)	(15)	-	-	(104)
Losses arising during the year	(102)	(15)	-	-	(117)
Reclassification adjustments for amounts included in profit or loss	(33)	-	-	-	(33)
Deferred income tax	46	-	-	-	46
Exchange differences on translating foreign operations	990	8	-	-	998
Gains arising during the year	990	8	-	-	998
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interests	129	-	-	-	129
Items that may not be reclassified to profit or loss					
Actuarial gains on defined benefit pension plans	-	-	22		22
Gains arising during the year	-	-	30		30
Deferred income tax relating to items that will not be reclassified	-	-	(8)		(8)
Other comprehensive income for the year	1 883	(7)	22	-	1 898
Total comprehensive income for the year	17 561	254	37	-	17 852
Attributable to:					
Ordinary equityholders	16 358	230	37	-	16 625
NCNR preference shareholders	297	-	-	-	297
Equityholders of the Group	16 655	230	37	-	16 922
Non-controlling interests	906	24	-	-	930
Total comprehensive income for the year	17 561	254	37	-	17 852

RESTATED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013 - IFRS

R million	As previously reported	IFRS 10 and 11	IAS 19	Reclass-ification of loans to associates	Restated
ASSETS					
Cash and cash equivalents	49 620	(1 055)	-	-	48 565
Derivative financial instruments	52 316	(39)	-	-	52 277
Commodities	6 016	-	-	-	6 016
Accounts receivable	7 471	333	-	-	7 804
Current tax asset	275	(9)	-	-	266
Advances	598 975	488	-	1 602	601 065
Investment securities and other investments	131 293	(2 905)	-	-	128 388
Investments in associates and joint ventures	6 992	6	-	(1 602)	5 396
Property and equipment	14 058	(605)	-	-	13 453
Intangible assets	1 169	-	-	-	1 169
Reinsurance assets	394	-	-	-	394
Post-employment benefit asset	13	-	(13)	-	-
Investment properties	459	-	-	-	459
Deferred income tax asset	598	(138)	-	-	460
Non-current assets and disposal groups held for sale	20	-	-	-	20
Total assets	869 669	(3 924)	(13)	-	865 732
EQUITY AND LIABILITIES					
Liabilities					

Short trading positions	2 991	-	-	-	2 991
Derivative financial instruments	53 013	(5)	-	-	53 008
Creditors and accruals	11 155	(76)	-	-	11 079
Current tax liability	553	(40)	-	-	513
Deposits	697 005	30	-	-	697 035
Provisions	600	-	-	-	600
Employee liabilities	8 092	(2 546)	311	-	5 857
Other liabilities	6 669	(568)	-	-	6 101
Policyholder liabilities under insurance contracts	1 112	(466)	-	-	646
Deferred income tax liability	735	18	-	-	753
Tier 2 liabilities	8 116	-	-	-	8 116
Total liabilities	790 041	(3 653)	311	-	786 699
Equity					
Ordinary shares	55	-	-	-	55
Share premium	5 397	212	-	-	5 609
Reserves	66 733	(455)	(324)	-	65 954
Capital and reserves attributable to ordinary equityholders	72 185	(243)	(324)	-	71 618
NCNR preference shareholders	4 519	-	-	-	4 519
Capital and reserves attributable to equityholders of the Group	76 704	(243)	(324)	-	76 137
Non-controlling interests	2 924	(28)	-	-	2 896
Total equity	79 628	(271)	(324)	-	79 033
Total equity and liabilities	869 669	(3 924)	(13)	-	865 732

RESTATED RECONCILIATION OF IFRS CONDENSED CONSOLIDATED INCOME STATEMENT TO NORMALISED FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

			Normalised adjustments					
R million	As reported	IFRS adjust-ments	Treasury shares	IAS 19 adjust-ments	Impair-ment	Private equity subsidiary reali-sations	HEPS adjust-ments	As restated
Net interest income before impairment of advances	13 606	32	(9)	-	-	-	-	13 629
Impairment of advances	(2 518)	9	-	-	-	-	-	(2 509)
Net interest income after impairment of advances	11 088	41	(9)	-	-	-	-	11 120
Non-interest income	14 237	(498)	4	-	-	7	(13)	13 737
Income from operations	25 325	(457)	(5)	-	-	7	(13)	24 857
Operating expenses	(15 120)	299	-	(78)	248	-	8	(14 643)
Net income from operations	10 205	(158)	(5)	(78)	248	7	(5)	10 214
Share of profit of associates and joint ventures after tax	289	(5)	-	-	-	-	-	284
Income before tax	10 494	(163)	(5)	(78)	248	7	(5)	10 498
Indirect tax	(462)	-	-	-	-	-	-	(462)
Profit before tax	10 032	(163)	(5)	(78)	248	7	(5)	10 036
Income tax expense	(2 442)	207	-	22	(69)	-	-	(2 282)
Profit for the period	7 590	44	(5)	(56)	179	7	(5)	7 754
Attributable to:								
Non-controlling interests	(405)	42	-	-	-	-	2	(361)
NCNR preference shareholders	(150)	-	-	-	-	-	-	(150)
Ordinary equityholders of the Group	7 035	86	(5)	(56)	179	7	(3)	7 243
Headline and normalised earnings adjustments	183	-	-	-	(179)	(7)	3	-
Normalised earnings	7 218	86	(5)	(56)	-	-	-	7 243

RESTATED RECONCILIATION OF IFRS CONDENSED CONSOLIDATED INCOME STATEMENT TO NORMALISED FOR THE YEAR ENDED 30 JUNE 2013

			Normalised adjustments				
R million	As reported	IFRS adjust-ments	Treasury shares	IAS 19 adjust-ments	Private equity subsidiary reali-sations	HEPS adjust-ments	As restated
Net interest income before impairment of advances	28 064	54	(18)	-	-	-	28 100
Impairment of advances	(5 705)	5	-	-	-	-	(5 700)
Net interest income after impairment of advances	22 359	59	(18)	-	-	-	22 400
Non-interest income	28 244	(880)	12	-	42	(153)	27 265

Income from operations	50 603	(821)	(6)	-	42	(153)	49 665
Operating expenses	(29 645)	682	-	(153)	-	52	(29 064)
Net income from operations	20 958	(139)	(6)	(153)	42	(101)	20 601
Share of profit of associates and joint ventures after tax	817	-	-	-	-	(14)	803
Income before tax	21 775	(139)	(6)	(153)	42	(115)	21 404
Indirect tax	(645)	-	-	-	-	-	(645)
Profit before tax	21 130	(139)	(6)	(153)	42	(115)	20 759
Income tax expense	(4 682)	415	-	43	-	34	(4 190)
Profit for the year	16 448	276	(6)	(110)	42	(81)	16 569
Attributable to:							
Non-controlling interests	(842)	(30)	-	-	-	20	(852)
NCNR preference shareholders	(297)	-	-	-	-	-	(297)
Ordinary equityholders of the Group	15 309	246	(6)	(110)	42	(61)	15 420
Headline and normalised earnings adjustment	14	(33)	-	-	(42)	61	-
Normalised earnings	15 323	213	(6)	(110)	-	-	15 420

CONTINGENCIES AND COMMITMENTS

	As at 31 December			As at 30 June
R million	2013	2012	% change	2013
Contingencies				
Guarantees	33 463	22 363	50	30 137
Acceptances	278	285	(2)	270
Letters of credit	7 703	8 688	(11)	8 925
Total contingencies	41 444	31 336	32	39 332
Capital commitments				
Contracted capital commitments	1 653	1 496	10	1 585
Capital expenditure authorised not yet contracted	988	1 390	(29)	1 902
Total capital commitments	2 641	2 886	(8)	3 487
Other commitments				
Irrevocable commitments	81 411	73 059	11	78 783
Operating lease and other commitments	3 099	3 225	(4)	3 113
Total other commitments	84 510	76 284	11	81 896
Total contingencies and commitments	128 595	110 506	16	124 715

Company information

Directors

LL Dippenaar (Chairman), SE Nxasana (Chief executive officer), VW Bartlett, JJH Bester, MS Bomela, JP Burger (Deputy chief executive officer), P Cooper (alternate), L Crouse, JJ Durand, GG Gelink, PM Goss, NN Gwagwa, PK Harris, WR Jardine, HS Kellan (Financial director), EG Matenge-Sebesho, AT Nzimande, D Premnarayen (India), KB Schoeman, BJ van der Ross, JH van Greuning

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Sandton 2196

Namibian sponsor
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Klein Windhoek
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Sandton

4 March 2014

Sponsor

Rand Merchant Bank
(a division of FirstRand Bank Limited)