FirstRand Limited
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JSE code: FSR ISIN: ZAE000066304 (FSR)
NSX share code: FST

UNAUDITED RESULTS AND CASH DIVIDEND DECLARATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

INTRODUCTION

This report covers the unaudited financial results of FirstRand Limited (FirstRand or the Group) based on International Financial Reporting Standards (IFRS) for the six months ended 31 December 2012.

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 earnings have been derived from the unaudited IFRS financial results.

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

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

FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
	2012	2011	% change	2012
Normalised earnings (R million)	7 218	5 771	+25	12 730
Earnings per share (cents) (IFRS)				
- Basic	128.5	111.1	16	241.7
- Diluted	127.9	109.2	17	236.8
Headline earnings per share (cents) (IFRS)				
- Basic	131.7	103.3	27	231.5
- Diluted	131.1	101.5	29	226.9
Diluted normalised earnings per share (cents)	128.0	102.4	+25	225.8
Normalised net asset value per share (cents)	1 200.6	1 053.0	+14	1 142.4
Dividend per ordinary share (cents)	55.0	44.0	+25	102.0
Normalised return on equity (%)	21.9	19.5		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, and WesBank, the instalment finance business.

STATEMENT OF HEADLINE EARNINGS - IFRS

R million	Six months ended 31 December 2012	2011	% change	Year ended 30 June 2012
Profit for the period	7 574	6 590	15	14 369
Non-controlling interests	(405)	(386)	5	(898)
NCNR preference shares	(150)	(137)	9	(275)
Earnings attributable to ordinary equityholders	7 019	6 067	16	13 196
Adjusted for:	176	(428)	(>100)	(554)
(Gain)/loss on disposal of investment securities and other investments of a capital nature	(1)	2		20
Gain on disposal of available-for-sale assets	(1)	(36)		(154)
Gain on disposal of associates or joint ventures	-	(463)		(473)
Gain on disposal of subsidiaries	(10)	(17)		(266)
(Gain)/loss on the disposal of property and equipment	(1)	24		49
Fair value of investment properties	-	-		(12)
Impairment of goodwill	2	18		115
Impairment of assets in terms of IAS 36	254	15		7
Other	-	(1)		41
Tax effects of adjustments	(69)	23		43
Non-controlling interest adjustments	2	7		76
Headline earnings	7 195	5 639	28	12 642

RECONCILIATION FROM HEADLINE EARNINGS TO NORMALISED EARNINGS

R million	Six months ended 31 December 2012	2011	% change	Year ended 30 June 2012
Headline earnings	7 195	5 639	28	12 642
Adjusted for:	23	132	(83)	88
IFRS 2 Share-based payment expense	22	29	(24)	77
Treasury shares*	47	103	(54)	251
- Consolidation of share trust	47	94		242
- FirstRand shares held by policyholders	-	9		9
Total return swap adjustment	(53)	-		(240)
Private equity subsidiary realisations	7	-		-
Normalised earnings	7 218	5 771	25	12 730

* Includes FirstRand shares held for client trading activities.

OVERVIEW OF RESULTS

INTRODUCTION

The South African macro and socio economic environment for the first six months of the financial year remained challenging. Initial concerns related to global issues such as the potential breakup of the euro zone, a hard landing in China and the possibility of significant fiscal contraction in the USA. As these global macroeconomic concerns subsided, local labour market action, sovereign rating downgrades and growing domestic economic imbalances introduced a new set of uncertainties.

The South African economy started to show signs of slowing in the early part of the period under review. This slowdown, coupled with the downside risks posed by the global environ-ment, prompted the SARB to lower the repo rate by another 50 bps in July. Strike action in a number of industries also exacerbated the downward pressure on economic activity towards the end of 2012. The labour unrest and reports indicating that South Africa's current account deficit widened markedly during the course of last year resulted in a weaker rand, and inflation started to trend upwards. The combination of these developments resulted in a number of rating agencies downgrading South Africa's sovereign rating.

Despite weaker growth, higher inflation and a weaker rand, credit extension registered double digit growth for the first time in more than three years. Mortgage credit extension, however, continued to be weak and house prices remained under pressure.
The slowdown in South Africa did impact some parts of the Common Monetary Area (specifically Namibia) and Botswana. Elsewhere in the region, those economies exposed to resources performed better as international commodities prices remained buoyant.

OVERVIEW OF RESULTS

FirstRand produced excellent results for the six months to 31 December 2012, achieving normalised earnings of R7 218 million, an increase of 25% on the previous period, and producing a normalised return on equity (ROE) of 21.9% (2011: 19.5%).

All three franchises delivered strong operational performances, delivering good topline growth and profitability. In the case of FNB, this was once again driven by customer acquisition, loan and deposit growth and the continued focus on driving transactional volumes across all of its platforms, particularly electronic. WesBank grew new business volumes across all portfolios and the client franchises in RMB delivered both good growth in profits and higher returns.

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

SOURCES OF NORMALISED EARNINGS

	Six months ended 31 December					Year ended 30 June	
R million	2012	% composition	2011	% composition	% change	2012	% composition
FNB	4 023	56	3 360	58	20	6 666	53
RMB	1 969	27	1 455	25	35	3 654	29
WesBank	1 390	19	1 193	21	17	2 599	20
Corporate Centre and consolidation adjustments	(344)	(5)	(345)	(6)	-	(703)	(6)
FirstRand Limited (company)*	330	5	245	4	35	789	6
NCNR preference dividend	(150)	(2)	(137)	(2)	9	(275)	(2)
Normalised earnings	7 218	100	5 771	100	25	12 730	100

* Included in this amount is the consolidation adjustment of R518 million (December 2011: R232 million, June 2012: R818 million) to bring the IFRS 2 costs from cash settled in the underlying subsidiaries to equity settled at the Group level. This adjustment arises from the increase in the FirstRand share price between periods.

The Group's income statement benefited from an increase of 14% in net interest income (NII), driven by good growth in new business at FNB, WesBank and RMB. Asset margins continued to benefit from mix of advances, pricing in FNB and funding strategies. Total non-interest revenue (NIR) grew 24%, underpinned by increases in fee and commission income at FNB and WesBank. RMB's client activities, particularly financing, advisory and structuring also contributed.

The Group's core operating costs grew 11% for the period. However, the combination of the ongoing impact of depreciation on small value assets and software maintenance, investment in expansion initiatives, increases in IFRS 2 Share-based payments directly linked to the Group's increased share price, as well as higher variable costs linked to the Group's performance, resulted in a 16% total cost increase.

A reconciliation of operating expenses is provided in the table below.

RECONCILIATION OF OPERATING EXPENSES

	Six months ended 31 December			Year ended 30 June
R million	2012	2011	% change	2012
Operating expenses	15 120	12 995	16	27 212
Adjusted for:				
Share-based payments	(179)	(45)	>100	(469)
New subsidiaries	-	-	-	(82)
Expansion costs	(442)	(212)	>100	(497)
RMB Corporate Banking software impairments	(248)	-		-
Cooperation agreements and joint ventures	(345)	(253)	36	(564)
Accelerated depreciation and Full Maintenance Rental (FMR)	(166)	(75)	>100	(409)
Core costs	13 740	12 410	11	25 191

The increase in bad debts from 80 bps to 91 bps, is in line with expectations given the absolute book growth and the shift in asset class mix. It also includes R575 million of credit impairment overlays at FNB and RMB, the creation of which reflects the Group's view that the benign credit cycle has bottomed.

Non-performing loans (NPLs) decreased 3%, which is again in line with expectations and reflects the ongoing improvement in the large retail books such as HomeLoans and Card. NPLs in the unsecured books picked up in line with expectations.

The Group's overall balance sheet continued to show good growth in advances compared to December 2011, driven by strong new business volumes (indicated below), particularly in those portfolios where the Group was historically underweight, such as unsecured and corporate (structured) lending.

- Unsecured lending in FNB (excluding Card)	R4.6 billion
- Unsecured lending in WesBank	R2.6 billion
- Vehicle and asset finance at WesBank	R31.5 billion
- RMB's structured lending book	R13.3 billion

On a rolling six months basis, growth in these portfolios has started to moderate.

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.

During the period 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 GTS, 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

	Six months ended 31 December			Year ended 30 June
R million	2012	2011	% change	2012
Normalised earnings	4 023	3 360	20	6 666
Profit before tax	5 777	4 895	18	9 668
Total assets	283 860	267 999	6	268 533
Total liabilities	272 923	258 868	5	255 277
Credit loss ratio (%)	1.19	0.94		1.20
ROE (%)	36.2	34.7		35.0

FNB produced an excellent performance for the period, increasing pre-tax profits 18% and producing an ROE of 36.2%.

The business continued to benefit from its primary strategy to grow and retain core transactional accounts. This is underpinned by a compelling value proposition (innovative products and channels at an acceptable cost to the customer) 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 continue to attract new customers.

FNB's NII grew 22% driven by balance sheet growth and margin expansion due to the mix change to unsecured lending and the repricing of newly-originated residential mortgages. Overall, lower growth in advances was partially offset by good deposit acquisition (15% up). In addition, the R1.5 billion decrease in NPLs in HomeLoans positively impacted NII.

Advances increased 9%, in the main emanating from across the Retail segments in South Africa (up R10.6 billion) and Africa (up R3.7 billion). Card advances grew 14% on the back of proactive customer acquisition. Total residential mortgages increased 2% with HomeLoans growing only 1%, reflecting FNB's strategy to write new business in the low-risk categories. Margins, however, remained healthy. Affordable housing continued to show good growth at 17%.
FNB's focus on customer acquisition and retention underpinned the very good growth in deposits, driven by the core retail business, the commercial segment and the African franchise.

FNB's strategy to grow core transactional banking accounts and drive activity across its electronic platforms resulted in strong transactional volumes. NIR increased 13% mainly driven by activity in the Retail business (up 16%), with Commercial and Africa contributing increases of 6% and 11%, respectively.

Bad debts increased 18%, which is below expectations given the growth in unsecured lending, with an exceptionally low R2 million at Card. FNB has, however, taken the prudent decision to increase portfolio provisions, resulting in a total increase of 37%. Overall credit quality across all portfolios is well within risk appetite and coverage ratios have increased.

FNB maintained core cost growth at 10%, reflecting its focus on ongoing efficiencies and streamlining platforms particularly in Retail. When including investment costs, particularly in Africa (costs up 17%), total operating expenditure growth was 13%.

RMB
RMB represents the Group's activities in the corporate and investment banking segments in South Africa, the broader African continent and India. Over the past three years, RMB has become a more client-centric business with a clear strategy anchored around a risk appetite designed to effectively manage the trade-offs between earnings volatility, profit growth and returns.

The business continues to benefit from its focus on generating income from client-driven activities. This, coupled with steady investment returns and a growing focus on asset management, has resulted in a higher quality and more sustainable earnings profile. RMB made good progress with regard to its corporate banking franchise during the period under review. As mentioned in the FNB section, FNB GTS has been rebranded RMB Corporate Banking and the alignment of this business fully under RMB better enables the strategy to offer corporate and investment banking (CIB) solutions to the corporate and institutional client base.

RMB FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
R million	2012	2011	% change	2012
Normalised earnings	1 969	1 455	35	3 654
Profit before tax	2 460	1 979	24	4 937
Total assets	356 390	307 762	16	331 977
Total liabilities	349 629	301 566	16	324 230
ROE (%)	22.2	18.1		23.2

RMB produced an excellent result in the six months to December 2012. Pre-tax profits increased 24% to R2 460 million, which is a record first-half performance, and the ROE also increased to 22.2% (2011: 18.1%).

The Investment Banking Division (IBD) continued to show good growth, increasing pre-tax profits 18% to R1 506 million. Much of this growth was balance sheet-led, with the core loan book increasing 19%, which is well above market and driven by a number of large deals coupled with the arranging and structuring of renewable energy funding facilities.

The Global Markets division also delivered a strong performance for the period, growing profits 40% to R894 million, mainly underpinned by client activities. Low volatility in local foreign exchange and interest rate markets softened profitability, however, African activities continued to deliver, driven by strong performances from the subsidiaries.

Private Equity profits were up 8% to R229 million, driven mainly by equity-accounted earnings and income from investment subsidiaries. The RMB Resources portfolio continued to experience pressure on profitability due to persistent weakness in the junior mining sector, although losses were curtailed compared to the previous six months.

The Corporate Banking division produced a solid operational performance on the back of increased volumes.

WESBANK

WesBank represents the Group's activities in instalment finance in the retail, commercial and corporate segments. WesBank's performance for the six months to December 2012 reflects its leading market position in instalment finance. In particular, long-standing alliances with leading motor manufacturers and large dealer groups have generated increased market share within the required risk profile.

WESBANK FINANCIAL HIGHLIGHTS

	Six months ended 31 December		%	Year ended 30 June
R million	2012	2011	change	2012
Normalised earnings	1 390	1 193	17	2 599
Profit before tax	1 961	1 688	16	3 650
Total assets	132 972	112 396	18	121 610
Total liabilities	129 323	109 682	18	117 110
Credit loss ratio (%)	1.12	1.07		0.99
ROE (%)	31.8	29.8		33.9

On all key metrics WesBank delivered an excellent performance growing pre-tax profits 16% to R1 961 million, and producing an ROE of 31.8%.

Total advances grew 17% to R129.9 billion on the back of new business growth of 19% to R39.2 billion. This was driven by the motor and unsecured credit books, which delivered growth of 18% and 27%, respectively. Corporate new business volumes were also robust (up 14%) and the positive turnaround at MotoNovo continued on the back of excellent volume growth.

Interest margins were maintained despite strong competition across all portfolios. The underlying retail vehicle finance advances are also well balanced between fixed- and variable-rate. Origination is well within agreed risk thresholds and vintage performance is very closely monitored. The credit quality in all portfolios continues to track within expectations.

Arrear levels have levelled off and further improvement is unlikely. NPLs decreased since June 2012, however, given that the credit cycle has bottomed, this trend is likely to reverse going forward.

NIR reflected moderate growth with increased pricing pressures in the Auto card business.

Total cost growth of 5% reflects static headcount year-on-year, and includes increases in profit share payments to alliance partners and increasing depreciation on FMR assets. Excluding these two items, year-on-year operating costs were slightly down.

STRATEGIC ISSUES

PROGRESS ON GROWTH STRATEGIES OUTSIDE SOUTH AFRICA

The Group seeks to generate incremental growth outside of its domestic market. It executes on the ground through its operating franchises and enters each market depending on the specific growth opportunities presented. On the broader African continent the priority countries for further investment remain Mozambique, Tanzania, Zambia, Nigeria, Ghana and Kenya.

FNB continues to invest in growing its infrastructure in the new territories of Mozambique, Zambia and Tanzania and is leveraging its South African developed products and solutions into these countries.

RMB is generating strong deal flow from its recently-established Kenya representative office, and in February 2013 officially opened RMB Nigeria. This followed the granting of an investment banking licence by the Central Bank of Nigeria, which required an initial capital investment by FirstRand of $100 million.

RMB has been operating in Nigeria from a representative office since January 2010 and is already a meaningful player in the Nigerian investment banking sector. The establishment of a fully-fledged investment banking operation will now allow RMB to rapidly build its franchise, provide products and services to corporate and institutional clients, as well as attract in-country skills.

RMB Nigeria is providing the full spectrum of investment banking services to all industries, including corporate advisory, equity capital markets, infrastructure and project finance, resource finance, structured trade and commodity finance, and fixed income, currency and commodity services. These services are offered to large local, regional and international corporates already operating in, or entering Nigeria and the broader west African economies.

The Group is awaiting final regulatory approvals relating to its offer for Merchant Bank Ghana (MBG) and expects to conclude this transaction in the second half of the financial year. This will provide an excellent platform for FNB and RMB to roll out products and services in Ghana. RMB is already generating a strong deal pipeline in-country, particularly in the property, and oil and gas sectors.

FirstRand's Indian platform continues to gain traction. RMB's operations grew strongly albeit off a low base, mainly driven by the in-country Global Markets and Investment Banking divisions. The FNB start up is also gaining momentum with the current focus on building this platform into a profitable and scaleable operation.

PROGRESS ON INVESTMENT MANAGEMENT STRATEGY

Following the unbundling of its insurance subsidiary, Momentum, which included the asset management business, RMBAM, FirstRand identified that investment management activities represented a significant gap in its portfolio. This gap, combined with opportunities presented by regulatory changes and the Group's strategic objective to increase fee-generating activities, resulted in the creation of Ashburton Investments.

The business will offer focused traditional and alternative investment solutions to individual and institutional investors and will combine established active fund management expertise with alternative investment solutions from product providers Ashburton and RMB.

With an incremental and organic growth strategy, Ashburton's proposition is possible because it will be fully supported by the skills, platforms and product origination capabilities of FirstRand. The Group believes it has a competitive advantage in this space given its strong franchise in financial services, its balance sheet and a proven track record in incubating and growing greenfields businesses.

BALANCE SHEET STRENGTH

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

CAPITAL

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

	FirstRand		Regulatory
%	Actual	Target	minimum
Capital adequacy ratio	14.9	12.0 - 13.5	9.5*
Tier 1 ratio	13.4	11.0	7.0
Core Tier 1 ratio	12.5	9.5 - 11.0	5.25

* The regulatory minimum excludes the bank-specific (Pillar 2b) add-on and capital floor.

	FirstRand Bank (FRB)*		Regulatory
%	Actual	Target	minimum
Capital adequacy ratio	14.6	11.5 - 13.0	9.5**
Tier 1 ratio	12.7	10.5	7.0
Core Tier 1 ratio	11.9	9.0 - 10.5	5.25

* Reflects solo supervision, i.e. FirstRand Bank excluding foreign branches.

** The regulatory minimum excludes the bank-specific (Pillar 2b) add-on and capital floor.

With regard to the impact of Basel III, the final capital framework for banks operating in South Africa was released in October 2012 and the impact on the Group's Core Tier 1 capital is expected to be minimal.

As part of the Group's strategy to utilise regulatory limits to optimise its capital structure, during the period under review FirstRand replaced the FRB06 and FRB07 subordinated debt instruments with the FRB11 bond. This instrument meets the Basel III entry criteria and will be included for grand-fathering from 1 January 2013 with full recognition envisaged once the resolution regime is implemented in South Africa.

ASSET QUALITY

When assessing the underlying risk in the balance sheet, the Group's asset profile is dominated by a balanced advances portfolio, which constitutes 73% of total assets. In terms of credit quality, 87% of advances are rated B upper or better. Cash and liquid assets represent 17% of total assets, with only a small portion related to the investment and trading businesses.

PROSPECTS

The difficult macroeconomic environment is expected to continue for the rest of the 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 will drive NIR growth, as will RMB's client activities. With respect to advances growth, new business volumes in the retail lending books are expected to moderate in the second half, a trend that is already manifesting on a rolling six-month basis. Corporate advances are expected to remain robust at RMB.

Ongoing investment in stated growth opportunities will continue, which will result in cost pressure although strong revenue growth should result in positive operating jaws.

DIVIDEND STRATEGY

The Group targets growth in dividend in line with sustainable earnings taking into account expansion plans. Therefore dividend cover can vary from year to year.

BASIS OF PRESENTATION

FirstRand prepares its consolidated financial results in accordance with:

- IFRS, including IAS 34 Interim Financial Reporting;
- the Financial Reporting Guide as issued by the Accounting Practices Committee;
- JSE Listing Requirements; and
- the information as required by the Companies Act of South Africa.

The accounting policies applied are consistent with those applied in preparation of previous financial statements. A table reflecting the restatement of prior year numbers and reasons therefore can be found below.

The Group believes normalised earnings more accurately reflect operational performance. Headline earnings are adjusted to take into account non-operational and accounting anomalies. A detailed description of the difference between normalised and IFRS results is provided on www.firstrand.co.za.

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material events, as defined in IAS 10, occurring between 31 December 2012 and the date of authorisation of the interim 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.

CASH DIVIDEND DECLARATION

ORDINARY SHARES

The directors have declared a gross cash dividend totalling 55.0 cents per ordinary share out of income reserves for the six months ended 31 December 2012.

	Six months ended 31 December	
Cents per share	2012	2011
Interim (declared 5 March 2013)	55.0	44.0

The salient dates for the interim dividend are as follows:

Last day to trade cum-dividend	Wednesday 20 March 2013
Shares commence trading ex-dividend	Friday 22 March 2013
Record date	Thursday 28 March 2013
Payment date	Tuesday 2 April 2013

Share certificates may not be dematerialised or rematerialised between Friday 22 March 2013 and Thursday 28 March 2013, both days inclusive.

The interim dividend of 55.0 cents per share carries an STC credit of 4.27982 cents per share. Shareholders who are exempt from Dividend Withholding Tax (DWT) will receive the full 55.0 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 47.39197 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 were calculated at a rate of 75.56% of the prime lending rate of FNB, a division of FirstRand Bank Limited.

The following dividends were declared and paid:

	B preference shares	
Cents per share	2013	2012
Period		
28 August 2012 - 25 February 2013	320.3	
30 August 2011 - 27 February 2012		305.2

LL Dippenaar	SE Nxasana	BW Unser
Chairman	CEO	Company secretary

5 March 2013

CONSOLIDATED INCOME STATEMENT - IFRS

	Six months ended 31 December			Year ended 30 June
R million	2012	2011*	% change	2012
Net interest income before impairment of advances	12 376	10 530	18	21 882
Impairment of advances	(2 259)	(1 824)	24	(5 065)
Net interest income after impairment of advances	10 117	8 706	16	16 817
Non-interest income	15 735	13 431	17	29 494
Income from operations	25 852	22 137	17	46 311
Operating expenses	(15 652)	(13 371)	17	(28 422)
Net income from operations	10 200	8 766	16	17 889
Share of profit of associates and joint ventures after tax*	298	283	5	1 120
Income before tax	10 498	9 049	16	19 009
Indirect tax	(462)	(385)	20	(551)

Profit before direct tax	10 036	8 664	16	18 458
Direct tax*	(2 462)	(2 074)	19	(4 089)
Profit for the period	7 574	6 590	15	14 369
Attributable to:				
Ordinary equityholders	7 019	6 067	16	13 196
NCNR preference shareholders	150	137	9	275
Equityholders of the Group	7 169	6 204	16	13 471
Non-controlling interests	405	386	5	898
Profit for the period	7 574	6 590	15	14 369

* Refer to reclassification of prior year numbers below.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - IFRS

	Six months ended 31 December			Year ended 30 June
R million	2012	2011	% change	2012
Profit for the period	7 574	6 590	15	14 369
OTHER COMPREHENSIVE INCOME				
Items that may subsequently be classified to profit or loss				
Cash flow hedges	(124)	(275)	(55)	(420)
Available-for-sale financial assets	578	274	>100	560
Exchange differences on translating foreign operations	323	634	(49)	599
Share of other comprehensive income of associates after tax and non-controlling interests	24	(15)	(>100)	(167)
Other comprehensive income for the period before tax	801	618	30	572
Income tax relating to components of other comprehensive income	(98)	(10)	>100	(41)
Other comprehensive income for the period	703	608	16	531
Total comprehensive income for the period	8 277	7 198	15	14 900
Total comprehensive income attributable to:				
Ordinary equityholders	7 703	6 648	16	13 706
NCNR preference shareholders	150	137	9	275
Equityholders of the Group	7 853	6 785	16	13 981
Non-controlling interests	424	413	3	919
Total comprehensive income for the period	8 277	7 198	15	14 900

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - IFRS

	As at 31 December			As at 30 June
R million	2012	2011*	2010*	2012
ASSETS				
Cash and cash equivalents	52 695	38 545	31 511	38 363
Derivative financial instruments	56 502	57 721	51 052	52 913
Commodities	8 003	5 880	4 164	5 108
Accounts receivable	6 400	7 894	5 598	6 007
Policy loans	-	-	26	-
Tax asset	606	163	798	331
Advances	563 038	498 258	453 290	524 507
Investment securities and other investments	113 944	126 237	127 884	119 708
Investments in associates and joint ventures	7 040	6 663	5 819	6 869
Property and equipment	13 207	11 949	10 409	12 026
Intangible assets	1 557	1 647	1 510	1 743
Reinsurance assets	846	855	527	898
Post-employment benefit asset	8	3	-	7
Investment properties	452	203	161	215

Deferred income tax asset	524	470	451	471
Non-current assets and disposal groups held for sale	505	5 173	2 609	599
Total assets	825 327	761 661	695 809	769 765
EQUITY AND LIABILITIES				
Liabilities				
Short trading positions	9 219	11 944	15 801	5 343
Derivative financial instruments	58 284	58 329	50 027	53 760
Creditors and accruals	8 788	9 764	6 077	9 086
Tax liability	289	409	319	386
Deposits	651 349	589 597	535 429	606 281
Provisions	584	523	861	592
Employee liabilities	6 671	5 936	4 993	6 933
Other liabilities	5 401	5 615	9 435	6 383
Policyholder liabilities under insurance contracts	1 543	1 373	2 007	1 517
Deferred income tax liability	1 498	2 226	2 474	1 679
Tier 2 liabilities	8 120	6 366	10 219	7 885
Liabilities directly associated with disposal groups held for sale	83	4 480	419	113
Total liabilities	751 829	696 562	638 061	699 958
Equity				
Ordinary shares	55	55	54	55
Share premium	5 387	5 167	5 194	5 216
Reserves	60 832	52 284	45 112	57 250
Capital and reserves attributable to ordinary equityholders	66 274	57 506	50 360	62 521
NCNR preference shares	4 519	4 519	4 519	4 519
Capital and reserves attributable to equityholders of the Group	70 793	62 025	54 879	67 040
Non-controlling interests	2 705	3 074	2 869	2 767
Total equity	73 498	65 099	57 748	69 807
Total equity and liabilities	825 327	761 661	695 809	769 765

* Refer to reclassifications of prior year numbers below.

CONSOLIDATED STATEMENT OF CASH FLOWS - IFRS

	Six months ended 31 December		Year ended 30 June
R million	2012	2011#	2012
Net cash flows from operating activities	11 140	6 124	16 635
Net cash generated/(utilised) from operations	9 439	1 298	(7 064)
Tax paid	(3 412)	(2 307)	(5 331)
Net cash inflow from operating activities	17 167	5 115	4 240
Net cash outflow from investing activities	(2 374)	(2 364)	(3 763)
Net cash (outflow)/inflow from financing activities	(495)	1 335	3 464
Net increase in cash and cash equivalents from operations	14 298	4 086	3 941
Cash and cash equivalents at the beginning of the year	38 363	34 240	34 240
Cash and cash equivalents at the end of the year	52 661	38 326	38 181
Cash and cash equivalents acquired*	-	-	1
Cash and cash equivalents disposed of*	(2)	-	(31)
Effect of exchange rate changes on cash and cash equivalents	36	219	212
Cash and cash equivalents at the end of the year	52 695	38 545	38 363
Mandatory reserve balances included above**	14 991	13 443	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.

[#] Prior year restatements due to reclassifications.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - IFRS

for the six months ended 31 December

	Ordinary share capital and ordinary equityholders' funds					
R million	Share capital	Share premium	Share capital and share premium	General risk reserve	Cash flow hedge reserve	Share-based payment reserve
Balance as at 1 July 2011	53	4 945	4 998	13	(451)	2 739
Movement in other reserves	-	-	-	-	-	315
Ordinary dividends	-	-	-	-	-	-
Preference dividends	-	-	-	-	-	-
Transfer from/(to) reserves	-	-	-	14	-	-
Changes in ownership interest in subsidiaries	-	-	-	-	-	-
Consolidation of treasury shares	2	222	224	-	-	-
Total comprehensive income for the period	-	-	-	-	(198)	-
Balance as at 31 December 2011	55	5 167	5 222	27	(649)	3 054
Balance as at 1 July 2012	55	5 216	5 271	57	(753)	3 247
Issue of share capital	-	-	-	-	-	-
Movement in other reserves	-	-	-	-	-	(262)
Ordinary dividends	-	-	-	-	-	-
Preference dividends	-	-	-	-	-	-
Transfer from/(to) reserves	-	-	-	15	-	-
Changes in ownership interest in subsidiaries	-	-	-	-	-	-
Consolidation of treasury shares	-	171	171	-	-	-
Total comprehensive income for the period	-	-	-	-	(89)	-
Vesting of share-based payment reserve	-	-	-	-	-	(26)
Balance as at 31 December 2012	55	5 387	5 442	72	(842)	2 959

	Ordinary share capital and ordinary equityholders' funds							
R million	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	225	474	13	48 620	51 633	4 519	3 069	64 219
Movement in other reserves	-	-	(142)	166	339	-	(31)	308
Ordinary dividends	-	-	-	(6 341)	(6 341)	-	(369)	(6 710)
Preference dividends	-	-	-	-	-	(137)	-	(137)
Transfer from/(to) reserves	-	-	-	(14)	-	-	-	-
Changes in ownership interest in subsidiaries	-	-	-	(35)	(35)	-	(8)	(43)
Consolidation of treasury shares	-	-	-	40	40	-	-	264

Total comprehensive income for the period	187	606	(14)	6 067	6 648	137	413	7 198
Balance as at 31 December 2011	412	1 080	(143)	48 503	52 284	4 519	3 074	65 099
Balance as at 1 July 2012	626	1 052	(118)	53 139	57 250	4 519	2 767	69 807
Issue of share capital	-	-	-	-	-	-	(4)	(4)
Movement in other reserves	-	-	(36)	-	(298)	-	(9)	(307)
Ordinary dividends	-	-	-	(3 183)	(3 183)	-	(412)	(3 595)
Preference dividends	-	-	-	-	-	(150)	-	(150)
Transfer from/(to) reserves	-	-	-	(15)	-	-	-	-
Changes in ownership interest in subsidiaries	-	-	-	13	13	-	(61)	(48)
Consolidation of treasury shares	-	-	-	49	49	-	-	220
Total comprehensive income for the period	442	311	20	7 019	7 703	150	424	8 277
Vesting of share-based payment reserve	-	-	-	(676)	(702)	-	-	(702)
Balance as at 31 December 2012	1 068	1 363	(134)	56 346	60 832	4 519	2 705	73 498

RECLASSIFICATION OF PRIOR YEAR NUMBERS

During the reporting period the following reclassifications were made to the income statement and statement of financial position in line with the reclassifications for the year ended 30 June 2012:

31 December 2011 R million	Amount as previously reported	Amount as restated	Difference	Explanation
Income statement				
Share of profit from associates and joint ventures	401	283	118	The Group's share of profits from associates and joint ventures was stated net of the related tax expense. The comparative information was restated in order to be comparable with the updated presentation.
Direct tax	(2 192)	(2 074)	(118)	As per above.
Profit for the year	6 590	6 590	-	No effect on profit for the year.
Statement of financial position				During the June 2012 financial year a comprehensive review of liabilities disclosure was undertaken by the Group to ensure that the presentation is consistent with industry practice and to provide more detailed and useful information in the financial statements. A reclassification was required to bring the comparative numbers in line with the updated presentation.
Creditors and accruals	12 152	9 764	2 388	
Deposits	595 200	589 597	5 603	
Provisions	2 965	523	2 442	
Post-retirement liabilities	2 346	-	2 346	
Employee liabilities	-	5 936	(5 936)	
Other liabilities	-	5 615	(5 615)	
Tier 2 liabilities	-	6 366	(6 366)	
Long-term liabilities	5 048	-	5 048	
Policyholder liabilities under investment contracts	90	-	90	

Note: Non-performing loans at 31 December 2011 have been restated from R18 366 million to R18 388 million.

31 December 2010 R million	Amount as previously reported	Amount as restated	Difference	Explanation

Statement of financial position			
Creditors and accruals	10 193	6 077	4 116
Deposits	543 713	535 429	8 284
Provisions	3 254	861	2 393
Post-retirement liabilities	2 202	-	2 202
Employee liabilities	-	4 993	(4 993)
Other liabilities	-	9 435	(9 435)
Tier 2 liabilities	-	10 219	(10 219)
Long-term liabilities	7 489	-	7 489
Policyholder liabilities under investment contracts	163	-	163

During the June 2012 financial year a comprehensive review of liabilities disclosure was undertaken by the Group to ensure that the presentation is consistent with industry practice and to provide more detailed and useful information in the financial statements. A reclassification was required to bring the comparative numbers in line with the updated presentation.

COMPANY INFORMATION

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

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5 March 2013