08/09

CIRCULAR TO SHAREHOLDERS

UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

FIRSTRAND

FIRSTRAND GROUP

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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 2008 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, WesBank, the instalment finance business, and Momentum, the life insurance business.

FirstRand operates these franchises through various legal entities. Comprehensive reports on the Banking and Momentum Groups, both of which are wholly owned, are included in this circular and should be read in conjunction with this report.

FINANCIAL HIGHLIGHTS

Continuing and discontinued operations	Six months ended 31 December			Year ended 30 June
R million	**2008**	2007	% change	2008
Headline earnings	**4 553**	5 702	(20)	9 922
Normalised earnings	**4 576**	6 138	(25)	10 583
Diluted headline earnings per share (cents)	**87.3**	107.4	(19)	187.8
Diluted normalised earnings per share (cents)	**81.2**	108.9	(25)	187.7
Ordinary dividend per share (cents)	**34.00**	44.25	(23)	82.5
Normalised return on equity (%)	**17**	26		22
Assets under management or administration	**1 034 880**	993 178	4	1 018 202

In November 2007, FirstRand unbundled its 57% shareholding in Discovery and therefore the results to 31 December 2007 and 30 June 2008 in the table above include four months of contribution from Discovery. The results for the Group's continuing operations are detailed below.

Continuing operations (proforma)	Six months ended 31 December			Year ended 30 June
R million	**2008**	2007	% change	2008
Headline earnings	**4 553**	5 517	(17)	9 737
Normalised earnings	**4 576**	5 953	(23)	10 398
Diluted headline earnings per share (cents)	**87.3**	103.9	(16)	184.3
Diluted normalised earnings per share (cents)	**81.2**	105.6	(23)	184.4
Normalised return on equity (%)	**17**	26		22
Assets under management or administration	**1 034 880**	993 178	4	1 018 202

	Six months ended 31 December			Year ended 30 June
R million	**2008**	2007	% change	2008
From continuing and discontinued operations				
Normalised earnings[1]	**4 576**	6 138	(25)	10 583
Headline earnings	**4 553**	5 702	(20)	9 922
Attributable earnings to ordinary shareholders	**4 306**	6 283	(31)	11 309
Normalised net asset value	**53 547**	47 111	14	51 637
Normalised return on equity (%)	**17.4**	26.2		21.5
Normalised price to book (times)	**1.70**	2.36		1.45
Normalised earnings per share (cents)				
– Basic	**81.2**	108.9	(25)	187.8
– Diluted	**81.2**	108.9	(25)	187.7
Earnings per share (cents)				
– Basic	**82.8**	121.3	(32)	218.2
– Diluted	**82.6**	118.4	(30)	214.1
Headline earnings per share (cents)				
– Basic	**87.6**	110.1	(20)	191.5
– Diluted	**87.3**	107.4	(19)	187.8
Ordinary dividend per share (cents)	**34.00**	44.25	(23)	82.5
Dividend in specie per share (cents)	**–**	61.1	(100)	61.1
Non cumulative non redeemable preference dividend per share (cents)				
B Class (68% of FNB prime lending rate)	**477.77**	431.1	11	908.9
B1 Class (68% of FNB prime lending rate)	**477.77**	431.1	11	908.9
From continuing operations				
Normalised earnings	**4 576**	5 953	(23)	10 398
Normalised return on equity (%)	**17.4**	26.3		21.9
Normalised earnings per share (cents)				
– Basic	**81.2**	105.6	(23)	184.5
– Diluted	**81.2**	105.6	(23)	184.4

1. *The definition of normalised earnings is provided on page 121.*

	Six months ended 31 December			Year ended 30 June
R million	2008	2007	% change	2008
Attributable earnings to ordinary shareholders	4 306	6 283	(31)	11 309
Adjusted for:	247	(581)	>100	(1 387)
Profit on disposal of available-for-sale assets	–	(130)		(98)
Loss/(profit) on sale of shares in subsidiary and associate	29	(570)		(678)
Net asset value in excess of purchase price of subsidiary	–	–		(24)
Profit on disposal of property and equipment	(3)	–		(4)
Loss on sale of MotorOne Advances book	206	–		–
Impairment of intangible assets	–	–		104
Impairment of goodwill	14	–		33
VISA listing	–	–		(1 052)
Other	(1)	–		29
Total tax effects of adjustments	1	89		257
Total minority interest of adjustments	1	30		46
Headline earnings	4 553	5 702	(20)	9 922
Adjusted for:	23	436	(95)	661
Discovery BEE transaction	–	5		5
IFRS 2 share based (income)/expense	(111)	189		153
Treasury shares	134	242		503
– adjustment for effective shareholding in Discovery	–	(17)		(17)
– consolidation of staff share schemes	221	221		517
– FirstRand shares held by policyholders	(87)	38		3
Normalised earnings	4 576	6 138	(25)	10 583
Divisional normalised earnings				
Banking Group	4 149	5 283	(21)	8 814
Momentum Group	740	913	(19)	2 004
Discovery Group	–	185	(100)	185
FirstRand Limited (company)	(83)	(49)	69	(11)
Dividend paid to non cumulative non redeemable preference shareholders	(230)	(194)	19	(409)
Normalised earnings	4 576	6 138	(25)	10 583
Divisional headline earnings				
Banking Group	4 199	5 140	(18)	8 701
Momentum Group	752	881	(15)	1 979
Discovery Group	–	185	(100)	185
FirstRand Limited (company)	(34)	(51)	(33)	(14)
Consolidation of staff share schemes	(221)	(221)	–	(517)
Dividend paid to non cumulative non redeemable preference shareholders	(230)	(194)	19	(409)
Consolidation of treasury shares held by policyholders	87	(38)	>100	(3)
Headline earnings	4 553	5 702	(20)	9 922

1. The definition of normalised earnings is provided on page 121.

STATEMENT OF HEADLINE EARNINGS FROM CONTINUING OPERATIONS (PROFORMA)

	Six months ended 31 December			Year ended 30 June
R million	2008	2007	% change	2008
Attributable earnings to ordinary shareholders	4 306	5 555	(22)	10 581
Adjusted for:	247	(38)	>100	(844)
Profit on disposal of available-for-sale assets	–	(39)		(7)
Loss/(profit) on sale of shares in subsidiary and associate	29	–		(108)
Net asset value in excess of purchase price of subsidiaries	–	–		(24)
Profit on disposal of property and equipment	(3)	–		(4)
Loss on sale of MotorOne Advances book	206	–		–
Impairment of intangible assets	–	–		104
Impairment of goodwill	14	–		33
VISA listing	–	–		(1 052)
Other	(1)	–		29
Total tax effects of adjustments	1	1		169
Total minority interest of adjustments	1	–		16
Headline earnings	4 553	5 517	(17)	9 737
Adjusted for:	23	436	(95)	661
IFRS 2 share based (income)/expense	(111)	177		141
Treasury shares	134	259		520
– consolidation of staff share schemes	221	221		517
– FirstRand shares held by policyholders	(87)	38		3
Normalised earnings[1]	4 576	5 953	(23)	10 398
Normalised earnings per share (cents)				
– Basic	81.2	105.6	(23)	184.5
– Diluted	81.2	105.6	(23)	184.4
Earnings per share (cents)				
– Basic	82.8	107.2	(23)	204.2
– Diluted	82.6	104.6	(21)	200.3
Headline earnings per share (cents)				
– Basic	87.6	106.5	(18)	187.9
– Diluted	87.3	103.9	(16)	184.3
Number of shares for calculation of earnings and headline earnings per share				
Weighted average number of shares	5 198 676 271	5 180 135 651		5 182 541 623
Diluted weighted average number of shares	5 212 555 573	5 309 100 331		5 283 679 038
Number of shares for calculation of normalised earnings per share				
Weighted average number of shares	5 637 848 797	5 635 932 693		5 636 610 641
Diluted weighted average number of shares	5 637 848 797	5 638 245 993		5 638 111 774
Return on equity (%)	17.4	26.3		21.9
Average normalised net asset value excluding Discovery	52 592	45 186		47 449
Normalised earnings	4 576	5 953		10 398

1. The definition of normalised earnings is provided on page 121.

OPERATING ENVIRONMENT

The operating environment remained extremely difficult for the six months to 31 December 2008, characterised by further declines in asset prices, continued market volatility and a deteriorating economic outlook, both locally and internationally.

The international credit and liquidity crunch worsened significantly, culminating in Governments rescuing and subsequently partly nationalising some of the largest international financial institutions. Global economic growth deteriorated rapidly, with the US, Japan and the UK officially entering a recession.

Although the South African economy was to some extent sheltered from the international economic turmoil, it was not immune to it, particularly with regard to a significant slowdown in exports and a decline in commodity prices. This, together with the high domestic inflation and interest rate environment, contributed to a significant slowdown in GDP, with negative growth of 1.8% being reported in the fourth quarter of 2008. Domestic interest rates remained high during the reporting period, with the first downward adjustment of 50bps occurring on 11 December 2008.

These factors negatively impacted asset growth and, combined with falling equity and house prices and lower customer affordability levels, resulted in further increases in bad debt levels, especially in the retail lending franchises.

The All Share Index declined 29% in the period under review, with commensurate downward pressure on fees derived from investment businesses. The decline in asset values means that investment fees in Momentum will continue to be charged against a lower asset base in the foreseeable future.

OVERVIEW OF RESULTS

Against this background, FirstRand's diverse portfolio of banking and insurance businesses produced a mixed performance resulting in overall proforma normalised earnings decreasing 23% to R4.6 billion with a normalised Return on Equity ("ROE") of 17% compared to 26% in the comparative period.

The Banking Group's corporate and commercial franchises, which operate in the local primary and secondary markets, provided solid performances. However the retail franchises showed strain due to the current negative consumer credit cycle. The total banking portfolio produced R4.1 billion of normalised earnings, representing a 21% decline on the comparative period. Its normalised ROE also declined to 18% (27% in 2007).

The earnings of the insurance subsidiary, Momentum Group, were negatively impacted by the significant decline and volatility of the equity markets, despite good new business growth and improving profit margins. Momentum's conservative capital management strategy immunised its earnings to some extent against the impact of falling equity values. Despite this normalised earnings reduced 19% to R740 million (R913 million in 2007) although the ROE remained robust at 23%.

The table below represents the contribution to normalised earnings from the Banking and Insurance Groups.

	Six months ended 31 December			Year ended 30 June
R million	**2008**	2007	% contri-bution	2008
Banking Group	**4 149**	5 283	91	8 814
Momentum	**740**	913	16	2 004
FirstRand*	**(313)**	(243)	(7)	(420)
Normalised earnings	**4 576**	5 953	100	10 398

* *Including dividend paid to non cumulative non redeemable preference shareholders.*

The profitability of the Banking Group was impacted by two significant issues:

- the negative gearing in its retail businesses, created by slowing advances growth and increasing bad debts; and
- further losses in the investment bank's Equity Trading division and losses in offshore debt and investment portfolios which were originally part of SPJ International ("SPJi").

Relative to its peers, the Banking Group has shown a sharper reduction in loan growth over the past six months. This is due to a number of measured strategic actions taken on the credit portfolio to enhance the risk return characteristics of some portfolios and to reduce potential earnings volatility caused by bad debts. These actions include:

- a deliberate reduction of international lending exposures as part of a broader capital and liquidity preservation strategy in the international activities;
- a targeted portfolio management strategy in selected retail segments to reposition the portfolio in order to optimise the risk reward relationship and reduce earnings volatility from new business production. For example, at a product level, the expected property downturn required tightening of collateral requirements in the residential mortgage lending portfolios; and
- implementation of improved netting arrangements in corporate loans as a risk mitigation measure and selective reduction in activity in certain high risk subsegments such as leveraged finance.

Uncertainty in the outlook on job losses and the overall macro economic environment means that it is too early to substantially relax forward scoring assumptions on retail loans. The medium term environment is closely monitored and FirstRand believes the above mentioned strategies will allow its lending businesses to accelerate out of the cycle.

The bad debt charge has increased by more than 100% from December 2007 to R3.7 billion. This is the result of a significant increase in non performing loans ("NPLs") from R7.7 billion to R18.6 billion, which amounts to 4.2% of advances.

The bad debt charge amounts to 1.64% of advances (retail 2.41% and wholesale 0.66%) which compares favourably with the range which has been previously communicated (1.65% – 1.75%). The NPL coverage ratio reduced from 47.4% to 34.3% which reflects the change in asset mix towards asset backed lending such as mortgages and commercial properties and away from unsecured lending.

Major components of the bad debt charge are:

	For the six months ended					
Bad debts	**December 2008 R million**	December 2007 R million	June 2008 R million	**December 2008 %**	December 2007 %	June 2008 %
Residential mortgages	**1 080**	271	851	**1.48**	0.42	1.21
Credit card	**605**	557	527	**9.76**	9.16	8.47
Vehicle and asset finance	**1 045**	584	1 059	**2.22**	1.21	2.18
Retail other	**631**	408	608	**4.75**	3.43	4.85
Wholesale	**538**	236	277	**0.66**	0.33	0.34
Total bad debts	**3 693**	2 015	3 443	**1.64**	0.97	1.54

Retail bad debts have continued to rise sharply across all areas, but particularly in residential mortgages. With regard to vehicle finance, arrears have shown positive signs of improvement over the past six months. It remains to be seen whether this improvement is an early indicator of the peak of the bad debts cycle, particularly if the international credit crisis increasingly impacts the economy and results in further job losses and a continued decline in asset values.

Wholesale impairments include R219 million relating to the default of Dealstream, a futures clearing client. Overall the outlook on the large corporate book is expected to remain negative.

OVERVIEW OF THE OPERATING FRANCHISES

Below is a brief overview of each operating franchise, with a detailed review on pages 23 to 54.

FNB	Six months ended 31 December			Year ended 30 June
R million	**2008**	2007	% change	2008
Normalised earnings	**2 111**	2 489	(15)	4 654
Total assets	**207 324**	204 734	1	211 412
Total liabilities	**199 921**	199 997		197 828
Bad debt ratio	**2.1**	1.2		1.55
ROE (%)	**28**	35		33

High inflation and high interest rates and elevated levels of consumer indebtedness created a challenging operating environment for FNB, particularly for the lending businesses in the consumer market. Given the negative credit cycle FNB produced satisfactory results. Normalised earnings decreased 15% from R2.5 billion to R2.1 billion and ROE reduced from 35% to 28%.

FNB's strong franchises in the Commercial and Corporate segments contributed earnings growth of 15% and 30% respectively driven by healthy growth in advances, deposits and transactional volumes.

FNB's diversified retail portfolio continued to show good growth in transactional volumes and deposits, especially in the Mass segment. However, the retail lending portfolios continued to show significant increases in arrears, non performing loans and a marked slowdown in new business, especially in the Consumer segment. This had a negative impact on revenue growth and profitability.

FNB HomeLoans reported a loss of R975 million compared to a profit of R256 million in the corresponding period last year. The decrease in profitability was driven by:

- the significant increase in the bad debt charge, as a result of the increase in defaults;
- the increase of R340 million in interest in suspense due to increased NPLs and higher funding costs; and
- a significant slow down in advances as a result of the repositioning of the portfolio.

FNB continued to focus on cost management during the period and maintained overall cost growth to below inflation, mainly as a result of the containment of staff cost growth to 7%.

FNB Africa	Six months ended 31 December			Year ended 30 June
R million	**2008**	2007	% change	2008
Normalised earnings	**320**	249	29	499
Total assets	**30 121**	25 353	19	29 413
Total liabilities	**26 707**	22 709	18	26 160
Bad debt ratio	**0.6**	0.8		0.7
ROE (%)	**34**	32		34

The FNB African subsidiaries performed well. Net income before tax increased 25% for the period to R658 million due to the strong results from FNB Botswana, FNB Swaziland and FNB Moçambique.

Over the last few years the expansion of the retail network in all subsidiaries, together with a focus on providing good service, the delivery of products developed specifically to meet local requirements and the electronic delivery initiatives, has resulted in an increased customer base and good growth in volumes.

FNB has received approval from the South African Reserve Bank and the Bank of Zambia for the establishment of a new full service bank in Zambia. The intention is to offer a comprehensive range of retail, business, commercial and corporate transactional banking products.

RMB	Six months ended 31 December			Year ended 30 June
R million	**2008**	2007	% change	2008
Normalised earnings	**1 399**	1 753	(20)	3 008
Total assets	**317 959**	258 721	23	296 433
Total liabilities	**313 784**	254 169	23	292 091
ROE (%)	**20**	32		25

RMB's portfolio of businesses showed a mixed performance reporting normalised earnings of R1.4 billion, down 20% on the prior period. The Investment Banking division delivered a strong result, increasing profit before tax 21%. The Fixed Income, Currencies and Commodities ("FICC") division also produced strong profitability, 30% up from the comparative period. The Private Equity division was down 7% on the comparative period.

RMB's Equity Trading division reported disappointing losses of R798 million, largely attributable to the continued de-risking of the international trading portfolios and the default of Dealstream. These losses were anticipated as the de-risking and sell-down in these portfolios continued. The remaining positions amounting to $18 million are illiquid in nature and any further reduction in positions is therefore unlikely.

In addition the offshore debt and investment portfolios, previously managed by RMB's SPJi division, were affected by the weaker global markets and incurred mark to market losses of R555 million. The mark to market values do not necessarily reflect the true value of these assets, as a large part of the mark to market valuations reflect the illiquidity of the assets and could reverse. Further mark to market volatility is expected in these portfolios in the short to medium term. The SPJi division was discontinued in the second half of 2008, when the portfolios were integrated into the Investment Banking and FICC divisions to be reduced in a responsible manner.

RMB experienced healthy levels of corporate activity in its Investment Banking division. Advisory income exceeded the comparative period and infrastructure and acquisition financing volumes also increased over the prior period. Strong annuity income was generated on the in-force lending book.

The FICC business enjoyed strong client flows particularly in hedging and structured products as customers sought protection in the highly volatile currency and interest rate markets. Local proprietary trading activities remained profitable.

Profits in the Equity Trading division's client businesses showed good growth but were offset by impairment charges of R219 million raised following the default of Dealstream. These impairment charges were raised for the unpaid margin and mark to market losses at the time of default.

Private Equity recorded strong realisation profits, though earnings from associates declined 17% from the comparative period. RMB took over Dealstream's futures portfolio (with a nominal value of around R1 billion) when it defaulted. Although smaller positions were closed out with little loss, three large illiquid positions could not be closed out. These were transferred to the private equity portfolio with a view to realising value over the longer term and are now being accounted for as associates. A loss of R116 million was incurred when these positions were taken over but prior to classification as private equity portfolio investments. Had these positions continued to be marked to market a further loss of R195 million would have been made. This loss has reduced the unrealised value of the Private Equity portfolio. This position has improved marginally since December.

WesBank	Six months ended 31 December			Year ended 30 June
R million	**2008**	2007	% change	2008
Normalised earnings	**159**	420	(62)	573
Total assets	**101 599**	109 643	(7)	108 331
Bad debt ratio	**2.7**	1.5		2.09
ROE (%)	**7**	19		12

The combination of higher bad debts and slowing book growth in its local lending businesses resulted in WesBank's normalised earnings declining 62% to R159 million compared to December 2007. Although on a rolling six months' basis, compared to the six months to June 2008, profits improved 17%. Normalised earnings do not include the R206 million loss incurred on the sale of the Australia MotorOne Advances book.

WesBank's domestic lending businesses grew non interest revenue 10% mainly driven by annuity insurance revenues, WesBank's Fleet business and the growth of monthly administration fees, which were only introduced for business originated from June 2007 onwards (introduction of National Credit Act). Operating expenses grew 3% year on year, however the cost to income and cost to asset ratios in the business deteriorated marginally from 43.6% and 2.2% to 44.6% and 2.3% respectively, more as a result of the declining advance levels than high cost growth.

WesBank's international operations include the Carlyle Finance operation in the UK, and the WorldMark operation and the residual retail business in Australia. Profits realised in the WorldMark operation offset the losses in the lending business in both Australia and the UK, resulting in a net income contribution of R15 million.

Momentum	Six months ended 31 December			Year ended 30 June
R million	**2008**	2007	% change	2008
Normalised earnings	**740**	913	(19)	2 004
New business	**32 810**	27 236	20	65 338
Value of new business (restated)	**331**	291	14	596
ROE (%)	**23**	31		30

Momentum's normalised earnings declined 19% to R740 million for the six months ended 31 December 2008, mainly due to the significant drop in equity markets during the period. Despite the decline in earnings, a solid return on equity of 23% was achieved.

Approximately 65% of Momentum's operating profit is exposed to equity market performance through asset based fees, which declined significantly in line with equity market weakness. New business growth remained strong despite the economic environment with the new business margin increasing from 2.1% to 2.2% in the period. Collaboration with FNB continued to show good earnings growth, however growth in new business was more subdued in line with the underlying trend in retail banking products.

Investment income on shareholders' assets benefited from higher average interest rates and higher levels of cash. The embedded value has declined 6% since 30 June 2008 to R15.1 billion due to the impact of equity market weakness on future profitability, and the reduction in the directors' valuations of asset management subsidiaries in line with the decline in the assets managed by these businesses.

RELATIVE CONTRIBUTIONS

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

	Six months ended 31 December					Year ended 30 June
R million	**2008**	**% contribution**	2007	% contribution	% change	2008
Retail banking						
FNB Retail	**680**		1 274			2 040
FNB Africa	**320**		249			218
WesBank	**(58)**		214			499
	942	**21**	1 737	29	(46)	2 757
Corporate banking						
FNB Corporate	**294**		226			477
FNB Commercial	**1 137**		989			2 137
WesBank	**217**		206			355
	1 648	**36**	1 421	24	16	2 969
Investment banking						
RMB	**1 399**	**31**	1 753	29	(20)	3 008
Insurance						
Momentum	**740**	**16**	913	15	(19)	2 004
Other						
FirstRand and dividend paid on non cumulative non redeemable preference shares	**(313)**		(243)			(420)
Banking Group Support	**160**		372			80
	(153)	**(4)**	129	3	>100	(340)
Normalised earnings	**4 576**	**100**	5 953	100	(23)	10 398

STRATEGIC ISSUES

FirstRand believes its key medium term priorities going forward are to ensure a robust financial position, a strong balance sheet and reduced earnings volatility.

The Group's capital strategy is to manage capital within a range, however given the current uncertainty in markets and the potential for further external shocks in the macro environment, the Group prefers to be at the top of the range in the short to medium term. This is particularly important as risk migrates from the retail portfolios to the corporate and commercial portfolios.

In formulating its funding and liquidity strategy, and as part of the current de-risking process on the international portfolios, the Group has eliminated all roll over risk on the international balance sheet. Domestically the Group continues to lengthen the book and build up liquidity buffers.

FirstRand believes that the formalisation and determination of risk appetite is one of the key strategic issues in banking, particularly given the current environment. The high level objectives are to:

- maintain a mix of businesses, business activities, income streams and risk exposures which will ensure that the Group will not pierce minimum regulatory capital levels under conditions of severe stress;
- maintain its desired credit rating and counterparty status; and
- preserve capital and limit earnings volatility within acceptable levels under all economic and market conditions to avoid loss of confidence or adverse reputational impacts.

FirstRand has enhanced its process for setting risk appetite, which includes the following principles:

- the balance sheet of FirstRand Bank Limited ("FRB") and FirstRand Bank Holdings Limited ("FRBH") must not be excessively geared ie economic risk should be backed with Tier 1 capital;
- sources of income must be widely diversified across business entities, products, market segments, investments, financial and commodity markets and regions;
- off balance sheet exposures should be limited relative to own capital and funding base;
- risk transfer should be about true risk transfer and not accounting/regulatory arbitrage;
- the potential impact of severe downturn and stress conditions must be identified, measured, quantified, understood and contained in accordance with capital preservation and earnings volatility parameters;
- concentration in risky asset classes must be avoided;
- sources of funding must be diversified; and
- sufficient buffers must be held for capital and liquidity purposes.

PROSPECTS

The macro outlook globally is expected to deteriorate further. The world is experiencing the worst recession since World War II and expectations for global growth have reduced from 2% to 0.5%. The macro scenario in South Africa is likely to be less severe, however there will be some impact from the credit crisis and domestic growth is expected to slow down further from 3% last year to 0.5% for 2009.

The South African banking system has been somewhat insulated from the global financial crisis and whilst earnings pressure exists, capital levels have remained robust. In general the local banks are well capitalised with access to liquidity and funding, albeit at a higher cost.

Whilst South Africa is experiencing a severe cyclical downturn in asset quality, there are no structural asset quality issues. Asset quality deterioration and bad debts are in line with expectations given the cycle and whilst interest rates have probably peaked, the deterioration in the credit cycle will continue into 2009. It is likely that the international credit crisis will impact on the real economy resulting in further job losses and continued decline in asset values.

As such the South African consumer will remain under pressure despite the recent easing of interest rates, and therefore volumes in the retail businesses will continue to decline and bad debts to rise. In the Corporate segment there is increased risk of default in certain counters, either those exposed to the consumer cycle or those with leveraged balance sheets. FirstRand believes it is well provided across its entire retail and wholesale portfolios.

The Group's local investment and corporate banking activities are expected to remain resilient in the second six months which will mitigate to some extent the strain in the local retail businesses. However the significant profit contributions that have recently been generated by realisations in the private equity portfolio are unlikely to be repeated in the medium term and the portfolios exposed to offshore markets (although much smaller) will continue to be impacted by continuing volatility.

The decline in equity markets, both locally and globally, has continued beyond the period end, with no imminent prospects of a recovery in the remainder of the current financial year. Momentum's operating profit growth is consequently expected to remain under pressure, whilst the income on shareholders' assets could be negatively impacted by the expectation of lower short term interest rates.

Against this very challenging backdrop, FirstRand continues to focus on protecting its origination franchises and balance sheet to ensure it is optimally positioned to take advantage of growth opportunities as they arise, particularly as the negative credit cycle reverses. The Group has delivered a track record of consistent growth and returns and is well positioned to weather the turmoil in the economy.

REVISED TRADING STATEMENT

In the Group's trading statement issued in December 2008, the Group stated that proforma diluted normalised earnings for the year to 30 June 2009 would be down between 0% and 15%.

The Group believes that the benefits to consumers of reducing interest rates will only start to show in late 2009 or the early part of 2010 and economic activity will remain subdued. Therefore, given its expectations of declining asset growth and further acceleration of bad debts, combined with the negative impact of reducing interest rates on capital and the endowment balances, earnings from its local retail franchises will remain under pressure in the second half of the year. In addition both local and international markets have experienced unprecedented volatility and the resultant uncertainty is likely to continue.

The Group believes the performance for the 12 months to 30 June 2009 will be similar to first half. The financial information on which this revised trading statement is based has not been reviewed and reported on by the Group's auditors.

DIVIDEND POLICY

A number of factors including IFRS and the meaningful contribution to Group profits by the investment bank continues to create earnings volatility. 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 the dividend cover may vary from year to year.

BASIS OF PRESENTATION

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

The Group believes that normalised earnings more accurately reflect operational performance. Headline earnings are adjusted to take into account operational and accounting anomalies. Details of the nature of these adjustments and reasons therefore can be found on page 121.

A table reflecting the reallocation of prior period numbers and reasons therefore can be found on page 122.

BOARD CHANGES

As stated in the annual report to shareholders, Mr GT Ferreira has retired as chairman and director and has been replaced as chairman by Mr Laurie Dippenaar with effect from 28 November 2008.

The following new appointments to the board have been advised on SENS:

Mr Johannes Petrus Burger (Financial director)

Mr Burger is currently Chief Financial Officer of the FirstRand Group and is appointed to the board in terms of the JSE Listings Requirements. He is a chartered accountant and has been with the FirstRand Group since 1986.

Mr Leon Crouse (Non executive director)

Mr Crouse is a chartered accountant and has since July 2008 held the position of Group Finance Director of Remgro Limited. He joined the Rembrandt Group in 1986 and was transferred to Switzerland where he was involved in the establishment of Richemont. In 1993 he returned to South Africa as a founder member of the Vodacom Group Executive team.

Mr Deepak Premnarayen (Non executive director)

Mr Premnarayen holds an Honours Degree in Economics and is chairman of the ICS Group of Companies with its headquarters in Mumbai. The ICS Group is involved in pioneering projects including public private partnerships, real estate, asset management and property services. Mr Premnarayen has played an important role in assisting FirstRand Bank to establish its operations in India.

Dr Jan Hendrik van Greuning (Independent non executive director)

Dr van Greuning is a chartered accountant who prior to leaving South Africa in 1994 served as head of South African Bank Supervision at the South African Reserve Bank. He is currently affiliated to the World Bank where he acts as a senior adviser to their Treasury Operations. He holds Doctorates in Economics and in Accounting Science and has authored books on International Financial Reporting Standards and Banking Risk. Dr van Greuning is based in Washington, USA.

Mr Matthys Hendrik Visser (Non executive director)

Mr Visser is the Chief Executive Officer of Remgro Limited where he has worked since 1980. He holds a BCom Honours Degree from the University of Stellenbosch and is a chartered accountant.

The appointment of Mr Crouse was with effect from 16 September 2008 and was approved by shareholders at the November 2008 annual general meeting.

The appointments of Messrs Burger, Premnarayen and Dr van Greuning are effective from 1 January 2009, while the appointment of Mr Visser is effective from 1 April 2009.

INTERIM DIVIDEND DECLARATION

Ordinary shares

The following ordinary cash dividend was declared in respect of the period ended 31 December 2008:

	Six months ended 31 December	
Cents per share	**2008**	2007
Interim [declared 9 March 2009]	**34.00**	44.25

* *The last day to trade in FirstRand shares on a cum-dividend basis in respect of the interim dividend will be Friday, 27 March 2009 and the first day to trade ex-dividend will be Monday, 30 March 2009. The record date will be Friday, 3 April 2009 and the payment date Monday, 6 April 2009. No dematerialisation or rematerialisation of shares may be done during the period Monday, 30 March 2009 and Friday, 3 April 2009, 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:

Cents per share	"B" Preference 2009	"B1" Preference 2009
Period 28 August 2008 – 25 February 2009	**477.77**	**477.77**

AH Arnott
Company secretary

9 March 2009

FIRSTRAND

The listed holding company

100% FirstRand Bank Holdings Limited

Banking

- 100% » FirstRand Bank
  - First National Bank[1]
  - Rand Merchant Bank[1]
  - WesBank[1]
  - FNB India[2]
  - FirstRand Bank London[3]
- 100% » FNB Lesotho
- 59% » FNB Namibia[7]
- 100% » FNB Swaziland
- 70% » FNB Botswana
- 90% » FNB Moçambique
- 47% » OUTsurance[4]
- 100% » FNB Insurance Brokers
- 100% » FirstRand International
  - – Ireland
  - – Mauritius
  - – Australia
- 100% » eBucks

100% FirstRand Investment Holdings (Proprietary) Limited ("FRIH")

Unregulated[5]

- 97% » RMB Private Equity Holdings
- 92% » RMB Private Equity
- 100% » RMB Stockbroking[6]
- 100% » FirstRand International Wealth Management
- 40% » Eris Property Holdings
- 50% » RMB Morgan Stanley
- 50% » Rentworks
- 33% » Tracker

100% Momentum Group Limited

Insurance & Asset Management

- 100% » Momentum Insurance[1]
  - FNB Insurance[1]
- 85% » Advantage Asset Managers
- 100% » Momentum Medical Scheme Administrators
- 100% » AdviceAtWork
- 100% » RMB Asset Management
- 100% » Momentum Africa
- 50% » Momentum Short Term Insurance
- 35% » Swabou Life

1. *Division*
2. *Representative office*
3. *Branch*
4. *Effective shareholding in FirstRand Short Term Insurance Holdings Limited*
5. *For segmental analysis purposes entities included in FRIH are reported as part of Banking Group Supersegment within the respective franchise results*
6. *Regulated by the JSE*
7. *Includes 65% of Swabou Life*

	Six months ended 31 December			Year ended 30 June
R million	**2008**	2007	% change	2008
Interest and similar income	**32 311**	27 677	17	55 009
Interest expense and similar charges	**(19 392)**	(15 246)	27	(31 830)
Net interest income before impairment of advances	**12 919**	12 431	4	23 179
Impairment of advances	**(3 693)**	(1 625)	>100	(5 064)
Net interest income after impairment of advances	**9 226**	10 806	(15)	18 115
Non interest income	**4 145**	12 035	(66)	22 471
Net insurance premium income	**2 951**	2 429	21	5 374
Net claims and benefits paid	**(3 024)**	(2 715)	11	(5 530)
Decrease/(increase) in value of policyholder liabilities	**4 568**	(2 985)	>100	(701)
Income from operations	**17 866**	19 570	(9)	39 729
Operating expenses	**(13 080)**	(12 431)	5	(26 189)
Net income from operations	**4 786**	7 139	(33)	13 540
Share of profit of associates and joint ventures	**987**	964	2	1 662
Profit before tax	**5 773**	8 103	(29)	15 202
Tax	**(653)**	(1 876)	(65)	(3 037)
Net profit from continuing operations	**5 120**	6 227	(18)	12 165
Profit after tax from discontinued operation	**–**	374	(100)	374
Profit after tax on disposal/unbundling of discontinued operation	**–**	494	(100)	494
Profit for the period	**5 120**	7 095	(28)	13 033
Attributable to:				
Non cumulative non redeemable preference shares	**230**	194	19	409
Ordinary shareholders	**4 306**	6 283	(31)	11 309
Equity holders of Group	**4 536**	6 477	(30)	11 718
Minority interest	**584**	618	(6)	1 315
Profit for the period	**5 120**	7 095	(28)	13 033
Earnings per share (cents)				
– Basic	**82.8**	121.3	(32)	218.2
– Diluted	**82.6**	118.4	(30)	214.1

	At 31 December		At 30 June
R million	**2008**	2007	2008
ASSETS			
Cash and short term funds	**60 297**	53 567	48 486
Derivative financial instruments	**91 604**	39 592	64 314
Advances	**427 014**	429 024	446 286
Investment securities and other investments	**221 189**	219 454	214 353
Commodities	**1 259**	239	1 916
Accounts receivable	**9 121**	8 795	8 093
Investments in associates and joint ventures	**16 324**	13 829	13 303
Property and equipment	**9 582**	6 761	8 859
Deferred tax asset	**1 664**	1 632	1 456
Intangible assets and deferred acquisition costs	**5 284**	4 409	4 497
Investment properties	**4 089**	3 155	3 808
Policy loans on insurance contracts	**211**	188	212
Reinsurance assets	**611**	570	550
Tax asset	**1 620**	21	833
Non current asset held for sale	**–**	–	3 092
Total assets	**849 869**	781 236	820 058
EQUITY AND LIABILITIES			
Liabilities			
Deposits	**490 153**	481 870	488 423
Short trading positions	**39 312**	32 706	33 450
Derivative financial instruments	**78 626**	29 618	51 595
Creditors and accruals	**13 136**	11 779	13 051
Provisions	**1 956**	2 285	3 275
Tax liability	**572**	853	666
Post retirement benefit fund liability	**1 829**	1 946	1 980
Deferred tax liability	**4 701**	5 814	5 372
Long term liabilities	**14 163**	11 249	13 941
Policyholder liabilities under insurance contracts	**42 903**	46 175	43 417
Policyholder liabilities under investment contracts	**107 011**	109 240	110 784
Liabilities arising to third parties as a result of consolidating unit trusts	**2 028**	1 374	2 742
Deferred revenue liability	**298**	265	296
Total liabilities	**796 688**	735 174	768 992
Equity			
Capital and reserves attributable to equity holders			
Ordinary shares	**52**	51	52
Share premium	**1 296**	1 043	1 036
Reserves	**44 834**	38 533	43 082
	46 182	39 627	44 170
Non cumulative non redeemable preference shares	**4 519**	4 519	4 519
Capital and reserves attributable to equity holders	**50 701**	44 146	48 689
Minority interest	**2 480**	1 916	2 377
Total equity	**53 181**	46 062	51 066
Total equity and liabilities	**849 869**	781 236	820 058

	Six months ended 31 December		Year ended 30 June
R million	2008	2007	2008
Cash flows from operating activities			
Cash receipts from customers	47 336	34 390	75 755
Cash paid to customers, suppliers and employees	(34 684)	(27 907)	(56 279)
Dividends received	1 054	1 472	4 461
Dividends paid	(2 220)	(2 418)	(4 523)
Net cash flows from operating activities	11 486	5 537	19 414
Increase in income earning assets	(7 953)	(49 982)	(63 226)
Increase in deposits and other liabilities	13 455	57 564	55 647
Net cash flows from operating funds	5 502	7 582	(7 579)
Tax paid	(1 807)	(2 228)	(4 715)
Net cash inflow from operating activities	15 181	10 891	7 120
Cash flows from investment activities			
Purchase of property and equipment	(1 682)	(1 156)	(4 056)
Proceeds on disposal of property and equipment	405	38	320
Purchase of investment properties	(183)	(426)	(1 706)
Proceeds on disposal of investment properties	–	7	375
(Purchase)/proceeds on disposal of investments	(43)	(1 305)	182
Proceeds on disposal of subsidiary	1 719	1 184	697
Acquisition of subsidiaries	(102)	(1 638)	(1 526)
Acquisition of associates and joint ventures	(2 732)	(2 317)	(3 623)
Proceeds on disposal of associates and joint ventures	309	–	1 439
Purchase of intangible assets	(679)	(60)	(678)
Net cash outflow from investment activities	(2 988)	(5 673)	(8 576)
Cash flows from financing activities			
(Repayment of)/proceeds from long term borrowings	(931)	1 712	3 129
Net cash (outflow)/inflow from financing activities	(931)	1 712	3 129
Net increase in cash and cash equivalents	11 262	6 930	1 673
Cash and cash equivalents at the beginning of the period	48 486	46 952	46 952
Cash and cash equivalents at the end of the period	59 748	53 882	48 625
Cash and cash equivalents sold*	–	(450)	(695)
Cash and cash equivalents bought*	–	135	139
Effect of exchange rate changes on cash and cash equivalents	549	–	417
Cash and cash equivalents at the end of the period	60 297	53 567	48 486

** Cash and cash equivalents sold and bought relate to subsidiaries acquired and sold during the period.*

STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December

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 01 July 2007	51	2 338	2 389	1 351	131	2 365
Currency translation differences	–	–	–	–	–	–
Movement in revaluation reserves	–	–	–	(41)	15	–
Movement in other reserves	–	–	–	–	–	175
Profit for the period	–	–	–	–	–	–
Ordinary dividends	–	–	–	–	–	–
Preference dividends	–	–	–	–	–	–
Transfer (to)/from reserves	–	–	–	–	–	(93)
Effective change of shareholding in subsidiary	–	–	–	–	–	–
Subsidiary sold/unbundled – Discovery	–	(1 201)	(1 201)	–	–	(151)
Non distributable reserves of associates	–	–	–	–	–	–
Reserves movements transferred to the income statement	–	–	–	–	(19)	–
Consolidation of share trusts	–	(94)	(94)	–	–	–
Balance as at 31 December 2007	51	1 043	1 094	1 310	127	2 296
Balance as at 01 July 2008	52	1 036	1 088	8	602	2 248
Currency translation differences	–	–	–	–	–	–
Movement in revaluation reserves	–	–	–	–	(93)	–
Movement in other reserves	–	–	–	–	–	60
Profit for the period	–	–	–	–	–	–
Ordinary dividends	–	–	–	–	–	–
Preference dividends	–	–	–	–	–	–
Effective change of shareholding in subsidiary	–	–	–	–	–	–
Non distributable reserves of associates	–	–	–	–	–	–
Reserves movements transferred to the income statement	–	–	–	–	(850)	–
Consolidation of share trusts	–	260	260	–	–	–
Balance as at 31 December 2008	52	1 296	1 348	8	(341)	2 308

Available-for-sale reserve	Currency translation reserve	Other non distributable reserves	Retained earnings	Reserves	Capital and reserves attributable to equity holders	Total preference share-holders' funds	Minority interest	Total equity
1 184	585	(588)	31 612	36 640	39 029	4 519	3 672	47 220
–	(164)	–	–	(164)	(164)	–	(22)	(186)
70	–	(125)	–	(81)	(81)	–	7	(74)
–	–	24	–	199	199	–	8	207
–	–	–	6 283	6 283	6 283	194	618	7 095
–	–	–	(2 224)	(2 224)	(2 224)	–	(413)	(2 637)
–	–	–	–	–	–	(194)	–	(194)
–	–	52	41	–	–	–	–	–
–	–	–	–	–	–	–	146	146
(426)	–	385	(2 051)	(2 243)	(3 444)	–	(2 100)	(5 544)
–	–	57	–	57	57	–	–	57
–	–	–	–	(19)	(19)	–	–	(19)
–	–	(10)	95	85	(9)	–	–	(9)
828	421	(205)	33 756	38 533	39 627	4 519	1 916	46 062
1 107	1 365	(185)	37 937	43 082	44 170	4 519	2 377	51 066
–	138	–	–	138	138	–	104	242
432	–	–	–	339	339	–	19	358
–	–	(96)	–	(36)	(36)	–	(6)	(42)
–	–	–	4 306	4 306	4 306	230	584	5 120
–	–	–	(1 990)	(1 990)	(1 990)	–	(565)	(2 555)
–	–	–	–	–	–	(230)	–	(230)
–	–	–	–	–	–	–	(44)	(44)
–	–	121	(44)	77	77	–	11	88
–	–	–	–	(850)	(850)	–	–	(850)
–	–	–	(232)	(232)	28	–	–	28
1 539	1 503	(160)	39 977	44 834	46 182	4 519	2 480	53 181

DIVISIONAL INCOME STATEMENT

for the six months ended 31 December

	Banking Group		Momentum Group		Discovery Group	
R million	**2008**	2007	**2008**	2007	**2008**	2007
Net interest income	**9 132**	8 134	**3 928**	4 513	**–**	–
Impairment of advances	**(3 693)**	(1 625)	**–**	–	**–**	–
Net interest income after impairment of advances	**5 439**	6 509	**3 928**	4 513	**–**	–
Non interest income	**9 401**	9 832	**(5 000)**	2 268	**–**	–
Net insurance premium income	**–**	–	**2 979**	2 429	**–**	–
Net claims and benefits paid	**–**	–	**(3 024)**	(2 715)	**–**	–
Decrease/(increase) in value of policyholder liabilities	**–**	–	**4 480**	(2 985)	**–**	–
Income from operations	**14 840**	16 341	**3 363**	3 510	**–**	–
Operating expenses	**(10 597)**	(10 204)	**(2 653)**	(2 189)	**–**	–
Share of profit of associates and joint ventures	**983**	970	**12**	5	**–**	–
Profit before tax	**5 226**	7 107	**722**	1 326	**–**	–
Tax	**(684)**	(1 434)	**30**	(428)	**–**	–
Net profit from continuing operations	**4 542**	5 673	**752**	898	**–**	–
Profit after tax from discontinued operation	**–**	–	**–**	–	**–**	374
Profit after tax on disposal/unbundling of discontinued operation	**–**	–	**–**	–	**–**	–
Profit for the period	**4 542**	5 673	**752**	898	**–**	374
Attributable to:						
Non cumulative non redeemable preference shares	**153**	129	**26**	22	**–**	–
Equity holders of the Group	**3 799**	5 049	**726**	881	**–**	234
Minority interest	**590**	495	**–**	(5)	**–**	140
Attributable earnings to shareholders	**3 952**	5 178	**752**	903	**–**	234
Headline earnings adjustments:	**247**	(38)	**–**	(22)	**–**	(49)
Profit on disposal of available-for-sale assets	**–**	(39)	**–**	–	**–**	(91)
Profit on sale of Southern Life Namibia book	**–**	–	**–**	(22)	**–**	–
Loss/(profit) on sale of shares in subsidiary and associate	**29**	–	**–**	–	**–**	–
Profit on disposal of property and equipment	**(3)**	–	**–**	–	**–**	–
Loss on sale of MotorOne Advances book	**206**	–	**–**	–	**–**	–
Impairment of goodwill	**14**	–	**–**	–	**–**	–
Other	**(1)**	–	**–**	–	**–**	–
Total tax effects of adjustments	**1**	1	**–**	–	**–**	12
Total minority interest of adjustments	**1**	–	**–**	–	**–**	30
Headline earnings	**4 199**	5 140	**752**	881	**–**	185
Normalised earnings adjustments:	**(50)**	143	**(12)**	32	**–**	–
Discovery BEE transaction	**–**	–	**–**	–	**–**	5
IFRS 2 share based (income)/expense	**(50)**	143	**(12)**	32	**–**	12
Treasury shares	**–**	–	**–**	–	**–**	(17)
– adjustment for effective shareholding in Discovery	**–**	–	**–**	–	**–**	(17)
– consolidation of staff share schemes	**–**	–	**–**	–	**–**	–
– FirstRand shares held by policyholders	**–**	–	**–**	–	**–**	–
Normalised earnings	**4 149**	5 283	**740**	913	**–**	185

For segmental analysis of the Banking Group refer to pages 92 to 99.

FirstRand		Consolidation of treasury shares		Subtotal		Consolidation		Total	
2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
10	(45)	**(179)**	(170)	**12 891**	12 432	**28**	(1)	**12 919**	12 431
–	–	**–**	–	**(3 693)**	(1 625)	**–**	–	**(3 693)**	(1 625)
10	(45)	**(179)**	(170)	**9 198**	10 807	**28**	(1)	**9 226**	10 806
(9)	43	**47**	(84)	**4 439**	12 059	**(294)**	(24)	**4 145**	12 035
–	–	**–**	–	**2 979**	2 429	**(28)**	–	**2 951**	2 429
–	–	**–**	–	**(3 024)**	(2 715)	**–**	–	**(3 024)**	(2 715)
–	–	**–**	–	**4 480**	(2 985)	**88**	–	**4 568**	(2 985)
1	(2)	**(132)**	(254)	**18 072**	19 595	**(206)**	(25)	**17 866**	19 570
(33)	(38)	**(2)**	–	**(13 285)**	(12 431)	**205**	–	**(13 080)**	(12 431)
–	–	**–**	–	**995**	975	**(8)**	(11)	**987**	964
(32)	(40)	**(134)**	(254)	**5 782**	8 139	**(9)**	(36)	**5 773**	8 103
(2)	(11)	**–**	(5)	**(656)**	(1 878)	**3**	2	**(653)**	(1 876)
(34)	(51)	**(134)**	(259)	**5 126**	6 261	**(6)**	(34)	**5 120**	6 227
–	–	**–**	–	**–**	374	**–**	–	**–**	374
–	454	**–**	182	**–**	636	**–**	(142)	**–**	494
(34)	403	**(134)**	(77)	**5 126**	7 271	**(6)**	(176)	**5 120**	7 095
230	194	**–**	–	**409**	345	**(179)**	(151)	**230**	194
(264)	209	**(134)**	(77)	**4 127**	6 296	**179**	(13)	**4 306**	6 283
–	–	**–**	–	**590**	630	**(6)**	(12)	**584**	618
(264)	209	**(134)**	(77)	**4 306**	6 447	**–**	(164)	**4 306**	6 283
–	(454)	**–**	(182)	**247**	(745)	**–**	164	**247**	(581)
–	–	**–**	–	**–**	(130)	**–**	–	**–**	(130)
–	–	**–**	–	**–**	(22)	**–**	22	**–**	–
–	(485)	**–**	(227)	**29**	(712)	**–**	142	**29**	(570)
–	–	**–**	–	**(3)**	–	**–**	–	**(3)**	–
–	–	**–**	–	**206**	–	**–**	–	**206**	–
–	–	**–**	–	**14**	–	**–**	–	**14**	–
–	–	**–**	–	**(1)**	–	**–**	–	**(1)**	–
–	31	**–**	45	**1**	89	**–**	–	**1**	89
–	–	**–**	–	**1**	30	**–**	–	**1**	30
(264)	(245)	**(134)**	(259)	**4 553**	5 702	**–**	–	**4 553**	5 702
(49)	2	**134**	259	**23**	436	**–**	–	**23**	436
–	–	**–**	–	**–**	5	**–**	–	**–**	5
(49)	2	**–**	–	**(111)**	189	**–**	–	**(111)**	189
–	–	**134**	259	**134**	242	**–**	–	**134**	242
–	–	**–**	–	**–**	(17)	**–**	–	**–**	(17)
–	–	**221**	221	**221**	221	**–**	–	**221**	221
–	–	**(87)**	38	**(87)**	38	**–**	–	**(87)**	38
(313)	(243)	**–**	–	**4 576**	6 138	**–**	–	**4 576**	6 138

DIVISIONAL BALANCE SHEET
as at 31 December

	Banking Group		Momentum Group	
R million	2008	2007	2008	2007
ASSETS				
Cash and short term funds	34 565	34 661	30 004	22 941
Derivative financial instruments	81 526	28 511	13 678	14 982
Advances	433 343	431 167	–	–
Investment securities and other investments	109 821	97 701	115 090	126 290
Commodities	1 259	239	–	–
Accounts receivable	6 272	7 091	3 274	1 941
Investments in associates and joint ventures	7 411	5 826	9 037	8 146
Investment in subsidiary companies	–	–	–	–
Property and equipment	8 854	6 015	527	545
Deferred tax asset	737	897	926	736
Intangible assets and deferred acquisition costs	2 286	1 487	3 095	3 039
Investment properties	–	–	4 089	3 155
Policy loans on insurance contracts	22	16	189	172
Reinsurance assets	–	–	611	570
Tax asset	1 592	–	28	15
Loans from Insurance Group	6 184	4 915	–	–
Loans to other group companies	–	–	–	–
Total assets	693 872	618 526	180 548	182 532
EQUITY AND LIABILITIES				
Liabilities				
Deposits	496 392	484 188	–	–
Short trading positions	39 487	32 706	–	–
Derivative financial instruments	76 055	25 930	6 353	7 847
Creditors and accruals	7 467	7 811	12 015	8 153
Provisions	1 765	2 062	186	219
Tax liability	334	198	234	586
Post retirement benefit fund liability	1 789	1 907	40	39
Deferred tax liability	3 055	3 814	1 646	2 002
Long term liabilities	9 584	8 369	1 240	1 312
Policyholder liabilities under insurance contracts	1 434	1 219	41 939	44 956
Policyholder liabilities under investment contracts	98	–	107 564	109 512
Liabilities arising to third parties as a result of consolidating unit trusts	–	–	2 028	1 374
Deferred revenue liability	–	–	298	265
Loans from Insurance Group	5 072	5 858	–	–
Loans from other group companies	–	–	–	–
Total liabilities	642 532	574 062	173 543	176 265
Equity				
Capital and reserves attributable to equity holders				
Ordinary shares	106	106	9	9
Share premium	7 635	4 327	1 032	1 032
Reserves	37 882	34 902	5 467	4 712
	45 623	39 335	6 508	5 753
Non cumulative non redeemable preference shares	3 100	3 100	500	500
Cumulative redeemable preference shares	25	–	–	–
Capital and reserves attributable to equity holders	48 748	42 435	7 008	6 253
Minority interest	2 592	2 029	(3)	14
Total equity	51 340	44 464	7 005	6 267
Total equity and liabilities	693 872	618 526	180 548	182 532

For segmental analysis of the Banking Group refer to pages 92 to 99.

FirstRand		Consolidation of treasury shares		Subtotal		Consolidation		Total	
2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
–	–	–	–	64 569	57 602	(4 272)	(4 035)	60 297	53 567
–	–	–	–	95 204	43 493	(3 600)	(3 901)	91 604	39 592
–	–	–	–	433 343	431 167	(6 329)	(2 143)	427 014	429 024
–	–	(312)	(704)	224 599	223 287	(3 410)	(3 833)	221 189	219 454
–	–	–	–	1 259	239	–	–	1 259	239
16	130	7	17	9 569	9 179	(448)	(384)	9 121	8 795
–	476	–	–	16 448	14 448	(124)	(619)	16 324	13 829
20 017	17 771	–	–	20 017	17 771	(20 017)	(17 771)	–	–
–	–	–	–	9 381	6 560	201	201	9 582	6 761
–	–	–	–	1 663	1 633	1	(1)	1 664	1 632
–	–	–	–	5 381	4 526	(97)	(117)	5 284	4 409
–	–	–	–	4 089	3 155	–	–	4 089	3 155
–	–	–	–	211	188	–	–	211	188
–	–	–	–	611	570	–	–	611	570
–	6	–	–	1 620	21	–	–	1 620	21
3 904	5 610	–	–	10 088	10 525	(10 088)	(10 525)	–	–
913	–	3	–	916	–	(916)	–	–	–
24 850	23 993	(302)	(687)	898 968	824 364	(49 099)	(43 128)	849 869	781 236
–	–	–	–	496 392	484 188	(6 239)	(2 318)	490 153	481 870
–	–	(175)	–	39 312	32 706	–	–	39 312	32 706
–	–	–	–	82 408	33 777	(3 782)	(4 159)	78 626	29 618
53	298	8	–	19 543	16 262	(6 407)	(4 483)	13 136	11 779
4	1	–	–	1 955	2 282	1	3	1 956	2 285
3	22	–	45	571	851	1	2	572	853
–	–	–	–	1 829	1 946	–	–	1 829	1 946
–	(7)	–	4	4 701	5 813	–	1	4 701	5 814
3 784	4 877	–	–	14 608	14 558	(445)	(3 309)	14 163	11 249
–	–	–	–	43 373	46 175	(470)	–	42 903	46 175
–	–	–	–	107 662	109 512	(651)	(272)	107 011	109 240
–	–	–	–	2 028	1 374	–	–	2 028	1 374
–	–	–	–	298	265	–	–	298	265
24	–	315	443	5 411	6 301	(5 411)	(6 301)	–	–
–	–	5 471	4 861	5 471	4 861	(5 471)	(4 861)	–	–
3 868	5 191	5 619	5 353	825 562	760 871	(28 874)	(25 697)	796 688	735 174
56	56	(4)	(4)	167	167	(115)	(116)	52	51
7 083	7 458	(5 929)	(6 184)	9 821	6 633	(8 525)	(5 590)	1 296	1 043
9 324	6 769	12	148	52 685	46 531	(7 851)	(7 998)	44 834	38 533
16 463	14 283	(5 921)	(6 040)	62 673	53 331	(16 491)	(13 704)	46 182	39 627
4 519	4 519	–	–	8 119	8 119	(3 600)	(3 600)	4 519	4 519
–	–	–	–	25	–	(25)	–	–	–
20 982	18 802	(5 921)	(6 040)	70 817	61 450	(20 116)	(17 304)	50 701	44 146
–	–	–	–	2 589	2 043	(109)	(127)	2 480	1 916
20 982	18 802	(5 921)	(6 040)	73 406	63 493	(20 225)	(17 431)	53 181	46 062
24 850	23 993	(302)	(687)	898 968	824 364	(49 099)	(43 128)	849 869	781 236

SOURCES OF NORMALISED EARNINGS FROM CONTINUING AND DISCONTINUED OPERATIONS

for the six months ended 31 December

R million	2008	% composition	2007	% composition	% change
FNB	2 111	46	2 489	41	(15)
FNB Africa	320	7	249	4	29
RMB	1 399	31	1 753	29	(20)
WesBank	159	3	420	6	(62)
Momentum	588	13	800	13	(27)
– Momentum	444		690		
– FNB Insurance	144		110		
Group Support	312	7	485	8	(36)
– Banking Group	160		372		
– Momentum Group	152		113		
FirstRand	(83)	(2)	(49)	(1)	69
Dividend payment to non cumulative non redeemable preference shareholders	(230)	(5)	(194)	(3)	19
Normalised earnings from continuing operations[1]	**4 576**	**100**	5 953	97	(23)
Discovery	–	–	185	3	(100)
Normalised earnings from continuing and discontinued operations[1]	**4 576**	**100**	6 138	100	(25)

1. *The definition of normalised earnings is provided on page 121.*

FirstRand Banking Group

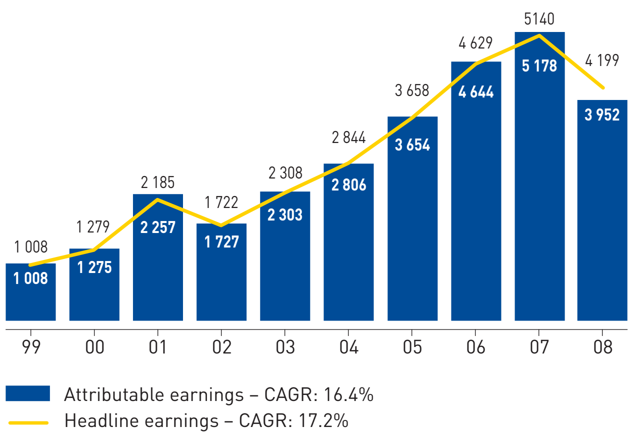
INTRODUCTION

This report covers the operational and financial results of the Banking Group ("FRBG") which represents the banking activities of FirstRand, and includes FNB, FNB Africa, RMB, WesBank, and OUTsurance (FirstRand Short Term Insurance).

FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
R million	**2008**	2007	% change	2008
Attributable earnings to shareholders	**3 952**	5 178	(24)	9 544
Headline earnings	**4 199**	5 140	(18)	8 701
Normalised (before preference dividends)				
Earnings	**4 149**	5 283	(21)	8 814
Return on equity %	**17**	26		20
Normalised (after preference dividends)				
Earnings	**3 996**	5 154	(22)	8 541
Return on equity (%)	**18**	27		21

Earnings performance – six months ended 31 December
(R million)



INTRODUCTION

The six month period ended 31 December 2008 proved to be exceptionally challenging, characterised by further declines in asset prices and continued market illiquidity in many international markets and a declining economic outlook, both locally and internationally.

The international credit and liquidity crunch which commenced in the latter half of 2007, worsened significantly, resulting in the collapse of Lehman Brothers Inc. during September 2008 and culminating in Governments rescuing and subsequently part nationalising some of the largest international financial institutions.

Global economic growth has deteriorated rapidly, with the US and the UK officially entering a recession and the international economy expected to follow.

The rising inflation rate experienced during the 2008 financial year continued into the current financial year, with CPIX inflation peaking at 13.6% in August 2008, before moderating to 10.3% in December 2008. Domestic interest rates remained high during the reporting period, with the first downward adjustment of 50bps occurring on 11 December 2008.

Although the South African economy was to some extent sheltered from the international economic turmoil, it was not immune to it. In particular, the local economy was impacted by a significant slowdown in exports and a decline in commodity prices. This, together with a high domestic inflation and interest rate environment, contributed to a slowdown in GDP growth to 0.2% in the third quarter and negative growth of 1.8% in the fourth quarter of 2008. These factors negatively affected asset growth, and taken with falling equity and house prices and lower customer affordability levels, placed further strain on bad debt levels, especially in retail lending franchises.

As reported in the FirstRand trading update of 2 December 2008, RMB continued to de-risk its international equity trading portfolios after the financial year ended June 2008. At June 2008 these portfolios were at 15% of its peak levels. Against a backdrop of massive turmoil in global markets, particularly during October 2008, the Banking Group incurred further anticipated losses of approximately R263 million in selling down the majority of the remaining exposures. At 31 December 2008 the remaining exposure in these portfolios amounted to $18 million.

RMB incurred significant losses of approximately R335 million following the collapse of Dealstream Securities (Proprietary) Limited ("Dealstream"), a futures clearing client, during the period. These losses consist of bad debt impairments of R219 million in respect of margin call claims against Dealstream and mark to market losses of R116 million on the portfolio it took over from Dealstream. Due to market liquidity constraints and the relative size of the holdings, three large investments in the portfolio, Vox Telecoms Limited (R318 million), Simmers & Jack Mines Limited (R359 million) and Control Instruments Limited (R51 million) were retained. These investments are held in RMB's private equity portfolio, and as a result of the significant shareholding in and influence over these companies, RMB will account for them as associates in terms of International Financial Reporting Standards ("IFRS"), consistent with its treatment of other investments of similar size and nature.

In addition, the offshore debt and investment portfolios, previously managed by RMB's SPJi division, were affected by the weaker global markets and incurred mark to market losses of R555 million. This division was discontinued in the second half of 2008, when the remaining portfolios were integrated into the Investment Banking ("IBD") and Fixed Income, Currencies and Commodities ("FICC") businesses for further winding down. Market conditions and a lack of liquidity, as global markets continued to deteriorate particularly in the latter half of 2008, did not facilitate significant reduction in these positions.

OVERVIEW OF RESULTS

The Banking Group achieved attributable earnings of R3 952 million (24% below the comparative period), headline earnings of R4 199 million (-18%) and normalised earnings of R4 149 million (-21%) during the period under review.

These results were driven by:

- growth of 12% in net interest income, benefiting from a higher interest rate environment, although absolute growth was constrained through a slowdown in balance sheet growth;
- an increase of more than 100% in impairment of advances, primarily due to the higher interest rate environment;
- a decline of 4% in non interest revenue, in part reflecting strong fee and commission income growth which was offset by a decline in profits from the fair value and investing businesses; and
- an increase in operating expenses of 4%.

Reconciliation of normalised earnings

R million	Six months ended 31 December 2008	2007	% change	Year ended 30 June 2008
Attributable earnings	3 952	5 178	(24)	9 544
Adjusted for:				
– Loss/(profit) on sale of subsidiaries	29	–	100	(107)
– VISA listing	–	–	n/a	(1 052)
– Loss on sale of MotorOne Advances book	206	–	100	–
– Other	10	(39)	>100	131
– Minorities	1	–	100	16
– Tax effect on adjustments	1	1	–	169
Headline earnings	4 199	5 140	(18)	8 701
Adjusted for:				
– IFRS 2 share based payment (income)/expense	(50)	143	(>100)	113
Normalised earnings	4 149	5 283	(21)	8 814
Preference dividends paid	(153)	(129)	19	(273)
Normalised earnings attributable to ordinary shareholders	3 996	5 154	(22)	8 541

Return on equity – normalised

R million	Six months ended 31 December 2008	2007	% change	Year ended 30 June 2008
Normalised (before preference dividends)				
Earnings	4 149	5 283	(21)	8 814
Average equity[1]	47 880	40 831	17	43 119
Return on equity (%)	17	26		20
Normalised (after preference dividends)				
Earnings	3 996	5 154	(22)	8 541
Average equity[2]	44 755	37 731	19	40 006
Return on equity (%)	18	27		21

1. Including non cumulative non redeemable preference shares.
2. Excluding non cumulative non redeemable preference shares.

Disclosure of advances and deposits

During the period under review, the Banking Group amended and improved certain business processes in its Corporate and Commercial lending and deposits books. As a direct consequence of these changes, certain advances and deposits subject to legal right of setoff, now qualify for setoff for accounting purposes ("LROS setoff"). These amounts were previously grossed up under IFRS.

Additional information is set out on pages 26 and 28 below.

Business unit performance

With the exception of FNB Africa which performed well during the period, the results of the major business units in the Banking Group were negatively affected by the current business climate, as reflected in the profit before direct tax numbers below:

R million	Six months ended 31 December 2008	2007	% change	Year ended 30 June 2008
FNB	2 875	3 436	(16)	6 345
FNB Africa	658	525	25	1 156
RMB	1 904	2 383	(20)	4 204
WesBank*	(38)	591	(>100)	734

** Includes loss on sale of MotorOne Advances book of R206 million.*
More detailed information on the performance of the business units are set out on pages 35 to 48.

FNB's results were negatively impacted by significantly higher bad debt levels (+80%), especially in the HomeLoans and Card Issuing areas. The bad debt charge was adversely affected by the high interest rate environment and the high levels of customer indebtedness.

The remainder of the FNB businesses performed satisfactorily in a challenging environment. Performance was affected by:

- an increase of 6% in customer numbers;
- growth of 9% in gross advances on a year on year basis, before taking account of LROS setoff. Growth was driven by a 22% growth in the Mass segment, 17% growth in the Commercial segment and 24% growth in the Wealth segment. The overall growth was however moderated by a 4% growth in the Consumer segment. The Corporate segment reflected a decline of 54% due to the application of LROS setoff and once the impact of this is included, FNB's advances growth falls to 2% (refer table below);

An analysis of FNB's advances is set out below:

R million	At 31 December 2008	2007	% change	At 30 June 2008
Total advances	**203 605**	198 475	3	208 456
Less: Contractual interest suspended	**(1 303)**	(502)	>100	(798)
Gross advances	**202 302**	197 973	2	207 658
LROS setoff in current period*	**7 077**	–	100	–
Gross advances before LROS setoff	**209 379**	197 973	6	207 658
Total advances subject to potential LROS setoff*	**(15 456)**	(19 380)	(20)	(18 518)
Adjusted gross advances after full potential LROS setoff	**193 923**	178 593	9	189 140

* *Amount included in total advances subject to potential LROS setoff.*

- deposit growth of 7% (after LROS setoff) with the Consumer Money Market, Commercial and Wealth segments the main contributors;
- limited interest income growth of 2%, benefiting from the balance sheet growth in advances and deposits, as well as the increased endowment effect on liability balances due to the higher interest rate environment, offset by higher funding costs as well as higher levels of interest suspended on non performing loans ("NPLs"); and
- non interest revenue growth of 15% as a result of the increase in client numbers and higher transaction volumes across all segments.

FNB Africa performed well, with a performance characterised by:

- a very good performance from FNB Botswana, which benefited from robust interest income growth on the back of strong balance sheet growth and increased margins and good non interest revenue growth as a result of higher transaction volumes;
- slower overall profit growth by FNB Namibia, although achieving satisfactory profit growth from the banking operations. FNB Namibia's banking operations benefited from lower bad debts, but was negatively affected by margin pressure and single digit non interest revenue growth due to lower transaction volume growth during the period. Absolute growth was negatively affected by a reduction of 41% in the profitability of the insurance operations;
- a good performance from FNB Swaziland, which benefited from higher margins and growth in interest income, higher non interest revenue due to increased transactional volumes and low levels of credit impairments; and
- a satisfactory performance from FNB Moçambique, included for the full period under review (five months during the comparative period).

RMB's results were achieved in local markets characterised by volatile prices, and international markets severely impacted by a continuing lack of liquidity, resulting in:

- good results from the Investment Banking division, which benefited from continued robust corporate activity and strong corporate finance deal flow with high levels of BEE and M&A activity, supplemented by a good performance from the structured, leveraged and property finance businesses;
- a strong performance from FICC, in a market characterised by volatility, which assisted the fixed income and to some extent, proprietary trading areas, as well as providing opportunities for increased client trading volumes and structuring opportunities;
- continued profitable private equity realisations as well as satisfactory equity accounted earnings from underlying investee companies, although at lower levels than the comparative period;

but offset by

- further significant losses in the international businesses resulting from the continued de-risking of the international portfolios; and
- credit and mark to market losses incurred following the collapse of Dealstream in September 2008.

WesBank's results were materially affected by:

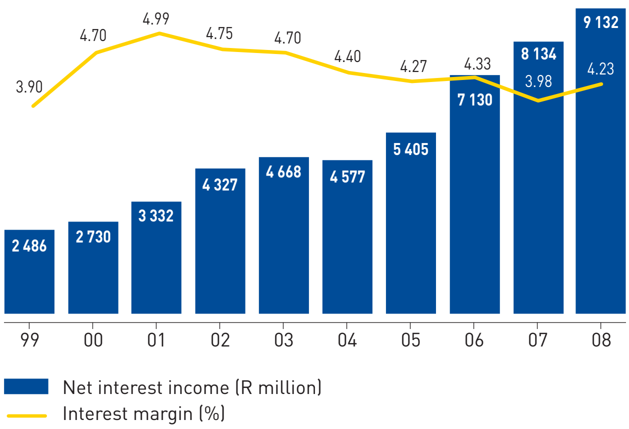
- a significant slowdown in new car sales during the period under review, primarily as a result of continued high interest rates and the high levels of consumer indebtedness;
- a 7% decrease in gross advances with total new business production in the local operations down 22% year on year;
- a 5% decline in net interest income, primarily due to the negative growth in the advances book and the disposal of the MotorOne Advances book during the period;
- a 24% increase in non interest revenue (5% including the loss on disposal of the MotorOne Advances book), benefiting from high levels of income from non lending operations as well as annuity insurance revenue flows, although absolute growth was negatively impacted by the slowdown in lending activity;

- significantly higher bad debt levels (+75%) due to the high interest rate environment and high levels of consumer indebtedness; and
- a once off loss of R206 million associated with the disposal of WesBank's MotorOne Advances book during the period.

FINANCIAL REVIEW

Net interest income ("NII") (before impairment of advances) – up 12%

Net interest income before impairments



Following five interest rate increases during the financial year ended 30 June 2008, the South African Reserve Bank announced a decrease of 50bps during December 2008. The average prime interest rate was 1.8% higher than in the comparative period.

Overall margins on advances deteriorated compared to the comparative period, negatively affected by continuing margin pressure on asset generators such as FNB HomeLoans and WesBank, primarily due to higher funding costs as well as the negative impact of interest suspended on the significantly higher levels of NPLs.

Deposit margins widened, especially on shorter dated products, and further benefited from the increased endowment effect given the higher interest rate environment.

During the period under review, the strategy to continue lengthening the term profile of funding, as well as higher costs of term deposits, resulted in a higher average cost of funding for the Banking Group. This change in mix and the resultant impact on funding cost had a negative impact on margins.

Interest margins (based on average gross advances less NPLs) showed an increase from 3.98% for the period ended 31 December 2007 (restated from 4.10% to reflect the prior year change in disclosure – refer page 34 below) to 4.23% for the period under review.

A detailed analysis of the Banking Group's product margins is set out on page 85.

Net interest income and interest margins were positively influenced by:

- the volume effect from the growth in advances and deposits and the higher capital base;
- the positive impact of the higher interest rates on the endowment effect on capital and deposits; and
- the widening of certain asset and especially liability margins due to the higher interest rate environment.

Negative factors included:

- the increasing cost of longer term funding sources; and
- increased levels of interest suspended due to significantly higher NPLs.

Advances – up 1% (down 4% since June 2008)

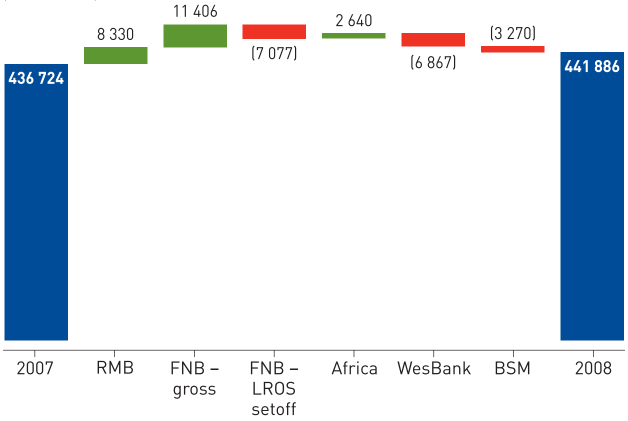
The Banking Group distinguishes between advances originated and managed on an accrual basis ("accrual advances") and those advances which are managed on a fair value basis, primarily within RMB's businesses.

An analysis of the Banking Group net advances is set out below:

	At 31 December			At 30 June
R million	2008	2007	% change	2008
Total advances before interest suspended	443 683	437 492	1	457 714
Less: Contractual interest suspended	(1 797)	(768)	>100	(1 175)
Gross advances	441 886	436 724	1	456 539
Less: Impairments	(8 543)	(5 557)	54	(7 383)
Net advances	433 343	431 167	1	449 156
Accrual advances	332 365	341 608	(3)	346 599
Fair value advances	100 978	89 559	13	102 557
Net advances	433 343	431 167	1	449 156
Prior period adjustment				
Net advances previously disclosed	433 343	414 507	5	449 156
Preference share advances reclassified*	–	16 660	(100)	–
Net advances	433 343	431 167	1	449 156

** Prior year numbers restated by R16 660 million – refer page 34 below for additional information.*

Gross advances
(R million)



FNB achieved limited growth of 2% in advances (9% excluding LROS setoff) reflective of:

- a 22% growth in the Mass segment, benefiting from organic growth in the SmartSpend, Smart Housing Plan and Smart-Bond products;
- the Commercial segment's growth of 17%, primarily due to strong growth in Commercial Property Finance, Overdrafts and Managed accounts advances;
- advances in the Wealth segment grew 24% as a result of higher client numbers in the high end of the market; and
- a 4% growth in the Consumer segment, negatively affected by slow growth of 4% in HomeLoans, although balances have decreased marginally from June 2008. New business production slowed dramatically by 66% year on year, in line with a strategic decision to focus on higher quality business with new business market share decreasing to 17% from 22% at December 2007. FNB's market share of household mortgages decreased from 20% at 31 December 2007 to 18.2% at 31 December 2008.

Overall advances growth was further negatively impacted by a decrease of 8% in Corporate advances (54% including the impact of LROS setoff), the underlying operational decline in advances driven by lower working capital facility utilisation by clients.

WesBank's advances declined 7% due to:

- a significant decline of more than 20% in new motor vehicle sales in South Africa, resulting in a reduction of retail new business written of 22% year on year; and
- pressure on production levels in the corporate and commercial market, with a slowdown of 18% in new business flows.

The Africa subsidiaries increased advances 18%, reflecting:

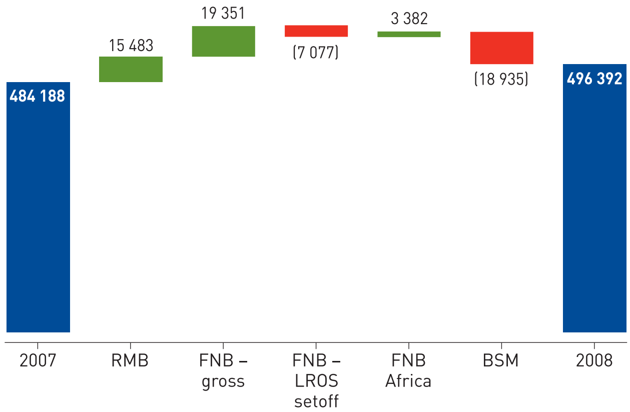
- strong growth in Botswana of 33%, assisted by stronger economic fundamentals, driving a stronger demand for both corporate and asset backed advances as well as benefiting from a greater penetration of the retail market;
- slower advances growth of 12% in Namibia, hampered by lower credit demand; and
- significant growth of 81% in Lesotho reflecting an increase in market share.

RMB increased advances 7%, primarily due to:

- continued strong lending activities in the acquistion finance and property finance areas due to various high value transactions concluded during the period; but
- offset to some extent by a decrease in lending activity in treasury assets, reflecting decreased demand for cash from larger corporate clients in the Money Market customer dealing environment as well as lower Euroloan placings.

Deposits – up 3%

Deposits
(R million)



An analysis of the year on year growth in deposits is set out in the table below:

	At 31 December			At 30 June
R million	2008	2007	% change	2008
Deposits as reported	496 392	484 188	3	496 074
Balances qualifying for LROS setoff	7 077	–	100	–
Deposits before LROS setoff	503 469	484 188	4	496 074

Growth in deposits was partly driven by the need to fund the ongoing growth in advances, as well as by increased demand for shorter dated retail deposit products in the higher interest rate environment.

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's deposits increased 7%, with the Consumer Money Market, Commercial and Wealth segments driving the growth.

Growth in the consumer environment was driven by product innovation as well as improved sales and remained focused on shorter dated products, reflecting the attraction of investment and savings products in the higher interest rate environment.

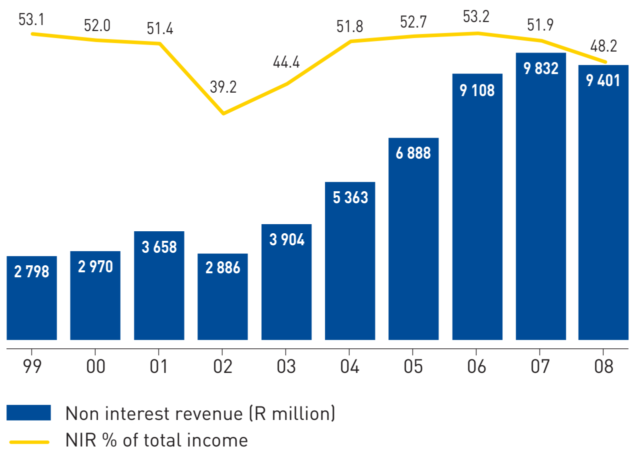
The growth in the Commercial segment resulted primarily from Money Market, Fixed and Notice deposits, assisted by competitive rates offered to clients. These increases were offset by a 12% reduction in the Corporate segment, primarily due to the application of LROS setoff during the period. Excluding the accounting impact of LROS setoff, underlying Corporate deposits increased 13%, reflecting the continuing strong cash positions of businesses and corporates.

The Africa subsidiaries increased deposits 17%. Absolute growth was driven by growth of 16% in Namibia, as well as an increase of more than 100% in Lesotho, primarily through successful interbank deposit growth.

RMB's deposits increased 16%, inter alia, reflecting increased cash placing from new mandates won during the period.

Non interest revenue ("NIR") – down 4%

Non interest revenue ("NIR")



Fee and commission income – up 21%

The Banking Group experienced satisfactory growth in client numbers, volume and value of spend during the period ended 31 December 2008 in spite of further deteriorating economic conditions.

FNB benefited from an increase of 6% in client numbers as well as an absolute increase in both transaction volumes and value:

- the Mass segment's growth of 23% resulted from increased transaction volumes, in part due to a 4% growth in active transactional accounts as well as strong growth of 8% in revenue generating transactions, including debit card transactions which grew 45%;
- the Consumer segment showed 11% growth, resulting from an 11% growth in the active account base, and benefiting further from a 35% increase in point of sale debit and cheque card transactions. Absolute growth was to some extent limited by the migration of clients to cheaper, more convenient electronic channels;
- growth of 12% in the Wealth segment, largely linked to traditional banking, wealth management and international banking services;
- the Corporate segment's growth of 12% benefited from higher transaction volumes in the electronic channels, new product offerings as well as a 16% increase in point of sale devices footprint; and
- the Commercial segment's growth of 16% was driven by increased transaction volumes in Speedpoint, International banking, Core Banking Solutions and Electronic banking channels.

WesBank's non interest revenue growth was 24% (5% including the loss on disposal of the MotorOne Advances book). Local growth was driven by good contributions from the fleet business as well as continued strong annuity insurance revenues. Absolute growth levels were negatively impacted by the significant slowdown in new business levels.

Knowledge based fee income remained robust given current economic conditions, although reflecting a decrease of 5% from the high levels experienced in the comparative period. RMB continued to benefit from strong deal flow due to BEE and M&A activity as well as good business flows in the structured, property and leveraged finance areas.

Income from fair value assets – down 81%

Overview

RMB's trading businesses experienced mixed results in an exceptionally challenging environment during the period under review.

Additionally, the interest rate dislocations in the reporting period resulted in hedging losses being incurred. The income on the corresponding hedged positions is recorded on the interest line.

As a result, income from fair value assets reflected a reduction to R272 million from R1 455 million for the period ended 31 December 2008.

RMB

FICC performed well during the period. The client flow activities benefited from increased volumes, higher margins and increased client demand for hedging solutions due to the underlying volatility in markets.

The Equity trading business reported disappointing losses for the period under review, due to the continued de-risking of the international portfolios. At 31 December 2008, the remaining positions on the international portfolios amounted to $18 million.

The local Equities business experienced losses after Dealstream, a futures clearing client, was placed in default due to its inability to meet margin call obligations. This resulted in RMB taking ownership of Dealstream's futures portfolio of approximately

R1 billion. RMB incurred mark to market losses of R116 million after taking over these positions.

SPJi was closed in the latter half of 2008 and most of the remaining portfolios were integrated into IBD and FICC to be managed down in an orderly manner. However, losses were incurred in the six months to December 2008 on these positions as global credit markets continued to deteriorate particularly in the latter half of 2008 and further closure of positions proved difficult. The majority of the remaining illiquid positions are in developed market investment grade credits, international property and an Indian special situations fund and total approximately $257 million at current valuations. It is possible that further losses may be incurred while these portfolios are wound down responsibly.

Other

The Banking Group incurred fair value losses of R362 million during the period on certain hedging instruments where it is unable to apply hedge accounting, although these positions provide a near perfect economic hedge. The income on the underlying hedged positions of R364 million is reflected in Interest income.

Further information on income from fair value assets is presented on page 86.

Investment income – down 81%

Private equity activities– down 10%

Investment income includes realised gains from the Banking Group's Private Equity portfolios managed by RMB.

The Private Equity businesses performed well during the period under review. Good profits were realised through the disposal of three large investments. Pursuant to the disposals in the current period, the unrealised profits in the portfolio reduced from R2.2 billion at 31 December 2007 to R993 million at 31 December 2008. Consistent with prior years, the unrealised profit in the portfolio is not recognised in income.

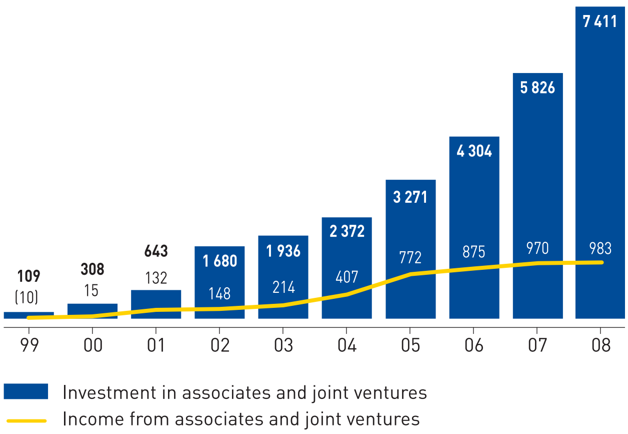
Other – down >100%

Other investment income was negatively affected primarily by the disappointing performance from assets held on balance sheet to cover long term employee benefits. These assets are invested in long term equity and inflation linked portfolios, which recorded significant mark to market losses during the period.

The Banking Group further incurred mark to market losses on certain of its international resources investment portfolios given current adverse market conditions which negatively affected listed asset values.

Equity accounted income – up 1%

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

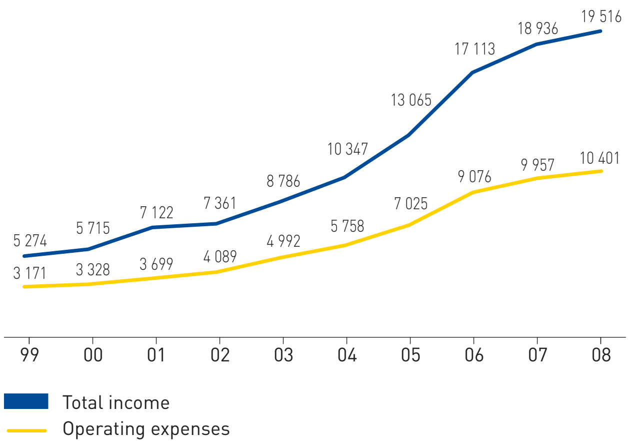


The results were impacted by:

- a good performance from FirstRand Short Term Insurance, benefiting from increased client numbers, both in the retail and commercial areas, resulting in strong premium income growth of 17%, satisfactory new business flows on the commercial side, good investment returns and a stable claims ratio;
- a satisfactory performance from the Private Equity associates, although deteriorating underlying economic fundamentals impacted negatively on year on year income growth; and
- a decrease in the performance from WesBank's associates affiliated to its lending activities, reflecting the deteriorating underlying economy and the impact on these entities' operating performance.

Operating expenses – up 4%

Operating "jaws"
(R million)



Growth in operating expenses was contained to 4% year on year.

The absolute increase in operating expenses was affected by:

- staff remuneration which decreased 7%, negatively affected by higher inflation linked salary increases than the comparative period (+11%), offset by lower variable costs directly related to income, reflecting the lower profitability of the Banking Group, a reduction in post retirement fund liabilities reflecting the turn in interest and inflation expectations, and the negative IFRS 2 share based payment expenses linked to the deterioration in price of the FirstRand share price; and
- depreciation increasing 37%, reflecting increased investment in new premises in comparison to the prior period.

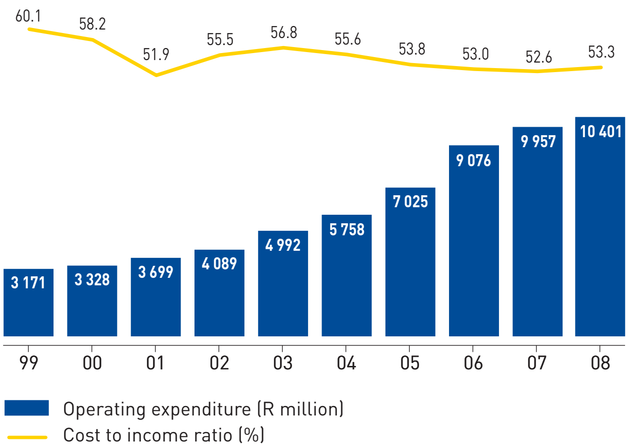
A detailed analysis of operating expenditure is set out on page 88.

Cost to income ratio

The cost to income ratio deteriorated from 52.6% at 31 December 2007 to 53.3%, although this includes the impact of loss recorded on the sale of the MotorOne Advances book in Australia and the loss on sale of Celpay Holdings (refer page 34 below). Excluding the impact of these losses, the cost to income ratio drops to 52.1%, a marginal improvement over the prior period.

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

Operating efficiency



Direct tax

The effective direct tax charge decreased from 20.2% to 13.1%. This year on year decrease is primarily as a result of the Banking Group benefiting from a high level of STC credits earned relative to the comparative period, as well as from a proportionally greater level of income being subject to Capital Gains Tax.

Excluding the impact of STC credits, the effective tax rate is 17.9%.

	Six months ended 31 December			Year ended 31 June
R million	**2008**	2007	% change	2008
Gross tax charge	**(923)**	(1 442)	(36)	(2 494)
STC deferred tax credit/(debit)	**239**	8	>100	(71)
Reported tax	**(684)**	(1 434)	(52)	(2 565)

CREDIT IMPAIRMENT

The past six months continued to be challenging from a macro economic perspective. The sustained high interest rates during the reporting period continued to put pressure on consumers' cash flows resulting in higher impairments. As expected, impairments at small and medium corporates have started to increase due to the general GDP slowdown. Large corporates, however, have remained largely resilient over the period.

The Banking Group actively manages its credit portfolio in the light of deteriorating macro economic conditions. The focus is on the appropriate level of risk appetite that is set in origination strategies and the implementation of credit portfolio hedges where appropriate.

The current market conditions have resulted in an increase in the NPL balances and the resultant credit impairment charges. The NPL % increased from 2.9% at June 2008 to 4.2% (December 2007: 1.8%). The annualised credit impairment charges for the six months ended December 2008 was 1.64% (December 2007: 0.97% before credit insurance). The high level of NPLs and credit impairments are largely due to the retail credit portfolios, however, increases in default levels in the SME portfolios have been noted.

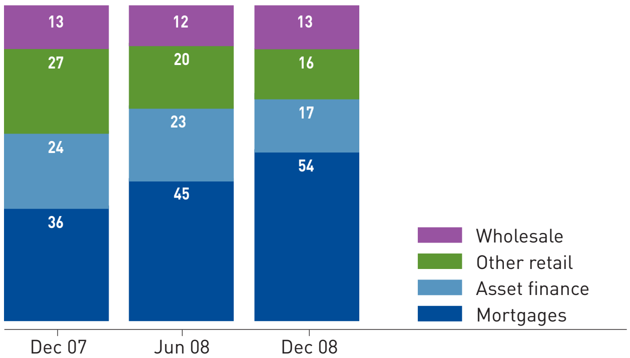
The table below summarises key information on NPLs and impairments in the credit portfolio for the year under review on an IFRS basis:

	At/ Six months ended 31 December			At/ Year ended 30 June
R million	2008	2007	% change	2008
Gross advances	441 886	436 724	1.2	456 539
Impairment charge[1]	3 693	2 015	83.3	5 458
Impairment charge as % of average advances (%)	1.64	0.97	69.1	1.28
NPLs	18 612	7 696	>100	13 104
– Accrual NPLs	17 728	7 382	>100	12 686
– Fair value NPLs	884	314	>100	418
NPL as % of advances (%)	4.2	1.8	>100	2.9
Specific and portfolio impairments reflected in the balance sheet	8 543	5 557	53.7	7 383
– Portfolio impairments	2 441	2 054	18.8	2 465
– Specific impairments	6 102	3 503	74.2	4 918
Cumulative credit adjustments on fair value advances	1 316	702	87.5	1 139
– Performing book	1 038	555	87.0	944
– Non performing book	278	147	89.1	195

1. *Impairment charge before recognition of credit insurance.*

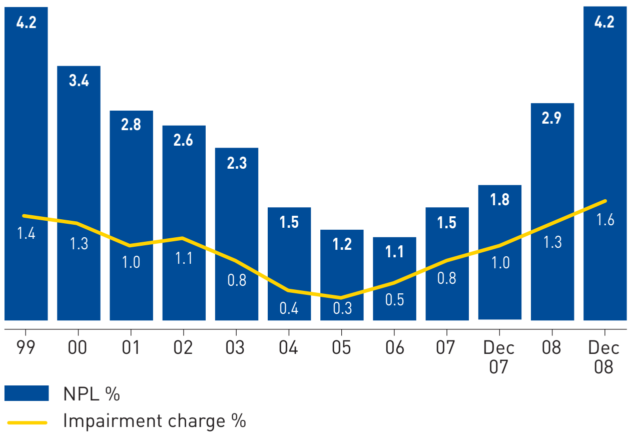
Specific impairments as a percentage of accrual NPLs reduced from 38.8% in June 2008 to 34.4% at December 2008. This reduction is due to the increased proportion of secured NPLs as indicated in the graph below.

NPL product distribution
(%)



The graph below shows the history of the Banking Group's credit losses reflected by the impairment charge percentage and NPLs.

NPL and impairment charge
(%)



The table below provides the summarised retail and wholesale impairment charges and NPLs as percentage of advances:

BAD DEBTS (as a percentage of average advances)

%	Six months ended 31 December 2008	2007	% change	Year ended 30 June 2008
Retail	**2.41**	1.39	73	1.84
Corporate/Wholesale	**0.66**	0.33	100	0.34
Group and other	**(6.32)**	(7.63)	(17)	(3.17)
Total after credit insurance	**1.64**	0.78	>100	1.19
Before credit insurance	**1.64**	0.97	69	1.28

NPLs (as a percentage of advances)

%	At 31 December 2008	2007	% change	At 30 June 2008
Retail	**5.74**	2.59	>100	4.15
Corporate/Wholesale	**1.61**	0.68	>100	0.89
Group and other	**1.30**	(3.66)	>100	0.60
Total	4.21	1.76	>100	2.87

The credit quality of the wholesale (corporate) credit book remained stable around FR30 (BB+) (December 2007: FR33). The exposure to investment grade counterparties amounted to 53% (December 2007: 54%). The weighted average rating for retail credit counterparties deteriorated due to the current market conditions. The overall internal counterparty rating, ignoring collateral effects, was FR 48 at 31 December 2008 (FR 48 at 31 December 2007). The rating is equivalent to a national scale credit rating of zaBB (December 2007: zaBB).

Expectations

The expectation of interest rate decreases in the coming year will positively impact the credit portfolios, however, such positive impact will not be immediate. The ease of pressure on the consumer's cash flow levels will improve the arrears and non performing loans positions over time, but concerns remain on the impact of the downturn on property prices, large scale job losses and the corporate sector.

More detail on the Banking Group credit experience is set out on pages 65 to 78 below.

Securitisations

During the period under review, the Banking Group did not conclude any further securitisation transactions. All of the securitisation transactions have continued to perform in line with expectations as detailed in each of the offering circulars. Further details on the securitisation transactions are provided on page 79.

CHANGE IN DISCLOSURE

The Banking Group has changed the following disclosure on the balance sheet for more accurate disclosure.

R million	As previously reported 2007	Restated amount	Change	Reason for change
Balance sheet				
Advances	414 507	431 167	16 660	Change in classification to align with industry practice and underlying nature of instruments
– fair value through profit and loss	72 899	89 559	16 660	As above
Investment securities and other investments	114 361	97 701	(16 660)	As above
Investment securities	59 561	42 901	(16 660)	As above
– fair value through profit and loss	24 567	7 907	(16 660)	As above
Deposits	481 172	484 188	3 016	Reclassification of short trading positions and derivatives to deposits to align with industry practice in terms of IFRS 7
– Deposits and Current & Accounts	460 631	463 647	3 016	As above
Short trading positions	34 194	32 706	(1 488)	As above
Derivative financial instruments	27 458	25 930	(1 528)	As above
– held for trading	27 319	25 791	(1 528)	As above

ACQUISITIONS AND DISPOSALS

Effective 3 November 2008, WesBank disposed of the MotorOne Advances book for a cash consideration of R1 719 million. This portfolio formed part of their Australian operations. A loss of R206 million was realised on disposal.

Effective 1 July 2008, the Banking Group disposed of its shareholding in Celpay Holdings, a cellphone Banking service operating in Zambia and the DRC. A loss of R29 million was realised on this disposal.

OPERATIONAL RESULTS BY BUSINESS UNITS

	Six months ended 31 December			Year ended 30 June
R million	2008	2007	% change	2008*
FNB	2 875	3 436	(16)	6 345
Mass	705	540	31	1 161
Consumer	(21)	1 048	(>100)	1 140
– HomeLoans	(975)	256	(>100)	(385)
– Card (Issuing)	38	33	15	106
– Other Consumer	916	759	21	1 419
Wealth	170	218	(22)	442
Commercial	1 546	1 346	15	2 907
Corporate	401	308	30	675
FNB Other and Support	74	(24)	>100	20
FNB Africa	658	525	25	1 156
RMB	1 904	2 383	(20)	4 204
WesBank	(38)	591	(>100)	734
FRSTIH and Group Support	25	334	(93)	1 249
	5 424	7 269	(25)	13 688
Less: Divisions disclosed elsewhere	(198)	(162)	22	(374)
Income before direct tax	5 226	7 107	(26)	13 314

* *FNB divisional numbers restated for changes in segmentation.*

FNB – SOUTH AFRICA

	Six months ended 31 December			Year ended 30 June
R million	2008	2007	% change	2008
Income before indirect tax	3 020	3 592	(16)	6 698
Indirect tax	(145)	(156)	7	(353)
Income before tax	2 875	3 436	(16)	6 345
Advances	202 302	197 973	2	207 658
Total deposits	195 974	183 700	7	192 467
Assets under management	43 673	43 580	–	48 198
Cost to income ratio (%)	57.1	56.5		56.9
Non performing loans (%)	6.6	2.6		4.2

R million	2008	2007	% change	2008*
Mass	705	540	31	1 161
Consumer	(21)	1 048	(>100)	1 140
– HomeLoans	(975)	256	(>100)	(385)
– Card (Issuing)	38	33	15	106
– Other Consumer	916	759	21	1 419
Wealth	170	218	(22)	442
Commercial	1 546	1 346	15	2 907
Corporate	401	308	30	675
FNB Other and Support	74	(24)	>100	20
Total FNB	2 875	3 436	(16)	6 345

* *Restated for internal changes in segmentation.*

INTRODUCTION

The six months to December 2008 was characterised by high inflation and interest rates as well as elevated levels of consumer indebtedness. This operating environment was particularly challenging for the lending businesses in the middle and upper consumer markets. FNB's performance during the period can be ascribed to the following:

- strong franchises in the Commercial and Corporate segments, which contributed earnings growth of more than 15% and 30% respectively;
- a diversified retail portfolio which continued to show good growth in transactional volumes and deposits, with the Mass segment continuing to perform well;
- the retail mortgage portfolios continued to show significant increases in arrears and non performing loans ("NPLs") and a marked slowdown in new business; and
- the reduction in lending volumes combined with increased NPLs (interest suspension), resulted in an increase of 0.2% in the cost to income ratio since June 2008, despite cost growth being below CPIX for the period.

CHANGES IN STRUCTURE AND SEGMENTATION

The FNB ATM business was transferred from the Mass segment to FNB Other and Support (Branch Banking) with effect from 1 July 2008. The historical results have been restated accordingly.

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.

FNB Private Clients' segmentation refinements include the transfer of certain FNB clients from Wealth to Consumer due to the segmentation cut off increasing to customer income of R1 million.

PERFORMANCE COMMENTARY

FNB has produced satisfactory results, given the negative credit cycle. Although profit before tax decreased 16% from R3 436 million to R2 875 million, return on equity remained healthy at 28%.

Interest income increased only 2%, impacted by interest suspended on NPLs and resulting in negative growth in interest income on advances. Growth in deposits (up 7%), supported by some widening of margins resulting from the interest rate increases and the increased endowment benefit on deposits, ensured marginally positive growth in the interest income.

Non interest revenue increased 15% on the back of 6% growth in customer numbers to 6.4 million as well as higher transactional volumes across all segments.

Operating expenses increased 10%. This below-inflation increase is the result of a 3% decrease in total headcount which contained staff cost growth to 7%. This was, however, partly off set by variable costs associated with increased volumes, higher property expenses, ongoing investment in the brand (FIFA sponsorship), together with the impact of infrastructure and process investments. Costs relating to collections activities, crime prevention initiatives, insurance, fraud and related losses continued to increase. The continual focus on operating costs has assisted in decreasing the rate of growth, specifically within those business units experiencing lower business activities.

Bad debts increased to 2.05% (2007: 1.24%) of average advances which remains in line with expectations, given the current interest rate cycle. The increase also reflects the reduction in advances growth, together with the operational changes resulting in LROS setoff being allowed in specific instances within Corporate (some R7 billion decrease in advances and deposits).

The increase in the bad debt charge is largely driven by residential mortgages at 1.48% (2007: 0.42%). FNB HomeLoans represents the largest component of residential mortgages as detailed below.

R million	Advances	Impairment charge	Bad debts to average advances (%)
December 2008			
Housing Finance	4 263	14	0.69
HomeLoans	112 419	1 004	1.78
Wealth	30 085	62	0.43
Total residential mortgages	**146 767**	**1 080**	**1.48**

Deposits grew R12 billion or 7% with the Consumer Money Market, Wealth and Commercial segments being the major contributors. This growth was largely driven by product innovation and by sales of shorter term products as the interest rate increases and equity market volatility made these deposits more attractive.

Advances grew R5 billion or 2%, with HomeLoans (R5 billion), Wealth (R6 billion) and Commercial (R4 billion) the main contributors.

Assets under management ("AUM") remained flat at R44 billion, despite the significant decline in international and local equity markets, due to defensive positioning and new business inflows.

SEGMENT PERFORMANCE

Mass (Smart Solutions) segment

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

This segment focuses on individuals earning less than R81 000 per annum and is principally serviced by FNB Smart branded products and services.

The segment performed exceptionally well during the period under review with profit before tax increasing 31% from R540 million to R705 million.

The main driver of this segment's performance was the strong growth in interest income, which increased 30%. This was mainly as a result of 22% growth in advances to R7 billion and 5% deposit growth to R8 billion, complemented by the widening of margins on the endowment balances. The advances growth relates to the SmartSpend, Smart Housing Plan and SmartBond products, where sales increased 28%.

Impairment charges increased 184% to R165 million, with the bad debt charge at 5.04% (2007: 2.43%) of average advances. This level of impairments is below expectations given the prevailing operating environment and has been achieved through an ongoing focus on collections and recoveries.

Non interest revenue growth was also strong at 23% and was mainly driven by growth in revenue generating transactions, including debit card transactions which grew 45%, and 65% growth in prepaid airtime turnover. The 4% growth in active transactional accounts to 3.5 million contributed to the overall transactional volume growth.

Operating costs increased 14% driven mainly by growth in variable costs relating to increased customers and transactional volumes as well as collections. InContact SMS volumes grew 33% to 335 million for the period.

Cellphone banking has over 1.1 million registered customers. The use of this channel provides convenience to customers and cost efficiencies for the segment and, in conjunction with InContact, is expected to continue to contribute to good market share growth on general banking products and prepaid airtime sales.

FNB Life continued to show good growth. The in-force policies currently total 2.8 million representing 9% growth on December 2007, despite declines in non essential type products like Law-on-Call and Personal Accident where high lapse rates are being experienced in the current economic environment.

Consumer segment

Cheque & transmission products including overdrafts
Investments & equity products
Personal loans (including Student loans)
FNB Insurance Brokers (previously FirstLink)
eBucks
HomeLoans (including One Account)
Card (Issuing)

This segment focuses on providing financial services solutions to customers with incomes ranging from R81 000 to R1 million per annum as well as certain subsegments (youth and teens, students, graduates and seniors).

The segment continued to face extremely tough trading conditions as a result of the current economic environment and recorded a loss before taxation of R21 million. This decline is largely due to FNB HomeLoans recording a loss of R975 million.

The single largest contributor to the loss for the period was the significant increase in bad debts to R1 777 million (2007: R915 million) or 2.76% (2007: 1.54%) of average advances as a result of the increase in NPLs to 8.4% (2007: 3.1%) of advances.

Net interest income declined R263 million or 11% mainly as a result of the slower balance sheet growth combined with the impact of interest suspended on NPLs. Higher liquidity and funding costs resulted from the international credit and liquidity issues.

Non interest revenue grew 11%. This was mainly driven by an 11% increase in the active account base and a 35% increase in point of sales debit and cheque card transactions, although the latter did experience some customer migration to cheaper, more convenient electronic channels.

Advances growth slowed to R4 billion or 4% with balances reducing R1 billion since June 2008. This is a result of reduction in all advances categories.

Deposits grew 13% to R54 billion, attributable to improved sales of products and higher rates attracting deposits.

The operating cost increase was contained to below inflation at 7%. This was achieved through headcount reductions, particularly in HomeLoans' sales and new business areas, and certain other cost saving initiatives.

Personal Loans advances decreased 6%, reflecting a new loans payout decline of 58%.

FNB HomeLoans

Several factors including high inflation and interest rates, declining property values and the National Credit Act ("NCA") contributed to the residential property market deteriorating further than expected.

Advances grew 4% to R112 billion but declined marginally since June 2008. New business sales experienced a decrease of 66% from R19.7 billion to R6.7 billion due to the unfavourable market conditions and the tightening of credit approval criteria. Re-advances however only showed a 4% decrease. Sales are expected to remain under pressure for the remainder of 2009 year which will result in ongoing negative advances growth.

FNB HomeLoans decreased new business market share to 17% (2007: 22%) as a result of credit tightening and reductions in rate concessions.

FNB HomeLoans reported a loss of R975 million compared to a profit of R256 million reported in the corresponding period last year. This decrease in profitability was driven by the significant increase in the bad debt charge from R224 million to R1 004 million, driven by an increase in NPL balances from R2.5 billion to R8.8 billion. The substantial increases in interest suspension due to increased NPLs coupled with more expensive funding cost, resulted in a decline in interest income.

Bad debts increased to 1.78% (2007: 0.44%) of average advances while NPLs increased to 7.8% (2007: 2.3%) of advances. This increase is in line with expectations.

Operating expenses declined 3% due to the active focus on cost management which included headcount reductions.

Card (Issuing)

Card grew profit before tax 15% to R38 million (2007: R33 million) for the period against a background of tough market conditions and increases in NPLs.

The bad debt charge of R605 million (2007: R557 million) represents 9.76% (2007: 9.16%) of average advances while NPLs increased to 13.2% (2007: 9.5%) of advances. Card continued to focus on the optimisation of collections as well as the challenges posed by the rapid increase in debt counselling cases.

Interest income increased 9% to R588 million despite a lack of growth in advances and impacted by the displacement of non interest revenue.

Non interest revenue increased only 3% due to a decrease in penalty, cash and fuel transaction income as well as lower interchange fee growth.

Operating costs increased 3% as a result of lower sales and active cost management off set only by higher collection costs.

Wealth segment

RMB Private Bank
FNB Private Clients
FNB Trust Services
FirstRand International Wealth Management (FRIWM)

The Wealth segment profit before tax decreased 22% to R170 million due to slower revenue growth, higher bad debts and investment cost. The focus on achieving diversity of income, both geographically and operationally, has continued to support the operating fundamentals of the segment. Pre tax profits reduced 20% at RMB Private Bank and 8% at FRIWM. Good performance of FNB Private Clients which grew profits 23% and FNB Trust services up 5%.

Advances increased R5 billion (24%) to R30 billion and deposits increased by R4 billion (25%) to R18 billion. Margin pressure on advances did however result in interest income increasing only 3%. Bad debts increased 38% to R62 million on the back of NPLs increasing to 3.3% (2007: 1.6%) of advances.

Non interest revenue grew 12% largely due to fees on traditional banking, wealth management, international banking and estates.

Operating expenditure increased 18% largely due to the increase in staff costs, rental, investment in skills and professional fees and coupled with the investment cost for the India/Dubai expansion initiative.

Commercial segment

SMMEs, Small Business, Business and Medium Corporate
Transactional and overdraft products
Investment products
Commercial Property Finance
Debtor Finance
FNB Leveraged Finance, BEE funding, Franchises, Tourism, Agric and Start-ups

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

The Commercial segment produced solid results given the challenging economic environment with profit before taxation increasing 15%. This was mainly driven by 15% growth in interest income and 16% growth in non interest revenue.

As a result of the ongoing strategic focus to attract and retain deposit balances as well as the competitive rates offered to clients, deposits grew R8 billion or 15% mainly due to the higher growth in Money Market, Notice and Fixed Deposit products.

Advances increased 17% by R4 billion as a result of strong growth in Commercial Property Finance, Managed Accounts and Overdrafts.

Interest income increased 15% due to strong deposit and advances growth. However, this has been negatively impacted by rising liquidity premium and interest suspended on NPLs. The segment's bad debt charge increased to 1.21% (2007: 1.02%) of average advances while NPLs increased to 3.6% (2007: 1.8%).

Non interest revenue growth of 16% is mainly attributable to International banking (17%), Speedpoint (13%), Core Banking Solutions (15%) and Electronic banking (26%).

Operating costs increased 14% mainly due to variable costs related to transactional volumes, new account sales and an increase in charges for relationship management off set by cost saving initiatives implemented in the business.

Corporate segment

Corporate transactional banking services and associated working capital solutions
Speedpoint (Card acquiring)
Bulk cash
Electronic banking
International banking
Custody services

Corporate banking provides large corporate customers, financial institutions and certain state-owned enterprises, as defined in schedule 2 of the PFMA, with transactional banking capabilities as well as assistance in order to optimise their cash flow and working capital requirements.

Profit before tax grew 30% to R401 million. A significant contribution came from 8% growth in interest turn however this was to a degree set off by a 56% growth in bad debt impairments. Operating expenditure reduced 3% as a result of continued focus on efficiencies.

Non interest revenue growth of 12% was largely driven by increased transactional volumes in the electronic channels, FNB Online (14%) and Speedpoint (14%). Whilst organic growth was a significant contributor to the growth rates, Online Banking developed and implemented new product offerings that improved sales to current and new clients and Speedpoint increased its footprint of point of sale devices by 16% to near 110 000.

Deposits decreased R5 billion or 12% to R35 billion, however before LROS setoff, deposits increased R4 billion or 13% indicating that many large corporate clients, particularly in the financial institutions sector, view cash to be a safe haven in this economic cycle. Margins have been sacrificed in order to attract these deposits and competitor activity and client pressure contributed further to margin squeeze.

Advances decreased R8 billion or 54% (R300 million or 8% excluding gross ups) to R7 billion mainly driven by the lower utilisation of working capital facilities.

FNB Other and Support

Included in FNB Other and Support is the Public Sector Banking, Branch Banking, Brand and Support.

Public Sector Banking

The segment offers transactional banking services and products to the three spheres of Government, state enterprises, universities, and public schools. It also provides working capital and other short and long term finance products.

FNB's focus on the Public Sector market continued to yield positive results in the form of business gained and retained despite strong competition. Success was achieved through customised client offering backed by service excellence, in line with FNB's strategy. Government entities continued to show strong cash flows, which has supported good growth in deposit balances of 8%.

Branch Banking (including Self Service Channel)

Branch Banking provides banking services to FNB's 6.4 million customers through its 704 representation points and the 5 258 ATMs nationally. Some 26% (2007: 25%) of these points of representation are positioned in designated Financial Sector Charter communities.

Subsequent to the ATM software upgrade and with the 13% increase in the ATM base, FNB's market share of Saswitch transactions increased to 29% (2007: 26%) while the share of Saswitch devices decreased to 20% (2007: 21%).

	Six months ended 31 December			Year ended 30 June
	2008	2007	% change	2008
Representation points (Branches, agencies, Bank on Wheels, etc.)	**704**	709	(1)	712
ATMs	**5 258**	4 642	13	4 800

FNB AFRICA

The FNB Africa portfolio consists of five subsidiaries in Africa, namely Botswana, Namibia, Swaziland, Moçambique and Lesotho, and a central office in South Africa.

Performance summary

R million	Six months ended 31 December 2008	2007	% change	Year ended 30 June 2008
Income before indirect tax	672	537	25	1 183
Indirect tax	(14)	(12)	17	(27)
Income before tax	658	525	25	1 156
Attributable earnings	320	247	30	533
Advances	17 304	14 664	18	15 755
Total deposits	23 872	20 490	17	23 867
Return on average equity (%)	33.8	31.7	(7)	33.3
Return on average assets (%)	3.2	3.2	–	3.4
Cost to income ratio (%)	48.7	46.5		46.5
Non performing loans (%)	2.2	2.5		2.5

Subsidiary performance

R million	Six months ended 31 December 2008	2007	% change	Year ended 30 June 2008
FNB Botswana	335	239	40	486
FNB Namibia	277	253	9	518
FNB Africa Other	46	33	39	59
FNB Africa operational income before taxation	658	525	25	1 063
FNB Africa: VISA profit & Swabou sale	–	–	–	93
Total	658	525	25	1 156

Infrastructure

	Six months ended 31 December				Year ended 30 June	
	2008		2007		2008	
	Branches	ATMs	Branches	ATMs	Branches	ATMs
FNB Botswana	16	172	16	177	16	165
FNB Namibia	48	218	46	119	47	203
FNB Swaziland	10	44	10	42	10	41
FNB Moçambique	8	14	5	11	5	12
FNB Lesotho	3	28	2	20	2	21
Total	85	476	79	369	80	442

INTRODUCTION

In past years, the interest rate environments of Namibia, Swaziland and Lesotho (Common Monetary Area) closely mirrored that of South Africa. In 2008, Namibia and Swaziland did not follow South Africa's interest rate policy which resulted in less strain on local consumer borrowing. However, the higher interest rates in South Africa did create competition for deposits and placed pressure on local bank margins.

The economies of Botswana and Namibia are largely commodity based thus the fall in global commodity prices has impacted growth in these markets and is now resulting in job losses. This, together with inflationary pressures as a result of the weakening of the currencies against the dollar and the higher oil price (in the early part of the reporting period), is also affecting the consumer and placing strain on the fiscus. Although the oil price and currency pressures have subsided, the commodity driven economies will continue to feel negative pressure with international demand drying up. The effect on the Balance of Payments of these countries and the fiscus will slow GDP growth in 2009.

COMMENTARY

FNB Africa

Despite the challenging operating environment, the FNB African subsidiaries have performed well, with considerable focus given to the quality of lending and the proactive and ongoing management of the credit books.

Net income before tax increased 25% for the period to R658 million due to the strong results from FNB Botswana, FNB Swaziland and FNB Moçambique.

Non performing loans, as a percentage of the advances, are lower than the prior year as a result of maintaining strict credit policies and a focus on ongoing risk management. We do, however, expect deterioration as the effects of the economic slowdown impacts the quality of the credit book. Proactive initiatives to mitigate the risk and limit losses are in place.

Over the last few years the expansion of the retail network in all subsidiaries, together with the focus on providing good customer service, the delivery of products specifically to meet local requirements and the electronic delivery initiatives, has resulted in an increased customer base and good growth in volumes. This in turn has resulted in good growth in non interest income.

With the expansion of the network in Botswana and Namibia in 2007 and 2008, as well as the growth of the newer subsidiaries in Moçambique and Lesotho, gross advances increased 18% and deposits increased 17% resulting in net interest income rising 23%.

With the global economic fallout, as well as the adoption of Basel II principles, considerable focus has been given to establishing a sound capital base in each of the subsidiaries. The capital maintained, in terms of stringent frameworks adopted in each country, is well above the regulatory requirement.

FNB Botswana

Net income before tax increased 40% (31% in Pula terms) as a result of good margin and advances growth as well as increased transactional volumes. The Rand weakening against the Pula positively impacted on profit growth.

Gross advances increased 33% due to the expansion of the branch network and a greater penetration of the retail market as well as the success of the recent strategy to target key commercial and corporate customers. FNB Botswana grew deposits 14%, which is in line with current market trends and is appropriately structured to meet its liquidity requirements following the rapid growth over the previous two financial years. The market has normalised after huge growth following the Bank of Botswana's decision, two years ago, to shift the trading and holding of Bank of Botswana Certificates to the commercial banks as primary dealers.

FNB Namibia

Net income before tax increased 9%. As a result of Namibia's policy of maintaining the bank rate (repo rate) lower than South Africa, liability margins have come under pressure, resulting in increased funding costs. The pressure is exacerbated by the relative ease of funding flows within the Common Monetary Area.

The bank experienced good transactional volumes during the period. Non interest revenue growth in the bank was negatively impacted by unrealised equity losses on the Swabou investment portfolio, as a result of the crisis in global markets.

In a lower credit demand environment, FNB Namibia's gross advances increased 12% and deposits increased 16%.

FNB Africa Other

FNB Swaziland

Net income before tax increased 36% as a result of good margins in the high interest rate environment, a healthy credit book with low impairments and good transactional volumes. The restructuring of the business and introduction of new management in 2006 has resulted in a much improved operational and financial performance.

Gross advances increased moderately given the low credit demand environment and borrowers using excess liquidity to reduce own debt. Deposits increased significantly as a result of good market liquidity.

FNB Moçambique

Net income before tax increased 14% due to good interest turn, and growth in non interest revenue. Since the acquisition in July 2007 the focus has been on repositioning the business by adopting successful and proven FirstRand growth strategies for the subsidiaries and implementing FirstRand credit principles to improve the quality of the book as well as improving operational efficiencies.

Gross advances remained flat compared to the prior period, however, deposits increased significantly as a result of an increased focus on commercial business.

FNB Moçambique has established a very sound platform to grow off and is embarking on an expansion project to increase the branch footprint.

FNB Lesotho

Gross advances in FNB Lesotho increased significantly (off a low base) as the business is gaining market share. With the expansion of its network the business is well positioned for growth.

NEW INITIATIVES

FNB has received approval from the South African Reserve Bank and the Bank of Zambia for the establishment of a full service bank in Zambia. The intention is for this bank to offer a comprehensive range of retail, business, commercial and corporate transactional banking products.

RMB

	Six months ended 31 December			Year ended 30 June
R million	**2008**	2007	% change	2008
Income before indirect tax	**1 937**	2 408	(20)	4 265
Indirect tax	**(33)**	(25)	32	(61)
Income before direct tax	**1 904**	2 383	(20)	4 204
Total assets	**317 959**	258 721	23	296 433
Cost to income ratio (%)	**38.3**	38.8		42.8

PERFORMANCE

RMB reported profits before tax of R1 904 million for the six months to December 2008, 20% lower than the first six months of the prior year.

Market conditions remained volatile and uncertain. Internationally banks continued to report significant write-downs and despite massive injections of liquidity into markets, recapitalisation (and in some cases nationalisation) of the large global banks, the outlook for the global financial industry remains extremely challenging.

This global turmoil combined with inflation and interest rate concerns and local political uncertainty resulted in a decline in business confidence in SA with both the JSE and the Rand losing ground.

Against this background RMB's portfolio of businesses delivered a mixed performance. The Investment Banking ("IBD") and the Fixed Income, Currencies and Commodities divisions ("FICC") produced strong results despite a challenging base, surpassing their prior year performance by 21% and 30% respectively, whilst the Private Equity division was slightly down (7%) on the comparative period.

The Equities division reported disappointing losses of R798 million, largely attributable to the continued de-risking of the international trading portfolios and the default of Dealstream, a futures clearing client.

Mark to market losses of R555 million were also reported on the international debt and investment portfolios, most of which are being managed down by IBD and FICC, following the unbundling and closure of SPJi in the latter half of the prior financial year. In order to provide insight into the operational performance of the core businesses, the losses have been disclosed under "Other".

Importantly, RMB's costs have reduced by 11% resulting in a slightly improved cost to income ratio of 38.3% (2007: 38.8%) in spite of a decrease in top line revenue.

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

	Six months ended 31 December			Year ended 30 June*
R million	**2008**	2007	% change	2008
Private Equity	**1 213**	1 303	(7)	1 846
Investment Banking	**1 300**	1 073	21	2 059
Fixed Income, Currency and Commodities	**933**	720	30	1 483
Equity Trading	**(798)**	(760)	5	(1 412)
Other	**(744)**	47	(>100)	228
	1 904	2 383	(20)	4 204

** Restated to reflect international debt and investment portfolio losses under "Other".*

PRIVATE EQUITY

Private Equity reported a net profit before tax of R1 213 million, slightly lower (7%) than the comparative period. Three large realisations, Stocks (July), Alstom (August) and Idwala (December) were executed in the period. Associate earnings declined marginally from the comparative period, reflecting challenging operating conditions and unrealised profit in the portfolio decreased to R993 million (2007: R2.2 billion). This decline was largely due to the significant realisations concluded during the period. No significant investments were made in the period under review.

In addition, following the default of Dealstream, certain investments were reclassified as associates and included in the Private Equity portfolio. The reduction in market value of these investments at 31 December 2008 is R195 million, and this also reduced unrealised profits in the portfolio.

INVESTMENT BANKING

Investment Banking recorded good results for the six months reporting a profit before tax of R1 300 million, 21% up on the comparative period, a robust performance in a challenging market. Corporate activity and lending remained strong and a number of significant deals were concluded – the unbundling of Eqstra and Tourvest from Imperial, the placement of Aquarius Platinum shares, advising and financing of Sasol and Vodacom on their BEE transactions, advising on the sale of assets by BHP Billiton and the Remgro unbundling.

Activity in the period covered a wide range of sectors with the strongest contributions coming from the Corporate Finance, Resources, Property Finance, Acquisition Finance and Debt Capital Markets teams. Overall, the client franchise remains strong and a healthy deal pipeline has been maintained, however medium term prospects are dampened in some areas by declining business confidence, the slowdown in debt capital markets and the prevailing difficult economic conditions, which may impact on the corporate loan book.

FIXED INCOME, CURRENCY AND COMMODITY TRADING ("FICC")

FICC reported a strong performance off a high base with profit before tax of R933 million, 30% up on the first six months of the prior year. FICC experienced very difficult trading conditions during July 2008 in the Fixed Income business which had a negative impact on the division's profitability, but this was offset by more positive conditions from August to December. The Currency and Commodity businesses delivered good results. The volatile market conditions over this period resulted in increased margins, strong client flows and sales of hedging solutions as clients sought to limit their exposure to volatility in the underlying markets.

EQUITY TRADING

Equity Trading reported a disappointing net loss before tax of R798 million, despite significant de-risking in the international portfolios and profits in the structuring and agency businesses which benefited from the market volatility and high volumes throughout the period.

Two major factors impacted the Equities division during the period under review. Firstly, further losses (R263 million) as anticipated were incurred on the offshore positions as de-risking and sell down in these portfolios continued. The remaining positions (now less than 2% of their peak) are illiquid in nature and any further reduction in positions is therefore unlikely.

Secondly, Dealstream, a futures clearing client, was placed in default after failing to meet its margin call obligations. The collapse of Dealstream can predominantly be attributed to inadequate margining in a volatile market (exacerbated by suspected fraud within the company). In terms of its Clearing Agreement, on default, RMB took over Dealstream's futures portfolio (with a nominal value of around R1 billion). Although smaller positions in this portfolio were closed out with little loss, a few large illiquid positions could not be closed out. These large illiquid positions have been taken into the Private Equity portfolio with a view to realising value over the longer term and are now being accounted for as associates. Impairment charges of R219 million were raised against Dealstream for the unpaid margin at the time of default and a further mark to market loss of R116 million was incurred on the portfolio after taking over these positions but prior to them being classified as portfolio investments in the Private Equity portfolio. A full review of the remaining future clearing clients, margins and positions, particularly in illiquid counters, has been conducted and following a process of increasing the required margins, no further issues were raised.

Over the period significant reviews of risks and operations in the Equities division have been conducted and a number of management changes and operational interventions were instituted. Local proprietary trading activities incurred small losses although these activities have been scaled back, and focus has shifted to the agency and structuring activities.

OTHER

RMB Resources, the international debt and investment portfolios and Head Office make up the majority of "Other". In order to provide insight into the performance of the core business, these losses have been disclosed under "Other".

In the latter half of the previous financial year, the SPJi business was discontinued and unbundled. Positions were reduced or closed out where possible and the remaining portfolios integrated into the IBD and FICC businesses for further winding down. Market conditions and a lack of liquidity have not enabled further significant reductions in positions and mark to market losses and valuation declines of R555 million have been incurred on these positions as global markets continued to deteriorate particularly in the latter half of 2008. The remaining illiquid positions are predominantly in developed market investment grade credits, international property and an Indian special situations fund and total approximately $257 million at current valuations. It is possible that further losses may be incurred while these positions are wound down.

RMB Resources reported losses arising from the mark to market valuations of their portfolios as commodity and resources share prices, particularly junior mining houses, weakened in the uncertain market conditions and as the reality of global recession and consequential lower demand for commodities set in.

WESBANK

	Six months ended 31 December			Year ended 30 June
R million	**2008**	2007	% change	2008
Income before indirect tax	**227**	658	(66)	863
Loss on sale of MotorOne Finance	**(206)**	–	100	–
	21	658	(97)	863
Indirect tax	**(59)**	(67)	(12)	(129)
(Loss)/Income before tax	**(38)**	591	(>100)	734
Advances WesBank Consolidated	**96 024**	102 891	(7)	99 949
Cost to income ratio (%) WesBank Consolidated	**52.6**	53.4		53.5
Cost to income ratio (%) WesBank South Africa	**44.6**	43.6		41.8
Non performing loans (%)	**3.5**	2.0		3.2

Note – the losses incurred on the disposal of the MotorOne Advances book in Australia are disclosed separately above. This loss represents the discount on the sale of the advances book in addition to costs associated with the discontinuation of the operation. The loss will not form part of headline earnings. WesBank realised income before tax of R168 million excluding this extraordinary loss, a decline in earnings of 72%. The cost to income ratio excludes the loss of R206 million on the disposal of MotorOne.

ENVIRONMENT

Trading conditions during this reporting period have been severe, as global and local markets have felt the effects of slowing growth and declining consumer spending. The motor industry continues to endure a very tough cycle. Over the past two years growth in vehicle sales has been impacted by declining demand in a market where consumers remain under pressure from high inflation and increased debt servicing costs. New vehicle sales declined by over 20% in the 2008 calendar year. This has also resulted in a high number of dealer delinquencies. The pressure experienced in the retail sector has now spread into the corporate sector. Whilst there remains some momentum surrounding Government investment and related capital requirements, several industry sectors have come under intense pressure. This is likely to result in further job losses, which will compound the current difficulties.

PERFORMANCE

WesBank's overall profitability (excluding the once off loss realised on the sale of the Australian retail finance advances book) continued to be impacted by significant increases in credit defaults in the local lending businesses. The compound effect of negative gearing has also resulted in book growth slowing considerably. Excluding the R206 million loss on the disposal of the MotorOne Advances book, overall profits compared to the six months to December 2007 declined by 72% to R168 million, however, on a rolling six months' basis, compared to the six months to June 2008, profits improved by 17%.

The table below represents the relative contributions from local and international operations.

Divisional analysis of income before tax

	Six months ended				Year ended
	31 December	30 June	31 December		30 June
R million	**2008**	2008	2007	% change	2008
SA operations	**153**	283	635	(76)	918
International operations	**(191)**	(140)	(44)	(>100)	(184)
Total	**(38)**	143	591	(>100)	734

SOUTH AFRICAN OPERATIONS

WesBank's local operations produced net income before tax of R153 million, a decline of 76% over the comparative six month period to December 2007 and a decline of 46% over the six month period to June 2008. Whilst the performance of the local operations remains disappointing, it is not unexpected in a credit cycle that has deteriorated to this extent.

The decline in earnings is reflective of higher bad debt impairments, which is evident in both the Consumer and Wholesale portfolios. Declining new business has also resulted in a contraction in the total advances book. Excluding the impact of bad debts, net income was consistent with the prior period, which highlights the absolute impact of the cycle on this business.

The bad debt performance on both a 12 month comparative and rolling six months' basis is reflected in the table below.

	Six months ended				Year ended
	31 December	30 June	31 December		30 June
	2008	2008	2007	% change	2008
Bad debts (R million)	**1 231**	1 238	712	73	1 946
Bad debt %	**2.61**	2.53	1.53	71	2.03

Bad debts for the six months to December 2008 were consistent with the six months ended June 2008, however, were up 73% with the year on year comparative. Non performing loans increased to 3.7% from 2.3% year on year. Despite regular tightening in credit extension, the cumulative effects of this cycle have placed customers under severe pressure to meet their financial repayment obligations. The provisions of the National Credit Act have also provided opportunities for consumers to prolong the collections process, which has recently had a negative impact on non performing loans. The length and depth of the current arrears cycle is far worse than expected, and certainly worse and more prolonged than previous down cycles. Losses in this cycle have been exacerbated by declining security realisation values, as well as an increase in customer abscondence and insurance cancellations. There has also been an increase in commercial and wholesale provisions over the comparative period.

Total new business written was R19.2 billion, compared to R24.6 billion in the prior year. This represents a decline in new business of 21.9%. Retail production declined by 24% year on year with corporate new business declining 18%. Consequently, gross advances (inclusive of assets that have been securitised totalling R3.9 billion) declined by R4.7 billion to R91.7 billion, a decrease of 4.8%.

Interest margins remained flat year on year, with the continued pressure on funding and liquidity costs being offset by the improvement in the mix of fixed rate business within the loan portfolio, as well as improvement in written rates.

Within the lending business, non interest revenue grew 10%. This growth was driven by annuity insurance revenues, WesBank's Fleet business and the growth of monthly administration fees, which were only introduced for business originated from June 2007 onwards. Operating expenses grew 3% year on year, however the cost to income and cost to asset ratios in the business deteriorated marginally from 43.6% and 2.20% to 44.6% and 2.30% respectively, more as a result of the declining advance levels than high cost growth.

WesBank has, over a number of years, developed a number of non lending businesses that are complementary to its core business, providing related services and products to retail and corporate customers. The key operations include Direct Axis (the marketing arm of Personal Loans products), Tracker (the vehicle recovery and telematics business), Rentworks (the rentor of IT equipment and other assets), WorldMark (the car care product retailer) and Norman Bissett & Associates (the third party external collections operation). These businesses contributed R36 million to the net income of WesBank for the period under review.

INTERNATIONAL OPERATIONS

WesBank's International operations include the performance of the Carlyle Finance operation in the UK, as well as the WorldMark operation in Australia and the residual MotorOne Finance business. Profits realised in the WorldMark operation offset the losses in the lending business in both Australia and the UK, resulting in a net income contribution of R15 million.

WesBank took the decision to sell the MotorOne Advances books early in 2008, with the sale being concluded in November 2008. The loss on disposal of the advances book totalled R206 million, which represents a 6% discount to the book value, as well as additional costs related to the discontinuance of the operation, including systems impairment costs, redundancy and loyalty payments, and professional fees. A small personal loans portfolio (approximately R200 million) now remains in the Australian operation, which will be run down to its maturity on an outsourced collections basis.

Carlyle Finance has shown significant operational improvements in the current financial year, however, it is starting to experience the negative effects of the market downturn in the UK, both from a new business and arrears perspective. In addition the ability to fund the business at competitive funding rates is placing additional pressure on the future profitability of the operation.

Given the current global outlook, in both the motor and lending industries, as well as the termination of the opportunity in Brazil, WesBank has decided to concentrate international expansion on asset financing activities in African territories in which the FirstRand Group franchises have an existing presence.

SUMMARY

WesBank is a cyclical business, sensitive to the effects of reducing production and increasing arrears, particularly in a sharp economic downturn. This credit cycle has been particularly severe and has had a material impact on profitability, and is likely to continue to impact on profitability, albeit to a lessening degree in the short term. The operational foundation and strategies of the business remain in place and well positioned to benefit quickly from an improvement in trading conditions.

FIRSTRAND SHORT TERM INSURANCE HOLDINGS ("FRSTIH")

	Six months ended 31 December			Year ended 30 June
R million	2008	2007	% change	2008
Gross written premiums	2 021	1 706	18.5	3 598
Operating income (including investment returns)	484	425	13.9	852
Income after tax	331	282	17.4	574
Expense/cost to income ratio (%)	19.5	16.6	17.5	16.8
Claims and OUTbonus ratio (%)	60.7	60.7	–	62.0

FRSTIH houses the Banking Group's short term insurance interests, including OUTsurance and Momentum Short Term Insurance ("Momentum STI") (a joint venture with Momentum Group). OUTsurance is the leading direct insurance company in South Africa.

The FirstRand Banking Group, through FirstRand Bank Holdings, owns 47% of FRSTIH.

PERFORMANCE

The FRSTIH Group achieved satisfactory financial results for the six months under review growing attributable earnings by 17.3% on the back of premium growth and investment returns.

Gross written premiums grew by 18.5% as a result of good new business flows realised in both OUTsurance and Momentum STI.

The claims ratio (including insurance bonus costs) remained unchanged at 60.7% resulting in a stable underwriting margin over the comparative period.

The management expense ratio increased 2.9% to 19.5% as a result of the start-up losses incurred in Youi, the Group's Australian venture.

The higher management expenses have resulted in operating income growing by a slower 13.9% over the comparative six months.

Youi was successfully introduced to the Australian public on 1 November 2008 and is expected to break even within the first four years of operating. The Youi business model is based on that of OUTsurance but focuses on an online distribution model.

OUTsurance Life, the life insurance arm of the Group, was introduced to the South African public during August 2008 with a Credit Life product. The product range will be expanded to include a fully underwritten product in the future.

momentum

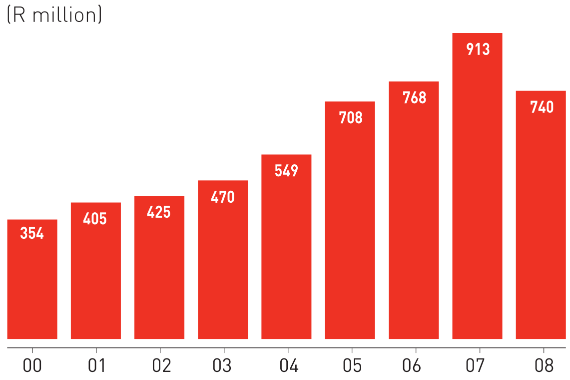
INTRODUCTION

The Momentum Group comprises the operations of Momentum Group Limited, its subsidiaries and associates, including Momentum Medical Scheme Administrators ("MMSA"), RMB Asset Management ("RMBAM"), RMB Unit Trusts ("RMBUT"), FirstRand Alternative Investment Management ("FRAIM"), RMB Asset Management International ("RMBAMI"), AdviceAtWork (previously Lekana Employee Benefit Solutions), 85% of Advantage Asset Managers ("Advantage"), 50% of Momentum Short Term Insurance ("MSTI") and 35% of Swabou Life.

FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
R million	**2008**	2007	% change	2008
Normalised earnings	**740**	913	(19)	2 004
Return on equity based on normalised earnings (annualised %)	**23**	31		30
New business	**32 810**	27 236	20	65 338
Value of new business (restated)	**331**	291	14	596

Normalised earnings – six months ended 31 December
(CAGR: 10%)
(R million)



SALIENT FEATURES

The Momentum Group results for the six months ended 31 December 2008 were characterised by the following:

- earnings were impacted negatively by the significant decline and increased volatility in equity markets during the six months under review;
- continued strong earnings contribution from FNB Insurance;
- investment income on shareholders' funds benefiting from conservative investment policy;
- strong new business volume growth despite a continued deterioration in economic conditions;
- improved new business profit margin;
- strong operating performance in the embedded value was counterbalanced by the impact of the weak investment markets, resulting in an overall decrease in the embedded value;
- Momentum is adequately capitalised based on the recently increased statutory capital requirements; and
- return on equity of 23% remains above the Group's targeted return.

Summarised results

R million	Six months ended 31 December 2008	2007	% change	Year ended 30 June 2008
Normalised earnings[1]	740	913	(19)	2 004
– Group operating profit	588	800	(27)	1 741
– Investment income on shareholders' assets	152	113	35	263
Group headline earnings	752	881	(15)	1 979
Return on equity (annualised %)	22.6	30.8		30.3
New business volumes	32 810	27 236	20	65 338
– Retail	18 962	17 100	11	34 270
– Employee benefits	1 382	523	>100	2 287
– Asset management	12 466	9 613	30	28 781
Value of new business[2]	331	291	14	596
New business margins[2,3] (%)	2.2	2.0		2.1
Embedded value[2]	15 121	15 464	(2)	16 039
Return on embedded value[4] (annualised %)	(5.4)	14.9		15.2
CAR cover (times)	1.4	2.0		2.2

1. *Normalised earnings represents Group headline earnings adjusted for the impact of non operational items and accounting anomalies. The details relating to these items are set out in the earnings table on page 51.*
2. *The comparatives are proforma in line with changes required by the revised PGN 107.*
3. *Calculated as the value of new business as % of present value of future premiums.*
4. *Represents the embedded value profit as % of opening embedded value.*

BUSINESS UNIT PERFORMANCE

Momentum's normalised earnings declined 19% to R740 million for the six months ended 31 December 2008, mainly due to the significant drop in equity markets during the period. Despite the decline in earnings, the return on equity remained robust at 23%.

Group operating profit declined 27% to R588 million. Approximately 65% of the Group's operating profit is exposed to investment market performance, which declined significantly in line with equity market weakness. The results from FNB Insurance remained strong during the period under review. The mandate for the shareholders' assets provided effective protection against the equity market decline, with the investment income on shareholders' assets increasing a healthy 35% to R152 million.

New business volume growth remained strong and increased 20% despite the general economic downturn. Retail lump sum investment inflows increased 11%, mainly driven by a 37% increase in unit trust sales, whilst sales of annuities and local linked products also contributed to the overall growth. Overall retail recurring new business growth was 4%. The growth in retail recurring risk products and retirement annuity sales remains strong, whilst sales of discretionary savings products have come under pressure due to lower levels of disposable income. Employee benefits new recurring business growth of 65% benefited from the continued success of Momentum's umbrella fund product, as well as a recovery in group risk new business. The new business margin increased from 2.1% at 30 June 2008, to 2.2% at 31 December 2008.

The underlying operational performance within the embedded value was pleasing. The investment markets impacted negatively on the present value of future asset-based fees, whilst the directors' valuations of asset management subsidiaries reduced in line with the decline in the assets managed by these businesses. The overall impact was an annualised return on embedded value of –5.4%.

Momentum previously targeted an economic capital level of between 1.7 and 1.9 times the statutory Capital Adequacy Requirement ("CAR"). This targeted range took account of the fact that credit and operational risk were not allowed for in the CAR calculation. The recent incorporation of an allowance for credit and operational risk in the calculation of Momentum's CAR, based on guidance issued by the Actuarial Society of South Africa, necessitated a reformulation of the targeted economic capital level. The result is that the reformulated targeted level of economic capital is now between 1.4 and 1.6 times CAR. The overall CAR figure also increased during the period due to the impact of investment market declines on smoothed bonus portfolios and guaranteed minimum maturity reserves. After taking account of the above changes, the CAR cover ratio amounted to 1.4 times at 31 December 2008, compared with a proforma CAR cover ratio of 1.6 times at 30 June 2008, assuming the allowance for credit and operational risk was already applied at 30 June 2008. Momentum is therefore adequately capitalised within the reformulated CAR cover range.

DETAILED COMMENTARY ON RESULTS

The following table reflects the main components of Group earnings:

Reconciliation of earnings:

	Six months ended 31 December			Year ended 30 June
R million	2008	2007	% change	2008
Earnings attributable to equity holders	**752**	903	(17)	2 002
Adjusted for:				
Profit on sale of Southern Life Namibia book	–	(22)	100	(22)
Profit on sale of subsidiary	–	–	–	(1)
Headline earnings	**752**	881	(15)	1 979
Adjusted for:				
IFRS 2 share based (income)/expense	(12)	32	(>100)	25
Normalised earnings	**740**	913	(19)	2 004

The main contributors to the normalised earnings are set out in the following table:

	Six months ended 31 December			Year ended 30 June
R million	2008	2007	% change	2008
Group operating profit[1]	**588**	800	(27)	1 741
Momentum	**444**	690	(36)	1 459
FNB Insurance	**144**	110	31	282
Investment income on shareholders' assets	**152**	113	35	263
Normalised earnings	**740**	913	(19)	2 004

1. *Previously the results of RMBAM were disclosed separately, however as from 1 July 2008 RMBAM is included with Momentum's other investment businesses under a single investment cluster.*

Group operating profit

Momentum's operating profit declined by 36%, mainly due to the impact of negative equity market returns on asset-based fees. In addition, the increased volatility and lower market related discount rates have resulted in a charge of R90 million after tax in order to increase the liability held for minimum maturity guarantees. Underwriting profits in the individual life business remain strong, although there has been some weakening in the persistency of new business, especially in the middle market segment. Underwriting margins in the group disability risk business have reduced due to increased claim volumes linked to the deterioration in economic conditions. The continuation of good claims experience at FNB Insurance has resulted in strong earnings growth in this business.

The following table summarises the new business generated by the Group:

New business

	Six months ended 31 December			Year ended 30 June
R million	2008	2007	% change	2008
Recurring premiums	**1 083**	967	12	2 079
– Retail	**663**	638	4	1 308
– Employee benefits	**215**	130	65	406
– FNB collaboration	**205**	199	3	365
Lump sums	**31 727**	26 269	21	63 259
– Retail[1]	**18 094**	16 263	11	32 597
– Employee benefits[2]	**1 167**	393	>100	1 881
– Asset management[2]	**12 466**	9 613	30	28 781
Total new business inflows	**32 810**	27 236	20	65 338
Annualised new business inflows[3]	**4 256**	3 593	18	8 405

1. *The new business generated by RMBUT, which was previously disclosed as part of asset management new business, is now included in retail lump sum inflows. RMBUT new business sourced from Momentum Group's Linked Investment Service Provider, has been excluded from the comparative unit trust inflows, as these flows are already included in the local linked product inflows. The new business number for 31 December 2007 has therefore been reduced by R1 025 million, and for 30 June 2008 by R2 840 million.*
2. *The new business generated by Advantage, which was previously included in employee benefits lump sums, is now included in asset management lump sums. Portfolio switches, which were previously included in both new business and payments to clients, are no longer included in either new business or payments to clients. The new business number for 31 December 2007 has therefore been reduced by R1 188 million.*
3. *Represents new recurring premium inflows plus 10% of lump sum inflows.*

Retail recurring new business increased 4% to R663 million. There was a decline of 15% in discretionary savings products due to increased pressure on disposable income, whilst risk products and retirement annuity products showed robust growth of 14% and 21% respectively. This change in mix to more profitable products had a beneficial impact on the overall new business margin. It is expected that the sales of discretionary savings products will continue to come under pressure due to the changes in commission regulations on these products from 1 January 2009, and also due to the current economic conditions.

The employee benefits recurring new business comprises the umbrella fund business, which increased 49% due to continued leveraging off the Momentum broker sales infrastructure, and the group risk business, which more than doubled compared with the prior period.

The growth in FNB collaboration new business was more subdued in line with the trend in the underlying banking products.

Retail lump sum growth of 11% benefited from growth of 37% in unit trust sales, together with 15% growth in local linked product sales. A large proportion of the unit trust sales related to money market funds which generate lower average fee levels. Offshore linked product sales declined due to the impact of international market turmoil. Sales of guaranteed annuities increased significantly, with investors being attracted by the combination of guaranteed returns and high interest rates at which to lock-in these returns.

The agency distribution channel continued to grow its new business in excess of the overall Momentum growth, increasing its contribution to Momentum's overall annual premium equivalent ("APE") from 18% in the 2008 financial year, to 23% in the current period.

Total lives under administration in the healthcare business amounted to 466 000 at 31 December 2008. Excluded from this number is the take on of a large new restricted scheme effective 1 January 2009, which will boost the overall lives under administration by 122 000. The Momentum Health open scheme membership, which is included in the overall lives under administration, amounts to 178 600 lives at 31 December 2008. During the current period the schemes under administration were successfully integrated onto a single administration platform, which should enhance efficiencies going forward.

The growth in lump sum employee benefit inflows benefited from the continued success of the Momentum broker sales footprint in the umbrella fund small and medium enterprises target market.

Whilst the increase in asset management inflows was pleasing, fund withdrawals exceeded inflows resulting in an overall net outflow of funds of R10.8 billion. RMBAM achieved satisfactory investment performance relative to its peers in tough market conditions, with its balanced portfolios ranked in the top half of the Alexander Forbes Global Large Manager Watch for the 12 months ended December 2008.

It should be noted that subsequent to 31 December 2008 two large asset management clients have indicated they will withdraw a combined total of approximately R29 billion in assets. Whilst this represents a material impact on Group assets under management, the fee income generated by these clients is lower than the average fee resulting in a smaller impact on future profitability.

Investment income on shareholders' assets

The investment income earned on shareholders' assets increased 35% to R152 million. The conservative investment mandate, in which shareholders' assets are invested in cash or near cash instruments, provides protection to the earnings base during periods of market volatility. The increase in investment income resulted from a combination of higher average interest rates and higher levels of cash in shareholders' funds.

Marketing and administration expenses

Total marketing and administration expenses increased 14% to R1.6 billion. The main reasons for this increase include capacity building and system migration costs in the employee benefits and asset management businesses, the costs incurred in preparation for the take on of the administration of a large restricted medical scheme, and the health administration platform integration costs. The cost efficiencies flowing from the system integration initiatives in the healthcare and employee benefits businesses are expected to emerge during the next financial year.

CAPITAL MANAGEMENT

Momentum's Capital Adequacy Requirement ("CAR") increased to R4 523 million due to the negative impact of declining equity markets on smoothed bonus reserves and minimum maturity guarantees, and the inclusion of an allowance for operational and credit risk for the first time in line with guidance issued by the Actuarial Society of South Africa. The statutory surplus increased from R6 114 million at 30 June 2008, to R6 379 million at 31 December 2008. The CAR was therefore covered 1.4 times by the shareholders' capital at 31 December 2008, which is within the reformulated targeted range of 1.4 times to 1.6 times.

RESULTS OF THE EMBEDDED VALUE CALCULATION

The embedded value of Momentum decreased from R16 billion at 30 June 2008, to R15.1 billion at 31 December 2008. The strong underlying operational performance was counterbalanced by the negative impact of equity market weakness on the present value of future asset-based fees, the reduction in asset management subsidiary valuations due to lower profitability, and the changes to the embedded value calculation introduced by Professional Guidance Note (PGN) 107 issued by the Actuarial Society of South Africa. The analysis of the main components of the embedded value is reflected in the following table:

Embedded value

R million	At 31 Dec 2008	Proforma At 30 June[1] 2008	% change	Originally disclosed At 30 June 2008
Ordinary shareholders' net worth[2]	**7 355**	7 701	(4)	7 701
Net value of in-force insurance business	**7 766**	8 338	(7)	8 307
• Present value of future profits	**9 694**	9 931	(2)	9 271
• Cost of required capital	**(1 928)**	(1 593)	(21)	(964)
Embedded value attributable to ordinary shareholders	**15 121**	16 039	(6)	16 008

1. The company embedded value at 30 June 2008 has been restated to take account of the impact on the opening embedded value of the revised guidance note PGN107. The revised guidance note applies to Momentum's current financial year.
2. The decline in ordinary shareholders' net worth is largely due to the decline in directors' valuation of subsidiaries following the reduction in assets managed by the asset management subsidiaries.

The following table reflects a breakdown of the movement in the embedded value during the six months:

Embedded value movement

R million	Six months ended 31 Dec 2008
Embedded value at 1 July 2008 (proforma)	**16 039**
Embedded value loss	**(442)**
– Factors related to operational performance[1]	**1 163**
– Factors related to market conditions[2]	**(1 605)**
Dividends paid	**(476)**
Embedded value at 31 December 2008	**15 121**

1. Includes the value of new business, the expected return on in-force business and operating experience variations.
2. Includes the investment return on the adjusted net worth, investment variations and economic assumption changes.

The annualised return on embedded value amounts to –5.4% on the opening embedded value (after adjusting for the impact of the changes introduced by PGN107). The main reasons for the negative return are the decline in the directors' valuation of the asset management subsidiaries, the increase in the cost of required capital due to the increase in CAR, and the negative impact of weaker equity markets on future asset-based fee income.

The embedded value of new business increased 14% to R331 million, after adjusting the comparative value of new business to take account of the impact of PGN107 on a like-with-like basis. The new business margin of 2.2% increased from the margin of 2.1% for the previous period, mainly due to a favourable change in product mix.

GROUP ASSETS UNDER MANAGEMENT OR ADMINISTRATION

The Momentum Group managed or administered total assets of R321.9 billion at 31 December 2008 compared with R343.8 billion at 30 June 2008. The decline in assets was due to the exposure to the weaker equity markets during the six months, together with a net outflow of asset management funds. The following table provides an analysis of the assets managed or administered:

Assets under management or administration

R billion	At 31 Dec 2008	At 30 June 2008	% change
On balance sheet assets	**180.5**	183.9	(2)
Segregated third party funds	**101.7**	117.5	(13)
Collective investment scheme assets managed	**19.8**	22.1	(10)
Assets under management	**302.0**	323.5	(7)
Linked product assets under administration[1]	**19.9**	20.3	(2)
Total assets under management or administration	**321.9**	343.8	(6)

1. Excludes business written by Momentum Group's Linked Investment Service Provider on the life company's balance sheet, as these assets are reflected under on balance sheet assets above. Total linked product assets under administration amounted to R48 billion (June 2008: R49 billion).

Net flow of funds

The overall net outflow of funds declined from R13 billion for the six months ended 31 December 2007, to R9 billion for the current period. Retail and employee benefits net inflows remained positive at R0.6 billion and R0.9 billion respectively, mainly as a result of strong lump sum inflows, especially in unit trust products. The asset management net outflows reduced from R17.1 billion to R10.8 billion. Whilst there were no significant asset management client terminations during the six months, the member withdrawals from existing pension fund clients have increased significantly. Outflows in the international hedge fund business have also increased following the turmoil in international markets.

FIRSTRAND

FIRSTRAND CAPITAL

CAPITAL MANAGEMENT

Management aims to produce solid returns to the Group's shareholders while maintaining sound capital ratios and a strong credit rating – all against the backdrop of an efficient capital structure with limited excess.

The most optimal level of capital is achieved after taking into account business units' organic growth requirements – provided financial targets are met – as well as expectations of investors, considerations of rating agencies, targeted capital ratios, future business plans, issuance and buffers.

The Group's targeted return on invested shareholders' capital is 10% above the weighted average cost of capital and the Group constantly monitors whether this target is being met by the business units. In December 2008 the return on capital is below the targeted level. In June 2008 the board decided that it would not be appropriate to provide short or medium term targets, and unfortunately the continued financial uncertainty does not allow the reinstatement of those targets at this time. Instead the Group continues to operate within limits set for risk appetite, earnings volatility and variability in return on capital above weighted average cost of capital.

In the Banking Group the focus remains on core capital, or normalised net asset value, which it believes is the core of measuring strength, performance and capital requirements. Basel II was implemented at the beginning of 2008 and the effect of procyclicality resulting from this new standard is evident in the December 2008 capital ratios. As expected capital ratios have declined marginally during the downturn, we would expect an improvement in more benign times.

In June 2008 the targeted capital ratios for both FirstRand Bank Holdings Limited ("FRBH") and FirstRand Bank Limited ("FRB") were increased and the new levels have been achieved. FRBH targets a Tier 1 ratio of 10%, up from 9.25%, and well above the regulatory minimum of 7%. The actual Tier 1 ratio for FRBH was a very solid 11.08%. FRB is also above the new Tier 1 target of 9.5%, at 9.89%. Overall FRB and FRBH are appropriately capitalised under a range of normal and severe scenarios and stress events.

Although Momentum used to allow for operational and credit risk in the calculation of its economic capital requirement, the new statutory capital adequacy requirement ("CAR") now explicitly allows for these risks. Momentum reformulated its targeted capital level range from 1.4 times to 1.6 times CAR (based on the revised CAR formulae). This targeted capitalisation level satisfies the same risk appetite as the previous targeted range. Momentum's actual capital level at 31 December 2008 is at the lower end of the targeted range at 1.4 times. Momentum expects its actual capital level to be, on average, around the midpoint of the targeted range over the long term.

Key ratios of the Group are set out below:

	At 31 December		At 30 June
R million	**2008**	2007	2008
Capital adequacy			
Capital adequacy ratio: Banking Group	**13.0**	13.8	13.8
	Basel II	Basel I	Basel II
CAR cover: Momentum Group (Regulatory requirement: 1.0x)	**1.4**	2.0	2.2
Capital leverage ratio			
Core equity (%)	**74.1**	74.9	73.7
Non cumulative non redeemable preference shares (%)	**6.3**	7.2	6.4
Debt instruments (%)	**19.6**	17.9	19.9
	100.0	100.0	100.0

Dividends

The total capital plan includes a dividend policy, which is set in order to ensure sustainable dividend cover based on sustainable normalised earnings – after taking into account volatile earnings brought on by fair value accounting, anticipated earnings yield on capital employed, organic growth requirements and a safety margin for unexpected fluctuations in business plans. In the prevailing uncertain environment the Group would prefer to maintain capital ratios at the upper end of the band despite the effects of procyclicality tending to lower ratios in the credit down cycle.

FIRSTRAND BANKING GROUP

The six months under review

The core Tier 1 ratio has strengthened despite pressure on profitability during the period. As the credit cycle deteriorates, the procyclicality of capital introduced by Basel II is evident. Despite a decline in assets, the deteriorating credit conditions led to an increase in Risk Weighted Assets ("RWA") in the Bank and hence capital usage. This is further amplified in the capital ratios through the inclusion of the expected loss over eligible provisions impairment. This is effectively a forward looking provision for credit losses carried in capital (split 50:50 between Tier I and Tier 2). The expected loss over eligible provisions impairment has increased to R2.1 billion at 31 December 2008.

A decision was taken on 17 November 2008 by the FRBH board to early exercise the option to convert the FRB1999 debentures to ordinary shares. The original conversion was set for June 2009. This conversion improved the Tier 1 ratio for FRB, and reduced the Tier 2 ratio, therefore neutral on FRB's total capital adequacy.

Although access to debt markets continues, the current pricing of Tier 2 instruments is unattractive and no new instruments were issued during the period.

Capital adequacy ratios

The registered banks in FRBH must comply with the SARB regulations and those of their home regulators. Capital adequacy is measured via three risk based ratios; Core Tier 1 capital, Tier 1 capital and Total capital.

The Banks Act requires FRBH to maintain a minimum level of capital based on its risk weighted assets. These minimum requirements are a Tier 1 capital ratio of 7.0% and a Total capital ratio of 9.5% (excluding the Pillar 2b add on). FRBH and FRB have always held Tier 1 capital and Total capital well in excess of these required ratios.

The next table shows the composition of regulatory capital for FRBH and FRB at 31 December 2008.

Composition of regulatory capital

	At 31 December 2008	
R million	FRBH	FRB*
Tier 1		
Ordinary share capital and share premium	5 672	10 294
Minority interest	1 930	–
Non redeemable non cumulative preference shares	3 100	3 000
Reserves	32 536	18 123
Less: Total impairments	(3 230)	(1 741)
Excess of expected loss over eligible provisions (50%)	(1 055)	(1 055)
First loss credit enhancements in respect of securitisation structures (50%)	(262)	(13)
Goodwill and other intangible assets	(1 146)	(150)
Other impairments	(767)	(523)
Total Tier 1 capital	**40 008**	**29 676**

	At 31 December 2008	
R million	FRBH	FRB*
Tier 2		
Upper Tier 2 instruments	1 068	1 068
Tier 2 subordinated debt instruments	6 911	6 055
Other reserves	160	–
Less: Total impairments	(1 317)	(1 068)
Excess of expected loss over eligible provisions (50%)	(1 055)	(1 055)
First loss credit enhancement provided in respect of securitisation scheme (50%)	(262)	(13)
Total Tier 2 capital	**6 822**	**6 055**
Total qualifying capital and reserves	**46 830**	**35 731**

Risk weighted assets by risk type

	At 31 December 2008	
R million	FRBH	FRB*
Credit risk	245 336	211 196
Operational risk	61 696	47 435
Market risk	12 689	6 272
Equity investment risk	24 624	20 609
Other risk	16 840	14 513
Total risk weighted assets	**361 185**	**300 025**

* *Reflects solo supervision, ie FRB excluding branches, subsidiaries and associates.*

Under Basel II, risk weighted assets for each risk type is calculated as follows:

Risk type	FRB	Other regulated entities
Credit risk	Advanced Internal Ratings Based approach	Standardised approach
Operational risk*	Standardised approach	Standardised approach
Market risk	Internal model approach	Standardised approach

* *Approval for the Advanced Measurement approach has been obtained from the SARB, with implementation expected in March 2009.*

Targeted ratios

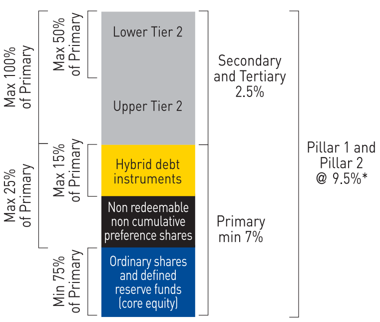
The total capital adequacy ratios for FRBH and FRB are within the target range as shown below. The Core Tier 1 ratios exceeded the respective targets. FRBH and FRB aim to remain within the targeted range during upturns and downturns.

	At 31 December 2008				
	FRBH		FRB**		
%	Actual	Target	Actual	Target	Regulatory minimum
Capital adequacy ratio	12.97	12.0 –13.5	11.91	11.5 – 13.0	9.50*
Tier 1 ratio	11.08	10.00	9.89	9.50	7.00
Core Tier 1 ratio	10.22	8.25	8.89	7.75	5.25
Perpetual preference shares as a % of Tier 1	7.75		10.11		<25
Tier 2 subordinated debt as % of Tier 1	17.27		20.40		<50

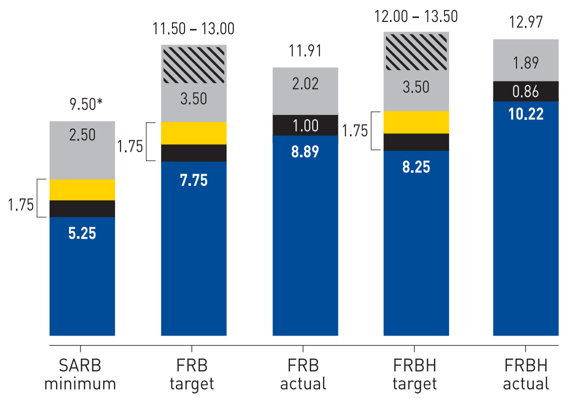
* *The regulatory minimum excludes bank specific (Pillar 2b) add on.*
** *Ratios above exclude the unappropriated profits of R951 million for FRB on 31 December 2008.*

The graphs below depict the current capital adequacy position:

Minimum capital adequacy



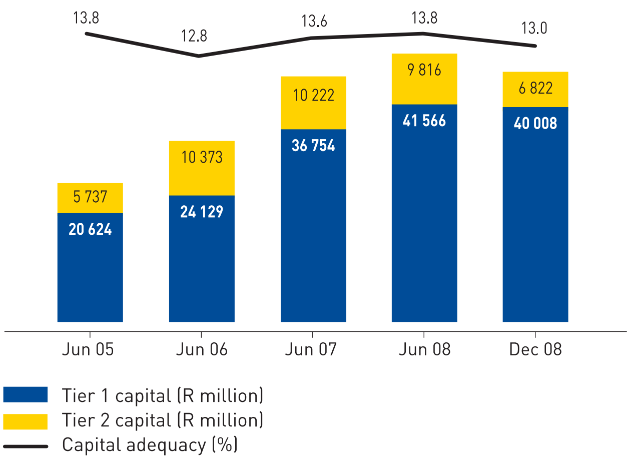
Capital adequacy
(%)



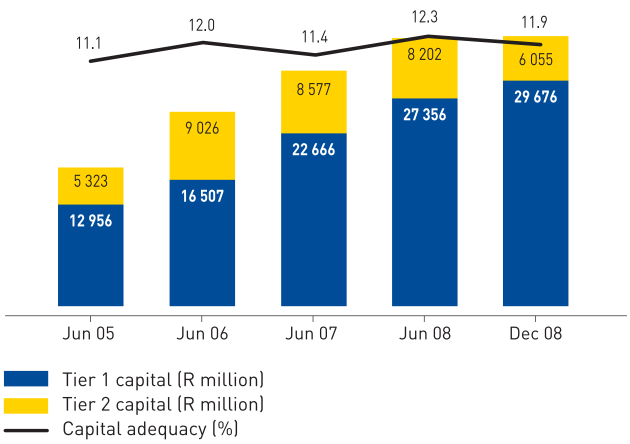
* *Excludes bank specific (Pillar 2b) add on.*

The graphs below indicate the regulatory capital position of FRBH and FRB*:

FRBH



FRB



* *June 2007 and prior years reflect Basel I, while June and December 2008 are based on Basel II.*

The capital adequacy position of FRBH and its subsidiaries is set out below:

	At 31 December 2008	
R million	Risk weighted assets	Capital adequacy %
Basel II		
FRBH	361 185	12.97
FirstRand Bank Limited (South Africa)	300 025	11.91
FirstRand Bank UK (London Branch)	2 323	18.53
FirstRand (Ireland) PLC	14 231	18.31
RMB Australia Holdings Limited	5 673	15.78
Basel I		
FNB (Botswana) Limited	6 366	15.90
FNB (Namibia) Limited	8 050	19.62
FNB (Lesotho) Limited	174	16.10
FNB (Swaziland) Limited	974	23.26
FNB (Moçambique) S.A.	434	18.08

* *Entities operating under Basel II are subject to a minimum capital requirement of 9.5% (excluding the Pillar 2b add on). The Africa subsidiaries currently report under Basel I. These entities also report under Basel II and are included on this basis for the consolidated position of FRBH.*

Economic capital

Economic capital is defined as the capital which the Banking Group must hold, commensurate with its risk profile under severe stress conditions, to give comfort to third party stakeholders, shareholders, counterparties and depositors, rating agencies and regulators, that it will be able to discharge its obligations to third parties in accordance with an indicated degree of certainty even under stress conditions, and would continue to operate as a going concern entity. The adequacy of the capital base is assessed via economic capital review. The Banking Group remains well capitalised with current levels of qualifying capital exceeding the economic capital required.

Capital is allocated to business units at the higher of:

- regulatory capital; and
- economic capital.

Both measures include an appropriate buffer.

The Banking Group's internal capital adequacy assessment process ("ICAAP") framework assists in the attribution of capital to business units in proportion to the risks inherent in their respective businesses, which also drives the optimisation of returns in terms of risk and reward.

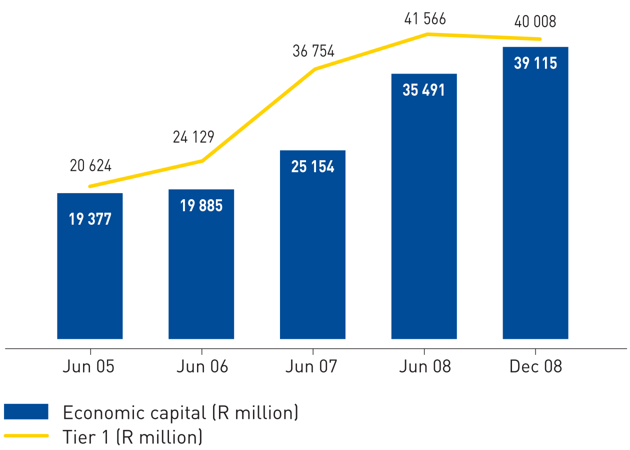
The framework also serves to consistently measure and align economic capital with the underlying risks associated with the activities of each business unit. The capital attribution methodologies involve a number of assumptions and estimates that are revised periodically. Any changes to these factors directly impact other measures such as business units return on average equity and economic profit, or net income after capital charge ("NIACC").

The economic capital allocation methodology is broadly based on the advanced approaches followed under Basel II and takes into account the following risk types (Pillar 1 and Pillar 2):

- Credit risk – the risk of loss due to non performance of a counterparty in respect of any financial or performance obligation due to a deterioration in the financial status of the counterparty;
- Traded market risk – the risk of loss on trading instruments and portfolios due to changes in market prices and rates;
- Equity investment risk – the risk associated with the buying and holding of unlisted and listed shares;
- Operational risk – the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events;
- Interest rate risk in the banking book – the risk of changes in the economic value of assets and liabilities due to changes in interest rates; and
- Business and other residual risks – the risk of loss due to variances in volumes, prices and costs caused by competitive forces, regulatory changes, reputation and strategic risks.

The Banking Group has consistently backed all economic risk with equity and innovative primary capital instruments, or Tier 1 capital.

Economic capital



RETURN ON EQUITY AND ECONOMIC PROFIT

Return on Equity ("ROE")

The return on equity for the Banking Group is 18% compared to the prior period of 27%.

Analysis of shareholders' equity and reserves

Total shareholders' equity and reserves (excluding minority interests) per the Banking Group balance sheet totalled R45 623 million as at 31 December 2008 (2007: R39 335 million). The average ordinary shareholders' equity and reserves for the period amounted to R44 755 million (2007: R37 731 million).

Segmental ROE

For purposes of segmental ROE reporting, ordinary shareholders' funds have been attributed to segments based on actual ordinary shareholders' funds utilised by divisions and separate legal entities. Ordinary shareholders' funds represent net asset value. This method of allocation has been changed, in the prior year only economic capital was allocated in the segmental ROE calculations and excess net asset value ("NAV") was carried at the centre in Group Support. Prior year ROEs have been restated to reflect this change and are based on actual NAV utilisation.

The tables below provide a summary of the ROE numbers for the main segments based on normalised earnings:

	Six months ended 31 December	
R million	**Normalised earnings[1] 2008**	**ROE % 2008**
FNB	**2 113**	**28**
FNB Africa	**320**	**34**
RMB	**1 401**	**20**
WesBank	**160**	**7**
Group Support	**2**	
Total	**3 996**	**18**

	Six months ended 31 December	
R million	Normalised earnings[1] 2007	ROE % 2007
FNB	2 566	35
FNB Africa	249	32
RMB	1 829	32
WesBank	452	19
Group Support	58	
Total	5 154	27

1. Normalised earnings include the net income on capital earned by the respective divisions less Group Support Centre costs and the cost of preference shares.

The allocation of the legal entities' ordinary shareholders' funds 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.

Economic profit, or Net income after capital charge ("NIACC")

Many banks use a risk reward methodology to actively manage their portfolios of investments or activities, and for performance evaluation. At FirstRand, NIACC – a derivative from Economic Profit – is a performance measure that has been in place since July 2005.

Economic profit and risk adjusted performance measurement principles have been embedded in the management culture of the organisation through economic profit contribution measurement. Economic profit is a function of the normalised earnings and capital utilised in the businesses.

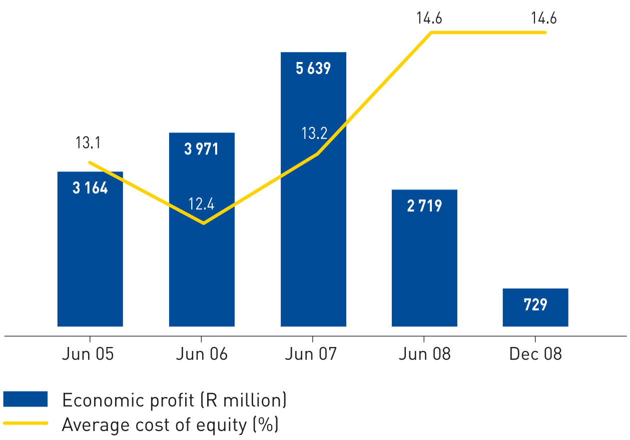
Economic profit = normalised earnings – (cost of equity x average ordinary shareholders' equity and reserves)

	Six months ended 31 December		Year ended 30 June
R million	**2008**	2007	2008
Normalised earnings	**4 149**	5 283	8 814
Preference dividends	**(153)**	(129)	(273)
Normalised earnings attributable to ordinary shareholders	**3 996**	5 154	8 541
Charge for capital*	**(3 267)**	(2 635)	(5 822)
Net economic profit	**729**	2 519	2 719
Average ordinary shareholders' equity	**44 755**	37 731	40 006
Return on average ordinary shareholders' equity (%)	**17.9**	27.3	21.3

** The capital charge is based on an average cost of equity of 14.6% (2007:14.0%).*

The graph below indicates the growth in economic profit and the internally estimated cost of equity of the Banking Group:

Net economic profit



For the period under review the Banking Group added economic value, albeit at a lower level than the prior year.

MOMENTUM

Capital

Investment mandate for the shareholders' portfolio

Momentum supports its regulatory Capital Adequacy Requirement ("CAR") with cash assets, while the balance of the shareholders' assets is invested in a combination of strategic investments and interest bearing assets. RMB Asset Management manages the discretionary cash, held by the shareholders' portfolio, according to a conservative investment mandate.

Capital position

Momentum previously targeted an economic capitalisation level range of 1.7 – 1.9 times CAR. During 2008, the Actuarial Society of South Africa ("ASSA") issued revised professional guidance for the calculation of the regulatory minimum capital adequacy requirement. The revised CAR formulae apply to Momentum for the first time on 31 December 2008. The revised CAR formulae explicitly allow for credit and operational risk. ASSA has also revised the professional guidance for the quantification of the capital required in respect of minimum investment return guarantees. In the past, Momentum allowed for these risks in its targeted economic capitalisation level.

Given that the revised CAR formulae now explicitly allow for operational and credit risks, Momentum had to reformulate the format in which it expresses its targeted economic capitalisation level. Under the new CAR formulae, the reformulated targeted economic capitalisation level range reduced to 1.4 – 1.6 times CAR. This targeted capitalisation level satisfies the same risk appetite as the previous targeted range.

At 31 December 2008, Momentum's CAR was covered 1.4 times by the excess of assets over liabilities (on the statutory valuation basis).

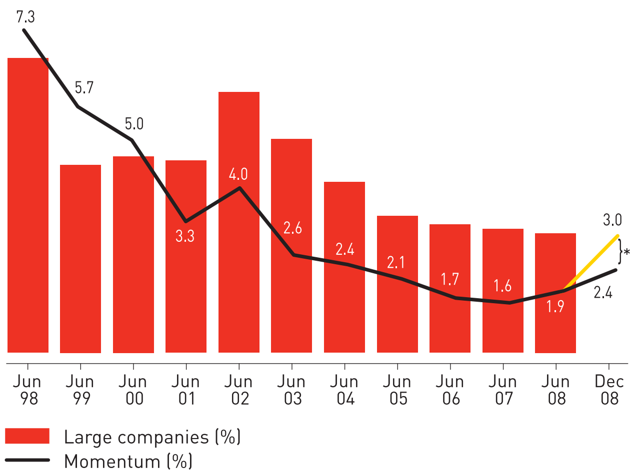
R million	At 31 December **2008**	At 30 June 2008 Post dividend	At 30 June 2008 Pre dividend
Statutory excess over liabilities	**6 379**	5 613	6 114
CAR	**4 523**	2 826	2 826
CAR cover (times)	**1.4**	2.0	2.2

The capital position at 31 December 2008 is within the new targeted range.

Capital efficiency

The graph below illustrates the improvements in Momentum's capital efficiency over the past number of years, as well as the impact of the revised CAR formulae at 31 December 2008. The capital efficiency is measured by expressing CAR as a percentage of Momentum's total policyholder liabilities. The results for the large companies at 31 December 2008 were not yet available at the time of writing.

Improvements in Momentum's capital efficiency (CAR as % of total policyholder liabilities)



* *Impact of revised guidelines.*

The comparison in the graph above illustrates that, historically, Momentum's insurance business tended to be less capital intensive than the average of the large South African life insurance companies.

The reduction in the CAR (as a percentage of liabilities), from 1998 to 2007 mainly resulted from a more capital-efficient liability mix, as well as the positive impact of good investment performance. The increase in the ratio in 2008 was due to a reduction in policyholder bonus stabilisation accounts (given recent equity market weakness), as well as the increased capital requirement for minimum benefits under certain products, in line with regulations that followed the Statement of Intent.

The introduction of the revised CAR formulae at 31 December 2008 has increased the absolute level of CAR, which will increase the ratio of CAR as a percentage of liabilities going forward. It is therefore not relevant to compare the ratio at 31 December 2008 to the historical ratios.

At 31 December 2008, the CAR as a percentage of liabilities amounted to 3.0%. Under the previous CAR formulae, the CAR as a percentage of liabilities, at 31 December 2008, would have amounted to 2.4% (as shown in the graph on the previous page). The increase in the ratio over the six months ended 31 December 2008 was mainly due to the increase in the capital held in respect of minimum investment guarantees as well as a reduction in bonus stabilisation accounts.

Composition of regulatory capital

The Financial Services Board ("FSB") has not formally limited the extent to which South African life insurance companies can gear their balance sheets. In line with FirstRand's guidance, Momentum believes that it is appropriate to operate on a debt to total regulatory capital ratio of below 30%. The table below analyses the sources of total qualifying regulatory capital utilised by Momentum as at 31 December 2008.

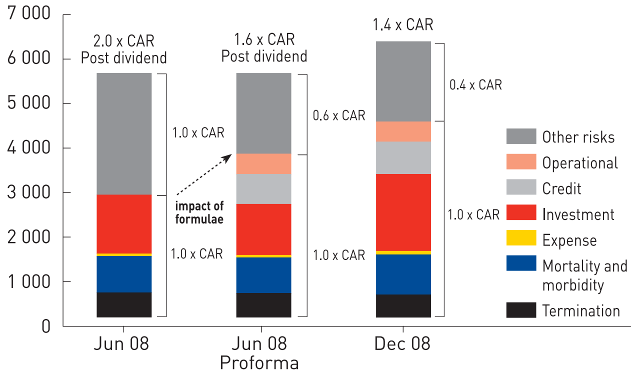
Regulatory capital

R million	Dec 2008	%	June 2008[2]	%
Tier 1	5 343	84	4 577	82
– Core Tier 1 (ie equity capital)	4 843	76	4 077	73
– Non redeemable preference shares	500	8	500	9
Subordinated qualifying bond[1]	1 036	16	1 036	18
Qualifying statutory capital	6 379	100	5 613	100

1. This gearing level is within the limit of 30%.
2. Post dividend.

Composition of economic capital

The bar chart below sets out how the main risks contribute to Momentum's total economic capital requirement.



The position at 30 June 2008 represents the contribution of the main risks to Momentum's total economic capital requirement after the payment of the October 2008 dividend, based on the old CAR formulae. The 30 June 2008 proforma numbers are based on the 30 June 2008 post dividend position, but restating CAR based on the revised CAR formulae. The increase in the absolute value of CAR is evident from the graph. Applying the revised CAR formulae, Momentum's CAR cover at 30 June 2008 would have amounted to 1.6 times CAR post dividend (as opposed to 2.0 times CAR post dividend under the previous CAR formulae).

At 31 December 2008, Momentum's CAR cover amounted to 1.4 times CAR (based on the revised CAR formulae). The decrease in the CAR cover from 30 June 2008 (proforma) to 31 December 2008 is mainly the result of a reduction in policyholder bonus stabilisation accounts (given the equity market weakness over this period), as well as an increase in the capital required in respect of minimum investment return guarantees.

Return on equity

The active management of Momentum's capital plays an important role to achieve the targeted return on capital set by FirstRand Limited. The annualised return on equity ("ROE") for the six months ended 31 December 2008 amounted to 22.6% (based on normalised earnings), compared to 30.8% in the comparative period. The decrease in the ROE is mainly due to the impact of the adverse market conditions experienced during the period under review.

CREDIT RATINGS

FRB

	Foreign currency			National	
	Short term	Long term	Outlook	Short term	Long term
S&P	A-2	BBB+	Negative	–	–
Moody's	P-2	Baa1	Stable	P-1.za	Aa1.za
Fitch Ratings	F2	BBB+	Negative	F1+(zaf)	AA(zaf)

FRBH

	Foreign currency			National	
	Short term	Long term	Outlook	Short term	Long term
S&P	A-2	BBB	Negative	–	–
Fitch Ratings	F3	BBB	Negative	F1+(zaf)	AA-(zaf)

The credit ratings for FRB and FRBH reflect a 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.

Summary of rating actions during the period under review:

- On 19 September 2008, Fitch Ratings downgraded the ratings on FRB and FRBH by one notch to BBB+ and BBB, respectively. The downgrade reflected the deteriorating macro economic environment and worsening credit conditions in South Africa and the resultant negative impact on profitability by higher impairment charges on the back of increased non performing loans (NPLs). Fitch also cited the equity trading losses incurred by the Investment Banking division during the financial year ended 30 June 2008.
- On 6 November 2008, Standard & Poor's Ratings Services ("S&P") revised its outlook on the local currency long term counterparty ratings on FRB, and its outlooks on the local and foreign currency long term ratings on FRBH to stable from positive. S&P said the outlook revisions reflected the more challenging operating environment, which had led to increased asset quality pressure, constraining profitability, which, in turn, constrained near term upward rating potential.
- On 12 November 2008, S&P revised its outlooks on FRB and FRBH to negative from stable following a similar rating action on the South African sovereign the day before. S&P indicated that the outlook revision followed the rating action on the sovereign and reflected the increasing short term macro economic challenges, including pressure on credit, market, and currency risks in the Republic of South Africa.
- On 8 December 2008, Fitch Ratings revised the outlooks for FRB and FRBH to negative from stable. The outlook revisions followed a trading statement issued by FirstRand, outlining the negative earnings impact of the ongoing deterioration in South Africa's macro economic environment and worsening credit conditions which had led to higher impairment charges and impacted profitability. Fitch indicated that it expected the operating environment to continue to weaken and noted that performance had also been affected by additional once off losses.
- On 9 December 2008, Moody's Investors Service changed the outlook on the Bank Financial Strength Rating ("BFSR") to C and the A1 long term local currency deposit ratings of FRB to stable from positive. Moody's said that given the challenging market conditions, the likelihood of an upgrade in these ratings was low over the foreseeable future.

The long term foreign currency ratings assigned to FRB by all three major ratings agencies are the same as South Africa's sovereign rating, which is investment grade.

Momentum Group Limited credit ratings

	National long term rating	National insurer financial strength rating	Outlook
Fitch Ratings	AA(zaf)	AA+(zaf)	Stable

The ratings reflect Momentum's well established and strong business position in South Africa, and the strength and diversity of its distribution network.

Momentum's ratings and outlook remained unchanged during the period under review.

FIRSTRAND
Banking Group

FIRSTRAND BANKING GROUP

Credit Portfolio Management

The section below provides detail on the advances, credit impairments, non performing loans ("NPLs") and coverage ratios for the retail and corporate segments as well as detailed product level information and commentary.

FirstRand Banking Group ("the Banking Group") has shown a sharp reduction in loan growth over the past six months. This is due to a number of measured strategic actions taken on the credit portfolio to enhance the risk return characteristics of some portfolios and to reduce potential earnings volatility contributed by bad debts. These actions include:

- a deliberate reduction of international lending exposures as part of a broader capital and liquidity preservation strategy in the international activities;
- a targeted portfolio management strategy in selected retail segments to reposition the portfolio in order to optimise the risk reward relationship and reduce earnings volatility from new business production. For example, at a product level, the expected property downturn required tightening of collateral requirements in the residential mortgage lending portfolios; and
- implementation of improved netting arrangements in corporate loans as a risk mitigation measure and selective reduction in activity in certain high risk subsegments such as leveraged finance and Euroloans positions in RMB.

ADVANCES

R million	At 31 December 2008	At 31 December 2007	% change	At 30 June 2008
Retail	**278 542**	271 373	3	278 545
Residential mortgages	**146 767**	135 718	8	144 476
Credit Card	**12 273**	12 386	(1)	12 516
Vehicle and asset finance	**92 060**	98 804	(7)	95 881
Other Retail	**27 442**	24 465	12	25 672
Corporate/wholesale	**158 175**	154 712	2	170 124
Corporate and Commercial	**32 649**	37 516	(13)	39 533
Investment banking	**125 526**	117 196	7	130 591
Group and other	**5 169**	10 639	(51)	7 870
Gross advances	**441 886**	436 724	1	456 539

The current market conditions have resulted in an increase of the NPLs balances and the resultant credit impairment charges. The NPL % increased from 2.9% at June 2008 to 4.2%. The annualised credit impairment charge for the six months ended 31 December 2008 was 1.64% (December 2007: 0.97% before credit insurance). The high level of NPLs and credit impairments are largely due to the Retail credit portfolios, however, increases in default levels in the FNB Commercial (SME) portfolios have been noted. The FNB Commercial NPL % increased from 1.82% to 3.63% at 31 December 2008. The wholesale impairments are largely due to the Australian property portfolio and the Dealstream default in RMB. The Dealstream impairment charge was R219 million.

The table below provides the portfolio and specific impairment charges in the income statement:

R million	Six months ended 31 December 2008	Six months ended 31 December 2007	% change	Year ended 30 June 2008
Portfolio impairment charge	**(77)**	362	(>100)	794
Specific impairment charge	**3 770**	1 653	>100	4 664
Total impairment charge before credit insurance	**3 693**	2 015	83	5 458
Credit insurance benefit	**–**	(390)	(100)	(394)
Impairment charge	**3 693**	1 625	>100	5 064

The reduction in portfolio impairments was primarily due to the release of some of the NCA and interest overlay portfolio impairments. The recognition of these NCA related impacts has now been incorporated into the underlying impairments of accounts in NPL under the NCA process. For interest rate impairments, the impact of the interest rate increases, for which the impairment was raised initially, have now incurred at account level and have been incorporated into the related specific impairments.

BAD DEBTS (as a percentage of average advances)

%	Six months ended 31 December 2008	2007	% change	Year ended 30 June 2008	Six months ended June 2008
Retail	**2.41**	1.39	73	1.84	2.21
Residential mortgages	**1.48**	0.42	>100	0.84	1.21
Credit Card	**9.76**	9.16	7	8.87	8.47
Vehicle and asset finance	**2.22**	1.21	84	1.73	2.18
Other Retail	**4.75**	3.43	38	4.17	4.85
Corporate/wholesale	**0.66**	0.33	100	0.34	0.34
Corporate and Commercial	**1.12**	0.80	40	0.80	0.78
Investment banking	**0.52**	0.17	>100	0.19	0.20
Group and other	**(6.32)**	(7.63)	(17)	(3.17)	2.53
Total after credit insurance	**1.64**	0.78	>100	1.19	1.54
Total before credit insurance	**1.64**	0.97	69	1.28	

Note: The six months June 2008 impairment charge is calculated by annualising the impairment charge for the six month period January 2008 to June 2008.

NPLs (as a percentage of advances)

%	At 31 December 2008	2007	% change	At 30 June 2008
Retail	**5.74**	2.59	>100	4.15
Residential mortgages	**6.79**	2.18	>100	4.11
Credit Card	**13.24**	9.49	40	11.84
Vehicle and asset finance	**3.39**	2.02	68	3.16
Other Retail	**4.70**	3.71	27	4.28
Corporate/wholesale	**1.61**	0.68	>100	0.89
Corporate and Commercial	**3.26**	1.47	>100	1.65
Investment banking	**1.18**	0.43	>100	0.66
Group and other	**1.30**	(3.66)	(>100)	0.60
Total	**4.21**	1.76	>100	2.87

The Banking Group currently has an immaterial number of repossessed properties as this is not the preferred workout strategy. In the asset finance business, repossession and stock holding levels have come off their peaks of six months ago, the reducing trend (although gradual) is likely to continue into the future if the economic environment eases.

The Banking Group regularly reviews the coverage ratios to ascertain market conditions as well as recent and expected recoveries on non performing assets. The Banking Group believes the NPL coverage ratio of 34.3% (June 2008: 39.0%) is adequate. The decrease noted in the Banking Group's coverage ratio is acceptable as it is a result of the higher proportion of secured lending in the NPL composition (especially increased proportion of mortgage advances). This is illustrated in the NPL distribution graph.

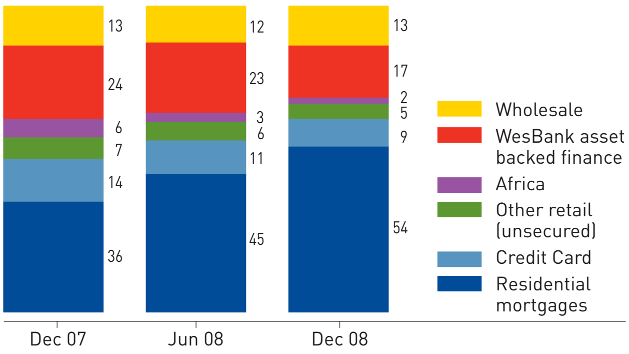
COVERAGE RATIOS

	At 31 December			At 30 June
	2008	2007	% change	2008
Retail	32.7	41.8	(22)	36.2
Residential mortgages	**19.7**	20.5	(4)	19.9
Credit Card	**71.7**	73.7	(3)	71.5
Vehicle and asset finance	**37.7**	39.5	(5)	38.8
Other Retail	**71.7**	74.6	(4)	69.9
Corporate/wholesale	45.7	71.2	(36)	53.3
Corporate and Commercial	**46.8**	68.2	(31)	63.2
Investment banking	**43.7**	80.1	(45)	38.7
Group and other	162.7	(10)	(>100)	319.1
Accrual book NPL coverage ratios	34.4	47.5	(28)	38.8
Fair value NPL coverage ratios	31.4	46.8	(33)	46.7
Total NPL coverage ratios[1]	34.3	47.4	(28)	39.0
Total impairment coverage ratios[2]	53.0	81.3	(35)	65.0

1. Specific impairment as a percentage of NPL (including fair value adjustments and NPLs).
2. Total impairments and fair value adjustments as a percentage of NPL.

The graph below provides the NPL distribution across products showing an increase in the secured (especially residential mortgages) portfolios:

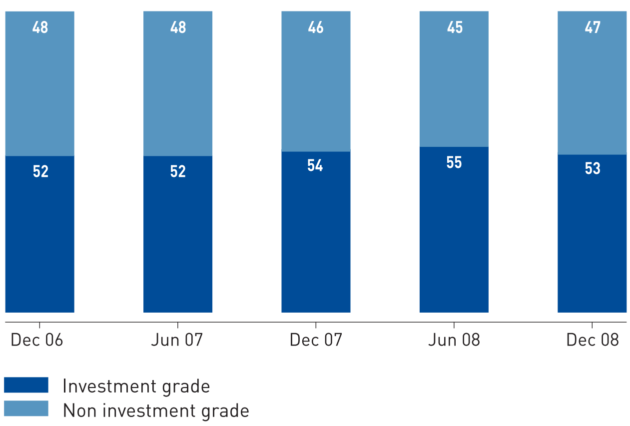
NPL distribution
(%)



The credit quality of the wholesale (corporate) credit book remained stable around FR 30 (BB+) (December 2007: FR 33). The exposure to investment grade counterparties amounted to 53% (December 2007: 54%). The weighted average rating for retail credit counterparties deteriorated due to the current market conditions. The overall internal counterparty rating, ignoring collateral effects, was FR 48 at 31 December 2008 (FR 48 at 31 December 2007). The rating is equivalent to a national scale credit rating of zaBB (December 2007: zaBB).

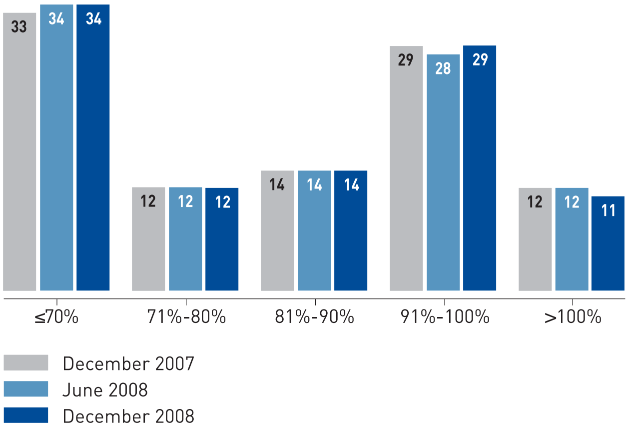
The graph below provides the corporate ratings distribution between investment grade and non investment grade over time:

% Corporate exposures – investment and non investment grade

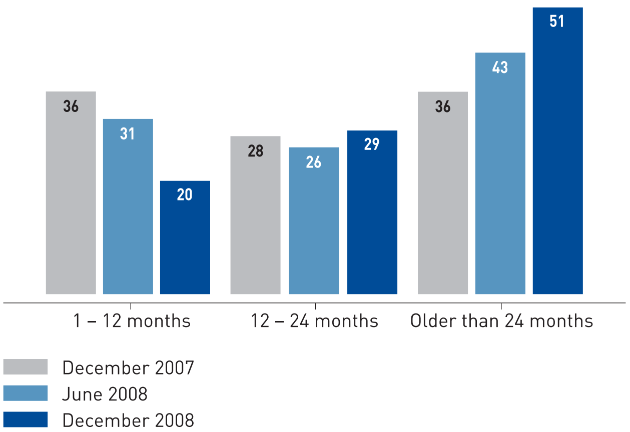


The graphs below provide the balance to value ("BTV") distribution for the residential mortgages over time as well as the age of the residential mortgages portfolios.

Residential mortgages BTV
(%)



Residential mortgages age distribution
(%)



The improvement in the residential mortgages age distribution is a direct result of the reduction in new loans written during the 2008 calendar year, especially the last six months due to the credit and pricing policies followed.

Due to the expectation that the deteriorating consumer credit cycle will migrate to the corporate sector, high risk industries have been identified and are closely monitored. These high risk industries are also used in the assessment of new business to avoid unnecessary increases in the credit risk profile. A similar process has been followed for higher risk transaction types (eg leveraged finance, underwriting or share cover deals).

In addition to these portfolio management actions, the Banking Group has further responded to increased risk and defaults by:

- increased monitoring of arrears accounts and credit lead indicators to identify potential areas of higher risk;
- increased collection capabilities and capacity, including the advancement of technology to assist in collection processes. Defined strategies in terms of preferred workout processes; and
- increased portfolio impairments for FNB Corporate and cumulative credit adjustments in RMB's fair value book (increase of 87% from December 2007 to December 2008). The Group's balance sheet portfolio impairment as a percentage of the accrual performing book increased from 0.60% at 31 December 2007 to 0.76% at 31 December 2008.

EXPECTATIONS

The arrears levels in the residential mortgages, credit card and retail instalment finance portfolios have shown an improvement in the recent months. The arrears levels are constantly monitored and appropriate action is taken on trends identified.

The expectation of interest rate decreases in the coming year will positively impact the credit portfolios, however, such positive impact will not be immediate. As pressure on consumers' cash flow levels eases, the arrears and non performing loans will improve over time, but concerns remain on the impact of the downturn on property prices, job losses and the corporate sector.

The section below contains detailed information on the credit impairments, non performing loans and advances:

CREDIT IMPAIRMENTS

The tables below provide analysis of the credit impairment charges for the six months under review:

INCOME STATEMENT IMPAIRMENTS

	December 2008		
R million/%	Advances	Total impairment charge	As % of average advances
FNB	202 302	2 105	2.05
FNB Retail	165 214	2 004	2.44
Residential mortgages	146 767	1 080	1.48
– FNB HomeLoans (Consumer segment)	112 419	1 004	1.78
– Wealth	30 085	62	0.43
– Affordable Housing (Mass segment)	4 263	14	0.69
Credit Card	12 273	605	9.76
Personal banking	3 474	168	9.52
Mass (Secured and unsecured)	2 700	151	12.16
FNB Commercial	25 379	150	1.21
FNB Corporate Banking	7 270	53	0.93
FNB Other	4 439	(102)	(4.20)
WesBank	96 024	1 307	2.67
WesBank asset backed finance	92 060	1 045	2.22
– WesBank Retail	56 065	855	2.96
– WesBank Business and Corporate	31 660	114	0.72
– WesBank International	4 335	76	3.38
WesBank loans	3 964	262	13.05
RMB	125 526	335	0.52
FNB Africa	17 304	50	0.60
Group Support	730	(104)	(12.55)
Total	441 886	3 693	1.64

Note: The six months to June 2008 impairment charge is calculated by annualising the impairment charge for the six month period January 2008 to June 2008.

December 2007			June 2008			June 2008
Advances	Total impairment charge	As % of average advances	Advances	Total impairment charge	As % of average advances	(Impairment charge for six months) as % of average advances
197 973	1 168	1.24	207 658	3 004	1.55	1.81
153 818	1 018	1.39	162 841	2 688	1.78	2.11
135 718	271	0.42	144 476	1 122	0.84	1.21
107 790	224	0.44	113 092	1 014	0.96	1.43
24 357	45	0.39	27 528	88	0.36	0.33
3 571	2	0.14	3 856	20	0.68	0.97
12 386	557	9.16	12 516	1 084	8.87	8.47
3 582	134	7.37	3 582	312	8.58	9.94
2 132	56	5.65	2 267	170	8.30	10.37
21 662	107	1.02	24 109	201	0.91	0.82
15 854	34	0.47	15 424	91	0.64	0.73
6 639	9	0.24	5 284	24	0.36	0.50
102 891	748	1.49	99 949	2 072	2.09	2.61
98 804	584	1.21	95 881	1 643	1.73	2.18
62 071	500	1.64	59 654	1 342	2.24	2.77
30 199	48	0.33	31 573	175	0.59	0.82
6 534	36	1.11	4 654	126	2.28	3.22
4 087	164	8.06	4 068	429	10.57	13.00
117 196	95	0.17	130 591	221	0.19	0.20
14 664	54	0.77	15 755	105	0.72	0.67
4 000	(440)	(22.47)	2 586	(338)	(10.53)	6.19
436 724	1 625	0.78	456 539	5 064	1.19	1.54

NON PERFORMING LOANS AND COVERAGE RATIOS

	December 2008		
R million	Accrual	Fair value	Total
Advances	340 908	100 978	441 886
Non performing loans	17 728	884	18 612
Security and recoverables	11 626	606	12 232
Residual risk	6 102	278	6 380
Specific impairments	6 102		6 102
Portfolio impairments	2 441		2 441
Cumulative credit impairments on non performing fair value advances		278	278
Cumulative credit impairments on performing fair value advances		1 038	1 038
Total impairments/credit adjustments	8 543	1 316	9 859
NPL %	5.2	0.9	4.2
NPL coverage ratio			34.3
– Accrual NPLs	34.4		
– Fair value NPLs		31.4	
Total impairments and fair value adjustments as a % of NPL			53.0
Total impairment as % of NPL (accrual)	48.2		
Total impairments and fair value adjustments as a % of NPL (fair value)		148.9	

	December 2007			June 2008		
	Accrual	Fair value	Total	Accrual	Fair value	Total
	347 165	89 559	436 724	353 982	102 557	456 539
	7 382	314	7 696	12 686	418	13 104
	3 879	167	4 046	7 768	223	7 991
	3 503	147	3 650	4 918	195	5 113
	3 503		3 503	4 918		4 918
	2 054		2 054	2 465		2 465
		147	147		195	195
		555	555		944	944
	5 557	702	6 259	7 383	1 139	8 522
	2.1	0.4	1.8	3.6	0.4	2.9
			47.4			39.0
	47.5			38.8		
		46.8			46.7	
			81.3			65.0
	75.3			58.2		
		223.6			272.5	

NON PERFORMING LOANS

	NPL as % of advances		
	At 31 December		At 30 June
%/R million	**2008**	2007	2008
FNB	**6.61**	2.59	4.16
FNB Retail	**7.45**	2.97	4.90
Residential mortgages	**6.79**	2.18	4.11
– FNB HomeLoans (Consumer segment)	**7.83**	2.28	4.58
– Wealth	**3.28**	1.63	2.18
– Affordable Housing (Mass segment)	**4.06**	2.80	3.81
Credit Card	**13.24**	9.49	11.84
Personal banking	**9.99**	5.36	7.57
Mass (Secured and unsecured)	**13.67**	11.96	12.88
FNB Commercial	**3.63**	1.82	2.12
FNB Corporate Banking	**1.99**	1.00	0.91
FNB Other	**–**	–	–
WesBank	**3.45**	2.03	3.18
WesBank asset backed finance	**3.39**	2.02	3.16
– WesBank Retail	**4.15**	2.73	3.77
– WesBank Business and Corporate	**2.30**	0.40	2.33
– WesBank International	**1.61**	2.79	1.12
WesBank loans	**4.72**	2.20	3.64
RMB accrual NPL	**2.42**	0.67	1.57
FNB Africa	**2.24**	2.53	2.47
Group Support	**9.18**	(9.73)	1.82
Total accrual NPL	**5.20**	2.13	3.58
RMB fair value NPL*	**0.88**	0.35	0.41
Total NPL	**4.21**	1.76	2.87

** Specific impairment column shows the cumulative credit adjustments on non performing fair value loans.*

Non performing loans (NPL)				Specific impairments (Balance sheet)			
At 31 December			At 30 June	At 31 December			At 30 June
2008	2007	% change	2008	2008	2007	% change	2008
13 366	5 128	>100	8 630	4 213	2 241	88	3 112
12 301	4 575	>100	7 978	3 715	1 864	99	2 700
9 960	2 952	>100	5 933	1 966	606	>100	1 180
8 800	2 455	>100	5 185	1 784	501	>100	1 036
987	397	>100	601	148	80	85	112
173	100	73	147	34	25	36	32
1 625	1 176	38	1 482	1 165	867	34	1 060
347	192	81	271	289	153	89	228
369	255	45	292	295	238	24	232
920	395	>100	512	382	245	56	291
145	158	(8)	140	116	132	(12)	121
–	–	–	–	–	–	–	–
3 312	2 086	59	3 181	1 323	883	50	1 288
3 125	1 996	57	3 033	1 178	788	49	1 177
2 328	1 694	37	2 246	882	619	42	838
727	120	>100	735	226	109	>100	226
70	182	(62)	52	70	60	17	113
187	90	>100	148	145	95	53	111
595	186	>100	439	260	149	74	170
388	371	5	389	197	191	3	198
67	(389)	(>100)	47	109	39	>100	150
17 728	7 382	>100	12 686	6 102	3 503	74	4 918
884	314	>100	418	278	147	89	195
18 612	7 696	>100	13 104	6 380	3 650	75	5 113

ANALYSIS OF IMPAIRMENTS

	December 2008			
R million	Total impairment	Specific impairment	Portfolio impairment	Income statement
Opening balance	7 383	4 918	2 465	
Exchange rate difference	(20)	(16)	(4)	
Amounts written off	(2 530)	(2 526)	(4)	
Unwinding of discounted present value on non performing loans	(123)	(118)	(5)	
Reclassifications	–	(63)	63	
Net new impairment created	3 827	3 904	(77)	(3 827)
– impairments created	6 698	6 560	138	(6 698)
– impairments released	(2 871)	(2 656)	(215)	2 871
Recoveries of bad debts				134
Acquisitions	6	3	3	–
Closing balance	8 543	6 102	2 441	(3 693)

	December 2007			
R million	Total impairment	Specific impairment	Portfolio impairment	Income statement
Opening balance	4 550	2 749	1 801	
Exchange rate difference	(1)	–	(1)	
Amounts written off	(1 114)	(1 108)	(6)	
Unwinding of discounted present value on non performing loans	(67)	(67)	–	
Reclassifications	–	95	(95)	
Net new impairment created	2 178	1 834	344	(2 178)
– impairments created	4 187	3 762	425	(4 187)
– impairments released	(2 009)	(1 928)	(81)	2 009
Recoveries of bad debts				551
Acquisitions	11	–	11	2
Closing balance	5 557	3 503	2 054	(1 625)

	June 2008			
R million	Total impairment	Specific impairment	Portfolio impairment	Income statement
Opening balance	4 550	2 749	1 801	
Exchange rate difference	53	45	8	
Amounts written off	(2 889)	(2 864)	(25)	
Unwinding of discounted present value on non performing loans	(211)	(211)	–	
Reclassifications	–	131	(131)	
Net new impairment created	5 813	5 019	794	(5 813)
– impairments created	6 379	5 526	853	(6 379)
– impairments released	(566)	(507)	(59)	566
Recoveries of bad debts				749
Acquisitions	67	49	18	
Closing balance	7 383	4 918	2 465	(5 064)

ADVANCES

	At 31 December			At 30 June
R million	**2008**	2007	% change	2008
Gross advances				
Total advances	**443 683**	437 492	1	457 714
Less: contractual interest suspended	**(1 797)**	(768)	>100	(1 175)
Gross advances	**441 886**	436 724	1	456 539
Less: impairments	**(8 543)**	(5 557)	54	(7 383)
Net advances	**433 343**	431 167	1	449 156
Advances sector analysis				
Agriculture	**12 319**	9 150	35	9 000
Banks and financial services	**55 319**	70 964	(22)	64 292
Building and property development	**17 225**	15 180	13	15 246
Government, Land Bank and Public Authorities	**17 529**	20 249	(13)	20 503
Individuals	**252 262**	244 344	3	251 867
Manufacturing and commerce	**38 706**	43 160	(10)	46 799
Mining	**11 142**	7 647	46	12 829
Transport and communication	**13 360**	9 121	46	11 061
Other services	**25 821**	17 677	46	26 117
Total advances	**443 683**	437 492	1	457 714

	At 31 December			At 30 June
R million	**2008**	2007	% change	2008
Rand and non-Rand denominated advances				
All non-Rand denominated advances (in USD)	**3 786**	4 546	(17)	5 736
@ exchange rate	**9. 38**	6. 81	38	7. 82
Non-Rand denominated advances (in Rand)	**35 516**	30 958	15	44 856
Rand denominated advances	**408 167**	406 534	–	412 858
Total advances	**443 683**	437 492	1	457 714

ADVANCES continued

	At 31 December			At 30 June
R million	2008	2007	% change	2008
Geographical split				
SA banking operations	405 148	393 998	3	414 257
International banking operations	8 943	14 131	(37)	13 628
African banking operations	17 328	14 689	18	15 767
SA non-banking operations	12 264	14 674	(16)	14 062
Total advances	443 683	437 492	1	457 714
Product split				
Overdrafts and managed accounts	38 140	51 902	(27)	49 758
– FNB Consumer	1 355	1 390	(3)	1 364
– Smart cheques	127	159	(20)	113
– Wealth	893	969	(8)	992
– FNB Commercial	12 223	10 312	19	11 856
– FNB Corporate	6 751	15 397	(56)	14 986
– RMB	9 398	13 592	(31)	12 467
– Africa subsidiaries	2 598	2 293	13	2 400
– Other	4 795	7 790	(38)	5 580
Loans to other financial institutions	7 166	6 843	5	9 461
Card loans	13 796	13 607	1	14 124
Instalment finance	63 963	63 370	1	65 122
Lease payments receivable	23 416	27 159	(14)	24 576
Property finance	165 373	150 210	10	161 349
– Home loans	153 044	142 102	8	149 957
– Commercial properties	12 329	8 108	52	11 392
Personal and term loans	16 797	16 262	3	15 949
– FNB Consumer	2 172	2 221	(2)	2 250
– Smart loans	2 635	1 997	32	2 201
– WesBank loans	3 948	4 115	(4)	4 094
– FNB Commercial	6 122	5 681	8	5 938
– Africa subsidiaries	1 727	1 998	(14)	1 464
– Other	193	250	(23)	2
Preference share advances	22 173	18 981	17	18 171
Corporate lending and structured products	38 151	37 791	1	34 669
Repayable in foreign currency	3 372	17 588	(81)	11 703
Other	19 594	12 924	52	21 463
Subtotal	411 941	416 637	(1)	426 345
Assets under agreement to sell	31 742	20 855	52	31 369
Total advances	443 683	437 492	1	457 714

SECURITISATION STRUCTURES

FirstRand Bank uses securitisation transactions as a tool to achieve a combination of some or all of the following results:

- Enhanced liquidity position through the diversification of funding sources;
- Matching of cash flow profile of assets and liabilities;
- Reduction of balance sheet risk;
- Reduction of capital requirements; and
- Management of credit concentration risk.

The table below shows the original exposures and the current outstanding balances of each of the securitisations currently in place:

Transaction	Year initiated	Rating agency	Assets securitised	Assets outstanding	Exposure
			(R million)	(R million)	(R million)
Traditional securitisations					
Nitro 1	2006	Moody's	2 000	320	8
Nitro 2	2006	Moody's	5 000	1 282	32
Nitro 3	2007	Moody's and Fitch	5 000	2 294	96
Ikhaya 1	2007	Fitch	1 900	1 522	82
Ikhaya 2	2007	Fitch	2 884	2 160	143
Total traditional securitisations			16 784	7 578	361
Synthetic securitisations					
Procul	2002	Fitch	2 000	2 000	1 015
Fresco II	2007	Fitch	20 000	20 000	18 175
Total synthetic securitisations			22 000	22 000	19 190
Total			**38 784**	**29 578**	**19 551**

All the above transactions continue to perform in line with expectations as detailed in each of the respective offering circulars.

The table below shows the conduit programmes currently in place that have been facilitated by the Bank:

Transaction	Underlying assets	Year initiated	Rating agency	Programme size	Current size of non recourse investments
				(R million)	(R million)
iNdwa	Corporate term loans	2003	Fitch	15 000	10 810
iVuzi	Corporate term loans	2007	Fitch	15 000	5 083
iNkotha	Call loan bond fund	2006	Fitch	10 000	5 631
Total				**40 000**	**21 524**

All the above conduit programmes continue to perform in line with the expectations as detailed in each of the respective offering circulars.

FirstRand
Banking Group

APPENDIX 1

FirstRand Banking Group
Abridged financials
for the six months ended 31 December 2008

		Six months ended 31 December		Year ended 30 June
R million	Notes	2008	2007	2008
Interest and similar income		28 620	23 060	49 018
Interest expenses and similar charges		(19 488)	(14 926)	(31 920)
Net interest income before impairment of advances	1	9 132	8 134	17 098
Impairment losses on loans and advances		(3 693)	(1 625)	(5 064)
Net interest income after impairment of advances		5 439	6 509	12 034
Non interest revenue	2	9 401	9 832	21 115
– net fees and commissions		7 964	6 567	13 722
– fair value income		272	1 455	2 842
– gains less losses from investment securities		174	923	2 765
– other non interest income		991	887	1 786
Income from operations		14 840	16 341	33 149
Operating expenses	3	(10 401)	(9 957)	(20 977)
Net income from operations		4 439	6 384	12 172
Share of profit from associates and joint ventures	4	983	970	1 690
Income before tax		5 422	7 354	13 862
Indirect tax		(196)	(247)	(548)
Profit before tax		5 226	7 107	13 314
Direct tax		(684)	(1 434)	(2 565)
Profit for the year		4 542	5 673	10 749
Attributable to:				
Minorities		590	495	1 205
Shareholders		3 952	5 178	9 544
Preference dividends paid		153	129	273
Ordinary shareholders		3 799	5 049	9 271

R million		At 31 December 2008	At 31 December 2007	At 30 June 2008
ASSETS				
Cash and short term funds		34 565	34 661	27 895
Derivative financial instruments		81 526	28 511	49 104
– qualifying for hedge accounting		477	305	1 053
– held for trading		81 049	28 206	48 051
Advances		433 343	431 167	449 156
– loans and receivables		331 529	340 369	345 618
– held-to-maturity		275	348	308
– available-for-sale		561	891	673
– fair value through profit and loss		100 978	89 559	102 557
Investment securities and other investments		109 821	97 701	96 992
Financial securities held for trading		45 340	54 800	43 652
Investment securities		64 481	42 901	53 340
– held-to-maturity		479	188	234
– available-for-sale		26 601	14 265	18 893
– fair value through profit and loss		17 789	7 907	14 944
– fair value through profit and loss non recourse investments		19 612	20 541	19 269
Commodities		1 259	239	1 916
Accounts receivable		6 272	7 091	5 872
Investments in associates and joint ventures		7 411	5 826	6 514
Property and equipment		8 854	6 015	8 063
Deferred tax asset		737	897	631
Intangible assets and deferred acquisition costs		2 286	1 487	1 470
Policy loans on insurance contracts		22	16	19
Tax asset		1 592	–	809
Non current assets and disposal groups held for sale		–	–	3 092
Loans to Insurance Group		6 184	4 915	6 561
Total assets		**693 872**	618 526	658 094
EQUITY AND LIABILITIES				
Liabilities				
Deposits		496 392	484 188	496 074
– deposits and current accounts		476 780	463 647	476 804
– fair value through profit or loss non recourse deposits		19 612	20 541	19 270
Short trading positions		39 487	32 706	33 688
Derivative financial instruments		76 055	25 930	45 653
– qualifying for hedge accounting		1 140	139	521
– held for trading		74 915	25 791	45 132
Creditors and accruals		7 467	7 811	7 783
Provisions		1 765	2 062	3 023
Tax liability		334	198	205
Post retirement benefit fund liability		1 789	1 907	1 938
Deferred tax liability		3 055	3 814	3 532
Long term liabilities		9 584	8 369	9 512
Policyholder liabilities under insurance contracts		1 434	1 219	1 435
Policyholder liabilities under investment contracts		98	–	108
Loans from Insurance Group		5 072	5 858	5 614
Total liabilities		**642 532**	574 062	608 565
Equity				
Capital and reserves attributable to equity holders				
Ordinary shares		106	106	106
Ordinary share premium		7 635	4 327	7 164
Retained earnings		34 751	31 675	33 165
Other reserves		3 131	3 227	3 451
Total ordinary shareholders' funds		**45 623**	39 335	43 886
Non cumulative non redeemable preference shares		3 100	3 100	3 100
Cumulative redeemable preference shares		25	–	25
Capital and reserves attributable to the Group's equity holders		**48 748**	42 435	47 011
Minority interest		2 592	2 029	2 518
Total equity	5	**51 340**	44 464	49 529
Total equity and liabilities		**693 872**	618 526	658 094

A detailed segment report is set out in note 6.

NOTE 1: NET INTEREST INCOME AND MARGIN ANALYSIS

1.1 NET INTEREST INCOME

	Six months ended 31 December			Year ended 30 June
R million	2008	2007	% change	2008
FNB	5 152	5 035	2	10 429
Mass	623	481	30	1 020
Consumer segment	2 057	2 320	(11)	4 510
– HomeLoans[1]	302	795	(62)	1 274
– Card Issuing	588	539	9	1 129
– Other Consumer	1 167	986	18	2 107
Wealth segment	374	364	3	756
Commercial segment	1 910	1 661	15	3 586
Corporate segment	239	221	8	441
FNB Other	(51)	(12)	>100	116
RMB	222	150	48	389
WesBank	1 748	1 832	(5)	3 747
FNB Africa	774	642	21	1 324
Group Support[2]	1 236	475	>100	1 209
Net interest income	9 132	8 134	12	17 098

1. After interest suspended of R445 million (2007: R104 million).
2. Including interest relating to fair value assets of R364 million.

1.2 MARGIN ANALYSIS

	2008		2007	
	Average balance	% Margin	Average balance	% Margin
Prime rate [RSA]		15.45		13.64
Advances				
Property Finance	151 359	0.80	132 023	1.80
Instalment sales and lease instalments receivable	74 543	3.23	70 430	3.80
Card	12 792	7.09	12 583	7.18
Overdrafts and loans	19 762	3.81	18 106	4.11
Term	18 253	7.92	18 530	6.90
Total advances	276 709	2.43	251 672	3.17
Deposits				
Current & Savings	84 405	5.85	77 059	5.05
Call	26 670	2.04	24 702	1.87
Money Market	25 045	1.82	17 900	1.58
Term	39 542	1.12	32 985	1.47
Total deposits	175 662	3.63	152 646	3.36
Africa				
Africa Advances	14 881	3.79	12 876	4.30
Africa Deposits	18 172	2.67	16 055	2.40

Notes:
Margins are after IFRS and ISP adjustments.
Average balances are daily average balances for the six months ended 31 December.
Advances and Deposits for the South African divisions of First National Bank and WesBank are included in this analysis.
Africa includes FNB Botswana and FNB Namibia.
Money Market Transactor accounts have been included in Current & Savings, consistent with Regulatory Reporting.
Advances and Deposits are shown net of LROS (Legal Right of Setoff) balances.
Advances are shown gross of provisions.

NOTE 2: NON INTEREST REVENUE

		Six months ended 31 December			Year ended 30 June
R million	Notes	2008	2007	% change	2008
Fee and commission income	2.1	7 964	6 567	21	13 722
Fair value income	2.2	272	1 455	(81)	2 842
Investment income	2.3	174	923	(81)	2 765
Other income		991	887	12	1 786
Total non interest income		9 401	9 832	(4)	21 115

2.1 FEE AND COMMISSION INCOME

	Six months ended 31 December			Year ended 30 June
R million	2008	2007*	% change	2008*
Bank commissions and fee income	6 041	4 873	24	10 123
Card commissions	808	699	16	1 401
Cash deposit fees	688	571	20	1 139
Commitment fees	138	170	(19)	218
Acceptances, guarantees and indemnities	98	69	42	167
Commissions on bills, drafts and cheques	433	271	60	577
Other banking fee income	3 876	3 093	25	6 621
Knowledge based fees	363	381	(5)	846
Management fees	457	601	(24)	1 059
Insurance income	564	532	6	1 068
Other non bank commissions	539	180	>100	626
Total fee and commission income	7 964	6 567	21	13 722

** Prior year numbers (category classifications) have been restated for more accurate disclosure.*

2.2 FAIR VALUE INCOME

	Six months ended 31 December			Year ended 30 June
R million	2008	2007	% change	2008
Annuity	1 343	1 518	(12)	3 527
Risk income	(767)	(289)	>100	(742)
Other	(304)	226	(>100)	57
Total fair value income	272	1 455	(81)	2 842

2.3 INVESTMENT INCOME

R million	Six months ended 31 December 2008	Six months ended 31 December 2007	% change	Year ended 30 June 2008
Income from private equity activities	1 313	1 452	(10)	2 370
– Profit on realisation of private equity investments	660	636	4	1 054
– Profit on realisation of other investment banking assets	(16)	–	(100)	97
– Dividends received	120	157	(24)	21
– Private equity associates	549	659	(17)	1 198
Income from operational investment activities	434	311	40	492
– WesBank associates	61	87	(30)	159
– FirstRand International associates	2	(36)	>100	(269)
– FirstRand Short Term Insurance	211	182	16	367
– Listed associates	27	45	(40)	77
– Other operational associates	133	33	>100	158
Income from investments	(590)	130	(>100)	1 593
– Profit/(loss) on disposal of available-for-sale assets	–	(1)	(100)	7
– Excess of acquirer's interest in the net fair value over cost	–	–	–	24
– VISA listing	–	–	–	1 052
– (Loss)/profit on assets held against employee liabilities & other income	(381)	81	(>100)	529
– Other international investment portfolios	(209)	50	(>100)	(19)
Total investment income	1 157	1 893	(39)	4 455
Less: Income from associates	(983)	(970)	1	(1 690)
Total	174	923	(81)	2 765

NOTE 3: OPERATING EXPENSES

	Six months ended 31 December			Year ended 30 June
R million	**2008**	2007	% change	2008
Staff expenditure	**5 207**	5 585	(7)	10 976
Depreciation	**590**	430	37	961
Amortisation of other intangible assets	**77**	61	26	125
Advertising and marketing	**447**	440	2	893
Insurance	**190**	221	(14)	302
Lease charges	**458**	406	13	866
Professional fees	**381**	365	4	840
HomeLoans third party origination costs	**12**	29	(59)	52
Audit fees	**61**	49	24	104
Computer expenses	**450**	428	5	846
Conveyance of cash	**129**	102	26	214
Maintenance	**398**	326	22	676
Telecommunications	**271**	238	14	512
eBucks rewards	**126**	123	2	232
Cooperation agreements and joint ventures	**54**	146	(63)	114
Other expenditure	**1 550**	1 008	54	3 264
Total	**10 401**	9 957	4	20 977

NOTE 4: ANALYSIS OF INCOME FROM ASSOCIATES AND JOINT VENTURES

	Six months ended 31 December			Year ended 30 June
R million	**2008**	2007	% change	2008
Private equity associates	**549**	659	(17)	1 198
WesBank associates	**61**	87	(30)	159
– Toyota Financial Services	**39**	41	(5)	81
– Other	**22**	46	(52)	78
FirstRand International associates	**2**	(36)	(>100)	(269)
FirstRand Short Term Insurance	**211**	182	16	367
Listed associates	**27**	45	(40)	77
Other operational associates	**133**	33	>100	158
Total	**983**	970	1	1 690

NOTE 5: STATEMENT OF CHANGES IN EQUITY

R million	Share capital	Share premium	Share capital and share premium	General risk reserve	Cash flow hedge reserve	Share based payment reserve	Available-for-sale reserve
	Ordinary share capital and ordinary shareholders' funds						
Balance as at 30 June 2007	106	3 802	3 908	1 351	131	435	326
Currency translation differences	–	–	–	–	–	–	–
Non distributable reserves of associates	–	–	–	–	–	–	–
Earnings attributable to ordinary shareholders	–	–	–	–	–	–	–
Final preference dividend – 27 August 2007	–	–	–	–	–	–	–
Final ordinary dividend – 22 October 2007	–	–	–	–	–	–	–
Dividends attributable to outside shareholders	–	–	–	–	–	–	–
Transfer to General risk reserve (impaired capital reserve)	–	–	–	(41)	–	–	–
Revaluation of available-for-sale assets	–	–	–	–	–	–	1
Available-for-sale loss transferred to the income statement	–	–	–	–	–	–	(17)
Revaluation of cash flow hedges	–	–	–	–	(4)	–	–
Movement in other non distributable reserves	–	–	–	–	–	–	–
Contribution from parent company	–	–	–	–	–	78	–
Movement in other distributable reserves	–	–	–	–	–	–	–
Issue of ordinary shares	*	528	528	–	–	–	–
Disposal of subsidiaries	–	–	–	–	–	–	–
Share buy back in associate	–	(3)	(3)	–	–	–	–
Balance as at 31 December 2007	106	4 327	4 433	1 310	127	513	310
Issue of ordinary shares	*	2 837	2 837	–	–	–	–
Currency translation differences	–	–	–	–	–	–	–
Movement in revaluation reserves	–	–	–	–	482	–	162
Movement in other reserves	–	–	–	–	–	–	–
Profit for the year	–	–	–	–	–	–	–
Ordinary dividends	–	–	–	–	–	–	–
Preference dividends	–	–	–	–	–	–	–
Transfer (to)/from reserves	–	–	–	(1 302)	–	–	–
Effective change of shareholding in subsidiary	–	–	–	–	–	–	–
Contribution from parent company	–	–	–	–	–	(46)	–
Movement in other distributable reserves	–	–	–	–	–	–	–
Non distributable reserves of associates	–	–	–	–	–	–	–
Balance as at 30 June 2008	106	7 164	7 270	8	609	467	472
Issue of ordinary shares	*	471	471	–	–	–	–
Currency translation differences	–	–	–	–	–	–	–
Movement in revaluation reserves	–	–	–	–	(944)	–	305
Movement in other reserves	–	–	–	–	–	–	–
Profit for the year	–	–	–	–	–	–	–
Ordinary dividends	–	–	–	–	–	–	–
Preference dividends	–	–	–	–	–	–	–
Transfer (to)/from reserves	–	–	–	–	–	–	–
Effective change of shareholding in subsidiary	–	–	–	–	–	–	–
Contribution from parent company	–	–	–	–	–	49	–
Non distributable reserves of associates	–	–	–	–	–	–	–
Balance as at 31 December 2008	106	7 635	7 741	8	(335)	516	777

** Shares with a value of less than R1 million were issued.*

Ordinary share capital and ordinary shareholders' funds					Perpetual preference shareholders' funds				
Currency translation reserve	Other reserves	Other reserves	Retained income	Capital and reserves attributable to ordinary equity holders	Cumulative redeem-able preference shares	Non cumulative non redeem-able preference share	Total preference share-holders' funds	Minority interest	Total equity
597	462	3 302	28 916	36 126	–	3 100	3 100	1 655	40 881
(141)	–	(141)	–	(141)	–	–	–	(17)	(158)
–	57	57	–	57	–	–	–	(3)	54
–	–	–	5 178	5 178	–	–	–	495	5 673
–	–	–	(129)	(129)	–	–	–	–	(129)
–	–	–	(2 330)	(2 330)	–	–	–	–	(2 330)
–	–	–	–	–	–	–	–	(359)	(359)
–	–	(41)	41	–	–	–	–	–	–
–	–	1	–	1	–	–	–	–	1
–	–	(17)	–	(17)	–	–	–	–	(17)
–	–	(4)	–	(4)	–	–	–	–	(4)
–	(8)	(8)	–	(8)	–	–	–	(6)	(14)
–	–	78	–	78	–	–	–	–	78
–	–	–	(1)	(1)	–	–	–	–	(1)
–	–	–	–	528	–	–	–	–	528
–	–	–	–	–	–	–	–	264	264
–	–	–	–	(3)	–	–	–	–	(3)
456	511	3 227	31 675	39 335	–	3 100	3 100	2 029	44 464
–	–	–	–	2 837	–	–	–	–	2 837
847	–	847	–	847	–	–	–	78	925
–	(15)	629	–	629	–	–	–	(60)	569
–	196	196	–	196	–	–	–	25	221
–	–	–	4 366	4 366	–	–	–	710	5 076
–	–	–	(4 099)	(4 099)	–	–	–	(279)	(4 378)
–	–	–	(144)	(144)	–	–	–	–	(144)
–	(64)	(1 366)	1 366	–	–	–	–	–	–
–	–	–	–	–	25	–	25	7	32
–	–	(46)	–	(46)	–	–	–	5	(41)
–	–	–	1	1	–	–	–	–	1
–	(36)	(36)	–	(36)	–	–	–	3	(33)
1 303	592	3 451	33 165	43 886	25	3 100	3 125	2 518	49 529
–	–	–	–	471	–	–	–	–	471
148		148	–	148	–	–	–	104	252
–	–	(639)	–	(639)	–	–	–	19	(620)
–	(41)	(41)	–	(41)	–	–	–	(5)	(46)
–	–	–	3 952	3 952	–	–	–	590	4 542
–	–	–	(2 171)	(2 171)	–	–	–	(600)	(2 771)
–	–	–	(153)	(153)	–	–	–	–	(153)
–	42	42	(42)	–	–	–	–	–	–
–	–	–	–	–	–	–	–	(45)	(45)
–	–	49	–	49	–	–	–	–	49
–	121	121	–	121	–	–	–	11	132
1 451	714	3 131	34 751	45 623	25	3 100	3 125	2 592	51 340

NOTE 6: SEGMENT REPORT

PRIMARY SEGMENTS (BUSINESS)

2008						FNB	
Segment information		Consumer segment					
R million	Mass	Home-Loans	Card Issuing	Other Consumer	**Consumer segment**	Wealth	Commercial
Net interest income before impairment of advances	623	302	588	1 167	**2 057**	374	1 910
Impairment of advances	(165)	(1 004)	(605)	(168)	**(1 777)**	(62)	(150)
Net interest income after impairment of advances	458	(702)	(17)	999	**280**	312	1 760
Non interest income	1 600	123	719	1 270	**2 112**	380	1 631
Net income from operations	2 058	(579)	702	2 269	**2 392**	692	3 391
Operating expenses	(1 343)	(385)	(662)	(1 314)	**(2 361)**	(514)	(1 839)
Income from operations	715	(964)	40	955	**31**	178	1 552
Share of income from associates	–	–	–	2	**2**	–	–
FirstRand Short Term Insurance	–	–	–	–	**–**	–	–
Other	–	–	–	2	**2**	–	–
Income before tax	715	(964)	40	957	**33**	178	1 552
Indirect tax	(10)	(11)	(2)	(41)	**(54)**	(8)	(6)
Income before direct tax	705	(975)	38	916	**(21)**	170	1 546
Direct tax	(187)	258	(10)	(242)	**6**	(45)	(409)
Income after tax	518	(717)	28	674	**(15)**	125	1 137
Attributable to:							
Equity holders of FirstRand Banking Group	518	(717)	28	674	**(15)**	125	1 137
Minority interests	–	–	–	–	**–**	–	–
	518	(717)	28	674	**(15)**	125	1 137
Equity holders of FirstRand Banking Group	518	(717)	28	674	**(15)**	125	1 137
Profit/(loss) on sale of property and equipment	–	–	–	–	**–**	–	–
Profit on sale of subsidiaries	–	–	–	–	**–**	–	–
Plus: Impairments goodwill	–	–	–	–	**–**	–	–
Plus: Impairments reversed	–	–	–	–	**–**	–	–
Loss on sale of MotorOne Advances book	–	–	–	–	**–**	–	–
Minority interest on adjustments	–	–	–	–	**–**	–	–
Tax effect on adjustments	–	–	–	–	**–**	–	–
Headline earnings	518	(717)	28	674	**(15)**	125	1 137
Impact of IFRS 2	–	–	–	1	**1**	(1)	–
Normalised headline earnings	518	(717)	28	675	**(14)**	124	1 137

The segmental analysis is based on the management accounts for the respective segments.
All consolidation adjustments have been recorded in the Group Support.*

Corporate	FNB Other and support	**Total FNB**	FNB Africa	RMB	WesBank	Group Support*	**Subtotal**	Divisions disclosed elsewhere	**Total**
239	(51)	**5 152**	774	222	1 748	1 236	**9 132**	–	**9 132**
(53)	102	**(2 105)**	(50)	(335)	(1 307)	104	**(3 693)**	–	**(3 693)**
186	51	**3 047**	724	(113)	441	1 340	**5 439**	–	**5 439**
728	330	**6 781**	632	2 777	1 159	(1 750)	**9 599**	(198)	**9 401**
914	381	**9 828**	1 356	2 664	1 600	(410)	**15 038**	(198)	**14 840**
(507)	(252)	**(6 816)**	(686)	(1 410)	(1 640)	151	**(10 401)**	–	**(10 401)**
407	129	**3 012**	670	1 254	(40)	(259)	**4 637**	(198)	**4 439**
–	6	**8**	2	683	61	229	**983**	–	**983**
–	–	**–**	–	–	–	211	**211**	–	**211**
–	6	**8**	2	683	61	18	**772**	–	**772**
407	135	**3 020**	672	1 937	21	(30)	**5 620**	(198)	**5 422**
(6)	(61)	**(145)**	(14)	(33)	(59)	55	**(196)**	–	**(196)**
401	74	**2 875**	658	1 904	(38)	25	**5 424**	(198)	**5 226**
(106)	(20)	**(761)**	(179)	(505)	10	696	**(739)**	55	**(684)**
295	54	**2 114**	479	1 399	(28)	721	**4 685**	(143)	**4 542**
295	54	**2 114**	320	1 399	(47)	309	**4 095**	(143)	**3 952**
–	–	**–**	159	–	19	412	**590**	–	**590**
295	54	**2 114**	479	1 399	(28)	721	**4 685**	(143)	**4 542**
295	54	**2 114**	320	1 399	(47)	309	**4 095**	(143)	**3 952**
–	(2)	**(2)**	–	–	–	(1)	**(3)**	–	**(3)**
–	–	**–**	–	–	–	29	**29**	–	**29**
–	–	**–**	–	–	–	14	**14**	–	**14**
(1)	–	**(1)**	–	–	–	–	**(1)**	–	**(1)**
–	–	**–**	–	–	206	–	**206**	–	**206**
–	–	**–**	–	–	–	1	**1**	–	**1**
–	–	**–**	–	–	–	1	**1**	–	**1**
294	52	**2 111**	320	1 399	159	353	**4 342**	(143)	**4 199**
–	–	**–**	–	–	–	(50)	**(50)**	–	**(50)**
294	52	**2 111**	320	1 399	159	303	**4 292**	(143)	**4 149**

NOTE 6: SEGMENT REPORT continued

PRIMARY SEGMENTS (BUSINESS)

2008						FNB	
Segment information		Consumer segment					
R million	Mass	Home-Loans	Card Issuing	Other Consumer	**Consumer segment**	Wealth	Commercial
Cost to income (%)	60.4	90.6	50.7	53.9	**56.6**	68.2	51.9
Diversity ratio (%)	72.0	28.9	55.0	52.1	**50.6**	50.4	46.1
Total impairment charge (%)	5.04	1.78	9.76	9.52	**2.76**	0.43	1.21
NPLs as a percentage of advances (%)	7.78	7.83	13.24	9.99	**8.40**	3.28	3.63
Assets under management	–	–	–	–	**–**	43 673	–
Income statement includes							
Depreciation	(5)	(5)	(2)	(78)	**(85)**	(15)	(5)
Amortisation	–	–	–	(7)	**(7)**	(3)	(5)
Impairment charges	–	–	–	–	**–**	–	–
Other non cash provisions	(12)	(3)	(3)	(57)	**(63)**	(53)	(45)
Balance sheet includes							
Advances (after ISP – before impairments)	6 963	112 419	12 273	3 474	**128 166**	30 085	25 379
– Normal advances	6 963	108 737	12 273	3 474	**124 484**	30 085	25 379
Advances net of LROS	6 963	108 737	12 273	3 474	**124 484**	30 085	25 241
LROS adjustment	–	–	–	–	**–**	–	138
– Securitised advances	–	3 682	–	–	**3 682**	–	–
Non performing loans	542	8 800	1 625	347	**10 772**	987	920
– Accrual advances	542	8 800	1 625	347	**10 772**	987	920
– Fair value advances	–	–	–	–	**–**	–	–
Investment in associated companies	–	(7)	–	39	**32**	–	–
Total deposits (incl non recourse deposits)	8 062	40	1 203	52 615	**53 858**	17 834	65 052
Deposits net of LROS	8 062	40	1 203	52 615	**53 858**	17 834	64 914
LROS adjustment	–	–	–	–	**–**	–	138
Total assets	6 753	110 501	10 859	3 974	**125 334**	30 528	24 895
Total liabilities	8 376	94	1 269	53 870	**55 233**	17 983	65 200
Capital expenditure	2	–	1	91	**92**	67	9

The segmental analysis is based on the management accounts for the respective segments.
All consolidation adjustments have been recorded in the Group Support.*

Corporate	FNB Other and support	**Total FNB**	FNB Africa	RMB	WesBank	Group Support*	**Subtotal**	Divisions disclosed elsewhere	**Total**
52.4	88.4	**57.1**	48.7	38.3	55.3	53.0	**52.8**	–	**53.3**
75.3	115.8	**56.8**	44.9	75.4	39.0	614.0	**48.7**	100.0	**48.2**
0.93	(4.20)	**2.05**	0.60	0.52	2.67	(12.55)	**1.64**	–	**1.64**
1.99	–	**6.61**	2.24	1.18	3.45	9.18	**4.21**	–	**4.21**
–	–	**43 673**	–	–	–	–	**43 673**	–	**43 673**
(41)	(252)	**(403)**	(19)	(49)	(83)	(36)	**(590)**	–	**(590)**
(6)	(2)	**(23)**	(8)	(34)	(13)	1	**(77)**	–	**(77)**
–	–	**–**	–	–	–	(1)	**(1)**	–	**(1)**
(50)	(117)	**(340)**	–	–	(58)	(50)	**(448)**	–	**(448)**
7 270	4 439	**202 302**	17 304	125 526	96 024	730	**441 886**	–	**441 886**
7 270	4 439	**198 620**	17 304	125 526	92 128	730	**434 308**	–	**434 308**
3 463	5	**190 241**	17 304	125 526	92 128	730	**425 929**	–	**425 929**
3 807	4 434	**8 379**	–	–	–	–	**8 379**	–	**8 379**
–	–	**3 682**	–	–	3 896	–	**7 578**	–	**7 578**
145	–	**13 366**	388	1 479	3 312	67	**18 612**	–	**18 612**
145	–	**13 366**	388	595	3 312	67	**17 728**	–	**17 728**
–	–	**–**	–	884	–	–	**884**	–	**884**
–	68	**100**	8	5 703	931	669	**7 411**	–	**7 411**
35 067	16 101	**195 974**	23 872	114 232	552	161 762	**496 392**	–	**496 392**
31 260	11 667	**187 595**	23 872	114 232	552	161 762	**488 013**	–	**488 013**
3 807	4 434	**8 379**	–	–	–	–	**8 379**	–	**8 379**
8 604	11 210	**207 324**	30 121	317 959	101 599	36 869	**693 872**	–	**693 872**
35 666	17 463	**199 921**	26 707	313 784	101 351	769	**642 532**	–	**642 532**
30	646	**846**	62	–	–	847	**1 755**	–	**1 755**

NOTE 6: SEGMENT REPORT continued

PRIMARY SEGMENTS (BUSINESS)

2007						FNB	
Segment information		Consumer segment					
R million	Mass	Home-Loans	Card Issuing	Other Consumer	Consumer segment	Wealth	Commercial
Net interest income before impairment of advances	481	795	539	986	**2 320**	364	1 661
Impairment of advances	(58)	(224)	(557)	(134)	**(915)**	(45)	(107)
Net interest income after impairment of advances	423	571	(18)	852	**1 405**	319	1 554
Non interest income	1 304	107	698	1 102	**1 907**	339	1 411
Net income from operations	1 727	678	680	1 954	**3 312**	658	2 965
Operating expenses	(1 179)	(395)	(645)	(1 165)	**(2 205)**	(433)	(1 612)
Income from operations	548	283	35	789	**1 107**	225	1 353
Share of income from associates	–	(2)	–	11	**9**	–	–
FirstRand Short Term Insurance	–	–	–	–	**–**	–	–
Other	–	(2)	–	11	**9**	–	–
Income before tax	548	281	35	800	**1 116**	225	1 353
Indirect tax	(8)	(25)	(2)	(41)	**(68)**	(7)	(7)
Income before direct tax	540	256	33	759	**1 048**	218	1 346
Direct tax	(143)	(68)	(9)	(201)	**(278)**	(58)	(357)
Income after tax	397	188	24	558	**770**	160	989
Attributable to:							
Equity holders of FirstRand Banking Group	397	188	24	558	**770**	160	989
Minority interests	–	–	–	–	**–**	–	–
	397	188	24	558	**770**	160	989
Equity holders of FirstRand Banking Group	397	188	24	558	**770**	160	989
Profit/(loss) on sale of property and equipment	–	–	–	–	**–**	–	–
Excess of acquirer's interest in the net fair value over cost	(36)	–	–	–	**–**	–	–
Loss on sale of available-for-sale assets	–	–	–	–	**–**	–	–
Profit on sale of private equity associate realisations	–	–	–	(7)	**(7)**	–	–
Tax effect on adjustments	–	–	–	–	**–**	–	–
Headline earnings	361	188	24	551	**763**	160	989
Profit on sale of investments	–	–	–	7	**7**	–	–
Impact of IFRS 2	–	–	–	1	**1**	1	–
Normalised headline earnings	361	188	24	559	**771**	161	989

The segmental analysis is based on the management accounts for the respective segments.
All consolidation adjustments have been recorded in the Group Support.*

Corporate	FNB Other and support	**Total FNB**	FNB Africa	RMB	WesBank	Group Support*	**Subtotal**	Divisions disclosed elsewhere	**Total**
221	(12)	**5 035**	642	150	1 832	475	**8 134**	–	**8 134**
(34)	(9)	**(1 168)**	(54)	(95)	(748)	440	**(1 625)**	–	**(1 625)**
187	(21)	**3 867**	588	55	1 084	915	**6 509**	–	**6 509**
651	282	**5 894**	462	3 261	1 100	(723)	**9 994**	(162)	**9 832**
838	261	**9 761**	1 050	3 316	2 184	192	**16 503**	(162)	**16 341**
(524)	(225)	**(6 178)**	(513)	(1 584)	(1 613)	(69)	**(9 957)**	–	**(9 957)**
314	36	**3 583**	537	1 732	571	123	**6 546**	(162)	**6 384**
–	–	**9**	–	676	87	198	**970**	–	**970**
–	–	**–**	–	–	–	182	**182**	–	**182**
–	–	**9**	–	676	87	16	**788**	–	**788**
314	36	**3 592**	537	2 408	658	321	**7 516**	(162)	**7 354**
(6)	(60)	**(156)**	(12)	(25)	(67)	13	**(247)**	–	**(247)**
308	(24)	**3 436**	525	2 383	591	334	**7 269**	(162)	**7 107**
(82)	6	**(912)**	(141)	(631)	(155)	360	**(1 479)**	45	**(1 434)**
226	(18)	**2 524**	384	1 752	436	694	**5 790**	(117)	**5 673**
226	(18)	**2 524**	247	1 753	422	349	**5 295**	(117)	**5 178**
–	–	**–**	137	(1)	14	345	**495**	–	**495**
226	(18)	**2 524**	384	1 752	436	694	**5 790**	(117)	**5 673**
226	(18)	**2 524**	247	1 753	422	349	**5 295**	(117)	**5 178**
–	(1)	**(1)**	–	–	(2)	7	**4**	–	**4**
–	–	**(36)**	–	–	–	–	**(36)**	–	**(36)**
–	–	**–**	–	(1)	–	–	**(1)**	–	**(1)**
–	–	**(7)**	–	–	–	1	**(6)**	–	**(6)**
–	–	**–**	–	–	–	1	**1**	–	**1**
226	(19)	**2 480**	247	1 752	420	358	**5 257**	(117)	**5 140**
–	–	**7**	–	–	–	(7)	**–**	–	**–**
–	–	**2**	2	1	–	138	**143**	–	**143**
226	(19)	**2 489**	249	1 753	420	489	**5 400**	(117)	**5 283**

NOTE 6: SEGMENT REPORT continued

PRIMARY SEGMENTS (BUSINESS)

2007						FNB	
Segment information		Consumer segment					
R million	Mass	Home-Loans	Card Issuing	Other Consumer	**Consumer segment**	Wealth	Commercial
Cost to income (%)	66.1	43.9	52.1	55.5	**52.1**	61.6	52.5
Diversity ratio (%)	73.1	11.9	56.4	52.5	**45.0**	48.2	45.9
Total impairment charge (%)	2.43	0.44	9.16	7.37	**1.54**	0.39	1.02
NPLs as a percentage of advances (%)	6.22	2.28	9.49	5.36	**3.09**	1.63	1.82
Assets under management	–	–	–	–	**–**	43 580	–
Income statement includes							
Depreciation	(2)	(3)	–	(66)	**(69)**	(11)	(5)
Amortisation	–	–	–	(4)	**(4)**	(2)	(2)
Impairment charges	–	–	–	(2)	**(2)**	–	–
Other non cash provisions	(9)	(9)	(1)	(76)	**(86)**	(43)	(54)
Balance sheet includes							
Advances (after ISP – before impairments)	5 703	107 790	12 386	3 582	**123 758**	24 357	21 662
– Normal advances	5 703	105 366	12 386	3 582	**121 334**	24 357	21 662
Advances net of LROS	5 703	105 366	12 386	3 582	**121 334**	24 357	21 258
LROS adjustment	–	–	–	–	**–**	–	404
– Securitised advances	–	2 424	–	–	**2 424**	–	–
Non performing loans	355	2 455	1 176	192	**3 823**	397	395
– Accrual advances	355	2 455	1 176	192	**3 823**	397	395
– Fair value advances	–	–	–	–	**–**	–	–
Investment in associated companies	–	(2)	–	40	**38**	–	–
Total deposits (ex non recourse deposits)	7 665	51	1 330	46 290	**47 671**	14 227	56 684
Deposits net of LROS	7 665	51	1 330	46 290	**47 671**	14 227	56 280
LROS adjustment	–	–	–	–	**–**	–	404
Total assets	5 653	107 413	11 346	4 682	**123 441**	24 488	21 714
Total liabilities	5 115	106 786	11 354	3 785	**121 925**	24 210	20 229
Capital expenditure	11	8	75	1	**84**	15	38

The segmental analysis is based on the management accounts for the respective segments.
All consolidation adjustments have been recorded in the Group Support.*

Corporate	FNB Other and support	**Total FNB**	FNB Africa	RMB	WesBank	Group Support*	**Subtotal**	Divisions disclosed elsewhere	**Total**
60.1	83.3	**56.5**	46.5	38.8	53.4	(138.0)	**52.1**	–	**52.6**
74.7	104.4	**53.9**	41.8	79.8	36.4	>100	**52.3**	100.0	**51.9**
0.47	0.24	**1.24**	0.77	0.17	1.49	(22.47)	**0.78**	–	**0.78**
1.00	–	**2.59**	2.53	0.43	2.03	(9.73)	**1.76**	–	**1.76**
–	–	**43 580**	–	–	–	–	**43 580**	–	**43 580**
(37)	(184)	**(308)**	(17)	(36)	(51)	(18)	**(430)**	–	**(430)**
(1)	–	**(9)**	(7)	(14)	(31)	–	**(61)**	–	**(61)**
–	–	**(2)**	–	–	–	1	**(1)**	–	**(1)**
(58)	(193)	**(443)**	–	–	–	(137)	**(580)**	–	**(580)**
15 854	6 639	**197 973**	14 664	117 196	102 891	4 000	**436 724**	–	**436 724**
15 854	6 639	**195 549**	14 664	117 196	95 549	4 000	**426 958**	–	**426 958**
3 763	(246)	**176 169**	14 664	117 196	95 549	4 000	**407 578**	–	**407 578**
12 091	6 885	**19 380**	–	–	–	–	**19 380**	–	**19 380**
–	–	**2 424**	–	–	7 342	–	**9 766**	–	**9 766**
158	–	**5 128**	371	500	2 086	(389)	**7 696**	–	**7 696**
158	–	**5 128**	371	186	2 086	(389)	**7 382**	–	**7 382**
–	–	**–**	–	314	–	–	**314**	–	**314**
–	48	**86**	5	4 141	861	733	**5 826**	–	**5 826**
39 777	17 676	**183 700**	20 490	98 749	710	180 539	**484 188**	–	**484 188**
27 686	10 791	**164 320**	20 490	98 749	710	180 539	**464 808**	–	**464 808**
12 091	6 885	**19 380**	–	–	–	–	**19 380**	–	**19 380**
17 298	12 140	**204 734**	25 353	258 721	109 643	20 075	**618 526**	–	**618 526**
16 565	11 953	**199 997**	22 709	254 169	108 958	(11 771)	**574 062**	–	**574 062**
30	348	**526**	38	27	80	–	**671**	–	**671**

APPENDIX 2

Momentum Group
Abridged financials
for the six months ended 31 December 2008

R million	Six months ended 31 December 2008	Six months ended 31 December 2007	% change	Year ended 30 June 2008
Insurance premium revenue	**3 344**	2 765	21	5 971
Insurance premium ceded to reinsurers	**(365)**	(336)	9	(579)
Net insurance premium revenue	**2 979**	2 429	23	5 392
Fee income	**1 342**	1 482	(9)	2 862
Investment income	**5 228**	4 635	13	8 171
Net realised gains on assets	**27**	32	(16)	28
Net fair value (losses)/gains on assets at fair value through profit or loss	**(7 577)**	829	(>100)	(2 906)
Net income	**1 999**	9 407	(79)	13 547
Insurance benefits	**(3 354)**	(2 973)	13	(6 073)
Insurance benefits recovered from reinsurers	**330**	258	28	543
Transfer from policyholder liabilities under insurance contracts	**126**	278	(55)	3 255
Net insurance benefits and claims	**(2 898)**	(2 437)	19	(2 275)
Fair value adjustment to policyholder liabilities under investment contracts	**4 428**	(3 220)	>100	(3 893)
Fair value adjustment to financial liabilities	**(74)**	(43)	72	(122)
Expenses for the acquisition of insurance and investment contracts	**(880)**	(798)	10	(1 509)
Expenses for marketing and administration	**(1 595)**	(1 401)	14	(2 841)
Expenses	**(1 019)**	(7 899)	(87)	(10 640)
Results of operating activities	**980**	1 508	(35)	2 907
Finance costs	**(270)**	(187)	44	(462)
Share of income from associate companies	**12**	5	>100	20
Profit before tax	**722**	1 326	(46)	2 465
Taxation[1]	**30**	(428)	(>100)	(469)
Profit for the period	**752**	898	(16)	1 996
Profit for the period attributable to:				
– Equity holders of the Group	**752**	903	(17)	2 002
– Minority shareholders' interest	**–**	(5)	100	(6)
	752	898	(16)	1 996

1. *The reduction in the tax charge is mainly due to the reversal of a significant portion of the deferred capital gains tax liability as a result of the reduction in fair value of investment assets backing policyholder liabilities during the six months ended 31 December 2008.*

	31 December		30 June
R million	2008	2007	2008
ASSETS			
Cash and cash equivalents	**3 762**	3 440	5 006
Loans and receivables (including insurance receivables)	**29 516**	21 442	23 522
Derivative financial instruments	**13 678**	14 982	18 100
Investment securities			
– held-for-trading	**–**	–	15
– held-to-maturity	**476**	1 066	460
– available-for-sale	**3 054**	1 402	3 100
– designated fair value through profit or loss	**111 560**	123 822	117 633
Current income tax asset	**28**	15	24
Policy loans	**189**	172	193
Reinsurance assets	**611**	570	550
Deferred tax asset	**926**	736	825
Investments in associates			
– designated fair value through profit or loss	**8 787**	7 880	6 666
– at equity accounted value	**250**	266	275
Intangible assets	**2 800**	2 742	2 829
Goodwill	**295**	297	297
Investment properties	**4 089**	3 155	3 808
Property and equipment	**527**	545	596
Total assets	**180 548**	182 532	183 899
LIABILITIES AND EQUITY			
LIABILITIES			
Accounts payable (including insurance payables)	**5 683**	3 651	5 202
Liabilities arising to third parties as a result of consolidating unit trusts	**2 028**	1 374	2 742
Derivative financial instruments	**6 353**	7 847	9 190
Other financial liabilities at fair value through profit or loss	**7 349**	5 557	3 801
Policyholder liabilities under investment contracts			
– with discretionary participation features	**12 929**	14 991	14 494
– without discretionary participation features	**94 635**	94 521	96 622
Interest bearing borrowings	**223**	257	242
Provisions	**99**	95	108
Current income tax liabilities	**234**	586	434
Deferred tax liability	**1 646**	2 002	1 840
Employee benefits liabilities	**127**	163	180
Deferred revenue liability	**298**	265	296
Policyholder liabilities under insurance contracts	**41 939**	44 956	41 982
Total liabilities	**173 543**	176 265	177 133
EQUITY			
Share capital and share premium	**1 541**	1 541	1 541
Non distributable reserves	**687**	665	708
Distributable reserves	**4 780**	4 047	4 521
Shareholders' funds	**7 008**	6 253	6 770
Minority interest	**(3)**	14	(4)
Total equity	**7 005**	6 267	6 766
Total liabilities and equity	**180 548**	182 532	183 899

NEW BUSINESS INFLOWS

	Six months ended 31 December			Year ended 30 June
R million	2008	2007	% change	2008
Recurring premiums	1 083	967	12	2 079
Retail	663	638	4	1 308
Risk	305	268	14	520
Retirement annuities	142	117	21	286
Discretionary savings	216	253	(15)	502
Employee benefits	215	130	65	406
FNB collaboration	205	199	3	365
Lump sums	31 727	26 269	21	63 259
Retail	18 094	16 263	11	32 597
Guaranteed annuities	443	237	87	634
Living annuities	1 471	1 252	17	3 248
Endowments	557	1 781	(69)	2 844
Linked products – local	4 198	3 659	15	7 462
Linked products – offshore	787	1 534	(49)	2 614
Institutional policies	–	27	(100)	38
Unit trusts	10 638	7 773	37	15 757
Employee benefits	1 167	393	>100	1 881
Asset management	12 466	9 613	30	28 781
On balance sheet	6 863	6 471	6	13 780
Off balance sheet	5 603	3 142	78	15 001
Total new business inflows	32 810	27 236	20	65 338
Retail	18 962	17 100	11	34 270
Employee benefits	1 382	523	>100	2 287
Asset management	12 466	9 613	30	28 781
Annualised new business inflows[1]	4 256	3 593	18	8 405
Retail	2 677	2 463	9	4 933
Employee benefits	332	169	96	594
Asset management	1 247	961	30	2 878

1. *Represents new recurring premiums plus 10% of lump sum inflows.*

NET FLOW OF FUNDS

	Funds received from clients (A)			
	Six months ended 31 December			Year ended 30 June
R million	**2008**	2007	% change	2008
Retail	**21 519**	19 428	11	39 054
Employee benefits	**2 478**	1 572	58	4 263
Asset management	**12 466**	9 613	30	28 781
Total	**36 463**	30 613	19	72 098

	Payments to clients (B)			
	Six months ended 31 December			Year ended 30 June
R million	**2008**	2007	% change	2008
Retail	**20 933**	15 659	34	34 197
Employee benefits	**1 624**	1 203	35	2 764
Asset management	**23 267**	26 738	(13)	44 826
Total	**45 824**	43 600	5	81 787

	Net flow of funds (A – B)			
	Six months ended 31 December			Year ended 30 June
R million	**2008**	2007	% change	2008
Retail	**586**	3 769	(84)	4 857
Employee benefits	**854**	369	>100	1 499
Asset management	**(10 801)**	(17 125)	37	(16 045)
Total	**(9 361)**	(12 987)	28	(9 689)

DIRECTORS' VALUATION OF STRATEGIC SUBSIDIARY INVESTMENTS

	Directors' valuation at 31 December					30 June 2008
R million	**2008**	2007	% change	Valuation method	PE ratio	
RMB Asset Management[1]	**1 976**	2 590	(24)	A	8	2 437
Momentum International Multi-Managers (including Advantage) (85%)	**221**	292	(24)	A	6	359
Momentum Medical Scheme Administrators	**439**	473	(7)	B		442
Momentum Africa (including Swabou)	**226**	227	–	B		239
FirstRand Alternative Investment Management	**54**	50	8	C		53
Momentum Short Term Insurance	**33**	24	38	C		29
Directors' valuation of strategic subsidiary investments	**2 949**	3 656	(19)			3 559

Valuation methods:

A – Price/earnings multiple using forward earnings

B – Discounted cash flow valuation

C – Net asset value

1. *The decline in the valuations of RMBAM and Advantage is due to lower forward earnings resulting from a reduction in assets under management. The forward earnings take into account the withdrawal by two large clients of a combined R29 billion (R14 billion at RMBAM and R15 billion at Advantage) in assets in the second half of the current financial year.*

EMBEDDED VALUE OF MOMENTUM GROUP LIMITED

at 31 December 2008

The embedded value of Momentum Group Limited ("Momentum") and the value of new business are set out in this section.

Definition of embedded value

The embedded value has been determined as the total of the embedded values of the covered business and non covered business. The embedded value is an estimate of the value of in- force business. It excludes any value attributable to future new business.

The embedded value of the non covered business includes the directors' valuation of the investment management, health administration and short term insurance operations of the company.

The embedded value of the covered business relates to all the long term insurance and related administration operations of the company. This includes linked and market related business, reversionary and smoothed bonus business, annuities and non participating business.

The components of the embedded value of covered business consists of:

- the adjusted net worth attributed to the covered business
- plus the present value of in-force covered business
- less the cost of required capital

The adjusted net worth is the excess of assets over liabilities of covered business on the statutory valuation method, but includes inadmissible assets and other impairments.

The present value of in-force covered business represents the discounted value of the projected stream of future after-tax profits in respect of covered business in force at the calculation date.

The cost of required capital reflects the extent to which the expected long term after tax investment return on the assets backing the required capital is less than the return required by shareholders, as reflected in the risk discount rate. The required capital is based on the internally determined realistic capital requirement of the company. The economic capital requirement of the company has been set at a level of 1.4 to 1.6 times the statutory capital adequacy requirement ("CAR"). This range has been set to ensure, within a 95% confidence level, that the economic capital will cover the statutory capital adequacy requirement during the following five years. This excludes capital requirements for future new business.

The Actuarial Society of South Africa issued a revised Professional Guidance Note (PGN 107) that provides best practice for the calculation of embedded values for reporting dates of 31 December 2008 and later. The key differences in the way the embedded value is calculated compared to the previous guidance are:

- A distinction is required between covered and non covered business.
- The risk discount rate should be reviewed at each reported calculation date, making specific allowance for the inherent risks associated with shareholder cash flows valued in the embedded value.
- Economic assumptions should be reviewed at each reporting date and set consistently with observable market data.
- The cost of capital will now be based on the internally assessed level of capital required to support the covered business as opposed to the statutory level of capital that was used in the past. This will increase the cost of capital.

Embedded value results

The embedded value attributable to ordinary shareholders as at 31 December 2008 compares as follows with the embedded value as at 30 June 2008 and the restated value at the same date. The embedded value is also split to show the relative contribution of the covered and non covered business.

R million	31 December 2008	30 June 2008[1] (restated)	30 June 2008
Embedded value of covered business	**12 172**	12 480	12 449
Adjusted net worth of covered business	**4 406**	4 142	4 142
Present value of in-force covered business[2]	**9 694**	9 931	9 271
Cost of required capital	**(1 928)**	(1 593)	(964)
Embedded value of non covered business	**2 949**	3 559	3 559
Embedded value attributable to ordinary shareholders[3]	**15 121**	16 039	16 008
% Change	**(5.7)**		3.6
% Return on embedded value per annum[4]	**(5.4)**		15.2

1. *The embedded value as at 30 June 2008 has been restated in accordance with the changes required under the revised PGN 107.*
2. *The present value of in-force covered business of R9 694 million as at 31 December 2008 includes an amount of R182 million in respect of linked business written off balance sheet (30 June 2008 restated: R225 million).*
3. *Embedded value excludes the value attributable to preference shareholders.*
4. *Return on embedded value is the increase in embedded value, excluding the impact of dividends paid to ordinary shareholders of R476 million (2008: R1 800 million), expressed as a percentage of the restated embedded value at 30 June 2008, annualised.*

Value of new business

The value of new business is a measure of the value added to Momentum as a result of writing new business. New business has been defined as all new contracts issued during the reporting six month period ended 31 December 2008 for which at least one premium has been recognised in the financial statements as well as once off premium increases which have not been allowed for in the present value of in-force business.

The value of new business is calculated as the present value (at point of sale) of the projected stream of future after tax profits generated by new insurance business sold during the reporting period, discounted at the risk discount rate. The value of new business is net of acquisition expenses and is also appropriately reduced by the cost of required capital for new business.

Value of new business

	Six months ended 31 December			Year ended 30 June
R million	2008	2007 (restated)	% change	2008 (restated)
Value of new business (before cost of required capital)	399	353	13	687
Cost of required capital	(68)	(62)	10	(91)
Value of new business (net of cost of required capital)	**331**	291	14	596
Wealth and Retail[1,2]	204	192	6	388
Employee benefits	37	6	>100	54
FNB collaboration	90	93	(3)	154
Present value of premiums[3]	14 800	14 488		28 576
Margin %	2.2	2.0		2.1

1. *The Wealth and Retail value of new business of R204 million includes an amount of negative R10 million in respect of new local linked business written off balance sheet (31 December 2007 (restated): R4 million).*
2. *The Wealth and Retail value of new business includes an amount of R2 million in respect of new international linked business written off balance sheet (31 December 2007 (restated): R9 million).*
3. *The present value of premiums is defined as new single premiums plus the present value of expected future premiums on new recurring premium business, discounted at the risk discount rate.*

Value of new business for different lines of business

The value of new business (after cost of required capital), present value of premiums and margins of new business written during the six months ended 31 December 2008 compare as follows with the new business written during the previous reporting period for different lines of business:

Wealth and Retail

	Six months ended 31 December			Year ended 30 June
R million	2008	2007 (restated)	% change	2008 (restated)
Value of new business	204	192	6	388
Present value of premiums	12 200	12 556	(3)	23 734
Margin %	1.7	1.5		1.6

Employee benefits

	Six months ended 31 December			Year ended 30 June
R million	2008	2007 (restated)	% change	2008 (restated)
Value of new business[1]	37	6	>100	54
Present value of premiums	2 147	1 369	57	3 994
Margin %	1.7	0.4		1.4

1. *For employee benefits business increases in business from new schemes or new benefits on existing schemes are included. New members are included in the value of new business to the extent that these represent a significant increase in the original scheme size.*

FNB collaboration

	Six months ended 31 December			Year ended 30 June
R million	2008	2007 (restated)	% change	2008 (restated)
Value of new business	90	93	(3)	154
Present value of premiums	453	563	(20)	849
Margin %	19.9	16.5		18.1

Reconciliation of new business inflows

The following table provides a reconciliation of the total new business as reported in the review of Momentum's results, to the new business inflows used in the calculation of the value of new business.

Reconciliation of new business inflows

R million	Annualised recurring premiums	Single premium inflows
Total new business inflows as reported	1 083	31 727
• Wealth and Retail	663	18 094
• FNB collaboration	205	–
• Employee benefits	215	1 167
• Asset management	–	12 466
Inflows included/(not included) in value of new business	–	(23 307)
Wealth and Retail:		
• Policy alterations and other retail items	(14)	(26)
• Linked products	14	(82)
• Unit trusts	–	(10 638)
Employee benefits[1]:		
• Momentum Structured Insurance and other short term investments	–	(95)
Asset management:		
• Advantage and other short term investments	–	(4 345)
• On balance sheet	–	(2 518)
• Off balance sheet	–	(5 603)
Term extensions on maturing policies[2]	4	653
New business inflows included in value of new business	1 087	9 073

1. *For employee benefits business, increases in business from new members joining new schemes or new benefits on existing schemes are excluded from the value of new business to the extent that these do not represent a significant increase in the original scheme size.*
2. *Only client-initiated term extensions (R4 million recurring premiums and R653 million single premiums) were included in the value of the new business calculation. Automatic term extensions (R574 million single premiums) were excluded from the calculation.*

Composition of ordinary shareholders' net worth

The ordinary shareholders' net worth consists of the directors' value of the non covered business and the adjusted net worth of covered business.

The embedded value of the non covered business based on the directors' valuation as at 31 December 2008 was as follows:

R million	31 Dec 2008	30 June 2008 (restated)
RMB Asset Management (including collective investment scheme subsidiaries)	1 976	2 437
FirstRand Alternative Investment Management	54	53
Momentum International Multi-Managers (including Advantage)	221	359
Momentum Medical Scheme Administrators	439	442
Momentum Africa (including Swabou)	226	239
Momentum Short Term Insurance	33	29
Embedded value of non covered business	2 949	3 559

The directors' values of RMB Asset Management and Advantage include the value of expected profits from business written on Momentum's balance sheet as well as the value of profits derived from managing assets in respect of Momentum's insurance business. A price/earnings multiple approach was used to derive the directors' values of the asset management operations. The administration companies were valued using a discounted cash flow approach. The short term insurance and alternative investment management businesses were valued at net asset value.

The adjusted net worth of covered business as at 31 December 2008 was as follows:

R million	31 Dec 2008	30 June 2008 (restated)
Shareholders' portfolio investments	6 055	5 785
• Fixed interest investments	–	4
• Share trust loan	288	372
• Preference shares	1 693	1 688
• Cash and other	3 586	3 277
• Subsidiaries and associate companies included in covered business[1]	488	444
Less: Unsecured subordinated debt	(1 075)	(1 079)
• Fair value of debt	(1 028)	(849)
• Accrued interest and interest rate swap	(47)	(230)
Adjustment to move from published to statutory valuation method for calculating liabilities	(118)	(129)
Attributable to preference shareholders[2]	(456)	(435)
Adjusted net worth of covered business	**4 406**	4 142

1. *Subsidiaries including the life insurance subsidiaries (Momentum Ability, FirstLife) and Momentum Administration Services are included at net asset value.*
2. *The value of R456 million (30 June 2008: R435 million) attributable to preference shareholders reflects the market value of the preference share issue of R500 million.*

Reconciliation of ordinary shareholders' net worth for embedded value purposes to statutory surplus

R million	31 Dec 2008	30 June 2008 (restated)
Ordinary shareholders' net worth for embedded value purposes	7 355	7 701
Impairment of subsidiaries' and associates' values for statutory purposes	(2 389)	(2 807)
Other impairments and inadmissible assets	(71)	(64)
Add back fair value of preference shares allowed as statutory capital	456	435
Add back fair value of subordinated debt allowed as statutory capital	1 028	849
Statutory surplus	**6 379**	6 114

Reconciliation of ordinary shareholders' net worth for embedded value purposes to total shareholders' funds in the financial statements

R million	31 Dec 2008	30 June 2008 (restated)
Ordinary shareholders' net worth for embedded value purposes	7 355	7 701
Difference between statutory and published valuation methods	118	129
• Difference in investment contract liabilities	(2 502)	(2 108)
• Difference in insurance contract liabilities	1 341	962
• Deferred acquisition costs and deferred revenue liabilities	1 325	1 325
• Deferred tax on the items above	(46)	(50)
Intangible asset relating to Sage	700	704
Adjustment in respect of Swabou embedded value[1]	(41)	(40)
Value of preference shares issued	456	435
Total shareholders' funds in financial statements[2]	**8 588**	8 929

1. *The adjustment in respect of Momentum's share of Swabou Life reflects the difference between the directors' value of R162 million (included in ordinary shareholders' net worth) and the equity accounted value of R121 million included in the total shareholders' funds.*
2. *The shareholders' funds are based on the company financial statements.*

Analysis of embedded value earnings

Embedded value earnings represent the change in embedded value, adjusted for any capital raised and ordinary dividends paid. The embedded value earnings attributable to ordinary shareholders for the six months ended 31 December 2008 are set out below.

R million	Ordinary shareholders' net worth	Value of in-force business	Cost of required capital	Embedded value
Value as at 31 December 2008	7 355	9 694	(1 928)	15 121
Add back ordinary dividends paid	476	–	–	476
Less: Restated value as at 30 June 2008	7 701	9 931	(1 593)	16 039
Value as at 30 June 2008	7 701	9 271	(964)	16 008
Opening adjustments[1]	–	660	(629)	31
Company embedded value earnings for the period	**130**	**(237)**	**(335)**	**(442)**

1. *Opening adjustments relate to changes required under the revised actuarial guidance note PGN 107.*

The embedded value of covered and non covered business has changed as follows over the reporting period:

R million	Ordinary shareholders' net worth	Value of in-force business	Cost of required capital	Embedded value
Embedded value of covered business at 30 June 2008 (restated)	4 142	9 931	(1 593)	12 480
Embedded value earnings of covered business	708	(237)	(335)	136
Add dividends from non covered business	32	–	–	32
Less ordinary dividends paid	476	–	–	476
Embedded value of covered business at 31 December 2008	**4 406**	**9 694**	**(1 928)**	**12 172**
Embedded value of non covered business at 30 June 2008	3 559	–	–	3 559
Earnings from non covered business and other changes in equity	(8)	–	–	(8)
Revaluation of non covered business	(570)			(570)
Less dividends paid to covered business	(32)	–	–	(32)
Embedded value of non covered business at 31 December 2008	**2 949**	**–**	**–**	**2 949**

The components of embedded value earnings can be analysed as follows:

R million		Ordinary shareholders' net worth	Value of in-force business	Cost of capital	Embedded value
Embedded value earnings from covered business		708	(237)	(335)	136
Factors relating to operations		656	541	(34)	1 163
Value of new business	a	(406)	805	(68)	331
Expected return	b	–	641	(100)	541
Release from cost of required capital	c	–	–	134	134
Expected profit transfer to net worth	d	837	(837)	–	–
Operating experience variations	e	222	(69)	–	153
Experience assumption changes	f	3	1	–	4
Factors relating to market conditions		52	(778)	(301)	(1 027)
Investment return on adjusted net worth	g	159	–	–	159
Investment variations	h	(107)	(1 345)	(267)	(1 719)
Economic assumption changes	i	–	567	(34)	533
Embedded value earnings from non covered business		(578)	–	–	(578)
Group embedded value earnings for the period		**130**	**(237)**	**(335)**	**(442)**

The company embedded value loss attributable to ordinary shareholders of R442 million represents a return of negative 2.8% on the restated embedded value of R16 039 million, after adjustment for the impact of the new calculation methodology of the embedded value on 30 June 2008. The annualised return on the embedded value is negative 5.4%, compared to a return on embedded value of 15.2% for the year to 30 June 2008.

The items in the above tables can be explained as follows:

(a) The value of new business is an estimate of the economic value of the new business written during the reporting period, determined at the point of sale. The negative contribution to the shareholders' net worth represents the new business strain on the statutory valuation method, which allows for the elimination of negative liabilities on whole life contracts.

(b) The expected return is determined by applying the risk discount rate applicable at 30 June 2008 to the value of in-force insurance business at the start of the reporting period, and adding the expected return on new business, which is determined by applying the current risk discount rate to the value of new business from the point of sale to 31 December 2008.

(c) The expected release from cost of required capital represents the difference between the expected after tax investment return on the assets backing the capital adequacy requirement, and the risk discount rate over the period.

(d) The expected profit transfer from the value of in-force insurance business to the shareholders' net worth is calculated on the statutory valuation method.

(e) The operating experience variances represent the impact of differences between the actual experience and the assumptions used in the embedded value calculations. The operating experience variances of R153 million include the following:

Source of variation	R million
Momentum's individual life business[1]	(32)
Financial structures	32
Working capital portfolio profits	16
FNB collaboration	80
Employee benefits business	(17)
Maintenance expenses	(36)
Secondary Tax on Companies expected but not paid	25
Tax	109
Other items	(24)
Total	**153**

1. *Includes R100 million from favourable mortality and morbidity experience and negative R132 million from unfavourable experience in respect of early terminations, premium cessations and other policy alterations.*

(f) The experience assumption changes represent the capitalised effect of changes in demographic and other experience assumptions (excluding economic assumptions) used in the embedded value calculations. During the interim valuation, no material basis changes (apart from economic basis changes) were implemented.

(g) Investment returns on adjusted net worth of covered business of R159 million comprise the following:

R million	31 December 2008
Investment income (excluding dividends from strategic subsidiaries)	195
Capital appreciation (excluding revaluation of strategic subsidiaries)	10
Preference share dividends paid and the change in fair value of the preference shares issued	(46)
Investment return on adjusted net worth	**159**

(h) The investment variance of negative R1 719 million represents the impact of the lower than assumed investment returns on current and future insurance profits.

(i) The economic assumption changes of R533 million include the effect of the reduction in the assumed rate of investment return, expense inflation rate and risk discount rate in respect of local and offshore business.

Assumptions

The embedded value calculations comply with the Actuarial Society of South Africa's Professional Guidance Note PGN 107 (Version 4). The same best-estimate assumptions were used for the embedded value calculations and the statutory valuation. The main assumptions used in the embedded value calculations are described below:

Economic assumptions

Version 4 of PGN 107 requires that the economic basis be reviewed actively and be set consistent with observable market data. In addition the risk discount rate should be recalculated at every reporting date, making specific allowance for the inherent risks associated with shareholder cash flows valued in the embedded value.

Risk free rates of a similar duration as the liabilities have been derived from the Government bond zero coupon curve. Equity and property risk premiums have incorporated both historical relationships between different asset classes and management's view of future returns.

The risk discount rate has been determined based on the weighted average cost of capital of the company. This has taken into account the sources of capital used to fund the covered business – ie shareholder equity; subordinate debt finance and preference shares issued. The required return on equity has been derived through application of the capital asset pricing model where the parameters of this model were derived from analysis of historical market data. The cost of preference share and debt financing has been based on the current financing cost.

Based on the above, the economic basis as at 30 June 2008 has been restated. The new basis as at 30 June 2008 compared with the original basis is shown below.

%	**30 June 2008 (restated)**	30 June 2008
Risk discount rate	**12.90**	13.50
Investment return before tax	**13.00**	12.00
Implied differential	**(0.10)**	1.50
Expense inflation	**9.50**	9.50
Implied real return	**3.50**	2.50

A notional long term asset distribution was used to calculate a weighted expected investment return by adding the following premiums/(discounts) to the risk free yield of 10.85% per annum.

%	**30 June 2008 (restated)**	30 June 2008
Equities	**3.50**	2.00
Properties	**1.00**	1.00
Government stocks	**0.00**	0.00
Other fixed interest stocks	**0.50**	0.50
Cash	**(1.00)**	(2.00)

The value of new business has been restated as at 30 June 2008 and 31 December 2007. The basis used for the valuation of the 31 December 2007 new business is shown below.

%	31 Dec 2007 (restated)	31 Dec 2007
Risk discount rate	10.60	11.00
Investment return before tax	10.50	9.50
Implied differential	0.10	1.50
Expense inflation	6.50	6.50
Implied real return	4.00	3.00

The economic basis used for the valuation as at 31 December 2008 was as follows:

%	**31 Dec 2008**	31 Dec 2007 (restated)[1]	30 June 2008 (restated)
Risk discount rate	**9.80**	10.60	12.90
Investment return before tax	**9.65**	10.50	13.00
Implied differential	**0.15**	0.10	(0.10)
Expense inflation	**5.00**	6.50	9.50
Implied real return	**4.65**	4.00	3.50

1. *The restated basis was only applied to recalculate the value of new business as at 31 December 2007.*

The investment return assumption of 9.65% per annum was derived from the yields on South African government bonds at 31 December 2008 taking into account the expected outstanding term of the in-force policy book. A notional long term asset distribution was used to calculate a weighted expected investment return by adding the following premiums/(discounts) to the risk free yield of 7.50% per annum.

%	31 Dec 2008	31 Dec 2007 (restated)	30 June 2008 (restated)
Equities	**3.50**	3.50	3.50
Properties	**1.00**	1.00	1.00
Government securities	**0.00**	0.00	0.00
Other fixed interest securities	**0.50**	0.50	0.50
Cash	**(1.00)**	(1.00)	(1.00)

The future expense inflation assumption of 5% per annum was determined as the difference between the yields on conventional and inflation linked Government bonds, plus an addition of 0.75% per annum to make allowance for the expected gradual shrinking of Momentum's existing policy book.

The risk discount rate derived as the weighted average cost of capital as at 31 December 2008 was 9.80%.

For offshore business there was a reduction in the investment return, expense inflation rate and risk discount rate assumptions, relative to the previous financial year.

In the calculation of the cost of required capital, it was assumed that the required capital will be backed by surplus assets consisting of 67% cash or near-cash and 33% variable rate preference shares, to benefit from the effective after tax yield that can be obtained on variable rate preference shares.

Mortality, morbidity and discontinuance rates

The assumptions regarding future mortality, morbidity and discontinuance rates are based on the results of recent internal experience investigations. The mortality assumptions allow for an expected deterioration in mortality as a result of AIDS in line with Professional Guidance Note PGN 105 (version 2), as well as expected improvements in mortality at older ages in respect of annuities in payment.

Expenses

The maintenance expense assumptions are based on the budgeted maintenance expenses for the financial year to 30 June 2009, differentiated by main product group, and are sufficient to support the existing business on a going-concern basis.

Premium growth take-up rates

The embedded value of in-force insurance business includes the expected value of future premium increases resulting from voluntary premium growth arrangements on in-force insurance business, by using an expected take-up rate based on the results of recent experience investigations. The value of new business includes the expected value of future premium increases resulting from premium indexation arrangements on the new business written during the six months ended 31 December 2008.

The assumptions and modelling methodology for voluntary premium growth were changed as at 30 June 2008, following the investigation into recent voluntary take-up experience.

Bonus rates

Bonus rates for smoothed bonus products have been projected based on the affordable rate given the underlying investment return assumptions.

Reserving bases

It was assumed that the current bases of calculating the policyholder liabilities would continue unchanged in future.

Policy and premium discontinuance bases

It was assumed that the current policy and premium discontinuance bases and practices would be maintained in future.

Financial options and guarantees

A proportion of Momentum's savings products offer investors a minimum return on maturity, death or surrender. Momentum holds a statutory liability for the time value of these guarantees. The calculation method to value these guarantees is prescribed in Professional Guidance Note PGN 110 issued by the Actuarial Society of South Africa. These guarantees have been valued using a proprietary risk-neutral market consistent asset model.

Tax

Allowance was made for future income tax based on the four-fund tax dispensation, and for capital gains tax at face value in the policyholders' portfolios. No allowance was made for capital gains tax on the shareholders' strategic subsidiary investments, as these are not held with the intention of ultimate disposal.

The cost of required capital was based on projected after tax returns on the assets backing the capital adequacy requirements.

Allowance was made for Secondary Tax on Companies ("STC") on future dividends ultimately payable to shareholders at a rate of 5.6% (30 June 2008: 5.6%) of net expected future profits. The STC assumption is based on the expected future cash dividends according to the dividend policy of Momentum, taking into account expected future STC credits arising from dividends received. This allowance does not anticipate any changes in STC and the projections allow for STC over the entire projection term. The impact on the embedded value of allowing for STC is equal to negative R575 million.

Sensitivities

This section illustrates the effect of different assumptions on the value of in-force insurance business and the value of new business.

For each sensitivity illustrated, all other assumptions have been left unchanged, except for the sensitivity to a 1% reduction in investment returns, where it was assumed that the inflation rate and the risk discount rate would also reduce by 1%.

Allowance was made for compensating management actions. It was assumed that bonus rates would be reduced consistently with the reduction in investment returns. In the case of group risk benefits, it was assumed that the deterioration in mortality experience would be countered by a corresponding increase in premiums after a delay of one year. In the calculation of the new business sensitivity to a reduction in investment returns, it was assumed that new business premium rates for products with guaranteed investment returns (annuities and guaranteed endowments) would be adjusted. This assumption is in line with the current practice of weekly review of new business premium rates.

The risk discount rate appropriate to an investor depends on the investor's own requirements, tax position and perception of the risks associated with the realisation of the future insurance profits of Momentum. The sensitivities to changes in the risk discount rate are included in the tables below.

Value of in-force covered business sensitivities

R million	Present value of future profits	Cost of required capital	Value of in-force insurance business	Change from base (%)
Base value	9 694	(1 928)	7 766	–
Risk discount rate increases from 9.8% to 10.8%	9 172	(2 229)	6 943	(10.6)
Risk discount rate decreases from 9.8% to 8.8%	10 279	(1 590)	8 689	11.9
Renewal expenses decrease by 10%	10 033	(1 928)	8 105	4.4
Expense inflation decreases from 5.0% to 4.0%	9 804	(1 928)	7 876	1.4
Policy discontinuance rates decrease by 10%	10 037	(2 017)	8 020	4.3
5% reduction in mortality and morbidity rates (excluding the impact from annuity business)	10 026	(1 928)	8 098	6.6
5% reduction in mortality and morbidity rates (impact from annuity business only)	9 532	(1 928)	7 604	(2.1)
Premium growth take-up reduces by 10%	9 536	(1 928)	7 608	(2.0)
Investment returns reduce from 9.65% to 8.65%	9 605	(2 382)	7 223	(7.0)
Equity values decrease by 10%	9 228	(2 300)	6 928	(10.8)
Equity risk premium increases by 1%	9 880	(1 928)	7 952	2.4

Value of new business sensitivities

R million	Gross value of new business	Cost of required capital	Value of new business	Change from base (%)
Base value	399	(68)	331	–
Risk discount rate increases from 9.8% to 10.8%	358	(78)	280	(15.4)
Risk discount rate decreases from 9.8% to 8.8%	448	(58)	390	17.8
Renewal expenses decrease by 10%	419	(68)	351	6
Expense inflation decreases from 5.0% to 4.0%	406	(68)	338	2.1
Policy discontinuance rates decrease by 10%	455	(64)	391	18.1
5% reduction in mortality and morbidity rates (excluding the impact from annuity business)	456	(68)	388	17.2
5% reduction in mortality and morbidity rates (impact from annuity business only)	398	(68)	330	(0.2)
Premium growth take-up reduces by 10%	385	(68)	317	(4.2)
Investment returns reduce from 9.65% to 8.65%	432	(82)	350	5.7
New business acquisition expenses decrease by 10%	401	(46)	355	7.3
New business volumes decrease by 20%	251	(37)	214	(35.3)
Equity risk premium increases by 1%	400	(68)	332	0.3

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APPENDIX 3

FirstRand Group
Supplementary information
for the six months ended 31 December 2008

	At 31 December			At 30 June
R million	2008	2007	% change	2008
Return on equity				
Average normalised net asset value	52 592	46 867	12	49 130
Normalised earnings	4 576	6 138	(25)	10 583
Normalised return on equity (%)	17.4	26.2		21.5
Banking Group (%)	17.9	27.3		21.3
Momentum Group (%)	22.6	30.8		30.3
Price to book				
Market capitalisation (number of shares in issue x closing share price)	90 827	111 331	(18)	74 983
Normalised net asset value (refer below)	53 547	47 111	14	51 637
Normalised price to book (times)	1.70	2.36		1.45
Capital adequacy				
Capital adequacy ratio: Banking Group (Regulatory requirement: 10%)	13.0	13.8		13.8
CAR cover: Momentum Group (Regulatory requirement: 1.0 x)	1.4	2.0		2.2
Core leverage ratio				
Core equity (%)	74.1	74.9		73.7
Non cumulative non redeemable preference shares (%)	6.3	7.2		6.4
Debt instruments (%)	19.6	17.9		19.9
	100.0	100.0		100.0
Sources and application of capital				
Sources of consolidated capital at FirstRand				
Ordinary shareholders' equity and reserves				
Ordinary shareholders' equity and reserves	50 701	44 146	15	48 689
Less: Non cumulative non redeemable preference shares	(4 519)	(4 519)	–	(4 519)
Total ordinary shareholders' equity	46 182	39 627	17	44 170
***Plus:* Treasury shares**	5 921	6 040	(2)	6 023
***Plus:* Excess cost of investment of net asset value at date of merger (Section 84 of Companies Act) High Court approval**	1 444	1 444	–	1 444
Normalised ordinary shareholders' equity (normalised net asset value)	53 547	47 111	14	51 637
Non cumulative non redeemable preference shares	4 519	4 519	–	4 519
Debt capital instruments	14 163	11 249	26	13 941
Total capital sourced	72 229	62 879	15	70 097
Banking Group	58 307	50 804	15	56 498
Ordinary shareholders' equity	45 623	39 335	16	43 886
Non cumulative non redeemable preference shares	3 100	3 100	–	3 100
Debt capital instruments	9 584	8 369	15	9 512
Momentum Group	8 248	7 565	9	7 858
Ordinary shareholders' equity	6 508	5 753	13	6 270
Non cumulative non redeemable preference shares	500	500	–	500
Debt capital instruments[1]	1 240	1 312	(5)	1 088
Unregulated entities	5 674	4 510	26	5 741
Ordinary shareholders' equity	1 416	2 023	(30)	1 481
Non cumulative non redeemable preference shares	919	919	–	919
Debt capital instruments	3 339	1 568	>100	3 341
Total capital applied	72 229	62 879	15	70 097

	At 31 December			At 30 June
R million	2008	2007	% change	2008
Banking Group[1]	693 872	618 526	12	658 094
Momentum Group[1]	180 548	182 532	(1)	183 899
FirstRand company and consolidation[2]	(24 551)	(19 822)	24	(21 935)
Total on balance sheet assets	**849 869**	781 236	9	820 058
Off balance sheet assets managed or administered on behalf of clients	185 011	211 942	(13)	198 144
Total assets under management or administration	**1 034 880**	993 178	4	1 018 202

1. *Assets are disclosed before elimination of intergroup balances. Refer note 2.*
2. *All consolidation entries have been included.*

CONTINGENCIES AND COMMITMENTS

	At 31 December			At 30 June
R million	2008	2007	% change	2008
Guarantees	18 298	16 850	9	19 713
Acceptances	451	299	51	1 992
Letters of credit	6 231	5 167	21	4 843
Total contingencies	**24 980**	22 316	12	26 548
Capital commitments				
Contracted capital commitments	691	1 010	(32)	687
Capital expenditure authorised not yet contracted	362	581	(38)	626
Total capital commitments	**1 053**	1 591	(34)	1 313
Other commitments				
Irrevocable commitments	46 580	36 564	27	40 143
Underwriting commitments	200	316	(37)	226
Operating lease and other commitments	18 167	8 379	>100	9 817
Total capital commitments	**64 947**	45 259	44	50 186
Total contingencies and commitments	**90 980**	69 166	32	78 047

	At 31 December		At 30 June
	2008	2007	2008
Shares in issue			
Opening balance 1 July	**5 637 830 218**	5 635 715 676	5 635 715 676
Movements			
Outperformance conversion December 2008/November 2007	**111 471**	1 302 100	1 302 100
Outperformance conversion May 2008	**–**	–	812 442
Shares in issue	**5 637 841 689**	5 637 017 776	5 637 830 218
Less: Treasury shares	**(425 964 866)**	(451 964 693)	(456 949 451)
Staff schemes	**(222 097 912)**	(252 278 439)	(244 971 470)
BEE staff trusts	**(171 401 072)**	(171 401 072)	(171 401 072)
Shares held by policyholders	**(32 465 882)**	(28 285 182)	(40 576 909)
Number of shares in issue (after treasury shares)	**5 211 876 823**	5 185 053 083	5 180 880 767
Weighted average number of shares			
Actual number of shares in issue as at 1 July	**5 637 830 218**	5 635 715 676	5 635 715 676
Adjustment: Outperformance conversion weighting	**18 579**	217 017	894 965
Weighted average number of shares before treasury shares	**5 637 848 797**	5 635 932 693	5 636 610 641
Less: Treasury shares	**(439 172 526)**	(456 951 799)	(454 646 397)
Staff schemes	**(232 036 584)**	(255 809 750)	(252 261 709)
BEE staff trusts	**(171 401 072)**	(171 401 072)	(171 401 072)
Shares held by policyholders	**(35 734 870)**	(29 740 977)	(30 983 616)
Weighted average number of shares in issue	**5 198 676 271**	5 178 980 894	5 181 964 244
Dilution impact:			
Outperformance	**–**	2 313 300	1 501 133
Staff schemes	**12 174 666**	86 992 499	71 285 985
BEE staff trusts	**1 704 636**	39 658 881	28 350 297
Diluted weighted average number of shares in issue	**5 212 555 573**	5 307 945 574	5 283 101 659
Number of shares for normalised earnings per share calculation			
Actual weighted average and diluted weighted average number of shares for calculation of normalised earnings and diluted earnings per share			
Shares in issue at 1 July	**5 637 830 218**	5 635 715 676	5 635 715 676
Adjustment: Outperformance conversion weighting	**18 579**	217 017	894 965
Weighted average number of shares in issue for normalised earnings calculation	**5 637 848 797**	5 635 932 693	5 636 610 641
Dilution impact: Outperformance	**–**	2 313 300	1 501 133
Diluted weighted average number of shares in issue for diluted normalised earnings calculation	**5 637 848 797**	5 638 245 993	5 638 111 774

The Group believes normalised earnings more accurately reflect operational performance. Headline earnings are adjusted to take into account non operational and accounting anomalies.

These unaudited adjustments are consistent with those reported at 30 June 2008.

Discovery BEE transaction

In December 2005, Discovery issued 38.7 million shares in terms of its BEE transaction. The special purpose vehicles and trusts to which these shares have been issued have been accounted for as share options of Discovery, eliminating the shares issued as treasury shares.

The normalised adjustment:

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

Treasury shares: Effective shareholding in Discovery Holdings Limited

Discovery consolidates in its results treasury shares relating to their BEE transaction, which effectively increases FirstRand's share in Discovery from 57.1% to 62.3%. This adjustment is to reflect the actual shareholding which existed pre the unbundling in Discovery at 57.1%.

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 share schemes. The staff schemes purchase FirstRand shares in the open market to ensure the Group 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 trusts. These trusts are consolidated and FirstRand shares held by the staff share schemes are treated as treasury shares. For purposes of calculating the normalised earnings, the consolidation entries are reversed and the Group shares held by the staff share schemes are treated as issued to parties external to the Group.

The normalised adjustments:

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

Treasury shares: FirstRand shares held by policyholders

FirstRand shares held by Momentum Group are invested for the risk and reward of its policyholders, not its shareholders, and consequently the Group's shareholders are not exposed to the fair value changes on these shares. In terms of IAS 32, FirstRand Limited shares held by Momentum Group on behalf of policyholders are deemed to be treasury shares for accounting purposes. The corresponding movement in the policyholder liabilities is, however, not eliminated, resulting in a mismatch in the overall equity and income statement of the Group.

Increases in the fair value of Group shares and dividends declared on these shares increases the liability to policyholders. The increase in the liability to policyholders is accounted for in the income statement. The increase in assets held to match the liability position is eliminated. For purposes of calculating the normalised earnings, the adjustments described above are reversed and the Group shares held on behalf of policyholders are treated as issued to parties external to the Group.

R million	Amount as previously stated	Amount as restated	Difference	Explanation
31 December 2007				
Balance sheet				
Advances	412 364	429 024	16 660	Change in classification to align with industry practice and underlying nature of instruments.
Investment securities and other investments	236 114	219 454	(16 660)	As above
Deposits	478 854	481 870	3 016	As above
Short trading positions	34 194	32 706	(1 488)	As above
Derivative financial instruments	31 146	29 618	(1 528)	As above
Income statement				
Decrease/(increase) in value of policyholder liabilities	(2 942)	(2 985)	(43)	Fair value adjustment to financial liabilities reallocated to decrease/(increase) in value of policyholder liabilities to ensure consistent disclosure.
Fair value adjustment to financial liabilities	(43)	–	43	As above

FirstRand's strategy of owning two insurance companies, Discovery and Momentum, has been consistently monitored by the boards of FirstRand, Discovery and Momentum. This strategy has produced significant growth and created shareholder value as both businesses were able to balance growth in market share with increasing levels of competition.

However, with Discovery's launch of an investment business and Momentum's ambition in the healthcare sector, a decision was taken to sell 21 569 301 Discovery shares and to unbundle the balance of 316 357 337 Discovery shares.

Management and shareholders approved the transaction on 7 November 2007. From this date onwards FirstRand no longer had any investment in Discovery.

An analysis of the results of the discontinued operation is as follows:

R million	Four months ended 7 November 2007
Interest and similar income	52
Interest expense and similar charges	(7)
Net interest income	45
Non interest income	1 182
Net insurance premium income	865
Net claims and benefits paid	(342)
Increase in value of policyholder liabilities	257
Income from operations	2 007
Operating expenditure	(1 397)
Net income from operations	610
Share of profit of associates and joint ventures	(57)
Profit before tax of discontinued operation	553
Tax expense	(179)
Profit after tax of discontinued operation	374
Cash flow information:	
Cash flow from operating activities	524
Cash flow from investing activities	(420)
Cash flow from financing activities	(224)
Total cash flow	(120)

Balance sheet	As at 7 November 2007
Total assets	9 062
Total liabilities	3 431
Reconciliation of profit on disposal of Discovery:	
Proceeds on disposal	1 184
Net asset value of Discovery at date of disposal and unbundling of Discovery	(605)
Goodwill realised	(9)
Profit before tax on unbundling and disposal of Discovery	570
Tax	(76)
Net profit from disposal/unbundling of Discovery	494
Profit after tax of discontinued operation	374
Profit after tax from discontinued operation	868

Set out below is additional information pertaining to Section 1 of Circular 8/2007 – 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	**2008**	2007	% change	2008
Aggregate cost of portfolio	**2 626**	2 082	26	2 699
Aggregate carrying value	**4 352**	3 537	23	4 334
Aggregate fair value	**5 198**	6 635	(22)	6 510
Equity accounted income[1]	**616**	606	2	929
Private equity associates	**549**	659	(17)	1 198
Other private equity and venture capital related activities	**67**	(53)	>100	(269)
Profit on realisation[2]	**487**	481	1	753
Aggregate other income earned[1]	**90**	96	(6)	127

1. *Pre tax.*
2. *Post tax and minorities.*

Issue 2 – Capital appreciation on investment products

	Six months ended 31 December			Year ended 30 June
R million	**2008**	2007	% change	2008
Carrying value of investment properties	**4 088**	3 155	30	3 808
Fair value of investment properties	**4 088**	3 155	30	3 808
Capital appreciation after tax	**49**	60	(18)	86

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STOCK EXCHANGES

JSE Limited ("JSE")

Ordinary shares	Share code	ISIN code
FirstRand Limited	FSR	ZAE000066304

Non cumulative non redeemable preference shares

"B"	FSRP	ZAE000060141
"B1"	FSPP	ZAE000070900

Namibian Securities Exchange ("NSE")

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

Botswana Securities Exchange of South Africa ("BSE")

Ordinary shares	Share code	ISIN code
FNB Botswana Holdings Limited	FNBB	BW000000066

Bond Exchange of South Africa ("BESA")

Subordinated debt

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRB01	ZAG000021585
FirstRand Bank Limited	FRB02	ZAG000021593
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
Momentum Group Limited	MGL01	ZAG000029935

Upper Tier 2

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	FRBN01	ZAG000021601
FirstRand Bank Limited	FRBN04	ZAG000041005
FirstRand Bank Limited	FRBN05	ZAG000042169
FirstRand Bank Limited	FRBZ01	ZAG000049255
FirstRand Bank Limited	FRS04	ZAG000055088
FirstRand Bank Limited	FRS05	ZAG000055443
FirstRand Bank Limited	FRS08	ZAG000057324
FirstRand Bank Limited	FRS09	ZAG000057332
FirstRand Bank Limited	FRS10	ZAG000057340
FirstRand Bank Limited	FRS11	ZAG000057357
FirstRand Bank Limited	FRS12	ZAG000057365
FirstRand Bank Limited	FRS14	ZAG000058942
FirstRand Bank Limited	FRS15	ZAG000058959
FirstRand Bank Limited	FRS16	ZAG000058967
FirstRand Bank Limited	FRS17	ZAG000058975
FirstRand Bank Limited	FRS18	ZAG000058991
FirstRand Bank Limited	FRJ11	ZAG000051111
FirstRand Bank Limited	FRX11	ZAG000051095
FirstRand Bank Limited	FRX15	ZAG000051103

Inflation-linked bonds

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRBI01	ZAG000025156
FirstRand Bank Limited	FRBI02	ZAG000025768
FirstRand Bank Limited	FRBI03	ZAG000033473
FirstRand Bank Limited	FRBI04	ZAG000044306
FirstRand Bank Limited	FRBI05	ZAG000050626
FirstRand Bank Limited	FRBI06	ZAG000054008
FirstRand Bank Limited	FRBI07	ZAG000055849
FirstRand Bank Limited	FRI11	ZAG000051129
FirstRand Bank Limited	FRI15	ZAG000051137

Credit-linked notes

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRC01	ZAG000049800
FirstRand Bank Limited	FRC03	ZAG000050360
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
FirstRand Bank Limited	FRC09	ZAG000054347
FirstRand Bank Limited	FRC10	ZAG000054149
FirstRand Bank Limited	FRC11	ZAG000054131
FirstRand Bank Limited	FRC12	ZAG000054305
FirstRand Bank Limited	FRC13	ZAG000055526
FirstRand Bank Limited	FRC15	ZAG000055708
FirstRand Bank Limited	FRC16	ZAG000055914
FirstRand Bank Limited	FRC17	ZAG000056011
FirstRand Bank Limited	FRC18	ZAG000056631

London Stock Exchange ("LSE")
European Medium Term Note (EMTN) Programme

Issuer	Bond code	ISIN code
FirstRand Bank Limited	EMTN	XS0306783621

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