FirstRand Limited
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Income tax reference number: 9150/201/71/4
JSE code: FSR ISIN: ZAE000066304
JSE B preference share code: FSRP ISIN: ZAE000060141
NSX share code: FST
(FirstRand or the Group)

AUDITED RESULTS AND CASH DIVIDEND DECLARATION FOR THE YEAR ENDED 30 JUNE 2013

Introduction

This announcement covers the audited financial results of FirstRand Limited (FirstRand or the Group) based on International Financial Reporting Standards (IFRS) for the year ended 30 June 2013.

The primary results and accompanying commentary are presented on a normalised basis as the Group believes this most accurately reflects its economic performance. The normalised results have been derived from the audited IFRS financial results.

A detailed description of the difference between normalised and IFRS results is provided on www.firstrand.co.za. Commentary is based on normalised results, unless indicated otherwise.

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

FirstRand's annual integrated report will be published on the Group's website, www.firstrand.co.za, on or about 7 October 2013.

Financial highlights (audited)

	Year ended 30 June		
	2013	2012	% change
Normalised earnings (R million)	15 323	12 730	20
Diluted normalised earnings per share (cents)	271.8	225.8	20
Normalised net asset value per share (cents)	1 303.1	1 142.4	14
Dividend per ordinary share (cents)	136.0	102.0	33
Normalised return on equity (%)	22.2	20.7	

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

Statement of headline earnings - IFRS (audited)

	Year ended 30 June		
R million	2013	2012	% change
Profit for the year	15 678	14 369	9
Non-controlling interests	(842)	(898)	(6)
NCNR preference shareholders	(297)	(275)	8
Earnings attributable to ordinary equityholders	14 539	13 196	10
Adjusted for:	575	(554)	(>100)
Loss on disposal of investment securities and other investments of a capital nature	13	20	
Gain on disposal of available-for-sale assets	(33)	(154)	
Losses/(gains) on disposal of investments in associates or joint ventures	1	(473)	
Gain on disposal of investments in subsidiaries	(63)	(266)	
Loss on the disposal of property and equipment	77	49	
Fair value of investment properties	(7)	(12)	
Impairment of goodwill	438	115	
Impairment of assets in terms of IAS 36	306	7	
Gain from a bargain purchase	(14)	-	
Other	(122)	41	
Tax effects of adjustments	(41)	43	
Non-controlling interests adjustments	20	76	
Headline earnings	15 114	12 642	20

Reconciliation from headline to normalised earnings (audited)

R million	Year ended 30 June 2013	2012	% change
Headline earnings	15 114	12 642	20
Adjusted for:	209	88	>100
IFRS 2 Share-based payment expense	43	77	(44)
Treasury shares*	39	251	(84)
Total return swap adjustment	85	(240)	(>100)
Private equity subsidiary realisations	42	-	-
Normalised earnings	15 323	12 730	20

* Includes FirstRand shares held for client trading activities.

Overview of results

Introduction

The macroeconomic environment remained challenging over the past financial year with global growth as a whole remaining below trend throughout the reporting period.

The local economy continued to be negatively impacted by shifts in both global and domestic risk dynamics. High levels of capital inflows, a strong rand, low bond yields, elevated commodity prices and robust growth in household incomes caused the South African current account deficit to widen to 6.7% by June 2012. However, during 2013 activity in the US started to improve to a degree that its central bank authorities announced the possible unwinding of current US monetary policy stimulus. This development negatively impacted emerging market flows which had benefited from low US rates, and for South Africa this resulted in some currency weakness.

Domestic GDP slowed to 1.9% year-on-year in 1Q13, reflecting lower levels of activity in both the household and business sectors of the economy. Consumer spending slowed to 2.7% and investment spending to 4.4%, resulting in lower credit extension, slowing vehicle sales and a muted housing market.

In the rest of the sub-Saharan region, growth continued on a robust trend, led by activity in construction, agriculture and new extractive industries; although upper-middle-income countries, such as Namibia and Botswana, have grown somewhat slower due to close economic ties with the euro zone.

Overview of results

FirstRand produced excellent results for the year to 30 June 2013, achieving normalised earnings of R15 323 million, an increase of 20% on the previous period and a normalised ROE of 22.2% (2012: 20.7%).

All three operating franchises continued to deliver good operational performances, achieving both strong topline growth and profitability. In the case of FNB, this was once again driven by customer acquisition, loan and deposit growth and the ongoing focus on driving transactional volumes across all of its platforms, particularly electronic. WesBank continued to grow new business volumes across all portfolios and RMB's diversified investment banking and corporate portfolios delivered strong growth in profits particularly from the client-centric business units.

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

Sources of normalised earnings

R million	Year ended 30 June 2013	% composition	2012	% composition	% change
FNB	8 162	53	6 666	53	22
RMB	4 426	29	3 654	29	21
WesBank	2 852	19	2 599	20	10
Corporate Centre and consolidation adjustments	(178)	(1)	(703)	(6)	(75)
FirstRand Limited (company)*	358	2	789	6	(55)
NCNR preference dividend	(297)	(2)	(275)	(2)	8
Normalised earnings	15 323	100	12 730	100	20

* Included in the 2013 figure is the consolidation adjustment of R589 million (2012: R818 million) to bring the IFRS 2 costs from cash settled in the underlying subsidiaries to equity settled at the Group level.

The Group's income statement benefited from an increase of 13% in net interest income (NII), driven by good growth in new business at FNB, WesBank and RMB. Net interest margin was again positively impacted by pricing strategies, funding mix and the growth in advances in higher yielding asset classes such as vehicle asset finance and unsecured lending.

Total non-interest revenue (NIR) increased 13% year-on-year, with strong contributions from all franchises. FNB's NIR continued to be underpinned by increases in fee and commission income particularly on the back of ongoing acquisition of core transactional accounts. WesBank's NIR benefited from robust levels of new business origination and good growth in the full maintenance rental book. RMB delivered strong growth in knowledge-based fees, particularly benefiting from cross-border transactions, and fair value income remained resilient on the back of client activities, particularly financing, advisory and structuring. Client execution revenues from RMB's activities in the Group's African subsidiaries also contributed strongly.

Operating costs increased 9% reflecting the continued investment in FNB's electronic platforms and the Group's African operating footprint. IFRS 2 Share-based payments decreased year-on-year reflecting the lower increase in the Group's share price. This was, however, offset by growth in variable staff costs directly linked to growth in profitability.

Bad debts, excluding the impact of the merchant acquiring event, increased from 94 bps to 95 bps, in line with expectations and includes credit impairment overlays, primarily at FNB and RMB. These overlays reflect the Group's view that the benign credit cycle has bottomed and are considered prudent given the strong book growth year-on-year. The overlays do not reflect any specific stresses in the Group's portfolios, all of which are tracking as anticipated.

Absolute levels of non-performing loans (NPLs) decreased 9%, reflecting the ongoing improvement in FNB's residential mortgage book and WesBank's motor book. NPLs in the unsecured books are trending in line with expectations given the tightening of origination strategies in certain risk buckets over the past 12 to 18 months.

The Group's overall balance sheet showed a robust increase in advances year-on-year, particularly in those portfolios where the Group has specifically targeted growth.

Overview of operating franchises

FirstRand's vision is to be the African financial services group of choice, creating long-term franchise value and delivering superior and sustainable economic returns to shareholders within acceptable levels of volatility. The Group seeks to achieve this through two parallel growth strategies:

- become a predominant player in all of the financial services profit pools in South Africa, growing in existing markets and those where it is under-represented; and

- grow its franchise in the broader African continent, targeting those countries expected to show above average domestic growth and which are well positioned to benefit from the trade and investment flows between Africa, China and India.

These strategies are executed through its portfolio of operating franchises, within a framework set by the Group, and good progress continues to be made. Below is a brief overview of progress on these strategic objectives and the financial and operational performance of each franchise.

FNB

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

As previously reported, during the year under review FNB completed an internal realignment of its successful segment focus. The original FNB segment strategy, incorporating Mass, Consumer, Wealth, Commercial and Corporate, has been refined to focus on two larger segments - Retail and Commercial. The African subsidiaries have been aligned under Retail and are now reported under total FNB. The Corporate segment, previously FNB Global Transactional Services, has been rebranded RMB Corporate Banking and aligned under RMB, the corporate and investment bank, to provide an integrated and holistic offering to its large corporate customers.

FNB financial highlights

	Year ended 30 June		
R million	2013	2012	% change
Normalised earnings	8 162	6 666	22
Normalised profit before tax	11 641	9 668	20
Total assets	297 405	268 533	11
Total liabilities	282 583	255 277	11
NPLs (%)	3.95	4.91	
Credit loss ratio* (%)	1.18	1.20	
ROE (%)	35.6	35.0	
ROA (%)	2.92	2.58	
Cost-to-income ratio (%)	54.9	56.0	
Advances margin (%)	3.21	2.64	

* 2013 figure includes special impairment relating to merchant acquiring event of R215 million (2012: R405 million).

FNB produced an excellent performance for the period, increasing normalised pre-tax profits 20%. This performance can be attributed to FNB's primary strategy to grow and retain core transactional accounts (up 8% or 542 000 year-on-year underpinning total account growth of 1.1 million) through offering a compelling value proposition to the customer (innovative products and channels at an acceptable cost) and supported by rewards programmes, such as eBucks, SLOW lounges and fuel, data and airtime rewards. Innovations such as the banking app, cellphone banking and eWallet also continued to attract and retain customers.

FNB's NII increased 18% underpinned by good growth in both advances (+10%) and deposits (+14%). The 57 bps improvement in asset margins was driven by the mix change to unsecured lending and the repricing of newly-originated residential mortgages. However, deposit margins reduced 23 bps due to endowment impact and mix change to lower margin products in line with competitive pressures. Deposit and advances growth was generated across all segments as indicated below.

Segment analysis of advances and deposit growth

	Year ended 30 June 2013			
	Deposit growth		Advances growth	
Segments	%	R billion	%	R billion
Retail	12	13.2	6	11.2
FNB Africa	22	7.4	29	7.3
Commercial	13	13.2	19	6.9

Within the retail banking segment, residential mortgages grew 3% (reflecting FNB's deliberate strategy to only originate in low-risk categories), card issuing grew 15% on the back of new customer acquisition and personal loans grew 10% year-on-year. On a rolling six-months basis personal loans grew only 2%

reflecting the ongoing adjustments in credit appetite in that segment. The R1.8 billion decrease in NPLs in residential mortgages also positively impacted NII.

Overall NPLs decreased 11% due to FNB's ongoing proactive workout strategy although NPLs in the personal loans portfolio increased R233 million. Bad debts increased 7% which is within expectations given the cycle and the growth in unsecured lending. FNB has, however, taken the prudent decision to increase portfolio provisions, resulting in a total increase of 16%, excluding the impact of the merchant acquiring event. Overall credit quality across all portfolios is well within risk appetite and coverage ratios have increased. In residential mortgages this was driven mainly by the Wealth portfolio. Coverage ratios in Commercial have also increased due to a reducing proportion of property finance against an increase in African advances.

FNB's strategy to grow core transactional banking accounts and drive activity across its electronic platforms resulted in strong transactional volumes (up 13%) with fee and commissions up 14%. Overall NIR increased 11% mainly driven by activity in the Retail business (up 10%), with Commercial and Africa contributing increases of 9% and 21%, respectively.

FNB's overall operating expenditure increased 12%, which includes investment costs in the operating footprint, particularly in Africa, (costs up 14%). However, the business continues to deliver positive operating jaws.

RMB

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

As mentioned in the FNB section, the rebranding of the Group's corporate banking business to RMB Corporate Banking and the alignment of this franchise under RMB also supports the client-centric strategy, by offering holistic corporate and investment banking solutions to the large corporate and institutional segment.

RMB financial highlights

	Year ended 30 June		
R million	2013	2012	% change
Normalised earnings	4 426	3 654	21
Normalised profit before tax	6 062	4 937	23
Total assets	355 575	331 977	7
Total liabilities	346 939	324 230	7
Credit loss ratio (%)	0.57	0.51	
ROE (%)	24.8	23.2	
ROA (%)	1.30	1.24	
Cost-to-income ratio (%)	42.7	46.0	

RMB produced an excellent result for the year to June 2013 growing pre-tax profits 23% to R6 062 million and generating an ROE of 24.8% (2012: 23.2%). Excluding the impact of the once-off merchant acquiring event, pre-tax profits grew 16%, a strong operational performance reflecting the strength of the RMB domestic franchise, growth from the African expansion strategy and focus on cost containment.

The Global Markets division delivered strong growth in profits of 19% to R1 931 million. This performance continued to be aided by another excellent year from the African subsidiaries, which contributed pre-tax profit growth of 44%. In addition, the Structured Trade and Commodity Finance business which has also focused on Africa, delivered good balance sheet growth during the period. Domestically, Global Markets benefited from participating in a number of large structured transactions during the period and, in particular, significantly benefited from movements in nominal and real interest rate markets.

The Investment Banking Division (IBD) also delivered strong results increasing pre-tax profits 20% to R3418 million. The growth was balance sheet led with advances up approximately 16%, which was higher than the broader domestic market growth levels and included exceptional growth from the African portfolio on the back of the strategic investments made in the prior periods. IBD also benefited from strong dealflow in healthcare, renewable energy and telecommunications sectors.

Private Equity results are lower year-on-year, with profit before tax of R688 million (2012: R815 million). Earnings from associates and subsidiaries were higher year-on-year, however, this was softened by the conservative valuation of certain fund investments during the year. Investment continued across the Corvest, Ventures and Capital Partners portfolios.

RMB's Resources business was again negatively impacted by weakening commodity prices, with valuations of junior mining counters falling sharply. Unrealised mark-to-market losses were again incurred, but reduced year-on-year. As junior mining counters remain under pressure, new equity investments have been restricted until portfolio performance improves.

RMB's Corporate Banking division performed well with solid growth achieved year-on-year. This result was driven by good deposit growth, which is reflected in the improved net interest income. The year also saw the creation of a Treasury Solutions initiative, which will allow RMB to better leverage both the skills set and client base across Global Markets and RMB Corporate Banking.

WesBank

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

For the year ended 30 June 2013, WesBank grew normalised pre-tax profits 10% to R4 016 million and delivered an ROE of 32.8% and an ROA of 2.14%. This performance was underpinned by strict credit discipline, effective and efficient origination channels and rigid cost management.

WesBank financial highlights

R million	Year ended 30 June 2013	2012	% change
Normalised earnings	2 852	2 599	10
Normalised profit before tax	4 016	3 650	10
Total assets	145 585	121 610	20
Total liabilities	141 103	117 110	20
NPLs (%)	2.73	3.47	
Credit loss ratio (%)	1.25	0.99	
ROE (%)	32.8	33.9	
ROA (%)	2.14	2.33	
Cost-to-income ratio (%)	43.1	44.3	
Net interest margin (%)	5.30	5.22	

Total advances grew 19% to R142.1 billion on the strength of new business growth of 17% to a total origination volume of R79.5 billion. This growth was driven by all the underlying portfolios, with the retail motor, unsecured lending, corporate and commercial and MotoNovo businesses reflecting origination growth of 16%, 27%, 13% and 30% respectively. In addition, the corporate division increased the value of the full maintenance rental asset book to R1.5 billion.

Interest margins were maintained despite increased competition across all portfolios with origination well within agreed risk thresholds. As key macro inputs indicate downside risk to impairment ratios, credit appetite continues to be critically and regularly assessed and performance closely monitored. Although the credit loss ratio increased to 1.25% of advances, this is still well within through-the-cycle expectations.

NPLs continued to reflect a reducing trend (2.73% at June 2013 compared to 3.47% at June 2012 and 3.11% at December 2012), despite the high proportion of restructured debt review accounts, which are still disclosed as non-performing regardless of repayment behaviour. These accounts are increasing as a proportion of NPLs and, in the year under review, represent 18% of NPLs, which compares to 13% at June 2012.

NIR increased 14% year-on-year, reflecting the growth in the advances book and in rental assets, offset by continued pricing pressure in the Auto Card business. Core operating costs increased only 8%, however, when the impact of the increase in profit share payments to alliance partners (which now total R435 million and are 40% up year-on-year) and the increase in depreciation of full maintenance rental assets is included, total expenses grew 13%.

Strategic issues

Progress on investment management strategy

During the year FirstRand officially launched its investment management franchise, Ashburton Investments, which represents the Group's fourth financial services franchise alongside FNB, RMB and WesBank. The long-term strategic objective for Ashburton is to become the leading alternative investment manager in Africa offering South African, African, Asian and Chinese investment opportunities.

Since Momentum was unbundled from the Group in 2009, asset management was an identified gap in the Group's portfolio. Now, by accessing the origination capabilities of the existing franchises (particularly RMB), Ashburton will offer new investment and asset classes to retail and institutional investors in the form of both alternative and traditional products. For example, it will provide investors with opportunities to participate in debt financing, private equity and credit investments alongside the Group, on the same commercial terms.

Ashburton is managed separately from the banking businesses, which avoids potential conflicts of interest. Systems are ring-fenced to ensure client information confidentiality.

Progress on growth strategies outside South Africa

Rest of Africa

FirstRand has been consistently executing on its strategy to grow its franchise on the African continent, matched with a highly disciplined approach to protecting shareholder returns. As stated in the 2011 annual integrated report:

"The Group has undertaken to protect its ROE as it builds its presence outside of its core South African operations. It prefers greenfields operations or small rather than significant acquisitions, and whilst this means that expansion takes longer, potential dilution of returns can be contained."

The Group believes this strategy is on track and making good progress. There are three pillars to its execution.

1. Utilise the capabilities of the South African franchise, particularly the domestic balance sheet, intellectual capital and its international platforms. The Group believes this is very effective in those territories where a physical presence is not required in the short to medium term. RMB has been particularly successful in executing on this strategy, and in total has conducted 28 transactions in 13 African countries, to a value of R19.5 billion. It has also grown advances in the rest of Africa 75% from R9.4 billion to R16.4 billion, representing 11% of RMB's structured lending book.

2. Start an in-country franchise and grow organically (greenfields). Over and above its established franchises in Botswana, Namibia, Swaziland and Lesotho, FNB continues to build its operating footprint in Zambia, Mozambique and Tanzania and has successfully rolled out both traditional and electronic products and platforms in these markets. The African subsidiaries of FNB, which also include WesBank's vehicle and asset finance (VAF) operations in those countries, contributed normalised earnings of R695 million, despite the significant investment taking place in the newer territories.

In addition, since 2010, RMB has successfully deployed Global Markets and Investment Banking teams into the FNB subsidiaries. These activities have generated a compound annual growth rate in profits of over 40%.

RMB has been granted an investment banking licence in Nigeria and this presence, along with the representative office in Kenya, is generating good profits from cross-border activity in both the east and west African economic hubs and with the Asian investment corridors.

3. Corporate action. The Group will undertake small or medium sized acquisitions in Africa where it makes commercial sense and if these are platforms that

can contribute scale and/or provide access to local deposits, skills and client bases. The Group does not, however, believe that large transformational acquisitions, which can significantly dilute returns, are necessarily the most effective way to establish a footprint in other African economies given the trade off between the sometimes significant legacy costs of a physical infrastructure and revenues that can potentially be generated from economies with very nascent retail markets. The Group is also of the view that mobile and electronic innovation is transforming the nature of banking footprints globally and this will also play out in Africa over time. FNB's strong track record in developing such platforms in South Africa means it can build a competitive advantage in this space in a number of other territories.

The growth rate, absolute size and return profile of the Group's growing presence in the rest of Africa is already apparent. Much of this has been achieved through organic expansion which has had the desired effect of protecting the ROE.

India and corridors

FirstRand remains the only South African bank with a branch in India, focusing on trade finance, investment banking, fixed income, currency and commodity products as well as debt capital markets and other structured products. It also started offering retail and commercial banking products.

The India platform is incrementally gaining good traction in-country and adding value to the African expansion strategy as a whole. During the year under review RMB's operations grew strongly, albeit off a low base, driven mainly by the in-country Global Markets and Investment Banking divisions. Since the year end, RMB facilitated the largest ever investment by an Indian company in South Africa, when it advised Mumbai-listed pharmaceutical group Cipla India in its acquisition of South Africa's Cipla Medpro for R5 billion. This was a very significant cross-border transaction in the India/Africa corridor which RMB has identified as strategic.

Financial resource management

The Group believes a strong balance sheet is key to growth, particularly in periods of uncertainty.

Asset quality

When assessing the underlying risk in the balance sheet from an economic perspective, the Group's asset profile is dominated by a balanced advances portfolio, which constitutes 76% of total assets. In terms of credit quality, 88% of advances are rated B upper or better. Cash, cash equivalents and liquid assets represent 16% of total assets, with only a small portion related to the investment and trading businesses.

Funding

FirstRand's funding profile continues to reflect the structural funding issues associated with the South African banking sector, however, the Group has continued to reduce its reliance on institutional funding and has further improved the term profile of institutional funding from a weighted average remaining term of 12.4 months in 2009 to 20.4 months in 2013.

Capital

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

The Group's philosophy, given the uncertain macro environment, is to operate at the higher end of its targeted capital levels to ensure balance sheet resilience. Current targeted ranges and ratios are summarised in the table.

Capital ratios and targets

	CET1	Tier 1	Total
Regulatory minimum (%)	4.5	6.0	9.5**
Target (%)	9.5 - 11.0	11.0	12.0 - 13.5
FirstRand actual (%)	13.8	14.8	16.3
FRB* actual (%)	12.6	13.3	14.9

* Reflects solo supervision, i.e. FRB excluding foreign branches.
** The regulatory minimum excludes the bank-specific individual capital requirement.

The Group's actual CET1 ratio is 13.8%, however, this includes foreign currency translation and available-for-sale reserves, which the Group considers to be too volatile to include as available capital. When these reserves are excluded and the Basel III end-state changes are included, the CET1 ratio is 13%. This ratio is the basis from which the Group manages its capital strategy and is made up of the following:

- SARB end-state minimum of 6%;

- SARB capital conservation buffer of 2.5%;

- a management buffer of 2.5% which covers business as usual organic growth, stress and volatility and sufficient flexibility for possible regulatory change; and

- an additional management buffer of 2% (R10 billion) which is currently allocated for deployment in support of the Group's expansion strategy.

Dividend strategy

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

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

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

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

Following a comprehensive analysis of the above factors, the Group has reduced its dividend cover to 2.0x (2012: 2.2x) and considers this to be both appropriate and prudent as all of its buffers will remain intact even under a severe risk scenario. The appropriateness of the level of payout will be re-evaluated on an annual basis.

Prospects

The difficult macroeconomic environment is expected to continue in the current financial year. Despite this, the Group expects to continue to produce good organic growth. FNB's focus on customer acquisition and driving transactional revenues across its platforms is expected to drive NIR growth, as will RMB's client activities both in the domestic market and the rest of Africa. Investment in stated growth opportunities will continue, which will result in some cost pressure although sustained revenue growth should result in positive operating jaws. With respect to advances growth, new business volumes in the vehicle and asset finance and personal loans lending books are expected to moderate further. Corporate advances are expected to remain healthy.

Basis of presentation

The summarised consolidated financial statements are considered provisional based on the JSE Listing Requirements and are summarised from a complete set of the Group consolidated financial statements.

FirstRand prepares its summarised consolidated financial results in accordance with:

- IFRS, including IAS 34 Interim Financial Reporting;

- SAICA Financial Reporting Guide as issued by the Accounting Practices Committee;

- Financial Reporting Pronouncements as issued by Financial Reporting Standards Council;

- JSE Listing Requirements for provisional reports; and

- the requirements by the Companies Act no 71 of 2008 applicable to summary financial statements.

The accounting policies applied in the preparation of the consolidated financial statements from which the summarised financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated financial statements. There were no restatements or reclassifications to the primary financial statements in the current year.

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

The summarised consolidated financial statements for the year ended 30 June 2013 have been audited by PricewaterhouseCoopers Inc. and Deloitte & Touche, who expressed an unmodified opinion thereon. Unless the financial information is specifically stated as audited, it should be assumed it is unaudited. The forward looking information has not been commented or reported on by the Group's external auditors.

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

The auditors also expressed an unmodified opinion dated 9 September 2013 on the consolidated financial statements from which these summarised consolidated financial statements were derived. A copy of the auditors' report on the summarised consolidated financial statements and of the auditors' report on the consolidated financial statements are available for inspection at FirstRand's registered office, 4 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, together with the financial statements identified in the respective auditors' reports.

Events after the reporting period

The directors are not aware of any material events, as defined in IAS 10 Events After the Reporting Period, occurring between 30 June 2013 and the date of authorisation of the results announcement.

Board changes

Mr Jan Jonathan (Jannie) Durand was appointed to the board as a non-executive director with effect from 23 October 2012. Mr Durand joined the board as a shareholder representative of Financial Securities Limited (Remgro).

Mr Grant Glenn Gelink was appointed to the board as an independent non-executive director with effect from 1 January 2013.

Mr Ronald Keith (Tim) Store, having reached retirement age, retired from the board on 31 May 2013.

Mr Peter Cooper was appointed as an alternate non-executive director with effect from 9 July 2013.

Cash dividend declarations

Ordinary shares

The directors have declared annual gross cash dividends totalling 136.0 cents per ordinary share out of income reserves for the year ended 30 June 2013.

Ordinary dividends

	Year ended 30 June	
Cents per share	2013	2012
Interim (declared 5 March 2013)	55.0	44.0

Final (declared 9 September 2013)	81.0	58.0
	136.0	102.0

The salient dates for the final dividend are as follows:

Last day to trade cum-dividend Friday 4 October 2013
Shares commence trading ex-dividend Monday 7 October 2013
Record date Friday 11 October 2013
Payment date Monday 14 October 2013

Share certificates may not be dematerialised or rematerialised between Monday 7 October 2013 and Friday 11 October 2013, both days inclusive.

The final dividend of 81.0 cents per share carries an STC credit of 4.67730 cents per share. Shareholders who are exempt from Dividend Withholding Tax (DWT) will receive the full 81.0 cents per share. For shareholders who are subject to DWT, tax will be calculated at 15% (or such lower rate if a double taxation agreement applies for foreign shareholders), after taking into account the STC credit.

For South African shareholders who are subject to DWT, the net final dividend after deducting 15% tax will be 69.55160 cents per share.

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

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

B preference shares

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

Dividends declared and paid

	B preference shares	
Cents per share	2013	2012
Period:		
30 August 2011 - 27 February 2012		305.2
28 February 2012 - 27 August 2012		333.1
28 August 2012 - 25 February 2013	320.3	
26 February 2013 - 26 August 2013	320.3	
	640.6	638.3

LL Dippenaar	SE Nxasana	BW Unser
Chairman	CEO	Company secretary

9 September 2013

Summarised consolidated income statement - IFRS (audited)
for the year ended 30 June

R million	2013	2012	% change
Net interest income before impairment of advances	24 715	21 882	13
Impairment of advances	(4 812)	(5 065)	(5)
Net interest income after impairment of advances	19 903	16 817	18
Non-interest income	31 614	29 494	7
Income from operations	51 517	46 311	11
Operating expenses	(31 486)	(28 422)	11
Net income from operations	20 031	17 889	12
Share of profit of associates and joint ventures after tax	824	1 120	(26)
Income before tax	20 855	19 009	10
Indirect tax	(645)	(551)	17
Profit before tax	20 210	18 458	9
Income tax expense	(4 532)	(4 089)	11
Profit for the year	15 678	14 369	9
Attributable to:			
Ordinary equityholders	14 539	13 196	10
NCNR preference shareholders	297	275	8
Equityholders of the Group	14 836	13 471	10
Non-controlling interests	842	898	(6)
Profit for the year	15 678	14 369	9
Earnings per share (cents)			
- Basic	266.2	241.7	10
- Diluted	262.9	236.8	11

Headline earnings per share (cents)			
- Basic	276.7	231.5	20
- Diluted	273.3	226.9	20

Summarised consolidated statement of comprehensive income - IFRS (audited)
for the year ended 30 June

R million	2013	2012	% change
Profit for the year	15 678	14 369	9
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges	853	(302)	(>100)
Gains/(losses) arising during the year	417	(1 214)	(>100)
Reclassification adjustments for amounts included in profit or loss	768	794	(3)
Deferred income tax	(332)	118	(>100)
Available-for-sale financial assets	(89)	401	(>100)
(Losses)/gains arising during the year	(102)	714	(>100)
Reclassification adjustments for amounts included in profit or loss	(33)	(154)	(79)
Deferred income tax	46	(159)	(>100)
Exchange differences on translating foreign operations	990	599	65
Gains arising during the year	990	599	65
Share of other comprehensive income of associates after tax and non-controlling interests	129	(167)	(>100)
Other comprehensive income for the year	1 883	531	>100
Total comprehensive income for the year	17 561	14 900	18
Attributable to:			
Ordinary equityholders	16 358	13 706	19
NCNR preference shareholders	297	275	8
Equityholders of the Group	16 655	13 981	19
Non-controlling interests	906	919	(1)
Total comprehensive income for the year	17 561	14 900	18

Summarised consolidated statement of financial position - IFRS (audited)
as at 30 June

R million	2013	2012
ASSETS		
Cash and cash equivalents	49 620	38 363
Derivative financial instruments	52 316	52 913
Commodities	6 016	5 108
Accounts receivable	7 471	6 007
Current tax asset	275	331
Advances	598 975	524 507
Investment securities and other investments	131 293	119 708
Investments in associates and joint ventures	6 992	6 869
Property and equipment	14 058	12 026
Intangible assets	1 169	1 743
Reinsurance assets	394	898
Post-employment benefit asset	13	7
Investment properties	459	215
Deferred income tax asset	598	471
Non-current assets and disposal groups held for sale	20	599
Total assets	869 669	769 765
EQUITY AND LIABILITIES		
Liabilities		
Short trading positions	2 991	5 343
Derivative financial instruments	53 013	53 760
Creditors and accruals	11 155	9 086
Current tax liability	553	386
Deposits	697 005	606 281
Provisions	600	592
Employee liabilities	8 092	6 933
Other liabilities	6 669	6 383
Policyholder liabilities under insurance contracts	1 112	1 517
Deferred income tax liability	735	1 679
Tier 2 liabilities	8 116	7 885
Liabilities directly associated with disposal groups held for sale	-	113
Total liabilities	790 041	699 958
Equity		
Ordinary shares	55	55

Share premium	5 397	5 216
Reserves	66 733	57 250
Capital and reserves attributable to ordinary equityholders	72 185	62 521
NCNR preference shareholders	4 519	4 519
Capital and reserves attributable to equityholders of the Group	76 704	67 040
Non-controlling interests	2 924	2 767
Total equity	79 628	69 807
Total equity and liabilities	869 669	769 765

Summarised consolidated statement of cash flows - IFRS (audited)
for the year ended 30 June

R million	2013	2012
Net cash flows from operating activities	24 261	16 635
Net cash utilised in operations	(4 058)	(7 064)
Taxation paid	(6 361)	(5 331)
Net cash inflow from operating activities	13 842	4 240
Net cash outflow from investing activities	(3 200)	(3 763)
Net cash inflow from financing activities	304	3 464
Net increase in cash and cash equivalents from operations	10 946	3 941
Cash and cash equivalents at the beginning of the year	38 363	34 240
Cash and cash equivalents at the end of the year	49 309	38 181
Cash and cash equivalents acquired*	2	1
Cash and cash equivalents disposed of*	-	(31)
Effect of exchange rate changes on cash and cash equivalents	309	212
Cash and cash equivalents at the end of the year	49 620	38 363
Mandatory reserve balances included above**	16 160	13 677

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

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

Summarised consolidated statement of changes in equity - IFRS (audited)
for the year ended 30 June

	Ordinary share capital and ordinary equityholders' funds													
R million	Share capital	Share premium	Share capital and share premium	General risk reserve	Cash flow hedge reserve	Share-based payment reserve	Available-for-sale reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Reserves attributable to ordinary equity-holders	Non-cumulative non-redeemable preference shares	Non-controlling interests	Total equity
Balance as at 1 July 2011	53	4 945	4 998	13	(451)	2 739	225	474	13	48 620	51 633	4 519	3 069	64 219
Movement in other reserves	-	-	-	-	-	709	-	-	36	173	918	-	(438)	480
Ordinary dividends	-	-	-	-	-	-	-	-	-	(8 742)	(8 742)	-	(652)	(9 394)
Preference dividends	-	-	-	-	-	-	-	-	-	-	-	(275)	-	(275)
Transfer from/(to) reserves	-	-	-	44	-	-	-	-	-	(44)	-	-	-	-
Changes in ownership interest of subsidiaries	-	-	-	-	-	-	-	-	-	(37)	(37)	-	(131)	(168)
Consolidation of treasury shares	2	271	273	-	-	-	-	-	-	102	102	-	-	375
Total comprehensive income for the year	-	-	-	-	(302)	-	401	578	(167)	13 196	13 706	275	919	14 900
Vesting of share-based payment reserve	-	-	-	-	-	(201)	-	-	-	(129)	(330)	-	-	(330)
Balance as at 30 June 2012	55	5 216	5 271	57	(753)	3 247	626	1 052	(118)	53 139	57 250	4 519	2 767	69 807
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-	-	(11)	(11)
Movement in other reserves	-	-	-	-	-	(47)	-	-	70	(77)	(54)	-	(54)	(108)
Ordinary dividends	-	-	-	-	-	-	-	-	-	(6 175)	(6 175)	-	(663)	(6 838)
Preference dividends	-	-	-	-	-	-	-	-	-	-	-	(297)	-	(297)
Transfer from/(to) reserves	-	-	-	21	-	-	-	-	-	(21)	-	-	-	-
Changes in ownership interest of subsidiaries	-	-	-	-	-	(2)	-	-	-	4	2	-	(21)	(19)
Consolidation of treasury shares	-	181	181	-	-	-	-	-	-	53	53	-	-	234
Total comprehensive income for the year	-	-	-	-	853	-	(87)	943	110	14 539	16 358	297	906	17 561
Vesting of share-based payment reserve	-	-	-	-	-	(25)	-	-	-	(676)	(701)	-	-	(701)
Balance as at 30 June 2013	55	5 397	5 452	78	100	3 173	539	1 995	62	60 786	66 733	4 519	2 924	79 628

Company information

Directors

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

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Namibian sponsor

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Sandton

10 September 2013

Sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)