2011

audited results and cash and special dividend declaration

for the year ended 30 June 2011

FIRSTRAND

CONTENTS

FIRSTRAND

1966/010753/06 Share code: FSR ISIN: ZAE 0000066304 ("FSR")
Certain entities within the FirstRand Group are Authorised Financial Services and Credit Providers
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INTRODUCTION

This report covers the audited financial results of FirstRand Limited ("FirstRand" or "the Group") from continuing and discontinued operations based on International Financial Reporting Standards ("IFRS") for the year ended 30 June 2011, as well as the results of the normalised continuing operations of the Group, which are based on the audited IFRS results, 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, commercial and wholesale bank, Rand Merchant Bank ("RMB"), the investment bank, and WesBank, the instalment finance business.

Effective 30 November 2010 FirstRand unbundled its 100% shareholding in the Momentum Group. The audited IFRS results therefore include five months of contribution from Momentum (treated as discontinued operations). The audited IFRS results also include six months of contribution from OUTsurance which was disposed of effective 4 May 2011.

The primary results are presented on a normalised continuing basis as the Group believes this most accurately reflects its economic performance. **The normalised continuing operations specifically exclude the profit on unbundling of Momentum, the earnings contribution of Momentum for the current and comparative years, the profit on disposal of OUTsurance, as well as the earnings contribution of OUTsurance for the current and comparative years.** A detailed description of the normalised results is provided on pages 14 and 15. Commentary is based on the continuing normalised results, unless indicated otherwise. Normalised results are unaudited.

Financial highlights – normalised continuing

Normalised earnings	2011	2010	% change
– Normalised (R million)	**10 117**	8 283	+22
– Diluted normalised earnings per share (cents)	**179.4**	146.9	+22

Return on equity %	2011	2010
– Normalised	**18.7**	17.7

Net asset value per share	2011	2010	% change
– Normalised	**1 044.0**	875.9	+19

Cost-to-income ratio %	2011	2010
– Normalised	**55.4**	55.0
– Industry adjusted	**53.3**	53.1

Dividend per ordinary share	2011	2010	% change
– Continuing operations	**81.0**	64.0	27

Capital adequacy ratio (Tier I)	2011	2010
– IFRS and normalised (%)	**15.0**	13.5

Special dividend per share	2011	2010	% change
– Special dividend per share (cents)	**70.0**	–	100

Credit loss ratio %	2011	2010
– Normalised	**0.93**	1.39

Key financial results, ratios and statistics
for the year ended 30 June

R million	2011	2010	% change
From continuing and discontinued operations			
Attributable earnings to ordinary equity holders	**20 065**	9 444	>100
Headline earnings	**9 856**	9 453	4
Normalised earnings	**10 805**	9 963	8
Normalised net asset value	**58 858**	57 509	2
Normalised net asset value per share (cents)	**1 044.0**	1 020.0	2
Average normalised net asset value	**58 183**	54 485	7
Normalised earnings per share (cents)			
– Basic	**191.6**	176.7	8
– Diluted	**191.6**	176.7	8
Normalised return on equity (%)	**18.6**	18.3	
Ordinary dividend per share (cents)	**81.0**	77.0	5
Dividend cover	**2.4**	2.3	
Special dividend per share (cents)	**70.0**	–	100
Non-cumulative, non-redeemable ("NCNR") preference dividend per share (cents)			
– B Class (68% of FNB prime lending rate)	**668.5**	765.4	(13)
– B1 Class (68% of FNB prime lending rate)*	**–**	423.1	(100)
Normalised continuing			
Attributable earnings to ordinary shareholders	**9 889**	7 963	24
Headline earnings	**9 258**	7 789	19
Normalised earnings	**10 117**	8 283	22
Net asset value	**58 858**	49 382	19
Net asset value per share (cents)	**1 044.0**	875.9	19
Average normalised net asset value	**54 120**	46 774	16
Normalised earnings per share			
– Basic	**179.4**	146.9	22
– Diluted	**179.4**	146.9	22
Normalised return on equity (%)	**18.7**	17.7	
Ordinary dividend per share (cents)	**81.0**	64.0	27
Dividend cover	**2.2**	2.3	
Special dividend per share (cents)	**70.0**	–	100
Capital adequacy			
FirstRand**			
– Capital adequacy ratio	**16.5**	15.6	
– Tier 1 ratio	**15.0**	13.5	
Market performance			
Market capitalisation	**111 913**	101 821	10
Price earnings ratio – normalised continuing	**11.1**	12.3	
Price-to-book – normalised continuing	**1.9**	2.1	

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

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

Statement of headline earnings from continuing and discontinued operations – IFRS

for the year ended 30 June

R million	2011	2010	% change
Continuing operations			
Profit from continuing operations	14 244	9 480	50
Non-controlling interest	(1 164)	(887)	31
NCNR preference shares	(301)	(344)	(13)
Attributable earnings to ordinary equity holders	12 779	8 249	55
Adjusted for:	(3 341)	(174)	>100
(Gains)/loss on disposal of investment securities and other investments	(12)	–	
Gain on disposal/impairment of available-for-sale assets	(341)	(177)	
Gain on disposal of associates or joint ventures	(2 792)	–	
Gain on the disposal of subsidiaries	(571)	(115)	
(Gain)/loss on the disposal of property and equipment	(9)	2	
Impairment of goodwill	96	82	
Impairment of assets in terms of IAS 36	37	175	
Gain from a bargain purchase	(9)	(203)	
Other	–	4	
Tax effects of adjustments	16	55	
Non-controlling interest adjustments	244	3	
Headline earnings from continuing operations	9 438	8 075	17
Discontinued operations			
Profit from discontinued operations	7 283	1 194	>100
Non-controlling interest	3	1	>100
Attributable earnings to ordinary shareholders	7 286	1 195	>100
Adjusted for:	(6 868)	183	(>100)
Profit on dividend in specie	(6 868)	–	
Loss due to the fair value adjustment of a non current asset held for sale	–	100	
Impairment of goodwill	–	71	
Impairment of intangible assets	–	12	
Normalised earnings from discontinued operations	508	1 894	(64)
Headline earnings from discontinued operations	418	1 378	(70)
Headline earnings from continuing and discontinued operations	9 856	9 453	4

Reconciliation from headline earnings to normalised earnings from continuing and discontinued operations

R million	2011	2010	% change
Headline earnings from continuing operations	9 438	8 075	17
Adjusted for:	859	494	74
IFRS 2 Share-based payment expense	(20)	235	
Treasury shares	418	259	
– Consolidation of share trust	210	313	
– FirstRand shares held by policyholders	208	(54)	
Private equity subsidiary realisations	461	–	
Normalised earnings from continuing operations	10 297	8 569	20
Headline earnings from discontinued operations	418	1 378	(70)
Adjusted for:	90	16	>100
– IFRS 2 Share-based payment expense	–	6	
– FirstRand shares held by policyholders	90	10	
Normalised earnings from continuing and discontinued operations	10 805	9 963	8

Reconciliation of IFRS continuing operations to normalised continuing operations

R million	2011	2010	% change
Attributable earnings to ordinary equity holders (refer page 3)	12 779	8 249	55
OUTsurance equity-accounted income for the year ended 30 June	(180)	(286)	(37)
Profit on sale of OUTsurance	(2 710)	–	(100)
Attributable earnings from continuing normalised operations	9 889	7 963	24
Headline earnings (refer page 3)	9 438	8 075	17
OUTsurance equity-accounted income for the year ended 30 June	(180)	(286)	(37)
Headline earnings from continuing normalised operations	9 258	7 789	19
Normalised earnings per above	10 297	8 569	20
OUTsurance equity-accounted income for the year ended 30 June	(180)	(286)	(37)
Normalised earnings from continuing normalised operations	10 117	8 283	22

Overview of results

Introduction

Although global economic activity picked up during the period under review, the absolute rate of expansion slowed due to a number of factors. The headwinds became particularly acute in the first half of 2011 and economic growth across the globe started to moderate, particularly in highly-indebted, developed economies. Concerns over a sovereign debt default in Greece continued to dampen economic sentiment as worries over the fiscal health of certain peripheral European nations increased.

Several other factors also weighed on global activity. The devastating earthquake that hit Japan disrupted global supply chains and caused losses in manufacturing output in the first few months of 2011. Unrest in North Africa and the Middle East, adverse weather conditions and growing demand from emerging market economies pushed oil and grain prices upwards. This eroded disposable income and weighed on consumer spending. It also put upward pressure on core inflation in many emerging economies, prompting their central banks to start tightening monetary policy.

Against this uncertain global economic backdrop, the South African economy held up well, registering quarterly growth rates above 2.5% during the financial year. The main drivers behind the expansion were South African consumers who benefited from low debt service costs and robust real income growth. In addition, the increase in global commodity prices provided support to the South African export sector. Inflation remained within the South African Reserve Bank's ("SARB") target band, with employment growth, demand for credit and investment spending by the private sector staying sluggish.

With regards to the African continent, sub-Saharan Africa's economic recovery is well under way, although there is variation in the speed of the recovery across the region, and overall growth is almost back to pre-credit crisis levels. Rising food and fuel prices continue to fuel inflation pressures and present a challenge to macroeconomic management, however exports have continued to rise. Trade and investment flows from the large Asian economies of China and India continue to underpin growth in a number of jurisdictions.

Overview of results

Despite this challenging background, FirstRand built further on its strong first half performance to produce excellent results for the year ended 30 June 2011, achieving normalised earnings from continuing operations of R10 117 million, an increase of 22% on the previous period, and producing a normalised return on equity ("ROE") of 18.7% (2010: 17.7%). The ROE has continued to trend upwards, despite lower gearing resulting from higher capital levels (this issue is covered in more detail under Strategic issues section on page 9).

SOURCES OF NORMALISED EARNINGS

R million	2011	% composition	2010	% composition	% change
Total FNB	5 562	51	4 731	47	18
FNB South Africa	5 022	46	4 276	43	17
FNB Africa	540	5	455	4	19
RMB	3 610	33	3 316	33	9
WesBank	1 862	17	953	10	95
Corporate Centre and consolidation adjustments	(714)	(6)	(335)	(3)	(>100)
FirstRand Limited (company)	98	1	(38)	–	>100
NCNR preference dividend	(301)	(3)	(344)	(4)	(13)
Normalised earnings from normalised continuing operations	**10 117**	**93**	8 283	83	22
Momentum	508	5	1 394	14	(64)
OUTsurance	180	2	286	3	(37)
Normalised earnings from continuing and discontinued operations	**10 805**	**100**	9 963	100	8

With regards to the Group's overall income statement, its operating franchises, FNB, RMB and WesBank, continued to show very strong operational performances. Earnings also continued to be positively impacted by the significant decrease in retail bad debts (impairment charge down 34% on the previous period) particularly in the large books of FNB and WesBank, although the absolute rate of reduction flattened in the second six months of the year and has now reached a normalised level. The National Credit Act's debt review process and the resultant lengthened recovery periods mean that absolute levels of non-performing loans ("NPLs") remain high with a significant proportion in NPLs for longer than six months. Major components of the bad debt charge and NPLs are shown in the table below.

	Year ended 30 June	
	2011	2010
Impairment charge	**%**	%
Residential mortgages	**0.79**	0.95
Credit card	**1.39**	6.92
Vehicle and asset finance	**1.11**	1.80
Other retail	**6.12**	10.00
Corporate/Wholesale	**0.66**	0.93
FNB Africa	**0.30**	0.37
FirstRand impairment charge ratio*	**0.93**	1.39
NPLs (R million)	**19 790**	22 205

* *Total includes Corporate Centre and other.*

Overall non-interest revenue ("NIR") grew 7% as a result of ongoing customer acquisition and robust transactional volumes at FNB, particularly in electronic channels. WesBank generated strong fee and commission growth and RMB's knowledge-based fee income benefited from good deal flow throughout the year.

Fair value income was robust, underpinned by a strong performance from client activities, benefiting from refinancing opportunities and a strong investment banking deal pipeline during the year.

Investment income also contributed strongly, driven by the private equity and resources portfolios of RMB, and profits from the disposal of VISA Inc shares.

Asset margins benefited from new business repricing across the large lending books, although given the significant size of the in-force advances (particularly in residential mortgages) compared to current levels of new business, the benefits will take time to materialise. Margins also continued to be impacted by the negative endowment effect on capital and deposits as average interest rates for the financial year were 114 bps lower than the previous period.

Overall group operating expenses reflect good ongoing cost control with costs increasing only 9%.

The Group's balance sheet showed reasonable overall growth in advances of 7% reflecting strong new business origination.

The following portfolios showed particularly good new business volumes:

- unsecured lending in FNB's Mass and Consumer segments – R6 billion;
- RMB's structured lending book – R29 billion;
- WesBank – R57 billion; and
- residential mortgages – R21 billion.

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. This is achieved through two parallel growth strategies:

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

These strategies are executed through the operating franchises within a strategic framework set by the Group. During the year these franchises continued to make good progress against the strategic intent and below is a brief overview of each, with a detailed review on pages 62 to 76.

FNB

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

FNB South Africa	Year ended June		
R million	**2011**	2010	% change
Normalised earnings	**5 022**	4 276	17
Profit before tax	**6 944**	5 806	20
Total assets	**223 174**	204 309	9
Total liabilities	**215 901**	199 115	8
Bad debt ratio	**1.20**	1.70	
ROE (%)	**35.7**	31.8	

FNB South Africa produced a strong performance for the year, growing pre-tax profits 20%. This was underpinned by a 29% decline in bad debts emanating largely from HomeLoans and Card, and a 10% increase in NIR.

The NIR performance reflects 3% growth in customers and increased transactional volumes (14%). Migration by customers to less expensive electronic channels continued, reflecting FNB's strategy to encourage customers (particularly through pricing and convenience) to use these cheaper channels.

Despite interest rates being at 36 year lows, advances growth was muted due to continued deleveraging by over-indebted consumers. The low levels of advances growth in HomeLoans (reduction of 2%) and Card (flat) indicated that the credit market is still experiencing a slow recovery specifically in the consumer segment or middle market.

FNB's overall operating expenses grew 10%, due primarily to investment costs, however core costs were contained at 7.7% which includes a staff salary increase in excess of 8% and increased variable costs relating to growth in volumes.

FNB has identified growth opportunities in certain of its segments and executed on a number of these and other operational initiatives during the period under review.

Despite good growth in the Mass segment, which is now servicing over four million customers, FNB still remains relatively underweight in lending activities to these customers. To address this gap, FNB has continued to roll out its EasyPlan strategy which represents an appropriate low cost banking offering to this segment. In the current year, FNB opened 102 EasyPlan representation points. These representation points are well positioned in activity hubs, are open longer than the traditional branches, are supported by low cost channels and have Automatic Deposit Terminals ("ADTs") to satisfy customer cash transactional needs.

FNB Africa	Year ended June		
R million	**2011**	2010	% change
Normalised earnings	**540**	455	19
Profit before tax	**1 350**	1 146	18
Total assets	**35 439**	33 279	6
Total liabilities	**31 493**	29 313	7
Bad debt ratio	**0.30**	0.37	
ROE (%)	**21.4**	20.0	

Overall the African subsidiaries performed well growing profits before tax 18% and delivering an ROE of 21.4%. This performance was achieved despite significant investment activity across the portfolio resulting in increased operating expenses. As part of its strategy to further grow the existing franchise and operating footprint, FNB invested significantly in Zambia and Mozambique in the period under review as well as in starting operations in Tanzania. This investment phase is expected to continue in the medium term with a parallel focus on service and electronic delivery channels to increase the customer base and volumes and resultant NIR. Alongside other group franchises, FNB continues to assess opportunities in identified priority countries such as Nigeria and Ghana.

RMB

In line with Group objectives, RMB's ongoing strategic imperatives remain anchored around strengthening the client franchise both locally and on the African continent with trading and investing activities being scaled appropriately. RMB's risk appetite framework remains central to ensuring that its portfolio continues to reflect the appropriate mix of client, trading and investing activities in order to preserve and enhance the quality of earnings.

RMB	Year ended June		
R million	**2011**	2010	% change
Normalised earnings	**3 610**	3 316	9
Profit before tax	**4 959**	4 728	5
Total assets	**264 499**	269 133	(2)
Total liabilities	**258 821**	263 366	(2)
ROE (%)*	**28.7**	24.9	

* *Includes Africa.*

RMB reported pre-tax profits of R4 959 million, 5% higher than in the comparative year. This is a pleasing result given an environment of limited corporate recovery and continued weakness in market and investment flows. It was also achieved against the high base of the prior year due to the Life Healthcare realisation and despite conservative valuations on lending and private equity portfolios and prudent provisioning.

Investment Banking again delivered a strong performance off a relatively high base, with good contributions from advisory, financing, structuring and principal investing activities. Reflecting RMB's strategy to increase its exposure to investment grade corporate credit the structured lending book showed continued steady growth and whilst impairments increased slightly over the period, credit quality remains robust. The advisory business performed well with structuring activities in the property sector delivering excellent results.

Overall client flows generally remained weak placing Fixed Income, Currency and Commodity's ("FICC") revenues under pressure. Trading volumes showed a mixed picture for the year with the second six months struggling to keep pace with the momentum set in the early part of the year. Revenues generated by the FICC teams deployed into the African subsidiaries were up marginally on the comparative period.

Private Equity produced a good result with Corvest realising a gain of R461 million (post tax and minorities) from the sale of Davita Trading. Revenues from portfolio investments grew strongly, particularly in Ventures and Corvest, reflecting the resilience of the underlying counters.

Equities' performance was mixed, with modest growth in most client execution businesses, largely on the back of improving equity volumes.

RMB made good progress in growing its African franchise with a focus on building investment banking and trading activities in jurisdictions where FNB currently operates as well as capturing trade and investment flows into Africa from key Asian markets such as India and China. A number of transactions in key sectors such as resources, commodities, energy and property were concluded in Africa. Representative offices in Angola and Kenya have been commissioned and the Nigerian representative office continues to function as a valuable hub for activities in West African markets.

The integration of RMB's investment banking and FNB's corporate banking teams, and the creation of the Corporate Investment Banking ("CIB") Coverage unit is in line with expectations.

WesBank

WesBank continues to focus on its core strategy of partnering with key industry players through representation at the point of sale. In line with FirstRand's strategy, it is also targeting domestic segments, such as fleet management and full maintenance rentals as well as larger corporate asset finance customers and the public sector.

WesBank	Year ended June		
R million	**2011**	2010	% change
Normalised earnings	**1 862**	953	95
Profit before tax	**2 548**	1 300	96
Total assets	**104 117**	97 357	7
Total liabilities	**101 171**	95 452	6
Bad debt ratio	**1.33**	2.21	
ROE (%)	**26.3**	15.4	

WesBank produced an excellent performance for the year increasing profits before tax 96% over the prior year to R2.55 billion. This performance was driven by the ongoing retail and corporate credit unwind, strong new business origination, improved interest margins across all portfolios and good cost management.

Bad debts in the local lending business decreased 38% from R1.95 billion to R1.21 billion (from 2.2% to 1.3% of advances). Retail and corporate bad debts showed continued strong down-ward trends.

New business increased 28% over the comparative period. The year-on-year growth comprised a 32% increase in retail new business and a 16% increase in corporate new business. Interest margins showed an improving trend as a result of the focus on written rates as well as the improvement in mix with a higher component of fixed rate business written.

Total NIR (including income from associates) decreased 16% reflecting the loss of revenues following the disposal of WorldMark Australia, WorldMark South Africa and Norman Bissett, which were included in the prior period's results. However, NIR in the local lending operation increased 36%.

Overall expenses decreased 8%, partly as a result of the disposal of the non-lending subsidiaries. Expenses in the local lending operation increased 14% (this increase was 3% excluding the increased profit share payments to alliance partners).

Growth initiatives in the larger corporate sector are gaining good traction. Although the opportunities in full maintenance leasing and in the public sector remain meaningful, the lead times to significant revenue inflows are proving longer than anticipated and are only likely to realise over the medium term.

WesBank is leveraging the FNB platform and presence in certain African jurisdictions, both established and developing, and has deployed resources where asset finance opportunities have been identified.

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

	Year ended 30 June				
R million	2011	% contribution	2010	% contribution	% change
Retail banking					
FNB Retail	3 133		2 386		
FNB Africa	540		455		
WesBank	1 590		853		
	5 263	52	3 694	45	42
Corporate banking					
FNB Corporate	319		397		
FNB Commercial	1 570		1 493		
WesBank	272		100		
	2 161	21	1 990	24	9
Investment banking					
RMB	3 610	36	3 316	40	9
Other					
FirstRand and dividends paid on NCNR preference shares	(203)		(382)		
Corporate Centre and consolidation adjustments	(714)		(335)		
	(917)	(9)	(717)	(9)	(28)
Normalised earnings from continuing operations	10 117	100	8 283	100	22

Strategic issues

PROGRESS ON AFRICAN EXPANSION STRATEGY

The case for investing in Africa is persuasive, economies are strong, political risks have improved, and the business climates continue to improve. However, FirstRand fundamentally believes that building a profitable African business does not require a presence in every African country.

Africa is not a "single" continent. Sub-Saharan Africa itself comprises 46 countries (including South Sudan) with vastly different population sizes, income levels, growth rates and operating conditions. For FirstRand, when identifying priority countries for expansion outside of South Africa, domestic market size and market growth are early key considerations. According to recent research by RMB the top key countries in sub-Saharan Africa, based on these considerations, are Nigeria, Ghana, Tanzania, Botswana, Kenya, Uganda, Angola and Zambia.

The Group believes that these priority countries offer different commercial opportunities and given that strategy is executed by the operating franchises, FNB, RMB and WesBank pursue appropriate entry strategies, albeit within the Group's overall risk appetite and framework.

RMB is exploring opportunities in Angola through a representative office that was established during the year. FNB continues to make significant progress building out its infrastructure in Zambia and established a full service banking operation in Tanzania towards the end of the financial year. FNB is also assessing opportunities in Nigeria and Ghana.

RMB also opened a representative office in Kenya which is particularly well placed to benefit from investment and trade flows with India. RMB's Indian operation is key to unlocking growth opportunities.

FirstRand has a very compelling strategy to grow its franchises on the African continent, matched with a highly disciplined approach to protecting shareholder returns. The Group has undertaken to protect its ROE as it builds a presence outside of its core South African operations, it prefers "greenfields" operations or small rather than significant acquisitions and whilst this can mean expansion takes longer, potential dilution of returns can be contained. "Bolt-on" acquisitions to existing "greenfields" operations are also preferable, as these can bring additional scale more rapidly.

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 current philosophy, given the uncertain regulatory environment, is to operate at the higher end of its targeted capital levels. The targeted levels have been increased in anticipation of Basel III and are summarised in the table below:

	FirstRand		Regulatory
%	Actual	Target	minimum
Capital adequacy ratio	16.5	12.0 – 13.5	9.5#
Tier 1 ratio	15.0	11.0	7.0
Core Tier 1 ratio	13.8	9.5 – 11.0	5.25

	FirstRand Bank ("FRB")*		Regulatory
%	Actual#	Target	minimum
Capital adequacy ratio	14.2	11.5 – 13.0	9.5#
Tier 1 ratio	12.4	10.5	7.0
Core Tier 1 ratio	11.4	9.0 – 10.5	5.25

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

These targets are balanced against the requirements of shareholders through an efficient capital structure with limited excesses, but which supports the business strategy, maintains an appropriate credit rating and fulfils regulatory requirements. The Group does not seek to hold surplus capital for acquisitions and the need for raising additional capital is assessed on a transaction by transaction basis. However, it does currently hold buffers for its growth strategies in selected African countries.

As indicated to shareholders in the Group's interim results announcement, it has now been through a process of assessing current ratios against anticipated deployment, the implementation of Basel III regulatory changes and the Group's ability to generate future capital through earnings and is of the view that it is currently operating above the appropriate target levels. This is as a direct result of the following:

- the recent disposal of certain non-core assets, including the Group's stakes in VISA Inc and OUTsurance, has resulted in an excess that is not required for the current expansion strategy and regulatory changes; and
- the Group's operating franchises are generating good returns at a time when there is limited opportunity to grow risk weighted assets due to the current economic climate.

The Group believes that there are two appropriate mechanisms available for dealing with the current excess and any anticipated build up of excess capital going forward.

The Group has declared a special dividend of 70 cents per share due to the disposal of the non-core assets. It is FirstRand's view that as shareholders were invested in these assets through FirstRand, the opportunistic transactions led to the unlocking of shareholder value and this realised value should be returned to shareholders.

The Group targets a sustainable pay-out ratio, which is a function of returns and risk weighted assets growth. The increase in this year's dividend, over and above earnings growth, is a reflection of the Group's view that given the current macoeconomic outlook and growth strategy, a higher sustainable pay-out ratio over the medium term is possible.

LIQUIDITY MANAGEMENT AND FUNDING STRATEGY

The Group funds its activities in a sustainable, efficient and flexible manner underpinned by a very strong deposit franchise. This is actively managed against certain structural characteristics of the South African market such as a low discretionary savings rate and a higher degree of contractual savings that are captured by institutions such as pension funds, provident funds and providers of asset management services. A portion of these contractual savings translate into institutional funding for banks which has a higher liquidity risk than retail deposits.

The Basel III guidelines, published in December 2010, propose two new liquidity metrics: The Liquidity Coverage Ratio ("LCR"), effective 1 January 2015, which measures short-term liquidity stress and the Net Stable Funding Ratio ("NSFR"), effective 1 January 2018, which measures the stability of long-term structural funding.

The Basel Committee of Banking Supervision ("BCBS") has put processes in place to ensure the rigorous and consistent global implementation of the Basel III Framework. The standards will be phased in gradually so that the banking sector can move to the higher liquidity standards while supporting lending to the economy. Both the LCR and the NSFR will be subject to an observation period and will include a review clause to address any unintended consequences.

When applying the above metrics to the Group's balance sheet at 31 December 2010, FirstRand and most South African banks do not meet the minimum quantitative requirements. This is due to the specific structural characteristic described above .

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

Prospects

Prospects for the global economy continue to deteriorate and fears of another global recession have resurfaced. A growth collapse in highly indebted European nations, would severely hamper their ability to service their sovereign debt, and poses a risk of contagion. While the South African economy has held up well, the Group expects the economic conditions to remain subdued in the current financial year and for the level of uncertainty to remain high.

Although inflation is expected to remain at the higher end of Government targets, interest rates are likely to remain flat, with an increased likelihood of cuts. Therefore the previously anticipated endowment margin uplift is not expected to materialise. In addition bad debts are not expected to provide any further significant benefit.

Growth in retail advances will remain low and, given the current muted levels of business volumes and corporate activity, corporate advances will also continue to be subdued, with the exception of WesBank which anticipates a healthy lending landscape in both corporate and retail portfolios.

Despite the slowdown in economic activity, NIR should remain healthy, particularly given FNB's focus on innovation and customer service delivery and the strength of RMB's investing, trading and advisory franchises.

GDP growth in sub-Saharan Africa is expected to be maintained in 2011 and 2012, although the region will not be insulated from a slowdown in global activity or commodity prices. All of the Group's franchises will continue to capitalise on growth opportunities in those countries identified as priorities for expansion. FNB will continue to grow its operating footprint supported by its South African platform. RMB will mine the trade and investment flows between Asia and Africa, leveraging off the existing FNB African platforms and its own platform in India.

Investment in these growth opportunities will continue in the current year, however, given the revenue pressures resulting from the low growth macro environment, the Group continues to drive cost efficiencies.

The quality of the Group's operating franchises and their respective strategies domestically and in the rest of Africa should underpin FirstRand's ability to provide shareholders with sustainable superior returns over the long term.

The prospects have not been audited or reported on by the Group's external auditors.

Board changes

Mr AP Nkuna resigned as non-executive director effective 31 July 2011. A representative of the Mineworkers Investment Company will replace Mr Nkuna once the necessary approval processes have been completed.

Dividend strategy

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

Basis of presentation

The directors are responsible for the preparation of the consolidated financial statements in accordance with:

- the framework concepts and the measurement and recognition requirements of IFRS including IAS 34 Interim Financial Reporting
- the AC 500 standards issued by the Accounting Practices Board;
- 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.

The IFRS annual financial statements have been audited by PwC Inc and Deloitte & Touche from which this announcement has been derived, and they have expressed an unmodified opinion, which is available at the company's registered office.

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 pages 14 and 15.

More detailed financial information including the results presentation is available on www.firstrand.co.za.

Cash dividend declarations

ORDINARY SHARES

The following ordinary cash dividend was declared in respect of the year ended 30 June 2011:

	Year ended 30 June	
Cents per share	2011	2010
Interim (declared 7 March 2011)	35.00	34.00
Final (declared 12 September 2011*)	46.00	43.00
	81.00	77.00

* *The last day to trade in FirstRand shares on a cum-dividend basis in respect of the final dividend will be Friday 7 October 2011, the first day to trade ex-dividend will be Monday 10 October 2011. The record date will be Friday 14 October 2011 and the payment date Monday 17 October 2011. No dematerialisation or rematerialisation of shares may be done during the period Monday 10 October 2011 to Friday 14 October 2011, both days inclusive.*

ORDINARY SHARES: SPECIAL DIVIDEND

	Year ended 30 June	
Cents per share	2011	2010
Special (declared 12 September 2011*)	70.00	–
	70.00	–

* *The last day to trade in FirstRand shares on a cum-dividend basis in respect of the special dividend will be Friday 7 October 2011, the first day to trade ex-dividend will be Monday 10 October 2011. The record date will be Friday 14 October 2011 and the payment date Monday 17 October 2011. No dematerialisation or rematerialisation of shares may be done during the period Monday 10 October 2011 to Friday 14 October 2011, both days inclusive.*

EXCHANGE CONTROL REGULATIONS

The following is a summary of the Exchange Control Regulations. It is intended as a guide only and is not a comprehensive statement of the Exchange Control Regulations which apply to shareholders. Shareholders who have any queries regarding the Exchange Control Regulations should contact their Authorised Dealer in foreign exchange without delay.

Residents of the Common Monetary Area

The special dividend due to a shareholder who is a resident of the Common Monetary Area ("CMA") and whose registered address is in the CMA, will be posted or credited to such shareholders resident Rand account.

Emigrants from the CMA

In terms of the Exchange Control Regulations the special dividend is not freely transferable from South Africa and must be dealt with as follows:

- The special dividend due to a shareholder who is an emigrant from South Africa, whose registered address is outside the CMA and whose documents of title have been restrictively endorsed under the Exchange Control Regulations will be deposited in an emigrant blocked Rand account with the Authorised Dealer in foreign exchange in South Africa controlling the shareholders' blocked assets.
- In terms of a recent relaxation to the Exchange Control rulings, emigrants may externalise the special dividend by making application to the Financial Surveillance Department of the South African Reserve Bank via the requisite Authorised Dealer channel. Previously, a 10% levy would have been payable on externalisation. This is however no longer the position and the special dividend may, on application, be externalised free of the levy.

All other non-residents of the CMA

The special dividend due to a shareholder who is a non-resident of South Africa and who has never resided in the CMA, whose registered address is outside the CMA and whose documents of title have been restrictively endorsed under the Exchange Control Regulations, such special dividend will be regarded as freely transferable from the Republic and will be deposited with the Authorised Dealer in foreign exchange in South Africa nominated by such shareholder. It will be incumbent on the shareholder concerned to instruct the nominated Authorised Dealer as to the disposal of the amounts concerned.

Definitions

Authorised dealer means, in relation to any transaction in respect of gold, a person authorised by the Treasury to deal in gold and, in relation to any transaction in respect of foreign exchange, a person authorised by the Treasury to deal in foreign exchange.

Blocked Rand account is an account to which exchange control restrictions have been applied in terms of the Regulations.

CMA consists of Lesotho, Namibia, South Africa and Swaziland.

Emigrant means a South African resident who is leaving or has left the Republic to take up permanent residence in any country outside the CMA.

Emigrant blocked Rand account means the account of an emigrant from the CMA to which exchange control restrictions have been applied.

Financial surveillance department means the Financial Surveillance Department of the South African Reserve Bank (responsible for the administration of exchange control on behalf of the Treasury).

Non-resident means a person (i.e. a natural person or legal entity) whose normal place of residence, domicile or registration is outside the CMA.

Resident means any person (i.e. a natural person or legal entity) who has taken up permanent residence, is domiciled or registered in the Republic. For the purpose of the Rulings, this excludes any approved offshore investments held by South African residents outside the CMA. However, such entities are still subject to Exchange Control Rules and Regulations.

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 and paid:

	"B" Preference	
Cents per share	**2011**	2010
Period 1 September 2009 – 22 February 2010		342.3
Period 23 February 2010 – 30 August 2010		355.0
Period 31 August 2010 – 28 February 2011	**313.6**	
Period 1 March 2011 – 29 August 2011	**305.2**	
	618.8	697.3

BW Unser
Company secretary

12 September 2011

Description of difference between normalised and IFRS results – continuing operations

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

OUTsurance

The Group previously owned 45% of OUTsurance. Effective 4 May 2011 the Group disposed of its shareholding to RMB Holdings Limited. The Group equity accounted for the associate up to 31 December 2010, at which date it was classified as a disposal group held for sale. On a continuing basis the earnings contribution from OUTsurance has been eliminated for both the current and comparative years. OUTsurance was not treated as a discontinued operation in terms of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. For the continuing results the profit on sale of the associate has been excluded from normalised earnings and from the headline earnings adjustment in terms of Circular 03/2009.

Share-based payments, employee benefits and treasury shares: Consolidation of staff share trust

IFRS 2 Share-based Payments requires that all share-based payment transactions for goods or services received must be expensed with effect from financial periods commencing on or after 1 January 2005. IAS 19 Employee Benefits requires that an expense be raised if benefits are expected to be paid to employees in return for services rendered.

In 2005 the Group concluded its BEE transaction; a part of this transaction was that rights were granted to the Group's black South African employees and black non-executive directors of FirstRand. These rights are accounted for as IFRS 2 expenses. FirstRand hedged itself against the price risk of the FirstRand share price in these schemes by buying the shares in the open market in various share trusts. SIC 12 Consolidation – Special Purpose Entities requires that these staff schemes be consolidated by the Group. FirstRand shares held by the staff share schemes are therefore treated as treasury shares.

Due to the unbundling of Momentum Group Limited these share trusts received MMI Holdings Limited shares as a dividend in specie. The rights holder received a FirstRand, as well as a MMI share. The receipt of MMI shares led to the recognition of an employee benefit liability in terms of IAS 19 Employee Benefits. FirstRand hedged itself against the price risk of MMI shares by retaining the MMI shares received as a dividend in specie.

The economic cost to the Group for both the IFRS 2 expense and the employee benefit is the net funding cost paid by the Group on the funding required to buy these shares.

For purposes of calculating the normalised earnings, the share trusts are deconsolidated, the FirstRand shares held by the staff share scheme are treated as issued to parties external to the Group and loans to share trusts are recognised as external loans.

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

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

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

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

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

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

Economic hedges

The Group enters into economic interest rate hedging transactions from time to time, which do not qualify for hedge accounting in terms of the requirements of IFRS. The Group has reclassified the fair value changes on these hedging instruments from NIR to net interest income to reflect the economic substance of these hedges.

Fair value annuity income – lending

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

The Group has reclassified the margin relating to the annuity fair value income earned on the RMB wholesale advances book from NIR to net interest income to reflect the economic substance of the income earned on these assets.

The corresponding impairment charge is reallocated from NIR to the impairment charge. Fair value advances are adjusted to reflect the cumulative adjustment.

Consolidated private equity subsidiaries

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

Private equity subsidiaries realisations

In terms of Circular 03/2009 profits and losses on the sale of subsidiaries are excluded from headline earnings.

The Circular includes specific industry rules. Rule 1 allows entities to include in headline earnings profits or losses on the sale of private equity investments that are associates or joint ventures, which form part of trading or operating activities. However, this exclusion does not apply to profits and losses on the sale of private equity investments that are subsidiaries. The Group has included the profit on the sale of private equity subsidiaries in normalised headline earnings to reflect the nature of these investments.

Consolidated income statement – IFRS

for the year ended 30 June

R million	2011	2010	% change
Continuing operations			
Interest and similar income	38 187	38 817	(2)
Interest expense and similar charges	(20 818)	(22 467)	(7)
Net interest income before impairment of advances	17 369	16 350	6
Impairment of advances	(3 778)	(5 686)	(34)
Net interest income after impairment of advances	13 591	10 664	27
Non-interest income	31 882	26 954	18
Income from operations	45 473	37 618	21
Operating expenses	(26 901)	(24 865)	8
Net income from operations	18 572	12 753	46
Share of profit from associates and joint ventures	868	700	24
Income before tax	19 440	13 453	45
Indirect tax	(614)	(446)	38
Profit before direct tax	18 826	13 007	45
Direct tax	(4 582)	(3 527)	30
Profit from continuing operations	14 244	9 480	50
Discontinued operations			
– Profit attributable to discontinued operations	415	1 194	(65)
– Profit after tax on unbundling of discontinued operations	6 868	–	>100
Profit for the year	21 527	10 674	>100
Attributable to:			
NCNR preference shareholders	301	344	(13)
Ordinary equity holders	20 065	9 444	>100
Equity holders of the Group	20 366	9 788	>100
Non-controlling interests	1 161	886	31
Profit for the year	21 527	10 674	>100
Earnings per share (cents)			
– Basic	372.7	179.9	>100
– Diluted	365.3	178.1	>100
Headline earnings per share cents			
– Basic	183.1	180.1	2
– Diluted	179.4	178.3	<1
Earnings per share (cents) – IFRS continuing			
– Basic	236.6	156.1	52
– Diluted	231.9	154.5	50
Headline earnings per share cents – IFRS continuing			
– Basic	174.7	152.8	14
– Diluted	171.3	151.3	13
Earnings per share (cents) – discontinued			
– Basic	136.1	23.8	>100
– Diluted	133.4	23.6	>100
Headline earnings per share cents – discontinued			
– Basic	8.4	27.3	(69)
– Diluted	8.1	27.0	(70)

Consolidated statement of comprehensive income – IFRS

for the year ended 30 June

R million	2011	2010
Profit for the year	**21 527**	10 674
Other comprehensive income		
Cash flow hedges	**21**	(226)
Available-for-sale financial assets	**(41)**	(69)
Exchange differences on translating foreign operations	**(266)**	(74)
Share of other comprehensive income of associates after tax and non-controlling interests	**35**	39
Other comprehensive income for the year before tax	**(251)**	(330)
Income tax relating to components of other comprehensive income	**(44)**	(17)
Other comprehensive income for the year	**(295)**	(347)
Total comprehensive income for the year	**21 232**	10 327
Total comprehensive income attributable to:		
Ordinary equity holders	**19 837**	9 097
NCNR preference shares	**301**	344
Equity holders of the Group	**20 138**	9 441
Non-controlling interests	**1 094**	886
Total comprehensive income for the year	**21 232**	10 327

Consolidated statement of financial position – IFRS

as at 30 June

R million	2011	2010
ASSETS		
Cash and short-term funds	**34 240**	27 067
Derivative financial instruments	**37 206**	39 764
Advances	**464 593**	434 793
Investment securities and other investments	**124 756**	117 171
Commodities	**4 388**	2 365
Accounts receivable	**7 289**	5 743
Investments in associates and joint ventures	**6 029**	6 901
Property and equipment	**10 542**	10 018
Deferred tax asset	**560**	443
Post-retirement benefit asset	**2**	–
Intangible assets and deferred acquisition costs	**1 691**	2 104
Investment properties	**203**	138
Policy loans on insurance contracts	**–**	27
Reinsurance assets	**484**	524
Tax asset	**139**	935
Non-current assets held for sale	**5 805**	197 247
Total assets	**697 927**	845 240
EQUITY AND LIABILITIES		
Liabilities		
Deposits	**553 657**	512 469
Short trading positions	**12 413**	16 735
Derivative financial instruments	**36 361**	36 035
Creditors and accruals	**9 930**	12 115
Provisions	**3 621**	3 359
Tax liability	**288**	157
Post-retirement liabilities	**2 292**	2 162
Deferred tax liability	**2 223**	2 132
Long-term liabilities	**6 690**	9 183
Policyholder liabilities under insurance contracts	**1 047**	1 868
Policyholder liabilities under investment contracts	**94**	101
Liabilities directly associated with non-current assets classified as held for sale	**5 092**	189 961
Total liabilities	**633 708**	786 277
Equity		
Ordinary shares	**53**	52
Share premium	**4 945**	1 491
Reserves	**51 633**	49 889
Capital and reserves attributable to ordinary equity holders	**56 631**	51 432
NCNR preference shares	**4 519**	4 519
Capital and reserves attributable to equity holders of the Group	**61 150**	55 951
Non-controlling interests	**3 069**	3 012
Total equity	**64 219**	58 963
Total equity and liabilities	**697 927**	845 240

Consolidated statement of cash flows – IFRS

for the year ended 30 June

R million	2011	2010
Net cash flows from operating activities continuing operations	16 923	15 795
Net cash flows from operating funds	(803)	(3 000)
Tax paid	(3 965)	(3 143)
Net cash inflow from operating activities continuing operations	12 155	9 652
Net cash outflow from operating activities from discontinued operations	–	(9 709)
Net cash inflow from investing activities from continuing operations	1 777	162
Net cash inflow from investing activities from discontinued operations	–	33
Net cash (outflow)/inflow from financing activities from continuing operations	(6 725)	1 085
Net cash inflow from financing activities from discontinued operations	–	2 117
Net increase in cash and cash equivalents from continuing and discontinued operations	7 207	3 340
Cash and cash equivalents at the beginning of the year	27 067	57 266
Cash and cash equivalents at the end of the year	34 274	60 606
Cash and cash equivalents acquired*	200	–
Cash and cash equivalents disposed of*	(83)	(36)
Effect of exchange rate changes on cash and cash equivalents	(151)	(95)
Transfer to non-current assets held for sale	–	(33 408)
Cash and cash equivalents at the end of the year	34 240	27 067
* *Cash and cash equivalents sold and bought relate to cash balances held by subsidiaries acquired and sold during the year.*		
Mandatory reserve balances included above	12 173	11 370

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

Consolidated statement of changes in equity – IFRS

for the year ended 30 June

R million	Ordinary share capital and ordinary equity holders' funds					
	Share capital	Share premium	**Share capital and share premium**	General risk reserve	Cash flow hedge reserve	Share-based payment reserve
Balance as at 1 July 2009	52	1 300	**1 352**	9	(292)	2 306
Issue of share capital	–	–	**–**	–	–	–
Movement in other reserves	–	–	**–**	–	–	181
Ordinary dividends	–	–	**–**	–	–	–
Preference dividends	–	–	**–**	–	–	–
Transfer to/(from) reserves	–	–	**–**	3	–	–
Changes in ownership interest in subsidiaries	–	–	**–**	–	2	–
Consolidation of treasury shares	–	191	**191**	–	–	–
Total comprehensive income for the period	–	–	**–**	–	(176)	–
Balance as at 30 June 2010	52	1 491	**1 543**	12	(466)	2 487
Issue of share capital	–	–	**–**	–	–	–
Movement in other reserves	–	–	**–**	–	–	341
Ordinary dividends	–	–	**–**	–	–	–
Preference dividends	–	–	**–**	–	–	–
Transfer to/(from) reserves	–	–	**–**	1	–	–
Changes in ownership interest in subsidiaries	–	–	**–**	–	–	–
Consolidation of treasury shares	1	3 454	**3 455**	–	–	–
Total comprehensive income for the period	–	–	**–**	–	15	–
Momentum unbundling	–	–	**–**	–	–	(89)
Balance as at 30 June 2011	53	4 945	**4 998**	13	(451)	2 739

	Ordinary share capital and ordinary equity holders' funds							
	Available-for-sale reserve	Currency translation reserve	Other reserves	Retained earnings	Reserves attributable to ordinary equity holders	Non-cumulative non-redeemable preference shares	Non-controlling interest	Total equity
	1 107	750	(198)	40 451	44 133	4 519	2 093	52 097
	–	–	–	–	–	–	7	7
	–	–	(440)	150	(109)	–	(62)	(171)
	–	–	–	(2 955)	(2 955)	–	(420)	(3 375)
	–	–	–	–	–	(344)	–	(344)
	–	–	–	(3)	–	–	–	–
	–	–	2	(27)	(23)	–	508	485
	–	–	–	(254)	(254)	–	–	(63)
	(138)	(52)	19	9 444	9 097	344	886	10 327
	969	698	(617)	46 806	49 889	4 519	3 012	58 963
	–	–	–	–	–	–	7	7
	–	–	(8)	48	381	–	(342)	39
	–	–	–	(4 179)	(4 179)	–	(583)	(4 762)
	–	–	–	–	–	(301)	–	(301)
	–	–	–	(1)	–	–	–	–
	–	–	12	(34)	(22)	–	46	24
	–	–	–	1 074	1 074	–	–	4 529
	(80)	(206)	43	20 065	19 837	301	1 094	21 232
	(664)	(18)	583	(15 159)	(15 347)	–	(165)	(15 512)
	225	474	13	48 620	51 633	4 519	3 069	64 219

Notes

Supplementary information

Key market indicators and share statistics

for the year ended 30 June

	2011	2010	% change
Market indicators			
USD/ZAR exchange rate			
– closing	**6.76**	7.67	(12)
– average	**6.94**	7.58	(8)
SA prime overdraft (%)	**9.00**	10.00	
SA average prime overdraft (%)	**9.25**	10.38	
SA average CPI (%)	**3.85**	5.66	
JSE All Share Index	**31 865**	26 259	21
JSE Banks Index	**40 254**	36 389	11
Share statistics			
Share price			
High for the period (cents)	**2 253**	2 100	7
Low for the period (cents)	**1 817**	1 388	31
Closing (cents)	**1 985**	1 806	10
Shares traded			
Number of shares (thousands)	**10 320**	3 689	>100
Value of shares (R million)	**204 908**	65 236	>100
Turnover in shares traded (%)	**191**	70	

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

Share price performance

FirstRand average share price (cents)	2 001	1 767	13
JSE Bank Index (average)	39 727	36 438	9
JSE All Share Index (average)	30 646	26 555	15

Simplified Group structure

FIRSTRAND

Listed holding company (FirstRand Limited, JSE: FSR)

100% FirstRand Bank Limited

Banking

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

100% FirstRand EMA Holdings Limited

Africa and Emerging markets

100%	FNB Lesotho
58%	FNB Namibia
100%	FNB Swaziland
70%	FNB Botswana
90%	FNB Mozambique
100%	FNB Zambia
100%	FNB Tanzania
100%	FirstRand International – Mauritius

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

Other activities[4]

96%	RMB Private Equity Holdings
93%	RMB Private Equity
100%	RMB Stockbroking Operations
40%	Eris Property Group
50%	RMB Morgan Stanley
100%	FirstRand International Wealth Management
100%	FNB Insurance Brokers
100%	Barnard Jacobs Mellet Holdings Limited
75%	Rentworks
36%	Tracker
100%	FirstRand International – Guernsey

Structure shows effective consolidated shareholding.

1 Division
2 Branch
3 Representative office
4 For segmental analysis purposes entities included in FRIHL are reported as part of the results of the managing franchise.

Credit ratings

FirstRand Bank Limited ("FRB")

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

CREDIT RATINGS ASSIGNED BY STANDARD & POOR'S AS AT 12 SEPTEMBER 2011

	FirstRand Bank Limited	Sovereign rating South Africa
Foreign currency counterparty credit rating		
Long-term	BBB+	BBB+
Outlook	Stable	Stable
Short-term	A-2	A-2
Local currency counterparty credit rating		
Long-term	BBB+	A
Outlook	Stable	Stable
Short-term	A-2	A-1
National scale		
Long-term	zaAA	
Short-term	zaA-1	

Summary of rating actions:

- On April 14, 2011, Standard & Poor's Ratings Services revised the outlook on FRB to stable from negative and affirmed its 'BBB+' long-term and 'A-2' short-term counterparty credit ratings. The agency also assigned its 'zaAA/zaA-1' South African national scale rating to FRB.

CREDIT RATINGS ASSIGNED BY MOODY'S INVESTORS SERVICE AS AT 12 SEPTEMBER 2011

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

Summary of rating actions:

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

CREDIT RATINGS ASSIGNED BY FITCH RATINGS AS AT 12 SEPTEMBER 2011

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

Summary of rating actions:

- In July 2011, Fitch assigned a viability rating of BBB+ to FRB. There were no changes to the ratings assigned to FRB by Fitch Ratings during the period under review.

FirstRand Limited

FirstRand Limited's ratings reflect its status as a non-operational holding company of the FirstRand Group, and the entity's consequent structural subordination and reliance on dividends from operating companies to meet its obligations, which exposes it to potential regulatory impositions.

CREDIT RATINGS ASSIGNED BY STANDARD & POOR'S AS AT 12 SEPTEMBER 2011

	FirstRand Limited
Foreign currency credit rating	
Long-term	**BBB**
Outlook	**Stable**
Short-term	**A-2**
Local currency credit rating	
Long-term	**BBB**
Outlook	**Stable**
Short-term	**A-2**
National scale	
Long-term	**zaAA-**
Short-term	**zaA-1**

Summary of rating actions:

- On April 14, 2011, Standard & Poor's Ratings Services assigned its 'BBB/A-2' global counterparty and its 'zaAA-/zaA-1' national scale credit ratings to FirstRand Limited.

Number of shares from continuing and discontinued operations

Number	2011	2010
Shares in issue		
Opening balance as at 1 July	**5 637 941 689**	5 637 941 689
Less: Treasury shares	**(189 017 706)**	(393 425 954)
Staff schemes	**(16 251 263)**	(164 470 512)
BEE staff trusts	**(171 401 072)**	(171 401 072)
Shares held by policyholders*	**(1 365 371)**	(57 554 370)
Number of shares in issue (after treasury shares)	**5 448 923 983**	5 244 515 735
Weighted average number of shares		
Weighted average number of shares before treasury shares	**5 637 941 689**	5 637 941 689
Less: Treasury shares	**(253 883 214)**	(389 764 164)
Staff schemes	**(63 457 590)**	(181 015 451)
BEE staff trusts	**(171 401 072)**	(171 401 072)
Shares held by policyholders	**(19 024 552)**	(37 347 641)
Weighted average number of shares in issue	**5 384 058 475**	*5 248 177 525*
Dilution impact:		
Staff schemes	**84 813 466**	42 815 288
BEE staff trusts	**23 976 201**	11 438 393
Diluted weighted average number of shares in issue	**5 492 848 142**	5 302 431 206
Number shares for normalised earnings per share calculation		
Actual weighted average and diluted weighted average number of shares for calculation of normalised earnings and diluted earnings per share	**5 637 941 689**	5 637 941 689

Number of shares from continuing operations

	2011	2010
Weighted average number of shares in issue	**5 384 058 475**	5 248 177 525
Add shares held by Momentum policyholders	**17 673 294**	35 949 633
Weighted average number of shares in issue	**5 401 731 769**	5 284 127 158
Dilution impact	**108 789 667**	54 253 681
Diluted weighted average number of shares in issue	**5 510 521 436**	5 338 380 839
Number of shares in issue used for normalised per share calculation from continuing operations	**5 637 941 689**	5 637 941 689

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

Fee and commission expenses reclassified in the industry adjusted cost-to-income ratio

Main categories of reclassified fee and commission expenses by franchise

	30 June 2011			
	FNB South Africa	FNB Africa	WesBank	Total
Commissions paid	(197)	–	(54)	(251)
Customer loyalty programmes	(286)	–	(6)	(292)
Other – Card and cheque book related	(96)	(10)	–	(106)
ATM commissions	(25)	–	–	(25)
Transaction processing fees	(587)	(16)	(25)	(628)
Cash sorting, handling and transporting charges	(604)	(14)	–	(618)
Other	(143)	(12)	(7)	(162)
Total	**(1 938)**	**(52)**	**(92)**	**(2 082)**
Revised cost-to-income ratio	**59.2**	**54.3**	**45.9**	**53.3**

	30 June 2010			
	FNB South Africa	FNB Africa	WesBank	Total
Commissions paid	(192)	–	(30)	(222)
Customer loyalty programmes	(283)	–	–	(283)
Other – Card and cheque book related	(82)	(12)	–	(94)
ATM commissions	(26)	–	–	(26)
Transaction processing fees	(539)	(18)	(21)	(578)
Cash sorting, handling and transporting charges	(419)	(8)	–	(427)
Other	(120)	(10)	(11)	(141)
Total	(1 661)	(48)	(62)	(1 771)
Revised cost-to-income ratio	57.6	53.9	51.5	53.1

Contingencies and commitments

	Continuing and discontinued operations		
R million	2011	2010	% change
Guarantees	**24 727**	24 036	3
Acceptances	**289**	299	(3)
Letters of credit	**6 331**	5 541	14
Total contingencies	**31 347**	29 876	5
Capital commitments			
Contracted capital commitments	**614**	2 292	(73)
Capital expenditure authorised not yet contracted	**3 123**	1 942	61
Total capital commitments	**3 737**	4 234	(12)
Other commitments			
Irrevocable commitments	**63 298**	52 809	20
Operating lease and other commitments	**13 685**	7 386	>100
Total capital commitments	**76 983**	60 195	31
Total contingencies and commitments	**112 067**	94 305	20

Definitions

Normalised earnings	The Group believes normalised earnings more accurately reflects the economic performance. Headline earnings are adjusted to take into account non-operational and accounting anomalies. Refer to pages 14 and 15 for a detailed description of normalised earnings.
Normalised net asset value (R million)	Normalised equity attributable to ordinary equity holders.
Normalised net asset value per share	Normalised equity attributable to ordinary equity holders divided by number of issued ordinary shares.
Normalised earnings per share	Normalised earnings attributable to ordinary equity holders divided by the weighted average number of shares including treasury shares.
Capital adequacy ratio ("CAR")	Capital divided by risk weighted assets.
Risk weighted assets (R million)	Prescribed risk weightings relative to the credit risk of counterparty, operational risk, market risk, equity investment risk and other risk multiplied by on- and off-balance sheet assets.
Return on equity ("ROE")	Normalised earnings divided by average normalised ordinary shareholders' equity.
Price-to-book (times)	Closing share price on 30 June divided by normalised net asset value per share.
Price earnings ratio (times)	Closing price on 30 June divided by basic normalised earnings per share.
Dividend cover	Normalised earnings per share divided by dividend per share.
Loan-to-deposit ratio	Average advances divided by average deposits.
Non-interest revenue to total income (diversity ratio)	Non-interest revenue expressed as a percentage of total income including share of profit from associates and joint ventures.
NPLs as percentage of advances	NPLs expressed as a percentage of average advances.
Impairment charge as % of average advances (credit loss ratio)	Total impairment charge per the income statement divided by the average advances, (average between the opening and closing balance for the year).
Cost-to-income ratio (%)	Operating expenses excluding indirect taxes expressed as a percentage of total income including share of profit from associates and joint ventures.
Industry adjusted cost-to-income ratio %	Fee and commission expenses are reclassified from operating expenses and offset against fee and commission income included in non-interest income. The adjusted operating expenses are expressed as a percentage of adjusted total income including share of profit from associates and joint ventures.
Effective tax rate	Tax per the income statement divided by the income before direct tax per the income statement.
Net income after capital charge ("NIACC")	Normalised earnings less the cost of equity times the average ordinary shareholders' equity and reserves.
Shares in issue (number)	Number of ordinary shares listed on the JSE.
Weighted average number of ordinary shares (number)	The weighted average number of ordinary shares in issue during the year as listed on the JSE.
Exposure at default ("EAD")	Exposure at default is defined as the gross exposure of a facility upon default of a counterparty.
Loss given default ("LGD")	The loss given default is defined as the economic loss that will be suffered on an exposure following default of the counterparty, expressed as a percentage of the amount outstanding at the time of default.
Probability of default ("PD")	The probability of default is the probability than a counterparty will default within the next year and considers the ability and willingness of the counterparty to repay.

Headline earnings additional disclosure

Set out below is additional information pertaining to Section 1 of Circular 03/2009 – sector specific rules in calculating headline earnings.

ISSUE 1 – RE-MEASUREMENT RELATING TO PRIVATE EQUITY ACTIVITIES (ASSOCIATES AND JOINT VENTURES) REGARDED AS OPERATING OR TRADING ACTIVITIES

R million	2011	2010	% change
Aggregate cost of portfolio	**3 215**	3 303	(3)
Aggregate carrying value	**4 285**	4 190	2
Aggregate fair value[1]	**5 601**	5 147	9
Income from associates[2]	**133**	(126)	>100
Profit on realisation[3]	**27**	1 236	(98)
Aggregate other income earned[4]	**166**	106	57

1. Aggregate fair value is disclosed including minorities.
2. Income from associates is disclosed pre-tax.
3. Profit on realisation is disclosed post-tax and minorities.
4. Aggregate other income earned is disclosed pre-tax.

ISSUE 2 – CAPITAL APPRECIATION ON INVESTMENT PROPERTY

R million	2011	2010	% change
Carrying value of investment properties	**203**	138	47
Fair value of investment properties	**203**	138	47
Capital appreciation after tax	**44**	–	100

Reclassifications of prior year numbers

During the financial year the following income statement reclassifications were made:

30 June 2010 Income statement	Amount as previously reported	Amount as restated	Difference	Explanation
Indirect tax	–	(446)	446	The Group has adopted the same presentation for indirect tax as used by FirstRand Bank and as is common in the banking industry. Post the unbundling of Momentum the Group is primarily a banking group and it was considered appropriate to adopt a method of presentation that was consistent with the Group's banking subsidiaries and in line with industry practice.
Operating expenses	(25 311)	(24 865)	(446)	Refer above
Profit for the year	10 674	10 674	–	The reclassification had no effect on profit for the year.

Company information

Directors

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

Secretary and registered office

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Web address: www.firstrand.co.za

Sponsor

(In terms of JSE requirements)
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Corporate Finance
1 Merchant Place
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Telephone: +27 11 282 1079
Telefax: +27 11 282 8215

Transfer secretaries – South Africa

Computershare Investor Services (Proprietary) Limited
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Telephone: +27 11 370 5000
Telefax: +27 11 688 5221

Transfer secretaries – Namibia

Transfer Secretaries (Proprietary) Limited
Shop No 8, Kaiserkrone Centre
Post Street Mall, Windhoek
PO Box 2401, Windhoek, Namibia
Telephone: +264 612 27647
Telefax: +264 612 48531

Stock exchanges

JSE LIMITED ("JSE")

Ordinary Shares	**Share code**	**ISIN code**
– FirstRand Limited	FSR	ZAE 000066304
Non-cumulative non-redeemable preference shares	**Share code**	**ISIN code**
– "B"	FSRP	ZAE 000060141

NAMIBIAN SECURITIES EXCHANGE ("NSE")

Ordinary shares	**Share code**	**ISIN code**
– FirstRand Limited	FST	ZAE 000066304
– FNB Namibia Holdings Limited	FNB	NA 0003475176
Subordinated debt		
– FNB of Namibia Limited	FNB17	NA 000ANQ603

BOTSWANA SECURITIES EXCHANGE OF SOUTH AFRICA ("BSE")

Ordinary Shares	**Share code**	**ISIN code**
FNB Botswana Holdings Limited	FNBB	BW 0000000066

JOHANNESBURG STOCK EXCHANGE ("JSE")

Subordinated debt

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

Upper Tier II

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

Senior unsecured

Issuer	**Bond code**	**ISIN code**
FirstRand Bank Limited	FRBN04	ZAG000041005
FirstRand Bank Limited	FRBN05	ZAG000042169
FirstRand Bank Limited	FRBN06	ZAG000073214
FirstRand Bank Limited	FRBN07	ZAG000073206
FirstRand Bank Limited	FRBZ01	ZAG000049255
FirstRand Bank Limited	FRBZ02	ZAG000072711
FirstRand Bank Limited	FRBZ03	ZAG000080029
FirstRand Bank Limited	FRJ13	ZAG000079823
FirstRand Bank Limited	FRJ14	ZAG000069683
FirstRand Bank Limited	FRJ16	ZAG000073826
FirstRand Bank Limited	FRJ18	ZAG000084187
FirstRand Bank Limited	FRS35	ZAG000076852
FirstRand Bank Limited	FRS36	ZAG000077397
FirstRand Bank Limited	FRS37	ZAG000077793
FirstRand Bank Limited	FRS40	ZAG000078460
FirstRand Bank Limited	FRS42	ZAG000078478
FirstRand Bank Limited	FRS43	ZAG000078643

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRS44	ZAG000078742
FirstRand Bank Limited	FRS45	ZAG000079252
FirstRand Bank Limited	FRS46	ZAG000079807
FirstRand Bank Limited	FRS47	ZAG000080011
FirstRand Bank Limited	FRS48	ZAG000081456
FirstRand Bank Limited	FRS49	ZAG000081787
FirstRand Bank Limited	FRS50	ZAG000085663
FirstRand Bank Limited	FRS51	ZAG000086117
FirstRand Bank Limited	FRS52	ZAG000086497
FirstRand Bank Limited	FRS53	ZAG000086828
FirstRand Bank Limited	FRS54	ZAG000087032
FirstRand Bank Limited	FRS55	ZAG000087040
FirstRand Bank Limited	FRX14	ZAG000079815
FirstRand Bank Limited	FRX15	ZAG000051103
FirstRand Bank Limited	FRX18	ZAG000076472
FirstRand Bank Limited	FRX24	ZAG000073693
FirstRand Bank Limited	FRX31	ZAG000084195
FirstRand Bank Limited	FRX45	ZAG000076480

Inflation-linked bonds

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

Credit-linked notes

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRC01	ZAG000049800
FirstRand Bank Limited	FRC04	ZAG000057563
FirstRand Bank Limited	FRC08	ZAG000051749
FirstRand Bank Limited	FRC11	ZAG000054131
FirstRand Bank Limited	FRC16	ZAG000055914
FirstRand Bank Limited	FRC17	ZAG000056011
FirstRand Bank Limited	FRC29	ZAG000069857
FirstRand Bank Limited	FRC35	ZAG000073800
FirstRand Bank Limited	FRC36	ZAG000076217
FirstRand Bank Limited	FRC37	ZAG000076712
FirstRand Bank Limited	FRC40	ZAG000081027
FirstRand Bank Limited	FRC41	ZAG000081670
FirstRand Bank Limited	FRC42	ZAG000081878
FirstRand Bank Limited	FRC43	ZAG000082660
FirstRand Bank Limited	FRC44	ZAG000082926
FirstRand Bank Limited	FRC45	ZAG000082918
FirstRand Bank Limited	FRC46	ZAG000082959
FirstRand Bank Limited	FRC47	ZAG000084310
FirstRand Bank Limited	FRC55	ZAG000085507
FirstRand Bank Limited	FRC57	ZAG000086414

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FRC58	ZAG000086810
FirstRand Bank Limited	FRC59	ZAG000087057
FirstRand Bank Limited	FRC61	ZAG000087347

Senior unsecured callable bonds

Issuer	Bond code	ISIN code
FirstRand Bank Limited	FR002U	ZAG000042748
FirstRand Bank Limited	FR003U	ZAG000042755

Investment security index contracts

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

Structured Note

Issuer	Bond code	ISIN code
Rand Merchant Bank	OILRMB	ZAE000152732

LONDON STOCK EXCHANGE ("LSE") EUROPEAN MEDIUM TERM NOTE (EMTN) PROGRAMME

Issuer	ISIN code
FirstRand Bank Limited	XS0306783621
FirstRand Bank Limited	XS0635404477

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