circular

FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

FIRSTRAND

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FIRSTRAND

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FIRSTRAND

INTRODUCTION

This report covers the unaudited financial results of FirstRand Limited ("FirstRand" or "the Group") for the six months ended 31 December 2010 and deals with the financial and operating performance of its main business units. The Group consists of a portfolio of leading financial services franchises; these are First National Bank ("FNB"), the retail and commercial bank, Rand Merchant Bank ("RMB"), the investment bank, and WesBank, the instalment finance business.

Effective 30 November 2010 FirstRand unbundled its 100% shareholding in the Momentum Group. The results for the period under review therefore include five months of contribution from Momentum (treated as a discontinued operation). The unbundling resulted in a dividend in specie of R15 billion.

The results have been prepared on a normalised basis as the Group believes this most accurately reflects the economic performance. A detailed description of the normalised adjustments has been provided on page 98. Commentary is on a normalised basis, unless indicated otherwise and is focused on the continuing operations of the Group.

Continuing operations – financial highlights

Headline earnings	Net asset value per share
– IFRS R4 625 million +19% – Diluted headline earnings per share of 85.0 cents (2009: 73.3 cents) +16%	– Normalised 924.4 cents (2009: 838.7 cents) per share +10%
Normalised earnings	**Dividend per ordinary share**
– Normalised R4 752 million +20% – Diluted normalised earnings per share of 84.3 cents (2009: 70.0 cents) +20%	– 35 cents (2009: 28 cents)
Return on equity %	**Capital adequacy ratio (Tier I) %**
– IFRS 19.8 (2009: 19.4) – Normalised 18.7 (2009: 17.3)	– 13.6
Cost to income ratio %	**Impairment charge %**
– IFRS 57.7 (2009: 55.5) – Normalised 56.8 (2009: 55.3)	– IFRS and normalised 0.92 (2009: 1.52)

Key financial results and ratios

R million	Six months ended 31 December 2010	2009	% change	Year ended 30 June 2010
From continuing and discontinued operations				
Attributable earnings to ordinary shareholders	**12 070**	4 520	>100	9 444
Headline earnings	**5 043**	4 492	12	9 453
Normalised earnings	**5 260**	4 605	14	9 963
Normalised net asset value	**52 115**	55 189	(6)	57 509
Normalised net asset value per share (cents)	**924.4**	978.9	(6)	1 020.0
Normalised return on equity (%)	**19.2**	17.3		18.3
Normalised earnings per share (cents)				
– Basic	**93.3**	81.7	14	176.7
– Diluted	**93.3**	81.7	14	176.7
Earnings per share (cents)				
– Basic	**227.0**	86.1	>100	179.9
– Diluted	**223.2**	85.8	>100	178.1
Headline earnings per share (cents)				
– Basic	**94.8**	85.5	11	180.1
– Diluted	**93.3**	85.3	9	178.3
Ordinary dividend per share (cents)	**35.0**	34.0	3	77.0
Non-cumulative non-redeemable ("NCNR") preference dividend per share (cents) (paid)				
– B Class (68% of FNB prime lending rate)	**355.0**	423.1	(16)	765.4
– B1 Class (68% of FNB prime lending rate)*	**–**	423.1	(100)	423.1
From continuing operations				
Attributable earnings to ordinary shareholders	**4 784**	3 915	22	8 249
Headline earnings	**4 625**	3 882	19	8 075
Normalised earnings	**4 752**	3 946	20	8 569
Normalised net asset value	**52 115**	47 283	10	49 282
Normalised net asset value per share (cents)	**924.4**	838.7	10	874.1
Normalised return on equity (%)	**18.7**	17.3		18.3
Normalised earnings per share (cents)				
– Basic	**84.3**	70.0	20	152.0
– Diluted	**84.3**	70.0	20	152.0
Earnings per share				
– Basic	**89.4**	74.1	21	156.1
– Diluted	**87.9**	73.9	19	154.5
Headline earnings per share				
– Basic	**86.4**	73.5	18	152.8
– Diluted	**85.0**	73.3	16	151.3
Ordinary dividend per share (cents)	**35.0**	28.0	25	64.6
Capital adequacy				
FirstRand**				
– Capital adequacy ratio	**15.3**	14.3		15.6
– Tier 1 ratio	**13.6**	12.2		13.5

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

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

Overview of results

OPERATING ENVIRONMENT

The global economic environment reflected a mixed picture during the six month period ended 31 December 2010.

After the strong recovery in the first half of the 2010 calendar year as a result of radical fiscal and monetary policy actions, positive sentiment tempered towards June 2010. It became evident that global activity would face severe headwinds over the next few years and the ongoing risks associated with the developed world's high government debt levels and over-indebted consumers became clear. These risks were highlighted when the IMF and EU were forced to announce bailout and support packages of €110 billion in May 2010 to prevent a sovereign debt default in Greece, followed by the Irish bank debt crisis which resulted in a stimulus package of €85 billion in November 2010. These developments forced a number of developed economies to recognise the need for fiscal consolidation to reduce budget deficits and stabilise government debt to GDP ratios. Developed markets economic growth will remain subdued during 2011.

While emerging market economies were not isolated from the impact of events in the developed world, balance sheets in these economies are generally healthier and seem to be in a better position to sustain growth at or above their long-term growth trends.

Against this backdrop, the South African economy reflected a stable performance after emerging from the recession during the third quarter of 2009, achieving GDP growth during the third and fourth quarters of 2010 of 2.6% and 4.4% respectively (both annualised seasonally adjusted).

As was the case for the rest of the world, growth was supported by further policy stimulus, growth in the mining, manufacturing and retail trade volumes, and improved external trade. Further easing in the inflation rate to 3.5% at 31 December 2010 allowed the South African Reserve Bank ("SARB") to cut interest rates by a further 100 bps during the period under review to 36 year lows. Real disposable income reflected strong growth during the latter part of 2010 and job losses showed a modest reversal with 17 000 non-agricultural jobs created during the third quarter of 2010.

While the lower average interest rates weighed on the Bank's endowment income, the cumulative benefit of the interest rate cuts, a modest recovery in house prices year-on-year, higher equity prices and real growth in disposable income eased pressure on consumers. This impacted positively on retail bad debt levels although there was an increase in commercial and corporate impairment levels in certain areas of the economy.

Across the industry, balance sheets experienced low growth due to the limited recovery in economic activity and the ongoing process of consumers deleveraging their balance sheets.

OVERVIEW OF RESULTS

Against this economic backdrop FirstRand produced strong results for the period under review, building on the significant recovery in profitability during the 2010 financial year.

The Group achieved normalised earnings from continuing operations of R4 752 million and produced a normalised return on equity ("ROE") of 18.7%. The Group's dividend, on continuing operations, increased 25% from 28 cents to 35 cents.

Sources of normalised earnings from continuing and discontinued operations

The table below depicts the breakdown of normalised earnings from each operating franchise.

R million	Six months ended 31 December 2010	% composition	2009	% composition	% change	Year ended 30 June 2010
Total FNB	**2 779**	**53**	2 430	53	14	4 773
FNB South Africa	**2 463**	**47**	2 142	47	15	4 303
FNB Africa	**316**	**6**	288	6	10	470
FNB Life	**174**	**3**	191	4	(9)	416
Total RMB	**1 584**	**30**	1 063	23	49	3 315
RMB	**1 555**	**30**	1 039	23	50	3 261
RMB Africa[1]	**29**	**–**	24	–	21	54
WesBank	**750**	**14**	337	7	>100	953
Corporate Centre	**(385)**	**(7)**	208	5	>100	(506)
FirstRand Limited (company)	**10**	**–**	(93)	(2)	>(100)	(38)
NCNR preference dividend	**(160)**	**(3)**	(190)	(4)	(16)	(344)
Normalised earnings from continuing operations	**4 752**	**90**	3 946	86	20	8 569
Momentum	**508**	**10**	659	14	(23)	1 394
Normalised earnings from continuing and discontinued operations	**5 260**	**100**	4 605	100	14	9 963

1 RMB Africa – FICC client activity within African subsidiaries.

Earnings continued to be driven by significant decreases in retail bad debts (impairment charge 35% down on the previous comparative period and 15% down on the six months to June 2010). This positively impacted both WesBank and FNB's performance. However, absolute levels of non-performing loans ("NPLs") remained high and a significant proportion have been in NPLs for longer than six months. This is due to the impact of National Credit Act's debt review process and the lengthening recovery periods. Major components of the bad debt charge and NPLs are indicated in the table below:

	Six months ended 31 December		Year ended 30 June
	2010	2009	2010
Impairment charge	**%**	%	%
Residential mortgages	**0.84**	1.17	0.94
Credit card	**2.49**	8.14	6.92
Vehicle and asset finance	**1.54**	2.26	1.94
– Retail	**1.72**	2.12	1.77
– Corporate	**1.17**	2.37	2.21
Other retail (includes Africa)	**2.29**	4.25	3.75
Wholesale	**0.29**	0.34	0.44
FirstRand impairment charge ratio*	**0.92**	1.52	1.31
NPLs (R million)	**21 117**	23 121	22 205

** Total includes Corporate Centre and other.*

All three of the Group's franchises showed strong operational performances. Overall non-interest revenue ("NIR") grew 11%, reflecting good growth in customers and transactional volumes at FNB and robust growth of 28% in fair value income, driven by good performances across RMB's fair value businesses. The Group also benefited from a significant increase of 67% in profits from investment activities.

An increase of 30% was also generated from associates and joint ventures, assisted by the non-recurrence of equity accounted losses from RMB's private equity associates, strong growth from the WesBank JV associates and a good performance from OUTsurance.

Asset margins improved slightly benefiting from the repricing strategies across all of the large lending books, although the low levels of new business mean that the full benefits are still to materialise. In addition, margins continued to be impacted by the negative endowment effect on capital and deposits due to lower average interest rates.

The cost to income ratio has increased, but should be seen against sluggish topline growth and the impact of endowment and investment in growth initiatives. The increase of 10% in operating costs, when adjusted for expansion investments, share-based payments and JV profit shares, was actually limited to 8%, which reflects the Group's ongoing focus on managing costs.

Overview of the operating franchises

Below is a brief overview of each operating franchise, with a detailed review on pages 47 to 62.

FNB South Africa R million	Six months ended 31 December 2010	Six months ended 31 December 2009	% change	Year ended 30 June 2010
Normalised earnings	**2 463**	2 142	15	4 303
Profit before tax	**3 362**	2 895	16	5 833
Total assets	**210 569**	200 848	5	204 309
Total liabilities	**209 847**	194 877	8	199 115
Bad debt ratio	**1.29**	1.91		1.70
ROE (%)	**35.4**	31.5		31.8

FNB South Africa performed well during the six month period, growing pre-tax profits 16%, which were underpinned by a 32% decline in bad debts emanating largely from HomeLoans and Card and a good increase in NIR. Operating expenses grew 11%, due primarily to the EasyPlan expansion, Cellphone Banking development and other investment costs.

Transactional volumes grew well overall but continued to show the effect of FNB's strategy to migrate customers to less expensive electronic channels. This is expected to continue and as a result NIR will remain under pressure until the change in channel mix is fully offset by market share gains and a reduction in the cost of physical infrastructure.

Advances growth was muted due to continued deleveraging by over-indebted consumers. The large lending books of FNB HomeLoans and FNB Card showed declines of 2% and 5% respectively, indicating that the credit market is still experiencing a slow recovery specifically in the middle market. However, in FNB's Mass segment, in line with its strategy to grow in the lower end of the market, advances increased 25% driven mainly by growth in Housing Finance where sales increased 10%.

FNB's other initiatives in the Mass segment also proved successful in the period under review with excellent ongoing growth in prepaid airtime turnover and revenue from bancassurance strategies also contributing positively. FNB Life continued to perform well. The EasyPlan strategy continues to progress well with branch representation increasing to 65 (June 2010: 15) across Gauteng, KwaZulu-Natal, Eastern Cape, Western Cape and Mpumalanga.

FNB Africa R million	Six months ended 31 December 2010	Six months ended 31 December 2009	% change	Year ended 30 June 2010
Normalised earnings	**316**	288	10	470
Profit before tax	**740**	597	24	1 146
Total assets	**33 705**	32 401	4	33 279
Total liabilities	**29 448**	28 628	3	29 308
Bad debt ratio	**0.18**	0.48		0.37
ROE (%)	**25.4**	26.8		21.1

Overall the African subsidiaries performed well, with Namibia, Swaziland and Botswana all showing strong growth in earnings year-on-year. This was achieved despite significant investment activity across the portfolio resulting in increased operating expenses. As part of its strategy to further grow the existing franchise and operating footprint, FNB invested significantly in Zambia and Moçambique in the period under review. This investment phase is expected to continue in the medium term with a parallel focus on service and electronic delivery channels to increase the customer base and drive up volumes and resultant NIR.

RMB R million	Six months ended 31 December 2010	 2009	% change	Year ended 30 June 2010
Normalised earnings	**1 584**	1 063	49	3 315
Profit before tax	**2 142**	1 449	48	4 728
Total assets	**288 932**	255 615	13	269 133
Total liabilities	**285 660**	251 978	13	263 371
ROE (%)	**25.2**	17.8		24.8

Despite the slow recovery in corporate activity and weak Fixed Income, Currency and Commodities division ("FICC") client flows, RMB reported profits before tax of R2 142 million for the six months to 31 December 2010, 48% higher than the prior year comparative period. The strong performance can be attributed to an increase in client financing activities, strong advisory and structuring fees, an improved trading performance and the substantially reduced impact from legacy portfolios.

All divisions, with the exception of Private Equity, exceeded prior year comparative period performances.

Despite the high base created in previous periods, the Investment Banking division ("IBD") continued to perform extremely well delivering profits up 32% on the prior comparative period. This was driven mainly by advisory, debt and equity capital markets, resources, infrastructure, property and leveraged finance activities and balance sheet growth. RMB's deal pipeline remained healthy, benefiting from the increased focus on Africa and the Asian corridors which have yielded a number of transactions predominantly in the resources and infrastructure sectors.

FICC reported profits of R557 million, 8% up on the prior comparative period. This was achieved despite low volatility in fixed income and currency markets and depressed trade flows for most of the period, which led to lower levels of client activity.

Private Equity reported profit before tax significantly lower than the prior period. This was primarily due to impairments raised against the portfolio in the current period, although strong operational earnings continued to be generated from the bulk of the portfolio's material investments. Unrealised profits increased to R1.7 billion from R1.4 billion at year end and the prospects for the second half are expected to improve.

Equity Trading continued its turnaround and reported profits 96% up on the comparative period with strong contributions from longer-term positions held, albeit from a lower base.

WESBANK R million	Six months ended 31 December 2010	 2009	% change	Year ended 30 June 2010
Normalised earnings	**750**	337	>100	953
Profit before tax	**1 069**	405	>100	1 300
Total assets	**99 265**	96 443	3	97 357
Total liabilities	**97 461**	95 459	2	95 452
Bad debt ratio	**1.63**	2.57		2.21
ROE (%)	**21.5**	13.6		15.4

WesBank's profits increased significantly from R405 million in the previous period to R1 069 million for the six months to December 2010. This was driven by an ongoing reduction in bad debts and better interest margins, in addition corporate impairments have similarly started to show an improvement.

New business within the lending operations increased 27% over the comparative six months to December 2009 (and grew 19% compared to the six months to June 2010). The year-on-year increase comprised a 32% increase in retail new business and an 8% increase in corporate new business. Interest margins showed an improving trend as a result of the focus on written rates as well as the improvement in mix of fixed rate corporate and personal loans portfolios.

WesBank's UK operation, Carlyle, produced profits of R97 million compared with R38 million in the comparative period. This was achieved through a continued improvement in bad debts, significant widening of interest margins, excellent new business growth and ongoing cost management.

MOMENTUM R million	Six months ended 31 December 2010	 2009	% change	Year ended 30 June 2010
Normalised earnings	**682***	850	(20)	1 810
– FNB Life	**174**	191		416
– Discontinued	**508**	659		1 394

* *Represents five months of earnings from Momentum.*

The Group's results incorporate Momentum for the five months ended 30 November 2010 and normalised earnings for that period totalled R682 million. This performance was driven mainly by the positive impact of equity market gains, offset by a net outflow of funds in the asset management business and increased share-based payment costs and costs incurred related to the merger with Metropolitan. In addition, investment income on shareholders' assets was negatively impacted by a fair value loss on the interest rate swap related to Momentum's subordinated debt. However, good growth was delivered by employee benefits and retail lump sum investments.

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

	Six months ended 31 December					Year ended 30 June
R million	**2010**	**% contribution**	2009	% contribution	% change	2010
Retail banking						
FNB Retail	**1 521**		1 147			2 253
FNB Africa	**316**		288			470
WesBank	**640**		386			853
	2 477	**52**	1 821	46	36	3 576
Corporate banking						
FNB Corporate	**150**		266			474
FNB Commercial	**792**		729			1 576
WesBank	**110**		(49)			100
	1 052	**22**	946	24	11	2 150
Investment banking						
RMB	**1 584**	**33**	1 063	27	49	3 315
Insurance						
FNB Life*	**174**	**4**	191	5	(9)	416
Other						
FirstRand and NCNR preference dividend	**(150)**		(283)			(382)
Corporate Centre	**(385)**		208			(506)
	(535)	**(11)**	(75)	(2)	>100	(888)
Normalised earnings from continuing operations	**4 752**	**100**	3 946	100	20	8 569

* *Represents five months of earnings from FNB Life.*

STRATEGIC ISSUES

Progress on Group strategy

FirstRand continues to make good progress on its strategy to be the African financial services group of choice, creating long-term franchise value and delivering superior and sustainable economic returns to shareholders within acceptable levels of volatility.

This is being driven through two clear growth strategies:

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

In line with the domestic growth strategy, FNB continued to invest in its domestic footprint, particularly electronic channels and cellphone banking. This was successful in the Mass segment where FNB built a strong franchise. This expansion is being driven through new strategies such as the roll-out of the EasyPlan branches and products.

As part of the Group's objective to increase its exposure to the corporate sector, RMB adjusted its wholesale credit portfolio strategy and increased prudential limits in key investment grade and defensive counters. Through a combination of an increased focus on client activities, product innovation and highly proactive origination teams, the corporate and investment banking lending book showed growth of 10% in the period under review compared to low overall growth in the SA corporate market.

The integration of RMB and FNB's corporate and investment banking client interfaces to form the Corporate and Investment Banking ("CIB") Coverage team has substantially improved cooperation between the corporate and investment banking arms of FirstRand, and the increased range and breadth of solutions for clients has generated new opportunities in line with expectations.

With regards to the Group's strategy to grow outside South Africa, international expansion is gaining traction. A representative office was established in Angola and FNB received South African regulatory approval for a licence in Tanzania. FNB also continues to invest in its franchises in Zambia and Moçambique.

WesBank continued to support the asset finance offering in those African jurisdictions where FNB is represented and is working with FNB to create asset finance capabilities in the new territories where FNB is currently building a presence.

Initiatives aimed at growing RMB's franchise in those African jurisdictions where FNB currently operates, as well as other key African markets, have also begun to gain traction. Resources have been deployed into the existing key African franchises to build out FICC and Investment Banking activities. The India branch and the China/Africa corridor strategy are both resulting in a number of transactions completed in the broader Africa region, particularly in resources and infrastructure, with a very healthy deal pipeline going into the future.

The disposal of OUTsurance

During the period under review FirstRand agreed to sell its 45% stake in OUTsurance, South Africa's leading direct short-term insurer, to RMB Holdings ("RMBH") for R3.75 billion.

OUTsurance was a joint creation between FirstRand and management in 1998 and is a good example of FirstRand's long-term strategy to create shareholder value through the start-up of completely new businesses. However, given the structure of the shareholding FirstRand had limited liquidity options, therefore the approach by RMBH, (which already held 45% of OUTsurance), represented the ideal opportunity to realise the significant value that has been created over the past 12 years for FirstRand shareholders.

OUTsurance was a non-strategic asset in that it did not sell directly to FirstRand's banking clients, but did provide homeowners insurance referred through FNB. As part of the sale transaction, FirstRand will earn a significantly higher percentage of the profit from the homeowner insurance business in the future. Previously OUTsurance and FNB shared profits 50/50. In terms of the new arrangement FNB will receive a 90% profit share.

The unbundling of Momentum Group

The unbundling of Momentum following its merger with Metropolitan was completed during the period under review. FNB will continue to pursue opportunities to sell Momentum products to its customer base. However, this will now be structured on a preferred strategic arrangement, on a fully commercial basis.

Capital management strategy

Capital management has been aligned to the Group's strategy to target a particular earnings profile that will allow it to generate shareholder returns within appropriate levels of volatility. The targeted capital levels as well as the current ratios at 31 December 2010 are summarised in the table below.

	FirstRand		FirstRand Bank ("FRB")*		Regulatory minimum
	Actual	Target	Actual#	Target	
Tier 1 ratio (%)	13.6	10.00	12.3	9.50	7.00
Core Tier 1 ratio (%)	12.4	8.25	11.3	7.75	5.25

* *Reflects solo supervision, i.e. FRB excluding branches, subsidiaries and associates.*
\# *Includes unappropriated profits.*

The Group is currently operating above its targeted Tier 1 ratio as a result of the following:

- in response to the global financial crisis, FirstRand took the decision to operate at the higher end of its targeted capital levels to ensure balance sheet resilience;
- given the macro environment in South Africa, credit appetite has been very subdued, resulting in low growth in risk weighted assets ("RWA");
- the Group's ROE is returning to its targeted band; and
- the anticipated disposal of OUTsurance.

However, when assessing capital, the Group does not believe it is practical to consider point in time capital ratios. Its view is that the ratios need to be considered in the context of growth strategy, expansion plans, uncertainty regarding implementation of Basel III regulatory changes and the Group's ability to generate future capital through earnings.

Taking cognisance of the above, should the Group believe it has surplus capital, it will look at the most optimal mechanism to return that capital to its shareholders.

Liquidity management strategy

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

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

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

When applying the metrics to the Group's balance sheet at 31 December, both FirstRand Limited and most of the South African banking industry do not meet the minimum quantitative requirements. This is due to the specific structure of funding in the domestic financial services industry, particularly the issue of low discretionary savings, the closed rand domestic market and the fact that South Africa is an emerging economy.

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

Remuneration strategy

The Group believes that its remuneration structures have always been designed to align employee reward with shareholder returns. However, to ensure that its remuneration structures continue to be appropriate, in 2010 it benchmarked its strategy against international best practice.

In response to the results of the benchmarking exercise, the Group refined its remuneration strategy and introduced the deferral of a component of variable pay for a period longer than 12 months. In addition, this deferral component was converted into equity. The Group believes this ensures senior and executive management focus on creating medium- to long-term value for stakeholders.

The Group's remuneration strategy and policy is discussed comprehensively in its annual report for the year ended 30 June 2010 on pages 79 to 83.

PROSPECTS

Given that the current South African economic environment is recovering at a very subdued rate, achieving material revenue growth in the medium term will remain challenging. However, although some potential regulatory risk exists with regards to the debt counselling process, the retail credit markets are expected to continue to improve and in the second half of the year this will provide support to the earnings of FNB and WesBank.

Growth in retail advances will remain low as levels of consumer indebtedness are still at historic highs. Corporate balance sheets remain strong and have weathered the cycle well. However, given current levels of corporate capacity, investment opportunities will be limited and growth in corporate advances is expected to remain subdued.

In line with its strategy the Group will continue to invest in its infrastructure in South Africa and grow its footprint and client franchise in other selected African markets. Given these investment strategies and the expected ongoing pressures on revenue growth, the Group's operating franchises continue to focus on efficiencies.

The Group believes its franchises are well positioned to benefit from the improving cycle and deliver on the overall growth strategy.

DIVIDEND STRATEGY

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

BASIS OF PRESENTATION

FirstRand prepares its consolidated financial statements in accordance with International Financial Accounting Standards ("IFRS") including IAS 34: Interim Financial Reporting. The accounting policies applied are consistent with those applied in preparation of previous financial statements.

The Group believes normalised earnings more accurately reflect operational performance. Headline earnings are adjusted to take into account non-operational and accounting anomalies. Details of the nature of these adjustments and reasons therefore can be found on page 98.

Due to the unbundling of Momentum Group Limited, results for the current and comparative periods have been prepared to account for Momentum as a discontinued operation in terms of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

The dividend in specie was accounted for in terms of IFRIC 17: Distributions of Non-cash Assets to Owners.

INTERIM DIVIDEND DECLARATIONS

Ordinary shares

The following ordinary cash dividend was declared in respect of the period ended 31 December 2010:

	Six months ended 31 December	
Cents per share	**2010**	2009
Interim [declared 7 March 2011]*	**35.00**	34.00

* *The last day to trade in FirstRand shares on a cum-dividend basis in respect of the interim dividend will be Friday 25 March 2011 and the first day to trade ex-dividend will be Monday 28 March 2011. The record date will be Friday 1 April 2011 and the payment date Monday 4 April 2011. No dematerialisation or rematerialisation of shares may be done during the period Monday 28 March 2011 and Friday 1 April 2011, both days inclusive.*

Preference shares

Dividends on the "B" preference shares are calculated at a rate of 68% of the prime lending rate of banks. The following dividends have been declared for payment:

	"B" Preference	
Cents per share	**2010**	2009
Period 1 September 2009 – 22 February 2010		342.3
Period 31 August 2010 – 28 February 2011	**313.6**	

BW Unser
Company secretary

7 March 2011

Statement of headline earnings from continuing and discontinued operations

R million	Six months ended 31 December 2010	Six months ended 31 December 2009	% change	Year ended 30 June 2010
Attributable earnings to ordinary shareholders	**12 070**	4 520	>100	9 444
Adjusted for:	**(7 027)**	(28)	>100	9
Impairment of goodwill	**24**	75		153
Gain from a bargain purchase	**–**	–		(203)
Loss due to the fair value adjustment of a non-current asset held for sale	**–**	–		100
Loss/(gain) on the disposal of property and equipment	**2**	(9)		2
Gain on the disposal of subsidiaries	**(6 871)**	–		(115)
Impairment of assets in terms of IAS 36	**7**	3		175
Impairment of intangible assets	**–**	5		12
Gain on disposal of available-for-sale assets	**(179)**	(146)		(177)
Loss on sale of Private Label book	**–**	19		–
Other	**2**	–		4
Tax effects on adjustments	**(12)**	25		55
Non-controlling interest on adjustments	**–**	–		3
Headline earnings	**5 043**	4 492	12	9 453
Adjusted for:	**217**	113	92	510
IFRS 2: Share-based payment expense	**(45)**	(19)		241
Treasury shares	**262**	132		269
– Consolidation of share trusts	**141**	133		313
– FirstRand shares held by policyholders	**121**	(1)		(44)
Normalised earnings*	**5 260**	4 605	14	9 963
Segmental normalised earnings				
Banking Group	**4 728**	4 038	17	8 535
FNB Life**	**174**	191	(9)	416
FirstRand Limited (company)	**10**	(93)	(>100)	(38)
Dividend paid to NCNR preference shareholders	**(160)**	(190)	(16)	(344)
Normalised earnings from continuing operations	**4 752**	3 946	20	8 569
Momentum Group***	**508**	659	(23)	1 394
Normalised earnings from continuing and discontinued operations*	**5 260**	4 605	14	9 963
Segmental headline earnings				
Banking Group	**4 697**	4 017	17	8 234
FNB Life**	**174**	191	(9)	416
FirstRand Limited (company)	**86**	(48)	(>100)	28
Consolidation of share trusts	**(141)**	(133)	6	(313)
Other FirstRand treasury shares	**(31)**	45	(>100)	54
Dividend paid to NCNR preference shareholders	**(160)**	(190)	(16)	(344)
Headline earnings from continuing operations	**4 625**	3 882	19	8 075
Momentum Group***	**508**	654	(22)	1 388
FirstRand shares held by Momentum policyholders	**(90)**	(44)	>100	(10)
Headline earnings from continuing and discontinued operations	**5 043**	4 492	12	9 453

* *The definition of normalised earnings is provided on page 98.*
** *For segmental purposes FNB Life is included in Momentum until 30 November 2010.*
*** *Momentum earnings for the five months ended 30 November 2010.*

FirstRand Group

Statement of headline earnings from continuing operations

R million	Six months ended 31 December 2010	Six months ended 31 December 2009	% change	Year ended 30 June 2010
Attributable earnings to ordinary shareholders	**4 784**	3 915	22	8 249
Adjusted for:	**(159)**	(33)	>100	(174)
Impairment of goodwill	**24**	75		82
Gain from a bargain purchase	**–**	–		(203)
Loss/(gain) on the disposal of property and equipment	**2**	(9)		2
Gain on the disposal of subsidiaries	**(3)**	–		(115)
Impairment of assets in terms of IAS 36	**7**	3		175
Gain on disposal/impairment of available-for-sale assets	**(179)**	(146)		(177)
Loss on sale of Private Label book	**–**	19		–
Other	**2**	–		4
Tax effects on adjustments	**(12)**	25		55
Non-controlling interest on adjustments	**–**	–		3
Headline earnings	**4 625**	3 882	19	8 075
Adjusted for:	**127**	64	98	494
IFRS 2: Share-based payment expense	**(45)**	(24)		235
Treasury shares	**172**	88		259
– Consolidation of share trusts	**141**	133		313
– FirstRand shares held by policyholders	**31**	(45)		(54)
Normalised earnings*	**4 752**	3 946	20	8 569
Normalised earnings per share (cents)				
– Basic	**84.3**	70.0	20	152.0
– Diluted	**84.3**	70.0	20	152.0
Earnings per share (cents)				
– Basic	**89.4**	74.1	21	156.1
– Diluted	**87.9**	73.9	19	154.5
Headline earnings per share (cents)				
– Basic	**86.4**	73.5	18	152.8
– Diluted	**85.0**	73.3	16	151.3
Number of shares for calculation of earnings and headline earnings per share				
Weighted average number of shares	**5 352 808 055**	5 282 034 318		5 284 127 158
Diluted weighted average number of shares	**5 443 235 338**	5 296 822 991		5 338 380 839
Number of shares for calculation of normalised earnings per share				
Weighted average number of shares	**5 637 941 689**	5 637 941 689		5 637 941 689
Diluted weighted average number of shares	**5 637 941 689**	5 637 941 689		5 637 941 689
Return on equity (%)	**18.7**	17.3		18.3
Average normalised net asset value	**50 699**	45 725		46 724
Normalised earnings	**4 752**	3 946		8 569

* *The definition of normalised earnings is provided on page 98.*

Consolidated income statement – IFRS

R million	Six months ended 31 December 2010	Six months ended 31 December 2009	% change	Year ended 30 June 2010
Continuing operations				
Interest and similar income	**19 133**	19 198	<1	38 817
Interest expense and similar charges	**(10 754)**	(10 873)	(1)	(22 467)
Net interest income before impairment of advances	**8 379**	8 325	1	16 350
Impairment of advances	**(2 084)**	(3 225)	(35)	(5 686)
Net interest income after impairment of advances	**6 295**	5 100	23	10 664
Non-interest income	**14 396**	12 771	13	26 954
Income from operations	**20 691**	17 871	16	37 618
Operating expenses	**(13 424)**	(11 929)	13	(24 865)
Net income from operations	**7 267**	5 942	22	12 753
Share of profit from associates and joint ventures	**506**	390	30	700
Profit before tax	**7 773**	6 332	23	13 453
Indirect tax	**(385)**	(236)	63	(446)
Profit before direct tax	**7 388**	6 096	21	13 007
Tax	**(2 080)**	(1 681)	24	(3 527)
Profit for the period from continuing operations	**5 308**	4 415	20	9 480
Discontinued operations				
Profit attributable to discontinued operations	**415**	603	(31)	1 194
Profit after tax on unbundling of discontinued operations	**6 868**	–	100	–
Profit for the period	**12 591**	5 018	>100	10 674
Attributable to:				
Ordinary shareholders	**12 070**	4 520	>100	9 444
Non-cumulative non-redeemable preference shareholders	**160**	190	(16)	344
Equity holders of the Group	**12 230**	4 710	>100	9 788
Non-controlling interest	**361**	308	17	886
Profit for the period	**12 591**	5 018	>100	10 674
Earnings per share (cents)				
Basic	**227.0**	86.1		179.9
Diluted	**223.2**	85.8		178.1

Consolidated statement of comprehensive income – IFRS

R million	Six months ended 31 December 2010	Six months ended 31 December 2009	Year ended 30 June 2010
Profit for the period	**12 591**	5 018	10 674
Other comprehensive income			
Cash flow hedges	**(132)**	65	(226)
Available-for-sale financial assets	**387**	255	(69)
Exchange differences on translating foreign operations	**(419)**	(84)	(74)
Share of other comprehensive income of associates after tax and non-controlling interest	**(5)**	28	39
Other comprehensive income for the period before tax	**(169)**	264	(330)
Income tax relating to components of other comprehensive income	**(43)**	(28)	(17)
Other comprehensive income for the period	**(212)**	236	(347)
Total comprehensive income for the period	**12 379**	5 254	10 327
Total comprehensive income attributable to:			
Ordinary shareholders	**11 950**	4 763	9 097
Non-cumulative non-redeemable preference shares	**160**	190	344
Equity holders of the Group	**12 110**	4 953	9 441
Non-controlling interest	**269**	301	886
Total comprehensive income for the period	**12 379**	5 254	10 327

Consolidated statement of financial position – IFRS

R million	Six months ended 31 December 2010	Six months ended 31 December 2009	Year ended 30 June 2010
ASSETS			
Cash and short-term funds	**31 511**	57 663	27 067
Derivative financial instruments	**51 052**	45 057	39 764
Advances	**453 290**	412 561	434 793
Investment securities and other investments	**127 884**	239 193	117 171
Commodities	**4 164**	1 825	2 365
Accounts receivable	**5 598**	7 680	5 743
Investments in associates and joint ventures	**5 819**	16 053	6 901
Property and equipment	**10 409**	10 370	10 018
Deferred tax asset	**451**	1 459	443
Intangible assets and deferred acquisition costs	**1 510**	5 632	2 104
Investment properties	**161**	2 274	138
Policy loans on insurance contracts	**26**	642	27
Reinsurance assets	**527**	997	524
Tax asset	**798**	922	935
Non-current assets and disposal groups held for sale	**2 609**	61	197 247
Total assets	**695 809**	802 389	845 240
EQUITY AND LIABILITIES			
Liabilities			
Deposits and current accounts	**543 713**	487 929	512 469
Short trading positions	**15 801**	21 813	16 735
Derivative financial instruments	**50 027**	33 779	36 035
Creditors and accruals	**10 193**	19 610	12 115
Provisions	**3 254**	3 045	3 359
Tax liability	**319**	240	157
Post retirement liabilities	**2 202**	2 138	2 162
Deferred tax liability	**2 474**	3 975	2 132
Long-term liabilities	**7 489**	10 295	9 183
Policyholder liabilities under insurance contracts	**2 007**	42 748	1 868
Policyholder liabilities under investment contracts	**163**	112 249	101
Liabilities arising to third parties	**–**	7 601	–
Deferred revenue liability	**–**	345	–
Liabilities directly associated with non-current assets classified as held for sale	**419**	–	189 961
Total liabilities	**638 061**	745 767	786 277
Equity			
Capital and reserves attributable to equity holders			
Ordinary shares	**54**	53	52
Share premium	**5 194**	2 204	1 491
Reserves	**45 112**	47 653	49 889
Capital and reserves attributable to ordinary equity holders	**50 360**	49 910	51 432
Non-cumulative non-redeemable preference shares	**4 519**	4 519	4 519
Capital and reserves attributable to equity holders	**54 879**	54 429	55 951
Non-controlling interest	**2 869**	2 193	3 012
Total equity	**57 748**	56 622	58 963
Total equity and liabilities	**695 809**	802 389	845 240

Consolidated statement of cash flows – IFRS

R million	Six months ended 31 December 2010	Six months ended 31 December 2009	Year ended 30 June 2010
Net cash inflow from operating activities from continuing operations	**3 476**	2 055	9 652
Net cash inflow/(outflow) from operating activities from discontinued operations	**–**	389	(9 709)
Net cash (outflow)/inflow from investing activities from continuing operations	**(341)**	(744)	162
Net cash (outflow)/inflow from investing activities from discontinued operations	**–**	(597)	33
Net cash inflow/(outflow) from financing activities from continuing operations	**1 390**	(965)	1 085
Net cash inflow from financing activities from discontinued operations	**–**	273	2 117
Net increase in cash and cash equivalents from continuing and discontinued operations	**4 525**	411	3 340
Cash and cash equivalents at the beginning of the period	**27 067**	53 252	57 266
Cash and cash equivalents at the end of the period	**31 592**	53 663	60 606
Cash and cash equivalents disposed of*	**–**	–	(36)
Effect of exchange rate changes on cash and cash equivalents	**(81)**	(14)	(95)
Transfer to non-current assets held for sale	**–**	4 014	(33 408)
Cash and cash equivalents at the end of the period	**31 511**	57 663	27 067
** Cash and cash equivalents sold and bought relate to cash balances held by subsidiaries acquired and sold during the year.*			
Mandatory reserve balances included above	**10 981**	12 238	11 370

Banks are required to deposit a minimum average balance, calculated monthly, with the central bank which is not available for use in the Group's day-to-day operations. These deposits bear little or no interest. Money at short notice constitutes amounts withdrawable in 32 days or less.

Consolidated statement of changes in equity – IFRS

for the six months ended 31 December

	Ordinary share capital and ordinary equity holders' funds					
R million	Share capital	Share premium	**Share capital and share premium**	General risk reserve	Cash flow hedge reserve	Share-based payment reserve
Balance as at 1 July 2009	52	1 300	**1 352**	9	(292)	2 306
Issue of share capital	–	–	**–**	–	–	–
Movement in other reserves	–	–	**–**	–	–	88
Ordinary dividends	–	–	**–**	–	–	–
Preference dividends	–	–	**–**	–	–	–
Transfer (to)/from reserves	–	–	**–**	–	–	(72)
Changes in ownership interest in subsidiaries	–	–	**–**	–	–	–
Consolidation of treasury shares	1	904	**905**	–	–	–
Total comprehensive income for the period	–	–	**–**	–	46	–
Balance as at 31 December 2009	53	2 204	**2 257**	9	(246)	2 322
Balance as at 1 July 2010	52	1 491	**1 543**	12	(466)	2 487
Movement in other reserves	–	–	**–**	–	–	352
Ordinary dividends	–	–	**–**	–	–	–
Preference dividends	–	–	**–**	–	–	–
Transfer (to)/from reserves	–	–	**–**	–	–	(47)
Changes in ownership interest in subsidiaries	–	–	**–**	–	–	–
Consolidation of treasury shares*	2	3 703	**3 705**	–	–	–
Total comprehensive income for the period	–	–	**–**	–	(95)	–
Dividend in specie: unbundling of Momentum	–	–	**–**	–	–	(89)
Balance as at 31 December 2010	54	5 194	**5 248**	12	(561)	2 703

* *The large movement in the consolidation of treasury shares is due to a sell-off of FirstRand shares in the various staff trusts and FirstRand shares held on behalf of Momentum's policyholders no longer qualifying as treasury shares as a result of the unbundling of Momentum.*

Ordinary share capital and ordinary equity holders' funds							
Available-for-sale reserve	Currency translation reserve	Other reserves	Retained earnings	**Reserves attributable to ordinary equity holders**	**Non-cumulative non-redeemable preference shares**	**Non-controlling interest**	**Total equity**
1 107	750	(198)	40 451	**44 133**	**4 519**	**2 093**	**52 097**
–	–	–	–	**–**	**–**	**(186)**	**(186)**
–	–	(15)	–	**73**	**–**	**212**	**285**
–	–	–	(1 155)	**(1 155)**	**–**	**(164)**	**(1 319)**
–	–	–	–	**–**	**(190)**	**–**	**(190)**
–	–	–	72	**–**	**–**	**–**	**–**
–	–	–	–	**–**	**–**	**(63)**	**(63)**
–	–	–	(161)	**(161)**	**–**	**–**	**744**
244	(58)	11	4 520	**4 763**	**190**	**301**	**5 254**
1 351	692	(202)	43 727	**47 653**	**4 519**	**2 193**	**56 622**
969	698	(617)	46 806	**49 889**	**4 519**	**3 012**	**58 963**
–	–	(12)	79	**419**	**–**	**(101)**	**318**
–	–	–	(2 287)	**(2 287)**	**–**	**(339)**	**(2 626)**
–	–	–	–	**–**	**(160)**	**–**	**(160)**
–	–	–	47	**–**	**–**	**–**	**–**
–	–	7	(32)	**(25)**	**–**	**31**	**6**
–	–	–	513	**513**	**–**	**–**	**4 218**
307	(332)	–	12 070	**11 950**	**160**	**269**	**12 379**
(664)	(18)	583	(15 159)	**(15 347)**	**–**	**(3)**	**(15 350)**
612	348	(39)	42 037	**45 112**	**4 519**	**2 869**	**57 748**

Segmental reporting

for the six months ended 31 December

2010	FNB										
		Consumer segment									
R million	Mass	HomeLoans	Card Issuing	Other consumer	Consumer segment	Wealth	Commercial	Corporate	FNB and other support	FNB SA	FNB Africa
Continuing operations											
Net interest income before impairment of advances	**538**	616	509	982	**2 107**	432	1 465	259	(40)	**4 761**	913
Impairment of advances	**(233)**	(535)	(132)	(56)	**(723)**	(73)	(206)	(22)	(38)	**(1 295)**	(18)
Net interest income after impairment of advances	**305**	81	377	926	**1 384**	359	1 259	237	(78)	**3 466**	895
Non-interest income	**1 964**	134	765	1 817	**2 716**	377	1 819	671	266	**7 813**	767
Income from operations	**2 269**	215	1 142	2 743	**4 100**	736	3 078	908	188	**11 279**	1 662
Operating expenses	**(1 598)**	(354)	(681)	(1 656)	**(2 691)**	(571)	(1 989)	(670)	(286)	**(7 805)**	(910)
Net income from operations	**671**	(139)	461	1 087	**1 409**	165	1 089	238	(98)	**3 474**	752
Share of income from associates and joint ventures	**–**	54	–	6	**60**	3	–	–	6	**69**	3
Profit before tax	**671**	(85)	461	1 093	**1 469**	168	1 089	238	(92)	**3 543**	755
Indirect tax	**(23)**	(11)	(10)	(30)	**(51)**	(7)	(11)	(8)	(81)	**(181)**	(15)
Profit before direct tax	**648**	(96)	451	1 063	**1 418**	161	1 078	230	(173)	**3 362**	740
Direct tax	**(172)**	25	(120)	(281)	**(376)**	(43)	(286)	(61)	47	**(891)**	(217)
Profit from continuing operations	**476**	(71)	331	782	**1 042**	118	792	169	(126)	**2 471**	523
Profit attributable to discontinued operations	**–**	–	–	–	**–**	–	–	–	–	**–**	–
Profit for the period	**476**	(71)	331	782	**1 042**	118	792	169	(126)	**2 471**	523
Attributable to:											
Ordinary shareholders	**476**	(71)	331	782	**1 042**	118	792	169	(126)	**2 471**	312
NCNR preference shareholders	**–**	–	–	–	**–**	–	–	–	–	**–**	–
Non-controlling interest	**–**	–	–	–	**–**	–	–	–	–	**–**	211
	476	(71)	331	782	**1 042**	118	792	169	(126)	**2 471**	523
Attributable earnings to ordinary shareholders	**476**	(71)	331	782	**1 042**	118	792	169	(126)	**2 471**	312
Other	**–**	–	–	–	**–**	5	–	–	–	**5**	–
Loss/(gain) on the disposal of property and equipment	**–**	–	–	–	**–**	–	–	–	2	**2**	–
Gain on disposal of subsidiaries	**–**	–	–	–	**–**	–	–	–	–	**–**	–
Impairment of goodwill	**–**	–	–	–	**–**	–	–	–	–	**–**	–
Impairment of assets in terms of IAS 36	**–**	–	–	–	**–**	–	–	–	–	**–**	–
Gain on disposal/impairment of available-for-sale assets	**–**	–	–	–	**–**	–	–	(19)	–	**(19)**	–
Tax effect on adjustments	**–**	–	–	–	**–**	–	–	–	(1)	**(1)**	–
Headline earnings	**476**	(71)	331	782	**1 042**	123	792	150	(125)	**2 458**	312
IFRS 2 Share-based payment expense	**–**	–	–	2	**2**	3	–	–	–	**5**	4
Treasury shares	**–**	–	–	–	**–**	–	–	–	–	**–**	–
Normalised earnings	**476**	(71)	331	784	**1 044**	126	792	150	(125)	**2 463**	316

		RMB													
	Total FNB	RMB	RMB Africa	Total RMB	WesBank	Corporate Centre	Consol and IFRS adjustments	Subtotal	Divisions disclosed elsewhere	Subtotal	Momentum	Other	FirstRand Group – IFRS	Normalised adjustments	FirstRand Group – normalised
	5 674	23	–	23	2 268	620	(73)	8 512	–	8 512	–	(133)	8 379	1 110	9 489
	(1 313)	(7)	–	(7)	(768)	4	–	(2 084)	–	(2 084)	–	–	(2 084)	–	(2 084)
	4 361	16	–	16	1 500	624	(73)	6 428	–	6 428	–	(133)	6 295	1 110	7 405
	8 580	4 109	98	4 207	1 378	1 064	(773)	14 456	(276)	14 180	241	(25)	14 396	(1 298)	13 098
	12 941	4 125	98	4 223	2 878	1 688	(846)	20 884	(276)	20 608	241	(158)	20 691	(188)	20 503
	(8 715)	(2 047)	(58)	(2 105)	(1 867)	(1 218)	406	(13 499)	–	(13 499)	–	75	(13 424)	315	(13 109)
	4 226	2 078	40	2 118	1 011	470	(440)	7 385	(276)	7 109	241	(83)	7 267	127	7 394
	72	55	–	55	143	238	(2)	506	–	506	–	–	506	–	506
	4 298	2 133	40	2 173	1 154	708	(442)	7 891	(276)	7 615	241	(83)	7 773	127	7 900
	(196)	(31)	–	(31)	(85)	(16)	(56)	(384)	–	(384)	–	(1)	(385)	–	(385)
	4 102	2 102	40	2 142	1 069	692	(498)	7 507	(276)	7 231	241	(84)	7 388	127	7 515
	(1 108)	(557)	(11)	(568)	(284)	(183)	55	(2 088)	77	(2 011)	(67)	(2)	(2 080)	–	(2 080)
	2 994	1 545	29	1 574	785	509	(443)	5 419	(199)	5 220	174	(86)	5 308	127	5 435
	–	–	–	–	–	–	–	–	–	–	505	6 778	7 283	90	7 373
	2 994	1 545	29	1 574	785	509	(443)	5 419	(199)	5 220	679	6 692	12 591	217	12 808
	2 783	1 545	29	1 574	751	507	(560)	5 055	(199)	4 856	682	6 532	12 070	217	12 287
	–	–	–	–	–	–	–	–	–	–	–	160	160	–	160
	211	–	–	–	34	2	117	364	–	364	(3)	–	361	–	361
	2 994	1 545	29	1 574	785	509	(443)	5 419	(199)	5 220	679	6 692	12 591	217	12 808
	2 783	1 545	29	1 574	751	507	(560)	5 055	(199)	4 856	682	6 532	12 070	217	12 287
	5	(5)	–	(5)	–	–	2	2	–	2	–	–	2	–	2
	2	(1)	–	(1)	(1)	2	–	2	–	2	–	–	2	–	2
	–	(3)	–	(3)	–	–	–	(3)	–	(3)	–	(6 868)	(6 871)	–	(6 871)
	–	24	–	24	–	–	–	24	–	24	–	–	24	–	24
	–	7	–	7	–	–	–	7	–	7	–	–	7	–	7
	(19)	–	–	–	–	(160)	–	(179)	–	(179)	–	–	(179)	–	(179)
	(1)	(12)	–	(12)	–	–	1	(12)	–	(12)	–	–	(12)	–	(12)
	2 770	1 555	29	1 584	750	349	(557)	4 896	(199)	4 697	682	(336)	5 043	217	5 260
	9	–	–	–	–	22	–	31	–	31	–	(76)	(45)	45	–
	–	–	–	–	–	–	–	–	–	–	–	262	262	(262)	–
	2 779	1 555	29	1 584	750	371	(557)	4 927	(199)	4 728	682	(150)	5 260	–	5 260

Segmental reporting *continued*

for the six months ended 31 December

2010	FNB										
		Consumer segment									
R million	Mass	HomeLoans	Card Issuing	Other consumer	Consumer segment	Wealth	Commercial	Corporate	FNB and other support	FNB SA	FNB Africa
Cost to income (%)	**63.9**	44.0	53.5	59.0	**55.1**	70.3	60.6	72.0	123.3	**61.7**	54.1
Diversity ratio (%)	**78.5**	16.7	60.0	64.8	**55.6**	46.4	55.4	72.2	114.7	**61.8**	45.6
Total impairment charge (%)	**4.73**	0.99	2.49	3.48	**1.19**	0.38	1.44	1.97	(92.12)	**1.29**	0.18
NPLs as a percentage of advances (%)	**6.78**	7.55	4.46	3.87	**7.18**	7.46	6.73	0.18	(62.92)	**7.02**	1.74
Assets under management	**–**	–	–	–	**–**	47 022	–	–	–	**47 022**	1 437
Income statement includes:											
Depreciation	**(18)**	(5)	(2)	(77)	**(84)**	(16)	(40)	(6)	(321)	**(485)**	(38)
Amortisation	**–**	–	–	(5)	**(5)**	(4)	(2)	–	(34)	**(45)**	(12)
Impairment charges	**–**	–	–	–	**–**	–	–	–	–	**–**	–
Other non-cash provisions	**(15)**	(8)	(6)	(68)	**(82)**	(55)	(39)	(23)	(178)	**(392)**	(49)
Statement of financial position includes:											
Advances (after ISP – before impairments)	**10 471**	107 012	10 460	3 387	**120 859**	38 865	28 782	2 781	89	**201 847**	21 061
– Normal advances	**10 471**	104 070	10 460	3 387	**117 917**	38 865	28 782	2 781	89	**198 905**	21 061
– Securitised advances	**–**	2 942	–	–	**2 942**	–	–	–	–	**2 942**	–
NPLs	**710**	8 081	466	131	**8 678**	2 899	1 937	5	(56)	**14 173**	366
Investments in associated companies	**–**	147	–	47	**194**	5	–	–	133	**332**	28
Total deposits and current accounts (incl non-recourse deposits)	**8 730**	47	1 171	60 425	**61 643**	17 528	68 071	33 735	15 798	**205 505**	26 707
Total assets	**10 605**	105 366	9 892	3 987	**119 245**	39 653	28 858	2 927	9 281	**210 569**	33 705
Total liabilities	**9 354**	158	1 261	61 837	**63 256**	17 751	68 308	34 079	17 099	**209 847**	29 448
Capital expenditure	**76**	2	2	169	**173**	28	53	21	714	**1 065**	79

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

FirstRand Group

	RMB													
Total FNB	RMB	RMB Africa	Total RMB	WesBank	Corporate Centre	Consol and IFRS adjustments	Subtotal	Divisions disclosed elsewhere	Subtotal	Momentum	Other	FirstRand Group – IFRS	Normalised adjustments	FirstRand Group – normalised
60.8	48.9	59.2	49.1	49.3	63.4	47.9	57.5	–	58.2	–	–	57.7	–	56.8
59.9	98.1	100.0	98.2	36.4	55.4	91.2	61.6	100.0	61.1	–	–	61.8	–	56.7
1.19	0.01	–	0.01	1.63	(0.22)	–	0.92	–	0.92	–	–	0.92	–	0.92
6.52	1.23	–	1.23	5.12	0.02	–	4.58	–	4.58	–	–	4.58	–	4.58
48 459	–	–	–	–	–	–	48 459	–	48 459	–	–	48 459	–	48 459
(523)	(82)	–	(82)	(98)	(51)	1	(753)	–	(753)	–	–	(753)	–	(753)
(57)	(28)	–	(28)	(11)	–	(2)	(98)	–	(98)	–	–	(98)	–	(98)
–	(7)	–	(7)	–	–	(29)	(36)	–	(36)	–	–	(36)	–	(36)
(441)	(682)	–	(682)	(96)	(117)	(26)	(1 362)	–	(1 362)	–	(70)	(1 432)	–	(1 432)
222 908	137 793	1	137 794	95 359	5 677	(235)	461 503	–	461 503	–	–	461 503	–	461 503
219 966	137 793	1	137 794	95 359	5 677	(235)	458 561	–	458 561	–	–	458 561	–	458 561
2 942	–	–	–	–	–	–	2 942	–	2 942		–	2 942	–	2 942
14 539	1 690	–	1 690	4 887	1	–	21 117	–	21 117	–	–	21 117	–	21 117
360	4 419	–	4 419	1 232	1 136	(1 328)	5 819	–	5 819	–	–	5 819	–	5 819
232 212	128 814	23	128 837	210	176 020	10 431	547 710	–	547 710	–	(3 997)	543 713	–	543 713
244 274	288 687	245	288 932	99 265	115 978	(50 200)	698 249	–	698 249	–	(2 440)	695 809	–	695 809
239 295	285 475	185	285 660	97 461	72 740	(54 129)	641 027	–	641 027	–	(2 966)	638 061	–	638 061
1 144	75	–	75	344	53	421	2 037	–	2 037	–	–	2 037	–	2 037

Segmental reporting *continued*

for the six months ended 31 December

2009 R million	FNB										
		Consumer segment									
	Mass	HomeLoans	Card Issuing	Other consumer	Consumer segment	Wealth	Commercial	Corporate	FNB and other support	FNB SA	FNB Africa
Continuing operations											
Net interest income before impairment of advances	**529**	620	556	970	**2 146**	409	1 414	280	(56)	**4 722**	784
Impairment of advances	**(269)**	(758)	(464)	(113)	**(1 335)**	(96)	(221)	31	(26)	**(1 916)**	(43)
Net interest income after impairment of advances	**260**	(138)	92	857	**811**	313	1 193	311	(82)	**2 806**	741
Non-interest income	**1 884**	126	747	1 588	**2 461**	352	1 689	606	262	**7 254**	632
Income from operations	**2 144**	(12)	839	2 445	**3 272**	665	2 882	917	180	**10 060**	1 373
Operating expenses	**(1 442)**	(290)	(622)	(1 535)	**(2 447)**	(515)	(1 879)	(573)	(189)	**(7 045)**	(765)
Net income from operations	**702**	(302)	217	910	**825**	150	1 003	344	(9)	**3 015**	608
Share of income from associates and joint ventures	**–**	26	–	4	**30**	–	–	–	6	**36**	2
Profit before tax	**702**	(276)	217	914	**855**	150	1 003	344	(3)	**3 051**	610
Indirect tax	**(16)**	(9)	(9)	(23)	**(41)**	(7)	(12)	(2)	(78)	**(156)**	(13)
Profit before direct tax	**686**	(285)	208	891	**814**	143	991	342	(81)	**2 895**	597
Direct tax	**(182)**	75	(55)	(235)	**(215)**	(38)	(262)	(90)	21	**(766)**	(143)
Profit from continuing operations	**504**	(210)	153	656	**599**	105	729	252	(60)	**2 129**	454
Profit attributable to discontinued operations	**–**	–	–	–	**–**	–	–	–	–	**–**	–
Profit for the period	**504**	(210)	153	656	**599**	105	729	252	(60)	**2 129**	454
Attributable to:											
Ordinary shareholders	**504**	(210)	153	656	**599**	105	729	252	(60)	**2 129**	287
NCNR preference shares	**–**	–	–	–	**–**	–	–	–	–	**–**	–
Non-controlling interest	**–**	–	–	–	**–**	–	–	–	–	**–**	167
	504	(210)	153	656	**599**	105	729	252	(60)	**2 129**	454
Attributable earnings to ordinary shareholders		(210)	153	656	**599**	105	729	252	(60)	**2 129**	287
Gain on the disposal of property and equipment	**–**	–	–	–	**–**	(2)	–	–	(4)	**(6)**	(1)
Gain from a bargain purchase	**–**	–	–	–	**–**	–	–	–	–	**–**	–
Loss on disposal of Private Label book	**–**	–	–	–	**–**	–	–	19	–	**19**	–
Impairment of goodwill	**–**	–	–	–	**–**	–	–	–	–	**–**	–
Impairment of assets in terms of IAS 36	**–**	–	–	–	**–**	–	–	–	3	**3**	–
Gain on disposal/impairment of available-for-sale assets	**–**	–	–	–	**–**	–	–	–	–	**–**	–
Tax effect on adjustments	**–**	–	–	–	**–**	1	–	(5)	–	**(4)**	–
Headline earnings	**–**	(210)	153	656	**599**	104	729	266	(61)	**2 141**	286
IFRS 2 Share-based payment expense	**–**	–	–	1	**1**	–	–	–	–	**1**	2
Treasury shares	**–**	–	–	–	**–**	–	–	–	–	**–**	–
Normalised earnings	**–**	(210)	153	657	**600**	104	729	266	(61)	**2 142**	288

FirstRand Group

		RMB													
	Total FNB	RMB	RMB Africa	Total RMB	WesBank	Corporate Centre	Consol and IFRS adjustments	Subtotal	Divisions disclosed elsewhere	Subtotal	Momentum	Other	FirstRand Group – IFRS	Normalised adjustments	FirstRand Group – normalised
	5 506	66	4	70	1 999	1 094	(226)	8 443	–	8 443	–	(118)	8 325	1 033	9 358
	(1 959)	(61)	–	(61)	(1 178)	(41)	14	(3 225)	–	(3 225)	–	–	(3 225)	–	(3 225)
	3 547	5	4	9	821	1 053	(212)	5 218	–	5 218	–	(118)	5 100	1 033	6 133
	7 886	2 858	96	2 954	1 387	599	(200)	12 626	(304)	12 322	265	184	12 771	(1 002)	11 769
	11 433	2 863	100	2 963	2 208	1 652	(412)	17 844	(304)	17 540	265	66	17 871	31	17 902
	(7 810)	(1 488)	(54)	(1 542)	(1 828)	(1 016)	346	(11 850)	–	(11 850)	–	(79)	(11 929)	32	(11 897)
	3 623	1 375	46	1 421	380	636	(66)	5 994	(304)	5 690	265	(13)	5 942	63	6 005
	38	63	–	63	95	201	(7)	390	–	390	–	–	390	–	390
	3 661	1 438	46	1 484	475	837	(73)	6 384	(304)	6 080	265	(13)	6 332	63	6 395
	(169)	(35)	–	(35)	(70)	(22)	62	(234)	–	(234)	–	(2)	(236)	–	(236)
	3 492	1 403	46	1 449	405	815	(11)	6 150	(304)	5 846	265	(15)	6 096	63	6 159
	(909)	(372)	(11)	(383)	(108)	(216)	(60)	(1 676)	85	(1 591)	(74)	(16)	(1 681)	1	(1 680)
	2 583	1 031	35	1 066	297	599	(71)	4 474	(219)	4 255	191	(31)	4 415	64	4 479
	–	–	–	–	–	–	–	–	–	–	647	(44)	603	49	652
	2 583	1 031	35	1 066	297	599	(71)	4 474	(219)	4 255	838	(75)	5 018	113	5 131
	2 416	1 031	24	1 055	273	599	(191)	4 152	(219)	3 933	840	(253)	4 520	113	4 633
	–	–	–	–	–	–	–	–	–	–	–	190	190	–	190
	167	–	11	11	24	–	120	322	–	322	(2)	(12)	308	–	308
	2 583	1 031	35	1 066	297	599	(71)	4 474	(219)	4 255	838	(75)	5 018	113	5 131
	2 416	1 031	24	1 055	273	599	(191)	4 152	(219)	3 933	840	(253)	4 520	113	4 633
	(7)	–	–	–	(1)	–	(1)	(9)	–	(9)	–	–	(9)	–	(9)
	–	(2)	–	(2)	–	–	2	–	–	–	–	–	–	–	–
	19	–	–	–	–	–	–	19	–	19	–	–	19	–	19
	–	10	–	10	65	–	–	75	–	75	5	–	80	–	80
	3	–	–	–	–	–	–	3	–	3	–	–	3	–	3
	–	–	–	–	–	–	–	–	–	–	–	(146)	(146)	–	(146)
	(4)	–	–	–	–	–	–	(4)	–	(4)	–	29	25	–	25
	2 427	1 039	24	1 063	337	599	(190)	4 236	(219)	4 017	845	(370)	4 492	113	4 605
	3	–	–	–	–	–	18	21	–	21	5	(45)	(19)	19	–
	–	–	–	–	–	–	–	–	–	–	–	132	132	(132)	–
	2 430	1 039	24	1 063	337	599	(172)	4 257	(219)	4 038	850	(283)	4 605	–	4 605

Segmental reporting *continued*

for the six months ended 31 December

2009	FNB										
		Consumer segment									
R million	**Mass**	HomeLoans	Card Issuing	Other consumer	**Consumer segment**	Wealth	Commercial	Corporate	FNB and other support	**FNB SA**	FNB Africa
Cost to income (%)	**59.8**	37.6	47.7	59.9	**52.8**	67.7	60.6	64.7	89.2	**58.6**	53.9
Diversity ratio (%)	**78.1**	16.3	57.3	62.0	**53.1**	46.3	54.4	68.4	123.6	**60.4**	44.6
Total impairment charge (%)	**6.79**	1.38	8.14	6.66	**2.14**	0.57	1.64	(1.10)	4.03	**1.91**	0.48
NPLs as a percentage of advances (%)	**5.94**	9.69	8.50	15.19	**9.73**	6.29	6.75	0.14	52.83	**8.39**	2.16
Assets under management	**–**	–	–	–	**–**	44 150	–	–	–	**44 150**	1 538
Income statement includes:											
Depreciation	**(13)**	(7)	(3)	(75)	**(85)**	(17)	(39)	(5)	(282)	**(441)**	(30)
Amortisation	**–**	–	–	(6)	**(6)**	(4)	(3)	–	(15)	**(28)**	(10)
Impairment charges	**–**	–	–	–	**–**	–	–	–	(4)	**(4)**	–
Other non-cash provisions	**(9)**	(6)	(4)	(45)	**(55)**	(51)	(39)	(26)	(306)	**(486)**	(49)
Statement of financial position includes:											
Advances (after ISP – before impairments)	**8 354**	109 118	11 065	3 285	**123 468**	34 843	26 697	2 880	(106)	**196 136**	18 582
– Normal advances	**8 354**	105 832	11 065	3 285	**120 182**	34 843	26 697	2 880	(106)	**192 850**	18 582
– Securitised advances	**–**	3 286	–	–	**3 286**	–	–	–	–	**3 286**	–
NPLs	**496**	10 571	940	499	**12 010**	2 193	1 803	4	(56)	**16 450**	401
Investments in associated companies	**–**	52	–	42	**94**	–	–	–	73	**167**	24
Total deposits and current accounts (incl non-recourse deposits)	**8 514**	43	1 119	55 639	**56 801**	16 218	64 196	31 798	13 552	**191 079**	26 451
Total assets	**8 256**	106 803	10 144	3 476	**120 423**	34 840	26 643	3 188	7 498	**200 848**	32 401
Total liabilities	**8 819**	150	1 195	56 967	**58 312**	16 390	64 474	32 130	14 752	**194 877**	28 628
Capital expenditure	**2**	2	1	43	**46**	33	11	14	524	**630**	155

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

FirstRand Group

	RMB													
Total FNB	RMB	RMB Africa	Total RMB	WesBank	Corporate Centre	Consol and IFRS adjustments	Subtotal	Divisions disclosed elsewhere	Subtotal	Momentum	Other	FirstRand Group – IFRS	Normalised adjustments	FirstRand Group – normalised
58.2	49.8	54.0	50.0	52.5	53.6	79.9	55.2	–	56.0	–	–	55.5	–	55.3
58.7	95.7	96.0	95.7	39.8	31.6	46.2	58.8	100.0	58.2	–	–	59.4	–	54.7
1.79	0.11	–	0.11	2.57	0.85	0.56	1.51	–	1.51	–	–	1.52	–	1.52
7.85	1.05	–	1.05	5.33	3.25	2.80	5.42	–	5.42	–	–	5.48	–	5.48
45 688	–	–	–	–	–	–	45 688	–	45 688	–	–	45 688	–	45 688
(471)	(65)	–	(65)	(96)	(43)	(13)	(688)	–	(688)	–	–	(688)	–	(688)
(38)	(31)	–	(31)	(14)	–	(1)	(84)	–	(84)	–	–	(84)	–	(84)
(4)	(10)	–	(10)	(65)	–	–	(79)	–	(79)	–	–	(79)	–	(79)
(535)	(502)	–	(502)	(73)	–	(97)	(1 207)	–	(1 207)	(45)	(51)	(1 303)	–	(1 303)
214 718	114 791	–	114 791	90 785	10 976	(4 388)	426 882	–	426 882	–	(4 753)	422 129	–	422 129
211 432	114 791	–	114 791	89 155	10 976	(4 388)	421 966	–	421 966	–	(4 753)	417 213	–	417 213
3 286	–	–	–	1 630	–	–	4 916	–	4 916	–	–	4 916	–	4 916
16 851	1 200	–	1 200	4 836	357	(123)	23 121	–	23 121	–	–	23 121	–	23 121
191	5 264	–	5 264	1 023	978	135	7 591	–	7 591	8 672	(210)	16 053	–	16 053
217 530	111 655	–	111 655	538	155 597	11 484	496 804	–	496 804	–	(8 875)	487 929	–	487 929
233 249	255 129	486	255 615	96 443	101 126	(53 893)	632 540	–	632 540	191 358	(21 509)	802 389	–	802 389
223 505	251 527	451	251 978	95 459	62 944	(54 119)	579 767	–	579 767	182 962	(16 962)	745 767	–	745 767
785	89	–	89	98	99	(21)	1 050	–	1 050	–	–	1 050		1 050

NOTES

FIRSTRAND

DETAILED FINANCIAL REVIEW

OVERVIEW OF RESULTS

The Group achieved attributable earnings from continuing operations of R4 784 million (+22%), headline earnings of R4 625 million (+19%) and normalised earnings of R4 752 million (+20%) during the period under review.

These results are characterised by the following themes:

- net interest income increasing 1% year-on-year, benefiting from expanding margins across most asset classes, although absolute growth was adversely impacted by the negative endowment effect on capital and deposits due to lower average interest rates;
- a decrease of 35% in impairment of advances, primarily in the retail franchises, reflecting the increasing benefit of the credit origination strategies, lower interest rate environment and the resultant further deleveraging of consumers;
- NIR growth of 11%, reflective of:
  - fee and commission income growth of 9%;
  - robust growth of 28% in fair value income, benefiting from good performances across the board from RMB's fair value businesses; and
  - a significant increase of 67% in profits from investment activities;
- significant growth of 30% in income from associates and joint ventures, benefiting from a strong performance from FirstRand Short Term Insurance ("FRSTI"), the non-recurrence of equity accounted impairments on the "Dealstream" portfolio and strong growth from the WesBank associates; and
- an increase of 10% in operating expenses, primarily driven by variable costs associated with higher income levels and ongoing expansion costs.

DETAILED FINANCIAL REVIEW

Net interest income ("NII") (before impairment of advances) +1%

Given the low inflationary environment and constrained economic growth, the SARB reduced interest rates by a further 100bps during the period under review, following a reduction of 100bps during the financial year ended 30 June 2010. As a consequence, the average prime overdraft rate was 9.58% during the six month period ended 31 December 2010 compared to 10.62% in the comparative period.

Margins on most advances categories reflected an improvement compared to the period ended 31 December 2009. This resulted from a focus on written rates on new business over the last 12 to 18 months in line with the more onerous credit environment, a change in mix to a higher component of fixed rate business within certain asset classes as well as benefiting from the gradual reduction of the impact of interest suspended as a result of the reducing levels of NPLs.

Deposit margins remained under pressure, primarily negatively affected by the endowment effect and competitive pricing pressures. The Group has seen a general reduction in the liquidity and funding premiums compared to the prior period.

A detailed analysis of the Group's product margins is set out on page 39.

NII and interest margins were positively influenced by:

- the volume effect from the higher capital base;
- repricing of asset margins to reflect market corrections in credit pricing on new business;
- the positive impact of lower levels of suspended interest due to the improvement in bad debt levels; and
- the widening of most asset margins due to a change in mix and focus on written rates.

Negative factors included:

- the endowment effect;
- the impact of fair valuing of the majority of the funding book; and
- the continued lengthening of the funding profile of the Group.

Advances +9%

The Group distinguishes between advances originated and managed on an accrual basis ("accrual advances") and those advances which are managed on a fair value basis primarily within RMB's businesses.

An analysis of the Group's gross advances is set out below:

	At 31 December			At 30 June
R million	2010	2009	% change	2010
Retail	**286 615**	276 032	4	281 388
Residential mortgages	**153 183**	149 484	2	152 300
Credit card	**10 460**	11 065	(5)	10 705
Vehicle and asset finance	**91 004**	87 120	4	88 761
FNB Africa	**21 061**	18 582	13	19 645
Other retail	**10 907**	9 781	12	9 977
Corporate/Wholesale	**169 357**	144 368	17	160 330
FNB Corporate	**2 781**	2 880	(3)	1 697
FNB Commercial	**28 782**	26 697	8	28 321[1]
Investment banking	**137 794**	114 791	20	130 312
Corporate Centre and other	**5 531**	6 482	(15)	2 032[1]
Subtotal	**461 503**	426 882	8	443 750
FirstRand Limited consolidation	**–**	(4 753)	(100)	15
Total advances	**461 503**	422 129	9	443 765
Of which:				
Accrual book	**336 496**	316 075	6	326 078
Fair value book[2]	**125 007**	106 054	18	117 687

1 Certain portfolios have been restated to reflect the current segmentation of the business.
2 Including advances classified as available-for-sale.

The Group experienced advances growth across most franchises during the period under review, the exceptions being in HomeLoans, Card Issuing and FNB Corporate.

Retail advances grew 4% year-on-year.

Overall growth was constrained by relatively muted credit appetite in the mid-consumer market, a smaller "pool" of potential borrowers due in part to job losses over the last 18 months as well as the continued deleveraging of clients in this market due to high levels of indebtedness.

The Mass segment produced strong growth of 25%, benefiting from increased advances of 10% in Affordable Housing. The Wealth segment grew advances 12%, driven by new client acquisitions.

WesBank achieved overall growth of 5%, benefiting from robust growth of 25% in new vehicle sales, with retail new vehicle sales growing robustly at 32% and growth of 8% being achieved in corporate new business. Overall growth was negatively impacted by the run-off of the existing in-force book.

FNB Africa reflected growth of 13%, assisted by robust growth of 19% in Botswana, primarily in the retail and property sectors. FNB Namibia grew advances 9%, primarily due to growth in mortgage and card loans.

These positive trends were to some extent offset by Consumer HomeLoans advances declining 2%, in spite of a 7% year-on-year growth in new sales, negatively affected by write-offs and capital repayments exceeding new business growth. Card Issuing advances declined 5%, reflective of the muted recovery in the retail credit market.

Wholesale advances grew strongly at 17% year-on-year.

FNB Commercial achieved sound growth of 8% in a challenging market, benefiting from satisfactory growth in the agricultural and leveraged finance books.

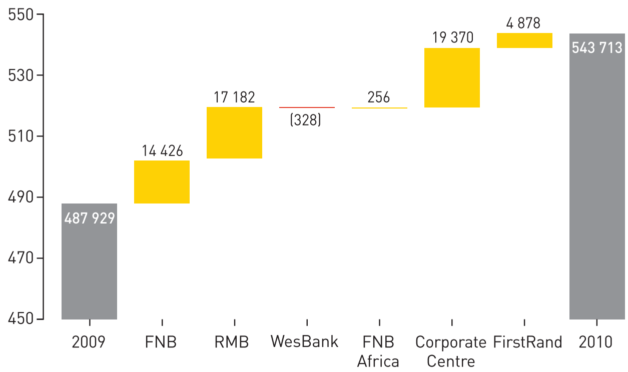
RMB's advances increased 20%, primarily due to:

- a strong increase in Prime Broking client volumes within FICC. The growth in these repo advances is mirrored on the liability side of the Group's balance sheet; and
- solid growth in the lending activities within IBD attributable to increases in the real estate, preference share and infrastructure portfolios. Despite a sharp roll-off of advances during the year, IBD managed to replace the in-force book across the portfolio and, through RMB's strategy to increase its exposure to key investment grade and defensive counters, is strengthening its new business pipeline.

Deposits +11%

Deposits by franchise

(R million)



There is a continued focus by management to optimise the mix of the deposit book, especially due to the higher cost of professional and longer term funding.

FNB increased deposits 8%.

Given the low rate environment, term products were less attractive during the period. Customers' increased cash holdings, resulting in an increase in current, savings and transmission accounts as well as notice deposits, which resulted in growth of 12% and 14% respectively.

Deposit growth in the African subsidiaries was muted at 1% year-on-year. FNB Namibia reflected growth of 8%, primarily driven by increased call, term and savings deposits. FNB Moçambique achieved strong growth of 16%, benefiting from new client acquisitions and the increased branch footprint. FNB Zambia grew deposits in excess of 100%, albeit off a low base, as the business continues to gain traction. Absolute growth levels were depressed by a conscious decision to reduce FNB Botswana's exposure to Bank of Botswana Certificates, with a concomitant reduction in deposits of 11%.

RMB's deposit growth was driven through the increased volumes in the Prime Broking business within FICC.

Impairment losses on loans and advances -35%

Against the backdrop of a muted domestic economic recovery and remaining risks in the global economy, the credit portfolio has shown further improvement. Further interest rate cuts, low inflation and strong income growth led to an improvement in customer debt profiles and also enabled the muted return of consumer appetite in some portfolios. Gross advances increased 9% during the period under review. Limited credit demand and the focus on appropriate risk/return from a risk appetite perspective remain important factors impacting advances growth. However, strong growth was experienced in the mass market, WesBank Loans, Africa and Investment banking.

The Group's credit strategy and the series of interest rate reductions resulted in lower new NPLs in most retail portfolios when compared to 31 December 2009. The NPLs as a percentage of advances decreased from 5.48% at 31 December 2009 to 4.58% at 31 December 2010. The level of NPLs remains high and is impacted by the debt counselling process and lengthening of the work-out process, especially in secured portfolios. The wholesale portfolio NPLs were adversely impacted due to the deterioration of exposures in the commercial property portfolios.

The credit impairment charge for the period ended 31 December 2010 was 0.92%, a continued improvement on the impairment charge at 30 June 2010 of 1.31% and 31 December 2009 of 1.52%. The impairment charges in most retail portfolios were positively impacted by lower new defaults as well as post write-off recoveries. Early stage arrears continued their decreasing trends in the FNB HomeLoans and WesBank portfolios.

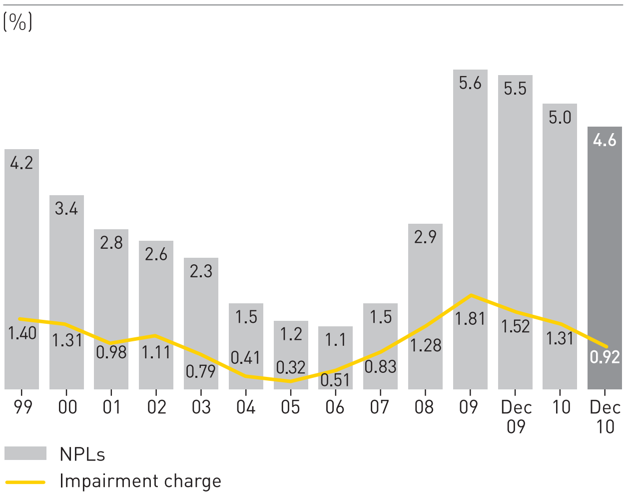
The table below summarises key information on advances, NPLs and impairments for the period under review:

R million/%	Six months ended 31 December 2010	Six months ended 31 December 2009	% change	Year ended 30 June 2010
Total advances	**461 503**	422 129	9	443 765
NPLs	**21 117**	23 121	(9)	22 205
NPLs as % of advances	**4.58**	5.48	(16)	5.00
Impairment charge	**2 084**	3 225	(35)	5 686
Impairment charge as % of average advances	**0.92**	1.52	(39)	1.31
Total impairments[a]	**9 844**	10 991	(10)	10 731
– Portfolio impairments[a]	**3 117**	3 703	(16)	3 566
– Specific impairments[a]	**6 727**	7 288	(8)	7 165
Implied loss given default (coverage)[b]	**31.9**	31.5	1	32.3
Total impairments coverage ratio[c]	**46.6**	47.5	(2)	48.3

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

The graph below shows the history of the Group's credit losses reflected by the impairment charge and NPL percentages.

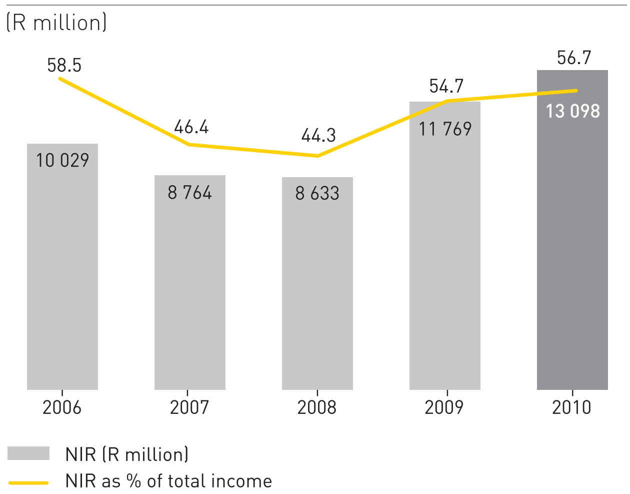
NPLs and impairment history



Additional credit information is contained on pages 63 to 81.

NIR +11%

Non-interest revenue



Note: *Normalised NIR and total income numbers have been used in the 2009 and 2010 calculations.*

Fee and commission income +9%

The Group achieved satisfactory fee and commission income growth, benefiting from an increase in client numbers and growth in transaction volumes and value, in spite of the slow improvement in the economic environment experienced during the period under review. Overall growth was negatively impacted by the continued migration of customers to cheaper electronic channels.

FNB achieved growth of 8%, benefiting from a 3% growth in client numbers despite the job losses over the past 18 months and the slow economic recovery. Transaction volumes and value continued to grow, although overall fee and commission income growth was negatively impacted by a change in mix through customers switching to cheaper electronic channels.

WesBank reflected a marginal decrease of 1% (21% increase on a fully comparable basis excluding the WorldMark South Africa, WorldMark Australia and Norman Bisset, which were disposed of subsequent to December 2009). The local lending business grew NIR 11%, benefiting from increased administration fees introduced through the National Credit Act on new business written.

Knowledge-based fee income remained robust in spite of the challenging economic conditions during the period. RMB continued to benefit from good deal flow, completing several large transactions during the period in South Africa as well as significant resource and infrastructure mandates in African and Africa/Asia corridor transactions.

Income from fair value assets +28%

RMB's trading businesses experienced a strong performance during the period under review, building on the turnaround achieved during the financial year ended 30 June 2010.

As a result, income from fair value assets reflected an increase from R1 181 million to R1 516 million for the period ended 31 December 2010.

The Equity Trading division continued its turnaround reporting profits of R235 million during the current period in comparison to a profit of R120 million in the comparative period. The results were underpinned by stronger equity markets as well as satisfactory income from client activities, although volumes remained under pressure.

FICC reported profits up 8%. Trading conditions remained challenging during the period. Trending fixed income and currency markets with the resultant lower volatility as well as lower trade flows depressed volumes and client demand for hedging solutions.

IBD posted strong results with profits increasing 32%, assisted by good balance sheet growth and strong deal flow during the period.

RMB's legacy portfolios recorded insignificant losses during the period under review. As indicated previously, the remaining portfolios are illiquid, however, progress has been made in reducing these positions further. The remaining positions total approximately $143 million (December 2009: $189 million).

Further information is presented on page 42.

Investment income +67%

Private equity activities -56%

Investment income includes realised gains and losses from the Group's private equity portfolios managed by RMB.

The Private Equity division experienced limited realisation opportunities during the period. The unrealised profits in the private equity portfolio increased from R1.5 billion at 31 December 2009 to R1.7 billion at 31 December 2010. Consistent with prior years, the unrealised profit on the portfolio is not recognised in income.

Other +72%

Other investment income was positively affected by profits of R290 million achieved on assets held on-balance sheet to cover long-term employee benefits. The assets are invested in long-term equity and inflation linked portfolios, which recorded significant mark to market profits assisted by the recovery of local and international markets during the period. The related increase in the Group's employee obligations is reflected as part of the Group's operating staff expenses.

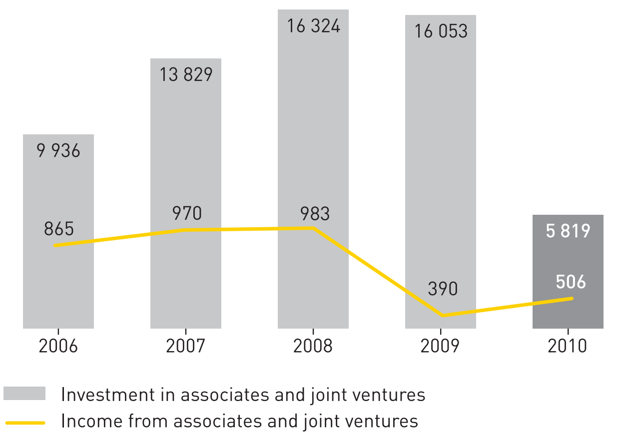
The Group further reflected significant mark to market profits on its international resources investment portfolios during the period, benefiting from the continued recovery in the international equity markets as well as being well positioned to benefit from the strong run in the gold price during the preceding year.

The Group disposed of a further tranche of its VISA Inc. shares during the period under review at a profit of R155 million.

Equity accounted income +30%

Analysis of income from associates and joint ventures

(R million)



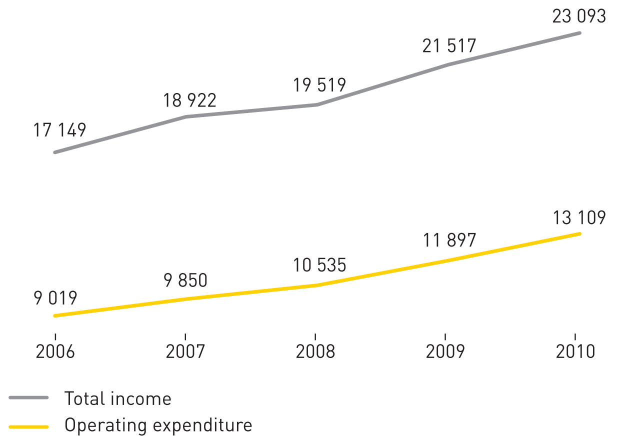
The results were impacted by:

- a strong increase of 35% in the performance of FRSTI, benefiting from favourable claims ratios across all business units. The Southern African operations increased profits 30%, benefiting from satisfactory premium income growth of 11% from OUTsurance, expanding personal and commercial business lines and a reduction in the claims ratio from 59.7% to 55.2%. Overall profitability was negatively affected by start up losses in Youi, the Australian operation, although this business continues to perform in line with expectations;
- a year-on-year turnaround in the profitability of the private equity associates, reflecting a small profit for the six month period against a loss in the comparative period. The results were reflective of ongoing satisfactory underlying performance of associate investments, although absolute results were negatively impacted by impairments raised during the current period. The year-on-year performance further reflects the benefit of the non-recurrence of impairments in excess of R240 million against the "Dealstream" portfolio in the comparative period; and
- a very good performance from WesBank's associates affiliated to its lending activities, reflecting a 51% increase in profit, benefiting from the improvement in the retail environment in which these entities operate.

Operating expenses +10%

Operating "jaws"

(R million)



Note: *The normalised operating expenditure and total income numbers have been used in the 2009 and 2010 calculations.*

The absolute increase in operating expenses was negatively affected by:

- an increase of 14% in staff expenses, due to:
  - direct staff remuneration increasing 12%, affected by annual salary increases in excess of 9%; and
  - other staff related costs increasing 17%, due to a significant increase in IFRS 2 share-based payment expenses as well as an increase in variable staff related expenses directly linked to the increased profitability of the Group;
- an increase of 51% in costs associated with cooperation agreements and joint venture profit shares;
- an increase of 18% in conveyance of cash;
- an increase of 28% in computer expenses; and
- an increase of 99% in costs associated with expansion activities.

Further analysis of operating expenditure is set out on page 45.

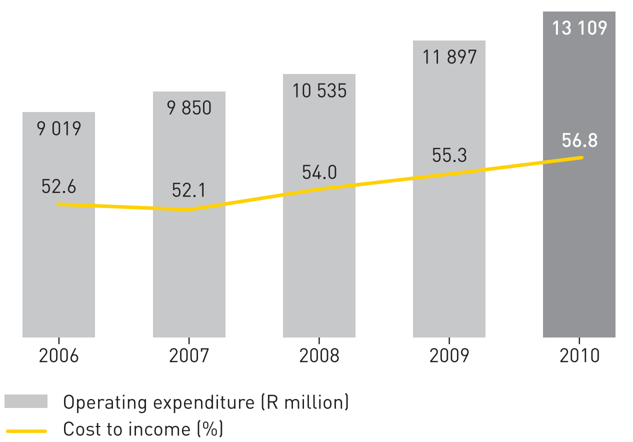
Cost to income

The cost to income ratio increased from 55.3% at 31 December 2009 to 56.8%.

This increase should be seen against sluggish topline growth and the impact of endowment and investment in growth initiatives. The increase of 10% in operating costs, when adjusted for expansion investments, share-based payments and JV profit shares, was actually limited to 8%, which reflects the Group's ongoing focus on managing costs.

The historic trend in the cost to income ratio is shown below:

Operating efficiency



Direct tax +24%

The direct tax charge as a percentage of income before direct tax increased marginally from 27.3% to 27.7%.

FIRSTRAND

ADDITIONAL NOTES TO THE RESULTS

Consolidated income statement – normalised

R million	Note	Six months ended 31 December 2010	Six months ended 31 December 2009	% change	Year ended 30 June 2010
Net interest income before impairment of advances	1	**9 489**	9 358	1	18 198
Impairment of advances		**(2 084)**	(3 225)	(35)	(5 686)
Net interest income after impairment of advances		**7 405**	6 133	21	12 512
Non interest income	2	**13 098**	11 769	11	24 644
Income from operations		**20 503**	17 902	15	37 156
Operating expenses	3	**(13 109)**	(11 897)	10	(23 909)
Net income from operations		**7 394**	6 005	23	13 247
Share of profit from associates and joint ventures		**506**	390	30	700
Profit before tax		**7 900**	6 395	24	13 947
Indirect tax		**(385)**	(236)	63	(446)
Profit before direct tax		**7 515**	6 159	22	13 501
Tax		**(2 080)**	(1 680)	24	(3 527)
Profit for the period		**5 435**	4 479	21	9 974
Headline earnings adjustments		**(159)**	(33)	>100	(174)
Normalised earnings		**5 276**	4 446	19	9 800
Attributable to:					
Ordinary shareholders		**4 752**	3 946	20	8 569
Non-cumulative non-redeemable preference shareholders		**160**	190	(16)	344
Equity holders of the Group		**4 912**	4 136	19	8 913
Non-controlling interest		**364**	310	17	887
Normalised earnings		**5 276**	4 446	19	9 800

NOTE 1: NET INTEREST INCOME AND MARGIN ANALYSIS

Net interest income before impairment of advances – IFRS

R million	Six months ended 31 December 2010	Six months ended 31 December 2009	% change	Year ended 30 June 2010
FNB	**5 674**	5 506	3	11 106
Mass	**538**	529	2	1 068
Consumer segment	**2 107**	2 146	(2)	4 222
– HomeLoans	**616**	620	(1)	1 174
– Card Issuing	**509**	556	(8)	1 106
– Other Consumer	**982**	970	1	1 942
Wealth segment	**432**	409	6	868
Commercial segment	**1 465**	1 414	4	2 912
Corporate segment	**259**	280	(8)	549
FNB Other	**(40)**	(56)	(29)	(107)
FNB Africa	**913**	784	16	1 594
RMB	**23**	70	(67)	112
WesBank	**2 268**	1 999	13	4 144
Corporate Centre	**547**	868	(37)	1 236
Net interest income – Banking activities	**8 512**	8 443	1	16 598
Other[1]	**(133)**	(118)	13	(248)
Net interest income	**8 379**	8 325	1	16 350

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

Normalised net interest income before impairment of advances

R million	Six months ended 31 December 2010	Six months ended 31 December 2009	% change	Year ended 30 June 2010
Total net interest income per above table	**8 379**	8 325	1	16 350
Notional adjustments				
– Economic hedges not qualifying for hedge accounting	**136**	185	(26)	(15)
– Treasury shares	**138**	121	14	253
– Fair value lending annuity income	**836**	727	15	1 610
Normalised net interest income	**9 489**	9 358	1	18 198

Margin analysis

	Six months ended 31 December			
	2010		2009	
R million	Average balance	% margin	Average balance	% margin
Average prime rate (RSA)		9.58		10.62
Advances				
Property finance	160 193	1.22	154 235	1.18
Vehicle asset finance	83 399	4.38	72 585	3.96
Card	10 508	9.08	11 680	8.13
Overdrafts and short-term loans	22 687	4.39	20 605	4.60
Unsecured term loans	16 563	9.64	17 709	7.13
Total advances	293 350	3.12	276 814	2.86
Deposit				
Current and savings	82 696	3.80	89 121	3.99
Call	25 982	1.55	25 336	1.83
Money market	39 782	1.70	28 495	1.76
Term	43 139	1.05	41 306	0.99
Total deposits	191 599	2.44	184 258	2.68
Africa				
Africa advances	20 430	4.28	18 051	3.36
Africa deposits	26 683	2.28	25 889	2.39

Notes
The advances margins are calculated using total net interest as a percentage of gross advances before impairments.

Average balances are daily average balances for the period.

Advances and deposits for the South African divisions of FNB and WesBank are included in this analysis, with African subsidiaries shown separately.

Balances in Cash Management accounts have been set off, even where legal right of setoff ("LROS") cannot be applied as they earn no margin.

NOTE 2: NON-INTEREST REVENUE

Non-interest revenue – IFRS

R million	Notes	Six months ended 31 December 2010	Six months ended 31 December 2009	% change	Year ended 30 June 2010
Fee and commission income	2.1	**9 518**	8 767	9	17 396
Fair value revenue	2.2	**2 488**	2 093	19	3 691
Investment income	2.3	**1 217**	783	55	1 959
Other non-interest revenue		**1 173**	1 128	4	3 908
– Consolidated private equity income		**541**	223	>100	1 098
– Other		**632**	905	(30)	2 810
Non-interest revenue		**14 396**	12 771	13	26 954

Normalised non-interest revenue

R million	Six months ended 31 December 2010	Six months ended 31 December 2009	% change	Year ended 30 June 2010
Private equity	**181**	168	8	378
– As per above table*	**541**	223	>100	1 098
– Private equity expenditure	**(360)**	(55)	>100	(720)
Other non-interest revenue	**12 917**	11 601	11	24 266
– As per above table*	**13 855**	12 548	10	25 856
– Economic hedges not qualifying for hedge accounting	**(136)**	(185)	(26)	15
– Treasury share adjustment	**34**	(35)	(>100)	5
– Fair value annuity income lending	**(836)**	(727)	15	(1 610)
Normalised non-interest revenue	**13 098**	11 769	11	24 644

* *Total 14 396 (2009: 12 771).*

2.1 Fee and commission income – IFRS

R million	Six months ended 31 December 2010	2009	% change	Year ended 30 June 2010
Bank commissions and fee income	**6 802**	6 418	6	12 414
Card commissions	**996**	884	13	1 748
Cash deposit fees	**826**	740	12	1 437
Commissions on bills, drafts and cheques	**523**	382	37	1 129
Bank charges	**4 457**	4 412	1	8 100
Knowledge-based fees	**349**	420	(17)	810
Management fees	**498**	441	13	875
Insurance income	**1 051**	895	17	1 911
Other non-bank commissions	**818**	593	38	1 386
Fee and commission income	**9 518**	8 767	9	17 396

2.2 Fair value income – IFRS

R million	Six months ended 31 December 2010	2009	% change	Year ended 30 June 2010
Annuity	**1 860**	1 505	24	2 764
Risk income	**468**	439	7	871
Other[1]	**160**	149	7	56
Fair value income	**2 488**	2 093	19	3 691

1 The economic hedges not qualifying for hedge accounting have been included as part of other.

Normalised fair value income

R million	Six months ended 31 December 2010	2009	% change	Year ended 30 June 2010
Total fair value income per above table	**2 488**	2 093	19	3 691
Notional adjustments				
– Economic hedges not qualifying for hedge accounting	**(136)**	(185)	(26)	15
– Fair value annuity income lending	**(836)**	(727)	15	(1 610)
Normalised fair value income	**1 516**	1 181	28	2 096

2.3 Investment income – IFRS

R million	Six months ended 31 December 2010	2009	% change	Year ended 30 June 2010
Private equity realisations and dividends received	**12**	27	(56)	1 071
– Profit on realisation of private equity investments	**5**	15	(67)	1 047
– Dividends received	**7**	12	(42)	24
Other income from investments	**1 205**	756	59	888
– Profit on disposal of available-for-sale assets	**179**	146	23	178
– Profit on assets held against employee liabilities	**290**	208	39	126
– Resources	**542**	204	>100	245
– WorldMark realisation	**–**	–	–	141
– Other investment income	**194**	198	(2)	198
Investment income	**1 217**	783	55	1 959

Normalised investment income

R million	Six months ended 31 December 2010	2009	% change	Year ended 30 June 2010
Total investment income per above table	**1 217**	783	55	1 959
Notional adjustment				
– Treasury share adjustment[1]	**34**	(35)	>100	5
Normalised investment income	**1 251**	748	67	1 964

1 Reversal of the fair value move on FirstRand shares and dividend income on treasury shares.

Normalised other investment income

R million	Six months ended 31 December 2010	2009	% change	Year ended 30 June 2010
Total per above table	**1 205**	756	59	888
Notional adjustment				
– Treasury share adjustment[1]	**34**	(35)	>100	5
Normalised other investment income	**1 239**	721	72	893

1 Reversal of the fair value move on FirstRand shares and dividend income on treasury shares.

Share of profits from associates and joint ventures – IFRS

R million	Six months ended 31 December 2010	2009	% change	Year ended 30 June 2010
Private equity associates	**6**	(32)	>100	(271)
– Operational performance	**157**	217	(28)	306
– Less impairments	**(151)**	(249)	(39)	(577)
WesBank associates	**143**	95	51	210
– Toyota Financial Services (Pty) Ltd	**69**	39	77	98
– Tracker Investment Holdings (Pty) Ltd	**58**	49	18	126
– Other	**16**	7	>100	(14)
FirstRand International associates and joint ventures	**(18)**	–	(>100)	73
FirstRand Short Term Insurance	**292**	216	35	458
Other operational associates	**83**	111	(25)	230
– Eris Property Group (Pty) Ltd	**8**	11	(27)	26
– RMB Morgan Stanley (Pty) Ltd	**29**	54	(46)	86
– Makalani Holdings Ltd[1]	**–**	40	(100)	53
– Other	**46**	6	>100	65
Share of profits from associates and joint ventures	**506**	390	30	700

1 The company was delisted and became a subsidiary during 2010.

Income from private equity activities

R million	Six months ended 31 December 2010	2009	% change	Year ended 30 June 2010
Private equity realisations and dividends received	**12**	27	(56)	1 071
– Profit on realisation of private equity investments	**5**	15	(67)	1 047
– Dividends received	**7**	12	(42)	24
Private equity associates	**6**	(32)	>100	(271)
– Operational performance	**157**	217	(28)	306
– Less impairments	**(151)**	(249)	(39)	(577)
Total income from private equity activities	**18**	(5)	>100	800

NOTE 3: OPERATING EXPENSES

Operating expenses – IFRS

	Six months ended 31 December			Year ended 30 June
R million	2010	2009	% change	2010
Staff expenditure	7 266	6 388	14	13 076
– Direct staff expenditure	4 680	4 180	12	8 698
– Other staff related expenditure	2 586	2 208	17	4 378
Depreciation	753	688	9	1 430
Amortisation of other intangible assets	98	84	17	189
Advertising and marketing	461	411	12	979
Insurance	194	179	8	462
Lease charges	440	570	(23)	895
Professional fees	435	399	9	916
Homeloans third party origination costs	16	15	7	27
Audit fees	68	68	–	130
Computer expenses	451	351	28	770
Conveyance of cash	190	161	18	327
Maintenance	450	413	9	868
Telecommunications	226	239	(5)	496
eBucks customer rewards	140	131	7	249
Cooperation agreements and joint ventures	271	179	51	360
Other expenditure	1 965	1 653	19	3 691
Operating expenses	13 424	11 929	13	24 865

Normalised operating expenses

	Six months ended 31 December			Year ended 30 June
R million	2010	2009	% change	2010
Total operating expenses per above table	13 424	11 929	13	24 865
Notional adjustments				
– Private equity expenditure	(360)	(55)	>100	(720)
– Treasury share adjustment	–	(1)	(100)	1
– Share-based payment expenses	45	24	88	(237)
Normalised operating expenses	13 109	11 897	10	23 909

Core cost growth – IFRS

	Six months ended 31 December			Year ended 30 June
R million	2010	2009	% change	2010
As per income statement	13 424	11 929	13	24 865
Share-based payments	(360)	(89)	>100	(553)
Consolidated private equity investments	(360)	(55)	>100	(720)
Expansion costs	(219)	(110)	99	(133)
Cooperation agreements and joint ventures	(271)	(179)	51	(360)
WesBank disposed business	–	213	(100)	319
Core costs	12 214	11 283	8	23 418

NOTES

FIRSTRAND

FRANCHISE REVIEWS

FNB OPERATIONAL REVIEW – SOUTH AFRICA AND AFRICA

Market dynamics

During the period under review FNB's operating environment continued to be challenging. Despite lower interest rates within South Africa, retail credit growth remained muted due to the ongoing high levels of indebtedness, particularly in the middle market. The overall size of the consumer credit market also reduced due to the significant number of customers with adverse credit records. This resulted in a particularly challenging environment for new customer acquisition. Demand for corporate working capital remains slow as corporates continue to have strong balance sheets and capital investment activity remains limited.

Whilst the South African economic recovery is expected to be slow, in other African countries where FNB operates the recovery has been robust, driven mainly by the recovery in commodity prices and export activity.

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

Progress on strategy

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

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

Over the past five years FNB was very successful in growing its franchise in the Mass market and now has over four million customers in this segment. It achieved this through a strong focus on delivering innovative and low cost transactional banking services, however, it remains relatively underweight in lending activities to these customers despite significant growth. To address this gap, FNB is continuing with the roll-out of its EasyPlan strategy which represents a low cost banking offering to Mass segment customers. The EasyPlan branches are well positioned in mass market activity hubs, are open longer than traditional branches and are supported by low cost channels for lending, insurance, savings and transactional products and services, and have Automatic Deposit Terminals ("ADTs") to satisfy customer cash transactional needs.

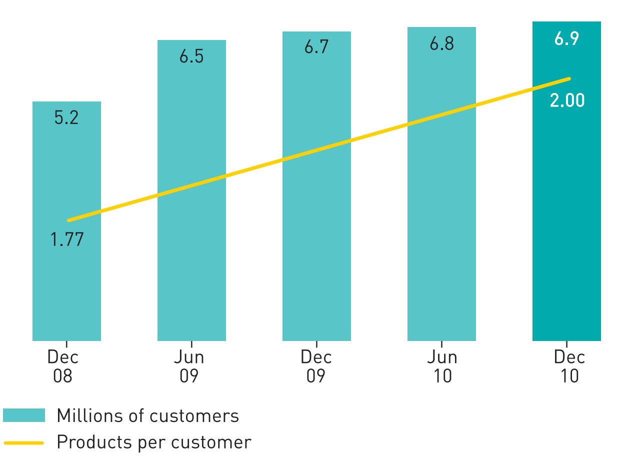
FNB's offer to acquire 100% of BJM's highly regarded private client and stockbroking business was effective January 2011. As outlined previously FNB will incorporate the businesses and skills of BJM into its existing Wealth segment offering which will enable it to provide its customers with a more holistic wealth offering.

The objective of enhancing the interface with large corporate clients in the Corporate segment more closely with RMB through the formation of the new CIB team is progressing well. This team, which is mandated to coordinate RMB's and FNB Corporate's combination of products and services to clients, has been integrated and has started to leverage operational capabilities within RMB and FNB.

In terms of its growth strategy in Africa, FNB continues to expand its operating platforms in Zambia and Moçambique, and is awaiting in-country regulatory approval to establish full banking operations in Tanzania.

Key performance indicators

Growth in customers and cross sell for FNB South Africa

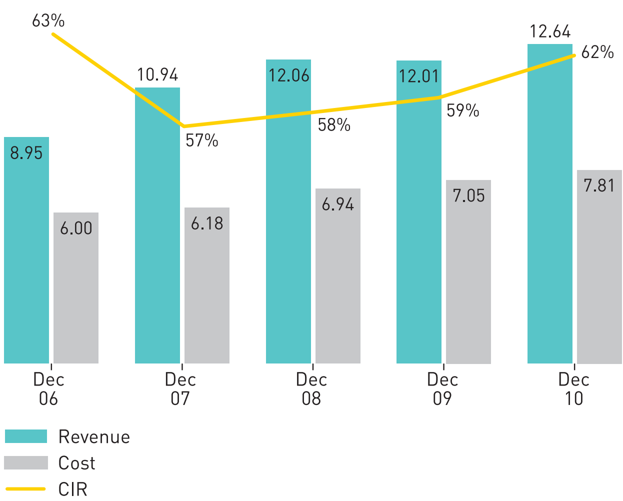


Despite negative macro factors such as continued job losses and slow economic recovery, FNB's strategy to focus on customer relationships, supported by appropriate product and channel innovation, continues to produce positive results, as evidenced in the ongoing growth in customer numbers. This is also reflected in the improvement in cross sell.

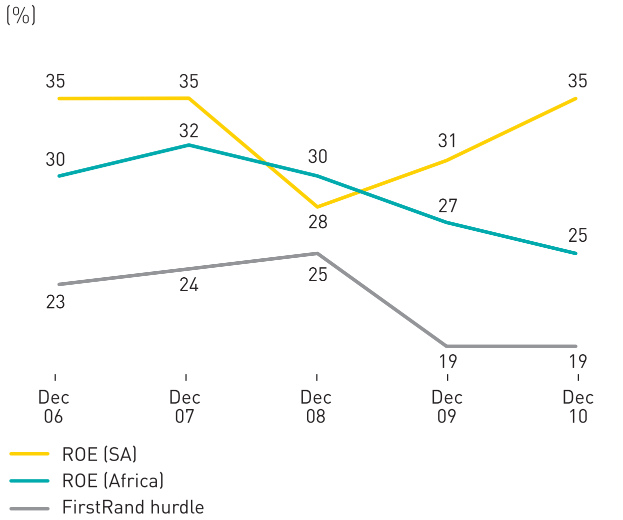
Revenue and cost to income – South Africa

Whilst FNB's overall revenues increased during the period, pressure remained on NII resulting from low balance sheet growth and the continued negative endowment impact on deposit margins. FNB continues to benefit from the lower cost base created by below inflation cost growth in prior periods, however, the macro pressures on the topline, combined with the investments in growth strategies has resulted in a further increase in the cost to income ratio ("CIR"). FNB continues to believe that the ongoing cost initiatives it is implementing will support profitability and ROE in the medium term as revenue growth remains challenging.

Revenue and cost to income



ROE – South Africa and Africa



ROE is a key performance management ratio for the Group and FNB's ROE remains well above FirstRand's hurdle rate. The ongoing improvement in the South African ROE in the profitability together with efficient capital management.

The decrease in the ROE for FNB Africa is largely related to the investments made into Africa, supported by improved performances in Botswana, Namibia and Swaziland.

Financial highlights

R million	FNB – South Africa			FNB – Africa		
	Six months ended 31 December			Six months ended 31 December		
	2010	2009	% change	**2010**	2009	% change
Net interest income	**4 761**	4 722	1	**913**	784	14
Non-interest revenue	**7 813**	7 254	8	**767**	632	21
Operating expenses	**(7 805)**	(7 045)	11	**(910)**	(765)	19
Income before indirect tax	**3 543**	3 051	16	**755**	610	24
Indirect tax	**(181)**	(156)	16	**(15)**	(13)	15
Income before direct tax	**3 362**	2 895	16	**740**	597	24
Normalised earnings	**2 463**	2 142	15	**316**	288	10
Advances	**201 847**	196 136	3	**21 061**	18 582	13
Total deposits	**205 505**	191 079	8	**26 707**	26 451	1
Assets under management	**47 022**	44 150	7	**1 437**	1 538	(7)
Cost to income (%)	**61.7**	58.6		**54.1**	53.9	
NPLs (%)	**7.0**	8.4		**1.7**	2.2	
ROE (%)	**35**	31		**25**	27	

The roll-out of FNB EasyPlan branches resulted in an overall increase in branch representation points:

	FNB – South Africa			FNB – Africa		
	31 December			31 December		
	2010	2009	% change	**2010**	2009	% change
Representation points (branches, agencies, EasyPlan)	**698**	680	3	**98**	94	4
ATMs	**5 711**	5 478	4	**557**	497	12

Operational highlights

- EasyPlan branch representation increased to 65 (June 2010: 15) across Gauteng, KwaZulu-Natal, Eastern Cape, Western Cape and Mpumalanga.
- The Personal Cheque accounts base reflects an 18% growth from December 2009.
- Finalisation of the acquisition of BJM was effective on 3 January 2011 and thereafter the process of integration with the FNB Wealth segment commenced.
- FNB continues to leverage off its successful cellphone banking and its newest offering, eWallet, is generating strong transaction volumes.
- FNB Custody was rated by the Global Custodian Magazine as the "Top Rated" provider of clearing, settlement and asset servicing in South Africa for 2010.
- FNB Public Banking won the tender for the R300 billion Gauteng provincial account for the next five years.
- Ashburton's Euro Asset Management Fund received recognition for "Best Offshore Global Asset Allocation Fund" at the Raging Bull Awards. The fund achieved the highest rating for the third year running.
- The combined FNB Wealth franchises, RMB Private Bank and FNB Private Clients were rated as the top private bank by Euromoney in the current year.

Performance commentary

FNB South Africa performed well during the six month period, growing pre-tax profits by 16%, which was underpinned by a 32% decline in bad debts emanating largely from HomeLoans and Card, and a good increase in NIR. Operating expenses grew 11%, due primarily to the EasyPlan expansion, Cellphone Banking development and other investment costs.

The overall impairment charges and ratios from residential mortgages continued to decline largely driven by HomeLoans and was offset slightly by the expected, but insignificant increased charges from Affordable Housing as detailed below.

	Gross advances R million	Impairment charge R million	Impairment to average advances %
Affordable Housing	7 306	32	0.94
HomeLoans	107 012	535	0.99
Wealth	38 865	73	0.38
Residential mortgages – December 2010 (6 months)	**153 183**	**640**	**0.84**
Residential mortgages – June 2010 (12 months)	152 300	1 416	0.94
Residential mortgages – December 2009 (6 months)	**149 484**	**869**	**1.17**

NII remained relatively flat as a result of lower endowment margins and muted advances growth of 3%.

The growth in NIR includes the annual inflationary price increase and 3% customer growth. Transactional volumes grew well overall but continued to show the effects of customers migrating to less expensive electronic channels. FNB will continue with this strategy of encouraging customers to use electronic channels, and as a result NIR will continue to remain under pressure until the change in channel mix is fully offset by market share gains and a reduction in the cost of physical infrastructure.

Despite interest rates being at 36 year lows, advances growth was muted due to continued deleveraging by over-indebted consumers. The HomeLoans and Card advances declined 2% and 5% respectively, indicating that the credit market is still experiencing a slow recovery specifically in the consumer segment or middle market.

Deposit growth of 8% was achieved through a proactive strategy in a low yield market where customers preferred to improve cash holding positions and reduce risk to balance sheets. Current, savings and transmission accounts as well as notice deposits showed good growth of 12% and 14% respectively on the back of transactional market share gains.

Segment performance

	FNB – South Africa			
	Six months ended 31 December			Year ended 30 June
R million	2010	2009	% change	2010
Mass	**648**	686	(6)	1 321
Consumer	**1 418**	814	74	1 880
– HomeLoans	**(96)**	(285)	66	(307)
– Card Issuing	**451**	208	>100	518
– Other Consumer	**1 063**	891	19	1 669
Wealth	**161**	143	13	296
Commercial	**1 078**	991	9	2 037
Corporate	**230**	342	(33)	520
FNB Other and Support	**(173)**	(81)	>100	(221)
FNB – South Africa	**3 362**	2 895	16	5 833
FNB Africa	**740**	597	24	1 146
Total FNB	**4 102**	3 492	17	6 979

As previously reported, FNB's segment view is not a "pure" indication of FNB's penetration into each segment as it depends on the product segment categorisation as well as internal service level and revenue arrangements. Further continuous segment refinement occurs, such as the transfer pricing model changes and the transfer of business units.

Mass (Smart Solutions)

	Six months ended 31 December		
R million	2010	2009	% change
Net interest income	**538**	529	2
Non-interest revenue	**1 964**	1 884	4
Operating expenses	**(1 598)**	(1 442)	11
Income before direct tax	**648**	686	(6)
Bad debt ratio	**4.73**	6.79	
NPLs (%)	**6.8**	5.9	
Advances	**10 471**	8 354	25
Deposits	**8 730**	8 514	3

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

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

The Mass segment's performance was mainly impacted by the limited growth in NII due to margin squeeze on the endowment products which offset interest income growth on the advances products. Despite increasing competition, growth in both advances and NIR was robust reflecting the strong franchise FNB has developed in this market. The increase in advances was mainly driven by growth in Housing Finance where sales increased 10%. Excellent ongoing growth in prepaid airtime turnover and revenue from bancassurance strategies, also contributed positively. FNB Life continued to perform well, despite policy lapse rates with in-force policies increasing 13% to 4.2 million.

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

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

Consumer

R million	Six months ended 31 December 2010	2009	% change
Net interest income	**2 107**	2 146	(2)
Non-interest revenue	**2 716**	2 461	10
Operating expenses	**(2 691)**	(2 447)	10
Income before direct tax	**1 418**	814	74
HomeLoans income before direct tax	**(96)**	(285)	66
Card Issuing income before direct tax	**451**	208	>100
Bad debt ratio	**1.19**	2.14	
NPLs (%)	**7.2**	9.7	
Advances	**120 859**	123 468	(2)
Deposits	**61 643**	56 801	9

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

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

The segment continued to face tough trading conditions as consumers remain under pressure despite the easing of interest rates. However, the significant decrease in NPLs and arrears are the major drivers of the segment's ongoing turnaround.

NII decreased as a result of low balance sheet growth which reflects the high levels of indebtedness that still prevails in this segment and customers focusing on deleveraging.

The increase in NIR reflects good growth in transactional banking revenue due to an increase in the number of accounts and fees for usage of electronic channels, specifically increased interchange.

Deposits growth is mainly attributable to current accounts and the continued focus on Money Market account growth.

FNB HomeLoans

Several external factors including lower interest rates, stabilising inflation and a gradual improvement in the economic environment together with improved collection processes and better quality new business, were reflected in the positive turnaround.

Advances contracted despite a 7% increase in sales as write-offs and capital repayments continued to exceed the pace of new business written. New business market share remained fairly constant at around 19%.

Operating expenses increased mainly due to cost increases associated with collections and properties in possession ("PIPs").

Card Issuing

Card Issuing delivered an excellent performance despite the relatively slow economic recovery and muted customer growth. The improved results can mostly be attributed to a significant decrease in the impairment charge, continued decreases in NPLs and arrears and increased post write-off recoveries.

Wealth

R million	Six months ended 31 December 2010	2009	% change
Net interest income	**432**	409	6
Non-interest revenue	**377**	352	7
Operating expenses	**(571)**	(515)	11
Income before direct tax	**161**	143	13
Bad debt ratio	**0.38**	0.57	
NPLs (%)	**7.5**	6.3	
Advances	**38 865**	34 843	12
Deposits	**17 528**	16 218	8
Assets under management	**47 022**	44 150	7

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

This segment focuses on providing banking and investment solutions to customers with incomes above R1.1 million per annum as well as certain trust, fiduciary and offshore investment services to all retail customers.

Whilst this segment produced a resilient performance it is still impacted by bad debts which remain high.

Advances increased due to ongoing new client acquisition and conversions, despite increased pricing and improving margins.

NIR increased mainly due to increases in banking fee income and a 75% increase in international earnings.

Deposit growth was strong despite higher yields in alternative investments in the current low interest environment and customers focusing on repaying debts.

Assets under management continue to grow due to good investment selection and despite the negative impact on Ashburton values in Rand terms due to appreciation of the currency.

Commercial segment

R million	Six months ended 31 December 2010	2009	% change
Net interest income	**1 465**	1 414	4
Non-interest revenue	**1 819**	1 689	8
Operating expenses	**(1 989)**	(1 879)	6
Income before direct tax	**1 078**	991	9
Bad debt ratio	**1.44**	1.64	
NPLs (%)	**6.7**	6.8	
Advances	**28 782**	26 697	8
Deposits	**68 071**	64 196	6

Small Business, Business and Medium Corporate transactional and overdraft products
Investment products
SMMEs
Commercial property finance
Debtor finance
FNB Leveraged finance, BEE funding, Franchises, Tourism, Agric, Start-ups
SpeedPoint

This segment provides financial solutions, including working capital solutions, structured finance, investment products, transactional banking and term loans to Mid Corporate, Business and Small Business sub segments.

The segment's performance was impacted by endowment pressure on deposit margins. Whilst this was partly offset by robust advance growth in the Agric and Leverage Finance books, overall NII remained under pressure.

NIR growth of 8% was mainly driven by a strong performance from SpeedPoint as well as good growth in transactional banking. These increases offset declines in non-electronic fees as well as lower dealing volumes from International banking.

The increase in operating costs related to variable costs on the higher transactional volumes together with higher costs related to the expanded SpeedPoint network.

Deposits increased on the back of seasonal current account increases and a positive attribution from the Money Market Maximiser product.

Corporate

R million	Six months ended 31 December 2010	2009	% change
Net interest income	**259**	280	(8)
Non-interest revenue	**671**	606	11
Operating expenses	**(670)**	(573)	17
Income before direct tax	**230**	342	(33)
Bad debt ratio	**1.97**	(1.10)	
NPLs (%)	**0.2**	0.1	
Advances	**2 781**	2 880	(3)
Deposits	**33 735**	31 798	6

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

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

The segment's performance was affected by margin compression due to competitive activity, investment in system enhancements and low import/export activity which placed significant pressure on revenue in International banking.

Bad debt provisioning returned to a more normalised level after provision releases in the comparative period.

NIR increased on the back of increased volumes but at lower margins as a result of the ongoing mix change to cheaper electronic platforms and the implementation of targeted newly developed and implemented product offerings.

Operating expenditure increased due to variable costs associated with some of the transactional activity increase, significantly above inflation increases on the cost of cash handling and some investment and realignment costs that are expected to deliver savings in the medium term.

FNB Other and Support

Included in FNB Other and Support is Public Sector Banking, Banking Channels, Brand (marketing and communication) and Support.

Public Sector Banking

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

There are some indications of strengthening cash flows in Local Government as well as increased cash holdings by Provincial Government and the combined balances held by municipalities and provinces.

The business achieved satisfactory growth in deposit balances and a specific focus on customised client offerings resulted in growth of the customer base, including the award to FNB of the Gauteng provincial account, the largest provincial account in South Africa.

Banking Channels (previously Branch Banking)

Branch Banking
ATMs
Cash Centres

Banking Channels represents the physical infrastructure which services most of FNB's customers. The number of full transactions in branches reduced slightly during the year given the strategy to ensure optimisation of the overall network, whilst the ATM footprint growth reflects FNB's strategy to migrate customers to lower cost electronic channels.

Performance commentary – FNB Africa

The results of FNB Africa comprise the subsidiaries FNB Botswana, FNB Namibia, FNB Swaziland, FNB Moçambique, FNB Lesotho and FNB Zambia as well as the support centre in Johannesburg and a representative office in Angola. Effective from this reporting cycle the results of RMB-managed operations in the subsidiaries will be reported under RMB and as such the results reported below represent only the FNB component of subsidiary results. However in order to reflect a consolidated view of the portfolio, the RMB related profits are added for information.

	Six months ended 31 December		
R million	2010	2009	% change
Botswana income before direct tax	**318**	272	17
Botswana income before direct tax (BWP)	***301***	*239*	*26*
Namibia income before direct tax	**402**	319	26
Swaziland income before direct tax	**67**	58	16
Other income before direct tax	**(47)**	(52)	11
Net income before direct tax	**740**	597	24
RMB income before direct tax	**40**	46	(13)
Total Africa income before direct tax	**780**	643	21

Overall the African subsidiaries performed well despite significant investment activity across the portfolio resulting in increased operating expenses.

As part of its strategy to further grow the existing franchise and operating footprint, FNB invested significantly in Zambia and Moçambique in the period under review. This investment phase is expected to continue in the medium term with a parallel focus on service and electronic delivery channels to increase the customer base and drive up volumes and resultant non-interest revenue.

FNB Botswana

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

The strengthening of the Rand reduced the positive impact of Pula growth with net income before tax increasing 26% to P301 million, as a result of balance sheet growth and increased transactional volumes.

Advances increased 19% (28% in Pula) particularly in the retail and property segments and deposits increased 2% (10% in Pula) as the bank consciously reduced its Bank of Botswana Certificate exposure to establish a more representative market share.

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

FNB Namibia

Indicators of a recovery in domestic demand remain tentative but are expected to improve going forward. Primary sector output held up quite well throughout 2010, with strong performances from the agricultural and mining sectors.

Against this background of improving economic conditions FNB Namibia's income for the six months increased 26% to R402 million.

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

Gross advances growth originated primarily from mortgage and agricultural loans while there is surplus liquidity in the market contributing to the increase in deposits.

FNB Swaziland

FNB Swaziland performed well in a low growth macro environment. Net income before tax for the period increased 16% as a result of good margins, a healthy credit book and good transactional volumes.

Advances increased 19% as FNB Swaziland gained market share.

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

FNB Moçambique

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

The increased network has already resulted in growth in advances and transactional volumes which positively impacted revenue.

FNB Lesotho

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

FNB Zambia

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

The deposit base increased in line with the branch expansion and this is supporting sustainable growth in advances. The balance sheet has grown substantially and the business is gaining good traction.

Looking forward/prospects

The anticipated modest growth in the South African economy in the medium term will be driven mainly by further investment by government and some improvement in consumption levels. This is not expected to result in significant growth in advances as levels of consumer indebtedness are still at historic highs. However, FNB does expect the increased economic activity to benefit its banking franchises.

The risk around subdued or even negative growth in house prices in the short to medium term, as well as the ongoing implications of the NCA, could impact future profit growth and will be closely monitored by management.

Corporate credit appetite may increase marginally on the back of modest investment in capacity, however, business volumes overall will remain subdued. FNB will continue to pursue growth in those segments where it is underweight or under-represented. However, achieving topline growth will be a challenge and, therefore, cost management remains a key focus for management.

It is anticipated that the migration to electronic channels will continue which will put pressure both on revenue, because of lower unit pricing on electronic transactions, and cost, because of the need to leveraged fixed infrastructure. Ongoing improvements of credit quality, investments and innovation will ensure that ROE remains strong.

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

RMB OPERATIONAL REVIEW

Market dynamics

Market conditions have remained challenging in the six months to December 2010. Whilst corporate activity showed early signs of recovery, the uncertain economic environment locally and globally yielded limited corporate credit growth and negatively impacted global trade and business volumes. The trading environment was characterised by generally low volatility which only really returned to local currency and interest rate markets late in the reporting period. This, together with lower economic activity, also gave rise to weak client volumes. Equity markets showed steady gains during the period, however volumes in the period under review were lower than the previous six months and slightly lower than the comparative period in the previous year.

Progress on strategy

As outlined previously RMB's refined risk appetite framework's key objective is to ensure that RMB's portfolio reflects the appropriate mix of client, trading and investing activities and improved quality of earnings. RMB's ongoing strategic focus on strengthening its client franchise both locally and regionally has continued and principal risk-taking activities have been scaled in line with this framework.

In early 2010, as part of this strategy to strengthen the client franchise, the customer interface teams of RMB and FNB's corporate and investment banking activities were integrated to form a combined CIB Coverage team. This integrated CIB Coverage team has substantially improved cooperation between the corporate and investment banking arms of FirstRand, and the increased range and breadth of solutions for clients has generated new opportunities in line with expectations.

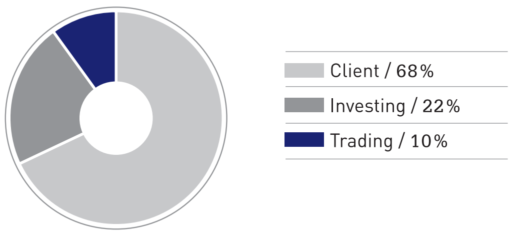
As part of the Group strategy to increase its exposure to the corporate sector, RMB adjusted its wholesale credit portfolio strategy and increased prudential limits in key investment grade and defensive counters. Through a combination of an increased focus on client activities, product innovation and excellence and highly proactive origination teams the corporate and investment banking lending book showed growth of 10% in the period under review compared to low overall growth in the South African corporate market.

Initiatives aimed at growing RMB's franchise in those African jurisdictions where FNB currently operates, as well as other key African markets, have begun to gain traction. Resources have been deployed into the existing key African franchises to build out FICC and Investment Banking activities and the India branch is contributing to the pipeline of potential transactions in the region.

Key performance indicators

In line with its risk appetite framework, RMB's targeted long-term business mix is to achieve gross revenues of 60% from client activities, 25% from investing and 15% from trading. The performance targets are a growth rate of nominal GDP plus 4%, reduced earnings volatility and a target ROE well in excess of cost of capital. The graph below shows the current earnings mix*.

RMB gross revenue mix



** Mix excludes the legacy portfolios.*

This framework has proved to be a useful strategic tool to balance the trade-off between risk, growth and return thereby ensuring earnings sustainability and has been applied when testing expansionary strategies into the Africa/Asia corridors.

Financial highlights

R million	Six months ended 31 December 2010	Six months ended 31 December 2009	% change	Year ended 30 June 2010
Income before indirect tax[1]	**2 173**	1 484	46	4 792
Indirect tax	**(31)**	(35)	(11)	(64)
Income before direct tax	**2 142**	1 449	48	4 728
Total assets	**288 932**	255 615	13	269 133
Cost to income ratio (%)	**49.1**	50.0		45.3

1 Comparatives restated for African subsidiaries of R46 million (June 2010: R105 million).

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

R million	Six months ended 31 December 2010	2009	% change	Year ended 30 June 2010[1]
Private Equity	**132**	198	(33)	1 498
Investment Banking	**1 262**	953	32	2 522
FICC	**557**	518	8	1 111
Equity Trading	**235**	120	96	381
Other	**(44)**	(340)	87	(784)
Income before direct tax	**2 142**	1 449	48	4 728

1 Comparatives restated for African subsidiaries of R46 million (June 2010: R105 million).

Operational highlights

Within South Africa RMB has maintained a market leading position across many investment banking disciplines. The advisory business was the top ranked advisor in the M&A league tables, according to Mergermarket, advising on over $6 billion of deals in the year to December 2010. At the recent Dealmakers 2010 awards RMB won six out of eight awards in both the deal volume and value categories. Significant advisory/structuring mandates completed during the year include the merger of Momentum and Metropolitan, the restructure of RMB Holdings and MTN and Sappi BEE transactions.

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

Performance commentary

Despite the slow recovery in corporate activity and weak client flows, RMB reported profits before tax of R2 142 million for the six months to 31 December 2010, 48% higher than the prior year comparative period. All divisions, with the exception of Private Equity, exceeded their prior year comparative performances.

The strong performance can be attributed to an increase in client financing activities, strong advisory and structuring fees, an improved trading performance and substantially reduced losses in the legacy portfolios.

Investment Banking

Investment Banking delivered a strong performance over the period with profits up 32% on the prior comparative period driven mainly by advisory, debt and equity capital markets, resources, infrastructure, real estate and leveraged finance activities. Good balance sheet growth was achieved and RMB continued to dominate opportunities across the advisory, debt and equity capital market environments. The current deal pipeline remains healthy. The benefits of an increased focus on Africa and the Asian corridors have begun to flow through, yielding a number of transactions predominantly in the resources and infrastructure sectors.

FICC

FICC reported profits of R557 million, 8% up on the prior year comparative period. Overall client flows have been weak as low volatility in fixed income and currency markets and depressed trade flows for most of the period led to lower levels of client activity. Trading results were better than in the prior period which somewhat offset the lower revenues from client flows. The African trading businesses in the key FNB markets experienced a similar challenging environment as overall economic activity and client activity remained under pressure.

Private Equity

Private Equity reported net profit of R132 million before tax; significantly lower than the prior period. The results were characterised by strong earnings coming from the bulk of the portfolio's material investments, however no large realisations occurred. Earnings were dampened by impairments, however, unrealised profits increased to R1.7 billion from R1.4 billion at year end and the prospects for the second half are expected to improve.

Equity Trading

Equity Trading continued its turnaround and, albeit from a lower base, reported profits 96% up on the comparative period with strong contributions from longer-term positions held. Client activities held up well, despite little improvement in market volumes. Trading conditions remain challenging for the period ahead.

Other

RMB Resources performed well and the exposure to gold impacted positively in the period under review. A number of realisations took place with further realisations projected in the second half of the year. The legacy portfolio has performed significantly better, reporting reduced losses in the current period.

Looking forward/prospects

Looking forward RMB will continue to execute on its strategy to grow its client franchises and revenues whilst maintaining an appropriate balance with its investment and trading activities. The following initiatives are expected to continue to ensure the business remains competitively positioned in an environment that will remain challenging in the short to medium term:

- closer alignment of CIB activities;
- rebalancing of the wholesale credit portfolios; and
- continued focus on opportunities in Africa, leveraging off the FNB operations and Asian corridors.

WESBANK

Market dynamics

During the 2010 calendar year the vehicle market showed significant signs of recovery. New vehicle sales increased 25% compared to the prior year, with passenger vehicle sales growing 31%. Demand for retail credit continues to increase significantly, although credit worthiness is mixed particularly with regards to affordability. New business levels in all of the light, medium and heavy commercial vehicle sectors also increased.

Corporate demand remains subdued and WesBank continued to exercise caution, both from an origination and ongoing risk management perspective. Overall the outlook is more positive, however, concerns remain in the construction and agricultural sectors.

Progress on strategy

WesBank continued to focus on its core strategy of partnering with key industry players through representation at the point of sale. Additional alliances have been signed across both the motor and corporate business divisions in the period under review.

In line with FirstRand's strategy to target those domestic segments where its operating franchises may be under-represented, WesBank executed specific strategies to grow in fleet management and full maintenance rentals, as well as with larger corporate asset finance customers and in the public sector. These initiatives are beginning to gain traction. WesBank continued to support the asset finance offering in those African jurisdictions where FNB is represented and is working with FNB to create asset finance capabilities in the new territories where FNB is currently building a presence. Other opportunities within those priority countries where international growth is being explored will be considered on a case-by-case basis.

Two local non-performing businesses, WorldMark South Africa and Norman Bissett & Associates, were successfully exited during the second half of the 2010 financial year. These two investments contributed non-recurring losses in the prior year of R90 million. In addition, WesBank exited from its investment in WorldMark Australia. This investment contributed profits of R57 million in the comparative period.

Key performance indicators

WesBank considers key performance indicators to be ROE, cost to income ratio, market share and the expertise indicator (service levels index).

ROE	Six months ended 31 December			Year ended June
%	2010	2009	2008	2010
Actual results	**22**	14	7	15

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

Cost to income ratio	Six months ended 31 December			Year ended June
%	2010	2009	2008	2010
Overall cost to income	**49.3**	52.5	51.5	51.9
Lending cost to income	**47.0**	43.4	44.6	45.7

The cost to income ratio is a key performance indicator for WesBank and the chart above reflects an improving trend. Whilst in the current year the cost to income ratio in the lending business increased, this was caused mainly by increased profit share payments (reflecting good profit growth). Excluding these, the year-on-year cost to income ratio remained stable, moving from 40.6% to 40.7%.

Expertise indicator	Six months ended 31 December			Year ended June
%	2010	2009	2008	2010
Net promoter score	**59.8**	59.7	58.3	54.7

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

Financial highlights

R million	Six months ended 31 December 2010	2009	% change	Year ended 30 June 2010
Income before indirect tax	**1 154**	475	>100	1 426
Indirect tax	**(85)**	(70)	(21)	(126)
Income before direct tax	**1 069**	405	>100	1 300
Advances	**95 359**	90 785	5	92 724
Cost to income ratio (%)	**49.3**	52.5	6	51.9
NPLs (%)	**5.12**	5.33	4	5.5

Profits increased 164% over the prior year, and 19% over the six months ended June 2010, to R1.069 billion. This performance was due to the following factors:

- continuation of the retail credit unwind;
- the commencement of the corporate credit unwind;
- improved interest margins across all portfolios;
- excellent personal loans performance;
- good cost management;
- a strong performance from Carlyle Finance in the UK; and
- non-recurrence of losses in certain non-lending operations.

The table below represents the relative contributions from the local and international operations for the current and comparative years.

R million	Six months ended 31 December 2010	2009	% change	Year ended 30 June 2010
SA operations	**977**	362	>100	1 095
International operations	**92**	43	>100	205

Operational highlights

- Cost management initiatives continue to have a positive impact. Headcount in the core lending business declined by 29% over the past 36 months. This was achieved without compromising on the capacity required to manage increased new business volumes.
- Retail motor new business growth was specifically encouraging (up 30% year-on-year), testament to the improved origination processes and to the partnership strategy. This production growth did not come at the expense of either price or risk appetite.
- Ongoing effective management of accounts under debt review means that trends continue to reflect a decline in inflows of new accounts under review and an improvement in repayment behaviour.

Performance commentary

WesBank's overall profitability was impacted positively by better interest margins and an improving retail credit environment. Corporate impairments have similarly started to show an improvement, as defaults in this sector have declined.

Bad debts in the local lending business decreased 35% from R1.11 billion to R722 million, from 2.55% to 1.61% of advances. Retail bad debts continued on a strong downward trend and corporate impairments also showed a major improvement. These trends are expected to continue.

Although NPLs remained high, during the period under review there was a decrease from 5.4% to 5.3%. This was partly due to the lower inflows of accounts under debt review, which inflate NPLs as these remain non-performing for a significantly longer period than regular accounts. In addition, a higher number of existing accounts under debt review were resolved and the number of accounts entering debt review is expected to continue to decrease. This improvement is offset by the length of time accounts remain in the non-performing category, particularly given the current backlog of cases at the courts.

New business within the lending operations increased 27% over the comparative six months to December 2009 (and grew 19% compared to the six months to June 2010). The year-on-year increase comprised a 32% increase in retail new business and an 8% increase in corporate new business. Interest margins showed an improving trend as a result of the focus on written rates as well as the improvement in mix of fixed rate business. Improved interest margins were experienced across the retail, corporate and personal loans portfolios.

Non-interest revenue increased 3%. The loss of revenues following the disposal of WorldMark Australia, WorldMark South Africa and Norman Bissett, which were included in the prior period's results, was offset by improved associate earnings from Toyota Financial Services and increasing monthly administration fees. Non-interest revenue in the local lending operation increased 11%. Overall expenses increased only 2%, partly as a result of the disposal of the non-lending subsidiaries. Expenses in the local lending operation increased 21%, (excluding the increased profit share payments to alliance partners this increase was 11%).

There continue to be numerous cost management initiatives across the businesses which will achieve sustainable operating cost benefits going forward.

The non-lending operations contributed R219 million compared with R41 million in the prior year. This was largely due to the improvement in performance of Direct Axis, the personal loans origination and administration business, and the non-recurring losses relating to the investments disposed of in the prior year.

WesBank's UK operations, Carlyle, produced profits of R97 million compared with R38 million in the comparative period. This was achieved through a continued improvement in bad debts, significant widening of interest margins, excellent new business growth and ongoing cost management.

Looking forward/prospects

The remainder of the current year is expected to see a further, but slower, unwind of retail and corporate bad debt impairments which will continue to impact positively on earnings. As the cycle progresses an improving lending landscape is anticipated across both corporate and retail portfolios. Book growth is consequently expected to continue at current interest margins. Profitability will also be positively impacted by the non-reoccurence of losses from the exited underperforming businesses and an ongoing positive performance from Carlyle.

FIRSTRAND SHORT TERM INSURANCE HOLDINGS

R million	Six months ended 31 December 2010	Six months ended 31 December 2009	% change	Year ended 30 June 2010
Normalised earnings	**360**	284	27	580
Headline earnings attributable to ordinary shareholders	**360**	284	27	
Return on equity based on normalised earnings	**29**	31		29
Gross premiums written	**2 826**	2 431	16	5 057
Operating income (including investment returns)	**630**	480	31	984
Expense/cost to income ratio (%)	**23.4**	22.4		23.7
Claims and OUTbonus ratio (%)	**56.5**	59.5		58.2
Effective percentage holding of FirstRand (%)	**46**	47		47

FRSTIH houses the Group's short-term insurance interests, including OUTsurance, Momentum Short Term Insurance ("Momentum STI") and Youi, the startup direct insurance operation in Australia. OUTsurance is the leading direct short-term insurance company in South Africa.

FirstRand , through FirstRand EMA Holdings, owns 46% of FRSTIH.

PERFORMANCE

Group

For the six months under review, the Group produced an excellent 27% growth in headline earnings attributable to ordinary shareholders. This strong growth can be attributed to favourable claims ratios experienced across all business units. The Southern African operation grew profit by 30%.

Youi continues to gain traction in the Australian market and continues to perform in line with expectations. Youi generated an attributable loss of R146 million for the first six months of the financial year.

Momentum STI experienced a strong 32% growth in headline earnings.

OUTsurance

OUTsurance has grown gross written premium income by 11%, a satisfactory result in light of the slow pace of the economic recovery. The personal and commercial lines businesses continued to expand market share on the back of competitive premium inflation adjustments.

The claims ratio (including non-claims bonus costs) decreased from 59.7% to 55.2% on the back of benign weather conditions and the impact of the strong Rand on vehicle repair costs.

Expenses as percentage of net earned premium income decreased from 20.2% to 19.3%.

A higher average reserve level has offset the negative impact of decreasing market interest rates on investment returns. Investment income has grown 6% for the period under review.

The underwritten life business which was launched in August 2010 has to date generated satisfactory sales volumes. The credit life business continues to benefit from topline growth and profitable margins.

CREDIT PORTFOLIO MANAGEMENT

Credit portfolio management

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

Against a backdrop of a muted domestic economic recovery and remaining risks in the global economy, the credit portfolio has shown further improvement. Further interest rate cuts, low inflation and strong income growth led to an improvement in customer debt profiles and also enabled the muted return of consumer appetite in some portfolios. The impairment charge ratio of 0.92% at 31 December 2010 indicates a significantly improved position compared to the 1.52% recorded at 31 December 2009. Although NPLs have continued to reduce, the balance remains at historically high levels due to lengthening recovery periods and consequently low write-offs in some areas.

Credit highlights at a glance

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

		Six months ended 31 December			Year ended 30 June
R million/%	Note	**2010**	2009	% change	2010
Total advances	1	**461 503**	422 129	**9**	443 765
NPLs	2	**21 117**	23 121	**(9)**	22 205
NPLs as a % of advances (%)		**4.58**	5.48	**(16)**	5.00
Impairment charge	3	**2 084**	3 225	**(35)**	5 686
Impairment charge as a % of average advances (%)		**0.92**	1.52	**(39)**	1.31
Total impairments[a]	4	**9 844**	10 991	**(10)**	10 731
– Portfolio impairments[a]		**3 117**	3 703	**(16)**	3 566
– Specific impairments[a]		**6 727**	7 288	**(8)**	7 165
Implied loss given default (coverage)[b]	4	**31.9**	31.5	**1**	32.3
Total impairments coverage ratio[c]		**46.6**	47.5	**(2)**	48.3

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

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

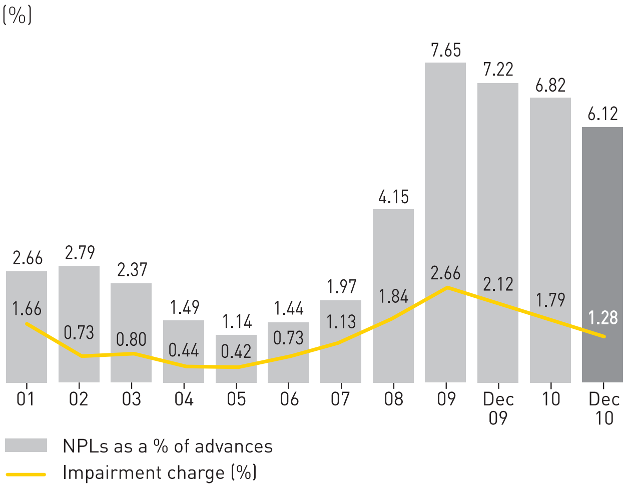
Retail credit portfolios

The Group's origination strategy and the series of interest rate reductions from 2008 to 2010 facilitated a reduction in new NPL inflows and credit impairment charges in most of the retail portfolios.

Strong growth was delivered by the vehicle and asset finance portfolio and subsets of the residential mortgages portfolio whilst the performance of the Africa portfolio has been robust with low credit losses. The level of NPL balances in the secured portfolios remains high due to accounts under debt counselling and the lengthening of recovery processes. The FNB HomeLoans NPL levels were positively impacted by lower new defaults and improved levels of write-offs during the period under review. Lower new defaults are the key driver of the substantially improved income statement impairment charge for most of the retail portfolios. The impairment charge further benefited from increased post write-off recoveries, especially in the unsecured portfolios.

The graph below shows the impairment charge and NPL history for retail credit portfolios:

Retail credit portfolios



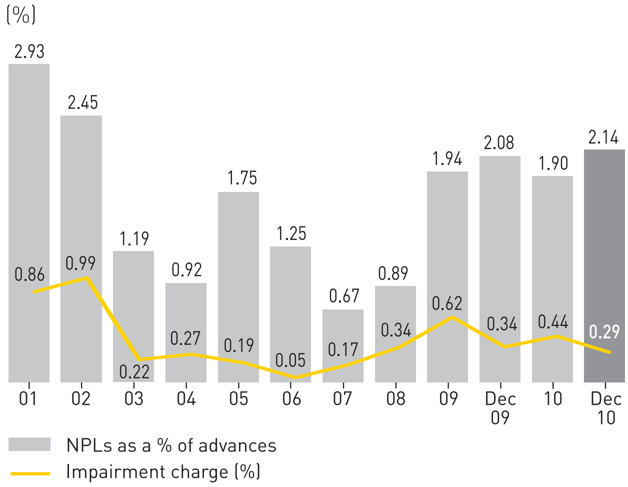
Corporate/wholesale credit portfolios

Although investment spending by business remains subdued, advances growth in the wholesale portfolios was resilient during this reporting period due mainly to the approval of investment grade deals.

The inflow of new NPLs increased due mainly to challenges in the commercial property finance sector. These exposures, accounted for on a fair value basis in RMB, are, however, well supported by collateral. This moderated the rise in fair value credit adjustments and resulted in lower coverage.

The graph below shows the impairment charge (on the amortised cost advances) and total NPLs history for the Corporate/Wholesale (including commercial) credit portfolios:

Corporate/wholesale credit portfolios



Expectations

Origination strategies continue to be aligned with the Group's macroeconomic view. The Group expects a recovery towards trend economic growth, but acknowledges that potential volatility could be introduced by the global economic environment. Interest rates are expected to remain at the current low level for most of the calendar year, with increases expected to begin in the final quarter of 2011. Inflation is expected to drift upwards driven by commodity and food prices. Strong income growth is expected to continue with a muted recovery in employment.

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

Demand in the wholesale portfolios is also showing tentative signs of improvement. The increase in NPLs is mainly attributable to specific sectors, most notably the commercial property finance portfolio. Impairments are regarded as adequate as sufficient collateral is in place.

NOTE 1: ANALYSIS OF ADVANCES

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

R million	Six months ended 31 December 2010	Six months ended 31 December 2009	% change	Year ended 30 June 2010
Retail	**286 615**	276 032	4	281 388
Residential mortgages	**153 183**	149 484	2	152 300
Credit card	**10 460**	11 065	(5)	10 705
Vehicle and asset finance	**91 004**	87 120	4	88 761
FNB Africa	**21 061**	18 582	13	19 645
Other retail	**10 907**	9 781	12	9 977
Corporate/Wholesale	**169 357**	144 368	17	160 330
FNB Corporate	**2 781**	2 880	(3)	1 697
FNB Commercial	**28 782**	26 697	8	28 321
Investment banking	**137 794**	114 791	20	130 312
Corporate Centre and other	**5 531**	6 482	(15)	2 032
Subtotal	**461 503**	426 882	8	443 750
FirstRand Limited consolidation	**–**	(4 753)	(100)	15
Total advances	**461 503**	422 129	9	443 765
Of which:				
Accrual book	**336 496**	316 075	6	326 078
Fair value book*	**125 007**	106 054	18	117 687

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

Advances increased 9% during the period under review. Limited credit demand and the focus on appropriate risk/return from a risk appetite perspective remain important factors impacting advances growth. However, strong growth was experienced in the mass market and WesBank Loans (included in Other retail above), Africa and Investment banking (RMB).

The table below provides an analysis of the components of vehicle and asset finance advances above.

R million	Six months ended 31 December 2010	Six months ended 31 December 2009	% change	Year ended 30 June 2010
Retail	**56 228**	51 081	10	53 391
Business and Corporate	**29 741**	31 519	(6)	30 415
International	**5 035**	4 520	11	4 955
Vehicle and asset finance advances	**91 004**	87 120	4	88 761

Sector and geographic analysis of advances

R million	Six months ended 31 December 2010	Six months ended 31 December 2009	% change	Year ended 30 June 2010
Gross advances	**463 623**	424 238	9	445 830
Less: Interest in suspense	**(2 120)**	(2 109)	1	(2 065)
Advances net of interest in suspense	**461 503**	422 129	9	443 765
Sector analysis				
Agriculture	**13 446**	12 099	11	12 563
Banks and financial services	**66 230**	39 739	67	60 615
Building and property development	**21 485**	19 448	10	19 406
Government, Land Bank and Public Authorities	**17 260**	18 004	(4)	14 035
Individuals	**261 001**	250 598	4	255 513
Manufacturing and commerce	**32 638**	32 205	1	32 940
Mining	**10 918**	9 969	10	9 358
Transport and communication	**14 183**	14 035	1	13 707
Other services	**24 342**	30 785	(21)	25 613
Subtotal	**461 503**	426 882	8	443 750
FirstRand Limited consolidation	**–**	(4 753)	(100)	15
Total advances	**461 503**	422 129	9	443 765
Geographic analysis				
South Africa	**423 561**	391 970	8	410 264
Other Africa	**24 114**	21 405	13	22 741
United Kingdom	**8 669**	8 179	6	7 186
Ireland	**15**	983	(98)	68
Europe	**2 076**	2 086	–	660
North America	**1 216**	370	>100	819
South America	**349**	353	(1)	391
Australasia	**593**	967	(39)	1 365
Other	**910**	569	60	256
Subtotal	**461 503**	426 882	8	443 750
FirstRand Limited consolidation	**–**	(4 753)	(100)	15
Total advances	**461 503**	422 129	9	443 765

NOTE 2: ANALYSIS OF NPLs

The Group's credit strategy and the series of interest rate reductions resulted in lower new NPLs in most retail portfolios when compared to 31 December 2009. The NPLs as a percentage of advances decreased from 5.48% at 31 December 2009 to 4.58% at 31 December 2010. The level of NPLs remains high and is impacted by the debt counselling process and the lengthening of the work-out process, especially in secured portfolios. The wholesale portfolio NPLs were adversely impacted by the deterioration in exposures in the commercial property portfolios, mostly accounted for on a fair value basis.

	NPLs				NPLs as a % of advances		
	Six months ended 31 December			Year ended 30 June	Six months ended 31 December		Year ended 30 June
R million/%	**2010**	2009	% change	2010	**2010**	2009	2010
Retail	**17 540**	19 936	(12)	19 179	**6.12**	7.22	6.82
Residential mortgages	**11 331**	13 013	(13)	12 553	**7.40**	8.71	8.24
Credit card	**466**	940	(50)	672	**4.46**	8.50	6.28
Vehicle and asset finance	**4 615**	4 568	1	4 778	**5.07**	5.24	5.38
FNB Africa	**366**	401	(9)	407	**1.74**	2.16	2.07
Other retail	**762**	1 014	(25)	769	**6.99**	10.37	7.71
Corporate/ Wholesale	**3 632**	3 007	21	3 054	**2.14**	2.08	1.90
FNB Corporate	**5**	4	25	1	**0.18**	0.14	0.06
FNB Commercial	**1 937**	1 803	7	1 927	**6.73**	6.75	6.80
Investment banking	**1 690**	1 200	41	1 126	**1.23**	1.05	0.86
Corporate Centre and other	**(55)**	178	(>100)	(28)	**(0.99)**	2.75	(1.38)
Subtotal	**21 117**	23 121	(9)	22 205	**4.58**	5.42	5.00
FirstRand Limited consolidation[1]	**–**	–	–	–	**–**	–	–
Total NPLs	**21 117**	23 121	(9)	22 205	**4.58**	5.48	5.00
Of which:							
Accrual book	**19 536**	22 385	(13)	21 435	**5.81**	7.08	6.57
Fair value book	**1 581**	736	>100	770	**1.26**	0.69	0.65

1 FirstRand Limited consolidation has no impact on NPLs but results in a movement in advances which impacts the NPLs %.

Sector and geographic analysis of NPLs

	NPLs				NPLs as a % of advances		
	Six months ended 31 December			Year ended 30 June	Six months ended 31 December		Year ended 30 June
R million	**2010**	2009	% change	2010	**2010**	2009	2010
Sector analysis							
Agriculture	**390**	392	(1)	356	**2.90**	3.24	2.83
Banks and financial services	**28**	430	(93)	330	**0.04**	1.08	0.54
Building and property development	**2 056**	1 294	59	1 299	**9.57**	6.65	6.69
Government, Land Bank and Public Authorities	**73**	74	(1)	84	**0.42**	0.41	0.60
Individuals	**15 333**	17 759	(14)	16 954	**5.87**	7.09	6.64
Manufacturing and commerce	**752**	824	(9)	793	**2.30**	2.56	2.41
Mining	**61**	125	(51)	91	**0.56**	1.25	0.97
Transport and communication	**305**	284	7	335	**2.15**	2.02	2.44
Other services	**2 119**	1 939	9	1 963	**8.71**	6.30	7.66
Total NPLs	**21 117**	23 121	(9)	22 205	**4.58**	5.48	5.00
Geographic analysis							
South Africa	**20 360**	21 887	(7)	21 100	**4.81**	5.58	5.14
Other Africa	**456**	479	(5)	549	**1.89**	2.24	2.41
United Kingdom	**15**	41	(63)	26	**0.17**	0.50	0.36
South America	**210**	286	(27)	214	**60.17**	81.02	54.73
Australasia	**76**	428	(82)	316	**12.82**	44.26	23.15
Total NPLs	**21 117**	23 121	(9)	22 205	**4.58**	5.48	5.00

Security and recoverable amounts

	Six months ended 31 December 2010			
R million	NPLs	Security and recoverable amounts	Residual risk	Specific impairment[1]
Retail	17 540	12 303	5 237	5 237
Residential mortgages	11 331	9 106	2 225	2 225
Credit card	466	129	337	337
Vehicle and asset finance	4 615	2 714	1 901	1 901
FNB Africa	366	186	180	180
Other retail	762	168	594	594
Corporate/Wholesale	3 632	2 283	1 349	1 349
FNB Corporate	5	–	5	5
FNB Commercial	1 937	1 151	786	786
Investment banking	1 690	1 132	558	558
Corporate Centre and other	(55)	(196)	141	141
Total	21 117	14 390	6 727	6 727

1 *Includes cumulative credit fair value adjustments.*

Six months ended 31 December 2009				Year ended 30 June 2010			
NPLs	Security and recoverable amounts	Residual risk	Specific impairment[1]	NPLs	Security and recoverable amounts	Residual risk	Specific impairment[1]
19 936	14 010	5 926	5 926	19 179	13 499	5 680	5 680
13 013	10 433	2 580	2 580	12 553	10 041	2 512	2 512
940	253	687	687	672	194	478	478
4 568	2 942	1 626	1 626	4 778	2 896	1 882	1 882
401	212	189	189	407	208	199	199
1 014	170	844	844	769	160	609	609
3 007	1 785	1 222	1 222	3 054	1 706	1 348	1 348
4	–	4	4	1	–	1	1
1 803	1 117	686	686	1 927	1 148	779	779
1 200	668	532	532	1 126	558	568	568
178	38	140	140	(28)	(165)	137	137
23 121	15 833	7 288	7 288	22 205	15 040	7 165	7 165

NOTE 3: ANALYSIS OF INCOME STATEMENT CREDIT IMPAIRMENTS

The credit impairment charge for the year ended 31 December 2010 was 0.92%, a continued improvement on the impairment charge at 30 June 2010 of 1.31% and 31 December 2009 of 1.52%. The impairment charges in most retail portfolios were positively impacted by lower new defaults as well as post write-off recoveries. Early stage arrears continued falling in the FNB HomeLoans and WesBank portfolios. The table below provides an analysis of the income statement impairment charges:

Income statement impairments

	Total impairment charge				As a % of average advances			
	Six months ended 31 December			Year ended 30 June	Six months ended 31 December		Year ended 30 June[1]	Six months ended 30 June[2]
R million/%	**2010**	2009	% change	2009	**2010**	2009	2010	2010
Retail	**1 815**	2 921	(38)	4 989	**1.28**	2.12	1.79	1.48
Residential mortgages	**640**	869	(26)	1 416	**0.84**	1.17	0.94	0.73
Credit card	**132**	464	(72)	776	**2.49**	8.14	6.92	5.73
Vehicle and asset finance	**691**	993	(30)	1 722	**1.54**	2.26	1.94	1.66
FNB Africa	**18**	43	(58)	68	**0.18**	0.48	0.37	0.26
Other retail	**334**	552	(39)	1 007	**6.40**	11.07	10.00	9.21
Corporate/Wholesale	**235**	251	(6)	675	**0.29**	0.34	0.44	0.56
FNB Corporate	**22**	(31)	(>100)	34	**1.97**	(1.10)	0.68	5.68
FNB Commercial	**206**	221	(7)	446	**1.44**	1.64	1.61	1.64
Investment banking	**7**	61	(89)	195	**0.01**	0.11	0.16	0.22
Corporate Centre and other	**34**	53	(36)	22	**1.80**	1.79	0.60	(1.46)
Subtotal	**2 084**	3 225	(35)	5 686	**0.92**	1.51	1.30	1.13
FirstRand Limited consolidation[3]	**–**	–	–	–	**–**	–	–	–
Total	**2 084**	3 225	(35)	5 686	**0.92**	1.52	1.31	1.14
Of which:								
Portfolio impairment charge	**(6)**	137	(>100)	(52)	**–**	0.07	(0.01)	(0.09)
Specific impairment charge	**2 090**	3 088	(32)	5 738	**0.92**	1.44	1.32	1.22

1 Impairment charge for the year ended 30 June 2010 calculated as a percentage of average advances.
2 Impairment charge for the six months ended 30 June 2010 calculated as an annual charge, as a percentage of average advances for that period.
3 FirstRand Limited consolidation has no impact on impairments, but results in a movement in advances which impacts the impairment charge %.

NOTE 4: ANALYSIS OF BALANCE SHEET IMPAIRMENTS AND COVERAGE RATIOS

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

Implied loss given default ("LGD") and total impairment coverage ratios

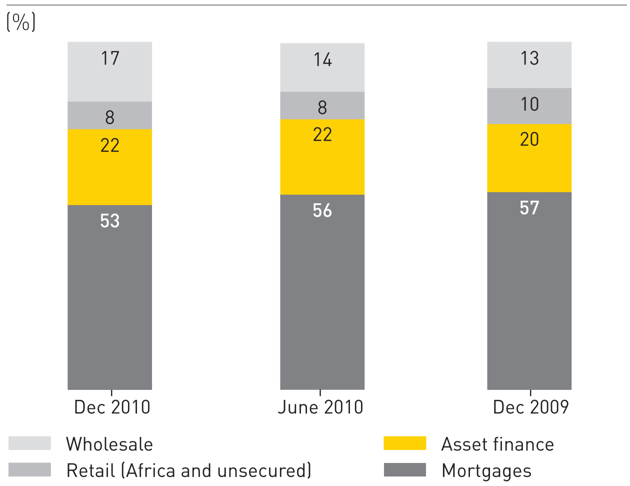
	Balance sheet impairments				As a % of NPLs		
	Six months ended 31 December			Year ended 30 June	Six months ended 31 December		Year ended 30 June
R million/%	**2010**	2009	% change	2010	**2010**	2009	2010
Specific impairments[1]							
Retail	**5 237**	5 926	(12)	5 680	**29.86**	29.73	29.62
Residential mortgages	**2 225**	2 580	(14)	2 512	**19.64**	19.83	20.01
Credit card	**337**	687	(51)	478	**72.32**	73.09	71.13
Vehicle and asset finance	**1 901**	1 626	17	1 882	**41.19**	35.60	39.39
FNB Africa	**180**	189	(5)	199	**49.18**	47.13	48.89
Other retail	**594**	844	(30)	609	**77.95**	83.23	79.19
Corporate/Wholesale	**1 349**	1 222	10	1 348	**37.14**	40.64	44.14
FNB Corporate	**5**	4	25	1	**100.00**	100.00	100.00
FNB Commercial	**786**	686	15	779	**40.58**	38.05	40.43
Investment banking	**558**	532	5	568	**33.02**	44.33	50.44
Corporate Centre and other	**141**	140	1	137	**(>100.00)**	78.65	(>100.00)
Total specific impairments/ implied loss given default[2]	**6 727**	7 288	(8)	7 165	**31.86**	31.52	32.27
Portfolio impairments[3]	**3 117**	3 703	(16)	3 566			
Total impairments/total impairment coverage ratio[4]	**9 844**	10 991	(10)	10 731	**46.62**	47.54	48.33

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

The Group regularly reviews market conditions as well as recent and expected recoveries on NPLs to assess its coverage ratios. The LGD in certain secured retail portfolios increased due to lengthening recovery periods. The wholesale LGD reflects the high level of security against the underlying NPLs in these portfolios. The Group believes the NPL coverage ratio of 31.86% (December 2009: 31.52%) is adequate.

The graph provides the NPL distribution across the product categories, showing a slight decrease in the residential mortgages portfolio since December 2009.

NPL distribution



Reconciliation of impairments

R million	Six months ended 31 December 2010				
	Balance sheet impairments				Income statement charge
	Total	Retail	Corporate	Corporate Centre and other	
Specific impairment – opening balance	6 888	5 680	1 071	137	
Reclassifications and transfers	70	(21)	70	21	
Acquisitions	–	–	–	–	
Exchange rate difference	(2)	(12)	10	–	
Unwinding of discounted present value on NPLs	(124)	(113)	(11)	–	
Bad debts written off	(3 167)	(2 659)	(516)	8	
Net new impairments created or (released)	2 551	2 362	214	(25)	
Specific impairment[1]	6 216	5 237	838	141	2 551
Portfolio impairment[1]	1 997	1 453	618	(74)	(6)
Recoveries of bad debts					(461)
Total impairments	8 213	6 690	1 456	67	2 084

1 *Excludes cumulative credit fair value adjustments.*

Total impairments and cumulative credit fair value adjustments

R million	Six months ended 31 December 2010		
	Total	Performing book	Non-performing book
Amortised cost impairments	8 213	1 997	6 216
Cumulative credit fair value adjustments	1 631	1 120	511
Total impairments and fair value adjustments	9 844	3 117	6 727

	Six months ended 31 December 2009					Year ended 30 June 2010				
	Balance sheet impairments					Balance sheet impairments				
	Total	Retail	Corporate	Corporate Centre and other	Income statement charge	Total	Retail	Corporate	Corporate Centre and other	Income statement charge
	7 206	6 199	805	202		7 206	6 199	805	202	
	30	151	(42)	(79)		238	290	(64)	12	
	–	–	–	–		3	–	3	–	
	4	(5)	9	–		(3)	(7)	4	–	
	(155)	(146)	(9)	–		(258)	(244)	(18)	4	
	(3 430)	(3 372)	(55)	(3)		(6 826)	(6 320)	(385)	(121)	
	3 385	3 099	281	5		6 528	5 762	726	40	
	7 040	5 926	989	125	3 385	6 888	5 680	1 071	137	6 528
	2 528	1 935	850	(257)	137	2 084	1 536	596	(48)	(52)
					(297)					(790)
	9 568	7 861	1 839	(132)	3 225	8 972	7 216	1 667	89	5 686

	Six months ended 31 December 2009			Year ended June 2010		
	Total	Performing book	Non-performing book	Total	Performing book	Non-performing book
	9 568	2 528	7 040	8 972	2 084	6 888
	1 423	1 175	248	1 759	1 482	277
	10 991	3 703	7 288	10 731	3 566	7 165

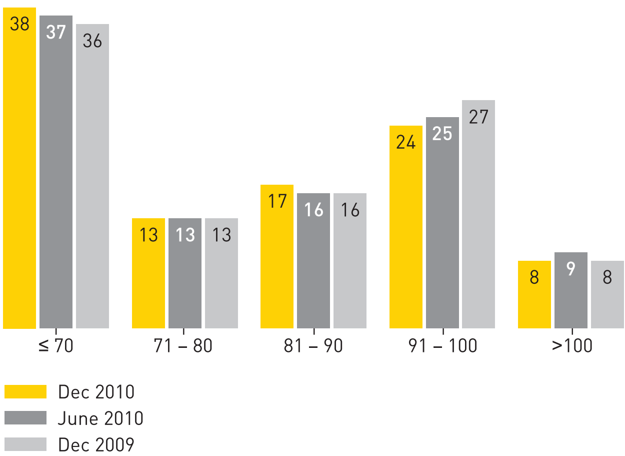
RISK ANALYSES

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

The graphs below provide the balance-to-value distribution for residential mortgages over time as well as the aging of the residential mortgage portfolios. The recent focus on the loan-to-value ratios for new business resulted in a slight improvement in the balance to original value.

Residential mortgages balance-to-value – original value

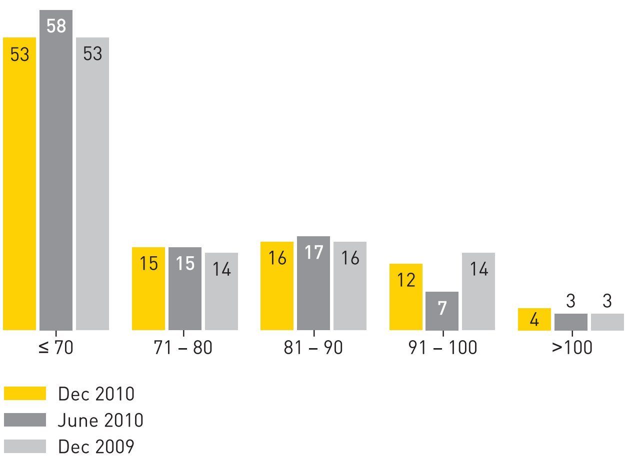
As % of total book (%)



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

Residential mortgages balance-to-value – market value

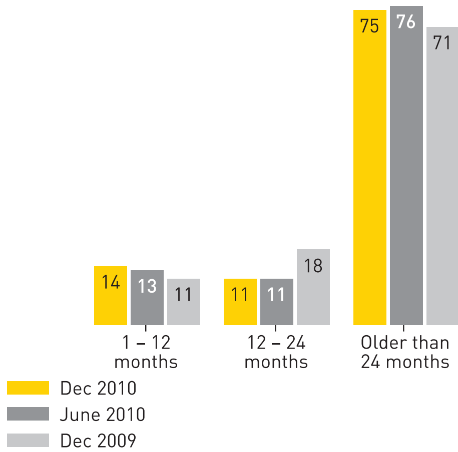
As % of total book (%)



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

Residential mortgages age distribution

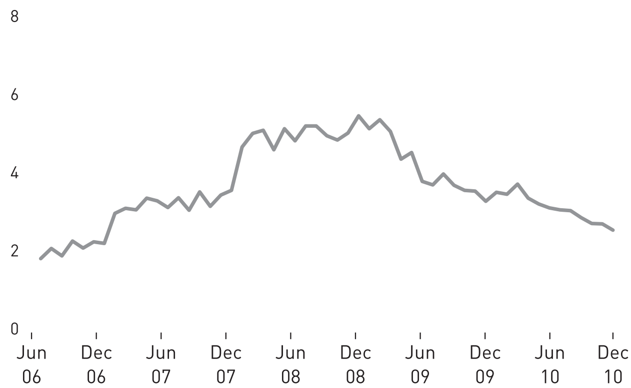
As % of total book (%)



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

FNB HomeLoans arrears

(%)

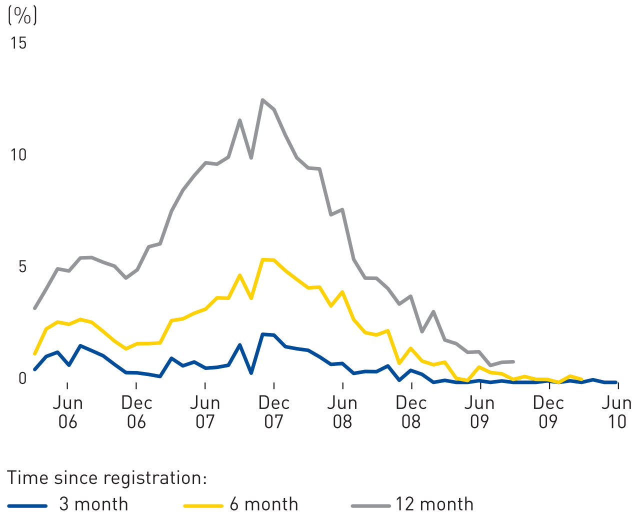


FNB HomeLoans arrears continue on a downward trend. Similar trends are also observed in the WesBank and Credit Card portfolios.

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

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

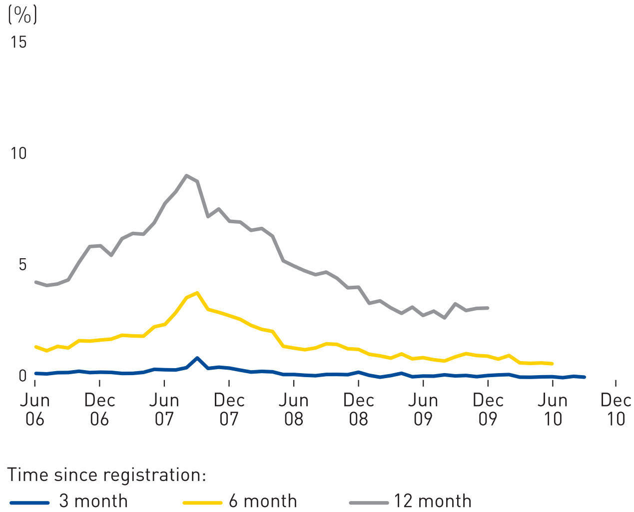
FNB HomeLoans vintage analysis



The Group's South African repossessed properties decreased from R513 million (1 564 properties) at 30 June 2010 to R450 million (1 387 properties) at 31 December 2010.

The WesBank retail six and twelve month cumulative vintage analyses continue to reflect a noticeable improvement in the quality of business written since mid-2007 and the more benign macro environment.

WesBank retail vintage analysis



In the asset finance business, repossession and stock holding levels continued to decline relative to the comparative period. The gradually reducing trend is likely to continue into the future, as the economic environment improves.

SUPPLEMENTARY INFORMATION

Advances – product analysis

	Six months ended 31 December 2010			
R million	Total	Retail	Corporate	Corporate Centre and other
Overdrafts and managed accounts	27 919	5 324	22 395	200
Loans to banks and other financial institutions	9 011	–	7 373	1 638
Card loans	11 616	11 616	–	–
Instalment sales	69 625	69 625	–	–
Lease payments receivable	17 212	17 212	–	–
Property finance	174 409	162 372	12 362	(325)
Personal loans	12 452	12 452	–	–
Term loans	10 072	351	9 436	285
Preference share agreements	24 816	414	24 257	145
Investment banking corporate and structured products	49 545	–	49 598	(53)
Repayable in foreign currency	4 404	77	578	3 749
Other	10 106	7 172	3 042	(108)
Assets under agreement to resell	40 316	–	40 316	–
Subtotal	461 503	286 615	169 357	5 531
FirstRand Limited consolidation	–	–	–	–
Total	461 503	286 615	169 357	5 531

Six months ended 31 December 2009				Year ended 30 June 2010			
Total	Retail	Corporate	Corporate Centre and other	Total	Retail	Corporate	Corporate Centre and other
26 987	5 587	21 290	110	25 976	5 297	20 291	388
5 308	–	5 308	–	6 769	–	6 124	645
12 194	12 189	5	–	11 966	11 966	–	–
63 413	63 501	–	(88)	65 640	65 733	–	(93)
19 833	19 833	–	–	18 442	18 442	–	–
168 827	157 270	11 845	(288)	172 579	160 761	12 148	(330)
10 254	10 254	–	–	11 289	11 288	–	1
8 311	447	7 941	(77)	9 735	440	9 195	100
24 200	–	22 916	1 284	24 618	300	24 318	–
47 721	–	47 721	–	46 901	–	46 901	–
4 755	355	720	3 680	1 662	89	499	1 074
8 457	6 596	–	1 861	10 065	7 072	2 746	247
26 622	–	26 622	–	38 108	–	38 108	–
426 882	276 032	144 368	6 482	443 750	281 388	160 330	2 032
(4 753)	–	–	(4 753)	15	–	–	15
422 129	276 032	144 368	1 729	443 765	281 388	160 330	2 047

Segmental advances, NPLs and impairment analysis

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

	Six months ended 31 December 2010				
R million/%	Advances	NPLs	NPLs as a % of advances	Total impair-ment charge	Impair-ments as a % of average advances
FNB	201 847	14 173	7.02	1 295	1.29
FNB Retail	170 195	12 287	7.22	1 029	1.21
Residential mortgages	153 183	11 331	7.40	640	0.84
– FNB HomeLoans (Consumer segment)	107 012	8 081	7.55	535	0.99
– Wealth	38 865	2 899	7.46	73	0.38
– Affordable Housing (Mass segment)	7 306	351	4.80	32	0.94
Credit card	10 460	466	4.46	132	2.49
Personal banking	3 387	131	3.87	56	3.48
Mass (secured and unsecured)	3 165	359	11.34	201	13.10
FNB Commercial	28 782	1 937	6.73	206	1.44
FNB Corporate Banking	2 781	5	0.18	22	1.97
FNB Other	89	(56)	(62.92)	38	92.12
WesBank	95 359	4 887	5.12	768	1.63
WesBank asset-backed finance	91 004	4 615	5.07	691	1.54
– WesBank retail	56 228	2 873	5.11	471	1.72
– WesBank business and corporate	29 741	1 653	5.56	175	1.16
– WesBank International	5 035	89	1.77	45	1.80
WesBank loans	4 355	272	6.25	77	3.70
RMB	137 794	1 690	1.23	7	0.01
FNB Africa	21 061	366	1.74	18	0.18
Corporate Centre	5 442	1	0.02	(4)	(0.22)
Subtotal	461 503	21 117	4.58	2 084	0.92
FirstRand Limited consolidation	–	–	–	–	–
Total	461 503	21 117	4.58	2 084	0.92

Six months ended 31 December 2009					Year ended 30 June 2010				
Advances	NPLs	NPLs as a % of advances	Total impair-ment charge	Impair-ments as a % of average advances	Advances	NPLs	NPLs as a % of advances	Total impair-ment charge	Impair-ments as a % of average advances
196 136	16 450	8.39	1 916	1.91	199 113	15 546	7.81	3 421	1.70
166 665	14 699	8.82	1 700	2.04	169 019	13 674	8.09	2 873	1.71
149 484	13 013	8.71	869	1.17	152 300	12 553	8.24	1 416	0.94
109 118	10 571	9.69	758	1.38	108 483	9 731	8.97	1 177	1.07
34 843	2 193	6.29	96	0.57	37 557	2 526	6.73	214	0.61
5 523	249	4.51	15	0.59	6 260	296	4.73	25	0.46
11 065	940	8.50	464	8.14	10 705	672	6.28	776	6.92
3 285	499	15.19	113	6.66	3 042	148	4.87	202	6.18
2 831	247	8.72	254	17.63	2 972	301	10.13	479	16.22
26 697	1 803	6.75	221	1.64	28 321	1 927	6.80	446	1.61
2 880	4	0.14	(31)	(1.10)	1 697	1	0.06	34	0.68
(106)	(56)	52.83	26	4.03	76	(56)	(73.68)	68	4.92
90 785	4 836	5.33	1 178	2.57	92 724	5 098	5.50	2 048	2.21
87 120	4 568	5.24	993	2.26	88 761	4 778	5.38	1 722	1.94
51 081	2 626	5.14	545	2.12	53 391	2 882	5.40	929	1.77
31 519	1 774	5.63	380	2.37	30 415	1 760	5.79	697	2.21
4 520	168	3.72	68	3.10	4 955	136	2.74	96	2.09
3 665	268	7.31	185	10.00	3 963	320	8.07	326	8.47
114 791	1 200	1.05	61	0.11	130 312	1 126	0.86	195	0.16
18 582	401	2.16	43	0.48	19 645	407	2.07	68	0.37
6 588	234	3.55	27	1.17	1 956	28	1.43	(46)	(1.99)
426 882	23 121	5.42	3 225	1.51	443 750	22 205	1.43	5 686	1.30
(4 753)	–	–	–	–	15	–	–	–	–
422 129	23 121	5.48	3 225	1.52	443 765	22 205	5.00	5 686	1.31

NOTES

FIRSTRAND

CAPITAL MANAGEMENT

Capital management

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

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

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

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

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

The effectiveness of the capital allocation decisions and the efficiency of its capital structure are important determinants of the ability to generate returns for shareholders. The Group seeks to hold limited excesses above the capital required to support its medium-term growth plans (including appropriate buffers for stresses and volatility) and future regulatory changes. The total capital plan includes a dividend policy, which is set in order to ensure sustainable dividend cover based on sustainable normalised earnings, after taking into account volatile earnings brought on by fair value accounting, anticipated earnings yield on capital employed, organic growth requirements and a safety margin for unexpected fluctuations in business plans. Capital is freely transferable within the Group, subject to the approval of exchange control authorities for entities outside the common monetary area.

Effective 1 July 2010, FirstRand Limited ("FirstRand") replaced FirstRand Bank Holdings Limited ("FRBH") as the bank controlling company. Data presented relates to the regulated entity FirstRand. The Group restructure also resulted in subsidiaries of FirstRand Bank Limited ("FRB") moving across to FirstRand Investment Holdings Limited ("FRIHL"). FirstRand operated above its targeted capitalisation range with a total capital adequacy of 15.3% and a solid Tier 1 ratio of 13.6%. Similarly FRB, excluding subsidiaries and branches, operated comfortably above its target with a total capital adequacy of 13.7% and Tier 1 ratio of 11.9%. Ratios and tables for FRB exclude unappropriated profits in this section.

CAPITAL ADEQUACY AND PLANNING

The period under review

The Group's capital planning process ensures that the total capital adequacy and Tier 1 ratios remain within the approved ranges or above target levels across the economic and business cycles. FirstRand is appropriately capitalised under a range of normal and severe scenarios as well as under a range of stress events. In the prevailing uncertain environment the Group would prefer to maintain strong capital ratios at the upper end of its targeted band.

Entities within the Group are also subject to internal target ranges to ensure adequate capitalisation on a standalone basis.

Stronger internal capital generation through earnings coupled with subdued asset growth, positively impacted the Tier 1 and total capital adequacy ratios for continuing operations of the Group.

Supply of capital – Tier 1

The Group aims to back all economic risks with Tier 1 capital as it offers the greatest capacity to absorb losses. Consequently, required Tier 1 capitalisation levels are used as the primary driver of performance measurement across the various businesses. Tier 1 capitalisation ratios benefited from higher levels of profitability driven by improved volumes in the business units and lower bad debts during the period.

Supply of capital – Tier 2

The uncertainty around the Basel III treatment of Tier 2 instruments made issuance unattractive during the period under review. Whilst the Basel Committee on Banking Supervision ("BCBS") has finalised the proposals around new bail-in capital, the SARB has not issued further guidance or interpretation. The Group continues to investigate ways of optimising its capital base and will review the viability of Tier 2 instruments once the Basel III proposals have been incorporated into the SARB regulations.

On 16 August 2010 SARB approval was received to call the FRB01 and FRB02 subordinated bonds on 31 August 2010.

The table below provides more detail on the Group's capital instruments at 31 December 2010.

Characteristics of capital instruments

Capital type	Instrument	Nominal (million)	Rate type	Coupon rate	Maturity date
Other Tier 1	NCNR preference share capital	4 519	Floating	68% of prime	Perpetual
Upper Tier 2	FRBC21	628	Fixed	12%	21 Dec 2018
	FRBC22	440	Floating	3 month JIBAR + 300bps	22 Dec 2018
Lower Tier 2 (Subordinated bonds)	FRB03	1 740	Fixed	9%	15 Sept 2014
	FRB05	2 110	Fixed	9%	21 Dec 2018
	FRB06	1 000	Floating	3 month JIBAR + 65bps	5 Nov 2012
	FRB07	300	Floating	3 month JIBAR + 65bps	6 Dec 2012
	FRB08	100	Floating	3 month JIBAR + 70bps	10 Jun 2016
	FRB09	100	Floating	3 month JIBAR + 70bps	10 Jun 2017
	FNBB001	108	Fixed	11%	1 Dec 2016
	FNB17	260	Fixed	9%	29 Mar 2012

Demand for capital

Capital requirements expressed as a percentage of risk weighted assets ("RWA") remain risk sensitive and cyclical under Basel II. This cyclicality is to a large extent driven by external factors that affect risk measures across various portfolios and therefore drive capital requirements.

FRB's RWA declined year-on-year, but were marginally up from June 2010. Year-on-year decline was driven mainly by lower equity investment risk, which was the result of moving subsidiaries to FRIHL as well as realising part of the VISA Inc holding.

Regulatory developments

Although the final Basel III framework was released in December 2010, a number of items remain outstanding. The Group continues to participate in the BCBS quantitative impact study, which currently focuses on counterparty credit risk. Updated calculations, in line with initial calculations, show a reduction in the Tier 1 and total capital adequacy ratios of the Group. However, both FRB and FirstRand remain above the current regulatory minimum. Targeted capital ratios may be revisited once the Basel III proposals are incorporated into the SARB regulations.

The SARB has issued a draft set of regulations, due to be implemented at the start of 2012, that cover the revised market risk and securitisation proposals. The draft regulations currently do not make provision for the proposed Basel III framework.

Regulatory capital

The targeted capital levels as well as the current ratios at 31 December 2010 are summarised in the table below.

Capital adequacy position

	FirstRand		FRB*		Regulatory minimum
	Actual	Target	Actual	Target	
Capital adequacy ratio (%)	15.3	12.0 – 13.5	13.7	11.5 – 13.0	9.5#
Tier 1 ratio (%)	13.6	10.0	11.9	9.50	7.0

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

The following table shows the composition of regulatory capital for FirstRand at 31 December 2010, while the subsequent tables provide a breakdown of RWA and capital requirement.

Composition of qualifying capital and capital ratios of FirstRand

	FirstRand	
	At 31 December	
R million	2010	%
Ordinary shareholders equity as per IFRS	50 360	
Less: non-qualifying reserves	(3 075)	
Cash flow reserve	561	
Available-for-sale reserve	(612)	
Share-based payment reserve	(2 703)	
Foreign currency translation reserve	(348)	
Other reserves	27	
Ordinary shareholders equity qualifying as capital	47 285	
Ordinary share capital and share premium	5 248	
Reserves	42 037	
Non-controlling interest	2 869	
NCNR preference share capital	4 519	
Less: total impairments	(3 118)	
Excess of expected loss over eligible provisions (50%)	(542)	
First loss credit enhancements in respect of securitisation structures (50%)	(78)	
Goodwill and other impairments	(2 498)	
Total Tier 1 capital	51 555	13.6
Upper Tier 2 instruments	1 068	
Tier 2 subordinated debt instruments	5 692	
Other reserves	199	
Less: total impairments	(620)	
Excess of expected loss over eligible provisions (50%)	(542)	
First loss credit enhancements in respect of securitisation structures (50%)	(78)	
Total Tier 2 capital	6 339	1.7
Total qualifying capital and reserves	57 894	15.3

RWA by risk type of FirstRand

	FirstRand	
	At 31 December 2010	
R million	RWA	Capital requirement#
Credit risk	254 709	24 197
Operational risk	63 163	6 000
Market risk	14 216	1 351
Equity investment risk	27 087	2 573
Other risk	19 315	1 835
Total RWA	378 490	35 956

 # Capital requirement calculated at 9.5% of RWA.

RWA calculation approach for each risk type of the Group

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

RWA calculation approach for each risk type

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

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

R million	December 2010
Credit risk	254 709
Advances IRB Approach	217 912
Corporate, banks and sovereigns	85 581
SME	41 095
Residential mortgages	44 747
Qualifying revolving retail	9 123
Other retail	31 962
Securitisation exposure	5 404
Standardised approach	36 797

R million	December 2010
Equity investment risk	27 087
Standardised approach	17 488
Simple risk weighted method	9 599
Operational risk	63 163
Standardised approach	9 359
AMA	50 025
Basic Indicator approach	3 779
Market risk*	14 216
Internal Model approach	7 702
Standardised approach	6 514

* *Includes banking and trading book.*

The following table shows the composition of regulatory capital for FRB at 31 December 2010, while the subsequent tables provide a breakdown of RWA and capital requirement.

Composition of qualifying capital and capital ratios of FRB

	FRB*					
R million	**December 2010**	**%**	December 2009	%	June 2010	%
Ordinary shareholders equity as per IFRS	**36 303**		32 267		33 085	
Less: non-qualifying reserves	**(1 690)**		(2 322)		(477)	
Cash flow reserve	**561**		289		466	
Available-for-sale reserve	**(619)**		(498)		(532)	
Share-based payment reserve	**(355)**		(497)		(411)	
Unappropriated profits	**(1 277)**		(1 616)		–	
Ordinary shareholders equity qualifying as capital	**34 613**		29 945		32 608	
Ordinary share capital and share premium	**11 308**		10 969		10 969	
Reserves	**23 305**		18 976		21 639	
NCNR preference share capital	**3 000**		3 000		3 000	
Less: total impairments	**(2 823)**		(1 828)		(2 323)	
Excess of expected loss over eligible provisions (50%)	**(542)**		(292)		(379)	
First loss credit enhancements in respect of securitisation structures (50%)	**(71)**		–		(45)	
Qualifying capital in branches	**(1 732)**		(1 330)		(1 732)	
Other impairments	**(478)**		(206)		(167)	
Total Tier 1 capital	**34 790**	**11.9**	31 117	10.5	33 285	11.7
Upper Tier 2 instruments	**1 068**		1 068		1 068	
Tier 2 subordinated debt instruments	**4 975**		5 893		5 914	
Less: total impairments	**(613)**		(210)		(424)	
Excess of expected loss over eligible provisions (50%)	**(542)**		(292)		(379)	
First loss credit enhancements in respect of securitisation structures (50%)	**(71)**		–		(45)	
Other impairments	**–**		82		–	
Total Tier 2 capital	**5 430**	**1.8**	6 751	2.3	6 558	2.3
Total qualifying capital and reserves	**40 220**	**13.7**	37 868	12.8	39 843	14.0

* *Reflects solo supervision, i.e. FRB excluding branches, subsidiaries and associates.*
** *Excludes unappropriated profits.*

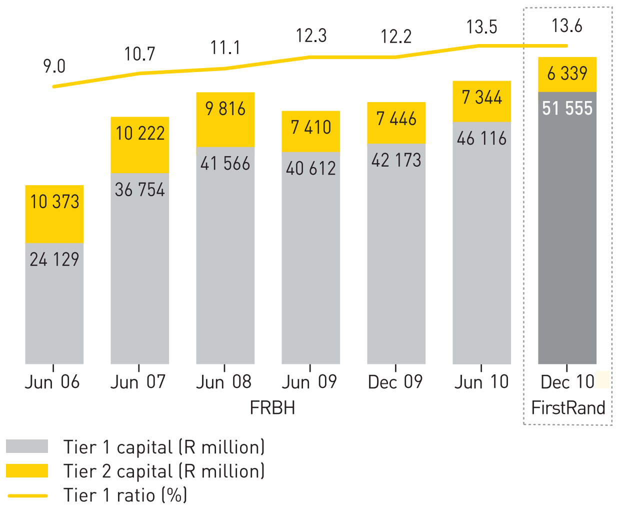
RWA by risk type of FRB

	FRB*					
	December 2010		December 2009		June 2010	
R million	**RWA**	**Capital requirement#**	RWA	Capital requirement#	RWA	Capital requirement#
Credit risk	**217 912**	**20 702**	219 493	20 852	210 328	19 981
Operational risk	**42 992**	**4 084**	35 522	3 375	38 223	3 631
Market risk	**7 702**	**732**	8 251	784	4 669	444
Equity investment risk	**9 599**	**912**	18 120	1 721	16 835	1 599
Other risk	**14 401**	**1 368**	13 660	1 298	13 690	1 301
Total RWA	**292 606**	**27 798**	295 046	28 030	283 745	26 956

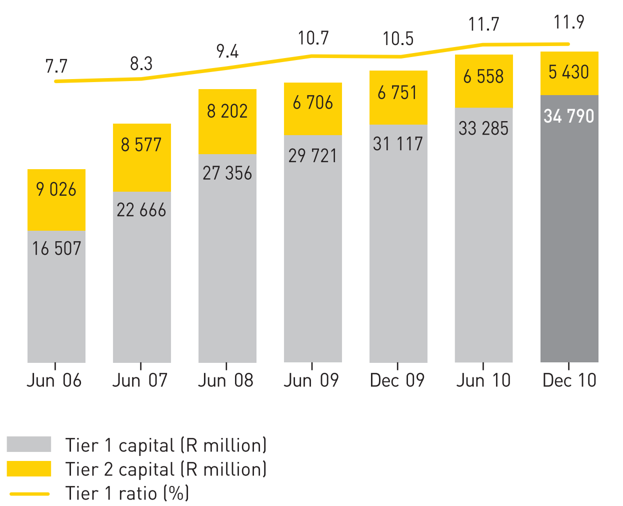
* *Reflects solo supervision, i.e. FRB excluding branches, subsidiaries and associates.*
# *Capital requirement calculated at 9.5% of RWA.*

The graph below provides a historical overview of the capital adequacy for FirstRand and FRB.

FirstRand regulatory capital position



FRB regulatory capital position



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

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

RWA and capital adequacy position for FirstRand and its subsidiaries

	December 2010		December 2009		June 2010	
	RWA R million	Total capital adequacy %	RWA R million	Total capital adequacy %	RWA R million	Total capital adequacy %
Basel II						
Bank controlling company*	**378 490**	**15.3**	346 049	14.3	341 608	15.6
FirstRand Bank Limited (South Africa)	**292 606**	**13.7**	295 046	12.8	283 745	14.0
FirstRand Bank UK (London Branch)	**5 372**	**11.6**	4 356	14.6	5 210	12.8
FirstRand India	**756**	**69.3**	83	266.2	241	247.5
FirstRand (Ireland) PLC	**2 810**	**47.5**	6 903	22.7	5 042	31.0
RMB Australia Holdings Limited	**6 084**	**25.1**	5 885	18.1	4 887	21.5
FNB (Namibia) Limited**	**12 330**	**17.2**	9 144	19.7	9 910	20.1
Basel I**						
FNB (Botswana) Limited	**7 295**	**17.4**	6 232	17.3	6 834	17.4
FNB (Lesotho) Limited	**210**	**22.5**	220	18.5	228	17.9
FNB (Moçambique) S.A.	**634**	**10.6**	522	17.0	699	12.9
FNB (Swaziland) Limited	**1 555**	**21.1**	1 239	22.1	1 467	20.9
FNB (Zambia) Limited	**260**	**27.7**	119	71.3	173	64.5

* *Effective 1 July 2010, FirstRand became the new regulated entity. Prior to 1 July 2010, FRBH was the bank controlling company. Basel II was successfully implemented at the beginning of January 2008. The registered banks in FirstRand must comply with the SARB regulations and those of their home regulators, with primary focus placed on Tier 1 capital and total capital adequacy ratios.*

** *Entities operating under Basel II are subject to a minimum capital requirement of 9.5% (excluding the bank specific Pillar 2b add on). FNB Africa subsidiaries (excluding FNB (Namibia) Limited), currently report under Basel I – these entities are subject to a 10% minimum capital requirement in terms of local rules, except FNB (Botswana) Limited and FNB (Swaziland) Limited, where the minimum capital requirement is 15% and 8%, respectively. These entities also report under Basel II and are included on this basis for the consolidated position of FirstRand. FNB (Namibia) Limited implemented Basel II on 1 January 2010.*

Economic capital

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

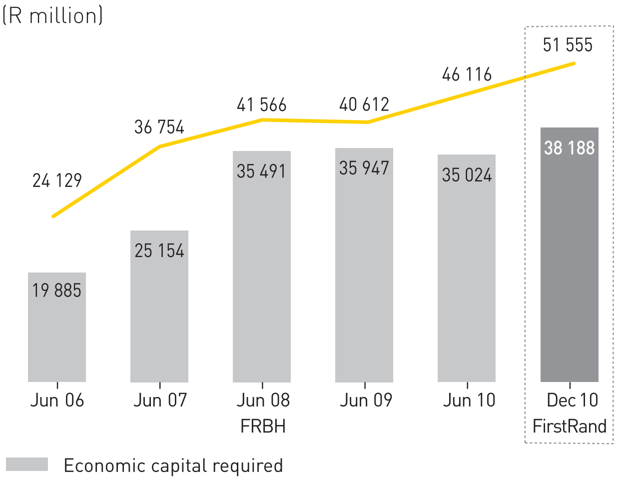
Regular reviews of the economic capital position are carried out across the businesses and the Group remains well capitalised in the current environment, with levels of Tier 1 capital exceeding the economic capital required. The Group aims to back all economic risks with Tier 1 capital. Furthermore,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

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

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

Economic capital

(R million)



Normalised return on equity

The Group achieved a normalised ROE of 18.7% compared to 17.3% for the prior period for continuing operations.

The Group's total normalised ordinary shareholders' equity and reserves (excluding non-controlling interests) totalled R52 115 million as at 31 December 2010 (2009: R47 283 million). The average ordinary shareholders' equity and reserves for the period amounted to R50 699 million (2009: R45 725 million). Ordinary shareholders equity comprises share capital and premium, distributable and non-distributable reserves.

Segmental ROE

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

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

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

The table below provides a summary of the ROE numbers for the main segments of the continuing operations.

	Six months ended 31 December			Year ended 30 June
	2010		2009	2010
R million	**Normalised earnings***	**ROE %**	ROE %	ROE %
FNB	**2 755**	**33.9**	30.8	30.2
RMB	**1 542**	**25.2**	17.8	24.8
WesBank	**722**	**21.5**	13.6	15.4
Corporate Centre and Other	**(267)**			
Total	**4 752**	**18.7****	17.3	18.3

* *Normalised earnings include the net income on capital earned by the respective segments less Corporate Centre costs and the cost of preference shares.*
** *ROE for continuing and discontinuing operations is 19.2%.*

FNB Africa is currently included under FNB and RMB.

	Six months ended 31 December			Year ended 30 June
	2010		2009	2010
R million	**Normalised earnings**	**ROE %**	ROE %	ROE %
Total FNB Africa	**345**	**27.5**	28.6	23.2

Economic profit

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

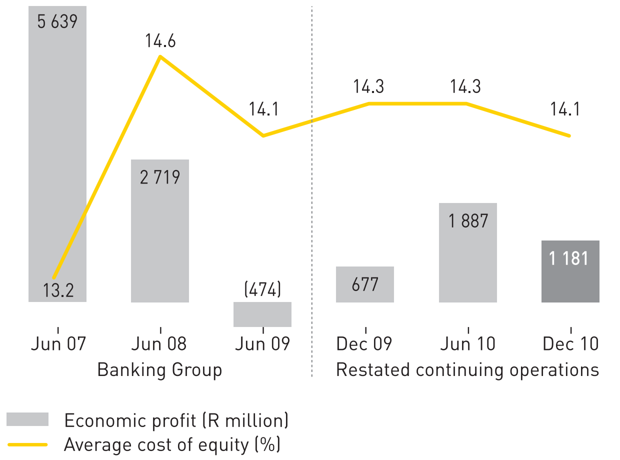
The use of economic profit or NIACC is embedded across the businesses and management culture. As a function of the normalised earnings and capital utilised in the businesses, economic profit provides a clear indication of the economic value added by a transaction or business unit. Positive internal capital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

Economic profit and normalised ROE

	Six months ended 31 December		Year ended 30 June
R million	**2010**	2009	2010
Normalised earnings attributable to ordinary shareholders	**4 752**	3 946	8 569
Charge for capital*	**(3 571)**	(3 269)	(6 682)
Net economic profit**	**1 181**	677	1 887
Average normalised ordinary shareholders' equity	**50 699**	45 725	46 724
Return on average ordinary shareholders' equity (%)	**18.7**	17.3	18.3
Average cost of equity (%)	**14.1**	14.3	14.3

* *Capital charge based on average cost of capital.*
** *Economic profit = normalised earnings - (average cost of equity x average normalised ordinary shareholders equity and reserves).*
*** *Comparatives restated to reflect continuing operations of FirstRand Limited.*

Evolution of economic profit and cost of equity



CREDIT RATINGS AS AT 7 MARCH

FRB

The credit ratings for FRB reflect the Bank's strong market position as one of the Big 4 banks in South Africa (operating through three major banking franchises) as well as its focused strategy, good core profitability, financial flexibility, robust risk management and sound capitalisation.

Credit ratings assigned by Standard & Poor's

	FirstRand Bank Limited	Sovereign rating South Africa
Foreign currency counterparty credit rating		
Long-term	BBB+	BBB+
Outlook	Negative	Stable
Short-term	A-2	A-2
Local currency counterparty credit ratings		
Long-term	BBB+	A+
Outlook	Negative	Stable
Short-term	A-1	A-1

Summary of rating actions:

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

Credit ratings assigned by Moody's Investors Service

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

Summary of rating actions:

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

Credit ratings assigned by Fitch Ratings

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

Summary of rating actions:

- There were no changes to the ratings assigned to FRB by Fitch Ratings during the period under review.

NOTES

SUPPLEMENTARY INFORMATION

Number of shares from continuing and discontinued operations

Number	Six months ended 31 December 2010	Six months ended 31 December 2009	Year ended 30 June 2010
Shares in issue			
Opening balance 1 July	**5 637 941 689**	5 637 941 689	5 637 941 689
Less: treasury shares	**(192 141 961)**	(375 083 967)	(393 425 954)
Staff schemes	**(19 375 518)**	(172 655 119)	(164 470 512)
BEE staff trusts	**(171 401 072)**	(171 401 072)	(171 401 072)
Shares held by policyholders*	**(1 365 371)**	(31 027 776)	(57 554 370)
Number of shares in issue (after treasury shares)	**5 445 799 728**	5 262 857 722	5 244 515 735
Weighted average number of shares			
Weighted average number of shares before treasury shares	**5 637 941 689**	5 637 941 689	5 637 941 689
Less: treasury shares	**(320 480 222)**	(385 527 906)	(389 764 164)
Staff schemes	**(112 369 788)**	(181 488 108)	(181 015 451)
BEE staff trusts	**(171 401 072)**	(171 401 072)	(171 401 072)
Shares held by policyholders*	**(36 709 362)**	(32 638 726)	(37 347 641)
Weighted average number of shares in issue	**5 317 461 467**	5 252 413 783	5 248 177 525
Dilution impact:			
Staff schemes	**64 125 907**	6 879 392	42 815 288
BEE staff trusts	**26 301 376**	7 909 281	11 438 393
Diluted weighted average number of shares in issue	**5 407 888 750**	5 267 202 456	5 302 431 206
Number shares for normalised earnings per share calculation			
Actual weighted average and diluted weighted average number of shares for calculation of normalised earnings and diluted earnings per share	**5 637 941 689**	5 637 941 689	5 637 941 689

Number of shares from continuing operations

Number	Six months ended 31 December 2010	Six months ended 31 December 2009	Year ended 30 June 2010
Weighted average number of shares in issue	**5 317 461 467**	5 252 413 783	5 248 177 525
Add shares held by Momentum policyholders	**35 346 588**	29 620 535	35 949 633
Weighted average number of shares in issue	**5 352 808 055**	5 282 034 318	5 284 127 158
Dilution impact	**90 427 283**	14 788 673	54 253 681
Diluted weighted average number of shares in issue	**5 443 235 338**	5 296 822 991	5 338 380 839
Number of shares in issue used for normalised per share calculation from continuing operations	**5 637 941 689**	5 637 941 689	5 637 941 689

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

Assets under management or administration

R million	Continuing and discontinued operations: Six months ended 31 December 2010	2009	% change	Year ended 30 June 2010
Banking Group*	**698 249**	632 540	10	653 155
Momentum Group*	**–**	191 358	(100)	198 866
FirstRand Company and consolidation**	**(2 440)**	(21 509)	(89)	(6 781)
Total assets on statement of financial position	**695 809**	802 389	(13)	845 240
Assets not on statement of financial position managed or administered on behalf of clients	**48 459**	163 030	(70)	161 235
Total assets under management or administration	**744 268**	965 419	(23)	1 006 475

R million	Continuing operations: Six months ended 31 December 2010	2009	% change	Year ended 30 June 2010
Banking Group*	**698 249**	632 540	10	653 155
FirstRand Company and consolidation**	**(2 440)**	(4 383)	(44)	(5 162)
Total assets on statement of financial position	**695 809**	628 157	11	647 993
Assets not on statement of financial position managed or administered on behalf of clients	**48 459**	45 688	6	47 311
Total assets under management or administration	**744 268**	673 845	10	695 304

* *Assets are disclosed before elimination of intergroup balances.*
** *All consolidation entries have been included.*

Contingencies and commitments

R million	Six months ended 31 December 2010	2009	% change	Year ended 30 June 2010
Guarantees	**21 168**	19 155	11	24 036
Acceptances	**291**	288	1	299
Letters of credit	**5 352**	5 776	(7)	5 541
Total contingencies	**26 811**	25 219	6	29 876
Capital commitments				
Contracted capital commitments	**2 013**	407	>100	2 292
Capital expenditure authorised not yet contracted	**887**	876	1	1 942
Total capital commitments	**2 900**	1 283	>100	4 234
Other commitments				
Irrevocable commitments	**55 313**	60 962	(9)	52 809
Operating lease and other commitments	**10 512**	6 271	68	7 386
Total capital commitments	**65 825**	67 233	(2)	60 195
Total contingencies and commitments	**95 536**	93 735	2	94 305

Description of normalised results

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

Share-based payments and treasury shares: Consolidation of staff share schemes

IFRS 2: Share-based payments requires that all share-based payments transactions for goods or services received must be expensed with effect from financial periods commencing on or after 1 January 2005. FirstRand hedges itself against the price risk of the FirstRand share price in the various staff shares schemes. The staff schemes purchase FirstRand shares in the open market to ensure the company is not exposed to the increase in the FirstRand share price. Consequently, the cost to FirstRand is the funding costs of the purchases of FirstRand's shares by the staff share trust. These trusts are consolidated and FirstRand shares held by the staff share schemes are treated as treasury shares. For purposes of calculating the normalised results, the consolidation entries are reversed and the Group shares held by the staff share scheme are treated as issued to parties external to the Group.

The normalised adjustments:

- add back the IFRS 2 charge; and
- add back the treasury shares to equity.

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

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

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

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

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

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

Economic hedges

The Group enters into economic interest rate hedging transactions from time to time which do not qualify for hedge accounting in terms of the requirements of IFRS. The fair value changes on these economic hedges are recorded as part of non-interest revenue in terms of IFRS.

The Group has reallocated the fair value changes on these hedging instruments from non-interest revenue to net interest income to reflect the economic substance of these hedges.

Fair value annuity income – lending

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

The Group has reallocated the margin component of the annuity fair value income earned on the RMB wholesale advances book from non-interest revenue to net interest income to reflect the economic substance of the income earned on these assets.

Consolidated private equity subsidiaries

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

New group structure

FIRSTRAND

The listed holding company

100% FirstRand Bank Limited

Banking

- 100% First National Bank[1]
- Rand Merchant Bank[1]
- WesBank[1]
- FirstRand Bank India[2]
- FirstRand Bank London[2]
- FirstRand Bank Dubai[3]
- FirstRand Bank Shanghai[3]
- FirstRand Bank Nigeria[3]
- FirstRand Bank Angola[3]

100% FirstRand EMA Holdings Limited ("FREMA")

Emerging markets

- 100% FNB Lesotho
- 59% FNB Namibia
- 100% FNB Swaziland
- 70% FNB Botswana
- 90% FNB Moçambique
- 100% FNB Zambia
- 47% OUTsurance[4]
- 100% FirstRand International – Mauritius

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

Other activities[5]

- 96% RMB Private Equity Holdings
- 93% RMB Private Equity
- 100% RMB Stockbroking Operations
- 100% FirstRand International Wealth Management
- 40% Eris Property Group
- 50% RMB Morgan Stanley
- 75% Rentworks
- 33% Tracker
- 100% FirstRand International – Guernsey
- 100% FNB Insurance Brokers
- 100% Barnard Jacobs Mellet Holdings Limited[6]

FirstRand unbundled its 100% shareholding in Momentum Group Limited effective 30 November 2010.

1 Division.
2 Branch.
3 Representative office.
4 Effective shareholding in FRSTIH. FirstRand announced on 15 December 2010 that it will be disposing of its interest in FRSTIH to RMB Holdings Limited.
5 For segmental analysis purposes entities included in FRIHL are reported within the respective franchise results.
6 On 15 December FNB announced that all the conditions precedent for the purchase of Barnard Jacobs Mellet Holdings Limited had been met. The accounting effective date, however, is 3 January 2011.

Structure shows effective consolidated shareholding.

Disposal groups held for distribution and discontinued operations

DISCONTINUED OPERATIONS

During the prior financial year, FirstRand took a decision to unbundle its 100% shareholding in Momentum Group to its shareholders through a dividend-in-specie. The decision to unbundle the shareholding followed the announcement of merger of the Momentum Group and Metropolitan Holdings.

The unbundling transaction resulted in FirstRand classifying the Momentum Group as a disposal group held for distribution in line with the requirements of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. The assets and liabilities attributable to the the Momentum Group, was classified as held for distribution and was separately disclosed on the statement of financial position. In addition the Momentum Group represents a discontinued operation as it is a component of FirstRand that has been classified as held for distribution and represents a separate major line of business. In line with the requirements of IFRS 5, the income and expenses relating to the Momentum Group were presented in the income statement and statement of other comprehensive income as a single amount relating to the after-tax profit and other comprehensive income relating discontinued operations.

The dividend-in-specie was accounted for at fair value in line with the requirements of IFRIC 17: Distribution of Non-Cash Assets to Owners. The unbundling transaction was preceded by the merger transaction, but FirstRand did not take control of the merged entity and, as a result, did not recognise the merged entity in its financial statements. The merger transaction was entered into solely for the benefit of the FirstRand and Metropolitan Holdings shareholders.

The unbundling transaction was approved by FirstRand shareholders on 28 September 2010 and effective date of the unbundling transaction was 30 November 2010. Upon authorisation of the distribution, FirstRand recognised a dividend payable of R15 billion, being the fair value of the Momentum Group to be distributed.

Income and expense recognised in the income statement relating to the discontinued operations of Momentum Group

	Six months ended 31 December		Year ended 30 June
R million	2010	2009	2010
Interest and similar income	3 484	4 462	7 466
Interest expense and similar charges	(352)	(306)	(1 122)
Net interest income	3 132	4 156	6 344
Non-interest income	9 666	12 456	13 466
Net insurance premium income	3 280	3 324	7 468
Net claims and benefits paid	(2 920)	(3 353)	(6 537)
Increase/(decrease) in value of policyholder liabilities	(9 990)	(12 849)	(13 615)
Income from operations	3 168	3 734	7 126
Operating expenditure	(2 303)	(2 350)	(5 268)
Net income from operations	865	1 384	1 858
Share of profit of associates and joint ventures	22	5	32
Profit before tax	887	1 389	1 890
Tax expense	(298)	(595)	(696)
Profit after tax	589	794	1 194
FNB Life	174	191	416
Discontinued	415	603	778
Total comprehensive income for the period	589	794	1 194
At the date that Momentum Group was classified as held for distribution, its fair value less costs to sell exceeded its consolidated carrying value and no gain or loss was recognised on the classification date.			
Cash flow information:			
Cash flow from operating activities	(7 519)	389	(9 709)
Cash flow from investing activities	12	(597)	33
Cash flow from financing activities	(202)	273	2 117
Total cash flows	(7 709)	65	(7 559)

R million	2010
Profit on the unbundling of Momentum Group	
Fair value of Momentum Group on the date that the dividend was approved	18 356
Change in fair value of Momentum Group	(3 009)
Fair value of Momentum Group on the date of the unbundling	15 347
Consolidated carrying value of Momentum Group at the date of unbundling	(8 479)
Profit on the unbundling of Momentum Group	6 868
Tax	–
Profit after tax on unbundling of discontinued operations	6 868
Profit after tax from discontinued operations	415
Profit after tax from unbundling and discontinued operations	7 283

Analysis of the assets and liabilities included in the disposal group held for distribution

R million	Six months ended 31 December 2010	Six months ended 31 December 2009	Year ended 30 June 2010
Statement of financial position			
Assets			
Cash and short-term funds	**23 149**	37 078	31 826
Derivative financial instruments	**7 747**	7 857	7 116
Investment securities and other investments	**154 363**	126 833	134 715
Loans and accounts receivables	**2 410**	2 681	7 484
Property and equipment	**547**	566	558
Deferred tax asset	**967**	951	932
Intangible assets and deferred acquisition costs	**3 161**	3 132	3 113
Investment properties	**2 260**	2 274	2 334
Other	**6 283**	9 986	9 169
Total assets	**200 887**	191 358	197 247
Liabilities			
Derivative financial instruments	**741**	1 016	1 507
Creditors and accruals	**12 383**	16 315	22 603
Provisions	**253**	300	341
Tax liability	**312**	25	43
Post retirement liabilities	**–**	46	73
Deferred tax liability	**1 721**	1 806	1 719
Long-term liabilities	**8 399**	1 018	1 990
Policyholder liabilities under insurance contracts	**–**	41 019	40 896
Policyholder liabilities under investment contracts	**163 570**	113 471	111 860
Other	**4 498**	7 946	8 929
Total liabilities	**191 877**	182 962	189 961
Net assets of disposal group held for sale	**9 010**	8 396	7 286

Headline earnings additional disclosure

Set out below is additional information pertaining to Section 1 of Circular 3/2009 – sector specific rules in calculating headline earnings.

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

	Six months ended 31 December			Year ended 30 June
R million	**2010**	2009	% change	2010
Aggregate cost of portfolio	**2 999**	3 241	(7)	3 303
Aggregate carrying value	**4 085**	4 637	(12)	4 190
Aggregate fair value[1]	**5 096**	6 606	(23)	5 147
Equity accounted income[2]	**25**	(23)	>100	(126)
Profit on realisation[3]	**24**	59	(59)	1 236
Aggregate other income earned[4]	**68**	64	6	106

1 Aggregate fair value is disclosed including minorities.
2 Equity accounted earnings is disclosed pre-tax.
3 Profit on realisation is disclosed post-tax and minorities.
4 Aggregate other income earned is disclosed pre-tax.

Issue 2 – Capital appreciation on investment products

	Six months ended 31 December			Year ended 30 June
R million	**2010**	2009	% change	2010
Carrying value of investment properties	**161**	2 274	(93)	2 275
Fair value of investment properties	**161**	2 274	(93)	2 275
Capital appreciation after tax	**–**	50	(100)	90

Company information

DIRECTORS

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

SECRETARY AND REGISTERED OFFICE

BW Unser
4 Merchant Place
Corner Fredman Drive and Rivonia Road, Sandton 2196

Postal address
PO Box 786273, Sandton 2146
Telephone: +27 11 282 1808
Telefax: +27 11 282 8088

Web address: www.firstrand.co.za

SPONSOR

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

TRANSFER SECRETARIES – SOUTH AFRICA

Computershare Investor Services (Proprietary) Limited
70 Marshall Street, Johannesburg 2001

Postal address
PO Box 61051, Marshalltown 2107
Telephone: +27 11 370 5000
Telefax: +27 11 688 5221

TRANSFER SECRETARIES – NAMIBIA

Transfer Secretaries (Proprietary) Limited
Shop No 8, Kaiserkrone Centre
Post Street Mall, Windhoek

Postal address
PO Box 2401, Windhoek, Namibia
Telephone: +264 612 27647
Telefax: +264 612 48531

STOCK EXCHANGES

JSE Limited ("JSE")

Ordinary shares	Share code	ISIN code
– FirstRand Limited	FSR	ZAE 000066304

Non-cumulative non-redeemable preference shares		
– "B"	FSRP	ZAE 000060141

Namibian Securities Exchange ("NSE")

Ordinary shares	Share code	ISIN code
FirstRand Limited	FSR	ZAE 000066304
FNB Namibia Holdings Limited	FNB	NA 0003475176
FNB of Namibia Limited	FNB17	NA000AONQ603

Botswana Securities Exchange of South Africa ("BSE")

Ordinary shares	Share Code	ISIN code
FNB Botswana Holdings Limited	FNBB	BW 000000066

Bond Exchange of South Africa ("BESA")

Subordinated debt

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

Upper Tier II

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

Senior unsecured

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRBN04	ZAG000041005
FirstRand Bank Limited	FRBN05	ZAG000042169
FirstRand Bank Limited	FRBN06	ZAG000073214
FirstRand Bank Limited	FRBN07	ZAG000073206

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRBZ01	ZAG000049255
FirstRand Bank Limited	FRBZ02	ZAG000072711
FirstRand Bank Limited	FRBZ03	ZAG000080029
FirstRand Bank Limited	FRS35	ZAG000076852
FirstRand Bank Limited	FRS36	ZAG000077397
FirstRand Bank Limited	FRS37	ZAG000077793
FirstRand Bank Limited	FRS38	ZAG000077983
FirstRand Bank Limited	FRS39	ZAG000078213
FirstRand Bank Limited	FRS40	ZAG000078460
FirstRand Bank Limited	FRS42	ZAG000078478
FirstRand Bank Limited	FRS43	ZAG000078643
FirstRand Bank Limited	FRS44	ZAG000078742
FirstRand Bank Limited	FRS45	ZAG000079252
FirstRand Bank Limited	FRS46	ZAG000079807
FirstRand Bank Limited	FRS47	ZAG000080011
FirstRand Bank Limited	FRS48	ZAG000081456
FirstRand Bank Limited	FRS49	ZAG000081787
FirstRand Bank Limited	FRJ11	ZAG000051111
FirstRand Bank Limited	FRJ13	ZAG000079823
FirstRand Bank Limited	FRJ14	ZAG000069683
FirstRand Bank Limited	FRJ16	ZAG000073826
FirstRand Bank Limited	FRX11	ZAG000051095
FirstRand Bank Limited	FRX14	ZAG000079815
FirstRand Bank Limited	FRX15	ZAG000051103
FirstRand Bank Limited	FRX18	ZAG000076472
FirstRand Bank Limited	FRX24	ZAG000073693
FirstRand Bank Limited	FRX45	ZAG000076480

Inflation-linked bonds

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRBI01	ZAG000025156
FirstRand Bank Limited	FRBI03	ZAG000033473
FirstRand Bank Limited	FRBI04	ZAG000044306
FirstRand Bank Limited	FRBI07	ZAG000055849
FirstRand Bank Limited	FRBI08	ZAG000071523
FirstRand Bank Limited	FRBI23	ZAG000076498
FirstRand Bank Limited	FRI11	ZAG000051129
FirstRand Bank Limited	FRI15	ZAG000051137
FirstRand Bank Limited	FRBI22	ZAG000079666
FirstRand Bank Limited	FRBI28	ZAG000079237
FirstRand Bank Limited	FRBI33	ZAG000079245

Credit-linked notes

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRC01	ZAG000049800
FirstRand Bank Limited	FRC04	ZAG000057563
FirstRand Bank Limited	FRC05	ZAG000050873
FirstRand Bank Limited	FRC06	ZAG000051178
FirstRand Bank Limited	FRC07	ZAG000051244
FirstRand Bank Limited	FRC08	ZAG000051749

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRC10	ZAG000054149
FirstRand Bank Limited	FRC11	ZAG000054131
FirstRand Bank Limited	FRC16	ZAG000055914
FirstRand Bank Limited	FRC17	ZAG000056011
FirstRand Bank Limited	FRC29	ZAG000069857
FirstRand Bank Limited	FRC30	ZAG000071697
FirstRand Bank Limited	FRC31	ZAG000071705
FirstRand Bank Limited	FRC32	ZAG000071713
FirstRand Bank Limited	FRC35	ZAG000073800
FirstRand Bank Limited	FRC36	ZAG000076217
FirstRand Bank Limited	FRC37	ZAG000076712
FirstRand Bank Limited	FRC40	ZAG000081027
FirstRand Bank Limited	FRC41	ZAG000081670
FirstRand Bank Limited	FRC42	ZAG000081878
FirstRand Bank Limited	FRC43	ZAG000082660
FirstRand Bank Limited	FRC44	ZAG000082926
FirstRand Bank Limited	FRC45	ZAG000082918
FirstRand Bank Limited	FRC46	ZAG000082959

Investment security index contracts

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

Structured Note

Issuer	Bond code	ISIN code
Rand Merchant Bank	OILRMB	ZAE000152732

London stock exchange ("LSE")

European Medium Term Note (EMTN) Programme

Issuer	Bond code	ISIN code
FirstRand Bank Limited	EMTN	XS0306783621

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